

THE STORY OF A COUPLE, BUYING THEIR FIRST HOME IN TORONTO



BY: NAJEEBULLAH SHIRZAD

LOOKING TO THE FACTUAL FIGURES OF HISTORICAL DATA:

Average Toronto house price: \$1,095,475

Couple combined gross annual income: \$100,000

Down payment: 20% (so mortgage = 80% of purchase price)

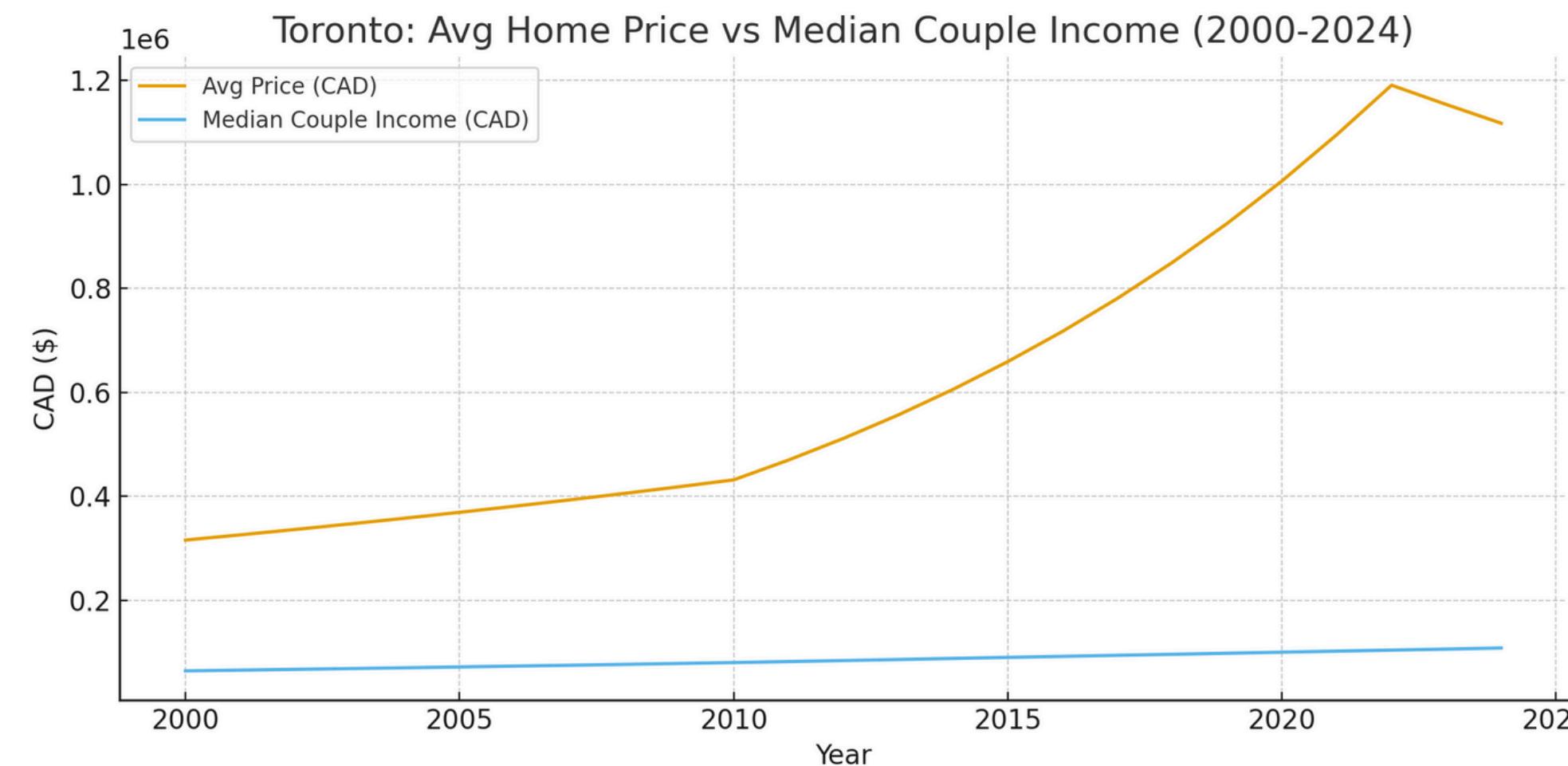
Amortization: 25 years (typical for mortgage calculations)

	3.0%	5.0%	6.5%
Monthly payment	~\$4,156	~\$5,123	~\$5,917
Annual mortgage payment	~\$49,871	~\$61,479	~\$71,009
% of gross income	~49.9%	~61.5%	~71.0%

Even at a 3% rate, the mortgage payment on a \$1.095M house (with 20% down) would consume about half of a couple's gross income — and at higher rates (5–6.5%) it becomes clearly unaffordable by conventional 30–40% housing-cost benchmarks

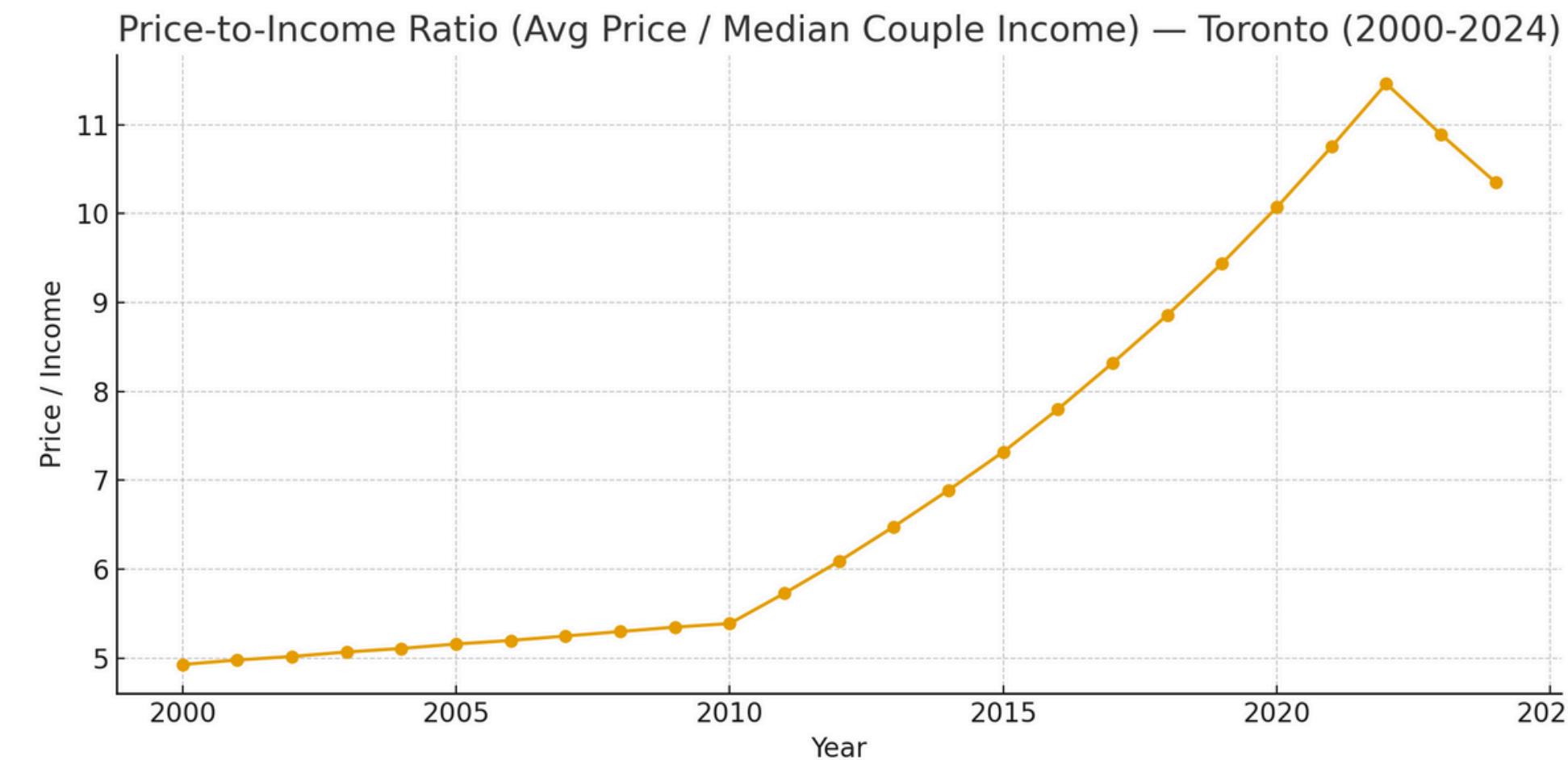
LET'S HAVE A LOOK AT SOME VISUALS BASED ON HISTORICAL DATA!

Average Toronto home prices rose far faster than average couple incomes since 2000 – the price curve steepens substantially after ~2010.



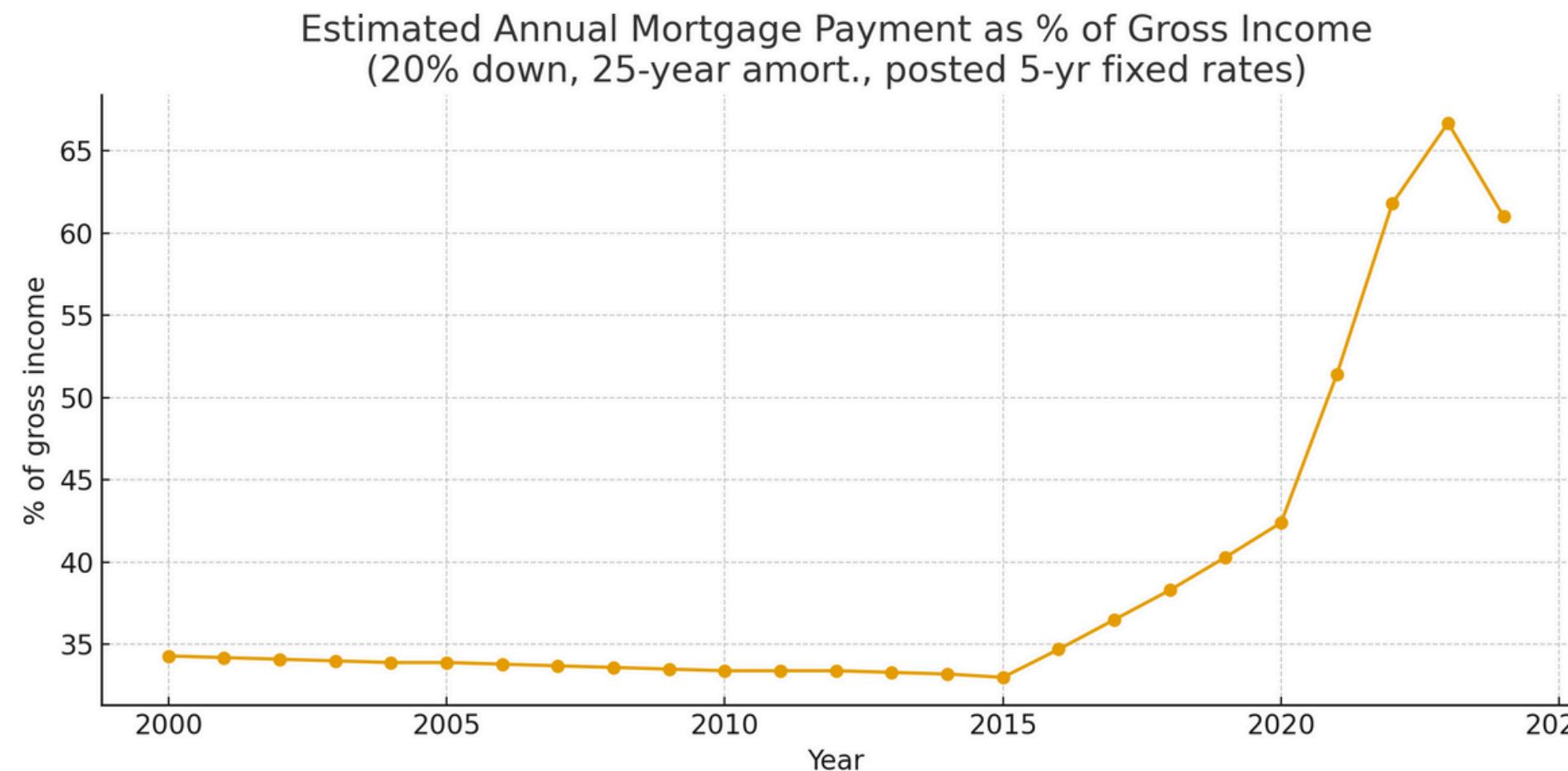
SOME MORE VISUALS CONT..

Price-to-income ratio rose from ~5x in 2000 to ~11–10x in the early 2020s, reflecting much lower affordability than two decades ago



SOME MORE VISUALS CONT..

Combining higher prices with the post-2021 jump in posted 5-yr fixed rates produced a dramatic rise in mortgage payments as a share of gross income
— The estimated mortgage payment hit ~66.7% of gross income at the 2023 peak and ~61.0% in 2024 (20% down, 25-yr amort.).



DESPITE ALL THE CHALLENGES, THERE ARE SOME STRATEGIC, FINANCIAL, AND BEHAVIORAL MEASURES THAT CAN MAKE IT MORE FEASIBLE FOR COUPLE TO BUY THEIR FIRST HOME!

1. Set a Realistic Budget and Timeline:

- Determine affordability early: keep housing costs under ~39% of income, total debt under 44%.
- Account for total costs: Down payment, closing costs (\approx 4–6% of price), land transfer taxes, moving, furnishings, and maintenance.
- Timeline: Plan around income growth or major life changes (e.g. switching jobs).



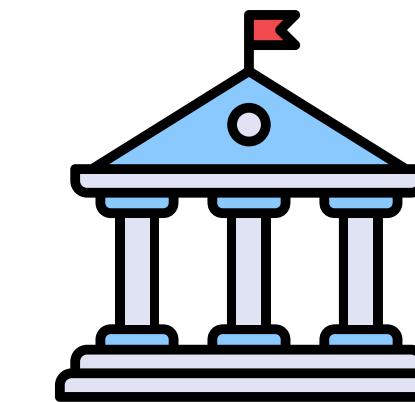
2. Increase the Down Payment

- Target 20% if possible to avoid mortgage insurance.
- First Home Savings Account (FHSA): Contribute up to \$8,000/year.
- RRSP Home Buyers' Plan.
- TFSA savings: Build flexibility with tax-free investment growth.



3. Leverage Government & Municipal Programs

- First-Time Home Buyer Incentive (FTHBI): Shared equity loan (5–10% of purchase price).
- Land Transfer Tax Rebate, GST/HST New Housing Rebate
- Affordable homeownership programs



DESPITE ALL THE CHALLENGES, THERE ARE SOME STRATEGIC, FINANCIAL, AND BEHAVIORAL MEASURES THAT CAN MAKE IT MORE FEASIBLE FOR COUPLE TO BUY THEIR FIRST HOME CONT..!

4. Optimize Mortgage & Financing

- Shop around for rates (major banks, credit unions).
- Get pre-approved to lock in rates for up to 120 days.
- Choose term wisely, Avoid high consumer debt
- Consider variable vs. fixed: Historically variable rates save more over long periods, but fixed offers predictability.



5. Adjust Expectations & Entry Strategy

- Start smaller or further out: Consider condos, townhomes, or buying in GTA suburbs.
- Co-buying: Partnering with family or friends to share equity.
- Rent-to-own programs: Growing trend through private developers or non-profits.
- Consider pre-construction: May require a smaller initial deposit spread out over 1-2 years.



6. Improve Credit & Income Profile

- Maintain a credit score ≥ 680 for better mortgage terms.
- Build income stability: Steady employment and combined income history are key to approval.
- Avoid big new debts before mortgage applications



THANK YOU!!