

# Upbeat Outlook for the GTHA Economy to Continue to Stoke Home Prices and Rents

## Housing Affordability to Remain Challenged



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\*The opinions expressed in this research report are those of the authors only and do not represent the opinions and views of either CUR or Ryerson University.

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# Executive Summary

The Toronto Regional Real Estate Board (“TRREB”) requested the Centre for Urban Research and Land Development (“CUR”) study the future drivers of economic activity in the Greater Toronto and Hamilton Area (“GTHA”) and how these economic prospects will impact housing affordability.

This report addresses three questions: (1) How are economic activity and employment in the GTHA expected to change over the next decade?; (2) What are the implications for future average household incomes?; and (3) How is this economic outlook expected to impact housing affordability in the region?

The GTHA economy is expected to churn out a healthy amount of high-paying jobs over the next decade. This is good news for the wave of immigrants coming to the region in search of work and for Millennials and Generation Zers entering the job market.

This positive economic scenario will continue to fuel demand for housing in the GTHA. However, the supply of new housing in the region is not expected to grow fast enough to meet the needs of new households, putting upward pressure on home prices and rents. Housing costs are therefore expected to continue to outstrip household income growth over the next decade.

## **The GTHA economy to remain resilient in the face of global economic headwinds**

- The GTHA economy is expected to create an average of 65,000 jobs per year over the next decade, many of which will be in the tech and finance industries. This is down only slightly from the annual average of 75,000 jobs added during the past decade;
- The shift to employment in higher paying industries has and will continue to result in significant income gains for households in the region; and
- The average household income in the GTHA reached above \$100,000 in 2017 and is expected to continue to climb by an average of 3% to 4% per year over the next decade.

## **Housing affordability challenges will remain even with incomes on the rise**

- Aggregate measures of housing affordability - homeownership carrying costs-to-income and rent-to-income ratios - will continue to rise over the next decade despite increasing incomes;
- The current housing supply-demand imbalance is anticipated to continue putting upward pressure on home prices and rents over the next decade;
- More immigration is coming to the region than has historically been the case, and Millennials are aging into their peak home-buying ages;
- The underlying demand for housing is expected to continue at a pace of more than 50,000 units per year in the GTHA. In comparison, only 42,000 new homes were built per year over the last 5 years in the region;
- Three-quarters of the supply deficit is accumulating in the ground-related housing market;
- Demand is rising fastest in the rental market, inflated by aspiring homeowners who have been forced by the rise in market prices to remain in rental accommodation; and
- Average rents and home prices are expected to rise between 4% and 5% per year over the next decade, moderately faster than income growth forecasts.

## **Renting to become more popular**

- Not all the projected new demand will be realized because of an insufficient supply of housing;
- Many younger households will opt to stay with their parents longer, find roommates, or look for more affordable housing options outside of the GTHA, trends that have already started to take hold; and
- Middle-to-high income earning households will find some relief in the rental market, which still offers more affordable options

than owning. However, this will crowd out lower- and moderate-income earning households, who will have more difficulty finding suitable accommodation.

## A regional view

- While most of the job gains will occur in the Toronto CMA, the Hamilton and Oshawa CMAs will also benefit from employment creation in service industries tied to population growth, such as education, healthcare, retail and construction;
- The city of Toronto will remain a hot destination for the younger population and immigrants. These demographic groups tend to be renters, and 80% of the GTHA's rental stock is in the city of Toronto. Peel region also attracts a sizable share of the immigration coming into the CMA;
- Millennial and Generation X households, though, are already starting to leave the city of Toronto for the 905 regions or beyond, in search of more affordable ground-related housing. The Hamilton and Oshawa CMAs are among the top destinations for Millennial and Generation Xers looking for affordable homeownership; and
- The lag in new housing development in York region has crimped population growth.

## More supply is needed to provide relief to rising housing costs

- The main obstacle preventing a substantial increase in the supply of new housing in the GTHA is the severe shortage of ready-to-build-on sites, both in built-up urban areas and on the greenfield fringes, a shortage caused by restrictions imposed by the land-use planning system;
- The current Ontario Government has made strides in improving the regulatory environment to increase the available supply of serviced sites for homebuilders, which is a step in the right direction;
- Unfortunately, the measures taken to date are not enough to facilitate the increase in the housing supply needed to help alleviate housing price and rent pressures expected in

the GTHA over the next decade; and

- Recent CUR studies, including a February 2019 report funded by TRREB, made some recommendations that we believe will have more punch:
  - Making the provision of housing the number one goal of the land-use planning system;
  - Encouraging and incentivizing secondary suites in single-detached homes;
  - Ensuring municipalities maintain a sufficient inventory of developable sites by unit type to accommodate housing demand as required by provincial regulation;
  - Re-zoning residential neighbourhoods and lower priority employment lands to allow for more “missing middle” housing; and
  - Encouraging and incentivizing development around major transit stations currently surrounded by low-density neighbourhoods.

## Conclusion

- The GTHA economy is expected to create many high-income paying jobs, especially in both tech and finance; and
- Even as incomes rise, housing affordability will continue to deteriorate without a significant change in the land-use planning system to greatly increase the supply of serviced sites for homebuilders in built-up and greenfield areas throughout the GTHA.

# Introduction

Housing affordability has been a key challenge for many aspiring homeowners and renters in the Greater Toronto and Hamilton Area (“GTHA”) during the 2010s.

Average home prices have risen more rapidly than average household incomes, as housing demand outstripped supply in both the existing and new home markets. The ratio of required carrying costs on an average priced home purchase relative to average household incomes rose to the highest level since the early 1990s (see Figure 1), despite mortgage rates remaining historically low. The rental market also tightened, with rents rising faster than average incomes.

The GTHA economy performed at a robust pace over the past decade. Job gains remained healthy and the transition to higher-paying tech and finance jobs led to strong gains in average household incomes. Permanent and temporary immigration boomed, helping to contribute to economic gains for the region, while also adding upward pressure on housing demand.

The Toronto Regional Real Estate Board (“TRREB”) requested the Centre for Urban Research and Land Development (“CUR”) study the future drivers of economic activity in the GTHA and how these future economic prospects will impact housing affordability.

This report addresses three questions: (1) How are economic activity and employment in

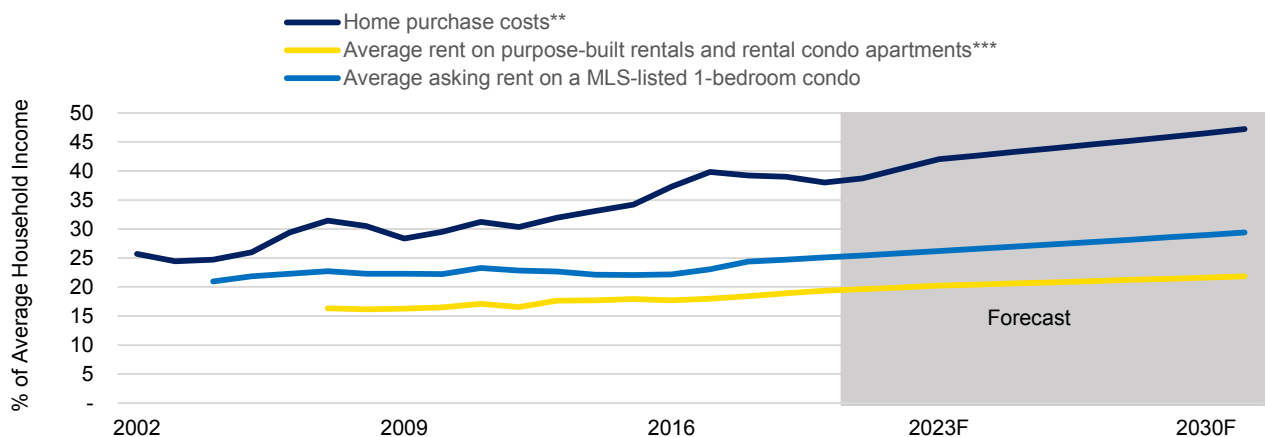
the GTHA expected to change over the next decade?; (2) What are the implications for future average household incomes?; and (3) How is this economic outlook expected to impact housing affordability in the region?

The GTHA economy is expected to continue to churn out a healthy amount of high-paying jobs over the next decade. This is good news for the wave of immigrants coming to the region in search of work and for Millennials and Generation Zers entering the job market.

This positive economic scenario will continue to fuel demand for housing in the GTHA. However, the supply of new housing in the region is not expected to grow fast enough to meet the needs of new households. These factors will continue to put upward pressure on home prices and rents. Housing costs are expected to continue to outstrip household income growth.

The regional focus of this study is that of the GTHA, approximated by the Toronto, Hamilton and Oshawa Census Metropolitan Areas (CMAs). At times in the study, the region is also approximated by its dominant economic entity, the Toronto CMA, due to data limitations. The report also delves into trends by municipality in the GTHA (e.g., the city of Toronto, the 905 regions) when data was available. The focus of the analysis is on the average household. We do not break down households by income groups. Lower-income households will experience affordability challenges regardless of the overall economic situation.

**Figure 1: Metrics of Housing Affordability in the GTHA\*, 2002-2031F**



Source: CUR, based on data from the Toronto Regional Real Estate Board, Statistics Canada and Canadian Housing and Mortgage Corporation. \* GTHA is represented by the Greater Toronto Area. \*\*Costs reflect the average monthly payment needed to buy an average priced home with 20% down and a five-year fixed mortgage rate. \*\*\*Reflects condos purchased by individual investors for rental purposes.

The first section of this report discusses the past performance and future expectations for the GTHA job market and expectations by industry. The second section discusses what this industry breakdown means for household income growth. The third section discusses what this implies for the ability of the average income-earning household to afford housing in the GTHA. We conclude with our policy prescriptions for increasing the supply of housing in the GTHA.

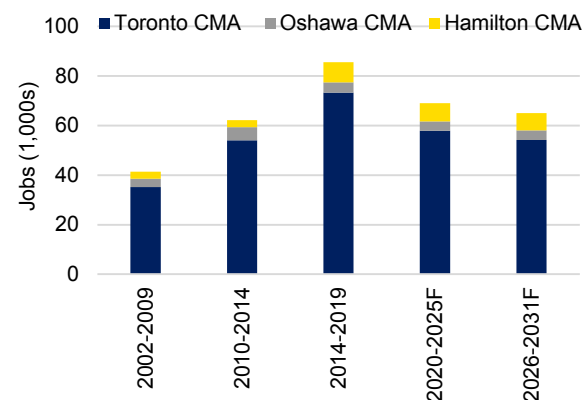
## The GTHA economy to create an average of 65,000 jobs per year over the next decade

2019 was marked by a high degree of global economic uncertainty, yet the job market in the GTHA still churned out 123,000 jobs – the biggest employment gain since 2001. 2019 capped off a record decade for job creation, in which the economy created an average of roughly 75,000 new jobs per year, as compared to just 44,000 per year in the previous decade (see Figure 2).

The pace of job creation is likely to moderate to a steadier, but still healthy, average of 65,000 jobs per year between 2020 and 2031:

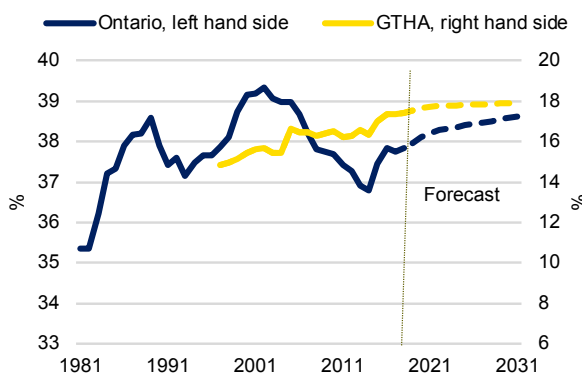
- Recession fears in Canada have lessened, although they have not gone away. Meanwhile the signing of the new Canada-United States-Mexico Agreement (CUSMA) and phase one of a U.S.-China trade deal eases some uncertainty around future trade prospects. This should restore some business confidence, leading to a pick-up in business investment and continued gains in hiring;
- Overall, the Canadian economy (real GDP) is expected to grow by an annual average of 1.8% per year over the next decade;
- The share of Canadian GDP driven by the GTHA economy has been rising for the last two decades (see Figure 3), fueled by stronger-than-average business investment and population growth in the region. Real GDP growth averaged 2.9% per year from 2014 to 2019 in the GTHA, compared to 1.9% for Canada overall (see Figure 4);

**Figure 2: Past and Future Average Annual Employment Gains by CMA, GTHA, 2002-2031F**



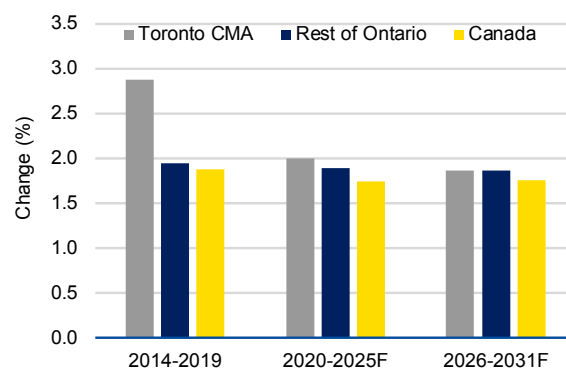
Source: CUR, based on data from the City of Toronto and Statistics Canada.

**Figure 3: Past and Future Share of Canadian Real GDP\* Being Driven by Ontario and GTHA\*\*, 1981-2031F**



Source: CUR, based on City of Toronto and Statistics Canada. \*GDP=Gross Domestic Product. \*\*GTHA approximated by the Toronto CMA.

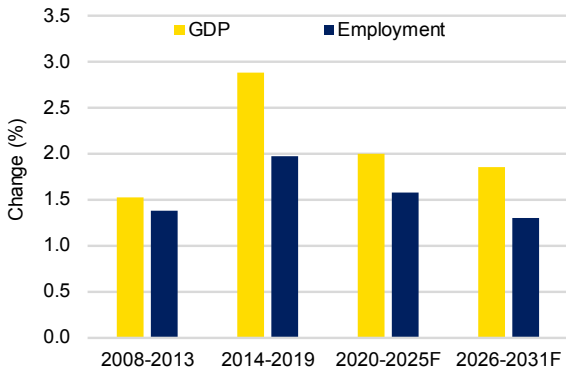
**Figure 4: Past and Future Annual Average Real GDP\* Growth, Canada, Ontario and the Toronto CMA, 2014-2031F**



Source: CUR, based on City of Toronto and Statistics Canada data. \*GDP=Gross Domestic Product.



**Figure 5: Past and Future Annual Average Real GDP\* and Employment Growth, GTHA\*\*, 2008-2031F**



Source: CUR, based on City of Toronto and Statistics Canada data. \*GDP=Gross Domestic Product. \*\*Approximated by the Toronto CMA.

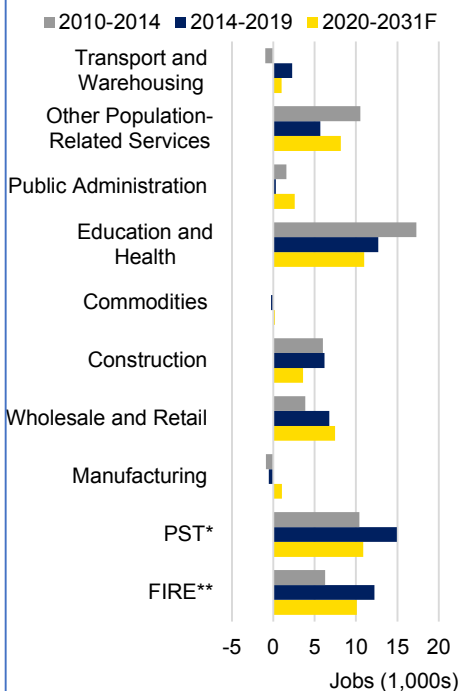
- Some of the GTHA's out-performance is likely to be tempered by a cooling in consumer spending in light of high debt levels. Real GDP in the GTHA is thus expected to rise by a cooler 2.0% per year over the next decade (see Figure 5); and
- An average gain of 65,000 jobs per year in the GTHA will be consistent with this slower pace of economic growth. There may be fewer new jobs created than seen in the last five years, but this number is still high in historical context.

## The industry breakdown is shifting to higher-paying jobs

From an industry perspective, the breakdown of job creation changed considerably over the last decade, as employment in the tech, finance, insurance and real estate industries ramped up, while the share of manufacturing jobs fell (see Figures 6a to c):

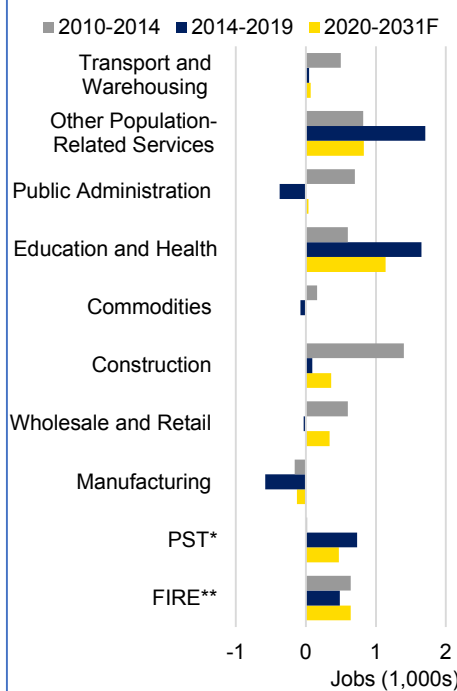
- Combined, jobs in the professional, scientific and technical, finance, insurance and real estate sectors accounted for 40% of jobs created in the GTHA over the last five years. The vast majority of these jobs were created in the Toronto CMA;
- Average annual job creation in the professional, scientific and technical service sector ramped up sharply during the 2010s. The industry created 16,000 jobs on average per year between 2014 and 2019, compared to 10,000 jobs between 2010 and 2014 and just 6,000 in the prior five years;

**Figure 6a: Past and Future Average Annual Employment Gains by Industry, Toronto CMA, 2010-2031F**



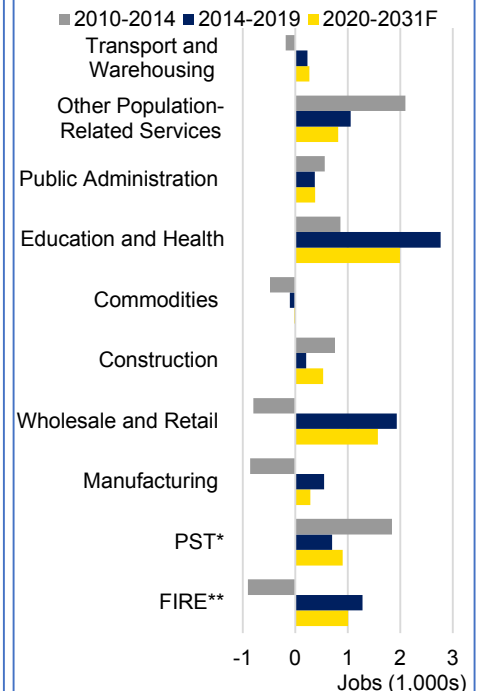
Source: CUR, based on Statistics Canada data. \*PST =Professional, Scientific and Technical. \*\*FIRE=Finance, Insurance and Real Estate

**Figure 6b: Past and Future Average Annual Employment Gains by Industry, Oshawa CMA, 2010-2031F**



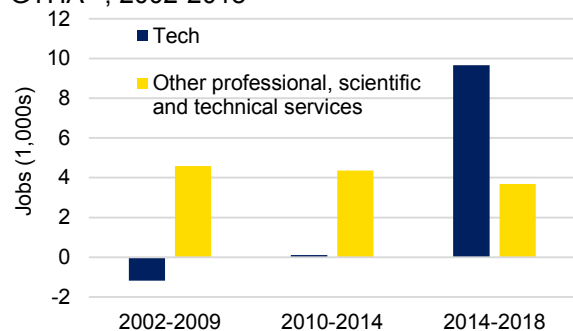
Source: CUR, based on Statistics Canada data. \*PST =Professional, Scientific and Technical. \*\*FIRE=Finance, Insurance and Real Estate

**Figure 6c: Past and Future Average Annual Employment Gains by Industry, Hamilton CMA, 2010-2031F**



Source: CUR, based on Statistics Canada data. \*PST =Professional, Scientific and Technical. \*\*FIRE=Finance, Insurance and Real Estate

**Figure 7: Average Annual Employment Gains/Losses for the Tech\* and Other Professional, Scientific and Technical Industries, GTHA\*\*, 2002-2018**



Source: CUR, based on custom data ordered by the City of Toronto from Statistics Canada. \*Includes tech-related service and manufacturing jobs.

- The tech sector, however, began to ramp up employment in the last five years. City of Toronto data show that the jobs created in the professional, scientific and technical services sector over the last five years in the Toronto CMA were heavily skewed towards the tech-sector (see Figure 7); and
- Finance, insurance and real estate more than doubled job creation in the second half of the last decade, creating an average of 14,000 jobs per year between 2014-2019, compared to just 6,000 in the prior five years.

Other employment highlights include:

- The bleeding of manufacturing jobs slowed in the last decade, but the industry still lost an average of 1,000 jobs per year between 2010 and 2019, after losing a total of 158,000 jobs (across all three CMAs) in the prior decade; and
- Job creation shifted towards population-related sectors such as construction, wholesale, retail, education and healthcare in the Oshawa and Hamilton CMAs.

Looking ahead, the finance and tech sectors are expected to maintain their lead in employment growth, but the job gains between 2020 and 2031 are expected to be more diverse;

- The region remains a magnet for the world's talent pool, which will continue to attract businesses;
- There has been a significant investment in office space, which will provide real estate

space for more office-related jobs. Statistics Canada estimates there were \$3.2 billion worth of building permits issued for office space over 2018 and 2019 in the GTHA, compared to \$1.2 billion in building permits issued for factories and plants. Most of these building permits were issued in the Toronto CMA;

- The Federal Government introduced the Global Talent Program in 2017, which fast-tracks immigration for managerial talent in tech-related industries. This program is expected to help generate thousands of more jobs in the tech sector, many of which will be attracted to the GTHA;
- Population growth in the region has ramped up, which will support job creation in industries tied to population-related services;
- Manufacturing is unlikely to make a comeback to the region, however, more certainty around global trade prospects and a relatively low Canadian dollar will help stabilize the industry; and
- While most of the employment gains will occur in the Toronto CMA, the job markets in the Hamilton and Oshawa CMAs will also benefit from growth in service industries tied to population growth.

## Average households enjoy above average income gains

The unemployment rate in the GTHA hit a two decade low of 5.9% in 2018 and 2019, after averaging 7.2% between 2002 and 2017. Relatively tight labour markets and the shift to more finance and tech jobs has resulted in above average household income gains:

- While the labour market strengthened through the last decade, nominal income growth began to catch-up in the last five years;
- Nominal average household income is estimated to have risen by 4.5% per year between 2014 and 2019, almost double

the pace of the prior five years. Average household incomes in the GTHA topped \$100,000 in 2017 (see Figure 8); and

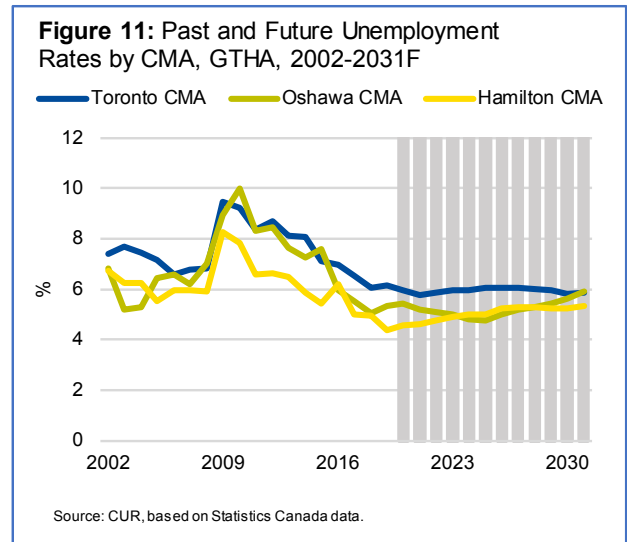
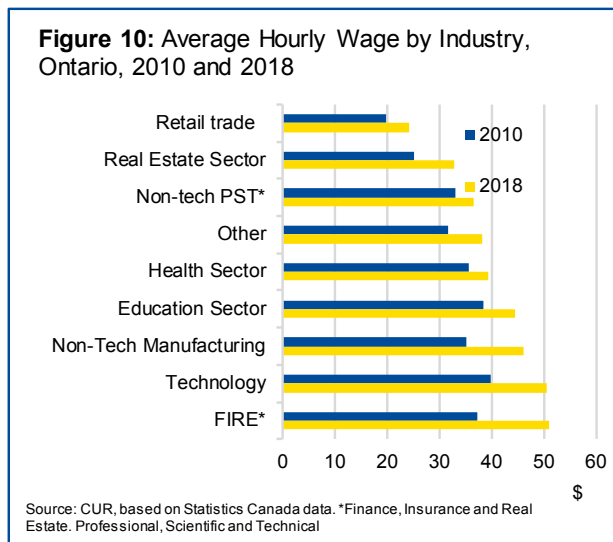
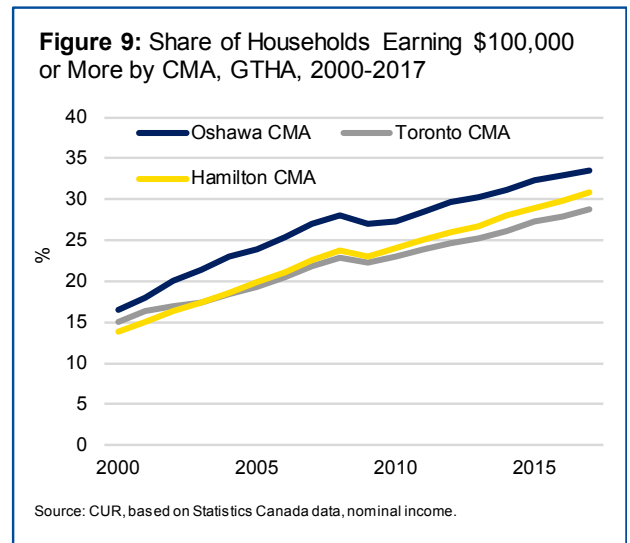
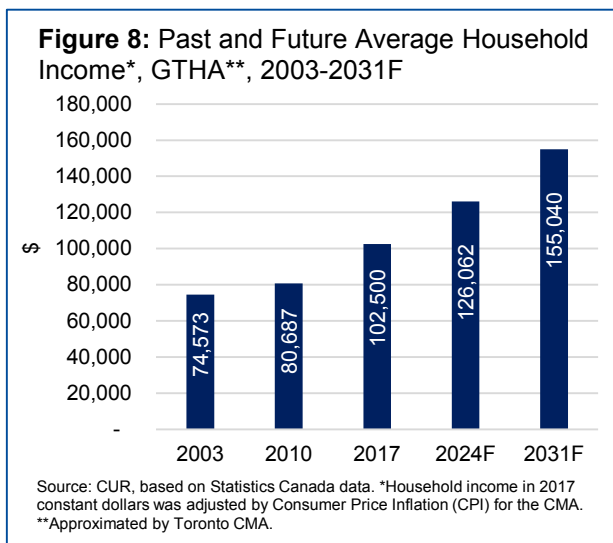
- The number of households making \$100,000 or more tripled between 2000 and 2017. Roughly a third of households in each of the Toronto, Oshawa and Hamilton CMAs now make more than \$100,000 (see Figure 9); and
- The shift to more tech and finance related jobs has contributed to these income gains. The tech and finance, insurance and real estate sectors pay an hourly wage of \$51 per hour in Ontario, significantly higher than the provincial average for all jobs of \$37 per hour (see Figure 10).

The average household income in the GTHA is expected to continue to climb by an average of 3% to 4% per year over the next decade:

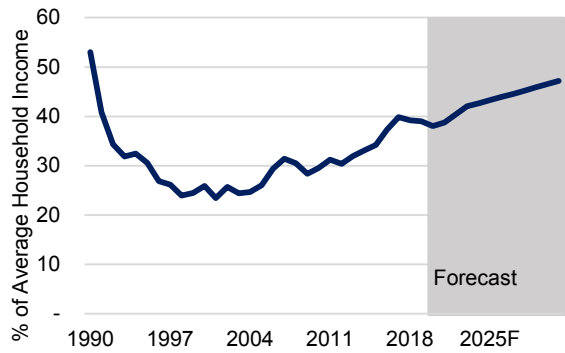
- The unemployment rate is expected to hold

steady near 6% over the next decade (see Figure 11), helping to keep wage growth stable;

- The aging of the millennial cohort will mean that they are also moving into their higher earning years. Millennials are currently aged 24 to 38. Over the next decade, they will move into the 35 to 44 age group (and older). Almost 40% of this age group makes more than the average household income of \$100,000; and
- Not only do tech and finance jobs have the highest hourly wage rates, they are the industries with the fastest growing average hourly wages in Ontario. The average hourly wage growth was 4% for both tech and finance in Ontario in 2018, double the rate of other industries. This pace of wage growth is forecast to be tempered by a shift to population-related industries, where wage growth is closer to 2%.

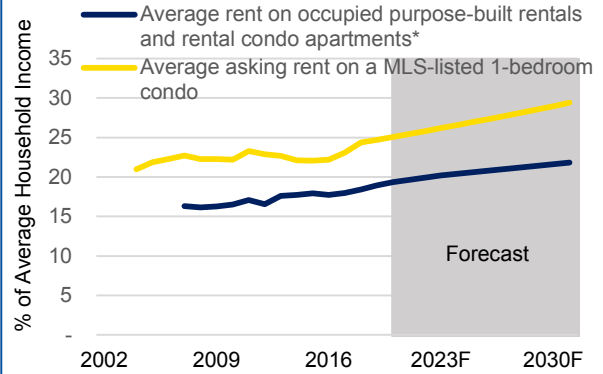


**Figure 12: Past and Future Home Purchase Affordability,\* GTHA\*\*, 2002-2031F**



Source: CUR, based on TRREB and Statistics Canada data. \*Costs reflect the average monthly payment needed to buy an average priced home with 20% down and a five-year fixed mortgage rate. \*\*GTHA is approximated by the Greater Toronto Area (GTA).

**Figure 13: Past and Future Average Rent-to-Average Household Income Ratio, GTHA, 2002-2031F**



Source: CUR, based on data from TRREB, Statistics Canada and CMHC. \*Reflects average rents for purpose-built rentals and condos purchased by individual investors for rental purposes.

## Housing affordability challenges to remain

Along with booming job markets and household formation, housing has become less affordable to the average household in the GTHA:

- The average home sales price grew by 7.4% per year between 2009 and 2019, more than double average household income growth;
- Figure 12 shows that in 2018 the ratio of housing affordability in the ownership market reached its highest level since the 1990s, despite low mortgage rates. This ratio dipped in 2019, due to a brief drop in home prices, but was on the rise again by the end of the year;
- Housing affordability in the ownership market is calculated as the ratio of the cost to purchase an average-priced home with a conventional mortgage (20% down, 25-year amortization and a quoted five-year fixed mortgage interest rate) relative to average household incomes. When this ratio rises, purchasing a home in the resale market becomes more expensive relative to incomes. Vice versa when this ratio falls; and
- Average rents on occupied units in purpose-built rentals and rental condos combined rose by an annual average of 4.9% in the last five years, slightly faster than household income growth (see Figure 13) and more than twice as fast as the prescribed rent control increases in Ontario.

Aggregate measures of housing affordability will continue to rise over the next decade as economic

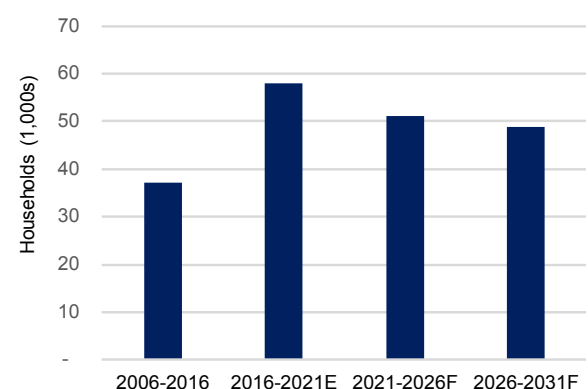
gains moderate (see Figure 12) and housing supply-demand imbalances continue to put upward pressure on home prices and rents. Home prices and rents are forecast to rise by an annual average of 4 to 5% over the period.

Demographically-driven housing requirements are likely to remain strong. CUR expects there to be underlying demand for 50,000 dwelling units per year between 2016 and 2031 (see Figure 14), compared to an annual average of 38,000 households created between 2006 and 2016;

- A 2018 CUR report noted there were roughly a million Millennials that would be leaving their parental home in the next decade. At the time of the 2016 Census, many Millennials had been delaying the move from their parents' home.<sup>1</sup> We anticipate that pent-up demand will be unleashed;

<sup>1</sup> Petramala, Diana, and Frank Clayton (2018). "Millennials in the Greater Toronto and Hamilton Area: A Generation Stuck in Apartments?" Centre for Urban Research and Land Development. [Online] Available: [https://www.ryerson.ca/content/dam/cur/pdfs/policycommentaries/CUR\\_Research\\_Report\\_Millennial\\_Housing\\_GTHA\\_May\\_22.pdf](https://www.ryerson.ca/content/dam/cur/pdfs/policycommentaries/CUR_Research_Report_Millennial_Housing_GTHA_May_22.pdf).

**Figure 14: Past and Future Average Annual Growth in Demographically Supported Housing Requirements, GTHA, 2006-2031F**



Source: CUR, based on Statistics Canada data.

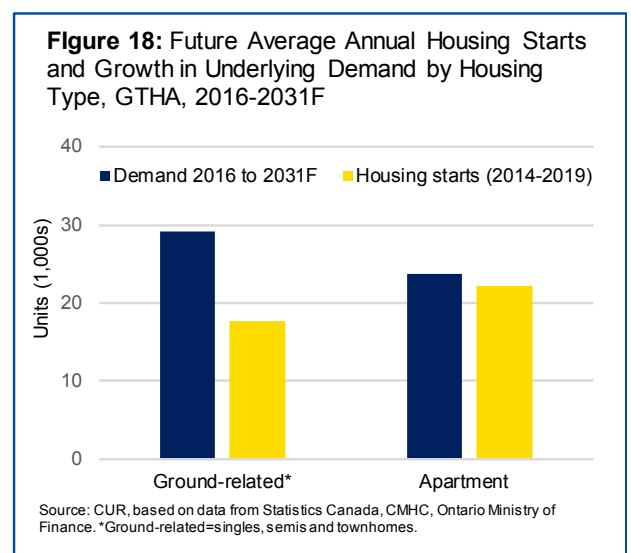
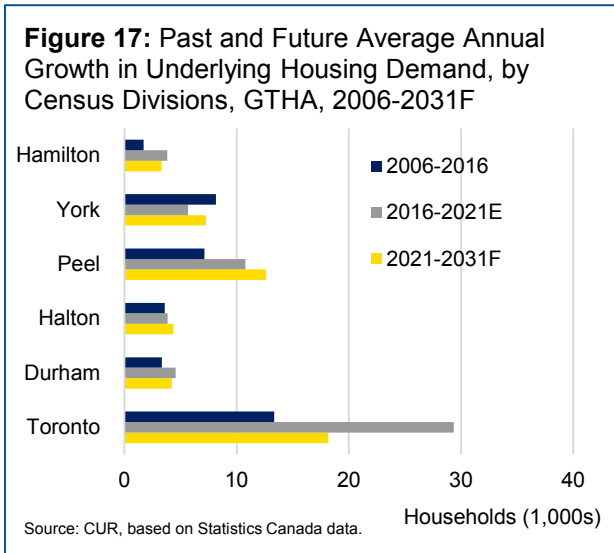
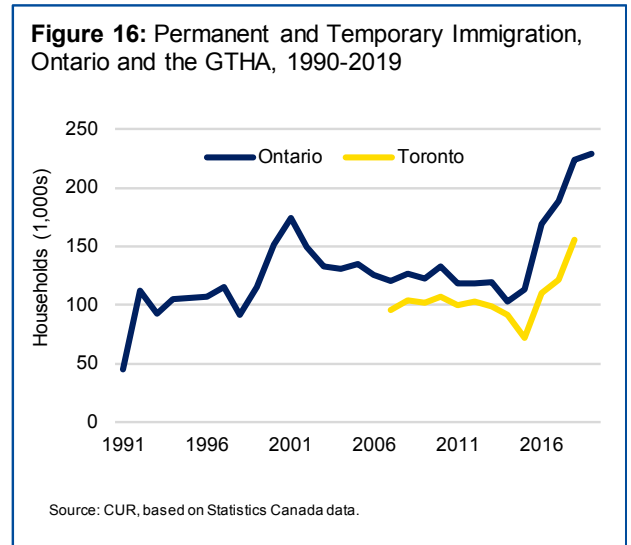
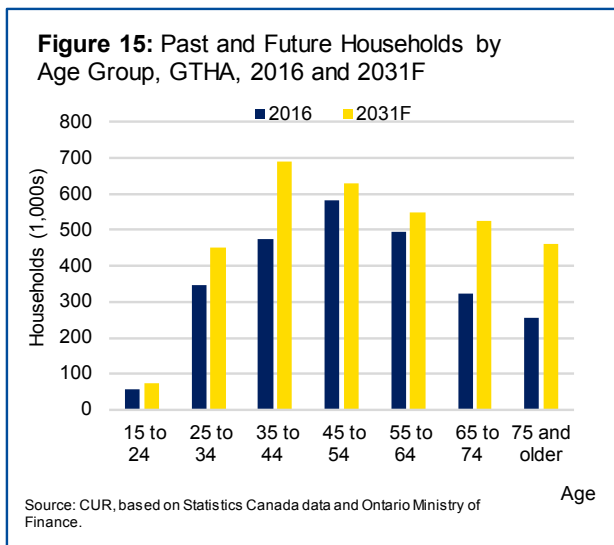
- Millennials are now aged 24 to 38 years old, and will be moving into the 35 to 44 (and older) age group over the next decade - prime home-buying years. This will be one of the fastest growing age groups in household formation (see Figure 15). Households aged 65 years and older are also growing rapidly;
- Population growth is also expected to accelerate in the GTHA from record permanent and non-temporary immigration in 2018 and 2019 (see Figure 16). The vast majority of immigration occurs in the under 25 year and millennial age groups, a demographic that is more flexible in their living arrangements (e.g. they are more likely to have multiple roommates). As such, they are likely having a more muted impact on housing demand;
- The city of Toronto will remain a top destination for the younger population and immigrants (see Figure 17). These demographic groups tend to be renters, and 80% of the

GTHA's rental stock is in the city of Toronto. Peel region also attracts a sizable share of immigration coming into to the CMA; and

- Meanwhile, higher income Millennials looking for homeownership of ground-related housing appear to be giving up on the city of Toronto and moving to the 905 regions and beyond. The Hamilton and Oshawa CMAs are among top destinations for Millennial and Generation Xers looking for affordable homeownership. In contrast, sharply reduced new housing development in York region has tempered population growth there.

Supply is not keeping pace with demand:

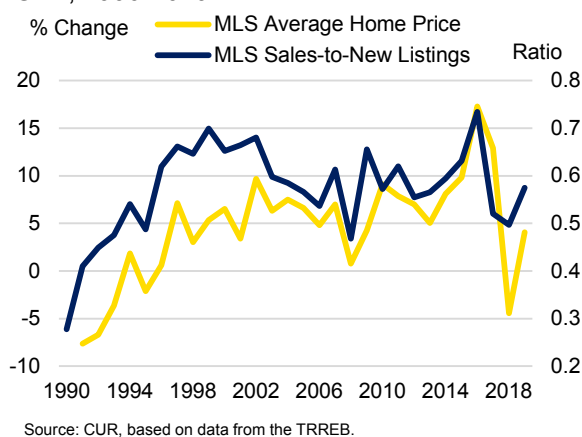
- The GTHA market started just 42,000 new homes per year over the last five years;
- Three-quarters of the deficit in housing supply is accumulating in the ground-related sector (see Figure 18). Based on housing preferences revealed in the 2016 Census of



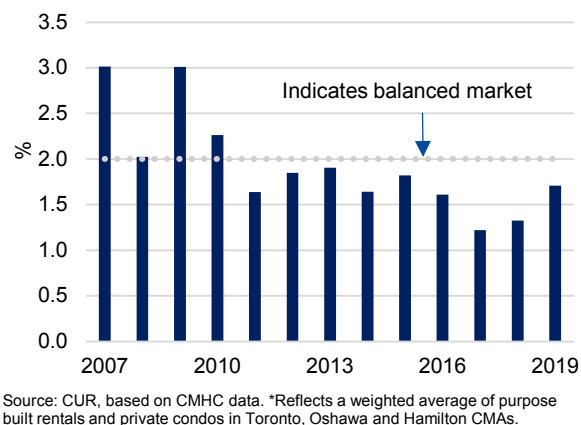
Canada, almost 60% of future demand will be for ground-related housing (singles, semis and townhouses) – yet less than 40% of new housing being built in the GTHA in 2019 was ground-related;

- Despite some recent volatility in the resale market, growth in existing home sales has consistently outpaced that of listings;
- The sales-to-listings ratio is a measure of balance in the existing home market. This ratio points to a tightening in market conditions in the GTHA, as existing home sales bounced back from the downturn driven by mortgage regulation changes. Tighter market conditions will support a pick-up of home price growth to 8% per year in 2020 and 2021 (see Figure 19). Beyond that, higher mortgage rates will help temper home price gains closer to 4% to 5%;
- Since 2010, the vacancy rate in the rental market (for both purpose-built and the condo market) has held below 2% (a signal of a tight market) (see Figure 20);
- There were some 40,000 new potential rental units under construction in December 2019, reflecting a pick-up in purpose-built rental construction and CUR estimates that at least half of the condominiums under construction will be used for rental purposes. These units help contribute to the region's rental supply. However, there will be a three-to-four year lag until these units reach completion and they will only gradually hit the market over time. Meanwhile, they will only go so far in meeting the anticipated demand over that period. As such, the market is still not expected to reach balance until the end of the forecast horizon; and
- The completion of these condos will only lead to higher overall average rents in the region. Rental condos in the Toronto CMA command almost \$1,000 more than the average market rents for purpose-built rentals (see Figure 21).

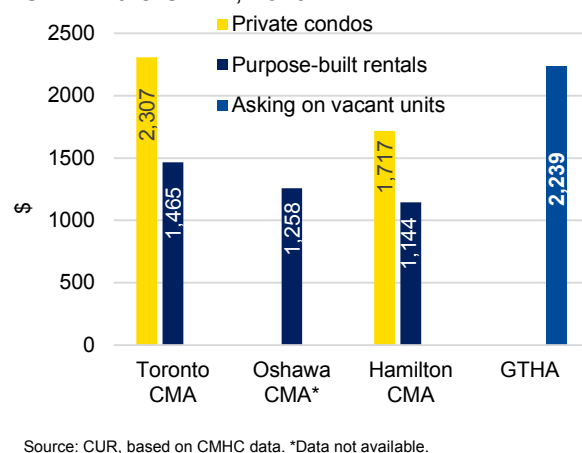
**Figure 19: Multiple-Listing-Services Sales-to-New Listings Ratio versus Home Price Growth, GTA, 1990-2019**



**Figure 20: Average Vacancy Rates in Purpose-Built Rentals and Rental Condos\*, GTHA, as of October, 2007- 2019**



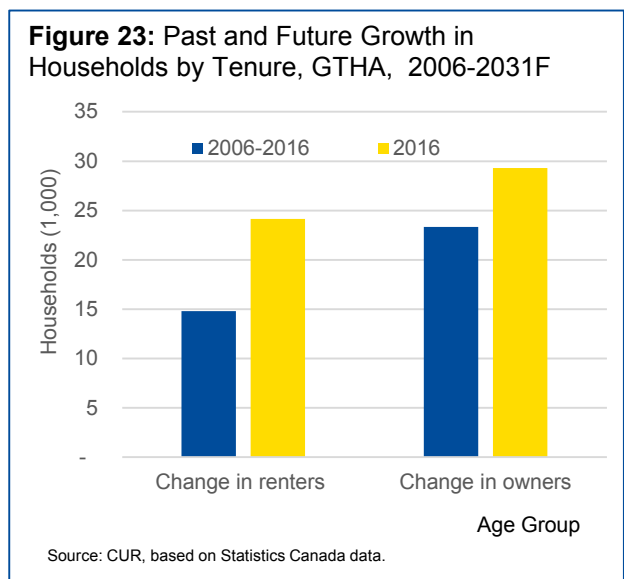
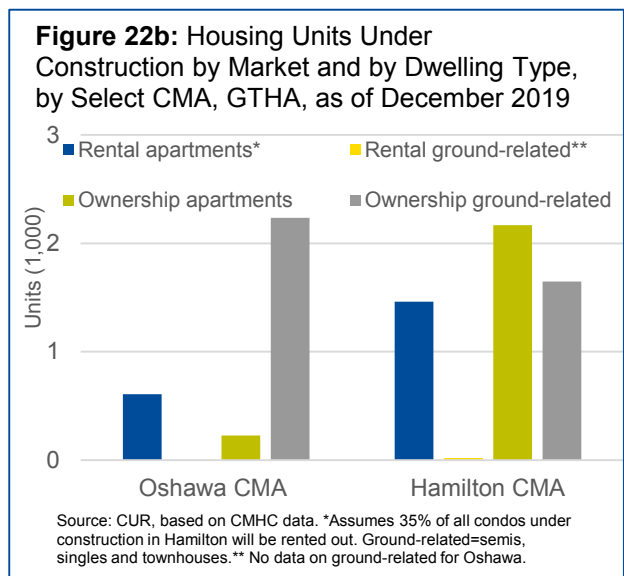
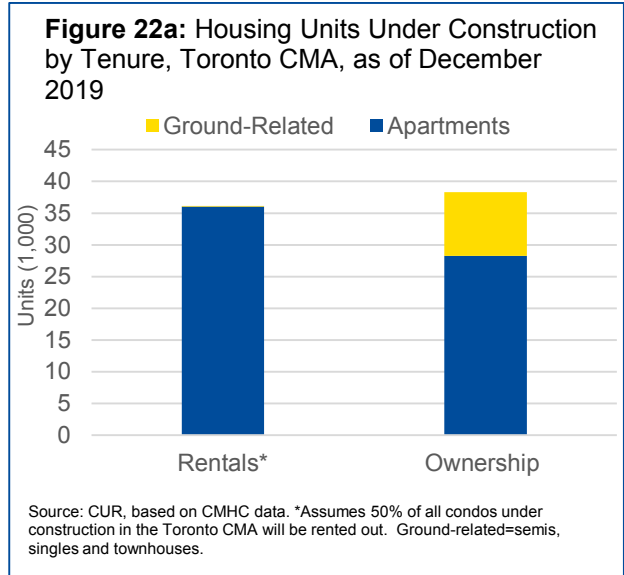
**Figure 21: Average Rents by Rental Type by CMA in the GTHA, 2019**



# Renting to become more popular

Due to an insufficient supply of housing, not all the projected growth in underlying demand will be realized;

- As a result, many younger households will opt to stay with their parents longer, find roommates, or look for more affordable housing outside of the GTHA, trends that have already started to take hold at the time of the 2016 Census of Canada;
- Many high-income households will be able to find some relief in the rental market. Figure 1 showed that while rents are rising faster than income, the deterioration in affordability in the rental market has been more muted;
- The delivery of the supply of new rental units is also catching up to the supply of new homeownership dwellings. There were a total of 82,000 new dwellings under construction in the GTHA as of December 2019. It is estimated that roughly half of these units will be added to the rental supply (see Figures 22 a and b). This reflects a recent jump in the construction of purpose-built rentals in the Toronto CMA. In addition, the 2019 Canadian Mortgage Housing Corporation (CMHC) rental market report showed that roughly 50% of new condos reaching completion between October 2018 and October 2019 in the Toronto CMA are being rented. The share of new condos being rented out in Hamilton is 35%;
- Figures 22 a and b show that most of the rental supply in the region is being built in the Toronto CMA, while new construction in the Hamilton and Oshawa CMAs is still highly concentrated in the ownership market; and
- The number of new households will be more evenly split between renters and owners (see Figure 23).



# More supply is needed to provide relief from rising housing costs

- The main obstacle preventing a substantial increase in the supply of new housing in the GTHA is the shortage of ready-to-build-on sites, both in built-up urban areas and on the greenfield fringes, a shortage caused by restrictions imposed by the land-use planning system on supply;
- The current Ontario Government has made strides in improving the regulatory environment to increase the available supply of serviced sites for homebuilders, which is a step in the right direction;
- Unfortunately, the measures taken to date are nowhere near enough to facilitate the increases in the housing supply needed to help alleviate housing price and rent pressures expected in the GTHA over the next decade; and
- Recent CUR studies, including a February 2019 report funded by TRREB, made some recommendations that we believe will have more punch:
  - Making the provision of housing the number one goal of the land-use planning system;
  - Encouraging and incentivizing secondary suites in single-detached homes;
  - Ensuring municipalities maintain a sufficient inventory of developable sites by unit type to accommodate housing demand as required by provincial regulation;
  - Re-zoning residential neighbourhoods and lower priority employment lands to allow for more “missing middle” housing; and
  - Encouraging and incentivizing development around major transit stations currently surrounded by low-density neighbourhoods.

## Conclusion

- The GTHA economy is expected to create many high-income paying jobs, especially in both tech and finance;
- Even as incomes rise, housing affordability will continue to deteriorate without a significant change in the land-use planning system to greatly increase the supply of serviced sites for homebuilders in built-up and greenfield areas throughout the GTHA;
- While most of the job gains will occur in the Toronto CMA, the job markets in the Hamilton and Oshawa CMAs will also benefit from employment creation in service industries tied to population growth, such as education, healthcare, retail and construction in particular; and
- The city of Toronto will remain a hot destination for the younger population and immigrants. These demographic groups tend to be renters, and 80% of the GTHA’s rental stock is in the city of Toronto. Peel region also attracts a sizable share of the immigration coming into the GTHA.