

We're facing a cost-of-living crisis. The numbers prove it

David Olive, TorStar, Jan 24/26

A popular theme among economic commentators these days is that the cost-of-living crisis has been exaggerated, even if a great many Canadians and Americans insist that they are struggling to get by.

In an article this month headlined “The cost-of-living crisis is about feelings, not facts,” The Logic, a leading Canadian business journal, asserts that “The stress that people feel is real, but for many it’s a trick of minds that are poorly wired to make sense of numbers.”

The commentators’ numbers say that the economy is growing, albeit slowly. Rising wages have outpaced inflation. And the jobless rate is low by historical standards.

In a cover story this month, the Economist declares that “America’s affordability crisis is (mostly) a mirage.” The Economist says that “The notion that Americans can afford less than they used to is essentially false.”

And a Wall Street Journal editorial this month says, “We’re pleased to report that the American middle class is indeed ‘hollowing out’ — because ever more Americans are earning their way into higher income brackets.”

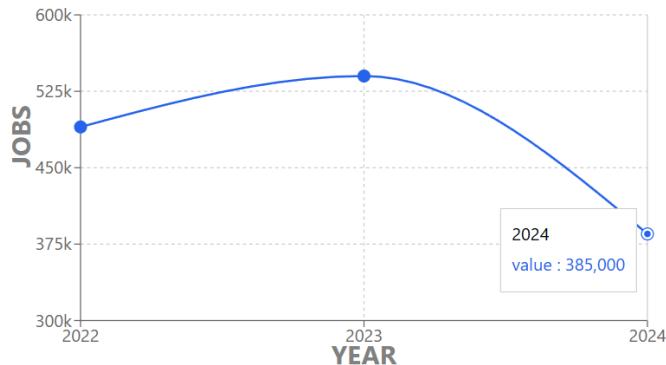
Here’s the reality

But against those rosy assertions, the daily life of many Canadians and Americans is one of continued food, housing and income insecurity.

An Abacus Data poll in December found that *67 per cent of Canadians believe the cost of living is the worst in memory.*

Unmanageable living costs are “a dominant lived experience that continues to shape how Canadians interpret government performance, leadership and competing policy priorities, alongside concern about (U.S. President) Donald Trump and global instability,” David Coletto, CEO of Abacus, said in a recent report.

Job creation in Canada dropping



Canada created 385,000 jobs in 2024, the latest year for which data is available — a strong performance for an economy flirting with recession.

But that was a sharp decline from 540,000 new jobs in 2023 and 490,000 in 2022.

Last year, the U.S. created just 584,000 new jobs, down from about two million the previous year.

The Canadian jobless rate of 6.8 per cent in December is higher than in the pre-pandemic year of 2019, when unemployment was at 5.7 per cent.

And *food inflation*, at 6.2 per cent in December, again outpaced the general rate of inflation, as it has done for the past two years except for the brief GST holiday late last year.

According to the latest Canada's Food Price Report 2026, the *average family of four can expect to pay about \$1,000 more for groceries this year than last.*

Everything costs more

Home ownership

The rule for affordable home ownership is that housing costs should not consume more than 30 per cent of household income. But that number was 53.2 per cent in the third quarter of 2025, according to RBC Economics, up from 42.9 per cent in the same period in 2019.

Interest rates — the cost of borrowed money — are not included in the basket of goods by which Statistics Canada measures inflation. But they should be. They also are higher than in the pre-pandemic.

Borrowing costs

At 2.25 per cent, the Bank of Canada's current policy rate, which determines mortgage, credit card and car-loan rates, remains above the 1.75 per cent of the last pre-pandemic year 2019 and the 0.25 per cent rate between 2000 and March 2022.

Rental fees

Between 2018 and 2025, average monthly rent for purpose-built apartments in the Toronto region rose by 35 per cent, to \$1,852. Condo unit rents jumped by 23 per cent in that period, to \$2,758.

And that was despite the advent of tiny new apartments and condo units fit for a hamster.

Property taxes

The annual increases in residential property taxes in Toronto have also outpaced inflation, rising by seven per cent in 2023, 9.5 per cent in 2024, and 6.9 per cent in 2025.

Typically, the prime measures of economic performance include growth in GDP, employment and wages.

Food bank usage

More attention should be paid to food bank usage, an unambiguous insight into living conditions for the majority of the population that live in the lower income quintiles.

A record 4.1 million food bank visits were recorded in Toronto between April 1, 2024, and March 31, 2025, as jointly reported by the Daily Bread Food Bank and the North York Harvest Food Bank. Daily Bread alone supplies most of its 144 member agencies with food.

That was an increase of 636,962 visits over the previous period, and a 340 per cent jump from 2019.

That the number is that high is evidence enough of a cost-of-living crisis.

In a CBC interview this month, Peter Howitt, the Canadian Nobel laureate economist, said “There is a problem of growing disparity between the wealthy and the not so wealthy, in Canada and the United States.”

“It’s no good telling people your worries are not real. Of course they’re real.”