THE PRESS AS FELLOW-TRAVELLERS
IN TORONTO'S RUNAWAY REAL ESTATE

by Earle Beattie

In its lead editorial of April 8, the Toronto Star pointed out that "For the average Canadian buying a house is the biggest purchase he will ever make and he should have access to all the information available on the state of the market. And it should be unquestionably objective information."

The Star was referring to the Toronto Real Estate Board's lifting of its abortive news blackout on monthly sales figures. The Board's original plan was to withhold the figures on rising home prices in the Toronto area. Between March, 1973, and March, 1974, these resale prices were said to have risen by 42 per cent, from an average $35,582 to $50,435. In May the price for a Toronto home took a giant leap and the average resale home price was reported to be $57,461.

In June, the average was said to have dipped slightly - down by $1,292. to $56,169.

As to these figures, first a modern aphorism should be observed: that a man can drown in an average three feet of water. And secondly, don't think for a moment that the June average means that home prices have gone down by that amount in Toronto. The statistic merely represents an averaging of all the homes SOLD in the Toronto area and as buyers have been virtually priced out of the market, perhaps only the "lower" priced places were selling.

The irony of the Star's comment on the need for "all the (objective) information" is that the Star itself, by virtue of its half-million circulation on weekdays and 752,000 on Saturdays, and its handling of real estate "news", is the No. 1 Non-Objective information supplier in Toronto. This applies to its regular news columns and its Saturday real estate pages. Next door to it, has been the Toronto Sun with much smaller circulation but more obvious bias, whittled down somewhat by its dropping of the Sunday real estate puffs beginning in June. The Globe and Mail has not been publishing a special real estate section. Its news and comment on housing appears in the financial pages and these pieces also fail to provide consumer-oriented enlightenment.

The nub of the "non-objectivity" problem lies in the reliance of newspapers on vested interests for real estate information and comment. The Star's editorial, quoted above, goes on to say, "The information should come from a government agency not from a private source that itself gains from inflated prices." And yet one of the Star's favourite sources is the Toronto Real Estate Board, a grouping of realtors, who have been gaining mightily in a panic market they helped to produce. The most quoted man, naturally, is the Board's president, Maurice Park of Park Real Estate.

Four years ago the Davey Report on mass media put its finger on the problem when it said, "Part of the trouble is the media's understandable tendency to look for news only in the old familiar places...places where there's always a man whose institutional credentials ('spokesman,' 'president,' 'mayor') allow the news to fit easily into prevailing pigeonholes."

On April 24, the Star quoted Park on page 3 as saying, "Metro house prices have peaked and are levelling off." But he admitted that he did not have enough statistics on resale to prove that prices were moderating, then went on to look into his crystal ball and say, re the future price structure "it's clear..."
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going to go up another $1,000 in a week or even in a day as has happen-
ed recently."

Five weeks later, a Star head stated: "House prices jump $3,070 this month." Only about $750 a week! Obviously, Park was wrong about "levelling off," but who is being quoted as an Author-
ity in the second story? Why, Maurice Park of course. Now he said, "The rise in prices started to tail off toward the end of the month." (May). In June, Park produced the figure $1,292 as a lower average but half-dropped his crystal ball. "I haven't got a crystal ball but I think we can expect a further decrease."

Credibility of Source is being stretched to the limit.

To do justice to The Star, the April 24th story also quoted Reginald Ryan, president of the Mortgage Insurance Co. of Canada who said the levelling of prices might take two or three months, and Don Kirkup, research director and publicity man for A.E. LePage, who rightly said Park's statement might be premature but wrongly said that inflation buying was over.

Sometimes it's a question of one PR man versus another.

What can any newspaper do when the only apparent sources are commer-
cially interested parties and when as The Star pointed out editorially, "the fact (is) that the source of housing sale statistics is a segment of the housing industry that gains in proportion to the increase in house prices."

Well, first they can stop quoting people in that segment on real estate futurology and confine this information source to reliable statistics. The trouble with futurism is that it becomes a "self-fulfilling prophecy" and real estate boosters have boomed up prices simply by exhorting people in their ads to "buy now before prices begin to go up again in the Spring (Fall)." Another gimmick is to stress the number of people moving to Toronto annually although these figures have varied so much that it is obvious they were simply pulled out of a hat. (Mark Twain: There are three kinds of lies - big lies, little lies and statistics.)

The real estate sales pitches, dutifully passed on by the press as "news," have been so successful in panicking the public that by Spring, this year, the realtors had begun to panic them-
selves. Obviously, they feared they might price themselves out of the market. That led to the statements by Park and Kirkup which were an attempt to create yet another self-Fulfilling Prophecy to counteract the first prophecy, ergo: that by saying inflation buying was over, and levelling off would occur, the event itself would occur.

Secondly, while cutting the pitchmen out of the prophecy field, and checking their statistics thoroughly, the newspapers should also employ disinterested specialist reporters to interpret real estate information. An analysis of how panic-buying is generated would be a good start. Writers for the financial pages of the Star and the Globe and Mail have been doing this to some extent, but critical analysis in the Real Estate pages has been wholly lacking.

Articles in the Star and The Sun on new apartments, condo-
miniums and housing sub-divisions have described facilities offered for sale or rent, but have never critically examined them in context, e.g. street noise, traffic congestion, thin walls, elevator capacity, loaded leases or agreements, parking, etc. Nor have there been any "follow-up" articles on buildings a few years later. Once a building has been filled by bodies, it's forgotten. A few complaints have surfaced in the news pages.
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For the Globe, the Star and The Sun, it is the sin of omission but for the latter two also of commission. They have been huckstering for the industry, grinding our indolence for the trade. Newspapers have a litany where the chant is "We are never influenced by our advertisers." In the Real Estate sections, influence is too mild a word; it is capitulation to some of the biggest revenue-providing marketeers in sight. Anyone can recognize paid ads with their obvious superlatives, "Buy now while the price is right" "Fantastic value" and "A little bit of heaven" - not everyone can recognize the soft-sell of alleged news articles in the real estate pages or propaganda against public action. Many readers have the old-fashioned notion that the newspaper always serves their interests, but as McLuhan noted in The Mechanical Bride, "We see also the paradox of a very big press posing as a brave little man facing giants and ogres...while it tacitly assumes Barnum's view of the public as sucker."

A Star article on June 8th on "Crossroads," a condominium apartment complex at the corner of Toronto's Don Valley Parkway and Sheppard Avenue, has these nice words for the builder: "When it was first started, Crossroads had the distinction of being 'too popular.' Buyers swarmed over the first tower while under construction asking to see unfinished suites." The location, at the junction of two main highways is described as "insulated from both by being on a 12-acre site." The first statement is true, but the two towers are at the edge of the site, close to the Parkway and by no means insulated from traffic noise. There are no critical comments and the third tower now being built will partly block the southern exposure of many owners in the second tower.

In the same issue there appears an article by a Star staff writer deploring "governmental encroachments", and in the Star of June 15 he quotes Bert Willoughby, a realtor, who opposes the 50 per cent land speculation tax in Ontario. The heading is "Speculation tax may raise prices realtor claims". Willoughby, who had just returned from a congress in Spain of the International Real Estate Federation, raised the spectre of capital being withheld from the Ontario housing market. The Star story reported that "The congress went on record as regretting the world-wide tendency of countries to nationalize land and enact laws limiting property rights."

And now it was said in another story on that page by yet another Association president, Ron Williams of the Toronto Home Builders' Association, that new house prices will not decline, but increase due to the inflationary trends in labor and material costs."

These are, of course, "objective" stories in the manner of the Irishman who said, "I don't know what side I'm neutral on." But the constant quoting of non-neutrals and the omission of some scientific examination of the housing mess in Toronto and elsewhere with no real solutions offered really means that these stories are highly subjective. Private enterprise and private enterprise governments have failed miserably in providing decent shelter for thousands of Canadians, particularly those with growing families in the low and middle income groups. Reading the real estate page propaganda for the rugged entrepreneurs, you'd never know of their failure.

And just to compound the confusion of the official spokesmen, The Star quoted Stephen Bartlett, vice-president of Gibson Willoughby Limited, who "offers ten reasons - or opinions - why house prices are unlikely to fall." The story says house prices in Metro Toronto rose 29 per cent in 1973, an old figure substituted for the later statistic of March, 1973, to March, 1974 (42 per cent) which the Star had used two months before. The heading on the story read "Realtors warn house prices won't drop" but there was only one realtor in the story, Bartlett, and he didn't just say they won't...
drop; he was quoted as saying all evidence appears to indicate that everybody will be paying MORE to rent or buy this year and next. The Star added, "House prices in Toronto continue to rise but at a slower rate." Are they rising, are they falling, or are they standing still?

For many months, the Sunday Sun's Real Estate section carried articles by Ralph Magee, a freelance writer, and then used a staff writer named David Kendall. On November 18, last year, Magee's article carried the head, "UDI fights condominium bill." The lead paragraph cried out that "A revised Condominium Act that would raise the price of this type of housing, reduce the numbers of new projects and curb the flow of mortgage money is being proposed by the Ontario government."

All these evils were to flow from an attempt by the Ontario government in Bill 184 to limit management contracts to two years, rather than three or five, put a ban on developers selling and renting apartments within the same building and ensure that purchaser's deposits be held in trust accounts. The UDI (Urban Development Institute) had submitted a Brief to the government with its objections, followed with the usual threat that costs will go up unless they get their way. The article twice mentions the "horror stories" about developers forcing the government to over-react. The real horror story, however, was wrapped up in that first paragraph in the "news" story: a few changes in the Act to protect homeowners and all hell will break loose.

These hard-pressed builders are so innocent of shady practices that North York has awarded a 22-year old University student, David Medhurst, a grant to investigate what he calls "the condominium rip-off." Mayor Mel Lastman has said "people are being cheated and misled with poor soundproofing, insufficient parking, poor provision for garbage pick-up." (The Star and the Globe and Mail carried THAT story.)

On February 24, this year, the Sunday Sun's article was on how the owners of low-cost houses, assisted by the government subsidized HOME plan, have been profiteering by selling their houses after the five-year control period expired. Suggestions, supposed to have come from government officials but vaguely attributed, include putting all future Ontario Housing Corporation lots on a long-term lease basis. That would mean "the homeowners would be notified of the future date when land leases would expire and thus have to move. Coincidentally, the government would offer the acreage for sale to private developers for density construction. Profits from the market value of the land would be plowed back for repetition of the process elsewhere."

In other words, kick the beggars out of their homes because the land they occupied doesn't belong to them and anyway they're old folks now, then turn it over to private developers who will tear down the houses and make money on high-rises, row houses or tenements (they can call them townhouses, semis or even Mews.) Use profits from sale of the land to keep the handy-dandy building boom going while jam-packing people and pyramiding profits.

It's hard to believe such "ideas" could really appear in print.

A burst of light did come, however, from the Sunday Sun on March 10 when Ralph Magee covered a convention of the Ontario Real Estate Association. "For these delegates" (the majority) he wrote, "the house price inflation had become a normal and highly profitable thing - the more prices climb, the bigger sales commissions become."

Delegates attributed the runaway market to inflation, a tax haven for 'investors' money, lack of serviced land, speculation and
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debacle, but as most of these are national, we wonder why they produced a mere 5 per cent price increase in Montreal. The clincher came from two delegates who said: "The purchaser is going to have to resist prices," and "People will simply have to say no and pull back from exorbitant prices."

That of course got the six-column heading, "Purchaser will have to say no." It should be enshrined with Marie Antoinette's grand advice, "Let them eat cake." The fact that people need shelter and that the realtors have been urging them day after day to "Buy Now," seems to have been forgotten.

Finally, on April 14th the Sun did say in an article headed "Speculator in Homes": "But the builder too is a speculator." Staff writer Kendall quoted an economist from the Central Mortgage and Housing Corporation, "...developers have upped their prices on units by $6,000 in three months." That, did see the light of print despite a quoted statement from Harold Green, president of Greenwin Construction, "Don't even use the terms developer and speculator in concert - that's an insult."

Despite their assumed abhorrence of speculation, Ontario real estate people are strongly opposing the government's 50 per cent tax on land speculation. Predictably, the Toronto Star came fellow-travelling in with a red-ink banner line on June 22, "Land tax criticized as confusing and unfair." The staff-written story that followed, based entirely on interviews, consisted of opinions from realtors along with comments from Liberal MPP Vernon Singer and Revenue Minister Arthur Meen. All, except Meen, were quoted as critical of the land speculation Act in principle or in form or in effect. There were no interviews with citizen groups or prospective buyers caught in the bind of speculation and thus no favourable comments, not even from Meen. The story might just as well have come out of a real estate public relations office.

Arthur Meen pointed out some of the Act's administrative problems, but no real airing of his views was provided. That only came about when he published a long letter in the Globe and Mail three days later replying to I.H. Asper who had written two fatuous columns for the Globe saying that "the ordinary taxpayer will feel the real brunt of the tax." As Meen put it, "...only those involved in the sale of land, where no real value has been added - in short, speculators - bear the burden of the 50 per cent tax on such profits.

Could it be that the real estate people really didn't mean it when they said that speculation was one of the problems in rising prices? Who cares whether you sell to a speculator or a genuine buyer as long as you sell? Kendall's story in the Sun, quoted above, pointed out that "Developers claim to be trying to stamp out speculators by refusing to sell to people who ask for more than one condominium," but that a salesgirl told a speculator, "You can probably have five if you take them in the name of different members of your family."

Indeed, it looks like the Land Speculation Tax Act has been quite effective in checking runaway prices in real estate that have benefitted developers, builders and realtors while creating the Impossible Dream Home for buyers.

With the masks finally taken off, we conclude with a quotation from Page One of the Globe and Mail of March 25th: "A middle-aged man came up to Sidney Handleman, the newly-appointed Ontario Minister of Housing and asked the basic question: 'Is there a housing crisis?' (Mr. Handleman said yes and the man told him there were more than 100 vacant suites in his building.) "We get down to the capitalist system, don't we?" 'That's right,' Mr. Handleman said.