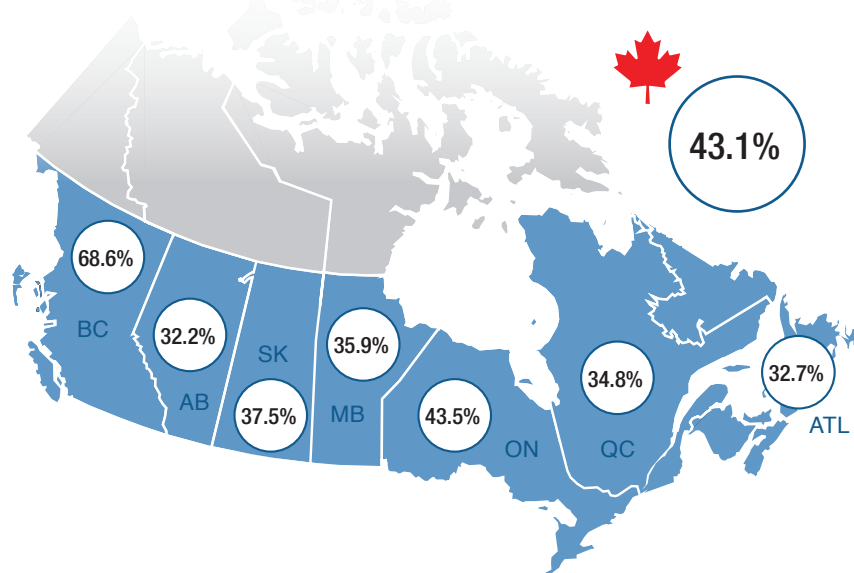


Where Housing Affordability Stands in Canada

Benchmark Detached Bungalow - First Quarter 2012

According to the latest Housing Trends and Affordability report issued by RBC Economics Research, affordability measures for the **benchmark detached bungalow** rose by 0.8 percentage points to 43.1 per cent in the first quarter of 2012 (a rise in the measure represents deterioration in affordability).



	Q1 Housing Affordability (%)	Q/Q Percentage Point Change	Y/Y Percentage Point Change	Historical Average Since '85 (%)
CANADA	43.1	0.8	1.5	39.4
BC	68.6	1.2	3.0	49.8
AB	32.2	0.1	0.1	36.2
SK	37.5	-0.4	-0.1	36.8
MB	35.9	0.1	0.5	36.9
ON	43.5	1.0	2.4	40.8
QC	34.8	1.4	0.8	33.1
ATL	32.7	0.1	0.3	32.0

RBC's housing affordability measures capture the proportion of pre-tax household income needed to service the costs of owning a specified category of home at going market values.



VANCOUVER

Following two consecutive quarters of declines, home prices rebounded across all housing types in the Vancouver area in the first quarter of 2012 making it even more difficult for a typical household to own a home in the area. RBC measures rose between 0.3 and 3.1 percentage points, raising doubts that meaningful affordability improvements will surface anytime soon.



CALGARY

The long-awaited resurgence of Calgary's housing market appears to have launched in recent months. Home resales were up a notable 7.4 per cent in the first quarter, compared to the fourth quarter of 2011. Still, home prices have remained flat for the most part, keeping housing affordability in check with some of the best levels among Canada's largest cities.



TORONTO

Home prices in the Toronto area have seen strong bids recently because market conditions have been tight. Under these circumstances, housing affordability in the area eroded in the first quarter.



OTTAWA

Ottawa area homebuyers were more hesitant to close deals despite the greater availability of homes for sale. This hesitation might be related to weakened housing affordability since late last year. In the first quarter of 2012, affordability measures rose between 0.4 and 0.9 percentage points, pushing levels further above long-term averages for the area.



MONTREAL

With the exception of two-storey homes, which appear to be pushing the affordability envelope, owning a home in the Montreal area is not currently an excessive financial burden for homebuyers.