



NEWS

SASKATCHEWAN'S HOUSING MARKET SHOWING SIGNS OF STABILITY, SAYS RBC ECONOMICS

TORONTO, July 8, 2009 — Significant improvement in housing affordability is helping to lift sales of existing homes and move Saskatchewan's housing market back into more balanced territory this year, according to the latest housing report released today by RBC Economics.

"Following the frenzied pace of 2006 to early 2008, it was feared that Saskatchewan's housing market would crash in the wake of the recession," said Robert Hogue, senior economist at RBC. "However, the province's housing market now appears to be negotiating, quite deftly, its way toward a more sustainable level of activity."

RBC's Housing Affordability measure for Saskatchewan, which captures the proportion of pre-tax household income needed to service the costs of owning a home, improved across all four classes in the first quarter of this year. Affordability of the benchmark detached bungalow in the province moved to 42 per cent, the standard townhouse to 34.5 per cent, the standard condo to 26.7 per cent and the standard two-storey home to 44.8 per cent respectively.

"Saskatchewan's year-over-year improvement is among the largest on record for the province," added Hogue. "Stronger demand and a decrease in new listings are ushering in a return to balanced market conditions, which should help stabilize prices in the period ahead."

RBC's Affordability measure for a detached bungalow for Canada's largest cities is as follows: Vancouver 62.6 per cent, Toronto 45.9 per cent, Ottawa 39.1 per cent, Montreal 36.5 per cent and Calgary 35.1 per cent.

The report also looked at mortgage carrying costs relative to incomes for a broader sampling of cities across the country, including Regina and Saskatoon. For these cities, RBC has used a narrower measure of housing affordability that only takes mortgage payments relative to income into account.

The property benchmark for the Housing Affordability measure, which RBC has compiled since 1985, is based on the costs of owning a detached bungalow. Alternative housing types are also presented including a standard two-storey home,

a standard townhouse and a standard condominium. The higher the reading, the more costly it is to afford a home. For example, an Affordability reading of 50 per cent means that homeownership costs, including mortgage payments, utilities and property taxes, take up 50 per cent of a typical household's monthly pre-tax income.

Highlights from across Canada:

- **British Columbia:** In the first quarter, housing affordability in B.C. showed the sharpest improvements since 1991. Sales of existing homes have picked up vigorously since the November-January lows, prices appear to be leveling off and more balanced supply and demand conditions are expected to emerge in coming months.
- **Alberta:** The drop in mortgage rates and sinking home prices have fully restored homeownership affordability in the province. Sales of existing units have rebounded smartly this spring from earlier depressed levels and market conditions have tightened. Alberta's housing market is likely at the point of turning the corner.
- **Manitoba:** Supported by relatively favourable affordability rates, Manitoba's market continues to be among the most resilient in the country. A relatively robust economy, steady population growth and recent improvement in affordability should support housing demand in the period ahead.
- **Ontario:** Spring resales figures show a surprising amount of activity in Ontario, with average prices for existing homes climbing back to where they were mid-2008. Much of this resurgence in the province is due to greater affordability, with homeownership costs for detached bungalows and condominiums dropping below long-term averages.
- **Quebec:** Resale activity has rebounded quickly in Quebec, reflecting a homeownership market that is now more accessible than has generally been the case in the province since the mid-1980s. Home prices have generally stayed their upward course, even through the period of weaker resale activity earlier this year.
- **Atlantic region:** The costs of owning a home in Atlantic Canada continue to improve, with housing affordability rates among the best in the country. Favourable affordability levels in Atlantic Canada have given the region some protection against the housing storm with minimal declines in property value.

The full RBC Housing Affordability report is available online, as of 8 a.m. EDT today at www.rbc.com/economics/market/pdf/house.pdf.

For more information, please contact:

Robert Hogue, RBC Economics Research, 416 974-6192
Matt Gierasimczuk, Media Relations, RBC, 416 974-2124