



MANITOBA'S HOUSING AFFORDABILITY REMAINS RELATIVELY STABLE, SAYS RBC ECONOMICS

TORONTO, November 25, 2009 — Manitoba's housing market remains relatively affordable despite a rise in homeownership costs for the first time since 2008, according to the latest quarterly housing report released today by RBC Economics.

"Home affordability in Manitoba became moderately worse, but the decline is relatively small in comparison to other provinces," said Robert Hogue, senior economist, RBC. "The housing market still appears fairly balanced and should sustain solid sales momentum in the short term."

The RBC report noted that the expected resurgence in Manitoba's economy, along with an upswing in job growth, should keep demand for housing strong next year.

"The housing market in the province continues to evolve in a tempered manner, with sales of existing homes recovering at a moderate pace," added Hogue.

The RBC Housing Affordability measure for Manitoba, which captures the proportion of pre-tax household income needed to service the costs of owning a home, rose across all housing types in the third quarter. Affordability of the benchmark detached bungalow rose to 34.8 per cent, the standard townhouse to 23 per cent, the standard condo to 20.5 per cent, and the standard two-storey home to 37.5 per cent (the higher the measure, the more expensive it is to afford a home).

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

RBC's Affordability measure for a detached bungalow for Canada's largest cities is as follows: Vancouver 66.8 per cent, Toronto 48.6 per cent, Ottawa 39.2 per cent, Montreal 37.5 per cent and Calgary 36.7 per cent.

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 condo. 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:** Following five consecutive declines, homeownership costs rose in B.C. during the third quarter. With housing demand growing faster than the supply, prices have been rising again. This development likely marks the end of the affordability upswing in B.C., with indications that homeownership costs will remain well above long-term averages.
- **Alberta:** The province experienced the first increase in homeownership costs since late-2007, in the third quarter. Housing market activity has picked up and stabilized with the modest rise in costs attributable to higher mortgage costs rather than a rise in property values. Attractive affordability levels and a return to economic growth should fuel housing demand in Alberta next year.
- **Saskatchewan:** With mortgage rates rising slightly and properties gaining value, owning a home became slightly less affordable in the province, following steady improvement for more than a year. However, homeownership costs remain historically high in Saskatchewan as a result of the sharp price appreciation that took place during the recent housing boom.

- **Ontario:** After a period of declining property values, the Ontario housing market appears to be bouncing back with home resale prices returning to and, in some cases, surpassing earlier peaks. While this reversal has brought confidence back into the market, third quarter affordability levels have deteriorated for the first time in over a year.
- **Quebec:** Broad-based vigour in the housing market fueled by the earlier drop in mortgage rates to historically low levels, has sent property values to new highs in many parts of Quebec. Consequently, housing affordability deteriorated in the province for the first time in more than a year during the third quarter.
- **Atlantic Canada:** Housing on the east coast continued to be among the most affordable in the country, with Atlantic Canada experiencing moderate but steady gains in property values sustained by a gradual increase in the sale of existing homes. Increases in homeownership costs in the region, in the third quarter, were modest relative to other provinces, with levels mostly below national averages.

The full RBC Housing Affordability report is available online, as of 8 a.m. EST 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