



MANITOBA'S HOUSING AFFORDABILITY LARGELY IMPROVES IN Q4 2013: RBC ECONOMICS

TORONTO, February 25, 2014 — A surge in newly listed homes ultimately helped improve Manitoba's housing affordability in the fourth quarter of 2013, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

RBC notes that, while home resales rose in the province in the fourth quarter, a surge in listings provided more choice for Manitoba homebuyers which helped drive prices lower for single detached homes, improving affordability in the process in these housing categories. Condo affordability, on the other hand, bucked the trend.

"Owning a home in Manitoba remained relatively affordable in the final months of 2013, especially when comparing against conditions in other markets across Canada," said Craig Wright, senior vice-president and chief economist, RBC. "Our measures for all housing types in the province stayed reasonably on par with historical norms in the province, suggesting that little affordability pressure is being exerted on Manitoba's homebuyers at the present time."

The RBC housing affordability measures, which capture the proportion of pre-tax household income needed to service the costs of owning a home at market values, predominantly eased in Manitoba in the fourth quarter (a decrease in the measure represents improvement in affordability).

RBC's affordability measures fell by 1.1 percentage points to 38.6 per cent for two-storey homes and by 0.6 percentage points to 38.0 per cent for bungalows. However, the measure for condos rose by 0.8 percentage points to 24.9 per cent.

RBC's housing affordability measure for the benchmark detached bungalow in Canada's largest cities in the fourth quarter of 2013 is as follows: Vancouver 81.6 (down 2.3 percentage points from the previous quarter); Toronto 55.6 (up 0.1 percentage points); Montreal 38.8 (unchanged); Ottawa 36.7 (down 0.4 percentage points); Calgary 33.8 (down 0.2 percentage points); Edmonton 33.3 (up 0.1 percentage points).

The RBC housing affordability measure, which has been compiled since 1985, is based on the costs of owning a detached bungalow (a reasonable property benchmark for the housing market in Canada) at market value. Alternative housing types are also presented, including a standard two-storey home and a standard condominium

apartment. The higher the reading, the more difficult it is to afford a home at market values. For example, an affordability reading of 50 per cent means that homeownership costs, including mortgage payments, utilities and property taxes, would take up 50 per cent of a typical household's monthly pre-tax income.

It is important to note that RBC's measure is designed to gauge ownership costs associated with buying a home at present market values. It is not a representation of the actual costs incurred by current owners, the vast majority of whom have bought in the past at significantly different values than those prevailing in the latest period.

Highlights from across Canada:

- **British Columbia's housing affordability remains relatively poor despite some improvements**
Affordability conditions improved across all housing categories in the province, with RBC measures falling between 1.0 and 1.4 percentage points in the fourth quarter. With levels at 73.2 per cent for two-storey homes, 67.7 per cent for bungalows and 33.7 per cent for condominium apartments, affordability remains poor, particularly in Vancouver.
- **Alberta's homes become even more affordable**
Owning a home at market value in Alberta became slightly more affordable for most housing categories in the final quarter of 2013 and continued to compare favourably against historical and national averages. RBC's measures fell by 0.5 percentage points for two-storey homes and by 0.2 percentage points for bungalows. The measure for condominiums edged higher by 0.1 percentage points.
- **Saskatchewan's affordability trends sideways**
Housing affordability in the province continued to play a predominantly neutral role in home-buying decisions with levels standing close to historical norms. RBC's affordability measures declined 1.1 percentage points for two-storey homes and 0.2 percentage points for bungalows. The measure for condominiums was up by 0.4 percentage points.
- **Ontario's affordability picture remains largely unchanged**
RBC's affordability measures for Ontario eased by 0.1 percentage points for both bungalows and two-storey homes and stayed flat for condominiums in the fourth quarter of 2013. Owning a single-detached home at market value in the province continues to take a larger share of household income compared to the historical average despite marginal improvements for the first time in a year.

- **Quebec's affordability conditions little changed from the third quarter**
The only observable variation in affordability conditions in Quebec during the fourth quarter was in the two-story homes category, with RBC's measure inching higher by 0.2 percentage points. The measures for bungalows and condominium apartments remained unchanged. All measures continued to stand near their long-run averages.
- **Atlantic Canada retains decent affordability conditions**
Housing affordability in the region remained at generally neutral levels in the fourth quarter, and still compared favourably against the majority of markets across Canada. RBC's measures fell by 0.6 percentage points for two-storey homes and by 0.1 percentage points for bungalows. The measure for condominiums rose by 0.2 percentage points.

The full RBC Housing Trends and Affordability report is available online, as of 8 a.m. ET today, at rbc.com/economics/economic-reports/canadian-housing-forecast.html.

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