



## **ALBERTA'S HOUSING MARKET REMAINS AMONG THE MOST AFFORDABLE IN CANADA: RBC ECONOMICS**

**TORONTO, November 26, 2014** — Homebuyers in Alberta continued to face attractive affordability conditions in the third quarter of 2014 and so far seem to be unfazed by the recent decline in crude oil prices, according to the latest [Housing Trends and Affordability report](#) issued today by RBC Economics Research.

RBC indicates that home resales in the province further increased in Q3 (by 0.9 per cent over Q2), setting a new record-high for the period.

“A strong economy and rapid population growth continue to trump any possible worries that Alberta’s energy boom might bust in the near future,” said Craig Wright, senior vice-president and chief economist, RBC. “Despite showing signs of deteriorating recently, affordability levels continue to be attractive and also provide good support for the provincial market.”

The RBC housing affordability measures, which capture the province’s proportion of pre-tax household income needed to service the costs of owning a home at market values, rose modestly for most housing types in the third quarter (a rise in the measure represents deterioration in affordability). Still, the weight of ownership costs is still fairly light in Alberta – compared to both long-term and national averages.

RBC’s national affordability measures rose by 0.4 percentage points to 32.3 per cent for detached bungalows and by 0.4 percentage points to 33.7 per cent for two-storey homes in Q3. The measure for condo apartments eased by 0.2 percentage points to 19.9 per cent, which was the lowest level among the provinces.

### **Calgary housing growth continues, unaffected by affordability issues**

Calgary’s housing boom continued in Q3. In fact, home resales set new quarterly records for both Q2 and Q3, RBC says. While homebuyer demand has been strong and rising for some time, the latest bump-up in activity may be attributed to a sharp rise in new listings.

“Demand for housing still outweighed supply in Calgary meaning prices in the city continued to rise at the fastest pace across Canada,” said Wright. “At the same time, high and rising household incomes have been keeping housing in Calgary relatively affordable for potential buyers.”

RBC says that the latest readings indicated that Calgary’s housing affordability conditions compare favourably to historical norms and to other Canadian cities. Still, RBC’s measures rose across all categories; up 0.4 percentage points to 34.3 per cent for two-storey homes, up 0.6 percentage points to 34.2 per cent for bungalows and up 0.3 percentage points to 20.1 per cent for condo apartments.

RBC's housing affordability measure for the benchmark detached bungalow in Canada's largest cities in the third quarter of 2014 is as follows: Vancouver 83.6 (up 1.6 percentage points from the previous quarter); Toronto 56.3 (up 0.3 percentage points); Montreal 37.0 (down 0.3 percentage points); Ottawa 35.7 (down 0.3 percentage points); Calgary 34.2 (up 0.6 percentage points); Edmonton 31.9 (up 0.2 percentage points).

The RBC Housing Affordability measure, which has been compiled since 1985, is based on the calculated 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: affordability under pressure**

- Housing affordability in the province came under pressure in the third quarter, with RBC measures rising for all housing categories between 0.2 percentage points and 1.0 percentage points. Affordability continues to compare poorly against historical norms in the province and the measures elsewhere in the country, largely reflecting extreme conditions in Vancouver

#### **Saskatchewan: prices decline and affordability improves**

- Price declines in the province contributed to a significant improvement in affordability in Q3, especially for bungalows. RBC's measures fell 1.3 percentage points for bungalows (the largest decline in the country), and by 0.4 percentage points for both two-storey homes and condos.

#### **Manitoba: housing largely becomes more affordable**

- Affordability conditions largely improved in Q3 in the province, much as it has been the case since the middle of 2013. RBC's measures for bungalows and condos fell by 0.4 percentage points and 0.2 percentage points, respectively. The measure for two-storey homes rose by 0.2 percentage points.

#### **Ontario: affordability remains moderately strained**

- Homebuyers in the province benefited from some modest improvement in affordability, though it still remains relatively strained – mostly in the Toronto area. RBC's measures edged lower between 0.1 percentage points and 0.4 percentage points across housing categories.

**Quebec: most attractive affordability levels in years**

- Housing affordability continued to improve for the most part in the province, reaching the most attractive levels in years. In Q3, RBC's measures eased by 0.8 percentage points for condos and 0.4 percentage points for two-storey homes. The measure for bungalows remained unchanged.

**Atlantic Canada: affordability conditions remain generally favourable**

- Homebuyers in the region are benefitting from generally favourable affordability conditions. RBC's measure for bungalows eased by 0.3 percentage points and edged slightly higher by 0.1 percentage points and 0.2 percentage points for two-storey homes and condos, respectively. Measures for the region remain among the lowest in the country.

The full RBC Housing Trends and Affordability report is available [online](#) as of 8 a.m. ET today.

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