



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

**TORONTO, November 26, 2014** — Atlantic Canada's housing affordability conditions continued to be generally favourable in the third quarter of 2014, according to the latest [Housing Trends and Affordability report](#) issued today by RBC Economics Research.

The report notes that Atlantic Canada's residential real estate market emerged from a 10-year low in Q3 with home resales increasing by 9.2 per cent – the strongest quarterly advance since the first quarter of 2007. Hefty gains were registered in several key markets, including Moncton, Saint John, Fredericton and Halifax.

RBC says that between early 2012 and early 2014, demand-supply conditions loosened in several local markets in the Atlantic region, in some cases causing prices to slow down to a crawl or even decline.

“The pickup in the region's housing activity during Q3 was only able to reverse less than half of the 20 per cent slide that took place over the last few years,” said Craig Wright, senior vice-president and chief economist, RBC. “Still, Atlantic Canadian homebuyers face some of the most affordable market conditions across Canada.”

The RBC housing affordability measures, which capture the region's proportion of pre-tax household income that would be needed to service the costs of owning a home at current market values, slightly deteriorated for most housing types in the third quarter of 2014 (an increase in the measure represents deterioration in affordability).

RBC says that affordability measures for the region stand below long-term averages for all housing categories. RBC's measure for bungalows eased further by 0.3 percentage points to 30.0 per cent; measures for two-storey homes and condo apartments edged slightly higher by 0.1 percentage points to 34.9 per cent and 0.2 percentage points to 24.9 per cent, respectively.

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

#### **Alberta: affordability remains relatively attractive**

- As a share of household income, ownership costs are fairly low in Alberta – compared to both long-term and national averages. RBC's third quarter measures for the province climbed by 0.4 percentage points for both bungalows and two-storey homes. The measure for condos eased by 0.2 percentage point, and stands at the lowest level among the provinces.

#### **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.

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

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