



MANITOBA'S HOUSING BECAME MORE AFFORDABLE IN Q3 2014: RBC ECONOMICS

TORONTO, November 26, 2014 — Housing affordability in Manitoba improved in the third quarter of 2014, continuing a trend since mid-2013, according to the latest [Housing Trends and Affordability report](#) issued today by RBC Economics Research.

The RBC report notes that in the third quarter Manitoba homebuyers drove home sales to a new record level for this period of the year. This took place amid a surge in the supply of homes available for sale.

“New listings in Manitoba showed a very strong year-over-year increase of 13 per cent in the third quarter – reaching their highest level since 1995,” said Craig Wright, senior vice-president and chief economist, RBC. “This coincided with a wave of new housing unit completions in Winnipeg in late 2014, early 2014.”

RBC says that consequently, demand-supply conditions continued to loosen in Manitoba during the third quarter – despite robust resale activity – causing price increases to slow down even further in the majority of housing categories.

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

RBC's measures for Manitoba's bungalows and condo apartments fell by 0.4 percentage points to 35.9 per cent and 0.2 percentage points to 23.5 per cent, respectively. The measure for two-storey homes increased by 0.2 percentage points to 37.2 per cent.

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.

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.

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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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