



OWNING A HOME IN SASKATCHEWAN BECAME MORE AFFORDABLE IN Q4 2014: RBC ECONOMICS

TORONTO, March 3, 2015 —Saskatchewan’s housing affordability improved in Q4 of 2014, but it was not the dominant factor driving the market, according to the latest [Housing Trends and Affordability report](#) issued today by RBC Economics Research.

“Confidence in Saskatchewan’s housing market appears to have taken a hit, largely in the late stages of 2014, and the significant drop in oil prices was no doubt among the factors behind it,” said Craig Wright, senior vice-president and chief economist, RBC. “Home resales fell by 4.6 per cent in the fourth quarter and by a more substantial month-to-month rate of 19 per cent in January 2015.”

These declines occurred when there was a strong supply of homes, tipping the demand-supply equation in the favour of buyers in early 2015. Regina and Saskatoon – Saskatchewan’s biggest local markets – saw downward pressure on prices, a trend those cities had experienced even prior to the fourth quarter.

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, fell in most categories in Q4 of 2014 (a decline in the measure represents improvement in affordability).

RBC’s affordability measures decreased by 0.6 percentage points for both bungalows and two-storey homes to 33.7 and 38.0 per cent, respectively. The measure for condos rose by 0.6 percentage points to 24.9 per cent.

RBC’s housing affordability measure for the benchmark detached bungalow in Canada’s largest cities in Q4 of 2014 is as follows: Vancouver 82.4 (down 1.2 percentage points from Q3); Toronto 56.8 (up 0.8 percentage points); Montreal 37.3 (unchanged); Ottawa 36.0 (up 0.2 percentage points); Calgary 33.7 (down 0.6 percentage points); Edmonton 33.5 (up 0.1 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: Small improvement in affordability conditions

- Housing affordability slightly improved across all categories of homes measured by RBC, primarily reflecting stronger household income arising from brighter economic prospects in the province. During Q4, RBC's measures eased between 0.1 and 0.7 percentage points.

Alberta: Housing remains relatively affordable despite buffeted economic confidence

- Housing affordability was mainly unchanged in Alberta during Q4, continuing to be fairly attractive relative to other provinces and compared to historical averages. RBC's measure for bungalows fell by 0.4 percentage points, and remained unchanged for both condos and two-storey homes.

Manitoba: Affordability improves across the provincial housing market

- It became more affordable to buy a home in Manitoba during the fourth quarter of 2014 with RBC's measures falling across all housing categories (between 0.1 and 0.4 percentage points over the third quarter).

Ontario: Robust housing market conditions impact affordability

- Ontario's housing market bucked the generally improving trend in affordability across Canada in Q4, 2014. RBC's measures rose in all categories between 0.2 percentage points and 1.0 percentage points.

Quebec: Broad-based improvements in affordability continue

- Steady improvements in Quebec's housing affordability continued in the fourth quarter of 2014 with RBC's measure declining across all categories tracked. Measures fell by 0.6 percentage points for two-storey homes and by 0.4 percentage points for both bungalows and condos.

Atlantic Canada: Among the most affordable markets in Canada

- The region's homebuyers continued to face some of the most affordable conditions across the country in Q4 of 2014. RBC's affordability measures fell for both the two-storey and bungalow segments, by 0.5 and 0.1 percentage points, respectively. The measure for the condo segment edged higher by 0.1 percentage points.

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

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