



MANITOBA'S HOUSING AFFORDABILITY REMAINS IN CHECK: RBC ECONOMICS

TORONTO, June 22, 2015 — Housing affordability in Manitoba continued near long-term averages in the first quarter of 2015, while markets remained well supplied, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

RBC notes that affordability for single-detached homes and condos in Manitoba evolved in opposite directions during the first quarter.

“A wave of new multi-unit completions in Winnipeg last year caused some absorption issues in Manitoba, ultimately weighing on condo prices in the resale market in Q1. Soft condo sale activity also contributed to these weaker prices,” said Craig Wright, senior vice-president and chief economist, RBC. “On the other hand, resales of bungalows and two-storey homes perked up, supporting price increases and leading to some modest deterioration in affordability.”

RBC says that current housing affordability conditions in the province likely do not pose unusual challenges for home buyers as affordability measures remain remarkably close to long-term averages.

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, were mixed in the first quarter of 2015 (a decrease in the measure represents an improvement in affordability). RBC's measures for both bungalows and two-storey homes rose by 0.3 percentage points to 35.6 per cent and 36.9 per cent, respectively. The measure for condos fell noticeably by 1.1 percentage points to 22.2 per cent.

During Q1 2015, affordability measures at the national level edged lower by 0.3 percentage points to 27.1 per cent for condominiums and 0.2 percentage points to 47.9 per cent for two-storey homes. The measure for detached bungalows was unchanged at 42.7 per cent.

RBC's housing affordability measure for the benchmark detached bungalow in Canada's largest cities in Q1 2015 is as follows: Vancouver 85.6 (up 2.8 percentage points from Q4 2014); Toronto 57.3 (up 0.6 percentage points); Montreal 37.2 (down 0.2 percentage points); Ottawa 35.4 (down 0.6 percentage points); Calgary 32.8 (down 1.0 percentage points); Edmonton 32.8 (down 0.8 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 home ownership 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: Vancouver skews provincial affordability

- Q1 developments varied by housing categories, but still signaled greater-than-average pressure on affordability. RBC's measures eased 0.4 percentage points for condos and 0.1 percentage points for two-storey homes, and rose 1.0 percentage points for bungalows.

Alberta: plummeting oil prices contributed to improvement in affordability

- Housing affordability improved significantly across the province during the first quarter, with RBC measures falling across all categories (between 1.0 and 0.6 percentage points).

Saskatchewan: slower resale activity combined with moderating household income mutes impact on affordability

- Home resales plummeted more than 16 per cent in the province during Q1, contributing to price declines across housing segments. The impact on affordability was partly muted by a moderation in household income. RBC's measures fell 0.1 percentage points for condos, rose 0.3 percentage points for bungalows and remained unchanged for two-storey homes.

Ontario: affordability theme continues to be split

- For the past four years, owning a single-detached home at market prices in the province has become less and less affordable, whereas the weight of owning a condo has remained fairly constant. RBC's measures for bungalows and two-storey homes rose by 0.3 percentage points, while the measure for condos edged lower by 0.2 percentage points.

Quebec: affordability at multi-year best levels

- After remaining steady for years, housing affordability improved in the province over the course of 2014 and the trend continued in Q1 2015. RBC's measures fell across all three categories tracked (between 0.3 and 0.1 percentage points).

Atlantic Canada: affordability still attractive and improving

- The lingering effect of earlier softness in home resale markets led to further improvement in housing affordability in the Atlantic region in Q1. RBC's affordability measures fell 0.7 percentage points for bungalows and 0.5 percentage points for two-storey homes. The measure for condos was unchanged.

The full RBC Housing Trends and Affordability report is available [online](#) as of 8:00 a.m. ET today.

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