



## HOUSING AFFORDABILITY IN MANITOBA REMAINED FAIRLY NEUTRAL IN Q2: RBC ECONOMICS

**TORONTO, August 31, 2015** — Manitoba's housing affordability remained fairly neutral in the second quarter despite mixed developments across housing categories, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

"Manitoba's housing affordability saw a little bit of everything in the second quarter with some modest improvement taking place for two-storey homes and a slight deterioration for bungalows and condos," said Craig Wright, senior vice-president and chief economist, RBC. "That said, homebuyers in the province continue to face little undue pressure as affordability levels remain very close to historical norms."

RBC notes that buyers became more active in the first half of 2015, with home resales posting back-to-back quarterly increases and moving slightly above their five-year average.

"A main challenge for the province continues to be the plentiful supply of homes available for sale – many of them condos – in the Winnipeg market, although the second quarter witnessed some improvement with new listings falling modestly," said Wright. "Some of the recent absorption issues in the condo market are a result of a wave of new multi-unit completions in Winnipeg last year."

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 second quarter of 2015. RBC's measures for Manitoba rose by 0.7 percentage points for both bungalows and condos, to 36.3 per cent and to 22.9 per cent, respectively (an increase in the measure represents a deterioration in affordability). Two-storey homes saw a slight improvement in affordability with a decrease in the measure of 0.5 percentage points to 36.5 per cent.

During Q2 2015, national affordability measures rose by 0.7 percentage points to 43.3 per cent for bungalows and by 0.4 percentage points to 48.3 per cent for two-storey homes. The measure for condominiums remained unchanged at 27.1 per cent.

RBC's Housing Affordability measure for the benchmark detached bungalow in Canada's largest cities in Q2 2015 is as follows: Vancouver 88.6 (up 3.0 percentage points from Q1 2015); Toronto 59.4 (up 2.1 percentage points); Montreal 36.0 (down 1.2 percentage points); Ottawa 35.4 (unchanged); Calgary 32.4 (down 0.4 percentage points); Edmonton 32.5 (down 0.4 percentage points).

The RBC Housing Affordability measure, which has been compiled since 1985, is based on the 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: Vancouver skews provincial affordability**

- Rapid home price increases in Vancouver significantly impacted housing affordability in British Columbia in the second quarter. RBC's measures for the province rose more than any other province, up 2.5 percentage points for two-storey homes, 2.1 percentage points for bungalows, and 0.4 percentage points for condominiums.

#### **Alberta: Market settling down with support from affordable conditions**

- Following the plunge in oil prices in the first quarter of 2015, Alberta's housing market settled down in the second quarter. RBC's measures for the province fell by 0.5 percentage points for two-storey homes, 0.1 percentage points for bungalows, and inched higher by 0.2 percentage points for condominiums.

#### **Saskatchewan: Signs of market recovery**

- Signs of recovery in the home resale market were apparent in the second quarter, although resale activity remained far below levels in 2014. RBC's measures increased by 0.8 percentage points for both bungalows and two-storey homes, while the measure for condominiums decreased by 0.2 percentage points.

#### **Ontario: Affordability picture continues to be split**

- Owning a single-detached home at market prices in the province has become less and less affordable, while owning a condominium appears to be within reach. RBC's measures showed further deterioration for bungalows (rising by 1.1 percentage points) and two-storey homes (up 0.7 percentage points), while condominiums remain fairly steady (down only 0.1 percentage points).

**Quebec: Improving affordability trends persist**

- Housing affordability continued to improve in Quebec in Q2. RBC's affordability measures fell in all three categories for the third consecutive quarter and by some of the largest margins across all the provinces. Two-storey homes fell by 1.1 percentage points, bungalows fell by 0.9 percentage points, and condominiums decreased by 0.5 percentage points.

**Atlantic Canada: Soft demand-supply conditions despite favourable affordability**

- Softness in the housing market drove homeownership costs down in Q2. RBC's affordability measures fell across all categories (between 0.3 and 0.7 percentage points), adding to the continuous decline registered since late 2013.

The full RBC Housing Trends and Affordability report is available online, as of 8:00 a.m. ET today, at [rbc.com/economics/market](http://rbc.com/economics/market).

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