



## HOUSING AFFORDABILITY REMAINS ATTRACTIVE IN ATLANTIC CANADA: RBC ECONOMICS

**TORONTO, May 23 2013** — Despite a modest deterioration in affordability in the first quarter of 2013, Atlantic Canada remains one of the more affordable housing markets in Canada, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

“With the exception of Saint John and Fredericton, Atlantic Canada’s housing market continues to be generally balanced,” said Craig Wright, senior vice-president and chief economist, RBC. “More recently, however, we’re seeing the region trend toward increasingly looser conditions, which has reduced the pricing power of sellers and slowed housing price gains, keeping affordable housing within reach for many.”

RBC’s housing affordability measures for the region, which capture the pre-tax household income needed to service the costs of owning a home at market values, rose modestly across all housing types tracked (a rise in the measure indicates deterioration in affordability). Following improvements over the previous two quarters, RBC measures increased by 0.6 percentage points to 32.6 per cent for bungalows, 0.5 percentage points to 36.9 per cent for two-storey homes and 0.4 percentage points to 26.9 per cent for condominium apartments.

Cooling housing market conditions across the country over the last year did not sail passed Atlantic Canada – home resales in the region fell by 13 per cent between the first and last quarters of 2012.

“Activity across the region appears to have stabilized in early 2013, with first-quarter resales data relatively unchanged from the tail end of last year. That said, local markets varied considerably – resales in Fredericton bounced back, which offset the dip in Halifax,” added Wright.

RBC’s housing affordability measure for the benchmark detached bungalow in Canada’s largest cities is as follows: Vancouver 82.3 per cent (up 0.1 percentage points from the previous quarter); Toronto 53.8 per cent (up 0.8 percentage points); Montreal 40.1 per cent (up 0.6 percentage points); Ottawa 39.1 per cent (up 0.1 percentage points); Calgary 38.7 per cent (up 0.8 percentage points); Edmonton 30.4 per cent (down 0.2 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.

### Highlights from across Canada:

- **British Columbia**: affordability improves, but still has a long way to go  
Homeownership in the province became slightly more affordable in the first quarter, though the market has a long way to go before homebuyers can experience more normal levels by historical standards. RBC measures fell by 0.4 percentage points for bungalows and by 1.3 percentage points for two-storey homes. The measure for condominiums remained unchanged.
- **Alberta**: slight erosion in affordability does little to deter homebuyers  
High household incomes in the province kept homebuyers unfazed by the slight erosion in affordability in the first quarter. Alberta's housing market remains a bright spot in Canada despite the fact that affordability measures rose slightly by 0.2 percentage points across all housing types tracked by RBC.
- **Saskatchewan**: biggest affordability improvement in Canada  
Following a noticeable deterioration in the fourth quarter of 2012, Saskatchewan's affordability levels registered the largest improvement across Canada in kicking-off 2013. RBC measures fell by 1.7 percentage points for two-storey homes, 1.0 percentage point for bungalows and 0.3 percentage points for condominiums.
- **Manitoba**: second consecutive quarter of affordability deterioration  
Manitoba's affordability levels deteriorated for the second straight quarter in the first quarter of 2013, though levels are still not considered dangerous for provincial homebuyers. The RBC measures rose modestly across all housing categories – up 0.8 percentage points for bungalows, 0.4 percentage points for condominiums and 0.2 percentage points for two-storey homes.

- **Ontario:** affordability conditions extend their recent trends  
Ontario's affordability conditions in the first quarter of 2013 were by and large an extension of recent trends – a deterioration in the single family homes categories and a standstill for the condominium category. RBC's measures for both bungalows and two-storey homes rose by 0.4 percentage points, while the measure for condominiums remained unchanged.
- **Quebec:** affordability variations a mixed bag  
Affordability levels in Quebec remain modestly worse than they have been historically for single family homes, which could be contributing to homebuyers' hesitation in pulling the trigger on purchases over the past year. In the first quarter of 2013, RBC measures were a mixed bag, with bungalows and two-storey homes rising 0.4 percentage points and 0.1 percentage points, respectively, and condominiums declining 0.6 percentage points.

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

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