



SASKATCHEWAN'S HOUSING AFFORDABILITY REMAINS IN CHECK RELATIVE TO REST OF CANADA: RBC ECONOMICS

TORONTO, November 27, 2013 — Despite a slight deterioration in affordability across all housing types in the third quarter, Saskatchewan's housing affordability levels remained on relatively solid ground compared to the rest of Canada, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

Housing market activity in Saskatchewan proved to be largely uneventful in the third quarter, as home resales were mostly flat at historically-high levels and as prices continued to rise at modest rates across the province.

“With Saskatchewan's housing affordability levels largely trending sideways since 2009 and hovering close to historical norms, it's likely that affordability concerns are having little impact on homebuyers' decision making,” said Craig Wright, senior vice-president and chief economist, RBC. “In the near-term, we expect the province's strong labour market and population growth to continue as the most powerful factors influencing homebuyer demand.”

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, deteriorated somewhat in the third quarter of 2013 (an increase in the measure represents deterioration in affordability).

RBC's measures for the costs of owning a home in Saskatchewan at current market prices edged slightly higher by 0.6 percentage points to 41.3 per cent for two-storey homes, 0.2 percentage points to 25.1 per cent for condominiums and 0.1 percentage points to 37.2 per cent for detached bungalows.

RBC's housing affordability measure for the benchmark detached bungalow in Canada's largest cities is as follows: Vancouver 84.2 (up 2.0 percentage points from the previous quarter); Toronto 55.6 (up 1.3 percentage points); Montreal 38.3 (up 0.3 percentage points); Ottawa 37.3 (up 0.4 percentage points); Calgary 33.7 (up 0.7 percentage points); Edmonton 32.9 (up 0.5 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's housing affordability ebbs](#)
Firmer market conditions in the third quarter propped up home prices in the province, contributing to erosion in housing affordability levels. RBC measures rose by 1.5 percentage points for bungalows, 1.2 percentage points for two-storey homes, and 0.8 percentage points for condominiums.
- [Alberta's affordability remains attractive despite deterioration](#)
Alberta's housing affordability deteriorated for the third consecutive quarter in the third quarter, albeit modestly. This kept the province in an attractive position relative to other provinces with respect to affordable housing. RBC's measures rose 0.6 percentage points for bungalows, 0.2 percentage points for two-storey homes and 0.1 percentage points for condominiums.
- [Manitoba's housing affordability mirroring the national picture](#)
RBC's measures for Manitoba increased by almost the same magnitude as Canadian measures for single family homes in the third quarter (0.6 percentage points for bungalows and two-storey homes), while the measure for condos remained unchanged compared to a marginal rise of 0.1 percentage points in Canada overall.
- [Ontario's single-family homes are tougher to afford relative to condos](#)
Ontario saw a further modest erosion in housing affordability in the third quarter, largely concentrated in the single-family home segment. RBC's measures rose by 0.9 percentage points for bungalows, 0.7 percentage points for two-storey homes and 0.2 percentage points for condominiums.

- [Quebec's affordability reverses earlier improvements](#)
Small improvements in Quebec's affordability levels that took place in the second quarter were for the most part reversed in the third quarter. RBC measures rose for two of three housing types tracked; up 0.6 percentage points for two-storey homes and 0.5 percentage points for bungalows. The measure for condominiums remained unchanged.
- [Atlantic Canada's affordability levels remain within manageable range](#)
Affordability in the region compares well against the rest of the country, showing little movement in the third quarter, and keeping within a very manageable range for homebuyers. RBC's measures edged higher by 0.5 percentage points for two-storey homes and by 0.2 percentage points for bungalows. The measure remained unchanged for condominiums in the region.

The full RBC Housing Trends and Affordability report is available online, as of 8 a.m. ET today, at www.rbc.com/economics/economic-reports/canadian-housing-forecast.html.

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