



## MANITOBA'S HOUSING MARKETS SHOWING RESILIENCE AGAINST GENERAL DOWNTURN, SAYS RBC ECONOMICS

**TORONTO, April 16, 2009** — While Manitoba's housing markets have not been immune to the general downturn, they have fared much better than the majority in Canada and improving affordability conditions, since the latter part of 2008, will limit the downside risks ahead, according to the latest housing report released today by RBC Economics.

“In contrast to other parts of the country, Manitoba's housing market conditions have eroded modestly during the past few months thanks in part to the province's decent economic performance,” said Robert Hogue, senior economist, RBC. “The absence of past excesses and affordability levels staying out of the danger zone during the earlier housing boom have also contributed to the province's relatively good standing.”

RBC's Housing Affordability measure for Manitoba, which captures the proportion of pre-tax household income needed to service the costs of owning a home, improved modestly across all four classes last quarter as the benchmark detached bungalow moved to 38.4 per cent, the standard townhouse to 24.8 per cent, the standard condo to 22.6 per cent and the standard two-storey home to 41.7 per cent respectively.

The report noted that RBC's affordability measures for the fourth quarter of 2008 were just barely off long-term averages and that resale activity in Manitoba has slowed moderately in recent months. Housing prices have either held their own or edged down just slightly.

RBC's Affordability measure for a detached bungalow for Canada's largest cities is as follows: Vancouver 70.3 per cent, Toronto 51.3 per cent, Calgary 42.7 per cent, Ottawa 42.7 per cent and Montreal 39.4 per cent.

The report also looked at mortgage carrying costs relative to incomes for a broader sampling of cities across the country, including Winnipeg. For these cities, RBC has used a narrower measure of housing affordability that only takes mortgage payments relative to income into account.

The Housing Affordability measure, which RBC has compiled since 1985, is based on the costs of owning a detached bungalow, a reasonable property benchmark for the housing market. Alternative housing types are also presented including a standard two-storey home, a standard townhouse and a standard

condominium. The higher the reading, the more costly it is to afford a home. For example, an Affordability reading of 50 per cent means that homeownership costs, including mortgage payments, utilities and property taxes, take up 50 per cent of a typical household's monthly pre-tax income.

Highlights from across Canada:

- **British Columbia:** Housing markets remain under heavy downward pressure, and prices and sales continue to slide. In the past year, there has been a notable improvement in affordability, though the recovery process has far to go.
- **Alberta:** Since last fall, the declining Alberta economy has intensified the downdraft on the province's housing markets, causing home resales to drop to a 12-year low at the end of 2008 and rebound only modestly since. Affordability has been on an improving track since about the middle of 2007.
- **Saskatchewan:** Market activity has cooled considerably from the frenzied pace from 2006 to early 2008 and prices have begun to decline. Nonetheless, economic and demographic fundamentals are still largely supportive of the housing market and overshadow extremely poor affordability levels.
- **Ontario:** With the recession pounding many communities, housing market conditions have deteriorated considerably. However, the impact is unlikely to develop into an all-out rout similar to that of the early 1990s. Affordability, while still causing some stress, is quickly being restored to levels closer to long-term averages.
- **Quebec:** The province's housing markets have been among the last in Canada to yield to the weakening trend. The main sign of cooling thus far has been a drop in resale activity, as prices have held up reasonably well. Some of the persisting market strength can be ascribed to sensible affordability levels, which had eroded only modestly in recent years.
- **Atlantic region:** Markets have largely remained stable against the general housing downturn, with St. John's becoming the housing hot spot in Canada and Halifax and Saint John maintaining steady upward price momentum. The region is benefiting from improving affordability following two years of deterioration.

The full RBC Housing Affordability report is available online, as of 8 a.m. E.D.T. today at [www.rbc.com/economics/market/pdf/house.pdf](http://www.rbc.com/economics/market/pdf/house.pdf).

**For more information, please contact:**

Robert Hogue, RBC Economics Research, 416-974-6192  
Jackie Braden, Media Relations, RBC, 416-974-2124