



## MANITOBA'S HOUSING MARKET AMONG THE MOST RESILIENT IN CANADA: RBC ECONOMICS

**TORONTO, July 8, 2009** — Supported by relatively favourable homeownership affordability rates, Manitoba's housing market continues to be among the most resilient in Canada, according to the latest housing report released today by RBC Economics.

"Manitoba's housing market has put up strong resistance to the general housing downturn in North America," said Robert Hogue, senior economist, RBC. "Its robust, diversified economy, steady population growth and improved housing affordability are fuelling this positive result."

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 across all four classes last quarter as the benchmark detached bungalow moved to 35.3 per cent, the standard townhouse to 23.4 per cent, the standard condo to 21.2 per cent and the standard two-storey home to 37.8 per cent respectively.

While Manitoba's sales of existing homes did drop late last year and earlier this year, the decline has been modest compared to other parts of the country and it looks as though housing prices have resisted the general downward trend.

The report notes that the province's sales-to-new listings ratio is down significantly from elevated levels a year ago, yet remains at levels consistent with a sellers' market. RBC's affordability measures for the first quarter of 2009 improved by 1.2 to 3.6 percentage points, which were consistent with long-term averages and suggest minimal risks of the market faltering in coming months.

RBC's Affordability measure for a detached bungalow for Canada's largest cities is as follows: Vancouver 62.6 per cent, Toronto 45.9 per cent, Ottawa 39.1 per cent, Montreal 36.5 per cent and Calgary 35.1 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 property benchmark for the Housing Affordability measure, which RBC has compiled since 1985, is based on the costs of owning a detached bungalow. 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:** In the first quarter, housing affordability in B.C. showed the sharpest improvements since 1991. Sales of existing homes have picked up vigorously since the November-January lows, prices appear to be leveling off and more balanced supply and demand conditions are expected to emerge in coming months.
- **Alberta:** The drop in mortgage rates and sinking home prices have fully restored homeownership affordability in the province. Sales of existing units have rebounded smartly this spring from earlier depressed levels and market conditions have tightened. Alberta's housing market is likely at the point of turning the corner.
- **Saskatchewan:** Significant improvement in affordability has helped the Saskatchewan housing market pick up pace again after bottoming at the start of the year. Moderately stronger sales of existing homes this spring and a slower pace of home sale listings have restored some balance into the market.
- **Ontario:** Spring resales figures show a surprising amount of activity in Ontario, with average prices for existing homes climbing back to where they were mid-2008. Much of this resurgence in the province is due to greater affordability, with homeownership costs for detached bungalows and condominiums dropping below long-term averages.
- **Quebec:** Resale activity has rebounded quickly in Quebec, reflecting a homeownership market that is now more accessible than has generally been the case in the province since the mid-1980s. Home prices have generally stayed their upward course, even through the period of weaker resale activity earlier this year.
- **Atlantic region:** The costs of owning a home in Atlantic Canada continue to improve, with housing affordability rates among the best in the country. Favourable affordability levels in Atlantic Canada have given the region some protection against the housing storm with minimal declines in property value.

- 3 -

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).

- 30 -

**For more information, please contact:**

Robert Hogue, RBC Economics Research, 416 974-6192

Matt Gierasimczuk, Media Relations, RBC, 416 974-2124