



## MANITOBA'S HOUSING MARKET PERKS UP: RBC ECONOMICS

**TORONTO, March 15, 2010**— Home affordability levels in Manitoba remain in line with long-term averages, as provincial real estate activity picked up over the closing months of 2009, according to the latest quarterly housing report released today by RBC Economics.

“Increased resale activity in the housing market has moved prices upward and caused affordability to slip in the province,” said Robert Hogue, senior economist, RBC. “The likelihood of further price increases within a tight housing market may cause further erosion in affordability.”

The RBC Affordability measures for Manitoba, which capture the proportion of pre-tax household income needed to service the costs of owning a home, generally rose in the fourth quarter of 2009 (the higher the measure the more expensive it is to own a home).

Benchmark affordability measures in Manitoba increased in three of four housing categories: the standard townhouse moved up to 23.4 per cent (up 0.2 percentage points relative to the third quarter), the standard condominium rose to 21.5 per cent (up 0.6 percentage points) and the standard two-storey home moved to 38.8 per cent (up 0.5 percentage points). The measure for the detached bungalow moved down to 35 per cent (down 0.5 percentage points).

RBC's Housing Affordability measure for a detached bungalow in Canada's largest cities is as follows: Vancouver 69 per cent (up 1.4 percentage points), Toronto 49.1 per cent (up 0.1 percentage point), Ottawa 40.4 per cent (down 0.3 percentage points), Montreal 39.1 per cent (up 0.9 percentage points), Calgary 37.1 per cent (up 0.1 percentage point) and Edmonton 32.9 per cent (down 0.4 percentage points).

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 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. 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:** Homeownership costs are rising in B.C. as very strong demand and a limited supply of homes for sale combine to propel prices substantially higher. All home affordability measures are above long-term averages in the province, a trend that is likely to continue in the near term.
- **Alberta:** The lagging economic recovery in Alberta, compared to other provinces, has stabilized housing affordability rates. Excessive supply left over from last year's downturn and housing slump has limited increases in housing prices. Attractive affordability levels and additional economic recovery should boost housing demand over the next year.
- **Saskatchewan:** Increased supply and lessened demand has put a damper on the housing market in the province, as the real estate market cooled from the heightened resale activity in the spring and summer. While home affordability improved in the province, the cost of owning a home still remains historically high.
- **Ontario:** The housing market in Ontario has staged a remarkable recovery in the past year. Resale activity has recently reached record levels as prices have rebounded to new heights in most housing categories. This has caused only limited damage to housing affordability in the province as lower mortgage rates and growth in household income kept affordability levels close to long-term averages.

- **Quebec:** The provincial rally in the resale housing market shows few signs of slowing, as property values have fully recovered what little ground was lost during the downturn early last year. Home prices have risen substantially for most housing categories in the fourth quarter in Quebec, causing some of the sharper deteriorations in affordability among provinces.
- **Atlantic Canada:** Unlike many other parts of the country, housing affordability on the East Coast generally continued to improve in the fourth quarter. With most measures below long-term averages, activity in the housing resale market should remain elevated.

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