



ATLANTIC CANADA'S HOUSING MARKET REMAINS SLUGGISH DESPITE MANAGEABLE AFFORDABILITY LEVELS: RBC ECONOMICS

TORONTO, November 27, 2013 — Third quarter housing affordability remained within a manageable range in Atlantic Canada relative to the rest of the country, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research. Still, RBC notes that housing market activity in the region was far from lively.

“Though homeownership in Atlantic Canada is not out of reach for buyers in the region, we continue to see a cooling in housing activity,” said Craig Wright, senior vice-president and chief economist, RBC. “Demand is largely being dragged down by a stagnant labour market, fragile consumer confidence and weak demographics in the region.”

The RBC report indicates that home resales in the region were down nearly 10 per cent during the first three quarters of 2013. Furthermore, resales in Halifax and Fredericton continue to register well below levels witnessed a year ago.

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 value, increased for two of the three housing categories in the third quarter of 2013 (an increase in the measure represents deterioration in affordability).

RBC's measures for Atlantic Canada slightly increased by 0.2 percentage points to 31.7 per cent for bungalows and 0.5 percentage points to 36.7 per cent for two-storey homes. The measure for condominiums remained unchanged at 26.1 per cent.

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.
- [Saskatchewan's homeownership remains reasonably affordable](#)
RBC measures for Saskatchewan edged slightly higher in the third quarter, up 0.6 percentage points for two-storey homes, 0.2 percentage points for condominiums, and 0.1 percentage points for bungalows. Affordability in the province has mostly trended sideways since 2009, suggesting that it likely has a neutral effect on home buying decisions in the province, RBC says.
- [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.

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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