



MANITOBA'S HOUSING AFFORDABILITY EBBS IN Q3 2013: RBC ECONOMICS

However, provincial home ownership costs remain lower than the Canadian average as a share of household income

TORONTO, November 27, 2013 — Affordability in Manitoba's housing market deteriorated slightly, largely mirroring developments at the national level in the third quarter of 2013, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

Despite the erosion in affordability, RBC notes that homeownership costs as a share of household incomes continue to be lower in Manitoba than in the rest of Canada. However, this share stands higher than average, historically speaking in the province, suggesting that provincial homebuyers may be feeling some affordability-related stress.

"The erosion in Manitoba's affordability has done little to curb housing activity lately with home resales increasing 5.9 per cent and 1.2 per cent during Q2 and Q3, respectively," said Craig Wright, senior vice-president and chief economist, RBC. "Winnipeg in particular saw a vigorous bounce back from the beginning of the year."

RBC's 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 by almost the same magnitude as Canada's measures for single-family home categories in the third quarter (an increase in the measure represents deterioration in affordability). RBC's measures rose modestly by 0.6 percentage points for both detached bungalows and standard two-storey homes to 38.8 per cent and 40.6 per cent, respectively. The measure for condominiums remained unchanged at 24.2 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.
- [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.

For more information, please contact:

[Craig Wright](#), Senior Vice-President and Chief Economist, RBC, 416 974-7457

[Robert Hogue](#), Senior Economist, RBC, 416 974-6192

[Elyse Lalonde](#), Manager, Communications, RBC Capital Markets, 416 842-5635