



ATLANTIC CANADA'S HOUSING AFFORDABILITY REMAINS IN NEUTRAL: RBC ECONOMICS

TORONTO, August 27, 2013 — Housing affordability in Atlantic Canada remained at neutral levels in the second quarter of 2013, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

“Second quarter affordability levels stood close to their historical norms in Atlantic Canada and would have had little impact on homebuyers in the region,” said Craig Wright, senior vice-president and chief economist, RBC. “Nevertheless, housing activity cooled in spring and early summer – likely weighed down by a stagnant labour market and fragile consumer confidence in many parts of the region.”

RBC notes that home resales in the region rose by just 1.1 per cent from a two-year low in the first quarter with activity relatively weak in Halifax and Fredericton. Saint John, on the other hand, showed signs of renewed vigour.

RBC's housing affordability measures, which capture the region's proportion of pre-tax household income needed to service the costs of owning a home at market values, moved very slightly in all categories tracked by RBC in the second quarter of 2013 (an increase in the measure represents deterioration in affordability). Bungalows edged lower by 0.1 percentage points to 31.6 per cent and condominiums fell slightly by 0.2 percentage points to 26.1 per cent. Two-storey homes inched higher by 0.1 percentage points to 36.3 per cent.

RBC's housing affordability measure for the benchmark detached bungalow in Canada's largest cities is as follows: Vancouver 82.1 per cent (up 2.2 percentage points from the previous quarter); Toronto 54.5 per cent (up 0.5 percentage points); Montreal 38.1 (down 0.7 percentage points); Ottawa 37.1 (up 0.5 percentage points); Edmonton 34.0 (up 1.8 percentage points); Calgary 33.0 (unchanged).

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](#): affordability takes one step back

Homeownership of single-family homes in the province became less affordable in the second quarter of 2013 amid a surge in resale activity since early spring following a near two-year long cooling stretch. RBC measures rose by 1.1 percentage points for bungalows, by 0.8 percentage points for two-storey homes, and by only 0.1 percentage points for condominiums.

- [Alberta](#): homeownership remains relatively affordable

Owning a home in Alberta continued to be relatively affordable for provincial homebuyers despite some increases in ownership costs in the past two quarters. RBC's affordability measures for the province rose between 0.1 and 0.7 percentage points across all housing types in the second quarter; yet, levels still stood below their long-term averages.

- [Saskatchewan](#): seesaw affordability pattern endures

Affordability in the province continued to experience a seesaw-like pattern which has characterized this market in recent years. RBC measures rose modestly by 0.9 percentage points for bungalow and 0.5 percentage points for two-storey homes in the latest period, while the measure for condominiums inched lower by 0.3 percentage points.

- [Manitoba](#): housing affordability a mixed bag

The province's second quarter housing affordability developments proved to be a mixed bag with RBC's measure for the two-storey home category rising by 1.8 percentage points, the measure for bungalows down slightly by 0.2 percentage points, and the measure for condominiums edging up by 0.2 percentage points.

- [Ontario](#): steady as she goes

There was little change in housing affordability in Ontario in the second quarter. RBC's measures for both bungalows and two-storey homes rose by 0.2 percentage points relative to the first quarter, while the measure for condominiums remained flat.

- [Quebec](#): bucking the deteriorating affordability trend

The Quebec housing market bucked the national trend by enjoying a broad-based improvement in affordability in the second quarter. RBC affordability measure for the province fell by 0.5 percentage points for bungalows and 0.4 percentage points for condominiums; the measure for two-storey homes remained unchanged.

The full RBC Housing Trends and Affordability report is available online, as of 8 a.m. ET today, at rbc.com/economics/market/.

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