



ALBERTA'S HOUSING MARKET CONTINUES AS ONE OF CANADA'S MOST AFFORDABLE: RBC ECONOMICS

TORONTO, August 27, 2013 — Alberta homebuyers continued to enjoy a relatively affordable housing market in the second quarter, despite some increases in ownership costs in late 2012 and early 2013, according to the latest [Housing Trends and Affordability Report](#) issued today by RBC Economics Research.

“Despite the fact that the market has kicked into higher gear since spring – thereby boosting prices and increasing ownership costs – Alberta continues to be a relatively affordable market,” said Craig Wright, senior vice-president and chief economist, RBC. “We will likely see some disruptions in market activity trickle through in summer data from the floods in southern Alberta; however, we anticipate the strong provincial economy will endure, supporting further housing growth in 2014.”

In the second quarter of 2013, 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 values, edged higher for all three categories tracked (an increase in the measure represents deterioration in affordability).

RBC's affordability measure rose by 0.7 percentage points to 32.4 per cent for bungalows and 0.4 percentage points to 34.5 per cent for two-storey homes. The measure for condominiums rose slightly by 0.1 percentage points to 19.6 per cent. All measures stood at a level below their long-term average, indicating that homeownership in the province remained historically attractive.

Calgary's housing market moving forward despite flood adversity

The flooding that hit Calgary at the end of June did not appear to have slowed Calgary's housing market progression in the second quarter of 2013, says RBC. On a quarterly basis, home resales in the area posted a 12 per cent gain – their second-strongest improvement in four years.

“Though prices are now on a steeper upward trajectory, the effects have yet to undermine affordability in a material way. In fact, affordability levels in Calgary continue to be among the best in Canada,” said Wright. “Demand for Calgary housing will continue to benefit from a strong provincial economy, solid labour market, fast-rising population and attractive affordability.”

RBC measures for Calgary showed little movement across all housing categories in the second quarter of 2013. RBC's measure for two-storey homes rose by 0.5 percentage points to 33.6 per cent and for condominium apartments edged lower by 0.2 percentage points to 19.4 per cent; the measure for bungalows remained unchanged at 33.0 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.

- [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.

- **Atlantic Canada**: affordability stuck in neutral

Atlantic Canada's housing affordability levels remained relatively static at neutral levels in the second quarter of 2013. Affordability measures moved marginally in all categories tracked by RBC: bungalows and condominiums edged lower by 0.1 percentage points and 0.2 percentage points, respectively; two-storey homes edged up by 0.1 percentage points.

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

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