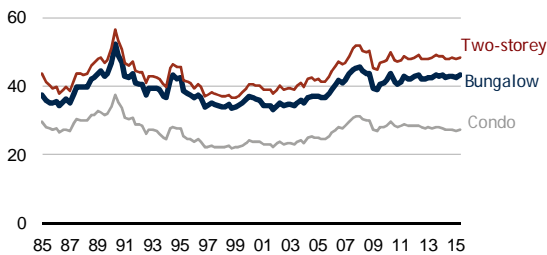


HOUSING TRENDS AND AFFORDABILITY

August 2015

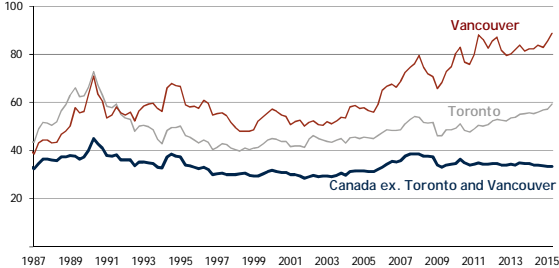
RBC Housing Affordability Measures - Canada

Ownership costs as % of household income



RBC Housing Affordability Measures - bungalow

Ownership costs as % of household income



Source: Statistics Canada, Royal LePage, RBC Economics Research

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Housing affordability erodes in Toronto and Vancouver but remains tame in the rest of Canada in Q2

The central theme for housing affordability in Canada continues to be the wide divide between stretched conditions in Toronto and Vancouver, and fairly neutral conditions in the rest of the country. The split, in fact, widened during the second quarter of 2015, with strong price increases for single-detached homes in Toronto and Vancouver squeezing affordability further in these markets, whereas a slow pace of appreciation—at best—kept the cost of home ownership mostly stable in the majority of other markets. All regions considered, there was slight erosion of housing affordability in Canada in the latest period, albeit entirely confined to single-detached home categories. RBC's national affordability measures rose by 0.7 percentage points to 43.3% for bungalows and by 0.4 percentage points to 48.3% for two-storey homes (an increase represents deterioration in affordability). The measure for condo apartments remained unchanged at 27.1%. Trends in the national measures have been fairly flat since 2010. Affordability levels are close to or slightly above long-term averages, which suggest that except for Toronto and Vancouver, housing affordability remains fairly neutral in Canada with limited signs of undue stress being exerted on homebuyers.

Oil price shock still leaves a mark in Alberta

With home resales beginning to turn around and sellers no longer rushing to list their properties in the spring, there was evidence that confidence slowly returned to the Alberta market in the second quarter following the hard blow delivered by the oil price plunge in the previous two quarters. These developments helped rebalance demand-supply conditions; however, prices still remained under slight downward pressure for the most part in the second quarter, thereby contributing to keep the cost of homeownership on a generally downward course in the province. The picture was a little different in Saskatchewan where a recovery in single-detached home prices negatively affected the affordability of bungalows and two-storey homes.

Improving affordability trends persist in Quebec and in the Atlantic region

Despite signs that Quebec's home resale market is (finally) on the mend, home prices continued to be quite stagnant in the second quarter, which contributed to improved housing affordability across the board for the third consecutive quarter in the province. Widespread improvements similarly took place in Atlantic Canada, although there remain few indications that housing demand is turning a corner in the region. RBC's measures for Quebec and Atlantic Canada generally have pursued downward courses in the past year such that these regions showed some of the greater improvements in affordability in Canada relative to year-ago levels.

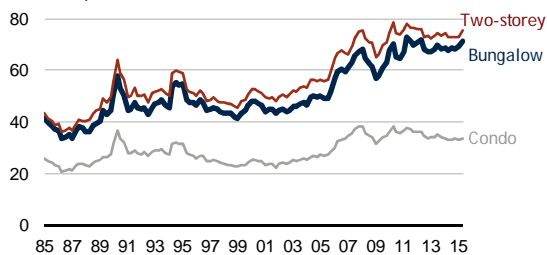
Mixed bag in Manitoba

There have been slight improving trends in Manitoba as well since mid-2013, although second-quarter readings for the province's measures moved in different directions across housing categories. None of the latest developments mate-

RBC Housing Affordability Measures

British Columbia

Ownership costs as % of household income



Source: Statistics Canada, Royal LePage, RBC Economics Research

rially changed the fairly neutral stance of affordability in Manitoba, however.

More of the same in the period ahead

The contrasting states of affordability in Toronto and Vancouver compared to elsewhere in the country are likely to remain a central theme in Canada in the short term. With home prices still in acceleration mode in both Toronto and Vancouver at this point—and tight demand-supply conditions suggesting that they will remain so in the near term—affordability is likely to deteriorate further in these markets in the period ahead. Balanced demand-supply conditions in the majority of other markets point to comparatively slower-rising prices and, consequently, steadier affordability readings for the rest of the country. A significant rise in interest rates could change this two-tiered picture by negatively affecting affordability across all regions of Canada—and in fact, represents a key risk for Canada’s housing market—however, we expect policy interest rates to remain low in the coming year. A bigger short-term risk at this stage, however, would be a material weakening in the Canadian economy and broad rise in unemployment.

Canada’s home resale market: resilient but uneven

Canada’s housing market is poised to post one of its better years on record in 2015 despite the Canadian economy being hit by a significant negative shock (plunge in oil prices) and a spike in condo completions. Low interest rates continue to provide substantial stimulus for housing demand at this stage. Strong momentum is not equally shared across the country, however, with home resale activity plummeting in oil industry-sensitive markets (Alberta and Saskatchewan) contrasting with record or near-record levels in Ontario and British Columbia. Our forecast calls for home resales to rise by 5.0% to 505,400 units in Canada in 2015. We project home resales to fall significantly in Alberta (-17.8%) and Saskatchewan (-7.9%); however, this would be more than offset by a very strong gain in British Columbia (20.5%), and solid advances in Ontario (8.1%) and Quebec (5.8%). We expect that a moderate pace of property appreciation will be maintained nationwide in 2015 with home prices rising by 4.6% overall—little changed from the 4.8% registered in 2014. Our forecast calls for price gains in all provinces in 2015 except Saskatchewan (-1.0%), although advances in Alberta (0.7%) and the Atlantic region (0.7%) are forecasted to be slim. We expect stronger price gains to be registered in Ontario (8.1%) and British Columbia (7.8%). For more details on our latest forecast, please see our [Canadian Housing Forecast](#) report released August 19.

Provincial overviews

British Columbia – Hot Vancouver further dents BC’s affordability

Rapid home price increases in Vancouver significantly dented housing affordability in British Columbia in the second quarter. RBC’s measures for the province rose the most among all provinces: up by 2.5 percentage points for two-storey homes to 75.3%, by 2.1 percentage points for bungalows to 71.4% and by 0.4 percentage points for condo apartments to 33.3%. The latest readings continued to signal the presence of greater than average pressure, particularly in the single-detached home segments. Measures for single-detached categories remain vastly above long-run averages for the province. That being said, poor affordability at the provincial level primarily reflects the extreme situation in Vancouver. Home ownership is still comparatively more affordable in other areas of the province. Deteriorating affordability did not pose any issue for home resale activity in the second quarter. In fact, the resale market was on a

roll across most of the province with noticeable gains recorded in Victoria, the Fraser Valley, Chilliwack, Kamloops, and Vancouver.

Alberta – Market settling down with support from affordable conditions

After going on quite a wild ride in the first quarter of 2015, Alberta's housing market settled down in the second quarter, albeit at much lower levels of activity compared to a year earlier. Market participants were heartened by some recovery in oil prices in the second quarter, which boosted buyers' confidence to jump back in play and reduced sellers' eagerness to get out—however, this boost to market sentiment may be short lived if a resumption of the slide in oil prices in the third quarter persists. Demand-supply conditions rebalanced as quickly this spring, as they had tipped in favour of buyers this winter, although the effect of this development on prices was not instantaneous in many areas of the province. Consequently, prices continued to weaken in several markets in the second quarter, which contributed to some improvement in affordability in Alberta. Also helping at the margin was a decline in utility costs. RBC's measures for the province fell by 0.5 percentage points for two-storey homes to 32.5% and by 0.1 percentage points for bungalows to 31.7%. The measure for condos, on the other hand, inched higher by 0.2 percentage points to 20.1%. Alberta's housing market continues to be affordable on the basis that RBC's measures stand at attractive levels both from a historical perspective and compared to other provinces.

Saskatchewan – Recovery signs abound as affordability unlikely to stress buyers

Signs of recovery in the home resale market were quite noticeable around Saskatchewan in the second quarter, although as in Alberta, activity remained far below year-ago levels. The strengthening in demand-supply conditions was sufficient to produce material price gains in single-detached home categories, thereby reversing part of the decline that took place in previous quarters. This was less the case in the condo segment, however, where prices remained under downward pressure amid plentiful supply—for example, Regina continued to face an elevated inventory of unabsorbed, newly built condos. Accordingly, housing affordability eroded in single-detached categories and improved slightly for condos. RBC's measures increased by 0.8 percentage points for both bungalows (to 34.7%) and two-storey homes (to 38.8%) in the second quarter, while the measure of condos eased by 0.2 percentage points (to 24.5%). All measures continue to be quite close to their long-run average in the province and suggest little in the way of undue affordability stress at this stage.

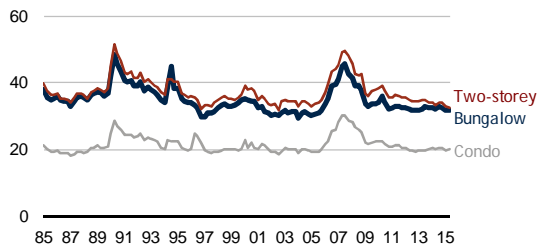
Manitoba – Affordability not an issue as focus remains on new condo absorption

There was a little bit of everything in the second quarter for housing affordability in Manitoba. Owning a bungalow or condo apartment, at current prices, became less affordable while owning a two-storey home became more affordable. In all cases, changes were modest. RBC's measures rose by 0.7 percentage points for both bungalows (to 36.3%) and condos (to 22.9%), and the measure for two-storey homes fell by 0.5 percentage points (to 36.5%). The overall stance of affordability in Manitoba remains very close to historical norms for the province, thereby suggesting that homebuyers continue to face little undue pressure. Indeed, buyers were more active in the first half of 2015, with home resales posting back-to-back quarterly increases and moving slightly above the five-year average for the province. A main challenge con-

RBC Housing Affordability Measures

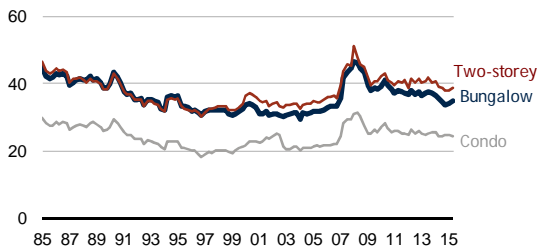
Alberta

Ownership costs as % of household income



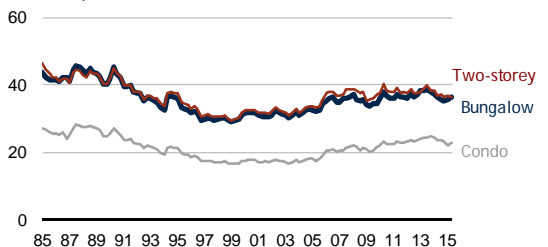
Saskatchewan

Ownership costs as % of household income



Manitoba

Ownership costs as % of household income

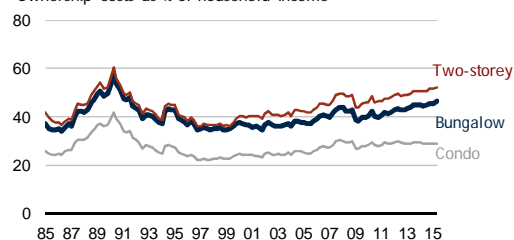


Source: Statistics Canada, Royal LePage, RBC Economics Research

RBC Housing Affordability Measures

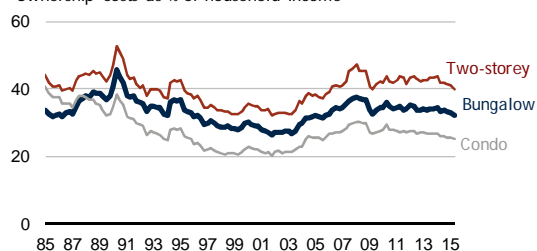
Ontario

Ownership costs as % of household income



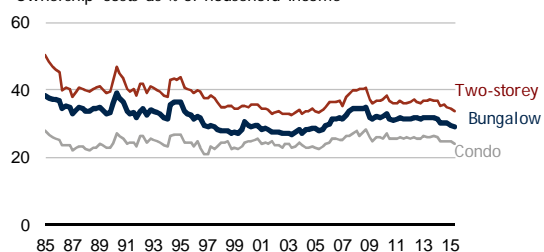
Quebec

Ownership costs as % of household income



Atlantic Provinces

Ownership costs as % of household income



Source: Statistics Canada, Royal LePage, RBC Economics Research

continued to be the presence of a plentiful supply of homes available for sale (many of them condos) in the Winnipeg market, although some improvement took place in the second quarter with new listings falling modestly. Winnipeg saw a wave of new multi-unit completions in 2014, which has caused some absorption issues in the condo segment.

Ontario – Affordability of single-detached homes slips further but improves marginally for condos

Diverging affordability trends between single-detached homes and condos apartments in Ontario remained in full view in the second quarter. RBC's measures showed further deterioration for bungalows (the measure rising by 1.1 percentage points) and two-storey homes (up 0.7 percentage points) contrasting with a fairly steady situation in the condo apartment category (which edged 0.1 percentage points lower). Readings for both bungalows (46.5%) and two-storey homes (52.3%) constituted 24-year highs. Clearly, owning a single-detached home in Ontario at market prices has become a stretch for a typical household in key parts of the province such as Toronto. On the other hand, owing a condo apartment still appears to be within reach based on the fact that RBC's measure (28.8%) is still just slightly above its long-run average (27.6%). To a large extent, diverging affordability trends reflect the shift in the mix of new construction in the province toward multi-unit structures, with about half as many single-family homes being built compared to 10 years ago and booming condo construction filling the void. The relative scarcity of single-family homes in the face of growing demand in areas such as Toronto, therefore, has fuelled stronger price increases compared to the well supplied condo segment.

Quebec – Improving affordability trends still at work

Housing affordability continued to improve broadly in Quebec in the second quarter, extending trends in place since early 2014. RBC's measures fell in all three categories for the third consecutive quarter and did so by some of the bigger margins among the provinces: 1.1 percentage points for two-storey homes, 0.9 percentage points for bungalows and 0.5 percentage points for condo apartments. At 40.0%, 32.0% and 25.0%, respectively, each measure fell to, or close to, 10-year lows in the province. In other words, Quebec homebuyers face some of more affordable conditions in a long time. The improvement—along with encouraging employment gains—no doubt, contributed to pull the provincial market out of its slump. Following two straight quarterly declines, home resales rose by a solid 5.5% in the province in the second quarter and matched their 10-year average level for the first time in three years. While the Quebec market still faces challenges—for example, slowing population growth, lacklustre economic growth, and high inventory of unabsorbed new condo units in Montreal—affordability considerations are unlikely to be among them.

Atlantic – Favourable affordability insufficient to spur broad-based market recovery

Still-soft demand-supply conditions in many parts of the Atlantic region continued to weigh on home prices and drive further declines in homeownership costs in the latest period. While home resales rebounded in New Brunswick (up 4.4%) and Prince Edward Island (up 13.5%) in the second quarter from weather-affected levels in the first quarter, activity fell further in Nova Scotia (down 2.9%), and Newfoundland and Labrador (down 4.0%). The situation was particularly grim in the Halifax area where resales fell for a third straight quar-

ter to a 17-year low amid a surge in new listings—thereby resulting in sharp deterioration in demand-supply conditions in the area (now favouring buyers). The upside of persistent price stagnation in large pockets of Atlantic Canada is that housing affordability improved further in the region. RBC's measures fell between 0.3 and 0.7 percentage points, thereby adding to the string of declines registered since late 2013. With the readings of the region's measures among the lower ones in the country and below their long-run average, affordability is unlikely contributing to the softness in demand—in fact, it is more likely to be a favourable factor. The bigger issues are weak labour markets and poor demographics.

Major city markets

Vancouver – Hot market burns affordability down

The Vancouver-area market, along with the Toronto market, has been in the spotlight so far in 2015. Strong housing demand outpaced supply—especially for single-detached homes—which produced some of the stronger gains in home prices in the country. Such dynamics were in full force in the second quarter, with home resales registering a fifth consecutive quarterly increase (5.6%), the sales-to-new listings ratio (0.72) moving deep into sellers' market territory and price advances accelerating across the board—into double digits on a year-over-year basis in the case of single-detached homes. Unsurprisingly, this heating up of prices took a further toll on already poor housing affordability in the area. RBC's measures rose in all categories, including outsized increases of 3.7 percentage points for two-storey homes and 3.0 percentage points for bungalows. The rise in the condo measure was comparatively more subdued at 0.5 percentage points. The fact that Vancouver's affordability readings approach all-time highs for any market in Canada—albeit more so for single-detached homes than condos—exerts little restraining effect on homebuyer demand at this stage. Given the current high degree of tightness in the market, further price acceleration and affordability deterioration are likely in the near term.

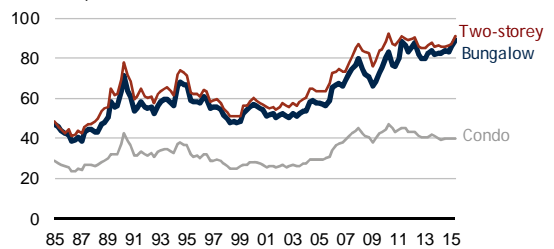
Calgary – Confidence returning

Home resales in the Calgary area in the second quarter partly rebounded from a five-year low in the first quarter that reflected a loss of confidence in the face of plunging oil prices. Buyer confidence was boosted by modest gains in oil prices in the second quarter—although with oil prices changing direction again in the third quarter, sentiment may come under renewed pressure. Another evidence of recovering confidence in the second quarter came on the supply side in the form of a sharp drop in new listings. Together, stronger resales (albeit still running some 26% below year-ago levels) and fewer homes available for sale rebalanced demand-supply conditions in the area, after briefly tilting in favour of buyers earlier this year. Nonetheless, home prices did not respond immediately to this rebalancing and generally continued to edge slightly lower in the second quarter. Maintenance of a slight downward trajectory for prices contributed to a third consecutive quarter of housing affordability improvement. RBC's measures for Calgary fell for both two-storey homes (by 0.8 percentage points to 31.9%) and bungalows (by 0.4 percentage points to 32.4%), while the measure for condos remained little changed (advancing marginally by 0.1 percentage point to 19.5%). Owning a home in Calgary at market price remains more affordable than it has been on average since the middle of the 1980s; however, movements in oil prices are likely to exert a stronger influence on the market

RBC Housing Affordability Measures

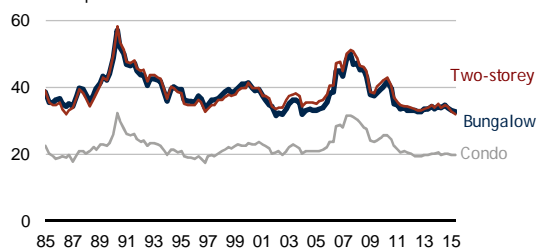
Vancouver

Ownership costs as % of household income



Calgary

Ownership costs as % of household income

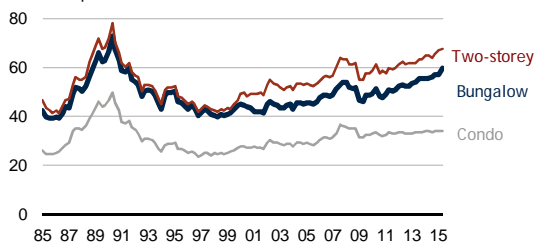


Source: Statistics Canada, Royal LePage, RBC Economics Research

RBC Housing Affordability Measures

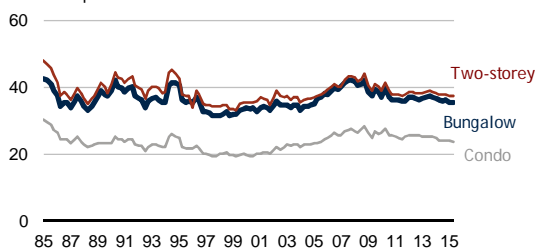
Toronto

Ownership costs as % of household income



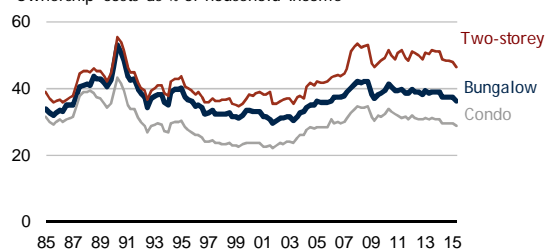
Ottawa

Ownership costs as % of household income



Montreal

Ownership costs as % of household income



Source: Statistics Canada, Royal LePage, RBC Economics Research

direction in the short term.

Toronto – Affordability moving ever closer to risky levels

The Toronto-area housing market's inexorable climb continued in the second quarter, with home resales nearly reaching a record level and prices generally appreciating at a faster and faster clip and approaching double digits. While clearly the market has many factors working in its favour—for example, low interest rates, a relatively strong labour market, and a steady inflow of migrants—it faces increasingly stretched housing affordability conditions, especially for single-detached homes. In fact, affordability in Toronto is moving ever closer to the historically poor levels that prevailed in 1990, which may signal that risks are mounting because those were associated with a housing bubble at the time. RBC's measures rose by 2.1 percentage points for bungalows and 0.7 percentage points for two-storey homes to 59.4% and to 67.5%, respectively—both 24-year highs. It is worth noting that a key difference this time is that condo affordability remains largely in check—the trend in RBC's measure barely deteriorated in the past five years and remained unchanged at 33.8% in the second quarter. This means that there remain more reasonably priced housing options in today's market, which was not the case in 1990. Condo prices are unlikely to escalate in the near term, because a surge in new condo completions in the first few months of 2015 is bound to keep the resale market flush with available condo units.

Ottawa – Affordability stays generally stable

There was little change in the state of housing affordability in the Ottawa area between the first and second quarters of 2015. Improving trends since 2009 remained intact, and owning a home in the area was still as affordable, or slightly more affordable, than it has been on average in the longer term. RBC's measures stayed flat in the second quarter for both bungalows and two-storey homes at 35.4% and 37.1%, respectively. Only the measure for condos improved modestly, as it declined by 0.5 percentage points to 23.4%. Unrestrained by poor affordability, Ottawa homebuyers were quite active in the spring, boosting home resales solidly by 6.3% from the first quarter. This represented the strongest quarterly advance in nearly four years. Such vigour helped tighten demand-supply conditions slightly, although absorption of plentiful supply of newly built condos remains a work in progress.

Montreal – Market activity strengthens amid improving affordability

Housing affordability in the Montreal area continued to be on a steadily improving trend in the second quarter of 2015. There were improvements in all three housing categories in the latest period, with RBC's measures falling by 1.5 percentage points to 46.3% for two-storey homes, 1.2 percentage points to 36.0% for bungalows, and 0.7 percentage points to 28.5% for condo apartments. These declines followed a series of sizeable drops earlier this year and during 2014, such that Montreal experienced the largest reductions in the burden of home ownership in the past year among Canada's top urban areas. The pricing environment remained challenging in the second quarter due to still fairly loose demand-supply conditions in the area, although demand and resale activity clearly signs of strength during that interval. A high inventory of recently built but still-unoccupied condos continued to be a main challenge for the market; however, that inventory decreased modestly in the latest period, which suggests that absorption issue is evolving constructively at this stage.

How the RBC Housing Affordability Measures work

The RBC Housing Affordability Measures show the proportion of median pre-tax household income that would be required to service the cost of mortgage payments (principal and interest), property taxes, and utilities on a detached bungalow, a standard two-storey home and a standard condo (excluding maintenance fees) at the going market prices.

The qualifier 'standard' is meant to distinguish between an average dwelling and an 'executive' or 'luxury' version. In terms of square footage, a standard condo has an inside floor area of 900 square feet, a bungalow 1,200 square feet, and a standard two-storey 1,500 square feet.

The measures are based on a 25% down payment, a 25-year mortgage loan at a five-year fixed rate, and are estimated on a quarterly basis for each province and for Montreal, Toronto, Ottawa, Calgary, Edmonton, and Vancouver-metropolitan areas. The measures use household income rather than family income to account for the growing number of unattached individuals in the housing market. The measure is based on quarterly estimates of this annual income, created by annualizing and weighting average weekly earnings by province and by urban area. (Median household income is used instead of the arithmetic mean to avoid distortions caused by extreme values at either end of the income distribution scale. The median represents the value below and above which lays an equal number of observations.)

The RBC Housing Affordability Measure is based on gross household income estimates and, therefore, does not show the effect of various provincial property-tax credits, which could alter relative levels of affordability.

The higher the measure, the more difficult it is to afford a house. For example, an affordability measure of 50% means that home ownership costs, including mortgage payments, utilities, and property taxes take up 50% of a typical household's pre-tax income.

Qualifying income is the minimum annual income used by lenders to measure the ability of a borrower to make mortgage payments. Typically, no more than 32% of a borrower's gross annual income should go to 'mortgage expenses'—principal, interest, property taxes, and heating costs (plus maintenance fees for condos).

Summary tables

Detached bungalow

Region	Average Price			Qualifying Income (\$) Q2 2015	RBC Housing Affordability Measure			
	Q2 2015 (\$)	Q/Q % ch.	Y/Y % ch.		Q2 2015 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)
Canada*	422,100	3.2	6.6	83,800	43.3	0.7	0.9	39.3
British Columbia	716,800	4.0	9.4	129,000	71.4	2.1	3.6	51.4
Alberta	407,700	0.7	1.8	80,300	31.7	-0.1	-0.4	35.0
Saskatchewan	348,100	2.5	-2.4	72,300	34.7	0.8	-0.9	36.1
Manitoba	324,800	3.6	3.3	68,100	36.3	0.7	0.1	35.8
Ontario	474,400	4.6	10.5	95,000	46.5	1.1	1.9	40.4
Quebec	256,100	0.3	-0.9	54,700	32.0	-0.9	-1.4	33.3
Atlantic	222,500	0.6	-0.6	50,900	29.1	-0.3	-1.3	31.7
Toronto	693,600	6.1	13.6	130,700	59.4	2.1	3.9	48.9
Montreal	302,600	-0.3	-0.2	63,100	36.0	-1.2	-1.4	36.9
Vancouver	967,500	4.6	12.3	170,000	88.6	3.0	6.5	61.1
Ottawa	410,500	1.2	1.9	89,600	35.4	0.0	-0.6	36.3
Calgary	496,700	-0.3	-0.9	92,900	32.4	-0.4	-1.2	38.2
Edmonton	378,100	-0.3	3.7	76,600	32.5	-0.4	0.1	33.3

Standard two-storey

Region	Average Price			Qualifying Income (\$) Q2 2015	RBC Housing Affordability Measure			
	Q2 2015 (\$)	Q/Q % ch.	Y/Y % ch.		Q2 2015 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)
Canada*	466,100	2.4	5.3	93,600	48.3	0.4	0.4	43.8
British Columbia	749,500	4.7	7.4	136,100	75.3	2.5	2.6	56.6
Alberta	405,000	-0.4	1.4	82,500	32.5	-0.5	-0.7	37.4
Saskatchewan	384,500	2.4	0.0	80,800	38.8	0.8	-0.2	37.7
Manitoba	322,600	-0.6	1.4	68,600	36.5	-0.5	-0.5	36.7
Ontario	528,900	3.1	8.9	106,700	52.3	0.7	1.6	44.2
Quebec	323,700	0.6	-1.3	68,500	40.0	-1.1	-2.0	39.9
Atlantic	252,000	-0.1	-0.3	59,100	33.8	-0.5	-1.5	37.9
Toronto	779,500	2.8	10.2	148,500	67.5	0.7	2.8	54.5
Montreal	395,800	-0.4	-1.5	81,100	46.3	-1.5	-2.3	42.7
Vancouver	979,600	5.4	10.3	173,700	90.6	3.7	5.2	66.2
Ottawa	417,800	1.1	2.3	93,800	37.1	0.0	-0.5	38.5
Calgary	473,000	-1.6	-3.4	91,400	31.9	-0.8	-1.9	38.7
Edmonton	397,300	-0.7	4.1	82,300	34.9	-0.5	0.2	36.5

Standard condominium

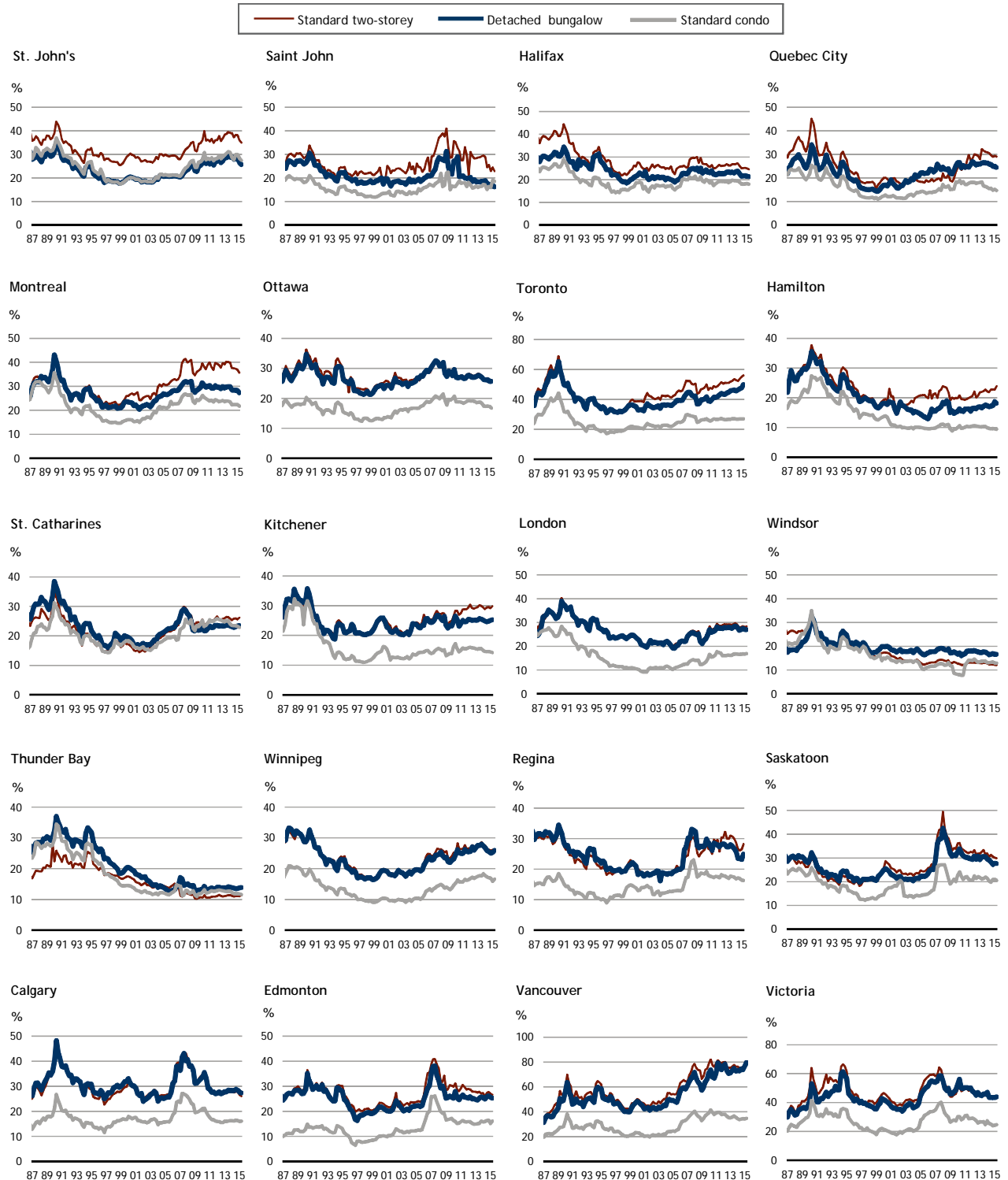
Region	Average Price			Qualifying Income (\$) Q2 2015	RBC Housing Affordability Measure			
	Q2 2015 (\$)	Q/Q % ch.	Y/Y % ch.		Q2 2015 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)
Canada*	254,800	1.4	2.8	52,500	27.1	0.0	-0.3	27.0
British Columbia	319,400	2.2	4.7	60,300	33.3	0.4	0.3	28.7
Alberta	255,100	3.0	2.6	51,000	20.1	0.2	-0.2	21.5
Saskatchewan	246,100	-1.7	1.6	51,000	24.5	-0.2	0.1	24.2
Manitoba	207,500	5.1	-1.5	43,000	22.9	0.7	-0.8	21.4
Ontario	280,800	0.9	3.2	58,800	28.8	-0.1	-0.3	27.6
Quebec	201,400	1.7	1.1	42,800	25.0	-0.5	-0.8	27.6
Atlantic	190,400	-1.7	2.6	42,200	24.1	-0.7	-0.5	24.6
Toronto	376,000	1.6	4.8	74,400	33.8	0.0	0.0	31.2
Montreal	241,100	0.3	1.3	49,900	28.5	-0.7	-0.7	29.5
Vancouver	421,200	2.3	6.0	76,900	40.1	0.5	0.9	33.2
Ottawa	268,100	-1.8	0.0	59,200	23.4	-0.5	-0.7	23.5
Calgary	291,900	1.7	1.9	55,800	19.5	0.1	-0.3	22.2
Edmonton	240,500	7.0	3.8	48,900	20.7	0.8	0.0	18.3

* Population weighted average

Source: Royal LePage, Statistics Canada, RBC Economics Research

Mortgage carrying costs by city

Our standard RBC Housing Affordability Measure captures the proportion of median pre-tax household income required to service the cost of a mortgage on an existing housing unit at going market prices, including principal and interest, property taxes and utilities; the modified measure used here includes the cost of servicing a mortgage, but excludes property taxes and utilities due to data constraint in the smaller CMAs. This measure is based on a 25% down payment, a 25-year mortgage loan at a five-year fixed rate, and is estimated on a quarterly basis. The higher the measure, the more difficult it is to afford a house.

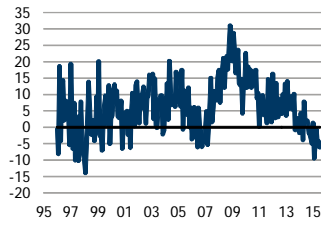


Source: Statistics Canada, Royal LePage, RBC Economics Research

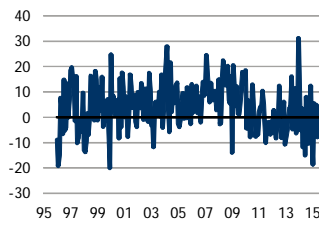


Average price of homes sold on the MLS system

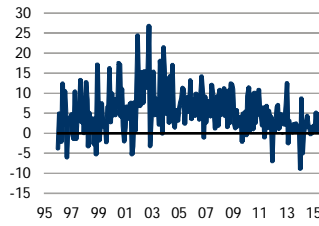
St. John's
% change, year-over-year



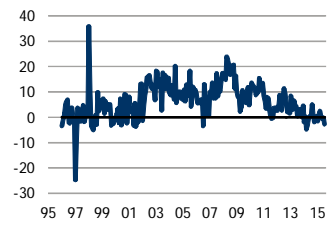
Saint John
% change, year-over-year



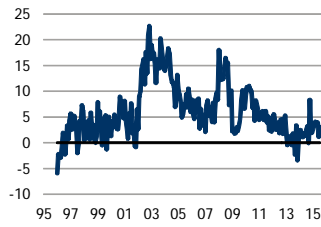
Halifax
% change, year-over-year



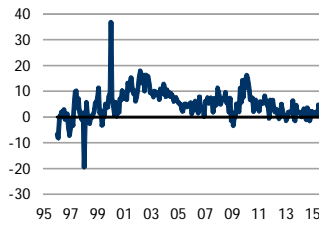
Quebec City
% change, year-over-year



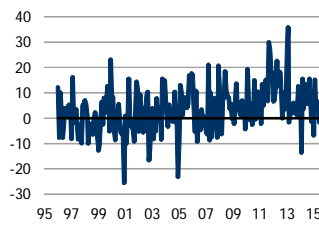
Montreal
% change, year-over-year



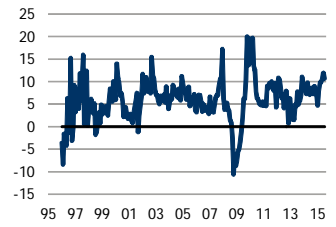
Ottawa
% change, year-over-year



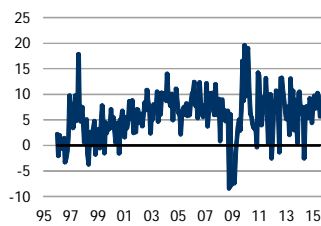
Thunder Bay
% change, year-over-year



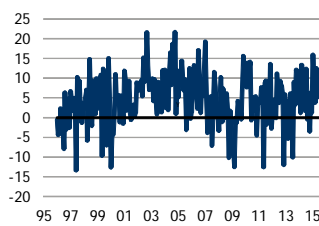
Toronto
% change, year-over-year



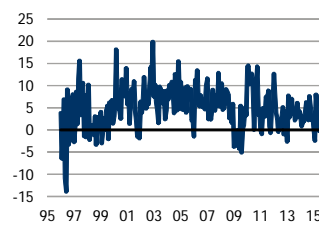
Hamilton
% change, year-over-year



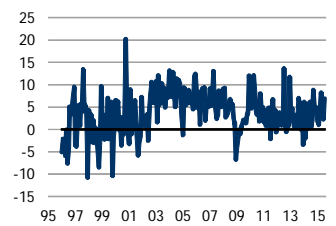
St. Catharines
% change, year-over-year



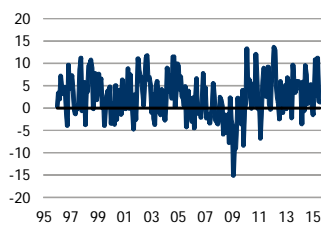
Kitchener
% change, year-over-year



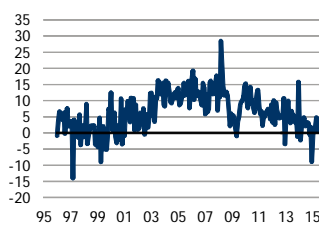
London
% change, year-over-year



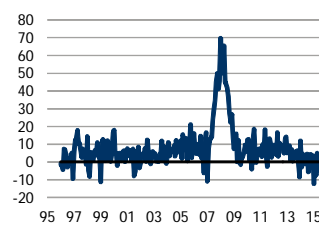
Windsor
% change, year-over-year



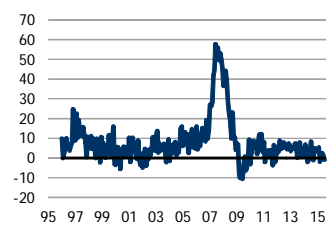
Winnipeg
% change, year-over-year



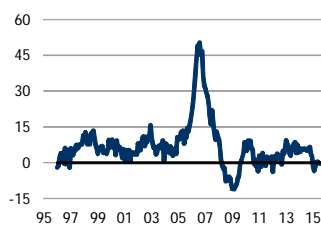
Regina
% change, year-over-year



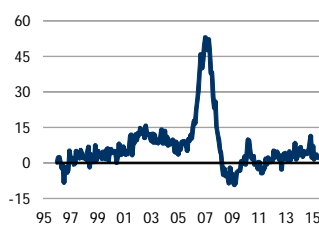
Saskatoon
% change, year-over-year



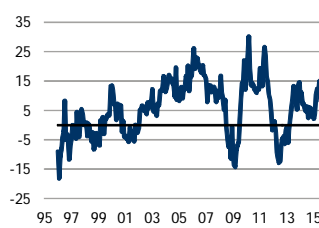
Calgary
% change, year-over-year



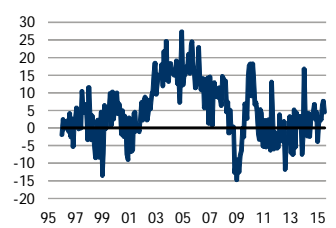
Edmonton
% change, year-over-year



Vancouver
% change, year-over-year



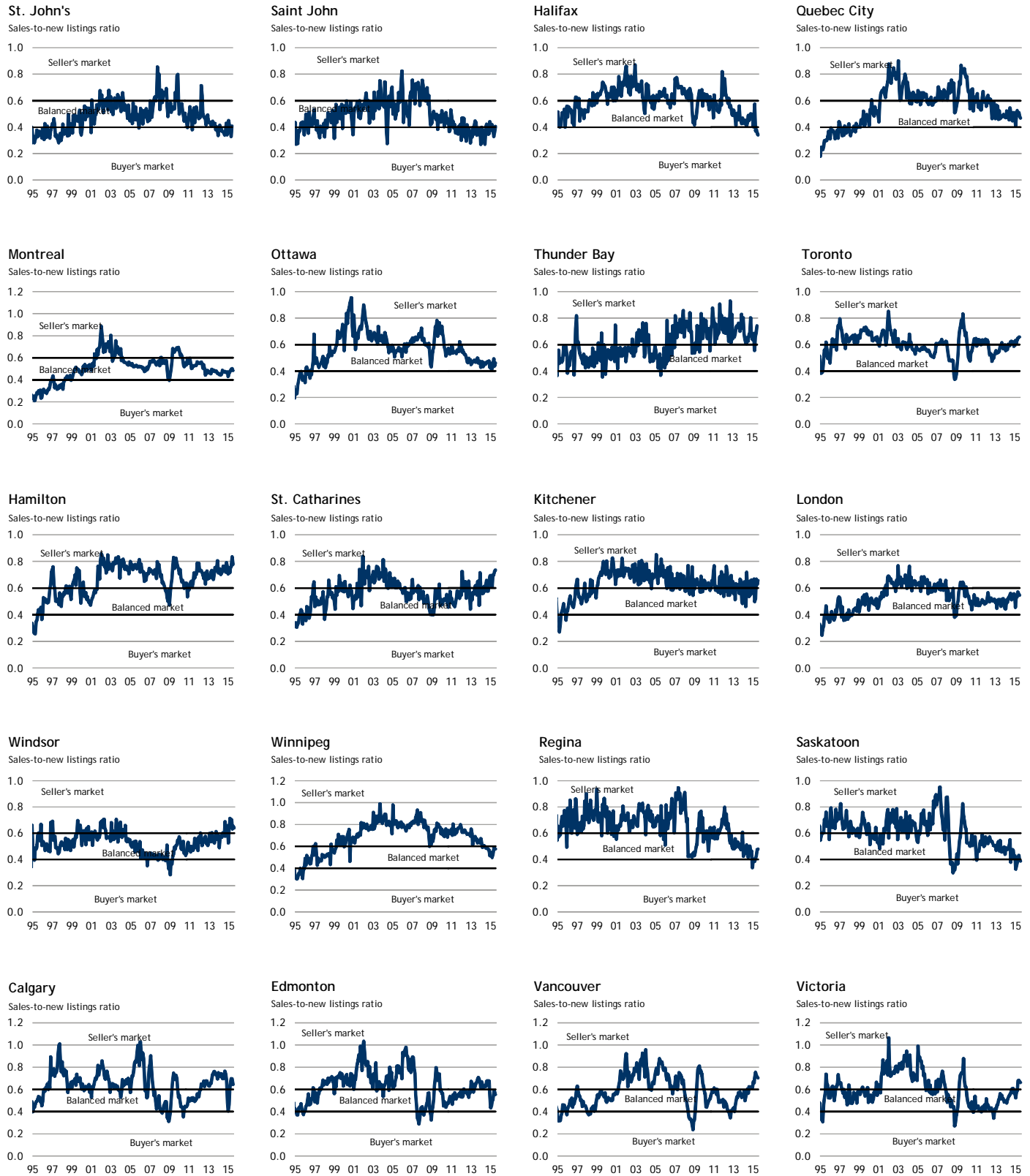
Victoria
% change, year-over-year



Source: Canadian Real Estate Association, RBC Economics Research



Home sales-to-new listings ratio



Source: Canadian Real Estate Association, RBC Economics Research



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