



Housing affordability: Back to the 1980s!

By Kyle Dahms & Alexandra Ducharme

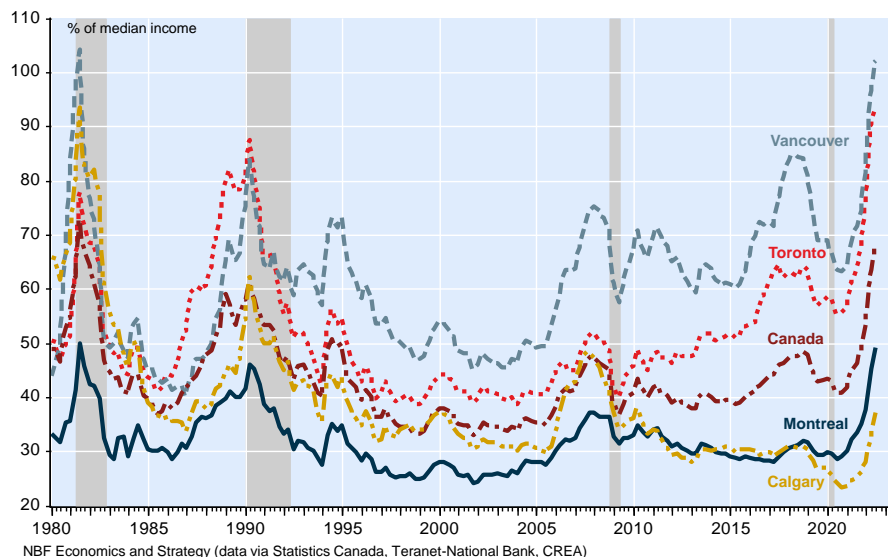
We remain in the midst of the longest sequence of declining home affordability since the 1986-1989 episode (11 quarters). The magnitude of the deterioration, however, is much more pronounced this time (25.5 p.p. vs. 20.2 p.p. in the 1980s). As a result, the mortgage on a representative home in Canada now takes 67.3% of income to service, the most since 1981. A first since the second quarter of 2019 is the downturn in housing prices that has mitigated slightly the impact on affordability of still rising mortgage rates. Our 5-year benchmark mortgage rate used to calculate our affordability metrics rose 75 bps in the third quarter of the year. While this surge was less significant than the one observed in the previous quarter, it propelled the benchmark mortgage rate to its highest level since 2010. To give an idea of scale, all else being equal, a 75-bps increase represents an extra 300\$ (or an 8.1% increase) on the monthly mortgage payment for a representative home in Canada. With our affordability indexes at extreme levels in most markets, we see further declines in housing prices. The slowdown in real estate activity in several markets ([report](#)) is expected to result in a cumulative 15% decline in home prices in 2023 from the peak (-7.7% to date). This, combined with a stabilization of the benchmark 5-year mortgage rate, should improve affordability in the coming quarters.

HIGHLIGHTS:

- Canadian housing affordability deteriorated for a seventh consecutive quarter in Q3'22. The mortgage payment on a representative home as a percentage of income (MPPi) rose 3.8 points, a deceleration from the 10.2-point increase in Q2'22. Seasonally adjusted home prices decreased 1.1% in Q3'22 from Q2'22; the benchmark mortgage rate (5-year term) rose 75 bps, while median household income rose 0.9%.
- Affordability deteriorated in all the ten markets covered in Q3. On a sliding scale of markets from worst deterioration to least: Vancouver, Victoria, Calgary, Montreal, Toronto, Quebec, Edmonton, Ottawa-Gatineau, Hamilton, Winnipeg (see chart on the right). This was the seventh consecutive quarter with a worsening in all markets. Countrywide, affordability deteriorated 2.7 pp in the condo portion vs. a 4.8 pp deterioration in the non-condo segment. See detailed statistics on page 2.

Canada : Perspective on housing affordability

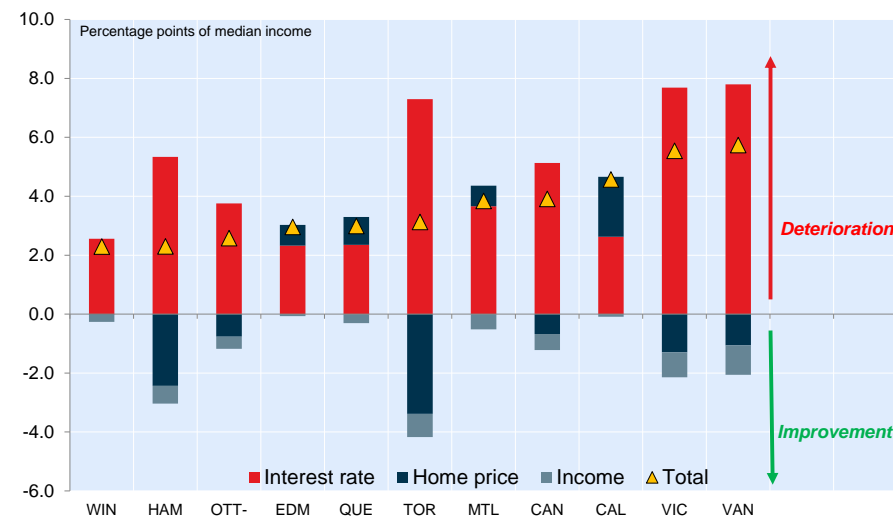
Monthly mortgage payment on median home price, all types of dwellings (25 year amortization, 5-year term)



NBF Economics and Strategy (data via Statistics Canada, Teranet-National Bank, CREAA)

Canada: Q3 change in housing affordability in 10 metropolitan areas

Q/Q change in mortgage payment on median-price home (25-year amortization, 5-year term)



NBF Economics and Strategy (data via Statistics Canada, Teranet-NBC)

Housing affordability statistics

Table 1

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
All dwellings	Median home price	Q/Q % change	Y/Y % change	Downpayment \$	Downpayment: Months of saving	Avg. Since 2000	Monthly mortgage payment	Mortgage payment as % of income	Q/Q diff. PP	Y/Y diff. PP	Avg. Since 2000	Qualifying annual income	Median annual income	Home-ownership rate (2021)
Urban Composite	\$ 801,423	-1.1	11.6	\$ 55,142	83.4	38.8	\$ 4,450	67.3	3.8	21.0	40.9	\$ 188,776	\$ 79,382	66%
Toronto	\$ 1,254,833	-3.8	12.7	\$ 250,967	335.3	69.8	\$ 6,967	93.1	2.8	29.6	50.5	\$ 253,934	\$ 89,825	65%
Montreal	\$ 545,788	1.5	14.3	\$ 29,579	48.0	26.8	\$ 3,030	49.2	3.9	15.7	30.5	\$ 130,578	\$ 73,979	54%
Vancouver	\$ 1,377,514	-1.1	10.3	\$ 275,503	367.8	117.2	\$ 7,648	102.1	5.7	30.7	63.7	\$ 278,760	\$ 89,878	62%
Calgary	\$ 501,009	6.3	11.2	\$ 25,101	33.5	27.1	\$ 2,782	37.2	4.7	12.1	32.3	\$ 120,383	\$ 89,788	71%
Edmonton	\$ 419,541	2.4	3.2	\$ 20,977	28.5	24.4	\$ 2,329	31.7	3.0	8.6	29.3	\$ 100,819	\$ 88,221	69%
Ottawa/Gatineau	\$ 655,843	-1.6	8.6	\$ 40,584	54.5	26.6	\$ 3,641	48.9	2.5	14.2	29.7	\$ 155,633	\$ 89,372	65%
Quebec	\$ 368,984	3.3	12.5	\$ 18,449	28.8	20.4	\$ 2,049	32.0	3.0	9.9	22.9	\$ 88,670	\$ 76,752	58%
Winnipeg	\$ 409,505	-0.1	10.1	\$ 20,475	30.6	22.2	\$ 2,274	33.9	2.3	10.4	25.1	\$ 98,407	\$ 80,424	66%
Hamilton	\$ 949,754	-3.7	15.5	\$ 69,975	90.4	32.2	\$ 5,273	68.1	2.1	22.8	32.5	\$ 222,545	\$ 92,869	69%
Victoria	\$ 1,149,272	-1.4	14.6	\$ 229,854	362.0	74.3	\$ 6,381	100.5	5.4	33.1	62.0	\$ 232,572	\$ 76,188	62%

Table 2

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Condo	Median home price	Q/Q % change	Y/Y % change	Downpayment \$	Downpayment: Months of saving	Avg. Since 2000	Monthly mortgage payment	Mortgage payment as % of income	Q/Q diff. PP	Y/Y diff. PP	Avg. Since 2000	Qualifying income	Median income	Home-ownership rate (2021)	Monthly average rent
Urban Composite	\$ 517,539	-0.5	9.1	\$ 26,754	40.4	25.9	\$ 2,874	43.4	2.7	12.9	29.7	\$ 124,147	\$ 79,382	9%	\$ 2,156
Toronto	\$ 738,569	-3.4	10.4	\$ 48,857	65.3	30.3	\$ 4,101	54.8	1.9	16.7	32.2	\$ 174,466	\$ 89,825	16%	\$ 2,438
Montreal	\$ 409,853	2.5	11.5	\$ 20,493	33.2	22.8	\$ 2,276	36.9	3.2	11.2	26.3	\$ 98,491	\$ 73,979	11%	\$ 1,466
Vancouver	\$ 732,106	-0.1	8.2	\$ 48,211	64.4	36.3	\$ 4,065	54.3	3.5	15.5	38.7	\$ 172,995	\$ 89,878	21%	\$ 2,567
Calgary	\$ 258,830	3.0	4.6	\$ 12,942	17.3	18.5	\$ 1,437	19.2	1.9	5.4	22.6	\$ 62,199	\$ 89,788	14%	\$ 1,604
Edmonton	\$ 220,015	1.1	-3.2	\$ 11,001	15.0	15.7	\$ 1,222	16.6	1.4	3.7	19.3	\$ 52,871	\$ 88,221	12%	\$ 1,440
Ottawa/Gatineau	\$ 411,859	0.7	9.2	\$ 20,593	27.7	18.4	\$ 2,287	30.7	2.2	9.1	21.3	\$ 98,973	\$ 89,372	9%	\$ 1,858
Quebec	\$ 253,366	3.8	9.3	\$ 12,668	19.8	16.2	\$ 1,407	22.0	2.2	6.4	18.4	\$ 60,886	\$ 76,752	9%	\$ 1,141
Winnipeg	\$ 254,851	2.8	7.8	\$ 12,743	19.0	17.5	\$ 1,415	21.1	2.0	6.1	20.2	\$ 61,243	\$ 80,424	7%	\$ 1,425
Hamilton	\$ 716,726	-3.5	16.3	\$ 46,673	60.3	23.9	\$ 3,980	51.4	1.7	17.4	25.8	\$ 169,494	\$ 92,869	11%	\$ 2,053
Victoria	\$ 652,239	1.2	16.8	\$ 40,224	63.4	33.9	\$ 3,621	57.0	4.4	19.5	39.1	\$ 154,813	\$ 76,188	14%	\$ 2,234

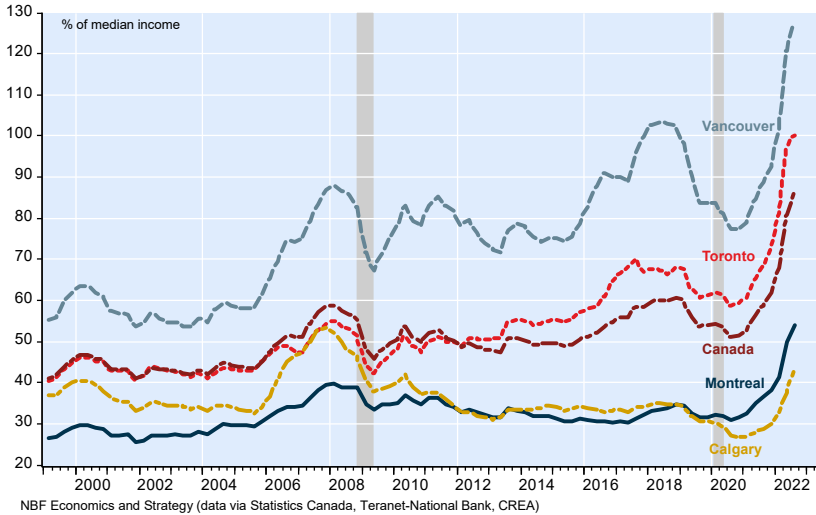
Table 3

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Other dwellings	Median home price	Q/Q % change	Y/Y % change	Downpayment \$	Downpayment: Months of saving	Avg. Since 2000	Monthly mortgage payment	Mortgage payment as % of income	Q/Q diff. PP	Y/Y diff. PP	Avg. Since 2000	Qualifying income	Median income	Home-ownership rate (2021)
Urban Composite	\$ 1,022,074	-1.1	12.0	\$ 204,415	309.0	56.2	\$ 5,675	85.8	4.8	27.0	51.2	\$ 206,831	\$ 79,382	57%
Toronto	\$ 1,351,766	-3.8	13.0	\$ 270,353	361.2	77.2	\$ 7,505	100.3	3.0	32.1	53.8	\$ 273,549	\$ 89,825	49%
Montreal	\$ 599,654	1.4	14.8	\$ 34,965	56.7	28.9	\$ 3,329	54.0	4.2	17.5	32.7	\$ 142,841	\$ 73,979	43%
Vancouver	\$ 1,718,668	-1.3	10.8	\$ 343,734	458.9	159.7	\$ 9,543	127.4	6.8	38.6	76.8	\$ 347,797	\$ 89,878	41%
Calgary	\$ 580,179	6.8	12.3	\$ 33,018	44.1	30.4	\$ 3,221	43.1	5.6	14.3	35.9	\$ 138,407	\$ 89,788	57%
Edmonton	\$ 452,847	2.6	4.0	\$ 22,642	30.8	25.7	\$ 2,514	34.2	3.3	9.5	30.7	\$ 108,823	\$ 88,221	57%
Ottawa/Gatineau	\$ 711,726	-1.9	8.6	\$ 46,173	62.0	28.8	\$ 3,952	53.1	2.6	15.4	31.8	\$ 168,355	\$ 89,372	56%
Quebec	\$ 383,411	3.2	13.0	\$ 19,171	30.0	20.7	\$ 2,129	33.3	3.1	10.4	23.3	\$ 92,137	\$ 76,752	49%
Winnipeg	\$ 416,739	-0.3	10.3	\$ 20,837	31.1	22.2	\$ 2,314	34.5	2.3	10.6	25.1	\$ 100,146	\$ 80,424	59%
Hamilton	\$ 1,013,932	-3.7	15.5	\$ 202,786	262.0	38.5	\$ 5,630	72.7	2.2	24.3	34.5	\$ 205,184	\$ 92,869	57%
Victoria	\$ 1,226,217	-1.8	14.3	\$ 245,243	386.3	81.6	\$ 6,808	107.2	5.4	35.1	65.3	\$ 248,143	\$ 76,188	48%

Canadian perspective on housing affordability

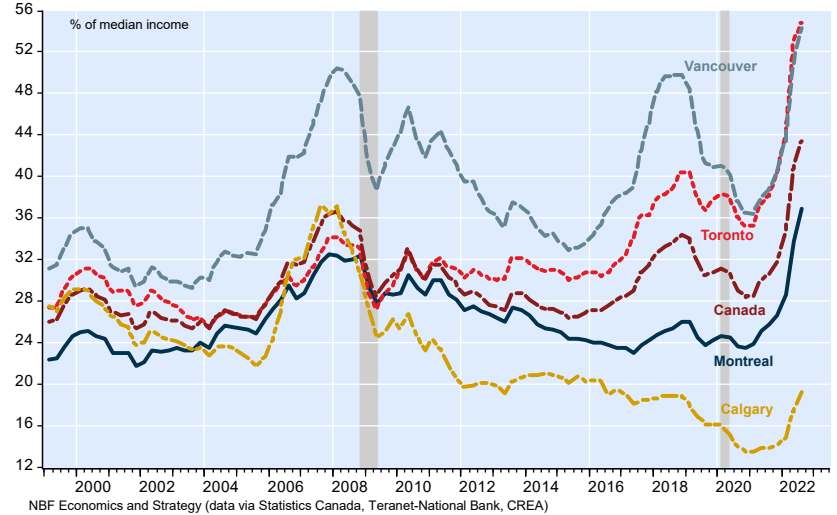
Canada : Perspective on non-condos affordability

Monthly mortgage payment on median home price, non-condos (25 year amortization, 5-year term)



Canada : Perspective on condos affordability

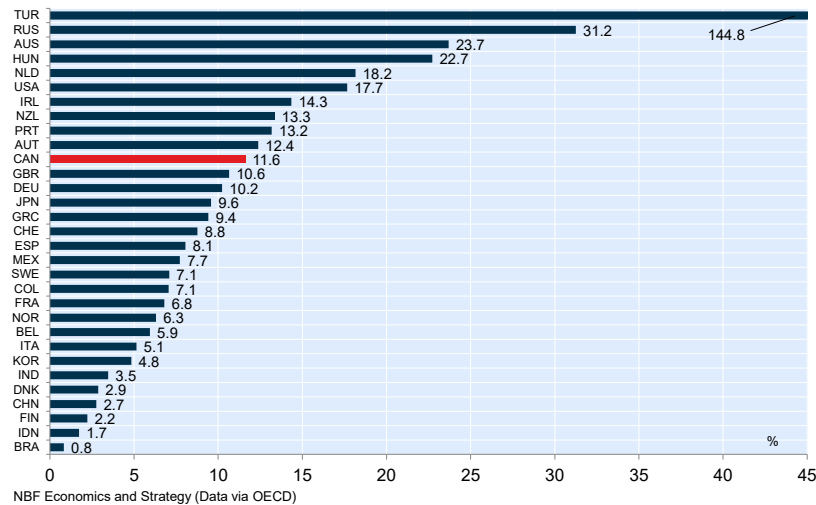
Monthly mortgage payment on median home price, condos (25 year amortization, 5-year term)



Global perspective on housing affordability

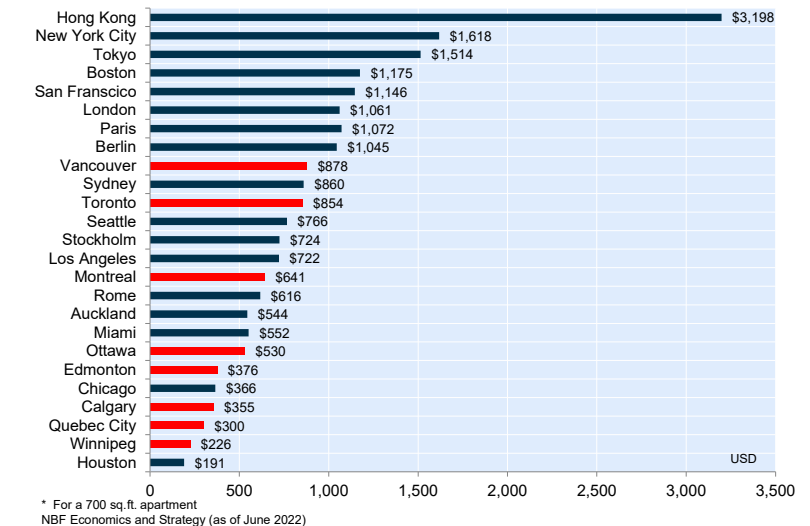
World: Perspective on home price inflation

Home price percentage change year over year (Last data available)



World: Price of downtown appartements

Price per square feet in USD for downtown living* (June 2022)



Methodology

The National Bank Housing Affordability Report measures housing affordability in 10 major census metropolitan areas (CMAs) and summarizes the results in a weighted-average composite of the 10 CMAs. We track the **condo market**, **other dwellings** (single detached, semi-detached) and the **market as a whole**.

We measure two hurdles for the purchase of a home. First, a household must save the **down-payment** amount. We measure this requirement as the number of months a median-income household will require to save for the minimum cash down payment (CMHC insured mortgage) of the representative home at a savings rate of 10% of its pre-tax income. We evaluate the representative home using the Teranet–National Bank House Price Index for the market in question to calculate the home price for months before and after the median home price measured by the 2016 Census. For **median household income** in each CMA, we take the Statistics Canada annual data up to 2013. For subsequent months, we extend the series using average weekly earnings growth as a proxy and apply a Hodrick–Prescott filter to smooth short-term fluctuations.

The second hurdle for the purchase of a home is the monthly mortgage payment. We measure this as the monthly payment on a median-priced home assuming a 25-year amortization period and a 5-year term. The resulting amount is presented as a percentage of income calculated as described above (sometimes referred as **MPPI**). Note that we do not take the down payment into account in this calculation because there is an opportunity cost in a household's use of these funds for that purpose. Also, we do not wish policy changes in this regard to affect our indicator over time. We also calculate the income needed to purchase the median property assuming that a household devotes 32% of its pre-tax income for a mortgage payment at the posted rate (defined as **qualifying income** and is adjusted for the down-payment). For the condo market, we also compare the monthly mortgage payment to the average rent for a two-bedroom condo in the same market. We calculate that rent from annual CMHC data, updated to the current month by the rent component of the Consumer Price Index. Note that data in the report was seasonally adjusted when necessary.

Housing Affordability Monitor

Economics and Strategy

Toronto

In the Greater Toronto Area (GTA), the third quarter of 2022 was characterized by an eighth consecutive quarterly deterioration in affordability, the MPPI* gaining 2.8pp. Encouragingly, the pace of the deterioration has decelerated from the previous quarters and was the slowest in a year. Nonetheless, this growth propelled the MPPI* to its second consecutive record-breaking level (93.1pp). The level of the MPPI* thus remained way above the city's 20-year average (50.5pp) and the urban composite (67.3pp). The deterioration was exclusively attributable to the increase in interest rates, while home prices declined 3.8% in the quarter and income progressed 0.9%. Both the condo and non-condo segments registered declines in housing affordability despite the improvement in income and quarterly price declines of 3.4% and 3.8%, respectively. For both types of dwelling, the quarterly deterioration in affordability was below that of the composite average. *See tables page 12.

Mortgage payment as a % of income (MPPI)					
Non-Condo	100.3%	▲ +	3.0%	Q/Q	
Condo	54.8%	▲ +	1.9%	Q/Q	



Non-Condo

\$1,351,766

Price of the representative home in the metropolitan market

\$273,549

Household annual income needed to afford the representative home

361

Months of saving required for the down payment (saving rate of 10%)

32.3%

Premium for buying compared to the national urban composite



Condo

\$738,569

Price of the representative condo in the metropolitan market

\$174,466

Household annual income needed to afford the representative condo

65

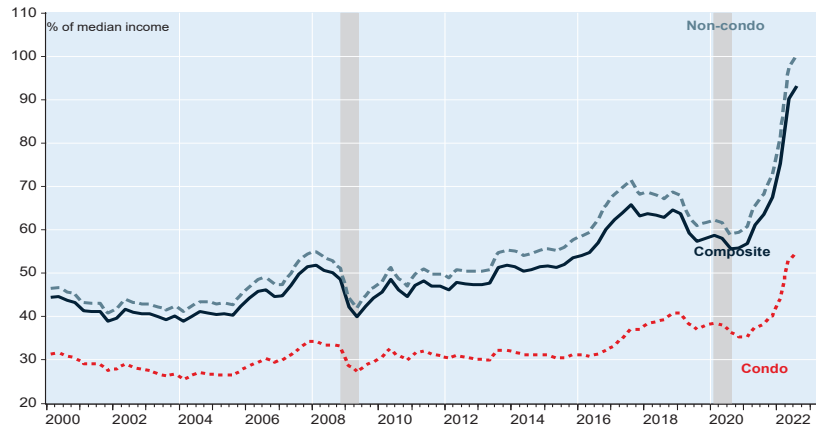
Months of saving required for the down payment (saving rate of 10%)

68.2%

Premium/discount for buying compared to renting a two-bedroom condo in the GTA

Toronto : Perspective on housing affordability

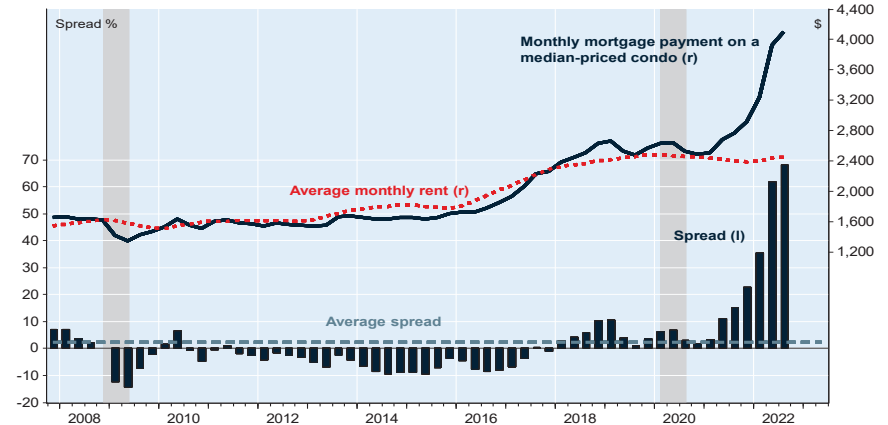
Monthly mortgage payment on median home price (25 year amortization, 5-year term)



NBF Economics and Strategy (data via Statistics Canada, Teranet-National Bank)

Toronto: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



NBF Economics and Strategy (data via Statistics Canada, Teranet-National Bank)

TORONTO

Housing Affordability Monitor

Economics and Strategy

Montreal

In the third quarter of 2022, affordability of the housing market in Greater Montreal deteriorated for an eighth consecutive quarter to reach its worst level since the third quarter of 1981 (49.2%). This deterioration was in line with the composite average. The degradation stemmed from both condos and non-condos (MPPI* edged up 3.2pp and 4.2pp respectively), but for both segments the quarterly increase of the MPPI* was less than that of the previous quarter. On an annual basis, home prices in Montreal were up 14.3%, a moderation from the last quarter but still above the urban composite (+11.6%) and the 20-year average of this indicator (7.0%). This, combined with higher interest rates, resulted in the fastest annual deterioration in affordability since 1981 (MPPI* up 15.7pp), although this was still less than the urban composite (MPPI* up 21.0pp in 12 months). All in all, despite important deteriorations, the Montreal housing market remains more affordable than the Canadian average thanks to lower price levels. *See tables page 12.



**Non-
Condo**

\$599,654

Price of the representative home in the metropolitan market

\$142,841

Household annual income needed to afford the representative home

\$409,853

Price of the representative condo in the metropolitan market

\$98,491

Household annual income needed to afford the representative condo



Condo

Mortgage payment as a % of income (MPPI)

Non- Condo	54.0%	▲ + 4.2%	Q/Q
Condo	36.9%	▲ + 3.2%	Q/Q

57

Months of saving required for the down payment (saving rate of 10%)

-41.3%

Premium for buying compared to the national urban composite

33

Months of saving required for the down payment (saving rate of 10%)

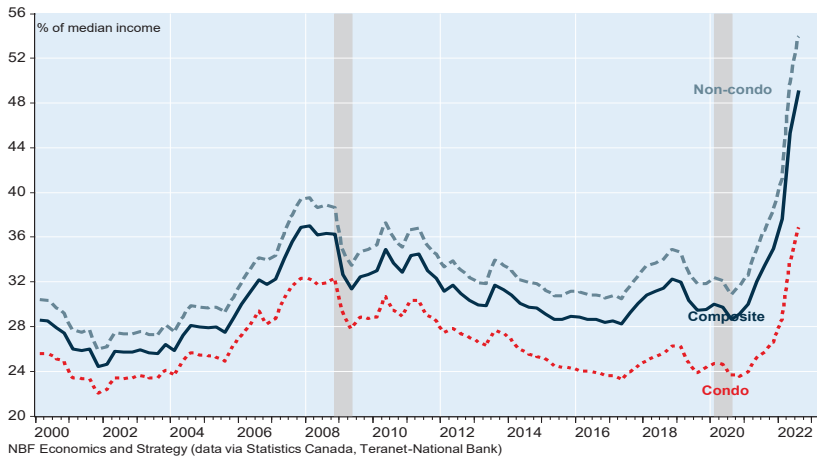
55.2%

Premium/discount for buying compared to renting a two-bedroom condo in Montreal

Montreal : Perspective on housing affordability

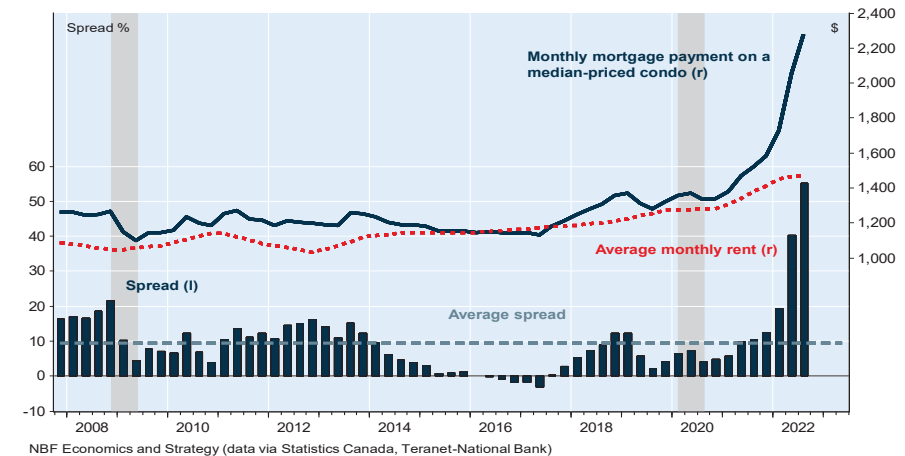
Monthly mortgage payment on median home price (25 year amortization, 5-year term)

MONTREAL



Montreal: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



Vancouver

Affordability in Greater Vancouver continued to worsen in the 2022Q3, with deteriorations above the national average for all types of dwelling. This worsening exclusively stemmed from galloping interest rates, which had a negative effect on affordability for greater than the positive forces of rising wages (+1.0% compared to the last quarter) and falling home prices (-1.1%). As a result, the MPPI* increased by 5.7 points during the quarter, which represents a slowdown from the previous quarter, but was the highest rate among the cities surveyed and enough to keep Vancouver as the least affordable city in Canada to buy a home. The representative mortgage payment notched more than the total median income (102.1%), nearing its record high reached in 1981 (104.2%). On a 12-month basis, home prices in Vancouver were up 10.3%, just under the urban composite (11.6%). Still, elevated price levels and an increase in interest rates contributed to deteriorate the MPPI* 30.7 pp in a year, above the national average and the highest annual deterioration since 1981. The annual deterioration in affordability in Vancouver was above the national average both for condos (+15.5 pp) and non-condos (+38.6 pp). *See tables page 12.



**Non-
Condo**

\$1,718,668

Price of the representative home in the metropolitan market

\$347,797

Household annual income needed to afford the representative home

Mortgage payment as a % of income (MPPI)

Non-Condo	127.4%	▲ + 6.8%	Q/Q
Condo	54.3%	▲ + 3.5%	Q/Q

459

Months of saving required for the down payment (saving rate of 10%)

68.2%

Premium for buying compared to the national urban composite



Condo

\$732,106

Price of the representative condo in the metropolitan market

\$172,995

Household annual income needed to afford the representative condo

64

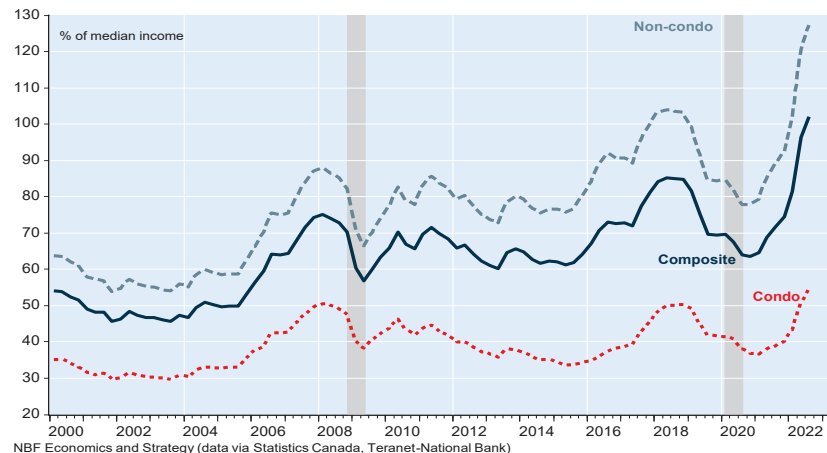
Months of saving required for the down payment (saving rate of 10%)

58.4%

Premium/discount for buying compared to renting a two-bedroom condo in Vancouver

Vancouver : Perspective on housing affordability

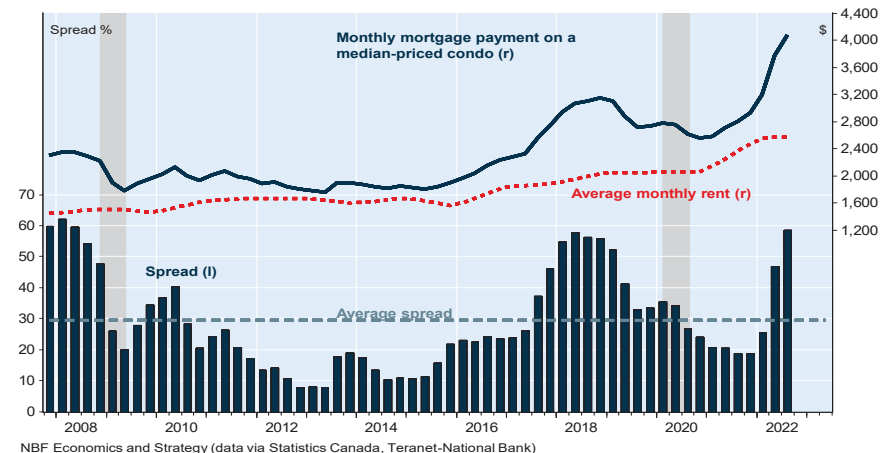
Monthly mortgage payment on median home price (25 year amortization, 5-year term)



NBF Economics and Strategy (data via Statistics Canada, Teranet-National Bank)

Vancouver: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



NBF Economics and Strategy (data via Statistics Canada, Teranet-National Bank)

VANCOUVER

Housing Affordability Monitor

Economics and Strategy

Calgary

In Calgary, home prices increased 6.3% in the quarter, the most important home price growth in the cities tracked. This, combined to rising interest rates, resulted in a deterioration of housing affordability larger than the composite index (MPPI* up 4.7 pp), which brought the MPPI* in Calgary at its highest level since 2010 and above its long-term average (37.2% compared to 32.3% historically). Nonetheless, Calgary was still much more affordable than the urban average (67.3%). The deterioration stemmed principally from non-condos (MPPI* up 5.6pp) but condos also recorded a worsening (MPPI* up 1.9pp). On an annual basis, the affordability of the housing market in Calgary as measured by the MPPI* worsened 12.1 pp, the fastest deterioration since the third quarter of 1990, but still 8.9pp below the urban composite. Both condos (+5.4 pp) and non-condos (+14.3 pp) registered lower-than-composite increases in their MPPI* on a 12-month basis. *See tables page 12.



**Non-
Condo**

\$580,179

Price of the representative home in the metropolitan market

\$138,407

Household annual income needed to afford the representative home

\$258,830

Price of the representative condo in the metropolitan market

\$62,199

Household annual income needed to afford the representative condo



Condo

Mortgage payment as a % of income (MPPI)

Non-Condo	43.1%	▲ + 5.6%	Q/Q
Condo	19.2%	▲ + 1.9%	Q/Q

44

Months of saving required for the down payment (saving rate of 10%)

-43.2%

Premium for buying compared to the national urban composite

17

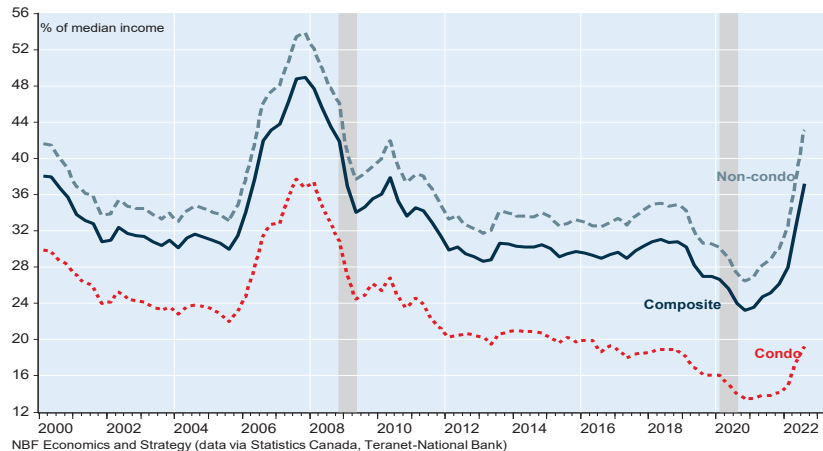
Months of saving required for the down payment (saving rate of 10%)

-10.4%

Premium/discount for buying compared to renting a two-bedroom condo in Calgary

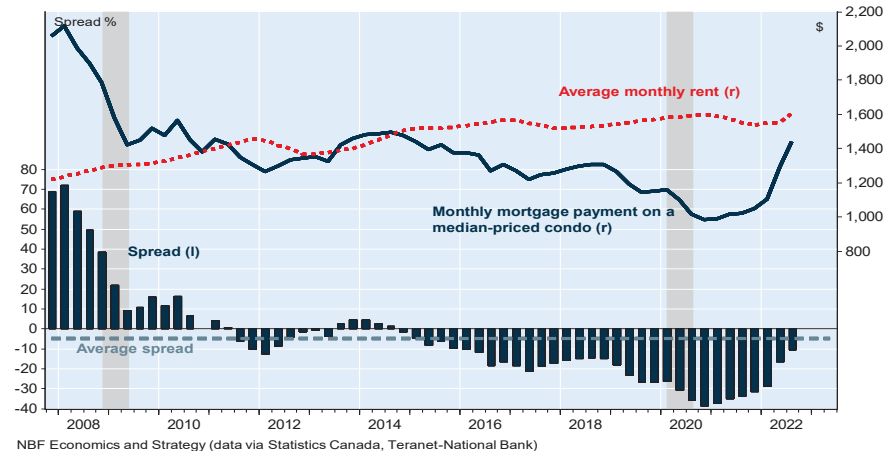
Calgary : Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



Calgary: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



CALGARY

Housing Affordability Monitor

Economics and Strategy

Edmonton

Home prices in Edmonton grew 2.4% during the quarter, while interest rates continued to climb, and income grew only moderately. Despite all this, the increase in the MPPPI* was limited to 3.0 pp in the quarter, below the composite average and a deceleration from the previous quarter but still way above this city's average quarterly affordability evolution. This quarter's development pushed the MPPPI* above its 20-year average (31.7% in the third quarter of 2022, compared to 29.3% historically). The deterioration in affordability stemmed from both condos (+1.4pp) and non-condos (+3.3pp). These figures all show better affordability than for the composite index. As a result, Edmonton remained the least expensive Canadian city to buy a house, surpassing Québec city. *See tables page 12.

Mortgage payment as a % of income (MPPPI)				
Non-Condo	34.2%	▲ +	3.3%	Q/Q
Condo	16.6%	▲ +	1.4%	Q/Q



Non-Condo

\$452,847

Price of the representative home in the metropolitan market

\$108,823

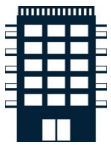
Household annual income needed to afford the representative home

31

Months of saving required for the down payment (saving rate of 10%)

-55.7%

Premium for buying compared to the national urban composite



Condo

\$220,015

Price of the representative condo in the metropolitan market

\$52,871

Household annual income needed to afford the representative condo

15

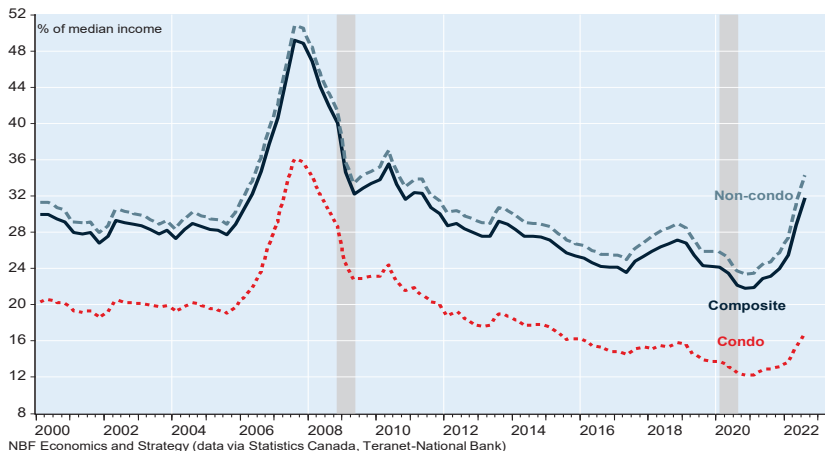
Months of saving required for the down payment (saving rate of 10%)

-15.2%

Premium/discount for buying compared to renting a two-bedroom condo in Edmonton

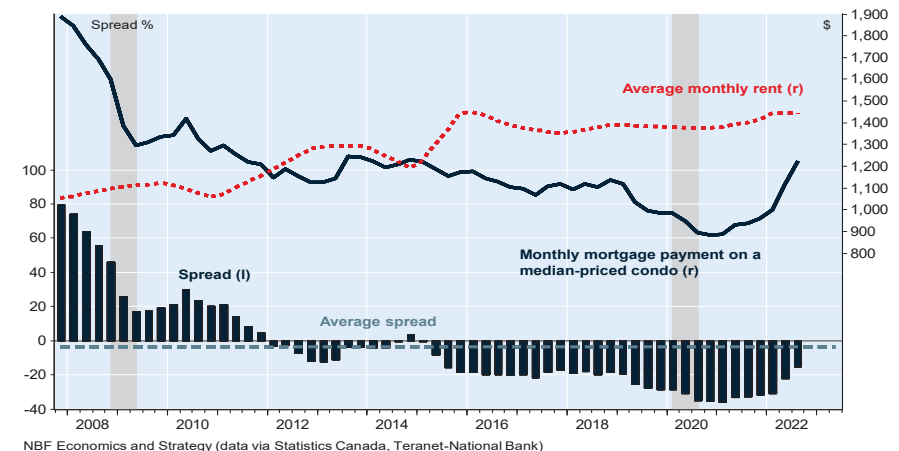
Edmonton : Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



Edmonton: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



EDMONTON

Ottawa/Gatineau

In Ottawa/Gatineau, home prices dipped 1.6% during the quarter while the median income increased 0.9%. Still, climbing interest rates were enough to offset the good developments, and the MPPI* grew 2.5pp, a slower progression than the urban composite and slower than this city's previous quarter. The average mortgage payment in Ottawa/Gatineau now represents 48.9% of the median income, above the long-term average for this indicator (29.7%) but below the composite average (67.3%). The deterioration stemmed from both non-condos and condos (MPPI* up 2.2 pp and 2.6 pp, respectively), both of which were below that of the urban composite. On an annual basis, home prices were up 8.6%, also below the urban composite (+11.6%). The deterioration in affordability over this period was thus lower than the composite index (MPPI* up 14.2 pp). *See tables page 12.



**Non-
Condo**

\$711,726

Price of the representative home in the metropolitan market

\$168,355

Household annual income needed to afford the representative home

62

Months of saving required for the down payment (saving rate of 10%)

-30.4%

Premium for buying compared to the national urban composite



Condo

\$411,859

Price of the representative condo in the metropolitan market

\$98,973

Household annual income needed to afford the representative condo

28

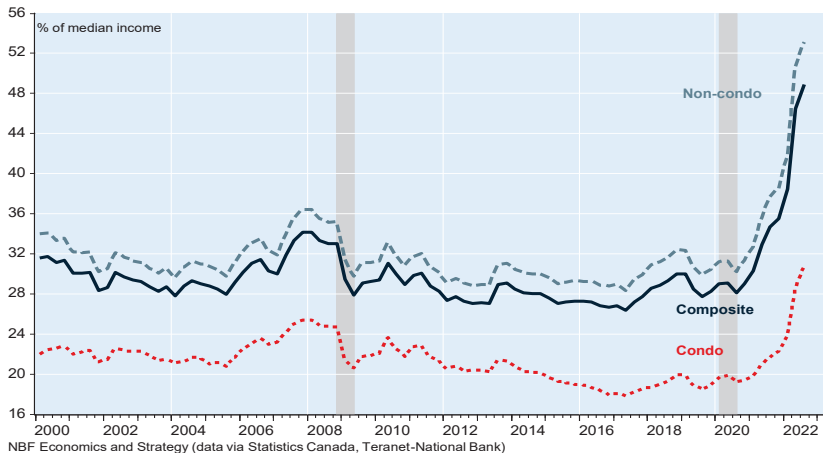
Months of saving required for the down payment (saving rate of 10%)

23.1%

Premium/discount for buying compared to renting a two-bedroom condo in Ottawa/Gatineau

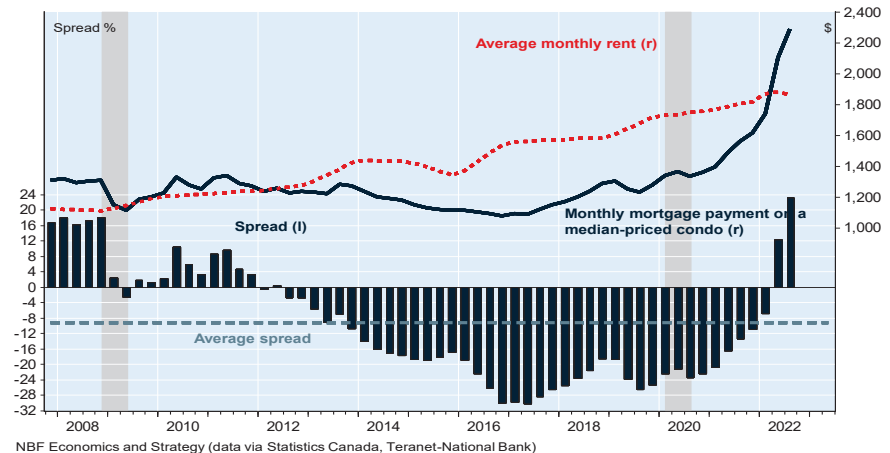
Ottawa/Gatineau : Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



Ottawa/Gatineau: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



OTTAWA/GA

Housing Affordability Monitor

Economics and Strategy

Quebec City

Housing affordability continued to deteriorate during the first quarter of the year in Québec City, with the MPPI* increasing +3.0pp, less than the urban composite (+3.8pp). This development caused affordability in Québec City to be at its worst level since the last quarter of 1990 and exceed by 9.1 percentage points its long-term average (22.9%). The MPPI* now stands at 32.0% in the city, which is the second most affordable city in the markets covered behind Edmonton. The deterioration can be explained by home prices rising 3.3% and interest rates jumping, factors that could not be offset by a 1.1% improvement in median income. The deterioration in affordability stemmed from both condos and other dwellings, which registered rises of their MPPI* of +2.2pp and +3.1pp, respectively, both below the urban composite. *See tables page 12.



**Non-
Condo**

\$383,411

Price of the representative home in the metropolitan market

\$92,137

Household annual income needed to afford the representative home

\$253,366

Price of the representative condo in the metropolitan market

\$60,886

Household annual income needed to afford the representative condo

Condo

Mortgage payment as a % of income (MPPI)

Non-Condo	33.3%	▲ +	3.1%	Q/Q
Condo	22.0%	▲ +	2.2%	Q/Q

30

Months of saving required for the down payment (saving rate of 10%)

-62.5%

Premium for buying compared to the national urban composite

20

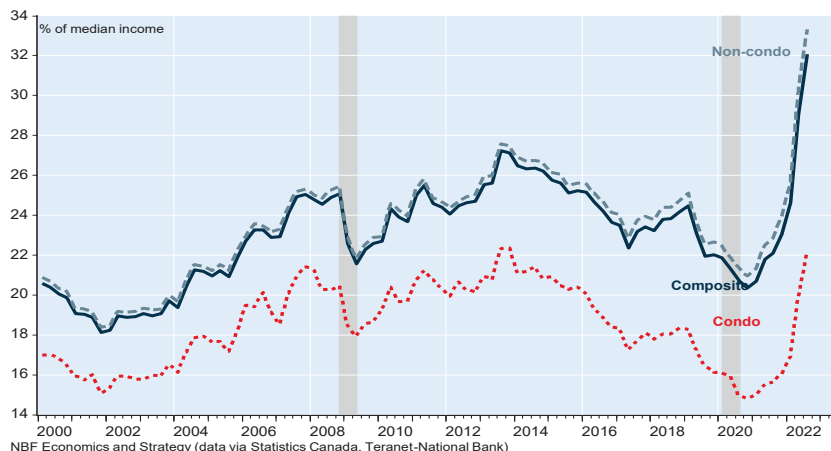
Months of saving required for the down payment (saving rate of 10%)

23.3%

Premium/discount for buying compared to renting a two-bedroom condo in Quebec City

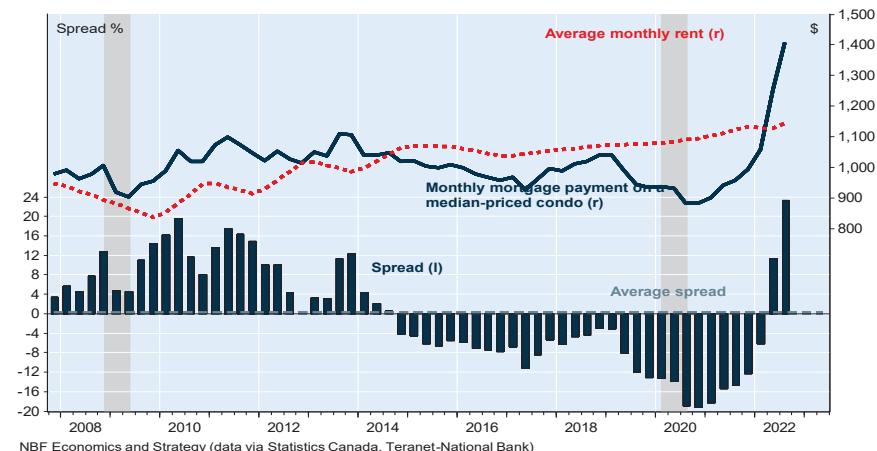
Quebec city: Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



Quebec City: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



QUEBEC CITY

Housing Affordability Monitor

Economics and Strategy

Winnipeg

In Winnipeg, housing affordability worsened as the MPPI* grew 2.3 pp to 33.9%, compared to 25.1% historically. Despite this deterioration, the MPPI* remained about half that of the urban composite, which stood at 67.3%. This deterioration was attributable to rising interest rates, which were too high to be compensated by virtually unchanged home prices (-0.1%) and rising income (+0.7%). This was the seventh consecutive quarterly deterioration for housing affordability in Winnipeg. Both condos (+2.0 pp) and non condos (+2.3 pp) saw a deterioration in affordability in the quarter, and from a year before (+6.1pp and +10.6 pp respectively). *See tables page 12.



**Non-
Condo**

\$416,739

Price of the representative home in the metropolitan market

\$100,146

Household annual income needed to afford the representative home

\$254,851

Price of the representative condo in the metropolitan market

\$61,243

Household annual income needed to afford the representative condo

Condo

Mortgage payment as a % of income (MPPI)

Non-Condo	34.5%	▲ +	2.3%	Q/Q
Condo	21.1%	▲ +	2.0%	Q/Q

31

Months of saving required for the down payment (saving rate of 10%)

-59.2%

Premium for buying compared to the national urban composite

19

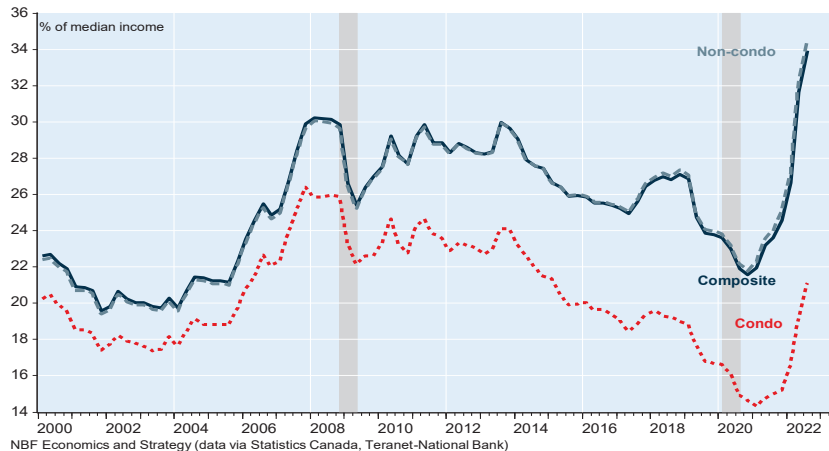
Months of saving required for the down payment (saving rate of 10%)

-0.7%

Premium/discount for buying compared to renting a two-bedroom condo in Winnipeg

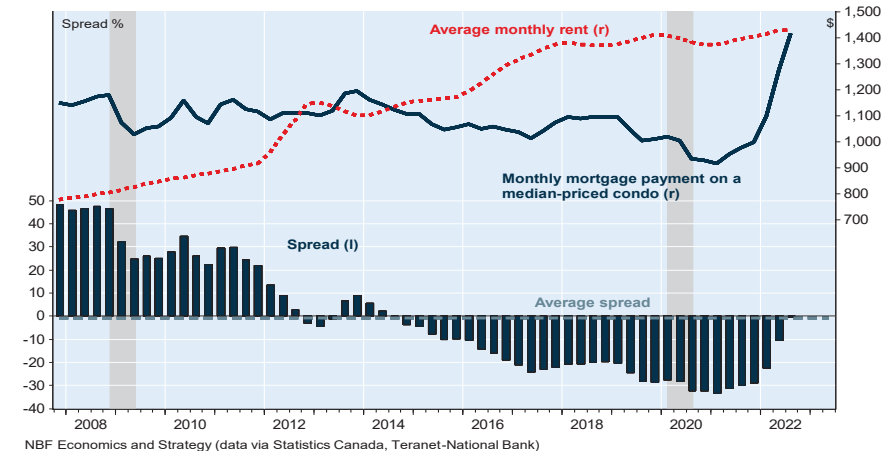
Winnipeg: Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



Winnipeg: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



Housing Affordability Monitor

Economics and Strategy

Hamilton

Hamilton recorded a 2.1pp deterioration in its MPPI* in the quarter, below the variation of the urban composite. On an annual basis, the deterioration in affordability (+22.8pp) brought the MPPI* to its highest level ever recorded. Mortgage payments indeed took up 68.1% of the median pre-tax household income, which is the above the urban composite (67.3%) for the third consecutive quarter. The annual deterioration can be explained by home prices rising 15.5% in the year, the fastest growth among markets covered for the fifth consecutive quarter. On a quarterly basis, prices condo registered a steeper decline than the composite for both condos (-3.5%) and non-condos (-3.7%). For the market as a whole, home prices in Hamilton dipped 3.7%, more than the 1.1% decline of the urban composite. At the same time, median income rose 0.9% and interest rates grew. As a result, despite a moderation in home prices, the MPPI* rose to record levels for both non-condos and condos. *See tables page 12.



Non-Condo

\$1,013,932

Price of the representative home in the metropolitan market

\$205,184

Household annual income needed to afford the representative home



Condo

\$716,726

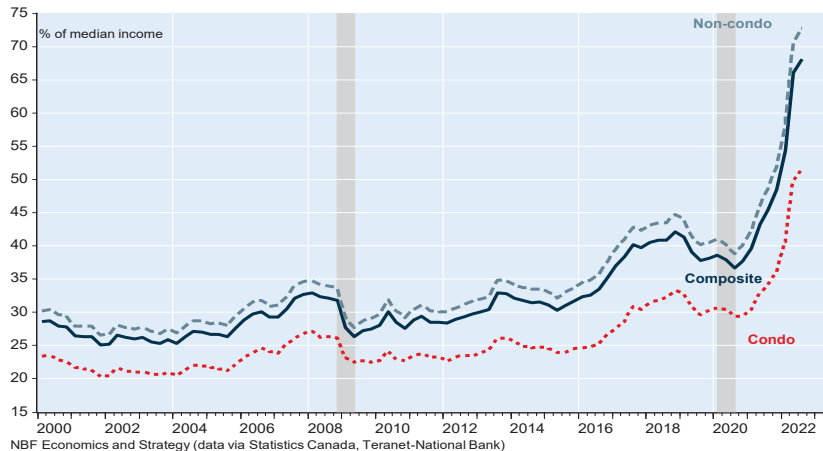
Price of the representative condo in the metropolitan market

\$169,494

Household annual income needed to afford the representative condo

Hamilton: Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



HAMILTON

Mortgage payment as a % of income (MPPI)

Non-Condo	72.7%	▲ +	2.2%	Q/Q
Condo	51.4%	▲ +	1.7%	Q/Q

262

Months of saving required for the down payment (saving rate of 10%)

-0.8%

Premium for buying compared to the national urban composite

60

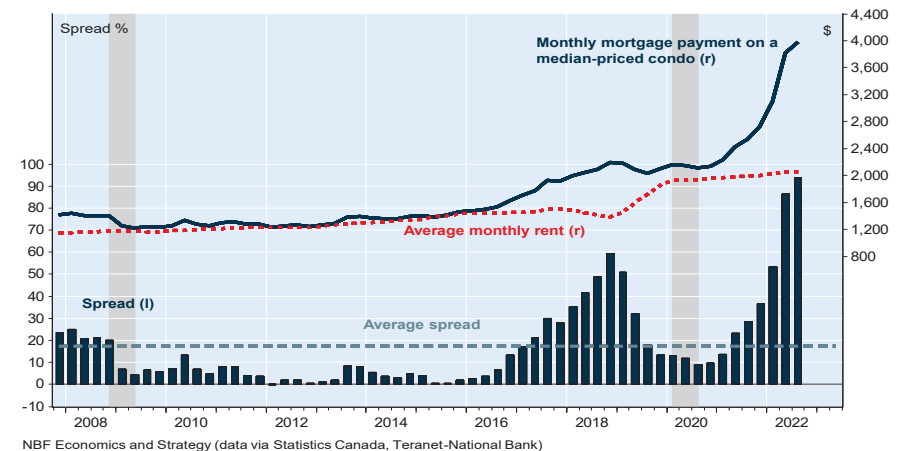
Months of saving required for the down payment (saving rate of 10%)

93.8%

Premium/discount for buying compared to renting a two-bedroom condo in Hamilton

Hamilton: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



Victoria

For the fifth consecutive quarter, Victoria registered the largest annual deterioration in the MPPI* of all the markets covered (+33.1 pp). As a result, the MPPI* reached 100.5%, the second highest among markets covered after Vancouver and the highest level on record for this city. Indeed, the average mortgage payment took up more than the median income for the first time in Victoria. On a quarterly basis, the +5.4pp increase in the MPPI* was above the composite average due to higher prices levels. The worsening of affordability was above the urban composite in both segments of the market, with the MPPI* rising +4.4 pp in the quarter for condos and +5.4 pp for non-condos. *See tables page 12.

Mortgage payment as a % of income (MPPI)				
Non-Condo	107.2%	▲ +	5.4%	Q/Q
Condo	57.0%	▲ +	4.4%	Q/Q



Non-Condo

\$1,226,217

Price of the representative home in the metropolitan market

\$248,143

Household annual income needed to afford the representative home

386

Months of saving required for the down payment (saving rate of 10%)

20.0%

Premium for buying compared to the national urban composite



Condo

\$652,239

Price of the representative condo in the metropolitan market

\$154,813

Household annual income needed to afford the representative condo

63

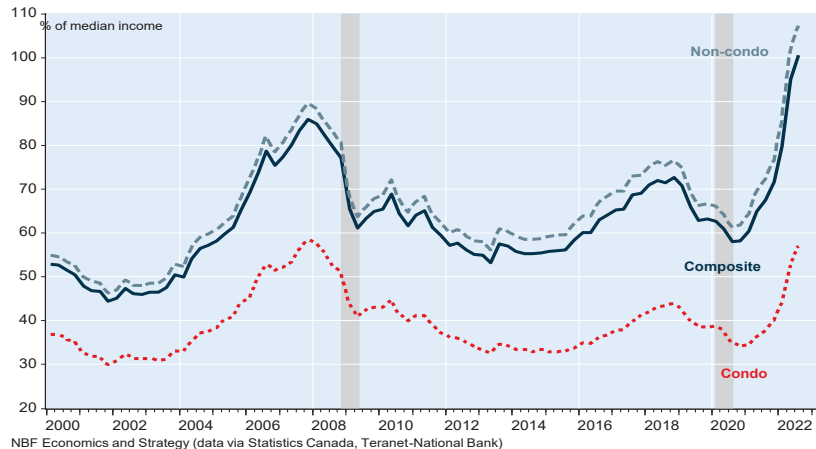
Months of saving required for the down payment (saving rate of 10%)

62.1%

Premium/discount for buying compared to renting a two-bedroom condo in Victoria

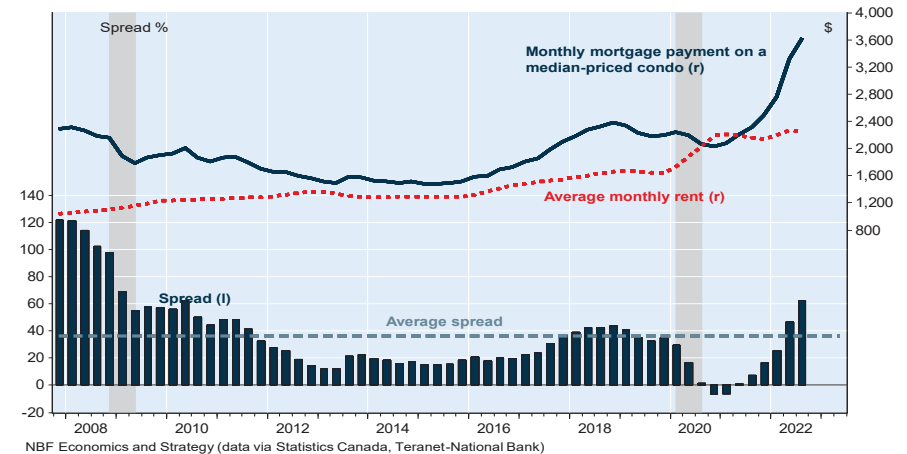
Victoria: Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



Victoria: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



VICTORIA

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Housing Affordability Monitor

Economics and Strategy

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