

June 1, 2023

## Housing affordability: Starting 2023 on a positive note

By Kyle Dahms, Alexandra Ducharme & Emma Patard

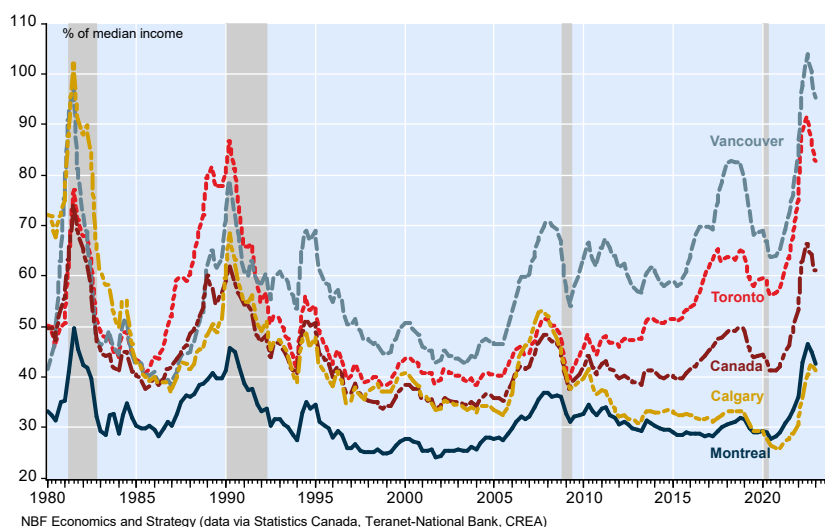
Housing affordability in Canada in the first quarter of 2023 posted a second consecutive improvement. It marked the largest betterment in affordability in nearly 4 years as all markets covered saw a net amelioration (which was a first since 2020Q3). Nonetheless, the reversal of the worsening which occurred in the last two quarters was tepid compared to the slide that has occurred during the post-pandemic period. Indeed, after having reached its most unaffordable level in over 30 years, the mortgage payment as a percentage of income (MPPI) registered at a still elevated 60.9% in 2023Q1, down 5.4 points from the recent high mark. Feeding into the improvement, home prices declined for a third consecutive quarter. The retracement in home prices has now reached -7.3%, the biggest drawdown in a generation due to the restrictiveness in interest rates. The correction in prices was the sharpest in Vancouver, Hamilton and Toronto which translated into the biggest improvements in affordability during the quarter (right chart). Still, mortgage interest rates appear to be tapering out. In this latest report, our 5-year benchmark mortgage rate used to calculate affordability declined by 14bps, which helped contribute to the moderation. In addition, we note that still rising incomes also contributed to the enhancement. Looking ahead, for the second quarter of 2023, we expect a slight easing of pressure on the interest rate side. That said, a stabilization in home prices is likely given the pickup in activity with sales increasing while listings have moderated. However, we have doubts as to whether this price rise will be sustained, given restrictive monetary policy which is contributing to maintaining affordability at a challenging level.

### HIGHLIGHTS:

- Canadian housing affordability posted the largest improvement in 15 quarters in Q1'23. The mortgage payment on a representative home as a percentage of income (MPPI) declined 3.2 points, a consecutive pullback following the 2.2-point decrease in Q4'22. Seasonally adjusted home prices decreased 2.4% in Q1'23 from Q4'22; the benchmark mortgage rate (5-year term) fell 14 bps, while median household income rose 1.3%.
- Affordability improved in all ten markets covered in Q1. On a sliding scale of markets from best improvement to deterioration: Vancouver, Hamilton, Toronto, Victoria, Montreal, Winnipeg, Ottawa-Gatineau, Calgary, Edmonton, and Quebec (see chart on the right). This was the first time in 10 quarters that all markets improved. Countrywide, affordability improved 1.8 pp in the condo portion vs. a 3.8 pp improvement in the non-condo segment. See detailed statistics on page 2.

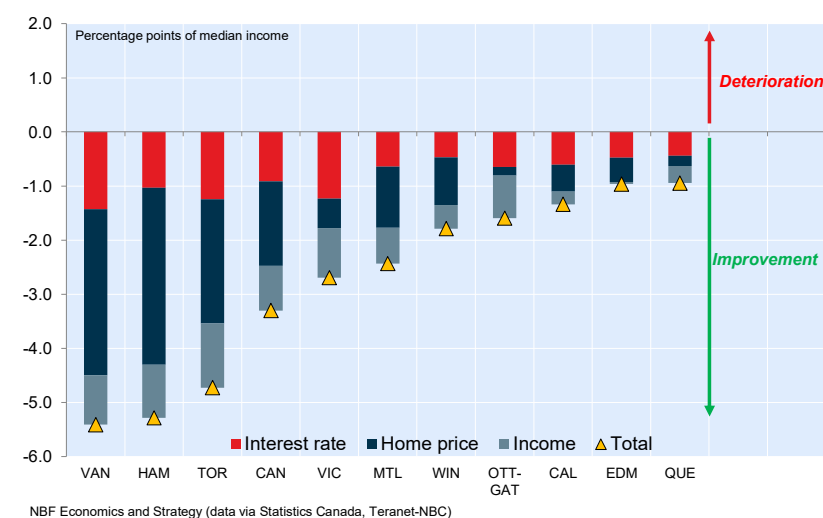
### Canada : Perspective on housing affordability

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



### Canada: Q1 change in housing affordability in 10 metropolitan areas

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



# Housing Affordability Monitor

Economics and Strategy

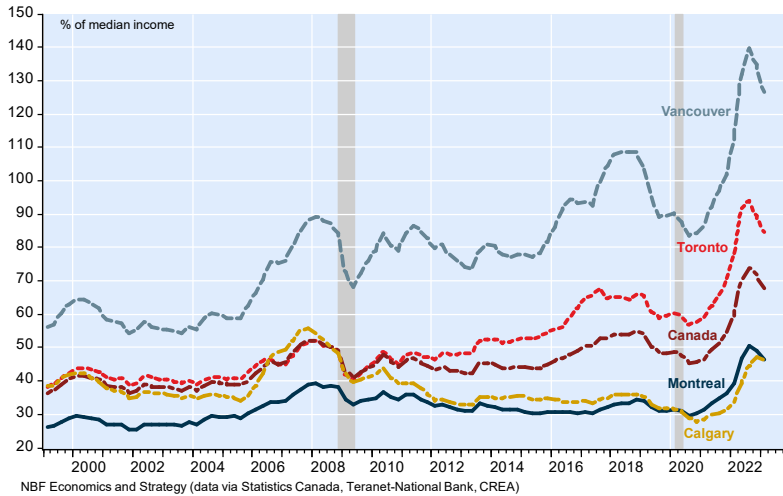
## Housing affordability statistics

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	\$ 753,681	-2.4	-3.4	\$ 50,368	73.0	40.5	\$ 4,199	60.9	-3.2	7.4	42.3	\$ 178,463	\$ 82,762	66%	
Toronto	\$ 1,137,570	-2.6	-6.3	\$ 227,514	297.2	73.1	\$ 6,338	82.8	-4.6	7.5	51.4	\$ 230,923	\$ 91,858	65%	
Montreal	\$ 499,975	-2.5	0.8	\$ 24,999	38.2	27.0	\$ 2,786	42.6	-2.4	6.4	30.7	\$ 120,523	\$ 78,495	54%	
Vancouver	\$ 1,192,356	-3.1	-4.6	\$ 238,471	340.8	101.0	\$ 6,643	94.9	-5.3	11.8	62.3	\$ 242,045	\$ 83,966	62%	
Calgary	\$ 555,633	-1.2	11.3	\$ 30,563	40.8	30.0	\$ 3,096	41.3	-1.3	10.7	35.7	\$ 133,234	\$ 90,002	71%	
Edmonton	\$ 439,493	-1.3	4.1	\$ 21,975	29.1	25.1	\$ 2,449	32.5	-1.0	7.2	30.2	\$ 105,944	\$ 90,493	69%	
Ottawa/Gatineau	\$ 640,607	-0.4	-2.3	\$ 39,061	47.9	28.9	\$ 3,569	43.8	-1.6	4.9	32.1	\$ 152,640	\$ 97,894	65%	
Quebec	\$ 351,789	-0.6	4.1	\$ 17,589	27.1	20.5	\$ 1,960	30.2	-0.9	5.8	23.1	\$ 84,802	\$ 77,974	58%	
Winnipeg	\$ 385,010	-2.7	-2.7	\$ 19,251	28.1	22.8	\$ 2,145	31.4	-1.8	3.9	25.9	\$ 92,810	\$ 82,077	66%	
Hamilton	\$ 885,384	-4.5	-9.9	\$ 63,538	86.5	44.1	\$ 4,933	67.2	-5.2	3.6	39.7	\$ 208,540	\$ 88,109	69%	
Victoria	\$ 1,020,747	-0.6	-3.3	\$ 204,149	301.6	68.5	\$ 5,687	84.0	-2.7	11.0	56.9	\$ 207,208	\$ 81,237	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	\$ 579,458	-0.9	-0.2	\$ 32,946	47.8	31.2	\$ 3,228	46.8	-1.8	7.0	35.2	\$ 138,675	\$ 82,762	9%	\$ 2,249
Toronto	\$ 695,691	-1.2	-2.2	\$ 44,569	58.2	31.0	\$ 3,876	50.6	-2.1	6.5	32.7	\$ 165,220	\$ 91,858	16%	\$ 2,708
Montreal	\$ 403,296	-1.1	2.4	\$ 20,165	30.8	24.0	\$ 2,247	34.4	-1.4	5.6	27.6	\$ 97,218	\$ 78,495	11%	\$ 1,523
Vancouver	\$ 721,230	0.0	-0.4	\$ 47,123	67.3	39.2	\$ 4,018	57.4	-1.4	9.2	41.0	\$ 171,052	\$ 83,966	21%	\$ 2,507
Calgary	\$ 316,104	-1.3	9.5	\$ 15,805	21.1	22.1	\$ 1,761	23.5	-0.8	5.8	27.0	\$ 76,200	\$ 90,002	14%	\$ 1,678
Edmonton	\$ 252,713	-3.2	0.3	\$ 12,636	16.8	17.9	\$ 1,408	18.7	-0.9	3.6	22.1	\$ 60,919	\$ 90,493	12%	\$ 1,409
Ottawa/Gatineau	\$ 396,329	-1.8	1.4	\$ 19,816	24.3	19.2	\$ 2,208	27.1	-1.4	4.0	22.2	\$ 95,539	\$ 97,894	9%	\$ 2,087
Quebec	\$ 256,227	-2.1	4.9	\$ 12,811	19.7	17.1	\$ 1,428	22.0	-1.0	4.4	19.5	\$ 61,766	\$ 77,974	9%	\$ 1,200
Winnipeg	\$ 271,441	-1.7	2.7	\$ 13,572	19.8	19.3	\$ 1,512	22.1	-1.0	3.8	22.3	\$ 65,433	\$ 82,077	7%	\$ 1,327
Hamilton	\$ 671,694	-1.7	-2.9	\$ 42,169	57.4	27.7	\$ 3,742	51.0	-2.4	6.3	29.7	\$ 159,739	\$ 88,109	11%	\$ 2,095
Victoria	\$ 605,981	1.0	1.0	\$ 35,598	52.6	32.2	\$ 3,376	49.9	-0.7	8.3	36.7	\$ 144,732	\$ 81,237	14%	\$ 2,456
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	\$ 835,794	-2.7	-3.9	\$ 58,579	84.9	45.8	\$ 4,657	67.5	-3.8	7.8	46.3	\$ 197,215	\$ 82,762	57%	
Toronto	\$ 1,163,670	-2.9	-7.0	\$ 232,734	304.0	76.8	\$ 6,483	84.7	-5.0	7.1	52.2	\$ 236,221	\$ 91,858	49%	
Montreal	\$ 542,354	-2.8	0.5	\$ 29,235	44.7	28.9	\$ 3,022	46.2	-2.7	6.8	32.7	\$ 130,202	\$ 78,495	43%	
Vancouver	\$ 1,587,439	-3.8	-5.6	\$ 317,488	453.7	175.9	\$ 8,844	126.4	-8.2	14.5	81.0	\$ 322,245	\$ 83,966	41%	
Calgary	\$ 612,630	-1.2	11.5	\$ 36,263	48.3	32.4	\$ 3,413	45.5	-1.5	11.9	37.8	\$ 146,251	\$ 90,002	57%	
Edmonton	\$ 461,563	-1.1	4.6	\$ 23,078	30.6	25.7	\$ 2,572	34.1	-0.9	7.7	30.9	\$ 111,264	\$ 90,493	57%	
Ottawa/Gatineau	\$ 703,112	-0.2	-2.7	\$ 45,311	55.5	31.9	\$ 3,917	48.0	-1.7	5.3	34.8	\$ 166,914	\$ 97,894	56%	
Quebec	\$ 354,445	-0.4	4.0	\$ 17,722	27.3	20.3	\$ 1,975	30.4	-0.9	5.9	22.9	\$ 85,442	\$ 77,974	49%	
Winnipeg	\$ 385,507	-2.7	-3.1	\$ 19,275	28.2	22.6	\$ 2,148	31.4	-1.8	3.8	25.5	\$ 92,930	\$ 82,077	59%	
Hamilton	\$ 933,437	-4.9	-10.8	\$ 68,344	93.1	49.3	\$ 5,201	70.8	-5.8	3.2	42.0	\$ 219,514	\$ 88,109	57%	
Victoria	\$ 1,138,904	-0.9	-4.0	\$ 227,781	336.5	84.0	\$ 6,345	93.7	-3.2	11.6	62.8	\$ 231,194	\$ 81,237	48%	

## Canadian perspective on housing affordability

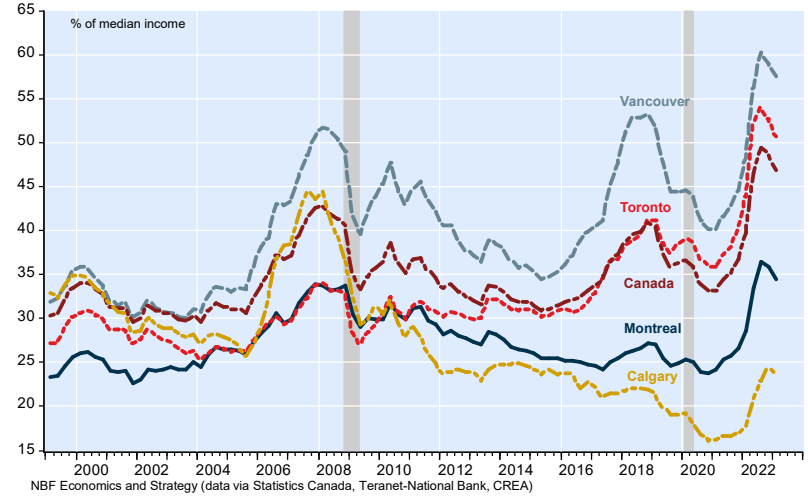
### Canada : Perspective on non-condos affordability

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



### Canada : Perspective on condos affordability

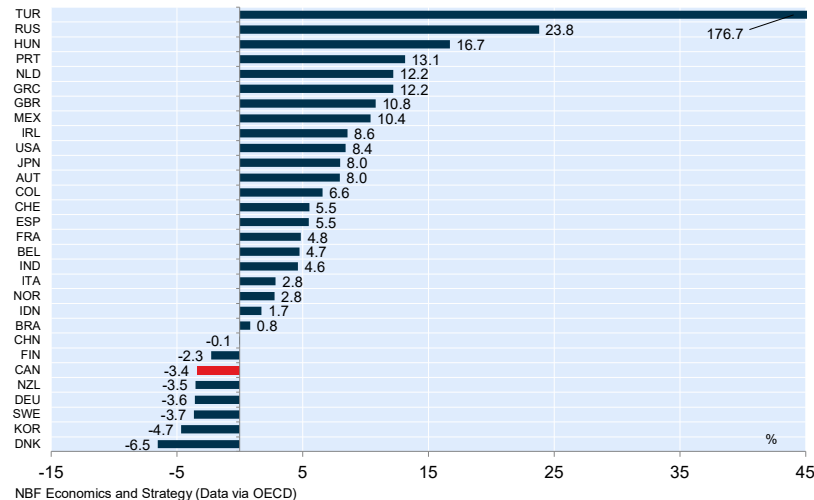
Monthly mortgage payment on median home price, condos (25 year amortization, 5-year term)



## Global perspective on housing affordability

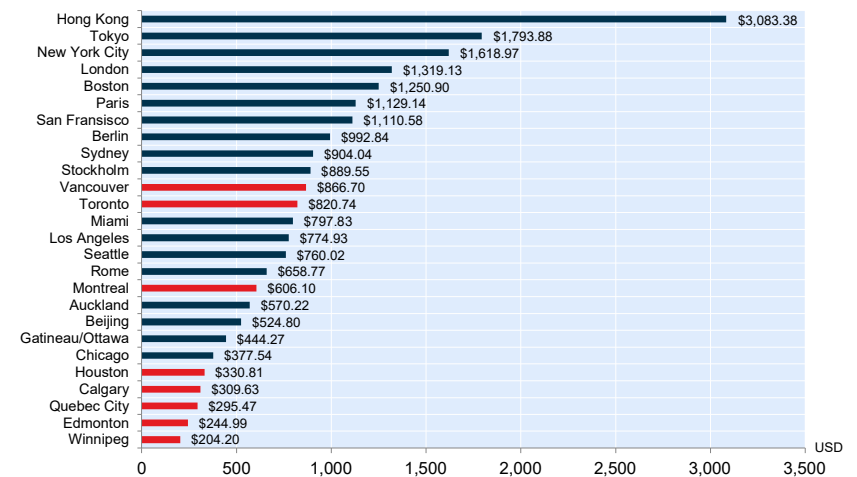
### World: Perspective on home price inflation

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 2023)



## 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 first quarter of 2023 was characterized by a second improvement in affordability after nine consecutive quarters of deterioration. The MPPI\* declined 4.6pp to 82.8%, which remained way above the historical average for this city (51.4%) and the urban composite (60.9%). Both the condo (-2.1 pp to 50.6%) and the non-condo (-5.0 pp to 84.7%) segments registered faster improvements than the urban composite. The quarterly improvement of the composite index stemmed from a 2.6% decline in home prices combined with a 1.4% increase in income and a slight decrease in interest rates. Nonetheless, on a 12-month basis, the MPPI\* swelled 7.5 pp, one tick above the annual deterioration for the urban composite. \*See tables page 2.



**Non-  
Condo**

**\$1,163,670**

Price of the representative home in the metropolitan market

**\$236,221**

Household annual income needed to afford the representative home

**304**

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

**39.2%**

Premium for buying compared to the national urban composite



**Condo**

**\$695,691**

Price of the representative condo in the metropolitan market

**\$165,220**

Household annual income needed to afford the representative condo

**58**

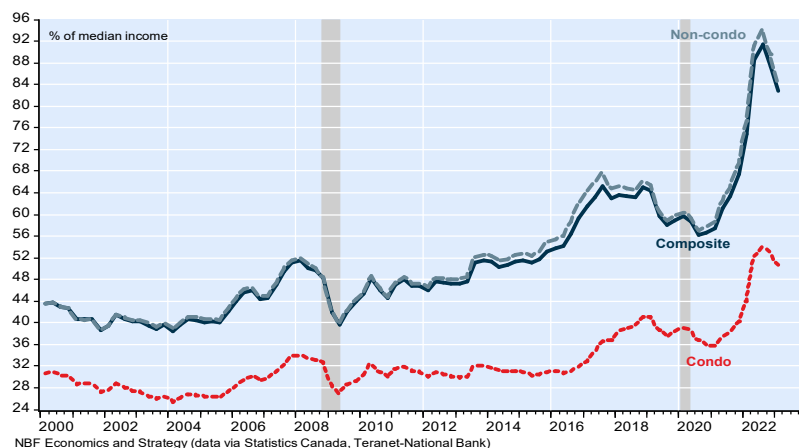
Months of saving required for the down payment (saving rate of 10%)

**43.1%**

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

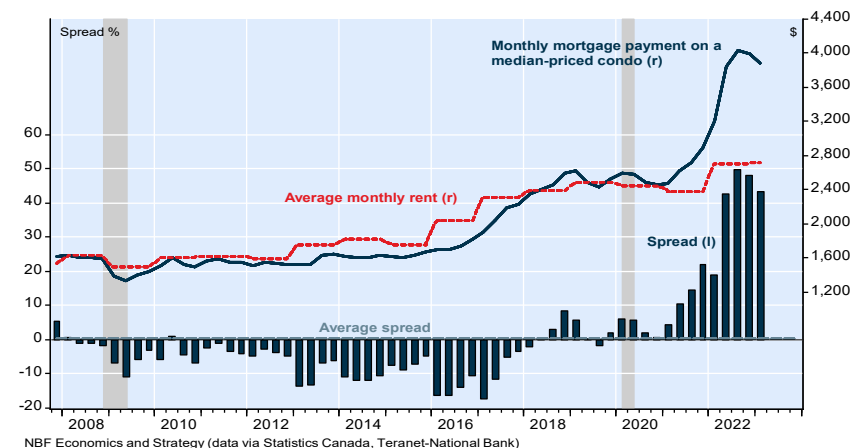
### Toronto : Perspective on housing affordability

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



### Toronto: Buying compared to renting

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



**TORONTO**

# Housing Affordability Monitor

Economics and Strategy

## Montreal

In the first quarter of 2023, affordability in Montreal as measured by the MPPI\* improved 2.4 pp to 42.6%, which is still well above the 20-year average for this city (30.7%) but below the urban composite (60.9%). Despite the quarterly improvement, the MPPI\* still stands 6.4 pp above the level it registered a year ago with home prices being up 0.8% over this period while interest rates surged. The quarterly change, for its part, stemmed from a decline in dwelling prices (-2.5%) and a 1.5% improvement in income with a slight decrease in interest rates. Both segments of the market improved faster than the urban composite in the quarter (-2.7 pp to 46.2% in the non-condo segment and -1.4 pp to 34.4% in the condo segment). \*See tables page 2.



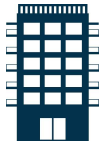
**Non-  
Condo**

**\$542,354**

Price of the representative home in the metropolitan market

**\$130,202**

Household annual income needed to afford the representative home



**Condo**

**\$403,296**

Price of the representative condo in the metropolitan market

**\$97,218**

Household annual income needed to afford the representative condo

### Mortgage payment as a % of income (MPPI)

<b>Non-Condo</b>	<b>46.2%</b>	▼ - 2.7%	Q/Q
<b>Condo</b>	<b>34.4%</b>	▼ - 1.4%	Q/Q

**45**

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

**-35.1%**

Premium for buying compared to the national urban composite

**31**

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

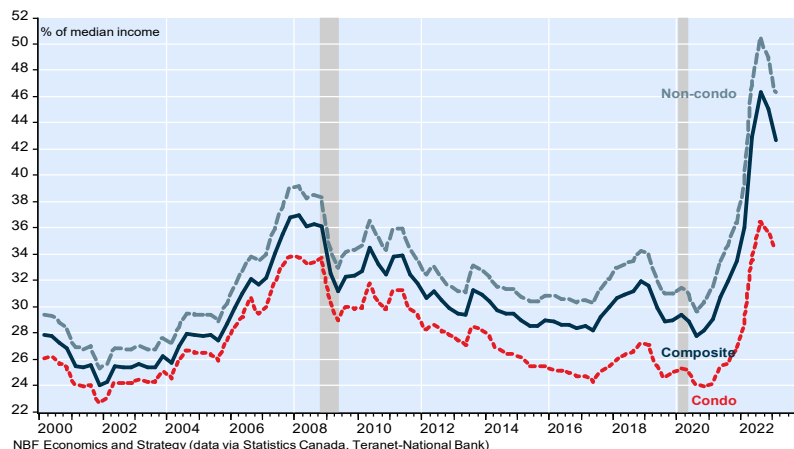
**47.5%**

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

### Montreal : Perspective on housing affordability

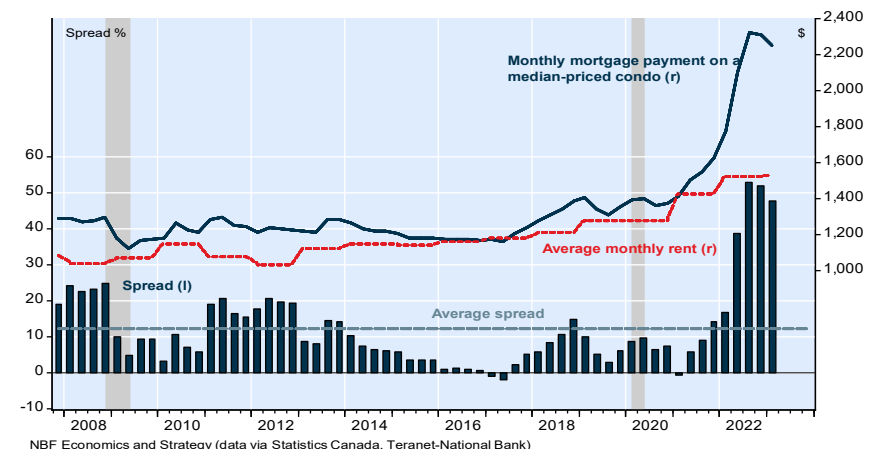
Monthly mortgage payment on median home price (25 year amortization, 5-year term)

**MONTREAL**



### Montreal: Buying compared to renting

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





# Housing Affordability Monitor

Economics and Strategy

## Vancouver

Affordability in Greater Vancouver improved 5.3 pp in the first quarter of 2023, its fastest clip since the second quarter of 2019. This improvement was faster than that of the urban composite (-3.2 pp), but still left the level of the MPPI\* at 94.9%, which is far above the city's historical average (62.3%) and compares unfavourably to other urban areas covered (60.9%). In fact, Vancouver remains the least affordable Canadian city in which to buy a home. The quarterly improvement stems from a 3.1% decline in home prices in the quarter combined with a 0.9% increase in income and a slight decrease in interest rates. Both the condo (-1.4 pp to 57.4%) and the non-condo (-8.2 pp to 126.4%) segments registered declines in their MPPI\* in the quarter. On a 12-month basis, home prices in Vancouver were down 4.6%, more than the urban composite (3.4%). The annual deterioration in affordability in Vancouver was above the national average both for condos (+9.2 pp) and non-condos (+14.5 pp). \*See tables page 2.



**Non-  
Condo**

**\$1,587,439**

Price of the representative home in the metropolitan market

**\$322,245**

Household annual income needed to afford the representative home

**454**

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

**89.9%**

Premium for buying compared to the national urban composite



**Condo**

**\$721,230**

Price of the representative condo in the metropolitan market

**\$171,052**

Household annual income needed to afford the representative condo

**67**

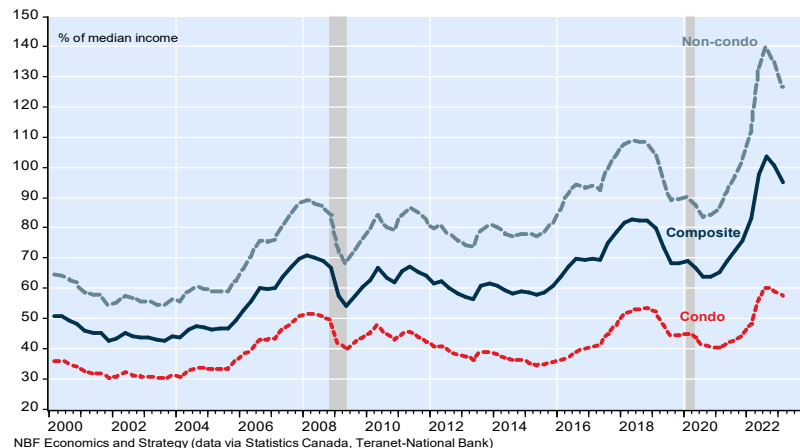
Months of saving required for the down payment (saving rate of 10%)

**60.3%**

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

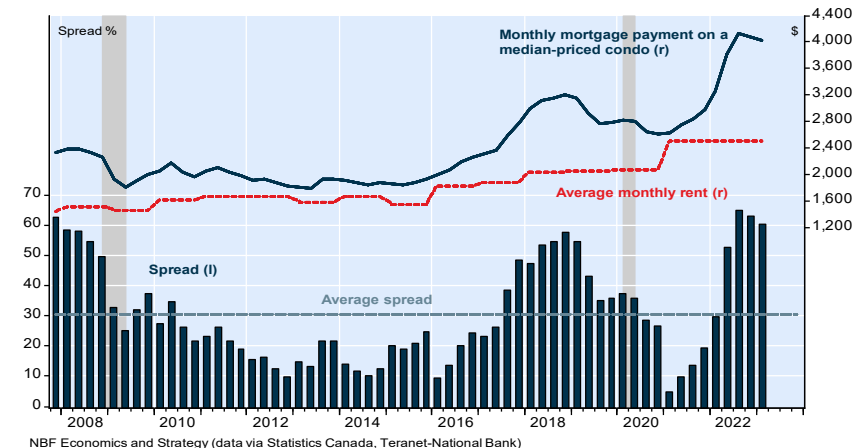
### Vancouver : Perspective on housing affordability

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



### Vancouver: Buying compared to renting

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



VANCOUVER

# Housing Affordability Monitor

Economics and Strategy

## Calgary

Housing affordability in Calgary also posted an amelioration in the first quarter of the year, as the MPPI\* improved 1.3 pp to 41.3%. This is still the index's second highest level since 2008 and above its long-term average (35.7%). The improvement is attributable to a 1.2% decrease in home prices in the quarter and a 0.6% increase in income combined with a slight decrease in interest rates. Nonetheless, Calgary was still much more affordable than the urban average (60.9%). The improvement stemmed primarily from non-condos (MPPI\* down 1.5 pp) but condos also recorded an improvement (MPPI\* down 0.8 pp). On an annual basis, the affordability of the housing market in Calgary as measured by the MPPI\* worsened 10.7 pp, the third fastest deterioration since the third quarter of 1990 and 3.3 pp above the urban composite. Condos (+5.8 pp) registered lower-than-composite increase and non-condos (+11.9 pp) registered higher-than-composite increases in their MPPI\* on a 12-month basis. \*See tables page 2.



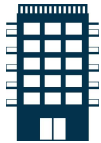
**Non-  
Condo**

**\$612,630**

Price of the representative home in the metropolitan market

**\$146,251**

Household annual income needed to afford the representative home



**Condo**

**\$316,104**

Price of the representative condo in the metropolitan market

**\$76,200**

Household annual income needed to afford the representative condo

### Mortgage payment as a % of income (MPPI)

Non-Condo	<b>45.5%</b>	▼	- 1.5%	Q/Q
Condo	<b>23.5%</b>	▼	- 0.8%	Q/Q

**48**

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

**-26.7%**

Premium for buying compared to the national urban composite

**21**

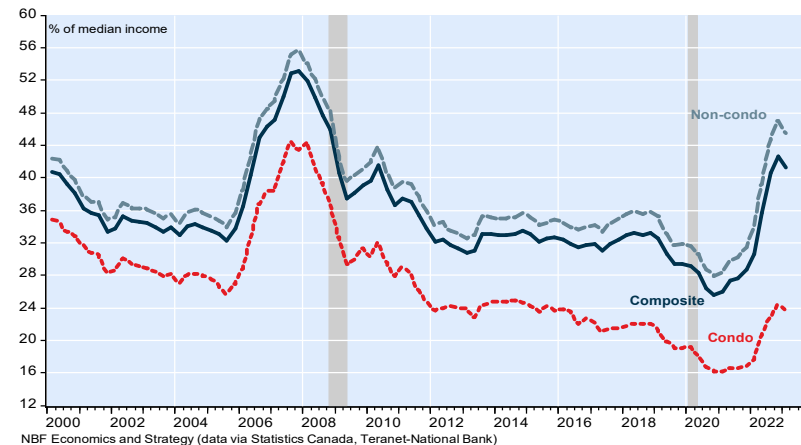
Months of saving required for the down payment (saving rate of 10%)

**5.0%**

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

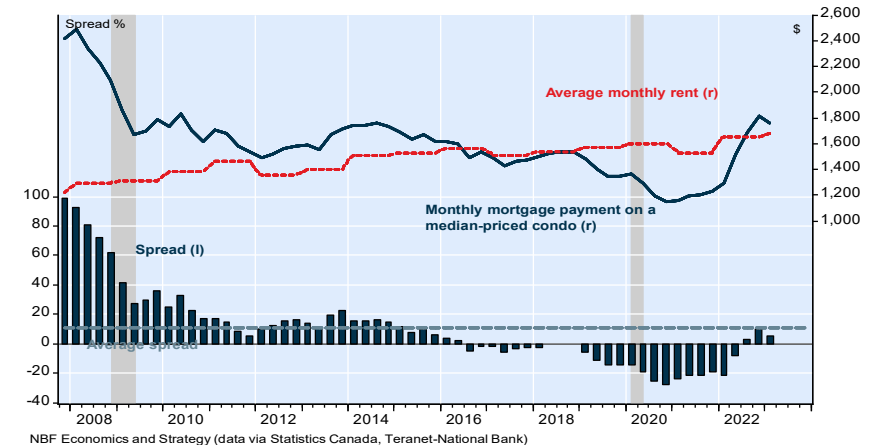
### Calgary : Perspective on housing affordability

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 fell 1.3 % during the quarter, while interest rates edged down, and income grew only moderately. As a result, the MPPI\* declined 1.0 pp, which represents the first improvement since the fourth quarter of 2020. The level of the MPPI\* now stands at 32.5%, which is still well below the one of the urban composite (60.9%) but above this city's long-term average (30.2%). The improvement in affordability stemmed from both condos (-0.9 pp) and non-condos (-0.9 pp). \*See tables page 2.



**Non-  
Condo**

**\$461,563**

Price of the representative home in the metropolitan market

**\$111,264**

Household annual income needed to afford the representative home

### Mortgage payment as a % of income (MPPI)

Non-Condo	<b>34.1%</b>	▼	- 0.9%	Q/Q
Condo	<b>18.7%</b>	▼	- 0.9%	Q/Q



**Condo**

**\$252,713**

Price of the representative condo in the metropolitan market

**\$60,919**

Household annual income needed to afford the representative condo

**31**

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

**-44.8%**

Premium for buying compared to the national urban composite

**17**

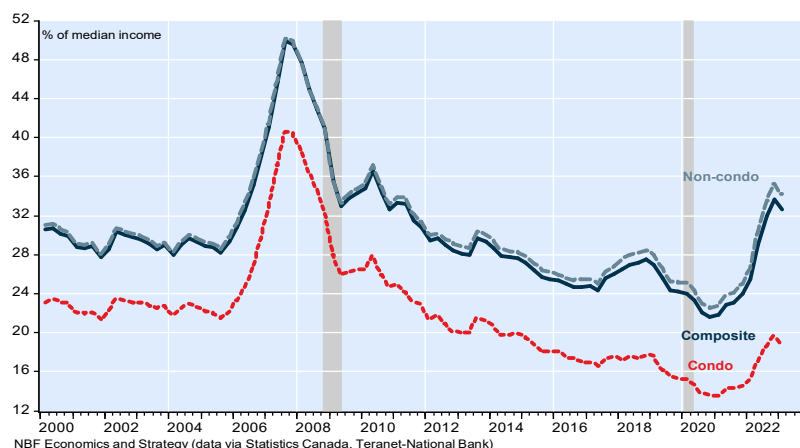
Months of saving required for the down payment (saving rate of 10%)

**-0.1%**

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

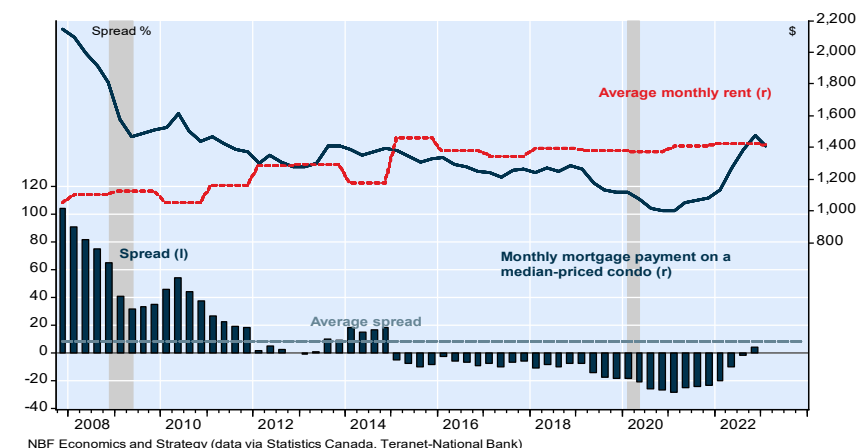
### Edmonton : Perspective on housing affordability

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

# Housing Affordability Monitor

Economics and Strategy

## Ottawa/Gatineau

In Ottawa/Gatineau, home prices slipped 0.4% during the quarter while the median income increased 1.8%. The MPPI\* consequently lost 1.6 pp to 43.8%, its second fastest clip since the second quarter of 2019. This remains above the city's long-term average, but below the urban composite (60.9%). The quarterly improvement stemmed from both non-condos (MPPI\* down 1.7 pp to 48.0%) and condos (-1.4 pp to 27.1%), both of which were slightly below the declines registered in the urban composite. On an annual basis, home prices were down 2.3%, less than the decrease of the urban composite (-3.4%). This led to a 4.9 pp increase in the MPPI\* on a twelve-month basis, compared to +4.9 pp for the composite index (+7.4 pp). \*See tables page 2.



**Non-  
Condo**

**\$703,112**

Price of the representative home in the metropolitan market

**\$166,914**

Household annual income needed to afford the representative home

**56**

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

**-15.9%**

Premium for buying compared to the national urban composite



**Condo**

**\$396,329**

Price of the representative condo in the metropolitan market

**\$95,539**

Household annual income needed to afford the representative condo

**24**

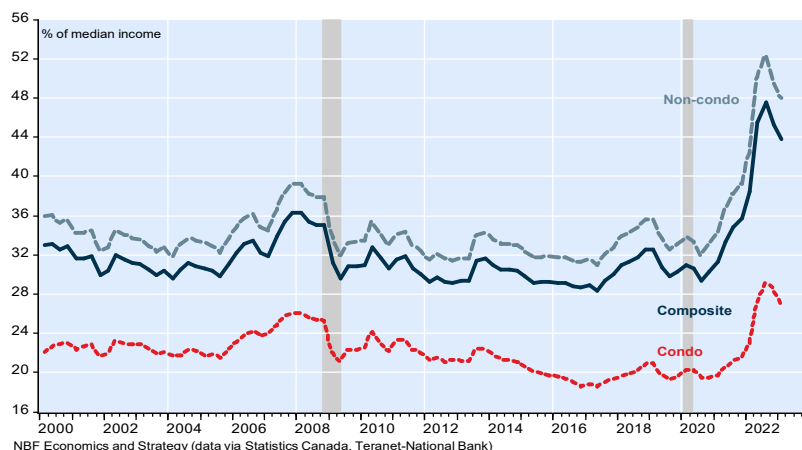
Months of saving required for the down payment (saving rate of 10%)

**5.8%**

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

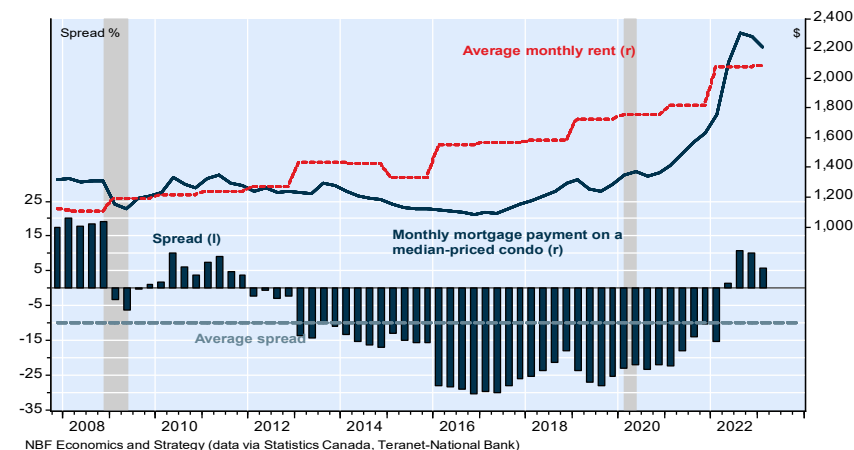
### Ottawa/Gatineau : Perspective on housing affordability

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 improved 0.9 pp in the first quarter of 2023 in Québec city, its fastest clip since the third quarter of 2019. Québec city keeps the title of the most affordable Canadian city in which to buy a home. The MPPI\* declined to 30.2%, which nonetheless remains above the city's long-term average (23.1%) on the back of a 5.8 pp annual ramp-up. The quarterly improvement stems from a decrease in home prices in the quarter (-0.6%) combined to a consistent increase in income, while interest rates decreased slightly. The quarterly improvement in affordability stemmed from both non-condo (MPPI\* down -0.9 pp to 30.4%) and condos (-1.0 pp to 22.0%). The MPPI\* of both segments remain well below those of the composite average. \*See tables page 2.



**Non-  
Condo**

**\$354,445**

Price of the representative home in the metropolitan market

**\$85,442**

Household annual income needed to afford the representative home

**27**

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

**-57.6%**

Premium for buying compared to the national urban composite



**Condo**

**\$256,227**

Price of the representative condo in the metropolitan market

**\$61,766**

Household annual income needed to afford the representative condo

**20**

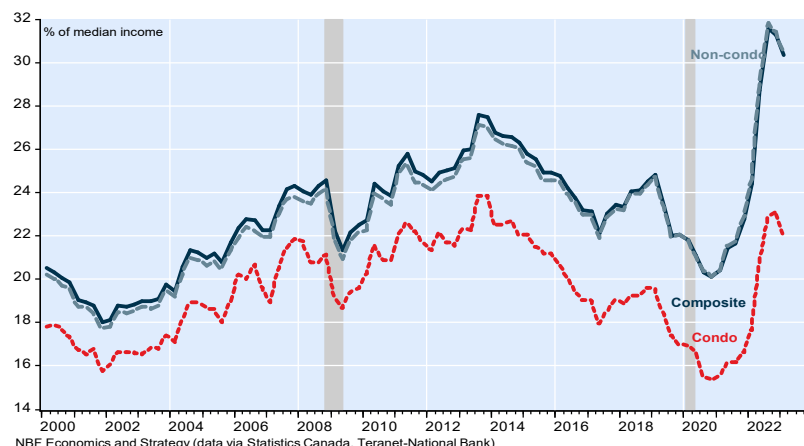
Months of saving required for the down payment (saving rate of 10%)

**18.9%**

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

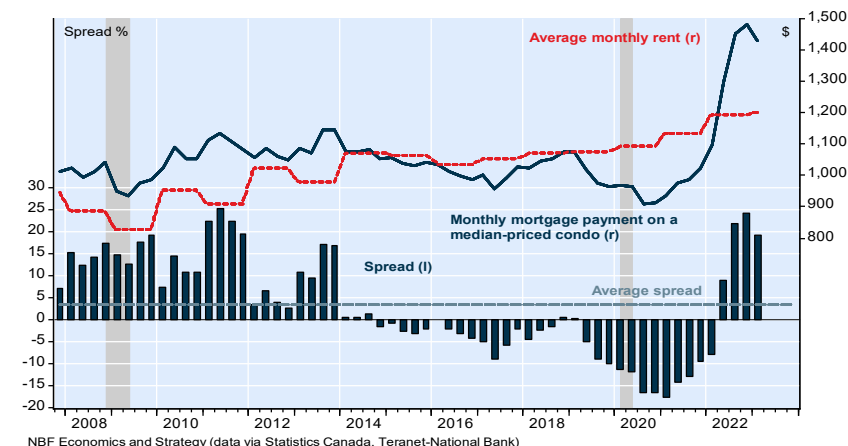
### Quebec city: Perspective on housing affordability

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 improved as the MPPI\* dipped 1.8 pp to 31.4%. While the quarterly advance came short of the one of the urban composite (-3.2 pp), the level of the MPPI\* remained inferior to the one of the latter (60.9%). Despite this quarterly improvement, the index increased 3.9 pp on a 12-month basis and thus remained above its long-term average (25.9%). The quarterly improvement stems from a 2.7% decline in home prices combined to an increase in the median income, which came with a slight decrease in interest rates. Both the condo and the non-condo segment can be thanked for the quarterly improvement as the MPPI\* declined 1.0 pp for the former and 1.8 pp for the latter. \*See tables page 2.



**Non-  
Condo**

**\$385,507**

Price of the representative home in the metropolitan market

**\$92,930**

Household annual income needed to afford the representative home



**Condo**

**\$271,441**

Price of the representative condo in the metropolitan market

**\$65,433**

Household annual income needed to afford the representative condo

### Mortgage payment as a % of income (MPPI)

Non-Condo	<b>31.4%</b>	▼ - 1.8%	Q/Q
Condo	<b>22.1%</b>	▼ - 1.0%	Q/Q

**28**

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

**-53.9%**

Premium for buying compared to the national urban composite

**20**

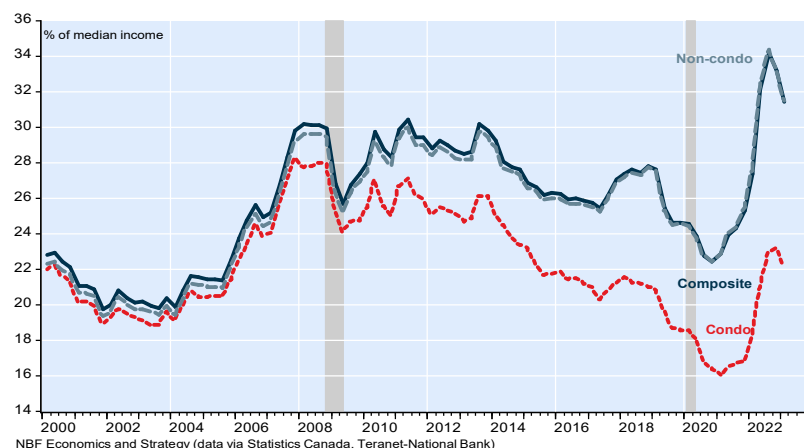
Months of saving required for the down payment (saving rate of 10%)

**13.9%**

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

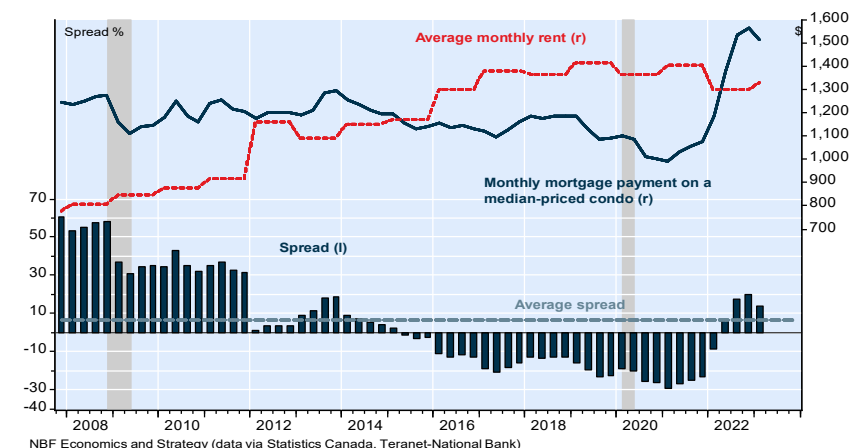
### Winnipeg: Perspective on housing affordability

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 5.2 pp improvement in its MPPI\* in the quarter, better than the variation of the urban composite. Still, the MPPI\* remained above that of the urban composite (67.2% compared to 60.9%). On an annual basis, affordability deteriorated 3.6 pp and the MPPI\* stands nearly twice above its long run average of 39.7%. The quarterly improvement can be explained by home prices sinking 4.5% in the quarter, the third consecutive decline combined with an increase in income and a downtick in interest rates. Both condos (-2.4 pp) and non-condos (-5.8 pp) registered better improvements than the composite index. \*See tables page 2.



**Non-  
Condo**

**\$933,437**

Price of the representative home in the metropolitan market

**\$219,514**

Household annual income needed to afford the representative home

**93**

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

**11.7%**

Premium for buying compared to the national urban composite



**Condo**

**\$671,694**

Price of the representative condo in the metropolitan market

**\$159,739**

Household annual income needed to afford the representative condo

**57**

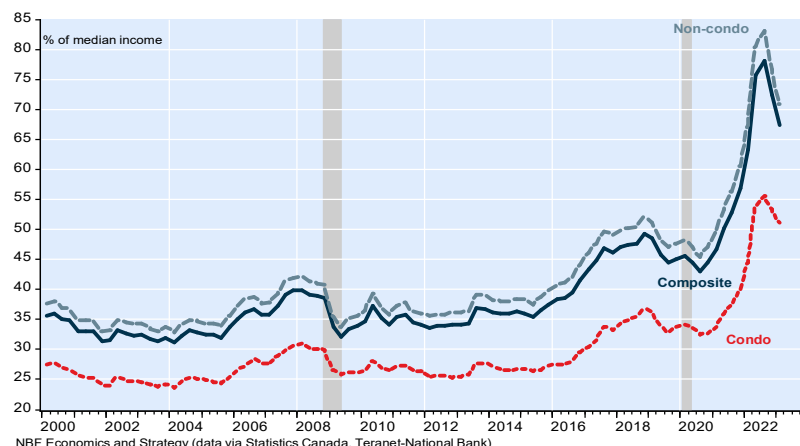
Months of saving required for the down payment (saving rate of 10%)

**78.6%**

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

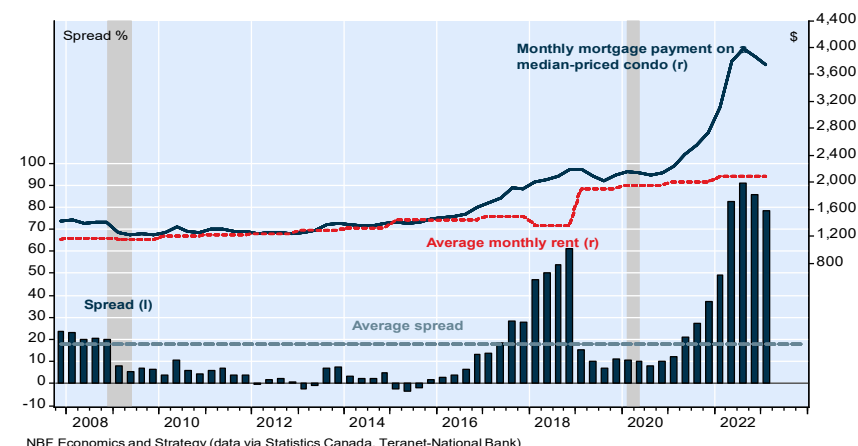
### Hamilton: Perspective on housing affordability

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



### Hamilton: Buying compared to renting

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



# Housing Affordability Monitor

Economics and Strategy

## Victoria

In the first quarter of the year, Victoria registered an improvement of housing affordability as measured by the MPPI\* (-2.7 pp). The improvement is the result of a 0.6% decline in home prices while income continued to grow and interest rates declined. Still, the city's MPPI\* stood at 84.0%, way above its long-term average (56.9%) and the one of the urban composite (60.9%). The improvement of affordability was below the urban composite in both segments of the market, with the MPPI\* slipping -0.7 pp in the quarter for condos (compared to -1.8 pp nationally) and -3.2 pp for non-condos (compared to -3.8 pp). Despite this quarterly advance, the MPPI\* was 11.0 pp above the level it registered a year ago, a sharper deterioration than for the urban composite (+7.4 pp). \*See tables page 2.



**Non-  
Condo**

**\$1,138,904**

Price of the representative home in the metropolitan market

**\$231,194**

Household annual income needed to afford the representative home

**336**

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

**36.3%**

Premium for buying compared to the national urban composite



**Condo**

**\$605,981**

Price of the representative condo in the metropolitan market

**\$144,732**

Household annual income needed to afford the representative condo

**53**

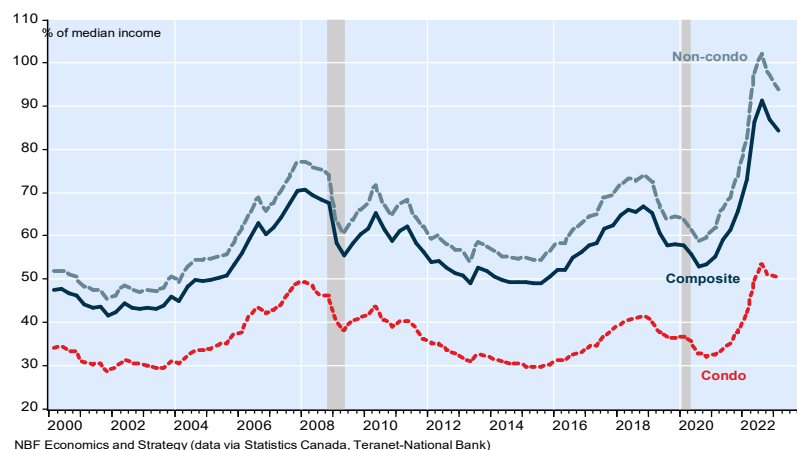
Months of saving required for the down payment (saving rate of 10%)

**37.5%**

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

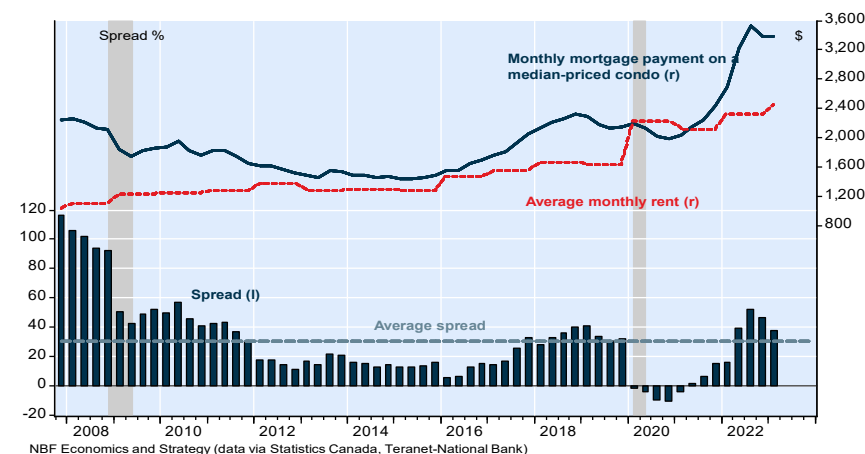
### Victoria: Perspective on housing affordability

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



## Economics and Strategy

### Montreal Office

514-879-2529

**Stéfane Marion**

*Chief Economist and Strategist*  
stefane.marion@nbc.ca

**Kyle Dahms**

*Economist*  
kyle.dahms@nbc.ca

**Alexandra Ducharme**

*Economist*  
alexandra.ducharme@nbc.ca

**Matthieu Arseneau**

*Deputy Chief Economist*  
matthieu.arseneau@nbc.ca

**Daren King, CFA**

*Economist*  
daren.king@nbc.ca

**Angelo Katsoras**

*Geopolitical Analyst*  
angelo.katsoras@nbc.ca

**Jocelyn Paquet**

*Economist*  
jocelyn.paquet@nbc.ca

### Toronto Office

416-869-8598

**Warren Lovely**

*Chief Rates and Public Sector Strategist*  
warren.lovely@nbc.ca

**Taylor Schleich**

*Rates Strategist*  
taylor.schleich@nbc.ca

### General

This Report was prepared by National Bank Financial, Inc. (NBF), (a Canadian investment dealer, member of IIROC), an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that NBF is permitted to provide this Report to you under relevant legislation and regulations.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial and National Bank of Canada Financial Inc.

### Canadian Residents

NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent or underwriter for certain issuers mentioned herein and may receive remuneration for its services. As well NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

This Report is not considered a research product under Canadian law and regulation, and consequently is not governed by Canadian rules applicable to the publication and distribution of research Reports, including relevant restrictions or disclosures required to be included in research Reports.

### UK Residents

This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorised and regulated by the Financial Conduct Authority and has its registered office at 70 St. Mary Axe, London, EC3A 8BE. NBF is not authorised by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

### U.S. Residents

With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. ("NBCFI") which is regulated by the Financial Industry Regulatory Authority (FINRA) and a member of the Securities Investor Protection Corporation (SIPC), an affiliate of NBF, accepts responsibility for its contents, subject to any terms set out above.

To make further inquiry related to this report, or to effect any transaction, United States residents should contact their NBCFI registered representative.

This report is not a research report and is intended for Major U.S. Institutional Investors only.

This report is not subject to U.S. independence and disclosure standards applicable to research reports.

### HK Residents

With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited ("NBCFMA") which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to, those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong ("SFO")). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates' businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc., is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.

### Copyright

This Report may not be reproduced in whole or in part, or further distributed or published or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of NBF.

### Disclaimer: Teranet - National Bank House Price Index

The index data and related information and materials ("Index Data") are protected by copyright law, both individually and as a collective work or compilation, and by trade-mark law, and other applicable laws. National Bank of Canada ("NBC") and Teranet Enterprises Inc. ("Teranet") grant to you a limited non-exclusive, non-transferable license to view, copy and print this report, provided that all copies that you make must be solely for your non-commercial, personal use, and must retain all copyright and other notices that are required. Except as provided in the previous sentence, you may not (for either commercial or non-commercial use) use, distribute, sell, modify, transmit, revise, reverse engineer, republish, post or create derivative works (where applicable) of any content of this report without the prior written permission of Teranet and National Bank (who are referred to collectively herein as the "Index Data Providers"). Without limiting the generality of the foregoing, the Index Data and other Index Data Provider intellectual property contained in this report may not be used as a basis for any financial instruments or products (including, without limitation, passively managed funds and index-linked derivative securities), or used to verify or correct data in any other compilation of data or index, or used to create any other data or index (custom or otherwise), without the Index Data Providers' prior written permission. You acknowledge and agree that you will not acquire any rights or licenses in the content of this report. The Index Data is for informational purposes only, and the user of the information contained in the Index Data assumes the entire risk of any use made of the Index Data. You understand and agree that the Index Data is provided "as is" and neither NBC nor Teranet warrants the accuracy, completeness, non-infringement, originality, timeliness or any other characteristic of the Index Data. The Index Data is not an offer or recommendation to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. Further, none of the Index Data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Reproduction, redistribution or any other form of copying or transmission of the Index Data without the Index Data Providers' prior written consent is strictly prohibited. Without limiting the generality of the foregoing, the Index Data and other Index Data Provider intellectual property may not be used as a basis for any financial instruments or products (including, without limitation, passively managed funds and index-linked derivative securities), or used to verify or correct data in any other compilation of data or index, or used to create any other data or index (custom or otherwise), without the Index Data Providers' prior written permission. In no event shall any of NBC, Teranet, their respective affiliates, any of their or their direct or indirect information providers nor any other third party involved in, or related to, compiling, computing or creating any of the Index Data (collectively, the "Index Data Provider Parties") have any liability to any person or entity for any damages, whether direct, indirect, special, incidental, punitive, consequential (including, without limitation, loss of use, lost profits or revenues or any other economic loss) arising in any manner out of your use or inability to use any of the Index Data contained in this report, even if such party might have anticipated, or was advised or notified of, the possibility of such damages.