



Housing affordability: The worst deterioration in 41 years in Q2 2022

By Kyle Dahms, Daren King & Alexandra Ducharme

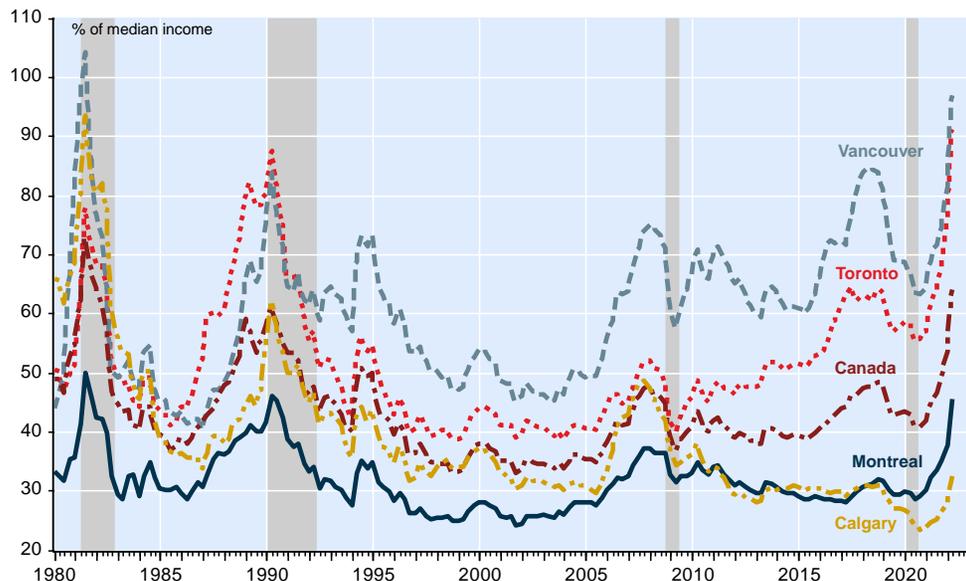
Housing affordability in Canada worsened by 10.4 points in Q2'22, a sixth consecutive quarterly deterioration. The Q2 print marked the worst quarterly and annual deteriorations in 41 years. The mortgage on a representative home in Canada now takes 63.9% of income to service, the most since 1982. While home prices continued to rise in the second quarter, affordability mainly deteriorated on the back of rising mortgage interest rates. For the latter, our 5-year benchmark mortgage rate used to calculate our affordability metrics rose 123 bps in the second quarter of the year, the largest quarterly change since 1994Q2. This increase has propelled the benchmark mortgage rate to its highest level since 2011. To give an idea of scale, a 123-bps increase represents a surge of 14.4% for mortgage payments on the national composite, or an extra 500\$ a month, assuming no change in home prices. Subsequently, we are noticing a considerable slowdown on the resale market, with home sales now 12.8% below their 10-year average ([report](#)). This downswing should translate into lower home prices in the months ahead with our current forecast calling for a 10% decline. This development, combined with a stabilization of the benchmark 5-year mortgage rate should improve affordability before the year end.

HIGHLIGHTS:

- Canadian housing affordability deteriorated for a sixth consecutive quarter in Q2'22. The mortgage payment on a representative home as a percentage of income (MPPI) rose 10.4 points after a 4.8-point increase in Q1'22. This was the second largest quarterly deterioration on record. Seasonally adjusted home prices increased 5.1% in Q2'22 from Q1'22; the benchmark mortgage rate (5-year term) rose 123 bps, while median household income rose 0.8%.
- Affordability deteriorated in all the ten markets covered in Q1. On a sliding scale of markets from worst deterioration to least: Victoria, Toronto, Vancouver, Hamilton, Ottawa-Gatineau, Montreal, Winnipeg, Calgary, Québec, Edmonton (see chart on the right). This was the sixth consecutive quarter with a worsening in all markets. Countrywide, affordability deteriorated 6.4 pp in the condo portion vs. a 13.3 pp deterioration in the non-condo segment. See detailed statistics on page 2.

Canada : Perspective on housing affordability

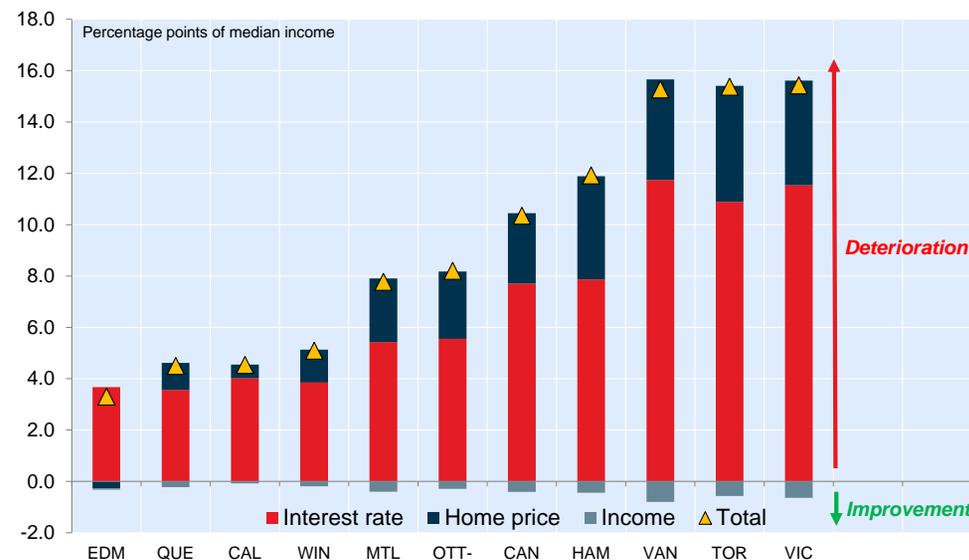
Monthly mortgage payment on median home price, all types of dwellings (25 year amortization, 5-year term)



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

Canada: Q2 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 (2016)
Urban Composite	\$ 810,986	5.1	18.1	\$ 56,099	86.0	38.3	\$ 4,166	63.9	10.4	19.1	40.7	\$ 177,941	\$ 78,262	68%
Toronto	\$ 1,306,685	6.0	22.7	\$ 261,337	354.5	66.9	\$ 6,712	91.0	15.4	29.7	50.0	\$ 246,409	\$ 88,463	66%
Montreal	\$ 537,412	6.6	18.8	\$ 28,741	47.4	26.5	\$ 2,760	45.5	7.8	13.4	30.3	\$ 119,904	\$ 72,773	56%
Vancouver	\$ 1,394,259	4.8	17.5	\$ 278,852	377.4	114.5	\$ 7,162	96.9	15.4	28.3	63.3	\$ 262,923	\$ 88,663	64%
Calgary	\$ 471,096	1.9	6.9	\$ 23,555	31.6	27.1	\$ 2,420	32.4	4.5	7.8	32.3	\$ 105,494	\$ 89,555	73%
Edmonton	\$ 409,296	-1.1	2.1	\$ 20,465	27.9	24.4	\$ 2,102	28.7	3.3	5.9	29.2	\$ 91,655	\$ 87,890	70%
Ottawa/Gatineau	\$ 667,420	6.8	17.4	\$ 41,742	56.9	26.3	\$ 3,428	46.8	8.2	13.8	29.5	\$ 147,484	\$ 87,972	67%
Quebec	\$ 357,195	4.2	11.6	\$ 17,860	28.4	20.3	\$ 1,835	29.2	4.5	7.4	22.8	\$ 79,988	\$ 75,399	60%
Winnipeg	\$ 410,157	4.8	13.2	\$ 20,508	31.0	22.1	\$ 2,107	31.8	5.1	8.6	25.0	\$ 91,848	\$ 79,413	67%
Hamilton	\$ 988,619	7.4	27.5	\$ 73,862	96.9	31.5	\$ 5,078	66.6	12.0	23.3	32.1	\$ 215,626	\$ 91,497	70%
Victoria	\$ 1,165,583	5.1	21.9	\$ 233,117	372.4	71.2	\$ 5,987	95.6	15.5	30.6	61.6	\$ 219,800	\$ 75,118	63%

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 (2016)	Monthly average rent
Urban Composite	\$ 520,529	4.4	13.1	\$ 27,053	41.5	25.8	\$ 2,674	41.0	6.4	11.0	29.5	\$ 116,322	\$ 78,262	9%	\$ 2,149
Toronto	\$ 764,876	6.0	17.9	\$ 51,488	69.8	30.0	\$ 3,929	53.3	9.0	15.9	31.9	\$ 168,159	\$ 88,463	15%	\$ 2,430
Montreal	\$ 399,786	4.3	12.5	\$ 19,989	33.0	22.7	\$ 2,054	33.9	5.2	8.7	26.2	\$ 89,525	\$ 72,773	11%	\$ 1,464
Vancouver	\$ 733,013	3.3	12.0	\$ 48,301	65.4	36.0	\$ 3,765	51.0	7.5	13.1	38.5	\$ 161,400	\$ 88,663	22%	\$ 2,564
Calgary	\$ 251,412	2.4	2.1	\$ 12,571	16.8	18.5	\$ 1,291	17.3	2.5	3.5	22.6	\$ 56,300	\$ 89,555	14%	\$ 1,547
Edmonton	\$ 217,634	-1.9	-3.2	\$ 10,882	14.9	15.7	\$ 1,118	15.3	1.6	2.5	19.3	\$ 48,736	\$ 87,890	12%	\$ 1,442
Ottawa/Gatineau	\$ 408,600	5.9	13.6	\$ 20,430	27.9	18.3	\$ 2,099	28.6	4.8	7.7	21.1	\$ 91,499	\$ 87,972	9%	\$ 1,874
Quebec	\$ 243,787	3.7	7.1	\$ 12,189	19.4	16.1	\$ 1,252	19.9	3.0	4.4	18.3	\$ 54,592	\$ 75,399	9%	\$ 1,125
Winnipeg	\$ 247,762	1.7	7.6	\$ 12,388	18.7	17.5	\$ 1,273	19.2	2.6	4.5	20.2	\$ 55,482	\$ 79,413	6%	\$ 1,425
Hamilton	\$ 744,302	8.1	26.6	\$ 49,430	64.8	23.6	\$ 3,823	50.1	9.3	17.3	25.5	\$ 163,795	\$ 91,497	11%	\$ 2,046
Victoria	\$ 644,960	5.3	20.9	\$ 39,496	63.1	33.6	\$ 3,313	52.9	8.6	16.7	38.9	\$ 142,719	\$ 75,118	14%	\$ 2,269

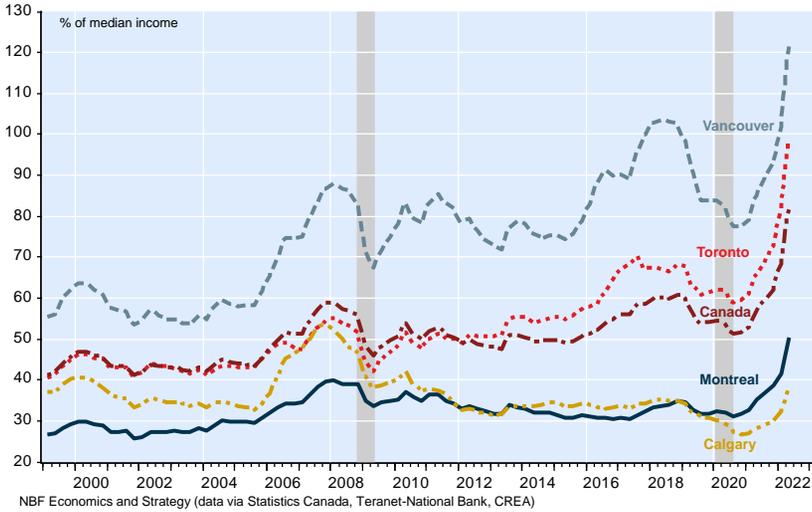
Table 3

	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 (2016)
Urban Composite	\$ 1,035,297	5.2	19.0	\$ 207,059	317.5	53.5	\$ 5,318	81.5	13.3	24.8	50.9	\$ 195,232	\$ 78,262	59%
Toronto	\$ 1,408,797	6.0	23.5	\$ 281,759	382.2	74.2	\$ 7,236	98.2	16.6	32.4	53.3	\$ 265,664	\$ 88,463	52%
Montreal	\$ 591,491	7.0	20.0	\$ 34,149	56.3	28.6	\$ 3,038	50.1	8.8	15.1	32.5	\$ 131,376	\$ 72,773	45%
Vancouver	\$ 1,743,716	5.1	18.8	\$ 348,743	472.0	156.5	\$ 8,957	121.2	19.5	36.3	76.2	\$ 328,822	\$ 88,663	42%
Calgary	\$ 542,901	1.8	7.6	\$ 29,290	39.2	30.3	\$ 2,789	37.4	5.2	9.2	35.8	\$ 121,068	\$ 89,555	59%
Edmonton	\$ 440,982	-1.0	2.8	\$ 22,049	30.1	25.6	\$ 2,265	30.9	3.6	6.5	30.7	\$ 98,751	\$ 87,890	57%
Ottawa/Gatineau	\$ 726,248	6.9	17.9	\$ 47,625	65.0	28.4	\$ 3,730	50.9	9.0	15.1	31.6	\$ 159,965	\$ 87,972	58%
Quebec	\$ 371,514	4.3	12.3	\$ 18,576	29.6	20.6	\$ 1,908	30.4	4.7	7.8	23.2	\$ 83,194	\$ 75,399	51%
Winnipeg	\$ 418,380	5.0	13.6	\$ 20,919	31.6	22.1	\$ 2,149	32.5	5.3	8.9	25.0	\$ 93,689	\$ 79,413	61%
Hamilton	\$ 1,055,735	7.3	27.6	\$ 211,147	276.9	36.0	\$ 5,423	71.1	12.7	25.0	34.1	\$ 199,086	\$ 91,497	60%
Victoria	\$ 1,248,717	5.0	22.1	\$ 249,743	399.0	78.3	\$ 6,414	102.5	16.6	32.9	64.8	\$ 235,477	\$ 75,118	49%

Canadian perspective on housing affordability

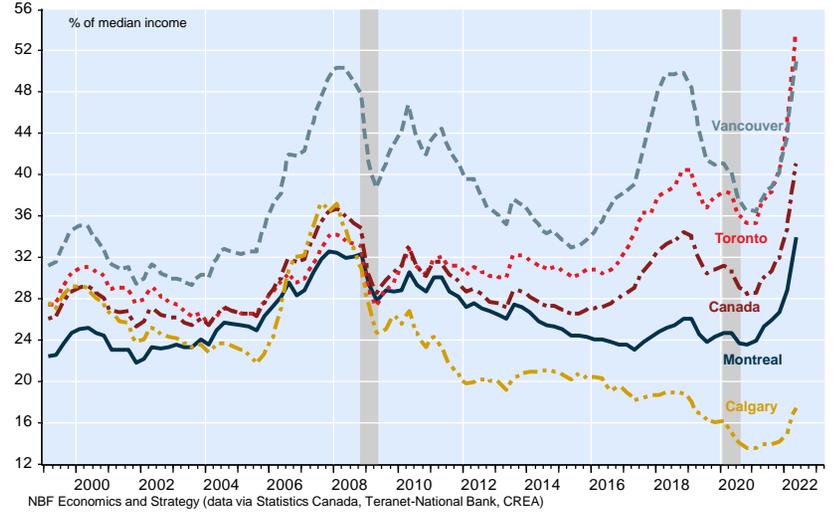
Canada : Perspective on non-condos affordability

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



Canada : Perspective on condos affordability

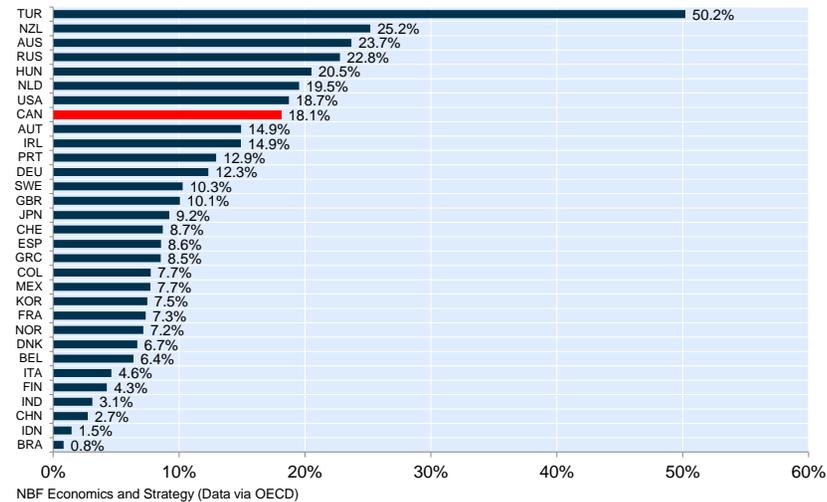
Monthly mortgage payment on median home price, condos (25 year amortization, 5-year term)



Global perspective on housing affordability

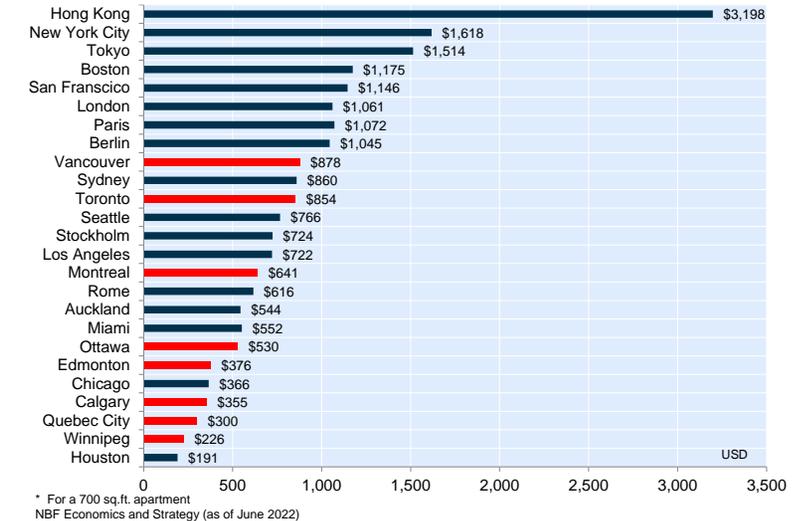
World: Perspective on home price inflation

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 second quarter of 2022 was marked by the highest quarterly deterioration in affordability since 1981, the MPPI* gaining 15.4pp. This growth propelled the MPPI* to its highest level on record (91.0pp). The level of the MPPI* thus remained way above the city's 20-year average (50.0pp) and the urban composite (63.9pp). The deterioration was in part attributable to the increase in home prices, which grew 22.7% annually and 6.0% during the quarter. Both the condo and non-condo segments registered steep declines in housing affordability as prices both grew 6.0% in the quarter and interest rates climbed, pressures that a 0.7% increase in income could not offset. For both types of dwelling, the quarterly and annual deteriorations in affordability surpassed those of the composite average. *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non- Condo	98.2%	▲ +	16.6%	Q/Q
Condo	53.3%	▲ +	9.0%	Q/Q



**Non-
Condo**

\$1,408,797

Price of the representative home in the metropolitan market

\$265,664

Household annual income needed to afford the representative home

382

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

36.1%

Premium for buying compared to the national urban composite



Condo

\$764,876

Price of the representative condo in the metropolitan market

\$168,159

Household annual income needed to afford the representative condo

70

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

61.7%

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

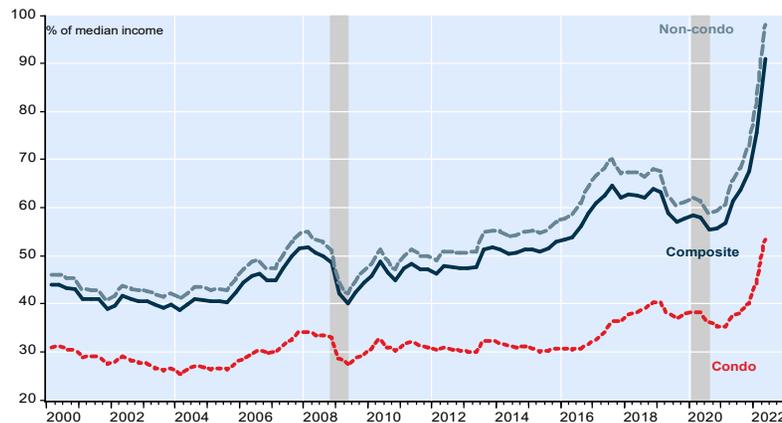
Toronto : Perspective on housing affordability

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

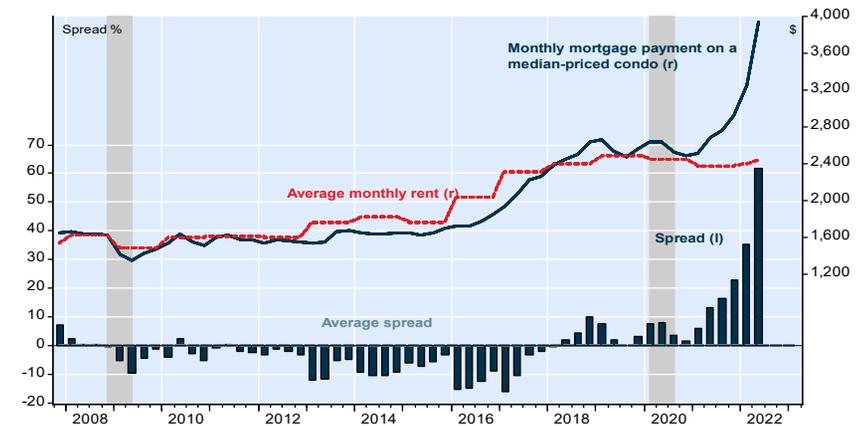
Toronto: Buying compared to renting

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

TORONTO



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



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

Housing Affordability Monitor

Economics and Strategy

Montreal

In the second quarter of 2022, the affordability of the housing market in Greater Montreal deteriorated for the seventh consecutive quarter to reach its worst level since the second quarter of 1990. The deterioration stemmed from both condos and non-condos (MPPI* edged up 5.2pp and 8.8pp respectively). For non-condos, the quarterly increase of the MPPI* was the fastest on record, and the average mortgage payment now jagged a record share of the median income (50.1%). Nonetheless, the increases were all smaller than for the composite average. On an annual basis, home prices in Montreal were up 18.8%, up from the last quarter and above the urban composite (+18.1%) 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 13.4pp), although this was still less than the urban composite (MPPI* up 19.1pp 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 2.



**Non-
Condo**

\$591,491

Price of the representative home in the metropolitan market

\$131,376

Household annual income needed to afford the representative home

56

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

-42.9%

Premium for buying compared to the national urban composite



Condo

\$399,786

Price of the representative condo in the metropolitan market

\$89,525

Household annual income needed to afford the representative condo

33

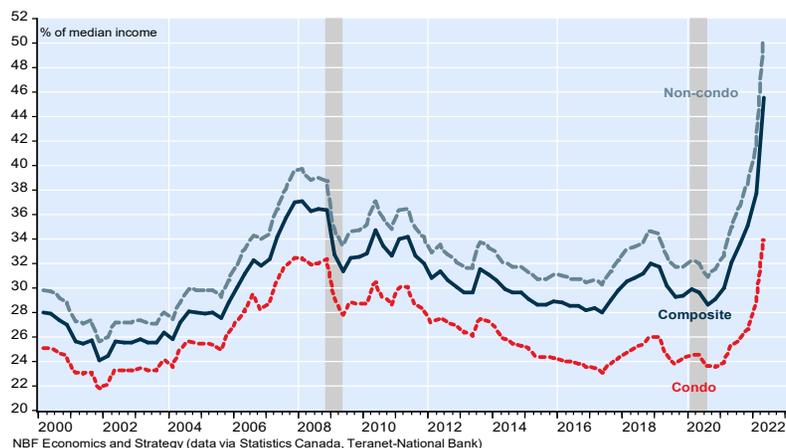
Months of saving required for the down payment (saving rate of 10%)

40.2%

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

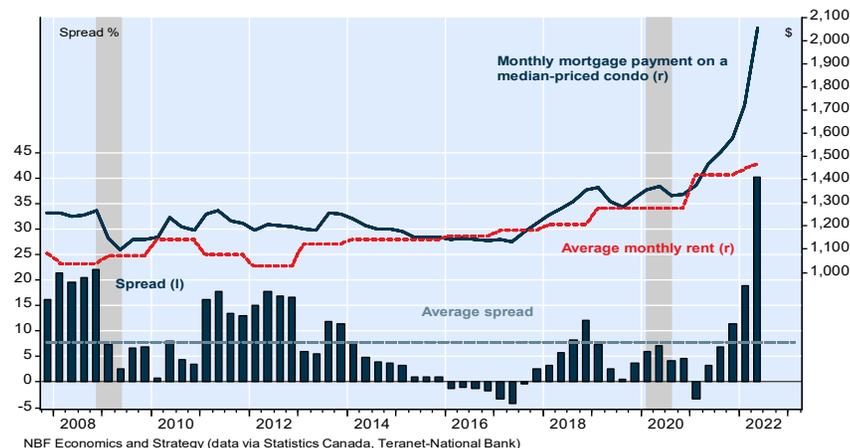
Montreal : Perspective on housing affordability

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



Montreal: Buying compared to renting

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



MONTREAL

Housing Affordability Monitor

Economics and Strategy

Vancouver

Affordability in Greater Vancouver continued to worsen in the second quarter of 2022, registering steep deteriorations in all types of dwelling. Home prices grew 4.8% compared to the last quarter from their already elevated levels and interest rates continued to grow, trends that a 0.9% quarterly increase in income simply could not offset. The MPPI* consequently grew 15.4pp during the quarter, an acceleration unseen since 1981. As a result, Vancouver remained the least affordable city in Canada in which to buy a dwelling, the representative mortgage payment now notching 96.9% of the median income. This was the highest level since 1981. On a 12-month basis, home prices in Vancouver were up 17.5%, just under the urban composite (18.1%). Still, elevated price levels and an increase in interest rates contributed to deteriorate the MPPI* 28.3 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 (+13.1 pp) and non-condos (+36.3 pp). *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non-Condo	121.2%	▲ +	19.5%	Q/Q
Condo	51.0%	▲ +	7.5%	Q/Q



Non-Condo

\$1,743,716
Price of the representative home in the metropolitan market

\$328,822
Household annual income needed to afford the representative home

472
Months of saving required for the down payment (saving rate of 10%)

68.4%
Premium for buying compared to the national urban composite



Condo

\$733,013
Price of the representative condo in the metropolitan market

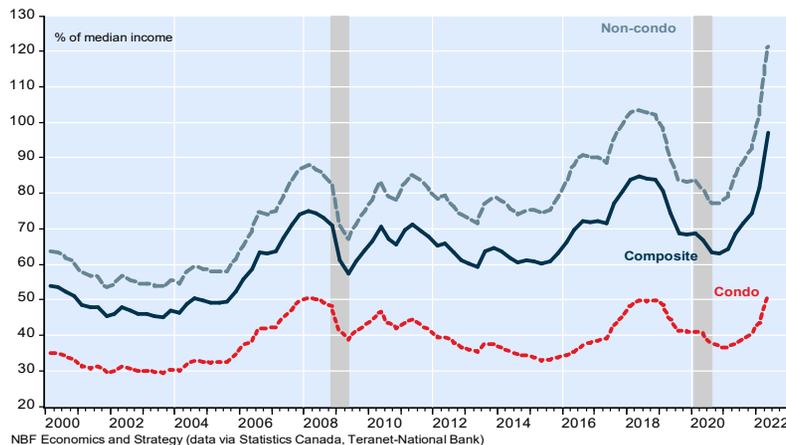
\$161,400
Household annual income needed to afford the representative condo

65
Months of saving required for the down payment (saving rate of 10%)

46.8%
Premium/discount for buying compared to renting a two-bedroom condo in Vancouver

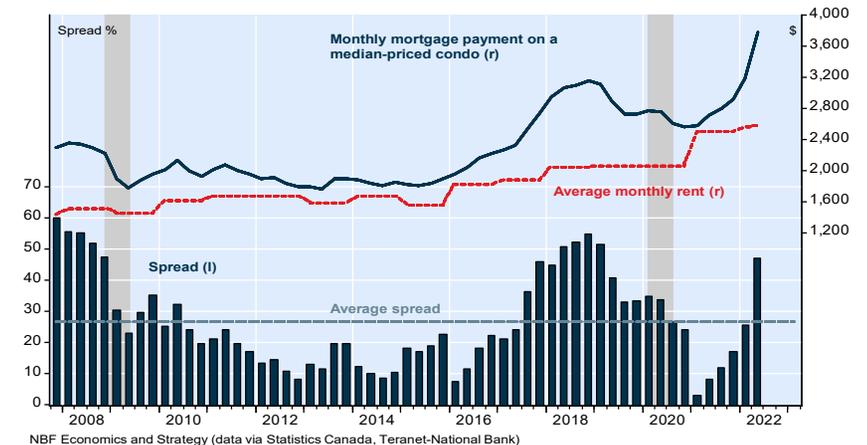
Vancouver : Perspective on housing affordability

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

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

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

Housing Affordability Monitor

Economics and Strategy

Calgary

In Calgary, home prices increased 1.9% in the quarter, the second least important home price growth behind Edmonton. This resulted in a relatively moderate deterioration of housing affordability (MPPI* up 4.5 pp), which brought the MPPI* in Calgary at its highest level since the second quarter of 2011 and in line with its long-term average (32.4% compared to 32.3% historically). Nonetheless, Calgary was still much more affordable than the urban average (63.9%). The deterioration stemmed principally from non-condos (MPPI* up 5.2pp) although condos also recorded a worsening (MPPI* up 2.5pp). On an annual basis, the affordability of the housing market in Calgary as measured by the MPPI* worsened 7.8 pp, the fastest deterioration since the second quarter of 2007, but 11.3pp below the urban composite. Both condos (+3.5 pp) and non-condos (+9.2 pp) registered increases in their MPPI* on a 12-month basis. *See tables page 2.

Mortgage payment as a % of income (MPPI)					
Non-Condo	37.4%	▲ +	5.2%	Q/Q	
Condo	17.3%	▲ +	2.5%	Q/Q	



Non-Condo

\$542,901

Price of the representative home in the metropolitan market

\$121,068

Household annual income needed to afford the representative home

39

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

-47.6%

Premium for buying compared to the national urban composite



Condo

\$251,412

Price of the representative condo in the metropolitan market

\$56,300

Household annual income needed to afford the representative condo

17

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

-16.5%

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

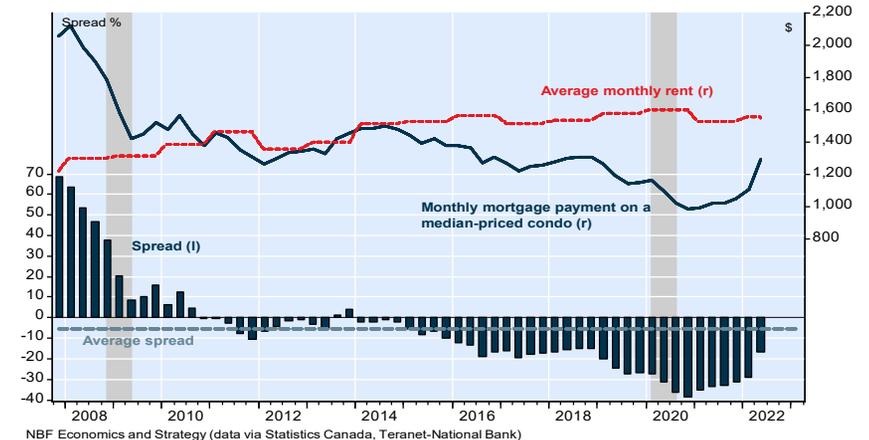
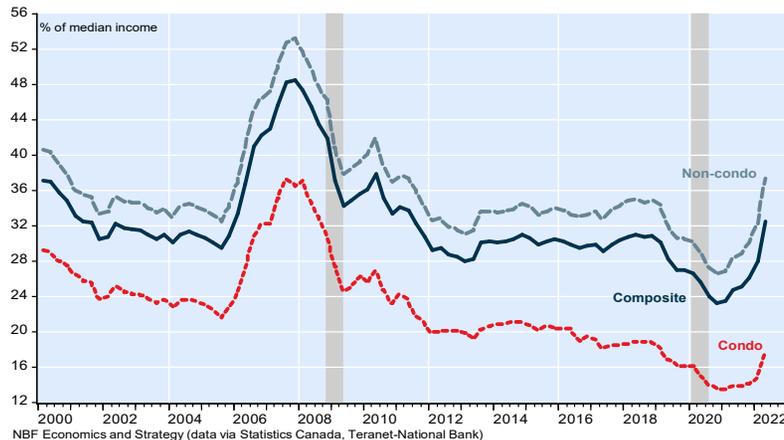
Calgary : Perspective on housing affordability

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



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

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

Housing Affordability Monitor

Economics and Strategy

Edmonton

Home prices in Edmonton dipped 1.1% during the quarter, the only decline in home prices in the markets covered. This, combined to only a moderate growth in wages and rising interest rates, contributed to increase the MPPI* by 3.3 pp in the quarter, the slowest increase amid markets covered but the fastest in this city since the third quarter of 2007. The MPPI* still stood a tad below its average since 2000 (28.7% in the first quarter of 2022, compared to 29.2% historically). Most of the deterioration in affordability is attributable to non-condos, for which the MPPI* rose 3.6 pp in the quarter compared to a 1.6 pp increase for condos. These figures all show better affordability than for the composite index. Edmonton is now the least expensive Canadian city to buy a house, surpassing Québec city for the first time. *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non-Condo	30.9%	▲ +	3.6%	Q/Q
Condo	15.3%	▲ +	1.6%	Q/Q



Non-Condo

\$440,982

Price of the representative home in the metropolitan market

\$98,751

Household annual income needed to afford the representative home

30

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

-57.4%

Premium for buying compared to the national urban composite



Condo

\$217,634

Price of the representative condo in the metropolitan market

\$48,736

Household annual income needed to afford the representative condo

15

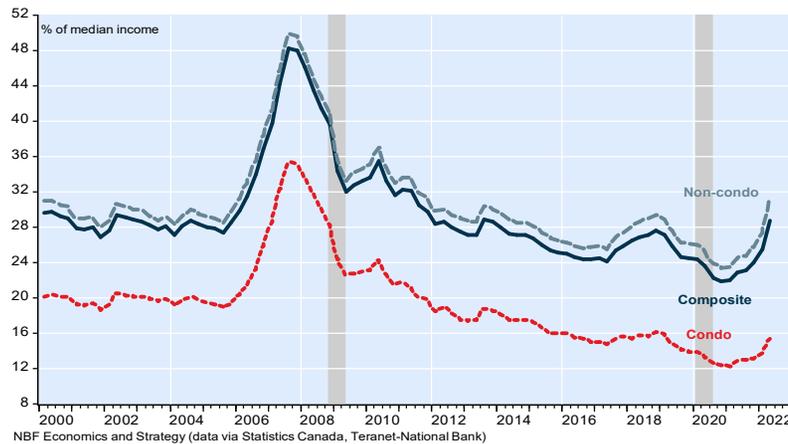
Months of saving required for the down payment (saving rate of 10%)

-22.5%

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

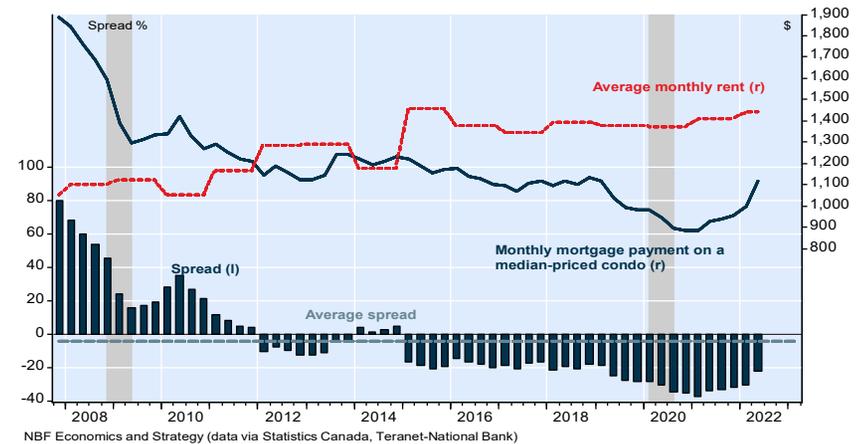
Edmonton : Perspective on housing affordability

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 grew 6.8% during the quarter while the median income increased 0.8% and interest rates climbed. As a result, the MPPI* grew 8.2pp, a slower progression than the urban composite but still the fastest increase for this city since 1981. The average mortgage payment in Ottawa/Gatineau now represents 46.8% of the median income, above the long-term average for this indicator (29.5%) but below the composite average (63.9%). The deterioration stemmed from both non-condos and condos (MPPI* up 9.0 pp and 4.8 pp, respectively), both of which were below that of the urban composite. On an annual basis, home prices were up 17.4%, also below the urban composite (+18.1%). The deterioration in affordability over this period was thus lower than the composite index (MPPI* up 13.8 pp). *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non-Condo	50.9%	▲ +	9.0%	Q/Q
Condo	28.6%	▲ +	4.8%	Q/Q



Non-Condo

\$726,248

Price of the representative home in the metropolitan market

\$159,965

Household annual income needed to afford the representative home

65

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

-29.9%

Premium for buying compared to the national urban composite



Condo

\$408,600

Price of the representative condo in the metropolitan market

\$91,499

Household annual income needed to afford the representative condo

28

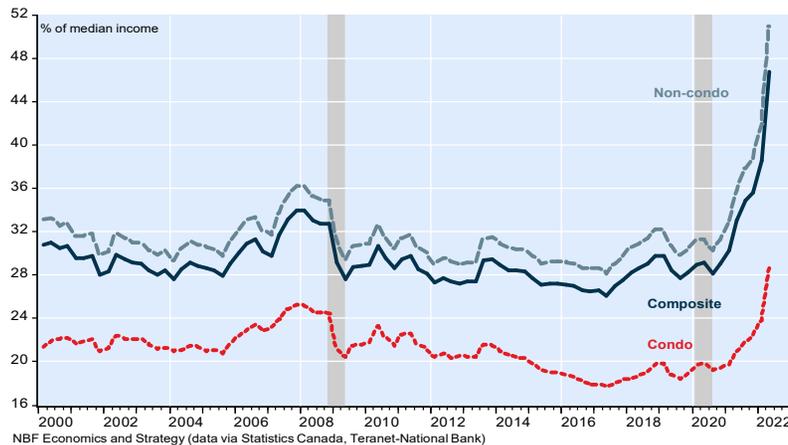
Months of saving required for the down payment (saving rate of 10%)

12.0%

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

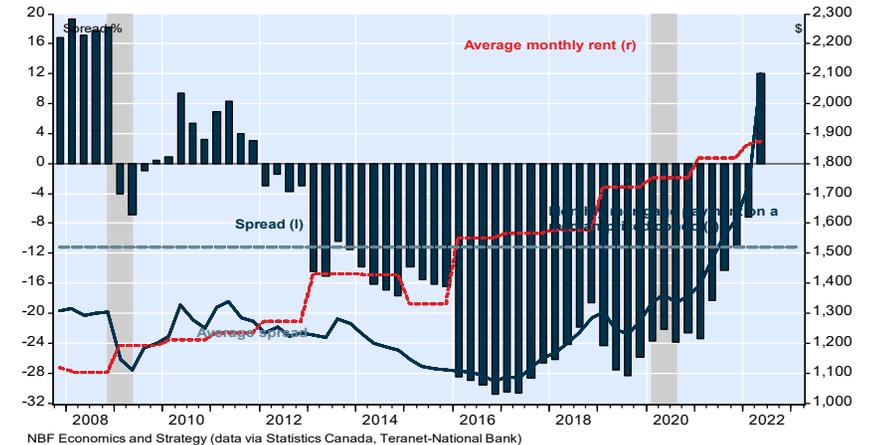
Ottawa/Gatineau : Perspective on housing affordability

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

Quebec City

Housing affordability continued to deteriorate during the first quarter of the year in Québec City, with the MPPI* increasing +4.5pp, less than half the urban composite (+10.4pp). This development caused affordability in Québec City to reach its highest level since 1991Q3 and exceed by 6.4 percentage points its long-term average (22.8%). The MPPI* now stands at 29.2% in the city, which is not the most affordable city in the markets covered anymore as it has been surpassed by Edmonton. The deterioration can be explained by home prices rising 4.2% and increasing interest rates, factors that could not be offset by a 1.0% improvement in median income. The deterioration in affordability stemmed from both condos and other dwellings, which registered rises of their MPPI* of +3.0pp and +4.7pp, respectively. *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non-Condo	30.4%	▲ +	4.7%	Q/Q
Condo	19.9%	▲ +	3.0%	Q/Q



Non-Condo

\$371,514
Price of the representative home in the metropolitan market

\$83,194
Household annual income needed to afford the representative home

30
Months of saving required for the down payment (saving rate of 10%)

-64.1%
Premium for buying compared to the national urban composite



Condo

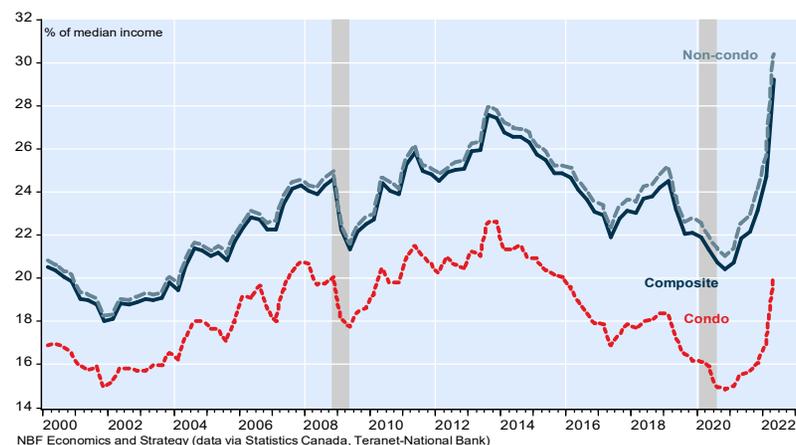
\$243,787
Price of the representative condo in the metropolitan market

\$54,592
Household annual income needed to afford the representative condo

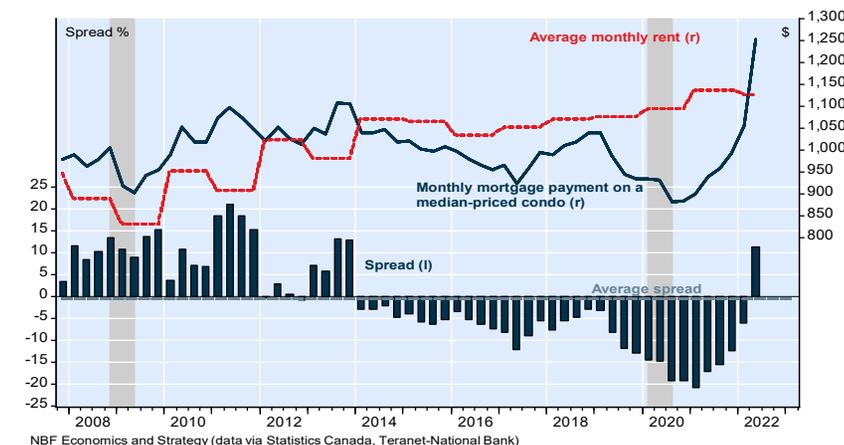
19
Months of saving required for the down payment (saving rate of 10%)

11.3%
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 5.1 pp to 31.8%, compared to 25.0% historically. Despite this deterioration, the MPPI* remained about half that of the urban composite, which stood at 63.9%. This deterioration was attributable to a 4.8% growth in home prices and to rising interest rates, factors that a 0.7% increase in income was not sufficient to offset. This was the sixth consecutive quarterly deterioration for housing affordability in Winnipeg. Both condos (+2.6pp) and non-condos (+5.3 pp) saw a deterioration in affordability in the quarter, and from a year before (+4.5pp and +8.9pp respectively). *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non-Condo	32.5%	▲ +	5.3%	Q/Q
Condo	19.2%	▲ +	2.6%	Q/Q



Non-Condo

\$418,380

Price of the representative home in the metropolitan market

\$93,689

Household annual income needed to afford the representative home

32

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

-59.6%

Premium for buying compared to the national urban composite



Condo

\$247,762

Price of the representative condo in the metropolitan market

\$55,482

Household annual income needed to afford the representative condo

19

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

-10.7%

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

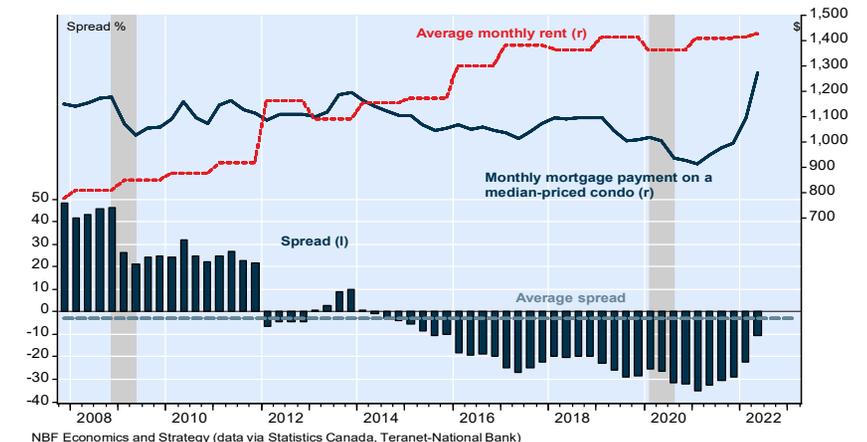
Winnipeg: Perspective on housing affordability

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



WINNIPEG

Housing Affordability Monitor

Economics and Strategy

Hamilton

Hamilton recorded a 12.0pp deterioration in its MPPI* in the quarter, exceeding the variation of the urban composite. On an annual basis, the deterioration in affordability (+23.3pp) brought the MPPI* to its highest level ever recorded. Mortgage payments indeed took up 66.6% of the median pre-tax household income, which is above the urban composite (63.9%) for the second consecutive quarter. The annual deterioration can be explained by home prices rising 27.5% in the year, the fastest growth among markets covered for the fourth consecutive quarter. On a quarterly basis, prices rose above the pace of the urban composite in all segments (+8.1% for condos, +7.3% for non-condos and +7.4% for the market as a whole), while median income rose 0.8% and interest rates grew. As a result, the MPPI* rose to record levels for both non-condos and condos. *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non-Condo	71.1%	▲ +	12.7%	Q/Q
Condo	50.1%	▲ +	9.3%	Q/Q



Non-Condo

\$1,055,735

Price of the representative home in the metropolitan market

\$199,086

Household annual income needed to afford the representative home

277

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

2.0%

Premium for buying compared to the national urban composite



Condo

\$744,302

Price of the representative condo in the metropolitan market

\$163,795

Household annual income needed to afford the representative condo

65

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

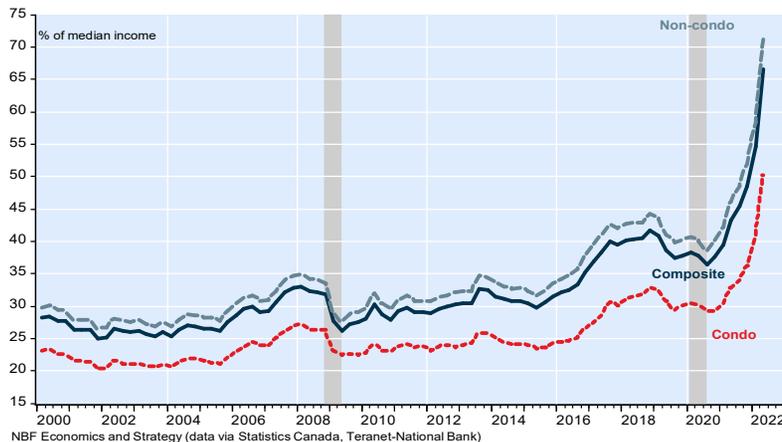
86.8%

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)

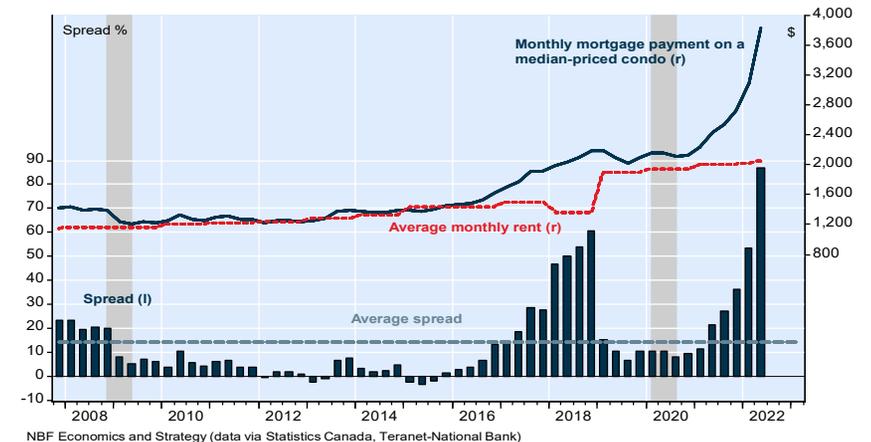
HAMILTON



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

Hamilton: 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)

Housing Affordability Monitor

Economics and Strategy

Victoria

For the fourth consecutive quarter, Victoria registered the largest annual deterioration in the MPPI* of all the markets covered (+30.6 pp). As a result, the MPPI* reached 95.6%, the second highest among markets covered after Vancouver and the highest level on record for this city. On a quarterly basis, the +15.4pp increase in the MPPI* was also the highest of all markets as home prices grew faster than the urban composite (\$56.3 K vs \$39.5 K), a difference that a slightly higher income growth could not offset. The worsening of affordability was above the urban composite in both segments of the market, with the MPPI* rising +8.6 pp in the quarter for condos and +16.6 pp for non-condos. For non condos, the average mortgage payment took up more than the median income for the first time in Victoria. *See tables page 2.

Mortgage payment as a % of income (MPPI)				
Non- Condo	102.5%	▲ +	16.6%	Q/Q
Condo	52.9%	▲ +	8.6%	Q/Q



**Non-
Condo**

\$1,248,717
Price of the representative home in the metropolitan market

\$235,477
Household annual income needed to afford the representative home

399
Months of saving required for the down payment (saving rate of 10%)

20.6%
Premium for buying compared to the national urban composite



Condo

\$644,960
Price of the representative condo in the metropolitan market

\$142,719
Household annual income needed to afford the representative condo

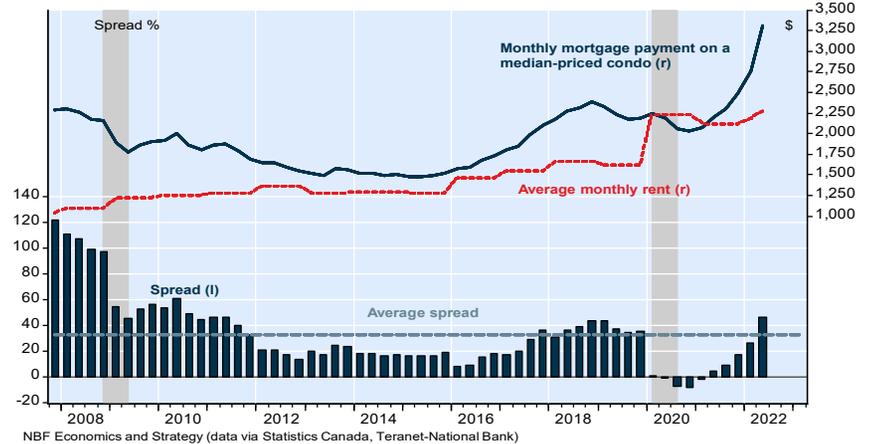
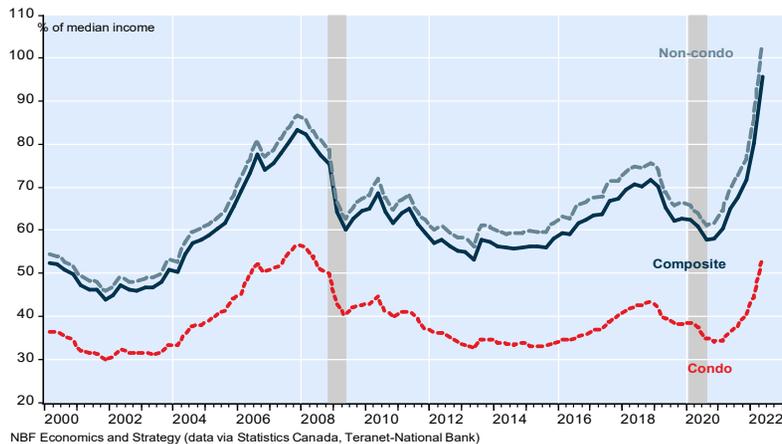
63
Months of saving required for the down payment (saving rate of 10%)

46.0%
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



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

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

Economics and Strategy

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Housing Affordability Monitor

Economics and Strategy

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