

DESJARDINS AFFORDABILITY INDEX

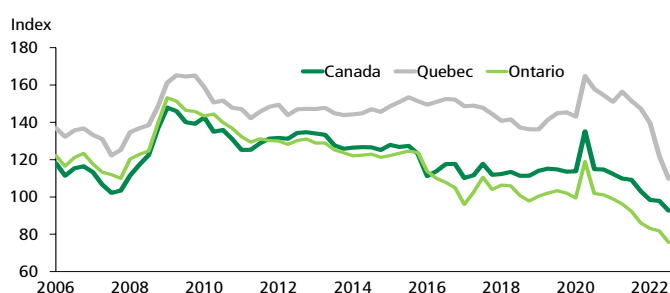
Affordability Continues to Decline Nationwide

By Maude Drapeau, Economist

HIGHLIGHTS

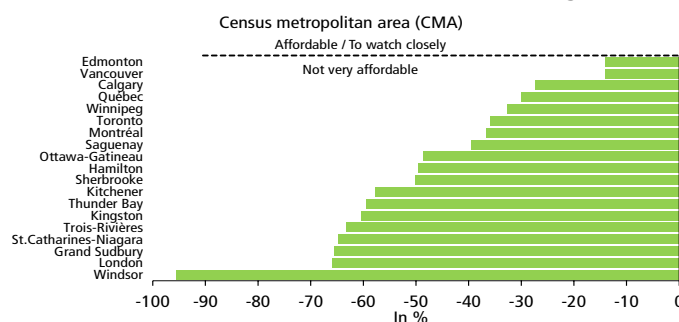
- ▶ The Desjardins Affordability Index (DAI) for Canada fell in the third quarter (graph 1), continuing the slide that began in Q2 2020. Affordability was down in Quebec, Ontario and every census metropolitan area (CMA) (table 2 on page 2). Housing became more out of reach than ever in several of them. The DAI is also at its lowest point since 2006 in every CMA but Calgary, Edmonton and Vancouver due to rapidly rising interest rates, which have driven up mortgage borrowing costs (table 1). Other home ownership costs are up as well. While interest rate hikes may be coming to an end, rates will remain elevated for some time. That means buying and owning a home will continue to be a challenge.
- ▶ The average home sale price¹ began to fall this spring in markets that saw the biggest price gains during the pandemic. Tighter credit conditions have meant fewer transactions and lower prices.
- ▶ The decline in the DAI was more pronounced in Quebec than in Ontario and Canada, as Quebec saw a smaller decrease in the average sale price in the third quarter. The average sale price fell 1.4% in Quebec vs. 5.9% in Ontario and 7.4% nationwide.

GRAPH 1
The DAI continued to decline in Q3 2022



Sources: Statistics Canada, Canadian Real Estate Association, JLR Land Title Solutions, Equifax Company, Conference Board of Canada and Desjardins, Economic Studies

GRAPH 2
DAI : difference between Q3 2022 and historical average



Sources: Statistics Canada, Canadian Real Estate Association, JLR Land Title Solutions, Equifax Company, Conference Board of Canada and Desjardins, Economic Studies

TABLE 1
Effective mortgage rates

REALIZED	AVERAGE IN %
Q1 2022	2.19
Q2 2022	3.08
Q3 2022	4.42

Sources: Bank of Canada and Desjardins, Economic Studies

¹ Please note that we are now using data from JLR Land Title Solutions, Equifax Company, for average sale price in Quebec and the CMAs within it.

The Desjardins Affordability Index (DAI) is calculated by determining the ratio between the average household disposable income and the income needed to obtain a mortgage on an average-priced home (qualifying income). Qualifying income is calculated based on the cost of owning a home (mortgage payments, property taxes and utility costs). An information document on the DAI is available on our Web site [information document](#).

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

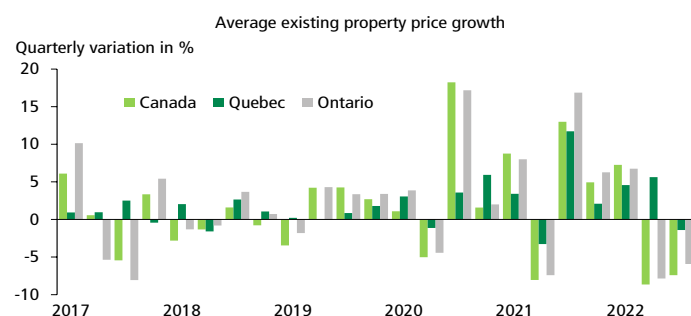
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TABLE 2
Desjardins Affordability Index

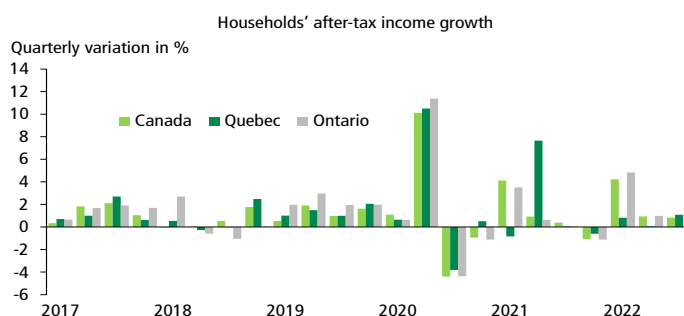
IN LEVEL (EXCEPT IF INDICATED)	CHANGE	QUARTERLY VAR. %	Q3 2022	Q2 2022	HIGH ¹	LOW ¹	AVERAGE ¹
Canada	↓	-5.3	92.7	97.9	147.9	92.7	120.7
Quebec	↓	-10.0	109.7	121.9	165.2	109.7	145.3
Ontario	↓	-7.5	75.7	81.8	153.1	75.7	117.0
Census metropolitan area (CMA)							
Quebec							
Saguenay	↓	-13.0	152.2	174.9	233.6	152.2	191.8
Quebec	↓	-13.3	130.6	150.7	186.4	130.6	160.6
Sherbrooke	↓	-14.6	97.2	113.8	182.5	97.2	147.4
Trois-Rivières	↓	-17.3	120.9	146.1	217.2	120.9	184.2
Montreal	↓	-11.5	91.3	103.2	147.8	91.3	128.1
Ontario							
Ottawa–Gatineau (Que.)	↓	-8.3	103.4	112.8	177.6	103.4	152.0
Kingston	↓	-7.2	77.4	83.4	172.6	77.4	137.9
Toronto	↓	-8.0	67.7	73.6	142.2	67.7	103.7
Hamilton	↓	-4.3	72.1	75.3	158.4	72.1	121.7
Kitchener–Cambridge–Waterloo	↓	-3.9	71.7	74.6	164.4	71.7	129.4
Windsor	↓	-4.4	75.9	79.4	223.8	75.9	171.5
London	↓	-7.6	79.0	85.6	179.5	79.0	145.0
St. Catharines–Niagara	↓	-4.8	62.9	66.1	164.8	62.9	127.6
Thunder Bay	↓	-6.9	130.8	140.4	238.1	130.8	190.3
Greater Sudbury	↓	-7.6	104.9	113.6	200.0	104.9	170.5
Alberta							
Calgary	↓	-11.0	134.1	150.6	191.3	115.5	161.4
Edmonton	↓	-6.9	153.1	164.5	201.1	109.3	167.2
British Columbia							
Vancouver	↓	-11.3	61.8	69.7	99.3	60.9	75.9
Manitoba							
Winnipeg	↓	-7.6	144.3	156.2	206.8	144.3	176.9

¹ Since 2006.

Sources: Statistics Canada, Canadian Real Estate Association, JLR Land Title Solutions, Equifax Company, Conference Board of Canada and Desjardins, Economic Studies

GRAPH 3
The average sale price fell in the third quarter


Sources: Canadian Real Estate Association, JLR Land Title Solutions, Equifax Company and Desjardins, Economic Studies

GRAPH 4
Third quarter growth in household after-tax income


Sources: Conference Board of Canada, Statistics Canada and Desjardins, Economic Studies