

# DESJARDINS AFFORDABILITY INDEX

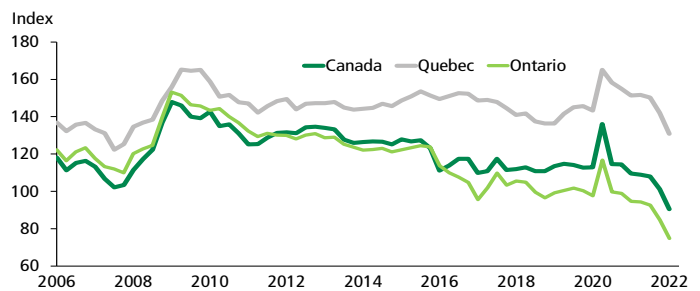
## Housing Affordability Declines Again Nationwide

By Chantal Routhier, Senior Economist

### HIGHLIGHTS

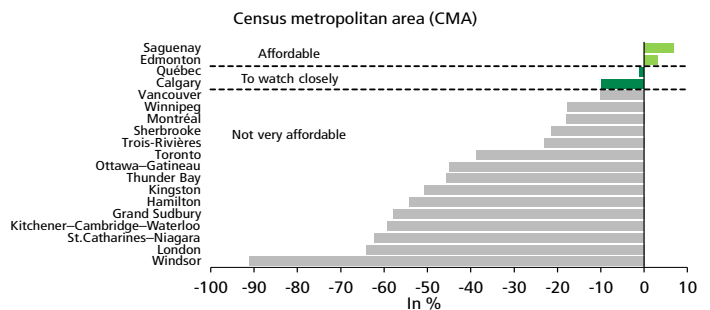
- ▶ The Desjardins Affordability Index (DAI) for Canada fell in the first three months of 2022 (graph 1), marking the fifth straight quarterly decline. Affordability was down in Quebec, Ontario and every census metropolitan area (CMA) (table 2 on page 2). Housing affordability hit a new all-time low in many CMAs, and every CMA in Ontario posted its lowest DAI reading since 2006. Over the past year, the average home sale price<sup>1</sup> has been rising on strong demand and limited supply in most markets nationwide. But household after-tax income has edged up only slightly. In many CMAs, it even fell. Rising mortgage rates also made home ownership less affordable in the first three months of the year (table 1).
- ▶ We expect average sale prices to moderate over the next few quarters. But affordability will remain under pressure as mortgage rates go up in response to the Bank of Canada's recent quantitative tightening and policy rate hikes.
- ▶ In the first quarter, the DAI declined more in Ontario than in Quebec and Canada as a whole. The average sale price hit a record-high \$1,022,807 in Ontario versus \$426,831 in Quebec and \$782,204 nationwide.

**GRAPH 1**  
The DAI was down again in the first quarter of 2022



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

**GRAPH 2**  
Difference between the Q1 2022 DAI and its 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 %
Q3 2021	1.98
Q4 2021	1.99
Q1 2022	2.30

Sources: Bank of Canada and Desjardins, Economic Studies

<sup>1</sup> 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](#).

Desjardins, Economic Studies: 418-835-2450 or 1 866-835-8444, ext. 5562450 • [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com) • [desjardins.com/economics](https://desjardins.com/economics)

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.  
 IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2022, Desjardins Group. All rights reserved.

[Click here for more details on each region](#)

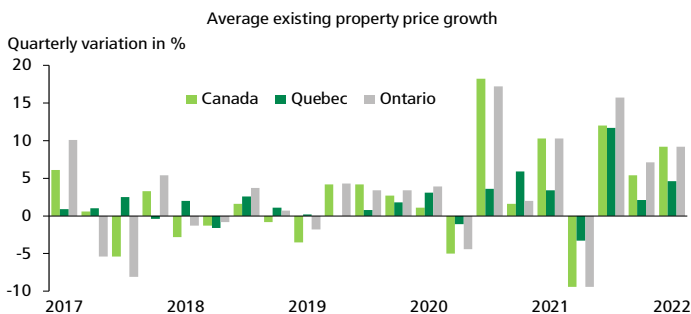
**TABLE 2**  
**Desjardins Affordability Index**

IN LEVEL (EXCEPT IF INDICATED)	CHANGE	QUARTERLY VAR. %	Q1 2022	Q4 2021	HIGH <sup>1</sup>	LOW <sup>1</sup>	AVERAGE <sup>1</sup>
Canada	↓	-10.7	90.5	101.3	147.9	90.5	121.1
Quebec	↓	-7.8	130.9	142.0	165.2	122.3	145.9
Ontario	↓	-11.8	74.8	84.8	153.1	74.8	117.6
<b>Census metropolitan area (CMA)</b>							
Quebec							
Saguenay	↓	-5.0	200.5	211.0	237.7	164.5	193.5
Quebec	↓	-2.9	159.5	164.2	186.6	142.6	160.6
Sherbrooke	↓	-9.0	127.5	140.0	183.8	118.3	148.9
Trois-Rivières	↓	-11.7	162.1	183.5	214.7	154.2	185.2
Montreal	↓	-6.4	109.8	117.3	148.3	109.8	127.9
Ontario							
Ottawa–Gatineau (Que.)	↓	-7.4	107.6	116.2	177.2	107.6	152.5
Kingston	↓	-10.9	88.7	99.6	172.6	88.7	139.5
Toronto	↓	-12.2	64.4	73.4	140.7	64.4	103.1
Hamilton	↓	-11.9	67.5	76.7	157.1	67.5	121.9
Kitchener–Cambridge–Waterloo	↓	-14.3	71.5	83.4	164.2	71.5	130.7
Windsor	↓	-13.6	86.1	99.6	223.3	86.1	177.3
London	↓	-13.6	82.0	94.8	179.3	82.0	146.1
St. Catharines–Niagara	↓	-13.7	66.8	77.4	165.0	66.8	129.0
Thunder Bay	↓	-11.1	146.7	165.0	238.0	146.7	192.3
Greater Sudbury	↓	-12.3	113.1	129.0	196.7	113.1	171.1
Alberta							
Calgary	↓	-8.8	151.3	165.9	191.7	115.8	161.1
Edmonton	↓	-8.2	170.0	185.3	195.2	109.1	167.0
British Columbia							
Vancouver	↓	-8.0	65.2	70.9	99.6	61.7	75.3
Manitoba							
Winnipeg	↓	-9.3	159.3	175.6	206.4	154.0	177.1

<sup>1</sup>Since 2006.

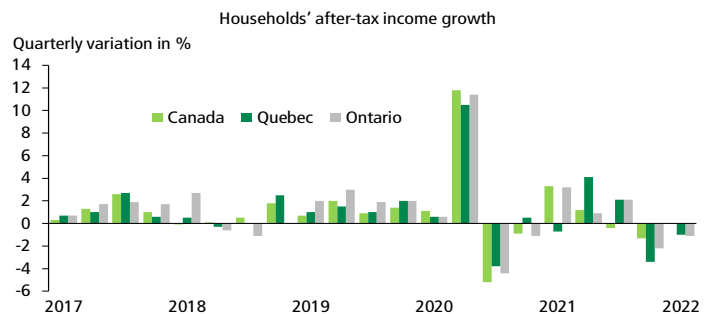
Sources: Statistics Canada, Canadian Real Estate Association, JLR Land Title Solutions, Equifax Company, Conference Board of Canada and Desjardins, Economic Studies

**GRAPH 3**  
**Growth in average sale price in Q1 2022**



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

**GRAPH 4**  
**Household after-tax income declined again in the first quarter**



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