

# DESJARDINS AFFORDABILITY INDEX

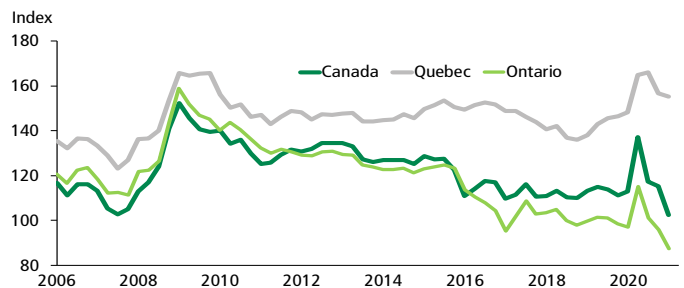
## Accessibility Shrinks Across Canada

### HIGHLIGHTS

- ▶ The financial capacity of households to buy a property declined in Canada (graph 1) and in all census metropolitan areas (CMA) in the first quarter of 2021 (table 2 on page 2). Residential activity made a strong comeback starting in June 2020, and growth has continued at a breathless pace across the country since then. This has led to a rise in the average sale price of a property<sup>1</sup> at very high levels in many CMAs and even bidding wars in a number of locations. Low inventories in a context of strong demand have also played a major role. However, historically low mortgage rates<sup>2</sup> (table 1) have limited the contraction in the Desjardins Affordability Index (DAI). At the same time, the Bank of Canada is signalling an intention to normalize its monetary policy, and higher mortgage rates are therefore to be anticipated in the coming quarters.
- ▶ In Quebec, the decrease in the DAI was lower than in Ontario and Canada as a whole because of the increase in household after-tax income. The latter rose 0.7% between the last quarter of 2020 and the first of 2021, while a 2.5% contraction was observed in Canada. In Ontario, a modest 0.2% increase was posted. Moreover, growth in the average sale price in Quebec was lower during this period.

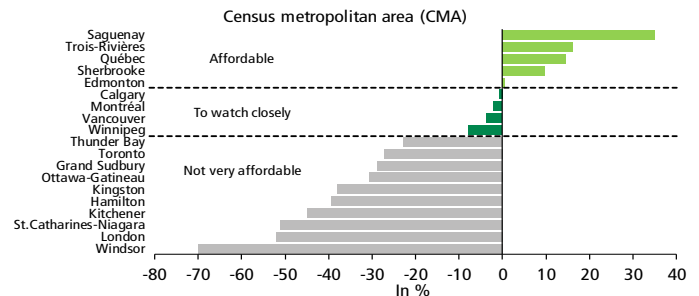
Chantal Routhier, Senior Economist

**GRAPH 1**  
The DAI contracted during Q1 of 2021



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

**GRAPH 2**  
Spread between the DAI and its historical average during Q1 of 2021



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

**TABLE 1**  
Effective mortgage rates

REALIZED	AVERAGE IN %
Q3 2020	2.30
Q4 2020	2.10
Q1 2021	2.09

Sources: Bank of Canada and Desjardins, Economic Studies

<sup>1</sup> Please note that we are now using data from JLR Solutions Foncières, An Equifax Company, for average sale price in Quebec and the CMAs within it.

<sup>2</sup> The DAI now takes into account effective mortgage rates rather than posted mortgage rates.

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 © 2021, Desjardins Group. All rights reserved.

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

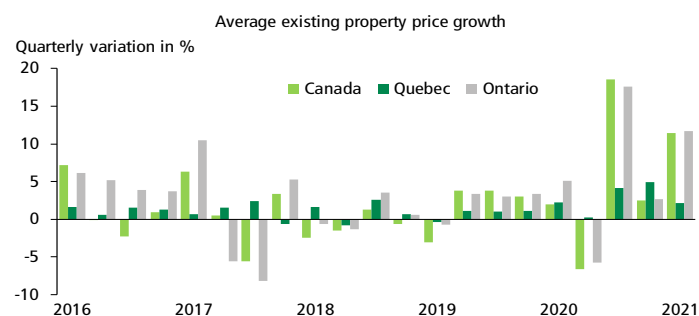
**TABLE 2**  
**Desjardins Affordability Index**

IN LEVEL (EXCEPT IF INDICATED)	CHANGE	QUARTERLY VAR. %	Q1 2021	Q4 2020	HIGH <sup>1</sup>	LOW <sup>1</sup>	AVERAGE <sup>1</sup>
Canada	↓	-11.2	102.4	115.3	137.1	102.4	122.4
Quebec	↓	-0.9	155.2	156.6	166.0	136.1	146.6
Ontario	↓	-8.8	87.3	95.8	132.4	87.3	119.7
<b>Census metropolitan area (CMA)</b>							
Quebec							
Saguenay	↓	-3.0	229.2	236.4	261.1	178.7	194.2
Quebec	↓	-1.5	175.2	177.9	190.2	146.6	160.6
Sherbrooke	↓	-8.9	160.6	176.4	198.2	138.6	150.9
Trois-Rivières	↓	-4.3	203.5	212.7	235.6	172.7	187.3
Montreal	↓	-1.2	126.8	128.4	140.7	118.0	128.9
Ontario							
Ottawa–Gatineau (Que.)	↓	-6.7	121.4	130.2	163.9	121.4	152.2
Kingston	↓	-12.2	104.9	119.4	155.4	104.9	142.8
Toronto	↓	-6.7	78.0	83.6	118.7	78.0	105.2
Hamilton	↓	-6.7	85.8	92.0	145.1	85.8	125.3
Kitchener–Cambridge–Waterloo	↓	-12.2	88.9	101.3	153.1	88.9	133.8
Windsor	↓	-9.6	112.3	124.2	212.5	112.3	182.3
London	↓	-11.7	97.2	110.0	167.6	97.2	149.2
St. Catharines–Niagara	↓	-14.0	81.6	94.9	154.9	81.6	132.8
Thunder Bay	↓	-6.8	171.6	184.2	219.7	167.0	194.4
Greater Sudbury	↓	-11.2	145.6	164.0	189.9	145.6	174.3
Alberta							
Calgary	↓	-5.6	159.3	168.7	194.2	145.7	160.2
Edmonton	↓	-0.5	164.7	165.5	195.4	159.2	164.2
British Columbia							
Vancouver	↓	-4.5	71.7	75.0	82.0	62.4	75.4
Manitoba							
Winnipeg	↓	-2.8	169.1	174.0	200.8	161.5	176.8

<sup>1</sup> Since 2006.

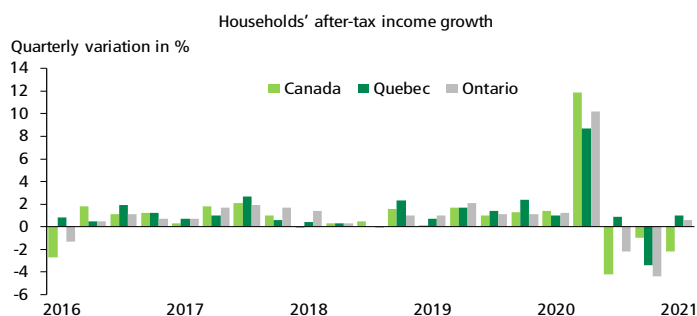
Sources: Statistics Canada, Canadian Real Estate Association, JLR Land Title Solutions, Equifax Company, Conference Board of Canada and Desjardins, Economic Studies

**GRAPH 3**  
**Average sale prices fell sharply in Canada and Ontario in Q1 of 2021**



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

**GRAPH 4**  
**Household after-tax income declined in Q1 of 2021**



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