

DESJARDINS AFFORDABILITY INDEX

Home Ownership Across Canada Is Improving



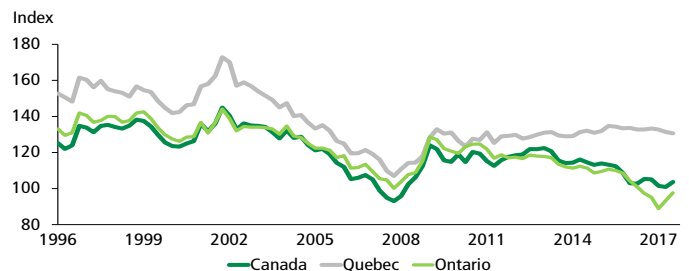
HIGHLIGHTS

- ▶ In Canada, the Desjardins Affordability Index (DAI) improved. In fact, households' financial capacity to acquire a home rose in the third quarter of 2017 compared to the previous quarter. This is mainly attributable to the drop in the average sales price of a home, considering that households' after-tax income and mortgage rates have only increased marginally. The DAI for Canada remains nevertheless below its historical average, meaning that buying a house in the third quarter of 2017 was more difficult than it was on average in the course of the last 20 years.
- ▶ In Quebec, the DAI contracted slightly in Q3 2017, considering that the cost of owning a home outpaced after-tax revenue growth in households. The DAI tightened in the Saguenay and Montreal agglomerations, while the index improved in Quebec City, Trois-Rivières and Sherbrooke.
- ▶ In Ontario, households' financial capacity to acquire a home improved in all agglomerations for the period, except in Oshawa and Ottawa Gatineau. The sharpest increases were recorded in Kitchener Cambridge Waterloo, Windsor and Thunder Bay, due to the steeper drop in their respective average selling prices. The DAI's improvement in Toronto was supported by a 6.2% decline in the average selling price.
- ▶ Elsewhere in Canada, access to home ownership improved in Calgary and Vancouver in the third quarter of 2017, with average home sales prices declining by 1.9% and 0.7%, respectively.

Chantal Routhier, Economist

GRAPH 1

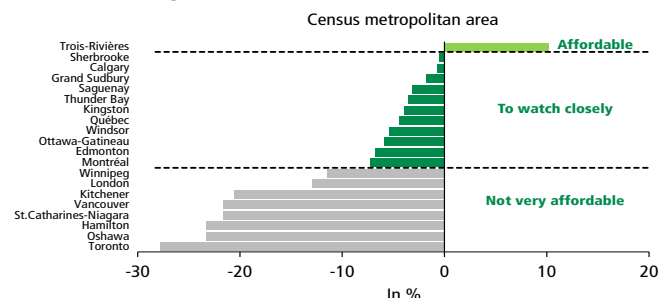
The Desjardins Affordability Index improved in Canada and in Ontario



Sources: Statistics Canada, Canadian Real Estate Association, Fédération des chambres immobilières du Québec through Centris® system, Conference Board of Canada and Desjardins, Economic Studies

GRAPH 2

Gap between the Desjardins Affordability Index and its historical average



Sources: Statistics Canada, Canadian Real Estate Association, Fédération des chambres immobilières du Québec through Centris® system, Conference Board of Canada, National Household Survey and Desjardins, Economic Studies

TABLE 1

Mortgage rate trend

CLOSED SALES – MONTH END (%)	1 YEAR	5 YEARS
March 2017	3.14	4.64
June 2017	3.14	4.64
September 2017	3.12	4.86

Sources: Statistics Canada and Desjardins, Economic Studies

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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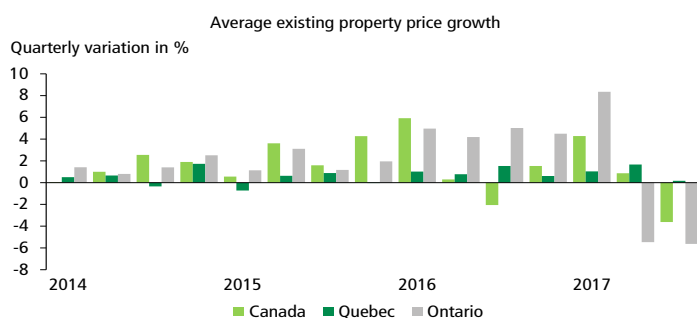
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TABLE 2
Desjardins Affordability Index

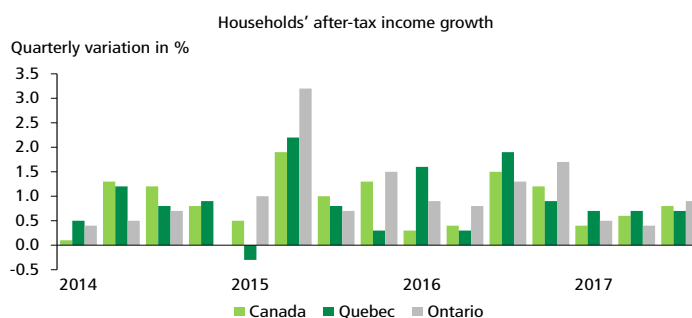
IN LEVEL (EXCEPT IF INDICATED)	CHANGE	QUARTERLY VAR. %	Q3 2017	Q1 2017	HIGH ¹	LOW ¹	AVERAGE ¹
Canada	↑	2.7	103.6	100.9	144.9	93.1	119.5
Quebec	↓	-0.7	130.7	131.4	172.8	107.0	136.4
Ontario	↑	4.3	97.7	93.3	144.1	88.9	120.7
Census metropolitan area (CMA)							
Quebec							
Saguenay	↓	-5.3	202.0	207.2	262.6	171.6	208.7
Quebec	↑	0.5	149.8	149.4	203.7	128.1	156.7
Sherbrooke	↑	8.6	168.5	160.0	240.6	123.5	169.3
Trois-Rivières	↑	0.8	222.5	221.8	243.9	157.2	201.8
Montreal	↓	-1.3	114.8	116.1	163.2	97.4	123.8
Ontario							
Ottawa-Gatineau (Oc)	↓	-0.7	137.6	138.3	178.7	119.2	146.2
Kingston	↑	2.6	142.0	139.3	170.0	119.2	147.9
Oshawa	↓	-2.8	113.9	116.7	171.3	113.9	148.6
Toronto	↑	4.0	78.8	74.8	134.4	72.7	109.1
Hamilton	↑	3.6	95.6	91.9	151.3	91.9	124.6
Kitchener-Cambridge-Waterloo	↑	8.9	122.6	113.7	183.0	113.7	154.4
Windsor	↑	6.1	183.5	177.5	216.5	163.7	193.9
London	↑	3.2	139.6	136.4	182.4	135.3	160.2
St. Catharines-Niagara	↑	0.3	115.9	115.5	171.5	115.5	148.1
Thunder Bay	↑	5.1	189.2	184.1	228.4	166.9	196.3
Grand Sudbury	↑	0.6	180.1	179.4	220.2	147.9	183.3
Alberta							
Calgary	↑	1.3	158.6	157.3	196.5	109.1	159.8
Edmonton	↓	-0.9	151.6	152.5	202.1	105.2	162.6
British Columbia							
Vancouver	↑	0.1	60.9	60.8	103.8	58.1	77.7
Manitoba							
Winnipeg	↓	-2.4	154.7	157.2	213.8	139.5	174.9

¹ Over the 1996 to 2016 period.

Sources: Statistics Canada, Canadian Real Estate Association, Federation of Real Estate Boards Centris® system, Conference Board of Canada and Desjardins, Economic Studies

GRAPH 3
Average sales prices fell in Canada and in Ontario


Sources: Canadian Real Estate Association, Fédération des chambres immobilières du Québec through Centris® system and Desjardins, Economic Studies

GRAPH 4
After-tax income continued to make gains


Sources: Statistics Canada and Desjardins, Economic Studies