

DESJARDINS AFFORDABILITY INDEX

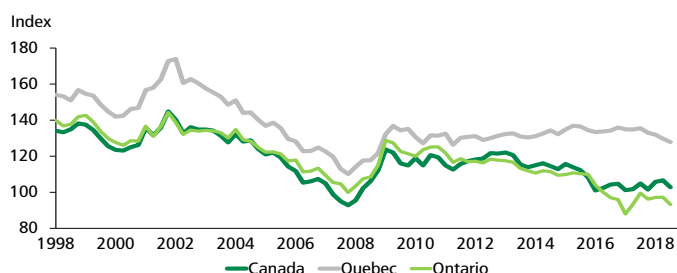


Accessibility Shrinks Across Canada

HIGHLIGHTS

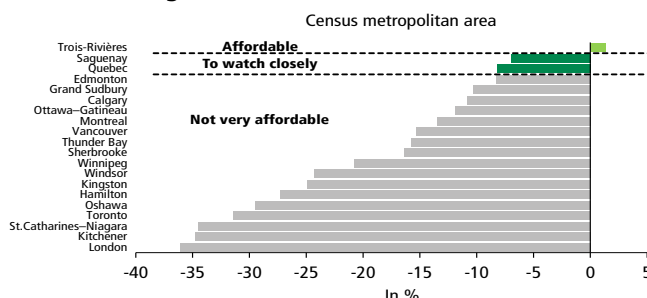
- ▶ The Desjardins Affordability Index (DAI) in most census metropolitan areas (CMAs) declined in the third quarter of 2018 compared to the previous quarter. In many CMAs, growth of the average property sale price outpaced that of average household after-tax income. This tightening of access to property is due to stricter conditions for obtaining a mortgage, while mortgage rates have been rising for several months (table 1). The capacity of households to buy a home has therefore dropped across Canada. The index is still below its historical average, meaning that buying a home was more difficult in the third quarter of 2018 than it was on average over the last 20 years.
- ▶ The situation is similar in Quebec, and accessibility deteriorated the most in Sherbrooke. This was the result of a sustained rise in the average home sale price while average household after-tax income stagnated. In Montreal, the shrinking DAI was primarily due to a drop in average household after-tax income.
- ▶ The DAI also deteriorated in Ontario. The biggest drops were recorded in Toronto and London, which saw the steepest increases in average sale prices.
- ▶ Access to property improved in Vancouver, where growth of average household after-tax income (+2.7%) outpaced that of the average home sale price (+0.9%). In Calgary, the DAI dwindled, essentially due to higher costs for taking possession of a home (mortgage, property taxes and utilities).

GRAPH 1
Access to property dwindled



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 – AVERAGE	1 YEAR	5 YEARS
Q1 2018	3.34	5.14
Q2 2018	3.44	5.27
Q3 2018	3.49	5.34

Sources: Statistics Canada and Desjardins, Economic Studies

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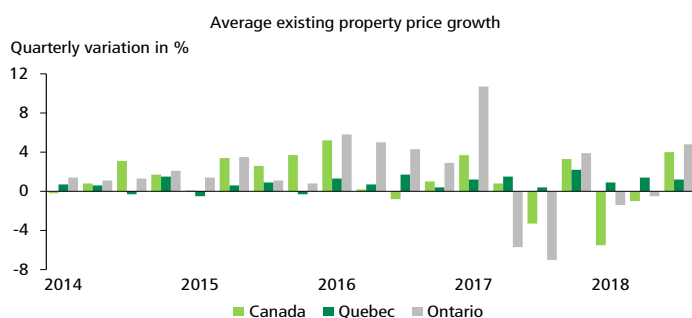
[Click here for more details on each region](#)

TABLE 2
Desjardins Affordability Index

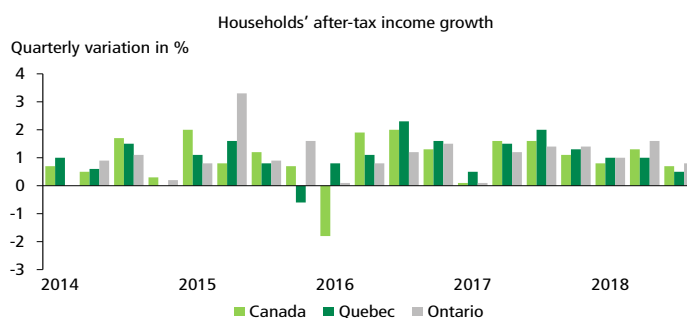
IN LEVEL (EXCEPT IF INDICATED)	CHANGE	QUARTERLY VAR. %	Q3 2018	Q2 2018	HIGH ¹	LOW ¹	AVERAGE ¹
Canada	↓	-3.6	102.8	106.6	144.8	92.8	118.0
Quebec	↓	-1.4	127.9	129.7	173.9	110.1	137.4
Ontario	↓	-4.2	93.2	97.3	144.2	88.0	118.6
Census metropolitan area (CMA)							
Quebec							
Saguenay	↑	0.5	177.0	176.1	232.6	153.3	184.0
Quebec	↑	0.2	146.5	146.3	203.9	127.8	154.7
Sherbrooke	↓	-3.8	129.6	134.6	211.8	108.8	146.0
Trois-Rivières	↓	-2.2	180.0	184.1	217.8	140.7	178.6
Montreal	↓	-3.4	109.5	113.3	161.8	98.7	122.9
Ontario							
Ottawa–Gatineau (Qc)	↓	-1.2	132.1	133.8	179.1	118.6	144.1
Kingston	↓	-3.0	110.5	113.9	161.7	109.4	135.4
Oshawa	↓	-1.0	100.4	101.3	153.0	100.4	129.8
Toronto	↓	-5.1	73.5	77.4	131.9	71.2	104.9
Hamilton	↓	-3.9	94.9	98.8	152.6	94.9	122.2
Kitchener-Cambridge-Waterloo	↓	-0.2	100.5	100.7	163.4	100.5	135.3
Windsor	↓	-2.7	151.9	156.1	199.7	148.7	176.2
London	↓	-4.3	107.1	111.9	169.2	107.1	143.2
St. Catharines–Niagara	↓	-1.9	98.6	100.5	157.3	98.6	133.1
Thunder Bay	↓	-3.1	163.6	168.8	209.8	154.0	179.4
Greater Sudbury	↓	-2.7	157.5	161.8	204.5	133.2	167.8
Alberta							
Calgary	↓	-0.8	145.1	146.3	194.6	107.8	155.9
Edmonton	↓	-0.4	149.8	150.4	197.8	101.6	158.1
British Columbia							
Vancouver	↑	1.2	60.0	59.3	102.2	55.4	75.3
Manitoba							
Winnipeg	↓	-1.2	151.5	153.3	212.9	138.4	172.2

¹ Over the 1998 to 2018 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 rebounded in Canada and Ontario


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

GRAPH 4
Growth of household after-tax income slowed


Sources: Statistics Canada and Desjardins, Economic Studies