

DESJARDINS AFFORDABILITY INDEX

Accessibility Shrinks Across Canada

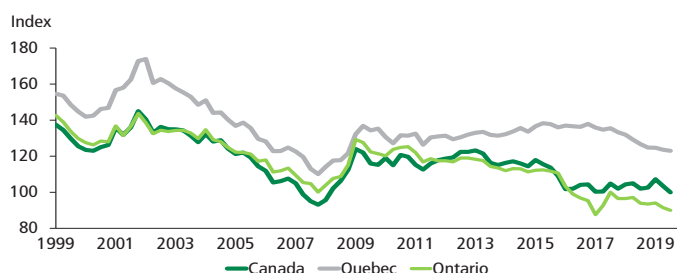
HIGHLIGHTS

- ▶ The increase in average home sale prices observed in many census metropolitan areas (CMAs) reduced accessibility across the country in the third quarter of 2019 (graph 1). Average household after-tax income maintained its pace, while posted mortgage rates moved little (table 1). The Desjardins Affordability Index (DAI) for Canada is therefore still below its historical average, meaning that buying a home was more difficult in the third quarter of 2019 than it was on average over the last 20 years (graph 2).
- ▶ In Quebec, households' financial capacity to buy a home eroded a little further. The continued contraction in the DAI in Montreal explains this province-wide tightening, as other CMAs all reported increases. The rise in the average home sale price over the past 15 quarters explains why affordability in Montreal has been decreasing since 2016. The DAI also fell in Ontario. The Toronto and Hamilton CMAs had the steepest declines, as average sale prices there saw the province's sharpest spikes. Average household after-tax incomes grew little in many Ontario CMAs and fell in Toronto and Thunder Bay.
- ▶ After easing somewhat, the DAI contracted again in Vancouver, where the average home sale price resumed its climb and the average household after-tax income slid. In Calgary, the DAI also pulled back, due mainly to the lower average household after-tax income. This dynamic is largely the result of Alberta's economic struggles, tied closely to oil development.

Chantal Routhier, Senior Economist

GRAPH 1

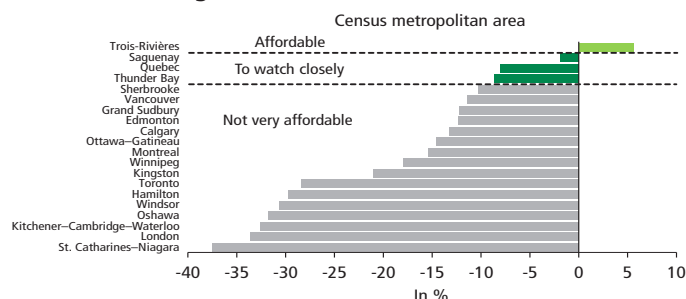
The Desjardins Affordability Index retreated in Canada, Quebec and Ontario in the third quarter of 2019



Sources: Statistics Canada, Canadian Real Estate Association, Quebec Professional Association of Real Estate Brokers by the 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, Quebec Professional Association of Real Estate Brokers by the Centris system, Conference Board of Canada, National Household Survey and Desjardins, Economic Studies

TABLE 1

Movement in posted mortgage rates

CLOSED SALES – AVERAGE	1 YEAR	5 YEARS
Q1 2019	3.64	5.34
Q2 2019	3.64	5.34
Q3 2019	3.64	5.19

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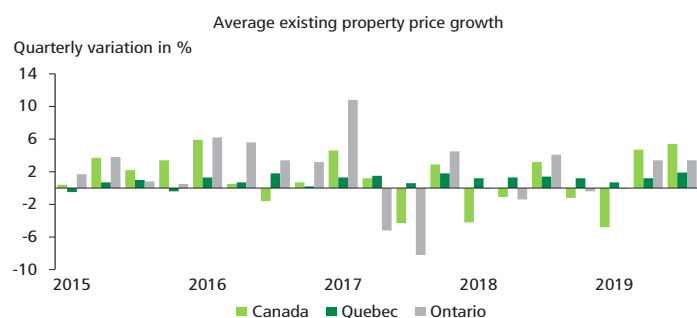
[Click here for more details on each region](#)

TABLE 2
Desjardins Affordability Index

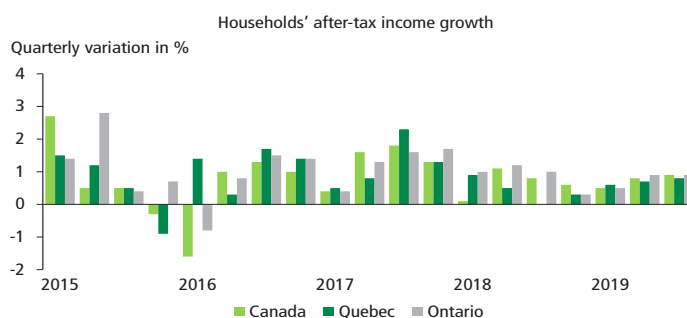
IN LEVEL (EXCEPT IF INDICATED)	CHANGE	QUARTERLY VAR. %	Q3 2019	Q2 2019	HIGH ¹	LOW ¹	AVERAGE ¹
Canada	↓	-3.4	100.0	103.5	145.0	93.1	117.0
Quebec	↓	-0.5	123.0	123.6	173.9	110.1	136.7
Ontario	↓	-1.7	90.0	91.5	143.7	87.6	117.0
Census metropolitan area (CMA)							
Quebec							
Saguenay	↑	1.2	182.0	179.9	233.2	152.7	183.9
Quebec	↑	1.5	146.1	143.9	202.4	127.5	154.1
Sherbrooke	↑	2.1	135.1	132.3	212.5	108.5	145.3
Trois-Rivières	↑	3.2	185.4	179.6	218.3	140.3	179.8
Montreal	↓	-0.4	106.3	106.7	162.3	98.5	121.7
Ontario							
Ottawa–Gatineau (Que.)	↓	-1.2	128.7	130.3	179.5	118.4	143.3
Kingston	↑	2.0	119.2	116.9	174.9	116.9	140.2
Oshawa	↓	-0.6	96.9	97.5	153.7	96.9	128.7
Toronto	↓	-3.7	75.1	78.1	132.4	71.9	103.5
Hamilton	↓	-2.9	92.8	95.5	154.3	92.8	122.5
Kitchener–Cambridge–Waterloo	↑	0.2	100.6	100.4	165.5	100.4	133.3
Windsor	↓	-0.1	142.8	142.9	198.4	142.8	173.4
London	↓	-0.4	109.7	110.2	168.5	109.7	143.3
St. Catharines–Niagara	↑	0.9	93.6	92.8	157.5	92.8	131.1
Thunder Bay	↑	0.1	171.9	171.7	209.7	153.7	180.5
Greater Sudbury	↑	0.8	154.5	153.2	203.9	133.5	166.7
Alberta							
Calgary	↓	-2.6	143.5	147.3	197.7	109.0	156.8
Edmonton	↓	-1.5	148.3	150.6	206.2	102.6	160.6
British Columbia							
Vancouver	↓	-1.1	64.1	64.8	103.8	57.1	75.4
Manitoba							
Winnipeg	↑	1.0	156.2	154.6	218.3	139.8	174.2

¹ Over the 1999 to 2019 period.

Sources: Statistics Canada, Canadian Real Estate Association, Quebec Professional Association of Real Estate Brokers by the Centris system, Conference Board of Canada and Desjardins, Economic Studies

GRAPH 3
Average sale prices continue to climb


Sources: Canadian Real Estate Association, Quebec Professional Association of Real Estate Brokers by the Centris system and Desjardins, Economic Studies

GRAPH 4
Household after-tax income growth holds


Sources: Statistics Canada and Desjardins, Economic Studies