

# DESJARDINS AFFORDABILITY INDEX

## Accessibility Once Again Contracted in Canada

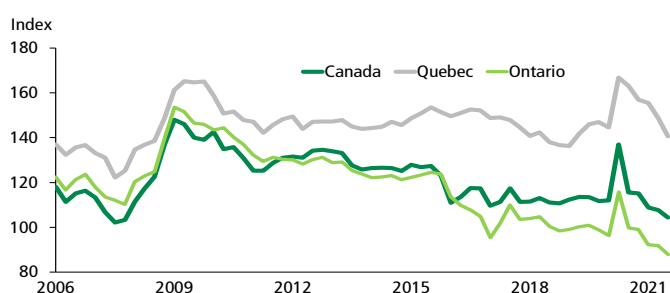
By Chantal Routhier, Senior Economist

### HIGHLIGHTS

- ▶ The Desjardins Affordability Index (DAI) fell again in Canada in the third quarter of 2021 (graph 1) and in most census metropolitan areas (CMAs) (table 2 on page 2). The financial capacity of households to buy a property even reached a historic low in many of them, including Montreal, Ottawa–Gatineau, Kingston and Toronto. What is more, most of the markets in the country are less affordable now than they have been on average since 2006. While residential activity started to lose steam after the strength posted in 2020 and early 2021, the limited supply of properties for sale and high demand continued to support growth in the average sale price<sup>1</sup> in many Canadian markets. At the same time, the modest increase or even drop in household after-tax income and growing ownership costs also helped squeeze accessibility in many CMAs. Despite an expected lull in the growth of the average sale price of a property in the coming quarters, access to ownership could remain under pressure, as expectations of mortgage rate hikes<sup>2</sup> materialize following the Bank of Canada's recent announcement of the end of quantitative easing measures.
- ▶ In Quebec, the decrease in the DAI was higher than in Ontario and Canada essentially because of the more pronounced decline in household after-tax income. The latter dropped 2.0% in Quebec between the second and third quarters of 2021, vs. 1.2% in Canada and 0.7% in Ontario.

GRAPH 1

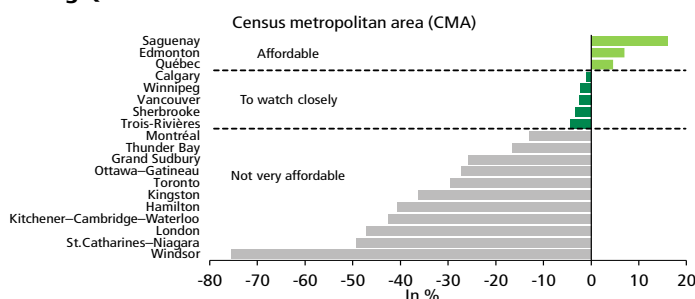
The DAI continued to fall in the third quarter of 2021



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 Q3 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 %
Q1 2021	2.04
Q2 2021	1.98
Q3 2021	2.00

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.

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

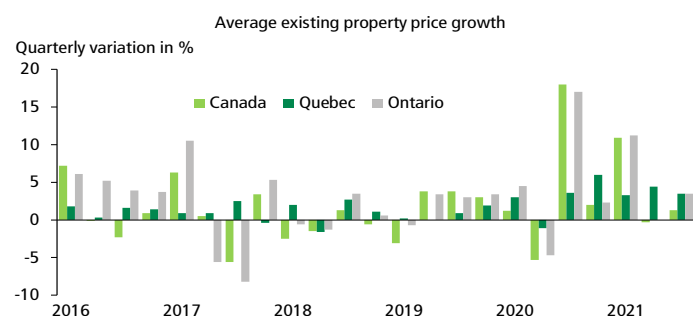
The Desjardins Affordability Index (DAI) is calculated by determining the ratio between the average household disposable income and the income needed to obtain a mortgage on an average-priced home (qualifying income). Qualifying income is calculated based on the cost of owning a home (mortgage payments, property taxes and utility costs). An information document on the DAI is available on our Web site [information document](#).

[Click here for more details on each region](#)
**TABLE 2**
**Desjardins Affordability Index**

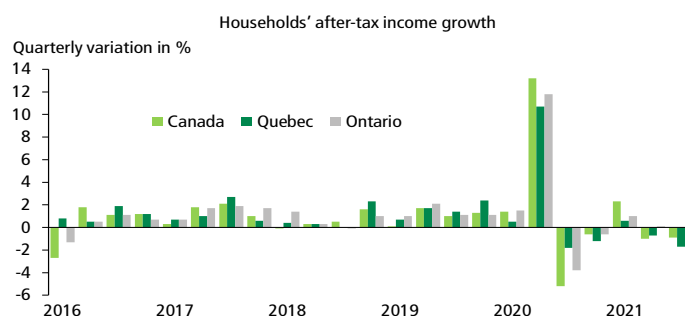
IN LEVEL (EXCEPT IF INDICATED)	CHANGE	QUARTERLY VAR. %	Q3 2021	Q1 2021	HIGH <sup>1</sup>	LOW <sup>1</sup>	AVERAGE <sup>1</sup>
Canada	↓	-3.0	104.4	107.7	137.0	104.4	121.8
Quebec	↓	-5.4	140.6	148.6	166.7	136.3	146.3
Ontario	↓	-4.3	87.9	91.9	131.3	87.9	118.7
<b>Census metropolitan area (CMA)</b>							
Quebec							
Saguenay	↓	-1.7	209.2	212.7	237.7	182.1	193.1
Quebec	↓	-3.1	165.1	170.5	181.4	147.0	160.5
Sherbrooke	↓	-0.8	146.1	147.3	183.9	138.0	149.4
Trois-Rivières	↓	-1.8	181.0	184.4	214.7	177.8	185.5
Montreal	↓	-3.7	115.5	119.9	136.0	115.5	128.4
Ontario							
Ottawa–Gatineau (Que.)	↓	-3.5	126.3	131.0	165.4	126.3	153.7
Kingston	↓	-2.0	105.7	107.8	154.9	105.7	142.0
Toronto	↓	-4.5	74.5	78.1	116.7	74.5	104.1
Hamilton	↓	-4.4	83.2	87.0	144.6	83.2	123.9
Kitchener–Cambridge–Waterloo	↓	-3.7	90.0	93.5	149.2	90.0	132.6
Windsor	↑	1.3	104.0	102.6	212.3	102.6	179.4
London	↓	-0.5	100.7	101.3	167.2	100.7	147.9
St. Catharines–Niagara	↓	-0.1	81.7	81.8	154.4	80.8	130.9
Thunder Bay	↑	0.9	177.3	175.7	212.6	165.7	193.9
Greater Sudbury	↑	3.6	147.3	142.1	195.7	142.1	173.1
Alberta							
Calgary	↑	1.0	159.2	157.6	191.8	146.2	160.2
Edmonton	↓	-0.7	172.4	173.5	193.5	163.2	165.4
British Columbia							
Vancouver	↓	-1.5	72.9	74.0	81.7	61.7	75.5
Manitoba							
Winnipeg	↓	-1.4	175.0	177.4	208.9	161.6	177.2

<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 climbed in Q3 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 Q3 of 2021**


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