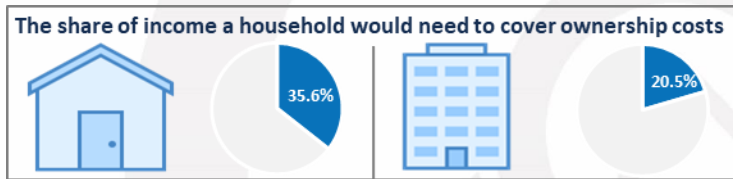




## Modest erosion in Saskatoon housing affordability in line with other major CMAs

Despite higher interest rates, housing affordability is still not an issue in Saskatoon. The aggregate affordability index<sup>1</sup> rose 0.7 percentage points to 33.7% in Q1-2018, just above its long term average (33.3%). The Saskatoon index has been stuck at neutral levels for the past three years. The Q1 increase only represents a slight erosion in affordability, not much different from its 33-year average (see chart).

- Single-family house ownership costs now take up 35.6% of a typical household's gross income, up 0.5 percentage points from the prior quarter.
- Condominium apartment ownership costs now take up 20.5% of a typical household's gross income, down 0.2 percentage points from the prior quarter.



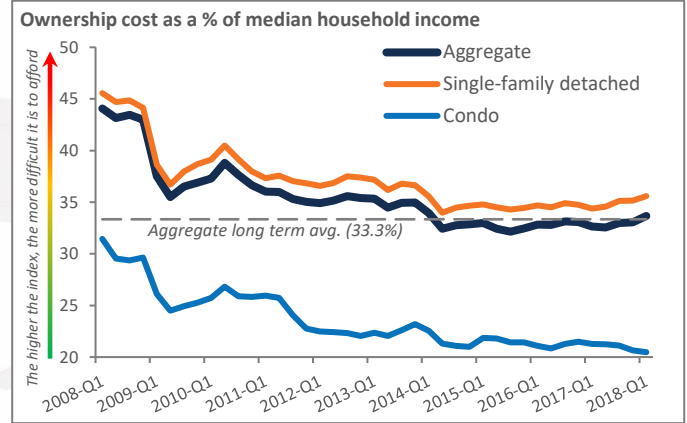
Compared to other regions, Saskatoon ranks eighth most affordable housing market in Canada. Vancouver, Toronto and Victoria remain the least affordable markets due to higher average prices and lower earnings.

**“Mortgage rate hikes continue to pose a downside risk to housing affordability in all regions. In Saskatoon, the current challenges are inventory glut and softening demand, due to sluggish job growth. Ongoing economic improvements should eventually stimulate demand and help rebalance the housing market, which continues to favour buyers.”**

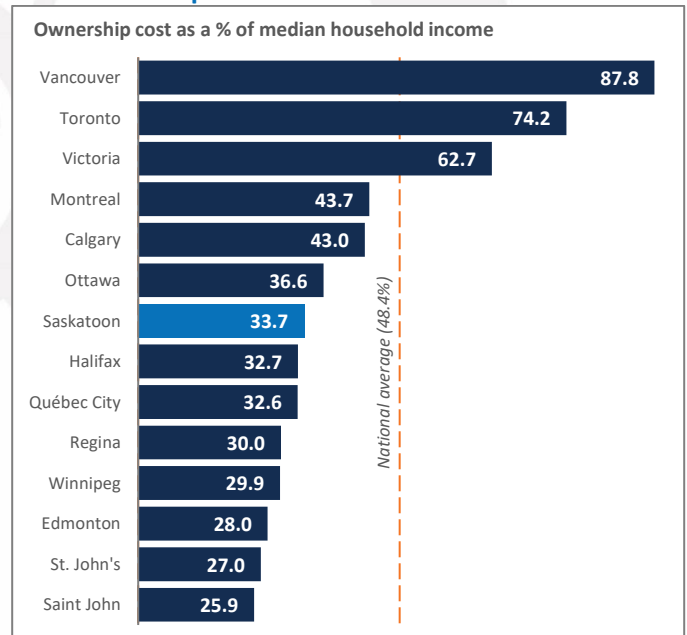
*Gabriel Dzathor, Manager – Economic Forecasting and Analysis*

<sup>1</sup> The RBC Housing Affordability Measures show the proportion of median pre-tax household income that would be required to service the cost of mortgage payments, property taxes, and utilities based on the median market price for single-family detached homes and condo apartments. The higher the measure, the more difficult it is to afford a home. The index is based on a 25% down payment, a 25-year mortgage loan at a five-year fixed rate, and are estimated on a quarterly basis for 14 major urban markets in Canada.

## Modest erosion in Saskatoon's housing affordability...



## ...did not alter position as 8<sup>th</sup> most affordable in CA.



## Saskatoon price and affordability index, Q1-2018

	Price Q1-2018	Housing affordability index	
		Q1-2018	Avg. since 1985
<b>Aggregate, all categories</b>	\$369,800	33.7%	33.3%
Y/Y change	-0.8%	1.1 ppt.	--
<b>Single-family detached</b>	\$383,800	35.6%	34.9%
Y/Y change	-0.3%	1.2 ppt.	--
<b>Condominium apartment</b>	\$210,200	20.5%	21.5%
Y/Y change	-9.8%	-0.8 ppt.	--

Source: Royal Bank of Canada