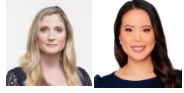


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Vancouver is in a ‘full-blown crisis’ for housing affordability: Report



Amy Judd & Angela Jung || April 3, 2024

A new report from the Royal Bank of Canada is painting a bleak picture of just how unaffordable and unattainable buying a home in Vancouver is.

The report, which looks at housing trends across the country, found that it has never been as expensive to own a home anytime, anywhere in Canada as it was in Vancouver in the last quarter of 2023.

The report stated that Vancouver is in a “full-blown crisis.”

“At a staggering 106.4 per cent, the share of a median income needed to cover ownership costs means that only a select few high-income earners can afford to buy—or that considerable wealth must be amassed (or received) to put down towards a purchase,” the report states.

“This significantly narrows the potential pool of buyers in the market, keeping activity soft and prices flat recently. We see little change from this in the months ahead.”

A one-bedroom open-plan apartment in Yaletown is currently listed for sale at just under \$600,000.

“It is becoming more and more difficult with first-time homebuyers as prices rise here in Vancouver,” realtor Mike Stewart told Global News.

With the minimum five per cent down, a mortgage and strata fees the Yaletown apartment used as an example would cost someone just under \$4,000 a month to own.

“I’m seeing personally a lot of parents helping out with the downpayment to meet that 20 per cent threshold so that the payments are a little bit more palatable, a little more affordable for, you know, the first-time homebuyers,” mortgage broker Sherlock Yam said.

The report also found that extreme affordability pressures deteriorated in Victoria in the closing months of 2023.

“Those pressures weigh heavily on the market in the early stages of 2024, restraining the recovery in demand and driving prices down—albeit just barely,” the report read.

It found that existing owners may also be feeling the financial squeeze and that new listings have trended above pre-pandemic levels since last fall.

In Canada, the share of income needed to own a home is just over 63 per cent.

In Vancouver, it is more than 106 per cent, which is significantly higher than other major cities.

The report states that in Calgary, Canada’s current housing hotspot, prices are appreciating at the fastest pace in the country and it is becoming harder for many people to afford a purchase.

Home ownership in Edmonton is still broadly manageable, according to RBC, but it has become more onerous for potential buyers.

In Saskatoon, the market maintains a strong momentum and home resales in recent months hovered about 20 per cent above pre-pandemic levels. However, the costs of owning a home have soared to levels unseen in 15 years in the area.

Regina buyers are not immune to mounting unaffordability, the report stated, but the burden they face is one of the lightest in Canada’s major cities.

For Winnipeg buyers, home resales are stuck in middle gear, about 10 per cent below pre-pandemic levels, the report found. The study’s authors said they expect budget-related tensions will keep buyers on their toes for some time.

Skyrocketing interest costs continue to significantly challenge Toronto-area buyers, according to the report, and many are unable to clear the high ownership bar. The market did seem to turn a corner in late 2023 and early 2024 with activity picking up slightly and prices stabilizing.

Home sales in Ottawa were still nearly 15 per cent below their levels before the pandemic and buyers face an uphill battle getting into the market with high rates and prices.

In Montreal, the market is on a gradual upward trajectory with an influx of supply and more opportunities for house hunters whose ability to purchase a home is curtailed by high interest rates.

Affordability is still the biggest concern for homebuyers in Quebec City, the report found, but the city still compared favourably with other major markets across Canada.

“The Saint John market is feeling the pinch from higher interest costs,” the report states and home resales have slowed since early 2022. However, housing affordability is still one of the best among the markets RBC tracks.

Record-high ownership costs continue to be an issue for Halifax residents and the volume of transactions at the start of the year remained down more than 25 per cent compared to pre-pandemic levels.

In St. John’s low supply is probably a bigger deal for the market than poor affordability, the report stated.

“While calmer than at the pandemic peak, the market remains much busier than at almost any time before 2020.”

When compared to the rest of the nation, however, the report authors were clear that Vancouver remains in the most difficult spot, and that middle-income earners simply cannot afford to own a home.

“Those in the middle of the income distribution making a 25 per cent downpayment and with amortization over 25 years,” Robert Hogue with RBC said.

“It’s just not possible for them.”