

RENTER TO BUYER

**CMHC'S
27-YEAR
HISTORICAL
AFFORDABILITY
REPORT
1970-1997**

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Introduction

This report is a special edition of CMHC's Canadian Housing Markets (CHM) report. Every year, the third quarter edition of CHM contains a detailed analysis of affordability for all major urban markets. In CHM, indicators are published for the latest three reporting periods. This report compiles and analyses the new information for the indicators for reporting periods back to 1970.

The purpose of this special edition is to provide housing industry participants with analyses of long-term affordability trends in Canada's major urban centres as they relate to home ownership.

Here is a unique examination of housing affordability patterns in 27 major housing markets, or census metropolitan areas, for the past 27 years. It includes a detailed time-series analysis of affordability trends and their major fluctuations, plus a comprehensive national overview of each of Canada's major local markets.

Both the national overview and a three-page report for each urban centre identify and analyse the forces that influence affordability. Together they succinctly describe the impact of changes in house prices, property taxes, heating costs, mortgage rates and renter incomes.

The analysis includes special tabulations on the demographic forces that influence local housing markets. Each local market report includes data on the number of households by tenure (renters aged between 20 and 44, all renters and all home owners). These are available for the Census years 1971, 1981, 1986 and 1991. All are based on 1986 Census boundaries.

Finally, each section examines the availability of new and resale housing that is priced within the means of average renters.

All data are shown in easy-to-read tables.

The report is in two parts. Part I is a national overview of local market affordability. Part II contains affordability reports for each of the country's 27 major housing markets. Both parts present insightful analysis of the forces that influence affordability, succinctly describing the impact of changes in house prices, and renter incomes.

The information for 1970 and annual data in the 1980s up to 1989 has never been released before.

CMHC's Affordability Indicators Explained

CMHC's affordability indicators were designed to meet the need for a consistent, high quality measure to estimate Canadians' ability to afford their first home. The information addresses the question of whether renter households in the prime home buying years have the income to buy a starter home in their local market.

The CMHC indicators have been updated regularly *Canadian Housing Markets* (CHM) since 1990. While each edition of CHM includes affordability information for the latest three reporting periods, this report provides detailed information on long term affordability trends, going back to 1970, for every major urban area across Canada.

This allows readers to quickly see how the latest affordability information compares to the past and the how the factors impacting local affordability levels are changing.

(continued on page 14)

Executive Summary

Highlights

- ♦ Contrary to popular belief, housing was far more affordable during 1997 in every Canadian urban centre than it was in 1970. In fact, almost twice the percentage of prime buyers across the country could afford a starter home than in 1970. *To see why, turn to page 5.*
- ♦ In 1997, there were more affordable resale homes than ever in 12 centres and more affordable new homes in 17 centres. *See page 13.*
- ♦ The most significant supply factor affecting affordability is the price of starter homes; the most significant demand factor is the income of prime buyers. These two factors do not change at the same rate. Between 1970 and 1997, affordability improved in about half of the 27 centres studied because incomes grew faster than house prices. *See pages 9 and 10.*
- ♦ Over the past quarter century, the greatest affordability gains in Canada have occurred in centres in Atlantic Canada and the Prairies, where income growth has matched or outpaced price growth. *See page 8.*
- ♦ At the same time, long-term price growth either matched or outpaced incomes in half of the centres studied. In Vancouver, a jump of 549 per cent in average income did not keep up with the 880 per cent rise in the average cost of starter houses. Vancouver and Victoria have become the least affordable centres in the country: in these two cities, the gap between house price growth and income gains during the study period increased by 260 percentage points. *See page 10 and 11.*
- ♦ Affordability declined sharply when mortgage interest rates shot up in the early 1980s. The situation reversed itself by the middle of the decade. Improved affordability in the 1990s is closely linked to record-low mortgage interest rates. *See pages 6 and 7.*
- ♦ House prices reflect regional economic patterns. The lowest rates of house price increases in Canada since 1980 have occurred in Atlantic and Quebec markets, which experienced slower economic growth. House prices rose sharply in western centres during the last half of the seventies, in a period of prosperity. The same pattern occurred in Ontario during the mid-eighties. *See pages 10 and 11.*
- ♦ By increasing the demand for housing, household growth is a major influence on house prices, and thus on affordability. Over the past three decades, local employment opportunities and migration patterns have had a particular effect on household growth in centres such as Calgary and Oshawa. *To find out how, turn to page 12.*

Part I

NATIONAL OVERVIEW

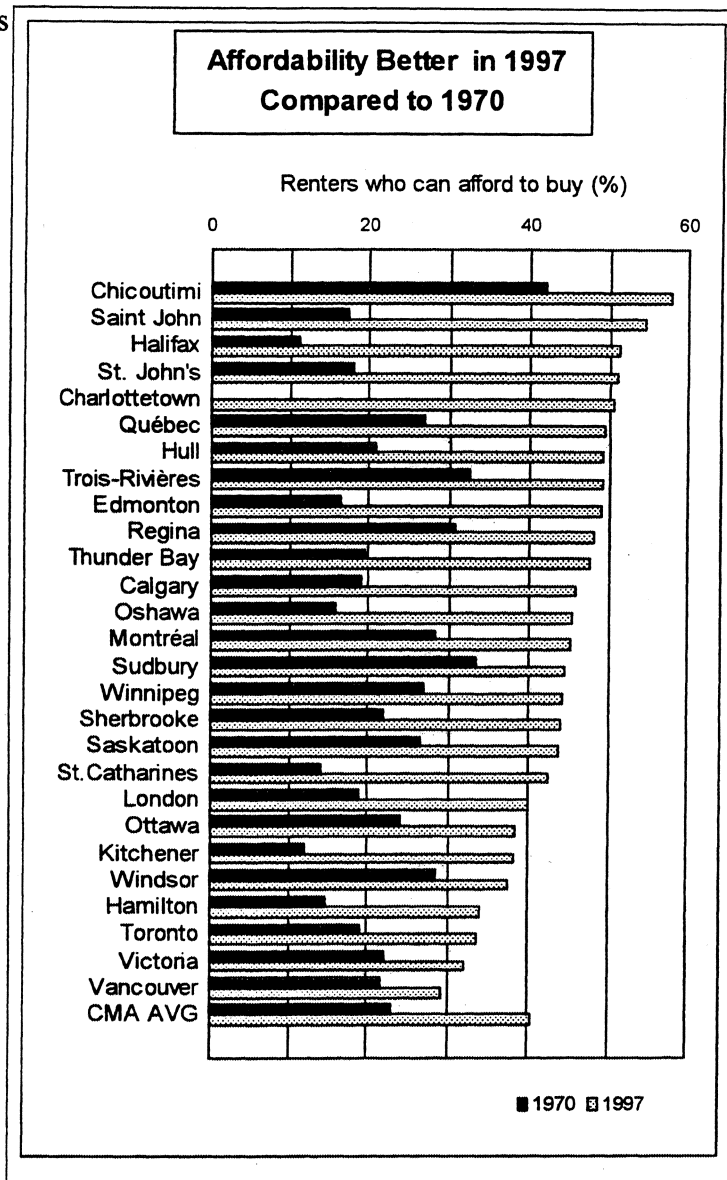
Affordability Best Ever In 1997

Housing in Canada's major urban centres was far more affordable in 1997 than it was in 1970. When the seventies dawned, the proportion of prime buyers (renters aged 20 to 44) who could afford to purchase a starter home across all centres was 23 per cent (weighted average). In 1997, access to ownership was affordable to a record 40.5 per cent of prime buyer households.

Of the various factors contributing to better affordability in 1997, lower interest rates were the most influential. In 1970, rates were 10.1 per cent and in 1997 they were 6.7 per cent.

The chart (opposite) ranks Canada's 27 major markets, from most affordable to least affordable in 1997. It reflects a considerable reordering of position over the past quarter century. In 1970, both Vancouver and Victoria were at least as affordable as half the centres in Canada. As a result of significant price increases in the 1970s, these two areas have consistently been among the least affordable markets since the early 1980s. A consistent feature of the chart is improved affordability since 1970 in every one of the markets analysed in this report.

Chicoutimi remains the most affordable centre, a distinction it has maintained since 1970. Halifax has made the greatest gains in that time, with an affordability rating more than five times better (from 11 to 51 per cent) than in 1970. Other centres from the Atlantic similarly exhibit strong improvement. In 1997, four of the five most affordable centres in Canada were in the Atlantic provinces. The major urban areas on the opposite coast are at the other extreme. They are the least affordable centres in 1997 and have realized the smallest measure of affordability improvement since 1970.



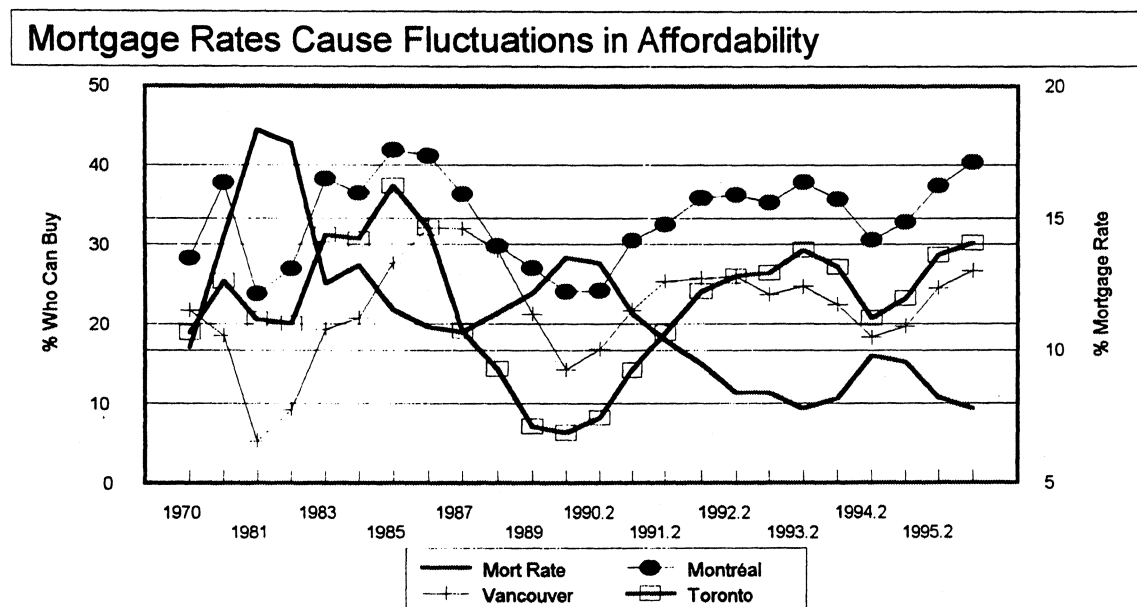
Cyclical Swings Important

Throughout the 27-year period, the pattern of affordability has varied widely between metropolitan areas and between regions. Swings in the affordability cycle have been more pronounced in certain centres and regions.

The main factors affecting affordability are home prices, household incomes, mortgage rates, property taxes and heating costs.

A characteristic of mortgage rates is that they do not vary significantly between markets. As a result, there are some similarities everywhere in affordability levels over time -- that is, in the affordability cycle. This is illustrated by the graph below, showing the relationship between the three-year mortgage rate and affordability in Canada's three largest markets.

In the time frame covered by the graph, mortgage rates fluctuated up and down, but overall they followed a downward trend.



Shifts in mortgage rates had a very significant influence: when rates went one way, affordability always went in the other direction. A large part of the influence is owing to the profound impact of interest rate shifts on carrying costs and affordability. In the 1980s, for example, rates shot up and then plummeted almost as fast. As a result, affordability in all markets declined sharply in the early 1980s and recovered to a high level by the mid 1980s. This has also been the general pattern in all centres over the past decade.

The uniqueness of each center's affordability cycle is illustrated by the table (next page) showing that highest and lowest affordability levels were attained in different periods across different markets. Divergences are caused by other factors affecting affordability, particularly prices and incomes, which vary from market to market.

The importance of house price fluctuations on affordability cycles has been demonstrated in Ontario centres in recent years.

In the early 1980s, when interest rates peaked in the high teens, many markets, including all of those in western Canada, saw their worst affordability ratings.

Ontario bucked that trend to a degree. Aided by a strong economy and relatively stable, affordable prices, Ontario centres were among the country's most affordable in the early 1980s and collectively surged to record high affordability in 1985-86.

Strong economic growth and in-migration generated demand pressures that ignited Ontario's boom and price spiral of the late 1980s and sent affordability plunging all across Ontario. The province's markets experienced their worst affordability ratings in 1990, when an upward tick in mortgage rates coincided with the end of a five-year price spiral.

Since then, with a weak economy constraining wage growth, affordability in Ontario improved only lethargically. While Ontario markets saw Canada's most significant price declines in the early part of the decade, market prices did not fall sufficiently to enable Ontario centres to regain the peak ratings they chalked up in the pre-boom days of the mid-1980s. This is in sharp contrast with most other Canadian markets, where peak affordability was achieved during the 1990s.

In Vancouver, house price fluctuations have also had a big impact. This is the only non-Ontario market which has not seen a record level of affordability in the 1990s. Strong price gains in the

Fluctuations in Affordability: Highs and Lows					
Highest Level of Affordability			Lowest Level of Affordability		
	Value (%)	Year		Value (%)	Year
Toronto	37	85	Halifax	11	70
Kitchener	43	85	St. Catharines	14	70
Hamilton	43	85	Saint John	17	70
London	44	85	St. John's	18	70
Oshawa	47	85	Thunder Bay	20	70
Thunder Bay	50	85	Hull	21	70
Windsor	52	85	Sherbrooke	22	70
Vancouver	32	86	Victoria	5	81
St. Catharines	46	86	Vancouver	5	81
Sudbury	47	86	Calgary	9	81
Saskatoon	48	92H2	Edmonton	10	81
Regina	49	96H2	Trois-Rivières	19	81
Trois-Rivières	50	96H2	Winnipeg	20	81
Charlottetown	51	96H2	Québec	24	81
Halifax	52	96H2	Montréal	24	81
Victoria	32	97H1	Chicoutimi	26	81
Ottawa	39	97H1	Saskatoon	18	82
Sherbrooke	44	97H1	Regina	22	82
Winnipeg	44	97H1	Toronto	6	90H1
Montréal	45	97H1	Kitchener	8	90H1
Calgary	46	97H1	Oshawa	10	90H1
Edmonton	49	97H1	Hamilton	12	90H1
Hull	49	97H1	Sudbury	29	90H1
Québec	49	97H1	London	16	90H2
St. John's	51	97H1	Ottawa	20	90H2
Saint John	54	97H1	Windsor	25	90H2
Chicoutimi	58	97H1	Charlottetown	40	91H2
All CMA's	46	97H1	All CMA's	20	81

late 1980s and early 1990s blunted the beneficial effects of falling interest rates in the 1990s in Victoria as well.

In the Prairies, Quebec and the Atlantic region, price movement had less of an effect on the affordability cycle. These regions neither experienced the same price boom nor suffered the correction that rocked Ontario's housing markets. Year-to-year changes in affordability in these three regions tended primarily to reflect the influence of mortgage rates.

The effect of house prices in Atlantic markets has been longer term. These markets had the country's highest starter home prices and were least affordable in 1970. Since the early 1980's, Atlantic prices have increased much more slowly than the national average and the affordability ratings of those markets have closely matched those in the Prairies and Quebec. Today, most markets in all three regions show a relatively high level of affordability and a gradual improvement, peaking in late 1996 or early 1997.

Affordability Components: Incomes and Prices

The two most significant factors shaping local affordability levels have been the relative changes in starter home prices and the incomes of prime buyers. Of the two, house price change has been the predominant factor, increasing at a greater rate than incomes, especially since 1981.

National Growth in Starter House Prices and Renter Incomes 1970-96					
	1970-80	1980-85	1985-90	1990-96	1970-97
House Prices (%)	124	31	57	18	464
Renter Incomes (%)	157	35	27	12	409

House price change has exhibited a much greater variance between centres than incomes. Income gains range from 282 per cent in Sudbury to 549 per cent in Vancouver, and average 409 per cent overall. Meanwhile, the change in starter house prices cover a wide range, from 259 per cent in Charlottetown to 880 per cent in Vancouver.

Incomes

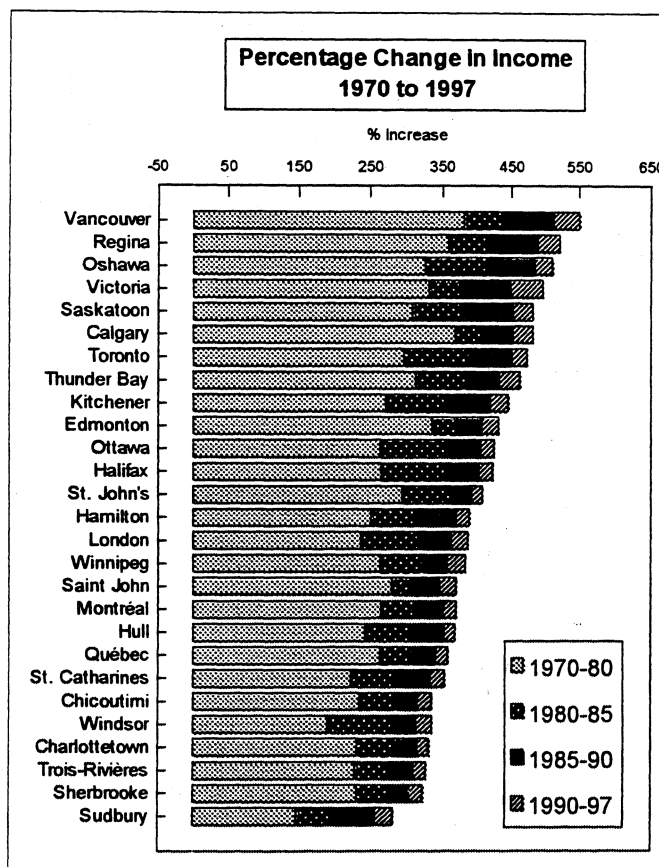
Structural changes in the economy starting in the early 1980s have affected consumer incomes more in some markets than others, and affected long-term changes in affordability. This is illustrated in the graph, which demonstrates the pattern of income growth in the major markets from 1970 to 1997.

A strong economic cycle through the latter 1970s combined with demographics to yield a high level of income growth among prime buyers in that decade. The best income gains over the 27-year span occurred prior to the 1981-82 recession, after which growth slowed considerably. Since income has, on average, lagged behind price gains, affordability improvements in the 1990s were more the result of mortgage rate reductions than income gains.

Averages never tell the whole story, however. Long-term price growth has either matched or outpaced incomes in only half of the 27 centres, and in none of the Atlantic and Prairie markets. As a result, these are now the most affordable areas in the country. In other regions, notably British

Columbia and Ontario, incomes have trailed price increases, sometimes significantly. Victoria, Vancouver and Toronto experienced some of the strongest long-term income gains in the country, but they still fell short of price gains. In Vancouver and Victoria, the least affordable centres in the country, the gap between house price growth and income gains exceeds 260 percentage points.

Regardless of this regional pattern, slow income growth is normally associated with smaller centres such as Sudbury, Sherbrooke, Trois-Rivières, Windsor, Chicoutimi and Charlottetown. In Sudbury and Windsor, low income gains have contrasted with price gains well above the average, particularly since 1990. Overall, the gap between income and price growth is just over 148 per cent, placing these centres at the lower end of the affordability spectrum.



Starter Home Prices

Actual house prices, plus the rate at which prices change, influence affordability rates more than any other factor. The following table lists the six markets with the highest prices and the six with the lowest. It shows that the least affordable markets have some of the highest prices and that the most affordable were the least expensive in 1997. It also reveals dramatic price differences across the country. Prices in British Columbia are almost triple those of centres in Quebec, where starter home prices have consistently been among the lowest in the country.

1997 Starter Home Prices and 1970 Ranking - Top and Bottom Six Centres							
Highest Home Prices				Lowest Home Prices			
City	1997 Price	1997 Rank	1970 Rank	City	1997 Price	1997 rank	1970 Rank
Vancouver	205,864	1	15	Québec	83,520	22	21
Toronto	182,072	2	3	Sherbrooke	81,495	23	20
Victoria	172,965	3	17	Saint John	81,085	24	19
Hamilton	151,439	4	6	Charlottetown	79,000	25	9
Oshawa	147,910	4	11	Trois-Rivières	73,068	26	25
Kitchener	142,040	6	1	Chicoutimi	69,292	27	26

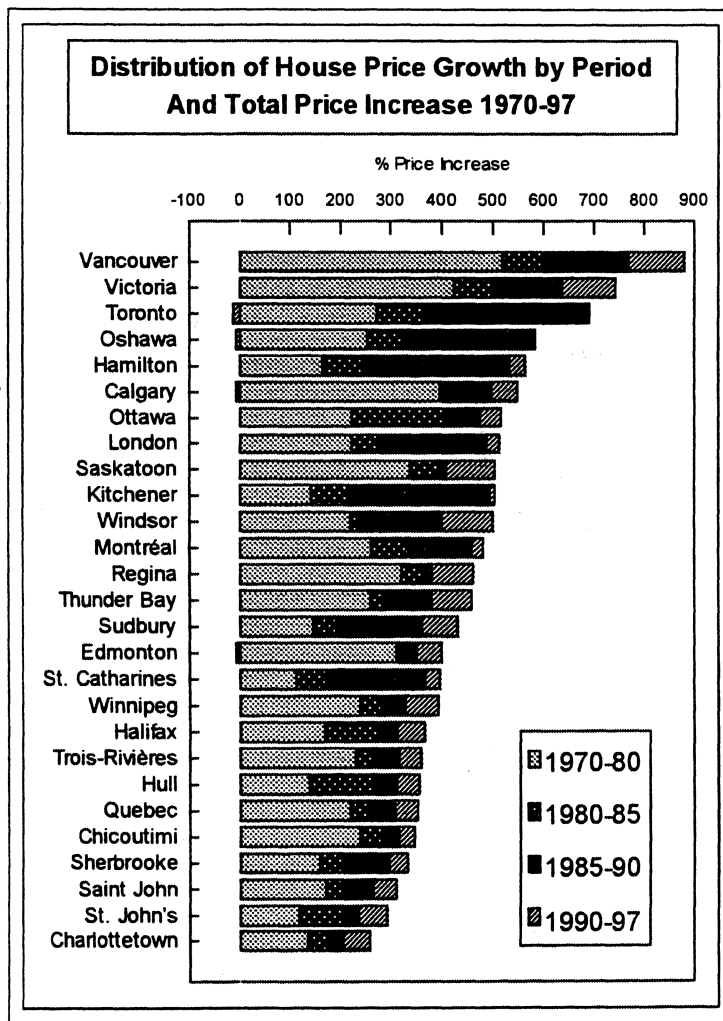
Some price changes have been dramatic during the last 27 years. Only Toronto and Kitchener have been among the six markets with the highest prices in each of the three last decades. The centre with the highest price in 1970 was Kitchener, closely followed by Halifax, which is not even on the list in 1997. On the least expensive side of the ledger, Québec, Sherbrooke and Saint John are the only centres to make the list consistently since 1970. Regina was Canada's lowest priced city in 1970, but the Prairie price boom of the late 1970s pushed it off the list of low-priced markets.

Price Changes Vary Widely Across the Country

Distinct boom-bust cycles have affected price levels and the pattern of housing affordability over time. Buyers in Atlantic and Quebec markets (except Montréal) have benefited from the lowest rates of price gain in the country, especially since 1980. Although overall price gains were higher in Montréal than the rest of Quebec, these were much lower than in the other major metropolitan markets (Toronto and Vancouver). Montréal prices are not even half as high as those in Vancouver and are more than 40 per cent below those in Toronto.

The chart (opposite) shows price changes in all centres between 1970 and 1997 and clearly reveals dramatic variations in price change across the country, especially after 1980. In the first half of the 1980s, Hull and Ottawa stood out as the only centres that continued to experience solid price growth. While other Ontario centres boomed in the late 1980s, Ottawa recorded the lowest price gains in the province.

The chart also shows that western centres experienced very strong price increases in the seventies, mostly in the latter part of that decade and up to 1981. This western price cycle topped out as many consumers were priced out of the market by excessive increases and steep mortgage rates. Although prices dropped back in all western centres, Edmonton and Calgary were hit particularly hard. Prices in these markets had still not recovered by 1985 and they alone show a price decline for 1980-85. This fall in prices improved affordability and put houses within the means of renters once more.



Ontario recovered quickly from the recession of the early 1980s and job-seekers migrated into the province, many from the west. This influx increased housing demand, pushing prices up in the mid-1980s, and a boom and bust cycle ensued. At the core of the boom, Toronto saw unprecedented price increases: the price of a starter home jumped 150 per cent in the second half of the 1980s. Demand pressures influenced all Ontario markets, especially those in southern Ontario, and all experienced large price hikes, although none as much as Toronto. Also evident in the graph is a subsequent price collapse as the economy took a dive in 1990. House prices in Toronto, Oshawa and Kitchener all declined in the 1990s.

Price increases in all centres have been relatively small since 1990, gaining on average only 18 per cent in the first three years of the decade. Although house prices during the 1990s have continued to outpace income gains in all major centres except Hamilton and London, these changes have been relatively small. With prices and incomes growing slowly, mortgage rates have become the primary factor influencing affordability.

Property Taxes and Heating Costs

While studies of affordability typically focus on incomes, house prices and mortgage rates, they often overlook property taxes and heating costs. While these affect affordability less than the other factors, they are not insignificant and often play an important role. Together, they comprise between one tenth and one third of the monthly carrying costs of ownership. The size of these costs varies significantly by city and so does their relative impact on affordability.

Importance of Taxes and Heating Costs in Selected Centres (1997)							
Annual Costs					Heat + Taxes as per cent of:		
	House Price	Heat	Taxes	Required Income	Prices	Required Income	PITH
Montreal	100,000	1,290	1,951	33,657	3.2%	9.6%	30%
Halifax	110,293	1,069	1,320	33,417	2.2%	7.1%	22%
London	125,185	735	1,819	37,438	2.0%	6.8%	27%
Calgary	135,914	611	1,348	38,102	1.4%	5.1%	16%
Toronto	182,072	676	2,838	53,821	1.9%	6.5%	20%
Victoria	172,965	639	1,639	47,817	1.3%	4.7%	15%

When interest rates are high, principal and interest payments become far more significant than taxes and heating costs. In 1981, for example, taxes on average accounted for eight per cent and heating averaged six per cent of the total carrying costs (principal, interest, heat and taxes, or PITH) at that time. When mortgage rates dropped, principal and interest costs fell as well, increasing the relative importance of tax and heating expenses. In 1997, taxes on average accounted for 16 per cent of PITH while heating represented an additional 8 per cent. Together these components comprised more than one fifth of the carrying costs of a starter home.

The cost of heating depends on both climate and fuel costs, and the latter can vary substantially. For example, heating costs in Ottawa are only half of those in Hull, directly across the Ottawa River, solely because Ottawa's main heating fuel is natural gas while Hull relies mainly on higher cost electricity. Property taxes, on the other hand, are higher in Ottawa, and this more than compensates for the difference in heating costs. In Hull, property taxes on a starter home in 1997 were just under \$2,000; in Ottawa, they were about \$1,000 more.

Property taxes are highest in Ontario and Quebec, and lowest in the major Atlantic centres and the west (except in Regina and Winnipeg, where high taxes rival those in Ontario). Quebec markets also have the country's highest heating costs. Relatively high heating costs tend to offset the advantage of low property taxes in the Atlantic region; however, British Columbia and Alberta have low taxes and the lowest heating costs. Low taxes and heating costs, together with the country's highest renter incomes, moderate the impact of high house prices in Vancouver and Victoria.

Household Growth

Household formation and in-migration affect overall household growth by increasing demand both in the ownership and rental markets. These factors explain variations in prices and affordability across the country. During the study period, rapid growth was a significant factor underlying the price booms in both British Columbia and Ontario centres.

Total household growth was very strong in the 1970s, when the baby boomers began to enter the housing market, initially as renters and afterward as first-time home buyers. A discernible regional pattern is evident in this decade, with the western centres showing strong growth in both owner and renter households. In the early 1980s, when the affordability squeeze constrained access to ownership, renter households of prime

Household Growth				
(ranked from highest to lowest based on homeowner growth 1971-1991)				
	Homeowners		Renters Aged 20-44	
	Number	Growth	Number	Growth
CMA	1991	1970 to 1991 (%)	1991	1970 to 1991 (%)
Sherbrooke	27,265	208	16,640	88
Oshawa	58,130	156	15,800	108
Québec	135,770	153	65,530	52
Trois-Rivières	29,445	148	13,610	69
Calgary	167,360	143	78,430	116
Hull	50,395	133	22,520	98
Halifax	68,600	132	34,380	69
Edmonton	181,215	127	87,170	92
Ottawa	143,940	124	78,570	90
Chicoutimi	34,655	116	12,700	39
Saskatoon	48,305	111	20,890	108
Montréal	577,035	103	366,865	23
Saint John	28,610	98	9,460	33
Kitchener	78,765	97	32,405	81
St. John's	37,020	88	12,150	77
Toronto	792,145	86	364,455	67
Regina	47,405	85	15,250	47
Victoria	72,990	80	28,235	145
Vancouver	350,225	72	166,710	109
London	84,650	62	39,040	75
Sudbury	36,835	61	12,130	7
Winnipeg	156,395	59	56,115	43
Hamilton	142,960	53	44,820	40
St. Catharines	97,600	53	21,960	43
Thunder Bay	32,045	35	8,795	70
Windsor	66,615	28	17,775	29
Charlottetown	13,115	NA	3,985	NA

buyer age in the west, particularly in Vancouver, grew at twice the national rate. In other parts of the country, especially the Atlantic region and Quebec, prime buyer renter households increased more slowly, and this resulted in higher affordability and improved access to ownership.

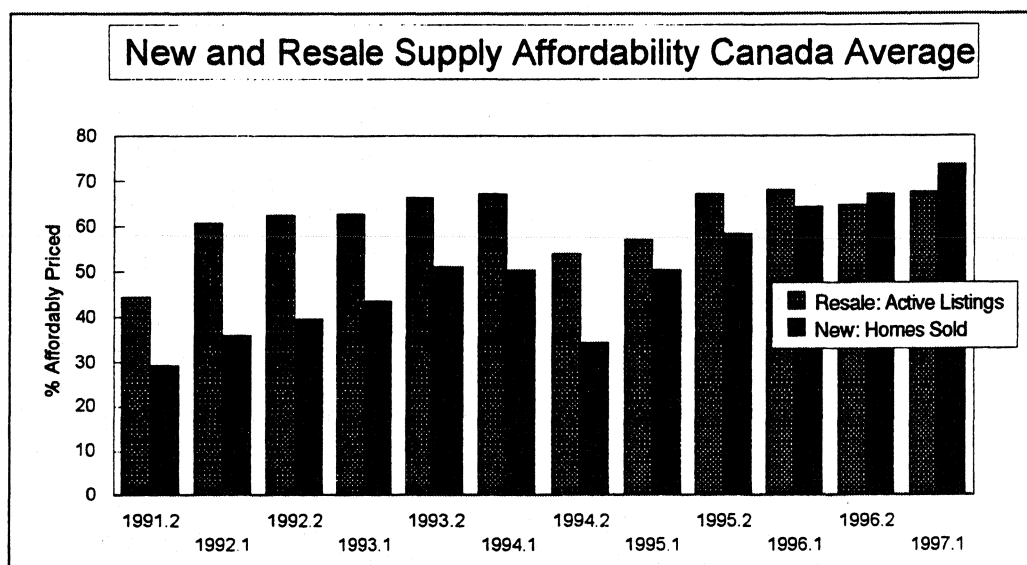
Rock bottom affordability in Ontario in the mid to late 1980s occurred after a period of strong economic growth during which migration shifted to the province. Prices pushed up by strong demand increasingly shut prime buyers out of the market. Consequently, both prime buyers and renters grew at a faster rate than owners in Ontario through the 1980s.

Within regions, certain centres experienced vastly different growth rates. Between 1971 and 1991, the highest household growth rates were found in Oshawa, Sherbrooke, Calgary, Edmonton and Hull. These are centres which vary widely in house price and affordability levels. The strongest growth among prime buyer renter households was more logically located in those centres where access to ownership was more constrained — Vancouver, Victoria, Calgary and Oshawa.

Saskatoon was an anomaly, with the highest rate of renter growth in the country between 1980 and 1985 as well as relatively low house prices. This new demand quickly evaporated however, Saskatoon immediately posted one of the countries lowest growth rates in the second half of that decade.

Choice and Opportunity Increasing in all Centres

Affordability is only partly the result of demand. It also depends on the proportion of the supply of starter homes at or below a price level affordable to the average prime buyer. Since 1990, CMHC has tracked and documented two indicators on the supply of homes affordably priced. These two are based on new homes sold and resale homes actively listed. Through the nineties, there has been a steady improvement in the proportion of both new and resale homes at prices affordable to prime buyers. This improvement was interrupted briefly in 1994, when a jump in mortgage rates increased home carrying costs. By 1997, with mortgage rates lower, 12 centres achieved their best-ever supply of affordable resale homes and 17 centres had more affordable new homes than ever.



The supply of affordable resale homes averaged 59 per cent between 1991 and 1997. This is consistently better than it has been for new houses, which have averaged 48 per cent. That gap has been closing; in the first half of 1997, just over two thirds of sales for new homes and listings for resale homes were in the affordable range.

The improvement in the new home market indicates that the builders are responding to the changing nature of demand by placing considerable attention on the first-time buyer market and offering a higher proportion of homes at the entry level. In the less affordable areas, this typically involves higher density forms of housing, such as condominium apartments.

Not surprisingly, the centres with the highest levels of affordability (typically those with the lowest prices) are also those with the greatest proportion of affordable options. In the more affordable centres, more than four out of five homes, both new and resale, are typically below the price threshold of the average prime buyer.

In Chicoutimi, Trois-Rivières and Halifax, well over 90 per cent of new homes were affordable in 1997. Other Atlantic and Prairie markets also rank very high in the proportion of homes offered at affordable price levels.

The recent improvement in supply affordability is reflected in the relatively high levels of affordable units even in the least affordable centres. Although the average level has been pulled down by limited affordable supply in the early 1990s, by 1997 there were very few areas with under 40 per cent of sales in the affordable range. Overall, the affordability trend and the market response in the mid 1990s appears very favourable, especially with historically low mortgage rates.

Proportion of Resale and New Homes Affordably Priced				
	Resale Affordable (%)		New Affordable (%)	
	Average 1991-97	1997	Average 1991-97	1997
Victoria	22	49	31	31
Vancouver	28	44	37	52
Edmonton	65	87	49	80
Calgary	62	76	50	80
Saskatoon	82	86	74	86
Regina	85	87	66	88
Winnipeg	77	81	34	34
Thunder Bay	72	84	32	40
Sudbury	61	84	56	84
Windsor	60	66	29	71
London	54	73	34	67
Kitchener	49	69	29	84
St. Catharines	46	78	40	74
Hamilton	46	66	25	68
Toronto	39	62	35	74
Oshawa	NA	NA	54	87
Ottawa	44	70	47	90
Hull	64	68	70	83
Montreal	56	68	68	76
Trois-Rivières	NA	NA	88	93
Sherbrooke	58	67	73	83
Québec	65	72	63	74
Chicoutimi	77	93	92	94
Saint John	74	85	73	84
Halifax	67	87	81	91
St. John's	83	88	76	92
Charlottetown	60	63	59	71
CMA Total	59	68	48	74
* Includes Condominiums.				

CMHC's Affordability Indicators Explained

continued from page 1) ... Prior to the introduction of the indicators in 1990, the reporting and analysis of affordability was done on an adhoc and isolated basis when affordability became an issue. A lack of data made it difficult to compare affordability from time to time or from place to place.

CMHC introduced its affordability indicator in the second half of 1990. It provides a consistent methodology for comparing affordability levels over time or between major urban centres. New sources of data were developed to make the indicator possible.

CMHC's Affordability Indicator Meets Industry Needs

The indicator was developed in consultation with stakeholder groups. The primary objective was to ensure that the approach is analytically complete, and that it is based on a Canadian standard acceptable to all housing industry participants.

It takes a comprehensive picture of housing costs which include the major expenses of home ownership: heating, taxes, principal and interest. It zooms in on the first-time buyer segment since affordability is the key issue constraining the purchase of an initial home. Therefore, the indicator is based on the average price paid by first time buyers and assumes a high ratio mortgage. First time home buying is a key issue to the health of the entire housing market since it is one determinant of move-up housing demand.

Necessary data elements were lined up including CMHC mortgage insurance data (average price paid for a high ratio mortgage), Statistics Canada data (census data on household income distributions) and quality local housing information from CMHC's field network of market analysts (estimated heating and tax costs).

Also Part of the Picture: Supply Affordability Indicators

Client groups in the housing industry also sought indicators which could identify how much of the supply of housing is affordable to renter households with average incomes. Two separate CMHC indicators have been developed that regularly measure the per cent of resale listings and new homes sold that are affordable.

Time Period Analysed

This publication examines the historical affordability trends in major Canadian urban centres going back as far as 1970. Information about supply affordability begins in 1991. The analyses compares and contrasts major fluctuations or cycles in the affordability of the different centres which provides insights into where these markets are heading today.

How Affordability Is Calculated

Affordability ratings are based on the CMHC affordability indicator which is calculated for each CMA by comparing the cost of buying a home to the capacity of prime buyer households (renters aged 20 to 44 years) to carry this cost.

To determine the cost to buy, CMHC factors in average starter home prices, 10 per cent down payments, the interest rate on three-year mortgages (five year rate used in 1970), property taxes and heating costs. The next step is to determine the required income: this is done by applying a GDS of 32 per cent to PITH (the 1970 GDS was 30 per cent). Renter households are deemed to have the ability to buy if their actual income is equal to or higher than the required income.

Dividing the number of renter household aged 20-44 that have the ability to purchase by the total number of renter households, (aged 20-44) yields the demand affordability indicator. This indicator shows the percentage of renters in each CMA who can afford to buy a starter home. The actual incomes of renter households are estimated from census income distribution data and CMHC inter-censal estimates.

The time frame reviewed is 1970 to the first half of 1997. Charts and graphs in this report show just a single data entry for the 1970s — for the year 1970 itself. For the 1976 census, income data were not collected. Thus, affordability could not be measured for the 1970s in the same way it was calculated for the 1980s. Variations that occurred during the 1970s are accounted for in the descriptions of factors that have affected affordability ratings since 1970. Chart and graph data points for the 1980-90 decade are shown annually and from 1990 to 1997 they indicate readings at six-month intervals.

Demand Indicator Definitions

Percentage of Renters Who Can Afford – Represents renter households in the prime home buying age group of 20 to 44 years who have an income at least equal to the amount required to purchase an average starter home. Includes all family and non-family households in the 20 to 44 age group, in addition to renter households who qualify for NHA social housing programs.

Average Starter House Price – The average price for an NHA-insured home. Includes the following house types: single, semi-detached, row house, mobile home, and apartments for ownership. So that NHA starter home prices are representative of first-time buyers at all time periods, the data are analysed to control for distribution changes that would otherwise skew the average. NHA-insured homes are typically bought by young first-time buyers with a down payment of less than 25 per cent. The price is the average for each six-month period. This price excludes homes insured under the First Home Loan Insurance program.

Monthly Mortgage Cost – The monthly principal and interest payment associated with the average starter home price, assuming a 10 per cent down payment. The mortgage balance includes the required mortgage insurance premium.

Property Taxes – Average property taxes for a dwelling occupied by its owner. Data are CMHC estimates.

Heating Costs – Average costs for a starter home. Data are CMHC estimates.

Total Monthly Carrying Costs – Total of monthly payments required for principal, interest, average property taxes, and heating costs.

Income Required to Carry Total Costs – The income required to cover the mortgage payments, property taxes and heating costs, assuming a 32 per cent gross debt service ratio. In 1970, the ratio was 30 per cent of income for mortgage payments and property taxes, as heating costs were not included.

Mortgage – A three-year-term closed mortgage rate was used except for 1970 when a five year term was used, (three year terms were not commonly available then). A 25-year amortization period was used throughout the 27 year period.

Supply Indicator Definitions

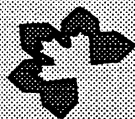
Categories of Affordable House Prices – Maximum affordable is based on average income of household type total which includes all households, family and non-family, but not low-income renters eligible for NHA social housing programs.

Resale Supply Available – Percentage of MLS active listings at or below the range of affordable house prices. The sources are local Real Estate Boards. In some areas where listings by price are not available, the number of sales below the affordable price level is used.

Affordable New Construction – Percentage of new single, semi, apartment or row dwellings sold at or below the affordable house price level.

For further information, see the definitions section of the third quarter edition of Canadian Housing Markets.

Victoria



Victoria Notches Best Ever Affordability Rating

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	32
historical high (97H1):	32
historical low (81):	5
historical average:	21
current ranking out of 27 centres:	26
average ranking:	26

First Half of 1997 Supply Data

% of New Homes Affordable :	31
% of Resale Homes Affordable:	49

Starter Home Price Growth

1970-97 (in %) :	740
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Renter Income Growth

1970-97 (in %) :	495
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Growth in Renter Households

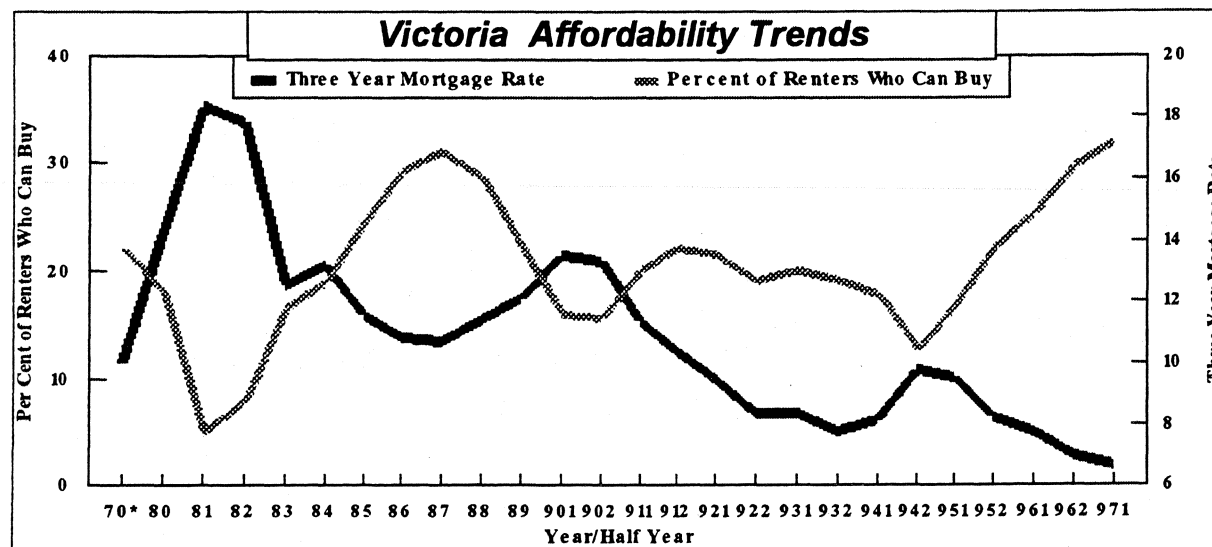
Aged 20-44 1971-1991 (in %) :	145
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Since 1994, Victoria's housing affordability rating has been rising and the city is now more affordable than at any other time on record. In the first half of 1997, 32 per cent of renters could afford to buy a starter home. This is a marked improvement over the city's historical average rating of 21 per cent and over six times better than the record low five per cent rating of 1981.

Despite their improved affordability, both Victoria and Vancouver trail other major Canadian centres. Since 1980, Victoria has been rated least affordable city more often than any other major centre and had a lock on this position from 1992 through 1996. In the last half of 1996, Vancouver took over as Canada's least affordable CMA and Victoria moved into second last place, resuming its historical average ranking.

Very high house prices are the main cause of Victoria's low affordability ranking. Strong price growth pushed Victoria to the top of the house price list for one six-month period in the second half of 1994 with starter homes averaging \$188,000. While Victoria has had a lower average starter home price than Vancouver in other years, it was less affordable than Vancouver during 1990-96 because of lower renter incomes. Since 1994, prices have fallen back to \$172,965.

The impact of price escalation in Victoria, like Vancouver, has been softened by one of the strongest levels of income growth in the country. Since 1990, Victoria has posted the strongest income gains in the country among renters aged 20 to 44, considered to be prime house buyers.



Renter incomes are now 15 per cent above the national average. In combination with mortgage interest rate declines, this income growth helped boost Victoria's affordability rating.

Mirroring Vancouver, Victoria's most recent affordability squeeze started after 1988 when the percentage of renters who could afford a starter home fell below 29 per cent. When prices peaked in 1994, only 13 per cent of renters could afford to buy. A major contributor to the house price increases during this period was demand pressure from rapid growth.

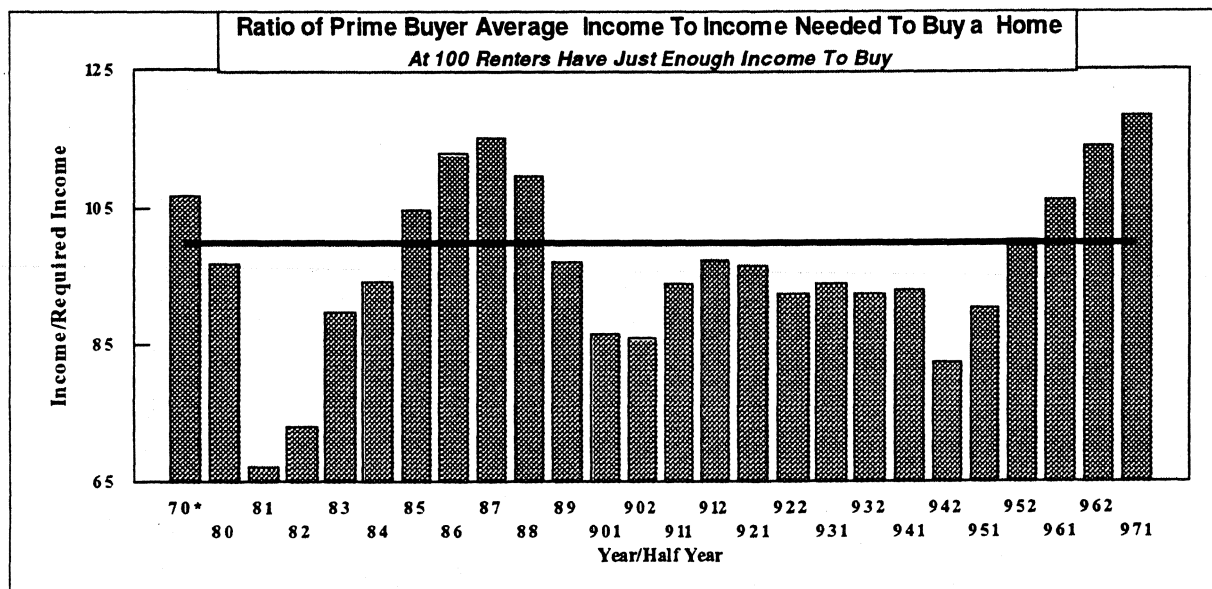
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	180.2	32.3	55.9	45.4	740.3
Renter Income %Growth	178.0	22.8	39.5	25.0	495.0
Number of Renter Households Aged 20-44	1971 11,535	1981 21,460	1986 25,165	1991 28,235	
Percentage Growth in Renter Households 20-44	1971-1981 86.0	1981-1986 17.3	1986-1991 12.2	1981-1991 31.6	1971-1991 144.8

Not surprisingly, with access to ownership constrained by high prices during the affordability squeeze, the growth of renter households has been high. Victoria's renter growth rate is the highest in the country and twice the rate of growth among owners. As indicated by the chart below, the average income of prime buyers has rarely been sufficient to purchase an average-priced starter home. In 1996, with both house prices and mortgage rates down, prime buyers could finally afford starter homes.

Victoria builders face challenges in meeting the needs of first time home buyers due to high land costs stemming from a chronic lot shortage. In 1997, less than one third of the newly completed homes are affordable to them, ironically well below the price peak year of 1994 when the ratio was 46 per cent. The supply of affordable homes in the resale market has been rising, however, and by 1997, almost half the listings were affordable to the average renter.



Victoria Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	20,583	354	NA	8,917	9,514	106.7	22.0	27.1	8.2	NA	NA	10.1
1980	57,671	560	305	27,321	26,450	96.8	18.2	25.6	10.0	NA	NA	14.3
1981	73,132	651	441	41,130	27,655	67.2	5.2	6.8	3.0	NA	NA	18.3
1982	70,232	803	535	39,501	28,860	73.1	8.0	10.8	4.4	NA	NA	17.8
1983	78,719	814	590	33,485	30,065	89.8	16.6	22.8	9.4	NA	NA	12.5
1984	74,451	797	624	33,219	31,269	94.1	19.1	26.1	10.9	NA	NA	13.2
1985	76,310	817	678	31,066	32,474	104.5	24.7	33.1	14.9	NA	NA	11.5
1986	80,816	857	549	31,075	35,039	112.8	29.4	38.4	18.8	NA	NA	10.9
1987	86,161	955	507	32,624	37,604	115.3	31.1	40.5	20.2	NA	NA	10.7
1988	92,395	1,078	497	36,613	40,170	109.7	28.8	38.1	18.0	NA	NA	11.4
1989	108,070	1,181	460	44,097	42,735	96.9	22.2	30.6	12.4	NA	NA	12.2
1990.1	118,940	1,259	551	52,480	45,300	86.3	16.0	22.4	8.6	NA	NA	13.5
1990.2	121,330	1,259	551	52,822	45,300	85.8	15.7	21.9	8.5	NA	4.6	13.3
1991.1	130,150	1,251	654	50,533	47,444	93.9	20.1	28.2	10.8	14.0	NA	11.4
1991.2	134,110	1,251	654	48,707	47,444	97.4	22.2	30.9	12.1	24.0	6.6	10.4
1992.1	150,738	1,312	643	51,007	49,153	96.4	21.6	30.1	11.7	20.6	8.4	9.5
1992.2	172,513	1,312	643	53,188	49,153	92.4	19.2	27.0	10.3	30.2	11.2	8.4
1993.1	174,992	1,484	650	54,426	51,049	93.8	20.1	28.1	10.8	33.1	8.9	8.4
1993.2	188,158	1,484	650	55,283	51,049	92.3	19.2	26.9	10.3	30.6	12.0	7.8
1994.1	186,364	1,549	657	56,735	52,636	92.8	18.0	25.2	9.5	46.5	13.4	8.2
1994.2	187,999	1,549	657	63,924	52,636	82.3	12.8	17.8	7.0	23.9	22.6	9.8
1995.1	177,046	1,636	657	60,145	54,299	90.3	16.8	23.5	9.0	30.0	23.8	9.6
1995.2	174,500	1,636	657	54,166	54,299	100.2	22.3	31.1	12.1	42.4	33.6	8.2
1996.1	174,548	1,635	619	52,362	55,500	106.0	25.5	35.1	14.3	44.0	39.7	7.8
1996.2	172,104	1,635	619	48,709	55,500	113.9	29.8	40.2	17.8	35.5	46.3	7.0
1997.1	172,965	1,639	639	47,817	56,612	118.4	32.1	42.8	19.6	30.8	49.3	6.7

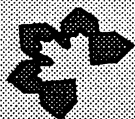
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	11,535	21,460	25,165	28,235	86.0	17.3	12.2	31.6	144.8
All Renters	25,855	39,310	42,400	46,395	52.0	7.9	9.4	18.0	79.4
Homeowners	40,645	58,490	63,045	72,990	43.9	7.8	15.8	24.8	79.6
All Households	66,500	97,800	105,445	119,385	47.1	7.8	13.2	22.1	79.5

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Vancouver



Vancouver Affordability Improves But Prices Still High

At a Glance

Per cent of Renters Who Can Buy	
First Half of 1997:	29
historical high (86):	32
historical low (81):	5
historical average:	22
current ranking out of 27 centres:	27
average ranking:	25
First Half of 1997 Supply Data	
% of New Homes Affordable :	52
% of Resale Homes Affordable:	44
Starter Home Price Growth	
1970-97 (in %) :	880
Renter Income Growth	
1970-97 (in %) :	549
Growth in Renter Households	
Aged 20-44 1971-1991 (in %) :	109

Vancouver housing is more affordable today than it has been for most of the city's history. The affordability indicator for the first half of 1997 shows that 29 per cent of renters can afford payments on the average priced starter home.

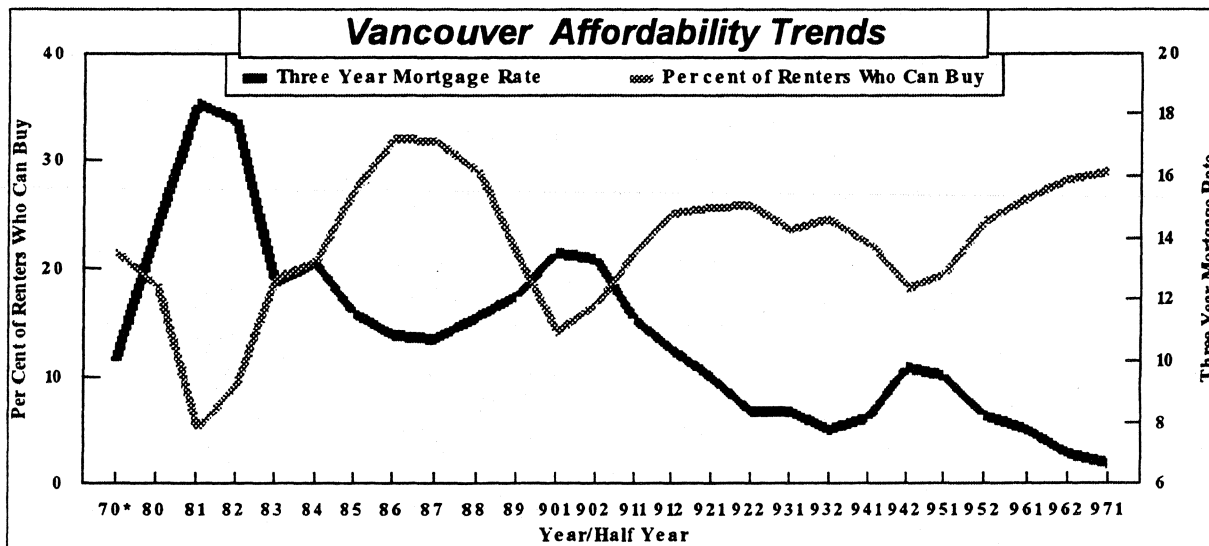
Although this rating is low compared with other centres, it is a marked improvement on the city's historical average rating of 22 per cent and not too far off the best ever rating of 32 per cent, recorded in 1986. The current rating is, in fact, the best of any time except for the 1986-88 period.

In spite of its better showing, Vancouver is the least affordable market in Canada, ranking 27th of the 27 CMAs. Historically the city has occupied 25th spot.

Vancouver has Canada's most expensive starter home prices and consequently is especially

sensitive to mortgage interest rate fluctuations. The recent rate decline has resulted in a gradual affordability improvement since 1994. House prices remain high, though, and they are the reason Vancouver is the least affordable market today. Since 1992 and previously, between 1980 and 1985, Vancouver and Victoria have taken turns wearing the least and second least affordable mantle because of their high prices.

In 1970, 14 other cities had higher starter home prices higher than Vancouver. Since then, the city has seen by far the biggest price increases of any Canadian market partly because renter incomes have shot up faster than anywhere else during that same stretch. The relative affluence of Vancouver renters helps sustains high demand for housing. Lower than average heating costs and property tax rates have offset monthly payments for the Vancouver buyer to some extent.



Vancouver and other export oriented markets have seen especially strong housing demand in the past 10 years. Strong in-migration has been another key reason for price hikes, particularly during

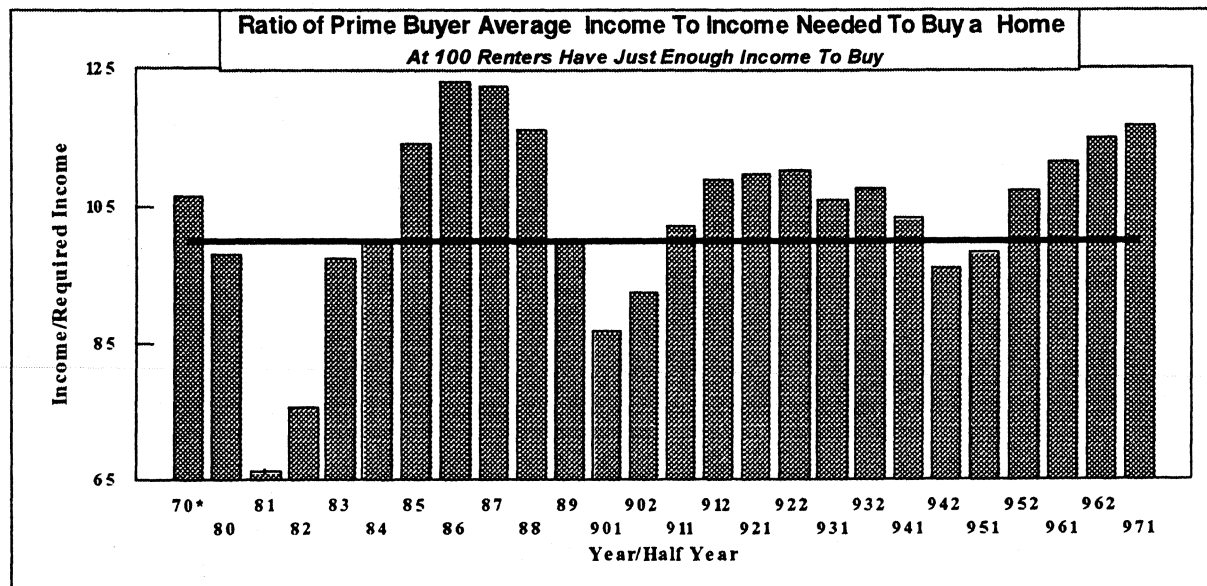
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	206.0	33.8	65.6	44.6	879.9
Renter Income % Growth	201.7	28.7	38.6	20.6	548.7
Number of Renter Households Aged 20-44	1971 79,610	1981 120,930	1986 146,275	1991 166,710	
Percentage Growth in Renter Households 20-44	1971-1981 51.9	1981-1986 21.0	1986-1991 14.0	1981-1991 37.9	1971-1991 109.4

the big price run up between 1988 and 1994, and has prevented price declines since then. Overall household growth has been just above the national average but with constrained access to ownership, renter household growth has been double the national average rate. Average renter incomes have seldom been far above the income required to buy making the market acutely sensitive to interest rate shifts. Each time rates jumped, the carrying costs moved the income required to buy beyond the resources of most renters.

The high prices have usually limited the supply of affordable listings to below 50 per cent. Vancouver builders are responding to the affordability challenge, though, and have been constructing apartment condominiums targeted at first time buyers. As a result, the proportion of newly completed homes which are affordable to the average renter has been rising since 1994 and is now 52 per cent, the first time the ratio has topped 50 per cent. The resale market has also grown more affordable, but lags the new home market with only 44 per cent of listings priced affordably.



Vancouver Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	21,009	408	NA	9,274	9,867	106.4	21.7	27.3	11.1	NA	NA	10.1
1980	64,292	606	192	30,400	29,765	97.9	18.5	25.6	11.9	NA	NA	14.3
1981	86,498	697	254	47,580	31,472	66.1	5.3	6.9	3.8	NA	NA	18.3
1982	79,747	856	331	43,817	33,179	75.7	9.2	12.4	6.2	NA	NA	17.8
1983	86,910	839	349	35,836	34,886	97.3	19.3	25.8	13.0	NA	NA	12.5
1984	85,061	827	363	36,599	36,594	100.0	20.7	27.6	13.9	NA	NA	13.2
1985	85,991	853	375	33,580	38,301	114.1	27.6	35.7	19.5	NA	NA	11.5
1986	89,312	920	382	33,554	41,258	123.0	32.1	40.9	23.1	NA	NA	10.9
1987	97,779	1,002	364	36,108	44,215	122.5	32.0	41.2	22.6	NA	NA	10.7
1988	105,019	1,125	372	40,698	47,171	115.9	29.2	38.2	19.9	NA	NA	11.4
1989	125,376	1,196	373	50,116	50,128	100.0	21.2	28.5	13.5	NA	NA	12.2
1990.1	142,360	1,248	373	61,111	53,085	86.9	14.2	19.4	8.6	NA	NA	13.5
1990.2	134,850	1,248	373	57,488	53,085	92.3	16.8	22.9	10.3	NA	5.7	13.3
1991.1	144,020	1,250	399	54,482	55,496	101.9	21.7	29.1	13.7	21.6	NA	11.4
1991.2	143,930	1,250	399	51,036	55,496	108.7	25.3	33.6	16.4	17.0	15.2	10.4
1992.1	158,655	1,294	414	52,594	57,667	109.6	25.7	34.2	16.7	28.9	19.2	9.5
1992.2	172,464	1,294	414	52,404	57,667	110.0	25.9	34.4	16.9	29.1	21.7	8.4
1993.1	182,367	1,500	430	55,729	58,935	105.8	23.7	31.6	15.2	38.9	27.2	8.4
1993.2	188,718	1,500	430	54,775	58,935	107.6	24.7	32.8	15.9	47.0	33.9	7.8
1994.1	193,495	1,541	447	57,756	59,642	103.3	22.4	30.0	14.3	44.4	31.6	8.2
1994.2	184,629	1,541	447	62,330	59,642	95.7	18.3	24.9	11.3	29.6	28.1	9.8
1995.1	188,555	1,572	479	62,550	61,465	98.3	19.7	26.7	12.3	35.5	29.8	9.6
1995.2	189,900	1,572	479	57,262	61,465	107.3	24.5	32.7	15.8	42.4	32.8	8.2
1996.1	194,212	1,590	451	56,389	62,849	111.5	26.7	35.3	17.4	45.2	38.7	7.8
1996.2	201,888	1,590	451	54,663	62,849	115.0	28.4	37.4	18.7	47.6	41.3	7.0
1997.1	205,864	1,597	475	54,914	64,012	116.6	29.1	38.3	19.3	51.7	43.9	6.7

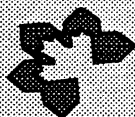
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	79,610	120,930	146,275	166,710	51.9	21.0	14.0	37.9	109.4
All Renters	142,565	197,910	231,445	259,035	38.8	16.9	11.9	30.9	81.7
Homeowners	203,630	278,840	300,775	350,225	36.9	7.9	16.4	25.6	72.0
All Households	346,195	476,750	532,220	609,260	37.7	11.6	14.5	27.8	76.0

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Edmonton



Edmonton Affordability

Hits All-Time High

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	49
historical high (97H1):	49
historical low (81):	10
historical average:	37
current ranking out of 27 centres:	9
average ranking:	12

First Half of 1997 Supply Data

% of New Homes Affordable :	80
% of Resale Homes Affordable:	87

Starter Home Price Growth

1970-97 (in %) :	399
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Renter Income Growth

1970-97 (in %) :	431
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Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	92
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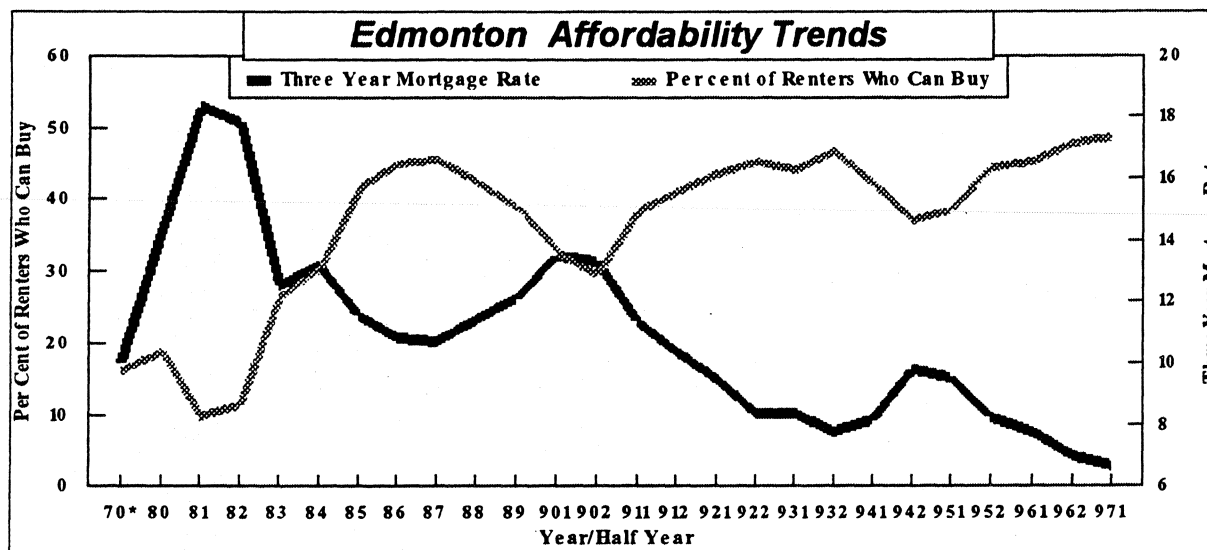
Housing affordability reached its highest level ever in Edmonton during the first half of 1997. In the national standings, the city held down ninth place, an improvement over its historical average ranking of 12th.

With a record 49 per cent of renters able to afford a home, Edmonton was the most affordable centre in the Prairie region. Slow increases in house prices, gains in income and low mortgage interest rates account for this result.

The city's latest ranking is a dramatic contrast with its lowest rating of 10 per cent, recorded in 1981 when interest rates in the high teens sent affordability plunging right across the Prairies and in most other parts of Canada. Historically, Edmonton's affordability rating averages out at 37 per cent. Compared to 1970, the earliest year for which affordability ratings are available,

Edmonton's rating has improved by 33 percentage points -- the best in the Prairie region and fourth best in all of Canada. The city's historical average rating is two percentage points better than arch rival Calgary's.

Edmonton's affordability has been enhanced in the last 27 years by income gains among renter households (up 431 per cent) that have outpaced the growth in house prices (up 399 per cent). Edmonton and Regina are, in fact, the only two prairie centres where incomes grew faster than prices. Edmonton experienced much of its price and income growth in the seventies. In the early 1980s, when house values actually declined, renter incomes had no trouble outpacing prices. In



the late 1980s, prices move up marginally faster than incomes. This disparity widened in the 1990s but by then falling mortgage rates offset rising prices.

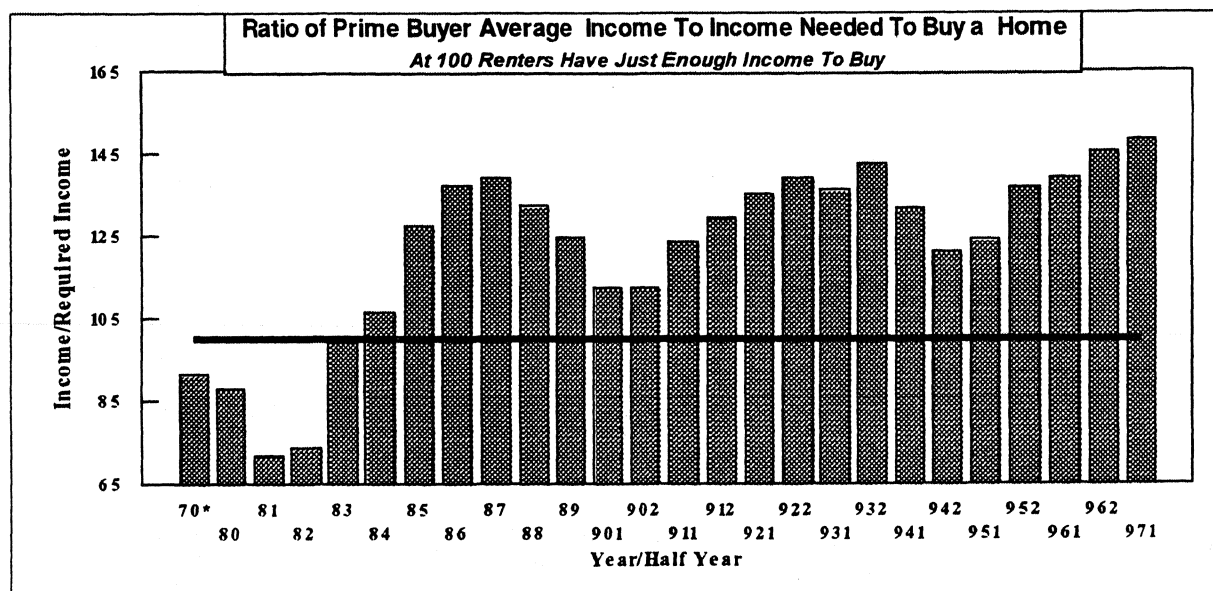
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	205.9	-2.1	25.1	33.0	398.6
Renter Income % Growth	209.3	22.4	22.2	14.9	431.2
Number of Renter Households Aged 20-44	1971 45,495	1981 78,400	1986 88,740	1991 87,170	
Percentage Growth in Renter Households 20-44	1971-1981 72.3	1981-1986 13.2	1986-1991 -1.8	1981-1991 11.2	1971-1991 91.6

One of the factors holding Edmonton house prices in check during the 1980s was low demand brought about by a decline in the growth rate of prime buyer renter households. Between 1971 and 1981, renter households increased by 72 per cent. In the next decade, that rate of increase shrivelled to just 11.2 per cent. In one five-year period, from 1986 to 1991, Edmonton actually lost renter households, making it the only city in Canada to experience such a drop during that time.

The interaction of prices, incomes and mortgage interest rates leaves Edmonton buyers with plenty of choice. In the first half of 1997, 80 per cent of all new homes and 87 per cent of all resale homes were within the means of prime buyers. As the chart below indicates, the incomes of prime buyers have risen well above levels needed to buy a home in Edmonton.



Edmonton Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	22,741	462	NA	10,114	9,232	91.3	16.4	19.2	8.1	NA	NA	10.1
1980	69,566	492	227	32,346	28,553	88.3	18.9	22.4	14.6	NA	NA	14.3
1981	75,006	561	349	41,526	29,832	71.8	10.0	11.5	8.1	NA	NA	18.3
1982	77,114	647	432	42,154	31,110	73.8	11.4	13.8	8.4	NA	NA	17.8
1983	77,861	737	447	32,477	32,388	99.7	26.6	32.3	19.3	NA	NA	12.5
1984	72,199	754	423	31,587	33,667	106.6	30.7	37.1	22.3	NA	NA	13.2
1985	68,135	773	445	27,374	34,945	127.7	41.6	48.5	32.5	NA	NA	11.5
1986	68,799	817	414	26,560	36,493	137.4	45.2	51.8	36.6	NA	NA	10.9
1987	71,599	878	407	27,331	38,042	139.2	45.6	52.0	37.2	NA	NA	10.7
1988	74,992	944	380	29,860	39,590	132.6	42.6	49.1	34.1	NA	NA	11.4
1989	79,530	976	388	32,941	41,139	124.9	39.0	45.6	30.6	NA	NA	12.2
1990.1	85,270	1,008	402	37,977	42,687	112.4	32.9	35.9	21.8	NA	NA	13.5
1990.2	86,240	1,008	402	37,933	42,687	112.5	29.8	39.3	24.7	NA	27.3	13.3
1991.1	92,230	1,083	426	36,306	44,831	123.5	38.3	44.9	29.7	23.9	NA	11.4
1991.2	93,950	1,083	426	34,666	44,831	129.3	41.1	47.6	32.7	23.8	49.0	10.4
1992.1	96,631	1,160	442	33,788	45,782	135.5	43.8	50.2	35.6	33.7	61.0	9.5
1992.2	102,041	1,160	442	32,853	45,782	139.4	45.4	51.7	37.3	41.2	67.0	8.4
1993.1	103,885	1,228	520	33,814	46,103	136.3	44.2	50.6	36.0	49.8	61.1	8.4
1993.2	103,422	1,228	520	32,313	46,103	142.7	46.7	53.0	38.7	48.7	64.4	7.8
1994.1	106,487	1,347	612	34,709	45,872	132.2	42.4	48.9	34.1	55.6	NA	8.2
1994.2	103,960	1,347	612	37,808	45,872	121.3	37.2	43.9	28.7	41.1	67.0	9.8
1995.1	104,141	1,350	631	37,353	46,435	124.3	38.7	45.3	30.2	44.1	46.5	9.6
1995.2	102,920	1,350	631	33,911	46,435	136.9	44.4	50.8	36.3	62.1	78.0	8.2
1996.1	106,756	1,316	643	33,839	47,174	139.4	45.4	51.8	37.3	64.4	80.8	7.8
1996.2	108,456	1,316	643	32,379	47,174	145.7	47.8	54.0	40.0	73.9	85.7	7.0
1997.1	113,376	1,310	720	33,020	49,044	148.5	48.9	54.9	41.1	79.9	86.6	6.7

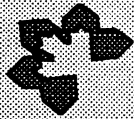
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	45,495	78,400	88,740	87,170	72.3	13.2	-1.8	11.2	91.6
All Renters	64,865	108,250	121,500	124,605	66.9	12.2	2.6	15.1	92.1
Homeowners	79,905	149,085	161,875	181,215	86.6	8.6	11.9	21.6	126.8
All Households	144,770	257,335	283,375	305,820	77.8	10.1	7.9	18.8	111.2

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Calgary



Calgary Sets Affordability High Despite House Price Jump

At a Glance

Per cent of Renters Who Can Buy	
First Half of 1997:	46
historical high (97H1):	46
historical low (81):	9
historical average:	35
current ranking out of 27 centres:	12
average ranking:	16
First Half of 1997 Supply Data	
% of New Homes Affordable :	80
% of Resale Homes Affordable:	76
Starter Home Price Growth	
1970-97 (in %) :	545
Renter Income Growth	
1970-97 (in %) :	480
Growth in Renter Households	
Aged 20-44 1971-1991 (in %) :	116

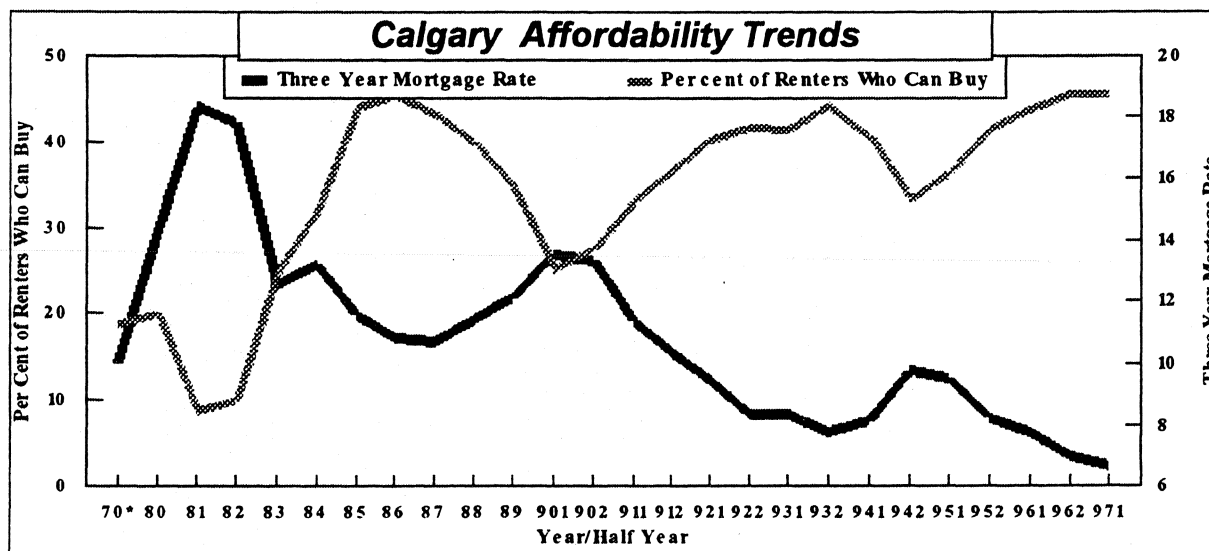
Despite a jump of 11 per cent in starter home prices in the previous six months, Calgary recorded its best affordability rating ever in the first half of 1997. Declining mortgage rates and a healthy four per cent increase in incomes aided the improvement.

The city stood 12th in the country for affordability, up from its historical average 16th place ranking, and third among the five major Prairie region markets. Calgary has the highest starter home prices in the region but offsets that by having the second highest incomes (Regina has the highest).

In the first half of 1997, 46 per cent of renters could afford to buy a starter home, an improvement on Calgary's historical average rating of 35 per cent. The current rating far surpasses the record low of nine per cent notched in 1981, when mortgage interest rates in

the high teens sent affordability ratings plunging right across the Prairies and in most other parts of Canada.

Calgary was the least affordable prairie centre during the early 1980s after the oil boom of the 1970s and early 1980s. Rapid price increases and rising mortgage rates more than offset increases in incomes in that period. This market went through another period of lagging affordability in the early 1990s when mortgage rates were again higher. This is a high priced market, that is especially sensitive to mortgage rate fluctuations.



Since 1970, Calgary has had an income growth rate of 480 per cent among prime buyers. Starter home prices, however, rose even faster, at a rate of almost 545 per cent. In the seventies, Calgary recorded the largest price increase in the country, closely followed by Vancouver and Edmonton. The balloon burst in 1982 and Calgary immediately went from the city with the most rapid price

Price, Income and Renter Household Growth 1970 to 1996

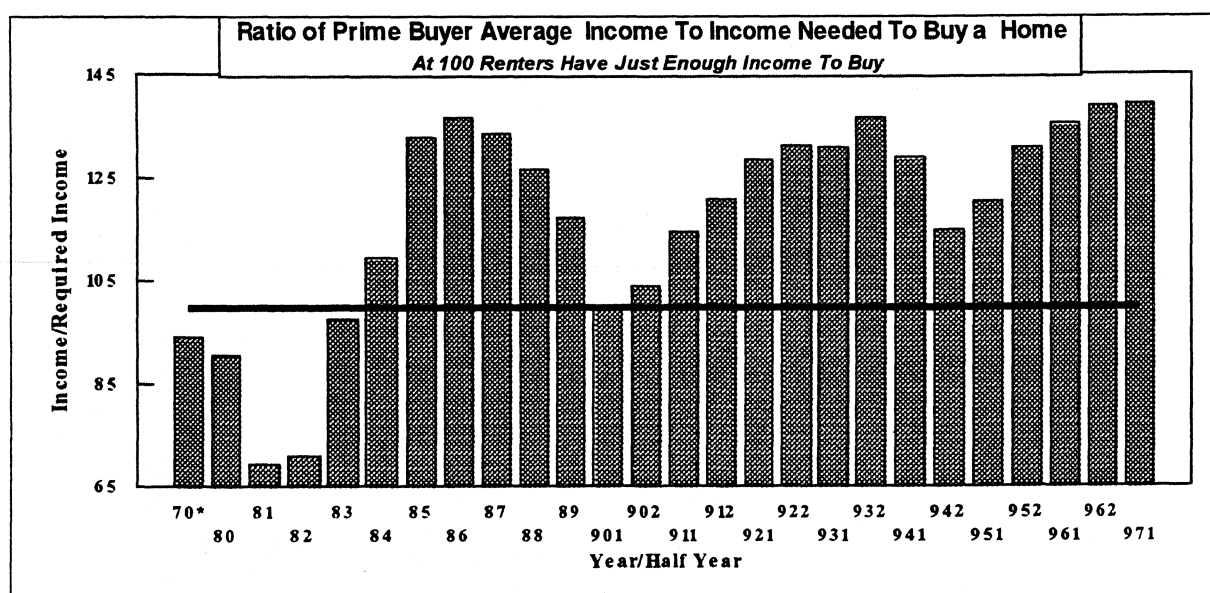
Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	226.8	-19	54.8	29.8	544.6
Renter Income % Growth	219.8	23.1	26.4	16.7	480.3
Number of Renter Households Aged 20-44	1971 36,280	1981 68,030	1986 77,905	1991 78,430	
Percentage Growth in Renter Households 20-44	1971-1981 87.5	1981-1986 14.5	1986-1991 0.7	1981-1991 15.3	1971-1991 116.2

growth to the lowest. Houses actually lost value in Calgary and Edmonton between 1983 and 1985. Calgary posted its largest income gains early in this timeline when both renter household incomes and house prices moved up at a brisk pace.

Helping drive up housing demand and prices was the growth in the number of prime buyer renter households in Calgary. With a 1971-91 increase of 116 per cent, Calgary recorded the second highest renter household growth rate in Canada. In that same period, household formation of all types increased by 127 per cent, the third highest rate in the country. Between 1986 and 1991, though, the city witnessed a dramatic slow down in renter household growth to just 0.7 per cent, taking some of the demand pressure off house prices.

In the first half of 1997, the combined impact of income growth and lower mortgage interest rates has kept the supply of homes affordable to many renters despite recent price increases. Almost 80 per cent of new houses (a record high) and 76 per cent of resale homes (up from 72 per cent six months ago) are within the means of average income prime buyers.



Calgary Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	21,085	526	NA	9,739	9,146	93.9	19.0	22.7	9.4	NA	NA	10.1
1980	68,897	583	169	32,354	29,251	90.4	20.2	23.0	17.1	NA	NA	14.3
1981	80,254	615	251	44,095	30,600	69.4	8.9	9.7	7.9	NA	NA	18.3
1982	83,180	694	332	45,041	31,949	70.9	10.0	11.5	8.3	NA	NA	17.8
1983	82,539	795	356	34,104	33,297	97.6	25.1	29.8	19.6	NA	NA	12.5
1984	72,482	839	341	31,705	34,646	109.3	32.1	37.9	25.4	NA	NA	13.2
1985	67,610	878	333	27,168	35,995	132.5	44.2	50.7	36.4	NA	NA	11.5
1986	72,234	907	344	27,754	37,893	136.5	45.4	52.0	37.7	NA	NA	10.9
1987	79,359	943	328	29,813	39,790	133.5	43.5	50.2	35.6	NA	NA	10.7
1988	84,328	999	313	33,025	41,688	126.2	39.8	46.7	31.5	NA	NA	11.4
1989	91,586	1,052	307	37,272	43,585	116.9	34.9	41.7	26.6	NA	NA	12.2
1990.1	104,690	1,093	346	45,713	45,483	99.5	25.2	31.0	18.0	NA	NA	13.5
1990.2	101,190	1,093	346	43,835	45,483	103.8	27.5	34.0	20.0	NA	20.0	13.3
1991.1	108,550	1,153	364	41,922	47,885	114.2	33.3	40.1	24.9	16.2	NA	11.4
1991.2	109,670	1,153	364	39,703	47,885	120.6	36.7	43.8	28.1	20.7	42.0	10.4
1992.1	110,644	1,230	401	38,054	48,827	128.3	40.4	47.8	31.5	36.0	54.8	9.5
1992.2	117,997	1,230	401	37,300	48,827	130.9	41.7	49.0	32.7	43.5	55.0	8.4
1993.1	118,638	1,300	468	37,902	49,462	130.5	41.5	48.8	32.5	49.6	58.2	8.4
1993.2	118,378	1,300	468	36,259	49,462	136.4	44.5	51.7	35.6	58.7	73.0	7.8
1994.1	121,725	1,303	546	38,467	49,561	128.8	40.7	48.0	31.8	59.9	72.6	8.2
1994.2	122,893	1,303	546	43,234	49,561	114.6	33.5	40.4	25.1	35.2	NA	9.8
1995.1	120,186	1,315	550	41,793	50,241	120.2	36.5	43.6	27.9	46.9	NA	9.6
1995.2	121,000	1,315	550	38,419	50,241	130.8	41.6	49.0	32.7	59.7	91.6	8.2
1996.1	122,470	1,315	561	37,658	51,016	135.5	44.0	51.3	35.2	68.7	67.9	7.8
1996.2	127,418	1,315	561	36,709	51,016	139.0	45.7	52.9	36.9	69.2	72.1	7.0
1997.1	135,914	1,348	611	38,102	53,075	139.3	45.8	53.0	37.1	79.6	75.7	6.7

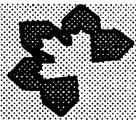
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	36,280	68,030	77,905	78,430	87.5	14.5	0.7	15.3	116.2
All Renters	52,315	91,785	104,660	108,460	75.4	14.0	3.6	18.2	107.3
Homeowners	68,960	128,940	143,930	167,360	87.0	11.6	16.3	29.8	142.7
All Households	121,275	220,725	248,590	275,820	82.0	12.6	11.0	25.0	127.4

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Saskatoon



Price Hikes Drop Saskatoon's Rating

At a Glance

Per cent of Renters Who Can Buy	
First Half of 1997:	44
historical high (92H2):	48
historical low (82):	18
historical average:	37
current ranking out of 27 centres:	18
average ranking:	11

First Half of 1997 Supply Data	
% of New Homes Affordable :	86
% of Resale Homes Affordable:	86

Starter Home Price Growth	
1970-97 (in %):	502
Renter Income Growth	
1970-97 (in %):	481
Growth in Renter Households	
Aged 20-44 1971-1991 (in %):	108

Rising house prices are blamed for a drop in Saskatoon's affordability rating. In the first half of 1997, the city ranks 18th in Canada, down from its average 11th place ranking.

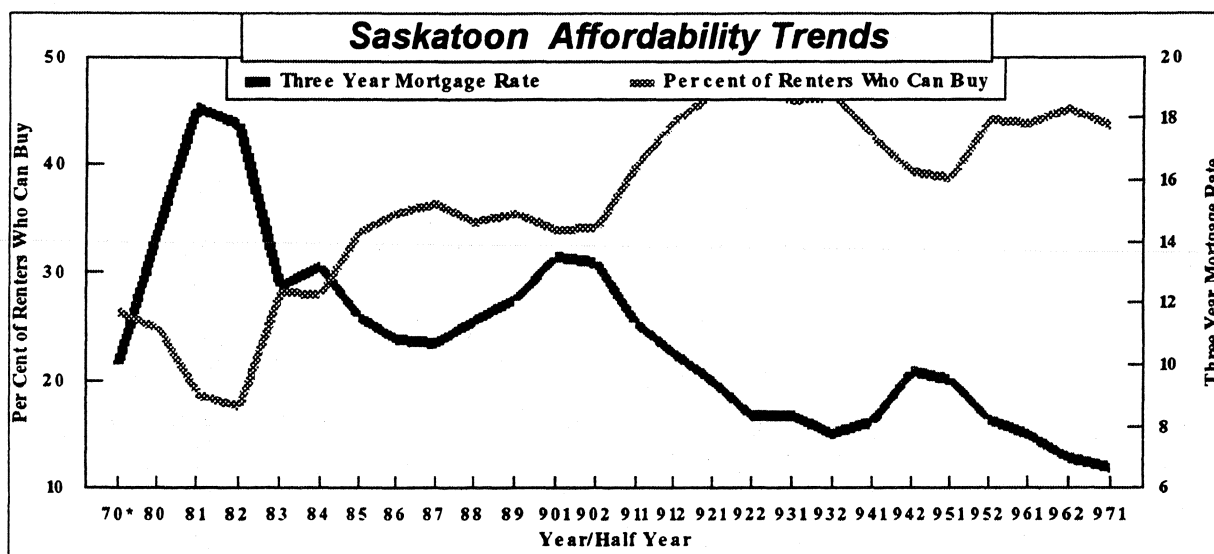
The per cent of renters who can afford to buy a Saskatoon starter home was 44 in the first half of 1997. This is down four per cent from the city's all-time high of 48 per cent recorded in 1992.

The reason for this ratings drop is a house price increase of 21 per cent since 1995 -- the highest jump in the Prairie region. This rise in prices has offset the affordability gains that most other CMAs have experienced from mortgage rate declines.

In 1992, the year of the best rating, house prices were again the cause. Saskatoon was the only city in the region where prices took a dip from the previous year, leaving it with the lowest

prices on the Prairies that year.

The city's worst affordability rating was recorded in 1982, a time when sky high mortgage interest rates drove affordability to record lows right across the Prairies and in many other parts of the country. Although mortgage rates in the high teens were mainly to blame for that year's rating of 18 per cent, Saskatoon's high house prices and low incomes also factored in. The interval of 1981-82 was the only time between 1970 and the present when average renter incomes fell below the levels required to buy the average priced starter home.



During the 1970-97 period, starter home prices outgrew renter incomes in Saskatoon by a narrow margin. Demand, created by growth in prime buyer renter households, pushed prices up. Saskatoon's renter household growth rate of almost 108 per cent between 1971 and 1991 was the fourth highest in the country.

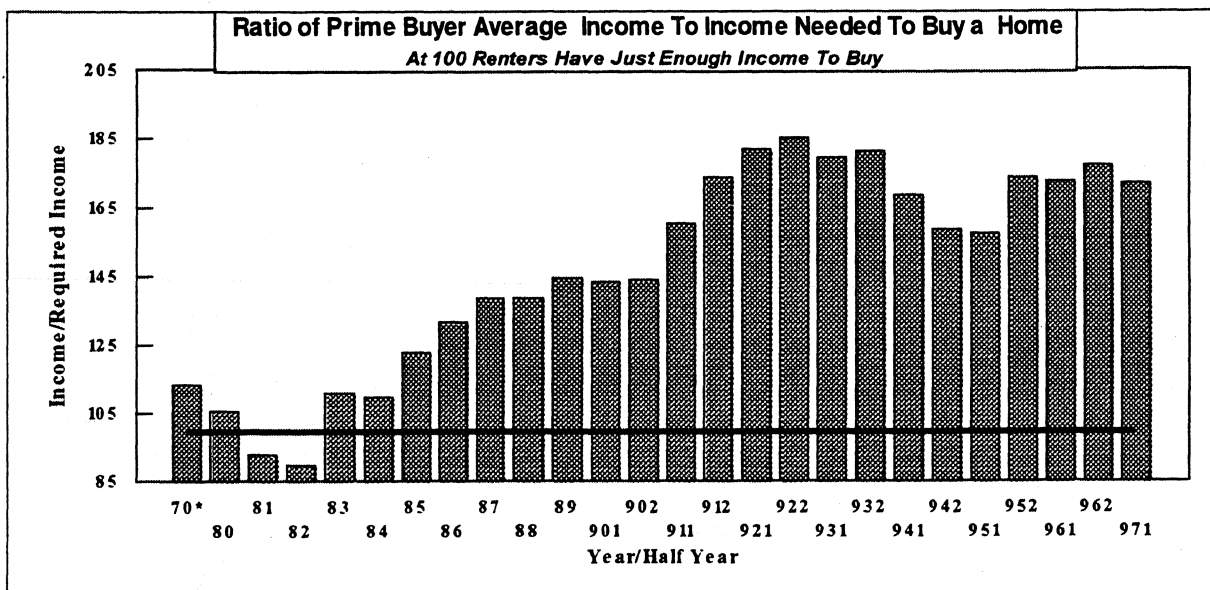
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	186.7	34.1	2.5	52.9	502.3
Renter Income %Growth	165.0	35.6	39.6	15.9	481.3
Number of Renter Households Aged 20-44	1971 10,060	1981 16,610	1986 20,830	1991 20,890	
Percentage Growth in Renter Households 20-44	1971-1981 65.1	1981-1986 25.4	1986-1991 0.3	1981-1991 25.8	1971-1991 107.7

Most of this growth happened between 1971 and 1986. In the last five years of that span, between 1981 and 1986, the city's renter household growth rate of 25.4 per cent was tops in the country. By contrast, the growth rate of 0.3 per cent during the next five years was second lowest nation wide. This sharp decline in the growth of prime buyer households lowered the demand for ownership homes and was an significant cause of the price drop that occurred in 1991-92.

In the first half of 1997, 85.6 per cent of resale homes were priced within the means of prime buyers, a leap of more than five per cent from six months earlier. Rising new home prices have helped drag the city's affordability rating down. In the last six months, the number of affordably priced new homes has dropped a full per percentage point, from 87 per cent in the latter half of 1996 to 86 per cent in the first half of 1997.



Saskatoon Affordability Trends in Detail 1970-1997

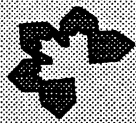
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	16,224	511	NA	7,887	8,923	113.1	26.5	32.5	10.8	NA	NA	10.1
1980	46,517	541	297	22,337	23,642	105.8	25.0	32.4	18.0	NA	NA	14.3
1981	46,931	615	376	27,302	25,326	92.8	18.8	24.1	13.6	NA	NA	18.3
1982	52,676	706	458	30,130	27,009	89.6	17.6	22.0	13.2	NA	NA	17.8
1983	58,975	821	499	25,920	28,692	110.7	28.3	33.9	22.4	NA	NA	12.5
1984	60,253	868	528	27,654	30,376	109.8	28.2	33.3	22.7	NA	NA	13.2
1985	62,390	922	540	26,150	32,059	122.6	33.9	38.8	28.4	NA	NA	11.5
1986	64,221	1,105	534	26,323	34,595	131.4	35.5	40.4	30.0	NA	NA	10.9
1987	65,377	1,223	532	26,773	37,131	138.7	36.6	41.5	31.0	NA	NA	10.7
1988	66,997	1,284	538	28,671	39,667	138.4	34.8	39.9	29.1	NA	NA	11.4
1989	64,679	1,332	555	29,222	42,203	144.4	35.7	40.9	29.8	NA	NA	12.2
1990.1	63,920	1,394	555	31,256	44,739	143.1	34.1	39.6	27.8	NA	NA	13.5
1990.2	64,500	1,394	555	31,165	44,739	143.6	34.2	39.7	28.0	NA	62.9	13.3
1991.1	66,250	1,460	617	29,182	46,770	160.3	40.1	45.2	34.4	56.4	NA	11.4
1991.2	64,190	1,460	617	26,954	46,770	173.5	44.3	48.9	39.0	65.8	79.4	10.4
1992.1	65,735	1,514	614	26,231	47,609	181.5	46.5	51.0	41.5	76.6	86.6	9.5
1992.2	69,815	1,514	614	25,704	47,609	185.2	47.6	52.0	42.6	76.3	84.6	8.4
1993.1	73,800	1,542	630	26,928	48,359	179.6	46.0	50.4	40.9	78.9	85.3	8.4
1993.2	76,543	1,542	630	26,660	48,359	181.4	46.5	50.9	41.5	81.2	83.5	7.8
1994.1	82,139	1,570	689	29,110	48,962	168.2	42.7	47.5	37.2	79.1	87.6	8.2
1994.2	78,234	1,570	689	30,904	48,962	158.4	39.5	44.6	33.7	56.6	80.8	9.8
1995.1	82,586	1,592	644	31,701	49,781	157.0	39.0	44.2	33.2	58.1	80.5	9.6
1995.2	80,444	1,592	644	28,654	49,781	173.7	44.3	48.9	39.1	77.5	82.4	8.2
1996.1	85,695	1,625	630	29,296	50,581	172.7	44.0	48.7	38.7	82.1	83.5	7.8
1996.2	88,851	1,625	630	28,557	50,581	177.1	45.3	49.8	40.1	87.1	80.2	7.0
1997.1	97,721	1,651	640	30,153	51,869	172.0	43.8	48.5	38.5	85.7	85.6	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	10,060	16,610	20,830	20,890	65.1	25.4	0.3	25.8	107.7
All Renters	15,700	24,255	29,590	30,890	54.5	22.0	4.4	27.4	96.8
Homeowners	22,945	39,135	44,365	48,305	70.6	13.4	8.9	23.4	110.5
All Households	38,645	63,390	73,955	79,195	64.0	16.7	7.1	24.9	104.9

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Regina



Regina Among Most Affordable Markets In Canada

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	48
historical high (96H2):	49
historical low (82):	21
historical average:	40
current ranking out of 27 centres:	10
average ranking:	4

First Half of 1997 Supply Data

% of New Homes Affordable :	88
% of Resale Homes Affordable:	87

Starter Home Price Growth

1970-97 (in %) :	459
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Renter Income Growth

1970-97 (in %) :	520
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Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	47
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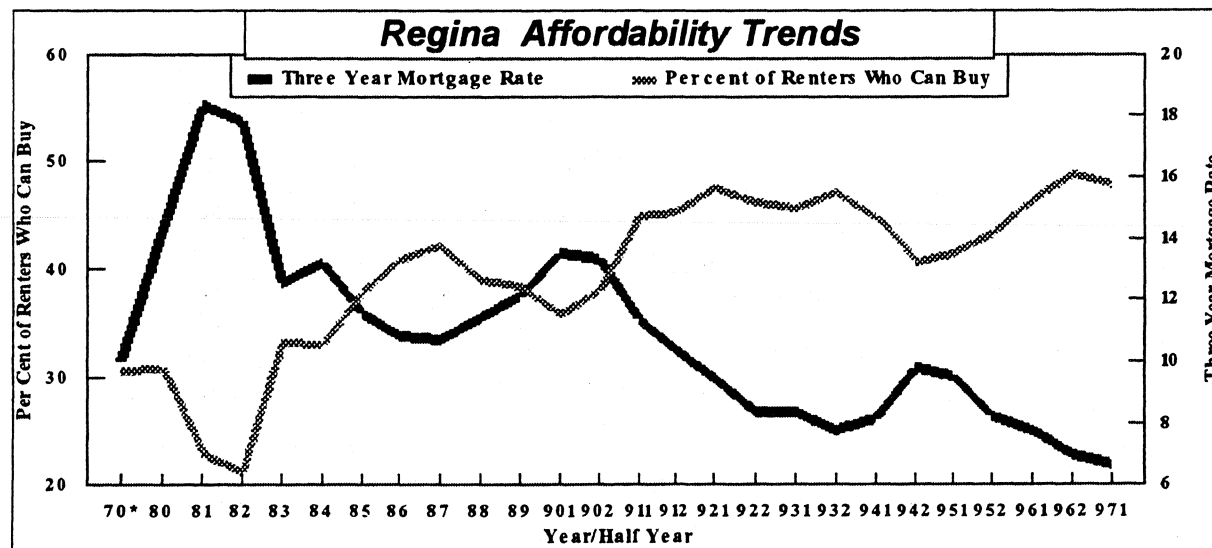
Regina slipped a bit in the first half of 1997 but still ranks among the most affordable housing markets in Canada. Standing in 10th spot nationally, it was the most affordable of the Prairie's major markets in 1996, but lost this position to Edmonton in 1997.

In Regina, 48 per cent of renters could afford to buy a starter home in the first half of 1997, compared to the city's historical high of 49 per cent, recorded the previous year. The city's lowest rating ever was 21 per cent in 1982 when soaring interest rates sent affordability scores plunging all across the country.

Over the long term (1970-97), Regina has been the most affordable market on the Prairies with an historical average rating of 40 per cent. This score is the result of the city having the region's second highest average incomes and lowest average house prices (during the 1990s it has

had the highest incomes). Regina and Edmonton are the only two Prairie centres where incomes grew faster than house prices overall in the last 27 years. In 1997, though, Regina's house prices ticked up by 8.4 per cent and incomes increased more slowly than Edmonton's to pull the Saskatchewan capital's affordability rating below that of its Alberta counterpart's.

On average during the 1970-97 timeline, Regina has ranked fourth in Canada for affordability, it has had the fifth lowest average starter home prices and the seventh highest average incomes. These factors combine to give Regina the lowest house price to income ratio of any metropolitan centre in the country. Except for the interest rate sky rocket in the early 1980s, the incomes of prime buyers have remained well above levels needed to buy a starter home in Regina.



Normally affluence puts upward pressure on house prices by increasing demand. In Regina, though, demand has remained muted because of a growth rate in prime buyer renter households

Price, Income and Renter Household Growth 1970 to 1996

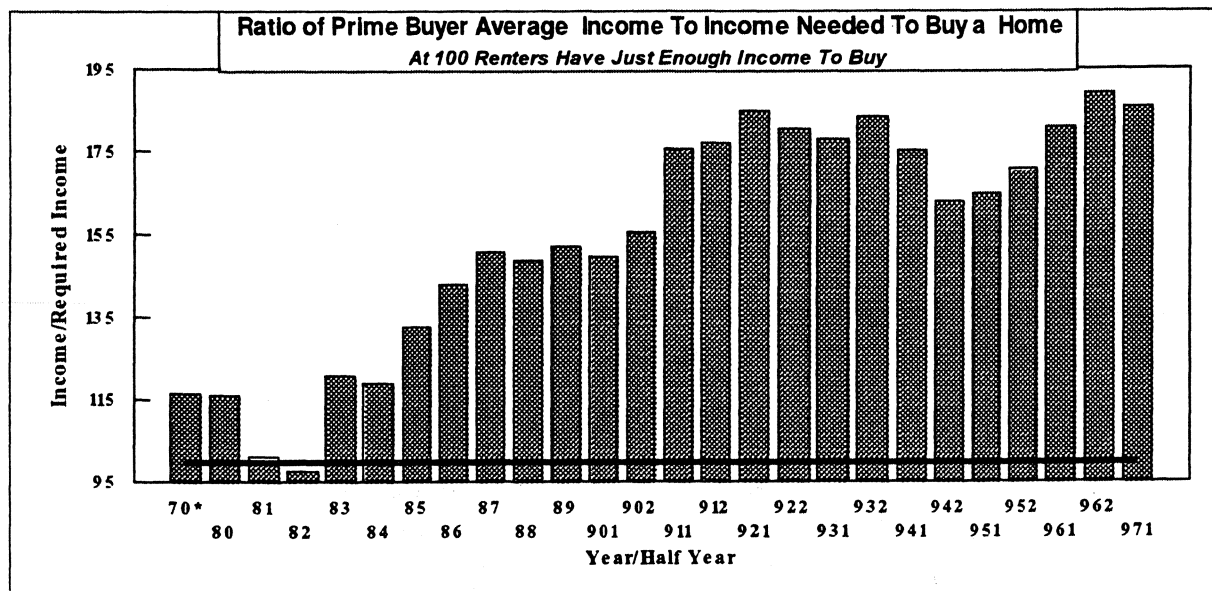
Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	186.4	26.0	7.5	44.1	458.8
Renter Income % Growth	192.8	30.2	39.0	17.0	520.2
Number of Renter Households Aged 20-44	1971 10,395	1981 13,235	1986 15,095	1991 15,250	
Percentage Growth in Renter Households 20-44	1971-1981 27.3	1981-1986 14.1	1986-1991 1.0	1981-1991 15.2	1971-1991 46.7

that is slower than the national average. Renter households aged 20 to 44 increased by just under 47 per cent between 1971 and 1991. Between 1986 and 1991, there was hardly any growth at all in this category of households -- just one per cent.

It is the same story for households of all kinds. With a household growth rate of 5.9 per cent between 1986 and 1991, Regina ranked last in the country. This low demand keeps prices in check and has given Regina the lowest house prices on the Prairies during most of the 1990s.

Due to high incomes and moderate prices, almost 90 per cent of Regina's housing supply is affordable. In the first half of 1997, 88 per cent of new homes (sixth best in Canada) and 87 per cent of the resale supply (third best) were within the means of first-time buyers



Regina Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	15,446	480	NA	7,485	8,717	116.5	30.7	37.3	13.6	NA	NA	10.1
1980	44,236	739	281	21,989	25,520	116.1	30.8	38.6	22.6	NA	NA	14.3
1981	44,772	835	359	26,822	27,063	100.9	23.0	28.4	16.9	NA	NA	18.3
1982	49,351	971	448	29,255	28,605	97.8	21.5	25.6	16.7	NA	NA	17.8
1983	54,148	1,104	481	24,965	30,148	120.8	33.4	38.4	27.7	NA	NA	12.5
1984	54,919	1,204	509	26,582	31,691	119.2	33.1	37.1	28.4	NA	NA	13.2
1985	55,749	1,319	520	25,028	33,234	132.8	38.0	41.6	33.8	NA	NA	11.5
1986	56,451	1,546	515	25,075	35,826	142.9	40.9	44.4	36.8	NA	NA	10.9
1987	57,460	1,654	511	25,477	38,418	150.8	42.2	45.5	38.3	NA	NA	10.7
1988	60,224	1,688	518	27,552	41,011	148.8	39.0	42.4	35.1	NA	NA	11.4
1989	59,798	1,722	537	28,625	43,603	152.3	38.5	42.0	34.4	NA	NA	12.2
1990.1	59,910	1,773	537	30,806	46,195	150.0	36.0	40.0	31.5	NA	NA	13.5
1990.2	57,670	1,773	537	29,640	46,195	155.9	38.1	41.9	33.8	NA	77.7	13.3
1991.1	57,910	1,855	597	27,499	48,324	175.7	45.0	48.1	41.4	44.7	NA	11.4
1991.2	61,450	1,855	597	27,253	48,324	177.3	45.5	48.6	42.0	57.7	83.6	10.4
1992.1	63,064	1,920	595	26,642	49,260	184.9	47.7	50.6	44.4	64.4	83.9	9.5
1992.2	71,175	1,920	595	27,282	49,260	180.6	46.4	49.5	43.0	64.0	80.8	8.4
1993.1	73,834	1,971	610	28,216	50,295	178.3	45.8	48.8	42.3	65.8	81.2	8.4
1993.2	74,441	1,971	610	27,392	50,295	183.6	47.3	50.3	44.0	61.8	84.7	7.8
1994.1	77,226	2,020	668	29,131	51,049	175.2	44.8	48.0	41.3	64.0	84.8	8.2
1994.2	75,082	2,020	668	31,284	51,049	163.2	40.8	44.4	36.8	51.8	87.1	9.8
1995.1	76,899	2,070	625	31,433	51,878	165.0	41.5	45.0	37.6	59.7	91.9	9.6
1995.2	81,451	2,070	625	30,360	51,878	170.9	43.4	46.7	39.7	75.3	86.6	8.2
1996.1	79,601	2,107	611	29,160	52,705	180.7	46.5	49.5	43.1	85.7	85.9	7.8
1996.2	80,056	2,107	611	27,874	52,705	189.1	49.0	51.7	46.0	78.5	87.1	7.0
1997.1	86,319	2,190	621	29,096	54,065	185.8	48.0	50.8	44.7	87.9	87.4	6.7

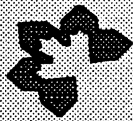
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	10,395	13,235	15,095	15,250	27.3	14.1	1.0	15.2	46.7
All Renters	16,950	21,300	23,210	24,250	25.7	9.0	4.5	13.8	43.1
Homeowners	25,630	40,190	44,430	47,405	56.8	10.5	6.7	18.0	85.0
All Households	42,580	61,490	67,640	71,655	44.4	10.0	5.9	16.5	68.3

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Winnipeg



Winnipeg Affordability Best Ever

At a Glance

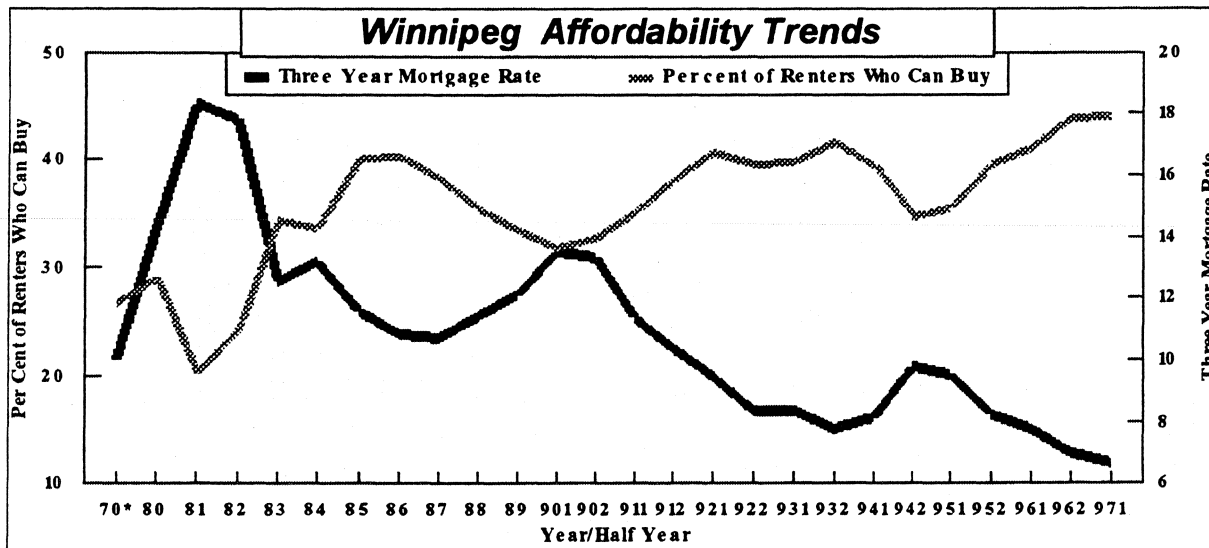
Per cent of Renters Who Can Buy	
First Half of 1997:	44
historical high (97H1):	44
historical low (81):	20
historical average:	36
current ranking out of 27 centres:	16
average ranking:	14
First Half of 1997 Supply Data	
% of New Homes Affordable :	34
% of Resale Homes Affordable:	81
Starter Home Price Growth	
1970-97 (in %) :	394
Renter Income Growth	
1970-97 (in %) :	383
Growth in Renter Households	
Aged 20-44 1971-1991 (in %) :	43

Housing affordability hit an all-time high in Winnipeg in the first half of 1997 . The ratio of renters who can afford to buy a house is 44 per cent, eclipsing the previous high of 42 per cent reached in 1993.

The 1997 affordability rating is more than double the record low of 20 per cent scored in 1981 when mortgage rates went through the roof. In 1981-82, when mortgage rates were in the high teens, affordability was low in all Prairie centres. Historically, Winnipeg's rating since 1971 averages 36 per cent.

Winnipeg's current affordability rating puts it in 16th place among Canada's 27 major markets and second to last in the prairie region. Even though Winnipeg has the second lowest average starter home prices in this region, it also has the lowest average incomes.

Stability over the long haul characterizes the Winnipeg market. Overall in the last 27 years, starter home prices have increased in tandem with incomes (394 per cent and 383 per cent respectively). During this interval, shifts in this market's affordability pattern have occurred mostly in response to rises and falls in mortgage interest rates. The pattern of affordability was set in the 1970's when income growth in Winnipeg outpaced home price increases. Between 1980 and 1985, affordability improved in response to a sharp drop in mortgage rates and incomes that moved up a bit faster than prices. In the next five years, the pattern reversed -- mortgage rates drifted higher, prices rose faster than incomes and affordability declined. Between 1990 and 1997, even as prices



rose at more than double the pace of incomes, affordability reached its record high solely because of the drop in mortgage rates.

The enormous influence of interest rates on affordability in this market is further demonstrated in the chart at the bottom of the page. Renter household incomes in Winnipeg have remained well above the amount needed to buy a starter home except for years when interest rates were high.

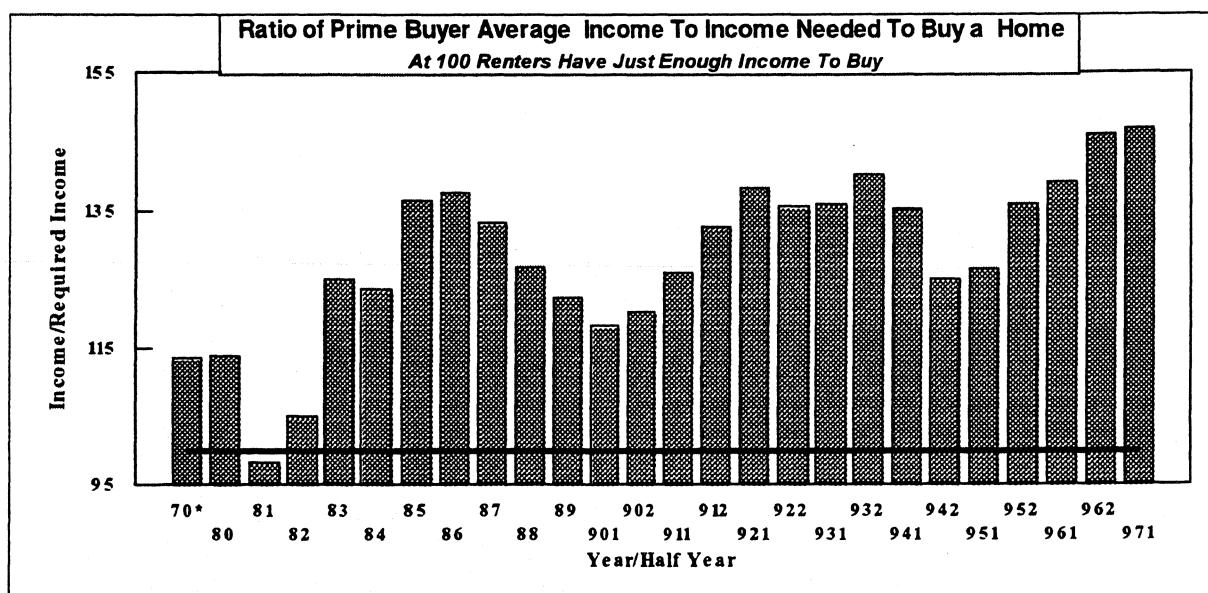
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	132.8	22.7	28.2	34.9	393.8
Renter Income %Growth	157.2	35.2	19.8	16.0	383.1
Number of Renter Households Aged 20-44	1971 39,260	1981 51,530	1986 55,250	1991 56,115	
Percentage Growth in Renter Households 20-44	1971-1981 31.3	1981-1986 7.2	1986-1991 1.6	1981-1991 8.9	1971-1991 42.9

Muted demand for ownership housing has also aided Winnipeg's affordability rating by helping to keep starter home prices in check. Between 1981 and 1991, prime buyer renter households increased by just nine per cent. At under 43 per cent for the 1971-91 period, Winnipeg's growth rate in prime buyer renter households was the lowest on the Prairies -- a pattern consistent with this market's overall slow growth. Households of all types increase by 51 per cent in the 1971-91 period, compared to the national average of 75 per cent

First time buyers have a good supply of resale homes and a modest supply of new homes within their means. In the first half of 1997, 81 per cent of resale homes were priced affordably, up marginally from six months earlier. The affordability index of new homes was also marginally higher at 34 per cent.



Winnipeg Affordability Trends in Detail 1970-1997

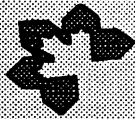
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	17,490	476	NA	8,226	9,339	113.5	26.9	32.0	12.5	NA	NA	10.1
1980	40,712	937	429	21,094	24,022	113.9	29.2	37.5	19.7	NA	NA	14.3
1981	41,775	941	527	26,133	25,711	98.4	20.3	26.3	13.5	NA	NA	18.3
1982	41,385	1,039	640	26,059	27,400	105.1	24.2	30.4	17.1	NA	NA	17.8
1983	46,921	1,212	693	23,295	29,089	124.9	34.4	41.3	26.5	NA	NA	12.5
1984	48,202	1,302	711	24,921	30,778	123.5	33.8	40.6	25.9	NA	NA	13.2
1985	49,942	1,394	695	23,805	32,467	136.4	40.2	46.8	32.5	NA	NA	11.5
1986	53,892	1,476	688	24,552	33,755	137.5	40.4	46.8	32.7	NA	NA	10.9
1987	59,809	1,546	643	26,318	35,043	133.2	38.5	44.9	31.0	NA	NA	10.7
1988	63,361	1,604	620	28,682	36,331	126.7	35.6	42.0	28.0	NA	NA	11.4
1989	65,235	1,691	622	30,752	37,619	122.3	33.6	40.2	25.8	NA	NA	12.2
1990.1	64,020	1,799	670	32,919	38,907	118.2	31.8	38.4	24.2	NA	NA	13.5
1990.2	63,310	1,799	670	32,327	38,907	120.4	32.8	39.5	25.1	NA	48.4	13.3
1991.1	67,620	2,011	755	31,805	39,982	125.7	35.3	42.1	27.4	29.2	NA	11.4
1991.2	67,590	2,011	755	30,190	39,982	132.4	38.3	45.0	30.4	34.7	72.8	10.4
1992.1	68,993	2,126	770	29,601	40,885	138.1	40.8	47.3	33.3	30.9	83.4	9.5
1992.2	77,405	2,126	770	30,175	40,885	135.5	39.7	46.3	32.0	39.7	84.4	8.4
1993.1	78,122	2,181	780	30,573	41,543	135.9	39.8	46.4	32.2	36.0	NA	8.4
1993.2	78,411	2,181	780	29,610	41,543	140.3	41.7	48.1	34.3	42.1	83.5	7.8
1994.1	81,245	2,230	790	31,248	42,219	135.1	39.5	46.1	31.8	43.4	83.6	8.2
1994.2	79,879	2,230	790	33,784	42,219	125.0	34.9	41.7	27.1	19.1	73.8	9.8
1995.1	81,245	2,339	819	34,181	43,225	126.5	35.6	42.4	27.7	20.6	70.1	9.6
1995.2	81,500	2,339	819	31,820	43,225	135.8	39.8	46.4	32.2	40.1	80.3	8.2
1996.1	82,920	2,418	795	31,568	43,918	139.1	41.2	47.6	33.7	43.9	82.1	7.8
1996.2	82,676	2,418	795	30,055	43,918	146.1	44.0	50.1	36.8	33.7	80.0	7.0
1997.1	86,358	2,489	846	30,744	45,119	146.8	44.2	50.3	37.1	34.2	81.1	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	39,260	51,530	55,250	56,115	31.3	7.2	1.6	8.9	42.9
All Renters	68,505	89,705	92,570	95,755	30.9	3.2	3.4	6.7	39.8
Homeowners	98,120	129,500	143,750	156,395	32.0	11.0	8.8	20.8	59.4
All Households	166,625	219,205	236,320	252,150	31.6	7.8	6.7	15.0	51.3

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Thunder Bay



Thunder Bay Market

Affordable and Stable

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	48
historical high (85):	50
historical low (70):	19
historical average:	40
current ranking out of 27 centres:	11
average ranking:	4

First Half of 1997 Supply Data

% of New Homes Affordable :	40
% of Resale Homes Affordable:	84

Starter Home Price Growth

1970-97 (in %) :	456
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Renter Income Growth

1970-97 (in %) :	462
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Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	70
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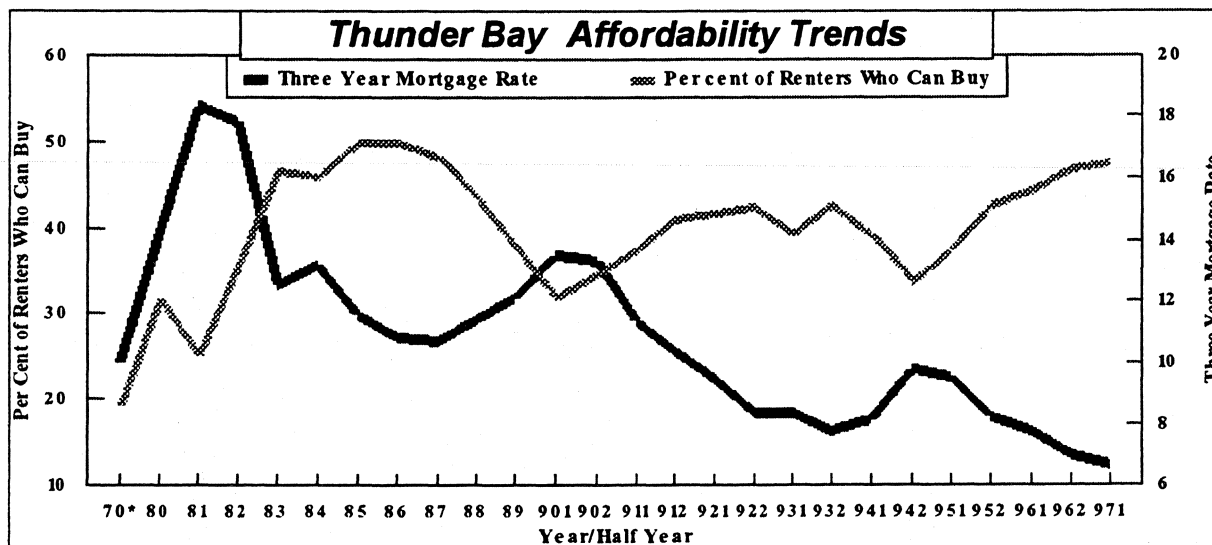
Like Sudbury and Winnipeg, Thunder Bay is one of Canada's most stable housing markets. Thunder Bay is an especially attractive market for homeowners because of above average incomes, steady but moderate house price increases over time and low property taxes.

In the first half of 1997, 48 per cent of renters could afford to buy a starter home, better than the historical average of 40 per cent. Thunder Bay's current score is just shy of its all-time best rating of 50 per cent, attained in 1985.

Since 1970, the market has often been the most affordable in Canada (during the 1982 to 1988 period it ranked either first or second). On average, it has been the fourth best of Canada's 27 CMAs, although it has now slipped to 11th place.

Much of the rest of the country has had an opportunity to catch up with Thunder Bay since 1988. In the current decade, the city has experienced above normal income growth due to a strong dependence on export-based resource industries at a time when exports are important in the Canadian economy. As a result, housing demand in Thunder Bay never sagged during the early 1990s recession, as it did in so many other markets, and house prices continued to increase at a time when they flattened or even depressed in other markets.

Property taxes, an important and often overlooked factor impacting affordability, are by far the lowest in Ontario -- less than half those of Toronto and Ottawa. If the Thunder Bay purchaser were suddenly forced to pay Toronto level property taxes and could not afford to make higher monthly payments, this would diminish the indicated purchase price by over \$19,000.



Income gains during the 1970s were important in establishing this market as a highly affordable centre. Even with above average house price rises in the 1990s, it is one of only nine major markets where incomes have led house prices overall since 1970.

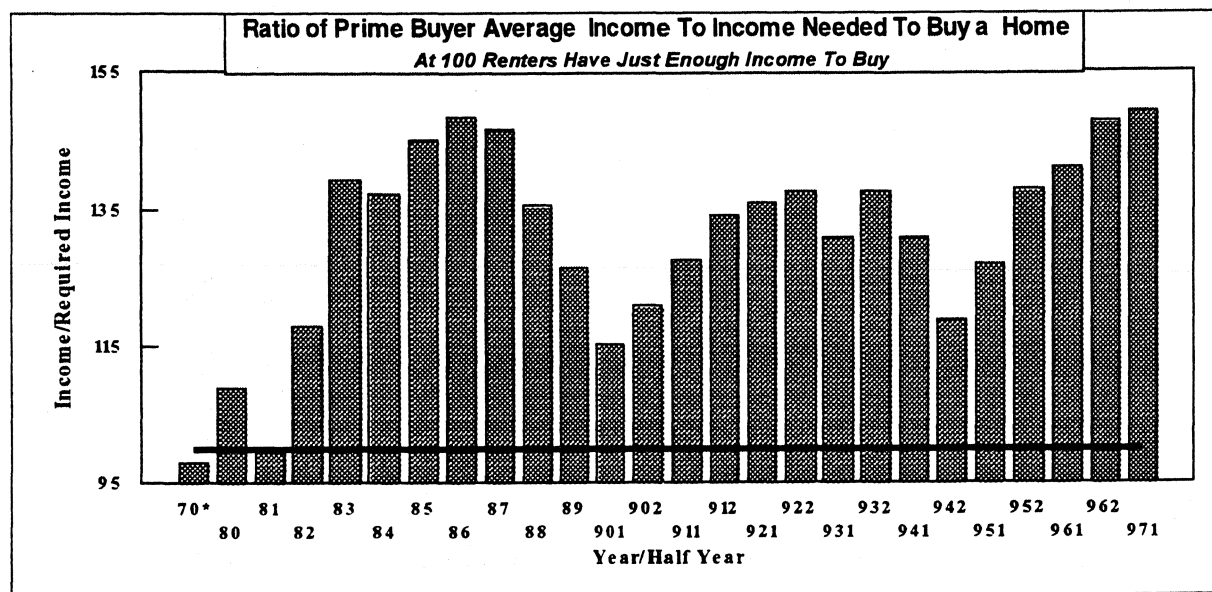
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	133.4	16.5	47.2	38.9	456.0
Renter Income %Growth	174.5	39.5	25.7	16.7	461.8
Number of Renter Households Aged 20-44	1971 5,160	1981 7,735	1986 8,165	1991 8,795	
Percentage Growth in Renter Households 20-44	1971-1981 49.9	1981-1986 5.6	1986-1991 7.7	1981-1991 13.7	1971-1991 70.4

Thunder Bay appears to offer a large unmet opportunity as a first-time buyer market. Growth in the number of owner households has been lagging renter household growth and the home ownership rate has been slipping. This trend is surprising given this market's aging population and good historical affordability.

Evidence suggests that Thunder Bay builders are missing an opportunity to tempt these potential buyers. Only 40 per cent of the new homes completed in the first half of 1997 were affordable to the average prime buyer as opposed to a national average of 74 per cent. This percentage falls well short of relatively less affordable markets such as Toronto and Ottawa. In those markets, builders are making a concerted effort to cater to the starter home trade and more than 70 per cent of their new homes are priced affordably.



Thunder Bay Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	21,093	454	NA	9,475	9,292	98.1	19.5	21.0	12.4	NA	NA	10.1
1980	49,230	511	395	23,434	25,505	108.8	31.9	39.6	17.9	NA	NA	14.3
1981	47,526	505	507	27,675	27,522	99.4	25.3	31.4	13.8	NA	NA	18.3
1982	42,577	560	609	25,065	29,539	117.8	35.7	42.8	23.0	NA	NA	17.8
1983	50,072	622	707	22,659	31,556	139.3	46.7	53.4	34.7	NA	NA	12.5
1984	51,797	675	740	24,444	33,572	137.3	46.1	52.7	34.1	NA	NA	13.2
1985	57,354	720	786	24,543	35,589	145.0	50.0	56.5	38.4	NA	NA	11.5
1986	61,724	767	789	25,238	37,418	148.3	49.9	55.8	39.4	NA	NA	10.9
1987	66,908	816	772	26,752	39,247	146.7	48.4	53.9	38.9	NA	NA	10.7
1988	73,555	881	742	30,299	41,076	135.6	43.5	49.2	33.9	NA	NA	11.4
1989	79,425	957	751	33,978	42,905	126.3	37.8	43.9	27.9	NA	NA	12.2
1990.1	84,430	1,047	747	38,846	44,734	115.2	32.0	39.3	20.7	NA	NA	13.5
1990.2	80,880	1,047	747	37,049	44,734	120.7	34.7	41.6	24.0	NA	53.5	13.3
1991.1	88,510	1,148	817	36,459	46,508	127.6	37.6	44.1	27.6	23.8	NA	11.4
1991.2	89,520	1,148	817	34,681	46,508	134.1	41.0	47.0	31.6	14.6	57.3	10.4
1992.1	94,954	1,226	873	34,845	47,265	135.6	41.7	47.6	32.5	33.1	67.1	9.5
1992.2	101,980	1,226	873	34,393	47,265	137.4	42.5	48.3	33.5	48.4	74.4	8.4
1993.1	109,862	1,300	890	36,826	48,210	130.9	39.4	45.6	29.7	27.7	71.0	8.4
1993.2	108,609	1,300	890	35,041	48,210	137.6	42.6	48.4	33.6	39.4	74.6	7.8
1994.1	113,156	1,331	907	37,371	48,885	130.8	39.3	45.6	29.6	29.8	79.6	8.2
1994.2	112,053	1,331	907	41,146	48,885	118.8	33.8	40.8	22.9	18.7	69.2	9.8
1995.1	107,945	1,329	971	39,492	50,180	127.1	37.5	44.0	27.3	27.7	68.4	9.6
1995.2	108,500	1,329	971	36,414	50,180	137.8	42.8	48.5	33.8	28.6	76.0	8.2
1996.1	110,637	1,372	971	36,046	50,886	141.2	44.2	49.8	35.6	47.1	74.8	7.8
1996.2	112,000	1,372	971	34,435	50,886	147.8	47.0	52.1	39.0	30.3	82.0	7.0
1997.1	117,275	1,372	996	34,993	52,197	149.2	47.5	52.6	39.6	39.6	84.1	6.7

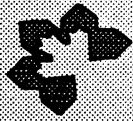
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	5,160	7,735	8,165	8,795	49.9	5.6	7.7	13.7	70.4
All Renters	8,575	12,850	13,405	14,845	49.9	4.3	10.7	15.5	73.1
Homeowners	23,675	29,205	30,270	32,045	23.4	3.6	5.9	9.7	35.4
All Households	32,250	42,055	43,675	46,890	30.4	3.9	7.4	11.5	45.4

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Sudbury



Sudbury Affordability

Consistently Good

At a Glance

Per cent of Renters Who Can Buy	
First Half of 1997:	44
historical high (86):	47
historical low (90H1):	29
historical average:	38
current ranking out of 27 centres:	15
average ranking:	9
First Half of 1997 Supply Data	
% of New Homes Affordable :	84
% of Resale Homes Affordable:	84
Starter Home Price Growth	
1970-97 (in %):	430
Renter Income Growth	
1970-97 (in %):	282
Growth in Renter Households	
Aged 20-44 1971-1991 (in %):	7

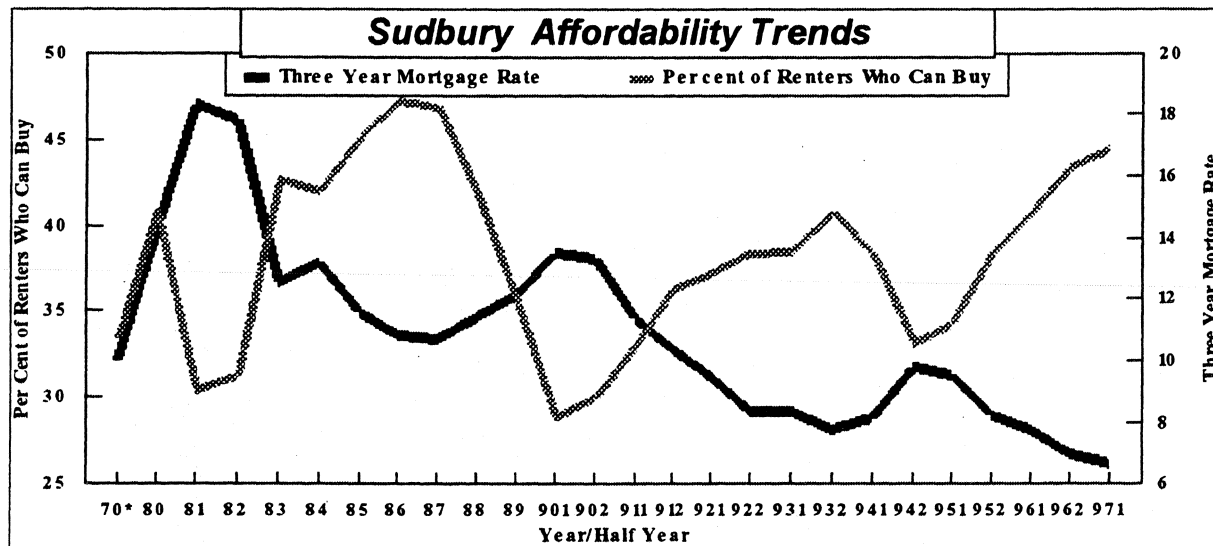
Housing affordability remains good in Sudbury as it has for many years. The extreme affordability swings recorded in southern Ontario markets in the 1980s and 1990s did not occur here. While Sudbury experienced an affordability low point like other markets in 1990, its affordability never reached the extreme lows of other Ontario markets. By the same token, it has not experienced the same dramatic improvements in the 1990s.

Sudbury's slower rate of growth is the reason for this stability. It never saw the rapid escalation of prices that all but erased affordability in the more demand driven southern Ontario markets in the late 1980s.

Sudbury's affordability indicator, based on the percentage of renters who can afford to buy a

starter home, rose from a low of 29 per cent in 1990 to 44 per cent in 1997. Its best ever affordability rating was 47 per cent, recorded in 1986.

Between 1990 and 1997, average starter home prices in Sudbury continued to rise faster than average incomes so affordability improvement in this period is due mainly to lower mortgage rates. Sudbury's situation stands in marked contrast to markets like Toronto and Oshawa where average prices were still lower in the first half of 1997 than they were in 1990. On average, the seven southern Ontario markets have seen a robust rise in affordability levels in the 1990s as their



ratings climbed from 14 per cent to 38 -- almost a three-fold improvement. In that same interval, Sudbury's improvement was less than two-fold but it had less ground to recover.

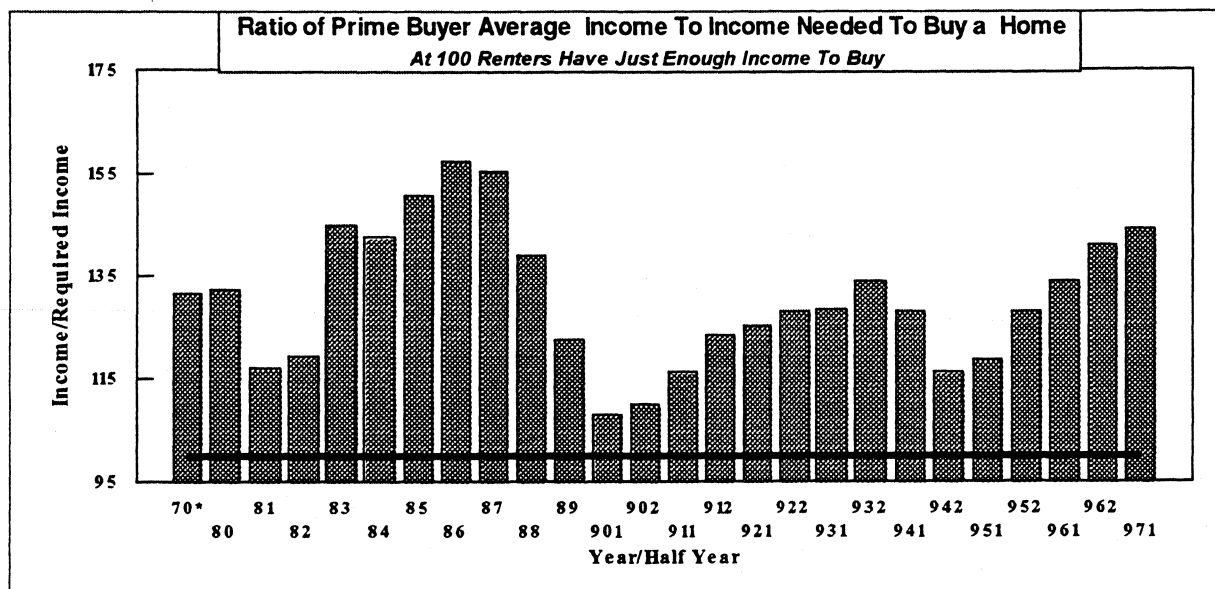
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	72.6	22.8	85.4	35.0	430.3
Renter Income % Growth	89.3	28.0	36.2	15.9	282.4
Number of Renter Households Aged 20-44	1971 11,340	1981 10,950	1986 10,480	1991 12,130	
Percentage Growth in Renter Households 20-44	1971-1981 -3.4	1981-1986 -4.3	1986-1991 15.7	1981-1991 10.8	1971-1991 7.0

While other markets have started to catch up, Sudbury remains the second most affordable Ontario market after Thunder Bay. House prices in Sudbury began their climb from a lower level than other Ontario centres. In 1987, Sudbury was among the four lowest-priced markets in the country. When the price climb began, incomes were already high so housing remained affordable despite the higher prices. Average incomes have, in fact, always been well above the income required to afford an average priced starter home, as the chart at the bottom of the page indicates.

Since there has never been a strong affordability squeeze to dampen housing demand, Sudbury's ownership rate moved up substantially from 58 to 64 per cent between 1971 and 1991. At the same time, renter households aged 20-44 grew a meagre seven per cent. The supply of resale homes affordable to the average renter income has fallen from its 1996 peak, but remains at extremely healthy levels above 80 per cent. The supply of affordable new homes is the best it has ever been at 84.3 per cent.



Sudbury Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	21,874	531	NA	10,049	13,218	131.5	33.5	35.8	16.0	NA	NA	10.1
1980	37,752	674	363	18,910	25,024	132.3	40.9	44.6	31.9	NA	NA	14.3
1981	36,926	679	467	22,626	26,426	116.8	30.6	34.2	21.9	NA	NA	18.3
1982	38,277	751	561	23,350	27,828	119.2	31.4	35.1	22.5	NA	NA	17.8
1983	42,196	824	651	20,206	29,230	144.7	42.8	47.1	33.0	NA	NA	12.5
1984	42,918	891	682	21,503	30,632	142.5	42.1	46.5	32.1	NA	NA	13.2
1985	46,357	952	724	21,273	32,034	150.6	45.2	50.0	34.8	NA	NA	11.5
1986	49,741	1,013	727	21,859	34,350	157.1	47.3	52.0	37.5	NA	NA	10.9
1987	55,459	1,076	712	23,645	36,666	155.1	47.0	51.9	37.3	NA	NA	10.7
1988	65,354	1,132	683	28,089	38,983	138.8	41.8	46.9	32.0	NA	NA	11.4
1989	76,760	1,237	692	33,709	41,299	122.5	35.6	41.2	25.2	NA	NA	12.2
1990.1	85,940	1,424	688	40,436	43,615	107.9	28.9	34.8	18.3	NA	NA	13.5
1990.2	85,020	1,424	688	39,654	43,615	110.0	30.0	36.0	19.3	NA	29.0	13.3
1991.1	93,440	1,477	753	38,976	45,258	116.1	33.1	39.4	22.0	25.7	NA	11.4
1991.2	93,350	1,477	753	36,730	45,258	123.2	36.4	42.8	24.9	40.2	26.7	10.4
1992.1	98,730	1,498	805	36,604	45,843	125.2	37.3	43.7	25.7	44.9	44.3	9.5
1992.2	104,953	1,498	805	35,838	45,843	127.9	38.4	44.9	26.9	38.0	44.3	8.4
1993.1	106,638	1,534	820	36,459	46,760	128.3	38.6	45.0	27.1	46.7	65.2	8.4
1993.2	106,422	1,534	820	34,986	46,760	133.7	40.8	47.2	29.3	54.4	69.5	7.8
1994.1	110,159	1,571	836	37,094	47,368	127.7	38.3	44.8	26.8	68.3	47.7	8.2
1994.2	109,046	1,571	836	40,758	47,368	116.2	33.2	39.4	22.1	41.2	63.0	9.8
1995.1	111,582	1,558	878	41,003	48,623	118.6	34.3	40.6	23.1	54.3	69.0	9.6
1995.2	112,784	1,558	878	37,990	48,623	128.0	38.5	44.9	27.0	71.9	80.0	8.2
1996.1	112,733	1,572	858	36,865	49,294	133.7	40.8	47.2	29.3	72.7	88.0	7.8
1996.2	113,175	1,572	858	34,995	49,294	140.9	43.4	49.8	32.1	81.6	79.4	7.0
1997.1	116,000	1,632	880	35,146	50,542	143.8	44.4	50.8	33.1	84.3	84.3	6.7

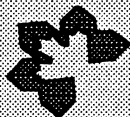
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	11,340	10,950	10,480	12,130	-3.4	-4.3	15.7	10.8	7.0
All Renters	16,540	17,915	18,315	20,765	8.3	2.2	13.4	15.9	25.5
Homeowners	22,900	32,325	33,285	36,835	41.2	3.0	10.7	14.0	60.9
All Households	39,440	50,240	51,600	57,600	27.4	2.7	11.6	14.6	46.0

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Windsor



Windsor House Price Growth

Checkmates Affordability

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	38
historical high (85):	52
historical low (90H2):	25
historical average:	36
current ranking out of 27 centres:	23
average ranking:	13

First Half of 1997 Supply Data

% of New Homes Affordable :	71
% of Resale Homes Affordable:	66

Starter Home Price Growth

1970-97 (in %) :	498
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Renter Income Growth

1970-97 (in %) :	337
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Growth in Renter Households

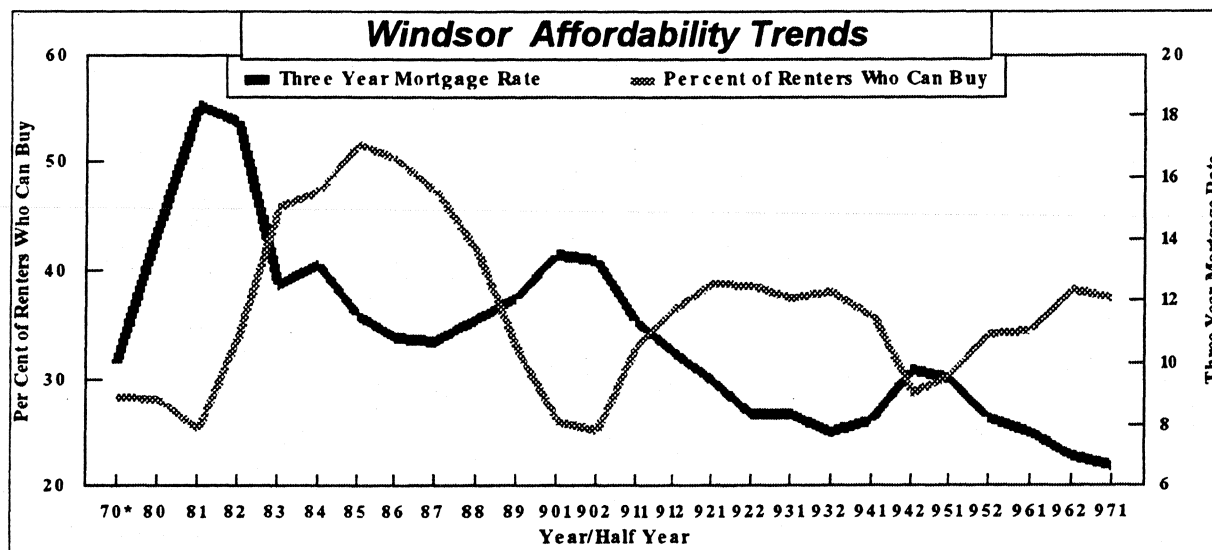
Aged 20-44 1971-1991 (in %) :	29
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From 1984 to 1986, Windsor was Canada's most affordable housing market. Today it is much less so, ranking 23rd of Canada's 27 major markets. Windsor has also lost ground relative to the rest of southern Ontario. In the 1982 - 1992 decade, it was the most affordable of the seven traditionally high-priced markets of southern Ontario. Now Windsor is third from last, surpassing only Hamilton and Toronto.

The main reason for this shift is a remarkable 47 per cent rise in Windsor starter home prices since 1990. Compared to renter household incomes, prices shot up almost 3.5 times faster. The only market that experienced a more rapid price acceleration between 1990 and 1997 was Saskatoon.

Windsor's economic growth in the 1990-97 period was above normal and average renter household incomes increased at a rate of just under 14 per cent. This increase matched or slightly exceeded income gains in other southern Ontario centres. This income spurt is at odds, however, with Windsor's historical pattern which has seen that city lag all other southern Ontario centres in renter income growth between 1971 and 1997.

o southern Ontario markets have recovered their peak affordability levels of 1985 but Windsor's strong house price growth made it's comeback notably weak. The proportion of renters who could afford the average starter home rose an average of 25 percentage points between 1990 and 1997 across southern Ontario. In Windsor, the increase was only 11 points. As a consequence, while



other centres are much more affordable than their historical average, Windsor's current affordability rating of 38 per cent is only slightly better than its historical average of 36 per cent and well below its all-time peak of 52 per cent in 1985.

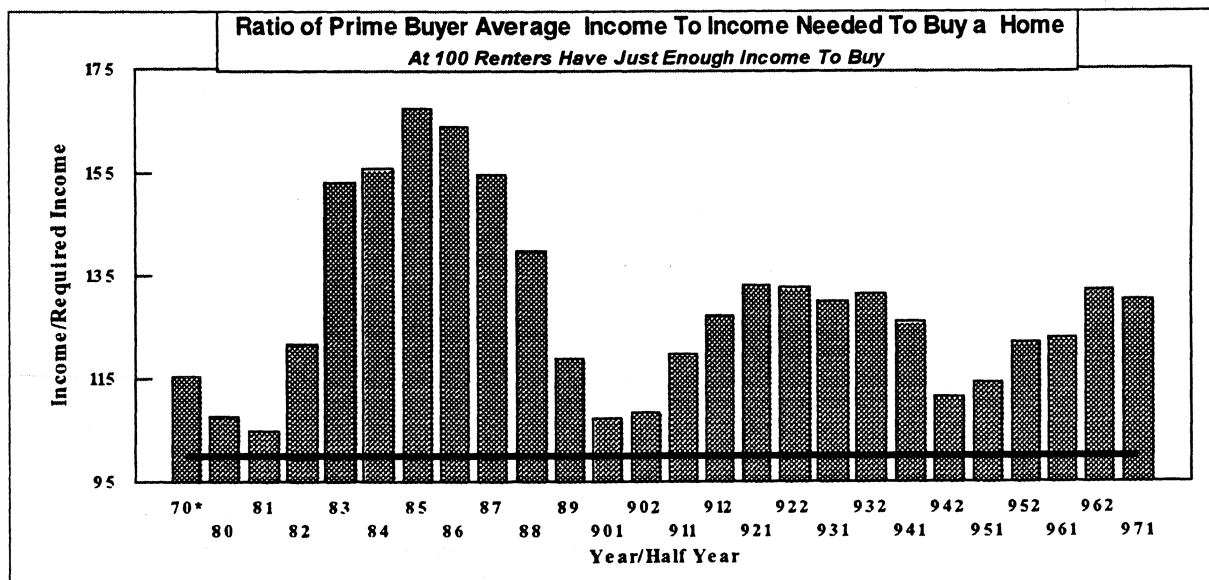
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	107.5	6.5	83.7	47.3	497.9
Renter Income %Growth	110.6	53.5	18.8	13.8	337.0
Number of Renter Households Aged 20-44	1971 13,745	1981 15,745	1986 17,520	1991 17,775	
Percentage Growth in Renter Households 20-44	1971-1981 14.6	1981-1986 11.3	1986-1991 1.5	1981-1991 12.9	1971-1991 29.3

Windsor builders are responding to the city's need for more affordable housing. Since 1994, they have stepped up the production of housing that is affordable to average renter's incomes. In the first half of 1997, 71 per cent of new homes were priced affordably, a leap from 39 per cent a year earlier. Even with this improvement, Windsor's proportion of affordably-priced new homes lags behind Toronto and four other Ontario CMAs.

Affordability is also growing in the resale home market but the proportion of listings that are affordable to average renter incomes continues to fall short of early 1990's levels. In the first half of 1997, 66 per cent of listings are affordable, an improvement over the 52 per cent ratio a year earlier but well short of the 77 per cent recorded in 1992.



Windsor Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	20,823	512	NA	9,590	11,064	115.4	28.5	19.0	17.3	NA	NA	10.1
1980	43,198	770	NA	21,634	23,301	107.7	28.3	30.5	24.4	NA	NA	14.3
1981	40,123	775	NA	24,580	25,796	104.9	25.4	28.2	20.8	NA	NA	18.3
1982	37,263	858	NA	23,275	28,292	121.6	34.1	37.3	29.0	NA	NA	17.8
1983	40,856	941	671	20,137	30,787	152.9	46.0	49.5	40.3	NA	NA	12.5
1984	41,785	1,017	666	21,410	33,283	155.5	47.6	51.7	41.1	NA	NA	13.2
1985	46,021	1,088	656	21,367	35,778	167.4	51.8	56.5	44.7	NA	NA	11.5
1986	51,720	1,157	640	22,690	37,120	163.6	50.5	54.8	43.8	NA	NA	10.9
1987	58,656	1,229	622	24,883	38,462	154.6	47.5	51.8	40.9	NA	NA	10.7
1988	65,637	1,293	635	28,540	39,803	139.5	41.7	46.5	34.4	NA	NA	11.4
1989	79,164	1,348	596	34,623	41,145	118.8	32.8	37.8	25.4	NA	NA	12.2
1990.1	84,550	1,440	606	39,681	42,487	107.1	26.2	30.5	19.8	NA	NA	13.5
1990.2	84,420	1,440	606	39,213	42,487	108.4	25.3	31.3	20.5	NA	41.3	13.3
1991.1	87,800	1,480	673	36,800	44,028	119.6	33.1	38.0	25.8	5.8	NA	11.4
1991.2	87,530	1,480	673	34,631	44,028	127.1	36.5	41.3	29.3	13.0	64.2	10.4
1992.1	89,263	1,544	678	33,530	44,642	133.1	38.8	43.5	31.8	36.8	77.0	9.5
1992.2	97,974	1,544	678	33,680	44,642	132.5	38.6	43.3	31.6	27.5	75.8	8.4
1993.1	101,013	1,572	711	34,702	45,044	129.8	37.5	42.3	30.4	23.0	74.7	8.4
1993.2	104,685	1,572	711	34,314	45,044	131.3	38.1	42.8	31.1	27.7	72.7	7.8
1994.1	107,374	1,600	727	36,098	45,404	125.8	35.9	40.7	28.6	24.5	71.2	8.2
1994.2	109,206	1,600	727	40,746	45,404	111.4	28.8	33.3	22.0	12.3	35.0	9.8
1995.1	111,810	1,660	684	40,783	46,524	114.1	30.3	34.9	23.3	17.3	42.1	9.6
1995.2	114,293	1,660	684	38,109	46,524	122.1	34.3	39.2	26.9	30.6	48.2	8.2
1996.1	118,536	1,760	685	38,414	47,159	122.8	34.6	39.5	27.2	39.1	52.0	7.8
1996.2	115,965	1,760	685	35,713	47,159	132.0	38.4	43.1	31.4	53.6	59.1	7.0
1997.1	124,505	1,785	735	37,172	48,353	130.1	37.6	42.4	30.6	71.4	65.7	6.7

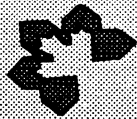
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	13,745	15,745	17,520	17,775	14.6	11.3	1.5	12.9	29.3
All Renters	22,030	27,970	30,020	30,690	27.0	7.3	2.2	9.7	39.3
Homeowners	52,190	59,445	61,595	66,615	13.9	3.6	8.2	12.1	27.6
All Households	74,220	87,415	91,615	97,305	17.8	4.8	6.2	11.3	31.1

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

London



London Affordability Nears All-Time Peak

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	40
historical high (85):	43
historical low (90H2):	16
historical average:	30
current ranking out of 27 centres:	20
average ranking:	20

First Half of 1997 Supply Data

% of New Homes Affordable :	67
% of Resale Homes Affordable:	73

Starter Home Price Growth

1970-97 (in %) :	512
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Renter Income Growth

1970-97 (in %) :	388
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Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	75
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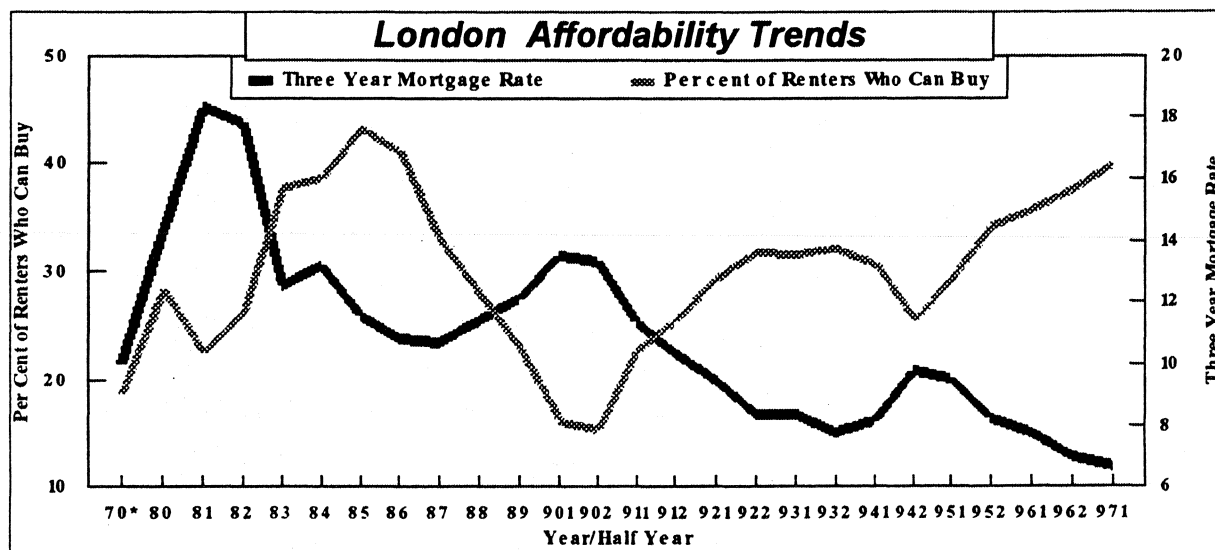
Housing affordability in London is near an all-time high and this is good news in a market that traditionally ranks among the least affordable in Canada. In 1997, the percentage of renters who can afford to buy has reached 40 per cent. This places London 20th among Canada's 27 major markets, ahead of neighbouring Kitchener and Hamilton. The current ranking exactly matches London's historical average over the past 27 years.

London's best ever affordability rating was 43 per cent, recorded in 1985. The city's worst reading was 16 per cent in 1990. Since 1970, London's affordability rating has averaged 30 per cent.

Despite its low national ranking, London has the requisite elements to encourage home

ownership. Compared with Kitchener and Hamilton, the city has slightly lower average incomes, but it has considerably lower average starter home prices and property taxes.

In London, prices rose faster than incomes during the 1971-91 period, but only as a result of rapid price escalation between 1985 and 1990. In those five years, London got caught up in the speculative price boom that swept southern Ontario and house prices surged up about four times faster than incomes. Since 1990, prices and incomes have risen modestly and in tandem so lower mortgage rates have had the effect of steadily improving affordability since 1994. On the supply



side, the London market provides ample housing affordable to renters in the prime buyer group. The city's resale market caters to the starter home trade better than most southern Ontario metropolitan areas, offering a large selection of affordable homes. In 1997, a record 73 per cent of active listings were within the affordable range. The proportion of new homes affordable to the average renter is also at a new high -- up from 16 per cent in 1991 to 66 per cent in 1997.

In spite of conditions favourable to buyers, London has a high ratio (43 per cent) of renter

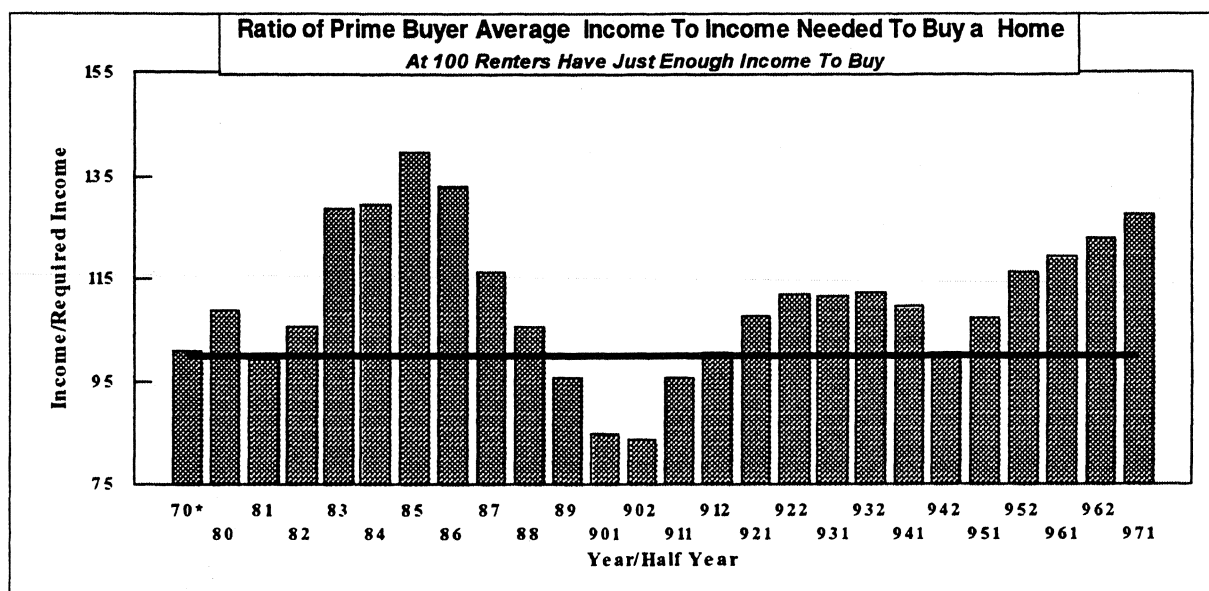
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	109.5	27.8	101.6	13.4	512.0
Renter Income % Growth	134.3	44.9	26.3	13.8	388.0
Number of Renter Households Aged 20-44	1971 22,265	1981 31,180	1986 33,950	1991 39,040	
Percentage Growth in Renter Households 20-44	1971-1981 40.0	1981-1986 8.9	1986-1991 15.0	1981-1991 25.2	1971-1991 75.3

households in the prime buyer 20 to 44 age group. The city's 75 per cent growth rate among these households between 1971 and 1991 was well above the national average and almost twice that of Hamilton and St. Catharines. This increase puts London in league with both Kitchener and Sherbrooke, other university towns where students swell the ranks of renters.

London's growth in renter households, in fact, outstripped its growth in ownership households and there is nothing to suggest this situation will change anytime soon. This market is the only one in southern Ontario with an apartment vacancy rate that has held above three per cent since 1991. With healthy competition among landlords trying to attract tenants, renters have little incentive to make their initial home purchase.



London Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	20,454	579	NA	9,702	9,775	100.7	18.8	22.1	8.5	NA	NA	10.1
1980	42,845	641	NA	21,048	22,904	108.8	28.4	37.6	17.4	NA	NA	14.3
1981	41,995	646	NA	25,141	24,961	99.3	22.6	29.8	13.8	NA	NA	18.3
1982	42,762	714	NA	25,590	27,017	105.6	26.3	33.7	17.4	NA	NA	17.8
1983	48,932	783	671	22,629	29,074	128.5	37.9	45.9	27.9	NA	NA	12.5
1984	50,006	847	666	24,056	31,130	129.4	38.7	46.6	28.9	NA	NA	13.2
1985	54,740	906	656	23,814	33,187	139.4	43.5	51.3	33.6	NA	NA	11.5
1986	64,435	964	640	26,283	34,932	132.9	41.2	48.9	31.3	NA	NA	10.9
1987	81,380	1,023	622	31,640	36,677	115.9	33.0	40.4	23.6	NA	NA	10.7
1988	90,576	1,076	635	36,417	38,422	105.5	28.0	35.3	18.6	NA	NA	11.4
1989	101,047	1,162	596	41,932	40,167	95.8	22.9	29.6	14.1	NA	NA	12.2
1990.1	110,380	1,290	606	49,380	41,912	84.9	16.2	21.3	9.6	NA	NA	13.5
1990.2	113,360	1,290	606	49,993	41,912	83.8	15.5	20.4	9.2	NA	11.9	13.3
1991.1	113,910	1,355	673	45,352	43,432	95.8	22.8	29.6	14.0	16.1	NA	11.4
1991.2	115,660	1,355	673	43,207	43,432	100.5	25.6	32.8	16.0	12.7	38.4	10.4
1992.1	114,899	1,468	678	40,930	44,038	107.6	29.5	37.4	19.3	21.7	52.8	9.5
1992.2	119,819	1,468	678	39,406	44,038	111.8	32.0	39.9	21.6	23.4	60.0	8.4
1993.1	120,221	1,550	711	39,876	44,435	111.4	31.8	39.7	21.4	32.8	64.0	8.4
1993.2	125,443	1,550	711	39,634	44,435	112.1	32.2	40.1	21.8	32.9	65.0	7.8
1994.1	124,668	1,636	727	40,854	44,790	109.6	30.8	38.6	20.5	41.1	62.7	8.2
1994.2	122,123	1,636	727	44,608	44,790	100.4	25.5	32.8	16.0	19.3	40.0	9.8
1995.1	118,729	1,665	684	42,869	45,895	107.1	29.2	37.0	19.0	24.7	45.6	9.6
1995.2	119,422	1,665	684	39,506	45,895	116.2	34.4	42.4	23.8	41.3	57.8	8.2
1996.1	121,539	1,723	685	39,078	46,520	119.0	35.8	43.9	25.2	54.4	62.8	7.8
1996.2	125,515	1,723	685	37,910	46,520	122.7	37.7	45.8	27.2	59.9	69.8	7.0
1997.1	125,185	1,819	735	37,438	47,698	127.4	40.1	48.2	29.6	66.6	73.4	6.7

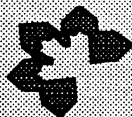
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	22,265	31,180	33,950	39,040	40.0	8.9	15.0	25.2	75.3
All Renters	35,135	50,575	54,555	62,260	43.9	7.9	14.1	23.1	77.2
Homeowners	52,130	69,835	74,845	84,650	34.0	7.2	13.1	21.2	62.4
All Households	87,265	120,410	129,400	146,910	38.0	7.5	13.5	22.0	68.3

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Kitchener



Kitchener Affordability Rate Climbs Dramatically

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	38
historical high (85):	43
historical low (90H1):	8
historical average:	29
current ranking out of 27 centres:	22
average ranking:	21

First Half of 1997 Supply Data

% of New Homes Affordable :	84
% of Resale Homes Affordable:	69

Starter Home Price Growth

1970-97 (in %) :	501
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Renter Income Growth

1970-97 (in %) :	446
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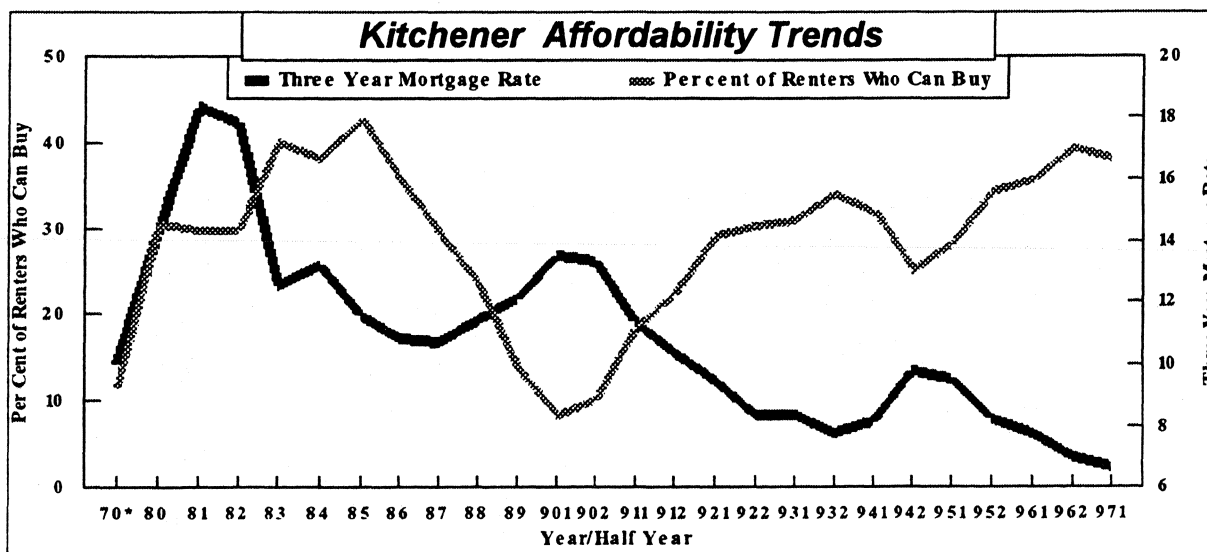
Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	81
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Housing affordability in Kitchener has improved dramatically in the 1990s but has yet to regain its all-time best. In the first half of 1997, the rating, which is based on the per cent of renters who can afford a starter home, was 38 per cent. This is a five-fold improvement over the 1990 lowest rating of just eight per cent but falls short of the peak reading of 43 per cent achieved in 1985. Historically, Kitchener averaged a rating of 29 per cent between 1970 and 1997.

Nationally, Kitchener is in 22nd place relative to the 27 major Canadian markets, almost exactly where it has stood on average since 1970. In 1970, however, Kitchener had the highest starter home prices in Canada and was the second least affordable city. It regained the second worst standing in 1990 when its affordability rating bottomed out.

Through the years, Kitchener followed the same volatile affordability cycle as most centres in southern Ontario. As the "price, income" table on page two shows, Kitchener house prices rocketed ahead of average renter incomes between 1985 and 1990. The price roller coaster then plummeted with starter home prices actually dropping between 1990 and 1992 and barely rising until a price increase in 1997 restored values to their 1990 levels.



The price jump of the 1980s benefited homeowners but slammed the door to ownership for more than 90 per cent of renters. Between 1990 and 1996, renter income gains generated by the city's auto-based economy outpaced housing prices and affordability continued to improve until 1996. In 1997, however, rising consumer confidence boosted demand for housing and starter home

Price, Income and Renter Household Growth 1970 to 1996

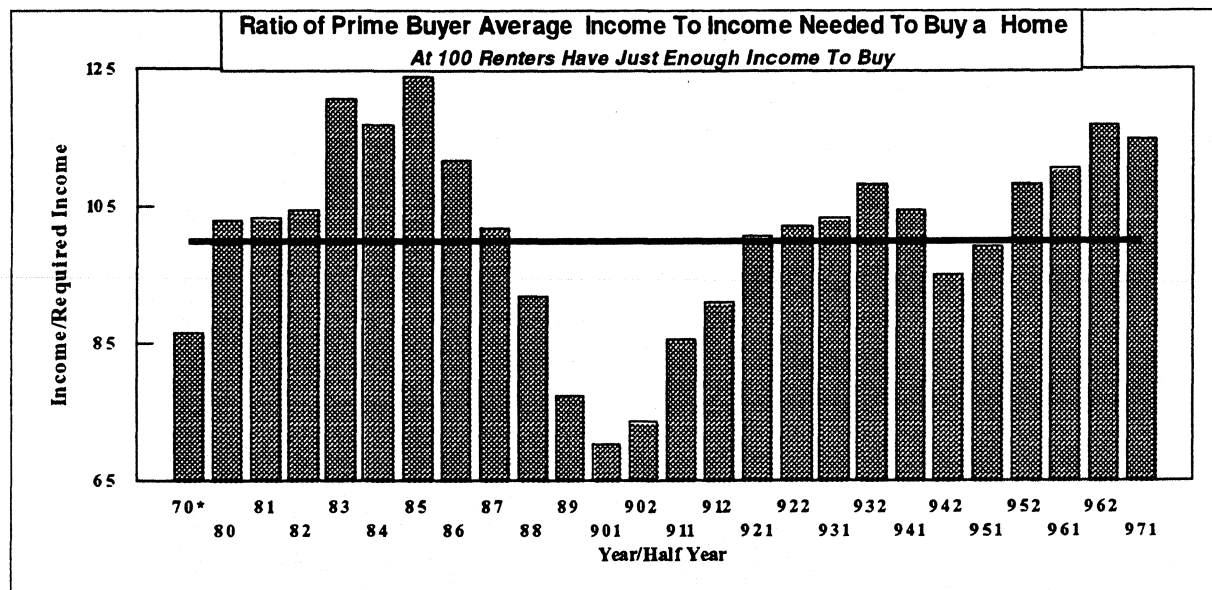
Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	72.9	35.8	144.0	5.0	501.4
Renter Income % Growth	145.5	44.7	34.6	14.2	446.0
Number of Renter Households Aged 20-44	1971 17,930	1981 25,125	1986 26,745	1991 32,405	
Percentage Growth in Renter Households 20-44	1971-1981 40.1	1981-1986 6.4	1986-1991 21.2	1981-1991 29.0	1971-1991 80.7

prices took a jump. As a result, affordability slipped in 1997 despite lower mortgage interest rates.

Although housing affordability has been a serious constraint in Kitchener, the population has grown at a relatively high rate. Overall household growth is the third highest in the country with renters taking up a large share of this growth. At 80 per cent between 1971 and 1991, Kitchener had one of the highest renter growth rates in the prime buyer age group outside of the western provinces.

With so many renters unable to afford homes in the 1980s, builders mobilized in the '90s to satisfy the pent up demand for starter homes. The percentage of new homes priced within the means of prime buyer renter households has risen steadily from a dismal 3.5 per cent in 1991 to this year's peak of more than 84 per cent. The 1997 resale market lists 69 per cent of homes priced below the affordable threshold.



Kitchener Affordability Trends in Detail 1970-1997

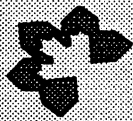
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	23,618	449	NA	10,390	8,972	86.4	11.8	12.8	6.9	NA	NA	10.1
1980	40,836	1,019	NA	21,422	22,022	102.8	30.5	37.0	19.7	NA	NA	14.3
1981	36,037	1,027	NA	23,260	23,990	103.1	29.9	35.6	20.2	NA	NA	18.3
1982	38,783	1,136	NA	24,908	25,959	104.2	29.9	35.5	20.6	NA	NA	17.8
1983	46,391	1,246	671	23,136	27,928	120.7	40.3	46.7	29.5	NA	NA	12.5
1984	49,911	1,347	666	25,582	29,896	116.9	38.3	44.7	27.5	NA	NA	13.2
1985	55,435	1,441	656	25,727	31,865	123.9	42.7	49.6	31.0	NA	NA	11.5
1986	71,832	1,539	640	30,523	34,068	111.6	35.8	42.1	25.0	NA	NA	10.9
1987	87,684	1,656	622	35,669	36,271	101.7	29.5	35.2	19.8	NA	NA	10.7
1988	101,555	1,655	635	41,991	38,474	91.6	23.7	28.6	15.2	NA	NA	11.4
1989	125,674	1,719	596	52,554	40,677	77.4	13.8	16.8	8.6	NA	NA	12.2
1990.1	135,280	1,883	606	61,037	42,880	70.3	8.4	10.5	4.8	NA	NA	13.5
1990.2	129,780	1,883	606	58,231	42,880	73.6	10.3	12.7	6.2	NA	1.7	13.3
1991.1	127,200	2,025	673	51,999	44,435	85.5	18.4	22.6	11.1	3.5	NA	11.4
1991.2	126,740	2,025	673	48,834	44,435	91.0	22.6	27.7	13.8	14.5	14.4	10.4
1992.1	121,527	2,089	678	44,844	45,055	100.5	29.3	35.6	18.4	12.6	61.0	9.5
1992.2	130,284	2,089	678	44,201	45,055	101.9	30.3	36.8	19.2	11.3	65.0	8.4
1993.1	127,860	2,107	711	43,701	45,055	103.1	31.1	37.7	19.7	22.8	53.5	8.4
1993.2	126,758	2,107	711	41,716	45,055	108.0	34.2	41.3	22.0	16.9	57.3	7.8
1994.1	131,057	2,121	727	44,084	46,001	104.3	31.9	38.7	20.3	22.1	62.2	8.2
1994.2	129,990	2,121	727	48,521	46,001	94.8	25.2	30.8	15.5	5.0	35.9	9.8
1995.1	129,480	2,131	684	47,544	47,136	99.1	28.4	34.6	17.8	35.9	43.8	9.6
1995.2	129,085	2,131	684	43,566	47,136	108.2	34.3	41.5	22.1	25.2	54.9	8.2
1996.1	132,091	2,171	685	43,218	47,779	110.6	35.8	43.0	23.4	65.4	59.3	7.8
1996.2	131,983	2,171	685	40,875	47,779	116.9	39.5	47.0	26.6	61.0	61.7	7.0
1997.1	142,041	2,232	735	42,693	48,988	114.7	38.3	45.7	25.6	84.3	69.4	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	17,930	25,125	26,745	32,405	40.1	6.4	21.2	29.0	80.7
All Renters	26,605	38,975	41,980	49,350	46.5	7.7	17.6	26.6	85.5
Homeowners	39,980	60,395	68,175	78,765	51.1	12.9	15.5	30.4	97.0
All Households	66,585	99,370	110,155	128,115	49.2	10.9	16.3	28.9	92.4

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

St. Catherines-Niagara



St. Catharines' Affordability

Up Sharply in '90s

At a Glance

Per cent of Renters Who Can Buy	
First Half of 1997:	42
historical high (86):	46
historical low (70):	14
historical average:	33
current ranking out of 27 centres:	19
average ranking:	18
First Half of 1997 Supply Data	
% of New Homes Affordable :	74
% of Resale Homes Affordable:	78
Starter Home Price Growth	
1970-97 (in %) :	398
Renter Income Growth	
1970-97 (in %) :	356
Growth in Renter Households	
Aged 20-44 1971-1991 (in %) :	43

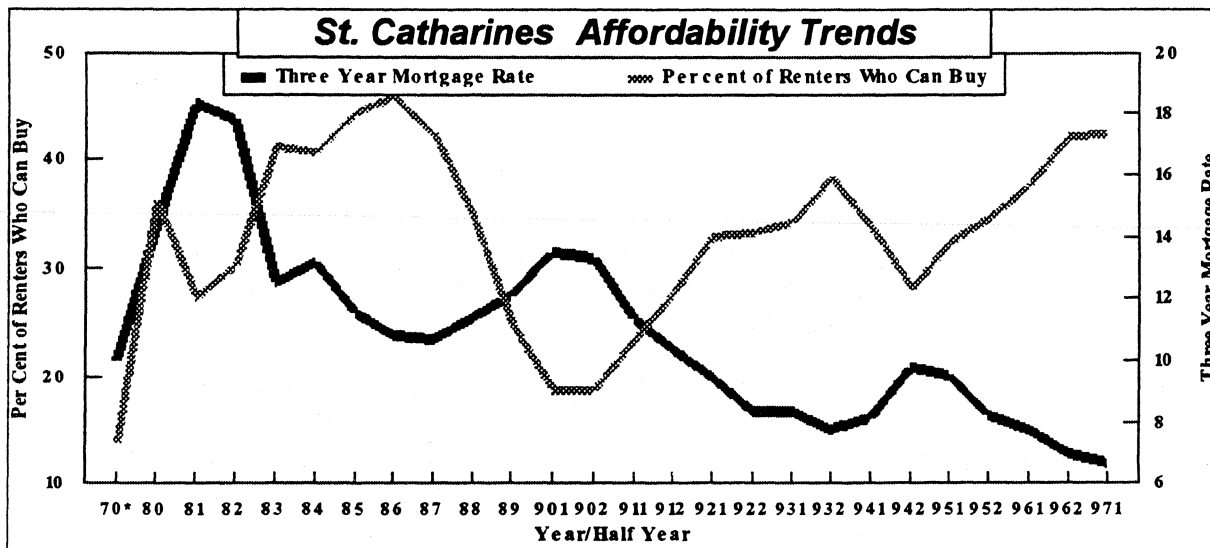
Housing affordability in St. Catharines-Niagara has improved sharply in the 1990s, consistent with other southern Ontario markets. Like those markets, though, St. Catharines' has not recovered its record high affordability ratings of the mid-1980s.

In the first half of 1997, 42 per cent of St. Catharines renters could afford to buy a starter home, compared to the city's all-time high of 46 per cent recorded in 1986. The 1997 rating is, however, a marked improvement over St. Catharines' 1970-97 historical average of 33 per cent.

Even though its affordability is better than usual, St. Catharines' national ranking has hardly budged from its historical average. In 1997, it is the 19th most affordable of the country's 27 CMAs; historically it holds down 18th place.

Among southern Ontario markets, traditionally some of Canada's most expensive, St. Catharines fares somewhat better. There it is the second most affordable, a position it has held consistently over the years. This historical pattern helps explain why more than 70 per cent of all St. Catharines households own their homes -- the highest rate of home ownership in Canada.

This market is particularly inexpensive and it currently has the lowest average house prices in Ontario. Even when Ontario house prices boomed, the rate of increase in St. Catharines was the lowest of any city in the province.



As a result, home price increases have not outpaced incomes in St. Catharines to the degree that they did in some neighbouring markets. In the last 27 years, average starter home prices have risen slightly more than average incomes and both climbed at rates below the national average.

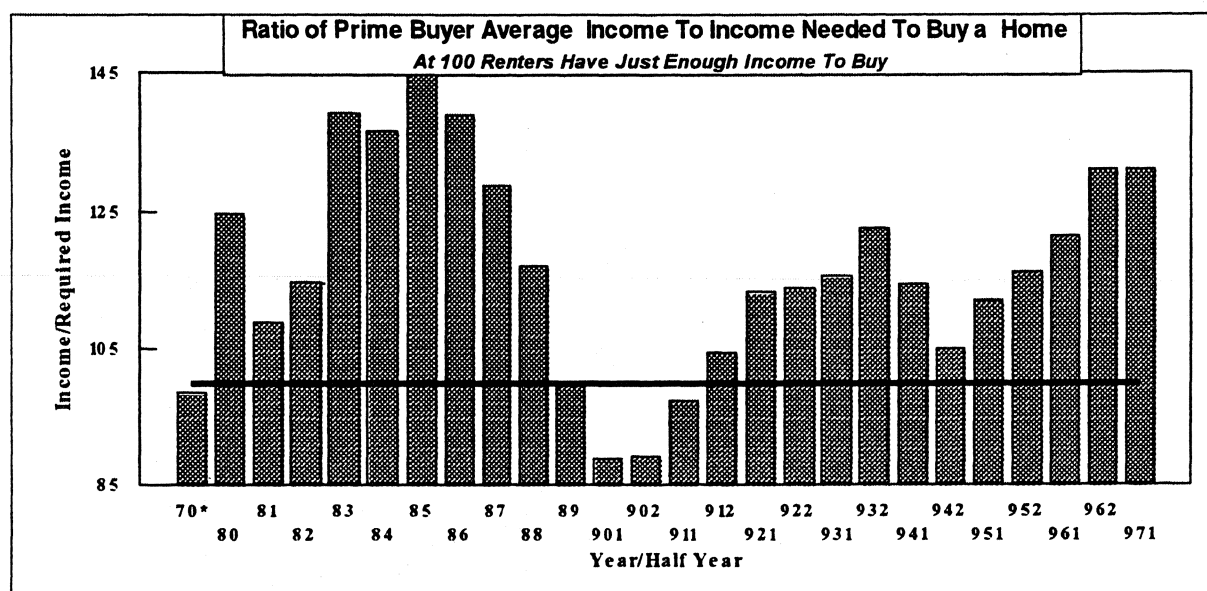
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	58.9	31.6	105.1	16.1	398.3
Renter Income % Growth	130.6	36.8	27.2	13.6	355.5
Number of Renter Households Aged 20-44	1971 15,345	1981 18,790	1986 19,430	1991 21,960	
Percentage Growth in Renter Households 20-44	1971-1981 22.5	1981-1986 3.4	1986-1991 13.0	1981-1991 16.9	1971-1991 43.1

Notwithstanding its affordability relative to other centres in southern Ontario, St. Catharines grew slowly between 1971 and 1991. This is the case both for prime buyer renter households, whose ranks increased 43 per cent, and for overall household growth. The growth of all households was 54 per cent, one of the lowest in the country and well below the national average of 75 per cent. This modest rate of growth spared St. Catharines the severe demand pressure that drove house prices up in other Ontario markets.

The city's relatively low house prices help ensure an ample supply of affordable homes. Since 1990, more than a third of new homes and almost half the resale homes were priced below the affordable level. In the first half of 1997, a record 78 per cent of resale homes were priced affordably and a record 74 per cent of new homes were affordable.



St. Catharines Affordability Trends in Detail 1970-19

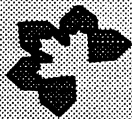
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	22,876	479	NA	10,227	10,071	98.5	13.9	14.8	8.8	NA	NA	10.1
1980	36,355	774	390	18,628	23,220	124.7	36.2	40.8	27.4	NA	NA	14.3
1981	36,634	780	509	22,922	24,927	108.7	27.4	31.4	19.5	NA	NA	18.3
1982	36,991	863	621	23,241	26,634	114.6	30.4	34.4	22.5	NA	NA	17.8
1983	41,683	947	641	20,368	28,340	139.1	41.3	45.6	33.0	NA	NA	12.5
1984	43,445	1,024	639	21,988	30,047	136.7	40.9	44.9	33.0	NA	NA	13.2
1985	47,858	1,095	632	21,949	31,754	144.7	44.6	48.4	36.8	NA	NA	11.5
1986	56,129	1,164	620	24,105	33,482	138.9	46.1	49.6	39.1	NA	NA	10.9
1987	66,511	1,237	598	27,390	35,210	128.6	42.5	46.0	35.6	NA	NA	10.7
1988	74,870	1,301	588	31,581	36,939	117.0	34.7	38.5	27.3	NA	NA	11.4
1989	90,483	1,408	566	38,798	38,667	99.7	25.0	28.9	17.7	NA	NA	12.2
1990.1	98,170	1,570	581	45,369	40,395	89.0	18.8	22.9	11.2	NA	NA	13.5
1990.2	99,160	1,570	581	45,269	40,395	89.2	18.9	23.0	11.3	NA	7.8	13.3
1991.1	104,490	1,677	645	43,047	41,860	97.2	23.6	27.8	15.8	11.5	NA	11.4
1991.2	103,110	1,677	645	40,128	41,860	104.3	27.8	32.1	19.9	8.7	23.4	10.4
1992.1	100,883	1,749	648	37,540	42,444	113.1	33.0	37.3	25.1	13.5	34.0	9.5
1992.2	109,364	1,749	648	37,337	42,444	113.7	33.3	37.6	25.4	18.2	34.8	8.4
1993.1	108,774	1,800	637	37,302	43,081	115.5	34.3	38.6	26.4	32.7	46.6	8.4
1993.2	105,977	1,800	637	35,131	43,081	122.6	38.3	42.5	30.5	39.0	47.8	7.8
1994.1	110,510	1,883	690	37,708	43,081	114.2	33.6	37.9	25.8	39.1	67.1	8.2
1994.2	108,371	1,883	690	41,072	43,081	104.9	28.1	32.4	20.3	31.8	42.7	9.8
1995.1	104,513	1,947	650	39,391	44,144	112.1	32.5	36.8	24.6	47.7	41.6	9.6
1995.2	111,172	1,947	650	38,059	44,144	116.0	34.6	38.9	26.7	68.4	52.1	8.2
1996.1	110,189	1,997	645	36,864	44,745	121.4	37.6	41.9	29.8	73.8	68.3	7.8
1996.2	107,091	1,997	645	34,182	44,745	130.9	42.4	46.6	34.7	55.7	51.2	7.0
1997.1	113,990	1,945	676	35,013	45,878	131.0	42.4	46.6	34.7	74.4	77.7	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	15,345	18,790	19,430	21,960	22.5	3.4	13.0	16.9	43.1
All Renters	25,120	33,890	34,880	39,205	34.9	2.9	12.4	15.7	56.1
Homeowners	63,875	85,645	89,695	97,600	34.1	4.7	8.8	14.0	52.8
All Households	88,995	119,535	124,575	136,805	34.3	4.2	9.8	14.4	53.7

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Hamilton



House Prices Dampen Hamilton Affordability

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	34
historical high (85):	43
historical low (90H1):	12
historical average:	28
current ranking out of 27 centres:	24
average ranking:	23

First Half of 1997 Supply Data

% of New Homes Affordable :	68
% of Resale Homes Affordable:	66

Starter Home Price Growth

1970-97 (in %):	563
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Renter Income Growth

1970-97 (in %):	390
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Growth in Renter Households

Aged 20-44 1971-1991 (in %):	40
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n the last two years, Hamilton has been a more affordable housing market than it has in a decade due to stable house prices during the early 1990s and mortgage rate declines since 1992.

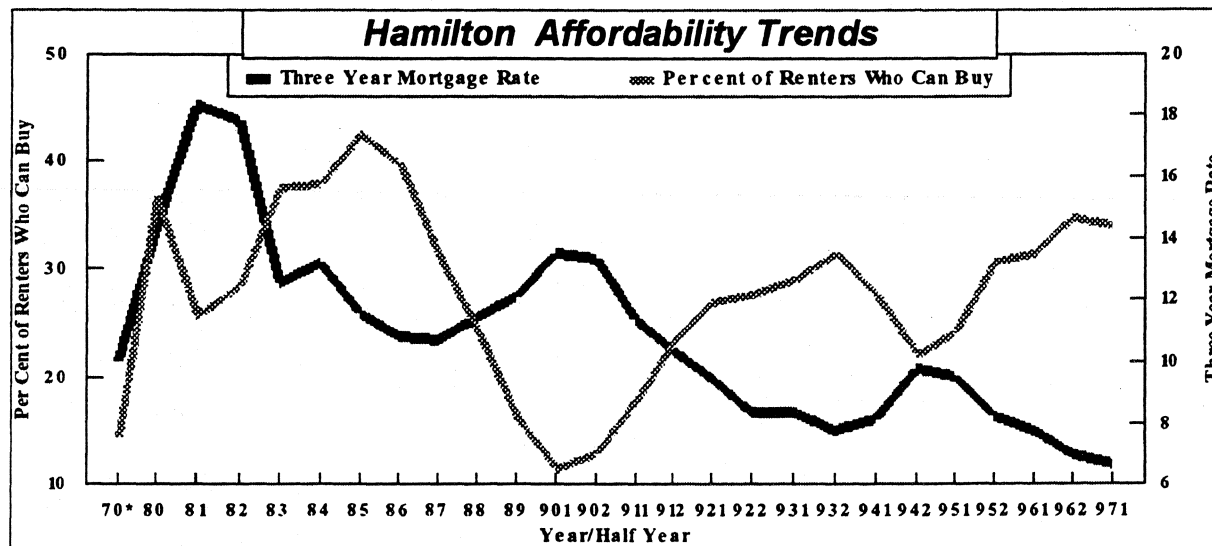
Even so, affordability slipped slightly in the last year due to a notable increase in prices for starter homes. Since the last half of 1996, the average price paid for starter homes rose by about seven per cent, forcing the city's affordability rating down from 34.9 per cent in late 1996 to 34 per cent in the first half of 1997. Since 1970, the affordability rating of the Hamilton market has averaged only 28 per cent.

Like all southern Ontario markets, affordability was highest in the mid 1980s just before a major price escalation that occurred between 1985 and 1990. In 1985, Hamilton was the seventh most affordable of Canada's 27 major urban markets and about 43 per cent of renters could afford to

buy a starter home. By 1990, a meagre 12 per cent of renters could afford to buy..

For most of its history, including today, Hamilton has been one of Canada's least affordable markets. It now ranks 24th of the 27 markets because it has been affected by high house prices spilling over from nearby Toronto. Incomes in the Hamilton market, however, are low relative to either Toronto or Oshawa, another housing market heavily influenced by Toronto.

The Hamilton market is one of only five in Canada to record a price growth rate of over 550 per cent since 1970. Hamilton's income growth, however, has fallen short of the increases of those other four cities.



Over the long run, Hamilton appears to be feeling the effects of an expanding Toronto commuter shed. Renters in the rapidly growing Toronto market look to places like Hamilton to find houses they can afford to buy. Hence higher Toronto incomes put upward pressure on Hamilton house prices. The distorting impact of these "outside" incomes shows up in the chart at the bottom of this page that depicts ratios between average renter income and the amount needed to buy a starter home. Hamilton's pattern more closely resembles Toronto's than the conditions of other mid-sized southern Ontario markets.

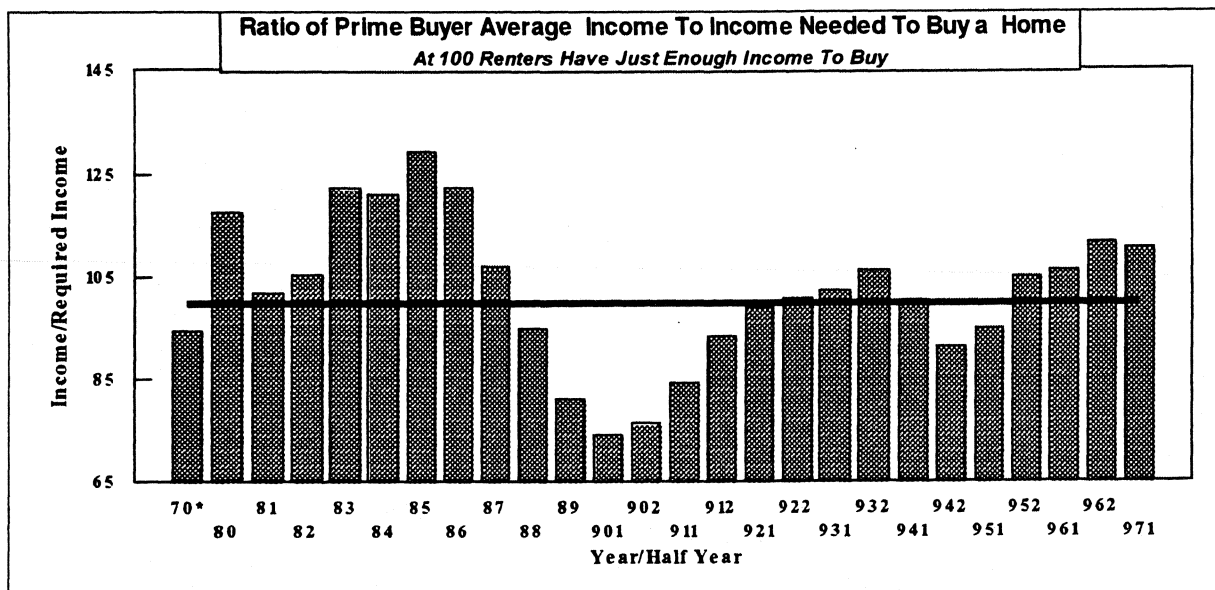
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	76.7	40.1	131.5	15.8	563.5
Renter Income % Growth	144.3	35.2	32.1	12.5	390.5
Number of Renter Households Aged 20-44	1971 31,990	1981 38,965	1986 39,675	1991 44,820	
Percentage Growth in Renter Households 20-44	1971-1981 21.8	1981-1986 1.8	1986-1991 13.0	1981-1991 15.0	1971-1991 40.1

Since 1988, prime buyer incomes in Hamilton have rarely moved above the level needed to buy. It is no surprise, then, that the growth of homeowner households in Hamilton during the late 1980s has been under 10 per cent, compared to more than 13 per cent in Toronto and 15 per cent in nearby Kitchener.

Hamilton builders have responded to the need for affordable homes by providing a good supply of new housing priced to the average renter household income. More than two-thirds of newly completed homes are priced affordably in 1997, the highest ratio this decade. The supply of affordably-priced resale homes is almost identical at 66 per cent.



Hamilton Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	22,826	602	NA	10,664	10,055	94.3	14.6	16.2	7.0	NA	NA	10.1
1980	40,330	939	NA	20,933	24,564	117.3	36.8	44.0	25.1	NA	NA	14.3
1981	41,542	946	NA	25,848	26,292	101.7	25.7	31.5	16.4	NA	NA	18.3
1982	42,692	1,047	NA	26,595	28,021	105.4	28.4	33.9	19.6	NA	NA	17.8
1983	50,587	1,148	671	24,382	29,749	122.0	37.6	43.4	28.2	NA	NA	12.5
1984	51,866	1,242	666	26,009	31,478	121.0	38.0	43.6	29.0	NA	NA	13.2
1985	56,507	1,328	656	25,743	33,206	129.0	42.7	48.3	33.7	NA	NA	11.5
1986	68,211	1,413	640	28,932	35,335	122.1	39.9	45.6	31.0	NA	NA	10.9
1987	87,159	1,500	622	35,011	37,465	107.0	31.4	37.8	21.2	NA	NA	10.7
1988	101,718	1,578	635	41,805	39,594	94.7	24.3	30.0	15.3	NA	NA	11.4
1989	122,931	1,699	596	51,501	41,724	81.0	16.2	20.8	8.8	NA	NA	12.2
1990.1	130,830	1,892	606	59,312	43,853	73.9	11.6	15.1	5.9	NA	NA	13.5
1990.2	127,860	1,892	606	57,511	43,853	76.3	13.0	16.9	6.7	NA	10.0	13.3
1991.1	133,180	1,953	673	53,821	45,416	84.4	18.0	23.1	9.7	0.1	NA	11.4
1991.2	127,130	1,953	673	48,732	45,416	93.2	23.3	29.6	13.3	1.4	20.1	10.4
1992.1	127,088	2,045	678	46,362	45,987	99.2	26.9	33.7	16.2	13.6	52.0	9.5
1992.2	136,545	2,045	678	45,772	45,987	100.5	27.8	34.6	17.0	9.2	46.0	8.4
1993.1	133,227	2,100	711	45,144	46,171	102.3	29.0	35.9	18.2	18.0	44.0	8.4
1993.2	133,814	2,100	711	43,526	46,171	106.1	31.5	38.4	20.5	25.6	56.2	7.8
1994.1	139,359	2,099	727	46,244	46,309	100.1	27.6	34.4	16.8	19.1	55.0	8.2
1994.2	137,563	2,099	727	50,761	46,309	91.2	22.2	28.2	12.5	2.4	NA	9.8
1995.1	138,412	2,098	684	50,113	47,452	94.7	24.2	30.6	13.9	24.4	NA	9.6
1995.2	135,704	2,098	684	45,245	47,452	104.9	30.8	37.6	19.8	43.5	NA	8.2
1996.1	140,658	2,119	685	45,280	48,098	106.2	31.6	38.4	20.6	51.5	53.7	7.8
1996.2	141,597	2,119	685	43,041	48,098	111.7	34.9	41.8	23.7	45.9	59.0	7.0
1997.1	151,440	2,159	735	44,679	49,316	110.4	34.0	41.0	23.0	67.6	65.9	6.7

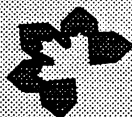
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	31,990	38,965	39,675	44,820	21.8	1.8	13.0	15.0	40.1
All Renters	53,145	69,585	71,190	78,360	30.9	2.3	10.1	12.6	47.4
Homeowners	93,180	120,645	130,130	142,960	29.5	7.9	9.9	18.5	53.4
All Households	146,325	190,230	201,320	221,320	30.0	5.8	9.9	16.3	51.3

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Toronto



Affordability Better In Toronto

But Still Tough For First-Time Buyers

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	34
historical high (85):	37
historical low (90H1):	6
historical average:	23
current ranking out of 27 centres:	25
average ranking:	24

First Half of 1997 Supply Data

% of New Homes Affordable:	74
% of Resale Homes Affordable:	62

Starter Home Price Growth

1970-97 (in %):	679
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Renter Income Growth

1970-97 (in %):	473
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Growth in Renter Households

Aged 20-44 1971-1991 (in %):	67
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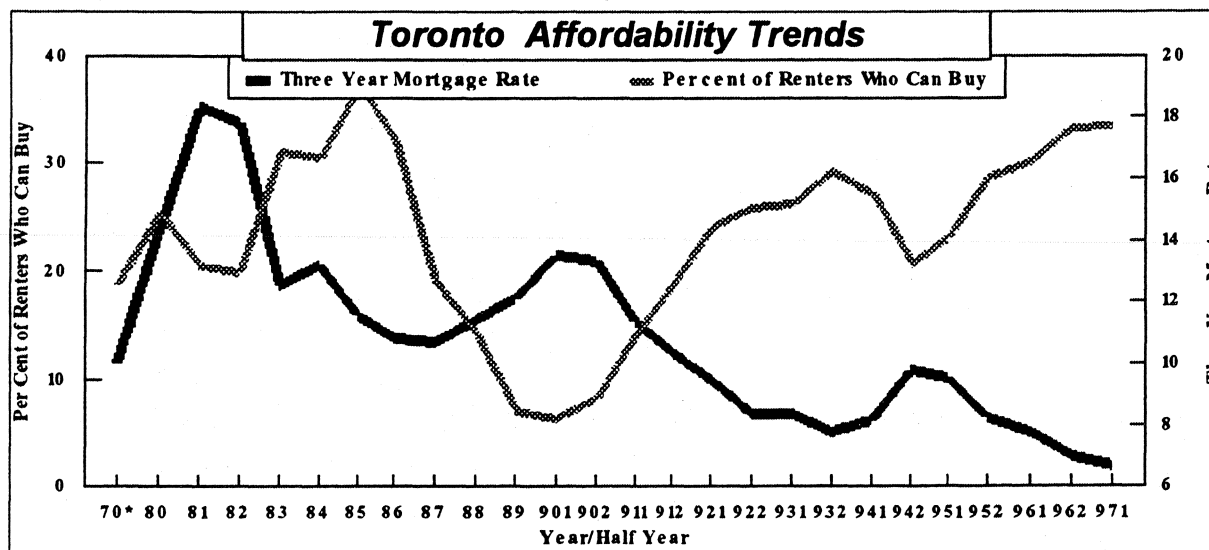
The Toronto home market has experienced some dramatic price swings since 1985, but the 1990s have opened the door to more and more potential buyers. Lower mortgage rates and declining house prices account for the improvement.

After reaching a record high level of 37 per cent in 1985, Toronto's affordability rating fell to a record low of six per cent in 1990 and has now recovered to 34 per cent. This rating is based on the percentage of renters aged 20-44 who can afford to buy a starter home. Historically, since 1970, these high and lows average out to an affordability rating of 23 per cent.

House prices in the Toronto market have increased 679 per cent in the last 27 years, a rate

exceeded only by Vancouver and Victoria. While Toronto was the least affordable market in Canada in 1987-91, it is now more affordable than either Vancouver or Victoria. This makes it the 25th most affordable among Canada's 27 major markets.

The 1985-90 boom years endowed existing owners with a tremendous equity boost but also shut out many first-time buyers. By 1990, house prices were completely out of sync with renters' incomes. In that half decade, prices climbed by 150 per cent but renter incomes rose only 31.6 per cent. This disparity is vividly displayed on the chart at the bottom of the next page. It shows that the average renter's income was insufficient to buy a starter home from 1987 until 1992. In the



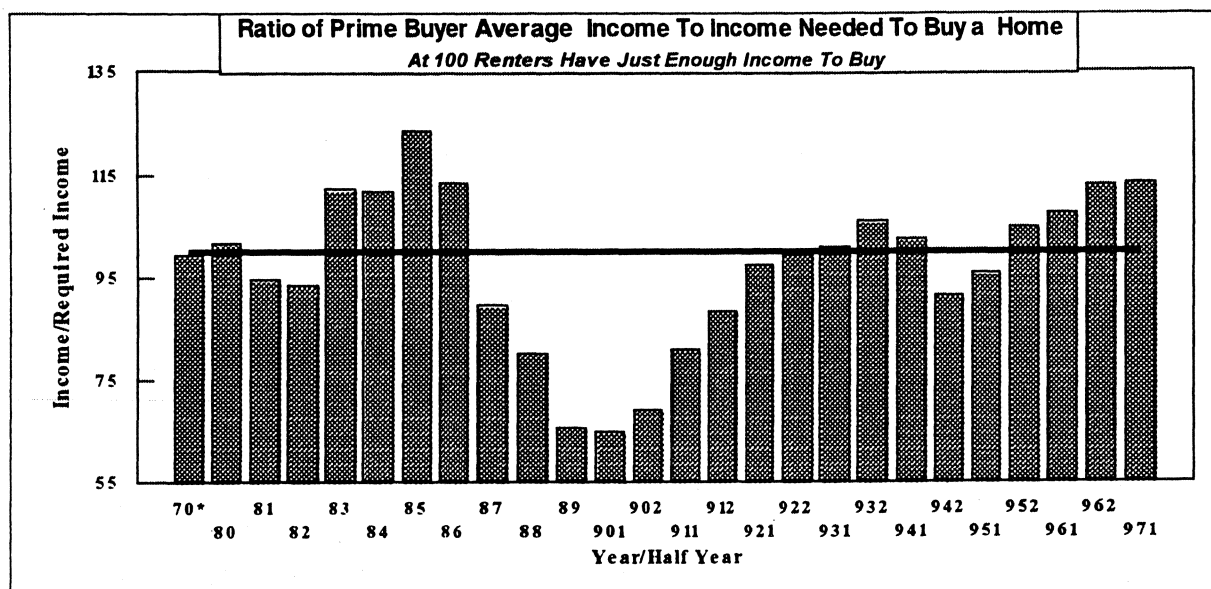
1990s, stagnant prices, income gains and lower mortgage rates improved affordability. But it was not until late 1996 that a better buffer had been established between the average renter's income and the income needed to buy an average priced starter home.

Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	126.8	44.8	150.1	-5.2	678.9
Renter Income % Growth	158.2	50.0	31.6	12.4	472.6
Number of Renter Households Aged 20-44	1971 218,615	1981 283,045	1986 311,100	1991 364,455	
Percentage Growth in Renter Households 20-44	1971-1981 29.5	1981-1986 9.9	1986-1991 17.2	1981-1991 28.8	1971-1991 66.7

Toronto's first time buyers, however, have been aided by an increase in the supply of homes priced within the means of average renter incomes. Builders responded to the affordability crisis of the early 1990s by stepping up production of modestly-priced homes. As a result, the share of affordably-priced new homes skyrocketed to record levels, rising from a low of five per cent in 1991 to 74 per cent in the first half of 1997. In the resale market, even though the proportion of homes sold at affordable prices appears to have levelled off since 1996, 62 per cent now sell at prices below the affordable threshold.



Toronto Affordability Trends in Detail 1970-1997

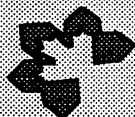
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	23,377	564	NA	10,727	10,631	99.1	18.9	21.9	10.4	NA	NA	10.1
1980	53,019	1,071	390	26,972	27,444	101.7	25.4	31.9	16.2	NA	NA	14.3
1981	52,375	1,082	509	31,985	30,188	94.4	20.6	25.4	13.8	NA	NA	18.3
1982	58,902	1,200	621	35,315	32,933	93.3	20.0	24.5	13.6	NA	NA	17.8
1983	69,369	1,329	641	31,797	35,678	112.2	31.2	37.4	22.4	NA	NA	12.5
1984	72,235	1,445	639	34,435	38,423	111.6	30.7	37.1	21.6	NA	NA	13.2
1985	76,781	1,543	632	33,356	41,168	123.4	37.4	44.7	27.0	NA	NA	11.5
1986	95,566	1,635	620	38,594	43,770	113.4	32.1	38.3	23.3	NA	NA	10.9
1987	137,033	1,735	598	51,911	46,371	89.3	19.1	23.1	13.4	NA	NA	10.7
1988	156,856	1,807	588	61,284	48,973	79.9	14.3	17.2	10.1	NA	NA	11.4
1989	197,712	1,926	566	78,375	51,574	65.8	7.1	8.4	5.4	NA	NA	12.2
1990.1	192,030	2,150	581	83,608	54,176	64.8	6.3	7.3	4.9	NA	NA	13.5
1990.2	179,640	2,150	581	78,369	54,176	69.1	8.2	9.7	6.2	NA	7.3	13.3
1991.1	175,590	2,328	645	69,436	56,107	80.8	14.2	17.0	10.2	5.0	NA	11.4
1991.2	170,260	2,328	645	63,570	56,107	88.3	18.8	22.7	13.3	7.4	14.1	10.4
1992.1	163,744	2,472	648	58,523	56,812	97.1	24.1	29.3	16.9	13.5	28.4	9.5
1992.2	172,099	2,472	648	56,717	56,812	100.2	26.0	31.5	18.3	16.2	35.0	8.4
1993.1	168,353	2,670	637	56,281	56,755	100.8	26.4	32.0	18.6	24.0	NA	8.4
1993.2	167,001	2,670	637	53,693	56,755	105.7	29.3	35.4	20.9	26.2	NA	7.8
1994.1	168,350	2,749	690	55,942	57,153	102.2	27.2	33.0	19.3	31.1	NA	8.2
1994.2	169,718	2,749	690	62,477	57,153	91.5	20.7	25.2	14.6	15.5	NA	9.8
1995.1	169,242	2,749	650	61,267	58,562	95.6	23.2	28.2	16.3	48.8	NA	9.6
1995.2	168,412	2,749	650	55,983	58,562	104.6	28.7	34.7	20.4	55.9	NA	8.2
1996.1	171,766	2,805	645	55,375	59,398	107.3	30.2	36.4	21.6	66.9	NA	7.8
1996.2	173,046	2,805	645	52,673	59,398	112.8	33.4	39.9	24.3	66.2	65.7	7.0
1997.1	182,072	2,838	676	53,821	60,873	113.1	33.6	40.2	24.4	74.1	61.8	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	218,615	283,045	311,100	364,455	29.5	9.9	17.2	28.8	66.7
All Renters	349,385	461,760	500,400	574,550	32.2	8.4	14.8	24.4	64.4
Homeowners	425,060	619,470	699,395	792,145	45.7	12.9	13.3	27.9	86.4
All Households	774,445	1,081,230	1,199,795	1,366,695	39.6	11.0	13.9	26.4	76.5

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Oshawa



High Incomes Make Oshawa Housing Affordability Leader

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	45
historical high (85):	47
historical low (90H1):	10
historical average:	31
current ranking out of 27 centres:	13
average ranking:	19

First Half of 1997 Supply Data

% of New Homes Affordable :	87
% of Resale Homes Affordable:	NA

Starter Home Price Growth

1970-97 (in %):	577
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Renter Income Growth

1970-97 (in %):	510
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Growth in Renter Households

Aged 20-44 1971-1991 (in %):	107
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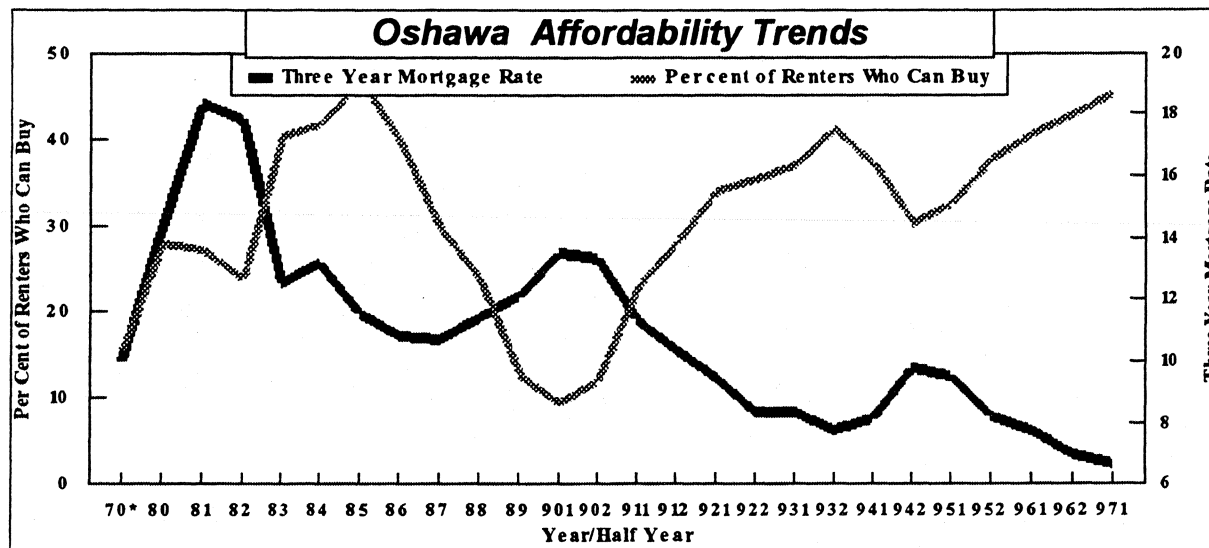
The most affordable housing in southern Ontario is in the Oshawa market. In 1993, it replaced Windsor as the most affordable of southern Ontario's seven major markets, traditionally among the most expensive in the country. On a national scale, CMHC's affordability indicator ranks Oshawa 17 out of Canada's 27 major housing markets.

In 1997, 45 per cent of Oshawa renters could afford to buy a starter home, down a bit from the 1985 figure of 45 per cent but well above the low of 10 per cent in 1991. The city's historical average is 31 per cent.

High household incomes, not low ownership costs, make Oshawa southern Ontario's affordability leader. In fact, Oshawa has the

second highest ownership costs in Ontario next to neighbouring Toronto. Even so, Oshawa starter homes cost 15 to 20 per cent less than comparable properties in Toronto. As a result, many young Toronto buyers have been purchasing homes in Oshawa, trading off price for extra commuting. This influx of commuters has given Oshawa Canada's highest rate of household growth among major markets.

As a result of rapid growth and high incomes, Oshawa has a home ownership level of 70 per cent, second only to St. Catharines in all of Canada. It also had the highest rate of home ownership growth in 1971-1991 among major Canadian markets.



Oshawa's housing affordability picture, however, has not always been so rosy. In 1986-91, growth in renter households temporarily outstripped growth in owner households due to extremely depressed affordability conditions in southern Ontario at that time. While housing became less affordable almost everywhere in 1986-90 due to rising prices and mortgage rates, Oshawa experienced Canada's steepest affordability drop.

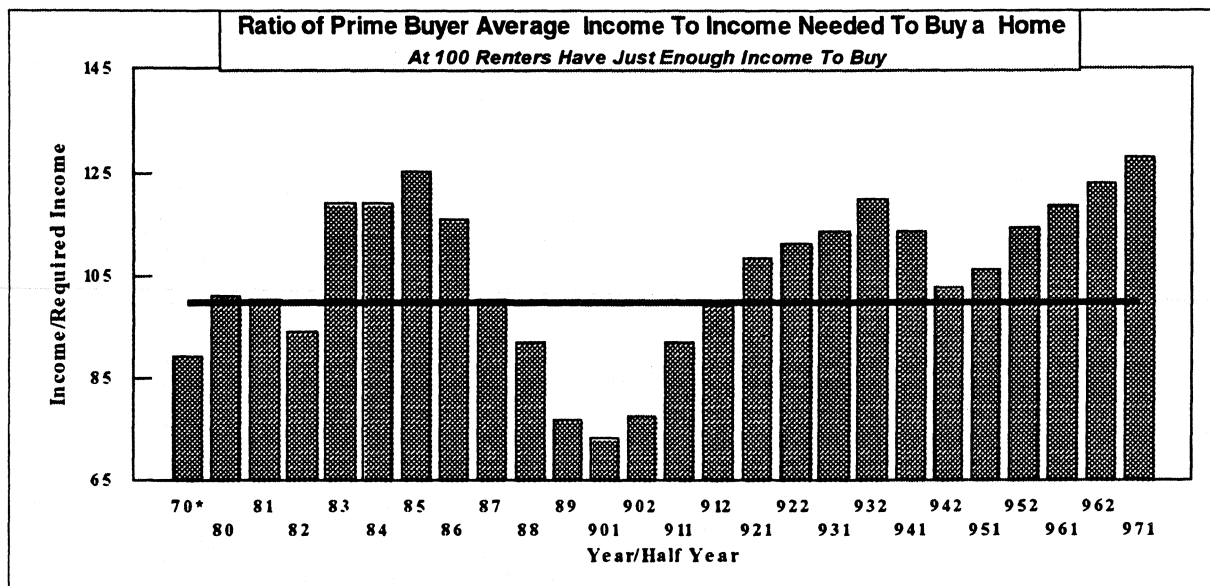
The trend chart (previous page) shows what happened. Between 1985 and 1990, the proportion of renters who could afford a starter home slid 37 percentage points due mainly to rising prices for that type of housing. Since 1990, Oshawa's affordability experienced an equally dramatic recovery, rising 36 points between 1990-96. Like other southern Ontario centres, Oshawa has not completely returned to its record high affordability level of the mid 1980s.

Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	123.5	37.2	126.7	-2.7	576.7
Renter Income %Growth	170.3	47.1	34.8	13.9	510.4
Number of Renter Households Aged 20-44	1971 7,615	1981 11,760	1986 12,555	1991 15,800	
Percentage Growth in Renter Households 20-44	1971-1981 54.4	1981-1986 6.8	1986-1991 25.8	1981-1991 34.4	1971-1991 107.5

On the supply side, the proportion of new homes affordable to the average renter reached a record 87 per cent in 1997 after Oshawa builders started concentrating their market output on first time buyers during the 1990s. From 1992 to 1997, they steadily increased the proportion of new homes within the affordable range.



Oshawa Affordability Trends in Detail 1970-1997

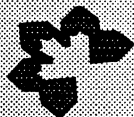
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	21,857	623	NA	10,384	9,290	89.5	15.8	16.8	9.5	NA	NA	10.1
1980	48,845	979	390	24,823	25,114	101.2	27.9	30.7	20.3	NA	NA	14.3
1981	44,125	986	509	27,430	27,479	100.2	27.4	29.9	20.8	NA	NA	18.3
1982	52,614	1,091	621	31,811	29,845	93.8	24.1	26.6	17.5	NA	NA	17.8
1983	57,699	1,197	641	27,070	32,211	119.0	40.4	43.6	32.3	NA	NA	12.5
1984	59,601	1,294	639	29,078	34,576	118.9	41.8	45.7	31.9	NA	NA	13.2
1985	67,026	1,384	632	29,482	36,942	125.3	46.7	51.4	35.3	NA	NA	11.5
1986	83,389	1,472	620	34,065	39,510	116.0	39.7	44.0	28.8	NA	NA	10.9
1987	107,943	1,563	598	41,902	42,078	100.4	29.6	33.6	19.7	NA	NA	10.7
1988	121,319	1,644	588	48,587	44,645	91.9	23.9	27.9	14.5	NA	NA	11.4
1989	149,893	1,851	566	61,607	47,213	76.6	12.9	15.1	7.5	NA	NA	12.2
1990.1	151,950	2,051	581	68,045	49,781	73.2	9.7	11.3	6.0	NA	NA	13.5
1990.2	143,750	2,051	581	64,107	49,781	77.7	12.3	14.4	7.1	NA	4.7	13.3
1991.1	138,050	2,164	645	56,065	51,556	92.0	22.9	27.3	12.4	14.0	NA	11.4
1991.2	135,950	2,164	645	52,119	51,556	98.9	28.0	33.1	16.0	14.3	19.6	10.4
1992.1	130,980	2,266	648	48,118	52,203	108.5	34.0	39.6	20.6	40.7	49.9	9.5
1992.2	138,987	2,266	648	47,035	52,203	111.0	35.5	41.2	21.8	37.6	59.0	8.4
1993.1	136,265	2,322	637	46,436	52,725	113.5	37.2	42.9	23.5	41.1	NA	8.4
1993.2	133,886	2,322	637	44,008	52,725	119.8	41.2	46.9	27.4	47.4	NA	7.8
1994.1	138,995	2,380	690	46,908	53,253	113.5	37.2	42.9	23.5	54.9	NA	8.2
1994.2	138,746	2,380	690	51,882	53,253	102.6	30.5	35.8	17.9	38.4	NA	9.8
1995.1	140,151	2,374	650	51,389	54,566	106.2	32.7	38.2	19.6	80.4	NA	9.6
1995.2	142,215	2,374	650	47,754	54,566	114.3	37.7	43.4	24.0	73.9	NA	8.2
1996.1	143,185	2,374	645	46,608	55,310	118.7	40.5	46.2	26.8	84.0	NA	7.8
1996.2	146,961	2,374	645	45,011	55,310	122.9	43.0	48.8	29.2	82.4	NA	7.0
1997.1	147,910	2,393	676	44,394	56,710	127.7	45.4	51.0	32.0	86.7	NA	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	7,615	11,760	12,555	15,800	54.4	6.8	25.8	34.4	107.5
All Renters	11,315	18,985	20,280	24,780	67.8	6.8	22.2	30.5	119.0
Homeowners	22,675	41,805	47,730	58,130	84.4	14.2	21.8	39.1	156.4
All Households	33,990	60,790	68,010	82,910	78.8	11.9	21.9	36.4	143.9

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Ottawa



Ottawa Market Hits Affordability Peak

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	39
historical high (97H1):	39
historical low (90H2):	20
historical average:	28
current ranking out of 27 centres:	21
average ranking:	22

First Half of 1997 Supply Data

% of New Homes Affordable :	90
% of Resale Homes Affordable:	70

Starter Home Price Growth

1970-97 (in %):	516
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Renter Income Growth

1970-97 (in %):	425
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Growth in Renter Households

Aged 20-44 1971-1991 (in %):	90
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By local standards, the Ottawa housing market is more affordable now than at any time in its history. In the first half of 1997, 39 per cent of renters can afford to buy a starter home.

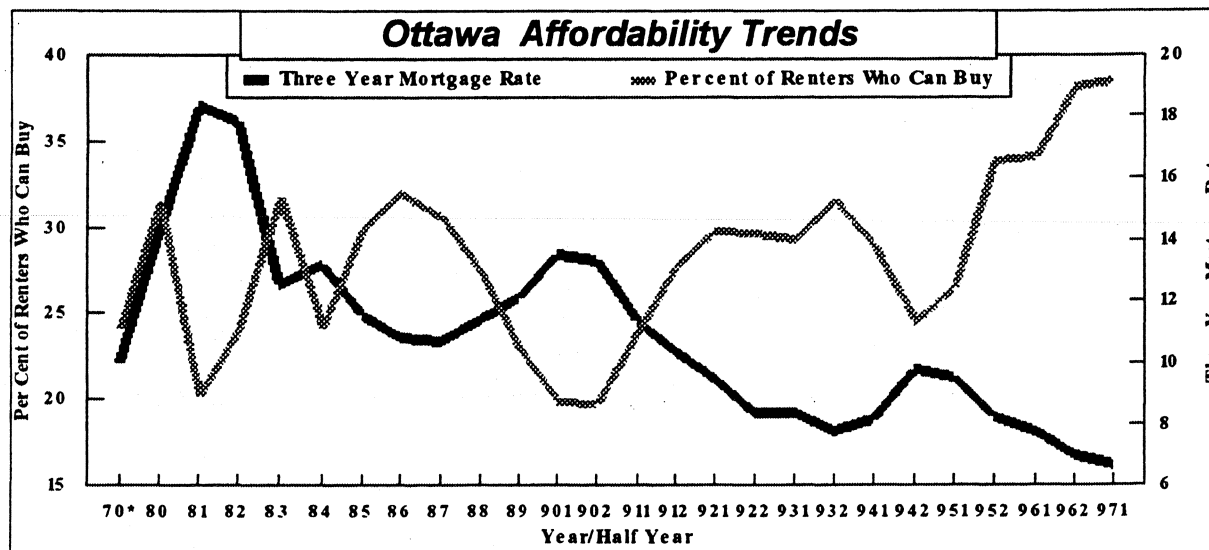
This rating compares favourably to the city's historical average of 28 per cent and is a significant improvement over the all-time low rating of 20 per cent, scored in 1990.

On a national ranking, Ottawa is the 21st most affordable of Canada's 27 major housing markets, which is in line with its average standing between 1970 and 1997. While the city is usually more expensive than most, it is now more affordable than Toronto, Hamilton, Vancouver and Victoria.

The Ottawa market often marches to its own beat. In the mid-1980s, when other Ontario centres experienced their most affordable period,

Ottawa felt an affordability squeeze. The capital came out of the recession of the early 1980s sooner than other major markets and saw a rapid escalation in house prices. By 1985, Ottawa had the highest starter home prices in the country, offsetting the impact of the mid-80s drop in interest rates that helped produce record affordability levels in other Ontario centres.

While incomes in Ottawa tend to be among the country's highest, house prices since 1980 have grown at a consistently faster pace than incomes and homes have become less affordable. Income growth among renters has been particularly slow in the 1990s -- in fact, one of the lowest rates in the nation.



With price increases outpacing income growth, average renter incomes in Ottawa have never risen much above the level needed to buy a starter home until the last two years. (See the chart at the bottom of this page). This characteristic left Ottawa's affordability rating especially vulnerable to mortgage rate fluctuations. Each time mortgage rates peaked, the ratio of income required to buy fell below 100.

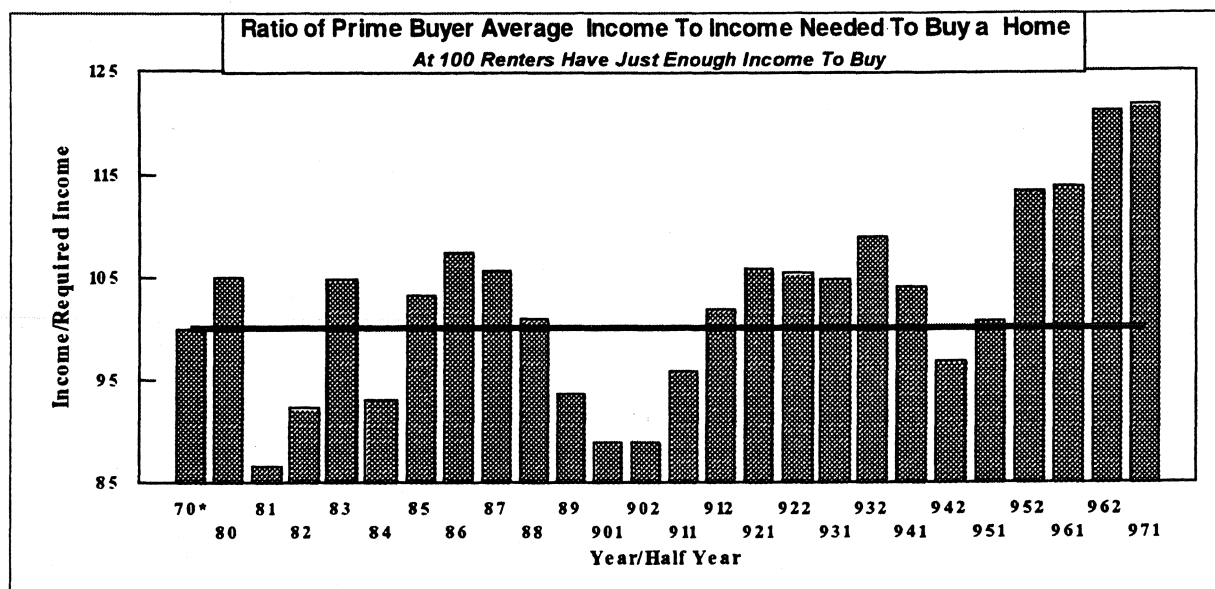
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	106.2	85.7	32.9	21.1	515.9
Renter Income %Growth	145.4	51.2	27.2	11.3	425.0
Number of Renter Households Aged 20-44	1971 41,265	1981 61,610	1986 71,085	1991 78,570	
Percentage Growth in Renter Households 20-44	1971-1981 49.3	1981-1986 15.4	1986-1991 10.5	1981-1991 27.5	1971-1991 90.4

From one of Canada's least affordable markets has evolved one of the country's most affordable new home markets. With high prices shutting many purchasers out of the market for so long, Ottawa builders are catering to a large pent up market for modestly priced ownership housing. Ottawa may be Canada's seventh least affordable market, but it now has the fifth most affordable supply of new homes. In the first half of 1997, 90 per cent of new homes are affordable to the average renter, the best affordable new home supply since 1991.

Recent declines in mortgage rates have pushed Ottawa's resale market to record affordability. The proportion of listings now affordable to the average renter income is now about 70 per cent.



Ottawa Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	22,797	524	NA	10,364	10,354	99.9	24.2	27.1	15.6	NA	NA	10.1
1980	47,002	1,039	424	24,212	25,412	105.0	31.4	40.1	21.1	NA	NA	14.3
1981	52,813	1,070	554	32,311	28,013	86.7	20.3	26.1	13.3	NA	NA	18.3
1982	54,240	1,201	676	33,145	30,614	92.4	24.0	30.3	16.6	NA	NA	17.8
1983	68,781	1,316	698	31,714	33,216	104.7	31.7	38.9	23.0	NA	NA	12.5
1984	82,259	1,435	695	38,454	35,817	93.1	24.3	30.5	16.7	NA	NA	13.2
1985	87,281	1,565	688	37,229	38,418	103.2	30.0	37.4	21.1	NA	NA	11.5
1986	92,069	1,685	674	37,766	40,506	107.3	32.1	39.6	23.2	NA	NA	10.9
1987	100,387	1,791	650	40,318	42,593	105.6	30.7	38.0	21.9	NA	NA	10.7
1988	106,124	1,887	639	44,295	44,681	100.9	27.4	34.7	18.8	NA	NA	11.4
1989	115,495	2,045	616	49,965	46,768	93.6	22.9	29.6	15.2	NA	NA	12.2
1990.1	115,970	2,317	632	54,871	48,856	89.0	19.9	26.2	12.8	NA	NA	13.5
1990.2	117,730	2,317	632	54,982	48,856	88.9	19.8	26.0	12.7	NA	9.1	13.3
1991.1	122,810	2,502	702	52,078	49,840	95.7	24.0	31.2	15.8	14.0	NA	11.4
1991.2	121,990	2,502	702	48,902	49,840	101.9	27.7	35.7	18.6	11.1	32.9	10.4
1992.1	124,034	2,659	705	47,455	50,155	105.7	29.9	38.3	20.2	26.0	52.0	9.5
1992.2	135,861	2,659	705	47,588	50,155	105.4	29.7	38.1	20.1	29.8	46.8	8.4
1993.1	137,164	2,795	694	48,335	50,606	104.7	29.3	37.6	19.8	37.3	50.3	8.4
1993.2	137,184	2,795	694	46,518	50,606	108.8	31.5	40.3	21.5	45.7	50.6	7.8
1994.1	139,903	2,935	751	49,075	50,986	103.9	28.9	37.1	19.5	49.2	39.8	8.2
1994.2	135,022	2,935	751	52,671	50,986	96.8	24.6	32.0	16.3	15.5	22.2	9.8
1995.1	135,356	2,963	707	51,972	52,343	100.7	26.6	34.4	17.7	59.7	43.9	9.6
1995.2	128,946	2,963	707	46,198	52,343	113.3	33.9	42.7	23.8	67.0	54.4	8.2
1996.1	134,668	2,968	701	46,431	52,813	113.7	34.1	42.9	24.1	78.2	39.5	7.8
1996.2	132,648	2,968	701	43,581	52,813	121.2	38.2	47.1	28.1	81.4	66.0	7.0
1997.1	140,398	2,973	735	44,622	54,364	121.8	38.6	47.4	28.4	89.9	69.9	6.7

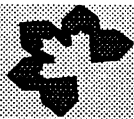
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	41,265	61,610	71,085	78,570	49.3	15.4	10.5	27.5	90.4
All Renters	68,905	99,015	110,490	121,050	43.7	11.6	9.6	22.3	75.7
Homeowners	64,210	104,575	121,515	143,940	62.9	16.2	18.5	37.6	124.2
All Households	133,115	203,590	232,005	264,990	52.9	14.0	14.2	30.2	99.1

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

Hull



Hull Affordability Hits Record High

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	49
historical high (97H1):	49
historical low (70):	21
historical average:	38
current ranking out of 27 centres:	7
average ranking:	10

First Half of 1997 Supply Data

% of New Homes Affordable :	83
% of Resale Homes Affordable:	67

Starter Home Price Growth

1970-97 (in %) :	358
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Renter Income Growth

1970-97 (in %) :	370
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Growth in Renter Households

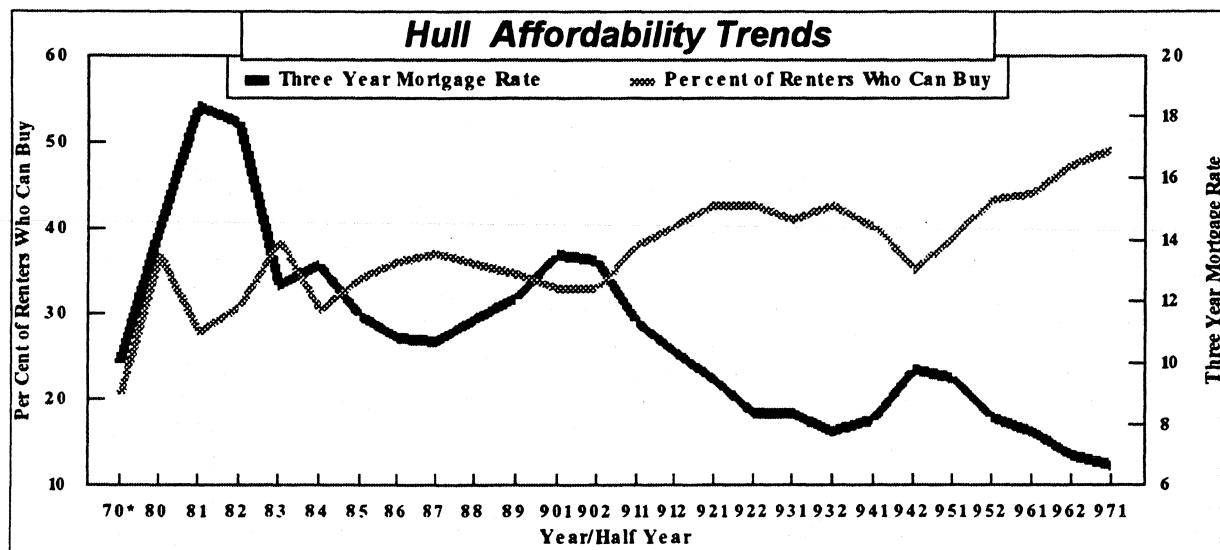
Aged 20-44 1971-1991 (in %) :	98
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Like most Quebec markets, Hull is one of the best places in Canada to shop for affordable homes and its current affordability rating is at a record high. The proportion of renters in Hull who can afford to buy a home reached 49 per cent in the first half of 1997, its best level ever. Hull's historical average affordability rating is 38 per cent. In 1997, the city ranks sixth in the country for housing affordability.

Since it is part of the National Capital Region housing market, Hull is naturally compared to and influenced by what transpires in the Ottawa market. The region enjoys a higher income level than most of the country so it is no surprise that Hull achieves its affordability ranking as a result of high incomes, not low house prices.

House prices in the Hull market are actually among the highest in Quebec, although they are slightly below Montreal prices and considerably below Ottawa's. In 1996, Hull's average starter home price was \$97,750; Ottawa's average was \$134,668. The combined impact of incomes and prices means four of every five new homes and two-thirds of all resale homes in the Hull market sell within the affordability price threshold.

In the 1980s, Hull experienced the highest growth in the number of ownership households of any Canadian market as Ottawa buyers took advantage of Hull's relatively affordable prices during the



late 80s price squeeze. In the 1990s, starter homes in Hull continue to sell at an average price of 35 per cent less than those in Ottawa.

For a brief period at the start of the 1970s, Hull was less affordable than Ottawa. In 1970, Hull notched its record low affordability rating of 21 per cent. A strong run-up in Ottawa house prices

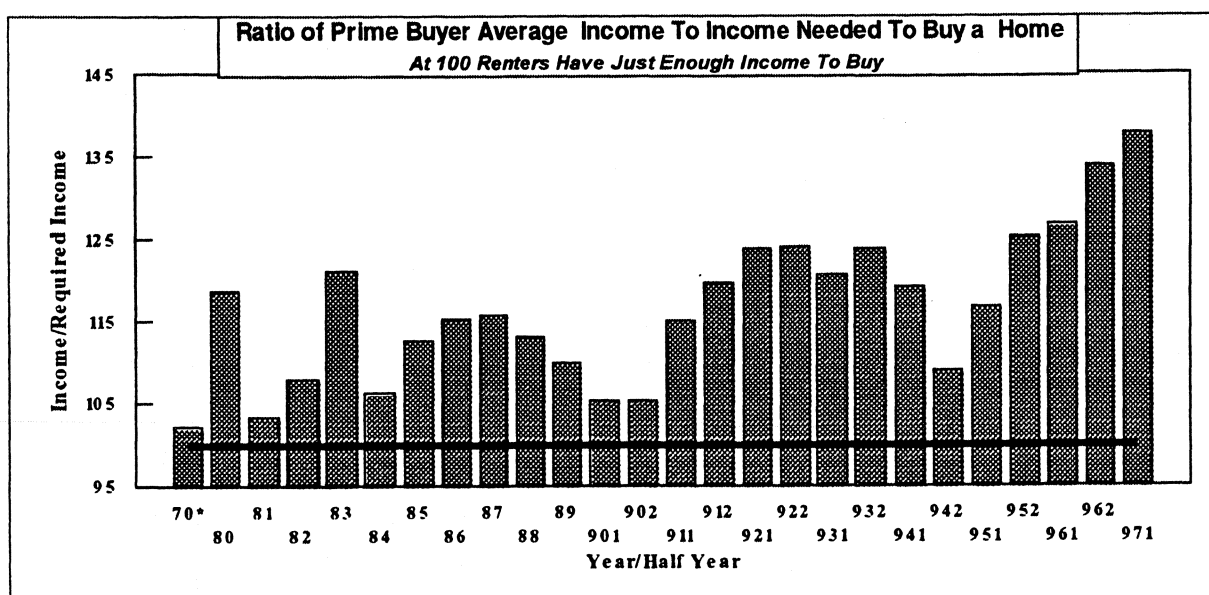
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	74.5	66.9	26.1	24.7	358.1
Renter Income % Growth	144.5	37.5	27.1	10.0	370.1
Number of Renter Households Aged 20-44	1971 11,370	1981 16,865	1986 19,420	1991 22,520	
Percentage Growth in Renter Households 20-44	1971-1981 48.3	1981-1986 15.1	1986-1991 16.0	1981-1991 33.5	1971-1991 98.1

during the '70s, however, set a pattern that has persisted ever since and Hull's affordability rating has exceeded Ottawa's by an average 10 per cent during the last 25 years.

Since 1983, Hull has had the most stable level of affordability in the country. The strong price growth in the National Capital in the early 1980s did spill across the river with the result that Ottawa and Hull respectively recorded the fastest rates of house price growth in Canada between 1980 and 1985. Even so, house prices in Hull remained substantially below those in Ottawa and price growth did not outstrip income growth in Hull as it did in Ottawa. In the 1990s, as illustrated by the trend line chart on the previous page, declining mortgage rates have helped Hull sustain its enviable affordability status.



Hull Affordability Trends in Detail 1970-1997

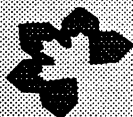
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	21,126	453	NA	9,484	9,676	102.0	20.9	22.3	9.7	NA	NA	10.1
1980	36,875	1,089	557	19,905	23,653	118.8	36.9	41.3	26.9	NA	NA	14.3
1981	37,482	1,076	619	24,626	25,428	103.3	28.1	32.3	19.0	NA	NA	18.3
1982	37,261	1,364	703	25,200	27,202	107.9	31.0	35.2	21.9	NA	NA	17.8
1983	45,530	1,503	757	23,892	28,976	121.3	38.5	42.9	29.3	NA	NA	12.5
1984	55,727	1,566	795	28,918	30,751	106.3	30.6	34.8	21.9	NA	NA	13.2
1985	61,542	1,605	814	28,846	32,525	112.8	34.2	38.9	24.9	NA	NA	11.5
1986	66,469	1,640	851	29,728	34,289	115.3	36.2	41.3	26.3	NA	NA	10.9
1987	70,948	1,674	892	31,122	36,053	115.8	37.0	42.6	26.6	NA	NA	10.7
1988	73,356	1,723	928	33,446	37,816	113.1	36.0	42.1	24.8	NA	NA	11.4
1989	77,283	1,640	968	36,018	39,580	109.9	34.9	41.5	22.9	NA	NA	12.2
1990.1	77,630	1,764	1,029	39,289	41,344	105.2	33.2	40.1	21.0	NA	NA	13.5
1990.2	78,510	1,764	1,029	39,247	41,344	105.3	33.2	40.2	21.0	NA	28.0	13.3
1991.1	79,960	1,842	1,174	36,813	42,317	115.0	38.1	45.6	25.0	72.7	NA	11.4
1991.2	81,260	1,842	1,174	35,330	42,317	119.8	40.5	48.1	27.1	71.3	53.0	10.4
1992.1	83,464	1,859	1,228	34,509	42,769	123.9	42.7	50.3	29.4	75.1	72.0	9.5
1992.2	90,935	1,859	1,228	34,465	42,769	124.1	42.8	50.4	29.5	70.9	71.8	8.4
1993.1	94,893	1,900	1,250	35,741	43,154	120.7	41.0	48.6	27.7	71.9	69.0	8.4
1993.2	96,183	1,900	1,250	34,815	43,154	124.0	42.7	50.3	29.4	66.1	68.0	7.8
1994.1	98,116	1,941	1,273	36,385	43,369	119.2	40.2	47.8	26.8	64.8	78.1	8.2
1994.2	97,689	1,941	1,273	39,820	43,369	108.9	35.2	42.3	22.6	40.7	36.8	9.8
1995.1	93,293	1,946	1,265	37,954	44,345	116.8	39.0	46.5	25.7	61.0	53.0	9.6
1995.2	94,097	1,946	1,265	35,381	44,345	125.3	43.4	51.0	30.1	73.6	73.9	8.2
1996.1	97,750	1,934	1,275	35,406	44,861	126.7	44.1	51.7	30.9	79.7	82.0	7.8
1996.2	97,109	1,934	1,275	33,536	44,861	133.8	47.5	54.9	34.3	82.4	74.0	7.0
1997.1	96,773	1,976	1,302	33,014	45,486	137.8	49.2	56.6	36.1	83.0	67.5	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	11,370	16,865	19,420	22,520	48.3	15.1	16.0	33.5	98.1
All Renters	16,235	24,885	28,265	33,880	53.3	13.6	19.9	36.1	108.7
Homeowners	21,640	36,065	42,005	50,395	66.7	16.5	20.0	39.7	132.9
All Households	37,875	60,950	70,270	84,275	60.9	15.3	19.9	38.3	122.5

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Montreal



Montreal Still Most Affordable Of Canada's Big Three

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	45
historical high (97H1):	45
historical low (81):	24
historical average:	34
current ranking out of 27 centres:	14
average ranking:	17

First Half of 1997 Supply Data

% of New Homes Affordable :	76
% of Resale Homes Affordable:	68

Starter Home Price Growth

1970-97 (in %):	480
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Renter Income Growth

1970-97 (in %):	370
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Growth in Renter Households

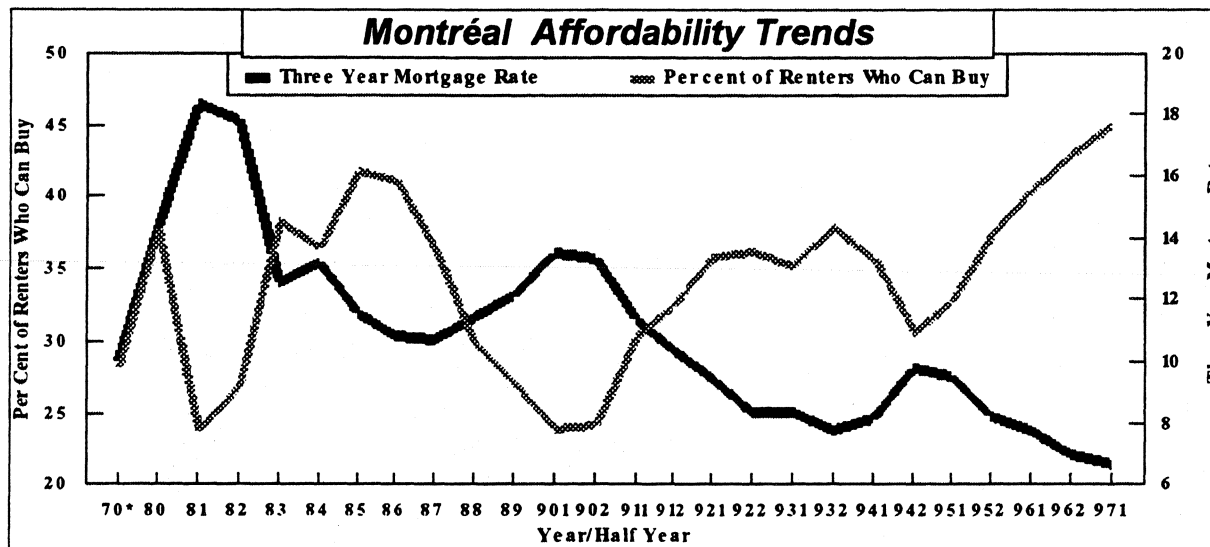
Aged 20-44 1971-1991 (in %):	23
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Montreal has traditionally been the most affordable of Canada's three largest housing markets and in 1997 can still claim this status. On a national ranking, Montreal is the 14th most affordable market in Canada in 1997.

Since 1970, an average of 34 per cent of prime buyers have been able to afford a starter home in Montreal. In both Vancouver and Toronto the comparable figure is about 23 per cent.

Montreal's starter home prices and incomes have both grown at much slower rates than Vancouver's and Toronto's. The key to Montreal's consistently higher affordability rating is lower house prices. Among the three cities, Montreal has by far the lowest prices -- almost half those of Vancouver.

Like all Quebec markets, with the exception of Trois Rivières, Montreal's affordability level set a new record in 1997 as the proportion of prime buyers who can afford to buy reached 45 per cent of renters. Both demand and supply, combined with lower mortgage interest rates, have combined to maintain and enhance Montreal's excellent affordability level.



On the demand side, income growth in Montreal has lagged behind the rest of the country, dampening the inflation of house prices. Montreal also has a low growth rate and is ranked as one of the country's five slowest growing major markets.

On the supply side, Montreal and Quebec are unique among cities with populations over 500,000. They are the only ones where the proportion of newly-built homes, affordable to average renters, has consistently exceeded 40 per cent throughout the 1990s. Helping to keep house prices in

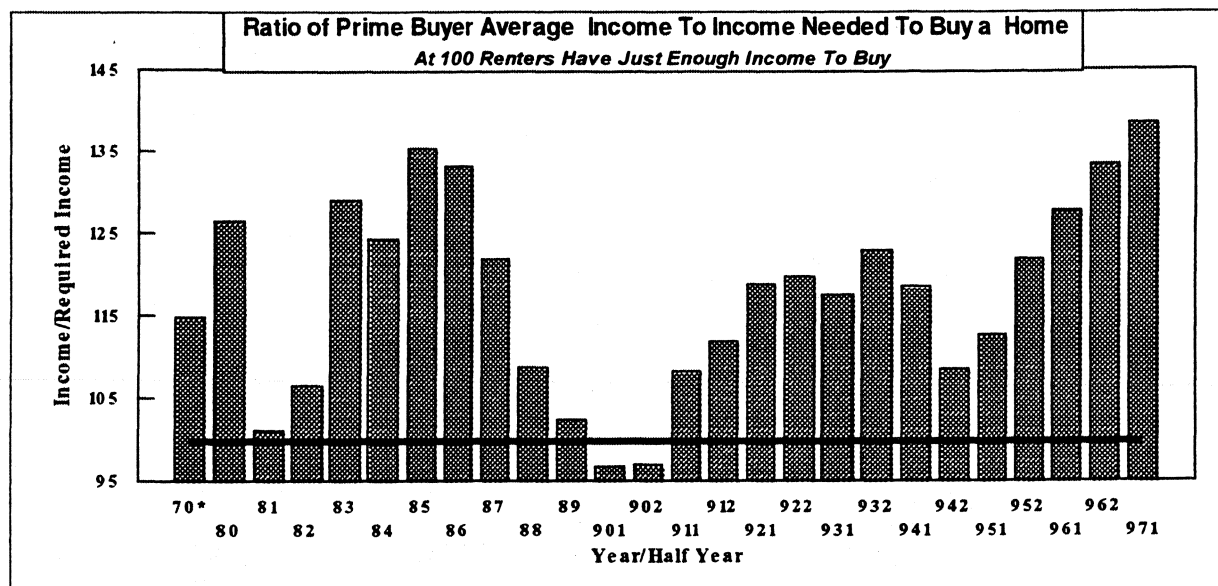
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	133.8	35.5	63.3	12.2	480.3
Renter Income % Growth	63.1	30.4	22.6	11.9	370.4
Number of Renter Households Aged 20-44	1971 298,200	1981 332,480	1986 344,430	1991 366,865	
Percentage Growth in Renter Households 20-44	1971-1981 11.5	1981-1986 3.6	1986-1991 6.5	1981-1991 10.3	1971-1991 23.0

check in both centres, are high rental vacancy rates and a cheap, plentiful supply of rental housing, due to the energetic construction of small scale rental projects.

Affordability in Montreal, as in the rest of the country, has also benefited from dramatically lower mortgage interest rates. In Montreal, affordability dropped sharply in the late 1980s with increases in both prices and mortgage rates. In fact, between 1970 and 1997, Montreal house prices outstripped renter income growth. In those years prices rose by 480 per cent while renter incomes went up by 364 per cent. This disparity has been mitigated during most of the 1990s due to lower interest rates. As a result, affordability has made a sharp recovery.



Montréal Affordability Trends in Detail 1970-1997

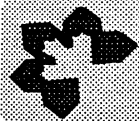
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	17,231	608	NA	8,619	9,902	114.9	28.3	32.6	15.0	NA	NA	10.1
1980	40,283	838	544	20,573	26,051	126.6	37.8	46.2	24.2	NA	NA	14.3
1981	43,812	897	604	27,287	27,636	101.3	23.8	29.8	14.2	NA	NA	18.3
1982	44,059	1,003	686	27,437	29,221	106.5	26.9	33.4	16.9	NA	NA	17.8
1983	49,071	1,100	739	23,882	30,805	129.0	38.3	46.1	26.7	NA	NA	12.5
1984	51,872	1,143	776	26,048	32,390	124.4	36.5	44.5	24.9	NA	NA	13.2
1985	54,573	1,194	794	25,089	33,975	135.4	41.9	50.6	29.5	NA	NA	11.5
1986	61,218	1,241	831	26,685	35,508	133.1	41.2	49.7	29.3	NA	NA	10.9
1987	72,187	1,325	871	30,370	37,041	122.0	36.4	44.9	24.7	NA	NA	10.7
1988	82,262	1,431	906	35,518	38,574	108.6	29.8	38.1	18.8	NA	NA	11.4
1989	87,235	1,510	945	39,130	40,107	102.5	27.0	35.2	16.2	NA	NA	12.2
1990.1	89,140	1,548	1,004	43,067	41,640	96.7	24.0	32.0	13.7	NA	NA	13.5
1990.2	89,940	1,548	1,004	42,937	41,640	97.0	24.2	32.2	13.9	NA	9.1	13.3
1991.1	91,140	1,680	1,146	40,050	43,306	108.1	30.5	39.6	18.7	46.8	NA	11.4
1991.2	93,650	1,680	1,146	38,687	43,306	111.9	32.5	41.9	20.5	52.5	39.2	10.4
1992.1	92,974	1,793	1,198	37,042	44,019	118.8	35.9	45.6	23.4	62.6	63.4	9.5
1992.2	100,511	1,793	1,198	36,779	44,019	119.7	36.3	46.0	23.8	69.8	65.4	8.4
1993.1	102,885	1,900	1,220	37,828	44,483	117.6	35.3	44.9	22.8	71.2	59.5	8.4
1993.2	102,019	1,900	1,220	36,236	44,483	122.8	37.9	47.6	25.4	75.0	66.1	7.8
1994.1	102,890	1,937	1,242	37,556	44,511	118.5	35.7	45.4	23.2	72.5	67.9	8.2
1994.2	102,019	1,937	1,242	41,029	44,511	108.5	30.6	39.8	18.9	59.3	44.0	9.8
1995.1	101,102	1,951	1,234	40,210	45,255	112.5	32.8	42.2	20.7	66.8	54.2	9.6
1995.2	101,000	1,951	1,234	37,159	45,255	121.8	37.4	47.2	25.0	76.0	61.7	8.2
1996.1	100,000	1,951	1,244	35,945	45,940	127.8	40.4	50.1	28.0	75.5	59.9	7.8
1996.2	101,000	1,951	1,244	34,434	45,940	133.4	43.0	52.6	30.6	77.4	68.7	7.0
1997.1	100,000	1,951	1,290	33,657	46,580	138.4	45.1	54.7	32.7	76.3	67.8	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	298,200	332,480	344,430	366,865	11.5	3.6	6.5	10.3	23.0
All Renters	521,995	602,815	616,640	658,690	15.5	2.3	6.8	9.3	26.2
Homeowners	283,955	434,485	498,715	577,035	53.0	14.8	15.7	32.8	103.2
All Households	805,950	1,037,300	1,115,355	1,235,725	28.7	7.5	10.8	19.1	53.3

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Trois-Rivières



Trois Rivières Slips But Still Looks Good

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	49
historical high (96H2):	50
historical low (81):	19
historical average:	39
current ranking out of 27 centres:	8
average ranking:	6

First Half of 1997 Supply Data

% of New Homes Affordable :	93
% of Resale Homes Affordable:	NA

Starter Home Price Growth

1970-97 (in %) :	361
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Renter Income Growth

1970-97 (in %) :	328
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Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	69
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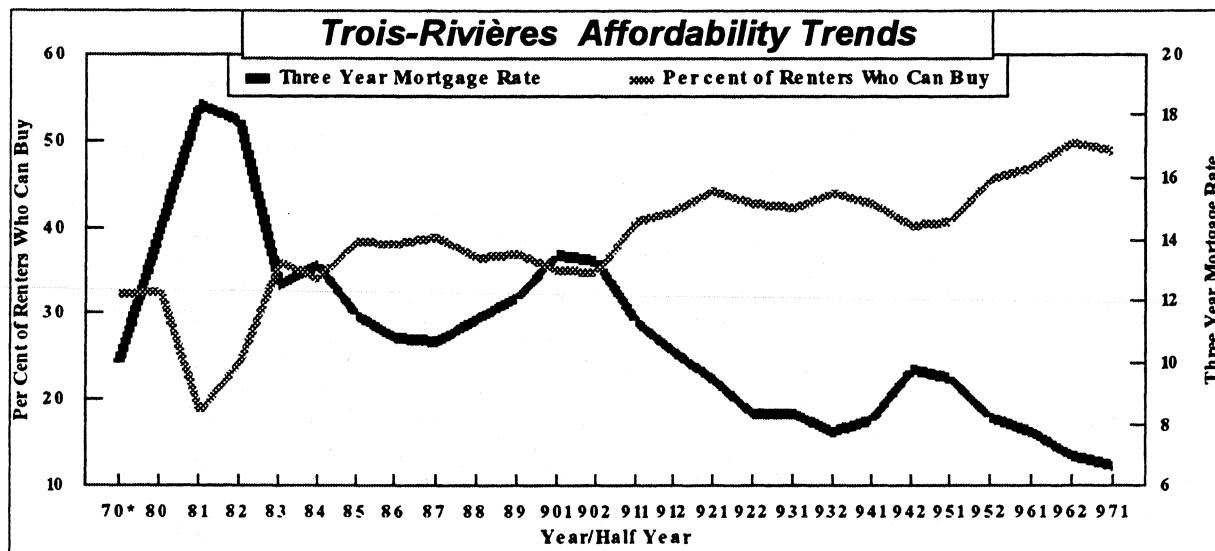
Trois Rivières lost a bit of ground in housing affordability in 1997 but is still considerably more affordable than it has been for most of its recent history. It is also one of the most consistently affordable markets across Canada, ranking seventh in 1997.

This is the only major Quebec market where affordability declined since the end of 1996, dipping from 50 per cent (the city's highest ever affordability rating) to 49 per cent. A small bump from \$69,000 to \$73,000 in the average price paid for a starter home caused the decline.

Between 1970 and 1997 affordability averaged 39 per cent. The city's all-time low was 19 per cent, recorded in 1981.

Except when a rise in mortgage rates pulled the affordability level down in 1994, more than nine of every 10 new homes sold in the 1990s was at a price affordable to the average prime buyer. In 1996, a remarkable 98 per cent of new homes were below this threshold and in 1997, even after the small price hike, the figure is 93 per cent.

Also contributing to affordability on the supply side is the city's good selection of inexpensive rental housing. In Trois Rivières, as in Sherbrooke and Chicoutimi, the growth in ownership households has been lagging behind growth in the number of households who rent.



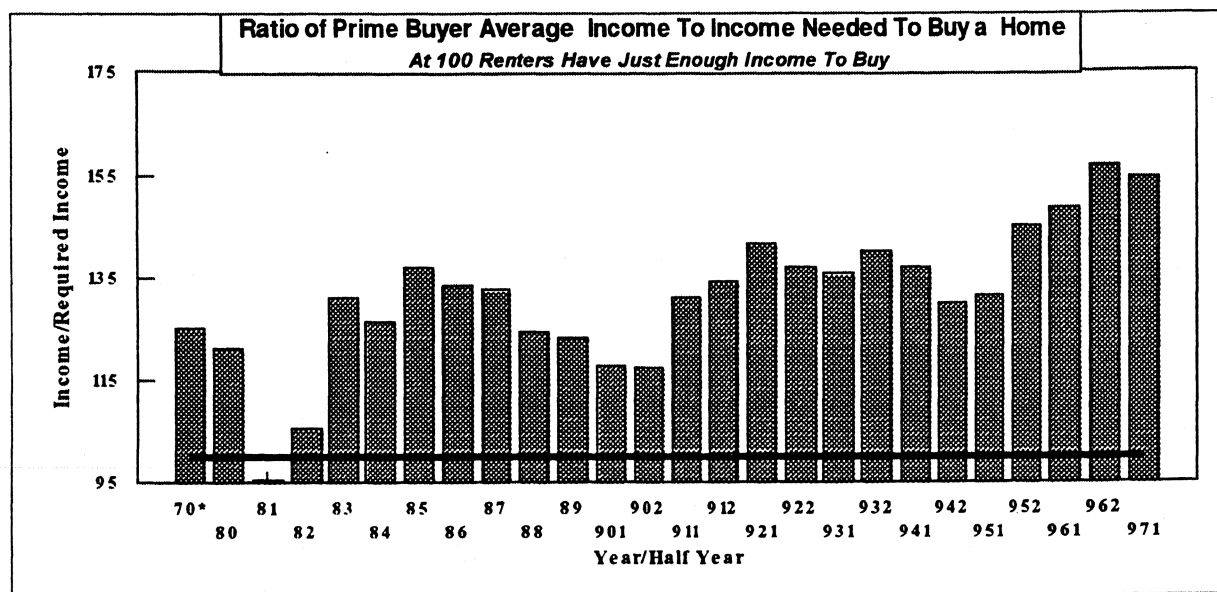
Since 1970, Trois Rivières house prices have increased only slightly more than incomes. Much of this gain, however, occurred in the 1970s when the price of a starter home increased 134 per cent, some 10 per cent more than the national average. Thereafter price change has been subdued and below the national average rate of increase. Overall, in the 1970-97 period, house prices have gone up by about 360 per cent and incomes by about 328 per cent.

Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	133.5	21.3	30.3	24.8	360.7
Renter Income % Growth	43.0	29.7	21.5	11.7	328.0
Number of Renter Households Aged 20-44	1971 8,050	1981 10,445	1986 12,130	1991 13,610	
Percentage Growth in Renter Households 20-44	1971-1981 29.8	1981-1986 16.1	1986-1991 12.2	1981-1991 30.3	1971-1991 69.1

With prices and incomes moving in rough tandem over the long term, the average incomes of prime buyers in Trois Rivières has consistently exceeded the income needed to buy. Throughout the 1990s, incomes have been 30 to 50 per cent higher than those required, meaning most prime buyers have ready access to starter homes. Trois Rivières' already favourable affordability situation is only made better by current low mortgage interest rates.



Trois-Rivières Affordability Trends in Detail 1970-19

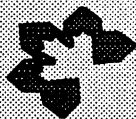
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	15,859	433	NA	7,464	9,333	125.0	32.4	35.9	16.9	NA	NA	10.1
1980	37,026	717	582	18,732	22,678	121.1	32.7	37.7	22.6	NA	NA	14.3
1981	40,556	708	646	25,147	24,027	95.5	18.6	22.0	12.0	NA	NA	18.3
1982	37,578	898	735	24,001	25,376	105.7	24.6	28.7	16.7	NA	NA	17.8
1983	40,216	990	790	20,425	26,725	130.8	36.1	41.4	26.4	NA	NA	12.5
1984	42,481	1,031	830	22,234	28,075	126.3	34.4	39.8	24.8	NA	NA	13.2
1985	44,918	1,056	850	21,495	29,424	136.9	38.5	44.5	28.3	NA	NA	11.5
1986	51,095	1,079	889	23,017	30,691	133.3	38.3	44.4	28.3	NA	NA	10.9
1987	54,460	1,102	931	24,087	31,958	132.7	38.9	45.4	28.7	NA	NA	10.7
1988	58,623	1,134	969	26,682	33,225	124.5	36.6	43.5	26.3	NA	NA	11.4
1989	58,799	1,149	1,010	27,950	34,492	123.4	37.1	44.3	26.5	NA	NA	12.2
1990.1	58,530	1,269	1,074	30,364	35,759	117.8	35.3	42.8	24.9	NA	NA	13.5
1990.2	59,600	1,269	1,074	30,491	35,759	117.3	35.1	42.6	24.7	NA	25.2	13.3
1991.1	59,550	1,324	1,224	28,357	37,168	131.1	40.9	48.8	29.7	77.8	NA	11.4
1991.2	61,900	1,324	1,224	27,693	37,168	134.2	42.0	50.1	30.7	82.3	50.3	10.4
1992.1	61,685	1,387	1,278	26,701	37,756	141.4	44.4	52.7	32.9	90.2	75.0	9.5
1992.2	70,448	1,387	1,278	27,553	37,756	137.0	43.0	51.2	31.6	85.0	78.0	8.4
1993.1	71,783	1,398	1,300	28,021	37,979	135.5	42.5	50.6	31.2	90.3	64.0	8.4
1993.2	72,011	1,398	1,300	27,127	37,979	140.0	44.0	52.2	32.5	86.0	NA	7.8
1994.1	71,995	1,409	1,323	27,865	38,170	137.0	43.0	51.1	31.6	92.8	77.9	8.2
1994.2	68,539	1,409	1,323	29,428	38,170	129.7	40.3	48.3	29.3	75.9	67.0	9.8
1995.1	70,388	1,409	1,315	29,576	38,829	131.3	40.9	48.9	29.8	92.1	NA	9.6
1995.2	67,681	1,409	1,315	26,742	38,829	145.2	45.8	54.0	34.3	92.3	NA	8.2
1996.1	69,000	1,415	1,325	26,474	39,379	148.7	47.1	55.2	35.7	97.6	NA	7.8
1996.2	68,358	1,415	1,325	25,109	39,379	156.8	49.8	57.8	38.8	89.9	NA	7.0
1997.1	73,069	1,417	1,353	25,851	39,941	154.5	49.1	57.1	38.0	93.3	NA	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	8,050	10,445	12,130	13,610	29.8	16.1	12.2	30.3	69.1
All Renters	14,240	19,065	21,140	24,740	33.9	10.9	17.0	29.8	73.7
Homeowners	11,855	23,875	26,335	29,445	101.4	10.3	11.8	23.3	148.4
All Households	26,095	42,940	47,475	54,185	64.6	10.6	14.1	26.2	107.6

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sherbrooke



Sherbrooke Scores Local Best, Provincial Worst

At a Glance

Per cent of Renters Who Can Buy	
First Half of 1997:	44
historical high (97H1):	44
historical low (70):	22
historical average:	35
current ranking out of 27 centres:	17
average ranking:	15
First Half of 1997 Supply Data	
% of New Homes Affordable :	83
% of Resale Homes Affordable:	67
Starter Home Price Growth	
1970-97 (in %) :	336
Renter Income Growth	
1970-97 (in %) :	325
Growth in Renter Households	
Aged 20-44 1971-1991 (in %) :	88

Even though its affordability rate is higher than ever, Sherbrooke is the least affordable market in Quebec, and ranks 16th in Canada in 1997.

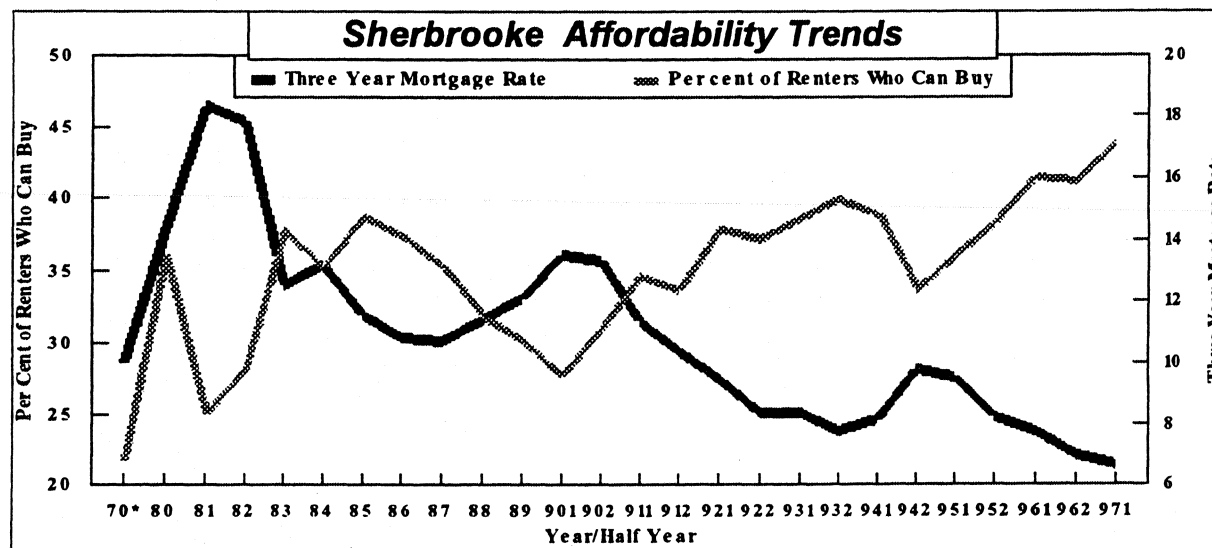
The Sherbrooke market reflects the state of most Quebec markets where 1997 affordability ratings are at record highs. The proportion of prime buyers in Sherbrooke who can afford to buy is at an all-time high of 44 per cent. This rate is double the city's lowest rating, set in 1970, and well above the city's historical average of 35 per cent.

In spite of this improvement, a combination of factors contributed to Sherbrooke scoring last on the province's affordability scale. Sluggish income growth, compared to other Quebec

centres, and higher starter home prices are the principal reasons.

In the last 27 years (1970 - 97) house prices and incomes in Sherbrooke have risen by about the same amounts. The two measures have not, however, always moved in lock step. Income growth was achieved primarily in the 1970s accompanied by a record level of growth in home owner households. Since 1985, however, incomes have lagged considerably behind house price increases. In combination with an upswing in mortgage rates, these factors caused the affordability rate to decline during this period.

Since 1990, house prices have continued to increase a bit faster than incomes so the recent upsurge in affordability mainly results from lower mortgage rates. Sherbrooke's unusual rental market also influences the city's affordability rating by serving to keep house prices in check.



Sherbrooke has two universities, which attract a large number of young renters. They represent one third of all households in the community. Since university students have low income this may distort the picture statistically. Actual affordability for the working population is likely closer in line with other Quebec markets.

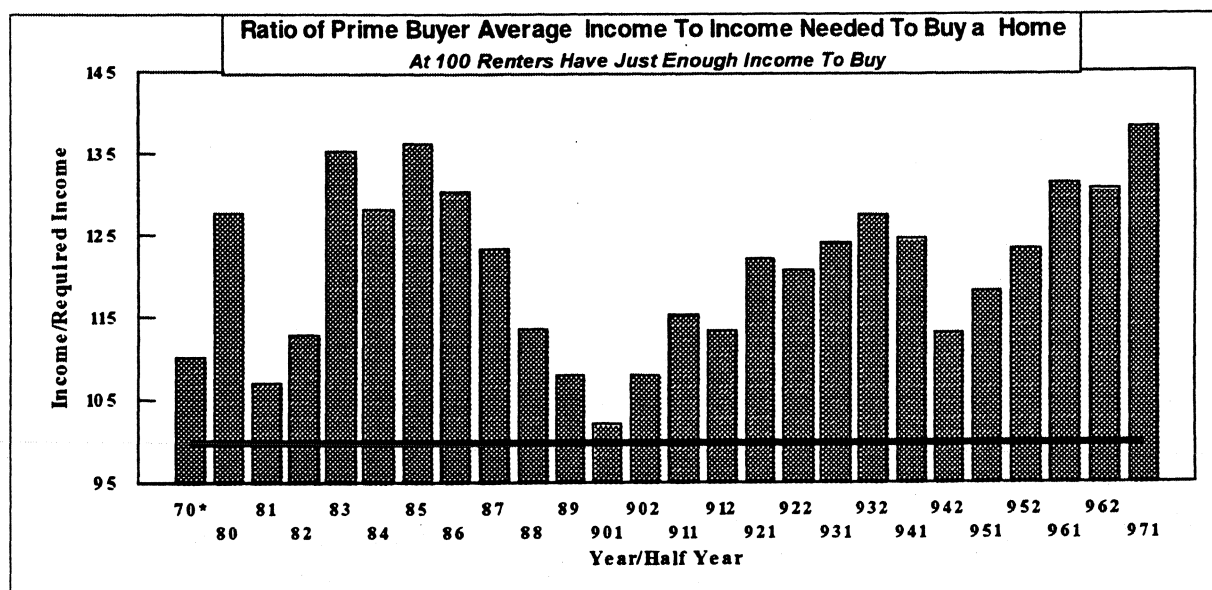
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	87.8	28.2	48.3	22.1	335.7
Renter Income % Growth	48.0	28.9	17.2	13.4	324.7
Number of Renter Households Aged 20-44	1971 8,835	1981 13,195	1986 14,735	1991 16,640	
Percentage Growth in Renter Households 20-44	1971-1981 49.3	1981-1986 11.7	1986-1991 12.9	1981-1991 26.1	1971-1991 88.3

Sherbrooke often records the highest rental vacancy rates and lowest rent charges among all Canadian cities. As a result, the city has a large and very affordable rental stock that encourages potential buyers to remain in rental housing.

It is no surprise, then, that Sherbrooke's growth in renter households outstrips its growth in ownership households. Sherbrooke is one of two CMAs in Canada where renters outnumber owners (50.8 per cent). Montreal is the other (53.3 per cent). Renter households in Sherbrooke increased at a rate of 88.3 per cent between 1971 and 1997, much faster than Montreal's rate of 23 per cent.



Sherbrooke Affordability Trends in Detail 1970-1997

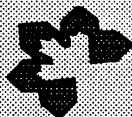
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	18,703	407	NA	8,418	9,282	110.3	21.8	24.8	11.0	NA	NA	10.1
1980	35,121	753	595	18,012	23,017	127.8	36.1	43.4	23.8	NA	NA	14.3
1981	35,582	744	661	22,741	24,346	107.1	25.1	30.7	15.8	NA	NA	18.3
1982	34,710	943	752	22,754	25,675	112.8	28.1	34.0	18.6	NA	NA	17.8
1983	38,354	1,040	808	19,951	27,004	135.3	37.9	45.1	26.9	NA	NA	12.5
1984	41,557	1,083	849	22,100	28,332	128.2	35.4	42.3	25.0	NA	NA	13.2
1985	45,008	1,110	870	21,755	29,661	136.3	38.8	46.2	28.0	NA	NA	11.5
1986	51,931	1,134	909	23,528	30,683	130.4	37.5	45.0	26.8	NA	NA	10.9
1987	58,612	1,158	953	25,681	31,705	123.5	35.4	43.1	24.6	NA	NA	10.7
1988	64,091	1,192	992	28,807	32,728	113.6	32.0	39.6	21.5	NA	NA	11.4
1989	67,261	1,202	1,034	31,240	33,750	108.0	30.3	38.1	19.7	NA	NA	12.2
1990.1	66,760	1,395	1,099	34,078	34,772	102.0	27.7	35.6	17.3	NA	NA	13.5
1990.2	62,730	1,395	1,099	32,182	34,772	108.0	31.1	39.5	20.0	NA	9.1	13.3
1991.1	66,730	1,473	1,252	31,370	36,142	115.2	34.7	43.7	22.9	56.0	NA	11.4
1991.2	73,390	1,473	1,252	31,910	36,142	113.3	33.8	42.6	22.1	73.7	40.0	10.4
1992.1	70,775	1,561	1,307	30,045	36,714	122.2	37.9	47.0	25.8	73.7	66.2	9.5
1992.2	78,602	1,561	1,307	30,415	36,714	120.7	37.3	46.3	25.2	81.8	69.1	8.4
1993.1	78,005	1,570	1,330	30,351	37,632	124.0	38.7	47.8	26.5	75.7	65.7	8.4
1993.2	78,838	1,570	1,330	29,531	37,632	127.4	40.1	49.3	27.8	74.9	72.7	7.8
1994.1	78,423	1,579	1,353	30,215	37,670	124.7	38.9	48.1	26.8	79.2	NA	8.2
1994.2	79,272	1,579	1,353	33,324	37,670	113.0	33.7	42.4	22.1	61.9	50.9	9.8
1995.1	77,728	1,592	1,345	32,438	38,320	118.1	36.1	45.1	24.1	63.9	57.3	9.6
1995.2	81,234	1,592	1,345	31,058	38,320	123.4	38.4	47.5	26.3	71.7	65.1	8.2
1996.1	78,323	1,596	1,355	29,554	38,863	131.5	41.6	50.9	29.3	75.5	65.1	7.8
1996.2	84,825	1,596	1,355	29,755	38,863	130.6	41.3	50.5	29.0	82.4	65.3	7.0
1997.1	81,495	1,602	1,384	28,508	39,417	138.3	44.0	53.4	31.5	83.3	67.4	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	8,835	13,195	14,735	16,640	49.3	11.7	12.9	26.1	88.3
All Renters	15,095	22,115	24,235	28,160	46.5	9.6	16.2	27.3	86.6
Homeowners	8,855	21,655	24,305	27,265	144.6	12.2	12.2	25.9	207.9
All Households	23,950	43,770	48,540	55,425	82.8	10.9	14.2	26.6	131.4

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Quebec



Quebec City Affordability

Hits Record High

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	49
historical high (97H1):	49
historical low (81):	23
historical average:	38
current ranking out of 27 centres:	6
average ranking:	7

First Half of 1997 Supply Data

% of New Homes Affordable :	74
% of Resale Homes Affordable:	72

Starter Home Price Growth

1970-97 (in %):	355
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Renter Income Growth

1970-97 (in %):	359
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Growth in Renter Households

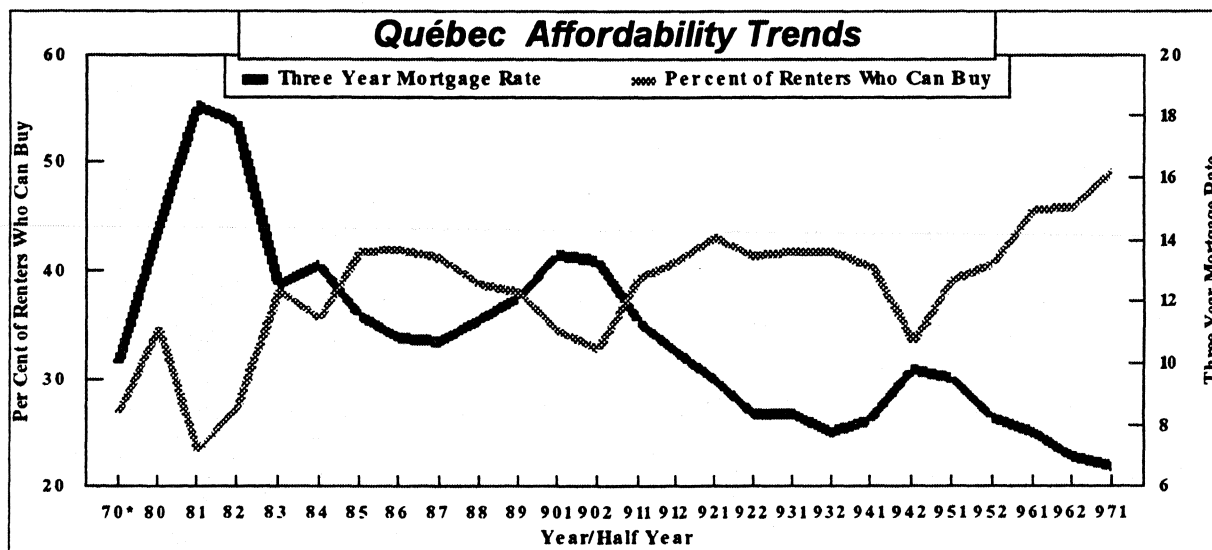
Aged 20-44 1971-1991 (in %):	52
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Housing is more affordable in Quebec City in 1997 than at any time since 1970. This reflects the state of most markets in the province where 1997 affordability ratings are at record highs.

The proportion of prime buyers in Quebec City who can afford to buy has reached 49 per cent, well above the historical average of 38 per cent.. This rate is dramatically above the city's lowest rating of 23 per cent, set in 1981.

Compared with the other centres in the province, Quebec is in line with affordability in Hull and Trois Rivières, higher than Montreal and Sherbrooke and below Chicoutimi. The city is also one of the most affordable in Canada, placing sixth of the country's 27 CMAs.

Since 1970, mortgage rates have been a major determinant of affordability in Quebec City and account for the improvement in recent years. Incomes and house prices have largely neutralized each other as affordability factors. Between 1970 and 1997, both rose more slowly than in the rest of the country keeping Quebec City housing among the country's most affordable. Income and price increases paralleled each other so closely that after 27 years they are separated by less than five percentage points.



An initial improvement in affordability through the 1970's was short-lived as mortgage rates shot up in 1980-81. This jump increased the income required to afford a starter home in Quebec City

Price, Income and Renter Household Growth 1970 to 1996

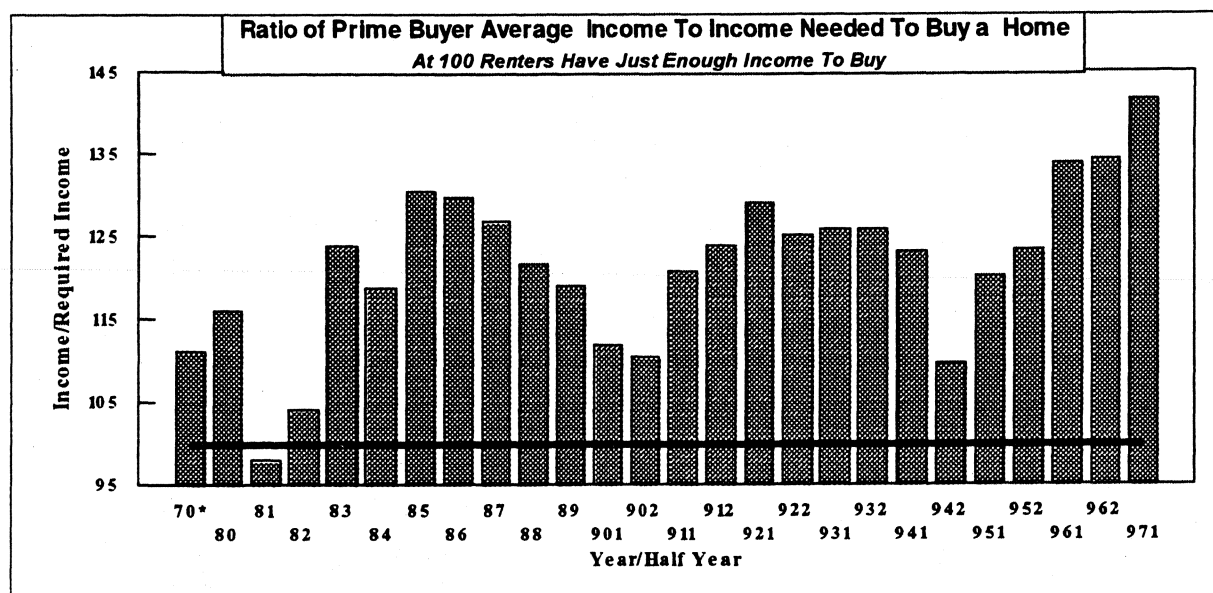
Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	127.9	20.6	31.4	25.9	354.7
Renter Income % Growth	166.2	27.4	20.5	12.3	359.0
Number of Renter Households Aged 20-44	1971 43,130	1981 56,220	1986 59,480	1991 65,530	
Percentage Growth in Renter Households 20-44	1971-1981 30.4	1981-1986 5.8	1986-1991 10.2	1981-1991 16.6	1971-1991 51.9

by 25 per cent. In the last 27 years, though, this was the only period in which the average income of prime buyers was insufficient to afford the average-priced starter home. In 1981, less than one in four prime buyers could afford to buy.

When interest rates ebbed, city residents jumped into the ownership market creating a dramatic shift toward ownership. In the 1980s, the number of ownership households rose by 35 per cent while the number of renter households rose only 21 per cent. It is believed that this trend continues today. In spite of this strong demand, the city's relatively slow income growth has helped hold house prices in check.

Quebec City's affordability is also enhanced by a ready supply of reasonably-priced homes. This city and Montreal are the only urban centres with populations over 500,000 where the proportion of newly-built homes, affordable to average renters, has consistently exceeded 40 per cent throughout the 1990s. Both centres also have high vacancy rates and a cheap, plentiful supply of rental housing, due to the energetic construction of small scale rental projects -- factors that also curb house price inflation.



Québec Affordability Trends in Detail 1970-1997

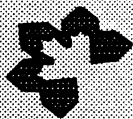
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	18,370	455	NA	8,473	9,425	111.2	27.0	30.9	13.5	NA	NA	10.1
1980	41,873	940	595	21,616	25,093	116.1	34.7	42.5	22.9	NA	NA	14.3
1981	42,795	928	661	27,036	26,470	97.9	23.5	29.5	14.4	NA	NA	18.3
1982	41,228	1,177	752	26,762	27,846	104.1	27.3	34.0	17.4	NA	NA	17.8
1983	45,972	1,298	808	23,574	29,222	124.0	38.3	46.2	26.6	NA	NA	12.5
1984	48,876	1,351	849	25,767	30,599	118.7	35.8	43.8	24.0	NA	NA	13.2
1985	50,482	1,385	870	24,508	31,975	130.5	41.8	50.6	29.2	NA	NA	11.5
1986	55,783	1,415	909	25,678	33,286	129.6	42.0	50.7	30.0	NA	NA	10.9
1987	60,804	1,445	953	27,292	34,597	126.8	41.2	50.1	29.7	NA	NA	10.7
1988	63,441	1,487	992	29,507	35,907	121.7	39.0	48.2	27.5	NA	NA	11.4
1989	64,948	1,483	1,034	31,285	37,218	119.0	38.1	47.8	26.4	NA	NA	12.2
1990.1	66,330	1,569	1,099	34,451	38,529	111.8	34.7	45.1	22.8	NA	NA	13.5
1990.2	68,380	1,569	1,099	34,920	38,529	110.3	33.0	44.2	21.9	NA	17.6	13.3
1991.1	69,860	1,721	1,252	33,219	40,082	120.7	39.4	50.0	27.2	47.0	NA	11.4
1991.2	72,350	1,721	1,252	32,355	40,082	123.9	40.9	51.6	28.7	44.1	58.2	10.4
1992.1	73,219	1,827	1,307	31,604	40,726	128.9	43.2	54.0	30.9	57.5	76.2	9.5
1992.2	83,344	1,827	1,307	32,540	40,726	125.2	41.5	52.2	29.3	59.6	77.7	8.4
1993.1	82,495	1,926	1,330	32,689	41,147	125.9	41.8	52.6	29.6	65.4	74.5	8.4
1993.2	86,741	1,926	1,330	32,695	41,147	125.9	41.8	52.6	29.6	68.3	78.2	7.8
1994.1	86,378	1,956	1,353	33,529	41,255	123.0	40.5	51.2	28.3	72.8	77.0	8.2
1994.2	89,370	1,956	1,353	37,580	41,255	109.8	33.5	43.8	21.7	58.3	56.3	9.8
1995.1	82,183	1,970	1,345	34,951	42,039	120.3	39.2	49.8	27.1	54.9	57.4	9.6
1995.2	88,029	1,970	1,345	34,069	42,039	123.4	40.7	51.4	28.5	64.6	67.2	8.2
1996.1	81,690	2,051	1,355	31,852	42,666	134.0	45.8	56.4	33.7	76.0	69.3	7.8
1996.2	87,148	2,051	1,355	31,741	42,666	134.4	46.1	56.7	33.9	72.3	66.3	7.0
1997.1	83,520	2,103	1,384	30,548	43,264	141.6	49.4	59.8	37.4	74.3	71.9	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	43,130	56,220	59,480	65,530	30.4	5.8	10.2	16.6	51.9
All Renters	73,830	97,085	102,575	117,590	31.5	5.7	14.6	21.1	59.3
Homeowners	53,660	100,720	115,840	135,770	87.7	15.0	17.2	34.8	153.0
All Households	127,490	197,805	218,415	253,360	55.2	10.4	16.0	28.1	98.7

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Chicoutimi-Jonquière



Chicoutimi Most Affordable City In Canada

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	58
historical high (97H1):	58
historical low (81):	26
historical average:	46
current ranking out of 27 centres:	1
average ranking:	1

First Half of 1997 Supply Data

% of New Homes Affordable :	94
% of Resale Homes Affordable:	93

Starter Home Price Growth

1970-97 (in %) :	348
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Renter Income Growth

1970-97 (in %) :	337
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Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	38
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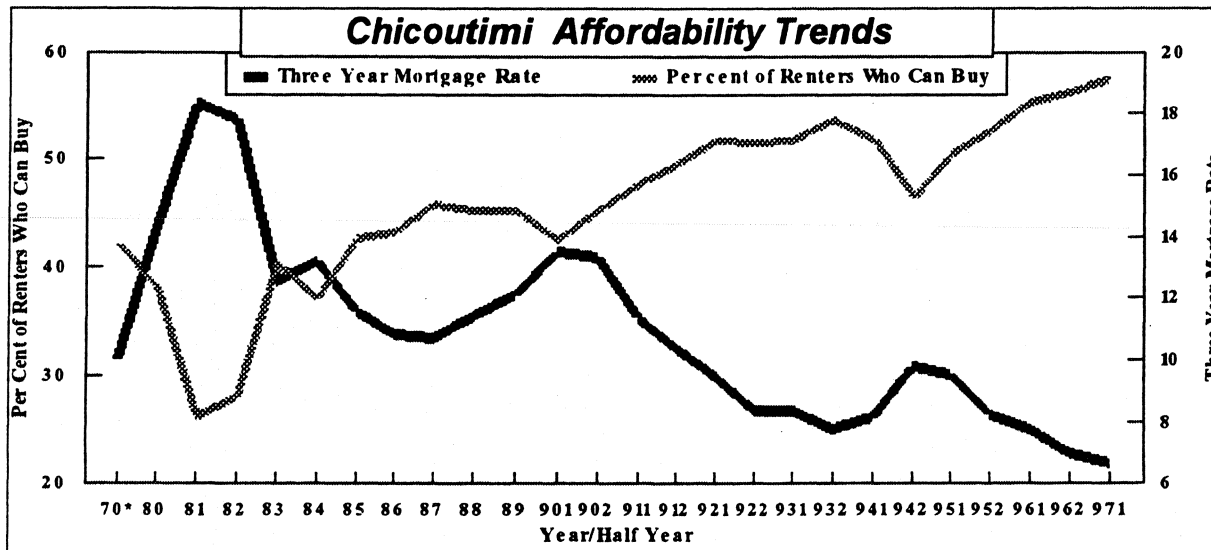
Chicoutimi is the most affordable place in Canada to buy a house and has been since 1988.

The Chicoutimi market reflects the state of most Quebec markets where 1997 affordability ratings are at record highs. The proportion of prime buyers in Chicoutimi who can afford to buy has reached 58 per cent, well above the city's historical average of 46 per cent. This rate is more than double the city's lowest rating of 26, set in 1981. The proportion of prime buyers who can afford to buy is below 50 per cent in all other Quebec markets. Even so they all score affordability ratings above the average of the rest of Canada.

Chicoutimi's enviable standing in the country is

mainly the result of lower house prices. Since CMHC initiated its supply measure in 1991, a high proportion of both new and resale homes have sold at or below affordable prices. For example, the average starter home price in 1996 was \$70,000. Since 1991, housing in Chicoutimi has been affordable to more than 50 per cent of prime buyers, an increase from 38 per cent in 1981.

Chicoutimi's house prices are partly held in check by a consistently good supply of affordable new homes -- better than the other Quebec markets. It is the only market in Canada where the proportion of the newly-built homes affordable to prime buyers has stayed above 85 per cent since



1990. By comparison, in Sherbrooke the ratio stayed consistently below 85 per cent, and in Montreal and Quebec it has remained below 80 per cent.

Limp demand also dampens inflationary pressures on Chicoutimi's house prices. Despite an aging population, a factor that normally translates into higher rates of home ownership, consumer interest

Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

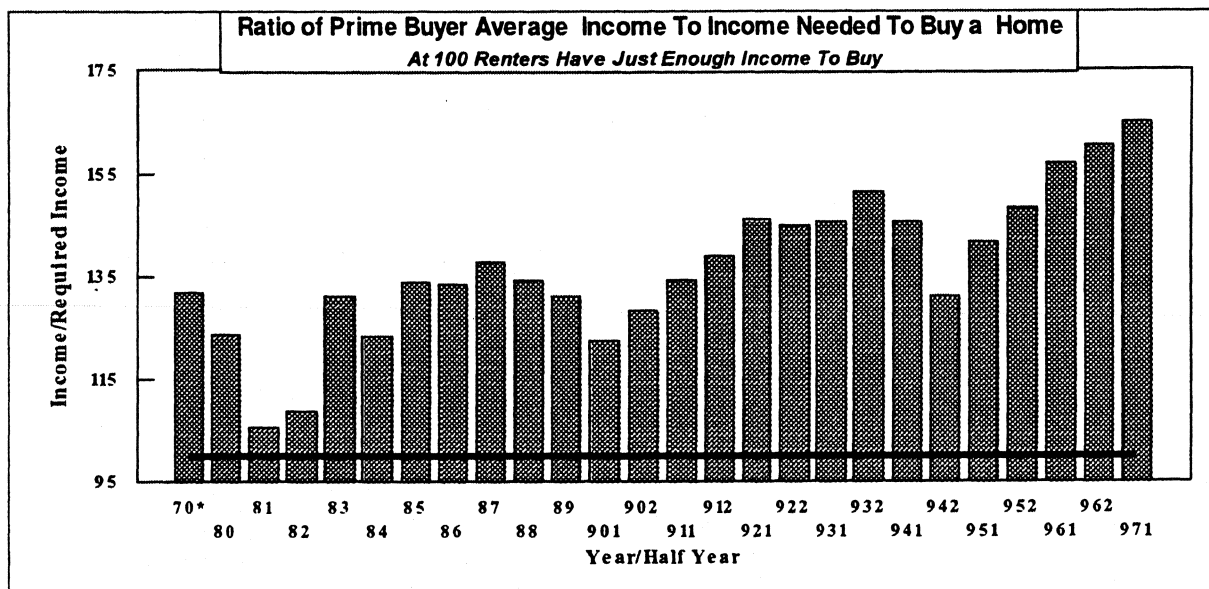
	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	46.8	30.4	16.4	9.5	347.6
Renter Income %Growth	147.1	31.4	18.6	13.6	337.2
Number of Renter Households Aged 20-44	1971 9,170	1981 11,215	1986 12,160	1991 12,700	
Percentage Growth in Renter Households 20-44	1971-1981 22.3	1981-1986 8.4	1986-1991 4.4	1981-1991 13.2	1971-1991 38.5

in home ownership is weaker than normal in Chicoutimi. As a result, growth in the number of households that own homes in Chicoutimi lags behind the growth in renter households.

Between 1981 and 1991, owner households increased by 19.6 per cent while renters grew by 25.8 per cent. By contrast, Quebec City recorded increases of 34.8 per cent in owner households and 21.1 per cent in renters. Montreal and Hull also have rising levels of home ownership.

The relationship between house prices and incomes has not been a factor in Chicoutimi's affordability rating. Since 1970, both have grown at almost identical rates and 27 years later are separated by less than four percentage points.

When affordability rates have shifted in Chicoutimi, the cause has been fluctuating mortgage interest rates. They have had the same impact there as elsewhere, eroding affordability when high and enhancing it when low.



Chicoutimi Affordability Trends in Detail 1970-1997

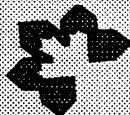
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	15,480	456	NA	7,409	9,765	131.8	42.1	43.3	24.2	NA	NA	10.1
1980	38,208	788	618	19,492	24,126	123.8	38.1	41.4	26.1	NA	NA	14.3
1981	38,196	778	686	24,275	25,640	105.6	26.2	28.4	18.4	NA	NA	18.3
1982	38,658	987	780	24,965	27,154	108.8	28.2	30.3	21.1	NA	NA	17.8
1983	42,885	1,088	839	21,872	28,668	131.1	40.6	43.1	32.4	NA	NA	12.5
1984	47,197	1,133	881	24,538	30,182	123.0	37.1	39.5	29.6	NA	NA	13.2
1985	49,828	1,162	903	23,686	31,696	133.8	42.8	45.4	34.9	NA	NA	11.5
1986	54,452	1,187	943	24,632	32,874	133.5	43.4	46.6	34.4	NA	NA	10.9
1987	54,912	1,212	989	24,756	34,053	137.6	45.9	49.8	35.6	NA	NA	10.7
1988	55,940	1,247	1,029	26,301	35,231	134.0	45.5	50.2	33.9	NA	NA	11.4
1989	56,861	1,269	1,072	27,822	36,410	130.9	45.3	51.1	32.4	NA	NA	12.2
1990.1	57,990	1,387	1,140	30,728	37,588	122.3	42.7	49.5	28.3	NA	NA	13.5
1990.2	55,030	1,387	1,140	29,291	37,588	128.3	45.5	52.3	31.0	NA	34.6	13.3
1991.1	59,510	1,499	1,299	29,127	39,053	134.1	47.8	54.7	33.3	89.4	NA	11.4
1991.2	60,750	1,499	1,299	28,110	39,053	138.9	49.6	56.5	35.1	85.3	63.0	10.4
1992.1	61,434	1,503	1,356	27,234	39,686	145.7	52.0	58.9	37.4	94.6	83.8	9.5
1992.2	67,710	1,503	1,356	27,414	39,686	144.8	51.7	58.6	37.1	88.9	84.1	8.4
1993.1	69,201	1,515	1,380	27,932	40,678	145.6	52.0	58.9	37.3	94.7	85.6	8.4
1993.2	68,726	1,515	1,380	26,890	40,678	151.3	53.8	60.7	39.1	94.8	89.0	7.8
1994.1	70,238	1,527	1,404	28,015	40,718	145.3	51.9	58.8	37.2	91.0	87.0	8.2
1994.2	72,018	1,527	1,404	31,110	40,718	130.9	46.6	53.4	32.1	88.7	66.0	9.8
1995.1	67,274	1,532	1,395	29,280	41,492	141.7	50.6	57.5	36.0	94.1	73.6	9.6
1995.2	69,985	1,532	1,395	27,999	41,492	148.2	52.8	59.7	38.1	93.1	79.8	8.2
1996.1	67,274	1,594	1,406	26,839	42,090	156.8	55.5	62.3	40.9	92.0	88.0	7.8
1996.2	69,757	1,594	1,406	26,261	42,090	160.3	56.5	63.3	41.9	93.3	77.5	7.0
1997.1	69,292	1,621	1,436	25,857	42,691	165.1	57.8	64.6	43.3	93.6	93.1	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	9,170	11,215	12,160	12,700	22.3	8.4	4.4	13.2	38.5
All Renters	13,720	17,770	19,740	22,350	29.5	11.1	13.2	25.8	62.9
Homeowners	16,040	28,965	31,535	34,655	80.6	8.9	9.9	19.6	116.1
All Households	29,760	46,735	51,275	57,005	57.0	9.7	11.2	22.0	91.5

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Saint John



Saint John Most Affordable In Atlantic Canada

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	54
historical high (97H1):	54
historical low (70):	17
historical average:	43
current ranking out of 27 centres:	2
average ranking:	2

First Half of 1997 Supply Data

% of New Homes Affordable :	84
% of Resale Homes Affordable:	85

Starter Home Price Growth

1970-97 (in %):	313
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Renter Income Growth

1970-97 (in %):	371
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Growth in Renter Households

Aged 20-44 1971-1991 (in %):	33
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Saint John is the most affordable housing market in Atlantic Canada, and has been since 1988. In all of Canada, the city ranks number two, outpaced only by Chicoutimi, Quebec.

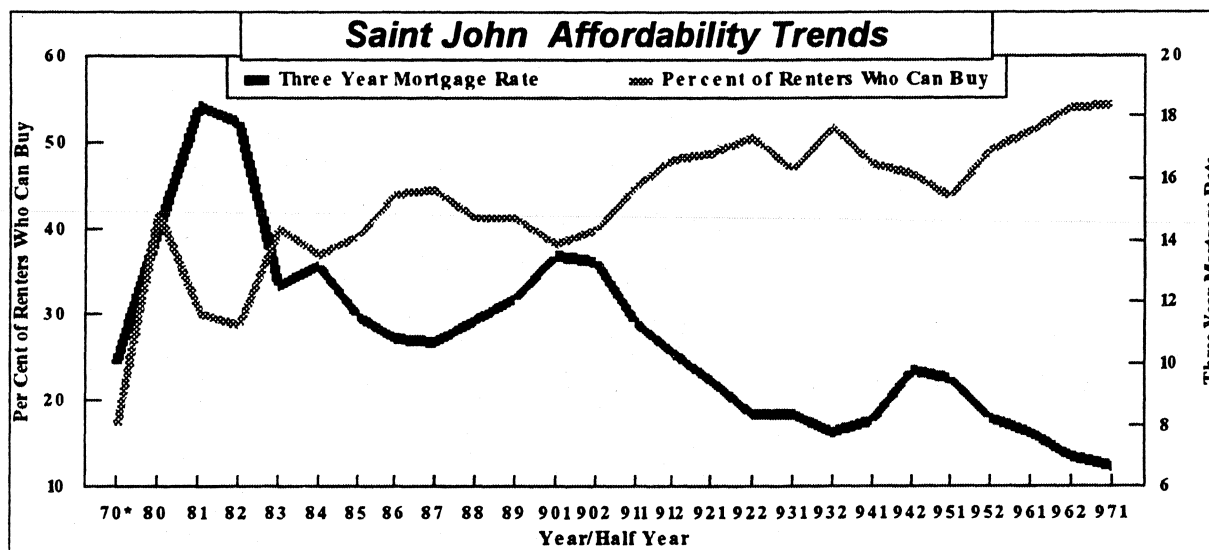
The 1997 affordability rate in Saint John's is at a record high of 54 per cent. The city's record low of 17 per cent occurred in 1970 and its historical average is 43 per cent.

Although Saint John benefits from the same low mortgage interest rates that have sent affordability ratings soaring across the country, local market conditions factor heavily into the equation. Slow population growth and a good supply of affordable housing are the distinguishing characteristic of this market, both

serving to keep house prices in check.

Household growth has fallen well below the national average in the past quarter century, particularly among renters. The growth in all household categories slowed in the 1980's, going from 36.6 per cent from 1971-81 to 14.9 per cent between 1981-91. In the 20 to 44 year old renter household group, where prime buyers come from, the slowdown was even more dramatic. Growth percentages there slid from 23.7 in 1971-81 to 7.6 per cent in 1981-91. In these two decades, Saint John's renter household growth rate went from 20th in Canada to last.

The other factor working in favour of Saint John's affordability status is housing supply. Since CMHC began measuring the affordability of supply in 1991, Saint John has maintained a healthy



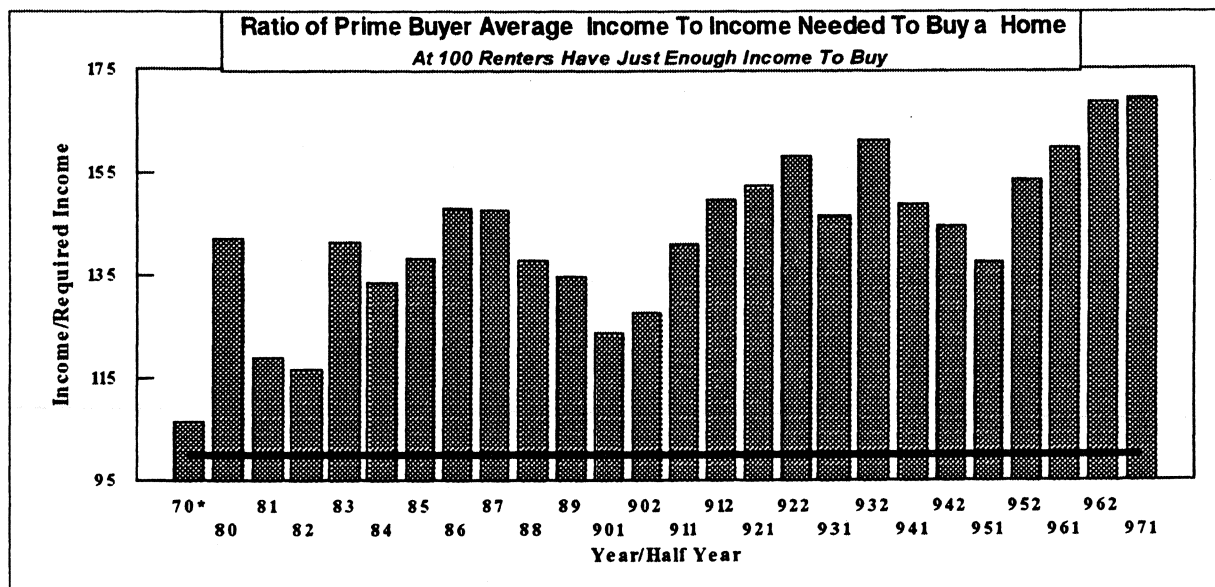
stock of housing that the majority of renters can afford to buy. In the first half of 1997, the proportion of resale homes affordable to prime buyers is 85 per cent, its highest point in 90's, and new homes are at 84 per cent, just under the high of 85 per cent reached a year earlier. Combined with weak demand, this abundance of supply has held house prices in check.

Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	100.0	21.6	32.9	28.0	33.4
Renter Income % Growth	179.5	16.0	25.2	16.0	370.9
Number of Renter Households Aged 20-44	1971 7,110	1981 8,795	1986 9,290	1991 9,460	
Percentage Growth in Renter Households 20-44	1971-1981 23.7	1981-1986 5.6	1986-1991 1.8	1981-1991 7.6	1971-1991 33.1

Historically, incomes and starter home prices have each exerted major influence on Saint John's affordability score. Strong income growth in the 1970s enabled Saint John to improve its affordability status. In contrast, between 1980 and 1990, the city posted the country's lowest rate of income growth among prime buyer renter households. Since then, their income growth rate has been sluggish. Housing affordability remained largely unaffected, though, because house price increases have also been slow, due mostly to the supply and demand factors already described. Through these years, the average income of prime buyers in Saint John has remained consistently above the level required to buy.



Saint John Affordability Trends in Detail 1970-1997

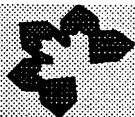
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	19,616	456	NA	8,937	9,503	106.3	17.3	18.6	4.4	NA	NA	10.1
1980	39,225	426	511	18,735	26,565	141.8	41.7	45.7	31.0	NA	NA	14.3
1981	37,500	444	738	23,033	27,414	119.0	30.3	33.8	20.6	NA	NA	18.3
1982	39,407	506	905	24,230	28,262	116.6	28.8	31.9	20.3	NA	NA	17.8
1983	42,619	561	1,005	20,646	29,111	141.0	40.2	42.9	32.8	NA	NA	12.5
1984	44,447	605	1,077	22,436	29,959	133.5	37.1	39.4	30.8	NA	NA	13.2
1985	47,685	696	1,165	22,311	30,808	138.1	39.1	40.9	33.8	NA	NA	11.5
1986	49,626	746	1,023	21,913	32,363	147.7	44.0	45.6	39.5	NA	NA	10.9
1987	53,357	817	980	22,992	33,918	147.5	44.6	46.2	40.5	NA	NA	10.7
1988	58,472	867	959	25,760	35,474	137.7	41.3	43.4	36.3	NA	NA	11.4
1989	60,523	905	925	27,542	37,029	134.4	41.4	43.8	36.0	NA	NA	12.2
1990.1	63,350	958	1,045	31,197	38,584	123.7	38.3	41.1	32.4	NA	NA	13.5
1990.2	61,640	958	1,045	30,220	38,584	127.7	39.9	42.8	34.0	NA	41.0	13.3
1991.1	63,320	1,002	1,148	28,408	40,008	140.8	45.1	47.9	39.4	66.4	NA	11.4
1991.2	62,850	1,002	1,148	26,756	40,008	149.5	48.0	50.7	42.5	55.7	67.0	10.4
1992.1	66,606	1,063	1,136	26,710	40,637	152.1	48.8	51.5	43.3	69.1	73.0	9.5
1992.2	69,214	1,063	1,136	25,760	40,637	157.8	50.7	53.1	45.7	67.9	76.6	8.4
1993.1	78,120	1,089	1,150	28,316	41,409	146.2	46.9	49.7	41.4	74.4	75.5	8.4
1993.2	72,190	1,089	1,150	25,739	41,409	160.9	51.7	54.0	47.1	69.6	78.0	7.8
1994.1	79,057	1,113	1,165	28,342	42,072	148.4	47.6	50.4	42.1	84.6	81.0	8.2
1994.2	72,190	1,113	1,165	29,121	42,072	144.5	46.3	49.1	40.7	65.7	72.9	9.8
1995.1	81,070	1,160	1,063	31,208	42,894	137.4	43.8	46.7	38.1	74.0	72.6	9.6
1995.2	78,056	1,160	1,063	27,972	42,894	153.3	49.2	51.9	43.7	80.7	80.6	8.2
1996.1	77,807	1,194	1,063	27,255	43,454	159.4	51.2	53.6	46.4	85.2	83.2	7.8
1996.2	77,375	1,194	1,063	25,786	43,454	168.5	54.1	55.9	50.4	75.9	81.2	7.0
1997.1	81,086	1,202	1,150	26,429	44,747	169.3	54.4	56.1	50.7	84.3	85.3	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	7,110	8,795	9,290	9,460	23.7	5.6	1.8	7.6	33.1
All Renters	14,305	15,890	16,040	16,555	11.1	0.9	3.2	4.2	15.7
Homeowners	14,460	23,415	25,660	28,610	61.9	9.6	11.5	22.2	97.9
All Households	28,765	39,305	41,700	45,165	36.6	6.1	8.3	14.9	57.0

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Halifax



Halifax Near Top In Affordability

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	51
historical high (96H2):	52
historical low (70):	11
historical average:	38
current ranking out of 27 centres:	3
average ranking:	8

First Half of 1997 Supply Data

% of New Homes Affordable :	91
% of Resale Homes Affordable:	87

Starter Home Price Growth

1970-97 (in %):	370
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Renter Income Growth

1970-97 (in %):	423
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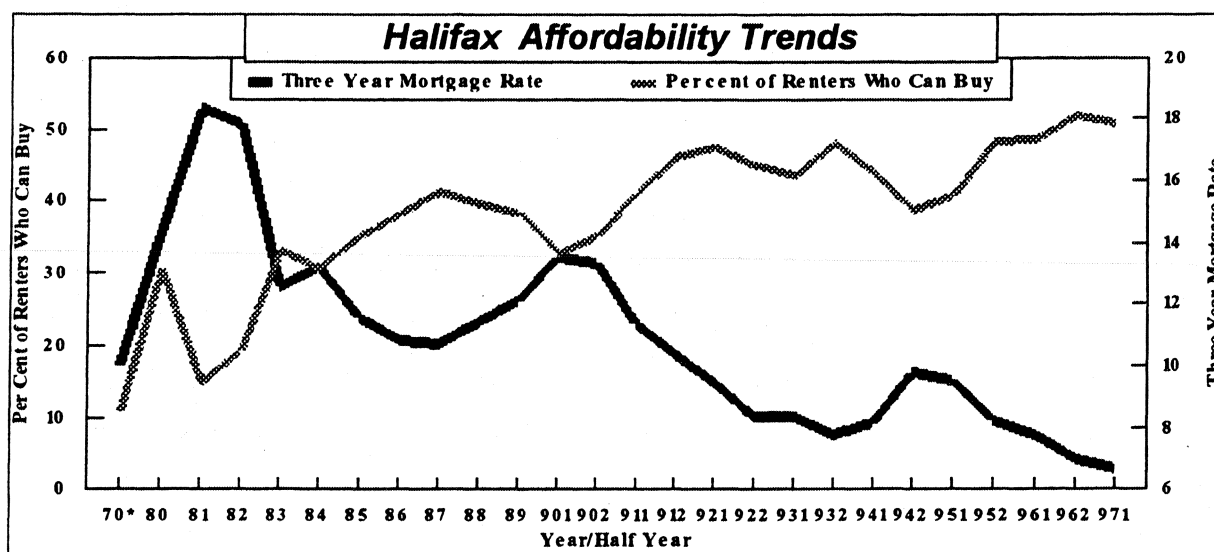
Growth in Renter Households

Aged 20-44 1971-1991 (in %):	69
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Halifax is the third most affordable housing market in Canada, a dramatic contrast with 1970 when the Nova Scotia capital was the least affordable. Historically, Halifax has averaged number eight since 1970.

In the first half of 1997, 51 per cent of all Halifax prime buyers can afford a home. This is a one percentage point drop from the city's all-time high affordability rating in 1996. In 1970, only 11 per cent of buyers could afford a home. Despite having the highest house prices in the Atlantic provinces, Halifax is more affordable than St. John's and Charlottetown, two of the three other Atlantic centres reviewed by this study. The only Atlantic centre more affordable than Halifax is Saint John.

In addition to the low mortgage interest rates that have sent affordability ratings soaring everywhere, the Halifax market has benefited from rising incomes. In 1996, Halifax had the highest incomes in Atlantic Canada, a factor that helped push house prices 15 to 30 per cent higher than other Atlantic centres. These price increases have not, however, been strong enough to choke off improved affordability.



When the 1970s began, Halifax starter home prices were the second highest in Canada. In that decade, the city experienced modest population growth, rising incomes and sluggish gains in house prices. In the early 1980s, renter incomes grew significantly.

Price, Income and Renter Household Growth 1970 to 1996

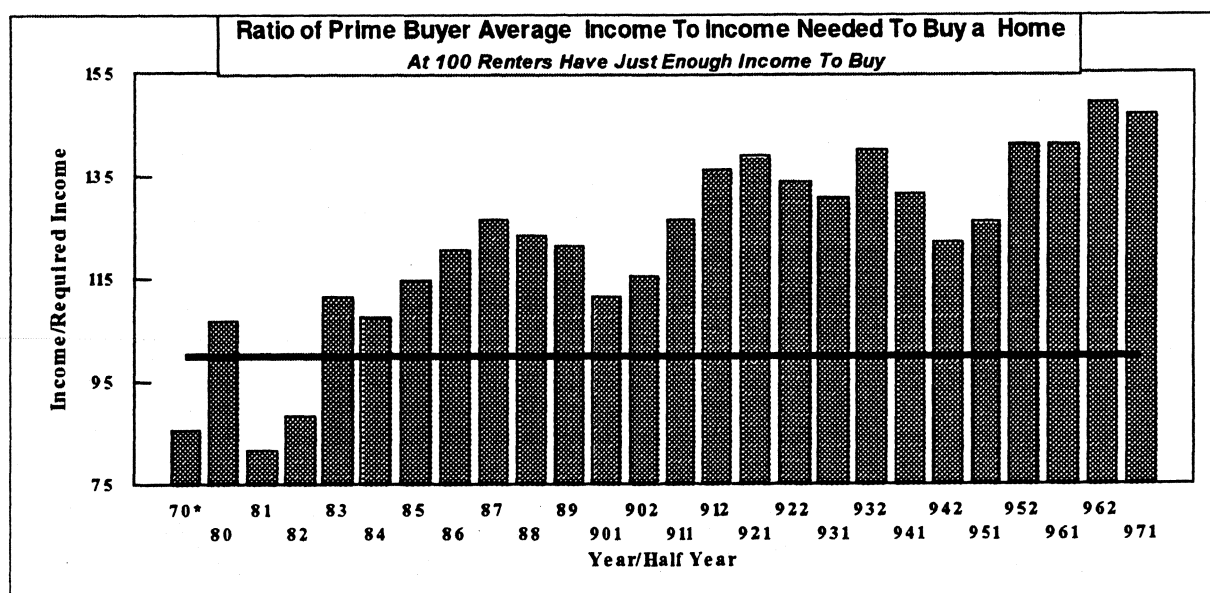
Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	90.1	56.0	20.8	31.1	369.9
Renter Income % Growth	148.3	48.9	26.9	11.4	422.8
Number of Renter Households Aged 20-44	1971 20,380	1981 28,180	1986 29,890	1991 34,380	
Percentage Growth in Renter Households 20-44	1971-1981 38.3	1981-1986 6.1	1986-1991 15.0	1981-1991 22.0	1971-1991 68.7

These higher incomes and rapid expansion of the number of households within the home buying age group pushed housing demand through the 1980s. As a result, prices doubled, mainly in the middle years of the decade.

Halifax's long, steady improvement in affordability puts the city among the leaders for gains in the number of households who own homes. Between 1971 and 1991, the city had Canada's seventh highest growth rate in owner households. During that same period, the city ranked 10th nation-wide for both owner and renter household growth.

Even though a price spurt in the past 12 months dropped the city's affordability rating down a notch, buyers in Halifax have an abundant supply of affordable homes from which to choose. In 1996, 91 per cent of new homes in Halifax were affordable -- the best level of the 1990s and the fourth best in all of Canada. The resale market was similarly blessed with 87 per cent of homes priced affordably, seventh best in the country.



Halifax Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	23,474	620	NA	10,970	9,382	85.5	11.1	12.5	4.4	NA	NA	10.1
1980	44,632	644	471	21,848	23,300	106.6	30.7	36.8	21.2	NA	NA	14.3
1981	52,488	694	676	31,353	25,577	81.6	14.8	17.6	10.5	NA	NA	18.3
1982	52,538	779	834	31,463	27,854	88.5	19.3	22.6	14.1	NA	NA	17.8
1983	58,339	826	926	27,038	30,132	111.4	33.3	38.3	25.5	NA	NA	12.5
1984	63,201	863	976	30,176	32,409	107.4	30.8	35.6	23.2	NA	NA	13.2
1985	69,613	917	1,058	30,250	34,686	114.7	35.2	40.5	26.8	NA	NA	11.5
1986	74,760	944	865	30,335	36,553	120.5	38.4	43.8	30.2	NA	NA	10.9
1987	76,401	990	780	30,410	38,420	126.3	41.5	47.1	33.3	NA	NA	10.7
1988	78,881	1,030	787	32,736	40,287	123.1	39.8	45.5	31.5	NA	NA	11.4
1989	80,624	1,074	759	34,800	42,154	121.1	38.5	44.8	29.7	NA	NA	12.2
1990.1	84,100	1,146	913	39,544	44,021	111.3	32.8	39.3	23.8	NA	NA	13.5
1990.2	81,640	1,146	913	38,172	44,021	115.3	35.3	41.9	26.1	NA	33.0	13.3
1991.1	84,150	1,216	1,019	35,809	45,135	126.0	41.1	48.0	31.6	65.8	NA	11.4
1991.2	82,290	1,216	1,019	33,219	45,135	135.9	46.2	52.8	37.1	69.8	52.7	10.4
1992.1	86,881	1,275	1,000	32,988	45,812	138.9	47.6	54.1	38.7	75.8	65.8	9.5
1992.2	99,445	1,275	1,000	34,249	45,812	133.8	45.2	51.9	36.0	82.4	70.7	8.4
1993.1	104,217	1,323	1,000	35,702	46,636	130.6	43.6	50.4	34.3	84.0	67.4	8.4
1993.2	100,363	1,323	1,000	33,316	46,636	140.0	48.1	54.6	39.2	88.1	67.5	7.8
1994.1	105,054	1,367	1,000	35,598	46,767	131.4	44.0	50.7	34.7	84.3	65.2	8.2
1994.2	101,745	1,367	1,000	38,407	46,767	121.8	38.9	45.7	29.5	70.2	56.6	9.8
1995.1	101,901	1,366	912	37,611	47,271	125.7	40.9	47.8	31.4	75.1	60.0	9.6
1995.2	98,133	1,366	912	33,549	47,271	140.9	48.5	55.0	39.6	83.5	72.0	8.2
1996.1	102,687	1,330	972	33,853	47,770	141.1	48.7	55.1	39.8	91.3	84.4	7.8
1996.2	102,327	1,330	972	31,965	47,770	149.4	52.1	58.3	43.5	86.5	83.0	7.0
1997.1	110,293	1,320	1,069	33,417	49,055	146.8	51.1	57.4	42.4	91.4	87.1	6.7

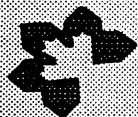
Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	20,380	28,180	29,890	34,380	38.3	6.1	15.0	22.0	68.7
All Renters	30,440	41,715	43,325	49,715	37.0	3.9	14.7	19.2	63.3
Homeowners	29,550	52,255	60,505	68,600	76.8	15.8	13.4	31.3	132.1
All Households	59,990	93,970	103,830	118,315	56.6	10.5	14.0	25.9	97.2

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Sources: CMHC, Statistics Canada.

St. John's



St. John's Affordable Rate Best Ever

At a Glance

Per cent of Renters Who Can Buy

First Half of 1997:	51
historical high (97H1):	51
historical low (70):	18
historical average:	41
current ranking out of 27 centres:	4
average ranking:	3

First Half of 1997 Supply Data

% of New Homes Affordable :	92
% of Resale Homes Affordable:	88

Starter Home Price Growth

1970-97 (in %) :	293
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Renter Income Growth

1970-97 (in %) :	409
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Growth in Renter Households

Aged 20-44 1971-1991 (in %) :	77
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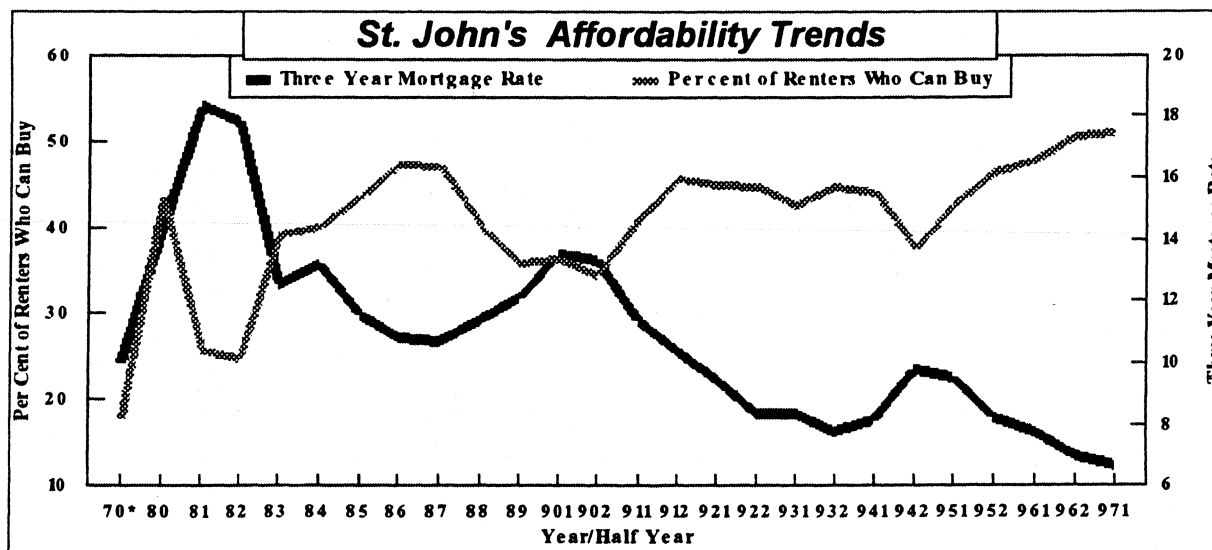
In the first half of 1997, more renters could afford to buy a starter home in St. John's than at any other time in the last quarter century. With an affordability rating of 51 per cent, St. John's is the fourth most affordable housing market in Canada and the third most affordable in the Atlantic region.

The current affordability rating is dramatically higher than the lowest rating of 18 per cent recorded in 1970 when incomes were low and house prices were high. The city's historical average is 41 per cent.

Overall, house prices in St. John's have grown slowly since 1970. In that year, prices were among the highest in the country and starter

home prices even matched those in Toronto. Given such a high starting point, it is not surprising that the pace of growth has been slow. Except for the first half of the 1980s, prices have risen in St. John's by less than the national average. In fact, only Charlottetown had a lower rate of change. In the mid-1990s, the cost of a St. John's starter home is a modest \$89,000. Throughout the 1970-97 period, prices in St. John's have risen more slowly than incomes.

On the income side of the affordability ledger, the best advances for renters of the prime buyer age occurred between 1970 and 1985 when incomes grew twice as fast as house prices, propelling affordability upwards. In recent years, though, income gains have been marginal to non-existent. In spite of this sluggishness affordability has continued to improve in St. John's thanks to the combined effects of slow price increases and lower mortgage interest rates.



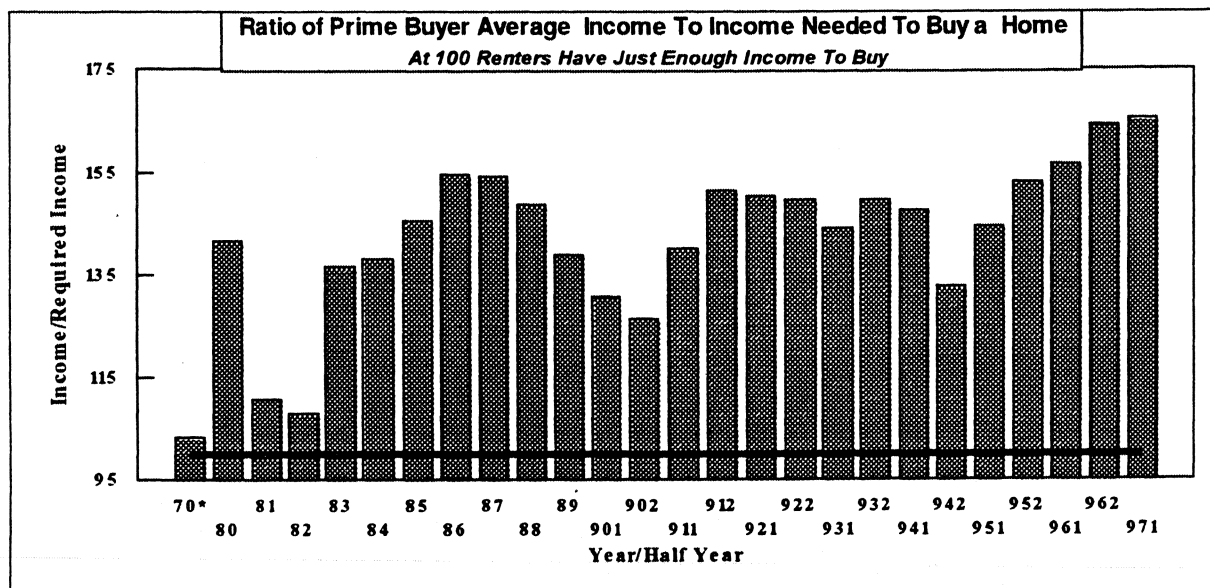
The number of St. John's renter households in the prime buyer age group increased at rates faster than most CMAs. Between 1971 and 1991, St. John's ranked 11th in Canada for renter household growth and moved up to second place between 1986 and 1991.

Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price % Growth	68.9	48.3	18.6	32.4	293.2
Renter Income % Growth	178.3	42.6	16.3	10.3	409.0
Number of Renter Households Aged 20-44	1971 6,875	1981 8,955	1986 9,990	1991 12,150	
Percentage Growth in Renter Households 20-44	1971-1981 30.3	1981-1986 11.6	1986-1991 21.6	1981-1991 35.7	1971-1991 76.7

These potential buyers can now choose from a plentiful selection of modestly-priced starter homes. In the first half of 1997, 92 per cent of new homes were affordable -- third best in Canada -- and 88 per cent of resale homes were affordable, second only to Chicoutimi in the entire country.



St. John's Affordability Trends in Detail 1970-1997

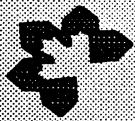
Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	23,140	154	NA	9,121	9,437	103.5	17.9	17.8	13.8	NA	NA	10.1
1980	39,086	390	558	18,553	26,260	141.5	43.3	45.5	37.3	NA	NA	14.3
1981	42,488	444	793	25,778	28,499	110.6	25.9	26.5	24.0	NA	NA	18.3
1982	47,784	457	953	28,437	30,737	108.1	24.9	25.0	24.1	NA	NA	17.8
1983	52,207	506	1,056	24,179	32,976	136.4	39.1	39.5	37.7	NA	NA	12.5
1984	52,373	557	1,125	25,500	35,214	138.1	40.2	40.3	39.3	NA	NA	13.2
1985	57,946	610	1,223	25,770	37,453	145.3	43.7	43.7	43.0	NA	NA	11.5
1986	59,646	663	1,053	25,052	38,676	154.4	47.4	47.3	46.9	NA	NA	10.9
1987	63,037	745	973	25,895	39,899	154.1	47.2	47.0	47.2	NA	NA	10.7
1988	64,066	870	954	27,675	41,121	148.6	40.0	39.3	41.3	NA	NA	11.4
1989	68,784	875	939	30,473	42,344	139.0	36.0	35.3	37.1	NA	NA	12.2
1990.1	68,710	878	1,154	33,401	43,567	130.4	36.5	35.8	37.7	NA	NA	13.5
1990.2	72,300	878	1,154	34,457	43,567	126.4	34.5	33.9	35.5	NA	51.9	13.3
1991.1	74,440	888	1,232	32,122	45,019	140.1	41.0	40.1	42.5	49.1	NA	11.4
1991.2	72,480	888	1,232	29,731	45,019	151.4	45.7	45.0	47.0	60.1	65.5	10.4
1992.1	80,353	938	1,191	30,586	45,888	150.0	45.1	44.3	46.6	63.3	84.4	9.5
1992.2	88,101	938	1,191	30,696	45,888	149.5	44.9	44.1	46.4	65.6	89.0	8.4
1993.1	91,819	1,088	1,190	32,177	46,347	144.0	42.6	41.7	44.3	66.8	92.1	8.4
1993.2	92,190	1,088	1,190	31,053	46,347	149.2	44.8	44.0	46.3	87.6	89.6	7.8
1994.1	91,820	1,095	1,189	31,787	46,903	147.6	44.1	43.2	45.7	83.7	91.6	8.2
1994.2	92,581	1,095	1,189	35,355	46,903	132.7	37.6	36.8	38.8	71.7	76.2	9.8
1995.1	87,036	1,097	1,155	33,081	47,711	144.2	42.7	41.8	44.4	81.1	83.5	9.6
1995.2	89,804	1,097	1,155	31,224	47,711	152.8	46.3	45.6	47.6	87.0	86.2	8.2
1996.1	89,647	1,108	1,205	30,502	47,733	156.5	47.7	47.1	48.7	83.8	86.0	7.8
1996.2	90,250	1,108	1,205	29,076	47,733	164.2	50.5	50.1	51.1	94.6	88.9	7.0
1997.1	90,992	1,137	1,298	29,020	48,034	165.5	51.0	50.6	51.5	91.6	87.9	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	6,875	8,955	9,990	12,150	30.3	11.6	21.6	35.7	76.7
All Renters	10,075	13,200	15,165	18,215	31.0	14.9	20.1	38.0	80.8
Homeowners	19,680	30,105	32,740	37,020	53.0	8.8	13.1	23.0	88.1
All Households	29,755	43,305	47,905	55,235	45.5	10.6	15.3	27.5	85.6

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

Charlottetown



Charlottetown Affordability

Slips From Record High

At a Glance

Per cent of Renters Who Can Buy	
First Half of 1997:	50
NA	NA
NA	NA
historical average:	NA
current ranking out of 27 centres:	5
average ranking:	NA
First Half of 1997 Supply Data	
% of New Homes Affordable :	71
% of Resale Homes Affordable:	63
Starter Home Price Growth	
1970-97 (in %):	259
Renter Income Growth	
1970-97 (in %):	333
Growth in Renter Households	
Aged 20-44 1971-1991 (in %):	NA

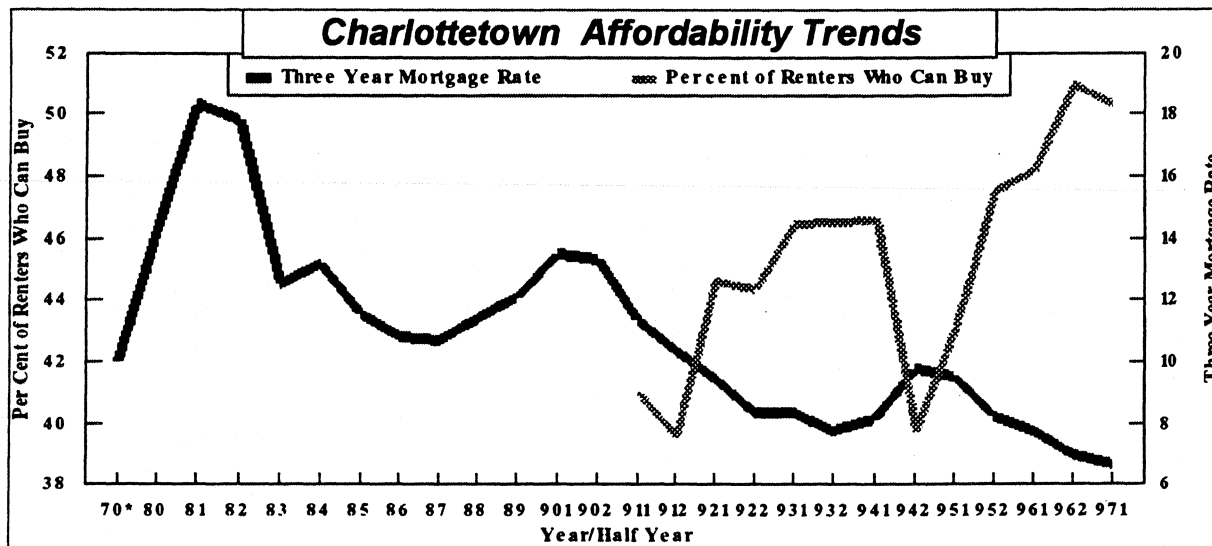
Housing in Charlottetown is slightly less affordable in the first half of 1997 than it was six months earlier. In that interval, the city's affordability rating -- the per cent of renters who can afford to buy a starter home -- dropped from a record high of 51 per cent to 50 per cent.

Lower incomes, due to completion of Confederation Bridge and lower potato prices, are blamed for the drop. In spite of the impact on the Charlottetown market of the general decline in mortgage interest rates, it is the least affordable major centre in Atlantic Canada.

At the national level, Charlottetown is the fifth most affordable market in the country. By contrast, it is near the bottom of national

rankings when the supply of homes affordable to prime buyer renter households is measured. In the first half of 1997, 71 per cent of new homes in Charlottetown are priced affordably, 7th from last in national standings. It is even worse for resale homes. Only 63 per cent are priced affordably, leaving Charlottetown 4th from last. In other Atlantic major centres, the percentage of new and resale homes that are affordable ranges upwards from 80 per cent.

The explanation of the Charlottetown paradox -- a good national ranking for overall affordability yet low rankings for supply affordability -- is the recent income drop. A larger portion of the supply is now beyond the reach of potential buyers. Charlottetown retains a high national standing



due mainly to the relatively low cost of homes there. In 1996, Charlottetown starter home prices were only 70 per cent of the national average and significantly less than Halifax and St. John's.

Long-term affordability trends are not available for Charlottetown because the PEI capital was long considered too small for statistically reliable data. When affordability record-keeping began in 1991, mortgage rates were on a downslide but affordability unexpectedly declined as well. As mortgage rates continued their gradual decline, affordability steadily improved then leveled off in

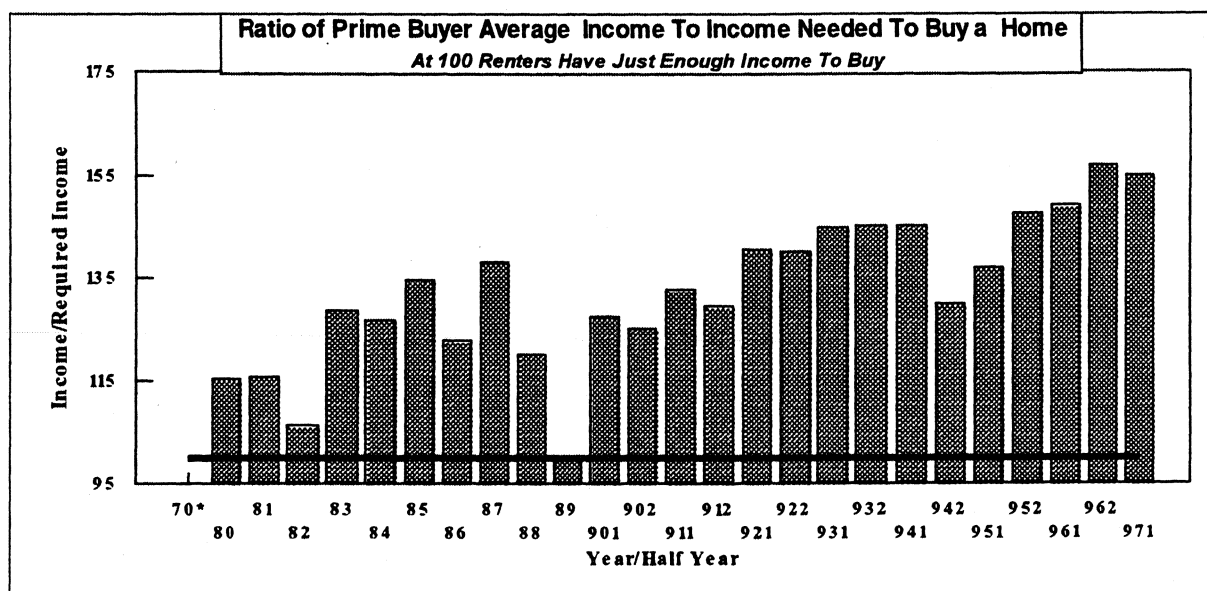
Price, Income and Renter Household Growth 1970 to 1996

Percentage Change in Starter Home Prices, Renter Incomes & Renter Households

	1970-1980	1980-1985	1985-1990.1	1990.1-1997.1	1970-1997.1
Starter Home Price %Growth	83.7	23.4	18.1	34.0	259.0
Renter Income %Growth	143.7	33.8	20.4	10.2	332.8
Number of Renter Households Aged 20-44	1971 NA	1981 1,945	1986 NA	1991 3,985	
Percentage Growth in Renter Households 20-44	1971-1981 NA	1981-1986 NA	1986-1991 NA	1981-1991 104.9	1971-1991 NA

1993-94. When interest rates bumped up in 1994, affordability in Charlottetown dropped more than other Atlantic centres but has since improved, thanks to low interest rates nation-wide.

On average, since 1970, both incomes and house prices have grown at a modest rate. Income growth was among the lowest in the Atlantic provinces but so was the rise in house prices. In fact, Charlottetown recorded the slowest increase in house prices of all 27 centres covered by the affordability indicator. Overall, incomes grew faster (332 per cent) than prices (259 per cent) since 1970. As the "price, income" table above shows, however, the income gains occurred primarily in the 1970s and early 1980s. During the 1990s, house prices have outpaced incomes by a margin of 3:1.



Charlottetown Affordability Trends in Detail 1970-1997

Year/ Half Year	Average Starter Home Price (\$)	Property Taxes for Starter Home (\$)	Heating Costs For Starter Home (\$)	Income Required to Buy Starter Home (\$)	Average Income for Prime Buyers (\$)	Ratio of Avg Income to Required Income (%)	Renters Who Can Buy (%) Total	Renters Who Can Buy (%) Family	Renters Who Can Buy (%) Non-Family	Affordable New Homes Sold (%)	Resale Supply Affordable (%)	Mortgage Rate, 3 Year Term (%)
1970*	22,004	NA	NA	NA	9,521	NA	NA	NA	NA	NA	NA	10.1
1980	40,420	677	511	20,097	23,200	115.4	NA	NA	NA	NA	NA	14.3
1981	32,945	679	728	21,389	24,768	115.8	NA	NA	NA	NA	NA	18.3
1982	39,403	692	882	24,735	26,337	106.5	NA	NA	NA	NA	NA	17.8
1983	44,575	714	958	21,701	27,905	128.6	NA	NA	NA	NA	NA	12.5
1984	46,129	723	1,023	23,285	29,474	126.6	NA	NA	NA	NA	NA	13.2
1985	49,897	754	1,102	23,058	31,042	134.6	NA	NA	NA	NA	NA	11.5
1986	63,352	783	941	26,302	32,311	122.8	NA	NA	NA	NA	NA	10.9
1987	58,014	828	917	24,345	33,580	137.9	NA	NA	NA	NA	NA	10.7
1988	68,352	901	898	29,064	34,850	119.9	NA	NA	NA	NA	NA	11.4
1989	84,495	991	849	36,220	36,119	99.7	NA	NA	NA	NA	NA	12.2
1990.1	58,950	1,040	924	29,345	37,388	127.4	NA	NA	NA	NA	NA	13.5
1990.2	61,110	1,040	924	29,894	37,388	125.1	NA	NA	NA	NA	72.0	13.3
1991.1	66,808	1,101	1,106	29,779	39,446	132.5	41.0	46.4	34.6	51.0	NA	11.4
1991.2	73,810	1,101	1,106	30,426	39,446	129.6	39.6	45.1	33.0	52.7	51.6	10.4
1992.1	72,150	1,211	1,007	28,420	39,880	140.3	44.7	49.5	38.8	47.6	65.2	9.5
1992.2	79,093	1,211	1,007	28,515	39,880	139.9	44.4	49.3	38.5	64.9	60.0	8.4
1993.1	75,371	1,271	1,020	27,729	40,119	144.7	46.5	51.1	40.8	48.1	61.7	8.4
1993.2	79,093	1,271	1,020	27,694	40,119	144.9	46.6	51.2	40.9	55.1	63.0	7.8
1994.1	75,370	1,358	1,033	27,706	40,200	145.1	46.7	51.2	41.0	62.7	67.5	8.2
1994.2	77,000	1,358	1,033	30,942	40,200	129.9	39.8	45.3	33.2	54.3	48.6	9.8
1995.1	74,726	1,405	1,043	30,008	41,046	136.8	43.1	48.1	36.9	68.0	52.8	9.6
1995.2	75,000	1,405	1,043	27,848	41,046	147.4	47.6	52.0	42.1	69.0	54.7	8.2
1996.1	78,499	1,430	1,038	28,090	41,865	149.0	48.2	52.6	42.8	54.0	52.2	7.8
1996.2	78,500	1,430	1,038	26,714	41,865	156.7	51.0	55.2	45.8	64.3	64.5	7.0
1997.1	79,000	1,434	1,131	26,603	41,211	154.9	50.4	54.6	45.1	70.8	63.4	6.7

Household Trends 1971-1991

	Number of Households				Percentage Change in Households				
	1971	1981	1986	1991	1971-81	1981-86	1986-91	1981-91	1971-91
Renters 20-44	NA	1,945	NA	3,985	NA	NA	NA	104.9	NA
All Renters	NA	5,450	NA	7,115	NA	NA	NA	30.6	NA
Homeowners	NA	10,805	NA	13,115	NA	NA	NA	21.4	NA
All Households	NA	16,255	NA	20,230	NA	NA	NA	24.5	NA

* Annual data not available between 1970 and 1980. Interest rate for 1970 is based on a 5 year term.

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