



METRO AFFORDABILITY

An explanation of the definitions and assumptions used in the index

DEFINITIONS

Inner Metro: West Vancouver, North Vancouver, Burnaby, New Westminster, Richmond, South Delta, Coquitlam, Port Moody and Port Coquitlam.

Outer Metro: Langley, North Delta, Surrey, White Rock, Pitt Meadows and Maple Ridge.

PRICES

Average prices for the new home market were collected from actively selling, new multi-family projects in Metro Vancouver.

Resale prices were collected from the real estate boards of Greater Vancouver and the Fraser Valley, with median sales for this index. There is not enough data to track

new single-family home prices, so only MLS resale single-family prices are used.

ASSUMED DOWN PAYMENTS

First-time buyers: 10%

Wood-frame and concrete condominiums: 20%

Townhouses: 30%

Single-family homes: 35%

The reason for the differences is the assumption that townhouse and single-family buyers are more likely to be move-up buyers with equity built up in their existing property.

ANALYTICAL METHODS

Five-year fixed-rate 30-year amortization mortgages were used, taking an average of the best rates at eight banks at the time of analysis.

For the first-time buyer, a 10 per cent down payment, which requires an insured mortgage and a 25-year amortization, was assumed.

OTHER ASSUMPTIONS

The affordability index assumes that a person can afford a maximum of 32 per cent of their gross family income to go toward mortgage payments.

Transportation costs were also included, with estimates coming from a 2005 Greater Vancouver Regional District report, a Canadian Automobile Club survey from 2012 and a 2006 Metro estimate on commuter distances. Different amounts are used for each area.

TRACY SHERLOCK, VANCOUVER SUN



AFFORDABILITY INDEX (10% DOWN PAYMENT ONLY)

New wood-frame condominiums	Avg. price	Avg. size	Avg. \$/ft ²	Est. mortgage payment	Req. income for 32%	Working households at or above req. income
\$307,252	877	\$351	\$1,317	\$49,373	\$64,881	64.8%
\$415,686	858	\$485	\$1,781	\$66,797	\$88,729	49.5%
\$601,682	873	\$689	\$2,578	\$96,685	\$128,243	26.5%

March 2015 wood-frame condominium re-sales

Med. price	Est. mortgage payment	Req. income for 32%	Working households at or above req. income
\$220,000	\$943	\$35,952	76.5%
\$320,000	\$1,371	\$51,421	60.5%
\$450,000	\$1,928	\$72,311	39.4%

Statistics show homes getting even further out of reach for most

TRACY SHERLOCK
VANCOUVER SUN

Despite the lowest interest rates in memory, Vancouver houses continue to become less and less affordable, the UDI/Vancity Housing Affordability Index shows. That's because prices just keep going up.

The average best five-year mortgage rate from the eight big banks averaged just 3.06 per cent for the fourth quarter of 2015, down from 3.15 per cent the previous quarter.

And yet prices just keep going

up, sending home ownership further and further out of reach, unless one is willing to buy a condominium in an outer suburb.

In Vancouver proper, just the top five per cent of income earners can afford a single-family home. In nearby suburbs like Richmond or North Vancouver, that number jumps to 14.5 per cent. The median price in Vancouver for a detached home is now \$2 million, while in the closer suburbs it's now \$1.4 million. Both median prices have jumped at least \$200,000 in the past three months.

The index breaks down the

percentage of households living in a region that earn the income required to qualify for the mortgage needed to own the property. Typically, a bank wants no more than 32 per cent of income going to housing.

Even in Outer Metro, made up of the Fraser Valley and Ridge Meadows, less than half of income earners can afford the median price of \$779,000 for a single-family home.

One type of home that became more affordable in the past three months is new concrete condominiums in Outer Metro, specifically Surrey. New buildings

there, notably in Surrey City Centre, tend to be smaller studio and one-bedroom suites, said Jon Bennest, co-owner of Urban Analytics.

New concrete condominiums in Vancouver became less affordable overall as buildings in east Vancouver sold and new buildings in the Cambie corridor came on the market, Bennest said. Wood-frame condominiums in Vancouver also became less affordable as east-side buildings like Eastpark, The Oxford, Rhythm, James Walk and Jade sold out, Bennest said.

Extremely short supply of

townhouses continues to drive down affordability and drive up prices, Bennest said. New and resale townhouses in Vancouver average about \$1 million, a price that is affordable only to about one-fifth of all income earners.

The only bright spots are to be found in Metro's furthest suburbs. About 40 per cent of people can afford a single-family home in Outer Metro, while 70 per cent or better can afford a new townhouse, a new wood-frame condo or a new concrete condominium.

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AFFORDABILITY INDEX (RESALE HOMES)

Med. price	Est. mortgage payment	Req. income for 32%	Working households at or above req. income
MLS re-sale concrete condominiums			
\$260,000	\$881	\$33,054	78.5%
MLS re-sale wood-frame condominiums			
\$220,000	\$746	\$27,969	82.5%
MLS re-sale townhouses			
\$359,000	\$1,065	\$39,935	72.8%
MLS single-family			
\$779,000	\$2,146	\$80,465	41.4%
Estimated monthly transportation costs (All): \$498			
MLS re-sale concrete condominiums			
\$430,000	\$1,458	\$54,666	58.1%
MLS re-sale wood-frame condominiums			
\$320,000	\$1,085	\$40,682	69.4%
MLS re-sale townhouses			
\$570,000	\$1,691	\$63,406	50.0%
MLS single-family			
\$1,407,300	\$3,876	\$145,364	14.5%
Estimated monthly transportation costs (All): \$383			
MLS re-sale concrete condominiums			
\$571,700	\$1,938	\$72,680	39.1%
MLS re-sale wood-frame condominiums			
\$450,000	\$1,526	\$57,208	49.3%
MLS re-sale townhouses			
\$1,020,000	\$3,026	\$113,463	20.5%
MLS single-family			
\$2,000,000	\$5,509	\$206,586	5.3%
Estimated monthly transportation costs (All): \$383			

AFFORDABILITY INDEX (NEW HOMES)

Med. price	Avg. size	Avg. \$/ft ²	Est. mortgage payment	Req. income for 32%	Working households at or above req. income
New concrete condominiums					
\$272,330	612	\$445	\$923	\$34,621	77.1%
New wood-frame condominiums					
\$307,252	877	\$351	\$1,042	\$39,061	73.4%
New townhouses					
\$409,699	1,677	\$244	\$1,215	\$45,574	67.9%
MLS single-family					
\$779,000			\$2,146	\$80,465	41.4%
Estimated monthly transportation costs (All): \$498					
New concrete condominiums					
\$489,320	806	\$607	\$1,659	\$62,207	52.6%
New wood-frame condominiums					
\$415,686	858	\$485	\$1,409	\$52,846	59.5%
New townhouses					
\$622,346	1,409	\$442	\$1,846	\$69,229	47.9%
MLS single-family					
\$1,407,300			\$3,876	\$145,364	14.5%
Estimated monthly transportation costs (All): \$383					
New concrete condominiums					
\$708,514	819	\$865	\$2,402	\$90,073	29.7%
New wood-frame condominiums					
\$601,682	873	\$689	\$2,040	\$76,492	36.7%
New townhouses					
\$968,241	1,406	\$689	\$2,872	\$107,706	22.4%
MLS single-family					
\$2,000,000			\$5,509	\$206,586	5.3%
Estimated monthly transportation costs (All): \$383					