

UDI/VANCITY Housing Affordability Index

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
\$298,858	853	\$350	\$1,293	\$48,481		65.5%
\$406,308	861	\$472	\$1,758	\$65,912		50.1%
\$555,613	852	\$652	\$2,404	\$90,133		29.6%

SEPT. 2015 wood frame condominium re-sales	Med. price	Est. mortgage payment	Req. income for 32%	Working households at/ or above req. income
\$214,750	\$929	\$34,837		76.9%
\$326,800	\$1,414	\$53,014		59.3%
\$466,000	\$2,016	\$75,595		37.3%

AFFORDABILITY INDEX (MLS RESALE HOMES)

Med. price	Est. mortgage payment	Req. income for 32%	Working households at/ or above req. income
MLS re-sale concrete condominiums			
\$230,000	\$788	\$29,565	81.4%
MLS re-sale wood frame condominiums			
\$214,750	\$736	\$27,605	82.8%
MLS re-sale townhouses			
\$346,900	\$1,040	\$39,018	73.4%
MLS single family			
\$692,000	\$1,927	\$72,273	47.4%
Estimated monthly transportation costs (All): \$498			

MLS re-sale concrete condominiums			
\$425,450	\$1,458	\$54,689	58.1%
MLS re-sale wood frame condominiums			
\$326,800	\$1,120	\$42,008	68.3%
MLS re-sale townhouses			
\$569,450	\$1,708	\$64,049	51.3%
MLS single family			
\$1,209,000	\$3,367	\$126,269	19.7%
Estimated monthly transportation costs (All): \$383			

MLS re-sale concrete condominiums			
\$530,000	\$1,817	\$68,128	42.0%
MLS re-sale wood frame condominiums			
\$466,000	\$1,597	\$59,901	47.3%
MLS re-sale townhouses			
\$880,000	\$2,639	\$98,978	25.4%
MLS single family			
\$1,772,261	\$4,936	\$185,097	7.4%
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
\$274,920	618	\$445	\$942	\$35,339	76.5%
New wood frame condominiums					
\$298,858	853	\$350	\$1,024	\$38,416	73.9%
New townhouses					
\$442,833	1,777	\$249	\$1,328	\$49,808	64.4%
MLS single family					
\$692,000			\$1,927	\$72,273	47.4%
Estimated monthly transportation costs (All): \$498					

New concrete condominiums					
\$495,823	835	\$593	\$1,700	\$63,735	51.5%
New wood frame condominiums					
\$406,308	861	\$472	\$1,393	\$52,228	60.0%
New townhouses					
\$597,439	1,378	\$434	\$1,792	\$67,197	49.2%
MLS single family					
\$1,209,000			\$3,367	\$126,269	19.7%
Estimated monthly transportation costs (All): \$383					

New concrete condominiums					
\$670,073	849	\$789	\$2,297	\$86,133	31.5%
New wood frame condominiums					
\$555,613	852	\$652	\$1,905	\$71,420	39.9%
New townhouses					
\$753,254	1,189	\$633	\$2,259	\$84,722	32.2%
MLS single family					
\$1,772,261			\$4,936	\$185,097	7.4%
Estimated monthly transportation costs (All): \$383					

Housing affordability getting worse

Just 7.4 per cent of households can afford a home in Vancouver, analysis reveals

TRACY SHERLOCK

VANCOUVER SUN

Prices just keep going up in Vancouver and its suburbs, making it increasingly difficult to afford a home, the UDI/Vancity Housing Affordability Index shows.

The only window into affordable home ownership is buying a condominium in one of Metro's outer suburbs, where apartments remain affordable, but are getting smaller and smaller.

Historically low interest rates fell even further during the year's third quarter, with rates at the big banks averaging just 3.15 per cent, down slightly from the 3.47 per cent reported last quarter. Coast Capital, National Bank and HSBC all dropped their rates this quarter, bringing down the average.

But prices just keep going up, with the median price for re-sale single family homes in Vancouver's closest suburbs jumping up to \$1.2 million, a rise of more than \$50,000 from last quarter. In Vancouver proper, the median price for a re-sale family home is \$1.77 million and in the outer suburbs it's \$692,000, the index found.

The index defines "affordable" as the percentage of households living in a region with 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 if it is to provide a mortgage.

The index breaks Metro Vancouver into three areas: the City of Vancouver, Inner Metro and Outer Metro.

Affordability dropped once again for single-family homes throughout Metro Vancouver,



GERRY KAHNMAN/PHOTO FILE

A lack of affordability is driving gentrification throughout Vancouver, says one housing expert.

with just 7.4 per cent of households able to afford a home in Vancouver, 19.7 per cent able to afford a home in Inner Metro and 47.4 per cent able to afford a home in Outer Metro, the index shows. That means that less than half of the population can afford a single-family home, even if they move to the outermost reaches of Metro Vancouver.

That lack of affordability is driving gentrification throughout Vancouver, said Jon Bennest, co-owner of Urban Analytics.

"(In the past,) if you were looking to buy in a premier location in Vancouver, you would look downtown or on the west side," Bennest said. "Now that a lot of the projects there are catering to a higher-income or luxury clientele, what's happening is a lot of people with typical incomes and

good, stable jobs who are looking to live in a good location are now moving to other locations like Vancouver east, which maybe 10 years ago wouldn't have been perceived to be as much of a desirable location to live in."

There are still some pockets of affordability. In Outer Metro, more than three-quarters of households can afford re-sale wood-frame condominiums and both new and re-sale concrete condominiums.

Supply is tight for new townhomes in Vancouver — there were only six new townhomes for sale on the city's west side and 52 on the city's east side when the affordability index data was prepared, Bennest said. Because there are more east side townhomes available, the average price is skewed lower, with the

average price for a new townhome now listed as lower than for a re-sale townhome.

Bennest said that is because the sample size of new townhomes for sale is so small that the new townhome price is primarily representative of the east side prices, while the re-sale prices represent both the east side and the west side.

Affordability for new townhomes and wood-frame condos in Inner Metro cities like Richmond, Burnaby and Coquitlam has decreased because there are very few new units available for sale in those communities, Bennest said, adding that in Richmond, there is just one actively selling townhouse project with 10 or more units.

tsherlock@vancouversun.com