

## Housing affordability worsens at the end of 2014

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Housing in Ontario continued to go up in price, which contributed to homes becoming more expensive for homebuyers at the end of last year.

A detached bungalow cost Canadians 42.7 per cent of their pre-tax income at an average price of \$402,700 during Q4 of 2014, while a two-storey house cost Canadians 48.1 per cent of their income with an average price of \$449,900, [according to RBC's recent housing affordability report](#). Condos aren't as unaffordable and they cost homebuyers 27.4 per cent of their income with an average price of \$251,200.

Toronto was one of the housing markets which saw worsening [affordability](#) for single-family homes during the quarter.

"We are watching Toronto pretty closely as it's a market that time and time again shows deteriorating affordability – indicating that owning a home in the area, especially a single detached, is a stretch for many local homebuyers," [said Craig Wright, RBC's senior vice-president and chief economist in a press release](#).

"While we've seen some improvements over the past couple of years, Vancouver still takes the top spot for the [least affordable market in Canada](#)."

Ontario's affordability rose in all types of housing with a two-storey home costing buyers 51.5 per cent of their income, a detached bungalow costing buyers 45.3 per cent of their income and condos costing buyers 29.2 per cent. The real estate market's limited housing supply contributes to the continually rising prices.

Meanwhile, affordability saw slight improvements in British Columbia, Saskatchewan, Manitoba, Quebec and Atlantic Canada. The housing affordability improved in BC thanks to higher household incomes with the province's strong economy, but there continues to be "extreme levels of unaffordability" in pockets of Vancouver's housing market, according to RBC. Buying a two-storey home in BC would cost a homebuyer 72.5 per cent of their income and buying a bungalow is equally as expensive, which would cost a homebuyer 68 per cent of their income. Condos are more affordable, but BC's market has the worst condo affordability compared to the rest of country with a unit costing buyers 33.1 per cent of their income.

While Alberta has seen a jump in sellers after oil prices substantially dropped, this hasn't translated into a drop in housing prices yet. Affordability remained fairly stable and homebuyers looking to purchase either a detached bungalow or a standard two-storey property would cost them 32.4 per

cent and 33.9 per cent of their income, respectively. Buying a condo in Alberta is the most affordable option in the country with its cost amounting to only 20.4 per cent of a buyer's income.

Despite the [BoC's interest rate](#) drop earlier this year, the RBC expects that the BoC will reverse these changes by 2016, which will only harm affordability further.

If you bought a newly built property, whether as an investment or for personal use, you could qualify for an [HST housing rebate](#). With the help of Rebate4U, put some money back into your pocket by filing a claim with the CRA. We strive to provide our clients with the most professional and quality service in obtaining rebates for their new and extensively renovated homes. We are proud to offer our clients the most personal and attentive service, and we make sure that all of our clients are 100% satisfied.