Home Stretch:
Comparing housing affordability in B.C.'s hottest markets

June 2017

Highlights

- The overall affordability of residential properties sold in the city of Vancouver worsened 2.9% in the 12 months ended February 28, 2017, but other municipalities saw more dramatic declines: affordability dropped 38% in North Vancouver (district), 31% in Delta; 29% in Langley (township) and 23% in Maple Ridge.
- The median price of a detached home in the city of Vancouver peaked at $2.7 million in July 2016; this price required 182% of the region's median household income to purchase.
- The median annual household income for in the 12 months ended February 28, 2017 was $79,498 in Vancouver Census Metropolitan Area (CMA); $73,800 in Abbostford-Mission CMA; $74,637 in Chilliwack CMA; $90,361 in Victoria CMA.
- The median price of all properties sold in Metro Vancouver rose 9% in the 12 months ended February 28, 2017, versus a 7% increase a year earlier.
- Detached properties in Metro Vancouver saw the greatest increase in price, with the median rising 18%.
- The median price of a condo apartment rose 5% and an attached property rose 13% in Metro Vancouver.
- In August 2016, B.C. introduced a 15% property transfer tax on foreign nationals' purchases of residential real estate in Metro Vancouver. Combined with a 3% property transfer tax on the value of homes more than $2 million, the top end of the market mainly cooled.
- The average number of properties that sold each month in Metro Vancouver for $4 million or more (mostly detached homes) decreased 68% in the eight months following introduction of the new tax. By comparison, the number of units in Metro Vancouver that sold for less than $500,000 (most often condo apartments) declined 38%.
- Despite the pressure on affordability in the Lower Mainland, some areas saw affordability improve in the 12 months ended February 28, 2017. Overall affordability improved by 1% in both Richmond and White Rock.
- Using median household incomes and the median price for all property types (detached, attached and apartments) for each region, here are the 10 most- and least-affordable municipalities for the 12 months ended February 28, 2017, by gross debt service (GDS) ratio.*

Most and least affordable properties by municipality: overall

Most affordable	**Median price	GDS ratio	Least affordable	**Median price	GDS ratio
1. Langley (city)	$271,250	18.4%	**1.** West Vancouver	$2,821,500	191.8%
2. Sooke	$405,000	24.2%	**2.** Lions Bay	$1,425,000	96.9%
3. Victoria	$429,950	25.7%	**3.** North Vancouver (district)	$1,360,000	92.5%
4. Esquimalt	$449,450	26.9%	**4.** Oak Bay	$1,045,000	62.5%
5. Chilliwack	$385,000	27.9%	**5.** Delta	$855,000	58.1%
6. New Westminster	$430,250	29.3%	**6.** Bowen Island	$780,000	53.0%
7. Sidney	$495,000	29.6%	**7.** Vancouver	$715,000	48.6%
8. Pitt Meadows	$450,000	30.6%	**8.** North Saanich	$800,000	47.9%
9. Port Coquitlam	$470,950	32.0%	**9.** Squamish	$535,000	42.8%
10. Abbotsford	$472,870	34.6%	**10.** Langley (township)	$625,000	42.5%

* Gross debt service ratio (GDS) is the percentage of a household's gross monthly income required to cover mortgage costs, property taxes and maintenance (such as strata fees and heating).

** Based on all sales for the 12 months ended February 28, 2017 using real estate data from Landcor Data Corp.

Beyond a buyer's reach

Metro Vancouver's sky-high property values have been a recurring issue since the 1880s, with the cost of housing being one of the fundamental truths of Vancouver in particular. "Why, the workingmen cannot afford to pay at the rate demanded for these tiny outside lots," *BC Magazine* reported the locals saying in 1911. "The same thing was said here 20 years ago, answer the pioneers; others of us know that it was repeated 10 years ago and five years ago, and our children and our children's children will hear the same tale of woe decades hence."[1] Today, the issue is no longer simply a Vancouver problem but one that confronts the entire region. Condo marketer Bob Rennie, who has enjoyed huge success marketing new developments, has warned that costly housing risks becoming intrinsic to the region's identity, its brand.[2]

The median price of all properties sold in Metro Vancouver for the 12 months ended February 28, 2017 was $575,000, according to Landcor Data Corp., 9% higher than a year earlier. The increase was greatest for detached properties, which rose 18% to reach $988,000.[3] The scale of the increases has fuelled talk of a crisis of affordability in the city of Vancouver, the region's core and long a poster child for high housing costs. The median price of a detached home in the city peaked at $2.7 million in July 2016, a sum that would require 182% of the region's median household income to purchase – more than five-and-a-half times the 32% proportion that Canada Mortgage and Housing Corp. considers affordable.[4] It's not just a traditional detached home that's beyond the reach of buyers. Attached properties in the city remain extremely unaffordable, with a median price of $1.1 million that requires 75% of the region's median household income. Apartments,[5] by far the city's most affordable – and therefore popular – form of housing, sold for a median price of $550,000. While this would require just 37% of the region's median household income, it's hardly affordable by any standard measure.

Yet affordable housing, while scarce, does exist. Various government policies implemented over the past year have even helped slow its disappearance. This report measures shifts in affordability, both declines and improvements, in B.C.'s hottest real estate markets, and identifies where pockets of affordability remain for buyers seeking a home. Unlike the monthly statistical reports released by local real estate boards, this report uses the most comprehensive data available from Landcor Data Corp., which gathers data from transactions of all properties, both new and resale. Processing this data, which is based on land transfer records, takes about two months.

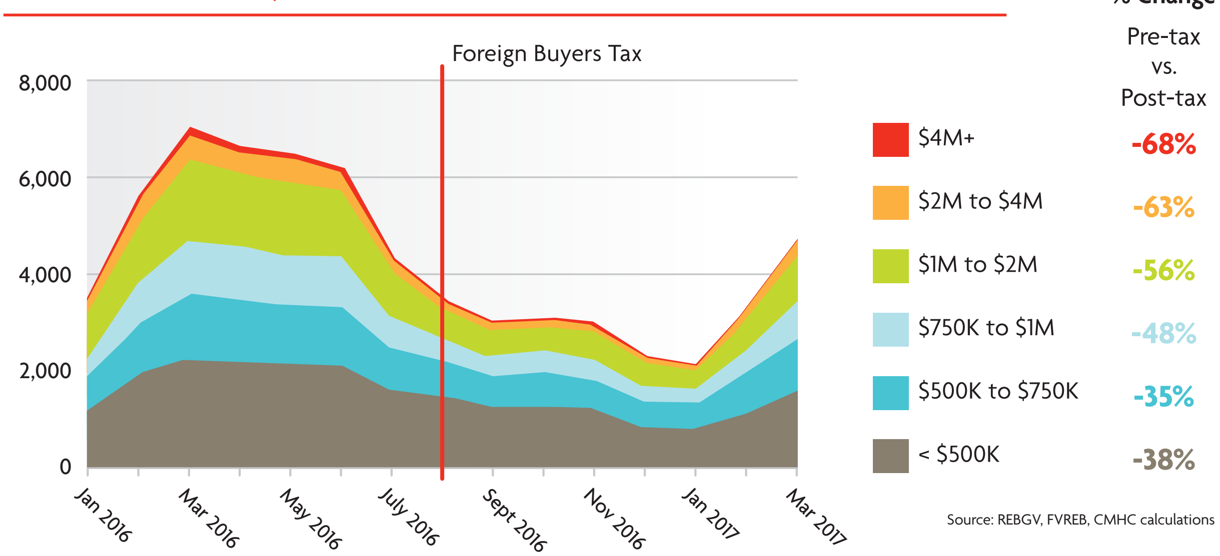
Roots and remedies

The causes of Metro Vancouver's affordability crunch are many, and solutions have eluded the experts. Historically low interest rates have given many people the means to spend more for a principal residence than they might otherwise purchase, helping them secure properties but also fuelling competitive bidding processes. Yet local sources are often unable to compete with foreign capital to make attractive offers to long-time homeowners, and buyers backed solely by local incomes find themselves priced out.

In 2016, the combination of factors prompted governments to intervene.

The first intervention came with the February 2016 provincial budget, which increased the property transfer tax payable on the value of homes above $2 million to 3% from 2%.[6] Then, in May, tighter rules governing the assignment of contracts

Chart 1: MLS Sales January 2016 - March 2017, Vancouver CMA



Source: REBGV, FVREB, CMHC calculations

took effect in response to widespread concern about the practice of shadow-flipping and the effect it was having on housing prices.[7] Summer 2016 saw the province begin tracking the participation of foreign buyers in the province's real estate markets. The result, in August, was a new 15% property transfer tax on foreign nationals' purchases of residential real estate in Metro Vancouver.[8] Within a month, foreign participation in the Metro Vancouver market virtually disappeared.[9]

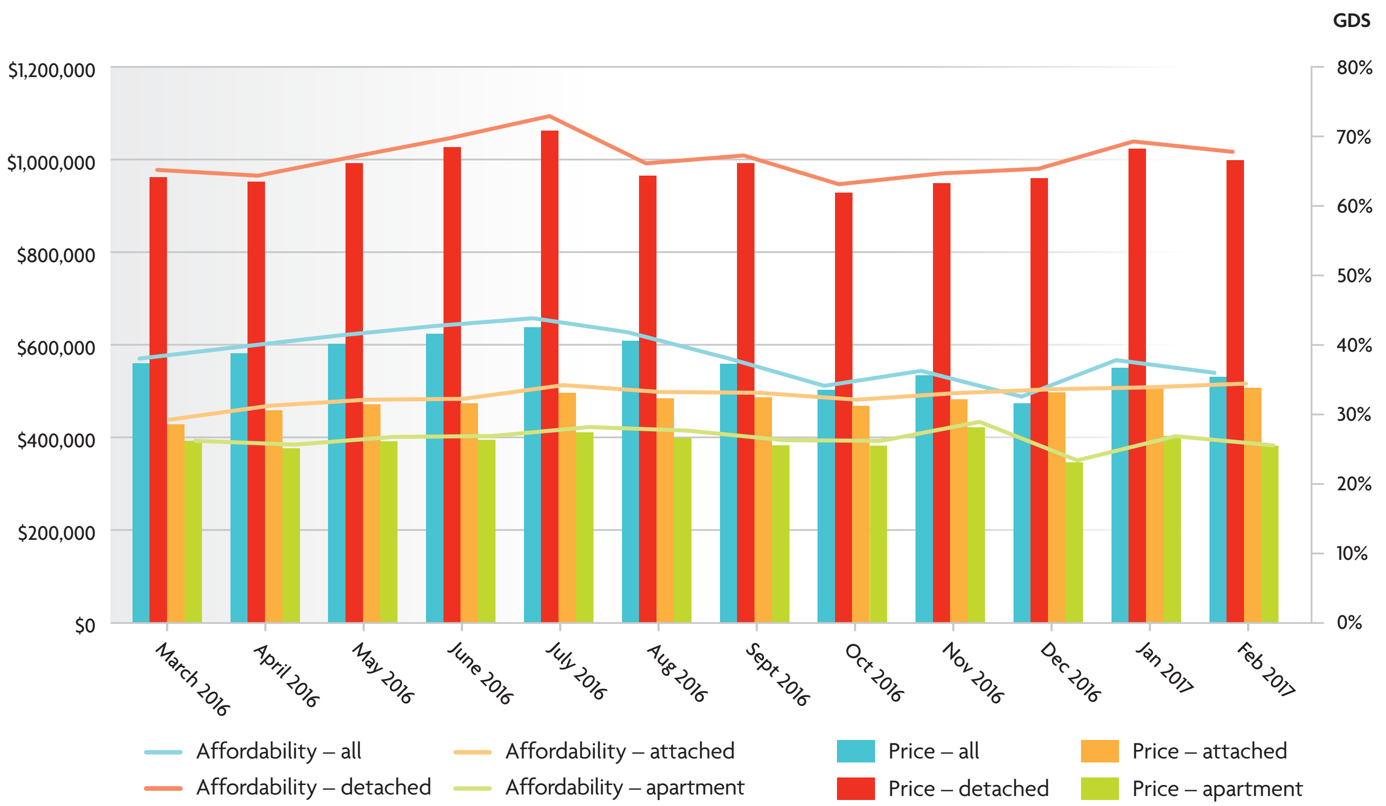
The combined effect of the various measures was a dramatic cooling at the top end of the market. Canada Mortgage and Housing Corp. reports the average number of properties that sold each month in Metro Vancouver for $4 million or more decreased 68% in the eight months following implementation of the tax. Similarly, those selling for $2 million to $4 million saw sales decline by 63%. The vast majority of these were detached homes. By contrast, sales of units $500,000 or less – most often condo apartments – declined just 38%.[10]

The data Landcor provided for this study bears out these trends. In the seven months since the property transfer tax on foreign purchases took effect, average monthly sales of detached homes fell in all but one of the municipalities this report considers compared to the seven months before the increase (Sidney, on Vancouver Island, was the exception). By contrast, average monthly apartment sales increased in 11 municipalities, including North Vancouver city and district, Richmond, Surrey, and both Langley city and township.

Meanwhile, the Bank of Canada's benchmark five-year fixed mortgage rate dropped in September 2016 to 4.64% from 4.74%. In October 2016, the federal government began requiring those seeking insured mortgages to meet a stress test demonstrating their ability to make payments in the event of interest rate hikes.[11] The move was seen as creating a new hurdle that would benefit some while making it more difficult for many others to achieve home ownership.

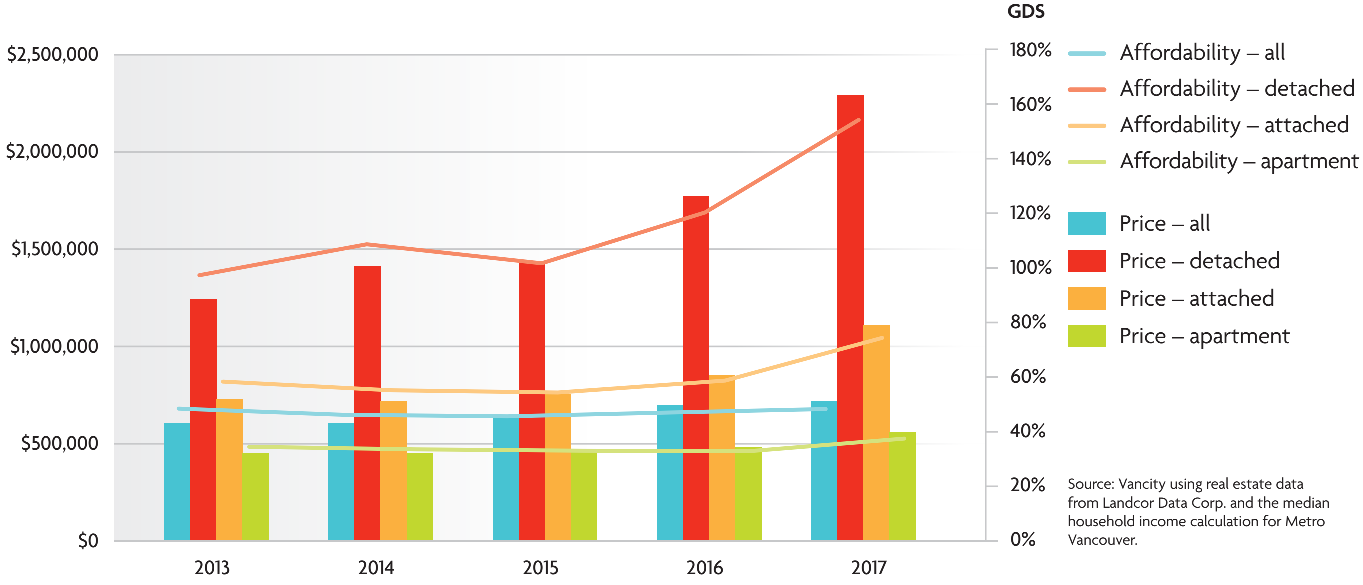
To further assist first-time home buyers, B.C. announced a three-year program in December that would provide first-time buyers with loans of up to $37,500 towards a down payment. The loans would be interest-free and payment-free for the first five years.[12] As of April 2017, in the first three months of the program the province received 1,200 applications although just a quarter of the applications had resulted in purchases.[13] In the interim, prices in many municipalities in Metro Vancouver began to pick up where they left off.

Chart 2: Metro Vancouver median prices and affordability, 12 months ended February 28, 2017



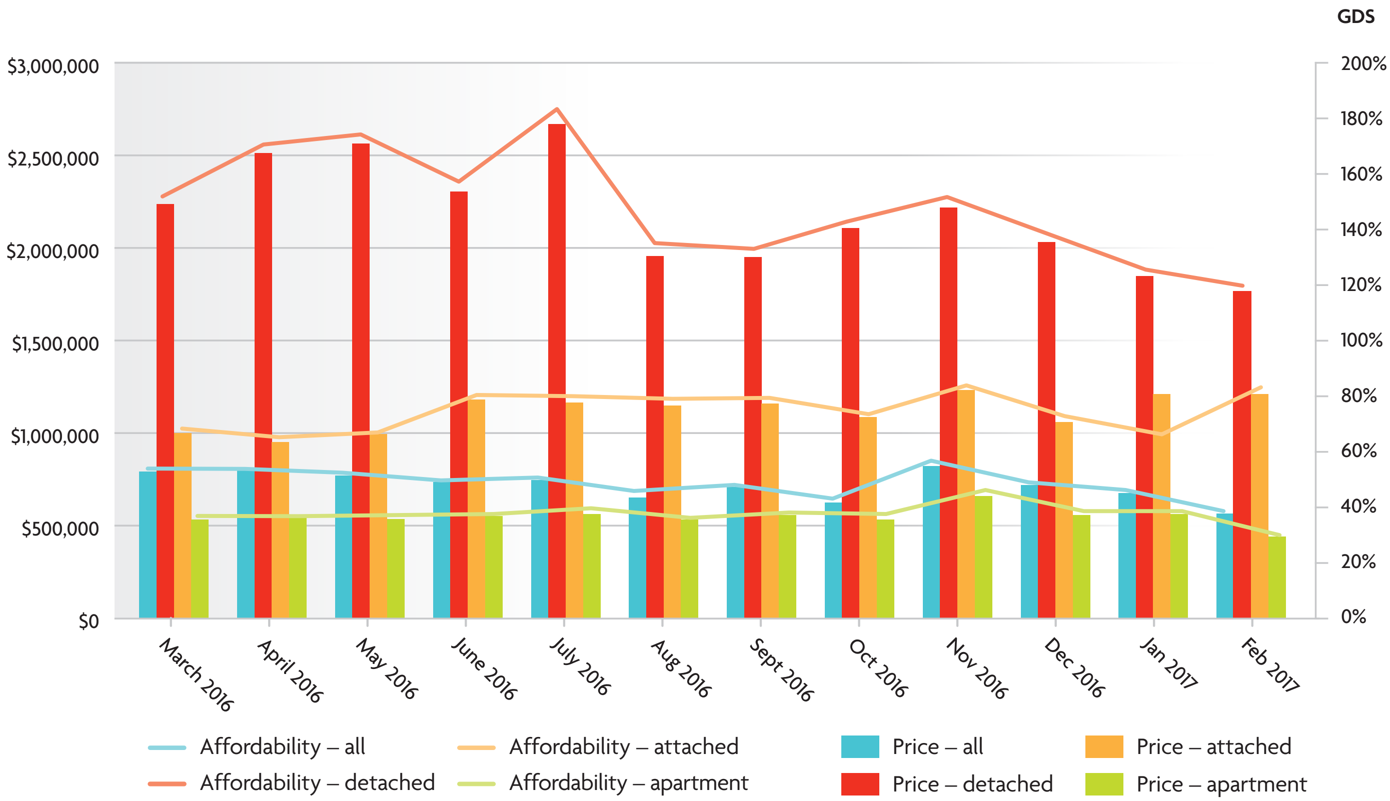
Source: Vancity, using real estate data from Landcor Data Corp. and median household income for Metro Vancouver; 12 months ended February 28, 2017.

Chart 3: Vancouver median prices and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Chart 4: Vancouver median prices and affordability, 12 months ended February 28, 2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver for the 12 months ended February 28, 2017.

The ripple effect

Buying a home isn't the only option when it comes to shelter, nor is it for everyone. Yet for many people it's the ideal, as well as a kind of forced savings plan that allows them to build a nest egg on which they can retire. It also holds the promise of stable housing, a place to raise a family, store up memories and build a life. It may not be a castle, but it's a place they can call their own, free from the demands of landlords and – in a detached home, anyway – ceilings and walls shared with neighbours.

The high cost of housing in the region's core has sent many people further afield in search of affordable options. It's not just first-time buyers who are affected; those who managed to enter the market in previous years lack options within their own neighbourhoods if they decide to sell and seek more space for a family. With the cost of housing options increasingly beyond the reach of local households and no clear solution in sight, many people are looking for alternatives in a market where even the cost of renting has risen beyond the reach of many people.

The quest for affordable housing has created an influx of buyers into Burnaby, Surrey and Langley city and township, with prices rising in step with demand. A ripple effect is being felt well into the Fraser Valley, with median sale prices for the 12 months ended February 28, 2017 up 32% in Delta, 30% in Langley (township), 24% in Abbotsford and 14% in Chilliwack.

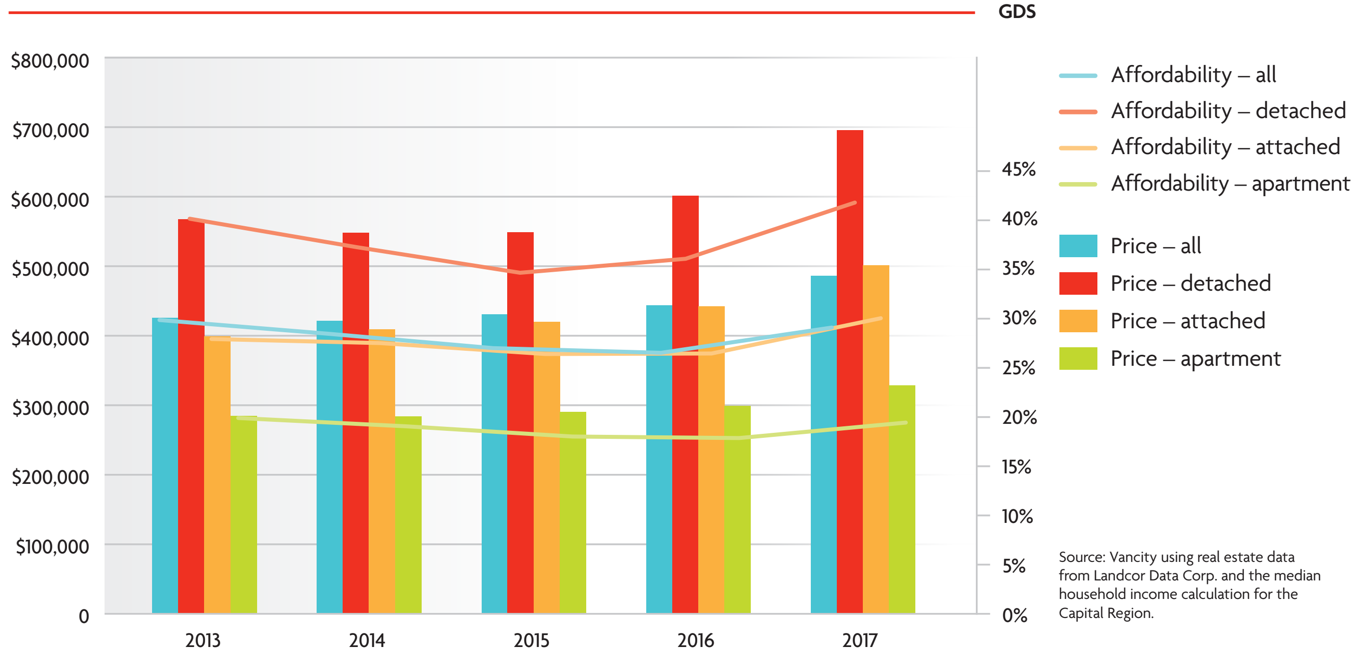
Vancouver Island saw similar increases, with the median residential price for the Capital region rising 10% over the past year – more than triple the 3% increase of the previous year. Sales activity affected detached properties the most, with the median price increasing more than 16%. Oak Bay and Sidney were key destinations on the Island, seeing strong activity even as the rest of the market cooled, with increases in the median residential price of 28% and 18%, respectively – on par with the strongest municipalities in the Fraser Valley. The price increases have been significant enough that Victoria – where the median price in the 12 months ended February 28, 2017 increased 9% – considered asking the province to introduce a property transfer tax on foreign buyers in its own jurisdiction. Councillors ultimately rejected the proposal.[14]

The numbers underscore the breadth of the problem, and also the variation in how the affordability issue is playing out across the region.

Delta and Langley (township), for example, saw median sale prices increase 32% and 30%, respectively, similar to the 30% increase that detached homes in Vancouver saw. The increase in Vancouver was off a much higher base that ultimately saw detached home prices achieve a median of $2.3 million. By comparison, the overall Delta median of $855,000 was far more modest while Langley (township) was within reach at $625,000.

Yet the effects of a 30% increase in local prices weren't felt evenly across the three municipalities. One might be overvalued and another might be undervalued. Depending on household income, a buyer might consider all or none of the municipalities affordable. Based on a median annual household income for Metro Vancouver of $79,498, neither

Chart 5: Capital Region median prices and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for the Capital Region.

Delta nor Langley (township) are affordable. In the case of Delta, buying a home at the median price requires 58% of a household's monthly income; in Langley, the $230,000 dollar difference in price still requires 43% of a typical household's monthly income. A household with an income well above the regional median would likely opt for Delta, since it's closer to Vancouver but all households would find Langley the more affordable choice.

The result is that Langley has become emblematic of the dilemma facing many buyers in the region: it's more affordable than many other municipalities closer to Vancouver, but it's far from the job opportunities and amenities located in the region's core. Buyers are likely to get a decent-sized house for their hard-earned cash, but it requires relinquishing an urban lifestyle.

However, even if a household makes the choice to leave the core, few people would say spending 43% of one's monthly income on housing is affordable. It might not be far off the regional average of 39%, but it's still well above 32% – and not likely to improve. While affordability fluctuates, ranging from 35% to 39% over the past five years, it's easy to get discouraged.

The past year has been a particularly tough one for households, notwithstanding all the government moves to make things easier. Affordability ranged nearly 12 percentage points over the past 12 months, from a high of 44% in July to a low of 32% in December. Within a few short months, the typical buyer might have found themselves stretched to their affordability limit or comfortably within it. While there's no typical buyer, and no typical property, the message is clear: finding a home that fits your budget takes work, and the market doesn't always reward patience.

Windows of opportunity

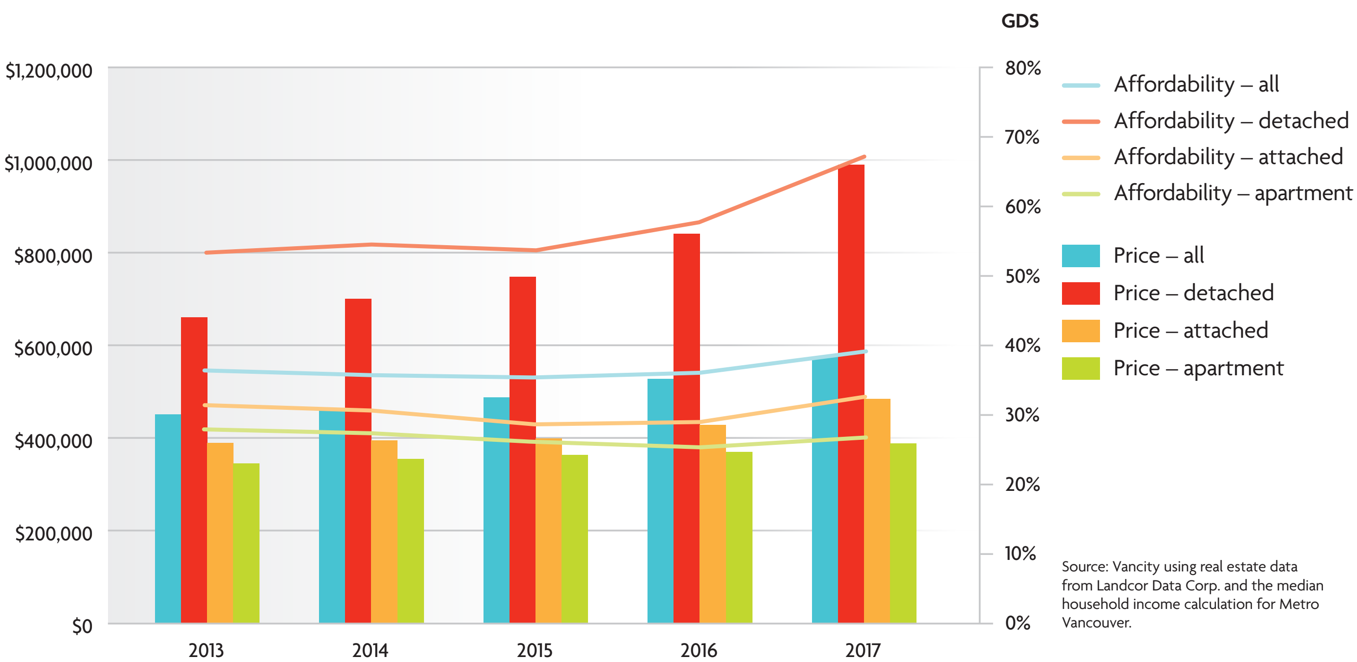
Fluctuations over the past year have shown that change is possible, however, and they have given buyers windows of opportunity.

While the regional trend since 2012 has been one of decreasing housing affordability, the brunt of price increases has fallen disproportionately on detached homes. Regionally, the median price of a detached home increased nearly 50% since 2012, and now stands at $988,000, while the price of an attached home increased 24% over the same period to $482,000. Meanwhile, the median price of apartments rose just 13% to $390,000.

The price increases have solidified the status of a detached home as the least affordable property for the typical family, requiring 67% of median household income. By contrast, attached properties require 33%. The hands-down winners when it comes to affordability are apartments, which typically demand about 27% of household income.

However, not everyone wants to live in an apartment. So, what's a family to do? What options are open to the typical family looking for housing within Metro Vancouver?

Chart 6: Metro Vancouver median prices and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Affordable alternatives

A year after the province began tweaking its tax policies to mitigate the impact of rising home prices, the most recent sales data for Metro Vancouver and surrounding municipalities reveal several pockets of affordability. While the least affordable municipalities include such usual suspects as Vancouver and West Vancouver, neighbouring municipalities have been drawn into the vortex of diminishing affordability. North Vancouver city and district, Richmond and Burnaby, for example, all rank among the region's 10 least affordable neighbourhoods for detached, attached and condo apartment properties. All are sandwiched between the Georgia Strait and the Port Mann bridge; the region's most affordable municipalities extend a hand of welcome across these key geographic barriers.

Within the Lower Mainland, an attached dwelling starts to become affordable in Surrey, increasing east through the Fraser Valley. Apartments are affordable anywhere east of Boundary Road, the border between Vancouver and the rest of the region. On Vancouver Island, Sidney, the Saanich Peninsula and Esquimalt await.

When it comes to detached homes, Metro Vancouver's most affordable options exist in Chilliwack, though the only really affordable houses are found in Sooke.

Most affordable communities based on GDS (12 months ended February 28, 2017)

Table 1: Detached properties

Municipality	Median price	GDS ratio
1. Sooke	$431,640	25.8%
2. Chilliwack	$480,950	34.8%
3. Sidney	$599,500	35.9%
4. Esquimalt	$620,000	37.1%
5. Mission	$540,000	39.6%
6. Central Saanich	$686,500	41.1%
7. Victoria	$725,000	43.4%
8. Abbotsford	$615,000	45.0%
9. Maple Ridge	$700,000	47.6%
10. Langley (city)	$715,000	48.6%

Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for the respective regions; 12 months ended February 28, 2017.

Table 2: Attached properties

Municipality	Median price	GDS ratio
1. Sooke	$321,500	19.2%
2. Mission	$315,000	23.1%
3. Langley (city)	$344,250	23.4%
4. Chilliwack	$324,132	23.5%
5. Central Saanich	$420,000	25.1%
6. Abbotsford	$351,850	25.8%
7. Maple Ridge	$382,050	26.0%
8. Lions Bay	$388,000	26.4%
9. Esquimalt	$475,000	28.4%
10. Langley (township)	$439,900	29.9%

Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for the respective regions; 12 months ended February 28, 2017.

Table 3: Apartments

Municipality	Median price	GDS ratio
1. Chilliwack	$174,500	12.6%
2. Sooke	$219,000	13.1%
3. Abbotsford	$189,900	13.9%
4. Mission	$193,250	14.2%
5. Langley (city)	$225,000	15.3%
6. Maple Ridge	$229,000	15.6%
7. North Saanich	$290,000	17.4%
8. Central Saanich	$294,950	17.6%
9. Esquimalt	$295,000	17.7%
10. Surrey	$259,900	17.7%

Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for the respective regions; 12 months ended February 28, 2017.

Least affordable communities based on GDS (12 months ended February 28, 2017)

Table 4: Detached properties

Municipality	Median price	GDS ratio
1. West Vancouver	$3,240,000	220.3%
2. Vancouver	$2,280,000	155.0%
3. Richmond	$1,670,000	113.6%
4. North Vancouver (district)	$1,668,427	113.4%
5. Burnaby	$1,600,000	108.8%
6. North Vancouver (city)	$1,550,000	105.4%
7. Lions Bay	$1,450,000	98.6%
8. White Rock	$1,437,500	97.7%
9. Coquitlam	$1,245,000	84.7%
10. Port Moody	$1,221,000	83.7%

Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for the respective regions; 12 months ended February 28, 2017.

Table 6: Apartments

Municipality	Median price	GDS ratio
1. West Vancouver	$855,000	58.1%
2. Vancouver	$550,000	37.4%
3. North Vancouver (city)	$510,215	34.7%
4. North Vancouver (district)	$480,000	32.6%
5. Port Moody	$443,000	30.4%
6. Langley (township)	$439,900	29.9%
7. Oak Bay	$490,000	29.3%
8. Burnaby	$425,900	29.0%
9. Richmond	$419,900	28.6%
10. Esquimalt	$475,000	28.4%

Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for the respective regions; 12 months ended February 28, 2017.

Table 5: Attached properties

Municipality	Median price	GDS ratio
1. West Vancouver	$1,838,000	125.0%
2. Vancouver	$1,100,000	74.8%
3. North Vancouver (city)	$925,000	62.9%
4. North Vancouver (district)	$839,985	57.1%
5. Richmond	$739,000	50.3%
6. Lions Bay	$737,500	50.1%
7. Oak Bay	$820,000	49.1%
8. Burnaby	$671,525	45.7%
9. Coquitlam	$670,000	45.6%
10. Delta	$660,500	44.9%

Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for the respective regions; 12 months ended February 28, 2017.

Local 12-month trends

North Fraser

A modest erosion in affordability across housing types in Burnaby in the 12 months ended February 28, 2017 was accentuated by a steep drop in the affordability of detached houses, which now demand 109% of household income. A robust supply of apartments has drawn buyers, however, with units requiring just 29% of household income.

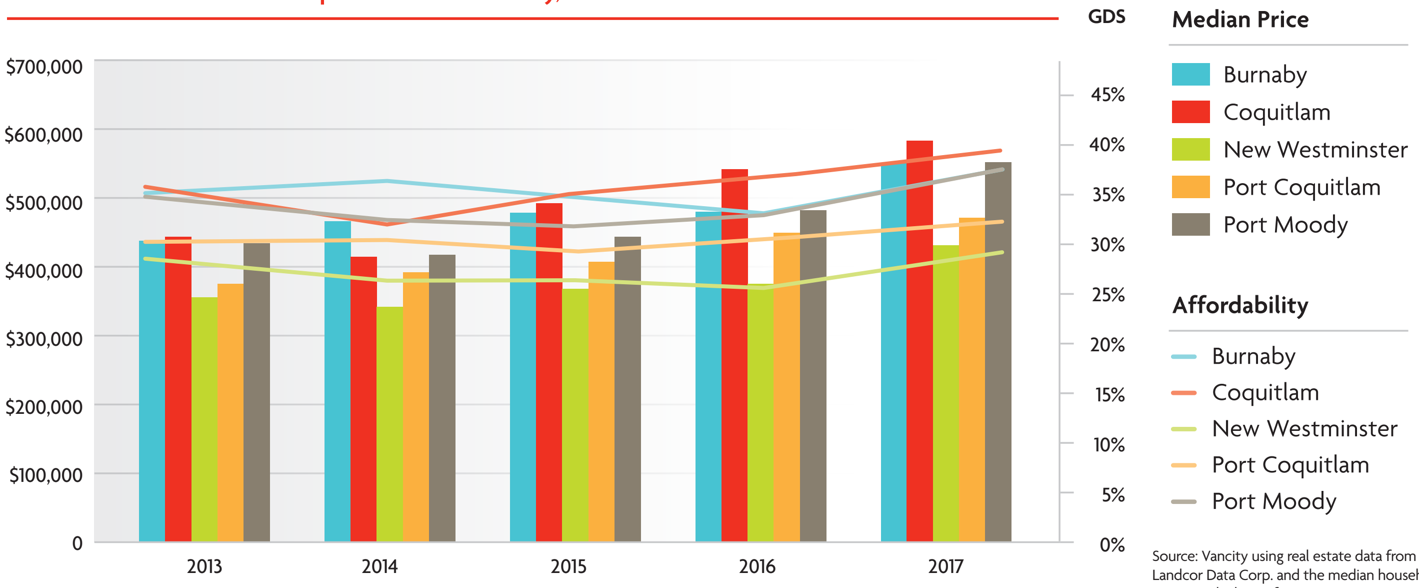
Completion of the Evergreen rapid transit line in December 2016 made Coquitlam more accessible than ever, and affordability is feeling the pressure. All housing types saw affordability decline over the past year but apartments remain the most affordable option here, requiring just 27% of household income.

The only community north of the Fraser where the typical home requires less than 30% of household income, New Westminster saw affordability decline 14% in 2016. Apartments set the pace here, requiring 26% of household income.

Port Coquitlam saw overall affordability deteriorate 4% in 2016, but with a GDS of just 32% it remains among the most affordable municipalities in Metro Vancouver. Sharp drops in the affordability of detached and attached properties have buyers looking at apartments, which require just a fifth of household income.

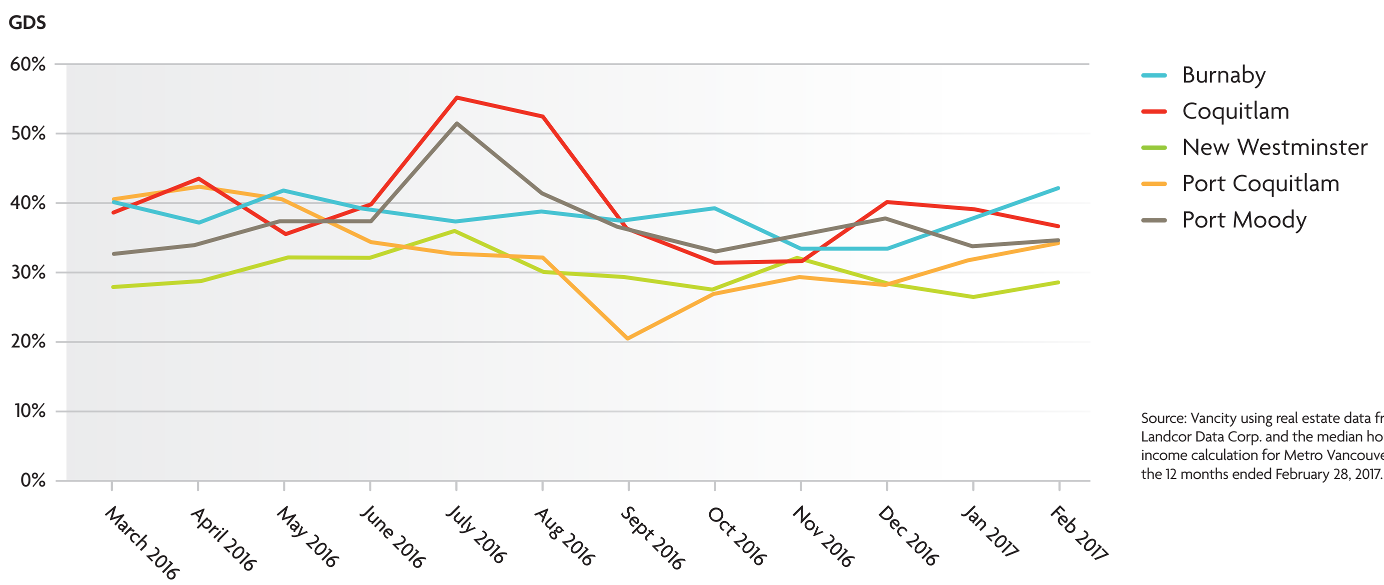
Port Moody has welcomed buyers drawn by the Evergreen Line. Affordability fell 14% in 2016, but the typical home still requires less than 40% of household income. Indeed, while detached homes require nearly 84%, both attached homes and apartments remain more than twice as affordable – and more are being built.

Chart 7: North Fraser median price and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Chart 8: North Fraser affordability, 12 months ended February 28, 2017



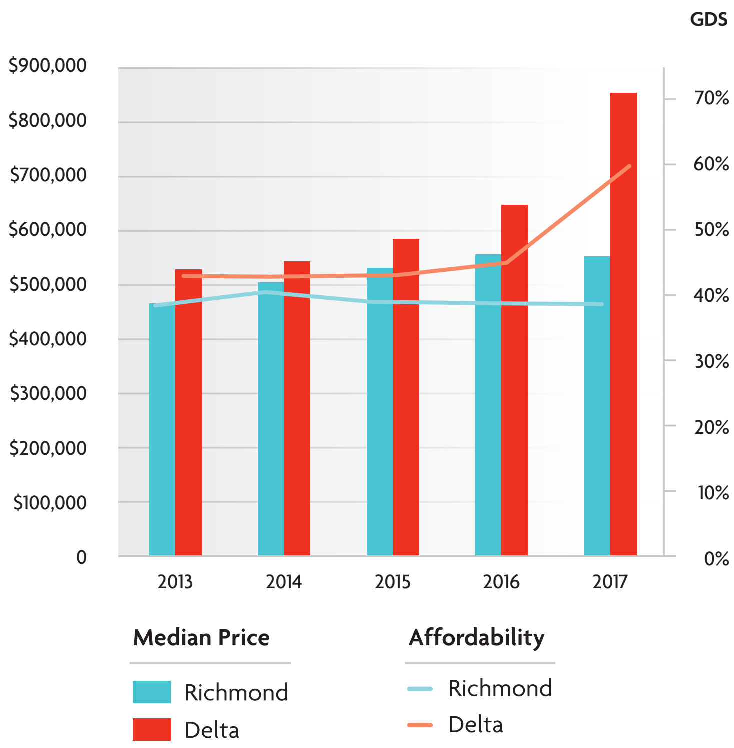
Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver for the 12 months ended February 28, 2017.

Richmond-Delta

Richmond is one of two Metro Vancouver municipalities where affordability improved in the last 12 months, albeit marginally. While detached homes vaulted to record unaffordability, and now require nearly 114% of monthly income, apartments have remained affordable with a requirement of just 29% of household income. Overall affordability is virtually unchanged from five years ago.

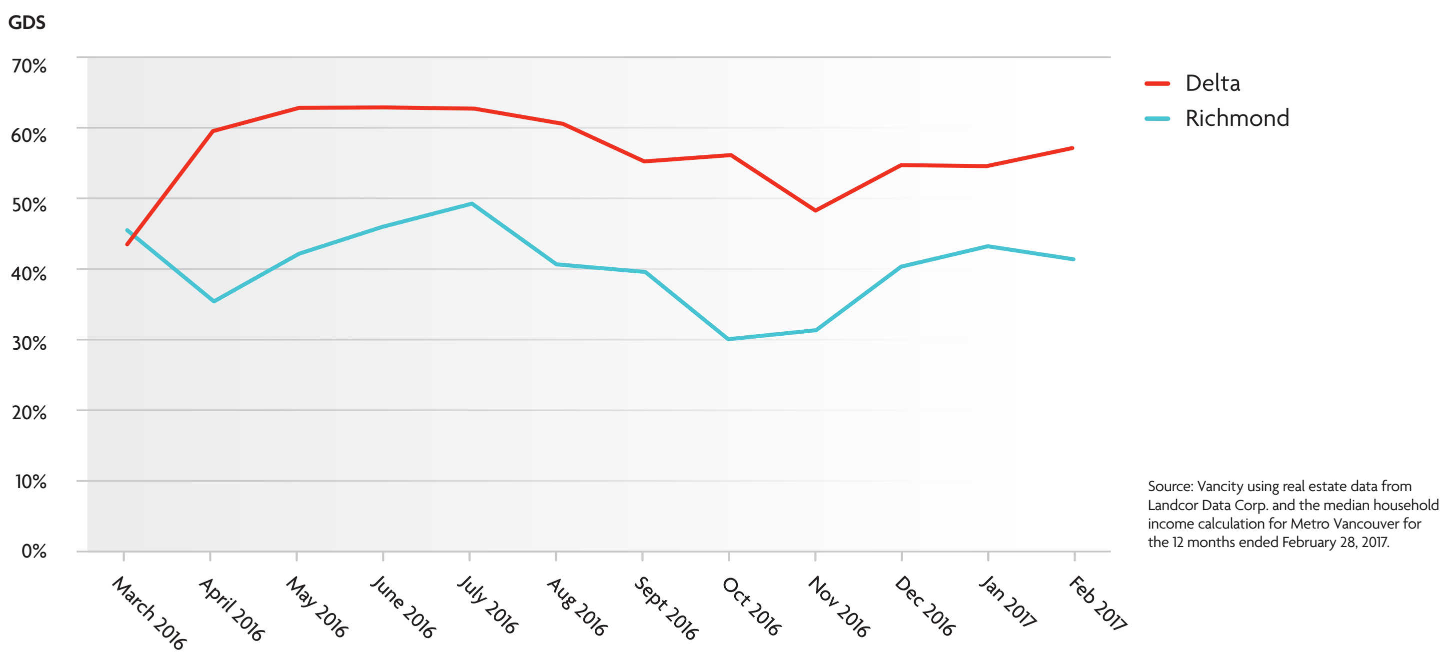
Apartments are the bright spot in Delta, where an aggressive deterioration of affordability in the last 12 months means a home typically requires 58% of household income. But after peaking at more than 42% in May 2016, the amount of household income required for a local apartment stood at 28% for the year.

Chart 9: Richmond-Delta median price and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Chart 10: Richmond-Delta affordability, 12 months ended February 28, 2017



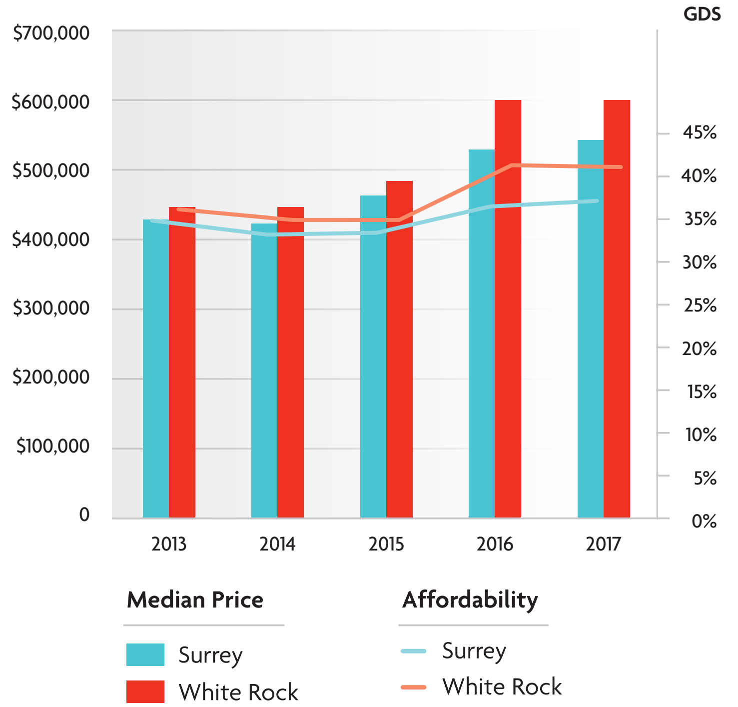
Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver for the 12 months ended February 28, 2017.

Surrey-White Rock

Surrey, the region's largest city by area, is often the reference point for affordability in Metro Vancouver. Yet the typical home here requires 37% of household income. A surge in new townhomes and apartments – the latter typically requiring just 18% of household income – offsets the price of detached homes, which requires 61%.

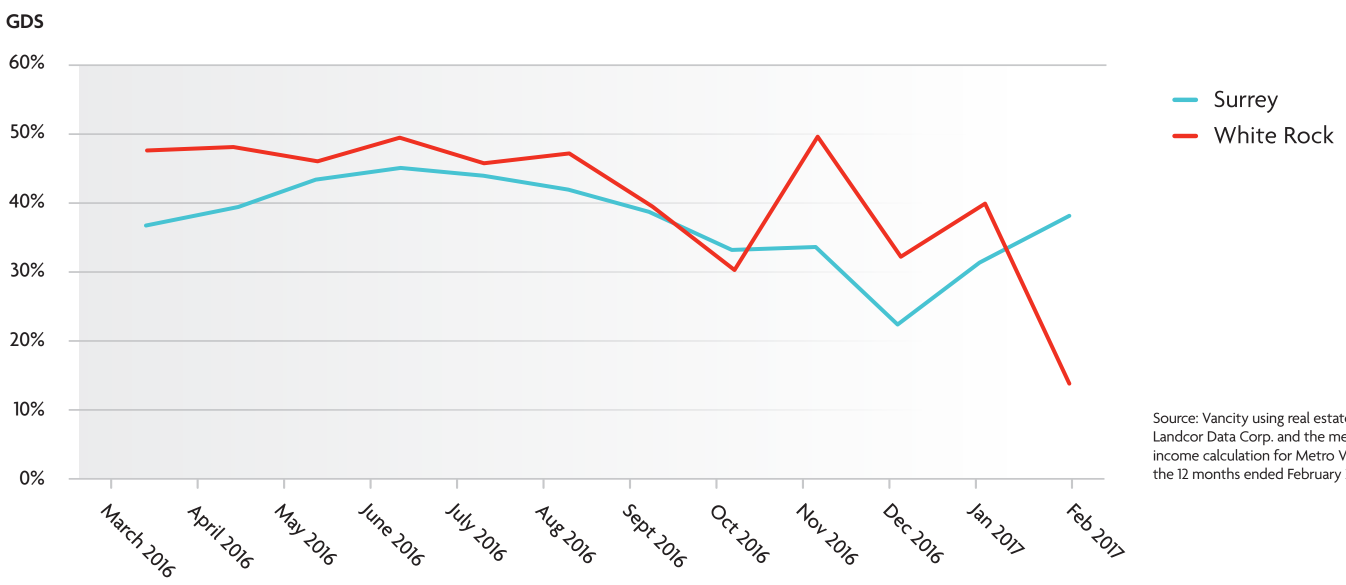
White Rock saw a marginal improvement in affordability over the past year, despite a 43% increase in the price of detached homes, the city's most common housing type.

Chart 11: Surrey-White Rock median price and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Chart 12: Surrey-White Rock affordability, 12 months ended February 28, 2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver for the 12 months ended February 28, 2017.

North Shore-Squamish

North Vancouver (city) has embraced high-density development, knowing that apartments are the most affordable housing type. The local options require just 35% of monthly income. By comparison, detached homes require 105%. Ample supply may have kept affordability's decline to just 12% – a third of the rate of change seen in the neighbouring district.

The District of North Vancouver's 2011 Official Community Plan (OCP) pledged to encourage more townhomes as part of a strategy to improve housing affordability in the municipality. A typical home here nevertheless requires 93% of monthly income – a deterioration of 38% from a year earlier.

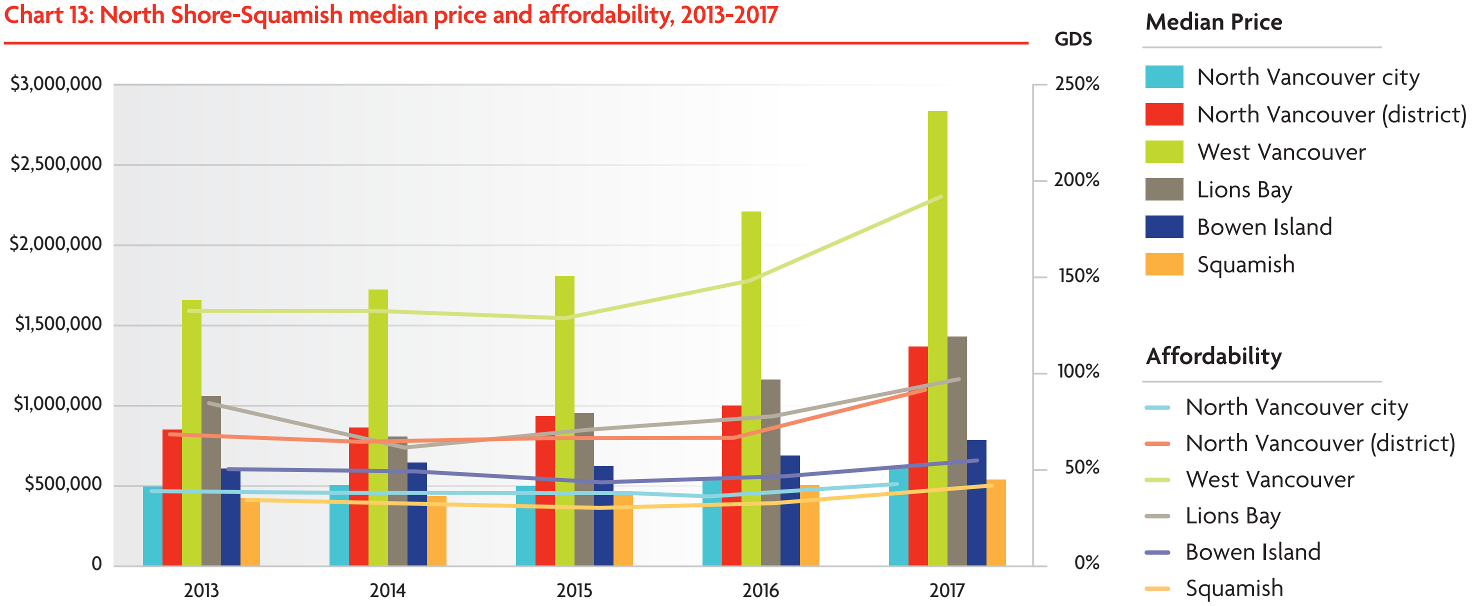
West Vancouver is hardly synonymous with affordability, with a typical home – think, spacious detached property – requiring more than twice the region's median income. Despite government intervention, the typical home still requires 192% of household income. Apartments seem like a steal in comparison, requiring just 58%. Despite fluctuations over the past year, the more incredible fact is that apartment affordability here actually improved versus a year ago.

Without a significant stock of apartments or attached housing, affordability in Lions Bay hinges on detached homes – which saw prices drop in the latter half of 2016 before recovering. A detached property now requires 99% of household income. Were an attached home available, it might require 50%.

Bowen Island lacks the apartments that drive affordability across the region, but an attached home is the alternative, requiring just a third of the median monthly income. Detached homes set the pace, requiring 53% of household income. Overall affordability declined a modest 14% in the 12 months ended February 28, 2017.

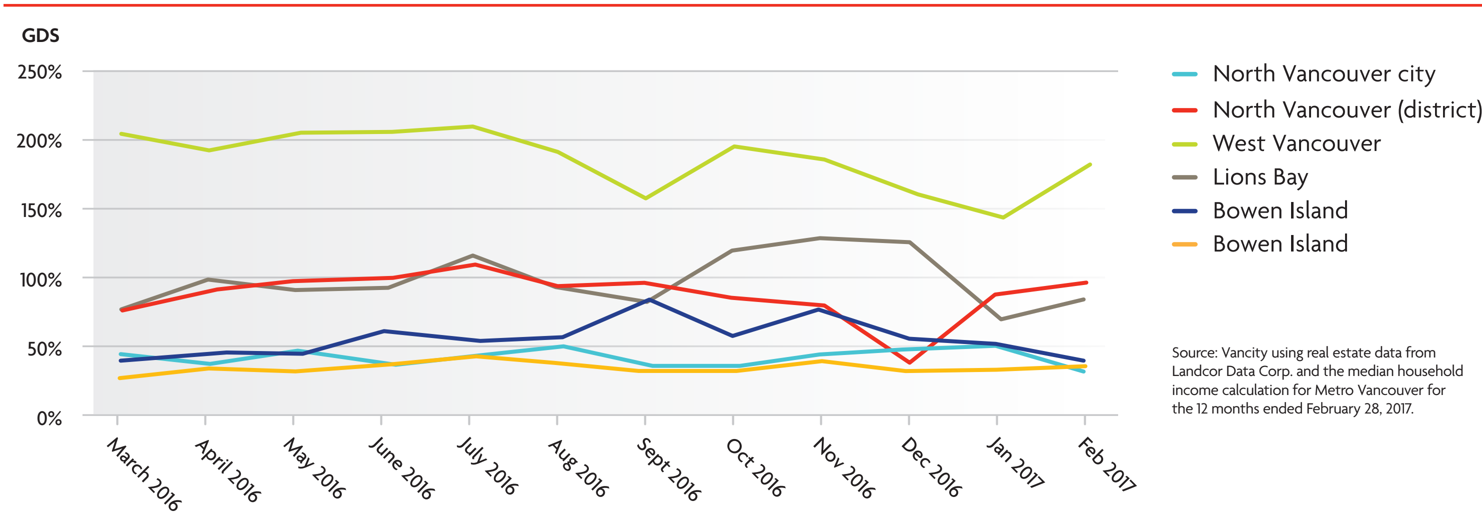
Affordability experienced a net decline across the board in Squamish over the past year. The typical home requires 43% of household income, a 24% shift from a year ago. The most affordable housing types are attached properties and apartments, requiring 32% and 22% of household income, respectively.

Chart 13: North Shore-Squamish median price and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Chart 14: North Shore-Squamish affordability, 12 months ended February 28, 2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver for the 12 months ended February 28, 2017.

Fraser Valley

Langley (city) is a veritable pocket of affordability. Detached homes require 49% of a household's income, but attached and apartment properties drive the median affordability of 18%.

Langley (township) saw affordability drop sharply in 2016, with the typical home now requiring 43% of household income. Apartments were the most resilient in terms of affordability, becoming just 10% less affordable. Even so, they require just 21% of household income.

The typical Maple Ridge property requires 39% of household income – even with Coquitlam and only slightly more demanding than Richmond. Detached homes require 48%, while attached and apartment properties require 26% and 16%, respectively.

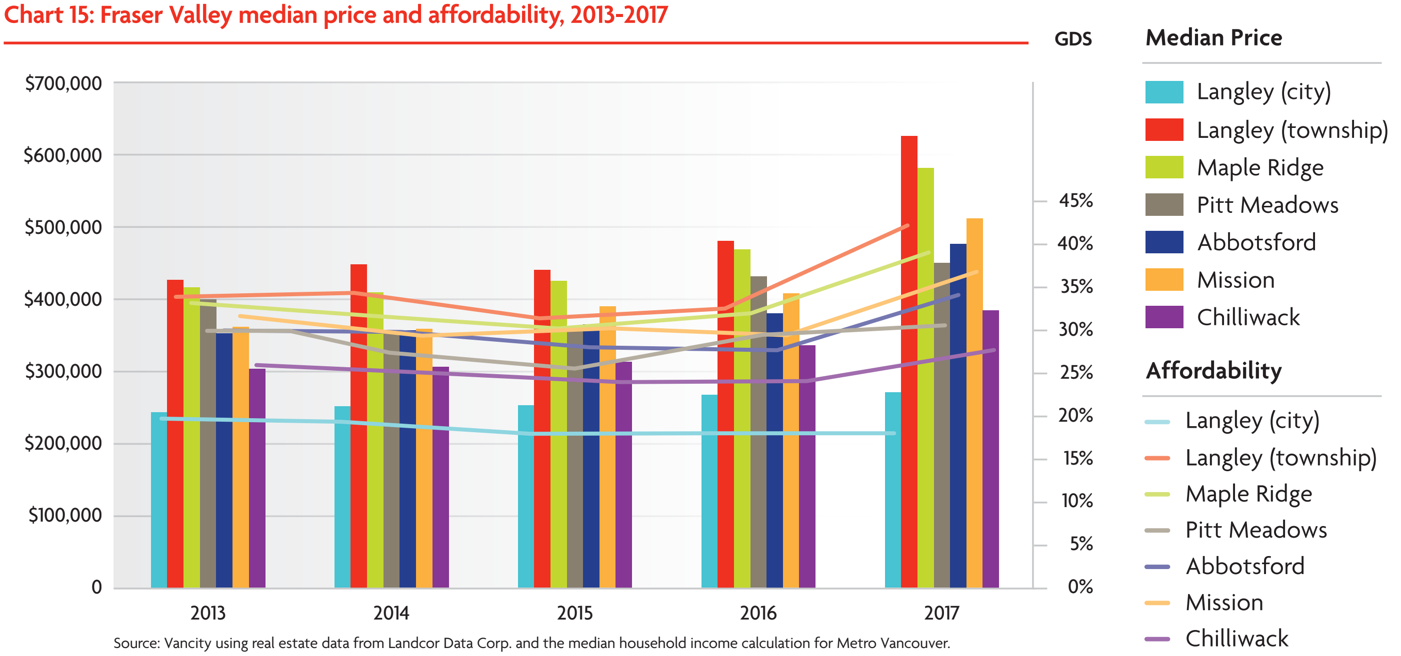
Deteriorating affordability of detached and attached properties pushed the amount of household income required for the typical Pitt Meadows home to 31% over the past year. However, along with neighbouring Port Coquitlam, it remains one of the most affordable municipalities in the region. Apartments are the most affordable property type, requiring just 20% of household income.

A home in Abbotsford typically requires 35% of monthly income. Young families gravitate to detached homes, which require 45% of household income – a middle ground between Maple Ridge and Victoria. The attached properties and apartments near the city centre demand 26% and 14% of household income, respectively.

Detached and attached properties set the pace for affordability in Mission. Detached homes are only slightly less affordable than the overall median GDS of 37%. Attached homes and apartments require 23% and 14% of household income, respectively.

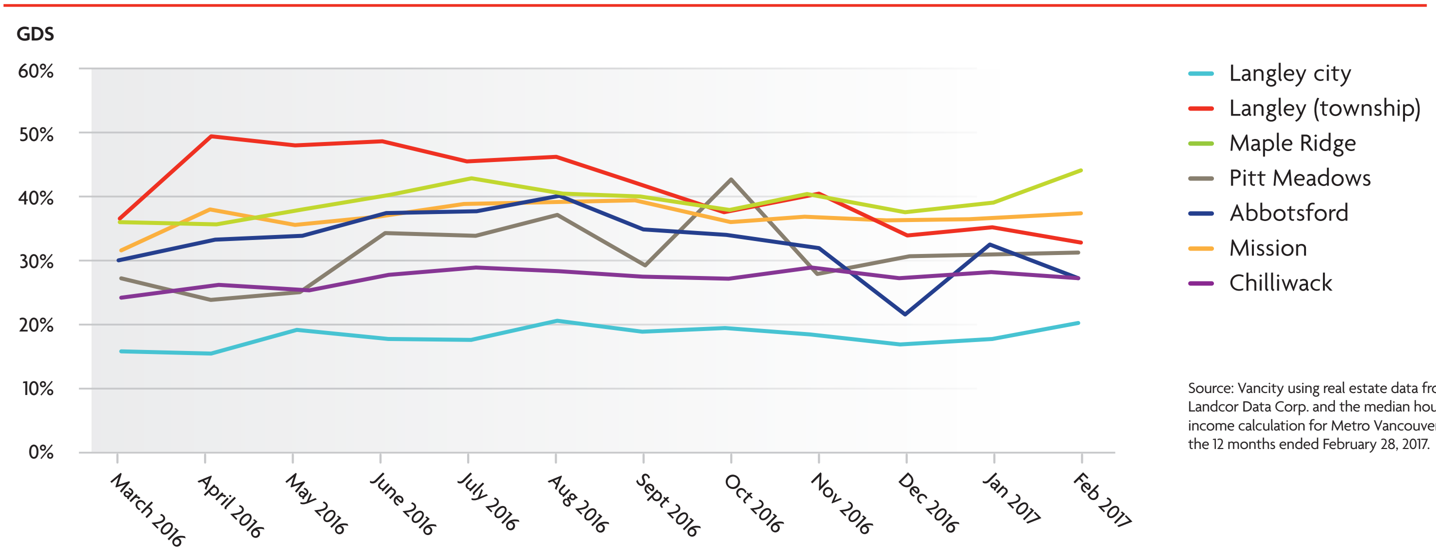
The easternmost of the municipalities in this report, Chilliwack is largely affordable, with even a detached home requiring just 35% of household income. Apartments require 13%, but are in short supply and saw affordability decline 28% in 2016 – the most of any local housing type.

Chart 15: Fraser Valley median price and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Chart 16: Fraser Valley affordability, 12 months ended February 28, 2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver for the 12 months ended February 28, 2017.

Capital

Victoria saw marginal pressure on affordability in the 12 months ended February 28, 2017. Median incomes are higher when compared to Vancouver ($90,361 in the 12 months ended February 28, compared to $79,498 in Vancouver). The typical residence still requires just 26% of household income, compared with three years ago. Detached homes require 43% of monthly income, while apartments – which are being built in increasing numbers – require 20%.

Affordability is under pressure in Central Saanich, declining 15% over the past year. Apartments bucked the trend, however, with affordability improving 7% to require just 18% of household income.

North Saanich sees few attached homes or apartment properties sell, leaving detached properties to set the pace. They're requiring about 50% of household income these days, while the most recent townhome sales required slightly more than a third of household income. Apartments – if you can land one – require about 17%.

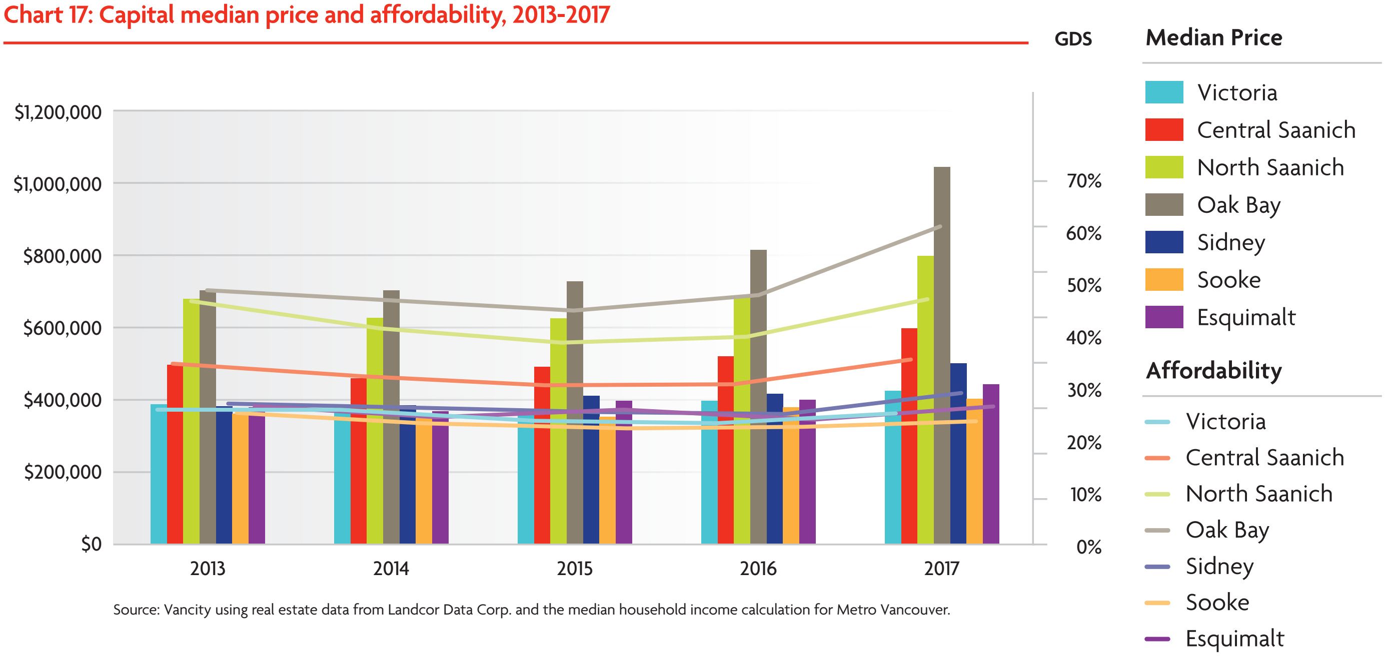
Oak Bay, the least affordable of Capital region municipalities, saw the affordability of all housing types plummet this year led by attached homes at 37%. Buyers of detached homes must consider paying 69% of household income. Apartments have seen the least pressure, and still require just 29% of household income.

Sidney is upscale but relatively affordable, with detached and attached homes requiring about 36% and 32% of household income, respectively. The past year saw the affordability of apartments decline 22% – neck-and-neck with a 24% deterioration in the affordability of detached homes – as demand strengthened.

Sooke is one of those rare municipalities where everything is affordable by local standards, and even more so for those leaving the Lower Mainland. Apartments require just 13% of local income, but when a detached home requires just 26% of household income many opt for space.

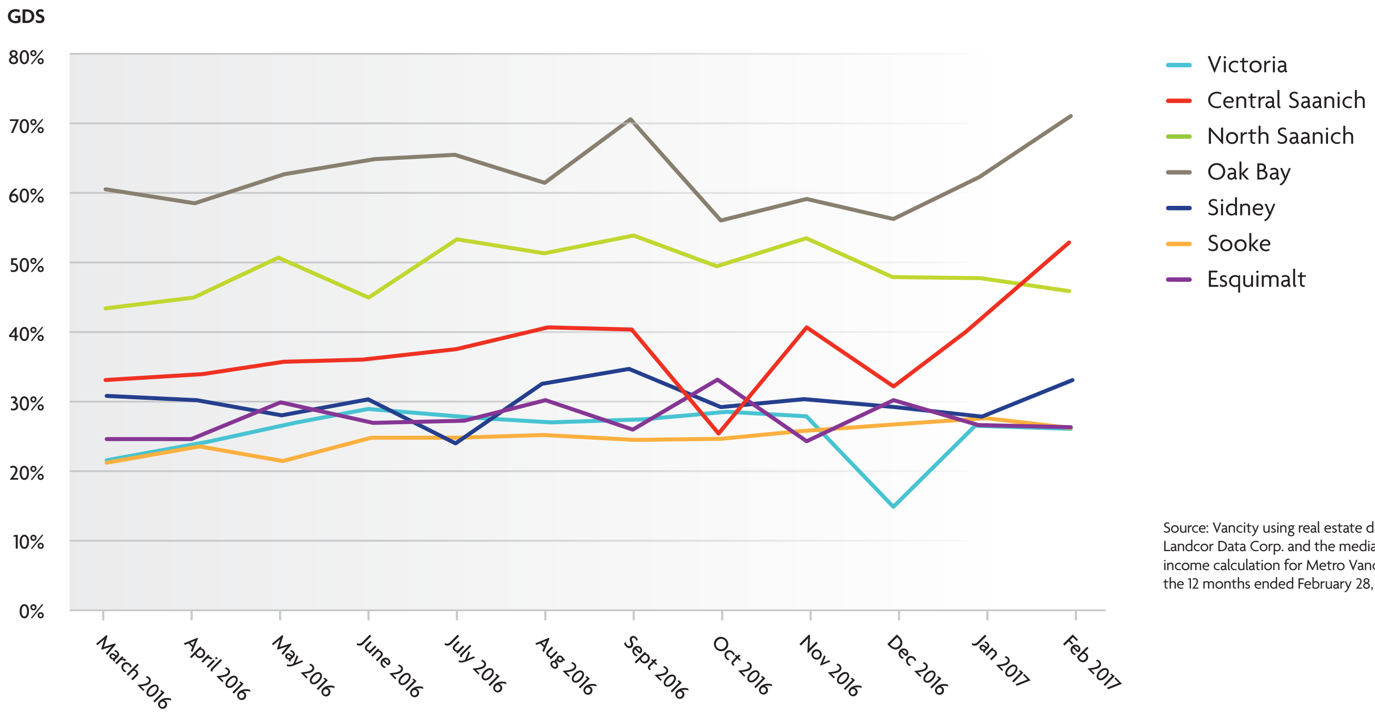
Esquimalt, like Sooke, remains an affordable place to buy. The typical residence now requires 27% of household income, a modest decline from last year. The more affordable property types took the greatest hit to affordability over the past year, with attached and apartment properties becoming more than a fifth less affordable.

Chart 17: Capital median price and affordability, 2013-2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver.

Chart 18: Capital affordability, 12 months ended February 28, 2017



Source: Vancity using real estate data from Landcor Data Corp. and the median household income calculation for Metro Vancouver for the 12 months ended February 28, 2017.

Recommendations

Despite attempts by various levels of government to cool the market and improve housing affordability, prices increased significantly throughout many municipalities in B.C. including in traditionally affordable suburban areas. This report recognizes that for many, ownership means allocating the majority of household income toward housing costs and having less funds than is advisable to put towards paying down debt, savings or other living expenses. Residents are encouraged to seriously consider the financial costs and benefits of ownership. For those who are still interested in pursuing ownership over renting, the following points may be useful to consider and also serve to assist all levels of government, financial institutions and businesses to help better the affordability problem in B.C.

Individuals

- Meet with a financial planer (first-time buyers especially) to discuss savings in light of the new mortgage rules, rates and mortgage insurance requirements announced by the federal government. As of October 2016, buyers with a down payment of at least 5% of the purchase price (but less than 20%) must be backed by mortgage insurance. In addition to rates listed in their mortgage contract, new buyers must qualify for higher, five-year fixed rates set by the Bank of Canada.
- Consider new forms of multi-family living and owning arrangements, such as housing co-operatives, co-housing and co-ownership.
- Reduce your footprint: consider a smaller home or apartment with multi-functional space and furnishings.
- If ownership does not currently make financial sense, institute an automated savings and investment plan that can build equity over the long term.

Financial institutions

- Encourage current renters to look beyond home ownership to long-term investment vehicles, such as indexed mutual funds.
- Include supplementary income, such as rental income from a basement unit into approval calculations and maximize access to down payment loans for families entering the more sustainable condominium market.

Businesses

- Allow employees the flexibility of working from home as they may be travelling farther distances.

Governments (all)

- Place publicly owned land into a trust to deliver purpose-built and affordable rental housing. These may provide affordable rentals, allowing renters to save for a down payment (if home ownership is a goal).

Municipal government

- Increase zoning for high-density multi-unit buildings and stipulate that new condos must include a set percentage of affordable rentals. Create incentives for developers to build affordable workforce and family housing.
- Design growth centres with a dense core, with secured sites for affordable rental housing in proximity to mass transit and improve transit from suburban areas to central Vancouver, as well as inter-city transit throughout the region.

Provincial government

- Encourage every municipality to have an affordable housing plan that is tied to providing safe, decent and affordable housing to its residents.
- Encourage communities to permanently zone land (similar to the Agricultural Land Reserve) to provide capacity for affordable housing development in conjunction with regional housing trusts.
- Dedicate a portion of the Property Transfer Tax annually to support the creation of perpetually affordable home ownership options across the province.

Federal government

- CMHC could consider building a policy framework to support the doubling of the density that currently sits on properties it financed in the past that is held by nonprofits and co-ops for affordable housing.
- Implement a program of new housing development tax credits for permanently affordable housing (rental, co-ops and owned homes) of three bedrooms or more. This can be achieved by providing developers with multi-year tax credits when they invest in long-term affordable housing.
- Create more programs to help families and individuals save a down payment. One example is the U.S. Department of Housing and Urban Development's Family Self-Sufficiency program for lower-income families. Under the program, if a family's rent increases because the family is earning more income, the rent increase is credited to an interest-bearing escrow account for savings they can use as a down payment.

Appendix I – Median price and change in affordability by municipality 2016-2017

Municipality	All			Detached			Attached			Apartments		
	2016	2017	Affordability shift*	2016	2017	Affordability shift*	2016	2017	Affordability shift*	2016	2017	Affordability shift*
Abbotsford	$383,000	$472,870	-22.6%	$475,000	$615,000	-28.6%	$292,000	$351,850	-19.6%	$157,000	$189,900	-20.1%
Bowen Island	$679,000	$780,000	-14.1%	$711,500	$780,389	-8.9%	$445,600	$495,000	-10.3%	NA	NA	NA
Burnaby	$480,000	$549,400	-13.7%	$1,250,000	$1,600,000	-27.1%	$565,000	$671,525	-18.0%	$385,000	$425,900	-9.9%
Central Saanich	$520,000	$600,500	-14.7%	$575,000	$686,500	-18.6%	$393,755	$420,000	-5.9%	$314,107	$294,950	6.8%
Chilliwack	$337,000	$385,000	-13.4%	$405,000	$480,950	-17.9%	$270,000	$324,132	-19.2%	$135,000	$174,500	-28.3%
Coquitlam	$540,000	$580,000	-6.7%	$929,129	$1,245,000	-33.1%	$547,000	$670,000	-21.6%	$319,900	$389,000	-20.8%
Delta	$648,001	$855,000	-31.0%	$730,000	$960,000	-30.6%	$479,950	$660,500	-36.7%	$348,500	$405,950	-15.7%
Esquimalt	$400,000	$449,450	-11.6%	$530,000	$620,000	-16.2%	$382,000	$475,000	-23.5%	$242,000	$295,000	-21.1%
Langley (city)	$268,200	$271,250	-0.4%	$542,500	$715,000	-30.9%	$296,500	$344,250	-15.3%	$195,000	$225,000	-14.6%
Langley (township)	$480,000	$625,000	-29.3%	$678,000	$895,000	-31.1%	$347,175	$439,900	-25.8%	$275,597	$304,000	-9.5%
Lions Bay	$1,160,000	$1,425,000	-22.0%	$1,200,000	$1,450,000	-20.0%	$503,500	$737,500	46.5%	NA	NA	NA
Maple Ridge	$469,489	$580,000	-22.7%	$559,930	$700,000	-24.1%	$317,900	$382,050	-19.3%	$200,500	$229,000	-13.4%
Mission	$407,661	$510,000	-24.2%	$433,554	$540,000	-23.7%	$235,000	$315,000	-33.1%	$189,500	$193,250	-1.2%
New Westminster	$375,000	$430,250	-13.9%	$818,500	$1,082,500	-31.3%	$472,000	$615,014	-29.4%	$318,650	$380,000	-18.4%
North Saanich	$680,000	$800,000	-16.8%	$715,000	$830,000	-15.3%	$492,672	$575,000	-15.9%	$537,750	$290,000	46.4%
North Vancouver (city)	$549,950	$620,000	-12.0%	$1,250,000	$1,550,000	-23.1%	$749,000	$925,000	-22.6%	$395,500	$510,215	-28.1%
North Vancouver (district)	$982,500	$1,360,000	-37.5%	$1,361,063	$1,668,427	-21.7%	$679,000	$839,985	-22.8%	$421,950	$480,000	-13.0%
Oak Bay	$814,900	$1,045,000	-27.3%	$867,500	$1,160,000	-32.8%	$595,000	$820,000	-36.9%	$435,000	$490,000	-11.9%
Pitt Meadows	$431,505	$450,000	-3.6%	$595,000	$755,000	-26.0%	$369,000	$444,000	-19.5%	$264,200	$293,250	-10.2%
Port Coquitlam	$447,900	$470,950	-4.4%	$671,000	$865,000	-28.0%	$431,500	$518,050	-19.2%	$249,000	$289,800	-15.5%
Port Moody	$485,000	$550,000	-13.5%	$969,000	$1,221,000	-26.1%	$477,000	$592,800	-24.4%	$393,000	$443,000	-12.8%
Richmond	$558,000	$555,000	1.2%	$1,275,000	$1,670,000	-30.1%	$589,900	$739,000	-24.4%	$390,000	$419,900	-6.9%
Sidney	$420,250	$495,000	-17.0%	$480,000	$599,500	-24.0%	$453,750	$535,517	-17.2%	$275,000	$339,000	-22.4%
Sooke	$380,577	$405,000	-5.7%	$389,677	$431,640	-10.0%	$320,000	$321,500	0.3%	$255,985	$219,000	15.0%
Squamish	$505,000	$535,000	-23.8%	$695,000	$870,000	-20.0%	$425,000	$486,000	-10.5%	$265,000	$336,500	-20.9%
Surrey	$531,875	$544,000	-1.6%	$701,000	$900,000	-27.5%	$359,000	$450,000	-24.5%	$238,950	$259,900	-8.0%
Vancouver	$689,900	$715,000	-2.9%	$1,760,000	$2,280,000	-28.6%	$855,000	$1,100,000	-27.8%	$478,000	$550,000	-14.3%
Victoria	$395,000	$429,950	-8.1%	$580,500	$725,000	-24.0%	$495,000	$608,950	-22.2%	$305,000	$330,000	-7.5%
West Vancouver	$2,200,000	$2,821,500	-27.4%	$2,568,000	$3,240,000	-25.3%	$1,529,215	$1,838,000	-19.4%	$854,000	$855,000	0.6%
White Rock	$602,000	$601,000	0.9%	$1,003,781	$1,437,500	-42.2%	$523,809	$624,000	-18.3%	$330,000	$318,000	4.3%

Source: Vancity, using real estate data from Landcor Data Corp. and regional median household income calculations.

*The affordability shift is calculated by comparing the year-over-year change in GDS ratio. For example, if a property required 25% of median household income in 2016 and 30% in 2017, the affordability of that particular property declined 20%.

Appendix II – Most and least affordable properties (all property types) by municipality 2017

Most affordable municipalities			Least affordable municipalities		
Municipality	Median price	GDS	Municipality	Median price	GDS
Langley (city)	$271,250	18.4%	West Vancouver	$2,821,500	191.8%
Sooke	$405,000	24.2%	Lions Bay	$1,425,000	96.9%
Victoria	$429,950	25.7%	North Vancouver (district)	$1,360,000	92.5%
Esquimalt	$449,450	26.9%	Oak Bay	$1,045,000	62.5%
Chilliwack	$385,000	27.9%	Delta	$855,000	58.1%
New Westminster	$430,250	29.3%	Bowen Island	$780,000	53.0%
Sidney	$495,000	29.6%	Vancouver	$715,000	48.6%
Pitt Meadows	$450,000	30.6%	North Saanich	$800,000	47.9%
Port Coquitlam	$470,950	32.0%	Squamish	$535,000	42.8%
Abbotsford	$472,870	34.6%	Langley (township)	$625,000	42.5%
Central Saanich	$600,500	35.9%	North Vancouver (city)	$620,000	42.2%
Surrey	$544,000	37.0%	White Rock	$601,000	40.9%
Burnaby	$549,400	37.4%	Coquitlam	$580,000	39.4%
Mission	$510,000	37.4%	Maple Ridge	$580,000	39.4%
Port Moody	$550,000	37.7%	Richmond	$555,000	37.7%
Richmond	$555,000	37.7%	Port Moody	$550,000	37.7%
Coquitlam	$580,000	39.4%	Burnaby	$549,400	37.4%
Maple Ridge	$580,000	39.4%	Mission	$510,000	37.4%
White Rock	$601,000	40.9%	Surrey	$544,000	37.0%
North Vancouver (city)	$620,000	42.2%	Central Saanich	$600,500	35.9%
Langley (township)	$625,000	42.5%	Abbotsford	$472,870	34.6%
Squamish	$535,000	42.8%	Port Coquitlam	$470,950	32.0%
North Saanich	$800,000	47.9%	Pitt Meadows	$450,000	30.6%
Vancouver	$715,000	48.6%	Sidney	$495,000	29.6%
Bowen Island	$780,000	53.0%	New Westminster	$430,250	29.3%
Delta	$855,000	58.1%	Chilliwack	$385,000	27.9%
Oak Bay	$1,045,000	62.5%	Esquimalt	$449,450	26.9%
North Vancouver (district)	$1,360,000	92.5%	Victoria	$429,950	25.7%
Lions Bay	$1,425,000	96.9%	Sooke	$405,000	24.2%
West Vancouver	$2,821,500	191.8%	Langley (city)	$271,250	18.4%

Source: Vancity, using real estate data from Landcor Data Corp. and regional median household income calculations.

Methodology

Landcor Data Corp. calculated median sale prices for each area examined based on all valid sales of fee-simple residential properties, both new and resale, in each jurisdiction. BC Assessment considers a valid sale as a transaction between two willing parties with an arm's-length relationship.

Certain jurisdictions within Metro Vancouver were excluded, however, owing to a high proportion of leasehold properties. The analysis specifically omits in their entirety Electoral District A, which includes the University of British Columbia and University Endowment Lands, and Tsawwassen First Nation.

Annual median prices are calculated based on all reported sales in the 12 months ended February 28/29 of the year in question; for example, the median price for 2013 reflects data from March 1, 2012 to February 28, 2013. Analyses for each of the 12 months ending February 28, 2017, reflect reported sales for the calendar month in question.

Affordability calculations correlate median sale prices in given municipalities with the median household income for the larger metropolitan area in which the municipalities lie; for example, the median household income of both Surrey and Richmond are identical because both are in the Vancouver CMA (Census Metropolitan Area) defined by Statistics Canada. Since many residents live in one community and work in another, median income for each community was not considered.

Median income figures for 2012-2014 are from Statistics Canada; they reflect the incomes of census families, which include all married and common-law couples and their children (if any), as well as single parents and their children.[15] To determine median total income for 2015, 2016 and 2017, BC Stats' estimate of annual wage increases were applied to the 2014 figure (BC Stats prepares its estimates using Statistics Canada's Labour Force Survey data). The applicable increases were 3.6% (2015), 0.8% (2016) and 0.1% (for the 12 months ended February 28, 2017).[16]

Statistics Canada's median income figures are helpful, but merely provide a snapshot that doesn't reflect the full range of resources a household has at its disposal or which a purchaser or lender might consider. A household with healthy cash flow may be able to claim investment losses that reduce total income, while other households may tap into savings or receive assistance from parents to facilitate a home purchase and thereby bring mortgage payments within what they deem a manageable range.

Gross debt service ratios were calculated by dividing annual mortgage carrying costs at origination by median income. Annual mortgage carrying costs were calculated using the median sale price in each period for each property type and assumes that buyers made a down payment of 20% and entered a 25-year mortgage at the Bank of Canada's five-year fixed rate for the period. This calculation was made understanding that for higher priced properties, a down payment of 20% would be required and the interest rate offered to many would be lower than the Bank of Canada's lending requirements.

Table 7: Median total income, all families

	2012	2013	2014	2015	2016	2017
Abbotsford-Mission CMA	$66,550	$68,310	$70,590	$73,131	$73,716	$73,800
Chilliwack CMA	$66,210	$69,160	$71,390	$73,960	$74,552	$74,637
Vancouver CMA	$71,140	$73,390	$76,040	$78,777	$79,408	$79,498
Victoria CMA	$81,580	$84,500	$86,430	$89,541	$90,258	$90,361

Source: Statistics Canada; Vancity based on B.C. Stats report.

Table 8: Bank of Canada five-year fixed mortgage rate; 12-month average

Period	2013	2014	2015	2016	2017
Rate	5.27%	5.24%	4.80%	4.65%	4.66%

Source: Bank of Canada

Table 9: Bank of Canada five-year fixed mortgage rate; monthly average

Period	March 2016	April 2016	May 2016	June 2016	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 20;	Dec 2016	Jan 2017	Feb 2017
Rate	4.64%	4.64%	4.64%	4.64%	4.74%	4.74%	4.64%	4.64%	4.64%	4.64%	4.64%	4.64%

Source: Bank of Canada

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2. Rennie Marketing Systems, "Bob Rennie's 2016 Annual UDI Address: We Have to Change the Narrative," June 17, 2016; accessed May 1, 2017 at **http://about.rennie.com/video/2016-bob-rennie-udi-keynote/**

3. For the purposes of this report, Metro Vancouver refers to 23 municipalities including Abbotsford, Bowen Island, Burnaby, Chilliwack, Coquitlam, Delta, Langley (city), Langley (township), Lions Bay, Maple Ridge, Mission, New Westminster, North Vancouver (city), North Vancouver (district), Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Squamish, Surrey, Vancouver, West Vancouver and White Rock.

4. Canada Mortgage and Housing Corp., "How Much Can You Afford?" accessed May 1, 2017 at **www.cmhc-schl.gc.ca/en/co/moloin/moloin_004.cfm**. CMHC considers housing affordable if mortgage costs, property taxes and maintenance (such as strata fees and heating) require 32% or less of a household's monthly income, a figure also known as the gross debt service ratio. This report diverges slightly from CMHC's standard in that it deems a residential property affordable if monthly mortgage payments require no more than 32% of the median household income for the particular region where the home is located. Strata fees, property taxes, and insurance and other costs homeowners typically have to pay may consume a further 1% to 2% of monthly household income. Further information is available in the Methodology section of this report.

5. Colloquially known as condos, apartments are just one property type held as condominiums in B.C. This report uses the term "apartment" to distinguish them from attached, detached and other types of condos.

6. BC Ministry of Finance, *Budget and Fiscal Plan, 2016/17-2018/19*, February 16, 2016; accessed May 1, 2017 at **http://bcbudget.gov.bc.ca/2016/bfp/2016_budget_and_fiscal_plan.pdf#page=63**

7. BC Ministry of Finance, "New Contract Rules Protect Sellers," May 10, 2016; accessed May 1, 2017 at **https://news.gov.bc.ca/releases/2016FIN0018-000756**

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10. Canada Mortgage and Housing Corp., *Preliminary Impacts of the Foreign Buyers Tax on the Vancouver Housing Market* (Oct. 2016); accessed May 1, 2017 at **www.cmhc-schl.gc.ca/odpub/esub/68556/68556_2016_M10.pdf**. Correspondence with CMHC during the preparation of this report confirms that the initial trend continued through March 2017.

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15. Statistics Canada, Family characteristics, summary. CANSIM Table 111-0009; accessed May 1, 2017 at **http://www5.statcan.gc.ca/cansim/a26?lang=eng&id=1110009**

16. BC Stats, *Earnings & Employment Trends* (February 2017); current editions are available at **www.bcstats.gov.bc.ca/StatisticsBySubject/LabourIncome/Earnings.aspx**