

REGIONAL HOUSING REPORT

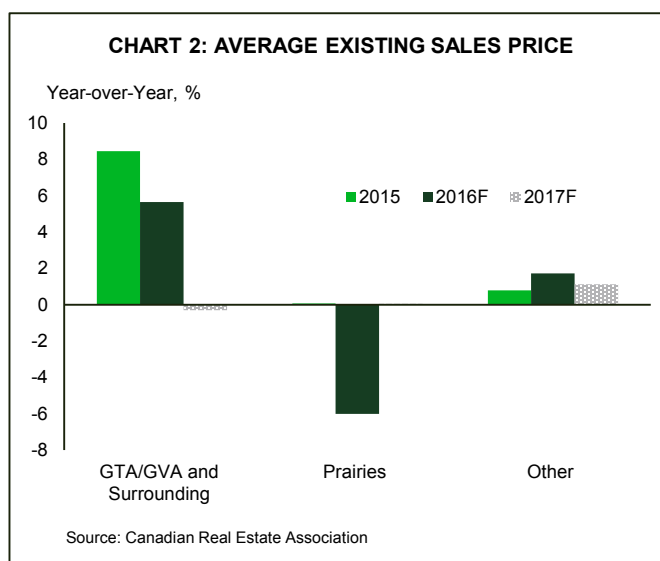
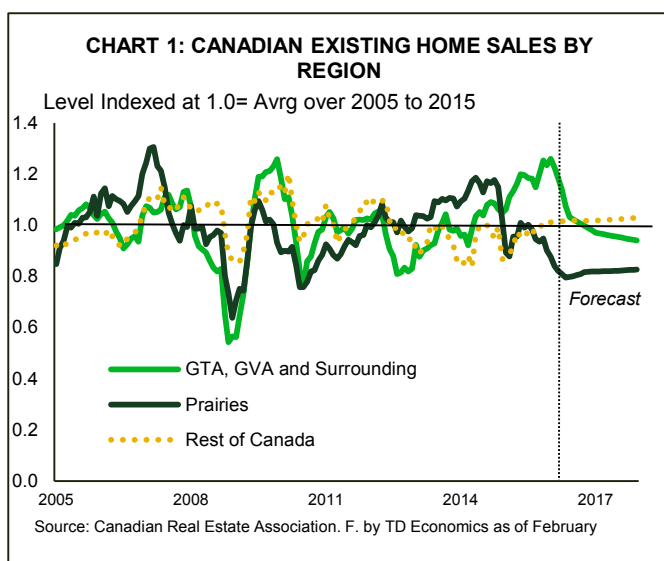


TD Economics

February 11, 2016

CANADIAN REGIONAL HOUSING OUTLOOK: THE BOOMING, THE STRUGGLING AND THE STABLE

- Housing in Canada can best be characterized as a three speed market: the booming (Toronto, Vancouver and surrounding areas), the struggling (Calgary, Edmonton, Saskatoon, and Regina), and the stable (the rest of Canada).
- The dominance of the fastest growing markets boosted overall Canadian resale activity last year to its second highest level on record (behind 2007), while national prices surged by 8.5%.
- The wide performance gap between markets looks set to narrow somewhat in 2016. This convergence will be partly driven by recent regulatory changes and an upward drift in borrowing rates, which will put the brake on future gains in the most expensive Toronto and Vancouver markets.
- For the beleaguered markets hit most directly by low oil prices, including Calgary, stabilization in housing prices is unlikely to take place before 2017.
- Overall, national existing home sales and new home starts are likely to ease back in line with long-run averages, while price growth is expected to moderate to just 2.6% in 2016 before contracting modestly in 2017.

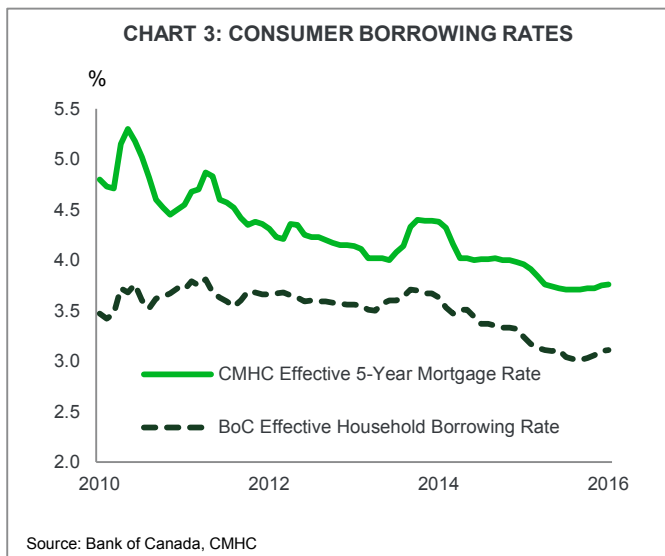


Rates to creep higher and eat into affordability

- The Canadian economy ended 2015 on a weaker-than-expected footing, as many analysts (including ourselves) underestimated the severity and reach of the drop in oil prices. Most of the economic pain has been concentrated in Alberta and Newfoundland & Labrador, whose economies are once again expected to contract this year. Moreover, growing knock-on-effects to other provinces and industries has led TD Economics to lower its expectations for economic growth in virtually all regions. [Please see TD Economics' Provincial Economic Forecast for further details.](#)
- With income gains likely to remain only tepid across much of Canada this year, the onus will remain on low interest rates as the key catalyst to drive housing activity. The interest rate environment will remain historically attractive for homebuyers, with Canadian five-year government bond yields touching new record lows early this year. The Bank of Canada is now expected to hold pat until at least 2018.
- Some mortgage rates have already started to edge up, partly reflecting a squeeze on bank funding costs amid tighter financial conditions and changes to regulatory rules. The 5-year special rate has been raised by up to 30 bps by some banks between December of last year and January of this year. History suggests that a 30 basis point rate increase translates into a 5% to 10% decline in existing home sales over a period of 2 quarters. This impact alone would not be enough to bring sales back in line with their long-run averages.
- There could be some more upward pressure on mortgage rates in Canada throughout 2016 and 2017, as interest rates are expected to climb in the United States with the Federal Reserve continuing its very gradual, multi-year tightening cycle. As the Canadian economy begins to move past the oil price shock late this year, Canadian medium-to-longer term bond yields are expected to edge higher in tandem with U.S. yields.

Mortgage insurance rule changes will pinch housing activity at the margin

- Another factor that will further dampen housing activity in the near term is the recently announced Department of Finance mortgage regulation change which raises the required down payment for insured mortgages on homes worth between \$500,000 and \$1,000,000, effective February 15th, 2016. This marks the fifth time in almost seven years the government has tightened qualifying rules for insured mortgages.
- Following each of the past four rule changes, housing demand slumped for about 4 to 6 quarters (Chart 5). The change this time around is expected to be less impactful since it is targeted at a much smaller share of the market than past changes. For starters, Toronto and Vancouver are the only two markets where the average priced home is in the \$500,000

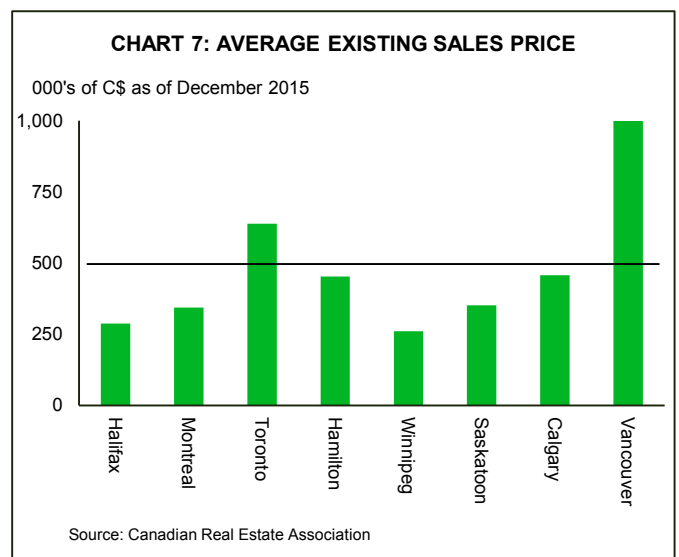
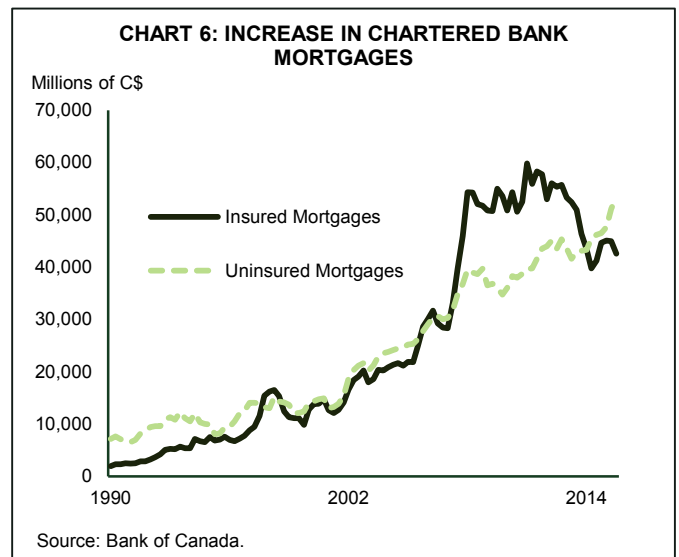
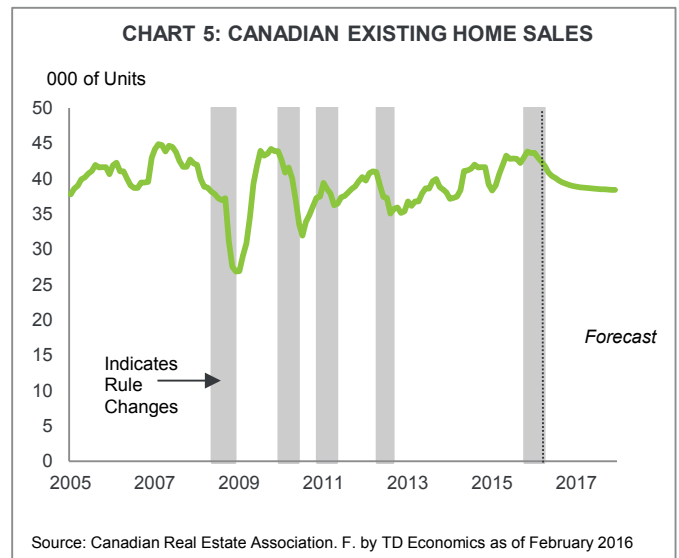


to \$1,000,000 dollar range. The new changes may also disproportionately impact Calgary, a market that has a higher proportion of first-time homebuyers than most. More importantly, past rule changes have created a shift in demand for more conventional mortgages and less insured mortgages (see Chart 6). Insured mortgages now account for a smaller share of chartered bank originations than they had during past changes to mortgage insurance regulation. This means that the majority of sales are being driven by home purchasers who already have a substantial down payment.

- The change to mortgage insurance regulation is likely to create volatility in housing demand. Overall, we could see a jump in home buying activity throughout January as some homebuyers bring purchases forward in an attempt to get ahead of these new rules. We would then expect some payback in the few months following the February 15th implementation date.
- In recent months, CMHC and OSFI (the federal banking regulator) have also announced measures that will raise funding costs – mainly for the bigger banks. Banks may choose not to pass the majority of these higher costs onto borrowers given increased competition from less regulated smaller lenders.

With Ontario and B.C. housing markets performing at top speed in 2015, these markets are expected to shift into neutral through 2016 and 2017

- Toronto and Vancouver are heading into 2016 with considerable momentum. Existing home sales in Vancouver were 46% above their long-run average in January, while home prices are estimated to have risen by close to 20% year-over-year. The average home price in Toronto was up 14.1% y/y in January.
- The lofty activity last year has likely left these two markets more vulnerable to even a gradual increase in interest rates and regulatory rule changes. Average existing home sales and new home construction may ease off record levels throughout 2016 and 2017, but still remain above their long-run average. The Vancouver housing market, in particular, is the most volatile of the 13 markets with some payback following banner years quite common.
- Still, those waiting for a housing crash in Toronto and Vancouver are likely to be disappointed once again in 2016. Toronto and Vancouver are likely benefiting from

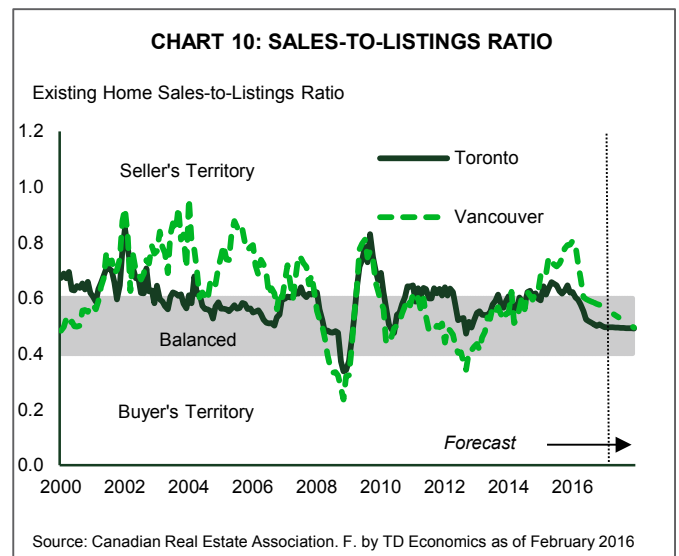
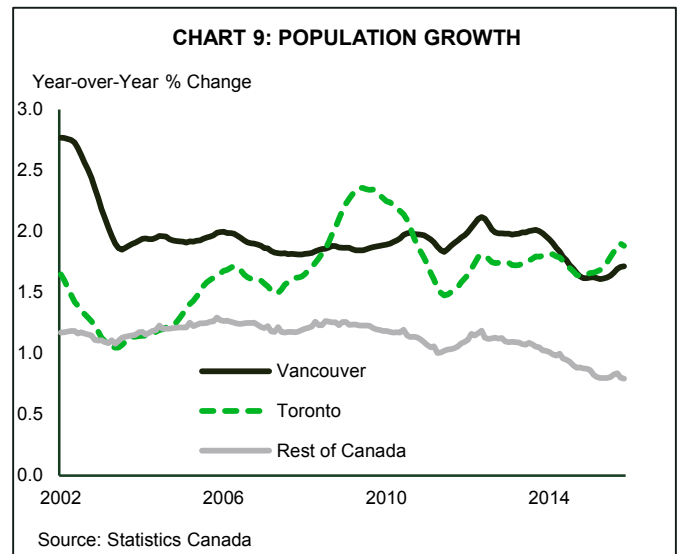
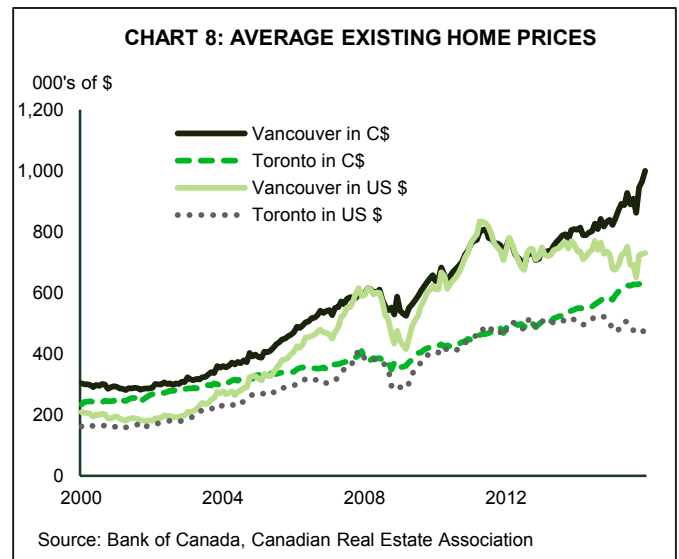


foreign investment inflows, which are expected to remain strong (or strengthen further) in light of a depressed Canadian currency (which makes housing cheaper in many better performing foreign currencies). Ontario and B.C. have also experienced a sharp uptick in population as workers from regions with rising unemployment rates appear to be headed to Ontario, and particularly so, B.C. in search of better economic prospects. The inflow of people will keep housing demand well supported, although its likely to provide more strength to the already fairly-tight rental market over the near term.

- Toronto home price growth will likely moderate to a more sustainable pace of 4% throughout the rest of 2016, before falling modestly in 2017 as the market becomes more balanced. Toronto saw a spike in new home completions in 2015, particularly in the multifamily segment, and still has a record number of new homes under construction. However, the influx of people will help absorb what appears to be a rising inventory of homes for sale on the market and the market adjustments are expected to be modest.
- Home construction in Vancouver has remained well below historical averages since the 2008/2009 recession and both the new and existing home market will remain tight in the year ahead, even as demand tapers off. As such, the average increase of existing home prices in Vancouver is expected to remain a bit loftier at 7% in 2016, before prices edge down by 2% in 2017.
- The strength in Ontario and B.C. has not just been a Toronto and Vancouver story, but more affordable surrounding markets have also been sizzling. In particular, Victoria and Hamilton enjoyed equally sized gains in housing demand last year as Toronto and Vancouver. As such, these markets may see some payback in 2016 and 2017 as market activity overall eases off elevated levels. However, they will continue to remain affordable when compared to their bigger city counterparts, which will make them more attractive to first time homeowners. In addition, these markets have also experienced less construction activity, so even as demand cools, they will remain well balanced and home prices should continue to rise at a modest pace over the next two years.

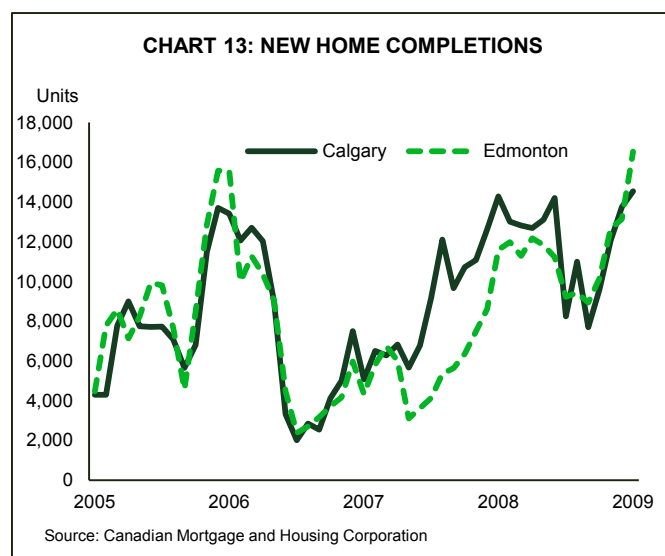
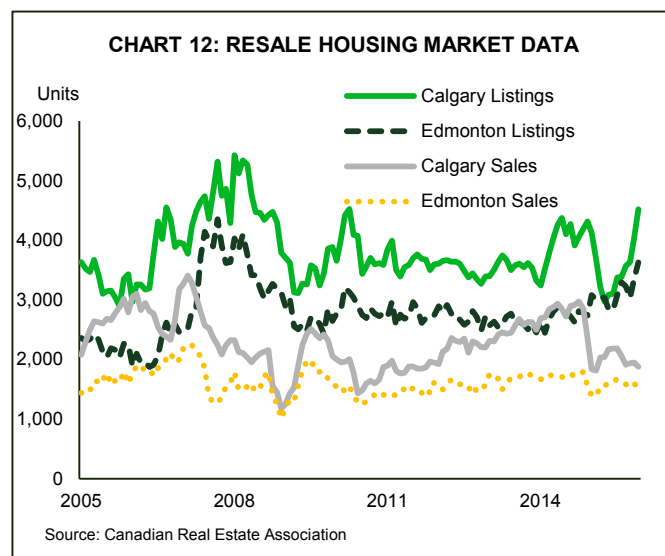
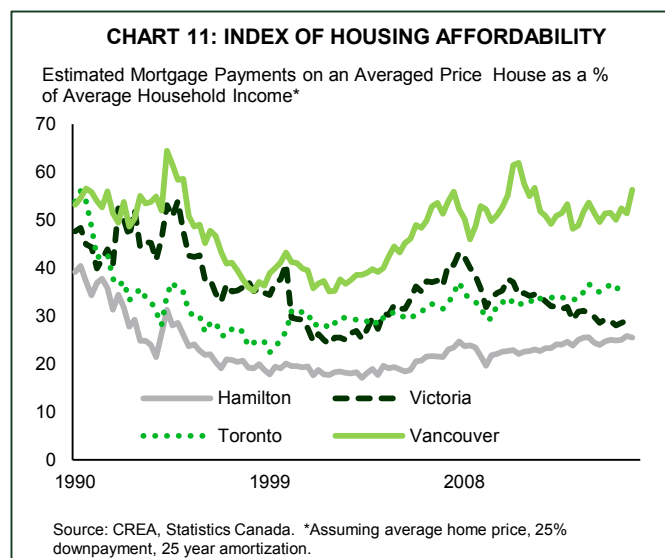
Markets in oil-producing region to continue correcting

- The economy is the number one factor affecting housing markets in Alberta. Job losses are mounting and the prov-



ince is no longer attracting the same number of people it once was. In fact, the risk is that people start leaving for better economic prospects elsewhere. This suggests that the record number of new homes reaching completion is unlikely to be absorbed over 2016 and 2017, with rising slack in the market likely to put downward pressure on home prices.

- Calgary existing home sales have already fallen 36% from their peak reached in July 2014, while Edmonton sales are down 15% from their October 2014 peak and are expected to reach their 2008/2009 lows by the end of this year. The market remained well balanced by CREA's definition in 2015, keeping home prices remarkably stable. A balanced market is typically defined as one where the sales-to-listings ratio is within the 40 to 60 range. The 6-month moving average in the sales-to-listings ratio was 56 in Calgary and 47 in Edmonton in December. Listings are, however, rising sharply and both markets are tipping closer to one in which buyers will increasingly hold the bargaining power. Rental vacancy rates, which are a leading indicator of slack, have more than doubled in all both markets during 2015 (Chart 16, Page 6). As such, home prices are expected to fall by roughly 8% to 10% in Edmonton and Calgary, respectively, by the end of the year. Home prices will likely stabilize thereafter along with oil prices. New home construction will pull back considerably in the near- to medium-term, and take a few years to recover.
- Defying the odds in light of the oil price shock, Newfoundland's housing sales remained quite stable through 2015. But, emerging signs of weakness have been showing up in valuations, with average prices down 5% year-over-year in December. The price action is consistent with a rising inventory of homes for sale on the market. Construction activity has already been exorbitantly weak with housing starts touching back down at levels not seen since 2000. A fifth consecutive decline in new home construction is in the cards for the province over 2016 and 2017, as home prices weaken further, nominal GDP contracts for a third straight year and the unemployment rate holds near 15%.
- Saskatchewan's economy has also been negatively impacted by the drop in commodity prices, by way of its close trade ties with Alberta and increasing dependence on energy exports. Meanwhile, housing markets in Saskatchewan have become more sensitive to economic shocks following years of rampant home price growth

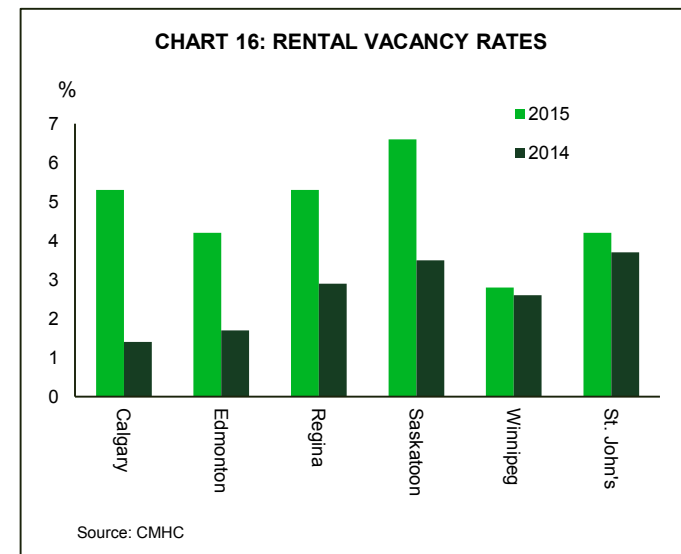
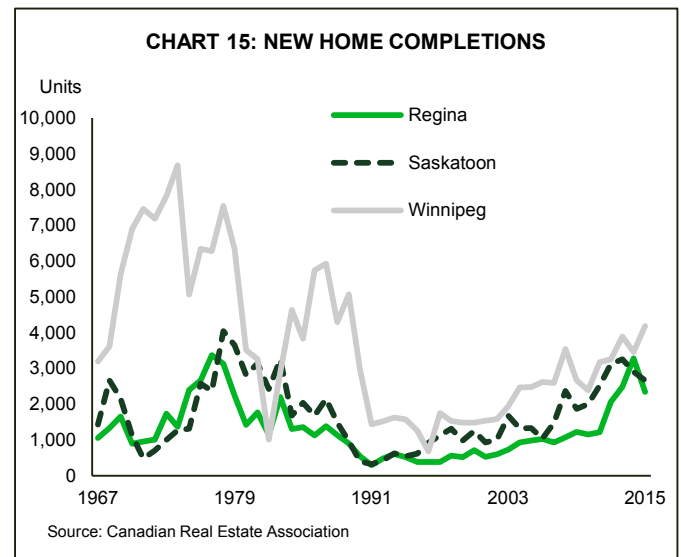
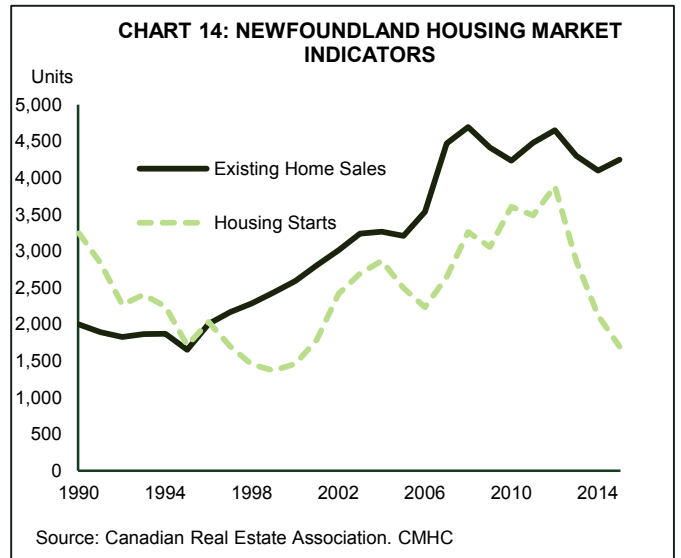


and overbuilding. In 2015, Regina’s housing market began what is expected to be a deep correction, with existing home sales already down 11% year-over-year in December, and average prices down almost 13% from the peak reached in early 2014. While home prices and sales in Saskatoon have shown more stability through 2015, a robust amount of new home completions in the year helped push Saskatoon’s housing market well into buyer’s territory, with the sales-to-listings ratio falling to 38 in December. Like the major markets in Alberta, rental vacancy rates in Regina and Saskatoon have also more than doubled in 2015, pointing to a rising supply of available housing on the market. Overall, home prices are expected to fall by 8% in Regina and 3% in Saskatoon this year. While new housing starts are forecast to fall to about half the peak pace recorded in 2014, new home construction over 2016 and 2017 is expected to be more in line with historical averages for both cities.

- Average existing home prices in Winnipeg weakened considerably towards the end of last year and were down almost 6% year-over-year in December. The downward pressure on prices has been for the most part a supply-side story. The city has seen robust construction activity over the last few years, while listings have been on the rise. The housing market remains relatively balanced, with the sales-to-listings ratio at the lowest it’s been since the early 2000s. While some of the knock-on effects from the drop in oil prices weighed on the provincial economy last year, the province enjoys more economic diversity than its Prairie trading partners. As such, prices may weaken slightly further in the near-term as the market grapples with a rising inventory of homes for sale, but overall housing activity should hold steady over the next few years.

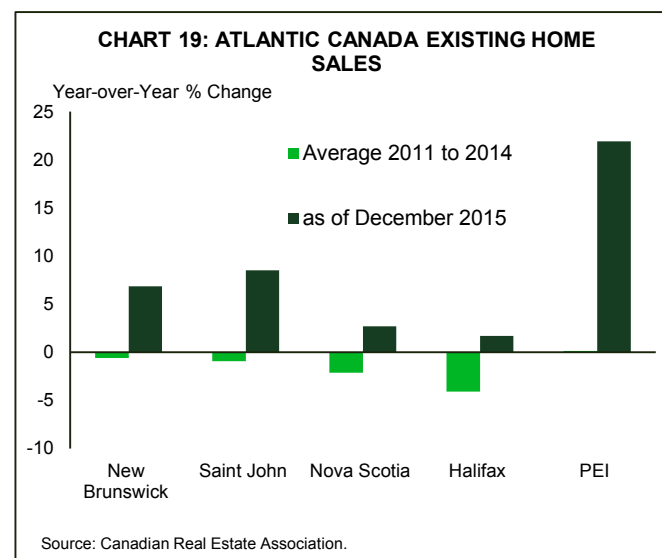
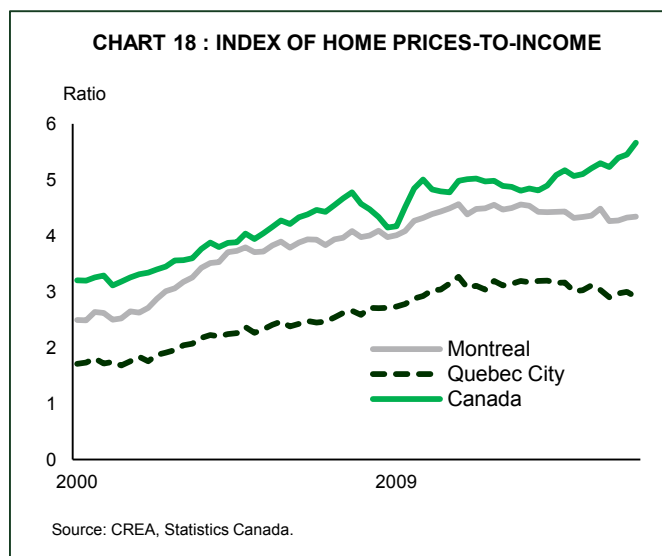
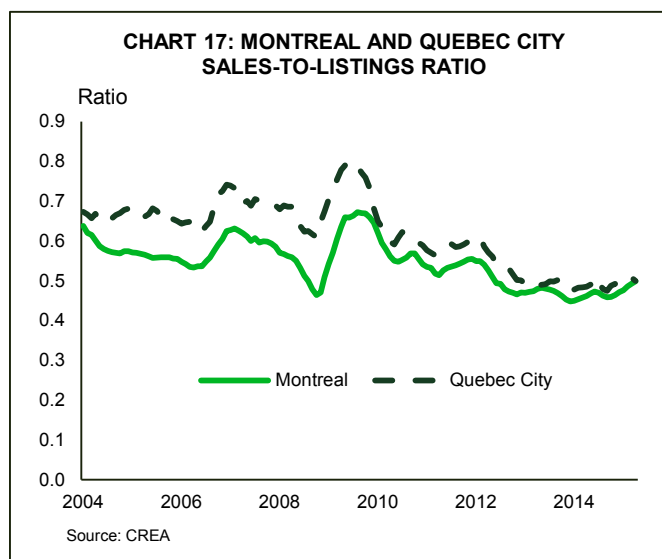
Most other markets are stable

- Most other markets, including Saint John, Montreal and Quebec City, have seen modest gains through 2015 in both existing home sales and prices. Moreover, they are entering 2016 in a fairly balanced position, both in terms of supply-demand fundamentals and valuations. Accordingly, these markets will likely feel less of a pinch from higher interest rates over the coming years.
- The labour market in Quebec was one of the best performing across the country in 2015. Decent job gains, combined with low interest rates, have helped boost hous-



ing demand and new home construction activity in both Quebec City and Montreal. Both markets are still trying to work off a higher inventory of homes for sale on the market, which is likely to keep home price growth stuck in a 2% to 3% range over the next two years. Demand in Montreal is entering 2016 with significantly stronger momentum, which will likely help push the market further back into balance in 2016 at a quicker rate. Since 2012, home prices have been growing roughly in line with household income in Montreal, helping to erase some of the overvaluation that had built up over the last decade. However, the market is still estimated to be overvalued by a very modest 5%, which may make housing demand marginally more sensitive to rising interest rates in 2017, pulling some steam out of sales, prices and construction activity.

- Saint John and markets in PEI in particular are coming off what has been a multi-year housing market correction. New home construction fell back to mid-1990 levels in PEI and late 1980 levels in New Brunswick, which has helped stabilize the sales-to-listings ratio, albeit at fairly low levels. While the economy in New Brunswick appears to still be on wobbly foundations, the continued low interest rate environment should help keep housing activity stable through 2016 and 2017. However, given that the market balance favours buyers in Saint John, home prices are likely to continue to contract. PEI, in contrast, is enjoying a robust cyclical rebound in housing activity, which should be supported by gains in economic activity in 2016 and 2017.
- Of all the markets east of Toronto, existing home sales have been a big disappointment in Halifax. Following what has been a multi-year downturn in sales, the combination of low interest rates and the economic boost from the shipbuilding project were expected to stabilize housing demand. So far, that recovery has failed to materialize. Evidence suggests that there was a shift from the existing home market into the rental market in Halifax, perhaps as households are downsizing as they age. The rental vacancy rate edged down in 2015 while construction activity surged at the end of the year, mostly owing to the construction of purpose built rentals. Looking forward, a positive turnaround in population and employment growth through the second half of 2016 should lay the foundation for stabilization in sales. The market is likely to remain fairly balanced, holding home price growth to a sub-2% pace.



SUMMARY TABLES

TABLE 1: EXISTING HOME SALES											
	000's of units						Annual per cent change				
	2013	2014	2015	2016F	2017F		2013	2014	2015	2016F	2017F
CANADA	456.5	479.9	504.2	488.6	463.1	CANADA	0.7	5.1	5.1	-3.1	-5.2
N. & L.	4.3	4.1	4.2	3.9	4.0	N. & L.	-7.5	-4.7	3.6	-7.1	0.8
St. John's*	--	--	--	--	--	St. John's*	--	--	--	--	--
P.E.I.	1.4	1.4	1.7	1.7	1.7	P.E.I.	-11.8	-3.1	20.4	2.3	2.4
N.S.	9.1	8.9	9.2	8.9	9.1	N.S.	-12.4	-2.3	2.5	-2.9	2.2
Halifax	5.2	4.7	4.8	4.7	4.8	Halifax	-16.9	-8.4	1.4	-2.7	3.1
N.B.	6.3	6.3	6.7	7.2	7.2	N.B.	-1.9	-0.1	6.5	7.1	0.2
Saint John	1.6	1.6	1.7	1.7	1.8	Saint John	-1.2	0.3	5.5	3.3	1.1
Québec	71.2	70.6	74.2	78.4	78.8	Québec	-8.0	-0.8	5.1	5.6	0.5
Québec City	6.3	6.5	6.6	6.9	6.9	Québec City	-13.1	3.1	2.4	4.9	0.1
Montréal	36.5	35.7	37.9	40.0	40.1	Montréal	-9.0	-2.1	6.2	5.6	0.1
Ontario	197.4	204.7	224.5	214.4	200.9	Ontario	0.3	3.7	9.6	-4.5	-6.3
Ottawa	14.0	14.1	14.8	15.0	14.3	Ottawa	-3.1	0.3	5.3	1.4	-5.0
Toronto	88.9	93.3	101.8	93.4	84.5	Toronto	0.9	4.9	9.2	-8.3	-9.6
Hamilton	13.5	14.3	15.9	14.4	13.7	Hamilton	3.3	6.3	11.1	-9.5	-4.6
Manitoba	13.7	13.8	14.0	13.6	13.7	Manitoba	-1.2	0.3	1.8	-2.8	0.8
Winnipeg	12.1	12.1	12.3	11.8	11.9	Winnipeg	0.0	0.5	1.0	-3.8	1.0
Sask.	13.5	13.9	12.4	11.3	11.3	Sask.	-2.4	2.5	-10.8	-8.3	-0.3
Regina	3.7	3.7	3.4	3.0	3.0	Regina	-6.7	1.0	-8.1	-12.8	0.2
Saskatoon	5.5	6.0	5.2	4.9	5.0	Saskatoon	2.7	8.2	-13.0	-5.5	0.9
Alberta	66.1	71.8	56.5	46.3	46.7	Alberta	9.5	8.6	-21.3	-17.9	0.8
Calgary	30.0	33.6	24.0	19.2	20.0	Calgary	12.5	12.2	-28.6	-19.9	3.9
Edmonton	20.3	20.5	18.7	14.8	15.0	Edmonton	9.3	1.1	-9.1	-20.7	1.3
B.C.	72.9	84.0	102.5	102.9	89.7	B.C.	7.8	15.2	22.0	0.3	-12.8
Vancouver	29.0	33.7	43.1	39.8	33.7	Vancouver	13.9	16.2	28.1	-7.8	-15.3
Victoria	5.7	6.4	7.9	7.2	6.3	Victoria	4.2	12.0	23.5	-8.3	-12.1

F. by TD Economics as of February 2016

*Insufficient Data

Source: Canadian Real Estate Association

TABLE 2: AVERAGE EXISTING HOME PRICE

Canadian \$, 000's						Annual per cent change					
	2013	2014	2015	2016F	2017F		2013	2014	2015	2016F	2017F
CANADA	381.7	407.0	438.2	448.7	440.8	CANADA	5.6	6.6	7.7	2.4	-1.8
N. & L.	283.7	284.3	276.3	259.0	258.4	N. & L.	5.4	0.2	-2.8	-6.2	-0.2
St. John's*	--	--	--	--	--	St. John's*	--	--	--	--	--
P.E.I.	155.1	165.1	164.1	170.7	172.7	P.E.I.	1.6	6.4	-0.6	4.0	1.2
N.S.	216.3	213.2	217.9	217.8	220.6	N.S.	-0.9	-1.4	2.2	0.0	1.3
Halifax	274.2	272.1	281.3	286.2	290.1	Halifax	1.8	-0.8	3.4	1.7	1.4
N.B.	161.4	161.1	159.5	162.2	164.1	N.B.	1.3	-0.2	-0.9	1.7	1.2
Saint John	172.1	169.8	162.9	160.2	161.9	Saint John	3.3	-1.3	-4.1	-1.7	1.1
Québec	267.7	271.4	275.9	277.5	280.0	Québec	1.2	1.4	1.7	0.6	0.9
Québec City	267.2	265.3	265.7	269.0	273.5	Québec City	3.5	-0.7	0.2	1.2	1.7
Montréal	324.1	331.7	337.9	347.6	352.4	Montréal	0.6	2.3	1.9	2.9	1.4
Ontario	401.2	429.2	461.4	472.0	467.8	Ontario	5.1	7.0	7.5	2.3	-0.9
Ottawa	356.4	360.7	366.4	375.1	379.3	Ottawa	1.6	1.2	1.6	2.4	1.1
Toronto	521.8	563.5	616.6	641.7	632.0	Toronto	5.4	8.0	9.4	4.1	-1.5
Hamilton	381.2	404.5	440.4	463.7	473.6	Hamilton	6.5	6.1	8.9	5.3	2.1
Manitoba	260.7	264.7	268.1	263.3	267.4	Manitoba	5.7	1.5	1.3	-1.8	1.5
Winnipeg	268.5	271.9	275.9	272.3	276.6	Winnipeg	5.7	1.3	1.4	-1.3	1.6
Sask.	287.5	298.0	296.1	287.3	284.1	Sask.	4.5	3.6	-0.6	-3.0	-1.1
Regina	310.9	314.7	308.3	285.0	279.4	Regina	3.3	1.2	-2.1	-7.6	-1.9
Saskatoon	331.0	340.8	343.1	333.0	327.6	Saskatoon	3.7	2.9	0.7	-3.0	-1.6
Alberta	380.2	399.8	391.4	378.2	383.1	Alberta	5.0	5.2	-2.1	-3.4	1.3
Calgary	436.6	459.5	451.7	433.5	438.6	Calgary	6.3	5.2	-1.7	-4.0	1.2
Edmonton	343.7	361.5	368.4	343.9	348.5	Edmonton	3.1	5.2	1.9	-6.6	1.3
B.C.	537.6	570.2	637.0	674.5	674.2	B.C.	4.8	6.1	11.7	5.9	0.0
Vancouver	767.4	813.2	900.7	964.4	943.6	Vancouver	5.8	6.0	10.8	7.1	-2.2
Victoria	476.7	495.4	519.0	550.9	552.5	Victoria	-1.1	3.9	4.8	6.1	0.3

F. by TD Economics as of February 2016

*Insufficient Data

Source: Canadian Real Estate Association

TABLE 3: HOUSING STARTS

	Thousands of Units						Per cent change				
	2013	2014	2015	2016F	2017F		2013	2014	2015	2016F	2017F
CANADA	187.9	189.2	193.7	177.9	168.3	CANADA	- 12.5	0.7	2.4	- 8.1	- 5.4
N. & L.	2.9	2.2	1.8	1.5	1.4	N. & L.	- 26.3	- 23.6	- 19.0	- 15.3	- 6.7
St. John's*	1.7	1.2	1.0	0.6	0.5	St. John's*	- 19.5	- 30.9	- 20.0	- 37.4	- 16.7
P.E.I.	0.64	0.51	0.54	0.58	0.60	P.E.I.	- 33.2	- 19.3	4.90	7.6	3.4
N.S.	3.9	3.0	3.9	3.7	4.1	N.S.	- 14.4	- 22.0	27.2	- 4.5	10.8
Halifax	2.4	1.8	2.6	2.4	2.8	Halifax	- 11.4	- 27.7	46.9	- 7.3	16.7
N.B.	2.8	2.3	1.9	2.1	2.2	N.B.	- 13.4	- 18.9	- 15.0	10.0	4.2
Saint John	0.3	0.2	0.2	0.3	0.3	Saint John	- 22.3	- 15.2	- 10.0	61.5	- 2.9
Québec	37.6	39.3	36.9	38.0	39.1	Québec	- 20.3	4.5	- 6.3	3.1	2.9
Québec City	4.7	4.4	5.5	6.0	6.1	Québec City	- 27.1	- 5.3	23.1	10.0	1.7
Montréal	15.6	18.7	18.7	20.0	21.0	Montréal	- 24.1	19.4	0.5	6.7	5.0
Ontario	60.9	58.6	68.9	60.1	56.9	Ontario	- 21.4	- 3.8	17.6	- 12.8	- 5.3
Ottawa	6.6	5.8	4.9	3.9	3.8	Ottawa	8.9	- 12.3	- 15.3	- 19.9	- 2.6
Toronto	33.5	28.8	42.0	36.0	33.0	Toronto	- 30.3	- 14.1	45.8	- 14.3	- 8.3
Hamilton	2.7	2.8	2.0	2.2	2.1	Hamilton	- 8.8	4.4	- 28.9	9.4	- 4.5
Manitoba	7.5	6.2	5.6	6.2	6.1	Manitoba	2.6	- 17.6	- 9.5	10.9	- 1.6
Winnipeg	4.7	4.2	4.4	4.2	4.1	Winnipeg	15.7	- 10.0	4.6	- 5.1	- 2.4
Sask.	8.3	8.3	5.2	3.9	2.7	Sask.	- 17.1	0.2	- 37.3	- 24.8	- 30.8
Regina	3.1	2.2	1.6	1.1	0.9	Regina	0.9	- 28.5	- 28.4	- 31.1	- 18.2
Saskatoon	3.0	3.5	2.3	1.8	0.8	Saskatoon	- 20.6	17.1	- 33.5	- 22.5	- 55.6
Alberta	36.1	40.5	37.5	30.8	27.5	Alberta	8.2	12.4	- 7.4	- 17.9	- 10.7
Calgary	12.6	17.1	13.1	11.0	10.0	Calgary	- 2.0	36.0	- 23.5	- 15.9	- 9.1
Edmonton	14.7	13.9	17.1	14.0	12.0	Edmonton	14.4	- 5.6	23.4	- 18.2	- 14.3
B.C.	27.1	28.3	31.5	31.0	27.7	B.C.	- 1.5	4.5	11.3	- 1.5	- 10.6
Vancouver	18.7	19.2	20.9	23.0	20.0	Vancouver	- 1.7	2.7	8.6	10.3	- 13.0
Victoria	1.7	1.3	2.0	2.0	1.7	Victoria	- 0.9	- 22.3	53.8	- 0.7	- 15.0

F. by TD Economics as of February 2016

Source: Canadian Mortgage and Housing Corporation, Statistics Canada

TABLE 4: SALES-TO-NEW LISTINGS RATIO

	Per cent						Per cent change				
	2013	2014	2015	2016F	2017F		2013	2014	2015	2016F	2017F
CANADA	52.7	53.5	55.9	51.7	48.2	CANADA	0.7	0.9	2.4	- 4.2	- 3.5
N. & L.	42.7	37.3	39.0	37.7	37.6	N. & L.	- 7.1	- 5.4	1.7	- 1.3	- 0.1
St. John's*	--	--	--	--	--	St. John's*	--	--	--	--	--
P.E.I.	40.3	36.1	45.1	52.1	52.8	P.E.I.	- 10.0	- 4.2	9.0	7.0	0.6
N.S.	43.9	43.1	44.0	42.6	43.8	N.S.	- 7.3	- 0.8	1.0	- 1.4	1.2
Halifax	47.6	46.2	46.1	43.7	44.5	Halifax	- 11.9	- 1.5	- 0.0	- 2.5	0.8
N.B.	41.4	38.3	41.6	44.9	45.2	N.B.	- 0.2	- 3.1	3.3	3.3	0.3
Saint John	37.6	35.8	39.1	38.0	38.0	Saint John	1.4	- 1.8	3.3	- 1.1	- 0.0
Québec	45.7	44.0	46.3	47.3	46.5	Québec	- 3.7	- 1.7	2.3	1.0	- 0.8
Québec City	49.4	48.5	48.1	46.1	46.7	Québec City	- 7.5	- 0.9	- 0.4	- 2.0	0.5
Montréal	47.3	45.9	48.9	49.3	47.5	Montréal	- 4.7	- 1.4	3.0	0.4	- 1.8
Ontario	54.9	56.0	60.3	56.4	52.3	Ontario	- 0.1	1.2	4.3	- 4.0	- 4.0
Ottawa	47.0	45.3	46.3	45.1	42.6	Ottawa	- 4.2	- 1.7	1.0	- 1.3	- 2.5
Toronto	56.5	59.5	63.1	54.3	49.4	Toronto	1.1	2.9	3.7	- 8.8	- 4.9
Hamilton	71.6	73.7	77.0	72.3	66.6	Hamilton	0.8	2.1	3.3	- 4.7	- 5.7
Manitoba	65.0	57.7	54.4	52.9	50.3	Manitoba	- 6.8	- 7.3	- 3.3	- 1.6	- 2.6
Winnipeg	66.5	58.9	55.3	53.1	51.1	Winnipeg	- 6.1	- 7.5	- 3.6	- 2.3	- 2.0
Sask.	49.2	46.1	40.1	34.5	33.8	Sask.	- 6.2	- 3.1	- 6.0	- 5.6	- 0.7
Regina	51.7	45.1	43.9	38.1	36.9	Regina	- 10.5	- 6.6	- 1.2	- 5.8	- 1.2
Saskatoon	48.7	46.5	37.7	31.9	31.7	Saskatoon	- 4.1	- 2.2	- 8.8	- 5.8	- 0.1
Alberta	64.3	64.6	51.5	34.2	33.4	Alberta	5.7	0.3	- 13.1	- 17.3	- 0.8
Calgary	70.2	69.9	56.2	32.8	33.0	Calgary	7.0	- 0.3	- 13.7	- 23.3	0.1
Edmonton	65.0	62.7	49.8	31.1	30.3	Edmonton	8.3	- 2.3	- 12.9	- 18.7	- 0.8
B.C.	49.5	55.8	67.4	66.8	57.3	B.C.	7.0	6.2	11.7	- 0.6	- 9.5
Vancouver	51.3	58.4	73.3	64.0	52.9	Vancouver	8.9	7.1	14.9	- 9.3	- 11.1
Victoria	49.8	55.1	66.6	59.3	51.6	Victoria	7.1	5.3	11.5	- 7.3	- 7.8

F. by TD Economics as of February 2016

*Insufficient Data

Source: Canadian Real Estate Association

TABLE 5: HOME AFFORDABILITY*

	Per cent						Per cent change				
	2013	2014	2015	2016F	2017F		2013	2014	2015	2016F	2017F
CANADA	25.6	26.2	26.2	28.0	28.8	CANADA	0.5	0.7	- 0.1	1.8	0.8
N. & L.	22.5	21.1	19.0	18.6	19.5	N. & L.	- 0.5	- 1.4	- 2.1	- 0.4	0.8
St. John's**	--	--				St. John's**	--	--	--	--	--
P.E.I.	13.4	13.7	12.7	13.7	14.6	P.E.I.	- 0.3	0.3	- 1.1	1.1	0.8
N.S.	18.1	17.2	16.3	17.0	18.0	N.S.	- 0.9	- 0.9	- 0.9	0.7	1.0
Halifax	18.9	18.3	17.3	18.4	19.5	Halifax	- 0.5	- 0.7	- 1.0	1.1	1.1
N.B.	14.1	13.6	12.5	13.2	14.0	N.B.	- 0.3	- 0.6	- 1.1	0.8	0.8
Saint John	15.1	14.3	12.7	13.1	13.8	Saint John	- 0.1	- 0.8	- 1.6	0.3	0.8
Québec	21.7	21.2	20.0	21.0	22.2	Québec	- 0.7	- 0.5	- 1.2	1.0	1.2
Québec City	17.4	16.6	15.4	16.3	17.3	Québec City	- 0.1	- 0.8	- 1.2	0.9	1.1
Montréal	24.7	24.3	23.0	24.7	26.2	Montréal	- 0.9	- 0.4	- 1.4	1.7	1.5
Ontario	25.8	26.5	26.5	28.3	29.4	Ontario	0.1	0.7	- 0.1	1.8	1.1
Ottawa	19.4	18.9	17.8	19.0	20.2	Ottawa	- 0.6	- 0.5	- 1.1	1.2	1.1
Toronto	30.3	31.5	31.9	34.7	35.8	Toronto	0.2	1.2	0.4	2.8	1.1
Hamilton	22.2	22.6	22.8	25.1	26.8	Hamilton	0.4	0.5	0.2	2.3	1.8
Manitoba	18.9	18.5	17.3	17.8	18.9	Manitoba	0.2	- 0.4	- 1.1	0.4	1.1
Winnipeg	17.7	16.9	15.9	16.4	17.4	Winnipeg	- 0.0	- 0.8	- 1.0	0.5	1.0
Sask.	19.4	19.4	17.8	17.6	18.2	Sask.	0.4	- 0.1	- 1.5	- 0.2	0.6
Regina	21.0	20.4	18.6	16.9	17.3	Regina	0.2	- 0.6	- 1.9	- 1.7	0.4
Saskatoon	22.4	22.1	20.7	20.5	21.0	Saskatoon	0.3	- 0.2	- 1.5	- 0.2	0.6
Alberta	19.8	20.1	18.2	18.4	19.5	Alberta	0.4	0.2	- 1.9	0.2	1.1
Calgary	19.2	19.4	17.7	17.7	18.8	Calgary	0.6	0.2	- 1.7	0.0	1.1
Edmonton	20.7	21.0	19.8	19.3	20.5	Edmonton	0.0	0.2	- 1.2	- 0.5	1.2
B.C.	38.6	39.4	40.8	45.1	47.2	B.C.	- 0.0	0.8	1.4	4.3	2.1
Vancouver	50.4	51.9	53.8	60.8	62.9	Vancouver	0.4	1.5	1.9	7.0	2.1
Victoria	37.2	37.2	36.1	40.0	42.0	Victoria	- 2.2	- 0.0	- 1.1	3.9	2.0

* Mortgage payment as % of average household income, average home price, 25% downpayment, 25-year amortization and 5-year fixed posted rate.

**Insufficient Data

F. by TD Economics as of February 2016

*Insufficient Data

Source: Canadian Real Estate Association, Statistics Canada

TABLE 6: PRICE-TO-INCOME RATIO

	Level						Per cent change				
	2013	2014	2015	2016F	2017F		2013	2014	2015	2016F	2017F
CANADA	5.3	5.5	5.7	5.7	5.4	CANADA	0.1	0.2	0.2	0.0	0.3
N. & L.	4.7	4.4	4.2	3.8	3.7	N. & L.	- 0.1	- 0.3	- 0.2	- 0.4	- 0.1
St. John's*	--	--	--	--	--	St. John's*	--	--	--	--	--
P.E.I.	2.8	2.9	2.8	2.8	2.7	P.E.I.	- 0.0	0.1	- 0.1	0.0	- 0.0
N.S.	3.7	3.6	3.6	3.5	3.4	N.S.	- 0.2	- 0.2	- 0.0	- 0.1	- 0.1
Halifax	3.9	3.8	3.8	3.7	3.7	Halifax	- 0.1	- 0.1	- 0.0	- 0.0	- 0.1
N.B.	2.9	2.8	2.7	2.7	2.6	N.B.	- 0.0	- 0.1	- 0.1	- 0.0	- 0.0
Saint John	3.1	3.0	2.8	2.7	2.6	Saint John	0.0	- 0.1	- 0.2	- 0.1	- 0.0
Québec	4.5	4.4	4.4	4.3	4.2	Québec	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Québec City	3.6	3.5	3.4	3.3	3.3	Québec City	- 0.0	- 0.1	- 0.1	- 0.1	- 0.0
Montréal	5.1	5.1	5.0	5.0	4.9	Montréal	- 0.2	- 0.0	- 0.1	- 0.0	- 0.1
Ontario	5.3	5.5	5.8	5.8	5.5	Ontario	0.1	0.2	0.2	- 0.0	- 0.2
Ottawa	4.0	3.9	3.9	3.9	3.8	Ottawa	- 0.1	- 0.1	- 0.1	- 0.0	- 0.1
Toronto	6.3	6.6	7.0	7.1	6.7	Toronto	0.1	0.3	0.4	0.1	- 0.3
Hamilton	4.6	4.7	5.0	5.1	5.1	Hamilton	0.1	0.1	0.3	0.1	- 0.0
Manitoba	3.9	3.9	3.8	3.6	3.6	Manitoba	0.1	- 0.1	- 0.1	- 0.2	- 0.1
Winnipeg	3.7	3.5	3.5	3.3	3.3	Winnipeg	0.0	- 0.1	- 0.1	- 0.1	- 0.0
Sask.	4.0	4.0	3.9	3.6	3.4	Sask.	0.1	0.0	- 0.1	- 0.3	- 0.1
Regina	4.3	4.3	4.1	3.4	3.3	Regina	0.1	- 0.1	- 0.2	- 0.6	- 0.2
Saskatoon	4.6	4.6	4.5	4.2	4.0	Saskatoon	0.1	- 0.0	- 0.1	- 0.4	- 0.2
Alberta	4.1	4.2	4.0	3.7	3.7	Alberta	0.1	0.1	- 0.2	- 0.2	- 0.1
Calgary	4.0	4.0	3.9	3.6	3.5	Calgary	0.1	0.1	- 0.2	- 0.3	- 0.1
Edmonton	4.3	4.4	4.3	3.9	3.9	Edmonton	0.0	0.1	- 0.0	- 0.4	- 0.1
B.C.	8.0	8.2	8.9	9.2	8.9	B.C.	0.1	0.2	0.7	0.3	- 0.3
Vancouver	10.4	10.8	11.8	12.4	11.8	Vancouver	0.2	0.4	0.9	0.6	- 0.5
Victoria	7.7	7.8	7.9	8.1	7.9	Victoria	- 0.4	0.1	0.1	0.2	- 0.2

F. by TD Economics as of February 2016

*Insufficient Data

Source: Canadian Real Estate Association, Statistics Canada

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