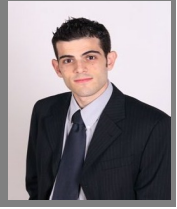




## Joe Traversa & Paul Liberatore



VANCOUVER — Vancouver is the least affordable housing market in nearly 300 metropolitan markets worldwide, according to a study released Monday.

“Vancouver is the most unaffordable of the 28 housing markets measured in Canada and the most unaffordable of the 272 metropolitan markets ranked in Ireland, the U.K., New Zealand, Australia, the U.S. and Canada,” the Frontier Centre for Public Policy concluded in its sixth annual Demographia International Housing Affordability Survey.

“[In] Vancouver the median sale value was \$540,900 and the median household income was \$58,200, giving a Median Multiple of 9.3 — defined as ‘severely unaffordable.’”

Frontier senior policy analyst and Canadian representative David Seymour said in an interview that the Vancouver results weren’t unexpected.

“It wasn’t a great surprise. [Vancouver] was at the top of the list last year as well, or on the bottom of the list, depending on your perspective.”

Report authors Wendell Cox and Hugh Pavletich, who based their findings on 2009 thirdquarter data, said that to be affordable, housing prices have to be equivalent to approximately three years’ income.

In 2009, Canada as a whole became slightly less affordable. The Median Multiple of Canadian metropolitan markets was 3.7, up from 3.5 in 2008.

The survey uses what’s called the median multiple method of measuring housing affordability. This takes the median residential house sale value and divides it by the median annual gross household income.

Of Vancouver’s median multiple results of 9.3, the authors said: “The recent increases to almost 10 years’ income are ... unprecedented in modern history.”

According to the report, the affordability rating categories are as follows: severely unaffordable 5.1 and over; seriously unaffordable 4.1 to 5.0; moderately unaffordable 3.1 to 4.0; and affordable 3.0 or less.

Other large Canadian cities fared better than Vancouver, although affordability remains a problem there as well.

In Toronto, the median multiple moved up to 5.2 from 4.8, “which put it into the “severely unaffordable” category for the first time.

Calgary and Edmonton were “fractionally more affordable for the first time,” while Montreal at 4.9 is approaching ‘severely unaffordable’ for the first time.

In B.C., Victoria, Abbotsford and Kelowna were also in the ranks of the severely unaffordable. According to the report, the survey shows that “jurisdictions which adopt prescriptive planning policies, often called smart growth, have less affordable housing.”



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“Prescriptive land use regulation policies [principally compact development and urban consolidation] have virtually destroyed housing affordability in many markets,” Cox and Pavletich said.

Seymour said one reason Vancouver leads the list in unaffordability is that it’s largely hemmed in by the mountains and the ocean. “Vancouver has a shortage of land.”

He added that the Fraser Valley still has plenty of land to develop but that prices are kept high because there’s “a great level of restriction [on development].” “There is clear evidence that the level of land-use regulation is a dominant factor in the level of housing affordability.”

Tsur Somerville, director of the Centre for Urban Economics and Real Estate at the University of B.C.’s Sauder School of Business, said the Frontier study contains little that’s new. “It says Vancouver is unaffordable, but we knew that already.”

He said the survey compares median home prices, but doesn’t differentiate between types of housing. In London, England, for example, a typical home is a small row home, while in Vancouver that’s not the case.

“It doesn’t compare apples to apples. It compares apples to oranges. Also, the U.K. and Ireland had a huge drop [in prices] during the recession. In comparison, we recovered more quickly. And large urban centres with limited land and a growing population are expensive.”



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