

Take housing affordability rankings with a big grain of salt

What's behind the numbers that rank us as so utterly unaffordable?

If you believe most Canadian media, Vancouver housing is more valuable than homes in global mega-cities such as London, New York or Beijing – cities with up to 20 times our population and 1,000 times the economic clout.

We say poppycock.

This month, the media widely reported a “Wealth Report” from Knight Frank, often headlining it as “Vancouver home price growth tops 100 cities.” In reality, the report focused entirely on the appreciation in luxury houses from 2014 to 2015, which provides a narrow and skewed data set. And, in most of the global cities surveyed, luxury house prices put Vancouver deep in the shade. In New York City, which incidentally has a GDP of US\$1.4 trillion compared to Vancouver’s GDP of \$110 billion, luxury homes are defined in the US\$60-\$80 million-dollar stratosphere.

Last month, RBC filed its Housing Trends and Affordability report, which was widely reported as “Vancouver has never been more unaffordable.”

RBC claims it takes 109 per cent of income to buy a typical Vancouver

house. Dig deeper, though, and RBC concedes that condominiums make up the biggest share of sales in the city and these require 44 per cent, still high enough, but much more reasonable.

In January, Demographia released its 2016 Affordability Survey that ranked Vancouver as the third-least affordable city in the world, behind only Hong Kong and Sydney, Australia.

While most media reported Demographia’s report as a “global housing” survey, the report does not include the European mainland, mainland China, South or Central America or the Middle East, all of which have many cities that are much less affordable than Vancouver.

This month, less reported data from the International Monetary Fund placed Beijing, Shanghai, Shenzhen, Hong Kong and Tianjin, China, in the top five of the world’s least affordable housing list. Vancouver did not even make the top 15.

Metro Vancouver housing is expensive, but it is foolish to believe its prices rank with the largest and most vibrant cities in the world.



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