

Severely unaffordable' Vancouver places third in survey



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Published on: January 24, 2017 | Last Updated: January 24, 2017 6:29 AM PST



Picturesque but densely packed, Vancouver is the third most unaffordable among a survey of 406 cities in nine countries. Mark van Manen / PNG

Vancouver is the third most unaffordable among a survey of major world cities, according to an international study.

And with affordability deteriorating faster than any other major city, Vancouver also has the worst housing bubble risk, the study says.

Meanwhile, a new poll shows that millennials across B.C. say Vancouver is the first place they would like to move to, “if money were no object.”

The 2017 Demographia International Housing Affordability Survey, which compares median house prices to median household incomes to generate an affordability ratio, surveys 406 metro housing markets in nine countries. A “median multiple” value of 3.0 — meaning a home costs about three times annual household income — is deemed affordable in Demographia’s study.

Vancouver is rated “severely unaffordable” with a median multiple value of 11.8. At a value of 18.1, Hong Kong is the survey’s most unaffordable city. And in Australia, Sydney is slightly more expensive than Vancouver, with a 12.2 median multiple value.

“There are serious consequences for residents,” the survey says. “The higher house prices reduce discretionary incomes, which reduces potential standards of living and raises relative poverty rates.”

Toronto has the second least affordable housing among major cities in Canada, the survey says, with a median multiple value of 7.7.



Hong Kong is even more unaffordable than Vancouver. — AP files

Demographia has been publishing its housing cost study since 2004. Vancouver was rated severely unaffordable that year with a median multiple of 5.4. And while Vancouver is still more affordable than Hong Kong, in comparison, the study suggests the trend in Vancouver is getting worse for middle-income earners. This year's survey said Vancouver "has experienced the greatest housing affordability deterioration among major markets."

According to Demographia, data shows Vancouver is now experiencing modest out-migration, with more people moving away than moving into the city.

The survey notes that the UBS Global Real Estate Bubble index rates Vancouver as having the world's worst housing bubble risk.

However, "Vancouver's rapid escalation in house prices has stalled since August, after the imposition by the British Columbia government of a foreign buyers tax."

Demographia concludes generally that "urban containment" policies, which put strict constraints on land and development, are a factor causing affordability problems in the cities surveyed.

"We should not accept extreme price levels in our housing markets," the report says. "High house prices are not a sign of city's success, but a sign of failure to deliver the housing that its citizens need."

Meanwhile, a new poll says that a majority of millennials in B.C. hope to move to the Vancouver area if they can afford it. But failing that, the poll says, they would rather leave the province.

The study conducted by Insights West for Resonance Consultancy, a global advisor on real estate and economic development, says that among all B.C. millennials asked “If money were no object, where would you move to?” 68 per cent made **Greater Vancouver their top choice.**

The study said that of 19 per cent of respondents that planned to migrate from their current location in B.C., 45 per cent said they would end up in Greater Vancouver, and 38 per cent said “outside of B.C.”

“There is a tremendous challenge ahead for policy-makers and politicians to make Greater Vancouver affordable and welcoming for millennials,” Resonance’s president Chris Fair said.

Eveline Xia, a Vancouver millennial who started a popular social media campaign against skyrocketing home prices, said given current trends she expects more young workers will leave the city, to the detriment of communities and the economy.

“It’s hard to know exactly what is happening with millennials in Vancouver, but my experience in my circle is about half have already left,” Xia said. “I think people are leaving en masse for Vancouver Island and for Seattle and also for Portland.”

Another recent poll conducted by Insights West found that 40 per cent of Vancouver homeowners in Generation X (35 to 54) were planning to sell their home and move to a more affordable city. Of millennials 35 per cent planned to move to a more affordable city, compared to 28 per cent of boomers.

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