

Housing Affordability for Homeowners in B.C.

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Background

The Government of B.C. is committed to making homeownership more affordable and attainable for people across the province. However, changes in house prices alone do not provide a complete picture of housing affordability. A comprehensive assessment must also account for changes in household income and interest rates over time.

To address this, BC Stats has developed the Mortgage Payment as a Percent of Income (MPPI) measure. The MPPI is a composite metric that captures long-term trends in housing affordability for homeowners across multiple regions of the province. It incorporates three key drivers—house prices, income, and interest rates—to measure changes in home ownership affordability.

Approach

The MPPI reflects the experience of a hypothetical new homebuyer who, in a given year:

- earns the median regional after-tax income
- purchases a home at the median regional sale price
- makes the minimum down payment
- finances the purchase with a 25-year variable-rate mortgage at an interest rate equal to the current prime.

This approach tracks the quarterly changes in these factors to provide an up-to-date, stable, comparable, and scalable measure of home ownership affordability over time. It supports analysis at both provincial and sub-provincial levels as a consistent measure for monitoring home ownership affordability trends over time within a specific geography.

Caution should be exercised when using it for point-in-time comparisons across jurisdictions or against other measures.

Income

The MPPI standardizes income data from different sources to enable long term reporting, from the 1970's to the present quarter. Median after-tax family income data published by Statistics Canada¹ was mapped to each region for all available years. Linear regression and AutoRegressive Integrated Moving Average (ARIMA) modeling were used to combine data series and estimate income at both the provincial and regional levels, historically and to the present.

Although income data is reported annually, it was smoothed and interpolated to a quarterly frequency to reflect real-world income trends over time.

Median House Price

Housing sales and price data were sourced from BC Assessment, which is a comprehensive dataset that enables aggregation by geography and housing type (i.e., detached homes, row houses, condominiums). This adds value to the knowledge base as most current reporting focuses primarily on urban areas and real estate board transactions.

This comprehensive dataset was smoothed out using a 3-month moving average due to availability of housing sales and price data.

Down Payment

Due to a lack of data on the average or median levels of home purchase down payments over time, the MPPI assumes a zero-down payment. This approach ensures a consistent comparison over time however it is a limitation to the model as some first-time homebuyers have some amount of equity to use a downpayment.

Prime Rate

Homebuyers have access to various mortgage rate options when purchasing a home, each with slightly different interest rates that affect overall mortgage costs. Additionally, advertised rates may also differ from those ultimately offered to borrowers. These factors make it challenging to construct a consistent historical data series on average mortgage rates dating back to the 1970s.² To address this limitation, the prime rate was used as a proxy for typical mortgage rates. The prime rate is closely linked to variable-rate mortgages and is one of the few long-term data series available from the 1970s onward.

Region

Income and interest rate data were sourced from Statistics Canada's public data catalogue. Income data is available at the Census Metropolitan Area (CMA) and Census Agglomeration (CA) level,³ which define the lowest levels of reporting for the MPPI.

A CMA consists of one or more adjacent municipalities centered around a core population of at least 50,000, with a total population of 100,000 or more. A Census Agglomeration is a smaller urban area that has a core population of at least 10,000. These definitions are based on the most recent Census of Population.

For example:

- The Vancouver CMA aligns with the Metro Vancouver region
- The Victoria CMA corresponds to the Greater Victoria area within the Capital Regional District

Mortgage Payment

The mortgage payment is calculated quarterly by combining median house prices and average prime rates into the formula:

$$PMT = P \times \frac{r}{1 - (1 + r)^{-n}}$$

where:

- PMT = mortgage payment
- P = Principal (median house price less the minimum down payment)
- r = interest rate (average prime rate)
- n = total number of payments

Overall, these components combine to produce quarterly estimated mortgage payment costs as a percentage of median family income, reported across the three housing types (detached, row house, condo, and an aggregate measure) for the province and each available CMA and CA.

Validation of Data and Assumptions

The data and assumptions used to construct the MPPI have been validated against several external sources.

Median House Price

To assess the accuracy of our median house price measure, it was compared with house prices reported by the B.C. Real Estate Association (BCREA) for comparable areas. Median prices derived from BC Assessment data were found to be consistent with those published by BCREA for specific geographic areas. However, BC Assessment sales data cover the entire province of B.C., whereas BCREA data are concentrated in more urban markets. As a result, BCREA's estimates of median prices tend to be higher than the measure used to construct the MPPI.

Income

The median family income in the province is used as a proxy for the income of a typical new homebuyer. This assumption is informed by insights from the 2025 CMHC Mortgage Consumer Survey, which found that the largest share of first-time homebuyers (47%) were between 25 and 34 years old, and that 52% of buyers in this group had children.

To validate the income measure used in the MPPI, publicly available age-stratified income data from Statistics Canada were analyzed. The results showed that the province's overall median family income closely aligned with the median income of couple families aged 25 to 44, the demographic assumed to represent the most likely cohort of new homebuyers.

Further, the MPPI uses the median income for all census families⁴ to reflect the inclusion of first-time homebuyers with children (52%).

Comparison with Other Housing Affordability Measures

The MPPI was compared with results published by the Royal Bank of Canada (RBC)⁵ and the 2021 Census to assess its accuracy. Although the MPPI uses different data sources that allow for more granular geographic reporting, overall affordability trends for home ownership were consistent across measures. For example, both RBC's affordability index and the MPPI reported housing costs at an "all-time high at the end of 2023." Similarly, the MPPI showed strong correlations with Census measures such as the proportion of owners spending 30% or more of their income on shelter ($R^2 = 0.875$) and average monthly owner costs ($R^2 = 0.521$) when compared across CMAs during similar periods.

Limitations

Despite validation across multiple sources, several limitations should be noted.

Perspective

The MPPI reflects the perspective of new homebuyers as one lens on housing affordability. The new home buyer's perspective is of focus here because affordability is a major barrier to first entering the housing market. The assumption is that if affordability improves for new buyers, it likely improves for other groups such as existing homeowners and renters. However, this is not measured directly and may differ for those groups.

Regional Variability

Caution is advised when comparing the MPPI across regions due to differences in housing types, income levels, and wealth composition. Housing units vary in size, number of bedrooms, and property characteristics. While median values aim to represent a typical case, regional comparisons introduce additional variability because housing type distributions differ. For example, Vancouver has a higher proportion of condominiums compared to other regions. As a result, aggregate measures (e.g., all housing types combined) should be interpreted carefully.

Income and wealth also vary significantly by region. Since wealth accumulation data is unavailable, income is used as a proxy for mortgage affordability. This approach can be misleading in areas with many retirees who may hold higher levels of home equity but report lower incomes (e.g., Parksville) compared to regions with younger populations (e.g., Squamish).

Data Revisions and Updates

Users should be aware that values presented in this dataset may be subject to revision over time as new information becomes available.

Income estimates for the most recent years are preliminary and are refined as additional data are collected and incorporated into official statistical releases. Similarly, housing price data are derived from administrative records, which may be updated periodically as new transactions are processed or existing records are revised.

As a result, minor variations may be observed between quarterly releases of the dataset. These revisions are a normal part of maintaining an accurate and up-to-date statistical series.

Analysis of historical data indicates that such revisions are generally small in magnitude. However, users are encouraged to interpret short-term changes with caution and focus on broader trends over time.

Intended Use

The MPPI is best used to track changes in home ownership affordability trends over time. Point-in-time comparisons across housing types or geographies should be approached with caution given the above limitations.

Data Sources

Statistics Canada, Income:

<https://www150.statcan.gc.ca/n1/en/catalogue/11100017>

<https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110019101>

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110001201>

Statistics Canada, CPI:

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501>

Statistics Canada, Prime Rate:

<https://www150.statcan.gc.ca/n1/en/catalogue/1010014501>

Statistics Canada, CMA Mapping:

<https://www12.statcan.gc.ca/census-recensement/2021/geo/maps-cartes/referencemaps-cartesdereference/sgc-cgt/files-fichiers/2021-12572-02-18.pdf>

BC Assessment:

<https://www.bcassessment.ca/>

Notes

¹ See Statistics Canada Tables: 11-10-0017-01 and 11-10-0191-01

² For a comprehensive series on mortgage rates see [Interest rates posted for selected products by the major chartered banks - Bank of Canada](#)

³ For more information on CMAs see [Dictionary, Census of Population, 2021 – Census metropolitan area \(CMA\) and census agglomeration \(CA\)](#) and [2021-12572-02-18.pdf](#)

⁴ Census family: <https://www23.statcan.gc.ca/imdb/p3Var.pl?Function=Unit&Id=32746>

⁵ Refer to [Easing homeownership costs could soon slow in Canada - RBC Economics](#)