

Vancouver house prices make it top city for personal net worth

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Photograph by: Glenn Baglo, Vancouver Sun files

VANCOUVER — Metro Vancouver households were the wealthiest in Canada in 2007. But with falling house prices, the gap between Metro and other cities is getting smaller, according to a study released Tuesday by Pitney Bowes Business Insight.

Average household net worth of those living in the Vancouver census metropolitan area (CMA) was \$592,851, followed by the Toronto CMA at \$562,173.

The average household wealth of those living in Victoria, the only other B.C. city on the list, was \$544,542, fourth highest after third-place Calgary.

If \$592,851 sounds like more than what most of us are worth, that's not surprising.

"Wealth is highly skewed," said Tom Exter, chief demographer with PBBI, formerly MapInfo, a company that maps demographic information such as wealth and age to help businesses connect with customers.

About 70 per cent of Canada's wealth is owned by the top 20 per cent of families, Exter said. And of the 80 per cent of households that own the remaining 30 per cent of the wealth, the top quarter owns most of it.

“So by the time you get down to the first quintile and the second quintile there aren’t many dollars left over,” Exter said.

The largest factor in household wealth is home value, with the average household in Vancouver having real estate assets worth \$492,167, without deducting for any outstanding mortgages or home equity loans. Victoria families have the second-most-valuable real estate portfolio, at \$454,175.

But house prices have been going down, as has the value of equities. PBT adjusted net-worth values to reflect these drops.

Vancouverites lost 11 per cent of the value of their homes, or \$57,901, compared to 8.5 per cent, or \$34,108 for Toronto. Subtracting those amounts from net worth would bring Vancouver households down to \$535,950, with Toronto only slightly behind at \$528,743.

Looking at the drop in equity prices, the study found Calgarians were the most affected, losing 35 per cent of their equity investments, coinciding with the reduction in the S&P/TSX composite index.

Vancouverites, on average, held only \$51,380 worth of equities in 2007, which would have been worth about \$33,397 — for a loss of \$17,983 — by the end of 2008. Torontonians, with larger portfolios, lost on average \$21,396.

Jock Finlayson, executive vice-president of the Business Council of B.C, called the results “a housing price story.”

“If there is high household net worth in Greater Vancouver it’s going to be due to the value of homes and the run-up in home valuations that occurred since 2002 or 2003, when we had several years of double-digit gains,” Finlayson said.

“Essentially that’s a housing-price story, and at the end of the day it says very little about the affluence of the job market or anything like that,” Finlayson said. “It’s really just a housing net-worth story.”

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