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Manitoba's cost of living remains low but is increasing rapidly

WINNIPEG –Manitoba has the lowest cost of living but saw the highest increase in this indicator in western Canada over the past year, according to the *MB Check-Up*, an annual economic analysis of the province as a place to live, work and invest by the Chartered Accountants of Manitoba.

“This increase reflects higher shelter costs rather than an overall increase in total household spending,” said Gary Hannaford, CEO of the Institute of Chartered Accountants of Manitoba.

Manitoba's cost of living, defined in the study as the percentage of total household expenditures spent on shelter, is 17.2 per cent.

The average house price in Manitoba went up 12.6 per cent in 2007, the third-highest increase in the country last year after Saskatchewan (32.0 per cent) and Alberta (24.8 per cent). Price escalation continued through the first half of 2008 as demand remained high and housing supply tight. Between 2007 and May 2008, Manitoba's average house price increased by 20.4 per cent.

“Manitoba has the distinction of having the most affordable housing. However, there can be no denying that Manitoba's affordability has deteriorated as a result of higher housing costs,” Hannaford said. “Given the disparity in both shelter and total household costs spent in Manitoba relative to the other provinces though, there is room to buffer these gains,” he added.

In 2006, a standard two-storey home in Manitoba required 34.1 per cent of an average family income or a qualifying income of \$53,295 per year. This increased to 36.1 per cent or \$60,412 per year in 2007.

The *MB Check-Up* also shows that Manitobans' debt (both personal and mortgage) to disposable income ratio rose 3.1 per cent last year. Last year's increase was almost equally due to rising mortgage (8.9 per cent) and personal debt (8.7 per cent).

The study also finds that Manitoba slipped back into last place with the lowest disposable income (\$24,859) last year, despite having the second highest increase (3.6 per cent) in disposable income after Saskatchewan (5.0 per cent).

“This was the largest increase in a decade and exceeded the national average for the first time in the last ten years,” Hannaford said. “However, Manitoba continues to have the lowest personal disposable income out of the districts reviewed,” he added.

Over the past five years, Manitoba's growth in real per capita disposable income (9.3 per cent) was the lowest of the western provinces and only exceeded that of Ontario (5.2 per cent). The gap between Manitoba's real disposable income per capita and the national average has widened slightly from \$1,943 in 2002 to \$2,103 in 2007.

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The Live section of *MB Check-Up* also shows that health care spending was in line with the other provinces and that Manitoba recorded the highest percentage of youth at risk (13.5 per cent), or those aged 19 to 24 without high school accreditation.

MB Check-Up is published annually by the Chartered Accountants of Manitoba and provides an independent factual comparison of the four Western provinces, together with Ontario and the Canadian average using 15 key indicators to create a profile of each as a place to live, a place to work and a place to invest. The third section of the report which deals with Manitoba as a place to work will be released next week.

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