



# Press Release

## One in Three Canadians (32%) Considering Home Purchase in Next Two Years, Up 7 Points from 2017

### Economic Outlook, Interest Rates Make Many Think Now is Right Time to Buy

**Toronto, Ontario, April 3, 2018** — Canadians are more likely to consider buying a home in the not-too-distant future, a new Ipsos survey for RBC has found. Three in ten (32%) say they are likely (10% very/22% somewhat) to purchase a home or another home within the next two years, marking a 7-point increase since 2017. This increase in consideration is being led by Millennials aged 18-34, of whom fully half (50%) say they're likely (18% very/32% somewhat) to buy within the next two years, up 11 points since 2017.

Stronger consideration for home buying may be due to a more positive economic outlook. Compared to last year, fewer Canadians say it makes more sense to wait until next year to buy a home due to uncertainty about the economy (43%, -9 pts) or anxiety about employment (18%, -6 pts). Millennials are also more confident this year, showing less uncertainty about the economy (36%, -11 pts) or anxiety about their jobs (19%, -9 pts). With this in mind, it's perhaps unsurprising that more than eight in ten (84%) Canadians feel that buying a house or a condominium is currently a good investment (34% very/50% good), up 2 points from a year ago. Among Millennials, the same proportion (84%) think home buying is a good investment.

Interest rates are on many Canadians' minds when it comes to the housing market, and may also push some to act sooner than planned. Six in ten (61%) say they're concerned (18% very/43% somewhat) about potential rate increases in the coming year; a 9-point jump from 2017. About one in three considering a home purchase say they're thinking about buying a home sooner because of the current lower interest rates (35%; 8% strongly/26% somewhat) or because the rates might go up (32%; 7% strongly/26% somewhat).

### Stress Test Impacting Plans to Buy

A majority of home owners with a mortgage (61%) are not aware of the federal government's new "stress test" for uninsured mortgages. However, among the four in ten (39%) who are in the know, the test is undeniably having an impact. Half of Canadians aware of the stress test and who are considering buying a home in the next two years say the new guidelines are affecting their planned purchase decisions. For example, one in four (25%) plan to make a bigger down payment, while one in five say the rules are causing them to delay their home purchase (19%), buy a cheaper home that is smaller (18%), or purchase a cheaper home in a different location (18%).

### Finding the Right Property

When it comes to finding a new home, choosing the right property (32%) and deciding how much house is affordable (21%) are seen as the top challenges. The quest for a new home requires a significant amount of research, and a majority of Canadian home owners (65%) do this online, taking five weeks on average to complete their online search. For some, online searching can even replace the

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need to see a new home in person: While most Canadians (96%) say they would need to see a home in person before buying it, 4% (rising to 9% among Millennials) say they could conceivably offer to purchase a home without having seen it in person.

Virtual home visits are undoubtedly popular among Canadians in the market for a new place to live. Asked what information they use or would like to use to support their home search, visualizations of homes (such as photos, videos, 3D walkthroughs, or floor plans) top the list at 49%, ahead of valuations of neighbouring homes (39%) or personal affordability calculators (36%).

### Funding a Down Payment

Securing the funds for a down payment remains a perennial challenge for home buyers, and many say they will turn to a variety of sources. One in three (36%) have a special savings account set up for the new home, while others will rely on family (36%), including direct financial assistance from family (20%) or gifts from family or friends (16%). Other sources of funding for down payments include:

- Sale of a property: 26%
- A tax-free savings account: 22%
- An RRSP: 18%
- Inheritance: 19%
- Higher paying work/job: 17%
- Additional work (e.g. second job, extra contracts): 16%

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### About the Study

These are some of the findings of an Ipsos poll conducted between January 9<sup>th</sup> and January 24<sup>th</sup>, 2018 on behalf of the Royal Bank of Canada. For this survey, a sample of 2,000 Canadians aged 18+ was interviewed. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within  $\pm 2.5$  percentage points, 19 times out of 20, had all Canadian adults been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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Ipsos researchers assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media and they measure public opinion around the globe.

Ipsos has been listed on the Paris Stock Exchange since 1999 and generated global revenues of €1,782.7 million in 2016.

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