



Factum

No Longer a Seller's Market: Canadians See Real-Estate Market as Being Balanced Between Buyers (36%) and Sellers (34%) for First Time in 5 Years

One Quarter of Canadians Say they're House Poor

Toronto, ON, April 8, 2019 — Canadians see the real-estate market as being balanced between buyers and sellers for the first time in five years, according to the annual RBC Home Ownership poll conducted by Ipsos. More specifically, 36% say it's a buyer's market (up 8 points since last year) compared to a nearly equal proportion (34%) who says it's a seller's market (down 6 points). One in three (31%) state explicitly that it is balanced. Last year, Canadians thought the market tilted heavily towards sellers (40%) over buyers (28%).

Moreover, anticipating that the balance of power may continue to shift towards buyers, a majority (56%) of Canadians believe that it makes more sense to wait until next year (56%, up 4 points) than to buy a home now (44%, down 4 points). In Quebec, however, more believe it makes sense to buy now (52%) than wait (48%). Among the 21% of Canadians who say they have recently decided to postpone purchasing a home, 45% say they're willing to push it out by 2 or more years, rising to 55% of Millennials who say they'll wait that long before buying. Among those Canadians who say it makes more sense to wait instead of buying now, the belief that housing prices might come down (54%, down 1 point) is the top reason to wait, followed by growing uncertainty about the economy (47%, up 5 points).

The results of the survey also show that one quarter (25%) of Canadians admit that they are house poor – typically thought of as someone who spends 30%-40% of their household income on housing and can't afford to spend much money on other things. Those with kids (30%) are even more likely to say they're house poor. Moreover, 14% admit to having been house poor at some point in the past, while 10% say they're prepared to be house poor in the future if it meant they could purchase their dream home. But fully one half (51%) of Canadians say that they would not put themselves in that position, rising to 64% of Quebecers.

While most believe that being house poor is both mentally (92%) and physically stressful (83%), a majority (58%) of Canadians also agree (9% strongly/49% somewhat) that it is a normal part of home ownership, even if only for a short while, and nearly half (47%) say that it is worth it even if other things need to be sacrificed.

Perhaps as a way of trying to avoid being house poor, many (28%) recent buyers and prospective homebuyers turned to co-investing with their family or parents, rivaling the 32% (up 4 points) who are buying a home on their own. In fact, the traditional understanding of home buying – partners buying a home together – is on a steady decline, with only 42% of recent or prospective buyers saying this was or is their situation (down 7 points in two years).

Despite some volatility in the housing market, concerns about affordability and the economy, Canadians remain favourable towards the real estate market overall and their ability to ride out some of these worries:

- Eight in ten (81%) believe that real estate is a good investment

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- A majority (66%) continues to believe that it makes more sense to own than rent a home.
- Seven in ten (71%) agree that their family is well-positioned to weather a potential downturn in home prices, up 4 points since last year.
- Two in three (63%) agree that they are well-positioned to weather a potential increase in interest rates, up 3 points.

But interest rates and new government regulations, such as the stress test, continue to be on the minds of potential buyers, and it is impacting their behaviour and attitudes:

- Nearly half (47%) of recent first time or prospective home buyers and use a mortgage will put more than a 15% down payment for their home, up 10 points since last year, clearly indicating that down payments are rising. In fact, just 16% will put down only 5% of their home's purchase price.
- Many (56%) of prospective first-time homebuyers are thinking of buying a home sooner rather than later because of potential increase in interest rates.
- Prospective first-time homebuyers are even more concerned about potential interest-rate increases than the average Canadian (74% vs. 59%).

When it comes time to buy a home, affordability (21% nationally, rising to 27% among first-time homebuyers) and being in a safe neighbourhood (20%) top the list of “must haves”. What are they willing to give up to achieve these things? Being close to major highways (16%), dining and entertainment (13%), good schools (11%) and child-friendly neighbourhoods (10%) top the list of sacrifices.

About the Study

These are some of the findings of an Ipsos poll conducted between January 9 and February 15, 2019, on behalf of RBC. For this survey, a sample of 2,233 Canadians aged 18+ was interviewed online via the Ipsos I-Say panel and non-panel sources. Quota sampling and weighted was 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 ± 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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