

FACTUM

Home Buying Intentions in Ontario Hold Steady (19%), With Likely Buyers Anticipating Paying 12% More for a Home in the Next Year

Main Reasons for Home Buying Include Needing More Space (21%), Low Interest Rates (12%), and Life Changes Due to Pandemic (9%)

Toronto, ON, May 25, 2021 – Ontario’s real estate market has not shown signs of cooling down during the past year; a recent Ipsos poll on behalf of the Ontario Real Estate Association (OREA) has revealed that home buying intentions unchanged from February 2020, with one in five (19%) Ontario adults say they are likely (6% very/13% somewhat) to buy a home in the next twelve months. Whether a product of the pandemic or changes in their family, one in five (21%) likely homebuyers in Ontario is an “upgrader”, meaning that their main reason for buying was needing a larger home.

The research also found that as demand for homes with more space goes up, homebuyers are expecting to pay more for their homes. On average, likely buyers in Ontario estimate they will pay \$610,208 for their new home, a 12% increase from last year’s estimations. However, buyers’ expectations are still not keeping in lockstep with those of likely sellers in Ontario, who on average anticipate selling their home for over \$50,000 more than last year (\$663,647).

Pandemic Underscored Need for Larger Homes

Reasons for why prospective buyers are currently choosing to buy vary. In addition to the two in ten (21%) likely buyers saying their main motivation is needing a larger home, one in ten (12%) say low interest rates are the main reason why they’re looking to buy, followed by changes in their lives due to the pandemic (9%).

Main Reason Behind Timing for Home Purchase

Reason	% of likely buyers in Ontario
I need a larger home	21%
I want to own my own home	20%
Low mortgage/interest rates	12%
I’m looking to move closer to family/friends	10%
Changes to my life due to the pandemic	9%
There’s been a change in my family situation	9%
I’m retiring	6%
I’ve found a new job and need to relocate	3%
Other	11%

FACTUM

Even if just one in ten (9%) likely home buyers in Ontario specifically mentioned the pandemic as the **main** motivation behind planning to buy in the next 12 months, It is clear that COVID-19 has impacted likely buyers' decision-making calculus or preferences in various other ways, even if it wasn't their main reason. The top-three motivations included re-evaluated priorities (24%), seeing strong growth in the market (23%), and simply wanting to live somewhere less densely populated (23%). Other concerns such as needing space for a home office/gym/schooling were also high (19%), alongside having saved money throughout the year (19%).

Ways COVID-19 Impacted Decision to Buy Home

Reason	% of likely buyers in Ontario
I re-evaluated my priorities when buying a home	24%
Given strong growth in the market, I feel I have to act now	23%
I want to live somewhere less densely populated	23%
I need more space for home office/gym/schooling	19%
I have saved more money throughout the year, so I can afford to buy	19%
I have more time to search for a home and move right now	17%
I don't need to commute into work as often	16%
Other	13%

Furthermore, the pandemic influenced buyers in a few other key areas. For example, nearly three in ten (28%) are looking into homes:

- with a yard/more outdoor space (28%),
- that are more affordable (28%),
- that can accommodate a home office/work from home space (25%).

Finally, the (nearly) million-dollar question is how much Ontarians anticipate paying for their home. On average, likely homebuyers in Ontario anticipate a purchase price of \$610,208, an increase of 12% (+\$66,941) from last year's estimations. Highlighting the continued interest in real estate during a pandemic, prices are up across the province, with the City of Toronto registering the smallest percentage increase in anticipated purchase price (+\$42,403 to \$698,442), but still representing an increase of 6.5%.

However, average anticipated purchase price masks some disparities among likely buyers. For instance, the proportion of those anticipating buying homes worth \$1,000,000+ has increased (14%, +6). On the other end of the spectrum, first-time homebuyers, making up a quarter (26%) of likely buyers, anticipate spending considerably less (\$503,964, +\$49,475), but collectively still estimate they will pay 11% more than last year.

FACTUM

Some Eschewing Condos, Turning to Detached Homes

As might be expected as a by-product of the pandemic, likely buyers are a little more interested in purchasing detached homes than they were last year (63%, +3). This tendency is magnified in older age groups, likely due to their greater purchasing power (56%, -1 among 18-34 years, 66%, +6 among 35-54 years, 71%, +6 among 55+ years). This increased interest comes at the expense of high-rise condos, which have seen purchase intentions decline slightly.

Type of Home Most Likely to Buy, By Age Group and Type of Buyer

Δ indicates change from 2020

	Total	Δ	18-34	Δ	35-54	Δ	55+	Δ	First- Time	Δ	Upgrader	Δ
Detached home	63%	+3	56%	-1	66%	+6	71%	+6	50%	-1	75%	+9
Town/rowhouse	14%	-1	16%	+1	13%	-2	11%	-	21%	-1	10%	+1
Semi-detached	9%	-	11%	-	9%	-	4%	-1	10%	-	9%	-4
High-rise condo (6+ stories)	8%	-2	11%	-2	7%	-3	5%	-4	11%	-1	6%	-2
Low-rise condo (<5 stories)	6%	-	6%	+2	5%	-1	10%	-	7%	+3	1%	-3

The fact remains that a majority (63%, +3) of homebuyers are most likely to buy a detached home, with smaller proportions likely to buy a town/rowhouse (14%, -1), high-rise condo (8%, -2), semi-detached (9%) or low-rise condo (6%). In general, the inclination towards a detached home grows with age, although some Boomers are opting for low-rise condos (10%), more so than any other generation. This is likely reflecting those older Ontarians who have become 'empty nesters' and are subsequently looking to downsize.

Upgraders (75%) are far more likely than first-time homebuyers (50%) to be buying a detached home, a trend that has only grown in the past year. Given the higher price-point of a detached home, using one's existing equity can help greatly. As such, upgraders are slightly less interested in semi-detached and condominiums. These same shifts are not present among first-time homebuyers. While half do say they are likely to buy a detached home, their newness to the real estate market likely means a smaller budget. As such they may be more drawn to less expensive homes such as town/rowhouses (21%), high-rise condos (11%), or low-rise condos (7%) than those looking to upgrade their home.

FACTUM

Escape to the Country?

Amidst concerns about urban flight and greater interest in detached homes in recent months, where are Ontarians likely to buy their homes?

Location Most Likely to Buy Home, By Age Group

Δ indicates change from 2020

	Total	Δ	18-34	Δ	35-54	Δ	55+	Δ
Downtown/urban area	20%	-4	26%	-5	19%	-7	9%	-2
Suburban area	37%	+1	38%	+3	40%	-	30%	-2
Small city/town	24%	-	19%	-4	23%	+5	38%	+2
Rural area	19%	+3	17%	+6	18%	+2	23%	+1

While there is slightly more interest in buying a home in rural areas and less interest in buying a large urban area compared to last year, homes in suburban locations and small city/towns also remain popular. Those aged 18-34 are still more likely than other generations to be looking at buying in downtown/urban cores (26%, -5), though interest in buying homes in rural areas has increased within this age group since last year (17%, +6). Among those aged 35-54, interest in downtown/urban cores is down (19%, -7), but interest in small cities/towns is up (23%, +5). As for likely buyers aged 55+, they largely have not changed their minds from last year as to where they would like to buy a home.

While nearly seven in ten (68%) likely buyers indicate that the pandemic has not changed where they were looking for a home, there are interesting differences around how this breaks down by age:

- Among likely buyers aged **55+ years**, 81% say they had always intended to buy in their preferred location, reflecting this older buyers' preference for less crowded areas even before the pandemic.
- Among likely buyers aged **18-34 years**, 20% said they were looking at downtown homes, but the pandemic made them less appealing (compared to 6% among 55+ years).

Younger Buyers Getting into Investment Property, Tempted by Lower Interest Rates

Among those two in ten Ontarians who say they are likely to buy a home within the next 12 months, over three-quarters (78%) are looking for a primary home in which to live (unchanged from February 2020), while 17% are focused on buying an investment property (+1) and 5% are looking for a vacation property (unch.). However, those aged 18-34 years are a little more likely to be looking for an investment property (22%, +4), than other age groups (16%, -1 among 35-54 years, 8%, -3 among 55+ years).

Younger Ontarians' interest in investment properties may not necessarily be a sign that they are hungrier for investment income than other age groups; rather, it could simply be an issue of timing, as older Ontarians who could be interested in investment properties may have already bought theirs a long time ago.

FACTUM

A quarter (26%) of those looking to buy a home will be first-time homebuyers (and understandably, those aged 18-34 are the most likely to be first-time buyers (37%, -5 v. 24%, +1 among 35-54 years and 7%. -1 among 55+ years). In fact, younger buyers are more likely to say that lower interest rates have influenced their decision to buy a home in some way (85% v. 46% among 55+), with more saying that lower rates mean that they can have a shorter mortgage (30% among 18-34 years v. 12% among 55+ years) and that they can buy an investment property or vacation home (13% among 18-34 years v. 8% among 55+ years).

While new builds are popular (31%), they are particularly popular among likely buyers aged 18-34 (38%), while older likely buyers are a little less keen (20%). Furthermore, those looking to upgrade their home are more likely to want a new build (37%).

Use of a REALTOR®

Ontario's rapidly evolving real estate landscape, marked with higher prices and higher stakes, may be causing more people to turn to a REALTOR® for guidance, as nine in ten (89%) likely buyers say they either are using or will use the services of a REALTOR® to help them find a home (+3).

Younger buyers are the most likely to say they are already using a REALTOR® (49%, +2), a proportion that increases to 92% when including those who say they *intend* to use one. While just 35% (+5) of older buyers are **already** be using a REALTOR® in their search, an additional 51% (-1) say they *intend* to use one.

No matter their age, likely home buyers increasingly find value in using the services of a REALTOR®, coming to appreciate that a REALTOR® will help them with paperwork (47%, +3), navigate the process (43%, +2), and save time (38%, unchanged). Furthermore, a REALTOR®'s personal touch can make all the difference in an already stressful process. The top three traits that home buyers say they are looking for in a REALTOR® are: trustworthiness (37%), being a skilled negotiator (28%), and experience (25%). Other valued traits include:

Most Valued Traits in REALTOR®

Trait	% of likely buyers in Ontario
Trustworthiness	37%
Negotiating skills – they'll help me get the best deal	28%
Experience – they've done lots of deals	25%
Local market knowledge	22%
Value for money when it comes to fees or commissions	21%
A personal connection	15%
They are accessible to show me properties/convenience	14%
Welcoming, accepting and inclusive	11%



FACTUM

About the Study

These are some of the findings of an Ipsos poll conducted between March 1-6, 2021, on behalf of the Ontario Real Estate Association (OREA). For this survey, a sample of 1,421 Ontario residents aged 18+ years was interviewed online, of which 1,186 were likely homebuyers in the next 12 months and 1,000 were likely home sellers in the next 12 months. Overlapping was allowed between the buyer and seller groups. Along with using quotas, the total number of participants (including those who disqualified or dropped out) was weighted according to Statistics Canada census data by gender, age, and region to accurately reflect the Ontario population.

The precision of Ipsos online polls is measured using a credibility interval. In this case, the polling is considered accurate to within +/-3.3 percentage points for buyers and +/-3.5 points for sellers, 19 times out of 20, of what the results would have been had every adult in Ontario been polled. The credibility interval is wider among sample subsets. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

The 2020 Home Buyer and Seller Survey was conducted between January 27-February 6, 2020, before the pandemic took hold in Canada. The sampling procedure was similar, with a sample of 1,420 Ontario residents (1,170 of whom were likely homebuyers and 1,000 were likely home sellers). Further details on the 2020 study can be found [here](#).

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FACTUM

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