



FACTUM

Seven in Ten Gen Z and Millennials Say Buying a Home is More Out of Reach Than Their Parents' Generation

68% Plan on Waiting Until Mortgage Rates Drop Before Purchasing a Home

Toronto, June 5, 2022 – Although homeownership is considered an important financial milestone for many Canadians, worries over inflation, high interest rates, and a potential economic recession have affected the approach that many are taking towards homebuying. Many Canadians between the ages of 18 to 44 years (68%) feel buying a home is more out of reach compared to when their parents were their age, more so among Gen Z (ages 18 to 24) (71%), followed by younger Millennials (ages 25 to 34) at 69 % and older Millennials (ages 35 to 44) at 65%.

The pairing of higher mortgage rates and inflation has left Canadians feeling even more challenged when it comes to housing affordability. This includes:

- **Pausing on home purchasing:** 68% of Canadians who do not yet own a home but plan to purchase one are planning on waiting until mortgage rates drop to purchase a home. Among the quarter (26%) of Canadians that have said current mortgage rates have affected their decision to move homes, 18% are holding off due to market uncertainty and volatility.
- **Deferring home buying decisions:** Half (51%) of Canadians who do not own a home are deferring their home purchases due to their concerns about the economy and 18% plan on waiting until 2024 or later. One fifth (20%) are no longer sure if or when they will buy a home.
- **Revisiting refinancing:** 69% of Canadians homeowners who plan on refinancing their home are waiting until mortgage rates drop.
- **Heightened financial anxiety:** 71% say housing costs remains among the leading sources of financial anxiety for Canadians. Fears of unknown expenses (83%) and concerns about their overall financial situation (81%) top the list.

Paths to homeownership

Canadians who are looking to buy a home are tapping into a variety of strategies for their home purchase, including:

- **Personal Savings:** Half (52%) of likely buyers plan on using personal savings to pay for their home purchase.
- **Help with Loans:** 41% plan on using loans from their financial institution and/or lines of credit to help finance their home purchase.





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- **Family Support:** One fifth (19%) are expecting help including financial gifts and loans from friends and/or others.
- **Home Buyer Programs:** Among the 46% planning on using Canada's assistance programs, 32% plan on using the First-Time Home Buyers Incentive. A fifth (22%) intend on using the First Home Savings Account (FHSA) and 16% plan on using the Home Buyers' Plan (HBP).

About the Study

These are some of the findings of an Ipsos poll conducted between March 28th to April 28th, 2023, on behalf of BMO Financial Group. A sample of a sample of n=3,400 adults ages 18+ in Canada were collected. Quotas and weighting were used to ensure the sample's composition reflects that of the Canadian population according to census parameters. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 1.9 percentage points, 19 times out of 20, had all Canadians aged 18+ been polled. Subgroups of interest include: n=341 adults who are non-owners who plan to purchase a home were polled, (± 6.1 percentage points); n=880 adults who do not own a home (± 3.8 percentage points); n=1620 adults who own a home (± 2.8 percentage points). 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.

For more information on this news release, please contact:

Sean Simpson

Senior Vice President, Ipsos Public Affairs

Sean.Simpson@ipsos.com

Lisa Byers

Account Manager, Ipsos Public Affairs

Lisa.Byers@ipsos.com





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