

ROYAL BANK OF CANADA NINTH ANNUAL HOUSING STUDY 2002

HOME BUYING INTENTION OUTLOOK VIRTUALLY MATCHES 2001 – BUT RENTERS, NEAR TERM BUYING DUE TO LOW INTEREST RATES DRIVE MARKET OVER LAST YEAR



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Toronto, ON – The Royal Bank of Canada (“RBC”) released the findings of its ninth annual Canadian Housing Study today. The findings indicate that with the lowest interest rates in years and the view among renters alike that rental prices are likely to rise next year, it will be this group that likely fuels the market place.

These are the findings of an Ipsos-Reid/RBC poll conducted between December 2001 and January 2002. The poll is based on a randomly selected sample of 1,500 adults. With a sample of this size, the results are considered accurate to within ± 2.5 percentage points, 19 times out of 20, of what they would have been had the entire adult Canadian population been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population. These data were statistically weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 1996 Census data.



It's renters who will be fueling the find, not current owners . . .

The research indicates that renters (35%) say they are more likely to purchase a home in the next two years than current owners (18%) are. For 2001, renters lead the way as well (32%) with owners well behind (21%). As such, more renters than last year and fewer owners than last year will likely be in the market over the next number of months

The expectation that interest rates will rise by this time next year is likely spurring short term boost to buying, and while most think a home is a good investment, renters are more likely to see rent increases on the horizon which may make buying now more attractive . . .

While those who rent (77%) are less likely to believe that purchasing a home is a good investment than those who currently own a house (87%), the majority of Canadians (55%) anticipates that the price of rental accommodations will increase next year – where 60% of renters feel this way compared to 53% of home owners.

In fact, most renters agree that mortgage rates are so low that monthly costs of owning would be comparable to rent.

The survey indicates that among all renters – regardless of purchase intention – two thirds (65%) agree that because mortgage rates are so low, the monthly cost of owning a home would be about the same as their rental costs.



In 6 and 10 (61%) of renters say the because mortgage rates are so low they'd buy a house right now – except that they don't have the money for the down payment. In fact, renters cite financial issues such as can't afford to buy a home (33%), not enough disposable income (14%), personal financial concerns (6%), uncertain of future employment/job loss (4%), don't have the down payment (4%), can't afford a mortgage (3%), and uncertain about the future (2%) as reasons why they are not likely to purchase a home in the next two years.

Advice and Information More Important for First Time Buyers than Those More Experienced

Seven in ten (70%) of renters say that advice and information from a mortgage lender would be important to them when choosing a mortgage. This compares to 61% of those who currently already own a home.

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For more information on this news release, please contact:

***John Wright
Senior Vice-President
Public Affairs
Ipsos-Reid
(416) 324-2900***

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