

# RBC FINANCIAL GROUP TENTH ANNUAL HOUSING STUDY 2003

*Number of Canadians Very Likely (13%) to Purchase a Home  
Within Two Years Consistent with 2001 (13%) and 2002 (12%)  
Findings*

*86% Believe Purchasing House/Condominium a Good Investment*

*Four in Ten (38%) Potential Home Purchasers Expect to Buy a  
New Home, while 60% Say Likely to Purchase a Resale*



**Public Release Date: Tuesday, March 11<sup>th</sup>, 2003 - 5:00 a.m. (EDT)**

*Established in 1979, Ipsos-Reid is one of North America's leading market research and public opinion companies. Founded by Dr. Angus Reid, Ipsos-Reid is a \$70 million company which has conducted extensive market and social research in 80 countries and in 40 languages, and serves clients around the world through more than 300-professionals and 1,000 data collection staff in 11 offices. The company is a member of the Paris-based Ipsos Group, ranked among the top ten research companies in the world, with specialties in advertising, media, customer satisfaction, public opinion and market research. Visit [www.ipsos-reid.com](http://www.ipsos-reid.com)*

*For copies of other news releases, please visit  
[http://www.ipsos-reid.com/media/content/PRE\\_REL.cfm](http://www.ipsos-reid.com/media/content/PRE_REL.cfm)*

---

© Ipsos-Reid

*Washington • New York • Minneapolis • San Francisco  
Vancouver • Edmonton • Calgary • Winnipeg • Toronto • Ottawa • Montreal*



## RBC FINANCIAL GROUP TENTH ANNUAL HOUSING STUDY 2003

*Number of Canadians Very Likely (13%) to Purchase a Home Within  
Two Years Consistent with 2001 (13%) and 2002 (12%) Findings*

*86% Believe Purchasing House/Condominium a Good Investment*

*Four in Ten (38%) Potential Home Purchasers Expect to Buy a New  
Home, while 60% Say Likely to Purchase a Resale*

**Toronto, ONTARIO (Tuesday, March 11<sup>th</sup>, 2003)** – One in ten (13%) Canadians indicate that they are *very likely* to purchase a home within the next two years, according to the Tenth Annual Ipsos-Reid/RBC Housing Study released today. This finding is consistent with the level found in the last two studies (2002 12%; 2001 13%).

Of Canadians who are likely to buy (*very* 13%, *somewhat* 12%) a home within the next couple of years, 11% indicate that the purchase will likely to be made within the next six months. Among Canadians who are not likely to purchase a home in the coming 24 months (75%), one in six (17%) indicate they plan on purchasing a home at some point during the next 7 years, while 13% say such a purchase would likely to be 8 years or longer away. Seven in ten (69%) indicate that they are not planning on buying a home in the future.

Purchasing a house or condominium is a *very good* investment according to three in ten (31%) Canadians, while an additional 55% believe that it is a *good* investment. In total 13% do not feel that purchasing a home or condominium is a good investment. The proportion who feel that it is a *very good* investment is up slightly from 2002 (28%) and up significantly over 2001 (22%), 2000 (22%) and 1999 (16%).



New homes are the choice of four in ten (38%) Canadians who plan to purchase a home within 7 years. This is an increase of six points from the level in the 2002 study (32%). In comparison, 60% say they would opt for a resale home.

Trading up appears to be one of the main reasons for the purchase of a different home. A majority (56%) indicates they are planning on purchasing a home that is bigger than their current residence. This is an increase of seven points over that found in the 2002 study (49%), but consistent with the level found in the 2001 study (55%). In comparison, 16% say they are likely to purchase a smaller residence, while 28% say that their new home is likely to be about the same size as their current home.

When asked about what type of home they are most likely to purchase when they do buy during the next 7 years, three quarters (74%) say they are likely to purchase a fully detached or semi-detached house. One in ten (10%) indicate that they are likely to purchase a condominium, while 7% say are likely to purchase a townhouse.

When asked to forecast the direction of a number of the factors that affect housing purchase decisions in one year's time, Canadians believe that each will be higher at that point. Six in ten (61%) Canadians believe the price of rental accommodations will be higher, while 57% believe this to also be true of housing prices, 54% believe this will be the case for interest rates as well as mortgage rates (51%).

*These are the findings of an Ipsos-Reid/RBC Financial Group poll conducted between November 14<sup>th</sup> and November 27<sup>th</sup>, 2002. The poll is based on a randomly selected sample of 1,536 adult Canadians. With a sample of this size, the results are considered accurate to within  $\pm 2.5$  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 2001 Census data*

## ***Number of Canadians Very Likely (13%) to Purchase a Home Within Two Years Consistent with 2001 (13%) and 2002 (12%) Findings***

One in ten (13%) Canadians indicate that they are *very likely* to purchase a home within the next two years. This finding is consistent with the results over the past two years studies (2002 12%; 2001 13%).

- Current renters (20%) lead those who currently own (9%) their homes in being *very likely* to purchase a home within the next two years. [In total 37% of likely homebuyers currently rent.]
- Younger (20%) Canadians are more likely than their middle aged (12%) or older (5%) counterparts to say they are *very likely* to purchase a home within the next two years.
- Residents of Alberta (18%) and Saskatchewan/Manitoba (17%) are the most likely to indicate an intention to purchase within the next couple of years, followed by Ontario (13%), Quebec (11%), British Columbia (10%) and Atlantic Canada (8%).

Of those likely to buy (25%: *very* 13%; *somewhat* 12%) a home within the next couple of years, 11% indicate that this purchase will likely occur within the next six months.

- The results for each region are Alberta (18%); Quebec (14%); Saskatchewan/Manitoba (11%); British Columbia (10%); Ontario (7%); Atlantic Canada (6%).



- Of those who are likely to purchase in the next two years, older (21%) Canadians are twice as likely to indicate they will make a house purchase in the next six months than are their middle age (10%) or younger (9%) counterparts.

Among respondents not likely to purchase a home within 24 months time (75%), one in six (17%) say they are planning on purchase a home at some point in the next 7 years, while 13% say it is likely to be 8 years or longer before they purchase. Seven in ten (69%) indicate that they are not planning to buy a home at any time in the future.

- Of those Canadians who are not planning on purchasing a home in the next two years, younger (44%) Canadians are the most likely to say they will purchase a home within the next seven years. This compares to 13% of their middle aged and 2% of their older counterparts.

As for why Canadians are not likely to make a house purchase within the coming two years, just under half (46%) indicate that it is because they are satisfied with their current home. Other reasons cited include that they already own a house (17%), they can't afford to buy (13%), and that they are too old/age/retired (7%).

- Comparing the views of those who currently own and currently rent, owners (60%) are more likely than renters (8%) to say they are currently satisfied with their residence, while renters (37%) are more likely than owners (5%) to indicate that they can't afford to buy a home.

### ***86% Believe Purchasing House/Condominium Good Investment***

Three in ten (31%) Canadians believe that buying a house or condominium is a *very good* investment, while an additional 55% say that it is a *good* investment. In total 13% do not feel that purchasing a home or condominium is a good investment.



- Middle aged (36%) Canadians are more likely than either younger (28%) or older (24%) Canadians to hold this view.

### ***Four in Ten (38%) of Potential Home Purchasers Expect to Buy a New Home, While 60% Say Likely to Purchase a Resale***

New homes are the choice of four in ten (38%) Canadians who plan to purchase a home within the next 7 years, while six in ten (60%) indicate they would likely buy a home on the resale market.

- Of Canadians who are likely to purchase a home within the next 7 years, those who currently own (42%) their home are more likely than those who currently rent (33%) to say they will purchase a new home, while renters (66%) are more likely than owners (54%) to say they would purchase a resale home.
- Regionally, of Canadians who are likely to purchase a home within 7 years, residents of Atlantic Canada (46%) and Ontario (44%) are the most likely to indicate that they would purchase a new home instead of a resale. This compares to the views of those in Quebec (37%), Alberta (32%), British Columbia (29%) and Saskatchewan/Manitoba (28%).

Trading up appears to be one of the reasons for the purchase of a different home. A majority (56%) indicate that they are planning on purchasing a bigger home than their current residence, while in comparison, 16% indicate they are likely to purchase a smaller home, and 28% indicate that their new home is likely to be about the same size as their current home.

- Younger (73%) Canadians are more likely to say they will be purchasing a larger home than are their middle aged (42%) or older (26%) counterparts, while those in the older



(55%) age category are more likely than their middle age (21%) or younger (5%) counterparts to say they will likely purchase a smaller home.

- Regionally, residents of Quebec (71%) are the most likely to say they would purchase a larger home, while residents of British Columbia (41%) and Atlantic Canada (37%) are the most likely to indicate they would purchase a house of comparable size.

When asked about what type of home they are most likely to purchase, three quarters (74%) of those that say they will be purchasing a home within the next 7 years indicate that they are likely to be purchasing a fully detached (65%) or semi-detached (9%) home. One in ten (10%) indicate that they are likely to be purchasing a condominium, and 7% say their purchase is likely to be a townhouse.

### ***Canadians Believe Factors Affecting Home Purchase Decision Will All Be Higher in Year's Time***

When asked to forecast the direction of a number of the factors that affect housing purchase decisions in one year's time, Canadians believe that each will be higher at that point. Six in ten (61%) Canadians believe the price of rental accommodations will be higher, while 57% believe this to be true of housing prices, 54% believe this will be the case for interest rates as well as mortgage rates (51%).

- Younger Canadians are more likely to believe that interest rates (61%) and mortgage rates (58%) will be higher one year from now than either their middle aged (interest rates 49%, mortgage rates 49%) or older (interest rates 55%, mortgage rates 48%) counterparts.
- There is no statistical difference between the views of current owners or current renters regarding the direction of those factors.



## ***Majority (56%) of Homeowners Report Having a Mortgage, and One Quarter (24%) Would Consider Borrowing Against Their Home Equity***

A majority (56%) of Canadian homeowners report having a mortgage on their home. On average, the original mortgage amount for Canadians is just under \$100,000 (\$99,774), while the average amount that is still owed is just over \$70,000 (\$70,361).

- Younger (76%) and middle aged (69%) homeowners are more likely than older (23%) Canadian homeowners to have a mortgage on their home.
- Younger and middle aged homeowners, on average, start with higher original mortgages (younger \$101,055; middle aged \$104,335) and have a higher average still left to pay (younger \$80,926; middle aged \$70,125) than their older counterparts (original mortgage \$69,391; left to pay \$47,259)
- Quebec (64%) and Alberta (63%) homeowners are the most likely to say they currently have a mortgage, followed by those in British Columbia (59%) and Ontario (56%). Homeowners in Saskatchewan/Manitoba (44%) and Atlantic Canada (42%) are the least likely to have a mortgage on their homes.
- On average, the highest original mortgages are on homes in Ontario (\$114,058) while the lowest is found in Saskatchewan/Manitoba (\$64,701).
- As for the current amount left to pay on mortgages, the highest is also found among homeowners in Ontario (\$80,656) while the lowest is among homeowners in the Atlantic Provinces (\$52,238).



One quarter (24%) of those with a mortgage report that they would consider borrowing against the equity in their home, while 74% say they would not do this.

- Homeowners with mortgages in Atlantic Canada (33%) and British Columbia (32%), followed by those in Ontario (28%), Alberta (27%) and Saskatchewan/Manitoba (23%) are the most likely to consider this, while those in Quebec (11%) are the least likely to.
- Middle aged homeowners with mortgages (28%) are more likely than their counterparts who are younger (19%) or older (17%) to consider this move.

Of those who would consider borrowing against their home equity, three-quarters (74%) would contact their primary bank, while one in ten would look to another bank (8%) or to a mortgage broker (9%).

### ***One-Quarter (26%) of Canadians Plan on Renovating Home During 2003, and Will Spend Approximately \$10,000 on the Work***

One in four (26%) Canadians indicate that they are planning renovations to their home during the next 12 months, with four in ten (39%) of this group indicating that the renovations will be upgrading or making changes to existing living space (such as redoing the kitchen or bathrooms), while 22% indicate that the renovations would be to increase living space and one-fifth (21%) say that it would be mostly decorating.

- Middle aged (32%) Canadians are more likely than either younger (25%) or older (16%) Canadians to say they are planning on renovations to their home during the coming year.
- Younger (48%) renovators are more likely than their older (38%) or middle aged (36%) counterparts to say that they will be upgrading or changing existing living spaces.



As for the reasons given for the planned renovations to their homes, 27% identify general upkeep/upgrading/bringing it up to modern standards as the reason, while 24% say it is for looks, and 22% need more living space. Other reasons cited include it is something they have always planned on doing (8%), aging house (6%), to increase property value /looking to sell house (4%) and rather renovate than move (3%).

The average amount that Canadians plan on spending on renovations in 2003 is slightly below \$10,000 (\$9,860). Half (50%) of those planning on doing renovations say they will pay for it is cash, while one-fifth (21%) indicate that it will be financed from personal savings. A line of credit (9%), new loan (6%), credit cards (6%), or an add-on to their mortgage (3%) are other financing options mentioned.

- On average, renovators in Ontario expect to spend \$13,277 while those in Alberta expect to spend on average \$7,670.
- Older (58%) and middle aged (54%) renovators are more likely than their younger (41%) counterparts to say they will finance their home renovations by cash, while younger renovators (27%) are more likely than their middle age (18%) or older (18%) counterparts to say they will by using their personal savings to pay for their renovations.

-30-

*For more information on this news release, please contact:*

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

*For full tabular results, please visit our website at [www.ipsos-reid.com](http://www.ipsos-reid.com). News Releases are available at [http://www.ipsos-reid.com/media/content/PRE\\_REL.cfm](http://www.ipsos-reid.com/media/content/PRE_REL.cfm)*