

RBC FINANCIAL GROUP 11TH ANNUAL HOUSING STUDY



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Toronto, ON – Home purchase intentions are still strong according to the RBC Financial Group 11th Annual Housing Study with one-quarter (26%) of Canadians saying they are likely to buy in the next two years –consistent since 2000. Of those who indicate an intention to buy, 11% say they are “very likely” to make a home purchase in the next two years.

Canadians living in Alberta (36%) and British Columbia (35%) are the most likely to express their intention to purchase over the next two years, as are renters (34%) versus current homeowners (21%). While those aged 18-24 were the most likely to drive purchase intentions last year, it would appear that this has settled back in the 2004 study (27% today, down from 40% in 2003) with a return to previous years findings of older market segments leading on intentions.

The study also found that home renovation intentions are in the sights of almost three in ten Canadians (28%) over the next year – consistent with similar findings since 1999.

As a backdrop to current purchase intentions, a small proportion of Canadians believe that mortgage rates will rise (46%) than did last year (51% in 2003). But with a hot market there are challenges: Half (46%) of Canadians say that “finding the right location for a house” is the biggest obstacle.



These are some of the findings of an RBC Financial Group poll conducted by Ipsos-Reid between February 3rd and February 15th, 2004. The telephone survey is based on a randomly selected representative sample of 2,000 adult Canadians. With a representative sample of this size, the results are considered accurate to within ± 2.2 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.

Who's Leading The Charge To The Market? The Snapshot Of Buying Intentions...

As noted above, one in four (26%) Canadians report that they are likely to purchase a house (or another house) over the next two years – virtually the same since 2001. Usually a key indicator of how intense the hunt for a house will be in the market, one in ten (11%) are “very likely” (down 2 points from last year) to say they are looking to purchase, also relatively consistent since 2001.

- Canadians living in Alberta (36%, up 2 points from last year) lead the nation as the most likely to express their intention to buy a house within the next two years followed closely behind by those in British Columbia (35% up 11 points). Next in line are those in Saskatchewan/Manitoba (26%, down 3 points), Ontario (24%, unchanged), Quebec (20%, down 1 point), and residents of Atlantic Canada (19%, down 2 points).
- Canadians aged 25-44 express the most intention to buy over the next two years which is important to note since those fuelling the intention to purchase in the 2003 study were Canadians 18-24 at 40%. Not so this year:



- Canadians aged 18-24 have dropped in terms of likelihood to buy (down 13 points from 40% in 2003 to 27% this year). In the other age categories, those aged 25-34 (42% up 3 points over last year) express their intention to purchase, followed by 33% of those aged 35-44 (up 7 points over last year), and 22% of those aged 45-54 (steady over 2003). Finally, one in ten Canadians aged 55+ (12%, up 2 points from 2003) also indicate they will purchase a home within the next two years.

Half (54%) Of Canadians Have A Mortgage On Their Home...

Half (54%) of Canadian homeowners have a mortgage on their home and on average they still have \$86,175 to pay off. Only 5% of mortgage holders have \$200,000 or more to pay off, while 29% don't know/refused to say. A lower, but still significant, proportion of Canadians believe that mortgage rates will rise (46%) than did last year (51% in 2003).

- Homeowners in British Columbia, with approximately \$111,280 left to pay have a higher mean average than homeowners in Ontario (\$104,139), Alberta (\$91,854), Atlantic Canada (\$61,221), Quebec (\$54,125), and Saskatchewan/Manitoba (\$53,348)
- Those living in British Columbia (54%) are more likely to believe that mortgage rates will rise followed by residents of Atlantic Canada (52%), Ontario (49%), Alberta (43%), Saskatchewan/Manitoba (42%), and Quebec (38%).

Renters More Likely Than Current Homeowners To Take The Plunge...

Although purchase intentions among renters has dropped 4 points since 2003 they are still more likely than homeowners to be purchasing a home in the next two years:



- Canadians who currently rent are significantly more likely to say they will purchase a home within the next two years (33% but down from 38% in 2003) than those who already own a home (21% unchanged from last year at 18%).

And What Do They Intend To Buy?

Of those who believe they are likely to buy a house within the next two years (26%), a majority (75%) indicate they will buy a detached (66%) or semi-detached (9%) home. Lesser purchase intentions are directed towards townhouse (10%), condominiums (9%), apartments (5%), or lofts (1%). Some of the details include:

Preference for resale homes has risen back to 2002 levels after a slight dip in 2003 (65% in 2002, 60% in 2003, 64% in 2004). Today twice as many (64%) of those intending to purchase over the next two years would prefer to buy a “resale” home (previously owned) than a “brand new home” (33%--down from 38% in 2003 but consistent now with results since 1996).

Of those Canadians who intend to buy a home within the next two years, half (47%) say it will be a bigger home (down 9 points from 2003) than the one they are in now, while 33% indicate a preference for a house of the same size (up 5 points), and 20% who will look for a smaller house (up 4 points).

As For Renovations....

It appears that many Canadians (28% unchanged from 26% in 2003) intend to make renovations to their home over the next twelve months.



Of those who expect to make renovations, they will likely spend less, on average, than renovators last year (\$8,850, down from \$9,860 last year). The renovation intention highlights include:

- Most of the expected renovations will be covered by cash and personal savings (73%), another 8% say they will use a line of credit.

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