

Home Purchasing Intentions Move Full Steam Ahead

*Nine in Ten (91%) Once Again See Buying a Home as
a Good Investment*

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Ipsos Reid

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Home Purchasing Intentions Move Full Steam Ahead

Nine in Ten (91%) Once Again See Buying a Home as a Good Investment

Toronto, ON – The 17th annual RBC Housing Survey conducted by Ipsos Reid has revealed that home-buying intentions are moving full steam ahead as one in ten (10%) Canadians say that they are very likely to buy a home in the next two years, up from 7% just two years ago. Furthermore, the proportion who says they're somewhat likely to purchase in the next two years has risen from 16% to 21% over the past two years. Among those who are likely to buy, three quarters (76%) are leaning towards a resale home, while 24% plan on buying a new home.

With a two-to-one margin, more Canadians (67%) think it makes more sense to buy a house now rather than wait until next year (33%), perhaps a result of the fact that 42% think it's a buyer's market, although the proportion that thinks so has decreased 23 points from last year. On the other hand, 23% think it's a seller's market (up 11 points), while 35% believe it's a balanced market (up 12 points).

Younger Canadians (aged 18 to 24) are leading the rebound as 15% indicate they are very likely to buy within the next two years, nearly double the 8% who indicated a strong desire to buy last year.

The most common reasons cited among likely homebuyers for considering the purchase of a home over the next two years include: good housing prices (27%), good interest rates (21%), an opportunity for investment or a second home (19%), a new job (16%), getting married

(12%), having a baby (11%), being an empty nester (11%), retiring (8%), family moving in (7%), the pending HST (5% in Ontario) or some other reason (24%).

Almost all (91%) Canadians believe buying a home or a condo is a good investment (43% very good/48% good), up 9 points from last year and its highest level in over a decade. Furthermore, one quarter (26%) of existing homeowners expect their home to be their primary source of income in their retirement.

With interest rates surely on the rise within the next year, 44% of likely homebuyers intend to take out a fix-rate mortgage and four in ten (40%) plan to take out a combination fixed and variable rate mortgage, up 8 points from last year. Among those who plan to take a fixed rate or combination mortgage, most (72%) intend to take a term of 5 years or longer. Just 16% will take their chances that interest rates will stay low and are leaning towards a variable rate mortgage, down 4 points from last year.

While the housing market in certain areas of the country slowed as a result of the recession, Canadians believe that housing prices will rebound as six in ten (61%) are of the opinion that housing prices will rise this year, up from 25% last year. Just 18% believe they will fall (down from 54%), and 21% think housing prices will remain flat over the twelve months (unchanged).

Similarly, two in three (64%) believe mortgage rates will be higher at this time next year, up from 33% last year. Conversely, just 12% believe mortgage rates will fall (down from 37%) and one quarter (24%) think that rates will stay the same (down from 31%). In fact, a majority (54%) of mortgage holders 'agrees (16% strongly/38% somewhat) that interest-rate increases will cause them financial difficulty.

To this effect, almost all (96%) homeowners 'agree' (73% strongly/24% somewhat) that homebuyers need to think ahead and be sure that if rates rise they will still be able to pay their mortgage. A similar proportion 'agrees' (70% strongly/27% somewhat) that banks should prepare homebuyers with scenarios that show what their payments could be if interest rates rise.

Homeowners and Their Mortgages...

Two in three (63%) homeowners say that they currently have a mortgage on their home, with the average value still remaining totalling approximately \$124,131, an increase of 11% over last year. Taking advantage of the lower interest rates as of late, six in ten (62%) 'agree' (21% strongly/41% somewhat) that they are paying down more principal on their mortgage as a result.

Other features that many mortgage holders are using include lump-sum payments (18%), doubling up payments (16%), applying a bonus, inheritance, gift or tax refund to their mortgage (11%), or using a home equity line of credit to reduce their mortgage (11%). Only four in ten (40%) say they haven't used any of these features to pay down their mortgage faster.

However, just four in ten (43%) 'agree' (8% strongly/35% somewhat) that they are paying off their mortgage faster than they expected to. In most cases the opposite seems to be true: seven in ten (71%) 'agree' (30% strongly/41% somewhat) that their mortgage is bigger than they would like it to be.



These are some of the findings of an Ipsos Reid poll conducted between January 8-13, 2010, on behalf of RBC. For this survey, a national sample of 2,047 adults from Ipsos' Canadian online panel was interviewed online. Weighting was then employed to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. A survey with an unweighted probability sample of this size and a 100% response rate would have an estimated margin of error of +/-2.2 percentage points, 19 times out of 20, of what the results would have been had the entire population of adults in Canada been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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