



For immediate release

**Canadian homebuyers more experienced,
financially prudent moving forward, says RE/MAX**

RE/MAX Homebuying Trends Survey identifies Canadian real estate trends for 2013 and 2014

Mississauga, ON (January 22, 2013) -- Changing market conditions have triggered a shift in the Canadian homebuyer mix and mindset, a fact identified and confirmed by the RE/MAX Canadian Homebuying Trends Survey 2013-2014 released today.

The national survey, hosted on the Angus Reid Forum in December, was conducted among 1,109 prospective purchasers who intend to buy within the next 24 months. From consumer demographics to buyer intentions, the survey provides a snapshot of Canadian homebuyers heading into a period of moderation. Among the key findings:

- Almost one in five purchasers is single
- More than two-thirds are second or multi-time purchasers
- Four out of 10 purchasers between the ages of 18 to 34 have a downpayment of 20 per cent or more.
- Just over 80 per cent of buyers believe housing values in their area will rise or remain the same.

“Emerging from the survey are some very real indications that Canadian homebuyers—and their attitudes—have changed,” says Gurinder Sandhu, Executive Vice President and Regional Director, RE/MAX Ontario-Atlantic Canada. “Purchasing patterns have evolved, with a more conservative, fiscally-responsible purchaser moving to the forefront. While tighter mortgage rules implemented last July played a role in the transition, the fallout south of the border and overseas drove the message home.”

Who will drive the market?

Second-time and multi-time buyers represent 70 per cent of those serious about making a move—a trend that emerged in the latter half of 2012 and is expected to continue over the next two-year period. First-time buyers will continue to play a role in the market—at 30 per cent— but this cohort’s more experienced counterparts will lead the charge for housing over the next 24 months.

“There’s no question that first-time buyers are experiencing a period of readjustment,” explains Sandhu. “While affordability took a hit in 2012, homeowners with considerable equity remain confident and well-positioned. They will be the driving force fuelling the bulk of home sales in the months ahead.”

-more -

Canadian Homebuyers – The Financial Picture

Spending patterns were conservative for the most part. Thirty-eight per cent of purchasers indicated they would spend under \$250,000 on their home, while 42 per cent would spend between \$250,000 and \$500,000, 10 per cent would spend between \$500,000 and \$1 million and one per cent intended to spend over \$1 million. The singles cohort was most prudent, with 47 per cent of purchasers intending to spend under \$250,000. Of the buyers spending \$500,000 to \$1 million, almost half resided in Ontario, while the remaining 50 per cent were almost evenly divided between British Columbia and Alberta.

Although 37 per cent of purchasers who own homes are expected to spend more than the value of their current properties, 23 per cent indicated that they would spend an equivalent amount on the next buy. Forty per cent intended to spend less on their new home, with four out of 10 of those respondents over age 55.

“It’s clear by the findings that most Canadians are certainly not over-extending themselves,” says Sandhu. “When it comes to their home purchase, many intend to downsize or make lateral moves. Yet, considering the substantial equity amassed by many of those trading up, we feel the fundamentals of the market are firm and will remain solid in the foreseeable future.”

Despite all the dire warnings coming from the central bank and other sources, one of the most surprising findings of the survey was the fiscal responsibility of Canada’s young homebuyers. Four out of 10 (40 per cent) purchasers between the ages of 18 - 34 intended to put down 20 per cent or more on their home.

Not surprisingly, of those putting down 30 per cent or more, 45 per cent were aged 55 and over. Just seven per cent of purchasers had a downpayment of five per cent, while 14 per cent indicated that they were putting down 10 per cent.

The financials of those purchasers intending to buy a home were relatively sound, with 40 per cent earning between \$50,000 and \$99,999. Twenty-four per cent earn \$100,000 plus.

Consumer Confidence in Housing Performance

“Regardless of income, gender, age, or location, most Canadian respondents shared considerable confidence in Canada’s housing market,” says Sandhu. “This stands as perhaps the greatest indicator that homebuying intentions will remain healthy and stable. Combine this with an economic engine that is expected to gain momentum, and the outlook is most certainly positive.”

Overall, 48 per cent of those surveyed believed housing values in their area would rise in the next 12 months and 35 per cent believed housing values would remain the same. Ten per cent believed housing values would decline. Purchasers were most bullish in Ontario, where 85 per cent indicated prices would remain the same or rise, and least bullish in British Columbia where 71 per cent believed values would climb or remain the same. Twenty-four percent of British Columbia purchasers believed that values would drop in the next 12 months, while just seven per cent in neighbouring Alberta thought this would come to fruition.

Low vacancy rates and higher rental costs, combined with favourable interest rates, are the primary impetus for those currently renting accommodations, and ultimately, behind their decision to buy a home. At present, 29 per cent of those surveyed rent, while 68 per cent owned their own property.

The Buyer Pool

Of those purchasing in the next 24 months, 18 per cent are single, 43 per cent are couples, and families account for 33 per cent. Almost half of single purchasers (45 per cent) are female—confirming suspicions that women now represent a considerable force in the market. According to Statistics Canada, the number of women with post-secondary school diplomas/degrees has increased steadily. In 2011, 72 per cent of women aged 25 to 44 had completed post-secondary education, as opposed to 65 per cent of men. Income and employment rates among women have also been on the rise.

“Today’s female homebuyers are more established, independent and financially secure than ever before,” says Sandhu. “This has likely contributed to the greater number of single women—many successful, young professionals—entering Canada’s housing market. The trend had been noticed by our realtors across the country for some time, but it’s encouraging to finally see the progress in numbers. Statistics Canada indicates that homeownership rates for both women and men living alone climbed several percentage points during the 2001 to 2006 census period—a trend we suspect has likely risen again over the subsequent years.”

While the 18-34 cohort represents 37 per cent of buyers, the 35-54 grouping is by far the largest at 40 per cent. The 55-plus category trails, representing just 23 per cent of homebuyers. The greatest percentage of younger buyers can be found in Alberta, where they represent 40 per cent of the purchasing pool. Job opportunities abound and salaries are generous as a result of a robust economy, and housing is still relatively affordable in the province. The oldest buyers are found in Quebec, where they represent 29 per cent of all purchasers—many of whom may be taking advantage of serious equity gains realized over the past decade.

Housing Choices

The vast majority of purchasers continue to seek out single-detached homes (53 per cent), while condominiums ranked second at 17 per cent, followed by both semi-detached/duplex and townhouse/rowhouse each at 11 per cent. Affordability has factored into the equation, especially in larger centres. Five per cent of purchasers indicated that they were interested in recreational properties, which bodes well for Canada’s recreational property market moving forward. Properties outside of Canada are represented as well, but to a lesser extent at two per cent. This may be indicative of a cooling trend, as rising prices and fewer opportunities south of the border discourage Canadian buyers. Commercial properties also made the list, representing one per cent.

Lifestyle and investment were the principle drivers in the decision to purchase a home. Buyers, for the most part, were interested in larger properties (17 per cent), updated homes (six per cent), and different neighbourhoods (11 per cent), while others were intent to downsize to smaller accommodations (14 per cent). Inheritance (two per cent) was as a factor in a nominal number of instances.

The breakdown in terms of location was tight nationally, with 35 per cent of buyers going urban and 32 per cent going suburban. Only 16 per cent said that they would go rural. Almost half of purchasers aged 18 - 34 indicated that they were going urban. Alberta has the largest component of urban-bound purchasers at 50 per cent, followed by 38 per cent in Ontario. The suburbs were a major draw in British Columbia (39 per cent) and Quebec (36 per cent), where purchasers were able to get more bang for their buck.

The Canadian Homebuying Trends Survey was conducted online from December 5th to December 10th, 2012, among a sample of 1,109 Canadians that are looking to buy a residence in the next 24 months, who are Angus Reid Forum panel members. The results have been statistically weighted to ensure a representative sample. The margin of error on the full base — which measures sampling variability — of 2013 respondents is +/- 2.2%. Discrepancies in or between totals are due to rounding.

RE/MAX is Canada's leading real estate organization with over 19,000 sales associates situated throughout its 750 independently-owned and operated offices in Canada. The RE/MAX network, now in its 39th year, is a global real estate system operating in 85 countries, with over 6,324 independently-owned offices and 88,854 member sales associates. RE/MAX realtors lead the industry in professional designations, experience and production while providing real estate services in residential, commercial, referral, and asset management. For more information, visit: www.remax.ca.

###

For more information:

Christine Martysiewicz
RE/MAX Ontario-Atlantic Canada
905.542.2400

Eva Blay/Charlene McAdam
Point Blank Communications
416.781.3911