

2023
Homeownership
Education Week

Methodology

Methodology



- A total of 2,223 interviews with Canadians aged 25-45 who had either purchased their first home within the prior two years or plan to in the next two years.
- Online interviewing was completed between February 22 and March 27, 2023.
- Quotas were set to oversample in urban regions with weighting to bring them into overall national proportions.

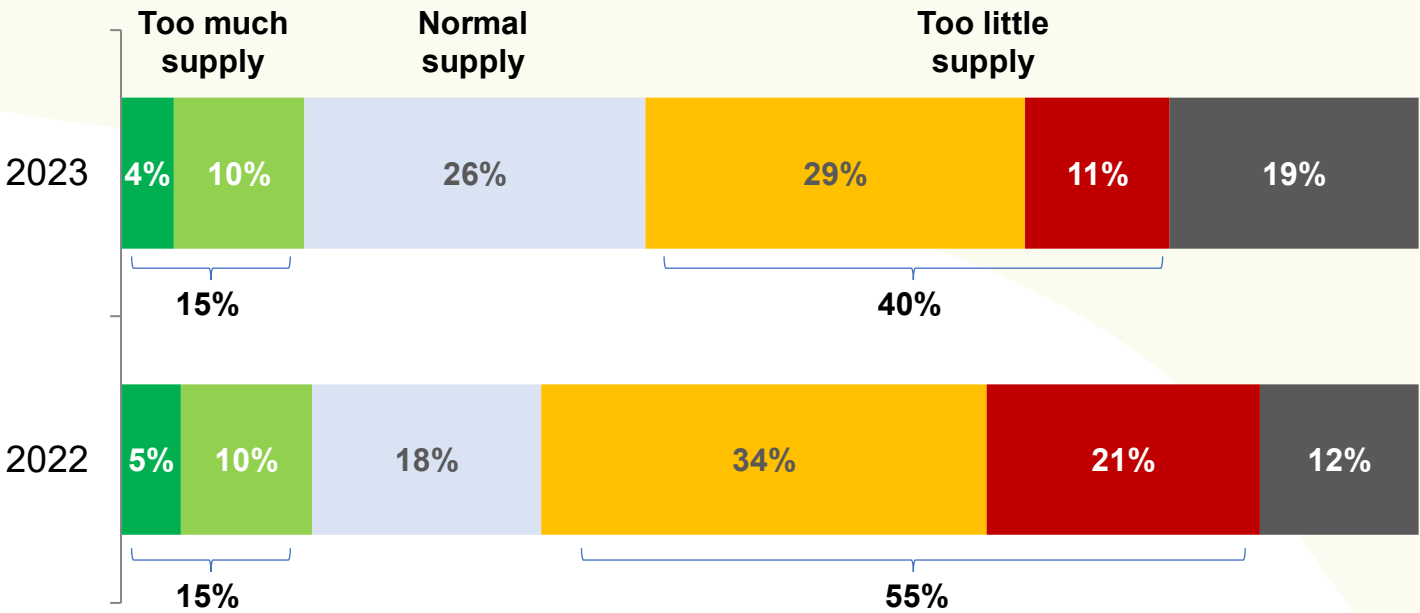
	Total	Vancouver CMA	B.C. xVan.	Calgary CMA	AB xCal.	Man./ Sask.	Toronto CMA	Ont. xGTA	Montreal CMA	QC xMont.	Atlantic
Unweighted	2,223	285	88	190	158	190	436	217	310	154	195
Weighted	2,223	163	142	92	168	149	383	482	251	248	145
Weighted Pct.	100%	7%	6%	4%	8%	7%	17%	22%	11%	11%	7%

- General Population Study results come from a total of 2,065 interviews completed with Canadians aged 18+, between March 9-22, 2023. Results are weighted to reflect home ownership and mortgage ownership patterns as reported in Census 2021.

Macro Market Shifts

Fewer today feel there is too little supply of homes available in their areas while more feel there is a normal supply

General Population

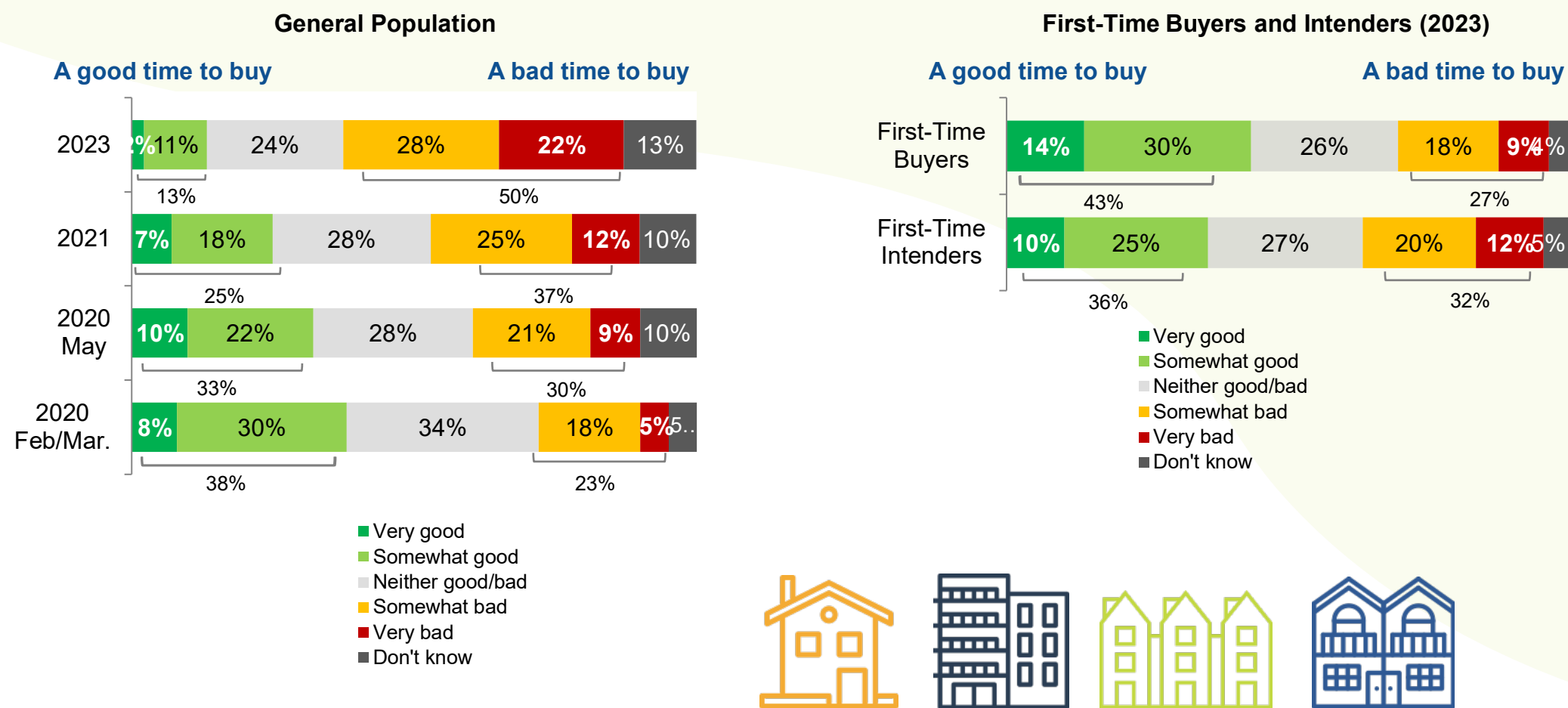


- There is an excessive supply of homes available
- There is ample supply of homes available
- There is a normal supply of homes available
- There is insufficient supply of homes available
- There is a very serious lack of supply of homes available
- Don't know



In an economy like Canada's, market conditions are determined by the balance between the volume of sellers and buyers (i.e. supply and demand). Which of the following best reflects conditions in your area?

While General Population continues to decline in homebuyer confidence, buyers and intenders remain much more confident



Regardless of whether you plan to buy a home or not, given the state of your local real estate market, would you say that now is...

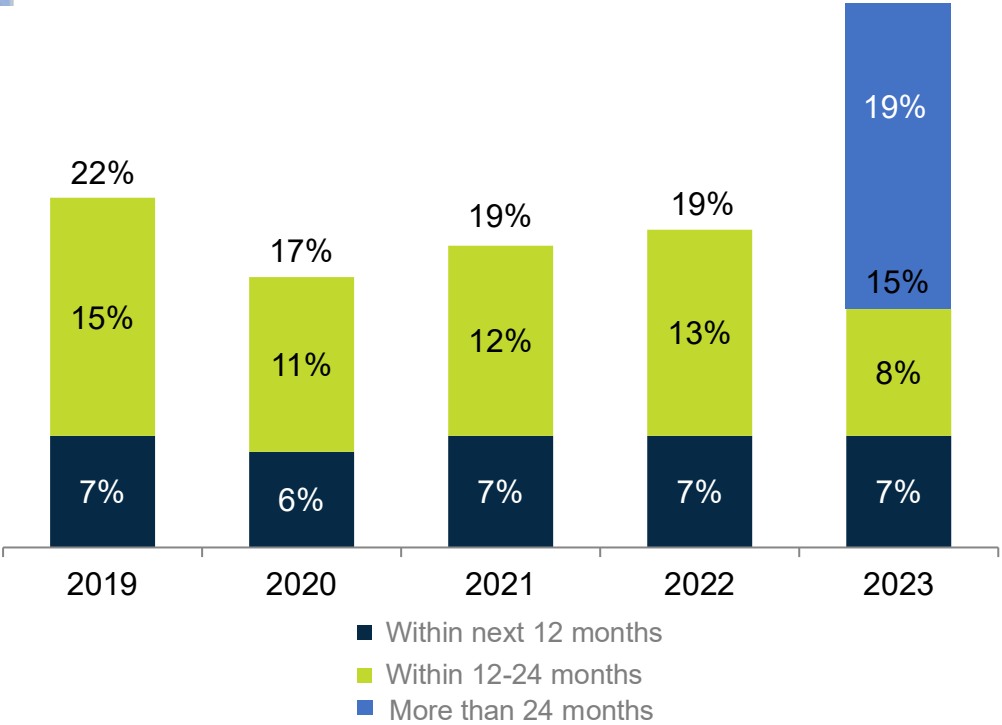
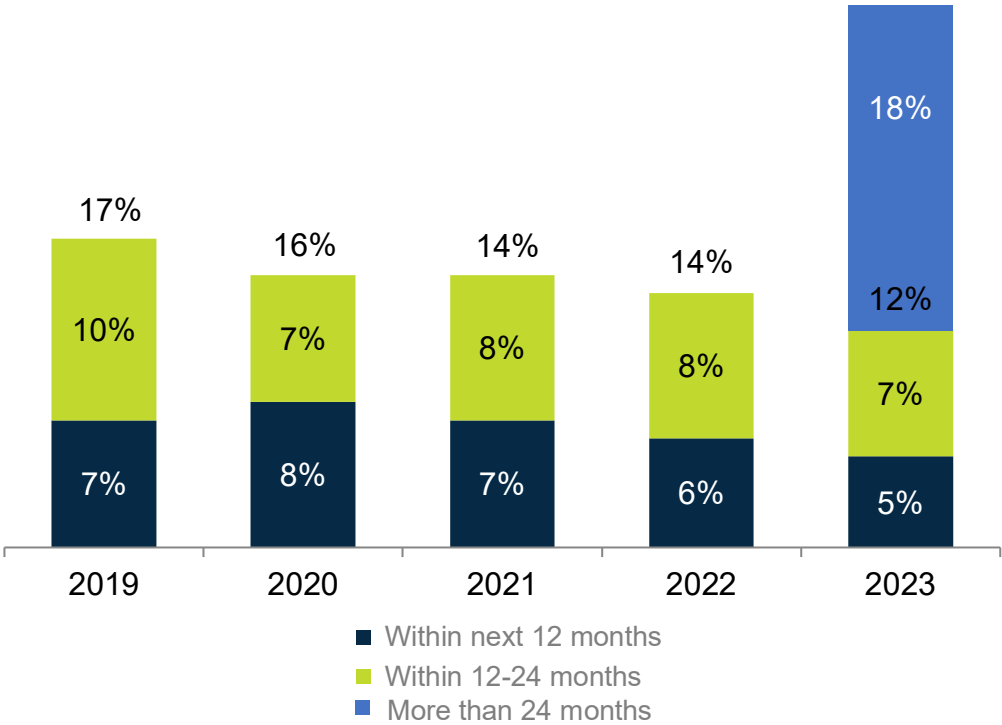
Forward intentions to purchase a home decline to all-time lows among both current owners and non-owners

General Population

Current Owners Selling & Buying New



Non-Owners Buying a New Home



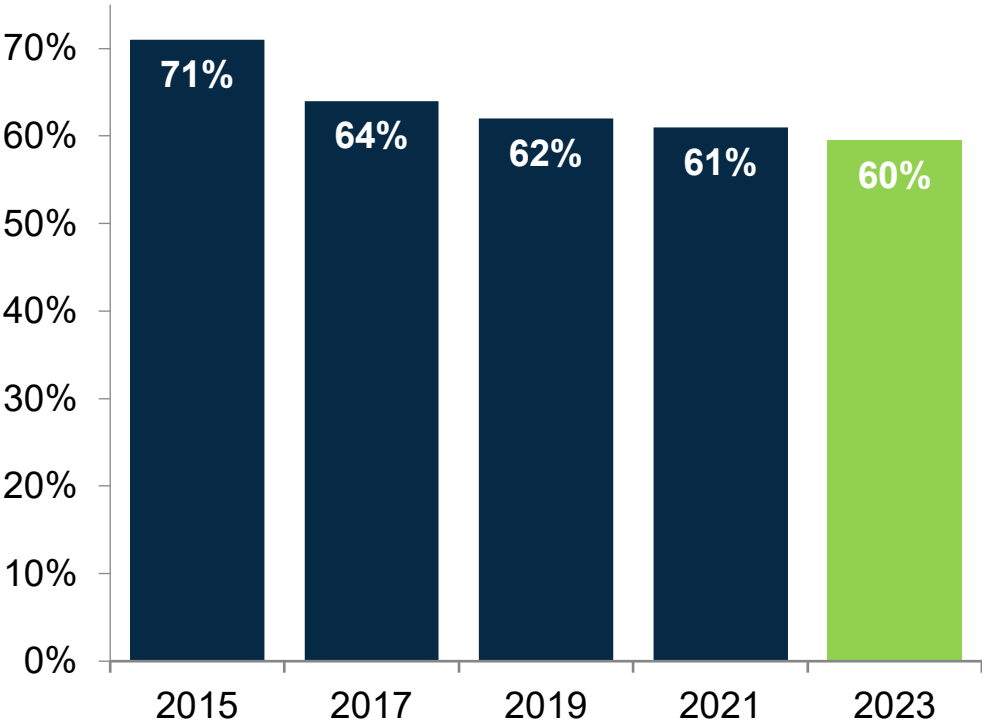
Homeowners: Whether you bought one recently or not, do you expect to sell your current home and buy another home... (base: Homeowners– n=1387)
Non-homeowners: Do you expect to buy a home within... (base: Non-homeowners– n=694)

Homeownership for the traditional 25-40 market reaches all-time lows; Millennial homeownership rates stall

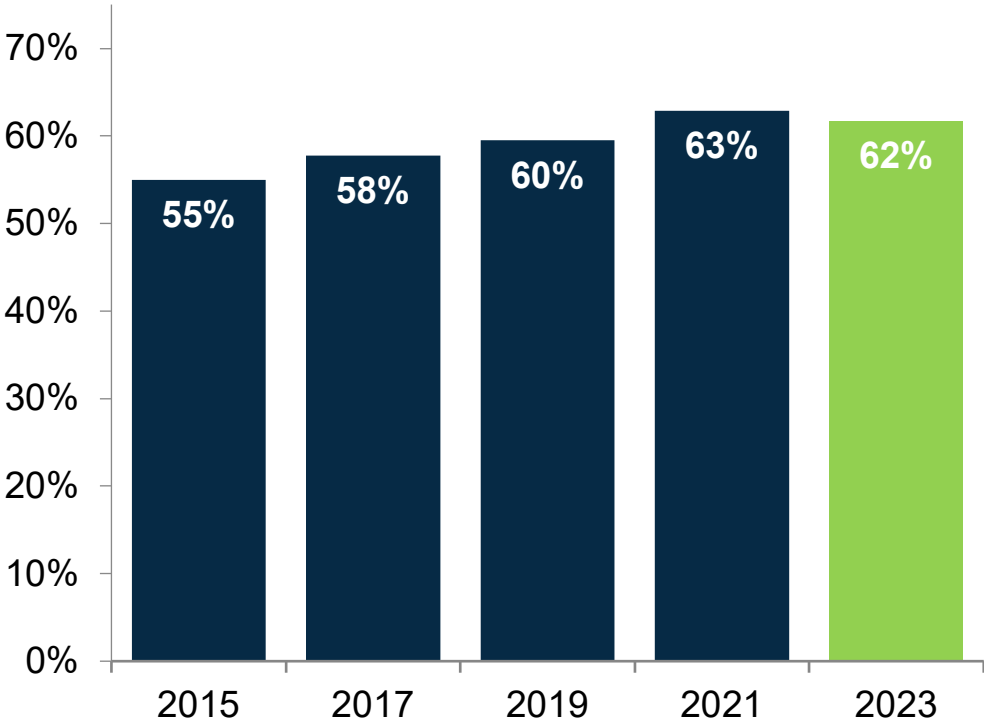
General Population



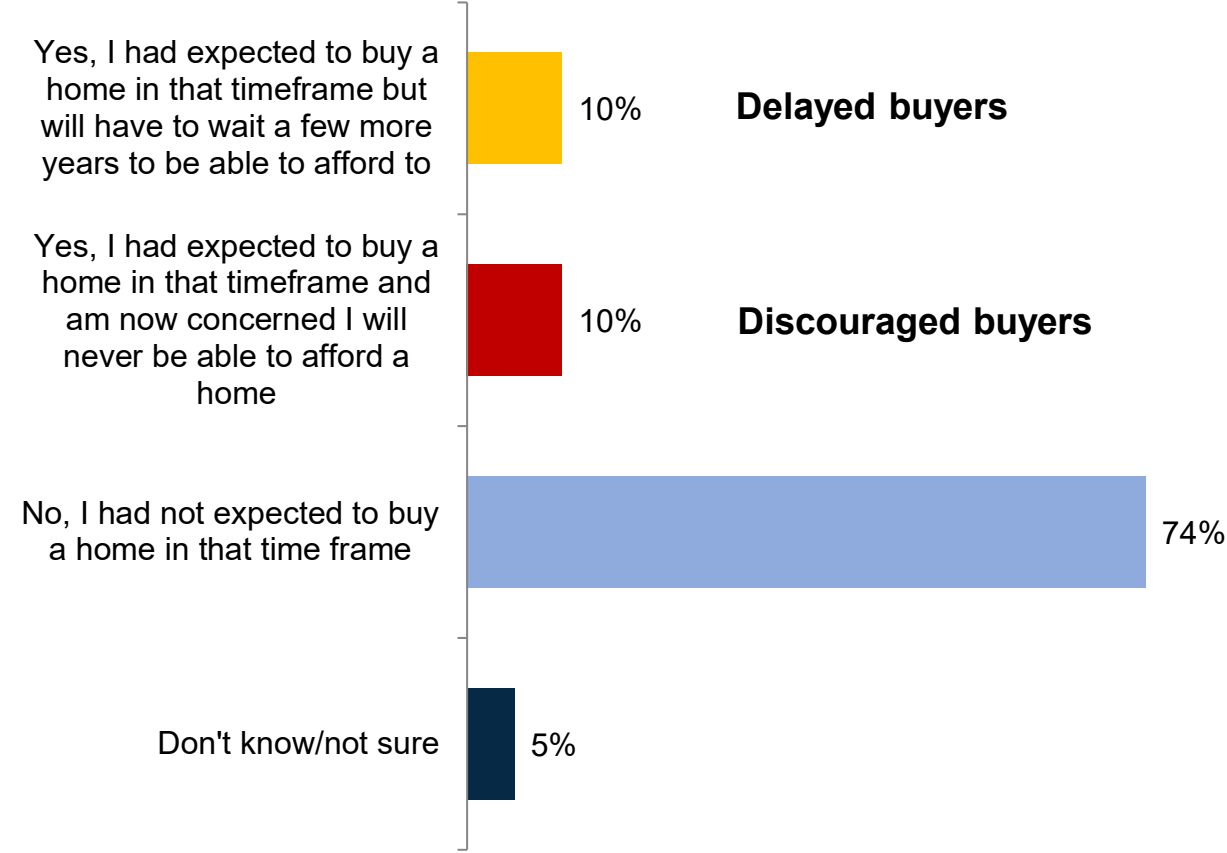
Home ownership: 25-40 year-olds



Home ownership: Millennials

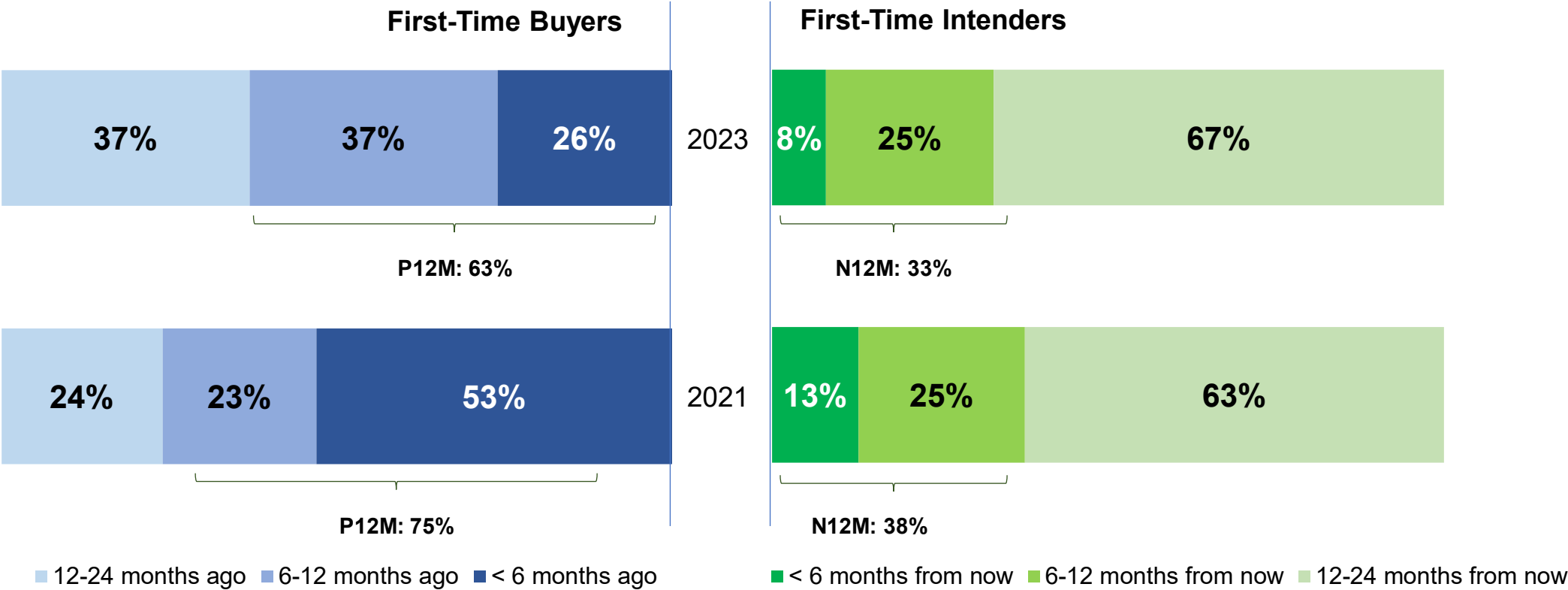


Among those not buying in the past 24 months or next 24 months, 10 percent each have either delayed purchase intentions or feel they can no longer afford to buy



Although you did not purchase a home in the past 2 years nor plan to buy one next 2 years, had you initially expected to buy a home in that timeframe but could not afford to?

The proportion of First-Time Buyers purchasing more recently declines substantially; the proportion of First-Time Intenders planning to buy more than a year from now increases slightly

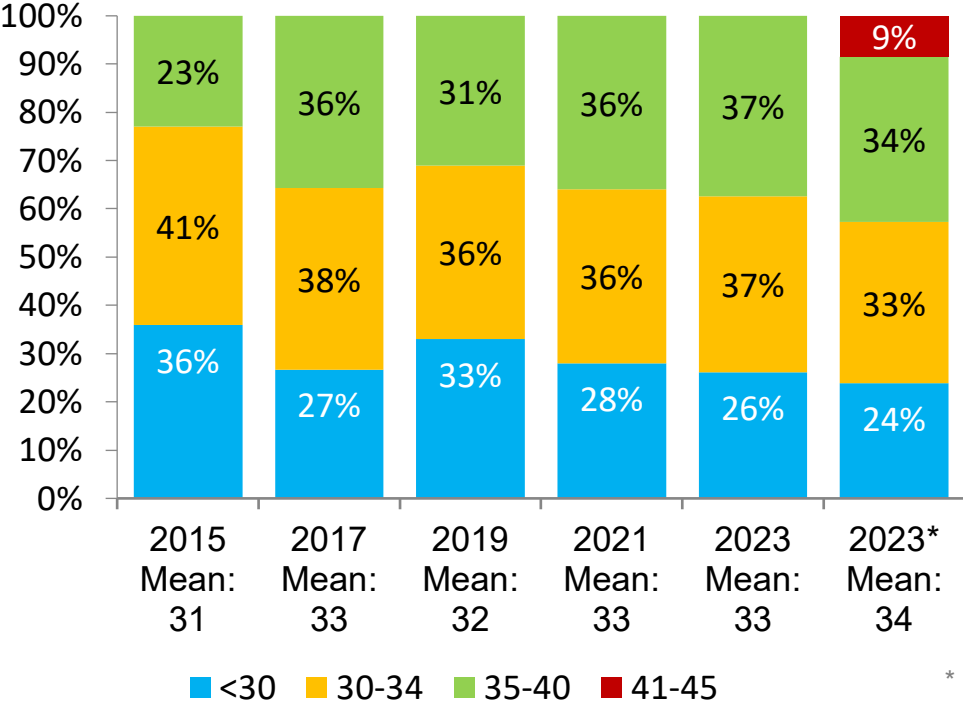


FTB: Did you buy your first home...?
FTI: Do you expect to buy your first home within...?

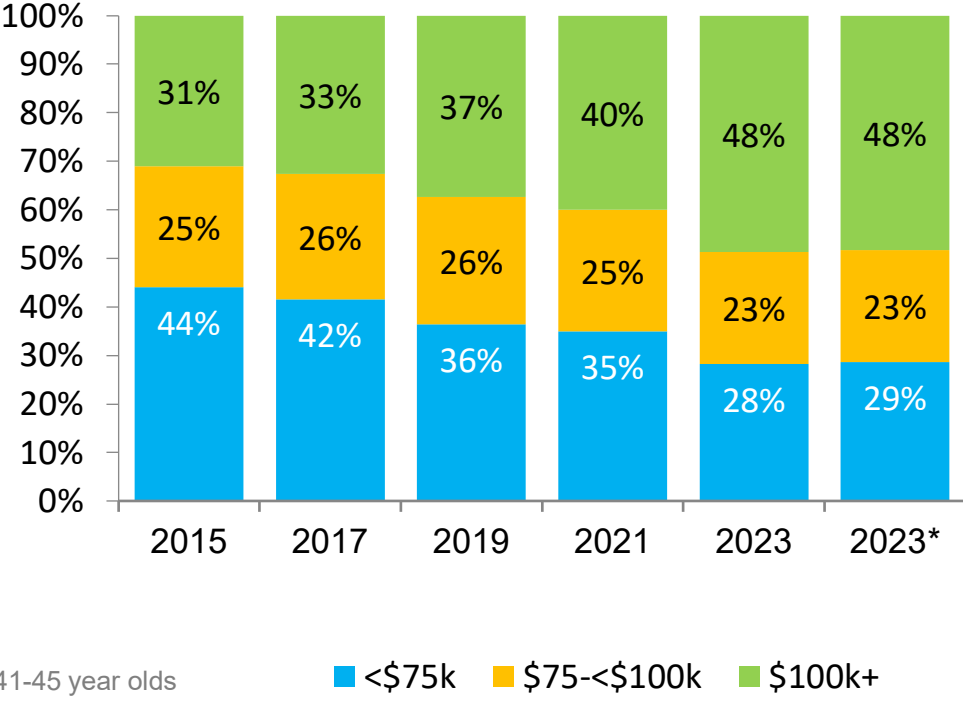
Who are FTBs and FTIs today and what are they buying?

The youngest first-time buyers and lower income first-time buyers are gradually getting squeezed out of first-time homeownership

Age Distribution

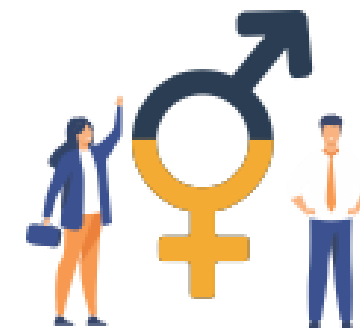
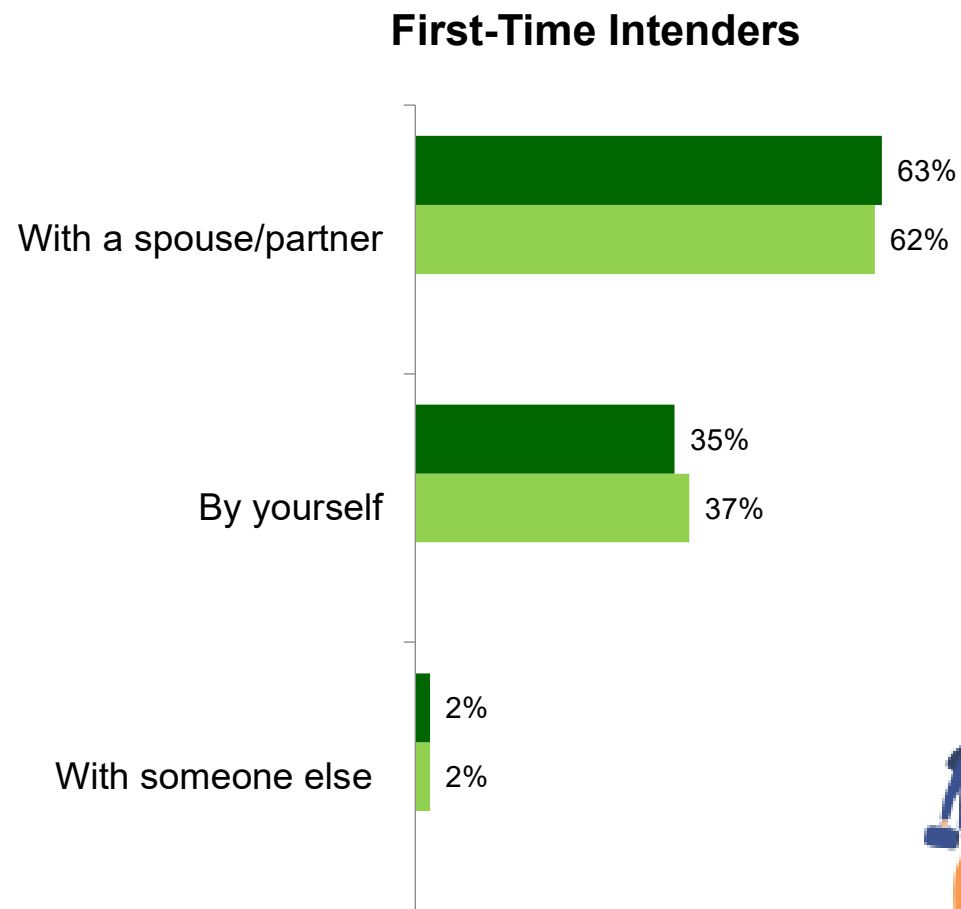
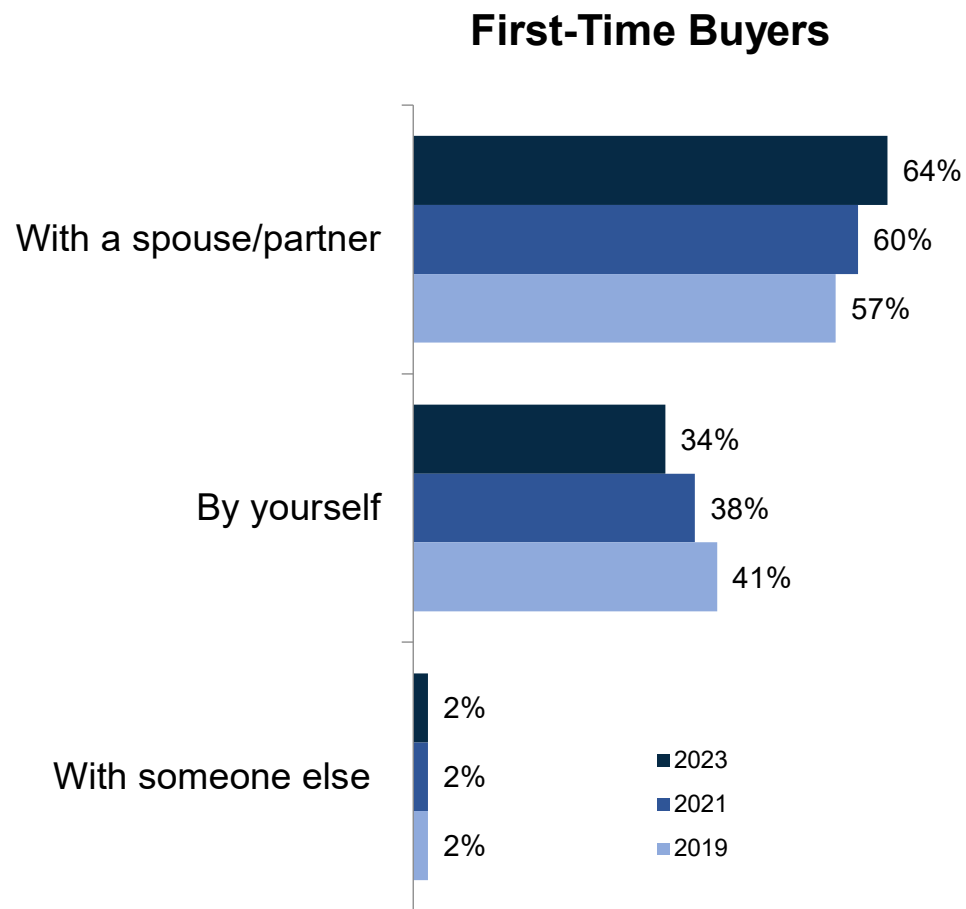


Household Income Distribution



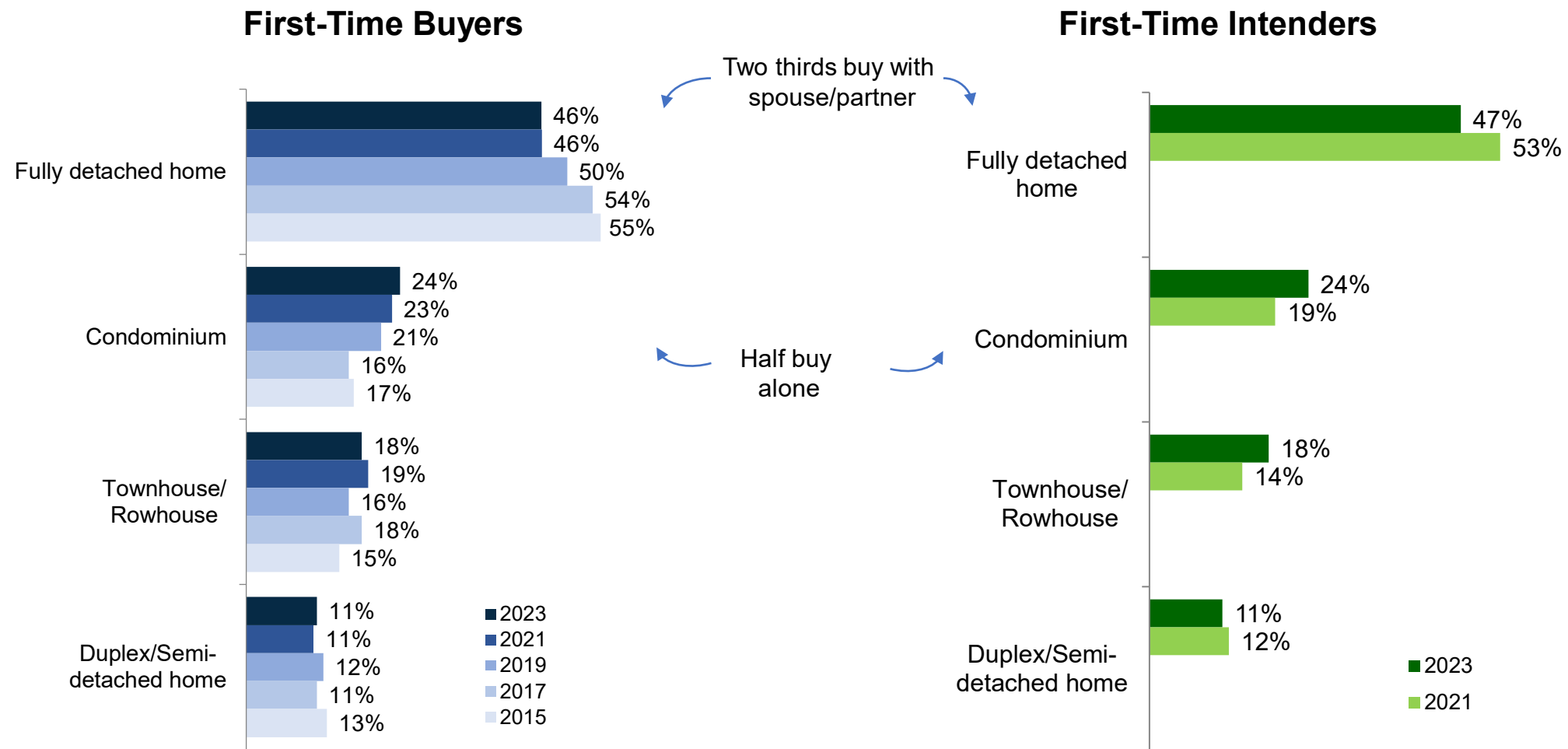
* Includes 41-45 year olds

Small increase in proportion of First-Time Buyers buying with spouse/partner



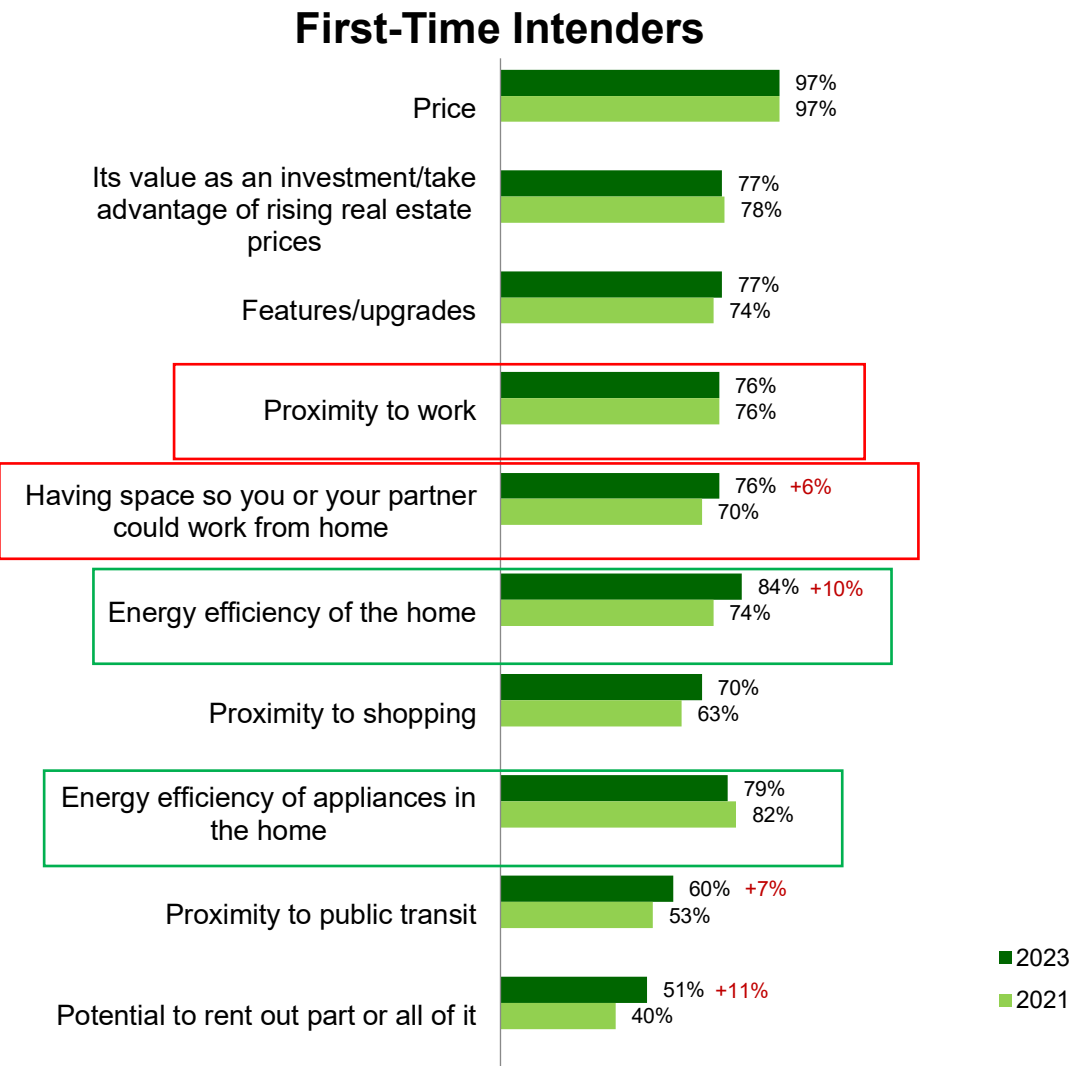
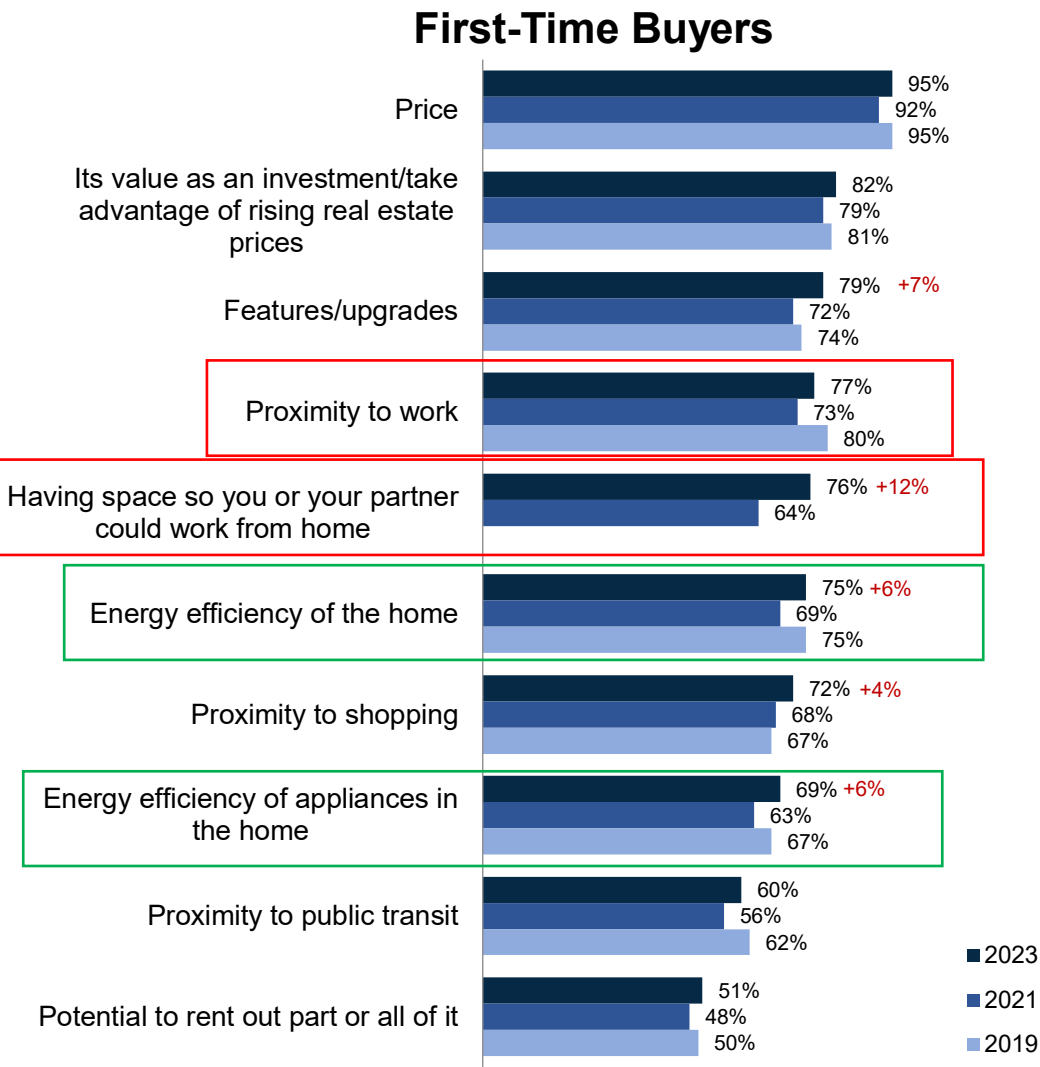
FTB: Did you purchase your home...
FTI: Are you planning on purchasing your home....

Earlier shift to condos from detached homes maintained among buyers and grows among Intenders



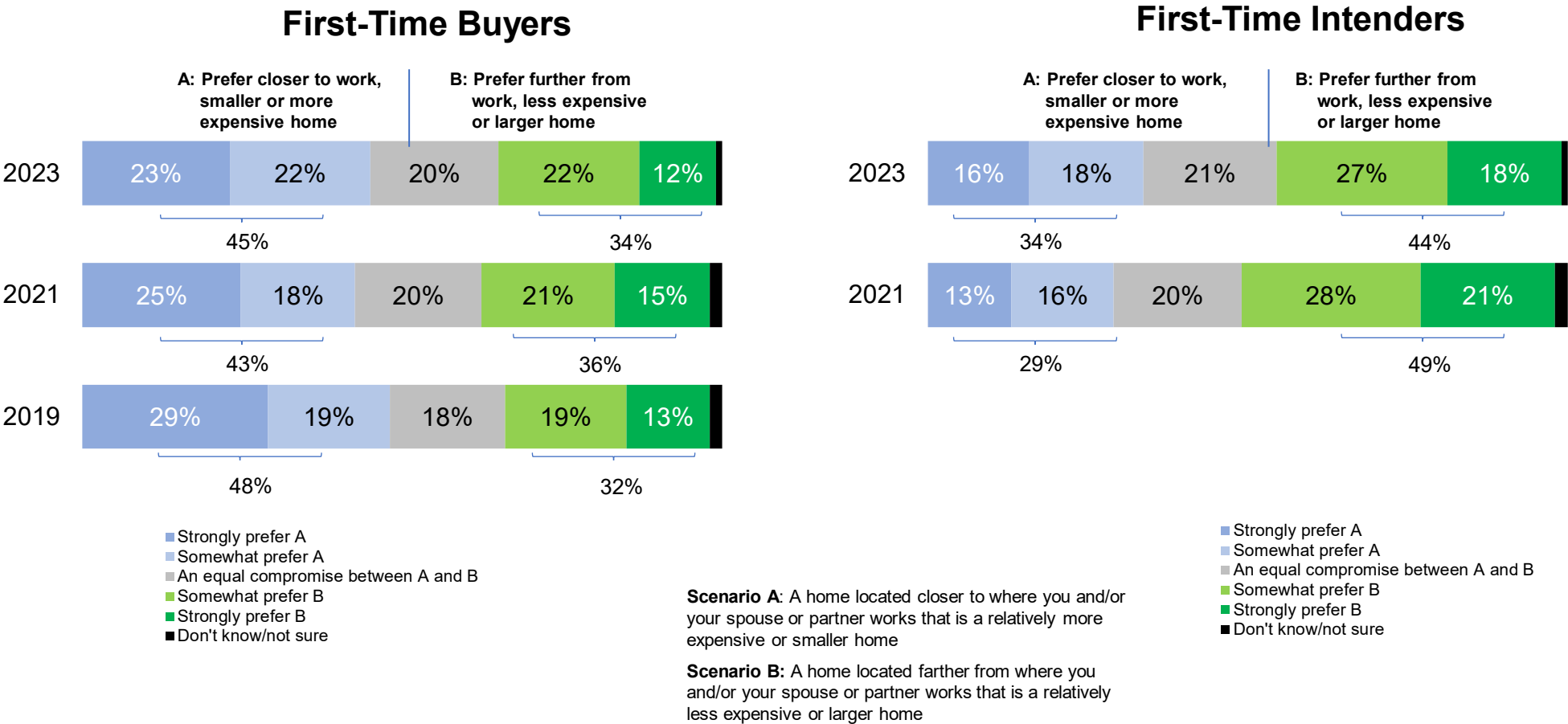
FTB: What kind of home did you purchase?
FTI: What kind of home are you most likely to purchase within the next 24 months?

While price, space and value as an investment rank highest, significant increases over 2021-pandemic-driven scores for proximity, and energy efficiency. Increased desire for space to work from home.



FTB: How important were each of the following as reasons for why you chose your current home? FTI: are each of the following as reasons for why you would choose your future home?

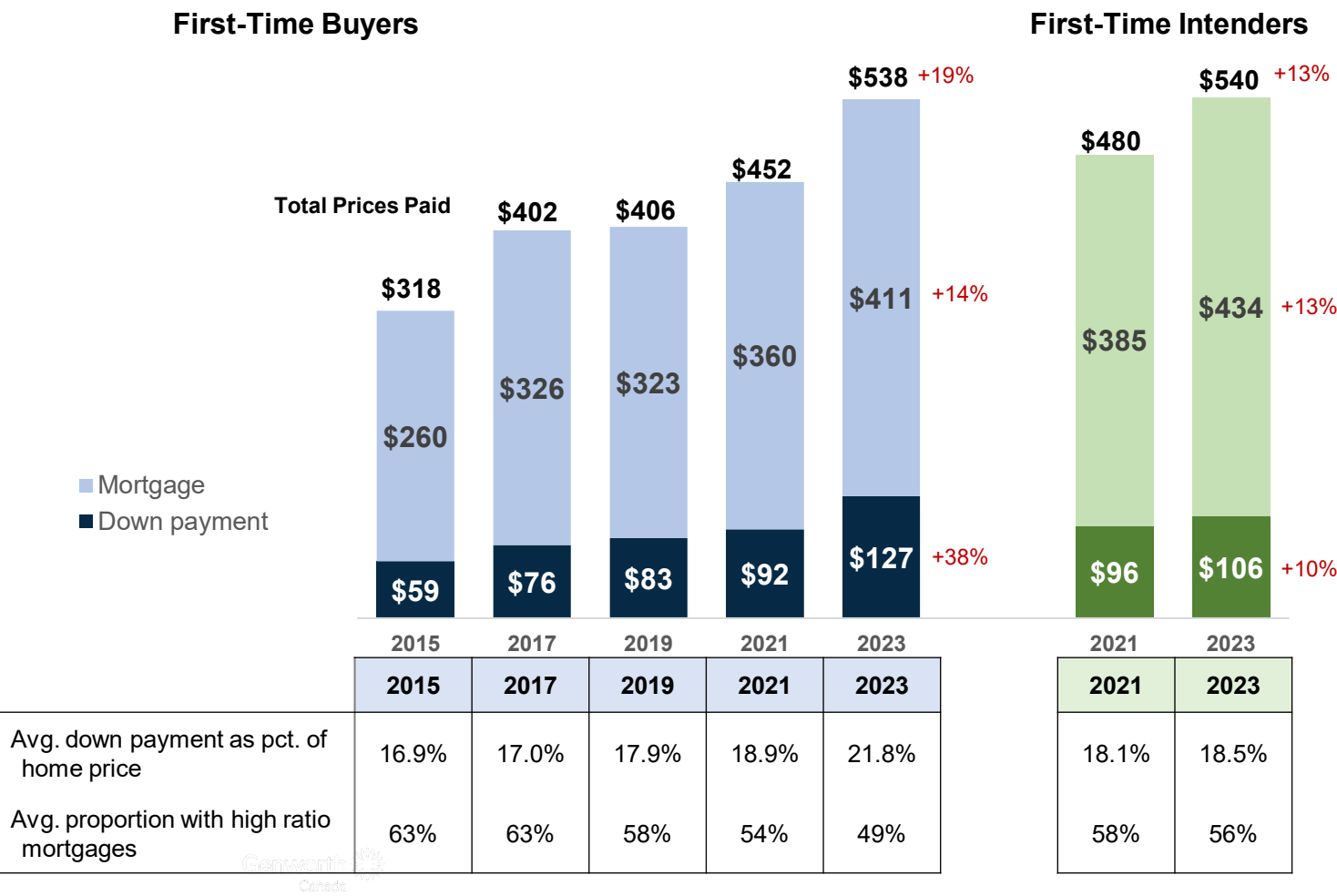
Both First-Time Buyers and Intenders start to shift back to buying a home closer to work that is smaller or more expensive



When you are or were shopping for your home and had to make decisions between the price you wanted to spend, the size of homes available and their distance from work or other amenities, please indicate the strength to which you preferred or would prefer scenario A or scenario B.

Home Price and Mortgages

Increasing prices for purchasers and intenders with faster rising down payments among buyers; declining incidence of high ratio mortgages



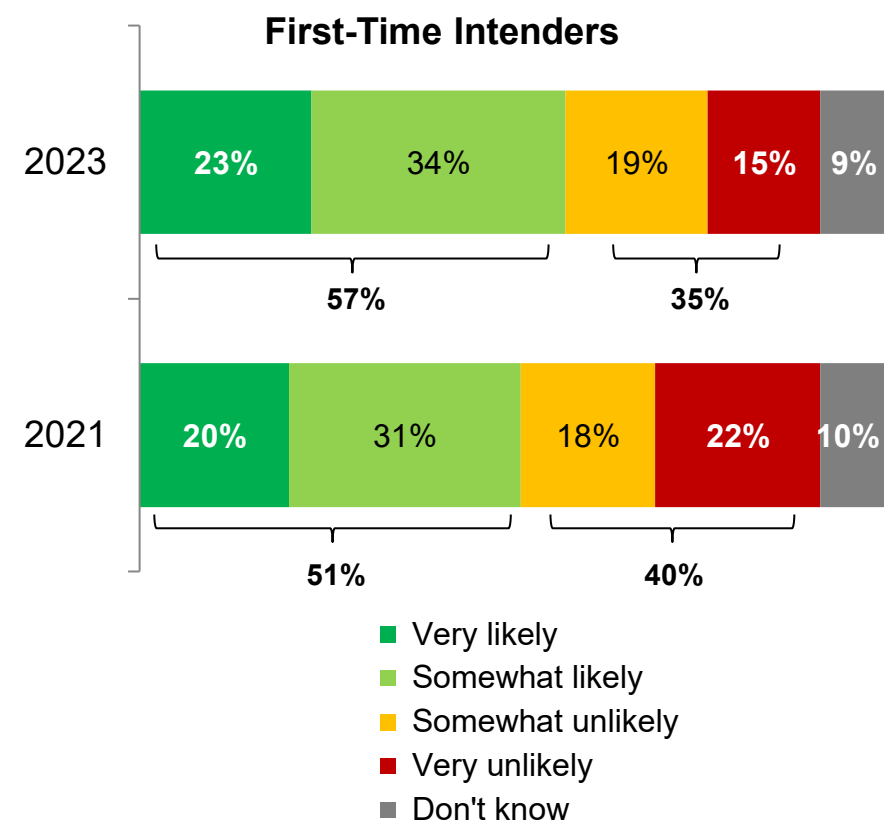
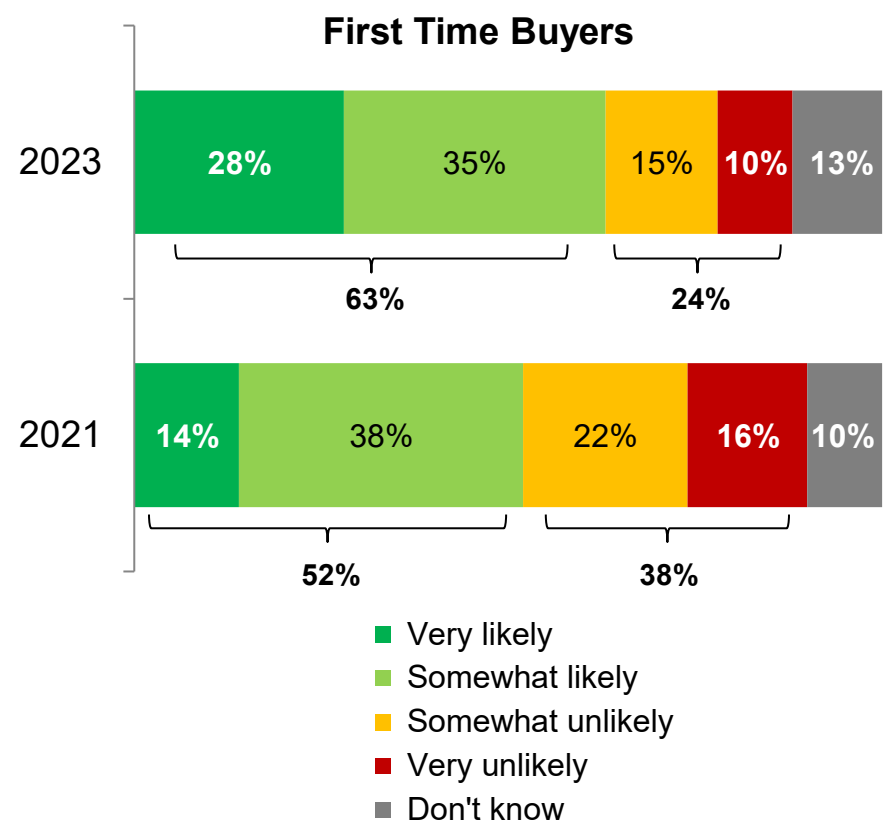
By time of purchase	12-24M ago	6-12M ago	< 6M ago	<6M from now	6-12M from now	12-24M from now
Home price	\$512	\$560	\$544	\$534	\$564	\$530
Down Pmt	\$109	\$142	\$130	\$123	\$127	\$95
Mortgage	\$403	\$418	\$415	\$411	\$437	\$435
DP as % of Price	19%	24%	23%	23%	21%	17%

39% of FTIs say it is too early for them to know how much these values will be.

FTB: To help us understand home prices and mortgage financing please indicate the total purchase price of your home, as well as the down payment you made.
FTI: To help us understand home prices and mortgage financing, please indicate what you expect or anticipate the total purchase price of your home will be, as well as the down payment you expect to make.

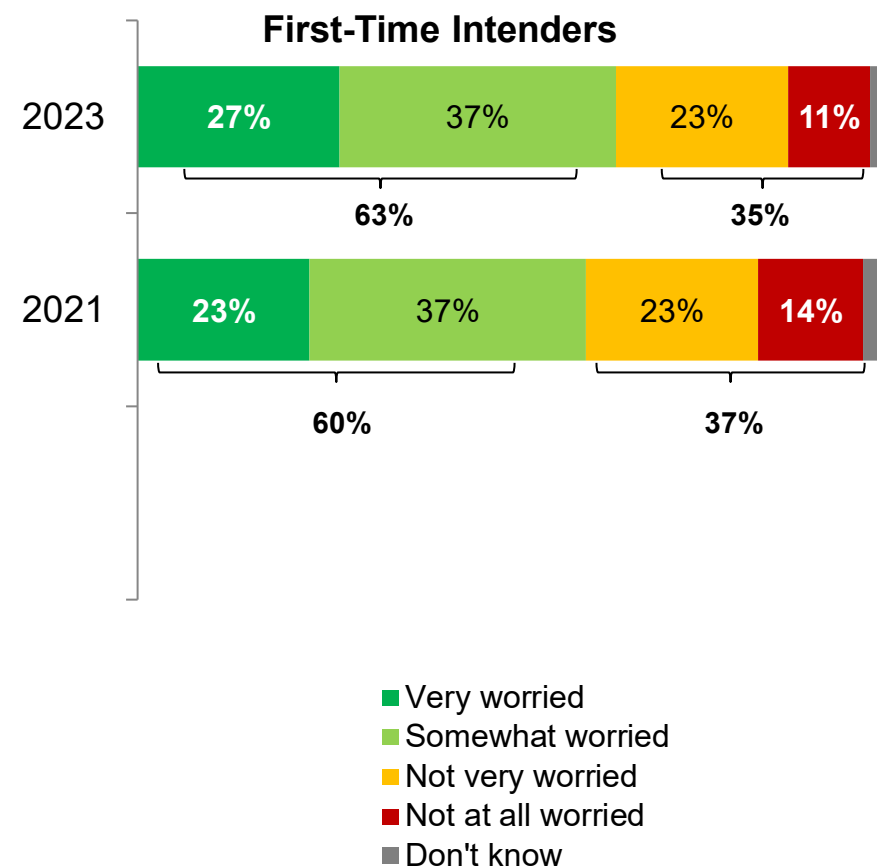
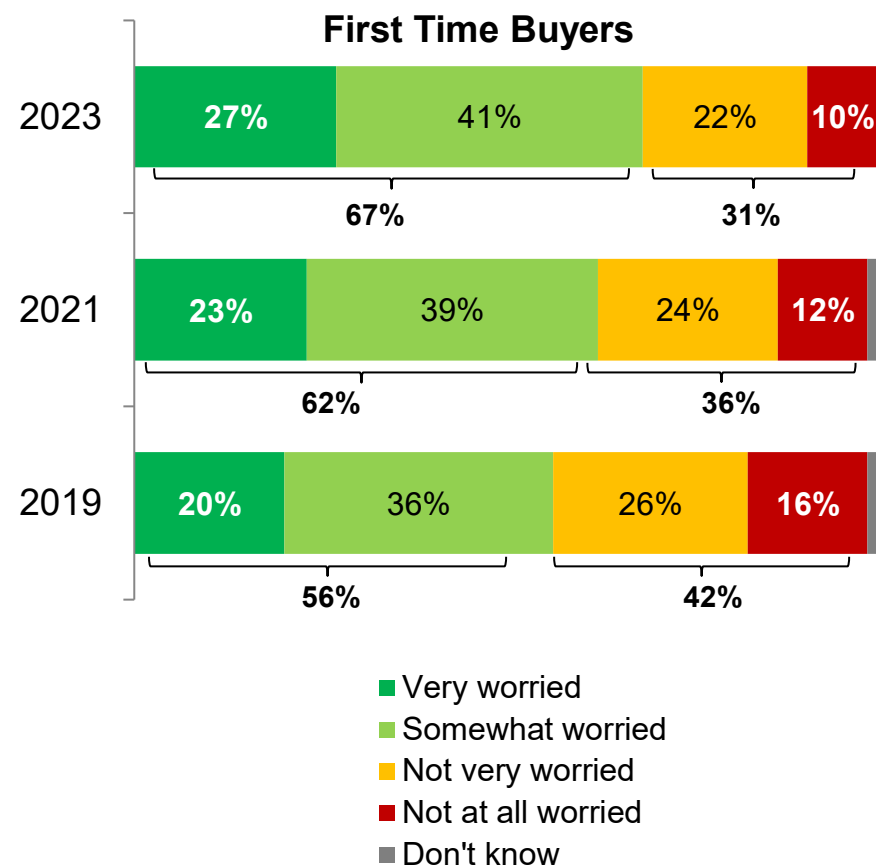
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Recent buyers and intenders of \$750k+ homes are more likely to have wanted 30-year amortizations with high ratio mortgages



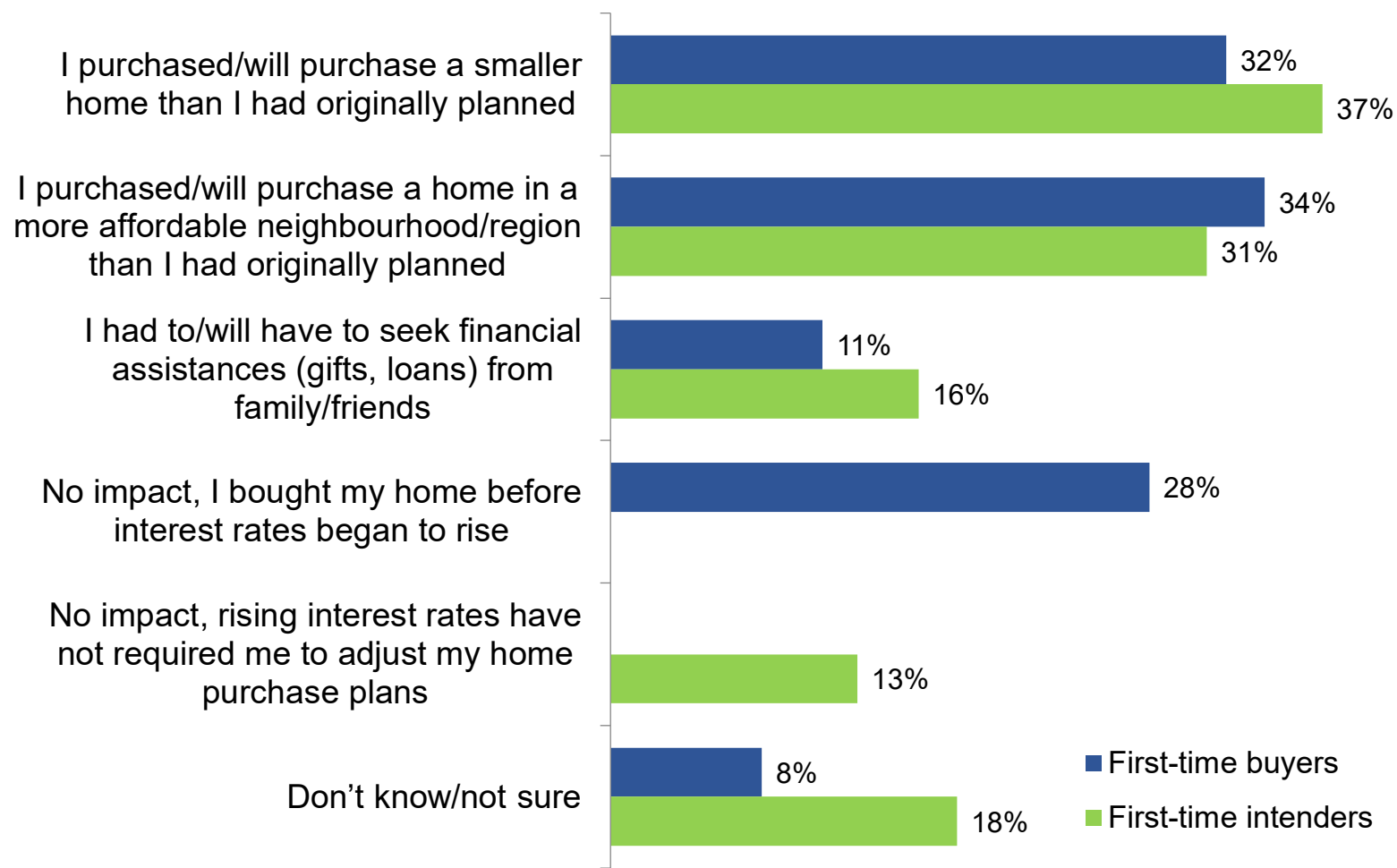
Currently, those whose home costs more than \$1 million are ineligible for mortgage insurance and buyers must make down payments of at least 20 percent. If the rules had permitted it at the time when you were shopping for homes, how likely would you have been to prefer to use a 30-year amortization with a down payment of less than 20 percent to allow yourself to purchase a home valued at \$1 million or more? (Base: those paying \$750K or more for their house, n = 348, FTB = 209, FTI = 139)

Growing proportion of those who were worried about missing out on a house they really wanted because of the down payment



FTB: Before you found your home, how worried were you that you might miss out on a home you really wanted because you didn't have enough of a down payment saved?
FTI: How worried are you that you might miss buying a home you really want because you don't have enough of a down payment saved?

More than a quarter of First-Time buyers bought before interest rates rose. One third each say economic conditions led them to buy smaller homes or homes in more affordable areas than planned; Intenders show similar interest in finding affordability solutions

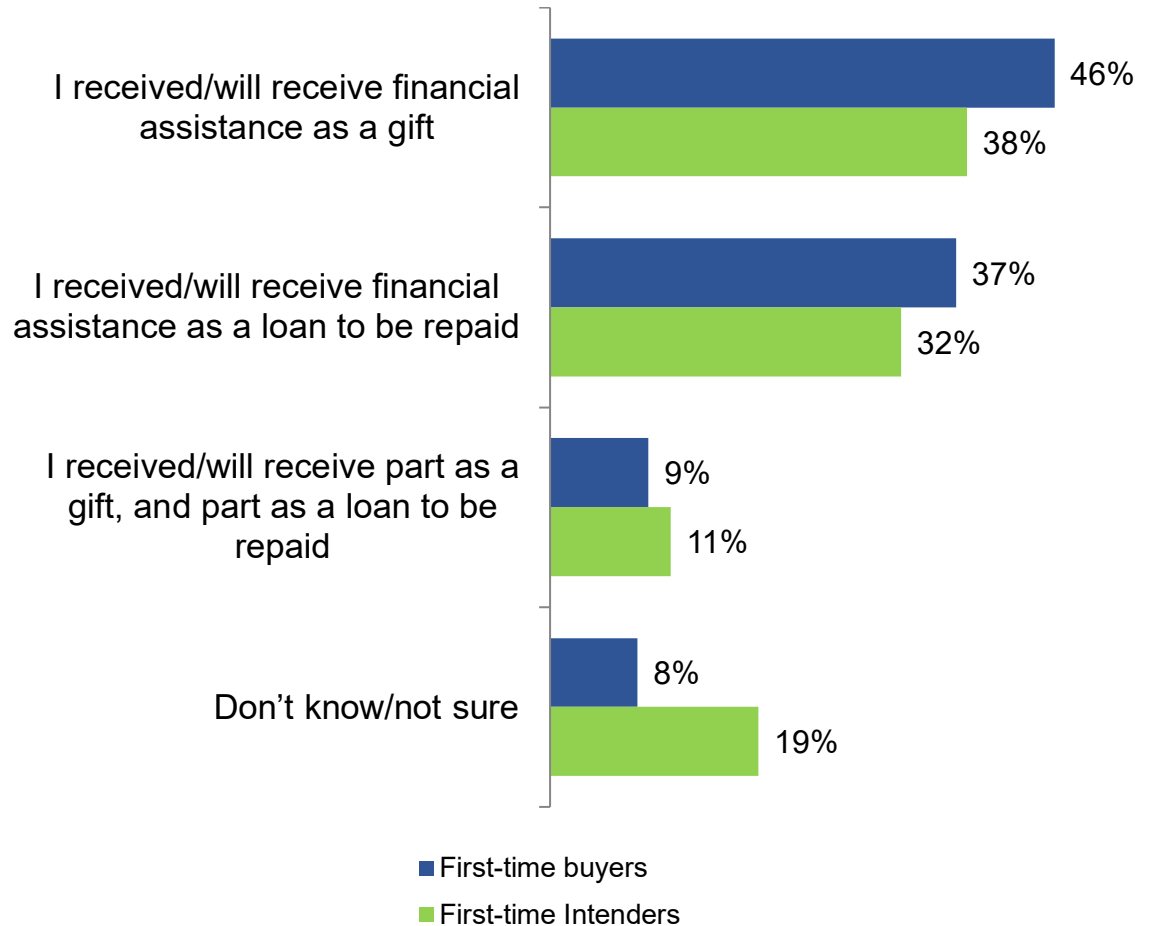
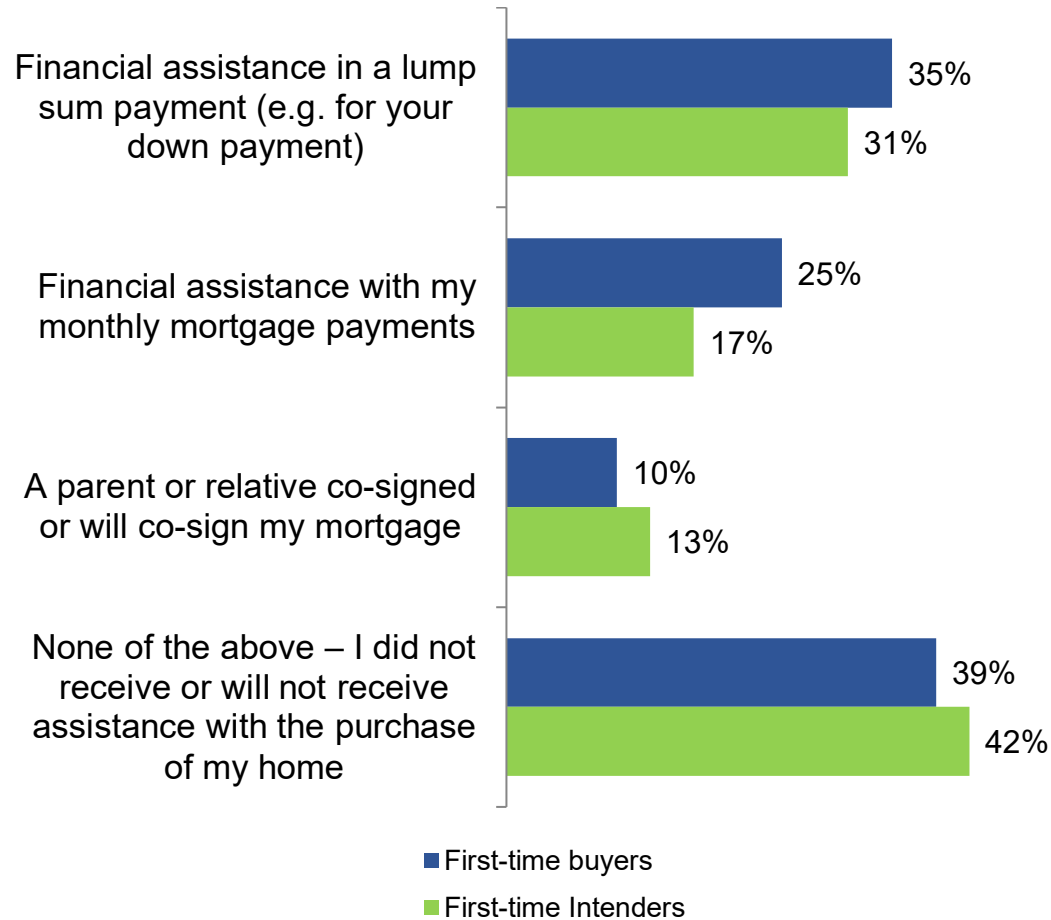


FTB: How did economic conditions (e.g. inflation, interest rates, etc.) at the time you were shopping impact your home purchase plans?

FTI: How are current economic conditions (e.g. inflation, interest rates, etc.) impacting your home purchase plans?

Six in 10 received financial support from their families.

For many, financial assistance is a gift, for others it is a loan to be repaid



What kind of assistance did you receive, or do you expect to receive from your parents or relatives to help with the purchase of your home?

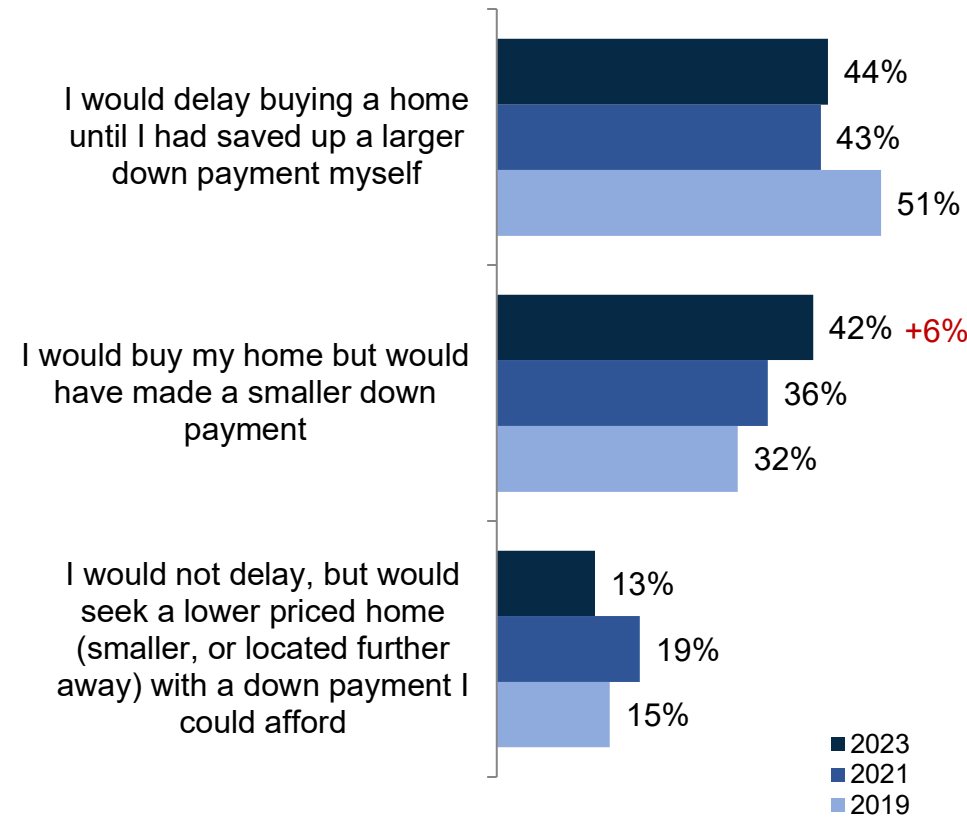
IF RECEIVING FINANCIAL ASSISTANCE: Did you or will you receive your financial assistance as a gift, or as a loan that will need to be repaid to your family member(s)?

(Base: If receiving financial assistance, total n=1208, FTB=630, FTI=578)

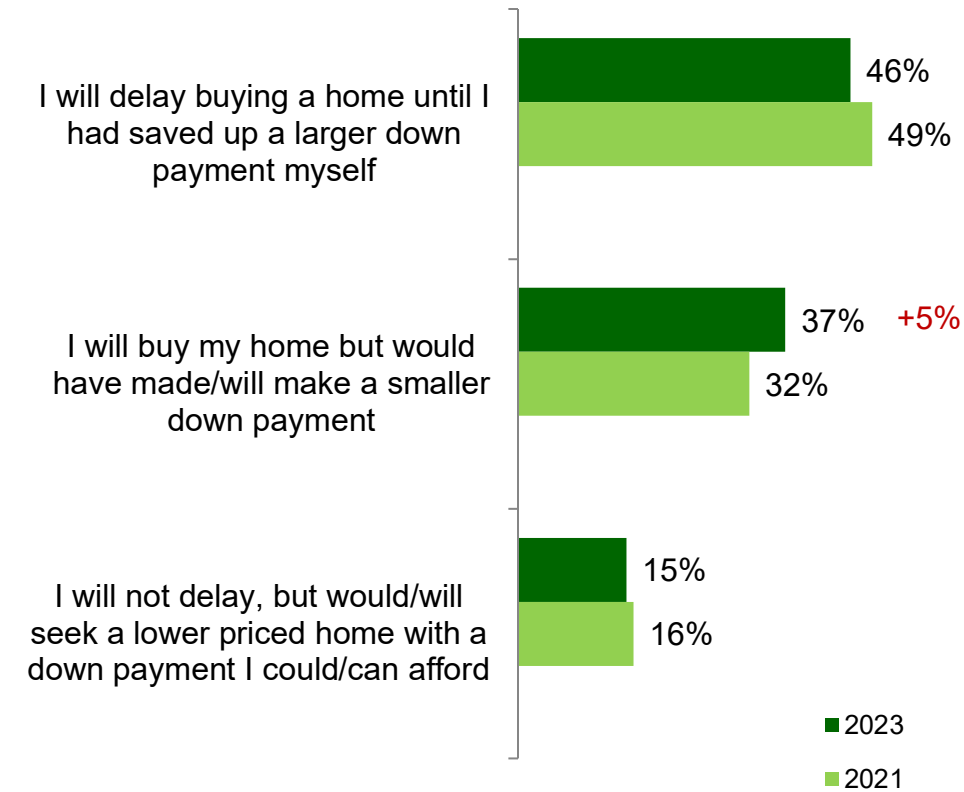
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More buyers and intenders say they would have bought/will buy a home but would have made/will make a smaller down payment if they didn't/don't receive a gift/loan

First Time Buyers



First Time Intenders

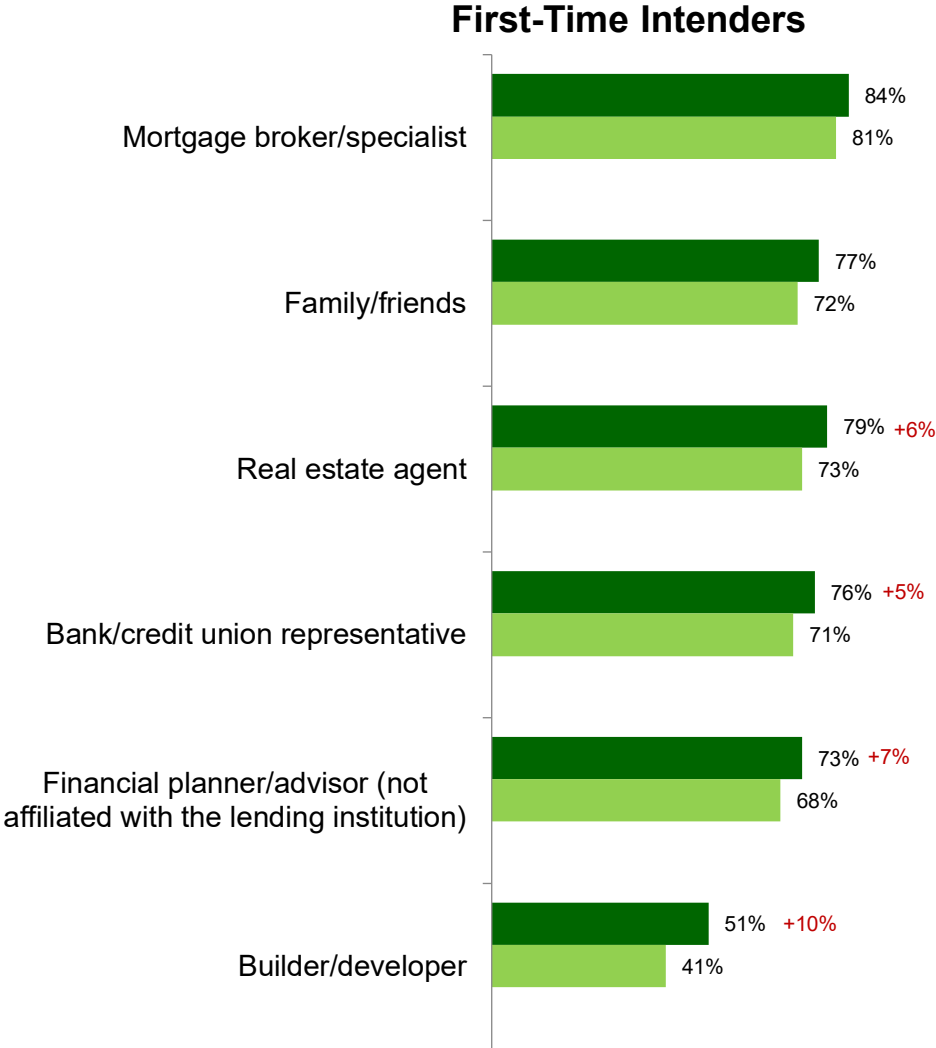
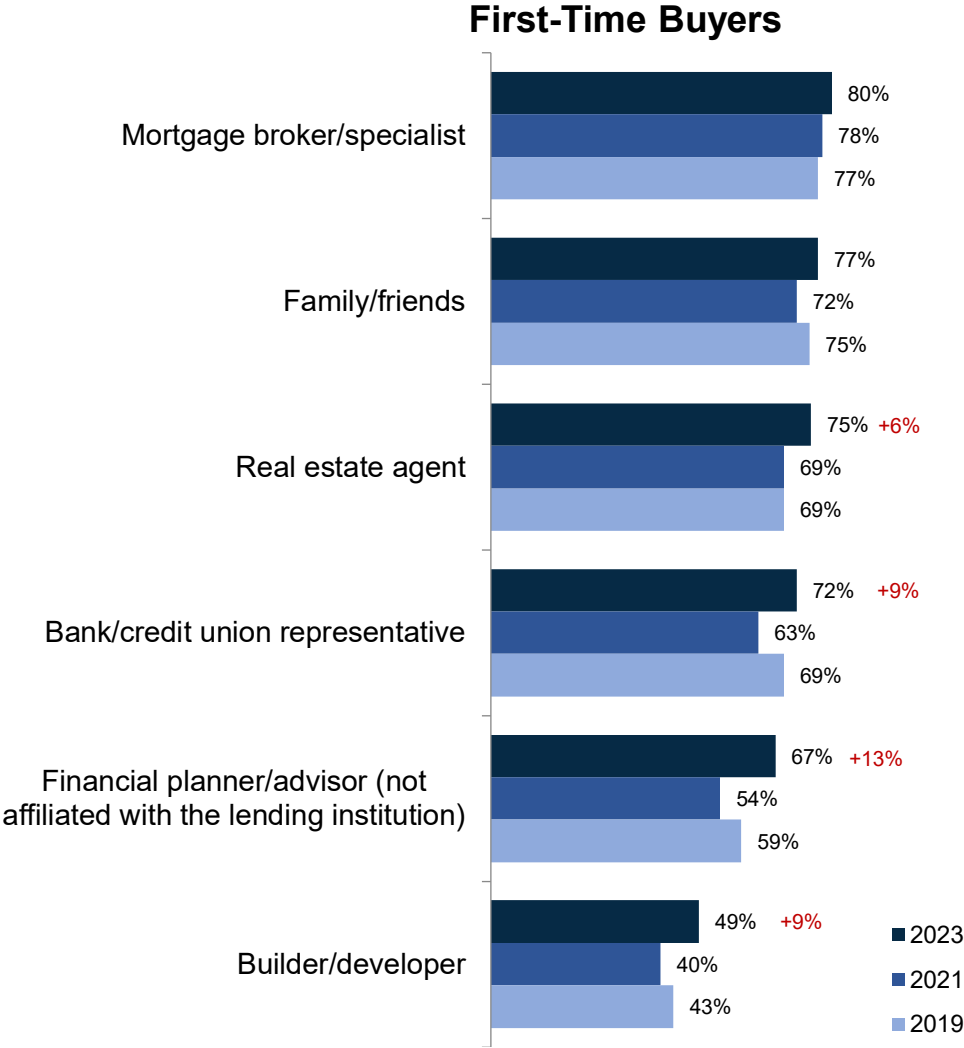


Earlier you indicated that your total down payment on your home was PIPE IN PERCENTAGE FROM Q18d percent. If you had not been able to obtain gifts, loans or inheritances from family members or other financings beyond your own savings and RRSPs, which of the following would you have done? (Base: those who received gift/loan from family or line of credit, FTB = 573, FTI = 397)

Mortgages

Buyers and intenders report increased importance of each individual source of mortgage information, notably bank reps, financial advisors and builders/developers

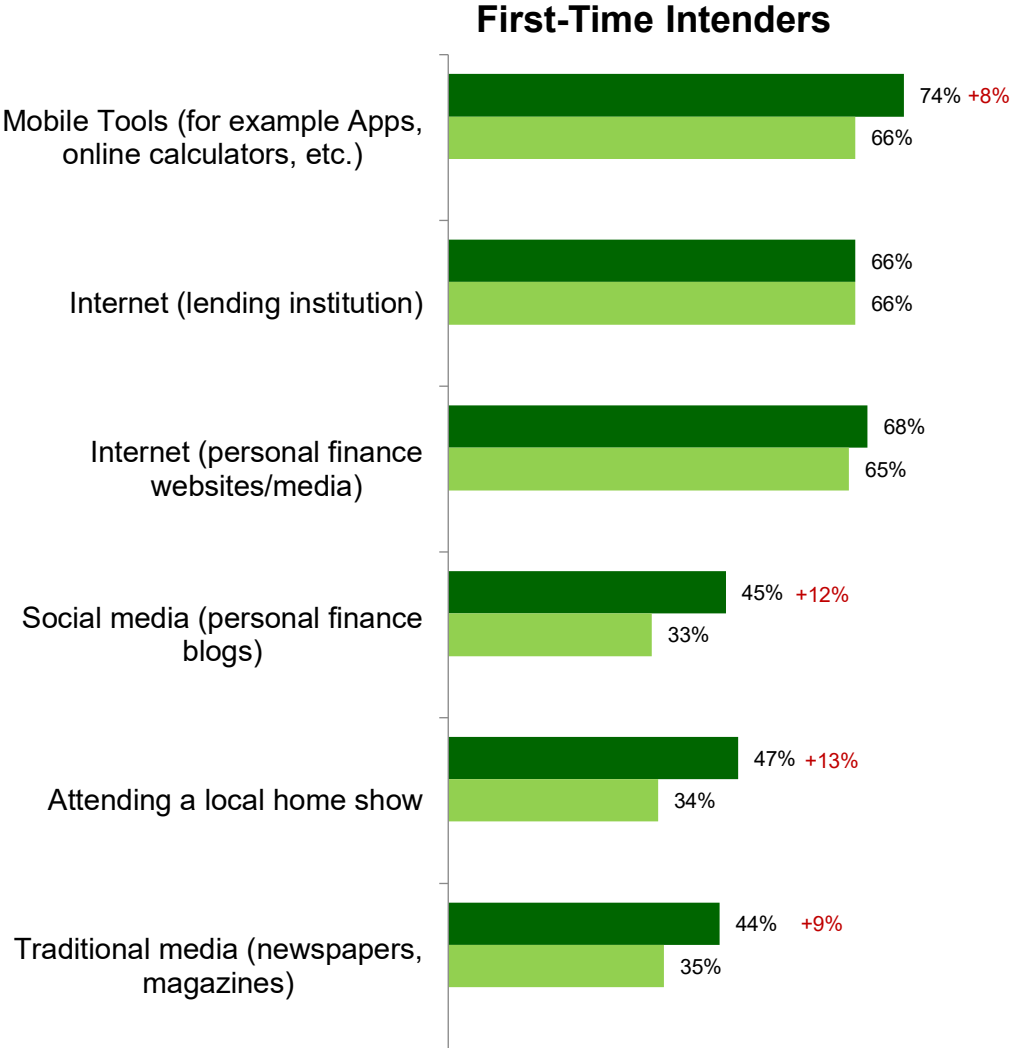
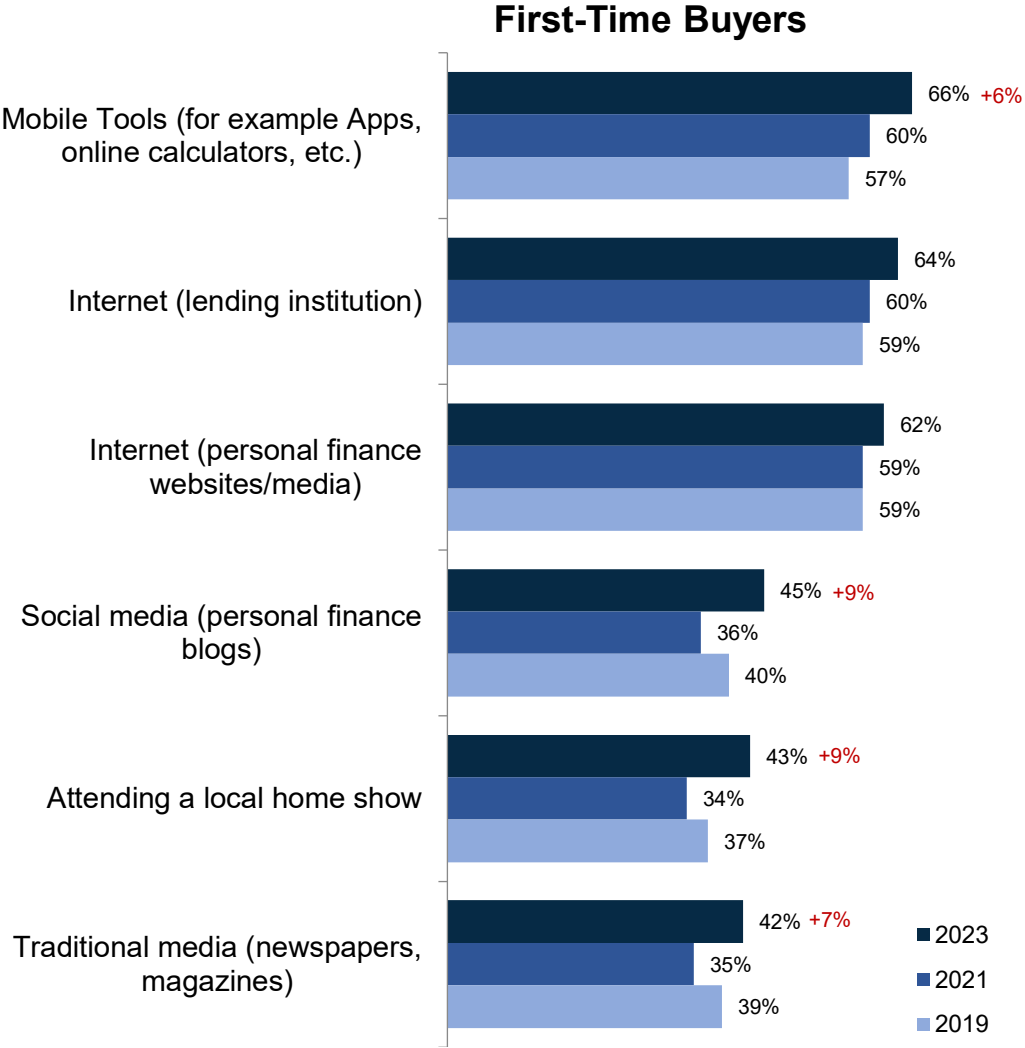
Individual Sources:
Net Important



How important [FTB: were / FTI: are] each of the following sources of information to you in helping you learn about your mortgage options?

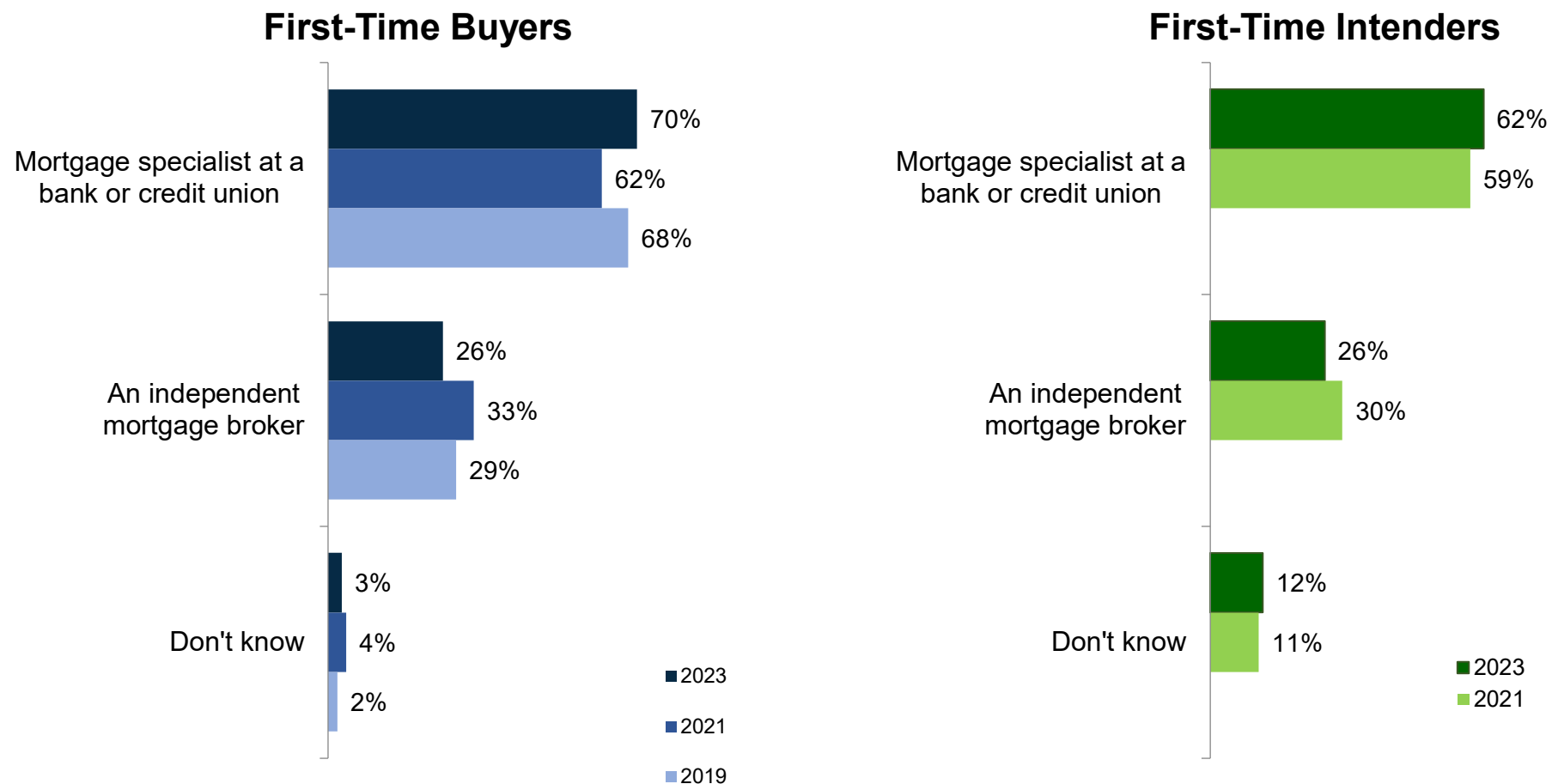
Other sources of mortgage information increase in importance as well, including mobile tools, web content, home shows, social media and traditional media

Other Sources:
Net Important



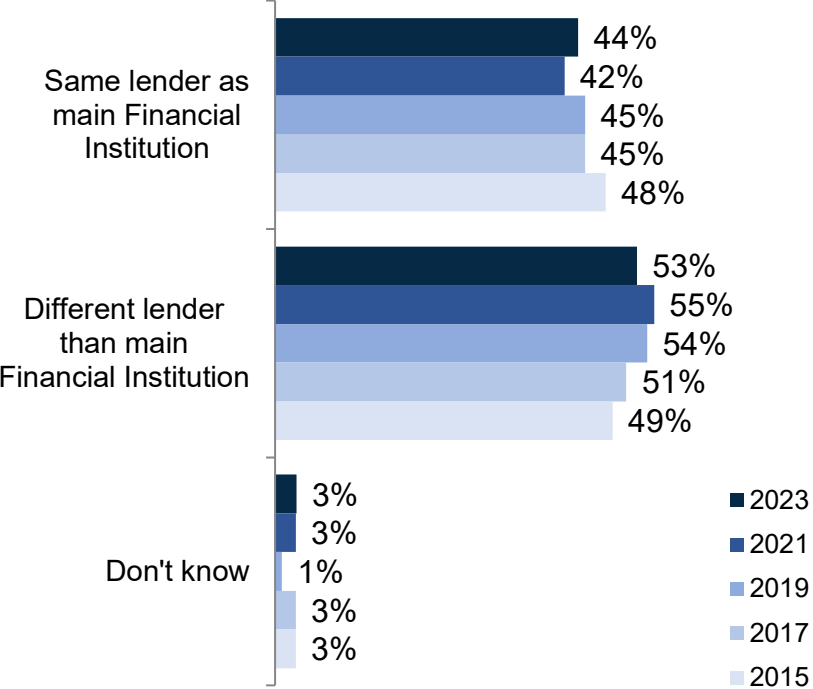
How important [FTB: were / FTI: are] each of the following sources of information to you in helping you learn about your mortgage options?

Recent Buyers shift back to mortgage specialists from mortgage brokers



FTB/FTI: Which of the following did you work with or do you expect to work with to obtain your mortgage for your home?

Small shift in proportion of those working with an independent mortgage broker who obtained their mortgage from their primary financial institution

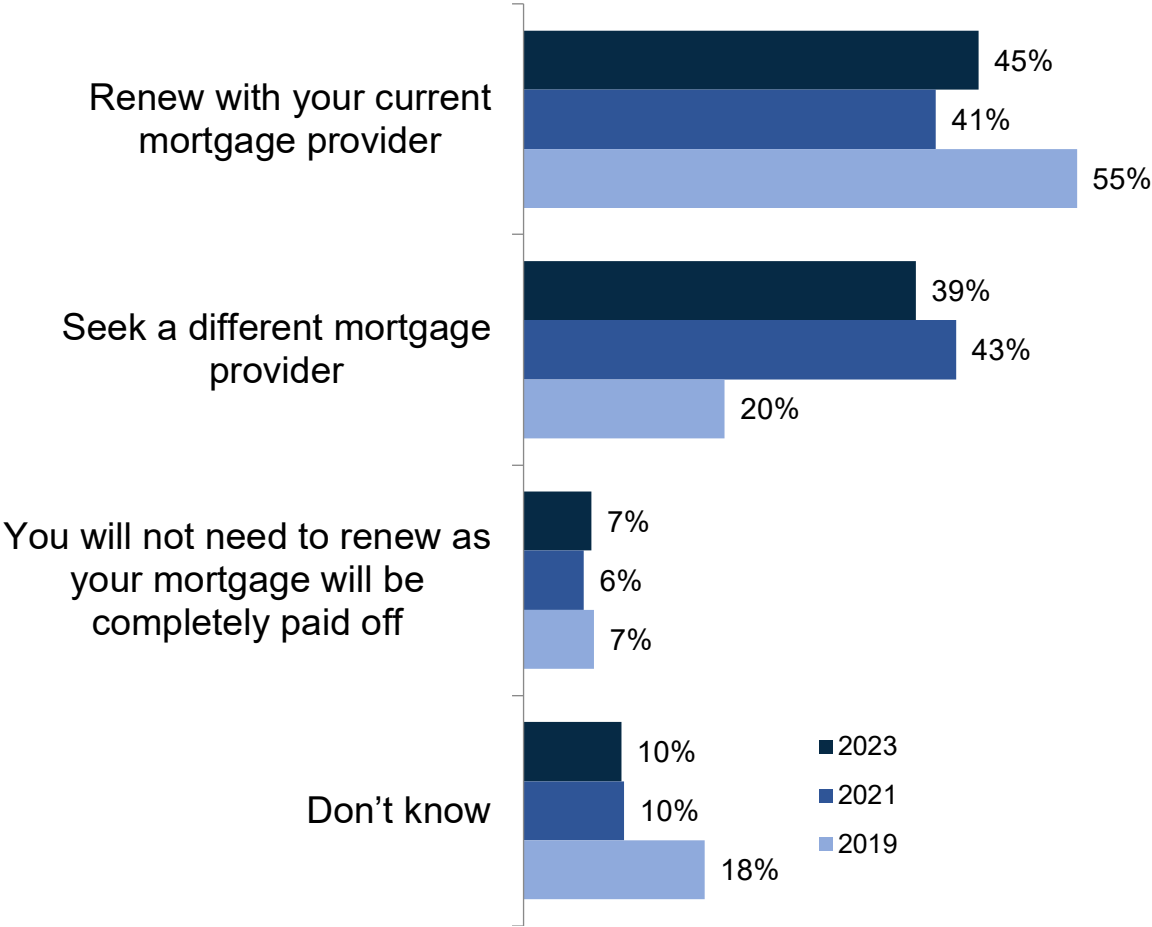


2023 FTHB	Total	Mort. Spec. at bank/ CU	Indep. Mort. Broker
Same as Main FI	44%	52%	25%
Different FI	53%	46%	71%
Don't know	3%	2%	4%

2021 FTHB	Total	Mort. Spec. at bank/ CU	Indep. Mort. Broker
Same as Main FI	42%	53%	22%
Different FI	55%	45%	75%
Don't know	3%	2%	3%

2019 FTHB	Total	Mort. Spec. at bank/ CU	Indep. Mort. Broker
Same as Main FI	45%	55%	21%
Different FI	54%	44%	77%
Don't know	1%	1%	3%

More now anticipate renewing with their current provider than in 2021; those working with mortgage brokers and with a mortgage from a different financial institution than their main one are more likely to seek a different provider



	Mortgage Source		Mortgage Lender	
	Bank Mort. Specialist	Indep. Mort. Broker	Same as main FI	Different FI
Renew with your current mortgage provider	52%	30%	54%	38%
Seek a different mortgage provider if I can get a better rate, more preferable terms	34%	53%	24%	51%
You will not need to renew as your mortgage will be completely paid off	7%	5%	10%	4%
Don't know	8%	12%	13%	7%

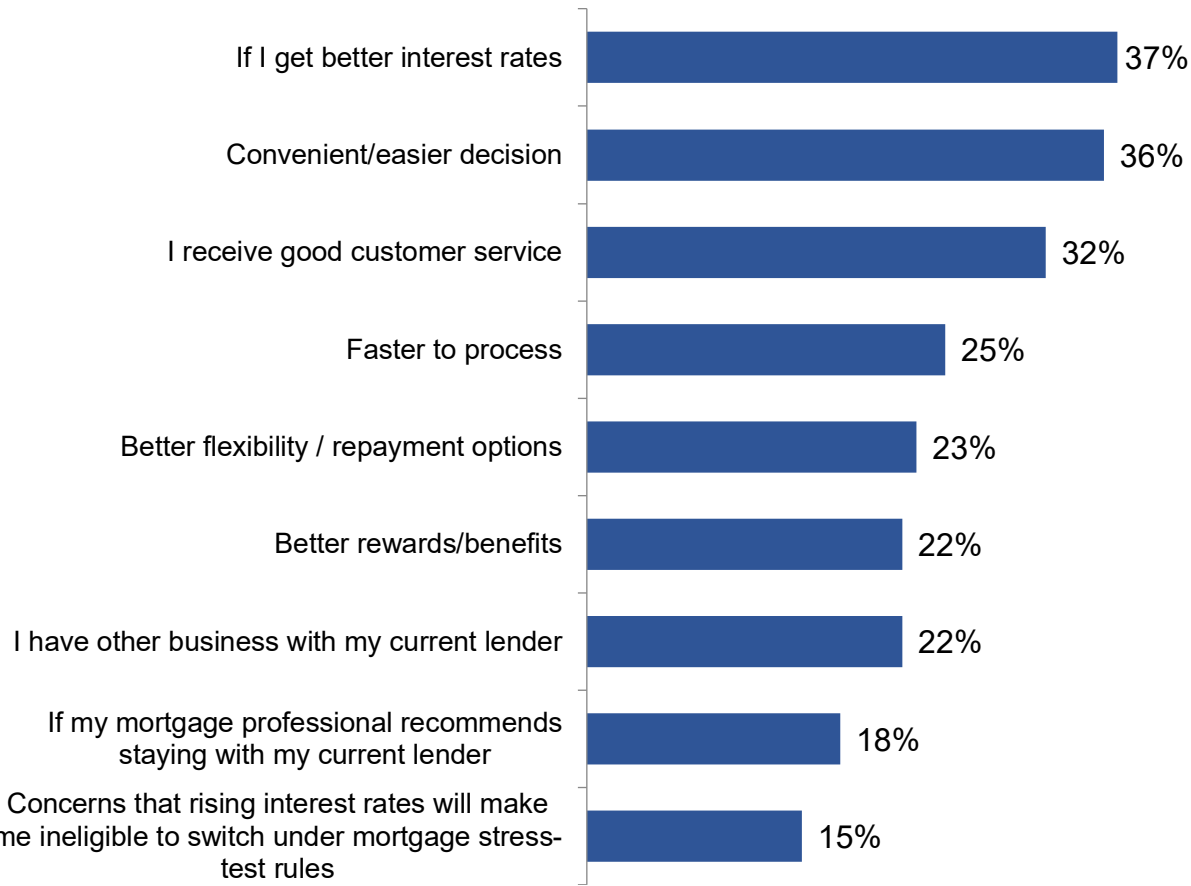
Significantly higher compared to total

Significantly lower compared to total

When your current mortgage term ends, will you be most likely to... (Base: n=1048)

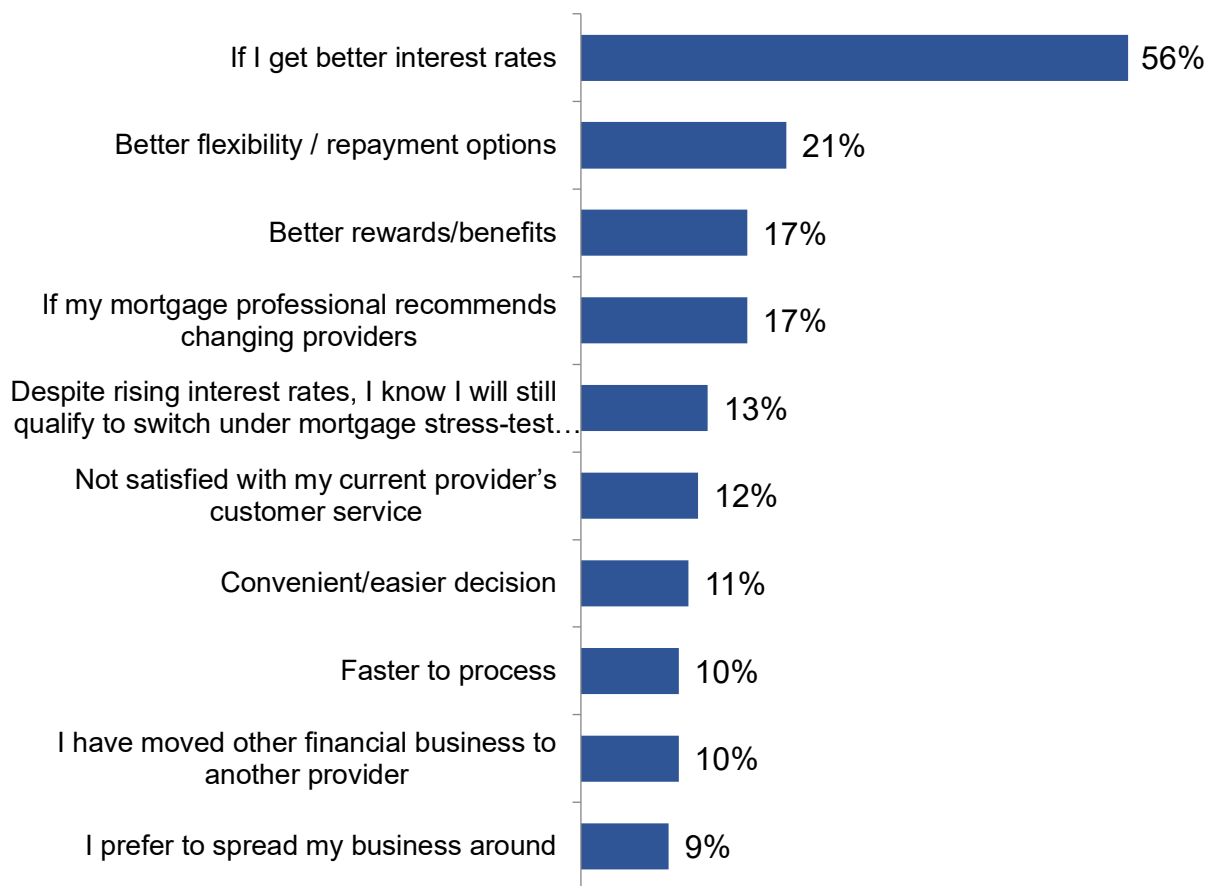
Better rates and convenience are the top reason FTBs will renew with current provider; better rates and better flexibility/payment options are top reasons FTBs will seek a new lender

Reasons for renewing with current lender



Why are you likely to renew your mortgage with your current lender?
Base: those intending to renew with current lender (n=471)

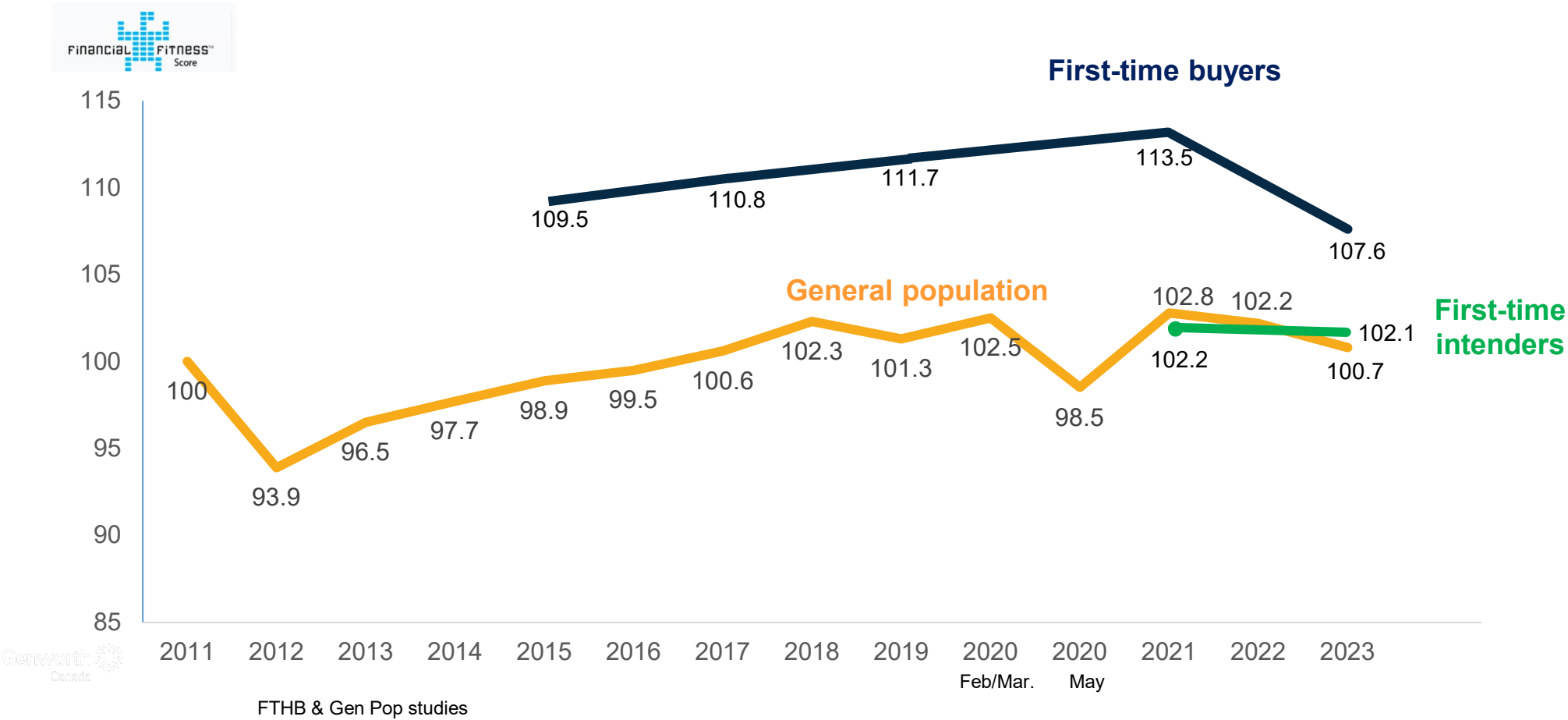
Reasons for not renewing with current lender



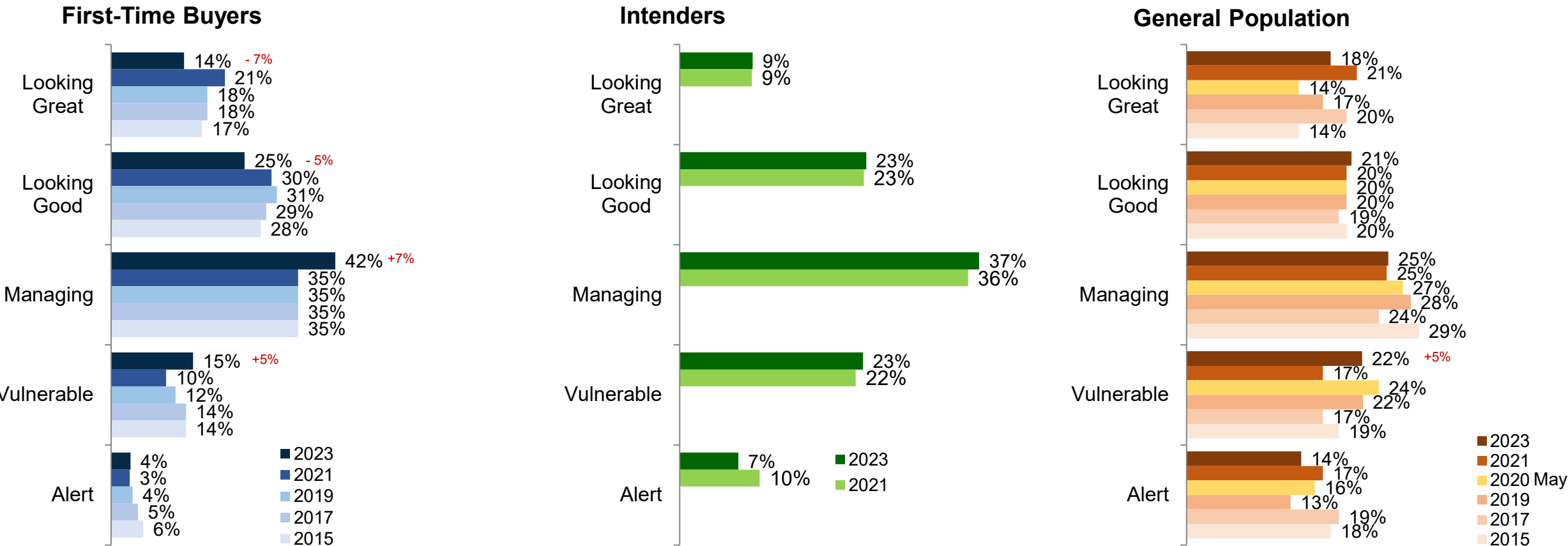
Why are you unlikely to renew your mortgage with your current lender?
Base: those intending to renew with different provider (n=399)

Financial Fitness

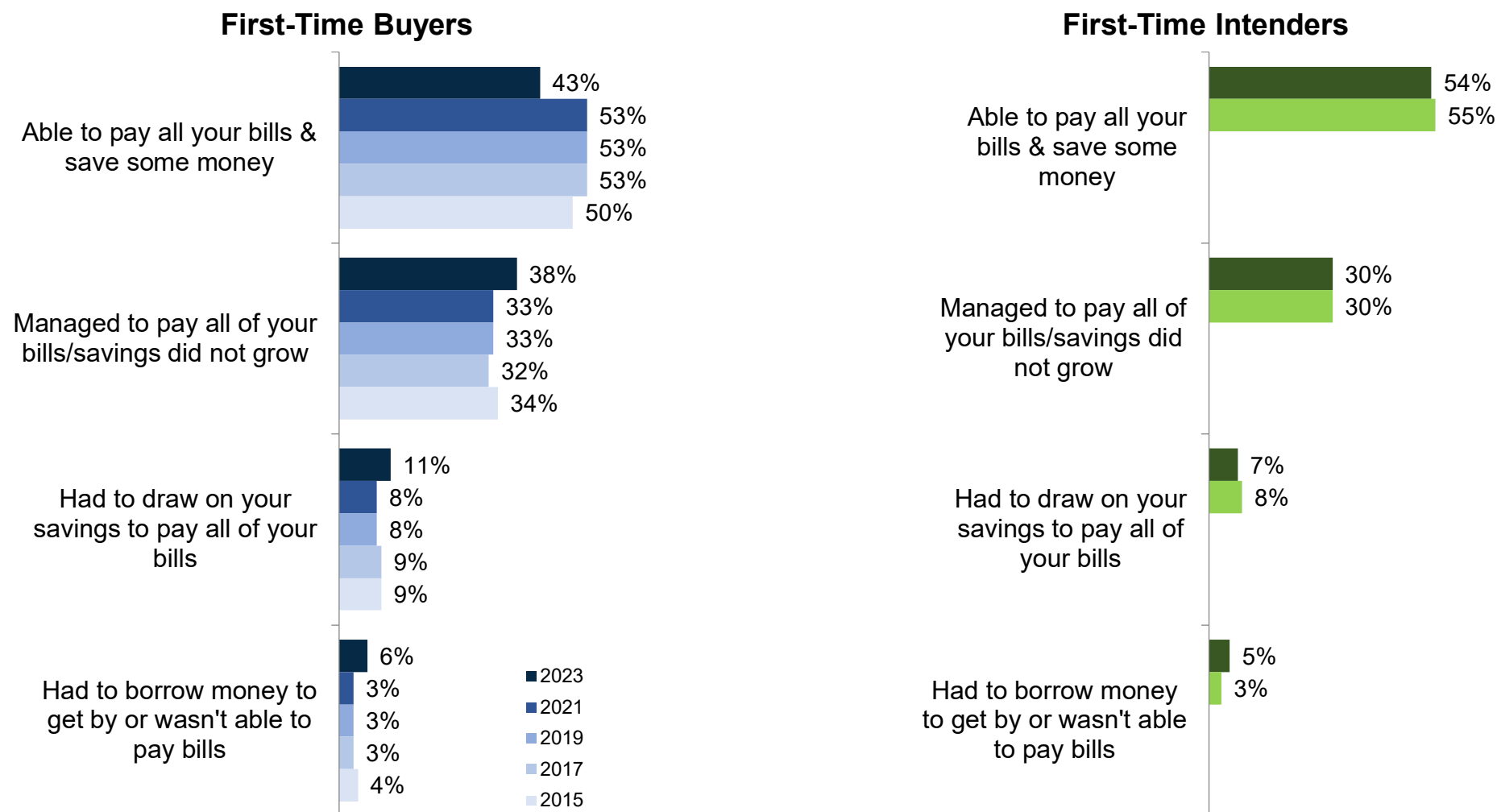
First-time Buyers consistently outpace all Canadians on Financial Fitness; but decline in 2023 as intenders are flat and Canadians as a whole decline



Buyers: shift from Looking Great/Looking Good to Managing and Vulnerable, Intenders move little; General Population shift to Vulnerable

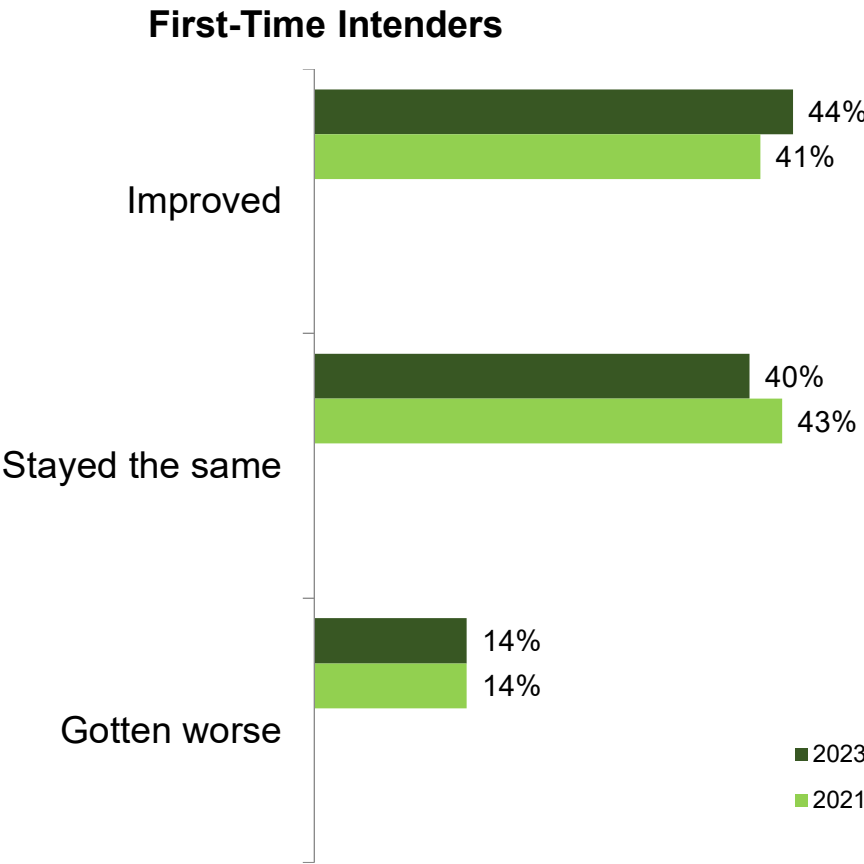
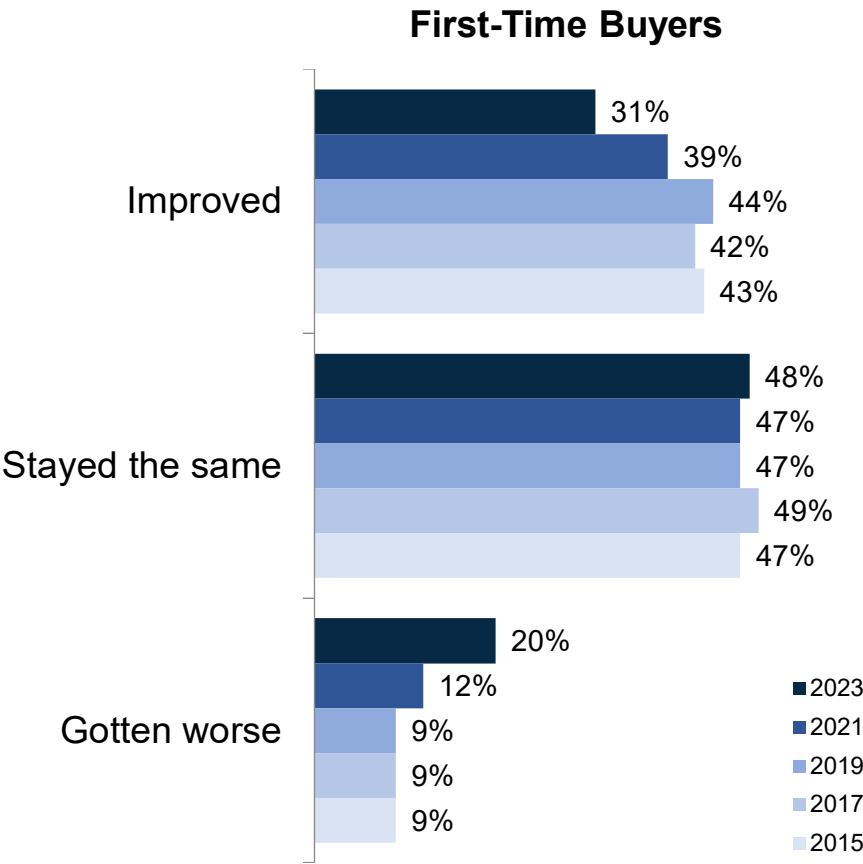


First-Time Buyers see reduction in ability to pay bills and save; First-Time Intenders see no changes



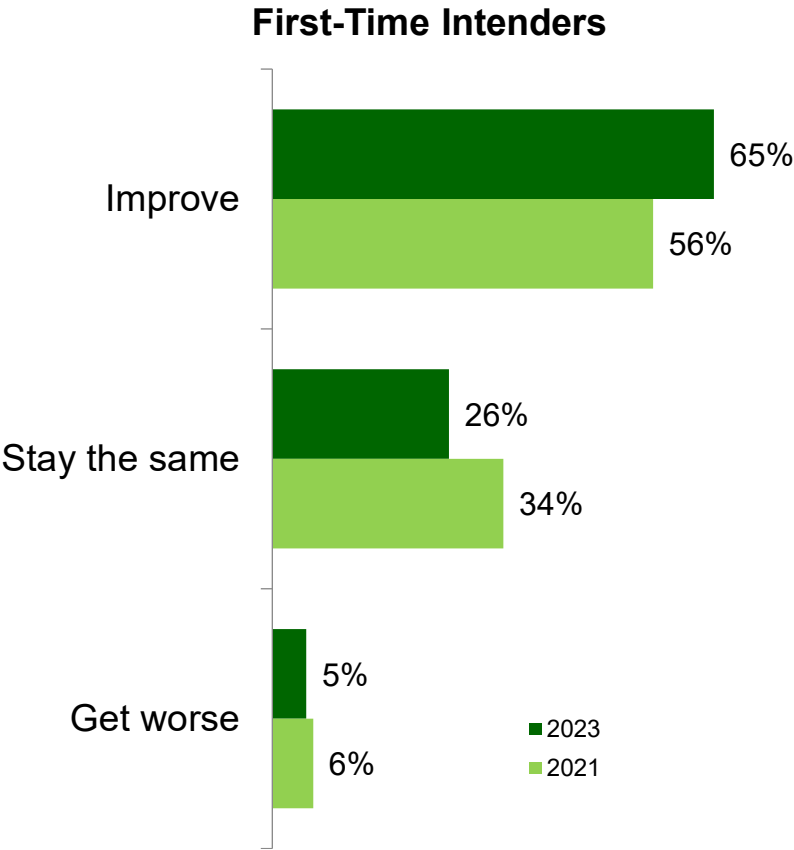
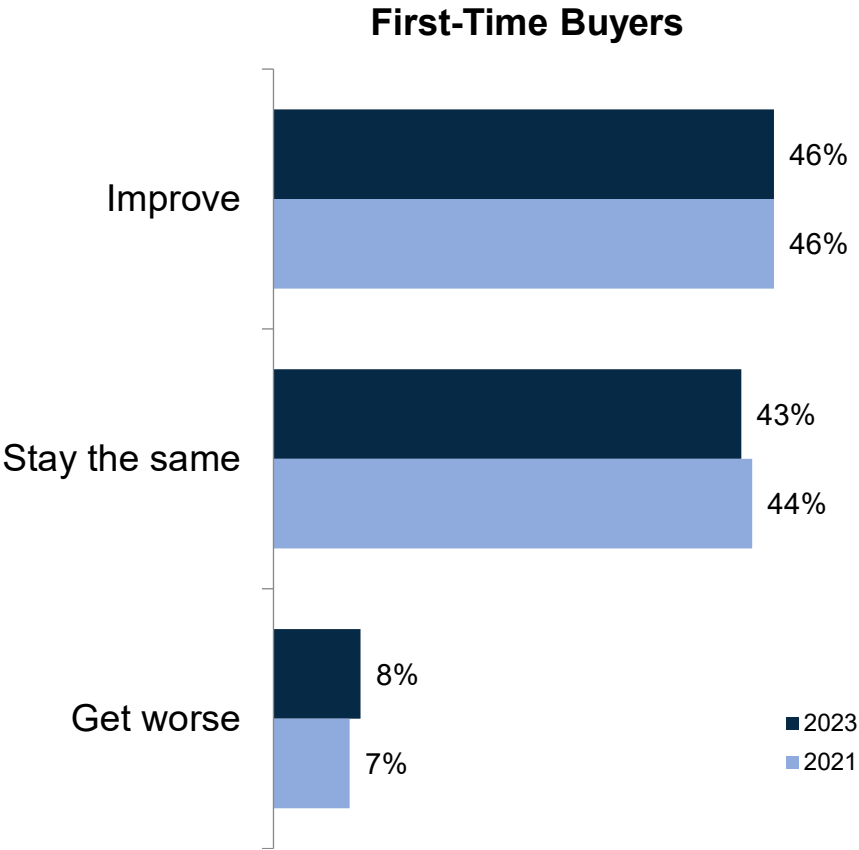
Thinking of your financial situation over the past year, which of the following most accurately reflects your situation

First-Time Intenders change little; highest proportion of First-Time Buyers who feel their financial situation has gotten worse in the past year...



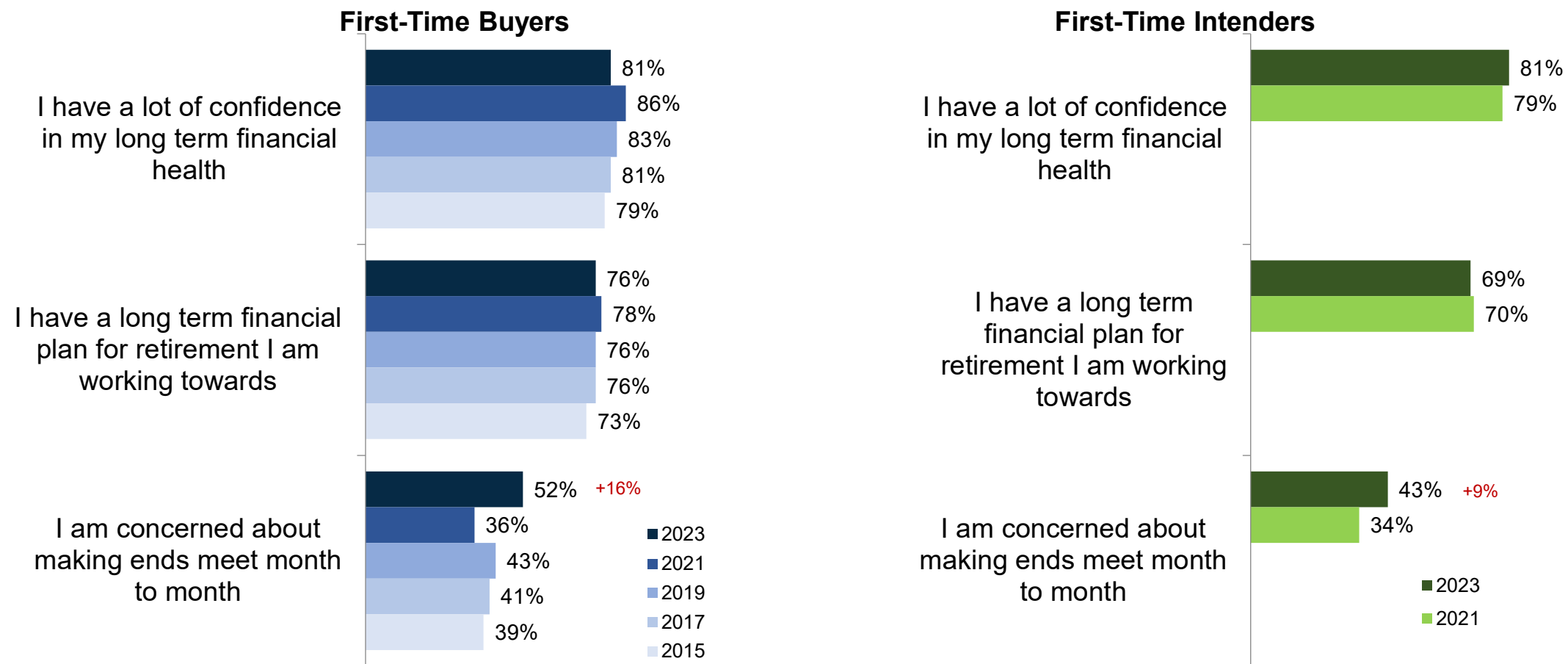
Compared to this time last year, has your financial situation ...

...but almost half of buyers continue to expect their financial situation will improve in the coming year, as do two-thirds of intenders



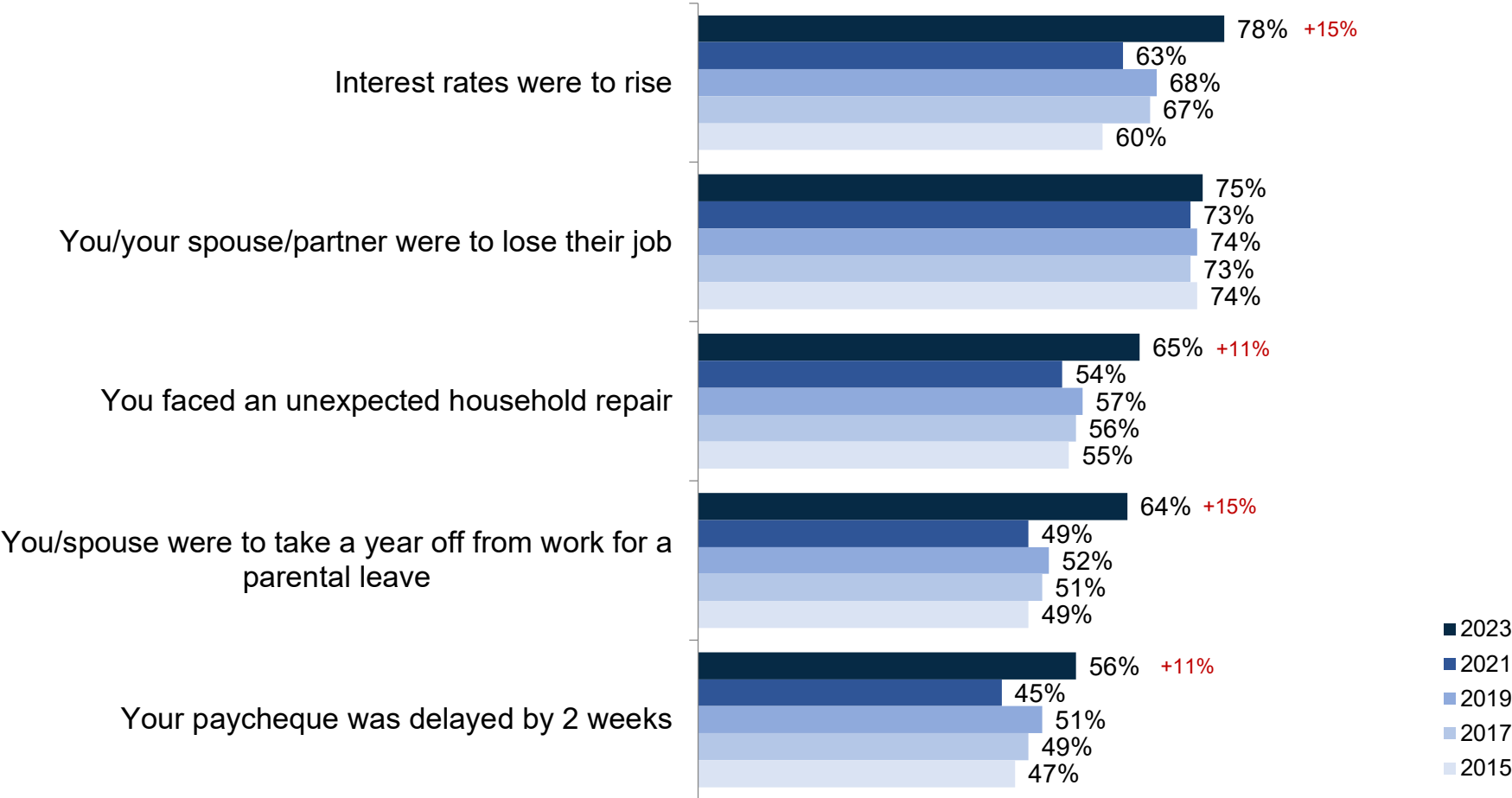
Thinking ahead to the next 12 months, do you expect your financial situation will...

Longer-term confidence remains high, first-time buyers and intenders both see an increase in concern about making ends meet month to month



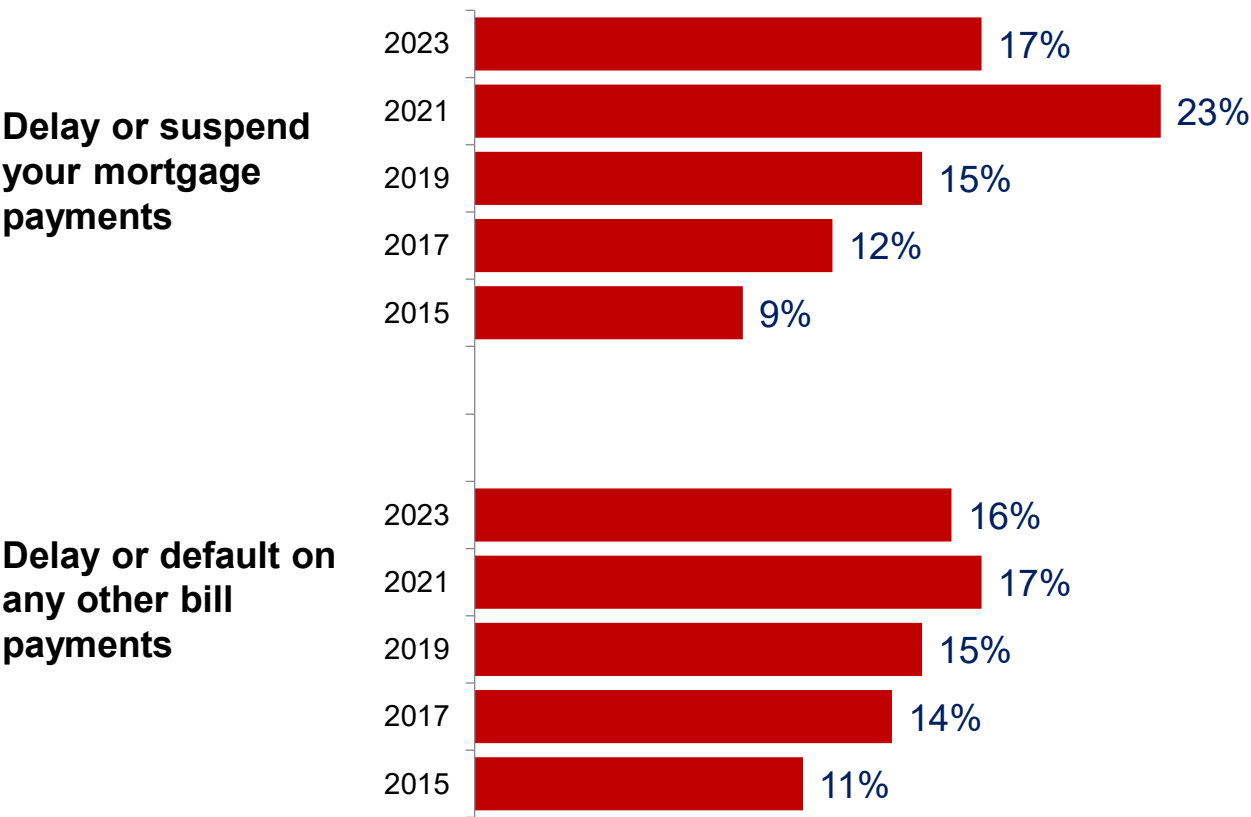
For each of the following, please indicate if you strongly agree, somewhat agree, somewhat disagree or strongly disagree....

First-Time Buyers now more concerned about further interest rate increases impacting their ability to pay their mortgage than job loss or other risks



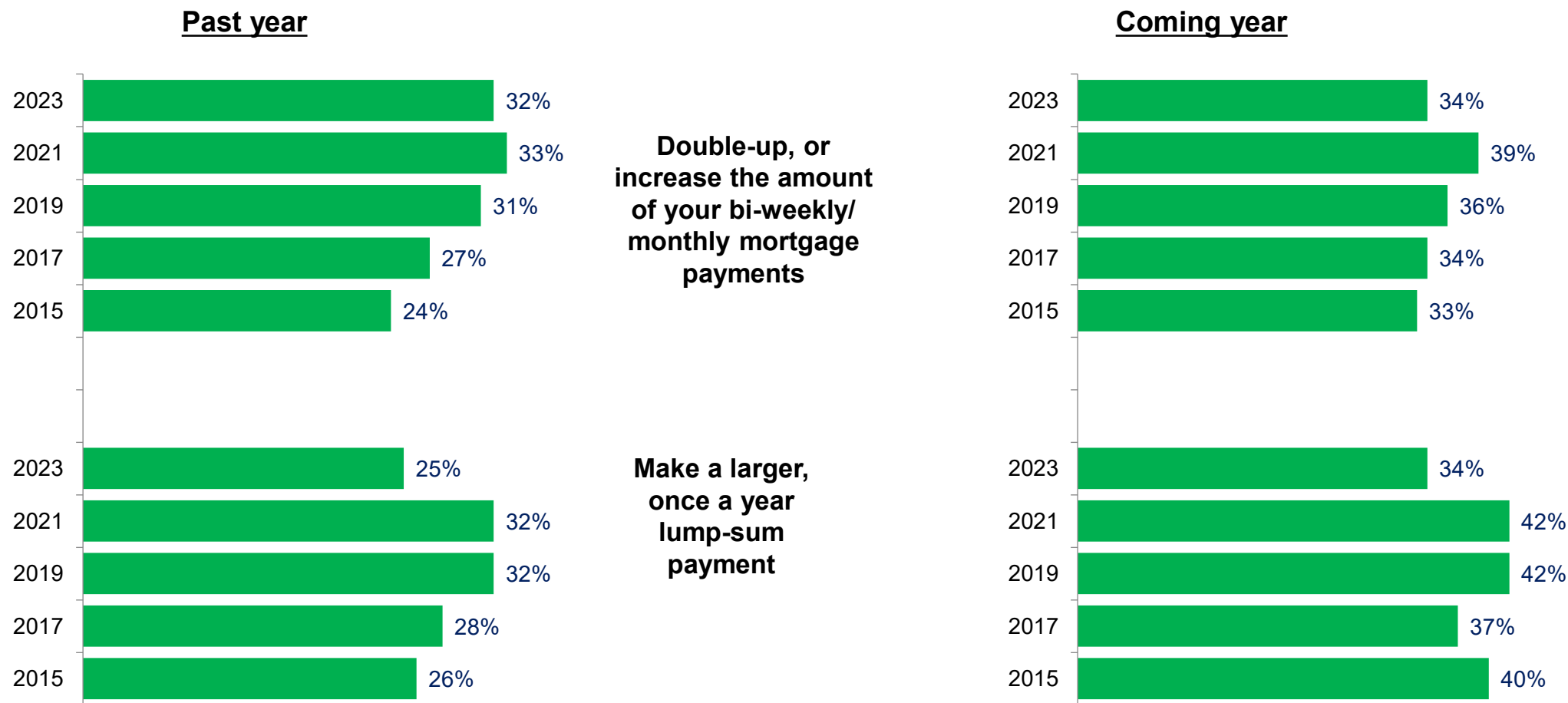
FTB: How concerned would you be about your ability to pay your mortgage if...

Despite rising interest rates, fewer First-Time Buyers report delaying or suspending mortgage payments, and report no change in paying other bills



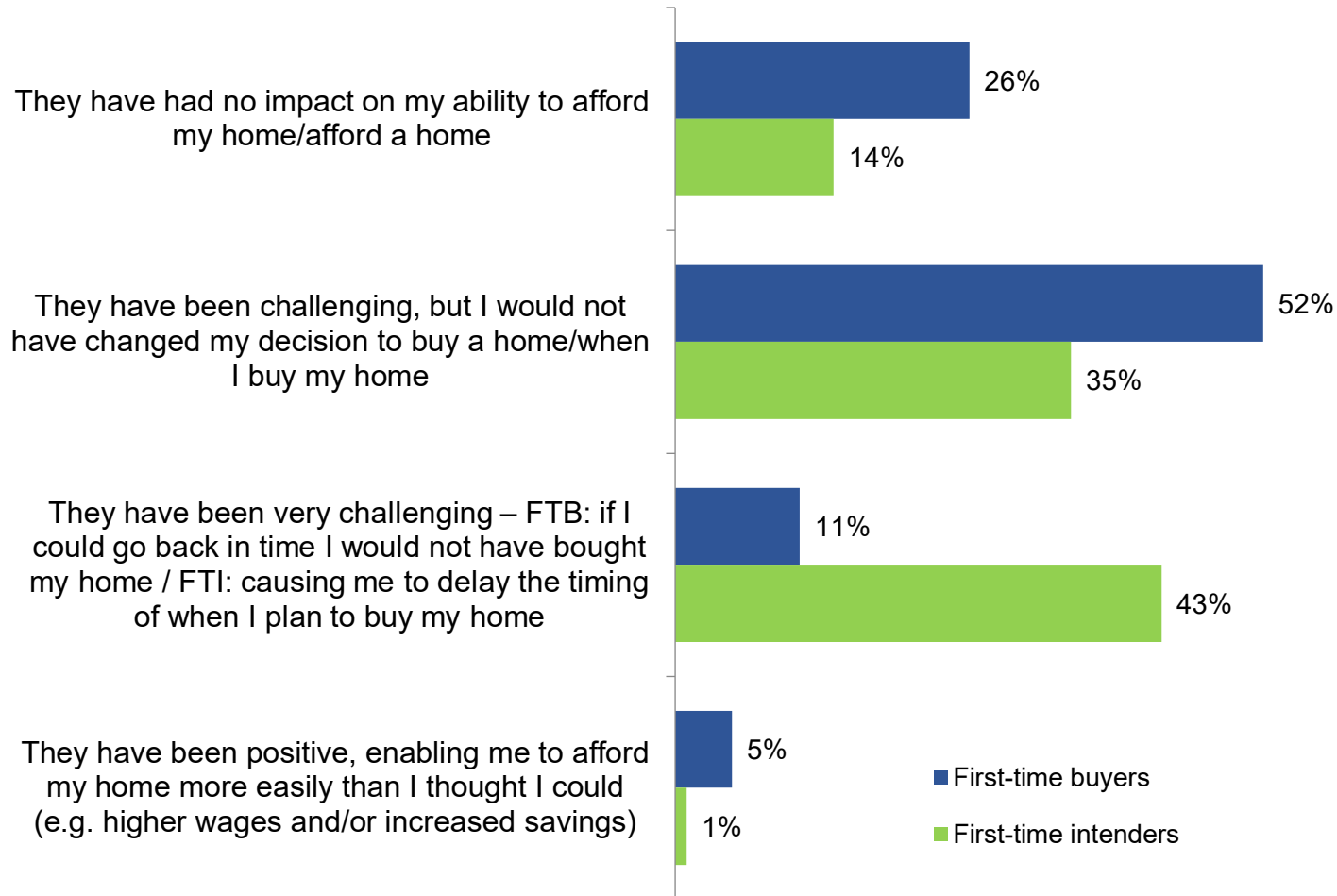
FTB: Since buying your home, have you had to...

First-Time Buyers have not changed their behaviours in making double up payments; however, they are less likely to have made larger, once a year, lump sum payments and are less certain about doing both in the coming year



FTB: In the past year, have you done either of the following to pay off your mortgage?
FTB: In the coming year, do you anticipate being able to do either of the following to pay off your mortgage faster?

Most First-Time Buyers say economic conditions would not have impacted decision to buy; Four-in-ten intenders say conditions have caused them to delay the timing of buying a home



FTB: Since buying your home, what impact have economic conditions (e.g. rising interest rates, inflation, etc.) had on your decision to buy your first home?

FTI: What impact have current economic conditions (e.g. inflation, interest rates, etc.) had on your decision to buy your first home?

Tying it all together

Key Takeaways

1

Tight supply, high prices and economic uncertainty have curtailed recent first-time buying activity to lowest levels to date, and are keeping intenders on the sidelines longer.

2

The profile of the first-time buyer continues to evolve, with younger, less affluent buyers being left out, leaving an older, more affluent buyer/intender with changing expectations.

3

Post-Covid proximity to work vs. affordability needs are starting to shift, with slightly greater preference for homes located closer to work and proximity to transit

4

But work from home needs are being maintained, with a focus on space to work from home and energy efficiency.



Key Takeaways

5

Home prices grow, down payments surge faster among buyers, as only the highest qualified buyers can buy.

6

Affordability supports needed as six-in-ten receive financial assistance from relatives. Six-in-ten say 30-year amortizations with high ratio mortgages would have been preferred.

7

Financial Fitness declines for First-Time Buyers, gripped by concern for what might happen, not an actual decline in ability to meet obligations.

8

Recent Buyers feel stretched but are confident long-term



Thank You

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Genworth
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