
zoocasa

2017

**HOUSING SENTIMENTS
& TRENDS REPORT**



INTRODUCTION

The real estate market has been featured prominently in national news and impacts Canadians of every socio-economic background.

Affordability is a hot topic, as real estate prices reach record highs in major cities such as Toronto and Vancouver. This, combined with policy changes aimed at tightening mortgage qualifications, has made home ownership more challenging for first-time buyers, move-up buyers and downsizers.

In addition, concerns about foreign and domestic speculative investment activity driving demand and price growth continue to persist. These issues appear to have Canadians feeling a mix of emotions towards the housing market.

The 2017 Zoocasa Housing Sentiments and Trends Report provides insights into perceived obstacles to ownership, attitudes towards foreign buyer tax, and stress factors when purchasing a home.

The data in this report is based on:

Zoocasa Housing Trends Survey

Zoocasa conducted an online survey of more than 1,100 Canadians from February 2017 to March 2017 to ask about their real estate outlook and sentiments.

This report also includes information from the Canadian Real Estate Association (CREA).

In this report, Zoocasa refers to Zoocasa Realty Inc., Brokerage.

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HIGHLIGHTS

Foreign buyer ownership

RESPONDENTS WHO FEEL FOREIGN BUYERS ARE DRIVING UP REAL ESTATE PRICES IN THEIR CITY

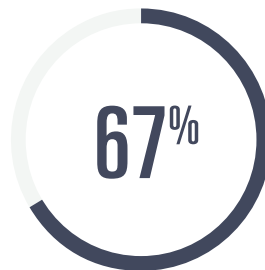
● Canada	61%	● Ontario	66%
● British Columbia	73%	● Alberta	39%



Home ownership as a life milestone



of Canadians think owning a home is an important life milestone



of Canadians say people should own a property by the age of 35



of Canadians say people should own a home before they have children

Home affordability

32%

of aspiring buyers are willing to add up to 30 minutes each way to their daily commute for an affordable home

23%

of aspiring buyers cited the ability to earn income from the property as an important factor when buying a home

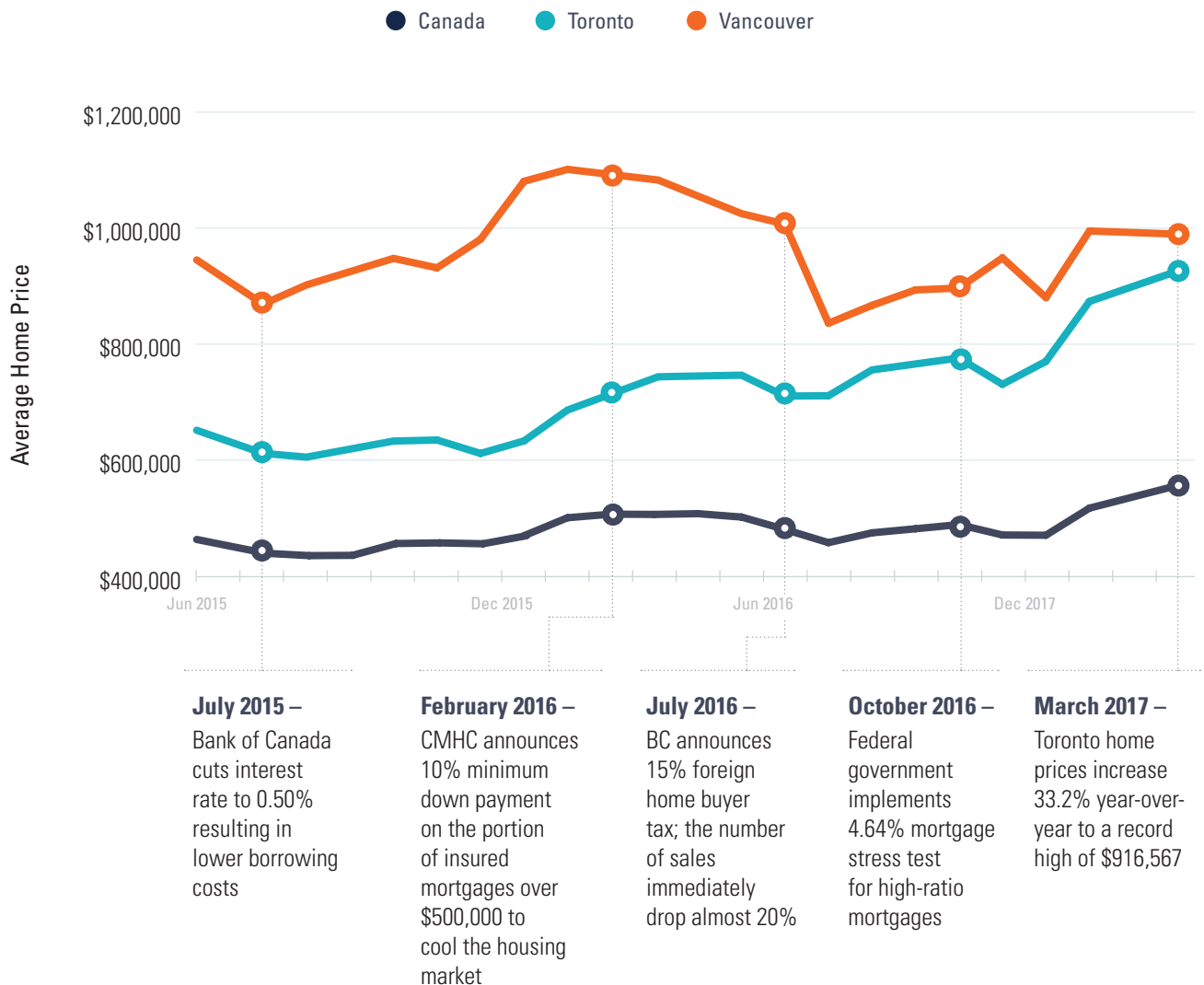
6%

of respondents would consider buying a property where a murder was recently committed to help with home affordability

CANADIAN HOUSING OUTLOOK & SENTIMENT

Recent years have ushered in considerable change to the real estate landscape with record prices, new rules, taxes and warnings that impacted the ability of some Canadians to purchase a home or qualify for a mortgage.

REAL ESTATE PRICES AND NEWS TIMELINE



83% OF CANADIANS FEEL THAT THE HOUSING MARKET HAS SIGNIFICANTLY CHANGED IN RECENT YEARS

Canadians are split on housing market confidence

Increased buyer competition and affordability challenges, compounded with warnings of market 'bubble' conditions have Canadians feeling split on their outlook of the housing market.

IN GENERAL, DO YOU FEEL CONFIDENT IN CANADA'S REAL ESTATE MARKET?



Owning a home is still an important life milestone

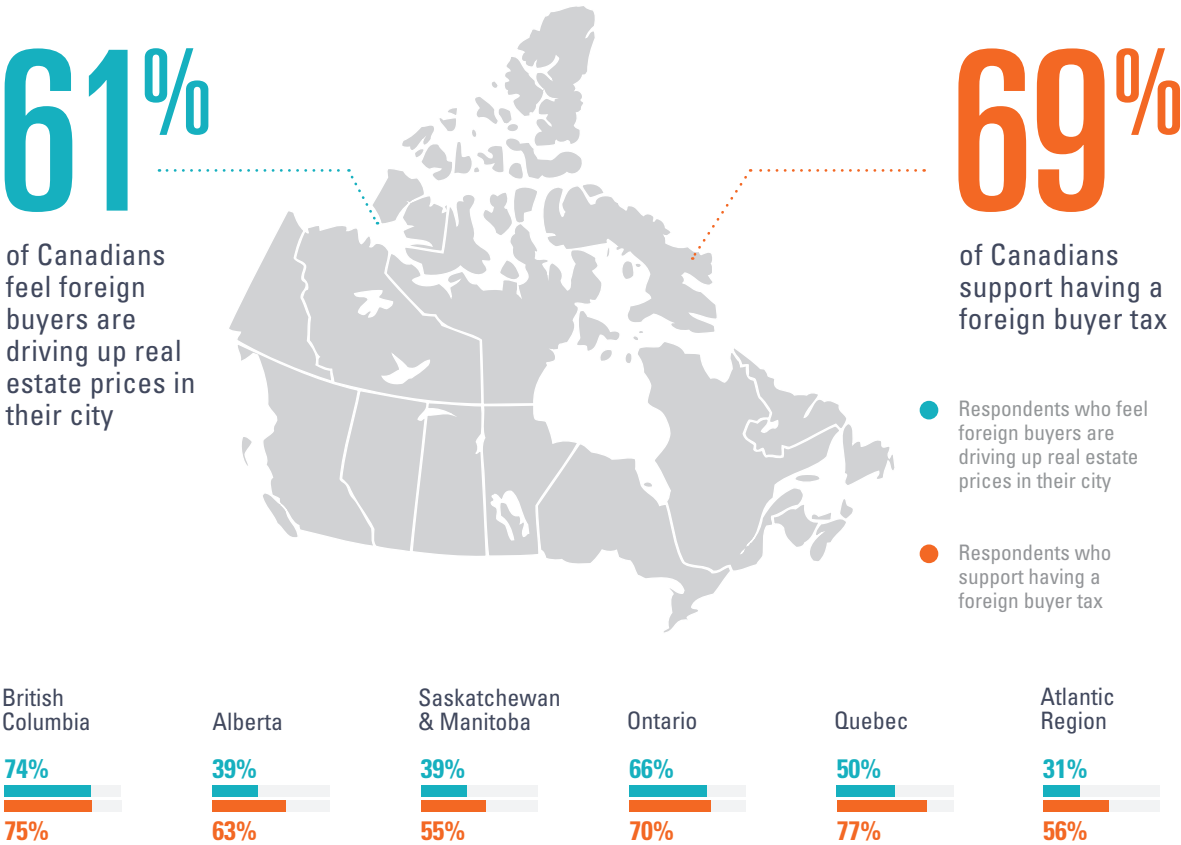
Despite varying confidence levels in the market, the overwhelming majority of Canadians indicate homeownership is still an important rite of passage. Of respondents, 83% agree ownership is a major life milestone, while only 8% feel it's not important.

DO YOU THINK OWNING A HOME IS AN IMPORTANT LIFE MILESTONE?



SUPPORT FOR FOREIGN BUYER TAX

Foreign home ownership has been a hot Canadian real estate news topic. Over two thirds of respondents support a foreign buyer tax — even those who don't feel foreign buyers have driven up prices in their city.



Respondents from British Columbia and Ontario were in above average agreement that foreign buyers are driving up real estate prices in their city. Out of respondents from BC and ON, 74% and 66% respectively, feel foreign buyers have contributed to increased prices and similar portions of respondents from those provinces support a foreign tax.

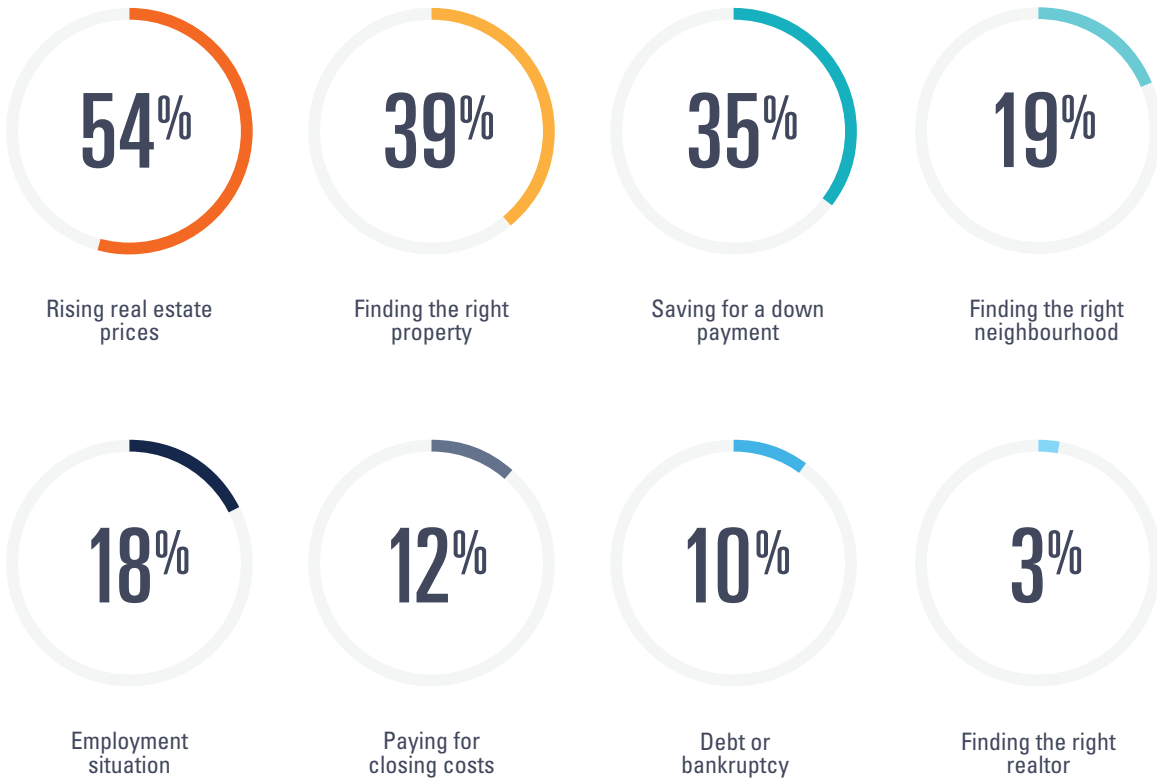
Interestingly, even respondents from regions who didn't feel that foreign buyers were driving up prices in their city supported implementing a foreign buyer tax. Only 38% of Albertans felt foreign buyers were impacting property prices, yet 63% still supported a foreign buyer tax.

HOME AFFORDABILITY CHALLENGES

Both first-time home buyers, and current owners who aspire to buy again, indicate that affordability is a barrier to their future home purchasing goals.

Two of the top three obstacles that respondents identified to buying their next property were related to affordability. Out of aspiring buyers, 54% cite rising real estate prices as a challenge and 35% indicated that saving for a down payment was a concern.

RESPONDENTS WHO IDENTIFIED EACH FACTOR AS AN OBSTACLE FOR PURCHASING A PROPERTY



Rising real estate prices

54% OF CANADIANS CITE "RISING REAL ESTATE PRICES" AS AN OBSTACLE

Generally, respondents with higher incomes were more likely to cite rising real estate prices as an obstacle compared to the average.

Those with household incomes of \$100,000 to \$149,999 were the most likely to be concerned about rising prices - possibly because their income range places them at the entry point of buying a house instead of a condo.

RESPONDENTS WHO CITED "RISING REAL ESTATE PRICES" AS AN OBSTACLE, BY HOUSEHOLD INCOME



● Less than \$20,000	36%	● \$50,000 to \$74,999	57%		
● \$20,000 to \$34,999	46%	● \$75,000 to \$99,999	58%	● \$150,000 to \$199,999	54%
● \$35,000 to \$49,999	45%	● \$100,000 to \$149,999	62%	● \$200,000 or more	52%

RESPONDENTS WHO CITED "RISING REAL ESTATE PRICES" AS AN OBSTACLE, BY REGION

Unsurprisingly, Ontario and BC respondents were most like to identify rising real estate prices as an obstacle for an upcoming property purchase.



British Columbia	51%
Alberta	28%
Saskatchewan & Manitoba	36%
Ontario	62%
Quebec	29%
Atlantic Region	32%

How far are Canadians willing to go for an affordable home?

One third of Canadians are willing to add up to 30 minutes each way to their daily commute to buy an affordable home and another third are willing to add up to 15 minutes each way.

Only 6% of respondents are willing to add 60 minutes to their commute each way, but almost twice as many are willing to move 60 minutes further away from their friends and family to help with affordability.

Stigmatized properties

Although affordability is a major challenge, only a small percentage of Canadians are willing to explore buying stigmatized properties.

6% of respondents would consider purchasing a home where a recent murder occurred and 7% would consider a property where illegal drugs were recently produced. However, 15% of people were open to purchasing a home in a run-down neighbourhood.

To help with affordability...

15%

Would consider buying a property in a run-down neighbourhood

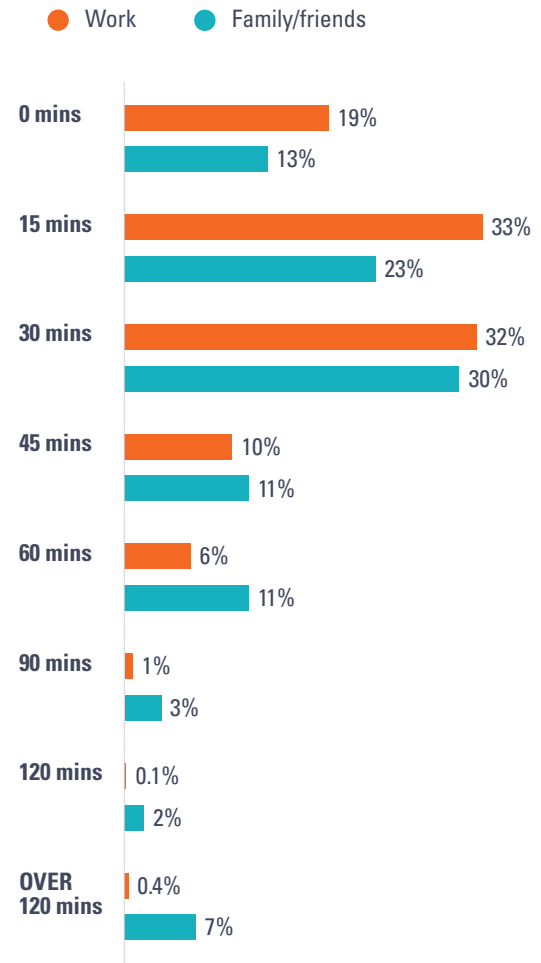
7%

Would consider buying a property where illegal drugs were recently produced

6%

Would consider buying a property where a murder was recently committed

TO HELP WITH AFFORDABILITY, HOW MUCH FURTHER WOULD YOU BE WILLING TO MOVE FROM WORK AND FAMILY/FRIENDS (EACH WAY)?



WHO ARE CANADA'S REAL ESTATE INVESTORS?

The topic of real estate investment has been hotly debated, as it has been suggested speculative activity has contributed to unsustainable demand and price growth in Canada's largest housing markets.

67%

Agree that real estate is a better investment than a high interest savings account

60%

Agree that real estate is a better investment than the stock market

25%

Agree that real estate is a better investment than an MBA or post-grad degree

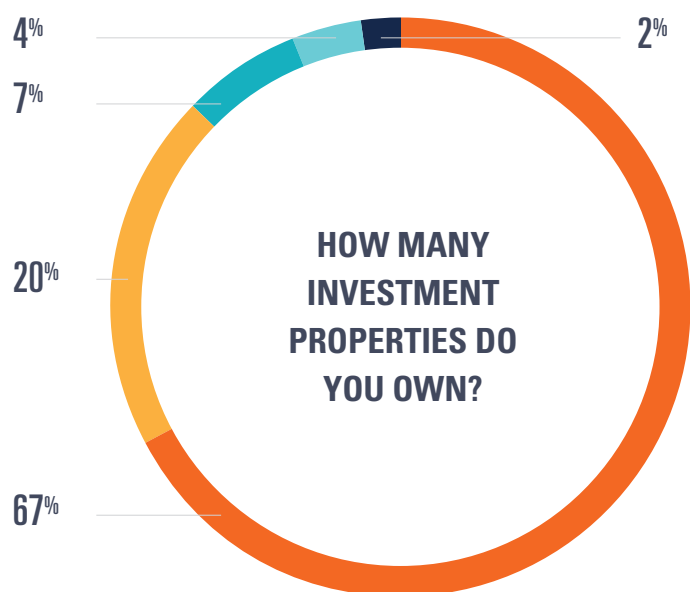
Real estate as an investment

12% OWN AT LEAST ONE INVESTMENT PROPERTY

Over one tenth of respondents owned one or more investment properties, with the majority of those investors carrying just a single additional property.

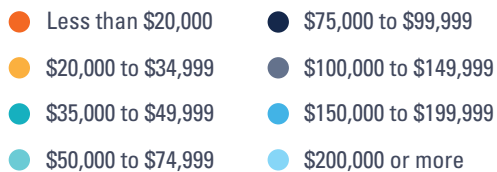
One fifth own two homes for investment purposes, while a small fraction (13%) report owning three or more properties.

- 1 property
- 2 properties
- 3 properties
- 4 properties
- 5 properties or more



Household income of investors

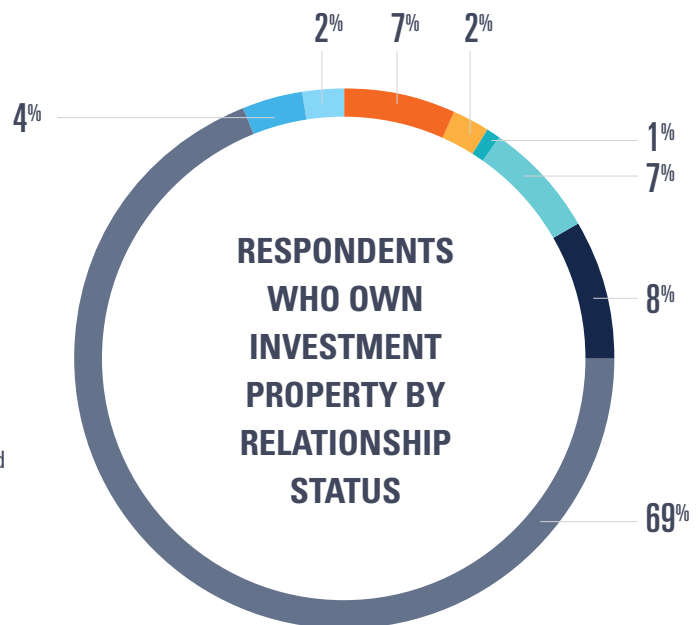
It's not surprising that higher income households are more likely to own investment homes, as increased cash flow is generally needed to qualify for additional mortgages and finance a down payment, especially as the financial barrier to enter the market has increased in Canada's urban centres.



Canadian median household income: \$78,870¹

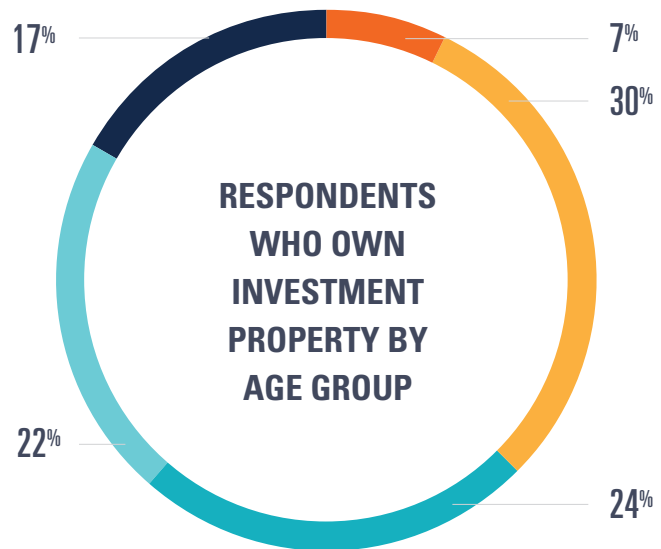
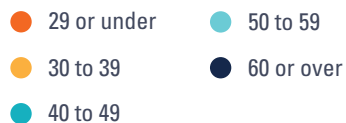
Relationship status of investors

Real estate investment also seems to require a team approach; a large majority of investment property owners reported being married or in a common-law relationship.



Age of investors

Over 60% of respondents who own investment properties are 40 years or older, which may suggest these respondents have benefitted from built-up equity from decades-long positions in the existing housing market. They may have more capital to work with due to liquidating existing real estate holdings (such as downsizing from the family home), or have benefitted from entering the market prior to its recent rapid appreciation.



Investment property types

The most popular housing types for investment purposes are detached houses and condo apartments, owned by 35% and 30% of real estate investors. Surprisingly, respondents were just as likely to own land in their real estate portfolio as a condo townhouse.

TYPE OF INVESTMENT PROPERTY(S) OWNED BY RESPONDENTS



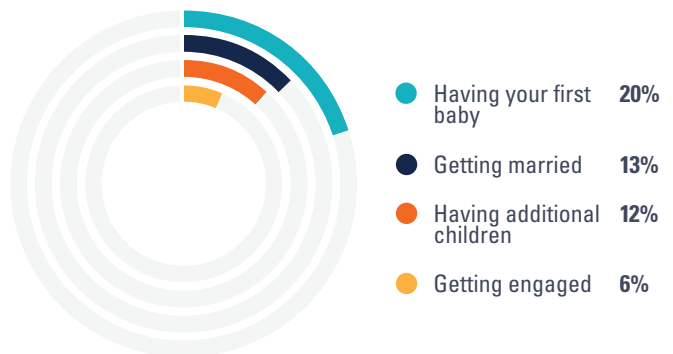
HOME OWNERSHIP AS A LIFE MILESTONE

A large portion of Canadians view home ownership as an important life milestone and often a prerequisite for other milestones. Of respondents, 83% believe owning a property is a key achievement and 20% of aspiring buyers would postpone having their first baby if they couldn't purchase the residence they wanted.

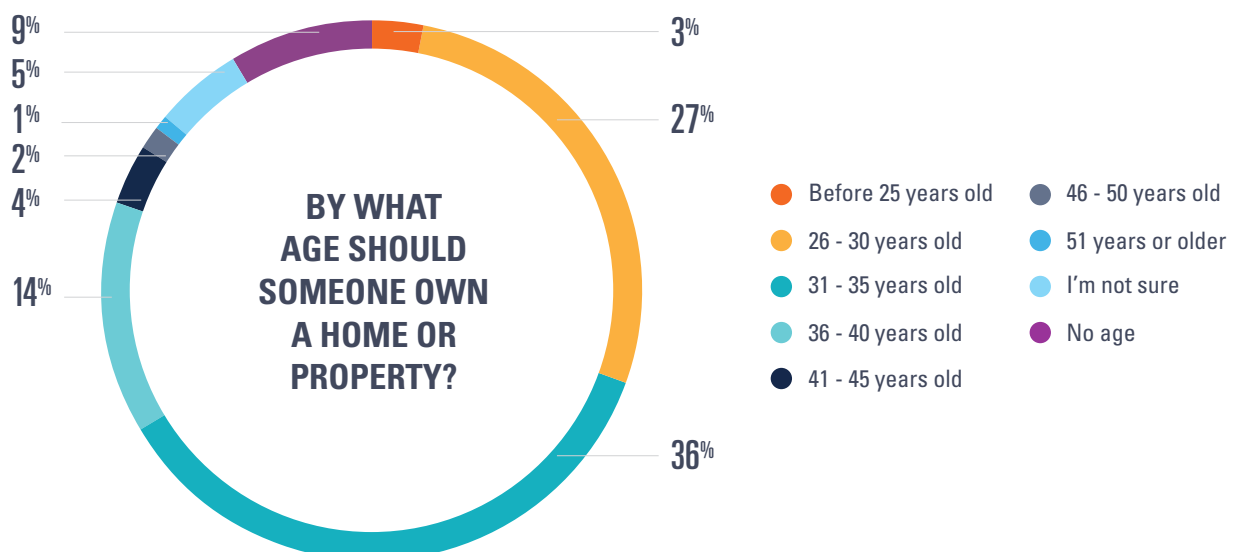
DO YOU THINK OWNING A HOME IS AN IMPORTANT LIFE MILESTONE?



WHICH LIFE MILESTONE(S) WOULD YOU POSTPONE IF YOU AREN'T ABLE TO PURCHASE YOUR DESIRED PROPERTY?



Overall 66% of Canadians feel people should own a property before age 35, and one third perceive the 31-35 age range to be the prime time to achieve this milestone.



HOW STRESSFUL IS BUYING A HOME?

A home is one of the biggest purchases Canadians make in their lifetime. Just how stressful do Canadians perceive buying a home to be, compared to other major milestone such as marriage or saving for retirement?

Respondents who agree that buying a home is more stressful than...

87%

Planning a vacation

66%

Asking your boss for a raise

48%

Getting married

34%

Saving for retirement

26%

Having a baby

17%

Getting fired or laid off from your job

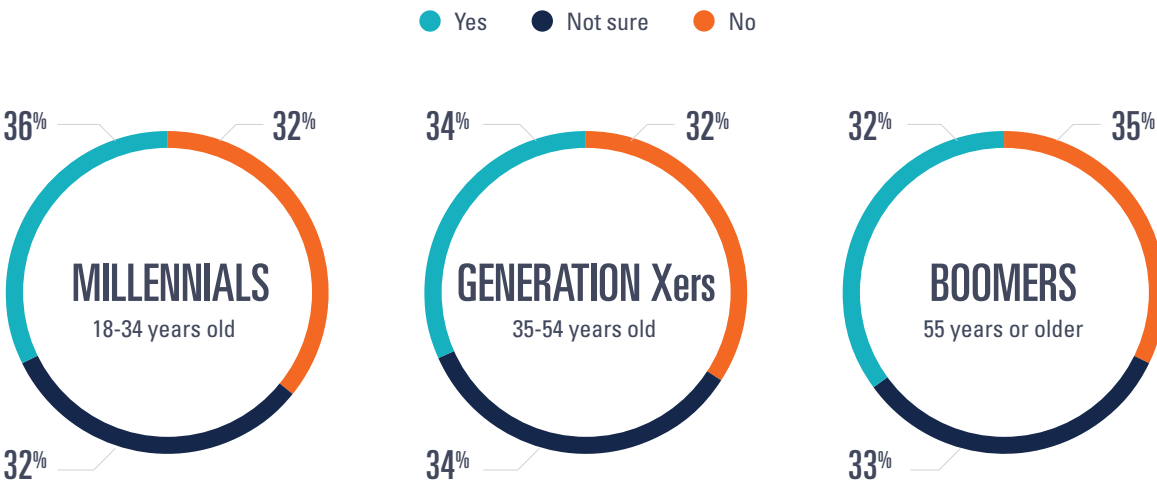
11%

Getting divorced

Buying a home vs financial planning

Canadians are generally mixed on how stressful buying a home is compared to saving for retirement. Surprisingly, Millennials and Boomers had similar perceptions about how stressful purchasing a home is compared to saving for retirement, despite Boomers being much closer to retirement age. Out of Millennial respondents, 36% say buying a home is more stressful compared to 32% of Boomer respondents.

IS BUYING A HOME MORE STRESSFUL THAN SAVING FOR RETIREMENT?



Buying a home vs getting married

48% of respondents perceive buying a home to be more stressful than getting married. By relationship status, separated or divorced respondents were the most likely to agree that buying a home is more stressful; this could be due to challenges of having to find a new home after a separation.



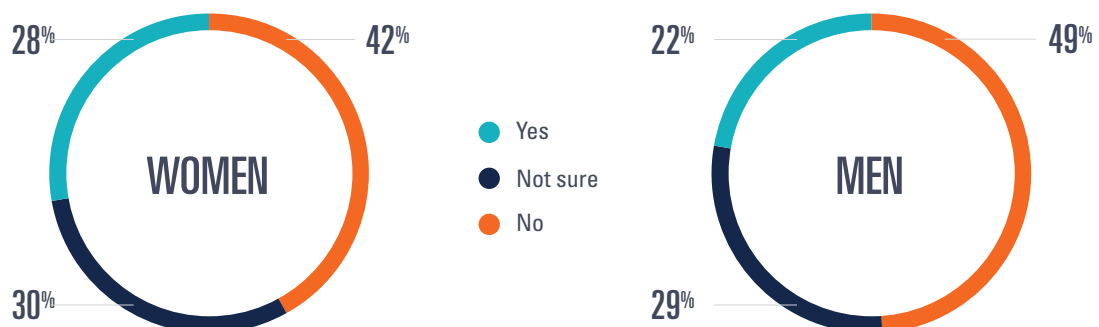
RESPONDENTS WHO AGREED BUYING A HOME IS MORE STRESSFUL THAN GETTING MARRIED, BY RELATIONSHIP STATUS



Buying a home vs having a baby

26% of respondents view buying a home as more stressful than having a baby. Surprisingly, women were more likely than men to indicate this, with 28% of women agreeing compared to 22% of men.

IS BUYING A HOME IS MORE STRESSFUL THAN HAVING A BABY?



HOW CANADIANS SELECT HOMES

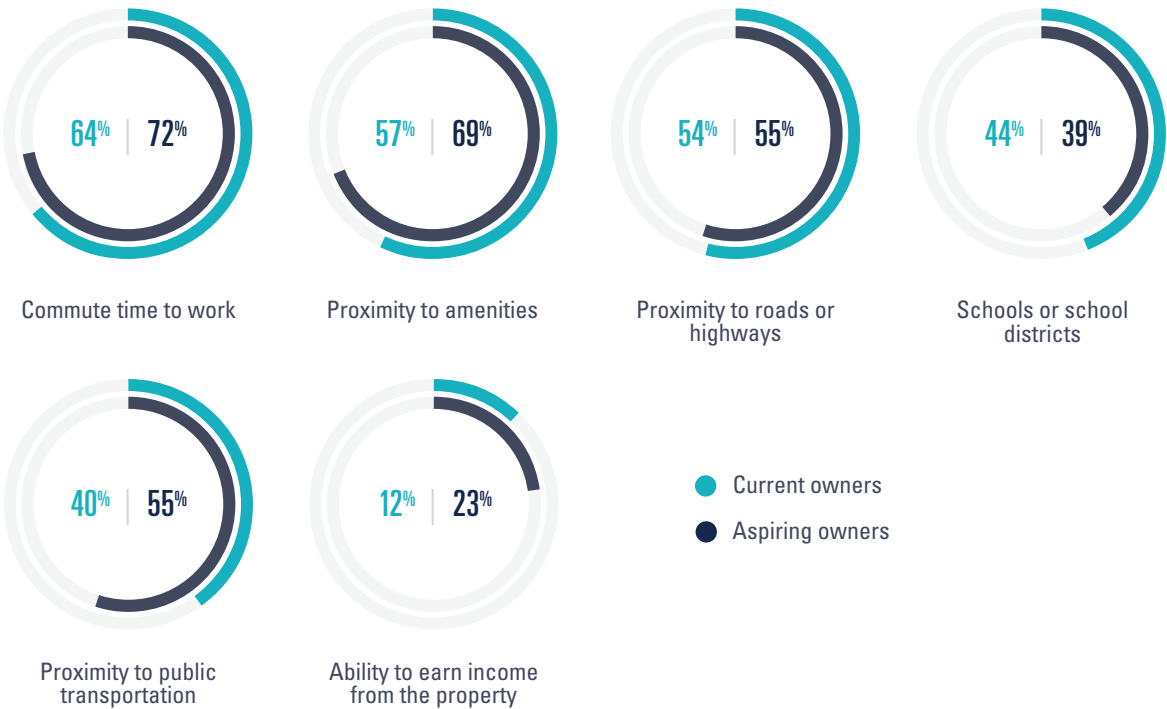
Despite increasing affordability challenges, Canadians are still entering the real estate market in droves, eager to capture their share amid rapidly heating conditions. The process of finding and purchasing the perfect home is shaped by several defining factors.

Now and then: What Canadians look for in a home

Location, location, location is a familiar mantra in the real estate industry – and Canadian buyers are taking it to heart when considering their housing needs. The length of time to commute to and from work is a heavily considered factor, along with a property’s proximity to amenities. These were the most important factors taken into account by current home owners when they purchased their property, as well as respondents who are aspiring buyers.

However, the ability to earn income from a property has become twice as important to aspiring buyers vs those who bought in the past. Of aspiring buyers, 23% cite this as an important factor for a future home compared to 12% of those who already own. This is perhaps indicative of increasing affordability challenges, and the need for additional income to offset mortgage costs.

RESPONDENTS WHO IDENTIFIED THE FOLLOWING FACTORS AS IMPORTANT WHEN BUYING A HOME



Home buyers prefer to work with a pro

It's clear that Canadian home buyers value expert advice and guidance during their home search; a full 80% report they worked with a real estate agent on their current purchase.

80% OF HOME OWNERS USED A REAL ESTATE AGENT WHEN PURCHASING THEIR CURRENT RESIDENCE

When it comes to selecting an agent, great service and word of mouth proved the most influential, with 69% finding their realtor via a referral from a friend/family member or from a previous real estate transaction.

Out of other ways respondents found their realtor, online marketing methods were generally successful than offline tactics with 15% of respondents finding their realtor from online search or social media, compared to 9% from ads or flyers.

- Repeat client or referral from friend/family
- Ad or flyer
- Online search
- Social media
- Other

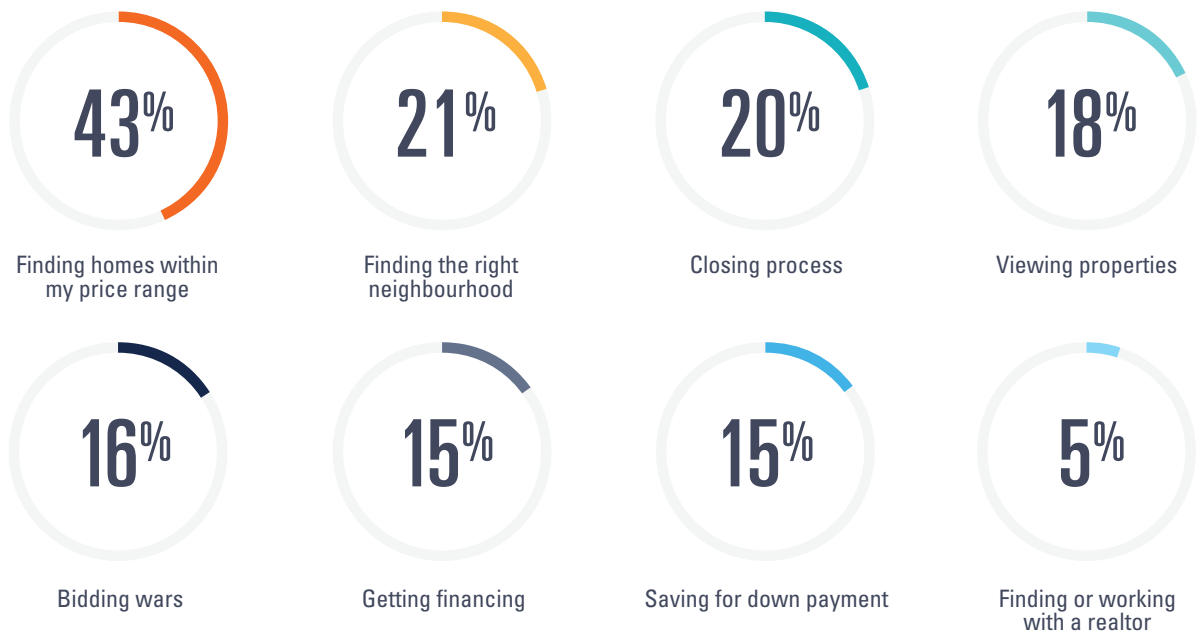


Sources of home buying stress for current owners

As home ownership is considered a major life milestone, it's not a surprise that buyers find it to be a stressful endeavour. Financial limitations were by far the most common source of home buyer anxiety, with 43% of current owners saying finding a home within their price range was the most stressful part of the process.

Home owners also listed the finding the right neighbourhood, the closing process and viewing properties as the top sources of purchase stress.

WHAT WAS MOST STRESSFUL ABOUT THE BUYING PROCESS?



“ For most buyers, finding a home they can comfortably afford, and that checks off all of their lifestyle requirements, is a top priority. However, this can seem an increasingly challenging feat as the market becomes more competitive. It's integral to remain flexible and open to possibility, and to not become emotionally attached to a property during your home hunt. Getting into the housing market takes a strategic approach!

- Emma Pace, Real Estate Agent, Zoocasa Reality Inc., Brokerage ”

Finding homes within the right price range

43% OF OWNERS CITE FINDING A HOME WITHIN THEIR PRICE RANGE AS STRESSFUL

Regionally, BC and ON home owners were the most likely to identify finding a home within their price range as a stressor compared to the Canadian average.

British Columbia	55%
Alberta	37%
Saskatchewan & Manitoba	36%
Ontario	44%
Eastern Canada & Quebec	34%

RESPONDENTS WHO CITED “FINDING HOMES WITHIN MY PRICE RANGE” AS STRESSFUL WHEN PURCHASING THEIR HOME, BY REGION



Access to past sold data

The publication of past sold data has been a contentious issue among real estate boards, consumers and agents. The issue is especially prominent in the Greater Toronto Area market, as the industry awaits ruling on whether real estate board data will be made publicly available.

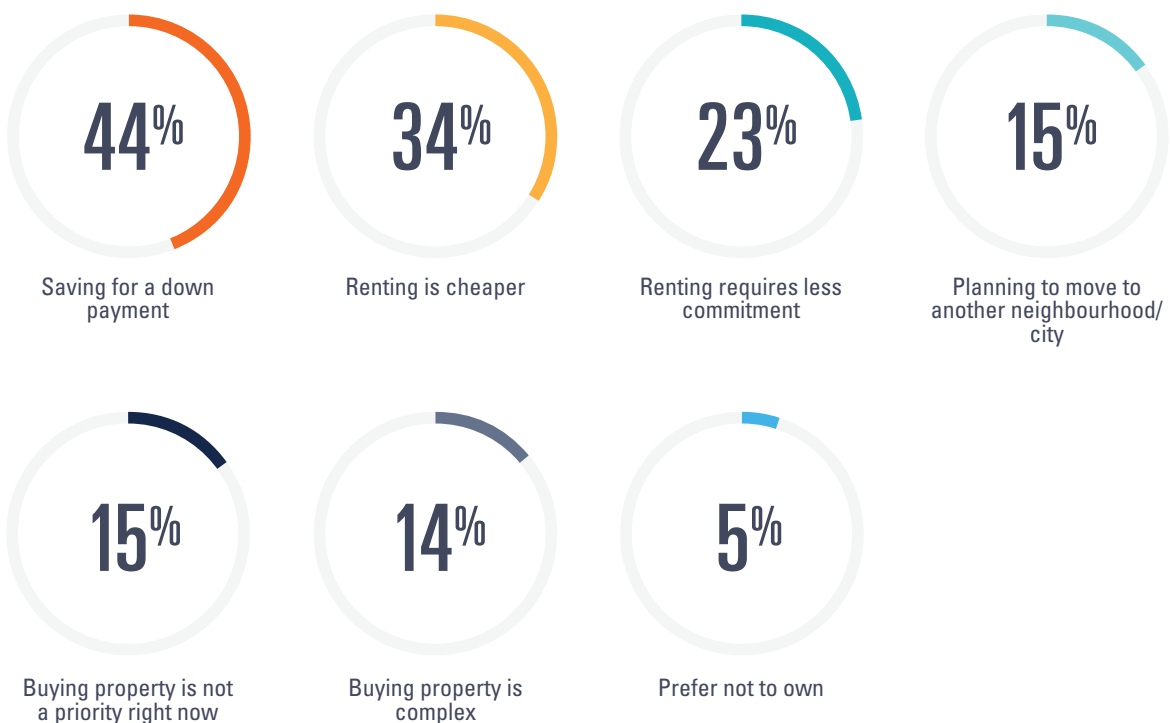
Not surprisingly, the majority of current home owners agree that access to past sold data would have been useful during their home search.

67% OF CURRENT HOME OWNERS SAY ACCESS TO PAST SOLD DATA WOULD HAVE BEEN HELPFUL FOR THEIR HOME SEARCH

FROM RENTER TO FIRST-TIME HOME BUYER

When it comes to the age-old question of whether Canadians would rather rent or buy, an overwhelming percentage indicate homeownership is king. Out of respondents who are currently renting and have never owned a property, only 5% cite preferring not to own as the reason they are renting. Other reasons cited for staying in the rental market included saving for a down payment and that renting is cheaper.

REASONS RESPONDENTS CITED FOR RENTING THEIR CURRENT HOME



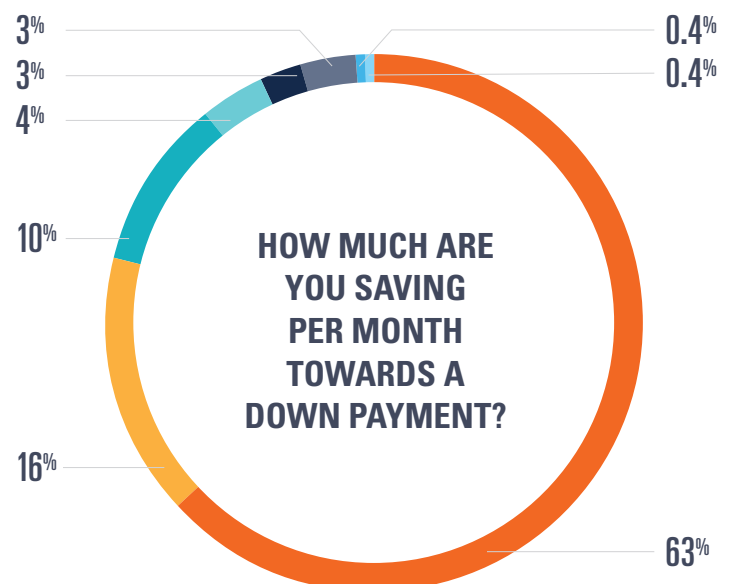
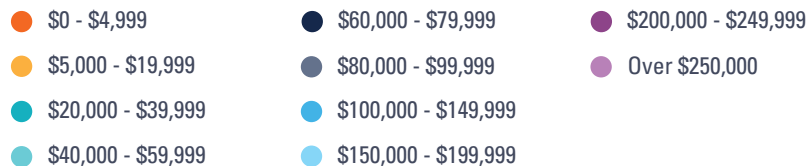
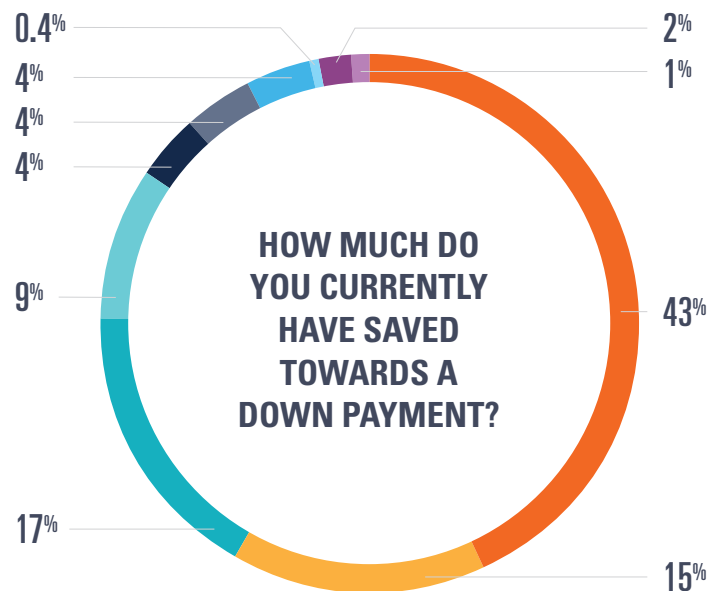
“Buying your first home is a big life milestone and it’s a goal that can take time to prepare for. If you’re an aspiring homeowner, one of the first steps you can take is to identify how much down you need for a payment and create a plan to reach that savings target. Surround yourself with supportive friends and seek out trusted advisors who can guide you towards ownership goals.

- Carlos Moniz, Real Estate Agent, Zoocasa Reality Inc., Brokerage

How much do renters have saved for a down payment?

Out of respondents who are currently renting and who have never owned a property, 43% have less than \$5,000 saved toward a home down payment, while 63% are actively saving under \$500 per month toward their first-time home ownership goals.

With average Canadian home prices at \$548,517², even a minimum down payment of 5% requires having over \$27,000 saved, excluding closing costs such as land transfer taxes, insurance and legal fees.



CHILDREN AND SCHOOL DISTRICTS

It's easy to imagine that both home ownership and raising a family to be major milestones for Canadians. In terms of which comes first, respondents have mixed feelings about whether owning a home is a prerequisite for having kids, with respondents being close to equally split across agreeing, disagreeing and being unsure.

SHOULD PEOPLE OWN A HOME BEFORE THEY HAVE CHILDREN?



Importance of schools

Schools and school districts are major considerations for Canadians who are aspiring to purchase a primary residence, with 39% listing it as an important factor.

**39% CITE SCHOOLS OR SCHOOL DISTRICT(S)
AS AN IMPORTANT FACTOR OF A FUTURE
HOME PURCHASE**

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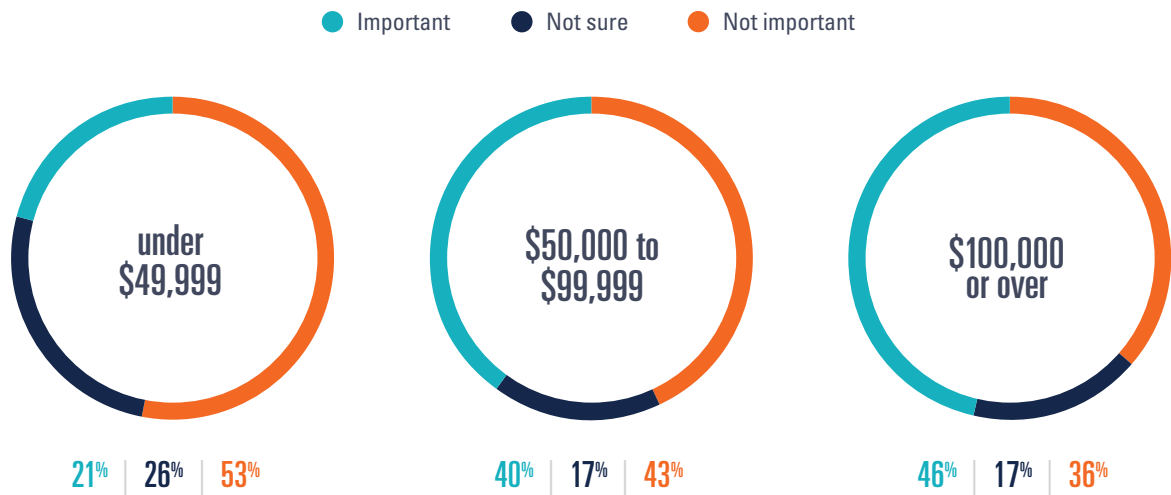
School districts have become a large factor that buyers consider when searching for a home. As a result, homes in better school districts tend to have a greater demand and a larger buyer pool. Parents are motivated to get their children into great school districts even during economic downturns, so neighbourhoods with better school ratings are sought after in both times of economic growth and decline.

- Chantel Crisp, Broker of Record, Zoocasa Reality Inc., Brokerage

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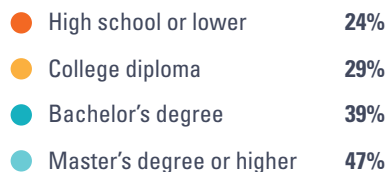
Households with incomes of \$100,000 or over are more than twice as likely to cite “schools or school district(s)” as an important factor for a future home purchase compared to those with household incomes of \$49,999 or under.

IMPORTANCE OF “SCHOOLS OR SCHOOL DISTRICT(S)” TO ASPIRING BUYERS, BY INCOME



Respondents who completed a Bachelor’s, Master’s degree or higher, were significantly more likely to indicate that schools and school district(s) are an important factor in their next home purchase.

ASPIRING BUYERS WHO RANKED “SCHOOLS OR SCHOOL DISTRICT(S)” AS IMPORTANT, BY EDUCATION LEVEL



CLOSING INSIGHTS

While real estate affordability and supply challenges have dominated the conversation around Canadian home ownership, casting the perception that buying a home is harder today than in the past, respondents still indicate that owning a home as a residence or investment is an achievable, and important, aspiration.

However, it is clear that the changing housing landscape is causing today's home buyers – whether they're first-timers, move-up buyers, or downsizers – to re-evaluate the timing of other milestones and priorities, such as starting a family, or dwelling outside of a city centre and accepting a longer commute in exchange for increased affordability.

In this regard, real estate sentiments can be considered a barometer for Canadian values, revealing what they will – and won't – compromise on to achieve home ownership goals.

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