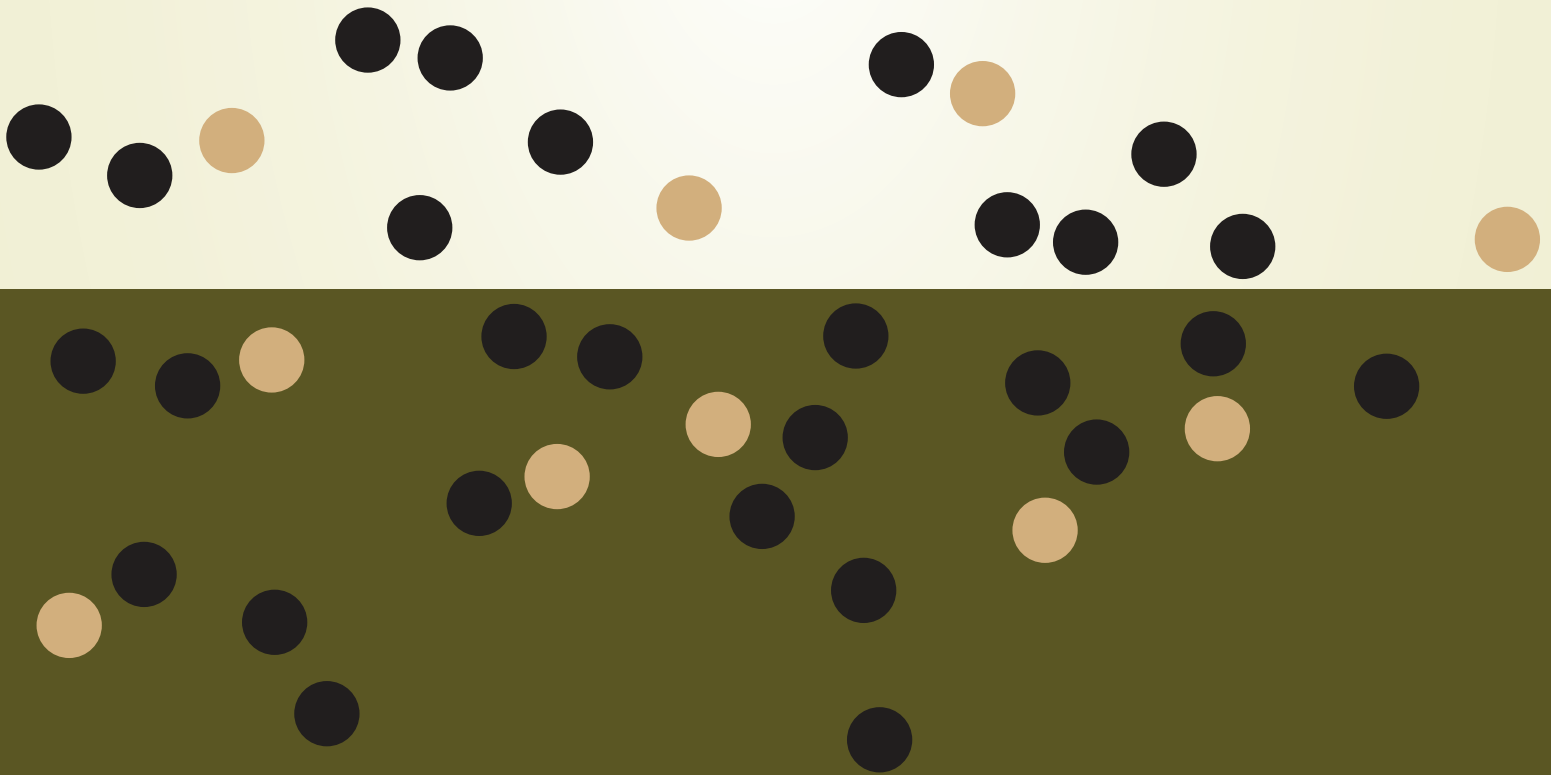


THE BENSIMON BYRNE

Consumerology Report



What Canadians Think About Real Estate

January 2013



Introduction

While not all Canadians own real estate, a large part of Canadians' economic well being is connected to it. This report offers insights into trends in the housing market in different regions and age groups, as well as attitudes toward mortgages, the outlook for prices and interest in buying/selling and likelihood to use a Realtor.

For over 5 years the Bensimon Byrne Consumerology Report has been tracking through opinion surveys consumers' assessments of their own economic reality. After observing a widening gap between the two ends of the economic spectrum in Canada, where appropriate, we report the findings among two segments that illustrate this gap and comprise most Canadians: The Upwardly Mobile segment (those whose personal financial situation is better than a year ago and who have more savings than debt not including a mortgage and represent 32% of Canadians) and the Downwardly Mobile segment (those whose personal financial situation is worse than a year ago and who have more debt than savings not including a mortgage and represent 27% of Canadians). The balance of Canadians (41%) fall in between these two groups.

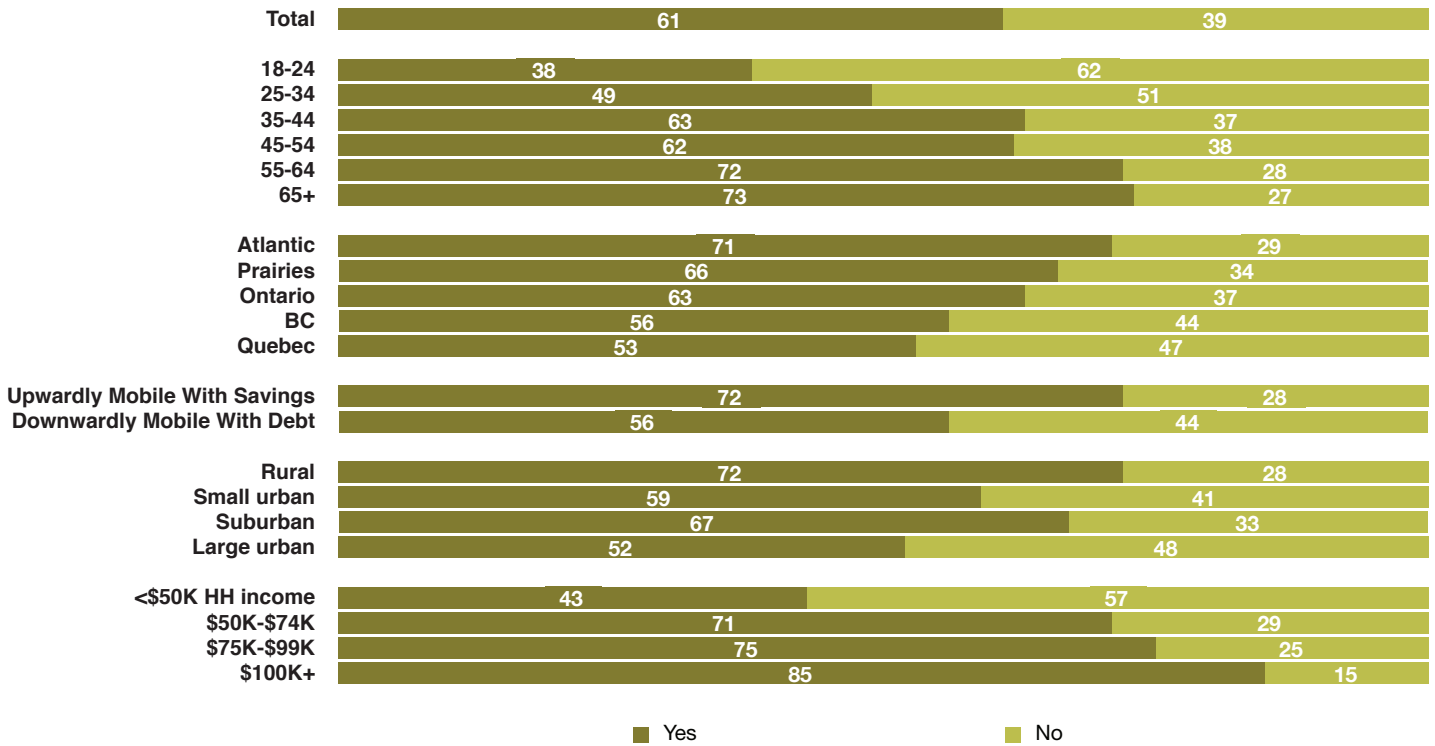
Home ownership in Canada

Most Canadians own a house or condo: 36% with a mortgage and 25% own mortgage-free. This level of home ownership is consistent with other sources including Stats Canada 2009: 34% own with a mortgage and 31% without. Previous Consumerology studies cited combined homeownership at 62% (2011) and 65% (2009).

Home ownership levels vary based on age, region, community size, and financial situation.

- Home ownership is highest among those aged 55 and higher. While the rate of home ownership is lowest among those under 25 years of age it rises to about half of those among those 25-34.
- Home ownership is more common in the Atlantic region and the Prairies, and lowest in Quebec.
- By community size, home ownership is highest in rural communities and significantly lower in large urban centres.
- Home ownership levels increase with income. The Upwardly Mobile segment is more likely to own a home than the Downwardly Mobile segment.

“Do you own a house/condo?”



Mortgage vs. Mortgage-free

Most Canadians who own a home also have a mortgage: 59%. However this is much higher among those aged 25-34 (84%) and 35-44 (79%), as well as among those with children under 18 (84%) and the Downwardly Mobile segment (78%).

Older Canadian homeowners are least likely to have a mortgage, as are the Upwardly Mobile, those without children <18 at home, and those in small urban or rural communities.

Outlook on Mortgage/Home Value

Although a mortgage is a form of debt, when mortgage holders were asked whether they saw it as debt or as an investment 68% said they considered it an investment. This view is even more predominant in Quebec (80%) and the Prairies (74%) and the Upwardly Mobile group is also much more likely to view a mortgage as an investment than the Downwardly Mobile group (79% vs. 59%).

A reason why so many people view their mortgage as an investment may be because the vast majority who own a home do not anticipate a decline in the value of their house: 71% of them expect the value of their homes to increase in the next year and 77% believe their homes will increase in the next 5 years. Only 7% of Canadians think their home will be worth less in 5 years.

There are some significant regional differences in both short term and longer term outlook. About a third of homeowners in Atlantic Canada and BC believe their home will be worth less in the next year while only 15% in Quebec feel that way. Longer term, about 1 in 5 in BC, the Atlantic and Prairies predict that their homes will be worth less in 5 years, but only half as many in Ontario and Quebec (about 1 in 10) feel that way.

There is a clear correlation between one's view of the economy and impressions of housing value; those expecting a stronger economy tend to anticipate that the value of their homes will increase and those that expect the economy will be much weaker were much more likely to expect their home will be worth less.

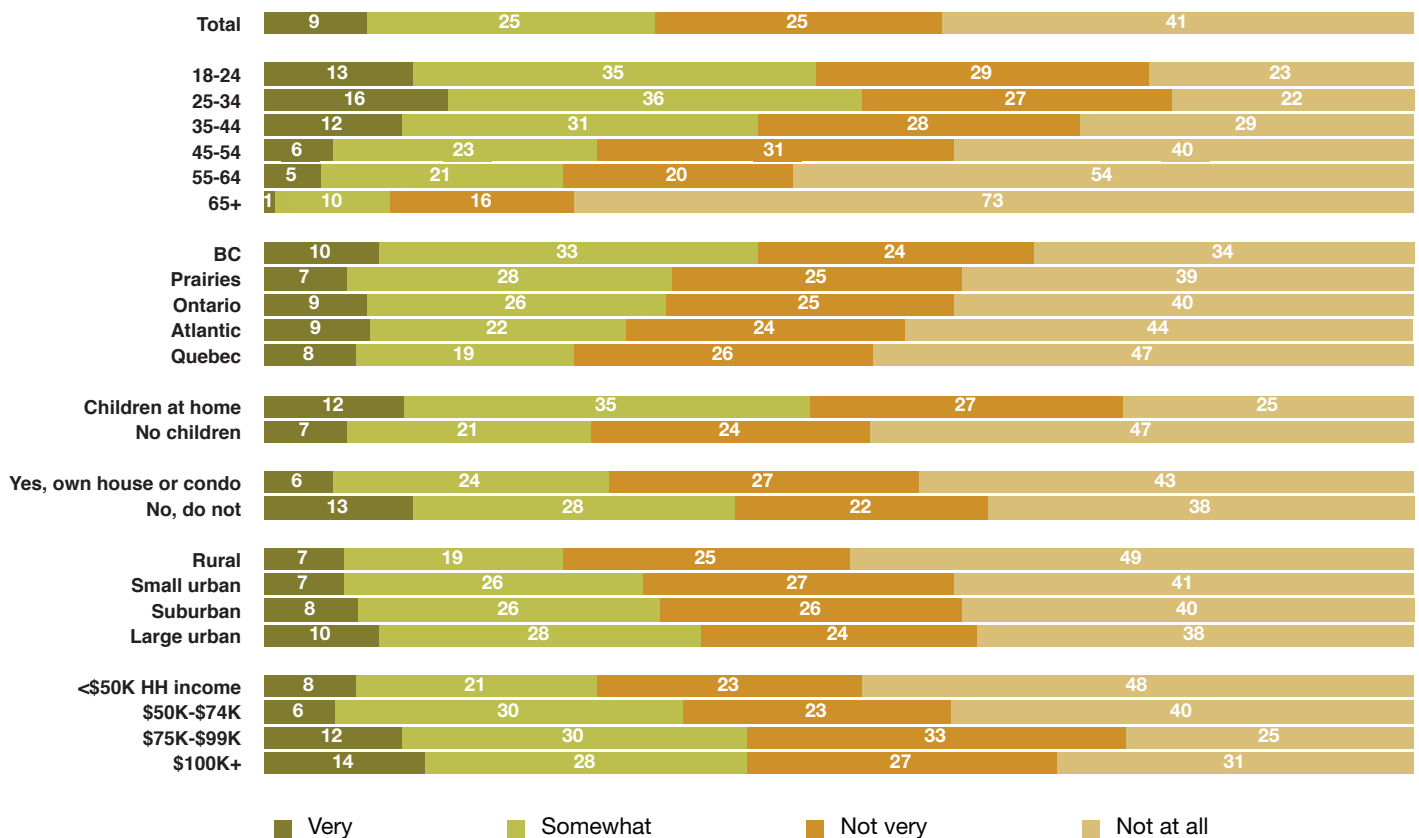
Interest in Buying/Selling Real Estate

On a national level, about one in three Canadians are very or somewhat interested in buying real estate in the next year with those under 35 as well as families with children under 18 at home being among the most interested. Interest is also higher among non home owners (41%) than current home owners (30%).

The number of Canadians interested in selling their home in the next year is just slightly below the number interested in buying: 31% who own their home are very or somewhat interested in selling in the next year with a higher proportion of those aged 18-34 and those with kids at home saying this. Canadians living in large urban markets are also more likely (than those in suburban or rural areas) to sell in the next year.

On a regional basis, those in BC are more likely than other regions to indicate interest in both buying and selling in the next year.

“Are you very, somewhat, not very, or not at all interested in buying real estate in the next year?”



Interest in Longer-Term Mortgages

If 40-year, 5% down mortgages were still available it would make a quarter of new Canadians much or somewhat more likely to look into buying a home this year; and raise likelihood still more among those already interested in buying and those under 35. This seems to confirm the 'cooling' impact the removal of this type of mortgage has had on the real estate market.

Good or Bad Time to Buy First Home or Trade Up

44% of Canadians think now is a good time for someone to buy their first home, but only 37% think it's a good time to trade up to a new home (about a third have no opinion).

Mortgage Rates

A majority of Canadians (56%) expect mortgage rates to be higher in a year and 74% expect them to be higher in 5 years.

Using a Realtor

The vast majority of Canadians prefer to use a Realtor: 83% said they would use a realtor if they were buying or selling a home this year. Quebecers were significantly less likely than others (74%) while key real estate age brackets were slightly less likely, specifically those aged 18 to 34 (79%).

Appendix

Methodology

- The Gandalf Group conducted qualitative and quantitative research to produce the Consumerology Report.
- Online focus groups took place from September 24th to 26th, 2012.
- For more reliable income analysis, we collected an additional sample of 100 Canadians with a household income of \$100K+. In most cases, the findings are reported based on the proportionate sample of 1500 Canadians with the oversample weighted back to proportionate representation based on age, gender, and region.
- The online survey was conducted in English and French and fielded from November 6th through November 21st, 2012.