



NEWS

RBC SURVEY INDICATES POTENTIAL SLOWDOWN IN HOMEBUYING

More Homeowners Likely to Sit Tight

TORONTO, March 4, 2008 — With buying intentions at their lowest level in several years, a new RBC study indicates a potential shift in the Canadian home buying landscape. According to RBC Royal Bank's 15th Annual Homeownership Survey, significantly fewer Canadians intend to buy a home within the next two years.

Overall intentions to purchase a home have dropped by five percentage points to 23 per cent. The intensity to buy has also decreased with those very likely to buy slipping from nine per cent in 2007 to seven per cent in 2008, the lowest level since the survey was started fifteen years ago.

While the number of Canadians who would "buy now," rather than wait until next year is still strong at 52 per cent, it has dipped from 58 per cent in 2007, suggesting a potential slowdown in the housing market. Similarly, although the majority of Canadians (85 per cent) continue to believe purchasing a home is a good investment, the proportion is down from 90 per cent in 2007, but still much stronger than it was 10 years ago (76 per cent).

"Considering the flurry of activity we've seen over the last few years, this year's results definitely signal a change," said Catherine Adams, RBC Royal Bank's vice-president, Home Equity Financing. "While those very likely to buy a home might be at its lowest level in over a decade, we need to keep in mind that the overwhelming majority of Canadians still believe purchasing a home is a good investment. Canadians continue to be generally very optimistic about our housing market and it's merely the degree of optimism which is down from last year."

The weaker outlook is also evident in the number of Canadians who expect housing prices to rise (56 per cent), which is down three percentage points from last year (59 per cent). While Canadian homeowners estimate the value of their homes to be on average five per cent higher than they did last year, this increase is smaller than in the previous year. Fewer Canadians also believe mortgage rates will stay the same in 2008. While the majority of respondents (46 per cent) believe mortgage rates will be higher (versus 43 per cent last year), some are a little more optimistic as 23 per cent

feel rates will be lower -- an increase of seven percentage points from 2007. Of the 23 per cent who plan to buy in the next two years, 15 per cent say they will choose a variable rate mortgage, compared with 13 per cent in 2007. However, overall fixed rate mortgages are still the preferred choice for potential buyers and current homeowners with (49 per cent), planning to lock in for five or more years. Four in ten (37 per cent) say they will choose a combination of both.

“Despite all the concerns we’ve heard about the US housing market, Canadians do not appear to be heading towards a housing crunch. The proportion of Canadians who say they have a mortgage has levelled off from 2007, with the average mortgage amount left to pay unchanged from last year. The intended down payment amount for those planning buy has also risen this year, which further suggests we continue to have a healthy housing market,” added Ms. Adams.

2008 Ownership Survey Details

Regional Differences

Purchase intentions are down across the country, except in Quebec, where those likely to buy a home within the next two years increased to 21 per cent from 19 per cent. Looking at those respondents who are very likely to buy home, Saskatchewan and Manitoba lead at nine per cent, Alberta at eight per cent with BC, Ontario, and Quebec at seven per cent and Atlantic Canada at five per cent.

Owners versus Renters

Renters still appear to be eager to enter the market; while not to the same degree as last year. Thirteen per cent of renters last year were very likely to purchase a home, while this year that number has dropped to 10 per cent.

Housing Type Preferences

Detached homes were the preferred choice of Canadian homebuyers at 70 per cent. This was followed by condominium/loft at 12 per cent; townhouses at seven per cent; and semi-detached homes at six per cent. By contrast, in 2004 ten per cent preferred a townhouse and nine per cent a condo indicating the rising popularity of condo units. Those over 55 were most likely to be looking at condominiums (15 per cent).

Popularity of trading up

Despite the fact that fewer Canadians are intending to buy a home in the next two years, for those who are buying, there is an increase in the number of people who prefer a larger home (52 per cent versus 48 per cent in 2007).

Potential buyers age 25 to 34 are the most likely to trade up and buy a bigger home (69 per cent), while as expected, those over age 55 are most likely to prefer a home the same size (36 per cent) or to downsize (35 per cent).

New Homes versus Resale

Across all ages, resale homes continue to be the preferred choice of 76 per cent of those intending to buy a home in the next two years, a jump from 60 per cent who preferred resale homes five years ago.

Regional Differences	Nat	BC	AB	SK/MB	ON	QC	AT
Own A Home	64%	64%	65%	73%	67%	51%	74%
Percentage of Homeowners Who Have a Mortgage	62%	62%	62%	47%	63%	66%	57%
Owners and Renters Very Likely to Purchase a Home in the Next Two Years	7%	7%	8%	9%	7%	7%	5%
Believe Mortgage Rates Will Be Higher in One Year's Time	46%	49%	38%	48%	49%	41%	48%
Believe Housing Prices Will Be Higher in One Year's Time	56%	58%	39%	65%	61%	50%	64%
Homebuyers Likely to choose a Fixed Rate Mortgage on their new home	49%	44%	49%	42%	51%	51%	42%
Homebuyers Planning to Purchase a Detached Home	70%	62%	68%	71%	70%	74%	75%
Homebuyers Planning to Buy a Bigger Home	52%	41%	57%	57%	46%	63%	50%
Homebuyers Planning to Buy Resale Home	76%	85%	75%	79%	77%	65%	83%
Homebuyers Planning to Buy a New Home	24%	15%	25%	21%	23%	35%	17%

RBC is the largest residential mortgage lender in Canada with more than

\$127 billion in loans outstanding at the end of 2007 - and over 15 per cent of the Canadian mortgage market. As the country's number one source of financial advice on homeownership, RBC conducts consumer surveys as one way to provide insight to Canadians about the marketplace in which they live.

These are some of the findings of an RBC poll conducted by Ipsos Reid between January 17 and 21, 2008. The online survey is based on a randomly selected representative sample of 3,023 adult Canadians. With a representative sample of this size, the results are considered accurate to within ± 1.8 percentage points, 19 times out of 20, of what they would have been had the entire adult Canadian population been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population. These data were statistically weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 2006 Census data.

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For full tabular results, please see the Ipsos Reid website at www.ipsos.ca.