



## PRESS RELEASE



*Canadian Mortgage News - National Archive 2010*

### Home purchase intentions full steam ahead: RBC poll

#### Vast majority of Canadians view buying a home as a good investment

**TORONTO, Ontario, March 08, 2010** — Homebuying momentum in Canada continues to gain steam with the portion of Canadians who are very likely to purchase a home in the next two years rising to 10 per cent from seven per cent two years ago, according to the 17th Annual RBC Homeownership Study. Younger Canadians, aged 18 to 24, will lead the charge this year, with those very likely to buy almost doubling to 15 per cent from eight per cent in 2009.

The RBC study conducted by Ipsos Reid found that 91 per cent of Canadian homeowners believe a home is a good investment, the highest level in 12 years, and one-quarter (26 per cent) expect their home to be their primary source of income when they retire.

"With the Canadian housing market showing continued vigour, it's not surprising that Canadians feel more confident in the long-term value of owning a home," said Robert Hogue, senior economist, RBC. "Exceptionally low mortgage rates and improved affordability have been key reasons for the resurgence in the housing market this past year."

Most Canadians who intend to buy a new home in the next two years are planning to take a fixed rate mortgage (44 per cent). However, combination mortgages had the highest increase in popularity this year, with 40 per cent intending to take both a variable and fixed rate component, up from 32 per cent last year.

For Canadians planning to take a fixed rate or combination mortgage, seven-in-10 intend to take a term of five years or longer. Sixteen per cent said they intend to take a variable rate mortgage, down from 20 per cent in 2009.

"Canadians seem to be opting for more caution this year and may be factoring in potential rate increases down the road," said Marcia Moffat, RBC's head of home equity financing. "Choosing a combination mortgage can take some of the guesswork out of making a decision between whether it is better to lock in to a longer-term or stay in a variable rate."

In the wake of the recent housing rebound, most Canadians (six-in-10) also believe housing prices will rise in 2010, up significantly from 25 per cent in 2009. Similarly, a majority (64 per cent) believe mortgage rates will be higher over the next year, also up from 33 per cent a year ago.

"The expectation of higher mortgage rates on the horizon could be motivating buying intentions this year. But it's important that homeowners - especially first time buyers - get solid advice about what they can afford, not only today, but down the road," added Moffat.

In addition to seeking customized advice from a financial advisor, Moffat provides the following tips:

#### For homebuyers:

**1. Lock in your rate when you apply for your mortgage.**

Depending on your situation, there are rate guarantees that allow you to lock in your mortgage rate for up to 120 days.

**2. "Stress test" your mortgage for rate increases.**

If you are concerned about affordability down the road, knowing what your payments would be with a one - three per cent rate increase will give you greater peace of mind that your new home is affordable both today and in a few years time, when rates might be higher.

**3. For first time homebuyers, leave some wiggle room.**

With a pre-approved mortgage you will know what you can afford today. But before making a decision to find a home at the top of your pre-approval amount, also consider your current lifestyle preferences and how future changes in your circumstances could impact your payment comfort zone.

**For homeowners renewing their mortgage:**

**1. Take advantage of early renewal options.**

Some mortgages allow you to renew up to 120 days before the end of your term. This means you can lock in your new mortgage rate early.

**2. Consider a combination (hybrid) mortgage to manage your interest costs.**

If you are unsure of where rates are headed, consider splitting your mortgage into part fixed and part variable. You will have rate protection on the fixed rate mortgage portion, while you benefit from today's low interest rates on the variable rate mortgage portion.

Canadians can visit the new RBC Advice Centre [www.rbcadvicecentre.com](http://www.rbcadvicecentre.com) to stress test their mortgage for potential rate increases. The RBC Advice Centre is an online resource that gives Canadians access to advice about all aspects of their finances including their homeownership goals - whether they are buying their first home, planning their next move, renovating or managing their current home financing. Advice videos are updated regularly to reflect current housing trends and to answer the questions that are top of mind with Canadian homeowners. Interactive tools and calculators provide customized information covering all facets of homeownership. With the guidance of RBC mortgage specialists, Canadians have access to free, no-obligation professional advice and personalized one-on-one service about RBC mortgage products and services.

RBC is the largest residential mortgage lender in Canada. 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 the RBC's 17th Annual Homeownership poll conducted by Ipsos Reid between January 8 to 13, 2010. The annual online survey tracks Canadians attitudes and behaviours around homebuying and home ownership. It is based on a randomly selected representative sample of 2,047 adult Canadians that was statistically weighted by region, age and sex composition according to the 2006 Census data. The results are considered accurate to within  $\pm 2.2$  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.