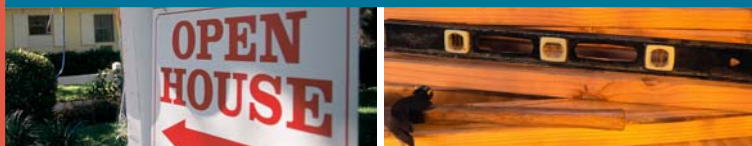


CONSUMER INTENTIONS TO BUY OR RENOVATE A HOME

A Look at Tomorrow's Customers Today



Canada Mortgage and Housing Corporation

Date Released: May 2006

Home buying intentions remain strong

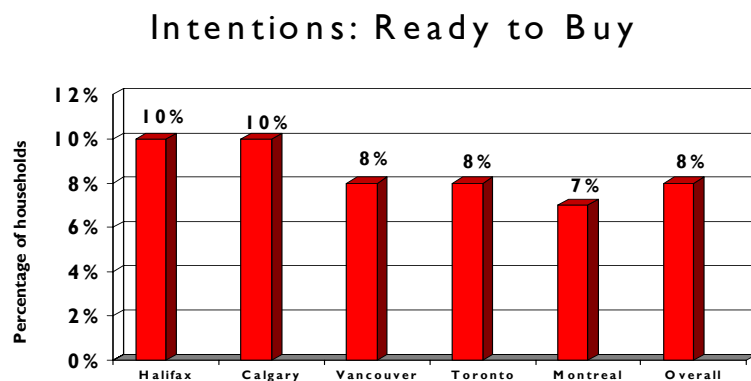
Eight per cent of households in five Canadian markets are ready to buy a house.

The results of the Intentions to Buy or Renovate Survey conducted by Canada Mortgage and Housing Corporation show that home buying intentions will remain strong throughout 2006. Across the five major markets, 8 per cent of households surveyed declared that they have strong intentions of buying a home between the first quarter of 2006 and the first quarter

of 2007. The high proportion of households who are ready to buy is consistent with our forecast of strong housing starts and sales of existing homes in 2006.

Home buying intentions are strongest in Halifax and Calgary, where 10 per cent of households state that they are ready to purchase a home. The share of households that are ready to buy increased in all five of the major centres compared to last year's survey.

Figure 1



Source: CMHC Survey of Home Buying Intentions

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Definitions

How do we define households who intend to purchase?

Respondents who intend to buy a home fall into three groups.

Households that have strong intentions (*ready to buy*), are those that state that they have a high chance of buying in the next 12 months. Those having moderate intentions report a 50/50 chance of buying in the next 12 months, while those having low intentions declare that their chances of buying are lower than 50 per cent. *Serious intenders* are households that are either ready to buy or have moderate intentions to buy. *Non-intenders* are households that state that they have no intentions to buy a home in the next twelve months.

How do we define households who intend to renovate?

Respondents who intend to renovate fall into three groups.

Households who are *ready to renovate* are those that state that they have a high chance of renovating their home in the next 12 months and the total cost will be \$1000 or more. Those *thinking about renovating* state that they have a 50/50 chance of renovating in the next 12 months and the total cost will be \$1000 or more. *Possible/Potential renovators* are households that state that they have a low chance of renovating in the next 12 months at a total cost \$1000 or more. *Serious intenders* are households that are either ready to renovate or thinking about renovating. *Non-intenders* are households that state that they have

no intentions to renovate in the next twelve months.

Sample and geographic coverage

Our survey is conducted using a sample of approximately 4,000 households per centre, and asking them about their plans for purchasing or renovating a home. Information is gathered on the type, size and price range of homes. Intenders were also asked demographic questions related to income, family size, tenure and locations within five centres: Vancouver, Calgary, Toronto, Montreal and Halifax. The survey was completed during the first quarter of 2006 and collected intentions to buy or renovate in the following 12 months. An aggregate 5-centre total was derived by weighting each centre's results by 2006 population projections.

By asking about motivations or barriers to buying or renovating, we can provide some useful insight. Our demographic and socio-economic profiles help us, and you, identify trends in various sub-markets.

Detailed data by centre

To perform our analysis of the survey, we produce very detailed data tables. The tables provide much more information than what we can put in this report. If you are interested in details such as intenders by house size, price and location, or would like to perform

your own analysis, or validate your own data, the tables are available for free on CMHC's web site at www.cmhc.ca.

Detailed tables are available for home buying intentions and home renovation intentions for each of the five centres. Data tables are also available for the overall results. Data in the overall tables are weighted to be representative of the total population in the five centres.



Consumer Intentions to Buy a Home

8 PER CENT OF HOUSEHOLDS ARE READY TO BUY A HOME

Eight per cent of households surveyed report having a high chance of buying a home and could be considered “ready to buy” between the first quarter of 2006 and the first quarter of 2007. The percentage of these households who report being “ready to buy” is highest in Calgary and Halifax (both 10 per cent), followed by Toronto and Vancouver (both 8 per cent). The share of households who are ready to buy is lowest in Montreal (7 per cent). In addition, in these five markets, 5 per cent of households declare that they have a 50/50 chance of buying and 1 per cent declare that they may buy a home in the next twelve months, but the chances are low.

MOST HOUSEHOLDS INTEND TO BUY AN EXISTING HOME

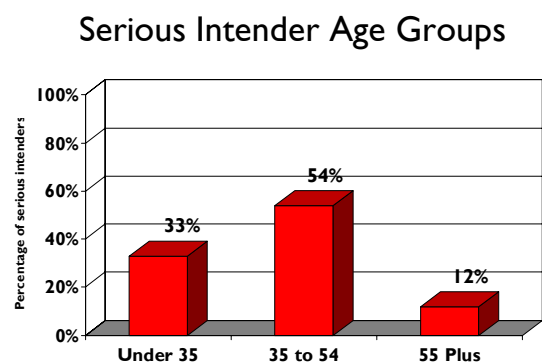
Almost three out of 10 households (28 per cent) that are either ready to buy or have moderate intentions to buy (serious intenders) plan to purchase a newly built home, while six out of ten serious intenders plan to purchase an existing home. Serious intentions to buy new homes are expected to be strongest in Calgary (36 per cent) and lowest in Montreal (25 per cent) and Vancouver (23 per cent).

Intentions to buy are strongest among middle-age households

More than half (54 per cent) of serious intenders fall within the ages of 35 and 54. Another third of serious intenders are under the age of 35, while seniors aged 55 and over represent about one in ten serious intenders.

Across the five centres, Halifax has the highest proportion of serious intenders under the age of 35 (38 per cent) and the lowest proportion of serious intenders aged 55 and over (10 per cent). Vancouver faces the opposite situation with the lowest proportion under 35 (27 per cent) and the highest over 55 (15 per cent).

Figure 2



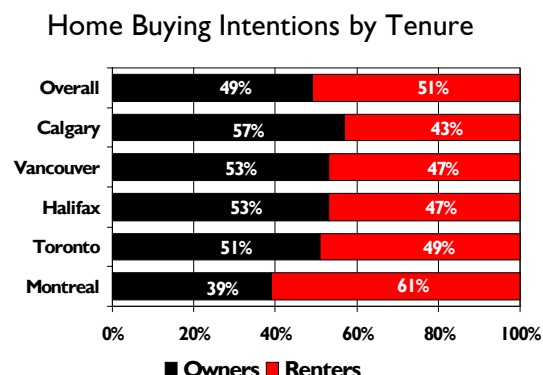
Source: CMHC Survey of Home Buying Intentions

Intentions are split between owners and renters

Renters, who represented six in ten serious intenders in the previous two surveys, now share the market almost equally with homeowners (51 per cent of renters compared to 49 per cent of owners). Related findings include:

- Renters are twice as likely as owners to be looking to buy a semi-detached, row or town home, or an apartment, which are typically less expensive than single homes.
- In each centre, the majority of serious intenders are already homeowners, except in Montreal.
- The share of renters searching for a home priced in the range of \$200,000 to \$250,000 is 22 per cent, compared to 13 per cent for owners. A larger proportion of owners, who usually have more equity, is searching for a home priced above \$250,000 (69 per cent compared to 35 per cent of renters).

Figure 3

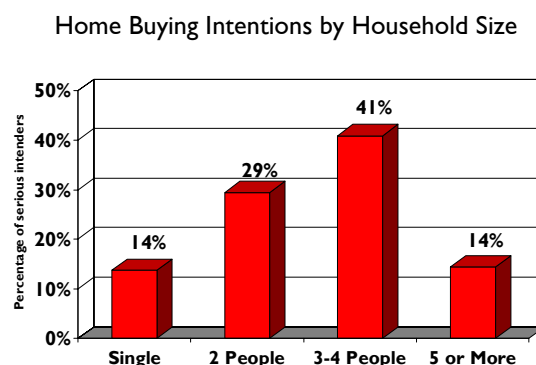


Source: CMHC Survey of Home Buying Intentions

Smaller households represent less than half of serious intenders

Single person households represent more than one in ten serious intenders (14 per cent). About half of these single households (49 per cent) intend to buy a semi-detached, row home, or apartment. Two person households, including adult couples and single parents, make up close to three in ten of serious intenders. Three or more person households make up more than half (55 per cent) of serious intenders. A majority of two or more person households who are serious intenders plan to buy a single detached home.

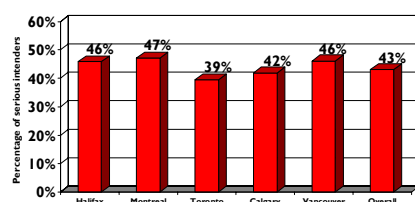
Figure 4



Source: CMHC Survey of Home Buying Intentions

Figure 5

Single and Two Person Households as a Share of Serious Intenders



Source: CMHC Survey of Home Buying Intentions

Additional data on the incomes, household size, children in the household, and other household characteristics of potential home buyers are available from CMHC for each of the five major markets surveyed. The data includes sub-market area comparisons. Year-over-year comparisons are also available.

The Financial Picture

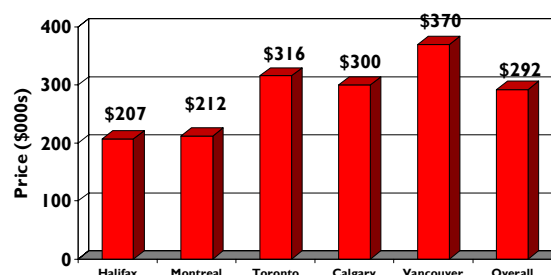
Serious intenders expect to pay an average of approximately \$292,000

The average house price that serious intenders expect to pay ranges from a low of \$207,000 in Halifax to a high of \$370,000 in Vancouver. Across the five markets, half of the serious intenders expect to pay more than \$250,000.

Among serious intenders who already own their home, almost half (46 per cent) expect to pay more for their next house than the value of their current home. Less than one in five (15 per cent) serious intenders expect to pay the same for their next house compared to their current home, while three in ten expect to pay less for their next home.

Figure 6

Average Expected Purchase Price (in \$000s)



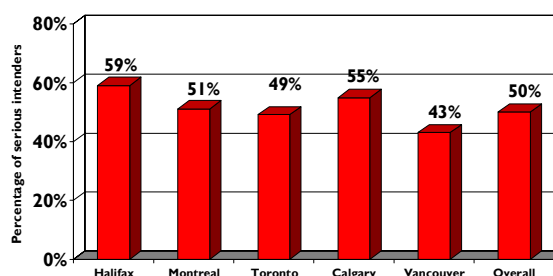
Source: CMHC Survey of Home Buying Intentions

Half of intenders will be high ratio mortgage borrowers

Half of serious intenders plan to make a down payment of less than 25 per cent of the expected value of their purchase. This includes 9 per cent who plan to make a down payment of five per cent or less and 41 per cent who will make a down payment of between six and 24 per cent. Household savings and equity from present home were the two main sources of down payment funds cited, each of them expected to be used by 35 per cent of households. RRSP Home Buyer's Plan (9 per cent), bank loan (6 per cent), and investments (4 per cent) are the other main sources of down payment funds.

Figure 7

High Ratio Mortgage Financing



Source: CMHC Survey of Home Buying Intentions



Consumer Intentions to Renovate a Home

■ 13 PER CENT OF HOMEOWNERS ARE READY TO RENOVATE

Across the five markets, 13 per cent of all homeowners report being ready to renovate. Another 4 per cent are thinking about renovations between the first quarter of 2006 and the first quarter of 2007, while one per cent are considered possible renovators. The share of households that are ready to renovate is highest in Calgary and Halifax (both 20 per cent). At least one in ten homeowners in each of the five markets surveyed are ready to renovate.

■ AVERAGE RENOVATION EXPECTED TO EXCEED \$10,000

Homeowners in the five markets surveyed that are either ready to renovate or are thinking about renovations (serious intenders) plan to spend an average of approximately \$15,000 on their renovation projects. Four in ten serious intenders expect to spend more than \$5,000 on their renovation projects between the first quarter of 2006 and the first quarter of 2007.

■ MOST SERIOUS INTENDERS PLAN TO HIRE A CONTRACTOR

Almost three in four serious intenders are planning to hire professionals such as skilled trades or a renovation contractor to do at least some of the work. This includes 36 per cent who plan to hire a contractor to do all the work and 37 per cent who plan to combine do-it-yourself with hiring a contractor.

Renovation intentions have edged lower compared to last year

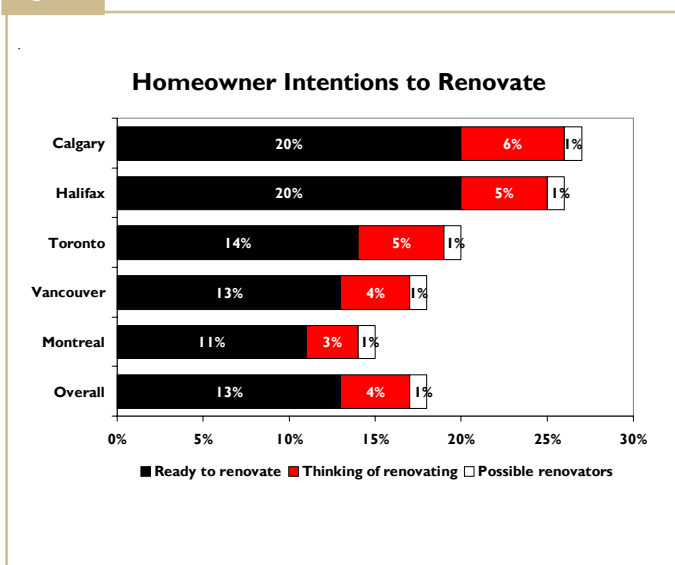
13 per cent of homeowners are ready to renovate

Over one in ten homeowners (13 per cent) are “ready to renovate” between the first quarter of 2006 and the first quarter of 2007. Four per cent of homeowners are “thinking about renovating” and only one per cent are considered “possible renovators”. These figures represent a decrease compared to the 2005 survey, when 17 per cent of homeowners reported being ready to renovate¹.

More than half of the homeowners (55 per cent) planning renovations between the first quarter of 2006 and the first quarter of 2007 have already spent more than \$1,000 on renovations to their homes over the previous twelve month period.

In Calgary and Halifax, one in five homeowners are “ready to renovate” between the first quarter of 2006 and the first quarter of 2007. The percentage of homeowners in Montreal who are “ready to renovate” (11 per cent) is lower compared to the overall average for the five markets.

Figure 8



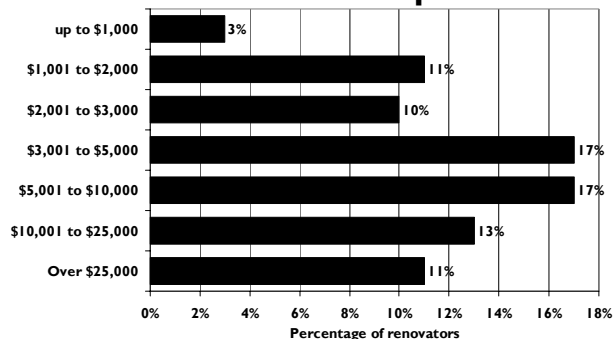
¹ For comparison purposes, incidence rates from the 2005 Intentions to Renovate have been adjusted due to changes in the methodological approach in the 2006 survey

Figure 9

Renovation spending expected to average more than \$10,000

Average renovation expenditures planned for the first quarter of 2006 to the first quarter of 2007 by serious intenders (homeowners that are either ready to renovate or are thinking about renovations) in the five markets surveyed will be approximately \$15,000. Four in ten serious intenders expect to spend more than \$5,000 on their renovation projects, including 24 per cent who plan to spend more than \$10,000.

Planned Renovation Expenditures



Source: CMHC Survey of Home Renovation Intentions

Serious intenders in Toronto and Vancouver plan to spend more on their renovations

Across the five centres, average renovation expenditures will be highest in Vancouver, followed by Toronto and Calgary. These three centres also have the highest proportion of serious intenders who plan to spend more than \$10,000 on their renovations: Toronto (25 per cent), Calgary (25 per cent), and Vancouver (24 per cent).

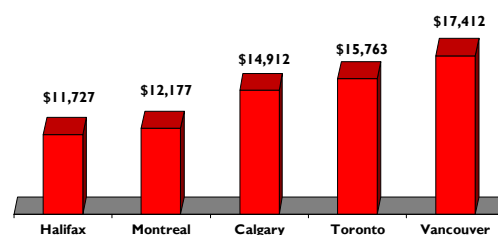
Serious intenders in Montreal planning to renovate from the first quarter of 2006 to the first quarter of 2007 say they will spend an average of approximately \$12,200, with 21 per cent planning to spend more than \$10,000.

As for Halifax, average expenditures on planned renovations will be somewhat lower at approximately \$11,700. In Halifax, 16 per cent of serious intenders plan to spend more than \$10,000 on renovations.

Figure 10

Planned Renovation Spending by Centre

Average amount of planned renovations



Source: CMHC Survey of Home Renovation Intentions

Planning Renovations

Most serious intenders plan to hire a contractor

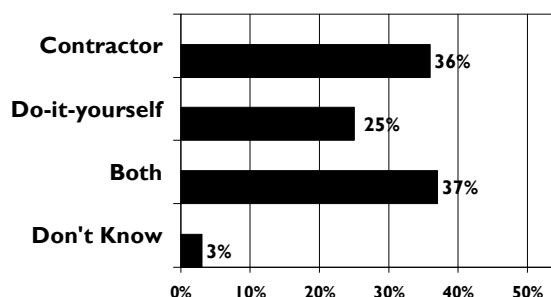
Close to three in four serious intenders (73 per cent) indicate that they plan to hire professionals such as skilled trades or a renovation contractor to do at least some of the work. This includes 36 per cent who intend to hire a contractor to do all the work and 37 per cent who plan to combine do-it-yourself with hiring a contractor.

The survey groups renovations into three types: repairs and maintenance, replacement of existing equipment and installation, and remodeling and alterations. Of the three types of renovations, remodeling was the most popular, accounting for more than 40 per cent of all projects planned.

The share of serious intenders who expect to hire a contractor is higher than the share of homeowners who expect to do all the work themselves for all types of renovations: for repairs and maintenance (39 per cent plan to hire a contractor compared to 23 per cent who intend to do the work themselves), replacement and installation of equipment (41 per cent compared to 26 per cent), and remodeling (33 per cent compared to 27 per cent). The proportion of serious intenders who expect to combine do-it-yourself with hiring a contractor is the highest for remodeling (38 per cent) and the lowest for replacement and installation of equipment (31 per cent).

Figure 11

The renovation work will be done by ...



Source: CMHC Survey of Home Renovation Intentions

Popular Renovation Projects

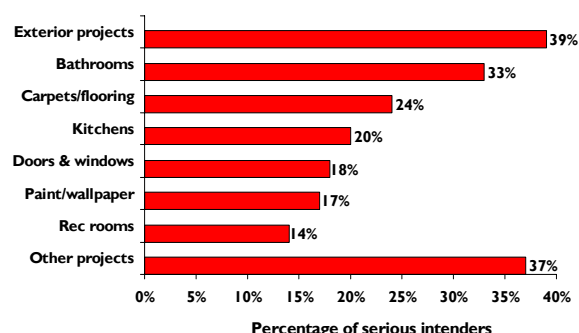
Almost four in ten serious intenders (39 %) plan to undertake exterior construction and repair projects such as roofing, deck or patio installation, siding, foundation, landscaping, fencing, building a garage, exterior painting, sidewalk/driveway, and gutters/eavestroughs. Inside the house, about one-third of serious intenders plan to undertake bathroom renovations, while about one in four intend to undertake a carpet/flooring renovation.

There are some differences by centre in the proportion of serious intenders that are planning different renovation projects:

- Exterior construction and repairs are more popular in Montreal (45 per cent) and Halifax (44 per cent) than in Toronto (35 per cent) and Calgary (33 per cent)
- Bathroom renovations are more popular in Montreal and Toronto (both 34 per cent) than in Halifax (25 per cent).
- Carpet and flooring renovations are more popular in Calgary (32 per cent) than in Montreal (16 per cent).
- Kitchen renovations are more popular in Vancouver (27 per cent) than in Halifax (13 per cent).
- Doors and windows are more popular in Halifax (29 per cent) than in Vancouver (12 per cent).

Figure 12

Most Popular Renovation Projects



Source: CMHC Survey of Home Renovation Intentions



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