

CONSUMER INTENTIONS

to buy or renovate a home

A Look at Tomorrow's Customers Today

MAJOR MARKET HIGHLIGHTS
FEBRUARY 2005

INSIDE



Home Buying Intentions Strong from the Last Quarter of 2004 to the Last Quarter of 2005

More than one in ten households in six Canadian markets are thinking of buying a house.

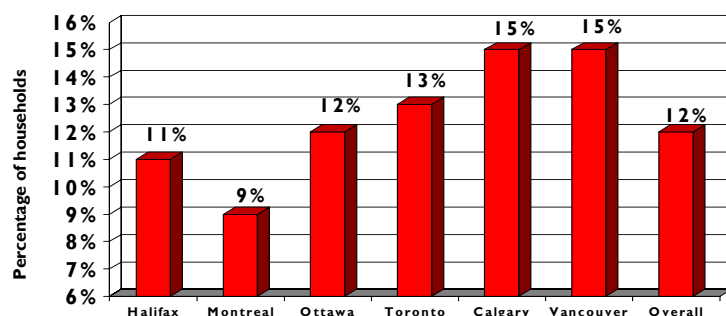
The results of the Intentions to Buy or Renovate Survey conducted by Canada Mortgage and Housing Corporation show that home buying intentions will remain strong throughout 2005. Across the six major markets, 12 per cent of households surveyed expressed an intention to buy a home between the end of 2004 and end of 2005. This is slightly down from the past two surveys conducted for the years 2002 and 2003 (the survey was not done for 2004) where 14 and 15 per cent of homeowners respectively were thinking of buying a house. The current proportion of households who intend to buy a house is consistent with our forecast for a decrease in housing starts and

sales of existing homes in 2005.

Nevertheless intentions to buy remain strong, which suggests that housing starts and sales of existing homes will remain at high levels in 2005.

Home buying intentions are strongest in Calgary, Vancouver and Toronto. In Calgary and Vancouver, 15 per cent of households reported that they intend to purchase a home while in Toronto the share was 13 per cent. Home buying intentions are slightly lower in Ottawa (12 per cent), Halifax (11 per cent) and Montreal (9 per cent).

Home Buying Intentions



Source: CMHC Survey of Home Buying Intentions

Detailed data on consumers' home buying intentions for the period between the last quarter of 2004 and the last quarter of 2005 are available from CMHC for each of the six major markets surveyed. Data tables available include breakdowns by consumer demographics, house type preferences, price ranges, and buyer interest in sub-markets within each city.

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Survey results are available for six markets, separately and combined:
Vancouver • Calgary • Toronto •
Ottawa • Montreal • Halifax
www.cmhc-schl.gc.ca



Definitions

How do we define someone who intends to purchase?



Generally, households who are *ready to buy*, that is, those we judge to have strong intentions, 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 percent.

How do we define someone who intends to renovate?



Someone who is *ready to renovate* (strong intender) stated that they had a high chance that they would renovate their home in the next 12 months and the total cost will be \$1000 or more. Those *thinking about renovation* stated that they had a 50/50 chance of renovating in the next 12 months and the total cost will be \$1000 or more. A *possible/potential renovator* stated that they had a low chance of renovating in the next 12 months at a total cost of \$1000 or more. A *non-intender* stated they had no intentions to renovate.



Unless you own a crystal ball, how can you anticipate when, how and why consumers are planning to buy or renovate a home? In short, without huge resources, a proven methodology and detailed analysis, you can't. That's where we come in. CMHC is pleased to offer housing research to all those who can use it; lenders, realtors, builders, developers, planners, building suppliers, construction professionals, manufacturers, home buyers and more. It's called *Consumer Intentions to Buy or Renovate a Home*.

The Right Information. Right Now.

Our survey is conducted using a carefully selected sample of approximately 4,000 households per city, and asking them about their plans for purchasing or renovating a home. The information is gathered on the type, size and price range of homes and is then classified by demographics, income, family size, tenure and locations within six cities: Vancouver, Calgary, Toronto, Ottawa, Montreal and Halifax. The survey was completed during the late fall of 2004 and collected intentions to buy or renovate in the following 12 months. See definitions section. We used the latest Census data released in 2001 to weight the results.

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 submarkets.

Detailed Data for Your Market

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 can be purchased on CMHC's website at www.cmhc.ca.

Detailed tables are available for home buying intentions and home renovation intentions for each of the six cities. 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 six cities.

The City of Ottawa was a funding partner for the Ottawa portion of the survey.

CONSUMER INTENTIONS TO BUY A HOME - MAJOR MARKET HIGHLIGHTS

12 PER CENT OF HOUSEHOLDS ARE INTENDING TO BUY A HOME

In the six major Canadian cities surveyed, 12 per cent of surveyed households are intending to buy a home between the last quarter of 2004 and the last quarter of 2005. Of those intending to purchase a home, 43 per cent reported having a high chance of buying a home and could be considered "ready to buy". The percentage of these households who intend to buy and report being "ready to buy" is the highest in Ottawa (50 per cent), followed by Calgary (49 per cent) and Halifax (46 per cent). In addition, 38 per cent of intenders declare that they have a 50/50 chance of buying and 18 per cent declare that their chances of buying are lower.

MOST HOUSEHOLDS INTEND TO BUY AN EXISTING HOME

Almost a third of potential buyers (31 per cent) plan to purchase a newly built home, while more than half the potential buyers (58 per cent) plan to purchase an existing home. Demand for new homes is expected to be strongest in Calgary (38 per cent) and Toronto (35 per cent).



Middle-age buyers are a growing segment of the market

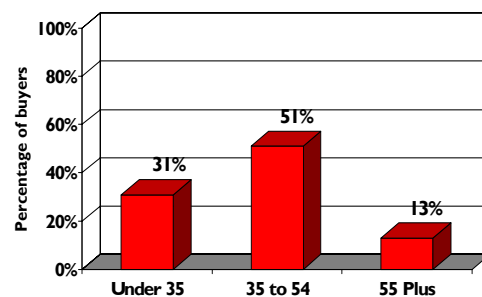


Middle-age buyers are the largest market segment, with more than half (51 per cent) falling within the age of 35 and 54, including 31 per cent who are between the age of 35 and 44. Nearly one in three buyers are under the age of 35, while seniors aged 55 and over represent 13 per cent of potential buyers.

The proportion of potential home buyers between the age of 35 and 54 has increased since the last time the survey was produced in 2002 (covering intentions for 2003), while the proportion of potential home buyers under the age of 35 has decreased from close to half to close to one in three.

Across the six cities, the proportion of home buyers between the age of 35 and 54 varies, from Montreal having the largest share of middle-age potential buyers (53 per cent), to Halifax having the smallest share (44 per cent).

Home Buyer Age Groups



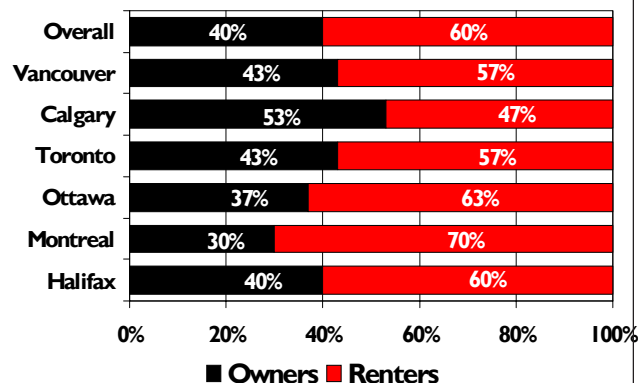
Source: CMHC Survey of Home Buying Intentions

Renters continue to be a key market segment

Renters continue to represent a majority of potential home buyers: 60 per cent compared to 40 per cent who currently own their home. Related findings include:

- Renters are twice as likely as owners to be looking to buy a semi detached, row or town home (30 per cent to 14 per cent), while the share of renters and owners who are searching for an apartment is similar at 14 per cent and 10 per cent, respectively.
- Over half of the potential buyers surveyed in each market, except for Calgary, are renters. In Montreal, renters out-number owners by a seven to three ratio. In Calgary, almost an equal share of potential buyers are renters and owners.
- The share of renters searching for a home priced in the range of \$200,000 to \$250,000 is 17 per cent, while 15 per cent of owners are looking for homes in this price range. A larger proportion of owners, who have more equity, are searching for a home priced above \$250,000 (61 per cent compared to 39 per cent of renters).

Home Buyer Market by Tenure

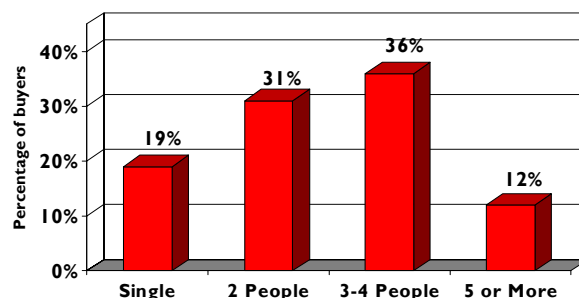


Source: CMHC Survey of Home Buying Intentions

Smaller households represent half of potential home buyers

Single person households represent nearly one in five potential home buyers (19 per cent). One-third of single person households expect to purchase a semi-detached, row or town home, while 29 per cent expect to purchase an apartment. Two person households, including adult couples and single parents, make up close to one-third (31 per cent) of potential buyers. Three or more person households make up 48 per cent of potential buyers. A large majority of households with two or more people who are potential home buyers plan to buy a single detached home: 59 per cent of two-person households, 68 per cent of three person households, and 73 per cent of households with four or more people.

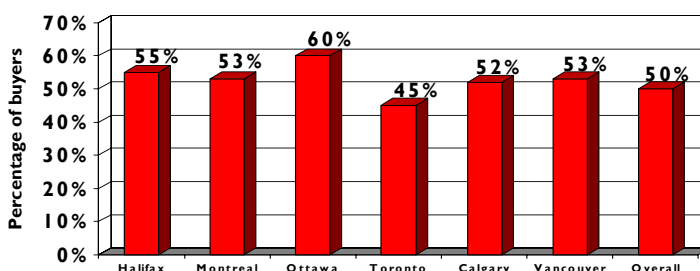
Home Buyer Household Size



Source: CMHC Survey of Home Buying Intentions



Single and two person households – percentage of potential buyers



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 six major markets surveyed. The data includes sub-market area comparisons. Year-over-year comparisons are also available.

Keep the Market in Sight



Build your business on solid, reliable information.

CMHC's Housing Market Outlook reports provide you with the information you need to keep your local or national markets in sight.

Analysis, interpretation and forecasts about:

- New and resale house prices
- Housing starts
- Vacancy rates
- Key indicators and other housing trends

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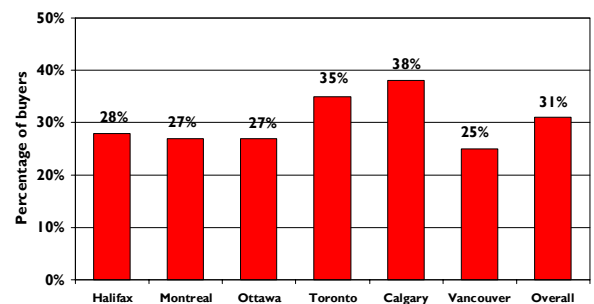
Most potential buyers intend to buy an existing home

More than half of potential buyers (58 per cent) plan to purchase an existing home, while 31 per cent plan to purchase a new home. Another nine per cent are not sure if they will buy a new or existing home. Intentions to buy a new home are highest in Calgary (38 per cent) and Toronto (35 per cent), but are lowest in Vancouver (25 per cent).

The number of buyers planning to purchase a new home has decreased slightly compared to the estimate from our previous survey done in 2002 (covering intentions for 2003), when 32 per cent said they planned to purchase a new house.

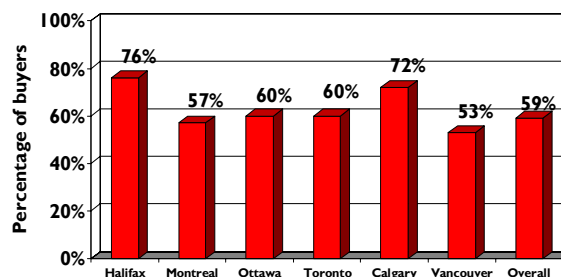
Of those potential buyers who plan to purchase a newly built home, one-quarter has contacted a builder for information about new homes.

Intentions to Buy a Newly Built Home



Source: CMHC Survey of Home Buying Intentions

Buyer Interest in Single Family Homes



Source: CMHC Survey of Home Buying Intentions

Buyer preference for single detached house is highest in Halifax

Across the six centres, nearly sixty per cent expect to buy a single detached home. Consumer demand for singles is even higher in Halifax (76 per cent) and Calgary (72 per cent). A quarter of potential buyers across the six centres expect to buy a semi-detached, row or town house. Intentions to buy a semi-detached, row or town house are strongest in Montreal and Ottawa.

One in five potential buyers are looking to buy a condominium

Across the six major markets surveyed, more than one in five potential buyers (21 per cent) expect to purchase a condominium. Buyer interest in condominiums is highest in Vancouver where close to one-third of potential buyers expect to purchase a condominium.

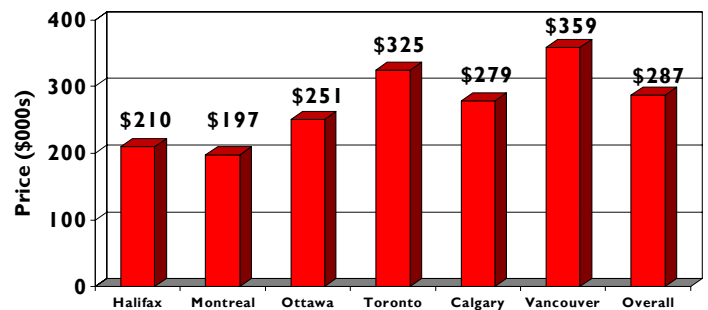
The financial picture

Home buyers expect to pay an average of approximately \$287,000

The average house price that potential buyers expect to pay ranges from a low of \$197,000 in Montreal to a high of \$359,000 in Vancouver. Across the six markets, almost two-thirds (64 per cent) of the potential home buyers expect to pay more than \$200,000.

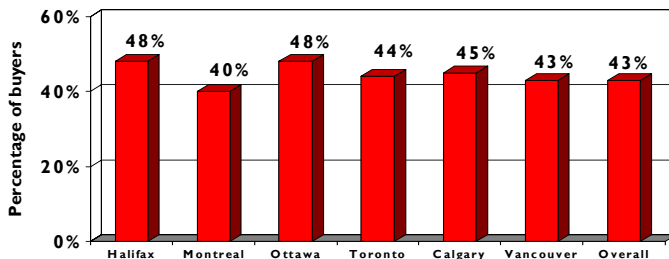
Among potential buyers who already own their home, half expect to pay more for their next house. About one in five potential buyers expect to pay the same for their next house compared to their current home, while 29 per cent expect to pay less for their next home.

Average Expected Purchase Price (in \$000s)



Source: CMHC Survey of Home Buying Intentions

Consumers Who Have Consulted a Lender



Source: CMHC Survey of Home Buying Intentions

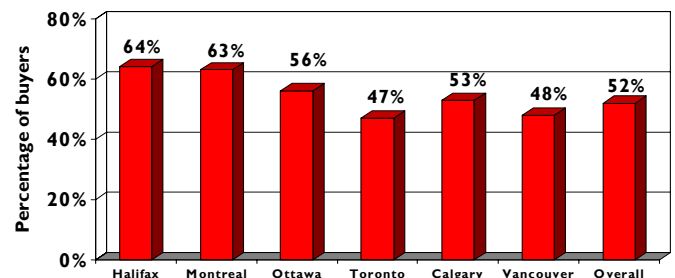
Half of consumers ready to buy now have consulted a lender about a mortgage

Among all potential home buyers, 43 per cent have talked to a financial institution about obtaining a mortgage. Of those who had talked to a financial institution, more than two-thirds of potential home buyers had been pre-approved for a mortgage.

Most buyers will be high ratio mortgage borrowers

Over half of potential home buyers plan to make a down payment of less than 25 per cent of the expected value of their purchase. The main sources of down payment funds were household savings for 48 per cent of potential home buyers, equity from present home (28 per cent), and the RRSP Home Buyer's Plan (8 per cent).

High Ratio Mortgage Financing



Source: CMHC Survey of Home Buying Intentions

What's On Your Customers' Mind?



No more guessing or wondering what today's customers are thinking. Access the information tables from the *Consumer Intentions to Buy and Renovate* and get into your customers' mind. Each table is jam-packed with valuable information and provides you with the flexibility to perform analysis at a very fine level.

Find out what's hot now and tomorrow in home buying and renovation – visit

www.cmhc-schl.gc.ca

CONSUMER INTENTIONS TO RENOVATE A HOME - MAJOR MARKET HIGHLIGHTS

NEARLY 40 PER CENT OF HOMEOWNERS ARE PLANNING TO RENOVATE

Across the six markets, 39 per cent of all homeowners reported an intention to spend \$1,000 or more on home renovations; 28 per cent are ready to renovate and another 9 per cent are thinking about renovations between the end of 2004 and the end of 2005, while two per cent are considered possible renovators. Renovation intentions are strongest in Halifax (45 per cent), and Ottawa (44 per cent). At least one in four homeowners in each of the six markets surveyed are ready to renovate.

SPENDING PER HOUSEHOLD EXPECTED TO EXCEED \$10,000

Renovating homeowners in the six markets surveyed plan to spend an average of approximately \$14,000 on their renovation projects. Almost half the homeowners planning renovations expect to spend more than \$5,000 on their renovation projects between the end of 2004 and the end of 2005.

MOST HOMEOWNERS PLAN TO HIRE A CONTRACTOR

Close to 60 per cent of homeowners planning renovations valued at more than \$1,000 will hire professionals such as skilled trades or a renovation contractor to do at least some of the work. This includes 46 per cent who will hire a contractor to do all the work and 12 per cent who will combine do-it-yourself with hiring a contractor.



Renovation intentions are strong from the fourth quarter of 2004 to the fourth quarter of 2005

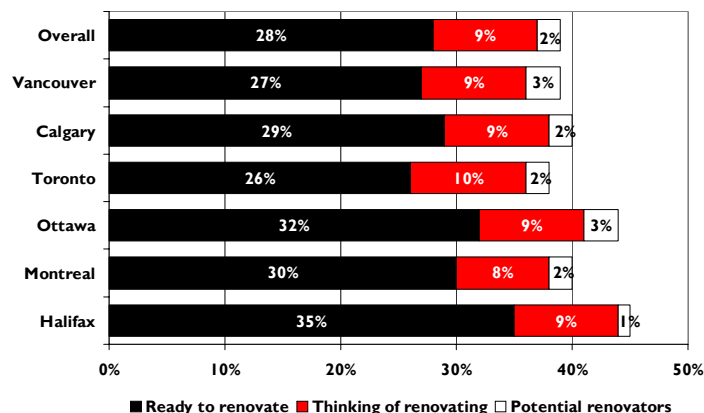
Nearly 40 per cent of homeowners are planning to renovate

The results of the latest Survey of Consumer Intentions to Buy or Renovate a Home show that across the six markets, 39 per cent of all homeowners reported having an intention to undertake home renovations valued at \$1,000 or more between the last quarter of 2004 and the last quarter of 2005. Over one-quarter of homeowners (28 per cent) have expressed strong intentions and are “ready to renovate”, while nine per cent are “thinking about renovating” and only two per cent are considered “possible renovators” who have a low chance of renovating. These figures represent an increase compared to the 2002 (covering intentions for 2003) survey when 34 per cent of homeowners thought of renovating. This increase in renovation intentions is consistent with our forecast for continued growth in renovation spending in 2005.

More than half of the homeowners (59 per cent) planning renovations between the fourth quarter of 2004 and the fourth quarter of 2005 have already spent more than \$1,000 on renovations to their homes over the previous twelve month period.

Renovation intentions are the strongest in Halifax and Ottawa where 45 and 44 per cent, respectively intend to renovate between the fourth quarter of 2004 and the fourth quarter of 2005. In fact, in Halifax, over one-third of homeowners (35 per cent) are “ready to renovate”. Renovation intentions are lower in Vancouver, but the percentage of

Homeowner Intentions to Renovate

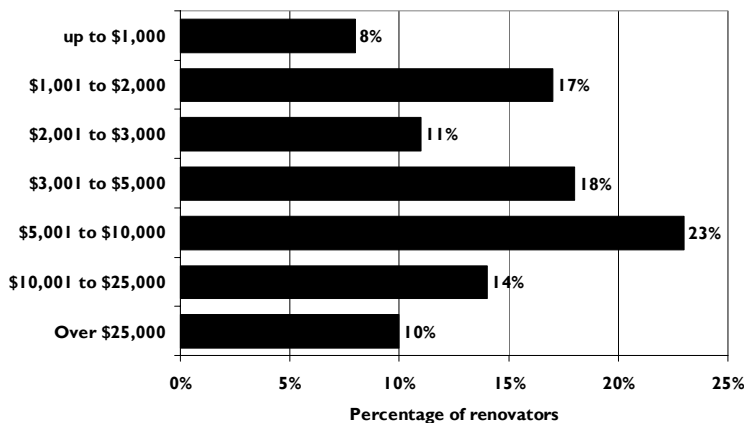


Renovating Homeowners and their planned expenditure

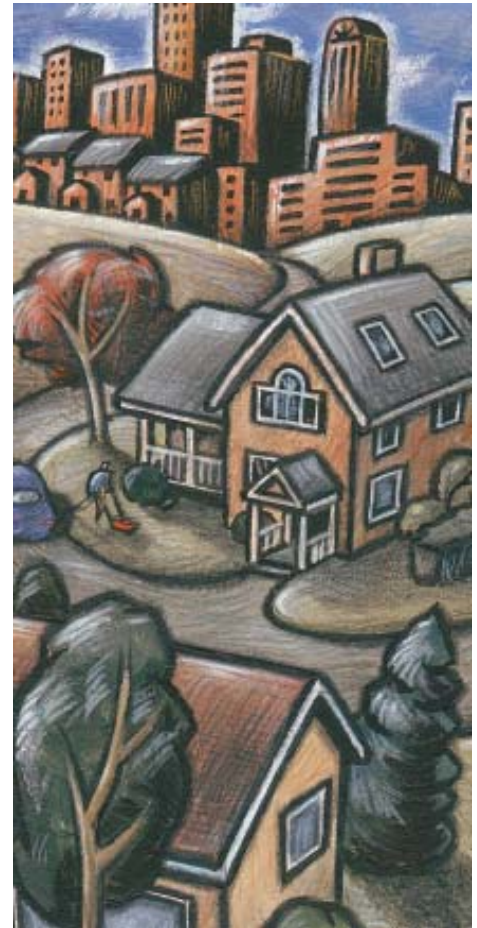
Spending per household expected to exceed \$10,000

Average renovation expenditures planned for the last quarter of 2004 to the last quarter of 2005 by homeowners in the six markets surveyed will be approximately \$14,140. Close to one in two homeowners planning renovations (47 per cent) 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



Toronto and Vancouver homeowners will spend the most on renovations

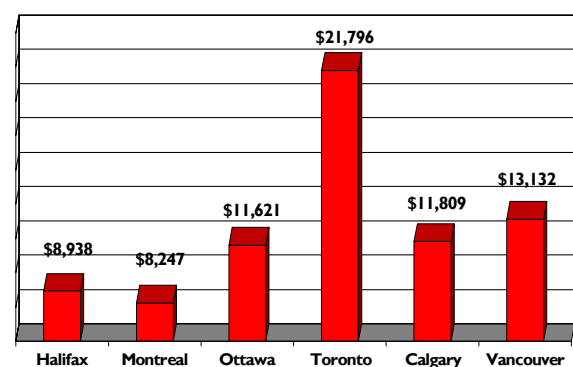
Across the six centres, average renovation expenditures will be highest in Toronto, followed by Vancouver and Calgary. These three cities also have the highest proportion of homeowners who plan to spend more than \$10,000 on their renovations: Toronto (31 per cent), Calgary (30 per cent), and Vancouver (25 per cent).

Homeowners in Ottawa planning to renovate from the last quarter of 2004 to the last quarter of 2005 say they will spend an average of approximately \$11,600, with 23 per cent planning to spend more than \$10,000.

As for Halifax and Montreal, average expenditures on planned renovations will be somewhat lower at approximately \$8,940 and \$8,250, respectively. In Halifax, 22 per cent of households plan to spend more than \$10,000 on renovations, while in Montreal, only 14 per cent plan to spend more than \$10,000.

Planned Renovation Spending by City

Average spending for homeowners renovating



Source: CMHC Survey of Home Renovation Intentions

Planning Renovations

Most homeowners plan to hire a contractor

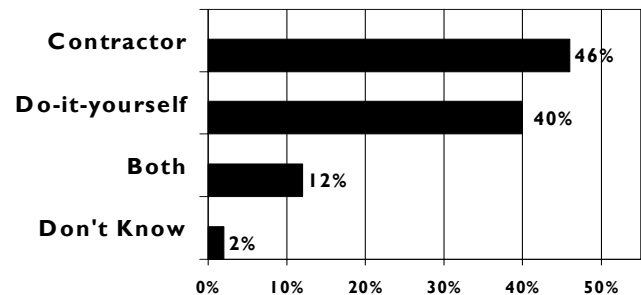
Close to 60 per cent of homeowners planning renovations valued at more than \$1,000 will hire professionals such as skilled trades or a renovation contractor to do at least some of the work. This includes 46 per cent who will hire a contractor to do all the work and 12 per cent who will combine do-it-yourself with hiring a contractor.

The survey groups renovations into three types: repairs and maintenance, replacement of existing equipment and installation, and remodelling and alterations. Of the three types of renovations, replacement of existing or installation of new equipment was the most popular, accounting for more than half of all projects planned.

The share of homeowners planning repairs and maintenance, who expected to hire a contractor to perform all the work (44 per cent), was virtually equal to the share of homeowners who expected to do all the work themselves (42 per cent). As for homeowners planning to do remodelling and alterations, about half of them expected to do the renovations themselves. However, more than half (54 per cent) of the homeowners planning replacement and installation of equipment preferred to hire a contractor rather than do it themselves.

Of those homeowners planning to hire a professional, 31 per cent had already contacted a contractor for information with regards to their renovations at the time of the survey; one in two homeowners had priced out the cost of materials and labour for their expected projects at the time of the survey. Across the six centres, Ottawa was well ahead of the rest of the centres with 38 per cent of homeowners having already contacted a contractor at the time of the survey.

The renovation work will be done by ...



Source: CMHC Survey of Home Renovation Intentions

The majority of homeowners plan to finance renovations through savings

About eighty per cent of homeowners who intend to renovate plan to pay for their renovation projects with savings or with cash as the work is done, while the remaining 20 per cent plan to borrow to pay for the work, through either a line of credit or credit card, a loan or mortgage refinancing.

Across the six centres, homeowners planning to renovate in Calgary are more likely to pay for their renovation projects with savings (84 per cent) than in Halifax (75 per cent). However, in Halifax, homeowners are more likely to finance renovations at the time of mortgage renewal (8 per cent) than in Calgary (1 per cent).

Homeowners are active consumers of information about home renovation projects

Watching TV programs or videos – 58 per cent of households intending to renovate have watched TV programs and/or home videos on home renovations. Watching TV or videos to help with renovations is more popular in Vancouver (69 per cent) than in Montreal (41 per cent).

Reading publications on home renovations – 46 per cent of homeowners planning to renovate have read publications such as books or magazines about home renovations. Reading publications is more popular in Ottawa (57 per cent) than in Montreal (40 per cent).

Searching on the Internet – 33 per cent of homeowners planning to renovate have used the Internet to search for information on home renovations. Searching the Internet is more popular in Ottawa (47 per cent) than in Montreal (25 per cent).

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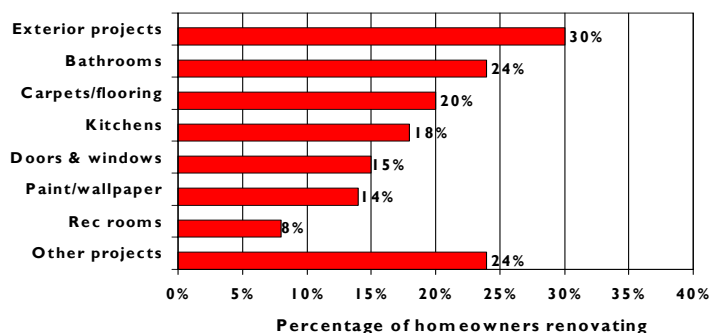
Popular Renovation Projects

Almost one-third of homeowners planning renovations will be working on 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 in four homeowners are planning to undertake bathroom renovations, while about one in five homeowners intend to undertake a carpet/flooring renovation.

There are some differences by city in the frequency with which homeowners are planning different renovation projects:

- Exterior construction and repairs are more popular in Montreal (35 per cent) than in Calgary (24 per cent).
- Bathroom renovations are more popular in Vancouver (28 per cent) than in Ottawa (15 per cent).
- Carpet and flooring renovations are more popular in Vancouver (28 per cent) than in Toronto (17 per cent).
- Kitchen renovations are more popular in Vancouver (27 per cent) than in Montreal or Halifax (14 per cent).
- Doors and windows are more popular in Halifax (20 per cent) than in Vancouver (8 per cent).

Most Popular Renovation Projects



Source: CMHC Survey of Home Renovation Intentions