Genworth Canada / 2015 ANNIVERSARY

Decoding Today's First-Time Homebuyer

Understanding motivations, triggers and behaviours of millennial homebuyers

Genworth Canada

Homeownership Education Week Seminar

April 7, 2015

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First-Time Homeownership Study Results

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Methodology

Background

- The purpose of this research is to gain deeper insights into the financial preparedness and fitness of First Time homebuyers in advance of the Genworth Canada's Homeownership Education Week.

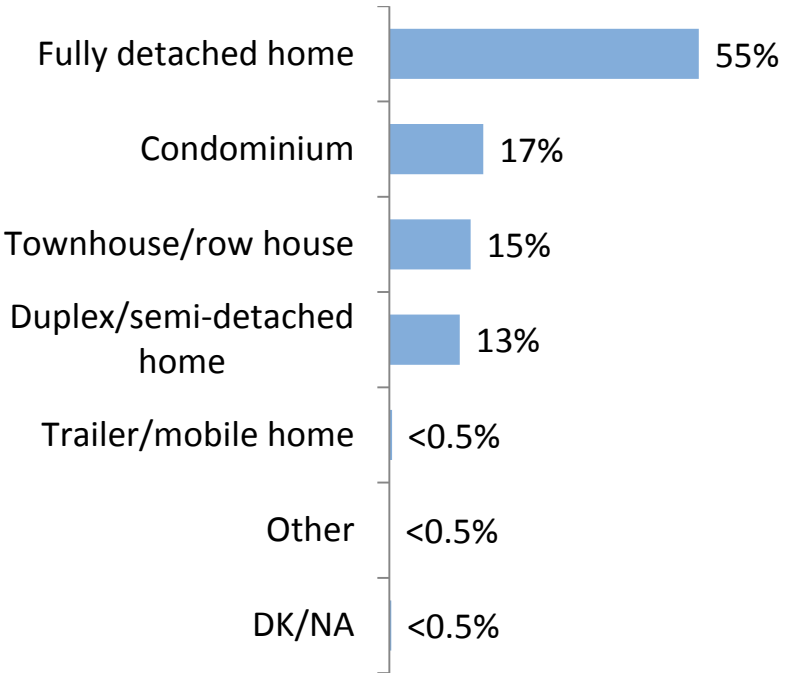
Methodology

- A total of 1,800 interviews were completed between February 5 to March 4, 2015.
- Interviewing targeted those aged 25-40 years of who had purchased their first home in the past 24 months. Oversampling in Toronto, Montreal, Calgary and Vancouver allows for deeper analysis in those cities.
- 77% are Millennials. Of the 20% who are immigrants, 62% are new to Canada, having arrived in the past 10 years.

Values are percent (%)	Total	Vancouver	BC	Calgary	Alberta	MB/SK	Toronto	Ontario	Montreal	Quebec	Atlantic
Unweighted Counts	1800	200	113	141	148	143	246	300	114	247	148
Weighted Counts	1800	32	205	58	141	121	138	560	87	334	125

Findings

Type of Home Purchases



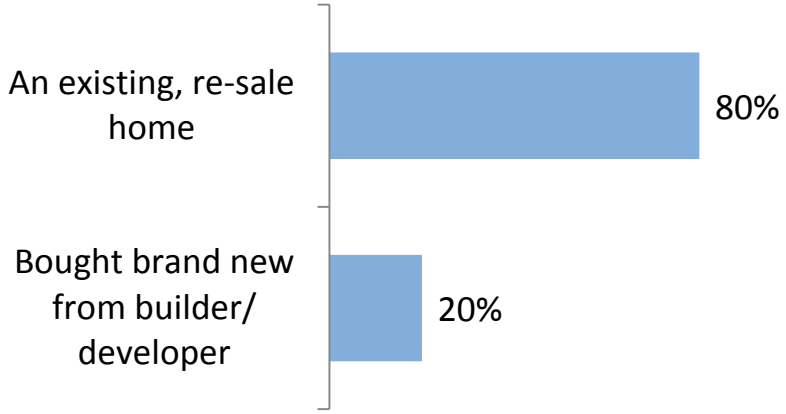
Findings:

- Over half (55%) of first-time homebuyers say they purchased a fully detached house.
- Just under two in ten purchased a condominium (17%) or a townhouse (15%).
- Just over one in ten (13%) purchased a semi-detached house.
- Those in Montreal (40%), Toronto (39%), Calgary (24%) and Vancouver (47%) are more likely to have purchased a condo. So too are those buying a home on their own (27%).

	Region										
	Total	Vancouver	BC	Calgary	Alberta	MB/SK	Toronto	Ontario	Montreal	Quebec	Atlantic
Condominium	17%	47%	16%	24%	13%	22%	39%	11%	40%	11%	5%
Townhouse/row house	15%	24%	19%	20%	10%	7%	19%	22%	12%	3%	7%
Duplex/Semi-detached	13%	3%	4%	7%	17%	6%	15%	16%	21%	12%	14%
Fully Detached	55%	25%	59%	49%	59%	66%	28%	51%	26%	72%	71%

Q9. What kind of home did you purchase?

Type of Home Purchases

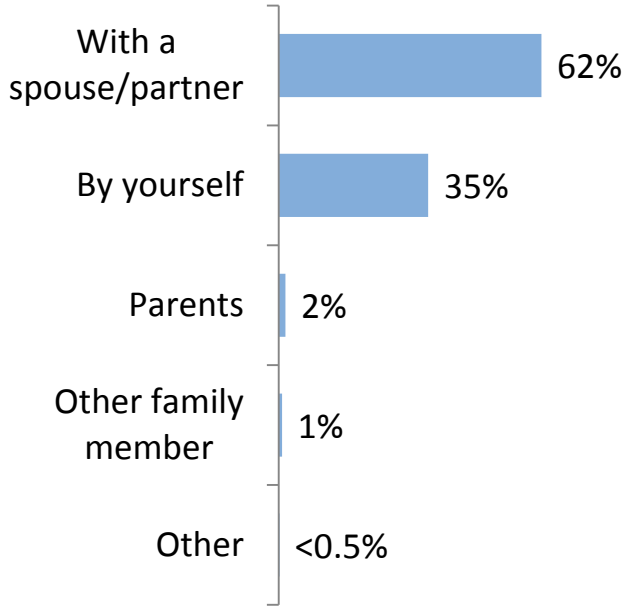


Findings:

- Eight in ten (80%) FTBs say they purchased a re-sale home while two in ten (20%) purchased a brand new home.
- Those in Calgary (31%), the rest of Alberta (31%) or Vancouver (36%) are more likely to say they bought a brand new home.

Q10. Was the home you purchased…?

Purchased With

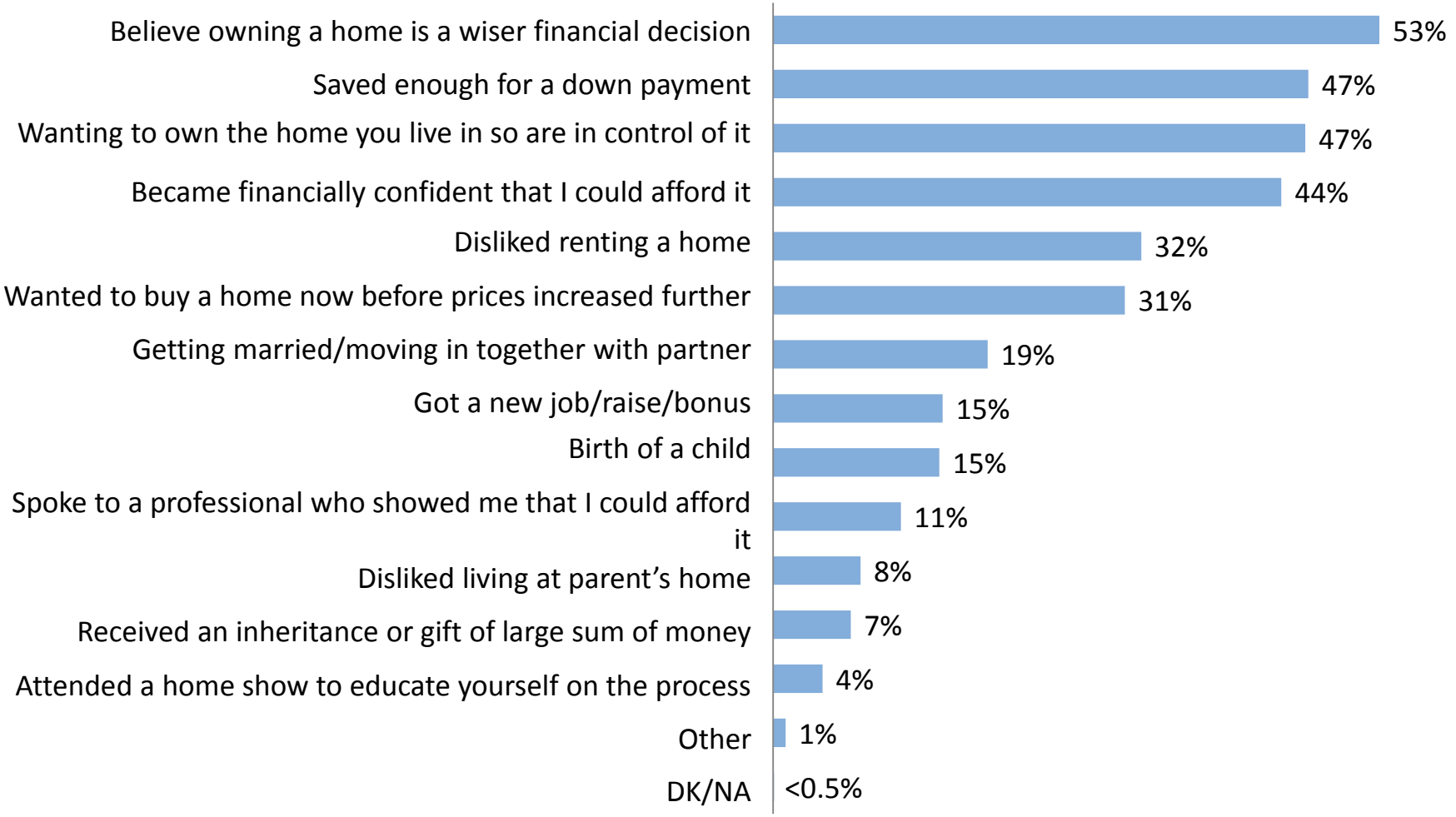


Findings:

- Six in ten (62%) purchased their home with a spouse or partner while just over one-third (35%) purchased the home on their own.
- Those in Toronto (47%) and Vancouver (44%) are more likely to say they bought their home on their own.
- Men are more likely than women to say they bought the home on their own (42% vs. 29%), while women are more likely to say they bought the home with their spouse or partner (69% vs. 56%).

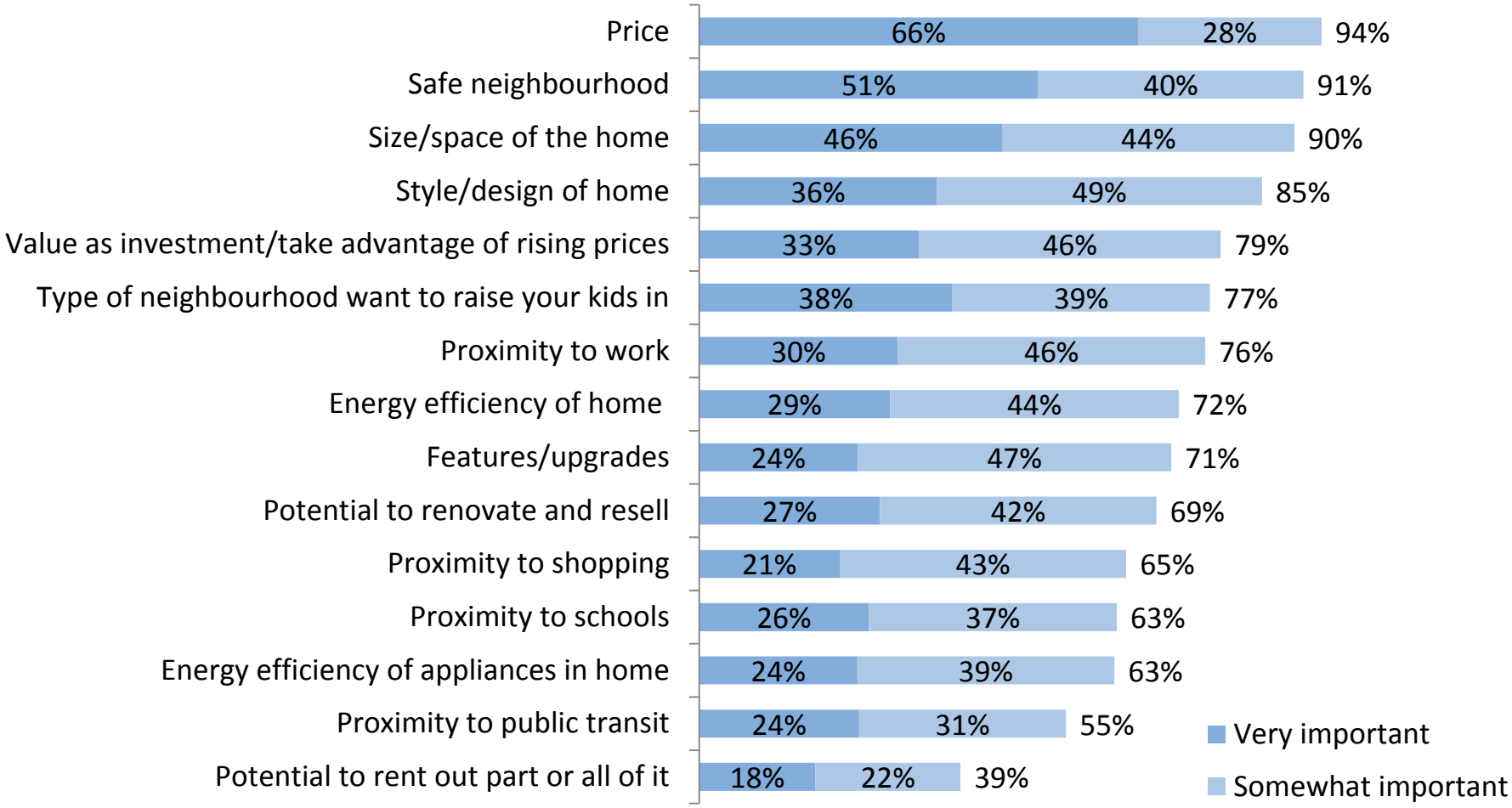
11. Did you purchase your home…

Motivation for Buying Home



Q14. Which of the following were motivations that led you to purchase a home rather than keep living where you were? *Select all that apply*

Importance of Home Characteristics



Q15. How important were each of the following as reasons for why you chose your current home?

Price Paid and Down Payment

	Median
Price paid for your home	$293K
Total down payment for your home	$34K
Size of the mortgage	$242K
Down payment as proportion of the total cost of the home	12%
Proportion with high ratio mortgages	63%

Findings:

- The median home price for first-time buyers is $293,000 and the median down payment is $34,000, representing 12% of the total home price.
- 63% indicate making a down payment of less than 20%, with those buying a detached home being more likely than those buying a condo to put down less than 20% (65% vs. 57%).
- Those in Calgary (73%) are more likely than those in Toronto (43%) and Vancouver (47%) to have put down less than 20%.

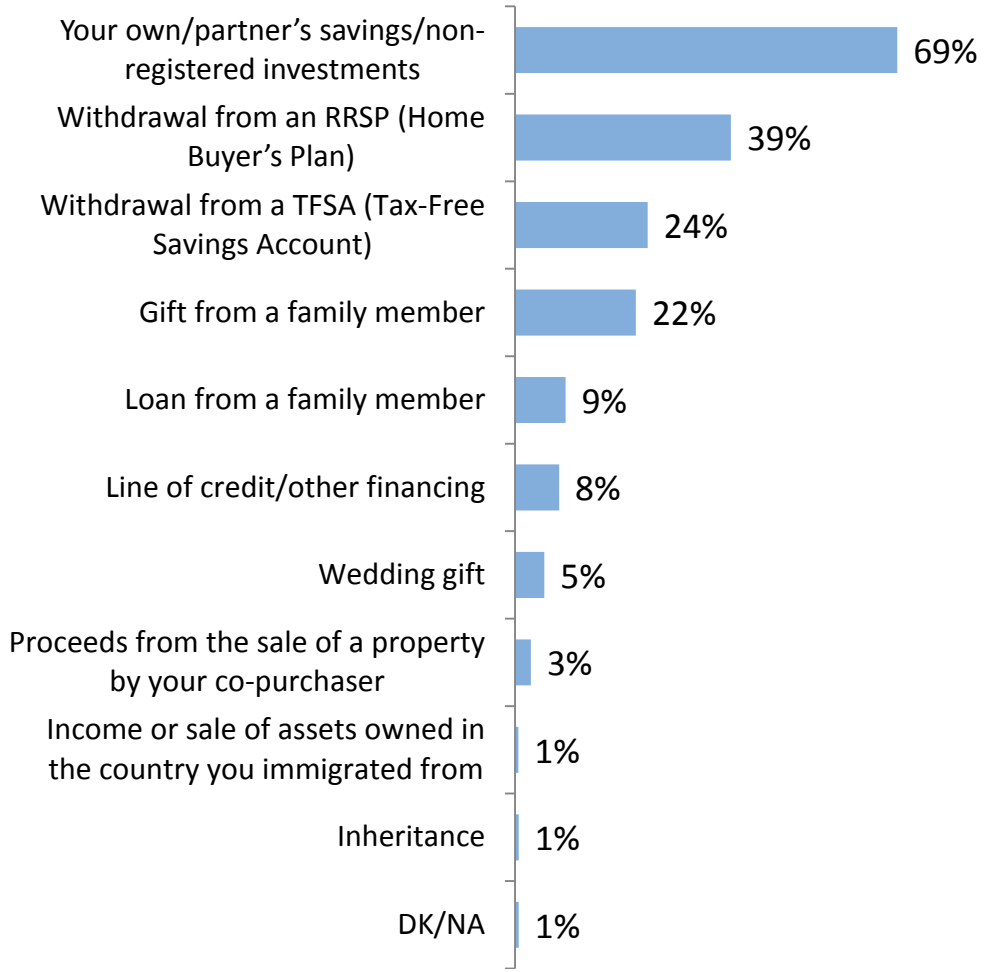
Q18.To help us understand home prices and mortgage financing please indicate the total purchase price of your home, as well as the down payment you made.

Price Paid and Down Payment

Median	Region										
	Total	Vancouver	BC	Calgary	Alberta	MB/SK	Toronto	Ontario	Montreal	Quebec	Atlantic
Price paid for your home	$293K	$420K	$300k	$370k	$330K	$275K	$425K	$325K	$250K	$203K	$185K
Total down payment for your home	$34K	$75K	$25k	$40K	$35K	$25K	$90K	$50K	$30K	$19K	$15K
Size of the mortgage	$242K	$316K	$245k	$307K	$302K	$235K	$320K	$273K	$225K	$178K	$161K
Down payment as proportion of the total cost of the home	12%	20%	10%	10%	10%	10%	21%	18%	13%	10%	8%
Proportion with high ratio mortgages	63%	47%	68%	72%	74%	70%	38%	51%	62%	77%	77%
Proportion getting gift or loan for DP	28%	40%	35%	31%	26%	33%	35%	28%	23%	20%	24%

Q18.To help us understand home prices and mortgage financing please indicate the total purchase price of your home, as well as the down payment you made.

Sources for Obtaining Down Payment

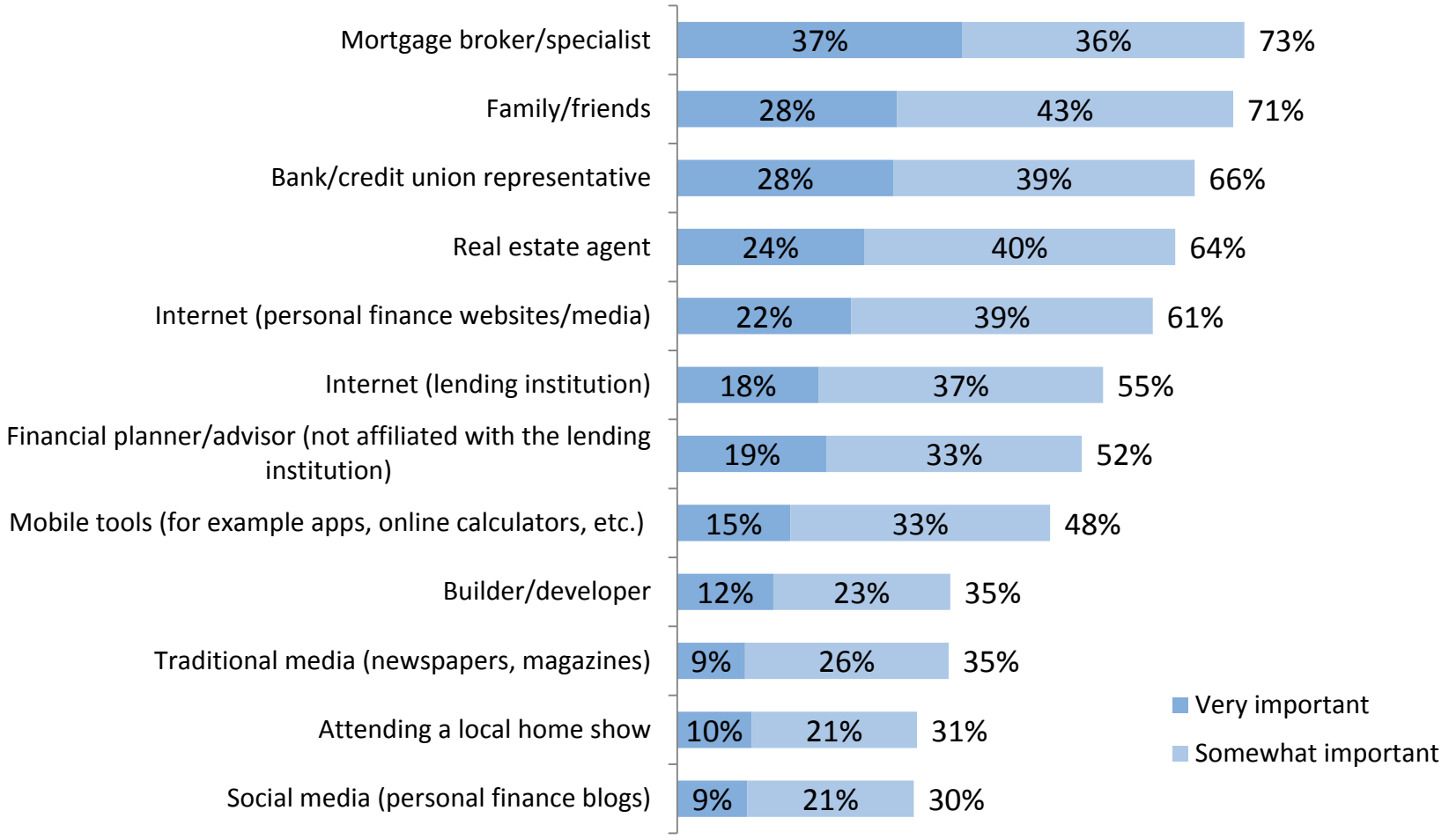


Findings:

- Seven in ten (69%) say they obtained funds for their down payment from their, or their partner's, savings or non-registered investments, while four in ten (39%) say they made a withdrawal from their RRSP.
- The proportion drawing from their own or their partner's savings is highest in Vancouver (75%) and Toronto (75%).
- Over two in ten say they withdrew money from their TFSA (24%). Combined, 28% received a gift (22%) or loan (9%) from a family member.
- FTBs in Vancouver and Toronto are also the most likely to receive loans or gifts from family members (40% and 35% respectively).

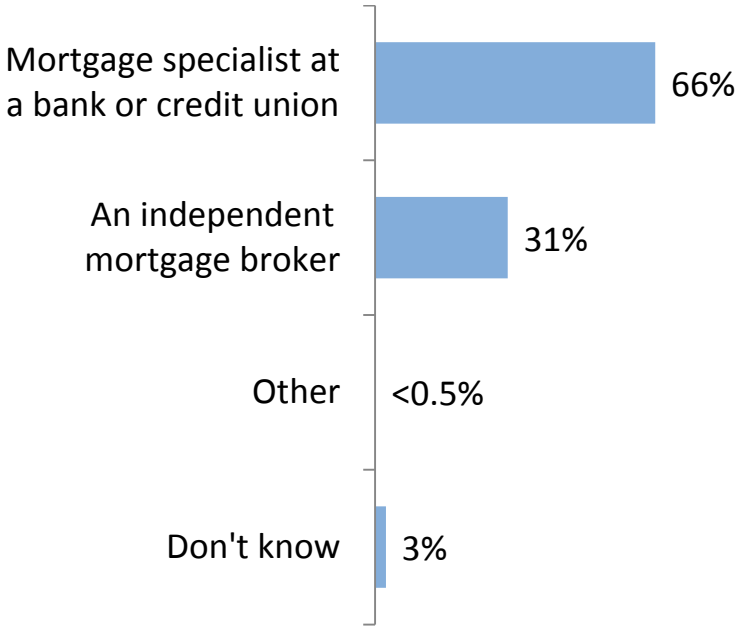
Q21. From which of the following sources did you obtain the funds for your down payment? *Select all that apply*

Importance of Sources of Information



Q26. How important were each of the following sources of information to you in helping you learn about your mortgage options?

Help in Obtaining Mortgage

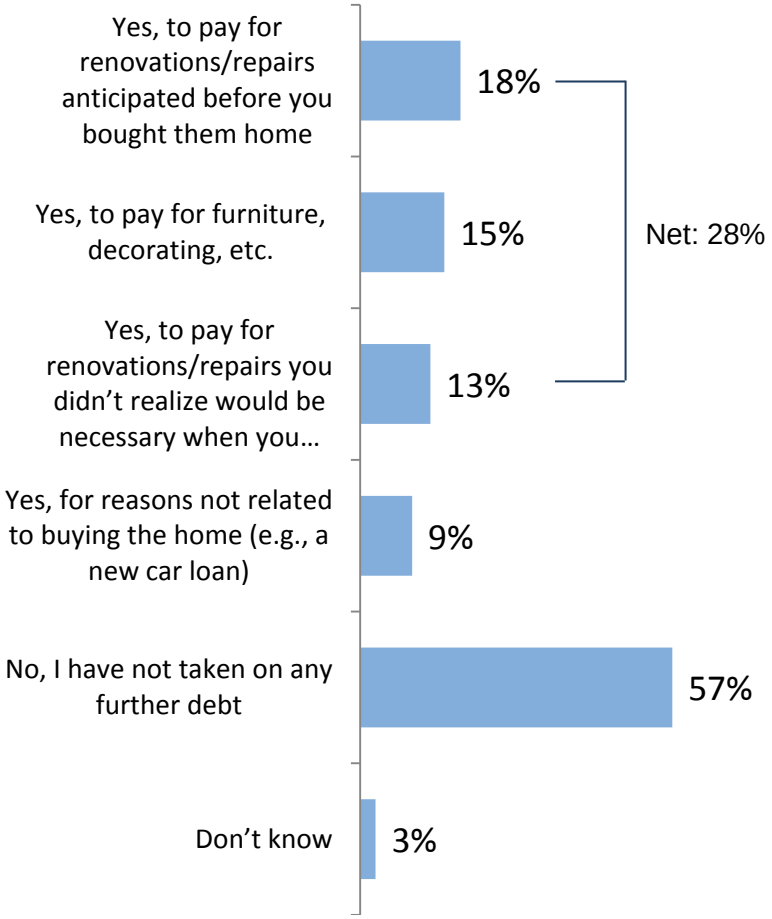


Findings:

- Two-thirds (66%) of first-time buyers say they consulted a mortgage specialist at a bank or credit union
- Three in ten (31%) say they consulted an independent mortgage broker.
- Those more likely to use an independent mortgage broker include those who put a down payment of 10% or less (36%), and those who use a different FI for their primary banking and mortgage (50%).

Q27. Which of the following did you work with to obtain your mortgage for your home?

Additional Debt Since Purchasing Home

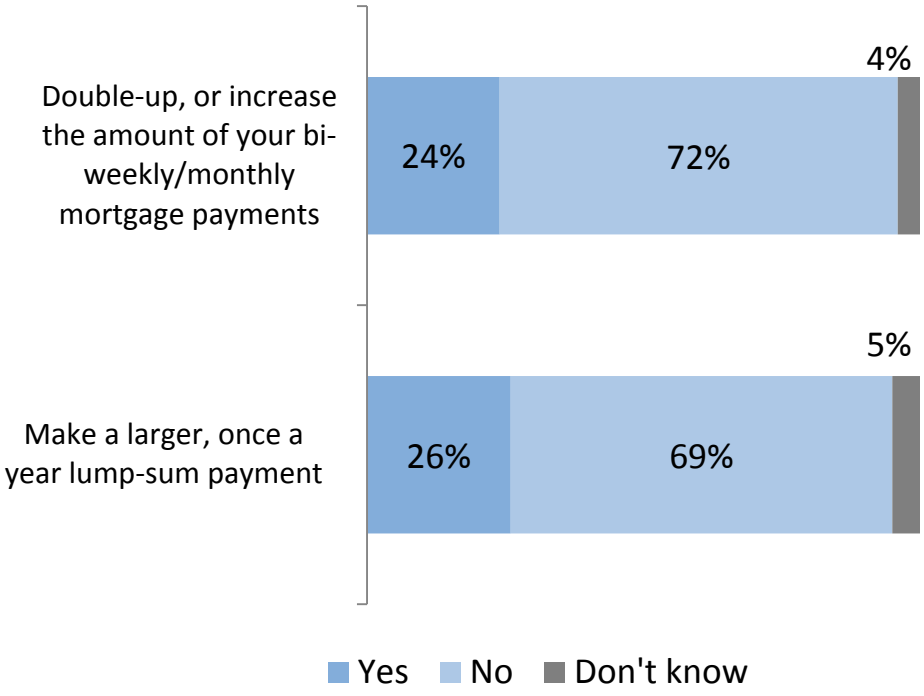


Findings:

- Under two in ten first-time buyers say they took on additional debt to pay for renovations they anticipated making when they purchased their home (18%), while 13% took on debt to pay for repairs or renovations they did not anticipate.
- 15% took on debt to purchase furniture or to decorate.
- Nearly six in ten (57%) have not taken on additional debt.

Q41. Since you bought your home, have you had to take on additional debt to cover any of the following? *Select all that apply*

Actions Taken in Past Year to Pay Off Mortgage Faster



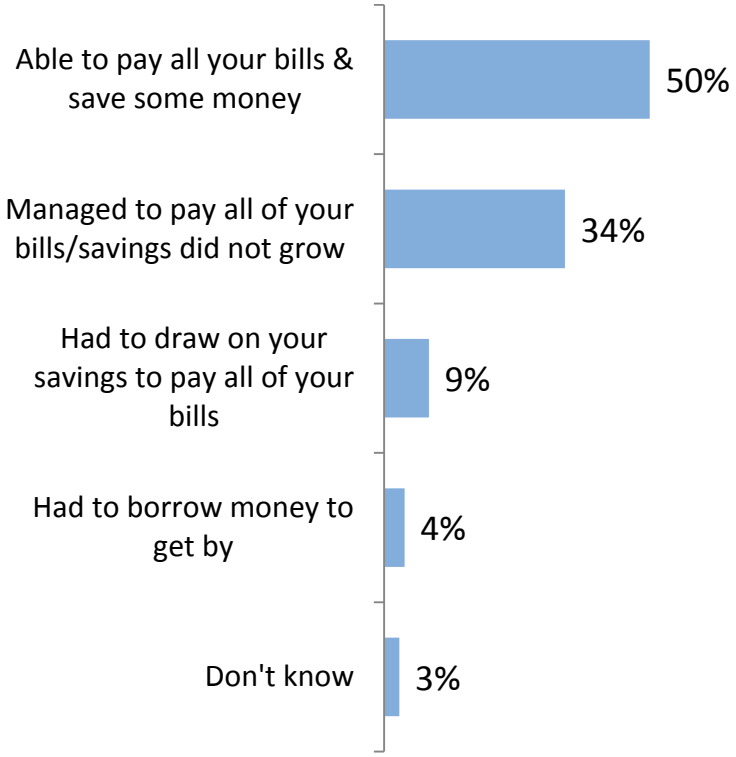
Findings:

- More than a third (36%) have taken steps to pay off their mortgage faster.
- One quarter of first-time buyers say they have doubled-up on or increased their mortgage payments in the past year (24%), and a similar proportion have made a once a year lump sum payment (26%).
- Fully 14% claim to have done both.

Q48. In the past year, have you done either of the following to pay off your mortgage faster?

Findings: Confidence and Financial Situation

Savings



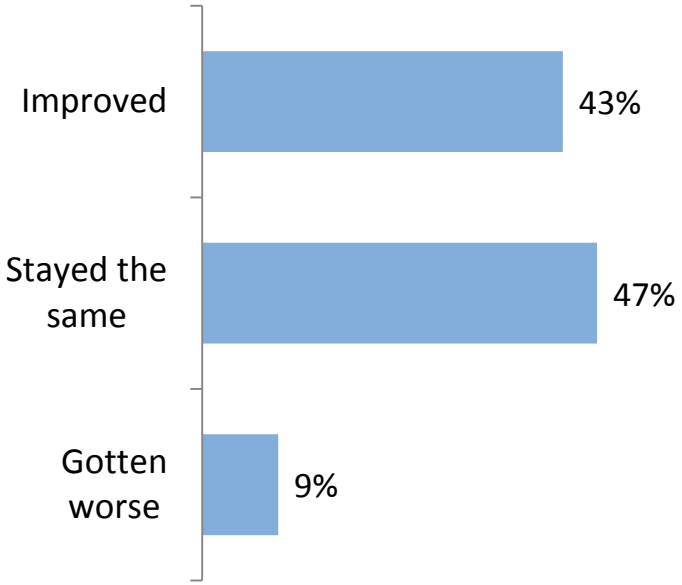
Findings:

- Half (50%) of first-time buyers say that over the past year they have been able to pay their bills and save money, while one-third (34%) were able to pay their bills but did not grow their savings.
- Nine percent had to draw on their savings to pay their bills and four percent had to borrow to get by.

* For comparison only.

Q43.Thinking of your financial situation over the past year, which of the following most accurately reflects your situation…?

Financial Situation



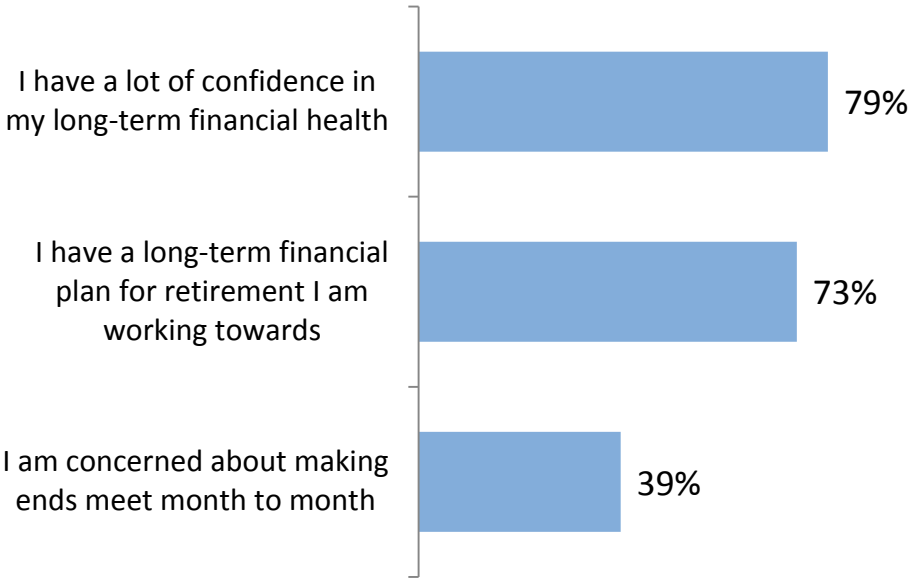
Findings:

- Just over four in ten (43%) say their financial situation has improved over the past year, while nearly half (47%) say their situation has not changed.
- Nine percent say their situation has gotten worse.

Q46. Compared to this time last year, has your financial situation…

* For comparison only.

Financial Attitudes



Findings:

- Eight in ten (79%) first-time buyers agree they have a lot of confidence in their long-term financial health while three-quarters (73%) agree they have a long-term financial plan for retirement they are working towards.
- Four in ten (39%) strongly (10%) or somewhat (29%) agree that they are concerned about making ends meet month to month.

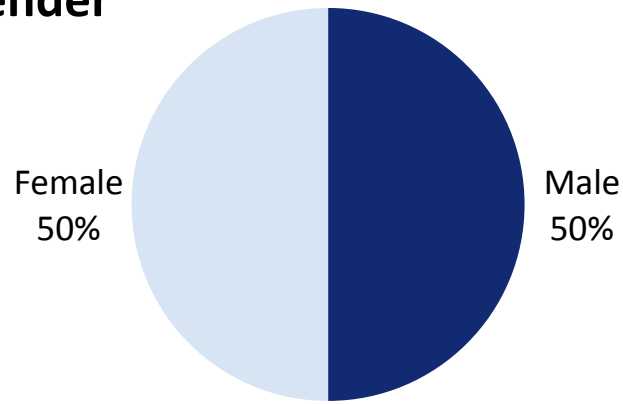
Q51. For each of the following, please indicate if you strongly agree, somewhat agree, somewhat disagree or strongly disagree….

* For comparison only.

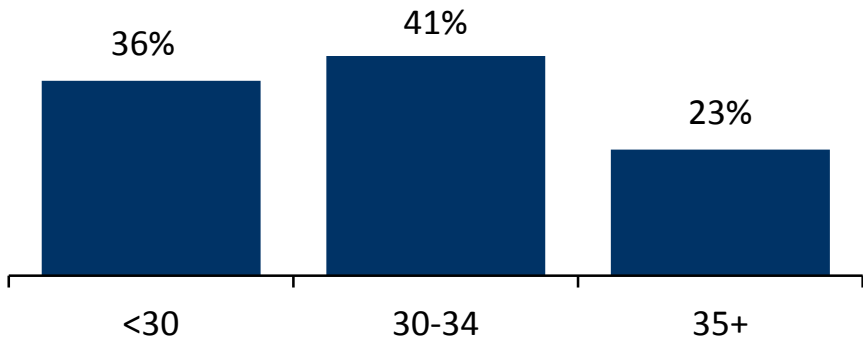
Appendix – Demographic Profiles

Respondent Profile

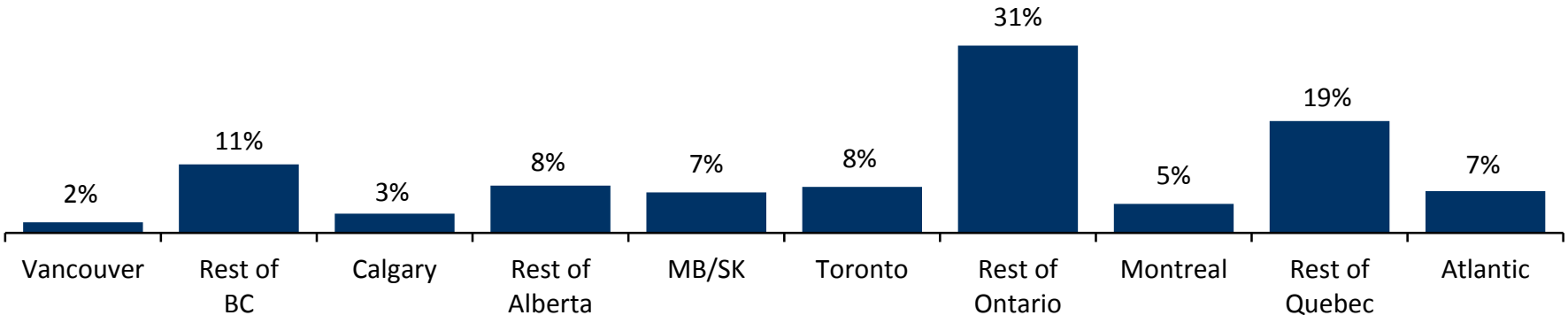
Gender



Age

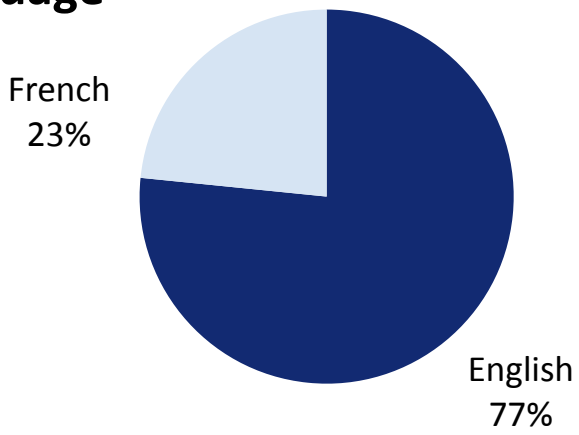


Region (weighted)

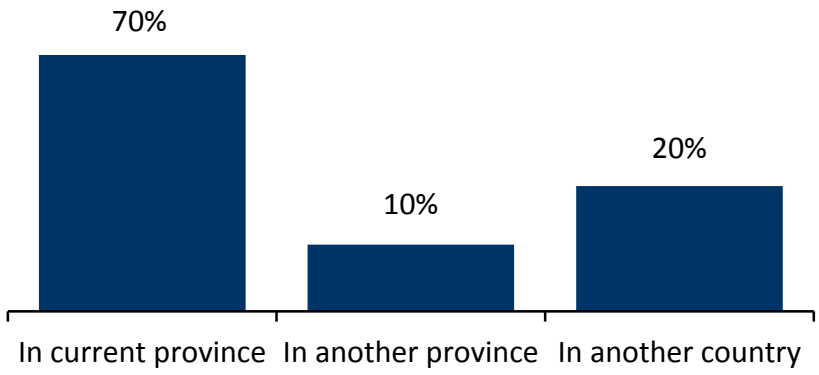


Respondent Profile

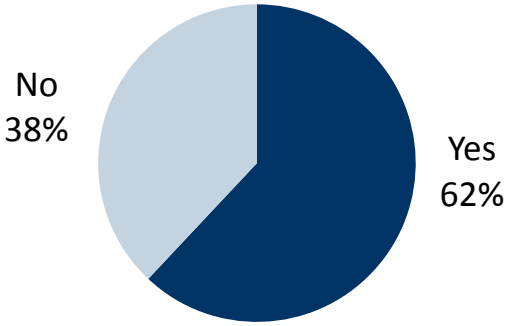
Language



Birth Place

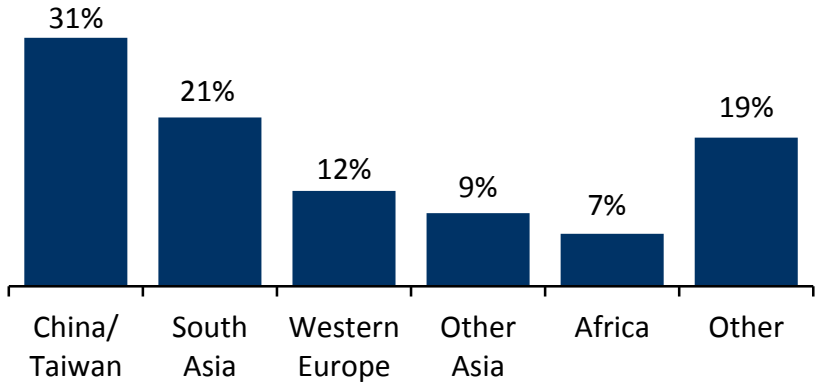


New to Canada (Immigrated 2004 or later)*



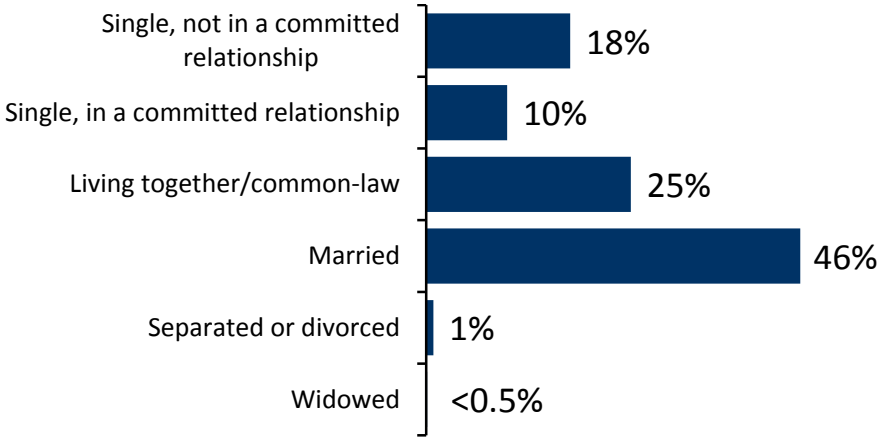
*If born in another country

Country Immigrated From*

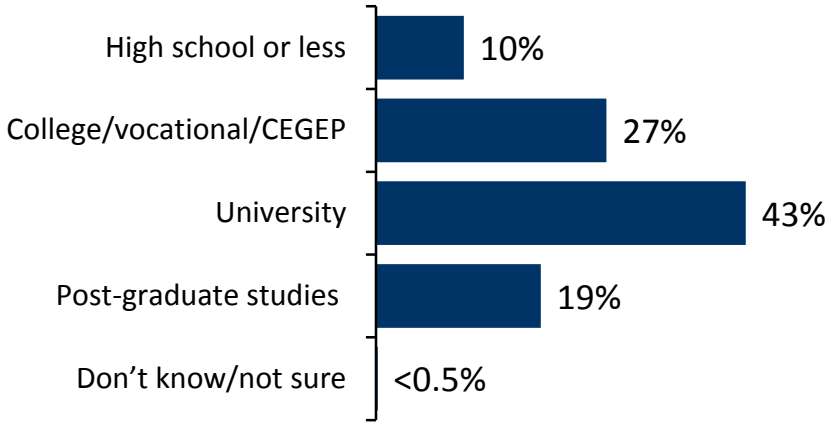


Respondent Profile

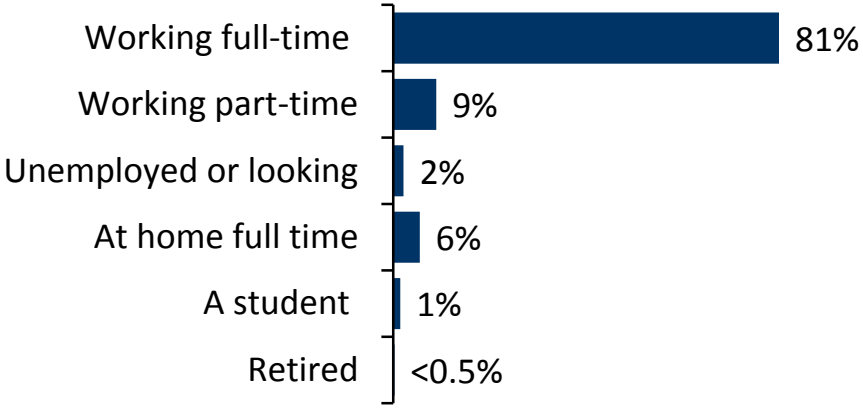
Marital Status



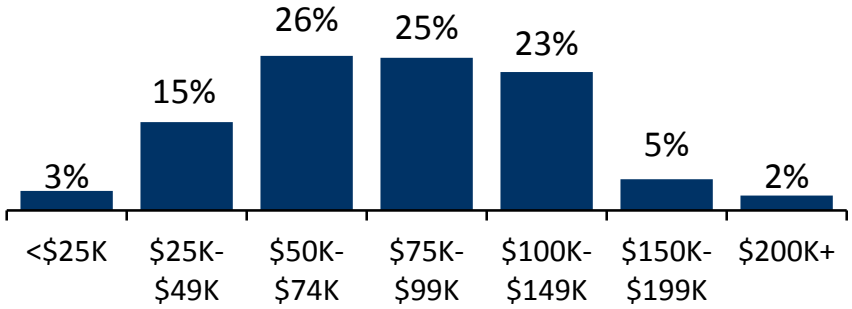
Education



Employment



Household Income



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