

## Consumer Confidence Returning to Real Estate Market

# Buyers

**By Brian Madigan LL.B.**

The Royal Bank of Canada just conducted its annual homeownership survey. Apparently, the majority of Canadians are saying it's a good time to buy. So, that means that consumer confidence appears to be returning.

The Royal Bank expects that the lower prices that are available now will lure purchasers back to the market over the next two years.

A survey was conducted of 2,026 consumers, in the second week of January, found that 65% believe it is a buyers' market in the second week of January and 27% indicated that they would purchase a home within two years. In terms of market timing:

“Additionally, almost half indicate it makes sense to buy a home now versus waiting until next year.”

“Young adults and renters are most likely to spark an upsurge in home sales...”,

“In the under-35 group, 48 per cent said they plan to buy, which is up sharply from 36 per cent last year. Renters also appear to be saying they are tired of paying someone else's mortgage payment, with 38 per cent planning to become homeowners in the next two years.”

Karen Leggett, the Royal Bank's head of home equity financing, said low mortgage rates “and favourable housing prices are influencing home purchase intentions this year and may be the reason why more Canadians are poised to purchase over the next two years.”

Ms. Leggett said the poll, conducted for the Royal Bank by Ipsos Reid, found that the vast majority of Canadians believe that the purchase of a home is a good investment. “The current economic environment does not appear to have dampened Canadians' overall confidence in the housing market,”

These comments are indicative of the mood among consumers. They recognize that this is a reasonable time to buy. Also, there is pressure at the lower end of the moment. That is where the market needs to begin.

The Bank of Canada prime rate was lowered on 3 March 2009 to one-half of one percent. Now, that's a low rate! The only problem is that you have to be a Canadian Chartered Bank in order to qualify. But, that is the base and all other rates are built on that. Variable rate mortgages are often at rates under 3% or 4%.

Some advertised rates are in the 2% range. This obviously represents an excellent opportunity at this time.

If you are a **buyer**, then you should be looking to **enter the market** soon!

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