

Vancouver would-be homebuyers becoming more hopeful

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Sentiment among would-be homebuyers continues to improve in B.C., according to an annual RBC homeownership study released on Monday.

The study reported that 36 per cent of B.C. residents in a recent survey conducted by Ipsos Reid said they are likely to purchase a home in the next two years, up from 26 per cent last year.

B.C. residents outpaced respondents elsewhere in the country with plans to put down the largest average downpayment - \$92,676 - citing good prices and low interest rates as motivators.

"What we are seeing in B.C. is cautious optimism, tempered by a healthy dose of reality," said Kevin Lutz, regional manager at RBC.

Tsur Somerville, a real estate expert at the University of B.C., welcomed the news, but added: "I tend to view 'Are you planning to buy something?' as not the most useful kind of information because, 'Am I planning to do something?' depends on what happens.

"I am a lot more interested in what happens in the economy than how many people are thinking about doing something."

"What it does do, [however], is track how people are perceiving the market, and it sounds like people are moving from, 'It's overpriced and the world is going to collapse,' to 'Oh, interest rates are very good and the world is not going to collapse.

"It's another form of describing conditions that we already know from sales and price movements and what is going on with interest rates," said Somerville, who is director of the centre for urban economics and real estate at UBC's Sauder School of Business.

"I think if the Bank of Canada raises interest rates a whole bunch, then this survey becomes rather worthless," he cautioned.

According to the poll, respondents across the country who said they are "very likely" to purchase a home in the next two years rose to 10 per cent from seven per cent two years ago.

Respondents aged 18 to 24 were particularly enthusiastic, with those saying they were very likely to buy almost doubling to 15 per cent from eight per cent in 2009.

After the record-low interest rates, increased supply and stable prices seen at the end of 2008 and in the beginning of 2009, the real estate market in Canada has been strong during the past 12 months. The average resale home in Canada reached \$337,410 in December 2009 - up 19 per cent from a year earlier -and sales were up 72 per cent, according to Canada Mortgage and Housing Corporation.

The poll of 2,047 Canadian adults was conducted online by Ipsos Reid between Jan. 8 to 13, 2010 and is considered accurate to within 2.2 percentage points, 19 times out of 20.

With file from Julie Fortier, Canwest News Service

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