Homebuyer Trends – What Canadians Want

Canadian Home Builders' Association

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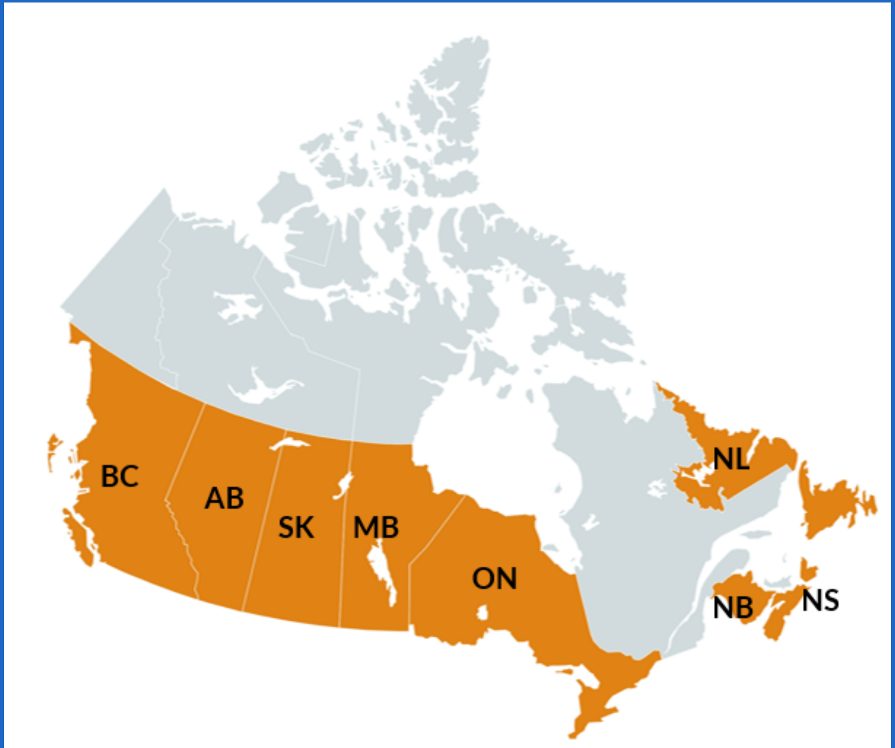


2020 CHBA Homebuyer Preference Study

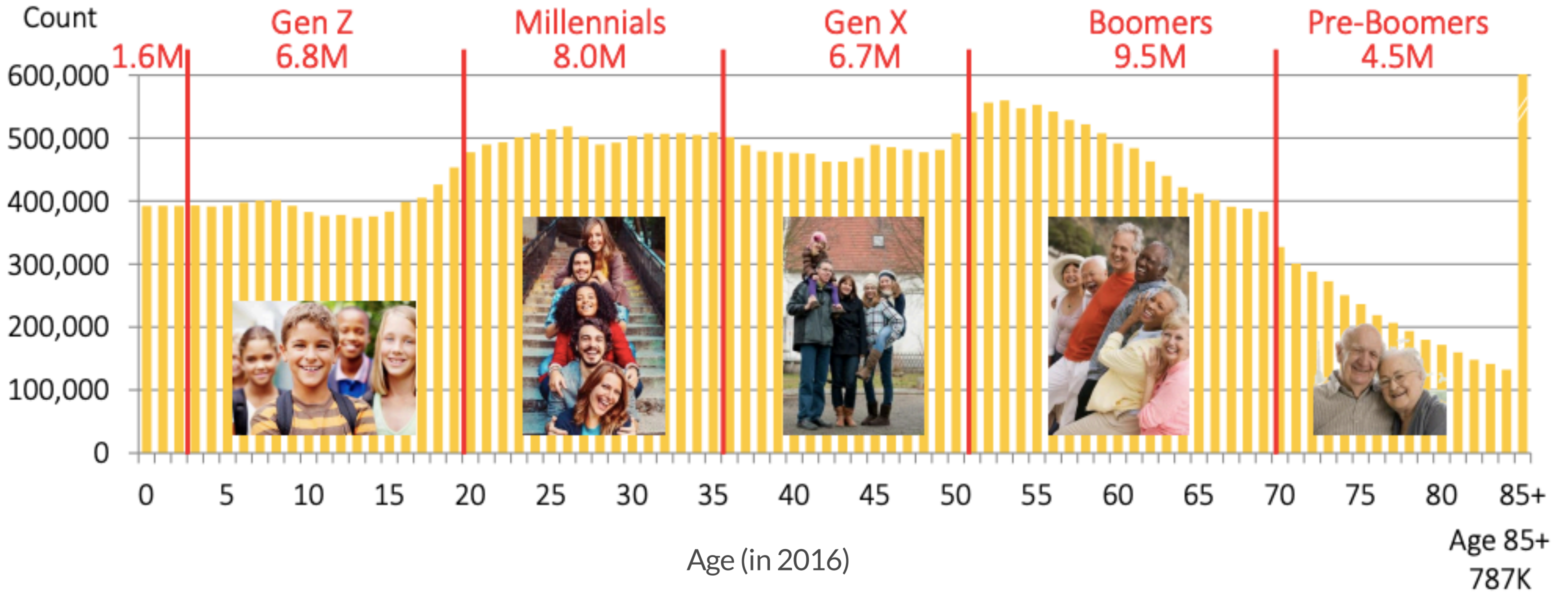
powered by Avid Ratings

- 6th year of research study
- Surveyed 27,674 new homebuyers
  - 130,559 surveyed since Year 1
- Received 2,615 responses
  - 15,335 responses since Year 1
- 115 participating builders
- 8 participating provinces
- Surveys fielded from 12/14/19 to 02/24/20

Research Study Data

- Today's Homebuyers
  - Who they are
  - How they shop
  - Future purchasing considerations
- Home Features & Design Preferences
  - Design/layout elements
  - Products & materials
- Community Amenities & Proximity Preferences

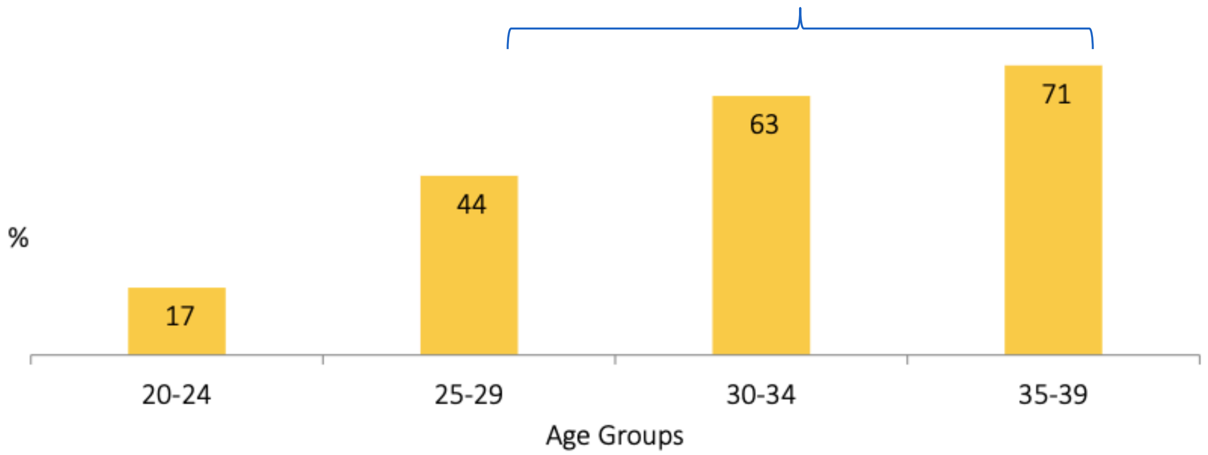
Population by Age in Canada (2016)



Source: Statistics Canada, Demographic Estimates

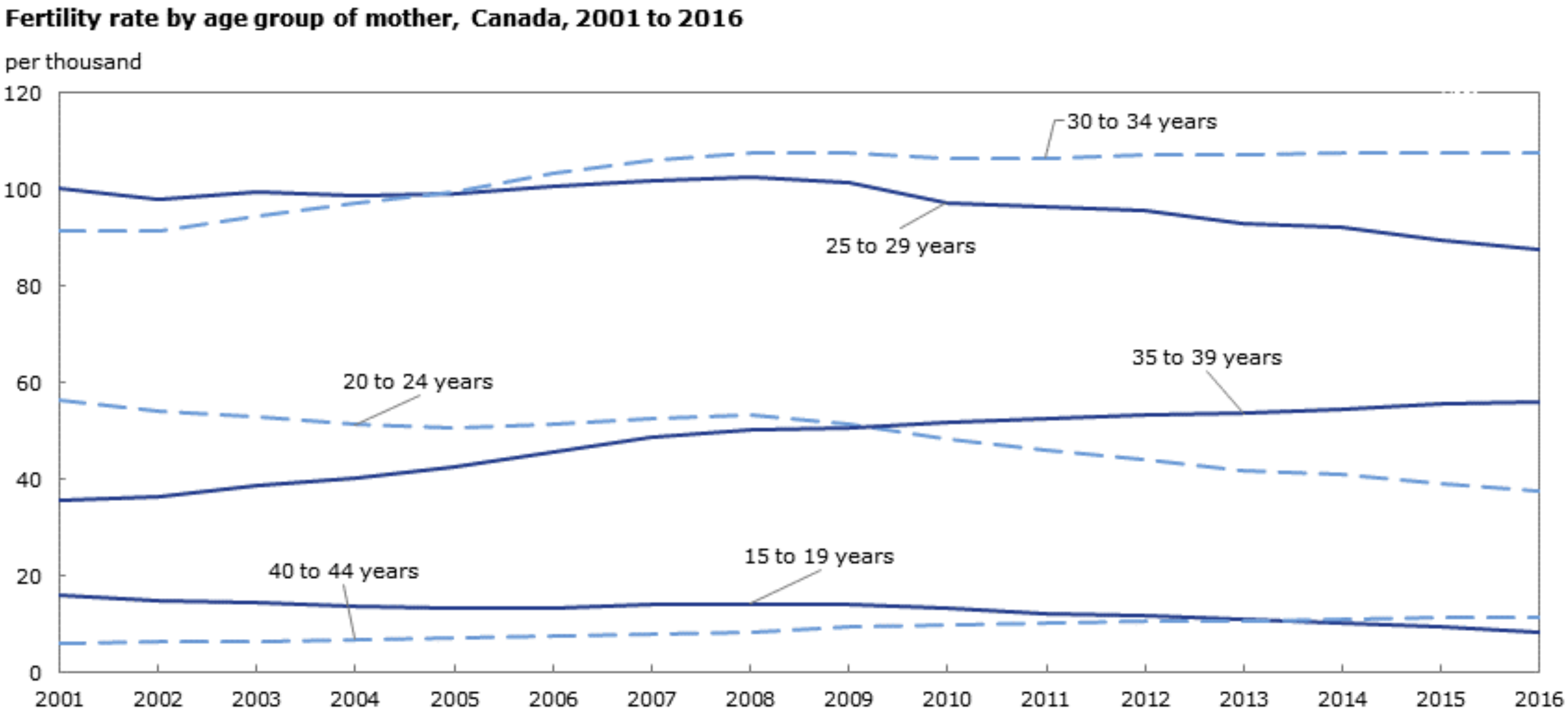
Millennials are in the typical household formation stage of life

Percent of Millennials Married or Common-Law, Canada, 2016



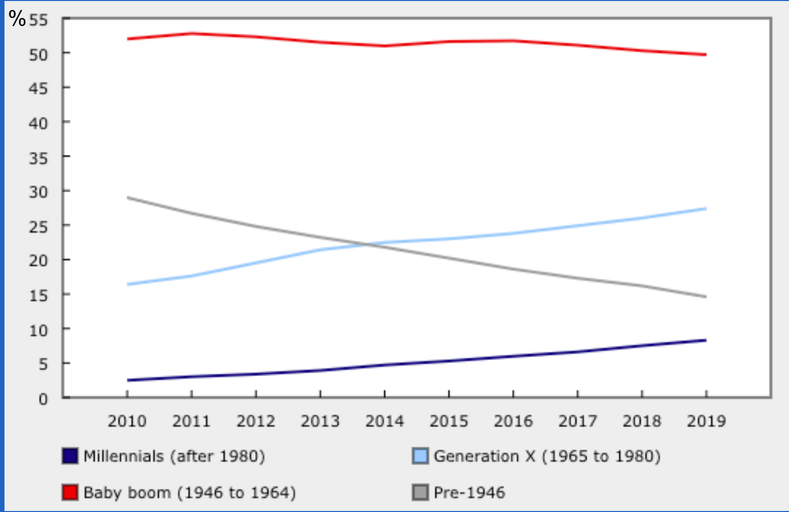
Source: Statistics Canada, Demographic Estimates

Millennials are waiting longer to have children



Source: Statistics Canada, Canadian Vital Statistics, Births Database 2001 to 2016

Baby-boomers’ retirement decade

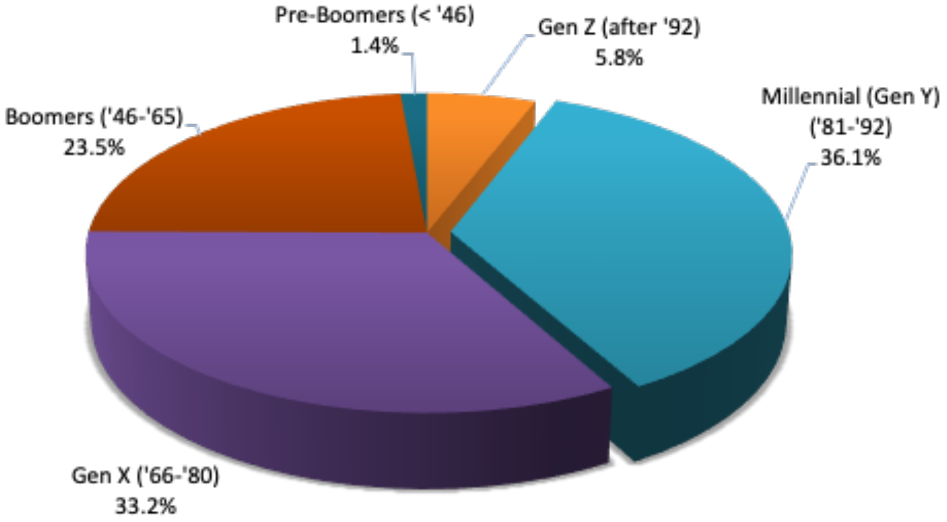


Share of wealth by generation, 2010 to 2019, %

	Millennials (after 1980)	Generation X (1965 to 1980)	Baby boom (1946 to 1964)	Pre-1946
2010	2.5	16.4	52.0	29.0
2011	3.0	17.6	52.8	26.7
2012	3.4	19.5	52.3	24.8
2013	3.9	21.4	51.5	23.2
2014	4.7	22.5	51.0	21.8
2015	5.3	23.0	51.6	20.2
2016	6.0	23.8	51.7	18.6
2017	6.6	24.9	51.1	17.3
2018	7.5	26.0	50.3	16.2
2019	8.3	27.4	49.7	14.6

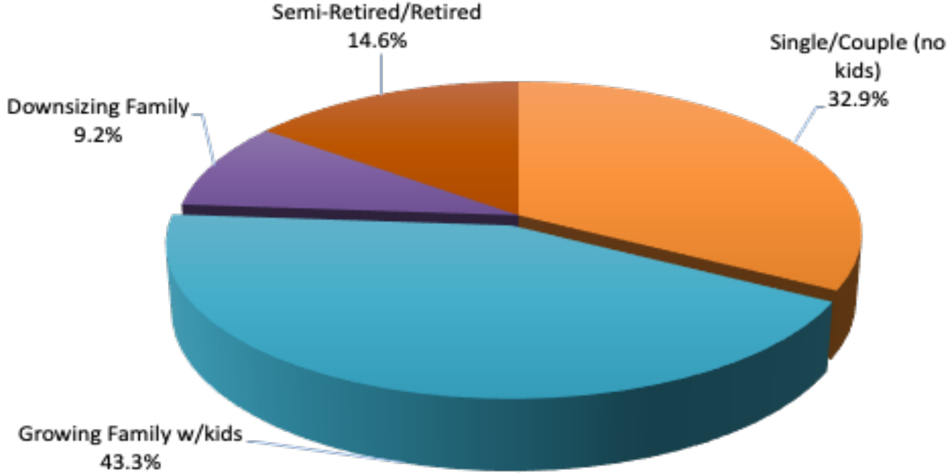
Source: Statistics Canada, June 26, 2020

Today's new homebuyers by age group



- Millennials became the largest cohort of new homebuyers in 2019 and continue to hold that spot in 2020 (but show a decline from 2019)
- Gen X has decreased from 45.2% since 2015
- Boomers have increased from 13.7% in 2015
- Gen Z continues to emerge in the housing market, up from 4.7% last year

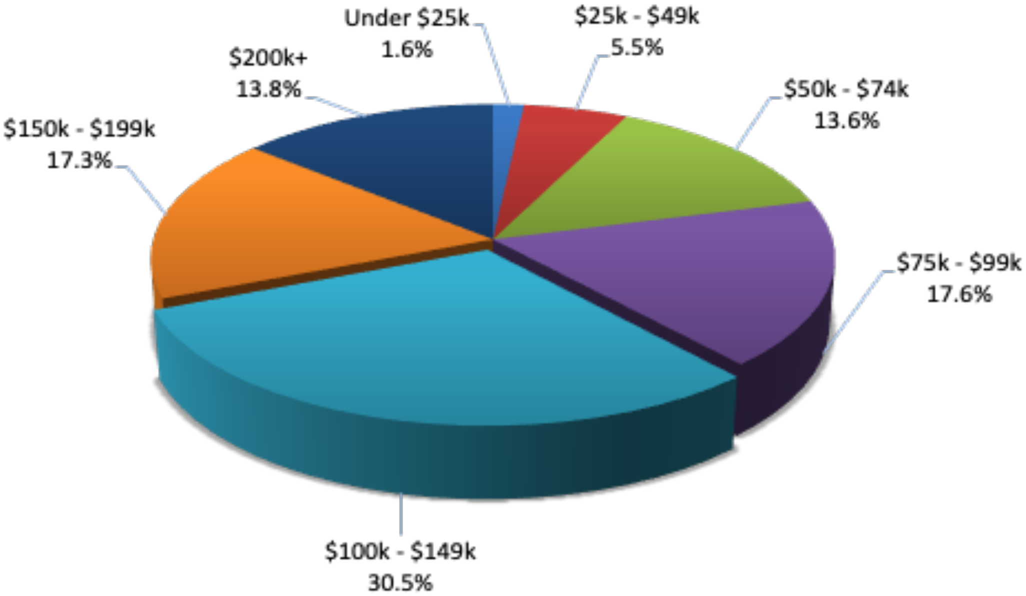
Life stages of today's new homebuyers



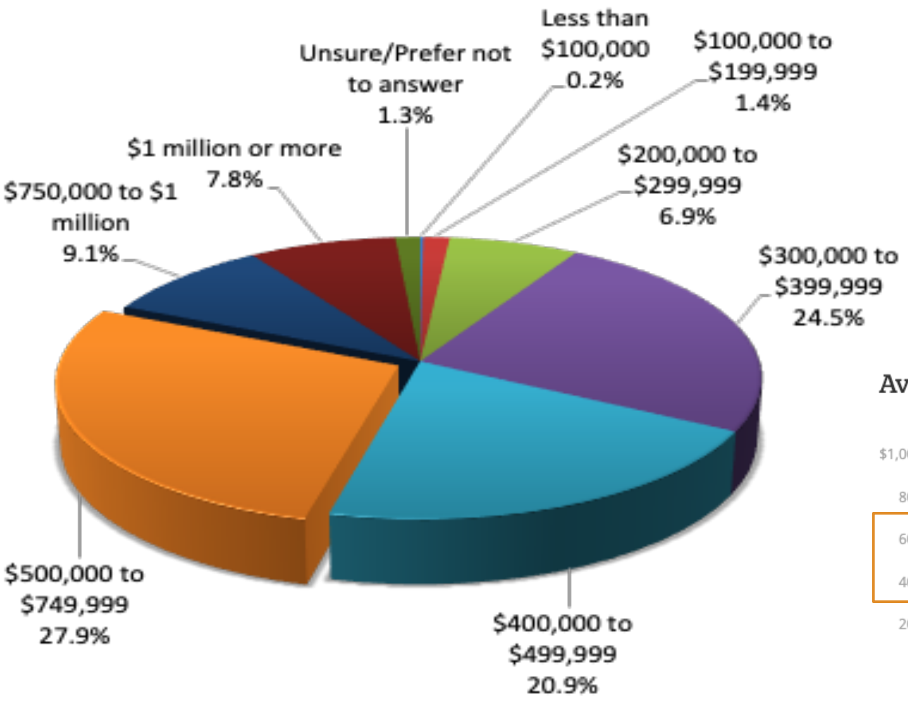
- Growing family with kids segment has increased from 39.6% in 2015
- Single/couple (no kids) segment has decreased from 42.4% in 2015
- Semi-retired/retired segment has increased from 5.8% in 2015

Income level of today's new homebuyers

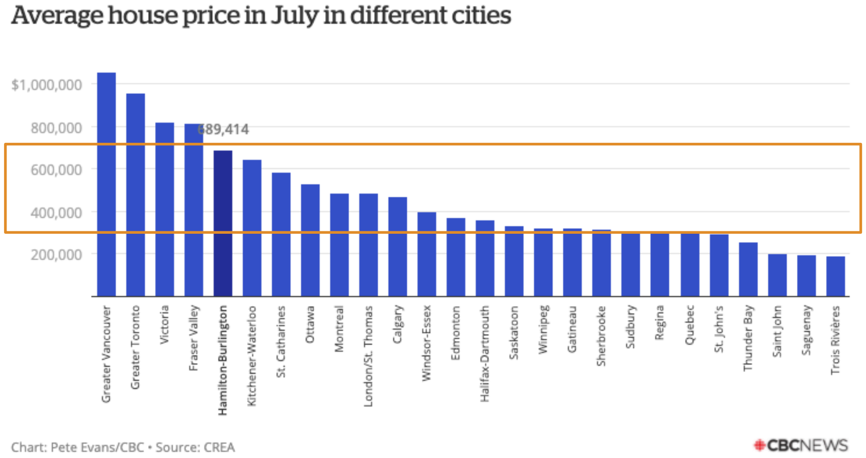
- 61.6% of new homebuyers have an annual income of $100,000 or more in this year's study
- Homebuyers with annual income greater than $150,000 have increased from 21.1% to 31.1% since 2015
- 20.7% of homebuyers have an annual income under $75,000



Price of homes purchased by today's new homebuyers



- 73.3% of homebuyers purchase homes priced between $300,000 and $749,999
    - Largest segment is the $500,000 to $749,999 range



How today's new homebuyers shop & make a decision

Ranking of resources used to find a builder & to make a final purchase decision

Finding a builder:

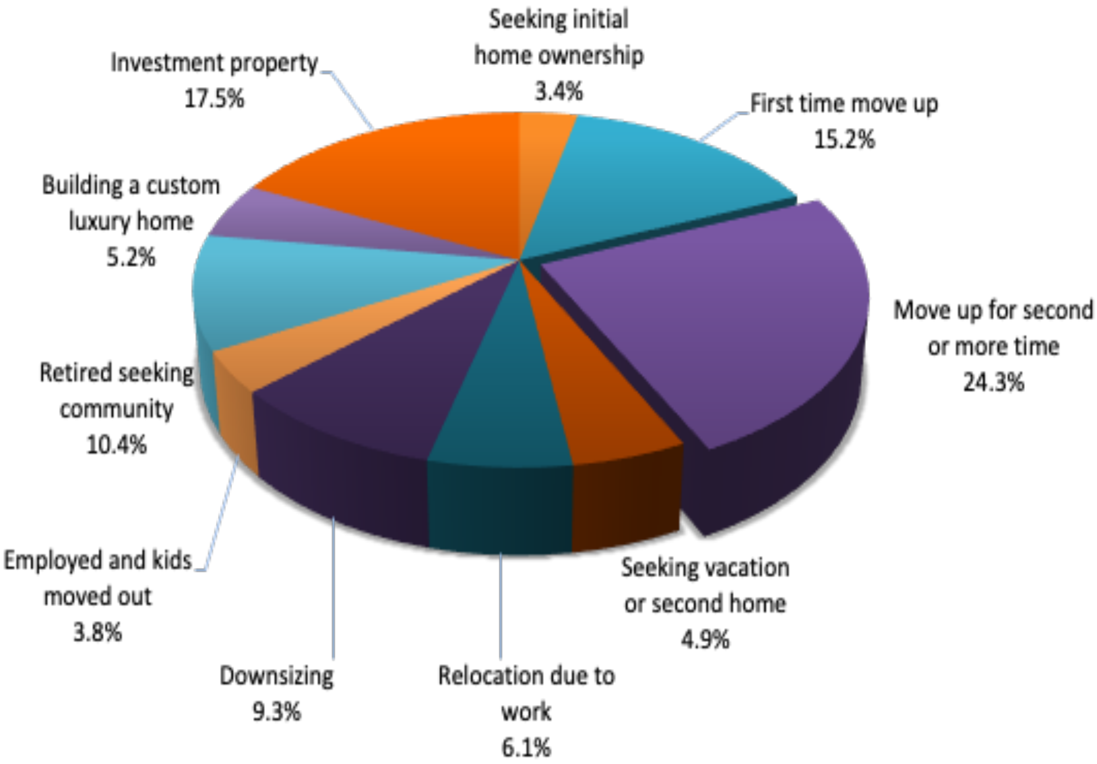
1. Visit model homes/sales centres
2. Drove through communities
3. Internet/search engines
4. Builder's website
5. Referral
6. Other home/listing websites
7. Social media
8. Realtor
9. Direct mail
10. Magazine
11. Newspaper

Final Purchase Decision:

1. Pricing information
2. Model homes/sales centres
3. Floor plan drawings
4. List of available features/selections
5. Photo galleries of model homes
6. Lot information
7. Online interactive floor plans
8. Customer reviews
9. Virtual tours of model homes
10. Builder's website
11. Online home feature selection tools
12. Mobile-friendly website
13. Referral
14. Virtual community tours
15. Videos of the community
16. Customer testimonial videos

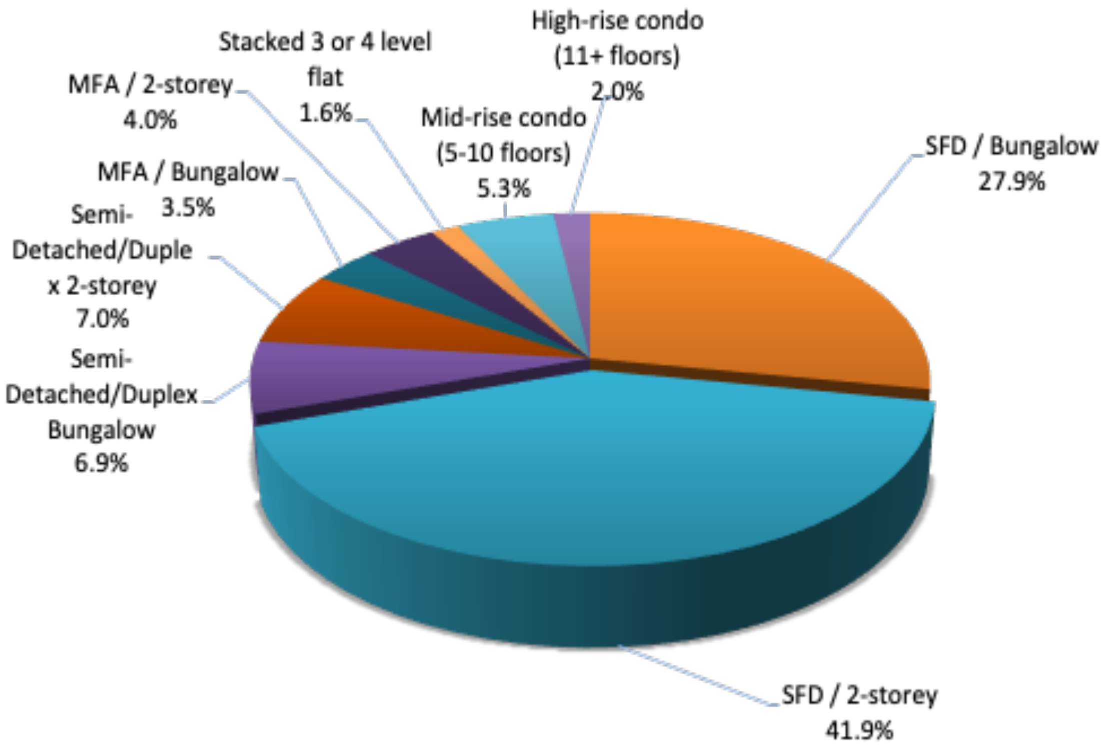
Profiles of today's homebuyers

- First move-up (i.e. purchasing 2nd home) decreased from 19.9% in 2015
- Second or more move-up (i.e. purchasing 3rd home or more) decreased from 34.9% in 2015
- Retired segment increased from 6.8% in 2015
- Investment property segment up from 10.9% in 2015



"Next home" preference of today's new homebuyers

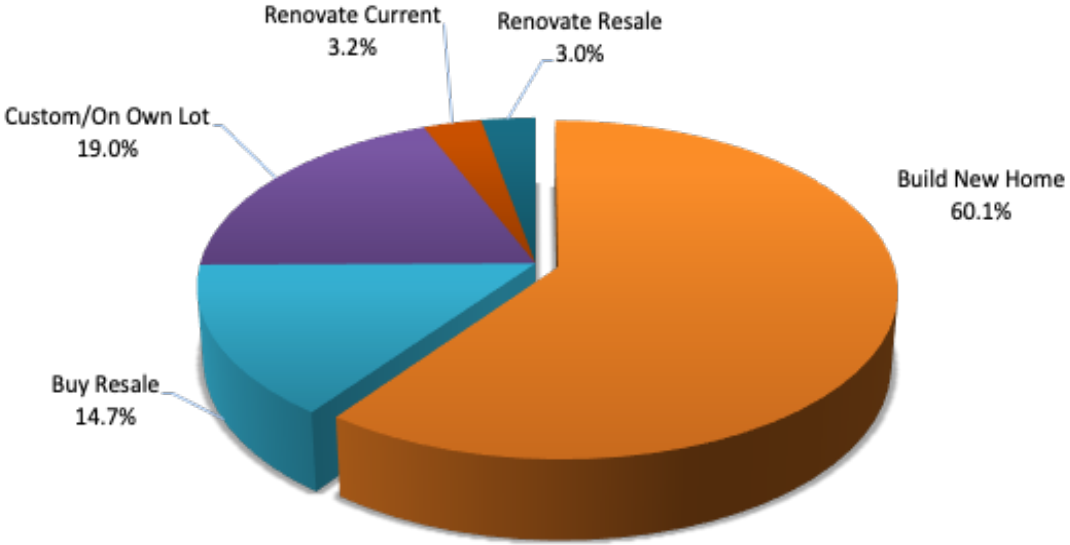
Canadian Home Builders' Association



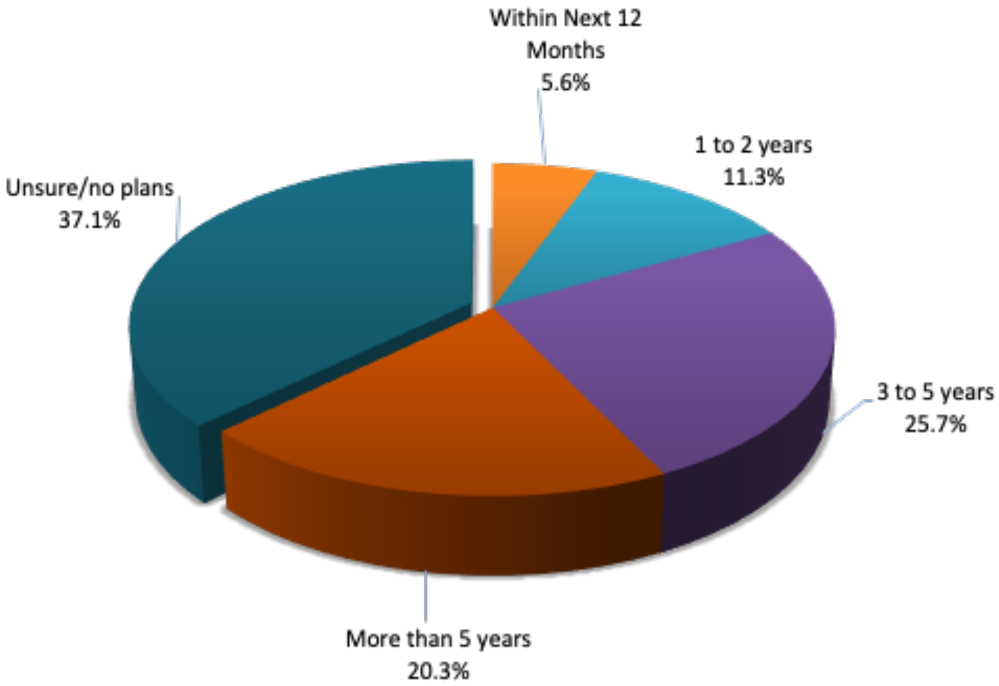
- 69.8% will be seeking a single-family, detached home type
  - This has increased from 55.7% in the first year of the study
- 44.6% of homebuyers will be seeking 4 or more bedrooms
  - 40.2% will be seeking 3 bedrooms
- 35.4% will be seeking home size between 1,800 and 2,400 sq. ft.
  - Largest segment (18.4%) in the 1,800 to 2,100 sq. ft range
  - 30.8% will be seeking home size between 1,200 and 1,800 sq. ft

”Next home preference of today’s homebuyers

- 79.1% plan to buy or build a new home for their next home
  - An increase from 72.9% in the first year of the study
- 74.4% indicate that they were satisfied with their new home builder



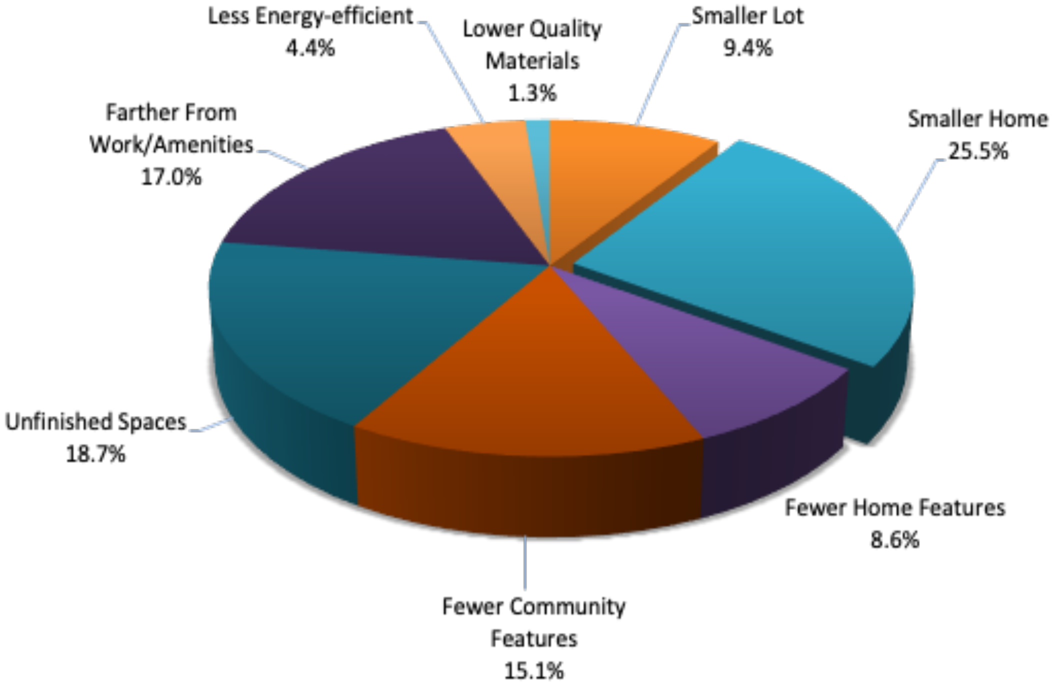
"Next home" purchase timing today's new homebuyers



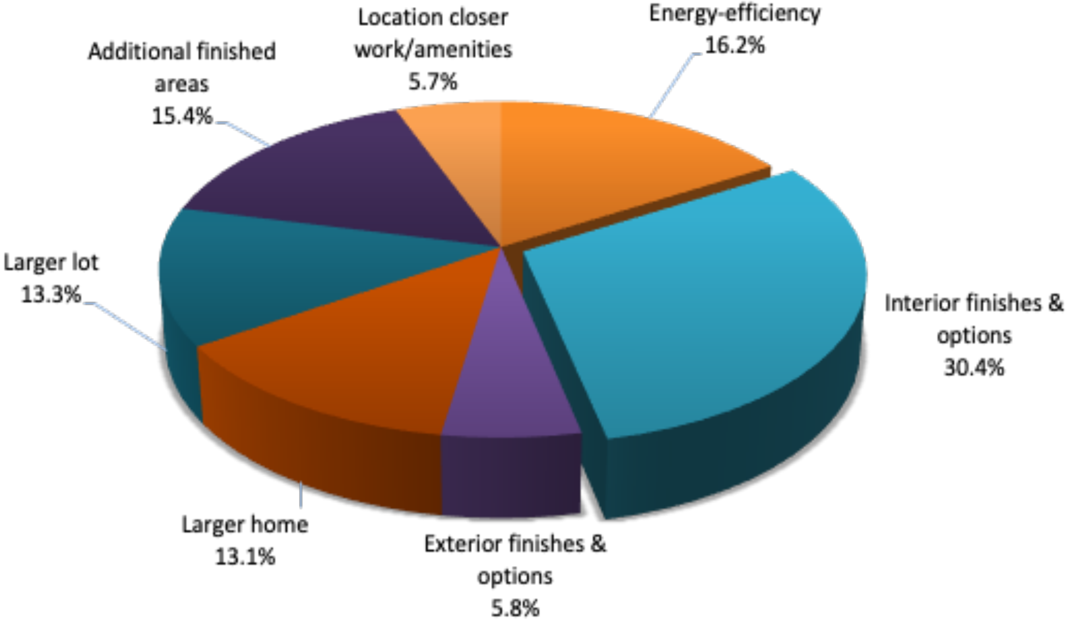
- 42.6% of respondents plan to purchase in 5 years or less
  - 1 to 2 years segment decreased from 13% in 2015
  - 3 to 5 years segment decreased from 27.8% in 2015
- The Unsure/no Plans segment has increased from 29.4% in 2015

Most willing to accept to make next home more affordable

- Largest segment would accept a smaller home
  - This segment has increased from 22.4% in year one
- Unfinished Spaces segment has remained consistent since 2015
- Farther From Work/Amenities decreased from 20.3% in first year of study
  - *How will this trend be impacted moving forward?*



Would spend extra $10,000 on next home if possible.



- Gainers over 5 years
  - Energy-efficiency
  - Exterior Finishes & Options
  - Larger Home
  - Location Closer to Work/Amenities
- Decliners over 5 years
  - Interior Finishes & Options
  - Larger Lot
  - Additional Finished Areas

Home Features

Preferences of today's homebuyers

Top 10 Features

1. Energy-efficient appliances
2. Walk-in closets
3. Overall energy-efficient home
4. High-efficiency windows
5. Kitchen island
6. Open-concept kitchen
7. Large windows
8. Linen closets
9. Air exchange system (HRV/ERV)
10. Two-car garage

Bottom 10 Features

1. Stucco exterior
2. Cherry cabinets
3. Outdoor bar/eating area
4. Hobby/games room
5. Vinyl siding
6. Whirlpool tub
7. One-car garage
8. Four-car garage
9. Laminate countertops
10. No garage/open parking

Kitchen

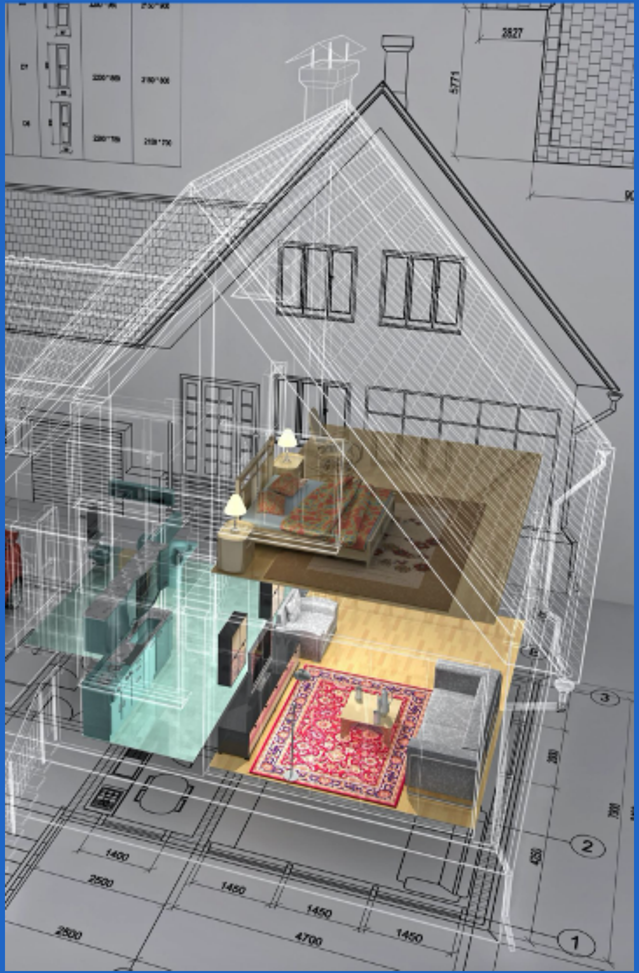
- Top 3 ranked features
  1. Energy-efficient appliances*
  2. Kitchen island*
  3. Open-concept kitchen*
- Quartz countertops highest-ranking countertop material
- Maple is the highest-ranking cabinet material
- Smart appliances desirable to 58.4% of homebuyers

Primary Suite

- Top 3 ranked features:
  1. Walk-in closets*
  2. Double sinks
  3. Oversized shower
- Main-floor primary suite continues to increase in importance
- Tubs continue the steady decline seen since 2015
- 2nd primary suite is desirable to 35.2% of homebuyers

Interior Features

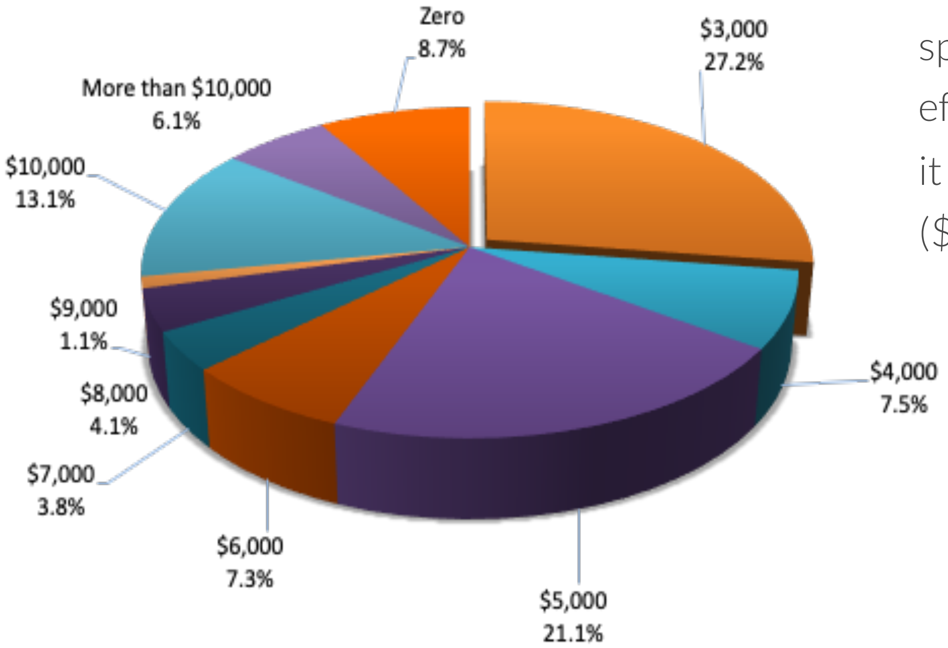
- Top 3 ranked features
  - Walk-in closets*
  - Large windows*
  - Linen closets*
- Formal dining room trending upwards
- Formal living room trending upwards
- *Home office desirable to 60.3% of homebuyers*
- Special-purpose rooms (e.g. hobby/games, home theatre) rank lowest in section



Efficiency/Sustainability

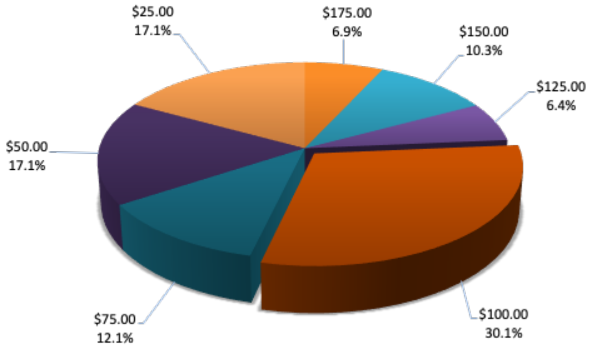
- Top 3 ranked features
  - Energy-efficient appliances*
  - Overall energy-efficient home*
  - High efficiency windows*
- Certification by 3rd party rating system just missed Top 10 List overall
- LED lighting trending upwards in importance since 2015
- Solar electric trending upwards over 6 years (solar thermal trended down slightly from last year)
- HRV/ERV placed in Top List overall

Investment for energy-efficient features in next home



Extra Amount Willing to Spend on Next Home to Save $1,200 per Year on Utilities

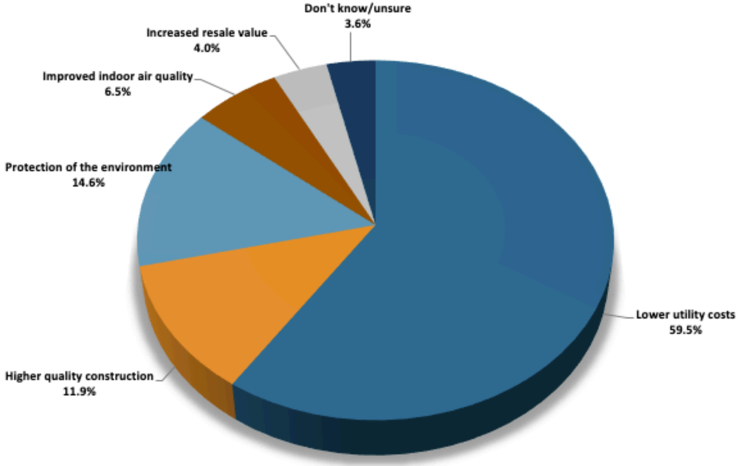
- 55.2% of homebuyers are willing to spend up to $5,000 extra on energy-efficient features in their next home if it could save them $1,200 per year ($100 per month) on utility costs



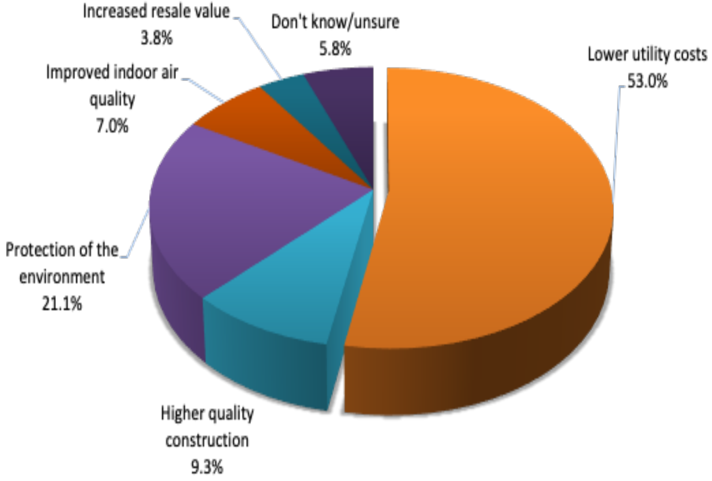
Extra Monthly Mortgage Accepted to Save $100 per Month on Utilities

Motivation for energy-efficient features in next home

2016 CHBA Study



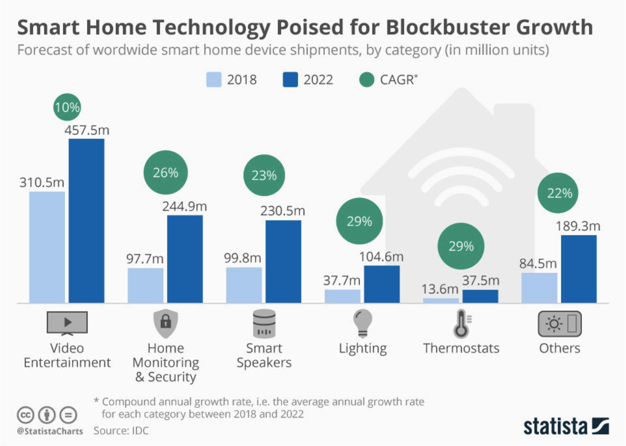
2020 CHBA Study



- Increases comparing 2020 to 2016
  - Protection of environment
  - Improved indoor air quality
- Decreases comparing 2020 to 2016
  - Lower utility costs
  - Higher quality construction

Smart Home Technology

- Top 3 ranked features
  - WiFi thermostat
  - Lighting automation
  - Security systems



The Canadian smart home market is forecasted to grow with a compound annual growth rate of 10.7 percent between 2019 and 2023, reaching around $5 billion CAD ($3.8 billion USD) in revenue by 2023. (Source: Statista, Sept. 1, 2020)

Exterior Features & Outdoor Living

- Top 3 ranked Exterior Features
    1. Two-car garage
    2. Stone exterior
    3. Brick exterior

- Top 3 ranked Outdoor Living Features
    1. Privacy fence
    2. Outdoor living area
    3. Covered patio/deck

Public Amenities and Proximity

- Top 3 ranked Community Amenities
  1. Walking and cycling paths
  2. Parks and recreation centres
  3. Overall community landscaping

- Top 3 ranked Proximity Preferences
  1. Shopping
  2. Public Transit
  3. Schools

Considerations looking to the future

COVID-19 is shaking-up consumer habits

Possible future housing trends:

- Increase in renovations
- Less open-concept design
- More special-purpose rooms (home office(s), gyms, learning spaces, home theatres, etc.)
- Generous yards (micro-farming, staycation lifestyle, safety, etc.)
- Garage/parking
- Proximity preference shifts (farther from office/amenities)

Questions

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Visit www.chba.ca/buyersurvey to get your copy of the survey results – included FREE with your CHBA membership