



For immediate release

**Real estate top investment vehicle for retirement,
says RE/MAX – COMPAS Research Survey of Canadian Consumers**

Mississauga, Ont. (January 22, 2003) – Canadians have given home ownership top marks in a nationwide survey designed to draw comparisons between the perceived value of housing and other investment instruments.

According to the RE/MAX – COMPAS Research Survey of Canadian Consumers released today, respondents were asked to grade, on a school-type report card, the value of nine investments for retirement purposes, including Canada Savings Bonds, mutual funds, income properties, and corporate bonds. The family home topped the list with an average score of 77 per cent. By contrast, corporate bonds and the stock market earned failing grades of 48 per cent and 42 per cent respectively.

“The findings validate our comments regarding changing consumer attitudes towards investment vehicles – a trend we first identified in our Real Estate as an Investment Report in 2000,” says Pamela Alexander, CEO, RE/MAX Ontario-Atlantic Canada. “Stock markets hold little allure for Canadians in today’s economic climate. The tide has turned. Home ownership is on the upswing in virtually every major centre in the country.”

Overall, real estate-related investments claimed first, second, third and fourth place in the survey. Canada Savings Bonds and mutual funds also tied for fourth place at 56 per cent. Recreational properties trailed behind at 55 per cent, but even these were seen as a better investment than corporate bonds and the stock market.

“Not surprisingly, economic realities such as interest rates, return on investment, estate planning and career security were the primary factors driving home ownership,” says Elton Ash, Vice President and Regional Director, RE/MAX of Western Canada. “Lifecycle changes such as marriage, divorce, child birth and child exodus seemed to be of secondary importance to those considering home ownership.”

Given that 2002 proved to be the most outstanding year on record for residential real estate sales, the survey also asked respondents how likely they would be to purchase a home within the next five years. The answer – one-third of the population is set to change homes by 2007. The vast majority of these potential purchasers are currently renting their properties.

“The survey clearly demonstrates the value Canadians place on home ownership,” says Conrad Winn, President, COMPAS Inc., an independent public opinion and market research firm. “Four-fifths of Canadians either live in a home owned by themselves or a spouse, or have lived in an owned home before. The proportion of these Canadians is higher than the proportion of Canadians who go to church, pay all the taxes they feel they owe, have a bath scrupulously each day, or eat three nutritious meals daily.”

Other findings include:

- ❖ Older Canadians are most bullish on real estate, having had the most experience with economic roller coasters, they are the most prone to see home-buying as more secure than the stock market at 5.9 on a seven point scale.
- ❖ Buyers in their 30s - the natural market for first homes – are especially sensitive to the appeal of interest rates, scoring an average of 6.2 on a seven point scale.
- ❖ Respondents from Quebec, among whom homeownership is not high by national standards, are less enthusiastic about the principal home as an investment, scoring 70 per cent versus 79 per cent in British Columbia, Alberta, Ontario, and Atlantic Canada and 77 per cent in Manitoba-Saskatchewan.
- ❖ Canadians with a post-graduate education are especially enthusiastic about real estate as an investment, scoring the principal home at an average of 80 per cent.
- ❖ Enthusiasm seems to rise incrementally with family income – scoring an average of 70 per cent among those with household incomes under \$30,000 and rising to 80 per cent among those with household incomes of \$100,000 or more.

The RE/MAX – COMPAS Research Survey of Canadian Consumers was conducted during the period of December 14 – 20, 2002 among a representative sample n>900 across Canada. Surveys of this size are deemed accurate to within 3.4 percentage points 19 times out of 20.

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Investing money for retirement years**(Scored using a 100 point, school-type report card where 100 is a truly excellent investment)**

<u>Investment</u>	<u>Mean</u>
A person's home	77
A well-located condo	61
A rental property	57
Canada Savings Bonds	56
Mutual funds	56
Vacant land to sell to a developer	56
A recreational property	55
Corporate bonds	48
Stock market	42

Why own or buy a property?**(Scored on a seven point scale where seven means agree a lot and one the opposite)**

<u>Reason</u>	<u>Mean</u>
Low interest rates make it a great time to buy	6.0
Owning a property is the single best way of making an investment and enjoying its use at the same time	5.9
Owning property is one of the best ways of being able to leave something to one's children	5.8
Owning property is great when I feel secure in my career	5.8
Our uncertain economy makes investing in property a lot more secure than investing in the stock market	5.6
Owning property is one of the surest ways of accumulating assets for your retirement years	5.6
Purchasing property is a great use of inheritance money	5.5
It's a good time to buy new or different property when your lifestyle changes	4.6

Likelihood of buying a home**(Using a 100 point scale where 100 means you will definitely buy a home within five years, 50 that you may or may not, and 0 that you will definitely not)**

	<u>Mean</u>
Current Renters: Likelihood of buying a home in five years	51
Current Renters: Likelihood of buying a home in two years	34
Current Homeowners: Likelihood of buying a home in five years	28
Current Homeowners: Likelihood of buying a home in two years	17

Homeownership more important than ever before...

CITY	2000 Owned Private Dwellings	2003 Owned Private Dwellings	% Change
Vancouver	51.2	60.4	+ 9.2
Calgary	58.1	67.4	+ 9.3
Edmonton	63.6	65.4	+ 1.8
Winnipeg	62.9	64.7	+ 1.8
Toronto	54.0	61.6	+ 7.6
Ottawa	53.2	60.1	+ 6.9
Montreal	47.8	49.4	+ 1.6
Moncton	68.1	69.8	+ 1.7
CANADA	60.8	64.2	+ 3.4

* Source: Financial Post Markets – Canadian Demographics 2003