

## **First-time homebuyers want new, detached homes**

**BY SUNNY FREEMAN, THE CANADIAN PRESS**

TORONTO — A majority of Canadians who just bought or are about to buy their first home expect to pay less than the asking price and prefer newer and detached homes over older and semi-detached homes or condos, according to a TD Bank survey.

But the report questioned whether the homebuyers had unreasonable expectations, considering that nine out of 10 took out or expect to take out a mortgage for their home.

“It’s only natural to want your first home to be the home of your dreams, but it is important to be realistic about what you can afford,” said Farhaneh Haque, a mortgage specialist at TD Canada Trust.

Six in 10 first-time homebuyers said they were worried about being able to afford their home should interest rates rise — a scenario that economists say is inevitable after an era of historically low rates sparked a rush into the housing market.

Only 30 per cent said they plan to or already have more than a 20 per cent down payment, and the remaining 70 per cent will require mortgage insurance. Eight of 10 buyers reported putting down as much as they can afford.

But Haque advised that prospective first-time homeowners consider a larger down payment because paying 10 per cent or more will make a big difference, bringing down the time it will take to pay off a mortgage and possibly affecting regular payment amounts.

“It may mean that you need to save longer before buying your first home, but it will pay off in the end.”

The vast majority of those surveyed said they made informed financial decisions before buying, with nine in 10 homebuyers getting pre-approved mortgages and calculating closing costs before buying.

However, closing costs, land transfer tax, and legal fees were the top three costs buyers felt unprepared for.

Six in 10 first time home buyers said they bought or intend to buy a fully detached home and three-quarters want a new home.

Meanwhile, survey respondents were equally split between preferring a smaller home closer to work and 45 per cent would prefer a larger home with a longer commute.

Almost all respondents, 99 per cent, said price was the most important factor when considering what kind of home to buy.

The report compiled 1,000 results from an online survey between June 8 and 21 of Canadians who had purchased their first home within the past 24 months or intended to purchase their first home within the next 24 months.

First-time homebuyers in B.C. bucked a national trend and said condominiums were their No. 1 choice. They were also most concerned about being able to afford their homes if interest rates rise.

Respondents from Atlantic Canada were most likely to have their hearts set on new, large and fully detached homes. They are also most likely to prefer a larger home even if it would mean a longer commute.

Quebecers browsed through the fewest number of homes while shopping for their first, but were most likely in the country to live in their first home for their entire lifetime, the report found.

More first-time buyers in Alberta expected to pay less than asking price than those in any other province.

In Ontario, more homebuyers than the national average planned to put more than 20 per cent toward a down payment.

More than in any other provinces, people in Manitoba and Saskatchewan said they would prefer a newer home over an older home if price points were similar.