

# Fact Sheet

September 7, 2016

## Fact Sheet: RECO Survey of Home Buyers and Sellers

How much over budget would Ontario consumers go to get their dream home in a bidding war?

The majority of recent home buyers (88%) said they had a budget and stuck to it last time they bought a home. However, when facing a bidding war on a home that is in high demand, home buyers may take significant risks to outbid the competition.

Homeowners who live in the GTA are more likely to get caught up in a bidding war compared to the rest of Ontario. The same applies to younger and middle aged homebuyers (54 or younger), who are more likely to take on high risks when searching for a home than those 55 or older.

### *Here's a breakdown of the survey's findings:*

#### **Up to 10% over budget:**

- 47% might place an offer up to 10% over their planned budget to outbid the competition
  - 54% among the "54 or younger" age group vs. 29% among those 55 or older
  - 57% in the GTA vs. 41% in the rest of Ontario

#### **10 to 20% over budget:**

- 31% might place an offer 10% to 20% over their planned budget to outbid the competition
  - 36% among the "54 or younger" age group vs. 17% among those 55 or older
  - 38% in the GTA vs. 27% in the rest of Ontario

#### **More than 20% over budget:**

- 17% might place an offer 20% or more over their planned budget to outbid the competition



- 20% among the "54 or younger" age group vs. 9% among those 55 or older
- 24% in the GTA vs. 12% in the rest of Ontario

### **Would consumers risk skipping a home inspection?**

- 35% might submit an offer without having a home inspection done
  - 37% among the "54 or younger" age group vs. 29% among those 55 or older
  - 39% in the GTA vs. 33% in the rest of Ontario

### **Where's the money?**

- 23% might submit an offer without knowing if their financing will be approved
  - 27% among the "54 or younger" age group vs. 11% among those 55 or older
  - 27% in the GTA vs. 19% in the rest of Ontario

### **Are consumers letting emotions influence their real estate decisions?**

Many home buyers and sellers are affected by their emotions.

- 35% of home buyers admitted that emotions influenced their decisions more than they should have last time they bought a home.
- This percent is higher among millennials 18-34 years old (42%) compared to those 35 or older (32%) and among GTA home buyers (41%) compared to the rest of Ontario (31%).
- Selling could be just as emotional – 34% of recent home sellers agreed that emotions influenced their decisions more than they should have last time they sold a home. These percentages are higher among younger and middle aged home sellers (54 years old and younger) – 41% compared to those 55 years old or older (21%) and among GTA home sellers (48%) compared to the rest of Ontario (26%).
- When reflecting on their emotions at the time of the last home purchase or sale, many said they were excited (59%) and happy (48%) but at the same



time stressed (59%), overwhelmed (34%), exhausted (34%) and frustrated (28%).

- The process can definitely take a higher toll on those with less experience – first-time homebuyers (45%) are more likely than those who purchased before (32%) to admit they were overwhelmed. The same emotion was experienced more often by first-time home sellers (47%) compared to those who sold before (22%). First-time home sellers are also more likely than those who sold before to feel stressed (66% vs. 53%) and exhausted (47% vs. 33%).
- Millennials (48%), often being first-time homebuyers, agreed more often than 35-54 year olds (38%) and those 55 or older (16%) that they were overwhelmed when they last purchased their home.

### **Working with a real estate professional**

- Among those who bought or sold a home through a real estate representative, only 23% of homebuyers and 28% of home sellers said they met with at least 3 representatives before choosing the one to work with.

### **About RECO:**

RECO regulates the real estate profession in Ontario. RECO is responsible for administering the Real Estate and Business Brokers Act, 2002 (REBBA 2002) and associated regulations on behalf of the provincial government. In order to trade in real estate in Ontario, brokers and salespersons must be registered under REBBA 2002. RECO's mission is excellence in the delivery of regulatory services that protect the public interest and enhance consumer confidence in the real estate profession. RECO is part of Consumer Protection Ontario (CPO), an awareness program from Ontario's Ministry of Government and Consumer Services. CPO helps Ontarians learn about the right questions to ask before making important purchasing decisions. For more information, visit [www.reco.on.ca](http://www.reco.on.ca).

### **Methodology:**

From August 25th to August 29th, 2016 an online survey was conducted among 505 randomly selected Ontario adults who purchased or sold their home within the past 5 years and are Angus Reid Forum panelists. The margin of error — which measures sampling variability — would be +/-4.3%, 19 times out of 20 on a probability sample of this size. Discrepancies in or between totals are due to rounding.





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