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CANADIANS HAVE MORTGAGES ON THEIR MINDS: SURVEY

Toronto, May 5 2010 – As the Canadian economy begins to show signs of growth, results of TNS Canadian Facts' economic tracking survey, *TNS Vibe*, indicate that intentions to purchase a house or condo have risen to 14 per cent nationally, compared to 11 per cent last September. However, the majority of that demand remains unsatisfied, as nearly two-thirds (64%) of those who were planning to purchase six months ago have still not bought.

"In spite of some softness in April, consumer confidence has risen considerably over the quarter and is now higher than it has been since the downturn began in the fall of 2008. It is encouraging to note that a number of Canadians are thinking seriously about getting into the real estate market," said Brook Tyler, research director of TNS Canadian Facts and a member of the firm's financial research practice.

This is not to say that the economic downturn has left the nature of home ownership unchanged. "In addition to delaying home purchases, home mortgages have also been impacted as Canadians have tried to trim their spending. Among Canadians with a mortgage on their principal residence, more than two in five (42%) have attempted to make cutbacks on their mortgage. However, the worst appears to be over. Currently, only about one in five (19%) mortgage holders report that they are still hoping to make further cuts in their mortgages," said Tyler.

The latest wave of the *TNS Vibe* survey examines the strategies of Canadian mortgage holders to control their mortgage-related spending: specifically, one in 10 have made extra payments to pay down their mortgage faster, 13 per cent have renegotiated for better payment terms, and five per cent have switched from a fixed to a variable rate mortgage.

Clearly, some of this behaviour may have been fuelled by anxiety, as 12 per cent mention being worried about missing a mortgage payment, and four per cent purchased mortgage insurance. However, only four per cent report having actually missed a payment.

“One of the consequences of the prolonged economic downturn is that many consumers have been taking a “wait and see” approach to the housing market. Attractive interest rates, coupled with a more sanguine view of the economy, suggest that consumers are more than ready to act. Indeed, 12 per cent of Canadian renters report that they are more likely to take out a mortgage in the near future to take advantage of current rates, and more than one in five (22%) mortgage holders are planning to renew early or renegotiate to take advantage of current rates. As the economy regains strength, potential mortgage customers will want the assurance that they are not overextending themselves and that their financial institution is willing to provide support in the way of sound financial advice,” added Tyler.

TNS notes that its survey was conducted prior to new down payment restrictions that took effect April 19, as well as before some of the major banks announced increases in mortgage rates. While the down payment restrictions should have a mild dampening effect on the market, the prospect of further interest rate hikes will likely motivate some of those who have been taking a “wait and see” approach to actually get into the market before rates rise further.

The *TNS Vibe* survey tracks Canadians’ attitudes about the economy and consumer behaviour on a quarterly basis. In addition to high-level measures of the economy, *TNS Vibe* incorporates modules of detailed consumer expenditures in areas such as grocery shopping, restaurants, alcoholic beverages, telecom, financial institutions and travel. The fieldwork is conducted using the firm’s online panel. A total of 1,032 online Canadians were interviewed across the country between March 18 and March 25, 2010.

TNS Canadian Facts (www.tns-cf.com) is one of Canada's most prestigious full-service marketing, opinion and social research organizations.

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