



# Overriding Preference for Ground-Related Housing by GTA Millennials and Other Recent and Prospective Buyers

September 26, 2017

**Ryerson  
University**

**Centre for Urban Research  
& Land Development**  
Faculty of Community Services

# Overriding Preference for Ground-Related Housing by GTA Millennials and Other Recent and Prospective Buyers

## Report prepared by:

Frank Clayton  
Senior Research Fellow

and

Kelly Irish  
Researcher

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## Centre for Urban Research and Land Development (CUR)

### Ryerson University

Faculty of Community Services  
350 Victoria Street  
Toronto, ON M5B 2K3

General Enquiries  
416-978-5000 ext. 3348

### Campus Location

111 Gerrard Street East,  
3rd floor, GER 204 D  
Toronto, Ontario

[www.ryerson.ca/cur](http://www.ryerson.ca/cur)  
[cur@ryerson.ca](mailto:cur@ryerson.ca)

The opinions expressed in this research report are those of the authors only and do not represent opinions and views of either CUR or Ryerson University.

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## BACKGROUND

A CUR study released last August, *Will GTA Homebuyers Really Give Up Ground-Related Homes for Apartments*, included a review of what several GTA consumer surveys conducted in late 2015 or in first half of 2016 told us about the housing preferences of actual and prospective buyers, overall and by age group. The report concluded that (direct quotes):

- ***GTA Housing Preferences Favour Ground-Related Homes, Especially Single-Detached, Even More than 2015 Sales Indicate***

*The consumer surveys which were examined show a strong affinity for ground-related housing, specifically single-detached housing, among recent buyers and prospective buyers in the GTA. A survey of prospective buyers which the Toronto Real Estate Board (TREB) commissioned found that only 18% of residents in the GTA indicated a preference for apartments, while over half of the residents indicated a preference for single-detached housing. (pp. i)*

- ***Millennials Prefer Ground-Related Homes Too, Especially Single-Detached Houses***

*Millennials in the GTA prefer single-detached housing over other housing types. While millennials show a slightly higher preference for apartments than do buyers or prospective buyers in the 35-54 age group, it is by no means pronounced.*

*In a consumer preference survey which the TREB commissioned, over three-quarters of respondents aged 18 to 34 indicated their intention to purchase a ground-related unit. Single-detached was the most popular preferred housing type. (pp. ii)*

This report updates the findings of the August 2016 report based on a review of more recent surveys conducted in late 2016 or the first half of 2017.

The surveys reviewed for this report are the following:

- Toronto Real Estate Board (TREB), *2016 Year in Review and 2017 Market Outlook*, presentation summarizing a survey conducted by Ipsos Reid during November 16<sup>th</sup> to November 23<sup>rd</sup> 2016 and released January 31<sup>st</sup>, 2017;
- Toronto Region Board of Trade (TRBOT), *Focus GTA*, survey conducted by Environics Research Group from April 19<sup>th</sup> to May 5<sup>th</sup> 2017, released June 1<sup>st</sup>, 2017;
- Ontario Real Estate Association (OREA), *Ontario Home Ownership Index Regional Survey*, survey conducted by Ipsos Reid in Fall 2016; and
- *2017 Genworth Financial – First-Time Home Ownership Study*, conducted by Environics Research Group between January 28<sup>th</sup> to February 9<sup>th</sup> 2017, released May 8<sup>th</sup>, 2017 and supplementary information provided by Genworth.

## SUMMARY OF FINDINGS

This report updates a CUR report released a year ago which reviewed a number of surveys of actual and likely homebuyers in the Greater Toronto Area (GTA) in terms of the types of housing actually or intended to purchase. That study concluded: (a) GTA housing preferences strongly favoured ground-related homes, especially single-detached houses and (b) these preferences cross all age groups of buyers, including millennials.

The report reviews four recent consumer surveys providing information on the types of housing likely GTA buyers state they are intending to buy or, in the case of first-time buyers (who are mostly millennials) the types of homes actually purchased.

### Findings

In terms of all likely buyers, regardless of age, the update reinforces the resiliency of the penchant for ground-related homes<sup>1</sup>, especially single-detached houses, in the city of Toronto and the 905 regions of the GTA found in our previous study:

- Less than a quarter of likely GTA buyers plan on buying a condominium apartment while half state the intention to buy a single-detached house – semi-detached houses and townhouses account for the remainder;
- The share of likely buyers stating intentions to buy a condominium apartment was higher in the city of Toronto at 35% which is about the same as the share intending to buy a single-detached house in the city;
- This desire for ground-related housing, especially single-detached houses, is found in the housing preferences of both likely buyers and actual buyers even in the city of Toronto and among all age groups, including millennials;
- However, there has been a perceptible shift in intended housing types from single-detached houses to condo apartments on the part of likely buyers over the past year; and
- This shift in part reflects a greater share of first-time buyers among the likely buyers, but deteriorating affordability of single-detached houses is a factor as well.

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<sup>1</sup> Ground-related homes include single-detached houses, semi-detached houses and townhouses.

# 1. HOUSING TYPE PREFERENCES OF PROSPECTIVE BUYERS

## 1.1 Toronto Real Estate Board (TREB) Survey

The Toronto Real Estate Board (TREB) retained Ipsos Reid to conduct a survey of home buying intentions in the GTA and its two major components – the city of Toronto and the 905 regions. Respondents stating they were very likely or somewhat likely to purchase a home are categorized as “likely buyers.” The survey was conducted from November 16<sup>th</sup> 2016 to November 23<sup>rd</sup> 2016. The geographic areas indicate where likely buyers intend to buy, not where they currently live.

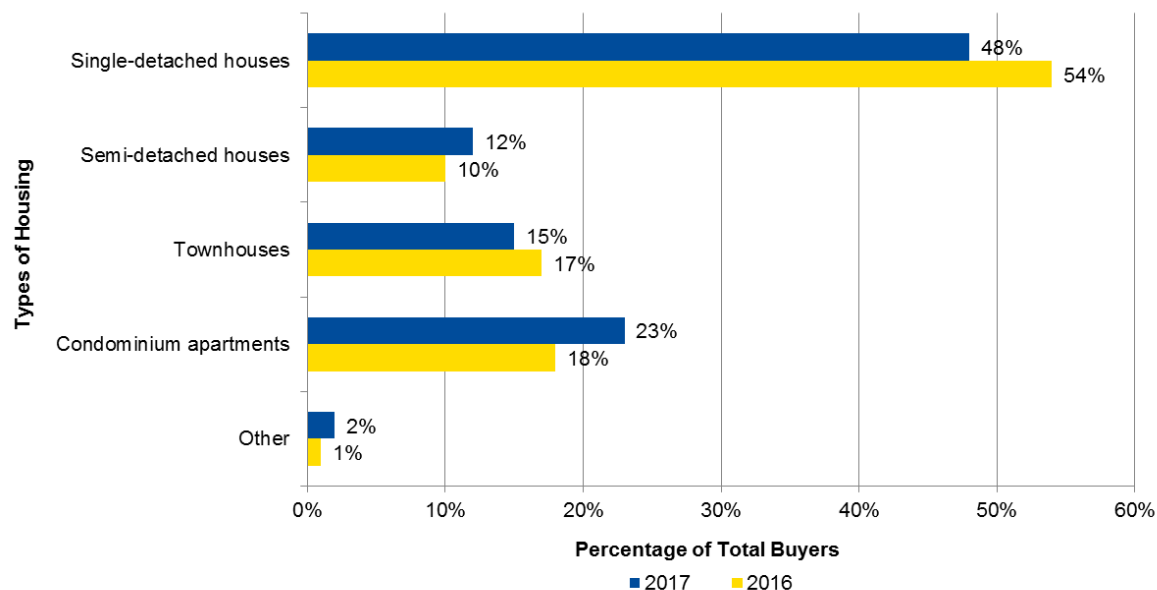
### 1.1.1 GTA: Single-detached houses was stated as the most likely purchase (48%) with ground-related housing forms outpacing condo apartments 3 to 1

- Nearly half of likely buyers in the GTA stated they are most likely to buy a single-detached house (48%);
- This increases to three-quarters of likely buyers for all ground-related housing types – single-detached, semi-detached and townhouses; and
- Only a quarter (23%) of GTA likely buyers indicated they were most likely to buy a condominium apartment (which by definition includes stacked townhouses).

### 1.1.2 GTA: Perceptible shift from single-detached houses to condo apartments from the previous year’s survey due to more first-time home buyers

- The intention to buy single-detached houses fell from a year earlier (from 54% to 48%) with condo apartments gaining greater interest (rising from 18% to 23%);
- Intentions to buy a semi-detached house/townhouse remained unchanged at 27%; and
- This shift in unit types in part reflects a shift in the proportion of likely buyers in the GTA who are first-time buyers (first-time buyers are more likely to buy a condo apartment than repeat buyers) - from 49% of all likely buyers to 53%.

**Figure 1:  
Type of Home Most Likely to Purchase 2016 vs. 2017, GTA, TREB Survey**



Source: Toronto Real Estate Board, *2016 Year in Review and 2017 Market Outlook* presentation, January 31, 2017.

### 1.1.3 City of Toronto: Single-detached houses and condo apartments neck in neck as intended purchases by likely buyers; two-thirds of likely buyers most likely to buy a ground-related home rather than a condo apartment

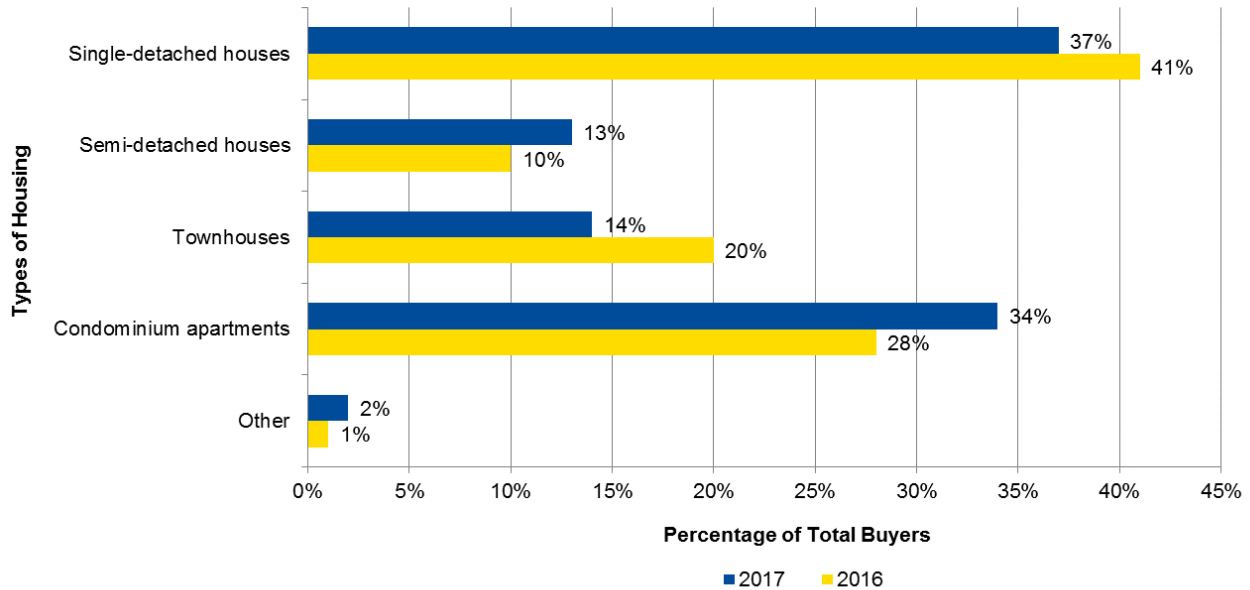
- Not unexpectedly, more likely buyers in the city of Toronto intend to buy a condo apartment than in the entire GTA (34% vs. 23% respectively);
- Still, even in the City of Toronto almost two-thirds of likely buyers stated they are most likely to buy a form of ground-related housing with single-detached houses being the most popular; and
- This strength in buying intentions for ground-related homes virtually guarantees stratospheric prices for these housing forms to persist over the long term in the city given the inelastic supply of new houses.

### 1.1.4 City of Toronto sees shift in home buying intentions from ground-related to condo apartments since previous year's survey

- Like the GTA as a whole, more likely buyers in Toronto state they were intending to buy condo apartments and fewer single-detached houses and townhouses.
- This shift is in part due to the greater proportion of likely buyers who are first-time buyers than a year earlier (64% compared to 56%); and

- The pronounced decline in intended purchases of townhouses is surprising given townhouses are often the next preferred housing type for buyers unable to afford a single-detached house.

**Figure 2:**  
**Type of Home Most Likely to Purchase 2016 vs. 2017, City of Toronto, TREB Survey**



Source: Toronto Real Estate Board, *2016 Year in Review and 2017 Market Outlook* presentation, January 31, 2017.

### 1.1.5 905 Regions: Majority of likely buyers most likely to buy a single-detached house; only 15% expect to buy a condo apartment

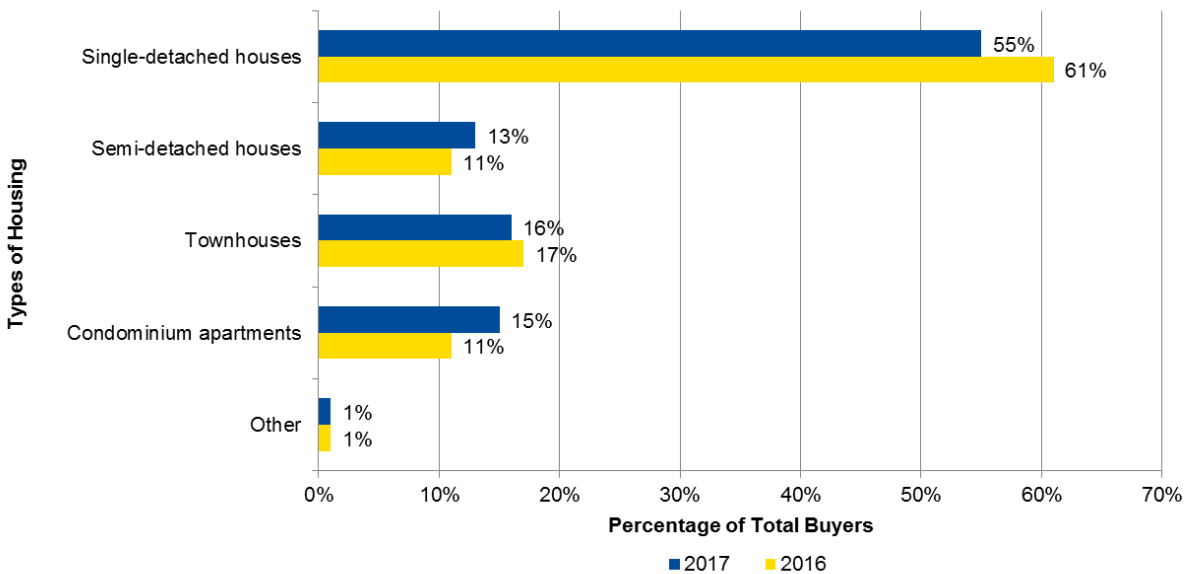
- The 905 regions are very much ground-related housing territory with 55% of likely buyers opting for single-detached houses and a further 29% most likely to buy a semi-detached home or a townhouse; and
- The proportion of likely buyers stating an intention for condo apartments was less than that in the city of Toronto (15% vs. 34%).

### 1.1.6 905 Regions: Also a shift away from single-detached houses to condo apartments since the last survey

- The proportion of likely buyers stating the intention to buy a condo apartment climbed from 11% in the previous survey to 15% while the single-detached house share experienced a comparable decline.



**Figure 3:  
Type of Home Most Likely to Purchase 2016 vs. 2017, 905 Portion of the GTA,  
TREB Survey**



Source: Toronto Real Estate Board, *2016 Year in Review and 2017 Market Outlook* presentation, January 31, 2017.

## 1.2 Toronto Region Board of Trade (TRBOT) Survey

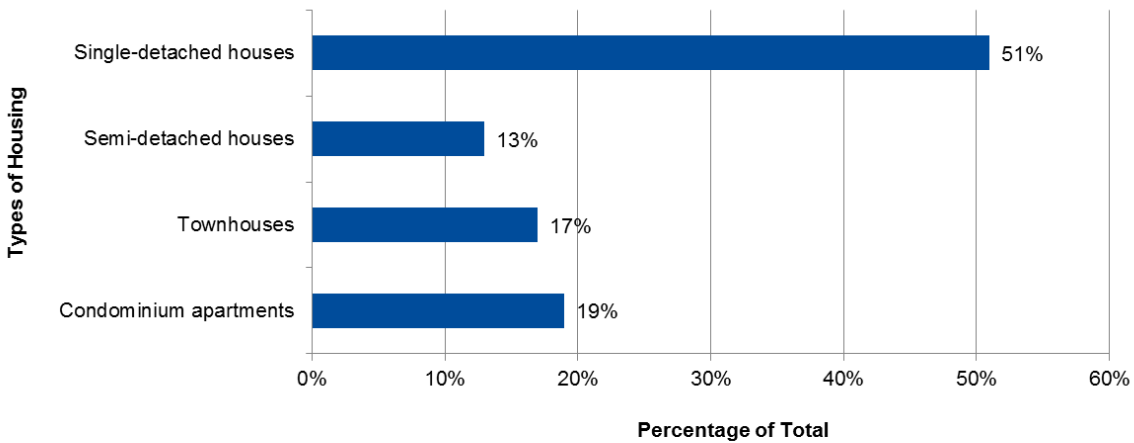
The Toronto Region Board of Trade (TRBOT) retained Environics Research Group to conduct a survey of the home ownership aspirations of young professionals in the GTA in Spring 2017. Young professionals are defined as all respondents aged 18-39, not just those in professional occupations. Respondents were asked about the likelihood of buying a home in the next 12 months.

### 1.2.1 GTA: Unit type housing preferences virtually same as in TREB survey - about half of all buyers desire single-detached houses and 81% a ground-related home

- Just 19% of respondents stated a desire for a condo apartment – the comparable percent from the TREB survey, which covered all likely buyers not just those under the age of 40 years.

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**Figure 4:**  
**Types of Homes Prospective Homebuyers are Interested in, GTA, 2017, TRBOT Survey\***



\*Respondents could choose more than one type.  
Source: Environics Research Group on behalf of the Toronto Region Board of Trade (TRBOT), *Focus GTA*, June 1, 2017.

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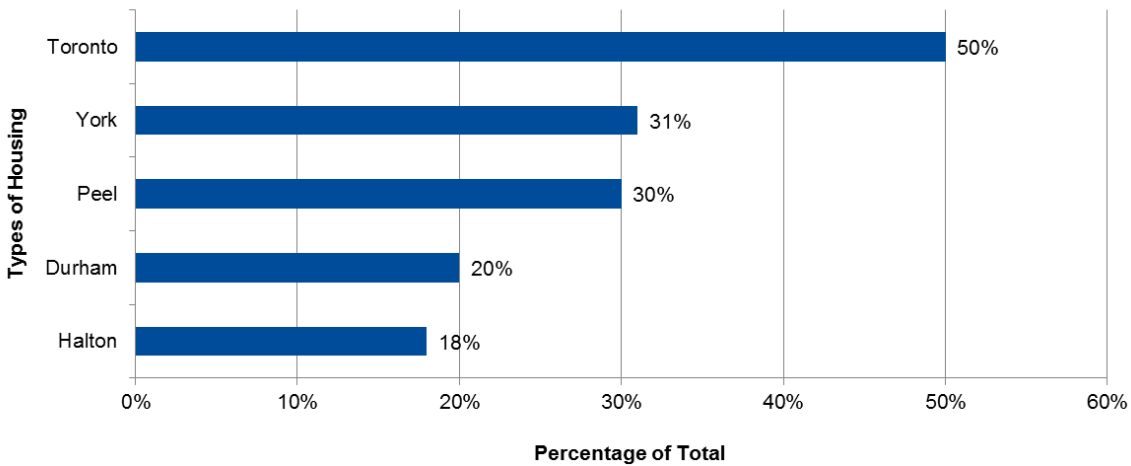
### **1.2.2 Only half of respondents picked the city of Toronto as their desired location to own a home<sup>2</sup>**

- Exactly half of the respondents regarded the city of Toronto as the desired area of the GTA in which to live; and
- York region and Peel region ranked next in terms of being the most desired locations (31% and 30% respectively).

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<sup>2</sup> Respondents could select more than one area as their desired location.

**Figure 5:  
Prospective Homebuyers' Desired Location Within the GTA, 2017, TRBOT  
Survey\***



\*Respondents could choose more than one area.  
Source: Environics Research Group on behalf of the Toronto Region Board of Trade (TRBOT), *Focus GTA*, June 1, 2017.

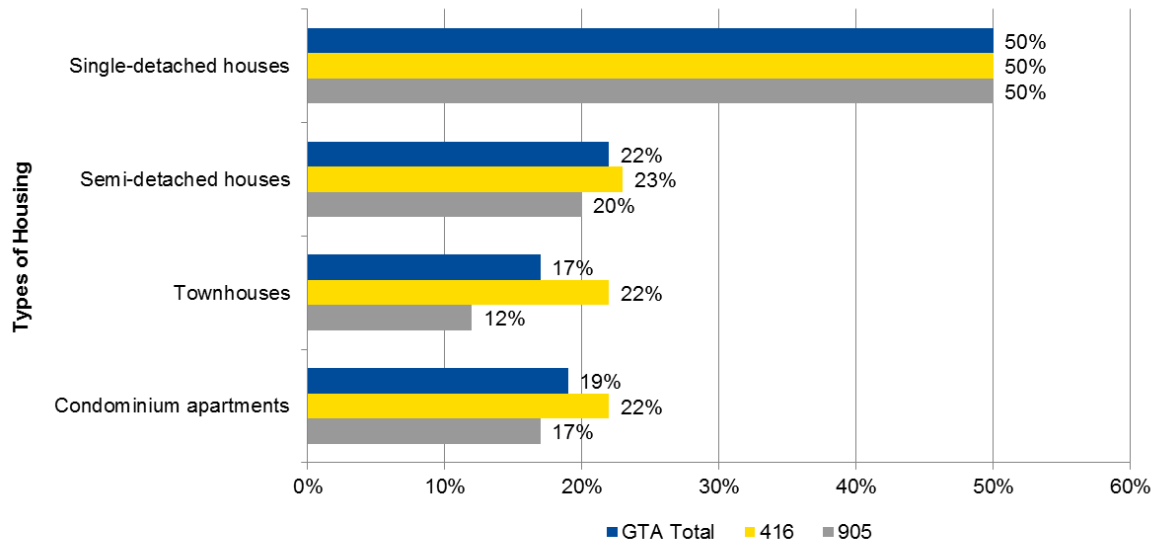
### 1.3 Ontario Real Estate Association (OREA) Homeownership Index Survey

The Ontario Real Estate Association (OREA) retained Ipsos Reid to conduct a housing-related survey covering Ontario in Fall 2016. The survey collected information on the type and location of their intended purchase, for respondents intending to purchase a home within the next two years. The geographic breakdown includes the GTA and its major components, the city of Toronto and the 905 regions. It should be noted the GTA sample size is much smaller than that for the TREB survey (see appendix).

#### 1.3.1 GTA: Unit type housing preferences virtually same as in TREB survey - about half of all buyers desire single-detached houses and 89% a ground-related home

- Single-detached houses (50%) are the likely housing type to be purchased by the likely buyers in all three areas – GTA as a whole, the city of Toronto and the 905 regions; and
- Less than one in four of likely buyers were looking to buy a condo apartment, even in the city of Toronto.

**Figure 6:**  
**Types of Homes Likely Buyers Intend to Buy, GTA, 2016, OREA Survey\***



\*Respondents can choose more than one type.

Source: Ipsos Reid on behalf of the Ontario Real Estate Association (OREA), *Ontario Home Ownership Index Regional Survey*, Fall 2016.

## 2. HOUSING TYPE PREFERENCES OF MILLENNIALS AND OTHER AGE COHORTS

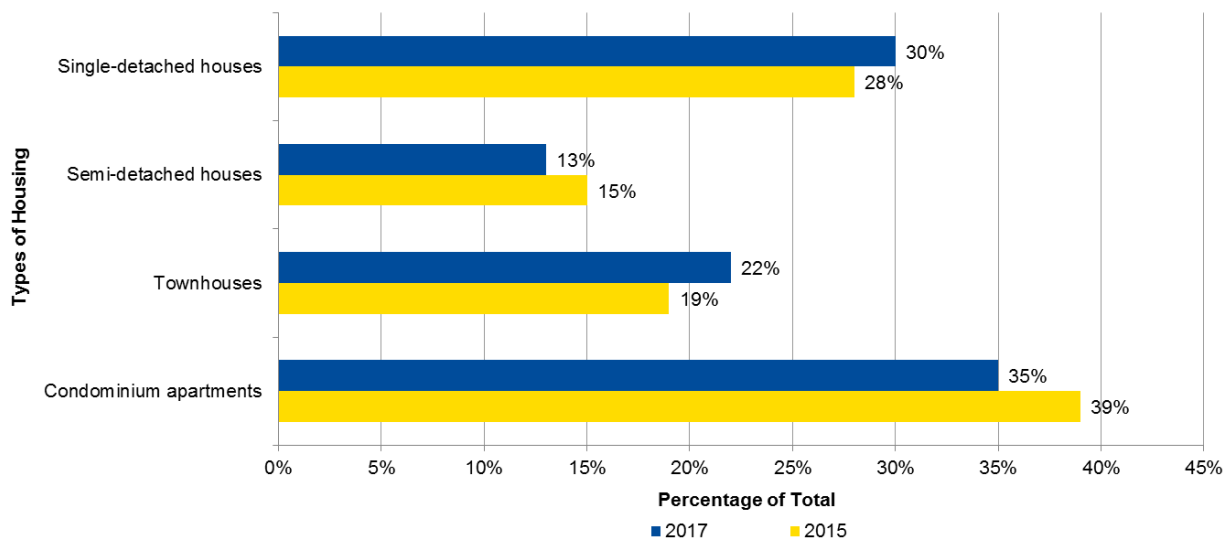
### 2.1 Genworth Canada First-Time Homeownership Study

Genworth Canada commissioned Environics Research Group to survey persons aged 25-40 who purchased their first home in the 24 months prior to being surveyed in early 2017 (first-time buyers). The survey separated responses for the city of Toronto and for all of Ontario, excluding Toronto. Thus, the 905 regions within the GTA are combined with buyers in places like Ottawa and London.

#### 2.1.1 Two-thirds of first-time buyers in the city of Toronto in the past two years bought a ground-related home with nearly one-third buying single-detached houses

- While 35% of city of Toronto first-time buyers in the two years prior to early 2017 bought a condo apartment, the proportion buying a single-detached house was not far behind (30%). Buyers of ground-related homes in the city – singles, semis and townhouses – accounted for 65% of the housing bought; and
- Compared with homes purchased by first-time buyers in the preceding survey, a higher share of these buyers surveyed in 2017 bought single-detached houses and fewer bought condo apartments.

Figure 7:  
Type of Home Bought by First Time Buyers, City of Toronto, 2015 and 2017 Genworth Surveys

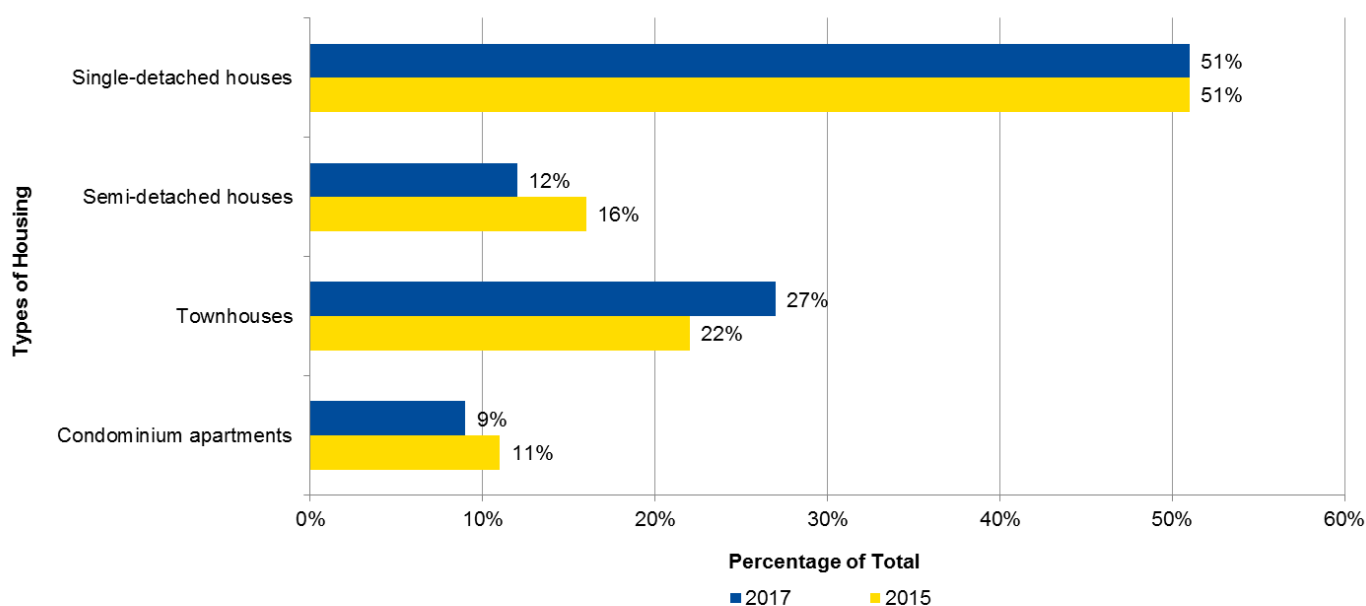


Source: Environics Research Group on behalf of Genworth Canada, 2015 and 2017 Genworth Financial – First-Time Homeownership Study.

### 2.1.2 First-time buyers in Ontario, excluding the City of Toronto, mainly bought ground-related homes with half buying single-detached houses

- In both the 2015 and 2017 surveys the majority of buyers outside the city of Toronto, bought either a single-detached house (51% in both years) or a townhouse (22% and 27%, respectively).
- Only about one in ten first-time buyers outside Toronto bought condo apartments.

**Figure 8:**  
**Type of Home Bought by First Time Buyers, Ontario excluding City of Toronto, 2015 and 2017**  
**Genworth Surveys**



Source: Environics Research Group on behalf of Genworth Canada, 2015 and 2017 Genworth Financial – First-Time Homeownership Study.

## 2.2 Toronto Real Estate Board (TREB) Survey

The TREB survey conducted in November 2016 (see Section 1.1) collected information on the age groups for likely buyers in the GTA as a whole. These three age groups correspond reasonably closely to key demographic groups:

- 18-34 (millennials)
- 35-54 (generation X)
- 55+ (baby boomers)

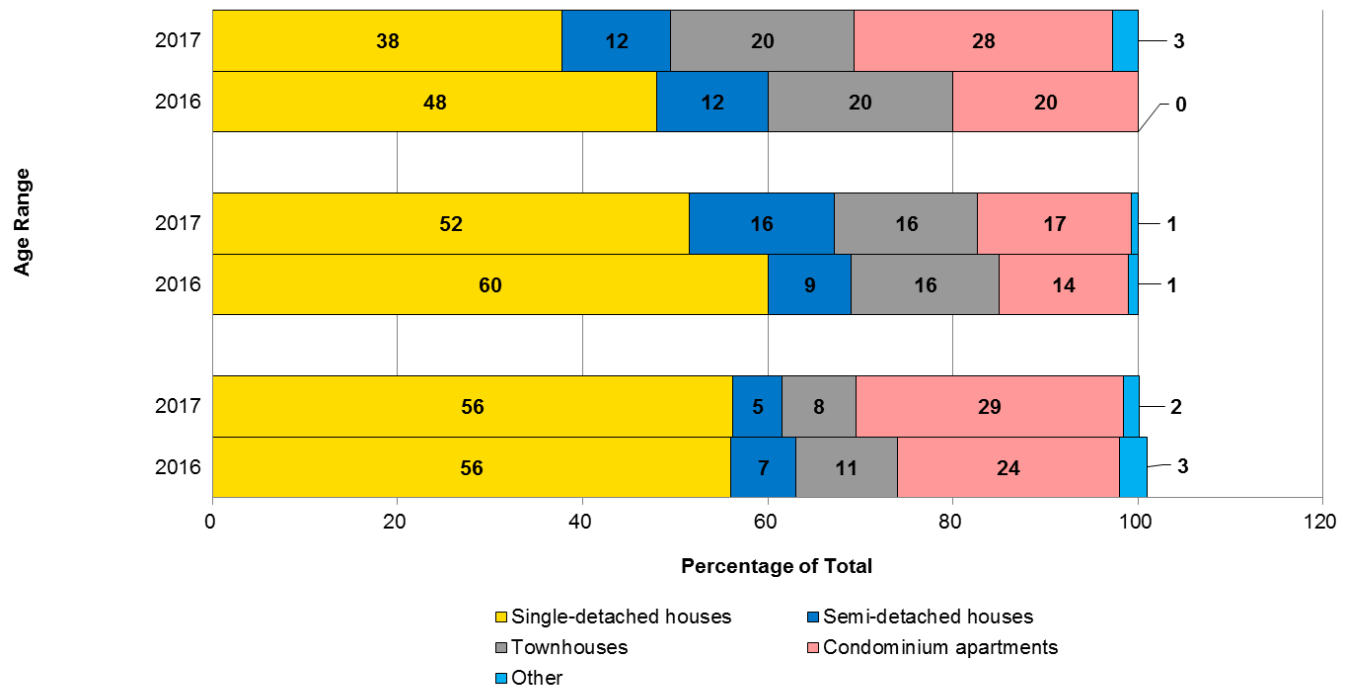
**2.2.1 Majority of likely buyers in the GTA except for millennials are intending to buy a single-detached house. Fewer than one-third of millennials intend to buy a condo apartment**

- Likely generation X and baby boomer buyers favour single-detached houses by a wide margin (52% and 56% respectively) as do 38% of millennials; and
- Fewer than 30% of millennial, baby boomer, and generation X likely buyers say they intend to buy a condo apartment.

**2.2.2 A perceptible shift from intending to buy single-detached houses to condo apartments from the preceding year for millennials**

- Buyers intending to buy in the latest TREB survey show a significant shift away from single-detached houses to condo apartments in both the millennial and generation X age groups;
- About one-third of millennial and generation X likely buyers expressed the intention to purchase a semi-detached house or a townhouse in 2017, about the same proportion of millennials as in 2016, but an increase for generation X from 2016; and
- Boomers intending to buy prefer single-detached houses by a wide margin.

**Figure 9: Types of Homes Most Likely to Purchase by Age Group, 2016 vs. 2017, GTA, TREB Survey**



Source: Ipsos Reid on behalf of the Toronto Real Estate Board (TREB), November 2016 Home Buyers Survey.

## APPENDIX:

# DESCRIPTION OF CONSUMER PREFERENCE SURVEYS REVIEWED

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This appendix provides a brief overview of the four consumer preference surveys referenced in the body of this report.

### 1. Toronto Real Estate Board (TREB) Survey, November 2016

#### Survey Background

Ipsos Reid conducted a survey of likely homebuyers aged 18 or higher on behalf of TREB in November 2016.

#### Survey Facts

- Number of respondents: (total =1,001; 416 region = 324; and 905 regions: =369)
- Margin of Error: 3.5%
- Survey Date: November 16, 2016 to November 23, 2016
- Survey Area: Greater Toronto Area, 905 region, and 416 region (data is where likely respondents intend to buy, not where they live currently)
- Survey Method: Ipsos' online platform

#### Specific Questions Referenced

- How likely are you to purchase a home in which to live over the next year? (“very likely” and “somewhat likely” together are categorized as “likely buyers”)
- What type of home are you most likely to purchase? (single-detached; semi-detached; townhouse; condominium apartment; other)

**Source:** Toronto Real Estate Board, *2016 Year in Review and 2017 Market Outlook* presentation, January 31, 2017.

### 2. Toronto Region Board of Trade (TRBOT) Survey, May 2017

#### Survey Background

Environics Research Group conducted a survey for the TRBOT on home ownership aspirations of young professionals, released June 2017; this includes current owners, renters, and respondents living with parents.



## Survey Facts

- Number of respondents: 387 – part of Environics' bi-annual *Focus GTA* Survey
- Survey Date: Conducted online from April 19, 2017 to May 5, 2017
- Survey Area: Greater Toronto Area

## Specific Questions Referenced

- Which type of home are you interested in purchasing? (Respondent can choose more than one option): single-detached; semi-detached; townhouse; other
- Which locations within the GTA would you prefer to live in? (respondent can choose more than one option): Toronto; York; Peel; Durham; Halton

**Source:** Toronto Region Board of Trade and Environics Research Group, *Focus GTA*, June 1, 2017.

## 3. Ontario Real Estate Association (OREA) Home Ownership Index, Fall 2016

### Survey Background

Ipsos Reid conducted a survey for OREA of likely homebuyers in Fall 2016.

### Survey Facts

- Respondents: (GTA=138; 416=76; 905=62) (did not specify the ages)
- Survey Date: Fall 2016
- Survey Area: Greater Toronto Area, 416 region, and 905 regions.

### Specific Questions Referenced

- Question 6: You mentioned that you may purchase a residential home within the next 2 years. What type, condition and location of home are you likely to buy? (Respondents can choose more than one preference or an option that does not pertain to the housing types presented in the graph): single-detached; semi-detached; townhouse; condominium apartment, other

**Source:** Ipsos Reid, Ontario Real Estate Association, *Ontario Home Ownership Index Regional Survey*, Fall 2016.

## 4. Genworth First-Time Home Ownership Study, 2017

### Survey Background

Genworth Canada commissioned Environics Research Group to conduct this survey on their behalf to gain a deeper insight of the first-time homebuyer's market. It surveyed 1,803

individuals between the ages of 25 and 40 who had purchased their first home in the preceding 24 months, and it included an oversampling of Canada's major metropolitan markets. Typically, buyers in these age cohorts are first-time buyers and most fall within the millennials classification.

### **Survey Facts**

- Number of survey respondents: Canada =1,803 (248 in the city of Toronto, 323 in Ontario not including city of Toronto)
- Dates survey conducted: January 28, 2017 to February 9, 2017

### **Specific Questions Referenced**

- What kind of home did you purchase? (Single-detached; semi-detached; townhouse; condominium apartment)

**Source:** Genworth Canada, *2015 and 2017 Genworth Financial – First-Time Homeownership Study*.

Note: The 2015 Genworth Canada study details are virtually identical to the 2017.