TD Home Buyers Report:

First-time home buyers do their homework

Researching mortgage options. Getting pre-approved. Estimating utility costs. First-time home buyers are savvy when it comes to shopping for a home— but are their aspirations too high?

The majority of home buyers say they expect to pay less than the asking price and they prefer newer and detached homes to older and semi-detached homes or condos.

This is according to the first TD Canada Trust Home Buyers Report which surveyed Canadians who have purchased their first home in the past two years or who intend to purchase a home in the next two years.

Nearly all home buyers are making informed financial decisions before buying their home by learning about mortgage options (93%), getting pre-approved (91%), calculating closing costs (88%) and estimating utility costs (85%). However, land transfer tax, closing costs and legal fees were the top three costs that buyers felt unprepared for (48%, 47% and 47% respectively).

Six-in-ten first-time home buyers bought or intend to buy a fully detached home and three-quarters want a new home, but can they afford it? Nine-in-ten first time buyers took out or expect to take out a mortgage for their home and of these buyers, only 30% plan to or have more than a 20% down payment. The remaining 70% will require their mortgage to be insured by organizations like the Canada Mortgage and Housing Corporation (CMHC). Seventy per cent are making a down payment of less than 20%. Six-in-ten are worried about being able to afford their home if interest rates rise.

"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 as a down payment and what that will mean for both the type of home you buy and for your mortgage payments over time," says Farhaneh Haque, Regional Sales Manager, Mobile Mortgage Specialists, TD Canada Trust.

"I advise firs- time home owners to consider a larger down payment because a 10% or greater down payment will make a big difference. It may mean that you need to save longer before buying your first home, but it will pay off in the end. Speak with a representative at your bank about setting up an automatic savings plan to help you save."

Home financing

Most buyers report putting down as much as they can afford for a down payment (88%) and 57 per cent say they saved or plan on saving for two years or less for their home purchase. Two-thirds say they expected or expect to pay less than the asking price for their home. Only 6% expect to pay more, while 29% expect to pay the asking price.

Nearly three-quarters of those surveyed have or plan to have a fixed-rate mortgage.

"Historically you are more likely to save interest costs with a variable rate or short-term mortgage option, so if they can handle some volatility then I recommend buyers choose a variable rate. If people are adverse to interest rate fluctuations than a fixed-rate is best," says Haque.

What kind of home do Canadians want?

If two homes were at the same price point, three-quarters of first time home buyers would prefer a newer home over an older home, but they are evenly split on location. Fifty-five per cent would prefer a smaller home closer to work and 45% would prefer a larger home with a longer commute.

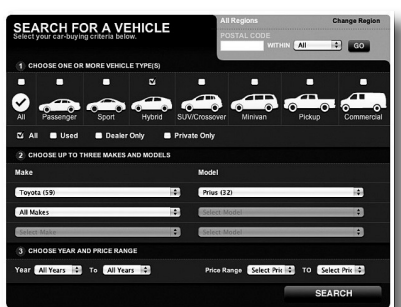
While the majority prefer detached homes, 21% chose a condo, 12% prefer town homes and 10% seek a semi-detached home.

Not surprisingly, price is the most important factor when considering what kind of home to buy and where (99%). The second and third most popular were features of the home (96%) and layout of the home (95%).

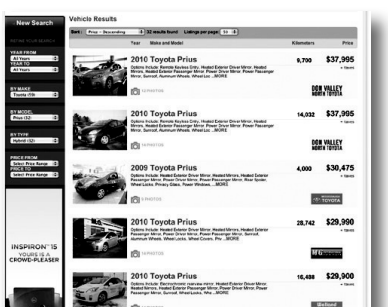
Results for the TD Canada Trust Home Buyers Report were collected through a custom online survey conducted by Environics Research Group. A total of 1,000 completed surveys were collected between June 8-21, 2010. All participants either purchased their first home within the past 24 months, or intend to purchase their first home within the next 24 months.

It's easy as 1, 2, 3...

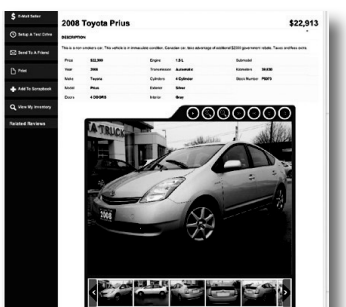
STEP 1
Search tens of thousands of vehicles.



STEP 2
Refine your search by proximity, makes, models, price and more.



STEP 3
Review detailed vehicle descriptions and 360° views of each vehicle.



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