

## Banking on a burst bubble: Even half of Metro Vancouver home owners want housing prices to fall

*Two-thirds say that regardless of what government does, they don't believe prices will drop*

**August 27, 2018** – Housing continues to be the most pressing issue in the minds of Metro Vancouver residents. Despite a commitment from the New Democratic government of Premier John Horgan that has involved speculation and vacancy taxes, a new Angus Reid Institute study finds the vast majority of residents equally dissatisfied with their provincial government in 2018 as they were in 2015 – when the Liberal Party of BC was in power.

Alongside this is a continuing sense that housing prices are hurting residents and more should be done to combat their rise. This is particularly true of those who are unable to own a home and enjoy the fruits of a seemingly endless rise in real estate values.

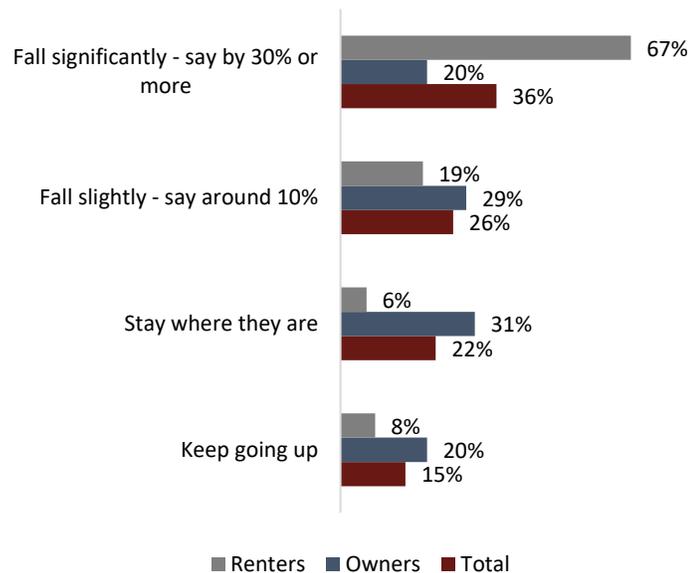
Overall, four-in-ten residents (43%) say that they are feeling the pain personally, while nearly twice that many (83%) say that the region as a whole is being damaged. These proportions remain in line with those from three years ago.

Those living in the region are open to myriad proposed solutions to the perceived problems. From the aforementioned new taxes, to increased data collection, to a more radical approach limiting the number of homes that can be purchased by foreign buyers, eight-in-ten residents support each item. That said, defeatism is in the air. Two-thirds now say that regardless of what government does, housing isn't going to become more affordable.

### More Key Findings:

- A majority of Metro Vancouver residents (62%) want to see prices in the region fall. They're divided over the extent of the correction, however. One-in-four (26%) say prices should fall by 10 per cent or so, while 36 per cent would like to see a decline of closer to 30 per cent

### What do you hope to see happen to the real estate market here in Metro Vancouver over the next few years?



### METHODOLOGY:

The Angus Reid Institute conducted an online survey from May 25 – 29, 2018, among a representative randomized sample of 719 Canadian adults who are members of Maru Voice Canada. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 3.7 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

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- Eight-in-ten renters and three-quarters of homeowners say that housing prices in the region are unreasonably high. However, owners are divided over whether this is benefitting (30%) or hurting them (28%). Renters are near unanimous that they are being hurt (5% to 75%).
- The top two causes of high housing prices – as perceived by Metro residents – are both forms of speculative purchasing. Six-in-ten (59%) say it is foreign buyer investments driving up costs, and 43 per cent say it is wealthy individuals in general

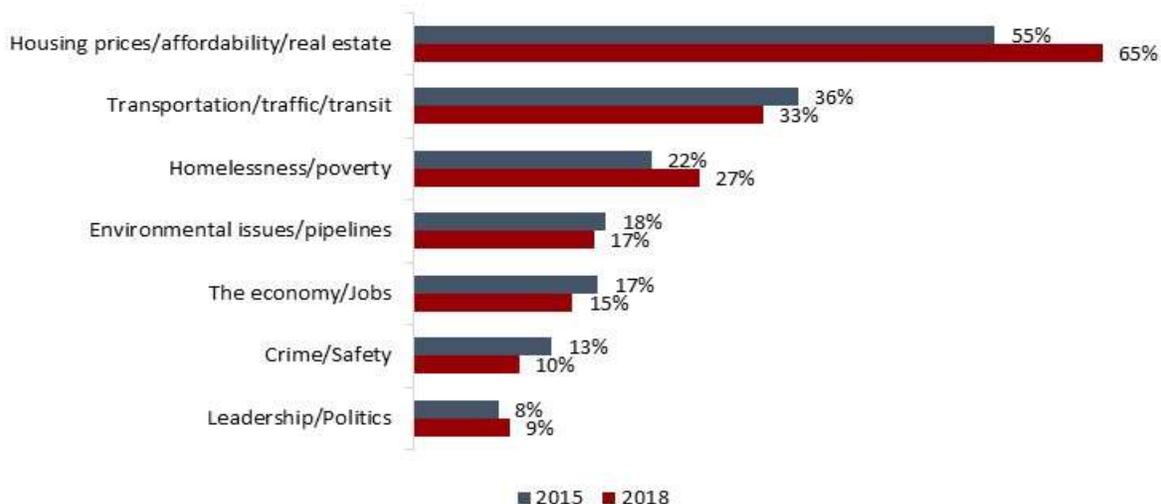
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**Housing continues to rise as top issue in Metro Vancouver**

Housing again sits atop the list of priorities in Metro Vancouver, chosen by 65 per cent of respondents. This represents a 10-point jump from the Angus Reid Institute's [2015 study of housing](#) and transportation in the region:

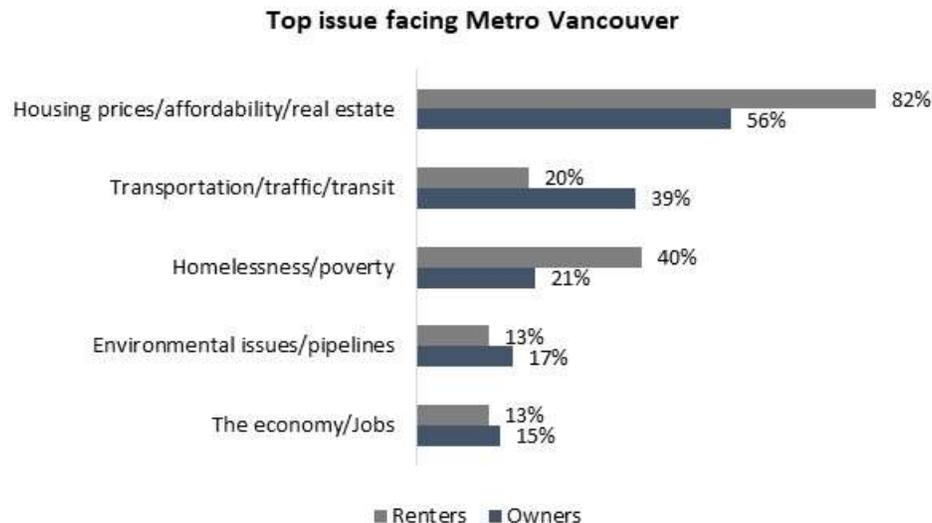
**Thinking of the issues currently facing Metro Vancouver, which one or two would you say are the most important?**



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The proportion of those saying that housing is the top issue reaches 82 per cent among Metro Vancouver renters, and is a majority among owners as well (56%):



### **‘Unreasonable’ prices hurting the region**

Housing rises above all other concerns for some obvious reasons. The issue is inescapable by virtue of necessity – people need somewhere to live – and prices [have continued to rise](#) despite the recent attention given to the issue. Housing prices in Metro Vancouver have also garnered international recognition in recent months, with a feature in the [New York Times](#) trying to make sense of a frenzy that has caused many residents [to give up](#) and leave.

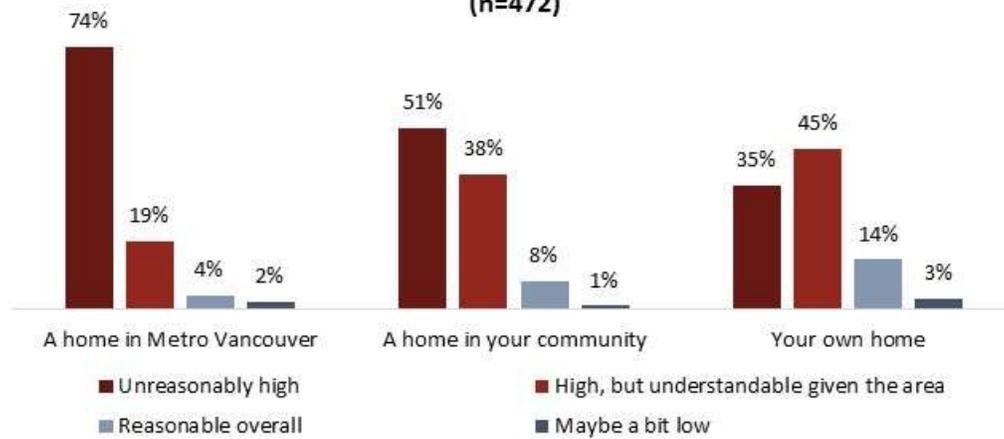
When it comes to the cost of housing, much of public opinion appears to hinge on the intimacy of the issue to their own lives. Three-quarters of homeowners say the cost of buying in Metro Vancouver is unreasonably high, and an even greater number of renters say the same about the cost of renting here. That said, both groups are significantly less critical of their personal situation.

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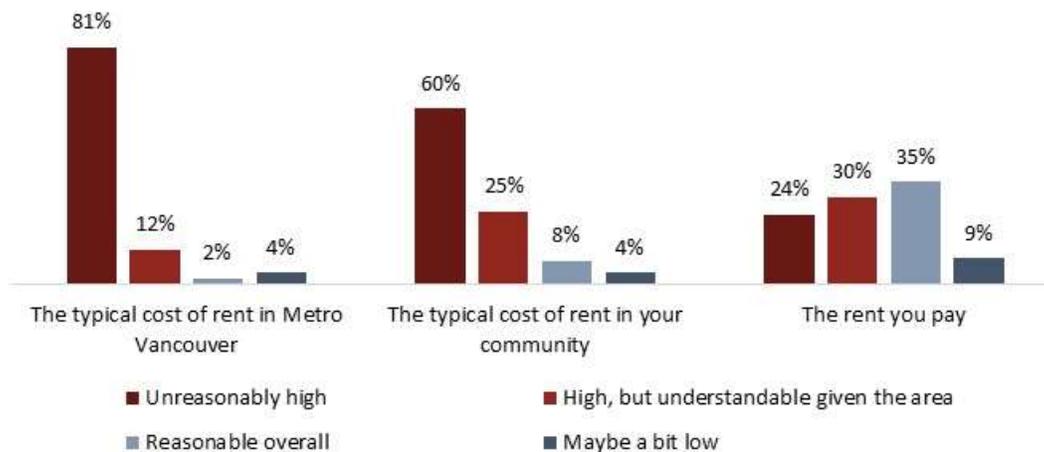
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**How Vancouver homeowners describe the price of homes..**  
(n=472)



It would appear that many have settled into a situation that they're able to perceive as reasonable or at least understandable in terms of cost. However, when they look beyond their own walls, the prospects of renting in that same community, or elsewhere in Metro Vancouver appear daunting. Six-in-ten (60%) say the cost of rent in their community is unreasonably high, while eight-in-ten (81%) say this of the extended region:

**How Vancouver renters feel about the cost of rent...**  
(n=205)



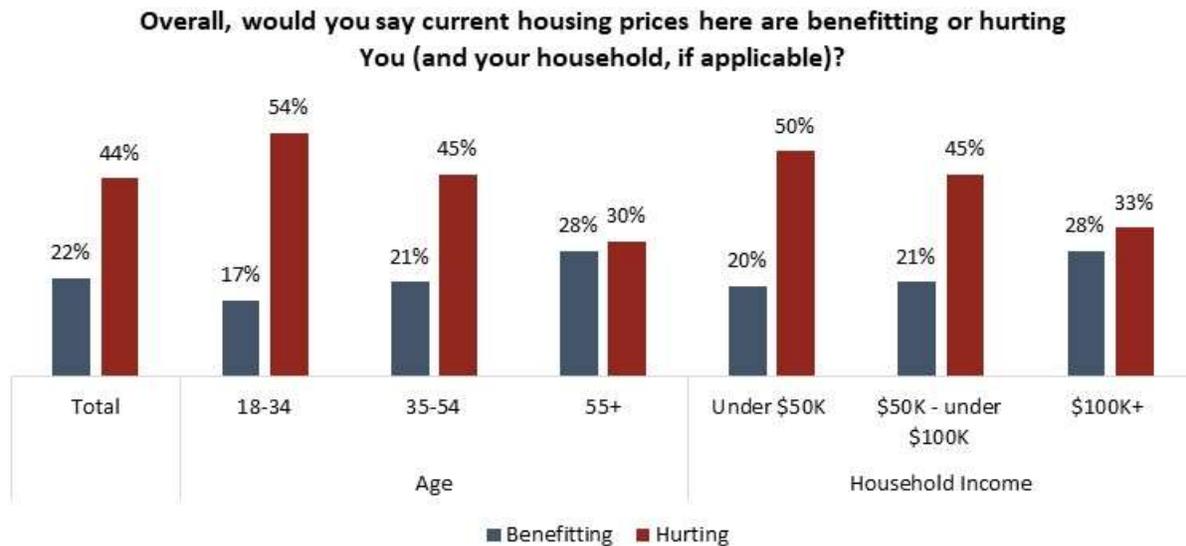
**Residents twice as likely to say prices hurting than benefitting them**

The impact of rising housing prices is no monolith. Certain individuals, depending on home ownership or employment, have benefitted greatly from an appreciating home value and spinoff benefits of constant construction. But people are twice as likely to say they've been hurt by the increasing costs of living – and that's only among those who have stayed.

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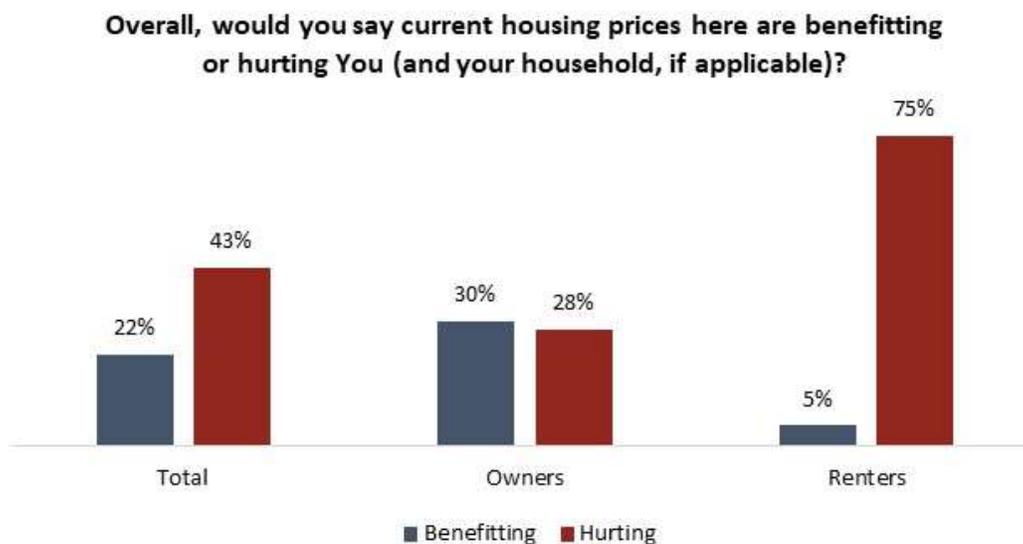
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Overall, more than four-in-ten residents (44%) say this, while half as many (22%) say they have seen a benefit. Younger and poorer residents voice considerable negativity, while older and wealthier residents are closely divided between benefit and harm:



### Home owners divided, renters near unanimously negative

As previously noted, the most obvious driving factor in whether rising home prices have been a positive or negative force in the lives of Metro Vancouver residents is home ownership. Homeowners are equally likely to feel they have benefitted or been hurt by rising prices, while renters are near unanimous in saying they have been negatively impacted:

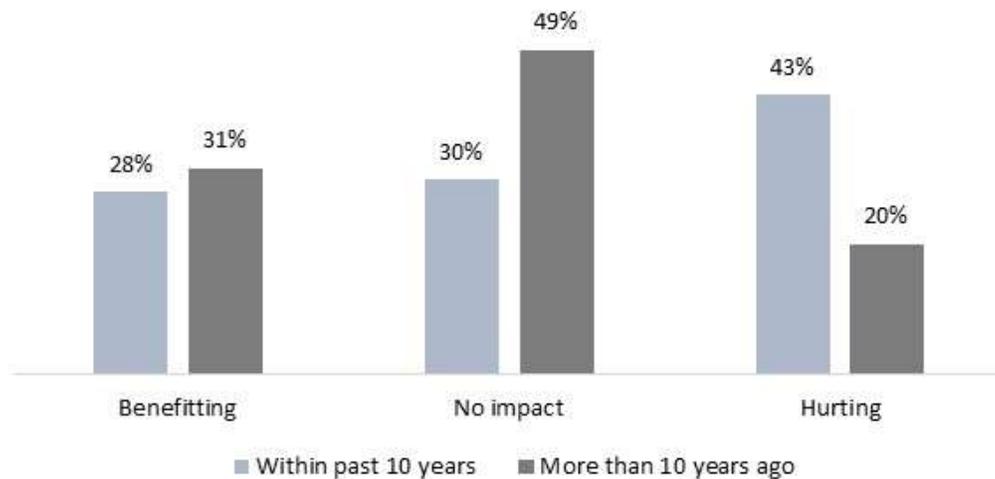


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The pain that homeowners feel in Metro Vancouver is linked with the time of purchase. Those who bought their home more than 10 years ago are most likely impacted positively or not at all, whereas four-in-ten more-recent buyers say that simply purchasing a home has caused them hardship:

**Housing price impact by home ownership tenure:**



### Tracking housing and transit pain

In its [2015 Metro Vancouver housing report](#), the Angus Reid Institute created a pain index to sort out which portions of the population are thriving and which are suffering. This index allowed Metro Vancouver residents to be sorted into four groups: the Happy, Comfortable, Uncomfortable and the Miserable. Each is scored based on three questions having to do with their transit experience and seven questions regarding their housing circumstances. See methodology at the end of the report for more information.

Today, as in 2015, the distinguishing features of the four groups are as follows:

The **Happy** (16% of the total population) tend to be much older than the general population (65% are ages 55 and older). Most of them do not commute, and so experience relatively little transportation-related pain. They also overwhelmingly live in detached houses that they own outright – without a mortgage. Most bought into the market 25 years ago or longer.

The **Comfortable** (35%) are also older, but not as dramatically so (76% are 35 or older, but only 36% are in the 55+ age group). Most are still in the working world, but their commutes tend to be manageable. They too live primarily in detached houses that they purchased a long time ago, but half still have a mortgage to contend with.

The **Uncomfortable** (26%) are younger and divided roughly evenly between owning their homes (52% do) and living in some other arrangement. Most of those who own their homes have mortgages on them (80%), and many bought into the market within the last 10 years. Half (52%) say they can manage their mortgages, but have to be careful with their spending.

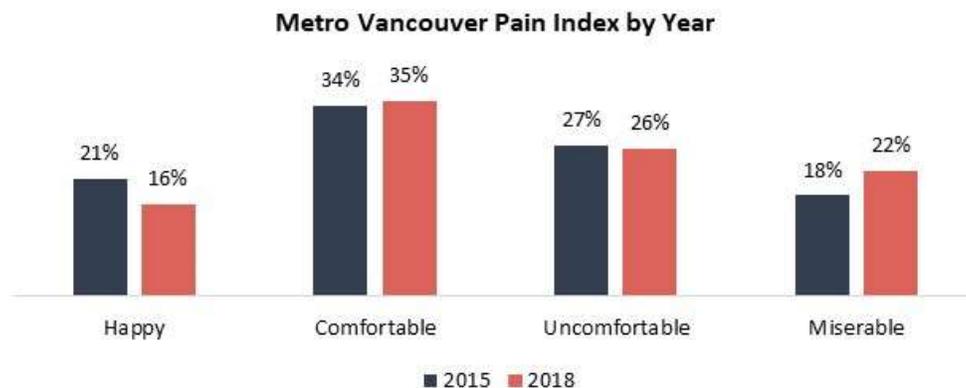
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The **Miserable** (22%) have a similar demographic make-up to the Uncomfortable, skewing even younger (47% are under age 35, compared to 42% of the Uncomfortable). Members of this group are more likely to rely on public transit to get around and tend to describe their commutes as painful. Most are renters or living in some other non-ownership arrangement, and the few who own property tend to have high mortgage payments that make money tight.

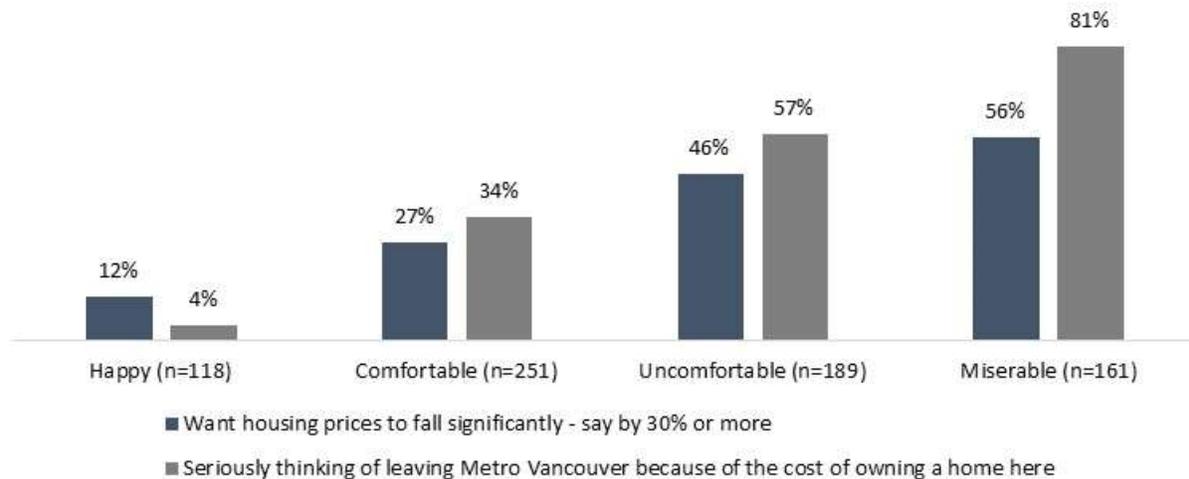
What this three-year gap shows is that if anything has changed in the composition of these groups, it is for the worse. Using the same methodology, the size of the two middle groups, the Comfortable and the Uncomfortable, has not changed significantly, while the number of Happy residents has decreased and the Miserable group has grown in size.



As for what this means for the region, the largest impact is likely the potential flight of young people who are unable to gain a foothold in the city. More than half of the Uncomfortable say they are giving serious thought to leave Metro Vancouver, while that number rises to eight-in-ten (81%) among the Miserable. In 2015, 85 per cent of the Miserable group said the same. Data from Statistics Canada shows this reality, with Metro Vancouver losing residents to other parts of the province at [a higher rate](#) over the past several years.

These groups are also substantially more likely to be wishing for a housing market crash:

**Pain index responses to housing questions**

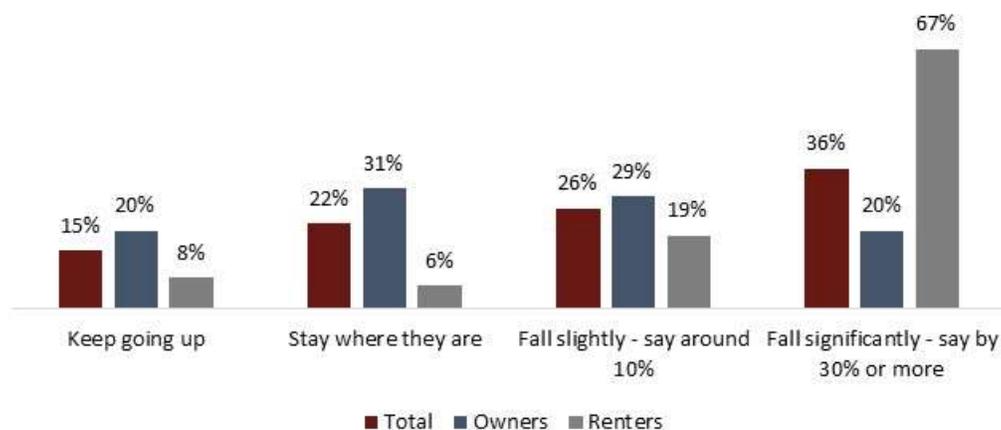


**Majority want to see bubble burst**

Perhaps the most counter-intuitive finding for outsiders observing the real estate market in Vancouver is the substantial number of residents who would like to see the market crash. While it is likely not surprising that 86 per cent of renters are hoping for a correction, given that they have no personal stake in appreciating housing values, a significant number of current homeowners feel the same way.

Three-in-ten owners say they would prefer the market fall in value by about ten per cent. More notably, they're also equally as likely to say they would like to see the market crash by 30 per cent or more as they are to say they would like values to rise:

**What do you hope to see happen to the real estate market here in Metro Vancouver over the next few years?**



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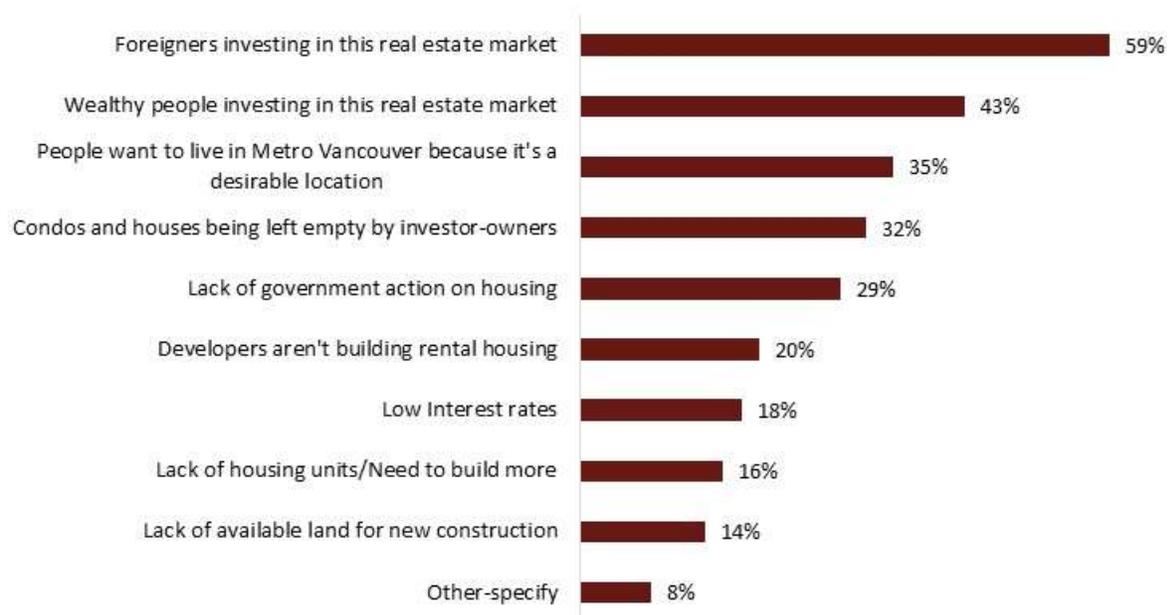
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Evidently, the pain felt by their neighbours – and children – is weighing on those who would prefer to lose some of their home equity if it means a better quality of life for others. Younger and less wealthy Vancouverites are again, more likely to wish for a reversal of market trends ([see comprehensive tables](#)).

### What’s causing high prices?

Most are inclined to say that it is speculative investment that is the root cause of this crisis. While much of the focus and debate has centered on foreign buyers, residents also voice considerable angst toward domestic investors who buy up multiple properties as a store of value. Six-in-ten (59%) say that foreign buyers are among the main causes, while four-in-ten (43%) say that wealthy buyers are also a key factor. Also high on the list, 32 per cent say that houses and condos are being left empty by investors:

**Which of the following factors do you think are the main causes of high housing prices in Vancouver? Choose up to 3**



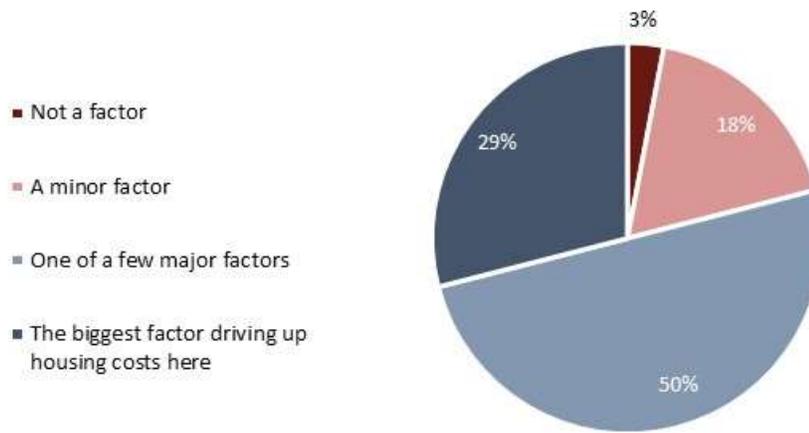
Notably, 35 per cent of Metro Vancouver residents say that prices are higher because Vancouver is a desirable location. This year, Vancouver was [ranked 5<sup>th</sup>](#) in terms of quality of living among cities globally. Interestingly, 47 per cent of Greater Toronto Area residents said this is a cause of high prices in their region, with Toronto ranking 16<sup>th</sup> on that same list.

With respect to the issue chosen by the most residents – foreign ownership – three-in-ten (29%) say this is the biggest factor in driving up costs. Most are inclined to say that is among a few major factors, or less important:

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**Would you say foreign ownership is:**



**Four-in-five say government needs to be more involved**

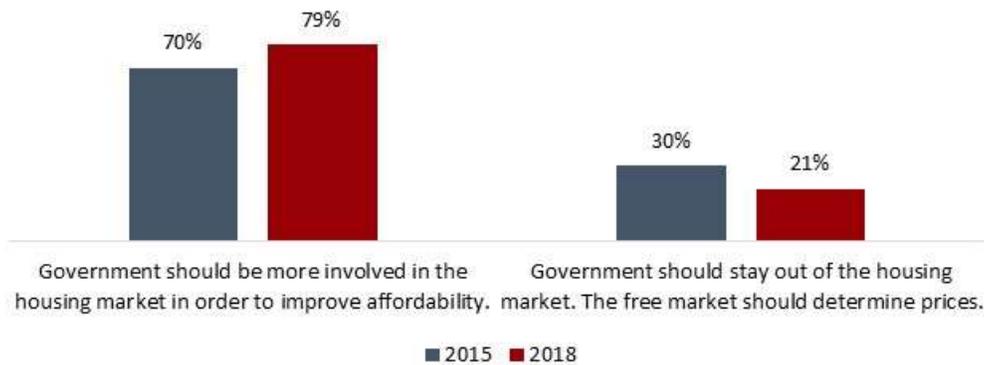
In terms of solutions, Metro Vancouver residents are looking to their governments to solve this problem. In the 2018 provincial budget, the Horgan government released a [30-point plan](#) to address the housing crisis by curbing demand and stimulating supply. Four-in-five residents (79%) say that this is the right approach, while just one-in-five (21%) say that the free market should have reign in determining prices, free from government interference:

**Thinking about the whole issue of housing prices here in the Metro Vancouver region, which of the following two broad statements most closely reflects your opinion?**



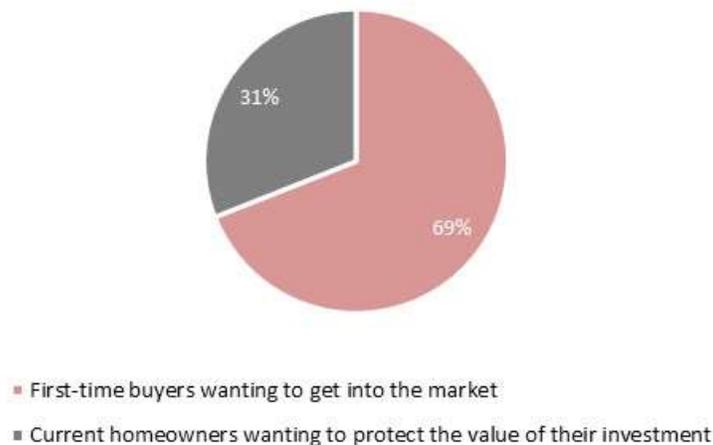
The number of those in the region who support government intervention has risen nine points since 2015:

**Thinking about the whole issue of housing prices here in the Metro Vancouver region, which of the following two broad statements most closely reflects your opinion?**



This sense that the government needs to be involved in order to better regulate the real estate marketplace coincides with the opinion that those who need more assistance are people looking to enter the market. While three-in-ten (31%) Metro Vancouver residents are more concerned about the protection of home-owner assets, seven-in-ten (69%) say that first-time buyers should be the focus of policy:

**Overall, whose interests would you give the highest priority to?**



**Support for myriad policies**

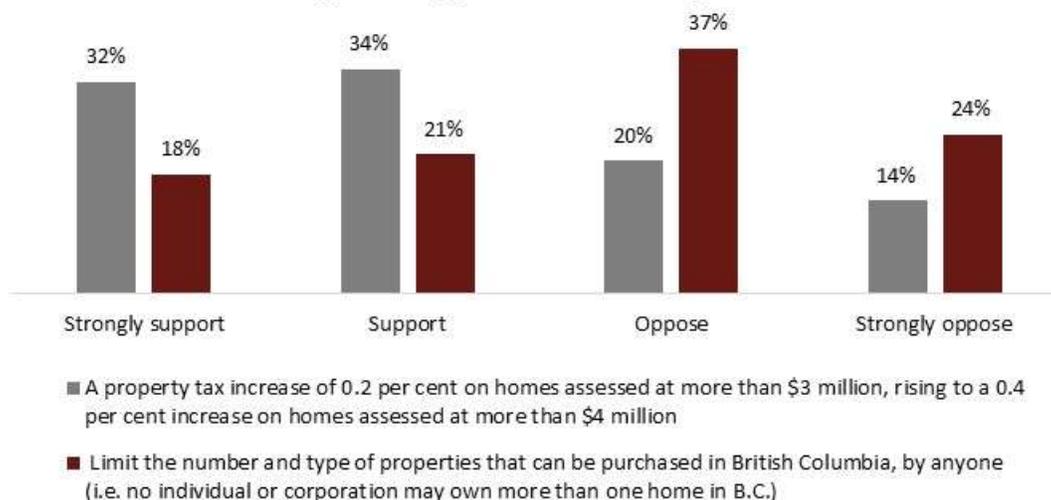
So, what should be done? The provincial government has implemented a number of policies already, and each of the receives near-unanimous support from residents in the region. The BC NDP introduced a speculation tax aimed at homeowners who do not pay taxes in B.C., something that 88 per cent of residents support. This [year's budget](#) also included plans to create a database on property purchases and buyers. One policy that has not been proposed but also generates widespread support is a limitation on the number of homes a foreign buyer can purchase. Eight-in-ten support this more radical suggestion:

**Support level for potential and actualized housing policies**



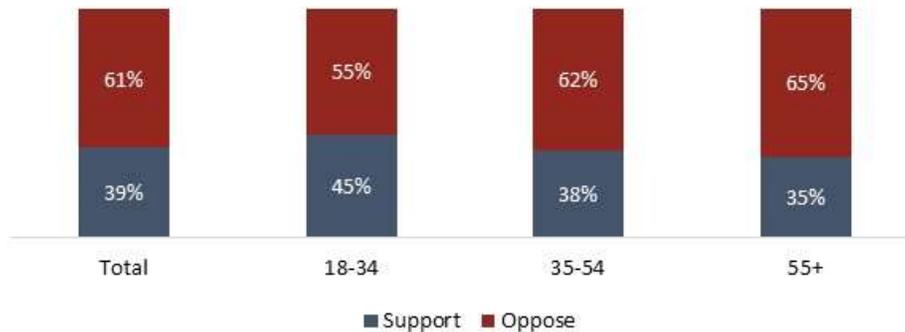
Fewer – but still two-thirds – support the recently announced “school tax”, which increases the amount of property tax paid on homes valued at more than \$3 million. Interestingly, a significant minority, four-in-ten (39%) support a more severe approach – limiting the number of homes a person or corporation can own in the province. Six-in-ten (61%) see this as a bridge too far:

**Support vs opposition for housing policies**



While support for that policy does not reach a majority among any age group, it approaches a split among those who are most likely to say they are being negatively impacted by the housing crisis – those in the 18 to 34 age group:

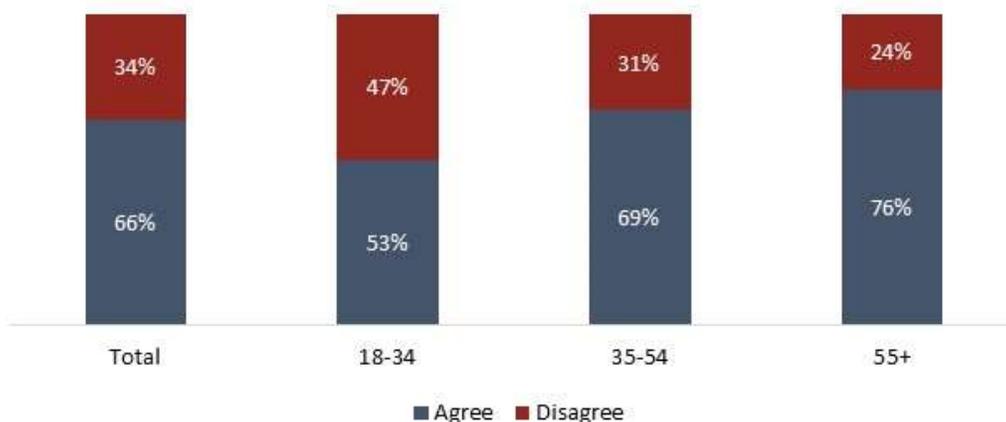
**Limit the number and type of properties that can be purchased in British Columbia, by anyone (i.e. no individual or corporation may own more than one home in B.C.)**



**Two-thirds say there's no hope, regardless of policy**

What emerges as a result of this study is a sense that there is no end in sight to increasing housing costs. The younger residents of the region have some faith in the power of their elected representatives, though few Vancouverites are very confident in their governments. Half of millennials (53%) say that regardless of the route pursued, they don't expect the government to have much of an impact on housing affordability. Their elders are much more negative. Seven-in-ten (69%) among the 35-54 age group and three-quarters (76%) of those over 55 take a defeatist position about the government's potential impact:

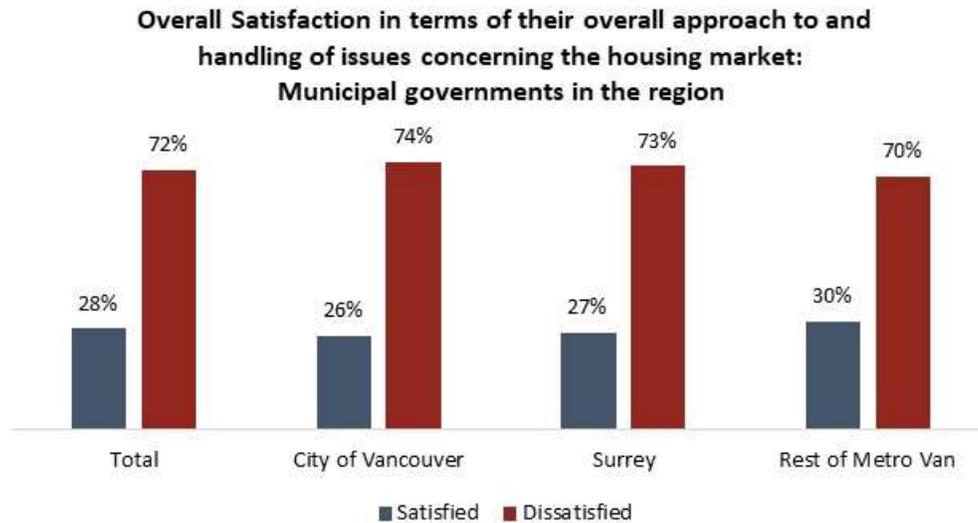
**No matter what the government does, it won't be able to make housing here affordable**



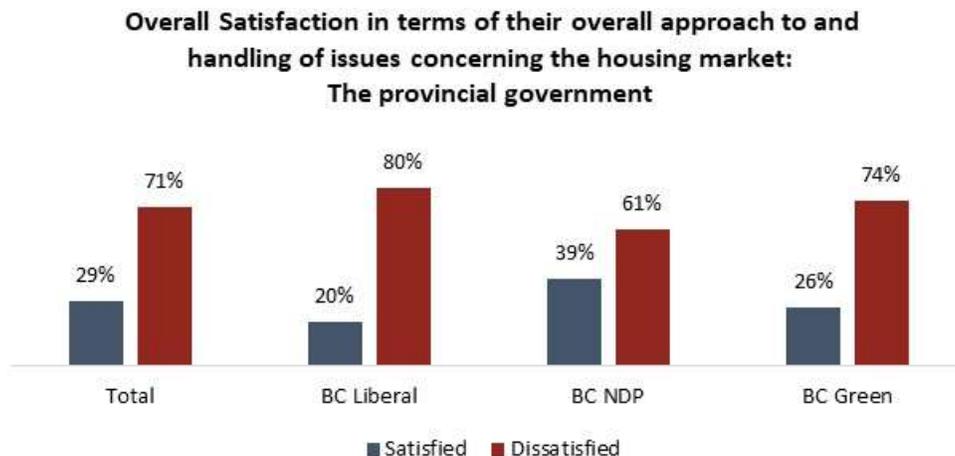
**(Dis)Satisfaction with governments**

This aforementioned negativity about the prospects of government intervention reducing the costs of housing in Metro Vancouver is perhaps as much a reflection of the population's experience to this point

as it is a prediction for the future. Vancouverites are overwhelmingly negative about the effort put forth by both the provincial and municipal governments to this point. Three-quarters of residents in the City of Vancouver (74%) and Surrey (73%) say they are dissatisfied, while seven-in-ten in the rest of Metro Vancouver agree:

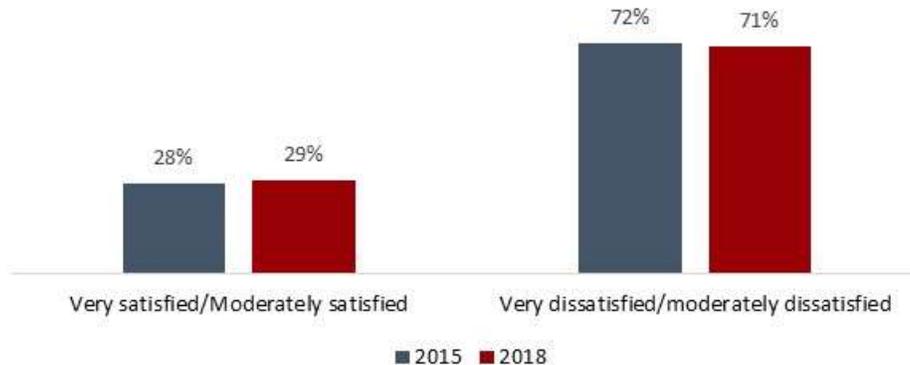


With respect to the provincial government, similar responses are noted. Even among those who voted for the BC NDP last May, just four-in-ten (39%) say they are satisfied with the Horgan government's handling of this issue:



Indeed, Metro Vancouver residents are no more satisfied now than they were in 2015 with the provincial government's performance on this file:

**Overall, how satisfied are you with the B.C. government's handling of issues concerning the housing market?**

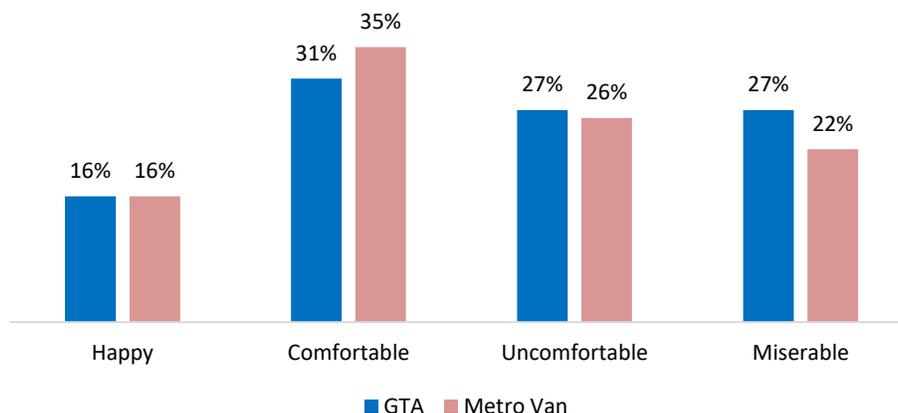


**Comparing the GTA to Metro Vancouver**

In concert with this study of housing in Metro Vancouver, the Angus Reid Institute today released a companion report looking at the same issue in the [Greater Toronto Area](#). Please click the link to read that report.

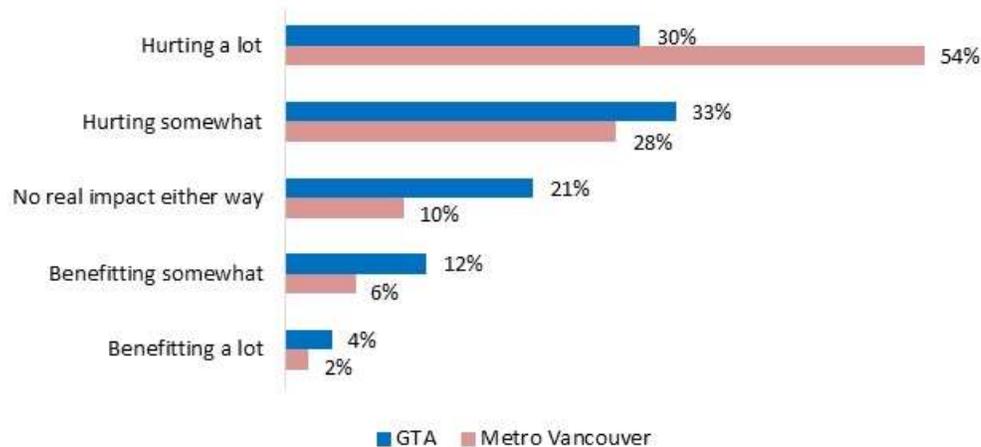
Considerable similarities are found when comparing the two populations across the Angus Reid Institute's Pain Index. In each case, 16 per cent of the population can be categorized in the Happy cohort, while roughly half are Uncomfortable or Miserable. Driven primarily by their propensity to use transit more often, and the likelihood of having a commute of one hour or more, the GTA population skews slightly more Miserable than Vancouver.

**Comparing the Pain Index**



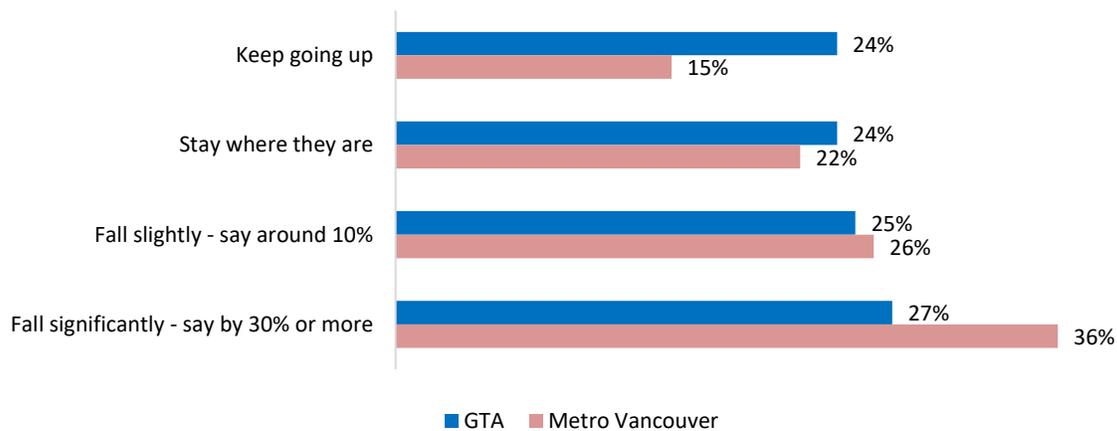
One of the most notable findings is the level of perceived damage being done to each region. While few from either metropolitan area are inclined to say housing prices are benefiting the area collectively, Metro Vancouver residents are significantly more negative about the impact:

**Overall, would you say current housing prices here are benefitting or hurting the region (GTA or Metro Vancouver)**



What this creates is a noticeably higher number of residents in the western region saying they're hoping for a market crash compared to those in the 416 and 905. Notably, at least half in each say they are hoping for a drop of at least 10 per cent:

**What do you hope to see happen to the real estate market here in (GTA/Metro Vancouver) over the next few years? Do you hope prices ...**



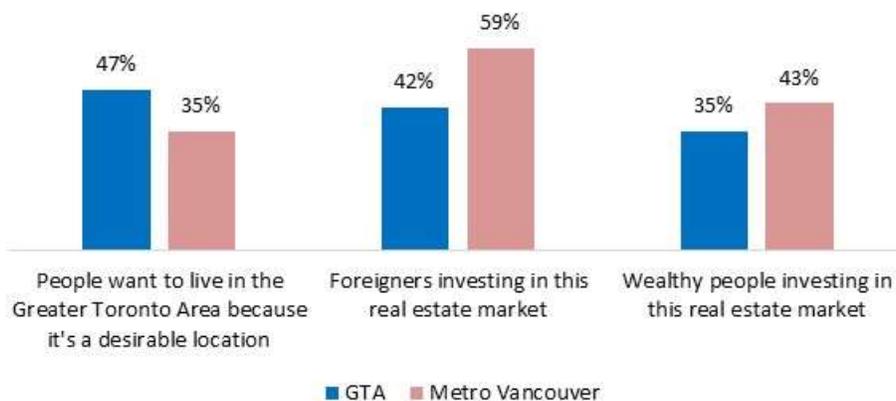
While they have disparities on a number of measures, support for policy options are close to identical. Residents in each region are enormously supportive of nearly all options put forth by the Angus Reid Institute, while both are tepid with respect to a firm limitation on the number of properties a person can purchase in their province:

**Support for housing policies**



Notably, in both regions the top three reasons given for high housing prices are the same. The order of those reasons however, is significant. Greater Toronto Area residents are much more likely to say that prices are a response to people wanting to live in a desirable area. Both Toronto and Vancouver are consistently listed among the top cities in the world to live in. Meanwhile, Vancouverites are much more likely to blame foreign ownership than GTA residents:

**Top three reasons for high housing prices by region:**



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**Notes on Methodology:**

The Angus Reid Institute's Pain Index scores respondents' answers to a series of transportation and housing questions based on the relative amount of "pain" each answer indicates. Scores for each answer are then added up to produce a total score for each respondent. A higher score indicates a great deal of housing-and-transit-related pain, and a lower score indicates minimal such pain.

The Pain Index is based on 10 questions in total, though respondents would only answer between seven and nine of them, depending on whether they own property and whether that property has a mortgage or not.

In all, the Pain Index includes three questions about transit – which are asked of every respondent – and seven questions about housing, of which each respondent is asked, at most, six.

Scores ranged from -3 to 16, with a larger concentration of respondents near the middle of the scale. Those with scores from -3 to 2 were sorted into the Happy category, those with scores from 3 to 6 became the Comfortable category, those with scores from 7 to 9 became the Uncomfortable, and those with scores of 10 or higher were sorted into the Miserable category.

*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

***For detailed results by age, gender, region, education, and other demographics, [click here](#).***

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