



2017 Mortgage Consumer Survey

Canada



2017 MORTGAGE CONSUMER SURVEY - QUICK FACTS

In March 2017, CMHC completed an online survey of 3,002 recent mortgage consumers, all prime household decision-makers who had undertaken a mortgage transaction in the past 12 months. Sixty-five percent had undergone a mortgage renewal, 15% had refinanced their mortgage, and 20% had purchased a home with mortgage financing (11% First-Time Buyers and 9% Repeat Buyers). CMHC has conducted this survey since 1999. It is the largest and most comprehensive survey of its kind in Canada.

Online Mortgage Information Gathering

- Online research continues to be the most popular way to gather mortgage information. Over three-quarters (76%) of mortgage consumers looked to various online sources to find out about mortgage options and features.
- Accessing online mortgage information through mobile devices is steadily increasing. Thirty-one percent of mortgage consumers reported using a mobile device (compared to 27% in 2016).
- Among those going online, 50% went to lender websites, 25% to broker websites, and 15% visited both lender and broker websites. Other websites used are interest rate comparison sites (42%), and mortgage industry association websites (23%).
- As in previous years, mortgage consumers do a variety of activities online. Seventy-six percent of respondents who went online used a mortgage calculator, 51% did a financial self-assessment, and 29% filled out an online pre-approval form.

The Home Buying Process

- Sixty-four percent of First-Time Buyers indicated they were renting before purchasing, and 34% lived with family.
- Wanting to buy their first home (37%) and feeling financially ready (31%) were the most important reasons First-Time Buyers gave for purchasing a home in the past year. Low interest rates was the most important reason noted by Repeat Buyers at 33%.
- Fifty-three percent of buyers were aware of the latest mortgage qualification changes, and 19% noted that it impacted their purchase decision. For example, 11% of buyers said they increased their down payment, 6% purchased a smaller home, 5% purchased in a different location, and 3% delayed their purchase.
- Buyers interact with a wide variety of people, and are most likely to consult a real estate agent (72%), or look to a family member or mortgage lender for advice (both at 57%). Forty-one percent reported interacting with a mortgage broker. Of all interactions, real estate agents were noted as most valuable.

- About four-in-ten buyers received a recommendation to use a specific lender (38%), and 35% a recommendation to use a specific broker. These recommendations are most likely to come from a real estate agent or family member.
- Seventy-one percent of First-Time Buyers accessed savings for their down payment, while 18% received a gift from a family member.
- Fifty-five percent of buyers received advice on the amount of down payment to put down. Among those, 24% received advice to put down less, and 69% received advice to put down more for a variety of reasons, such as minimizing overall interest paid and avoiding mortgage loan insurance.
- Overall, 40% of buyers mentioned having concerns during the home buying process (compared to 43% in 2016). Among this group, the uncertainty came mostly from unforeseen costs, noted by 57% of buyers, followed by the fear of paying too much for their home, and living with post home-buying costs (both at 51%).
- Thirty-two percent of all buyers incurred unexpected expenses during the home buying process, of which immediate repairs were the most common unexpected costs identified.
- Thirty percent of buyers reported making repairs or improvements costing over \$5,000 since purchasing their current home, and 58% noted they are likely to make repairs or improvements over \$5,000 in the next 5 years.

Broker Experience

- Mortgage broker share of the market is trending upwards with Renewers (from 26% in 2016 to 35% in 2017). The mortgage broker share has remained stable with Refinancers and Recent Buyers (40% and 44% respectively). As in previous years, broker market share is highest among First-Time Buyers at 55%.
- The desire to get the best rate or deal (58%), along with valuable advice and recommendations (52%), are the key reasons why mortgage consumers noted obtaining their mortgage through a broker.
- Overall, mortgage consumers were satisfied with their experience using a broker (72%).

Lender Experience

- Results from this year's survey show that lender loyalty among Renewers stands at 79% (81% one year ago), and at 66% for Refinancers (68% one year ago). Repeat Buyers recorded a drop at 62%, compared to 73% one year ago. Finally, compared to other consumer segments, lender loyalty continues to be lowest amongst First-Time Buyers where 57% arranged their mortgage with the financial institution they were dealing with the most.
- When asked to select among several reasons for remaining loyal or for switching lenders, the main reason given was wanting a better interest rate (36% for consumers switching lenders, and 37% for those staying with their existing lender). Another common reason given for switching was better product terms and conditions. Amongst other reasons for staying, existing relationship with current lender, and more convenience were the most common reasons identified.
- Thirty-eight percent of mortgage consumers used a branch lender to arrange their current mortgage, 33% used a mobile mortgage specialist, and 21% used a lender financial planner. Regardless of the channel used, the majority of consumers (79%) are satisfied with their lender.

The Mortgage Process

- When obtaining their current mortgage, the majority of mortgage consumers received a wide range of advice from their mortgage professional, including specifics regarding fixed and variable rates and mortgage terms and conditions (77%), and advice on long-term mortgage strategies (70%). Furthermore, almost six-in-ten mortgage consumers were also offered other types of financial products (57%).
- Providing advice on long-term mortgage strategies can lead to 72% increase in likelihood of new business. In fact, only 25% of those not receiving the advice "totally agreed" they will recommend their mortgage professional to family and friends. This increases to 43% among those that received the advice.
- Fifty-four percent of consumers who used a broker and 31% who used a lender were contacted by their mortgage professional following their mortgage transaction.
- Looking back at their mortgage experience, consumers wished they could have had additional information on several key topics. These key topics include more information on interest rate (24% of lender clients and 53% of broker clients), types of mortgages (25% of lender clients and 46% of broker clients), tools to manage their mortgage (27% of lender clients and 46% of broker clients), and what to do when faced with financial difficulties (26% of lender clients and 45% of broker clients).

- Consumers generally feel confident about their home buying and mortgage decisions. That being said, First-Time Buyers who received a gift from family as part of their down payment were less comfortable than others with their current level of mortgage debt. They were also less confident about knowing where to turn in the event that they run into financial trouble. Similarly, they were less likely to have other assets to supplement their needs should they run into financial trouble. Overall, First-Time Buyers who received a gift down payment were also less likely to find the process of getting a mortgage easy and straightforward.

Leveraging Technology

- Almost half of mortgage consumers (48%) agree they would feel comfortable using more technology to arrange their next mortgage transaction, and 40% noted they would be comfortable arranging their entire mortgage transaction using secure online tools and apps, without having to meet their mortgage professional in person.
- Fifty-six percent of mortgage consumers would like to have access to wealth management tools to help prepare prior to their mortgage transaction, and almost half (49%) would feel comfortable not visiting their bank if they could access secure online tools which provide them with standard banking services.
- While technology in the financial industry continues to evolve, the majority of mortgage consumers agree that it is still important to meet face to face with their mortgage professional when negotiating (69%) and finalizing their mortgage (70%).
- Consumers using social media to gather mortgage information is increasing, reaching 35% this year (compared to 29% in 2016). Facebook (57%), YouTube (34%) and blogs (29%) are the most popular platforms among those looking to social media.
- The use of social media to gather mortgage information is higher among broker clients (59%, compared to 17% for lender clients), and among First-Time Buyers (42%, compared to 36% for Renewers, 29% for Refinancers, and 22% for Repeat Buyers).
- Finally, the use of social media is higher with mortgage consumers born outside of Canada (43%, compared to 33% for those born in Canada).

Definitions

Recent mortgage consumers:

- First-Time Buyers – those who purchased their first home in the past 12 months and took a mortgage
- Repeat Buyers – those who previously owned a home and have purchased a subsequent home in the past 12 months and took a mortgage
- Renewers – those who renewed their mortgage in the past 12 months.
- Refinancers – those who refinanced their home through a mortgage in the past 12 months.

Lender loyalty:

Lender loyalty for Repeat Buyers, Renewers, and those Refinancing means that they obtained their current mortgage from the same mortgage lender they were dealing with previously. For First-Time Buyers it means that they obtained their current mortgage from the financial institution they were dealing with the most at the time they took out their mortgage.

cmhc.ca/surveys

CMHC offers a number of online tools and a wide variety of housing information to support Canadians in making informed and responsible home buying decisions as they pursue their housing needs.

www.EverythingYouNeed.ca

Visit www.EverythingYouNeed.ca and access a wealth of mortgage and housing information. Drawing on more than 70 years of experience CMHC helps you stay informed and become trusted advisors to your clients.



cmhc.ca/newcomers

Are your clients new to Canada? Visit cmhc.ca/newcomers and make sure they're well informed by providing them with relevant housing information in their own native language!



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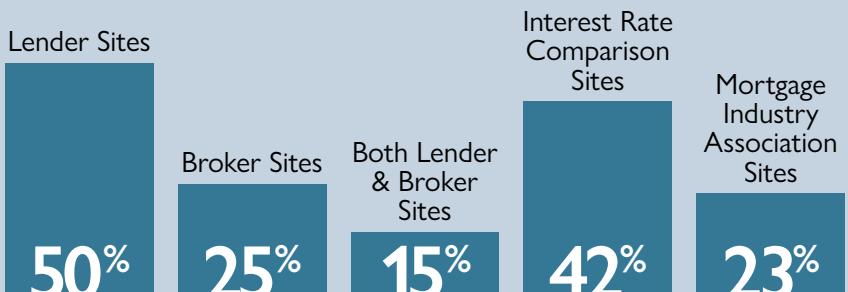


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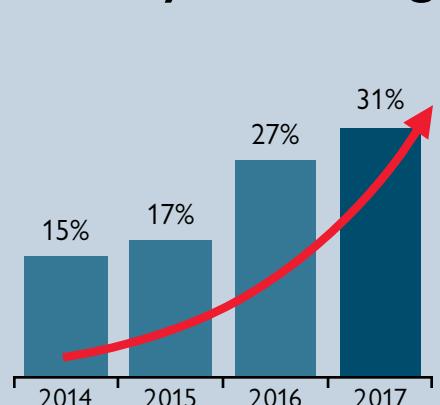
MORTGAGE INFORMATION GATHERING

76% of Mortgage Consumers
Research Online

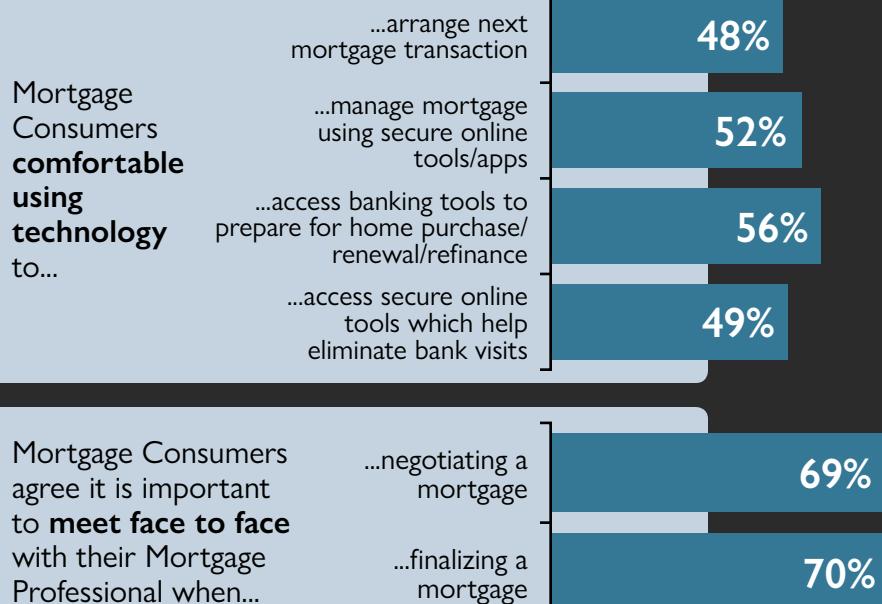
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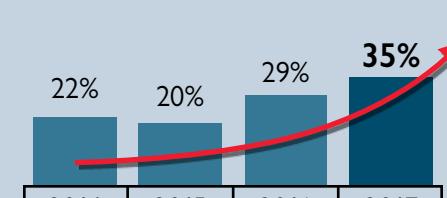
Mobile device usage
steadily increasing



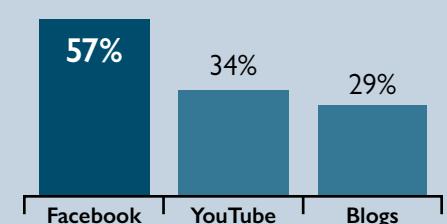
LEVERAGING TECHNOLOGY



SOCIAL MEDIA USAGE



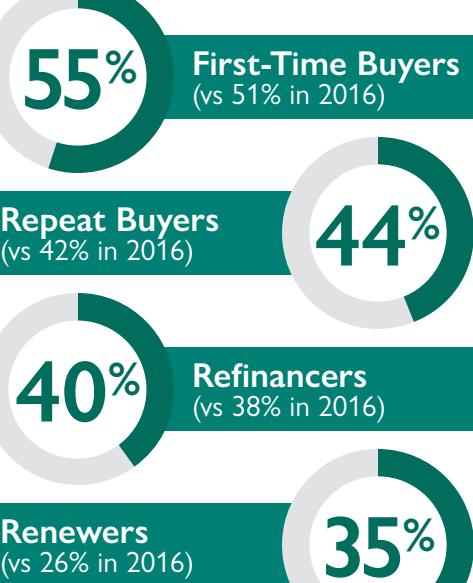
MOST WIDELY USED PLATFORMS



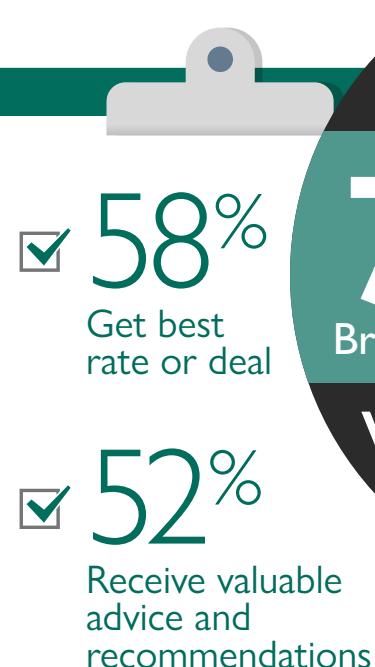
BROKER EXPERIENCE

Broker Share

(2017 trends in Broker market)

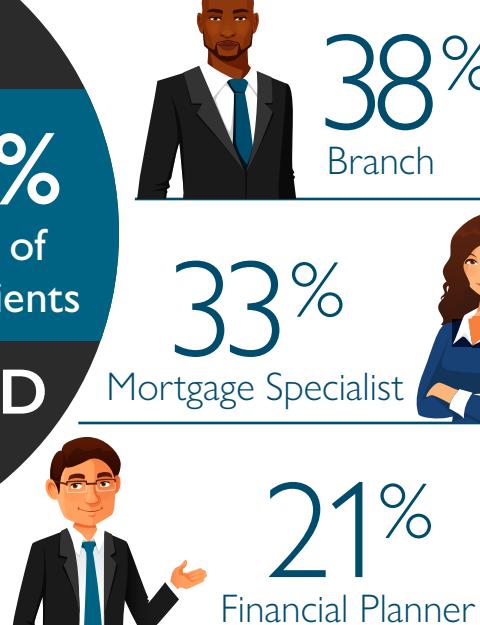


Key reasons for using a Broker



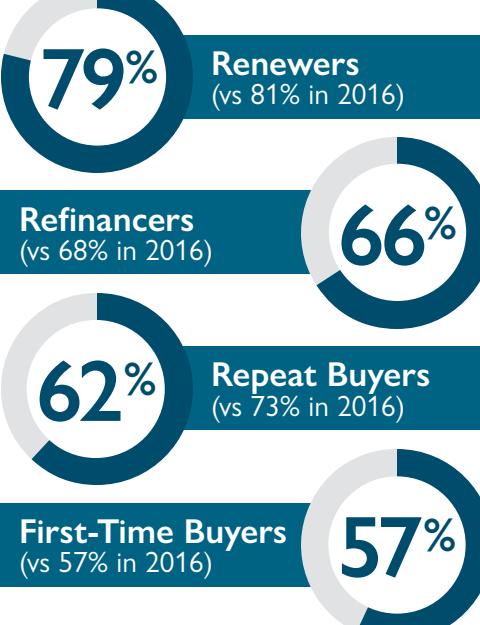
Lender Channels

(Usage among Lender channels)



Lender Loyalty

(2017 trends in Lender market)



THE HOME BUYING PROCESS

Qualification Changes

53%

of Buyers were aware
of the latest mortgage
qualification rule changes

19% noted it impacted their purchase decision in the following ways...

- 11% Increased their down payment
- 6% Purchased a smaller home
- 5% Purchased in a different location
- 3% Delayed their purchase

Interactions

72%
Real Estate Agent

41%
Broker

57%
Lender

57%
Family

40% of Buyers feel
concerns or uncertainty

Unforeseen costs (57%)

Paying too much
for my home (51%)

Living with post
home buying costs (51%)

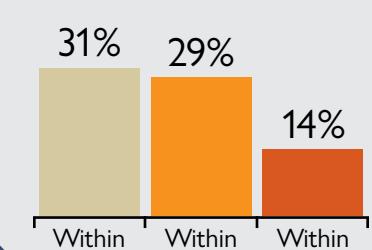
Down Payment

Sources of down payment
for First-Time Buyers



Renovations

58% of Buyers
noted they are likely to make repairs/
improvements costing over \$5,000
in the next 5 years.



THE MORTGAGE PROCESS

Follow-up

54%
of those using
a Broker

&
31%
of those using
a Lender

were contacted by their Mortgage Professional
after the mortgage transaction

Desired Advice

Broker clients desired more advice than Lender clients in general



Down Payment

First-Time Buyers who received a down payment gift from family were...

- less comfortable with current level of debt
- less confident they knew where to go if facing financial difficulty
- less likely to find the mortgage process easy and straightforward

