

# 2010 MORTGAGE CONSUMER SURVEY



CANADA MORTGAGE AND  
HOUSING CORPORATION

Canada 



## KEY FINDINGS FROM THE 2010 SURVEY

- THE INTERNET, AN IMPORTANT TOOL FOR MORTGAGE CONSUMERS
- FIRST-TIME BUYERS GET INFORMED ON MORTGAGE OPTIONS
- MORTGAGE BROKER SHARE IS STABLE
- MORTGAGE CONSUMERS ARE CONFIDENT WITH HOMEOWNERSHIP

### THE INTERNET, AN IMPORTANT TOOL FOR MORTGAGE CONSUMERS

A significant proportion of consumers seek information on mortgage options prior to making a purchase decision and the Internet is becoming a prevalent source of information, according to the survey. This is particularly true of first-time buyers, with almost nine out of ten using the Internet to search for information on mortgage options.



USEFULNESS: ALMOST



Among the various on-line tools and other resources consumers use to collect information about mortgages, on-line calculation tools are particularly popular: 69% of first-time buyers use them to compare different options. As well, more than half of first-time buyers visited the web site of a specific mortgage lender when seeking information on mortgages. A large majority of first-time buyers (89%) found these tools useful.

Use of the internet to gather mortgage-related information is consistent in all regions of Canada. As well, a majority of consumers in all age groups use the Internet, with the largest penetration among younger mortgage consumers.

### FIRST-TIME BUYERS GET INFORMED ON MORTGAGE OPTIONS

Survey results show that first-time buyers are educating themselves on various mortgage options prior to obtaining a mortgage. A large proportion research terms and conditions (84%), compare the costs of different interest rate scenarios (71%), and check for competitive interest rates (65%).

In addition to seeking out information themselves, first-time buyers consult a great deal with various third parties and mortgage professionals prior to obtaining their mortgage. They consult with mortgage lenders (59%), family and friends (58%), mortgage brokers (48%), and real estate agents (44%) for advice. More than three-quarters of first-time buyers noted they received advice on mortgage

terms and conditions, as well as whether to take a variable or fixed interest rate. First-time buyers also report that mortgage brokers and mortgage lenders are more influential to their mortgage decision than several other third parties.

**FIRST-TIME BUYERS**

**90%** REPORTING THEY MADE THEIR MORTGAGE DECISION WITH A GOOD UNDERSTANDING OF THE MORTGAGE OPTIONS AVAILABLE

**85%** NOTING THEY HAD A GOOD UNDERSTANDING OF HOW MUCH MORTGAGE THEY COULD AFFORD BEFORE BUYING

The combination of the time spent educating themselves about mortgages, and meeting with mortgage professionals is definitely worth the effort. According to the survey, a very high proportion of first-time buyers (90%) feel that they made their mortgage decision with a good understanding of the mortgage options available to them, 85% said they had a good understanding of how much mortgage they could afford before buying, and 75% feel that the process of getting their mortgage was easy and straightforward.

Loyalty to a lender is most common among the renewer and refinance segments: 88% of renewers and 70% of refinancers did not change lenders when obtaining their current mortgage. These levels have remained relatively consistent over the past few years. Lender loyalty is less prevalent among the buyer segments. Just under half (46%) of first-time buyers took out their mortgage with

the institution they were dealing with at the time (similar to last year) while 58% of repeat buyers did not change lenders when obtaining their most recent mortgage.

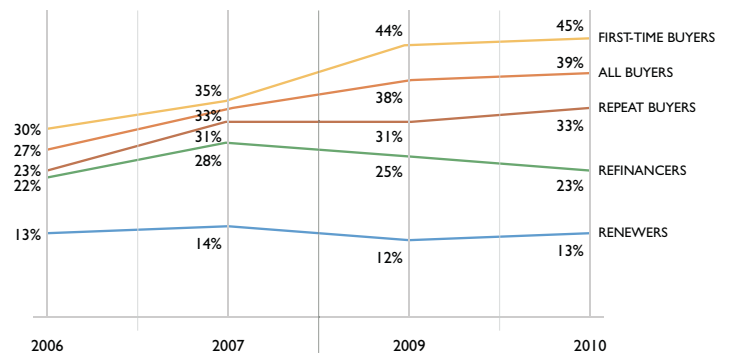
**Meaning of Lender Loyalty**

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.

**MORTGAGE BROKER SHARE IS STABLE**

Survey results show that mortgage broker market share has remained stable over the past year. Mortgage brokers continue to have higher usage among first-time buyers (45%) and repeat buyers (33%) compared to the refinancing and renewer segments, which have been relatively stable since 2006 at about 23% and 13% respectively.



As seen in 2009, broker market share is strongest in Western Canada where 53% of buyers in British Columbia and 41% in the Prairies used a broker to arrange their mortgage.

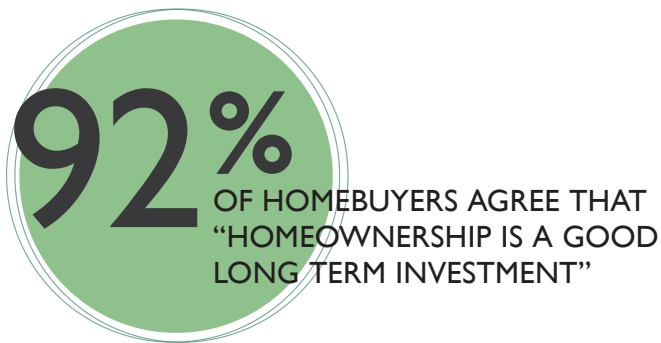
Also, overall, respondents who used a broker for their most recent mortgage transaction have positive perceptions of the broker they used: about eight-in-ten agree that the broker took the time to fully understand their financial situation and mortgage needs.

According to mortgage consumers, the benefits that mortgage brokers offer are that they are able to get the best deal or rate for their clients, they are convenient, and they offer time-savings when obtaining a mortgage.

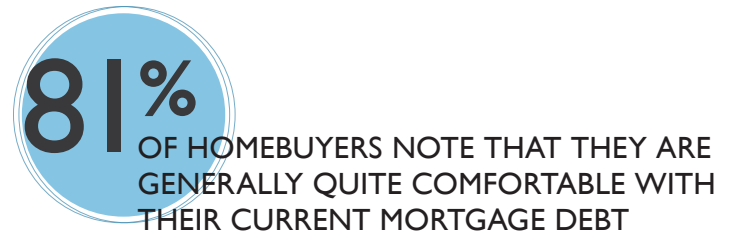
For all segments, family and friends are the key source of broker referrals, (36%). This indicates the important role clients' family and friends play as a referral source for mortgage brokers, as well as the importance of word-of-mouth referrals.

### **MORTGAGE CONSUMERS ARE CONFIDENT WITH HOMEOWNERSHIP**

Despite the challenging economy, in 2010 there have been strong overall results when it comes to mortgage consumer attitudes towards homeownership and real estate. A large majority of recent homebuyers (92%) agree that homeownership is a good long-term investment and 77% agree that now is a good time to purchase a home. These sentiments were generally shared by respondents across Canada.



When asked how long they had been planning to buy, more than two-thirds (70%) of recent homebuyers claimed they spent at least 6 months planning their purchase. On average nationally, homebuyers are taking 12 months to plan, while those in the Prairies are taking 9 months and those in Quebec are taking 15 months.



Survey results also show that consumers are confident about their mortgage debt, with 81% of homebuyers indicating that they are quite comfortable with their current level of mortgage debt. This confidence is additionally evident in that recent homebuyers are positive about their financial stability. Four in five (80%) are comfortable that their financial situation will be stable over the course of the next year, and 91% indicated that their income level should remain stable or grow over the next several years.

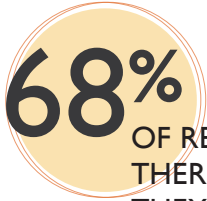


## CONSUMER MORTGAGE BEHAVIOUR

Key findings:

- 90% of repeat buyers and 71% of first-time buyers used their own resources for a down payment;

### A FULL TWO-THIRDS



**OF RECENT HOMEBUYERS FEEL  
THERE IS A STRONG CHANCE  
THEY WILL PAY OFF THEIR  
MORTGAGE SOONER**

- 68% of recent homebuyers feel there is a strong chance they will pay off their mortgage sooner than their current amortization;
- Since taking out their mortgage, 27% of recent homebuyers have either made a lump sum payment or increased their regular payment; and,
- Almost 80% of mortgage consumers have amortizations of 25 years or fewer.

## ABOUT THE SURVEY

From February 11<sup>th</sup> to 28<sup>th</sup> 2010, CMHC completed an on-line survey of 2,503 recent mortgage consumers—all prime decision-makers—and the result is a unique perspective on attitudes and behaviours.

CMHC has conducted this survey since 1999. The findings are meant to be a CMHC contribution as your trusted partner in mortgage loan insurance. We trust that you can use these findings to identify opportunities and build stronger relationships with your clients.

## DEFINITIONS

For the purpose of this survey, recent mortgage consumers are segmented as follows:

- First-time buyers—those who bought their first home in the past 12 months and took a mortgage.
- Repeat buyers—those who previously had a home and have bought 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.

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