MORTGAGE PROFESSIONALS CANADA

Fact Sheet – Fall 2017

Annual State of the Residential Mortgage Market in Canada

- Each year:
  - About 700,000 homes (new or resale) are purchased in Canada
  - 625,000 of these require mortgage financing
  - Over 1 million mortgages are renewed
  - 325,000 are completely paid off

- Among Canadians who purchased homes during 2014 to 2017:
  - The average contracted amortization period is 21.5 years
  - 19% have extended amortization periods (exceeding 25 years)
  - 38% have taken actions during the past year to shorten their amortization periods

- Among recent first-time buyers (2014-17) the average down payment was 26%. Sources of their down payments included:
  - Their own savings (54%)
  - Withdrawal from RRSP (7%)
  - Family, via loans and gifts (18%)
  - Loan from a financial institution (19%)
  - Other (2%)

- For mortgage borrowers active in 2017 (new loans or renewals), contracted interest rates were 2.00 points below posted rates. Discounting has increased over time (in 2005 it was 1.33 points).

- Canadians have considerable equity in their homes:
  - Estimated at $4.0 trillion
  - The average loan-to-value ratio is just 25% and the equity ratio is 75%
  - Even among the most recent buyers, the equity ratio is 53%

- 9% of home owners took equity out of their homes in the past year, averaging $54,500

- A substantial majority (79%) of Canadians agree that “Real estate in Canada is a good long-term investment”

- A small minority (just 9%) agree that “I regret taking on the size of mortgage I did”

- During the 12 years that we have produced these reports, the volume of mortgage debt in Canada has tripled, for an average growth rate of 7.3% per year
  - The growth rate has slowed to 5.9% for the past year
  - For 2018, growth is forecast at 5.5%