

CANADA MORTGAGE AND HOUSING CORPORATION



## Key findings from the 2009 survey

- Mortgage clients are optimistic
- Canadians are astute mortgage consumers
- Canadians manage their mortgages prudently
- Client satisfaction levels still relatively strong
- First-time buyers increase their use of mortgage brokers

### Mortgage clients are optimistic

An overwhelmingly high proportion of mortgage consumers (nearly 90%) believe that homeownership is a good long term investment and this optimism is fairly consistent across the country. Another indicator demonstrating confidence is that almost 70% of purchasers are of the opinion that now is a good time to purchase a home in their community.

nearly  
**90%**

*of mortgage consumers believe home ownership is a good long-term investment*

Confidence among mortgage consumers is also evident in their future moving

intentions. Overall, about one-third of recent mortgage consumers anticipate leaving or selling their home in the next five years. Among this group, 87% state family and or personal circumstances (i.e. growing or decreasing family size, medical issues, or job transfer), or a general desire for change is the main reason for selling or leaving.

### Canadians are astute mortgage consumers

Today's mortgage consumers show what can be interpreted as a fairly high level of sophistication about the mortgage process and what it takes to carry a mortgage. For example, 80% were at least aware of the existence of credit scores and one-third, at some time, have actually contacted a credit agency to obtain their own score. They also have a good understanding of the maximum amount of their gross (pre-tax) income that should be used to service housing costs and other debt. Nearly nine-in-ten (87%) reported that this level should be 40% or less of gross income.

Canadian mortgage consumers are relatively knowledgeable about the function and benefits of mortgage loan insurance (MLI). Nearly three-quarters (72%) recognize that MLI helps Canadians buy a home with a smaller down payment and 76% believe that MLI provides an important benefit to the financial system.

**76%**

*believe mandatory MLI provides an important benefit to the financial system*

**72%**

*believe MLI can help borrowers buy a home with a smaller down payment and help build equity faster*

### Canadians manage their mortgages prudently

Several survey findings point to Canadians being careful in how they manage mortgage debt including:

- 73% of first-time buyers used their own resources for a down payment
- 75% of purchasers have a goal to be mortgage free sooner than their current amortization
- 20% of recent purchasers have already made a lump sum payment to their mortgage.
- 40% of all recent mortgage consumers intend to reduce their amortization at their next renewal.

Interestingly, as a means of reducing their amortization, 30% of mortgage consumers intend to use a combination of the mortgage features available to reduce their amortization.

73%

*of first time buyers use their own resources for down payment - savings or RRSP*

75%

*of purchasers have goal to pay off mortgage sooner than original amortization period*

## Client satisfaction still relatively strong

In 2009, the majority of mortgage consumers (78%) were satisfied with the service provided by either their lender or broker. Client satisfaction was also fairly consistent across all market segments. Compared to 2007, the proportion of those satisfied is down consistently by about five percentage points. Overall, only a minority of respondents (14%) expressed any degree of dissatisfaction. The survey showed that

getting the best rate or deal are the most important factors driving client satisfaction, cited by 57% of respondents.

Mortgage consumers were equally satisfied whether they used a lender or broker (79% lenders vs. 75% for brokers), but for slightly different reasons. For example, 22% of those using a broker indicated the main reason for their satisfaction was based on the “service” provided, vs. only 11% for those using a lender. Conversely, those using a lender were nearly twice as likely to mention “a good relationship” as the basis for their satisfaction (22% for lenders vs. 12% for brokers).

In the majority of cases (76%) clients remained loyal to their existing mortgage lender. In the case of first-time buyers, 47% remained loyal to their existing financial institution. Loyalty was strongest among renewers at 90% (up from 83% in 2007). For the other three mortgage consumer segments 2009 has seen a modest decrease in lender loyalty. This is most evident among first-time buyers where loyalty has fallen to 47% from 67% in 2007, likely a

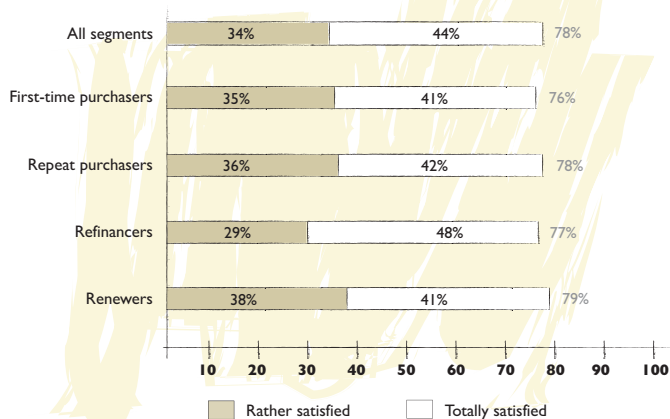
result of the increased use of brokers among first-time buyers. For repeat buyers and refiners the decline has been more modest: from 63% in 2007 to 59% among repeat buyers, and from 71% in 2007 to 66% among refiners.

## First-time buyers increase their use of mortgage brokers

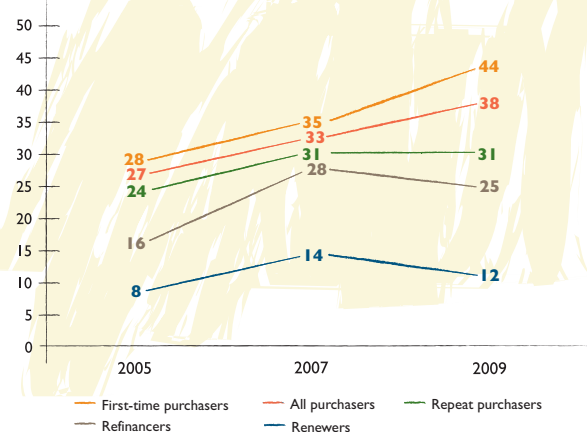
Survey results show that during the past twelve months about one-quarter of all mortgage transactions were arranged through the mortgage broker channel. Most notably, broker share among first-time buyers has increased to 44%, up from 35% in 2007. Among other market segments broker share has remained stable. In particular, broker share among those renewing their mortgage continues to be relatively stable at 12%.

Demographically, brokers tend to do better among younger purchasers aged 25 to 34 years (42% share), and female purchasers (43% share).

*Client satisfaction levels remain high*



*Broker origination share by customer segment*



When your goal is to comprehensively serve existing clients and find new ones, it's reassuring to know that you're backed by the wealth of Canada Mortgage and Housing Corporation (CMHC) information, insight, and industry-leading tools. Only CMHC delivers this complete support—support you need to confidently grow your business. After all, your clients aren't the only people who are looking towards the future.

The 2009 Mortgage Consumer Survey is a tool to help you identify opportunities to grow your business and build stronger relationships with your clients.

## About the survey

CMHC completed an on-line survey of 2,507 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 purchasers**—those who purchased their first home in the past 12 months and took a mortgage.

**Repeat purchasers**—those who purchased a second or 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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