



Archived Content

Information identified as archived is provided for reference, research or recordkeeping purposes. It is not subject to the Government of Canada Web Standards and has not been altered or updated since it was archived. Some of this archived content is available only in one official language. Translation by CMHC can be requested and will be provided if demand is sufficient.

Contenu archivé

Le contenu identifié comme archivé est fourni à des fins de référence, de recherche ou de tenue des dossiers; il n'est pas assujéti aux normes Web du gouvernement du Canada. Aucune modification ou mise à jour n'y a été apportée depuis son archivage. Une partie du contenu archivé n'existe que dans une seule des langues officielles. La SCHL en fera la traduction dans l'autre langue officielle si la demande est suffisante.

GOVT_PUBS
CA1
MH
F38
2014
C.1

■ 2014

FIRST-TIME HOMEBUYERS SURVEY



Canada

Everything you need to open new doors



2014 FIRST-TIME HOMEBUYERS SURVEY - QUICK FACTS

In May 2014, CMHC completed an online survey of 860 First-Time Buyers from across Canada. All respondents had undertaken a mortgage transaction in the past 12 months and all were one of the prime decision-makers within their household for matters relating to housing finance and mortgages.

FIRST-TIME BUYERS AND TECHNOLOGY

- The majority of First-Time Buyers (84%) went online when gathering information about mortgage options and features (76% for other mortgage consumers). Among these, more than half (55%) went to lender sites and one-third went to broker sites. Compared to other mortgage consumers, First-Time Buyers showed a higher likelihood of visiting a broker site (33% vs. 24%). About one-in-five (22%) reported visiting websites of both lenders and brokers.
- Overall, First-Time buyers were much more active online compared to other mortgage consumers. First-Time Buyers who went online undertook a variety of activities with 80% using a mortgage calculator (72% for other mortgage consumers), 63% completing a financial self assessment (43% for other mortgage consumers), 42% either got pre-approved or filled an online form (24% and 23% respectively for other mortgage consumers), and 20% engaged in an online conversation (11% for other mortgage consumers).
- The use of mobile devices to access mortgage related information was more prominent among First-Time Buyers (23% vs. 14% among other mortgage consumers). However, desktops are still preferred by almost nine-in-ten First-Time Buyers.
- The use of social media as a tool when looking for a mortgage is increasing and was much more prevalent among First-Time Buyers. In 2014, 40% of First-Time Buyers going online looked to social media when researching their mortgage options. This is up from 28% one year ago, and compares to only 22% among other mortgage consumers.
- Among First-Time Buyers using social media, 58% used Facebook, and 38% used either online forums or blogs. Overall, online forums and blogs were found to be the most useful social media platforms for mortgage related information. Half of First-Time Buyers using online forums and 44% using blogs rated the information obtained through these platforms as "very useful."

- Social media is starting to play a role in how First-Time Buyers interact online. About one-in-five using social media (21%) posted a review or rating of either a broker or lender and 30% used social media to find a referral to use a specific professional (i.e. broker, lender, real estate agent or other professional).

HOMEBUYING PROCESS

- First-Time Buyers interacted with a variety of individuals during the homebuying process. Most notably, about three-quarters were in contact with a family member (79%), a mortgage lender (73%), or a real estate agent (72%). Slightly more than half (55%) reported interacting with a mortgage broker.
- As expected, family members were greatly relied upon during the homebuying process. About half (53%) reported that family members "greatly influenced" their homebuying decisions. This compares to 37% for real estate agents, 36% for brokers, and 28% for lenders.
- In terms of the individual who had most influence on the buying decision, 38% of First-Time Buyers mentioned a family member, 17% a real estate agent, 14% a mortgage lender, and 10% a mortgage broker.
- Overall, 60% of First-Time Buyers mentioned that they had concerns during the homebuying process (compared to 46% for Repeat Buyers). The nature of the concerns or uncertainty stems mostly from unforeseen costs. In fact, 40% of First-Time Buyers actually incurred unexpected expenses during the homebuying process. Among those incurring unforeseen costs, the most common were adjustments (40%), lawyer fees (36%) and land transfer taxes (30%).



Cal
MA
#38
2014 c.1

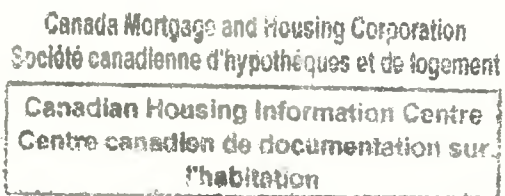
FIRST-TIME BUYERS' EXPERIENCE WITH LENDERS AND BROKERS

- Over half (54%) of First-Time Buyers reported arranging their mortgage with the financial institution they were dealing with the most. In comparison, among Repeat Buyers, 67% were loyal to their existing lender when arranging their mortgage.
- Approximately four-in-ten (37%) of First-Time Buyers received a recommendation to use a specific mortgage professional. These recommendations came primarily from family members and real estate agents. Among those receiving a recommendation to use a specific lender, 37% came from a family member and 22% from a real estate agent. In terms of brokers, 33% of recommendations came from a family member and 30% came from a real estate agent.
- In the 2014 survey, almost half (48%) of First-Time Buyers arranged their mortgage through a mortgage broker, compared to 40% among Repeat Buyers.
- Among First-Time Buyers using a broker, 50% reported obtaining a mortgage with a lender other than the financial institution they were dealing with the most at the time. This compares to only 27% among First-Time Buyers dealing directly with their mortgage lender. Therefore, First-Time Buyers using a broker were 85% more likely to switch financial institutions when getting a mortgage.
- When it comes to providing advice or guidance, First-Time Buyers were equally well served by brokers and lenders. About 70% or more reported receiving advice on how much mortgage they could afford, specifics regarding fixed versus variable rates and mortgage terms and conditions, or advice on long-term mortgage strategies.
- Although most First-Time Buyers received advice from their mortgage professional when arranging their mortgage, fewer than half received any form of post-transaction follow-up contact. In fact, following their mortgage transaction, only 41% of those who used a lender were contacted and 49% of those who used a broker were contacted.

- In most cases the purpose of the post-transaction follow-up by mortgage professionals was simply to thank the customer, mentioned by 61% of those who were contacted by their lender and by 67% of those who were contacted by their broker. Generally, the post-transaction contact occurred within one week to one month after the mortgage transaction was completed (86% for broker clients and 75% for lender clients).
- Most First-Time Buyers were satisfied with their mortgage professional with 80% indicating that they were satisfied with their lender and 70% with their broker. However, broker clients tended to show a greater likelihood of using their broker again in the future. Almost four-in-ten (38%) "totally agreed" they would use their broker again in the future. This compares to three-in-ten (31%) of lender clients indicating they would use their lender for their next mortgage transaction.

ATTITUDES OF FIRST-TIME BUYERS

- In terms of assessing whether they got the best mortgage deal for their needs, First-Time Buyers were not as confident as Repeat Buyers. Only 33% of First-Time Buyers "totally agreed" that they got the best mortgage deal for their needs, compared to 53% for Repeat Buyers.
- First-Time Buyers also tended to have a lower understanding of mortgage options and were more likely to find the mortgage process difficult. Nearly four-in-ten (37%) of First-Time Buyers "totally agreed" they had a good understanding of the mortgage options available to them. This compares to 59% among Repeat Buyers. Similarly, only 28% of First-Time Buyers "totally agreed" that the process of getting a mortgage was easy and straightforward (44% for Repeat Buyers).
- Providing advice on long-term mortgage/financial strategies can be of great help to First-Time Buyers. Providing such advice can also increase the likelihood of repeat business by 86%. More specifically, 41% of First-Time Buyers receiving advice on long-term mortgage strategies "totally agreed" that they would likely use the same mortgage professional to arrange their next mortgage transaction, compared to only 22% among those not receiving this kind of advice.



DEFINITIONS

- **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
- **Other Mortgage Consumers** – consumers who have undertaken a mortgage transaction in the past year including a mortgage renewal, refinancing or a repeat home purchase

cmhc.ca/surveys

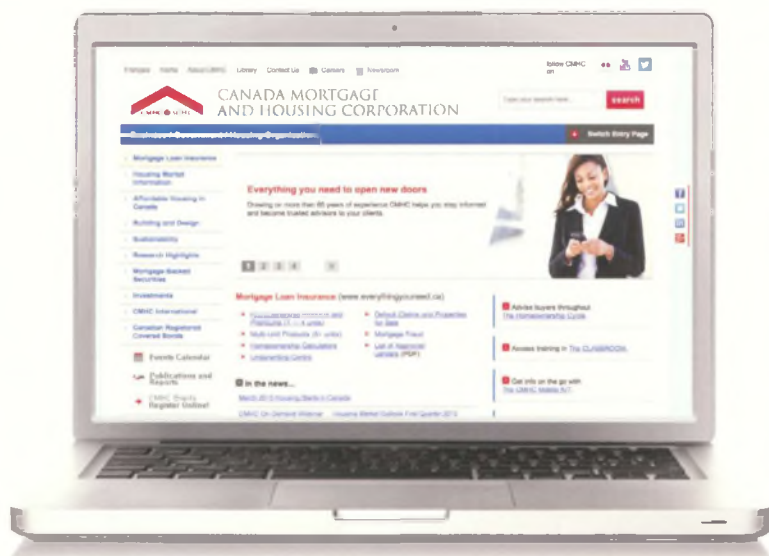
CMHC offers a number of online tools and a wide variety of housing information to support Canadians in making informed and responsible homebuying decisions as they pursue their housing needs.

EverythingYouNeed.ca

Visit **EverythingYouNeed.ca** and access a wealth of mortgage and housing information. Drawing on more than 65 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!



© 2014 Canada Mortgage and Housing Corporation. All rights reserved. This presentation material is the property of Canada Mortgage and Housing Corporation. This presentation material may not be reproduced, copied, or distributed, in whole or in part, in any form, without the prior written permission of Canada Mortgage and Housing Corporation.

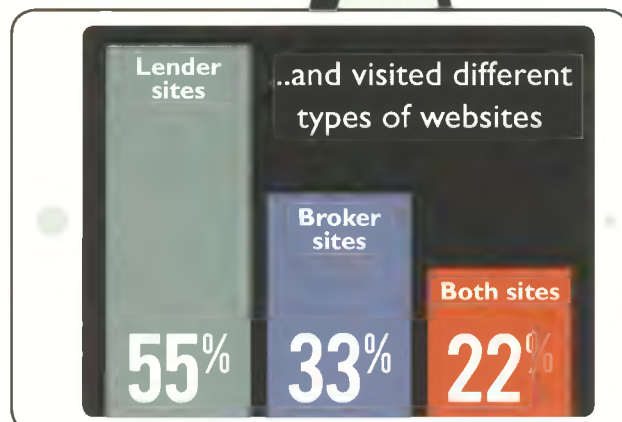
The information, analyses, and opinions contained in this presentation material are based on various sources believed reliable, but their accuracy, completeness, and currency cannot be guaranteed. This presentation material is not intended to provide specific advice or recommendations for any individual or entity, and should not be relied upon in that regard. Neither CMHC nor its employees, agents, and advisors shall have any liability for actions or decisions taken based in whole or in part on any information or analysis in this presentation material.

2014 First-Time Homebuyers Survey

FIRST-TIME BUYERS AND TECHNOLOGY

84% of First-Time Buyers **RESEARCHED ONLINE**

among those going online



80% used a mortgage calculator

63% completed a financial self assessment

42% got pre-approved

42% filled an online form

20% engaged in an online conversation



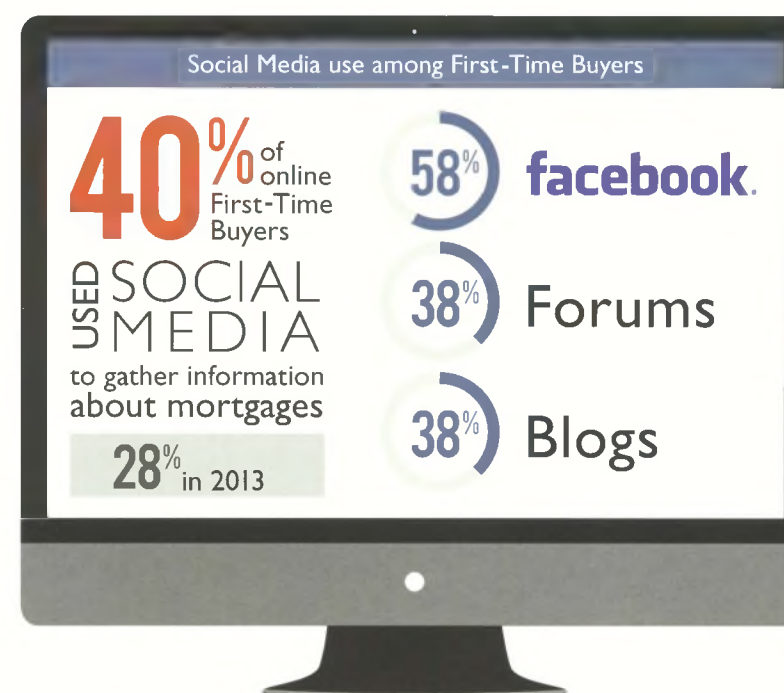
The use of **MOBILE DEVICES** to access mortgage related information is higher among **First-Time Buyers**

23%

First-Time Buyers

14%

Other Mortgage Consumers



21%

posted a review of a Broker or Lender

among those using social media

30%

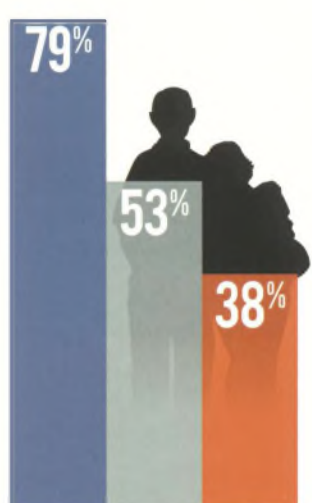
found a referral to a specific professional



HOMEBUYING PROCESS

First-Time Buyers interacted with the following sources

Members of **FAMILY**



Real Estate **AGENT**



Mortgage **LENDER**



Mortgage **BROKER**



■ Interaction ■ Greatly Influential ■ Most Influential

60% of First-Time Buyers felt concerns or uncertainty about buying a home...

60% unforeseen costs

55% paying too much for my home

55% searching/finding the right home

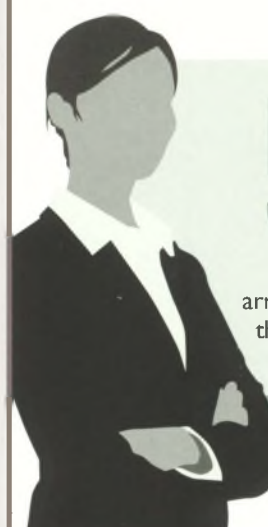
40% incurred unexpected expenses during the homebuying process

Unexpected expenses

Adjustments (pre-paid taxes, utilities)	40%
Lawyer fees	36%
Land transfer tax	30%

FIRST-TIME BUYERS' EXPERIENCE WITH LENDERS AND BROKERS

Lender



54%

of First-Time Buyers arranged their mortgage with the Financial Institution they dealt with the most

67% for Repeat Buyers

First-Time Buyers' loyalty to their Financial Institution

Lender users

71% Stayed

27% Switched

Broker users

44% Stayed

50% Switched

80%

of First-Time Buyers were satisfied with their Lender



3 in 10 Lender clients "totally agreed" they would use them again

BUT

70%

of First-Time Buyers were satisfied with their Broker



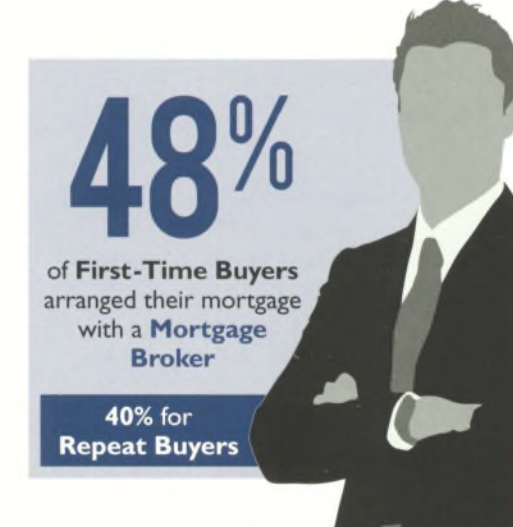
4 in 10 Broker clients "totally agreed" they would use them again

First-Time Buyers post-transaction follow-up

ONLY 41% were contacted by their Lender

ONLY 49% were contacted by their Broker

Broker



48%

of First-Time Buyers arranged their mortgage with a Mortgage Broker

40% for Repeat Buyers

ATTITUDES OF FIRST-TIME BUYERS

First-Time Buyers "totally agreed"...

They had a **good understanding** of the mortgage options available to them **37%**

(59% for Repeat Buyers)

They got the **best mortgage deal** for their needs **33%**

(53% for Repeat Buyers)

The mortgage **process was easy and straightforward** **28%**

(44% for Repeat Buyers)



Providing advice on **LONG-TERM MORTGAGE/FINANCIAL STRATEGIES**

74% increase in

% of First-Time Buyers "totally agreeing" they have a good understanding of their financial commitment and responsibilities

63% increase in

% of First-Time Buyers "totally agreeing" they have a good understanding of how much mortgage they can afford

52% increase in

% of First-Time Buyers "totally agreeing" they are quite comfortable with their current level of mortgage debt

86% increase in

% of First-Time Buyers "totally agreeing" that they will likely use the mortgage professional to arrange their next mortgage transaction

