



■ 2015

FIRST-TIME HOMEBUYERS SURVEY

Canada 

Everything you need to open new doors



2015 FIRST-TIME HOMEBUYERS SURVEY - QUICK FACTS

In April 2015, CMHC completed an online survey of 788 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.

THE HUNT FOR A FIRST HOME AND MORTGAGE

First-Time Buyers use online resources and engage in mortgage shopping

- The majority of First-Time Buyers (83%) looked to online sources when gathering information about mortgage options and features. Among these, about half (53%) went to lender sites and almost one-third went to broker sites (31%). Real estate agency sites were also popular, with 36% of First-Time Buyers visiting one during their research.
- When looking for a lender or mortgage broker website, First-Time Buyers relied on several sources. Seven-in-ten used an Internet search engine such as Google and 66% relied on a referral from family/friends. To a lesser degree, online advertising also played a role in generating traffic to websites of mortgage professionals, with 30% of First-Time Buyers indicating they found their lender or broker site through online ads.
- While online, most First-Time Buyers (84%) reported using an online mortgage calculator. Other popular online activities included comparing other mortgage products (73%), conducting a financial self-assessment (63%) or researching other financial (non-mortgage) products (57%). About four-in-ten reported getting pre-approved for a mortgage online (42%).
- The use of social media when looking for a mortgage is still more prevalent among First-Time Buyers than among other mortgage consumers, with almost four-in-ten (37%) of those going online using different social media platforms to research information (19% for other mortgage consumers). Among First-Time Buyers using social media for mortgage related purposes, 56% used Facebook, one-third (33%) used a forum, and 30% used a blog.
- Among First-Time Buyers going online, 26% used a mobile device to access mortgage related information. In about one-in-five cases a mobile device was used to access a mortgage-related app.
- In addition to accessing mortgage information online, most First-Time Buyers engaged in a variety of mortgage shopping-related activities. Prior to arranging their mortgage 71% contacted either a lender or broker to learn about mortgage options (32% contacted both). About half considered other mortgage offers before deciding on their mortgage (56%) and 53% negotiated a better interest rate than the one they were originally offered.

First-Time Buyers are most influenced by family members and real estate agents

- When looking for their first home, First-Time Buyers interacted with a variety of people. Most notably, over three-quarters looked to a family member for advice (76%), 72% consulted a real estate agent, and 70% a mortgage lender. About 56% reported interacting with a mortgage broker.
- Over a third of First-Time Buyers indicated that family had the most influence during the home buying process (34%), followed by a real estate agent (20%), a mortgage broker (14%) and a lender (11%). Key reasons for family members being viewed as most influential include trustworthiness (71%) and knowledge (55%).

FIRST-TIME BUYERS' EXPERIENCE WITH MORTGAGE PROFESSIONALS

More than half of First-Time Buyers used a mortgage broker to arrange their mortgage

- In the 2015 survey, 55% of First-Time Buyers reported arranging their mortgage through a mortgage broker, compared to 42% for Repeat Buyers. Irrespective of mortgage channel used (broker vs. lender), the desire to get the best rate or deal is the key driver, with 57% of broker users and 54% of those using a lender indicating this factor had a "great deal" of influence on their purchase decision of whether to use a lender directly or go through a broker.
- About four-in-ten First-Time Buyers received a recommendation to use a specific broker (44%) or lender (40%). Of those receiving a recommendation to use a specific broker, 79% ended up using the broker channel. Similarly, 98% of those receiving a recommendation to use a specific lender used the lender channel. These recommendations are most likely to come from real estate agents, 36% in the case of broker recommendations and 31% of lender recommendations.
- Mortgage brokers play a significant role in First-Time Buyers switching financial institutions. Among First-Time Buyers switching financial institutions, 72% arranged their mortgage through a broker.
- When arranging their mortgage directly with a lender, in almost half of the cases (43%) First-Time Buyers dealt with someone who exclusively specialized in mortgages.

Less than half of First-Time Buyers receive other financial product offers

- When dealing with their mortgage professional, less than half of First-Time Buyers were also offered other types of financial products (43% for broker users and 48% of lender users). In most cases, mortgage life insurance, lines of credit and bank accounts were the most common financial products offered.
- Among the products offered by their mortgage professional, First-Time Buyers using a lender were more likely to accept a bank account (68%), a line of credit (62%), or a TFSA (55%). Among First-Time Buyers using a broker, they were more likely to accept a bank account (58%), an RRSP (57%) or TFSA (55%).

First-Time Buyers receive a wide range of advice

- When it comes to providing advice or guidance, First-Time Buyers were equally well served by brokers and lenders. Over seven-in-ten reported receiving advice on: specifics regarding fixed versus variable rates and mortgage terms and conditions, the purpose of mortgage loan insurance, how much mortgage they could afford, and long-term mortgage strategies.
- Although a high majority of First-Time Buyers reported receiving advice from their mortgage professional, only about half reported the advice to be “very useful.”

First-Time Buyers are satisfied with their experience

- Most First-Time Buyers were satisfied with their mortgage professional, with 78% indicating that they were satisfied with their lender or their broker. Among those using a broker 43% “totally agreed” they were satisfied and 35% “somewhat” agreed. In the case of those using a lender 39% “totally agreed” and 39% “somewhat” agreed.
- However, the prospect of future business from existing clients is somewhat higher for brokers. Among First-Time Buyers who used a broker, more than four-in-ten (43%) “totally agreed” they would likely use their broker for their next mortgage transaction. This compares to 36% of lender clients who “totally agreed”.
- Advice from mortgage professionals can be of great help to First-Time Buyers, and help increase their level of understanding of mortgage options and satisfaction with their mortgage professional. For example, providing advice on long-term mortgage strategies can increase their level of understanding of the mortgage options available by up to 83%, and their level of satisfaction with their mortgage professional by up to 85%.

However, most First-Time Buyers do not receive post transaction follow-up

- Fewer than half of First-Time Buyers received any form of post transaction follow-up contact from their mortgage professional. Following their mortgage transaction, only 44% of those who used a lender were contacted and 49% of those who used a broker were contacted.
- The types of follow-up First-Time Buyers would have considered useful include: information regarding long term mortgage/ financial strategies (36% for lender users and 31% for broker users), followed by advice on how to manage financial difficulties (20% for lender users and 22% for broker users).

HOW FIRST-TIME BUYERS FEEL ABOUT THEIR HOME BUYING AND MORTGAGE PROCESS

First-Time Buyers need support

- First-Time Buyers are not as confident as Repeat Buyers. When it comes to assessing whether they got the best mortgage deal for their needs, only 34% of First-Time Buyers “totally agreed” that they got the best mortgage deal for their needs, compared to 47% for Repeat Buyers.
- First-Time Buyers tended to have a lower understanding of mortgage options and were more likely to find the mortgage process difficult. Nearly six-in-ten (57%) of Repeat Buyers “totally agreed” they had a good understanding of the mortgage options available to them. This compares to 37% among First-Time Buyers. Similarly, only 29% of First-Time Buyers “totally agreed” that the process of getting a mortgage was easy and straightforward (39% for Repeat Buyers).
- First-Time Buyers were also less certain about where to go if they faced financial trouble (34%, compared to 45% for Repeat Buyers).

First-Time Buyers have concerns and feel uncertainty

- Overall, 55% of First-Time Buyers mentioned having concerns during the home buying process (compared to 47% for Repeat Buyers). The uncertainty came mostly from the fact that they have to live with post home buying costs (i.e. mortgage payments, home insurance, utilities), and also from the potential for unforeseen costs, mentioned by 59% and 58% of First-Time Buyers respectively.
- In fact, 38% of First-Time Buyers did incur unexpected expenses during the home buying process. The most common were adjustments (40%), immediate repairs (37%), and lawyer fees (31%).

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

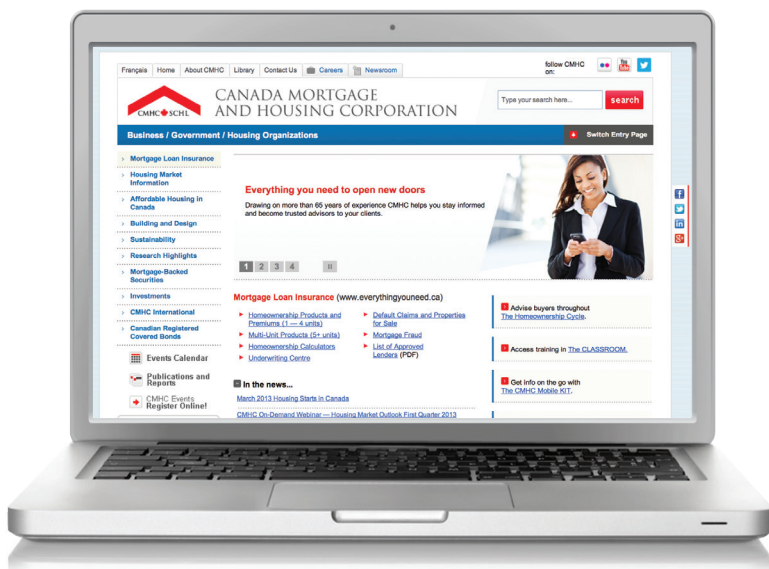
CMHC offers a number of online tools and a wide variety of housing information to support Canadians in making informed and responsible homebuying decisions as they pursue their housing needs.

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.

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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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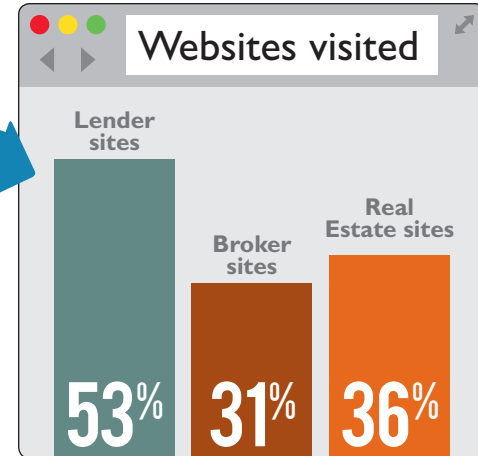
2015 First-Time Homebuyers Survey

THE HUNT FOR A FIRST HOME AND MORTGAGE



83% of First-Time Buyers **RESEARCHED ONLINE**

among those going online...



Shopping Activities

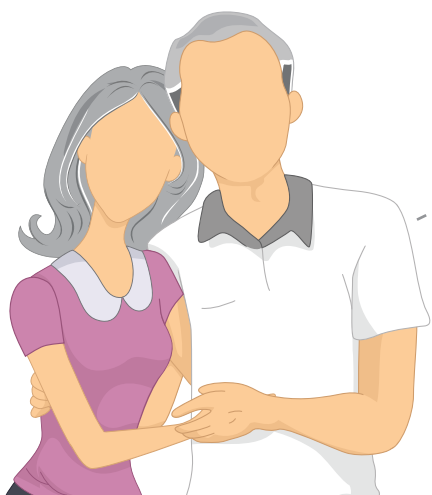
- 71%** Contacted Lender OR Broker for options
- 32%** Contacted Lender AND Broker for options
- 56%** Considered other mortgage offers
- 53%** Negotiated better interest rate

26% used a Mobile device

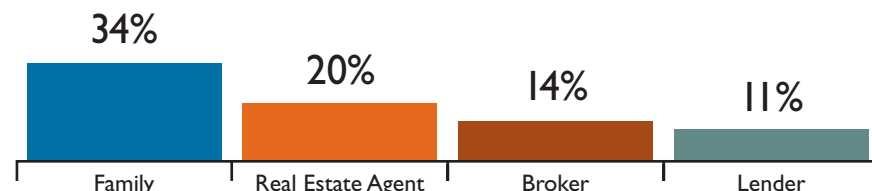
Online Activities

- 84%** Used a mortgage calculator
- 73%** Compared mortgage products
- 63%** Conducted financial self assessment
- 57%** Researched other non-mortgage products
- 42%** Got pre-approved online

Main influencers during home buying process



34% of First-Time Buyers said **Family** had the most influence on their home buying decision vs **25%** for Repeat Buyers



FEELINGS ON HOME BUYING AND THE MORTGAGE PROCESS

First-Time Buyers need support and are not as confident as Repeat Buyers.

34% totally agreed they were confident they got the best mortgage deal for their needs vs **47%** for Repeat Buyers

37% totally agreed they made their mortgage decision with a good understanding of available options vs **57%** for Repeat Buyers

29% totally agreed they found the mortgage process easy and straight forward vs **39%** for Repeat Buyers

38% of First-Time Buyers incurred **unexpected expenses** during the home buying process



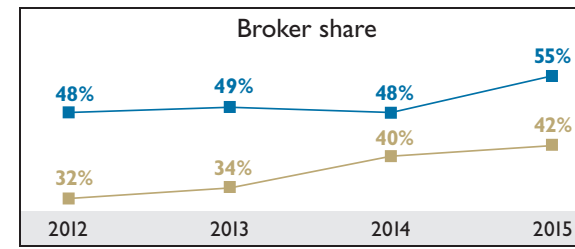
Types of unexpected expenses

Adjustments (pre-paid taxes, utilities)	40%
Immediate repairs	37%
Lawyer fees	31%



EXPERIENCE WITH MORTGAGE PROFESSIONALS

More than half of First-Time Buyers used a Broker in 2015. (**55% First-Time Buyers, 42% Repeat Buyers**)



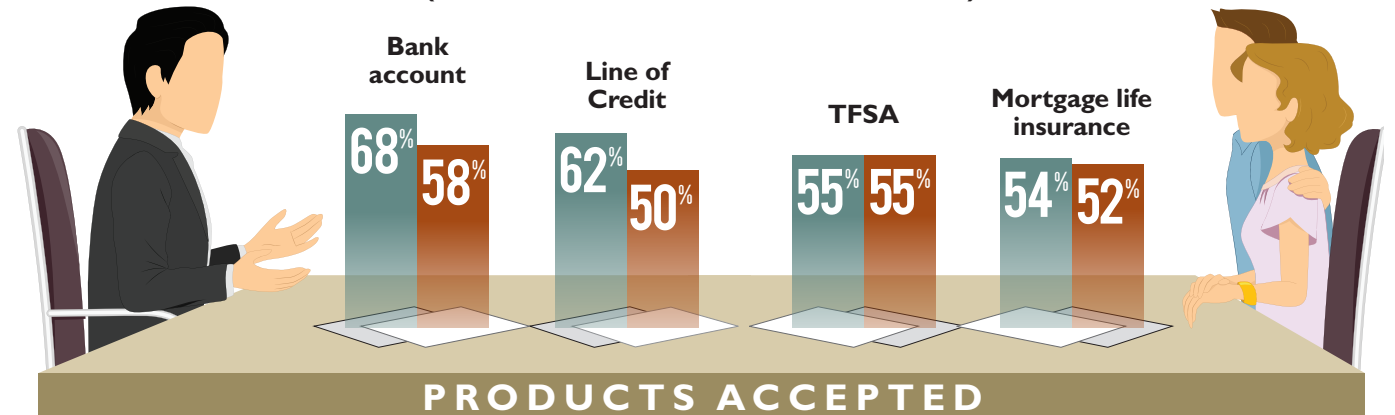
Main reason for using Broker or Lender... **Get Best Rate or Deal** (**54% Lender users, 57% Broker users**)



Among First-Time Buyers switching financial institutions...

72% arranged their mortgage through a **BROKER**

Less than half of First-Time Buyers are offered other financial products. (**48% Lender users, 43% Broker users**)



First-Time Buyers equally served by Lenders and Brokers. More than **7 in 10** received advice on...



- ☒ Specifics regarding fixed vs. variable rates and mortgage terms and conditions
- ☒ The purpose of Mortgage Loan Insurance
- ☒ Mortgage affordability
- ☒ Current and long-term mortgage strategies



First-Time Buyers are **SATISFIED** with their experience. 78% indicated satisfaction with their Lender or Broker.

Among those Satisfied... 39% "totally agree" 39% "somewhat agree"

36% totally agree they would return to that **LENDER**

Among those Satisfied... 43% "totally agree" 35% "somewhat agree"

43% totally agree they would return to that **BROKER**



Providing advice on long-term mortgage strategies can...

increase understanding of mortgage options by up to **83%**

increase satisfaction with mortgage professional by up to **85%**

However, most First-Time Buyers **do not receive** post transaction follow-up.

"Long term mortgage financial strategy" 31% Broker 36% Lender

Types of preferred follow-up contact.

"How to manage financial difficulty" 22% Broker 20% Lender



ONLY 44% of **LENDER USERS**

RECEIVED POST-TRANSACTION CONTACT



ONLY 49% of **BROKER USERS**

RECEIVED POST-TRANSACTION CONTACT

