

2016

MORTGAGE CONSUMER SURVEY



Canada 

Everything you need to open new doors



2016 MORTGAGE CONSUMER SURVEY - QUICK FACTS

In March 2016, CMHC completed an online survey of 3,006 recent mortgage consumers, all prime household decision-makers who had undertaken a mortgage transaction in the past 12 months. Sixty-two percent had undergone a mortgage renewal, 18% had refinanced their mortgage, and 20% had purchased a home with mortgage financing (11% First-Time Buyers and 9% Repeat Buyers). CMHC has conducted this survey since 1999. It is the largest and most comprehensive survey of its kind in Canada.

Online Mortgage Information Gathering

- Online research continues to be the most popular way to gather mortgage information. Nearly three-quarters (72%) of mortgage consumers looked to various online sources to find out about mortgage options and features.
- Accessing online mortgage information through mobile devices is steadily increasing. Twenty-seven percent of mortgage consumers reported using a mobile device (compared to 17% in 2015).
- Among those going online, 55% went to lender websites, 25% to broker websites, and 15% visited both lender and broker websites. Other websites widely used are interest rate comparison sites (44%), and real estate agent sites (18%).
- When looking for lender and broker websites, about three-quarters of mortgage consumers used an Internet search engine, such as Google (77% for lender sites and 74% for broker sites). A large majority also simply visited their current lender website (68%) or broker website (42%). A significant number also relied on referrals from family and friends, 59% among those looking for broker websites and 49% for lender websites. Only about three-in-ten mortgage consumers reported that they found their lender website (27%) or broker website (32%) through online advertising.
- As in previous years, mortgage consumers do a variety of activities online. The majority of mortgage consumers who went online used a mortgage calculator (69%), compared mortgage products (65%), researched other financial products (46%), or did a financial self-assessment (43%).
- Not surprisingly, the use of social media to gather mortgage information is higher among younger mortgage consumers (45% among those under 35 years) and lower among older consumers (13% among those 55 to 64 years old, and only 10% among those over 65).
- In addition, the use of social media to gather mortgage information is higher among mortgage consumers with a university or post graduate education (34%, compared to 26% among consumers with college degree, and 23% for those with high school education).
- Finally, the use of social media is higher with mortgage consumers born outside of Canada (37%, compared to 27% for those born in Canada).

First-Time Home Buying Process

- When in the market for a first home, First-Time Buyers interacted with a variety of people. In the majority of cases, First-time buyers are most likely to consult a real estate agent (64%), or look to a family member for advice (64%). Other individuals consulted include: a lawyer (58%), a mortgage lender (56%), while 43% reported interacting with a mortgage broker.
- Family members tend to have the most influence on First-Time Buyers during the home buying process (39%). About one-in-five reported to be most influenced by a real estate agent (21%), and about one-in-ten were influenced by a mortgage professional (10% were most influenced by a mortgage broker and 12% were most influenced by a lender).
- Family members also have strong influence over the choice of real estate agents. Indeed, half of First-Time Buyers found a real estate agent using a recommendation from their family and friends. Several criteria also impacted the choice of real estate agents. In fact, trustworthiness (83%) and knowledge about the housing market (75%) are the most important aspects when selecting a real estate agent.
- About four-in-ten First-Time Buyers received a recommendation to use a specific broker (43%) or lender (42%). These recommendations are most likely to come from

Use of Social Media

- Consumers using social media to gather mortgage information is increasing, reaching 29% this year (compared to 20% in 2015). Facebook (53%), YouTube (30%) and forums (27%) are the most popular platforms among those looking to social media.
- The use of social media to gather mortgage information is higher among broker clients (52%, compared to 17% for lender clients), and among First-Time Buyers (38%, compared to 29% for Renewers, 27% for Refinancers, and 19% for Repeat Buyers).

a family member (36% in the case of lender recommendations and 30% of broker recommendations), or from real estate agents (20% in the case of lender recommendations and 32% of broker recommendations).

- Overall, 49% of First-Time Buyers mentioned having concerns during the home buying process. Among this group, the uncertainty came mostly from unforeseen costs, experienced by 59% of First-Time Buyers, followed by the fear of paying too much for their home (58%).
- And in fact, 39% of all First-Time Buyers did incur unexpected expenses during the home buying process. The most common were immediate repairs (38%), adjustments (pre-paid taxes, utilities) (37%) and lawyer fees (31%).

Broker Experience

- Mortgage broker share of the market is trending upwards for Renewers and Refinancers, increasing from 21% in 2015 to 26% in 2016 for Renewers, and from 33% in 2015 to 38% in 2016 for Refinancers. As in previous years, broker market share is higher among First-Time Buyers at 51%.
- The desire to get the best rate or deal (59%) along with wanting excellent service (52%) are the key reasons why mortgage consumers chose to obtain their mortgage through a broker.
- Overall, recent buyers were satisfied with their experience using a broker (77%). Almost half (47%) "totally agreed" they were satisfied, and 30% "somewhat agreed" they were satisfied.

Lender Experience

- Results from this year's survey show that lender loyalty among Renewers is at 81%, compared to 86% one year ago. Among Repeat Buyers lender loyalty now stands at 73% (compared to 77% one year ago). Compared to other consumer segments, lender loyalty continues to be lowest amongst First-Time Buyers where 55% arranged their mortgage with the financial institution they were dealing with the most. Finally, lender loyalty remained stable among Refinancers at 68%.
- When asked to select among several reasons for remaining loyal or for switching lenders, the main reason given was for wanting a better interest rate (46% for consumers switching lenders, and 37% for those staying with their existing lender). Other reasons most commonly given for switching include better product terms and conditions or better service from new lender. As for other reasons for staying, existing relationship with current lender; ease of doing banking with one lender; and more convenient/save time were the most common reasons identified.

- In addition, consumers remaining loyal to their existing lender were also more likely to find the mortgage process easy and straight forward (54% totally agreed, compared to 37% for those who were not loyal to their lender).
- Thirty-nine percent of mortgage consumers used a branch lender to arrange their current mortgage, 31% used a mobile mortgage specialist, and 22% used a lender financial planner. Regardless of the channel used, the majority of recent buyers (83%) are satisfied with their lender (55% "totally agreed" and 28% "somewhat agreed"). Buyer satisfaction by lender channel is as follows: branch (84%), mobile mortgage specialist (83%), and financial planner (79%).

Mortgage Process

- When obtaining their current mortgage, the majority of mortgage consumers received a wide range of advice from their mortgage professional, including specifics regarding fixed and variable rates and mortgage terms and conditions (76%), advice on long-term mortgage strategies (70%), penalty clauses (60%), the purpose of Mortgage Loan Insurance (58%), mortgage affordability (52%), and closing costs (49%). Furthermore, almost six-in-ten mortgage consumers were also offered other types of financial products such as mortgage life insurance, line of credit, credit cards, RRSP and TFSA (58% of lender clients and 59% of broker clients).
- Providing advice on long-term mortgage strategies can lead to 85% increase in likelihood of new business. In fact, only 26% of those not receiving the advice "totally agreed" they will recommend their mortgage professional to family and friends. This increases to 48% among those that received the advice.
- Fifty-four percent of consumers who used a broker and 31% who used a lender were contacted by their mortgage professional following their mortgage transaction.
- After the transaction, mortgage consumers looked for a variety of information. In fact, the type of information mortgage consumers would have considered useful includes *advice on long-term mortgage/financial strategies* (24% of lender clients and 29% of broker clients), *investment opportunities* (16% of lender clients and 24% of broker clients), *information on how to manage financial difficulty* (13% of lender clients and 27% of broker clients), and *housing market information* (12% of lender clients and 19% of broker clients).

Definitions

Recent mortgage consumers:

- **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
- **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.

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.

cmhc.ca/surveys

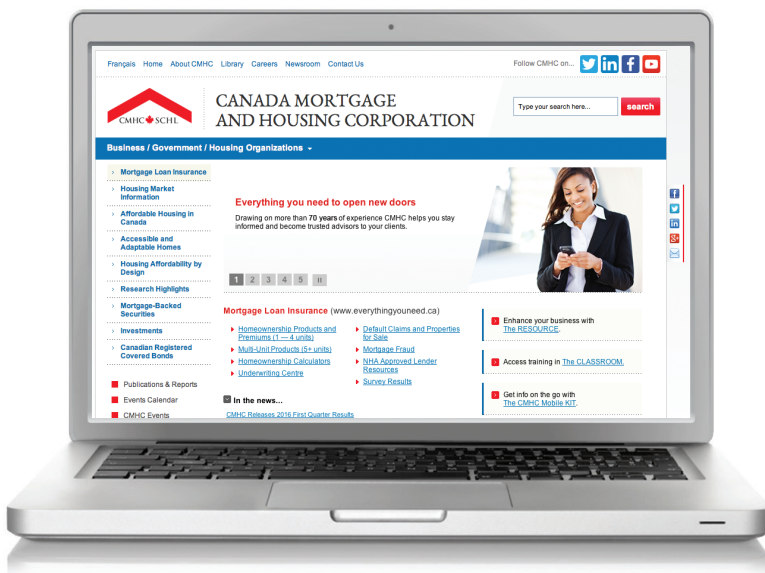
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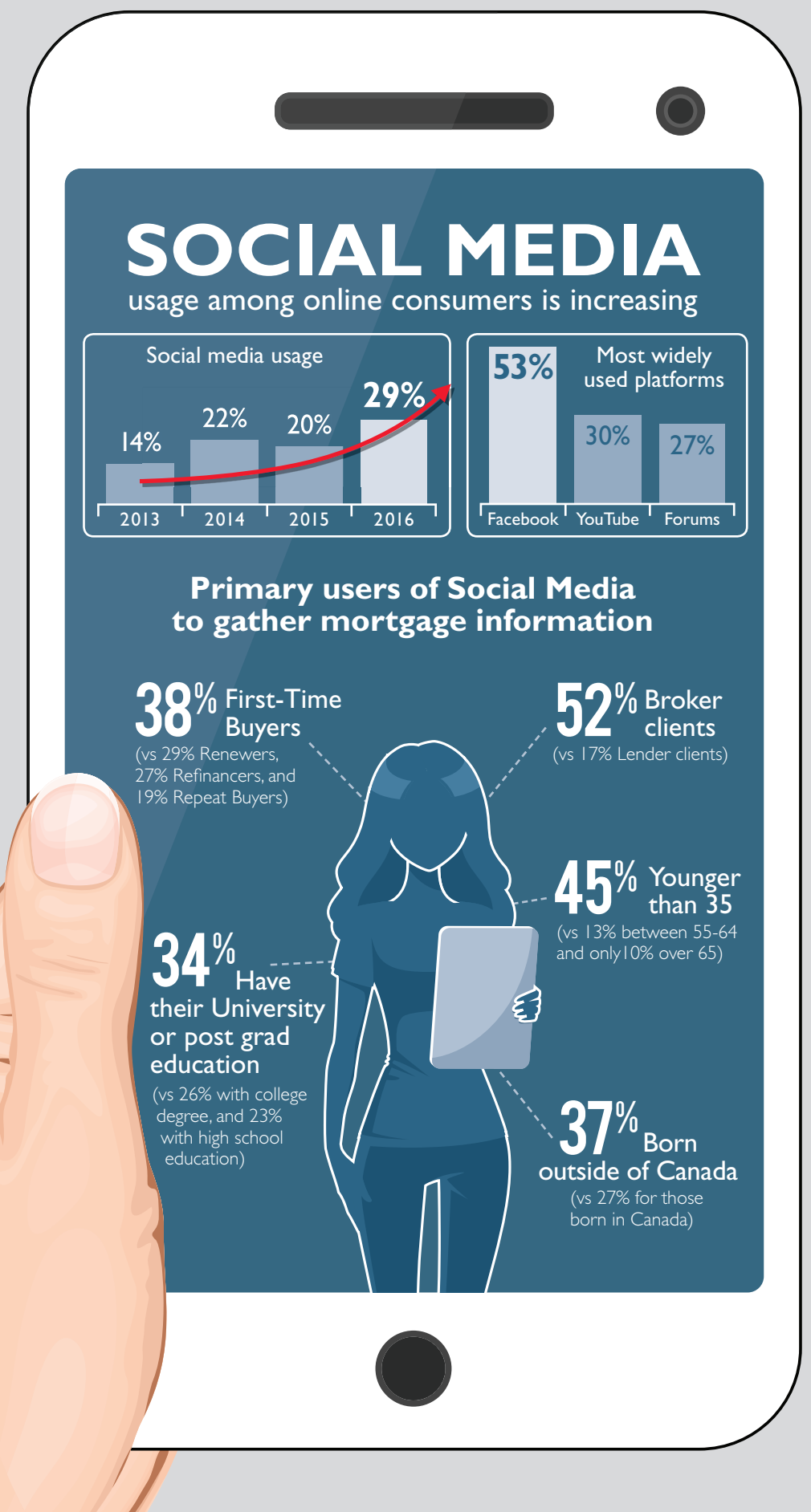
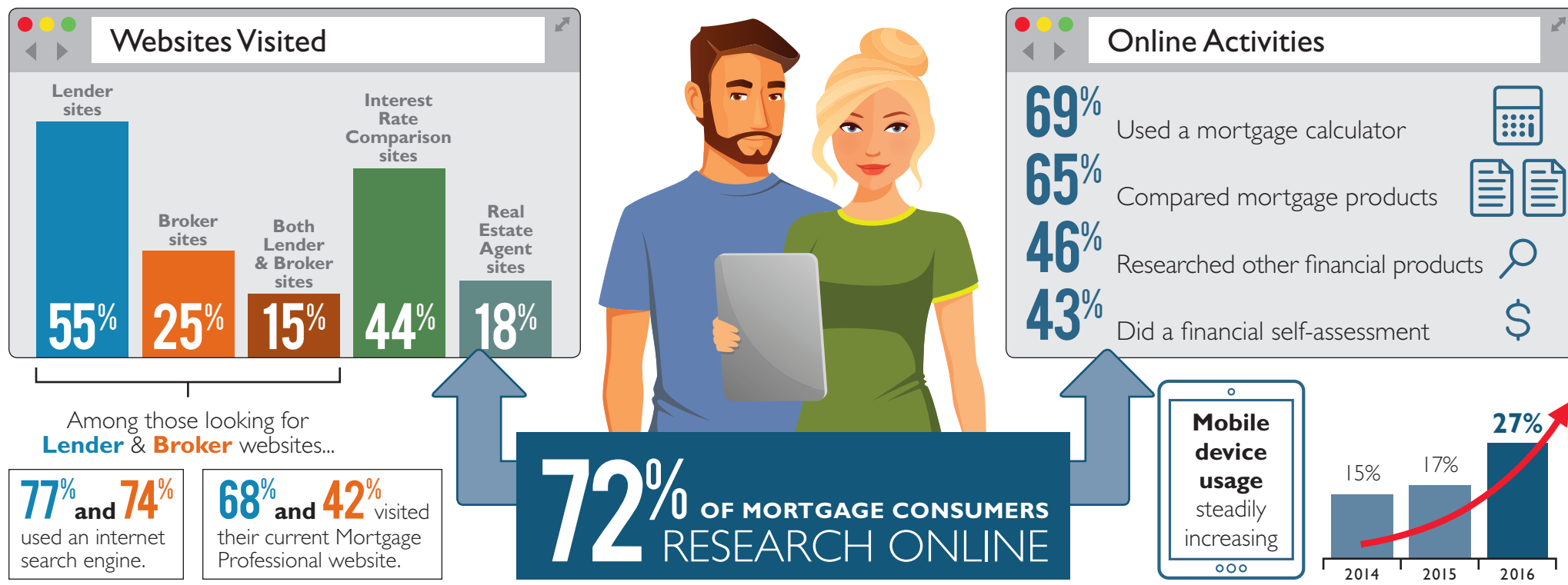
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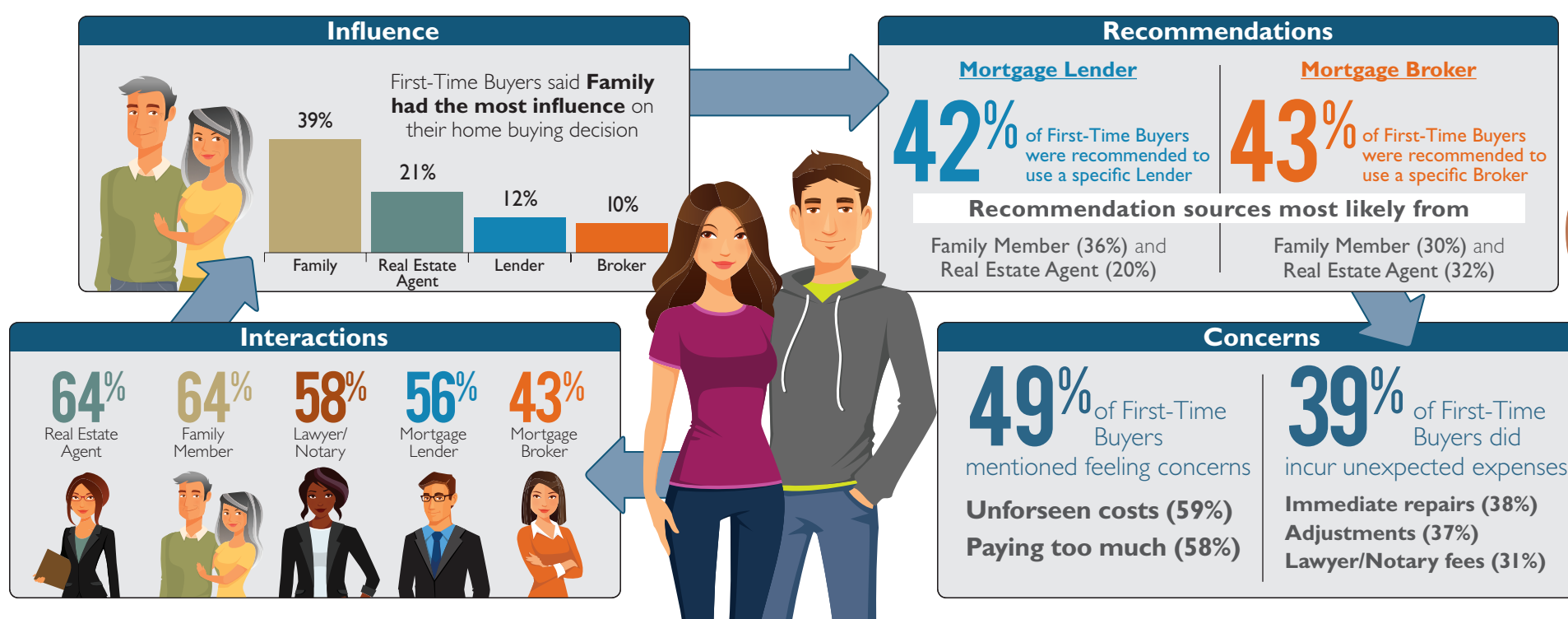


2016 Mortgage Consumer Survey

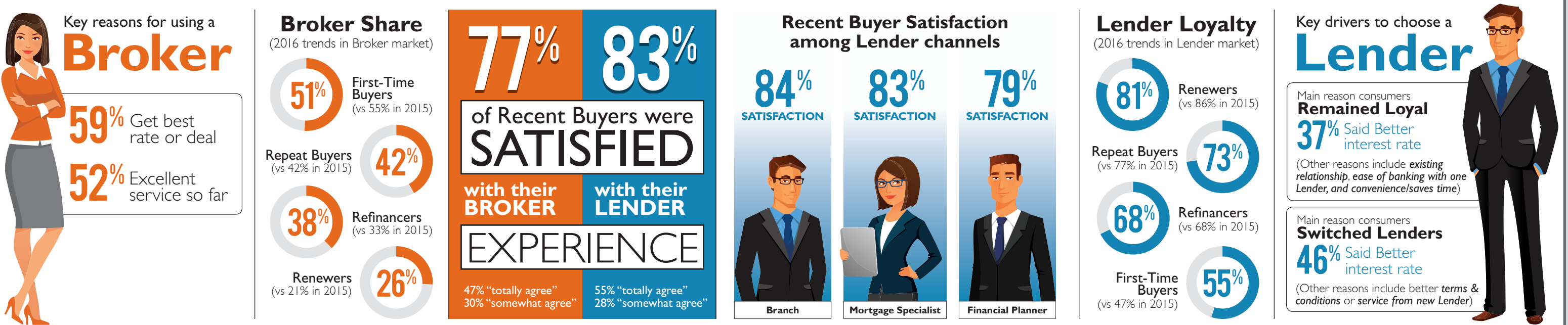
ONLINE MORTGAGE INFORMATION GATHERING & USE OF SOCIAL MEDIA



FIRST-TIME HOME BUYING PROCESS



BROKER & LENDER EXPERIENCE



MORTGAGE PROCESS

