



# 2013 MORTGAGE CONSUMER SURVEY



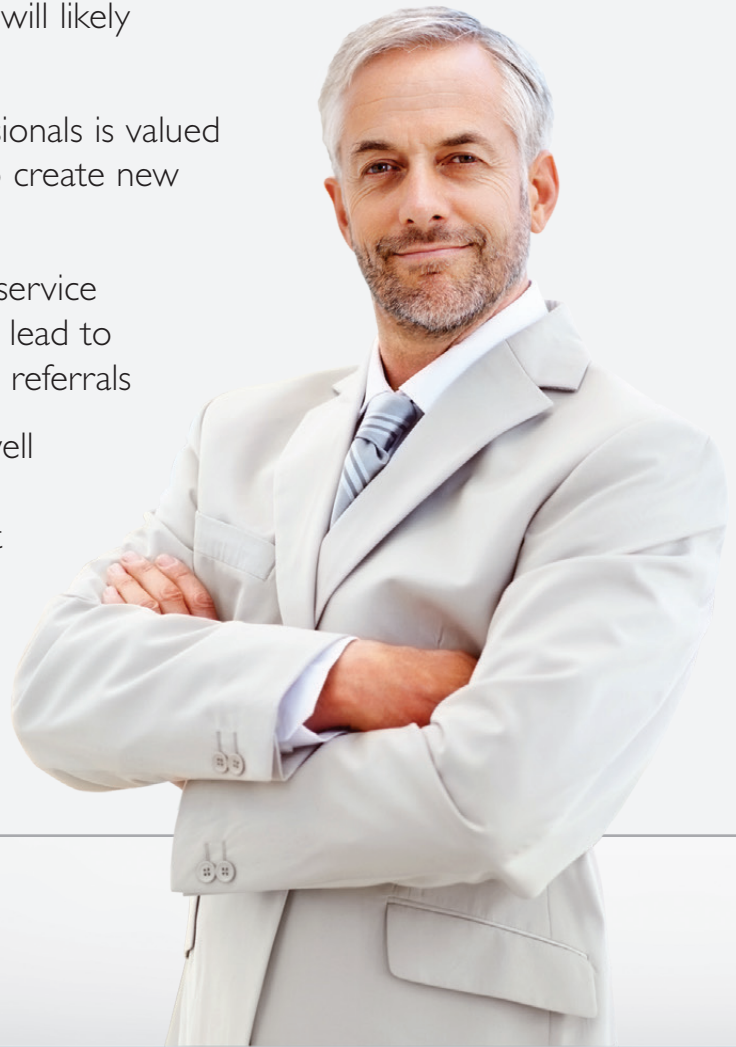
Canada 

*Everything you need to open new doors*



## Key Findings from the 2013 Mortgage Consumer Survey

- Mortgage consumers use a variety of on-line tools and mobile apps when looking for a mortgage
- Mortgage consumers undertake a range of mortgage shopping activities and show confidence in their mortgage decision
- The majority of mortgage consumers are satisfied with their mortgage professional and will likely use them in the future
- Advice provided by mortgage professionals is valued by mortgage consumers and can help create new business opportunities
- Post-transaction follow-up and client service greatly increase client satisfaction and lead to opportunities for repeat business and referrals
- Most recent buyers feel they made well informed mortgage decisions, but for some there is room for improvement
- Many mortgage consumers anticipate relatively big ticket home improvements which may create future business opportunities



## MORTGAGE CONSUMERS USE A VARIETY OF ON-LINE TOOLS AND MOBILE APPS WHEN LOOKING FOR A MORTGAGE

The 2013 Mortgage Consumer Survey shows once again that the majority of mortgage consumers (66%) look to on-line information sources to gather information about mortgage options and features. Commonly used resources include: websites of specific mortgage lenders (67%), Internet search engines such as Google (48%), and websites of specific mortgage brokers (23%). On average, there were 4.6 visits to sites of different lenders and 3.4 visits to sites of different brokers. Consumers found the information obtained from both lender and broker sites useful (88% for lender sites and 84% for broker sites).

Interest rates continue to dominate among topics most often searched on-line (84%), followed by information about mortgage options (63%). Slightly more than half (56%) were searching for a mortgage calculator.

Of consumers who went on-line for mortgage information, nearly two-thirds (63%) used a mortgage calculator. Almost half (47%) reported using a calculator from a lender website, followed by 17% using a CMHC calculator, and 13% using a calculator from a broker site.

When using mortgage calculators, most consumers (two-thirds) wanted to determine the amount of their mortgage payments. Almost four-in-ten (39%) used a calculator that compared two or more mortgage offerings, and 36% used a calculator to determine how much mortgage they could afford.

The 2013 survey shows that the use of social media has remained stable over the past year with 14% of all on-line mortgage consumers using social media to gather information about mortgages. The use of social media to learn about mortgages is strongest among younger consumers with 26% of those under 34 years going online for mortgage-related information.

Among consumers using social media, the most popular platforms include Facebook and on-line forums, each used by about 40% of social media users. On-line blogs were used by 36% of those using social media, while other platforms such as YouTube, Twitter, and LinkedIn were used by about 10%.

Consumers are relying more on mobile data devices when conducting mortgage-related research. Among consumers going on-line for mortgage information, the incidence of using mobile data devices such as smartphones and tablets (e.g. iPhone, Blackberry, Android, iPad) increased to 19% up from 14%



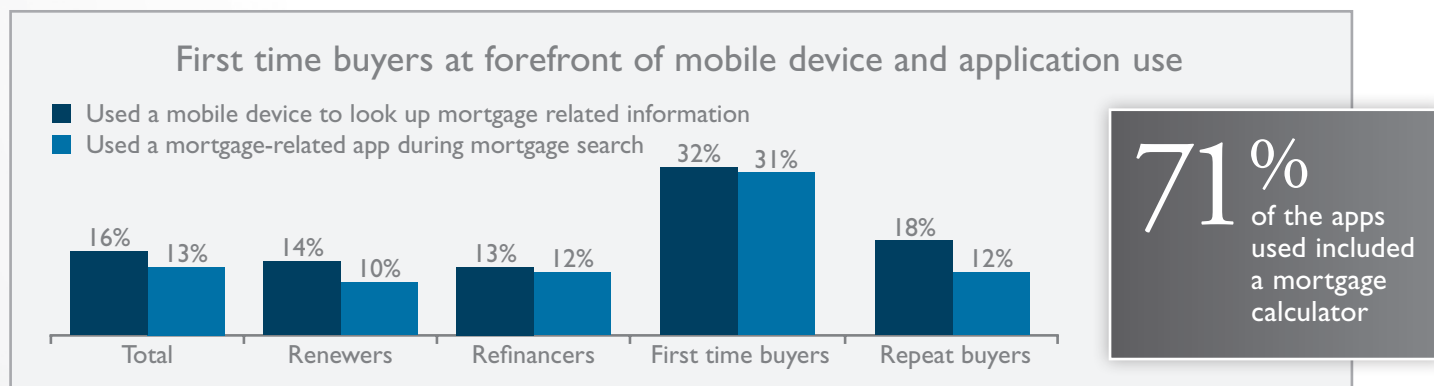
On average, there were **4.6** visits to sites of different **lenders**

and **3.4** visits to sites of different **brokers**



in 2012. Use of mobile devices is particularly strong among first time buyers at 38% and among younger consumers (18-24 year olds) at 53%.

In two-thirds of cases (68%), consumers using mobile data devices accessed a mortgage-related app and 71% of the apps accessed provided a mortgage calculator.



## MORTGAGE CONSUMERS UNDERTAKE A RANGE OF MORTGAGE SHOPPING ACTIVITIES AND SHOW CONFIDENCE IN THEIR MORTGAGE DECISION

Recent buyers engaged in a variety of shopping activities before deciding on their mortgage. Seven-in-ten (71%) researched terms and conditions, 60% discussed the pros and cons of various mortgage products, and 59% compared interest rates.

More than half of recent buyers (56%) reported contacting at least one lender or broker to learn about mortgage options (46% contacted at least one lender and 32% at least one broker). On average, 2.9 lenders and 2.1 brokers were

contacted. Of note, one-in-five recent buyers reported contacting at least one lender and at least one broker during the process of arranging their mortgage.

Consumers who are highly engaged in comparative mortgage shopping are more confident in their mortgage decision. Almost two-thirds (63%) of those who researched terms and conditions and compared interest rate costs of different financing scenarios “totally agreed” they obtained the best mortgage deal for their needs. Among consumers not engaging in these activities, only 47% “totally agreed” they received the best mortgage deal for their needs.

Most recent buyers indicated that they do some form of preparation before meeting with their lender or broker. Nearly three-quarters (73%) did at least one of the following: organized personal information and documentation (59% of lender users and 53% of broker users), prepared a list of questions (38% lender users and 47% of broker users), or prepared a list of detailed assets and debts (34% of lender users and 36% of broker users).

**63%** of those who researched terms and conditions and compared interest rate costs “**totally agreed**” they obtained the best mortgage deal for their needs

## THE MAJORITY OF MORTGAGE CONSUMERS ARE SATISFIED WITH THEIR MORTGAGE PROFESSIONAL AND WILL LIKELY USE THEM IN THE FUTURE

The 2013 Mortgage Consumer Survey shows that mortgage brokers continue to maintain their market share among recent buyers. Mortgage brokers account for about half (49%) of all mortgage originations among first time buyers and 34% among repeat buyers. Among those refinancing, 26% looked to a broker. Of those renewing, 17% chose a broker to arrange their renewal. Overall, the 2013 survey reports that 23% of all consumers used a broker compared to 27% in 2012.

As in previous years, most consumers, particularly those renewing, remain loyal to their existing lender (88%). Lender loyalty continues to be lowest amongst first time buyers, where 54% reported arranging their mortgage with the financial institution they were dealing with the most. Among those switching lenders, by far the most common reason given (44%) is to obtain a better interest rate.

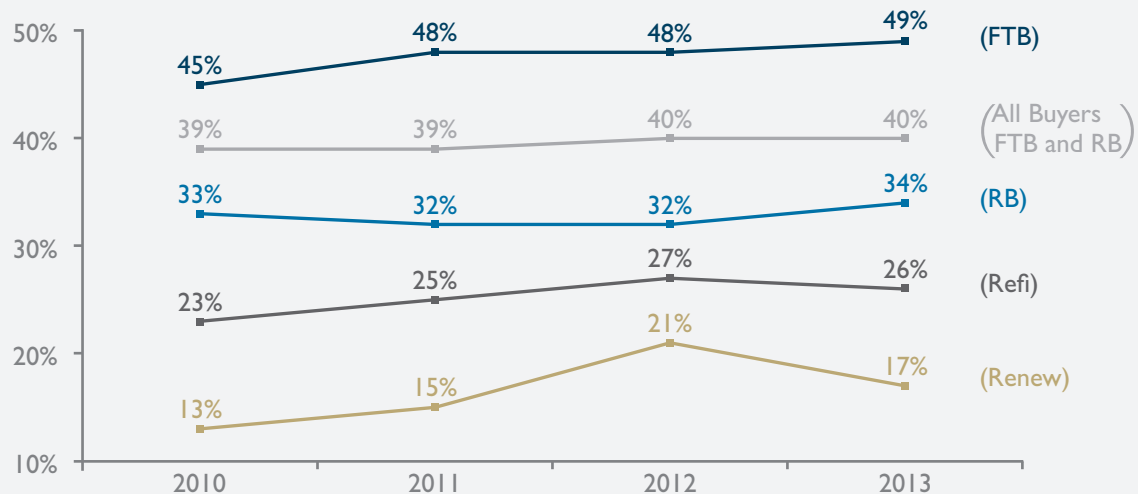
Overall, mortgage consumers are satisfied with their lender or broker experience. More than eight-in-ten (84%) consumers arranging their mortgage directly with their lender were satisfied with the experience (54% "totally agreed" and 30% "somewhat agreed"). Similarly, 81% of consumers using a mortgage broker agreed they were satisfied (55% "totally agreed" and 26% "somewhat agreed").

Related to relatively high levels of client satisfaction, prospects for future business from existing clients look good for both lenders and mortgage brokers. About three-quarters agreed that they would likely use their lender or broker again to arrange their next mortgage (78% for lenders and 74% for brokers). In addition, mortgage consumers agreed they were likely to recommend their broker (75%) or lender (70%) to a family member or friend.

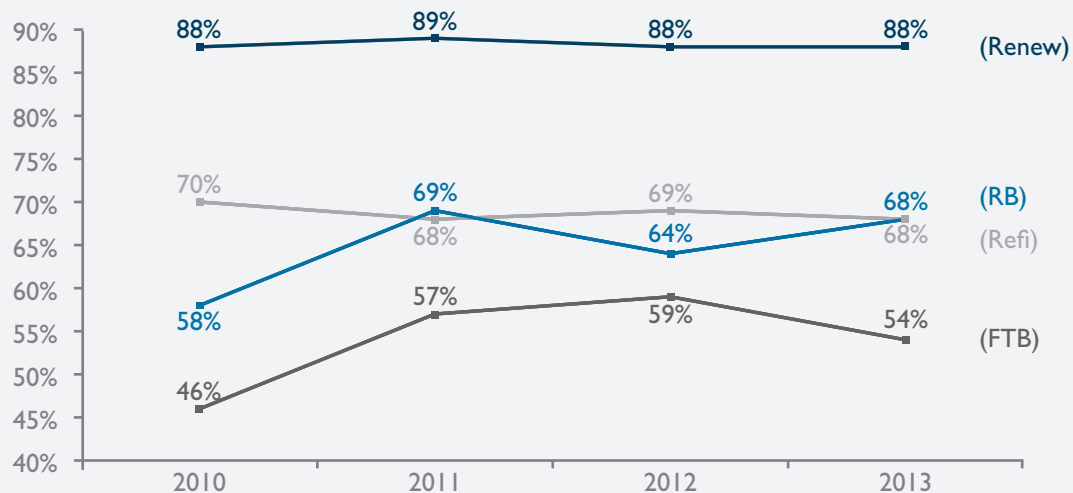
About three-quarters **75%**  
agreed that they would likely  
use their lender or broker again  
to arrange their next mortgage  
or would recommend their  
broker or lender to a family  
member or friend



### Brokers maintain market share



### Most mortgage consumers remain loyal to their lender



## ADVICE PROVIDED BY MORTGAGE PROFESSIONALS IS VALUED BY MORTGAGE CONSUMERS AND CAN HELP CREATE NEW BUSINESS OPPORTUNITIES

During the process of obtaining their mortgage, recent buyers received a wide range of mortgage-related advice from their mortgage professional. Two-thirds or more reported receiving advice from their lender or broker regarding specific mortgage terms and conditions or advice about fixed versus variable interest rates. About half also reported that their lender or broker provided recommendations to accelerate their mortgage payments. In almost all cases (about 90% or more), recent buyers found the advice useful; with about half or more rating the advice received as “very useful”.

This year’s survey demonstrates that mortgage professionals can increase future business opportunities by providing mortgage-related advice to their clients. For example, nearly two-thirds (63%) of consumers receiving value-added advice from their mortgage professional regarding specific mortgage terms and conditions “totally agreed” that they would likely use this mortgage professional to arrange their next mortgage transaction. This likelihood decreases to only 33%, for those not receiving this kind of advice. Similar, among those receiving value-added advice regarding specific mortgage terms and conditions, 58% “totally agreed” they would recommend their mortgage professional to family or friends, compared to only 30% among those not receiving advice.

Besides offering advice on the mortgage itself, most mortgage professionals generally do not capitalize on opportunities to provide advice related to other household financial related topics. Among recent buyers, about one-in-four (23%) received advice on their current and future financial needs. About 14% of recent buyers reported receiving advice regarding budgeting and money management from their lender or broker,

and about 10% reported receiving advice about managing financial difficulty. It should be noted that the advice from lenders and brokers related to other non-mortgage matters, when provided, was well received: the majority of recent buyers (80% plus) found the advice useful.

Nearly two-thirds **63%** of consumers receiving value-added advice from their mortgage professional **“totally agreed”** that they would likely use this mortgage professional to arrange their next mortgage transaction





## POST-TRANSACTION FOLLOW-UP AND CLIENT SERVICE GREATLY INCREASE CLIENT SATISFACTION AND LEAD TO OPPORTUNITIES FOR REPEAT BUSINESS AND REFERRALS

In the 2013 survey, 49% of consumers who used a broker and 33% who used a lender were contacted by their mortgage professional following their mortgage transaction. The most common methods of contact were telephone (60% of lender clients and 39% of broker clients), followed by email (20% and 35% respectively). For the most part, the purpose of such follow-up was simply to thank the customer (55% of those contacted by their lender and 65% of those contacted by their broker) and/or to confirm the closing (37% and 32% respectively).

Mortgage consumers value their lender or broker contacting them following the mortgage process. Among those who used a lender, 67% of those who had follow-up contact from their

lender said they “totally agreed” they were satisfied with the services provided, compared to 49% who were not contacted. Among those who used a broker, 70% who had follow-up contact from their broker “totally agreed” they were satisfied compared to 42% of those who were not contacted.

Post-transaction contact can also lead to a greater likelihood of repeat business from existing clients. Among those whose lender or broker undertook post-transaction follow-up, about six-in-ten “totally agreed” that they will likely use this lender or broker again to arrange their next mortgage transaction (57% of those using a lender and 63% of those using a broker). This likelihood was only 41% among lender clients and 36% among broker clients for those not receiving any follow-up contact.

In about seven-in-ten cases (69%), consumers found the post-transaction contact was useful (42% “totally agreed” and 27% “somewhat agreed”). The benefits of providing value-added follow-up service should not be underestimated. For example, among those who “totally agreed” the post-transaction was useful: 84% “totally agreed” they would contact this mortgage professional again for advice; 82% “totally agreed” they would use this mortgage professional again; and 81% “totally agreed” they would recommend this mortgage professional to family or friends. Among those not contacted only 40% “totally agreed” they would contact or use this mortgage professional again, and only 33% “totally agreed” they would recommend this mortgage professional.



About  **$\frac{2}{3}$**  of consumers who had follow-up contact from their lender or broker **“totally agreed”** they were satisfied with the services provided



## MOST RECENT BUYERS FEEL THEY MADE WELL INFORMED MORTGAGE DECISIONS, BUT FOR SOME THERE IS ROOM FOR IMPROVEMENT

As seen in previous surveys, consumers' own mortgage research along with advice from their mortgage professional resulted in them feeling confident and comfortable with their mortgage decision.

Following their most recent mortgage transactions, nearly 90% of recent buyers agreed they had a good understanding of how much they could afford (61% "totally agreed" and 28% "somewhat agreed"). Nearly 90% also agreed they had a good understanding of their financial commitments and responsibilities (59% "totally agreed" and 29% "somewhat agreed"). Furthermore, 84% agreed they made their mortgage decision with a good understanding of the mortgage options available to them (51% "totally agreed" and 33% "somewhat agreed") and 82% agreed they were confident they got the best mortgage deal for their needs (55% "totally agreed" and "27% somewhat agreed").

However, about 25% of mortgage consumers felt the mortgage process was not easy and straightforward. In addition, they are not as confident about knowing where to go for reliable advice if they encounter financial difficulty in the future.

The survey results show that mortgage professionals can play a significant role in helping consumers through the mortgage process and help them to be better prepared in case of financial difficulty. Amongst consumers receiving value-added advice from their mortgage professional regarding terms and conditions of their mortgage, 65% totally agreed the process of getting a mortgage was easy and straight forward, compared to only 44% among those not receiving any advice.

In terms of feeling confident about where to go for reliable advice, among those receiving value-added advice from their mortgage professional, 60% "totally agreed" they are confident about knowing where to go in case of financial trouble in the future. Conversely, among those not receiving advice, only 34% "totally agreed."

Nearly **90%** of recent buyers had a good understanding of how much they could afford and a good understanding of their financial commitments and responsibilities



## MANY MORTGAGE CONSUMERS ANTICIPATE RELATIVELY BIG TICKET HOME IMPROVEMENTS WHICH MAY CREATE FUTURE BUSINESS OPPORTUNITIES

As part of this year's survey, recent mortgage consumers were asked about upcoming plans for home improvements or repairs. In more than half the cases (55%), mortgage consumers are likely to undertake major repairs or improvements to their house within the next five years costing \$5,000 or more. This finding was fairly consistent whether the consumer was renewing, refinancing, or purchasing with a mortgage. It was also fairly consistent across all regions of the country.

With respect to the kinds of improvements or repairs under consideration, nearly two-thirds (65%) mentioned renovations to improve living space, such as improvements to a bathroom or kitchen. One-third mentioned structural repairs (roof, foundation etc.), while 30% mentioned energy efficiency improvements or landscaping. For most (65%), this work will likely commence within one to two years.

About half (54%) anticipate to spend between \$5,000 and \$10,000, with 38% expecting to spend more than \$10,000. Among those spending more than \$10,000, about one-third (32%) plan to use some form of loan or financing.



## ABOUT THE SURVEY

In March and April 2013 CMHC completed an on-line survey of 2,951 recent mortgage consumers—all prime decision-makers—and the result is a unique perspective on attitudes and behaviours.

Among recent mortgage consumers surveyed as part of the 2013 MCS, all had undertaken a mortgage transaction in the past 12 months. Fifty-eight percent had undergone a mortgage renewal, 24% had refinanced their mortgage, and 18% had purchased a home with mortgage financing. In comparison to the 2012 MCS, this year's survey shows a higher incidence of renewers (49% in 2012), and slightly lower incidences of refinancers (27% in 2012), and home buyers (24% in 2012).

CMHC has conducted this survey since 1999. As your trusted partner in mortgage loan insurance, we are confident 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:

<b>First time purchasers</b>	those who purchased their first home in the past 12 months and took a mortgage.
<b>Repeat purchasers</b>	those who previously owned a home and have purchased a subsequent home in the past 12 months and took a mortgage.
<b>Renewers</b>	those who renewed their mortgage in the past 12 months.
<b>Refinancers</b>	those who refinanced their home through a mortgage in the past 12 months.

### MEANING OF 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.

# www.cmhc.ca/2013survey



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