

A man and a woman are sitting together, looking at a tablet held by the man. They are both smiling and appear to be in a living room setting with a window in the background.

■ 2014

MORTGAGE CONSUMER SURVEY

Canada 

Everything you need to open new doors



2014 MORTGAGE CONSUMER SURVEY - QUICK FACTS

In March and April 2014, CMHC completed an online survey of 3,584 recent mortgage consumers, all prime household decision-makers who had undertaken a mortgage transaction in the past 12 months. Fifty-five percent had undergone a mortgage renewal, 22% had refinanced their mortgage, and 23% had purchased a home with mortgage financing. CMHC has conducted this survey since 1999.

ONLINE MORTGAGE INFORMATION GATHERING

- Most mortgage consumers (78%) looked to online information sources to gather information about mortgage options and features. Among these, 60% went to lender websites, 25% to broker websites, and 16% went to both lender and broker websites.
- Almost three-quarters of those going online (73%) used a mortgage calculator. More than half (57%) used a calculator from a lender website, followed by 21% from a broker website, 16% from a website of a real estate agency, and 15% from CMHC's site. Most notably, 66% used a calculator to determine mortgage payments, while about a third used a mortgage comparison calculator (35%), or a mortgage affordability calculator (32%).
- In 2014, 22% of online mortgage consumers made use of social media to gather information about mortgages (compared to 14% in 2013). While Facebook is the most widely used with over half (55%) of those looking to social media using this platform, YouTube and blogs are viewed among the most useful. YouTube and blogs were rated as being "very useful" by 42% and 40% of users respectively.
- The use of mobile devices is more common among younger mortgage consumers where 25% of those aged between 18 and 34 years old reported using a mobile device to conduct mortgage research.
- Among those using a mobile device, 26% used a mortgage related app. In half of the cases, the app was provided by a lender while 31% used an app provided by a broker. Almost half (47%) of all apps accessed featured a mortgage calculator.

MORTGAGE PROCESS

- When looking for a mortgage, 52% of recent buyers contacted at least one lender, and 41% contacted at least one broker to learn about mortgage options. On average, 2.9 lenders and 2.0 brokers were contacted.

- Overall, mortgage consumers engage longer with brokers before deciding on a mortgage. Those using a broker took on average 4.6 weeks to finalize their mortgage, compared to 2.9 weeks for those using a lender.
- Paying attention to client satisfaction throughout the mortgage process can significantly impact the potential for repeat business. Among mortgage consumers who "totally agreed" they were satisfied with their mortgage professional, 77% "totally agreed" they would use this mortgage professional again. In comparison, among those "somewhat satisfied", only 13% "totally agreed" they would use this mortgage professional again.

BROKER SHARE & USE

- Broker share is on the rise in most segments. Mortgage brokers accounted for 48% of all mortgage originations among first-time buyers, 40% among repeat buyers, 32% among refinancers, and 23% among renewers.
- Mortgage brokers presented multiple offers to their clients. On average, brokers presented 2.4 offers from different lenders. Half of broker clients felt that this number is about right. However, 30% of broker clients would have preferred to receive more offers for their consideration.
- Mortgage brokers have influence over which mortgage offer is accepted. Two-thirds of mortgage consumers (67%) reported their broker made a recommendation about which offer to accept, and in the majority of cases (89%), borrowers accepted the recommendation.
- Overall, recent buyers were generally satisfied with their experience using a broker (74%). Almost half (47%), "totally agreed" they were satisfied and 27% "somewhat agreed" they were satisfied.

LENDER LOYALTY & CHANNEL

- As in previous years, most mortgage consumers remained loyal to their existing lender. This is most prominent among renewers at 84% and continues to be lowest amongst first-time buyers where only 54% arranged their mortgage with the financial institution they were dealing with most.
- In deciding on whether to switch or remain loyal to their current lender, mortgage consumers indicated that interest rates were the single most important consideration. Roughly 40% cited rate as their primary reason to switch (43%) or stay (41%). In total, about six-in-ten mentioned interest rates as either the primary or a secondary reason for switching or staying. Existing relationships and convenience are also important factors in deciding to stay with a current lender with 52% citing existing relationships and 40% citing convenience as either the primary or a secondary reason for staying.
- Among mortgage consumers switching lenders, approximately 60% used a broker (consistent across all mortgage consumer segments).
- Thirty-nine percent of recent buyers used a mobile mortgage specialist to arrange their current mortgage, 34% used a branch lender, and 24% used a lender financial planner. Regardless of the channel used, the majority of recent buyers (83%) are satisfied with their lender (47% totally agreed and 36% somewhat agreed). Buyer satisfaction by lender channel is as follows: mobile mortgage specialist (85%), financial planner (82%), and branch (81%).

RENEWAL EXPERIENCE

- A majority of mortgage renewers (59%) renewed before the scheduled date. Among these, nearly two-thirds (61%) renewed within three months of the scheduled date while 15% renewed four to six months out and 10% renewed more than six months before schedule.
- Sixty-four percent of mortgage renewers were totally satisfied with their decision to renew in advance of their actual renewal date.
- The main reason for renewing in advance was to avoid a perceived increase in rates (56%). A further 18% indicated that the main reason for renewing early was because their mortgage professional convinced them that it was the right decision.

ADVICE FROM MORTGAGE PROFESSIONALS

- During the mortgage process, recent buyers received a wide range of mortgage-related advice from their mortgage professional. In most cases (79%), the advice concerned

mortgage terms and conditions including fixed versus variable interest rates. Seventy-two percent reported receiving advice regarding the mortgage amount they could qualify for, and 72% also reported they received advice concerning current and long-term mortgage strategies.

- Although a high majority of recent buyers reported receiving advice, only about half reported the advice to be “very useful”.
- Providing clients with useful advice on current and long term mortgage strategies can increase the proportion of those totally satisfied with their mortgage professional by up to 70% (33% among those not receiving such advice vs. 56% among those who did), while also increasing the propensity of repeat business by as much as 55%. Thirty-one percent of those not receiving such advice “totally agreed” they would use their mortgage professional again in the future compared to 48% among those who did.

POST-TRANSACTION CONTACT

- Fifty-one percent of mortgage consumers who used a broker and 35% who used a lender were contacted by their mortgage professional following their mortgage transaction. The most common methods of contact were telephone (69% of lender clients and 45% of broker clients), followed by email (15% and 25% respectively). Most post-transaction follow-up occurs within one week to one month after the mortgage transaction is completed.
- In most cases, the purpose of such follow-up was simply to thank the customer (58% of those contacted by their lender and 60% of those contacted by their broker) and/or to confirm the closing date (40% and 37% respectively).
- Less than half of mortgage consumers (43%), “totally agreed” that their post-transaction contact was useful.
- Types of follow-up contact mortgage consumers would have considered useful include advice on long-term mortgage financial strategies (29% of lender clients and 32% of broker clients), housing market information (15% of lender clients and 27% of broker clients), information on how to manage financial difficulty (15% of lender clients and 23% of broker clients), and investment opportunities (15% of lender clients and 23% of broker clients).
- Post-transaction contact can increase the likelihood for repeat business by nearly 60%. Only 35% of those not receiving follow-up contact “totally agreed” that they will likely use their lender or broker again to arrange their next mortgage. This increases to 55% among those who were contacted.

DEFINITIONS

Recent mortgage consumers:

- First-time purchasers – those who purchased their first home in the past 12 months and took a mortgage.
- Repeat purchasers – 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.

www.cmhc.ca/surveys

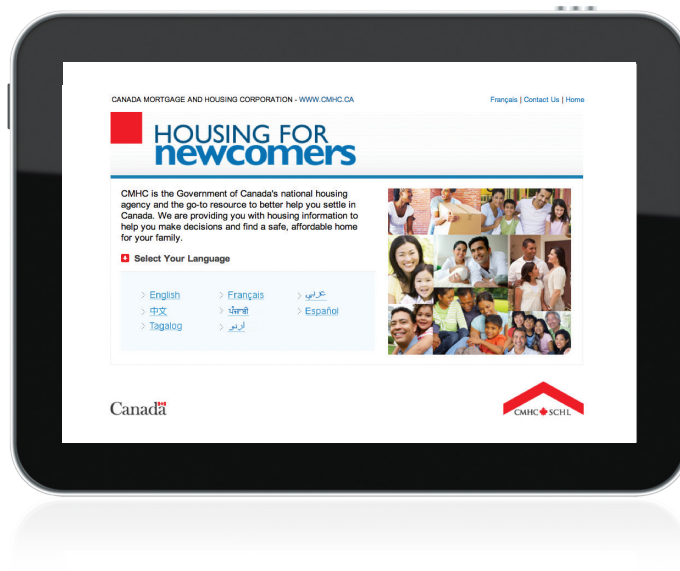
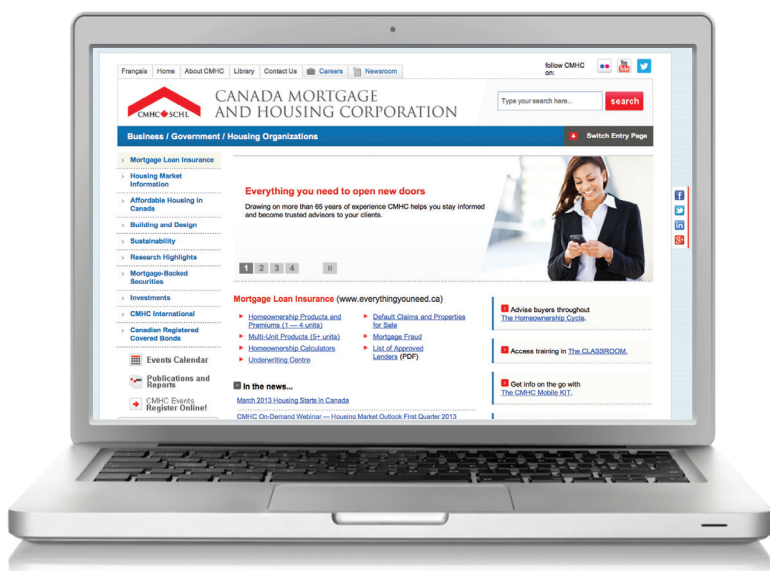
CMHC offers a number of online tools and a wide variety of housing information to support Canadians in making informed and responsible homebuying decisions as they pursue their housing needs.

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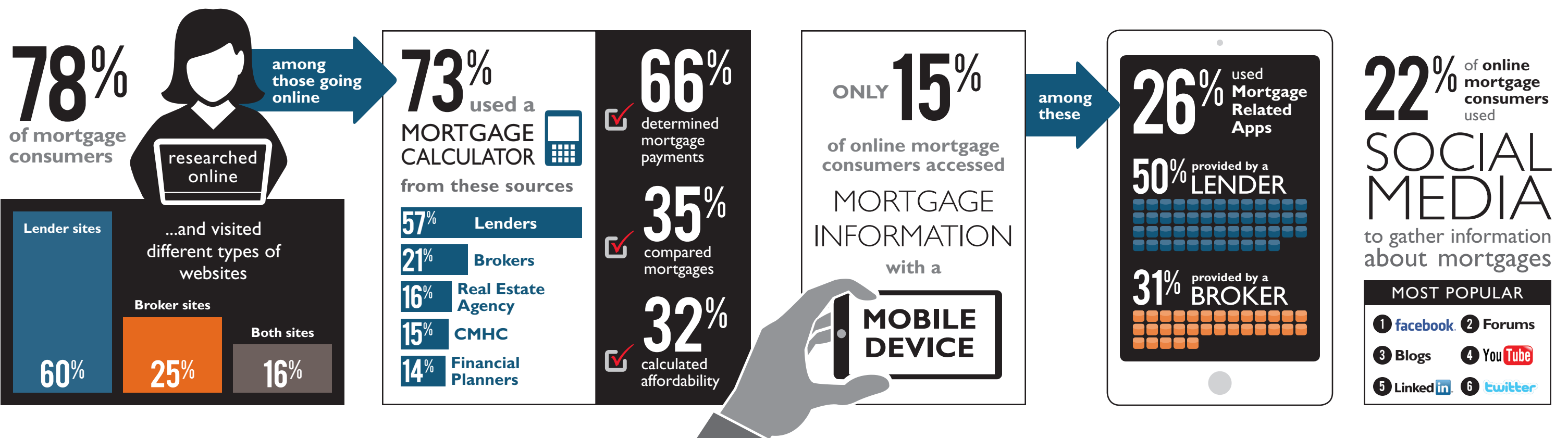
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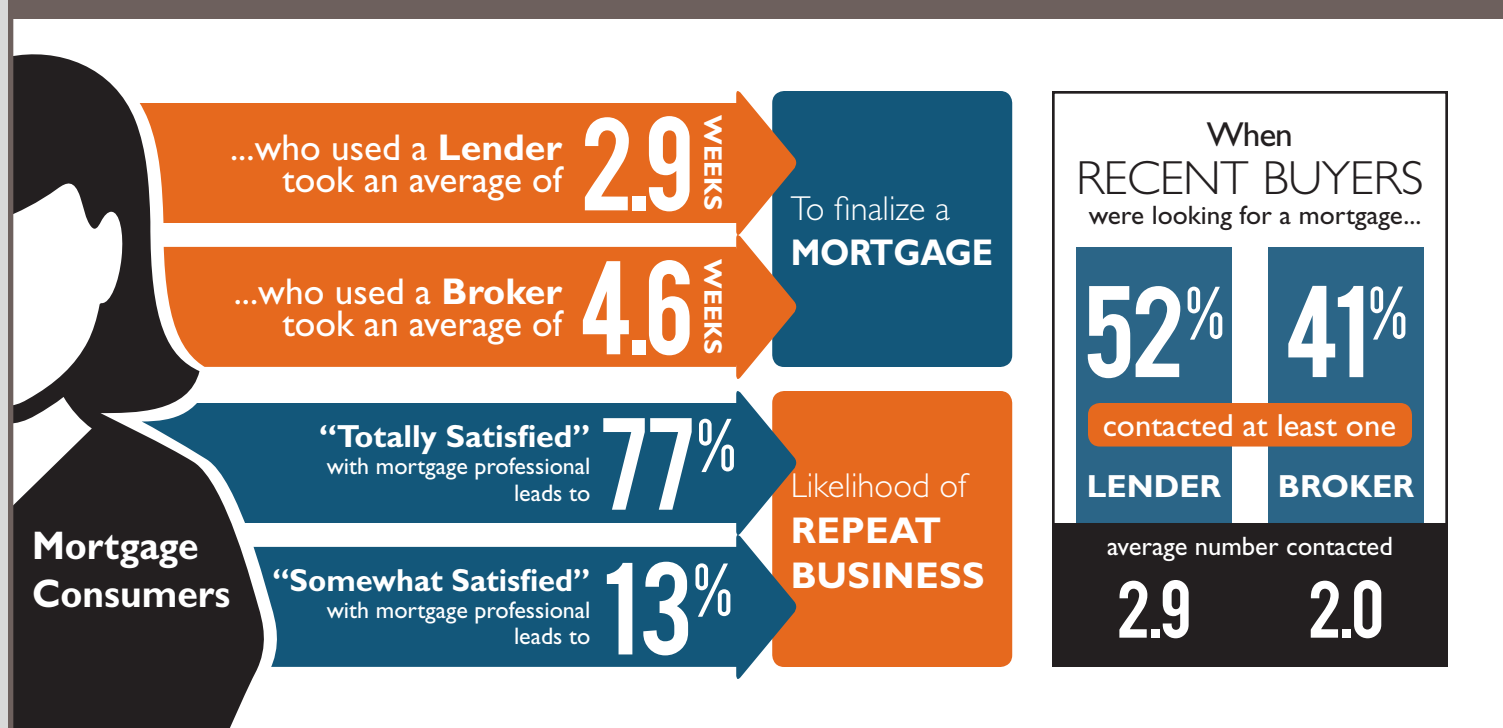


2014 Mortgage Consumer Survey

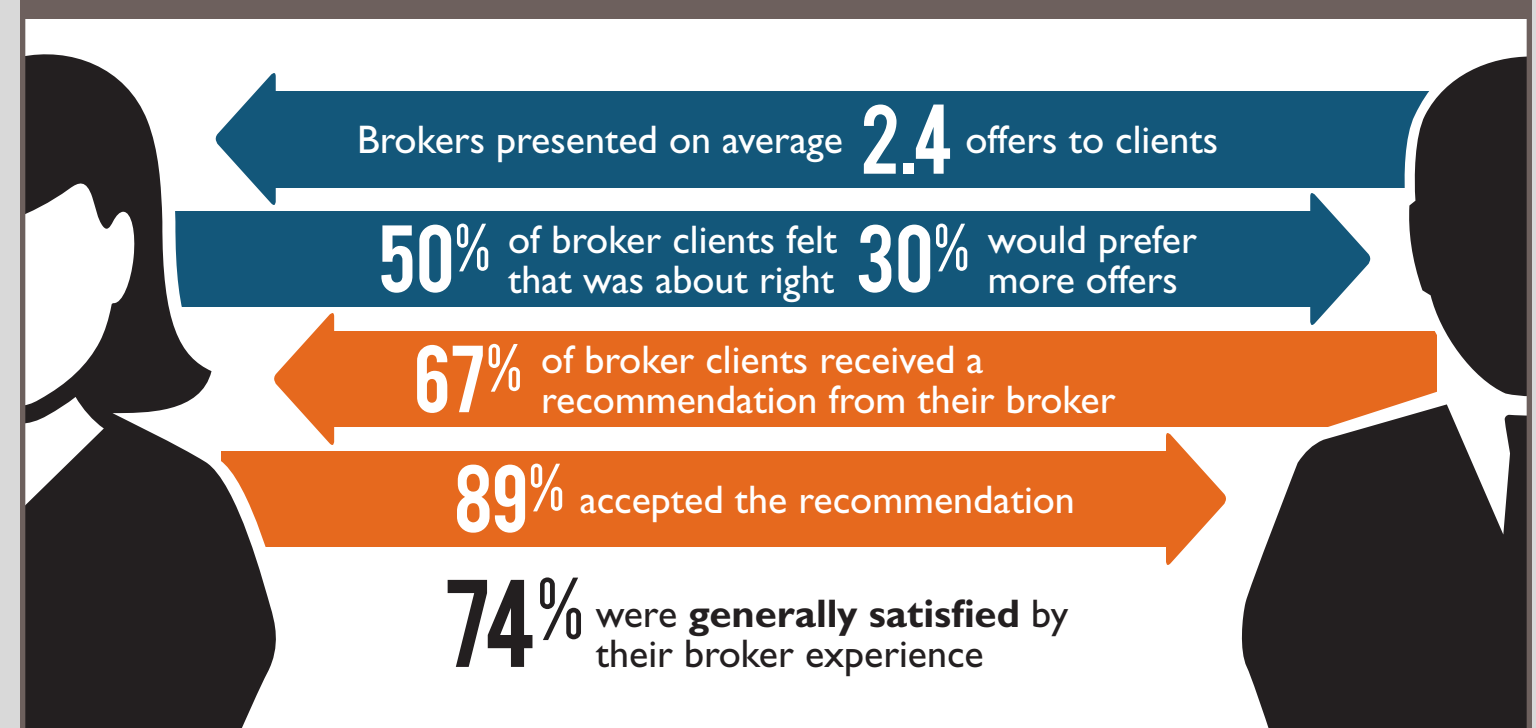
ONLINE MORTGAGE INFORMATION GATHERING



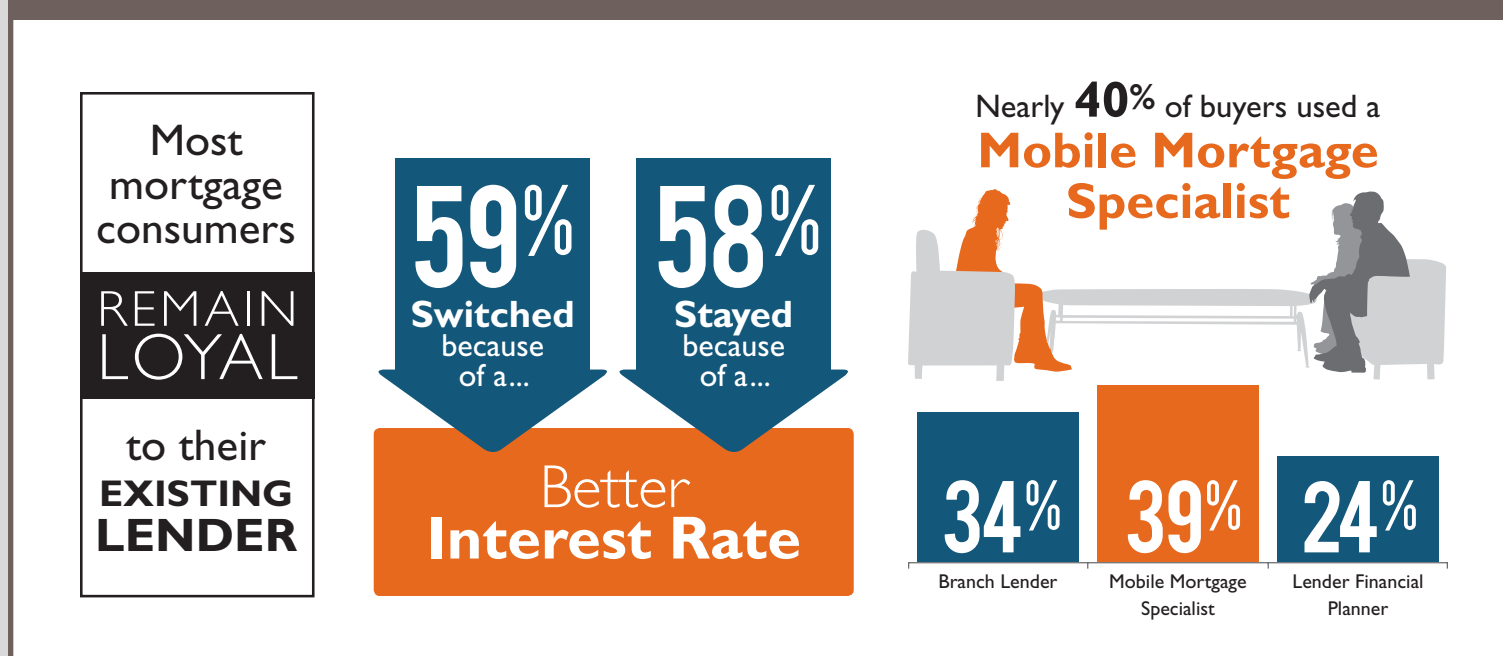
MORTGAGE PROCESS



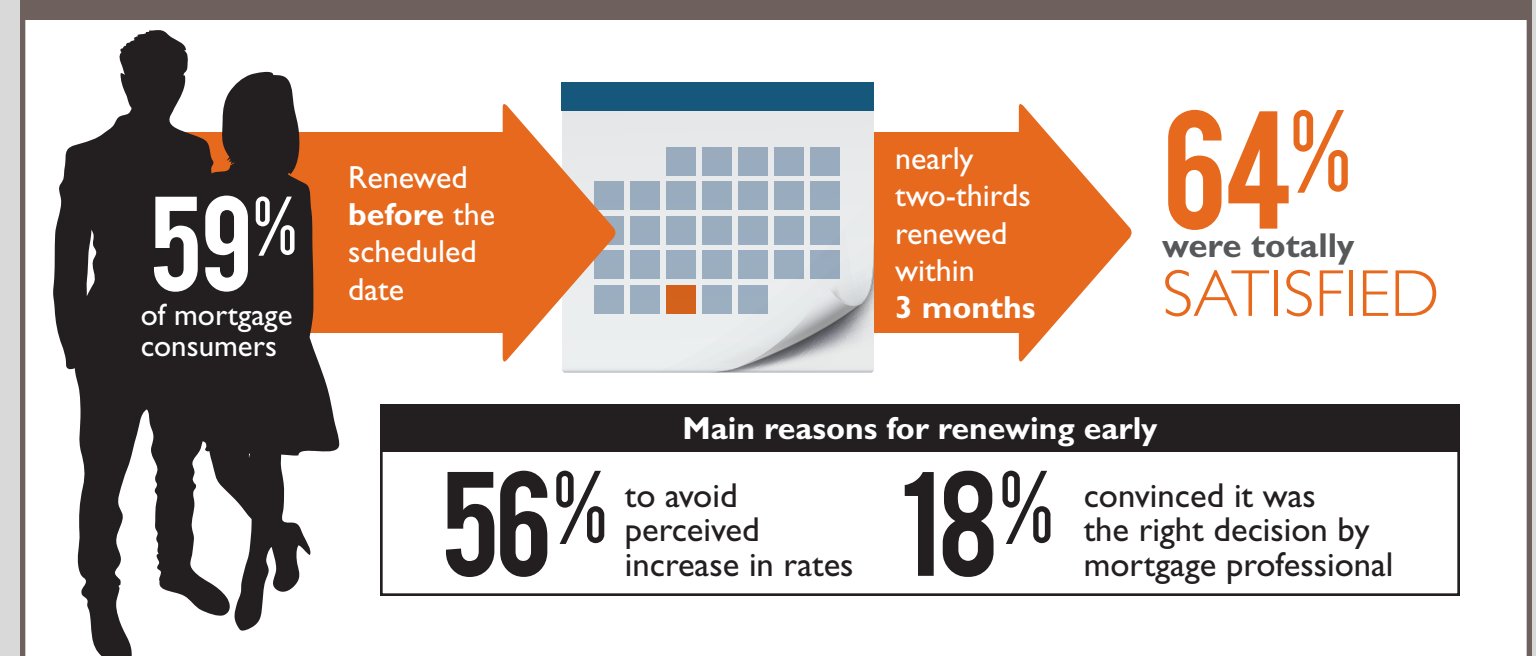
BROKER SHARE & USE



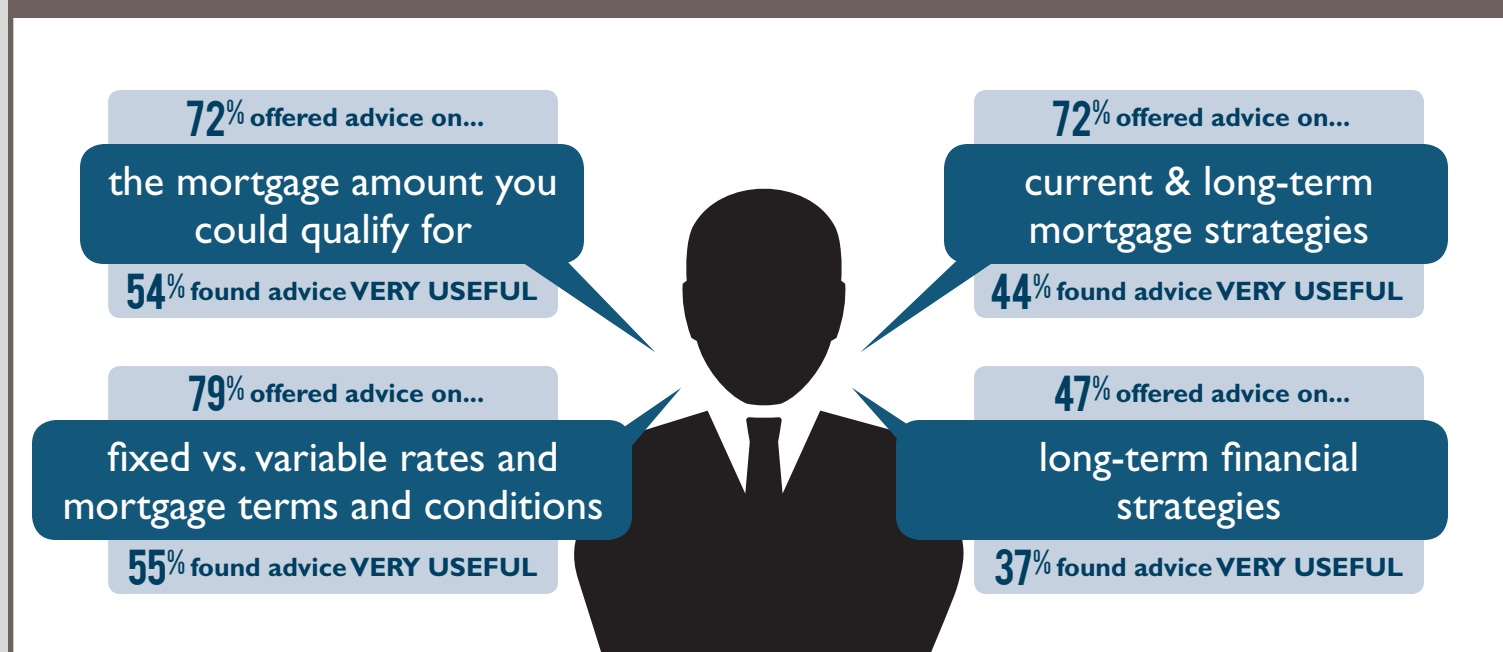
LENDER LOYALTY & CHANNEL



RENEWAL EXPERIENCE



ADVICE FROM MORTGAGE PROFESSIONALS



POST-TRANSACTION CONTACT

