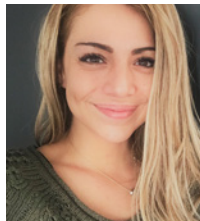


Residential Mortgage Industry Dashboard

Winter 2022



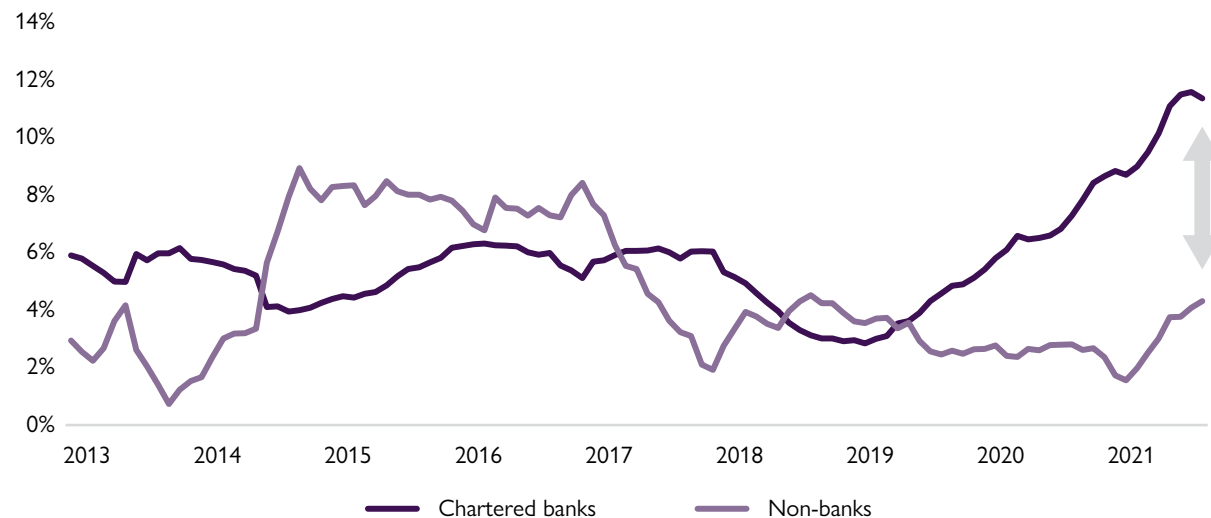
Tania Bourassa-Ochoa
Senior Specialist,
Housing Research



Seamus Benwell
Senior Analyst,
Economics

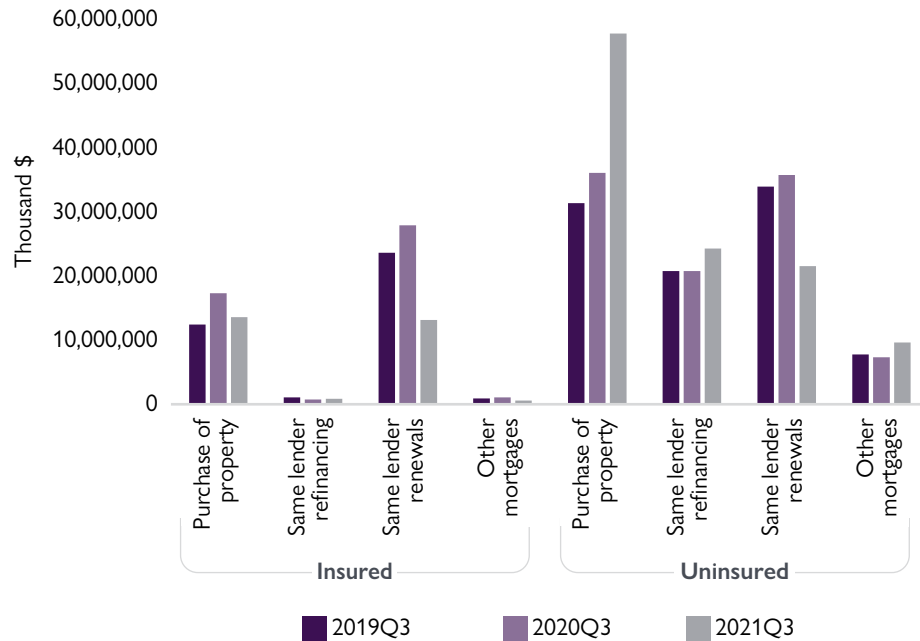
- Mortgage growth continued to increase (+10%) in the third quarter of 2021 bringing total residential mortgage debt in Canada up to \$1.77 trillion. Since the beginning of the pandemic, chartered banks (+11%) continue to heavily outpace non-banks (+4%) in terms of year-over-year growth of their mortgage portfolio (see figure 1).
- Purchase of new property is the main driver of mortgage debt for chartered banks, notably in the uninsured space. In the third quarter of 2021, close to \$58 billion worth of residential mortgages were extended, an increase of +60% compared to the same period in 2020 (almost double what was extended in the same period of 2019). Refinancing also contributed to the increase in mortgage debt (+16% year over year) as mortgage borrowers capitalized on the low interest rate environment and added equity due to house price increases (see figure 2).

Figure 1 Mortgage growth by chartered banks largely outpaces non-banks' new mortgage activity



Sources: Statistics Canada, Table: 36-10-0639-01 Credit liabilities of households, Bank of Canada; CMHC calculations

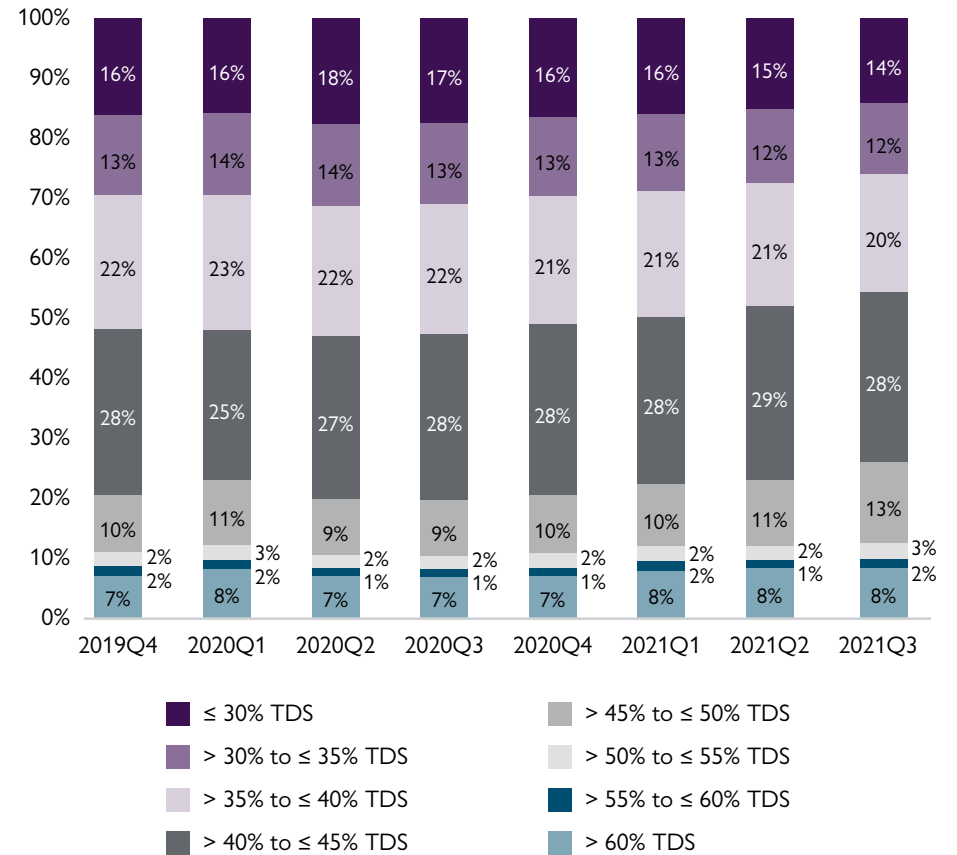
Figure 2 Uninsured purchases of property drive mortgage growth in the third quarter of 2021, chartered banks



Source: CMHC, residential mortgage data reporting of NHA MBS issuers, CMHC calculations

- In the third quarter of 2021, a larger share of uninsured mortgages were originated with higher total debt service (TDS) ratios. Among these mortgages, more than a quarter of uninsured mortgages had a TDS ratio over 40%, compared to 6% of insured mortgages. Moreover, the share of uninsured new mortgages with a TDS ratio of 40% or less was on a downtrend since the second half of 2020 and decreased further in 2021, resulting in more leveraged borrowers (see figure 3).

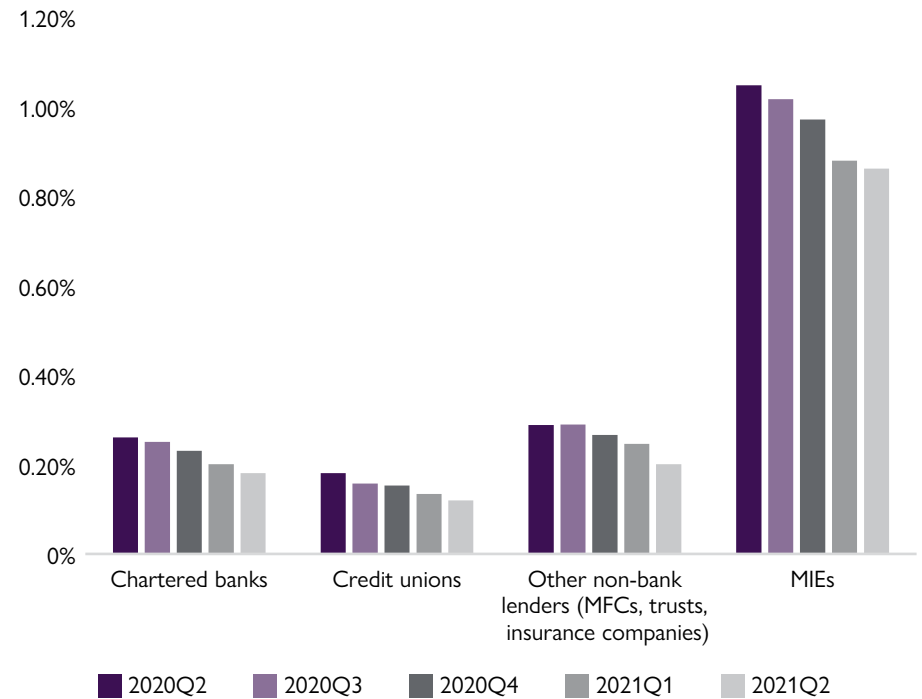
Figure 3 Share of uninsured new mortgages with a TDS ratio of 40% or less continues to shrink at chartered banks



Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations

- Mortgages in arrears continue to drop in the first half of 2021 for all mortgage lenders, from chartered banks (0.18%) to credit unions (0.12%) and mortgage investment entities (0.86%). High housing prices coupled with liquid housing markets (making it easier to sell the property rapidly), greater consumer savings and the growth in disposable income have contributed to the ability of Canadians to make the mortgage monthly payments on time (see figure 4).
- Alternative lenders have slightly picked up mortgage lending activity in the second quarter of 2021 after a significant slowdown in the first year of the pandemic, as uncertainty rose and investors increasingly requested for redemptions. This recent growth was likely stimulated by a higher demand in the context of rising housing prices, relatively low interest rates and slight regulatory changes. During the second quarter of 2021, the higher share of first mortgages and lower loan-to-value (LTV) on newly originated mortgages have decreased the risk of their portfolio. In addition, geographical distribution has slightly shifted as Quebec's share increased from 3.7% to 5.3% (see table 1 for more details).

Figure 4 Mortgages in arrears (delinquent for 90 days or more) continued downward trend across all lender types








Source: Statistics Canada's Survey of Non-Bank Mortgage Lenders, second quarter of 2021, and Canadian Bankers Association (August 2021)

Table 1: Insights into mortgage investment corporations indicate a decrease in their risk profile

		Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021
Average lending rate for single-family		9.3%	9.2%	8.9%	8.9%	8.8%
Average lending rate for multi-family		8.3%	8.3%	8.2%	8.2%	8.2%
Average share of first mortgages		75.7%	76.8%	78.4%	81.3%	81.4%
Average loan-to-value (LTV) ratio		56.7%	55.9%	58.0%	58.6%	57.9%
Debt to capital		14.4%	15.6%	17.9%	17.4%	16.8%
Delinquencies of 60 days or more		4.0%	4.1%	3.55%	2.53%	2.13%
Foreclosures		3.8%	3.8%	3.88%	3.18%	2.60%
Geographical distribution	British Columbia	36.2%	37.6%	36.5%	36.4%	36.0%
	Alberta	8.3%	7.1%	7.6%	8.1%	8.1%
	Ontario	48.3%	47.8%	47.7%	48.7%	49.2%
	Quebec	2.1%	2.9%	3.7%	3.8%	5.3%
	Others	4.6%	4.2%	4.2%	3.0%	1.4%

Source: Mortgage Investment Corporations (MIC) Survey, Fundamentals Research Corp, second quarter of 2021

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Alternative text and data for figures

Figure 1: Mortgage growth by chartered banks largely outpaces non-banks' new mortgage activity

Year	Chartered banks	Non-banks
2013	6%	3%
	6%	3%
	6%	2%
	5%	3%
	5%	4%
	5%	4%
	6%	3%
	6%	2%
	6%	1%
	6%	1%
2014	6%	2%
	6%	2%
	6%	3%
	5%	3%
	5%	3%
	5%	3%
	4%	6%
	4%	7%
	4%	8%
	4%	9%
4%	8%	
4%	8%	

Year	Chartered banks	Non-banks
2015	4%	8%
	4%	8%
	4%	8%
	5%	8%
	5%	8%
	5%	8%
	5%	8%
	5%	8%
	5%	8%
	5%	8%
2016	6%	7%
	6%	7%
	6%	7%
	6%	8%
	6%	8%
	6%	8%
	6%	8%
	6%	7%
	6%	8%
	6%	7%
2017	6%	8%
	6%	7%
	6%	6%
	6%	6%
	6%	6%
	6%	5%
	6%	5%
	6%	5%
	6%	4%
	6%	4%

Year	Chartered banks	Non-banks
2018	6%	4%
	6%	3%
	6%	3%
	6%	2%
	6%	2%
	6%	2%
2019	5%	3%
	5%	3%
	5%	4%
	5%	4%
	4%	4%
	4%	3%
	4%	4%
	3%	4%
	3%	4%
	3%	4%
2020	3%	4%
	3%	4%
	3%	4%
	3%	4%
	4%	3%
	4%	4%
	4%	3%
	4%	3%
	5%	2%
	5%	3%
2021	5%	3%
	5%	2%
	5%	3%
	5%	2%
	5%	3%
	5%	3%

Year	Chartered banks	Non-banks
2020	5%	3%
	6%	3%
	6%	2%
	7%	2%
	6%	3%
	7%	3%
	7%	3%
	7%	3%
	7%	3%
	8%	3%
2021	8%	3%
	9%	2%
	9%	2%
	9%	2%
	9%	3%
	10%	3%
	11%	4%
	11%	4%
	12%	4%
	11%	4%

Sources: Statistics Canada, Table: 36-10-0639-01 Credit liabilities of households, Bank of Canada; CMHC calculations

Figure 2: Uninsured purchases of property drive mortgage growth in the third quarter of 2021, chartered banks

		2019Q3	2020Q3	2021Q3
Insured	Purchase of property	12,448,810	17,303,354	13,601,447
	Same lender refinancing	1,091,634	717,907	863,923
	Same lender renewals	23,600,521	27,903,232	13,120,822
	Other mortgages	930,411	1,070,632	554,481
Uninsured	Purchase of property	31,372,663	36,089,126	57,792,538
	Same lender refinancing	20,771,061	20,751,681	24,268,137
	Same lender renewals	33,947,496	35,714,775	21,550,273
	Other mortgages	7,773,697	7,304,802	9,604,913

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations

Figure 3: Share of uninsured new mortgages with a TDS ratio of 40% or less continues to shrink at chartered banks

Period	Uninsured							
	> 60%	> 55% to ≤ 60%	> 50% to ≤ 55%	> 45% to ≤ 50%	> 40% to ≤ 45%	> 35% to ≤ 40%	> 30% to ≤ 35%	≤ 30%
2021Q3	8%	2%	3%	13%	28%	20%	12%	14%
2021Q2	8%	1%	2%	11%	29%	21%	12%	15%
2021Q1	8%	2%	2%	10%	28%	21%	13%	16%
2020Q4	7%	1%	2%	10%	28%	21%	13%	16%
2020Q3	7%	1%	2%	9%	28%	22%	13%	17%
2020Q2	7%	1%	2%	9%	27%	22%	14%	18%
2020Q1	8%	2%	3%	11%	25%	23%	14%	16%
2019Q4	7%	2%	2%	10%	28%	22%	13%	16%

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations

Figure 4: Mortgages in arrears (delinquent for 90 days or more) continued downward trend across all lender types

Period	Chartered banks	Credit unions	Other non-bank lenders (MFCs, trusts, insurance companies)	MIEs
2020Q2	0.26%	0.18%	0.29%	1.05%
2020Q3	0.25%	0.16%	0.29%	1.02%
2020Q4	0.23%	0.15%	0.27%	0.97%
2021Q1	0.20%	0.13%	0.25%	0.88%
2021Q2	0.18%	0.12%	0.20%	0.86%

Source: Statistics Canada's Survey of Non-Bank Mortgage Lenders, second quarter of 2021, and Canadian Bankers Association (August 2021)