



Canadians anxious about homebuying, unpredictable market and affordability: mortgage survey

Latest polling shows nearly half of first-time buyers turn to mortgage brokers

Toronto, ON (March 7, 2023) – Today, Mortgage Professionals Canada (MPC) released its latest State of the Housing Market report: 2022 Year-End Consumer Survey and Outlook.

Canada's housing market has undergone a dramatic shift since the middle of 2022, with home prices down and interest rates up significantly. We see this across the economy with GDP growth at zero in the last quarter of 2022 and new mortgages down among the chartered banks. There is broad anticipation for how the Bank of Canada will take account for this in its interest rate announcement tomorrow.

All of this has led to far more Canadians who are anxious about inflation and their family's finances, which was close to 60 percent at the end of 2022. This is up 20 percent from just six months earlier. The rapid decline in affordability—thanks to both high home prices and now high interest rates—has played a central role in Canadians' view towards homebuying. The survey revealed a record-high number of non-owners believe they will never be able to buy a family home, at 33 percent, growing by 8 points in just six months and a whopping 15 points year-over-year.

However, Canadian homeownership demand remains strong. Close to 80 percent of respondents see real estate as a good long-term investment, virtually unchanged from previous surveys. The current market volatility underscores the value of speaking to a mortgage broker. A mortgage should be tailor-fit to meet the homebuyer where they are at and where they will be. It is fundamentally about the ability to pay.

“That's where mortgage brokers play a key role. What we heard from Canadians is that close to half of first-time home buyers would work with a broker to help them navigate the largest investment of their lives,” says MPC's CEO Lauren van den Berg.

The findings also reveal that many Canadians continue to be unfamiliar with what a mortgage broker does and how they work. Thinking the borrower needs to pay out of pocket for the services of a mortgage broker remains the second-most cited reason to not work with a broker. In reality, brokers typically earn a commission that is paid by the mortgage lender, not the customer.

“Home buyers tell us the top reasons they seek the services of a mortgage broker is for competitive rates and to get multiple quotes – giving them choice,” van den Berg said. Based on the survey results, she added, “brokers continue to prove their worth in the Canadian housing market with 9 out of 10 customers reporting they were very satisfied with their experience and 4 out of 5 saying they would recommend their broker to friends and family.”

The report is commissioned by MPC from Oxford Economics, a world leader in global forecasting and quantitative analysis. The report utilizes data collected from an online survey of over 2,000 Canadians across the country, issued in December 2022 and tabulated by MPC partner firm, Bond Brand Loyalty.



Highlights of MPC's Consumer Survey Report

Mortgages

- **69%** of mortgage holders had fixed-rate mortgages in 2022
- **25%** of mortgages that have variable or adjustable rates
- **3-in-10** variable-rate holders are actively planning or considering a fixed-rate. Another third (35%) considered but decided against.
- **47%** of Canadians say a rate increase of up to 20% would cause them to experience mortgage payment difficulties. Among recent first-time buyers, 14% report already having difficulty with their payments.
- **49%** of mortgage holders expect to renew their mortgage within the next three years

Mortgage professionals

- First-time buyers (**45%**) are most likely to use the services of a mortgage broker, as well as those between the ages of 18-34 (**40%**)
- Broker customers receive more than **50%** as many quotes as bank customers, providing more choice to best meet their needs (2.6 versus 1.7)
- **77%** of broker customers are likely to use the same professionals upon renewal or renegotiation of their mortgage

Housing market overview and outlook

- 7%: The projected pace of household mortgage credit growth in 2023
- 30%: The estimated peak-to-trough drop in house prices in 2022-23

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About Mortgage Professionals Canada

We are Canada's mortgage industry association with over 15,000 members and more than 1,000 member firms. We are a non-profit association representing mortgage brokers and agents, as well as banks, lenders, insurers, and service providers, making up the largest network across the country. Forty-five percent of first-time home buyers in Canada choose brokers for their mortgage.

We are proud to be the industry that provides Canadians with choice when making the most important financial decision of their lives and help people achieve the dream of home ownership. You can find one of our licensed members at findmeabroker.ca.

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