



New Report Illustrates Negative Impacts of Federal Policies on Housing Markets Across Canada

TORONTO (January 23, 2019) Federal policy changes designed to cool housing prices and demand continue to impact housing markets across Canada with “cascading” unintended consequences and pressures, according to the newly-released *Annual State of the Mortgage Market in Canada* report by Mortgage Professionals Canada (MPC).

The slowdown in the various housing markets across the country are more pronounced than anticipated. “We are seeing downward trends and/or depressions in areas like the resale market, the outlook on employment in the housing construction sector, and a continued decline in rental vacancy rates,” said Paul Taylor, President and CEO of Mortgage Professionals Canada. “Federal policy changes are disqualifying potential first-time homebuyers and creating immense pressures on the rental market which is in turn driving rental prices higher. It is a spiralling problem.”

Housing and the Economy

The report outlines that improper policy levers can continue to depress the market.

“While the government has been focused on borrowers and interest rates, the reduction of activity in the housing market and extremely low rental vacancy rates will impact not only costs to first-time homebuyers and all renters, but also impact employment and the overall economy,” explained Will Dunning, Chief Economist for Mortgage Professionals Canada and author of the report. “As a result of these policies, the economy will be weaker than it needs to be.”

“We support prudent and evidence-driven actions to test a borrower’s abilities to make future payments,” added Taylor. “Our report illustrates that a more reasonable stress test level and lending restriction reforms are now needed to strike a better balance for borrowers and policymakers, improving housing affordability and Canada’s economy.”

Mortgage Professionals Canada is the national mortgage industry association representing 11,000 individuals and 1,000 companies, including mortgage brokerages, lenders, insurers and industry service providers. Its members make up the largest and most respected network of mortgage professionals in the country whose interests are represented to government, regulators, media and consumers. Together with its members, the association is dedicated to maintaining a high standard of industry ethics, consumer protection and best practices.

The mortgage broker channel originates over 35% of all mortgages in Canada and 55% of mortgages for first-time homebuyers, representing approximately \$80 billion dollars in annual economic activity. With this diverse and strong membership, Mortgage Professionals Canada is uniquely positioned to speak to issues impacting all aspects of the mortgage origination process.

A copy of the report can be found [HERE](#).

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