

2018 Mortgage Consumer Survey

HOME BUYERS

First-Time Buyers

those who purchased their first home during the 12 month period of March 2017 to March 2018 and took a mortgage

49% of First-Time Buyers are Millennials.
(25 – 34 years old)

80% are employed full-time, 3% are self-employed.

61% purchased a single-detached home.

26% have a household income of \$60k – \$90k.

22% are newcomers to Canada.

Repeat Buyers

those who previously owned a home and purchased a home during the 12 month period of March 2017 to March 2018 and took a mortgage

31% of Repeat Buyers are Gen X.
(35 – 44 years old)

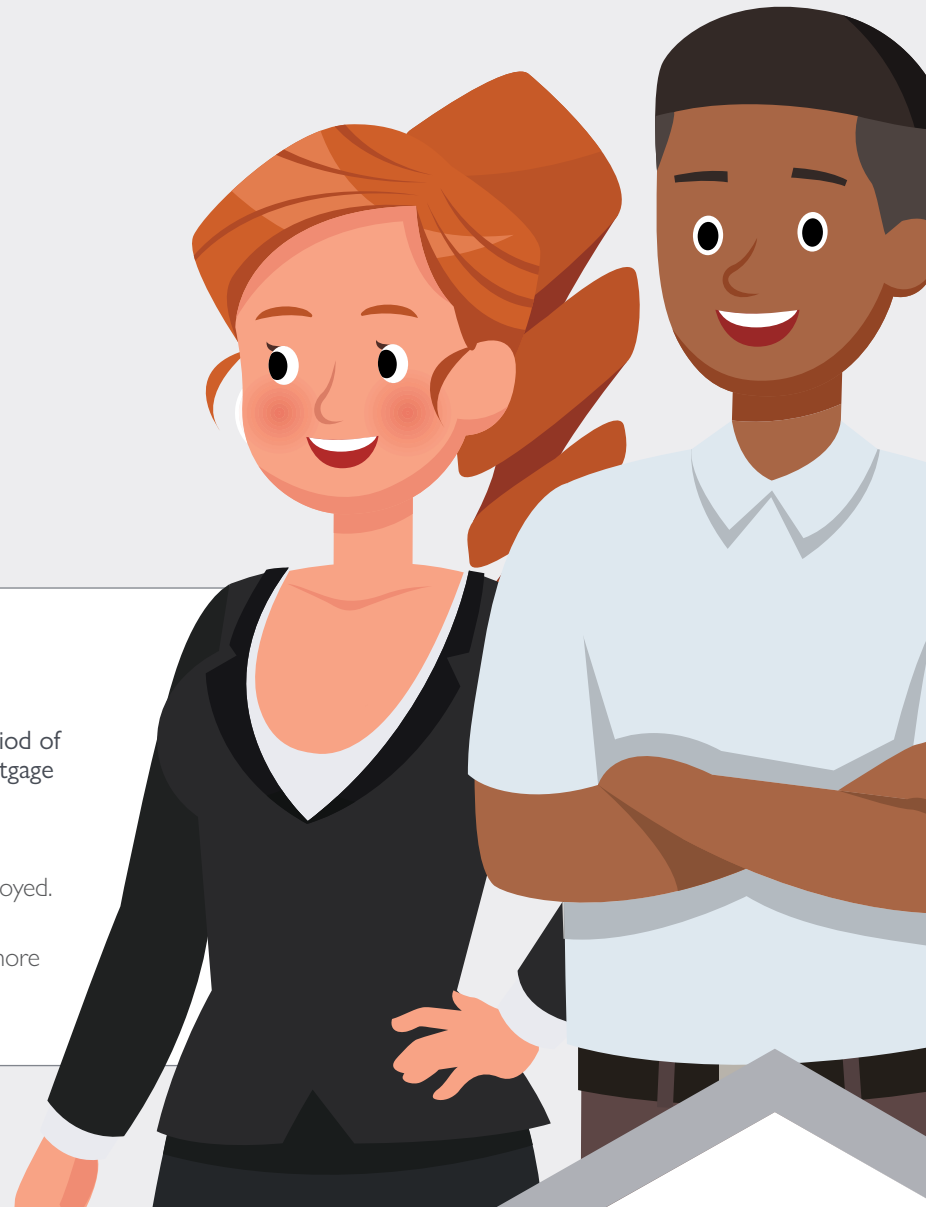
65% are employed full-time; 7% are self-employed.

71% purchased a single-detached home.

27% have a household income of \$125k or more

17% are newcomers to Canada.

■ First-Time Buyers ■ Repeat Buyers



INSIGHTS FROM THE 2018 MORTGAGE CONSUMER SURVEY

Home Buying Process

Before buying their first home,
First-Time Buyers...

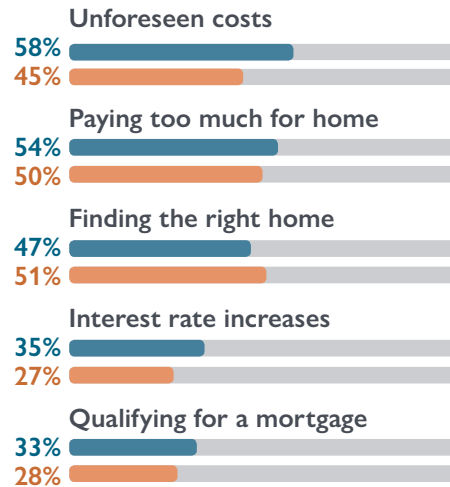
- 39% rented on their own
- 28% rented with family or friends
- 24% lived with family



Length of time renting
before buying first home:

58% 19% 22%
0 to 5 years 6 to 10 years 10+ years

Concerns about buying a home



37%

of home buyers felt concerns or uncertainty about buying a home, such as unforeseen costs and finding the right home.

Only about 50% of Home Buyers said their mortgage professional discussed unexpected costs.



Mortgage Information Gathering

Websites used to gather mortgage-related information

Lender specific (e.g. bank, credit union, trust company)



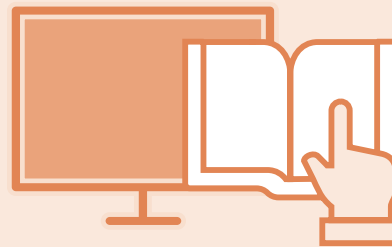
Broker specific



Real estate listing (e.g. MLS.ca, Realtor.ca, zoocasa.ca)



Interest rate comparison (e.g. Rate Hub)



Online research is most popular but about

1/4

of Home Buyers conducted research offline only.



Actions conducted online

(83%, 83%)

Used an online mortgage calculator

(78%, 85%)

Compared interest rates

(51%, 40%)

Completed a financial self-assessment

(39%, 26%)

Submitted an online mortgage pre-qualification application

(34%, 32%)

Submitted an online mortgage pre-approval application



Technology



Facebook was the top social media channel used among **Home Buyers** to gather mortgage-related information.



Mortgage Process

72%

of **home buyers** were satisfied with their **Mortgage Lender**

65% First-Time Buyers
79% Repeat Buyers

73%

of **home buyers** were satisfied with their **Mortgage Broker**

72% First-Time Buyers
74% Repeat Buyers



Source of **Lender** recommendation:

(28%, 25%)
Family member

(18%, 14%)
Real Estate Agent

(16%, 8%)
Friend

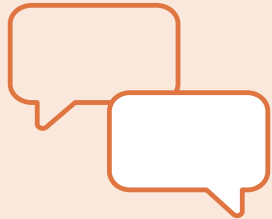
Source of **Broker** recommendation:

(26%, 16%)
Family member

(33%, 36%)
Real Estate Agent

(15%, 18%)
Friend

Renovation



About **50%** of **Home Buyers** somewhat or totally agree with the following statements:

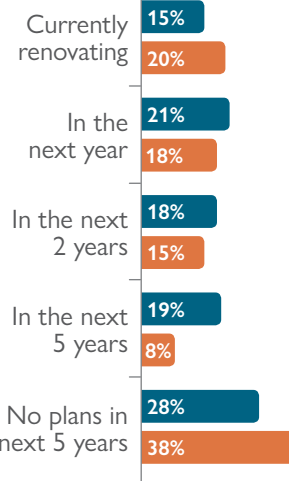
"I would feel comfortable using more technology to arrange my next mortgage transaction."
(i.e. online mortgage renewal)



"I feel comfortable not having to visit my bank if I could access secure online tools/apps which provide me with the same access to services."



When are **Home Buyers** planning to renovate?



50%

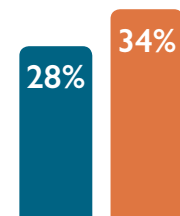
of **First-Time Buyers** and

24%

of **Repeat Buyers** did not know their renovation costs could be incorporated into their mortgage.



How much do **Home Buyers** plan to spend?



\$5k to \$10k

Home Buyers will mainly rely on their **savings** to finance their renovations (**62%**, **72%**).

■ First-Time Buyers

■ Repeat Buyers

Summary of key findings

Buying a Home

- The main reasons First-Time Buyers bought: wanted to buy first home and felt financially ready.
- The main reasons Repeat Buyers bought: had planned purchase for some time and low interest rates.
- More than 1/3 of home buyers felt concerns or uncertainty about buying a home, such as unforeseen costs, finding the right home, and paying too much for my home.
- Most lender recommendations come from family members, while most broker recommendations come from real estate agents.

Researching mortgage-related information

- Most use a computer to access online mortgage-related information. The top actions conducted online include using an online mortgage calculator and comparing interest rates.
- About half would feel comfortable using more technology to arrange their next mortgage transaction; however, face-to-face interaction is still rated as important.
- Real estate agents are rated as most valuable during the home buying decision process.

Broker experience

- Broker share with home buyers has decreased.
- The main reasons for using a broker are: get the best rate/deal, advice/recommendations received and convenience/saves time.
- First-Time Buyers would have liked more information on mortgage/purchase fees and closing costs.
- Repeat Buyers would have liked more information on closing costs and types of mortgages.
- Almost 3/4 of First-Time Buyers and Repeat Buyers were satisfied with their broker.

Lender experience

- Lender loyalty has increased significantly amongst Repeat Buyers and decreased slightly amongst First-Time Buyers.
- When asked how they found their mortgage lender, the majority of home buyers indicated it was their primary lending institution.
- Beside better interest rate, a top reason for staying with their lender is: convenience/saves time, while for switching: better product terms/conditions.
- Home buyers using a lender would have wanted more information on mortgage or house purchase fees.
- 65% of First-Time Buyers and 79% of Repeat Buyers were satisfied with their mortgage lender.

Steps taken before buying a home

- Only about 50% of home buyers said their mortgage professional discussed unexpected costs.
- Savings from outside an RRSP is the main down payment source for First-Time Buyers, while equity from a previous home is the main source for Repeat Buyers.

Mortgage features and homebuying costs

- 85% of First-Time Buyers spent the most they could afford on their home, while 68% of Repeat Buyers did.
- Most home buyers obtained a mortgage loan only, a fixed interest rate, a 5-year renewal term and 25-year amortization period.
- 24% of First-Time Buyers and 38% of Repeat Buyers do not have a monthly budget.
- Nearly 3/4 of First-Time Buyers and 61% of Repeat Buyers are currently renovating or plan to renovate in the next 5 years.

For more 2018 Mortgage Consumer Survey findings, go to cmhc.ca/MCS2018



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