

# Residential Mortgage Industry Dashboard

Winter 2019



New mortgages (insured and uninsured) originated for the purchase of a property increased by 1.0%+ year over year when comparing the first three quarters of 2019 and 2018 likely due to the strength of the labour market (Chart 1). During the same period, mortgage transaction switches between institutions for renewals and refinances of existing mortgages, increased to 6.5% of total new mortgages from 5% a year earlier.



Under strong labour market conditions and with unemployment rates remaining at 40-year lows, Canadians continue to be able to cover their mortgage payments; this is evidenced by delinquency rates remaining low as at the first half of 2019, and reflecting the continued strength of the housing finance market (Chart 2).



In the insured business, Mortgage Finance Corporations (MFCs) have the second largest market share of extended mortgages, after the big six banks, standing at 21% followed by Credit Unions (CUs) at 12%. A different story is observed in the uninsured space where CUs represent the second most important segment at 15%, compared to 6% from smaller banks and 3% from MFCs during the first half of 2019 (Chart 3 & 4).

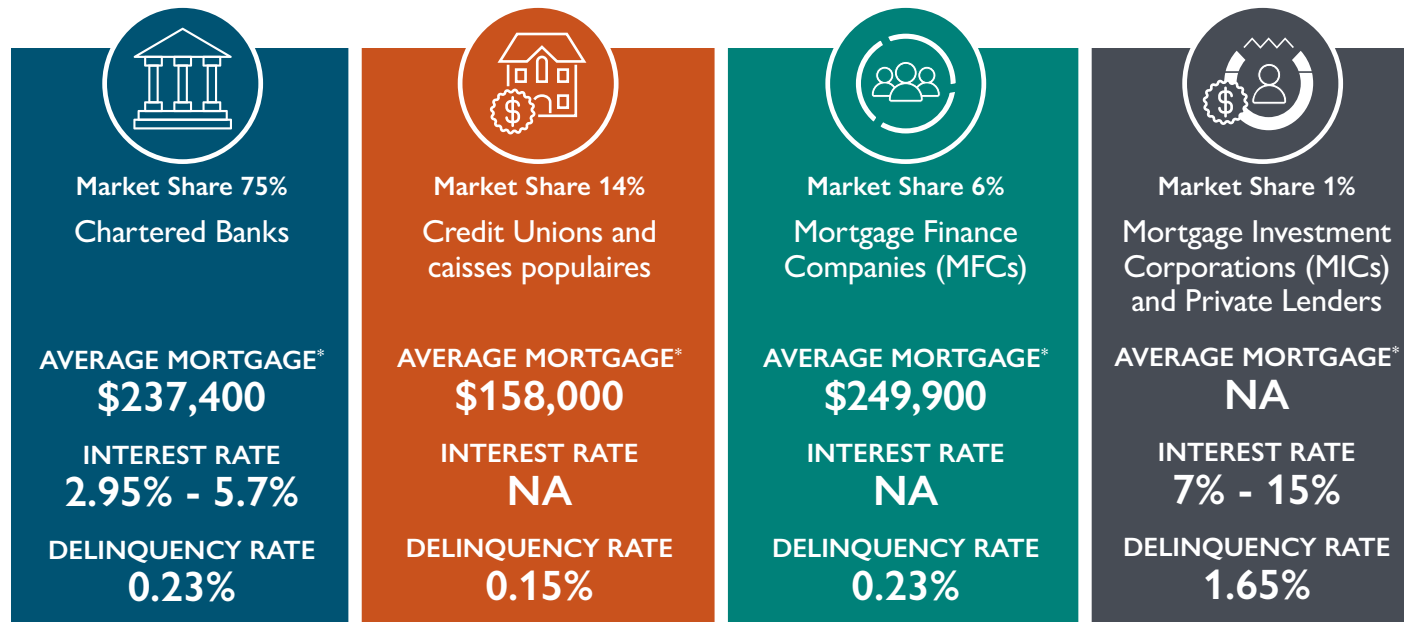


Having maintained stable lending parameters and having reported decreasing realized losses in 2018, Mortgage Investment Corporations (MICs) and Mortgage Investment Entities (MIEs) are seeing an increase in their average portfolio size, an increasing debt-to-capital ratio, and a declining trend of first mortgages. These factors are signaling a higher appetite for risk particularly in BC and Ontario where their portfolio is mainly concentrated (Table 1).



Year-over-year change in mortgage credit outstanding coming from private securitization sources showed a gradual growth during 2019 compared to the drop observed in 2018 and 2017, still representing only about 1% out of total mortgage credit. Deposits, NHA MBS, CMB and Covered Bonds remained the main sources of funding in the residential mortgage market in 2019 (Chart 5 and 6).

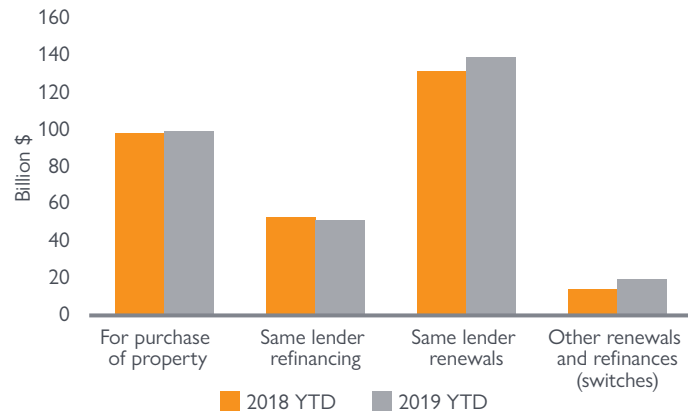
## Key insights on 4 different types of lenders in Q2 2019



Sources: Canadian Bankers Association, CMHC Residential Mortgage data reporting of NHA MBS issuers, Statistics Canada 10-10-0006-01 Funds advanced, outstanding balances, and interest rates for new and existing lending, Bank of Canada, Fundamentals Research and CMHC calculations based on the Survey of Non-Bank Mortgage Lenders

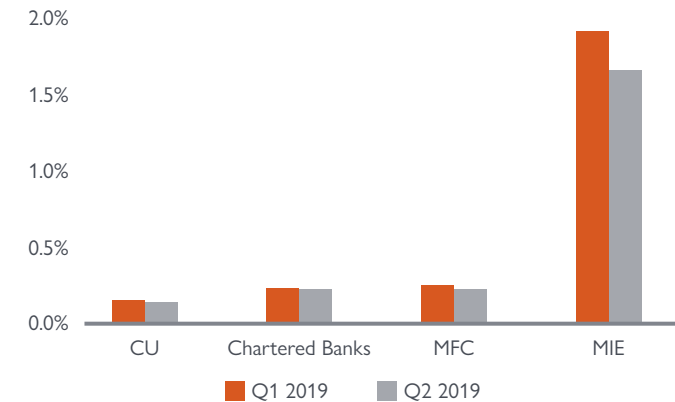
\*Average mortgages outstanding. Market share data estimated based on mortgage credit outstanding for the year ending in 2018.

### Chart 1 Residential Mortgages Extended



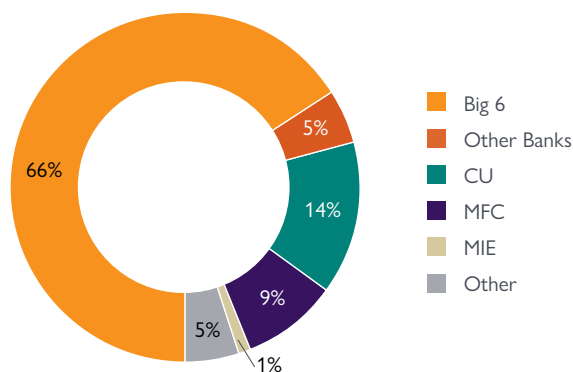
Source: CMHC calculations based Residential Mortgage data reporting of NHA RMBS issuers

### Chart 2 Delinquency Rate derived from number of mortgages

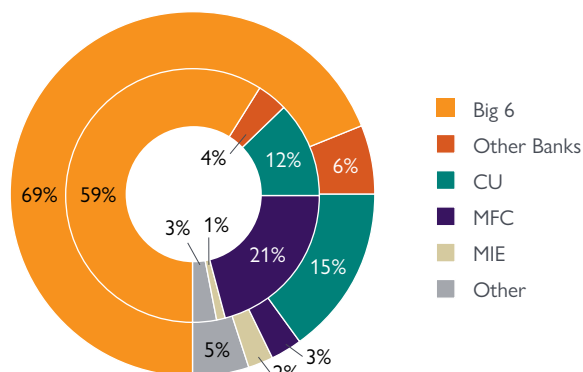


Sources: Canadian Bankers Association and Stats Canada Survey of Non-Banks

**Chart 3 Market Share by Lender Type  
6 months 2019**

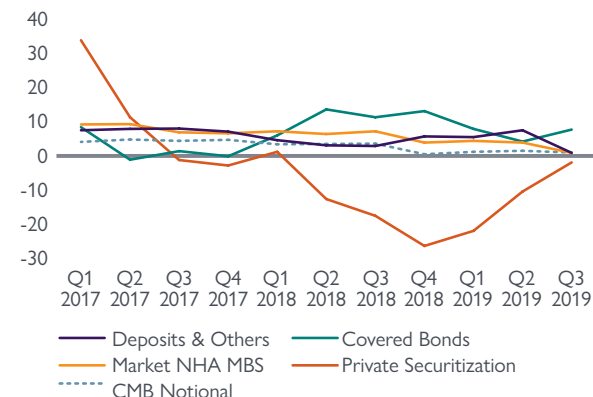


**Chart 4 Market Share 6 months 2019 Uninsured (outbound) vs Insured (inbound)**



Sources: CMHC calculations based on Statistics Canada Custom request, Bank of Canada funds advanced by chartered banks, and CMHC Residential Mortgage data reporting of NHA RMBS issuers

**Chart 5 Year-over-year Change in Mortgage Credit Outstanding by Funding Source – Q3 2019**



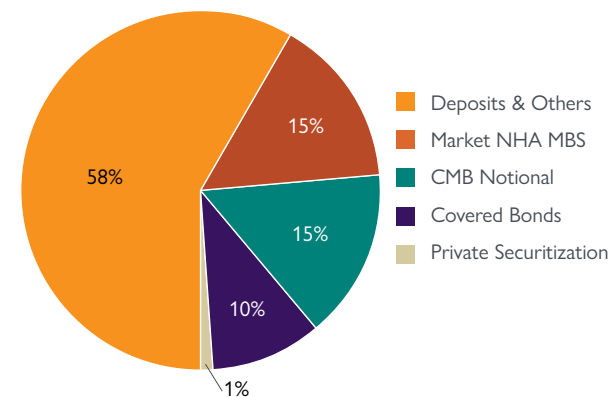
Sources: OSFI, CMHC Securitization, annual/quarterly reports, DBRS

**Table 1 MIE/MIC Residential Mortgage Portfolio**

MIE/MIC Residential Mortgage Portfolio	Large MIE/MIC Portfolio over \$100 Million		Small MIE/MIC Portfolio under \$100 Million	
	2017	2018	2017	2018
Average Portfolio Size	\$366 Million	\$399 Million	\$32 Million	\$33 Million
Debt to Capital	19%	22%	7.8%	8.9%
First Mortgage/Total Portfolio	88%	77%	60%	62%
% Portfolio originated in BC	40%	38%	57%	54%
% Portfolio originated in ON	39%	45%	26%	30%

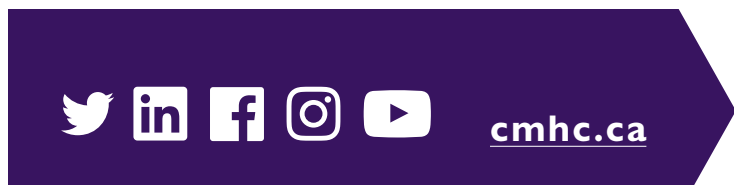
Source: Fundamental Research, CMHC

**Chart 6 Market Share of Mortgage Credit Outstanding by Funding Source – Q3 2019**



Sources: OSFI, CMHC Securitization, annual/quarterly reports, DBRS

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[cmhc.ca/residential-mortgage-industry-report](http://cmhc.ca/residential-mortgage-industry-report)

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# ALTERNATIVE TEXT AND DATA FOR FIGURES

**Chart 1 Residential Mortgages Extended**

New Mortgage Originations	2019 YTD	2018 YTD
For purchase of property	\$99,561,289	\$98,275,025
Same lender refinancing	\$51,767,226	\$53,024,944
Same lender renewals	\$139,167,101	\$131,577,444
Other renewals and refinances (switches)	\$20,229,733	\$14,950,020

Source: CMHC calculations based Residential Mortgage data reporting of NHA RMBS issuers

**Chart 2 Delinquency Rate derived from number of mortgages**

Lender Type	Q1 2019	Q2 2019
CU	0.16%	0.15%
Chartered Banks	0.24%	0.23%
MFC	0.26%	0.23%
MIE	1.92%	1.66%

Sources: Canadian Bankers Association and Stats Canada Survey of Non-Banks

**Chart 3 Market Share by Lender Type 6 months 2019**

Lender Type	Total
Big 6	66%
Other Banks	5%
CU	14%
MFC	9%
MIE	1%
Other	5%

Sources: CMHC calculations based on Statistics Canada Custom request, Bank of Canada funds advanced by chartered banks, and CMHC Residential Mortgage data reporting of NHA RMBS issuers

**Chart 4 Market Share 6 months 2019 Uninsured (outbound) vs Insured (inbound)**

Lender Type	Insured Mortgages	Uninsured Mortgages
Big 6	59%	69%
Other Banks	4%	6%
CU	12%	15%
MFC	21%	3%
MIE	1%	2%
Other	3%	5%

Sources: CMHC calculations based on Statistics Canada Custom request, Bank of Canada funds advanced by chartered banks, and CMHC Residential Mortgage data reporting of NHA RMBS issuers

**Chart 5 Change in Mortgage Credit Outstanding by Funding Source – Q3 2019**

Period	Deposits & Others	Market NHA MBS	CMB Notional	Covered Bonds	Private Securitization
Q1 2017	7.5%	9.2%	4.1%	8.4%	33.8%
Q2 2017	7.9%	9.3%	4.8%	-1.1%	11.3%
Q3 2017	8.0%	6.9%	4.4%	1.4%	-1.2%
Q4 2017	7.1%	6.6%	4.7%	-0.1%	-2.8%
Q1 2018	4.6%	7.2%	3.4%	6.0%	1.2%
Q2 2018	3.1%	6.4%	3.5%	13.6%	-12.6%
Q3 2018	2.9%	7.2%	3.6%	11.3%	-17.5%
Q4 2018	5.7%	3.9%	0.5%	13.1%	-26.3%
Q1 2019	5.5%	4.4%	1.2%	7.9%	-21.9%
Q2 2019	7.5%	3.9%	1.5%	4.2%	-10.4%
Q3 2019	0.9%	0.9%	1.0%	7.7%	-1.9%

Sources: OSFI, CMHC Securitization, annual/quarterly reports, DBRS

**Chart 6 Market Share of Mortgage Credit Outstanding by Funding Source – Q3 2019**

Funding Source	Market Share
Deposits & Others	58%
Market NHA MBS	15%
CMB Notional	15%
Covered Bonds	10%
Private Securitization	1%

Sources: OSFI, CMHC Securitization, annual/quarterly reports, DBRS