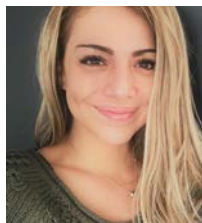


Residential Mortgage Industry Dashboard

Summer 2021



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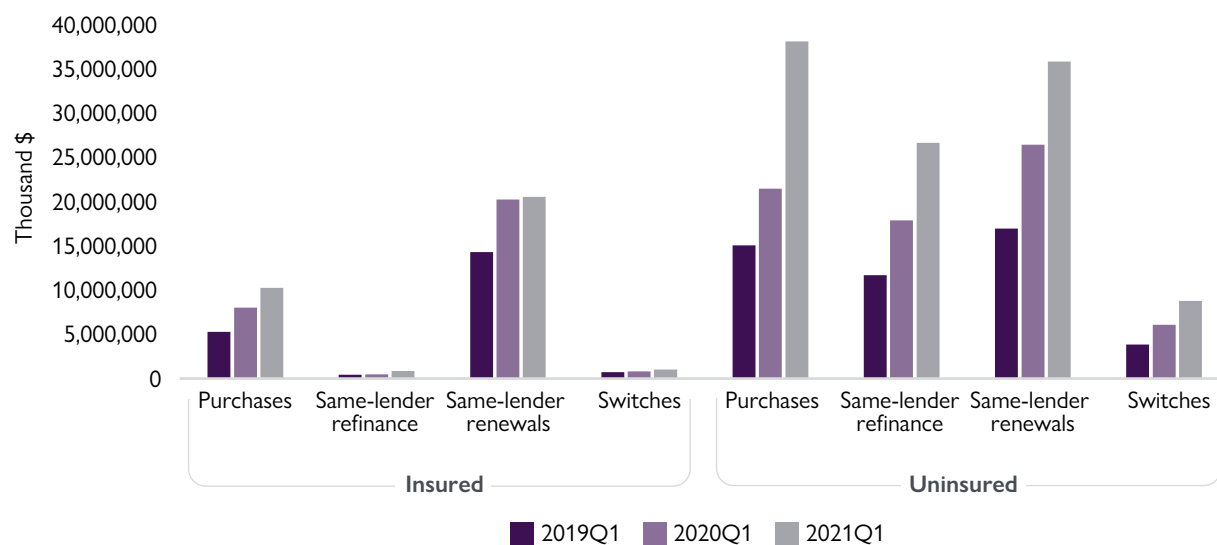
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Uninsured mortgages make up the core of new mortgage activity

- After three quarters of strong growth, the value of outstanding residential mortgages issued by chartered banks continued to grow, but at a slightly slower pace, in the first quarter of 2021. Overall, chartered banks added \$100.3 billion worth of residential mortgages to their portfolios. New mortgage flows increased for all types

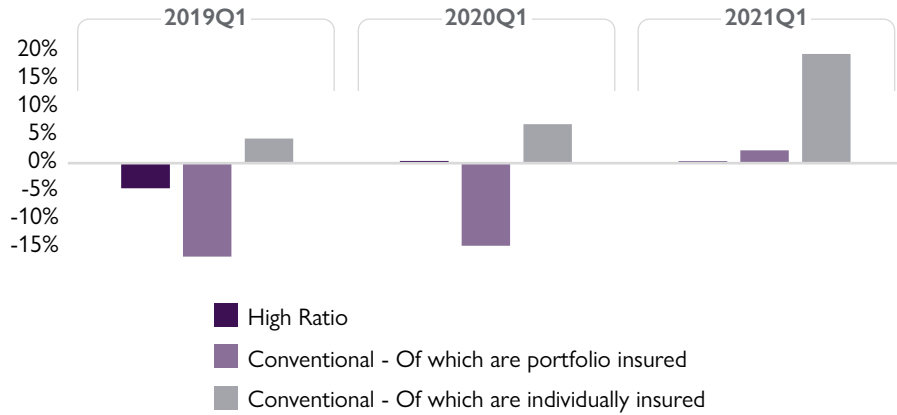
of transactions compared to the same quarter in the previous year (figure 1). The escalation in uninsured mortgages contributed to over 90% of gross increases in mortgage loans. Compared to the same period a year previous, chartered banks recorded an increase of 77.6% in new uninsured mortgages originated for property purchases, 49.2% in same-lender refinancing, 35.6% in same-lender renewals and 43.8% in switches. Insured mortgages also grew slightly, mostly driven by individually insured mortgage loans (figure 2).

Figure 1 Uninsured mortgages issued by chartered banks surged in the first quarter of 2021, contributed most to gross increases in mortgage loans



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

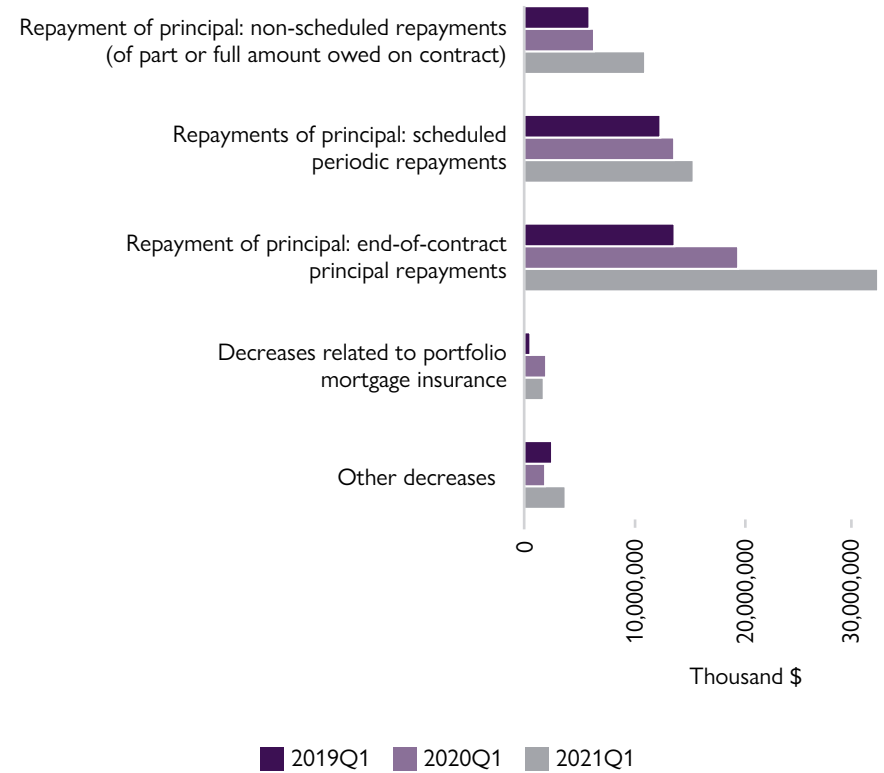
Figure 2 Strong growth in individually insured mortgages issued by chartered banks



Source: CMHC Residential Mortgage Data Reporting of NHA MBS issuers; CMHC Calculations (year-over-year change)

- Chartered banks received \$59 billion in repayments in the first quarter, 48.5% higher than at the same time the previous year. Despite a slight drop compared to the previous quarter (fourth quarter of 2020), unscheduled repayments were still much higher than the same quarter in previous years (figure 3), which shows that mortgage holders are accelerating their repayment, by making payments ahead of schedule or by making lump-sum payments. Cash flows from end-of-contract principal repayments have also seen a substantial boost, which is the result of increased switches from one financial institution to another, as well as the rise in repeat buyers (borrowers paying off one loan when selling their property to get a new one as they purchase a new one).

Figure 3 A notable increase in cash flows from end-of-contract principal repayments



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

MIC segment continues to grow, but at a slower pace than the overall residential mortgage market

- Growth in lending by mortgage investment corporations (MICs) picked up in the fourth quarter of 2020, after slow second and third quarters (table 1). As of the end of 2020, the total assets under management (AUM) of MICs was 6.2% higher than a year previous. The growth in this segment is slower than the overall growth in the regulated residential mortgage market (9.5%).

Table 1: MIC lending growth slowed down in 2020

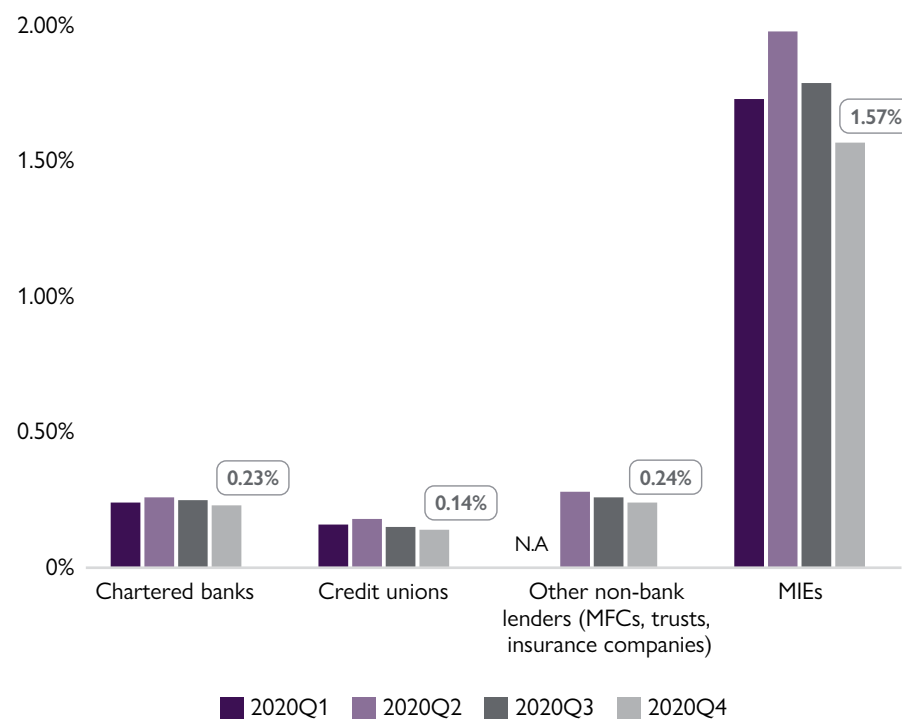
Mortgage investment corporations (MICs): Risk indicators	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020
Assets under management AUM (millions of \$) of MIC survey sample	7,590	7,849	8,083	8,154	8,200	8,335
Average mortgage size	462,903	483,310	497,792	504,085	488,543	487,808
Average lending rate	8.96%	9.00%	9.15%	9.12%	9.11%	9.03%
First mortgages on single- family units	74.57%	73.43%	75.15%	75.69%	76.84%	78.40%
Average loan-to-value (LTV) ratio	56.43%	56.57%	56.65%	56.68%	55.94%	57.96%
Debt-to-capital ratio	15.90%	15.70%	14.80%	14.39%	15.55%	16.92%
Average default (60+ days)	3.19%	3.45%	4.17%	4.04%	4.11%	3.55%
Foreclosures	1.88%	2.19%	2.36%	3.18%	3.82%	3.74%

Source: Fundamentals Research Corporation, Statistics Canada, CMHC calculations

Mortgage arrears continue to drop across all lender types

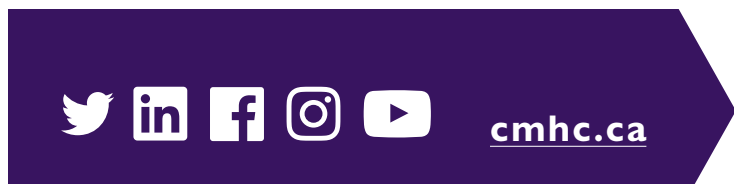
- In the fourth quarter of 2020, residential mortgage arrears (implying a non-payment for 90 days or more) have continued their downward trend after reaching a peak in the second quarter of 2020. This decrease is noticeable across all lender types: credit unions recorded the lowest rate of mortgages in arrears, at 0.14%, while mortgage investment entities (MIEs) recorded the most significant drop (22 basis points), bringing their arrears rate down to 1.57% (see figure 4).
- When the majority of mortgage deferral agreements expired at the end of the third quarter of 2020, a large share of mortgage consumers were not only able to resume their payments, but were also able to make them on time.¹ In addition, non-scheduled payments, which include lump-sum payments or accelerated repayments, continued to increase significantly. This suggests that the risk of a deferral cliff, which was feared during the early stages of the pandemic, has not materialized.
- A share of 2.5% of the residential mortgage portfolio of credit unions, mortgage finance companies, trusts and insurance companies was still in deferral at the end of 2020. Only 1% of the mortgage portfolio of MIEs was still in deferral (compared to 7% during the second quarter of 2020): on average, MIEs granted mortgage deferrals for a three-month period, compared to six months for the majority of other lenders.

Figure 4 The proportion of mortgages in arrears (delinquent for 90 or more days) continued its downward trend across all lender types



Source: Survey of Non-Bank Mortgage Lenders and Canadian Bankers Association

¹ Deferred mortgages are not considered to have payments past due, since the lender agreed not to expect payments for a determined amount of time.



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cmhc.ca/residential-mortgage-industry-report

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Alternative text and data for figures

Figure 1: Uninsured mortgages issued by chartered banks surged in the first quarter of 2021, contributed most to gross increases in mortgage loans

		2019Q1	2020Q1	2021Q1
Insured	Purchases	5,273,663	8,006,839	10,244,067
	Same-lender refinance	440,439	484,864	841,661
	Same-lender renewals	14,283,154	20,235,967	20,520,861
	Switches	722,788	820,374	1,011,698
Uninsured	Purchases	15,069,117	21,472,444	38,129,842
	Same-lender refinance	11,705,346	17,863,790	26,655,969
	Same-lender renewals	16,969,067	26,440,131	35,860,962
	Switches	3,853,546	6,093,142	8,762,718

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

Figure 2: Strong growth in individually insured mortgages issued by chartered banks

Period	High Ratio	Conventional - Of which are portfolio insured	Conventional - Of which are individually insured
2019Q1	-4%	-17%	4%
2020Q1	0%	-15%	7%
2021Q1	0%	2%	19%

Source: CMHC Residential Mortgage Data Reporting of NHA MBS issuers; CMHC Calculations (year-over-year change)

Figure 3: A notable increase in cash flows from end-of-contract principal repayments

Period	Other decreases	Decreases related to portfolio mortgage insurance	Repayment of principal: end-of-contract principal repayments	Repayments of principal: scheduled periodic repayments	Repayment of principal: non-scheduled repayments (of part or full amount owed on contract)
2019Q1	2,563,234	575,620	13,842,709	12,542,987	6,006,506
2020Q1	1,922,234	2,013,781	19,705,527	13,810,657	6,438,513
2021Q1	3,803,376	1,795,956	32,597,619	15,610,381	11,136,510

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

Figure 4: The proportion of mortgages in arrears (delinquent for 90 or more days) continued its downward trend across all lender types

Period	Chartered banks	Credit unions	Other non-bank lenders (MFCs, trusts, insurance companies)	MIEs
2020Q1	0.24%	0.16%	N/A	1.73%
2020Q2	0.26%	0.18%	0.28%	1.98%
2020Q3	0.25%	0.15%	0.26%	1.79%
2020Q4	0.23%	0.14%	0.24%	1.57%

Source: Survey of Non-Bank Mortgage Lenders and Canadian Bankers Association