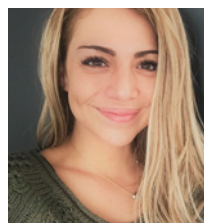


Residential Mortgage Industry Dashboard

Winter 2021



Tania Bourassa-Ochoa,
Senior Specialist, Economics

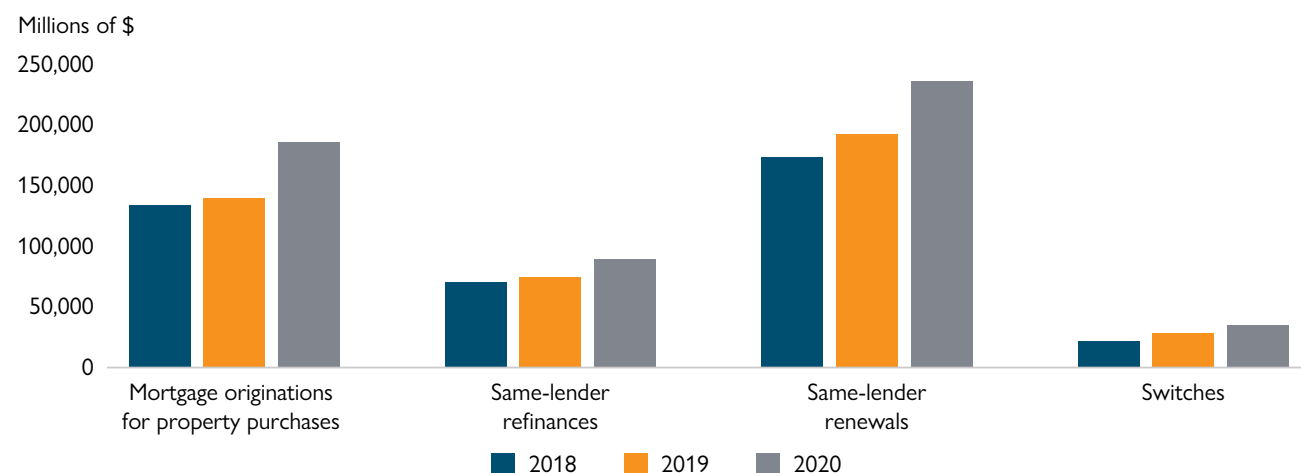
Growth in mortgage debt accelerates as new mortgages for property purchases and refinances record substantial increases

- Mortgage debt growth accelerated in 2020, partially mirroring the strong housing market activity in Canada. The higher savings rate of households, shifting housing needs and record-low interest rates set the stage for the observed increase in mortgage borrowing, for both property purchases and refinancing. At year end, chartered banks recorded a rise of 33% in new mortgages

originated for property purchases and an increase of 20% in refinances compared to 2019 (see figure 1). As a result, banks added 305 billion dollars' worth of residential mortgages to their balance sheets.

- During the same period, 9.8% of all renewals and refinances were conducted with a different financial institution than the previous one (a change referred to as a “switch”) (see figure 1). The switch rate remained similar to that recorded for the same period in 2019. Record-low interest rates continued to stimulate the housing market and contributed to increased interest rate shopping by homeowners.

Figure 1 New mortgages issued by chartered banks for property purchases and refinances surge in 2020

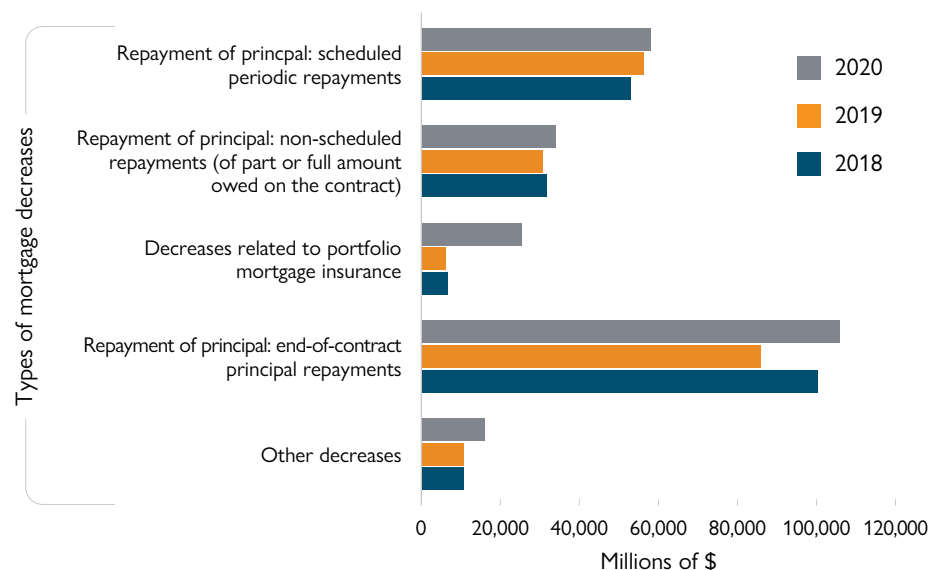


Source: CMHC, residential mortgage data reporting of NHA MBS issuers, CMHC calculations

Both scheduled and non-scheduled payments on mortgage principal surge as most mortgage deferral agreements expire

- As the majority of Canadians who were granted mortgage deferrals in 2020¹ resumed making payments in September and October of that year, scheduled mortgage payments increased in the second half of 2020. In the last quarter of 2020, more than \$16 billion in payments were made. Moreover, many mortgage borrowers made higher unscheduled mortgage payments in 2020 compared to the previous year through lump-sum payments or accelerated repayments. All in all, mortgage lenders recorded over \$92 billion in mortgage payments in 2020, a 6% increase in regards to 2019 (see figure 2).

Figure 2 Scheduled and non-scheduled mortgage repayments surge in Q4 as Canadians resume payments on deferred mortgages

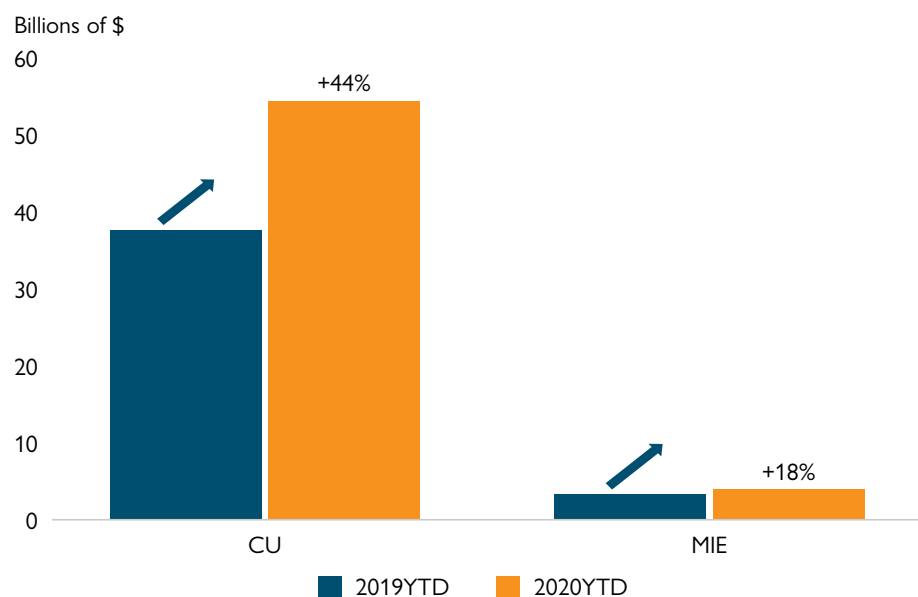


Source: CMHC, residential mortgage data reporting of NHA MBS issuers, CMHC calculations

Non-bank mortgage lenders also post record-high increases in mortgage originations

- At the end of the third quarter of 2020, credit unions had added 54 billion dollars' worth of new residential mortgages to their portfolio since the beginning of the year. This 44% increase over the same period in 2019 was driven by property purchases. Such purchases were responsible for the highest increase in lending activity among non-bank lenders. Mortgage investment entities (MIEs) also registered an increase in new mortgage activity. However, at 18%, their increase was lower than the rest of the non-bank industry (see figure 3).

Figure 3 Credit unions and MIEs report increasing mortgage activity



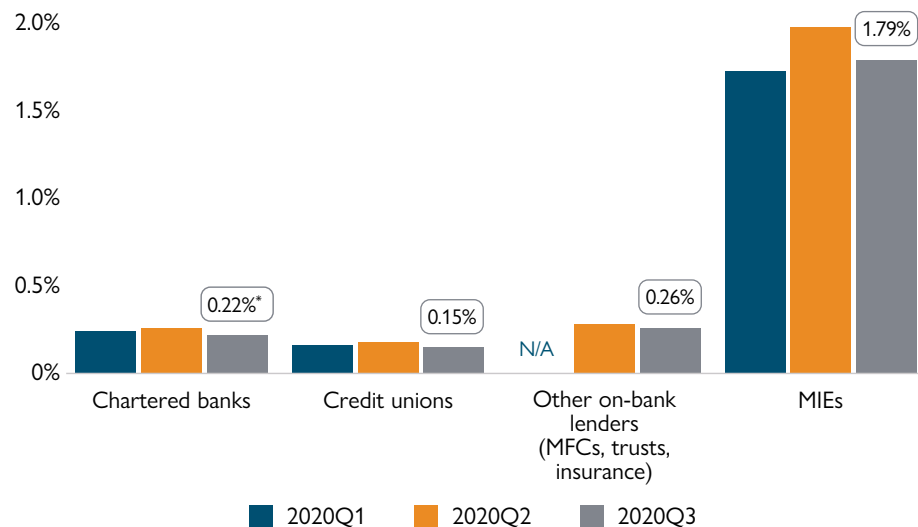
Source: Survey of Non-Bank Mortgage Lenders, third quarter 2020, CMHC calculations

¹ For more insights on the duration of mortgage deferrals, see the following report from our mortgage deferral series: <https://www.cmhc-schl.gc.ca/en/data-and-research/mortgage-deferral-series/duration-mortgage-deferrals>.

Mortgage arrears decrease slightly across all lender types

- Mortgage arrears decreased in the third quarter of 2020 across all lender types, albeit to varying degrees (see figure 4). Consumers either continued to make their mortgage payments on time or were able to reach an agreement to defer their mortgage payments during that period.²
- Despite the expiration of a large number of mortgage deferrals and the resumption of payments made by households, banks' expected mortgage credit losses³ have increased significantly, reaching more than \$1.4 billion (up from \$790 million). This amount represents the value of mortgages that the financial institutions expect will go into default. While this increase partially reflects recent changes to financial reporting requirements, the 0.1% of mortgages held by banks reported as expected losses reflects the increase in early-stage delinquency rates (31 to 59 days and 60 to 89 days).

Figure 4 Mortgages in arrears (delinquent for 90 or more days) have decreased across mortgage lenders, albeit to varying degrees



Source: Survey of Non-Bank Mortgage Lenders, third quarter 2020, and Canadian Bankers Association, *November 2020

² Deferred mortgages are not considered to have payments past due, since the lender agreed not to expect payments for a determined amount of time.

³ Source: Statistics Canada, Mortgage Loans Report (ES), Table 36-10-0580-01, National Balance Sheets Accounts.



Read the annual Residential Mortgage Industry Report

cmhc.ca/residential-mortgage-industry-report

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ALTERNATIVE TEXT AND DATA FOR FIGURES

Figure 1: New mortgages issued by chartered banks for property purchases and refinances surge in 2020 (Millions of \$)

Year	Mortgage originations for property purchases	Same-lender refinances	Same-lender renewals	Switches
2018	131,531	69,349	170,000	20,853
2019	136,983	73,085	189,107	28,381
2020	182,790	88,040	231,491	34,753

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

Figure 2: Scheduled and non-scheduled mortgage repayments surge in Q4 as Canadians resume payments on deferred mortgages (Millions of \$)

Year	Types of mortgage decreases				
	Repayment of principal: scheduled periodic repayments	Repayment of principal: non-scheduled repayments (of part or full amount owed on the contract)	Decreases related to portfolio mortgage insurance	Repayment of principal: end-of-contract principal repayments	Other decreases
2018	53,029	31,809	6,566	100,296	10,786
2019	56,317	30,654	6,347	85,936	10,779
2020	58,098	33,963	25,414	105,897	16,069

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

Figure 3: Credit unions and MIEs report increasing mortgage activity

Lender Types	2019YTD	2020YTD
Credit Unions	37.68%	54.44%
MIE	3.31%	3.90%

Source: Survey of Non-Bank Mortgage Lenders, third quarter 2020, CMHC calculations

Figure 4: Mortgages in arrears (delinquent for 90 or more days) have decreased across mortgage lenders, albeit to varying degrees

Lender Types	2020Q1	2020Q2	2020Q3
Chartered Banks	0.24%	0.26%	0.22%*
Credit Unions	0.16%	0.18%	0.15%
Other non-bank lenders (MFC, Trusts, Insurance)	N/A	0.28%	0.26%
MIEs	1.73%	1.98%	1.79%

*November 2020.
Source: Survey of Non-Bank Mortgage Lenders, third quarter 2020, and Canadian Bankers Association