HOUSING RESEARCH

Spring 2023

Residential Mortgage Industry Report

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This report provides highlights of the most recent trends in the residential mortgage industry alongside findings from our research. This integrated narrative around housing finance and affordability focuses on topics that are relevant for both policy and business decisions. This report contributes to more stable and affordable markets by providing targeted information and insights that lead to enhanced risk-based decisions.

In this Spring 2023 edition, we find the following:

Recent mortgage market trends

- High inflation, rapidly rising interest rates and cooling housing markets across Canada have resulted in decelerating mortgage growth in 2022.
- Mortgage activity by non-bank lenders accelerated up until 2022Q3 and has now reached the pace of mortgage growth in the banking industry.
- Despite increasing worries around the ability of Canadians to make their mortgage payments on time, mortgages in arrears remained at low levels.
- Mortgage borrowers are opting for shorter-term fixed-rate mortgages, with fixed-rate 5-year mortgages falling to less than 15% of new mortgages, and variable-rate mortgages dropping to less than 20% of new mortgages.

Housing finance research at a glance

- While demand surges, alternative lenders are lending more conservatively as the industry faces shifting investor appetite. Their risk profile remains at relatively low levels.
- A larger share of alternative loan mortgage borrowers are renewing their loans in this space as it is increasingly difficult to qualify for a conventional loan.
- Interest rate differences are not a significant source of inequality in the housing finance system.

Explore The Data

Remember, you can always access most of the data by using the interactive mortgage dashboard to discover more insights that are relevant to you. **The Residential Mortgage Industry Data Dashboard** is a digital interactive companion to the Residential Mortgage Industry Report.

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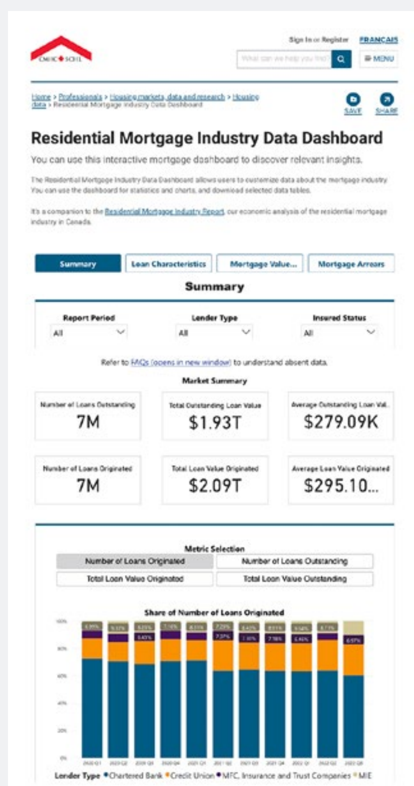
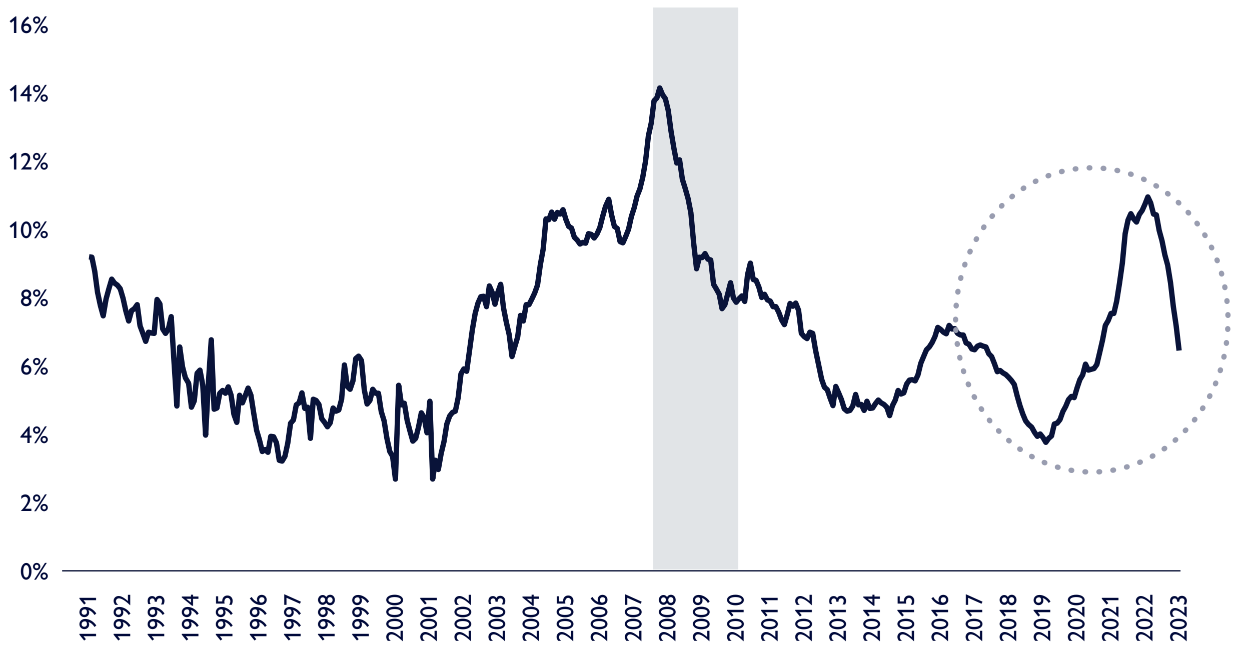
https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/residential-mortgage-industry-data-dashboard



Recent residential mortgage industry trends

As of January 2023, residential mortgage debt stood at $2.08 trillion (+6% compared to January 2022). High inflation, rapidly rising interest rates and cooling housing markets across the country have negatively impacted consumer confidence. The result: fewer consumers looking to purchase a property and, consequently, decelerating mortgage growth in Canada (see figure 1.1). Despite slowing mortgage growth, Canadian households still face record levels of mortgage debt. In fact, the debt-to-income ratio in Canada has increased to 180.7%.

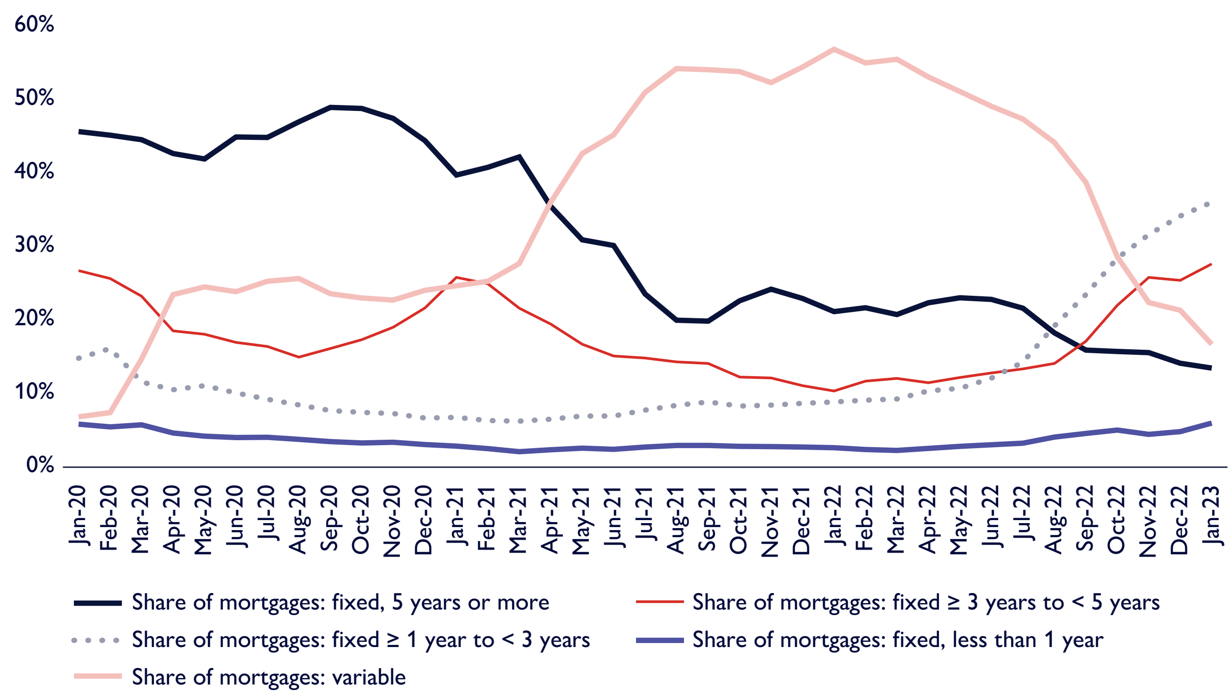
Figure 1.1 Year-over-year mortgage growth decelerates rapidly as interest rates hike and consumer confidence takes a hit



Source: Statistics Canada. Table 36-10-0639-01 Credit liabilities of households (x 1,000,000), January 2023

Since 2022Q3, the fixed-term lending rate has been lower than the variable rate. Moreover, since June 2022, federally regulated financial institutions have lent more funds for new and renewed mortgages under fixed-rate agreements than variable-rate agreements. In fact, this is a return to pre-pandemic norms. However, fixed-rate mortgages of 5 years or more are no longer the most popular option.[1] Since September 2022, new and renewed mortgages under fixed-rate agreements between 3 and 5 years, and between 1 and 3 years have been borrowers' preferred choice (see figure 1.2). Borrowers' expectations that the policy interest rate will decrease from its 15-year high in the next few years, coupled with minimal rate differences between the different agreement lengths, are driving factors behind this shift.

Figure 1.2 Fixed-term mortgages of 5 years and more are no longer the preferred choice among Canadians

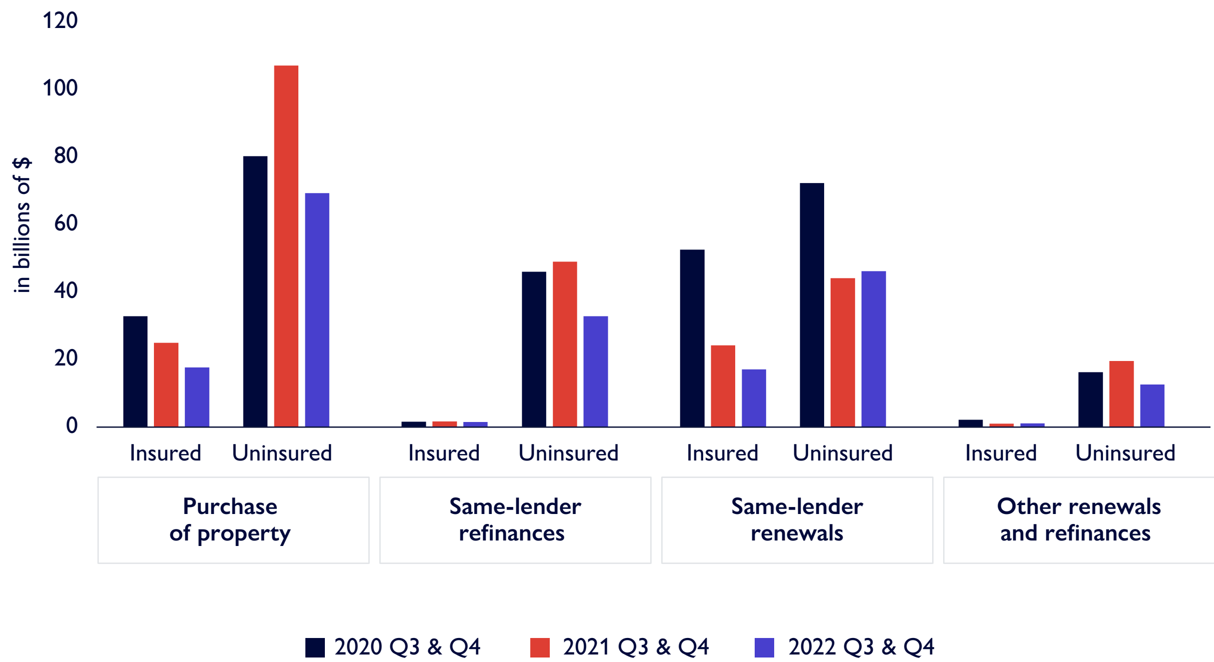


Source: Statistics Canada. Table 36-10-0639-01 Credit liabilities of households (x 1,000,000), January 2023

[1] They had been since data was made available in 2013.

A reduction in property values from their March 2022 peak and less favourable economic conditions have resulted in new mortgage originations by chartered banks rapidly decreasing over the last 2 quarters of 2022. Consequently, newly originated mortgage loans totaled $135 billion in the second half of the year, representing a decrease of 33.6% compared to the same period in the previous year (see figure 1.3). Leading this slowdown was a decline in both mortgage loans for property purchases (-34.2%) and refinances (-32.2%). Additionally, $63 billion worth of mortgage renewals at higher interest rates were registered at chartered banks in 2022Q3 and 2022Q4. During the same periods, non-bank mortgage lenders — including credit unions, mortgage finance companies (MFCs) and mortgage investment entities (MIEs) — extended a total of $98 billion worth of mortgage loans, which represents a drop of more than 17% compared to the same period in 2021.

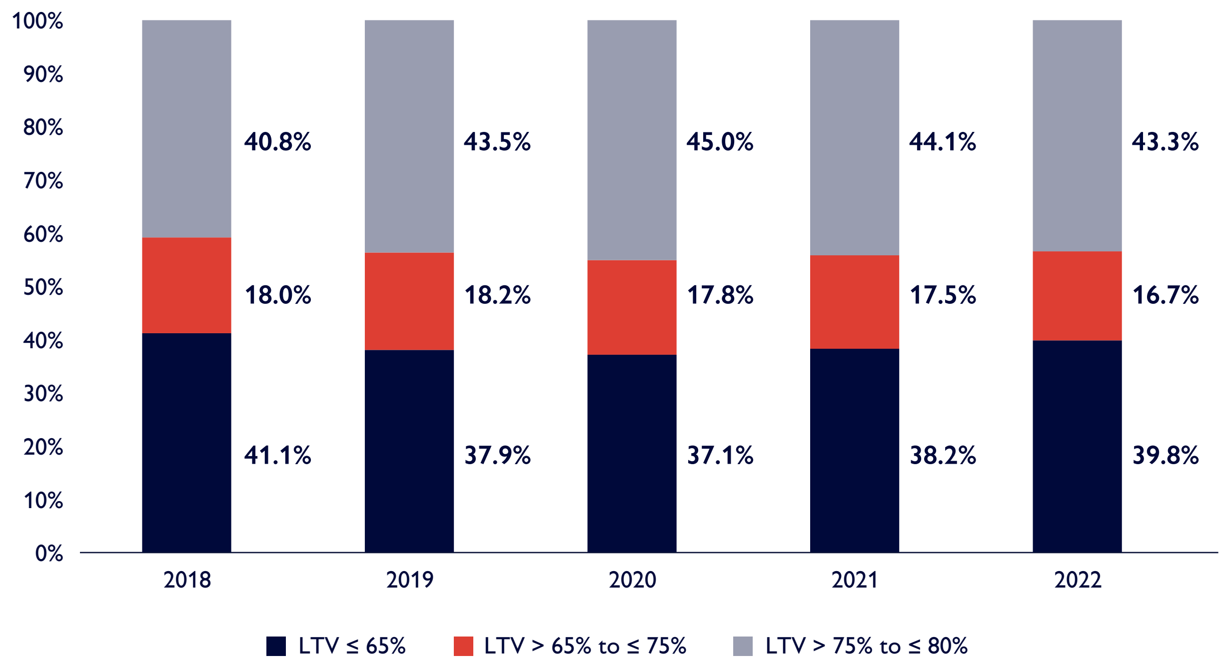
Figure 1.3 Mortgage originations and same lender refinancing sees significant drop for both insured and uninsured mortgages



Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

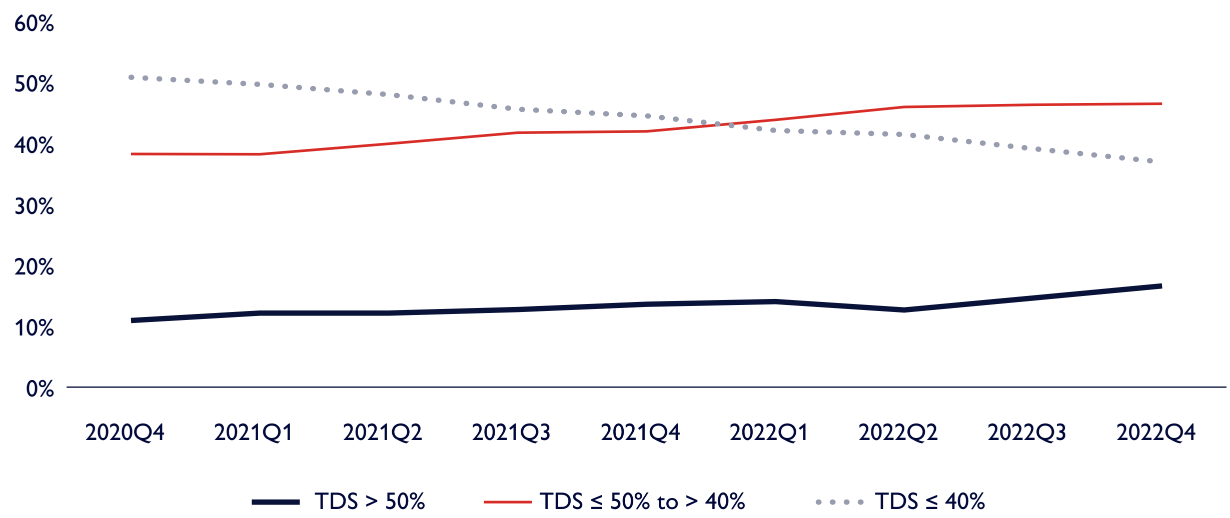
Continuing what we saw in the Fall 2022 edition of this report, the share of new uninsured mortgages with a loan-to-value (LTV) ratio of 65% percent or less continues to trend upwards at chartered banks (see figure 1.4). This signals a continued decreased appetite for risk in the mortgage industry during a period of cooling housing markets. However, as shown by the data on total debt service ratios (TDS), borrowers are allocating a larger share of their disposable income to debt obligations as increasing interest rates and inflationary pressure persist (see figure 1.5). The share of new uninsured mortgage originations with a TDS above 50% has increased by 49% in just 3 years, reaching 16.6% in 2022Q4. Moreover, the share of new uninsured mortgage originations with a TDS equal to or below 40% has shrunk by more than a quarter over the same period. Lastly, readers should note that CMHC restricts TDS to 44% for new insured mortgage originations, but non-CMHC-insured mortgages can have a higher TDS.

Figure 1.4 Newly originated uninsured mortgages trending slightly higher in the lower LTV ratios distribution



Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

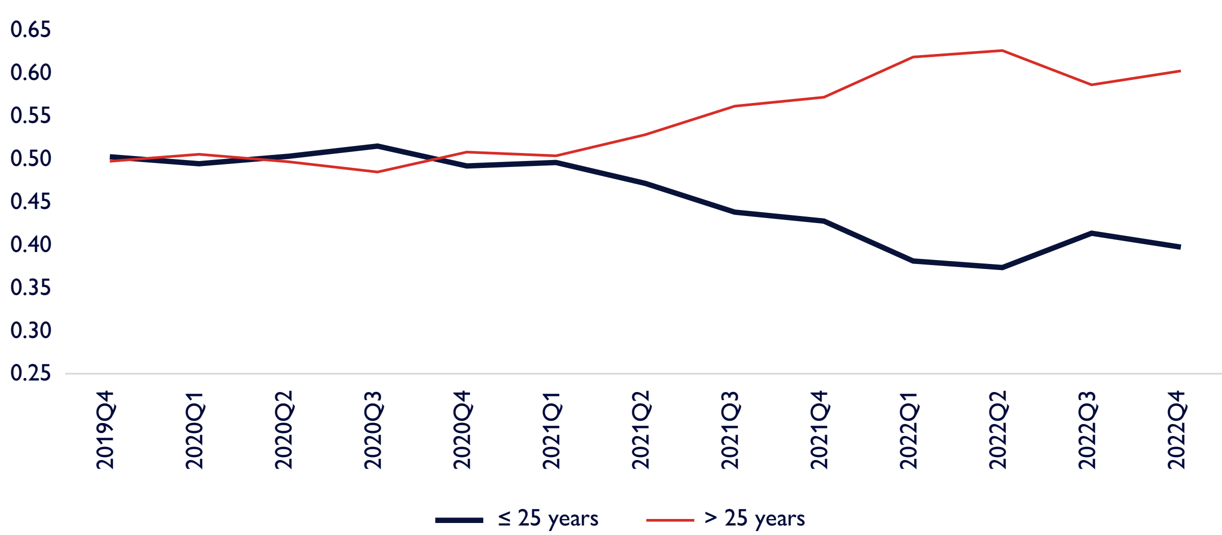
Figure 1.5 Share of uninsured new mortgages with a TDS ratio above 50% increases at chartered banks



Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

Since 2021Q2, new uninsured mortgages with an amortization period of over 25 years are becoming increasingly popular at chartered banks (see figure 1.6). Borrowers who choose a longer amortization period will pay less each month towards the principal of the loan. All else being equal, in doing so, borrowers reduce their monthly debt servicing cost. Despite this trend, as illustrated in figure 1.5, borrowers are still allocating a larger share of their disposable income to debt obligations.

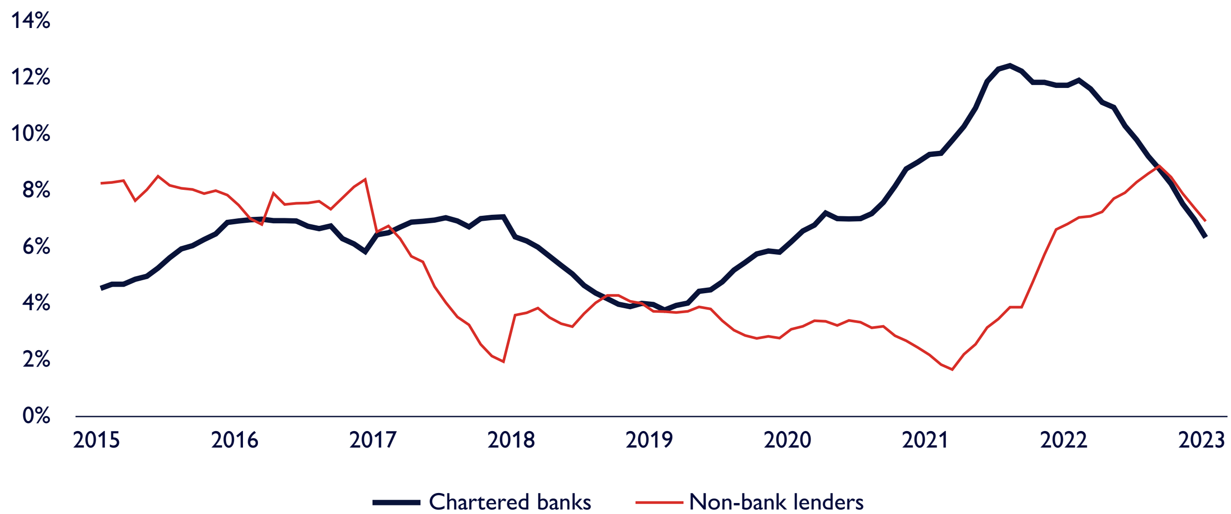
Figure 1.6 Share of new mortgages with an amortization period over 25 years increases at chartered banks



Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

Mortgage activity by non-bank lenders accelerated until the third quarter of 2022. Activity among these lenders now matches the pace of mortgage growth in the banking industry (see figure 1.7). During the pandemic, growth in activity in the non-bank segment had stabilized while it accelerated in the banking industry. A gradual tightening of mortgage policy over recent years in the regulated segment, coupled with higher interest rates, has contributed to the increase in non-bank lending, especially in the alternative lending space.

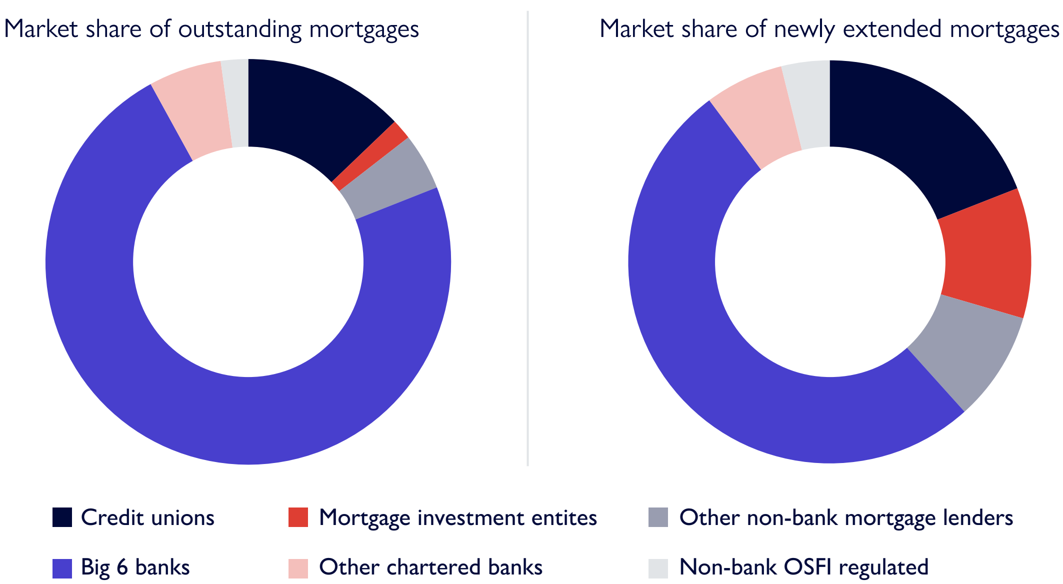
Figure 1.7 Mortgage growth by non-banks has accelerated to reach banks mortgage growth



Source: Statistics Canada. Table 36-10-0639-01 Credit liabilities of households (x 1,000,000), January 2023

In 2022Q4, mortgage investment entities increased their market share for both extended and outstanding mortgages. Their share of extended mortgages has risen to over 10% of the market (from just 3.7% in the first half of the year). The increase in alternative lending is discussed in more detail below (Check out the **Housing Finance Research at a Glance** section for more insights.) Also noteworthy is that the share of chartered bank mortgages going towards the Big 6 banks decreased slightly (to 89%). Other chartered banks did not decrease their lending activity to the same extent as the Big 6 banks in 2022Q4.

Figure 1.8 Market shares shift as mortgage investment entities increase their activity[2]

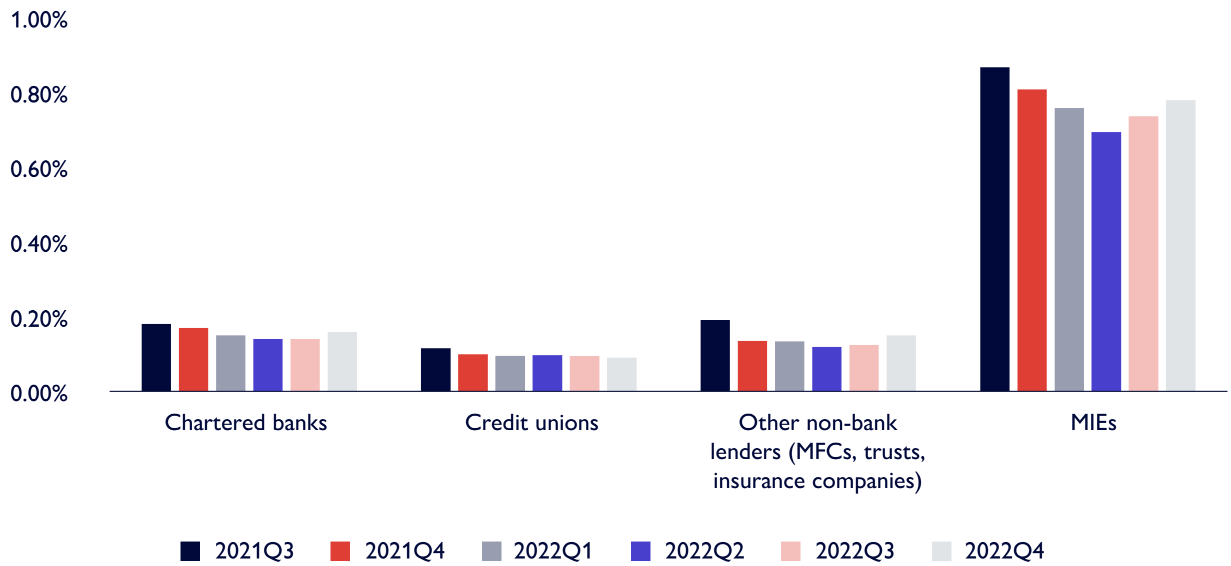


Sources: Survey of Non-Bank Mortgage Lenders, CMHC NHA MBS mortgage reporting, CMHC calculations, fourth quarter of 2022

[2] Note that some slight differences may arise when comparing market shares in these figures with the market shares in the Residential Mortgage Industry Data Dashboard (RMIDD) on our web site. Firstly, the lender classifications and breakdowns shown are different. Additionally, the originations in the RMIDD include purchase of property, renewals, and refinances. In this report, we include other mortgage purchases and other transfers to balance sheets.

Despite increasing worries around the ability of Canadians to make their mortgage payments on time in the context of rapidly increasing interest rates, overall mortgages in arrears (delinquent for 90 days or more) remained at low levels as of 2022Q4 (see figure 1.9). However, differences were observed between lenders: chartered banks[3], alternative lenders (MIEs) and other non-bank mortgage lenders (including mortgage finance companies) recorded slight increases in their mortgage arrears rates while credit unions observed stable rates. This said, monitoring the evolution of mortgages in arrears should consider pre-pandemic levels. In fact, the record low mortgages in arrears resulted from mortgage deferral benefits, increasing overall consumer savings and growth in disposable income. (Check out the **Housing Finance Research at a Glance** section for more insights on delinquency monitoring.)

Figure 1.9 Mortgages in arrears (delinquent for 90 or more days) remained low across all lender types



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

[3] As of January 2023.

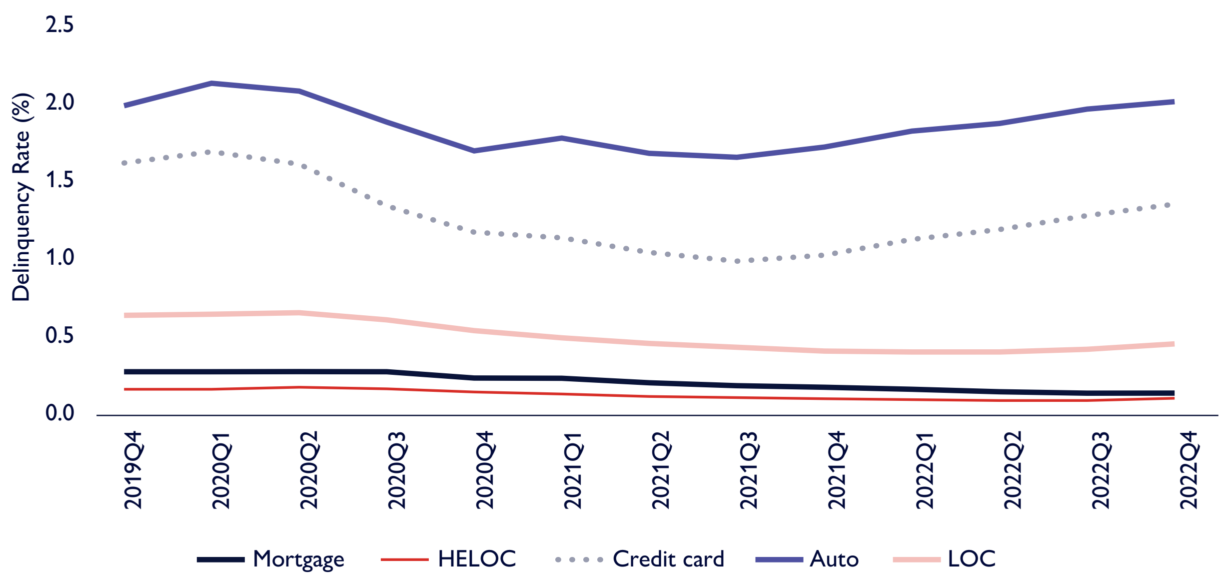
Housing finance research at a glance

This section explores selected trends that tend to have a long-term impact on the residential mortgage industry and the major markets. As these trends evolve over time, they should be further explored by both policy makers and the financial industry to understand the potential consequences from a financial stability perspective.

Delinquency rates for lines of credit, auto loans and credit cards reach a 2022 high in the fourth quarter

The delinquency rates for credit cards and auto loans increased continuously throughout 2022. Indeed, the delinquency rate for auto loans is now back to pre-pandemic levels. The delinquency rate for lines of credit (LOCs), which had been trending downwards since 2020Q3, increased slightly over the last 2 quarters of 2022. Mortgages and home equity lines of credit (HELOCs) are not currently following the same pattern. However, mortgage and HELOC arrears tend to be a lagged indicator. As a result, continuous monitoring of other credit types that typically react more quickly to changing economic conditions is important for understanding how Canadians are dealing with the increasing debt-servicing costs.

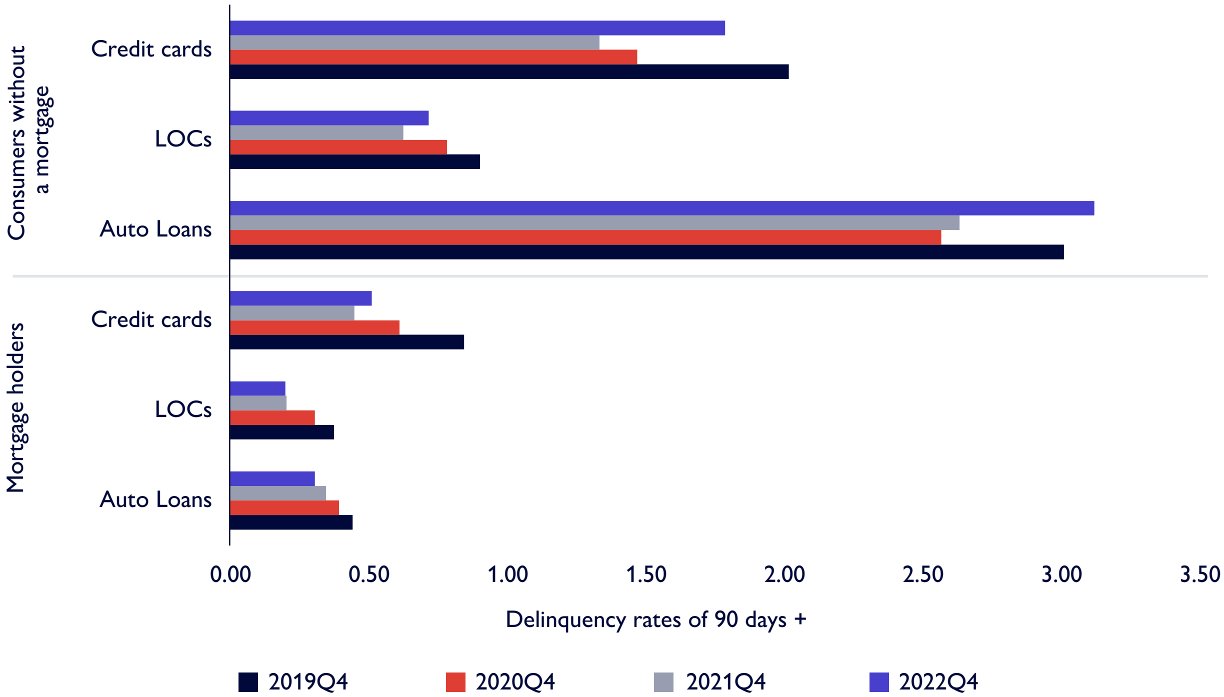
Figure 2.1 Delinquency rates for auto loans reach pre-pandemic levels while delinquency rates on mortgages and HELOCs remain historically low



Sources: Equifax and CMHC calculations. 2022Q4

The delinquency rates for credit cards, LOCs, and auto loans are different for mortgage holders and consumers without a mortgage (see figure 2.2). In 2022Q4, consumers without a mortgage registered delinquency rate increases for all types of credit. The delinquency rate for auto loans in this consumer group now surpasses the pre-pandemic level. For mortgage holders, meanwhile, the delinquency rates for all credit types remain below pre-pandemic levels. However, they have increased for credit cards in 2022Q4 (year-over-year). Despite the increase being relatively small, it is a reversal of the trend of recent years.

Figure 2.2 Mortgage holders continue to make payments against LOCs and auto loans, delinquencies are increasing in all other segments



Sources: Equifax and CMHC calculations

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While demand surges, alternative lenders loan more conservatively as the industry faces shifting investor appetite

While overall mortgage debt in Canada grew by close to 6% in 2022Q3 (year-over-year), the assets under management of the top 25 mortgage investment corporations (MICs) in Canada grew by more than 24%. The alternative lending segment has continued to attract a higher number of borrowers unable to get qualified with a traditional lender. The alternative lending industry has also observed an increasing number of renewal requests.

In 2022Q3, the alternative lender portfolio remains at relatively low risk: the share of first mortgages is high (84%); the average loan-to-value (LTV) ratio on newly originated mortgages is relatively low (58%); the delinquency rates are low and there are few foreclosures. While demand for new loans has been surging, recent economic uncertainty has contributed to more conservative lending by alternative lenders. Capital availability may be affected by shifting investor appetite. Investors that are pooling their money to fund the alternative lending segment might be considering other high-return investments with less or no exposure to our cooling housing markets. This might partially explain why we are seeing an increase in the debt-to-capital ratio, which rose from 17% in 2021 to 25 % in 2022.

Table 1: Insights into mortgage investment corporations indicate a decrease in their risk profile

	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022	Q2-2022	Q3-2023
Assets Under Managment (AUM) in M$ of top 25 MICs	$8,269	$8,315	$8,413	$9,188	$9,862	$10,168	$10,489
Average lending rate to single-family	8.9%	8.8%	8.1%	8.0%	7.9%	8.0%	8.4%
Average share of first mortgages	81.3%	81.4%	83.7%	83.6%	84.8%	83.9%	83.9%
Average loan-to-value (LTV) ratio	58.0%	57.9%	57.4%	58.5%	58.3%	58.0%	58.0%
Debt-to-capital ratio	17.4%	16.8%	17.3%	20.2%	22.5%	25.3%	25.1%
Delinquency of 60 days or more	3.12%	3.23%	2.90%	2.59%	2.30%	1.34%	1.57%
Foreclosure rate	3.18%	2.60%	2.21%	1.34%	1.08%	1.00%	1.28%

Geographical distribution	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022	Q2-2022	Q3-2022
British Columbia	36.7%	36.7%	39.1%	43.5%	41.7%	41.7%	41.1%
Alberta	8.1%	8.1%	7.4%	6.7%	6.3%	6.3%	6.4%
Ontario	48.4%	48.5%	47.9%	42.8%	43.4%	43.9%	44.1%
Quebec	3.8%	5.3%	4.1%	4.6%	5.9%	6.7%	6.7%
Others	3.0%	1.4%	1.6%	2.5%	2.6%	1.4%	1.7%

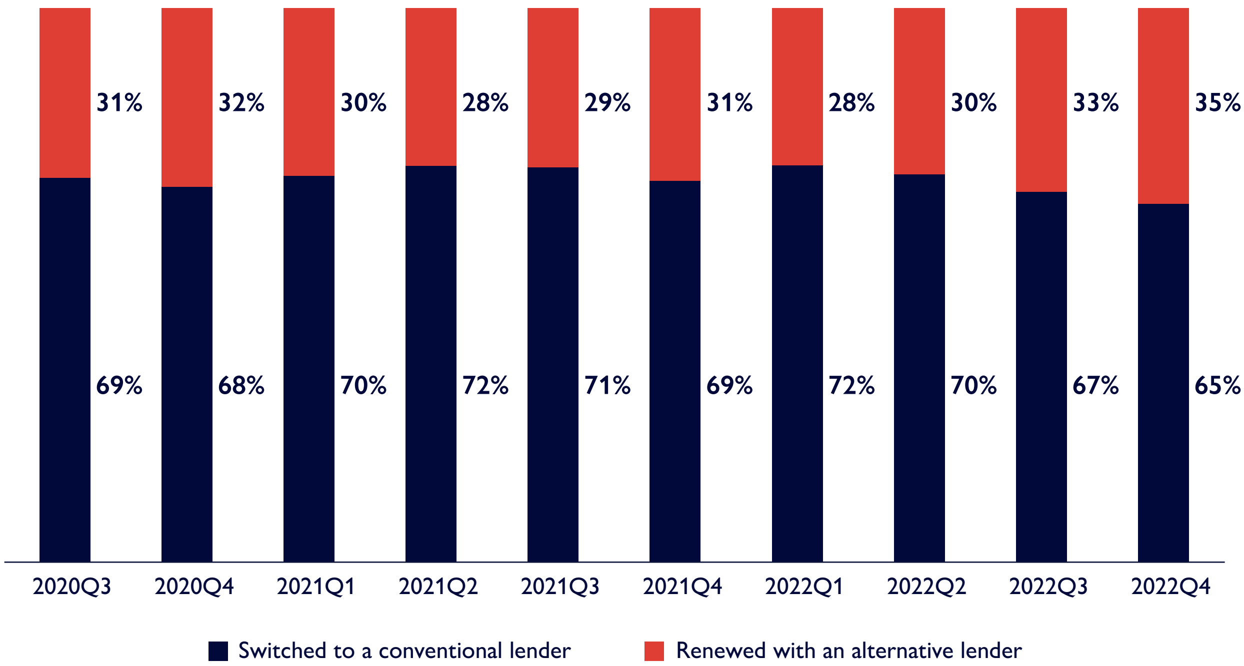
Sources: Mortgage Investment Corporations (MIC) Survey, Fundamentals Research Corp, Third quarter of 2022

Mortgage borrowers in the alternative lending space are more likely to renew their loan as it becomes harder to qualify with traditional lenders

As it becomes increasingly difficult to obtain a loan from conventional lenders, mortgage borrowers in the alternative lending space are more likely to renew their loan. In 2022Q4, the share of mortgages that were renewed in the alternative segment – with the same or another alternative lender – continued to increase, reaching 35% (compared to 28% at the beginning of 2022). The lower share of repayments at term has also contributed to the boom in demand in the alternative lending segment.

In a context where mortgage borrowers are staying for a longer period in the alternative lending space, and therefore paying higher interest rates, affordability remains an outstanding issue for these borrowers, who could find themselves in challenging financial situations.

Figure 2.3 A larger share of alternative loan mortgage borrowers are renewing their loans as it is increasingly difficult to qualify for a conventional loan



Source: Teranet mortgage transactions, CMHC calculations. 2022Q4

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Mortgage interest rates are consistent across types of neighbourhood racial compositions

For this edition of the Residential Mortgage Industry Report, we have the latest findings from our research on inequalities in housing finance. This research looked at whether the racial composition of a neighbourhood impacted the mortgage interest rates on uninsured mortgages. The research combined data from the 2016 Census and loan-level data from the Approved Issuer Framework, which included important control variables such as borrower incomes, credit scores and loan-to-value ratios.

Ultimately, the research showed that the presence of Indigenous and Black residents had the effect of very slightly increasing interest rates after controlling for all financial characteristics of the loan. However, the effects were small, and mortgage rates do not seem to be an important source of inequality in the housing finance system. One reason Indigenous communities pay slightly higher interest rates may be due to the apparent effect of being concentrated in rural neighbourhoods, which tend to pay higher interest rates. The lower level of lender competition in rural neighbourhoods may explain this effect. This paper shows correlation and does not establish causation. Racial composition adds some value, but has a low prediction power and may merely reflect factors not controlled for in the data. Overall, customers are being charged close to fairly for their mortgages, regardless of neighbourhood racial composition.

Therefore, considering the results from all the research in this series, we see that homeownership rates and property values are important inequalities that should be focused on, while differences in mortgage interest rates are a less meaningful inequality.

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https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/research-reports/housing-finance/understanding-inequalities-housing-finance-research-insights

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Alternative text and data for figures

Figure 1.1 Year-over-year mortgage growth decelerates rapidly as interest rates hike and consumer confidence takes a hit

Year	Mortgage growth	Amount
1991	9%	252,132
	9%	253,123
	9%	254,505
	8%	256,008
	8%	257,897
	7%	259,742
	8%	262,824
	8%	264,772
	9%	267,023
	8%	268,670
	8%	270,338
	8%	272,005
1992	8%	272,253
	8%	272,393
	7%	273,139
	8%	275,502
	8%	277,714
	8%	279,998
	7%	281,683
	7%	283,198
	7%	284,979
	7%	287,441
	7%	289,173
	7%	290,929
1993	8%	293,875
	8%	293,689
	7%	292,481
	7%	294,673
	7%	297,374
	7%	300,843
	6%	298,903
	5%	296,868
	7%	303,663
	6%	304,620
	6%	305,517
	5%	306,925
1994	5%	307,955
	5%	308,307
	6%	309,398
	6%	311,984
	5%	313,533
	4%	312,779
	6%	315,416
	7%	316,953
	5%	318,044
	5%	319,139
	5%	321,411
	5%	323,146
1995	5%	323,985
	5%	324,925
	5%	325,318
	5%	326,294
	4%	327,170
	5%	328,853
	5%	330,938
	5%	333,226
	5%	335,066
	5%	335,535
	5%	336,225
	4%	336,444

Year	Mortgage growth	Amount
1996	4%	336,386
	3%	336,263
	4%	336,881
	3%	337,634
	4%	340,058
	4%	341,754
	4%	343,364
	3%	344,006
	3%	345,838
	3%	346,797
	4%	348,804
	4%	350,972
1997	4%	351,260
	5%	352,621
	5%	353,455
	5%	355,238
	5%	356,223
	5%	358,115
	4%	356,676
	5%	361,306
	5%	363,094
	5%	363,683
	4%	364,325
	4%	366,248
1998	4%	366,071
	4%	367,897
	5%	370,320
	5%	371,828
	5%	373,014
	5%	376,119
	6%	378,169
	5%	380,833
	5%	382,399
	6%	383,923
	6%	386,978
	6%	389,282
1999	6%	388,617
	5%	387,412
	5%	388,426
	5%	390,403
	5%	392,846
	5%	395,672
	5%	397,824
	5%	398,571
	4%	399,183
	4%	398,802
	3%	400,500
	3%	402,359
2000	3%	399,052
	5%	408,445
	5%	407,303
	5%	409,548
	4%	410,170
	4%	411,848
	4%	412,939
	4%	414,025
	4%	415,979
	5%	417,259
	4%	418,476
	4%	418,645
2001	5%	418,873
	3%	419,429
	3%	420,503
	3%	421,726
	3%	424,252
	4%	427,457
	4%	430,719
	5%	432,791
	5%	435,288
	5%	436,766
	5%	439,700
	6%	442,817

Year	Mortgage growth	Amount
2002	6%	443,640
	6%	443,935
	6%	447,619
	7%	451,519
	8%	456,217
	8%	460,980
	8%	465,312
	8%	467,599
	8%	468,982
	8%	473,233
	8%	475,555
	8%	477,405
2003	8%	479,830
	8%	481,164
	8%	482,103
	7%	484,391
	7%	487,762
	6%	489,908
	7%	495,857
	7%	499,637
	7%	504,068
	7%	507,875
	8%	512,637
	8%	514,646
2004	8%	518,009
	8%	520,304
	8%	522,435
	9%	527,802
	9%	533,707
	10%	540,404
	10%	546,862
	11%	552,143
	10%	555,991
	10%	561,183
	10%	566,203
	11%	569,069
2005	10%	571,323
	10%	572,798
	10%	574,914
	10%	579,353
	10%	585,418
	10%	592,123
	10%	599,482
	10%	605,109
	10%	610,899
	10%	616,455
	10%	621,389
	10%	625,176
2006	10%	628,731
	10%	632,217
	11%	636,253
	11%	642,383
	10%	646,434
	10%	651,814
	10%	659,633
	10%	663,481
	10%	669,590
	10%	676,854
	10%	683,564
	10%	690,066
2007	11%	695,604
	11%	701,575
	11%	707,403
	12%	716,405
	12%	724,047
	13%	734,820
	13%	746,165
	14%	754,810
	14%	762,315
	14%	772,576
	14%	778,907
	14%	785,458

Year	Mortgage growth	Amount
2008	13%	789,450
	13%	791,843
	12%	794,994
	12%	802,011
	12%	811,253
	11%	819,094
	11%	829,713
	11%	837,089
	10%	842,195
	10%	846,611
	9%	847,818
	9%	857,619
2009	9%	861,919
	9%	865,379
	9%	867,602
	9%	874,986
	8%	879,375
	8%	886,691
	8%	896,940
	8%	901,399
	8%	907,882
	8%	915,328
	8%	919,377
	8%	926,228
2010	8%	929,762
	8%	934,309
	8%	937,453
	8%	944,002
	9%	955,637
	9%	966,622
	9%	973,439
	9%	978,077
	8%	983,277
	8%	988,571
	8%	993,838
	8%	999,746
2011	8%	1,003,203
	8%	1,006,588
	8%	1,009,934
	8%	1,015,501
	7%	1,025,834
	7%	1,036,315
	8%	1,046,473
	8%	1,054,631
	8%	1,059,479
	8%	1,066,043
	8%	1,069,713
	7%	1,069,263
2012	7%	1,071,976
	7%	1,075,059
	7%	1,080,503
	7%	1,086,164
	6%	1,092,156
	6%	1,098,573
	6%	1,105,193
	5%	1,111,271
	5%	1,115,695
	5%	1,120,025
	5%	1,121,509
	5%	1,126,941
2013	5%	1,127,795
	5%	1,128,965
	5%	1,131,740
	5%	1,136,949
	5%	1,143,408
	5%	1,151,561
	5%	1,162,262
	5%	1,165,256
	5%	1,170,039
	5%	1,172,699
	5%	1,177,227
	5%	1,180,589

Year	Mortgage growth	Amount
2014	5%	1,181,612
	5%	1,184,276
	5%	1,188,285
	5%	1,192,828
	5%	1,199,113
	5%	1,206,766
	5%	1,215,045
	5%	1,221,594
	5%	1,228,523
	5%	1,234,581
	5%	1,238,150
	5%	1,242,127
2015	5%	1,246,171
	6%	1,250,398
	6%	1,254,864
	6%	1,259,214
	6%	1,267,916
	6%	1,280,056
	6%	1,291,260
	6%	1,300,748
	7%	1,309,067
	7%	1,317,104
	7%	1,323,075
	7%	1,330,621
2016	7%	1,334,337
	7%	1,337,750
	7%	1,342,014
	7%	1,349,794
	7%	1,357,759
	7%	1,370,843
	7%	1,381,050
	7%	1,390,643
	7%	1,399,501
	7%	1,404,953
	7%	1,410,882
	6%	1,417,094
2017	6%	1,420,702
	7%	1,425,765
	7%	1,430,767
	7%	1,438,608
	7%	1,446,769
	6%	1,457,995
	6%	1,467,750
	6%	1,474,970
	6%	1,481,180
	6%	1,487,401
	6%	1,492,617
	6%	1,498,643
2018	6%	1,501,146
	6%	1,505,245
	5%	1,508,880
	5%	1,512,362
	5%	1,516,712
	5%	1,524,886
	4%	1,532,251
	4%	1,538,271
	4%	1,543,493
	4%	1,547,781
	4%	1,551,427
	4%	1,558,711
2019	4%	1,559,807
	4%	1,561,878
	4%	1,567,412
	4%	1,572,048
	4%	1,581,892
	4%	1,590,853
	4%	1,600,187
	5%	1,609,989
	5%	1,617,838
	5%	1,625,416
	5%	1,630,733
	5%	1,637,781

Year	Mortgage growth	Amount
2020	5%	1,643,302
	6%	1,649,342
	6%	1,657,407
	6%	1,667,186
	6%	1,674,820
	6%	1,684,804
	6%	1,695,075
	6%	1,707,312
	6%	1,721,197
	7%	1,735,205
	7%	1,747,964
	7%	1,757,727
2021	8%	1,767,083
	8%	1,773,658
	8%	1,788,396
	8%	1,807,580
	9%	1,825,772
	10%	1,851,293
	10%	1,869,251
	10%	1,885,943
	10%	1,898,606
	10%	1,912,373
	10%	1,930,347
	11%	1,943,233
2022	11%	1,956,814
	11%	1,968,001
	11%	1,981,046
	10%	1,996,380
	10%	2,016,073
	10%	2,035,841
	10%	2,049,912
	9%	2,060,538
	9%	2,068,590
	8%	2,073,708
	8%	2,079,711
	7%	2,082,713
2023	6%	2,082,987

Source: Statistics Canada. Table 36-10-0639-01 Credit liabilities of households (x 1,000,000), January 2023

Figure 1.2 Fixed-term mortgages of 5 years and more are no longer the preferred choice among Canadians

Date	Share of mortgages: fixed, 5 years or more	Share of mortgages: fixed ≥ 3 years to < 5 years	Share of mortgages: fixed ≥ 1 year to < 3 years	Share of mortgages: fixed, less than 1 year	Share of mortgages: variable
Jan-20	46%	27%	15%	6%	6.9%
Feb-20	45%	26%	16%	5%	7.4%
Mar-20	45%	23%	12%	6%	14.7%
Apr-20	43%	19%	11%	5%	23.5%
May-20	42%	18%	11%	4%	24.6%
Jun-20	45%	17%	10%	4%	23.9%
Jul-20	45%	16%	9%	4%	25.3%
Aug-20	47%	15%	8%	4%	25.7%
Sep-20	49%	16%	8%	3%	23.6%

Date	Share of mortgages: fixed, 5 years or more	Share of mortgages: fixed ≥ 3 years to < 5 years	Share of mortgages: fixed ≥ 1 year to < 3 years	Share of mortgages: fixed, less than 1 year	Share of mortgages: variable
Oct-20	49%	17%	7%	3%	23.0%
Nov-20	47%	19%	7%	3%	22.8%
Dec-20	44%	22%	7%	3%	24.1%
Jan-21	40%	26%	7%	3%	24.7%
Feb-21	41%	25%	6%	3%	25.3%
Mar-21	42%	22%	6%	2%	27.7%
Apr-21	36%	19%	7%	2%	36.1%
May-21	31%	17%	7%	3%	42.7%
Jun-21	30%	15%	7%	2%	45.2%
Jul-21	24%	15%	8%	3%	51.0%
Aug-21	20%	14%	8%	3%	54.3%
Sep-21	20%	14%	9%	3%	54.1%
Oct-21	23%	12%	8%	3%	53.9%
Nov-21	24%	12%	8%	3%	52.4%
Dec-21	23%	11%	9%	3%	54.5%
Jan-22	21%	10%	9%	3%	56.9%
Feb-22	22%	12%	9%	2%	55.0%
Mar-22	21%	12%	9%	2%	55.5%
Apr-22	22%	11%	10%	3%	53.2%
May-22	23%	12%	11%	3%	51.2%
Jun-22	23%	13%	12%	3%	49.2%
Jul-22	22%	13%	14%	3%	47.4%
Aug-22	18%	14%	19%	4%	44.2%
Sep-22	16%	17%	24%	5%	38.8%
Oct-22	16%	22%	28%	5%	28.6%
Nov-22	16%	26%	32%	4%	22.4%
Dec-22	14%	25%	34%	5%	21.4%
Jan-23	13%	28%	36%	6%	16.7%

Source: Statistics Canada. Table 10-10-0006-01 Funds advanced, outstanding balances, and interest rates for new and existing lending, Bank of Canada; CMHC calculations. January 2023

Figure 1.3 Mortgage originations and same lender refinancing sees significant drop for both insured and uninsured mortgages

		2020 Q3 & Q4	2021 Q3 & Q4	2022 Q3 & Q4
Purchase of property	Insured	33	25	18
	Uninsured	80	107	69
Same lender Refinance	Insured	2	2	2
	Uninsured	46	49	33
Same lender Renewals	Insured	53	24	17
	Uninsured	72	44	46
Other renewals and refinaces	Insured	2	1	1
	Uninsured	16	20	13

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

Figure 1.4 Newly originated uninsured mortgages trending slightly higher in the lower LTV ratios distribution

Year	LTV ≤ 65%	LTV > 65% to ≤ 75%	LTV > 75% to ≤ 80%
2018	41.1%	18.0%	40.8%
2019	37.9%	18.2%	43.5%
2020	37.1%	17.8%	45.0%
2021	38.2%	17.5%	44.1%
2022	39.8%	16.7%	43.3%

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

Figure 1.5 Share of uninsured new mortgages with a TDS ratio above 50% increases at chartered banks

Quarter	TDS > 50%	TDS ≤ 50% to > 40%	TDS ≤ 40%
2019Q4	11.1%	37.3%	51.6%
2020Q1	12.4%	35.8%	51.8%
2020Q2	10.6%	36.5%	52.8%
2020Q3	10.5%	36.9%	52.5%
2020Q4	10.9%	38.3%	50.8%
2021Q1	12.1%	38.2%	49.7%
2021Q2	12.1%	39.9%	48.0%
2021Q3	12.7%	41.7%	45.6%
2021Q4	13.6%	41.9%	44.5%
2022Q1	14.0%	43.8%	42.1%
2022Q2	12.6%	45.9%	41.5%
2022Q3	14.6%	46.3%	39.1%
2022Q4	16.6%	46.5%	36.9%

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

Figure 1.6 Share of new mortgages with an amortization period over 25 years increases at chartered banks

Quarter	≤ 25 years	> 25 years
2019Q4	50%	50%
2020Q1	49%	51%
2020Q2	50%	50%
2020Q3	52%	48%
2020Q4	49%	51%
2021Q1	50%	50%
2021Q2	47%	53%
2021Q3	44%	56%
2021Q4	43%	57%
2022Q1	38%	62%
2022Q2	37%	63%
2022Q3	41%	59%
2022Q4	40%	60%

Source: CMHC residential mortgage data reporting of NHA MBS issuers; CMHC calculations. 2022Q4

Figure 1.7 Mortgage growth by non-banks has accelerated to reach banks mortgage growth

Year	Chartered banks	Non-bank lenders
2015	5%	8%
	5%	8%
	5%	8%
	5%	8%
	5%	8%
	5%	9%
	6%	8%
	6%	8%
	6%	8%
	6%	8%
	6%	8%
	7%	8%
2016	7%	8%
	7%	7%
	7%	7%
	7%	8%
	7%	8%
	7%	8%
	7%	8%
	7%	8%
	7%	7%
	6%	8%
	6%	8%
	6%	8%
2017	6%	7%
	7%	7%
	7%	6%
	7%	6%
	7%	5%
	7%	5%
	7%	4%
	7%	4%
	7%	3%
	7%	3%
	7%	2%
	7%	2%
2018	6%	4%
	6%	4%
	6%	4%
	6%	4%
	5%	3%
	5%	3%
	5%	4%
	4%	4%
	4%	4%
	4%	4%
	4%	4%
	4%	4%

Year	Chartered banks	Non-bank lenders
2019	4%	4%
	4%	4%
	4%	4%
	4%	4%
	4%	4%
	4%	4%
	5%	3%
	5%	3%
	5%	3%
	6%	3%
	6%	3%
	6%	3%
2020	6%	3%
	7%	3%
	7%	3%
	7%	3%
	7%	3%
	7%	3%
	7%	3%
	7%	3%
	8%	3%
	8%	3%
	9%	3%
	9%	2%
2021	9%	2%
	9%	2%
	10%	2%
	10%	2%
	11%	3%
	12%	3%
	12%	3%
	12%	4%
	12%	4%
	12%	5%
	12%	6%
	12%	7%
2022	12%	7%
	12%	7%
	12%	7%
	11%	7%
	11%	8%
	10%	8%
	10%	8%
	9%	9%
	9%	9%
	8%	8%
	8%	8%
	7%	7%
2023	6%	7%

Source: Statistics Canada. Table 36-10-0639-01 Credit liabilities of households (x 1,000,000), January 2023

Figure 1.8 Market shares shift as mortgage investment entities increase their activity*

Market Share	Outstanding	Extended
Credit unions	12.85%	19.05%
Mortgage investment entites	1.64%	10.47%
Other non-bank mortgage lenders	4.53%	8.81%
Big 6 banks	72.99%	51.47%
Other chartered banks	5.82%	6.32%
Non-bank OSFI regulated	2.18%	3.88%

Source: Survey of Non-Bank Mortgage Lenders, CMHC NHA MBS mortgage reporting, CMHC calculations, fourth quarter of 2022

* Note that some slight differences may arise when comparing market shares in these figures with the market shares in the Residential Mortgage Industry Data Dashboard (RMIDD) on our web site. Firstly, the lender classifications and breakdowns shown are different. Additionally, the originations in the RMIDD include purchase of property, renewals, and refinances. In this report, we include other mortgage purchases and other transfers to balance sheets.

Figure 1.9 Mortgages in arrears (delinquent for 90 or more days) remained low across all lender types

Quarter	Chartered banks	Credit unions	Other non-bank lenders (MFCs, trusts, insurance companies)	MIEs
2021Q3	0.18%	0.11%	0.19%	0.87%
2021Q4	0.17%	0.10%	0.13%	0.81%
2022Q1	0.15%	0.10%	0.13%	0.76%
2022Q2	0.14%	0.10%	0.12%	0.69%
2022Q3	0.14%	0.09%	0.12%	0.74%
2022Q4	0.16%	0.09%	0.15%	0.78%

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

Figure 2.1 Delinquency rates for auto loans reach pre-pandemic levels while delinquency rates on mortgages and HELOCs remain historically low

Date	Mortgage	HELOC	Credit card	Auto	LOC
2019Q4	0.28	0.17	1.62	1.99	0.64
2020Q1	0.28	0.17	1.70	2.14	0.65
2020Q2	0.28	0.18	1.62	2.09	0.66
2020Q3	0.28	0.17	1.35	1.89	0.62
2020Q4	0.24	0.15	1.18	1.70	0.55
2021Q1	0.24	0.14	1.14	1.79	0.50
2021Q2	0.21	0.12	1.05	1.69	0.46
2021Q3	0.19	0.11	0.99	1.66	0.44
2021Q4	0.18	0.11	1.03	1.73	0.41
2022Q1	0.17	0.10	1.13	1.83	0.41
2022Q2	0.15	0.10	1.20	1.88	0.41
2022Q3	0.14	0.10	1.29	1.97	0.43
2022Q4	0.14	0.11	1.36	2.02	0.46

Source: Equifax and CMHC calculations. 2022Q4

Figure 2.2 Mortgage holders continue to make payments against LOCs and auto loans, delinquencies are increasing in all other segments

	2019Q4	2020Q4	2021Q4	2022Q4
Consumers without a mortgage				
Auto Loans	3.01	2.57	2.64	3.12
LOCs	0.90	0.78	0.63	0.72
Credit cards	2.02	1.47	1.34	1.79
Mortgage holders				
Auto Loans	0.44	0.40	0.35	0.31
LOCs	0.38	0.31	0.21	0.20
Credit cards	0.85	0.61	0.45	0.51

Source: Equifax and CMHC calculations

Figure 2.3 A larger share of alternative loan mortgage borrowers are renewing their loans as it is increasingly difficult to qualify for a conventional loan

Quarter	Switched to a conventional lender	Renewed with an alternative lender
2020Q3	69%	31%
2020Q4	68%	32%
2021Q1	70%	30%
2021Q2	72%	28%
2021Q3	71%	29%
2021Q4	69%	31%
2022Q1	72%	28%
2022Q2	70%	30%
2022Q3	67%	33%
2022Q4	65%	35%

Source: Teranet mortgage transactions, CMHC calculations. 2022Q4