Fall 2024

HOUSING RESEARCH

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 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.

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HIGHLIGHTS

Renewal risk remains as 1.2 million mortgages will come up for renewal in 2025. Most of these will experience higher interest rates than when their term began: 85% of those were contracted when the Bank of Canada rate was at or below 1%.

The mortgage delinquency rate continued to rise from historic low levels in 2024, reaching 0.19% in the second quarter, with delinquency rates on other credit products, and allowances for expected credit losses both suggesting it will continue to increase through 2025. However, this remains below pre-pandemic levels and well below averages since 1990.

Traditional lenders experienced two very different quarters to begin 2024. The first quarter showed higher risk lending compared to 2023, but in the second quarter newly extended mortgages had lower risk based on traditional risk metrics.

Overall mortgage debt increased to $2.2 trillion in July 2024, which exacerbates the vulnerability of elevated household debt. This growth (3.5% year-over-year) is below recent averages, but lower interest rates could accelerate the increase.

Alternative lenders saw an increase in lending during the first quarter of this year compared to the fourth quarter of 2023, indicating renewed momentum to sustain their market share from a year ago. However, their risk profile has increased compared to last year.

Mortgages with terms of three or more years but less than five years are the most popular, with over half of new mortgages having terms in this range. The traditional five-year, fixed-rate mortgage and variable rate mortgage both represent a small share of the newly extended loans.

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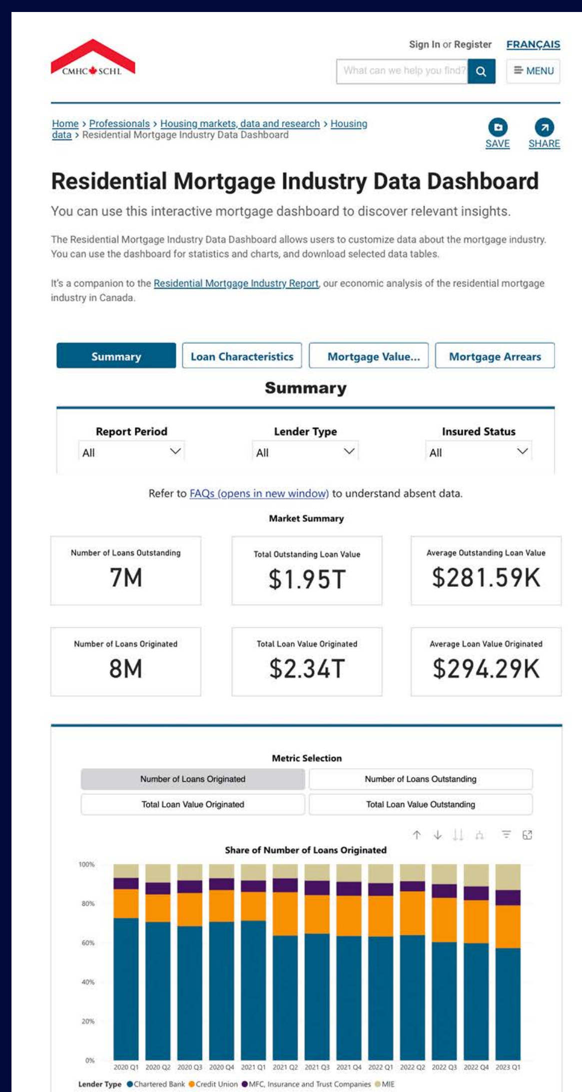
Explore The Data

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.

VISIT WEBSITE TO GET STARTED

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



Recent Mortgage Market Trends: The Big Picture

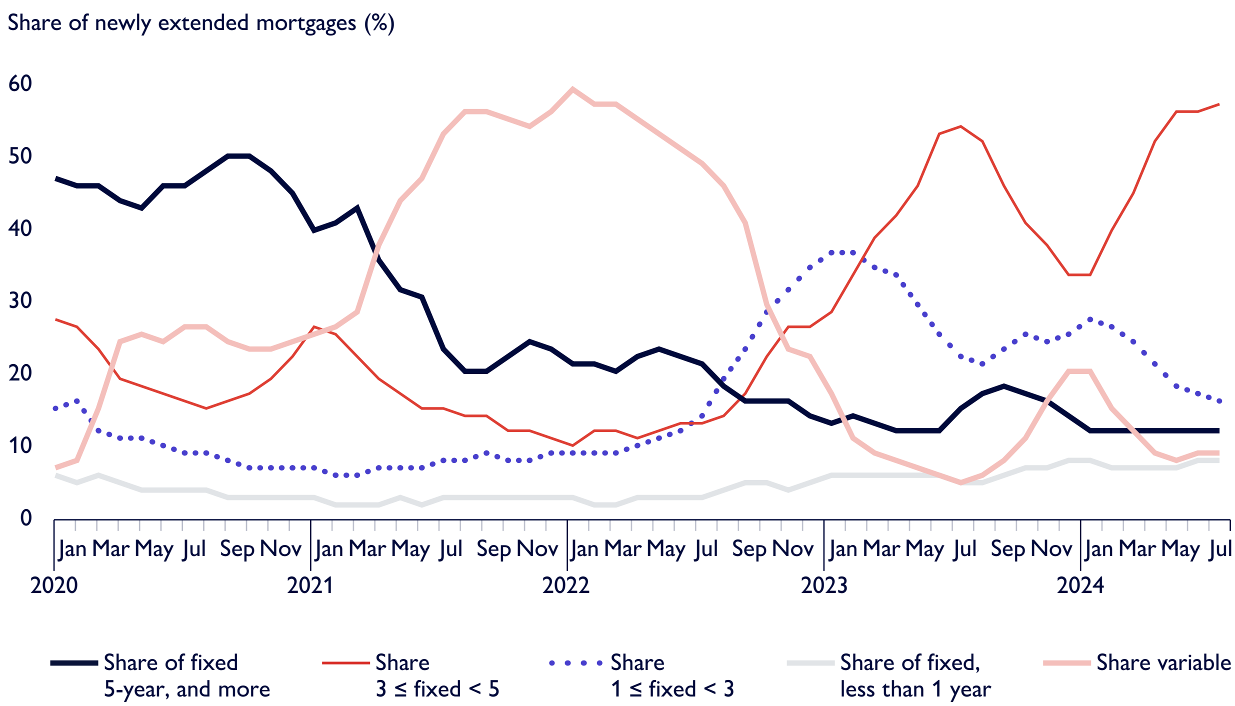
High borrowing costs and the expectation of lower mortgage interest rates is driving borrowers toward shorter mortgage terms. Mortgage debt continued to grow at a slower pace than usual. Fixed-rate mortgages of less than five years are popular due to minimal rate differences.

- In July 2024, residential mortgage debt increased by 3.5% compared to July 2023, reaching $2.2 trillion.[1] Slower mortgage debt growth occurred as many potential buyers have remained on the sidelines for much of the year driven by high borrowing costs and elevated home prices. Other contributing factors include the expectation of lower mortgage rates in the short-term and relatively modest home price fluctuations in 2024 in many regions of the country. Although currently below recent and historical averages, growth in mortgage debt could soon increase in an environment with more affordable financing.
- Softening inflation led the Bank of Canada (BoC) to start decreasing its policy interest rate in June of this year. Future policy rate decreases are expected now that inflation rates are within the BoC target range. Consequently, lower borrowing rates are anticipated to stimulate new mortgage lending activity, and increase mortgage growth.
- With borrowers expecting interest rates to fall in the coming years, there is less incentive to lock in for the full five-year term. Since March 2023, borrowers have opted for fixed-term mortgage rates for durations ranging from three years to less than five years. In July 2024, these mortgages accounted for over half ($24.3B out of $43.7B) of all newly extended mortgages by chartered banks. In contrast, five-year fixed-rate mortgages were less popular, making up only 12% of newly extended mortgages in July 2024. The minimal difference in rates between fixed-rate mortgages of three to five years and the standard five-year, fixed-rate mortgages helps explain this borrowing pattern. On average, the rates differed by no more than 0.1% in the first seven months of 2024.[2]
- The share of newly extended mortgages with a variable interest rate fell to 9% in July, down from 20% earlier in the year (figure 1). This decline occurred as the premium on variable rates increased continuously in the first half of 2024. This indicates that lenders are foreseeing additional rate cuts by the Bank of Canada in the coming year.

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

[2] Source: Statistics Canada. Table 10-10-0006-01 Funds advanced, outstanding balances, and interest rates for new and existing lending, Bank of Canada.

Figure 1: Short-term, fixed rate mortgages (less than five years) are increasing in popularity among borrowers, signalling their anticipation of the mortgage rate outlook
Share of newly extended mortgages by interest rate type and term length

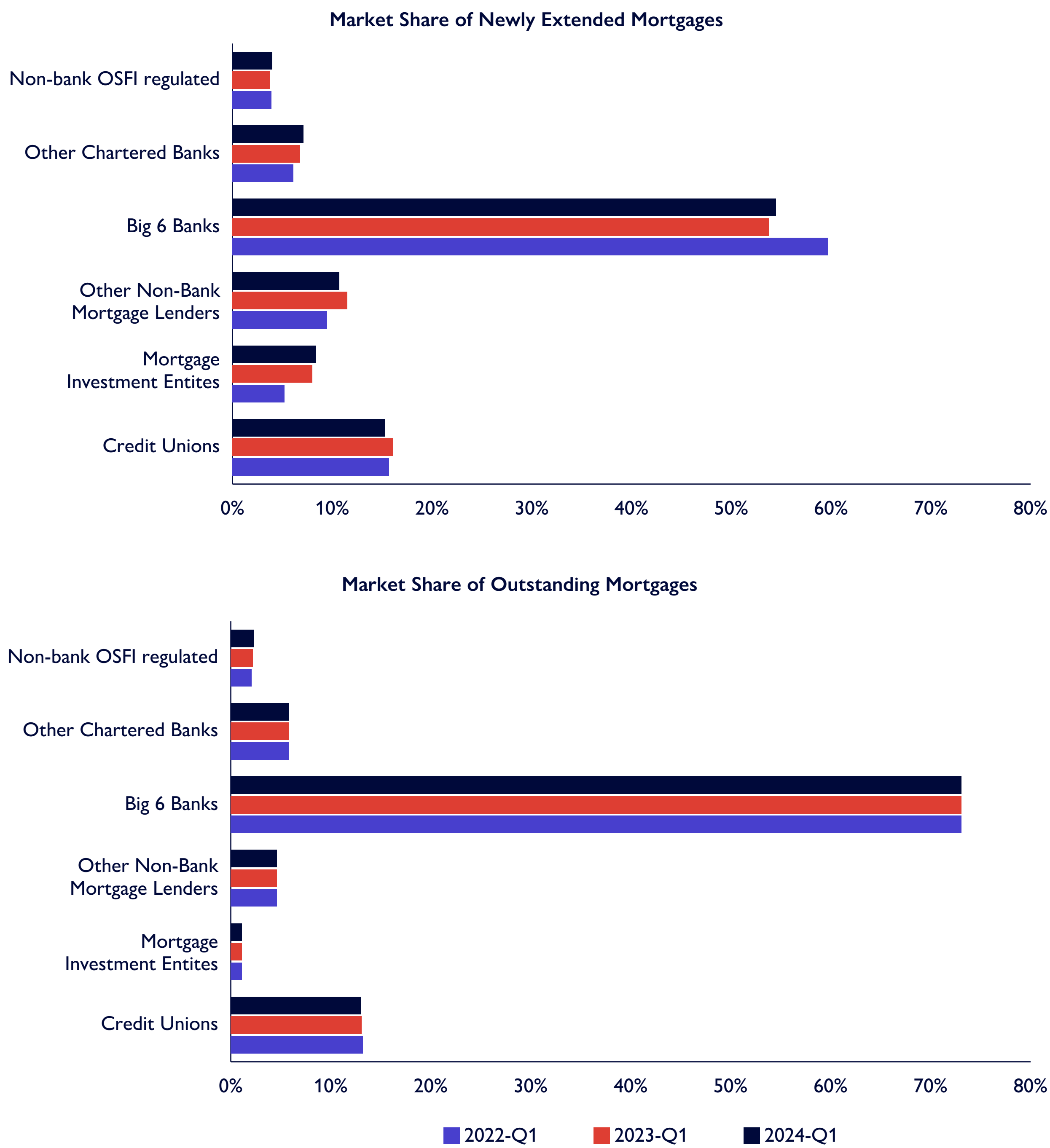


Source: Statistics Canada. Table 10-10-0006-01 Funds advanced, outstanding balances, and interest rates for new and existing lending, Bank of Canada; CMHC calculations.

- In the first quarter of 2024 the market share of newly extended mortgages registered little change year-over-year in the mix of mortgage provided (figure 2). The share of all six-lender segment varied by less than a percentage point compared to the first quarter of 2023. The market share of outstanding mortgages has also remained constant over the same period. The Big 6 banks held a market share of nearly three out of every four mortgages in Canada (73.1%), while their share of newly extended mortgages was 54.5% in the first quarter of the year. Recent regulatory changes removing the stress test on mortgage switches, increasing the cap on insurable properties and allowing longer amortizations for insured loans may alter this stability in 2025.

Figure 2: Market shares remain consistent from a year ago for both newly extended mortgages and outstanding mortgages

Share of newly extended mortgages and outstanding mortgages by lender type



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

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Risks and Vulnerabilities to the Housing Finance System

Mortgage delinquency rates continue to increase with indications for further increases in 2025; however, these increases are off historic lows experienced during the pandemic. Also, high household debt and renewals at higher interest rates remain concerns for the Canadian economy.

- The mortgage delinquency rate continued to climb in the first quarter of 2024 (0.188%), but it only grew slightly in the second quarter (0.192%). This is an increase from a record low of 0.14% reached in 2022 and 0.17% at the end of 2023. However, it remains well below the 0.28% rate pre-pandemic (2019), see figure 3. See the Housing Finance Research at a Glance section, where we discuss banks' allowance for expected credit losses as a forward-looking approach to mortgage delinquencies.
- Auto loans recorded a significant increase in delinquency rate in the second quarter of the year, reaching 2.42%. This follows a year and a half of comparative stability (fluctuating between 2.02% and 2.11% from the fourth quarter of 2022 and the first quarter of 2024). Credit cards and lines of credit also recorded increases in their delinquency rate between the end of 2023 and the end of June, increasing from 1.56% to 1.70% and from 0.72% to 0.84%, respectively. For more information and data visit Mortgage and Consumer Credit Trends Data Tables.[3] Credit card and auto delinquencies can be leading indicators of mortgage delinquency rates, so these patterns suggest that mortgage delinquency will continue to increase into 2025.
- Outstanding mortgage debt was 3.5% higher year-over-year in July, meaning it continued to grow faster than inflation and, thus, grow in real terms.[4] Higher costs of living and increasing debt-servicing costs have significantly affected households' budgets over the past year. In this context, the already elevated high household debt creates considerable vulnerability. See Exploring the Impacts of Household Debt on Canada's Economy.[5]
- A large number of mortgages will come up for renewal in 2025 and 2026, with 1.2 million and 980,000 fixed-rate mortgages up for renewal, respectively. Most of these will experience higher interest rates than when their term began: 85% of fixed-rate mortgages up for renewal in 2025 were contracted when the Bank of Canada rate was at or below 1%. Therefore, at least 1.05 million mortgage consumers face a renewal in 2025 at significantly higher interest rates. See Impact of Interest Rates and Housing Affordability.[6]
- For credit unions, mortgage finance companies, insurance companies and trusts, the delinquency rate increased on both insured and uninsured mortgages in the first quarter of 2024 – from 0.16% in the fourth quarter of 2023 to 0.17% in the first quarter of 2024 for insured, and from 0.12% to 0.13% for uninsured (see table 1). Overall, 74% of newly extended mortgages are uninsured.

[3] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/mortgage-and-debt/mortgage-consumer-credit-trends-cmas

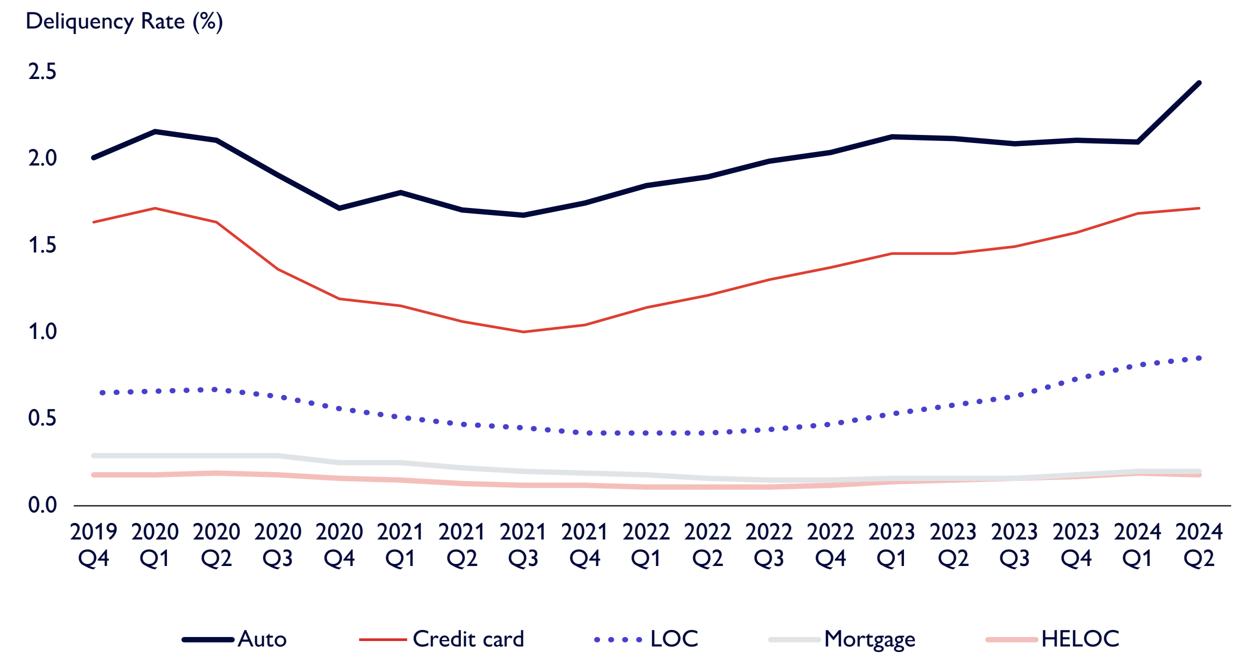
[4] Source: Statistics Canada. Table 36-10-0639-01 Credit liabilities of households (x 1,000,000).

[5] https://www.cmhc-schl.gc.ca/blog/2023/risks-canadas-economy-remain-high-household-debt-levels-continue-grow

[6] https://www.cmhc-schl.gc.ca/blog/2023/rising-rates-homeowners-greatest-shocks-lie-ahead

Figure 3: Delinquency rates increasing for all credit products

Delinquency rate by credit product



Source: Equifax Canada, CMHC Calculations.

Table 1: The uninsured delinquency rate has increased 30% year-over-year for credit unions, mortgage finance companies, trusts and insurance companies

Delinquency rates (90 days+) for credit unions, mortgage finance companies, trusts and insurance companies

Quarter	Insured Delinquency Rate	Uninsured Delinquency Rate
2023Q1	0.16%	0.10%
2023Q2	0.12%	0.09%
2023Q3	0.15%	0.11%
2023Q4	0.16%	0.12%
2024Q1	0.17%	0.13%

Source: Survey of Non-Bank Mortgage Lenders, CMHC Calculations.

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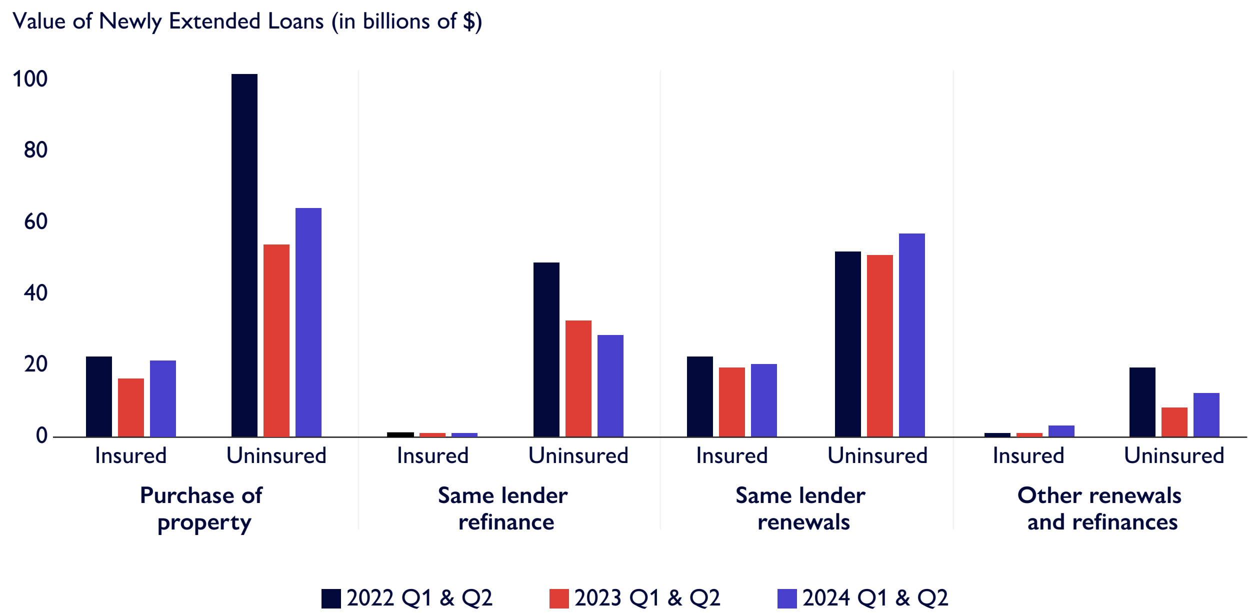
Traditional Lending Segment

The traditional lending segment saw an increase in mortgages for the purchase of property for the first time since 2021 and renewals continued to increase. Chartered banks' risk was the tale of two quarters in the first half of 2024 as they had higher risk lending in the first quarter, but lower risk lending in the second quarter.

- Chartered banks saw more mortgage lending activity in the first half of 2024 compared to the first half of 2023 as mortgages for the purchase of property increased for the first time since 2021 and renewals continued to increase (see figure 4). More property sales and higher prices in the first quarter drove the increase in mortgages for the purchase of property; however, both sales and prices were down year-over-year in the second quarter.[7]

The falling interest rates have also made it easier for borrowers switching lenders to meet the stress test since the lower interest rates reduce the income needed to pass the stress test, and this trend may increase as the stress test will no longer apply to switches. The shorter mortgage terms discussed in The Big Picture also explain the increasing renewals.

Figure 4: Mortgages for the purchase of property increased for the first time since 2021
Dollar value of newly extended mortgages during the first two quarters of the year



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

[7] September 16 2024 News Release | CREA Statistics (https://stats.crea.ca/en-CA/)

- Chartered banks' lending standards was a tale of two strikingly different quarters in the first half of 2024. In the first quarter, the share of new mortgages with high loan-to-value (LTV) ratios (above 75%) was the highest in a first quarter since 2021, the share with a high total debt service (TDS) ratio was the highest since the second quarter 2023, and the share with long amortizations (over 25 years) was the highest on record. This represents higher risk lending.
- By contrast, in the second quarter the share of high LTV ratio loans was the lowest in a second quarter since 2019, the share of high TDS ratio loans was the lowest since the second quarter of 2021, and the share of long amortization loans was the lowest since the third quarter of 2022. This represents lower risk lending. This may have been a contributing factor to the fewer sales and lower prices experienced in the second quarter.
- The trend toward uninsured mortgages continued. Across chartered banks, 74% of outstanding residential mortgages were uninsured in the first half of 2024, much more than in the first half of 2015 when only 45% of mortgages were uninsured. This exposes lenders to potential losses in the event of default. Recently announced policy changes increasing the cap on mortgage insurance to properties valued at $1.5 million from $1 million may impact this trend in the coming years.

Table 2: Chartered banks' risk metrics volatile in the first half of 2024
Share of newly extended mortgages during the quarter

TDS Ratio	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Greater than 50%	12.7%	13.6%	14.0%	12.6%	14.6%	16.6%	16.1%	15.5%	13.4%	14.4%	15.2%	12.3%
40% to 50%	41.7%	41.9%	43.8%	45.9%	46.3%	46.5%	46.3%	45.5%	46.7%	47.3%	45.5%	46.4%
Less than 40%	45.6%	44.5%	42.1%	41.5%	39.1%	36.9%	37.6%	39.0%	39.9%	38.3%	39.3%	41.3%

Amortization	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
25 years or less	43.8%	42.8%	38.1%	37.4%	41.4%	39.7%	37.4%	36.5%	37.7%	37.3%	35.9%	40.0%
Over 25 years	56.2%	57.2%	61.9%	62.6%	58.6%	60.3%	62.6%	63.5%	62.3%	62.7%	64.1%	60.0%

LTV Ratio	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Less than 65%	38.3%	39.7%	40.7%	39.0%	39.7%	40.3%	40.6%	39.4%	41.3%	41.4%	39.2%	41.3%
Between 65% and 75%	17.3%	16.8%	16.8%	17.0%	16.5%	16.2%	16.5%	16.3%	16.4%	16.7%	17.0%	16.7%
Greater than 75%	44.4%	43.5%	42.6%	44.0%	43.8%	43.5%	42.9%	44.3%	42.4%	41.9%	43.8%	42.0%

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

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Alternative Lending Segment

Growth in mortgage lending by the largest alternative lenders is once again outpacing national mortgage credit growth in the first half of the year. However, their risk profile is increasing, driven by higher delinquency and foreclosure rates, and fewer first-lien mortgages.

- The assets under management of the top 25 mortgage investment corporations (MICs) in Canada increased by 4.9% year-over-year in the second quarter of 2024. This outpaced the growth in national residential mortgage debt (+3.5%) during the same period, marking a change in trend after four consecutive quarters of slower growth. Note that in The Big Picture, market share data is not available for the second quarter at time of publication.
- In the second quarter of 2024 the risk profile for alternative lenders expanded, highlighted by a year-over-year increase in defaults and foreclosures within single-family segment. First lien mortgages also decreased, thereby heightening MICs vulnerability to amplified losses in the event of foreclosure.[8] The higher risk profile was also driven by increased LTV ratios compared to a year ago, although these have stabilized over recent quarters. These concerns were partly alleviated by a quarter-over-quarter drop in foreclosures in the multi-family segment, although foreclosure rates remain elevated for both segments compared to a year ago.

Table 3: Insights into mortgage investment corporations indicate an uptick in their risk profile due to higher delinquency rates and foreclosures, as well as a lower share of first lien mortgages
Summary statistics of the top 25 mortgage investment corporations

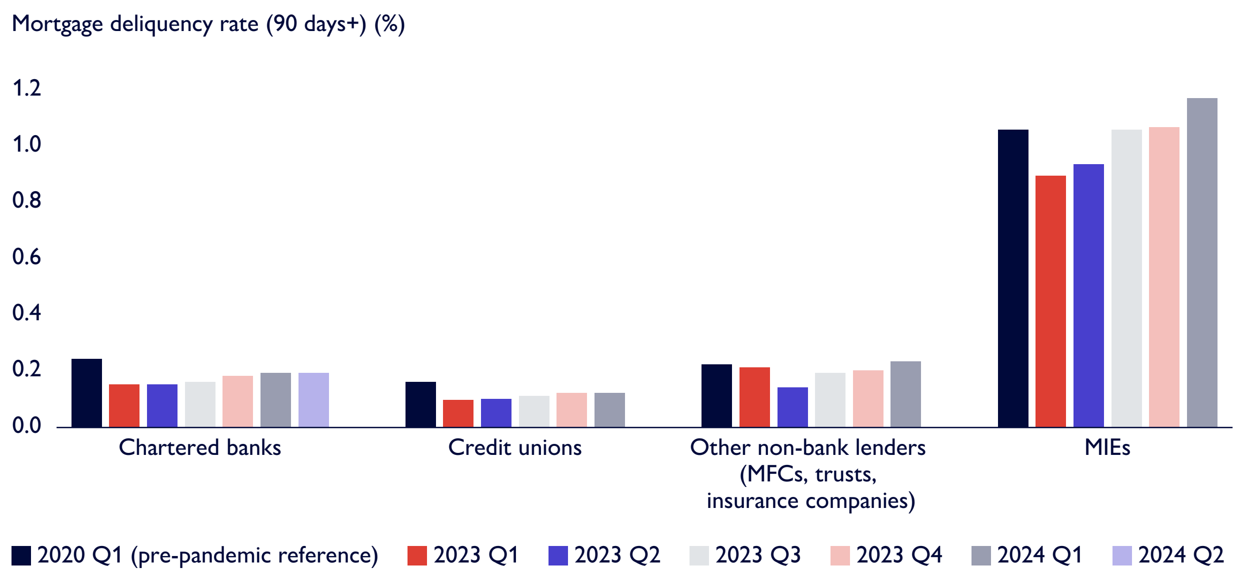
	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1 -2024	Q2-2024
Assets under management (AUM) in M$ of top 25 MICs	10,427	10,564	10,196	10,287	10,207	10,475	10,691
Average lending rate to single family	8.3%	8.6%	8.9%	9.5%	10.4%	10.5%	10.5%
Average share of first mortgages — Single-family	80.1%	79.2%	75.5%	75.5%	74.8%	74.4%	73.8%
Average loan-to-value (LTV) ratio — Single-family	58.0%	58.0%	55.9%	57.6%	57.9%	57.9%	57.8%
Debt-to-capital — Single-family	23.0%	21.8%	21.7%	21.7%	22.7%	22.8%	21.7%
Delinquency of 60 days or more — Single-Family	1.7%	2.4%	2.7%	2.7%	4.7%	4.8%	5.0%
Foreclosure rate — Single-family	1.3%	1.4%	1.4%	1.5%	3.8%	3.6%	3.5%

[8] Lenders holding first-lien mortgages have first priority on the collateral if the borrower was to face financial strain to the point where foreclosure on the property would occur.

Geographical distribution	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1 -2024	Q2-2024
British Columbia	41.2%	40.8%	40.4%	40.5%	39.5%	39.7%	39.4%
Alberta	5.9%	5.9%	6.3%	6.4%	6.8%	7.1%	7.2%
Ontario	44.9%	45.6%	46.3%	46.6%	48.1%	49.1%	49.0%
Quebec	5.0%	6.3%	5.4%	4.8%	3.9%	2.0%	2.1%
Others	3.0%	1.5%	1.7%	1.7%	1.8%	2.1%	2.3%

Sources: Mortgage Investment Corporations (MIC) Survey, Fundamentals Research Corp.
Note: Due to a change in methodology for calculating averages implemented in this edition, the numbers presented in this report cannot be directly compared to those in previous editions.

Figure 5: Mortgages in arrears (delinquent for 90 or more days) increased for all lender types
Mortgage delinquency rates (90 days+) by lender type



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

- Delinquency rates have increased for all lender types, with the unregulated segment experiencing the most significant rise compared to the first quarter of 2023. MIEs' delinquency rates have surpassed pre-pandemic levels in the first quarter of 2024, while other non-bank lenders have reached it. Meanwhile, delinquency rates remain low for chartered banks and credit unions.

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Housing Finance Research-at-a-Glance

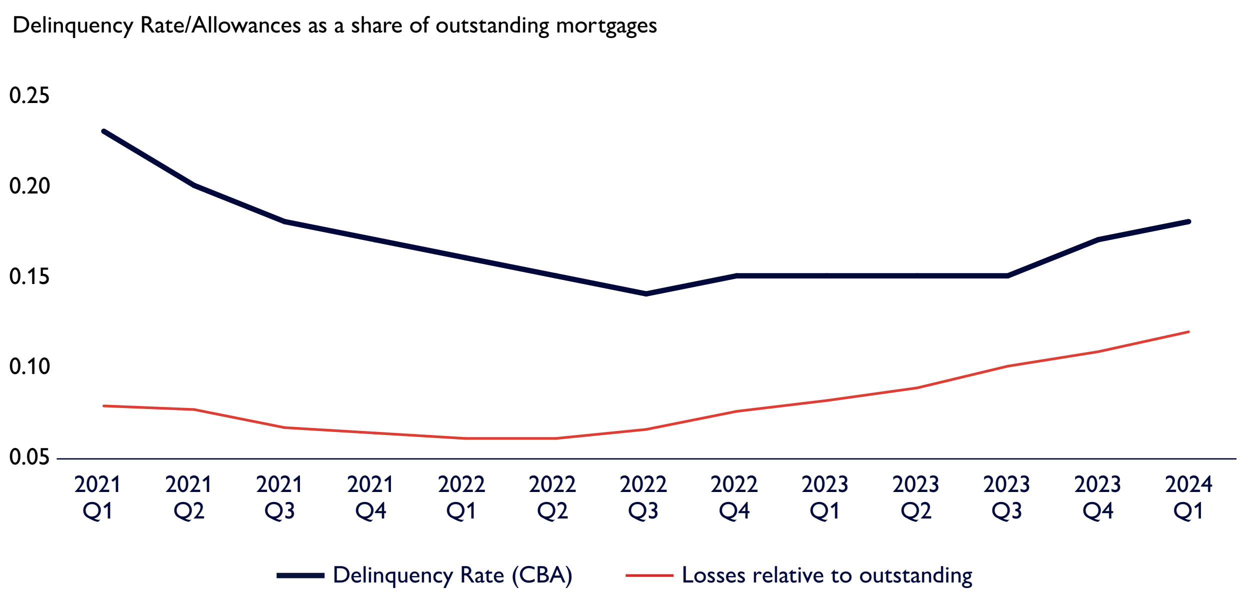
This section explores selected trends that tend to have a long-term impact on the residential mortgage industry. As these trends evolve over time, they should be further explored by both policy makers and the financial industry to understand the potential consequences from a financial stability perspective.

A. Allowances for expected credit losses on the rise

In the Spring edition of this report, we noted that the mortgage delinquency rate has begun to increase. To gain an understanding of the potential future direction of delinquencies, examining allowances for expected credit losses can provide good insight into how chartered banks expect their mortgage portfolio to perform. Allowances for expected credit losses are provisions set aside to cover potential future loan defaults.

As a percentage of outstanding mortgages, allowances for expected credit losses have been increasing since the second quarter of 2022, while the delinquency rate at chartered banks was relatively stable until the third quarter of 2023.[9] This suggests a five-month lag between when banks increase their allowances, and we see increased delinquency rates. Allowances for expected credit losses have nearly doubled since the second quarter of 2022 (from 0.06% to 0.12%). If delinquency rates followed the same trend, we would expect them to reach 0.27% in the fourth quarter of 2024. This would be slightly higher than the 0.24% delinquency rate just before the onset of the pandemic.

Figure 6: Homeowner allowances for expected credit losses relative to CBA Delinquency Rate
Allowances for expected credit losses (value) and mortgage delinquency (number of loans) as a share of outstanding value and number of outstanding mortgages, respectively

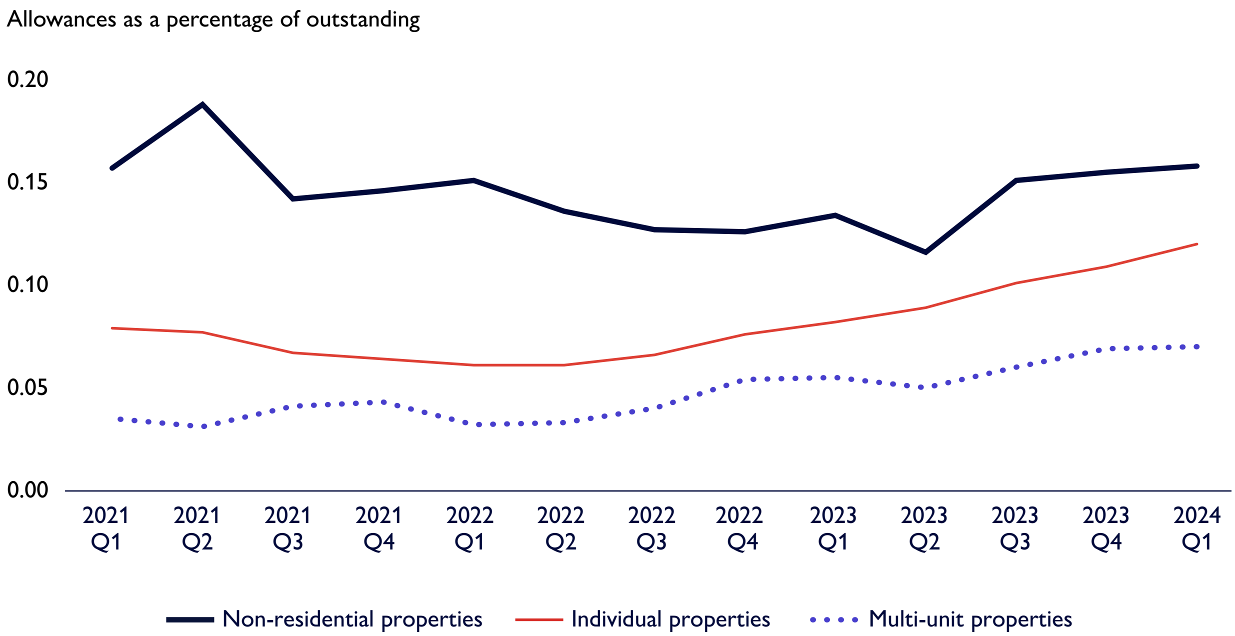


Source: CMHC residential mortgage data reporting of NHA MBS issuers and Canadian Bankers Association, CMHC Calculations.

9 There was a change to IRFS 9 (for expected credit losses) that took effect on Jan 1, 2022. However, there were no significant change in Q1 (only the increase starting in Q2) and major banks do not attribute the increases to IFRS 9 changes in their annual reports. Common explanations include higher delinquency rates, credit downgrades and portfolio growth.

When comparing the allowances for expected credit losses between loans to homeowners, for multi-unit residential properties and for non-residential properties, we can see that residential properties perform better than non-residential properties. However, non-residential property allowances have been more consistent since 2021 with multi-unit allowances and homeowner allowances increasing since 2021 and 2022, respectively. Despite starting to increase later, individual property allowances are increasing at a faster rate than multi-unit property allowances.

Figure 7: Allowances for expected credit losses by mortgage type
Allowances as a percentage of outstanding by property type



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

B. More mortgages going toward investment properties

Over the past few years, we have seen increasing conversation around the role of investors in Canada's housing market. According to Statistics Canada, investors owned between 20.2% of properties (in Ontario) and 31.5% of properties (in Nova Scotia) in 2020 for the provinces for which they have data.[10] Many investors will still require a mortgage to make such a purchase. As such, we can look at the share of mortgages being used to purchase investment properties to understand the scope of investors in the housing market. Lenders, investors, and policymakers can use this information to make informed decisions regarding underwriting, portfolio management, and designing effective policies.

Based on chartered banks' regulatory filings, the most common reason for a mortgage loan is to obtain an owner-occupied property. However, that share has been decreasing since 2019. In the third quarter of 2019, 75% of newly extended mortgages were for owner-occupied properties. In the third quarter of 2023, that share had fallen to only 70% of mortgages. There are many factors that could be contributing to this change including worsening affordability, tightening lending standards, and higher interest rates. These factors all impact potential owner-occupants ability to get approved for a mortgage more than investors, who are likely to be in a stronger financial position.

Canadian real estate has been widely viewed as a lucrative and stable investment class by domestic and international investors because of strong market fundamentals, population growth, and government and banking culture.[11] Further, the rise in rental demand is also supporting investment in rental units. Therefore, it will not be a surprise that the decrease in mortgages for owner-occupied properties has been replaced by increased mortgages for investment/rental properties (as determined by the banks), which reached 17% in the third quarter of 2023.[12] This is an increase from the third quarter of 2019, when only 13% of newly extended mortgage were for this property type.

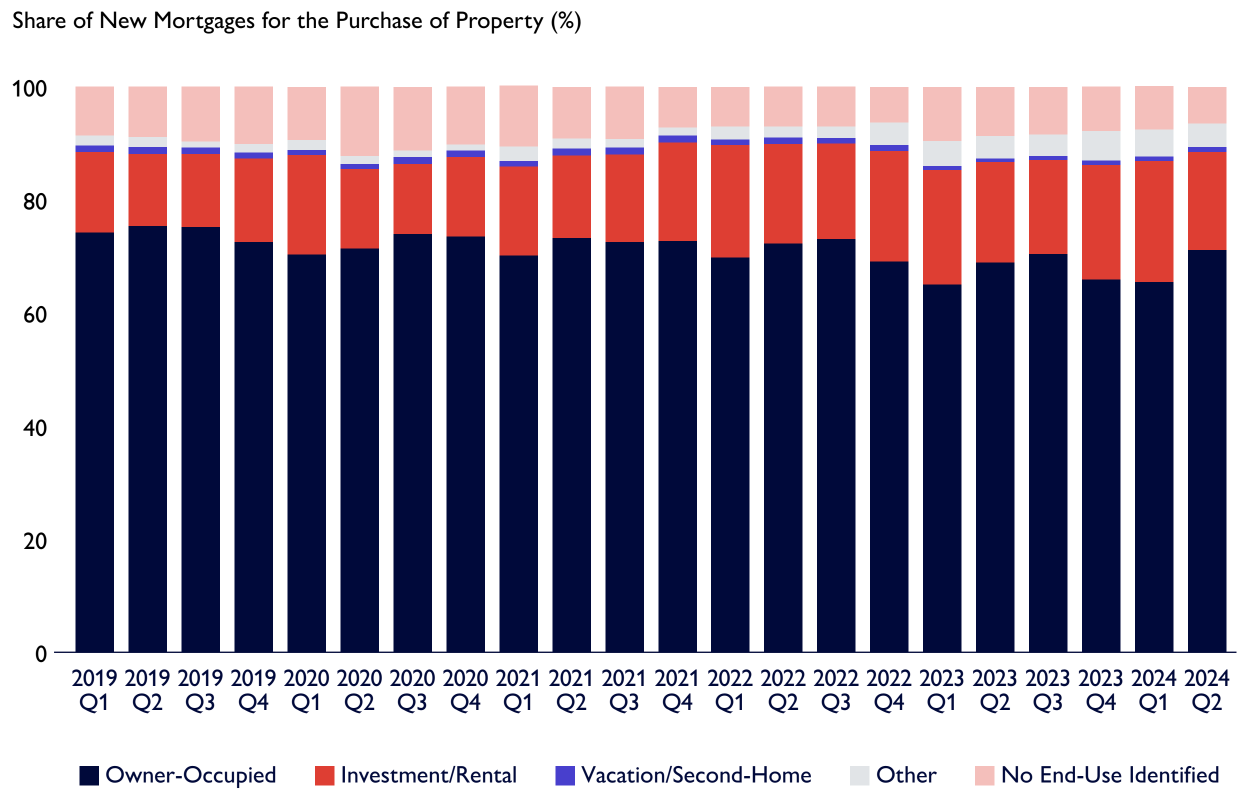
Finally, the share of new mortgages for the purchase of a vacation/second-home peaked in 2021 at just 1.29%. In the first quarter of 2024, that had fallen to 0.78% of newly extended mortgages, which is below the 2019-2024 average of 1.00%.

[10] Residential real estate investors and investment properties in 2020 (statcan.gc.ca)

[11] https://rsmcanada.com/insights/industries/real-estate/international-investors-see-growing-opportunity-in-canadian-real-estate.html

[12] This includes all mortgages for the purchase of a property that will not be occupied by the owner, including both single and multi unit properties.

Figure 8: Share of mortgages for owner-occupied decreasing as investment/rental property increases
Share of newly extended mortgages at Federally Regulated Financial Institutions by property type



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

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Glossary

Amortization

The gradual reduction of a debt by equal periodic payments, enough to pay current interest and repay the principal at maturity.

Chartered banks

A depository institution chartered under the Bank Act, excluding federal credit unions (note this is different than in the Residential Mortgage Industry Data Dashboard, which included federal credit unions). The Office of the Superintendent of Financial Institutions (OSFI) regulates and supervises all chartered banks.

Credit union

A depository institution that has a "cooperative" business model, meaning it is owned by its members and every member has an equal vote. Incorporation and regulation of credit unions is primarily at the provincial and territorial level in Canada. Federally regulated credit unions are included in this lender type for the purposes of this report (note, this is different than the Residential Mortgage Industry Data Dashboard where they are included as chartered banks).

Federally regulated financial institution (FRFI)

The term federal financial institution means (a) a bank, (b) a body corporate to which the Trust and Loans Companies Act applies, (c) an association to which the Cooperative Credit Associations Act applies, or (d) an insurance company or a fraternal benefit society incorporated or formed under the Insurance Companies Act. The Office of the Superintendent of Financial Institutions (OSFI) regulates and supervises all federally financial institutions.

Loan-to-value (LTV) ratio

The loan-to-value (LTV) ratio corresponds to the original balance of the mortgage loan divided by the original value of the property. The result indicates whether it is a high ratio (above 80%) or low ratio mortgage. By law, borrowers must purchase mortgage loan (default) insurance on high ratio mortgages. If there is a default on the part of the borrower, the insurance allows for certain losses to be paid back to the lender. Not all lenders offer high ratio mortgages. While not required by law, lenders can require mortgage loan insurance on low ratio mortgages under special conditions.

Mortgage default insurance

Mortgage default insurance, commonly referred to as mortgage insurance or mortgage loan insurance, protects the lender in the event of default on the part of the borrower. This type of insurance is required by the federal government for high ratio mortgages (down payment of less than 20%). The mortgage default insurance premium payable by the borrower is based on the amount of the mortgage loan and the size of the downpayment. The premium can be paid in a single lump sum or it can be added to the mortgage loan and included in the monthly payments.

Mortgage finance corporation (MFC)

A non-bank mortgage lender type that only offers mortgage loan products (i.e., they are non-depository) and are usually only accessible via brokerages.

Mortgage investment entity (MIE)

A non-bank mortgage lender type that generally provides short term loans with higher interest rates to borrowers who don't qualify with traditional lenders. Mortgage investment entities include mortgage investment corporations and other private lenders.

Newly extended mortgages

Mortgage loans that have been initiated (extended for the purchase of property, refinance, or renewal) in the reporting period. Also known as mortgage flow and mortgage originations.

Outstanding mortgages

Mortgage loans that have a balance outstanding at the end of the reporting period. Also known as mortgage stock.

Refinances

Refinances are newly extended mortgages that lengthen the amortization period and/or increase the principal amount of the initial mortgage.

Renewals

Renewals are newly extended mortgages that maintain or shorten the amortization period without increasing the financial principal amount.

Stress test

The stress test, introduced in January 2018 under OSFI's B-20 Guideline, requires borrowers with uninsured mortgages to qualify at the higher of the Bank of Canada's five-year benchmark rate or their mortgage rate plus 2%. A similar stress test was required for insured loans beginning in 2016.

Total debt service (TDS) ratio

The total debt service (TDS) ratio is the percentage of the borrower's gross income that will be used for payments of housing-related expenses (principal, interest, property taxes, heating costs, etc.) and other debt obligations, such as car payments or payments on other loans. To calculate the TDS ratio, the sum of all annual housing-related expenses and other debt obligations must be divided by the annual gross income and the multiplied by 100. The TDS ratio is only one of the factors considered in the loan underwriting process.

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Alternative text and data for figures

Figure 1: Short-term, fixed rate mortgages (less than five years) are increasing in popularity among borrowers, signalling their anticipation of the mortgage rate outlook

Share of newly extended mortgages by interest rate type and term length

Components	Share of fixed 5-year, and more	Share 3 ≤ fixed < 5	Share 1 ≤ fixed < 3	Share of fixed, less than 1 year	Share variable
Jan 2020	46%	27%	15%	6%	7%
Feb 2020	45%	26%	16%	5%	8%
Mar 2020	45%	23%	12%	6%	15%
Apr 2020	43%	19%	11%	5%	24%
May 2020	42%	18%	11%	4%	25%
Jun 2020	45%	17%	10%	4%	24%
Jul 2020	45%	16%	9%	4%	26%
Aug 2020	47%	15%	9%	4%	26%
Sep 2020	49%	16%	8%	3%	24%
Oct 2020	49%	17%	7%	3%	23%
Nov 2020	47%	19%	7%	3%	23%
Dec 2020	44%	22%	7%	3%	24%
Jan 2021	39%	26%	7%	3%	25%
Feb 2021	40%	25%	6%	2%	26%
Mar 2021	42%	22%	6%	2%	28%
Apr 2021	35%	19%	7%	2%	37%
May 2021	31%	17%	7%	3%	43%
Jun 2021	30%	15%	7%	2%	46%
Jul 2021	23%	15%	8%	3%	51%
Aug 2021	20%	14%	8%	3%	55%
Sep 2021	20%	14%	9%	3%	55%
Oct 2021	22%	12%	8%	3%	54%
Nov 2021	24%	12%	8%	3%	53%
Dec 2021	23%	11%	9%	3%	55%
Jan 2022	21%	10%	9%	3%	57%
Feb 2022	21%	12%	9%	2%	56%
Mar 2022	20%	12%	9%	2%	56%
Apr 2022	22%	11%	10%	3%	54%
May 2022	23%	12%	11%	3%	52%
Jun 2022	22%	13%	12%	3%	50%
Jul 2022	21%	13%	14%	3%	48%
Aug 2022	18%	14%	19%	4%	45%
Sep 2022	16%	17%	23%	5%	39%

(Continued)

Components	Share of fixed 5-year, and more	Share 3 ≤ fixed < 5	Share 1 ≤ fixed < 3	Share of fixed, less than 1 year	Share variable
Oct 2022	16%	22%	28%	5%	29%
Nov 2022	16%	26%	31%	4%	23%
Dec 2022	14%	26%	34%	5%	22%
Jan 2023	13%	28%	36%	6%	17%
Feb 2023	14%	33%	36%	6%	11%
Mar 2023	13%	38%	34%	6%	9%
Apr 2023	12%	41%	33%	6%	8%
May 2023	12%	45%	29%	6%	7%
Jun 2023	12%	52%	25%	6%	6%
Jul 2023	15%	53%	22%	5%	5%
Aug 2023	17%	51%	21%	5%	6%
Sep 2023	18%	45%	23%	6%	8%
Oct 2023	17%	40%	25%	7%	11%
Nov 2023	16%	37%	24%	7%	16%
Dec 2023	14%	33%	25%	8%	20%
Jan 2024	12%	33%	27%	8%	20%
Feb 2024	12%	39%	26%	7%	15%
Mar 2024	12%	44%	24%	7%	12%
Apr 2024	12%	51%	21%	7%	9%
May 2024	12%	55%	18%	7%	8%
Jun 2024	12%	55%	17%	8%	9%
Jul 2024	12%	56%	16%	8%	9%

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.

Figure 2: Market share remains consistent from a year ago for both newly extended mortgages and outstanding mortgages
Share of newly extended mortgages and outstanding mortgages by lender type

Market Share of Newly Extended Mortgages

Extended	2022-Q1	2023-Q1	2024-Q1
Credit Unions	15.7%	16.1%	15.3%
Mortgage Investment Entites	5.2%	8.0%	8.4%
Other Non-Bank Mortgage Lenders	9.5%	11.5%	10.7%
Big 6 Banks	59.7%	53.8%	54.5%
Other Chartered Banks	6.1%	6.8%	7.1%
Non-bank OSFI regulated	3.9%	3.8%	4.0%

Market Share of Outstanding Mortgages

Outstanding	2022-Q1	2023-Q1	2024-Q1
Credit Unions	13.2%	13.1%	13.0%
Mortgage Investment Entites	1.1%	1.1%	1.1%
Other Non-Bank Mortgage Lenders	4.6%	4.6%	4.6%
Big 6 Banks	73.1%	73.1%	73.1%
Other Chartered Banks	5.8%	5.8%	5.8%
Non-bank OSFI regulated	2.1%	2.2%	2.3%

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

Figure 3: Delinquency rates increasing for all credit products

Delinquency rate by credit product

Quarter	Mortgage	HELOC	Credit card	Auto	LOC
2019 Q4	0.28%	0.17%	1.62%	1.99%	0.64%
2020 Q1	0.28%	0.17%	1.70%	2.14%	0.65%
2020 Q2	0.28%	0.18%	1.62%	2.09%	0.66%
2020 Q3	0.28%	0.17%	1.35%	1.89%	0.62%
2020 Q4	0.24%	0.15%	1.18%	1.70%	0.55%
2021 Q1	0.24%	0.14%	1.14%	1.79%	0.50%
2021 Q2	0.21%	0.12%	1.05%	1.69%	0.46%
2021 Q3	0.19%	0.11%	0.99%	1.66%	0.44%
2021 Q4	0.18%	0.11%	1.03%	1.73%	0.41%
2022 Q1	0.17%	0.10%	1.13%	1.83%	0.41%
2022 Q2	0.15%	0.10%	1.20%	1.88%	0.41%
2022 Q3	0.14%	0.10%	1.29%	1.97%	0.43%
2022 Q4	0.14%	0.11%	1.36%	2.02%	0.46%
2023 Q1	0.15%	0.13%	1.44%	2.11%	0.52%
2023 Q2	0.15%	0.14%	1.44%	2.10%	0.57%
2023 Q3	0.15%	0.15%	1.48%	2.07%	0.62%
2023 Q4	0.17%	0.16%	1.56%	2.09%	0.72%
2024 Q1	0.19%	0.18%	1.67%	2.08%	0.80%
2024 Q2	0.19%	0.17%	1.70%	2.42%	0.84%

Source: Equifax Canada, CMHC Calculations.

Figure 4: Mortgages for the purchase of property increased for the first time since 2021
Dollar value of newly extended mortgages during the first two quarters of the year

		2022 Q1 & Q2	2023 Q1 & Q2	2024 Q1 & Q2
Purchase of property	Insured	22	16	21
	Uninsured	100	53	63
Same lender Refinance	Insured	1	1	1
	Uninsured	48	32	28
Same lender Renewals	Insured	22	19	20
	Uninsured	51	50	56
Other renewals and refinances	Insured	1	1	3
	Uninsured	19	8	12

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

Figure 5: Mortgages in arrears (delinquent for 90 or more days) increased for all lender types
Mortgage delinquency rates (90 days+) by lender type

Quarter	Chartered banks	Credit unions	Other non-bank lenders (MFCs, trusts, insurance companies)	MIEs
2020 Q1	0.24%	0.16%	0.22%	1.04%
2023Q1	0.15%	0.10%	0.21%	0.88%
2023Q2	0.15%	0.10%	0.14%	0.92%
2023Q3	0.16%	0.11%	0.19%	1.04%
2023Q4	0.18%	0.12%	0.20%	1.05%
2024Q1	0.19%	0.12%	0.23%	1.15%
2024Q2	0.19%	-	-	-

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

Figure 6: Homeowner allowances for expected credit losses relative to CBA Delinquency Rate
Allowances for expected credit losses (value) and mortgage delinquency (number of loans) as a share of outstanding value and number of outstanding mortgages, respectively

Quarter	Losses relative to outstanding	Delinquency Rate (CBA)
2021 Q1	0.08%	0.23%
2021 Q2	0.08%	0.20%
2021 Q3	0.07%	0.18%
2021 Q4	0.06%	0.17%
2022 Q1	0.06%	0.16%
2022 Q2	0.06%	0.15%
2022 Q3	0.07%	0.14%
2022 Q4	0.07%	0.15%
2023 Q1	0.08%	0.15%
2023 Q2	0.09%	0.15%
2023 Q3	0.10%	0.15%
2023 Q4	0.11%	0.17%
2024 Q1	0.12%	0.18%

Source: CMHC residential mortgage data reporting of NHA MBS issuers and Canadian Bankers Association, CMHC Calculations.

Figure 7: Allowances for expected credit losses by mortgage type
Allowances as a percentage of outstanding by property type

Quarter	Non-residential properties	Individual properties	Multi-unit properties
2021 Q1	0.16%	0.08%	0.03%
2021 Q2	0.19%	0.08%	0.03%
2021 Q3	0.14%	0.07%	0.04%
2021 Q4	0.15%	0.06%	0.04%
2022 Q1	0.15%	0.06%	0.03%
2022 Q2	0.13%	0.06%	0.03%
2022 Q3	0.13%	0.07%	0.04%
2022 Q4	0.13%	0.07%	0.05%
2023 Q1	0.13%	0.08%	0.05%
2023 Q2	0.11%	0.09%	0.05%
2023 Q3	0.15%	0.10%	0.06%
2023 Q4	0.15%	0.11%	0.07%
2024 Q1	0.16%	0.12%	0.07%

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

Figure 8: Share of mortgages for owner-occupied decreasing as investment/rental property increases
Share of newly extended mortgages at Federally Regulated Financial Institutions by property type

Quarter	Owner-Occupied	Investment/ Rental	Vacation/ Second-Home	Other	No End-Use Identified
2019Q1	74%	14%	1.12%	2%	9%
2019Q2	75%	13%	1.20%	2%	9%
2019Q3	75%	13%	1.15%	1%	10%
2019Q4	73%	15%	1.09%	1%	10%
2020Q1	70%	17%	0.94%	2%	9%
2020Q2	71%	14%	0.93%	1%	12%
2020Q3	74%	12%	1.22%	1%	11%
2020Q4	73%	14%	1.21%	1%	10%
2021Q1	70%	16%	0.99%	3%	11%
2021Q2	73%	15%	1.23%	2%	9%
2021Q3	73%	15%	1.29%	2%	9%
2021Q4	73%	17%	1.24%	1%	7%
2022Q1	70%	20%	1.03%	2%	7%
2022Q2	72%	18%	1.16%	2%	7%
2022Q3	73%	17%	1.01%	2%	7%
2022Q4	69%	20%	1.02%	4%	6%
2023Q1	65%	20%	0.74%	5%	10%
2023Q2	69%	18%	0.71%	4%	9%
2023Q3	70%	17%	0.71%	4%	8%
2023Q4	66%	20%	0.82%	5%	8%
2024Q1	65%	21%	0.78%	5%	8%
2024Q2	71%	17%	0.91%	4%	7%

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