

THE STATE OF
HOMEBUYING IN CANADA

2023 CMHC Mortgage Consumer Survey



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Canada



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2023 Mortgage Consumer Survey Overview



Every year, Canada Mortgage and Housing Corporation (CMHC) carries out an in-depth survey of mortgage consumers across the country. The goal is to better understand their thoughts, attitudes and behaviours regarding homeownership and the process of obtaining a mortgage. The findings are then brought together to create the **CMHC Mortgage Consumer Survey**.

CMHC and Léger Marketing Inc. surveyed 4,014 mortgage consumers across Canada between January 9 and January 30, 2023. This includes respondents from across the country, surveyed in both English and French.

Requirements for participating homeowners included:

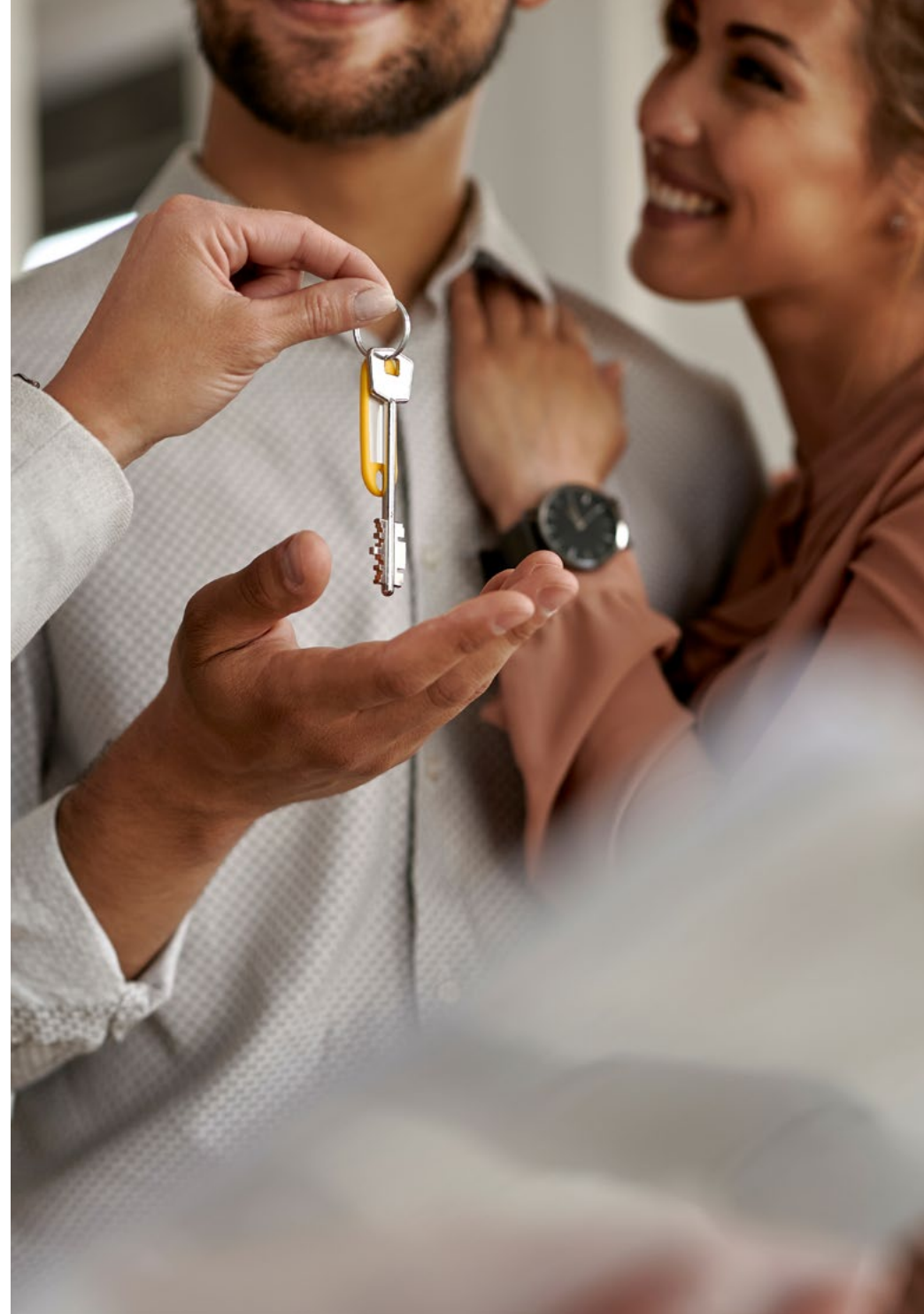
- respondent is the prime decision-maker in their household
- had undertaken a mortgage transaction in the **past 18 months**

This document highlights the main findings of the 2023 **CMHC Mortgage Consumer Survey**. It offers key insights into the current state of homebuying, homeownership and mortgage lending in Canada.

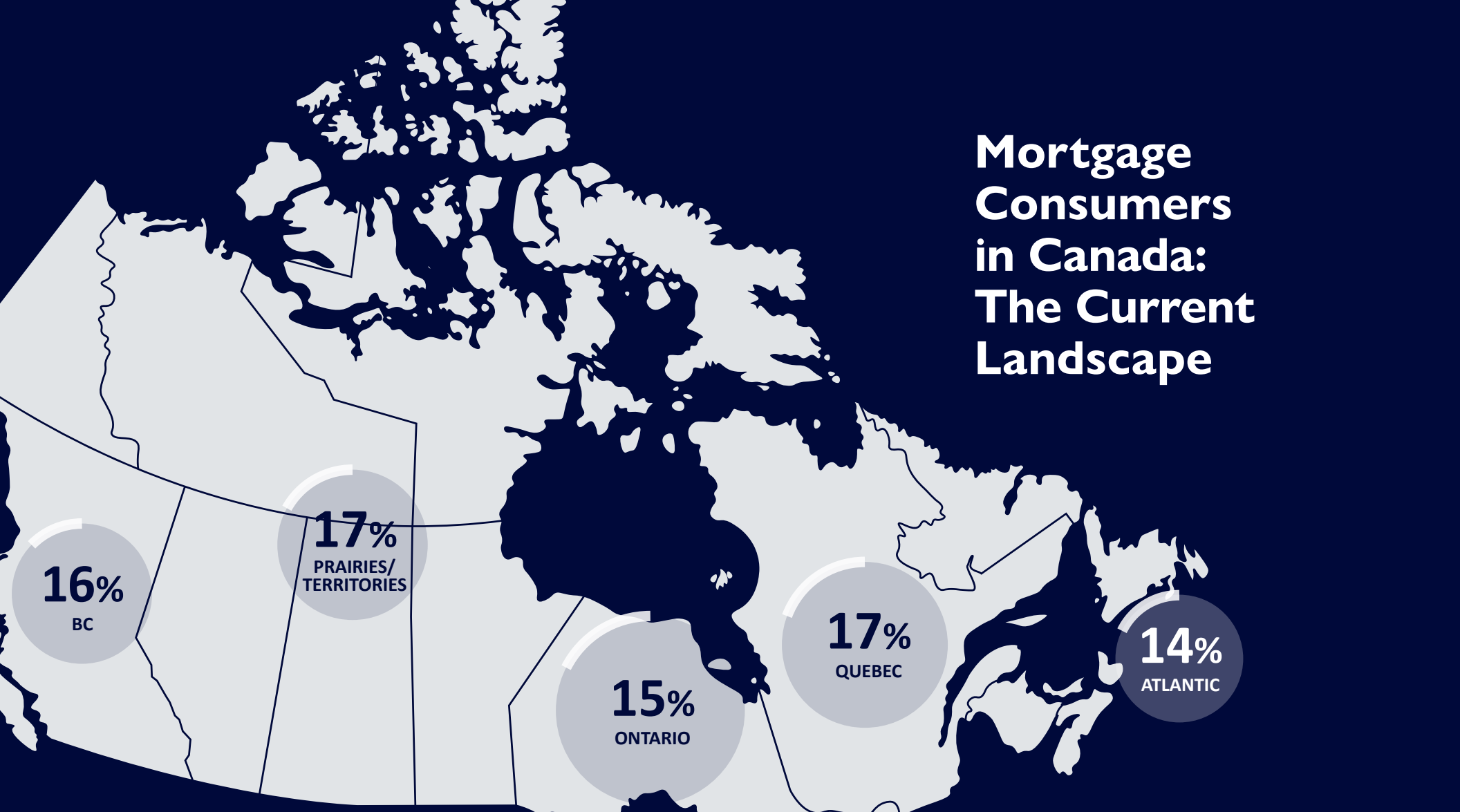
The numbers presented in this report have been rounded out and their sum in graphs and tables (based on real numbers before rounding) might not correspond to the manual addition of the rounded numbers.

5 Key Takeaways for 2023

- 1.** The market has experienced **notable changes** since 2022, which was an exceptional year. Overall, survey results are reminiscent of those seen in 2021.
- 2.** The current economic context and the rise of interest rates has had a **significant negative impact** on many consumers' financial situation. A significant proportion of mortgage consumers are struggling to make ends meet and fulfill their debt obligations, especially those aged under 35. This context is also affecting respondents' general mood and how they evaluate their experience with their mortgage buying process.
- 3.** A general **increase of price sensitivity** is observed in 2023. Renovation intent among homeowners is also impacted: people want to renovate, but later and with a smaller budget than previous years.
- 4. Access to property can be particularly challenging** for people in Canada, especially younger consumers, and first-time buyers. This may explain why gift money is so important among this group to put towards a down payment.
- 5.** Mortgage consumers need **guidance and support** (especially first-time buyers). They are seeking more online and offline information than before. While online resources remain critical, especially to reach a younger crowd, human interactions with professionals should not be neglected, especially at key moments in the client's journey (e.g., learning the impact of interest rates on mortgage payments, discussions about future unexpected costs, follow-up contact).



Mortgage Consumers in Canada: The Current Landscape



The numbers presented in this report have been rounded out and their sum in graphs and tables (based on real numbers before rounding) might not correspond to the manual addition of the rounded numbers.

16% of people in Canada contracted a mortgage in the last 18 months
4% are homebuyers & **13%** are renewers or refinancers

Survey results show that Canadian mortgage transaction rates over an 18-month period have decreased compared to the same time range in 2022 (-36%).

The data shows that the proportion of homebuyers in Canada has increased, while that of refinancers has decreased. Among the provinces, Quebec appears to be the real estate market where significantly more mortgages were contracted (17%). On the other hand, the rate of new mortgage consumers in the past 18 months is lower in Ontario (15%) and Atlantic (14%) markets.

	Total	Atlantic	Quebec	Ontario	Prairies/ Territories	British Columbia
Mortgage consumers: past 18 months	16%	14%	17%	15%	17%	16%
Homebuyers	4%	3%	4%	3%	4%	4%
First-time buyers	2%	1%	2%	2%	2%	2%
Repeat buyers	2%	2%	2%	1%	2%	2%
Non-Buyers	13%	11%	13%	12%	13%	13%
Renewers	9%	8%	10%	9%	10%	10%
Refinancers	3%	3%	3%	3%	3%	3%

Mortgage Consumer Survey: Buyer Profiles

23% of respondents are homebuyers. This proportion of buyers has increased since 2022 for both first-time buyers and repeat buyers (+7 pts).

First-time buyers represent **12%** of the market. They are consumers who bought their first home as they were financially ready to do so. These buyers are experiencing the real estate market for the first time.

Repeat buyers represent **10%** of the market. They are existing mortgage consumers who bought a new home. They are more confident with the real estate market due to their lived experience.

Conversely, **the proportion of refiners is lower this year (19%, -6 pts)** but could possibly be explained by the rising interest rates. Among the provinces, Ontario has the largest share of refiners.

23% HOMEBUYERS

New or existing mortgage consumers who just bought a new home.

19% REFINANCERS

Consumers who decided to refinance their current mortgage, most of them to consolidate debts or to undertake renovation projects.

58% RENEWERS

Consumers who renewed their current mortgage with a broker or a financial institution (lender).





The Last 5 Years in Trends: How Mortgage Consumers Are Feeling

Looking back at the past 5 years, a comparison of consumers' thoughts and feelings shows that 2023 is the year where perceptions are at their lowest. This includes confidence in the mortgage purchasing process, as well as perceived benefits of homeownership. Respondents also have less confidence in their ability to make future mortgage payments.

Analysis of the results shows that consumers who took on their mortgage after the rise of interest rates are more pessimistic about the process and their investment, compared those who contracted their mortgage earlier. However, in comparison to last year's survey responses, those who contracted their mortgage before April 2022 (the start of the rise of rates) are still seemingly less positive.

	2019	2021	2022	2023
I believe the value of my house will increase in the next 12 months.	71%	75%	84%	55%
I am confident I got the best mortgage deal for my needs.	77%	78%	86%	70%
Generally, I am comfortable with my current level of mortgage debt.	79%	77%	84%	66%
I am confident that I will be able to make my future mortgage payments.	87%	84%	90%	78%
I believe that homeownership is a good long-term financial investment.	87%	85%	91%	81%

Impact in Numbers: Rising Interest Rates

50% of respondents said that their financial situation was impacted by the rise in mortgage interest rates. This jumps to 74% when including those who anticipate being impacted soon. Negative impacts of rising interest rates are more prevalent among refinancers and respondents in Ontario and BC.

Rising Interest Rates and the Homebuying Process

- 31% of homebuyers changed their buying timeline due to the rise (for 26%, the purchase was sooner than expected, while 5% postponed their purchase).
- 46% of respondents said they must adjust their household budget.
 - 24% said that they have difficulty maintaining certain debt payments such as credit card (14%) and mortgage payments (10%).
 - Ontario residents, first-time buyers and respondents aged 35-44 are the 3 groups reported to be struggling the most to maintain their mortgage payments.
 - Half of them (23%) are not confident that their household will be able to manage the situation.

74%

of mortgage consumers are impacted or anticipate being impacted by the rise of mortgage interest rates

Consumers were first made aware of the rise in multiple ways, here are the top 3:



- Informed by their lender: 29%
- Informed by their broker: 23% (for those who used one)
- Noticed payment was higher than usual: 23%

Debt consolidation

became the top reason for refinancing existing mortgage

49%

of mortgage consumers impacted face difficulty maintaining certain debt payments, including mortgage payments

46%

of mortgage consumers must adjust their household budget due to mortgage payment increases



The Homebuying Process

Answers to the survey show that entering the housing market can be particularly challenging right now. This is especially true for younger people in Canada, who tend to identify most as first-time homebuyers.

Making a down payment

Savings outside of an RRSP, equity and a **gift** are the main sources of down payments. 27% of homebuyers received a gift, a proportion that rises to 43% among those aged 18-24 and 25% among those aged 25-44. More than a third of them (37%) said they would not have been able to purchase without this gift.

Uncertainty and unexpected costs

Compared to 2022, buyers have encountered more uncertainty during their homebuying process, **especially 25-34-year-olds and first-time buyers** who potentially have less experience with the process. Uncertainty is mostly related to financial elements such as: feeling like they are paying too much, rising interest rates, living with post-homebuying costs, and the loss of value of their property in the future.

Unexpected housing costs rank 3rd in nature of the concerns (49%). However, fewer homebuyers said that they discussed this with their mortgage professional (63% in 2022 vs. 51% in 2023). Overall, **35% reported experiencing unexpected costs**.



37% of buyers who received a **gift** would not have been able to purchase a home that meets their needs without a monetary gift



61% of buyers had **concerns** or felt **uncertainty** during the homebuying process



35% of buyers reported experiencing **unexpected costs** during the homebuying process

The Homebuying Process – The Broker Experience

In 2023, **43% of respondents** used a mortgage broker. This is **lower** than 2022 (51%). The proportion is significantly higher among Ontario and BC residents, 18-44-year-olds, first-time buyers, and refinancers.

In 2023, the overall satisfaction with the mortgage broker experience **decreased**.

- **Overall satisfaction:** 86% in 2022 to 71% in 2023.
- **Likelihood to recommend services:** 85% in 2022 to 66% in 2023.
- **Likelihood to use current broker to arrange a future mortgage transaction:** 83% in 2022 to 65% in 2023.

A combination of factors that might explain the decline:

- **mortgage offers:** The average number of mortgage offers presented by brokers has dropped significantly (3.2 in 2022 vs. 2.7 2023).
- **perks:** Fewer consumers were offered complementary financial products this year by their mortgage broker (64% in 2022 vs. 34% in 2023).
- **follow-up contact:** Nearly a quarter of respondents mentioned that they learned about the rise of interest rates by seeing the increase directly on their mortgage payments. Fewer mortgage consumers were contacted by their broker following their recent transaction (71% in 2022 vs. 49% in 2023). Results show that consumers who had follow-up contact with their broker in relation to rising rates and market changes were significantly more satisfied than those who did not.
- **economy and perception:** The economic and market conditions could also be a contributor in the lower satisfaction rate. Consumers who contracted their mortgage before the rise of interest rates are significantly more satisfied with their overall experience with their broker.

PROFESSIONAL USED	SATISFACTION	FOLLOW-UP CONTACT
43% relied on a broker to manage their mortgage negotiations	71% were satisfied with their broker experience	49% were contacted by their broker following their most recent mortgage transaction



The Homebuying Process – The Lender Experience

In 2023, a higher proportion of mortgage consumers dealt directly with a lender without using the services of a broker (52% in 2023 vs. 46% in 2022). Atlantic and Quebec residents, those aged 55+ and renewers used a lender more often without dealing with a mortgage broker.

In 2023, the overall satisfaction with the lender experience **decreased**.

- **Overall satisfaction:** 88% in 2022 to 75% in 2023.
- **Likelihood to recommend:** 75% in 2022 to 60% in 2023.
- **Likelihood to use current lender to arrange a future mortgage transaction:** 81% in 2022 to 68% in 2023.

A combination of factors might explain the decline:

- the perceived added value of dealing directly with a lender seems to have experienced a slight decrease compared to 2022.
- nearly a quarter of respondents mentioned that they learned about the rise of interest rates by seeing the increase directly on their mortgage payments.
- fewer mortgage consumers were contacted by their lender following their recent transaction (29% in 2022 vs. 25% in 2023). Results show that consumers who had a follow-up contact with their lender were significantly more satisfied than those who did not.



Home Improvements and Renovations

Survey data shows that 45% of homeowners have renovated in the past 3 years, and 29% of those made energy efficient updates.

The proportion of renovators (no matter the reason) is significantly higher in Quebec, among younger consumers (18-34) and refinancers. This correlates to renovation being the main reason for refinancing.

When compared to 2022, respondents appear to be less likely to renovate in the next few years (77% in 2022 vs. 70% 2023). The average budget they are planning to allocate to renovations is lower.

The 3 main reasons (past or future) to renovate are to:

- customize the home to meet needs and preferences
- increase the value of the property
- make home more energy efficient

Greener Homes

59% of homebuyers state that energy efficiency was an important factor in their home purchasing decision. However, price remains, by far, the main deterrent to undertake energy efficient renovation projects. Homeowners who have completed energy efficient renovations on their home have spent an average of 61% (average value of \$13,185) of their overall renovation budget on these updates. For those who plan to do so, this average proportion reaches 65% (average value of \$12,653).

Nearly a quarter of those who have completed or are considering energy efficient updates have not researched programs or rebates that may be available to them. Moreover, 38% of all survey respondents are not aware that renovations can be added to their mortgage.

According to survey respondents, the overall satisfaction level among those who made energy efficient renovations in the past is very high. 92% report being satisfied.



59% of homebuyers state that energy efficiency was an important factor in their home purchasing decision



Energy efficient updates are the **3rd most popular** reason to renovate



Energy efficient updates represent approximately **60%** of renovation costs



92% are satisfied with the results of their energy efficient renovations

DEEPER DIVE: BREAKDOWN BY CONSUMER PROFILE

First-Time Homebuyers (12%)

PROFILE

- 25-34 y.o. (56%)
- \$60K-\$105K household income (37%)
- Employed (85%)
- Household with children (42%)
- Single detached home (55%)



MORTGAGE PROFILE

60% fixed rate, 30% variable rate,
5% combined fixed & variable rate

59% with mortgage loan insurance

58% Broker | 34% Lender

Satisfaction: 77% Broker | 74% Lender

ATTITUDES & BEHAVIOURS

“I believe that homeownership is a good long-term financial investment.” (80%)

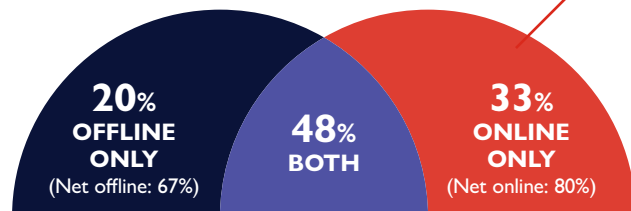
I am confident that I will be able to make my future mortgage payments. (77%)

I am confident I got the best mortgage deal for my needs. (69%)

Generally, I am comfortable with my current level of mortgage debt. (64%)

I believe the value of my house will increase in the next 12 months. (58%)

GATHERING INFORMATION ABOUT MORTGAGE OPTIONS AND FEATURES



Among those who researched **online**, 38% used social media:

- Facebook (19%)
- YouTube (17%)
- Instagram (10%)



RENOVATIONS

Renovations

PAST 3 YEARS (32%) NEXT 5 YEARS (69%)

Renovation costs

PAST 3 YEARS (\$17,707) NEXT 5 YEARS (\$18,919)

Percentage of the budget allocated for energy efficient improvements

PAST 3 YEARS (66%) NEXT 5 YEARS (61%)

Top 3 main reasons to renovate

(in the past 3 years | in the next 5 years)



1. Customize home to meet needs and preferences (62% | 69%)
2. Increase the value of the home (50% | 50%)
3. Make home more energy efficient (26% | 31%)

RISE OF INTEREST RATES

44% are already impacted

23% will soon be impacted



Among those already impacted, 53% have had **difficulties maintaining debt payments**

TOP 3:
Credit card (34%)
Mortgage payment (28%)
Auto loan (16%)

HOMEBUYING PROCESS

Top 3 most important factors when buying a home

1. Price/Affordability (69%)
2. Type of home (37%)
3. Condition of home (37%)

ACCESSIBILITY

Top 3 sources of down payment



1. Savings outside of an RRSP (61%)
2. Gift (37%)
3. Savings from within an RRSP (33%)

Among those who received a **gift**, 39% would not have been able to buy a home that meets their needs.

FIRST-TIME HOME BUYERS INCENTIVE PROGRAM

65% are aware

44% of those aware participated in the program



PROCESS



68% requested a home inspection



44% were involved in a bidding war



35% paid more than they had planned

UNCERTAINTY DURING THE HOMEBUYING PROCESS

65% had concerns or felt uncertainty about buying a home



Top 3 concerns:

1. Paying too much for their home (60%)
2. Unforeseen housing costs (54%)
3. Living with post homebuying costs (51%)

39% incurred unexpected costs

DEEPER DIVE: BREAKDOWN BY CONSUMER PROFILE

Repeat Buyers (10%)

PROFILE

- 35-44 y.o. (27%)
- \$60K-\$105K household income (33%)
- Employed (73%)
- Household with children (46%)
- Single detached home (70%)



MORTGAGE PROFILE

58% fixed rate, 37% variable rate, 2% combined fixed & variable rate

31% with mortgage loan insurance

44% Broker | 53% Lender

Satisfaction: 81% Broker | 74% Lender

ATTITUDES & BEHAVIOURS

“I believe that homeownership is a good long-term financial investment.” (85%)

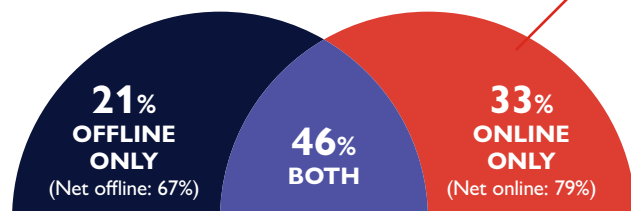
I am confident that I will be able to make my future mortgage payments. (79%)

I am confident I got the best mortgage deal for my needs. (70%)

Generally, I am comfortable with my current level of mortgage debt. (63%)

I believe the value of my house will increase in the next 12 months. (55%)

GATHERING INFORMATION ABOUT MORTGAGE OPTIONS AND FEATURES



Among those who researched **online**, 22% used social media:

- Facebook (11%)
- YouTube (7%)
- Instagram (5%)



RENOVATIONS

Renovations

PAST 3 YEARS (37%) NEXT 5 YEARS (59%)

Renovation costs

PAST 3 YEARS (\$25,528) NEXT 5 YEARS (\$24,823)

Percentage of the budget allocated for energy efficient improvements

PAST 3 YEARS (67%) NEXT 5 YEARS (61%)

Top 3 main reasons to renovate

(in the past 3 years | in the next 5 years)

1. Customize home to meet needs and preferences (69% | 75%)
2. Increase the value of the home (50% | 46%)
3. Make home more energy efficient (27% | 34%)



HOMEBUYING PROCESS

Top 3 most important factors when buying a home

1. Price/Affordability (63%)
2. Type of home (36%)
3. Type of neighborhood (36%)

ACCESSIBILITY

Top 3 sources of down payment



1. Equity from previous home (68%)
2. Savings outside of an RRSP (41%)
3. Gift (14%)

Among those who received a gift, 30% would not have been able to buy a home that meets their needs.

PROCESS



55% requested a home inspection



36% were involved in a bidding war



34% paid more than they had planned

UNCERTAINTY DURING THE HOMEBUYING PROCESS

55% had concerns or felt uncertainty about buying a home

Top 3 concerns:

1. Paying too much for their home (60%)
2. Concerns about interest rate increases (53%)
3. Searching/finding the right home (45%)

30% incurred unexpected costs

RISE OF INTEREST RATES

49% are already impacted

26% will soon be impacted



Among those already impacted, 38% have had difficulties maintaining debt payments

TOP 3:
Credit card (21%)
Mortgage payment (16%)
Unsecured line of credit (9%)



DEEPER DIVE: BREAKDOWN BY CONSUMER PROFILE

Renewers (58%)

PROFILE

- 35-44 y.o. (27%)
- \$60K-\$105K household income (36%)
- Employed (78%)
- Household with children (46%)
- Single detached home (72%)



MORTGAGE PROFILE

73% fixed rate, 21% variable rate, 4% combined fixed & variable rate

43% with mortgage loan insurance

38% Broker | 58% Lender

Satisfaction: 71% Broker | 76% Lender

ATTITUDES & BEHAVIOURS

“I believe that homeownership is a good long-term financial investment.” (81%)

I am confident that I will be able to make my future mortgage payments. (79%)

I am confident I got the best mortgage deal for my needs. (71%)

Generally, I am comfortable with my current level of mortgage debt. (68%)

I believe the value of my house will increase in the next 12 months. (54%)

RENOVATIONS

Renovations

PAST 3 YEARS (45%) | NEXT 5 YEARS (71%)

Renovations costs

PAST 3 YEARS (\$20,058) | NEXT 5 YEARS (\$19,258)

Percentage of the budget allocated for energy efficient improvements

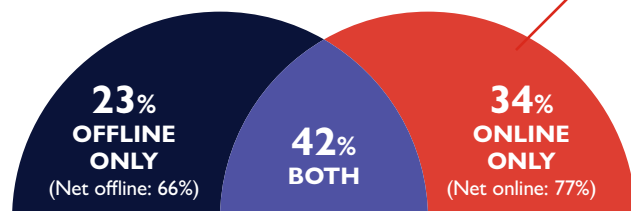
PAST 3 YEARS (61%) | NEXT 5 YEARS (67%)

Top 3 main reasons to renovate

(in the past 3 years | in the next 5 years)

1. Customize home to meet needs and preferences (52% | 53%)
2. Increase the value of the home (38% | 41%)
3. Make home more energy efficient (28% | 33%)

GATHERING INFORMATION ABOUT MORTGAGE OPTIONS AND FEATURES



Among those who researched **online**, 26% used social media:

- Facebook (12%)
- YouTube (13%)
- Instagram (7%)

RISE OF INTEREST RATES

49% are already impacted

23% will soon be impacted

Among those already impacted, 48% have had **difficulties maintaining debt payments**

TOP 3:

Credit card (30%), Mortgage payment (20%), Unsecured line of credit (12%)

DEEPER DIVE: BREAKDOWN BY CONSUMER PROFILE

Refinancers (19%)

PROFILE

- 35-44 y.o. (24%)
- \$60K-\$105K household income (32%)
- Employed (79%)
- Household with children (50%)
- Single detached home (66%)



MORTGAGE PROFILE

53% fixed rate, 38% variable rate, 7% combined fixed & variable rate

43% with mortgage loan insurance

48% Broker | 46% Lender

Satisfaction: 64% Broker | 73% Lender

ATTITUDES & BEHAVIOURS

“I believe that homeownership is a good long-term financial investment.” (79%)

I am confident that I will be able to make my future mortgage payments. (75%)

I am confident I got the best mortgage deal for my needs. (66%)

Generally, I am comfortable with my current level of mortgage debt. (61%)

I believe the value of my house will increase in the next 12 months. (55%)

Top 3 reasons to refinance

To fund home improvements/renovations (24%), to consolidate debts (24%) and to fund purchase of investment rental property/properties (8%)

RENOVATIONS

Renovations

PAST 3 YEARS (58%) | NEXT 5 YEARS (73%)

Renovation costs

PAST 3 YEARS (\$25,593) | NEXT 5 YEARS (\$24,286)

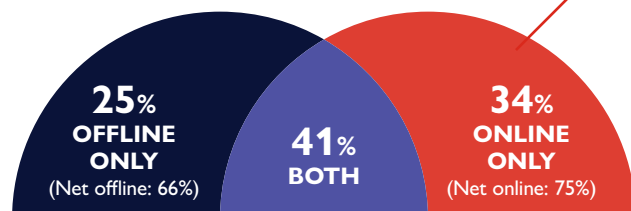
Percentage of the budget allocated for energy efficient improvements

PAST 3 YEARS (60%) | NEXT 5 YEARS (62%)

Top 3 main reasons to renovate (in the past 3 years | in the next 5 years)

1. Customize home to meet needs and preferences (49% | 50%)
2. Increase the value of the home (44% | 45%)
3. Make home more energy efficient (31% | 26%)

GATHERING INFORMATION ABOUT MORTGAGE OPTIONS AND FEATURES



Among those who researched **online**, 33% used social media:

- Facebook (15%)
- YouTube (14%)
- Instagram (10%)

RISE OF INTEREST RATES

57% are already impacted

26% will soon be impacted

Among those already impacted, 53% have had **difficulties maintaining debt payments**

TOP 3: Credit card (27%), Mortgage payment (23%), Auto loan & unsecured line of credit (9%)

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