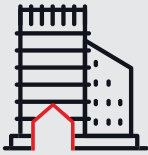


ANNUAL STATE OF THE RESIDENTIAL HOUSING MARKET IN CANADA

Data highlights from our year-end 2020 consumer report which explores consumer choices, attitudes, and expectations in the Canadian mortgage market in 2020. Reported is prepared by Chief Economist Will Dunning.



HOUSING MARKET

What Canadians Think

56%

display optimism in the economy.

83%

believe real estate to be a good investment.

78%

classify mortgages as good debt.

50%

think it's a good time buy a home in their community.

\$5.8 trillion

Estimated total value of owner-occupied primary residences in Canada.

\$1.59 trillion

Estimated associated finance (mortgages and HELOCs) on owner-occupied dwellings.

\$4.22 trillion

Estimated homeowner equity in Canada at the end of 2020.

Considerations affecting mortgage product choice (other than rate):

30%

Familiarity and comfort level with the lender.

28%

Payment schedule comfort.

23%

Advice of the mortgage professional

21%

Amortization periods

19%

Prepayment options




19%

Recommendation and advice from family or friend






MORTGAGE CHOICES

Amortization periods (as originally contracted at the time of purchase) have gradually lengthened over time.

-  2018-2021 purchase period: 21.5 years.
-  All purchase periods: 20.6 years.
-  25+ year amortization for 10% of all mortgage holders.

1/3 of mortgage holders made payments to shorten their amortization period in 2020.

-  Voluntary increases in scheduled payments amounted to \$5.2 billion (annualized).
-  Lump sum payments amounted to \$28 billion in 2020.
-  Lump sum payments made to repay mortgage in full totalled \$7 billion in 2020.

31%

of Canadians do not currently own a home.

10.01 million

Owner-occupied dwellings in Canada.



6.08 million

of these have mortgages



77%

fixed rate mortgages

18%

variable rate mortgages

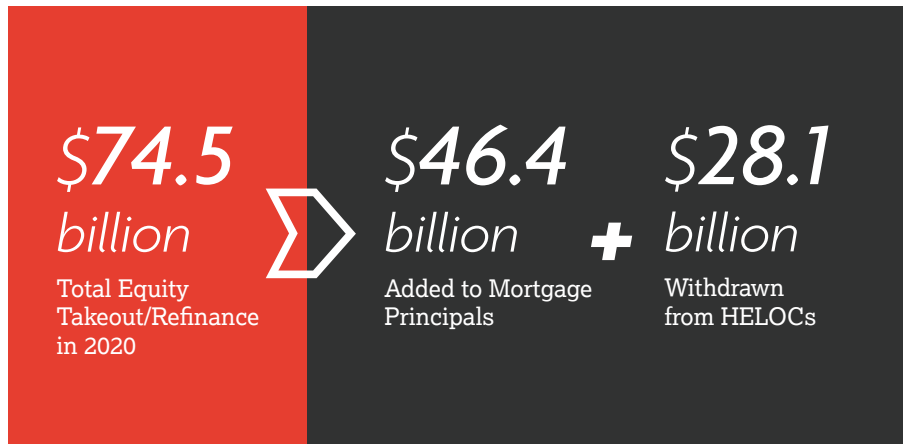
5%

combination



EQUITY TAKEOUT

7.7% of all homeowners (770,000 out of 10.01 million homeowners) took out equity from their homes within the past 12 months, by increasing their mortgage principal and/or borrowing via a HELOC, down from 8.6% in 2019.



Primary reasons for taking out equity:

25%

Debt consolidation or repayment.

24%

Investment purposes.

23%

Renovation and home repair.

19%

Purchases, including spending for education.

6%

“Other” purposes.

4%

Gift or lend money to a family member to purchase a home.

Consumer’s use of mortgage representatives when purchasing a new home in 2020:

54%

Canadian Bank Representative

40%

Mortgage Broker

3%

Credit Union Representative

3%

Life Insurance or Trust Company Representative

Broker customers are nearly 2.5x as likely as bank customers to rely on referrals.

72%

Mortgage Broker

30%

Bank

ROLE OF THE MORTGAGE BROKER



Broker customers remain significantly more likely than bank customers to work with their same mortgage professional again for their next mortgage.

85% Mortgage Broker

74% Mortgage Professional from the Bank or Credit Union

Looking at region, purchase type, and age range, broker share is highest among:

45% Albertans

41% First-Time Home Buyers

37% Millennials



RENTAL INCOME

1-in-10

owners rent, or plan to rent, an area of their home.

61%

are renting to enjoy the extra income, a rise from last year.

31%

of first-time buyers consider income generation to be an important purchase decision factor, in comparison to 18% of seasoned owners.

Income generation becomes less important with age. 29% of 18-34 year old’s felt it was important, vs. 12% for 55+.