

For Immediate Release

Canadians confront housing market with caution and confidence

Canadian Association of Accredited Mortgage Professionals releases annual Fall report on consumer perceptions and choices

November 18, 2008 (Toronto, ON) - Residential mortgage consumers remain remarkably positive as they weather the financial storm, according to a report released today by the Canadian Association of Accredited Mortgage Professionals (CAAMP). Attitudes towards local conditions have shifted only slightly with 38 per cent of Canadians believing now is a good time to purchase and 32 per cent believing it is a bad time. Mortgage arrears remain low and steady at .28 per cent and an overwhelming 84 per cent of home owners are satisfied with their mortgages. The information was gathered by Maritz from an online survey of over 2,000 Canadians in mid-October and analyzed in conjunction with CAAMP Chief Economist Will Dunning.

Canadians do expect housing prices to fall: 35 per cent, more than twice as many as last fall, now believe prices will drop; half of those surveyed gave a neutral answer while the number who thought prices would go up fell from 40 per cent to 20 per cent. Westerners, who have endured particularly hot housing markets, are most negative, and in British Columbia, 48 per cent of those surveyed said they expect prices to fall, far above the national average.

"As we confront these challenging times, borrowers foresee changes in their local housing markets, yet remain confident in a stable Canadian mortgage system," said Jim Murphy, AMP, President and CEO of CAAMP. "CAAMP anticipates mortgage credit growth to slow, but remain relatively strong, surpassing the \$1 trillion mark by 2010."

Despite the traumatic American mortgage fall out, Canada has managed to steer clear of deflated markets. The Canadian system is supported by low and steady interest rates, better underwriting processes, different products and normal re-sale activity levels. "Canada is a financially conservative country where consumers are able to meet the terms of their mortgages and buying decisions are based on affordability," said Dunning. "This contributes to a solid real estate market that will not experience the same drop off we see south of the border."

Housing equity positions are strong in Canada with a growing trend of re-financing mortgages. About one in five borrowers took out an increasing amount of cash from their mortgages, with the average draw rising 20 per cent to \$41,000 compared to last year. Fifty-six per cent of respondents said they used this money, which totals \$18.5 billion nationwide, for debt consolidation and repayment; 30 per cent of these funds went towards home repair and renovation.

New home buyers took advantage of alternative mortgage products - half of new mortgages taken out in the last year were for amortizations longer than the traditional 25 years, an increase of 13 per cent. Longer term amortizations now account for 16 per cent of all outstanding mortgages and six per cent are 40-year terms. The federal government has now introduced stricter regulations on insured mortgages. CAAMP's survey found Canadians had low awareness of the new regulations; however once explained, 60 per cent supported the changes.

The “Annual State of the Residential Mortgage Market in Canada” report contains a wealth of additional industry data, including regional breakdowns of survey responses, where Canadians obtain their mortgages, the role of job creation in fuelling Canada’s housing market, and additional insight into housing forecasts in Canada and the United States. For a full copy of the report, please visit: www.caamp.org.

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About CAAMP

Established in 1994, the Canadian Association of Accredited Mortgage Professionals (CAAMP) is Canada’s national mortgage industry association. CAAMP has assumed a leadership role in the industry it serves and has set the standard for best practices for Canada’s mortgage practitioners. In 2004, CAAMP created the Accredited Mortgage Professional (AMP) designation as part of an ongoing commitment to increasing the level of professionalism in Canada’s mortgage industry.

As a membership-based organization, CAAMP strives to develop its network of professionals and to represent the interests of these individuals to government, media and consumers. CAAMP has attracted over 12,000 members and 1,400 companies from across Canada – representing over 90% of Canada’s mortgage activity. CAAMP members make up the largest and most respected network of mortgage professionals in the country. CAAMP’s membership base consists of mortgage lenders, brokers, insurers and other industry participants.

CAAMP’s other primary role is that of consumer advocate. On an ongoing basis CAAMP aims to educate and inform the public about the mortgage industry. Through its extensive membership database, CAAMP provides consumers with access to a cross-country network of the industry’s most respected and ethical professionals. Consumers should visit www.mortgageconsumer.ca for more information.