



## ANNUAL STATE OF THE RESIDENTIAL MORTGAGE MARKET IN CANADA November 2008

### Significant Statistics

- During the past 15 years, residential mortgage credit has expanded at an average rate of 7.2 per cent per year, which is slightly faster than the 6.9 per cent growth rate for total household and business credit.
- More and more Canadians are going to mortgage brokers when shopping for mortgages. Forty per cent consulted a broker last year, up from 28 per cent, and 35 per cent of new mortgages were taken out through mortgage brokers.
- Average amount of equity in a home for Canadians is \$136,000 for those with mortgages. For those with no mortgage the total equity increases to \$280,000. For both groups combined, the average equity is \$195,000.
- Sixty-six per cent of mortgages are fixed, but there has been a pronounced shift towards variable rate and adjustable rate mortgages. The share for variable and adjustable rate mortgages has essentially doubled to 40 per cent this year compared to 21 per cent for those who negotiated their mortgage a year or more ago. This shift suggests that consumers may be expecting interest rate reductions.
- Fixed rate mortgages are most popular amongst 18-34 year-olds; seventy-three per cent of this age group secured fixed mortgages. Older age groups are slightly more likely to choose variable rate mortgages. Combination mortgages are chosen by small minorities within each age group.
- The average mortgage interest rate was 5.41 per cent, a reduction from 5.56 per cent. Borrowers who have renewed or refinanced their mortgages during the past year have seen the average interest rate drop by 0.4 per cent compared to rates prior to renewal.
- The survey also sheds light on the extent of mortgage rate discounting in Canada. Borrowers who have taken five-year, fixed rate mortgages during the past year have an average mortgage interest rate of 5.59 per cent. Typical advertised rates averaged 7.18 per cent over the same period, indicating these borrowers negotiated discounts averaging 1.59 per cent below advertised rates.