

# Canadians heed debt warnings and exhibit confidence in their ability to manage their mortgage: CAAMP

## Canadian Association of Accredited Mortgage Professionals releases *Annual State of the Residential Mortgage Market in Canada* report

**Toronto, ON (November 9, 2011)** – Canadians have heard the many cautions about carrying too much debt and are taking action to insulate themselves from future economic downturns, according to the seventh *Annual State of the Residential Mortgage Market* report by the Canadian Association of Accredited Mortgage Professionals (CAAMP), released today.

### Highlights:

- About one-third (32 per cent) of homeowners with mortgages had some mortgage activity in 2011, with 23 per cent renewing or refinancing their mortgage
- Fixed rate mortgages remain most popular (at 60 per cent), while 31 per cent have variable rate mortgages
- Among those who renewed their mortgage in the past 12 months, 78 percent saw a reduction in their rate
- Among those who renewed or refinanced their mortgages in the last year, 21 per cent changed lenders
- Levels of equity takeout have dropped in 2011 - only 10 per cent of mortgage holders took out equity in the last year, a 40 per cent drop from 2010

“Overall, our survey paints a picture of Canadians generally and homeowners in particular as very focused on their finances. They are planning ahead, aggressively paying down their mortgage in advance of any further economic jolt,” said Jim Murphy, AMP, President and CEO of CAAMP. “Prudent is the word that best sums up how Canadians are feeling at this time.”

### Canadians secure in their own positions; skeptical about others

The 2011 survey found an interesting contrast between individuals’ own debt levels and their feelings towards other Canadians’ financial positions. Forty-six per cent of respondents agreed that “as a whole, Canadians have too much debt” and many believe that “low interest rates have meant that a lot of Canadians, who probably should not have, became homeowners over the past few years.”

However, among those with a mortgage, most disagree with the statement “I regret taking on the size of mortgage I did” and a substantial number agree that mortgage debt is “good debt.” Canadians also agree overall that “real estate in Canada is a good long-term investment.”

And, despite being concerned about overall debt levels of Canadians, they believe that they personally have acted responsibly.

### Canadians could weather a potential storm

Canadians have insulated themselves by shopping for the best interest rates with the help of a mortgage broker whose market share has increased. Among those who renewed a mortgage in the past year, the number who switched lenders was up to 21 per cent in 2011. At the same time, three quarters of Canadians who renewed or refinanced their mortgage this year saw a decrease in their mortgage rates. For a five year fixed rate mortgage, the average discount has been 1.46 per cent during the past year. And fewer Canadians have taken out equity, down to 10 per cent in 2011.

By comparing rates with different mortgage lenders, aggressively paying down their mortgages, and decreasing the amount of equity they take out of their mortgages, most Canadians appear to be in a comfortable position to weather the economic challenges ahead. In fact, eighty-four

per cent of mortgage holders said they can handle an increase of \$200 per month in their mortgage payments, and 78 per cent have at least 25 per cent equity in their homes.

“Despite less than positive feelings towards the economy, or maybe because of that, Canadians are showing a level of prudence in their decisions that is inspiring,” said Murphy. “That suggests to us that there is no need for policy makers to introduce new measures that would reduce housing activity.”

The report is authored by CAAMP Chief Economist Will Dunning and based on information gathered by Maritz Research Canada in a survey of Canadian consumers conducted in October 2011.

The CAAMP survey report contains a wealth of industry information, including consumer choices and borrowing behavior, opinions on current “hot topics” related to housing and mortgages, regional breakdowns of responses, and an outlook on residential mortgage lending. For a copy of the report, please visit [www.caamp.org](http://www.caamp.org).

### **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 12,500 members and 1,700 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.

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