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Canadian mortgage borrowers exhibit confidence

Many Canadians are aggressively reducing their mortgages by making lump sum payments, increasing monthly payments and reducing amortization periods, revealing confidence and financial flexibility in a stable mortgage environment, according to a recent survey by the Canadian Association of Accredited Mortgage Professionals (CAAMP).

Survey Highlights

- 22 per cent of mortgage borrowers increased their payments during the past year; 18 per cent made a lump sum payment; 9 per cent did both and 27 per cent who renewed increased their payments;
- 66 per cent of all mortgage borrowers can tolerate a monthly mortgage increase of \$300 or more;
- The average down payment for a home purchased in the last 12 months was 30%, up from 26% for homes purchased two years ago;
- Among all borrowers, 63 per cent have fixed rate mortgages, 30 per cent have variable rate mortgages and 6 per cent have a combination of both (ie. mortgage and line of credit combined);
- For mortgages repaid in the last 20 years, one third were paid off early;
- On average, Canadian homeowners have \$222,000 in home equity, equal to 66 per cent of the value of their homes;
- Less than a quarter (22 per cent) of all borrowers have amortization periods longer than 25 years;
- 200,000 Canadian homeowners paid off their mortgages in the last 12 months;
- During the past year, 15 per cent of homeowners withdrew equity from their homes averaging \$30,000 each;
- Homeowners borrowed \$26 billion in additional equity from their homes. 36% of that was for home renovations, 28% for investments and 19% was for consolidation;
- Canadian appetite for home buying has returned to pre-recession levels. Almost 60 per cent of respondents thought that now was a good time to buy;
- Optimism is returning to the market with almost half (46 per cent) of those questioned saying that they expect prices to rise.

"Canadian homeowners have been careful over the years and their prudence in managing their debt responsibly has helped them weather the recession that was felt in many parts of the world," says **Feisal Panjwani**, Senior Mortgage Consultant with Invis - Feisal & Associates and CAAMP Director for BC and Yukon. "Borrowers have taken advantage of the recent low rates to pay down their debt and are now comfortable reaching into their equity to renovate their homes or to borrow to invest." Panjwani says that confidence has returned to the market.