

Canadians' appetite for mortgage credit expected to expand by 10% this year, followed by another 10% in 2006

Canadian Institute of Mortgage Brokers and Lenders releases report on Canada's residential mortgage market

TORONTO, Ontario, October 19, 2005 – Ninety per cent of Canadians are satisfied with the terms of their mortgages, according to a report released today by the Canadian Institute of Mortgage Brokers and Lenders (CIMBL). The information, gathered by Pollara in a phone survey in September and analyzed by Canadian housing analyst and economist Will Dunning, indicates that low interest rates are the primary reason for this satisfaction and low rates are expected to continue to fuel growth in the residential mortgage market.

"We are pleased and impressed that most Canadians say they are satisfied with the mortgage market," said Ron Swift, President of the Canadian Institute of Mortgage Brokers and Lenders. "As a result, we expect that Canadians will continue to borrow – whether they are taking out a new mortgage, or renewing or refinancing an existing mortgage. The residential mortgage market could expand by 10 or 11 per cent by the end of this year, to \$660 billion and by the end of 2006 we expect another 10 per cent growth for a year end figure of \$725 billion."

The mortgage credit market is a big component of the Canadian economy. In the second quarter of 2005 there was \$617 billion in outstanding residential mortgage credit in Canada. During the past 15 years, residential mortgage credit has expanded at a rate of 6.4 per cent, which is slightly faster than the growth rate of total household and business credit (5.8 per cent). Mortgage credit has also expanded more rapidly than the Canadian economy, which has grown at an average rate of 4.7 per cent per year over the past 15 years.

Yesterday, the Bank of Canada announced that it will raise its target for the overnight national interest rate by one-quarter of one percentage point to 3 per cent. CIMBL expects that this will not deter potential home buyers, but it may prompt some consumers to refinance their mortgages.

"The growth of the mortgage market is also due to the volume of new approvals which not only includes new mortgages, but also includes transfers between lenders as well as refinances of existing mortgages," said Swift. "The trend towards refinancing is rooted in the fact that Canadians have a choice and often this choice is provided by a mortgage professional that is able to shop around and find the best mortgage solution for his/her client."

According to the September survey, mortgage holders report that, on average, they consulted 1.92 mortgage professionals when they obtained their current mortgage. The types of lenders consulted most frequently, according to survey respondents, are major Canadian banks (74 per cent), credit unions (27 per cent) and mortgage brokers (25 per cent).

Among those who renewed or refinanced their mortgages in the past 12 months, 40 per cent increased the amount of the mortgage and 60 per cent did not. For those who increased their mortgages, the average increase is estimated at

Canadian Mortgage News - Canadians' appetite for mortgage credit expected to expand by 10% this year, ...
\$25,100.

Based on survey results and market analysis, CIMBL expects mortgage credit to continue its rapid expansion during 2006 and approvals of residential mortgages (including new mortgages, transfers between lenders and refinancing of existing mortgages) could rise from \$161 billion in 2004 to \$180 billion in 2005 and \$189 billion in 2006.

About CIMBL

Established in 1994, the Canadian Institute of Mortgage Brokers and Lenders (CIMBL) is Canada's only national association representing the Canadian mortgage industry. Prior to its inception, the mortgage industry was fragmented – with regional and provincial organizations representing various interest groups. CIMBL has since assumed a leadership role in the industry it serves and has set the standard for best practices in Canada's mortgage industry.

As a membership-based organization, CIMBL strives to develop its network of professionals and to represent the interests of these individuals to government, media and consumers. CIMBL has attracted over 7,800 members from across Canada – representing over 90% of Canada's mortgage activity. CIMBL members make up the largest and most respected network of mortgage professionals in the country. CIMBL's membership base consists of mortgage lenders, brokers, insurers and other industry participants.

CIMBL's other primary role is that of consumer advocate. On an ongoing basis CIMBL aims to educate and inform the public about the mortgage industry. Through its extensive membership database, CIMBL provides consumers with access to a cross-country network of the industry's most respected and ethical professionals.

In September 2005 POLLARA conducted a brief 4-question telephone survey with 2,524 Canadians and a more in-depth 13 minute survey with 1,076 residential mortgage holders across the country. A sample of 2,524 Canadians ensures an accuracy of + 1.9%, 19 times out of 20. A sample of 1,076 mortgage holders ensures an accuracy of + 3.0%, 19 times out of 20.

A copy of the survey is available at www.cimbl.ca

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