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Housing and Mortgage Market Trends in Canada

Prepared for:

**Canadian Association of
Accredited Mortgage Professionals**

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1.0 Introduction and Summary

This report on housing and mortgage market trends has been prepared for the Canadian Association of Accredited Mortgage Professionals (“CAAMP”) by Will Dunning, Chief Economist of CAAMP. Economic uncertainty in Canada is rising, in reaction to an evolving economic downturn in the United States. The Canadian housing and mortgage markets have been remarkably strong during this decade, and now there are rising concerns that the housing market may soon decelerate. This report reviews recent market data, as well as data from a consumer survey. It concludes that while Canadian housing activity and the growth rate for the mortgage market may slow during the balance of 2008 and into 2009, activity will remain quite robust.

Major sections of this report are:

- Introduction and Summary
- Consumers’ Expectations About Housing Markets
- Housing Market Trends and Outlook
- Mortgage Market Trends and Outlook

Data used in this report was obtained from various sources, including an online survey of 2,058 Canadians. About one-half of the sample were home owners with mortgages and the remainder were renters, home owners without mortgages, or others (including people who live with their families and are not responsible for mortgage payments or rents). The survey was conducted by Maritz (a national public opinion and market research firm) for CAAMP, during the first half of April 2008.

Consumers’ Expectations About Housing Markets

Consumers were asked several questions concerning their attitudes and expectations about their local housing markets, and were asked to provide their answers on a 10-point scale, where 1 is a very negative response and 10 is a very positive response.

Local Housing Market Conditions

When asked “is now a good time or a bad time to buy a new home in your community?” responses were neutral overall, but were quite mixed across the country. The average score given this fall was 5.52 out of 10. As can be seen in the table on the next page, this is in line with responses given in the three prior surveys; in fact, the current average rating is slightly higher than the 5.36 average in the three prior surveys. These responses suggest that the attitudes of consumers to their local housing markets have not been swayed by events in the United States or the increasing speculation that the Canadian economy will be negatively affected by a US downturn.

The most positive responses were given in eastern Canada, especially the Atlantic region, followed by Ontario and Quebec. In the spring 2008 survey, the average rating has dropped sharply in Saskatchewan – the average house price in Saskatchewan has climbed by about one-half in the past year and the sharp deterioration in affordability has

obviously affected attitudes. In Alberta, by contrast, consumers' ratings had previously been the lowest in the country, which was also a reaction to very rapid house price growth. A combination of a slowdown in house prices and the passage of time have allowed Albertans to become more comfortable with their changed housing markets. In British Columbia and Manitoba, average ratings have been below average and, as elsewhere, this is related to rapid growth in house prices.

<i>Survey Date</i>	<i>Atlantic</i>	<i>Quebec</i>	<i>Ontario</i>	<i>Manitoba</i>	<i>Saskatchewan</i>	<i>Alberta</i>	<i>British Columbia</i>	<i>Canada</i>
Spring 2008	6.25	5.64	5.90	4.97	3.93	4.75	4.91	5.52
Fall 2007	6.19	5.91	6.02	5.39	5.47	4.31	4.86	5.62
Spring 2007	5.85	3.95	5.85	5.29	6.25	4.05	5.09	5.10
Fall 2006	5.98	5.63	5.92	4.81	6.10	3.20	4.59	5.36

Source: Pollara survey for CIMBL, Fall 2006; Maritz survey for CAAMP, Spring and Fall 2007.

Expectations about House Prices

When asked "to what extent do you think housing prices in your community will go up or down in the next year?" a small minority of consumers expressed negative opinions (just 15%, gave scores of 1 to 4 out of 10). Almost one-half (46%) gave neutral answers (5 or 6 out of 10) and 40% expected prices to rise to varying degrees (ratings of 7 to 10). The average rating (6.10 on a 1-to-10 scale) suggests that on average moderate price increases are expected. The current average rating is essentially the same as the average for the prior three surveys (6.12). This provides another indication that consumers' expectations have not been swayed by recent economic news.

Over the four occasions that this question has been asked, the highest average ratings have been given in Saskatchewan, where consumers have correctly anticipated the current hot housing market. In Alberta, price expectations have been the lowest in the country for the past two surveys - Albertans anticipated the current slowdown in house price growth.

<i>Survey Date</i>	<i>Atlantic</i>	<i>Quebec</i>	<i>Ontario</i>	<i>Manitoba</i>	<i>Saskatchewan</i>	<i>Alberta</i>	<i>British Columbia</i>	<i>Canada</i>
Spring 2008	6.26	6.22	5.96	6.64	6.98	5.47	6.35	6.10
Fall 2007	5.85	5.80	6.12	6.11	6.17	5.47	6.26	5.97
Spring 2007	5.96	6.28	6.22	5.86	6.61	6.70	6.42	6.29
Fall 2006	6.04	6.08	6.00	6.45	6.54	6.65	5.85	6.10

Source: Pollara survey for CIMBL, Fall 2006; Maritz survey for CAAMP, Spring and Fall 2007.

Impact of Events in the US

Starting with the fall 2007 survey, a new set of questions has explored awareness of events in the American housing and mortgage markets, and levels of concern about the events.

Canadians have become increasingly aware of the events, as only 20% rated their awareness with low responses of 1 or 2 out of 10. This is down from 28% in the fall 2007 survey.

Few Canadians have high levels of concern (just 10% rated their level of concern at 9 or 10 on a 10 point scale. This is a negligible change from the 9% who gave similar scores in the fall survey).

Combining responses from the consumer survey, even the consumers who are most aware and the small minority who are most concerned about US events, attitudes to local housing markets are not negatively affected.

The over-riding message from these consumer responses - their stable attitudes to local housing markets and their minor level of concern about US events – is that they make their housing market decisions based mainly on their personal circumstances. Additional factors are, in order of priority: the circumstances of people around them and events in their local communities; continent-wide trends are much lower on the priority list. Most Canadians have very good reasons to be positive about their personal circumstances, and their communities. This should give us confidence about the housing market outlook for the remainder of 2008 and into 2009.

Housing Market Trends and Outlook

Housing markets rely on job creation. While other factors – interest rates, affordability, and consumer confidence – influence housing markets, it is the employment situation that determines how many households can and will buy homes. If people have stable employment situations and are confident about their own futures, and if their needs lead them to want to be home owners, most of them will overcome other obstacles.

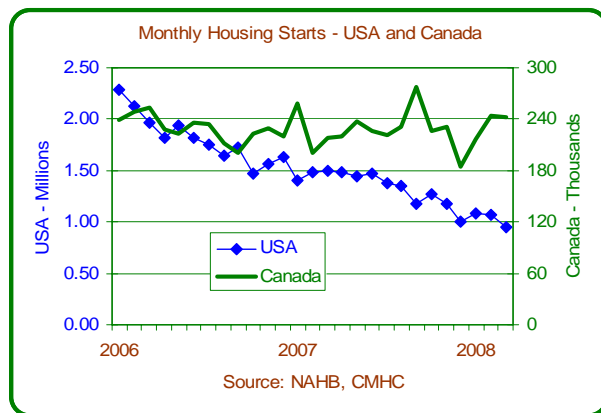
Job creation in Canada has been very strong for the past decade, averaging 2.1% per year. Job growth has exceeded the rate of population growth (the adult population expanded by 1.3% per year over the same period). The result is that the percentage of Canadians with jobs is at an all-time high: 63.9% in the first quarter of 2008, versus 59.4% a decade earlier.

The housing market doesn't respond immediately to changes in employment – it takes people time to respond to changes in their personal situations. Therefore, the job creation seen over the past decade incrementally generated strengthening housing markets in Canada. Similarly, even if recent forecasts are right and the labour market in Canada should start to weaken in the near future, momentum from past job creation should result in continued strong housing demand well into 2009.

Housing activity was boosted temporarily during mid-2007 by the introduction of new mortgage options. That wave of activity has ended and housing activity is returning to more sustainable rates. Thus, while the forecast for resale activity in 2008 (about 498,000 units sold) would be lower than the record set in 2007 (522,700 units) housing activity will be very strong in historic terms in 2008. Similarly, the forecast for 2009 (504,000 units) is quite positive.

Construction of new housing peaked in 2004 and then was slightly lower during 2005 to 2007. Based mainly on recent and expected trends in job creation, and also considering the reductions in housing affordability that have occurred in many areas, housing starts may slow slightly in 2008 (by about 3%, to 221,900 units) and more in 2009 (by 9%, to 202,000). The continuation of starts above 200,000 units per year would be very solid performances.

For the past two years, Canadian housing markets have defied expectations for a slowdown, with high levels of housing starts continuing into early 2008. In the United States, on the other hand, activity has slowed sharply and housing forecasts have been revised sharply downwards. The Canadian housing market has demonstrated that “risk isn’t always on the downside”. We may see more positive surprises in the coming months.



A table at the end of this report shows housing forecasts for Canada and the provinces.

Mortgage Market Trends and Outlook

As of February 2008, there was \$833 billion in outstanding residential mortgage credit in Canada.

During the past 10 years, residential mortgage credit has expanded at an average rate of 8.0% per year. The growth rate has accelerated in recent times, to 13.0% during the past 12 months.

Based on the housing forecasts, the volume of residential mortgage credit outstanding is forecast to expand by 11.1% in 2008, to \$913 billion. Growth is forecast at 10.4% for 2009, to a year-end figure of \$1.008 trillion.

Chartered banks account for more than one-half (55.6%) of residential mortgage credit. Among the other categories of lenders are NHA mortgage-backed securities (20%), credit unions and caisses populaires (13%) and five other categories that account for 11% in combination (trust and mortgage loan companies, life insurance companies, pension funds, non-depository credit intermediaries and other financial institutions, and special purpose corporations). During the past year and a half, there has been a shift across the categories.

- The total outstanding volume of residential mortgage credit has expanded by 18.4% during that year and a half.
- Three categories have expanded at above-average rates and have gained market share: the volume of outstanding NHA mortgage-backed securities has increased by 54%, pension funds have seen 23% growth in mortgage volume, and mortgage growth at trust and mortgage loan companies has been 20%.
- The other categories have grown at below average rates and have lost market share. The evolving credit crunch has encouraged (and sometimes forced) some lenders to reduce lending and/or to sell mortgage assets.

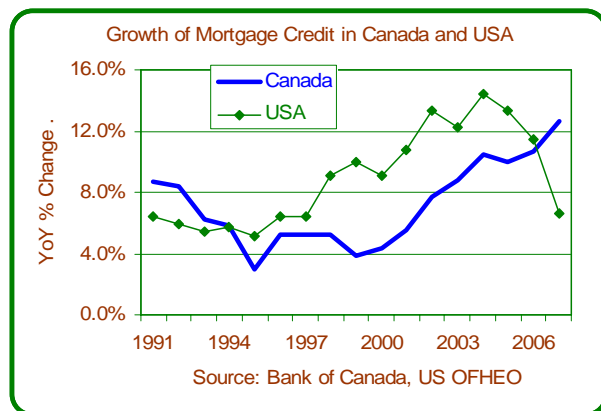
The arrears rate for residential mortgages remains close to the very low levels that have been seen since mid-decade (about one-quarter of a percent). Canada has not experienced the sharp increase in arrears and defaults that has occurred in the United States.

Among first-time borrowers who have taken out a new mortgage during the past year:

- 34% arranged their mortgage through a mortgage broker.
- For repeat buyers, the broker share was 27%.
- Broker shares were lower for renewals (16%) and refinances (17%).

Two new mortgage options have recently become available in Canada – extended amortization periods (more than 25 years) and 100% loan-to-value mortgages. Canadians show a wide range of opinions on these options. The most positive opinions are held by people who are most likely to be in position to use them – tenants. Consumers have responded to the options. In the fall of 2007, CAAMP found that 37% of recent home purchases had been funded with an extended amortization mortgage.

Mortgage market trends in the US and Canada have diverged during the past decade. During 1997 to 2006, outstanding single family mortgage credit in the US expanded at an average rate of 11.5% per year, but growth slowed sharply in 2007, to 6.6%. In Canada, on the other hand, growth during 1007 to 2006 was slower than in the US, with the residential mortgage market growing at an average of 7.4% per year. But, in 2007, the growth rate in Canada increased to 12.6%.



About CAAMP

CAAMP is the national organization representing Canada's mortgage industry. More than 11,000 mortgage professionals represent over 1,200 corporate members. CAAMP's membership is drawn from every province and from all industry sectors. This

diversified membership enables CAAMP to bring together key players with the aim of enhancing professionalism.

In 2004, CAAMP (formerly the Canadian Institute of Mortgage Brokers and Lenders, or “CIMBL”) established the Accredited Mortgage Professional (“AMP”) designation to enhance educational and ethical standards for Canada's mortgage professionals.

Established in 1994, CAAMP has taken a leadership role in Canada's mortgage lending industry and has set the standard for best practices in the industry.

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.

About the Author

Will Dunning is an economist (BA, MA), and has specialized in the analysis and forecasting of housing markets for more than 25 years. In addition to acting as the Chief Economist for CAAMP he operates an economic analysis consulting firm, Will Dunning Inc.

About Maritz

Maritz Research is a wholly owned subsidiary of Maritz Inc., the largest performance improvement company in the world, headquartered in St. Louis, Missouri. For more than 20 years, Maritz Inc. has been the largest provider of customer satisfaction research in the United States and a major supplier of brand equity research. In Canada, Maritz Research has been developing marketing research solutions for Canadian clients under the brand Maritz-Thompson Lightstone since 1977, and has grown to become one of Canada's largest full-service marketing research consultancies.

Disclaimer

This report has been compiled using data and sources that are believed to be reliable. CAAMP, Maritz, Will Dunning, and Will Dunning Inc. accept no responsibility for any data or conclusions contained herein.

The opinions and conclusions in this report are those of the author and do not necessarily reflect those of CAAMP or Maritz.

2.0 Consumers' Expectations About Housing Markets

Data used in this section was obtained via an online survey conducted during the spring of 2008 by Maritz (a national public opinion and market research firm) on behalf of CAAMP. This is referred to below as the "CAAMP/Maritz" study¹. The survey included 2,058 Canadians. About one-half of the sample was home owners with mortgages and the remainder were tenants and home owners without mortgages.

Since the fall of 2006 the survey has included questions on opinions and expectations about local housing markets.

Starting with the prior survey (fall 2007), an additional area of questioning is the extent to which consumers are aware of events in the United States housing and mortgage markets, and the extent to which they are concerned about those events.

The questions asked consumers to give their responses on a 10 point scale, where a score of 1 would be very negative, 10 would be very positive, and scores of 5 or 6 would be neutral.

"Is Now a Good Time or a Bad Time to Buy a New Home in Your Community?"

For all of Canada, the responses were evenly split among negative (scores of 1 to 4 out of 10) neutral (scores of 5 or 6) and positive (scores of 7 to 10). The average rating given was 5.52, indicating that on average attitudes are neutral about the current state of local housing markets.

<i>Rating</i>	<i>% Giving Rating</i>
1 (Very Bad Time)	5%
2	6%
3	9%
4	13%
5	21%
6	14%
7	12%
8	11%
9	5%
10 (Very Good Time)	5%
Total	100%
Average Score	5.52

Source: Maritz survey for CAAMP, Fall 2007.

¹ For the CAAMP/Maritz results, calculations of percentages exclude responses of Don't Know and refusals, except where indicated otherwise.

Looking at the different regions of the country, however, there are significant variations. As is shown in the following table:

- Ratings are much more positive in the east than in the west, as average ratings in Atlantic Canada, Ontario and Quebec are substantially higher than in Alberta, Saskatchewan, Alberta, British Columbia, and Manitoba.
- In particular, in Saskatchewan the percentage of people who gave negative responses (70% gave scores of 1 to 4) is almost triple the rate seen in Atlantic Canada, Ontario, and Quebec. In British Columbia, Alberta, and Manitoba, the proportions giving negative scores are almost double the proportions in the east.
- In Alberta, only 20% of respondents gave a positive rating for this question, which is only one-half of the shares in the east.
- In the east, the percentages of Canadians who gave positive responses to this question are substantially higher than the percentages who responded negatively, indicating that the overall balance of opinion is quite positive in those regions. West of Ontario, the opposite is true, and the results for those provinces show a negative balance of opinion.

Table 4
Consumers' Ratings by Region for "Is Now a Good Time or a Bad Time to Buy a New Home in Your Community?"

<i>Rating</i>	<i>Atlantic</i>	<i>Quebec</i>	<i>Ontario</i>	<i>Manitoba</i>	<i>Saskatchewan</i>	<i>Alberta</i>	<i>British Columbia</i>	<i>Canada</i>
Negative (Rating 1-4)	24%	26%	25%	43%	70%	45%	45%	32%
Neutral (Rating 5-6)	28%	38%	37%	26%	17%	32%	31%	34%
Positive (Rating 7-10)	49%	36%	38%	31%	14%	23%	24%	34%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Average Rating	6.25	5.64	5.90	4.97	3.93	4.75	4.91	5.52

Source: Maritz survey for CAAMP, Spring 2008.

This survey question has now been asked four times (at semi-annual intervals) and it is possible to track changes over time. The next table summarizes the current and historical data. The data shows that in some provinces, average responses to this question are currently lower than at other times in the past. But, there is also a clear result that consumers' attitudes to their local housing markets have not deteriorated:

- For Canada as a whole the current average score of 5.52 is above the average for the prior three surveys (5.36) and is just slightly lower than the highest score (5.62 recorded in the fall 2007 survey).
- For Atlantic Canada, Quebec, and Alberta, current average scores are well above the averages from the prior surveys. Alberta has seen a substantially improvement in scores despite the deterioration in affordability that has occurred during the past two years.
- In Ontario and British Columbia, current average scores are similar to the prior averages.

- Attitudes have weakened only in Manitoba (just mildly) and in Saskatchewan (where very rapid house price growth and reduced housing affordability has resulted in a sharply negative turn in attitudes).

<i>Rating</i>	<i>Atlantic</i>	<i>Quebec</i>	<i>Ontario</i>	<i>Manitoba</i>	<i>Saskatchewan</i>	<i>Alberta</i>	<i>British Columbia</i>	<i>Canada</i>
Spring 2008	6.25	5.64	5.90	4.97	3.93	4.75	4.91	5.52
Fall 2007	6.19	5.91	6.02	5.39	5.47	4.31	4.86	5.62
Spring 2007	5.85	3.95	5.85	5.29	6.25	4.05	5.09	5.10
Fall 2006	5.98	5.63	5.92	4.81	6.10	3.2	4.59	5.36
Average: Fall 2006 to Fall 2007	6.01	5.16	5.93	5.16	5.94	3.85	4.85	5.36

Source: Pollara survey for CIMBL, Fall 2006; Maritz survey for CAAMP, Spring and Fall 2007, Spring 2008.

A pattern that has emerged through this question is that tenants tend to give lower ratings. That pattern has continued in the spring 2008 survey. In comparison to prior results, the responses given by tenants remain high, implying that first-time home buying activity is likely to remain robust in the near term.

<i>Rating</i>	<i>Own With Mortgage</i>	<i>Own Without Mortgage</i>	<i>Rent</i>	<i>Other</i>	<i>Total</i>
Spring 2008	5.42	5.89	5.22	4.76	5.52
Fall 2007	5.69	5.82	5.29	5.48	5.62
Spring 2007	5.49	4.98	4.52	5.39	5.10
Fall 2006	5.46	5.51	5.02	6.02	5.36
Average: Fall 2006 to Fall 2007	5.55	5.44	4.95	5.63	5.36

Source: Pollara survey for CIMBL, Fall 2006; Maritz survey for CAAMP, Spring and Fall 2007, Spring 2008.

"To What Extent do You Think Housing Prices in Your Community Will Go Up or Down in the Next Year?"

For all of Canada, few consumers express negative opinions about the prospects for house prices in their community (15% gave ratings of 1 to 4). Very few of these people expect large decreases. Those expecting prices to increase to some degree (40% gave responses of 7 to 10) out-number those expecting reductions by more than two-to-one. About one-half (46%) expressed neutral opinions (scores of 5 or 6). The average score given was 6.10, suggesting that, overall, Canadians expect moderate increases in house prices.

<i>Rating</i>	<i>% Giving Rating</i>
1 (Go Down Dramatically)	1%
2	1%
3	4%
4	9%
5	23%
6	23%
7	20%
8	13%
9	4%
10 (Go Up Dramatically)	3%
Total	100%
Average Score	6.10

Source: Maritz survey for CAAMP, Fall 2007.

Once again, there are significant variations across the different regions of the country. As is shown in the following table:

- Attitudes about house prices are least optimistic in Alberta, where 33% of consumers expect reductions, slightly more than the 27% who expect increases, and the average rating (5.47) is well below the national average. This is a continuation of findings from six months ago when Albertans had the least optimistic expectations.
- The greatest expectations for price increases are – by far - in Saskatchewan, where the average house price has increased by almost one-half in the past year. Manitobans also have elevated expectations for house price growth.
- Expectations for price growth are slightly below average in Ontario, and above average in Atlantic Canada, Quebec, and British Columbia.

<i>Rating</i>	<i>Atlantic</i>	<i>Quebec</i>	<i>Ontario</i>	<i>Manitoba</i>	<i>Saskatchewan</i>	<i>Alberta</i>	<i>British Columbia</i>	<i>Canada</i>
Negative (Rating 1-4)	6%	9%	16%	6%	1%	33%	16%	15%
Neutral (Rating 5-6)	51%	49%	49%	38%	35%	40%	35%	46%
Positive (Rating 7-10)	43%	42%	35%	56%	64%	27%	49%	40%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Average Rating	6.26	6.22	5.96	6.64	6.98	5.47	6.35	6.10

Source: Maritz survey for CAAMP, Fall 2007.

The next table looks at the current average scores in relation to previous results:

- For all of Canada, expectations about house price growth are very similar to the average found in the prior three surveys.
- Expectations (in comparison to the prior averages) have increased considerably in Manitoba and Saskatchewan.
- Average scores (in comparison to prior surveys) have increased in Atlantic Canada, Quebec, and British Columbia.
- Ontario shows a slight reduction compared to the prior average.
- Alberta is the only region in which expectations about house price have weakened considerably (although expectations have stabilized at the same level seen in the fall of 2007). In Alberta, house prices increased very rapidly during mid-2005 to mid-2007, but since mid-2007 that growth phase has been interrupted. Alberta's consumers identified that change very rapidly in the fall of 2007, and clearly expect the deceleration to continue.

<i>Rating</i>	<i>Atlantic</i>	<i>Quebec</i>	<i>Ontario</i>	<i>Manitoba</i>	<i>Saskatchewan</i>	<i>Alberta</i>	<i>British Columbia</i>	<i>Canada</i>
Spring 2008	6.26	6.22	5.96	6.64	6.98	5.47	6.35	6.10
Fall 2007	5.85	5.80	6.12	6.11	6.17	5.47	6.26	5.97
Spring 2007	5.96	6.28	6.22	5.86	6.61	6.70	6.42	6.29
Fall 2006	6.04	6.08	6.00	6.45	6.54	6.65	5.85	6.10
Average: Fall 2006 to Fall 2007	5.95	6.05	6.11	6.14	6.44	6.27	6.18	6.12
Source: Pollara survey for CIMBL, Fall 2006; Maritz survey for CAAMP, Spring and Fall 2007, Spring 2008.								

The Impact of Events in the US Housing and Mortgage Markets

In the spring 2008 survey, consumers were asked two questions about recent changes in the American housing and mortgage markets. This is an update of questions that were asked in the fall 2007 survey. The table on the next page summarizes the responses.

A very high proportion of Canadians are aware of media coverage about the American housing and mortgage markets, as just 11% said they were not at all aware: the proportion who said they were not at all aware fell by one-half compared to the 22% share last fall. A relatively small proportion said they were following coverage every closely (the 5% who gave a rating of 10 is similar to the 4% recorded last fall). Overall, awareness has increased, as the average score given (out of 10) increased from 4.84 last fall to 5.37 this spring.

<i>Rating</i>	<i>% Giving Rating</i>	
	<i>Fall 2007</i>	<i>Spring 2008</i>
1 (Not Aware At All)	22%	11%
2	6%	8%
3	8%	8%
4	7%	8%
5	12%	13%
6	12%	12%
7	15%	14%
8	10%	14%
9	5%	7%
10 (Following Very Closely)	4%	5%
Total	100%	100%
Average Score	4.84	5.37

Source: Maritz survey for CAAMP, Fall 2007 and Spring 2008.

For those who rated their awareness as 3 out of 10 or higher (which included 80% of those surveyed, up from 72% last fall), a follow-up question asked "how concerned are you about recent changes in the American housing and mortgage markets?" The responses showed that for most of these people, levels of concern are in a mid-range: just 9% gave scores of 1 or 2 (showing very low levels of concern) and 10% gave scores of 9 or 10 (being highly concerned). However, comparing the average scores for the two surveys (5.71 out of 10 in this survey versus 5.41 a year ago) there has been an increase in the overall level of concern in Canada. Overall, at the time of the survey in the first half of April, the level of concern is moderate.

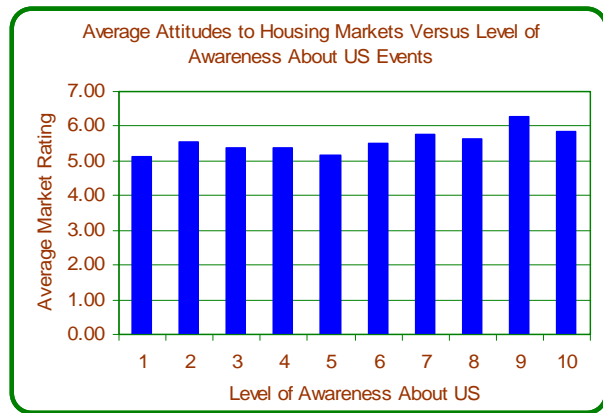
<i>Rating</i>	<i>% Giving Rating</i>	
	<i>Fall 2007</i>	<i>Spring 2008</i>
1 (Not At All Concerned)	7%	5%
2	3%	4%
3	9%	8%
4	13%	11%
5	21%	17%
6	15%	17%
7	15%	15%
8	10%	13%
9	3%	6%
10 (Very Concerned)	5%	4%
Total	100%	100%
Average Score	5.41	5.71

Source: Maritz survey for CAAMP, Fall 2007 and Spring 2008.

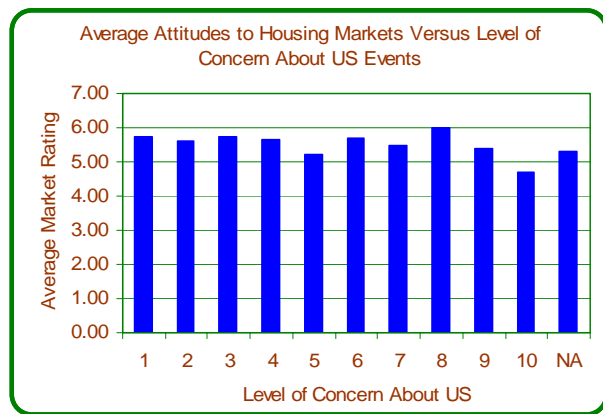
Combining the responses from these two questions with those on expectations about housing markets suggests that events in the US have not coloured Canadians' expectations about housing markets.

Firstly, as was reported earlier in this section, overall attitudes about whether this is a good time to buy are not lower than during the prior year and a half.

The chart to the right shows the result of comparing responses by individuals on two questions: whether this is a good time to buy a home in their own community, versus the scores given on the level of awareness concerning events in the US housing and mortgage markets. If there is a “contagion” effect, Canadians who are most aware of US events should give lower scores about housing markets. That effect is definitely not seen. If anything, we see the opposite - those Canadians with high levels of awareness about US events give above-average scores on whether this is a good time to buy - for people giving scores of 8 to 10 on their level of awareness, the average score on whether this is a good time to buy was 5.84 (above the average of 5.52). For those who rated their level of awareness in a moderate range of 4 to 7, the average score on the market question was close to average, at 5.46, and for those who gave low awareness scores of 1 to 3, the average score on the market question was below average, at 5.33.



The next chart takes a similar approach, contrasting responses about local housing markets versus levels of concern about the US. In this chart it appears that the level of concern about the US has not affected opinions as to whether this is a good time to buy a home. (There is a dip in attitudes for those with the highest level of concern about the US, but recalling that just 4% of Canadians are in this group, the below average rating given by this group is not statistically meaningful.) For people who rated their level of concern in a high range of 8 to 10, the average score on whether this is a good time to buy was 5.61 (just slightly above the average of 5.52). For those in a moderate range of 4 to 7, the average score on the market question was almost exactly average, at 5.51, and for those who gave low concern scores of 1 to 3, the average score on the market question was above average, at 5.71. (Lower scores on the market question – an average of 5.31 – were given by those who were not asked about their level of concern about the US because they had reported low levels of awareness. These responses are indicated as the NA category in the chart.)



Conclusion

The over-riding conclusion from this sequence of findings is that most Canadians see little impact of US events on their local housing markets. It can be expected that they are basing their housing market decisions on their personal circumstances and what they see around them, rather than on the news about the US housing market and economy. And, with the percentage of Canadians who are employed at a record level, the vast majority of us are viewing our personal economic circumstances very positively.

3.0 Housing Market Trends and Outlook

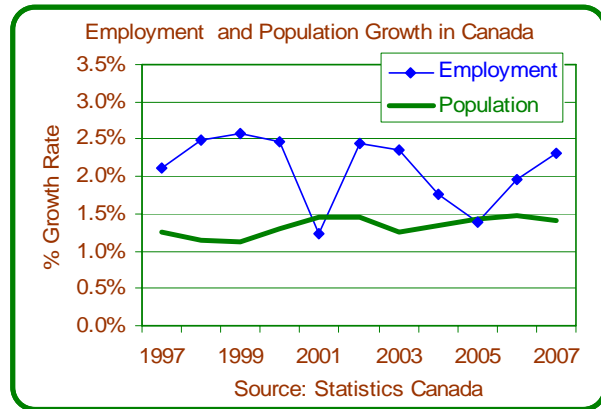
Job Creation is Key

This discussion of the current state and outlook for housing markets in Canada begins with a quick overview of the economic situation.

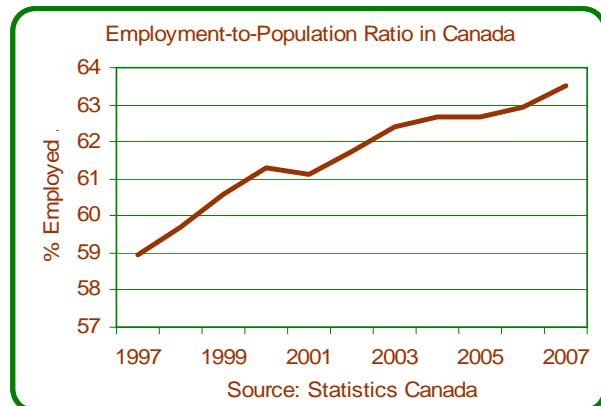
In particular, the key factor that drives housing markets is the employment situation – people in stable employment situations have the confidence and freedom to make choices in the housing market, especially whether to buy a home.

Several measures of the employment situation are available. The most widely quoted statistic is the unemployment rate. But, this analyst finds that the unemployment rate does not provide a good indicator for the housing market. Two much better predictors are: how many jobs have been created and what percentage of the population is employed.

And, it's not just current events that matter. Since people need time to make housing decisions, get ready to act on them, and then to act, what matters is how many jobs have been created over the past 3 or 4 years. On that front, the data is very encouraging, for Canada as a whole and in almost all areas of the country. The chart contrasts growth rates for employment with growth of the adult population. During the 11 years shown in this chart, job creation has exceeded the rate of population growth in all but two years, and by considerable amounts.



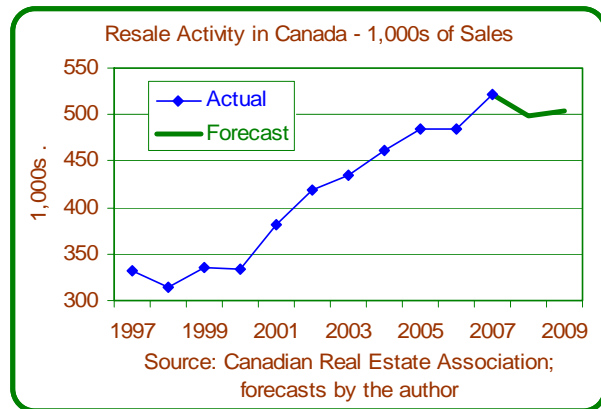
The consequence is that the percentage of adults who are employed in Canada (the “employment-to-population ratio” or “employment rate”) has increased quite sharply. While the entire history of the data is not shown in the chart, the employment rate in Canada is at the highest level ever in the 32-year history of the data. The most recent data shows that as of the second quarter of 2008 the employment rate remains at a record level (63.9%), well above the long-term average of 59.9%. Despite the evolving economic slowdown in the United States (which is explored later in this report), and the dampening effects from the strong Canadian dollar and high energy costs, there are other positive factors supporting job creation in Canada. Among these are:



- The wealth effect from rising house prices, which gives people confidence to spend and invest, and can be treated as an income source – the average house price in Canada increased by 79% in just six years (2001 to 2007).
- Similarly, a wealth effect from a surging stock market (the TSX stock index has essentially doubled in the past five years) creates confidence and encourages investment and spending by businesses and consumers. While the TSX index has been volatile during the past half year, it remains high.
- Interest rates remain low in historic terms.

Housing Demand Has Responded

With the rapid and continuing growth of employment and the employment rate over the past decade, and the lagged responses that occur in the housing market, housing activity in Canada has expanded. Resale market activity (as reported by the Canadian Real Estate Association) plateaued during 2005 and 2006 at about 485,000 units per year. This was 44% higher than a previous plateau level of about 335,000 units per year (1997 to 2000).



Activity increased during 2007 to about 520,000 units. That upturn is believed to have resulted from new options in the mortgage market that expanded the potential housing market: interest-only mortgages, longer amortization periods (up to 40 years), and no down-payment mortgages. Those changes in mortgage availability had a relatively short-lived impact, producing a sharp spike in sales in the middle third of the year (with sales at an average annualized rate of about 535,000). By the fourth quarter of 2007, sales had retreated to an annualized rate of 500,000. In the first quarter of 2008, the sales rate was below the 2005 and 2006 plateau rate of 485,000 – however, weather was unusually harsh during 2008-Q1, and a rebound can reasonably be expected for the second quarter.

This review of the relationship between employment and housing activity is encouraging: even if employment growth in Canada decelerates this year and next, past job creation means that there are still many thousands of households getting ready to buy homes. Provided that consumer confidence holds – which seems a reasonable assumption – those job holders will be active in the housing market for some time to come.

This leads to the forecast shown in the chart above, that housing resales will be close to 500,000 units in both 2008 (498,000) and 2009 (504,000). In this forecast, sales will rise at about the same rate as the population is growing. While sales will be lower than the record of 520,700 in 2007, they will be very healthy.

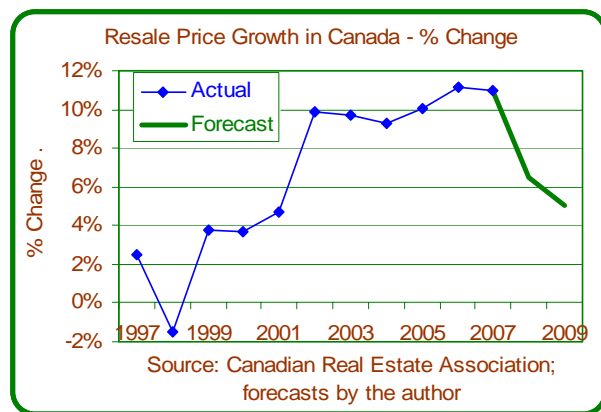
As data is reported during the next few months, it may appear that the resale housing market is slowing sharply, because in comparison to the same months of 2007, sales will

be lower. But, we will have to keep in mind that activity was unusually high during the spring and summer of 2007. If we see sales reports with annual rates of 475,000 or higher, we should conclude that the market remains very strong.

In this time of rising economic uncertainty, housing market forecasts are becoming more diverse:

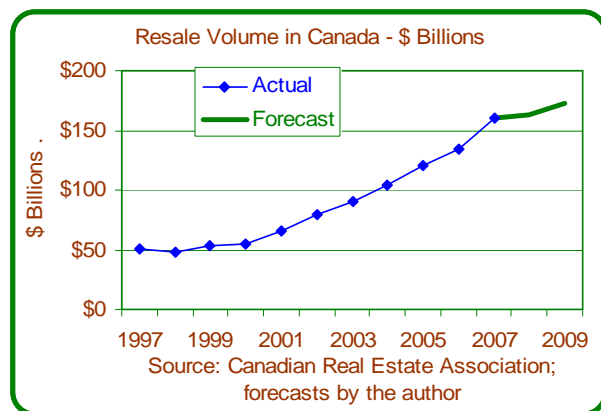
- The Canadian Real Estate Association (“CREA” - forecast dated May 2008) has recently reduced its forecast, to 460,900 sales for 2008 (versus this forecast of 498,000) and 442,500 for 2009 (versus this forecast of 504,000).
- Canada Mortgage and Housing Corporation’s (“CMHC”) forecast (issued February 2008) is similar to the forecasts shown here, with 499,650 sales for this year and 488,300 for 2009.

Very strong housing demand has resulted in rapid growth in house prices since 2001 (growth of the average resale price in Canada averaged 9.5% per year during 2001 to 2007). For several years, forecasts have suggested that house price growth should moderate, but price growth has exceeded the forecasts. The forecasts continue to expect a moderation in price growth. This forecast looks for 6.5% growth in 2008 and 5.0% growth in 2009. Other forecasts are similar:

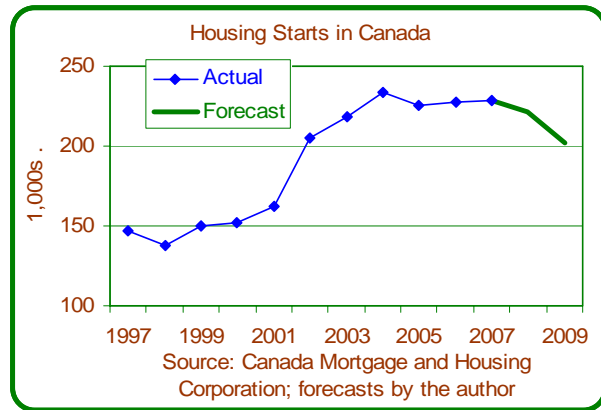


- CREA forecasts a 5.3% increase for 2008, to an average of \$323,500, and 4.2% for 2009, to an average of \$337,000.
- CMHC forecasts 5.2% growth in 2008 and 3.8% in 2009.

Combining data and forecasts for sales and prices, the dollar volume of sales has expanded very rapidly. The volume in 2007 more than tripled compared to the volumes seen during 1997 to 2000. This forecast for 2008 suggests that the combination of slower sales, at higher prices, will result in volume of \$163 billion, slightly higher than in 2007 (about \$160 billion). For 2009, the volume would expand by 6%, to \$173 billion.



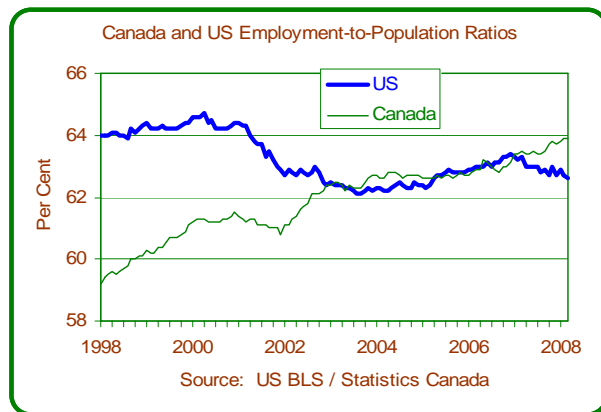
Housing starts have also responded – with lags – to the improved employment environment. In fact, the upturn for housing starts began slightly later than the resale market upturn, because there is an extra step involved – after a new home or apartment is sold (usually from plans rather than as a finished home) time is required to prepare for and then initiate construction. Housing starts in Canada peaked in 2004 (unlike the resale market, which continued to expand). Housing starts were slightly below the peak level during 2005 to 2007, although roughly stable. This forecast indicates that housing starts may fall slightly during 2008 (by 2.8%) with a larger reduction in 2009 (9.0%). CMHC’s forecast is similar in direction, although it forecasts a larger drop for 2008 (7.3%), and a smaller drop for 2009 (3.3%). The forecasts of the number of units started are similar for 2009 – 202,100 in this forecast and 204,700 in the CMHC forecast.



Different Trajectories in Canada and the US

In Canada and the United States economies have moved in different directions since the end of 2006.

Earlier, it was shown that the employment-to-population ratio in Canada is at a record level and continues to rise (in the past 15 months the Canadian employment rate has increased by about three-quarters of a percentage point). The chart to the right contrasts the employment rates for Canada and the US. In contrast to Canada, the US employment rate:



- Is not at a record level - it is currently 0.6 percentage points below its average of the past 10 years.
- Is not rising – the US rate peaked at the end of 2006 and since then has fallen by about three-quarters of a percentage point.
- The US employment rate is now below the Canadian rate (by about 1.3 percentage points), in contrast to a long-running history during which the US rate was almost always above the Canadian rate.

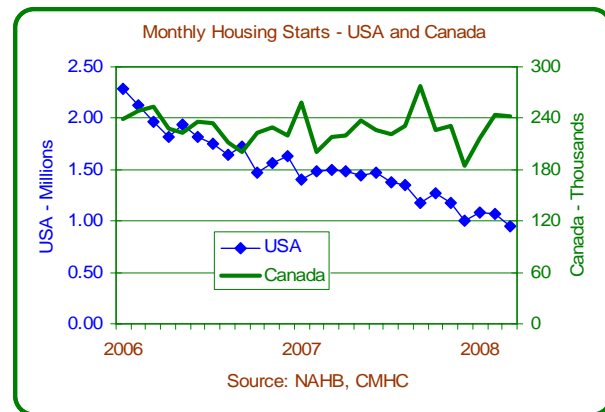
In consequence of these diverging trends for employment, the Canadian and US housing markets have moved in different directions. The chart below shows housing

starts (seasonally-adjusted) by month since the beginning of 2006, up to March 2008, for Canada and the US.

- For the US, housing starts have dropped very sharply. As of the first quarter of 2008, the adjusted rate is just over 1.0 million per year, a drop of more than 40% compared to all of 2006.
- In Canada, figures have been variable from month to month, but there is clearly not a downward trend for Canada to this point. The rate of Canadian housing starts in the first quarter is close to 235,000, which is actually higher than the 2006 total of 227,395 and the 2007 total of 228,343.

Correspondingly, housing forecasts in Canada and the US have moved in different directions. The following chart summarizes the forecasts that have been released during the past two years for Canada (by Canada Mortgage and Housing Corporation) and the US (by the National Association of Home Builders). As can be seen in the table:

- As the Canadian market has shown continued strength (and even spiked briefly during the third quarter of 2007) forecasts have been raised for both housing starts and resale market activity. Upward revisions have been made for the forecasts for both 2007 and 2008. Most recently, with its forecast for First Quarter 2008 (released in early February), CMHC has made a small reduction to its forecasts for starts and resales for 2008. However, the reductions are minor and continue to show activity at quite high levels - the current forecasts are still considerably in excess of the first forecasts for 2008 that were published a year earlier.



- For the United States, revisions have been in just one direction – downwards – and by quite large amounts. The February 2008 forecast for 2008 housing starts is 42% lower than the forecast that was published just 15 months earlier; the resale forecast is 24% lower than the earlier version.

This discussion is not intended as a criticism of these forecasters. Many different organizations forecast housing activity. If all forecasts were compiled, the analysis would show the same general pattern of downward revisions for the United States and upward revisions for Canada.

Table 12							
Revisions for Housing Forecasts, for Canada and the United States							
<i>Date of Forecast</i>	<i>Release Date</i>	<i>Housing Starts – Forecasts for...</i>			<i>Resales – Forecasts for...</i>		
		2007	2008	2009	2007	2008	2009
Canada Forecasts (units)							
2006-Q1	31-Jan-06	194,800			444,000		
2006-Q2	10-May-06	204,100			460,200		
2006-Q3	14-Aug-06	209,100			462,200		
2006-Q4	02-Nov-06	210,900			460,100		
2007-Q1	05-Feb-07	209,500	195,500		464,550	449,200	
2007-Q2	15-May-07	213,425	200,175		487,500	466,490	
2007-Q3	15-Aug-07	220,025	207,190		514,450	494,750	
2007-Q4	30-Oct-07	227,500	214,300		521,100	500,800	
2008-Q1	04-Feb-08		211,700	204,700		499,650	488,300
United States Forecasts (millions of units)							
2006-02	07-Feb-06	1.868			5.607		
2006-05	09-May-06	1.818			5.432		
2006-08	07-Aug-06	1.744			5.505		
2006-11	03-Nov-06	1.620	1.726		5.250	5.700	
2007-02	16-Feb-07	1.525	1.701		5.663	5.925	
2007-05	16-May-07	1.423	1.485		5.486	5.713	
2007-08	16-Aug-07	1.400	1.325	1.475	5.120	5.050	5.450
2007-10	16-Oct-07	1.364	1.200	1.350	5.046	4.725	5.150
2008-02	26-Feb-08		1.003	1.134		4.325	4.700
Source: Canada forecasts by Canada Mortgage and Housing Corporation; US forecasts by the National Association of Home Builders							
Note: NAHB forecasts are issued monthly. The table shows the NAHB forecasts issued closest in time to CMHC releases.							

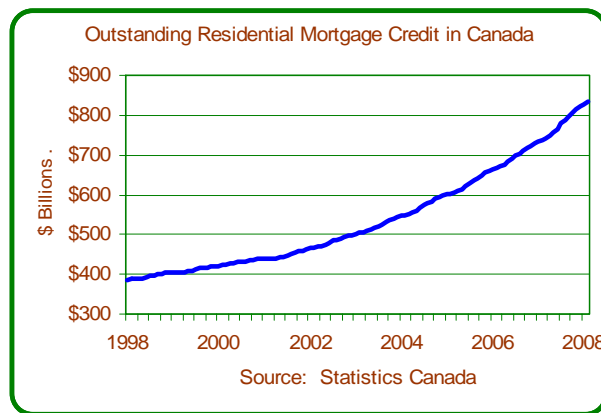
4.0 Mortgage Market Trends and Outlook

The previous section provided various data and forecasts for housing activity in Canada. That has set the stage for a review and forecast of mortgage activity in Canada.

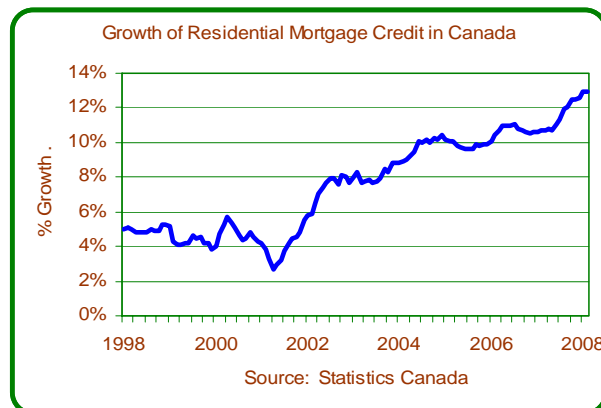
This section also presents results of a consumer survey on attitudes to longer amortization periods and zero down payment mortgages, plus data on broker shares in the mortgage market.

The Volume of Mortgage Credit Outstanding

Residential mortgage lending is one of the largest categories within the Canadian financial system. At the end of February 2008, there was about \$833 billion in residential mortgage credit outstanding in Canada. During the past 10 years, the volume of outstanding residential mortgages has more than doubled (expanding by 115%, for an average growth rate of 8.0% per year). Growth has accelerated in recent times: for the past year, the growth rate was 13.0% (\$96 billion); in the prior year the growth rate was 10.7% (\$71 billion).



Another perspective looks at the changing growth rate for the mortgage market. The chart to the right shows year-over-year growth rates over the past 10 years. It illustrates that growth was modest until 2002, and has subsequently accelerated. The most recent data confirms that the Canadian mortgage market is still very much in a growth phase.



Forecast of Mortgage Activity

Based on the forecasts of housing market activity (for the dollar volume of resale market activity as well as construction starts and completions of new homes and apartments), the volume of mortgages outstanding is forecast to continue to expand rapidly. From a 2007 year end figure of \$821.5 billion:

- Growth of \$92 billion (11.1%) is forecast for 2008, to a year end total of \$913 billion.
- For 2009, the mortgage market is forecast to expand by \$95 billion (10.4%) to just over \$1 trillion (\$1.008 trillion) by year end.

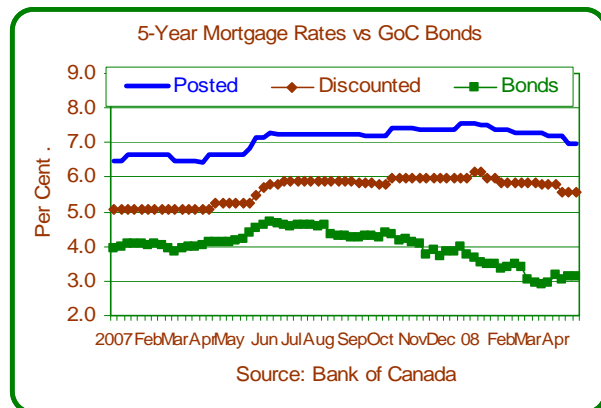
Mortgage Lending by Category of Lender

While the mortgage market continues to expand rapidly, in recent times there has been a large shift in mortgage lending activity by type of lender. Residential mortgages are provided by a wide variety of lending institutions, ranging from the chartered banks to credit unions and caisses populaires, insurance companies, pension funds, and lenders who bundle the mortgages and resell them to investors as mortgage-backed securities.

The table on the next page provides data from the Bank of Canada. For each of the categories of lenders, it shows the amounts of mortgage credit outstanding by month, for the past year and a half. At the bottom of the table, growth rates are shown – firstly the growth rate for the entire 1.5 year period, and then growth rates for three periods of six months each.

This data shows that for two categories – NHA mortgage-backed securities and pension funds, growth has been well above average. For the trust and mortgage loan companies' category, growth has been slightly above average. For the remaining categories, growth has been quite limited, and one category - special purpose corporations – the outstanding volume actually shrank in the last 6 months. With changing risk assessments in financial markets, many mortgage lenders are reducing their new originations and/or placing their mortgages in the secondary market, especially in NHA mortgage-backed securities. In particular, there has been news in recent months of several smaller alternative lenders suspending operations because they are unable to obtain loanable funds at viable interest rates.

This shift in the lending environment has been reflected in the spreads between market interest rates for mortgages versus yields for benchmark Government of Canada bonds – the rates at which lenders acquire funds have increased relative to benchmark bonds and their increased costs have been passed on to consumers. The data suggests that the spread between 5-year bond yields versus typical discounted rates peaked in late March at about 2.90% (versus a normal spread that might be 1.10%). The most recent data shows a reduced spread of about 2.5% - still well above normal, but an improvement compared to a few months ago.



The impacts of the increased spread on consumers have been mitigated by the fact that those benchmark yields have fallen, and therefore current mortgage lending rates – especially after negotiated discounts – are not much different than they were a year (or two) ago.

To this point there is no evidence that the so-called credit crunch has negatively affected Canadian housing market activity.

Table 13
Residential Mortgage Credit Outstanding by Category of Lender (in Millions of Dollars)

Year	Month	Chartered Banks	Trust and Mortgage Loan Companies	Credit Unions and Caisses Populaires	Life Insurance Companies	Pension Funds	Non-depository credit intermediaries and other financial institutions	NHA Mortgage Backed Securities	Special Purpose Corporations	Total Residential Mortgage Credit
2006	Aug	411,672	7,724	94,842	14,637	11,900	30,613	109,456	22,762	703,842
	Sep	415,032	7,802	95,466	14,736	11,873	30,597	112,078	22,951	710,800
	Oct	417,343	7,857	96,158	14,809	11,981	30,657	115,054	23,242	717,421
	Nov	420,795	7,888	96,938	14,856	12,219	30,786	115,752	23,604	723,294
	Dec	420,784	7,918	97,764	14,902	12,457	30,904	120,198	23,974	729,401
2007	Jan	419,333	7,955	98,525	14,933	12,669	30,980	124,309	24,385	733,275
	Feb	423,117	7,994	99,175	14,946	12,843	31,033	124,062	24,688	737,608
	Mar	424,489	8,033	99,738	14,959	13,016	31,103	125,864	24,890	741,488
	Apr	430,359	8,141	100,410	15,024	13,117	31,050	126,878	25,123	749,348
	May	437,045	8,318	101,246	15,142	13,137	30,879	125,064	25,555	755,828
	June	441,781	8,495	102,056	15,259	13,156	30,724	128,375	25,993	765,751
	July	449,224	8,627	102,673	15,333	13,225	30,677	131,915	26,230	778,138
	Aug	454,568	8,716	103,365	15,366	13,343	30,741	135,252	26,256	787,849
	Sep	451,384	8,805	103,963	15,397	13,459	30,792	146,101	25,960	796,130
	Oct	453,747	8,903	104,451	15,437	13,654	30,840	153,982	25,540	806,881
	Nov	459,566	9,011	104,947	15,485	13,925	30,904	154,457	25,122	813,906
	Dec	460,784	9,118	105,366	15,532	14,196	30,943	160,230	24,703	821,428
2008	Jan	459,590	9,197	105,957	15,563	14,438	30,971	167,402	24,499	827,835
	Feb	463,057	9,242	106,503	15,577	14,636	31,024	168,725	24,758	833,275
% Change Aug 06 - Feb 08		12.5%	19.7%	12.3%	6.4%	23.0%	1.3%	54.1%	8.8%	18.4%
Aug 06-Feb 07		2.8%	3.5%	4.6%	2.1%	7.9%	1.4%	13.3%	8.5%	4.8%
Feb 07-Aug 07		7.4%	9.0%	4.2%	2.8%	3.9%	-0.9%	9.0%	6.4%	6.8%
Aug 07-Feb 08		1.9%	6.0%	3.0%	1.4%	9.7%	0.9%	24.7%	-5.7%	5.8%

Source: Bank of Canada Weekly Financial Statistics

Market Share for Mortgage Brokers

The consumer survey collected data on recent mortgage activity. The following table provides data for borrowers who have completed a transaction in the past 12 months. It shows that more than one-half of mortgage loans are transacted by the banks. Mortgage brokers were involved in about one-fifth of transactions overall. The broker share is about one-third for first-time buyers, one quarter for repeat buyers, and about one-in-six for mortgage renewals and refinances.

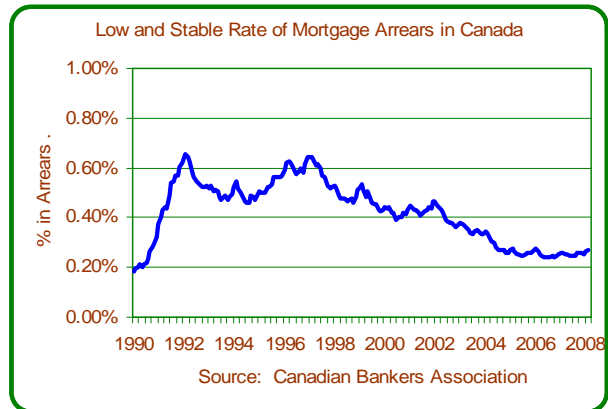
Table 14
Market Shares by Type of Lender for Mortgage Borrowers Active in the Past 12 Months

% Shares by Type of Activity	Bank	Mortgage Broker or Agent	Credit Union	Other	Total
First-time Home Buy	56%	34%	8%	0%	100%
Repeat Home Buy	57%	27%	7%	8%	100%
Renewal	62%	16%	9%	14%	100%
Refinance	56%	17%	5%	22%	100%
Total (Includes Other and Don't Know)	58%	21%	8%	12%	100%

Source: Maritz survey for CAAMP, Spring 2008.

Mortgage Arrears

The Canadian Bankers Association (“CBA”) provides data on mortgage arrears, which is obtained from seven major mortgage lenders (BMO, CIBC, HSBC Bank Canada, National Bank of Canada, RBC Royal Bank, Scotiabank, and TD Canada Trust). In the data, a mortgage is counted as in arrears after three months. The data indicates that during the 1990s, on average, 0.5% of residential mortgages were in arrears. The rate fallen during the late 1990s and early in this decade, and has been stable in recent times, averaging 0.25% during 2005 to 2007. The most recent data, up to February 2008, shows that the arrears rate has increased very slightly and is now at 0.27%, fractionally above the 2005-2007 average.



The arrears rates are lowest in British Columbia (0.16%) and Alberta (0.22%) and highest in Atlantic Canada (0.41%) and Ontario (0.31%).

This data cannot be compared to US data that shows very high and rising mortgage arrears. This Canadian data is provided by seven chartered banks, and represents some of the most credit-worthy borrowers. It is possible that the arrears rate for all mortgages in Canada may be higher. But, given the large market share for these banks, and that Canadian borrowers and lenders have traditionally been much more cautious than their US counterparts, the overall arrears rate for Canada is unlikely to be much different than shown in the figures above.

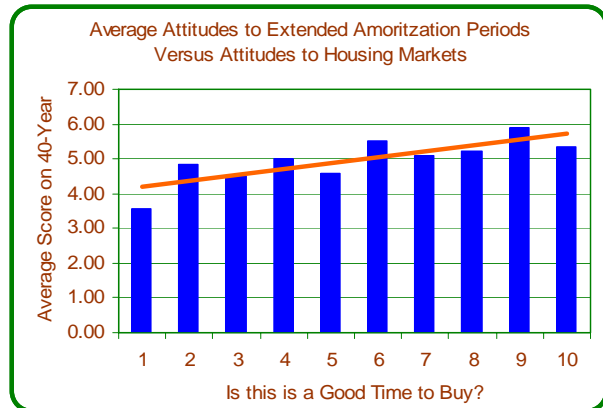
Consumer Attitudes to New Mortgage Options

Two new mortgage options - extended amortization periods and 100% loan-to-value mortgages - have received significant consumer take-up during the past year and are credited with positively influencing the Canadian housing market in 2007. The spring 2008 consumer survey asked Canadians' opinions on these two options. In both cases, consumers were asked to use a scale from 1 to 10, where 1 means the mortgage option hurts consumers and 10 means the option helps consumers. As can be expected, responses varied across the 10-point spectrum.

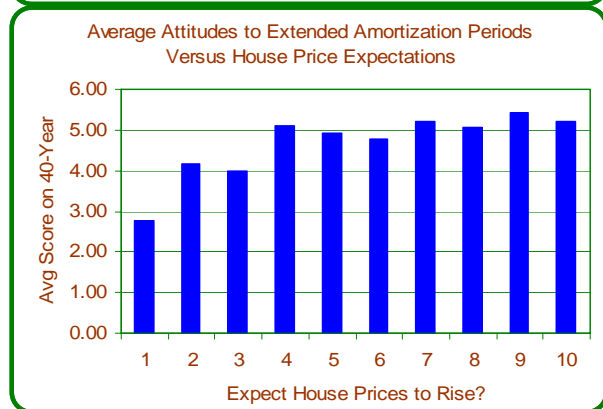
With regard to longer term amortizations, the attitude of Canadians is slightly negative overall, as 41% of responses were in the negative range of 1-4 versus 29% in the positive range of 7-10; 30% were in the neutral range of 5-6. The average response was 4.96 out of 10.

Responses vary by groups within the population. Tenants have a slightly more-positive response (average rating of 5.26) compared to home owners with mortgages (average 5.12). Home owners without mortgages responded more negatively (giving an average rating of 4.45).

Consumers who have positive views of their local housing markets are more supportive of extended amortization periods. In the chart to the right the responses and the solid trend line show that those who responded positively to the question of whether this is a good time to buy a home in their community also gave above average scores concerning extended amortization periods.



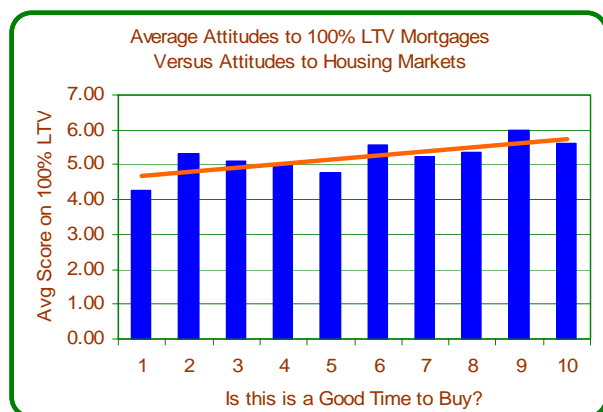
The next chart contrasts attitudes to extended amortization with expectations about local house prices. For the most part, there is not much variation – attitudes are similar for people with expectations for rapid price growth and for people who expect stable prices or modest growth. However, the small minority of consumers who expect prices to fall are more negative about extended amortization.



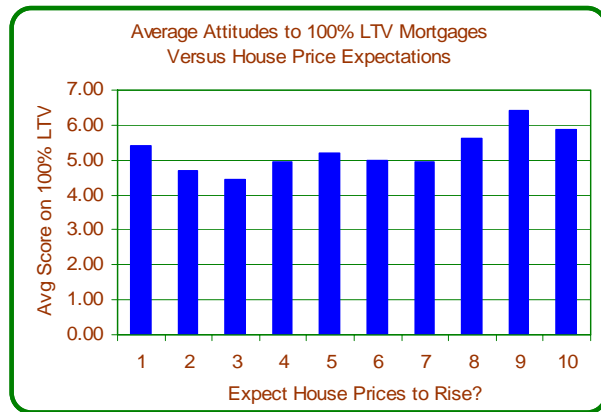
Concerning 100% loan-to-value mortgages, responses are slightly more positive (average response of 5.17 out of 10, versus 4.96 for extended amortization periods). 40% of responses were in the negative range of 1-4 versus 32% in the positive range of 7-10; 28% were in the neutral range of 5-6.

Renters, on average, have more positive attitudes to 100% LTV mortgages, giving an average response of 5.99 out of 10, versus 5.19 for home owners with mortgages and a considerably lower 4.35 for home owners without mortgages.

Once again, it was found that consumers who have positive attitudes about their local housing markets are more accepting of 100% LTV mortgages.



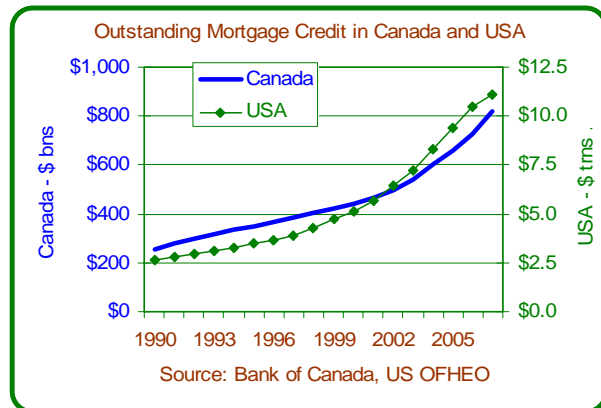
There is some difference in attitudes towards 100% LTV mortgages depending on expectations about house price growth. Those who expect large price growth have more positive attitudes than those who expect moderate growth or price declines.



For both of these questions, it was found that the people who are most likely to need or take advantage of these options – tenants – view the options more positively than people who don't need them because they already own a home (especially home owners who don't have a mortgage). These more positive opinions among tenants have resulted in strong consumer take-up. CAAMP's Fall 2007 report on the "State of the Residential Mortgage Market" found that 37% of new mortgages (that had been taken out during the past 12 months) had extended amortization periods.

Mortgage Lending Trends in the United States

Mortgage lending data for the United States is organized differently than the Canadian data and it is not possible to exactly compare Canadian and US trends. The available data provides an impression of the differences on the two sides of the border. The chart to the right shows outstanding amounts of mortgage credit at year ends for 1990 to 2007. It uses US data on outstanding single family mortgages (from the Office of Federal Housing Enterprise Oversight), while the Canadian data (from the Bank of Canada) includes all residential mortgage credit.



The chart to the right shows the annual growth rates. During 1990 to 1997, there are differences between Canada and the US, but overall growth rates are similar – an average of 6.1% per year for Canada versus 5.9% per year for the US. After 1997, the US market expanded more rapidly, with average growth from 1997 to 2006 at 11.5% per year. The rate for Canada was very healthy at an average of 7.4% per year, but well below the US rate. Most recently, US growth slowed sharply in 2007, to 6.6% while the Canadian growth rate accelerated to 12.6%.

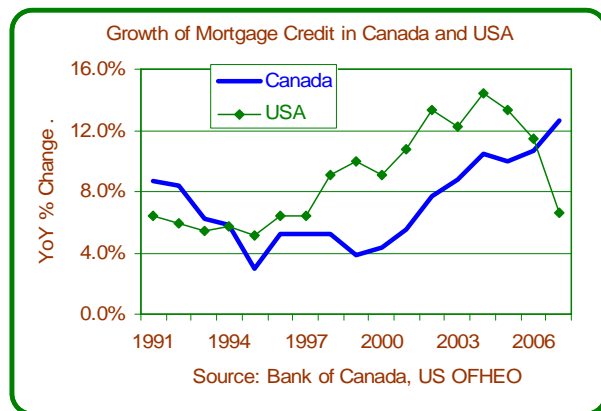


Table A-1
Housing Forecasts for Canada and the Provinces

	<i>NFLD</i>	<i>PEI</i>	<i>NS</i>	<i>NB</i>	<i>QUE</i>	<i>ONT</i>	<i>MAN</i>	<i>SASK</i>	<i>ALTA</i>	<i>BC</i>	<i>Canada</i>
Resales (Units)											
2004	3,265	1,500	8,887	5,979	69,296	197,353	12,098	8,172	57,460	96,385	460,790
2005	3,211	1,449	10,943	6,836	70,649	197,007	12,761	8,312	65,866	106,310	483,927
2006	3,537	1,492	10,577	7,125	72,520	194,793	13,018	9,140	74,189	96,671	484,027
2007	4,471	1,769	11,857	8,161	80,338	213,379	13,928	12,054	71,430	102,812	520,747
2008 F	3,627	1,641	11,077	7,839	74,568	206,106	12,952	12,376	73,111	94,035	497,982
2009 F	3,812	1,676	10,922	8,181	75,799	208,229	13,505	12,749	78,180	90,054	503,766
Average Resale Price											
2004	\$131,499	\$110,815	\$146,033	\$112,933	\$171,099	\$245,230	\$119,245	\$110,824	\$194,769	\$289,107	\$226,337
2005	\$141,167	\$117,238	\$159,247	\$120,641	\$184,583	\$263,042	\$133,854	\$122,765	\$218,266	\$332,224	\$249,165
2006	\$139,542	\$125,430	\$169,237	\$126,864	\$194,024	\$278,455	\$150,229	\$132,078	\$285,497	\$390,963	\$276,883
2007	\$149,258	\$133,457	\$180,989	\$136,603	\$208,240	\$299,543	\$169,188	\$174,405	\$356,235	\$439,123	\$307,265
2008 F	\$160,742	\$142,980	\$195,369	\$145,969	\$222,404	\$316,043	\$184,837	\$218,188	\$366,547	\$478,467	\$327,124
2009 F	\$171,142	\$152,226	\$210,056	\$156,054	\$235,624	\$330,023	\$198,266	\$245,002	\$385,479	\$509,601	\$343,546
Resale Price (% Change)											
2004	9.7%	8.9%	7.1%	6.7%	12.7%	8.1%	11.7%	5.6%	6.5%	11.2%	9.3%
2005	7.4%	5.8%	9.0%	6.8%	7.9%	7.3%	12.3%	10.8%	12.1%	14.9%	10.1%
2006	-1.2%	7.0%	6.3%	5.2%	5.1%	5.9%	12.2%	7.6%	30.8%	17.7%	11.1%
2007	7.0%	6.4%	6.9%	7.7%	7.3%	7.6%	12.6%	32.0%	24.8%	12.3%	10.9%
2008 F	7.7%	7.1%	7.9%	6.9%	6.8%	5.5%	9.2%	25.1%	2.9%	9.0%	6.5%
2009 F	6.5%	6.5%	7.5%	6.9%	5.9%	4.4%	7.3%	12.3%	5.2%	6.5%	5.0%
Housing Starts											
2004	2,870	919	4,717	3,947	58,448	85,114	4,440	3,781	36,270	32,925	233,431
2005	2,498	862	4,775	3,959	50,910	78,795	4,731	3,437	40,847	34,667	225,481
2006	2,234	738	4,896	4,085	47,877	73,417	5,028	3,715	48,962	36,443	227,395
2007	2,649	750	4,750	4,242	48,553	68,123	5,738	6,007	48,336	39,195	228,343
2008	2,697	869	4,733	4,326	45,401	71,438	6,199	6,168	41,762	38,338	221,930
2009	2,532	801	4,142	4,453	41,076	57,761	6,215	6,385	43,881	34,806	202,052
Sources: Canadian Real Estate Association, Canada Mortgage and Housing Corporation; forecasts by the author											