

Report

# Financial Pain of Interest Rises on Mortgage Holders in BC



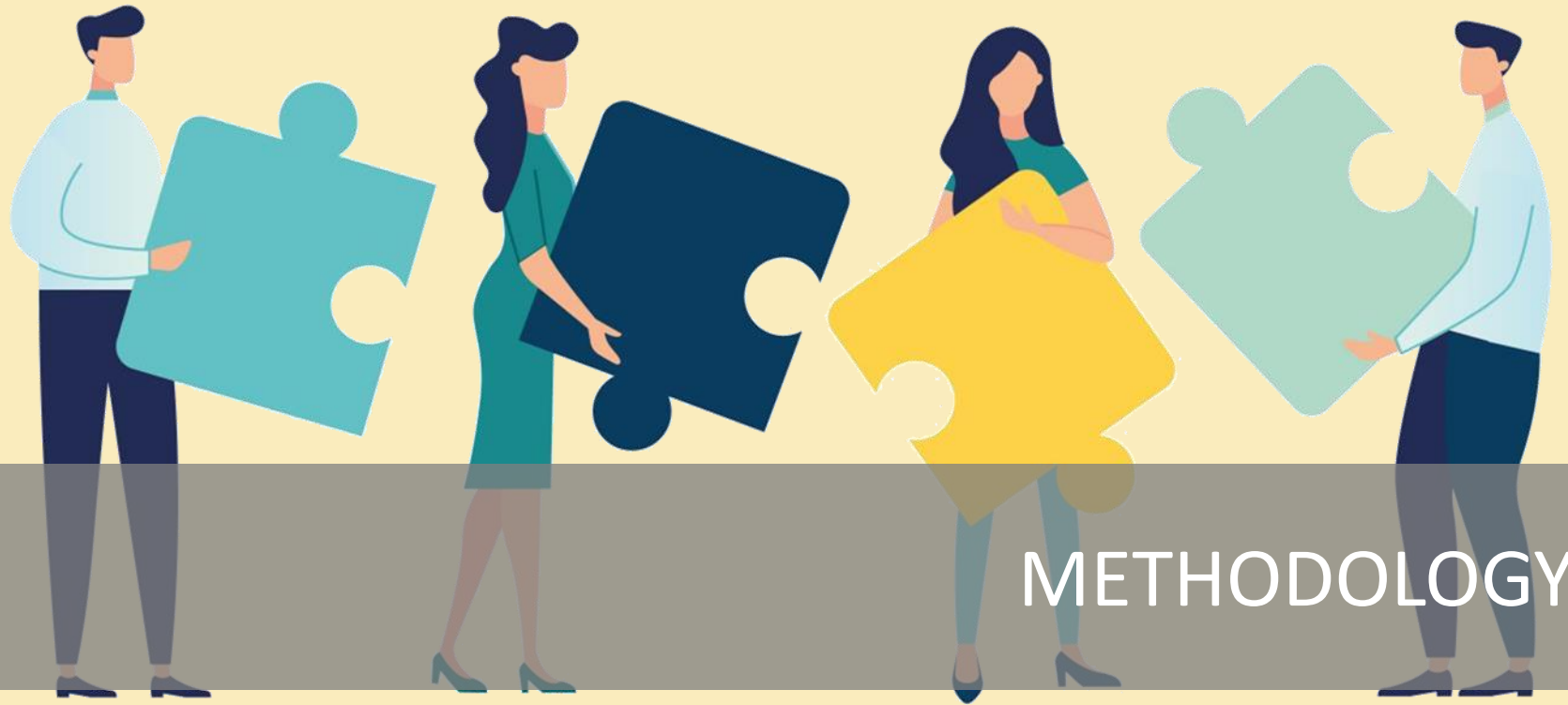
DATE November 2022

# Leger

*We know Canadians*

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METHODOLOGY

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Online surveys with British Columbia residents were conducted via Leger's online panel, LEO.



From November 12<sup>th</sup> to November 14<sup>th</sup>, 2022.



1,003 residents of BC that are 18 years of age or older.



Using data from the 2021 Census, results were weighted according to, age, gender, and region in order to ensure a representative sample of the population in British Columbia.



No margin of error can be associated with a non-probability sample. However, for comparative purposes, a probability sample of 1,003 respondents would have a margin of error of  $\pm 3.1\%$ , 19 times out of 20.



Key Findings

## Key Findings



### **Mortgage holders in BC are very sensitive to interest rate increases in their mortgage rates**

- Fifteen per-cent of mortgage holders would find it a significant challenge to absorb an increase of 1% to their current mortgage rate, and this number jumps for every single basis point increase (26% for a 2% increase, 59% for 3% increase).



### **A higher number of those with a Variable rate mortgage are stressed compared to those with a Fixed rate mortgage**

- Even without any further increases, the majority (53%) of BC mortgage holders are stressed about their current mortgage payments, with over one-in-ten 13% feeling very stressed.
- A higher number of mortgage holders with a variable rate are stressed (69%) when compared to a fixed rate (46%).



### **Most mortgage holders have had to take financial action to make their mortgage payments**

- Nearly two-thirds of mortgage holders have taken some sort of financial action to make their current mortgage payments, with cutting household spending (36%) and cutting back on vacations (25%) being the top two methods.



### **Current mortgage rates are deterring aspiring home-buyers from purchasing a home**

- Among the 20% of non-mortgage holders in British Columbia who have considered purchasing a home in the past two years, seven-in-ten claim that the current mortgage rates make them less likely to buy a home, with two-in-ten of this group going as far to say that it will completely prevent them from buying.

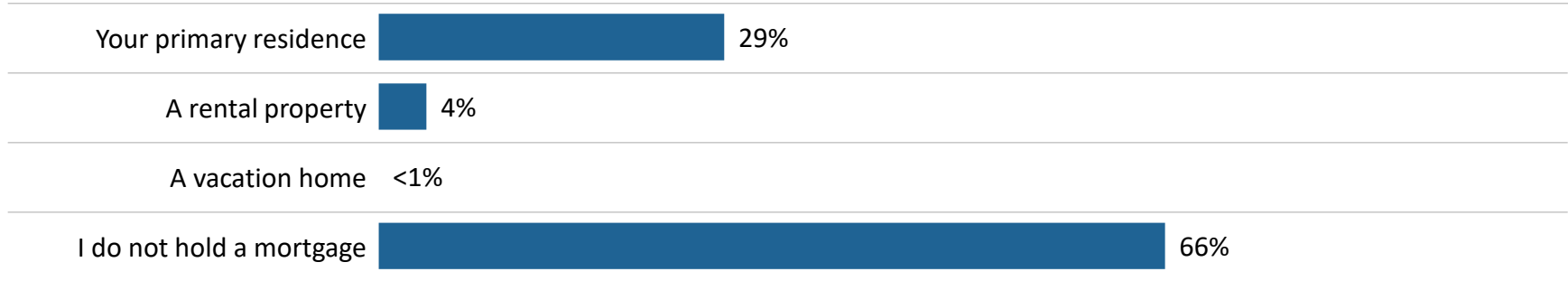


Detailed Results



# MORTGAGE HOLDERS IN BRITISH COLUMBIA

Three-in-ten adult British Columbians currently have a mortgage for their primary residence. This number increases to 39% for 35-54 year-olds and is significantly lower among younger (18-34: 27%) and older (55+: 24%) age groups.



	TOTAL (n=1,003)	AGE			INCOME			
		18-34 (n=200)	35-54 (n=383)	55+ (n=420)	<\$40K (n=179)	\$40K-<\$80K (n=316)	\$80K-<\$125K (n=239)	\$125K+ (n=183)
Your primary residence	29%	27%	39%	24%	8%	30%	41%	50%
A rental property	4%	8%	3%	2%	5%	3%	4%	4%
A vacation home	0%	1%	0%	0%	0%	0%	1%	0%
I do not hold a mortgage	66%	63%	58%	75%	87%	67%	53%	46%

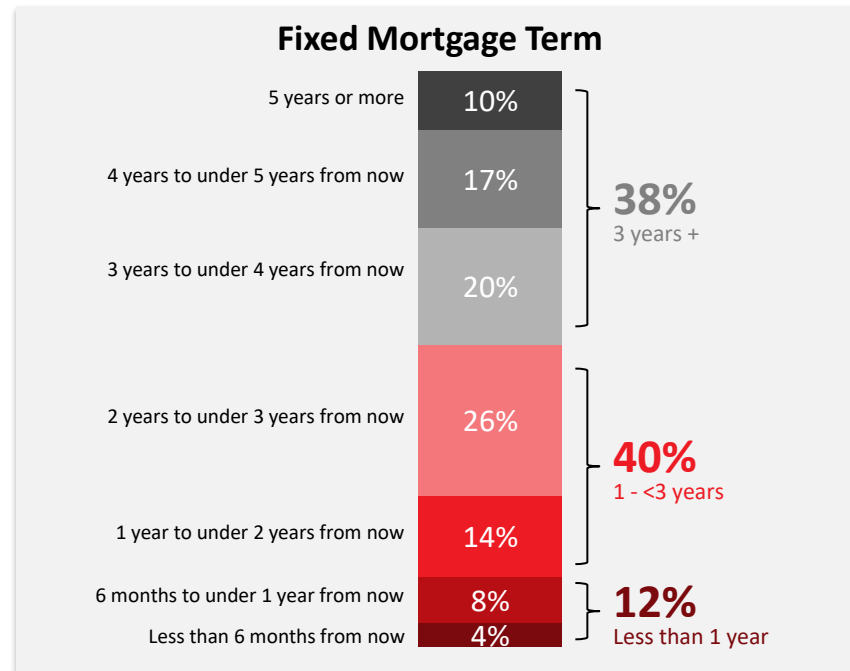
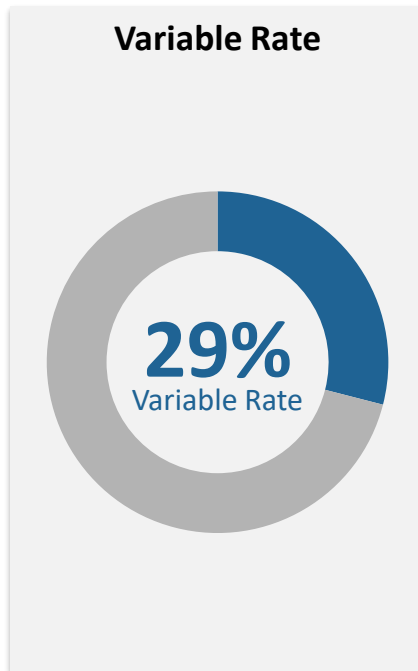
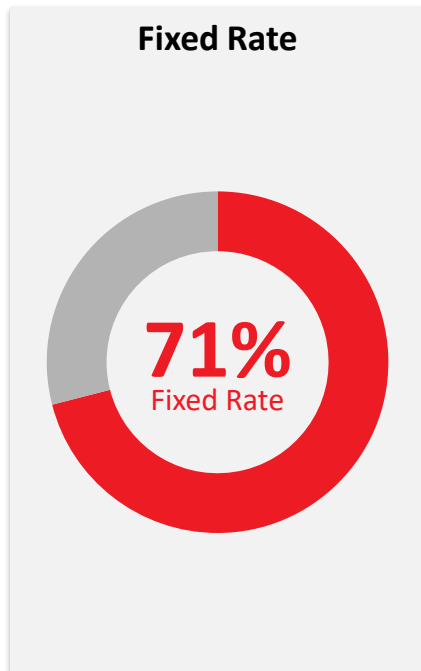
Base: British Columbians (n=1,003)  
Q1. Do you currently hold a mortgage for...

  Statistically significantly higher than comparison group.  
  Statistically significantly lower than comparison group.



# TYPE OF MORTGAGE RATES

Among those who hold a mortgage, seven-in-ten have a fixed rate, and three-in-ten have a variable rate. Many fixed-rate mortgage holders will be subject to changes soon, with over one-half being less than 3 years from renewal. Only a small proportion, one-in-ten have their rate locked in for 5+ years from now.



Base: Mortgage holders (n=362)

Q2. Do you have a variable rate or a fixed rate mortgage?

Base: Have a fixed term mortgage (n=249)

Q3. When is your fixed term up for renewal?

# STRESS AROUND CURRENT MORTGAGE PAYMENTS

A significant number of BC mortgage holders are stressed about their current mortgage payments; with the pain being disproportionately higher among variable rate holders vs. fixed rate holders. Over one-in-ten mortgage holders are very stressed about their current mortgage payments.

**Not Stressed** 😊

😞 **Stressed**



**Total**  
(n=362)



## MORTGAGE TYPE



**Variable Rate**  
(n=113)



**Fixed Rate**  
(n=249)



Not very financially stressed ■ Not at all financially stressed ■

■ Very financially stressed ■ Somewhat financially stressed

Base: Mortgage holders (n=362)

Q4. How stressed do you currently feel about your existing mortgage payments?

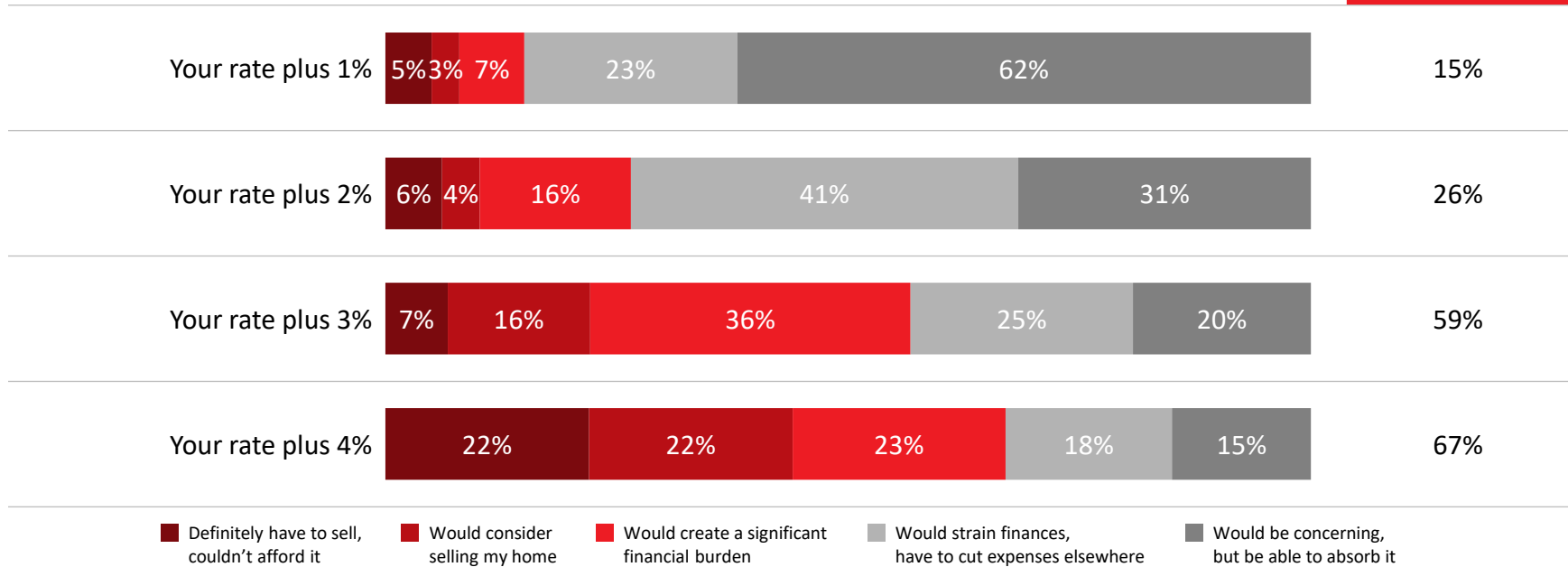
📦 Statistically significantly higher than comparison group.

📦 Statistically significantly lower than comparison group.

# IMPACT OF MORTGAGE RATE INCREASES

A significant percentage of existing mortgage holders would be faced with selling their home if mortgage rates go up any higher than what they are. The percentage who are stressed more than doubles for every one-point increase in mortgage rates. A single point increase would create challenges for 15%, a two point would challenge 26%, and a three-point increase would cause pain to 59%.

**Significant Burden/  
Have to sell**

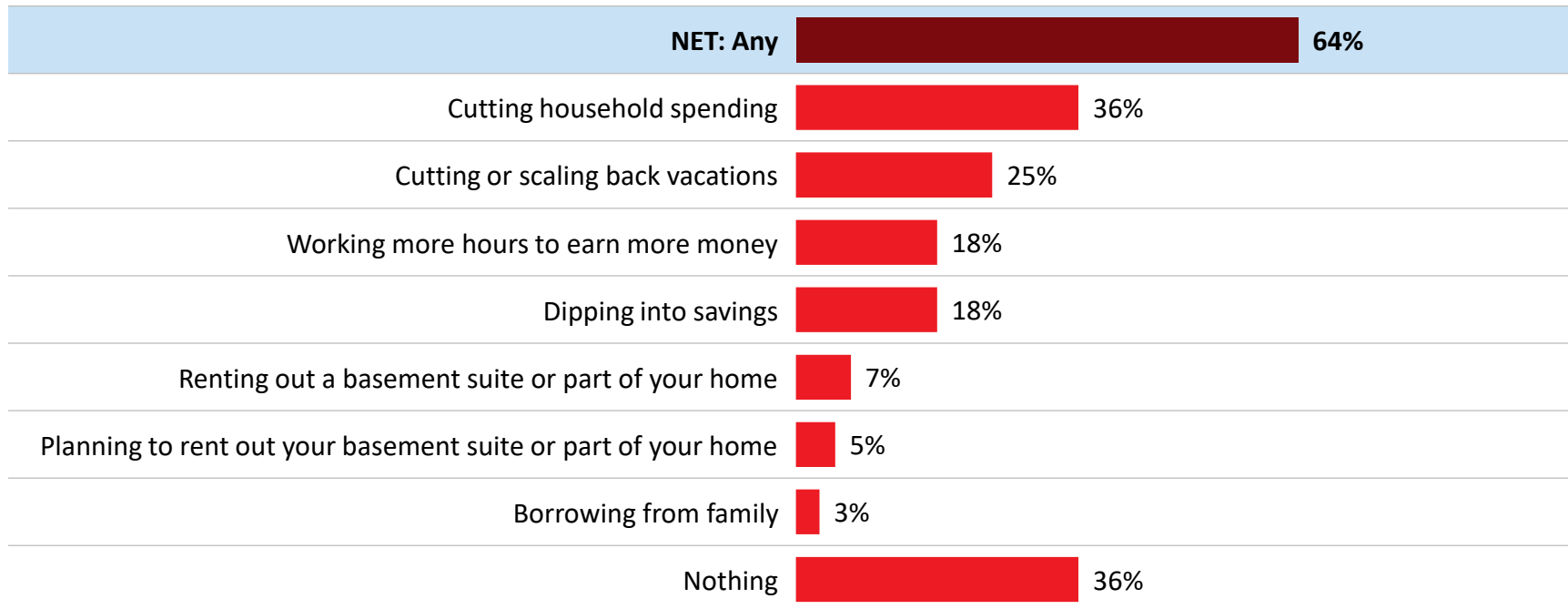


Base: Mortgage holders (n=362)

Q6. If mortgage rates went up, what would be the impact on your household finances?

# DEALING WITH INCREASING MORTGAGE COSTS

Nearly two-thirds of British Columbian mortgage holders are already adjusting their spending or supplementing their income to pay their current mortgage costs. The most used adjustments are to reduce spending, with one-third cutting household spending, and one-quarter cutting or scaling vacations.



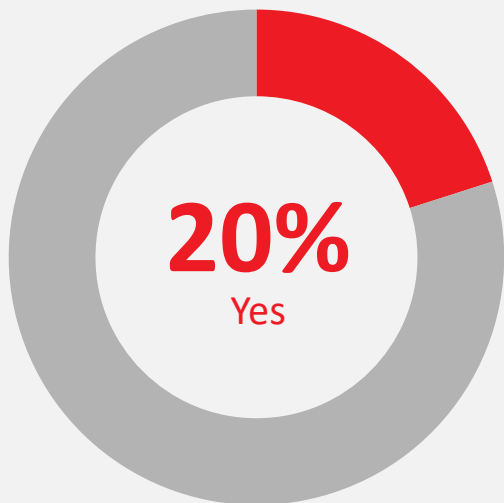
Base: Mortgage holders (n=362)

Q5. What are you currently doing to help with your mortgage costs?

## LIKELIHOOD TO PURCHASE A HOME (NON-MORTGAGE HOLDERS)

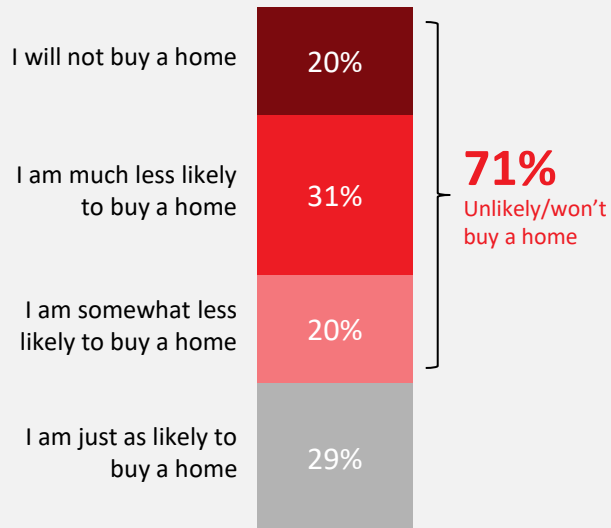
Two-in-ten non-mortgage holders have considered purchasing a home in the past 24 months, however most of that group, seven-in-ten, claim they are less likely to buy a home because of current mortgage rates. Two-in-ten say that current mortgage rates will outright prevent them from buying a home.

### Home Purchase Consideration Past 24 Months



Base: Non-Mortgage Holders (n=641)  
 Q7. At any point in the past 24 months, have you seriously considered purchasing a home?

### Mortgage Rate Impact on Home Purchase Consideration



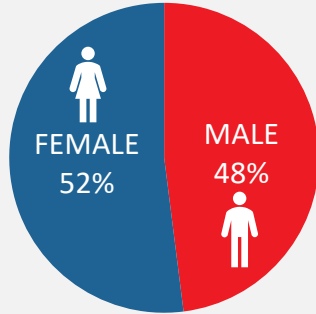
Base: Non-Mortgage Holders who have considered buying a home (n=121)  
 Q8. How do the current mortgage rates impact your likelihood to purchase a home in the next 24 months?



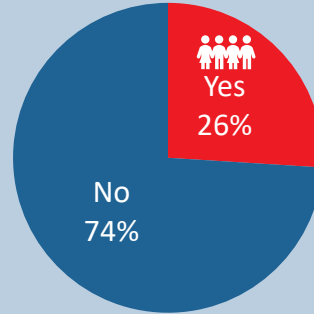
# RESPONDENT PROFILE

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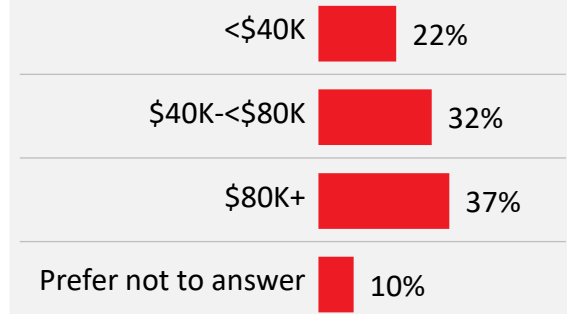
## GENDER



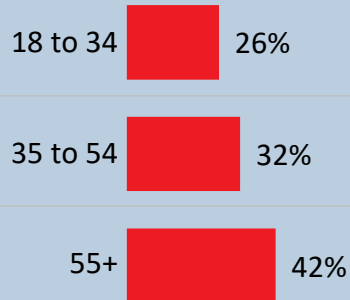
## CHILDREN IN HOUSEHOLD



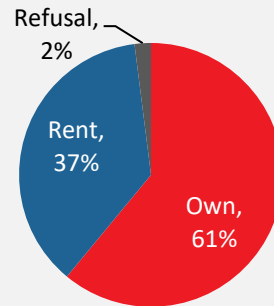
## HOUSEHOLD INCOME



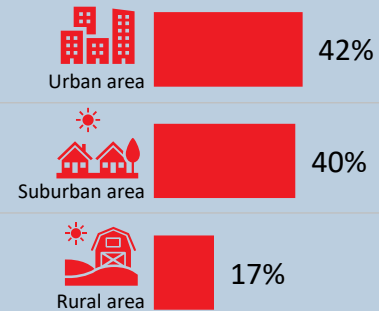
## AGE



## HOUSING SITUATION

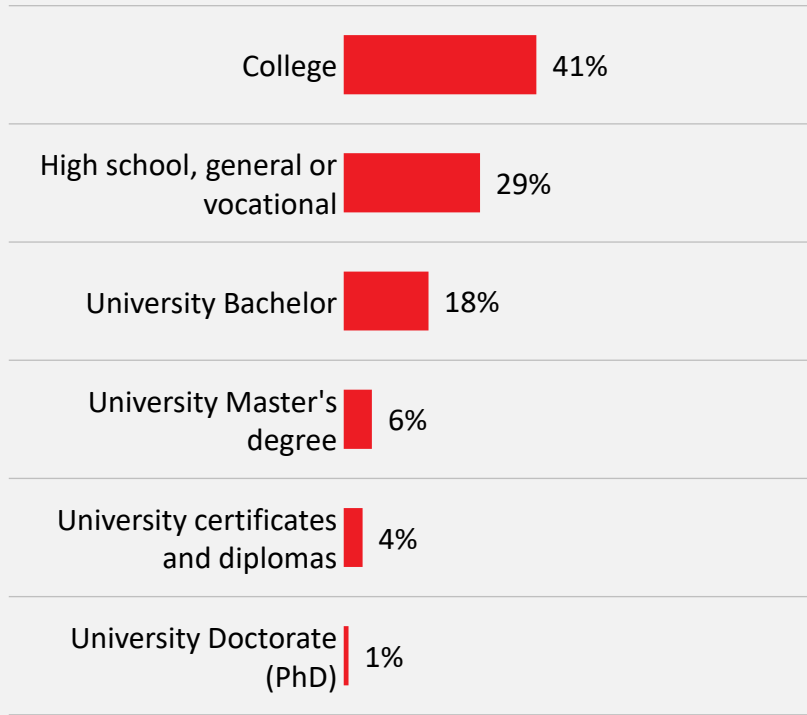


## AREA

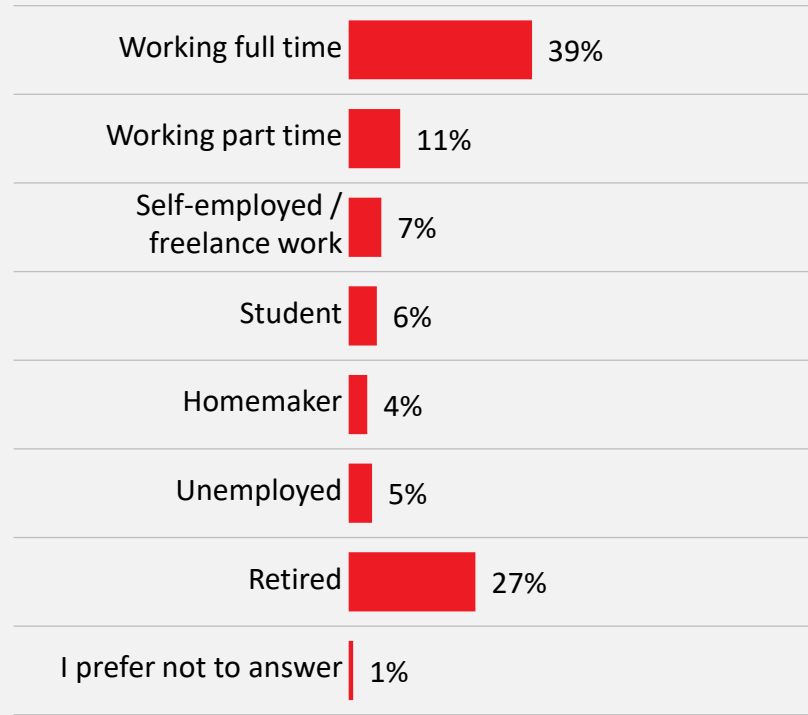


# RESPONDENT PROFILE

## EDUCATION



## WORK STATUS





## OUR SERVICES

- **Leger**  
Marketing research and polling
- **Leger MetriCX**  
Strategic and operational customer experience consulting services
- **Leger Analytics (LEA)**  
Data modelling and analysis
- **Leger Opinion (LEO)**  
Panel management
- **Leger Communities**  
Online community management
- **Leger Digital**  
Digital strategy and user experience
- **International Research**  
Worldwide Independent Network (WIN)

**600**  
EMPLOYEES



**185**  
CONSULTANTS



**8**  
OFFICES

MONTREAL | QUEBEC CITY | TORONTO | WINNIPEG  
EDMONTON | CALGARY | VANCOUVER | PHILADELPHIA

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Leger is a member of the [Canadian Research Insights Council \(CRIC\)](#), the industry association for the market/survey/insights research industry.



Leger is a member of [ESOMAR](#) (European Society for Opinion and Market Research), the global association of opinion polls and marketing research professionals. As such, Leger is committed to applying the [international ICC/ESOMAR](#) code of Market, Opinion and Social Research and Data Analytics.



Leger is also a member of the [Insights Association](#), the American Association of Marketing Research Analytics.



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# Leger

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