

## Canada Watch

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The federal government has announced major changes to mortgage policy aimed at enhancing housing affordability. Starting December 15, the price cap for insured mortgages will increase from \$1 million to \$1.5 million. This adjustment reflects the sharp rise in home prices across Canada, which have doubled since the cap was last updated in 2012. The higher limit, however, is unlikely to cause an immediate surge in demand for \$1.5 million homes, as only 3.3% of insured loans currently fall within the \$850,000 to \$1,000,000 range. The other measure announced by Ottawa, which is expected to have a more significant impact on affordability, is the expansion of eligibility for 30-year mortgage amortization to all first-time homebuyers and purchasers of newly built homes. As shown in today's table, extending the maximum amortization period from 25 to 30 years while opting to keep monthly payments unchanged will increase the purchasing power of borrowers making a minimum down payment by 9.7%, ranging from \$22,106 in New Brunswick to \$51,565 in Ontario. Alternatively, homebuyers could take a more disciplined approach by opting for a 30-year amortization, which would lower their monthly payments by 8.9% for the same home, yielding savings ranging from \$107 in New Brunswick to \$248 in Ontario.

### Canada: What's the impact of Ottawa's new mortgage rules announcement?

Increase in purchasing power for the average insured home\*

	Current price	New purchasing power	Increase in purchasing power
Canada	\$361,294	\$396,339	\$35,045
Newfoundland and Labrador	\$242,606	\$266,139	\$23,533
Prince Edward Island	\$269,912	\$296,094	\$26,181
Nova Scotia	\$270,819	\$297,089	\$26,269
New Brunswick	\$227,899	\$250,005	\$22,106
Quebec	\$293,958	\$322,472	\$28,514
Ontario	\$531,595	\$583,160	\$51,565
Manitoba	\$315,066	\$345,627	\$30,561
Saskatchewan	\$248,943	\$273,090	\$24,147
Alberta	\$368,644	\$404,402	\$35,758
British Columbia	\$452,841	\$496,767	\$43,926

Monthly payment reduction for the purchase of an average insured home\*\*

	Payment 25 years amortization	Payment 30 years amortization	Change in payment
Canada	\$1,900	\$1,731	-\$169
Newfoundland and Labrador	\$1,276	\$1,162	-\$114
Prince Edward Island	\$1,419	\$1,293	-\$126
Nova Scotia	\$1,424	\$1,297	-\$127
New Brunswick	\$1,198	\$1,092	-\$107
Quebec	\$1,546	\$1,408	-\$138
Ontario	\$2,786	\$2,538	-\$248
Manitoba	\$1,657	\$1,509	-\$147
Saskatchewan	\$1,309	\$1,192	-\$116
Alberta	\$1,938	\$1,766	-\$173
British Columbia	\$2,381	\$2,169	-\$212

\*With minimum downpayment while keeping payment unchanged  
NBC Economics and Strategy (data via CMHC, NBC computation)

\*\*With minimum downpayment while purchasing the same home



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