

March 9, 2015



*Canadian Association of Accredited Mortgage Professionals ("CAAMP")
Submission to the House of Commons Standing Committee on Finance regarding
"The impacts of the decline in the global price of oil on the Canadian economy, including impacts on the
value of the Canadian dollar, energy and manufacturing sectors, and the labour and housing markets."*

- Impacts on housing markets will arise primarily due to changes in job creation and consumer confidence, and due to any changes in mortgage interest rates.
- While many of the anticipated impacts are negative for job creation, there are significant positive impacts. The relative impacts of these factors will vary across regions, and thus housing market impacts will vary across the country.
- Summarizing expected housing market impacts:
 - Job growth and low interest rates are positive for Ontario, Quebec, Manitoba, Nova Scotia, New Brunswick, PEI.
 - In Alberta, Saskatchewan, and Newfoundland the negative consequences of job losses will not be offset by lower interest rates.
 - The outlook is roughly neutral in British Columbia
 - For Canada – the net housing market impact is for negligible change.
- Lower inflation rate will mean interest rates will stay low for longer. Presently, however, we have seen only moderate reductions in the cost of mortgage finance and therefore **we should expect only a modest positive impact in the housing market.**
- Strong housing demand had resulted in rapid growth of mortgage credit, to the point that the federal government and the Bank of Canada have expressed concerns. The federal government has acted four times to tighten the criteria for mortgage insurance, in order to dampen the growth of mortgage credit.
- As a result, the stimulative effects of low interest rates have also been diminished. Because of the power of the housing sector to create jobs, a further consequence of the policy changes for mortgage insurance is that job creation in Canada has also been dampened.
- During the post-recession period, two sectors have been responsible for most of the job growth in Canada: housing (including related industries) and investment in natural resource industries (especially oil and gas).