

FACTUM

Forced sale: As many as one in four (23%) homeowners who have a mortgage say they would be forced to sell their home, if interest rates were to increase further

Many admit they don't understand how inflation and interest rates work

Toronto, Ontario, June 14, 2022 — A new Ipsos poll conducted on behalf of Manulife Bank reveals that as many as one in four (23%) homeowners who have a mortgage believe they are at risk of being forced to sell their home if interest rates were to increase further. Additionally, two-thirds (66%) do not view home ownership in their local community as being affordable and eighteen percent (18%) of homeowners believe they can no longer afford the house they own. These figures suggest that many might have been priced out of the housing market or are at risk of being priced out of the market, including even some of the current homeowners.

Overall affordability is a major issue in Canada – the vast majority (80%) of Canadians (aged 20-69, HHOLD income \$40k+) believe there is an affordability crisis in Canada. Nearly half say they would struggle to handle unexpected expenses (47%) or are reconsidering summer vacation plans (44%) due to affordability concerns. Indebted Canadians in particular are feeling the crunch, as this group is statistically more likely to report that their debt is causing them stress (56%; +6 pts vs. Fall 2021; +6 pts vs. Spring 2021) and is negatively impacting their mental health (48%; +5 pts vs. Fall 2021; +6 pts vs. Spring 2021), compared to one year ago.

Nearly one-third of Canadians (aged 20-69, HHOLD income \$40k+) admit they don't understand how inflation (32%) or interest rates (31%) work and yet many feel as though pressures from rising inflation and/or interest rates are pushing them close to the edge of a financial cliff. Indeed, one in five (21%) expect rising interest rates to have a significant impact on their financial situation. Around one in five (22%) of those who are in debt expect rising interest rates to have a significant impact on their debt situation. And around one in five (22%) of those who have a mortgage expect rising interest rates to have a significant impact on their mortgage situation.

With housing prices, inflation, and interest rates all on the rise it is important to be prepared. And yet, majorities admit they do not feel prepared for any of this. Fewer than half feel prepared for rising interest rates (46%), inflation (42%), or housing prices (40%), figures which underscore how further increases in inflation, interest rates, and/or housing prices could be damaging for many Canadians. Being prepared involves planning, yet the survey evidence indicates that many Canadians (aged 20-69, HHOLD income \$40k+) are not engaging in financial planning – three-quarters (73%) do not have a written financial plan and almost half (47%) do not have a household budget.



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About the Study

These are some of the findings of an Ipsos poll conducted between April 14th and 20th, 2022 on behalf of Manulife Bank. For this survey, a sample of 2,001 Canadians between the ages of 20 and 69, earning \$40k+ were interviewed. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 2.5 percentage points, 19 times out of 20, had all Canadians between the ages of 20 and 69, earning \$40k+ been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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