The **nesto-meter**

November recap





Buyer intent data signals buyers re-entering the market after months of hesitancy.

November 2023 Recap

To potential buyers who have been on the sidelines since 2022: this is your sign to enter the market.

Mortgage data from November 2023 is signalling a return to market. After experiencing a decrease in October, nesto's lowest fixed rate experienced yet another decrease in November. Not to mention, the difference in buyer intent between those who are 'just looking' and those who are 'ready to buy' has never been smaller in Ontario this year and remains a close race in Quebec. Considering lower rates and an overarching downward trend in home prices across the country, this does not come as a surprise.

All in all, the combination of lower rates, home sales and property values is creating a perfect mix for well-qualified buyers to grab a property of their choice before the impending winter, as it's very likely the market could get heated once again in the spring.

We hope you enjoy!



nesto's mortgage trends November 2023

01 Rates

nesto's lowest fixed rate experienced **another decrease** in November 2023

02 Mortgage Type Trends

The gap between new purchase applications and renewal applications continues to narrow, with purchases at 45% and renewals at 38%.

O3 Purchase Timing Intent

The gap in buyer intent between users who are 'just looking' vs those who are 'ready to buy' **is the smallest it's been all year in ON** and still close in QC.

04 Property Value And Down Payment

Purchase price in ON and QC remained unchanged in November 2023, while **median down** payments decreased by \$20K in both provinces.



Section 01

Rates





A. Volatility

Number of lowest rate changes per month

Number of lowest rate changes per month

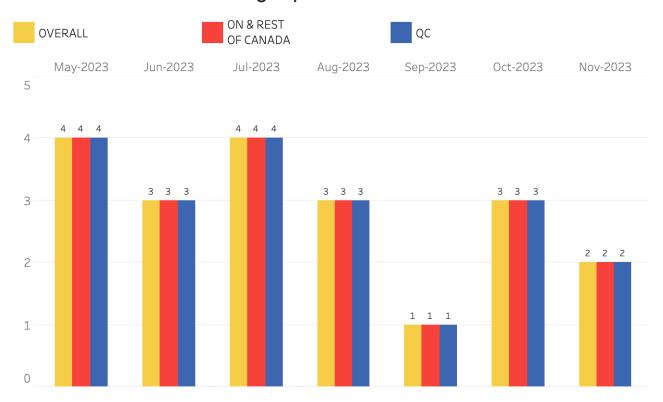


Fig. 1: Number of times the lowest rates offered by nesto changed per month across provinces between May 2023 and November 2023.

Key Data To Know	TL;DR
In November 2023, there were 2 overall changes to nesto's lowest offered rate, down from 3 changes seen in October.	In November 2023, the number of changes to the nesto's lowest rate decreased to 2 changes across Canada.



Volatility - by type

Number of lowest rate changes per month (fixed vs variable)

Number of lowest rate changes per month (fixed vs variable)

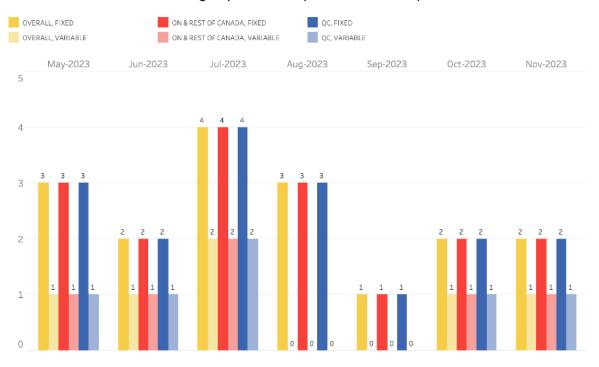


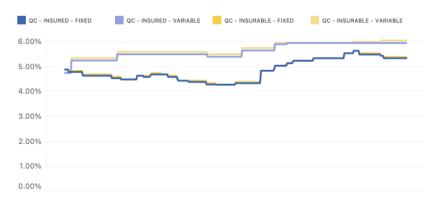
Fig. 2: The number of times the lowest rates nesto offers its borrowers changed per month across provinces between May 2023 and November 2023, comparing fixed to variable rates.

Key Data To Know	TL;DR
Breaking down the data from the previous graph, we see more clearly that 2 of the 3 changes were to nesto's fixed rate, while there was only 1 change to the variable rate in November 2023 in QC, ON, and the rest of Canada.	There were 2 changes to nesto's lowest fixed rate and 1 to nesto's lowest variable rate.



B. Variance: Lowest Rates

QC - Rate Variation



ON & Rest of Canada - Rate Variation

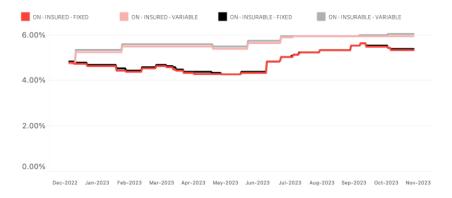


Fig. 3: These graphs show the rate variance in Quebec compared to Ontario and the rest of Canada.

Key Data To Know	TL;DR
Back in September 2023, the gap between variable rates and fixed rates was beginning to narrow again. That story didn't last long. Why? Since the beginning of October 2023, fixed rates have been experiencing declines due to a course reversal in both US and Canadian bond yields, widening the gap again and maintaining this trend in November 2023.	After decreasing to 5.14% from 5.19% in October 2023, nesto's fixed rate remained stable in November 2023.
However, starting in October 2023, fixed rates experienced declines, widening that gap again and maintaining this trend in November 2023.	



Section 02

Mortgage Type Trends



Purchase vs. Renewal vs. Refinance

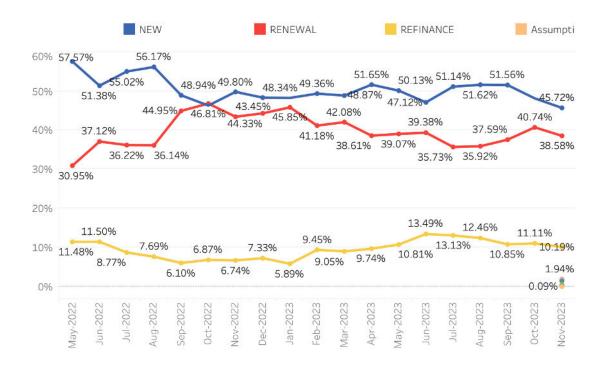


Fig. 4: Trends for the proportion of purchases (new mortgages) vs. renewals vs. refinances from May 2022 to November 2023.

Key Data To Know

In November 2023, the portion of applications for purchases vs renewals has remained consistent, proportionately. In October 2023, we saw the gap between these two types of mortgages begin to close, and in November, we saw the gap tightening further, albeit very slowly. This data could signal the start of the large renewal wave expected in the coming 2 years.

In turn, refinance numbers have remained relatively low and stable due to homeowners having trouble qualifying with higher interest rates. The higher rates are setting a high bar for the 30% of mortgage holders who have reached their trigger points, further limiting them to renewing with their current lender. This could change in light of the expected strong wave of renewers in the next two years, many of whom have to consider refinancing in the face of negatively amortised mortgages.

TL;DR

In November 2023, the gap between new and renewal applications continued to narrow, with purchases dipping to 45% and renewals at 38%, a 7point difference compared to an 11point difference in October.



Section 03

Purchase Timing Intent



Purchase Timing Intent

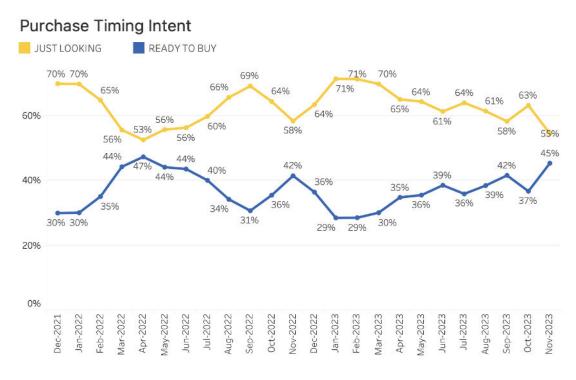


Fig. 5: Purchase intent: proportion of users "ready to buy" vs. "just looking" in their mortgage journey with nesto, illustrated over the last two years from December 2021 to November 2023.

Key Data To Know

Despite this consistent divide between those indicating "ready to buy" and those "just looking," we notice how buyer intent has kept shifting in small peaks and troughs since 2022. In line with this trend, after the gap suddenly widened from February to March 2023, we can see the gap tightened significantly again in November 2023. The difference in the portion between users who are 'ready to buy' vs 'just looking' has never been this small in the past 2 years. The current spread is almost a perfect split: 55% 'just looking' to 45% 'ready to buy'. This split shows people may feel more optimistic for the year ahead thanks to falling fixed rates and chatter about potential mid-year rate cuts.

TL;DR

In November 2023, the difference in the portion between users who are 'ready to buy' vs 'just looking' has never been this small in the past 2 years, reaching 45% and 55%, respectively.

Purchase Timing Intent - By Province

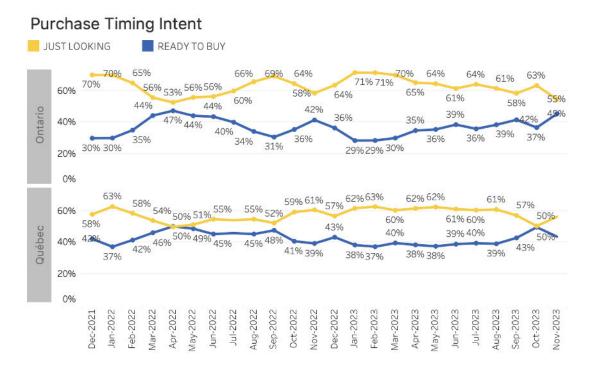


Fig. 6: Purchase timing intent proportion of those "ready to buy" vs "just looking" in nesto's mortgage process from November 2021 through October 2023 in Quebec and Ontario.

Buyer intent in QC split 50/50 in October 2023, a first since
April 2022. This could signify that sidelined buyers are
finally entering the market. November 2023 data continued
to support this theory, as the discrepancy in buyer intent
tightened in ON, with 55% of users 'just looking' and 45%
who are 'ready to buy.' While the gap in buyer intent in QC
widened again, the difference in proportion is still smaller
than it has been all year. In line with the national data
above, this data can be signalling to buyers re-entering the
market. The combination of lower rates, home sales and
property values is creating a perfect mix for well-qualified

buyers to grab a property of their choice before the impending winter, as it's very likely the market could get

Key Data To Know

heated once again in the spring.

The discrepancy in buyer intent tightened in ON, with 55% of users 'just looking' and 45% who

are 'ready to buy.'

TL;DR

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Section 04

Property Value And Down Payment



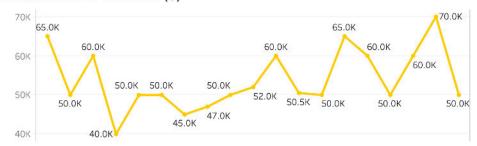


Property Value and Down Payment

MEDIAN PURCHASE PRICE (\$)



MEDIAN DOWN PAYMENT (\$)



MEDIAN DOWN PAYMENT (% OF PURCHASE PRICE)

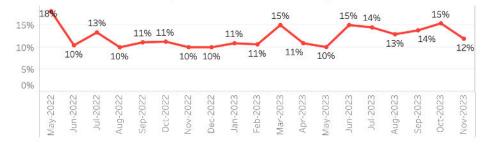


Fig. 7: This chart, tracking values between May 2022 and November 2023, shows a slight shift in the recent cooling market, while the median purchase price is still up by \$20,000.

Key Data To Know

National home buying data in November 2023 continued to follow the overall downward trend of home prices and median down payments that we've been seeing since April-September 2023. Despite sudden spikes in October, median home purchase prices in Canada fell to \$450K from \$472K last month. This is also the case for median down payments in both dollar and percentage value, down to \$50K from \$70K and to 12% from 15%, respectively. Consequently, <u>CREA data</u> shows that year-over-year composite benchmark prices for November 2023 are up in every province and nationally except Manitoba. This begs the question: Are nesto's mortgage clients more savvy at arranging better pricing on their purchases than others in their province?

TL;DR

Home buying data in November 2023 continued to follow the overall downward trend of home prices and the median down payments, with the median home price down by 20K since last month.



By Province

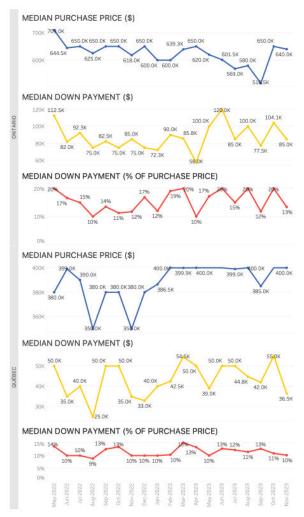


Fig. 8: Graph showing the variance of purchase prices vs. down payment, both in dollars and percentages, for Ontario and Quebec from May 2022 through November 2023.

Key Data To Know

Overall, home buying trends in ON followed national trends in November 2023. As we saw throughout Canada, after October's sudden peak, numbers in ON settled back into the downward trend in purchase prices we've been seeing all year. In contrast, QC home prices have remained relatively stable since February 2023, barely leaving that \$400K median purchase price. That being said, the median down payments in both provinces fell by approximately \$20K, which would make sense if our clients could score better deals on their purchases.

TL;DR

Home prices in ON and QC remain relatively unchanged between October and November 2023, while median down payments dip by \$20K in both provinces.

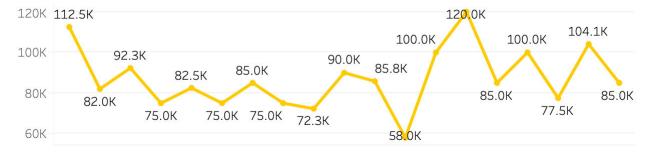


By Province: ON [1/3]

Median Purchase Price (\$)



Median Down Payment (\$)



Median Down Payment (% of Purchase Price)

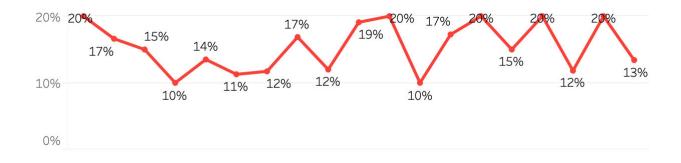
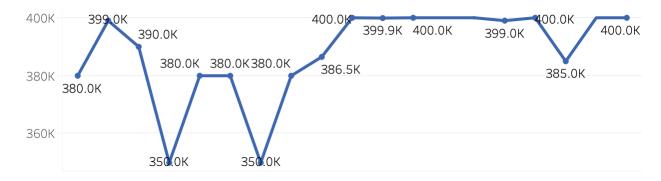


Fig. 8.1: Graph of intended purchase prices vs down payment (in dollars and percentage) from May 2022 through November 2023. in Ontario.

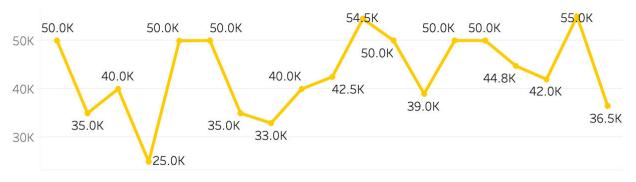


By Province: QC [2/3]

Median Purchase Price (\$)



Median Down Payment (\$)



Median Down Payment (% of Purchase Price)

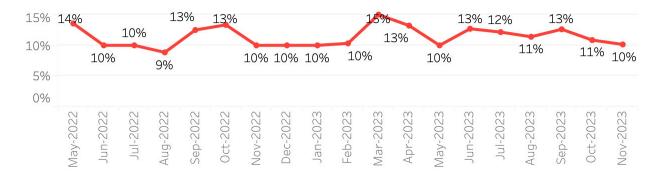


Fig. 8.2: Graph of intended purchase prices vs down payment (in dollars and percentage) from May 2022 through November 2023. in Quebec.



By Province: AB [3/3]



Fig. 8.3: Graph of intended purchase prices vs down payment (in dollars and percentage) from May 2022 through November 2023. in Alberta.

Key Data To Know (Cont'd)	TL;DR
The numbers in AB tell a different story. In contrast, median down payments fell in AB in November 2023, as in ON, QC and the rest of Canada, but purchase prices in AB continued upward trend for the third month straight. According to the composite benchmark prices in AB, the lead is expected due to its affordable prices, maintaining an 87% lower price point than ON, almost 45% lower than the national average, and nearly 10% lower than QC.	Purchase price in AB continued on an upward trend for the third month straight.



Methodology

The data used for this study comes from nesto's online application and is solely based on the experience of nesto.ca customers/users, not the national market as a whole.

Data is collected from thousands of monthly users declaring their intent or completing online applications across Canada. The data is anonymized and aggregated for analysis.

Data presented within our Rate volatility and variances report refer to nesto's "best rate" at any given moment. nesto's best rate comes from any one of our many lending partners at any given moment.

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For press and research-related requests, email us at media@nesto.ca.

