



# Private Residential Mortgage Lending in Ontario Report 2023

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## Executive summary

Some Ontarians still struggle with the ability to secure or maintain mortgages with traditional lenders, like banks and credit unions, due to continued mortgage affordability challenges and housing market uncertainty. As a result, a growing number of homeowners and prospective borrowers are turning to private mortgage lenders, such as Mortgage Investment Entities (MIEs), to finance their properties.

The Financial Services Regulatory Authority of Ontario (FSRA) uses insights from private mortgage lending trends to build on its regulatory strategies and consumer outreach programs aimed at safeguarding mortgage loan borrowers, as well as investors and lenders. Some of these strategies include:

- launching a private mortgage education campaign
- requiring enhanced education for agents and brokers who want to transact in private mortgages
- identifying private mortgage brokering as a supervision focus
- issuing guidance to clarify certain regulatory requirements for industry members

In this report, FSRA uses Ontario land registry data obtained through Teranet's [LendView™](#) platform to help analyze private mortgage lending trends in Ontario.

## Key findings

Residential mortgage lenders include traditional and non-traditional mortgage lenders. This Reports refers to non-traditional mortgage lenders as private mortgage lenders.

- Traditional Lenders include financial institutions such as Banks, Credit Unions, Insurance Companies, Trust Companies and Other.
- Private Mortgage Lenders include Individuals and Non-Individual Private Lenders (e.g. corporations and other entities) and Investment Firms.<sup>1-2</sup>

The key trends noted in FSRA's review of Teranet's 2023 LendView™ data include the following:

- Total mortgage originations decreased in 2023, with private mortgages declining less than traditional mortgages.
- As a result, the market share of Private Mortgage Lenders increased in 2023 compared to 2022.
- Among Private Lenders, Non-Individual Private Lenders (i.e., private entities) experienced the largest growth in market share, followed by Individual Lenders and Investment Firms<sup>3</sup>.

## Why does this matter?

Financially vulnerable individuals may be more impacted by the potential risks of getting a private mortgage. As the market share of private mortgage lending has increased over

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<sup>1</sup> Mortgage Investment Corporations (MICs) and MIEs may be categorized under Investment Firms or Non-Individual Private Lenders.

<sup>2</sup> Many private mortgage lenders in the sector categorize Non-individual Private Lenders and Investment Firms as Alternative Mortgage Lenders and Individuals as Private Mortgage Lenders. This report includes both Alternative and Individual Lenders as Private Mortgage Lenders.

<sup>3</sup> Includes MICs and MIEs.

the past decade, FSRA needs to better understand the extent of such risks and consumer behaviours to ensure it has effective supervision strategies in place. Private mortgages frequently differ from mortgages funded by traditional financial institutions and consumers may not readily understand their unique features and risks.

To better understand consumer behaviours, FSRA has conducted some of its own research in this area. In a January 2023 survey<sup>4</sup> of Ontario homeowners, 43% of those who used a private lending company or an individual private lender said they did not have an exit strategy in place to help them go back to a more traditional mortgage. This is concerning because this differs from previous observations where private mortgages are typically used for short-term financing until the borrower is able to qualify for traditional financing.

In December 2023, FSRA conducted a follow-up survey<sup>5</sup> of homeowners that indicated more than half of the respondents would be open to getting a private mortgage. In fact, 63% would get a private mortgage, rather than selling their home, if they had to choose. It can be easier to get a private mortgage, but consumers often face higher interest rates and fees along with additional conditions or restrictions (e.g., shorter terms, interest only payments, full repayment (interest and principal) when the mortgage is due). It's critical that homeowners who enter into private mortgages fully understand how their loan works, the pros and cons of the arrangement, the necessity for a realistic exit strategy, and the true cost of a private mortgage.

On the other side, private mortgages can be investment opportunities for certain investors and lenders and can be appealing to those seeking higher yield returns not available through traditional investments like bonds. However, not all investors have the investment experience, knowledge and resources to fully appreciate the risks associated with private mortgages, like mortgage default, loss of principal investment, low liquidity, and fraud.

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<sup>4</sup> Survey Info: Sample size = 1,001. Computer-assisted web interviews were conducted January 10-31, 2023 with Ontario residents aged 18+ with a mortgage.

<sup>5</sup> Survey Info: Sample size = 1,000. Computer-assisted web interviews were conducted December 7-14, 2023, with Ontario residents aged 18+ with a mortgage.

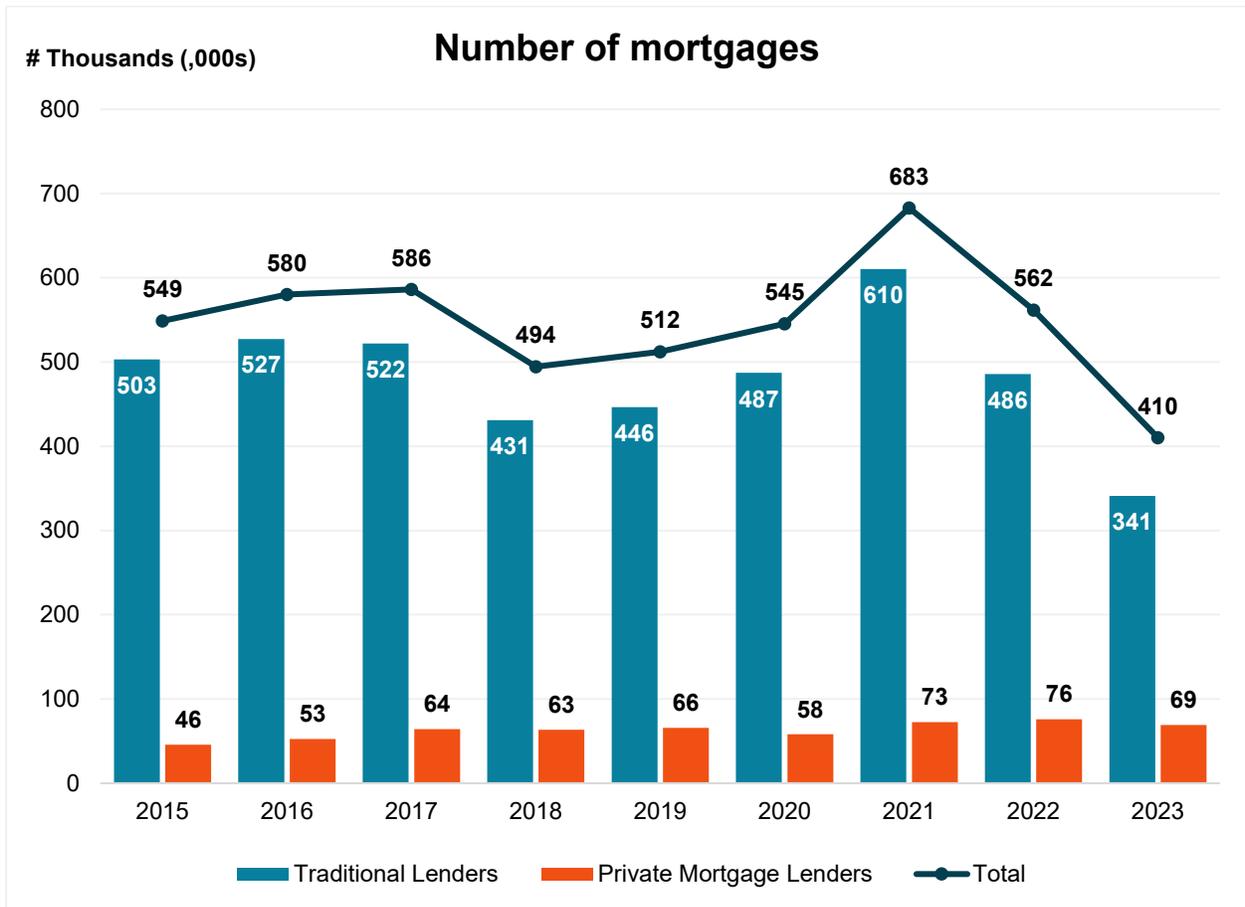
The consumer research trends noted above may present a risk of harm to retail borrowers and investors, potentially leading to financially harmful outcomes for Ontario families and individuals. Given these risks, the data highlighted in this report helps FSRA to focus its efforts on providing enhanced consumer protection by determining the greatest areas of risk associated with private lending.

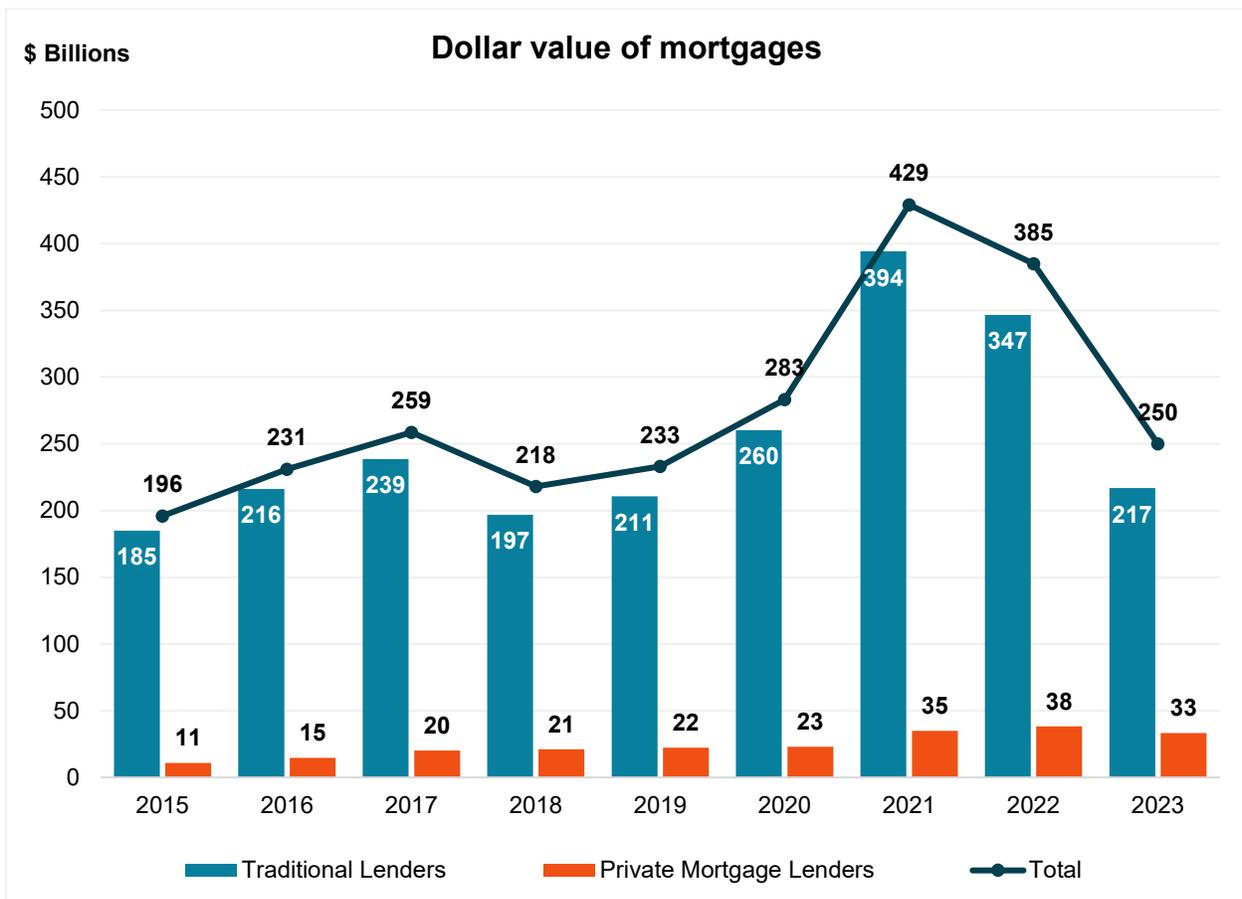
## Residential mortgages

**Total mortgage originations are down significantly from their peak in 2021.**

**Private mortgages peaked one year later in 2022.** Higher interest rates and home prices, coupled with stricter underwriting criteria at traditional mortgage lenders have resulted in reduced housing affordability and demand for mortgages in 2022 and 2023.

Total mortgages totalled 410,200 and \$249.9 billion in 2023, down 27.0 per cent (561,669) in number and down 35.1 per cent (\$384.9 billion) in value from 2022.



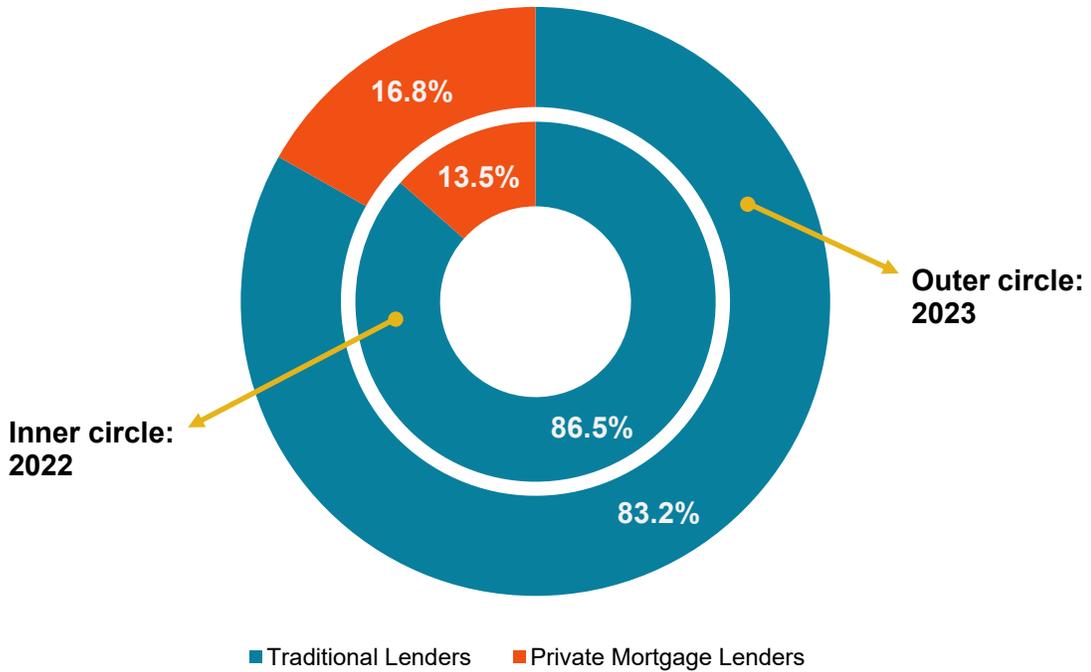


## Lender market share

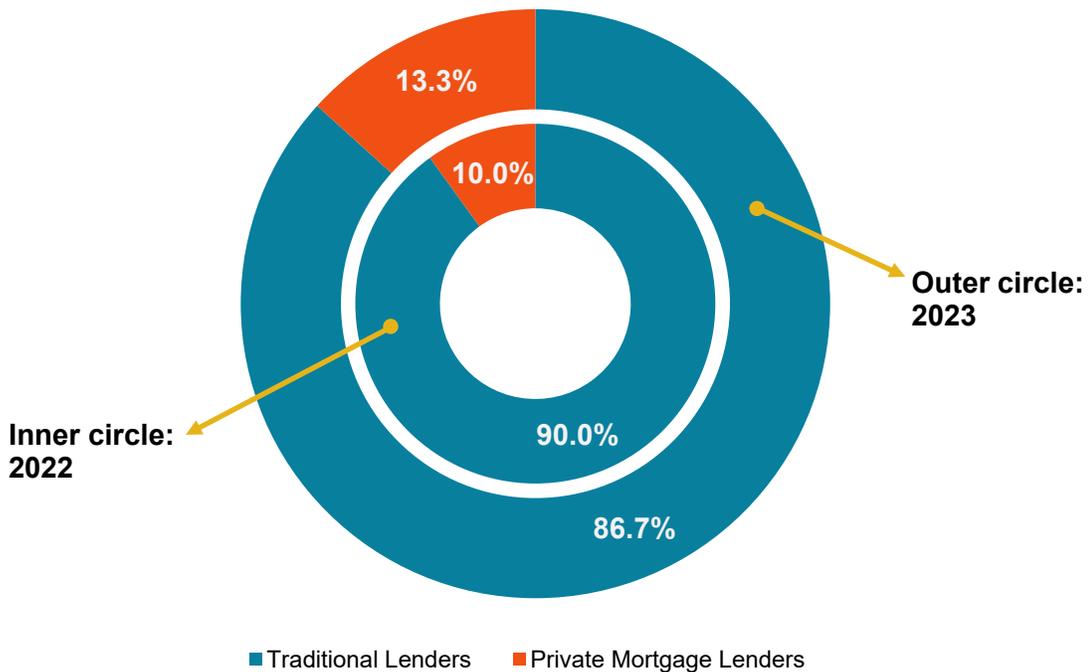
**Traditional Lenders continued to account for the majority of mortgage activity in 2023.** They accounted for 83.2 per cent (341,133) of the total number and 86.7 per cent (\$216.8 billion) of the total value of mortgages. However, their market share decreased from 2022 when they held an 86.5 per cent of the total number and 90.0 per cent of the total dollar value of mortgages.

**Private Mortgage Lenders accounted for 16.8 per cent of the total number and 13.3 per cent of the total value of mortgages in 2023.** These shares are higher than the 13.5 per cent and 10.0 per cent shares of the total number and value of mortgages in 2022.

### Lender market share by number



### Lender market share by dollar value



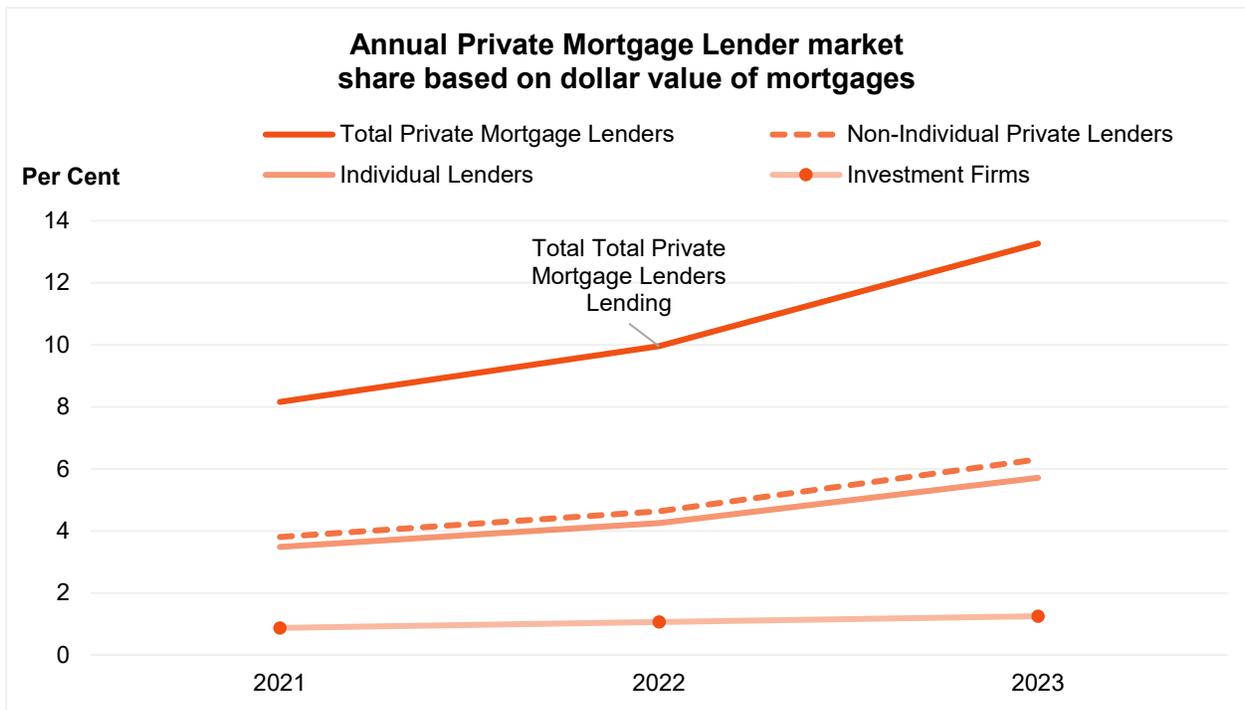
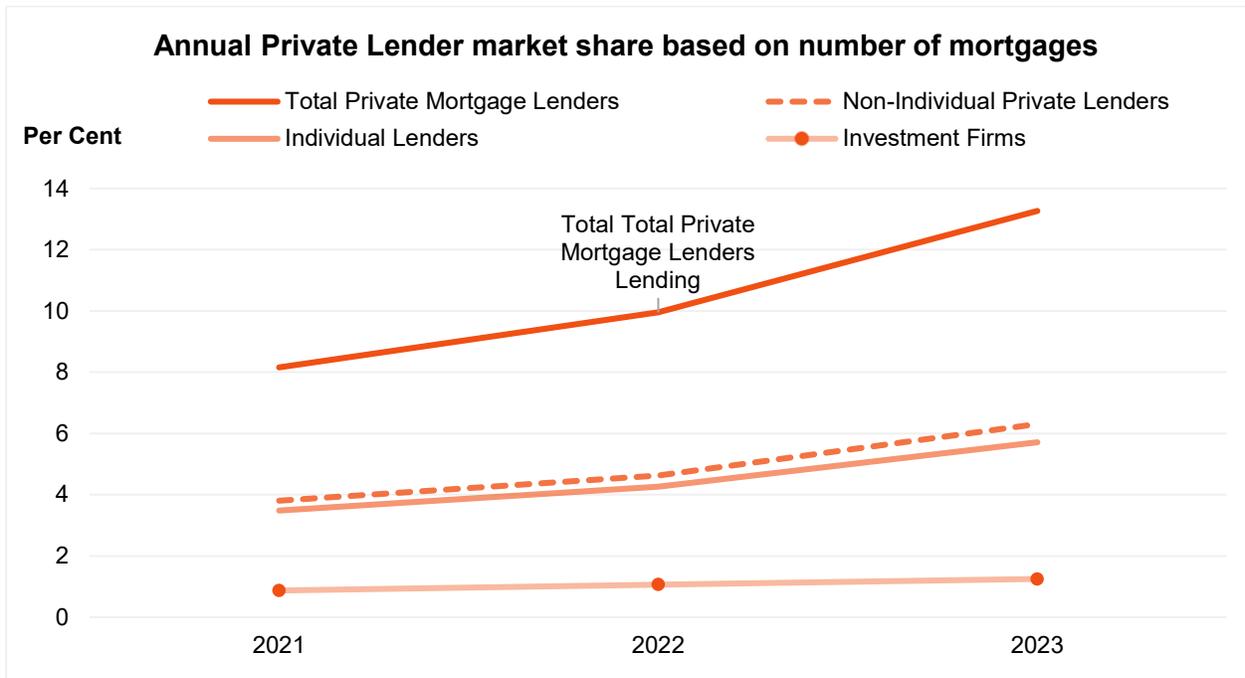
## Market share by type of private mortgage lender

**Non-Individual Private Lenders** funded the most mortgages followed by **Individual Lenders** and **Investment Firms**<sup>6</sup> in 2023.

- **Non-Individual Private Lenders** had the largest increase in market share. They accounted for 9.3 per cent of the total number and 6.3 per cent of the value of total mortgages in 2023 versus 7.4 per cent and 4.6 per cent, respectively, in 2022.
- The market share of **Individual Lenders** increased to 6.0 per cent of the total number and 5.7 per cent of the total dollar value of mortgages in 2023 from 4.7 percent and 4.3 per cent in 2022, respectively.
- **Investment Firms** had the smallest increase in market share. They accounted for 1.5 per cent of the total number and 1.2 per cent of the value of total mortgages in 2023 versus 1.4 per cent and 1.1 per cent, respectively, in 2022.

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<sup>6</sup> Includes MIEs and MICs.



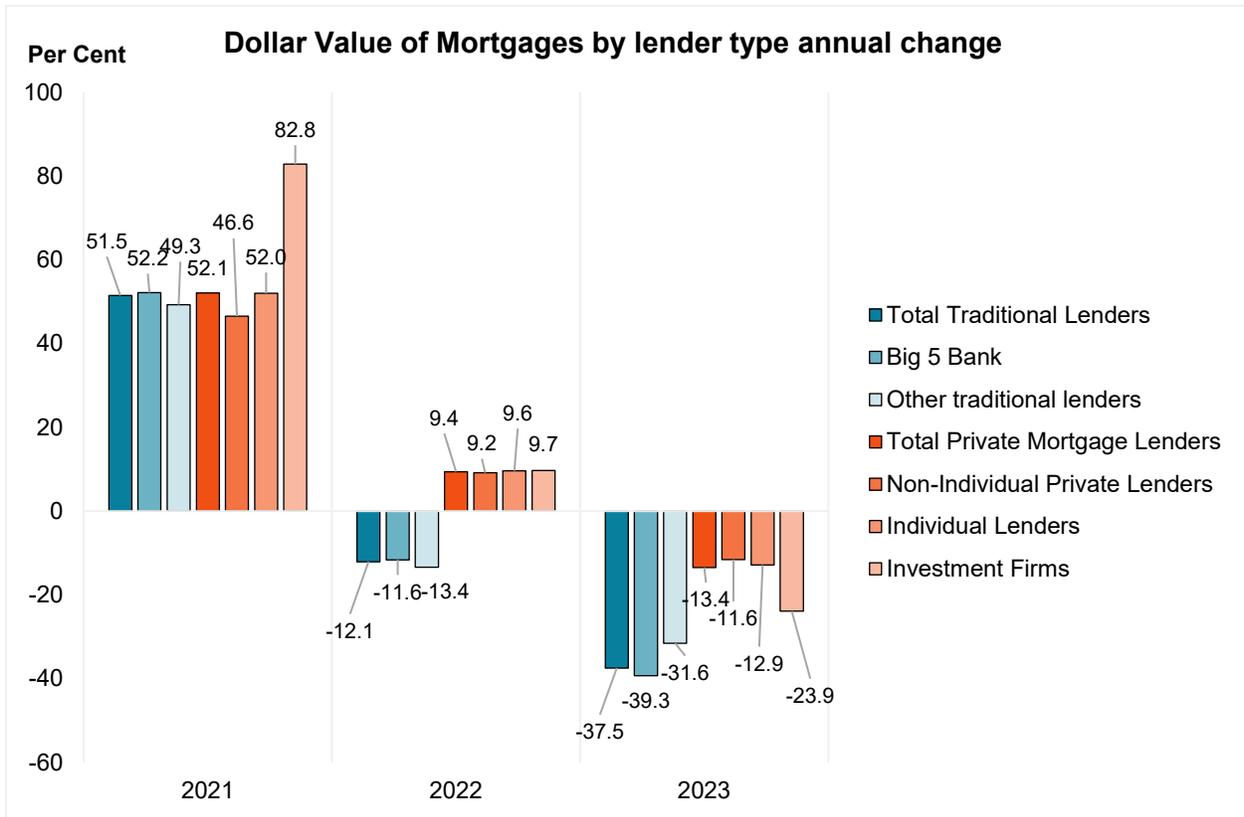
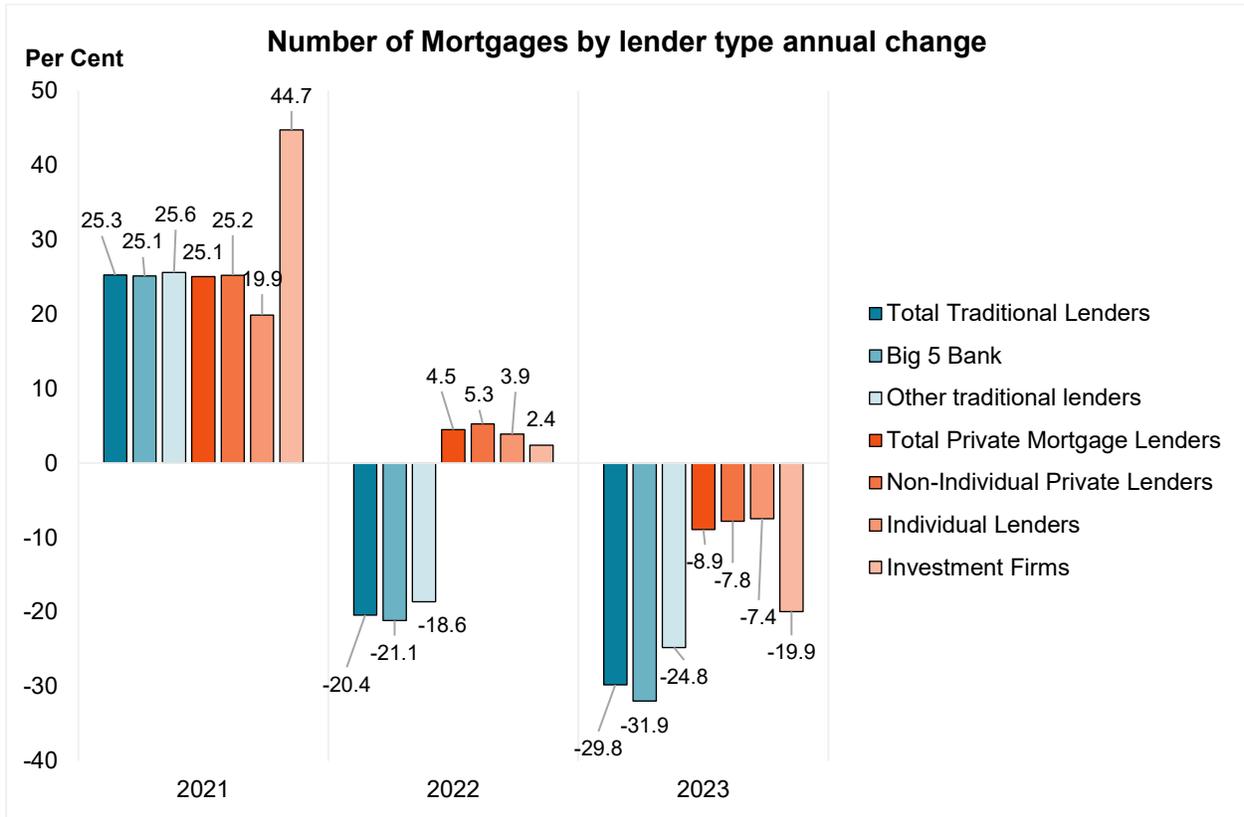
## Trends in private lending volumes

**Traditional Lenders** experienced a larger decrease in mortgage activity than **Private Mortgage Lenders** in 2023:

- Traditional mortgages declined 29.8 per cent in number to 341,133 and declined 37.5 per cent in dollar value to \$216.8 billion in 2023 from 2022.
- The decline in private mortgages was one third that of traditional mortgages. Private mortgages declined 8.9 per cent in number to 69,067 and declined 13.4 per cent in dollar value to \$33.2 billion in 2023 from 2022.

**Among Private Mortgage Lenders** in 2023 versus 2022:

- **Investment Firm mortgages experienced the largest decline, down** 19.9 per cent in number to 6,310 and down 23.9 per cent in dollar value to \$3.1 billion in 2023 from 2022.
- **Mortgages funded by Individuals** declined 7.4 per cent in number to 24,678 and down 12.9 per cent in value to \$14.3 billion in 2023.
- **Non-Individual Private Lender mortgages** were down 7.8 per cent in number to 38,079 and down 11.6 per cent in value to \$15.8 billion.



## Unique lenders<sup>7</sup>

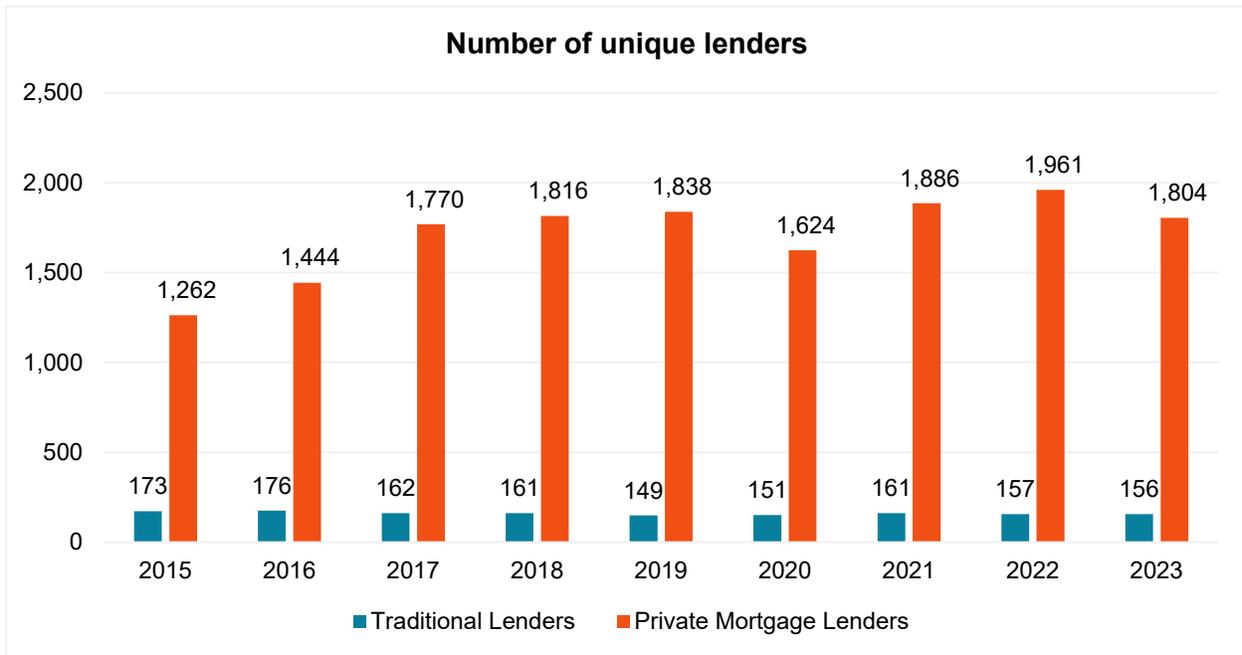
**The number of unique lenders (Traditional and Private Mortgage Lenders) decreased by 7.1 per cent in 2023 to 1,960 from 2,110 in 2022.**

The number of unique Traditional Lenders declined 0.6 per cent to 156 in 2023 from 157 in 2022. The number of unique Private Mortgage Lenders experienced a larger 8.0 per cent decline to 1,804 in 2023 from 1,961 in 2022. Of the number of unique private lenders in 2023, 9.6 per cent were new (vs 4.6% new Traditional Lenders).<sup>8</sup>

Number of unique lenders									
Lender Category	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Traditional Lenders</b>	<b>173</b>	<b>176</b>	<b>162</b>	<b>161</b>	<b>149</b>	<b>151</b>	<b>161</b>	<b>157</b>	<b>156</b>
Big 5 Bank	5	5	5	5	5	5	5	5	5
Other Traditional Lenders	168	171	157	156	144	146	156	152	151
<b>Private Mortgage Lenders</b>	<b>1,262</b>	<b>1,444</b>	<b>1,770</b>	<b>1,816</b>	<b>1,838</b>	<b>1,624</b>	<b>1,886</b>	<b>1,961</b>	<b>1,804</b>
Non-Individual Private Lenders	817	941	1,198	1,245	1,300	1,110	1,350	1,430	1,281
Investment Firms	444	502	571	570	537	513	535	530	522
Individual Lenders	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>1,435</b>	<b>1,622</b>	<b>1,943</b>	<b>1,981</b>	<b>1,988</b>	<b>1,781</b>	<b>2,048</b>	<b>2,110</b>	<b>1,960</b>

<sup>7</sup> For privacy reasons, the names of Individual Lenders (persons) are not available in LendView™ resulting in the number of Individual Private Lenders always being equal to “1” within LendView™ data.

<sup>8</sup> New mortgage lender means the mortgage lender’s name did not appear in Teranet data between 2015-2022. Mortgage lenders may not lend on mortgages every year, therefore, the number of unique lenders per year does not add up to the total number of lenders over a period.



## Regional breakdown

In terms of number of mortgages, Private Mortgage Lenders were most popular in the **Greater Toronto Area (GTA)<sup>9</sup> and Central Region in 2023**. Private mortgages accounted for 18.1 per cent of the total number of mortgages in the GTA and 17.0 per cent of those in the Central Region in 2023.

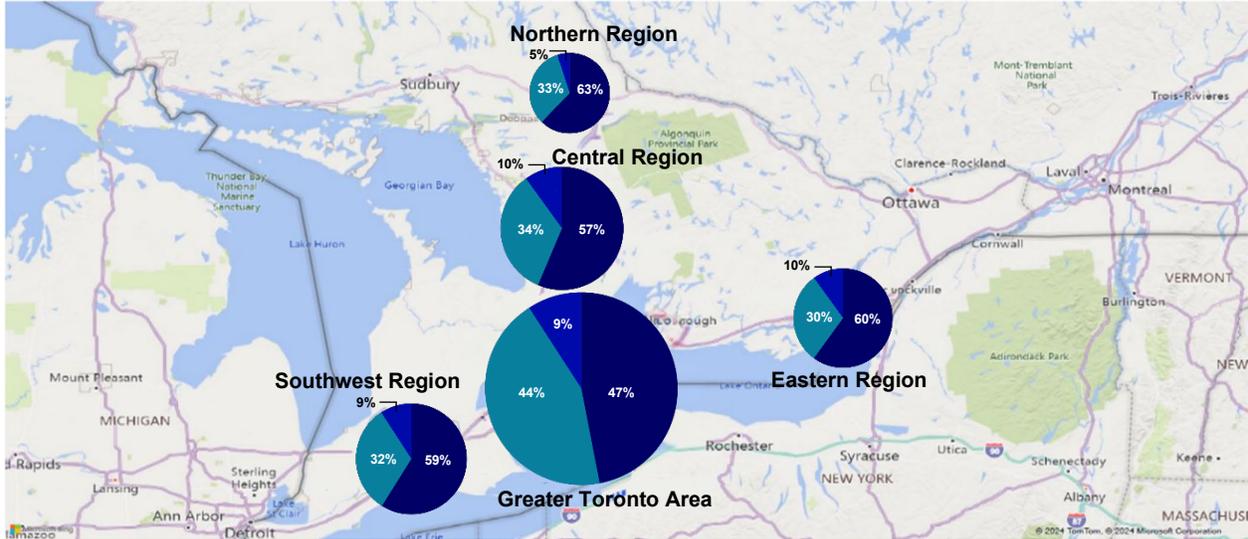
In terms of dollar value, Private Mortgage Lenders were most popular in the **Central Region and Southwest Region in 2023**, with market shares of 14.2 per cent and 13.8 per cent, respectively.

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<sup>9</sup> See Appendix 2 for more about the descriptions of Ontario regions.

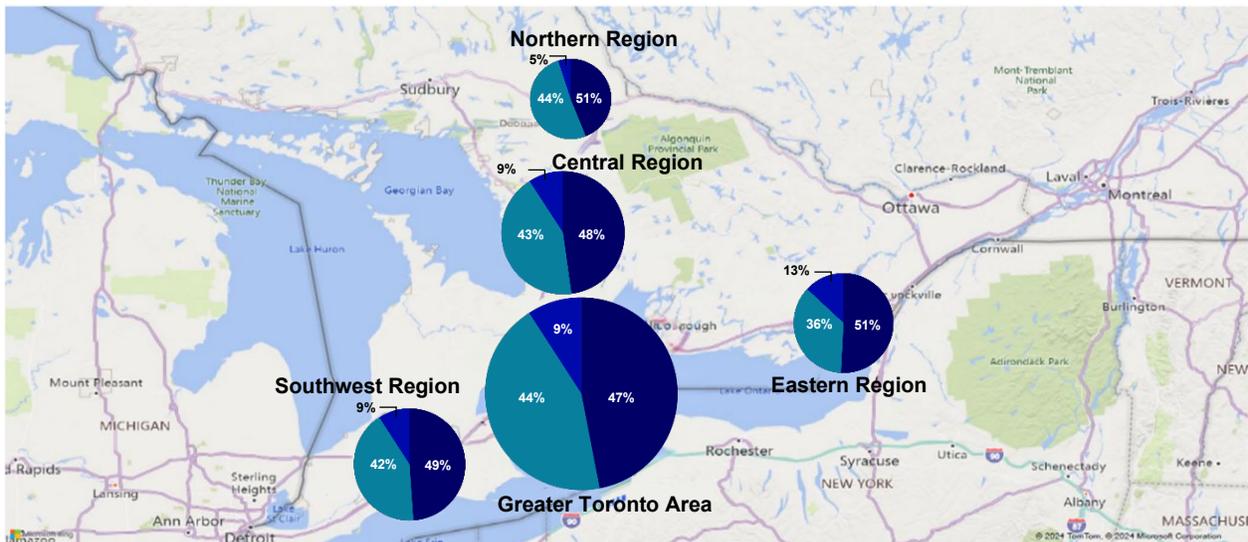
## Number of Private Mortgages by Lender Type – Distribution by Ontario Region in 2023

Private Mortgage Lenders Individual Lenders ● Investment Firms ● Non-Individual Private Lender ●



## Dollar value of Private Mortgages by Lender Type – Distribution by Ontario Region in 2023

Private Mortgage Lenders Individual Lenders ● Investment Firms ● Non-Individual Private Lender ●



## FSRA's actions in response to private lending trends

Consumers should be informed and ask questions when considering a private mortgage. To help ensure the protection of private mortgage borrowers, lenders and investors, FSRA has implemented number of initiatives, including:

- Launching a [What you need to know about private mortgage](#) section and [video](#) on the FSRA website and YouTube on December 7, 2022.
- Implementing a [Private Mortgage Awareness campaign](#) (February-March 2023 and December 2023-March 2024) to encourage consumers to learn about the differences between a private and traditional mortgage.<sup>10,11</sup>

To ensure the fair treatment of consumers, FSRA has launched the following initiatives for mortgage brokerages, brokers and agents:

- Implemented [new enhanced licensing requirements](#) that include a new private mortgage education requirement for all mortgage brokers and agents wishing to transact in private mortgages.
- Included private mortgages as a key focus in FSRA's mortgage brokering sector supervision plan in recent years ([2021-22](#), [2022-23](#), [2023-24](#)). The supervision plans included examinations of mortgage brokerages who reported transactions with Private Mortgage Lenders in their Annual Information Returns (AIRs).<sup>12</sup>

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<sup>10</sup> See FSRA's [Private Mortgage Information Page](#).

<sup>11</sup> [More Ontarians Expected to Get into Private Mortgages | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](#)

<sup>12</sup> A summary of FSRA's supervision findings are outlined in the [Consumer protection concerns identified in private mortgage examinations report](#).

- Worked with the [Mortgage Broker Regulators' Council of Canada \(MBRCC\)](#) to develop the MBRCC principles for conducting mortgage product suitability assessments.
- Published final [Mortgage Product Suitability Assessment](#) Guidance on June 19 to help ensure consumers receive recommendations for mortgage products that are right for them and their family. This Guidance is an important regulatory tool for protecting consumers. It outlines six key outcomes including that a mortgage brokerage must know its client and its products in order to make suitable recommendations, as well as explain and document the rationale for why its recommendation is suitable based on the client's needs and circumstances. The targeted outcomes of this FSRA Guidance align with the [MBRCC principles for conducting mortgage product suitability assessments](#). FSRA's mortgage brokerage supervisory examinations will continue to evaluate brokerages' compliance with this Guidance to ensure consumers of mortgage brokering services, including those who are financially vulnerable, receive suitable recommendations.

FSRA will continue to monitor and analyze the private lending market in Ontario, and plans to publish this report annually. In response to observed trends, whether concerning or indicative of a stable market, FSRA will adjust its approach accordingly. This may involve scaling back supervision in areas showing decreased risk or increased stability, such as reduced reliance on private mortgages. FSRA remains committed to protecting consumers through proactive public education, robust industry supervision, and collaborative efforts.

# Appendix 1: About this report, Teranet, FSRA and Mortgage Brokering Regulation

## About this report

This inaugural Private Residential Mortgage Lending in Ontario Report 2023 (“Report”) highlights trends in private mortgage lending noted in FSRA’s review of the Lendview™ data.<sup>13</sup> FSRA will publish such Reports annually.

## About Teranet

Teranet provides statutory registry services with extensive expertise in land and commercial registries and property intelligence and data solutions to thousands of customers in the real estate, financial services, government, utilities, and legal markets.

Founded in 1991, Teranet operates the Electronic Registration System for the Province of Ontario and the Land Titles and Personal Property registries for the Province of Manitoba. Most recently, Teranet expanded its global footprint by acquiring Foster Moore, expanding its registry solutions and offerings.

Teranet is owned by OMERS, one of Canada’s largest defined benefit pension plans.

## About LendView™

Launched in 2019, the LendView™ platform provides financial institutions, regulatory bodies and other lending professionals key insights into trends from the most complete and accurate source – official land registry data.

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<sup>13</sup> FSRA collects some data on private mortgage lending through its Annual Information Return (AIR) that mortgage brokerages and administrators are required to file with FSRA by March 31 of each year for the previous calendar. However, comparisons between mortgage lending trends noted in the AIR data versus those noted in the Lendview™ data are not feasible. The AIR data reflects only mortgages originated in the mortgage brokering channel. In addition, the sub-categories of traditional and private mortgage lenders are not consistent across the AIR and Lendview™ data.

Teranet's LendView™ platform provides data on all mortgages in Ontario originated across various channels (e.g., mortgage brokerages, financial institutions, lawyers) by type of lender.<sup>14</sup>

## About FSRA

The Financial Services Regulatory Authority of Ontario ("FSRA") is an independent regulatory agency of the Ministry of Finance ("MOF"). FSRA regulates insurance, mortgage brokering, loan and trust companies, credit unions/caisses populaires, financial planners and financial advisors, health services providers and pension plans in Ontario.

To protect consumers and enhance public confidence in the sectors it regulates, FSRA monitors, investigates and when there is non-compliance with legislation and regulations, takes appropriate enforcement action against the sectors it regulates and persons who are illegally engaged in those sectors.

## About Mortgage Brokering Regulation

The *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA) governs mortgage brokering activities in Ontario. Those wishing to engage in mortgage brokering must be properly licensed to do so as a mortgage brokerage, mortgage broker, mortgage agent and/or mortgage administrator under the MBLAA by FSRA.

Under the MBLAA, protection for consumers accessing mortgages from private lenders or accessing private mortgage investments is currently addressed through FSRA's licensing and oversight of brokers, agents, and brokerages. Licensees that arrange private mortgages are required to take reasonable steps to arrange a mortgage transaction that is suitable for the consumer / borrower and the private lender.<sup>15</sup>

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<sup>14</sup> Lending through mortgage brokerages accounts for approximately 60% of total number and 40% of total dollar value of mortgage transactions in Ontario (as the average amount of traditional mortgages is 39% higher than that of private mortgages).

<sup>15</sup> MBLAA, section 24.

FSRA does not regulate/have oversight of the underwriting practices of private lenders. Although there is no regulation of underwriting practices, consumer protection objectives are addressed through the MBLAA requirement that private lenders must be licensed as a mortgage brokerage or work with a mortgage brokerage to solicit consumers / borrowers.

Further, effective April 1, 2023, new licensing classes for agents were introduced. Agent Level 1 are authorized to deal and trade in mortgages with lenders that are financial institutions or approved under the *National Housing Act*, as described in regulation. Agent Level 2 are authorized to deal with these lenders and all other mortgage lenders such as mortgage investment companies, syndicates, private individuals, agents, brokers and brokerages.<sup>16</sup>

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<sup>16</sup> [New mortgage agent and broker licensing requirements | Financial Services Regulatory Authority of Ontario \(fsrao.ca\); O. Reg. 409/07, sections 2 and 5](#)

## Appendix 2: Ontario Regional Description<sup>17,18</sup>

### Central Region:

- Muskoka-Kawarthas, Kitchener-Waterloo-Barrie, and Hamilton-Niagara Peninsula economic regions.
- Features Census Metropolitan Areas (CMAs) of St. Catharines-Niagara, Hamilton, and Kitchener-Waterloo.
- Contains cities like Peterborough, Orangeville, Guelph, Barrie, and Brantford.
- Associated with Land Registry Offices (LROs)<sup>19</sup>: 7, 35, 45, 51, 57, 58, 61, and 62.

### Eastern Region:

- Consists of Ottawa and Kingston-Pembroke economic regions.
- Encompasses CMAs of Ottawa and Kingston.
- Includes cities such as Cornwall, Brockville, Belleville, and Petawawa.
- Associated with LROs: 4, 8, 13, 14, 15, 19, 21, 27, 28, 29, 39, 46, 47, 49, 50, and 52.

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<sup>17</sup> [Definitions of Ontario regions | Construction Forecasts](#)

<sup>18</sup> [Map of Ontario Regions \(gov.on.ca\)](http://gov.on.ca)

<sup>19</sup> An office where people can register and search official private property records using Ontario's land registration system. Each particular city/territory/district in Ontario has its own Land Registry Office code.

### Greater Toronto Area (GTA):

- Toronto economic region.
- Incorporates municipalities like Ajax, Brampton, Mississauga, Richmond Hill, Toronto, and Vaughan among others.
- Associated with LROs: 20, 40, 43, 65, and 80.

### Northern Region:

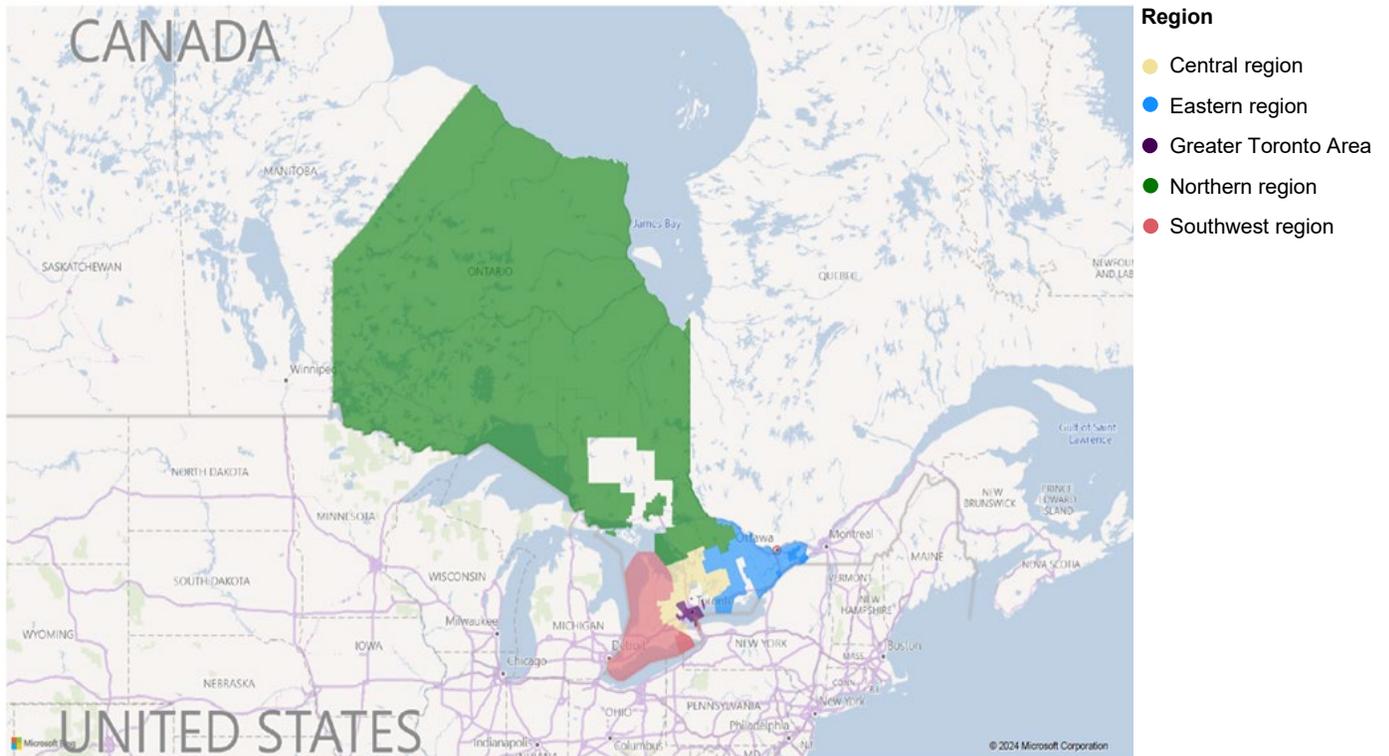
- Northeast and Northwest economic regions.
- Contains CMAs of Thunder Bay and Sudbury.
- Features cities like Sault Ste. Marie, Timmins, and Kenora.
- Associated with LROs: 1, 6, 23, 31, 36, 42, 48, 53, 54, and 55.

### Southwest Region:

- Comprises London, Windsor-Sarnia, and Stratford-Bruce Peninsula economic regions.
- Includes CMAs of London and Windsor.
- Contains cities like Chatham, Sarnia, and Stratford.
- Associated with LROs: 2, 3, 11, 12, 16, 18, 22, 24, 25, 30, 33, 37, 41, 44, and 59.

These regions are identified by specific colors in the Map of Ontario Region, with the Northern Region in green, the Central Region in yellow, the Greater Toronto Area in purple, the Northwest Region in red, and the Eastern Region in blue, as per their LRO designations.<sup>20</sup>

### Map of Ontario regions



<sup>20</sup> FSRA. "Map of Ontario Regions." Microsoft Power BI, 2024.