

MORTGAGE AND CONSUMER CREDIT TRENDS

National Report – Q4 2018 MAY 2019

Canada



Key mortgage and consumer credit indicators – Q4 2018*



MORTGAGE

Number of new loans
(thousands)

New loans **223**
↓ 4.8%

Average balance
(thousands of \$)

New loans **264** ↓ 3.8%
All loans **210** ↑ 3.1%

Delinquency rate (%)

All loans **0.30%**
↑ 0.01 ppt**

Average payment (\$)

New loans **1,432** ↑ 0.6%
All loans **1,289** ↑ 4.4%

Overall, volume of mortgage activity grew at a slower pace, partly reflecting lower housing market activity.



HELOC

Average balance (thousands of \$)

All loans **98.8**
↑ 1.6%

Utilization rate (%)

All loans **57.3**
↓ 0.2 ppt**

Delinquency rate (%)

All loans **0.15%**
STABLE

HELOC average balance grew while the utilization rate stayed the same. Delinquency rate remain low.



OTHER DEBT

Consumer with
a mortgage

Consumer without
a mortgage

Average balance (\$)

9,054 ↑ 3.6%
7,760 ↑ 5.0%

Delinquency rate (%)

0.73% ↓ 0.02%
1.99% ↓ 0.01%

Consumers kept increasing their other debt burden and therefore their vulnerability to a shock in the longer run.

* Based on institutions (such as banks, large credit unions, a number of medium or small credit unions and some monoline lenders) reporting to Equifax Canada. Figures reported are for Q4 2018 and variation year-over-year from Q4 2017. HELOC stands for home equity line of credit. Other debt includes, personal line of credits, credit cards and auto loans.

** PPT stands for percentage point.

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“While indebtedness of Canadian households remains elevated, growth in the volume of mortgage activity slowed in the last quarter of 2018, partly reflecting lower housing market activity. Despite high debt levels, delinquency rates remain low and the number of highly indebted and more vulnerable consumers has decreased.”



Geneviève Lapointe
Senior Market Analyst
Economics

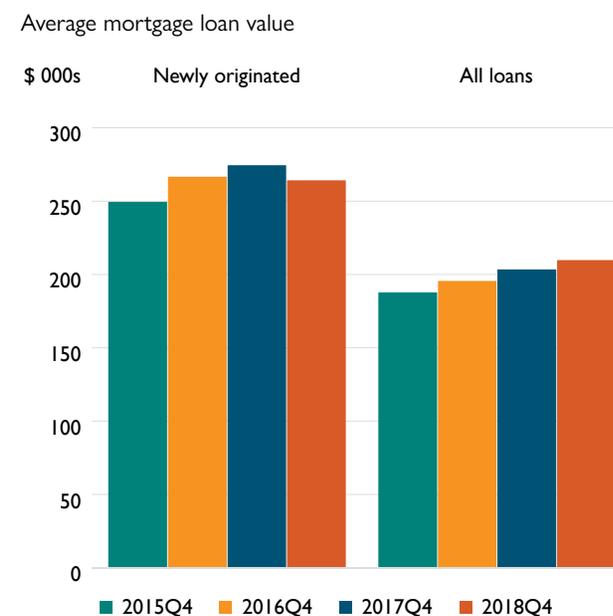
Mortgage and consumer credit trends

Canadians have high levels of debt

- The level of indebtedness of Canadian households rose faster than income in 2018. As a result, the debt-to-income ratio continued to increase over the course of the year, reaching 178.5% in the fourth quarter of 2018, a record high¹. According to Equifax data for Q4 2018, mortgage loans accounted for nearly two third of the total debt held by Canadians consumers, while the remainder was in home equity lines of credit (10.8%), credit cards (5.3%), auto loans (4.1%) and personal lines of credits (3.1%).
- The number of mortgage loans² kept on growing in Q4 2018, but at a slower pace than a year earlier due to a reduction in the number of new mortgages issued over the same period and generally lower housing activity in 2018 when compared to 2017.
- The average mortgage loan value reached \$209,570, 3.1% higher than a year earlier, while the average balance for new loans³ declined 3.8% from the same period (Figure 1). These national trends mirror what was observed in Toronto and Vancouver, the two largest and most expensive housing markets of the country (Figure 2).

Figure 1

Average outstanding loan balance



Sources: Equifax and CMHC calculations

¹ Statistics Canada Table 38-10-0238-01 Household sector credit market summary table, seasonally adjusted estimates.

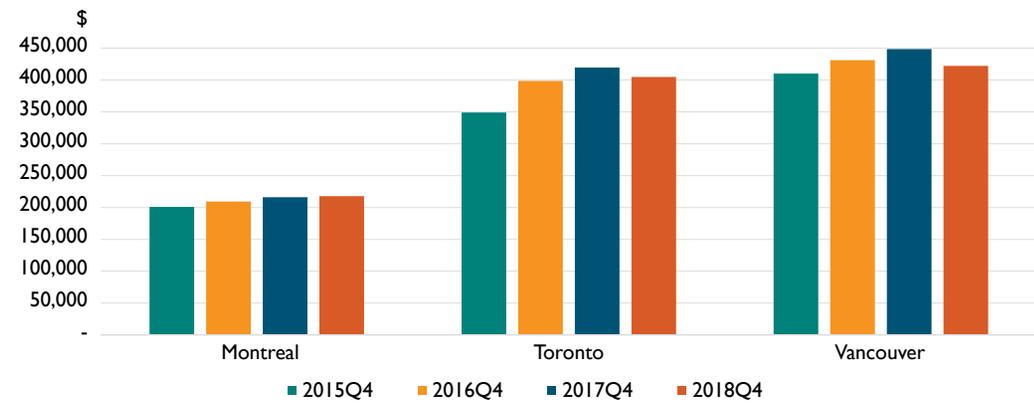
² Based on institutions (such as banks, large credit unions, a number of medium or small credit unions and some monoline lenders) reporting to Equifax Canada.

³ The average balance on loans emitted in the quarter is equivalent to value at initiation less payments made.

- The number of transactions on both new home and resale market declined in 2018. So to did the average MLS® price⁴. Homeownership demand has been tempered by slightly higher borrowing costs, slower economic growth and recent regulations around mortgage markets. Together, these factors contributed to reducing the number of new loans and their average balance at the national level. Yet, despite the easing in 2018, average house prices in Canada remain historically elevated⁵. This explains, in part, why the average balance of new loans remains higher than in the overall mortgage market.
- Consumers with a mortgage continued to increase their debt level outside of their mortgage. Their average outstanding balance in credit cards and line of credits grew at a faster pace than in 2017, except for HELOCs and auto loans, which increased at a slightly slower pace. These trends were also observed amongst consumers without a mortgage (Figure 3).

Figure 2

Average outstanding loan balance of new mortgage - selected geographies



Sources: Equifax and CMHC calculations

Figure 3

Year-over-year growth in outstanding balance, by type of credit



Sources: Equifax and CMHC calculations

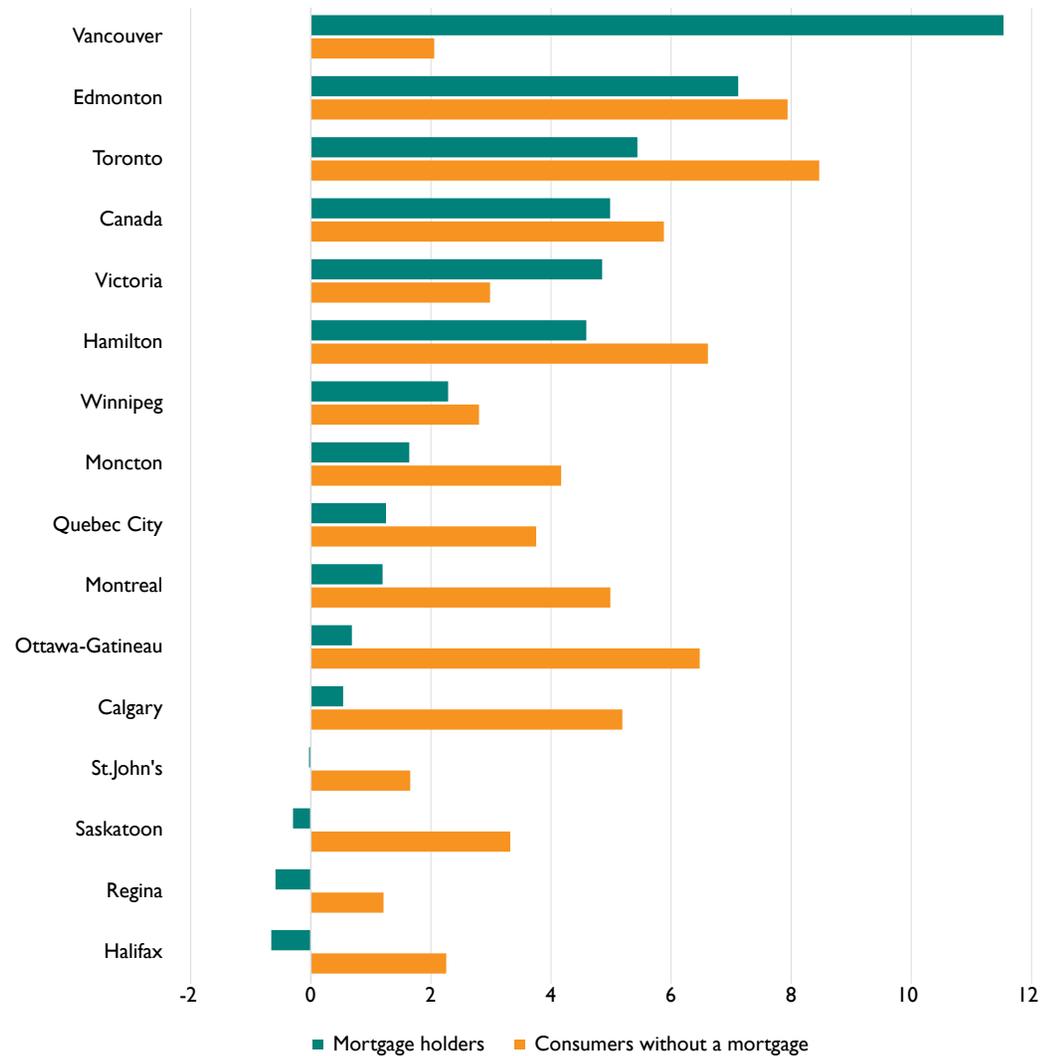
⁴ In 2018, the resale market moderated to 458,442 MLS® sales, an 11.1% drop from the elevated levels recorded in 2017. The average MLS® price slowed to \$488,699 in 2018, a 4.1% drop over the same period.

⁵ For more information on CMHC's latest housing market conditions assessment, see our latest edition <https://www.cmhc-schl.gc.ca/en/data-and-research/publications-and-reports/housing-market-assessment>

- The rise in outstanding balance of non-mortgage debt grew more steeply amongst Vancouver, Edmonton and Toronto mortgage holders (Figure 4). Consumers without a mortgage in Toronto and Edmonton also posted above-average growth in outstanding balances. These numbers may indicate that consumers in these regions are potentially on average more financially strained.
- Meanwhile utilization rates of revolving credit⁶ have remained relatively stable across different product types (for both consumers with and without a mortgage). Amongst mortgage holders, utilization rates were highest for lines of credits at 62.6%, followed by HELOC at 57.9% while credit cards were at 38.7%. With this space available on their revolving credit products, consumers have on average some room to maneuver if they face the need to increase their debt in the short-term. However, their vulnerability to potential shocks in the economy would likewise be increased.

Figure 4

Year-over-year rate of growth in outstanding balance of non-mortgage debt, mortgage holders vs. consumers without a mortgage



Sources: Equifax and CMHC calculations

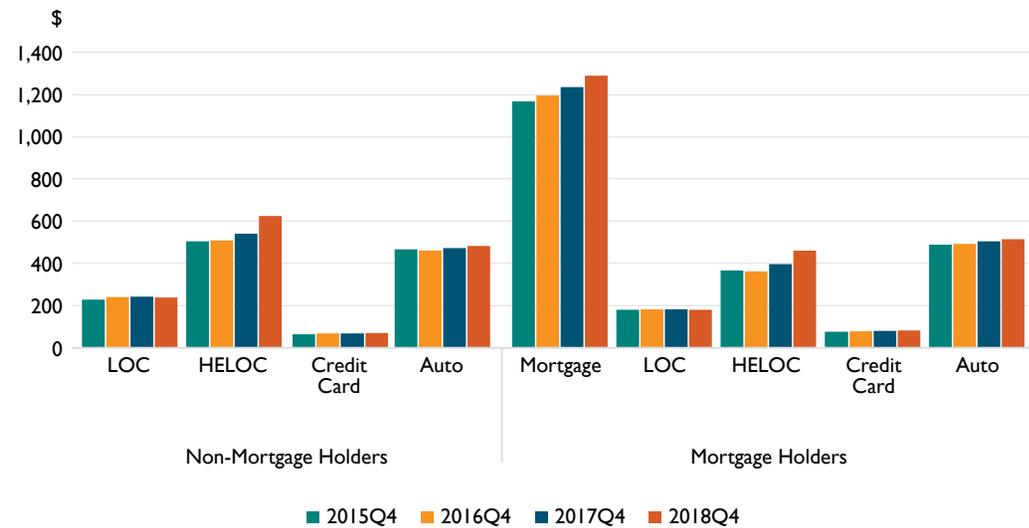
⁶ Revolving credit includes lines of credit, credit cards and home equity line of credits.

Canadian consumers are facing increasing monthly obligations related to their home-secured debt

- Average monthly obligations per consumer increased by 4.5% in the fourth quarter of 2018 compared to a year earlier. Over the same period average disposable income rose by 2.5%. Therefore, for the average Canadian, the monthly obligation burden has increased from last year relative to their income.
- For mortgage holders, the increase in average monthly obligations since the fourth quarter of 2017 was fuelled by increased mortgage payments (+4.4%), HELOCs (+16.2%) and auto loans (+2.1%) (Figure 5). The average monthly scheduled mortgage payment is driven up by new mortgages, which have higher loan value on average and therefore higher monthly payments.
- For consumers without a mortgage, average monthly obligations related to HELOCs (+15.8%) and auto loans (+2.3%) increased the most (Figure 5).
- For credit cards and for lines of credit, average minimum payments remained low and relatively unchanged (Figure 5).
- The average monthly obligations for line of credits and HELOCs were about 30% higher for consumers without a mortgage than for mortgage holders (Figure 5).

Figure 5

Average monthly obligations per consumer, by type of credit



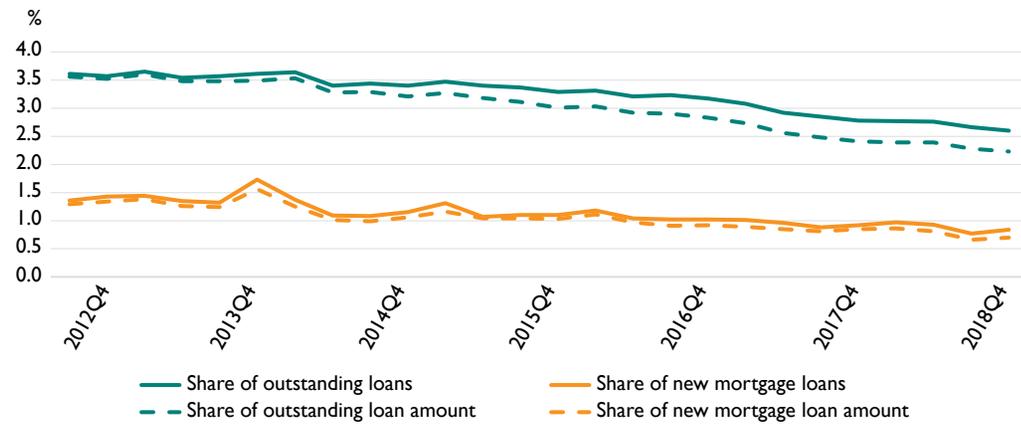
Sources: Equifax and CMHC calculations

The number of highly indebted and more vulnerable consumers has decreased

- The share of all mortgage loans held by consumers with a low credit score (below 600) continued to trend lower (Figure 6). Borrowers with a low credit score represented less than one percent of new mortgage loans, which is significantly lower than the share for all mortgages (Figure 6).
- The average credit score of consumers without a mortgage remains relatively stable. Mortgage holders saw their average credit score stabilizing after slightly increasing in 2018 Q3, while consumers with a new mortgage saw their score increase for the second consecutive quarter (Figure 7).
- The combination of tighter policies for mortgage qualification, elevated home prices, and higher interest rates are amongst the factors that are potentially impacting the quality and quantity of credit of mortgage holders. Over the past two years, federal regulators have tightened the criteria for mortgage qualification with the aim of improving the quality of new mortgage loans, in part explaining the increase in credit scores of consumers with a mortgage.

Figure 6

Share of mortgages held by consumers with a low credit score (below 600)

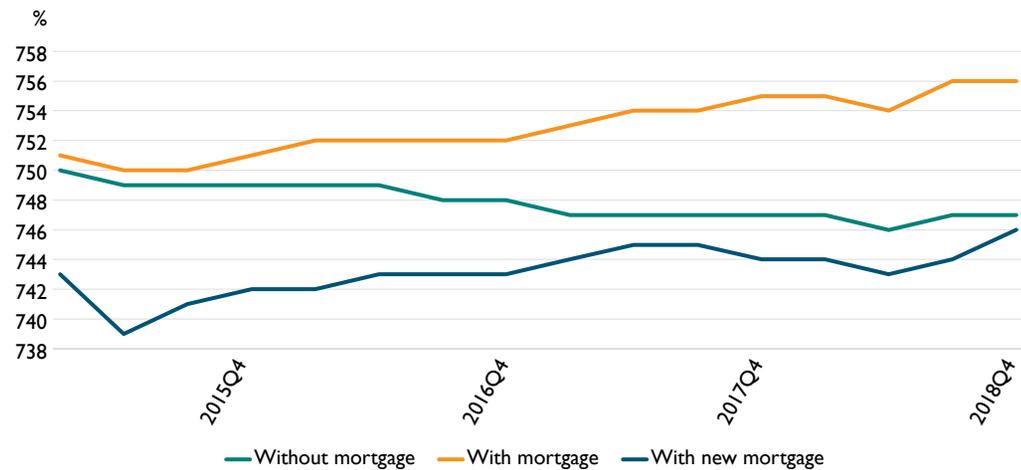


Sources: Equifax and CMHC calculations

Figure 7

Average credit score (based on Equifax Risk Score)

Seasonally adjusted

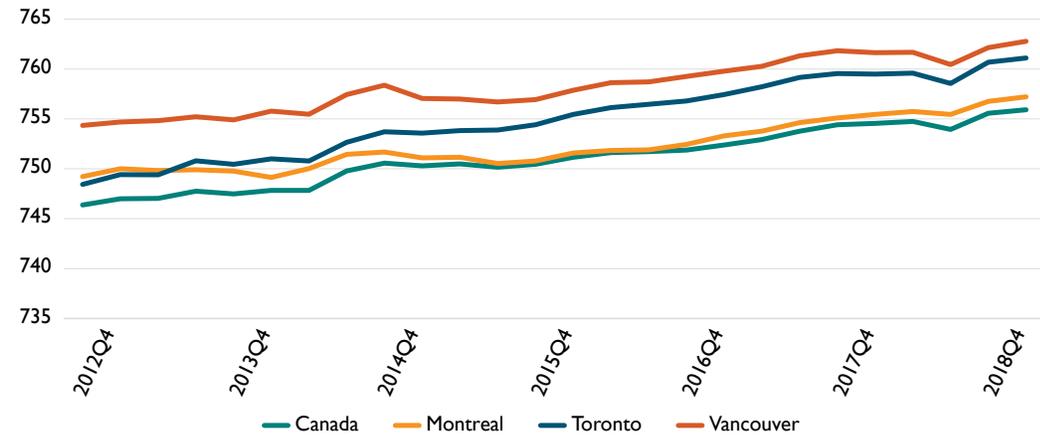


Sources: Equifax and CMHC calculations

- Across most regions, average credit scores for consumers with a new mortgage are high and have been trending higher. The highest score among large urban centers is for Vancouver (Figure 8).
- The share of credit consumers that are experiencing a credit score degrade has been trending lower (Figure 9).⁷

Figure 8

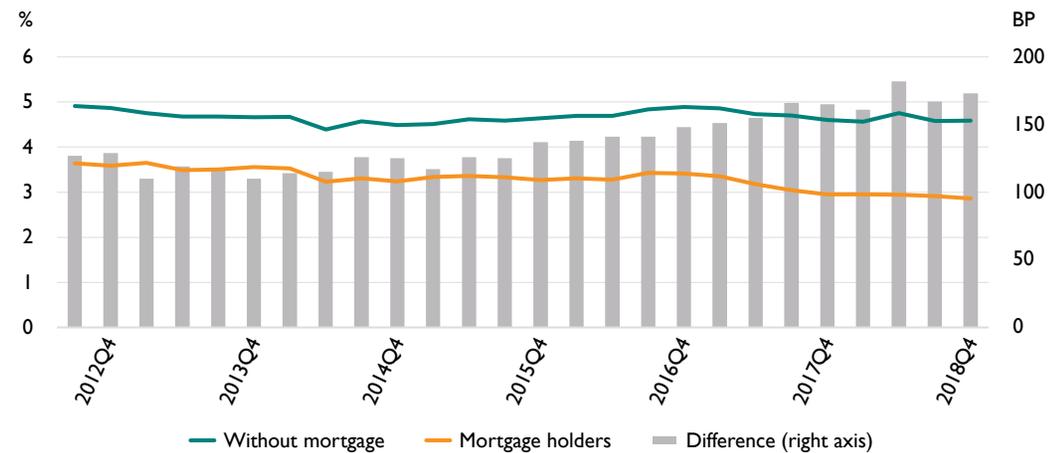
Average credit score for consumer with a new mortgage, selected geographies (based on Equifax Risk Score)



Sources: Equifax and CMHC calculations

Figure 9

Share of consumers who experienced a credit score degrade



Sources: Equifax and CMHC calculations

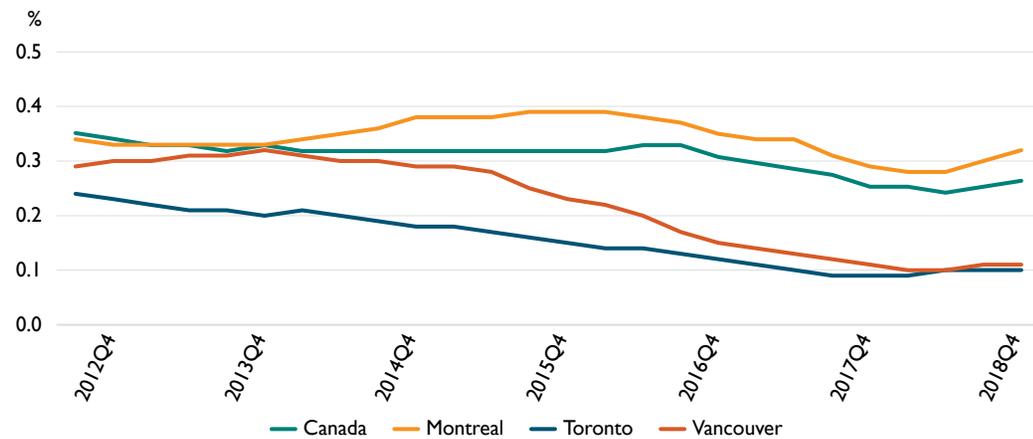
⁷ The “credit score degrade” status is given to consumers who recorded a drop in their credit score of at least 40 points over the previous 12 months and have a score below 650.

Despite increasing average debt levels - consumers kept making payments on time

- Since 2016, mortgage delinquency rates have followed a downward trend. This situation suggests that despite increasing overall debt on average, the proportion of consumers who make their payment on time has increased over the same period. In the fourth quarter of 2018, with rising incomes, mortgage delinquency rates remained relatively stable and low in Canada despite a small increase (it reached 0.30%, an increase of 0.01 percentage point compared to the same period in 2017) (Figure 10). Delinquency rates in other products also remained low and stable, except for auto loans where they rose slightly (Figure 11).
- In Vancouver and Toronto, where average mortgage debt is the highest in the country, mortgage delinquency rates remained relatively stable and below the national average. In Montreal, mortgage delinquency rates increased slightly in the fourth quarter of 2018 compared to a year earlier, so mortgage delinquency rates will continue to be monitored in Montreal (Figure 11). While home prices in Montreal are relatively lower than in Vancouver and Toronto, mortgage delinquency rates are higher there and have been above the national average for some time.

Figure 10

Mortgage delinquency rates, selected geographies

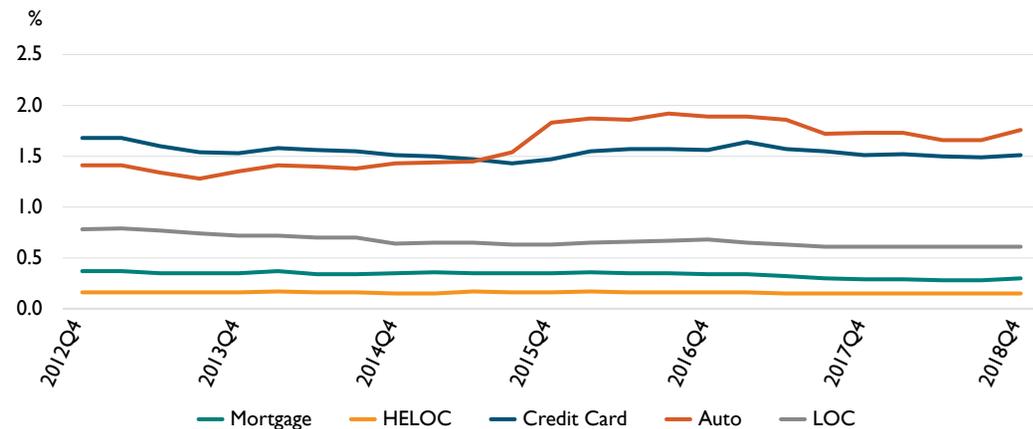


Sources: Equifax and CMHC calculations

Figure 11

Delinquency rates, by type of credit

Share of the number of accounts 90 days or more past due over the previous three months



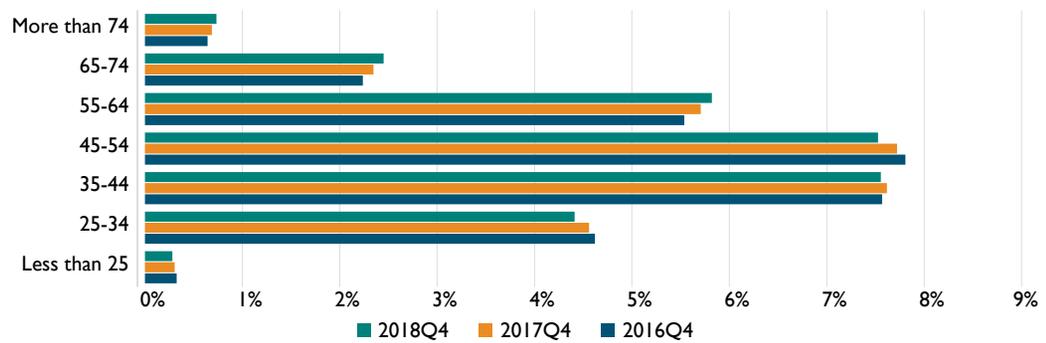
Sources: Equifax and CMHC calculations

Older consumers are increasing their debt load

- The share of consumers with a mortgage decreased in the 45-to-54 age group; which has the highest share of mortgage holders. Meanwhile, the share of mortgage consumers aged 55 or more continues to grow (Figure 12).
- According to a recent release by Statistics Canada, over the past decade, households 45 or older have been carrying larger debt loads later in life⁸. In general, older households may have a greater capacity to access credit relative to younger ones because many have access to home equity or other assets.
- However, mortgage delinquency rates in the 65-and-above age group (Figure 13) have been rising. They have also been the highest amongst all age groups since late 2015, suggesting that there is a share of consumers over 65 with a mortgage loan that may be more financially strained and vulnerable. This could lead to potential situations where they could be less able to meet their payment obligations on time, for example, in case of life events affecting their income. That being said, mortgage delinquency rates remained relatively low for all age groups.

Figure 12

Share of consumers with a mortgage loan by age category

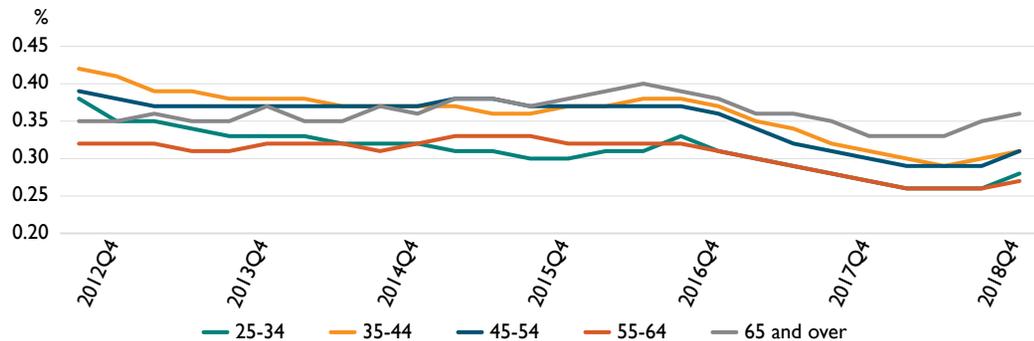


Sources: Equifax and CMHC calculations

Figure 13

Mortgage delinquency rate by age of the mortgage holder

(Based on the number of accounts 90 days or more past due)



Sources: Equifax and CMHC calculations

Resources

You can find this data – and data for all Census Metropolitan Areas (CMAs) in Canada – at cmhc.ca/mortgage-consumer-credit-trends-data

⁸ <https://www150.statcan.gc.ca/n1/daily-quotidien/190327/dq190327b-eng.htm>

Appendix – Key credit indicators

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	Year-over-year growth, in %	
													2017Q4	2018Q4
Outstanding balance (total in millions of \$)														
All	\$1,634,252.55	\$1,664,548.28	\$1,707,356.28	\$1,726,894.31	\$1,731,304.39	\$1,761,710.78	\$1,800,666.70	\$1,817,594.00	\$1,833,129.94	\$1,851,437.40	\$1,889,800.60	\$1,911,619.31	5.3	5.2
Mortgage	\$1,073,510.03	\$1,093,498.82	\$1,128,234.10	\$1,145,180.73	\$1,154,899.43	\$1,172,538.20	\$1,199,501.89	\$1,208,147.56	\$1,224,299.05	\$1,231,714.82	\$1,256,320.79	\$1,268,544.02	5.5	5.0
HELOC	\$198,013.08	\$199,814.01	\$199,643.29	\$196,614.85	\$196,472.30	\$200,186.88	\$201,999.02	\$201,876.41	\$201,770.27	\$203,202.05	\$205,814.64	\$206,888.14	2.7	2.5
Credit Card	\$86,085.70	\$90,295.21	\$91,227.57	\$93,235.15	\$88,781.35	\$92,670.39	\$93,612.25	\$96,164.74	\$92,466.38	\$98,168.56	\$98,423.60	\$101,148.54	3.1	5.2
Auto	\$63,001.72	\$64,815.30	\$66,880.04	\$68,809.74	\$67,111.68	\$68,710.68	\$70,967.64	\$73,384.40	\$72,777.09	\$73,040.29	\$76,114.10	\$77,803.29	6.6	6.0
LOC	\$60,081.12	\$59,821.88	\$60,236.22	\$59,606.69	\$59,184.79	\$58,753.14	\$58,714.38	\$58,513.11	\$58,907.46	\$58,984.00	\$59,675.19	\$59,965.57	-1.8	2.5
<i>As a share of total credit (in %)</i>														
Mortgage	65.7	65.7	66.1	66.3	66.7	66.6	66.6	66.5	66.8	66.5	66.5	66.4		
HELOC	12.1	12.0	11.7	11.4	11.3	11.4	11.2	11.1	11.0	11.0	10.9	10.8		
Credit Card	5.3	5.4	5.3	5.4	5.1	5.3	5.2	5.3	5.0	5.3	5.2	5.3		
Auto	3.9	3.9	3.9	4.0	3.9	3.9	3.9	4.0	4.0	3.9	4.0	4.1		
LOC	3.7	3.6	3.5	3.5	3.4	3.3	3.3	3.2	3.2	3.2	3.2	3.1		
Equifax's mortgage coverage relative to reference														
Outstanding mortgage debt (Bank of Canada)	\$1,366,036	\$1,387,476	\$1,416,658	\$1,439,639	\$1,449,223	\$1,472,231	\$1,497,950	\$1,518,597	\$1,524,342	\$1,510,376	\$1,526,373	\$1,540,424	5.5	1.4
Equifax's coverage (in %)	78.6	78.8	79.6	79.5	79.7	79.6	80.1	79.6	80.3	81.6	82.3	82.4		
Average credit score, all consumers - Equifax Risk Score (ERS)*	750	750	750	749	750	750	750	750	751	749	750	750	0.1	0.1
Average credit score, mortgage holders - ERS	752	752	752	752	753	754	754	754	755	754	755	756	0.3	0.2
All active mortgages														
Number of active mortgages (in thousands)	5,689.12	5,733.63	5,822.53	5,849.65	5,869.50	5,901.47	5,939.12	5,941.17	5,979.51	5,979.71	6,028.69	6,053.08	1.6	1.9
Average outstanding balance per mortgage (in thousands)	188.70	190.72	193.77	195.77	196.76	198.69	201.97	203.35	204.75	205.98	208.39	209.57	3.9	3.1
Average scheduled payment, per consumer	1,173.06	1,181.04	1,189.16	1,195.52	1,200.98	1,209.86	1,222.70	1,234.63	1,247.91	1,259.78	1,275.93	1,288.97	3.3	4.4

* Categories of borrowers by "ERS" credit scores are defined as: Poor (<600); Fair (600-659); Good (660-699); Very good (700-749); Excellent (750+).

Appendix – Key credit indicators (cont.)

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	Year-over-year growth, in %	
													2017Q4	2018Q4
Mortgages originated during the quarter														
Total balance originated (in millions)	50,988.39	63,865.89	86,449.34	67,437.98	48,434.58	62,896.65	88,738.62	64,146.95	49,080.97	55,672.88	73,524.01	58,734.92	-4.9	-8.4
as a share of all mortgage loans (in %)	4.7	5.8	7.7	5.9	4.2	5.4	7.4	5.3	4.0	4.5	5.9	4.6	-9.8	-12.8
Number of new mortgages originated (in thousands)	203	251	319	253	179	232	314	234	177	205	266	222	-7.7	-4.8
as a share of all mortgage loans (in %)	3.6	4.4	5.5	4.3	3.1	3.9	5.3	3.9	3.0	3.4	4.4	3.7	-9.1	-6.5
Average outstanding balance per loan (thousands of \$)	257	260	276	272	276	275	288	280	282	276	281	269	3.0	-4.0
Average scheduled monthly payment	1,300	1,301	1,347	1,328	1,362	1,366	1,417	1,424	1,471	1,462	1,464	1,432	7.2	0.6
Average credit score (ERS) of holders of new mortgage loans	742	743	743	743	744	745	745	744	744	743	744	745	0.1	0.2
Number of mortgage delinquencies, based on worst payment status in the last 3 months														
30 to 59 days past due	22,482	23,088	23,520	19,724	20,448	20,001	18,390	17,065	18,580	17,639	18,485	17,427	-13.5	2.1
60 to 89 days past due	8,676	8,777	9,374	8,575	8,259	7,439	7,234	7,487	7,164	7,391	7,619	7,536	-12.7	0.7
90 to 119 days past due	3,527	3,345	3,601	3,238	3,317	2,847	2,766	2,712	2,700	2,697	2,699	2,940	-16.2	8.4
Over 120 days past due	10,605	10,287	10,293	10,310	10,295	9,209	8,687	8,434	8,551	8,396	8,547	8,824	-18.2	4.6
Write-offs**	6,447	6,721	6,777	6,510	6,247	6,819	6,639	6,253	6,195	5,820	5,826	6,470	-3.9	3.5
Mortgage Delinquency rate (in % of active mortgages)														
30 to 59 days past due	0.40	0.40	0.40	0.34	0.35	0.34	0.31	0.29	0.31	0.29	0.31	0.29	-14.8	0.2
60 to 89 days past due	0.15	0.15	0.16	0.15	0.14	0.13	0.12	0.13	0.12	0.12	0.13	0.12	-14.0	-1.2
90 to 119 days past due	0.06	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.04	0.05	-17.5	6.4
Over 120 days past due	0.19	0.18	0.18	0.18	0.18	0.16	0.15	0.14	0.14	0.14	0.14	0.15	-19.5	2.7
Write-offs**	0.11	0.12	0.12	0.11	0.11	0.12	0.11	0.11	0.10	0.10	0.10	0.11	-5.4	1.6
Value of mortgage delinquencies, based on worst payment status in the last 3 months (in millions)														
30 to 59 days past due	4,192	4,352	4,713	3,782	3,885	3,830	3,606	3,352	3,679	3,543	3,733	3,575	-11.4	6.7
60 to 89 days past due	1,599	1,614	1,776	1,625	1,525	1,394	1,370	1,443	1,387	1,444	1,520	1,516	-11.2	5.0
90 to 119 days past due	634	618	688	590	612	524	522	487	493	492	518	558	-17.6	14.8
Over 120 days past due	1,770	1,726	1,730	1,750	1,788	1,598	1,502	1,482	1,514	1,452	1,481	1,534	-15.3	3.5
Write-offs**	573	589	596	565	505	572	553	524	521	488	464	514	-7.3	-1.9

** Includes debt under a consolidation order; in repossession or placed for collection.

Appendix – Key credit indicators (cont.)

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	Year-over-year growth, in %	
													2017Q4	2018Q4
Mortgage Delinquency rate (in % of the value of active mortgages)														
30 to 59 days past due	0.39	0.40	0.42	0.33	0.34	0.33	0.30	0.28	0.30	0.29	0.30	0.28	-16.0	1.6
60 to 89 days past due	0.15	0.15	0.16	0.14	0.13	0.12	0.11	0.12	0.11	0.12	0.12	0.12	-15.8	0.0
90 to 119 days past due	0.06	0.06	0.06	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	-21.9	9.3
Over 120 days past due	0.16	0.16	0.15	0.15	0.15	0.14	0.13	0.12	0.12	0.12	0.12	0.12	-19.7	-1.4
Write-offs**	0.05	0.05	0.05	0.05	0.04	0.05	0.05	0.04	0.04	0.04	0.04	0.04	-12.1	-6.6
Outstanding balance of mortgage loans by credit score (in billions)*														
Poor	32.5	31.9	32.7	32.4	31.6	30.1	29.7	29.1	29.3	29.5	28.6	28.2	-10.2	-2.8
Fair	49.4	49.8	50.4	50.4	49.4	48.5	48.8	48.5	48.3	50.1	48.7	48.4	-3.8	-0.4
Good	83.3	85.6	86.5	87.2	85.4	85.7	87.1	87.6	87.6	90.3	89.1	89.4	0.5	2.0
Very good	183.2	187.5	195.1	196.5	191.9	195.8	200.8	202.2	200.0	207.8	205.9	206.7	2.9	2.2
Excellent	702.6	715.4	737.1	750.5	768.4	782.7	801.2	808.8	828.0	823.3	851.8	863.3	7.8	6.7
As a share of mortgage loans (in %)														
Poor	3.1	3.0	3.0	2.9	2.8	2.6	2.5	2.5	2.5	2.5	2.3	2.3	-14.7	-7.5
Fair	4.7	4.7	4.6	4.5	4.4	4.2	4.2	4.1	4.0	4.2	4.0	3.9	-8.6	-5.2
Good	7.9	8.0	7.8	7.8	7.6	7.5	7.5	7.5	7.3	7.5	7.3	7.2	-4.6	-2.9
Very good	17.4	17.5	17.7	17.6	17.0	17.1	17.2	17.2	16.8	17.3	16.8	16.7	-2.3	-2.7
Excellent	66.8	66.8	66.9	67.2	68.2	68.5	68.6	68.8	69.4	68.6	69.6	69.8	2.3	1.6
Number of mortgage holders by credit score, (in thousands)*														
Poor	357	351	358	353	345	328	325	317	318	319	310	305	-10.0	-4.0
Fair	441	444	445	443	430	423	423	419	414	424	412	410	-5.4	-2.2
Good	693	709	704	703	687	685	686	688	680	698	684	684	-2.2	-0.6
Very good	1,409	1,436	1,471	1,467	1,427	1,443	1,456	1,453	1,429	1,469	1,451	1,452	-0.9	-0.1
Excellent	4,549	4,590	4,647	4,680	4,764	4,788	4,823	4,831	4,906	4,852	4,943	4,971	3.2	2.9
As a share of mortgage holders (in %)														
Poor	4.8	4.7	4.7	4.6	4.5	4.3	4.2	4.1	4.1	4.1	4.0	3.9		
Fair	5.9	5.9	5.8	5.8	5.6	5.5	5.5	5.4	5.3	5.5	5.3	5.2		
Good	9.3	9.4	9.2	9.2	9.0	8.9	8.9	8.9	8.8	9.0	8.8	8.7		
Very good	18.9	19.1	19.3	19.2	18.6	18.8	18.9	18.9	18.4	18.9	18.6	18.6		
Excellent	61.1	61.0	60.9	61.2	62.3	62.5	62.5	62.7	63.3	62.5	63.4	63.6		

Definitions

- **Mortgage:** A debt instrument, secured by the collateral of specified real estate property, that the borrower is obliged to pay back with a predetermined set of payments (e.g., monthly payments for 25 years). Mortgages are used by individuals to make real estate purchases without paying the entire value of the purchase up front. Over a period of many years, the borrower repays the loan, plus interest, until he/she eventually owns the property outright. Mortgages are also known as “liens against property” or “claims on property.” If the borrower stops paying the mortgage, the lender can take legal action to end the mortgage and take possession of the collateral property.
- **Credit Card:** A credit instrument that allows the borrower to make purchases now and pay them off in full or in installments later. Credit cards are issued by financial institutions, typically in exchange for fees. These types of fees include annual fees, cash advance fees and/or late payment fees.
- **Line of Credit (LOC):** A credit instrument extended by financial institutions that allows borrowers to borrow funds up to a certain limit at any time. Interest is calculated and payable by the borrower only when money is actually withdrawn from the limit. Typically, LOCs are not secured by any asset.
- **Auto Loan:** A type of secured loan extended to the borrower to purchase or lease a vehicle. Typically, in Canada, an auto loan has a length of three to seven years, or 36 to 84 months. A longer-term loan typically has a lower monthly payment obligation than a shorter-term loan. However, borrowers can pay off the entire loan before the loan term expires.

At the time of maturity, auto loans include the vehicle purchase price, interest, and other service charges. The terms of an auto loan depend on various factors, including the borrower’s income and credit history.

- **Home Equity Line of Credit (HELOC):** A line of credit (LOC) secured by a home property offered as collateral against the debt. This usually allows the borrower to have access to a higher limit and a lower interest rate than would be offered by a LOC that is not backed by a real estate asset.
- **Revolving Loan:** Loans that give a maximum limit of credit that can be used and repaid any number of times within a set period of time. Lines of credit (LOCs), home equity lines of credit (HELOCs), and credit cards are examples of revolving loans.
- **Installment Loan:** A loan that a borrower repays over time with a fixed number of scheduled payments. Auto loans and mortgages are installment loans. Other installment loans would include such loans as those for purchasing furniture or renovations.
- **Write-off:** A debt that is under a consolidation order, in repossession or placed for collection.

Average outstanding loan balance and average mortgage debt per consumer

The average amount owed by loan as of the date reported by the credit grantor.

Calculation: Average outstanding loan balance = (sum of mortgage balances/all mortgage trades).

Average mortgage debt per consumer

The average amount owed by consumer as of the date reported by the credit grantor.

Calculation: Average mortgage debt per consumer = (sum of mortgage balances/Total number of consumers with a mortgage loan).

Outstanding balance

The total amount owed as of the date reported by the credit grantor.

Average monthly obligations per consumer, by type of credit

Monthly obligations are the amounts a consumer must reimburse in order to avoid being considered delinquent on their loans. In the case of installment loans, the amount is equal to the scheduled amount. In the case of revolving loans, the amount is equal to the minimum payment.

Calculation: Average monthly obligation by credit instrument = (sum of monthly scheduled payments/ Total number of consumers with a scheduled payment)

Share of consumers with a mortgage loan

Number of consumers with a mortgage trade on their credit report as a percentage of all credit consumers living within the area.

Caution: Not all financial institutions report to Equifax, but Equifax’s coverage has been increasing, as more institutions are beginning to report to the organization.

While the trends at the national level are stable after 2014, it is possible that lenders with a strong presence in a specific area affect this share if they were not reporting to Equifax during the entirety of the period. **This variable needs to be interpreted with caution if important shifts are observed.**

Calculation: Share = (number of consumers with a mortgage/Total number of consumers)

Average Equifax Risk Score related to mortgages

- **Equifax Risk Score (ERS):** A consumer's credit score, which gives the likelihood that the consumer will become seriously delinquent (90+ days past due) within 24 months. The lower the score, the greater the likelihood that the consumer will become severely delinquent in that time frame. This score is not limited to predictions on mortgage repayments, but is for all credit products combined.

Credit score ranges often used are:

- Poor (less than 600);
- Fair (600-659);
- Good (660-699);
- Very good (700-749); and
- Excellent (750+)

- 000 scores are given to consumers for which there isn't sufficient information in the credit report to calculate a score. Usually, a credit history in Canada of 3 to 6 months is needed to begin to generate scores.
- ERS is Equifax' proprietary Credit Score. The data represent ERS 2.0.

See Equifax's documentation for more information on the ERS.

Share of consumers who experienced a credit score degrade

The "credit score degrade" status is given to consumers who recorded a drop in their credit score of at least 40 points over the previous 12 months and have a score below 650.

Formula: Share of consumers who experienced a credit score degrade= (number of consumers who experienced a credit score degrade/Total number of consumers).

Mortgage delinquency rates

- **Mortgage in delinquency:** A mortgage on which the borrower has failed to make the required payments in due time. Failure to make the required payments gives the lender the right to foreclose the mortgage. However, the borrower may cure the delinquency by paying the outstanding balance to conform to the payment schedule, or arrange a loan restructure with the lender.

In this report, mortgages in delinquency are those for which the borrower is more than 90 days late on their scheduled payments. In a case where partial payments were made, a mortgage is in delinquency when the borrower is late for the equivalent of four or more monthly payments. Finally, mortgages in delinquency also include written-off mortgages and mortgages that are considered bad debts.

Calculation: Mortgage delinquency rate = (number of mortgage trades in delinquency/all mortgage trades).

Account delinquency rates by type of credit—mortgage holders and consumers without a mortgage.

- **Account in delinquency:** An account for which the borrower is more than 90 days late on their scheduled payments. In a case where partial payments were made, an account is in delinquency when the borrower is late for the equivalent of four or more monthly payments. Finally, accounts in delinquency also include write-offs and accounts that are considered bad debts.

Calculation: Account delinquency rate¹ = (number of accounts in delinquency/all accounts)

¹ This calculation is done for each type of credit.

Disclaimer: This report uses data from the credit rating agency Equifax Canada covering approximately 80 to 85% of the mortgage market. CMHC did not access or receive personal identifiable information on individuals in producing the report. All figures are sourced from Equifax Canada unless otherwise stated. Currently, Equifax Canada can provide mortgage information from as early as mid-2012, and other credit information from as early as 2006. Unless otherwise noted, dollars are not adjusted for inflation.



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Alternative text and data for figures

Figure 1: Average outstanding loan balance (\$ 000s)

Date	Average mortgage loan value	
	Newly originated	All loans
2015Q4	249.72	187.54
2016Q4	266.54	195.77
2017Q4	274.56	203.35
2018Q4	264	209.57

Sources: Equifax and CMHC calculations

Figure 2: Average outstanding loan balance of new mortgage - selected geographies

CMA	2015Q4	2016Q4	2017Q4	2018Q4
Montreal	200,790	209,310	216,024	217,689
Toronto	349,017	398,490	419,483	404,861
Vancouver	410,247	431,068	448,467	422,169

Sources: Equifax and CMHC calculations

Figure 3: Year-over-year growth in outstanding balance, by type of credit

Type	Product	2017Q4	2018Q4
Consumer with a Mortgage	LOC	-2.68	2.54
	HELOC	4.15	3.93
	Credit Card	2.15	5.64
	Auto	6.90	6.01
Consumer without a mortgage	LOC	-0.86	2.42
	HELOC	1.65	1.46
	Credit Card	3.83	4.87
	Auto	6.46	6.03

Sources: Equifax and CMHC calculations

Figure 4: Year-over-year rate of growth in outstanding balance of non-mortgage debt, mortgage holders vs. consumers without a mortgage

CMA	Consumers without a mortgage	Mortgage holders
Halifax	2.26	-0.66
Regina	1.21	-0.59
Saskatoon	3.32	-0.30
St.John's	1.66	-0.03
Calgary	5.19	0.54
Ottawa-Gatineau	6.47	0.68
Montreal	4.99	1.20
Quebec City	3.75	1.25
Moncton	4.17	1.64
Winnipeg	2.80	2.29
Hamilton	6.61	4.59
Victoria	2.98	4.85
Canada	5.88	4.99
Toronto	8.47	5.44
Edmonton	7.94	7.12
Vancouver	2.06	11.54

Sources: Equifax and CMHC calculations

Figure 5: Average monthly obligations per consumer, by type of credit

Date	Non-Mortgage Holders				Mortgage Holders				
	LOC	HELOC	Credit card	Auto	Mortgage	LOC	HELOC	Credit card	Auto
2015Q4	229.04	503.96	65.22	466.50	1168.20	180.28	365.78	76.13	487.70
2016Q1	229.63	493.36	65.69	465.20	1173.06	181.12	353.14	76.00	488.76
2016Q2	236.42	506.28	68.89	463.69	1181.04	183.23	363.77	78.63	488.81
2016Q3	240.50	508.22	67.86	460.48	1189.16	183.35	362.08	78.74	490.26
2016Q4	240.66	508.45	68.23	461.11	1195.52	183.05	362.28	78.32	492.27
2017Q1	244.17	502.38	67.67	464.02	1200.98	184.00	357.94	77.38	493.89
2017Q2	243.73	517.66	69.52	464.30	1209.86	183.18	373.96	79.65	494.05
2017Q3	242.87	527.91	69.71	470.11	1222.70	182.06	377.70	80.45	496.70
2017Q4	242.31	540.61	68.52	472.57	1234.63	182.19	396.45	79.59	504.66
2018Q1	244.86	547.82	67.08	471.31	1247.91	182.38	403.82	77.71	502.87
2018Q2	233.63	581.76	69.44	494.25	1259.78	175.04	418.96	80.89	532.53
2018Q3	238.27	609.96	69.50	496.57	1275.93	178.02	440.84	81.77	535.92
2018Q4	239.44	625.78	69.34	483.27	1288.97	180.51	460.53	82.07	515.36

Sources: Equifax and CMHC calculations

Figure 6: Share of mortgages held by consumers with a low credit score (below 600) (%)

Date	Share of outstanding loans	Share of outstanding loan amount	Share of new mortgage loans	Share of new mortgage loan amount
2012Q3	3.61	3.56	1.36	1.29
2012Q4	3.57	3.52	1.43	1.34
2013Q1	3.65	3.6	1.44	1.38
2013Q2	3.54	3.48	1.35	1.26
2013Q3	3.57	3.48	1.32	1.24
2013Q4	3.61	3.49	1.73	1.56
2014Q1	3.64	3.53	1.37	1.25
2014Q2	3.4	3.28	1.09	1.01
2014Q3	3.44	3.29	1.08	0.99
2014Q4	3.4	3.21	1.15	1.06
2015Q1	3.47	3.27	1.31	1.16
2015Q2	3.4	3.18	1.07	1.04
2015Q3	3.37	3.11	1.1	1.04
2015Q4	3.29	3.01	1.1	1.03
2016Q1	3.31	3.03	1.18	1.11
2016Q2	3.21	2.92	1.04	0.97
2016Q3	3.23	2.9	1.02	0.91
2016Q4	3.17	2.83	1.02	0.92
2017Q1	3.08	2.73	1.01	0.89
2017Q2	2.92	2.56	0.96	0.85
2017Q3	2.85	2.48	0.88	0.81
2017Q4	2.78	2.41	0.92	0.85
2018Q1	2.77	2.39	0.97	0.86
2018Q2	2.76	2.39	0.93	0.81
2018Q3	2.66	2.28	0.77	0.66
2018Q4	2.6	2.23	0.84	0.7

Sources: Equifax and CMHC calculations

Figure 7: Average credit score (based on Equifax Risk Score) (%)

Seasonally adjusted.

Date	Without mortgage	With mortgage	With new mortgage
2012Q3	745	746	737
2012Q4	745	747	738
2013Q1	746	747	739
2013Q2	747	748	740
2013Q3	747	747	739
2013Q4	748	748	739
2014Q1	747	748	740
2014Q2	748	750	742
2014Q3	749	751	742
2014Q4	749	750	744
2015Q1	750	751	743
2015Q2	749	750	739
2015Q3	749	750	741
2015Q4	749	751	742
2016Q1	749	752	742
2016Q2	749	752	743
2016Q3	748	752	743
2016Q4	748	752	743
2017Q1	747	753	744
2017Q2	747	754	745
2017Q3	747	754	745
2017Q4	747	755	744
2018Q1	747	755	744
2018Q2	746	754	743
2018Q3	747	756	744
2018Q4	747	756	746

Sources: Equifax and CMHC calculations

Figure 8: Average credit score for consumer with a new mortgage, selected geographies (based on Equifax Risk Score)

Date	Canada	Montreal	Toronto	Vancouver
2012Q3	746.38	749.22	748.44	754.35
2012Q4	747.00	750.01	749.41	754.69
2013Q1	747.03	749.83	749.40	754.83
2013Q2	747.76	749.91	750.81	755.22
2013Q3	747.50	749.77	750.45	754.90
2013Q4	747.85	749.14	751.01	755.79
2014Q1	747.85	750.02	750.79	755.48
2014Q2	749.79	751.45	752.67	757.44
2014Q3	750.57	751.68	753.71	758.38
2014Q4	750.29	751.10	753.58	757.05
2015Q1	750.50	751.15	753.83	757.00
2015Q2	750.16	750.54	753.90	756.70
2015Q3	750.46	750.78	754.41	756.93
2015Q4	751.15	751.59	755.45	757.88
2016Q1	751.63	751.85	756.13	758.63
2016Q2	751.73	751.90	756.46	758.71
2016Q3	751.88	752.44	756.80	759.26
2016Q4	752.39	753.30	757.45	759.79
2017Q1	752.93	753.78	758.23	760.28
2017Q2	753.77	754.64	759.16	761.34
2017Q3	754.41	755.11	759.54	761.83
2017Q4	754.56	755.45	759.49	761.65
2018Q1	754.75	755.74	759.59	761.67
2018Q2	753.94	755.45	758.55	760.46
2018Q3	755.56	756.77	760.69	762.14
2018Q4	755.92	757.22	761.11	762.78

Sources: Equifax and CMHC calculations

Figure 9: Share of consumers who experienced a credit score degrade

Date	Difference (right axis) (BP)	Without mortgage (%)	Mortgage holders (%)
2012Q3	127	4.91	3.64
2012Q4	129	4.87	3.59
2013Q1	110	4.75	3.65
2013Q2	119	4.68	3.49
2013Q3	118	4.68	3.5
2013Q4	110	4.66	3.56
2014Q1	114	4.67	3.53
2014Q2	115	4.39	3.23
2014Q3	126	4.57	3.31
2014Q4	125	4.49	3.24
2015Q1	117	4.51	3.34
2015Q2	126	4.62	3.36
2015Q3	125	4.59	3.33
2015Q4	137	4.64	3.27
2016Q1	138	4.69	3.31
2016Q2	141	4.69	3.28
2016Q3	141	4.84	3.43
2016Q4	148	4.89	3.41
2017Q1	151	4.86	3.35
2017Q2	155	4.73	3.18
2017Q3	166	4.7	3.04
2017Q4	165	4.6	2.95
2018Q1	161	4.56	2.95
2018Q2	182	4.75	2.94
2018Q3	167	4.58	2.91
2018Q4	173	4.59	2.86

Sources: Equifax and CMHC calculations

Figure 10: Mortgage delinquency rates, selected geographies (%)

Date	Canada	Montreal	Toronto	Vancouver
2012Q3	0.38	0.34	0.24	0.29
2012Q4	0.37	0.33	0.23	0.3
2013Q1	0.36	0.33	0.22	0.3
2013Q2	0.36	0.33	0.21	0.31
2013Q3	0.35	0.33	0.21	0.31
2013Q4	0.36	0.33	0.2	0.32
2014Q1	0.35	0.34	0.21	0.31
2014Q2	0.35	0.35	0.2	0.3
2014Q3	0.35	0.36	0.19	0.3
2014Q4	0.35	0.38	0.18	0.29
2015Q1	0.35	0.38	0.18	0.29
2015Q2	0.35	0.38	0.17	0.28
2015Q3	0.35	0.39	0.16	0.25
2015Q4	0.35	0.39	0.15	0.23
2016Q1	0.35	0.39	0.14	0.22
2016Q2	0.36	0.38	0.14	0.2
2016Q3	0.36	0.37	0.13	0.17
2016Q4	0.34	0.35	0.12	0.15
2017Q1	0.33	0.34	0.11	0.14
2017Q2	0.32	0.34	0.1	0.13
2017Q3	0.31	0.31	0.09	0.12
2017Q4	0.29	0.29	0.09	0.11
2018Q1	0.29	0.28	0.09	0.1
2018Q2	0.28	0.28	0.1	0.1
2018Q3	0.29	0.3	0.1	0.11
2018Q4	0.30	0.32	0.1	0.11

Sources: Equifax and CMHC calculations

Figure 11: Delinquency rates, by type of credit (%)

Share of the number of accounts 90 days or more past due over the previous three months

Date	Mortgage	HELOC	Credit card	Auto	LOC
2012Q4	0.37	0.16	1.68	1.41	0.78
2013Q1	0.37	0.16	1.68	1.41	0.79
2013Q2	0.35	0.16	1.6	1.34	0.77
2013Q3	0.35	0.16	1.54	1.28	0.74
2013Q4	0.35	0.16	1.53	1.35	0.72
2014Q1	0.37	0.17	1.58	1.41	0.72
2014Q2	0.34	0.16	1.56	1.4	0.7
2014Q3	0.34	0.16	1.55	1.38	0.7
2014Q4	0.35	0.15	1.51	1.43	0.64
2015Q1	0.36	0.15	1.5	1.44	0.65
2015Q2	0.35	0.17	1.47	1.45	0.65
2015Q3	0.35	0.16	1.43	1.54	0.63
2015Q4	0.35	0.16	1.47	1.83	0.63
2016Q1	0.36	0.17	1.55	1.87	0.65
2016Q2	0.35	0.16	1.57	1.86	0.66
2016Q3	0.35	0.16	1.57	1.92	0.67
2016Q4	0.34	0.16	1.56	1.89	0.68
2017Q1	0.34	0.16	1.64	1.89	0.65
2017Q2	0.32	0.15	1.57	1.86	0.63
2017Q3	0.3	0.15	1.55	1.72	0.61
2017Q4	0.29	0.15	1.51	1.73	0.61
2018Q1	0.29	0.15	1.52	1.73	0.61
2018Q2	0.28	0.15	1.5	1.66	0.61
2018Q3	0.28	0.15	1.49	1.66	0.61
2018Q4	0.3	0.15	1.51	1.76	0.61

Sources: Equifax and CMHC calculations

Figure 12: Share of consumers with a mortgage loan by age category (%)

Period	Less than 25	25-34	35-44	45-54	55-64	65-74	More than 74
2016Q4	0.33	4.62	7.57	7.81	5.54	2.24	0.64
2017Q4	0.31	4.56	7.62	7.72	5.71	2.35	0.69
2018Q4	0.28	4.41	7.56	7.53	5.82	2.45	0.73

Sources: Equifax and CMHC calculations

Figure 13: Mortgage delinquency rate by age of the mortgage holder (%)

(Based on the number of accounts 90 days or more past due)

Date	25-34	35-44	45-54	55-64	65 and over
2012Q3	0.38	0.42	0.39	0.32	0.35
2012Q4	0.35	0.41	0.38	0.32	0.35
2013Q1	0.35	0.39	0.37	0.32	0.36
2013Q2	0.34	0.39	0.37	0.31	0.35
2013Q3	0.33	0.38	0.37	0.31	0.35
2013Q4	0.33	0.38	0.37	0.32	0.37
2014Q1	0.33	0.38	0.37	0.32	0.35
2014Q2	0.32	0.37	0.37	0.32	0.35
2014Q3	0.32	0.37	0.37	0.31	0.37
2014Q4	0.32	0.37	0.37	0.32	0.36
2015Q1	0.31	0.37	0.38	0.33	0.38
2015Q2	0.31	0.36	0.38	0.33	0.38
2015Q3	0.3	0.36	0.37	0.33	0.37
2015Q4	0.3	0.37	0.37	0.32	0.38
2016Q1	0.31	0.37	0.37	0.32	0.39
2016Q2	0.31	0.38	0.37	0.32	0.4
2016Q3	0.33	0.38	0.37	0.32	0.39
2016Q4	0.31	0.37	0.36	0.31	0.38
2017Q1	0.3	0.35	0.34	0.3	0.36
2017Q2	0.29	0.34	0.32	0.29	0.36
2017Q3	0.28	0.32	0.31	0.28	0.35
2017Q4	0.27	0.31	0.3	0.27	0.33
2018Q1	0.26	0.3	0.29	0.26	0.33
2018Q2	0.26	0.29	0.29	0.26	0.33
2018Q3	0.26	0.3	0.29	0.26	0.35
2018Q4	0.28	0.31	0.31	0.27	0.36

Sources: Equifax and CMHC calculations