



May 28, 2019

**UDI-ER Brief – CMHC Mortgage and Consumer Credit Trends National Report – Q4 2018<sup>1</sup>**

• **Summary**

- This brief highlights key points from Canada Mortgage and Housing Corporation's (CMHC) recently released *Mortgage and Consumer Credit Trends National Report – Q4 2018*.

- **The City of Edmonton** is 2<sup>nd</sup> in the nation (behind only Vancouver) in growth of non-mortgage debt (e.g. auto loans, lines of credit, etc.) over the last year:

- This is for *both* mortgage holders and non-mortgage holders.
- This suggests that the average consumer is *potentially more financially strained in Edmonton than other places in the country*.

- Highlights also include the following:

- Levels of indebtedness for the average Canadian rose higher than income in 2018.
- Monthly debt obligations for Canadians have increased *relative to* their income, compared to a year earlier (2017).
- The share of all mortgage loans held by consumers with a low credit score (below 600) continues to decrease.
- Despite increasing debt levels, Canadian consumers are making their debt obligation payments on time.
- Older Canadians are continuing a recent trend of increasing debt levels later in life.

• **Canadians Have High Levels of Debt**

- Nationally, the debt-to-income ratio reached 178.5% in Q4 2018 – a *record high*.
- Mortgage loans accounted for nearly two thirds of the total debt held by Canadians.
- The average mortgage loan value reached \$209,570 – 3.1% higher than a year earlier (2017).

---

<sup>1</sup> To read the full report (including appendix figures and definitions), please click the following link:  
<https://www.cmhc-schl.gc.ca/en/housing-observer-online/2019-housing-observer/mortgage-consumer-credit-trends-q4-2018>

- The number of transactions on both new home and resale market *declined* in 2018.
  - MLS activity in 2018:
    - MLS sales (total) dropped by 11.1% from 2017.
    - Average MLS price dropped by 4.7% from 2017.
  - Consumers with a mortgage and without a mortgage *both* increased debt levels.
- **Canadian Consumers are Facing Increasing Monthly Obligations Related to their Home-secured Debt**
    - For the average Canadian, monthly debt obligations have increased relative to income from last year (2017):
      - Average monthly debt obligations per Canadian consumer increased 4.5% (from Q4 2017).
      - While average disposable income per Canadian consumer increased by only 2.5% (from Q4 2017).
- **The Number of Highly Indebted and More Vulnerable Consumers has Decreased**
    - Borrowers with a low credit score (below 600) represented less than one percent of new mortgage loans – likely resulting from a combination of tighter policies for mortgage qualification, elevated home prices, and higher interest rates.
    - However, the average credit score of consumers without a mortgage remains relatively stable.
- **Despite Increasing Average Debt Levels - Consumers Kept Making Payments on Time**
    - Since 2016, mortgage delinquency rates have followed a downward trend nationally.
- **Older Consumers are Increasing their Debt Load**
    - Over the past decade, households 45 or older have been carrying larger debt loads later in life:
      - For example, the share of consumers with a mortgage in the 45 – 55 age group (which has the highest share of mortgage holders) decreased from 2017 while those in the 55+ group has increased.