



FCAC REPORT:

The financial well-being of Canadian homeowners with mortgages





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The Financial Consumer Agency of Canada's (FCAC) report examines and compares key measures of financial well-being for 3 groups of Canadians: homeowners with mortgages, homeowners without mortgages, and renters. The data shown here are derived from FCAC's COVID-19 Financial Well-being Survey. The survey began in August 2020 as a way to measure the financial impact of the COVID pandemic. It is a nationally representative online and telephone survey fielded monthly, with approximately 1,000 respondents¹ per month.^{2,3} The survey enables FCAC to provide a trend analysis of changes in Canadians' self-reported financial well-being. The data here represent the period from August 2020 to December 2022—a time characterized by a complex, rapidly changing economic context with increased cost-of-living and higher interest rates, in addition to the financial impact of the pandemic.

Key findings

- More than one-third (35.5%) of Canadians hold a mortgage. Growing numbers of these Canadians are facing financial challenges.
- Two-thirds of mortgage holders report having trouble meeting their financial commitments.
- The percentage of Canadian mortgage holders who are able to keep up with their financial commitments with no problems has decreased by 22.2 percentage points⁴ since August 2020. Only 1 in 3 mortgage holders now say they can meet their financial commitments without difficulty.
- The proportion of mortgage holders who needed to draw on their savings due to the economic context has increased by 20 percentage points since August 2020 and is now the same as that of renters.
- The percentage of mortgage holders spending more than they earn is the highest it has been since the survey began (August 2020).
- Canadian homeowners increasingly need to borrow to meet their daily expenses. The percentage of homeowners with a mortgage who are in this situation rose to 39.5% in December 2022 from 27.3% in August 2020.
- Among Canadians who were behind by 2 or more consecutive months on a bill or payment, homeowners with a mortgage were more likely to have used a payday loan or online lender than mortgage-free homeowners (16.7% vs. 12.6%, respectively).
- The stress level for mortgage holders is growing at a faster rate than for other groups.

1 Respondents were Canadians aged 18 years or older.

2 Additional results from this survey can be found on FCAC's [COVID-19 dashboard](#) and [Consumer Vulnerability report](#).

3 The full dataset for this survey is available upon request. Please email fcac.research-recherche.acfc@fcac-acfc.gc.ca for more information.

4 From 56.9% in August 2020 to 34.7% in December 2022.

Findings

Figure 1. Percentage of Canadians who have a mortgage

More than a third of Canadians have a mortgage (35.5%). In the charts below, asterisks indicate significant differences between the housing arrangements (i.e., owning versus renting) of people in specific demographic groups and the housing arrangements of other Canadians (in the adjacent columns). Renting was most common in all the demographic groups experiencing vulnerabilities. Mortgage holders are the second most common group to experience vulnerabilities. An exception is low-income Canadians, among whom mortgage-free home ownership is more common. This is likely due to the relatively higher proportion of seniors who are mortgage-free (even though some live on low incomes).

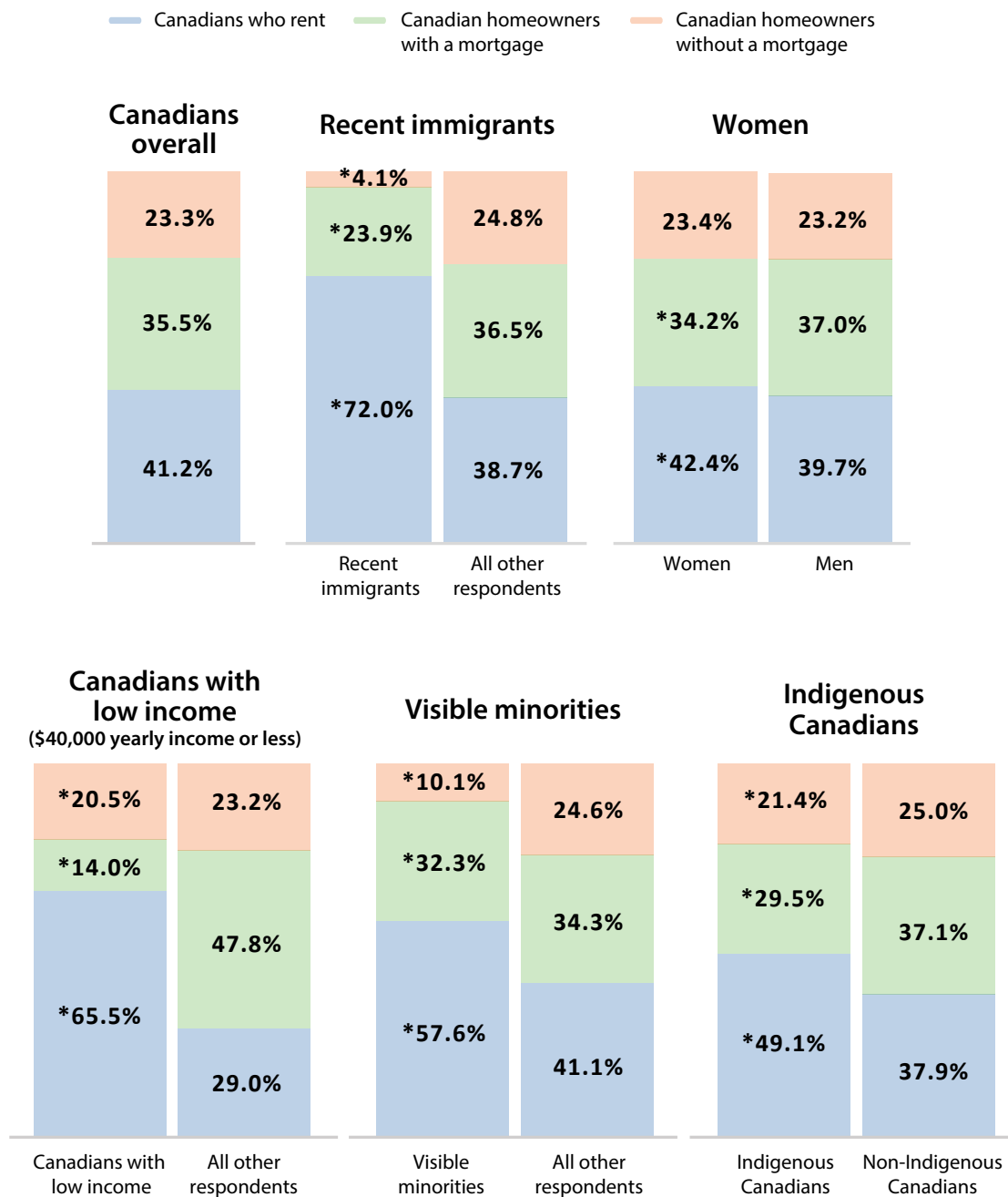
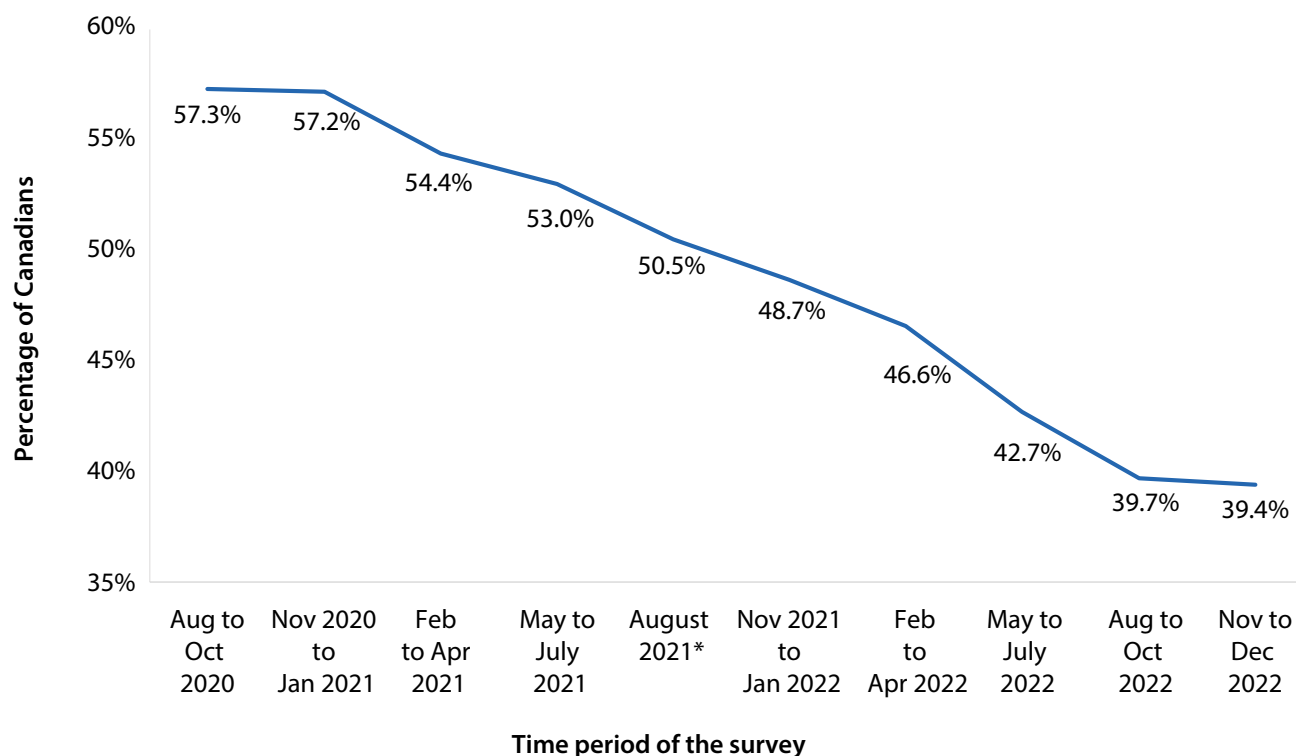


Figure 2. The percentage of Canadians who have no problems keeping up with their financial commitments has been declining.

The percentage of Canadians who say they can keep up with their financial commitments with no problems has been decreasing steadily since August 2020.⁵

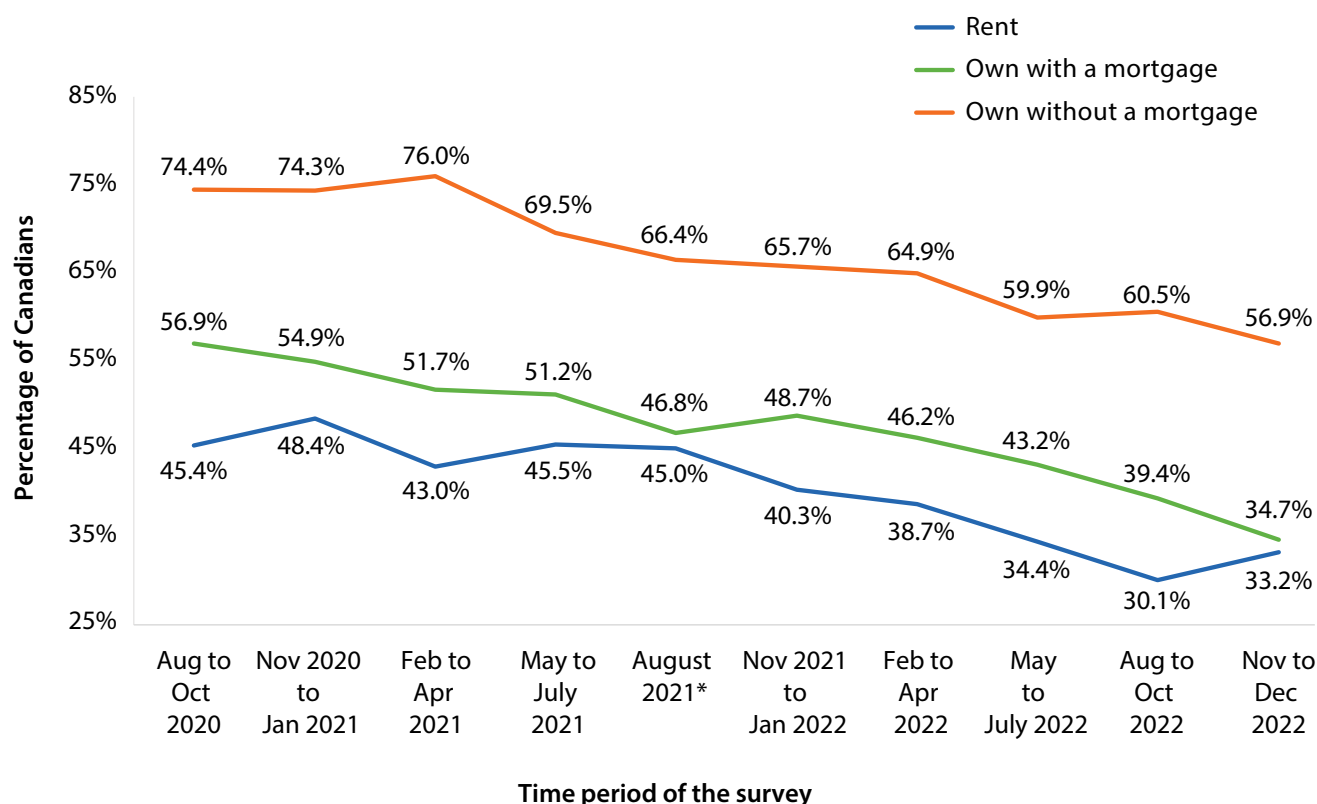


*There is a gap between August 2021 and November 2021 because the survey was not conducted during the election period in accordance with the Treasury Board's Directive on the Management of Communications.

⁵ This downward trend is statistically significant.

Figure 3. Decreasing percentages of both homeowners and renters can meet their financial commitments without any problems. Only 1 in 3 mortgage holders can meet their financial commitments without difficulty.

More Canadians are having difficulty keeping up with their financial commitments. In August 2020, homeowners with a mortgage were more likely than renters to say they could meet their financial commitments with no problems (56.9% vs. 45.4%, respectively). However, there is no longer a statistically significant difference between these 2 groups (34.7% vs. 33.2%). As of December 2022, only 1 in 3 mortgage holders and renters could meet their financial commitments without difficulty.



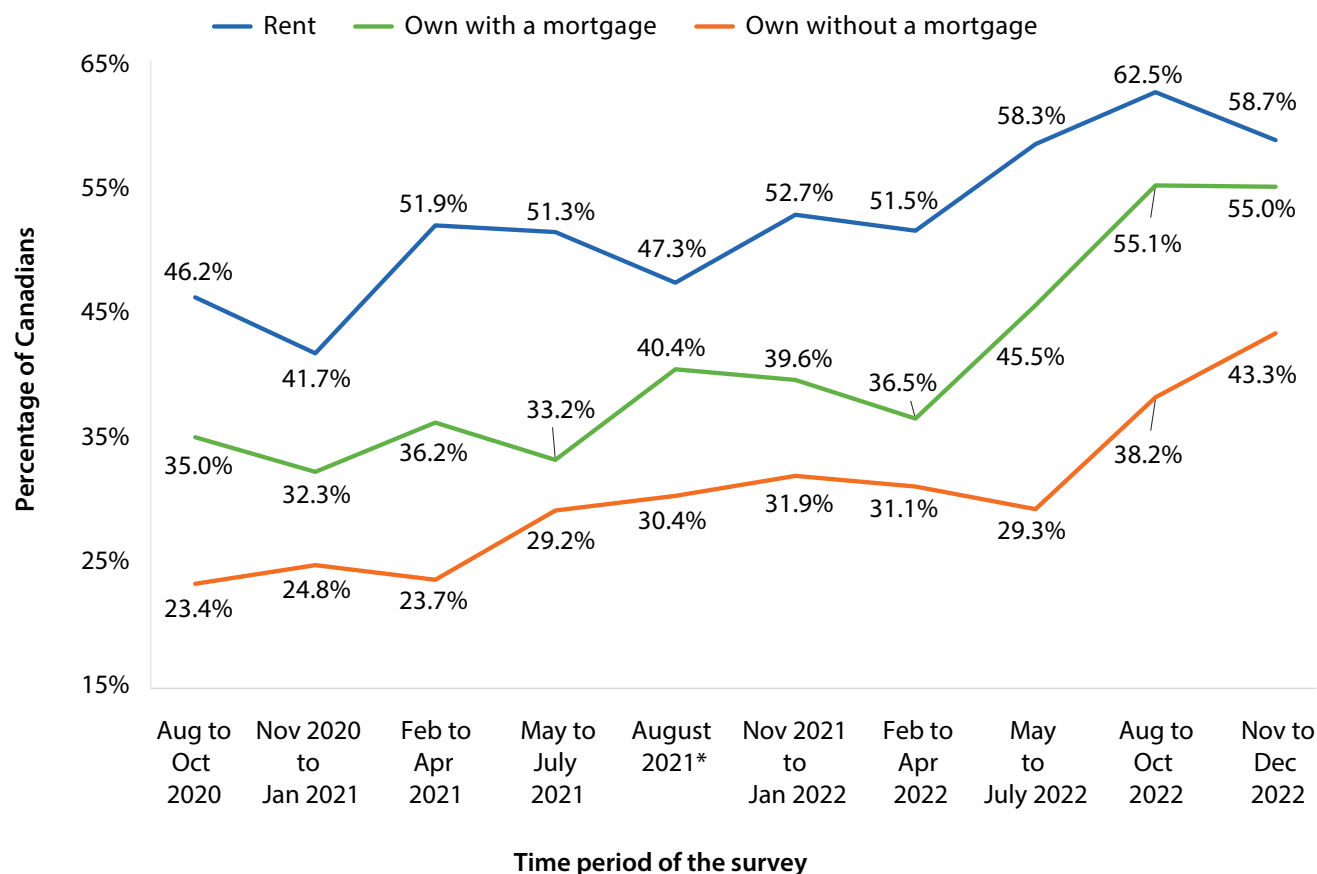
*There is a gap between August 2021 and November 2021 because the survey was not conducted during the election period in accordance with the Treasury Board's Directive on the Management of Communications.

Figure 4. An increasing percentage of Canadians need to draw on their savings due to the current economic context, and the proportion of mortgage holders who need to use their savings is now the same as that of renters.

The percentage of Canadians who need to use their savings due to the current economic context has increased significantly over the past 2 years.

In August 2020, homeowners with a mortgage were significantly less likely than renters to report having to use their savings (35.0% and 46.2%, respectively).

As of December 2022, there is no longer a statistically significant difference between these 2 groups.

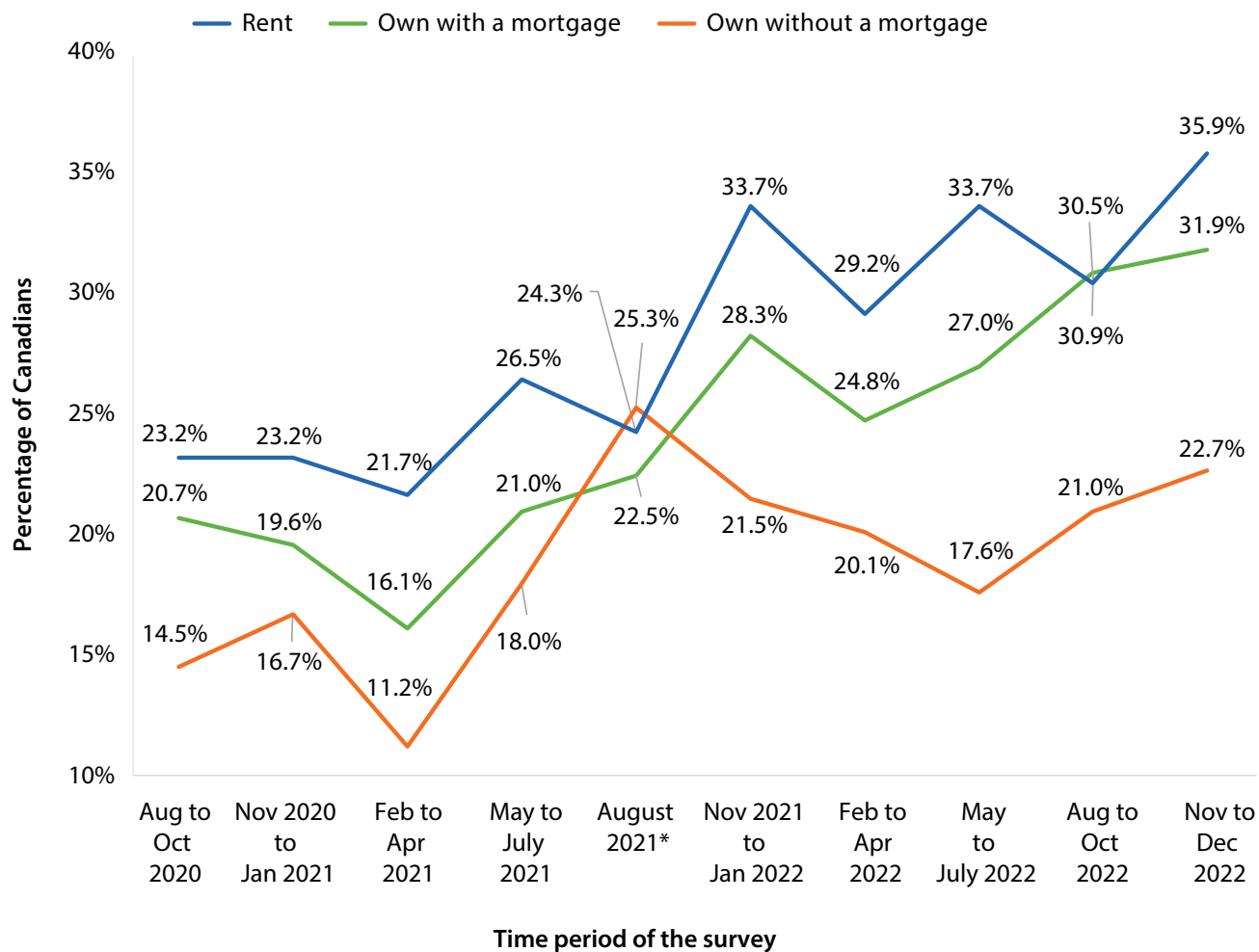


*There is a gap between August 2021 and November 2021 because the survey was not conducted during the election period in accordance with the Treasury Board's Directive on the Management of Communications.

Figure 5. An increasing percentage of Canadians are spending more than they earn. The percentage of mortgage holders doing so is now the highest it has been since the survey began.

The percentage of Canadians who spend more than they earn has been increasing.

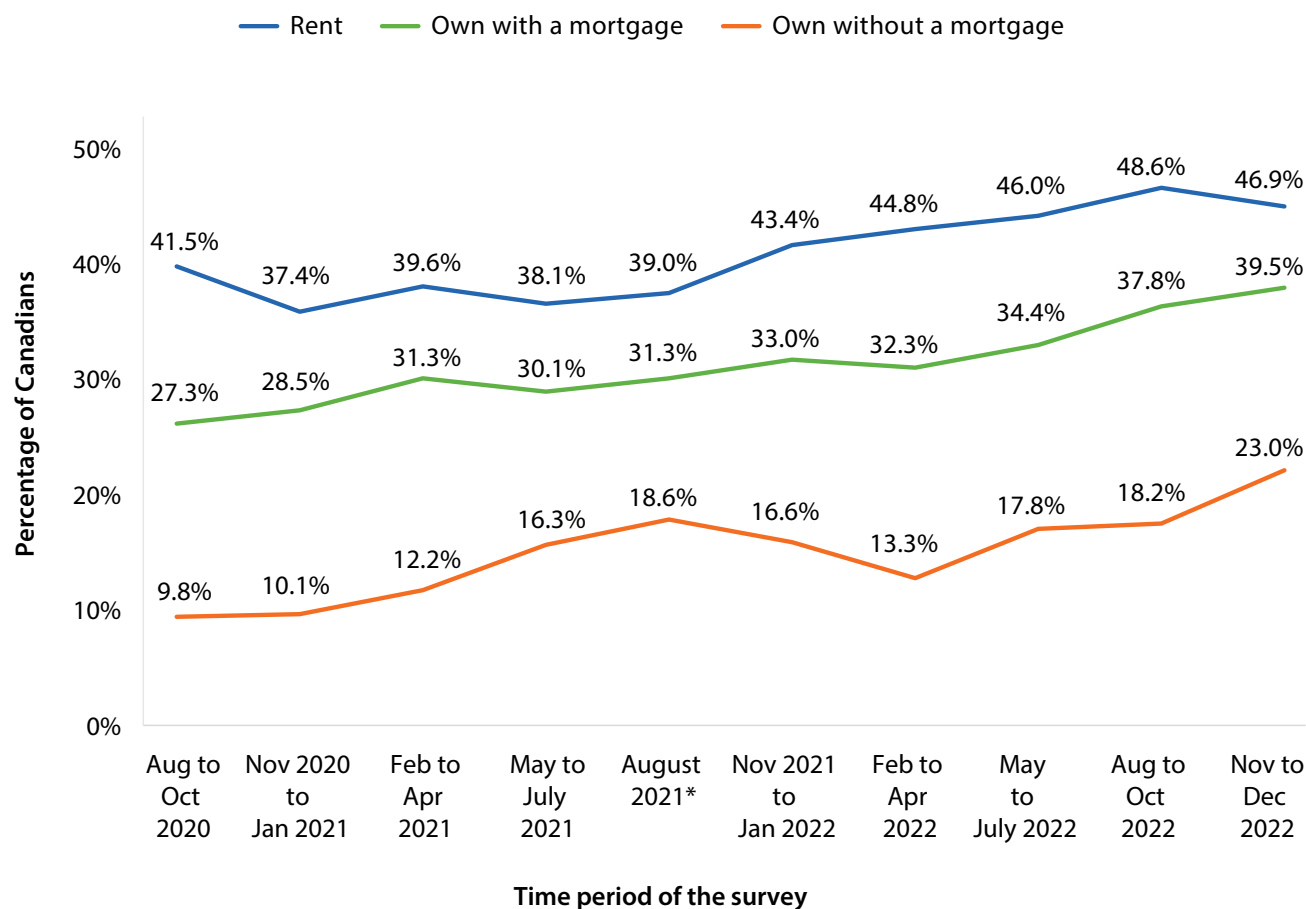
Of note, the difference between the percentage of Canadian homeowners with and without a mortgage who spend more than they earn peaked in fall 2022 at 9.9% and has remained sizeable.



*There is a gap between August 2021 and November 2021 because the survey was not conducted during the election period in accordance with the Treasury Board's Directive on the Management of Communications.

Figure 6. An increasing percentage of Canadians are borrowing to meet their daily expenses.

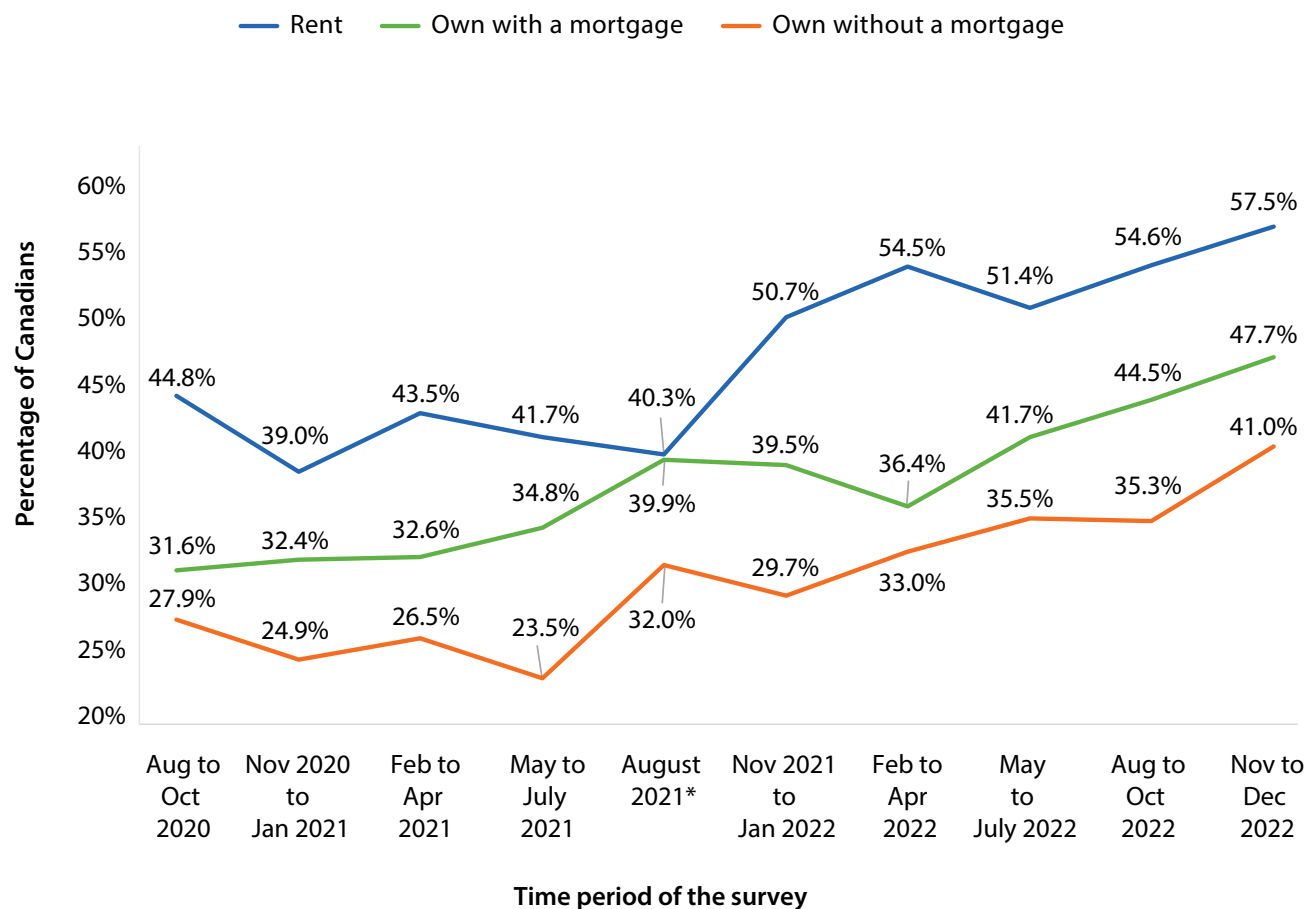
The percentage of Canadian homeowners (with or without a mortgage) who borrowed money to manage their daily expenses increased more than the percentage of Canadian renters who borrowed for daily expenses (increases of 12.2, 13.2 and 5.4 percentage points, respectively).



*There is a gap between August 2021 and November 2021 because the survey was not conducted during the election period in accordance with the Treasury Board's Directive on the Management of Communications.

Figure 7. A growing percentage of Canadians report that their debt has increased.⁶

Canadians who rent are more likely than homeowners to report that their debt had increased. However, the group with the largest jump in respondents reporting more debt was Canadian homeowners with a mortgage, where the number rose from 31.6% to 47.7% (an increase of 16.1 percentage points). In comparison, the number of Canadian homeowners without a mortgage reporting more debt rose from 27.9% to 41.0% (an increase of 13.1 percentage points). Among renters, the proportions rose from 44.8% to 57.5% (an increase of 12.7 percentage points).



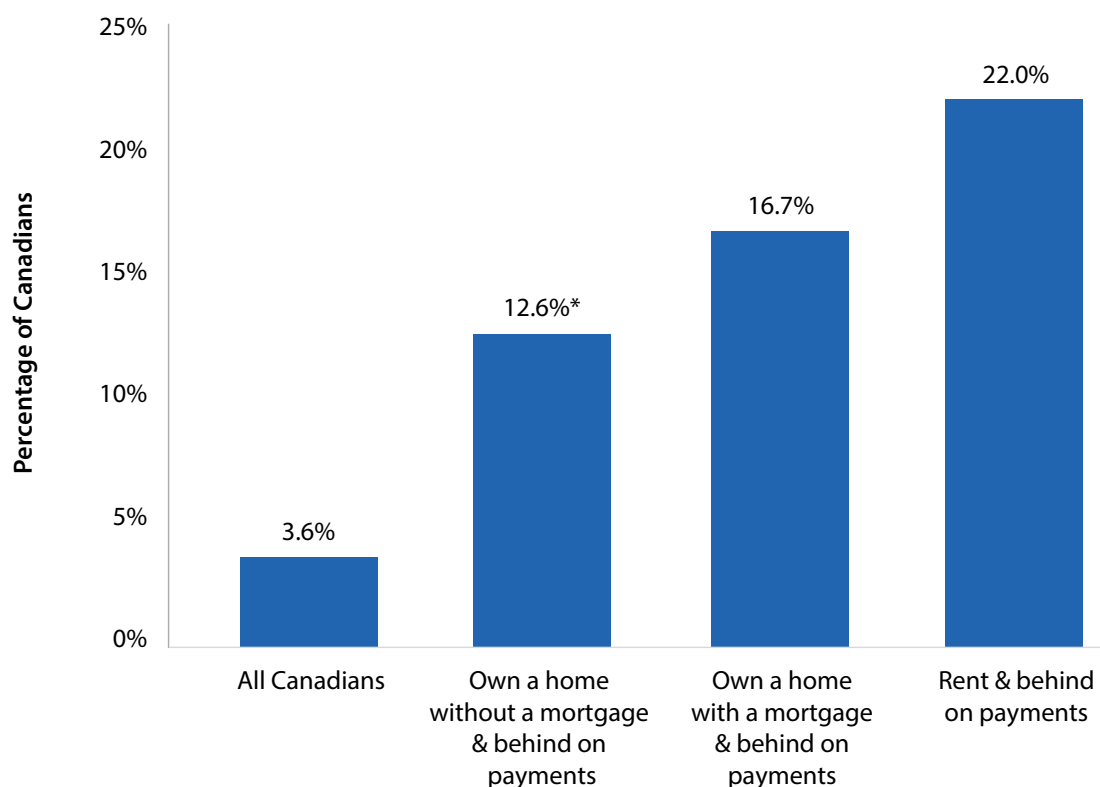
*There is a gap between August 2021 and November 2021 because the survey was not conducted during the election period in accordance with the Treasury Board's Directive on the Management of Communications.

⁶ Respondents were asked to indicate how their total debt had changed since December 2019 except for those who completed the survey between January and April 2021, who were asked how their total debt had changed since 2020. The percent of respondents who indicated their debt increased a little or a lot is presented in Figure 7.

Figure 8. Canadians who are behind on bill payments are more likely to use an online lender or payday loan company.

Overall, 3.6% of Canadians used an online lender or payday loan company during the survey period.

This number was larger for Canadian homeowners with a mortgage who were behind by 2 or more consecutive months on a bill or payment (16.7%) than for homeowners without a mortgage in the same situation (12.6%).



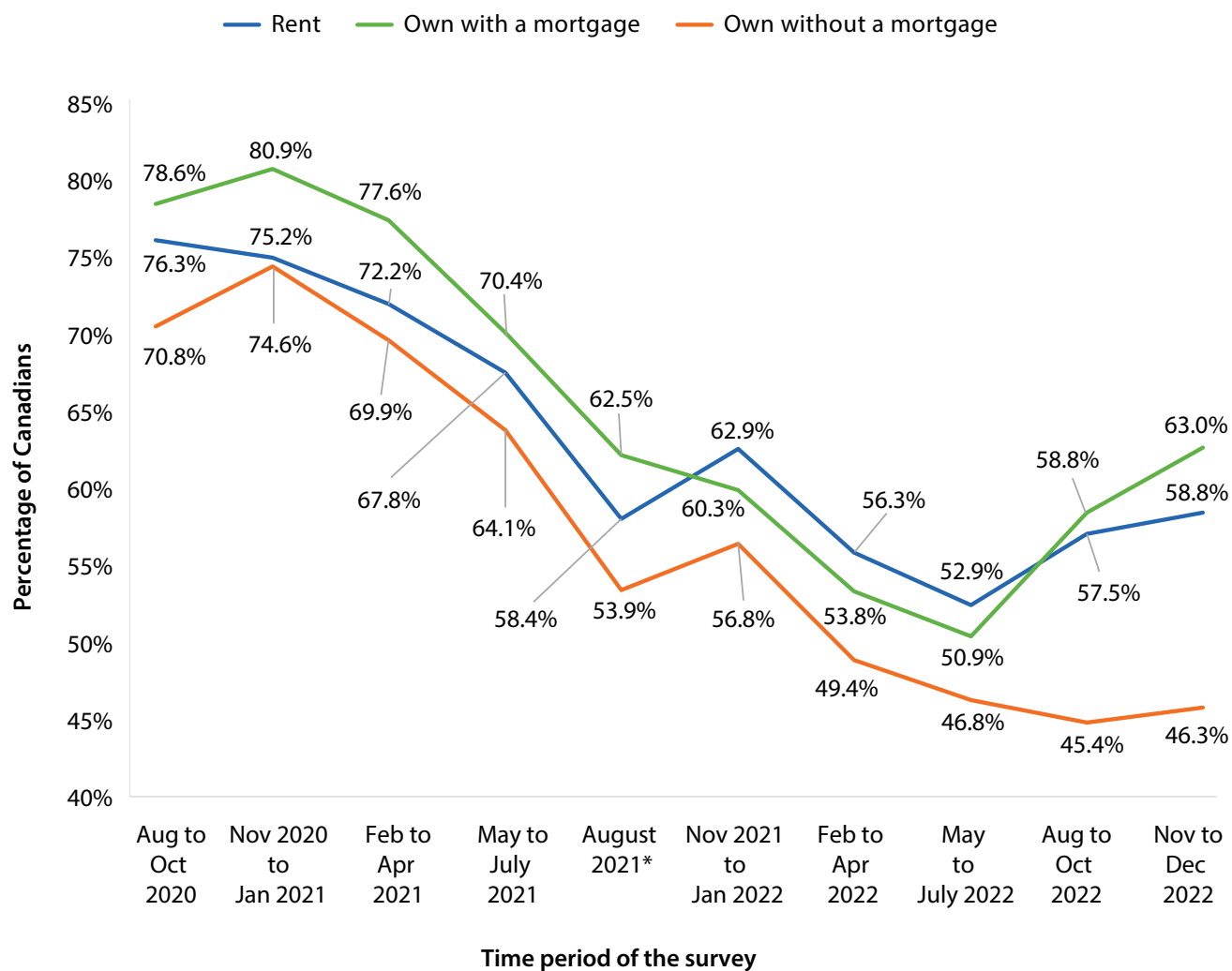
*Result for this group should be interpreted with caution due to small sample size.

Figure 9. A growing proportion of renters and homeowners with mortgages are stressed, and the stress level of homeowners with mortgages is increasing at a faster rate than that of other groups.

Stress levels were generally higher for homeowners with a mortgage than for renters.

The data show that, as of December 2022, the gap between the stress levels of homeowners with and without a mortgage was the highest it had been since the survey began (16.7% vs. 7.8% in the summer of 2020).

The stress level of Canadian homeowners with a mortgage is also increasing at a faster rate compared to other groups.



*There is a gap between August 2021 and November 2021 because the survey was not conducted during the election period in accordance with the Treasury Board's Directive on the Management of Communications.