Key mortgage and consumer credit indicators – Q2 2019*

MORTGAGE

Number of new loans (thousands)

New loans **222** ↑ 8.2%

Average balance (thousands of $)

New loans **263** ↓ 3.4%

All loans **211** ↑ 2.5%

Delinquency rate (%)

All loans **0.30%** ↑ 0.02 ppt**

Average payment ($)

New loans **1,426** ↓ 2.4%

All loans **1,310** ↑ 4.0%

Overall, volume of mortgage activity grew at a steady pace, partly reflecting stronger housing market activity.

HELOC

Average balance (thousands of $)

All loans **98.9** ↑ 0.7%

Utilization rate (%)

All loans **57.0** ↓ 0.3 ppt**

Delinquency rate (%)

All loans **0.17** ↑ 0.02 ppt**

HELOC average balance grew, while utilization rate declined. Delinquency rate remains low.

OTHER DEBT

Consumer with a mortgage   Consumer without a mortgage

Average balance ($)

9,096 ↑ 2.8%   **7,799** ↑ 2.9%

Delinquency rate (%)

0.75% ↑ 0.02 ppt**   **2.12%** ↑ 0.12 ppt**

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

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* 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 Q2 2019 and variation year-over-year from Q2 2018. 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.

"**The average outstanding balance of newly originated mortgages declined in the most recent data, reversing a trend of growth.**"

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Mortgage and consumer credit trends

Credit Market Overview

- Canadian consumers face high levels of indebtedness. Canadians owed $1.77 for every dollar of after-tax income earned in the second quarter of 2019.[1] Indebtedness is higher than one year ago, increasing the vulnerability of Canadians to unexpected difficulties in meeting their financial obligations. However, the trend since the first quarter of 2019 has been a decline of indebtedness.

- The average outstanding balance of newly originated mortgages declined in the most recent data, reversing a trend of growth. This change most likely reflects compositional changes in the homes Canadian consumers purchased, for example, if home sales in higher priced markets fell relative to lower priced markets or new homebuyers opted to purchase smaller, more affordable homes. The average value of mortgages increased steadily, a trend consistent with older loans that have smaller balances expiring while newer loans that have higher balances are added to the data.

Figure 1

Average outstanding loan balance and average mortgage debt per consumer

(in thousands)
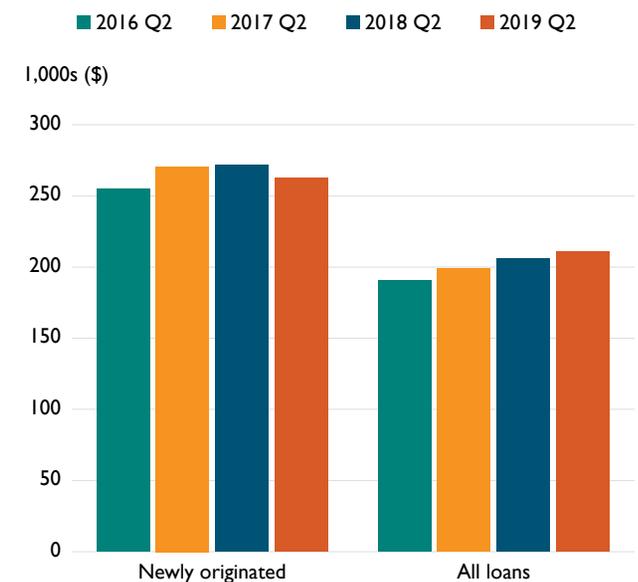
Sources: Equifax and CMHC calculations

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

Credit Market Overview (continued)

- New mortgages fell as a share of all loans in 2018, and moved higher into 2019. This mirrors the national trend in home sales, which fell in 2018, and has since risen in 2019. Overall, the share of new loans has declined since 2016.

- Mortgage holders tend to have higher average outstanding balances in non-mortgage credit, but the overall mix of non-mortgage credit is similar between the two groups. One exception is that non-mortgage holders with HELOCs tend to have larger outstanding balances, suggesting that people who have paid-off houses borrow against their homes more heavily.

Figure 2

New mortgages as a share of all mortgage loans
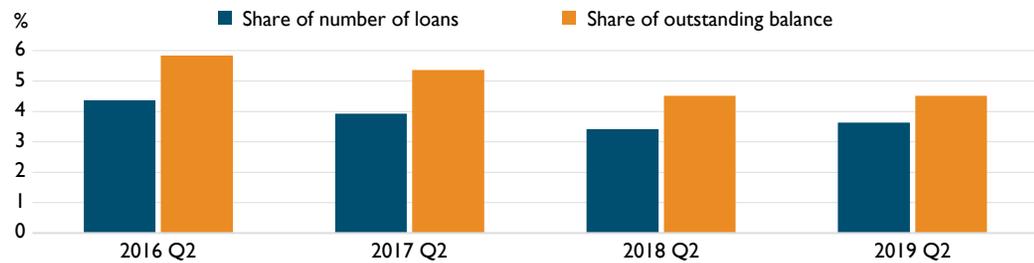
Sources: Equifax and CMHC calculations

Figure 3

Average Outstanding Non-Mortgage Balances
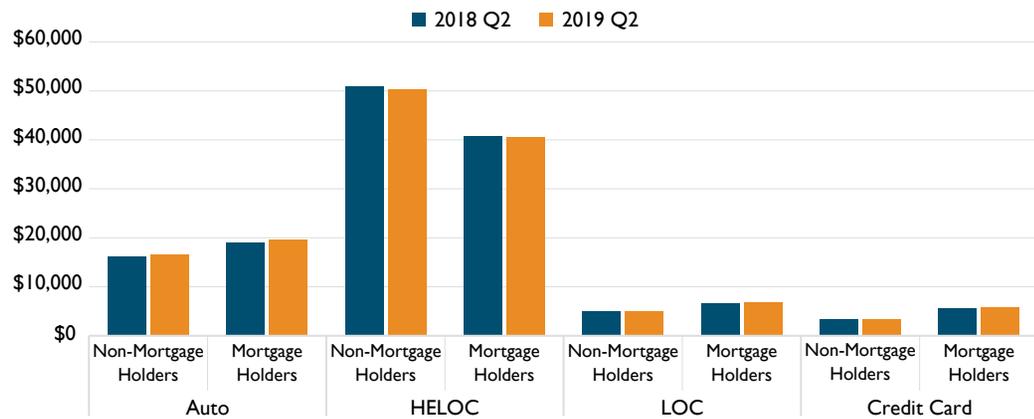
Sources: Equifax and CMHC calculations

Credit Market Overview (continued)

- Mortgage holders expanded credit card balances at a faster rate than non-mortgage holders, while LOC growth ticked up above zero for non-mortgage holders in the second quarter of 2019 after shrinking or holding constant for the past two years.

Figure 4

Average Outstanding Non-Mortgage Balances, Year-over-Year (%)
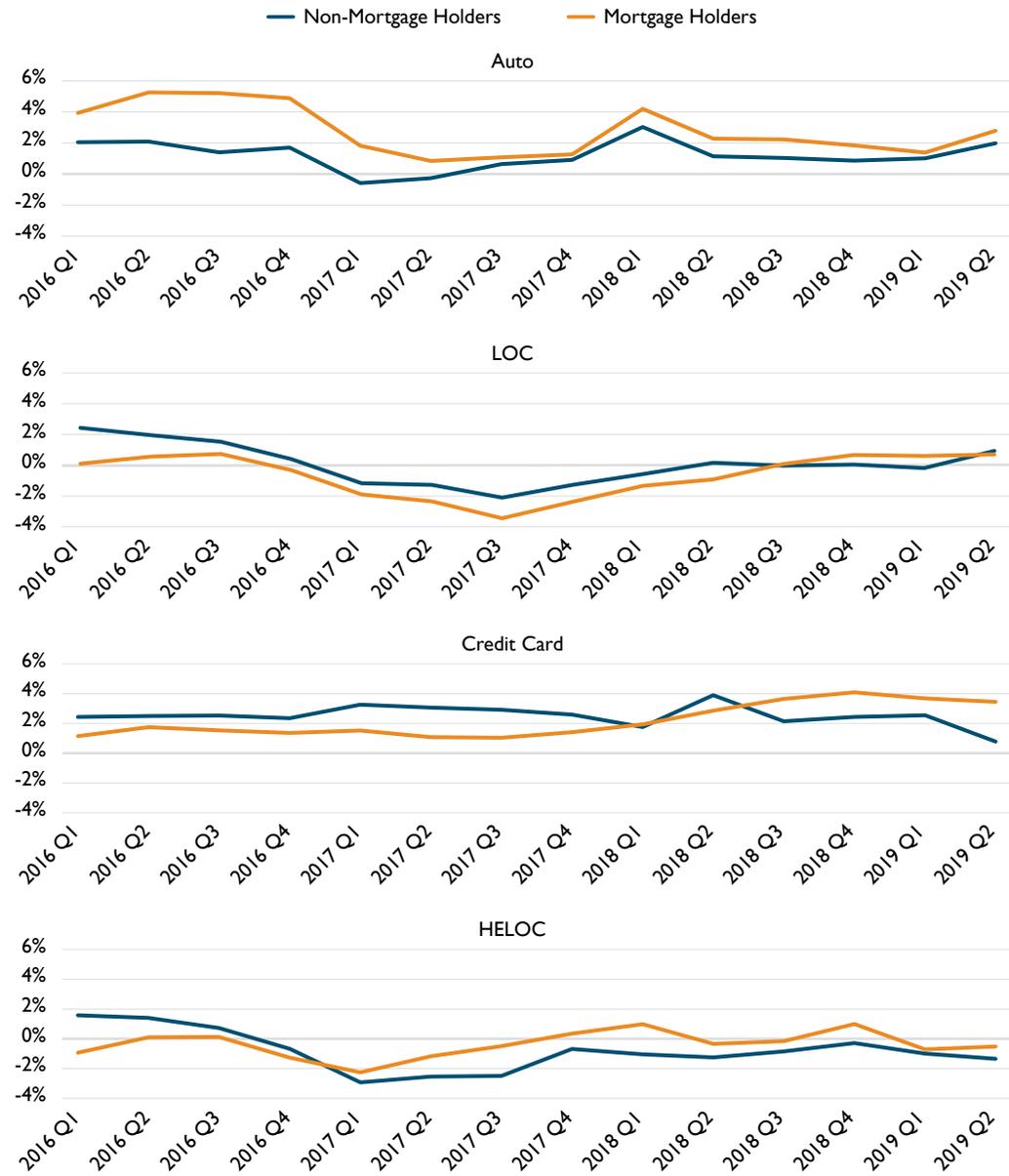
Sources: Equifax and CMHC calculations

Credit Market Overview (continued)

- Despite growth in average balances for most credit products, only HELOCs and Mortgages showed considerable growth in monthly obligations on average.

Figure 5

Average monthly obligations per consumer, by type of credit
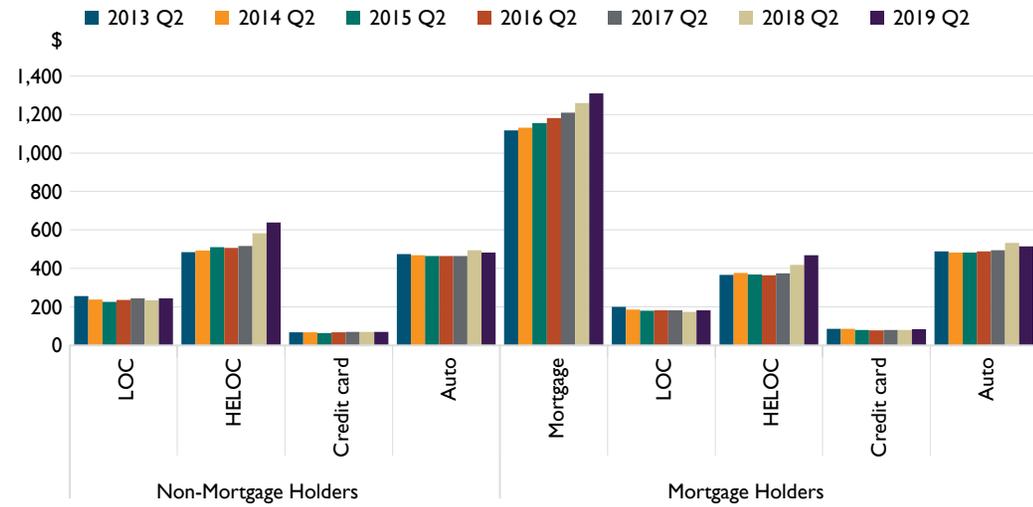
Sources: Equifax and CMHC calculations

Consumer Credit Health

- Average credit scores rose from Q1-2019 across the board for consumers with and without a mortgage, and for those with a new mortgage. Credit scores for consumers with a mortgage were highest among all three groups.

- Credit scores for consumers with an existing mortgage and those with a new mortgage have been improving over the past four years signaling perhaps that tighter mortgage rules are having some of their intended effects in favouring consumers with stronger credit health.

- However, over the same period, the average credit scores for consumers without a mortgage have worsened slightly, despite the still high scores, suggesting such consumers are having a harder time paying off debt than those with a mortgage.

- In Q2-2019 roughly 80% of consumers have either maintained or improved their credit scores compared to the same time last year, this holds for both those with or without a mortgage boding well for consumer credit health.

Figure 6

Average credit score (based on Equifax Risk Score)
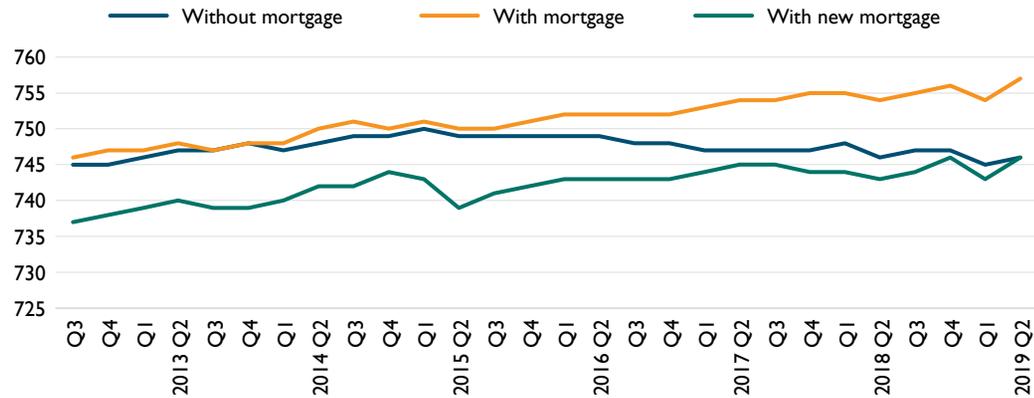
Seasonally adjusted

Sources: Equifax and CMHC calculations

Figure 7

Movement in credit scores compared to the previous year

Distribution of consumers based on their credit score in 2019 Q2 relative to their score a year earlier
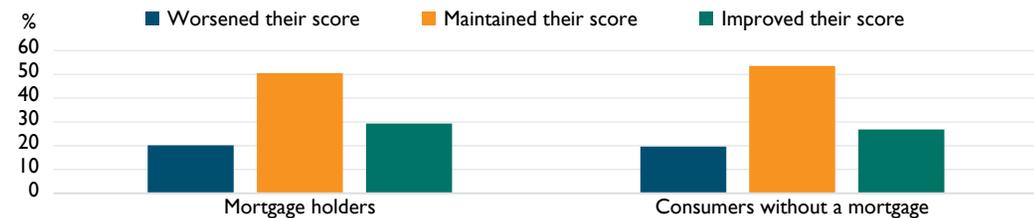
Sources: Equifax and CMHC calculations

Consumer Credit Health (continued)

- The shares of consumers who experienced a credit score degrade remained small and stable over the last year sitting below 5% for consumers without a mortgage and below 3% for consumers with a mortgage.

- A higher share of consumers with a less stable financial situation fall in the consumers without a mortgage category indicating this group's greater difficulty in paying off debt.

- Delinquency rates remained low and fairly stable across most credit types over the last four years with the exception of auto loans where delinquencies have been rising signaling that consumers with such loans face greater stress paying off debt on time.

Figure 8

Share of consumers who experienced a credit score degrade
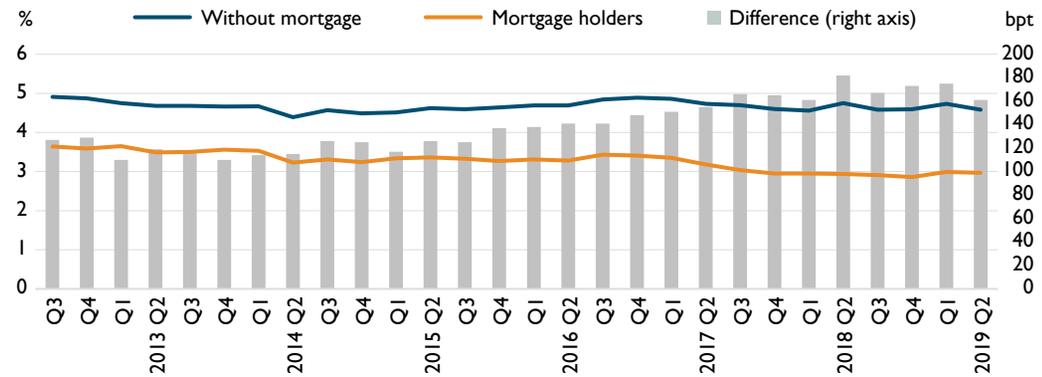
Sources: Equifax and CMHC calculations

Figure 9

Delinquency rates, by type of credit

Share of the number of accounts 90 days or more past due over the previous three months
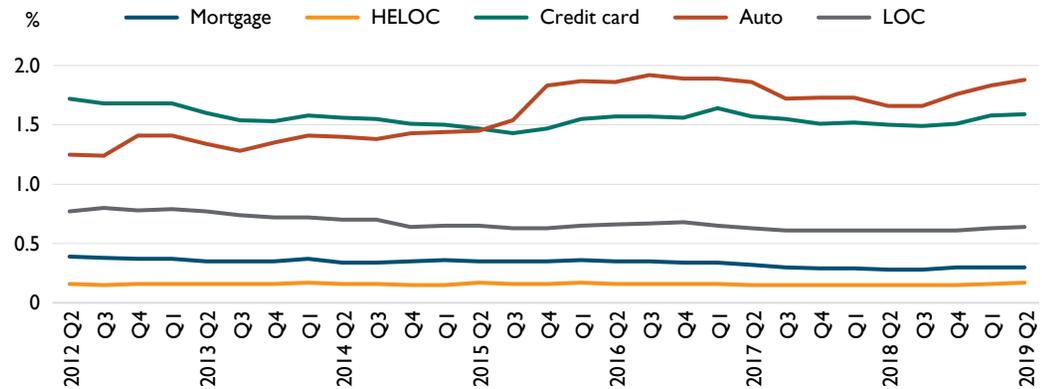
Sources: Equifax and CMHC calculations

Credit Trends in Detail

- By region, in Q2-2019 the average outstanding loan balance for new mortgages rose in Montreal and Toronto, and declined in Vancouver compared to a year earlier, while still remaining substantially higher in the latter markets.

- The movements in Q2-2019 are a reflection of average price movements in the select CMAs with the Montreal and Toronto markets seeing price growth, while price declined in Vancouver.

- Non-mortgage debt has also been rising by region over the last four years, with slightly larger monthly obligations for Montreal than both Toronto and Vancouver. Among the three CMAs, growth in Q2-2019 was strongest in Toronto compared to the same time a year earlier.

- The share of mortgages held by people aged 55+ grew, and despite the relatively large size of the millennial cohort, fewer young adult consumers were mortgage holders.

Figure 10

Average outstanding loan balance of new mortgage
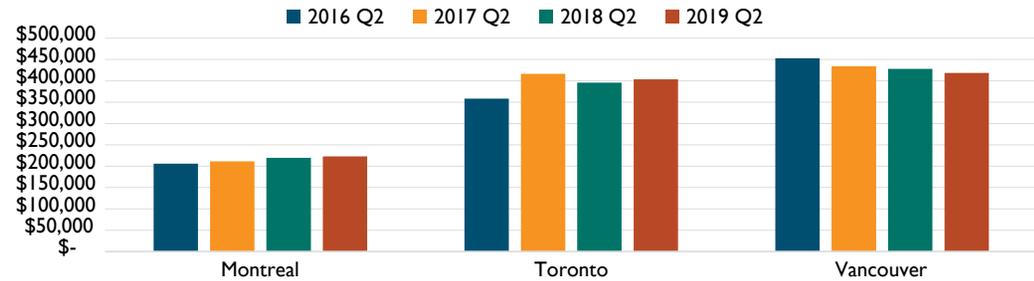
Selected geographies

Sources: Equifax and CMHC calculations

Figure 11

Average monthly non-mortgage obligations by CMA
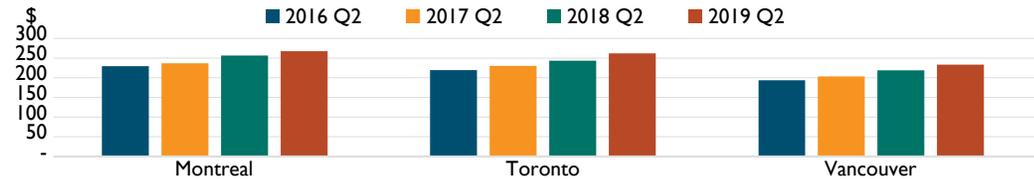
Sources: Equifax and CMHC calculations

Figure 12

Year-over-year change in the share of consumers with a mortgage loan, by age group
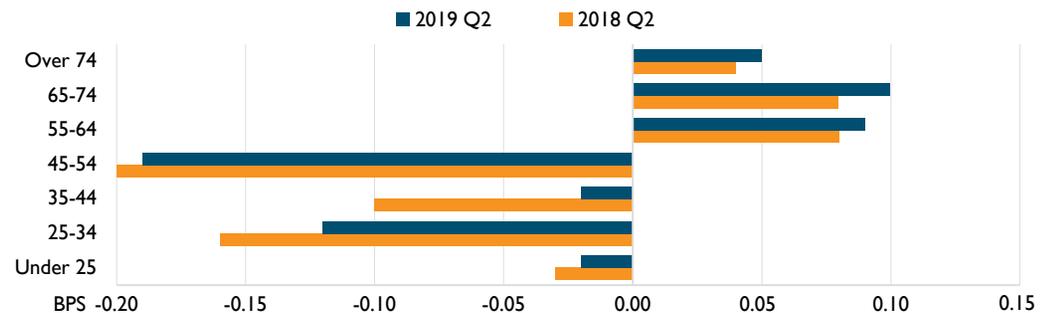
Sources: Equifax and CMHC calculations

Credit Trends in Detail (continued)

- Delinquencies for consumers aged 65+ were higher than the rest of the age distribution across the largest 4 CMAs in Canada. In the Calgary market, seniors had the highest delinquency rate of the group, and trended higher. In Montreal, despite a downward trend in defaults over time, seniors' default rates increased.

Figure 13

Mortgage delinquency rate by age of the mortgage holder, select CMAs, 4-quarter moving average

(Based on the number of accounts 90 days or more past due)
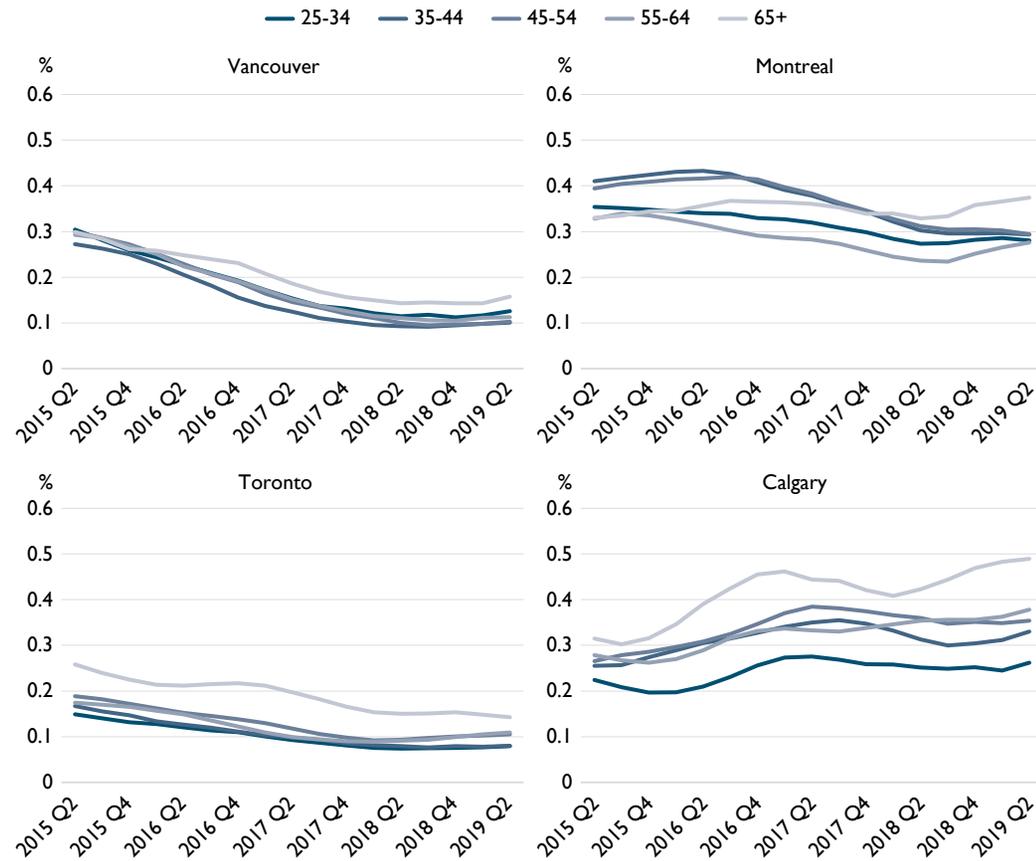
Sources: Equifax and CMHC calculations

Resources

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

Appendix – Key credit indicators

	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	Year-over-year growth, in % 2018Q2	2019Q2
Outstanding balance (total in millions of $)														
All	$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	$1,912,028.48	$1,934,568.66	5.1	4.5
Mortgage	$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	$1,274,599.28	$1,287,986.03	5.0	4.6
HELOC	$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	$204,488.87	$205,479.32	1.5	1.1
Credit Card	$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	$96,824.79	$101,659.72	5.9	3.6
Auto	$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	$77,192.21	$78,242.14	6.3	7.1
LOC	$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	$60,315.84	$59,986.32	0.4	1.7
As a share of total credit (in %)														
Mortgage	66.1	66.3	66.7	66.6	66.6	66.5	66.8	66.5	66.5	66.4	66.7	66.6		
HELOC	11.7	11.4	11.3	11.4	11.2	11.1	11.0	11.0	10.9	10.8	10.7	10.6		
Credit Card	5.3	5.4	5.1	5.3	5.2	5.3	5.0	5.3	5.2	5.3	5.1	5.3		
Auto	3.9	4.0	3.9	3.9	3.9	4.0	4.0	3.9	4.0	4.1	4.0	4.0		
LOC	3.5	3.5	3.4	3.3	3.3	3.2	3.2	3.2	3.2	3.1	3.2	3.1		
Equifax's mortgage coverage relative to reference														
Outstanding mortgage debt (Bank of Canada)	$1,394,280	$1,418,741	$1,430,328	$1,449,040	$1,475,522	$1,494,813	$1,504,082	$1,513,863	$1,531,150	$1,545,696	$1,554,397	$1,566,978	4.5	3.5
Equifax's coverage (in %)	80.9	80.7	80.7	80.9	81.3	80.8	81.4	81.4	82.1	82.1	82.0	82.2		
Average credit score, all consumers - Equifax Risk Score (ERS)*	750	749	750	750	750	750	751	749	750	750	749	751	-0.1	0.2
Average credit score, mortgage holders - ERS	752	752	753	754	754	754	755	754	755	756	755	757	0.0	0.3
All active mortgages														
Number of active mortgages (in thousands)	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	6,070.70	6,100.53	1.3	2.0
Average outstanding balance per mortgage (in thousands)	193.77	195.77	196.76	198.69	201.97	203.35	204.75	205.98	208.39	209.57	209.96	211.13	3.7	2.5
Average scheduled payment, per consumer	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	1,298.80	1,309.95	4.1	4.0

* 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.)

	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	Year-over-year growth, in % 2018Q2	2019Q2
Mortgages originated during the quarter														
Total balance originated (in millions)	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	42,209.98	58,198.53	-11.5	4.5
as a share of all mortgage loans (in %)	*7.7*	*5.9*	*4.2*	*5.4*	*7.4*	*5.3*	*4.0*	*4.5*	*5.9*	*4.6*	*3.3*	*4.5*	*-15.7*	*0.0*
Number of new mortgages originated (in thousands)	319	253	179	232	314	234	177	205	266	222	159	221	-11.9	8.2
as a share of all mortgage loans (in %)	*5.5*	*4.3*	*3.1*	*3.9*	*5.3*	*3.9*	*3.0*	*3.4*	*4.4*	*3.7*	*2.6*	*3.6*	*-13.1*	*6.0*
Average outstanding balance per loan (thousands of $)	271	267	270	271	283	275	277	272	276	264	266	263	0.5	-3.4
Average scheduled monthly payment	1,347	1,328	1,362	1,366	1,417	1,424	1,471	1,462	1,464	1,432	1,469	1,426	7.0	-2.4
Average credit score (ERS) of holders of new mortgage loans	743	743	744	745	745	744	744	743	744	745	742	746	-0.2	0.4
Number of mortgage delinquencies, based on worst payment status in the last 3 months														
30 to 59 days past due	23,520	19,724	20,448	20,001	18,390	17,065	18,580	17,639	18,485	17,427	19,285	18,015	-11.8	2.1
60 to 89 days past due	9,374	8,575	8,259	7,439	7,234	7,487	7,164	7,391	7,619	7,536	7,368	7,340	-0.6	-0.7
90 to 119 days past due	3,601	3,238	3,317	2,847	2,766	2,712	2,700	2,697	2,699	2,940	2,865	2,809	-5.3	4.2
Over 120 days past due	10,293	10,310	10,295	9,209	8,687	8,434	8,551	8,396	8,547	8,824	9,065	9,133	-8.8	8.8
Write-offs**	6,777	6,510	6,247	6,819	6,639	6,253	6,195	5,820	5,826	6,470	6,444	6,315	-14.7	8.5
Mortgage Delinquency rate (in % of active mortgages)														
30 to 59 days past due	0.40	0.34	0.35	0.34	0.31	0.29	0.31	0.29	0.31	0.29	0.32	0.30	-13.0	0.1
60 to 89 days past due	0.16	0.15	0.14	0.13	0.12	0.13	0.12	0.12	0.13	0.12	0.12	0.12	-1.9	-2.7
90 to 119 days past due	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.04	0.05	0.05	0.05	-6.5	2.1
Over 120 days past due	0.18	0.18	0.18	0.16	0.15	0.14	0.14	0.14	0.14	0.15	0.15	0.15	-10.0	6.6
Write-offs**	0.12	0.11	0.11	0.12	0.11	0.11	0.10	0.10	0.10	0.11	0.11	0.10	-15.8	6.4
Value of mortgage delinquencies, based on worst payment status in the last 3 months (in millions)														
30 to 59 days past due	4,713	3,782	3,885	3,830	3,606	3,352	3,679	3,543	3,733	3,575	4,001	3,766	-7.5	6.3
60 to 89 days past due	1,776	1,625	1,525	1,394	1,370	1,443	1,387	1,444	1,520	1,516	1,499	1,496	3.6	3.6
90 to 119 days past due	688	590	612	524	522	487	493	492	518	558	555	523	-6.0	6.3
Over 120 days past due	1,730	1,750	1,788	1,598	1,502	1,482	1,514	1,452	1,481	1,534	1,637	1,692	-9.2	16.6
Write-offs**	596	565	505	572	553	524	521	488	464	514	503	493	-14.7	1.0

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

Appendix – Key credit indicators (cont.)

	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	Year-over-year growth, in % 2018Q2	Year-over-year growth, in % 2019Q2
Mortgage Delinquency rate (in % of the value of active mortgages)														
30 to 59 days past due	0.42	0.33	0.34	0.33	0.30	0.28	0.30	0.29	0.30	0.28	0.31	0.29	-11.9	1.7
60 to 89 days past due	0.16	0.14	0.13	0.12	0.11	0.12	0.11	0.12	0.12	0.12	0.12	0.12	-1.4	-0.9
90 to 119 days past due	0.06	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	-10.6	1.6
Over 120 days past due	0.15	0.15	0.15	0.14	0.13	0.12	0.12	0.12	0.12	0.12	0.13	0.13	-13.5	11.5
Write-offs**	0.05	0.05	0.04	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	-18.8	-3.4
Outstanding balance of mortgage loans by credit score (in billions)*														
Poor	32.7	32.4	31.6	30.1	29.7	29.1	29.3	29.5	28.6	28.2	29.0	28.7	-1.9	-2.7
Fair	50.4	50.4	49.4	48.5	48.8	48.5	48.3	50.1	48.7	48.4	49.1	47.5	3.1	-5.1
Good	86.5	87.2	85.4	85.7	87.1	87.6	87.6	90.3	89.1	89.4	97.2	87.1	5.4	-3.6
Very good	195.1	196.5	191.9	195.8	200.8	202.2	200.0	207.8	205.9	206.7	207.2	202.8	6.1	-2.4
Excellent	737.1	750.5	768.4	782.7	801.2	808.8	828.0	823.3	851.8	863.3	860.1	889.5	5.2	8.0
As a share of mortgage loans (in %)														
Poor	3.0	2.9	2.8	2.6	2.5	2.5	2.5	2.5	2.3	2.3	2.3	2.3	-6.7	-7.0
Fair	4.6	4.5	4.4	4.2	4.2	4.1	4.0	4.2	4.0	3.9	3.9	3.8	-1.9	-9.3
Good	7.8	7.8	7.6	7.5	7.5	7.5	7.3	7.5	7.3	7.2	7.8	6.9	0.3	-7.8
Very good	17.7	17.6	17.0	17.1	17.2	17.2	16.8	17.3	16.8	16.7	16.7	16.2	1.0	-6.6
Excellent	66.9	67.2	68.2	68.5	68.6	68.8	69.4	68.6	69.6	69.8	69.2	70.8	0.1	3.3

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

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

Appendix – Key credit indicators (cont.)

| | 2016Q3 | 2016Q4 | 2017Q1 | 2017Q2 | 2017Q3 | 2017Q4 | 2018Q1 | 2018Q2 | 2018Q3 | 2018Q4 | 2019Q1 | 2019Q2 | Year-over-year growth, in % | |
													2018Q2	2019Q2
Number of mortgage holders by credit score, (in thousands)*														
Poor	358	353	345	328	325	317	318	319	310	305	310	304	-2.8	-4.7
Fair	445	443	430	423	423	419	414	424	412	410	414	400	0.3	-5.7
Good	704	703	687	685	686	688	680	698	684	684	745	663	2.0	-5.1
Very good	1,471	1,467	1,427	1,443	1,456	1,453	1,429	1,469	1,451	1,452	1,473	1,418	1.8	-3.5
Excellent	4,647	4,680	4,764	4,788	4,823	4,831	4,906	4,852	4,943	4,971	4,897	5,063	1.3	4.4
As a share of mortgage holders (in %)														
Poor	4.7	4.6	4.5	4.3	4.2	4.1	4.1	4.1	4.0	3.9	4.0	3.9		
Fair	5.8	5.8	5.6	5.5	5.5	5.4	5.3	5.5	5.3	5.2	5.3	5.1		
Good	9.2	9.2	9.0	8.9	8.9	8.9	8.8	9.0	8.8	8.7	9.5	8.4		
Very good	19.3	19.2	18.6	18.8	18.9	18.9	18.4	18.9	18.6	18.6	18.8	18.1		
Excellent	60.9	61.2	62.3	62.5	62.5	62.7	63.3	62.5	63.4	63.6	62.5	64.5		

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

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 rate[1] = (number of accounts in delinquency/all accounts)

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[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 and average mortgage debt per consumer (in thousands)

	Average mortgage loan value		Average mortgage debt per consumer	
Date	Newly originated	All loans	Newly originated	All loans
2016Q2	254.62	190.72	165.32	139.64
2017Q2	270.60	198.69	176.22	146.72
2018Q2	271.93	205.98	173.41	152.45
2019Q2	262.75	211.13	171.01	157.27

Sources: Equifax and CMHC calculations

Figure 2: New mortgages as a share of all mortgage loans

Date	Number of loans	Outstanding balance
2016Q2	4.37	5.84
2017Q2	3.93	5.36
2018Q2	3.42	4.52
2019Q2	3.63	4.52

Sources: Equifax and CMHC calculations

Figure 3: Average Outstanding Non-Mortgage Balances

Type	Product	2018Q2	2019Q2
Non-Mortgage Holders	Auto	16,239.44	16,561.54
	HELOC	50,928.00	50,243.16
	LOC	4,881.36	4,926.84
	Credit Card	3,310.95	3,336.75
Mortgage Holders	Auto	18,990.88	19,519.92
	HELOC	40,782.95	40,571.78
	LOC	6,694.58	6,742.03
	Credit Card	5,546.93	5,738.39

Sources: Equifax and CMHC calculations

Figure 4: Average Outstanding Non-Mortgage Balances, Year-over-Year (%)

Date	Non-Mortgage Holders				Mortgage Holders			
	Auto	HELOC	LOC	Credit Card	Auto	HELOC	LOC	Credit Card
2016Q1	0.02	0.02	0.02	0.02	0.04	-0.01	0.00	0.01
2016Q2	0.02	0.01	0.02	0.02	0.05	0.00	0.01	0.02
2016Q3	0.01	0.01	0.02	0.03	0.05	0.00	0.01	0.02
2016Q4	0.02	-0.01	0.00	0.02	0.05	-0.01	0.00	0.01
2017Q1	-0.01	-0.03	-0.01	0.03	0.02	-0.02	-0.02	0.02
2017Q2	0.00	-0.03	-0.01	0.03	0.01	-0.01	-0.02	0.01
2017Q3	0.01	-0.03	-0.02	0.03	0.01	0.00	-0.03	0.01
2017Q4	0.01	-0.01	-0.01	0.03	0.01	0.00	-0.02	0.01
2018Q1	0.03	-0.01	-0.01	0.02	0.04	0.01	-0.01	0.02
2018Q2	0.01	-0.01	0.00	0.04	0.02	0.00	-0.01	0.03
2018Q3	0.01	-0.01	0.00	0.02	0.02	0.00	0.00	0.04
2018Q4	0.01	0.00	0.00	0.02	0.02	0.01	0.01	0.04
2019Q1	0.01	-0.01	0.00	0.03	0.01	-0.01	0.01	0.04
2019Q2	0.02	-0.01	0.01	0.01	0.03	-0.01	0.01	0.03

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
2012Q1	255.67	495.82	70.31	491.60	1085.22	191.25	317.42	89.87	495.27
2012Q2	251.86	486.76	70.24	480.67	1101.86	197.83	355.92	86.08	492.44
2012Q3	266.02	489.56	69.44	478.70	1106.45	200.45	358.54	85.97	491.04
2012Q4	265.63	490.27	68.25	474.97	1108.69	201.03	363.35	85.55	489.20
2013Q1	258.54	471.57	67.22	474.88	1110.89	200.40	357.17	84.75	488.56
2013Q2	256.68	485.10	68.52	474.25	1117.20	199.78	367.31	86.59	488.44
2013Q3	242.03	487.82	68.64	490.89	1122.97	185.24	367.11	86.75	511.26
2013Q4	240.60	487.36	67.50	470.60	1124.91	185.69	371.94	85.01	483.78
2014Q1	237.94	479.14	67.06	470.45	1127.64	184.80	366.47	84.38	483.44
2014Q2	237.59	493.12	68.64	469.65	1131.81	187.02	375.91	85.92	482.31
2014Q3	239.80	503.86	68.82	468.60	1143.00	189.11	378.85	86.36	482.61
2014Q4	234.10	519.37	67.47	468.65	1149.31	187.93	381.61	85.05	484.55
2015Q1	226.30	500.18	65.32	468.17	1151.64	178.81	361.04	81.89	485.21
2015Q2	227.28	511.48	64.62	465.34	1155.95	179.77	368.08	80.27	482.73
2015Q3	228.85	505.53	65.45	464.79	1161.14	178.82	363.76	77.70	483.66
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

Date	Non-Mortgage Holders				Mortgage Holders				
	LOC	HELOC	Credit card	Auto	Mortgage	LOC	HELOC	Credit card	Auto
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
2019Q1	241.85	609.69	68.20	481.15	1298.80	181.58	453.42	80.88	511.77
2019Q2	245.24	638.36	70.16	483.59	1309.95	183.12	467.68	83.34	515.55

Sources: Equifax and CMHC calculations

Figure 6: 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	743
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	748	755	744
2018Q2	746	754	743
2018Q3	747	755	744
2018Q4	747	756	746
2019Q1	745	754	743
2019Q2	746	757	746

Sources: Equifax and CMHC calculations

Figure 7: Movement in credit scores compared to the previous year

Distribution of consumers based on their credit score in 2019 Q2 relative to their score a year earlier

Type	Worsened their score	Maintained their score	Improved their score
Mortgage holders	20.15	50.51	29.34
Consumers without a mortgage	19.64	53.51	26.85

Sources: Equifax and CMHC calculations

Figure 8: Share of consumers who experienced a credit score degrade

Date	Difference	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	3.50
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

Date	Difference	Without mortgage	Mortgage holders
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	4.70	3.04
2017Q4	165	4.60	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
2019Q1	175	4.73	2.99
2019Q2	161	4.58	2.97

Sources: Equifax and CMHC calculations

Figure 9: 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
2012Q2	0.39	0.16	1.72	1.25	0.77
2012Q3	0.38	0.15	1.68	1.24	0.80
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	1.60	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	1.40	0.70
2014Q3	0.34	0.16	1.55	1.38	0.70
2014Q4	0.35	0.15	1.51	1.43	0.64
2015Q1	0.36	0.15	1.50	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	0.30	0.15	1.55	1.72	0.61
2017Q4	0.29	0.15	1.51	1.73	0.61

Date	Mortgage	HELOC	Credit card	Auto	LOC
2018Q1	0.29	0.15	1.52	1.73	0.61
2018Q2	0.28	0.15	1.50	1.66	0.61
2018Q3	0.28	0.15	1.49	1.66	0.61
2018Q4	0.30	0.15	1.51	1.76	0.61
2019Q1	0.30	0.16	1.58	1.83	0.63
2019Q2	0.30	0.17	1.59	1.88	0.64

Sources: Equifax and CMHC calculations

Figure 10: Average outstanding loan balance of new mortgage

Selected geographies

Date	Montreal	Toronto	Vancouver
2016Q2	$205,927	$358,300	$452,770
2017Q2	$211,282	$416,451	$434,023
2018Q2	$219,697	$395,678	$428,154
2019Q2	$222,940	$403,518	$418,631

Sources: Equifax and CMHC calculations

Figure 11: Average monthly non-mortgage obligations by CMA

Date	Montreal	Toronto	Vancouver
2016Q2	229	219	194
2017Q2	237	230	203
2018Q2	256	243	219
2019Q2	268	262	234

Sources: Equifax and CMHC calculations

Figure 12: Year-over-year change in the share of consumers with a mortgage loan, by age group

Date	Under 25	25-34	35-44	45-54	55-64	65-74	Over 74
2018Q2	-0.03	-0.16	-0.10	-0.25	0.08	0.08	0.04
2019Q2	-0.02	-0.12	-0.02	-0.19	0.09	0.10	0.05

Sources: Equifax and CMHC calculations

Figure 13: Mortgage delinquency rate by age of the mortgage holder, select CMAs, 4-quarter moving average

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

Select CMA	Date	Below 25	25-34	35-44	45-54	55-64	65 +
Vancouver	2015Q2	0.23%	0.27%	0.25%	0.30%	0.31%	0.28%
	2015Q3	0.38%	0.24%	0.24%	0.25%	0.25%	0.25%
	2015Q4	0.34%	0.22%	0.23%	0.23%	0.23%	0.23%
	2016Q1	0.38%	0.24%	0.19%	0.23%	0.22%	0.27%
	2016Q2	0.29%	0.20%%	0.16%	0.21%	0.20%	0.24%
	2016Q3	0.26%	0.17%	0.15%	0.16%	0.18%	0.22%
	2016Q4	0.26%	0.16%	0.12%	0.16%	0.16%	0.19%
	2017Q1	0.15%	0.15%	0.12%	0.13%	0.14%	0.18%
	2017Q2	0.22%	0.13%	0.11%	0.13%	0.12%	0.15%
	2017Q3	0.22%	0.11%	0.09%	0.12%	0.12%	0.14%
	2017Q4	0.21%	0.13%	0.09%	0.10%	0.12%	0.15%
	2018Q1	0.28%	0.11%	0.09%	0.10%	0.10%	0.15%
	2018Q2	0.18%	0.10%	0.10%	0.09%	0.10%	0.13%
	2018Q3	0.19%	0.12%	0.09%	0.09%	0.10%	0.15%
	2018Q4	0.33%	0.11%	0.10%	0.11%	0.11%	0.14%
	2019Q1	0.26%	0.13%	0.11%	0.10%	0.13%	0.15%
	2019Q2	0.31%	0.14%	0.11%	0.11%	0.11%	0.19%

(continue)

Select CMA	Date	Below 25	25-34	35-44	45-54	55-64	65 +
Toronto	2015Q2	0.19%	0.14%	0.14%	0.18%	0.16%	0.23%
	2015Q3	0.23%	0.12%	0.13%	0.16%	0.17%	0.20%
	2015Q4	0.29%	0.12%	0.14%	0.15%	0.16%	0.21%
	2016Q1	0.39%	0.13%	0.13%	0.15%	0.15%	0.22%
	2016Q2	0.34%	0.11%	0.11%	0.15%	0.13%	0.22%
	2016Q3	0.26%	0.09%	0.11%	0.13%	0.11%	0.21%
	2016Q4	0.22%	0.10%	0.10%	0.12%	0.10%	0.21%
	2017Q1	0.14%	0.10%	0.09%	0.12%	0.09%	0.20%
	2017Q2	0.26%	0.08%	0.09%	0.10%	0.09%	0.16%
	2017Q3	0.18%	0.07%	0.09%	0.09%	0.09%	0.15%
	2017Q4	0.26%	0.08%	0.07%	0.09%	0.09%	0.15%
	2018Q1	0.26%	0.07%	0.08%	0.09%	0.09%	0.15%
	2018Q2	0.14%	0.07%	0.08%	0.10%	0.10%	0.15%
	2018Q3	0.18%	0.07%	0.07%	0.10%	0.10%	0.16%
	2018Q4	0.20%	0.08%	0.08%	0.10%	0.11%	0.16%
	2019Q1	0.23%	0.08%	0.08%	0.10%	0.11%	0.13%
	2019Q2	0.33%	0.09%	0.09%	0.11%	0.11%	0.13%

(continue)

Select CMA	Date	Below 25	25-34	35-44	45-54	55-64	65 +
Montreal	2015Q2	0.49%	0.36%	0.41%	0.41%	0.34%	0.34%
	2015Q3	0.55%	0.33%	0.42%	0.40%	0.34%	0.33%
	2015Q4	0.46%	0.35%	0.44%	0.40%	0.32%	0.36%
	2016Q1	0.53%	0.34%	0.45%	0.44%	0.31%	0.35%
	2016Q2	0.45%	0.35%	0.42%	0.42%	0.29%	0.38%
	2016Q3	0.29%	0.32%	0.39%	0.41%	0.29%	0.37%
	2016Q4	0.32%	0.31%	0.37%	0.38%	0.28%	0.35%
	2017Q1	0.34%	0.32%	0.38%	0.37%	0.29%	0.35%
	2017Q2	0.34%	0.32%	0.37%	0.36%	0.28%	0.37%
	2017Q3	0.32%	0.28%	0.32%	0.34%	0.25%	0.34%
	2017Q4	0.29%	0.27%	0.30%	0.31%	0.22%	0.30%
	2018Q1	0.29%	0.27%	0.30%	0.30%	0.23%	0.35%
	2018Q2	0.38%	0.28%	0.29%	0.30%	0.24%	0.33%
	2018Q3	0.35%	0.29%	0.29%	0.31%	0.24%	0.36%
	2018Q4	0.34%	0.30%	0.31%	0.32%	0.29%	0.40%
	2019Q1	0.36%	0.28%	0.30%	0.29%	0.29%	0.38%
	2019Q2	0.40%	0.25%	0.28%	0.27%	0.29%	0.36%

(continue)

Select CMA	Date	Below 25	25-34	35-44	45-54	55-64	65 +
Calgary	2015Q2	0.26%	0.19%	0.25%	0.27%	0.26%	0.31%
	2015Q3	0.09%	0.19%	0.28%	0.31%	0.24%	0.28%
	2015Q4	0.13%	0.19%	0.30%	0.29%	0.27%	0.35%
	2016Q1	0.24%	0.22%	0.32%	0.31%	0.31%	0.44%
	2016Q2	0.21%	0.24%	0.31%	0.32%	0.33%	0.49%
	2016Q3	0.15%	0.28%	0.32%	0.38%	0.35%	0.42%
	2016Q4	0.16%	0.29%	0.35%	0.38%	0.33%	0.47%
	2017Q1	0.29%	0.29%	0.37%	0.41%	0.33%	0.47%
	2017Q2	0.19%	0.25%	0.35%	0.37%	0.32%	0.42%
	2017Q3	0.39%	0.25%	0.34%	0.36%	0.34%	0.41%
	2017Q4	0.40%	0.25%	0.32%	0.35%	0.37%	0.39%
	2018Q1	0.63%	0.28%	0.31%	0.38%	0.36%	0.42%
	2018Q2	0.68%	0.22%	0.27%	0.35%	0.35%	0.48%
	2018Q3	0.55%	0.24%	0.29%	0.31%	0.35%	0.49%
	2018Q4	0.24%	0.26%	0.34%	0.37%	0.37%	0.49%
	2019Q1	0.25%	0.26%	0.34%	0.37%	0.38%	0.47%
	2019Q2	0.34%	0.29%	0.35%	0.37%	0.41%	0.50%

Sources: Equifax and CMHC calculations