



EQUIFAX[®]

Report

Economic Pressures Could Impact Credit Performance of Consumers, Especially Young Adults

Q2 2024 | Equifax[®] Canada Market Pulse
Quarterly Consumer Credit Trends

September 2024

Consumer debt levels rose to \$2.5 trillion in the second quarter of 2024, marking a 4.2 per cent increase since Q2 2023, according to the latest **Market Pulse Consumer Credit Trends and Insights Report from Equifax® Canada**. Credit cards continued to be the primary driver of rising debt with outstanding balances reaching \$122 billion, up 13.7 per cent from Q2 2023. On average, card holders carried over \$4300 in credit card balance, the highest level since 2007. Average credit card balance per consumer continued to grow despite a slowdown in consumer spending. This increase was primarily attributed to a reduction in card pay rates, with consumers under 35 years of age seeing the fastest decline in card payment levels. The rise in credit card balance for consumers of all ages was more significant for mortgage holders where the average credit card balance jumped by 11.9 per cent compared to Q2 2023, while non-mortgage consumers saw a 7.7 per cent increase.

Delinquencies on the Rise, Particularly for Younger Consumers

High cost of living and the unemployment rate reaching 6.4 per cent are contributing to higher levels of missed payments with one in 23 consumers missing a payment on at least one credit product in Q2 2024, up from one in 25 a year ago. Overall, the non-mortgage balance delinquency rate sat at 1.4 per cent surpassing peak 2020 levels, and the highest since 2011 — rising 23.4 per cent compared to Q2 2023. Missed payment rates for younger consumers aged 26-35 years remained the highest at 1.99 per cent, up 21.6 per cent from Q2 2023. The delinquency rate for auto loans (1.45%) and lines of credit (2.19%) in this age group were particularly high, reflecting the broader financial pressures faced by this demographic.

While overall mortgage balance delinquency rates remained lower than pre-pandemic (0.16% vs. 0.17% in 2019), mortgage balance delinquency rates in Ontario hit their highest levels (0.16%) since 2014 (0.18%). Over 3000 mortgages (\$1.3B in balance) in Ontario were in severe delinquency at the end of Q2, up 66.8 per cent when compared to Q2 2023.

“Inflation is stabilizing and interest rates are starting to reduce, which is good news for many consumers,” said **Rebecca Oakes, Vice President of Advanced Analytics at Equifax Canada**. “Unfortunately, rising unemployment has offset some of the positives and is driving increased financial stress.”



“Inflation is stabilizing and interest rates are starting to reduce, which is good news for many consumers.”

Rebecca Oakes

Vice-President of Advanced Analytics,
Equifax Canada

Increasing Risk for Auto Loans

The second quarter also saw growing concern for the credit performance of vehicle loans. Auto loan delinquency rates for non-bank auto lenders reached a historic high, while bank loan delinquencies were at the highest levels since 2019. The 90+ day balance delinquency rate for non-bank auto loans was one per cent, up 26.8 per cent from 12 months ago, while bank loan delinquency rate was at 1.16 per cent, up 54.1 per cent from 12 months ago.

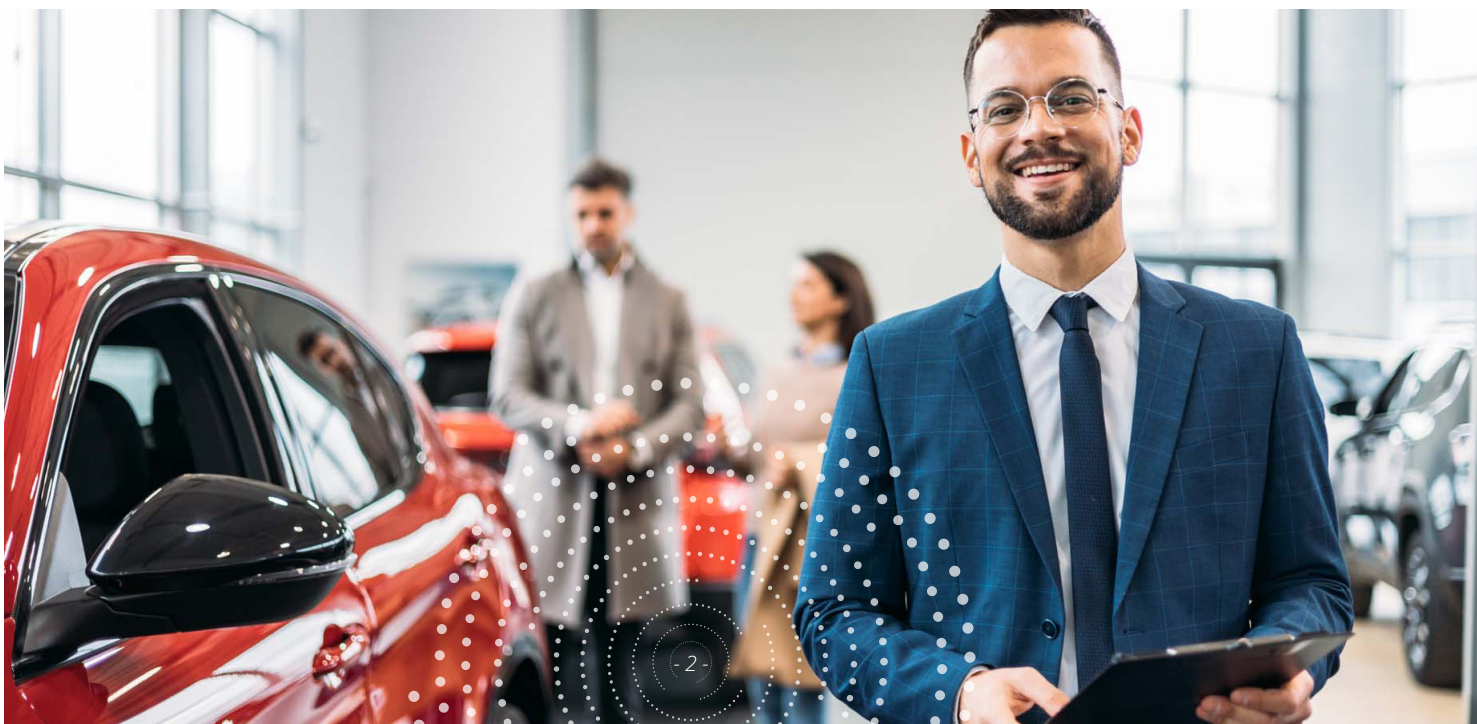
“We are seeing many missed payments emerging from consumers who opened new auto loans during 2022, when car prices were particularly high”, said Oakes. “As car prices start to fall, consumers may be finding themselves in a situation where they are carrying high loan amounts with less equity in the vehicle. We may continue to see increased risk of loan defaults in these cases.”

Economic Pressures May Influence Young Adults to Stay Home Longer

The Equifax report also highlighted a transformation in the face of Canadian households, with more families opting for multigenerational living arrangements. As economic challenges persist and immigration patterns evolve, a growing number of young Canadians are finding themselves living with their parents and grandparents, reshaping the traditional family structure in Canada.

The ongoing financial strain is hitting young adults particularly hard, leading to a marked increase in multigenerational households. Currently, almost one in three Canadian households (29.2 per cent) include adult children living with their parents, up from 26.7 per cent a decade ago. In Ontario, this trend is even more pronounced, with 32.8 per cent of households comprising multiple generations under one roof.

“The economic conditions we’re seeing today may be leading many young people to stay at home longer,” added Oakes. “With fewer job opportunities, soaring rent prices, high housing prices, and the high cost of living, young Canadians are increasingly relying on the support of their parents and grandparents.”



Housing Market Challenges for Homeowners Renewing and First-Time Buyers

The mortgage market remained strained due to high interest rates during Q2 2024. Although new mortgage originations improved by 21.3 per cent from 2023 lows, they were still well below typical second-quarter levels. Alberta, driven by strong interprovincial migration, saw a surge in new originations, even exceeding pre-pandemic figures. Despite fewer home sales in Q2, average mortgage loan amounts rose by 6.1 per cent year-over-year and 5.5 per cent from the previous quarter.

High home prices and rising interest rates seem to be creating significant barriers for first-time homebuyers. The proportion of first-time buyers continued to decline compared to pre-pandemic levels and with the average first time home buyer loan exceeding \$410,000; the Equifax report noted more buyers are opting for longer amortization terms — some exceeding 25 years. The discontinuation of the first-time home buyer incentive plan at the end of March, 2024, could further impact purchase plans for many consumers hoping to enter the housing market.

The impact of high interest rates was especially challenging for those renewing their mortgages. In 2024, 15 per cent of renewals saw monthly payments rise by over \$300, up from eight per cent in 2019. In Ontario and British Columbia, this figure was around 20 per cent, prompting many to extend their amortization terms to manage the higher costs.

“Homebuyers who secured homes in 2020 and 2021 with low interest rates and high loan amounts, could face challenges,” said Oakes. “Even with recent rate cuts, these individuals may need to prepare for significant increases in monthly payments and extended amortization terms. Those with low renewal affordability and negative equity may find it especially difficult to navigate these changes.”



Age Group Analysis

Debt & Delinquency Rates (excluding mortgages)

Age	Average Debt (Q2 2024)	Average Debt Change Year-over-Year (Q2 2024 vs. Q2 2023)	Delinquency Rate (\$) (Q2 2024)	Delinquency Rate (\$) Change Year-over-Year (Q2 2024 vs. Q2 2023)
18-25	\$8,072	3.23%	1.86%	13.23%
26-35	\$17,381	1.51%	1.99%	21.59%
36-45	\$26,835	2.67%	1.64%	28.18%
46-55	\$34,030	3.84%	1.21%	27.35%
56-65	\$28,054	4.51%	1.04%	22.35%
65+	\$14,434	0.84%	1.10%	15.42%
Canada	\$21,649	2.45%	1.40%	23.36%

Major City Analysis

Debt & Delinquency Rates (excluding mortgages)

City	Average Debt (Q2 2024)	Average Debt Change Year-over-Year (Q2 2024 vs. Q2 2023)	Delinquency Rate (\$) (Q2 2024)	Delinquency Rate (\$) Change Year-over-Year (Q2 2024 vs. Q2 2023)
Calgary	\$23,981	-0.67%	1.50%	14.56%
Edmonton	\$23,737	0.02%	1.97%	19.64%
Halifax	\$21,130	1.45%	1.36%	9.33%
Montreal	\$16,748	1.86%	1.36%	35.99%
Ottawa	\$19,598	2.38%	1.29%	24.11%
Toronto	\$20,713	3.22%	1.83%	25.83%
Vancouver	\$22,818	2.41%	1.16%	28.40%
St. John's	\$23,927	2.15%	1.44%	8.41%
Fort McMurray	\$37,328	-0.59%	2.22%	14.66%

Province Analysis

Debt & Delinquency Rates (excluding mortgages)

Province	Average Debt (Q2 2024)	Average Debt Change Year-over-Year (Q2 2024 vs. Q2 2023)	Delinquency Rate (\$) (Q2 2024)	Delinquency Rate (\$) Change Year-over-Year (Q2 2024 vs. Q2 2023)
Ontario	\$22,272	3.14%	1.45%	27.32%
Quebec	\$18,856	1.82%	1.03%	32.74%
Nova Scotia	\$21,092	2.32%	1.57%	9.49%
New Brunswick	\$21,288	-2.62%	1.59%	13.55%
PEI	\$23,254	4.01%	1.09%	11.33%
Newfoundland	\$24,364	6.02%	1.50%	8.21%
<i>Eastern Region</i>	\$21,957	1.58%	1.53%	10.54%
Alberta	\$24,469	0.12%	1.73%	16.54%
Manitoba	\$17,866	4.80%	1.65%	13.45%
Saskatchewan	\$23,167	3.88%	1.66%	15.78%
British Columbia	\$22,291	2.42%	1.27%	22.89%
<i>Western Region</i>	\$22,711	1.88%	1.51%	18.37%
Canada	\$21,649	2.45%	1.40%	23.36%

* Based on Equifax data for Q2 2024



How Equifax can help reduce risk and grow your business

We offer specialized products and solutions to help you gain insights on markets, [acquire more customers](#) and process credit applications. Our unmatched data assets and innovation help you find the best customers and smartly grow your customer base.

[Sign up](#) to get the latest quarterly consumer trends and economic insights.

Contact your Equifax Account Representative to learn more



1.855.233.9226



solutions.ca@equifax.com



consumer.equifax.ca/business/contact-us/

Let's stay connected



About Equifax

At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics, and technology company, we play an essential role in the global economy by helping financial institutions, companies, employers, and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by nearly 15,000 employees worldwide, Equifax operates or has investments in 24 countries in North America, Central and South America, Europe, and the Asia Pacific region. For more information, visit [Equifax.ca](https://www.equifax.ca).

© Equifax Canada Co., 2024. All rights reserved. Equifax and the Equifax marks used herein are trademarks of Equifax Inc. Other product and company names mentioned herein are the property of their respective owners.

This report is for informational purposes only and is not legal advice and should not be used, or interpreted, as legal advice. The information is provided as is without any representation, warranty or guarantee of any kind, whether express or implied. Equifax Canada will not under any circumstances be liable to you or to any other person for any loss or damage arising from, connected with, or relating to the use of this information by you or any other person. Users of this information should consult with their own lawyer for legal advice.