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Report

# Canadian Businesses Face Contrasting Fortunes as Holidays Approach

Q3 2024 | Equifax® Canada Market Pulse  
Quarterly Business Credit Trends

December 2024





Newer Canadian businesses are driving significant growth in debt balances, according to the Equifax Canada Q3 Business Credit Trends Report, setting a complex stage for the upcoming holiday season. Total business debt balances reached \$35 billion in Q3 2024, a 15.3 per cent increase from the same period last year, with businesses opened in the past 24 months contributing to a 25.2 per cent rise in balances compared to their counterparts in Q3 2023.





At the same time, established businesses showed financial caution, with the average debt per business declining 8.1 per cent year-over-year to \$25,366 in Q3 2024. This demonstrates differing approaches among businesses, with newer enterprises contending with higher operational costs while more established ones prioritizing managing debt conservatively.

## Improving Sentiment Amid Rising Challenges

The construction and retail industries are undergoing financial stress. For construction, the 60+ day financial trade delinquencies increased from 2.9 per cent in Q2 2023 to 3.3 per cent in Q2 2024, while the delinquency rate on asset-based loans more than doubled from last year.

"Newer businesses are driving debt growth as they navigate the high costs of establishment and operation," said **Jeff Brown, Head of Commercial Solutions at Equifax Canada**. "While these businesses are contributing to the economy's overall momentum, rising delinquencies among debt-burdened enterprises remind us that financial recovery is not evenly distributed."

## Retail Sector Faces Pressures During Key Holiday Season

Heading into the holiday season, the retail industry is grappling with higher-than-average delinquency rates, reflecting challenges such as lower inflation-adjusted consumer credit card spending compared to last year and business disruptions from the Canada Post strike. These pressures come at a critical time for retailers reliant on holiday sales. "Retail businesses are feeling the strain as the holiday season approaches," added Brown. "Between the Canada Post strike going on this holiday season, including on the key Black Friday weekend, and [weaker discretionary consumer spending](#), small businesses face an uphill battle."



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**Jeff Brown**

Head of Commercial Solutions,  
Equifax Canada

## Trade Delinquencies Rise as Insolvencies Decline

In Q3 2024, trade delinquency rates for financial and industrial trades increased to 3.3 per cent and 5.9 per cent, respectively, driven largely by installment loans. However, insolvencies showed improvement, with 1,312 businesses filing in Q3 2024, down 14.7 per cent from the previous quarter.

Early-stage (30-day) delinquency rates are also beginning to stabilize, suggesting financial pressures may be easing as businesses gear up for the fourth quarter.

## Looking Ahead

"This holiday season presents both opportunities and challenges for Canadian businesses", noted Brown. "While improving sentiment and easing financial pressures offer hope, rising delinquencies and an uneven recovery are a reminder of the resilience required for Canadian businesses to succeed in this environment."



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