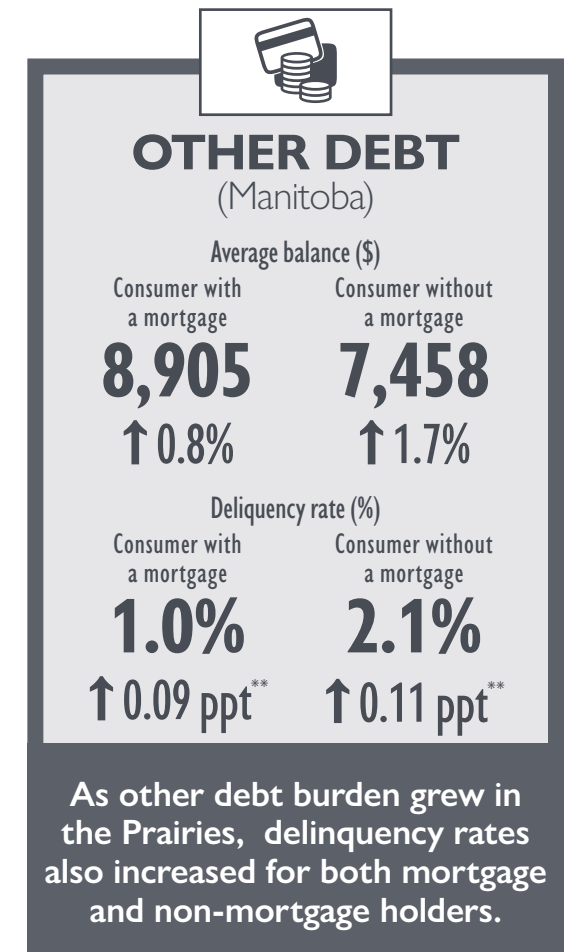
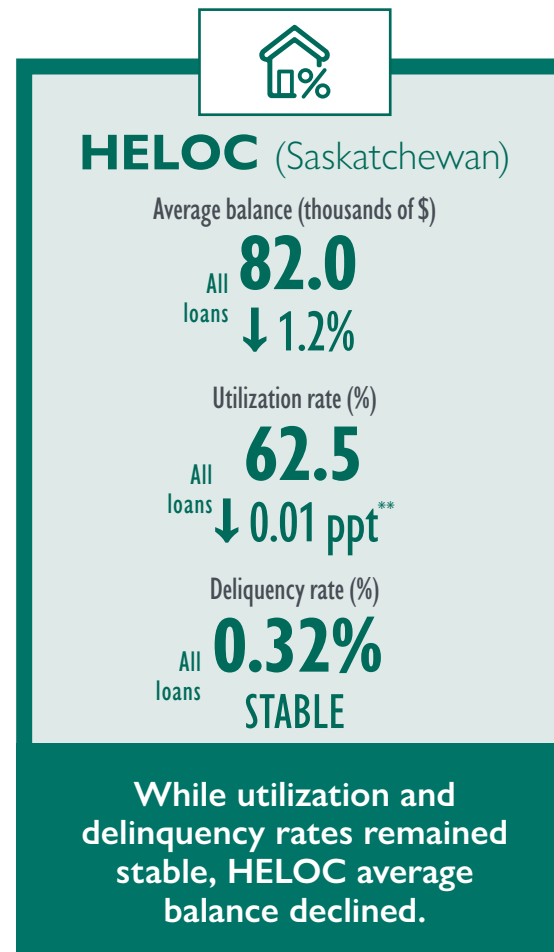
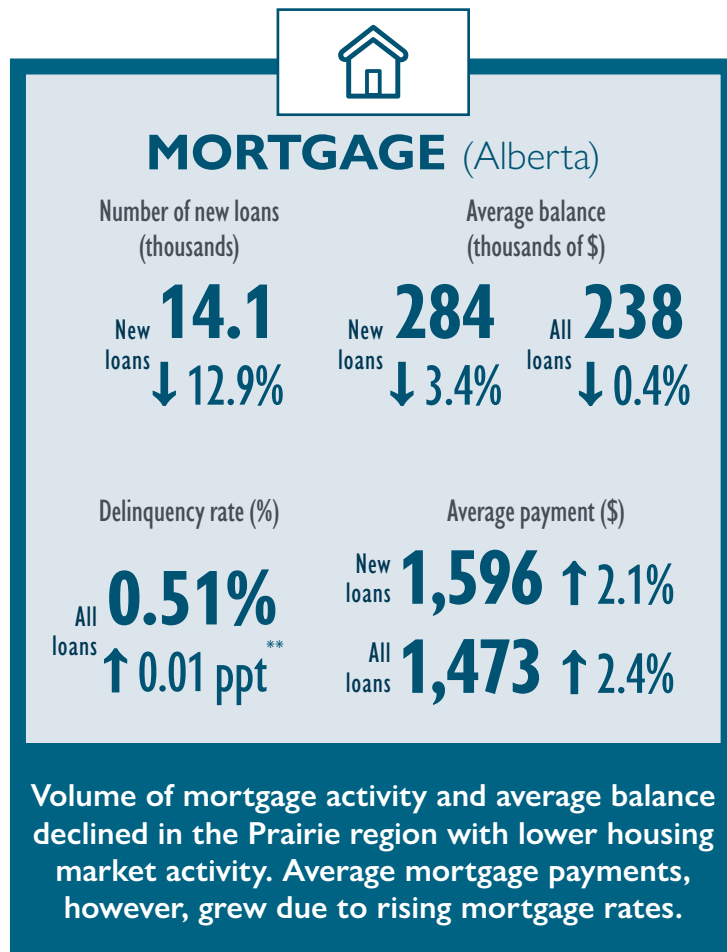


## Key mortgage and consumer credit indicators – Q1 2019\*



\* 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 Q1 2019 and variation year-over-year from Q1 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.

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**“The decrease in average weekly earnings of Albertans, the downward pressure on house prices in Saskatchewan, and higher mortgage rates all contributed to increased delinquency rates in Prairie CMAs. However, average credit scores remained excellent despite the increases in delinquency rates and higher average monthly obligations.”**



Christian Arkilley  
Senior Analyst, Economics

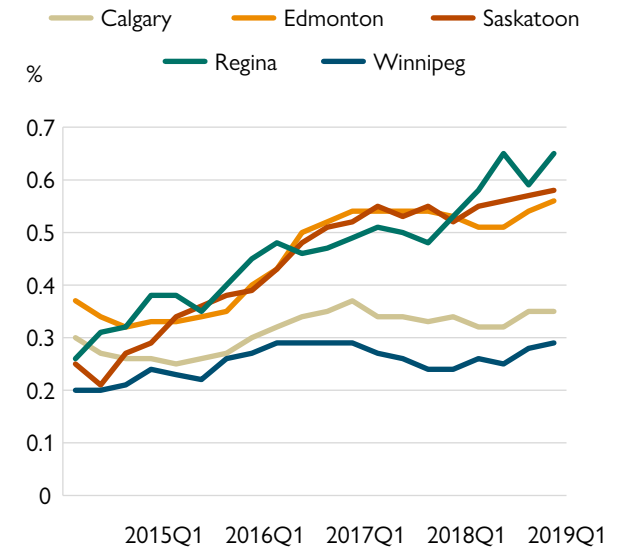
# Mortgage and consumer credit trends

## Mortgage delinquency rate rising in the Prairie region

- In Calgary and Edmonton CMAs, the shift in the composition of employment from oil and gas to services producing industries has resulted in shocks to income and contributed to the increase in the delinquency rate.
- The downward pressure in house prices and higher mortgage rates contributed to higher mortgage delinquency rates in both Regina and Saskatoon CMAs. The delinquency rate is, however, higher in the Regina CMA (0.65%) than any other CMA in the Prairies.
- Stable economic growth and an improvement in employment led to the lower delinquency rate (0.29%) in the Winnipeg CMA compared to the other CMAs within the Prairie region.
- In Edmonton and Saskatoon, the decrease in full time employment resulted in income instability and contributed to rising mortgage delinquency rates in these CMAs.
- The delinquency rate in the Calgary CMA increased to 0.35% from 0.34% the previous year, the lowest increase in the Prairies, as growth in employment helped to stabilize delinquency rate.

Figure 1

## Mortgage delinquency rates (%) Selected Prairies CMAs



Sources: Equifax and CMHC calculations

## Mortgage delinquency rates by loan origination are higher for loan amounts of less than \$100K

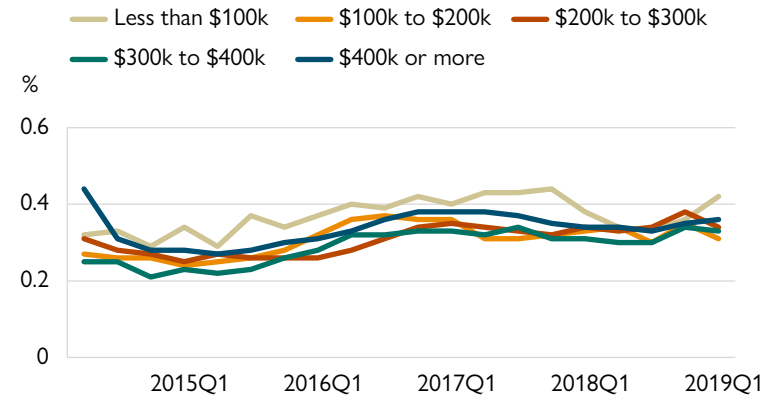
- In the Prairie region (except Edmonton), mortgage delinquency rates by loan origination amounts are higher for loan amounts of less than \$100,000, with delinquency rates ranging from 0.36% for Winnipeg to 0.79% in Regina.
- In Calgary, mortgage delinquency rates by loan origination amounts were generally clustered around the average of 0.35%, with only loan amounts of less than \$100,000 being above a 0.40% delinquency rate. The highest mortgage delinquency rate by loan amount for Edmonton was between \$100,000 and \$200,000 at 0.65%, while the lowest was between \$300,000 and \$400,000 at 0.43%.
- In the Regina and Saskatoon CMAs, the delinquency rate generally decreased as loan amounts increased, ranging from 0.79% for mortgages of less than \$100,000 to a low of 0.4% for mortgages of \$400,000 or more.
- The mortgage delinquency rates in various loan ranges were near the average delinquency rate of 0.28% in the Winnipeg CMA with the lowest delinquency rate between \$200,000 and \$400,000.

## Credit delinquency rates lower for consumers with a mortgage

- In the Prairie region, the delinquency rates for credit cards, lines of credit and auto loans for mortgage holders tend to be lower than non-mortgage holders. Mortgage holders normally have higher credit scores and lower credit delinquency rates than consumers without a mortgage.
- Auto loans had the highest delinquency rate for non-mortgage consumers and lowest delinquency rate for mortgage holders across the five CMAs in the Prairie region. Credit cards, however, remain the highest delinquency rate for consumers with a mortgage.
- The delinquency rate for credit cards increased for both mortgage and non-mortgage holders across the Prairie region.

Figure 2

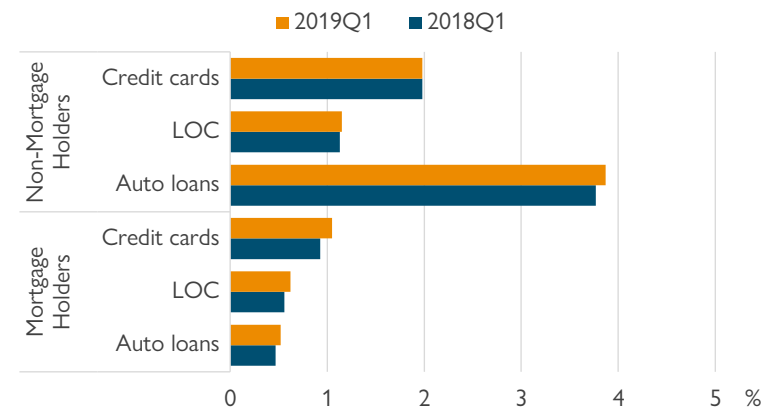
### Mortgage delinquency rates (%) by mortgage limit at origination - Calgary CMA



Sources: Equifax and CMHC calculations

Figure 3

### Credit delinquency rates (%) - For mortgage holders and consumers without a mortgage - Calgary CMA



Sources: Equifax and CMHC calculations

## Excellent average credit scores across the largest Prairie CMAs

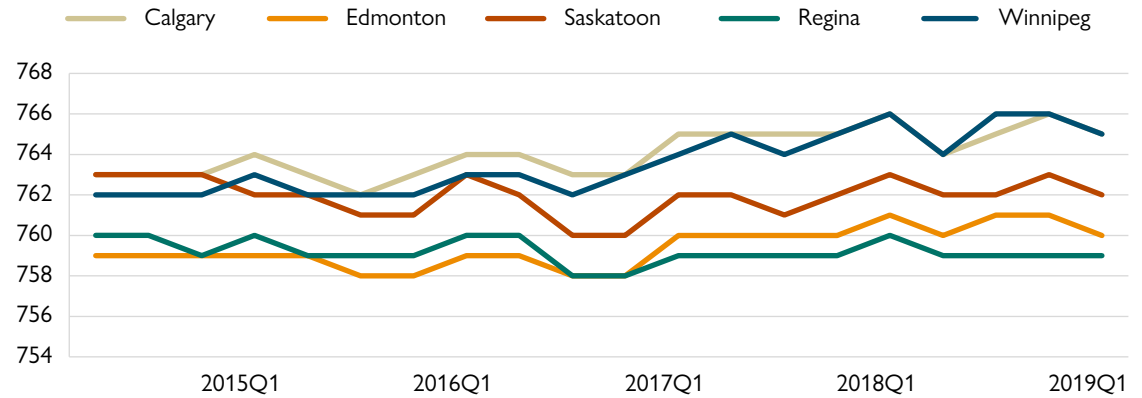
- Equifax Credit scores generally range between 300 and 900. A score of 750 and above is considered excellent, while scores below 560 are more likely to have difficulty getting credit or qualifying for better loan terms.<sup>1</sup>
- The average credit scores for the five largest CMAs of the Prairie region are considered excellent with average scores ranging from 759 and 765. Calgary and Winnipeg CMAs had the highest average credit score at 765 while the lowest was in the Regina CMA at 759.
- The average credit score is consistent with the delinquency rates: CMAs with the highest delinquency rates had the lowest credit score and vice versa. However, loan delinquency rates could vary even in cities with excellent average credit scores.

## Share of consumers with a mortgage increased in Edmonton

- The share of consumers with a mortgage increased in Edmonton; decreased in Calgary, Regina and Saskatoon; and remained stable in Winnipeg.
- The share of consumers with a mortgage ranged from a high of 32% in the Calgary and Regina CMAs to a low of 29% in the Winnipeg CMA.
- The consumer mortgage data ranking is consistent with the homeownership rate for the CMAs. The Calgary CMA has the highest homeownership rate for households at 72.9% while the Winnipeg CMA's homeownership rate was 67.3%.<sup>2</sup>

**Figure 4**

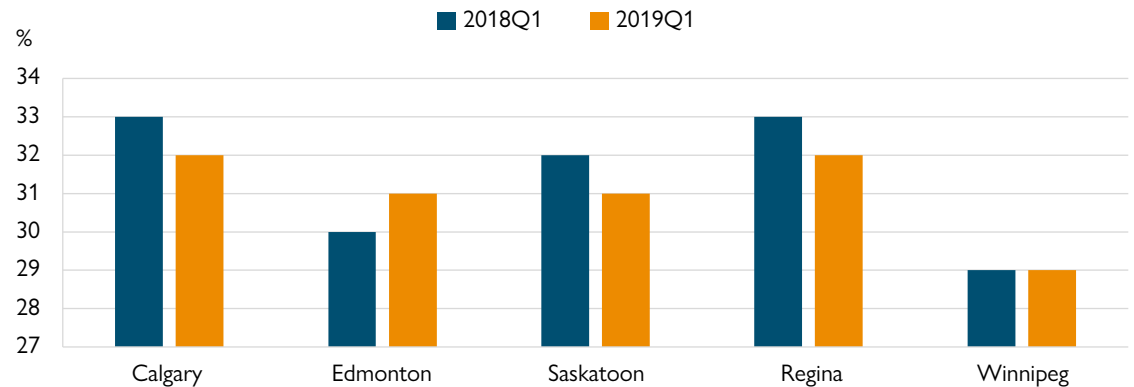
**Average Equifax Risk Score among mortgage holders - Selected Prairies CMAs**



Sources: Equifax and CMHC calculations

**Figure 5**

**Share of consumers (%) with a mortgage loan - Selected Prairies CMAs**



Sources: Equifax and CMHC calculations

<sup>1</sup> Source: Equifax. <https://www.consumerequifax.ca/personal/education/credit-score/what-is-a-good-credit-score/>

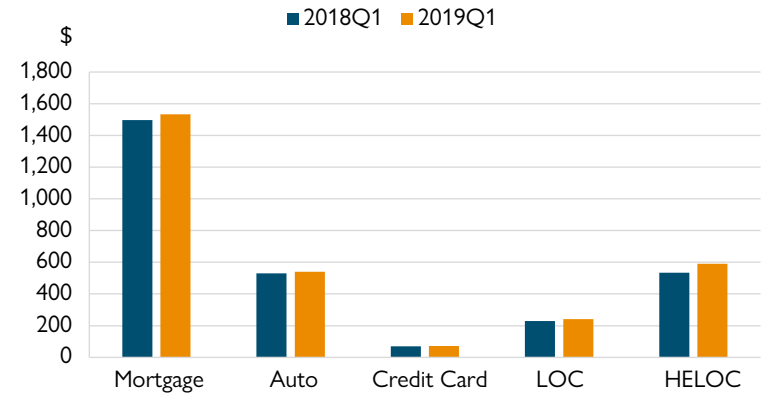
<sup>2</sup> Source: Statistics Canada, Homeownership rates by census metropolitan area (CMA). <https://www150.statcan.gc.ca/n1/daily-quotidien/171025/t001c-eng.htm>

## Monthly obligations increased with rising interest rates

- Average monthly mortgage and home equity line of credit (HELOC) payments increased across all the largest CMAs in the Prairie region, resulting in higher average monthly obligations as interest rates continued to rise.
- Average monthly mortgage payments were highest in the Calgary CMA at \$1,533 and lowest in the Winnipeg CMA at \$1,098.
- There were increases in monthly payments for all types of credit products for Calgary and Winnipeg CMAs, while average minimum monthly payments on credit cards lowered in the Edmonton and Saskatoon CMAs.

**Figure 6**

**Average monthly obligations (\$) per consumer, by type of credit - Calgary CMA**



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](https://cmhc.ca/mortgage-consumer-credit-trends-data)



# 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.

- Figure 1 – 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).

- Figure 2 – Mortgage delinquency rate by mortgage value at origination

**Mortgage origination:** Process during which a consumer applies for a new mortgage loan with a lender, and the lender processes the application. During the process, the lender works with a borrower to complete a mortgage transaction that results in a mortgage loan, and then the borrower becomes a mortgage holder.

Technically, this process requires the borrower to submit various types of financial information and documentation to the mortgage lender, including earnings statements, tax returns, any credit payment history, credit card information, deposit account balances, and information on other freehold property with or without an existing mortgage loan. Mortgage lenders use this information to determine the type of loan and the interest rate for which the borrower is eligible.



In the context of Equifax, mortgages are flagged as newly opened if the open date on the mortgage trade account is within the quarter. There is a new open date on the account when:

- a borrower gets a mortgage for the purchase of a property (an actual purchase, not a pre-approval);
- an existing mortgage borrower renews with a new lender; or
- a borrower refinances the same property, with the same or a different lender.

**Mortgage value at origination:** the value of the mortgage at the time it was opened (see “mortgage origination” definition).

- Figure 3 – 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<sup>1</sup> = (number of accounts in delinquency/all accounts)

- Figure 4 – 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);
- 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.

- Figure 5 – 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)

- Figure 6 – 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)

<sup>1</sup> 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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Outside Canada call 613-748-2003 or fax to 613-748-2016.

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[cmhc.ca](http://cmhc.ca)

# Alternative text and data for figures

**Figure 1: Mortgage delinquency rates (%)  
Selected Prairies CMAs**

Date	Calgary	Edmonton	Saskatoon	Regina	Winnipeg
2014Q2	0.30	0.37	0.25	0.26	0.20
2014Q3	0.27	0.34	0.21	0.31	0.20
2014Q4	0.26	0.32	0.27	0.32	0.21
2015Q1	0.26	0.33	0.29	0.38	0.24
2015Q2	0.25	0.33	0.34	0.38	0.23
2015Q3	0.26	0.34	0.36	0.35	0.22
2015Q4	0.27	0.35	0.38	0.40	0.26
2016Q1	0.30	0.40	0.39	0.45	0.27
2016Q2	0.32	0.43	0.43	0.48	0.29
2016Q3	0.34	0.50	0.48	0.46	0.29
2016Q4	0.35	0.52	0.51	0.47	0.29
2017Q1	0.37	0.54	0.52	0.49	0.29
2017Q2	0.34	0.54	0.55	0.51	0.27
2017Q3	0.34	0.54	0.53	0.50	0.26
2017Q4	0.33	0.54	0.55	0.48	0.24
2018Q1	0.34	0.53	0.52	0.53	0.24
2018Q2	0.32	0.51	0.55	0.58	0.26
2018Q3	0.32	0.51	0.56	0.65	0.25
2018Q4	0.35	0.54	0.57	0.59	0.28
2019Q1	0.35	0.56	0.58	0.65	0.29

Sources: Equifax and CMHC calculations

**Figure 2: Mortgage delinquency rates (%) by mortgage limit  
at origination - Calgary CMA**

Date	Less than \$100k	\$100k to \$200k	\$200k to \$300k	\$300k to \$400k	\$400k or more
2014Q2	0.32	0.27	0.31	0.25	0.44
2014Q3	0.33	0.26	0.28	0.25	0.31
2014Q4	0.29	0.26	0.27	0.21	0.28
2015Q1	0.34	0.24	0.25	0.23	0.28
2015Q2	0.29	0.25	0.27	0.22	0.27
2015Q3	0.37	0.26	0.26	0.23	0.28
2015Q4	0.34	0.28	0.26	0.26	0.30
2016Q1	0.37	0.32	0.26	0.28	0.31
2016Q2	0.40	0.36	0.28	0.32	0.33
2016Q3	0.39	0.37	0.31	0.32	0.36
2016Q4	0.42	0.36	0.34	0.33	0.38
2017Q1	0.40	0.36	0.35	0.33	0.38
2017Q2	0.43	0.31	0.34	0.32	0.38
2017Q3	0.43	0.31	0.33	0.34	0.37
2017Q4	0.44	0.32	0.32	0.31	0.35
2018Q1	0.38	0.33	0.34	0.31	0.34
2018Q2	0.34	0.34	0.33	0.30	0.34
2018Q3	0.33	0.30	0.34	0.30	0.33
2018Q4	0.36	0.35	0.38	0.34	0.35
2019Q1	0.42	0.31	0.34	0.33	0.36

Sources: Equifax and CMHC calculations

**Figure 3: Credit delinquency rates (%) for mortgage holders and consumers without a mortgage - Calgary CMA**

Date	Mortgage Holders			Non-Mortgage Holders		
	Auto loans	LOC	Credit cards	Auto loans	LOC	Credit cards
2018Q1	0.47	0.56	0.93	3.77	1.13	1.98
2019Q1	0.52	0.62	1.05	3.87	1.15	1.98

Sources: Equifax and CMHC calculations

**Figure 4: Average Equifax Risk Score among mortgage holders Selected Prairies CMAs**

Date	Calgary	Edmonton	Saskatoon	Regina	Winnipeg
2014Q2	763	759	763	760	762
2014Q3	763	759	763	760	762
2014Q4	763	759	763	759	762
2015Q1	764	759	762	760	763
2015Q2	763	759	762	759	762
2015Q3	762	758	761	759	762
2015Q4	763	758	761	759	762
2016Q1	764	759	763	760	763
2016Q2	764	759	762	760	763
2016Q3	763	758	760	758	762
2016Q4	763	758	760	758	763
2017Q1	765	760	762	759	764
2017Q2	765	760	762	759	765
2017Q3	765	760	761	759	764
2017Q4	765	760	762	759	765
2018Q1	766	761	763	760	766
2018Q2	764	760	762	759	764
2018Q3	765	761	762	759	766
2018Q4	766	761	763	759	766
2019Q1	765	760	762	759	765

Sources: Equifax and CMHC calculations

**Figure 5: Share of consumers (%) with a mortgage loan Selected Prairies CMAs**

Date	Calgary	Edmonton	Saskatoon	Regina	Winnipeg
2018Q1	33	30	32	33	29
2019Q1	32	31	31	32	29

Sources: Equifax and CMHC calculations

**Figure 6: Average monthly obligations (\$) Per consumer, by type of credit - Calgary CMA**

Date	Mortgage	Auto	Credit Card	LOC	HELOC
2018Q1	1,497	531	70	230	535
2019Q1	1,533	540	71	242	590

Sources: Equifax and CMHC calculations