# Canadians remain afloat, for now

by Neil Sharma
02 May 2018



While outstanding consumer debt continues its staggering ascent, the diminution in delinquency rates may help some rest easy.

However, according to CMHC's Mortgage and Consumer Credit Trends National Report for Q3 2017, that also coincides with a drop in mortgage originations.

"Credit, overall, has increased, but at a slower rate than the previous year," said Tania Bourassa-Ochoa, a senior economic researcher with CMHC. "In terms of outstanding mortgage credit, it has also increased, but at a slower rate than one year earlier. We see that the number of mortgages

originated has decreased compared to one year earlier."

The mortgage delinquency rate—debt is considered delinquent if it hasn't been paid in 90 or more days—has been steadily dropping, too, and non-mortgage lines of credit also hit a 10-year low. In fact, Bourassa-Ochoa says mortgage arrears have tapered significantly.

But outstanding consumer credit is growing, albeit at a slower pace during Q3 of 2017—it was 5.5%—than a year earlier, when it was 7.4%. Outstanding mortgage balances grew 6.3%, but that figure is down from 8.8%.

"The interesting thing about mortgages is that it's outstanding balance, and it's accumulating" said Bourassa-Ochoa. "When you look at mortgages originated in the quarters, we see that the number of new mortgages has actually decreased, but not by a lot. In 2017 Q3, we see a decrease in the number of mortgages issued at -1.6%, but the total balance that was originated increased 2.6% because prices continue to grow overall, so the mortgages that are originated are going to be relatively larger."

Bourassa-Ochoa added that debt management is not yet a glaring concern, but it nevertheless requires close monitoring.

"Outstanding credit still remains a concern for Canada's housing and financial stability, but that said, we're monitoring many indicators and we don't feel that there are any vulnerabilities, in terms of Canadians' consumer debt," she said. "They are managing their debt relatively well overall. Mortgage delinquency rates are some of the lowest, as well."

Excessive household debt has been the subject of seemingly myriad alarming headlines recently, but the government's approach has confounded some. According to the president of First Source Mortgage Corporation, homeownership isn't fueling the looming debt crisis.

"Government should better focus its regulatory activity on credit card companies, as opposed to mortgages and telling Canadians if, and when, they'll ever be able to become homeowners," said David Mandel. "The debt that's mounting isn't restricted to mortgage debt, but rather easy-to-get revolving credit."

***Related stories:***

Canadian housing starts reach decade-best pace in March

Robust market fundamentals buoy investments



## INDUSTRY NEWS

MMGB

**Matrix Mortgage Global celebrates with Batman**

Fresh off the heels of making the 2018 Growth500 list with over 610% growth over the past 5 years,

Mortgage Architects

**Mortgage Architects announces new VP**

The award-winning full-service brokerage is proud to announce Lisa Valade as Vice President, Ontario

CLC

**CLC unveils new mortgage system**

The Capital Lending Centre Network is excited to unveil their new system "ALFRED" designed to

Submit a press release



## BROKER NEWS TV

Leave a comment

SHARE

2 Comments

Faye Drope | 2018-05-02 2:29:56 PM

As a mortgage broker educate your clients on the use of credit card and lines of credit debt. More and more its apparent that the government will not do anything about the massive debt outside of mortgages that will be the problem if the economy slides. Canadians value their homes and will do everything to make their mortgage payments this is a fact. Credit card debt is too easy to get and too hard to get out of. Educate your clients that carrying a balance each month is a misuse of the card. Help them be better consumers.

Post a reply

Deb | 2018-05-03 9:20:07 AM

It's no secret that consumer debt has increased now that you can't refinance your mortgage to pay out debt anymore. Not that it's a bad thing, but I really fail to see how mortgage debt can be lumped in with other consumer debt. Homes are a necessity, either you own your own or you pay someone else mortgage but you have to live somewhere. I see no efforts in attempting to curb consumer spending..no problem getting a 75k truck with a $1200 payment, or racking credit cards up at 19-29% interest rates...the govt feels it's their place to control spending on a mortgage that is fully secured, yet opens the flood gates on unsecured debt. Of course we know that you have to keep the economy moving...nobody has money anymore so just use that credit card.

Post a reply

Leave a comment

New user? Sign up

Go to Forum section