

Mortgage woes grow: Number of Canadians saying their mortgage is 'very difficult' to pay has doubled since March

Half of Canadians say they are in worse financial position than one year ago

October 23, 2023 – It's spooky season in Canada with Halloween around the corner, but for many residents the scariest thing that the next few days could bring is another interest rate hike from the Bank of Canada.

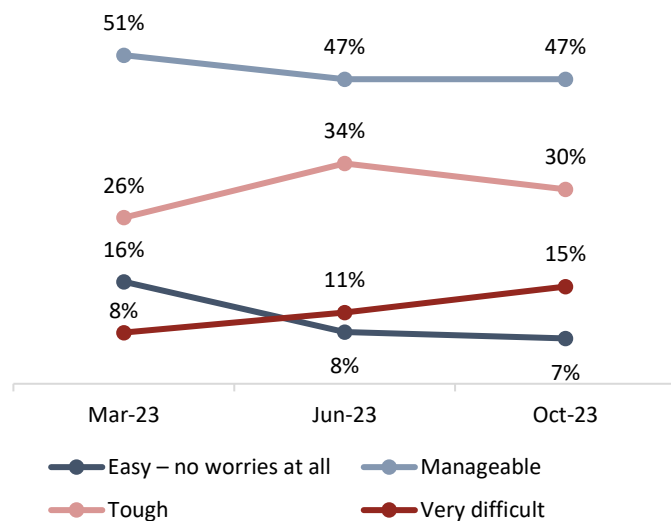
New data from the non-profit Angus Reid Institute finds the number of mortgage holders struggling with their monthly payment growing in recent months. One-in-six (15%) in this group say they find the financial aspect of their mortgage "very difficult", a figure that has doubled from data seen in March.

The Bank of Canada has hiked rates only twice since March, but many are still feeling the shock of the cost of borrowing jumping significantly since the beginning of 2022, when the BoC's policy rate was 0.25 per cent. Since then, it has risen to five per cent.

While [the expectation](#) from economists reading the macroeconomic tea leaves is that the BoC will hold rates steady this week, that does little to quell the concerns many mortgage holders are facing. With rates as they are, four-in-five homeowners with a mortgage say they are either worried (40%) or very worried (39%) they will face higher payments when it comes time to renew with their bank. Those facing renewal in the next 12 months are spooked more than others, with a majority "very worried" (57%) their monthly payments will rise significantly.

Overall, Canadians are more down than usual on their financial situation and prospects. Half (49%) say they are in a worse financial position than they were last year, while 35 per cent expect to be in a worse position a year from now. Both figures tie records seen in more than 13 years of tracking data from the Angus Reid Institute.

When it comes to your current living situation, whether you're paying a mortgage, renting, or otherwise, would you say the financial aspect of this is: (Among owners with a mortgage)



METHODOLOGY:

The Angus Reid Institute conducted an online survey from Oct. 9-13, 2023 among a representative randomized sample of 1,878 Canadian adults who are members of [Angus Reid Forum](#). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

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More Key Findings:

- Housing affordability and climate change were neck and neck as top issues in September last year (28% chose climate change as top issue; 27% chose housing affordability), but the two issues are now separated by 11 points (32% housing affordability, 23% climate change). This despite the record summer of wildfires drawing renewed attention to the climate crisis.
- More than half (54%) say it is difficult to feed their household given the cost of food currently.
- While those on fixed rate mortgages are more likely (57%) to find their monthly payments easy to handle at the moment than those with variable rates (50%), they are more likely to say they are “very worried” about what their next mortgage renewal might bring (43% fixed vs. 29% variable).

About ARI

The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.

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Part One: Economic issues on the rise

It has been more than 18 months since the Bank of Canada [first increased interest rates to combat inflation](#). The central bank’s goal is to rein in year-over-year price increases to two per cent, and that apparently has not been achieved, according to the [most recent release from Statistics Canada](#), showing that inflation year-over-year was at 3.8 per cent in September.

But that figure still represents positive news in the eyes of economists, and potentially the [Bank of Canada](#), as it considers whether to continue raising interest rates this week. Inflation has decelerated,

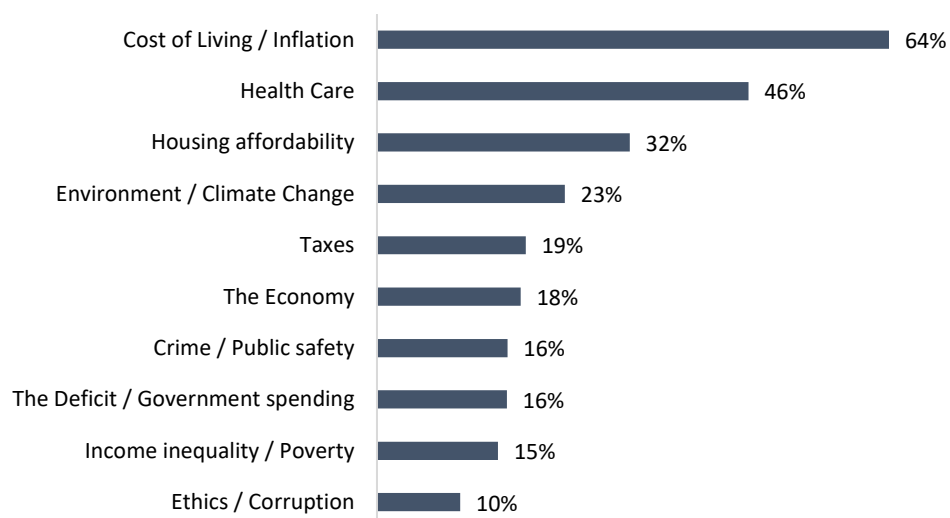
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especially on important categories such as groceries, though that deceleration still meant Canadians were paying [5.8 per cent more for groceries in September](#) than they were in the same month of 2022.

For many Canadians, relief from the rising cost of living can't come soon enough. Two-thirds (64%) feel it is one of the top issues facing the country today, putting it far ahead of health care (46%), the second most chosen concern. Behind that by a considerable margin is housing affordability (32%), which outpaces climate change (23%), taxes (19%), and the economy more broadly (18%):

**Top issues facing Canada
(All respondents, n=1,878; up to three chosen; those selected
by 10% or more overall shown)**



Across the country, the rising cost of living is the top issue, but it is more prominent according to the residents of Manitoba (74%), Saskatchewan (73%) and Alberta (69%) than elsewhere in the country. Only in Atlantic Canada is health care (64%) assessed as a pressing concern at the same level as the cost of living (65%):

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Thinking of the various issues and challenges facing Canada, which ones do you personally care about the most? (Up to three chosen; top five overall shown)								
	Total (n=1,878)	Region						
		BC (n=264)	AB (n=209)	SK (n=156)	MB (n=138)	ON (n=520)	QC (n=394)	ATL (n=197)
Cost of Living / Inflation	64%	60%	69%	73%	74%	61%	66%	65%
Health Care	46%	46%	38%	44%	54%	45%	47%	64%
Housing affordability	32%	32%	27%	17%	27%	36%	30%	30%
Environment / Climate change	23%	22%	11%	13%	20%	22%	35%	19%
Taxes	19%	20%	18%	26%	23%	21%	12%	21%

Younger Canadians are the most likely to be fretting over housing affordability. Two-in-five 18- to 34-year-olds feel it is a top issue. Older Canadians are more likely to be concerned with the state of health care in the country.

Meanwhile, men older than 34 select taxes as a top issue at higher rates than other demographics:

Thinking of the various issues and challenges facing Canada, which ones do you personally care about the most? (Up to three chosen; top five overall shown)							
	Total (n=1,878)	Male			Female		
		18-34 (n=262)	35-54 (n=306)	55+ (n=344)	18-34 (n=257)	35-54 (n=320)	55+ (n=381)
Cost of Living / Inflation	64%	60%	68%	59%	70%	71%	59%
Health Care	46%	28%	33%	52%	36%	52%	67%
Housing affordability	32%	39%	27%	20%	43%	35%	29%
Environment / Climate change	23%	22%	17%	14%	34%	27%	28%
Taxes	19%	16%	29%	26%	12%	13%	14%

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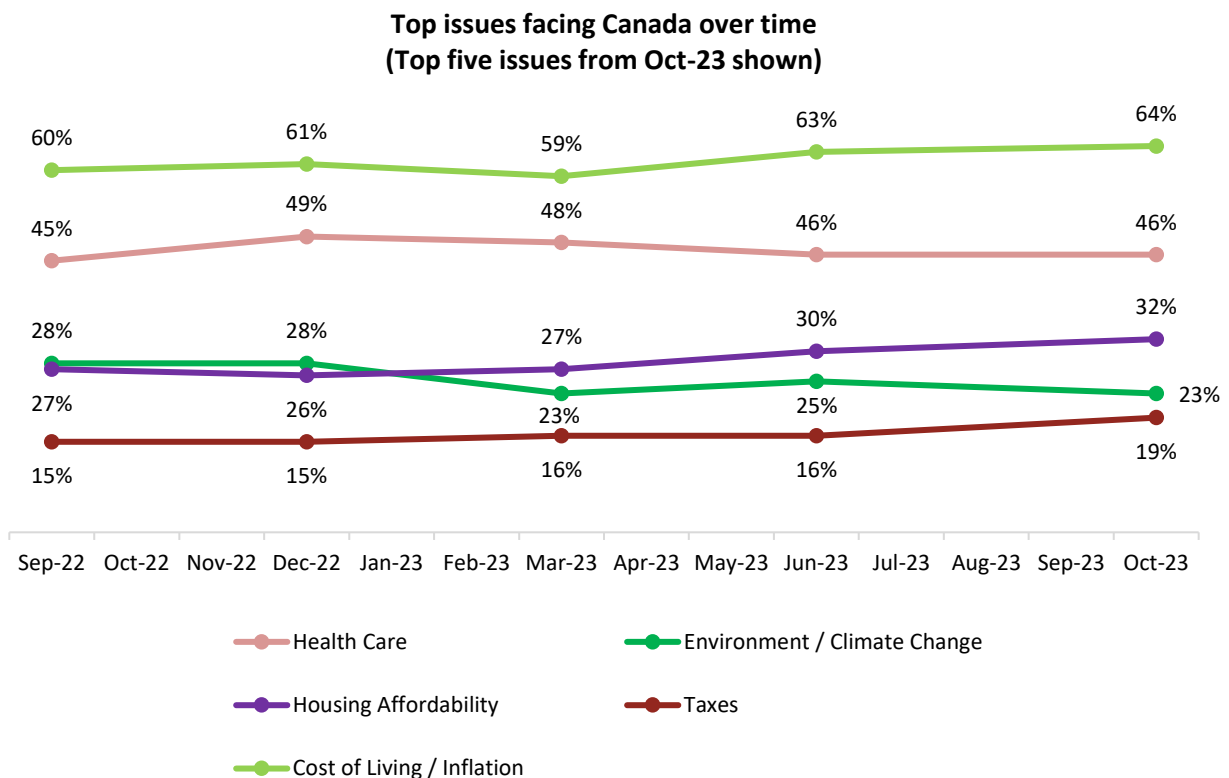
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Housing affordability rises above climate change as a top issue

Housing affordability in Canada has reached “[crisis](#)” levels for some. The federal government has looked to become more active on this file in recent months, including tying money from the government’s Housing Accelerator Fund to municipalities to [the removal of exclusionary zoning policies](#).

This renewed focus on the issue from the federal government has come as the issue continues to rise in prominence. Since September 2022, housing affordability has risen above climate change as a top concern. There is now an 11-point gap between the two issues, even after [a record summer of wildfires](#) climate scientists believe are linked to climate change.

Related: Canada and the Culture Wars: Most agree on causes of climate change



Part Two: Record levels of economic pessimism

Half say they are worse off now than they were a year ago

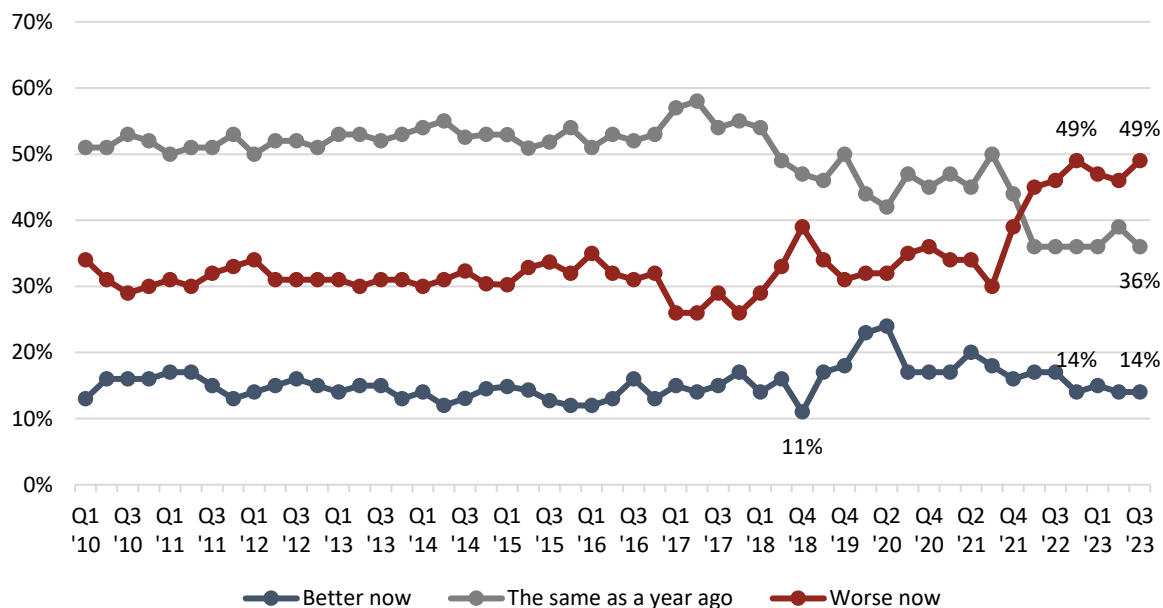
After another year of dealing with the rising cost of living, half (49%) of Canadians feel they are worse off now financially than they were a year ago. This matches a previous record high in 13 years of ARI tracking seen a year ago.

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One-third (36%) feel they are in a similar position financially. Prior to the end of 2021, the proportion of Canadians who felt they were trading water was always above 40 per cent. It has now been below that level consistently in the last two years.

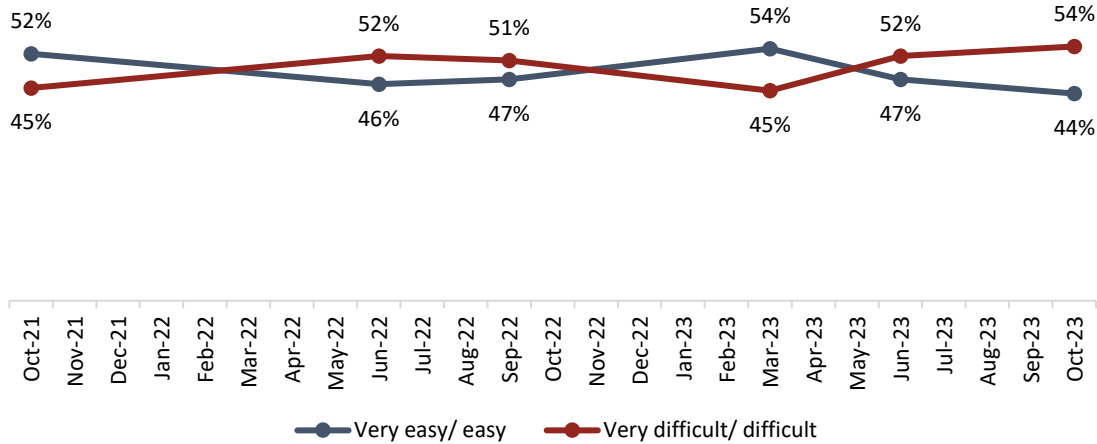
All things considered, do you think you are financially better off or worse off than you were a year ago?



Inflation has caused a lot of sticker shock for Canadians over the past two years, but perhaps nowhere more than the grocery store. Despite the recent cooling of inflation, grocery prices are still climbing at a higher rate than the average, as noted above.

More than half (54%) of Canadians say they find it difficult to feed their household as these inflationary pressures persist:

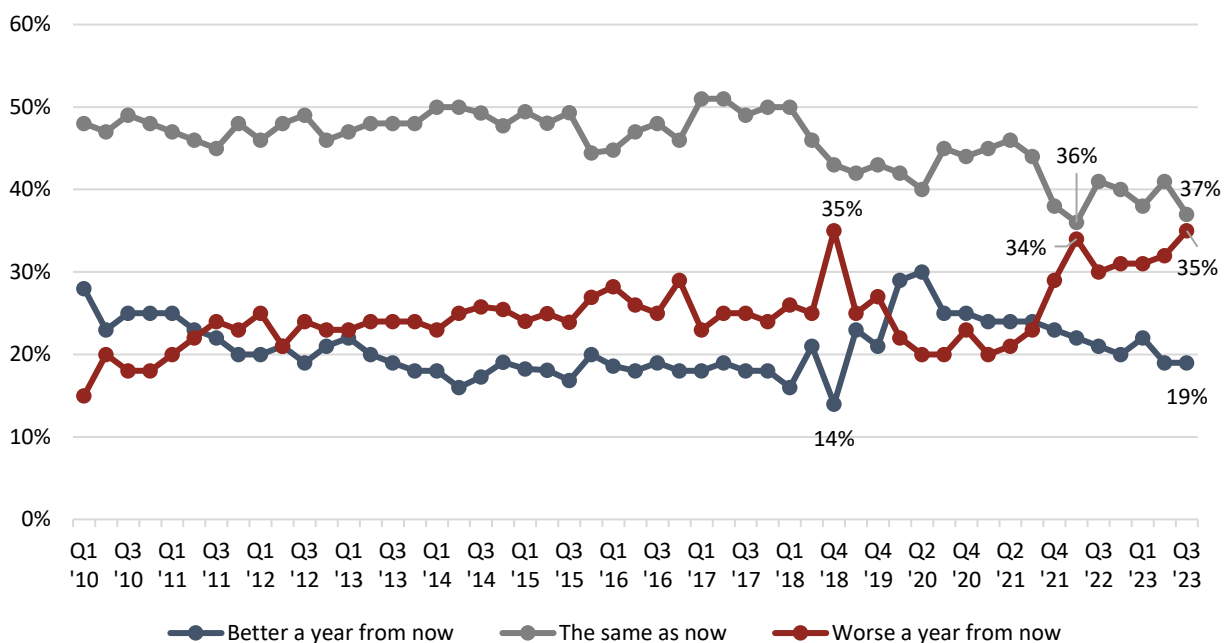
Thinking about grocery shopping and your household's food budget today, how easy or difficult would you say it is to feed your household?



One-third say they will be worse off one year from now

Amidst these economic challenges, there are many Canadians who have negative views of their financial future. One-third (35%) believe they will be worse off 12 months from now, tying the highest level seen in 13 years of tracking data from ARI. Nearly as many (37%) feel they will at best tread water. One-in-five (19%) see their finances improving over the next year:

A year from now, do you think you will be financially better off or worse off than you are now?



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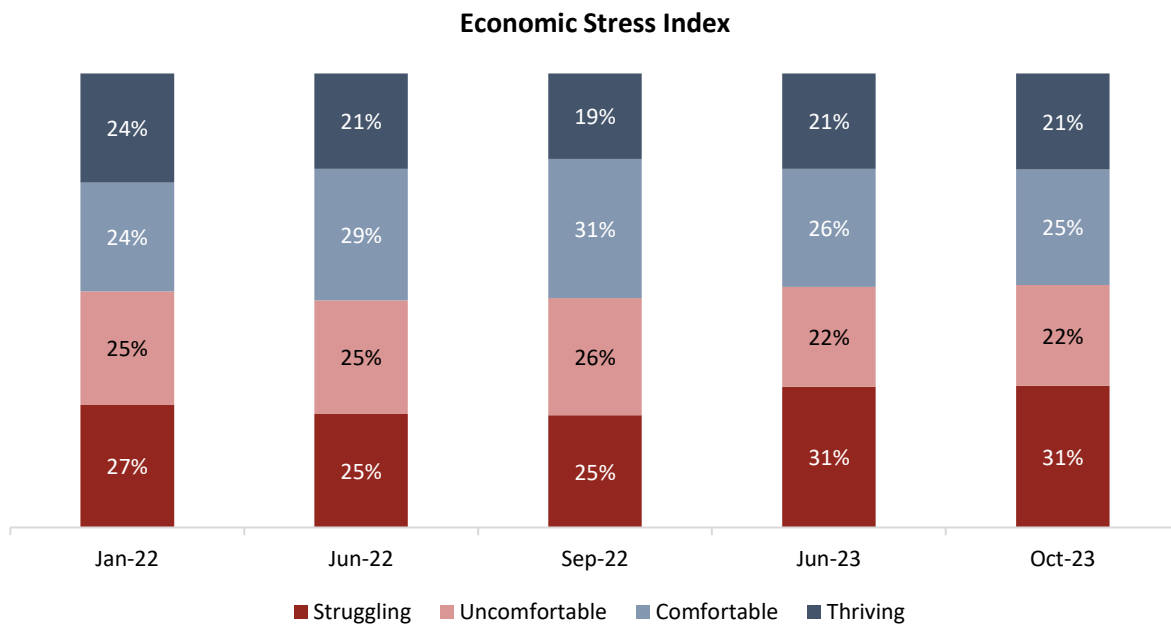
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Economic Stress Index

Since the beginning of 2022, the Angus Reid Institute has analyzed a number of key variables affecting Canadians’ finances – concern over debt, housing costs and grocery bills, financial appraisals of their recent past and future – to create the [Economic Stress Index](#) ([click here to see how it is scored](#)).

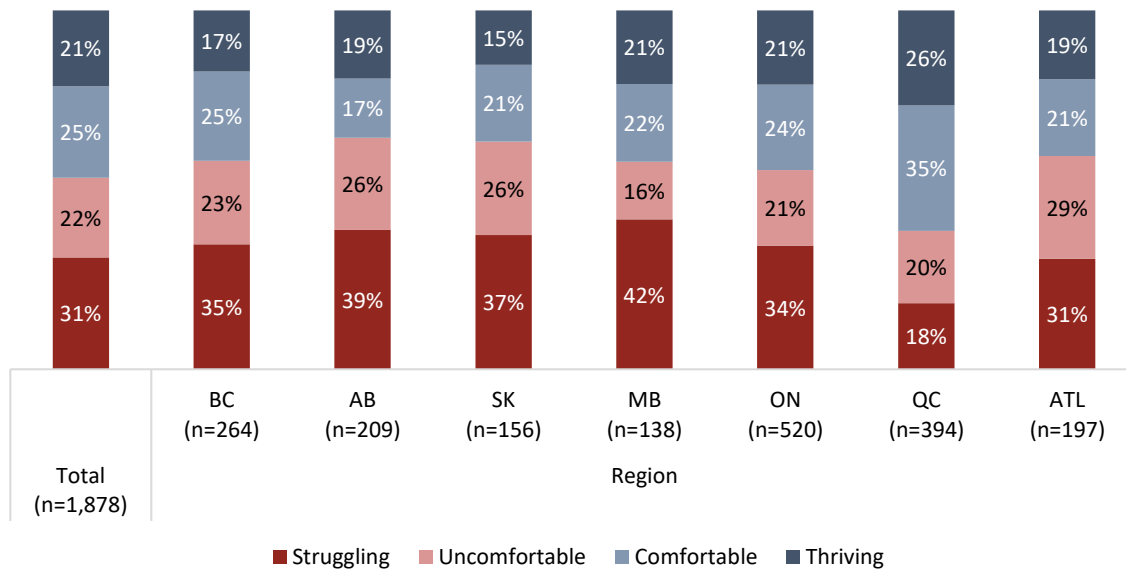
Currently, one-in-five (21%) Canadians are found to be Thriving in these economic circumstances, one-quarter (25%) are Comfortable, one-in-five (22%) are Uncomfortable and 31 per cent are Struggling.

In the last two quarters, there have been elevated numbers of Canadians found to be Struggling by the index:



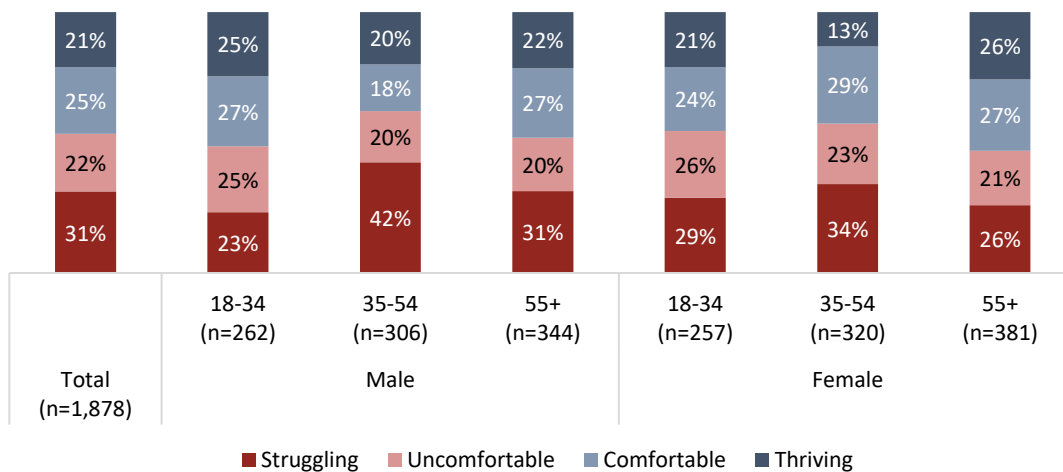
The proportion of those Struggling financially is higher in Manitoba (42%), Alberta (39%) and Saskatchewan (37%), while there are more in Quebec (26%) who are faring better than elsewhere in the country:

Economic Stress Index



Canadians aged 35 to 54 are more likely than other age groups to be Struggling according to the index, including two-in-five (42%) men that age:

Economic Stress Index



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Part Three: Housing affordability challenges

Housing – whether it is [rising mortgage payments](#) or [rents](#) – continues to pressure Canadians’ budgets. As interest rates have increased, both owners with mortgages and renters have felt the squeeze.

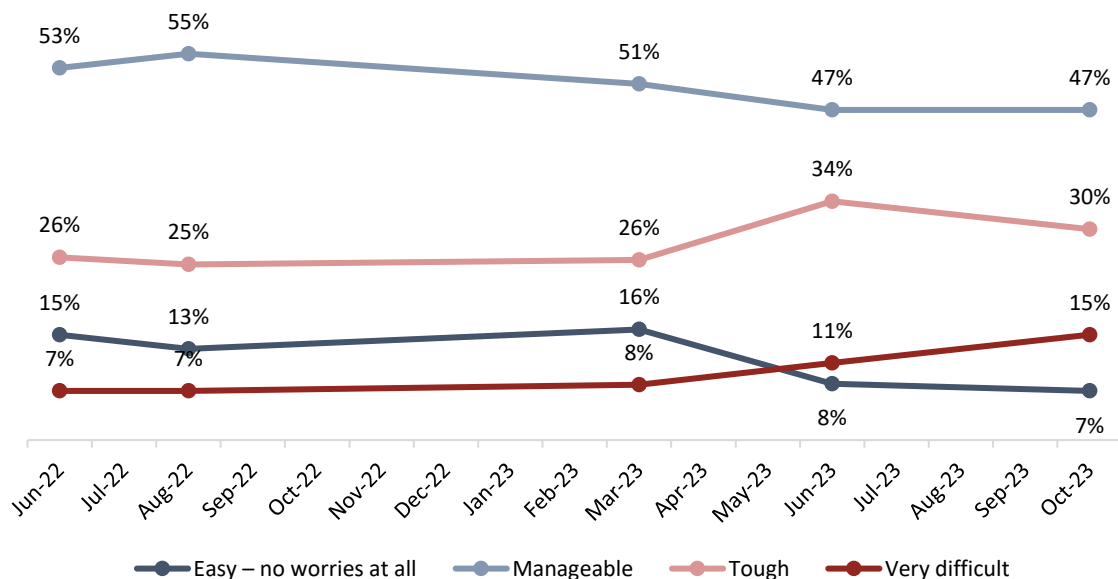
Overall, two-in-five (43%) say they find covering their mortgage or rent payment difficult each month, consistent with figures [seen last quarter](#). More than half (54%) say they find these monthly costs manageable or easy ([see detailed tables](#)).

However, there is a gap on this assessment between renters and homeowners. Renters are more likely to report difficulties covering their rent – half (53%) describe it as tough or very difficult to pay – than homeowners their mortgage – 46 per cent say it is tough or very difficult ([see detailed tables](#)).

Mortgage holders report struggles with finances

Perhaps evident of the pressure rising interest rates has placed on mortgage holders, there are a growing proportion saying they are facing significant challenges paying their mortgage each month. In March of this year, one-in-12 (8%) mortgage holders described the financial aspect of their living situation as “very difficult”. Now double the number – 15 per cent – say the same:

When it comes to your current living situation, whether you’re paying a mortgage, renting, or otherwise, would you say the financial aspect of this is:
(Among owners with a mortgage)



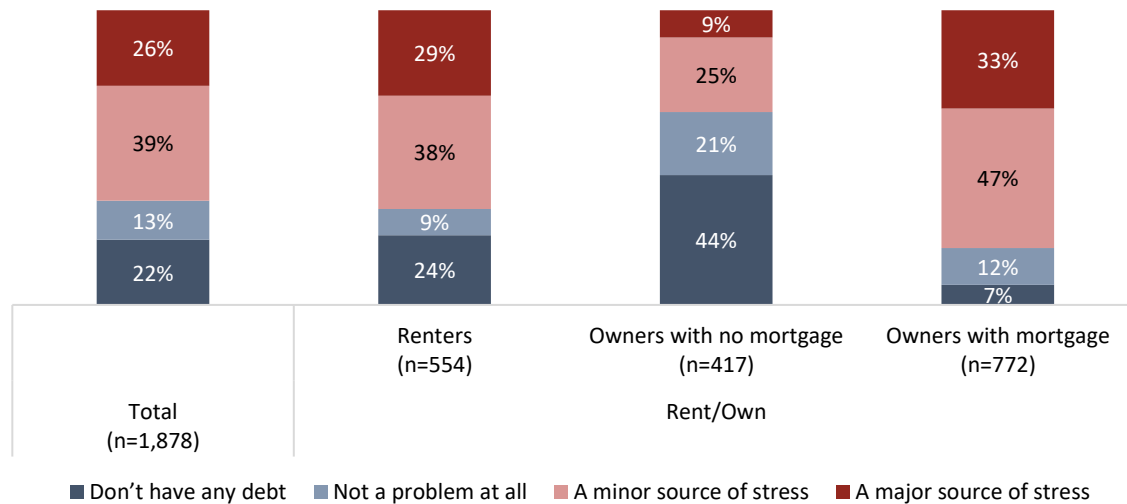
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One-third of mortgage holders say their household debt is ‘major source of stress’

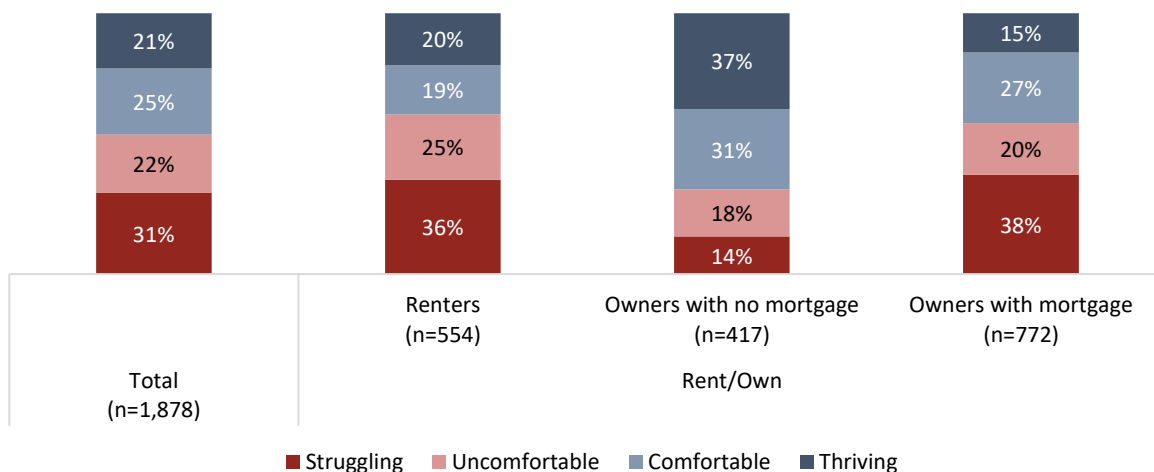
The current economic environment is also costing many Canadians in other ways. Two-thirds (65%) of Canadians say they find their household debt level as a minor or major source of stress. This rises to four-in-five (81%) Canadians who have a mortgage on their home:

When it comes to the debt – if any – that your household currently holds, would you say this amount is...



Indeed, two-in-five (38%) owners with a mortgage are found to be Struggling by the Economic Stress Index, a proportion similar to renters (36%). Homeowners with no mortgage are the most likely to be Thriving (37%):

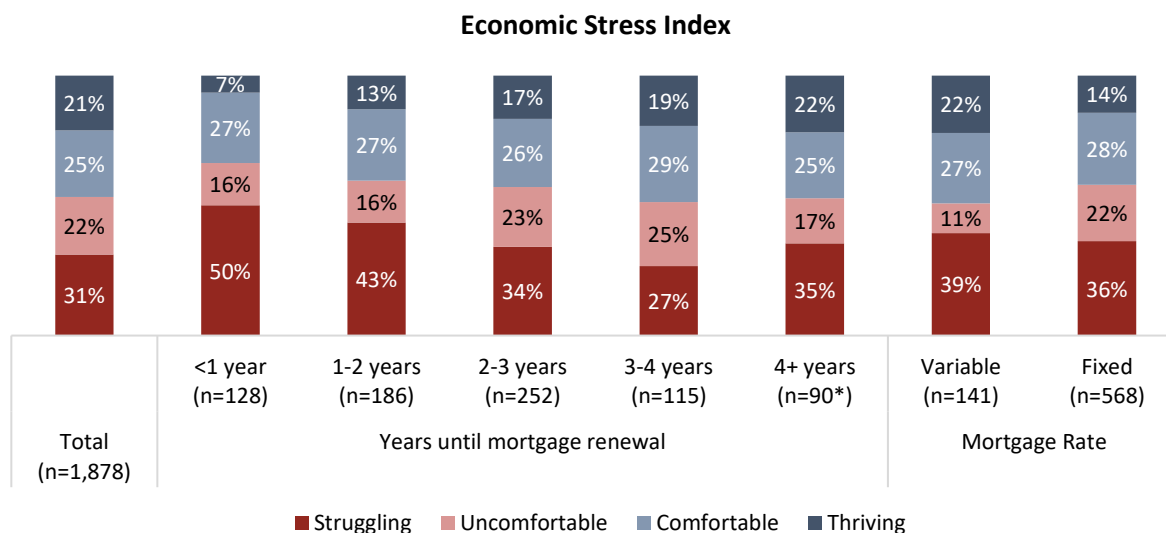
Economic Stress Index



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The standard term for a mortgage in Canada is five years. Between 2018 and 2020, the Bank of Canada's policy rate was between one and two per cent. With the rate now at five per cent, mortgage holders on fixed rates facing renewal now face the possibility of significant jumps in their monthly payments. Half (50%) of Canadians with a year or less on their mortgage term are already Struggling by the Economic Stress Index:



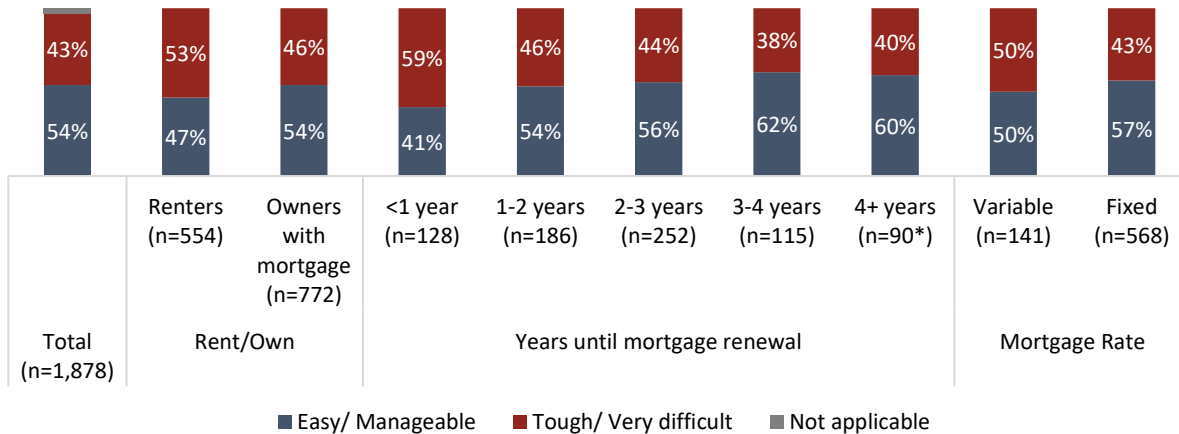
Indeed, many with less than 12 months left before they need to renew terms on their mortgage already find their monthly payments difficult to manage. Three-in-five (59%) in this group say this. Those with two years or more left on their mortgage, who perhaps locked into more favourable terms, are much more likely to find their monthly mortgage payments easy or manageable:

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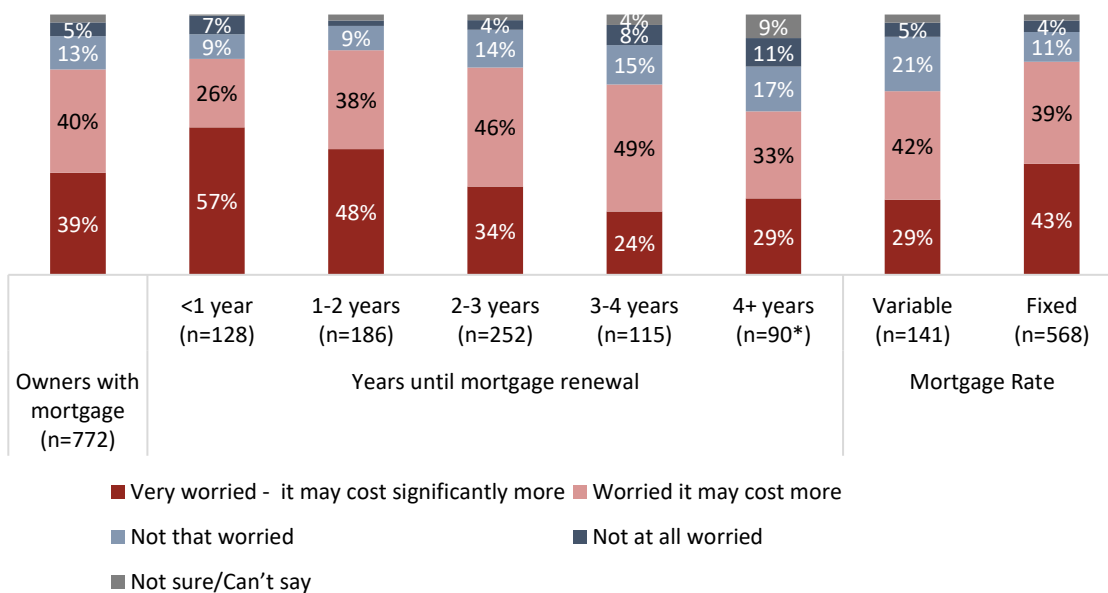
When it comes to your current living situation, whether you're paying a mortgage, renting, or otherwise, would you say the financial aspect of this is:



Most worried over terms of next mortgage, especially those renewing within 12 months

Still, with Halloween around the corner, most Canadians with a mortgage are haunted by the spectre of renewal. Four-in-five (79%) say they are very worried or worried that their mortgage payments are going to be more expensive when they sign up for their next five-year term. For those with less than 12 months remaining until they need to negotiate with their bank, three-in-five (57%) are “very worried”:

Thinking about your next mortgage renewal, which best describes how you feel about it?



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For detailed results by age, gender, region, education, and other demographics, [click here](#).

For detailed results by the Economic Stress Index, mortgage term remaining and type, [click here](#).

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