



Canada's Mortgage Cliff:
Household Debt at the Rate Crossroads

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~\$675B in mortgages renewing 2024–2026

Canada holds the highest household debt-to-income ratio in the G7 at 185% of net disposable income (OECD 2023) — more than double Germany (89%) and well above the G7 average of ~120%. Over 2.2 million households faced an interest rate shock in 2024–2025, representing 45% of all outstanding mortgages and \$675B in scheduled renewals.

~175%
Household
Debt-to-Income
(G7 highest)

45%
Outstanding
mortgages renewing
2024–2026

\$675B
CMHC mortgage
renewal wave
2024–2026

15–20%
Est. payment
increase for
5-yr fixed renewers

RENEWAL MECHANICS

Structure: Canadian mortgages renew every 1–5 years; most hold 5-year fixed terms.

Rate history: 2020–2021 originations at 1.89–2.5% now renewing at ~4–5%. BoC cut 275bps (Jun 2024–Oct 2025) to 2.25%, easing the shock vs. peak rates.

Payment impact: 2025–2026 fixed renewers face ~15–20% payment increases — down from 2023–2024 cohorts who renewed at peak rates.

DSR: Household DSR at ~15% (late 2024) — near record despite rate cuts, as accumulated debt keeps costs elevated.

Variable-rate: ~30% of mortgage debt (CMHC) already absorbed 2022–2023 shock; fixed-rate wave is the remaining transmission channel.

STRUCTURAL AMPLIFIERS

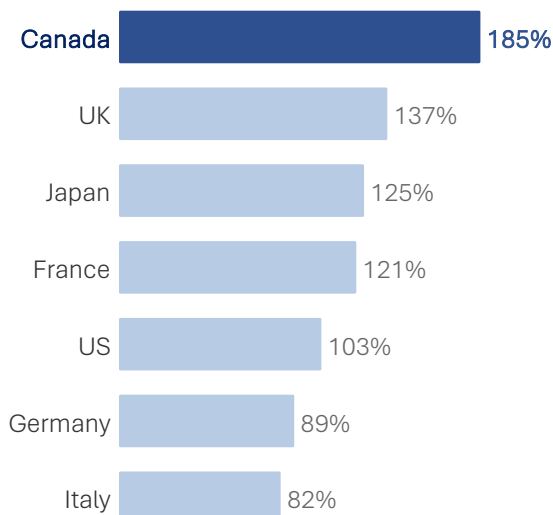
CMHC liability: Insured mortgages shift credit risk to the federal government — a fiscal exposure not in headline deficits.

Big Six: Disproportionate mortgage book exposure vs. global peers; credit quality tied directly to housing prices.

Prices: Volumes collapsed but nominal prices held; limited forced selling masks underlying stress.

Immigration: Population growth decelerating as federal targets are reduced — weakening a key demand buffer.

HOUSEHOLD DEBT-TO-INCOME RATIO:



CONCENTRATION BY AGE COHORT

Most indebted: 35–44 age group carries highest DTI at 238%. Under-35s reduced to 161% as rising rates pushed them from ownership.

Younger households: Only cohort to continuously reduce mortgage debt since 2022 — affordability-driven demand destruction, not resilience.

Consumer-facing credit, Canadian bank equity, housing-adjacent REITs (CAR.UN, IIP.UN), and mortgage-backed private debt structures carry embedded household balance sheet exposure. Stress is concentrated in the 35–44 cohort and in borrowers carrying mortgages originated at 2020–2021 rate lows now renewing into structurally higher (though improving) rate environments.



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