

# Distributions of household economic accounts for income, consumption, saving and wealth of Canadian households, fourth quarter 2023

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, April 17, 2024

Gaps in household income and wealth widened in 2023 relative to a year earlier as higher interest rates had a negative impact on the income and net worth of the lowest income and least wealthy households.

## Income gap widens to highest rate since 2015 as debt charges weigh on lower income households

Income inequality increased in 2023 as the gap in the share of disposable income between households in the two highest income quintiles and two lowest income quintiles was the largest since 2015.

**Table 1**  
Share of disposable income by income quintile, including gap between top two and bottom two income quintiles

	Average (2010 to 2019)	2020	2021	2022	2023
	%				
<b>Disposable income quintile</b>					
Lowest income quintile	6.3	7.5	7.1	6.7	6.5
Second income quintile	12.6	13.9	13.1	12.7	12.3
Third income quintile	17.2	17.6	17.2	16.8	16.4
Fourth income quintile	23.3	23.5	24.1	23.8	23.7
Highest income quintile	40.7	37.6	38.5	40.0	41.1
Gap between top two and bottom two income quintiles	45.1	39.7	42.4	44.4	46.0

Source(s): Tables [36-10-0587-01](#).

While higher interest rates can lead to increased borrowing costs for households, they can also lead to higher yields on saving and investment accounts. Lower income households are more likely to have a limited capacity to take advantage of these higher returns, as on average they have fewer resources available for saving and investment.



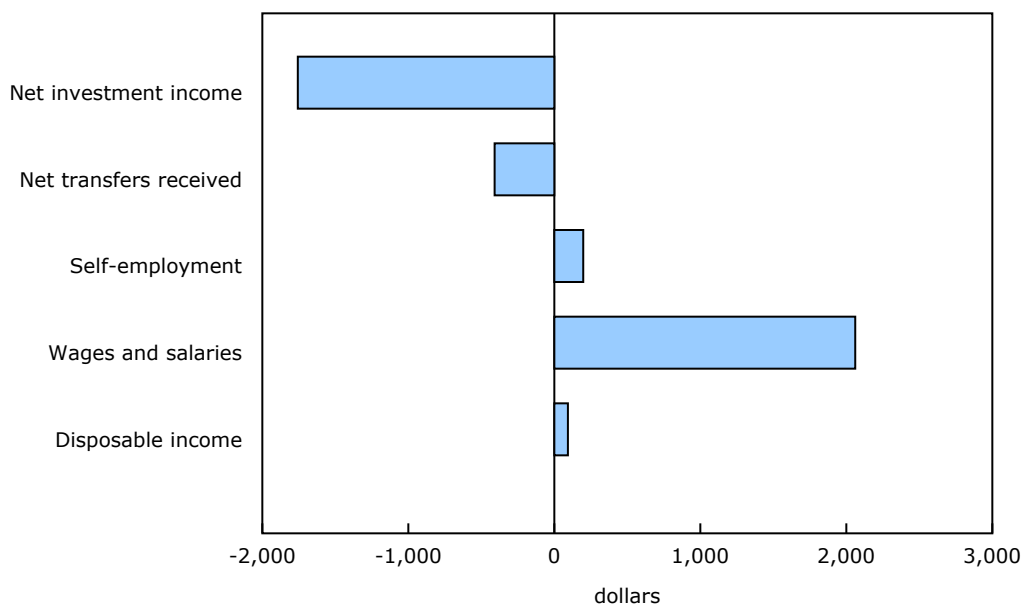
**Table 2**  
**Disposable income by income quintile, average dollars per household, 2023 relative to 2022**

	2022	2023	2022 to 2023	2022 to 2023
	dollars			%
<b>All households</b>	<b>93,290</b>	<b>96,370</b>	<b>3,080</b>	<b>3.3</b>
Lowest income quintile	31,425	31,518	93	0.3
Second income quintile	59,345	59,178	-167	-0.3
Third income quintile	78,188	78,934	746	1.0
Fourth income quintile	110,849	114,312	3,463	3.1
Highest income quintile	186,643	197,909	11,266	6.0

Source(s): Table 36-10-0587-01.

Higher interest rates weighed on average disposable income for lower income households in 2023. Along with a doubling of the [Bank of Canada's policy interest rate](#) from 2.5% in July 2022 to 5.0% as of July 2023, average disposable income for lower income households was relatively unchanged, as increases in interest payments on mortgages and credit cards offset gains in employment and investment income.

**Chart 1**  
**Change in average disposable income for lowest income quintile, including contribution of each income component, 2023 relative to 2022**



Source(s): Table 36-10-0587-01.

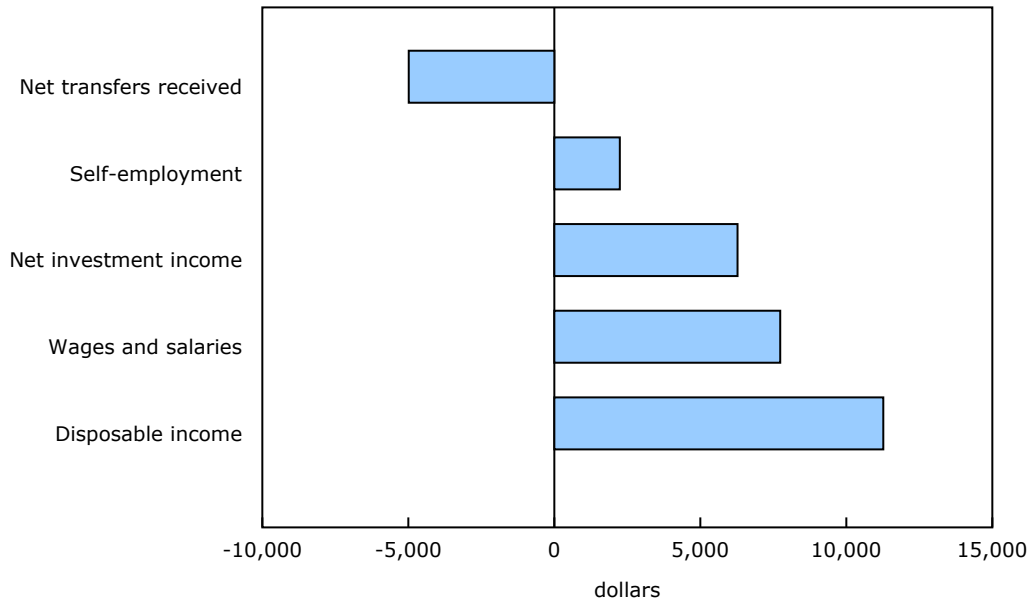
**Highest income households increase income at fastest pace as they gain the most from investment income**

Average disposable income for the highest income households (top 20% of the income distribution) increased at the fastest pace of any income group in 2023 relative to a year earlier, due entirely to gains in wages (+4.0%) and net investment income (+15.7%).

The highest income households were the only group to increase their net investment income, as gains in investment earnings were greater than increases in interest payments in 2023.

**Chart 2**

**Change in average disposable income for highest income quintile, including contribution of each income component, 2023 relative to 2022**

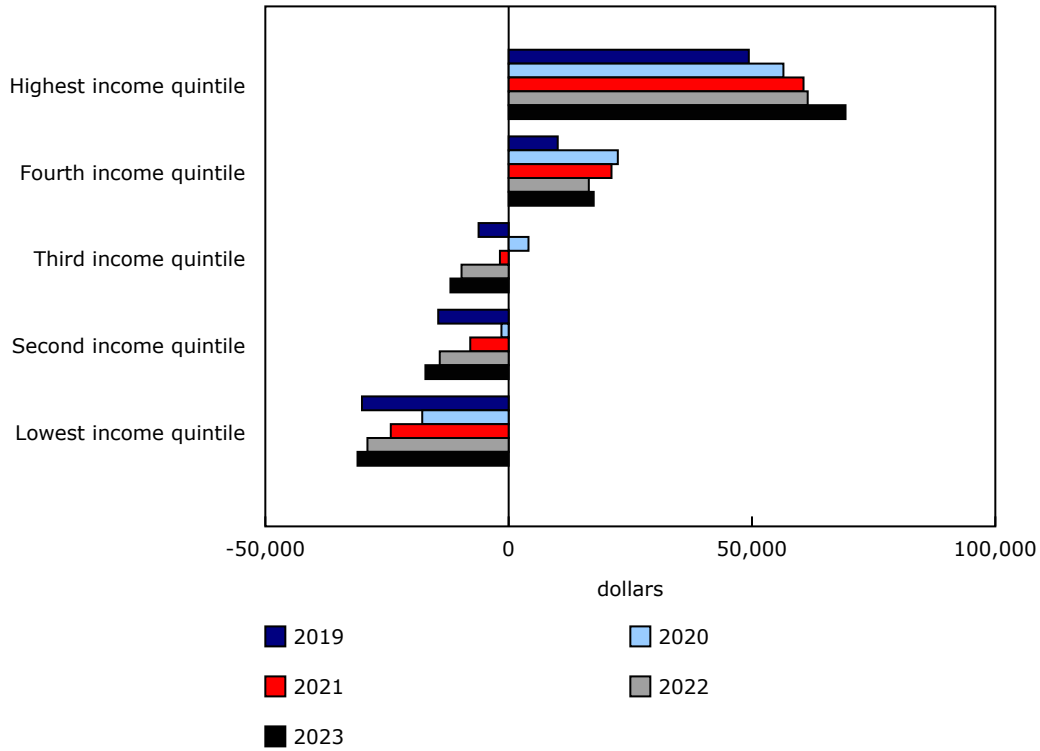


Source(s): Table 36-10-0587-01.

**Dis-saving deepens for lower income households amid cost-of-living pressures**

In contrast with a 12.6% gain in net saving for the highest income households, net dis-saving worsened for households in the lowest 60% of the income distribution in 2023 relative to a year earlier. Cost-of-living increases—especially for housing and transportation—outpaced income gains for lower income households.

**Chart 3**  
Average household net saving by income quintile



Source(s): Table 36-10-0587-01.

**Wealth gap widens as financial asset gains benefit wealthiest**

Most wealth is held by relatively few households in Canada. The wealthiest (top 20% of the wealth distribution) accounted for more than two-thirds (67.7%) of Canada's total net worth in the fourth quarter of 2023, averaging \$3.3 million per household, while the least wealthy (bottom 40% of the wealth distribution) accounted for 2.7%, averaging \$67,038.

The gap in wealth between the top 20% and the bottom 40% reached 65.0% in the fourth quarter of 2023, an increase of 0.4 percentage points over the same quarter of the previous year. For all households, a gain in the average value of financial assets (+4.7%) counteracted a reduction in real estate values (-0.5%). More than half (58.3%) of asset holdings for the wealthiest were financial assets, compared with 28.0% for the least wealthy.

**Table 3**  
**Net worth by wealth quintile, average dollars per household, fourth quarter of 2023 relative to fourth quarter of 2022**

	Fourth quarter of 2022	Fourth quarter of 2023	Fourth quarter of 2022 to fourth quarter of 2023	Fourth quarter of 2022 to fourth quarter of 2023
	dollars			%
<b>All households</b>	<b>959,821</b>	<b>981,816</b>	<b>21,995</b>	<b>2.3</b>
Lowest and second wealth quintiles	66,339	67,038	700	1.1
Third wealth quintile	449,274	455,096	5,822	1.3
Fourth wealth quintile	982,013	998,169	16,156	1.6
Highest wealth quintile	3,235,140	3,321,739	86,599	2.7

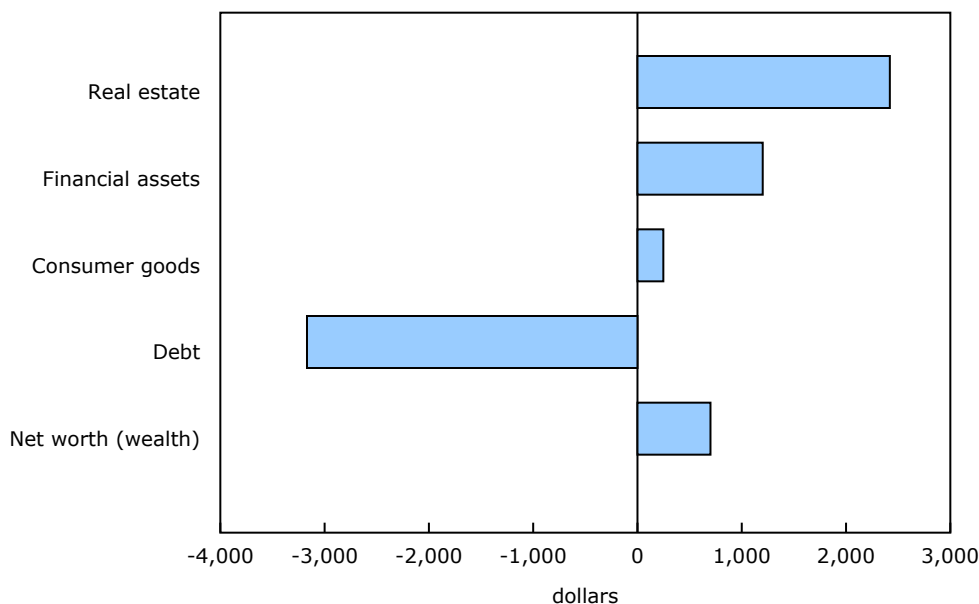
Source(s): Table 36-10-0660-01.

**Least wealthy have weakest net worth growth as mortgage debt offsets real estate gain**

Although the least wealthy held and acquired real estate, their average net worth was relatively unchanged in the fourth quarter of 2023 compared with a year earlier (+1.1%), as the increase in mortgage debt to finance those assets (+4.5%) offset the increase in the value of their real estate holdings (+2.6%).

In contrast, the wealthiest increased their net worth at the fastest pace of any household group (+2.7% vs. +2.3% for all households) in the fourth quarter of 2023 compared with a year earlier, derived mainly from financial asset gains (+5.1%). The average value of real estate for the wealthiest declined by 0.9% over the same period, about the same rate as the average household. Meanwhile, debt was relatively stable, growing by 1.0% as the wealthiest avoided higher levels of borrowing.

**Chart 4**  
**Change in average net worth for lowest two wealth quintiles, including contribution of each wealth component, fourth quarter of 2023 relative to fourth quarter of 2022**



Source(s): Table 36-10-0660-01.

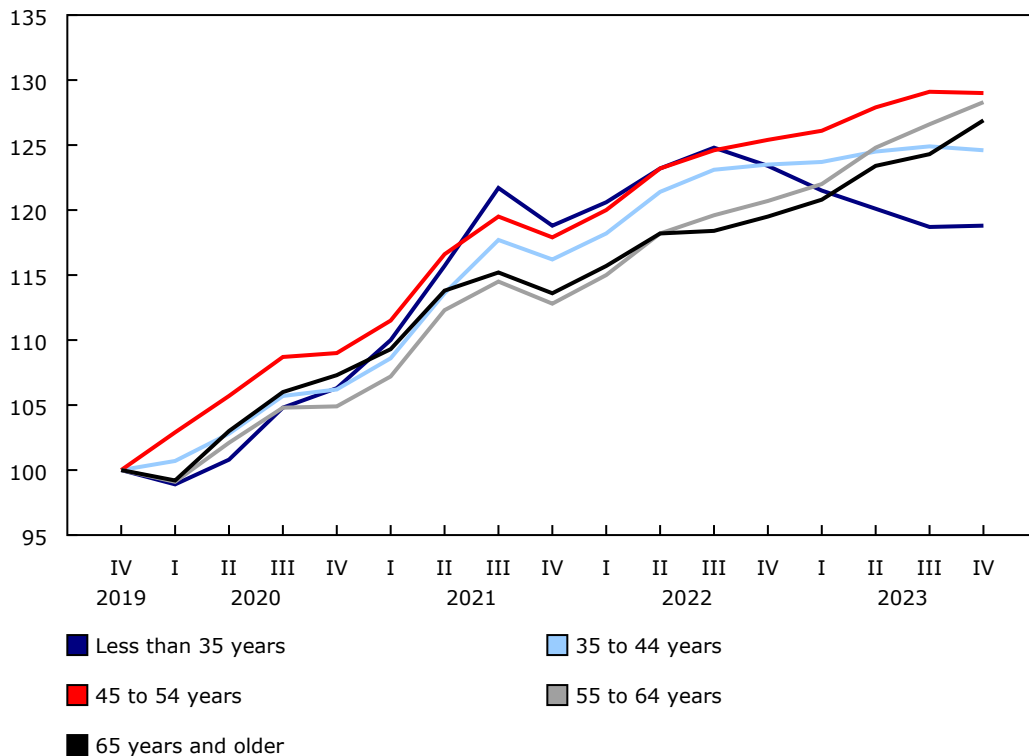
## Youngest households de-leveraging from mortgage debt at a slower pace

The youngest households—those under the age of 35 years—were the only age group to continually decrease their mortgage debt balances since the end of 2022, as rising interest rates and inflationary pressures made owning a home less affordable in 2023. Reductions in mortgage debt for the youngest households have been stabilizing recently, as the year-over-year reduction for the fourth quarter of 2023 (-3.8%) was slower than for the third quarter (-4.9%).

Households in the youngest age group may be reducing their mortgage balances for various reasons. Prospective homeowners may be turning away from the housing market due to affordability concerns, while existing homeowners who purchased a home when interest rates were much lower a few years ago may be paying off their existing mortgage debt balances or moving into more affordable accommodations. As well, others may be receiving financial support from family to help them cope with the cost of living and reduce their debt obligations.

**Chart 5**  
Change in average household mortgage debt by age group of major income earner

index (fourth quarter of 2019=100)



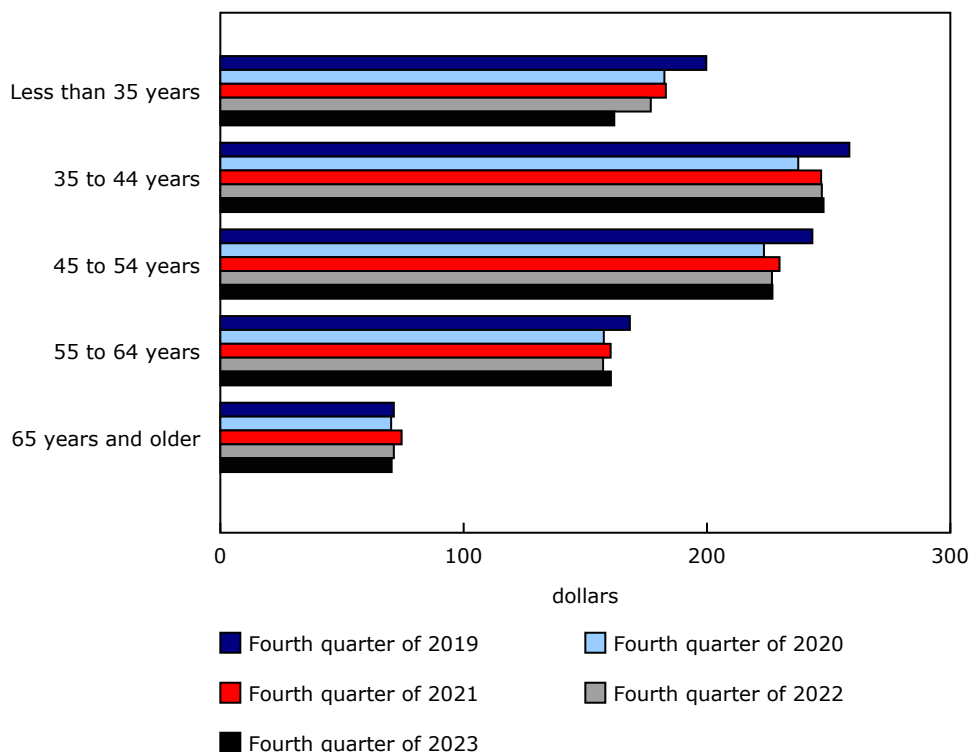
Source(s): Table 36-10-0660-01.

## Youngest households' debt-to-income ratio declines while debt service ratio increases

Debt-to-income ratios were the highest for core working-age households (aged 35 to 64) in the fourth quarter of 2023, ranging from 160.5% for those aged 55 to 64 years to 247.9% for those aged 35 to 44 years. Debt for core working-age households increased at a faster rate than disposable income, especially for those aged 55 to 64 years (+3.2 percentage points), as employment income gains were offset by higher debt charges. Over the same period, the debt-to-income ratio declined for the youngest households (-15.0 percentage points) and for households whose

major income earner is a senior (-0.9 percentage points for households aged 65 years and older). While the ratio for the youngest households declined due to reductions in mortgage debt combined with strong wage gains, seniors benefitted from gains in investment earnings.

**Chart 6**  
**Debt-to-income ratio by age group of major income earner**



Source(s): Table 36-10-0664-01.

An alternative indicator of household financial risk is the interest-only debt service ratio (DSR), which is based on the value of total interest payments on credit market debt as a share of household disposable income. The DSR was higher for younger age groups in the fourth quarter of 2023, reaching 11.5% for those aged 35 to 44 years (+2.0 percentage points from the fourth quarter of 2022) and 9.6% for those aged less than 35 years (+1.3 percentage points).

Even though the decline in the debt-to-income ratio for the youngest age group indicates that they are carrying less debt, they continued to pay more in the fourth quarter of 2023 to service their remaining debt due to increases in interest rates relative to a year earlier.

### Renters less able to generate saving and wealth due to lower incomes and limited property ownership

Renters tend to have lower incomes than homeowners, which limits their ability to manage increases in the cost of living. Homeowners had an average disposable income of \$114,118 in 2023 (+3.9% from 2022), compared with \$60,533 for renters (+1.1% from 2022).

In 2023, renters spent 30.6% of their income on housing (+1.2 percentage points from 2022), significantly higher than the share for homeowners, at 20.9% (+0.3 percentage points). Renters' lower incomes and higher allocations of income to housing costs make it more difficult for them to make ends meet, and to save for such things as a downpayment on a home. In 2023, homeowners had net saving of \$9,847 (+\$913 or +10.2% from 2022), while renters had net dis-saving of -\$3,869 (+\$977 or +33.8%).

Renters also face barriers in their ability to generate wealth due to limited property ownership. Homeowners accounted for 91.0% of all wealth at the end of 2023, due equally to real estate and financial asset holdings.

Over time, homeowners' ability to generate wealth, as measured by the net worth to income ratio, has grown substantially, increasing from 855.0% in the fourth quarter of 2010 to 1,111.0% in the fourth quarter of 2023 (+256.0 percentage points). Over the same period, renters' net worth as a share of income remained relatively stable, increasing from 342.5% to 420.9% (+78.4 percentage points).

Persistently high interest rates and inflation are likely to continue to strain households' ability to make ends meet without going further into debt, especially vulnerable groups, such as those with the lowest income, the least wealth, renters, and those in younger age groups. The latest figures from the [Monthly Credit Aggregates](#) program indicate that household debt continued to increase up to January 2024, although there was a continued slowdown in mortgage borrowing as interest rates and significantly increasing home prices likely dissuaded buyers.

### **Sustainable Development Goals**

*On January 1, 2016, the world officially began implementation of the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the next 15 years. The plan is based on 17 specific sustainable development goals.*

*The distributions of household economic accounts for income, consumption, saving and wealth of Canadian households are an example of how Statistics Canada supports the reporting on the Global Goals for Sustainable Development. This release will be used in helping to measure the following goal:*



### **Did you know we have a mobile app?**

Download our mobile app and get timely access to data at your fingertips! The [StatsCAN](#) app is available for free on the [App Store](#) and on [Google Play](#).



### **Note to readers**

Statistics Canada regularly publishes macroeconomic indicators on household disposable income, final consumption expenditure, saving and wealth as part of the Canadian System of Macroeconomic Accounts (CSMA). These accounts are aligned with the most recent international standards and are compiled for all sectors of the economy, including households, non-profit institutions, governments and corporations along with Canada's financial position vis-à-vis the rest of the world. While the CSMA provide high quality information on the overall position of households relative to other economic sectors, the Distributions of Household Economic Accounts (DHEA) provide additional granularity to address questions such as vulnerabilities of specific groups and the resulting implications for economic well-being and financial stability. These estimates are an important complement to standard quarterly outputs related to the economy.

The DHEA estimates released today provide estimates of income, consumption, saving and wealth, including their sub-components by various household distributions up to the fourth quarter of 2023. Estimates have also been revised for prior periods to incorporate the latest CSMA benchmarks, including revisions back to the first quarter of 2023 for the income, consumption, saving, and wealth series.

The term "income gap", referred to in this text, is defined as the gap in the share of disposable income between households in the top 40% and bottom 40% of the income distribution. The "wealth gap" is defined as the gap in the share of net worth between households in the top 20% and bottom 40% of the wealth distribution. Estimates for net worth distributed by wealth quintile are combined for households in the lowest two quintiles for ease of illustration, since the average household in the lowest wealth quintile owed more in liabilities than it owned in assets, such as self-employed workers with negative net business equity and recent graduates with student loan balances.

As with all data, the DHEA estimates are not without their limitations. While some distributions are estimated using timely microdata or micromodels, such as wages and salaries and household debt, other distributions, including those for household final consumption expenditures, social transfers in kind and assets rely on assumptions or use data from prior reference periods. Users should keep these limitations in mind when analyzing the estimates included in this release.

All values are expressed in nominal unadjusted rates. As a result, the estimates presented in this release are not adjusted for variations over time that may occur due to seasonal patterns and/or price inflation. Since the quarterly series are not seasonally adjusted, comparisons should only be made using estimates for the same quarter of each year.

### **Next release**

Data on the Distributions of Household Economic Accounts for the first quarter of 2024 will be released on July 17.

Available tables: [36-10-0101-01](#), [36-10-0587-01](#), [36-10-0588-01](#), [36-10-0660-01](#) to [36-10-0665-01](#) and [36-10-0667-01](#).

Definitions, data sources and methods: survey numbers [5369](#) and [5370](#).

The data visualization product "[Distributions of Household Economic Accounts, Wealth: Interactive tool](#)," which is part of *Statistics Canada – Data Visualization Products* ([71-607-X](#)), is now available.

The article "[Distributions of Household Economic Accounts, estimates of asset, liability and net worth distributions, 2010 to 2023, technical methodology and quality report](#)," which is part of the *Income and Expenditure Accounts Technical Series* ([13-604-M](#)), is also available.

Details on the sources and methods behind these estimates can be found in *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)). See section "[Distributions of Household Economic Accounts](#)" under *Satellite Accounts and Special Studies*.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).