# Distributions of household economic accounts for income, consumption, saving and wealth of Canadian households, first quarter 2025

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The income gap reached a record high in the first quarter of 2025; the highest income households gained from investments, while the lowest income households' wages declined. Lower borrowing costs and easing inflationary pressures facilitated household saving and debt management, while declining real estate values weighed on the average wealth of younger age groups and the least wealthy.

## Income gap reaches record high as wages decline for lowest income households

The income gap is defined as the difference in the share of disposable income between households in the top 40% of the income distribution and the bottom 40%. This gap reached a record high of 49.0 percentage points in the first quarter of 2025. The income gap increased each year following the onset of the COVID-19 pandemic. A low of 43.8 percentage points was recorded in the first quarter of 2021.

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

| | Average (2010 to 2019) | First quarter of 2020 | First quarter of 2021 | First quarter of 2022 | First quarter of 2023 | First quarter of 2024 | First quarter of 2025 |
|---|---|---|---|---|---|---|---|
| | % | | | | | | |
| Lowest income quintile | 6.3 | 5.9 | 6.3 | 5.8 | 5.7 | 5.3 | 5.2 |
| Second income quintile | 12.6 | 12.8 | 13.2 | 13.1 | 12.2 | 12.1 | 12.0 |
| Third income quintile | 17.2 | 17.6 | 17.3 | 17.9 | 17.5 | 16.7 | 16.6 |
| Fourth income quintile | 23.3 | 23.2 | 24.0 | 23.5 | 23.7 | 24.0 | 23.6 |
| Highest income quintile | 40.7 | 40.5 | 39.3 | 39.7 | 40.9 | 41.9 | 42.6 |
| | Average (2010 to 2019) | First quarter of 2020 | First quarter of 2021 | First quarter of 2022 | First quarter of 2023 | First quarter of 2024 | First quarter of 2025 |
| | percentage points | | | | | | |
| Gap between top two and bottom two income quintiles | 45.1 | 45.0 | 43.8 | 44.3 | 46.7 | 48.5 | 49.0 |

**Source(s):** Table **36-10-0587-01** and **36-10-0662-01**.

Households' ability to maintain their economic well-being varies with macroeconomic conditions. In contrast with prevailing high interest rates in 2023, the Bank of Canada reduced its policy rate from 5.0% in April 2024 to 2.75% in March 2025 in response to easing inflationary pressures. Along with declining interest rates, household interest payments decreased for the first time since 2022, declining by 4.8% in the first quarter of 2025 relative to the first quarter of 2024.

While declining interest rates can lead to easing borrowing costs for households, they can also lead to lower yields on interest-bearing investments, such as savings and deposit accounts. Lower income households are more likely to benefit from declining interest rates, as they tend to be more indebted relative to higher income households. However, they also tend to have less diversified investment portfolios that focus on interest-bearing instruments rather than other forms of investments, such as equities.

Lower income households also tend to be more susceptible to job loss during economic downturns. Amidst economic uncertainty, labour market conditions have recently weakened. Data from the Labour Force Survey show that the employment rate—the proportion of the population aged 15 years and older who are employed—has been on a declining trend since early 2023.

### Table 2
### Disposable income by income quintile, average dollars per household, first quarter of 2025 relative to first quarter of 2024

| | First quarter of 2024 | First quarter of 2025 | First quarter of 2024 to first quarter of 2025 | First quarter of 2024 to first quarter of 2025 |
|---|---|---|---|---|
| | dollars | | | % |
| **All households** | **23,183** | **24,572** | **1,389** | **6.0** |
| Lowest income quintile | 6,178 | 6,373 | 195 | 3.2 |
| Second income quintile | 14,063 | 14,799 | 736 | 5.2 |
| Third income quintile | 19,317 | 20,454 | 1,137 | 5.9 |
| Fourth income quintile | 27,825 | 28,955 | 1,130 | 4.1 |
| Highest income quintile | 48,534 | 52,282 | 3,748 | 7.7 |

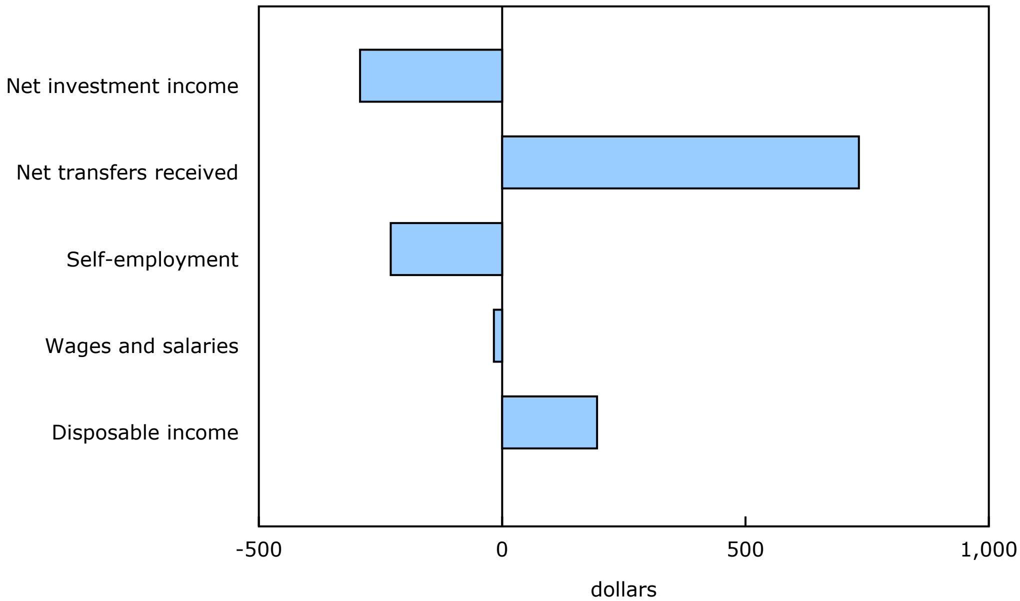
**Source(s):** Table **36-10-0662-01**.

The lowest income households (bottom 20% of the income distribution) had the weakest growth in disposable income in the first quarter of 2025 relative to one year earlier (+3.2%). This is because they were the only group that had declining average wages (-$17; -0.7%), due mainly to reduced hours of work. Labour market conditions were notably weak for people working in mining and manufacturing.

The lowest income households also had the largest reduction in net investment income, as a decline in investment earnings (-$399; -35.3%) more than offset lower interest payments (-$107; -7.1%).

Net transfers received (+$733; +31.2%), including increased government support measures, such as social assistance and employment insurance, as well as reduced taxes paid mitigated reductions in various primary income sources for the lowest income households.

## Chart 1
## Change in average disposable income for lowest income quintile, including contribution of each income component, first quarter of 2025 relative to first quarter of 2024

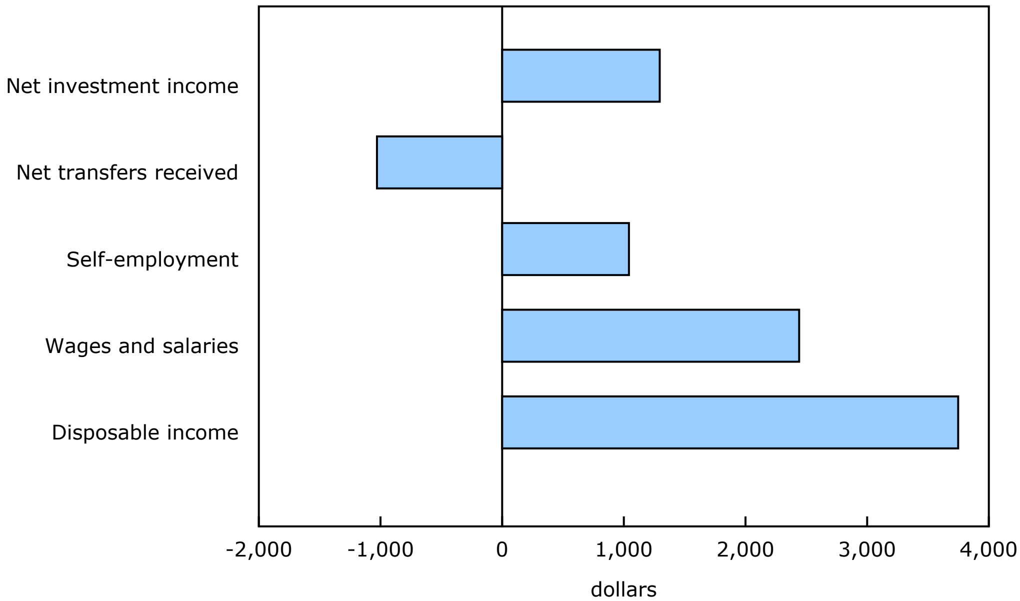



**Source(s):** Table 36-10-0662-01.

Households in the middle 60% of the income distribution increased their income at a below-average pace in the first quarter of 2025 relative to one year earlier (+4.9% compared with +6.0% for all households). Although wages for middle-income households (+4.4%) grew at the same pace as the average for all households, their investment earnings (-$54; -2.1%) declined in the first quarter of 2025 relative to one year earlier.

Average disposable income for the highest income households (top 20% of the income distribution) increased at the fastest pace of any income group in the first quarter of 2025 relative to one year earlier (+$3,748; +7.7%). This is due mainly to gains in average wages (+$2,441; +4.7%) and investment income (+$1,070; +7.4%).

## Chart 2
## Change in average disposable income for highest income quintile, including contribution of each income component, first quarter of 2025 relative to first quarter of 2024

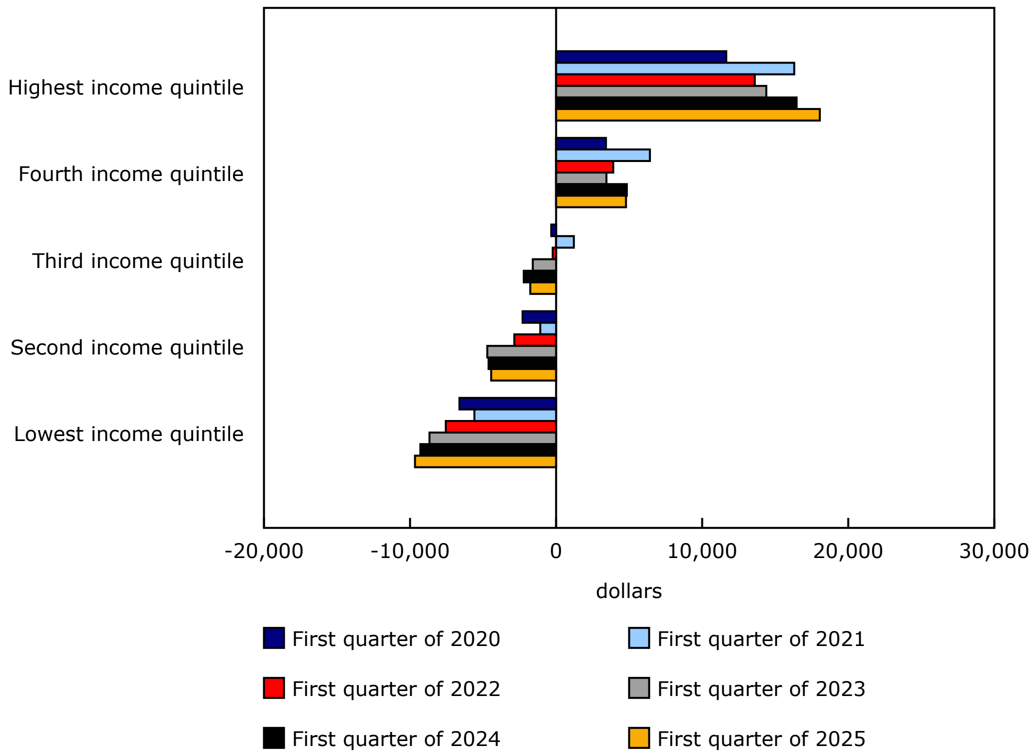



**Source(s):** Table 36-10-0662-01.

## Net saving improves most for middle income households but worsens for lowest income

The lowest income households increased their net dis-saving by 3.9% in the first quarter of 2025, as income gains did not keep pace with increases in consumption expenditure, especially for housing and utilities. Net dis-saving for households in the middle 20% of the income distribution (-20.2%) improved the most relative to other households, as their disposable income (+5.9%) grew faster than their consumption (+4.5%), due mainly to wage gains. Households in the top 20% of the income distribution grew their net saving at an above-average pace in the first quarter of 2025 (+9.6%) due to a combination of growth in wages and investment.

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




**Source(s):** Table 36-10-0662-01.

## Wealth gap increases along with declining real estate values

Most wealth is held by relatively few households in Canada. The wealthiest (top 20% of the wealth distribution) accounted for almost two-thirds (64.7%) of Canada's total net worth in the first quarter of 2025, averaging $3.3 million per household. Meanwhile, the least wealthy (bottom 40% of the wealth distribution) accounted for 3.3%, averaging $85,700. Overall household net worth increased in the first quarter of 2025 relative to one year earlier (+2.8%), derived mainly from financial asset gains (+6.7%), while the overall value of their real estate assets (-1.4%) declined.

The gap in wealth between the top 20% and the bottom 40% reached 61.4 percentage points in the first quarter of 2025, up 0.2 percentage points from one year earlier. The gain in net worth for the least wealthy households was limited by declining real estate values due to weaker economic and housing market conditions.

## Table 3
## Net worth by wealth quintile, average dollars per household, first quarter of 2025 relative to first quarter of 2024

| | First quarter of 2024 | First quarter of 2025 | Change from first quarter of 2024 to first quarter of 2025 | Change from first quarter of 2024 to first quarter of 2025 |
|---|---|---|---|---|
| | dollars | | | % |
| **All households** | **1,002,564** | **1,030,850** | **28,285** | **2.8** |
| Lowest and second wealth quintiles | 83,109 | 85,661 | 2,552 | 3.1 |
| Third wealth quintile | 511,514 | 521,866 | 10,352 | 2.0 |
| Fourth wealth quintile | 1,100,150 | 1,125,205 | 25,055 | 2.3 |
| Highest wealth quintile | 3,234,941 | 3,335,856 | 100,915 | 3.1 |

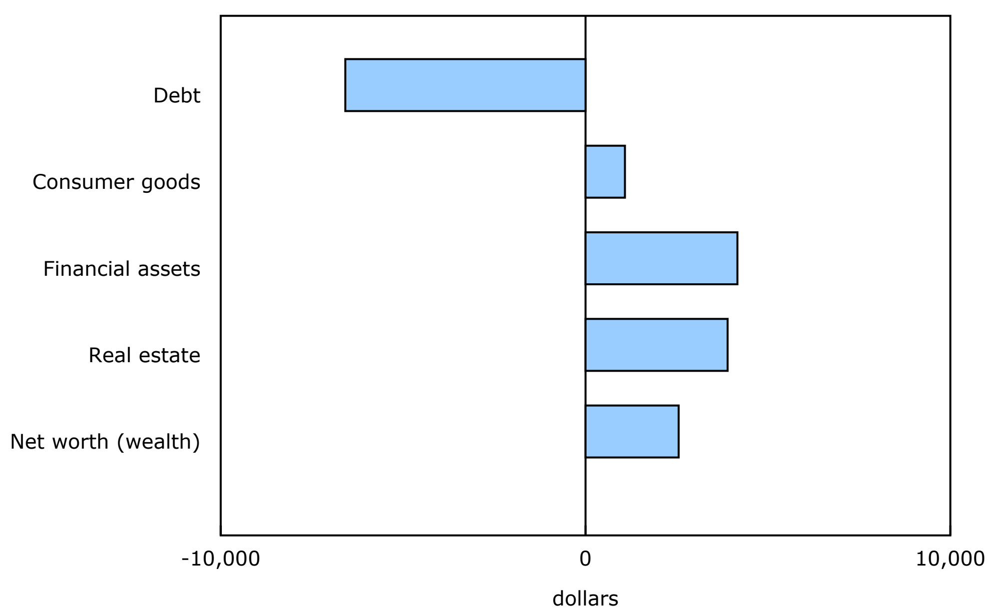
**Source(s):** Table **36-10-0660-01**.

## Least wealthy increase net worth despite debt growth outweighing real estate gain

Despite weaker economic and housing market conditions, the least wealthy grew their net worth in the first quarter of 2025 relative to one year earlier (+3.1%) as the value of their financial assets grew at an above-average pace (+6.9% compared with +6.7% for all households). Although the least wealthy bought homes in the first quarter of 2025, due to declining average real estate values, the mortgage cost related to those purchases (+$5,233) outweighed the increase in the average value of their real estate holdings (+$3,894).

In contrast, the wealthiest households increased their net worth at an above-average pace (+3.1%), as they avoided debt financing and had the strongest growth in the value of their financial assets (+$144,551; +7.1%).

## Chart 4
## Change in average net worth for two lowest wealth quintiles, including contribution of each wealth component, first quarter of 2025 relative to first quarter of 2024




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

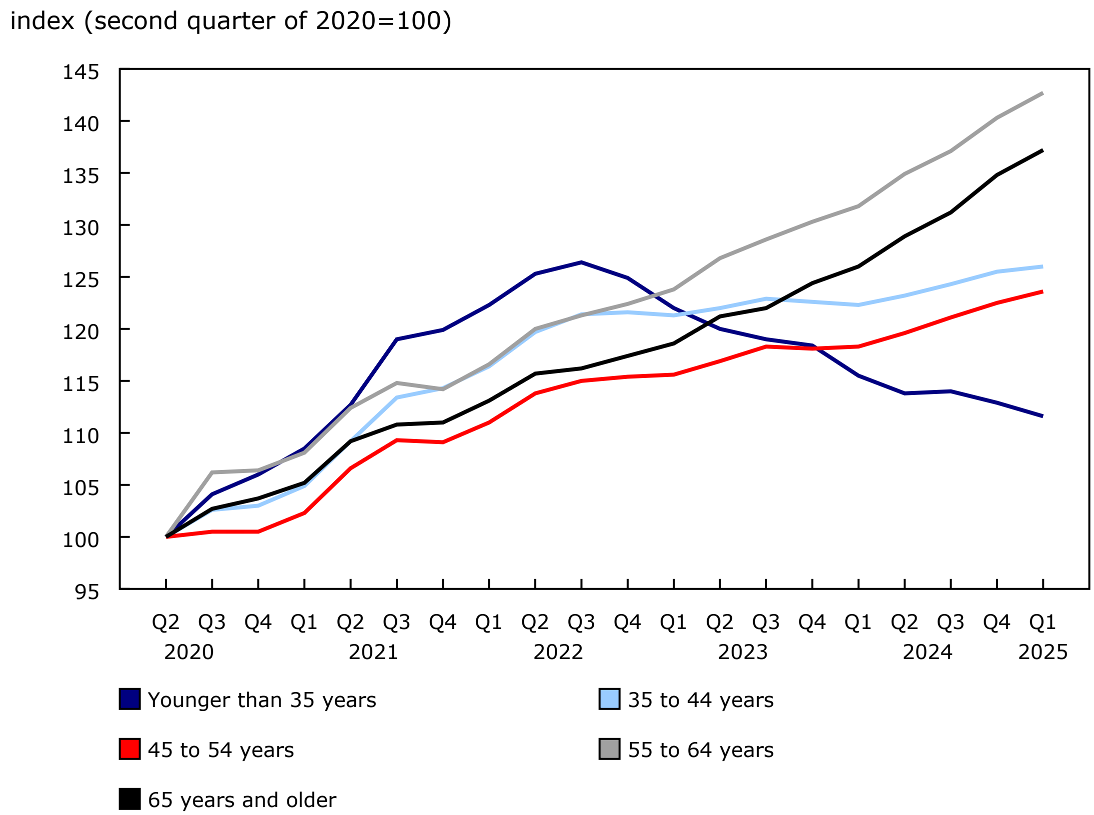
## Youngest households increase wealth the least as they reduce real estate holdings

The youngest households—those under the age of 35 years—increased their wealth at the slowest pace of any age group (+0.5%), as they reduced their real estate holdings. The youngest households were the only group with continually decreasing mortgage debt since the end of 2022, as rising interest rates and housing cost pressures made home ownership less affordable. Average mortgage debt for the youngest households continued its declining trend, albeit at a slower pace, as the year-over-year decrease for the first quarter of 2025 (-3.4%) was less than that for the first quarter of 2024 (-5.3%).

On average, 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. For their part, existing homeowners who purchased a home when interest rates were much lower from 2020 to 2022 may be paying off their existing mortgage debt balances or moving into more affordable accommodations. As well, some of the youngest households may be prioritizing coping with the cost of living and reducing their debt obligations when financial support from family or other sources becomes available.

Households in older age groups increased their average mortgage debt in the first quarter of 2025 relative to one year earlier, including households aged 55 to 64 years (+8.3%) and those aged 65 years and older (+8.9%). Older age groups may be increasing their mortgage debt for various reasons, such as to buy an investment property, to assist younger relatives with the purchase of a home or for a range of other reasons.

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

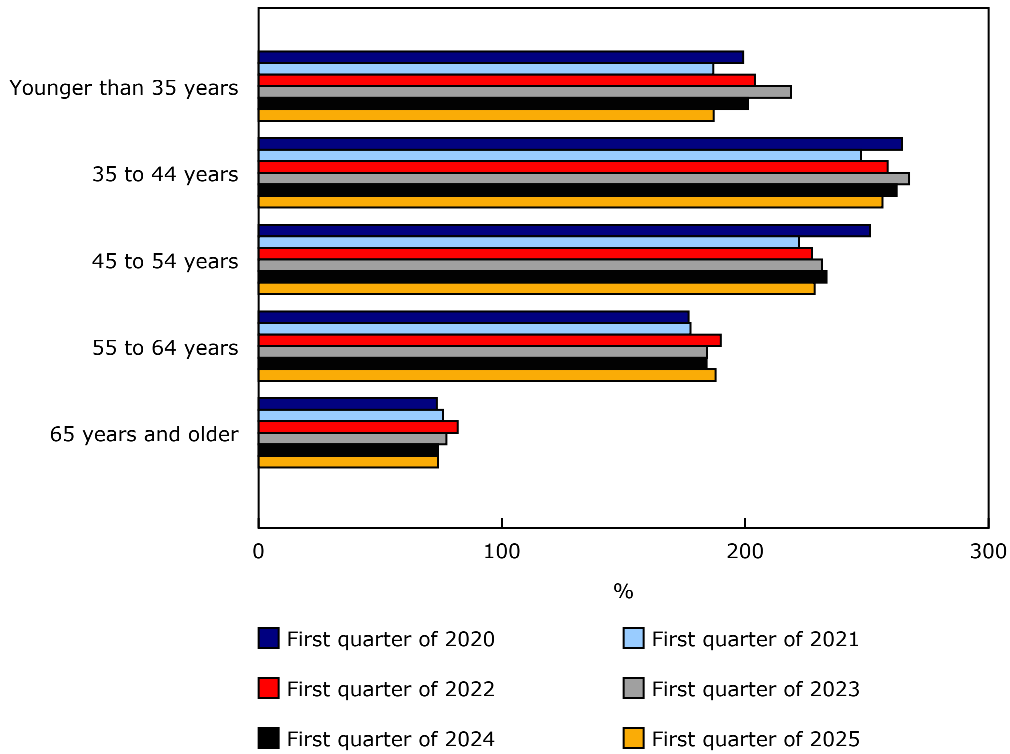



**Note(s):** Q = Quarter.
**Source(s):** Table 36-10-0660-01.

## Younger age groups reduce debt-to-income ratios the most

In the first quarter of 2025, the debt-to-income ratio declined for younger age groups, as income gains, mainly due to wages and investment income, exceeded debt increases. Households with a major income earner aged 35 to 44 years had the highest debt-to-income ratio of any age group, at 256.4% in the first quarter of 2025, down from 262.2% one year earlier. Meanwhile, households younger than 35 years old had a ratio of 187.0%, down from 201.1% one year earlier. Households aged 55 years and older held their ratios relatively stable, as debt grew at a similar pace relative to income.

### Chart 6
### Debt-to-income ratio by age group of major income earner, first quarter, 2020 to 2025




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

## Households across all age groups decrease debt service ratios for first time since 2022

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 disposable income. In the first quarter of 2025, the interest-only DSR declined for the first time since 2022 for households in each age group, including younger households, which tend to be more indebted. For example, the interest-only DSR of households aged 35 to 44 years declined from 12.6% one year earlier to 11.5% in the first quarter of 2025, and that of those aged less than 35 years declined from 11.5% to 11.3%.

Along with easing affordability pressures, these data indicate that, on average, middle-income and lower wealth households are improving their economic well-being and capacity to manage debt.

### *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:*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## *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 first quarter of 2025. Estimates have also been revised for previous periods to incorporate the latest CSMA benchmarks, including revisions back to the first quarter of 2024.*

*Along with this release, a new report is available on "Enhancing wealth distributions within the distributions of household economic accounts using a capitalization of income method."*

*This release also incorporates estimates of payments made to households that began in the third quarter of 2024 as part of the Robinson Huron Treaty settlement .*

*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 two lowest 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 previous 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 second quarter of 2025 will be released on October 9.*

**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 article "Enhancing wealth distributions within the distributions of household economic accounts using a capitalization of income method," which is part of the *Latest Developments in the Canadian Economic Accounts* (**13-605-X**), is now available.

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 available.

The article "Distributions of Household Economic Accounts, estimates of asset, liability and net worth distributions, 2010 to 2024, 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**) or Media Relations (**statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca**).