# Distributions of household economic accounts for income, consumption, saving and wealth of Canadian households, second quarter 2024

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Economically vulnerable households—those with lower incomes, those with less wealth, and those in younger age groups—continue to struggle to maintain their financial well-being relative to other households amid persistently high interest rates and housing cost pressures.

## Income gap widens as investment gain for highest income households outweighs wage gain for lowest

Income inequality increased in the second quarter of 2024 as the gap in the share of disposable income between households in the top 40% and the bottom 40% of the income distribution reached 47.0 percentage points, the largest gap ever recorded in these data (which Statistics Canada began collecting in 1999).

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

| | Average (2010 to 2019) | Second quarter of 2020 | Second quarter of 2021 | Second quarter of 2022 | Second quarter of 2023 | Second quarter of 2024 |
|---|---|---|---|---|---|---|
| | % | | | | | |
| **Disposable income quintile** | | | | | | |
| Lowest income quintile | 6.3 | 6.2 | 6.0 | 6.0 | 6.0 | 6.2 |
| Second income quintile | 12.6 | 12.7 | 12.2 | 12.3 | 12.0 | 12.0 |
| Third income quintile | 17.2 | 17.2 | 17.5 | 17.3 | 17.4 | 16.6 |
| Fourth income quintile | 23.3 | 23.7 | 23.2 | 23.5 | 23.0 | 22.8 |
| Highest income quintile | 40.7 | 40.2 | 41.1 | 40.9 | 41.6 | 42.4 |
| Gap between top two and bottom two income quintiles (percentage points) | 45.1 | 45.0 | 46.1 | 46.1 | 46.6 | 47.0 |

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

Persistently high interest rates over the course of the 12 months ending in the second quarter of 2024 had varying impacts on household finances, depending on level of income. 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.

The lowest income households (bottom 20% of the income distribution) had above average growth in disposable income in the second quarter of 2024 relative to a year earlier. Strong wage growth for the lowest income households (+$417 or +14.3%) more than offset an increase in interest paid on mortgages and consumer credit (+$218 or +17.6%), which is netted out of investment earnings as part of disposable income. Wage gains for the lowest income households were derived mainly for those working in service sector jobs, such as health and education, as well as professional and personal services.

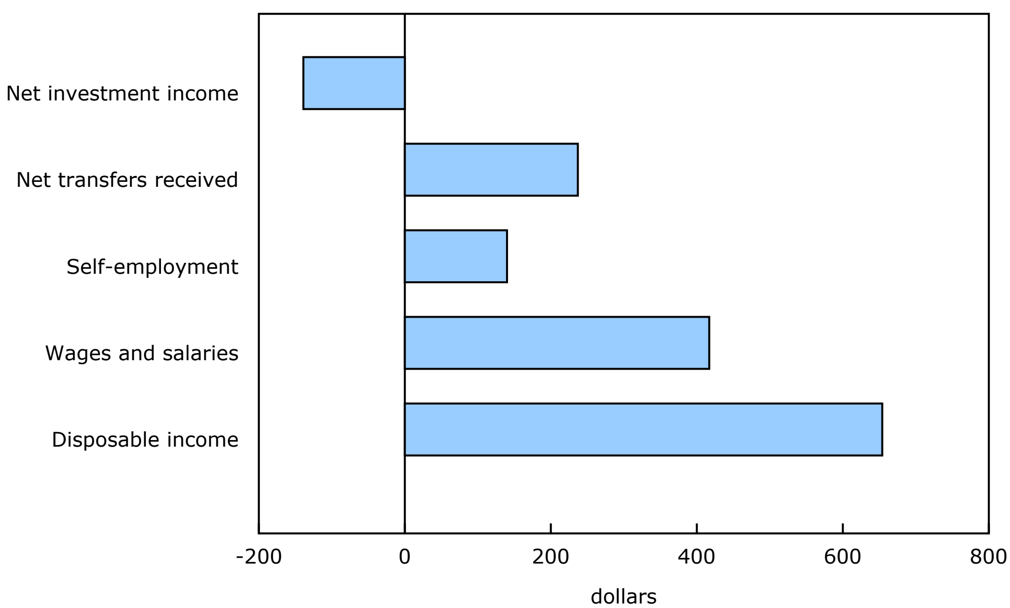
**Table 2**
**Disposable income by income quintile, average dollars per household, second quarter of 2024 relative to second quarter of 2023**

| | Second quarter of 2023 | Second quarter of 2024 | Second quarter of 2023 to second quarter of 2024 | Second quarter of 2023 to second quarter of 2024 |
|---|---|---|---|---|
| | dollars | | | % |
| **All households** | **23,293** | **24,553** | **1,260** | **5.4** |
| Lowest income quintile | 6,976 | 7,630 | 654 | 9.4 |
| Second income quintile | 14,014 | 14,707 | 693 | 4.9 |
| Third income quintile | 20,308 | 20,344 | 36 | 0.2 |
| Fourth income quintile | 26,769 | 28,004 | 1,235 | 4.6 |
| Highest income quintile | 48,400 | 52,079 | 3,679 | 7.6 |

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

While the lowest income households increased their share of income in the second quarter of 2024, those within the middle 60% of the income distribution decreased their share by 1.0 percentage points from a year earlier. Middle-income households' investment gains did not keep pace with growth in interest paid on mortgages and consumer credit.

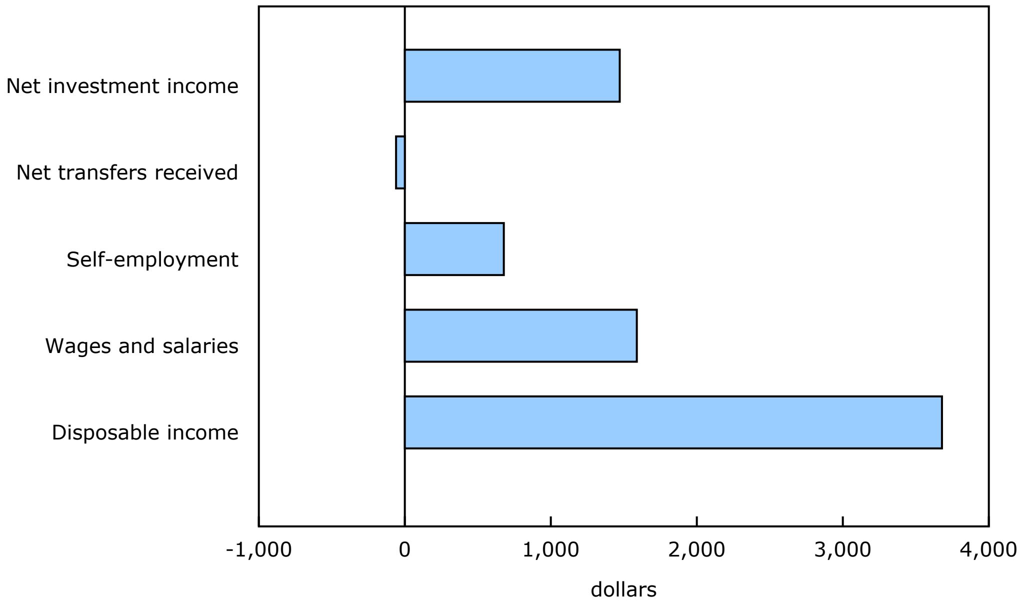
**Chart 1**
**Change in average disposable income for lowest income quintile, including contribution of each income component, second quarter of 2024 relative to second quarter of 2023**




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

In the second quarter, the highest income households (top 20% of the income distribution) saw the largest increase in their share of disposable income compared with other income groups (+0.8 percentage points). Average disposable income for the highest income households increased at a faster-than-average pace in the second quarter of 2024 relative to a year earlier (+7.6%), as growth in investment income was far greater than the increase in interest paid.

## Chart 2
## Change in average disposable income for highest income quintile, including contribution of each income component, second quarter of 2024 relative to second quarter of 2023

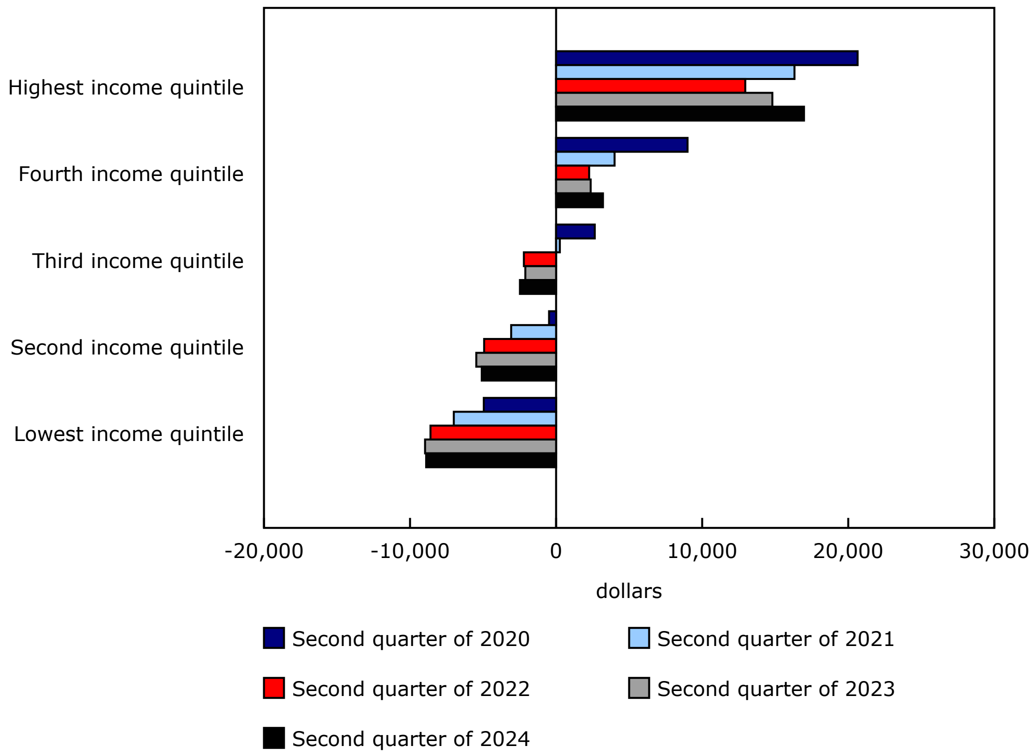



**Source(s):** Table 36-10-0662-01.

## Net saving worsens for middle-income households

Most households improved their average net saving in the second quarter of 2024 relative to a year earlier as cost-of-living pressures generally eased. While the highest income households had the largest increase in net saving in the second quarter of 2024 relative to a year earlier (+$2,166), the bottom 40% of the income distribution reduced their net dis-saving as growth in income exceeded spending. In contrast, net dis-saving for households in the middle 20% of the income distribution worsened in the second quarter of 2024 relative to the same quarter a year earlier as higher spending, especially for housing and utilities, continued to outpace income growth.

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




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

## 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 second quarter of 2024, averaging $3.4 million per household, while the least wealthy (bottom 40% of the wealth distribution) accounted for 2.8%, averaging $69,595.

The gap in wealth between the top 20% and the bottom 40% reached 64.9 percentage points in the second quarter of 2024, an increase of 0.4 percentage points over the same quarter of the previous year. For households across the wealth distribution, a gain in the average value of financial assets (+5.3%) more than offset a reduction in real estate values (-2.0%). More than half (58.5%) of asset holdings for the wealthiest were financial assets, compared with 28.6% for the least wealthy.

## Table 3
## Net worth by wealth quintile, average dollars per household, second quarter of 2024 relative to second quarter of 2023

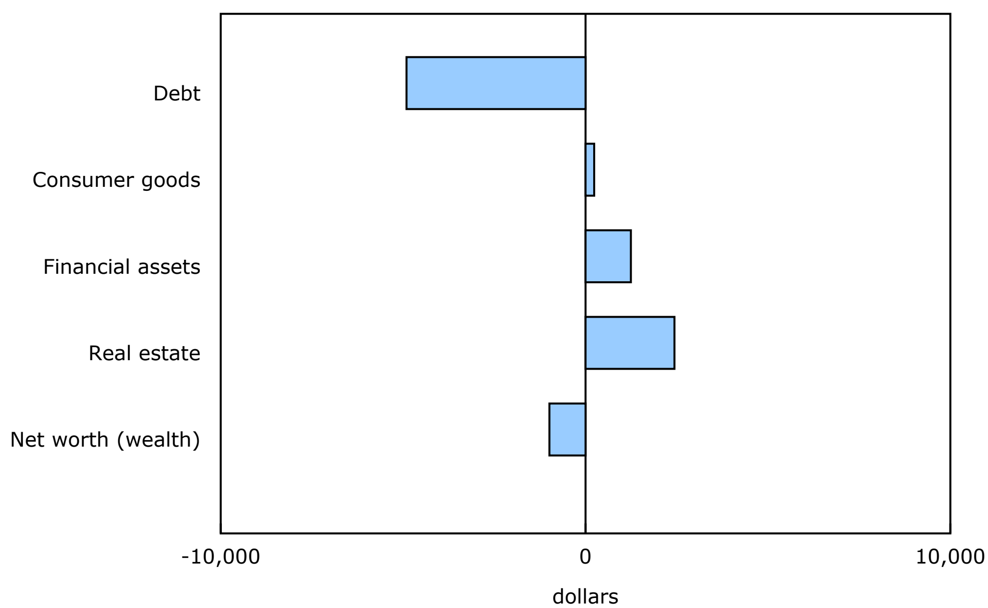
| | Second quarter of 2023 | Second quarter of 2024 | Second quarter of 2023 to second quarter of 2024 | Second quarter of 2023 to second quarter of 2024 |
|---|---|---|---|---|
| | dollars | | | % |
| **All households** | **995,765** | **1,012,072** | **16,307** | **1.6** |
| Lowest and second wealth quintiles | 70,585 | 69,595 | -990 | -1.4 |
| Third wealth quintile | 470,184 | 469,315 | -869 | -0.2 |
| Fourth wealth quintile | 1,018,565 | 1,026,557 | 7,992 | 0.8 |
| Highest wealth quintile | 3,348,907 | 3,425,298 | 76,391 | 2.3 |

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

## Least wealthy reduce net worth as mortgage debt increase outweighs real estate gain

Although the least wealthy held and acquired real estate, their average net worth decreased in the second quarter of 2024 compared with a year earlier (-1.4%), as the increase in mortgage debt to finance those assets (+6.0%) outweighed the increase in the value of their real estate holdings (+2.6%). In addition to new home purchases, the least wealthy may also be consolidating non-mortgage debt into mortgage balances to better manage their finances.

## Chart 4
## Change in average net worth for lowest two wealth quintiles, including contribution of each wealth component, second quarter of 2024 relative to second quarter of 2023




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

In contrast, the wealthiest 20% of households increased their net worth at the fastest pace of any household group in the second quarter of 2024 relative to a year earlier (+2.3% vs. +1.6% for all households), derived mainly from financial asset gains (+5.8%). The average value of real estate for the wealthiest declined by 2.9% over the same period as they tended to avoid the housing market. The wealthiest also avoided higher levels of borrowing of any kind, as their overall debt remained stable (+0.6%).

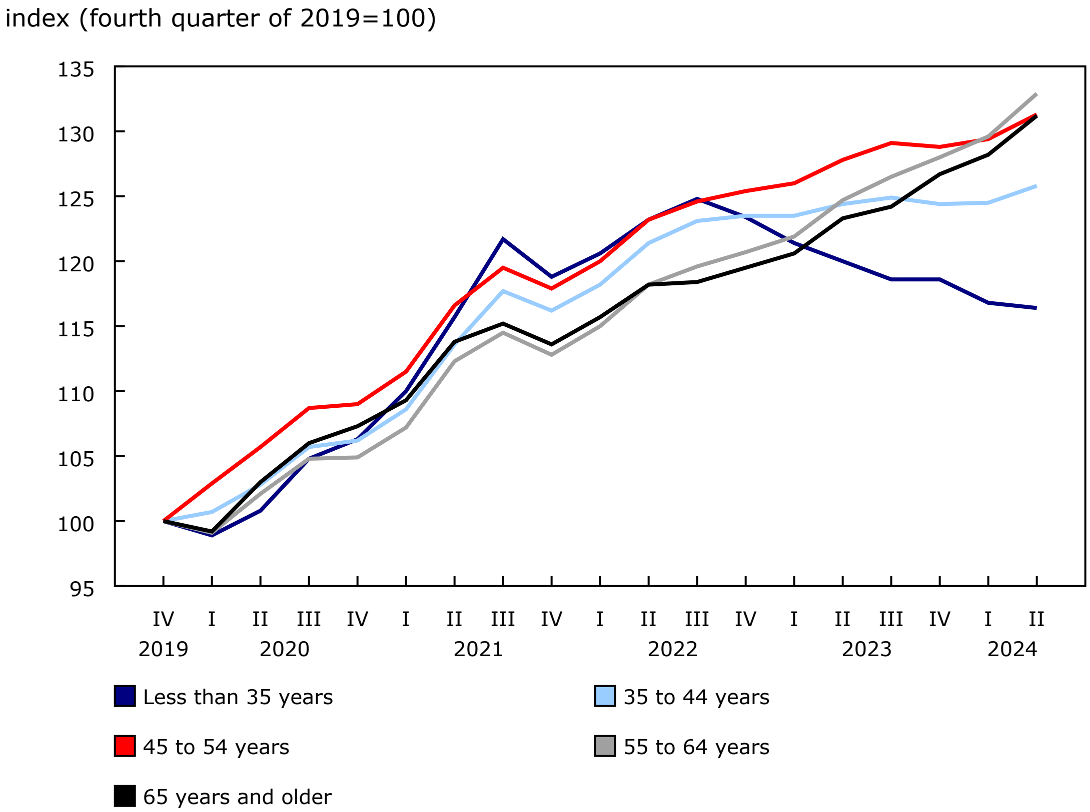
## Youngest households de-leverage while older households increase mortgage debt

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 housing cost pressures made home ownership less affordable. Average mortgage debt for the youngest households continued to decline, albeit at a slower pace, as the year-over-year decrease for the second quarter of 2024 (-3.0%) was lower than for the previous two quarters (-3.7% for the first quarter of 2024 and -3.9% for the fourth quarter of 2023).

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, the youngest households may be receiving financial support from family to help them cope with the cost of living and reduce their debt obligations.

Meanwhile, despite higher interest rates and persistent housing cost pressures, older households increased their average mortgage debt in the second quarter of 2024 relative to a year earlier, including households aged 55 to 64 years (+6.5%) and households aged 65 years and older (+6.4%). Older households 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 priorities.

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

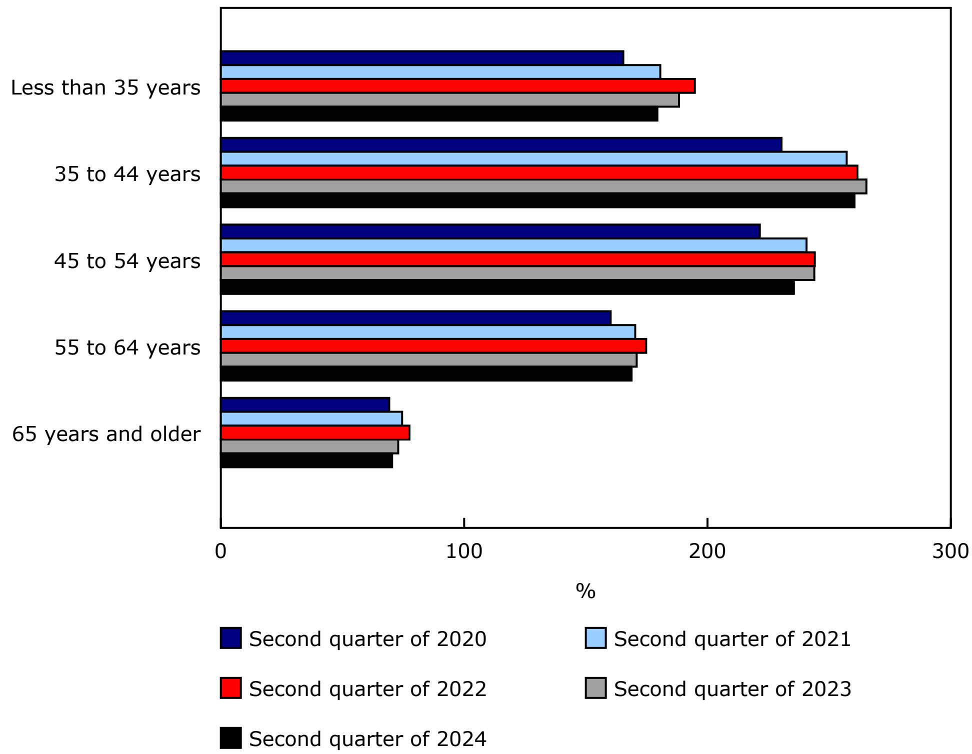



**Source(s):** Table 36-10-0660-01.

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

The debt-to-income ratio declined for households in each age group in the second quarter 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 260.4% in the second quarter of 2024, down from 265.3% a year earlier, while those less than 35 years old decreased their ratio by 8.9 percentage points. Households aged 65 years and older decreased their ratio by 2.5 percentage points as they benefitted from higher investment earnings, which more than compensated for higher indebtedness as of the second quarter of 2024.

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




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

## Youngest households increase debt service ratio despite debt management efforts

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 interest-only DSR was highest for those aged 35 to 44 years, reaching 12.2% in the second quarter of 2024 (+0.8 percentage points from the second quarter of 2023).

Despite strong gains in average income and efforts to reduce debt for those aged less than 35 years, the interest-only portion of the DSR for the youngest households increased by 0.8 percentage points in the second quarter of 2024 relative to a year earlier due to high and growing effective interest rates associated with that debt. In general, younger households tend to be subject to higher lending rates as they have shorter and less stable credit histories relative to older households.

As high interest rates and housing cost pressures persist, households may be further strained in their ability to make ends meet without going further into debt, although recent reductions in borrowing costs may provide some measure of relief going forward. The latest figures from the Monthly Credit Aggregates program indicate that household debt continued to increase at the beginning of the third quarter of 2024, with an acceleration of mortgage debt along with declining lending rates.

## *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 second quarter of 2024. Estimates have also been revised for prior periods to incorporate the latest CSMA benchmarks, including revisions back to the first quarter of 2024 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 third quarter of 2024 will be released on January 30, 2025.*

**Available tables: 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**) or Media Relations (**statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca**).