

Better Dwelling - February 2, 2026

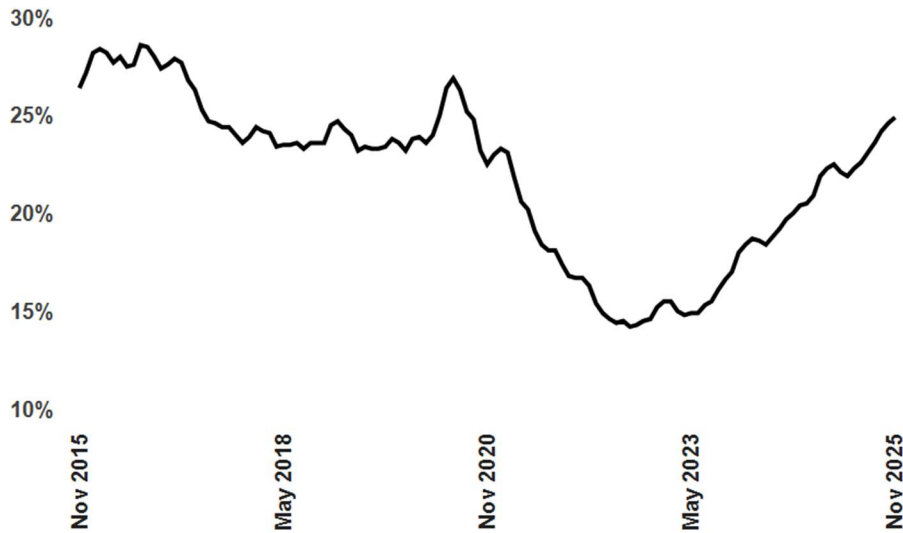
Canadian Mortgage Arrears Rate Hits A 5-Year High



Canadians are behind on their bills, and the country's banks have front row seats to this event. Canadian Bankers Association (CBA) data shows the arrears rate rose in November. It was only a small bump among its member banks, but enough to hit a 5-year high. Excluding the initial shock in 2020, the rate is now higher than pre-pandemic levels. Banks are also seeing a falling mortgage count, meaning each delinquency hits harder.

Canadian Mortgage Arrears Have Climbed Aggressively from Lows

The national mortgage arrears rate at Canadian banks.



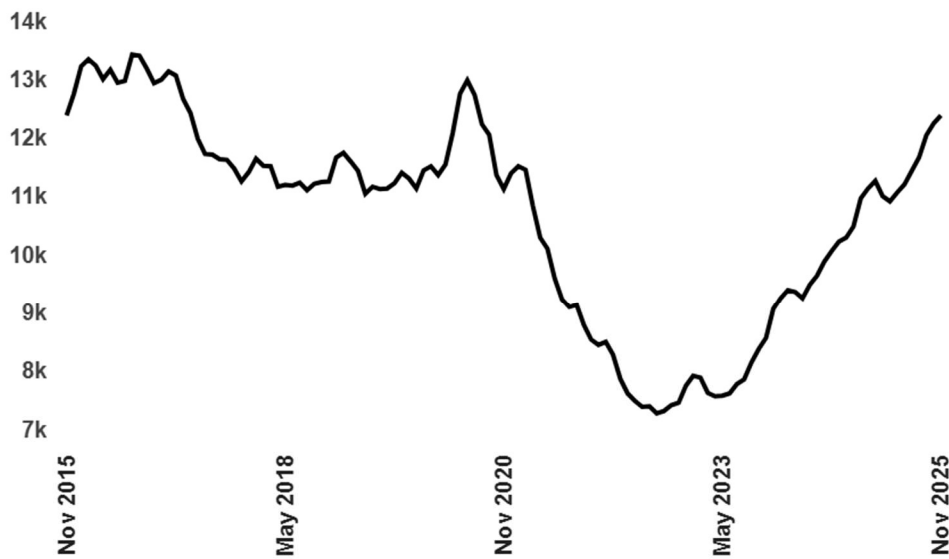
Source: CBA; Better Dwelling.

The CBA mortgage arrears rate was virtually unchanged at 0.25% in November, up 4 bps from last year. The current level is the highest since August 2020, during the brief surge at the onset of the pandemic. That was before the epic low-rate-fueled boom that helped everyone forget it ever happened.

The rate is far from crisis levels, but higher than most Canadians have become comfortable with. Excluding the pandemic, the arrears rate is the highest since 2017. To understand what this means, let's break down the delinquent and total mortgage counts.

Canadian Banks See Delinquent Mortgages Surge

The number of mortgages at least 90 days past due held by Canadian banks.



Source: CBA; Better Dwelling.

The arrears rate is the share of total mortgages that are delinquent, and at least 90 days past due (DPD). The arrears rate can fall as long as the banks add mortgages faster than they become delinquent. Household finances may be eroding further, but banks are making up the losses by taking on more loans. While this benefits bank ratios, it doesn't solve the growing household problem. As a result, it's best to check the number of delinquent and total mortgages to understand the trend.

Rising delinquency counts suggest eroding stability, and that's what this data shows. The number of mortgages 90 DPD climbed 1.2% to 12,380 mortgages in November. It's an 18.1% increase from last year, and the highest volume since the initial pandemic surge from May to July 2020. However, excluding the pandemic, we once again need to go all the way back to 2017 to see this level. This is called market erosion.

Total mortgage counts can mask household pain, but that's not what's happening here. The total mortgages held by banks fell 0.11% to 4.96 million in November. The total has dropped 0.97% since last year and sits 2.96% below the July 2022 peak. This trend isn't

masking household pain; it's amplifying it for the lenders. Each mortgage in arrears is a bigger issue as lenders hold fewer mortgages.

It's unusual for Canada's banks to see their mortgage count shrink, and the reason remains a mystery. The arrears rate isn't high enough to account for a significant contribution to the drop. Outstanding mortgage debt also hasn't fallen; it's still rising. This suggests that non-bank lenders are taking on more of these loans, but it's unclear if the borrowers are behind the decision.

Non-bank lenders can often provide better rates, but competition isn't the only reason people use them. It's not uncommon for banks to sell or refuse to renew underperforming loans. They kick the riskiest loans over to a less visible institution, helping to improve both the bank and national optics. If a mortgage defaults at a B-lender, it doesn't make a sound.

Like most of the real estate slowdown, the arrears problem is very much a regional issue at this point. BC and Ontario are driving the trend, while Atlantic Canada has seen a much more modest increase. Meanwhile, Alberta is seeing its arrears rate continue to fall. We'll break down regional reports and dive into what it means later this week.