



October 28, 2025

From: Eloise Duncan
To: Policymakers and Financial Institutions
Re: **RENTERS BECOMING MORE FINANCIALLY VULNERABLE:
EMERGING IMPLICATIONS**

Changes in the household financial resilience of Canadians nationally, measured through the Financial Resilience Institute's **Financial Resilience Index Model** and published **reports**, highlight the increasing financial vulnerability of renters compared to mortgage-holders over the past two years: a concerning trend.

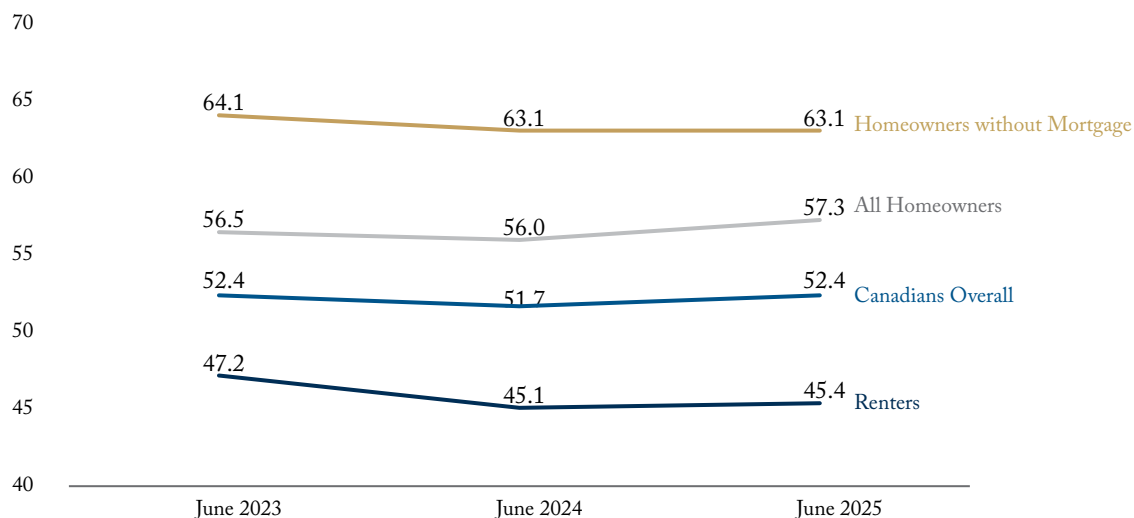
As the federal government builds its National Financial Housing Strategy, these renters, many of whom face barriers in improving their financial resilience in the face of upcoming life or macro-economic shocks, require more attention.

Between June 2023 and June 2025, the Institute's **Financial Resilience Index Model** data highlights a statistically significant decrease in the mean financial resilience score of renters. Conversely, mortgage holders have seen a statistically significant improvement as the Bank of Canada cut its policy rate. Over the two-year period, the delta between the mean financial resilience score of mortgage holders compared to more vulnerable renters has increased from 5.5 Index points in June 2023 to 8.6 Index points in June 2025.

What explains renters' increased household financial vulnerability?

Firstly, renters have become increasingly challenged across a number of key index indicators compared to mortgage holders, including their self-reported credit score indicator, liquid savings buffer indicator, and 'planning ahead financially' indicator. There has been a statistically significant decrease in the proportion of renters that report that their household's financial situation has improved in the past year, with that percentage going from 26 percent two years ago, to 19 percent as of June 2025.

Figure: Mean Financial Resilience Scores for Homeowners Compared to Renters



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Secondly, with the high cost of rent and increasing cost of living, there has been a significant increase in the proportion of renters who report their household spending to be much or a little more than their household income (41 percent in June 2025 up from 31 percent in June 2023) with this affecting their ability to save and overall financial resilience. While rental price growth may have softened in the past two years, rental affordability remains strained, with **no improvement** in the rent-to-median household income ratio in the past year.

Thirdly, debt and financial stress levels remain high for renters, with 59 percent reporting high levels of financial stress over their current and future financial obligations as of June 2023 and June 2025 and 69 percent in June 2025 who report living pay cheque to pay cheque. Between June 2023 and June 2025, there has been a statistically significant increase in the proportion of renters saying household debt levels feel somewhat or very un-manageable, with this increasing from 27 percent of renters in June 2023 to 30 percent in June 2025.

In this high cost/high rent environment, 37 percent of renters (as of June 2025) report increased borrowing to help pay for everyday expenses. More renters report that the increase in the cost of living has outpaced any household income growth in the past year, and 79 percent of renters report housing affordability is a problem for them personally, compared to 54 percent of mortgage-holders.

Conversely, there has been a statistically significant decrease in the proportion of mortgage-holders that report high levels of financial stress over their current and future obligations from 53 to 48 percent between June 2023 and 2025. Twenty four percent report being challenged by their household debt manageability as of June 2025. The mean financial resilience score for mortgage holders is a significant 9 index points higher than that of renters as of June 2025.

Renters are unable to access wealth-building opportunities through home ownership, or easily access more cost-effective flexible financing secured against a home through secured lines of credit or home-equity lines of credit, unlike more financially resilient homeowners. All told, as of June 2025, only 15 percent of renters are 'Financially Resilient' to financial stressors and shocks, compared to 17 percent of renters in June 2023 and 18 percent in June 2021, when more were buffered by COVID-19 government financial relief, now removed.

Several potential opportunities or implications emerge from this data.

Firstly, the National Housing Strategy needs to lever household financial resilience data at the national and provincial level for a more nuanced lens on key trends and potential challenges facing key populations for whom policies are designed. Longitudinal impact measurement enables tracking on the positive impact of certain policies or programs on improved household financial resilience outcomes for populations like renters over time, enabling more targeted, timely policy investments and decision-making.

Next, as renters have less ability to bounce back from financial stressors and shocks, financial institutions can seek to utilize customer financial resilience data to complement customer and transactional data, to help predict delinquencies, and identify opportunities to better serve specific customer groups.

Cross-sector collaboration between financial institutions, policymakers, employers, and others can help create pathways towards affordable housing, inclusive finance, economic mobility, financial and overall resilience. Disaggregated index tracking can support the development of more targeted interventions, while helping to address challenging housing affordability and financial vulnerability gaps facing renters and others in need of targeted support.

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