The Diverging Financial Realities of Canadian Households: Leveraging WealthScapes to Help Navigate Uncertain Times

Thursday, February 20, 2025

Lynne Wolfson

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Today's Presenters

Larry Filler

Senior Vice President & Practice Leader

Lynne Wolfson

Director, Financial Data Products

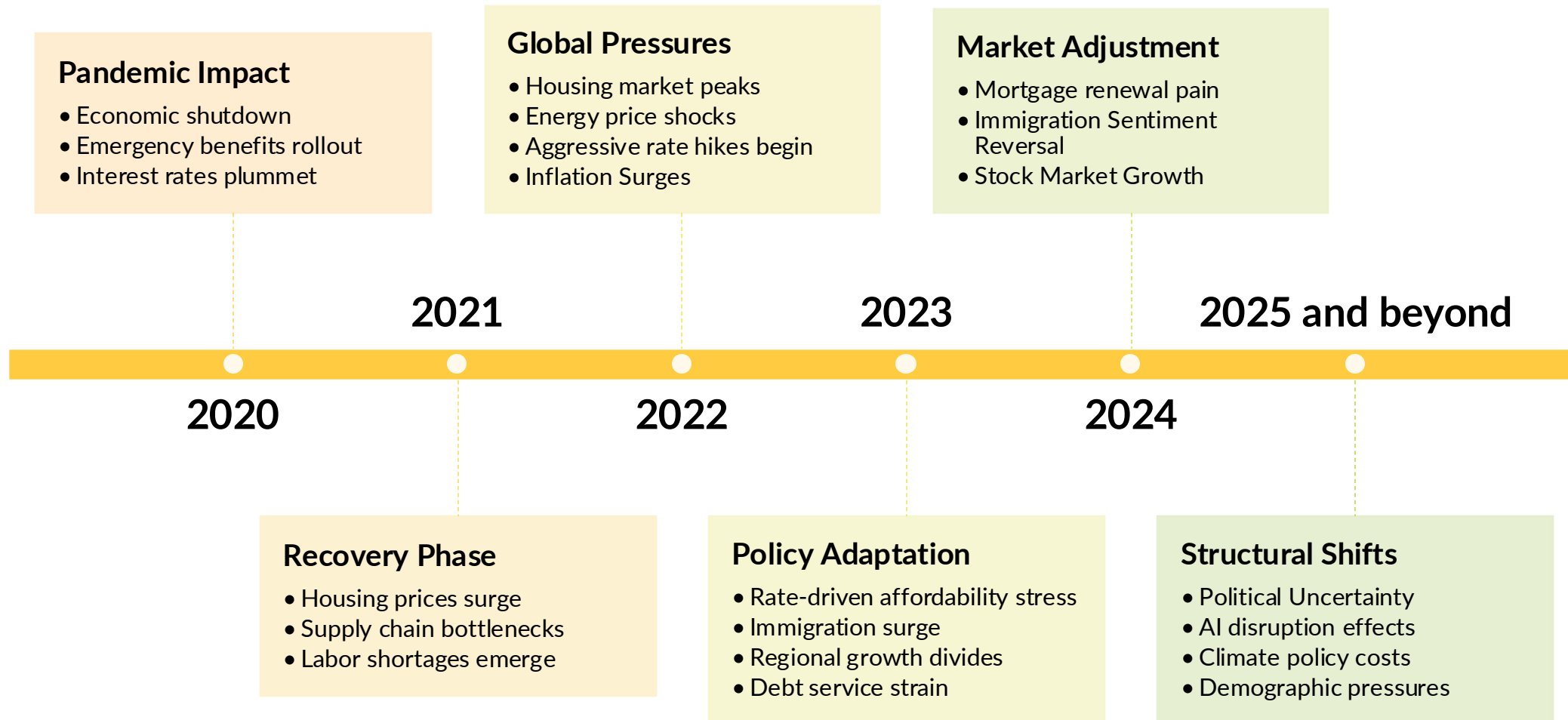**Mitchell Hillier**

Director, Business Development

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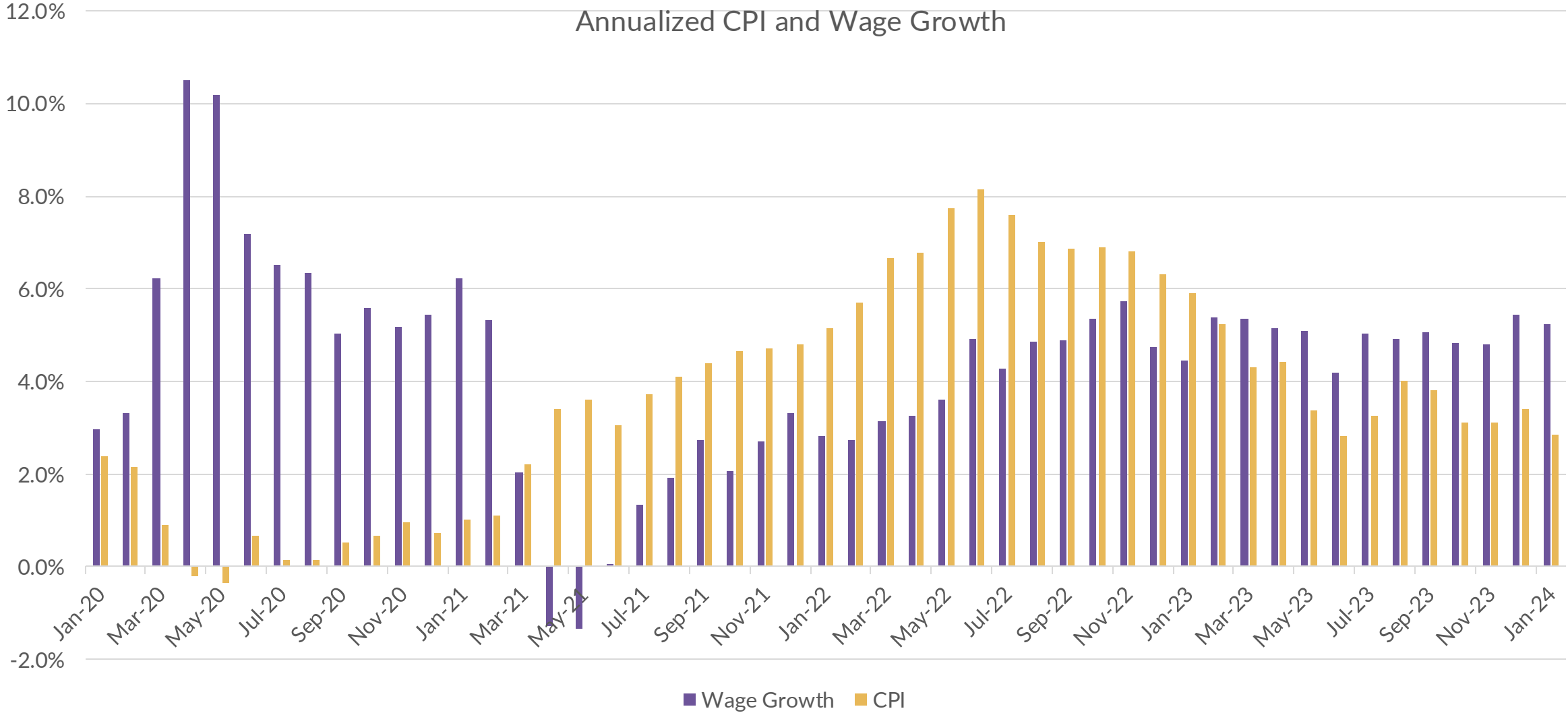ANALYTICS

Economic Landscape in Canada

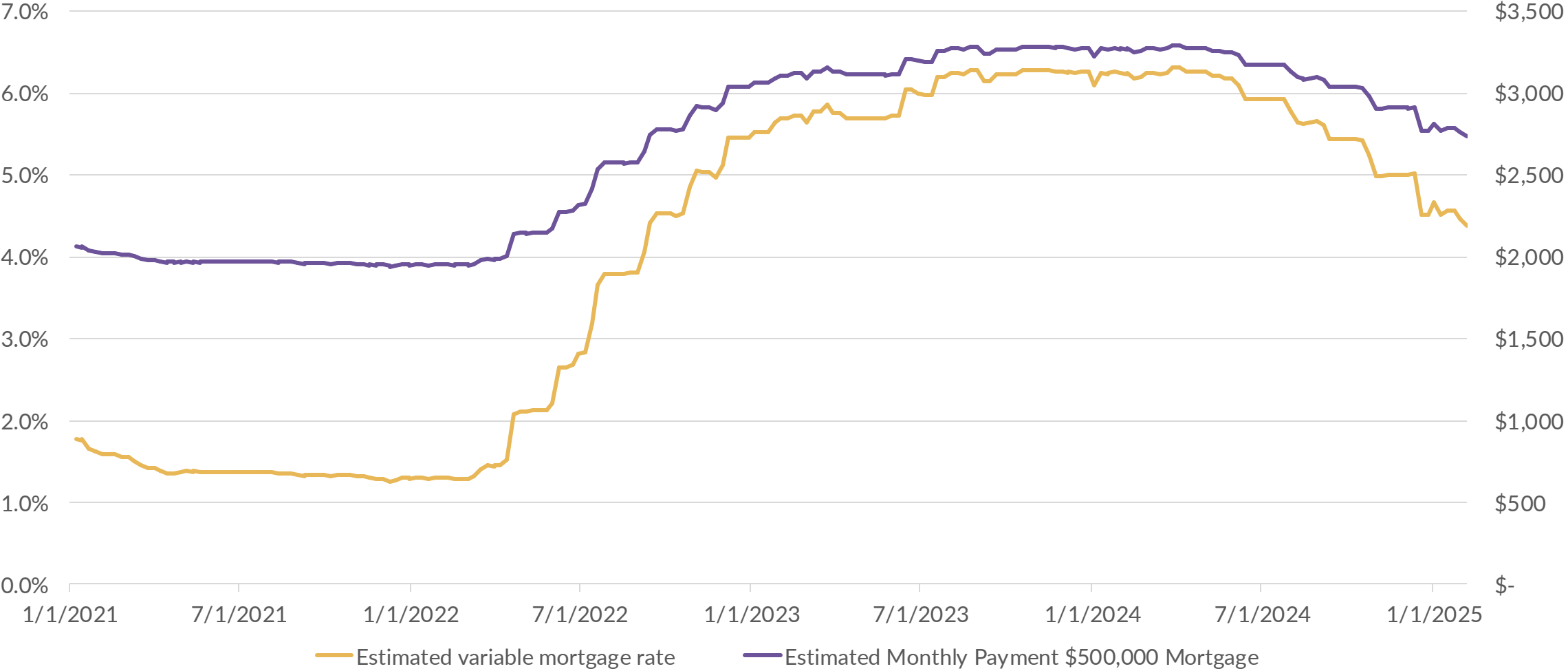What are the major trends impacting household finances?

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Key Economic Events and Forces

Pandemic Impact

- Economic shutdown
- Emergency benefits rollout
- Interest rates plummet

Global Pressures

- Housing market peaks
- Energy price shocks
- Aggressive rate hikes begin
- Inflation Surges

Market Adjustment

- Mortgage renewal pain
- Immigration Sentiment Reversal
- Stock Market Growth

2021

2023

2025 and beyond

2020

2022

2024

Recovery Phase

- Housing prices surge
- Supply chain bottlenecks
- Labor shortages emerge

Policy Adaptation

- Rate-driven affordability stress
- Immigration surge
- Regional growth divides
- Debt service strain

Structural Shifts

- Political Uncertainty
- AI disruption effects
- Climate policy costs
- Demographic pressures

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Wage Growth and Inflation

Annualized CPI and Wage Growth

■ Wage Growth ■ CPI

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Interest Rates and Mortgage Servicing Costs

Variable Mortgage Rates and Servicing Costs

Legend: Estimated variable mortgage rate — Estimated Monthly Payment $500,000 Mortgage

Bond, Stock, and Real Estate Markets

Market Performance Indicators, $100 2020

Legend: — S&P/TSX Composite Total Return_Index — FTSE TMX Canada Universe Bond_Index — Teranet HPI
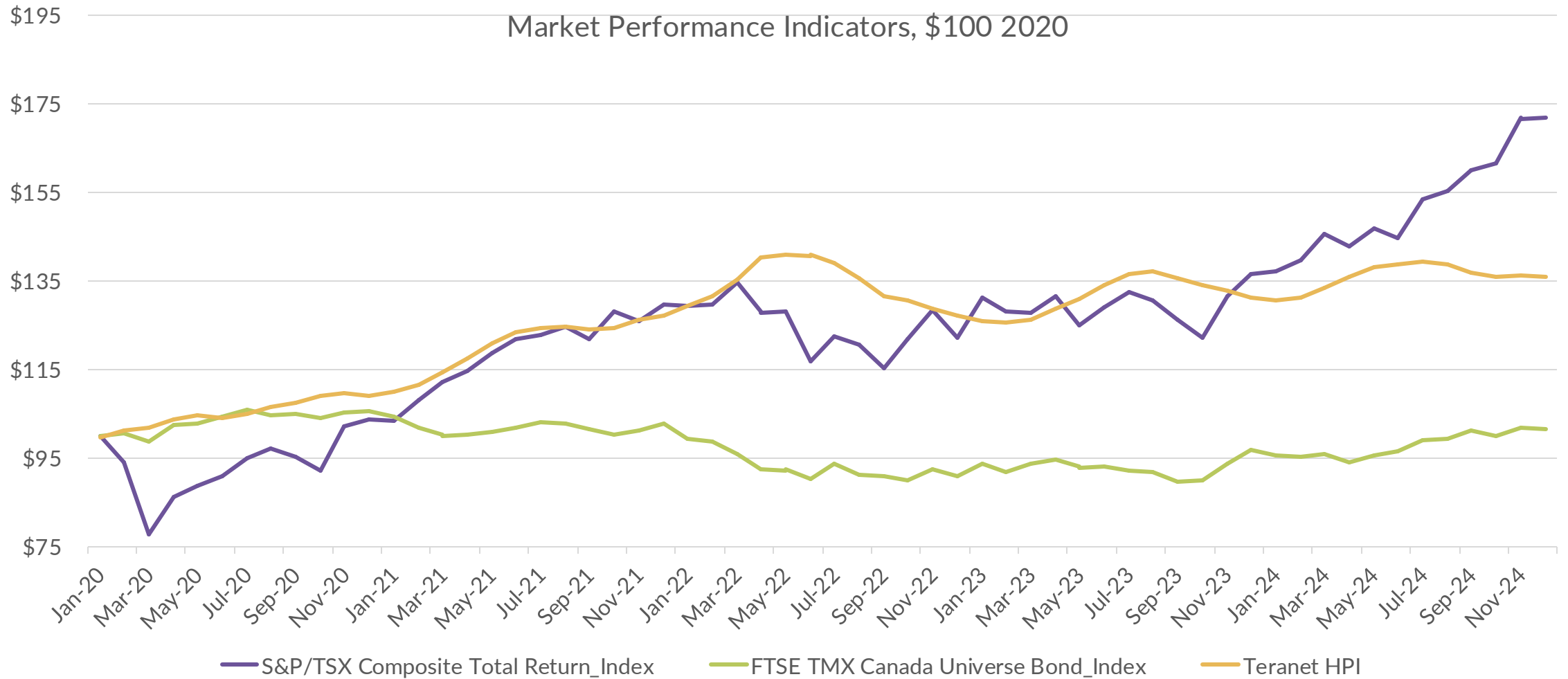
Impact of Immigration and Aging on the Population Profile

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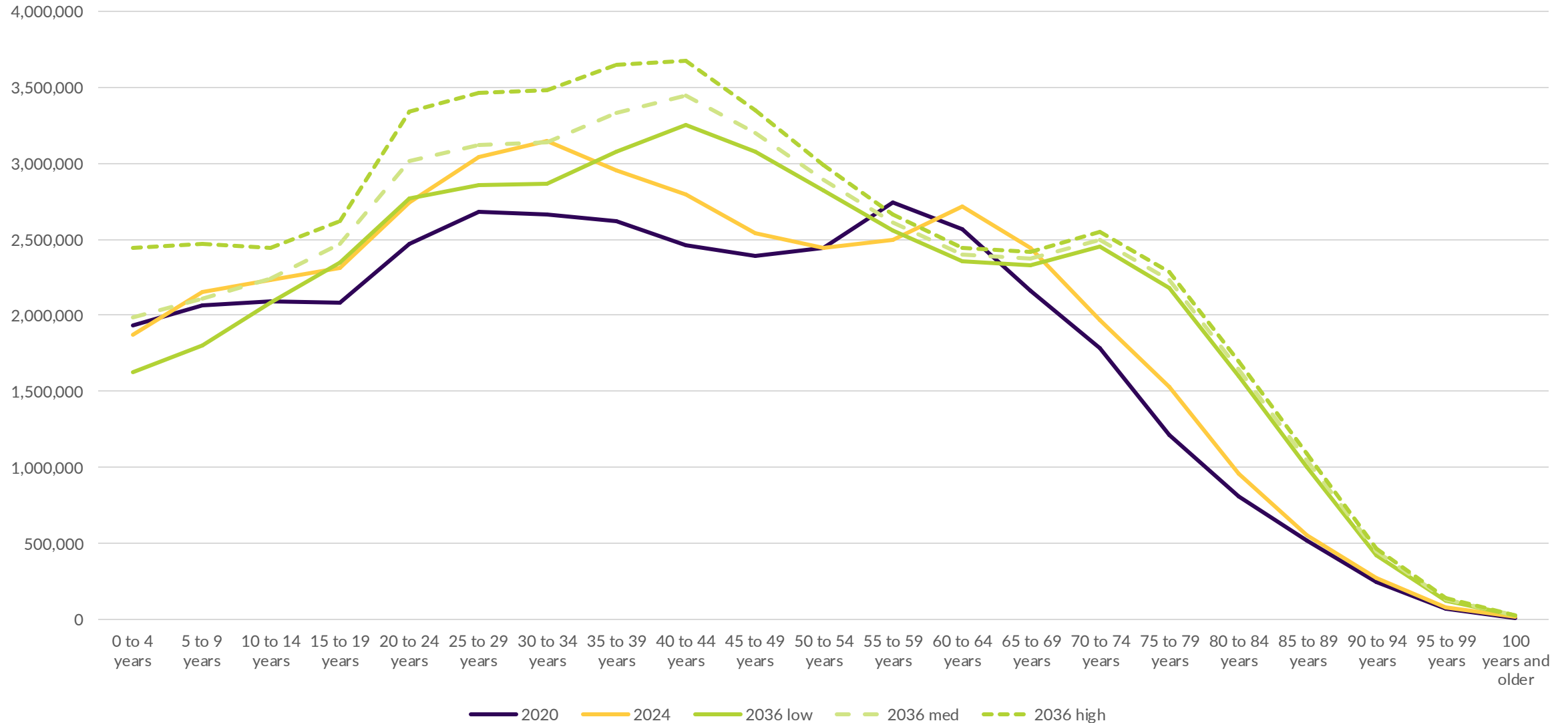
Questions we should all be asking

How does the difference in recent growth in financial investments vs real estate differentially impact Canadian Households

How can we find the communities most impacted by the high cost of living and debt

How might wealth flow between the Boomers and Millenials in the coming years?

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WealthScapes Suite of Products

Targeted geodemographic view of household wealth to give your organization the insights it needs

Financial & Wealth Suite of Products

Focus of today's session

Other core financial & wealth data sets

WealthScapes
Comprehensive database of Canadians' assets, liabilities and income which includes financial and investment variables

WealthTrends
Quarterly updates of WealthScapes to reflect the economic well-being of Canadians throughout-the-year

LiquidAssets
Provides a deep understanding of consumers' overall financial position and measures the distribution of households by liquid asset holdings

AgeByIncome
Age-by-income cross-tabulation of household maintainers, detailing six age classes and 10 income classes for every postal code in Canada

Affluence Rank
A composite index that ranks every Canadian postal code by socioeconomic status, wealth, and prosperity

MoneyMatters
Provides competitive insights, channel preferences, and an understanding of financial behaviour for the Canadian marketplace
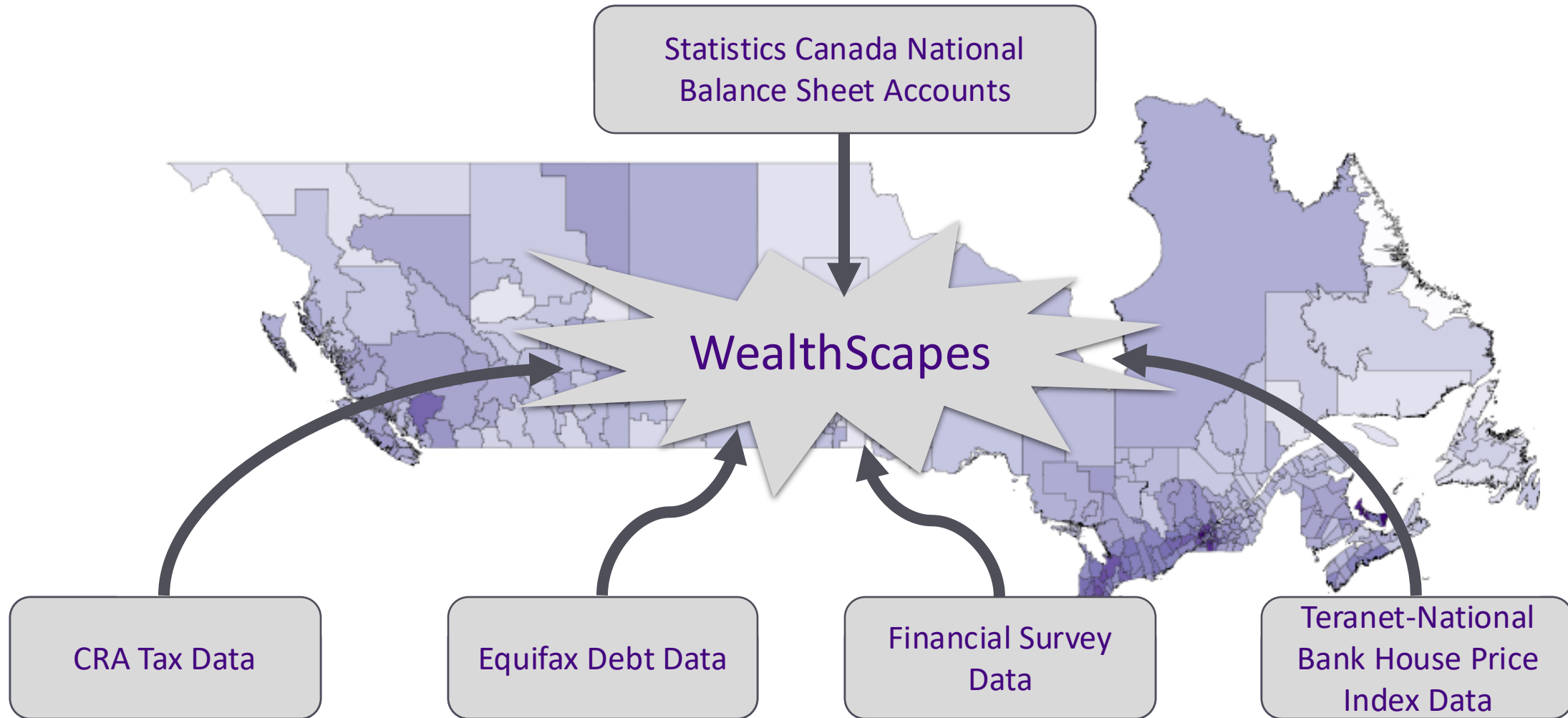
WealthCare
A measure of the financial health and wellness of the Canadian market as well as an organization's customer base

Canadian Data Landscape – Household Wealth

Pyramid diagram with four levels:

National
- Statistics Canada Macroeconomic Estimates
- Market data (Bond and Stock Indexes)

Regional
- Teranet HPI
- Statistics Canada CANSIM tables

Small Area
- Equifax Credit Data
- CRA Income Tax Data
- Census Aggregates

Survey Data
- Survey of Financial Security
- Canadian Income Survey
- Census Long Form

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Building WealthScapes

Statistics Canada National Balance Sheet Accounts

WealthScapes

CRA Tax Data

Equifax Debt Data

Financial Survey Data

Teranet-National Bank House Price Index Data

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WealthScapes' View of the Household Balance Sheet 2023Q4

Financial Assets	**$450,353**
Pensions	**$152,716**
Real Estate	**$546,788**
Debt	**$184,111**
Net Worth	**965,745.27**
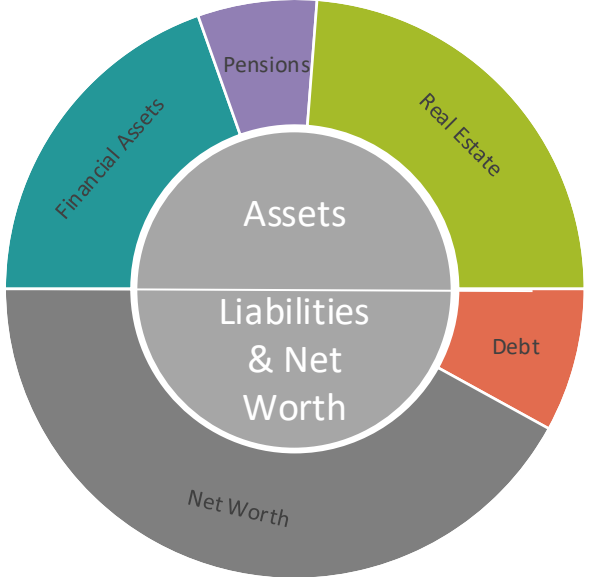
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WealthScapes' View of the Household Balance Sheet 2023Q4

Financial Assets	**$450,353**
Unlisted Shares	$96,129
Savings	$135,608
Investments	$218,616
Pensions	**$152,716**
Real Estate	**$546,788**
Primary	$441,094
Other	$105,694
Debt	**$184,111**
Mortgages	$136,662
Consumer Debt	$47,449
Net Worth	**965,745.27**
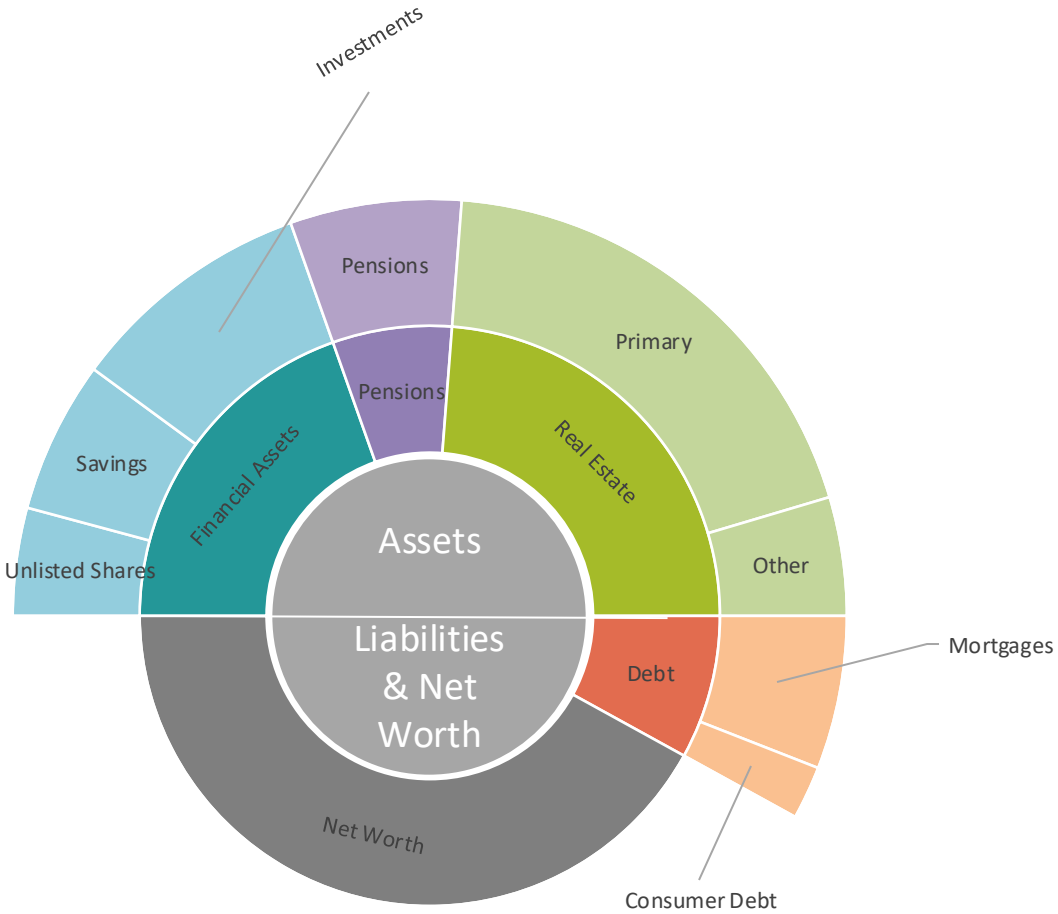
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WealthScapes' View of the Household Balance Sheet 2023Q4

Financial Assets	$450,353
Unlisted Shares	$96,129
Savings	$135,608
Demand Deposits	69,337.08
Term Deposits	66,270.82
Investments	$218,616
Bonds	7,887.87
Stocks	52,815.31
Mutual Funds	116,012.12
Segregated Funds	26,637.65
ETFs	15,263.44
Pensions	$152,716
Real Estate	$546,788
Primary	$441,094
Other	$105,694
Debt	$184,111
Mortgages	$136,662
Consumer Debt	$47,449
Credit Cards	8,618.25
Loans	18,226.44
Lines of Credit	20,604.15
Net Worth	965,745.27
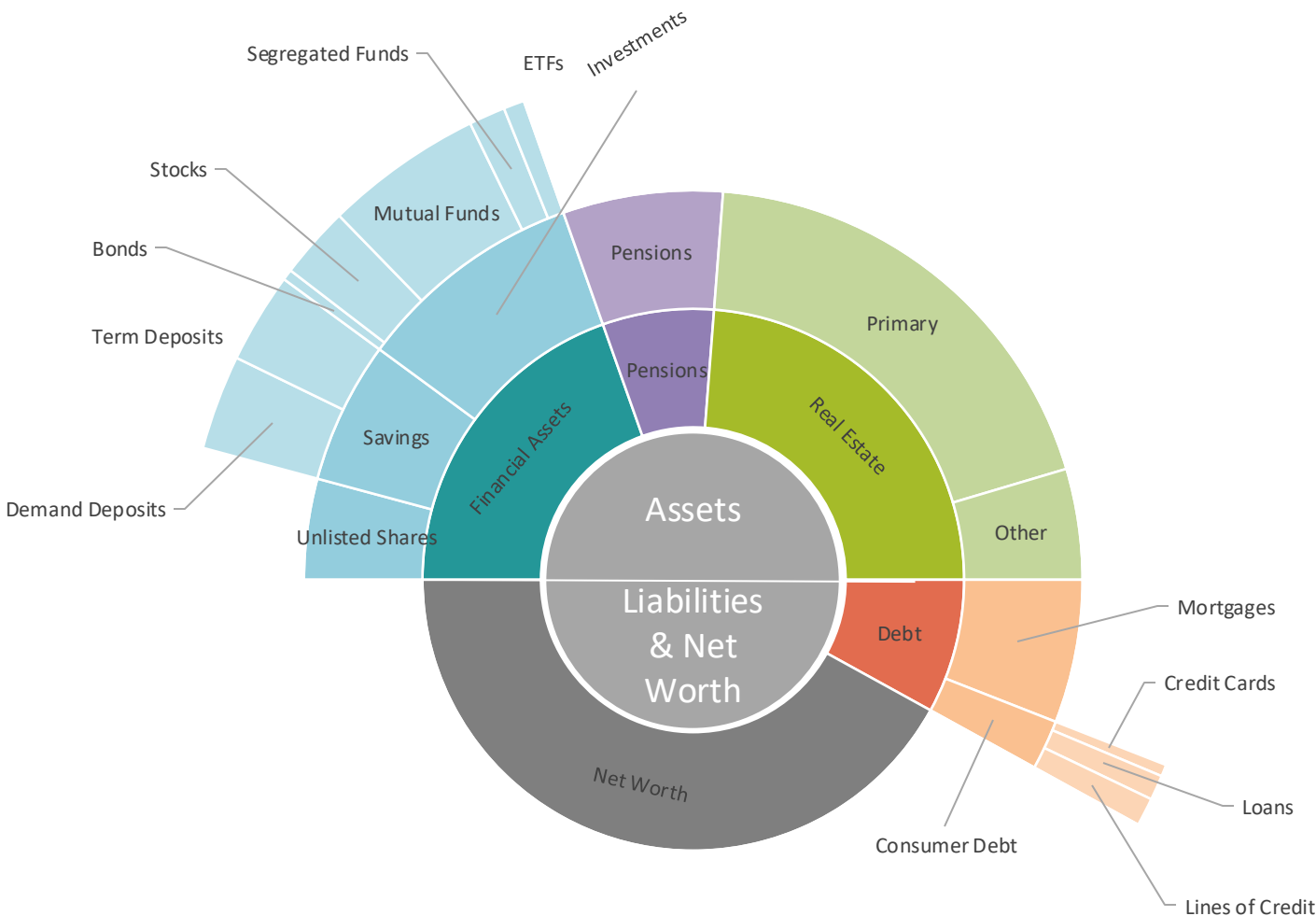
Net Worth (Exc. Pensions) Trend by Region and CMA

Net Worth by Region and Quarter
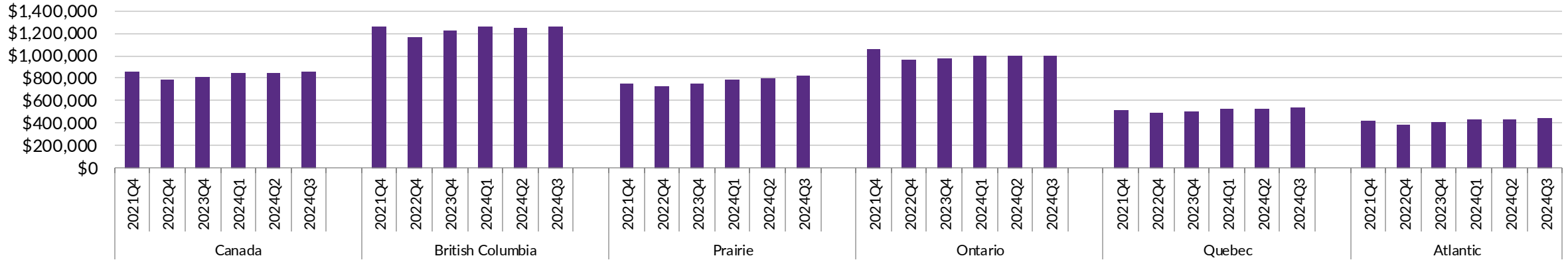
Net Worth by CMA and Quarter

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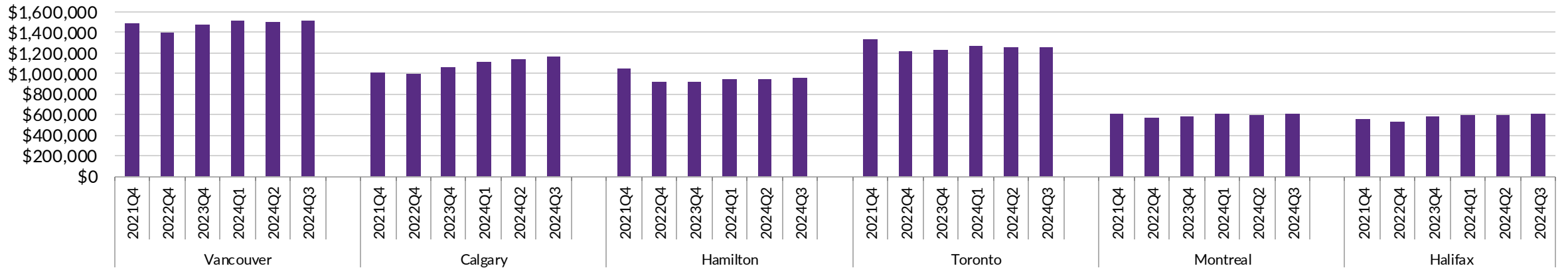
Regional Differences Between Average Household Balance Sheets

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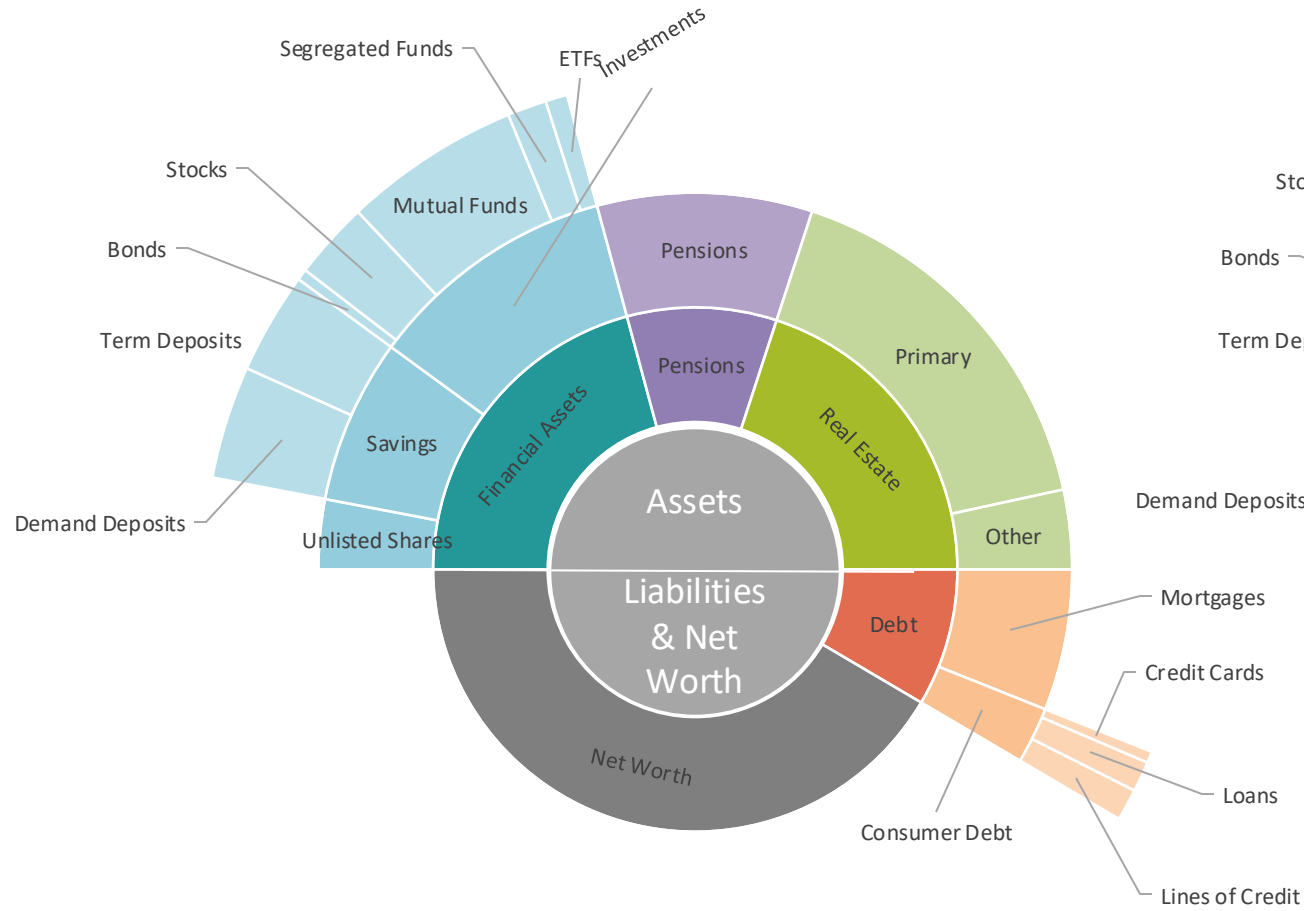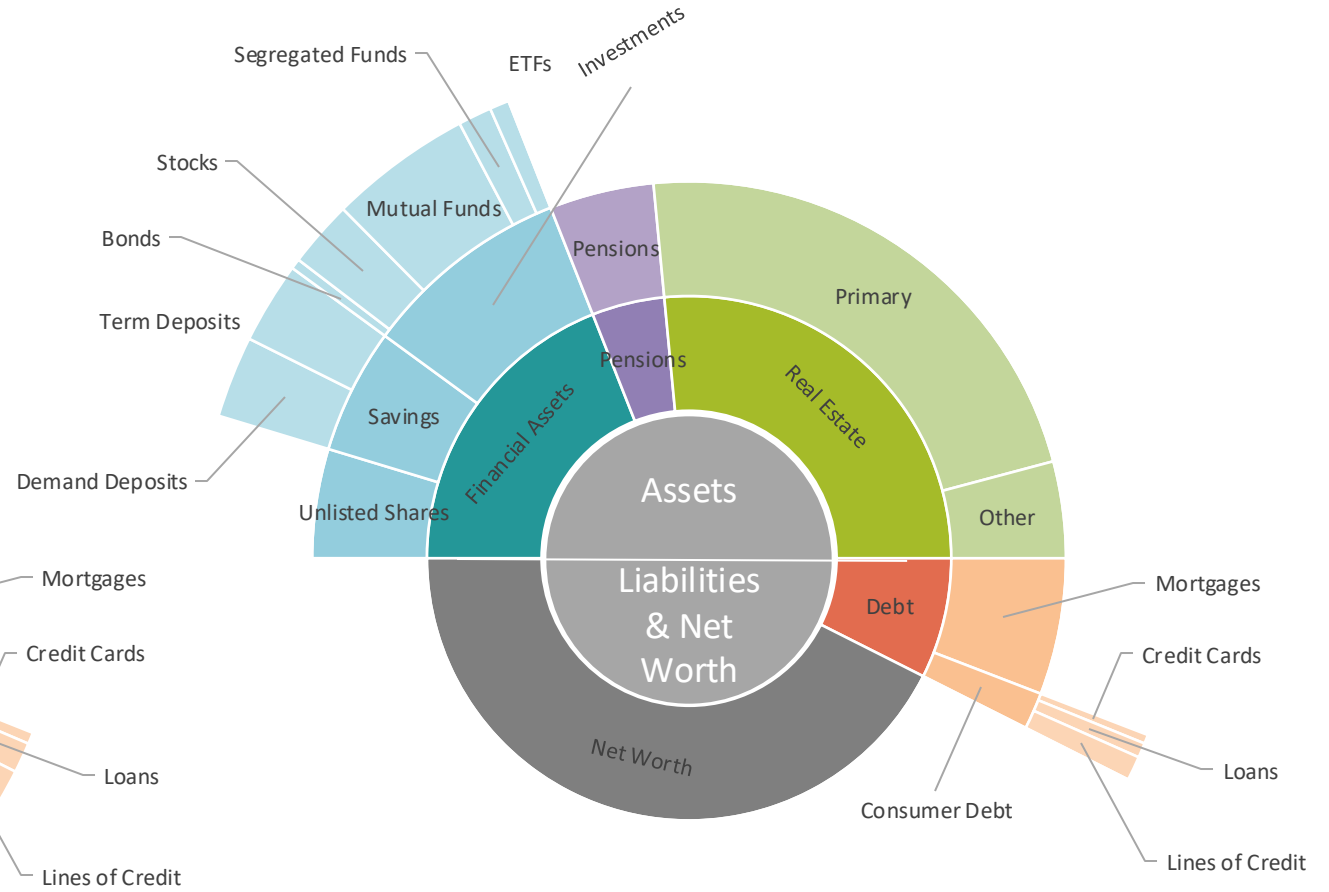
PRIZM Profiles

01 THE A-LIST

U1 URBAN ELITE — OLDER FAMILIES & EMPTY NESTS **M1**

Very wealthy cosmopolitan families and couples

67 JUST GETTING BY

U5 YOUNGER URBAN MIX — YOUNGER SINGLES & COUPLES **Y2**

Younger, low-income city singles and families
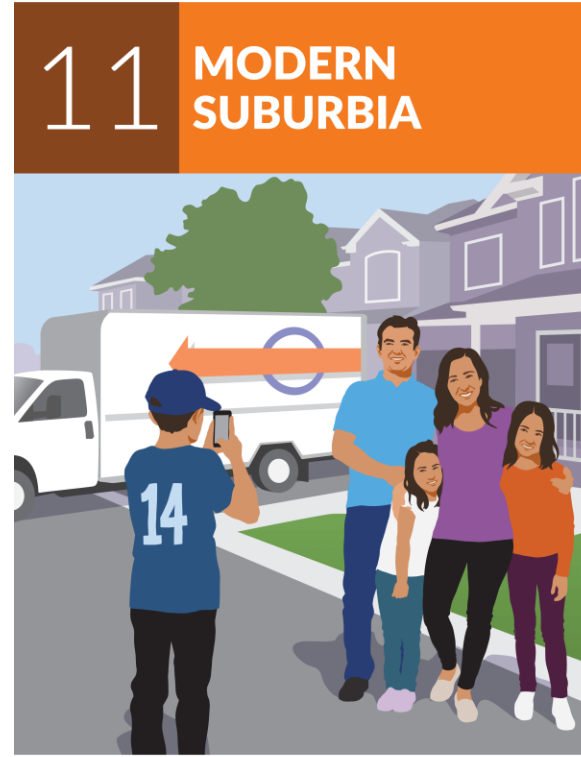
11 MODERN SUBURBIA

S2 HIGH-INCOME SUBURBAN DIVERSITY — YOUNG FAMILIES **Y3**

Multi-ethnic younger and middle-aged suburbanites

21 SCENIC RETIREMENT

S6 OLDER SUBURBAN — MATURE SINGLES & COUPLES **M2**

Older middle-income suburbanites

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Household Wealth – Contrasting PRIZM Segments

A-List (Net Worth 3 million)
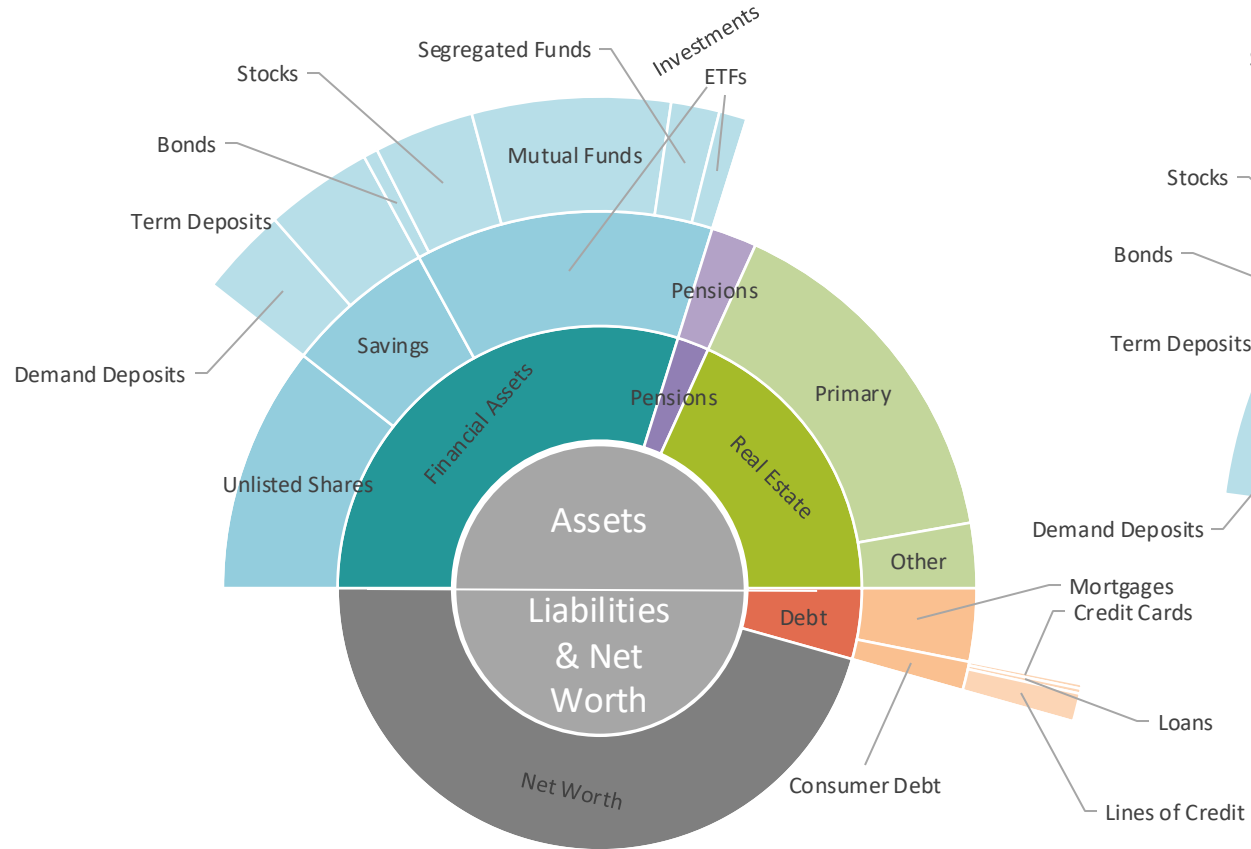
Just Getting By (Net Worth 300k)

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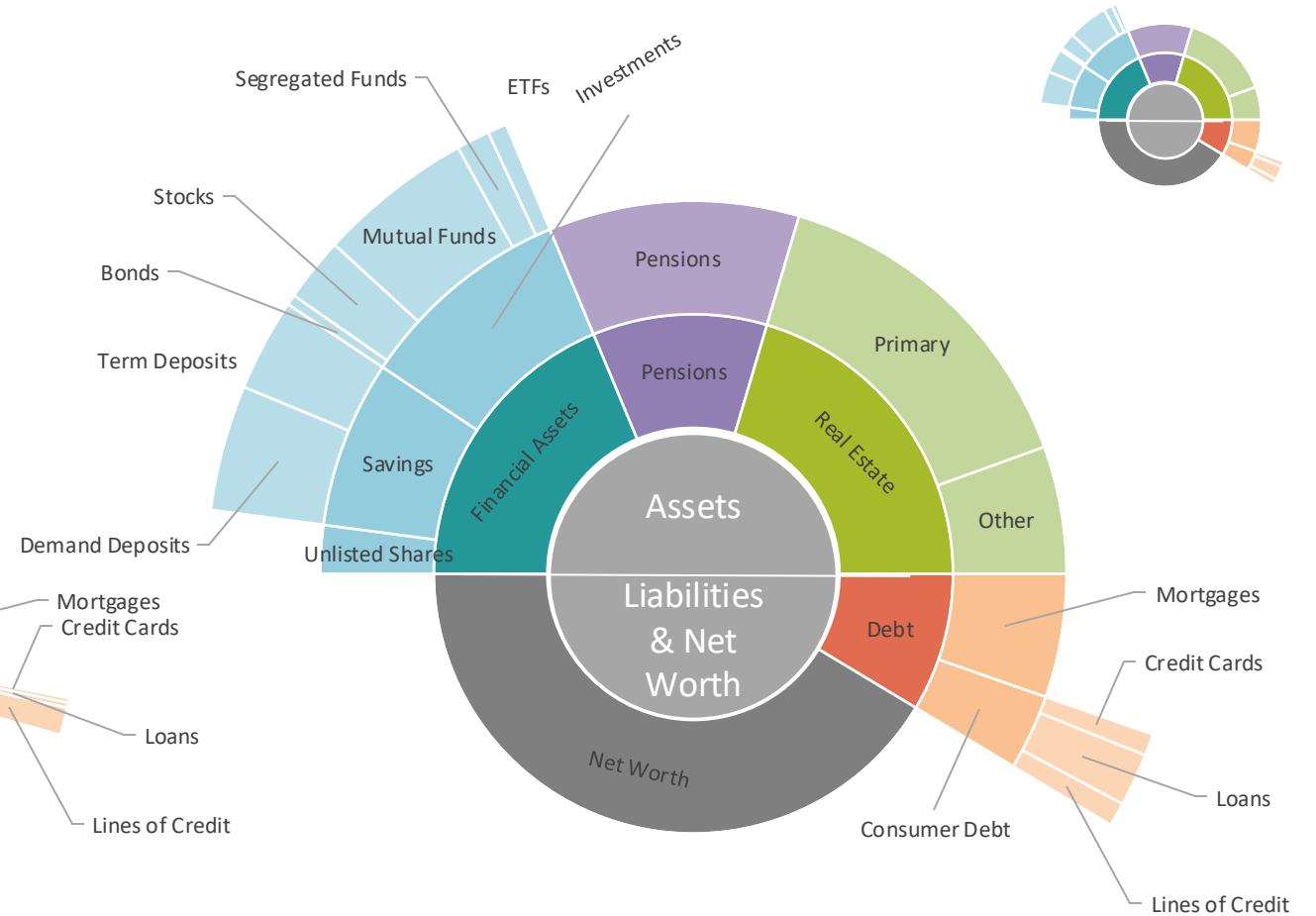
Household Wealth – Contrasting PRIZM Segments

Modern Suburbia

Scenic Retirement

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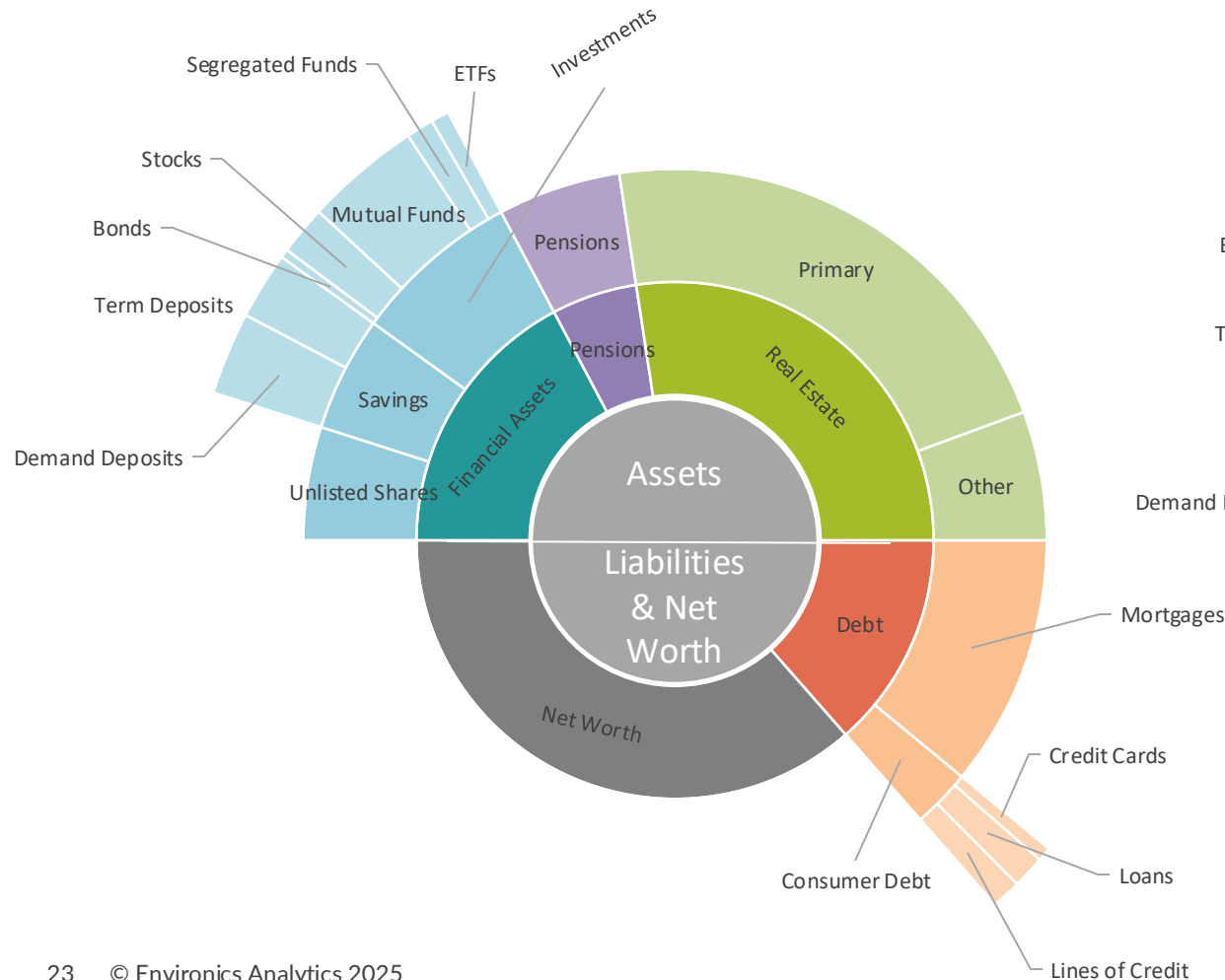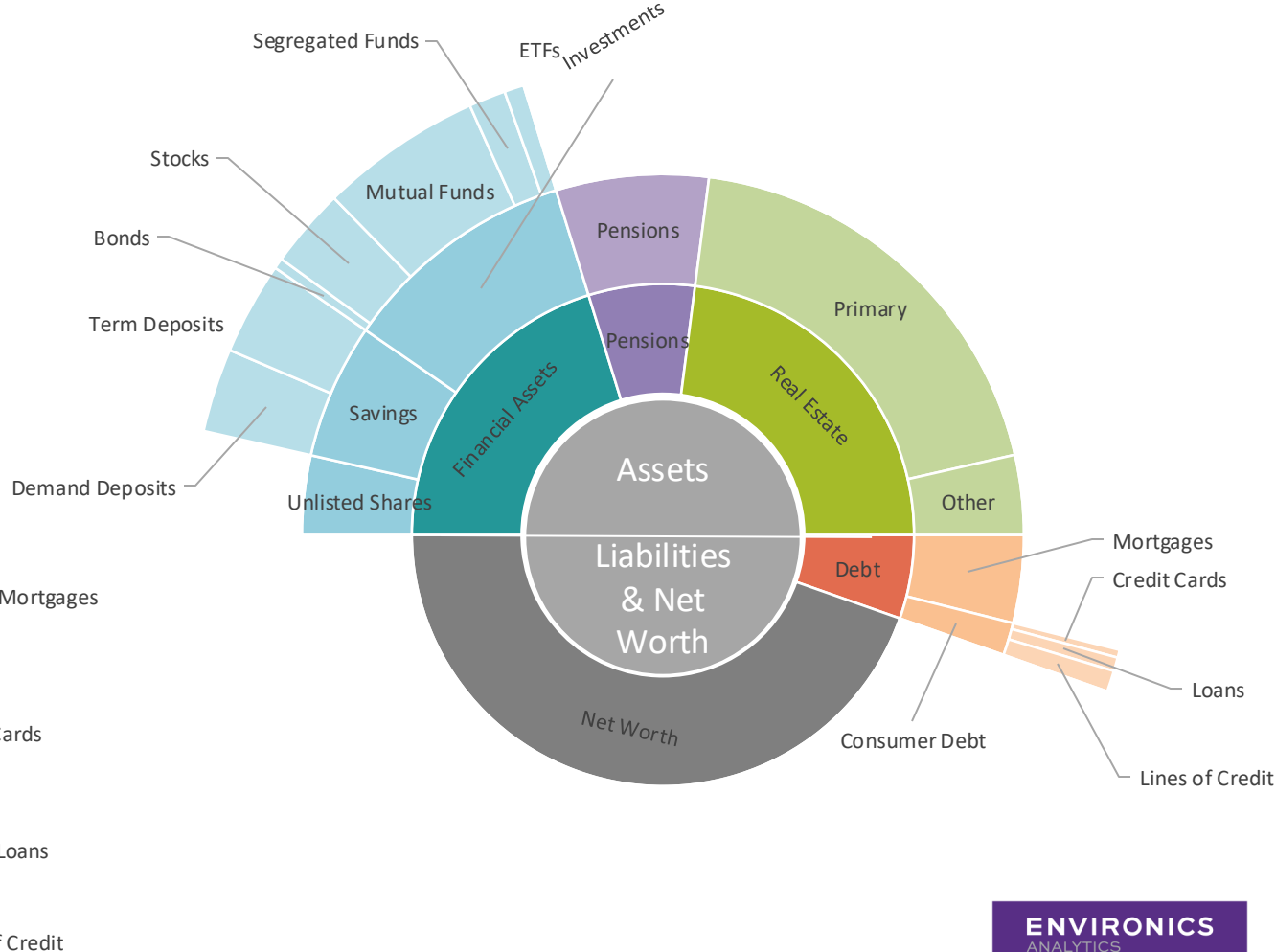
Household Wealth – Contrasting PRIZM Segments By Region

The A-list (BC)

The A-list (AB)

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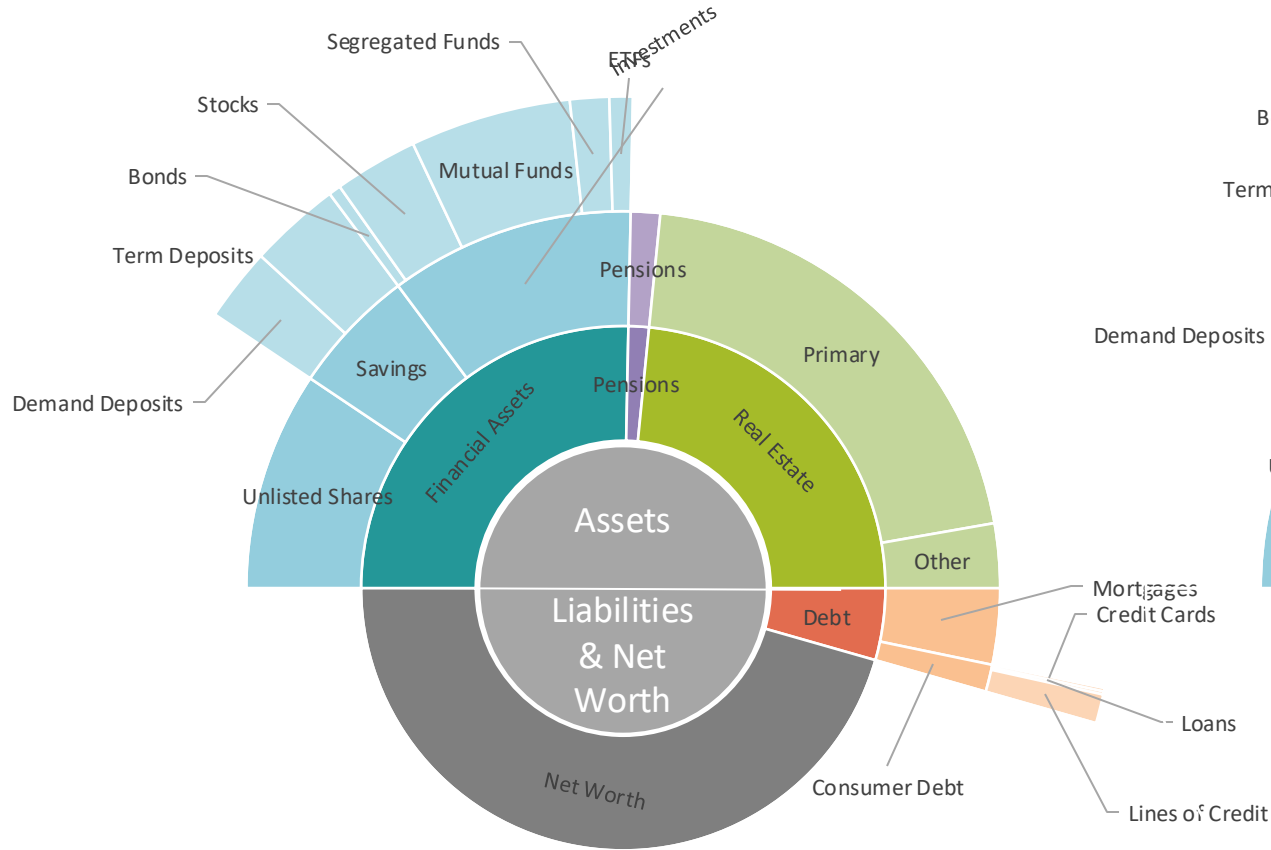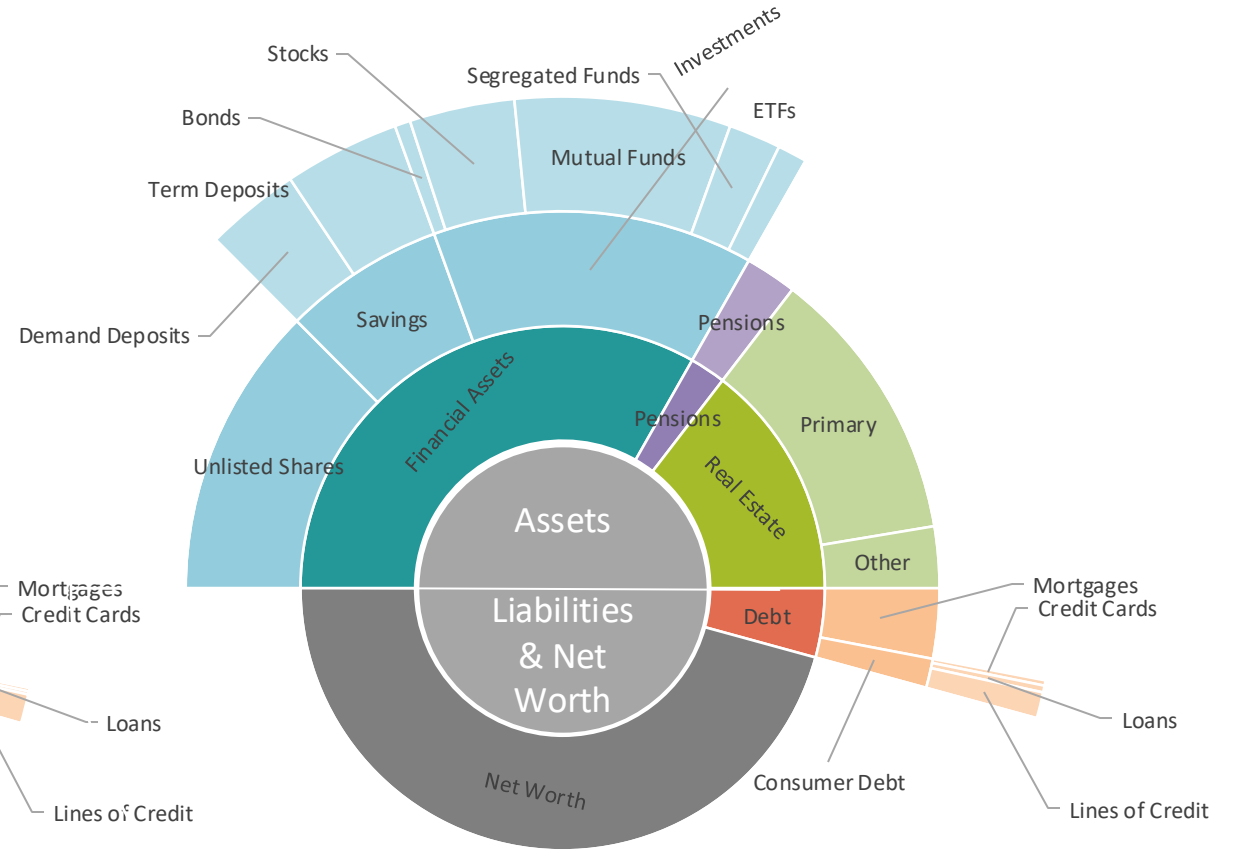
Household Wealth – Contrasting PRIZM Segments By Region

Just Getting By (BC)
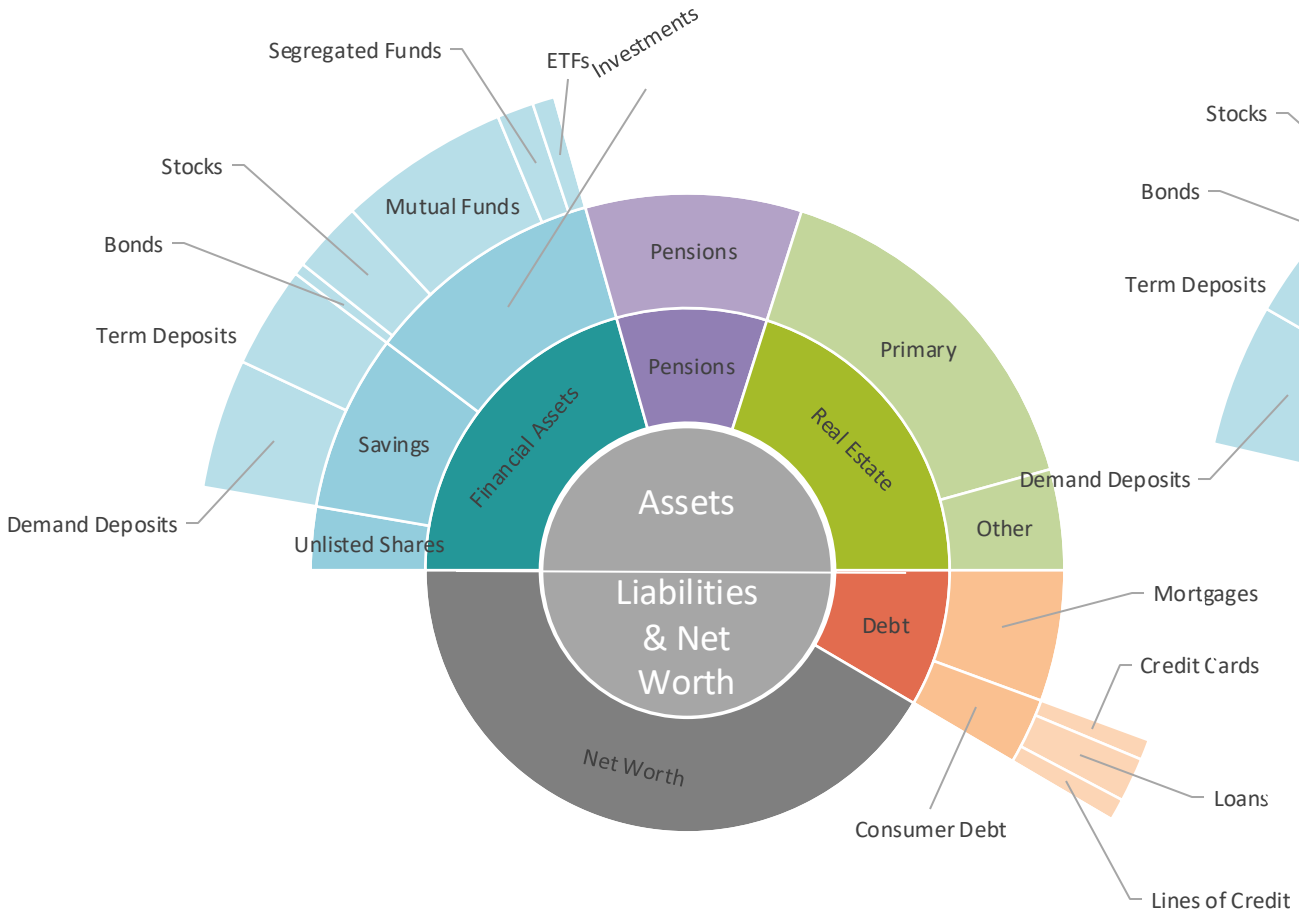
Just Getting By (AB)
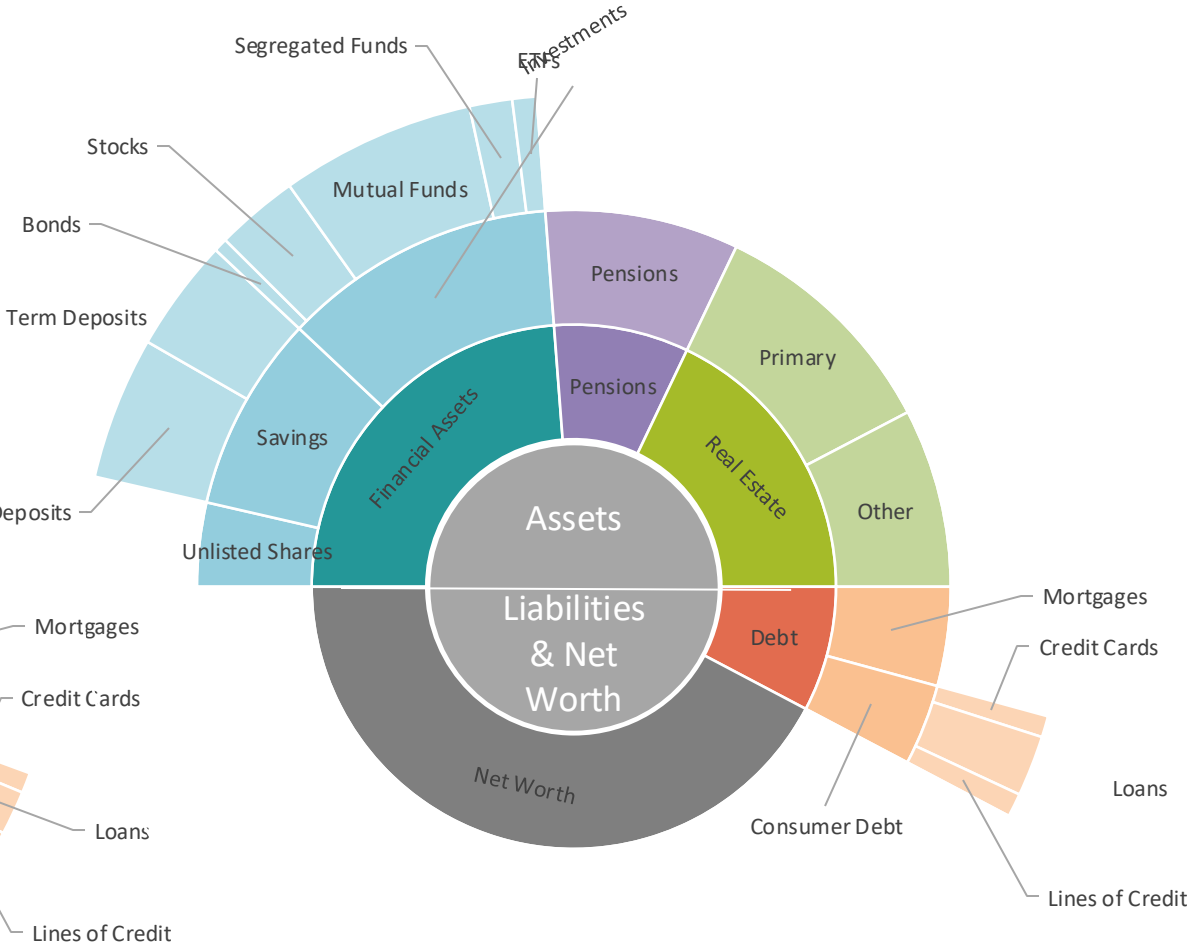
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Household Wealth – Contrasting PRIZM Segments By Region

Modern Suburbia (BC)

Modern Suburbia (AB)

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Household Wealth – Contrasting PRIZM Segments By Region

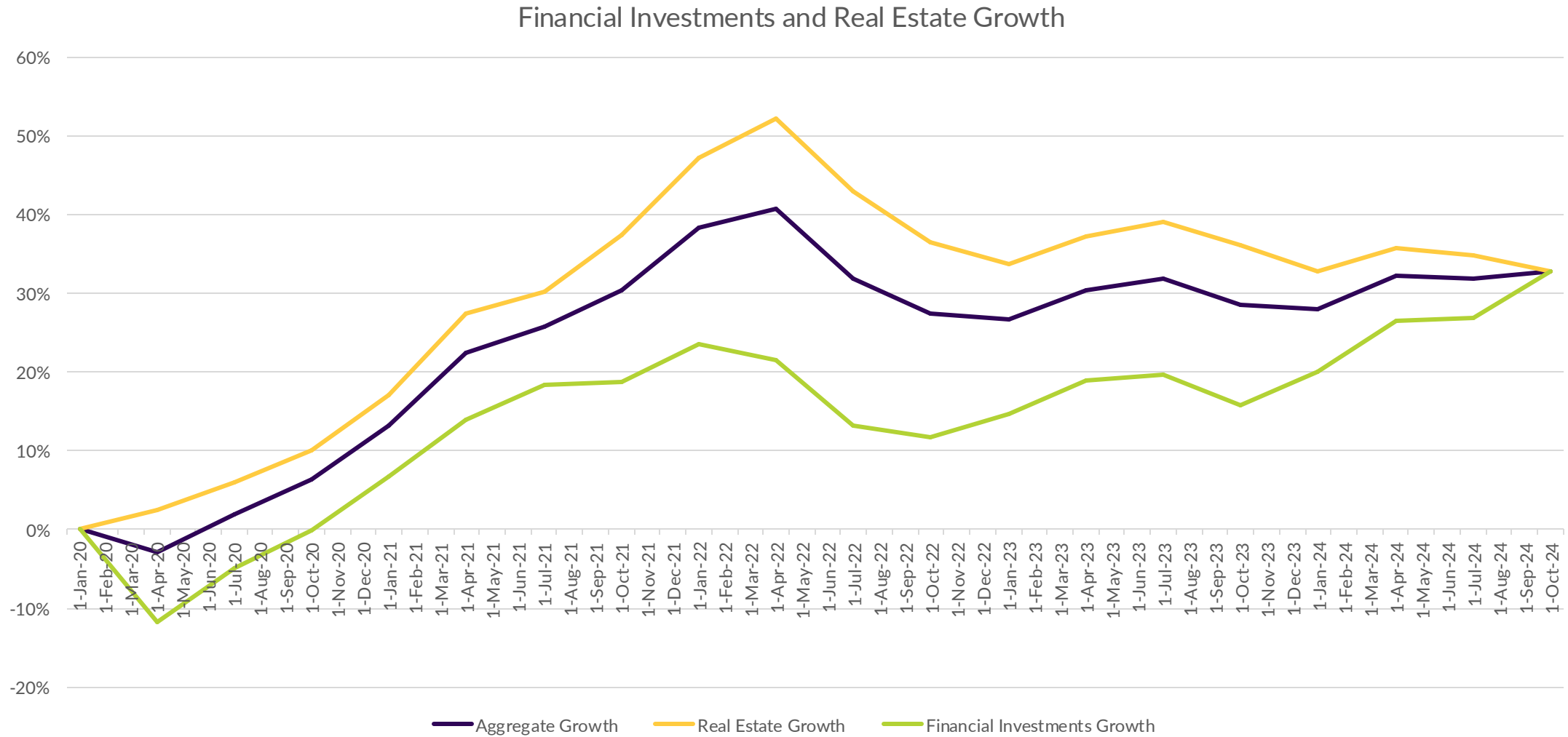Scenic Retirement (BC)

Scenic Retirement (AB)
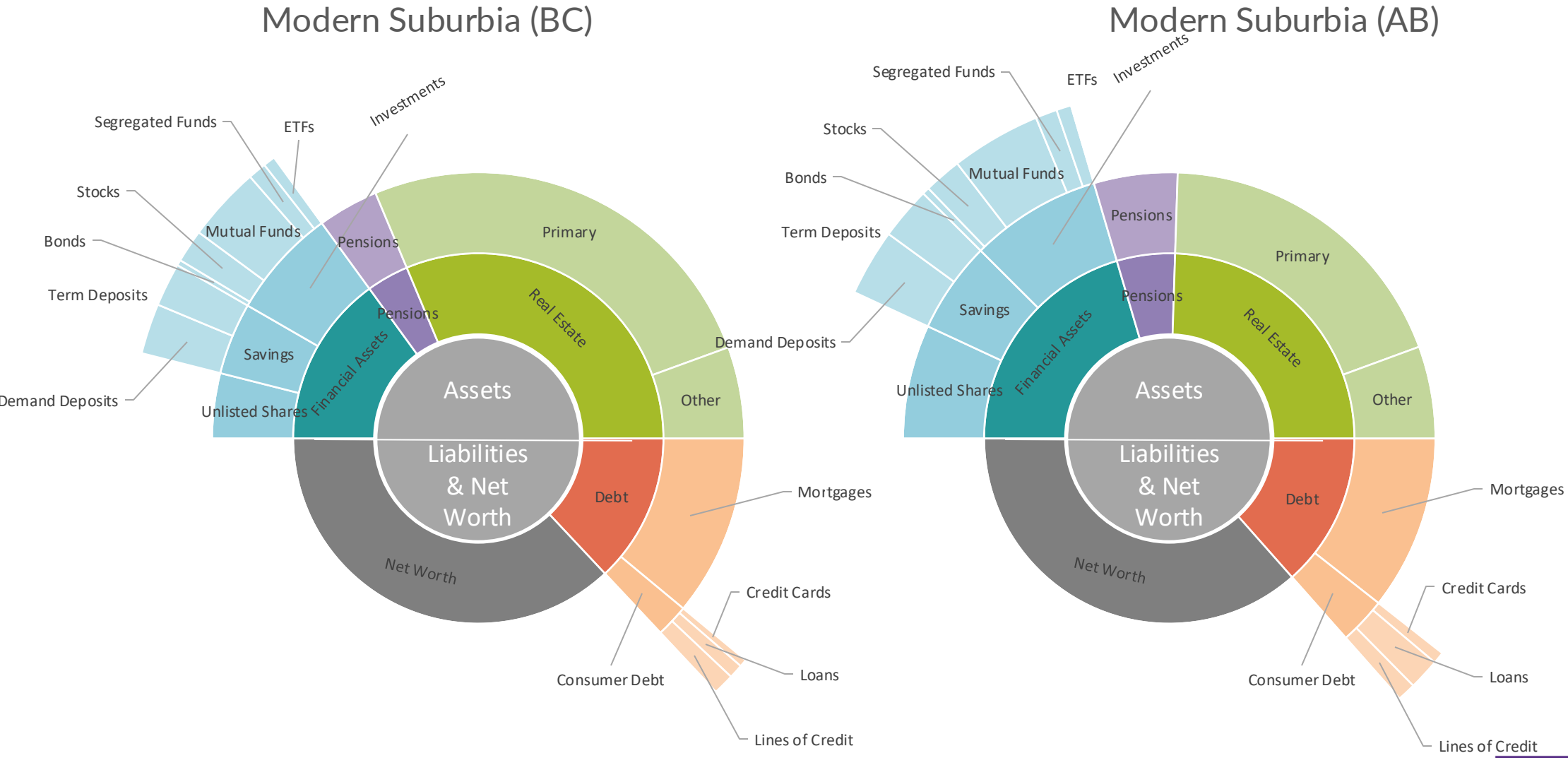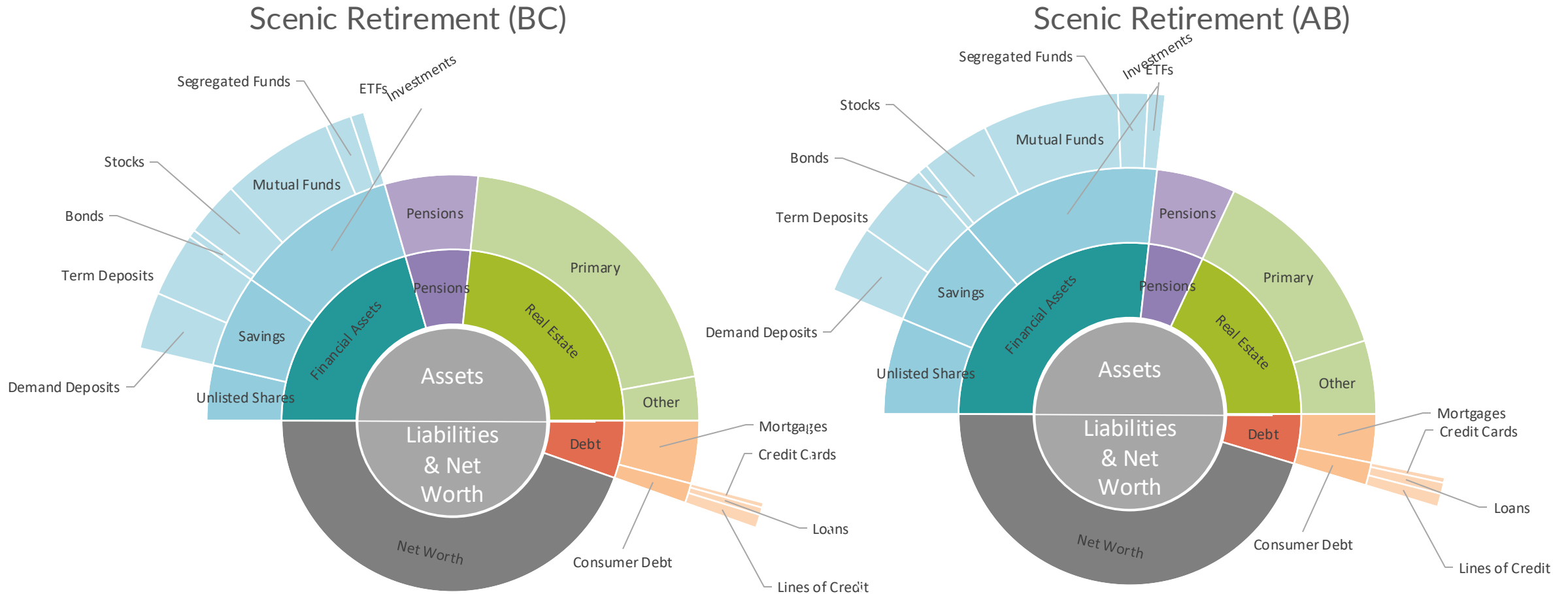
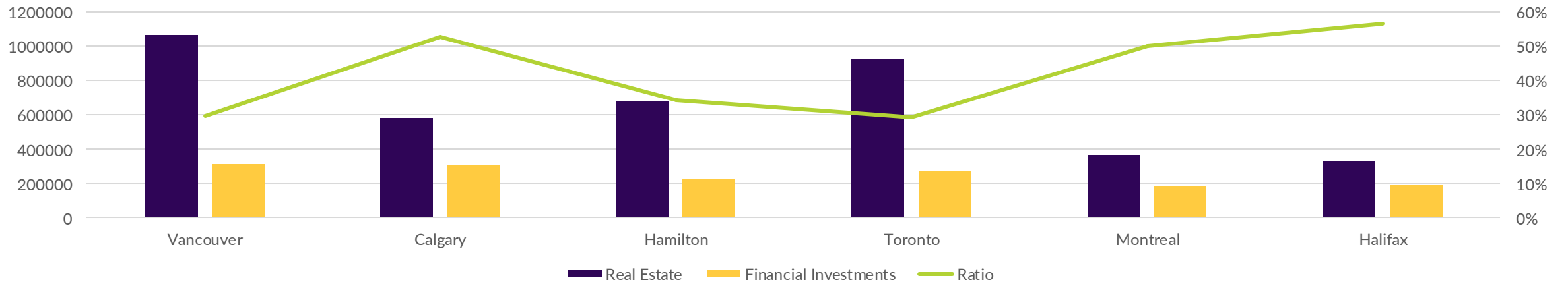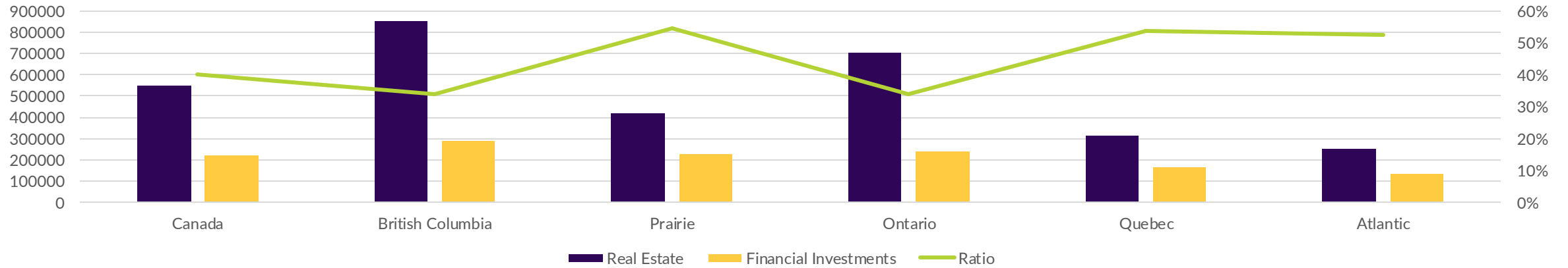# Question 1: Impact of Recent Financial and Real Estate Asset Moves

Differential Impact Stratified by Affluence

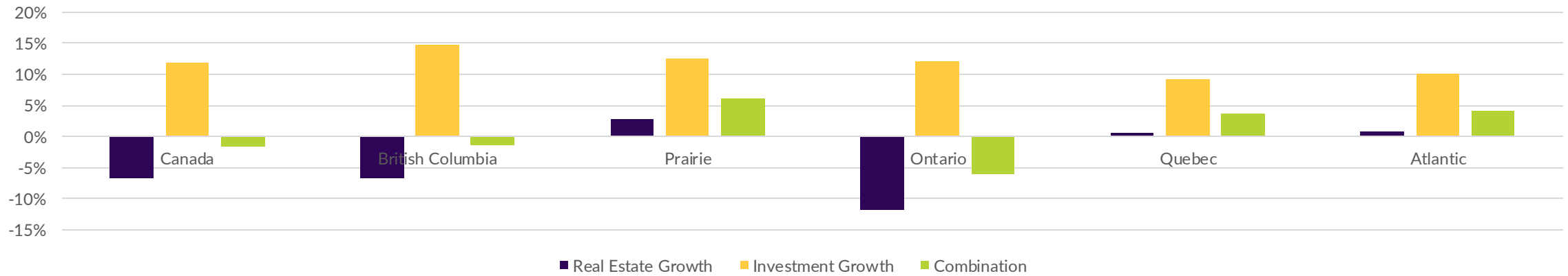# Financial Investment Growth Catches up to Real Estate

Financial Investments and Real Estate Growth

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Investments Across Regions and CMAs

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Real Estate Losses Versus Investments Growth By Region and CMA

Percent Change 2021Q4 to 2024Q3

Real Estate Growth • Investment Growth • Combination

Percent Change 2021Q4 to 2024Q3

Real Estate Growth • Investment Growth • Combination
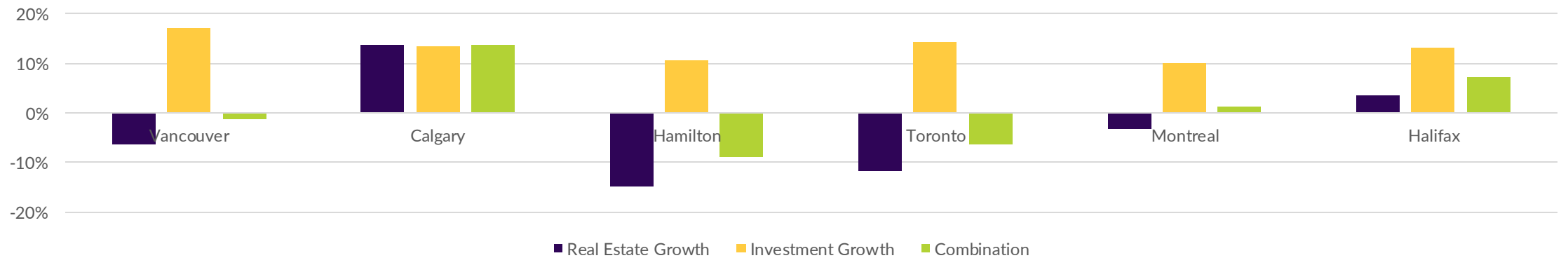
Mapped: Ratio of Investments to Real Estate

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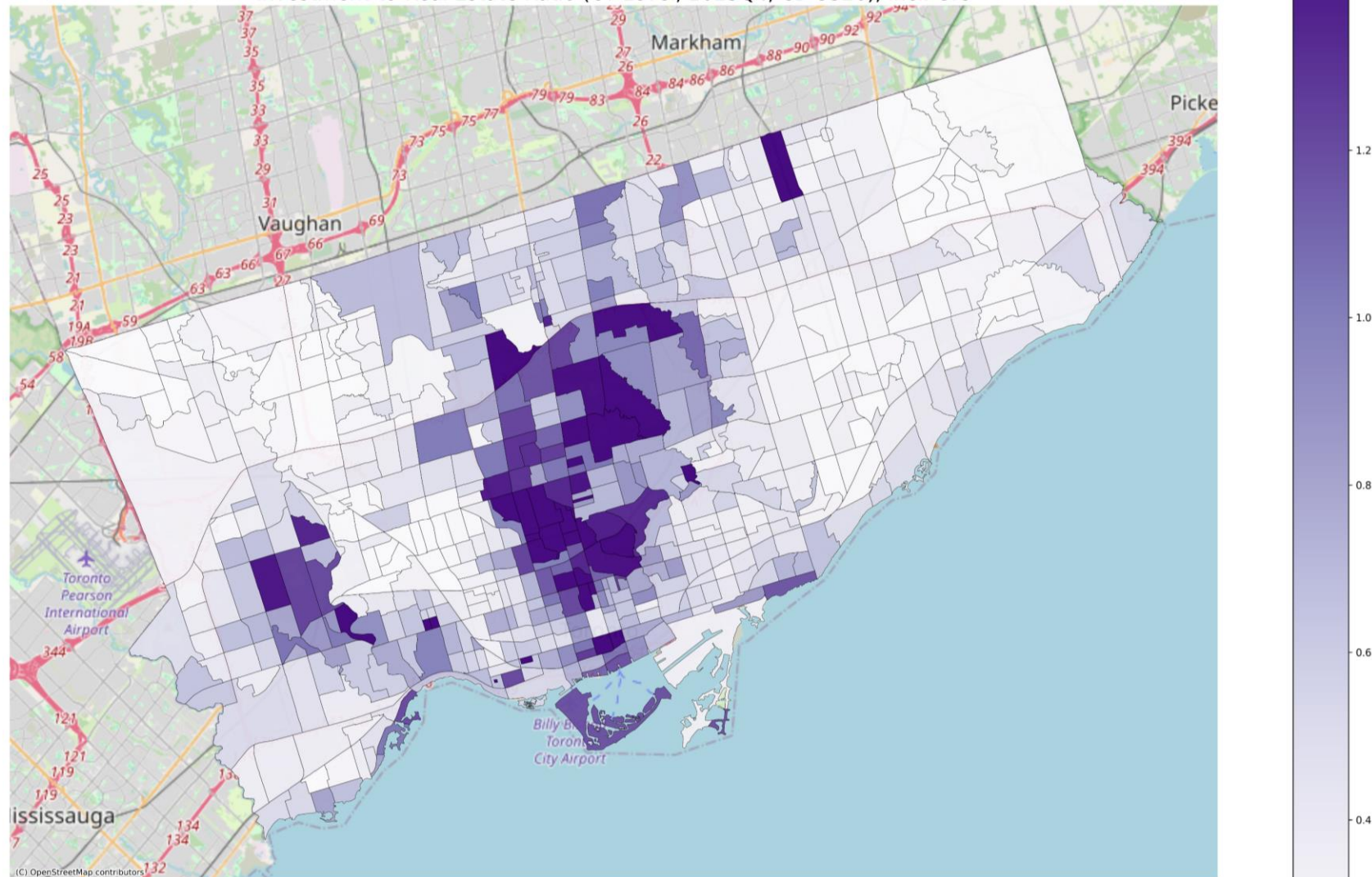
Mapped: Growth of Investments and Real Estate
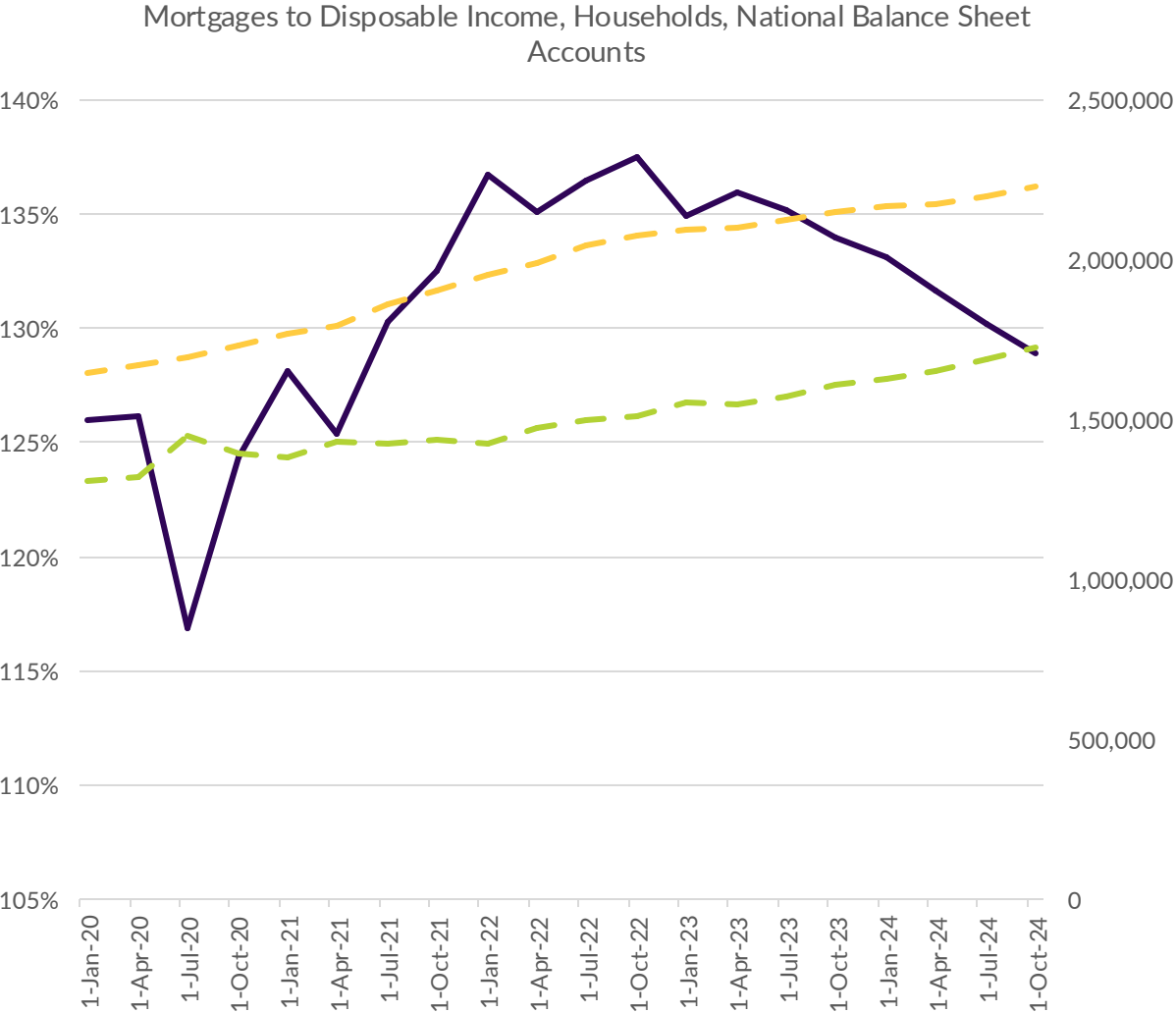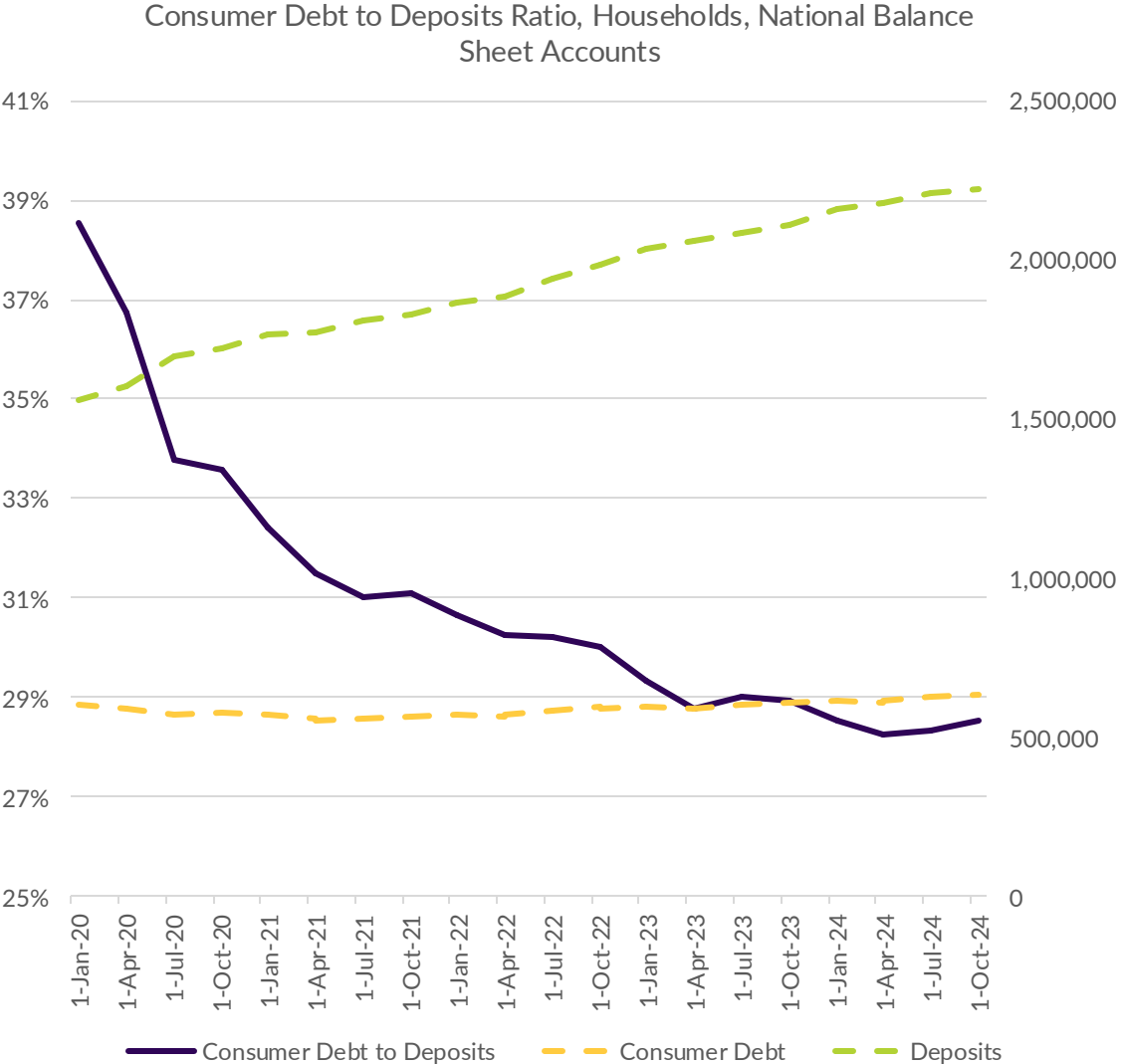

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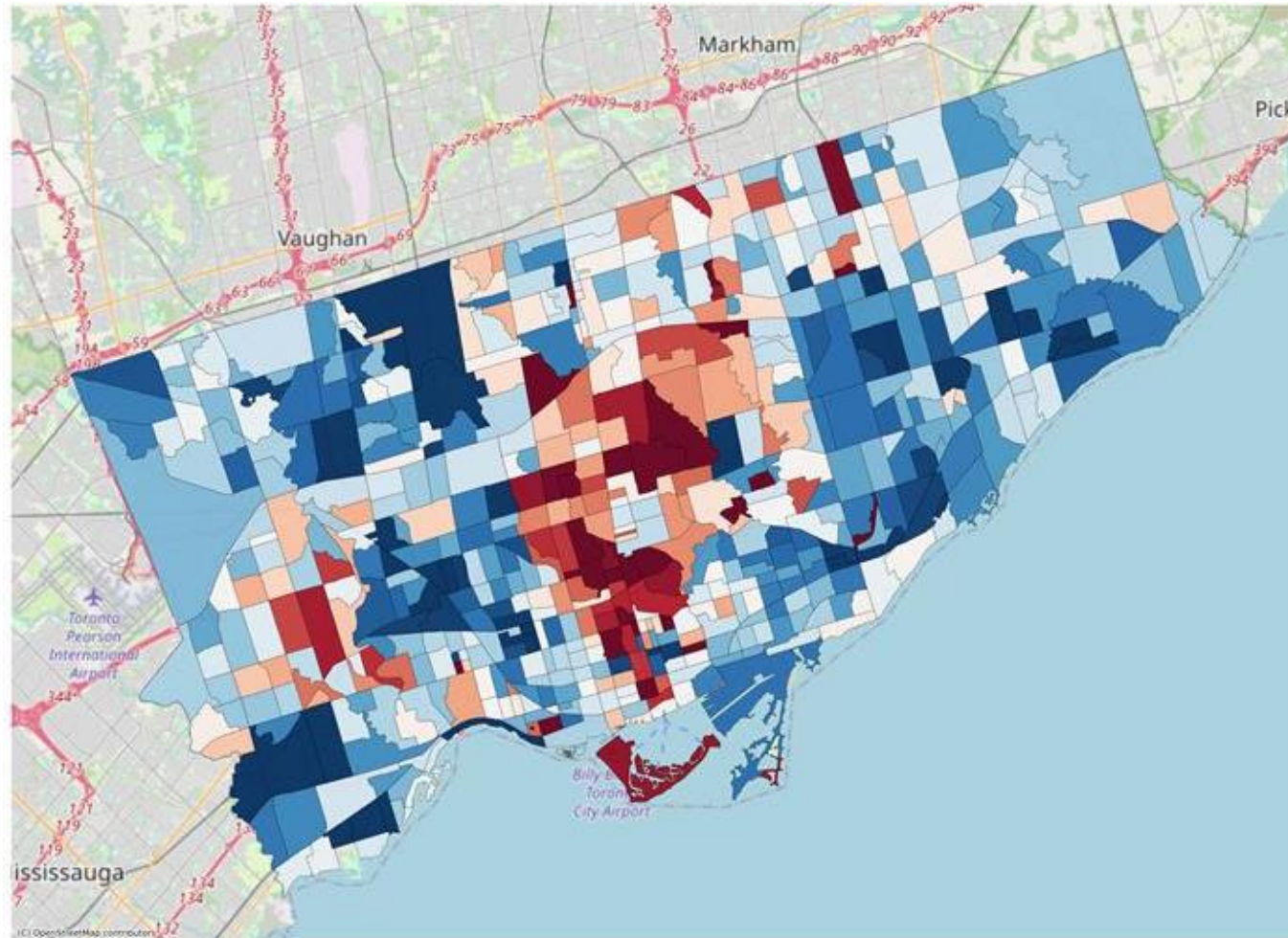
Question 2: How is financial strain showing

Liquidity Risk and Mortgage Debt Burden

The Best Macroeconomic View For Insights

Consumer Debt to Deposits Ratio, Households, National Balance Sheet Accounts

Legend: Consumer Debt to Deposits — Consumer Debt — Deposits

Mortgages to Disposable Income, Households, National Balance Sheet Accounts
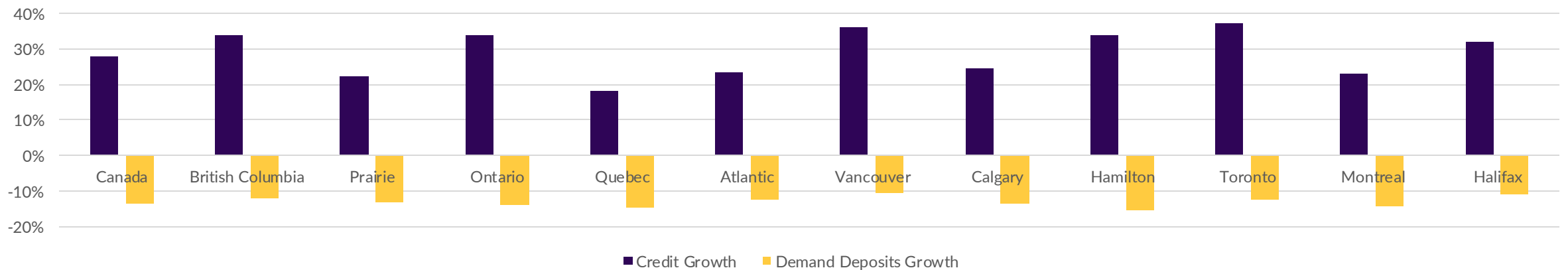
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Examining Credit Card versus Demand Deposits by Region and CMA

Credit Card Debt to Demand Deposits
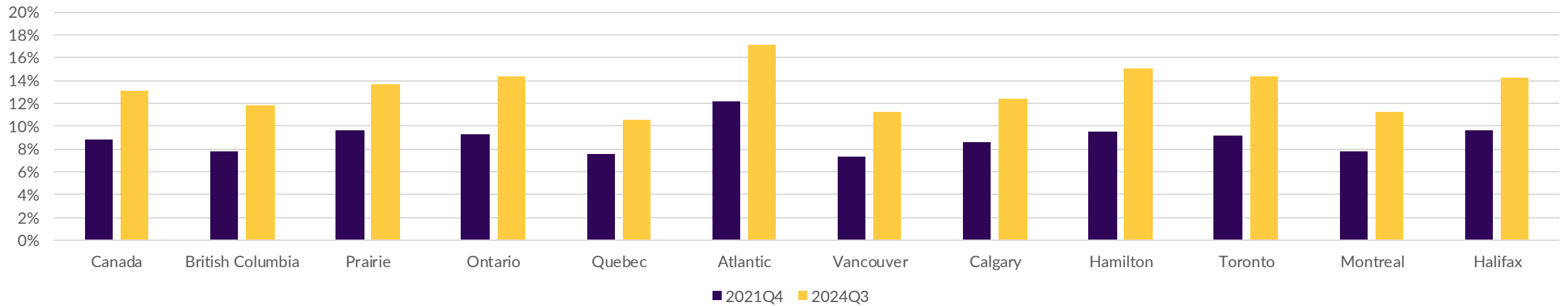
Legend: ■ 2021Q4 ■ 2024Q3

2021Q4 to 2024Q3 Growth

Legend: ■ Credit Growth ■ Demand Deposits Growth

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Mapped: Credit Card Debt to Demand Deposits

Credit Card debt to Demand Deposits Ratio

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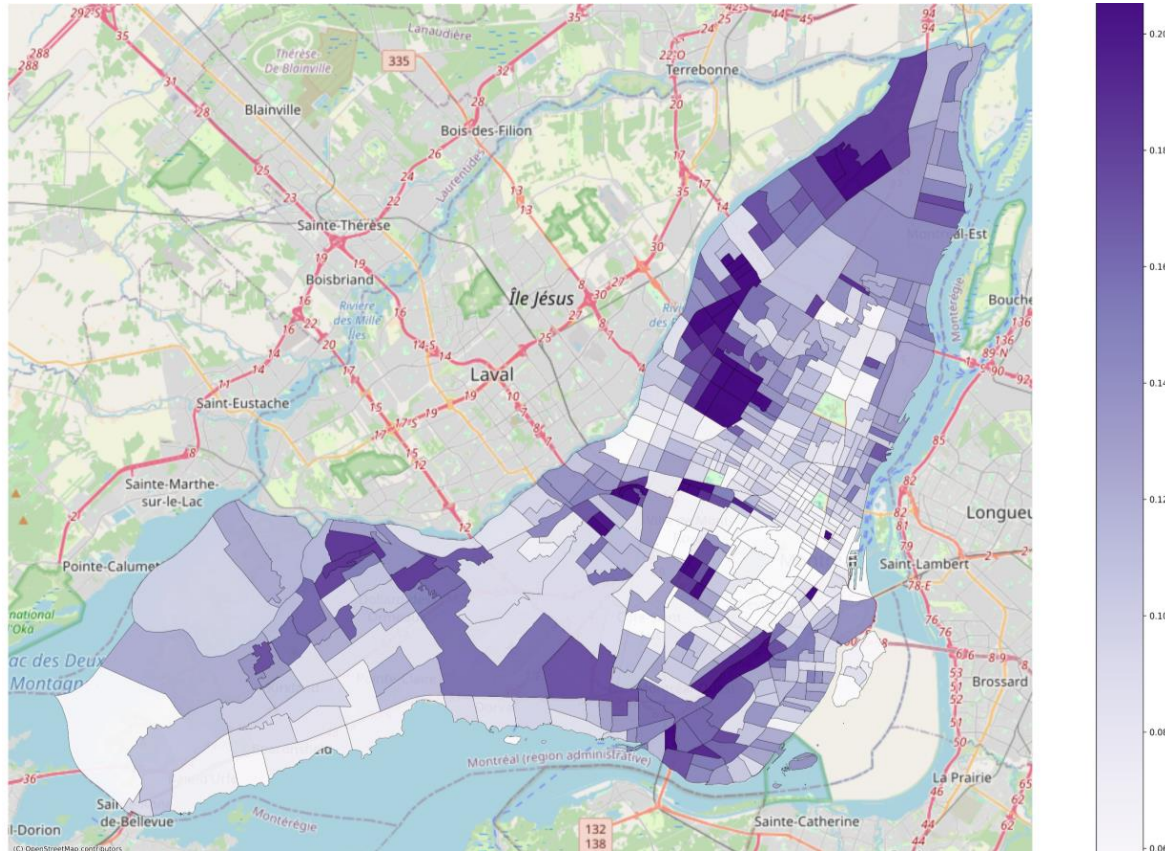
Mapped: Credit Card Debt to Demand Deposits

Credit Card debt to Demand Deposits Ratio

Change 2021Q4 to 2024Q3

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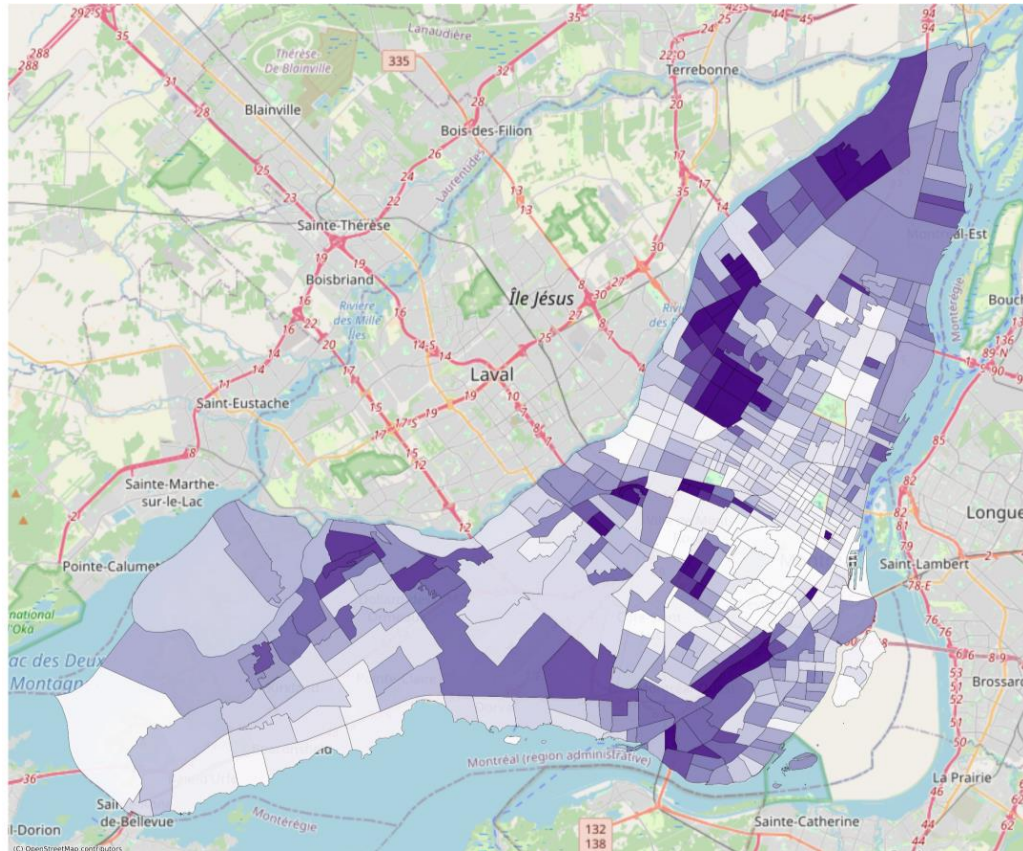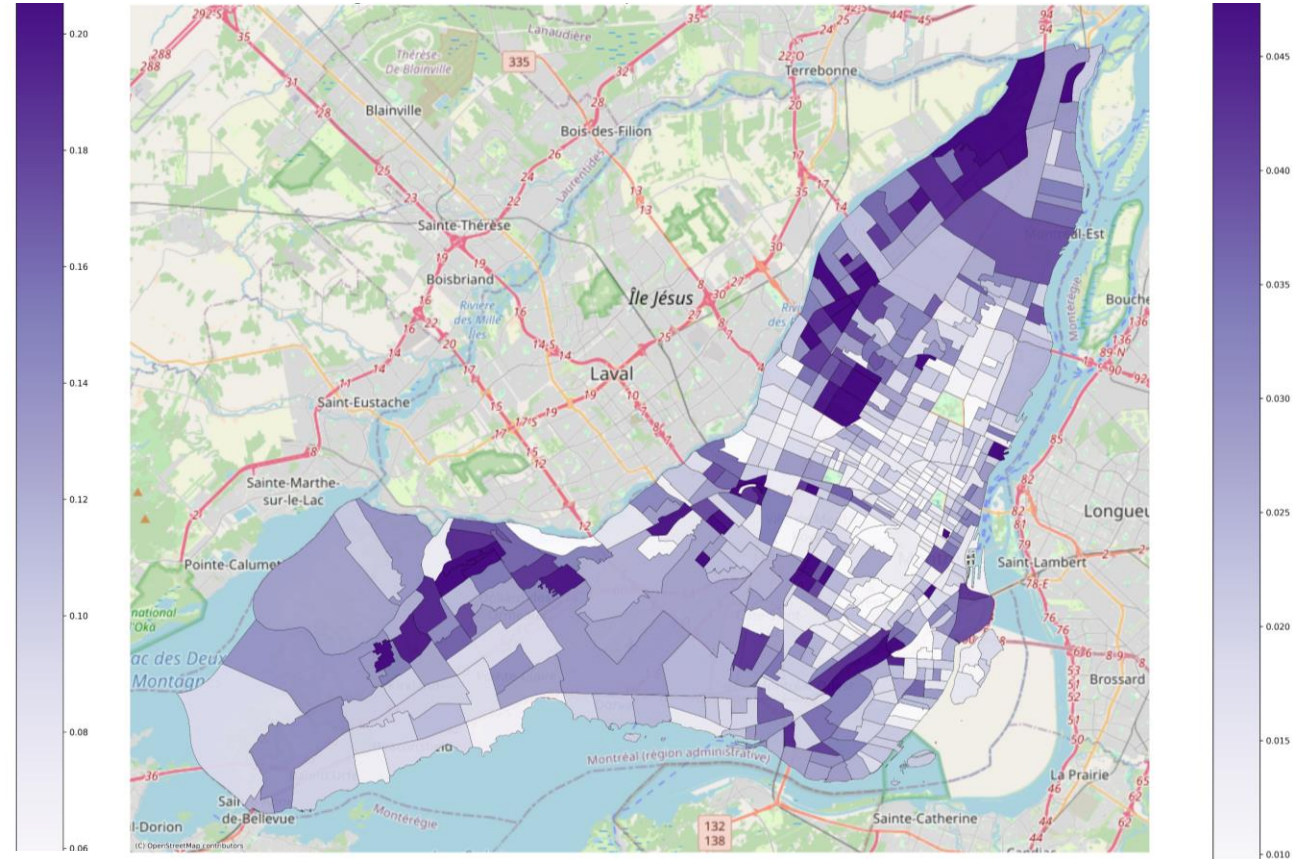
Mapped: Side by Side Risk Factors

Credit Card Debt to Demand Deposits
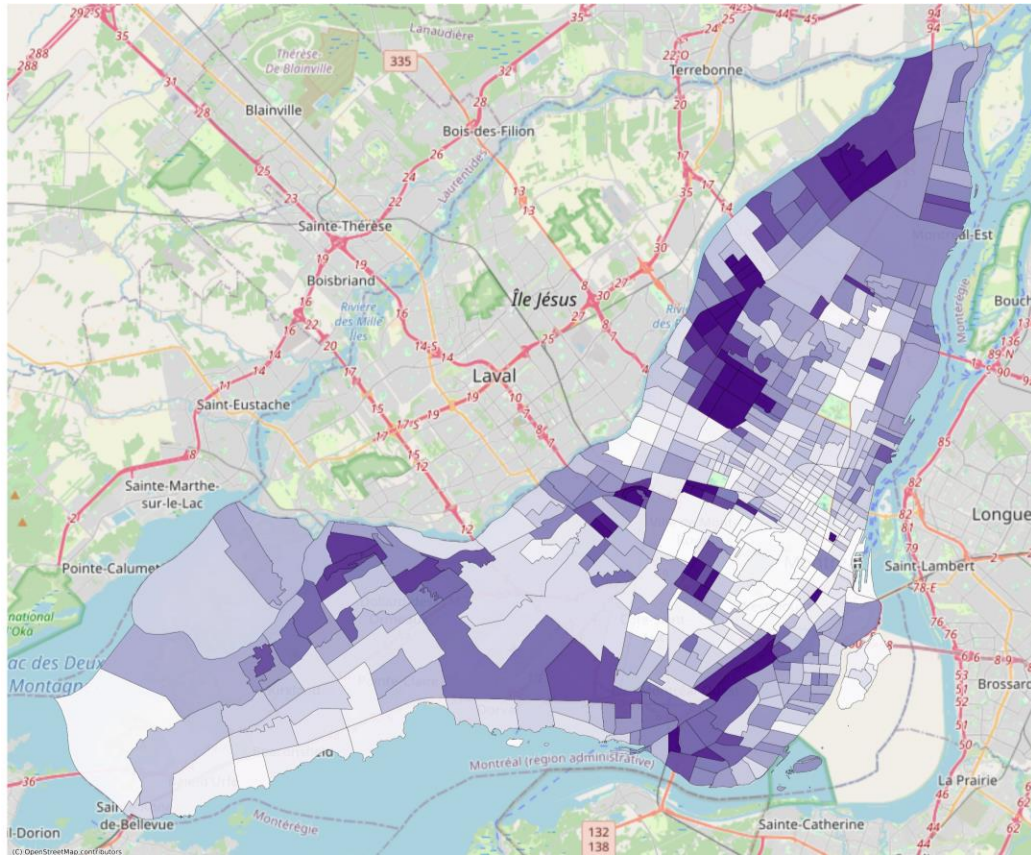
Mortgage Debt to Disposable Income

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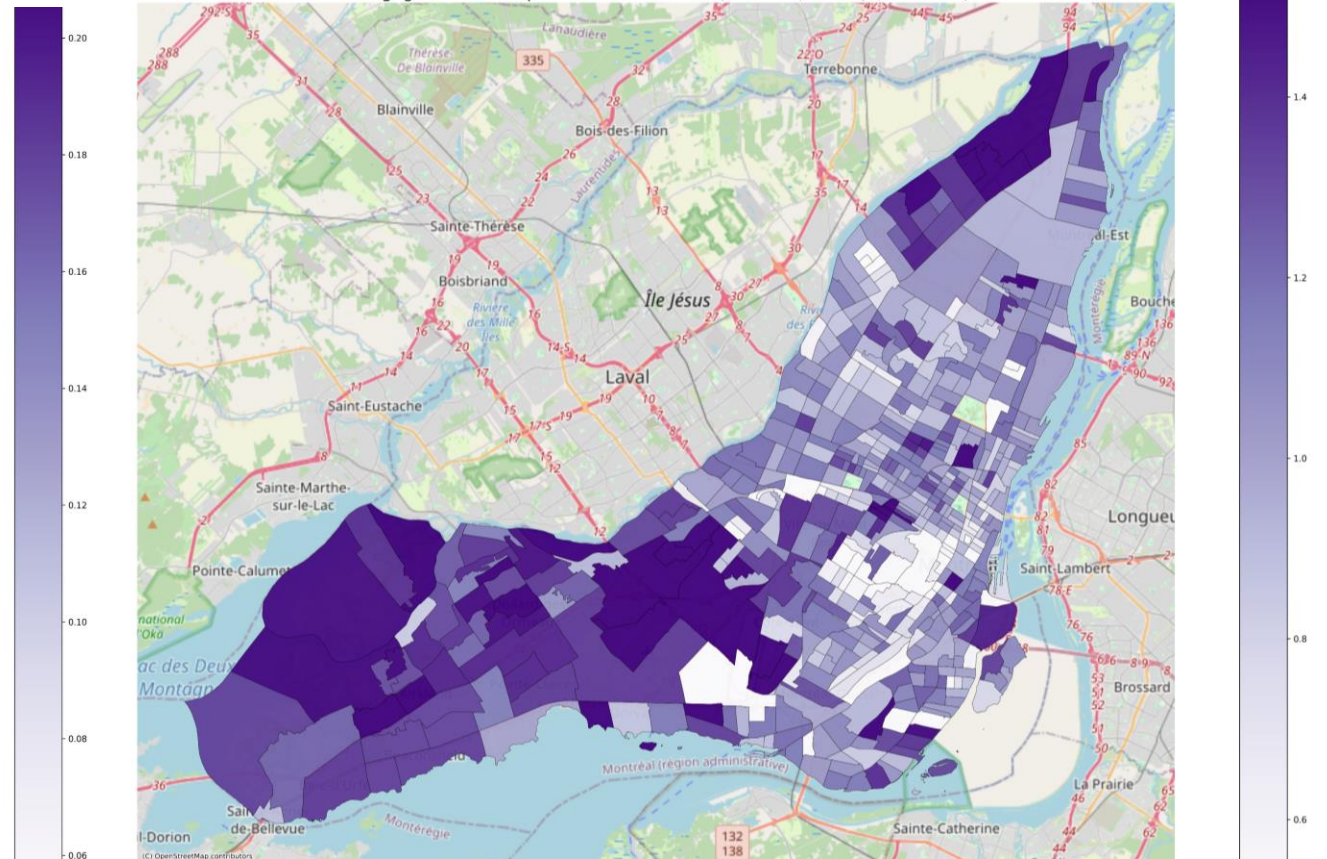
Question 3: Tracking Generational Wealth

The evolving wealth of Boomers and Millenials

Distribution of Financial and Liquid Assets Across Age Groups

Average Family Financial Assets, Excluding Employer Pensions, SFS

Average Household Liquid Assets By Age, LiquidAssets

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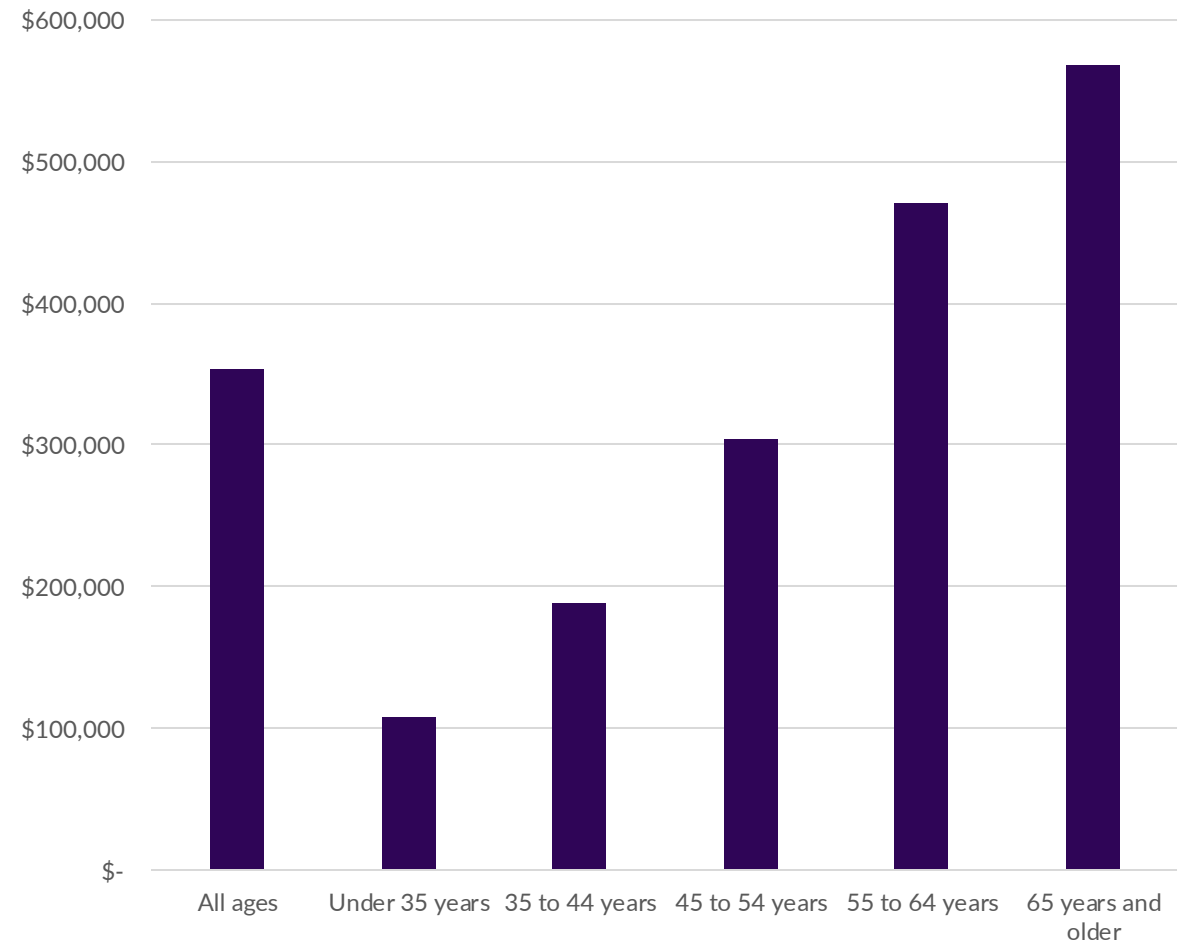
Exploring the distribution of Liquid Assets Within Age Groups

Liquid Assets, Household Age 35 to 45

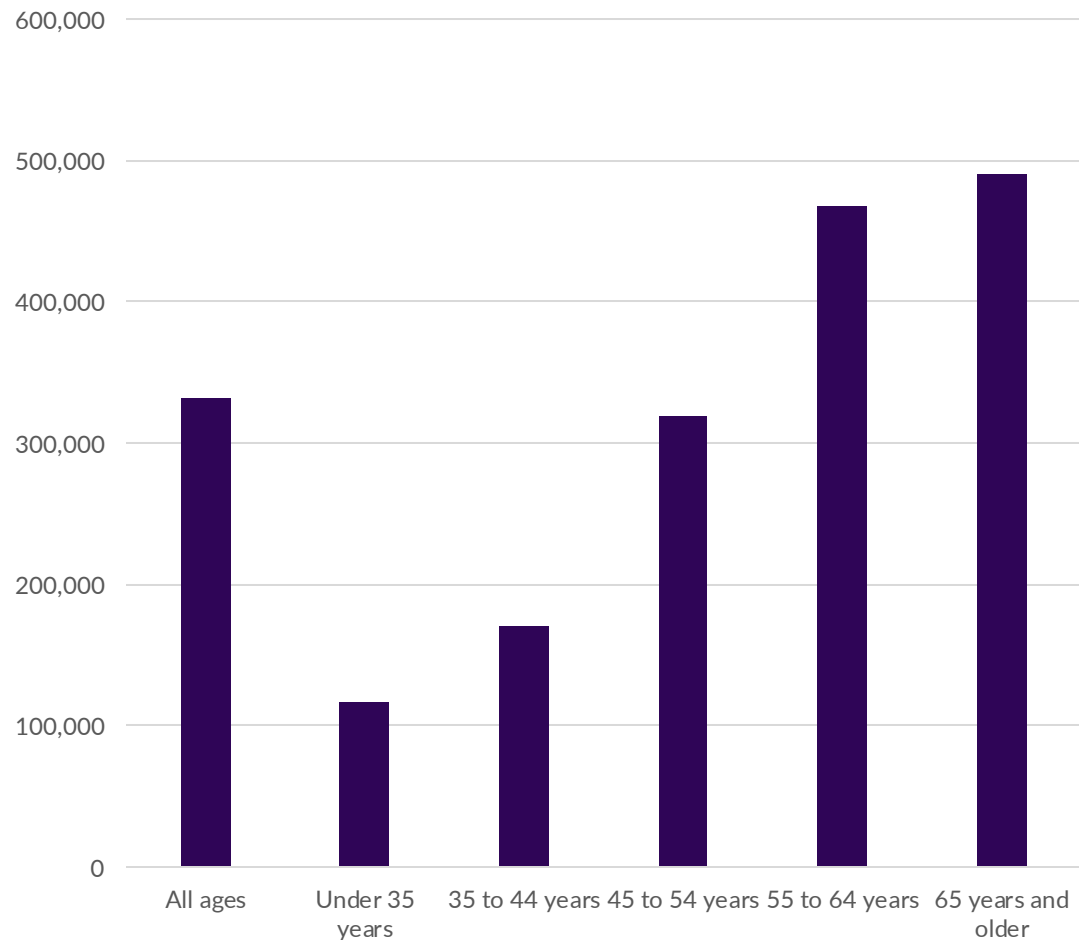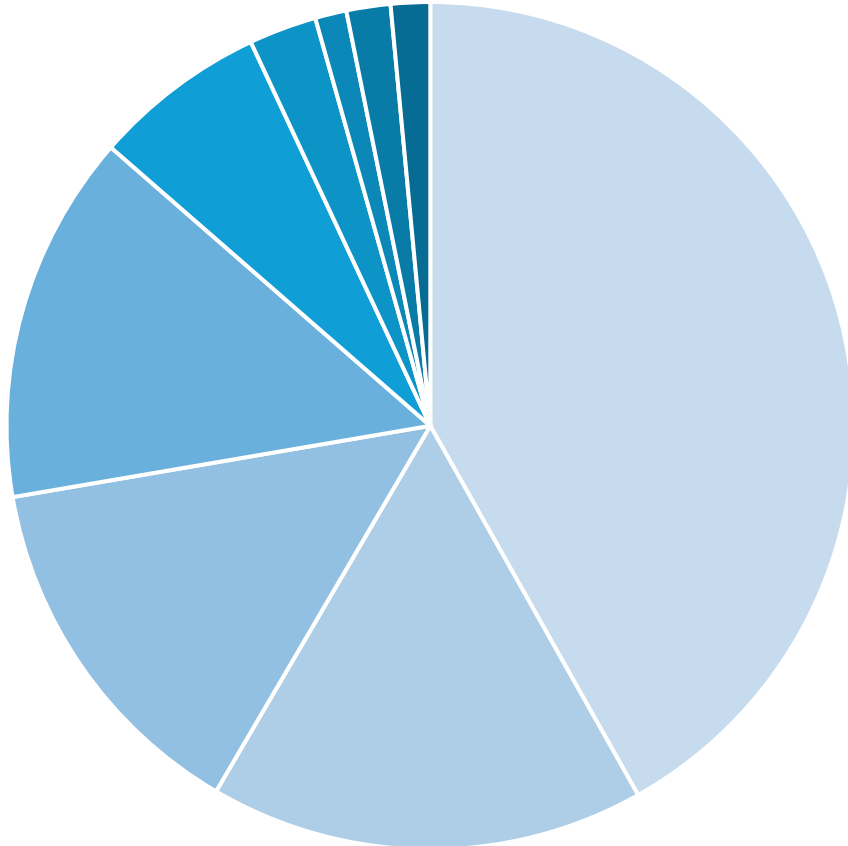Legend: <20k | 20k to 50k | 50k to 100k | 100k to 250k | 250k to 500k | 500k to 750k | 750k to 1mil | 1mil to 2mil | >2mil

Liquid Assets, Household Age 65 to 75
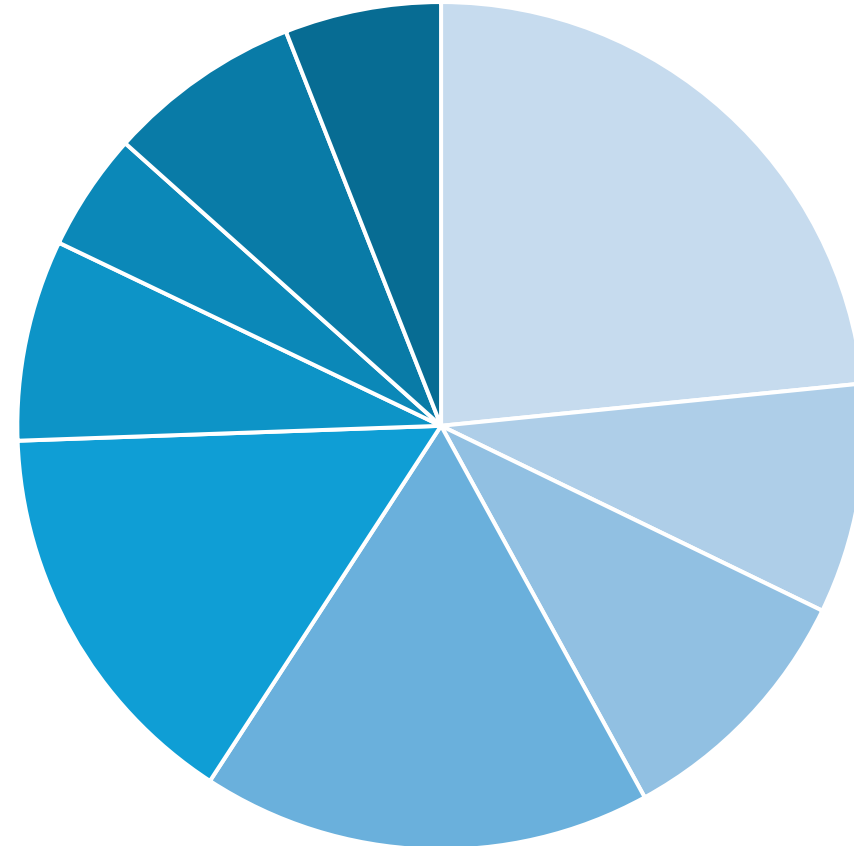
Legend: <20k | 20k to 50k | 50k to 100k | 100k to 250k | 250k to 500k | 500k to 750k | 750k to 1mil | 1mil to 2mil | >2mil

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Mapped: Wealthy Boomers vs Wealthy Millenials

Households 35-45 with >750k Liquid Assets
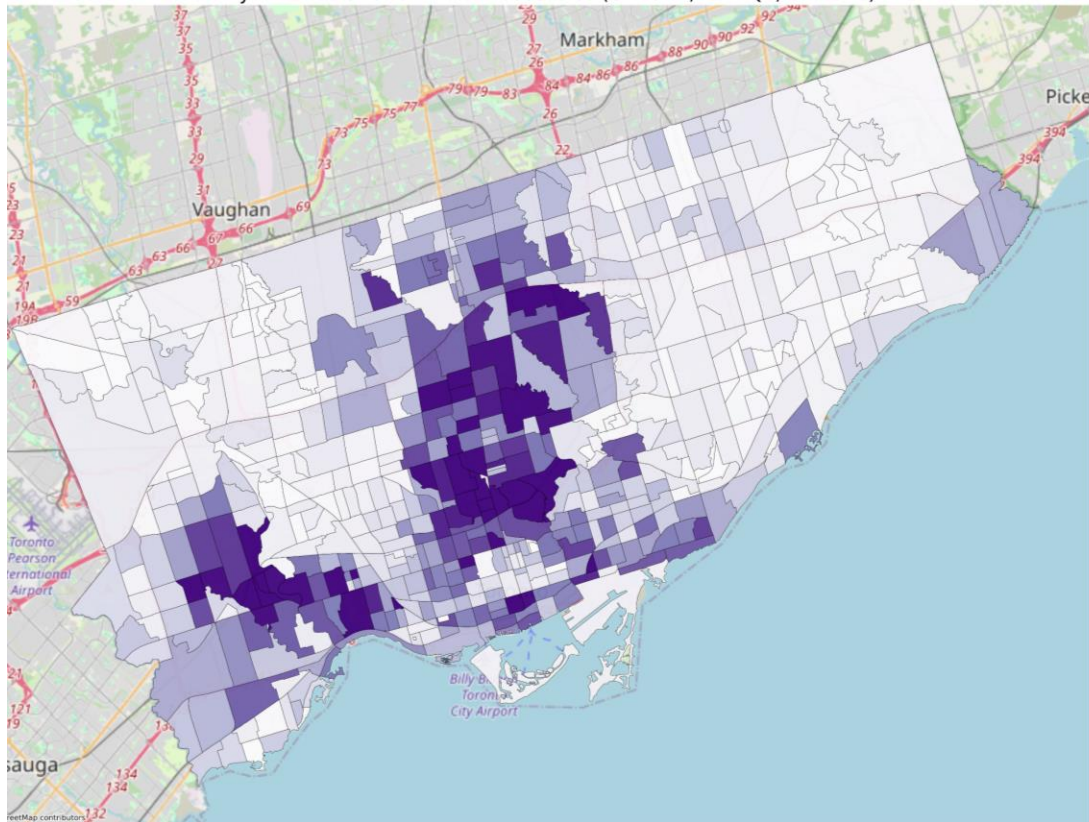
Households 65-75 with >750k Liquid Assets
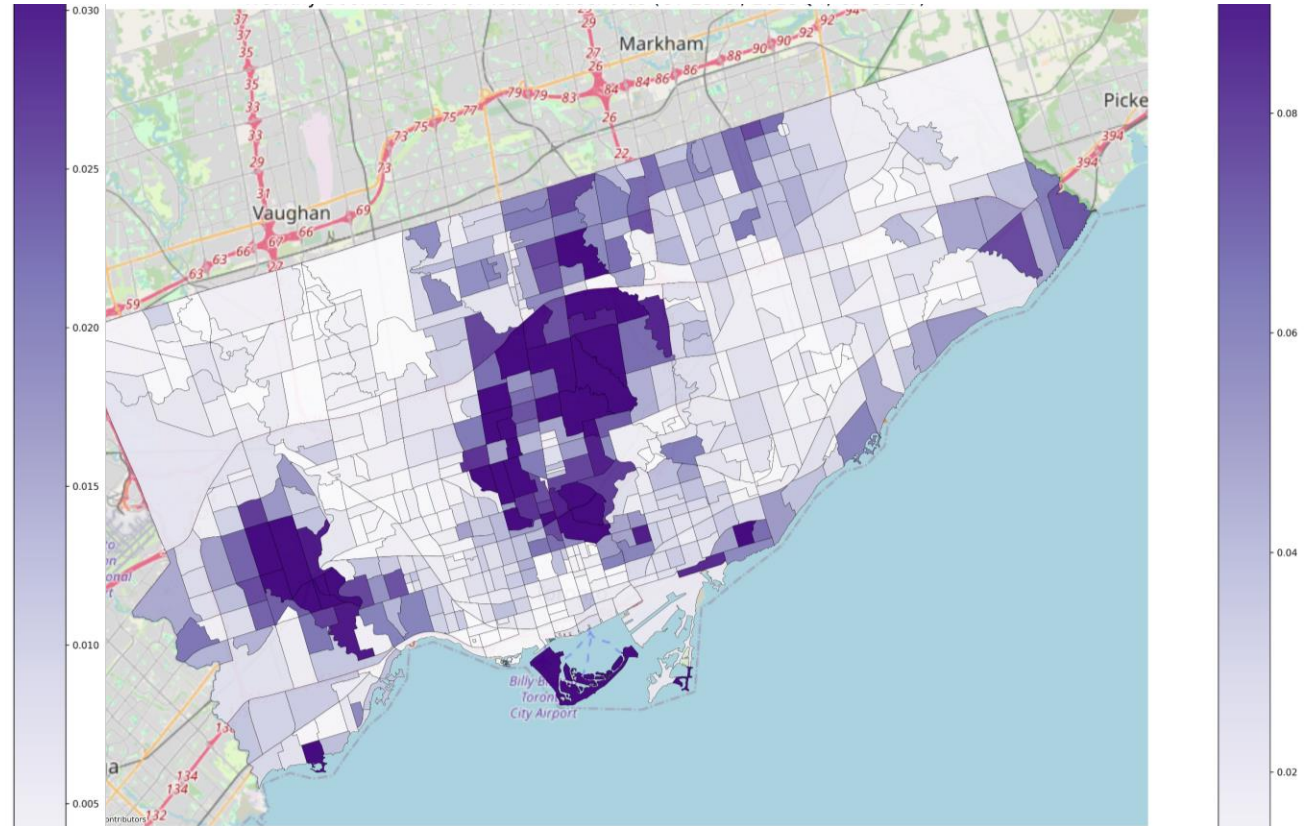
WealthScapes Use Cases

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The Power of WealthScapes

Client Data + (sunburst chart) + PRIZM

- Demographic
- Financial
- Behavioural
- Psychographic

Provides Insights to Grow & Inform Strategy
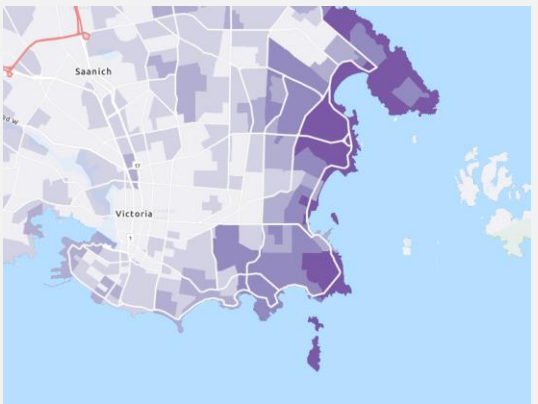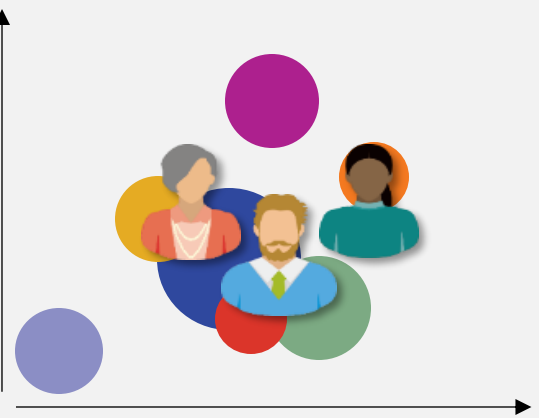
Markets | Customers | Trade Area

Using WealthScapes to Grow & Inform Strategy

Evaluate Market & Product Opportunities

Modelling

Enhance Growth & Retention Strategies

Advisor/Branch Trade Area Analysis & Goal Setting

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Understand Markets Using Many Different Metrics

Ability to drill down into small areas of geography to compare & contrast markets
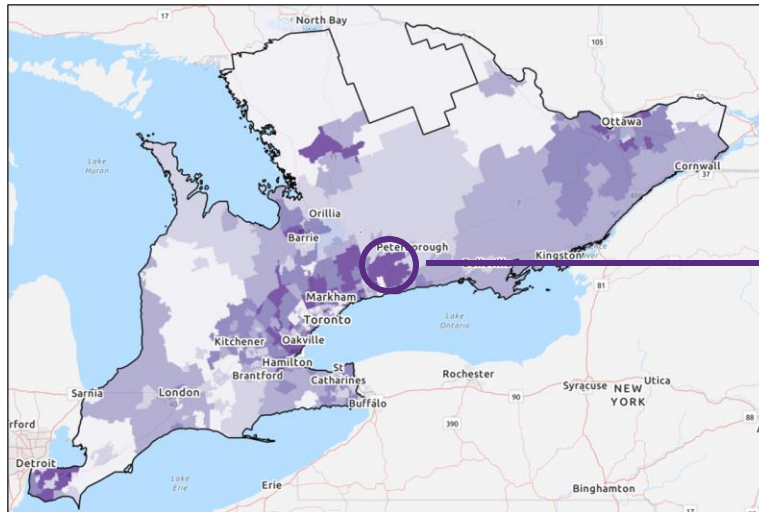
Sample Metrics for **L&H** Insurance

DEMOGRAPHICS

- **72%** HHs with 2+ people
- **40%** HHs with Children
- **31%** University Education
- **23%** Immigrant Population
- **$104,603** HH Income

WEALTH

Net Worth **$733,758** Liquid Assets **$319,540**

Primary Real Estate
68% Own **$474,236** Average Value

Other Properties
24% Own **$364,570** Average Value

Debt-to-Asset Ratio
0.21

INSURANCE

Insurance Holdership

- **9.1%** Term Life Insurance
- **8.1%** Whole Life Insurance
- **4.4%** Universal Life Insurance
- **3.7%** Individual Health Insurance
- **4.1%** Purchased Insurance Online
- **8.6%** Group Life/Health Insurance

EA data provides base (denominator) which can be used to calculate penetration

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Over-indexing and High potential for RRSP/TFSA Contributions
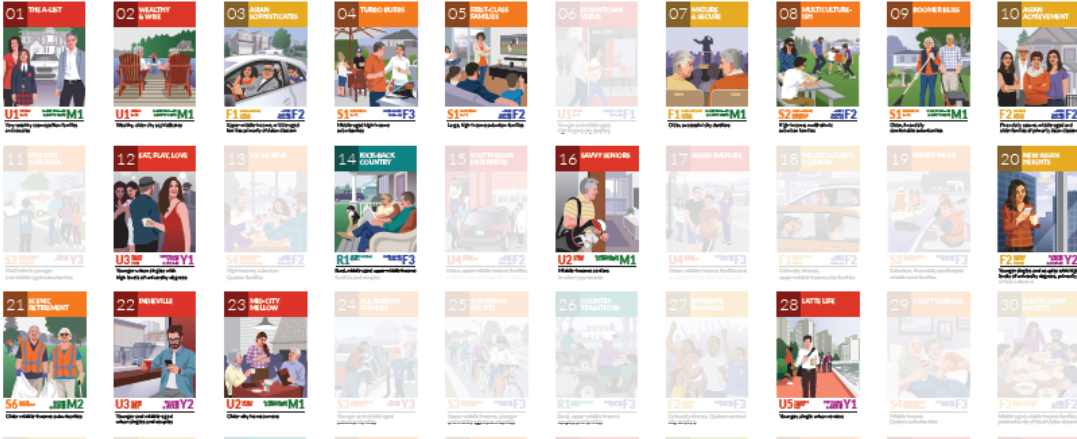
38% of Ontario households.
That represents **45%** of TFSA contributions and
55% of RRSP contributions.

Opportunities by Region & Product - Victoria

23%
16%

Household Pen.
Customer Pen.

	Product Penetration	Market Share	Wallet Share
Deposits	17.7%	17.1%	94.5%
Investments	6.5%	5.6%	45.7%
Consumer Debt	7.4%	2.5%	20.2%
Mortgages	9.7%	12.1%	123.0%

● Product Penetration ● Market Share ● Wallet Share

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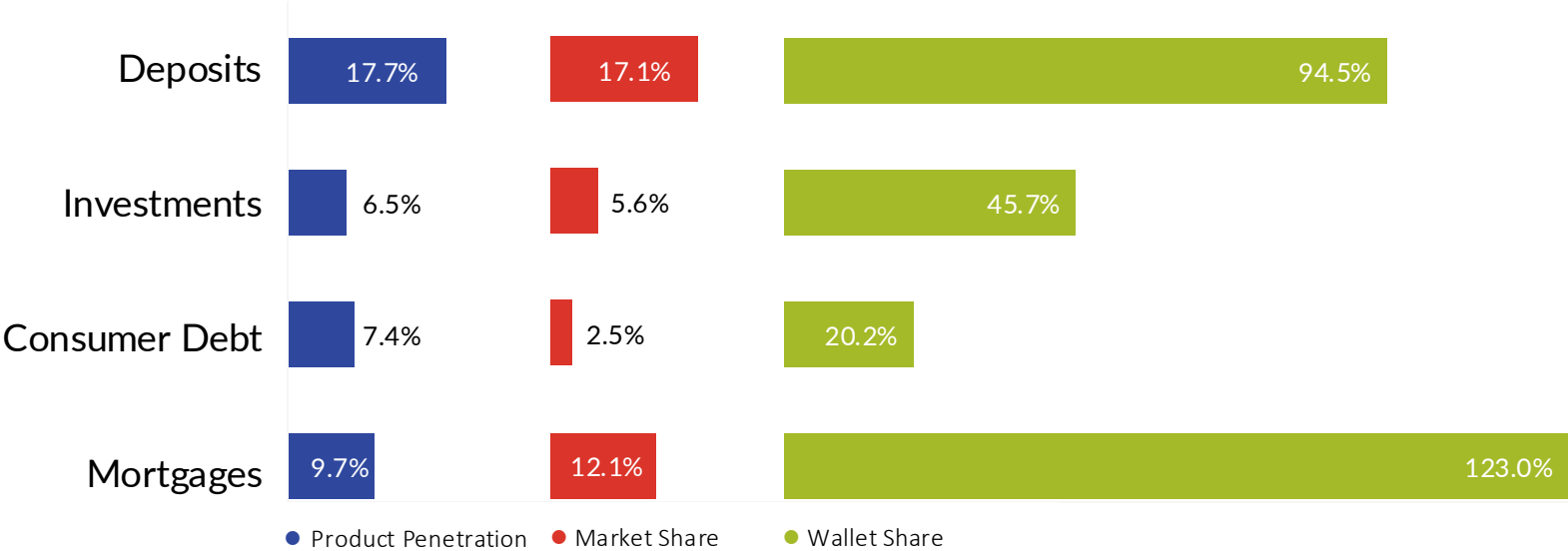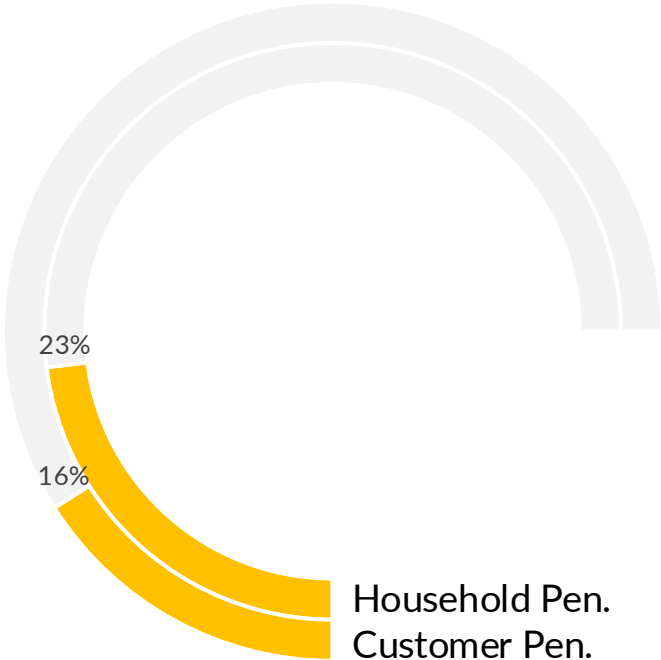
Economic Segmentation Facilitates Intentional Growth

Goal: Move Customers from Lower to Higher Value

Increased Captured Revenue, Reduced Opportunity

Increased Value

Potential

High

Medium

Low

Low   Medium   High

Customer Value

Possible Investment Strategies

Retain

Build

Develop

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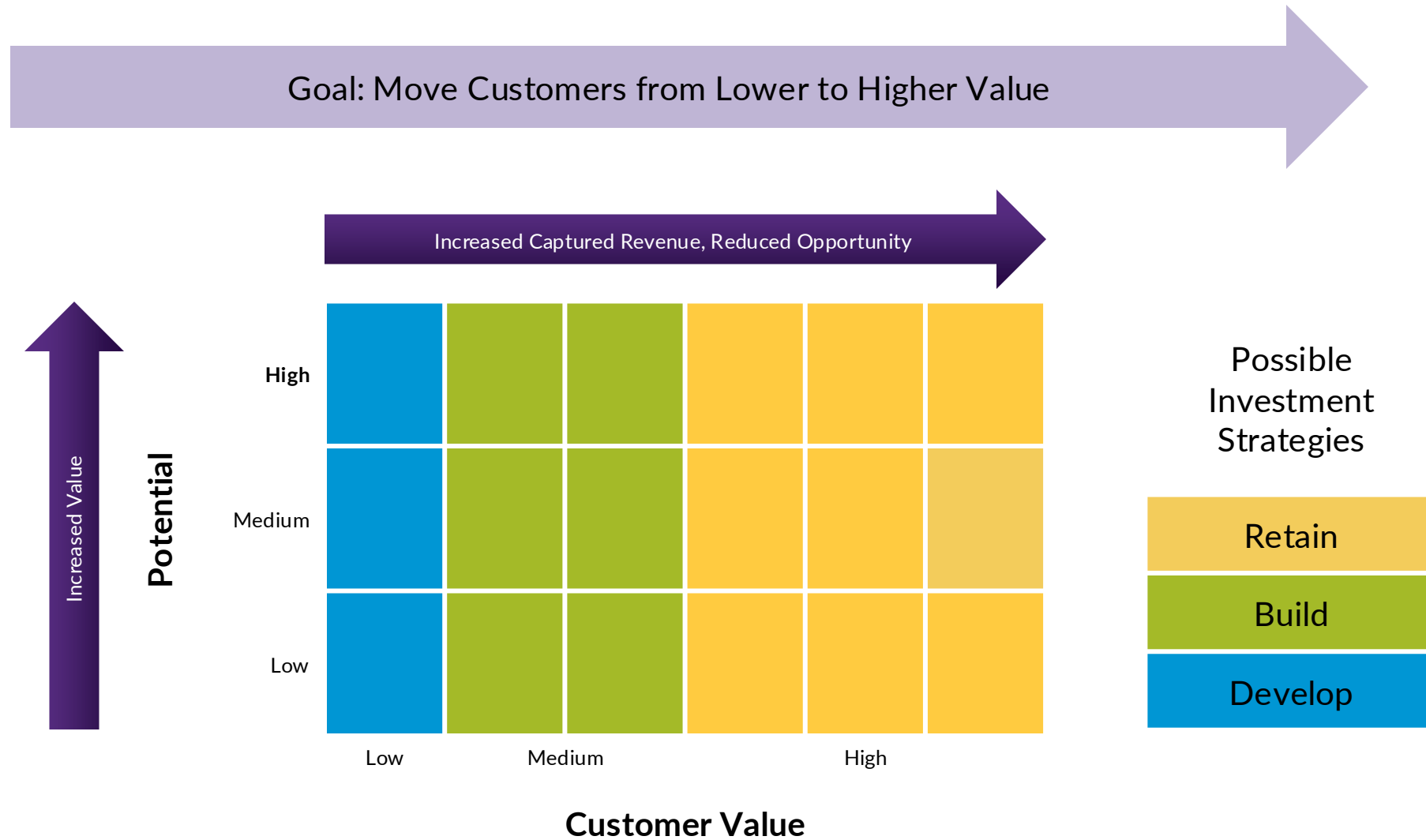
Surrey Population Residents vs Visitors

1. Who lives in the area (EA Market Data)

2. Who visits the area (MobileScapes & EA Data)

	Living in the Surrey Trade Area	Visiting Surrey Trade Area	Visiting a Bank Branch
Net Worth	$375,991	$985,235	$718,369
Savings	$35,507	$137,429	$95,840
Investments	$157,759	$355,523	$275,096
Consumer Debt	$28,560	$52,734	$43,110
Mortgage Debt	$360,408	$577,804	$503,060

Predictive Modeling

Harness historical and current first- and third-party data to predict behaviour and inform strategy for upsell, cross sell and acquisition efforts

Acquisition
Predict who is likely to become a customer or acquire a specific product

Cross Sell
Forecast who of your customers is likely to use a service or acquire a specific product

Upsell
Anticipate who has a propensity to increase use of a service or increase value of a product

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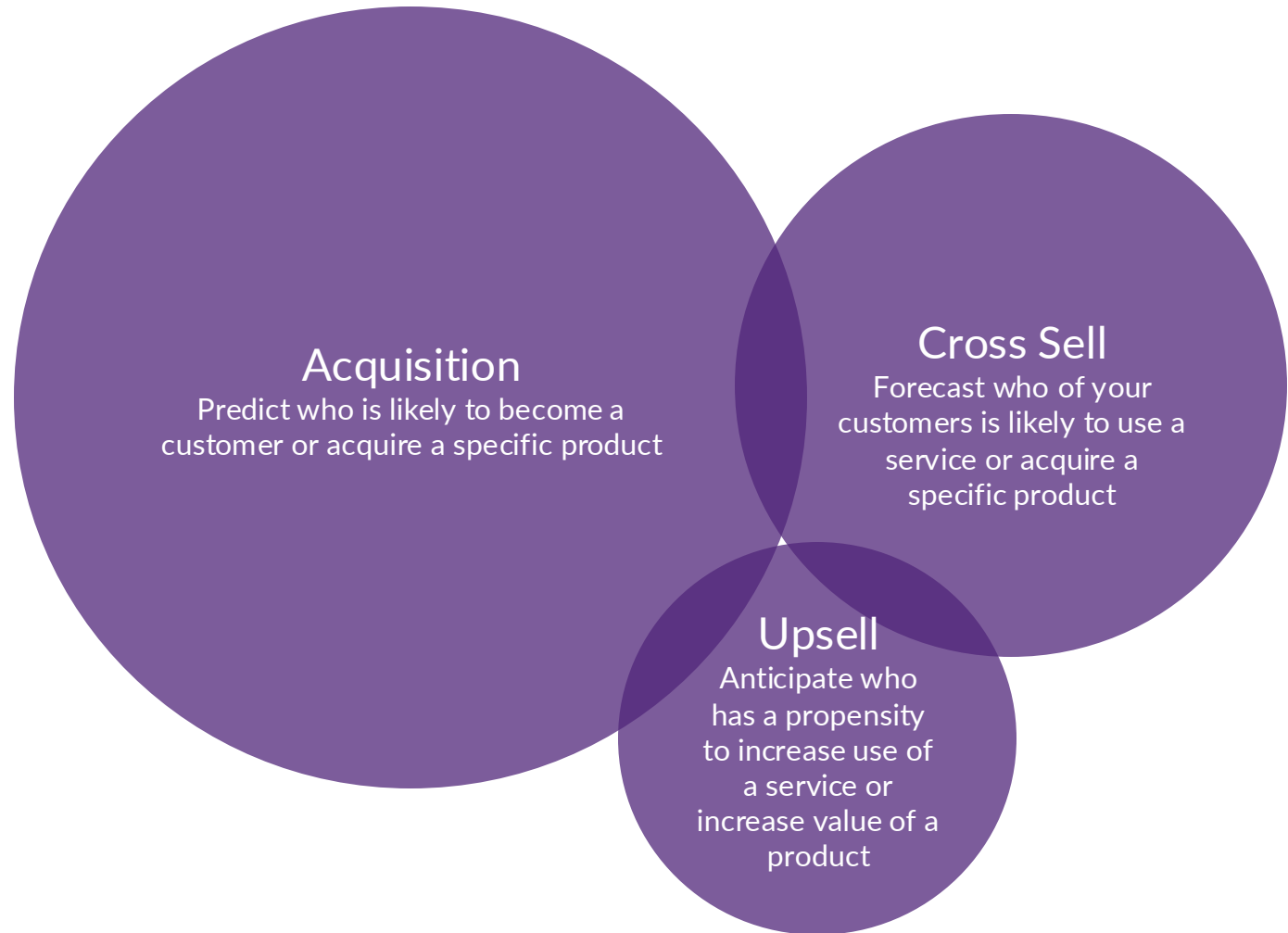
Affluence Rank – Product Overview

- Affluence rank provides a score and a series of ranks at the postal code level based on the "Affluence" of the postal code.

- The tool combines a number of attributes to create an aggregate score at the postal code level. These attributes include the following:
    - Income
    - Education Levels
    - Credit Score
    - Primary Residence Value
    - Net Worth
    - Discretionary Income

- Each Postal Code will be given an Affluence Rank Score, Centile, Ventil, Decile and Quintile Rank

- The client can license a flat file and/or request an append to a customer/member or prospect file
    - The tool is not delivered through Envision – Flat File

- This ranking will be updated Annually (Optimal date to be determined)

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Use Cases

- Financial Service Company trying to target high affluent consumer

- Not for Profit –Targeting Major Gifts

- High End Retailers targeting luxury products

- Travel organizations looking for High End market

- Combine with other EA Databases for better messaging and insights on high end market.

Affluence Rank Vs. PRIZM

Affluence Rank identifies an additional 208,270 HH that live in PRIZM segments 45 thru 67

Affluence Deciles by PRIZM - Count of Households

|	1	2	3	4	5	6	7	8	9	10	Total
PRIZM 1 - 22	1,104,706	1,213,886	1,072,391	717,893	491,276	283,031	125,438	47,273	21,672	11,973	5,089,539
PRIZM 23 - 44	89,096	324,374	594,653	847,286	925,371	919,167	798,230	476,923	206,332	47,355	5,228,787
PRIZM 45 - 67	28,372	65,799	114,099	240,978	370,149	570,530	907,731	1,286,180	1,351,553	763,685	5,699,076
	1,222,174	1,604,059	1,781,143	1,806,157	1,786,796	1,772,728	1,831,399	1,810,376	1,579,557	823,013	16,017,402

Capacity Data Meets Donor Data - DonorRank

Prospect

Scoring

Capacity

Higher Capacity

Lower Capacity

Lower Engagement

Higher Engagement
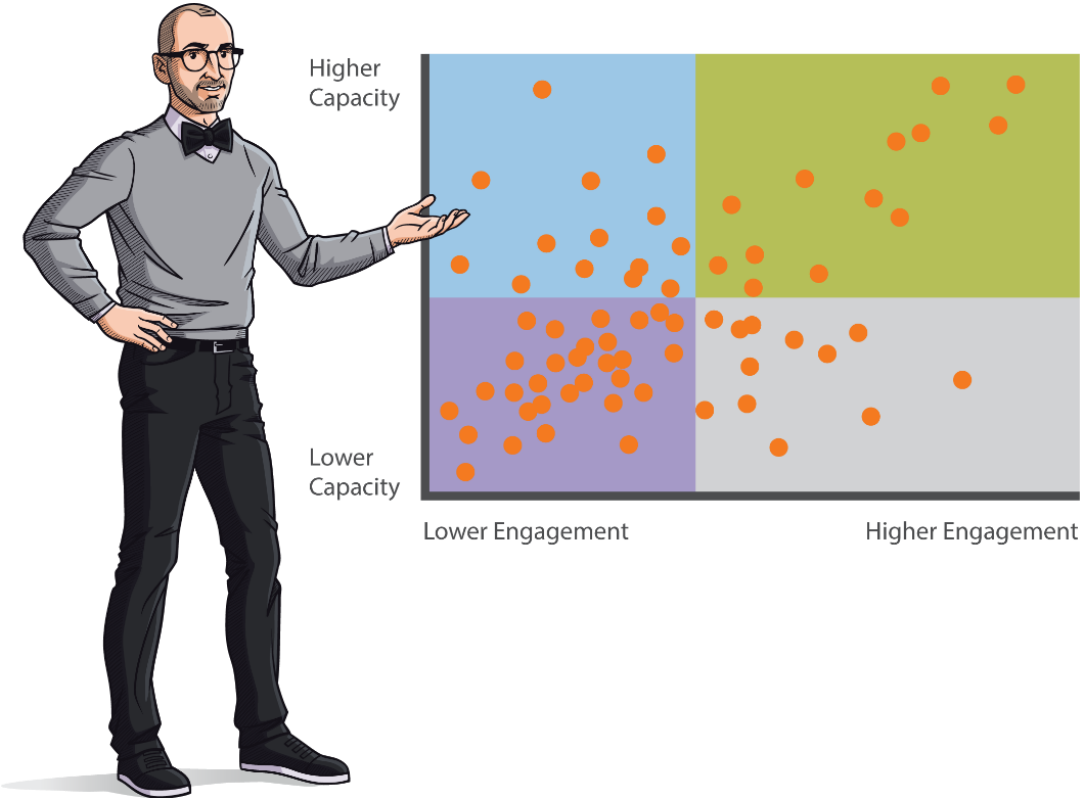
A cost-effective and efficient tool that any fundraiser can use.

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DonorRank

- Environics Analytics' DonorRank is a tailored capacity ranking tool for donors. It evaluates capacity, RFP, affinity, propensity to give in the market, and shared values of donors.

- The ranking can be tailored to identify Major Gift, Mid-Level, or Planned Giving leads.

- In addition, the WealthScapes Fundraiser append allows an organization to evaluate the potential capacity of its current database.

- It is an easy-to-use tool in an excel file and meant for the everyday fundraiser.

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Questions

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