

FACTUM

Pandemic Paradox: Fewer Are in Debt Yet Many Are Concerned About Affordability

Compared to the pre-pandemic era, Canadians (aged 20-69, HHOLD income \$40k+) Are A Little More Reluctant to Spend Money or Go into Debt During the Holiday Season

Toronto, Ontario, December 16, 2021 — A new Ipsos poll conducted on behalf of Manulife Bank reveals that fewer Canadians (aged 20-69, HHOLD income \$40k+) are planning to buy gifts or travel than did, prior to the pandemic (61%; -5 pts vs. Fall 2018). Additionally, fewer indicate that their Holiday budget has increased over the past year (22%; -6 pts vs. Fall 2018) or express willingness to buy presents for loved ones using debt (53%; -8 pts vs. Fall 2018) than did in pre-pandemic times.

The pandemic may have dampened the Holiday spirit, and the survey offers evidence supporting the contention that it has had a net negative impact on mental health. One in three Canadians (31%) (aged 20-69, HHOLD income \$40k+) perceive their overall mental health as having worsened over the past year as the pandemic has progressed, a figure which is three times higher than the proportion who feel as though their mental health improved (12%) during the same period. Three-quarters (77%) fear the possibility of future pandemic lockdowns or restrictions disrupting life and society in general.

Given that Canadians (aged 20-69, HHOLD income \$40k+) are increasingly reluctant to increase their Holiday budget or buy presents for loved ones using debt it is curious that the pandemic has had a net positive effect on debt-load. Only two-thirds (68%) report having at least some form of debt outside of their mortgage, a statistically lower proportion relative to both pre-pandemic times (Fall 2019: 79%) and even earlier during the pandemic (Fall 2020: 73%).

It could be that aggressive inflation in 2021 is deterring many from being more active spenders during the Holiday season. At nearly nine in ten (88%), a vast majority are worried about the inflation rate in Canada and nearly half (42%) indicate that their spending is outpacing their income, figures which leave plenty of cause for concern. What's more, Canadians (aged 20-69, HHOLD income \$40k+) increasingly believe the cost of living is rising (64%; +3 pts vs. Spring 2021) which suggests that many are worried about the ability of their pocketbooks to keep up with price increases.

The housing market might be exacerbating the affordability situation, as it is under duress with housing prices having reached all-time highs, making home ownership difficult for many Canadians (aged 20-69, HHOLD income \$40k+). This is especially true for those who do not already own a home, as three-quarters (73%) within this group say they would like to own their home but cannot afford to. Overall, most Canadians (aged 20-69, HHOLD income \$40k+) and statistically higher proportions relative to the Spring 2021 iteration of this survey are worried about housing prices in their local community (71%; +4 pts vs. Spring 2021) and believe there is an affordable housing crisis in Canada (87%; +3 pts vs. Spring 2021).



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About the Study

These are some of the findings of an Ipsos poll conducted between October 14th and 18th, 2021 on behalf of Manulife Bank. For this survey, a sample of 2,001 Canadians between the ages of 20 and 69, earning \$40k+ were interviewed. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 2.5 percentage points, 19 times out of 20, had all Canadians between the ages of 20 and 69, earning \$40k+ been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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