

Canada's reverse mortgage balance has reached a new record high of \$3.72 billion in May 2019, according to latest OSFI figures.

Despite a relatively slower annual rate of growth – a still-strong 27.63%, compared to the 28.15% level in April – this was still a considerable increase, ensuring that reverse mortgages “are still one of the fastest growing segments of debt.”

“The 1.58% monthly gain for the month is the third largest increase for the month in the past seven years. The 12-month change is the second largest for May over that time period as well,” Better Dwelling explained in its review of the OSFI numbers.

“The new record for reverse mortgage debt isn't surprising, but the growth rate is huge. High interest rates with a lack of payments means the balance is expected to grow,” the analysis added, noting that at current trends, the balance would likely double its pace of growth every 36 months or so.

During the same month, the national balance of loans secured by residential property also reached an unprecedented \$301.18 billion.

At 0.08% month-over-month, this increase was much smaller than average. However, when looked at an annual basis, the 5.73% growth from May 2018 was actually the second largest for that month in roughly seven years.

Of the overall home equity volume, fully \$268.56 billion went into personal loans, likely pointing to a much increased incidence of borrowing to pay other bills. This was a 0.06% increase month-over-month, and 4.58% year-over-year.