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PERSPECTIVES

Education and Workforce: for a more productive and equitable society

Why is the wealth gap between Quebec and Ontario residents widening? Look no further than the homes they're living in

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Quebec lags behind its neighbor Ontario in terms of household wealth, a phenomenon that has become more pronounced over the past 25 years. A CIRANO study (Fonseca, Poschke and Lord, 2025) looked into the reasons for this. It analyzed how the different components of household wealth contributed to this trend. The authors point to real estate assets as the main factor explaining the differences in wealth between Quebec and Ontario.

The Quebec government has tried to address the persistent gap in per capita gross domestic product between Quebec and Ontario. In 2021, it committed to a 15-year goal of reducing this gap (Finances Québec, 2021).

The literature on the issue of provincial inequality is very limited, especially in Canada and even more so in Quebec. Few studies have attempted to determine whether the differences observed between the provinces can be attributed to individuals' financial portfolios.

Rejecting four hypotheses

For 25 years, average wealth of Quebec households has trailed those of Ontario and Canada as a whole. Our analysis first rejected four plausible explanations for this pattern.

One explanation attributes the gap to education levels. However, with the exception of those without a high school diploma, all groups, from the least to the most educated, growth was lost. All groups experienced about 25 percentage points of lower growth in wealth over this period in Quebec compared to Ontario.

Nor does the wealth gap appear to be the result of one age group growing faster than another, since the demographic composition in Quebec and Ontario differs little. The two provinces have “aged” at a comparable rate.

Changes in the composition of households are also not a factor. The number of couples and single people has grown at a comparable rate in both provinces. The gap in net assets between single-parent families and the average is similar in both provinces.

Finally, changes in wealth concentration does not appear to be a factor. The share of wealth held by the richest 10% declined very slightly in Quebec, while remaining unchanged in Ontario.

Statistics Canada’s Survey of Financial Security

The study is based on a series of descriptive statistics. It is compiled from data from six waves of Statistics Canada’s Survey of Financial Security (SFS), spanning the years between 1999 and 2023. The SFS figures include income, assets, debts, net worth (wealth), and financial attitudes and behaviours of Canadian families.

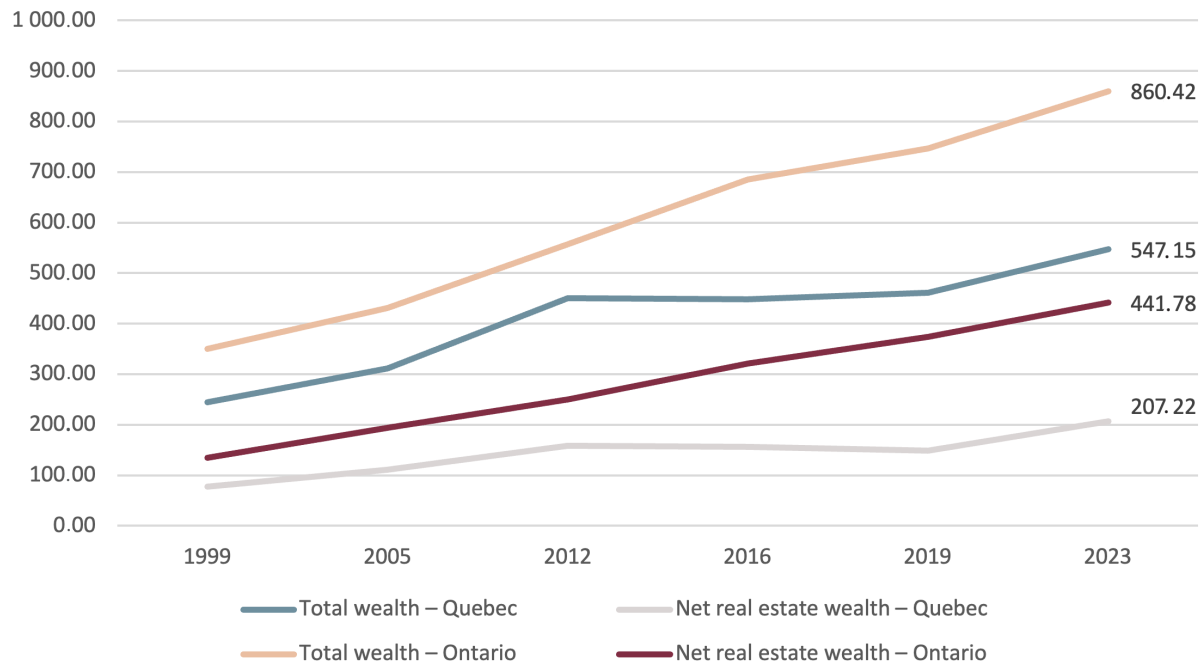
Asset data include all major financial and non-financial assets, as well as amounts owed on mortgages, vehicle financing, credit cards, student loans and other forms of debt. Income data is obtained from the Personal Income Tax Administrative File (PITAF), namely individuals’ T1s, T4s and other tax forms.

Real estate drives the wealth gap between Quebec and Ontario

Having ruled out the four hypotheses outlined above, we looked at the various components that make up household assets. We looked at individual components of portfolios and how they might have contributed to the growing wealth gap.

Qualitatively, the asset offerings of Ontarians and Quebecers differ little. Real estate is predominant, while the share of pensions and financial assets is smaller. This portfolio composition has changed little over time.

Quantitatively, however, there are significant differences. In Quebec, real estate accounted for 43% and 49% of the total value of Quebec households’ portfolios in 1999 and 2023, respectively. For Ontario, these figures are significantly higher, at 51% in 1999 and



Average value of assets (thousands of 2016 constant dollars)

Source : Fonseca, Poschke and Lord (2025)

65% in 2023. In contrast, for those same years, Quebecers' pensions accounted for 43% and 37% of portfolios, while Ontario's were 37% and 26%.

Quebec households counted almost half as much real estate wealth as Ontarians in 1999. There are marked differences among the less well-off. In 2023, the proportion of homeowners among the top 10% earners was 93.2% in Ontario and 93.7% in Quebec. In contrast, the proportion of homeowners among the lowest-paid 10% was only 28% in Quebec, compared to 34% in Ontario.

Between 1999 and 2023, the average value of net real estate wealth (real estate assets minus mortgage debt) increased by 228% in Ontario, compared to 168% in Quebec. Real estate growth in Ontario outpaced growth in all other components of household portfolios. In fact, real estate growth in Ontario was stronger than any other component in both provinces, by far.

Our analyses show that real estate accounted for more than half of the wealth difference between Quebec and Ontario in 1999. By 2023, it accounted for almost three quarters of the gap.

Time to assess the disparities with Ontario and understand the underlying factors

Quebec is aging, public finances are under pressure and socio-economic inequalities are at risk of widening further. This makes understanding wealth disparities with our neighbours that much more important. We can design more effective interventions, whether they be tax measures, financial education programs, or policies that promote savings and investment.

We can also reduce economic inequalities in a sustainable manner and support the long-term prosperity of Quebec households.

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