

Study: Trends in homeownership by age and household income, 1981 to 2006

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Between 1981 and 2006, Canadians increasingly chose to own, rather than rent, their homes. At the outset of this 25-year period, 62% of households owned a home; by 2006, this proportion had risen to 69%.

However, this trend was not shared equally across all types of households.

Among young households consisting of individuals aged 20 to 39 in the bottom 20% of the income distribution, homeownership rates fell over this 25-year period. For households in the same age group, but in the top income bracket, homeownership rates rose.

This study examines whether these differing trends in homeownership are related to a set of characteristics generally expected to influence the decision to own a home. These include income, wealth, and the employment situation of households, as well as overall housing market conditions.

Households with higher incomes, sufficient wealth for a downpayment and a stronger connection to the labour market were more likely to own rather than rent. A lower cost of owning relative to renting was associated with homeownership.

The affordability of mortgages was also an important factor. Between 1981 and 1986, the effect of mortgage carrying costs on homeownership rose sharply and persisted throughout the ensuing 20-year period.

After taking into account the influence of income, wealth, housing market conditions and employment on the decision to own, differing trends in homeownership were found for households in the lower and upper income brackets. This is evidence of an underlying shift in the nature of the housing market.

This shift was most evident when comparing homeownership rates across family types and income brackets.

For example, in the lowest income bracket, couples aged 20 to 39 with children saw homeownership rates fall from 47% to 35% between 1981 and 2006. At the same time, in the top income bracket, rates for couples with children rose from 88% to 94%.

Unlike couples with children, non-family individuals have turned progressively towards owning, regardless of their income level.

Between 1981 and 2006, in the bottom income bracket, homeownership rates among non-family individuals aged 20 to 39 rose from 9% to 17%. However, rates for these households in the top income bracket increased even more, from 38% to 60%.

Note to readers

This study used household data from the Census of Population as well as information from the Survey of Financial Security to model the decision to own across the income distribution.



Definitions, data sources and methods: survey numbers 2620 and 3901.

The research paper "Trends in Homeownership by Age and Household Income: Factors Associated with the Decision to Own, 1981 to 2006", part of the *Economic Analysis Research Paper Series* (11F0027M, free), is now available from the *Browse by key resource* module of our website under *Publications*.

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