Study: Income from owner-occupied housing, 1969 to 2011

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Home ownership rates are the highest they have been in Canada since the late 1960s, particularly for people at the start and end of their working lives. A new study, following up on earlier work, examines home ownership and the implicit income generated by owner-occupied housing from 1969 to 2011.

From 2006 to 2011, home ownership rates increased from 27% to 35% among 20- to 29-year-old households, and from 67% to 71% among households aged 70 or older.

The increase in home ownership rate points to more Canadians who can potentially benefit from the additional income derived from housing. The implicit income of owning a home is the dollar value of housing services homeowners receive from the equity they have invested in their house.

Home equity shares declined among all age groups in recent years, continuing a trend that has persisted since the mid-1980s. Homeowners aged 30 to 39 had, on average, an equity share of 66% in 1986. They had fallen to 43% by 2011.

However, rising home prices have largely compensated for falling equity shares. As a result, the contribution that the implicit income from housing provides to household finances, especially for retirement-age homeowners, has at least kept pace with other forms of income. The contribution of the income derived from housing to net income increased from 15% in 2006 to 17% in 2011 for homeowners aged 70 or older.

Housing investment continues to be an important potential source of retirement income. The net income of Canadians aged 70 or older was 74% that of late-career (50 to 59) homeowners in 2011—a 26 percentage point income gap. This gap declines to 22 percentage points when the implicit income from home ownership is taken into account.

Note to readers

This release provides an update to a 2010 study, using data from the most recent Survey of Household Spending, its predecessor, the Survey of Family Expenditures, and the Survey of Financial Security to estimate the implicit income owning a home contributes to household finances over the 1969-to-2011 period.

***Net income** is defined as gross income less income taxes and payments made for employment insurance, life insurance, annuities, and public and private pension plans.*

***Home equity** is defined as the value of the home, net of the remaining mortgage balance.*

The study also tests whether taking into account balances on home equity lines of credit has a significant effect on home equity levels. While home equity lines of credit are growing in importance, they did not have a qualitative effect on the study's findings.

Definitions, data sources and methods: survey numbers 2620 and 3508.

The research article "Income from Owner-occupied Housing, 1969 to 2011: New Evidence from the Survey of Household Spending and the Survey of Financial Security," which is part of *Economic Insights* (**11-626-X**), is now available from the *Browse by key resource module* of our website under *Publications*.

For more information contact us (toll-free 1-800-263-1136; 514-283-8300; **STATCAN.infostats-infostats.STATCAN@canada.ca**).

To enquire about the concepts, methods or data quality of this release, contact Mark Brown (613-951-7292; **mark.brown@canada.ca**), Economic Analysis Division.