

Young people's access to home ownership

by *Martin Turcotte*

Home ownership is very important to the vast majority of Canadians. More than two-thirds of married couples are homeowners and among those who are renters, a great many would like to own property. Young adults are no different from the general population in this respect, although they are much less likely to be homeowners themselves.

It is easy to understand why young adults are less likely than their elders to own their own home: they have more limited financial resources, their labour market situation is less stable and they may not yet be in an established relationship. Some are simply not ready or interested in becoming homeowners. But despite all that, in 2006, owning their own home was very important to 76% of young adults aged 25 to 39 who no longer lived with their parents.

To what extent do young adults succeed in making this desire a reality? What are the characteristics of those young people who own their home, and what are the obstacles to home ownership? Using data from the 2006 General Social Survey on family transitions, this article answers these questions by identifying the different factors associated with home ownership among young people aged 25 to 39 who no longer live with their parents (hereafter called "people" or simply "young adults").

CST What you need to know about this study

This study is based on data from the 2006 General Social Survey (GSS) on family transitions. This survey collected information from 23,600 Canadians, 5,256 of whom were between the ages of 25 and 39 and did not live with their parents. It is this group, representing 5.9 million young adults, that forms the study population. For comparison purposes, the home ownership rates for the entire young adult population are included in Table 1, but they are not discussed in the text. Younger persons aged 18 to 24 were excluded from the study because very few of them own their own home (and because many still live with their parents). (See Table A.1 for the characteristics of the young adults in this study.)

In the 2006 GSS, respondents were asked to declare whether or not the home in which they were living was the property of a household member; if yes, they were asked if they themselves were the homeowner. In this article, the characteristics of these young homeowners are compared to non-homeowning young adults. It should be noted that this study does not take into account the quality of the homes

that young adults own; this fact must be kept in mind when interpreting the results.

This is the first time that Statistics Canada has collected information on home ownership at the individual level within the framework of the GSS. This type of data has been, and will continue to be, collected by the Census and other surveys at the household level.

The statistical analysis model

The statistical analysis uses odds ratios to identify various characteristics associated with the likelihood that a young adult aged 25 to 39 will own their own home. The results indicate whether there is a statistically significant relationship between the various characteristics included in the model, while holding the effects of the other variables constant. The variables included in the statistical model are household income, educational attainment, main activity in the past 12 months, lived with both parents until at least age 15, place of residence, time since immigration, living arrangements, age group and sex.

Young adults who are homeowners

Home ownership among young adults is of particular interest in the current economic and social climate. Indeed, the last few years have been marked by several factors that may have had negative effects on home ownership: rising housing prices (particularly in large urban centers), prolonged duration of formal education, and delays in various transitions to adulthood such as marriage or cohabitation.

On the other hand, several factors that may have facilitated buying a home have also materialized in the last few years: relatively low mortgage rates (despite their slight increase in the last two years), a strong labour market, and an unemployment rate at its lowest level in 30 years.

In addition to these positive market factors are the government programs designed to make it easier for young families to purchase their first home, such as sales tax rebates for new homes, access to mortgage loans for up to 100% of the value of the home, loans and subsidies for first-time buyers and young families, and so on.

It is difficult to quantify the extent to which these elements have influenced the likelihood of home ownership among young adults. However, it is possible to provide information about different subgroups of the population who were the most and least likely to be homeowners in 2006.

First of all, and perhaps not very surprisingly, home ownership rates increase with age (Table 1). While only 38% of young people between the ages of 25 and 27 owned their own homes in 2006, 63% of 31- to 33-year-olds and 73% of 37- to 39-year-olds did. These gaps are even greater if young adults living with their parents are included.¹

It is hardly shocking that household income also has a major impact on a person's chances of owning his or her own home. Only 22% of young adults reporting a household income

of less than \$30,000 per year were homeowners; meanwhile, 68% of those with \$50,000 to \$80,000, and 82% of those with \$100,000 or more were homeowners.

Finally, living arrangements and marital status are strongly associated with ownership. In 2006, 79% of young adults who were married and had children owned their own home. In comparison, this proportion was only 40% among individuals living alone and 33% among single parents.

Income: a major determining factor

Obviously, several of these factors are strongly correlated. For example, young adults who are older are more likely to live with a spouse and children, have higher income and generally have completed their studies. In order to separate the effect that these different factors have, a logistic regression analysis was conducted. This allows the estimation of the probability or chance of home ownership for a person with a given characteristic – for example, a married person compared to a single parent while holding other factors constant that also affect home ownership (see “What you should know about this study” for details).

The statistical model shows that household income is one of the factors, if not *the* factor, with the greatest impact on the probability of owning a home. Holding the other factors constant, the odds of being a homeowner were 1.7 times higher for young adults with household income over \$100,000 than for those with income between \$50,000 and \$80,000. This association is hardly surprising and matches the results of numerous earlier studies.² Quite obviously, insufficient income represents the major obstacle to home ownership (Table 2).

This obstacle can become even more difficult to overcome if the future income stream is not assured. Young people with a higher level of education can generally anticipate having a higher income and greater

financial stability over the coming years. These factors certainly play an important role in the decision to purchase a home because home ownership has significant financial repercussions that last for many years.

The links between education, income stability and home ownership are indirectly confirmed in the statistical model, which shows that people who had not completed secondary education had 40% lower odds of owning their own home compared to those who had received a university degree. People whose highest level of education was a secondary school diploma were themselves slightly less likely to own their own home when income, household situation and other factors remained constant.

This result linking education level with home ownership takes on special meaning given the increase in the educational homogamy of couples, that is, the increased tendency for both spouses to have a similar or identical level of education.³ If there is increasing income inequality between highly educated and less educated couples,⁴ it is also possible that there is growing inequality in their chances of owning their own home.

Temporary employment: an obstacle to home ownership

For several years, there has been much discussion about the increase in temporary employment.⁵ Many of these newly hired workers are young adults and it is possible that home ownership is more difficult for some of them. People who have temporary or seasonal jobs are often at higher risk of having an income that fluctuates from one year to the next. And indeed, banks evaluate access to mortgage financing according to a borrower's current and future income stability.

The GSS data show that young people who had a seasonal job or a job with a set end date, as well as casual or temporary employees,

Table 1 Financial stability and being married with children are associated with home ownership among young adults

	Percentage of young homeowners		Percentage of young homeowners	
	Not living with parents	Total (includes still living with parents)	Not living with parents	Total (includes still living with parents)
Total	60	54		
Women	60	56		
Men	60	52		
Age group				
25 to 27 years	38	26		
28 to 30 years	52*	47*		
31 to 33 years	63*	59*		
34 to 36 years	68*	66*		
37 to 39 years	73*	71*		
Household living arrangements				
Married without children	63*	...		
Common-law union without children	49*	...		
Married with children	79	...		
Common-law union with children	63*	...		
Lone parent	33*	...		
Alone	40*	...		
Other	21*	...		
Main activity during the previous 12 months				
Permanent employment	65	58		
Self-employed	70	67*		
Temporary employment	42*	36*		
Looking for work	24*	18*		
Student	20*	16*		
Caring for children/keeping house	63	62		
Other activity	51*	41*		
Household income				
Less than \$30,000	22*	...		
\$30,000 to \$49,999	44*	...		
\$50,000 to \$79,999	68	...		
\$80,000 to \$99,999	80*	...		
\$100,000 or more	82*	...		
			Highest level of educational attainment	
			Less than high school	48
			High school diploma	56*
			College or trade diploma	64*
			University degree	62*
			Place of residence¹	
			Toronto CMA	53*
			Montréal CMA	48*
			Vancouver CMA	54*
			Ottawa-Gatineau CMA	63
			Calgary CMA	65
			Edmonton CMA	60*
			CMA with population 250,000 to 750,000	60*
			CMA or CA with population 100,000 to 250,000	63*
			CA with population 10,000 to 100,000	65*
			Rural areas and small towns	71
			Always lived with both parents until age 15	
			No	52
			Yes	63*
			Time since immigration	
			Less than 4 years	20*
			5 to 9 years	48*
			10 to 24 years	59
			25 to 39 years	70
			Born in Canada	64

... not applicable

1. CMA = Census Metropolitan Area; CA = Census Agglomeration.

* Significant differences from reference group in italics at p < 0.05.

Source: Statistics Canada, General Social Survey, 2006.

were markedly less likely to own their own home (42%) than those with a permanent job (65%) (Table 1). Even when the effect of income and other factors are held constant, young people with temporary jobs had 40% lower odds of owning their own home than people with permanent employment⁶ (Table 2). Please note however that despite the increase in non-permanent jobs in the last

several years, young adults with temporary jobs remain a very small minority among the employed young adult population (Table A.1).

Living with both parents until age of 15 makes a difference

The odds of home ownership were 1.4 times higher for young people who had lived with both their parents until the age of 15, compared to

those people who did not. Although it is difficult to provide the exact explanation for this difference, we can imagine that young adults from more stable families may have had access to more resources, particularly financial resources, when buying their home. For example, parents may have acted as guarantors for their child's mortgage loan or have given their child monetary gifts or

Table 2 Home ownership is more probable among young adults over age 33, with household incomes over \$80,000 and among those living in rural areas and small towns

	Odds ratios		Odds ratios
Household income		Place of residence¹ — continued	
Less than \$30,000	0.2*	CMA with population 250,000 to 750,000	0.6*
\$30,000 to \$49,999	0.4*	CMA or CA with population 100,000 to 250,000	0.7
\$50,000 to \$79,999	1.0	CA with population 10,000 to 100,000	0.9
\$80,000 to \$99,999	1.6*	<i>Rural areas and small towns</i>	1.0
\$100,000 or more	1.7*	Time since immigration	
Highest level of educational attainment		4 years or less	0.2*
Less than high school	0.6*	5 to 9 years	0.5*
High school diploma	0.8*	10 to 24 years	0.8
College or trade diploma	1.1	25 to 39 years	0.8
University degree	1.0	<i>Born in Canada</i>	1.0
Main activity during the previous 12 months		Household living arrangements	
<i>Permanent employment</i>	1.0	Married without children	0.4*
Self-employed	1.5*	Common-law union without children	0.2*
Temporary employment	0.6*	<i>Married with children</i>	1.0
Looking for work	0.3*	Common-law union with children	0.4*
Student	0.4*	Lone parent	0.2*
Caring for children/keeping house	0.7*	Alone	0.2*
Other activity	0.6	Other	0.1*
Always lived with both parents until age 15		Age group	
<i>No</i>	1.0	25 to 27 years	1.0
Yes	1.4*	28 to 30 years	1.2
Place of residence¹		31 to 33 years	1.6*
Toronto CMA	0.4*	34 to 36 years	2.1*
Montréal CMA	0.4*	37 to 39 years	2.2*
Vancouver CMA	0.5*	Sex	
Ottawa-Gatineau CMA	0.5*	<i>Women</i>	1.0
Calgary CMA	0.9	Men	0.9
Edmonton CMA	0.6		

1. CMA=Census Metropolitan Area; CA=Census Agglomeration.

* Statistically significant difference from the reference group shown in italics (p<0.05).

Source: Statistics Canada, General Social Survey, 2006.

interest-free loans to help with the down payment. It is also possible that parents who stayed together were themselves homeowners and that this was less common among parents who separated. For example, a Dutch study has shown that having homeowning parents was a positive influence on the probability that young couples would also become homeowners themselves.⁷

Young rural residents are more likely to be homeowners

Place of residence is also associated with the rate of home ownership among young people who no longer live with their parents. In 2006, about 71% of people between the ages of 25 and 39 who lived in a rural area or in a small town owned their own home. By comparison, this was the case for 53% of young people living in Toronto, 48% of those living in Montreal and

54% of those living in Vancouver⁸ (all references to the census metropolitan area, or CMA).

Even when the other factors in the statistical model are held constant, the odds of being a homeowner are only half as high for young adults in Canada’s three largest CMAs as they are for young adults in rural settings and smaller urban areas (Table 2). These gaps in home ownership can be explained largely by housing costs,

Young adults who have previously owned a home

This study compares the characteristics of young adults who own their own home to those who do not. However, 15% of people aged 25 to 39 not living with their parents and who were not homeowners at the time of the study had, in fact, been homeowners at least once before. These young adults were on average slightly older than those who had never owned a home (34 versus 31 years old). Apart from their age, the socio-economic characteristics of these former homeowners were fairly similar to those of young adults who had never owned a home.

Being a young co-owner

People can become homeowners in many different ways: by themselves, with a spouse, with a family member or with friends. However, the vast majority of young adults opt for the first two choices. In 2006, 22% of young adults who owned their own home had decided to buy their home alone, while 76% had become homeowners with their spouse or common-law partner. A very small number – around 2% – had become homeowners with their parents, parents-in-law, other family members or friends.

which are much higher in big cities. The scarcity of rental housing in more rural settings and small cities may also explain the higher rates of home ownership found in those areas.

The case of young adults in Calgary is worth noting because it is an exception. These young people are just as likely to be homeowners as those living in more rural settings, even when the other factors in the statistical model are taken into account.⁹

Having a low income and living in a large CMA

If people living in CMAs are generally less likely to own their own home than those living in smaller communities, this is even more true for young adults earning low incomes. For example, 40% of young adults who had households incomes under \$30,000 per year but who lived in rural settings were homeowners, compared with only 16% of their counterparts living in one of Canada's six largest CMAs. Households with lower income, in addition to being unable to own a home, often face a particularly difficult situation in the rental market as well. They must devote a large percentage of their income to housing and their living conditions are often inadequate.¹⁰

Even for those young people with the highest household incomes (\$80,000 or more a year), there is a difference, although it is not as great: 78% of these big city dwellers were homeowners versus 85% of those living in rural environments. Above certain income levels, of course, buying a home can first and foremost become a question of choice and preference, no matter where the person lives. The fact remains, though, that the lower housing prices in smaller towns favour more egalitarian access to home ownership.

Few recent immigrants own their own home

According to the 2001 Census, a household in which the main wage-earner is an immigrant is much less likely to own a home than one whose main wage-earner is Canadian-born.¹¹ This is an important change since 1981, when the exact opposite was observed.¹²

The data from the 2006 GSS clearly show that the number of years spent in Canada since immigration is associated with the probability of being a homeowner. Almost two-thirds (64%) of young adults born in Canada and no longer living with their parents were homeowners.

But this was true of less than half (48%) of their counterparts who had immigrated five to nine years earlier, and of only 20% of immigrants who had come in the preceding 5 years. These differences remain significant when the effect of all the other factors in the statistical model are taken into account.

Other factors unique to recent immigrants to Canada, such as their country of origin and having a home in the central neighbourhoods of big cities rather than the suburbs, can affect ownership rates. However, examining these factors is beyond the scope of the present study.

Married people are more likely to be homeowners than common-law couples

Financial situation and economic barriers are not the only factors linked to home ownership among young adults. The different stages of family life, and of the life cycle in general, are also associated with varying rates of home ownership. People in relationships are much more likely to own their own home than those who live alone. For example, young married couples with children have five times higher odds of being homeowners than people living alone (when all the other factors, including income, are held constant).

An interesting distinction appears between married couples and those who are cohabiting. While 79% of young married adults with children owned their own home, this was the case for only 63% of young adults who also had children but were cohabiting. This difference remains statistically significant in the statistical model when the other factors that could differentiate these families are taken into account.

The first factor that explains this difference in home ownership rates is the fact that marriage implies that a home owned by one spouse automatically becomes the property of both spouses after marriage, which is not necessarily the case when a couple lives together. However, other elements may also play a role. Common-law relationships are generally less stable than marriages¹³ and it is possible that some people wait until they are married before buying a home. It is also possible that people who choose cohabitation over marriage have different tastes and preferences than married couples in a variety of areas, including housing.

Being older has an effect independent of all other characteristics

The correlation between age and the probability of being a homeowner is very strong. Even when all the other factors that influence home ownership are held constant, the effect of age remains statistically significant. For example, the odds that 37- to 39-year-olds would own their own home are 2.2 times higher than those for 25- to 27-year-olds.

This result suggests that beyond the effects that different life events and different statuses have on home ownership – such as finishing one’s education, getting married, increasing salary – young adults only become ready or interested in buying a home at a certain stage, perhaps when they have decided to establish themselves more permanently in one location.¹⁴

Summary

Whether it is because buying a home is seen as a good investment, a form of forced savings or as a source of satisfaction in being truly “at home,” becoming a homeowner is important for the vast majority of young adults. Along with leaving the parental home, getting married or cohabiting, finding a “real” job and welcoming the birth of a first child, buying a home constitutes one of the main transitions to adult life. This study identified the factors associated with having a larger or smaller probability of home ownership among young adults aged 25 to 39 who no longer live with their parents.

A young person’s primary activity in the labour market, their number of years spent in Canada, their age and their place of residence are the four characteristics that have the greatest effect on the probability of home ownership. Young adults born in Canada who have held a permanent job in the last 12 months and who live in a rural environment were the most likely to own their own home.

On the other hand, recent immigrants living in a CMA like Toronto, Montréal and Vancouver were much less likely to own their own home. If these young adults, in addition to having these characteristics, did not have a stable job and were younger, their probability of being homeowners was almost non-existent.

Despite the effect that individual factors can have, it is the household characteristics that matter most to a person’s chances of being a homeowner. Young adults were the most likely to own their own home if they were married and had children, as well as if they had the highest household incomes.



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1. Given the impact that household income and household situation have on home ownership, it would have been very difficult to thoroughly analyze all the statistical associations if young people who are still living with their parents were included in the analysis. Not surprisingly, home ownership rates are necessarily higher when only people who no longer live with their parents are included.
2. Lefebvre, S. 2002 “Housing: A Question of Income.” *Perspectives on Labour and Income*. Statistics Canada, Catalogue no. 75-001, Vol. 14, No. 3; CMHC. 2006. *Canadian Housing Observer* 2006.
3. Hou, Feng and John Myles. 2007. “The Evolution of the Role of Education in Choosing a Spouse: Educational Homogamy in Canada and the United States since the 1970s.” *Analytical Studies Branch Research Paper Series*. Statistics Canada, Catalogue no. 11F0019, no. 299.
4. Morissette, René and Anick Johnson. 2004. “The Wages of Less Educated and Highly Educated Couples on the Canadian Labour Market, 1980 to 2000.” *Analytical Studies Branch Research Paper Series*. Statistics Canada, Catalogue no. 11F0019, no. 230.
5. A recent study by Statistics Canada also demonstrated that “the number of temporary jobs is clearly on the rise among newly hired employees.” In this study, we showed that the proportion of temporary jobs among newly hired workers went from 11% in 1989 to 21% in 2004. For more information, see: Morissette, René and Anick Johnson. 2005. “Are Good Jobs Disappearing in Canada.” *Analytical Studies Branch Research Paper Series*. Statistics Canada, Catalogue no. 11F0019, no. 239.
6. When personal income rather than household income was used in the analysis, the difference was similar and was also statistically significant.
7. Mulder, Clara H. and Jeroen Smits. 1999. “First-Time Home-Ownership of Couples – The Effect of Inter-Generational Transmission” *European Sociological Review*. Vol. 15, No. 3, pp. 323-337.
8. However, young people who live in big cities are also more likely to continue living with their parents longer. Consequently, the differences between young adults living in big cities and those living in more rural settings, from a home ownership standpoint, are even greater when all young people are included in the analysis, whether they live with their parents or not.

9. This gap cannot be explained by the fact that the proportion of young adults who live with their parents is higher in large urban areas. When all young adults are considered in the analysis, whether they live with their parents or not, Calgary residents are just as likely to own their own home as those who live in rural areas.
10. CMHC. 2004. "2001 Census Housing Series Issue 4 Revised: Canada's Metropolitan Areas." *Research Highlight/Socio-economic Series*, 04-008.
11. CMHC. 2004. "2001 Census Housing Series. Issue 7 Revised: Immigrant Households." *Research Highlight/Socio-economic Series*, 04-042.
12. Haan, Michael. 2005. "The decline of the immigrant home ownership advantage: Life-cycle, declining fortunes and changing housing careers in Montreal, Toronto and Vancouver, 1981-2001." *Analytical Studies Research Paper Series*. Statistics Canada, Catalogue no. 11F0019, no. 238.
13. Statistics Canada. 2002. *The Diversification of Married Life in Canada*, Catalogue no. 89-576-XIF.
14. It is also possible that other factors also associated with the aging of young adults were not taken into account in the analysis, or were not accurately captured by the variables that were included. It cannot be assumed that young adults who are 18 today will have the same behaviour when they are 39 as those who are 39 today.

Table A.1 Distribution of young adults aged 25 to 39 no longer living with their parents, by selected socio-economic characteristics, 2006

	% of young adults		% of young adults
Total	100	Highest level of educational attainment	
Women	52	Less than high school	7
Men	48	High school diploma	25
Age group		College or trade diploma	33
25 to 27 years	15	University degree	34
28 to 30 years	20	Place of residence¹	
31 to 33 years	20	Toronto CMA	17
34 to 36 years	22	Montréal CMA	12
37 to 39 years	23	Vancouver CMA	7
Household living arrangements		Ottawa-Gatineau CMA	4
Married without children	12	Calgary CMA	4
Common-law union without children	9	Edmonton CMA	4
Married with children	42	CMA with population 250,000 to 750,000	15
Common-law union with children	11	CMA or CA with population 100,000 to 250,000	9
Lone parent	6	CA with population 10,000 to 100,000	12
Alone	10	Rural areas and small towns	17
Other	11	Always lived with both parents until age 15	
Main activity during the previous 12 months		No	22
Permanent employment	62	Yes	78
Self-employed	9	Time since immigration	
Temporary employment	6	Less than 4 years	6
Looking for work	2	5 to 9 years	5
Student	5	10 to 24 years	7
Caring for children/keeping house	14	25 to 39 years	4
Other activity	2	Born in Canada	79
Household income			
Less than \$30,000	11		
\$30,000 to \$49,999	16		
\$50,000 to \$79,999	26		
\$80,000 to \$99,999	13		
\$100,000 or more	20		

1. CMA = Census Metropolitan Area; CA = Census Agglomeration.
Source: Statistics Canada, General Social Survey, 2006.