



# Homeownership Trends Among Immigrants

## About the Brief

This research brief is based on Barry Edmonston and Sharon M. Lee. 2013. "Immigrants' Transition to Homeownership, 1991 to 2006."

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## Summary

This study compares homeownership rates for immigrants and the Canadian-born. Homeownership is a particularly useful indicator of immigrants' economic progress and long-term commitment to Canada. In general, immigrant households achieve rapid gains in homeownership with longer residence in Canada. Immigrants who have lived in Canada for 20 years or longer have homeownership rates similar to the Canadian-born. Recent immigrants face some initial challenges, but are moving into homeownership and closing the gap in homeownership rates with the Canadian-born and earlier immigrant cohorts. There are socioeconomic and ethnic differences, however, in immigrants' homeownership rates.

## Key Findings

- ◆ Immigrants who arrived in Canada before 1971 have higher homeownership rates than the Canadian-born.
- ◆ For immigrants arriving between 1991 and 2006, homeownership rates were much lower than the Canadian-born of similar age but were rapidly increasing. There is no evidence that younger recent immigrants will lag behind the Canadian-born in homeownership in the long-term.
- ◆ Except for Chinese householders, all visible minorities have lower rates of homeownership than European-origin householders.



## Target Audience

- ◆ Researchers
- ◆ Policy Makers
- ◆ Graduate Students

## Background

Homeownership is a source of economic security and is associated with better housing conditions. Hence, it is an important variable for gauging immigrants' adaptation over time. The transition to homeownership is a key indicator of economic success given that sufficient financial resources are needed for such a major purchase. Homeownership is therefore linked to stable employment and socioeconomic achievement. For most people, their home represents their largest single investment. The decision to become a homeowner is also an indicator of social adaptation. Given that homeownership requires a large investment (and usually a mortgage), it represents a key indicator of immigrants' successful integration in their host community.



Two major factors are associated with immigrants' transition to homeownership. First, homeownership rates increase with duration of residence in Canada. Homeownership rates are highest among immigrants who have lived in Canada for 20 years or longer. This reflects, in part, the years of employment and savings required to become a homeowner. Second, the period of immigration is also important. Arriving mainly from non-European countries, recent immigrants often lack sufficient financial resources or encounter obstacles in the labour market (including possible discrimination) that impede their transition to homeownership. In addition, recent immigrants face tighter labour markets and higher housing costs than previous immigrants.

This study addresses the question of whether immigrants differ from the Canadian-born in homeownership rates.

The analysis also asks whether recent immigrants are becoming homeowners at the same rate as earlier cohorts of immigrants. Several ethnic groups are compared to examine differences in homeownership within the immigrant population.

Table 1 presents descriptive findings on homeownership rates for immigrants and the Canadian-born. The table also shows homeownership rates for immigrants based on their period of arrival. In 1991, immigrants had higher homeownership rates than the Canadian-born. Thereafter, in 1996, 2001, and 2006, the Canadian-born had slightly higher homeownership rates than immigrants. Immigrants who arrived in earlier periods have higher homeownership rates than recent immigrants. Except for those who arrived in 1950 or earlier, homeownership rates increased for immigrants with duration of residence in Canada.

**Table 1:** Homeownership Rates by Nativity and Immigrants' Year of Arrival in Canada, 1991-2006

Nativity and Year of Arrival	1991	1996	2001	2006	1991-1996 Difference	1996-2001 Difference	2001-2006 Difference	1991-2006 Difference
Total Population	63.7	64.1	66.2	68.6	0.4	2.1	2.4	4.9
Canadian-Born	63.3	64.4	66.6	68.8	1.1	2.2	2.2	5.5
Foreign-Born	65.2	63.1	64.8	67.9	-2.1	1.7	3.1	2.7
Year of Arrival								
2001-2006	---	---	---	38.3	---	---	---	---
1991-2000	---	---	40.7	61.3	---	7.9	20.6	---
1981-1990	39.0	44.7	59.6	69.0	5.7	14.9	9.4	30.0
1971-1980	64.3	62.8	71.7	78.5	-1.5	8.9	6.8	14.2
1961-1970	73.5	68.6	79.0	82.4	-4.9	10.4	3.4	8.9
1951-1960	80.0	78.1	82.9	82.6	-1.9	4.8	-0.3	2.6
1950 and earlier	72.5	73.3	76.6	74.9	0.8	3.3	-1.7	2.4

The lower rate among the pre-1950 arrivals is likely associated with changes in housing that occur with aging because these immigrants are now elderly.

Between 1991 and 1996, there were smaller increases in homeownership rates for immigrant cohorts than among the Canadian-born, with some immigrant cohorts decreasing their levels of homeownership. From 1996 to 2001, increases in homeownership were fairly

similar for Canadian-born residents and immigrants. Gains in homeownership were modestly higher among immigrants for the 2001–2006 period although there were decreases in homeownership rates among immigrants who arrived in the 1950s and earlier. Immigrants who arrived between 1991 and 2000 showed particularly large gains in homeownership between 2001 and 2006.



## Data and Methods

The data for analysis come from the 3-percent public use microdata samples of the 1991, 1996, 2001, and 2006 censuses. The analysis focuses on all Canadians aged 21 and older. The outcome variable is housing tenure – whether the householder owns or does not own their home. To address lifecourse differences in homeownership among immigrants, the analysis includes seven birth cohorts (time of birth), six immigrant cohorts (time of immigration), and four periods (census year). Other explanatory variables include household type (for instance, married or living alone) and size, presence of children, gender of householder, socioeconomic status, ethnicity, knowledge of English or French, and place of residence.

The multivariate analysis uses a double-cohort method to disentangle age, period, and cohort effects on the transition to homeownership. It is called double-cohort because it separately examines 7 birth cohorts and 6 immigrant cohorts. The double-cohort method includes both immigrants and the Canadian-born for the same time period for 4 censuses. All persons are compared for the same ages and the same periods, so changes in the Canadian-born represent life-course differences, and provide a reference for comparison of changes over time for immigrants. Differences between the Canadian-born and immigrants of the same birth cohort therefore represent changes for immigrants due to duration of residence in Canada, net of period and aging effects.

## Results

Results in this Brief highlight the effects of immigrant cohorts, aging and duration of residence, and ethnic-origin on homeownership rates, taking all other explanatory factors into account.

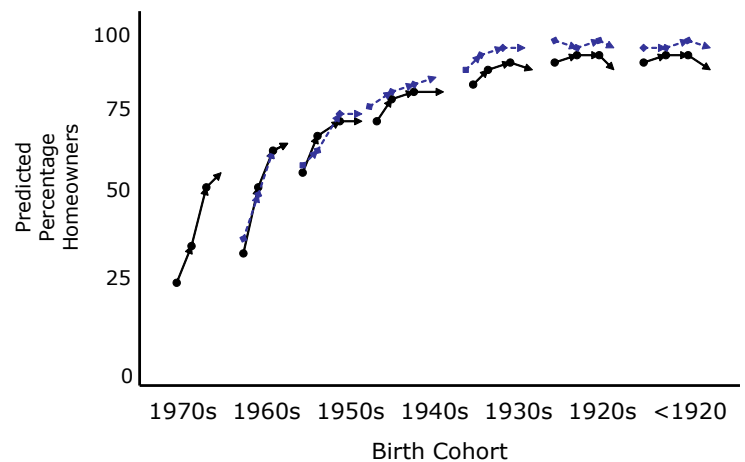


### Immigrant Cohorts

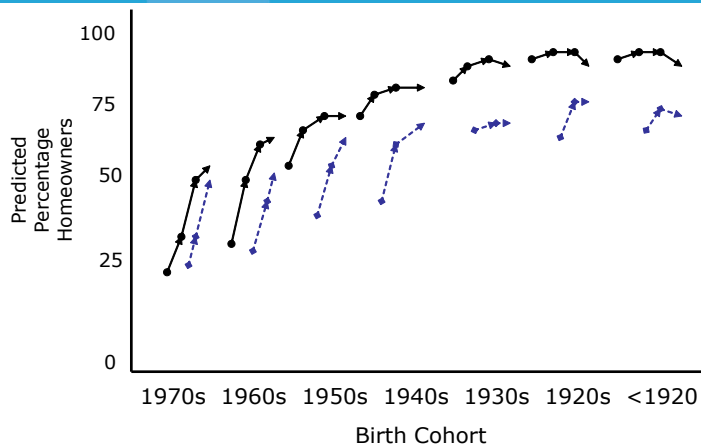
Length of residence in Canada is a key determinant of homeownership among immigrants, after accounting for birth cohort and aging effects. Compared with a homeownership rate of 66 percent among the Canadian-born, immigrants who arrived before 1971 have higher homeownership rates, ranging from 70 to 74 percent. Immigrants who arrived in the 1970s have similar rates of homeownership as the Canadian-born. Post-1980 immigrants have lower rates of homeownership – between 53 and 57 percent. The lowest rate of homeownership is among immigrants who arrived in 1991 and later. Their rate of homeownership is 13 percent lower than among the Canadian-born.

### Aging and Duration of Residence

Homeownership is tied to age-related lifecourse transitions such as getting married, having children, and retirement. Hence, it is important to consider the joint effects of aging and duration of residence on immigrants' homeownership rates. Figures 1 and 2 contrast these joint aging-duration effects for immigrants who came to Canada in the 1960s and those who arrived in the 1990s. Homeownership rates for the Canadian-born are illustrated with solid black lines, with trajectories that begin with solid circles. Rates for immigrants are illustrated with blue dashed lines, with trajectories that begin with solid squares.



**Figure 1**— Homeownership Trajectories for Canadian-born and 1960s Immigrants, by Birth Cohort and Year



**Figure 2**— Homeownership Trajectories for Canadian-born and 1990s Immigrants, by Birth Cohort and Year

For the 1960s arrivals (see Figure 1), the homeownership levels and trajectories for immigrants are similar to the Canadian-born. Immigrants born in the 1950s and 1960s (including those who arrived in Canada as children) had smaller gains in homeownership from 1991 to 1996. However, their homeownership rates recovered during 1996 to 2001, and were similar to the Canadian-born in 2006. For immigrants arriving between 1991 and 2006 (see Figure 2), homeownership rates of immigrants in 1996 were much lower than the Canadian-born of similar age. But younger immigrants who arrived during this period narrowed the gap with the Canadian-born over time. Those who came to Canada between 1991 and 2006 at age 60 and older had modest gains in homeownership and continue to have lower homeownership rates than the Canadian-born of a similar age.

### *Ethnic Differences*

Compared to European-origin householders (with a 68 percent homeownership rate), most racial minorities have lower rates of homeownership. Chinese Canadians are an exception, and have a relatively high 77 percent homeownership rate. For some racial minorities (for example, South Asian, West Asian) the gap in homeownership with European-origin householders is modest. Three ethnic-origin groups have much lower chances of homeownership than European-origin households. Latin American, Arab, and Black Canadians have homeownership rates of 49, 52, and 54 percent, respectively. Official language acquisition is also a determinant of homeownership. People with knowledge of English or French have higher (66 percent) homeownership rates than those without (62 percent).

### **Conclusion**

This study compares homeownership rates of the Canadian-born and immigrants to gauge the progress of immigrants after arrival in Canada. While immigrants' homeownership levels are modestly lower than that of the Canadian-born in all census years (except for 1991), all immigrant cohorts experienced considerable gains in homeownership between 1991 and 2006. Moreover, immigrants experience rapid gains in homeownership with length of residence in Canada. Immigrants who have lived in Canada for 20 years or longer are similar to the Canadian-born in homeownership. Though recent younger immigrants begin their housing careers with much lower levels of homeownership, they made remarkable gains during the 1996 to 2006 period.

There is no evidence that more recent immigrants will be less able to become homeowners than earlier immigrants or that they will not close the gap in homeownership with the Canadian-born or long-term immigrants over time. These findings demonstrate large gains in homeownership for younger birth cohorts among more recent immigrant cohorts from 1991 to 2006. The main findings also confirm the important role of socioeconomic factors in immigrants' homeownership attainment. This is encouraging news because most recent immigrants come from non-European countries and settle in areas (for example, Toronto, Montreal, and Vancouver) that generally have comparatively low homeownership rates because of high home prices.

