

A
FOCUS
CANADA
REPORT

Housing Affordability

FALL 2023

**Environics
Institute**
For Survey Research



**Century
Initiative** | **Initiative
du Siècle**

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The Environics Institute for Survey Research was established by Michael Adams in 2006 with a mandate to conduct in-depth public opinion and social research on the issues shaping Canada's future. It is through such research that Canadians can better understand themselves and their changing society.



centuryinitiative.ca

Century Initiative is a national, non-partisan charity with a mission to enhance Canada's long-term prosperity, resiliency and global influence by responsibly growing the population of Canada to 100 million by 2100.

Century Initiative delivers its mission by leading, enabling and partnering on initiatives that support long-term thinking and planning in immigration; infrastructure and environment; economy, entrepreneurship and innovation; support for children and families; and education, skills and employment. Century Initiative takes a network approach, prioritizing inclusion of diverse perspectives to inform and advance its work.



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As part of its Focus Canada public opinion research program (launched in 1976), the Environics Institute updated its research on Canadian attitudes about immigration and refugees. This survey was conducted in partnership with the Century Initiative. This survey is based on telephone interviews conducted (via landline and cellphones) with 2,002 Canadians between September 4 and 17, 2023. A sample of this size drawn from the population produces results accurate to within plus or minus 2.2 percentage points in 19 out of 20 samples. All results are presented as percentages, unless otherwise noted.

Executive summary

The issue of affordable housing has traditionally been overshadowed in the public's mind by other, more pressing concerns, such as unemployment, health care, the environment or – more recently – the COVID 19 pandemic. But this is now changing. The 2023 Focus Canada survey explores the growing concern about housing affordability through a series of questions about the prospects for home ownership and the challenges posed by rising interest rates, and how these have changed over time. The survey finds that younger Canadians in particular have become more concerned about housing affordability, less optimistic about their prospects for home ownership and – for those who already own their own home – more worried about their ability to continue to make their mortgage payments.

MOST IMPORTANT PROBLEM FACING CANADIANS TODAY. The proportion of Canadians saying that affordable housing is the most important problem in the country has increased from one percent in 2020, to five percent in 2021 and six percent in 2022, to 14 percent today. This makes affordable housing the second highest on the list of problems that Canadians say are the most important ones facing the country today, after inflation. The proportion mentioning affordable housing is more than twice as high among younger Canadians age 18 to 29 as it is among those age 45 to 59.

IMPORTANCE OF OWNING YOUR OWN HOME. Roughly seven in ten Canadians who are not homeowners say it is either very or somewhat important for them personally to someday own their own home. This overall proportion has changed little compared to roughly three decades ago. However, there has been a noticeable change in opinion among those in the middle age group. The proportion of those age 30 to 44 (who are not homeowners) who say it is very important for them personally to someday own their own home increased from 51 percent in 1989 to 70 percent in 2023. Compared to the earlier period, more Canadians age 30 to 44 today who do not own their own home are likely frustrated or disappointed because they have a strong desire to do so.

The survey finds that younger Canadians in particular have become more concerned about housing affordability, less optimistic about their prospects for home ownership and – for those who already own their own home – more worried about their ability to continue to make their mortgage payments.

LIKELIHOOD OF BEING ABLE TO AFFORD TO BUY A HOME. Canadians have also become somewhat less optimistic over time about the prospects of home ownership. This drop in optimism is much greater for younger Canadians. Among those age 18 to 29 who do not currently own their own home, the proportion viewing home ownership as very likely fell by 16 points, from 47 percent in 1989 to 31 percent today – which is twice as large as the average eight-point drop for the adult population as a whole.

CONCERN ABOUT PAYING FOR THE HOME YOU OWN. The Focus Canada survey also asked current homeowners if they were worried about being able to afford to pay for the home they own. While a majority are not that worried, a noticeable minority – almost two in five – are. The extent of this concern decreases with age, presumably because older homeowners have had more time to pay off their mortgages. About one in two Canadians under the age of 45 are either very or somewhat worried about being able to afford to pay for the home they own, compared to 26 percent of those age 55 and older.

Affordable housing

As immediate concern with the COVID-19 pandemic faded, new issues have appeared on the public’s agenda, the most prominent of which have been the cost of living and the affordability of housing. In many parts of the country, both housing prices and rents have risen steeply. And interest rates – which affect the amount and duration of mortgage payments – have increased as a measure to counter inflation. An earlier report from the latest Focus Canada survey examined *attitudes toward immigration* in Canada, and in that context noted concerns about housing availability and affordability. This second report addresses the housing crisis more directly by exploring the views that Canadians have about the prospects for home ownership and the challenges posed by the interest rate jump.

MOST IMPORTANT PROBLEM FACING CANADIANS TODAY

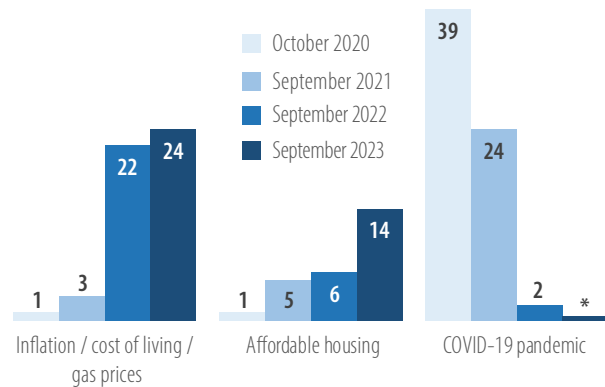
Affordable housing is currently the second highest on the list of problems that Canadians say are the most important ones facing the country today. This is an open-ended question, which means that people answer in their own words rather than choosing from a list of items presented to them. The question also allows only one response. While people can be expected to view many issues as important, in this case they are asked to name only the one that is their top concern at the time of the survey.

The most commonly mentioned item in September 2023 is inflation or the cost of living (24%). Affordable housing is second, with 14 percent of Canadians saying this is the most important problem. Eleven percent mention the economy in general.

Affordable housing has not traditionally been among Canadians’ top concerns. In each of seven Focus Canada surveys conducted between 2010 and 2019, for instance, it was not recorded as a response.¹ However, the proportion of Canadians saying that affordable housing is the most important problem in the country has grown from one percent in 2020, to five percent in 2021 and six percent in 2022, to 14 percent today.

Answers in 2023 vary by region and age group. The proportion mentioning affordable housing is at least twice as high in British Columbia (19%), Ontario (18%) and Atlantic Canada (14%) than it is in Quebec (7%) or Manitoba and

Most important problem facing Canadians today 2020 – 2023 Selected mentions

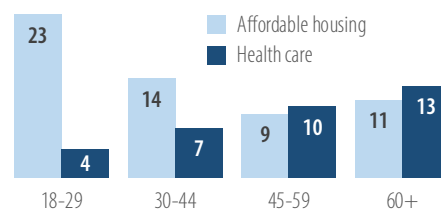


* Less than one percent

Q.2

In your opinion, what is the most important problem facing Canadians today?

Most important problem facing Canadians today 2023 Selected mentions, by age group



* Less than one percent

Q.2

In your opinion, what is the most important problem facing Canadians today?

Saskatchewan (5%). And it is at least twice as high among younger Canadians age 18 to 29 (23%) as it is among those age 45 to 59 (9%) or age 60 and older (11%). While older Canadians are less concerned about affordable housing, they are more concerned about health care.

Notably, the proportion mentioning affordable housing as the country’s most important problem does not vary significantly by household income. In other words, it is not only Canadians with lower incomes who are feeling challenged by the current housing market.

¹ It may have been mentioned by some individual respondents, but not by more than one percent of the total sample.

IMPORTANCE OF OWNING YOUR OWN HOME. Most adult Canadians live in a house that they (or their family) own. However, home ownership rates have declined slightly over the past decade, from 69.0 percent in 2011 to 66.5 percent in 2021. This decline has been sharper for younger adults compared to their older counterparts.²

The Focus Canada survey asked those who are not homeowners how important it is for them personally to someday own their own home. One in two (53%) say it is very important, and an additional 18 percent say it is somewhat important. Combined, this means that seven in ten (71%) of those who are not homeowners say it is very or somewhat important for them personally to someday own their own home.

This proportion varies significantly by age. Seven in ten (69%) of those between the ages of 18 and 44 (who currently do not own their own home) say it is very important for them to someday own their own home, compared to 21 percent of those age 45 and older.

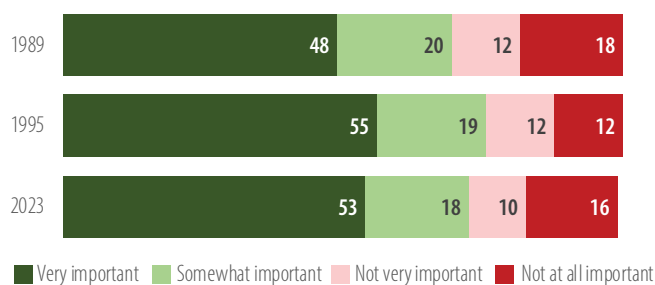
There are also differences in the “very important” responses between immigrants (68%) and those born in Canada (45%),³ between those with annual household incomes of \$60,000 or more (64%) and those with incomes below this amount (44%), and between men (59%) and women (48%).

This question was asked in previous Focus Canada surveys roughly three decades ago, in both 1989 and 1995. Overall, there has been little change, with roughly seven in ten Canadians (who do not currently own their own home) saying it is either very or somewhat important for them personally to someday own their own home.

However, there has been a noticeable change in opinion among those in the middle age group. The proportion of those age 30 to 44 (who are not homeowners) who say it is very important for them personally to someday own their own home increased from 51 percent in 1989 and 57 percent in 1995, to 70 percent in 2023. Compared to the earlier period, more Canadians age 30 to 44 today who do not own their own home are likely frustrated or disappointed because they have a strong desire to do so.

Importance of owning your own home

1989 – 2023 Those who do not own their own home

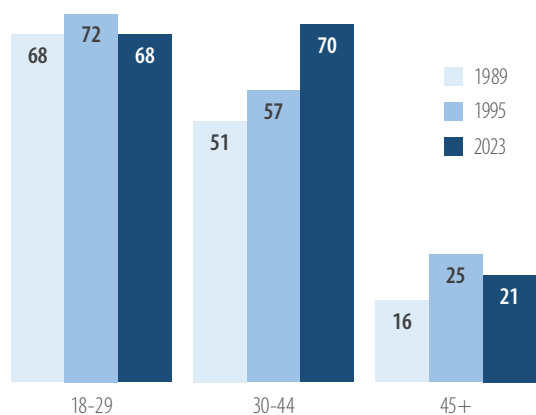


Q.FC12

How important is it for you personally to someday own your own home?

It is very important to own your own home

1989 – 2023 Those who do not own their own home, by age group



Q.FC12

How important is it for you personally to someday own your own home?

² See: Statistics Canada, *To Buy or to Rent* (September 21, 2022); <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm>. The home ownership rate is the proportion of all households that are owner occupied.

³ Note that immigrants are, on average, younger than those born in Canada, which could contribute to this difference.

LIKELIHOOD OF BEING ABLE TO AFFORD TO BUY A HOME. In the face of rising housing prices and interest rates, it can be expected that what is changing over time is not so much the desire to own a home, but the sense of how possible it is to realize this goal. To explore this, the survey asked those who currently are not homeowners how likely they think it is that they will ever be able to afford to buy their own home.

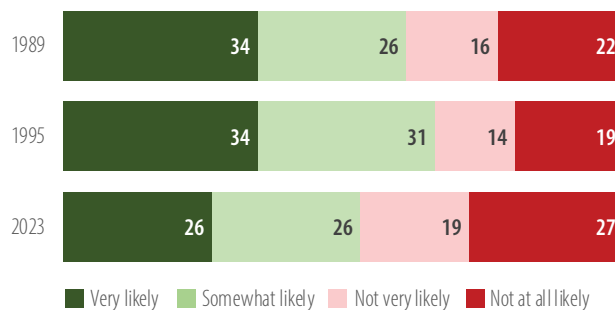
Currently, only about one in two Canadians (52%) who do not currently own their own home think it is likely that they will ever be able to afford to buy one. This group is evenly divided between those who think it is very likely (26%) and those who think it is somewhat likely (26%). Almost as many (46%) think it is not very (19%) or not at all (27%) likely that they will ever be able to afford to buy their own home.

As with the previous question, this question was also asked in 1989 and 1995. A comparison with the earlier results shows that, over time, Canadians have become somewhat less optimistic about the prospects of home ownership. The proportion saying it is very likely that they will ever be able to afford to buy their own home has declined by eight percentage points, from 34 percent in both 1989 and 1995, to 26 percent today. The proportion saying it is either very or somewhat likely declined from 60 percent in 1989 and 65 percent in 1995, to 52 percent today.

This drop in optimism, however, is much greater for younger Canadians. Among those age 18 to 29 who do not currently own their own home, the proportion viewing home ownership as very likely fell by 16 points, from 47 percent in 1989 to 31 percent today – which is twice as large as the average eight-point drop for the adult population as a whole. (The proportion in this age group saying it is either very or somewhat likely fell from 80% to 66%).

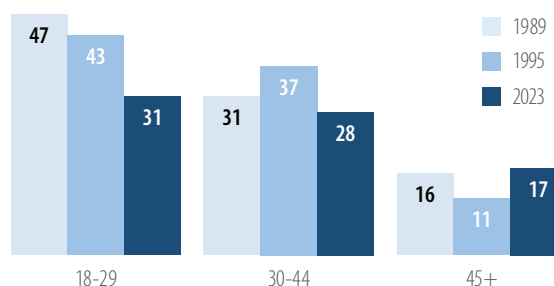
It is notable, however, that optimism is higher among those who think home ownership is important. Among those who say it is very or somewhat important to someday own their own home, 61 percent say it is likely that they will be able to afford to do so; this compares to only 29 percent among those who do not see home ownership as important. That said, about two in five (38%) Canadians who say home ownership is important to them do *not* think it is likely that they can achieve this goal.

Likelihood of being able to afford to buy your own home 1989 – 2023 Those who do not own their own home



Q.FC13
How likely do you think it is that you ever will be able to afford to buy your own home?

Very likely to be able to afford to buy your own home 1989 – 2023 Those who do not own their own home, by age group



Q.FC13
How likely do you think it is that you ever will be able to afford to buy your own home?

Finally, the current salience of the housing affordability issue can be illustrated by exploring its relationship to other issues. For example, compared to non-owners who expect to be able to afford to buy their own home (41%), those who think home ownership is not likely (66%) are much more dissatisfied with the current direction of the country. And compared to their counterparts who think home ownership is likely, those who think it is unlikely that they will be able to afford their own home are also more likely than to agree that there is too much immigration to Canada, and less likely to agree that immigration has a positive impact on the Canadian economy.

CONCERN ABOUT PAYING FOR THE HOME YOU OWN.

One dimension of the current housing crisis is the challenge facing those trying to purchase a home for the first time. But another dimension is the pressure on those who are homeowners but have a mortgage to pay. This second dimension has come into focus as interest rates have risen. Many of those who bought a home several years ago, when interest rates were very low, are having to renew their mortgages at higher rates of interest, leading to sharp increases in monthly payments or an extension of the mortgage amortization period.

The Focus Canada survey asked current homeowners if they were worried about being able to afford to pay for the home they own. A majority (62%) are not that worried, including 44 percent who are not at all worried, and 18 percent who are not very worried. But almost two in five (38%) are very (17%) or somewhat (21%) worried about covering the costs of their current home.

The extent to which a homeowner is worried about being able to afford to pay for the home they own decreases with age, presumably because older homeowners have had more time to pay off their mortgages. About one in two (53%) under the age of 45 are either very or somewhat worried, compared to 26 percent of those age 55 and older. And younger homeowners (age 45 or younger) are half as likely to be *not at all* worried (27%) as older homeowners (age 55 or older) (54%).

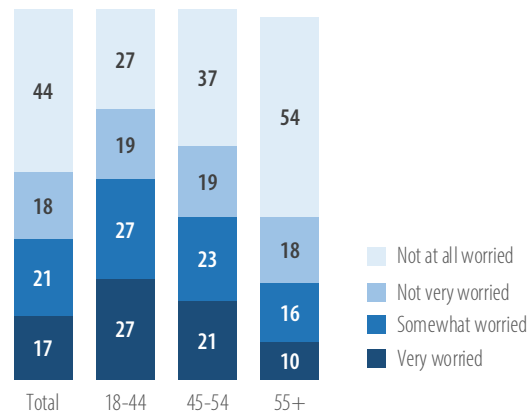
The proportion of homeowners who are very or somewhat worried about being able to afford to pay for the home they own also varies by region and annual household income. Such concerns are:

- highest in Alberta (46%) and Ontario (43%), and lowest in Quebec (27%) (among those under the age of 55 in Ontario, the figure rises to 58 percent⁴).
- highest among those with annual household incomes below \$60,000 (43%) and lowest for those with incomes of \$100,000 or more (34%).

Additionally, the proportion that is very or somewhat worried about being able to afford to pay for the home they own is much higher among supporters of the federal

Worry about being able to afford to pay for the home you own

2023 Those who own their own home, by age group



Q.FC14

Are you very, somewhat, not very, or not at all worried about being able to afford to pay for the home you own?

Conservative Party (43%) compared to supporters of the Liberal Party (26%). Part of this difference can be explained by the fact that, at the time of the survey, Conservative Party supporters tended to be younger than Liberal Party supporters. But it might also be that some Canadians who are concerned about housing affordability are drawn to support the opposition party rather than the government.

Finally, there is a relationship between concern about affording one's house and opinions on other issues. For example, compared to those who are not worried about continuing to afford to pay for the home they already own (55%), those who are worried (72%) are much more dissatisfied with the current direction of the country. Those who are worried about affording to pay for the home they own are also more likely than their counterparts who are not worried to agree that there is too much immigration to Canada, and are less likely to agree that immigration has a positive impact on the Canadian economy.

⁴ The subsamples are not large enough to report results for homeowners under the age of 55 in the other regions of the country. The sample size of homeowners under the age of 55 in Ontario is 161.

