

Title: Settling In: Newcomers in the Canadian Housing Market, 2001–2005

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Research Question: The Longitudinal Survey of Immigrants to Canada is used to investigate the participation of immigrants in Canada's housing market in the first four years of the settlement process. The analysis focuses on the changing rate of home ownership, crowding, affordability, and problems accessing housing. Special attention is given to differences between landing classes and population groups (especially Visible Minority groups). We also consider the impact of immigrants on the housing markets of Montréal, Toronto, and Vancouver.

Importance: Housing is a “bottom line” element in successful integration; without adequate and affordable housing, immigrants will not be able to participate in Canadian society effectively. At the same time, it is vital to understand how immigrants are transforming the housing market. LSIC offers researchers a new and potent tool for investigating these issues. The longitudinal component of the survey is particularly important in this respect, and enables the study of housing as a *process*.

Research Findings: In general, the housing situation of LSIC survey respondents improves remarkably over the years covered by the survey. This is registered in a much higher rate of home ownership in the third wave of the survey (at four years after landing) compared with the first (six months after landing). Similarly, the ratio of survey respondents spending more than 30 percent of their total family income on housing drops dramatically, as does the percentage living in crowded conditions. In other words, at least according to the measures explored here, LSIC suggests that the proportion of immigrants in core housing need drops significantly in the early settlement period. This finding coincides with our earlier work (cf MBC WP #08-01) where we introduce the concept of an *immigrant effect* in the housing market, meaning that immigrants achieve a higher rate of home ownership than their the Canadian-born at an equivalent level of income. This positive outcome is not universally shared, however, and certain groups—notably refugees, and immigrants of Black and Middle-Eastern background—see much less improvement in their circumstances than the average survey respondent. There are also important differences across Canada's three major metropolitan areas; simply put, immigrants enter different housing markets in Montréal, Toronto, and Vancouver. The cost of renting or buying a dwelling are far more affordable in Montréal than the other cities. However, the profile of immigrants settling in the three cities also differs and there is a kind of *convergence effect* at work. Montréal draws a larger proportion of immigrants who have a lower ability to pay for housing, and immigrants to that city experience similar affordability challenges and rates of crowding of their counterparts in Toronto and Vancouver.

Implications: Given that LSIC is based on a single cohort of immigrants who arrived in 2000/01, in relatively positive economic conditions, we should be wary of generalizing these findings.

Moreover, approximately 35 percent of those who participated in the first wave of the survey were lost by the third (three and a half years later). Nevertheless, our findings provide a sense of the considerable impact of immigration on the rental *and real estate purchase* markets in major Canadian cities. These impacts occur very quickly. Our findings also provide a new perspective on the economic integration of immigrants. While we do not seek to challenge the widely accepted view that immigrants experience difficulty obtaining employment commensurate with their human capital, or the pervasive worry over the extent of low income among newcomers, we believe that the rapid acquisition of home ownership adds another dimension to this story. Over half of LSIC respondents in Vancouver, for example, Canada's most expensive housing market, lived in owner-occupied housing by the third wave of the survey. We believe that housing data reveal something of the extent of capital transferred to Canada by immigrants (an important fact not captured by any existing data sets) and considerable wealth that is generally invisible when we only consider data on income levels.