

# PARADE OF HOMES

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The value of statistics can often answer such questions as: "Where do I stand in relation to other Canadians?" "Am I smaller?" "Am I taller?" "Is my education above or below the average?" "Is my income below average and if so, how much catching up do I have to do?"

There is also usually a set of questions in every individual's mind about housing, including: "Do most other Canadians with my income own their own homes? Am I spending about the same percentage of income on shelter as other families?"

Because statistics take a great deal of time to compile with any degree of accuracy they are often slightly out of date by the time they reach the consumer. But this need not necessarily reduce their value as the consumer's memory can easily stretch back a couple of years, recall what conditions were then and measure gains or losses in the meantime.

To reach a long way back, for example, we hear a lot of comparisons between unemployment during the Great Depression of the 1930s and today. Unemployment then was 19.3 per cent of the labor force. Today it is only 8.4 per cent. So, despite doom and gloom comments, by comparing these two figures we know that employment wise we are more than twice as well off as we were during the depression. But that is only part of the story because welfare and other social benefits have improved so that the hardship endured by the unemployed of the 1930s can hardly be compared to the lifestyle of the unemployed today.

The above example illustrates that more than one statistic should be considered when a person asks himself or herself: How am I doing?

Two studies prepared recently by the Canadian Real Estate Association's department of economics and research could give a fairly accurate answer. One is entitled "Patterns of Family Expenditure in Canada," the other "Characteristics of Canada's Housing and Its Inhabitants."

It is generally agreed that the living standard of Canadians has been steadily improving, and that income is only a partial indication of how well a family is doing financially because of the erosion of the dollar through increases in the prices of consumer goods.

It is estimated that average family income in 1976 was \$18,750 - 12.9 per cent higher than the previous year. But when this is converted into constant (1971) dollars, the real gain becomes 5 per cent. (Today the purchasing power of a 1971 dollar is 60 cents.)

Between 1951 and 1975 family incomes improved in all regions of the country. The median income of all families has consistently moved up since 1965 when the

income of 37.9 per cent of all families was less than \$5,000 to the point where only 7 per cent of all families had incomes in this range in 1976. Within the same time frame the number of families with incomes of \$15,000 or more increased from 3.5 per cent to 56.5 per cent.

General speaking, more families could afford to buy housing in 1976 and 1977 than was the case in 1974 and 1975.

Taking the five years from 1969 to 1974 the percentage of family income spent on shelter actually declined marginally from 15.6 per cent to 15 per cent; clothing declined from 8.1 to 5.4, and food declined from 17.5 to 17.2. However, the percentage spent on travel and transportation rose from 12.2 to 16.1 per cent and the percentage claimed by income tax rose from 15.6 to 18.4 per cent.

Yours was one of 5,750,000 families in Canada in 1976. Of these approximately 37 per cent lived in Ontario; 27 per cent in Quebec; 16 per cent in the Prairie Provinces; 11 per cent in British Columbia and 9 per cent in the Atlantic Provinces.

By 1986 the number of families is expected to increase by another 1,500,000.

As stated earlier, average family income was \$18,750 in 1976, up from \$13,535, 25 years - or a generation - earlier. Rapidly rising wages account only in part for this change. The large number of married women entering the work force has also been instrumental in increasing family income and bringing more than half the families in Canada over the \$15,000 mark.

With a gross income in excess of \$100 billion annually of which approximately \$20 billion is spent on shelter, it is no wonder Canadians are conceded to be one of the best housed nations in the world - if not the best.

"They have been able to maintain this high standard primarily because family income has risen at about the same rate as the price of housing and by allocating a higher proportion of their incomes to provide the desired level of housing for their family unit," says Douglas Strange, Canadian Real Estate Association research director.

He notes that house prices in relation to income have varied little since 1957 when house prices were 2.8 times average annual family income. In 1976 the ratio was 2.7.

However, Strange says, "while house prices are important in determining housing affordability, by far the most significant factor is the mortgage interest rate. A 1 per cent rise in the interest rate results in a 7 to 9 per cent increase in the monthly mortgage payment."

With mortgage interest rates rising from 8 per cent in 1967 to 10 1/2 per cent in 1977 the average percentage of family income required for mortgage payments rose from 20.5 per cent to 26 per cent.

Nonetheless, there was a reversal in 1976 of the downward trend in home ownership on a percentage basis which had been present since 1956. That year 68.4 per cent of all dwellings were owner occupied. By 1971 the figure had declined to 60.3 per cent as a direct result of the tremendous growth in young and single person households. Most were persons with incomes too low to become homeowners, but since then their incomes have risen sufficiently to allow them to enter the market. Now 61 per cent of all dwelling units are owner-occupied. Because of the millions of households in Canada a major swing in purchasing habits is required to affect the percentages by even 1.0 of 1 per cent.

While mortgages are generally accepted as part of the pattern of home ownership, a recent survey indicated that 39 per cent of home owners had no mortgage payments to make; while another 38 per cent had mortgages with outstanding balances of less than \$10,000. For those with a mortgage the median principal outstanding was \$13,235.

The survey found that while in about 17 per cent of all owner occupied homes more than a quarter of the income was spent on shelter, more than 75 per cent of all renters spent a quarter of their incomes on shelter.

A smaller group of renters, 8 per cent, spent more than 40 per cent of their income on shelter, while 6 per cent of the owners spent a similar amount.

Of households with incomes of more than \$20,000, nearly 75 per cent owned their own homes.

As with other characteristics of the Canadian population, there are regional disparities in home ownership. The highest percentage of home ownership is in Newfoundland where more than 80 per cent of the dwelling units are owner occupied. The lowest percentage is in Quebec where it is less than 50 per cent. In Nova Scotia, New Brunswick, Prince Edward Island and Manitoba the percentage is about 70 per cent. In Saskatchewan 75 per cent and in Ontario 65 per cent.

There is also a wide variation in home ownership between rural and urban residents. In urban centres with populations of 500,000 or more, fewer than 50 per cent of all residential units are owner occupied, compared to 63 per cent in centres with a population of 100,000 or less. In rural areas, on the other hand, approximately 85 per cent of all homes are owner occupied.

The foregoing array of statistics hopefully will permit most individuals to determine where they fit into the housing picture compared with other families living in their regions and at the same income level.

No two families have exactly the same priorities or goals, but averages do show what a large number of people are doing and what they have accomplished. There is, theoretically at least, an average time it takes people to reach their goals. But statistics don't show that.



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