The Changing Demand for Housing in Canada

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Much of what is known about the housing of Canadians comes from the national census conducted every five years. Censuses provide much data on the private households in which about 98% of all Canadians live. Censuses are less informative about the remainder, the people living in collective dwellings (institutions, group homes and rooming houses) or the homeless.

The living arrangements of Canadians have changed rapidly in the last two decades. In 1986 (counts from the 1991 census have not yet been published), census-takers found 6.7 million nuclear families in private households, up from five million in 1971. Average family size in 1986 was 3.1 persons, down with the end of the baby boom and the rise in divorce and separation, from the 3.7 persons averaged in 1971. In 1986, 90% of nuclear families lived by themselves, up from 85% in 1971.

The 1986 census also reported an additional 3.6 million “nonfamily” persons (those persons not currently residing in a nuclear family) in private households, up sharply from 2.2 million in 1971. Of these, 54% lived alone in 1986, up markedly from just 37% in 1971. By 1986, households that contained just one person made up 22% of all private households, up from 13% in 1971. The propensity for older, non-family persons to live alone surged in the 1970s, a trend that continued into the 1980s. In contrast, the proportion of young non-family adults (under age 35) living alone did not increase further after 1981. The 1986 census found rather that 50% of 26 year old single women lived with a parent, up from just 40% in 1981.

Canada Mortgage and Housing Corporation projects an average net household formation of 196 thousand additional households annually during the 1991-1996 period, falling to 184 thousand households annually during 1996-2001. These projections assume substantial immigration from abroad; the aging of the baby boom generation will contribute to the slowing of net household formation over the 1990s.

Household formation is sensitive to the price of housing and to consumers’ ability to afford it. Imaging the set of potential households that could be formed if every husband/wife couple, and all other persons aged 20 or older, were each to live in a separate dwelling, and let the formation rate be the ratio of total households to potential households at a

Continued on back panel
Changing Demand for Housing, continued from cover particular date. The formation rate in Canada surged from 1971 to 1976, at the same time as consumer income increased faster than the price of housing. The formation rate increased further, but less quickly, from 1976 to 1981 as the growth in consumer incomes slowed relative to prices, and then fell from 1981 to 1986 as affordability declined.

The use that consumers make of their homes depends on household composition, capabilities, time, income and technology available, as well as the price of alternatives. Changes in use of the home affect housing demand by consumers. In 1986, two-income couples made up 54% of all husband/wife families, up from just 20% in 1961. Two-income couples require labour-saving equipment as well as housing forms (such as condominiums), locations (central city) and designs which require less maintenance. Two-income couples also make greater use of paid child care, and spend more on restaurant meals and prepared foods.

The proliferation of lone parents and persons living alone also changed the use of a typical home. Many lone parents juggling a job, family responsibilities and household chores cope by relying on relatives, neighbours or friends. The housing needs of these small, non-traditional households differ from those of the husband/wife family.

The modern history of Canadian residential construction exemplifies the adaptation by builders and developers to the shift in housing demand. See chart below.

The early post-war storey-and-a-half dwelling was aimed at young, first-time home buyers of modest income. In the early 1950s, as consumers became more affluent, the market responded with the one-level ranch bungalow. As land prices escalated, builders in metropolitan areas turned to the split-level bungalow and the two-storey detached home. This cycle was repeated in the late 1960s with the entry of the baby boom generation into the housing market. The great apartment building boom responded to the increasing numbers of baby boomers starting their first households. Their growing affluence helped fuel successive booms, first in inexpensive row-housing (principally in metropolitan areas), later in semi-detached and linked housing, and then in the “monster” homes of the 1980s.

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Other initiatives that tapped newly-emerging demands for housing included condominiums, infill housing, and cooperative housing. Important with these was the extensive renovation of older neighbourhoods in Canada’s largest cities that attracted households who wanted better access to jobs, shopping, and urban amenities.