The Sources of Differentiation in the Immigrant Housing Market: Insights from the Longitudinal Survey of Immigrants to Canada

Michael Haan
Department of Sociology
University of Alberta
mhaan@ualberta.ca

October, 2006

11th International Metropolis
Conference, Lisbon, Portugal

Current Immigrant Homeownership Trends in North America

- Immigrant homeownership rates have been declining.
  - In the United States (Borjas, 2002; Freeman and Hamilton, 2004).
  - and in Canada (Edmonston, 2004; Haan 2005a).
- In both countries, recent arrivals are experiencing the biggest declines.
- Differentiation primarily occurs in the first 4-5 years (Haan, forthcoming).
- Although there is a secular decline, HO rates and rate declines differ across visible minority groups (Painter, Yang and Yu, 2003; Haan, forthcoming).

Potential Reasons for Racial Homeownership Disparities

1. Socio-demographic characteristics.

2. Labour Market misfortunes.

3. Discrimination against some groups, based on:

   1. Skin colour (Henry, 1989; Yinger 1986, 1998).

   2. Language barriers (Boyd, 2003; Massey 1995).

Potential Reasons for Racial Homeownership Disparities, cont.

4. Credit constraints.
    1. Entry wealth has declined (Zhang, 2003).
    2. Immigrants from certain parts of the world do not have an opportunity to build a credit history.

Potential Reasons for Racial Homeownership Disparities, cont.

5. Class of Entry
    1. Some entrants are not in a position to buy homes immediately.
    2. Differs across visible minority groups.

Potential Reasons for Racial Homeownership Disparities, cont.

6. Credential Recognition
   1. Although widespread, not a universal problem (Worswick, 2004).
   2. European (white) arrivals, particularly from Northern Europe, experience fewer difficulties with recognition.
   3. Members of different race/visible minority groups might experience different levels of credential recognition.

Potential Reasons for Racial Homeownership Disparities, cont.

7. City of Residence

   1. Immigrant groups tend to cluster in different cities.

   2. Each city has its own housing market, and affordability characteristics.

   3. Group members clustered in expensive markets may have reduced access.

Summary of Potential Candidates for Differences in Homeownership Rates

1. Sociodemographic characteristics
2. Labour market characteristics
3. Discrimination
4. Credit constraints
5. Class of entry
6. Credential recognition
7. City of residence

Michael Haan
October, 2006

11th International Metropolis
Conference, Lisbon, Portugal

Methodology

Dataset: Longitudinal Survey of Immigrants to Canada, waves I and II (eventually III).

Sample: 6,600 people aged 25-65 who settled in Canada between October 2000 and September 2001.

Estimation technique: discrete-time event history analysis.

Focal predictors

- Nine visible minority indicators (Black, Chinese, Filipino, Hispanic, South Asian, South East Asian, West Asian, White (ref.)).

- Differences in odds across models denote 'unexplained' differences between whites and other groups.

Results

Race/Ethnicity	No Controls	Socio-Dem. Chars.	Labour Market Chars.	Discrim.	Credit Const.	Class of Entry	Cred. Recog.	City of Res.
Arab	0.22 ***	0.22 ***	0.23 ***	0.31 ***	0.39 ***	0.36 ***	0.39 ***	0.45 ***
Black	0.54 ***	0.51 ***	0.53 ***	0.61 ***	0.74 *	0.82	0.86	0.90
Chinese	0.72 ***	0.75 ***	0.83 **	0.77 ***	0.71 ***	0.73 ***	0.80 **	0.85 *
Filipino	0.93	0.66 ***	0.63 ***	0.59 ***	0.76 *	0.68 ***	0.76 *	0.77 *
Hispanic	0.67 **	0.64 **	0.66 **	0.70 *	0.91	0.89	0.97	0.99
South Asian	0.93	0.70 ***	0.71 ***	0.66 ***	0.80 ***	0.71 ***	0.79 **	0.81 **
South East Asian	1.18	0.99	1.03	0.98	1.27	1.16	1.26	1.24
West Asian	0.56 ***	0.46 ***	0.47 ***	0.45 ***	0.51 ***	0.71 *	0.74	0.79
White	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.	Ref.

South Asian includes people from East India, Pakistan, Sri Lanka, etc.
South East Asian includes people from Cambodia, Indonesia, Laos, Vietnam, etc.
West Asian includes people from Afghanistan, Iran, etc.

Michael Haan
October, 2006

11th International Metropolis
Conference, Lisbon, Portugal

Conclusion

- Socio-demographic and labour market characteristics only *begin* to explain differences in homeownership attainment rates.

- Many of the factors shown to shape immigrant labour market outcomes in Canada (and elsewhere) also affect homeownership attainment.

- Despite this, Arabs, Chinese, Filipinos, and South Asians experience significantly different HO rates, pointing to factors beyond those identified here.

Michael Haan
October, 2006

11th International Metropolis
Conference, Lisbon, Portugal