

HOUSING MARKET INSIGHT

Montréal CMA



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"Montréal baby boomers have so far not made a marked return to the rental market. As well, while some baby boomers decide, as they get older, to buy a condominium in order to have a smaller home, the data show that this trend remains limited for the moment."



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What do the data from the 2016 Census tell us about the housing choices of Montréal baby boomers?

- *Contrary to an often-cited hypothesis, Montréal baby boomers have not made a marked return to the rental market for the moment. Consequently, this was not a significant factor that supported demand for rental housing in recent years.*
- *The vast majority of baby boomers still own their homes. However, a small proportion of baby boomers, as they got older, sold their home in order to buy a condominium, which may have stimulated demand for this housing type.*
- *As for property size, the proportion of baby boomers who, as they got older, opted for a smaller home (downsized) seems relatively low for the moment. This phenomenon is however slightly more marked among baby boomers who own larger homes.*
- *As well, few baby boomer households left the Montréal suburbs to settle on the Island of Montréal in 2016. Baby boomers from the suburbs therefore had little impact on demand for rental apartments and condominiums on the Island of Montréal.*

According to data from the latest Census (2016), baby boomers¹ accounted for around 40% of all households in the Montréal census metropolitan area (CMA).

Given the considerable demographic weight of this generation, it is more important than ever to analyze the behaviour of these households on the real estate market in order to identify the potential impacts of this generation on that market.

Using data from Statistics Canada's 2016 Census, we set out to answer the following questions:

- How have the tenure choices of Montréal baby boomers evolved over the last 10 years? Are they renting proportionately more than before? Are they increasingly interested in condominiums?
- Did Montréal baby boomers opt for smaller homes (downsize) over that period?
- Did baby boomers leave the Montréal suburbs to go live in the more central sectors of the metropolitan area? If so, did they choose to rent or buy a property?

The answers to these questions will help us better understand how the housing market could be required to adapt over the coming years.

No marked return to the rental market among baby boomers, but a certain interest in condominiums

The proportion of baby boomers who choose to rent throughout their adult life has been steadily decreasing.

Still, it is often put forth that many baby boomers, as they get older, sell their property in order to return to the rental market. This move allows them, among other things, to cash in on the wealth from the sale of their

Table 1: Proportions (%) of Renter Baby Boomer Households Born Between 1947 and 1951, Montréal CMA, 2006 and 2016

% of renters / Period	2006 (baby boomers aged 55 to 59)	2016 (baby boomers now aged 65 to 69)	Difference 2006-2016 (percentage points)
Proportion (%) of renters	36.5	36.8	0.3

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 2: Proportions (%) of Renter Baby Boomer Households Born Between 1952 and 1956, Montréal CMA, 2006 and 2016

% of renters / Period	2006 (baby boomers aged 50 to 54)	2016 (baby boomers now aged 60 to 64)	Difference 2006-2016 (percentage points)
Proportion (%) of renters	37.1	36.0	-1.1

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 3: Proportions (%) of Renter Baby Boomer Households Born Between 1957 and 1961, Montréal CMA, 2006 and 2016

% of renters / Period	2006 (baby boomers aged 45 to 49)	2016 (baby boomers now aged 55 to 59)	Difference 2006-2016 (percentage points)
Proportion (%) of renters	37.1	34.9	-2.2

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 4: Proportions (%) of Renter Baby Boomer Households Born Between 1962 and 1966, Montréal CMA, 2006 and 2016

% of renters / Period	2006 (baby boomers aged 40 to 44)	2016 (baby boomers now aged 50 to 54)	Difference 2006-2016 (percentage points)
Proportion (%) of renters	39.8	35.0	-4.8

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

home and also to do away with the various obligations related to owning a property.

To verify whether these statements effectively represent reality, we analyzed the changes in the renter rates between 2006 and 2016 for four different cohorts of Montréal baby boomers², from the oldest (born between 1947 and 1951) to the youngest (born between 1962 and 1966).

Tables 1 to 4 illustrates these results.

However, it is important to mention that the lack of any increase in the renter rate between 2006 and 2016 does not mean that no baby boomers in the Montréal area sold their property to return to the rental market.

In fact, while it is possible that some baby boomers made this move on the real estate market, it is also conceivable that some renter baby boomers purchased a property during this period. Overall, the proportion of renters in Montréal CMA may therefore have remained unchanged between 2006 and 2016, even if some households changed tenures during this period³.

For baby boomers born between 1947 and 1951, the proportion of renters remained relatively stable at about 37% between 2006 and 2016. In fact, for this first cohort of baby boomers, some of whom were almost 70, a marked transition to the rental market had not yet taken place.

In light of these results, baby boomers born between 1947 and 1951 likely did not have a significant impact on the evolution of the overall rental housing demand in the Montréal area between 2006 and 2016.

A similar analysis for the generations having preceded the baby boomers did however show that people tend to return to the rental market when they reach a certain critical age—an age that, incidentally, can vary from one generation to the next⁴.

For example, for certain generations, the transition to the rental market took place when the households were aged 75 to 79, while for others, it was rather when they were aged 60 to 64.

Based on those data, it is quite possible that the baby boomers born between 1947 and 1951 will return to the rental market only when they are aged 75 to 79, or in about 10 years.

For all the other younger cohorts of baby boomers (see tables 2 to 4), the proportions of renters decreased between 2006 and 2016, which limited the pressure on the rental housing demand from these groups. The economic and financial conditions in which these baby boomers lived therefore seem to have favoured homeownership rather than the rental market.

As well, if these younger baby boomer cohorts behave similarly to the older cohort discussed above, their transition to the rental market will not take place before a number of years. For example, for the youngest baby boomers, that is, those who were aged 50 to 54 in 2016, this would mean that there would be no return to the rental market until this cohort is aged at least 65 to 69, or not before another 15 years.

In this case, rental housing demand, once again, should not greatly benefit in the short or medium term from

Table 5: Proportions (%) of Condominium Owner Baby Boomer Households Born Between 1947 and 1951, Montréal CMA, 2006 and 2016

Housing type / Period	2006 (baby boomers aged 55 to 59)	2016 (baby boomers now aged 65 to 69)	Difference 2006-2016 (percentage points)
Condominium	14.1	20.1	6.0
Non-condominium	85.9	79.9	-6.0
Total	100.0	100.0	0.0

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 6: Proportions (%) of Condominium Owner Baby Boomer Households Born Between 1952 and 1956, Montréal CMA, 2006 and 2016

Housing type / Period	2006 (baby boomers aged 50 to 54)	2016 (baby boomers now aged 60 to 64)	Difference 2006-2016 (percentage points)
Condominium	12.1	17.4	5.3
Non-condominium	87.9	82.6	-5.3
Total	100.0	100.0	0.0

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 7: Proportions (%) of Condominium Owner Baby Boomer Households Born Between 1957 and 1961, Montréal CMA, 2006 and 2016

Housing type / Period	2006 (baby boomers aged 45 to 49)	2016 (baby boomers now aged 55 to 59)	Difference 2006-2016 (percentage points)
Condominium	9.8	15.3	5.5
Non-condominium	90.2	84.7	-5.5
Total	100.0	100.0	0.0

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 8: Proportions (%) of Condominium Owner Baby Boomer Households Born Between 1962 and 1966, Montréal CMA, 2006 and 2016

Housing type / Period	2006 (baby boomers aged 40 to 44)	2016 (baby boomers now aged 50 to 54)	Difference 2006-2016 (percentage points)
Condominium	8.9	13.9	5.0
Non-condominium	91.1	86.1	-5.0
Total	100.0	100.0	0.0

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

the demographic contribution of these cohorts of baby boomers. The massive arrival on the market of homes for sale by baby boomers is consequently also a scenario that is highly unlikely to occur over the coming years.

Certain changes still occurred among baby boomers with regard to their choice between freehold⁵ and condominium tenures. Tables 5 to 8 show, for the homeowner baby boomer cohorts, the proportions who owned a condominium in 2006 and 2016.

For the oldest baby boomers (born between 1947 and 1951), this proportion rose from 14% in 2006 to 20% in 2016 (+6 percentage points). In light of these results, some baby boomers likely sold their home⁶ in order to purchase a condominium⁷ during this period. Nevertheless, these data also show that the vast majority of baby boomers who were still owners had a house and that condominiums, while on the rise, remained a much less widespread housing option.

For each of the younger baby boomer cohorts, the gain in condominium ownership between 2006 and 2016 was about 5 percentage points. Just like the older baby boomers, some of them may have sold their home to buy a condominium. However, given that the proportion of renters decreased for these cohorts over the last 10 years, it is also possible that some baby boomers who were renters became owners by purchasing a condominium during this period.

In the end, if past experience is any indication, demand for condominiums could benefit to some extent from the aging of baby boomers over the coming years.

Low proportion of baby boomers opting for smaller homes as they age

Another frequently heard observation on the housing market is that baby boomers opt for smaller homes⁹ as they age. The reasons for this choice would include the fact that the children have left the family home and also the need to get a dwelling that requires less maintenance.

Table 9 shows the proportions of baby boomers born between 1952 and 1961¹⁰ by number of rooms in the dwellings where they lived at two

Table 9: Proportions (%) of Baby Boomer Households Born Between 1952 and 1961 by Number of Rooms in the Principal Residence, Montréal CMA, 2006 and 2016

Number of rooms / Period	2006 (baby boomers aged 45 to 54)	2016 (baby boomers now aged 55 to 64)	Difference 2006-2016 (percentage points)
Up to 2	2.2	3.4	1.2
3	9.4	11.2	1.8
4	18.2	20.0	1.8
5	17.9	17.6	-0.3
6	12.9	12.3	-0.5
7	12.4	11.9	-0.5
8 or more	27.1	23.7	-3.4
Total	100.0	100.0	0.0

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 10: Proportions (%) of Homeowner Baby Boomer Households Born Between 1952 and 1961 by Number of Rooms in the Principal Residence, Montréal CMA, 2006 and 2016

Number of rooms / Period	2006 (baby boomers aged 45 to 54)	2016 (baby boomers now aged 55 to 64)	Difference 2006-2016 (percentage points)
Up to 2	0.3	0.5	0.2
3	1.6	2.6	1.0
4	7.6	11.2	3.6
5	13.6	16.1	2.5
6	16.7	16.5	-0.3
7	18.2	17.4	-0.8
8 or more	42.0	35.7	-6.3
Total	100.0	100.0	0.0

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

Table 11: Proportions (%) of Renter Baby Boomer Households Born Between 1952 and 1961 by Number of Rooms in the Principal Residence, Montréal CMA, 2006 and 2016

Number of rooms / Period	2006 (baby boomers aged 45 to 54)	2016 (baby boomers now aged 55 to 64)	Difference 2006-2016 (percentage points)
Up to 2	5.3	8.7	3.4
3	22.6	26.9	4.3
4	35.9	35.9	0.0
5	25.2	20.2	-5.0
6	6.4	4.8	-1.6
7	2.7	1.9	-0.8
8 or more	2.0	1.7	-0.3
Total	100.0	100.0	0.0

Source: Statistics Canada, Census, 2006 and 2016. CMHC calculations.

different times, that is, in 2006 (when they were aged 45 to 54) and in 2016 (when they were then aged 55 to 64).

The data effectively show a decrease in the proportion of baby boomers living in homes with eight or more rooms (-3.4 percentage points), mainly in favour of those living in dwellings with four or fewer rooms. It would therefore appear that some baby boomers downsized in recent years. Still, this phenomenon seems relatively limited for the moment, given the small change.¹¹

However, the previous results for all households conceal significant differences between homeowner and renter households. In the case of homeowners (table 10), a relatively significant decrease in the proportion of households living in large dwellings (eight or more rooms) was noted, while conversely, increases were observed for those living in mid-size dwellings (four or five rooms).

These figures therefore seem to indicate that, for homeowner baby boomers, downsizing occurs mainly among those living in larger homes and very little among those living in slightly smaller dwellings. This suggests that the size of these less spacious homes already adequately (or better) meets the needs of these baby boomers.

In the case of renters (table 11), the decrease was more marked for those living in mid-size dwellings (five rooms), mainly in favour of those living in smaller dwellings (three or fewer rooms). It should be noted that there are few rental dwellings with more than six rooms on the Montréal market, which therefore greatly limits the potential number of renter baby boomers living in such homes who can downsize.

All in all, over the coming years, the aging of baby boomers should contribute to fuelling demand for

smaller homes to some extent. Baby boomers who will remain homeowners could, for example, move from a house to a condominium.

Few baby boomers from the suburbs moving to the city of Montréal

In the March 2017 issue of *Housing Market Insight*—Montréal CMA, an analysis using migration data from the Institut de la statistique du Québec (ISQ)¹² revealed that a small proportion of baby boomers had moved from the suburbs to the Island of Montréal in 2016. The data even showed the opposite phenomenon: slightly more (in terms of percentage) baby boomers had left the Island of Montréal to go live in the suburbs.

The latest data from the 2016 Census confirmed these results. In fact, less than 0.5% of baby boomer households aged 55 to 64 left the Montréal suburbs in 2016¹³ to settle on the Island of Montréal.¹⁴ This weak propensity to move among baby boomers also corroborates the ISQ data according to which migration is generally low in the case of older people.

Baby boomers who left the suburbs did not seem to be attracted to any particular borough or sector in the city or on the Island of Montréal.

Despite their small numbers, around three quarters of the baby boomers who left the suburbs to move to the Island of Montréal opted for the rental market when they arrived. As for the rest who bought a home, the vast majority of them chose a condominium. Overall, baby boomers from the suburbs therefore had little impact on the demand for rental housing on the Island of Montréal and even less on the demand for condominiums.¹⁵

Moves from the Island of Montréal to the suburbs were slightly more numerous, as 0.7% of the baby boomers aged 55 to 64 from the

Island went to settle in the suburbs in 2016.¹⁶ Just under half of these households opted for the rental market when they arrived, while most of those who decided to buy a dwelling chose a house rather than a condominium. These data indicate, once again, that the housing trajectory of baby boomers can take many forms and cannot simply be reduced to a single option.

Next steps

This *Housing Market Insight* report presented the evolution of the housing choices made by Montréal baby boomers over the last decade. These findings have opened the door to a few refinements or developments.

In fact, while baby boomers have had little impact overall on the total rental housing demand for the moment, demand may have evolved differently in the various segments of the rental market. For example, demand for newer apartments may have increased significantly among renter baby boomers, to the detriment older rental units. This could suggest, wrongly, that baby boomers are currently making a significant return to the rental market.

An analysis within the various sectors of the Montréal CMA would also serve to verify whether baby boomer behaviours are similar or different from one zone to another.

New special compilations drawn from the 2016 Census data, as well as the future results of the 2021 Census, will allow us to determine with greater accuracy the choices that baby boomers are making and will make on the Montréal real estate market.

ENDNOTES

- ¹ It is generally accepted that baby boomers are people born between 1946 and 1965 or so.
- ² In 2016, the municipalities of Saint-Jean-sur-Richelieu and Saint-Lin-Laurentides were added to the Montréal CMA. In order to allow for a better comparison, the results for the Montréal CMA presented in tables 1 to 4 were adjusted so as to include Saint-Jean-sur-Richelieu in the definition of the CMA in 2006. Because of a lack of data, the municipality of Saint-Lin-Laurentides could not be added, but since it accounted for only 0.3% of the households in the Montréal CMA in 2006, its inclusion would therefore have had little impact on the results.
- ³ As well, because of migration, the baby boomers residing in the Montréal CMA in 2006 were not necessarily all the same ones as those who lived there in 2016. The baby boomers who left the Montréal CMA did not necessarily have the same housing tenure as those who came to live there, which could affect the results presented in tables 1 to 4. However, the low level of migration among older households suggests that the results were probably not significantly impacted by this factor.
- ⁴ For more details, see the December 2016 issue of *Housing Market Insight*—Montréal CMA.
- ⁵ Ownership of both the dwelling and the land.
- ⁶ Or income property.
- ⁷ Given that the proportion of renters (or homeowners) remained stable between 2006 and 2016 for this cohort, the increase in the proportion of condominiums owned likely resulted in a decrease in the proportion of houses owned.
- ⁸ An analysis of the same data for age groups that are younger than the baby boomers generally shows a less significant change in the transition from freehold to condominium tenure.
- ⁹ Unfortunately, no data on the area of dwellings and the age of their occupants were available to make this comparison between 2006 and 2016.
- ¹⁰ More detailed data by age group were unfortunately not available in the special compilation obtained from Statistics Canada. These data could however be obtained in a subsequent request.
- ¹¹ An analysis of the 2016 data for households in age groups that are younger than the baby boomers (aged 55 to 64) generally shows that there was no (or very little) downsizing.
- ¹² The data used by the ISQ come from the insured persons registration file (FIPA) of the Régie de l'assurance maladie du Québec.
- ¹³ More specifically, between May 10, 2015, and May 10, 2016.
- ¹⁴ This proportion was calculated using the number of households living in the suburbs at the time of the Census in May 2016. Generally, this proportion should be calculated using the number of households at the beginning of the reference period, that is, in May 2015 (see footnote 13). Since this information was not available, the data for May 2016 was used.
- ¹⁵ Census data can only serve to identify purchases where the dwelling is used as a principal residence. For example, the number of condominium purchases made by baby boomers for investment purposes cannot be identified using these data.
- ¹⁶ See footnote 13.

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