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by Samuel Maclsaac

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# Homeowner-renter dwelling, neighbourhood and life satisfaction gaps

by Samuel Maclsaac

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## Abstract

On average, individuals who own their dwelling report higher satisfaction with their dwelling, neighbourhood and life than renters. These differences may reflect a positive causal impact of ownership on satisfaction. However, these differences could also reflect compositional effects, such as differences in household, dwelling and neighbourhood characteristics. Using the 2021 Canadian Housing Survey, this study shows that these differences in satisfaction narrow substantially, or disappear entirely, upon controlling for compositional effects. For instance, the majority of the dwelling satisfaction gap between renters and owners could be attributed to owners being more likely to reside in single-detached dwellings, with more bedrooms, and fewer dwelling issues such as mould or pests. Similarly, the life satisfaction gap was largely tied to household composition differences such as owners being less likely to experience financial difficulties and other differences related to their health status, marital status and age. In other words, comparable individuals living in comparable dwellings and neighbourhoods report similar satisfaction levels. This finding suggests that the impact of ownership on satisfaction, if any, is relatively small. This finding does not rule out the possibility that ownership can provide other social or economic benefits.

Keywords: Housing tenure, dwelling satisfaction, neighbourhood satisfaction, life satisfaction

## Authors

Samuel Maclsaac is with the Social Analysis and Modelling Division, Analytical Studies and Modelling Branch, at Statistics Canada.

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## Introduction

In Canada and elsewhere, owners tend to report higher housing satisfaction and overall life satisfaction than renters (Elsinga and Hoekstra 2005; Balestra and Sultan 2013; Zumbro 2014; Foye 2017; Fonberg and Schellenberg 2019; Brown et al. 2021). In 2021, nearly three-quarters of Canadian owners rated their dwelling satisfaction an 8 or higher on a 0-to-10 scale, compared with slightly over half of renters (Cheng 2023). Despite somewhat narrower gaps in neighbourhood satisfaction by housing tenure, similar gaps carried over to respondents' ratings of their overall life satisfaction. However, these satisfaction gaps consider only a small number, if any, of the potential differences in the personal, dwelling and neighbourhood characteristics between renters and owners, and they may not be attributable to ownership.

Evidence suggests there are economic benefits to homeownership, such as increased consumption, consumption smoothing or facilitated investments in riskier portfolios (Sodini et al. 2023). The potential benefits of ownership in terms of satisfaction are less clear. If ownership were causally linked to higher dwelling, neighbourhood and life satisfaction, the rising proportion of tenants (Statistics Canada 2022) could be weighing on Canadians' well-being. Instead, this article suggests that differences in satisfaction between owners and renters may largely be attributable to compositional differences—meaning differences in dwelling, neighbourhood or household characteristics—between both groups rather than benefits of ownership as such. This finding has important implications in housing tenure decisions and debates on the benefits of ownership.

Several factors could explain these differences in satisfaction. Owning one's dwelling may increase satisfaction if individuals have a preference to possess real estate or land (Lindblad and Quercia 2015), experience increased well-being as a result of the higher social standing (Foye et al. 2018), or benefit from a sense of middle-class identity and social conformity (Colic-Peisker and Johnson 2010). Additionally, owning one's dwelling may increase satisfaction if individuals perceive greater residential instability associated with having to move (e.g., following a rent increase) or being forced to move (e.g., following the conversion of rented dwellings into condominiums) when renting, compared with the risk of mortgage default or higher costs associated with rising interest rates. Several studies show that renters face higher rates of housing instability (Desmond 2012; Mason et al. 2013; Lindblad and Quercia 2015; Aarland and Reid 2019) and that rents typically increase substantially during tenant turnover (Gorski 2023; Maclsaac 2023). In such cases, homeownership would have a positive causal impact on satisfaction.

However, the differences in satisfaction between renters and owners may also reflect compositional effects, i.e., differences in the types and quality of dwellings (e.g., shortage of space and adequacy of amenities) or neighbourhoods in which they reside (e.g., safety and noise levels) or differences in their socioeconomic characteristics (e.g., their income) (Balestra and Sultan 2013). For example, renters may be more likely to be in core housing need<sup>1</sup> or live in dwellings with more problems such as mould (Cheng 2023) and lower-income neighbourhoods (Stick, Schellenberg and Maclsaac 2023) than owners. Similarly, these differences could also reflect demographic dissimilarities and life-cycle patterns whereby young individuals with lower incomes and recent immigrants disproportionately rent and report lower dwelling satisfaction (Fonberg and Schellenberg 2019; Cheng 2023).

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1. The term "core housing need" refers to whether a private household's housing falls below at least one of the indicator thresholds for housing adequacy (dwelling condition), affordability (shelter-cost-to-income ratio) or suitability (sufficient size to accommodate household size), and the household would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (attains all three housing indicator thresholds). Estimates are derived from the 2021 Census of Population and include only private, non-farm, non-reserve, and owner or renter households with incomes greater than zero and shelter-cost-to-income ratios less than 100%.

Testing whether dwelling ownership affects individuals' satisfaction is challenging given the difficulty of causally tying ownership to satisfaction outcomes. However, assessing the degree to which the aforementioned differences in dwelling, neighbourhood and life satisfaction remain after controlling for compositional effects is feasible if available data include a rich set of dwelling, neighbourhood and individual characteristics. The goal of the article is to provide such an assessment, using the 2021 Canadian Housing Survey (CHS).

The study contributes to the literature on the link between ownership and satisfaction in two main ways. Previous studies linking ownership to satisfaction have generally focused on **overall life satisfaction** (Zumbro 2014; Foye et al. 2018) or **housing satisfaction** (Elsinga and Hoekstra 2005; Balestra and Sultan 2013), with the latter combining both dwelling and neighbourhood satisfaction effects. However, few studies integrate **dwelling, neighbourhood and overall life** satisfaction into a unified empirical framework. This study achieves this goal. By using a richer set of controls than those used in most previous studies, it enables a more rigorous comparison of renters' and homeowners' satisfaction.

## Data and methods

This study uses the 2021 CHS, which provides valuable information on housing conditions and residents' dwelling, neighbourhood and life satisfaction.<sup>2</sup> The survey prioritized completion by the household member with the most knowledge of the household's housing situation. The 2021 CHS has an overall response rate of 47%. Data were collected for Canada's 10 provinces and the territorial capitals of Whitehorse, Yellowknife and Iqaluit,<sup>3</sup> with household weights ensuring the sample remains representative of the broader Canadian population. Results in this article pertain to households rather than individuals but are presented referring to renters (renter households) and owners (owner households, where at least one household member owns the dwelling as their primary residence) for ease of presentation.

Survey respondents were asked to evaluate their satisfaction with their dwelling, neighbourhood and life overall on a scale from 0 (lowest) to 10 (highest). Table 1 provides a summary of the distribution of their responses disaggregated by housing tenure. A clear pattern is observed whereby renters report the lowest average satisfaction scores across the three measures and owners without a mortgage report the highest scores.

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2. Though available, these three measures of satisfaction were not directly comparable using the 2018 CHS because of the use of different scales (i.e., use of a five-point scale for dwelling and neighbourhood satisfaction versus use of a 10-point scale for life satisfaction).

3. Residents of institutions, members of the Canadian Forces living in military camps, people living on reserves and in other Indigenous settlements, people living in residences for dependent seniors, people living permanently in school residences or work camps, and members of religious or other communal colonies were not surveyed in the CHS. Given the survey frame was based on the Dwelling Universe File, only the reference individual most knowledgeable about their household's dwelling situation responded to the survey. As such, individuals who were homeless, in shelters or sleeping rough at the time of the survey were not included within the surveyed population (see Uppal 2022).

**Table 1**  
**Overall satisfaction of owners and renters, 2021**

	Mean	8 to 10	5 to 7	0 to 4
	number		percent	
<b>Dwelling satisfaction</b>				
Renter	7.3	53	37	10
Owner with a mortgage	8.0	68	28	4
Owner without a mortgage	8.4	78	18	3
<b>Neighbourhood satisfaction</b>				
Renter	7.8	65	28	8
Owner with a mortgage	8.2	73	23	5
Owner without a mortgage	8.5	80	16	4
<b>Life satisfaction</b>				
Renter	6.9	46	42	12
Owner with a mortgage	7.5	59	34	7
Owner without a mortgage	7.9	67	28	6

Source: Canadian Housing Survey, 2021.

The context in which the survey was administered is vital to interpret results appropriately. The 2021 CHS data—collected from January 4 to June 2, 2021—should be interpreted within the context of the COVID-19 pandemic.<sup>4</sup> Physical distancing, isolation and other pandemic-related health measures likely affected satisfaction measures across different dwelling, regional, demographic and socioeconomic characteristics. Consequently, the results may mirror those of other social and well-being studies whereby certain groups, such as younger individuals, were disproportionately affected during this period (Helliwell et al. 2022; Henseke et al. 2022).

The remainder of this study is divided into five parts. The first three parts explore dwelling, geospatial, and socioeconomic and demographic characteristics by housing tenure. The fourth part presents multivariate analyses to better understand how these characteristics are associated with the three types of satisfaction, including a separate decomposition analysis of the factors that explain the satisfaction gaps by housing tenure. The final section concludes with a brief discussion of salient findings.

## Dwelling characteristics by housing tenure

Differences in the satisfaction reported by renters and owners may reflect differences in the types and quality of dwellings in which they reside. In terms of quality, renters were considerably less satisfied than owners with virtually every aspect of their dwelling included in the CHS—in particular temperature control, soundproofing and dwelling condition (see Table 2). Among owners, those without a mortgage reported substantially higher satisfaction than renters and owners with a mortgage. Renters were also far more likely than owners to report issues with mould and mildew, pests, and indoor air quality, although the extent to which the two groups reported that their dwelling is in need of major or minor repairs differed less.

In terms of size and type of dwelling, 65% of renters, compared with 11% of owners (with or without a mortgage), resided in apartments, with most of this difference reflected in the larger share of owners residing in single-detached houses. And while 27% of renters lived in a dwelling with three or more

4. The results largely align with the previous wave of the survey, but a comparison with other survey waves is beyond the scope of this article.

bedrooms, almost three times as many owners did so, at 75% among those without a mortgage and 80% among those with a mortgage.

**Table 2**  
**Dwelling characteristics by housing tenure, 2021**

	Renter	Owner with a mortgage	Owner without a mortgage
		percent	
<b>Dwelling satisfaction specifics (percentage of respondents reporting being satisfied or very satisfied)</b>			
Having enough space	72	76	87
Having enough bedrooms	78	82	91
Affordability	63	66	80
Dwelling condition	66	75	81
Soundproofing	56	72	79
Accessibility	44	37	47
Safety and security within the home	82	89	91
Energy efficiency	55	59	68
Temperature control in winter	68	75	83
Temperature control in summer	59	73	81
<b>Distribution by dwelling type</b>			
Single-detached house	14	69	75
Semi-detached house	4	6	4
Row or townhouse or duplex	16	12	8
Apartment (more than five storeys)	22	4	5
Apartment (five storeys or fewer)	43	7	6
Mobile or other	1	1	2
<b>Distribution by number of bedrooms</b>			
0 to 1 bedrooms	34	4	3
2 bedrooms	40	16	22
3 bedrooms	20	40	43
4 or more bedrooms	7	40	32
<b>Dwelling issues (percentage of respondents reporting this to be an issue)</b>			
Mould or mildew	8	4	2
Pests	20	12	10
Undrinkable water	4	2	3
Poor indoor air quality	17	6	4
<b>Distribution by condition of dwelling</b>			
Only regular maintenance is needed	67	68	73
Minor repairs are needed	23	25	21
Major repairs are needed	9	7	6

**Note:** Percentages may not sum to 100% because of rounding.

**Source:** Canadian Housing Survey, 2021.

## Neighbourhood characteristics by housing tenure

Differences in satisfaction reported by renters and owners may reflect the types of neighbourhoods in which the two groups reside. Larger shares of renters than owners lived in large urban areas and in more densely populated neighbourhoods. In 2021, 71% of renters lived in urban environments with 100,000 or more residents, compared with 57% of owners with a mortgage and 50% of owners without a mortgage (Table 3). Moreover, renters were more likely to live in closer proximity to services and amenities than owners. Merging the 2021 CHS data with Statistics Canada's proximity measures dataset (Alasia et al. 2021) shows that a larger proportion of renters than owners lived within 1 or 1.5 kilometres of various amenities, such as health facilities, pharmacies, education services, grocery stores, parks, public transit and libraries.

**Table 3**

**Neighbourhood and geospatial characteristics by housing tenure, 2021**

	Renter	Owner with a mortgage	Owner without a mortgage
		percent	
<b>Size of municipality or region</b>			
Rural	7	21	27
Small population centre	12	13	13
Medium population centre	10	9	9
Large population centre	71	57	50
<b>Neighbourhood issues (percentage reporting issues not being a problem)</b>			
Noisy neighbours or loud parties	63	72	78
People hanging around on the streets	68	81	85
Garbage or litter lying around	58	67	74
Vandalism, graffiti or other damage	69	76	78
Attacks motivated by race, ethnicity or religion	80	88	91
People using or dealing drugs	61	74	79
People being drunk or rowdy in public	68	83	86
Abandoned buildings	86	89	92
Smog or air pollution	73	83	83
<b>Percentage within walking distance to amenities and services<sup>1</sup></b>			
Health facility within 1.5 km	96	88	83
Pharmacy within 1 km	78	55	51
Child care facility within 1.5 km	90	78	69
Primary education services within 1.5 km	84	68	63
Secondary education services within 1.5 km	59	39	38
Grocery store within 1 km	66	41	38
Library within 1.5 km	47	26	27
Neighbourhood park within 1 km	87	74	69
Transit stop within 1 km	78	63	57
		dollars	
<b>DA-level median AEA income</b>	43,000	55,000	55,000

1. Refer to Alasia et al. (2021) for estimation methodology.

**Notes:** km = kilometre; DA = dissemination area; AEA = adult-equivalent adjusted. Percentages may not sum to 100% because of rounding. Population centre sizes are based on 2016 Census geography boundaries. Small, medium and large population centres, respectively, refer to areas with a population of 1,000 to 29,999, 30,000 to 99,999 and 100,000 or more people. DA-level median AEA income is rounded to the nearest \$1,000.

**Source:** Canadian Housing Survey, 2021.



Despite living closer to services and amenities, renters reported lower satisfaction with other aspects of their neighbourhood. A larger proportion of renters than owners reported problems such as noise, litter, illegal activity, pollution and abandoned buildings in their neighbourhood (Table 3). This finding may reflect differences in neighbourhood income, because the average renter lived in a neighbourhood where the median adult-equivalent adjusted (AEA) family income was \$43,000, and the average owner with or without a mortgage lived in a neighbourhood where the median AEA family income was \$55,000.

## Household characteristics by housing tenure

The satisfaction expressed by renters and owners may also differ because of the socioeconomic and demographic characteristics of the individuals in these groups.

Renters reported lower socioeconomic and health outcomes than owners. In 2021, 36% of renters had a household income in the bottom quintile and 6% in the top quintile (Table 4). By contrast, 7% of owners with a mortgage were in the lowest quintile and 33% in the highest quintile. Moreover, renters spent a larger portion of their income on shelter costs, with 31% of renters spending 30% or more of their income on shelter, compared with 22% of owners with a mortgage and 8% of owners without a mortgage. Renters and owners without a mortgage had higher proportions of individuals reporting low health compared with owners with a mortgage. This could partly reflect differences in the age composition of each group (see Table 4).

**Table 4**  
**Socioeconomic and demographic characteristics by housing tenure, 2021**

	Renter	Owner with a mortgage percent	Owner without a mortgage
<b>Income quintile</b>			
Quintile 1—bottom 20%	36	7	20
Quintile 2	26	13	23
Quintile 3	19	20	21
Quintile 4	13	27	18
Quintile 5—top 20%	6	33	19
<b>Shelter-cost-to-income ratio</b>			
Ratio 30% or higher	31	22	8
<b>Financial difficulties in the last 12 months</b>			
Very difficult	8	4	2
Difficult	21	17	8
Neither difficult nor easy	39	44	40
Easy	22	23	29
Very easy	10	12	22
<b>General health</b>			
Excellent	14	18	14
Very good	31	38	34
Good	34	32	35
Fair	16	10	12
Poor	5	2	4
<b>Age group</b>			
15 to 24 years	6	2	1
25 to 34 years	22	16	3
35 to 44 years	19	27	4
45 to 54 years	14	25	11
55 to 64 years	16	19	27
65 to 74 years	14	8	32
75 years and older	10	3	23
<b>Gender<sup>1</sup></b>			
Male+	48	53	52
Female+	52	47	48
<b>Immigrant status</b>			
Non-immigrant (Canadian-born citizens)	70	73	76
Immigrant	26	27	23
Non-permanent resident	4	0	0
<b>Population group, not Indigenous<sup>2</sup></b>			
South Asian	5	7	2
Chinese	3	6	6
Black	5	2	1
Filipino	3	3	1
Latin American	2	2	0
Arab	3	1	1
Southeast Asian	1	1	0
West Asian	1	1	x
Korean	1	1	0
Japanese	0	0	0
Other	1	0	0
Multiple	1	1	x
White	71	73	86

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1. Given that the non-binary population is small, data aggregation to a two-category gender variable is sometimes necessary to protect the confidentiality of responses provided. In these cases, individuals in the category “non-binary persons” are distributed into the other two gender categories and are denoted by the “+” symbol. “Men+” includes men (and boys) and “women+” includes women (and girls), with both including some non-binary persons.

2. Percentages are based on all respondents that responded to the population group and Indigenous identity questions. Non-responses to these questions were excluded.

**Note:** Percentages may not sum to 100% because of rounding.

**Sources:** Canadian Housing Survey, 2021, and Proximity Measures Database, 2020.

**Table 4**  
**Socioeconomic and demographic characteristics by housing tenure, 2021 (continued)**

	Renter	Owner with a mortgage percent	Owner without a mortgage
<b>Indigenous identity<sup>2</sup></b>			
First Nations	2	1	0
Métis	2	2	1
Inuit	0	0	0
<b>Marital status</b>			
Married	24	54	58
Living common law	12	7	15
Never married	36	12	14
Separated	7	3	3
Divorced	14	8	7
Widowed	8	16	3
<b>Household size</b>			
1	46	17	30
2	29	28	46
3	11	15	12
4 or more	15	40	12
<b>Time living in dwelling</b>			
0 to less than 5 years	32	13	55
5 to less than 10 years	26	9	21
10 years or more	40	69	22
Always lived here	2	9	1

x suppressed to meet the confidentiality requirements of the *Statistics Act*

1. Given that the non-binary population is small, data aggregation to a two-category gender variable is sometimes necessary to protect the confidentiality of responses provided. In these cases, individuals in the category “non-binary persons” are distributed into the other two gender categories and are denoted by the “+” symbol. “Men+” includes men (and boys) and “women+” includes women (and girls), with both including some non-binary persons.

2. Percentages are based on all respondents that responded to the population group and Indigenous identity questions. Non-responses to these questions were excluded.

**Note:** Percentages may not sum to 100% because of rounding.

**Sources:** Canadian Housing Survey, 2021, and Proximity Measures Database, 2020.

Financial difficulties also varied considerably by housing tenure. In 2021, 29% of renters reported experiencing financial difficulties in the last 12 months,<sup>5</sup> compared with 21% of owners with a mortgage and 10% of those without a mortgage.

Demographic characteristics also differed by housing tenure. This matters given the demonstrable link between age, marital status and other characteristics and well-being outcomes (Fonberg and Schellenberg 2019; Stick, Schellenberg and MacIsaac 2023; Cheng 2023). Owners without a mortgage were typically older, with over half of respondents aged 65 and older. By contrast, owners with a mortgage were concentrated in the middle of the age distribution (88% of owners with a mortgage were aged 25 to 64), and renters were more evenly dispersed across age groups. A larger proportion of renters identified as having never been married and not living common law (36%) compared with owners with or without a mortgage (12% and 14%, respectively). Similarly, 46% of renters lived alone, compared with 17% of owners with a mortgage and 30% without a mortgage.

5. Economic hardship, measured in terms of self-assessed financial difficulties in the last 12 months, is a valuable metric, since it captures feelings and perceptions of financial duress. While more objective measures of respondents' financial situation are valuable, they may not reflect individuals' tolerance for financial stress. Moreover, economic hardship measures provide the added benefit of capturing income and wealth constraints. There are no wealth measures as part of the 2021 CHS.

There were notable differences across population groups. Indigenous people were more likely to be renters than the remainder of the population, especially in the case of First Nations people, most of whom lived in rented dwellings. People identifying as Métis had a somewhat more comparable ownership rate to that of the wider population.

Ownership varied substantially across immigrant status. Respondents not born in Canada had a higher tendency to rent. Ownership also varied across population groups. Respondents identifying as Chinese had the highest ownership rate, followed by those identifying as White or Japanese. By contrast, respondents identifying as Black, Latin American, Filipino, Arab or Korean disproportionately rented. Black respondents accounted for approximately 5% of renters, compared with 2% of owners with a mortgage and 1% without a mortgage.

A somewhat larger portion of renters (52%) identified as women, compared with owners (48%).

On average, renters and owners without a mortgage had occupied their current dwelling for a shorter time. Over three-quarters of owners with a mortgage reported having always lived in their current dwelling or having lived there for 10 or more years, compared with less than half of renters and less than one-quarter of owners without a mortgage.

Overall, various differences in dwelling, neighbourhood and individual characteristics were observed between renters and owners. A pattern of lower satisfaction with various dwelling and neighbourhood attributes—such as smaller dwellings with more issues, including poor air quality or mould—and lower median neighbourhood incomes emerged for renters compared with owners. Moreover, renters were disproportionately younger, single and likely to have faced financial difficulties in the past 12 months, which could be factors underlying differences in dwelling, neighbourhood and overall life satisfaction based on housing tenure.

## Multivariate analysis of satisfaction gaps by housing tenure

The paper now turns to the roles that these characteristics play in explaining the differences in dwelling, neighbourhood and life satisfaction among groups using a decomposition analysis. This multivariate approach enables the study of the individual effect of each characteristic holding all other characteristics constant.

The Kitagawa–Oaxaca–Blinder twofold decompositions in Table 5 depict the portion of the satisfaction differences between renters and owners explained by differences in observed characteristics (i.e., observed differences in dwelling, neighbourhood and household characteristics). Three decomposition models are presented in Table 5, each decomposing dwelling, neighbourhood and life satisfaction differences. Each model decomposes satisfaction differences by household, dwelling and neighbourhood characteristics.<sup>6</sup> The result is a total of nine decompositions. The first decomposition model compares renters and owners overall. Given the important dwelling type differences across renters and owners, the second decomposition acts as a robustness check and compares the same two groups for multi-unit type dwellings (i.e., excludes single-detached, mobile and “other” housing types). The third decomposition examines only the owners with a mortgage compared with renters, given the more comparable financial situation of both groups (i.e., excluding the owners who have no shelter payments other than property taxes and amenities).

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6. The same independent variables are used in each model. Both dwelling and neighbourhood control variables were used to ensure that all other housing factors remain constant across respondents. Similarly, financial difficulties act as a valuable control of affordability concerns and financial well-being across all three satisfaction outcomes (i.e., life, dwelling and neighbourhood satisfaction) (Elsinga and Hoekstra 2005; Balestra and Sultan 2013).

**Table 5**  
**Decompositions of satisfaction gaps by housing tenure, 2021**

Zero to 10 scale for dependent variables	Renter and homeowner gap								
	Renter and homeowner gap			(multi-unit <sup>1</sup> )			Renter and owner with a mortgage gap		
	Dwelling satisfaction	Neighbourhood satisfaction	Life satisfaction	Dwelling satisfaction	Neighbourhood satisfaction	Life satisfaction	Dwelling satisfaction	Neighbourhood satisfaction	Life satisfaction
Group 1: Renters	7.32	7.77	6.91	7.22	7.68	6.89	7.32	7.77	6.91
Group 2: Owners, all	8.21	8.30	7.65	7.93	7.92	7.40	...	...	...
Group 3: Owners with a mortgage	...	...	...	...	...	...	8.04	8.16	7.50
Difference	0.90	0.53	0.75	0.71	0.24	0.51	0.72	0.39	0.59
Explained difference	0.84	0.78	0.76	0.59	0.50	0.53	0.60	0.64	0.55
Dwelling type	0.14	0.08	0.03	0.04	-0.01	0.03	0.14	0.07	-0.02
Number of bedrooms	0.19	0.07	0.04	0.14	0.01	0.05	0.21	0.07	0.04
Dwelling condition	0.05	0.01	0.01	0.10	0.03	0.03	0.03	0.00	0.00
Dwelling issues	0.18	0.16	0.10	0.17	0.13	0.08	0.16	0.15	0.09
Time living in dwelling	0.00	0.00	0.06	-0.01	0.03	0.03	0.00	0.00	0.04
Neighbourhood (DA) median income	0.03	0.13	-0.04	0.04	0.15	-0.03	0.03	0.18	-0.04
Proximity to services and amenities	0.08	0.10	0.05	0.01	0.00	0.00	0.07	0.08	0.06
Size of population centre	0.00	0.03	0.03	0.00	0.00	0.00	-0.02	0.03	0.02
Age	0.08	0.07	0.09	0.05	0.05	0.06	-0.02	-0.02	-0.02
Marital status	-0.01	0.00	0.11	-0.04	-0.01	0.06	-0.02	-0.01	0.11
General health	0.05	0.05	0.13	0.04	0.05	0.11	0.06	0.07	0.17
Household size	-0.04	0.01	0.02	-0.02	0.02	0.02	-0.07	0.02	0.04
Household income	0.00	-0.01	-0.03	-0.01	0.00	-0.04	-0.02	-0.04	-0.03
Financial difficulties (last 12 months)	0.09	0.08	0.17	0.08	0.06	0.14	0.05	0.04	0.09
Unexplained difference	0.06	-0.25	-0.01	0.11	-0.25	-0.02	0.12	-0.25	0.04

... not applicable

1. Excluding single-detached, mobile and "other" type dwellings.

**Notes:** DA = dissemination area. Kitagawa–Oaxaca–Blinder twofold decompositions used coefficients from a pooled model over both groups, renters and owners, as the reference coefficients. A group variable was included as a control variable in the pooled model (Jann 2008; Elder, Goddeeris and Haider 2010).

**Source:** Canadian Housing Survey, 2021.

The objective of the decomposition analysis is to explain the difference in the average renter satisfaction and average owner satisfaction if several characteristics are held constant. As such, coefficients represent the portion of the difference that can be explained by each characteristic. Otherwise stated, the satisfaction gap between the two groups would narrow by the coefficient amount. For example, in the first column of Table 5, the explained difference summed across all characteristics would reduce the dwelling satisfaction gap between owners and renters from 0.90 to 0.06 points on a 0-to-10 scale. In this example, nearly all the gap can be interpreted as being correlated with compositional characteristics.

In the first renter and owner decomposition model, the independent variables (i.e., dwelling, neighbourhood and household member characteristics) explain a substantial percentage of the difference across the three satisfaction metrics. Expectedly, dwelling characteristics explain over half (62%) of the difference in dwelling satisfaction, primarily the number of bedrooms, dwelling issues and dwelling type. Other variables, such as financial difficulties, proximity to services and amenities, age, and general self-assessed health, explain a further one-third of the difference in dwelling satisfaction among renters and owners.

Similarly, differences in dwelling and neighbourhood characteristics explain the lower neighbourhood satisfaction of renters compared with owners. But in this case, dwelling, neighbourhood and household characteristics explain more than the difference (147%), implying that results would invert and renters would have higher neighbourhood satisfaction than owners if these characteristics were held constant. The leading explanatory factors are dwelling issues, neighbourhood income, and proximity to services and amenities.

The model also explains the difference in overall life satisfaction between owners and renters. While dwelling and neighbourhood variables contribute to explaining the life satisfaction gap by housing tenure, two-thirds of the difference is explained by personal and socioeconomic characteristics. The variables

explaining the largest portion of the gap are financial difficulties, general health, marital status, dwelling issues and age.

The second renter and owner robustness decomposition model compares owners and renters in multi-unit dwellings. This model excludes differences in satisfaction between the two groups associated with the far greater prevalence of single-detached houses among owners than renters. This narrower comparison substantially reduces the difference explained by dwelling type and proximity to services and amenities. These results reflect the fundamental differences in the composition of owned versus rented dwellings, with the former being predominantly detached housing that is on average further away from municipal services and amenities. Otherwise, results largely mirror those of the first decomposition, and the model is robust.

The third renter and owner with a mortgage decomposition model compares the satisfaction outcomes of renters and those of owners with a mortgage. Given the counterfactual nature of decomposition analysis, it is more realistic to focus on current renters who can potentially afford to buy a property with a mortgage than the counterfactual choice between renting and ownership without a mortgage. As such, the exclusion of owners without a mortgage makes for a more meaningful comparison between renters and owners who have more comparable shelter costs. Excluding single-detached and “other” dwellings (as for the second renter and owner decompositions) yields somewhat weaker explanatory power, yet confirms the overall robustness of the findings.<sup>7</sup>

As expected, the differences across satisfaction measures are smaller because of the exclusion of owners without a mortgage, who report higher levels of satisfaction, on average. While results largely resemble those comparing renters and owners, financial difficulties remain a valuable explanatory factor despite both groups facing more comparable shelter costs. Markedly, though age no longer explains differences between renters and owners as when including older owners without a mortgage,<sup>8</sup> marital status accounts for a more substantial difference in satisfaction between groups. However, it could also reflect the higher average life satisfaction of married or common-law individuals more generally (Stick, Schellenberg and MacIsaac 2023).

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7. In a separate decomposition (not shown), the combination of reducing the sample to multi-unit dwellings and only comparing renters and owners with a mortgage reduces the explained portion of the model to approximately 60% for dwelling satisfaction and 79% for life satisfaction. Neighbourhood satisfaction results remain similar. One possible reason for the unexplained gap between increasingly comparable groups is that unobserved factors such as dwelling age and quality (i.e., factors not included in the model) account for a larger portion of the difference between housing situations.

8. In a separate decomposition (not shown), age explains 66% to 78% of the difference across the three satisfaction measures between owners with and without a mortgage. Economic hardship similarly explains substantial variance, explaining up to 48% of the difference in life satisfaction between owners with and without a mortgage.

## Conclusion

On average, individuals who own their dwelling report higher satisfaction with their dwelling, their neighbourhood and their life than renters. These differences may reflect a positive causal impact of homeownership on satisfaction. However, these differences could also reflect compositional effects, such as differences in household, dwelling and neighbourhood characteristics.

Studies linking dwelling ownership and satisfaction that do not account for compositional effects risk overstating the benefits of ownership. Using the 2021 CHS, this study shows that these differences in satisfaction narrow substantially, or disappear entirely, upon controlling for compositional effects. In other words, comparable individuals living in comparable dwellings and neighbourhoods report similar satisfaction levels. If observationally equivalent owners and renters have similar intrinsic levels of satisfaction, this finding suggests that the impact of homeownership on satisfaction, if any, is relatively small. Differences in satisfaction appear to largely reflect differences in living situations and circumstances as opposed to ownership as such. Importantly, this finding does not rule out the possibility that homeownership provides other social or economic benefits.

In Canada, there are ongoing concerns about housing supply—specifically, whether it meets the demand for shelter and whether the types of dwellings supplied meet the potentially varying needs of renters and owners alike. Evidence suggests that the quality of dwellings and neighbourhoods of renters may differ substantially from that of owners. Moreover, rentals appear to be more concentrated in areas with lower median incomes. Further research should examine these differences in the supply of new housing, the concentration of certain types of dwellings in specific areas and the implications for income-mixing. The types of housing supplied could influence the satisfaction outcomes of Canadians.

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