



# Estimation of owner-occupied housing: Canadian context

March 2021



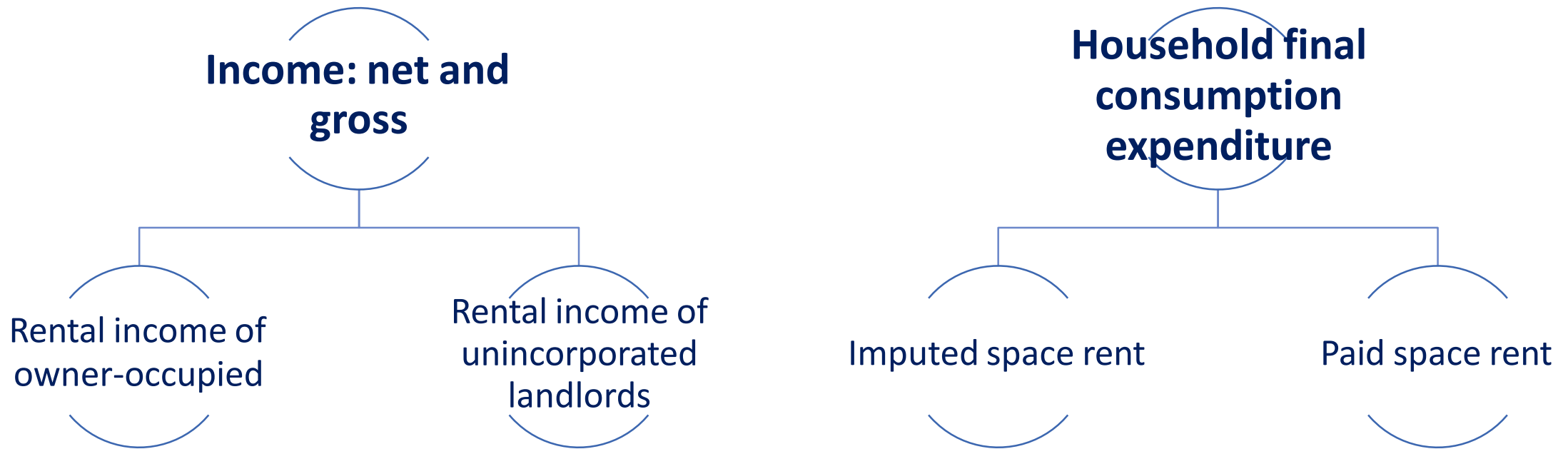
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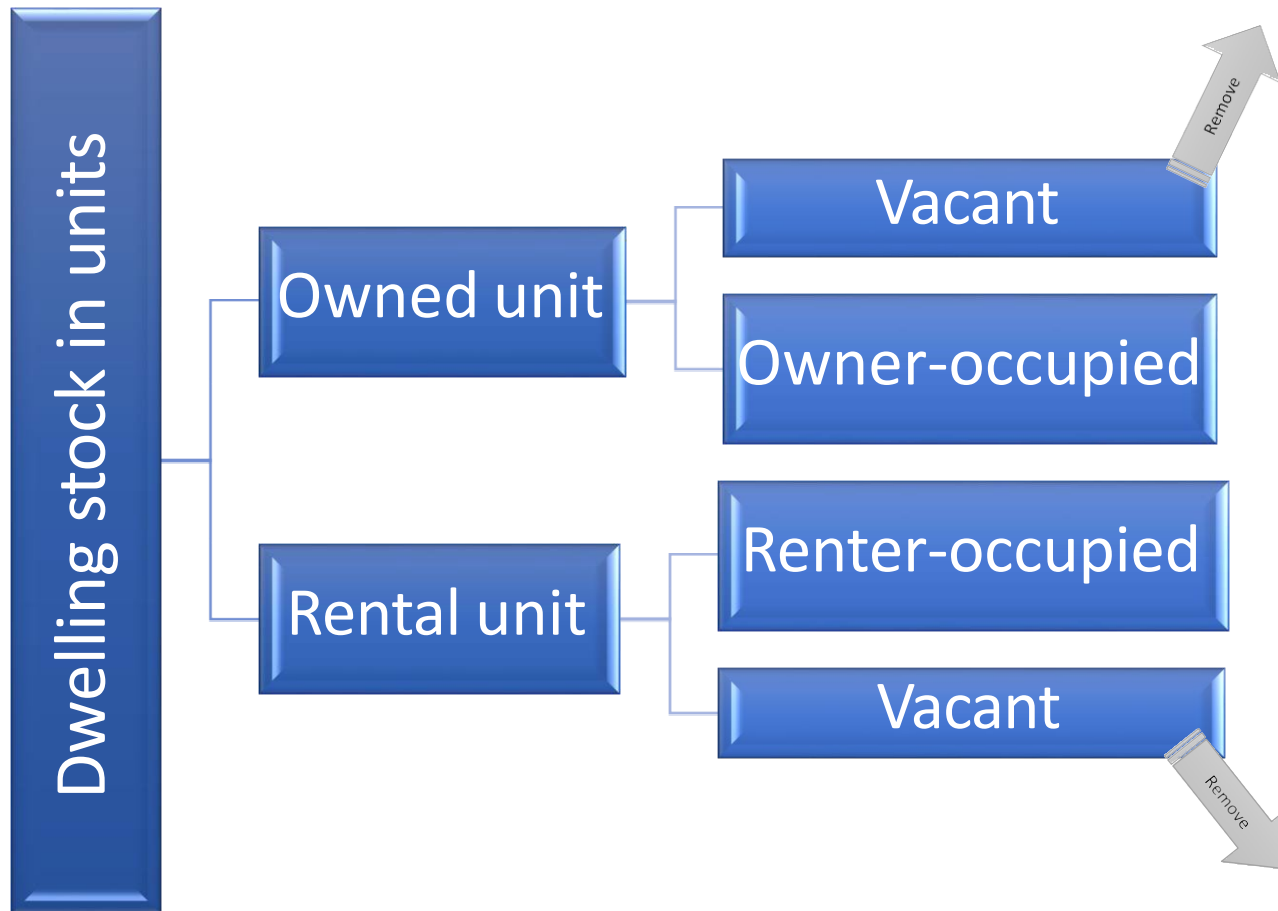
# Summary

- For many years, the Rents program was considered **“the only stable component of GDP”**
- Continuing with the Rental Equivalency method, the data inputs into the Rents calculation were significantly improved:
  - More robust methodology for the average rent component
  - Benchmarked stock in units program, with up to date occupancy
  - Adjustment to account for private accommodation rental
  - Refined adjustment for self-employed

# Components of Rents within the Canadian SNA



# Estimation method: Rental equivalency



- Use occupancy information to split Housing stock in units into owner or renter and vacant
- Remove vacant units
- By type of unit
- By province/territory

## Estimation method, continued



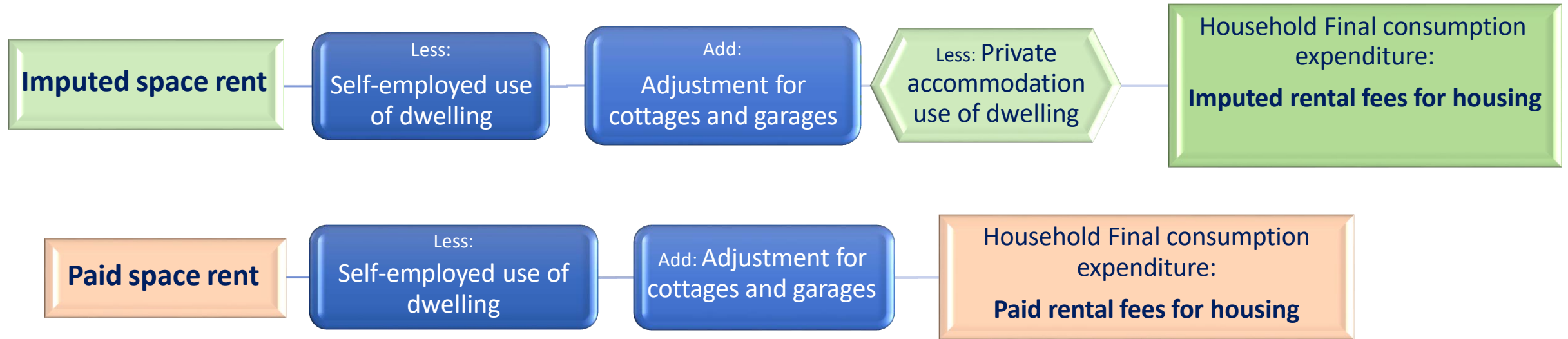
- Establish an average paid rent:
  - Apply average rent from Consumer Price Index program to Renter-occupied units, by type and region
  - Subtract facility expenses assumed included in contract (eg. Janitorial, water, heat)
  - This gives a total Paid Space Rent, divide by number of units to obtain **Average paid rent**, by type of structure

## Estimation method, continued



- Average paid rent applied to owner-occupied units, by type
- A quality adjustment is applied to cover difference in quality between owner-occupied and rented dwellings

# Estimation method: household consumption



- An adjustment is applied to both imputed and paid space rent to account for:
  - living space used by self-employed people (intermediate expense)
  - coverage for cottages and garages



# Estimation method: rental income

Household Final consumption expenditure:  
**Imputed rental fees for housing**

Less: **Property expenses**

- Repairs
- Taxes
- Insurance
- FISIM
- Miscellaneous

**Gross rental income of owner-occupied**

Household Final consumption expenditure:  
**Paid rental fees for housing**



Unincorporated/  
Incorporated ratio  
*(to isolate unincorporated)*

Less: **Property expenses**

- Repairs
- Taxes
- Insurance
- FISIM
- Miscellaneous

**Gross rental income of unincorporated landlords**

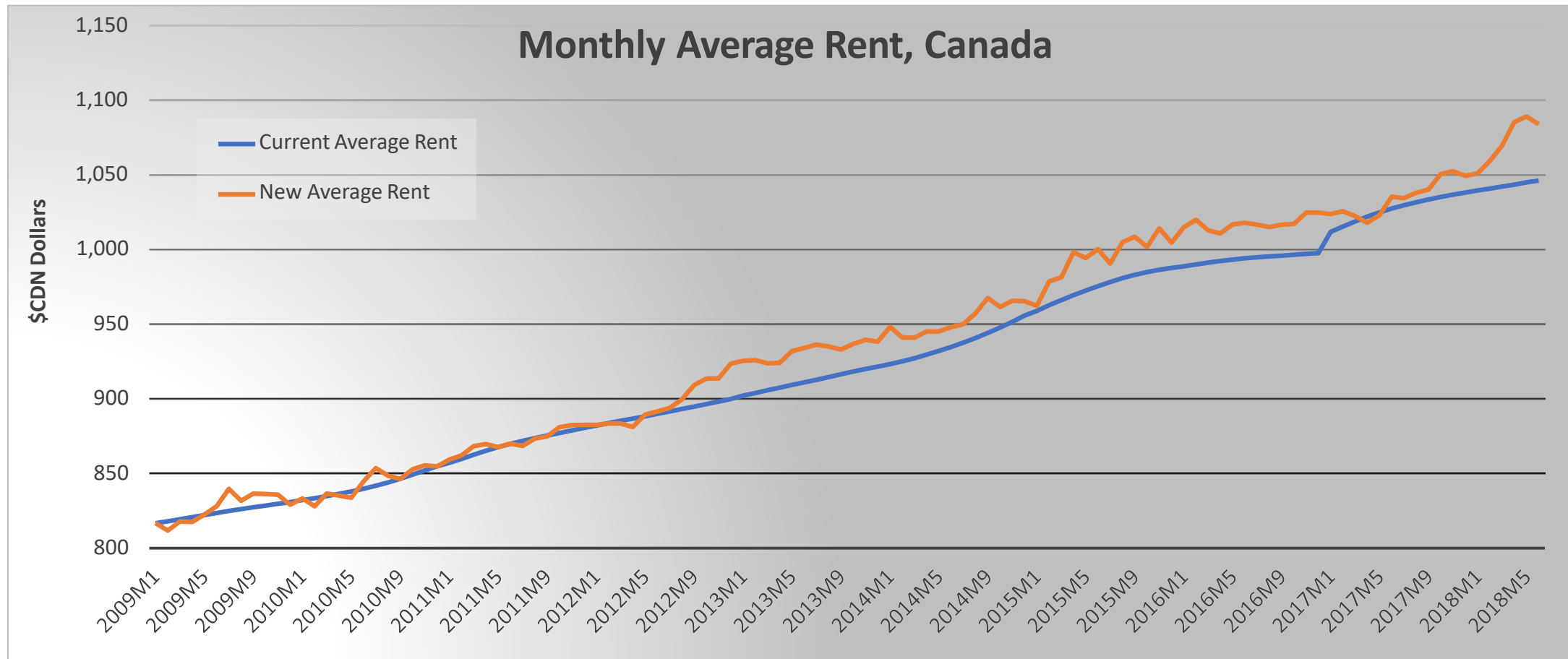




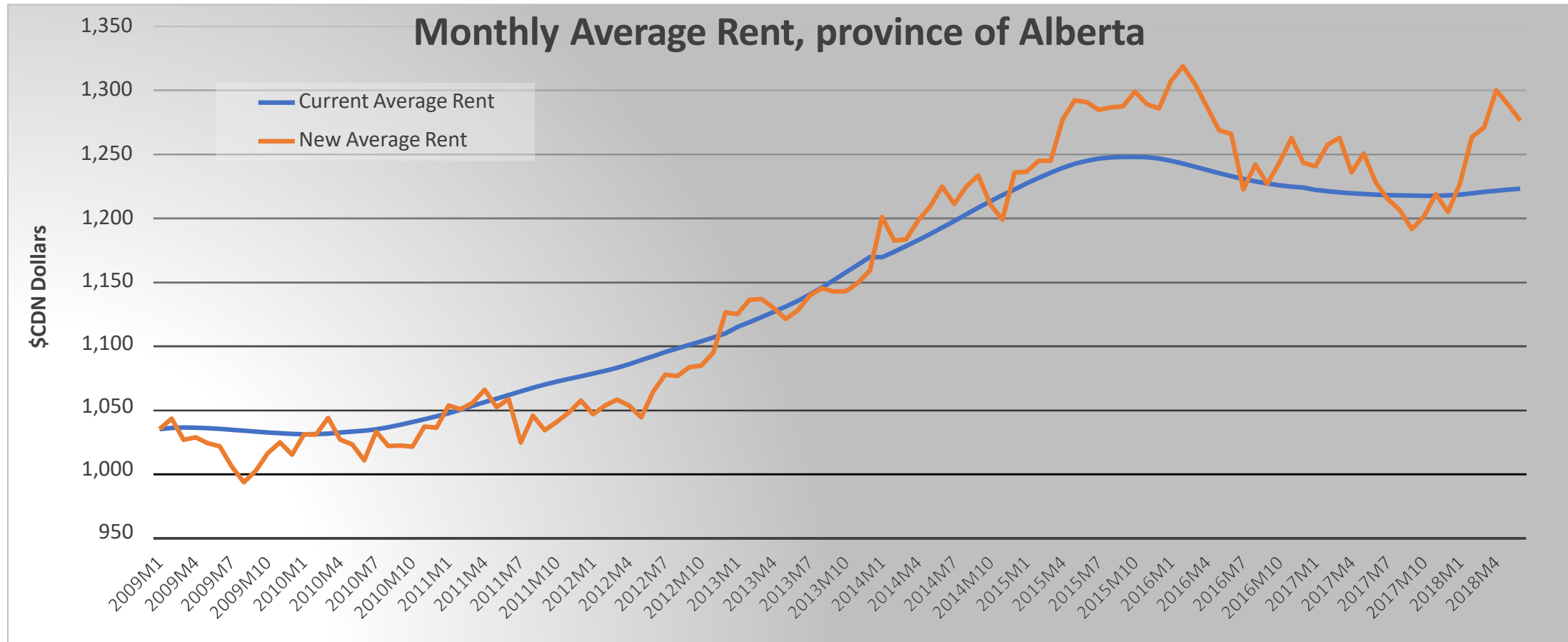
# Improving the Average Rent calculation

- Collection based on supplement to monthly Labour Force Survey
- Previously estimated based on total paid rents divided by the number of households in the sample. The result was a very *stable* average rent
- This lacked similarity with outside sources on rental price movements
  - *Update calculation to capture new entries using a hedonic method*
  - *New average rent is more reflective of rental market*

# Improving the Average Rent calculation, continued



# Improving the Average Rent calculation, continued





# Improving the count of Dwelling units

- Previously: count of Dwelling Units was last benchmarked to 1996 Census; annual accumulation based on counts of net additions
- ***Updated Housing stock in units*** – using 2016 Census of population, with Starts and Completions survey and peripheral data on conversions, demolitions and tenure type change, dwelling stock by:
  - dwelling type (singles, multiples, mobile homes)
  - tenure type (vacant, rental, owned, band)
  - province/territory
  - quarterly frequency



# Private accommodation rental

- Adjustment applied to owner-occupied housing industry to account for rental of private dwelling unit
  - hosts are assumed to be households: renting their private dwellings
  - an adjustment to the provision of owner-occupied housing services was required in order to avoid double counting output
  - it was assumed that when a homeowner rents their primary dwelling the output was transferred from owner-occupied housing services to traveller accommodation services
  - A partial offsetting reduction in the output of the owner-occupied housing industry was made
- *Adjustment made on limited information*



# Going forward

- Statistics Canada is building a Statistical Building Register: an exhaustive list of buildings by merging administrative data
  - Postal addresses
  - Electrical billing addresses
  - Property tax assessment files
  - Population register

➤ ***Eventual replacement for the Stock in Units***
- Updates to estimation of private accommodation rental within the context of the Digital Supply Use Table
  - ***Do other countries include an estimation for such?***



## Background information:

- User Guide: Canadian System of Macroeconomic Accounts  
<https://www150.statcan.gc.ca/n1/pub/13-606-g/13-606-g2016001-eng.htm>
- Economic Accounts  
[https://www.statcan.gc.ca/eng/subjects-start/economic\\_accounts](https://www.statcan.gc.ca/eng/subjects-start/economic_accounts)
- New approach for estimating the rent component of the Consumer Price Index  
<https://www150.statcan.gc.ca/n1/pub/62f0014m/62f0014m2019002-eng.htm>

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