

Muslim Homeownership Patterns in Atlantic Canada

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Abstract

Using the Canadian National Household Survey of 2011, this paper examines the homeownership patterns of Muslims in Atlantic Canada. Three outcomes of homeownership, value of the dwelling, and the likelihood of carrying a mortgage are considered. Muslims are found less likely to own their dwelling, compared with similarly situated non-Muslims. But, conditional on owning, neither the value of their dwelling nor their likelihood of carrying a mortgage differs from non-Muslim residents of Atlantic Canada.

I. Introduction

There are several reasons which likely impede Muslim immigrants' homeownership in Atlantic Canada. First, nearly all adult Muslims residing in Atlantic Canada are foreign-born. The effects of immigrant status on wealth accumulation and homeownership in Canada have been previously examined (Ray & Moore 1991; Akbari & Aydede 2012; Maroto & Aylsworth 2016). Maroto and Aylsworth (2016), using the 2012 Survey of Financial Security, report that wealth and homeownership disparities between the Canadian-born and non-European first-generation immigrants to Canada endure for many years after their arrival. These immigrants are likely to be non-white. Above 95% of Atlantic Canadian Muslims report that they belong to a visible minority group. Previous research has examined how homeownership rates differ by race and ethnic origin in Canada (Haan 2007; Constant et al. 2009), reporting a visible minority disadvantage.

Second, some differences may exist between Muslims and non-Muslims, given the Islamic prohibition of interest (Maurer 2006). Mortgages compliant with Islamic Financing are offered by a few small firms, in Canada. Due to their scarcity and the firms' inexperience, these mortgages cost up to 3% higher than their conventional counterparts (GLH Report 2010). Canadian chartered banks have not yet offered mortgage products compliant with Islamic Financing, although a market likely exists in the country (Tahmina 2013).

Finally, the possibility of mortgage market discrimination cannot be excluded. Examining the first cohorts of Muslim immigrants to Canada, Berry and Kalin (1995) report that a majority of Canadians expressed greater comfort with European, Chinese, and West Indian immigrants, than with Muslims. Baker (2006) reports that Muslims in a New Brunswick community faced greater hostility from other community members, after the 9/11 attacks. Adam (2009) reports that

57% of non-Muslims believed that Muslims preferred to remain separate from the Canadian culture. This opinion has been shared by less than 24% of Muslims.

Canadian Muslims are found at a significant disadvantage regarding their labour market attainment, compared with other religious groups (Beyer 2005; Model & Lin 2002; Reitz et al. 2009; Dilmaghani 2012). Safdar et al. (2008) find that, controlling for ethnicity and education, Muslims experienced greater employment discrimination than their Christian counterparts. Dilmaghani (2012), using the Ethnic Diversity Survey of 2002, reports that Canadian Muslims had lower earnings and lower return to experience, compared with all other religious groups. Litchmore and Safdar (2015) investigate the perceptions of discrimination among Canadian Muslims, accounting for degree of religiosity, ethnic identity, and gender. They report a positive relationship between religiosity and perception of discrimination, with little differences between first and second generation Canadian Muslims. No specific attention has been paid to the housing market.

The present study, using data from the Canadian National Household Survey of 2011, examines how the housing market outcomes of Muslims compare with others. Section II presents the data and methodology. Section III discusses the results, and concludes the paper.

III. Data and Methodology

The data used in this paper are from the public use microdata files of the Canadian National Household Survey (NHS) of 2011 (Statistics Canada 2016). Religious affiliation of a household is defined based on the affiliation of the “primary household maintainer.” In the NHS, the primary household maintainer is defined as “someone who pays the rent or the mortgage, the taxes, the electricity bill, and so on, for the dwelling.” Table 1 reports the descriptive statistics, extracted

from the NHS, for the subsample of Atlantic Canadian households whose primary maintainer is 35 years of age or older.

Muslims are only 0.4% of the population in Atlantic Canada. Mainline Protestants, comprised of the denominations of Anglican, Baptist, Presbyterian, Methodist and the United Church of Canada, are the largest religious group (38.4%), closely followed by Catholics (38.2%). The “Mainline” Protestant denominations are ecumenical, with comparable sociodemographic outcomes (Dilmaghani 2012 & 2016). The religiously unaffiliated have 11.6% share in Atlantic Canada. The remainder of the religious groups, comprised of “Other Christians” and non-Christians, are combined under the title “Other.”

Table 1. Descriptive Statistics

	Share	IMM	Visible M.	Age	CL	HH Size	Income	Owner	Value
Muslim	0.4	100	96.0	46.0	1.6	4.0	98,073	40.7	326,529
Catholics	38.2	3.2	4.3	55.7	12.3	2.9	92,185	89.4	188,120
Mainline Protestants[†]	38.4	3.3	2.9	57.7	9.1	2.8	89,893	92.0	200,837
No religion	11.6	10.3	4.3	51.7	20.0	2.9	95,148	86.1	215,101
Other^{††}	11.3	9.2	6.7	56.3	8.7	3.3	81,231	62.6	262,256
Sample	100	4.9	4.2	56.1	11.5	2.8	90,598	89.3	196,344

Note: The data source is the Canadian National Household Survey of 2011. The sample is limited to the households composed of at least a married or cohabiting couple, whose primary household maintainer is 35 years of age or older.

Legend: IMM stands for immigrant; Visible M. stands for visible minority; CL stands for common-law; HH stands for household.

[†] Mainline Protestant includes Anglican, Baptists, Lutheran, Presbyterian, and the United Church of Canada.

^{††} Other includes Christians other than Roman Catholics and mainline Protestants, and all non-Christians, such as Buddhists, Hindus, and Jews.

Since migration from non-Christian countries to Atlantic Canada is relatively recent, Muslims are much younger than other groups. Muslim households are slightly larger, while their incidence of unmarried cohabitation is largely below the Atlantic Canadian average. Unlike the pattern at the national level (Reitz 2009; Dilmaghani 2012), the incomes of Muslim households are above Christians, in Atlantic Canada. This outcome is compatible with Akbari (2011). Mean homeownership rate is the highest among Mainline Protestants. The lower rate belongs to Muslims. However, the average value of the dwelling is the highest for Muslims. The lowest average value of the dwelling is observed among Catholics. These variations, however, can be caused by the non-negligible discrepancies among religious groups, regarding household income, average age, marital status, household size, and the location of residence.

Multivariate regression analysis is employed to verify whether the differences between Muslims and non-Muslims are impervious to the inclusion of other covariates. First, housing tenure is considered, using a dichotomous variable taking the value of one if the couple owns their residence. The analysis is extended to study how property values differ between Muslims and non-Muslims, who own their residence. To this aim, the natural logarithm of the property value is used as the dependent variable. The sample is restricted to those who own their property, and the OLS methodology is employed. Finally, the likelihood of carrying a mortgage is examined for the homeowner subsample, using a dichotomous variable taking the value of one for the homeowners who carry a mortgage on the property. For this investigation, the vector of controls additionally includes the natural logarithm of the value of the house. In all the regressions reported below, four dummies are included for Muslims, Mainline Protestants, the unaffiliated individuals, and “Other,” leaving Catholics as the omitted category.

IV. Results and Discussion

Table 2 reports the marginal effects of the Probit coefficients, resulting from the estimation of the housing tenure equation. The model in the first column contains no controls other than dummies for religious groups. The model in the second column adds demographic controls such as age, the gender of the primary household maintainer, household size, and whether the spouses are in a common-law relationship. Ethnic background variables, such as visible minority status, are added in Column (3). Human capital variables of education and household income are added in Column (4). Finally, Column (5) adds location variables. The location variables are three dummies for residence in Newfoundland and Labrador, Prince Edward Island, and New Brunswick, two dummies for the cities of Halifax and Moncton, and a dummy for rural areas. The controls are exhaustively listed as note to the tables.

Table 2. Likelihood of Homeownership

	No Control	+Demo.	+Ethnic	+Human C.	+Locations
	(1)	(2)	(3)	(4)	(5)
Muslims	-0.483 (0.068)**	-0.536 (0.071)**	-0.291 (0.146)*	-0.261 (0.136)*	-0.229 (0.132)*
Mainline Protestants	0.029 (0.007)**	0.023 (0.007)**	0.024 (0.008)**	0.023 (0.008)**	0.022 (0.007)**
No Religion	-0.031 (0.013)*	-0.015 -0.012	-0.009 -0.012	-0.009 -0.012	-0.004 -0.012
Other	-0.046 (0.014)**	-0.044 (0.013)**	-0.033 (0.014)*	-0.027 (0.013)*	-0.032 (0.013)*
Immigrant	----	----	-0.223 (0.082)**	-0.152 (0.076)*	-0.113 (0.069)*
Visible Minority	----	----	-0.100 (0.020)**	-0.099 (0.018)**	-0.081 (0.018)**
Observations	12,718	12,562	12,268	12,254	12,254
Pseudo R²	0.0181	0.0398	0.0475	0.0785	0.0883

Note: The data source is the Canadian National Household Survey of 2011. The sample is limited to the households composed of at least a married or cohabiting couple whose primary maintainer is at least 35 years of age. Robust standard errors in parentheses: * significant at 5% level; ** significant at 1% level. The suppressed explanatory variables are age and age squared, female; household size, children living in the household; francophone; high school education, some college, graduate degree; locations; and the natural logarithm of household income.

As Column (1) reports, the largest negative coefficient belongs to Muslims, with 48% lower likelihood of homeownership compared with Catholics. The gradual inclusion of controls will demonstrate how much of this gap can be explained away by other covariates. As shown in Column (5), when all the controls are included in the equation, Muslims still have the largest negative coefficient, indicating 23% lower likelihood of homeownership, compared with otherwise identical Catholics. As shown in Column (5), the homeownership outcomes of the

unaffiliated, Catholics, and Mainline Protestants are very close. This results is likely due to the fact that Mainline Protestants, and especially Catholics, contain a large number of nominal affiliates (Bibby 2007; Dilmaghani 2016). Moreover, the unaffiliated have past connections with Mainline Protestants denominations, as the unaffiliation has been the strongest among these denominations (Clarke & Macdonald 2011).

Immigrant and visible minority status predict lower likelihood of homeownership. The remainder of the controls, suppressed in the table, had the expected signs of magnitudes. Notably, female primary household maintainers and common-law partners are less likely to own, while education and income are, predictably, positively associated with homeownership. The results in Table 2 situate Muslims at a disadvantage relative to comparable immigrants. Since the mean household income for Muslims was not below the Atlantic Canadian average, it might be tempting to attribute the pattern to either the Islamic prohibition of interest or discrimination. The upcoming analysis tries to shed more light on the accuracy of these conjectures.

Table 3. Value of the Dwelling

	No Control	+Demo.	+Ethnic	+Human C.	+Locations
	(1)	(2)	(3)	(4)	(5)
Muslims	0.660 (0.100)**	0.558 (0.117)**	0.031 -0.164	-0.154 -0.19	-0.127 -0.140
Mainline Protestants	0.079 (0.018)**	0.094 (0.018)**	0.022 -0.02	0.033 -0.019	0.036 (0.018)*
No Religion	0.150 (0.027)**	0.133 (0.027)**	0.051 -0.029	0.03 -0.026	0.027 -0.025
Other	-0.013 -0.027	-0.005 -0.027	-0.093 (0.028)**	-0.04 -0.026	-0.031 -0.026
Immigrant	-----	-----	0.393 (0.134)**	0.419 (0.120)**	0.281 (0.115)*
Visible Minority	-----	-----	-0.031 -0.049	0.007 -0.045	-0.022 -0.044
Observations	11257	11164	10943	10932	10932
R-squared	0.01	0.04	0.05	0.2	0.25

Note: The data source is the Canadian National Household Survey of 2011. The sample is limited to the homeowner households composed of at least a married or cohabiting couple whose primary maintainer is at least 35 years of age. Robust standard errors in parentheses: * significant at 5% level; ** significant at 1% level. The suppressed explanatory variables are age and age squared, female; household size, children living in the household; francophone; high school education, some college, graduate degree; locations; and the natural logarithm of household income.

Table 3 examines the gaps in the value of the house, for the homeowner subsample. In Column (1), most coefficients are positive indicating that Catholics' average house value is on the low side. This might be due to the fact that they are more likely to reside in rural areas where the real estate is less expensive. When no covariate is accounted for, the largest positive coefficient belongs to Muslims, indicating 66% higher value of the dwelling. When all the controls are

included in the regression, as Column (5) reports, the coefficient for Muslims loses its statistical significance. However, the coefficient on immigrants remain statistically significant, indicating 28% higher value, for their dwellings.

Mainline Protestants are found to own houses with 3.6% higher values than comparable Catholics. Recent studies rarely find significant sociodemographic differences between mainline Protestants and Catholics in Canada (Dilmaghani 2012). Prior to the 1970s, Canadian Catholic fertility rates were considerably higher than mainline Protestant rates (McQuillan 2004). Convergence has been documented in fertility and union formation behaviour (Balakrishnan & Chen 1990), earnings and human capital return (Tomes 1985; Dilmaghani 2012), and marital dissolution (Balakrishnan et al. 1987). The gap emerging from this analysis is likely a residual effect of their prior sociodemographic differences. The previous Catholic economic disadvantage (Tomes 1983; Meng & Sentence 1984) and their higher fertility (McQuillan 2004) have likely diluted the level of inheritance, and thereby negatively impacted the value of houses currently owned by Catholics, compared with Mainline Protestants.

Table 4. Likelihood of Carrying a Mortgage

	No Control	+Demo.	+Ethnic	+Human C.	+Locations
	(1)	(2)	(3)	(4)	(5)
Muslims	0.228 (0.090)*	0.039 -0.132	-0.157 -0.272	-0.144 -0.281	-0.149 -0.28
Mainline Protestants	-0.066 (0.013)**	-0.035 (0.014)*	-0.044 (0.015)**	-0.042 (0.015)**	-0.041 (0.015)**
No Religion	0.059 (0.019)**	-0.004 -0.021	-0.013 -0.022	-0.01 -0.022	-0.025 -0.022
Other	-0.046 (0.020)*	-0.041 (0.021)*	-0.052 (0.022)*	-0.046 (0.022)*	-0.036 -0.022
Immigrant	-----	-----	0.14 0.132	0.137 0.132	0.071 0.136
Visible Minority	-----	-----	0.016 0.036	0.02 0.037	0.027 0.037
Observations	11,399	11,303	11,073	11,062	11,062
Pseudo R²	0.0053	0.1644	0.1674	0.1705	0.1779

Note: The data source is the Canadian National Household Survey of 2011. The sample is limited to the homeowner households composed of at least a married or cohabiting couple whose primary maintainer is at least 35 years of age. Robust standard errors in parentheses: * significant at 5% level; ** significant at 1% level. The suppressed explanatory variables are age and age squared, female; household size, children living in the household; francophone; high school education, some college, graduate degree; locations; and the natural logarithms of household income and the value of the dwelling.

Table 4 reports the marginal effects of the Probit coefficients, comparing the likelihood of carrying a mortgage. As shown in Column (1), when no covariate is accounted for, Muslims are 23% more likely than Catholics to carry a mortgage. However, the coefficient loses its statistical significance in Column (5), when the confounding variables are included in the regression. Table 5, therefore, does not fully support that Muslims' lower likelihood of homeownership results from

their compliance with Islamic prohibition of interest. Conditional on owning, Muslims are not statistically significantly different from similarly situated Catholics to carry a mortgage. It remains, however, possible that the homeowner Muslims are the less religiously committed subset of the group, and that, the result on Muslims' lower likelihood of home ownership in Atlantic Canada is driven by the more religiously committed subset. Likewise, the possibility of mortgage market discrimination towards this subset of Muslims cannot be excluded.

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