



Impact of student loan debt on homeownership in Ontario

Conducted for the Ontario Real Estate Association

August 2023

Methodology

- Sample 1: 1,500 Ontario residents, aged 20 to 44, who graduated with a post-secondary education. 750 of which have student debt, and 750 do not.
- Sample 2: 1,500 Ontario residents with children who have graduated with a post-secondary education. 750 of which have children with student debt, 750 have children without debt.
- Survey field dates: June 26 to July 7, 2023.
- The data was weighted by region, gender, and debt.
- Totals may not add up to 100 due to rounding.



Executive summary

- **State of student debt and loans in Ontario:** Over half of post-secondary graduates have incurred student debt or loans to finance their education, and, of that half, 53% are still currently engaged in repayment. On average, these graduates still owe about \$14,500, with the majority anticipating completing their repayment within the next 5 years. This burden of student loan debt impedes on the ability for graduates across Ontario to allocate their financial resources towards other priorities, such as homeownership.
- **Rising cost of living:** In addition to the burden of student debt, post-secondary graduates face mounting financial pressure due to the escalating cost of living. 93% of graduates agree that the cost of living now is either much more expensive or somewhat more expensive than it was two years ago – with rising costs predominantly attributed to necessities like food, heat, utilities and housing. Many graduates, therefore, have chosen to either rent or live with family instead of owning a home. Parents of post-secondary graduates also agree on the significant rise in the cost of living compared to two years ago and similarly attribute the increase with essentials such as food, heating, utilities and housing.
- **Desire for homeownership:** Despite carrying debt, post-secondary graduates have strong aspirations for homeownership, with 75% expressing a desire to own a residential property. Among these graduates, 3 in 10 graduates are notably optimistic about their prospects of buying a home – particularly within the next five years. Optimism in buying a home is highest among graduates aged 20 to 32, individuals residing in suburban areas and most recent graduates (post-2020). Optimism remains consistent regardless of individual debt levels.

Executive summary

- **Impact of student loan debt on downpayment savings:** 43% of graduates who want to buy a residential property have over \$10,000 saved for a downpayment. Individuals without debt have indicated that they have more savings for a downpayment than those who do since their financial resources aren't being directed toward loan payments.
- **Financial contributions from family:** Only 1 in 4 graduates received financial contributions from their family to help with purchasing a home. Graduates are more likely to seek financial contributions from their family to purchase a home the closer they are to the Toronto region. Notably, parents of graduates are more open to assisting their children in buying a home than they are in paying off their child's student debt.
- **Barriers to homeownership:** Graduates identify student loan debt and current income levels as significant barriers in their pursuit of purchasing a residential property. Between the rising cost of living and repayment of student loan debt, 42% of graduates are considering leaving the province for somewhere more affordable while 14% are undecided. Buying a home was identified as the primary delayed decision for graduates, indicating the significant impact these loans have on their long-term financial plans.

Executive summary

- **Barriers to homeownership (continued):** Parents of post-secondary graduates identify housing prices, overall increased cost of living, difficulty saving for a down payment and increasing education expenses as the most challenging factors today for young individuals aspiring to purchase a residential property. Most parents of graduates agree or strongly agree that student loan debt, rising housing cost and the cost of education have served as significant barriers for their children to enter the real estate market. The top three delayed decisions made by graduates due to their student loans, as identified by their parents, are all related to housing - buying a home, moving out/stayed moved out of our family home, or moving into a place of their own without roommates.
- **Support for government intervention:** Graduates overwhelmingly support government interventions that address housing affordability such as requiring the government to provide two options at the start of repayment or increasing education about Ontario student loan repayment.
- In Ontario, expenses related to post-secondary education, including tuition, housing cost, and general cost of living have all risen. Graduates burdened with student debt or loans are struggling to save for down payments and often depend on family for assistance. This poses a persistent, long-term economic challenge, as housing affordability remains a generational issue for young individuals who want to live and raise a family in the province.

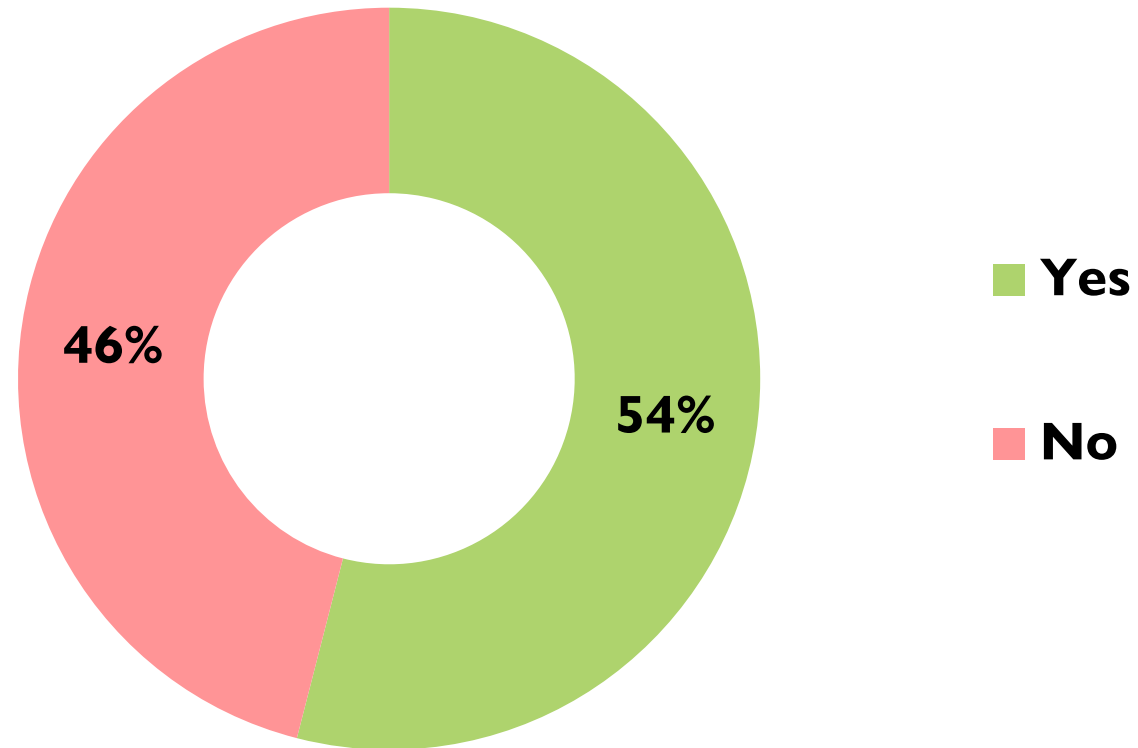
Part 1: Post-secondary education graduates





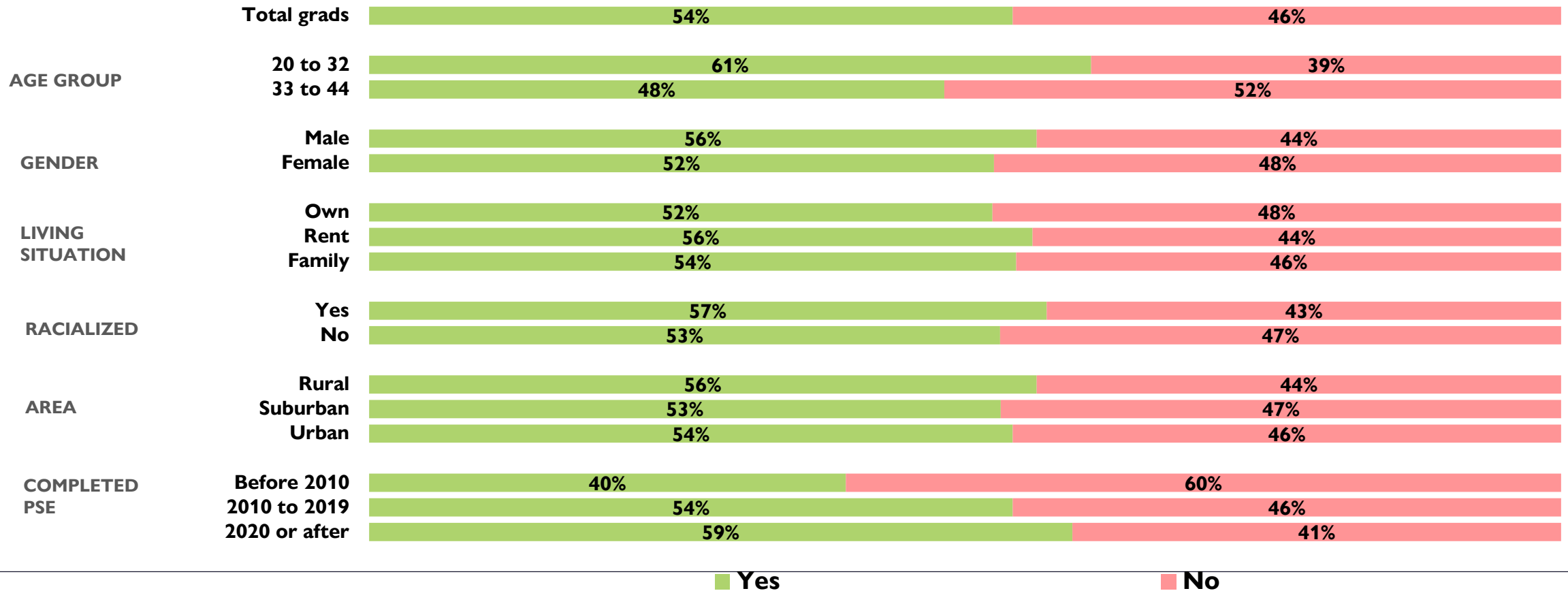
Did you take on student debt or loans to help you pay for school and/or living expenses when you were enrolled in university or college?

Half of Post-Secondary Graduates used debt to pay for school.



Did you take on student debt or loans to help you pay for school and/or living expenses when you were enrolled in university or college?

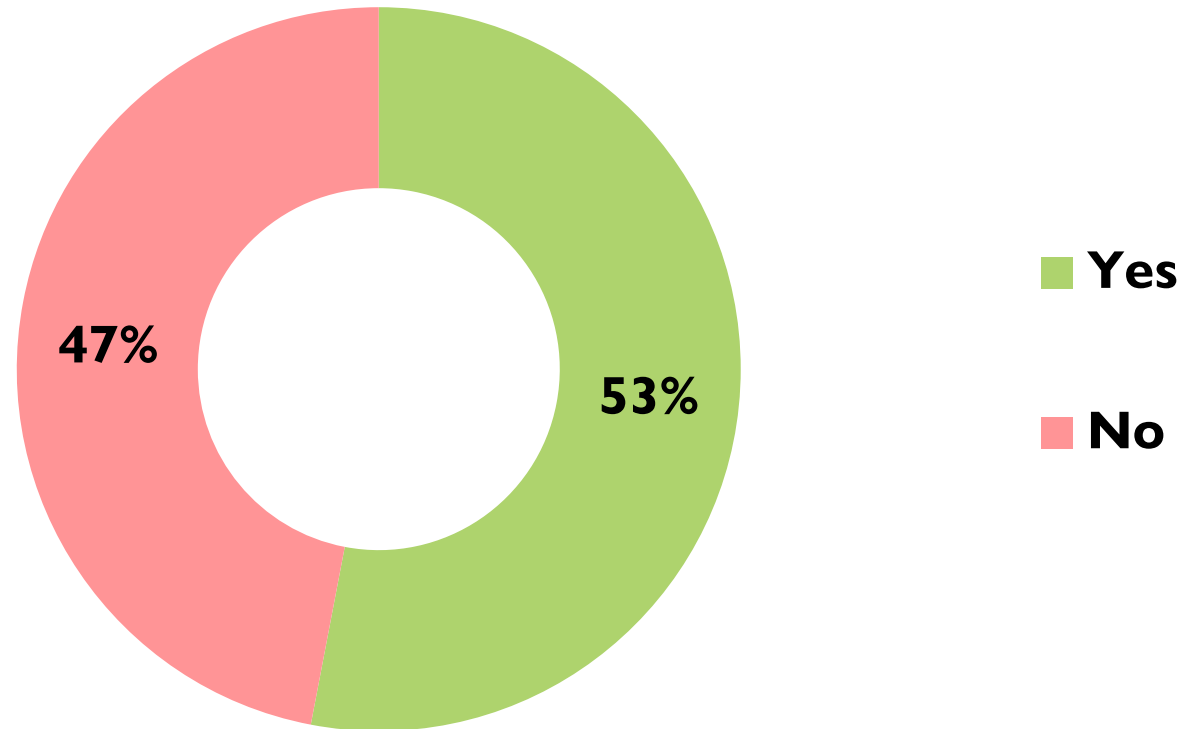
The decision to take on student debt or loans remains split despite demographics and socio-political factors. However, more recent graduates are more likely to have taken on student debt or loans than previous cohorts.





Do you have student debt or loans from when you were in school that you are still paying off?

Slightly more than half of Ontario's post-graduates who took on student debt and loans are still paying them off.

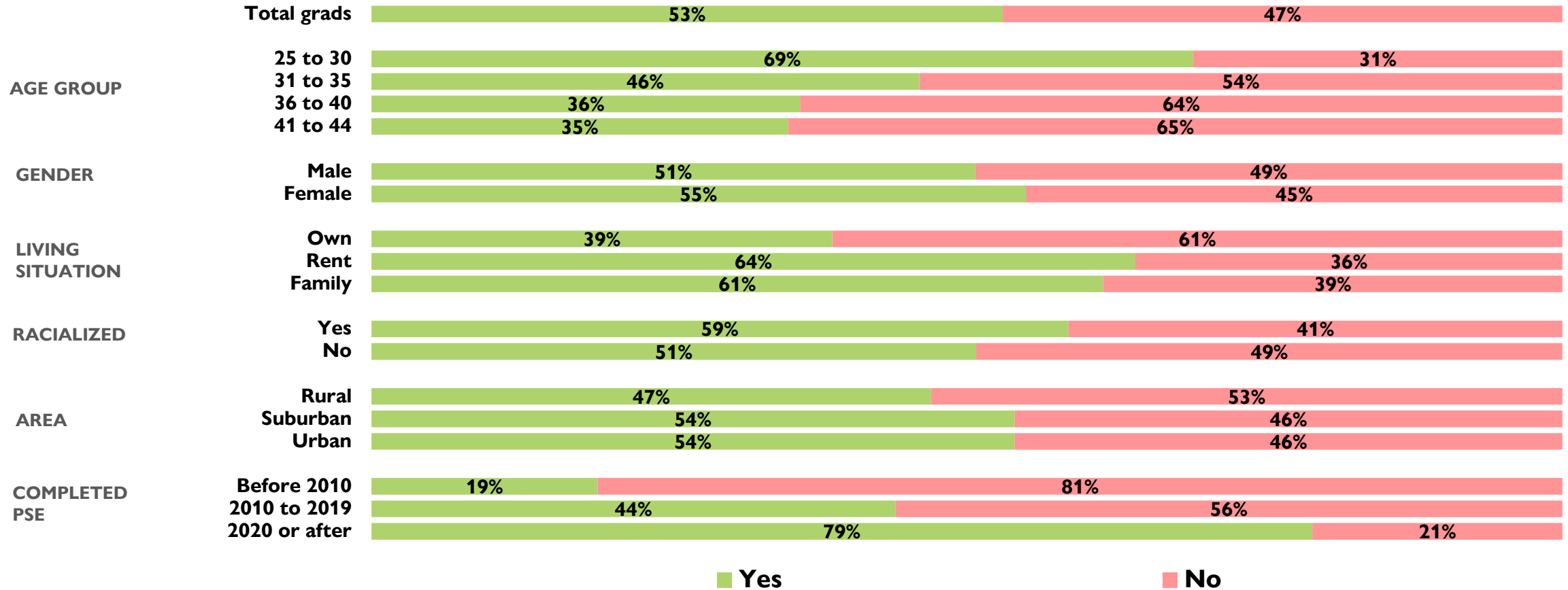


Those who took on student debt to pay for PSE



Do you have student debt or loans from when you were in school that you are still paying off?

Post-graduates aged 25-30, as well as more recent graduates or post-graduates currently renting or living with family, are more likely to still be paying off student loans and debt.



Those who took on student debt to pay for PSE



Approximately how much student debt did you have to pay off?*

Approximately how much student debt do you currently have to pay off?***

The average post-secondary graduate has had to pay off approximately \$19,000 in student loans and debt. Post-secondary graduates who are still paying off student loans or debt have an average of \$14,500 in payments left.

	Average	Median
Had to pay off	\$ 19,071.3	\$ 14,000
Currently have to pay off	\$ 14,528.6	\$ 10,000

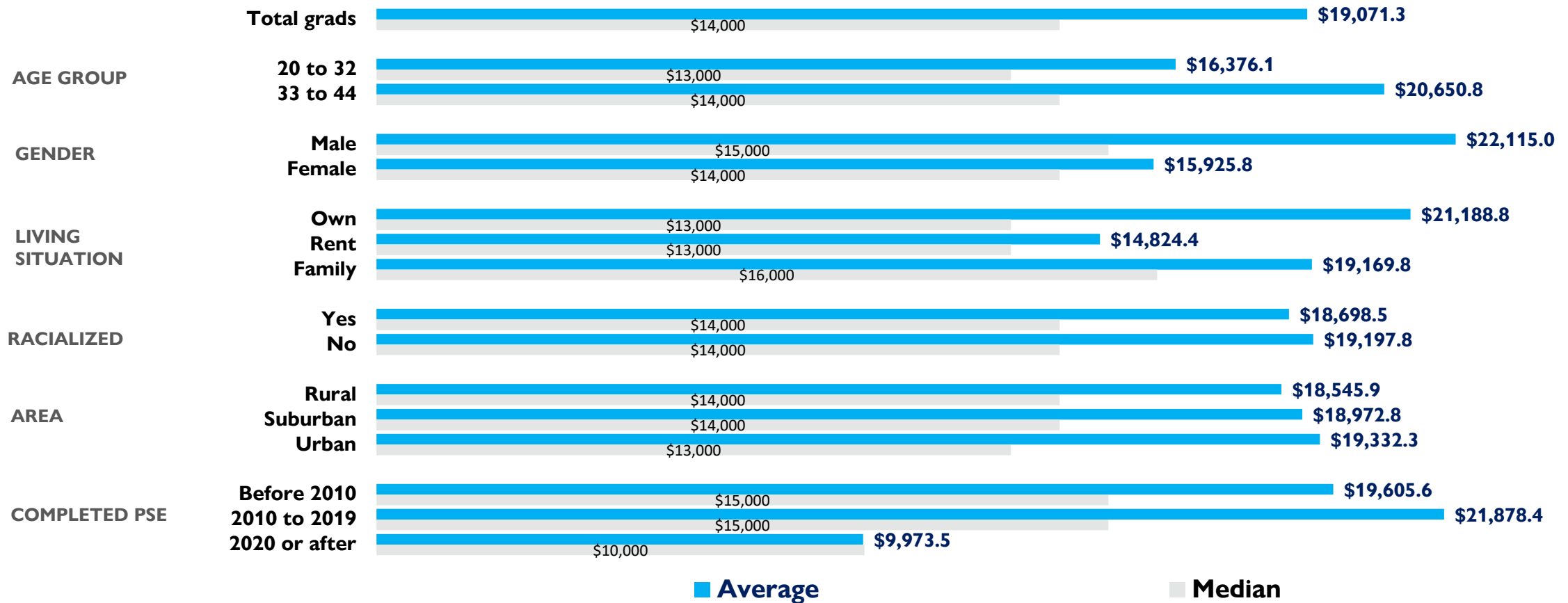
*Asked only to post-secondary graduates who are no longer paying off student loans or debt.

** Asked only to post-secondary graduates who are still paying off student loans or debt.



Approximately how much student debt did you have to pay off?*

Post-secondary graduates who are no longer paying off student loans or debt have **had to pay off...**

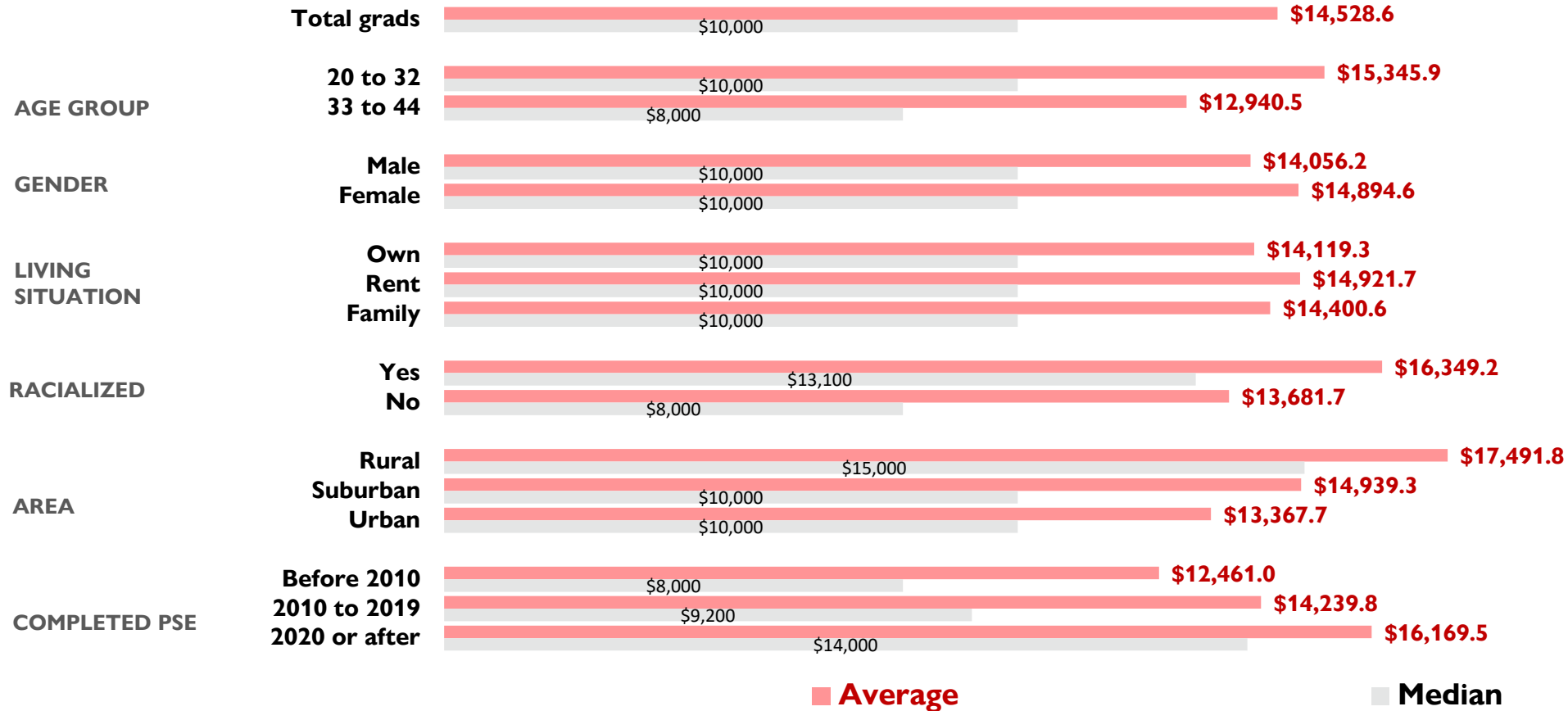


*Asked to post-secondary graduates who are no longer paying off student loans or debt.



Approximately how much student debt do you currently have to pay off?*

Post-secondary graduates who are still paying off student loans or debt currently have to pay off...

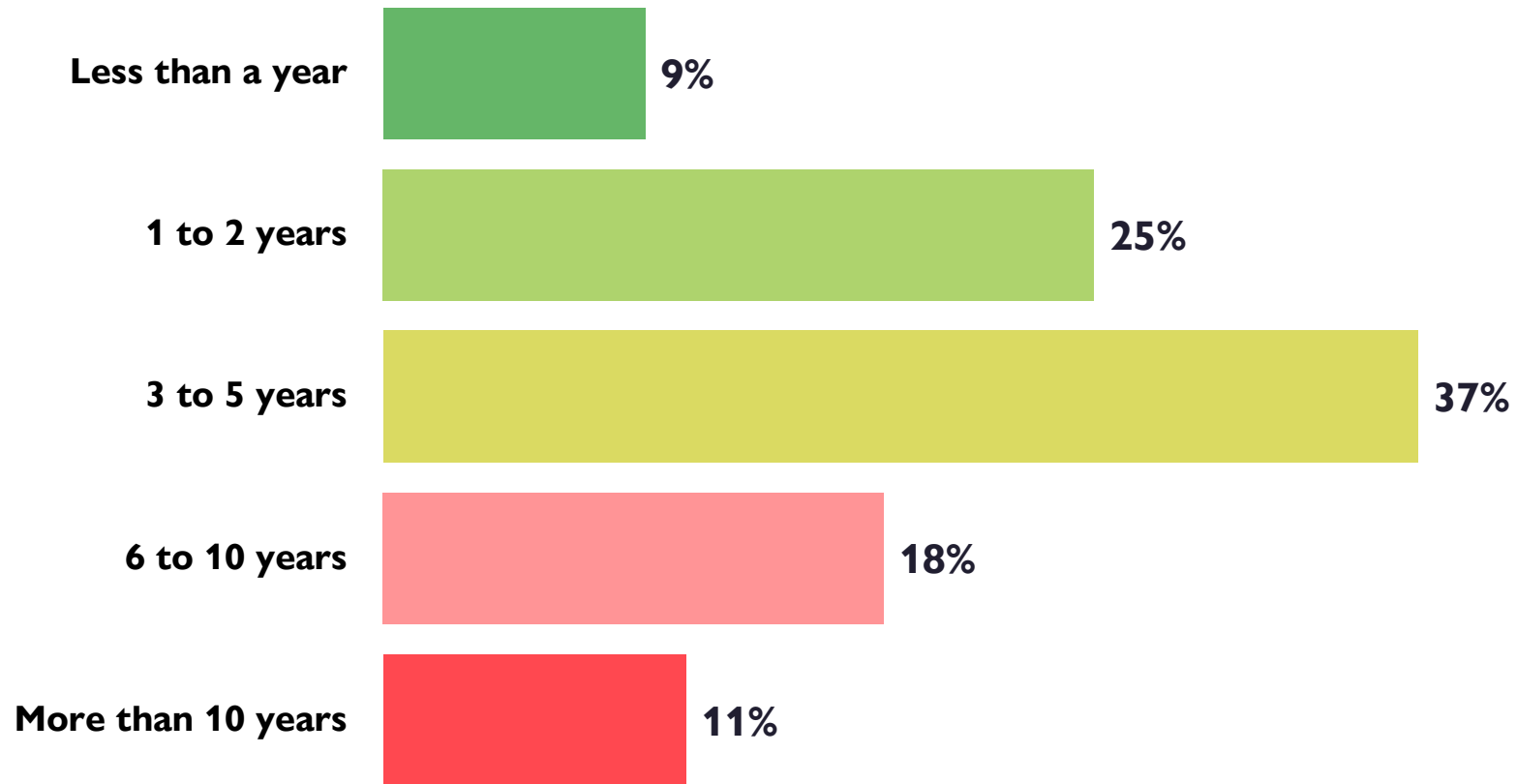


*Asked only to post-secondary graduates who are still paying off student loans or debt.



How long do you think it will take to pay off your student loans?*

7 in 10 graduates, who are still paying off their student loans, anticipate paying off all their loans within the next 5 years.

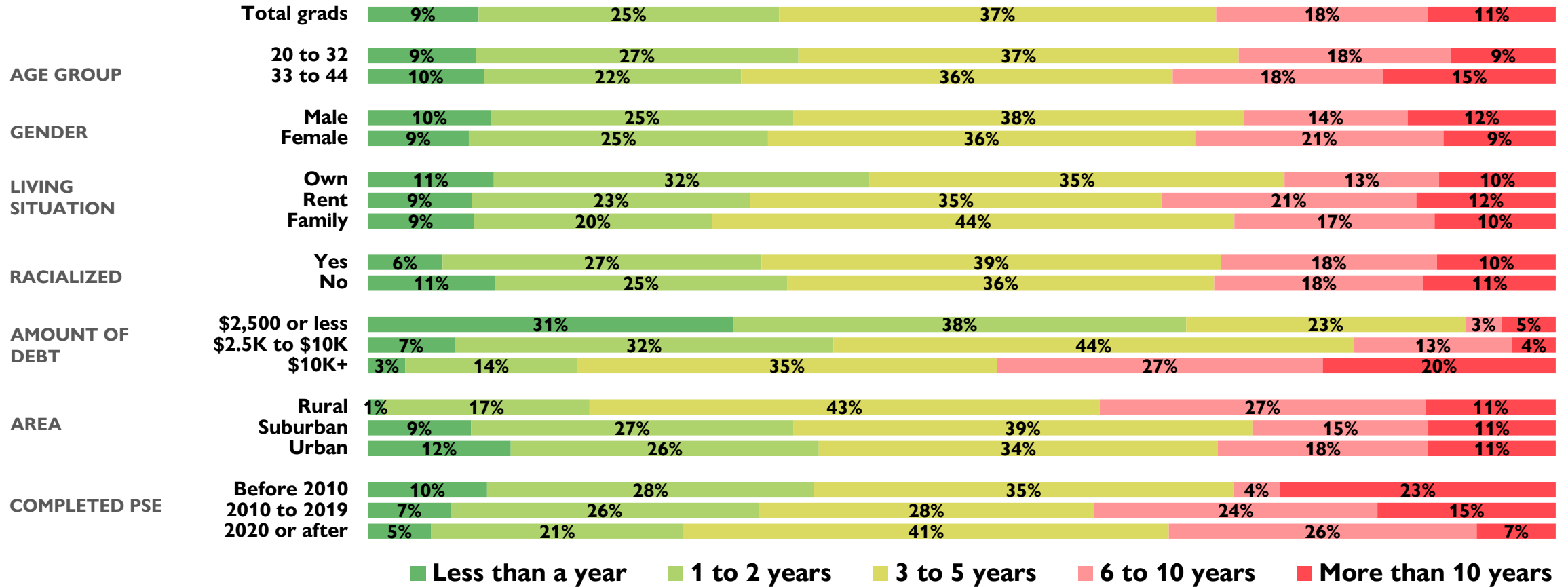


*Asked only to post-secondary graduates who are still paying off student loans or debt.



How long do you think it will take to pay off your student loans?*

How long it will take you to pay off your loan?

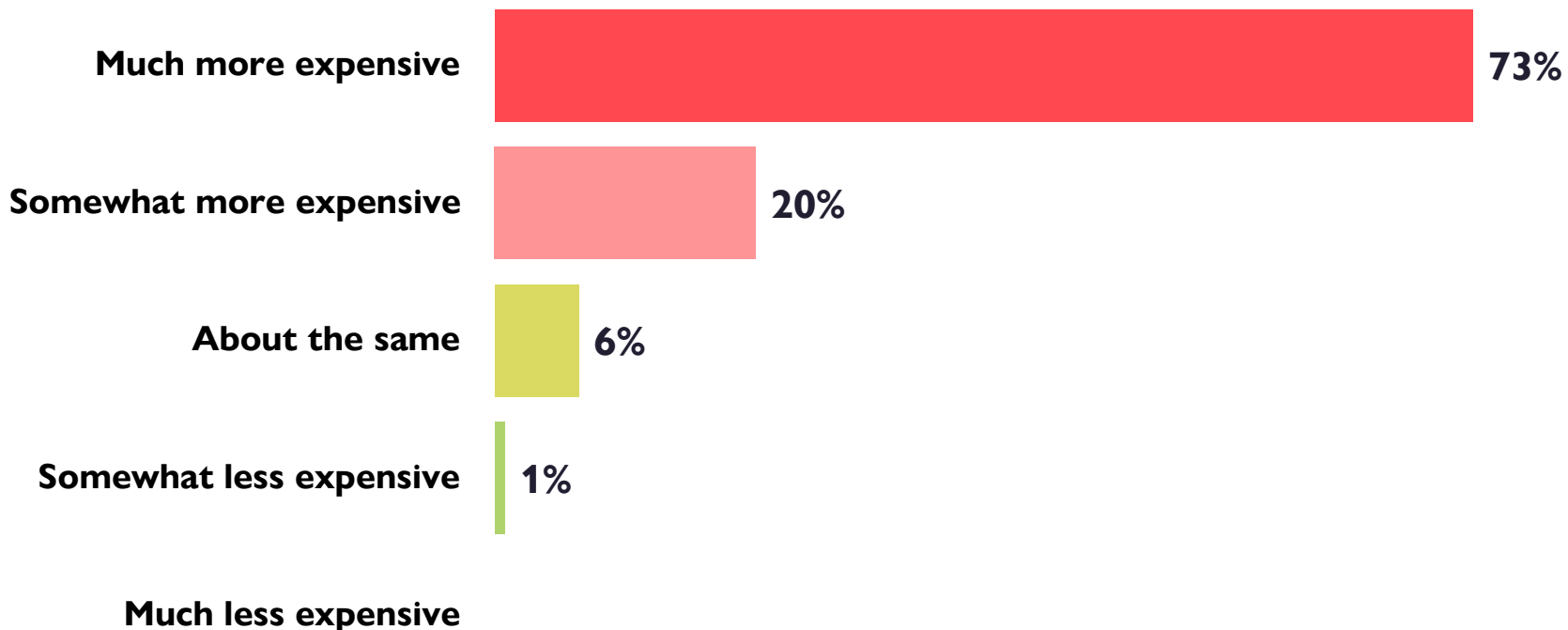


*Asked only to post-secondary graduates who are still paying off student loans or debt.



Compared with two years ago, would you say the cost of living right now is...

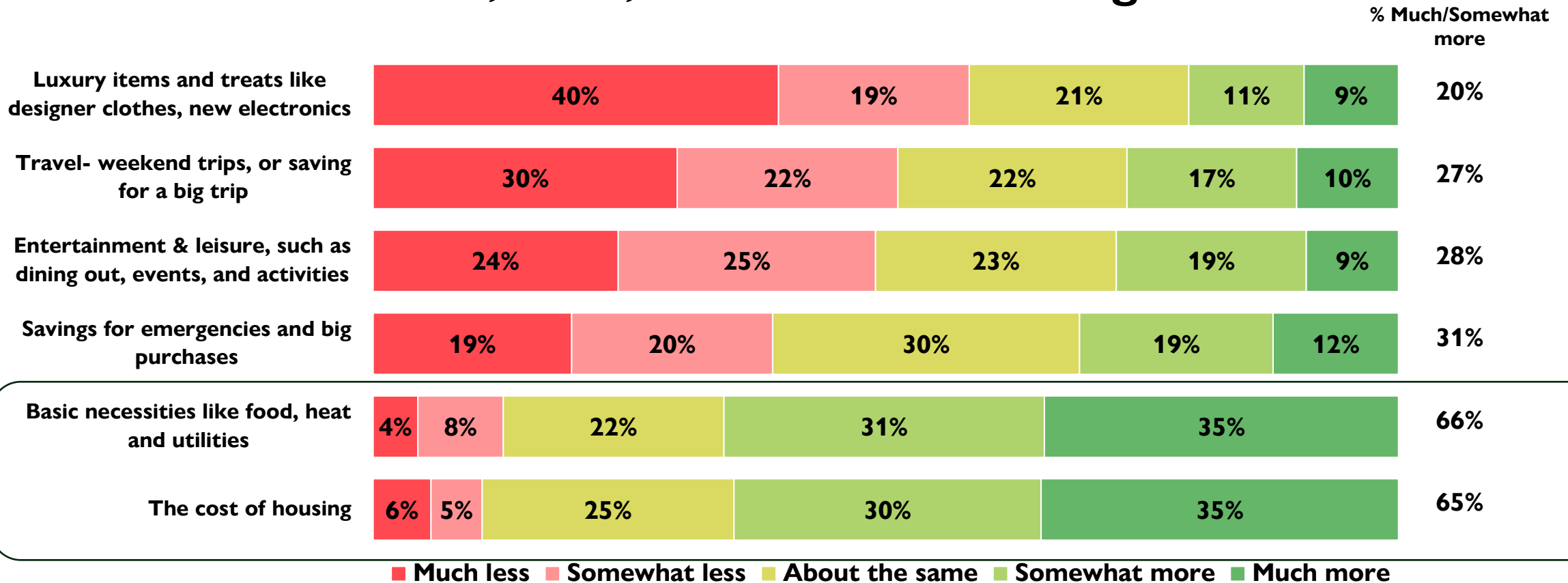
93% of graduates agree that the cost of living right now is either much more expensive or somewhat more expensive than it was two years ago.





Compared with 6 months ago, are you allocating more or less of your income to each of the following?

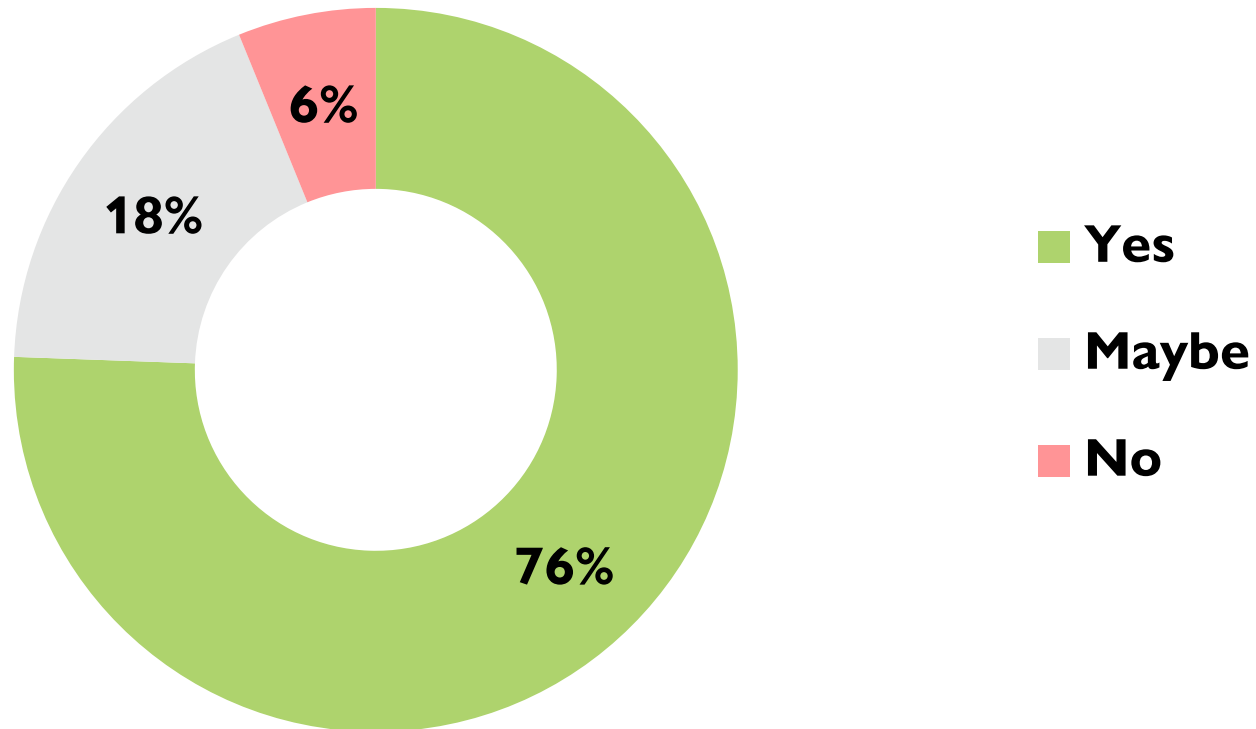
2 in 3 graduates are paying more or somewhat more for basic needs such as food, heat, utilities and housing.





Do you want to own a residential property like a house, townhouse, or condo someday?

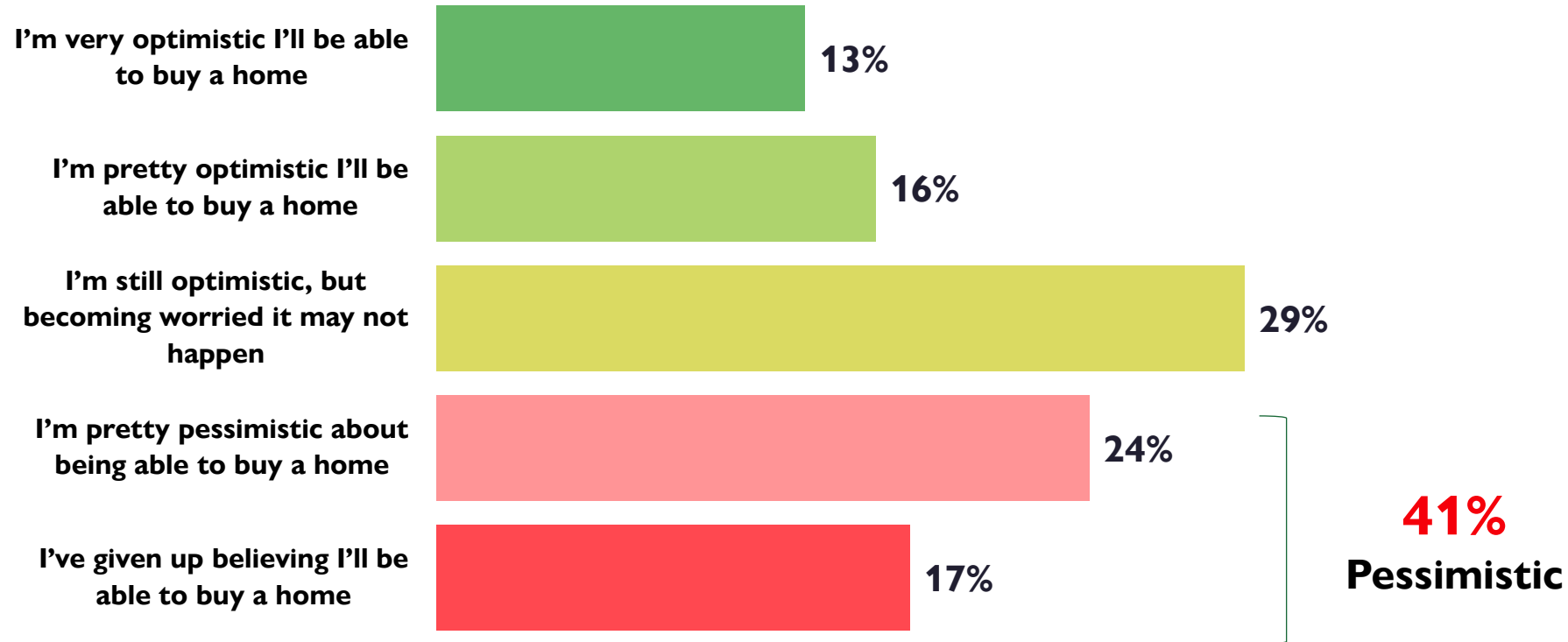
3 in 4 graduates who don't currently own, would like to own a residential property someday.





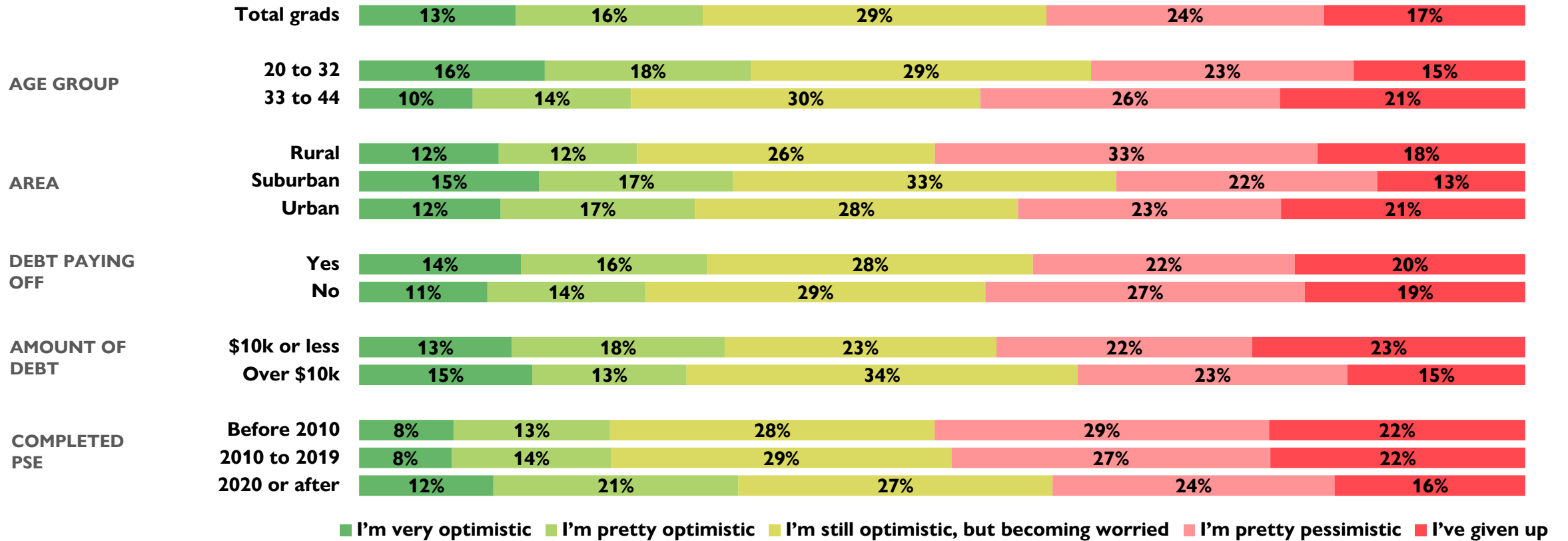
Which of the following best describes how you're feeling about the possibility of buying a home in the community you want to live in?

Only 3 in 10 graduates who aspire to buy a home are confidently optimistic about being able to buy a home. Most are pessimistic or becoming worried they won't be able to buy a home.



Which of the following best describes how you're feeling about the possibility of buying a home in the community you want to live in?

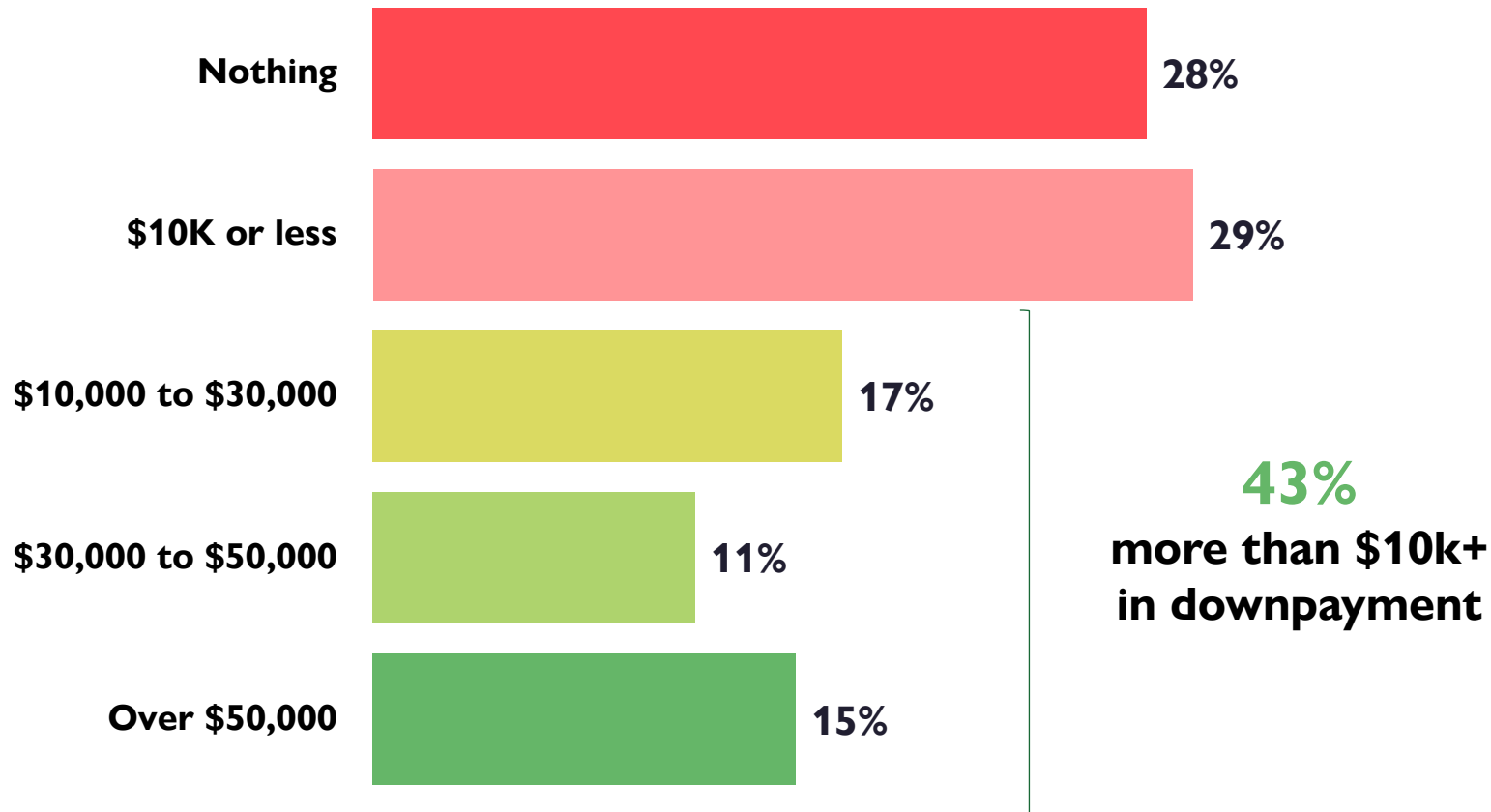
Optimism in buying a home is highest among graduates aged 20 to 32, individuals residing in suburban areas and most recent graduates (post-2020). Optimism remains consistent irrespective of individual debt levels.





How much have you saved up for a downpayment on a residential property?

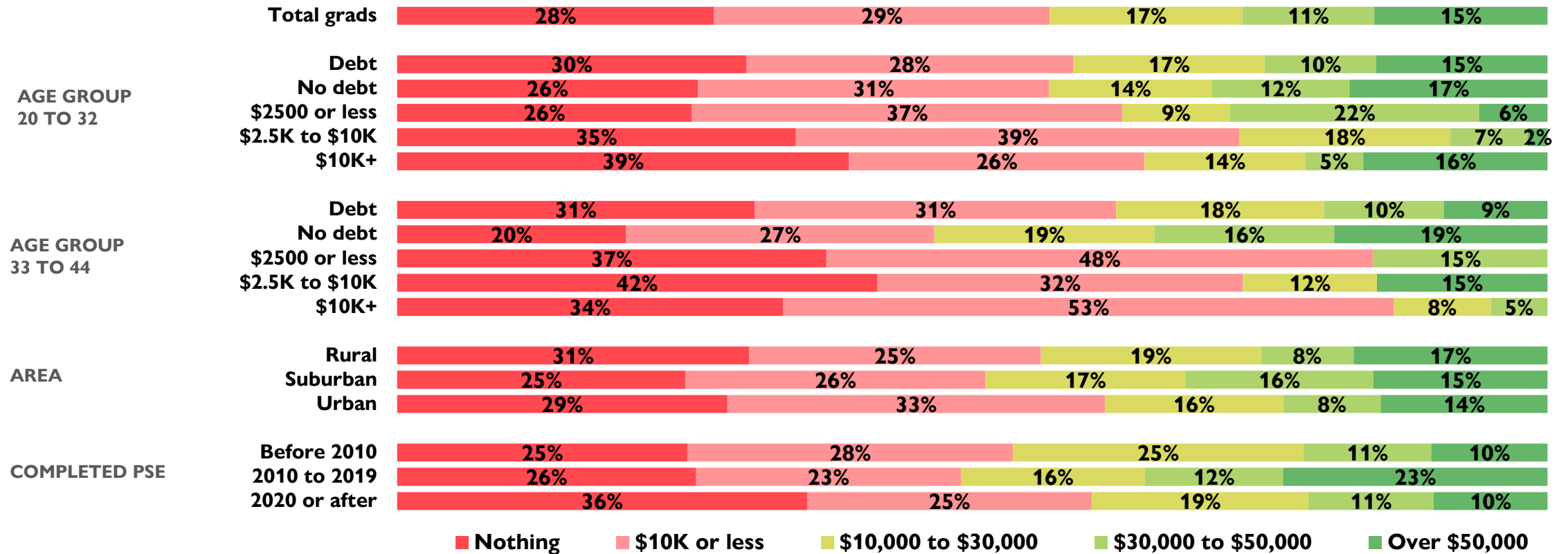
43% of graduates who want to buy a residential property have over \$10,000 saved for a downpayment. Over 1 in 4 have saved nothing yet.





How much have you saved up for a downpayment on a residential property?

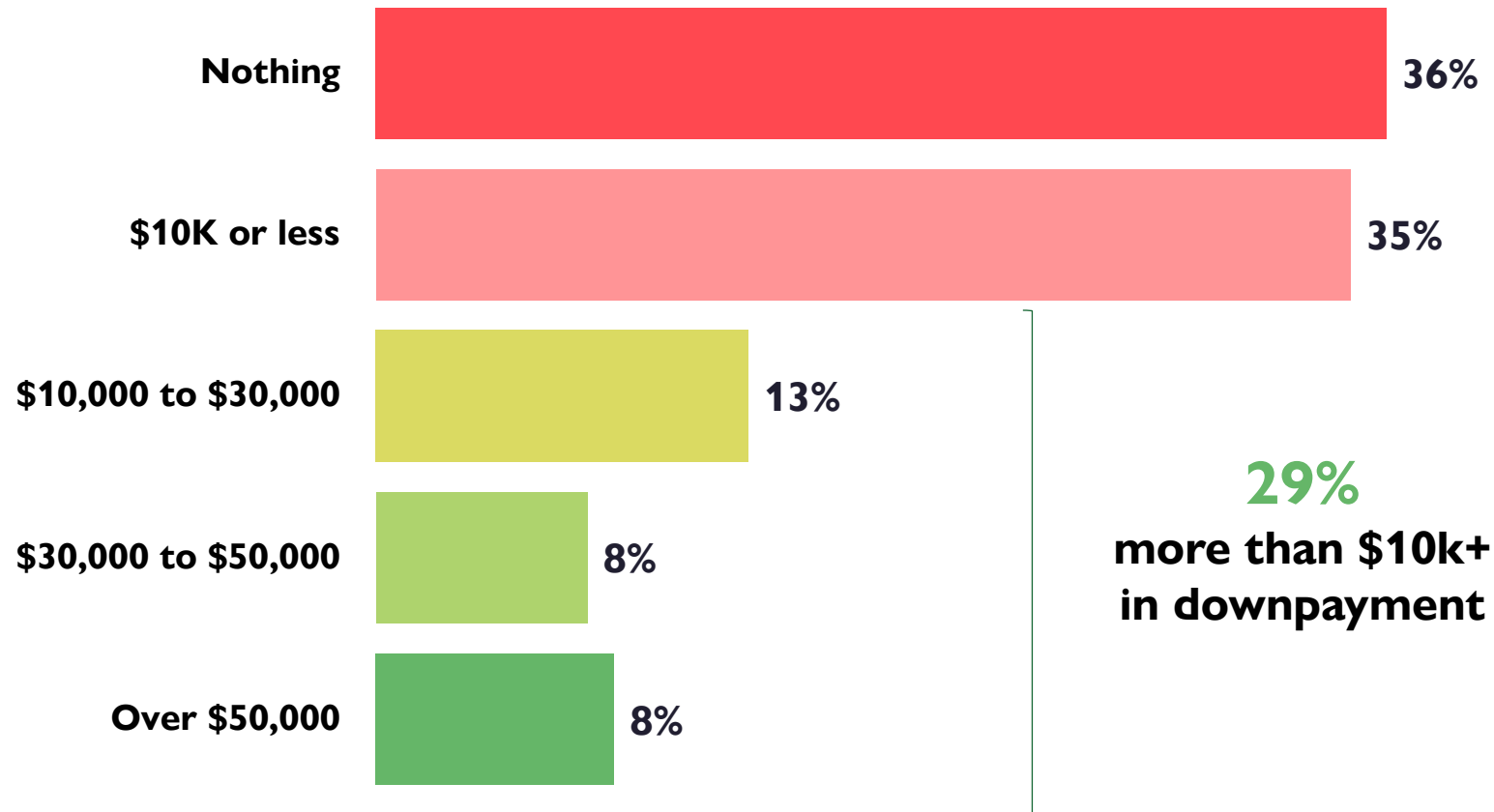
Individuals without student debt have more savings for a downpayment on a residential property.





How much have you saved up for a downpayment on a residential property?

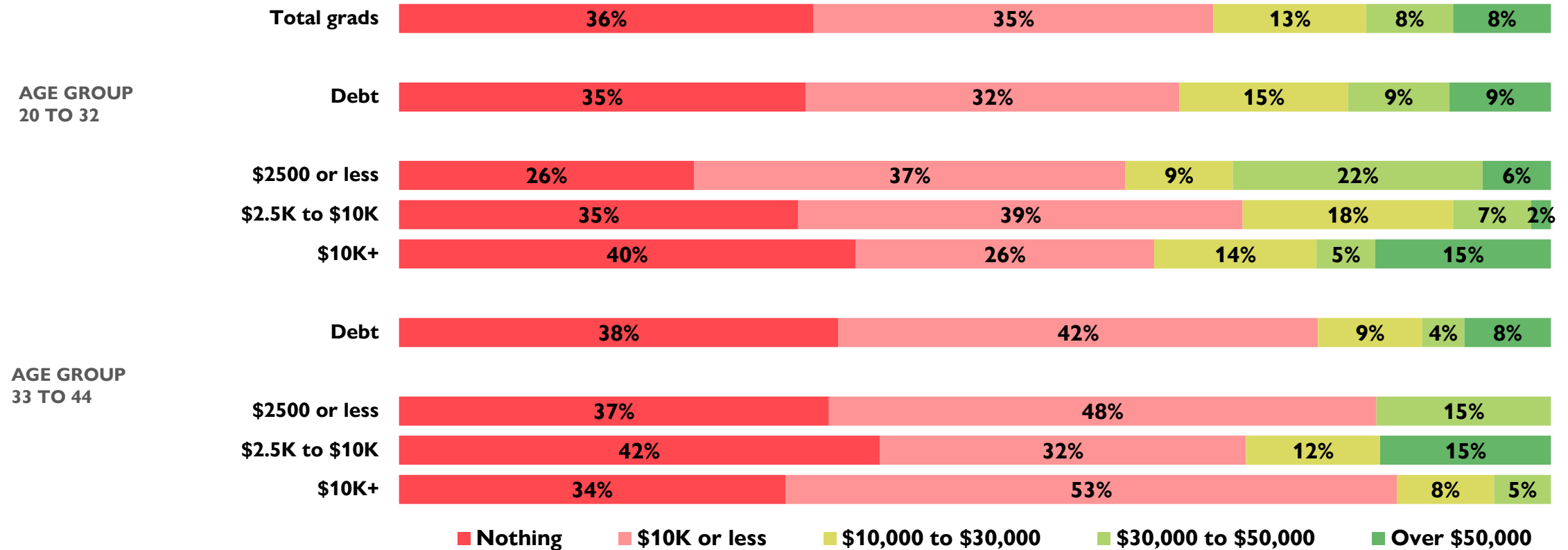
71% of graduates with student debt have less than \$10K saved for a downpayment. Far less than those without debt.





How much have you saved up for a downpayment on a residential property?

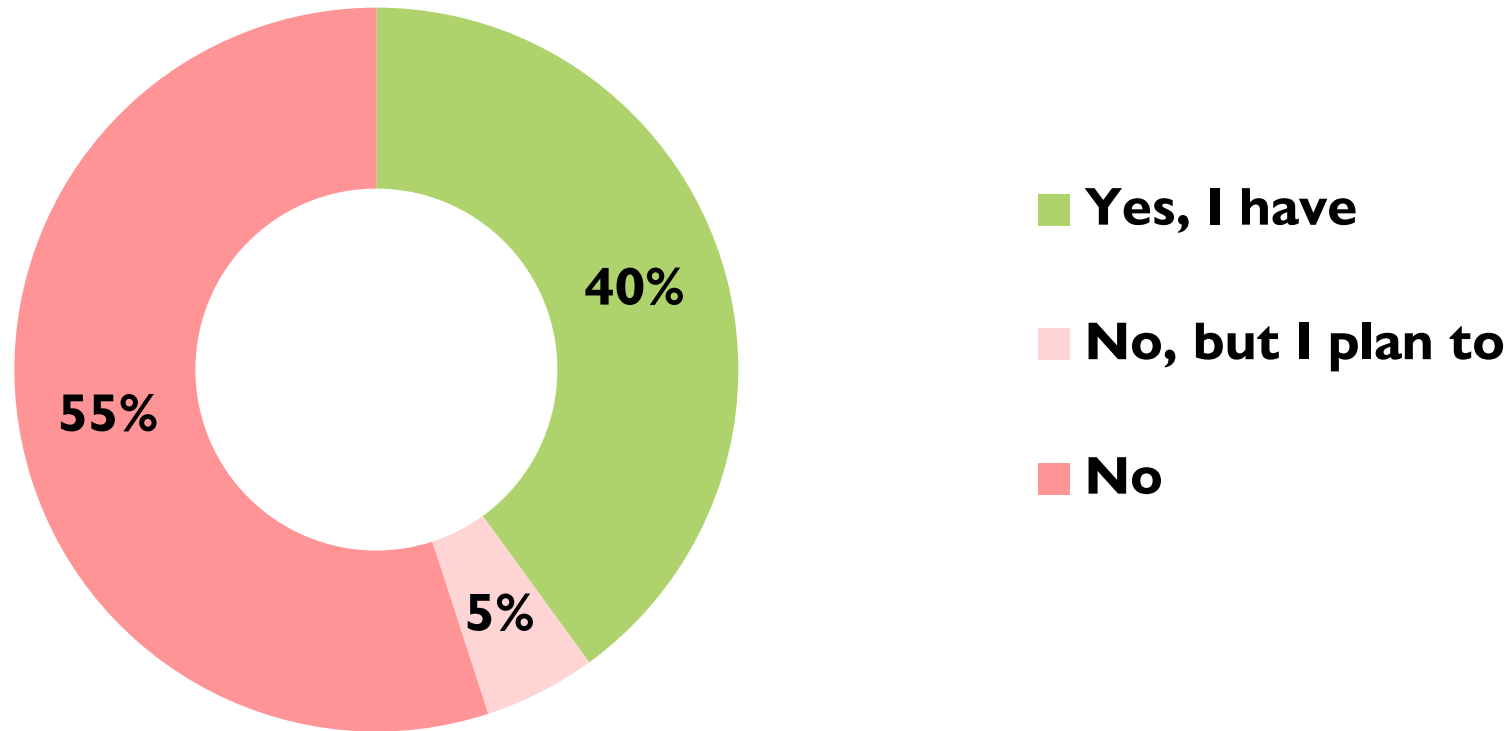
29% of graduates with student debt have more than \$10k saved for a downpayment on a residential property.





Have you received financial contributions from your family for to help with purchasing a home?*

Only 4 in 10 graduates who own their home received financial contributions from their family to help with purchasing a home.

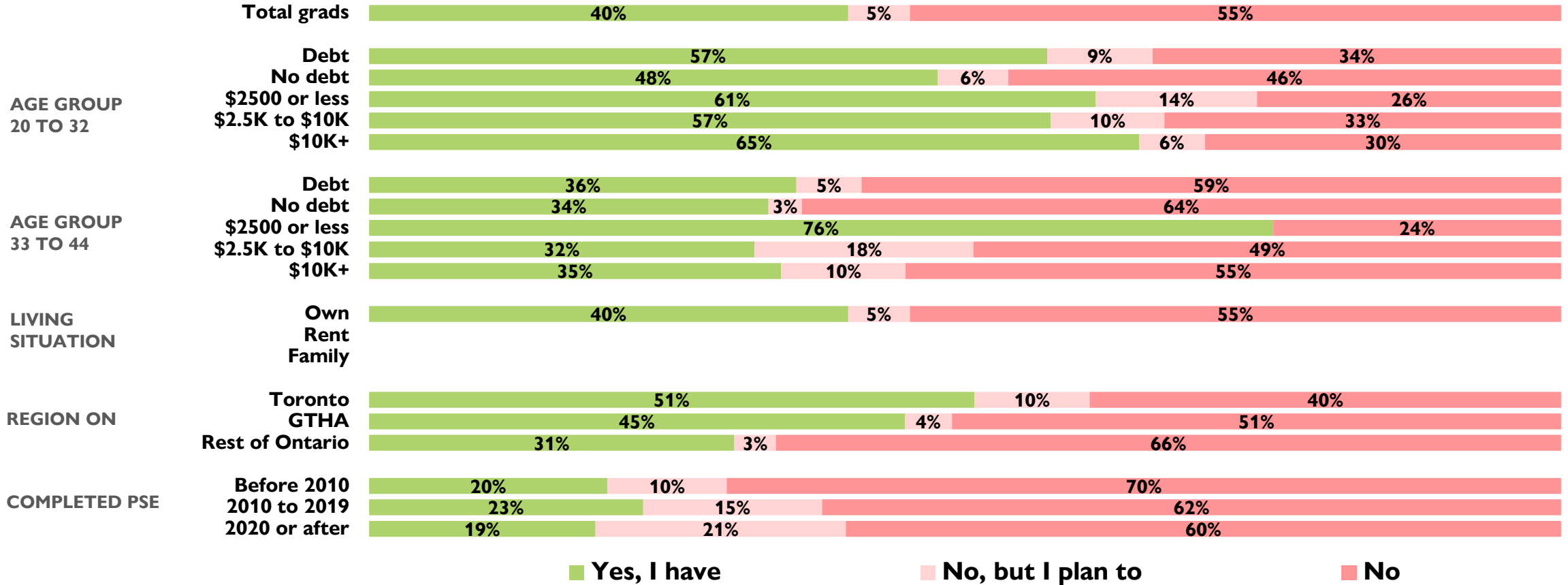


*Asked of graduates who own a home.



Have you received financial contributions from your family for each of the following: To help with purchasing a home

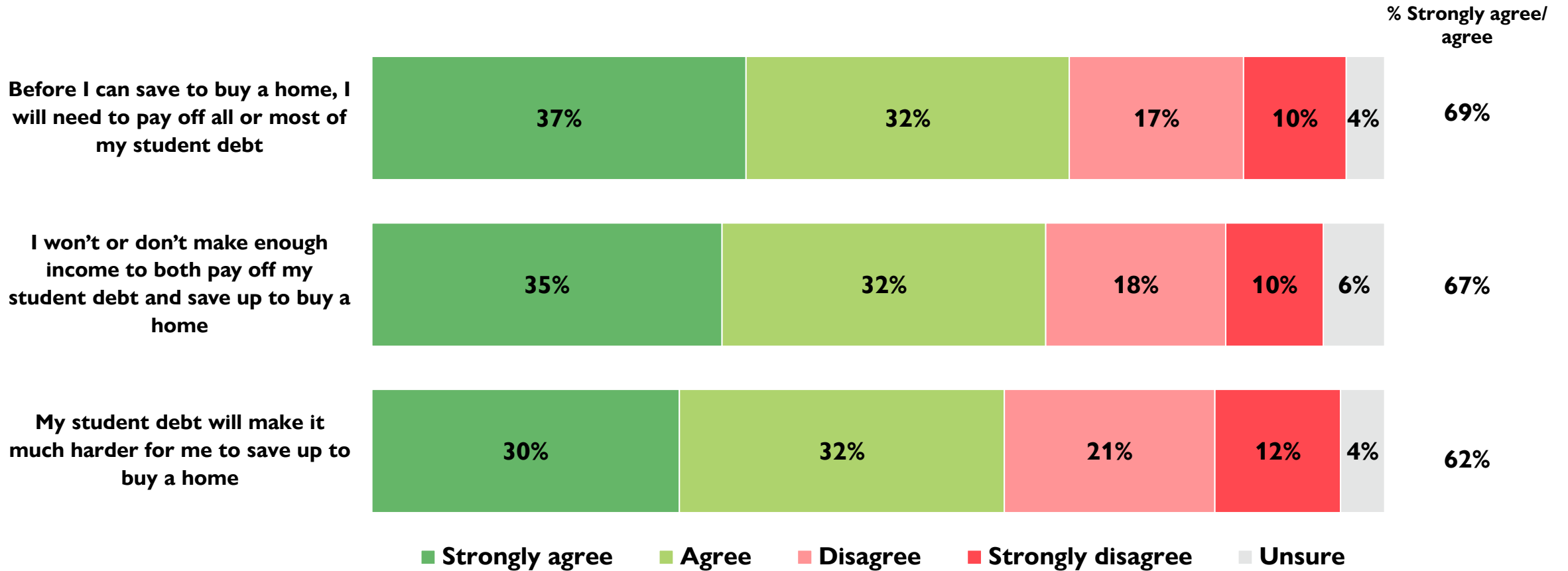
Graduates are more likely to seek financial contributions from their family to purchase a home the closer they are to Toronto.





To what extent do you agree or disagree with the following statements?

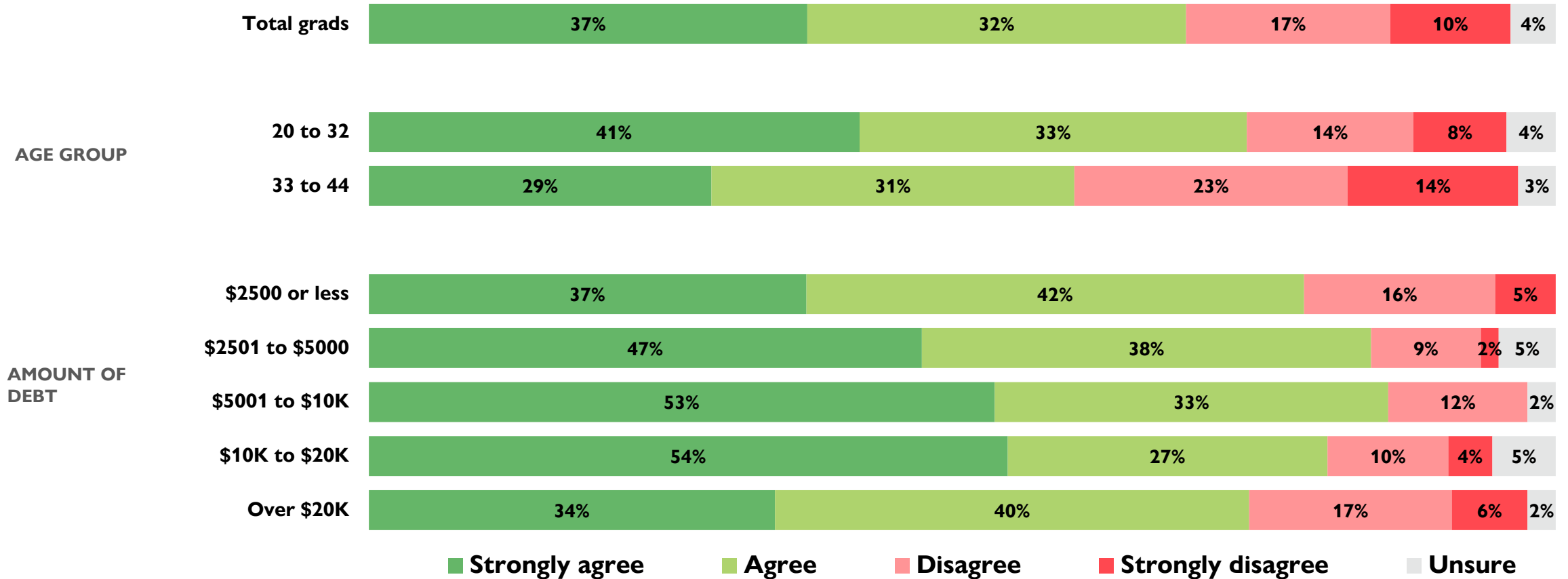
Student debt and income levels are a significant barrier in the purchase of a residential property.





To what extent do you agree or disagree with the following statements? Before I can save to buy a home, I will need to pay off all or most of my student debt.

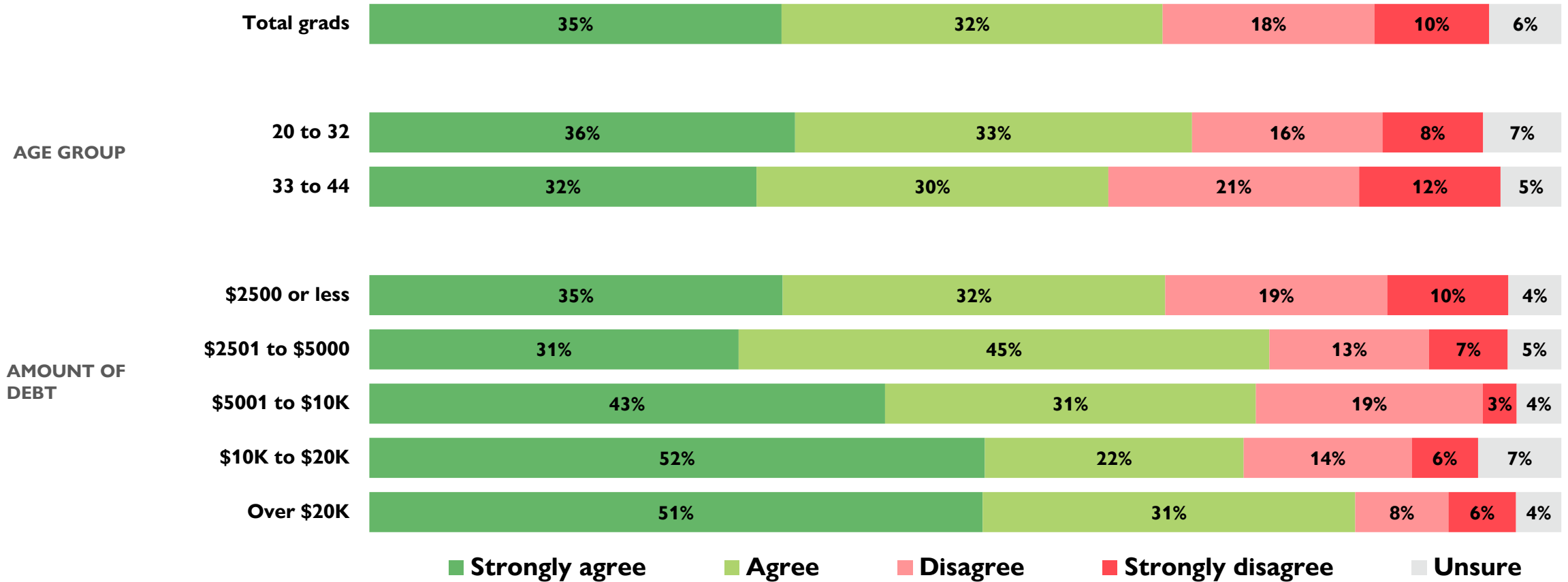
Despite their level of debt, most graduates either agree or strongly agree that before they can save to buy a home, they will need to pay off their student debt.





To what extent do you agree or disagree with the following statements? I won't or don't make enough income to both pay off my student debt and save up to buy a home.

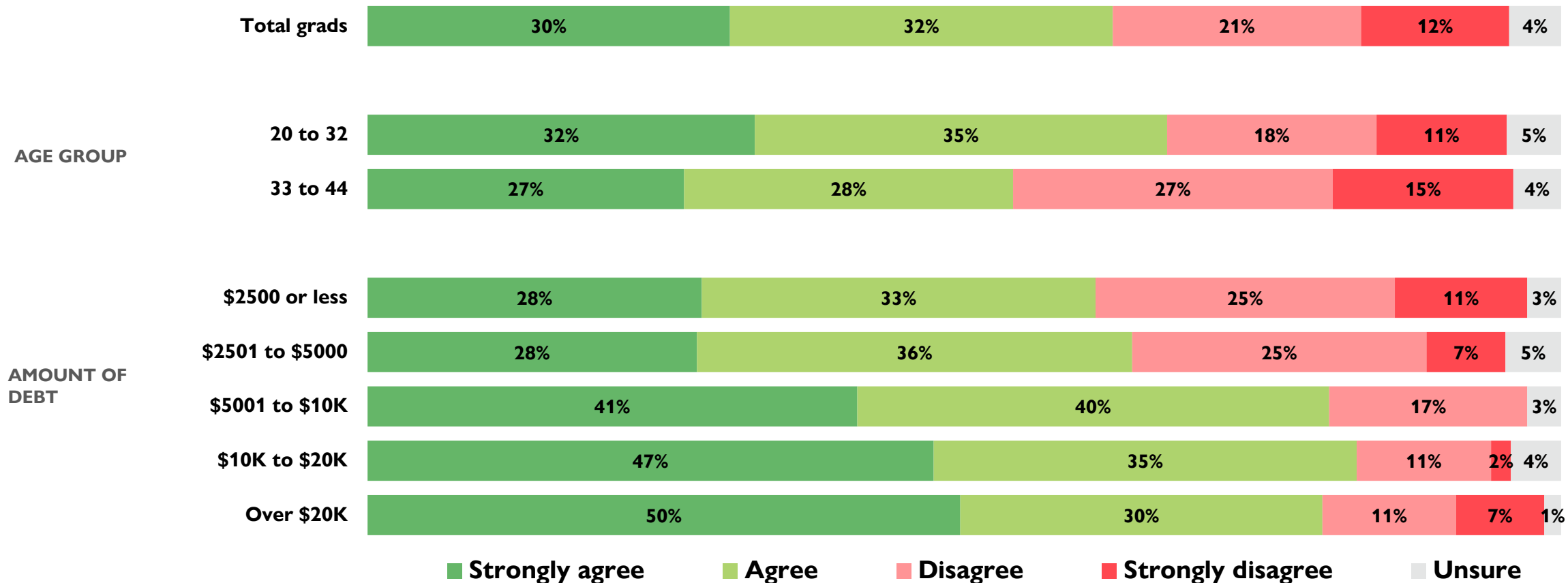
A majority of graduates agree or strongly agree that they do not make enough income to both pay off their student debt and save up to buy a home.





To what extent do you agree or disagree with the following statements? My student debt will make it much harder for me to save up to buy a home.

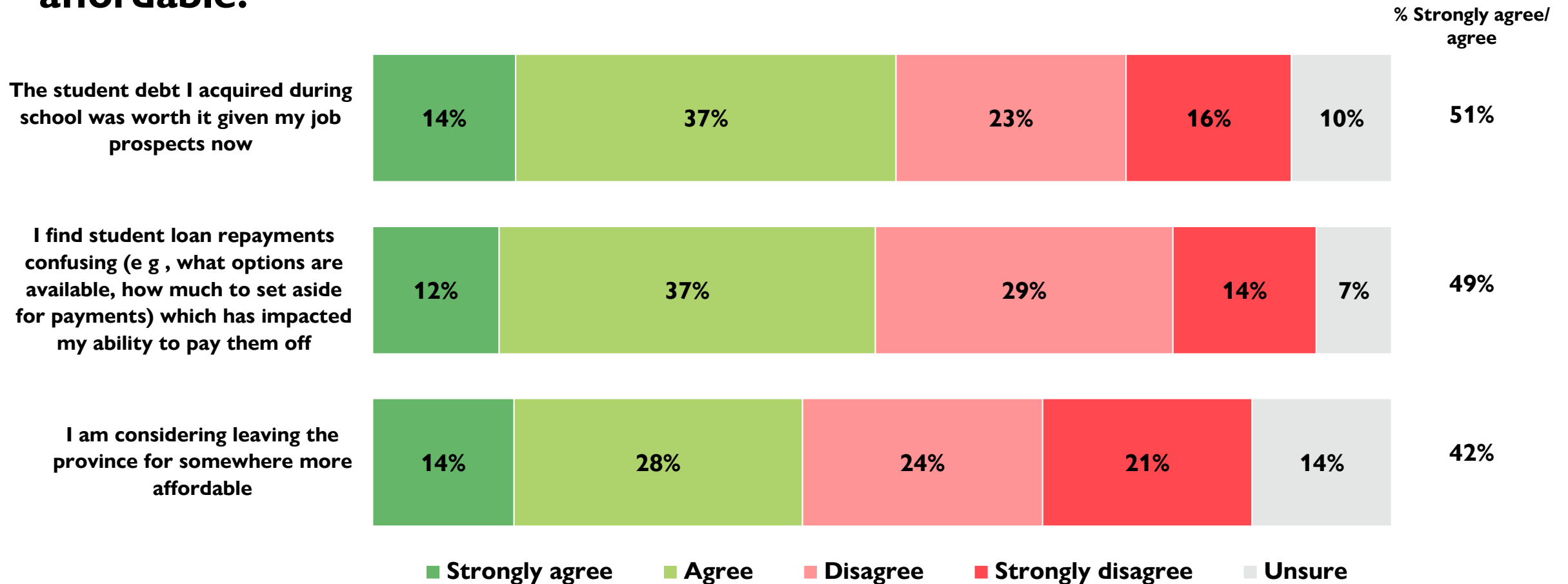
Graduates with debt greater than \$5000 are more inclined to agree or strongly agree that their student debt makes it harder to save up for a home.





To what extent do you agree or disagree with the following statements?

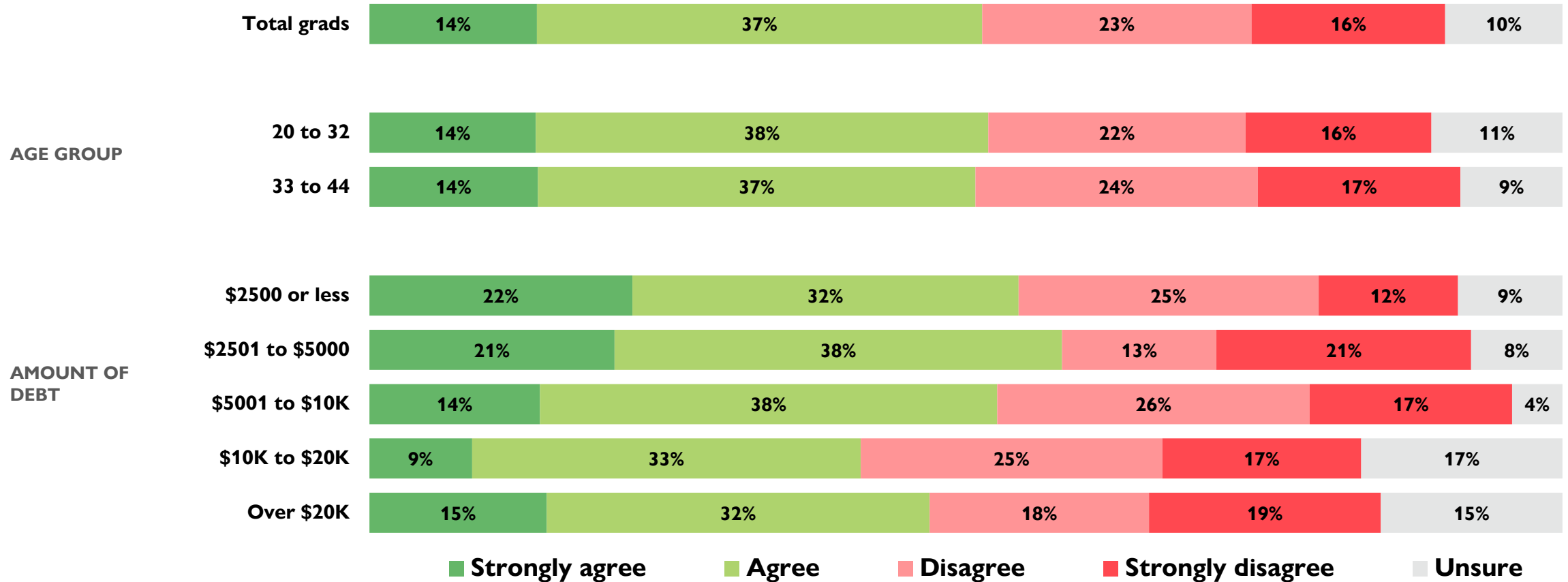
42% of graduates are considering leaving the province for somewhere more affordable.





To what extent do you agree or disagree with the following statements? The student debt I acquired during school was worth it given my job prospects now.

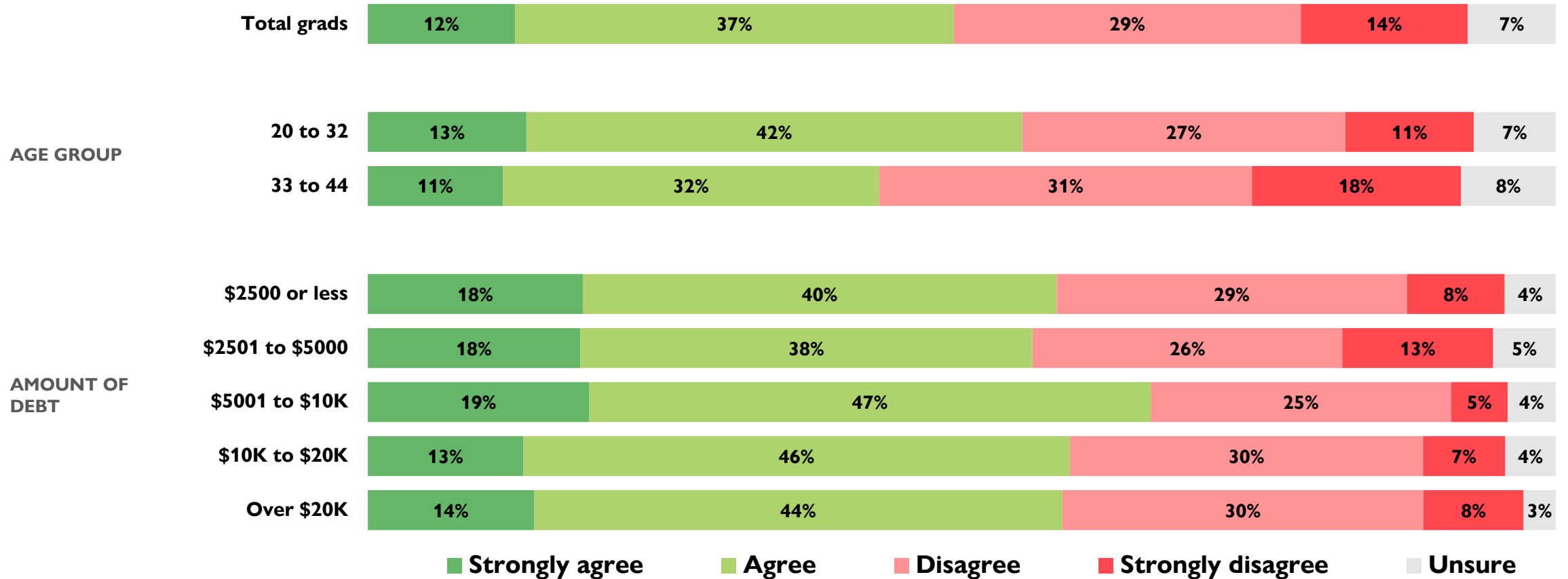
Graduates are split on whether the student debt they acquired during school was worth it given their current job prospects.





To what extent do you agree or disagree with the following statements? I find student loan repayments confusing which has impacted my ability to pay them off.

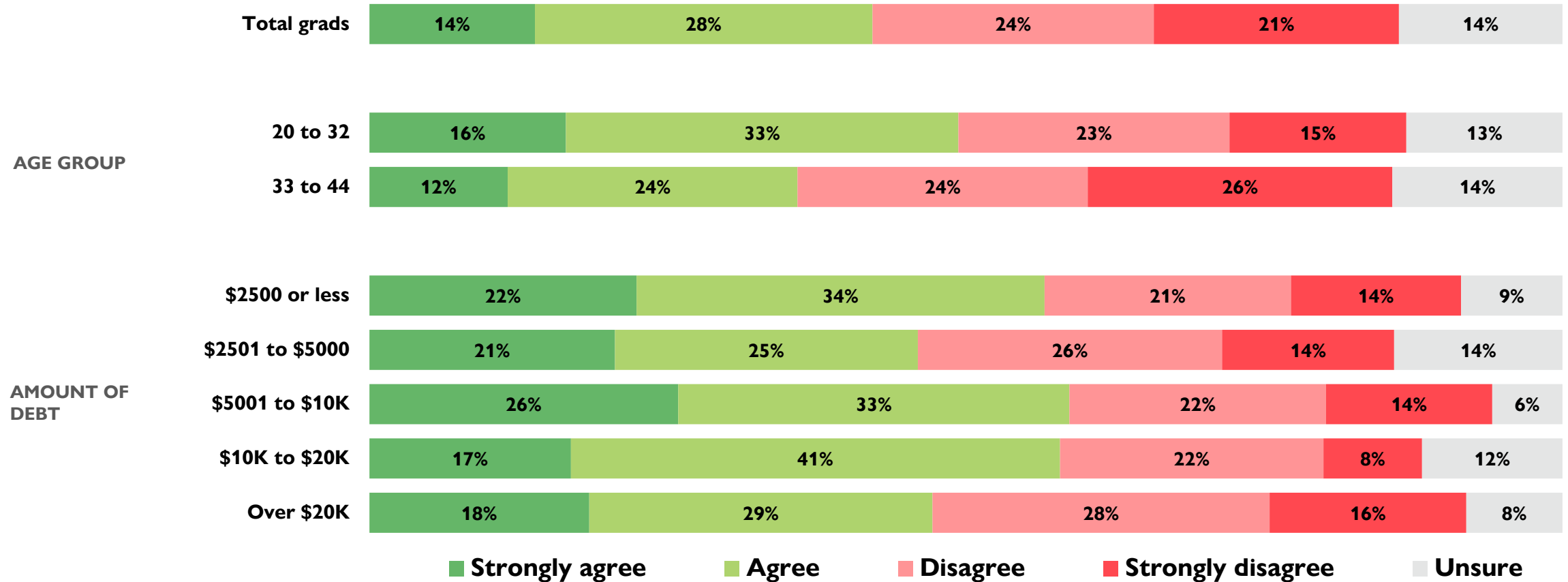
Half of graduates find the student loan repayments confusing which impacts their ability to pay them off.





To what extent do you agree or disagree with the following statements? I am considering leaving the province for somewhere more affordable.

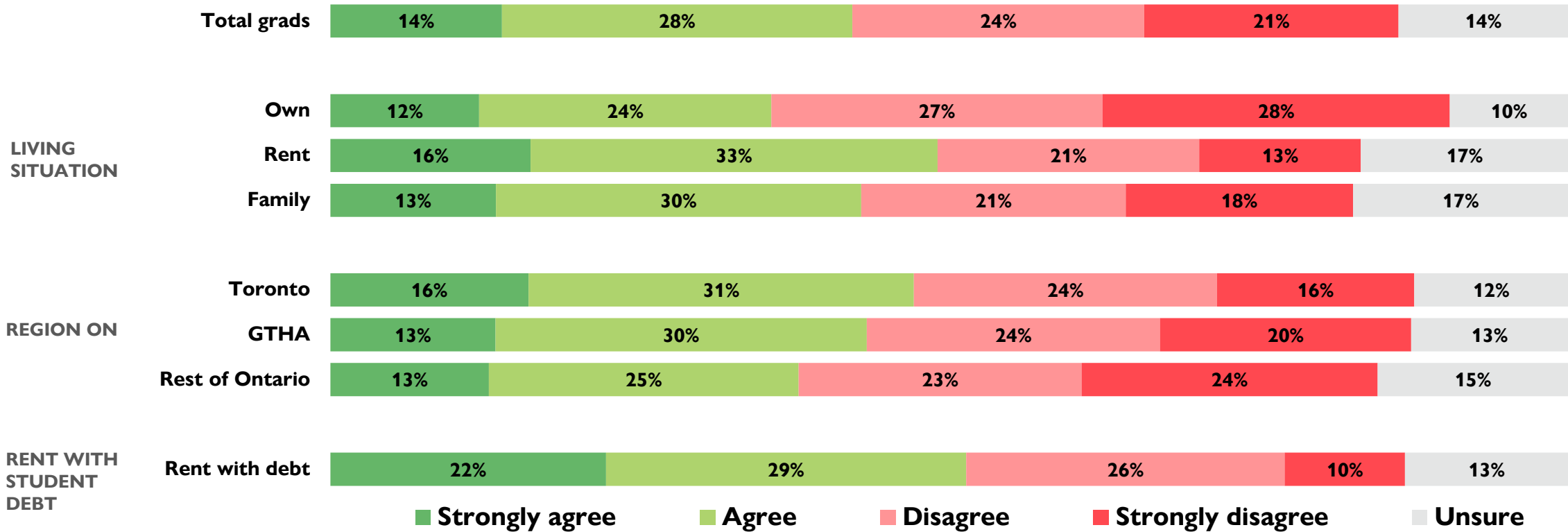
43% of graduates are considering leaving the province for somewhere more affordable.





To what extent do you agree or disagree with the following statements? I am considering leaving the province for somewhere more affordable.

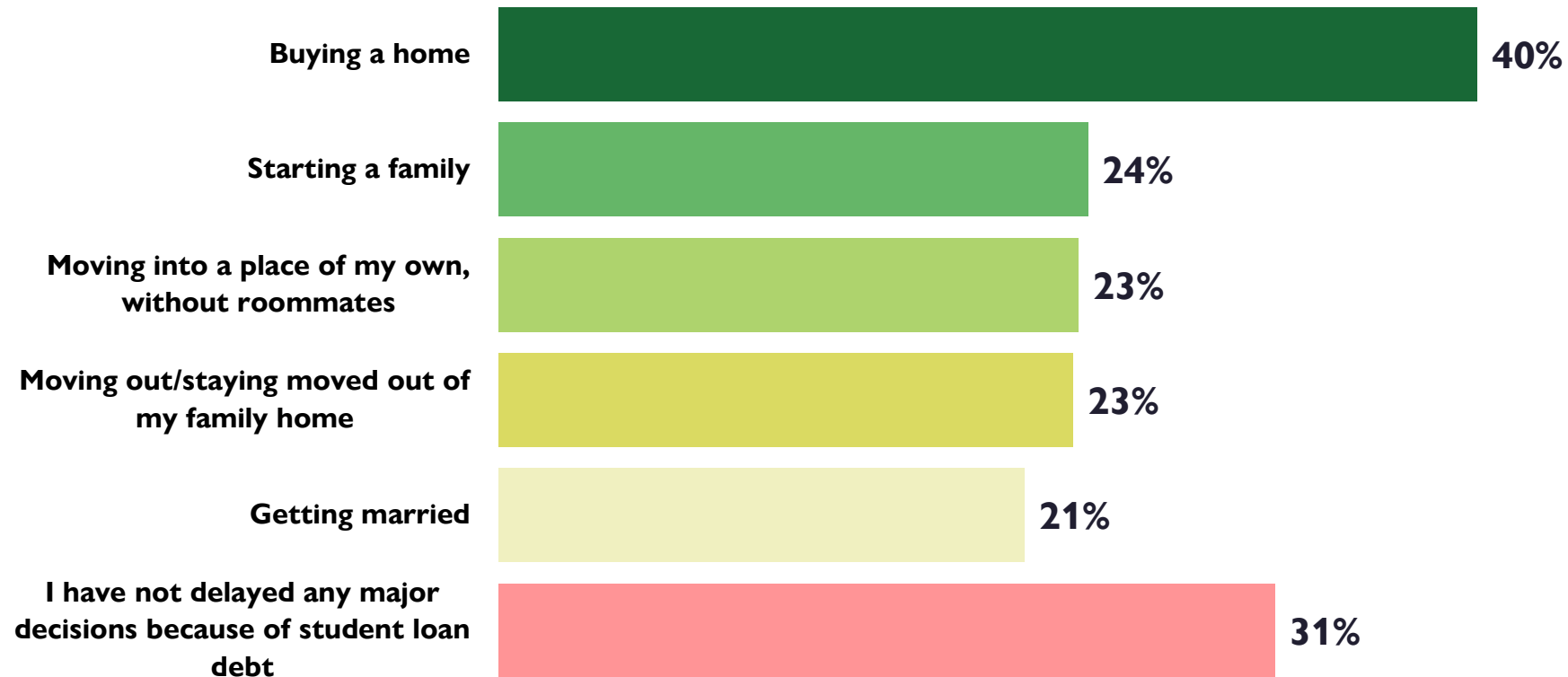
Graduates who rent or live with family are more likely to consider leaving the province for somewhere more affordable. Similarly, the closer graduates are to the Toronto region, the more likely they are to consider leaving the province for somewhere more affordable.





What, if any, major decisions have you had to delay because of student loans? Please select all that apply

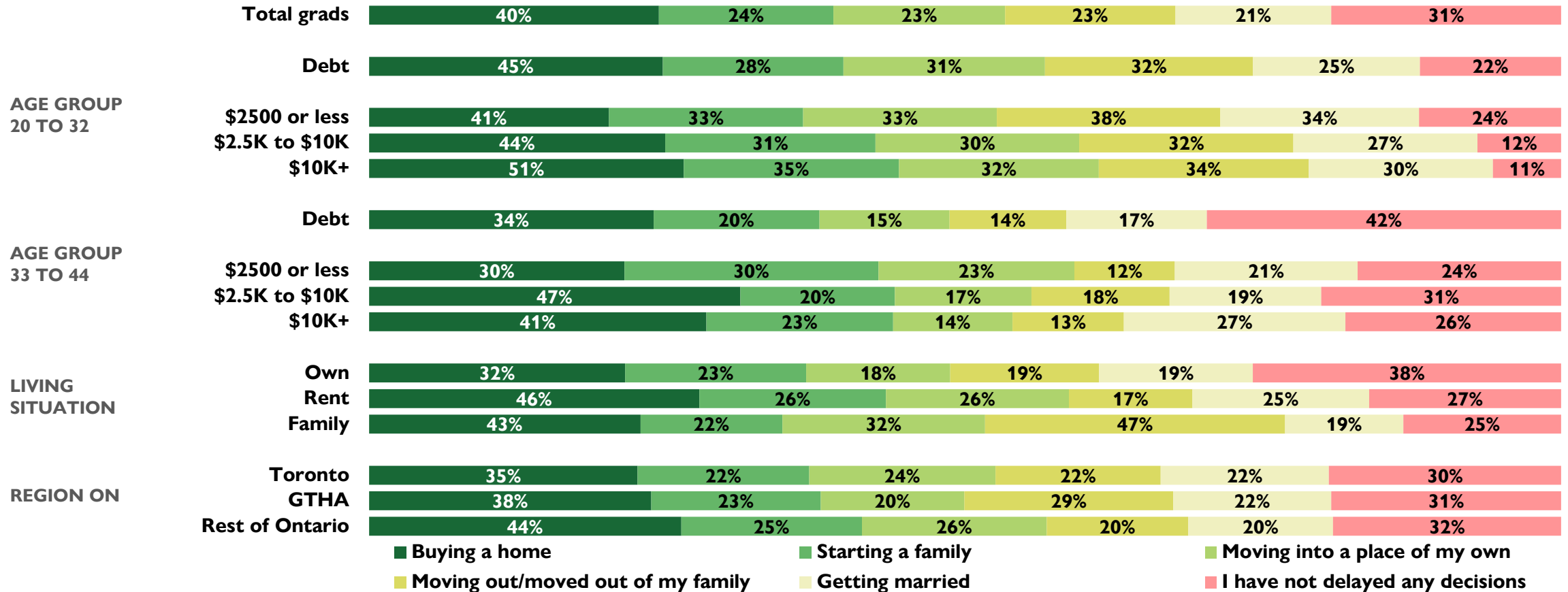
Buying a home is the most delayed decision due to student loans. 4 in 10 graduates with student debt say they have delayed buying a home because of the amount of debt they have.





What, if any, major decisions have you had to delay because of student loans? Please select all that apply

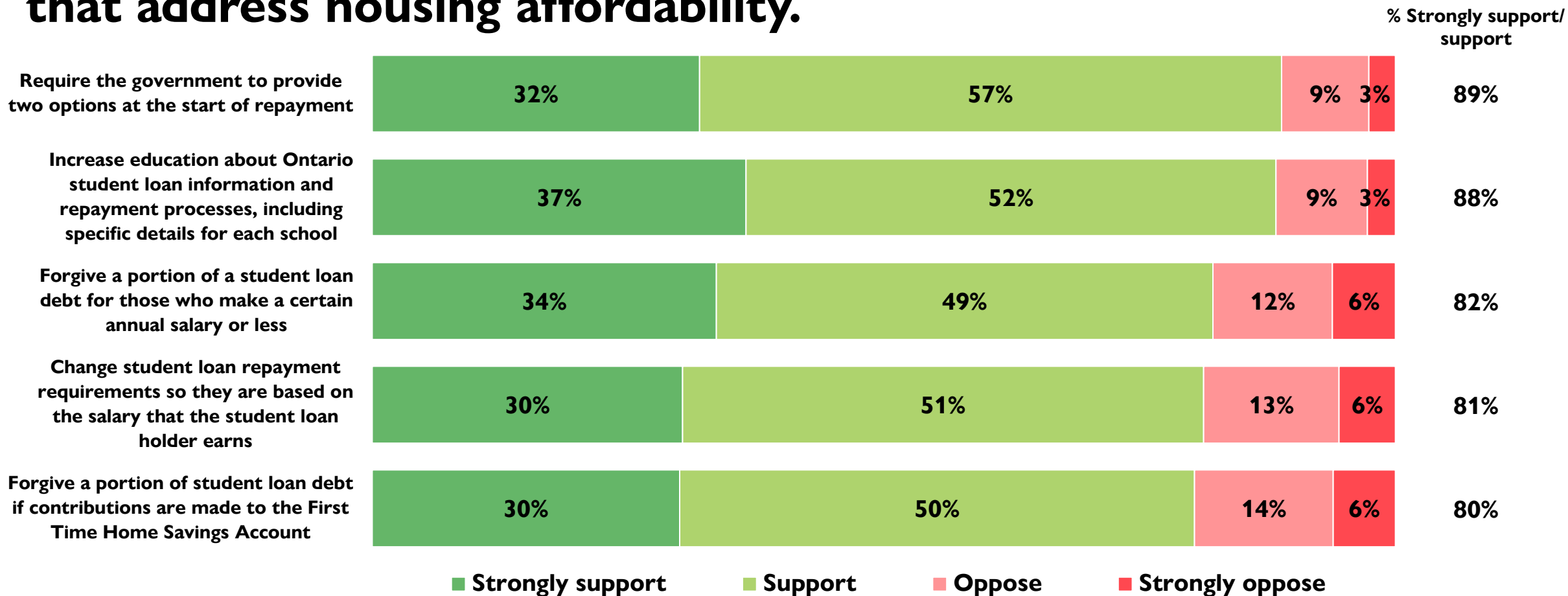
Buying a home is the most delayed decision due to student loans.





Below are several ideas that the Ontario government could pursue to address housing affordability. For each, tell us whether it is something you would support or oppose

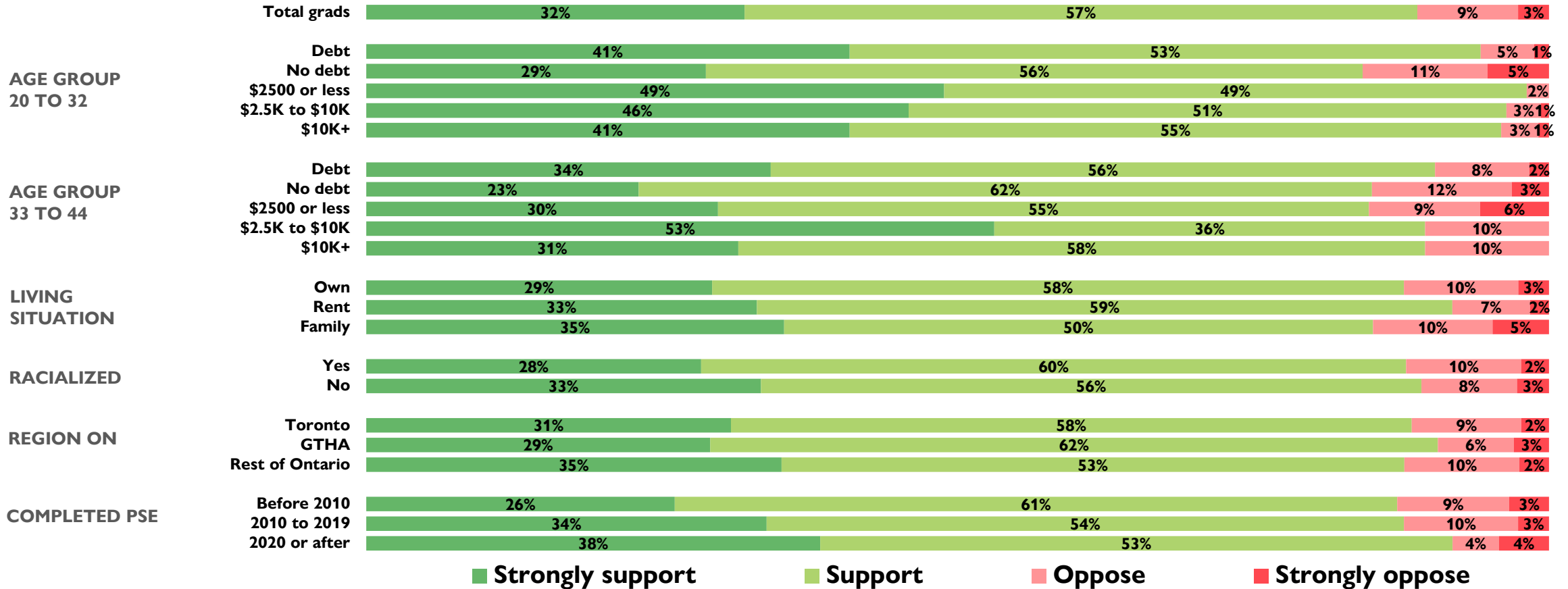
Graduates overwhelmingly support government interventions that address housing affordability.





Below are several ideas that the Ontario government could pursue to address housing affordability. For each, tell us whether it is something you would support or oppose: *require the government to provide two options at the start of repayment.*

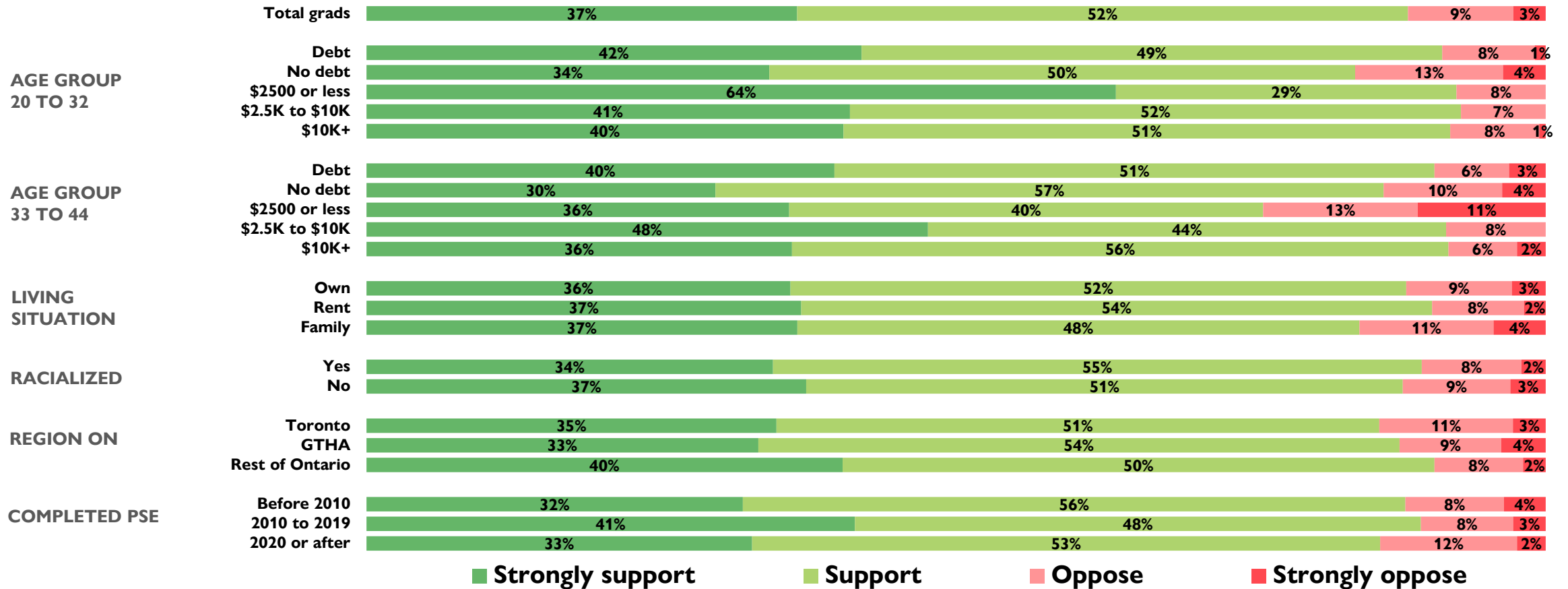
The most favoured government intervention by graduates is to require that the government provide two options at the start of repayment.





Below are several ideas that the Ontario government could pursue to address housing affordability. For each, tell us whether it is something you would support or oppose: *increase education about Ontario student loan information and repayment processes, including specific details for each school.*

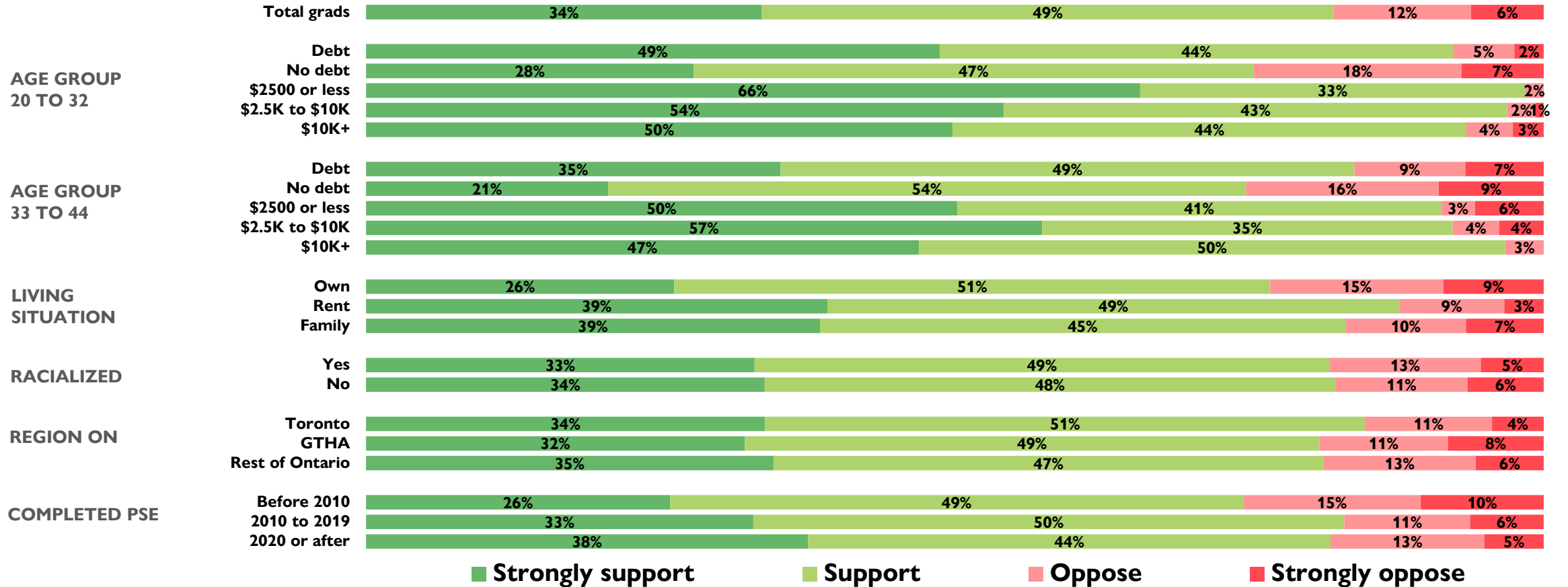
The vast majority of graduates are supportive of increasing education about Ontario student loan information and repayment processes, including specific details for each school.





Below are several ideas that the Ontario government could pursue to address housing affordability. For each, tell us whether it is something you would support or oppose: *forgive a portion of a student loan debt for those who make a certain annual salary or less.*

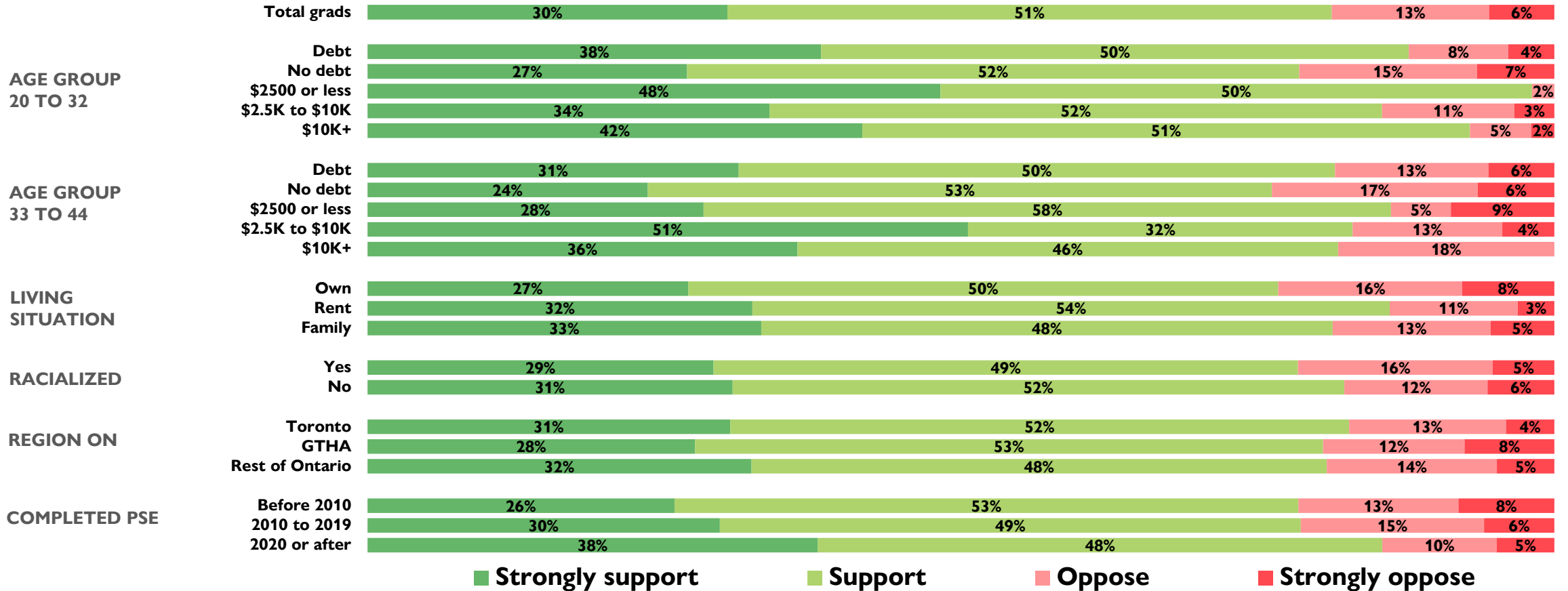
Most graduates are supportive of forgiving a portion of a student loan debt for those who make a certain annual salary or less.





Below are several ideas that the Ontario government could pursue to address housing affordability. For each, tell us whether it is something you would support or oppose: *change student loan repayment requirements so they are based on the salary that the student loan holder earn.*

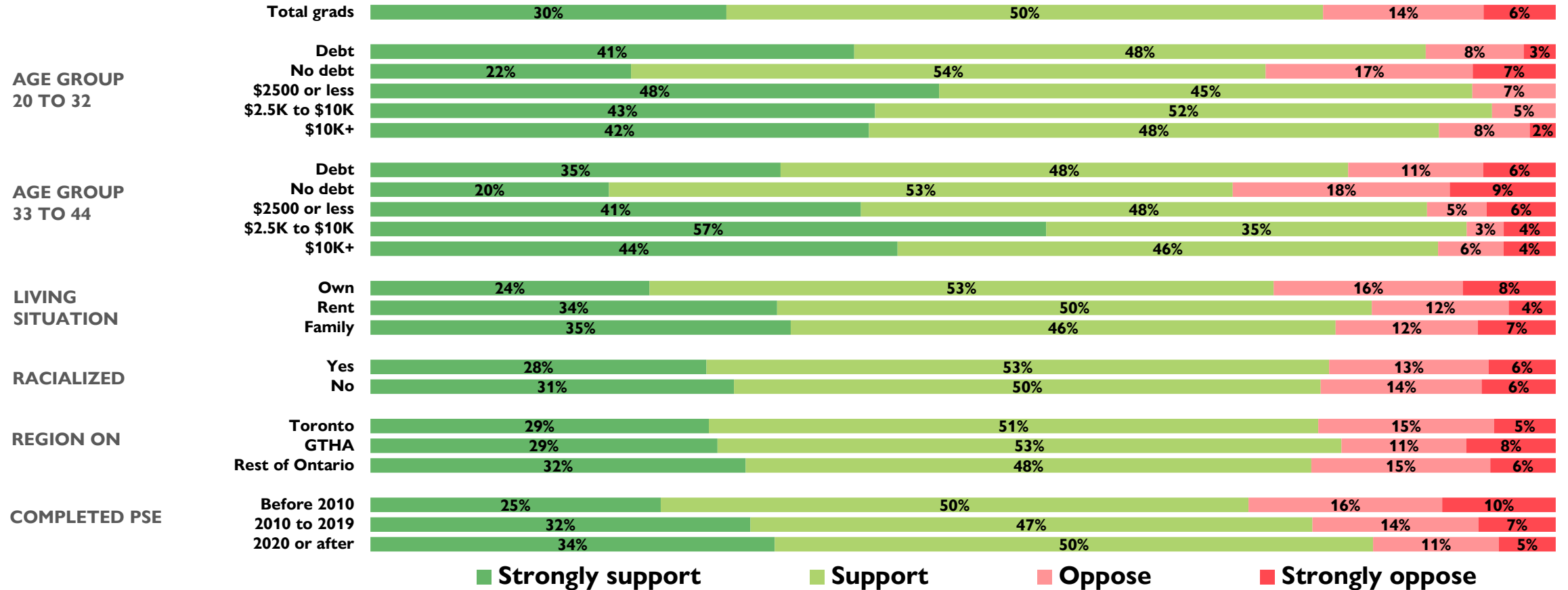
Most graduates are supportive of changing student loan repayment requirements so they are based on the salary that the student loan holder earn.





Below are several ideas that the Ontario government could pursue to address housing affordability. For each, tell us whether it is something you would support or oppose: *forgiving a portion of student loan debt if contributions are made to the First Time Home Savings Account.*

Most graduates are supportive of forgiving a portion of student loan debt if contributions are made to the First Time Home Savings Account.



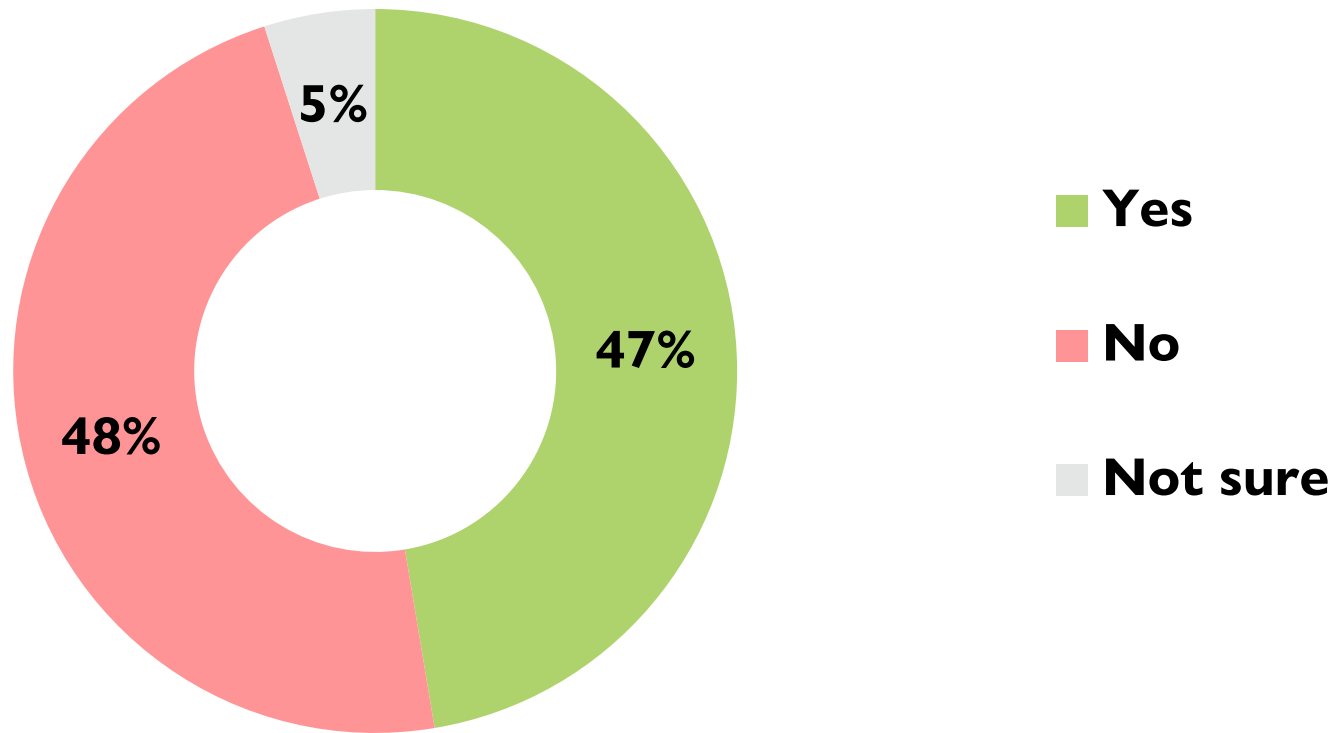
Part 2: Parents of Grads





Do any of your children have student debt or loans that they are still paying off?

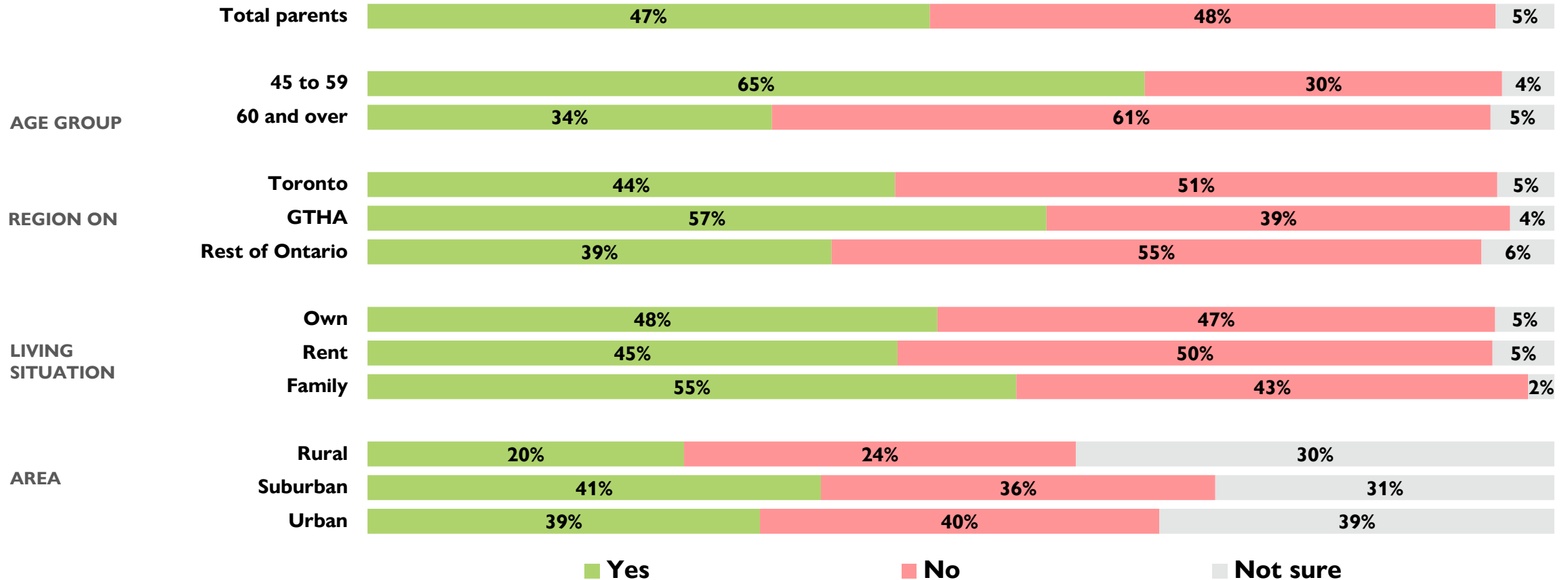
About half of parents of graduates say their children have student debt or loans that they are still paying off.





Do any of your children have student debt or loans that they are still paying off?

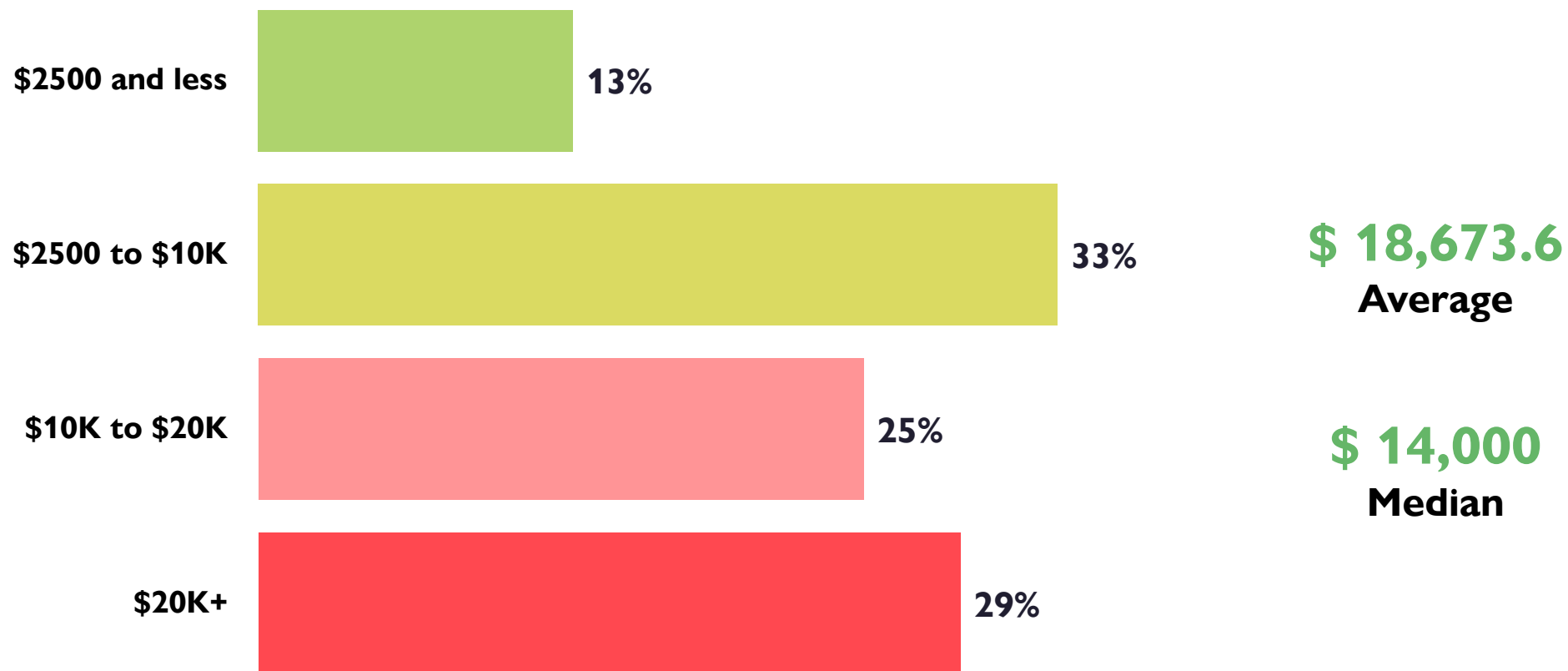
Parents of graduates, aged 45 to 59, are significantly more likely to say their children still have student debt or loans they are paying off.





Approximately how much student debt on average do your children currently have left to pay off?

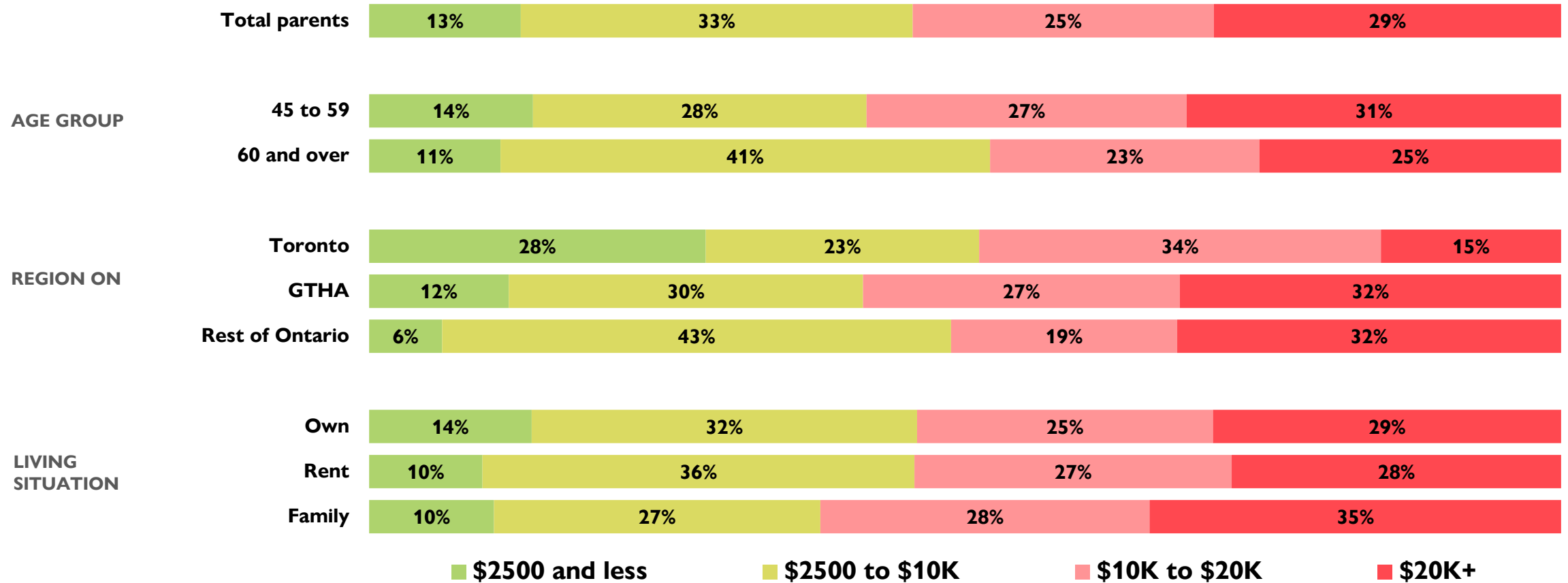
On average, their children currently have about \$18,600 in debt left to pay.





Approximately how much student debt on average do your children currently have left to pay off?

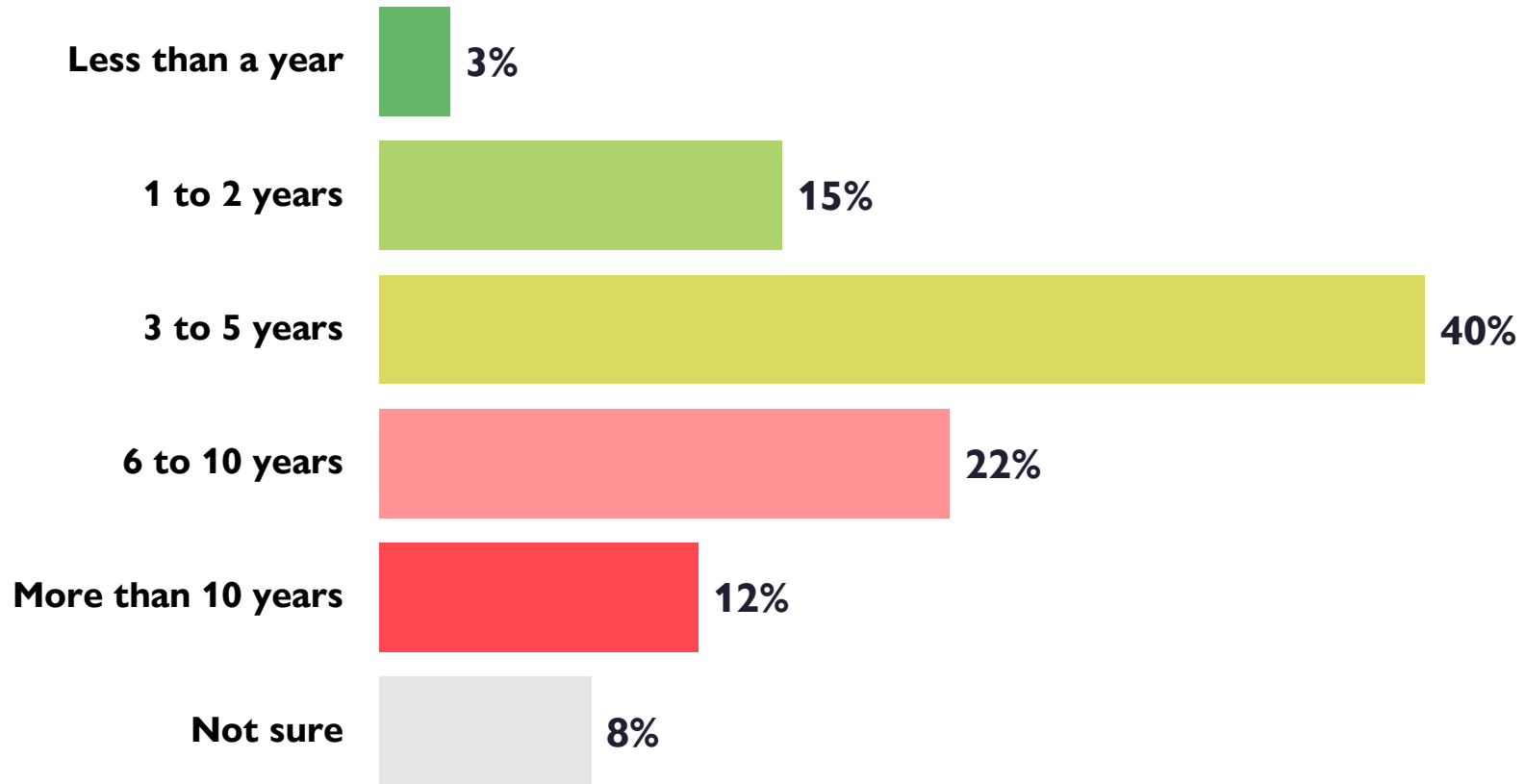
Debt their children currently have left to pay





How long do you think it will take to pay off their student loans?

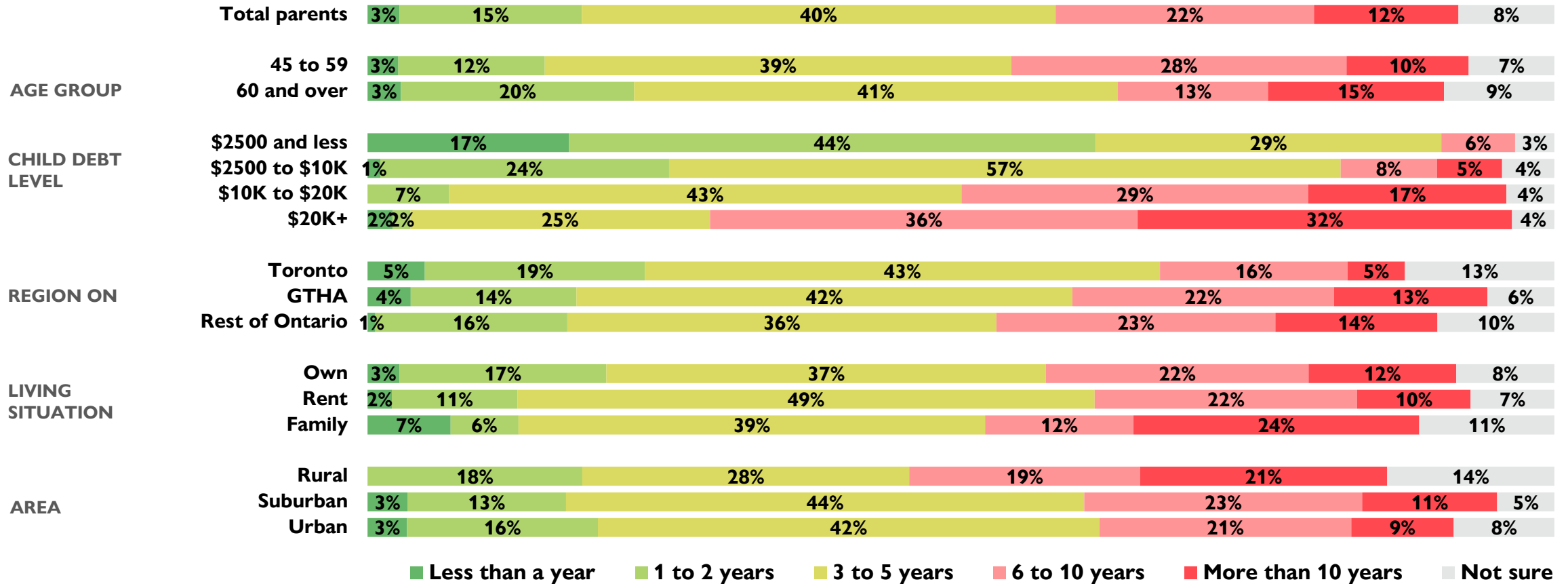
More than half of parents think it will take their children 5 years or less to pay off their student loans.





How long do you think it will take to pay off their student loans?

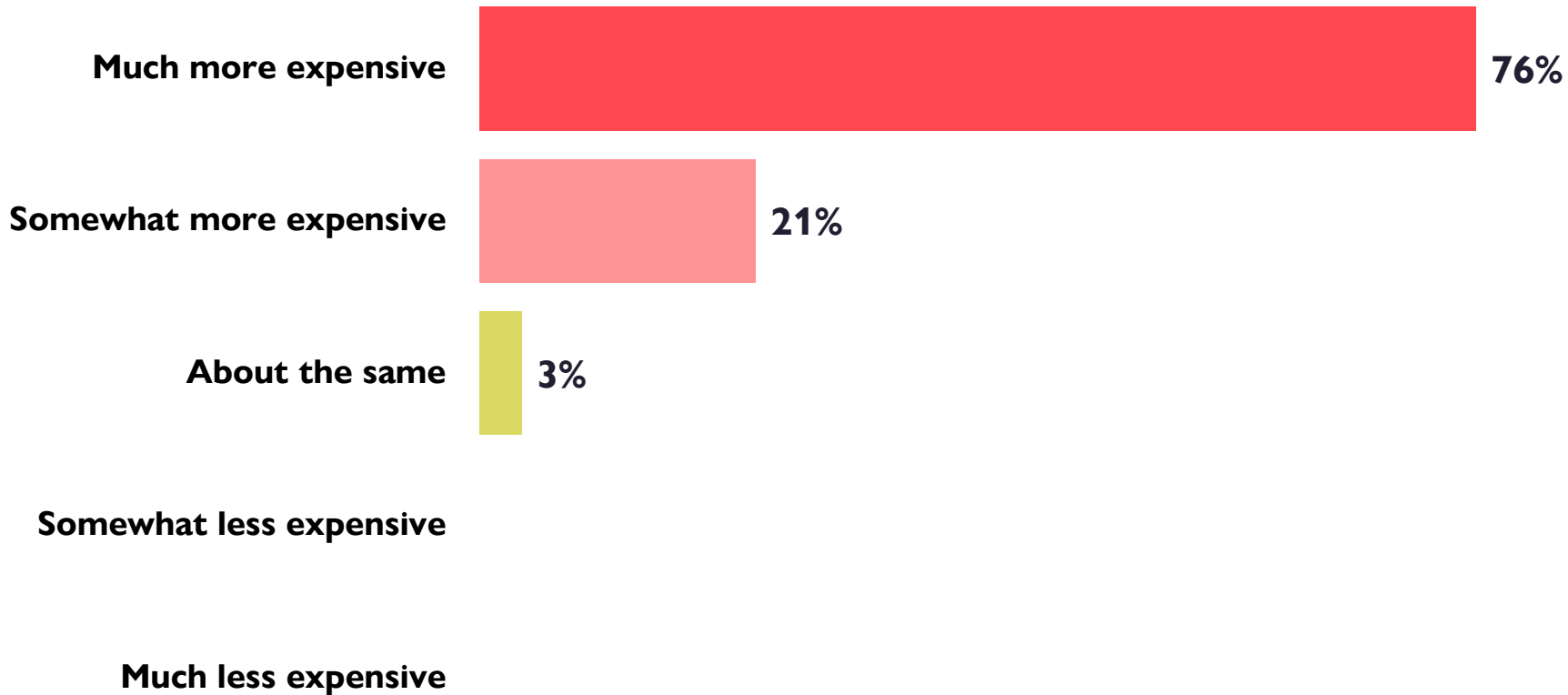
The lower their child's debt level, the quicker parents think their child will be able to pay off their student loans.





Compared with two years ago, would you say the cost of living right now is...

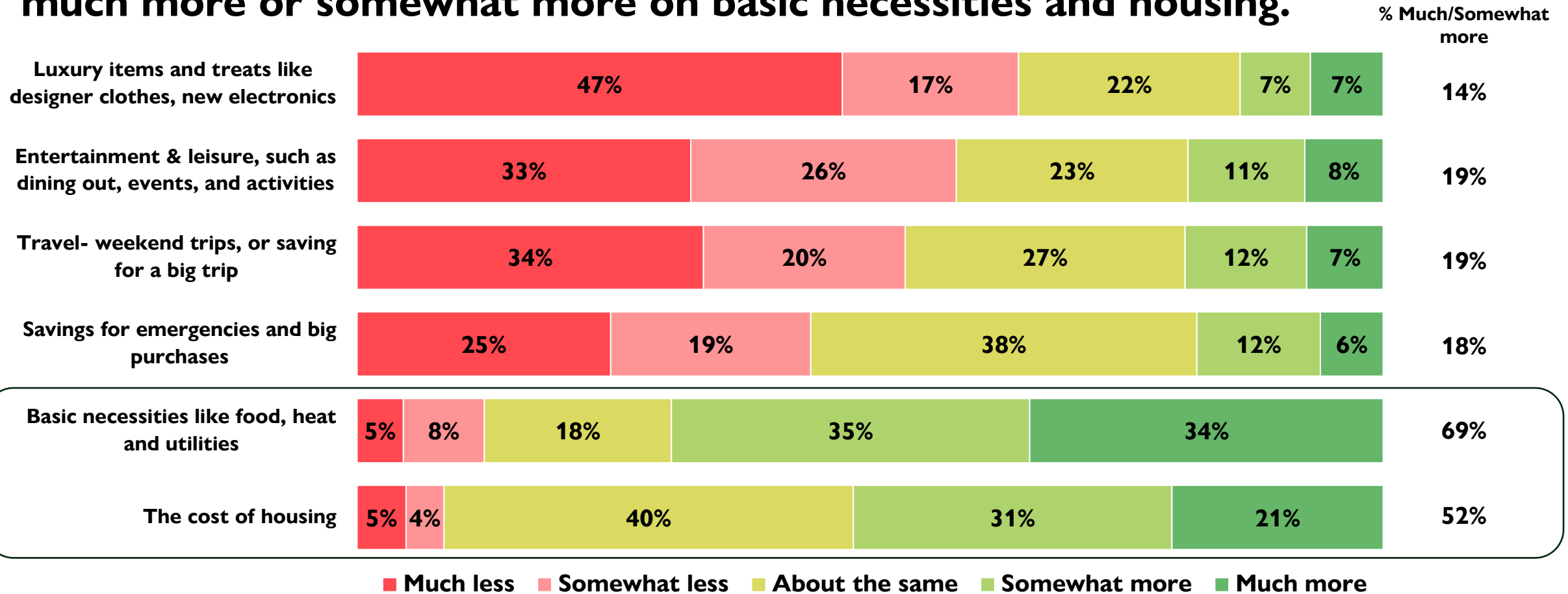
Parents of graduates are almost unanimous that the cost of living right now, compared to two years ago, is either much more expensive or somewhat more expensive.





Compared with 6 months ago, are you allocating more or less of your income to each of the following?

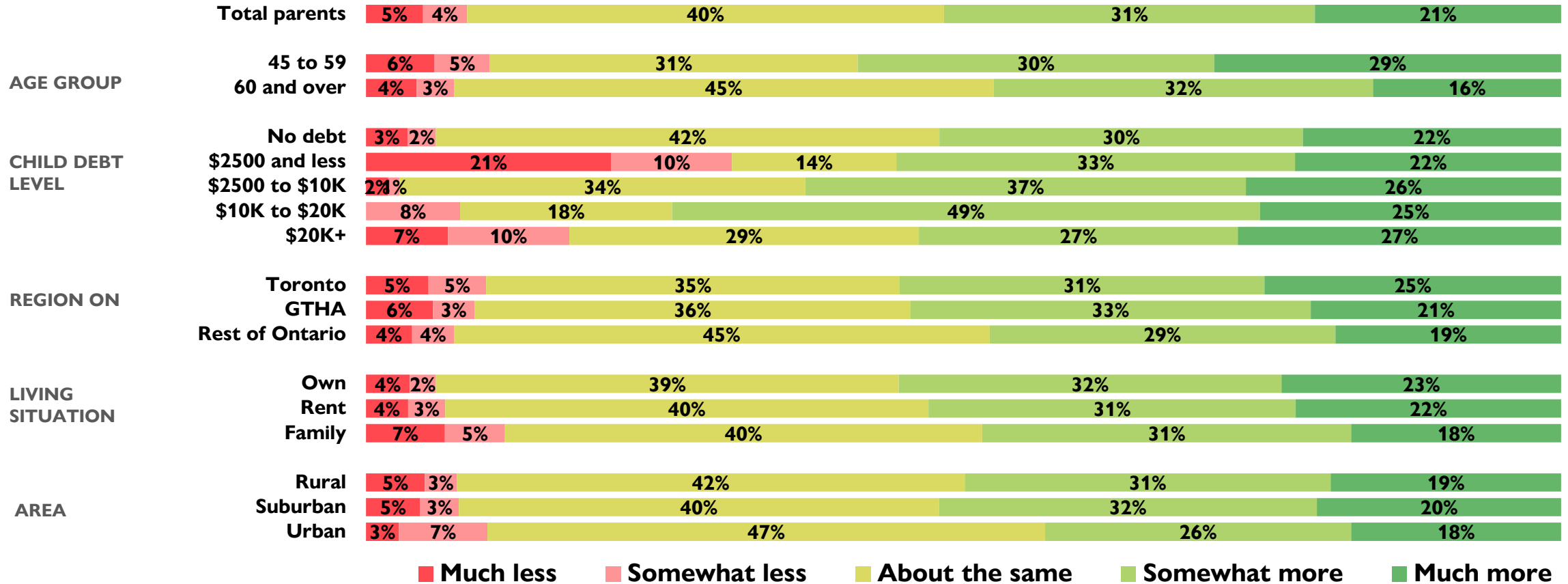
Compared with 6 months ago, parents of graduates are spending either much more or somewhat more on basic necessities and housing.





Compared with 6 months ago, are you allocating more or less of your income to each of the following?

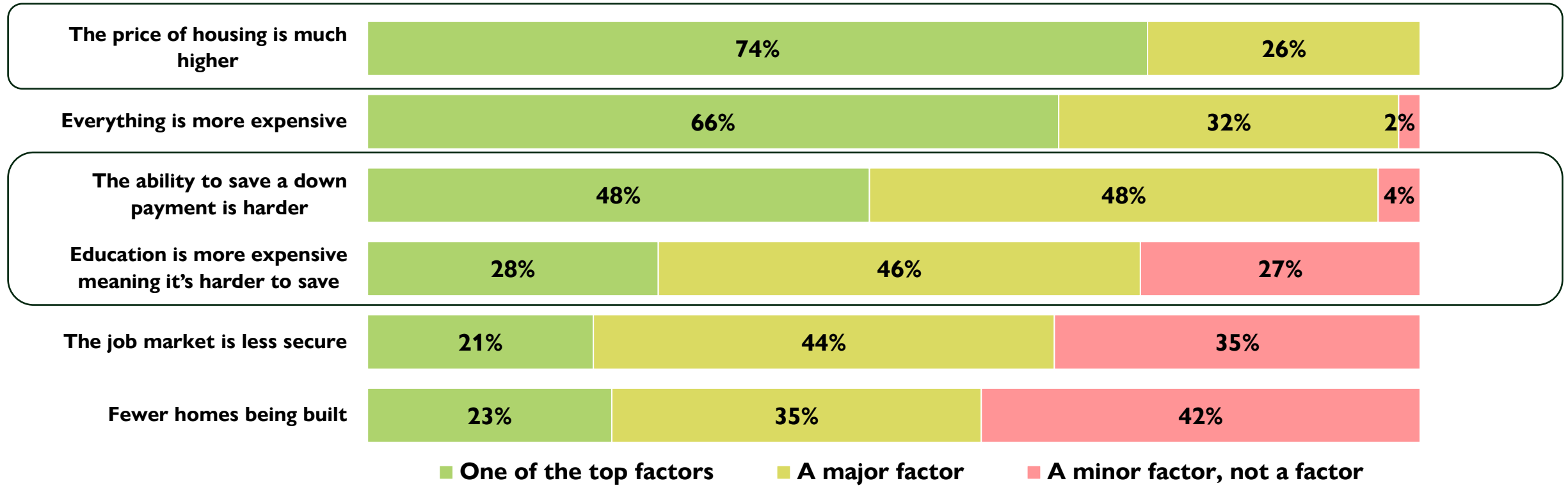
Compared with 6 months ago, how much income are you allocating to housing costs.





How much of a factor are the following in making it MORE DIFFICULT for young people today to buy a residential property today than when you were in your 20s?

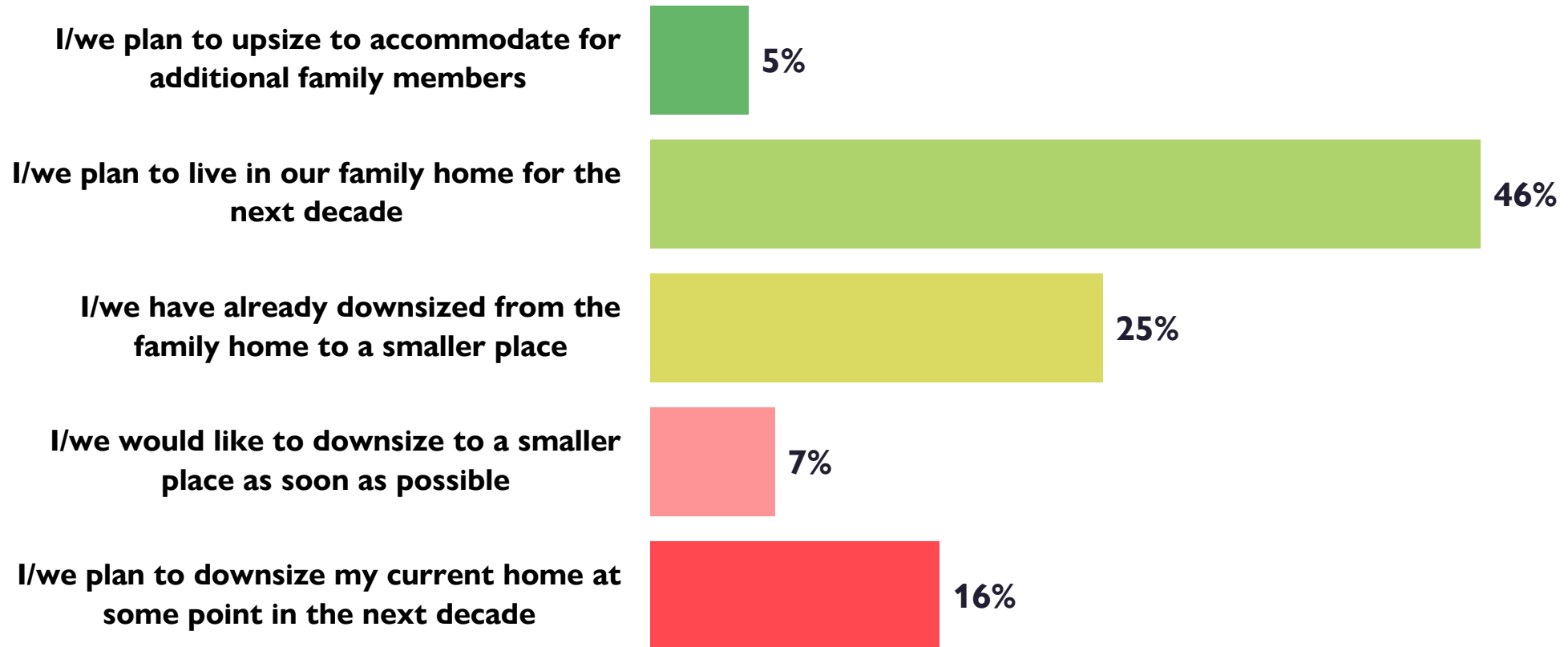
Parents of post-secondary graduates identify housing prices, overall increased cost of living, difficulty saving for a down payment and increasing education expenses as the most challenging factors today for young individuals aspiring to purchase a residential property.





Thinking of the home where your children grew up and/or still reside, which of the following best describes your approach to your family home?

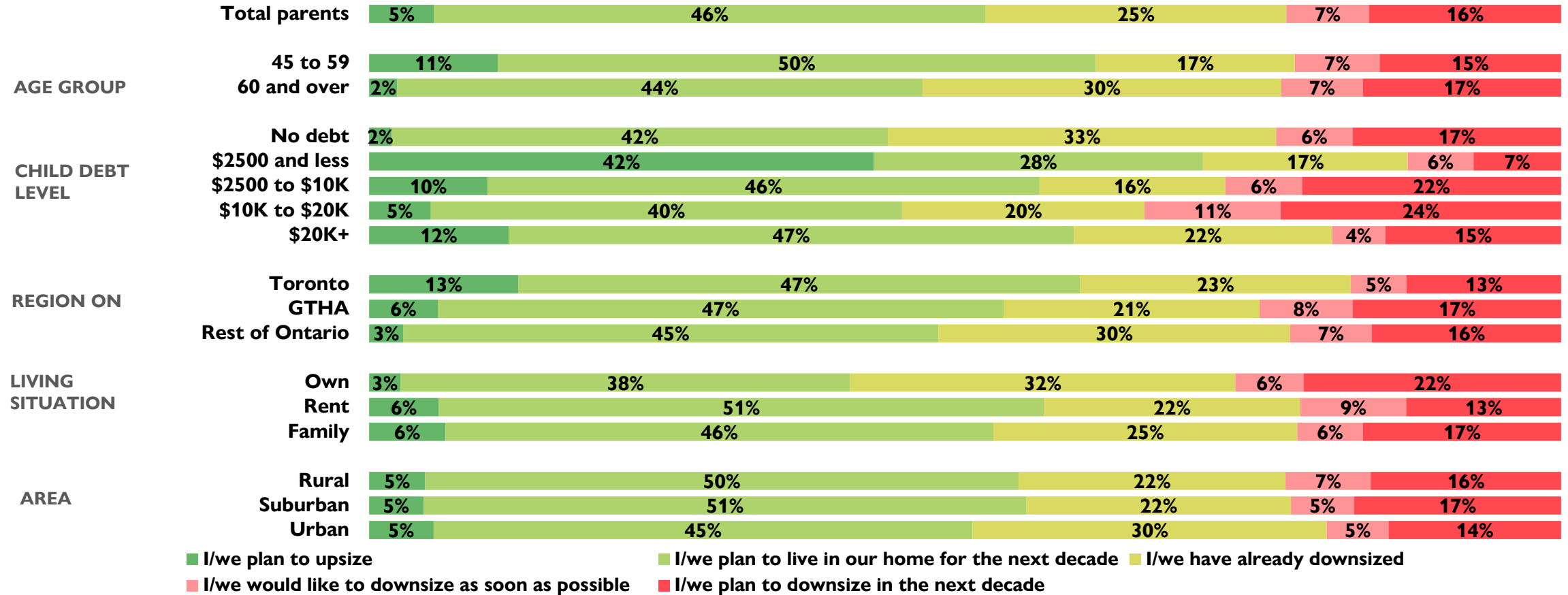
Almost half of parents of graduates plan to live in their family home for the next decade. The remainder have already either already downsized or plan to downsize in the future.





Thinking of the home where your children grew up and/or still reside, which of the following best describes your approach to your family home?

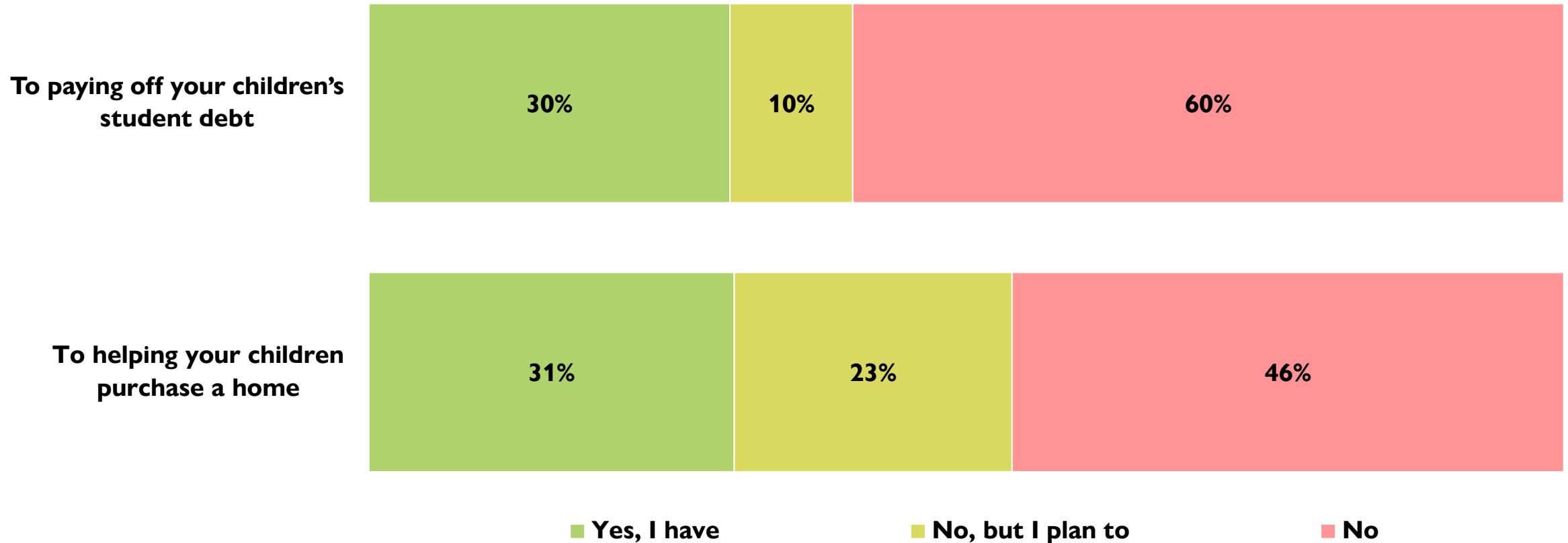
Almost half of parents of graduates plan to live in their family home for the next decade. The remainder have either already downsized or plan to downsize in the future.





Have you or do you plan to financially contribute to each of the following:

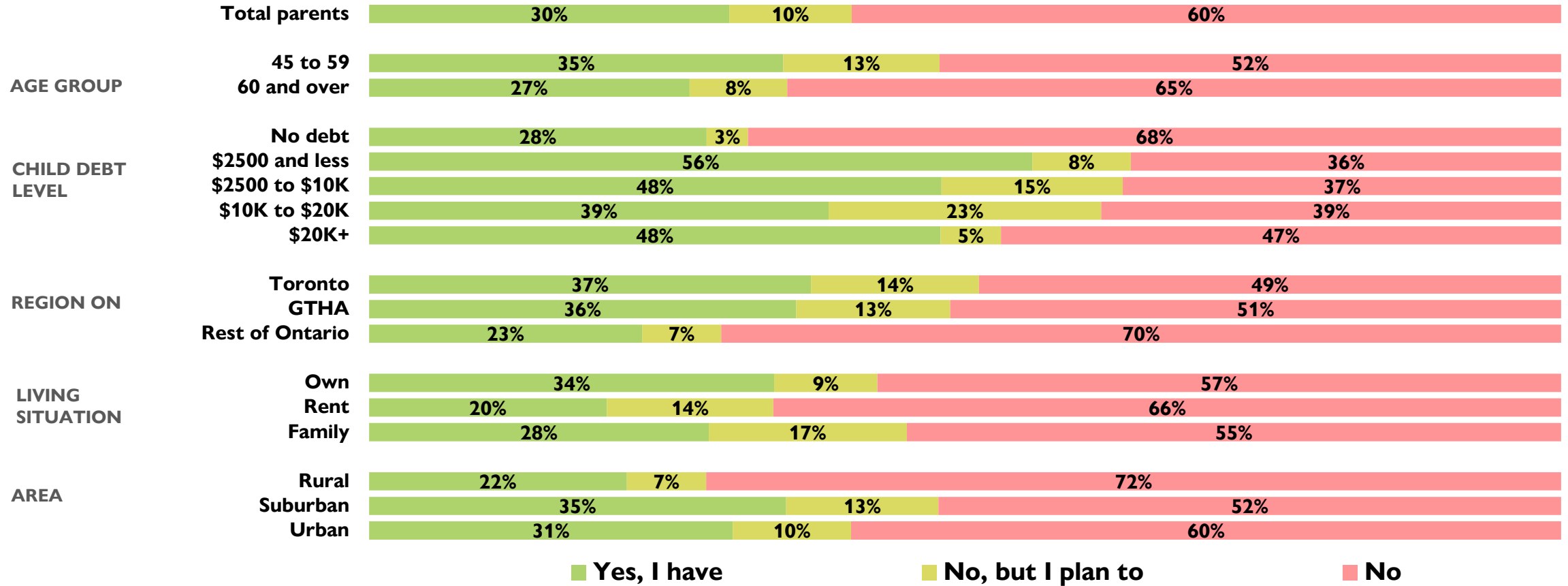
Parents of graduates are more open to assisting their children purchase a home than they are to pay off their student debt.





Have you or do you plan to financially contribute to each of the following:

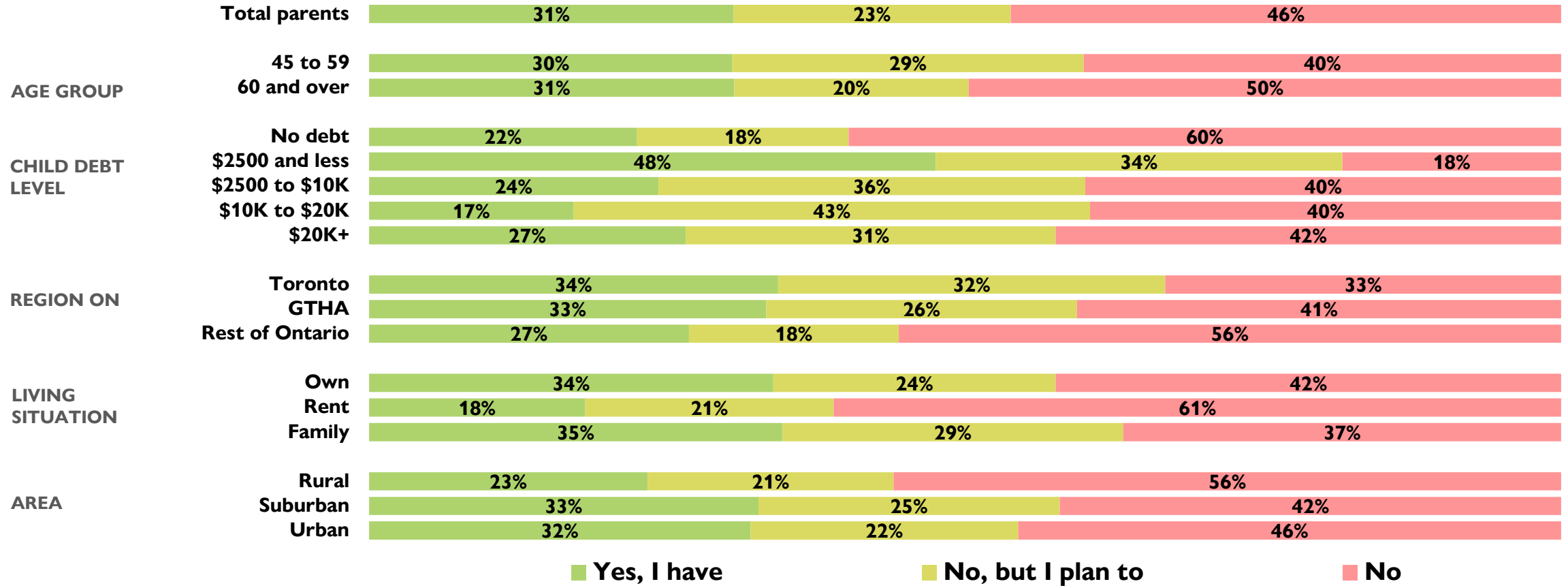
Do you plan to financially contribute to paying off your children's student debt





Have you or do you plan to financially contribute to each of the following:

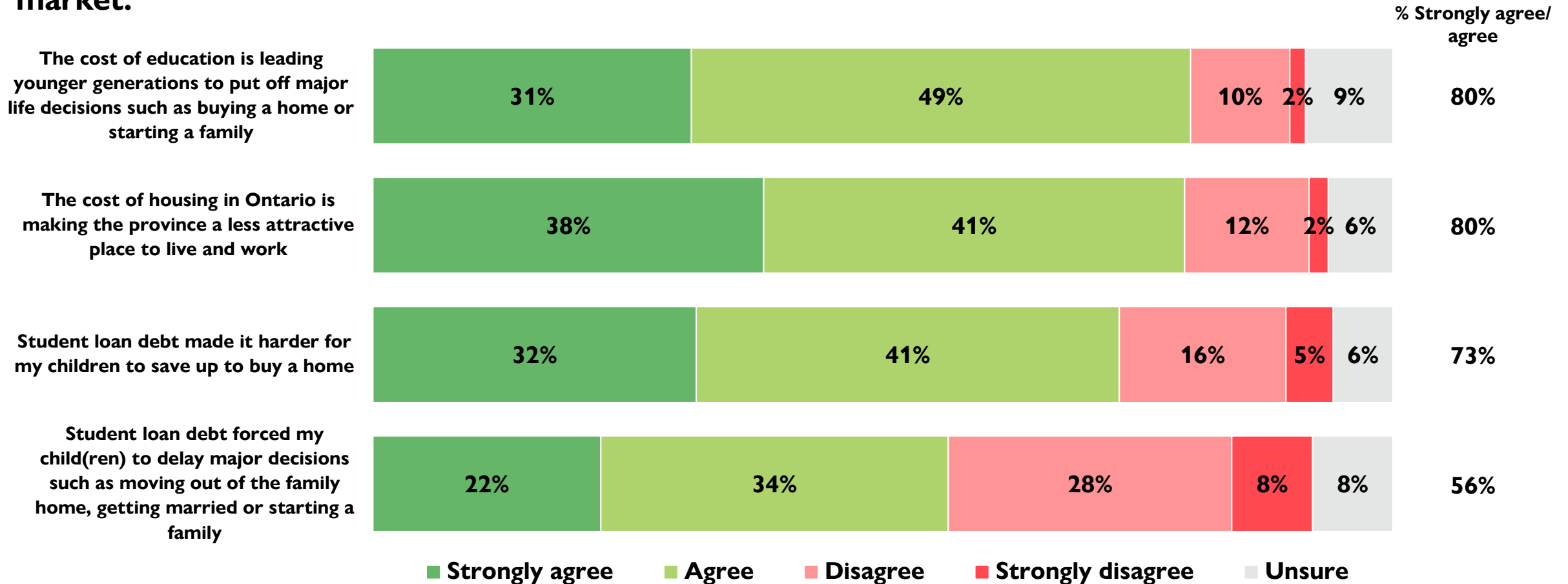
Do you plan to financially contribute to helping your children purchase a home





To what extent do you agree or disagree with the following statements?

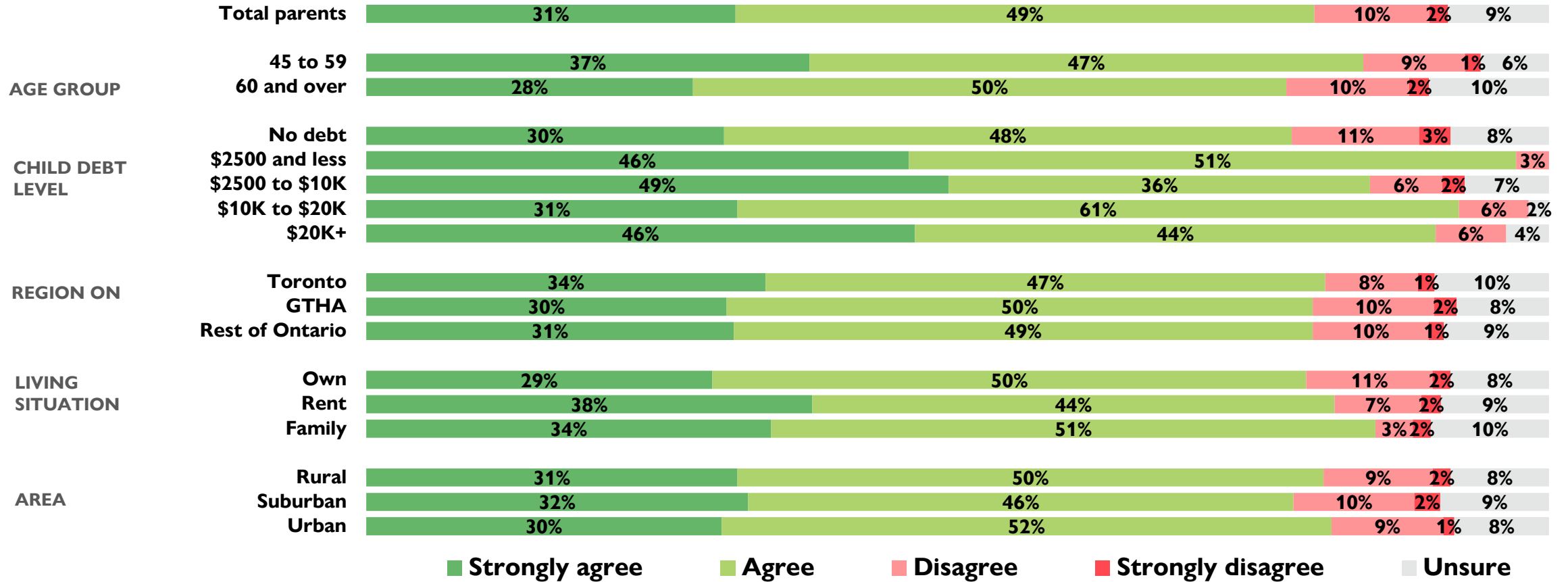
Most parents of graduates agree or strongly agree that student loan debt, rising housing cost and the cost of education have served as significant barriers for their children to enter the real estate market.





To what extent do you agree or disagree with the following statements?

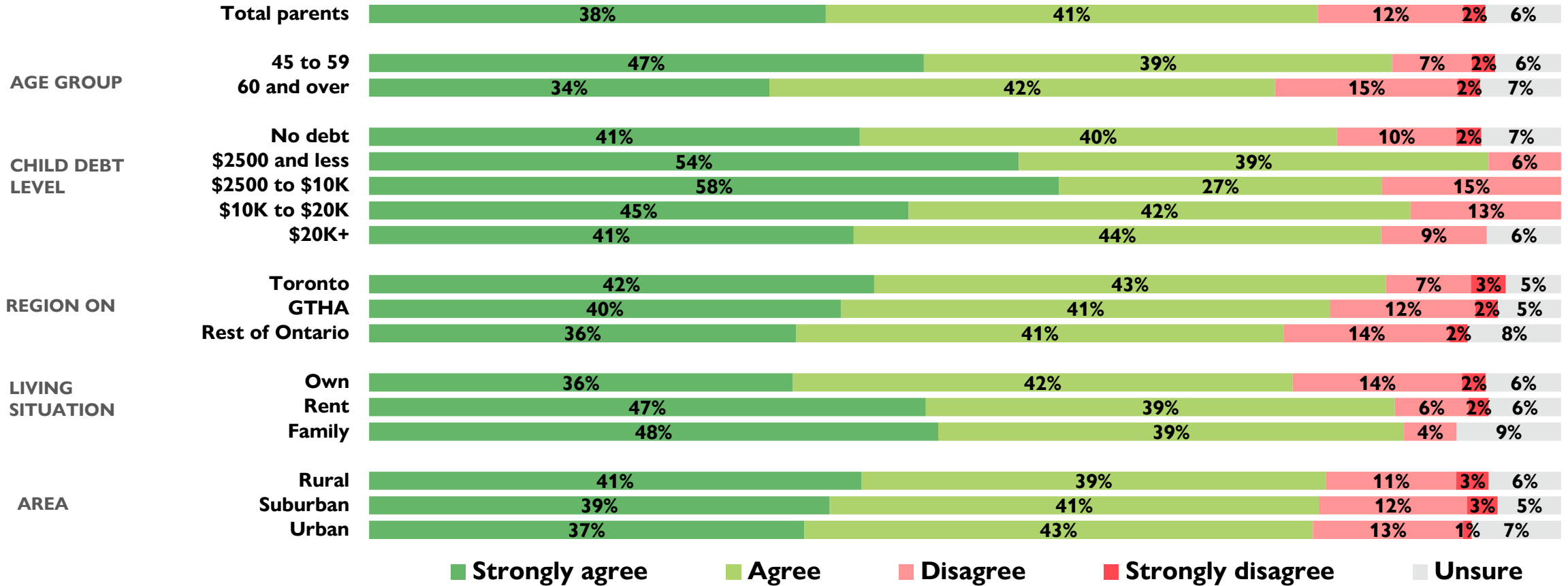
Do you agree that the cost of education is leading younger generations to put off major life decisions





To what extent do you agree or disagree with the following statements?

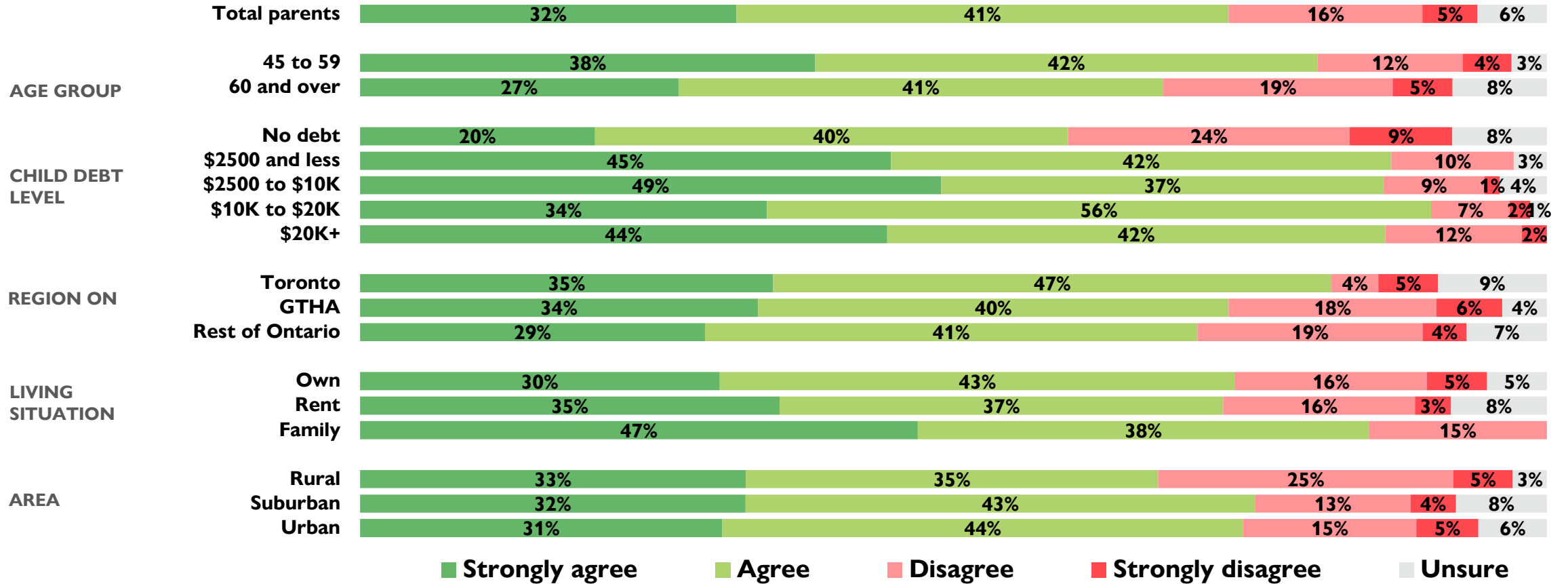
Do you agree that the cost of housing in Ontario is making the province a less attractive place to live and work





To what extent do you agree or disagree with the following statements?

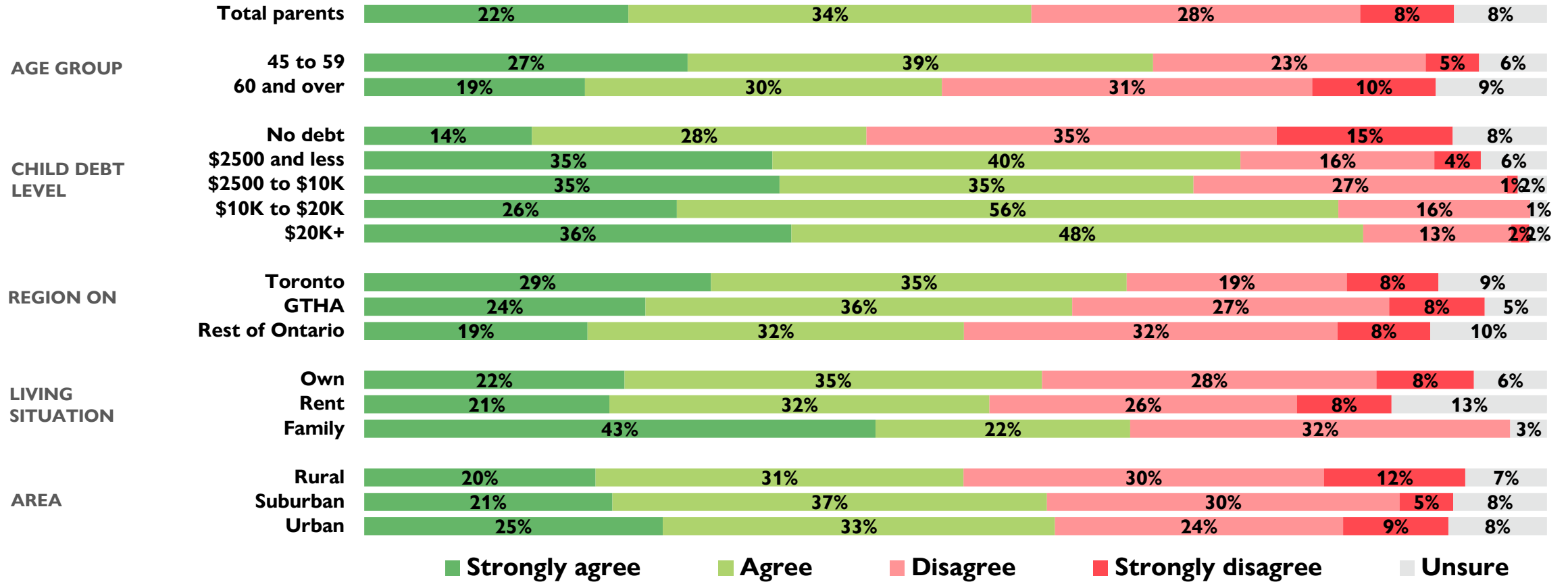
Do you agree that student loan debt made it harder for your children to save up to buy a home





To what extent do you agree or disagree with the following statements?

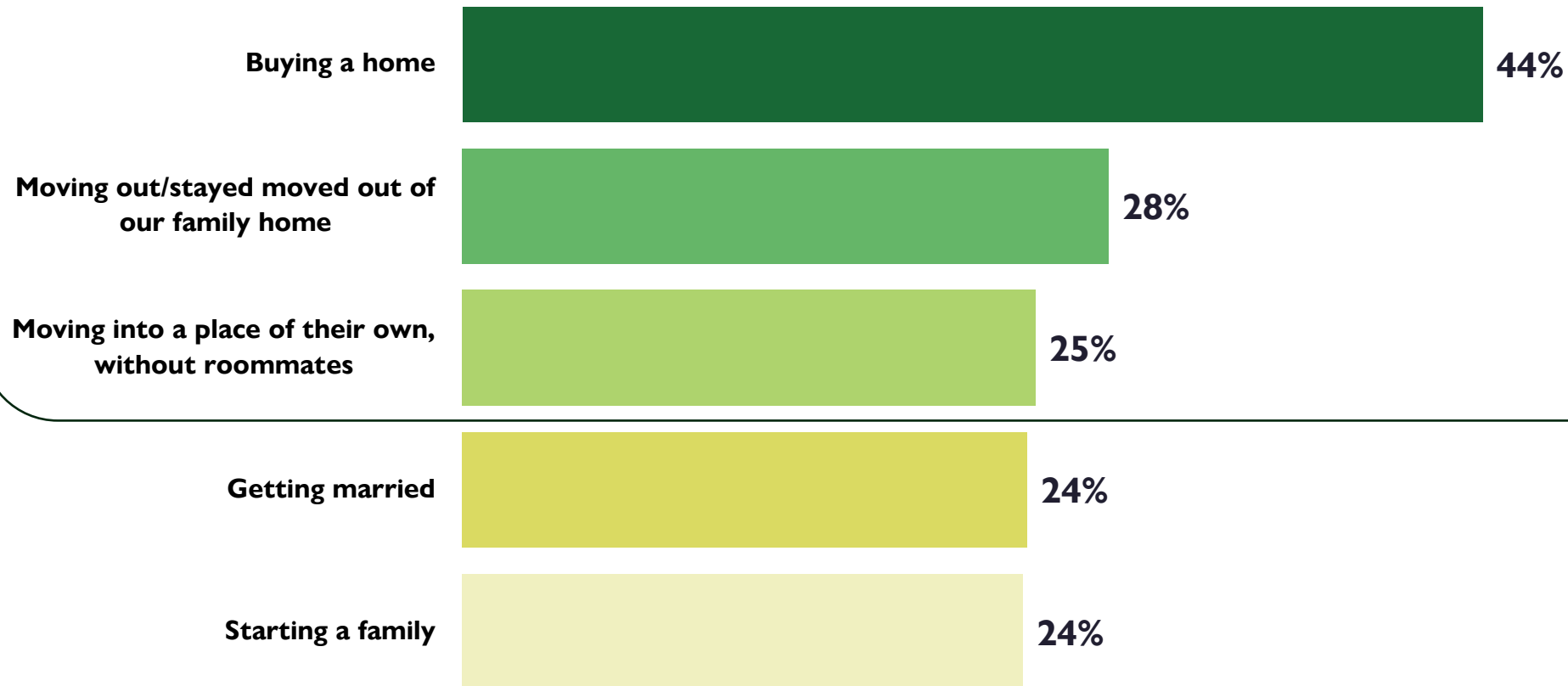
Do you agree that student loan debt forced your child(ren) to delay major decisions





What, if any, major decisions have your children delayed because of their student loans? Please select all that apply

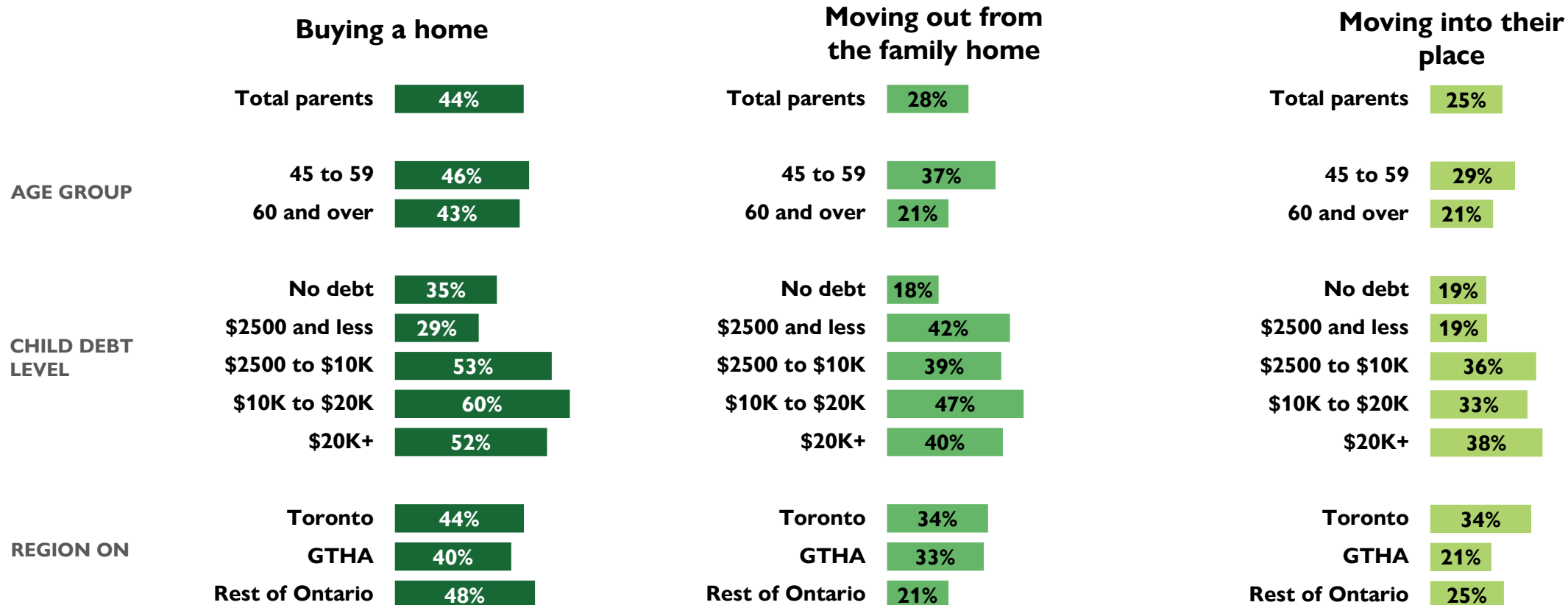
The top three delayed decisions made by graduates due to their student loans, as identified by their parents, are all related to housing.





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