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## **Anxiety spikes over housing amid Canada's plan to welcome 1.5M new citizens by 2027**

By Yvette Brend , CBC journalist

Builders needed to construct homes, say officials at construction plants, who welcome new immigration targets



Though construction industry insiders say the federal government's record target of 1.5-million new Canadians within the next three years is good for business, others wonder where the newcomers will make their homes given the ongoing housing crisis. (Sean Kilpatrick/The Canadian Press)

Finding enough workers to assemble pre-built walls and floors at the Etobicoke plant where Paul Askett manages manufacturing is a grind.

He's hoping that a record wave of new Canadians expected over the next three years will help. Demand for the factory's product — installed in Ontario housing — is surging, but Askett says the assembly floor crew is usually short by about 10 per cent.

"It's definitely been a hurdle. That's for sure. The pandemic has kind of changed everything for us," said Askett, the vice-president of manufacturing for Brockport Home Systems.

This construction business is one of many sectors struggling to find workers, with about one million jobs sitting vacant across the country.

To help, Canada has just announced record immigration targets — 1.5-million new Canadians within the next three years — with plans to bring in 500,000 people in 2025. Federal officials say that will help boost the economy, but the targets have also spiked anxiety about where all these new citizens will make their homes, given the country's ongoing housing crisis.



Soon-to-be new Canadians listen during a citizenship oath ceremony on Canada Day in 2019, at the Calgary airport. Federal officials say the plan to increase the number of immigrants Canada welcomes will help boost the economy. (Stephen Lubig/CBC)

## Newcomers need more than just housing

Askett says he's encouraged by the new targets as his company often hires and trains new Canadians.

"For us it's definitely positive news," he said. "Yeah, we look forward to any newcomers because we can coach, we can train and advance people and hopefully give them gainful employment."

Vancouver property tax expert Paul Sullivan, of Ryan ULC, a global business tax software and real estate consulting firm, says Canada needs a better plan to both boost a battered economy and ensure there's enough housing and services for incoming Canadians.

"We build approximately 265,000 homes per year. And here we are talking about 500,000 immigrants coming in per year. We're under supplied before we even talk about this immigrant influx," said Sullivan.

"It's not just houses, it's daycares, it's transit, it's hospitals. What's the plan, guys? Like, you can't just keep throwing people at it."



A construction worker stands on a lift in a new housing development in Ottawa in October. An influx of new citizens is more likely to affect rents than house prices, according to data experts. (Sean Kilpatrick/The Canadian Press)

## New immigrants won't impact home prices: expert

While some worry that a record influx of new citizens will spike house prices even higher — data experts say that fear has no solid foundation.

Murtaza Haider, director of the Urban Analytics Institute at Toronto Metropolitan University, studies the data around immigration and real estate in Canada.

**“Most new immigrants ... would not have cash or enough savings to go and start buying homes. I don't expect them to exert pressure on housing prices as much, but more so on the rental demand.”**

- Murtaza Haider, Urban Analytics Institute at Toronto Metropolitan University

Haider says previous studies suggest the federal plan to up immigration by about 150,000 to 200,000 extra people per year (living in households of three or four), will have little impact.

"My guess is that most new immigrants will ... not have cash or enough savings to go and start buying homes," he said.

"I don't expect them to exert pressure on housing prices as much, but more so on the rental demand."

Haider said it takes about two or three years for new immigrants to become active in the ownership cycle.

"So if we're bringing in half a million immigrants in 2023 and another half a million in 2024, I would assume that they would be putting pressure on ownership or owned housing in the year to 2026, 2027."

He said past studies — and the experience during lock downs when housing markets overheated during the pandemic, when immigration was frozen — prove immigration is not what spikes housing costs.

"By December 2020 we had an unprecedented increase in housing prices in Canada at a time when there was almost zero immigration because airports were closed."



Workers hammer on part of a low rise unit installed by Brockport Home Systems in Ontario. Labour data forecasts show that the Canadian construction industry will need to recruit 171,850 workers by 2027. (Brockport Home Systems/HomeTech)

## Housing shortage goes back decades

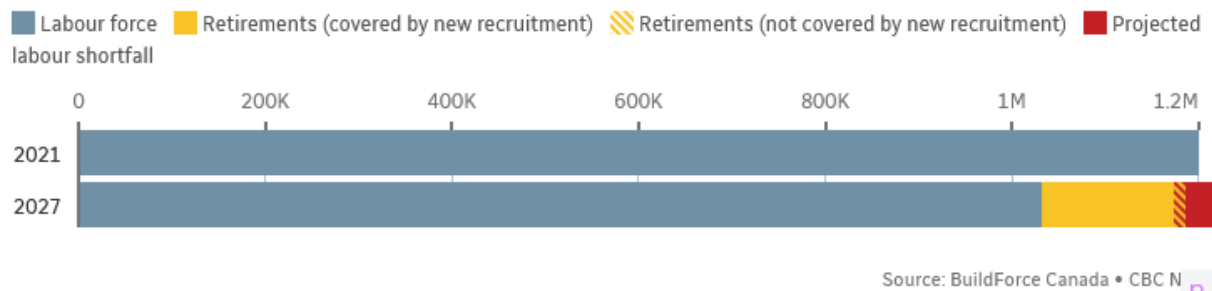
Haider believes the real cause of the housing shortage is a systemic failure to ensure enough stock was constructed, a problem he says goes back decades.

"Governments have woken up to the realization that we have not built enough housing at the bottom," he said.

BuildForce Canada, an organization that studies labour force data for the construction industry, [forecasts](#) that the Canadian construction industry will need more than 1.2-million workers and need to recruit 171,850 workers by 2027. They expect to be short by 29,000 workers once baby boomers retire.



## The construction industry will be short nearly **29,000** workers by 2027



Between 2016 and 2021, immigrants made up four-fifths of Canada's labour force growth. More than half of recent immigrants — 748,120 of the 1.3 million people admitted to Canada between 2016 and 2021 — entered the country under the economic category.

"Immigration is the primary driver of population growth in Canada. Now, in order for us and our economy and businesses to grow, they need more workers," said Haider.

Ricardo Tranjan, a political economist and senior researcher with the Canadian Centre for Policy Alternatives, says vigorous immigration is crucial to more than just the construction industry; newcomers infuse the economy with life, he says, and Canada has always relied on immigration to meet labour force needs.

"The labour shortage that we are seeing right now — which is one of the factors that is impacting the rise in inflation — is in part due to the fact that in the past couple of years we have not welcomed enough immigrants into the country. So the fact that we are going to have high targets and try to attract more, it's good news."

Census figures released last month revealed that immigrants and permanent residents now account for 23 per cent of Canada's population — an all-time high.

According to Statistics Canada, immigrants who arrived between 2016 and 2021 are younger on average than the rest of the population and have been critical to filling jobs.



A citizenship judge speaks to new Canadians during a virtual citizenship ceremony on Canada Day 2020. Census figures released last month revealed immigrants and permanent residents now account for 23 per cent of the population — an all-time high. (Justin Tang/The Canadian Press)

## Initial pressure will be in rental market

Economists say any pressure on housing markets from incoming Canadians initially shows up in rental markets, and Tranjan said stricter vacancy and rent controls could help alleviate soaring rents.

"Canada has very loose legislation around increases in rents in many provinces," he said.

"Rents can go up by any amount from one year to another. Almost no provinces have rent controls on vacant units and all of that really drives the prices up."

Tsur Somerville, professor at the Sauder School of Business Strategy, says that historically, newcomers settle in cities like Toronto, Montreal and Vancouver, where housing markets are already stressed, so concern about what increased immigration means for housing is not out of place.

"If you bring in a lot of people who are competing in the market, folks at the bottom, the poorest folks are going to be the ones who really get hurt," he said.

Though some municipalities are already streamlining building approvals, or now allowing laneway homes to increase density, more rental units are needed, according to experts and builders.

But builders say they can't help ease the housing crunch without workers.

Tad Putyra, president of Great Gulf Low Rise, the parent company of the chronically short-staffed Etobicoke pre-fab plant Brockport Home Systems, says the pre-built walls and floors they manufacture help offset the lack of skilled trade workers on construction sites because the product can be built no matter the weather, but not without workers.

That's why he applauds Canada's record-high immigration targets, saying it's good for business.

"You know it's a chicken and egg situation," he said. "We need people to build the houses which eventually will be occupied, you know, by the people who build them and vice versa."



Construction workers build new homes in a development in Ottawa. Industry officials have largely applauded the federal government's new immigration targets, saying it's good for business. (Sean Kilpatrick/The Canadian Press)