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Canada's population booms by 430K over 3 months. What's behind the spike?



Aaron D'Andrea || December 19, 2023

Canada came close to breaking the highest population growth rate in any quarter this July to September when it reported 430,635 new residents in the country.

Statistics Canada reported Tuesday the population increase, which reflected a 1.1 per cent growth rate in the third quarter of 2023. That was the highest population growth rate since the second quarter of 1957, when Canada's population grew by 198,000 people, or 1.2 per cent.

Back then, the rapid growth in population was tied to the post-war baby boom and high immigration of refugees following the Hungarian Revolution in 1956.

Today, the vast majority of the population growth is due to international migration – an issue that is being tied into Canada's ongoing housing crisis the country is trying to solve.

"This jump in demographic demand coupled with the existing structural supply issues could explain why rent inflation continues to climb in Canada," Bank of Canada deputy governor Toni Gravelle said earlier this month.

"It also helps explain, in part, why housing prices have not fallen as much as we had expected."

Q3 population growth reflection of rising trend

Statistics Canada said Tuesday's data is the latest in a trend of population growth reports.

Canada's total population growth for the first nine months of 2023 has already exceeded the total growth for any other full-year period since Confederation in 1867, including 2022, when there was record growth, it said.

Canada's current population sits at 40,528,396. It has seen its population grow by 1,030,378 people since January.

In the third quarter, the population grew in all provinces and territories, except in the Northwest Territories, which reported a -0.5 per cent change.

International migration was responsible for 96 per cent of the population growth in that time frame, the agency said. The remaining four per cent was the result of natural increase, or the difference between the number of births and deaths.

“The contribution of natural increase to population growth is expected to remain low in the coming years because of population aging, lower fertility levels, and the high number of immigrants and non-permanent residents coming to Canada,” Statistics Canada said.

In breaking down the international migration numbers, the agency reported 107,972 new immigrants in the third quarter, and 312,758 new non-permanent residents – the greatest quarterly increase since 1971. The gain in that figure was mostly due to an increase in the number of work and study permit holders, and to a lesser extent, an increase in refugees.

Immigration, housing crisis being linked

The level of immigration in Canada, and Ottawa’s ambitions, have been tied into the ongoing housing crisis.

The minority Liberals have aggressively increased their immigration targets over the past several years, and surpassed records for the number of permanent residents admitted in a year in both 2021 and 2022.

From January to September, immigration reached 371,299 of Immigration, Refugees and Citizenship Canada’s target of 465,000 immigrants for the year, Statistics Canada said on Tuesday.

In November, Immigration Minister Marc Miller introduced new targets for the next three years, which called for the number of new permanent residents to hold steady at 500,000 in 2026.

The plans show that the targets for 2024 and 2025 will increase as planned to 485,000 and 500,000, respectively.

“These immigration levels will help set the pace of Canada’s economic and population growth while moderating its impact on critical systems such as infrastructure and housing,” he said on Nov. 1.

Housing Minister Sean Fraser told Global News earlier this month that immigration “reforms” should be considered amid the housing crunch.

Multiple housing experts, including a senior official at Fraser's own federal housing agency, have said that the Liberals' immigration policy has driven up both house prices and rent.

At current building levels, the Canada Housing and Mortgage Corporation predicts Canada will be short 3.5 million homes, in addition to what's currently being built, to restore housing affordability by 2030.

Housing affordability, meanwhile, hit its worst level in more than four decades last quarter, the Bank of Canada said last week.

Ottawa has touted several plans to speed up supply, including recently announcing a modernization of a Second World War-era housing plan that saw hundreds of thousands of homes built from thousands of pre-approved plans between the 1940s and the late 1970s.

Canada's housing market has cooled in the current high interest rate environment, but some markets may not stay idle for long on the back of expected interest rate cuts in the new year.

"We believe the great adjustment will come when the collective consciousness of Canadians realizes that we are in a period of mid-single digit borrowing costs and that is the new normal," Royal LePage CEO Phil Soper told Global News last week.