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Why are all your friends moving to Alberta? New report has some ideas



Uday Rana || February 8, 2024

Housing prices, high interest rates and taxation policies are driving inter-provincial migration away from provinces like Ontario and B.C. and towards Alberta, a new report has found.

Re/Max Canada's 2024 Tax Report, released on Tuesday, looked at tax rate increases, housing values and mortgage rates in key Canadian markets in six provinces, including Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax.

The report found that while some Canadians moved within their respective provinces to seek lower home prices, close to 60,000 moved to Alberta, Nova Scotia, New Brunswick and Prince Edward Island, with Alberta absorbing the bulk of inter-provincial migration.

A survey conducted by Leger on behalf of Re/Max in mid-2023 found that more than one in four Canadians (28 per cent) agreed the land transfer tax has impacted their decision to participate in the housing market.

The report notes that Alberta, where land transfer tax does not exist, has become a magnet for out-of-province home-buyers.

"The combination of lower taxes, affordable housing, and greater job opportunities (in Calgary) are expected to continue to draw purchasers from out-of-province, many of whom have been priced out by rapidly rising housing values and taxes in their own provinces," the report said.

The report said 40 per cent of Gen Z and 35 per cent of Millennials agree that the land transfer tax has weighed in their pursuit of home ownership, compared to 26 per cent of Gen X and 21 per cent of Baby Boomers.

"Given today's housing market realities, it comes as no surprise that buyers are willing to travel across the country to achieve home ownership," said Re/Max Canada president Christopher Alexander.

“In addition to affordable housing values and extensive job opportunities, Alberta is well known for its position on taxation, with no provincial sales tax and zero land transfer tax on residential real estate.”

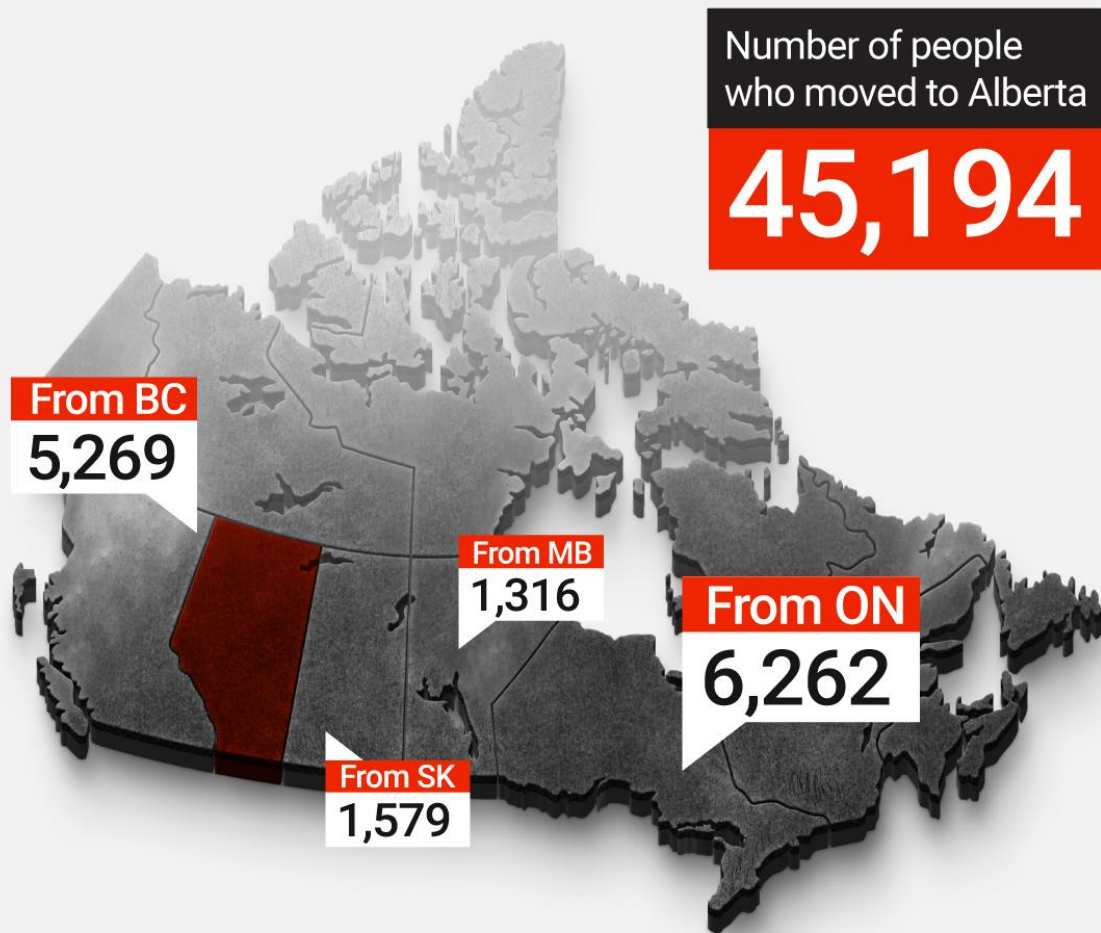
Data from the Canadian Real Estate Association last year suggested Alberta saw the number of people moving there in the first quarter of 2023 rise by more than 44 per cent, while in 2022 the province saw its largest wave of interprovincial migration since 2014.

Alexander said cash-rich buyers from Ontario and B.C. are looking to sell their properties in markets like Toronto or Vancouver and invest in Alberta or in Atlantic Canada’s major centres, or are eyeing those markets to get their foot on the real estate ladder.

“For first-time buyers, it’s an opportunity to get into the market at an affordable price point and gain equity, as opposed to paying down someone else’s mortgage by renting,” he said.

The report suggests a continuation of a pattern that picked up since the COVID-19 pandemic began, of an exodus of people from other provinces moving from their respective provinces to Alberta.

Inter-provincial Migration to Alberta



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Source: Statistics Canada

Inter-provincial migration to Alberta in 2023.

According to Statistics Canada's *Quarterly Demographic Estimates, Provinces and Territories Interactive Map*, Alberta welcomed more inter-provincial migration than any other province, with 45,194 people in the first three quarters of 2023.

This was up from 22,278 during the same period in 2022.

In 2023, Alberta saw an influx of migration from Ontario (6,262), followed by B.C. (5,269), Saskatchewan (1,579) and Manitoba (1,316).

In the Greater Vancouver Area, which has the highest average home price and land transfer tax of the six major markets, the highest impediment for home-buyers is high interest rates. However, it was the high cost of living in the province that was driving people out of B.C., the report noted.

It said that while the earlier trend was for Vancouver residents to move to Okanagan for lower home values, strong migration levels have accelerated housing values in cities such as Kelowna, Kamloops and Penticton.

Winnipeg, which is among the more affordable housing markets in the country with average home prices around \$400,000, saw a lot of buying activity at lower price points, where inventory is generally low.

But buyers looking to move up in the housing market may factor in transfer tax.

The report said, "At higher price points, from \$750,000 to \$1 million, buyers may put their decision to move on pause, opting to renovate instead."

The report said the Toronto market saw a flurry of home-buying activity in luxury price points in the final quarter of 2023 because of the city's proposed changes to the land transfer tax. However, the market in the GTA has slowed overall.

While Toronto has a rebate for first-time home-buyers who are buying a home up to \$400,000, the supply in the Toronto market is not helping first-time buyers.

"There are currently close to 250 'properties' listed for sale under the \$400,000 price point, the vast majority of which are parking spaces, lockers and vacant land," the report said.