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# Population Change and the Housing Market in Alberta

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## EXECUTIVE SUMMARY

The collapse of oil prices in 2014 seriously weakened the Alberta economy and led to a drop in migration to Alberta from other provinces and other countries. The number of young Albertans leaving the province increased as well. Recent global events, including the war in Ukraine, led to an oil price turnaround that has boosted the Alberta economy and, once again, made the province a desirable destination for residents of other provinces as well as newcomers to Canada. In 2023-24, the population growth rate reached 4.4 per cent, boosting the province's population to nearly five million.

While welcome, the rapid growth of the population has brought new challenges. Chief among them is the need to provide affordable housing for the new arrivals. Meeting the housing challenge has been exacerbated by a shortage of skilled labour in the construction trades as well as zoning restrictions and land availability. It is further complicated by the varying needs of different classes of migrants. The housing needs and desires of Canadians moving to Alberta from other provinces are quite different than those of international students or temporary foreign workers. Nevertheless, the housing industry in Alberta has responded well, creating new dwellings at a faster pace than in other provinces experiencing high rates of population growth.

The years ahead are likely to bring new challenges for the housing sector. Criticism of federal immigration policies has already led to major changes. The number of student visas has been reduced and the Temporary Foreign Worker Program has been tightened up. These changes are likely to significantly reduce the rate of population growth. Planning for the future will require housing industry leaders to carefully monitor both demographic trends and government policies.

The collapse of oil prices in 2014 signalled trouble for the Alberta economy and quickly led to widespread layoffs in the oil and gas sector as well as in other industries reliant on activity in the energy sector. The economic downturn that followed influenced demographic trends as well. Interprovincial migration, typically a contributor to population growth in Alberta, turned negative with more people leaving the province than arriving. Of special concern was the growing exodus of young people. Alberta became less attractive to newcomers to Canada as well and the province's birth rate declined.

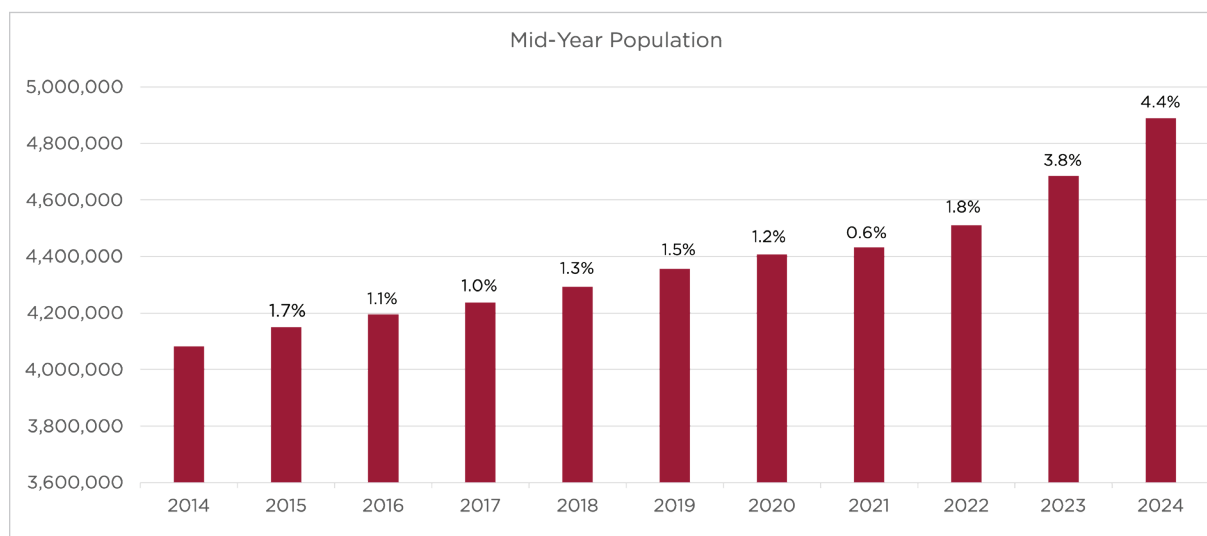
Fittingly for Alberta, however, no sooner were stories about the province's decline published when things rapidly turned around. The war in Ukraine and other shifts in the international environment produced a turnaround in oil prices, and economic and demographic indicators turned upward. While this was good news for the province, it also led to a new challenge: providing affordable housing for a growing population. The housing problem is not limited to Alberta, of course; faster population growth and obstacles to new construction affect other parts of the country as well, especially in the large cities. But Alberta's buoyant economy and strong attraction for people from across the country and around the world have intensified the issue.

In this short review, we will look first at the striking demographic changes that are reshaping Alberta's population. Then we will turn to data on housing starts to see how the real estate industry is responding to the growing demand for housing.

## THE PATH OF POPULATION CHANGE IN ALBERTA, 2014-2024.

Figure 1 shows the remarkable changes in Alberta's population from the economic decline triggered by the collapse of oil prices in 2014 to the most recent year for which data are available. The height of the bars shows the total mid-year population of the province; the figures atop the bars indicate the annual growth rate. The years from 2014 to 2019 were marked by economic recession with the annual rate of economic growth averaging -0.12 per cent (Business Council of Alberta 2021). Despite the economic turmoil, Alberta's population continued to grow, though at a modest pace. The rate of increase began to pick up in the pre-COVID-19 years but then fell to a low of just 0.6 per cent in 2020-21.

**Figure 1: Size and Annual Growth Rate of the Alberta Population: 2014-2024**



Source: Statistics Canada Table 17-10-0005-01

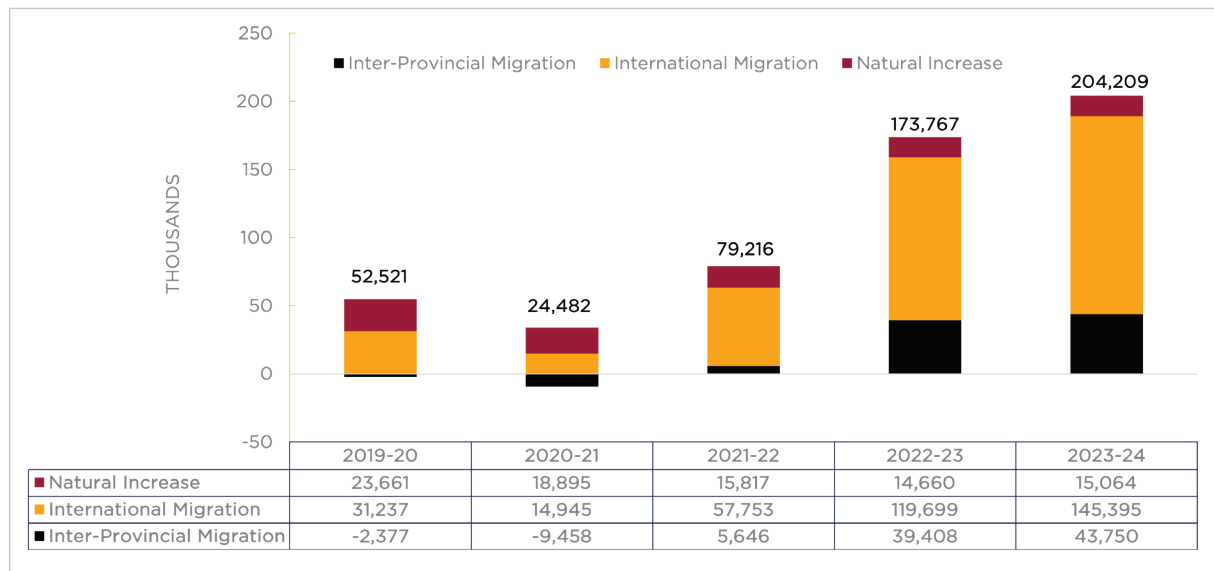
A gradual end to the pandemic and a changed international environment brought higher energy prices and renewed economic growth. In addition to higher oil prices, Alberta saw a surge of new investment in renewable energy sources as well as growth in the technology, transportation and logistics sectors. The result was a return to strong population growth with the rate of increase reaching a remarkable 4.4 per cent in 2023-24 and the province's population reaching close to five million residents.

It is not surprising that this dramatic shift from very modest growth in both the pre-pandemic and pandemic years to the fast pace we are now experiencing has put great pressure on the housing market. But before we look at the industry's response, we first take a closer look at an important change that has occurred in the sources of population growth, a change that likely affects the new arrivals' housing preferences.

### THE COMPONENTS OF POPULATION CHANGE, 2019-2024

The Alberta population's increased rate of growth has been accompanied by significant changes in the components of growth. In Figure 2, we zero in on the last five years and examine the role played by natural increase (the difference between the number of births and deaths), interprovincial migration and international migration in driving growth in the province.

**Figure 2: Components of Population Growth: Alberta, 2019/20-2023/24**



Source: Statistics Canada, Table 17-10-0008-01

The combined effects of weak economic growth and the COVID-19 pandemic limited growth in the first two years of the period. The province continued to record a modest surplus of births over deaths, but more Albertans left for other provinces than arrived and travel restraints severely limited the number of new immigrants.

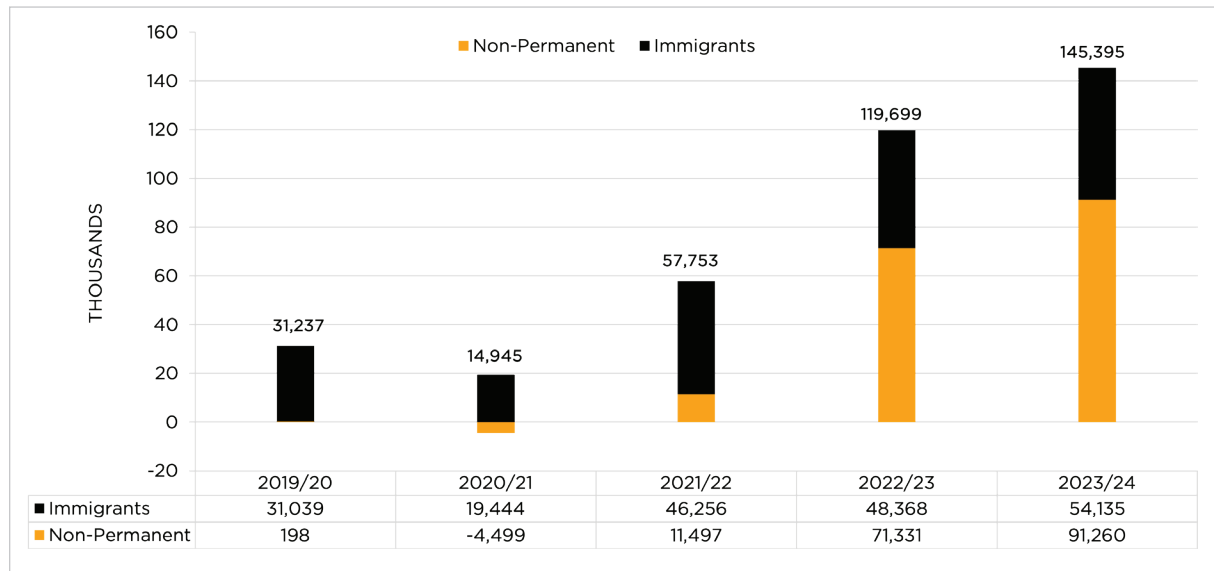
The end of pandemic restraints and renewed economic growth led to a gain of almost 80,000 new residents in 2021-22. The number of immigrants arriving increased sharply and Alberta returned to a pattern of welcoming more newcomers from other provinces than it lost. In the last two years of the period, both types of migration have reached high levels, leading to a gain

of over 200,000 residents in 2023–24, with international migration responsible for more than 70 per cent of the increase. Given the importance of international migration trends, a closer look at the composition of the inflow of new Canadians to the province in recent years is needed.

## COMPOSITION OF THE INTERNATIONAL MIGRATION FLOW

The data in Figure 3 show the distribution of international migrants to Alberta across two categories: immigrants to Canada, those with the right to remain permanently in the country; and non-permanent residents (NPRs), newcomers who are legally in Canada but who are not guaranteed the right to remain on a permanent basis. While the numbers in both categories increased from 2019–2024, the dramatic growth in the number of NPRs stands out. From a net loss of just over 4,499 residents in 2020–21 — meaning more temporary residents left the province than arrived — the numbers skyrocketed. 2023–24 saw a net gain of over 90,000 NPRs and they accounted for almost 60 per cent of the net international arrivals.

**Figure 3: Components of International Migration: Alberta, 2019/20-2023/24**



Note: Numbers above bars indicate Net International Migration Total

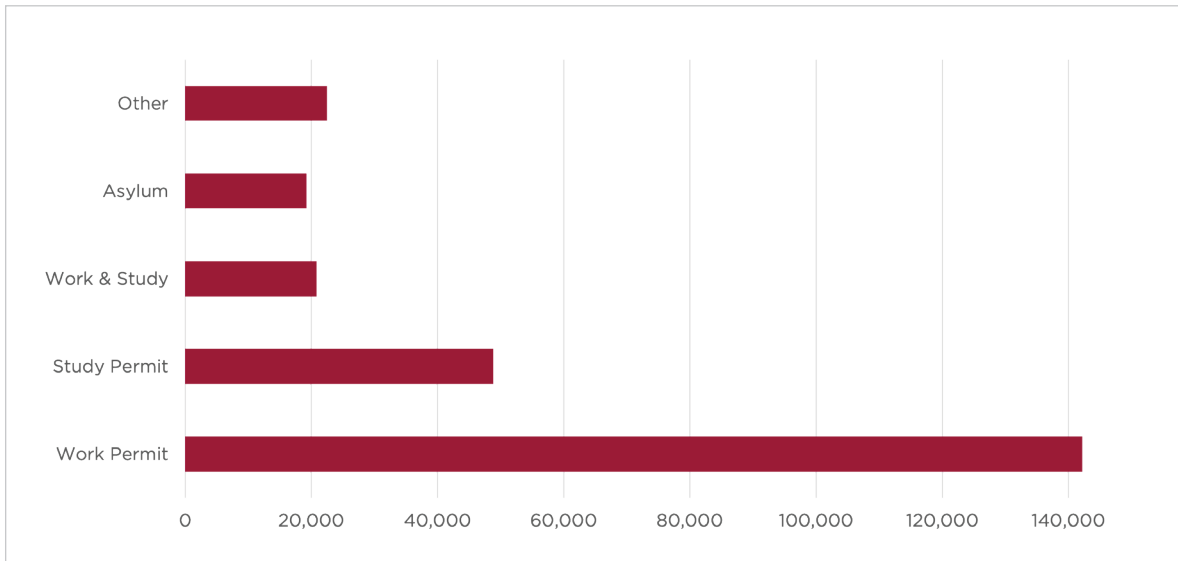
Source: Statistics Canada, Table 17-10-0040-01

Although a variety of pathways allow persons who have entered Canada as temporary workers or students to attain permanent resident status, the ability to remain in the country is not guaranteed. Many are awaiting decisions on their applications to remain permanently, and the wait times are increasing given the very large backlog of applications. This almost certainly affects decisions about housing with temporary residents, uncertain about their futures, most likely looking to rent rather than buy accommodation. Moreover, both international students and those who entered as temporary foreign workers have, on average, lower incomes and may be likely to seek lower cost rental accommodation.<sup>1</sup>

<sup>1</sup> Data from the 2021 Census show that average employment income for all workers in Alberta was \$56,350. For immigrants, the average was \$50,800 while for non-permanent residents it was only \$36,720. See Table 98-10-0642-01.

Figure 4 provides further information on the composition of the province's non-permanent resident population. The category includes international students, temporary workers and asylum seekers.<sup>2</sup> In contrast to the data presented above, the numbers in this figure refer not to new entrants but to the estimated number of people in each category residing in Alberta in the third quarter of 2023-24.

**Figure 4: Estimated Number of Non-Permanent Residents by Type: Alberta, Quarter 3, 2024**



Source: Statistics Canada, Table 17-10-0121-01

Alberta has seen very rapid growth in the number of NPRs, from about 80,000 in the third quarter of 2021 to more than 250,000 in the same quarter of 2024. Striking as the change has been, the numbers of NPRs in Ontario and British Columbia are much larger. B.C. has over a half-million non-permanent residents while Ontario has almost 1.4 million. The distribution of NPRs by category is also quite different among the provinces. More than half (56.1 per cent) of the NPRs living in Alberta hold a work permit only. Ontario and B.C. have significantly more international students and asylum seekers — 39.5 per cent of NPRs in B.C. and 38.9 per cent in Ontario hold a study permit or both a work and study permit. That is true for only 27.4 per cent of NPRs in Alberta. The federal government's decision to restrict study permits for the 2024-25 school year, with a further reduction in 2025-26, is likely to significantly reduce the number of international students in Ontario and B.C. but have a more limited impact on Alberta (Government of Canada 2024a).<sup>3</sup>

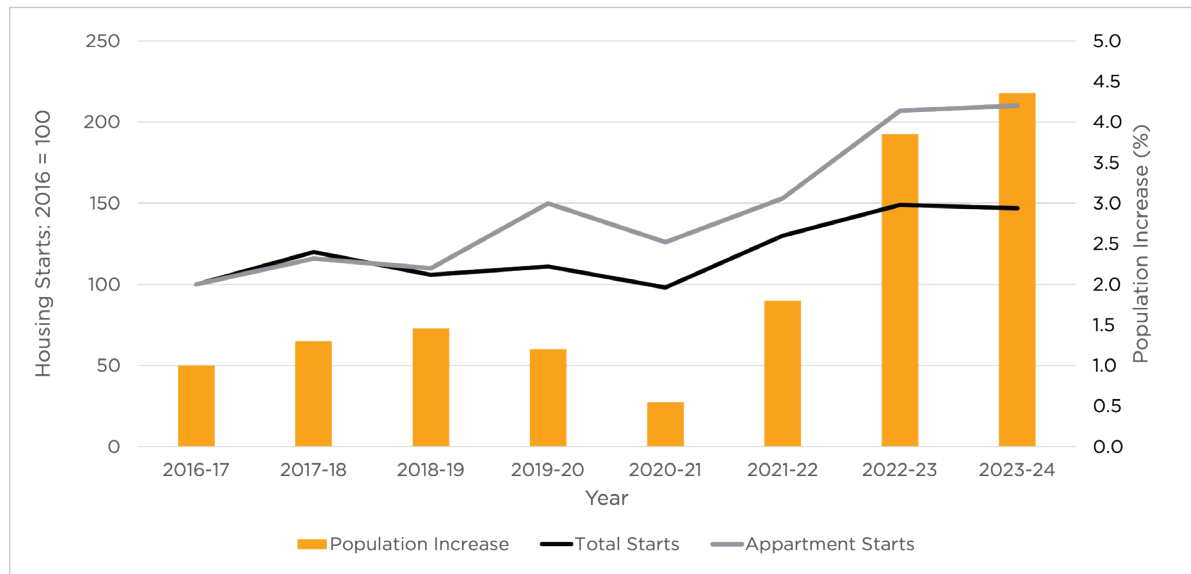
<sup>2</sup> The "Other" category is largely composed of family members of persons with a work or study permit.

<sup>3</sup> Study permits are to be allocated in proportion to provincial population. The quotas for B.C. and Ontario will be lower than current numbers; Alberta's quota will exceed the current number of international students in the province.

## THE HOUSING INDUSTRY'S RESPONSE

Rapid changes in population patterns and the impact of the COVID-19 pandemic have produced challenges for the housing industry across the country. The challenge has been exacerbated by persistent shortages of skilled labour in construction. Figure 5 brings together data on population growth, housing starts and starts for apartment-style accommodations.

**Figure 5: Population Increase and Housing Starts Alberta, 2016-2024**



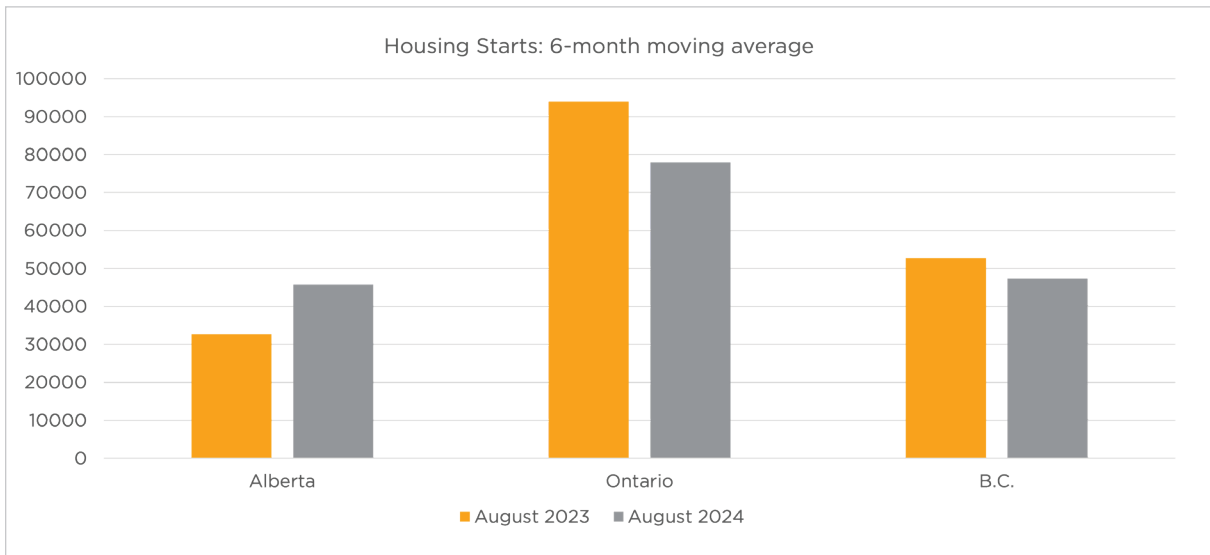
Sources: Statistics Canada - Population Table 17-10-0005-01; Housing - Table 34-10-0126-16

For the housing data, we have used an index measure with the 2016-17 numbers as the baseline. The graph shows the changes in both total starts and apartment construction starts relative to the 2016 figures. Likely responding to the downturn in both the economy and population growth beginning in 2014, overall housing starts remained largely flat from 2016-2020. For apartment construction, an upward trend begins in 2019-20, but dips again during the pandemic. Both indicators move higher in 2021 and that continues into 2023-24. The most recent data show a stabilization for overall starts at a level about 50 per cent higher than in 2016. New apartment construction follows the same path but at a significantly higher level, with the 2023-24 figure double the 2016 total.

The Alberta housing industry's response has been robust, but not all provinces have followed a similar path. Figure 6 presents data on housing starts for Ontario and British Columbia as well as Alberta. The data are for August 2023 and August 2024 and are based on the six-month moving average of housing starts. In contrast to the trend in Alberta, Ontario and British Columbia have seen declines in the number of starts, more pronounced in Ontario than in B.C. Both provinces have also seen significant population growth, though at a lower rate than in Alberta. As well, both provinces owe a larger share of their growth to international student numbers than is true in Alberta. The size and sources of population growth both influence the path of residential construction. In addition, other factors, such as land availability, zoning laws and the supply of skilled labour, help to determine how quickly and effectively the housing industry can respond to increases in demand driven by demographic growth.



**Figure 6: Housing Starts, Alberta, Ontario, British Columbia: August 2023 and 2024**



Source: CMHC/Statistics Canada Table 34-10-0159-01

## CONCLUSION

Declining rates of population and economic growth in the years from 2014 to 2019 and the outbreak of the COVID-19 pandemic in 2020 produced a challenging environment for new house construction in Alberta. The rapid switch to faster demographic and economic growth in Alberta has, unsurprisingly, led to pressure on housing markets and a surge in prices, but the upswing in new construction evident over the past two years suggests the housing industry is responding.

The industry will face a significant degree of uncertainty in the short term, however. Criticism of national immigration policies has already produced policy changes. A reduction in the number of student visas will affect Alberta less than other provinces but may reduce the overall attractiveness of Canada as a destination for international students. A tightening of several elements of the Temporary Foreign Worker Program is likely to reduce entries through that pathway as well (Government of Canada 2024b). And rising housing prices may narrow the advantage Calgary and Edmonton hold over cities in Ontario and B.C. that has fuelled interprovincial movements. Careful monitoring of both government policies and demographic data is essential to guide planning in all parts of the housing industry.

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## About the Author

**Kevin McQuillan** was born and raised in Montreal. He studied at Loyola College and the University of Toronto, where he received his B.A. in 1973. He did his graduate work at Princeton University and received his Ph.D. in Sociology in 1978.

He joined the Sociology Department at the University of Western Ontario in 1977 and served as Department Chair from 1997-2002. He was a Research Associate and Director of the Population Studies Centre. In 2007, Dr. McQuillan moved to the University of Calgary as Dean of the Faculty of Social Sciences. In 2010, he was appointed the first Dean of the Faculty of Arts and from 2014-2018 served as Deputy Provost. In 2018, he became Academic Director of the School of Public Policy. Following his retirement in 2022, he was appointed a Research Fellow at the School.

Kevin's major interest is in demography. His work has focused on migration, changing family structures and the effects of religion on fertility and the family.

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