

RESEARCH NOTE: IMMIGRATION - A POSITIVE TAILWIND FOR MULTI-FAMILY DEMAND IN CANADA.

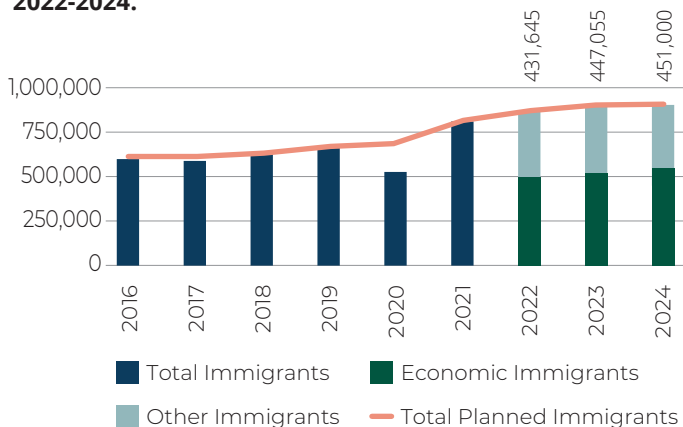
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Canada has been welcoming more immigrants in recent years than ever before. These individuals also increasingly have higher incomes than their predecessors, affording them greater capacity to pay the rents being asked in major Canadian markets for purpose built rental. A larger base of economic immigrants combined with their growing incomes are positive tailwinds for the multi-family sector in Canada—as well as the overall economy.

With new targets as of February 2022, the Canadian government is set to add an estimated 1.33 million new immigrants between 2022 and 2024. These immigration targets, which exceed more than 400,000 people per annum, are the highest on record and more than a 40% increase from the actual levels achieved between 2017-2019. Other than in 2020, during the height of the pandemic, the Canadian government has achieved its targets.

For the multi-residential rental real estate sector, this surge of newcomers represents new demand and an ability to achieve the rents needed to support new construction. Typically, 60% of immigrants have been in the economic class, a category of skilled workers and business immigrants, many of whom work in “white collar” industries such as technology and other jobs with higher incomes. Relative to prior levels, the increased targets suggest Canada could see an average of 254,200 economic immigrants per year between 2022-2024, versus an average of 180,771 from 2017-2022.

Figure 1. Canadian Net Immigration. Historic and Targets 2022-2024.

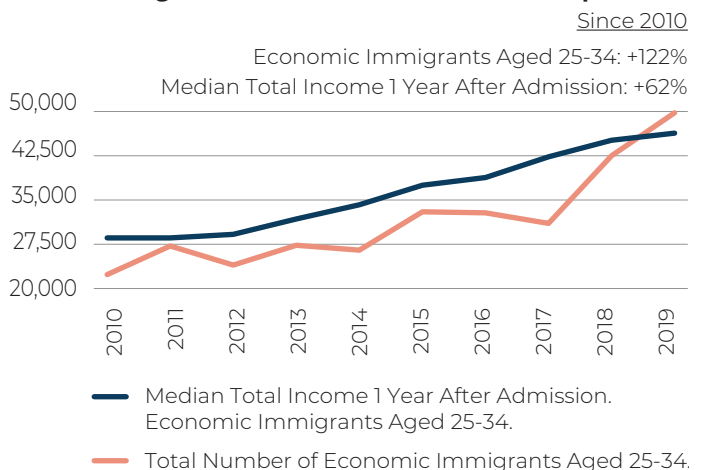


Source: Statistics Canada and IRCC

Income data for economic immigrants age 25-34—a key rental demographic—reveals their annual incomes increased 62% over the 2010-2019¹ time period. This 6% average annual growth rate has exceeded average annual inflation of 1.74%. This wage growth provides international migrants with more housing ‘purchasing power,’ or the ability to afford larger rental payments including for newly-constructed apartments.

Canada needs more rental housing for newcomers as well as long-time residents. GWLRA is committed to developing quality, new purpose-built rental apartments. Since 2020, GWLRA has completed over 1,000 new units and will soon open a further 860 suites. Looking ahead, the current development pipeline has the potential to add approximately 8,000 more apartment homes in Canada.

Figure 2. Median Total Income and Number of Tax filers. Economic Immigrants as the Principal Applicant. 1 Year After Admission. Aged 25-34 and Total Pre-Admission Experience.



Source: Statistics Canada

1. Denoted as the principal applicant excluding spouses and children per Statistics Canada. Total pre-admission experience. Total median incomes one year after landing.

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