

## Immigration a boon to housing market

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Homebuilders have always understood and appreciated the importance of immigration to economic growth including housing demand. But even builders were surprised with the results of a landmark study commissioned by Canada Mortgage and Housing Corp. that analyzes the housing situations of immigrants arriving in Canada six months, two years and four years after arrival.

The study, called "Settling In: Newcomers in the Canadian Housing Market," is based on Statistics' Canada's "Longitudinal Survey of Immigrants to Canada." The authors, University of British Columbia professors Daniel Hiebert and Pablo Mendez, looked at immigrant homebuying patterns in the cities of Montreal, Toronto and Vancouver and determined that the degree of homeownership attained by immigrants just six months after landing in Canada was "impressive."

What's truly impressive is the rapid rise in home ownership rates of immigrants within a few years of settling in Canada. According to Frank Clayton, BILD's economic advisor, the proportion of immigrants living in ownership accommodation rises quickly from 17 per cent six months after arrival to 55 per cent four years after arrival.

Clayton, who is also executive vice-president, economic consulting with the Altus Group, used information from the study to estimate the approximate number of homes in the GTA purchased by immigrants arriving in the eight years from 2001 to 2008. The estimates suggest that about 28 per cent of all home sales (new and resale) over this period were to immigrant households.

Translating Clayton's 28 per cent estimate into real numbers, we are talking about nearly 122,000 units over an eight year period including roughly 40,000 newly built units. These are truly astonishing numbers, far exceeding the educated guesses of many in the industry, and they confirm our appreciation of the importance and value of immigration to the housing market and the economy as a whole.

The research reveals a desire to achieve ownership that is disproportional to the level of household income received by immigrants, to the point of a willingness to cut consumption in other areas in order to do so, the report notes.

Not surprisingly, there are differences between landing classes and by country of origin. For example, those entering Canada as "skilled workers" overwhelmingly started their lives in the Canadian housing market as tenants but their propensity to purchase a home was the highest of any group. The four year ownership incidence ranged as high as 78 per cent for economic immigrants, excluding skilled workers.

Clayton points out that the four year incidence of homeownership peaks with South Asian immigrants.

The study offers a couple of explanations for the quick transition by many GTA immigrants to homeownership, including that Toronto offers the best economic opportunities for newcomers by their fourth year and that newcomers adjust to high housing prices in the GTA by combining forces into larger, multi-family households.

"Our study reveals some of the contours of a highly dynamic engagement of newcomers with the Canadian housing market during the first four years of their settlement. The most significant story is the remarkable improvement in the housing circumstances – by several relevant criteria – over the period covered by the survey.

"The rate of homeownership acquisition was particularly significant and speaks to the impact of immigration in the Canadian housing market. Clearly, there is an impact in housing demand (and, we would speculate price), given the large and rapid investment on property shown in the data," the authors conclude.

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