



ONTARIANS ON THE MOVE

LOCAL INTELLIGENCE REPORT - HAMILTON

RESEARCH PAPER

JUNE 2021



Smart Prosperity
Institute

ACKNOWLEDGEMENTS

This report was written by Mohsina Atiq, Una Jefferson, Mike Moffatt, and Harshini Ramesh, with funding from the West End Home Builders' Association. Responsibility for the final product and its conclusions is Smart Prosperity Institute's alone, and should not be assigned to the reviewers, interviewees, or any external party. Being interviewed for or reviewing this report does not mean endorsement, and any errors remain the authors' responsibility.

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About the West End Home Builders' Association

The West End Home Builders' Association (WE HBA), established in 1942, is the voice of the land development, new housing and professional renovation industries in Hamilton and Halton Region. The WE HBA represents nearly 300 member companies made up of all disciplines involved in land development and residential construction (both high-rise and low-rise), including: builders, developers, professional renovators, trade contractors, consultants, and suppliers.



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Ontarians on the Move - Local Intelligence Report - Hamilton

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Executive Summary

A recent report by Oxford Economics placed Hamilton as the third-least affordable city in North America when it comes to housing. Only Toronto and Vancouver were listed as less affordable, whereas U.S. communities such as San Jose, New York City, and Los Angeles, famous for their high housing costs, were found to be more affordable (Hristova, 2021). Our rough estimate is that, on net, 13,000-15,000 residents left the Hamilton community between 2015 and 2020 due to a lack of housing.

To understand how we got here, it is important to understand the following trends that were occurring before the pandemic:

1. Starting in 2015, the Hamilton Census Metropolitan Area (CMA),¹ like much of Ontario, experienced an increased influx of young people from international sources in search of educational and job opportunities. The population of Ontario grew by 1,000,000 people between 2015 to 2020, whereas it had increased by less than 600,000 in the previous five years.
2. Home building in Toronto, which experienced the highest levels of population increases from international sources, was unable to keep up with the population growth, creating housing shortages and high home prices.
3. These high housing prices in Toronto caused young families to migrate to nearby communities in Ontario, including Hamilton, in search of housing they can afford, a process known as *'drive until you qualify'*.
4. Home building of all types and tenures in Hamilton was unable to keep up with the population growth from both international sources and young families moving from Toronto, creating housing shortages and high home prices in the Hamilton market.
5. Young families in Hamilton began to get priced out of their own market, and *'drove until they qualified'*, to nearby cities such as St. Catharines and Brantford, causing a population boom in those communities. This is known as the *'musical chairs effect'*.
6. This presents an urban housing challenge for Hamilton CMA (Hamilton, Burlington and Grimsby) and could also potentially impact its ability to attract talent, as parents of young children who move into other communities may not be willing to commute back to Hamilton for work.
7. For the individuals that are willing to commute back to Hamilton to work, a large volume of intercity commuters puts strain on our road infrastructure and leads to higher GHG emissions.

The factors that led to these housing shortages are not going away. In fact, they are likely to accelerate when the pandemic ends. The three communities that comprise the Hamilton CMA have a decision to make: Will they ensure enough housing gets built for a growing Golden Horseshoe population or will they continue the path of unaffordable housing and an exodus of young families from the community.

¹ Hamilton CMA is comprised of the cities of Hamilton and Burlington and the town of Grimsby.

The Housing Challenge by the Numbers

Our rough estimate is that Hamilton CMA saw 13,000-15,000 people, on net, leave the community between 2015 and 2020 due to a lack of housing. This exodus, primarily of young families, represents a **multi-million-dollar loss of annual municipal tax revenue and economic activity**.

Here is how we arrive at a preliminary estimate of a population outflow of 13,000-15,000 from Hamilton CMA.

1. **Between 2016 and 2019, Hamilton CMA lost, on net, over 10,000 people** to St. Catharines-Niagara, Brantford, and rural Ontario. Data is not available for earlier years, but this figure would almost certainly reach, if not exceed, 15,000 if calculated over the last five years.
2. Although more young families left Toronto in 2015-2020 than in 2010-2015, the number of them locating in Hamilton CMA was largely unchanged. From 2008 to 2015, Hamilton's population increase from intraprovincial (within province) migration was between 12-18 percent, per year, of Toronto's loss from intraprovincial migration. By 2020, this ratio was 7 percent. **Over the last five years, had Hamilton's intraprovincial gain stayed at 12 percent of Toronto's loss, Hamilton CMA would have gained an additional 13,000 new residents.**
3. Between 2015-20, Ontario's population grew by over 1,000,000 people, a five-year growth rate of 7.5 percent. **Had Hamilton CMA's population grown at the same rate as the provincial average, it would have added an additional 13,870 residents.**

Hamilton's outflow of residents can be explained by the following factors:

4. **Hamilton has the third most expensive housing market**, relative to income, in North America.
5. Despite Ontario's population adding 80 percent more residents in 2015-20 relative to 2010-15, **Hamilton CMA built 2,598 fewer homes (single, semi-detached and row) in 2015-20 relative to 2010-15.**
6. **Had the growth in housing completions kept up with the changes in Ontario's population growth, Hamilton CMA would have seen an additional 11,536 single, semi-detached, and row homes built and 349 additional apartment units in 2015-20**, relative to what was actually built.
7. Given that the average family size is 2.9 people, this suggests that **Hamilton CMA could have absorbed an additional 26,417 people had it simply kept housing construction growth in line with population growth.**

This population exodus primarily consisted of young families moving to less expensive communities:

8. Between 2010-15, over 3,500 children under the age of 15 moved to Hamilton CMA from other parts of Ontario. Between 2015-20, this number fell to just over 2,000, an indication that the **Hamilton region is becoming a less attractive destination for families with young children.**
9. **St. Catharines-Niagara, on the other hand, saw a substantial increase in the number of children under the age of 15 moving there from other parts of Ontario**, an indication that it (along with Brantford and other surrounding communities), has become more attractive to young families.
10. Hamilton CMA still experienced population growth, however, thanks to a **substantial increase in the number of international students and non-permanent residents** calling the community home. As well, it still experienced a large, though falling, number of people moving to the community from Toronto.

Introduction

A port city located on the western end of the Niagara Peninsula in Southern Ontario, Hamilton is part of the Greater Toronto and Hamilton Area (GTHA). This report is going to focus on the Census Metropolitan Area (CMA) of Hamilton that comprises the City of Hamilton, Burlington, and Grimsby. It will give a detailed picture of Hamilton's changing demographics in the past ten years and its relationship with the price and supply of housing. With a population of 747,545 as per the 2016 Census, Hamilton is a favorable choice for immigrants arriving in Canada. Within the CMA of Hamilton, the largest chunk or almost 72 percent of the population resides in the City of Hamilton. Of the City's population, almost a quarter was born outside Canada. According to forecasts, from 2021 to 2051, the population of the CMA is expected to increase by almost 40 percent from 584,000 to 823,000 (Hemson Consulting Ltd., 2020).

The changing demographic trends over the past several years in the Hamilton CMA have had profound impacts on the real estate market, which in turn has affected the ability of the CMA to retain new residents, including immigrants and international students.

These trends have also affected how the local economy has evolved. At the western end of Ontario's Golden Horseshoe combined with the port, Hamilton is located at the heart of the most densely populated economic corridor in Canada. With proximity to the Greater Toronto Area (GTA), as well as the United States border, Hamilton offers easy access to businesses and industries. This has allowed Hamilton's economy to become highly industrialized and highly diversified, becoming a major producer of motor vehicles and vehicle parts; iron, steel and metal products, electrical goods, food and beverages, and chemicals. Employment is driven by the wholesale and retail trade which has typically employed an average of 16 percent of the labour force, followed by healthcare and social assistance (13 percent), manufacturing (12 percent), and educational services (8 percent).²

Recent demographic changes combined with a diversified local economy prompt several questions, including:

1. Is the Hamilton region growing as fast as the surrounding area, and where is the region's growth in population coming from?
2. Is the Hamilton region still an attractive location for younger professionals, families, or seniors?
3. Does the region have enough housing options to support the people who live and work there?
4. If Hamilton is quickly becoming one of the least affordable cities in North America, will it be able to retain the workers that fuel its economy?

² Calculated from Statistics Canada. Table 14-10-0098-01 Employment by industry, annual, census metropolitan areas, inactive (x 1,000)

Population growth in Hamilton

Ontario’s population grew rapidly between 2015 and 2020³, due to an increase in the number of non-permanent residents and immigrants moving to the province. In those five years, the province grew by over one million residents, whereas in the previous five years it added less than 600,000.

While the province’s population grew by over seven percent from 2015 to 2020, the populations of Hamilton, Burlington and Grimsby grew at somewhat lower rates, with Burlington’s population growth rate being three percentage points lower than the province as a whole. This is despite both Burlington and Grimsby growing at faster rates than the province between 2010-15. The slower than the provincial average growth rates can be explained by a lack of housing options, as the Hamilton region experienced an outflow of families with young children to more affordable communities in the region. Nearby communities such as Thorold and Brantford experienced a population boom thanks, in part, to young families from Hamilton CMA searching for a place to live.

Had Hamilton CMA grown at the same provincial average five-year growth rate of 7.5 percent over the last five years, Burlington would have added an additional 6,783 residents, the City of Hamilton would have added 6,554 and Grimsby would have added 533, for a total of 13,870 additional residents. This is suggestive of the level of unmet demand for housing created by a lack of available homes.

Figure 1: Absolute growth in population in Hamilton sub-divisions versus Ontario

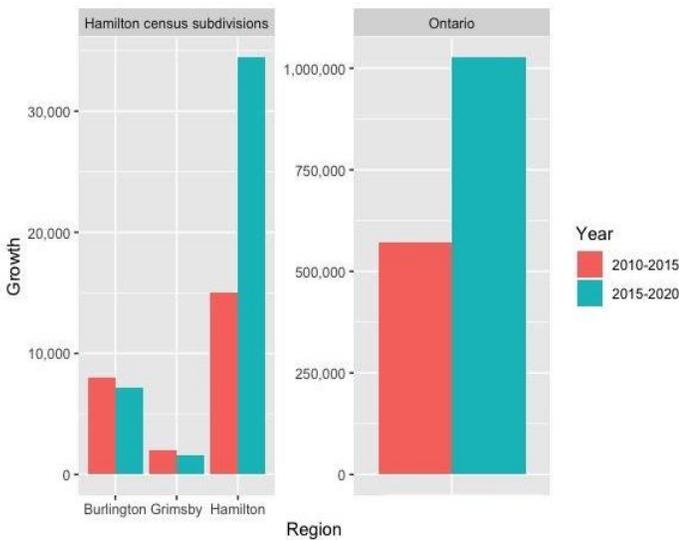
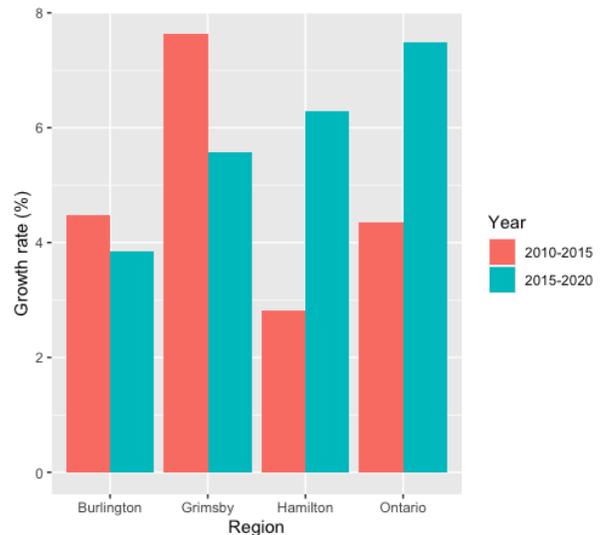


Figure 2: Percent growth in population in Hamilton sub-divisions versus Ontario



Source: Calculated from Statistics Canada. Table 17-10-0142-01 Population estimates, July 1, by census subdivision, 2016 boundaries

³ Statistics Canada’s population estimates are for July 1 of each calendar year, so 2015 refers to July 1, 2015 and 2020 refers to July 1, 2020.

Mapping population growth

Figure 3: Percent growth in population in regional population by census subdivisions of Ontario - South (2010 to 2015)

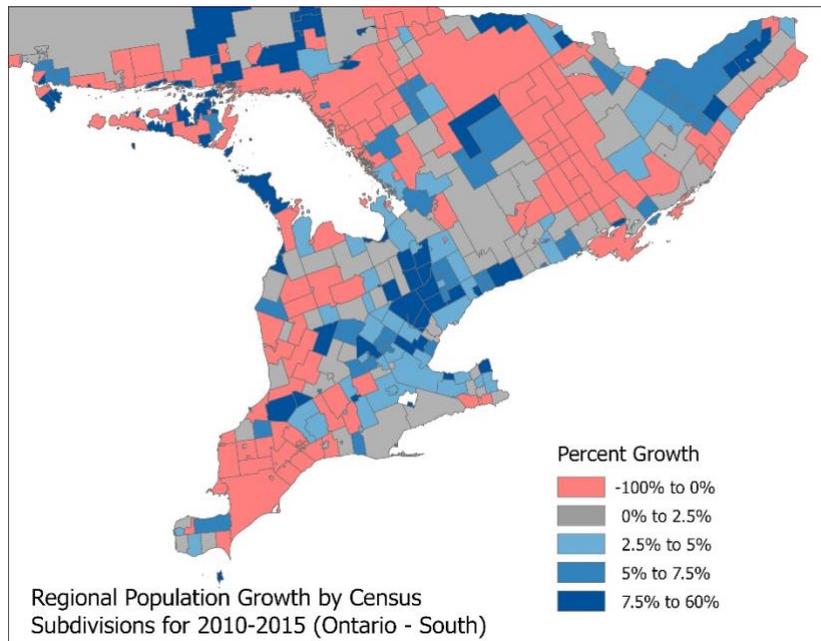
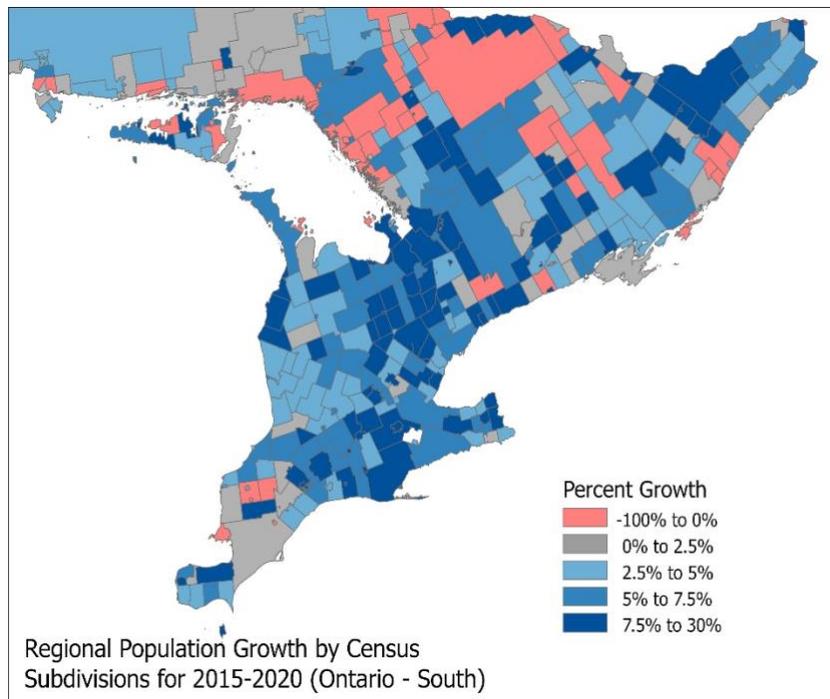


Figure 4: Percent growth in population in regional population by census subdivisions of Ontario - South (2015 to 2010)



Source: Calculated from Statistics Canada. Table 17-10-0142-01 Population estimates, July 1, by census subdivision, 2016 boundaries

Sources of Population Growth in Hamilton and Ontario

Like the rest of the province, Hamilton CMA experienced a decrease in “natural” population growth (births minus deaths) in 2015-20 relative to 2010-15, as well as an increase in the number of immigrants making the region home. Between 2015-20, the region saw, on net, over 10,000 new non-permanent residents, mostly international students, living in the region; in the previous five years Hamilton CMA added almost none. However, the three communities that make up the CMA saw lower growth in the net number of people moving to the community from other parts of the province (shown here as interprovincial growth). This is despite a drastic increase in the number of young families leaving Toronto looking for housing. A lack of housing options (and the resulting high prices) made communities like Brantford and St. Catharines more attractive to young families, and a substantial number of families moved to those communities from Hamilton CMA.

Figure 5: Sources of population change in Hamilton CMA

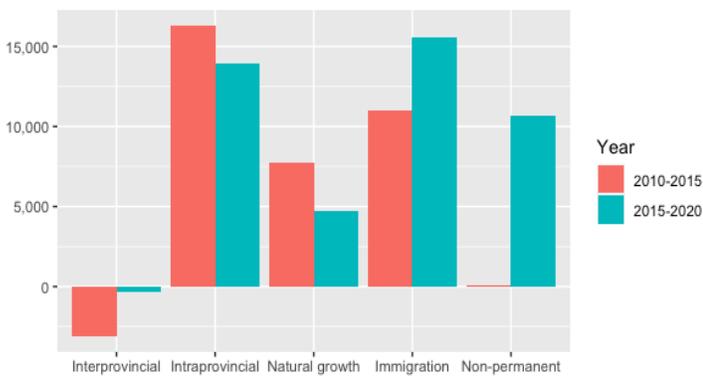
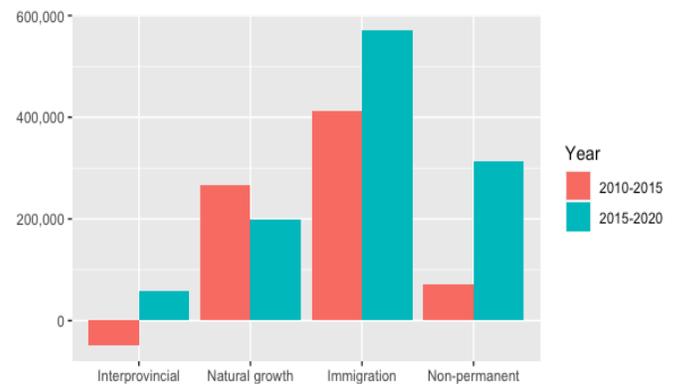


Figure 6: Sources of population change in Ontario

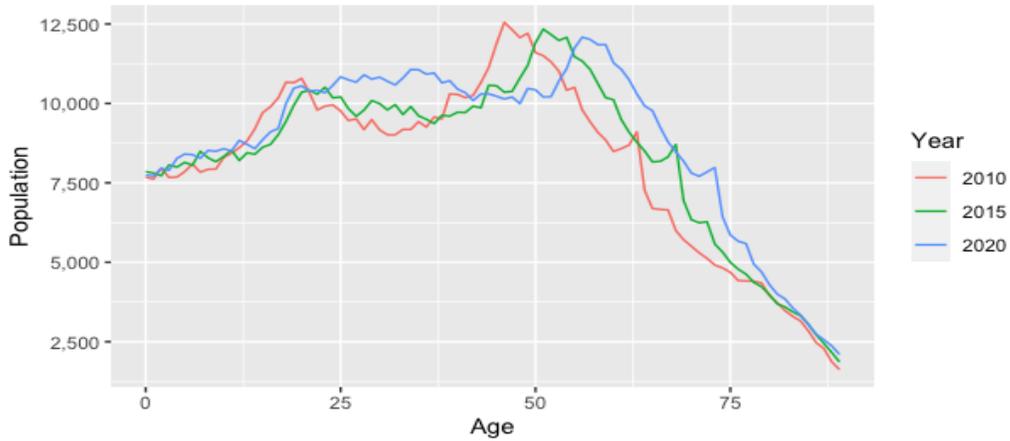


Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Population of Hamilton by age groups

Hamilton has experienced an influx of residents in their twenties and thirties, primarily from international sources to study or work. This has created continually increasing demand for one and two-bedroom units for the younger part of this cohort, and for family-friendly housing options as they enter the older part of this cohort. Despite the increase in the size of the population of people in their 20s, 30s and early 40s, there has been little increase in the number of school-aged children in Hamilton CMA. Hamilton also has an aging population, with population numbers spiking for those in their fifties and sixties due to the aging of the baby boomers.

Figure 7: Population of Hamilton CMA by age in 2010, 2015, and 2020

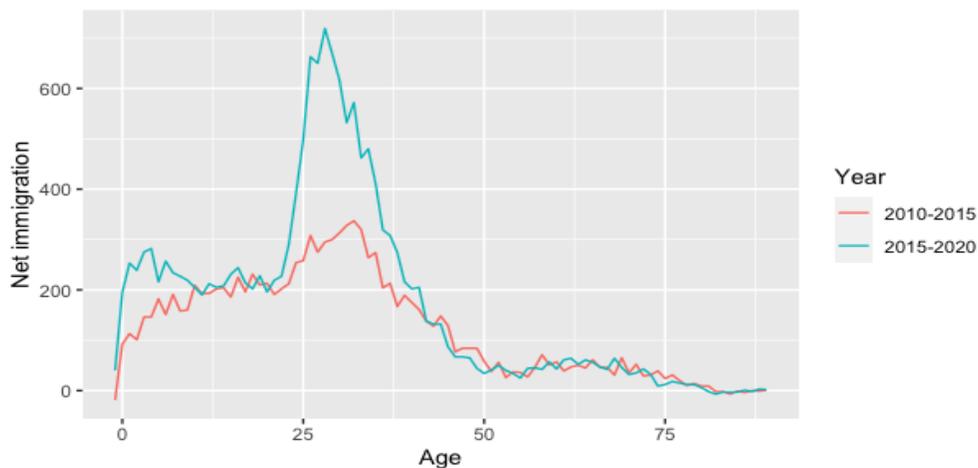


Source: Calculated from Statistics Canada. Table 17-10-0135-01 Population estimates, July 1, by census metropolitan area and census agglomeration, 2016 boundaries

Net immigration in Hamilton by age

In line with Canada’s immigration targets and the issuance of non-permanent and permanent residency visas, the arrival of young immigrants in Hamilton skyrocketed in the period of 2015 to 2020 (Figure 8). As discussed, this increase is driven by immigration and non-permanent residents arriving in Canada (Figure 6). Most of these individuals tend to be young: immigration numbers peak for those in their twenties and thirties. They also tend to be in the family-forming age-groups which is why there is also a spike in the age group of infants and young children in the same period. The net immigration trend declines for those in their late thirties and forties, remaining small and largely unchanged between 2010-15 and 2015-20. Despite this increase in the number of young children in the ‘net immigration’ category, there has been little overall growth in the number of children living in the community, suggestive of outmigration of young families.

Figure 8: Net Immigration in Hamilton CMA by age



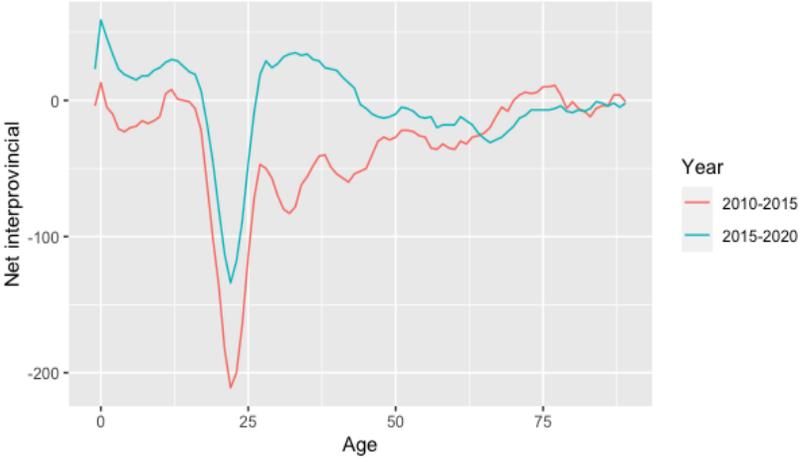
Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Net interprovincial migration in Hamilton by age

Interprovincial migration refers to the difference in the number of people who move to Hamilton CMA from provinces other than Ontario, and the number of people who move from Hamilton CMA to other provinces.

Demographic trends at an interprovincial level reveal contrasting and interesting insights. In both periods, there is a sharp dip in net interprovincial migration for people in their early late teen years and early twenties. This means that people in this age-group move out of Hamilton to other provinces across Canada, with the trend remaining consistent from 2010 to 2015 and from 2015 to 2020. This could reflect the younger population of Hamilton moving to other parts of the country to study. Interestingly, net migration recovers, more so in 2015 to 2020 than in earlier years, perhaps as graduates from other parts of the country move or move back to Hamilton to take advantage of lucrative economic opportunities.

Figure 9: Net interprovincial migration for Hamilton CMA by age



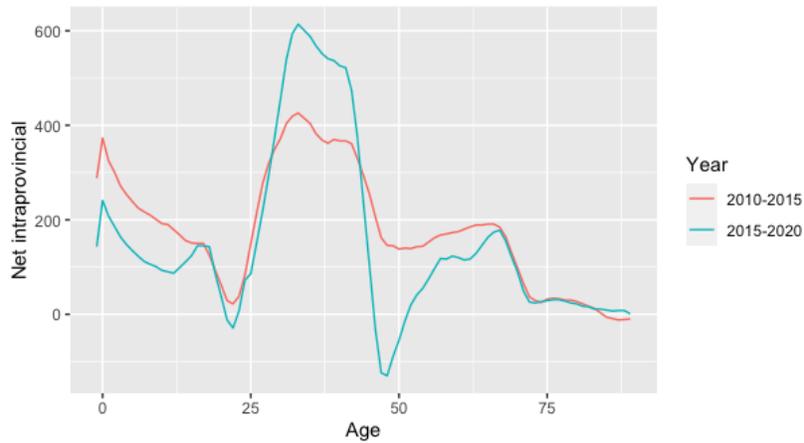
Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Net intra-provincial migration in Hamilton by age

Intraprovincial migration refers to the difference in the number of people who move to Hamilton CMA from other parts of Ontario, and the number of people who move from Hamilton CMA to other parts of the province.

Although Hamilton still receives net inflows from the rest of the province, the dynamics have changed considerably in the past few years (as shown by Figure 10). Historically, Hamilton CMA has experienced significant inflow of young children, as it was seen as an affordable place to raise a family. However, over the past five years, the net inflow of young families has slowed down, along with the net inflow of people in their 50s. Interestingly, there has been an increase in the net number of people moving to Hamilton CMA from other parts of Ontario who are in their 30s and 40s. This pattern is suggestive (but far from conclusive) that there has been a shift away from young families and towards childless young professionals who find the community an attractive place to live.

Figure 10: Net intraprovincial migration for Hamilton CMA by age



Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

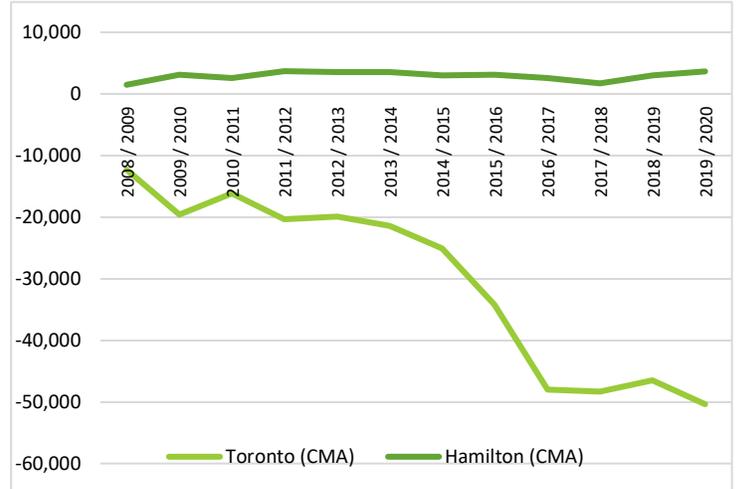
A smaller share of Torontonians moving to Hamilton

The greater Toronto area has seen an increasing exodus of young families leave the community in search of housing they can afford. In 2008-09, just over 10,000 people, on net, left Toronto CMA to live in other Ontario communities. By 2019-20, that annual loss had reached 50,000. However, they were largely not moving to Hamilton CMA, which saw little net increase in intraprovincial migrants. Over the last five years, had Hamilton’s intraprovincial gain stayed at 12 percent of Toronto’s loss, Hamilton CMA would have gained an additional 13,000 new residents.

Figure 11: Hamilton (CMA) Intraprovincial Population Growth as a Percentage of Toronto (CMA) Intraprovincial Population Loss



Figure 12: Intraprovincial Population Growth/Loss for Toronto (CMA) and Hamilton (CMA)

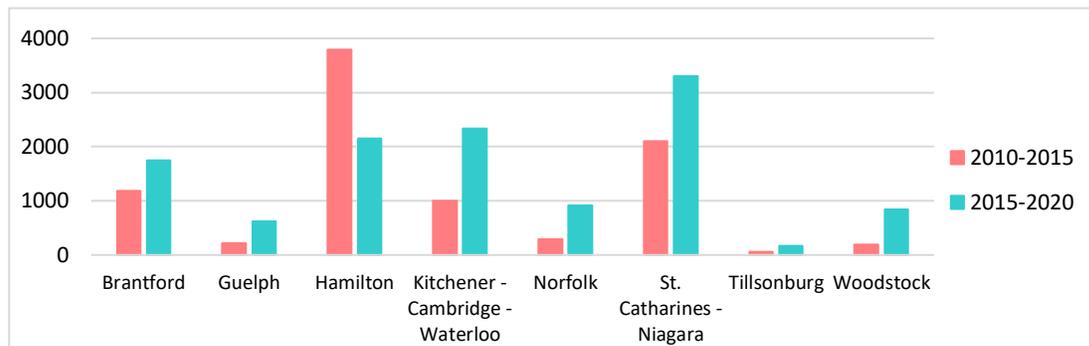


Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Intraprovincial movements for ages 0 to 14

Intraprovincial movements for regions in and around Hamilton in the past ten years tell us more on where people have been, on net, moving to and moving out of in the past decade, across age groups. Movements of young people (babies and young children) were the highest in Hamilton in the first half of the decade (Figure 13). This suggests that it was an especially favorable place to move to for young families from 2010 to 2015. In the latter part of the decade, Hamilton's place was overtaken by St. Catharines-Niagara, followed by Kitchener-Cambridge-Waterloo as these communities had relatively more affordable and plentiful housing options. The following set of maps reflects an exodus of people moving away from Toronto in the last decade and to affordable communities within driving distance, and then from those communities to even more affordable ones in the surrounding areas.

Figure 13: Intraprovincial migration for Hamilton CMA and regions for ages 0 to 14

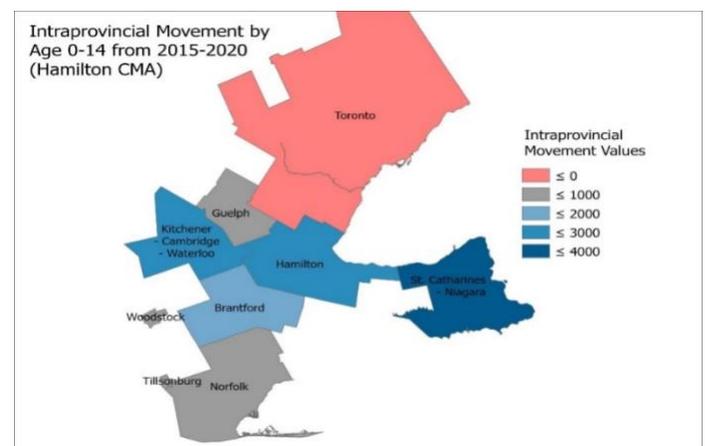
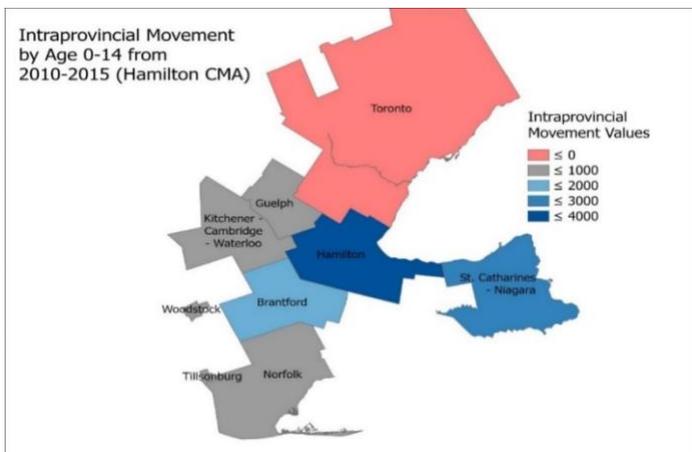


Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Mapping intraprovincial movements for ages 0 to 14⁴

Figure 14: Net intraprovincial movements for Hamilton CMA and regions for ages 0 -14, 2010 - 2015

Figure 15: Net intraprovincial movements for Hamilton and regions for ages 0 to 14, 2015 - 2020



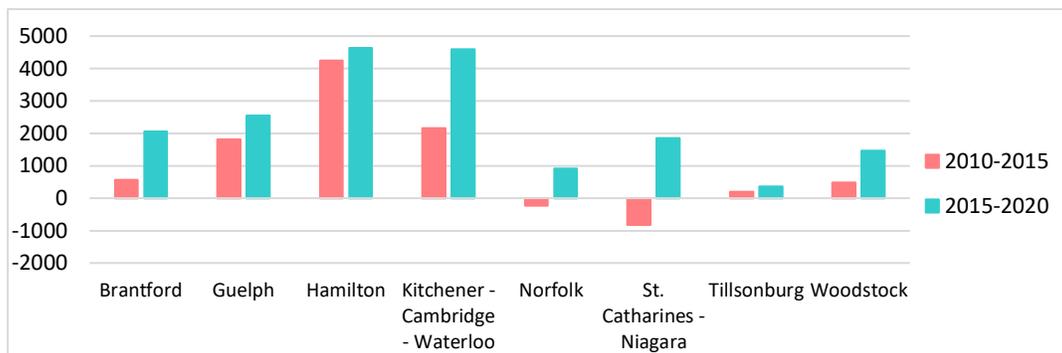
Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

⁴ The legend for these maps depicts the following: the pink regions experienced net negative interprovincial movements, grey ones experienced less than 1,000, light blue experienced less than 2,000, blue experienced less than 3,000, and dark blue ones experienced less than 4,000 net migration in those regions.

Intraprovincial movements for ages 15 to 34

As with children, young adults continued moving out of Toronto in the past decade. Hamilton received most of the young people moving across the region who tend to be studying and working in these age-groups. However, from 2015 to 2020, other communities around Hamilton, especially Kitchener-Cambridge-Waterloo, started to experience levels of interprovincial population increase of young adults nearing those that Hamilton experienced in the first half of the decade.

Figure 16: Net intraprovincial migration for Hamilton CMA and regions for ages 15 to 34, 2010 - 2015



Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Mapping intraprovincial movements for ages 15 to 34

Figure 11: Intraprovincial movements for Hamilton CMA and regions for ages 15 to 34, 2010 to 2015

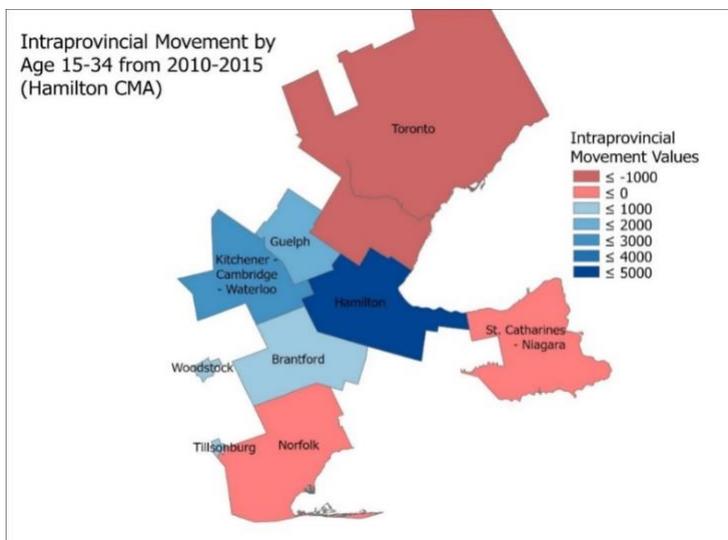
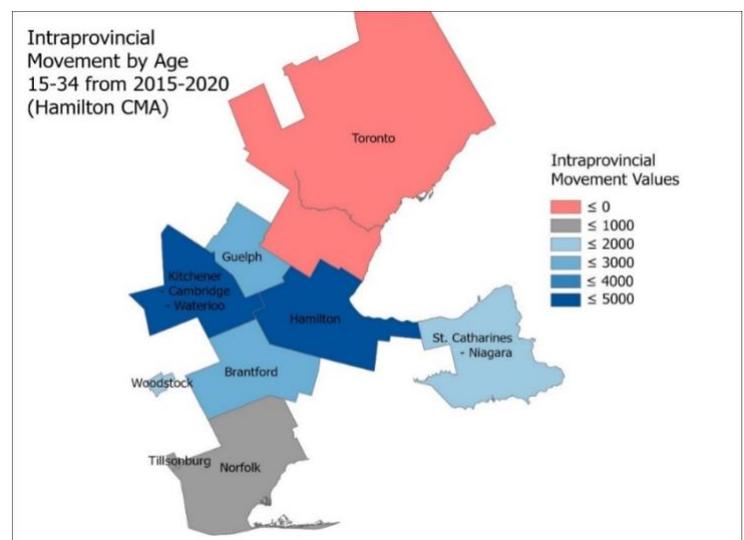


Figure 18: Net intraprovincial movements for Hamilton CMA for ages 15 - 34, 2015 - 2020

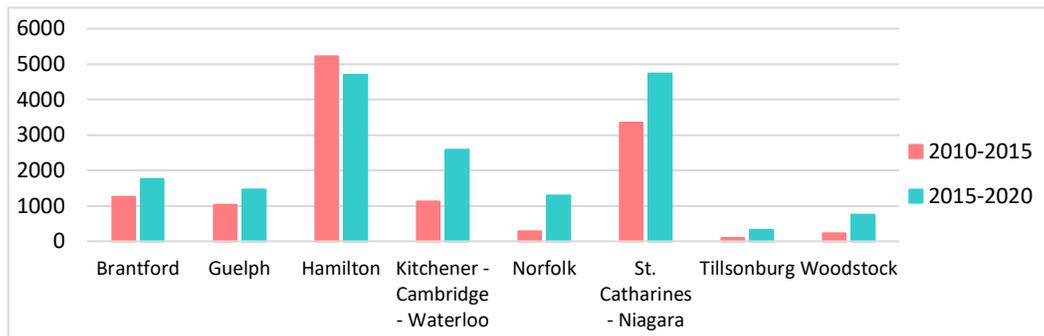


Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Intraprovincial movements for ages 35 to 54

From 2010-2015, individuals in the age-group of 35 to 54, who might be looking to settle with their families, have tended to do so in Hamilton CMA rather than in the surrounding communities. In the past five years though, they are increasingly doing so in communities around Hamilton, with the net number of 35–54-year-old adults moving to Hamilton falling slightly between 2015-20 relative to 2010-15.

Figure 19: Net intraprovincial migration for Hamilton CMA and regions for ages 35 to 54



Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Mapping intraprovincial movements for ages 35 to 54

Figure 20: Net intraprovincial movements for Hamilton CMA for ages 35 - 54, 2010 - 2015

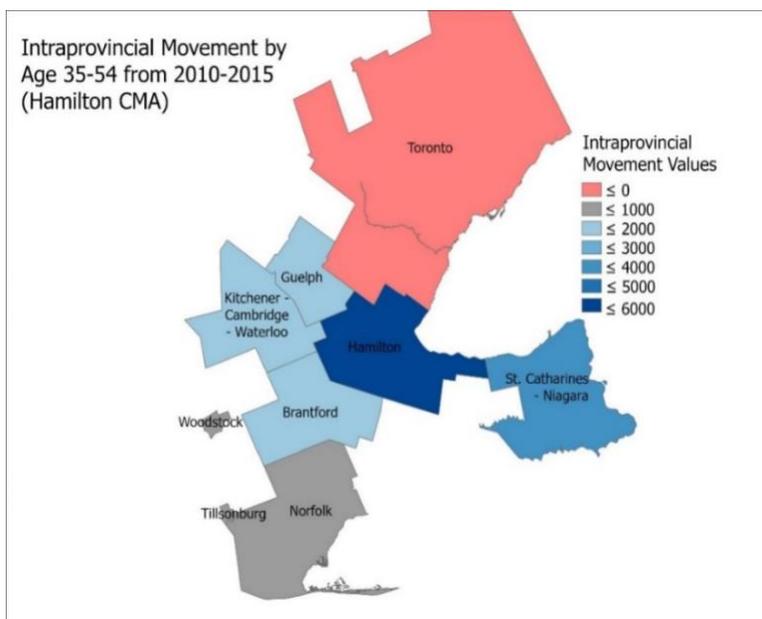
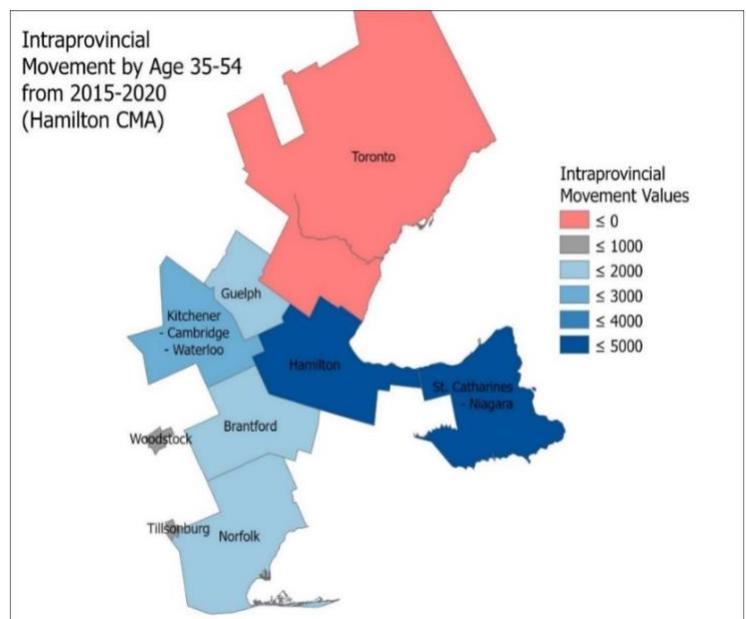


Figure 21: Net intraprovincial movements for Hamilton CMA for ages 35 - 54, 2015 - 2020

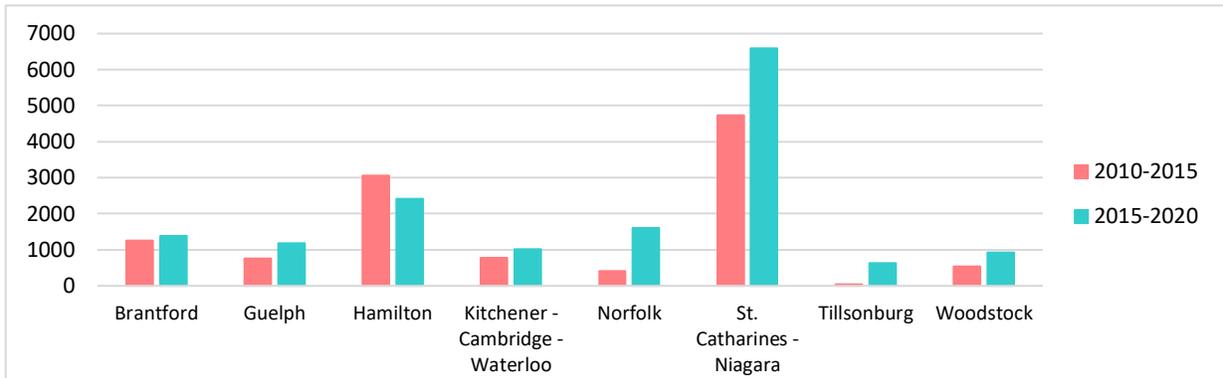


Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Intraprovincial movements for ages 55 and over

For older populations, St. Catharines-Niagara has been the most attractive place to move to throughout the past decade. It has typically been one of Canada’s top destinations to retire to thanks to its mild microclimate, its proximity to the United States, abundance of amenities and natural landscapes (Haaf, 2020). Hamilton CMA is still experiencing, on net, positive levels of intraprovincial migration of people 55 and older.

Figure 12: Intraprovincial movements for Hamilton & regions for ages 55 and over



Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Mapping intraprovincial movements for ages 35 to 54

Figure 13: Net intraprovincial movements for Hamilton CMA for ages 55+, 2010 - 2015

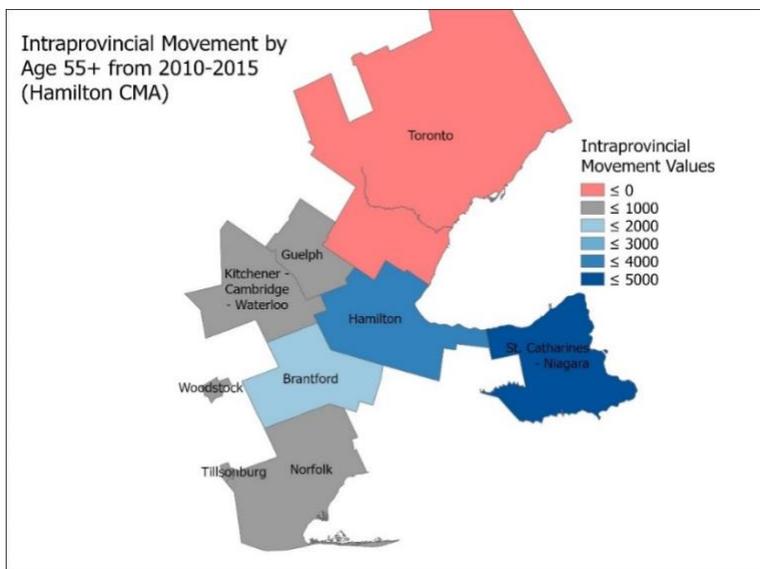
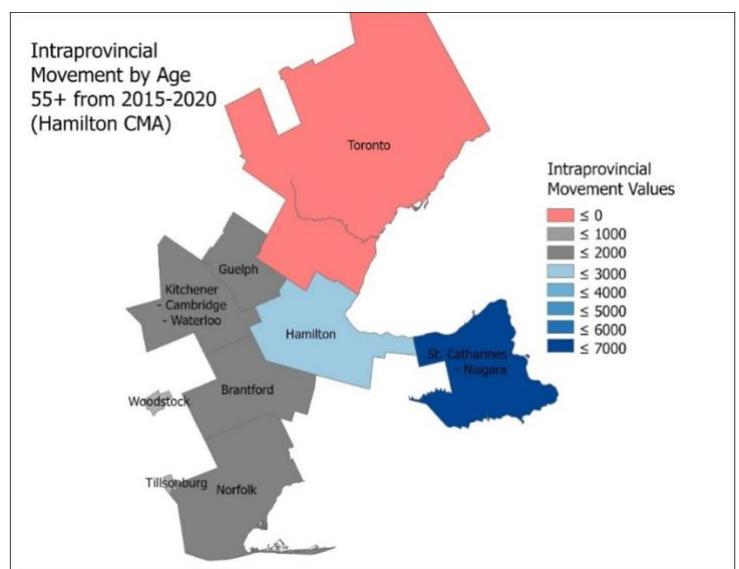


Figure 14: Net intraprovincial movements for Hamilton CMA for ages 55+, 2015 - 2020



Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Intraprovincial migration, inflows and outflows, for Hamilton - 2016 to 2019

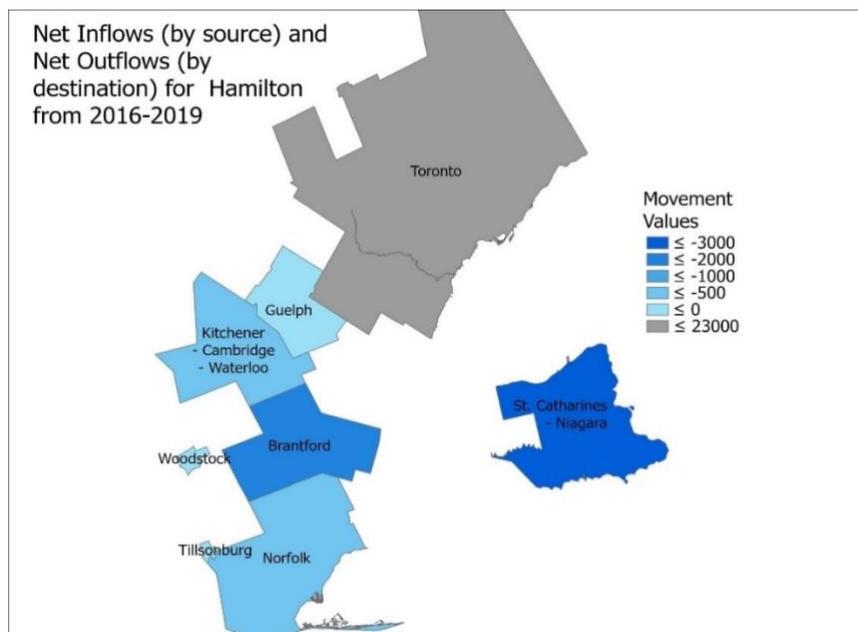
The previous set of charts on migration tells us how many people, on net, are moving into (or from) a community from the rest of Ontario. Unfortunately, they do not tell us *where* in the province they are coming from, due to limitations in the data.

There is another data series, however, that can provide information on how many people are moving to and from any pair of communities in Canada. However, it suffers the limitation that it does not break down the migration by age, and data is only available for the three one-year periods of 2016-17, 2017-18, and 2018-19.

What it tells us is rather remarkable: almost *all* of the net intraprovincial inflow experienced in Hamilton CMA is coming from Toronto, while Hamilton is *losing* on net, population to almost every other community in the province. The biggest destinations for Hamiltonians are the CMAs of St. Catharines-Niagara, and followed by Brantford, Kitchener-Cambridge-Waterloo, the country of Norfolk, Woodstock, and finally Guelph (Figure 25), along with rural communities that are not part of a census metropolitan area or census agglomeration. In the three years that we have data, on net, over 10,000 people moved from Hamilton CMA to St. Catharines-Niagara, Brantford, and rural Ontario alone.

Given that residents of Hamilton CMA are moving to smaller communities within driving distance of the City and given that these growing communities are adding large numbers of young families, we can be reasonably confident that Hamilton families are making the move due to the availability of housing in those communities.

Figure 15: Net inflows and outflows for Hamilton CMA from 2016 to 2019



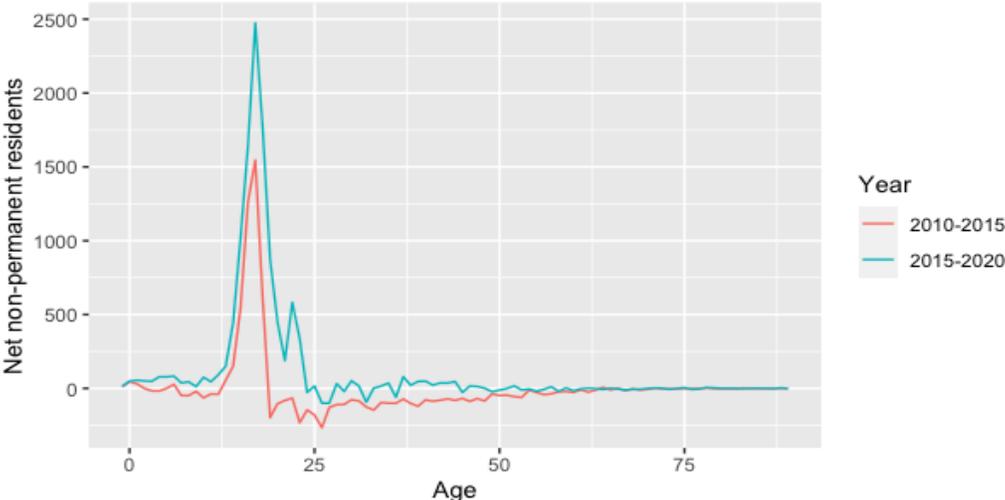
Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

Net non-permanent residents for Hamilton by age

Hamilton experienced a substantial increase in international *non-permanent residents* calling the community home. These are younger individuals seeking economic opportunities and gaining experience in Canada’s labour market. This is a relatively new phenomenon. Between 2010 and 2015, the community added, on net, no new net-permanent residents. For every non-permanent resident who came to the community (typically around ages 18-20), another one left (typically around ages 23-40), leaving the population relatively unchanged.

The story was substantially different from 2015 to 2020, where Hamilton CMA added, on net, over 10,000 international net non-permanent residents. During that time, one-quarter of Hamilton CMA’s population growth came from international non-permanent residents (10,659 out of 43,412). These were primarily international students and those staying after graduation under Canada’s Post-Graduation Work Permit Program (PGWPP). The rise in the number of residents in the PGWPP explains the increased numbers of non-permanent residents in their mid-20s.

Figure 16: Net non-permanent residents for Hamilton CMA



Source: Calculated from Statistics Canada. Table 17-10-0136-01 Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

International students in Hamilton CMA

A substantial portion of population growth can be explained by increasing international student enrollments in educational institutions. Across Canada, international student enrollment grew from 101,000 in 2008 to 318,000 in 2018, making up 57 percent of the total increase in all academic enrollments (Thevenot, 2020). While Hamilton forms a small share of international study permits, the number of these permits issued have been increasing in the CMA of Hamilton from 2015 to 2018 (the final year in which we have data), in line with increasing immigration numbers (Figure 27). Predominantly, this increase is explained by a larger number of international students pursuing undergraduate programs at McMaster University or Mohawk College. Graduate program enrollments, on the other hand, have remained relatively flat (Figure 28). Overall, the increase in international students is roughly split between the two institutions.

Figure 27: Study permit holders in Hamilton CMA, month-on-month

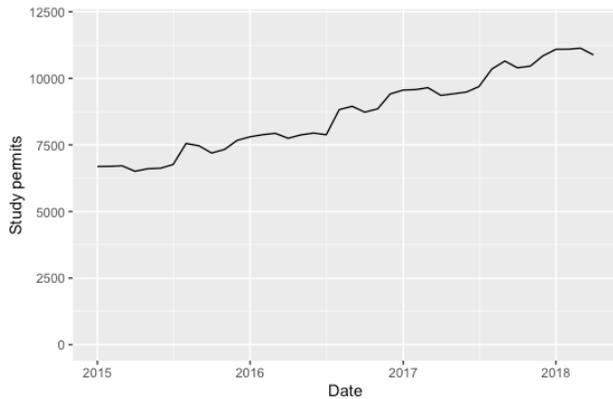
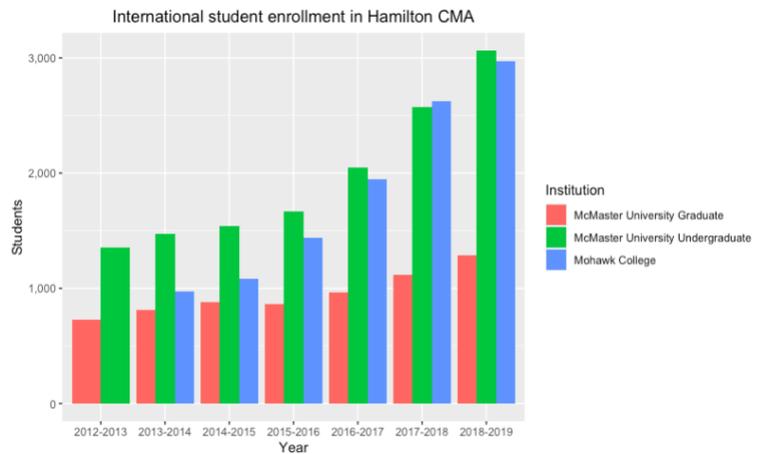


Figure 28: International student enrollment in Hamilton CMA



Source: Canada - Study permit holders by province/territory of intended destination and census metropolitan area, January 2015 - April 2018, Immigration, Refugees and Citizenship Canada (IRCC)

Source: Canada - Statistics Canada. Table 37-10-0018-01 Postsecondary enrolments, by registration status, institution type, status of student in Canada and gender

How is population growth impacting Hamilton?

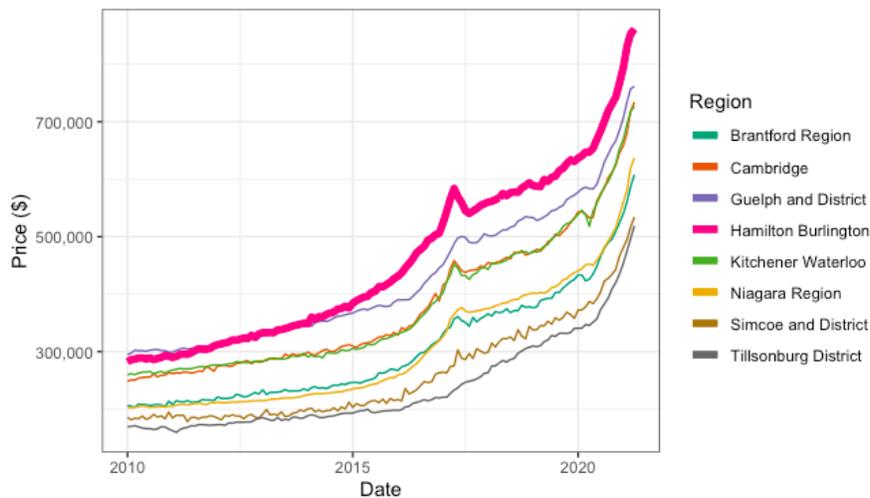
One of the immediate impacts of a growing population in Hamilton is on the housing market. A faster increase in population combined with a relatively slower growth in the construction of homes⁵ has pushed up demand for homeownership and consequently, the prices of homes (Figure 29). This trend has led to two effects. The first is known as the ‘drive until you qualify’ effect which has been driving families away from Toronto to cities like Hamilton, pushing prices up in Hamilton. This increase in prices leads to the ‘musical chairs’ effect in which existing Hamilton residents, who would like to buy a larger property (or transition from renting to buying) can no longer afford homes in the community. And when residents are priced out of Hamilton’s real estate market and can no longer afford homes in the community, they in-turn ‘drive’ until they arrive at a geographic location that they can afford, such as the Niagara Region or Tillsonburg.

These dynamics imply that not only has Hamilton gained residents from Toronto, but it has also lost residents to communities and cities around it, all of which have lower home prices. This is seen in Figure 30, which shows the HPI composite benchmark price in Hamilton as well as the communities that are experiencing an influx of residents from Hamilton. While home prices in all of these regions, including Hamilton, have increased in tandem with each other, those in Hamilton have been rising by a significant margin. This difference in prices is motivating the migration of families from Hamilton to places like Norfolk (Simcoe), and Tillsonburg where homeownership is still relatively affordable (Figure 29).

⁵ Growth in home construction has been slow for several reasons. First, is the lack of available developed land to build on; second, this lack stems from delays and gaps in processing permit applications by local city authorities. While housing starts are gradually picking up, the stark growth in population in the past five years has led to demand far outstripping supply or the capacity of municipal governments to process permits.

Figure 29: Annual average home prices (HPI) in Hamilton and regions

MLS® Home Price Index average annual composite benchmark price



Source: Calculated from the MLS® Home Price Index (HPI), the Canadian Real Estate Association (CREA)

Housing supply in Hamilton and surrounding communities

Housing affordability and home prices are also determined by housing supply. Despite a trend of increasing population, mostly immigrants and non-permanent residents, the rate of growth of the housing supply overall has not kept pace in Hamilton CMA.

Ontario's population grew by 571,340 people in 2010-15. By 2015-2020, this figure was 1,026,896, an 80 percent increase over the previous period. This would suggest that Ontario communities, such as Hamilton CMA, should have built 80 percent more homes and apartment units in 2015-20 than they did in 2010-15.

In Hamilton CMA, however, the overall number of housing units built *fell by 7 percent* in 2016-20 relative to 2011-15. Specifically, we saw:

- A decrease in the number of single, semi-detached and row homes built, from 11,172 to 8,574, a decrease of 23 percent.
- An increase in the number of apartment units built, from 2,430 to 4,025, an increase of 66 percent, not keeping up with the 80 percent change in population growth.

Had the growth in housing completions kept up with the changes in Ontario's population growth, Hamilton CMA would have seen an additional 11,536 single, semi-detached, and row homes built and 349 additional apartment units in 2015-20, relative to what was actually built. With demand for housing outstripping supply, families have been casting a wider net in the region to look for communities where homes are not only affordable but also available.

This lack of housing options is reflected in Figures 30 to 41 that depict housing completions, by census subdivisions and by housing type, for CMAs to which Hamilton has been losing most of its residents in the past few years. While completions trend has been stagnant in Hamilton, they have been rising slowly but surely in the other CMAs. While housing completions picked up only in 2020 in Brantford CMA, for example, they began rising as early as 2015 in the CMAs of Kitchener-Cambridge-Waterloo (KCW), Guelph, St. Catharines-Niagara, and in 2016 in the county of Norfolk and the town of Tillsonburg.

Breaking down housing completions by housing type illustrates the varying approaches of regions to increasing housing supply. For example, while Brantford and St. Catharines-Niagara CMAs and Norfolk/Tillsonburg have built more single housing units, the CMAs of KCW and Guelph have focused on completing apartment units. While some of the increase in housing supply is welcome in these communities, these trends are cause for concern given that Ontario's population is expected to continue rising at unprecedented levels based on planned immigration numbers. City planners in these communities will need to determine how to plan and build housing commensurate with current and expected population growth in a way that does not harm the Ontario Greenbelt, or climate change mitigation and adaptation efforts.

Figure 30: Housing completions by census subdivisions, Hamilton CMA

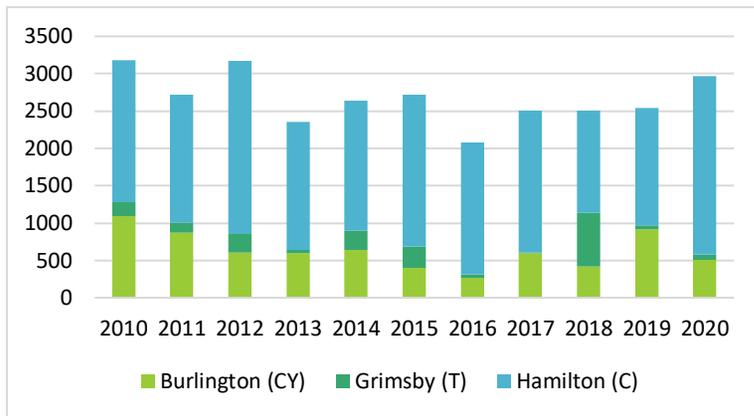


Figure 31: Housing completions by type, Hamilton CMA

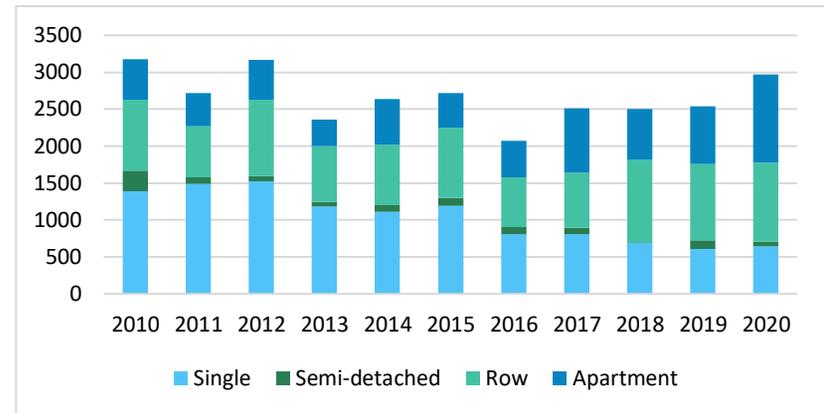


Figure 32: Housing completions by census subdivisions, Brantford CMA

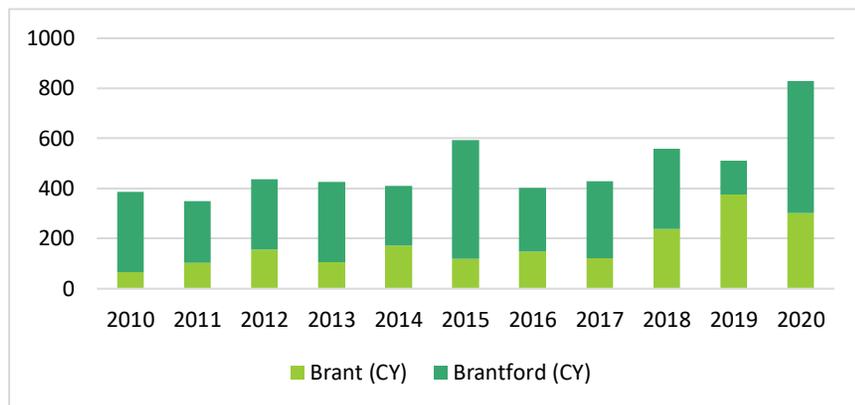
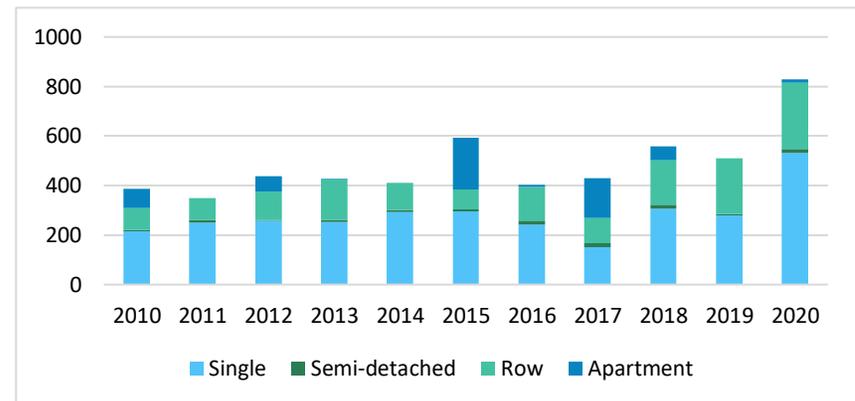


Figure 33: Housing completions, by type, Brantford CMA



Source: Starts and Completions Survey, Canada Mortgage and Housing Corporation (CMHC)

Figure 34: Housing completions by census subdivisions, Kitchener-Cambridge-Waterloo CMA

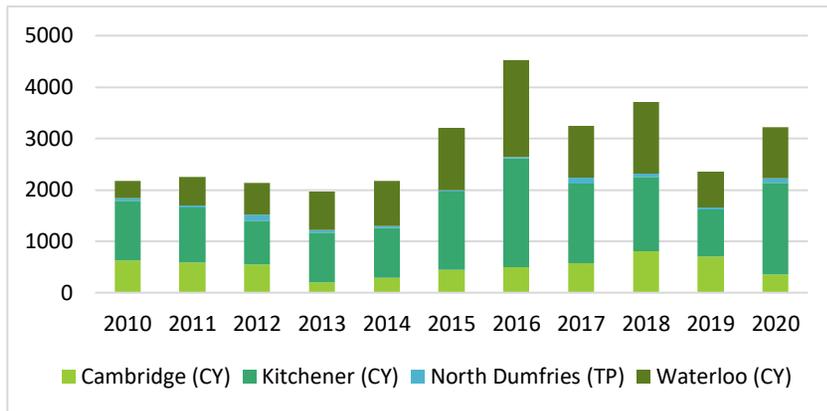


Figure 35: Housing completions, by type, Kitchener-Cambridge-Waterloo CMA

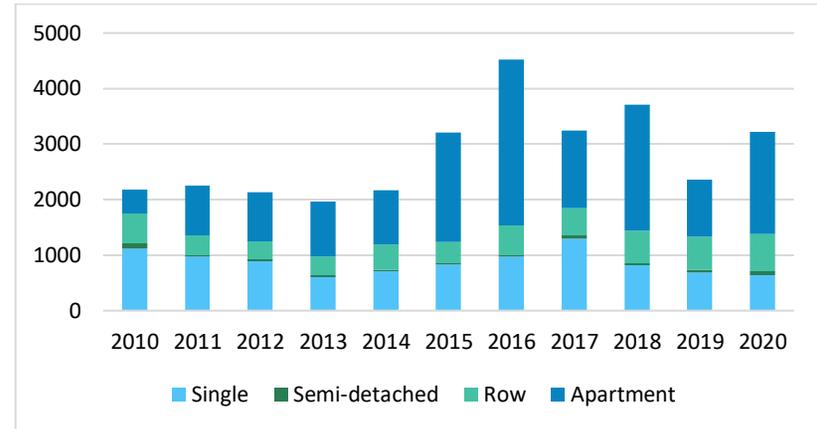


Figure 36: Housing completions by census subdivisions, Guelph CMA

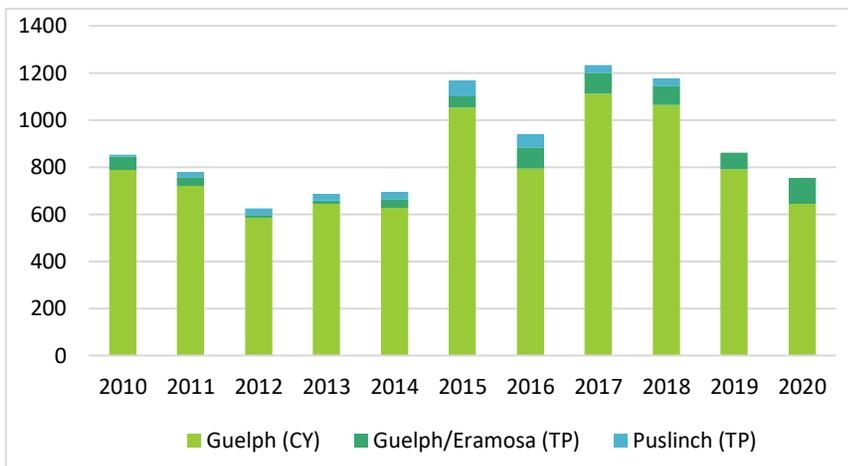
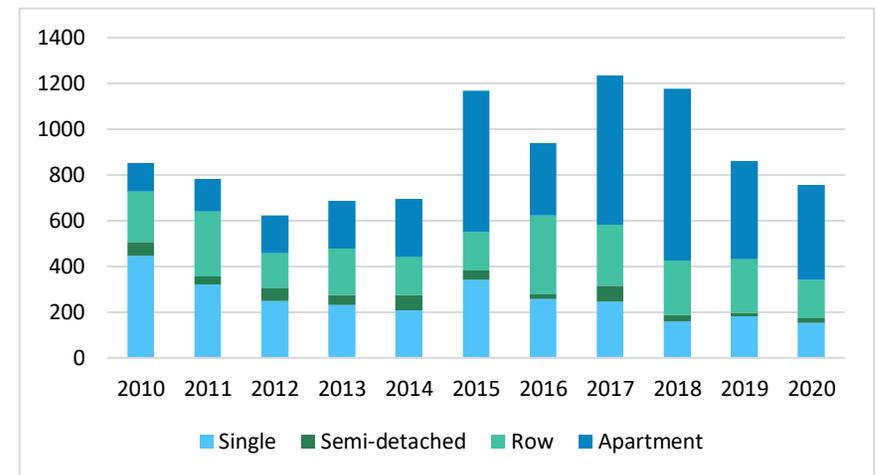


Figure 37: Housing completions, by type, Guelph CMA



Source: Starts and Completions Survey, Canada Mortgage and Housing Corporation (CMHC)

Figure 38: Housing completions by census subdivisions, Norfolk County & Tillsonburg

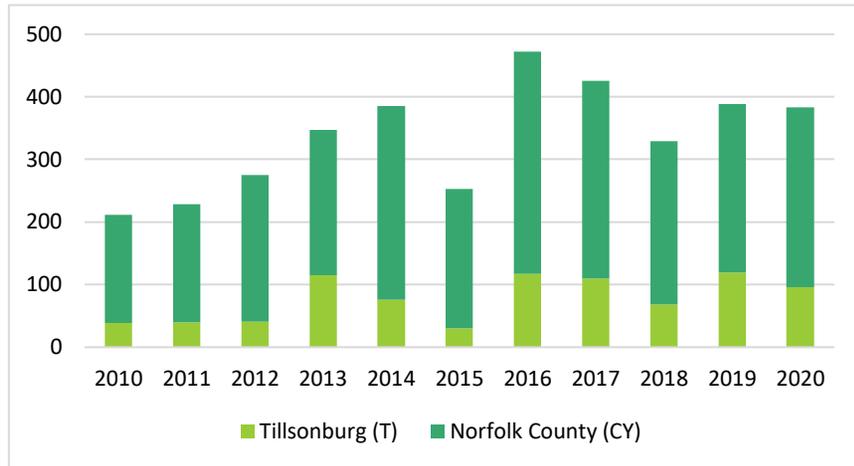


Figure 39: Housing completions, by type, Norfolk County & Tillsonburg

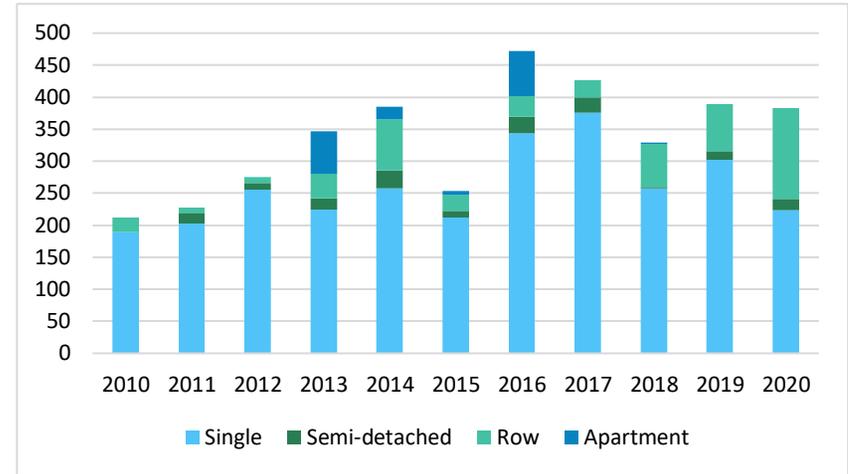


Figure 40: Housing completions by census subdivisions, St. Catharines & Niagara CMA

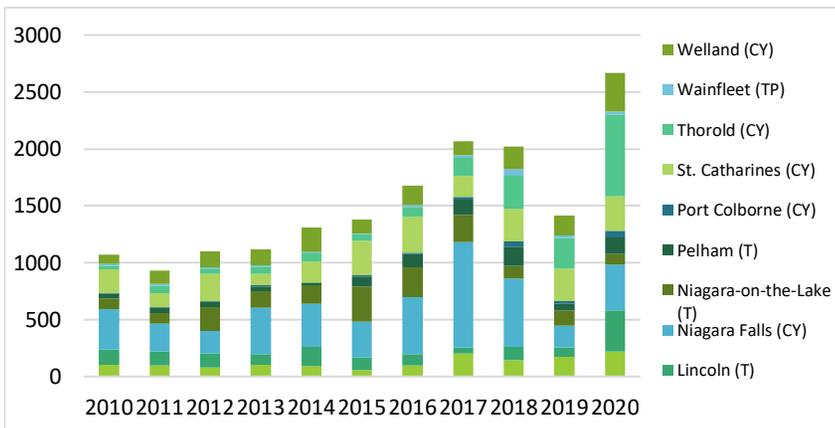
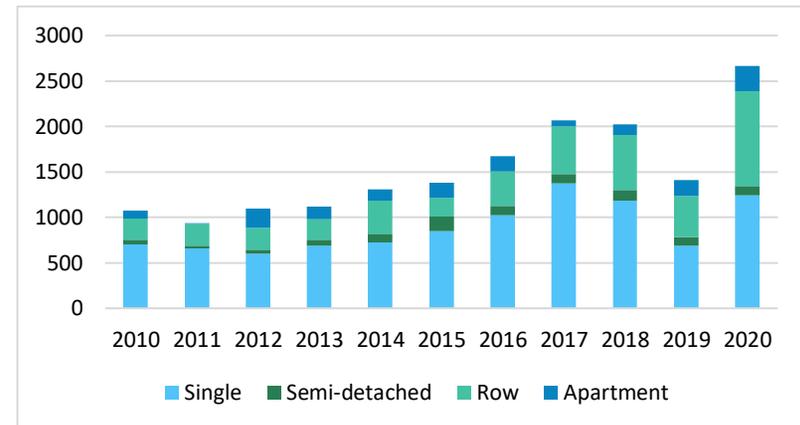


Figure 41: Housing completions, by type, St. Catharines & Niagara



Source: Starts and Completions Survey, Canada Mortgage and Housing Corporation (CMHC)

Conclusion

What happened to housing in Hamilton, Burlington and Grimsby is easy to understand:

1. Starting in 2015, the population of the Golden Horseshoe dramatically increased due to an influx of talented, young international students and workers to the area.
2. Despite this regional population increase, the number of houses built in Hamilton CMA fell in 2015-20 relative to 2010-15.
3. Too many families chasing too few homes led to Hamilton becoming the city with the third worst housing affordability in all of North America, relative to median incomes of households.

The population pressures leading to this point are likely not going to diminish. The outlook for Hamilton CMA to continue attracting international talent is bright given the Government of Canada's recently announced immigration targets (Government of Canada, 2020) and the fact that it is home to two leading educational institutions, McMaster University and Mohawk College. With its strong and diversified local economy, Hamilton CMA has the potential to entice immigrants and recently graduated students to live and work in Hamilton.

However, if the supply of housing in Hamilton CMA continues to grow more slowly than its population, more and more young families (including those talented international students) will embark on the '*drive until you qualify*' pathway to find cheaper housing outside of Hamilton. And as the housing shortage worsens, it will push up home prices in Hamilton even further, pricing out current residents and causing Torontonians to move elsewhere in Ontario as well. A lack of long-term planning of residential housing can lead to pressures on the greenbelt, transportation-related pollution, and the threat of diminishing protected areas. This means that a continuous exodus of people from Hamilton to surrounding communities could threaten Hamilton's ability to attract and retain talent, mitigate greenhouse gas emissions and its capacity to adapt to climate change caused by residential planning that does not consider an appropriate balance between housing supply and growing demand.

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