



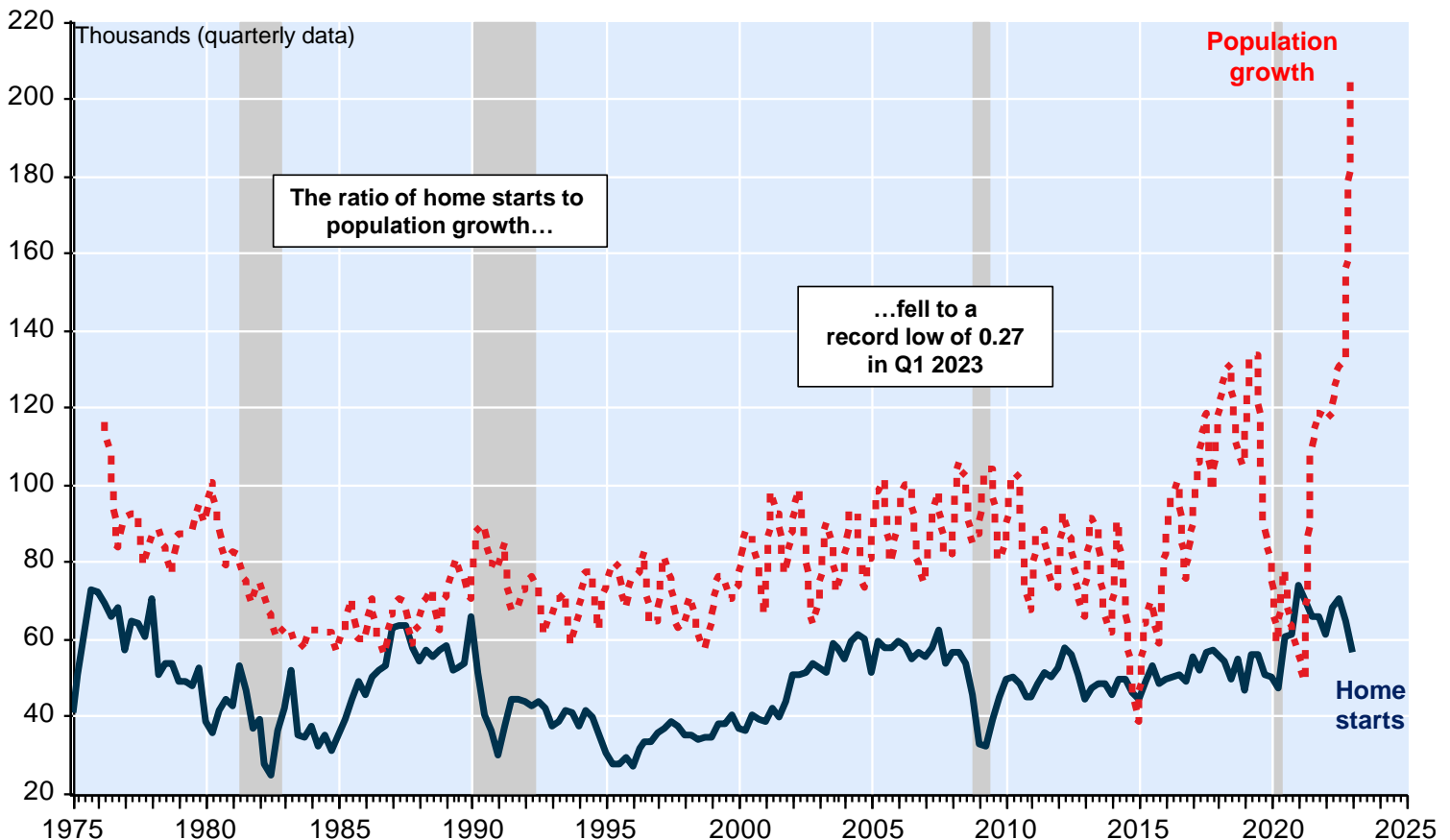
Canada Watch

By Stéfane Marion

Canada's March [employment report](#) not only showed strong job creation, but also confirmed that our country's population growth continues to accelerate in 2023. In March alone, the working-age population expanded by 80,000 people. This brings the cumulative increase to 204,000 in the first quarter of 2023. As today's Hot Chart shows, there is no precedent for a quarterly rise of this magnitude (for comparison, the UK population increased by 200,000 in a full year in 2022). Unfortunately, Canadian homebuilders are unable to keep up with this population surge. We estimate housing starts for Q1 2023 at only 57,000 units. At just 0.27, the ratio of housing starts to working-age population growth is the lowest on record and well below its historical average of 0.61 (the ratio is normally below 1 to account for the fact that there is more than one person per household). The lack of new housing starts in the face of very strong population growth will continue to put pressure on housing affordability in the coming quarters. Ottawa should consider revising its immigration targets to allow supply to catch up with demand.

Canada: Homebuilders aren't keeping up with population growth

Quarterly change in population aged 15+ vs. quarterly residential home starts



NBF Economics and Strategy (data via Statcan and [Fred](#))

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