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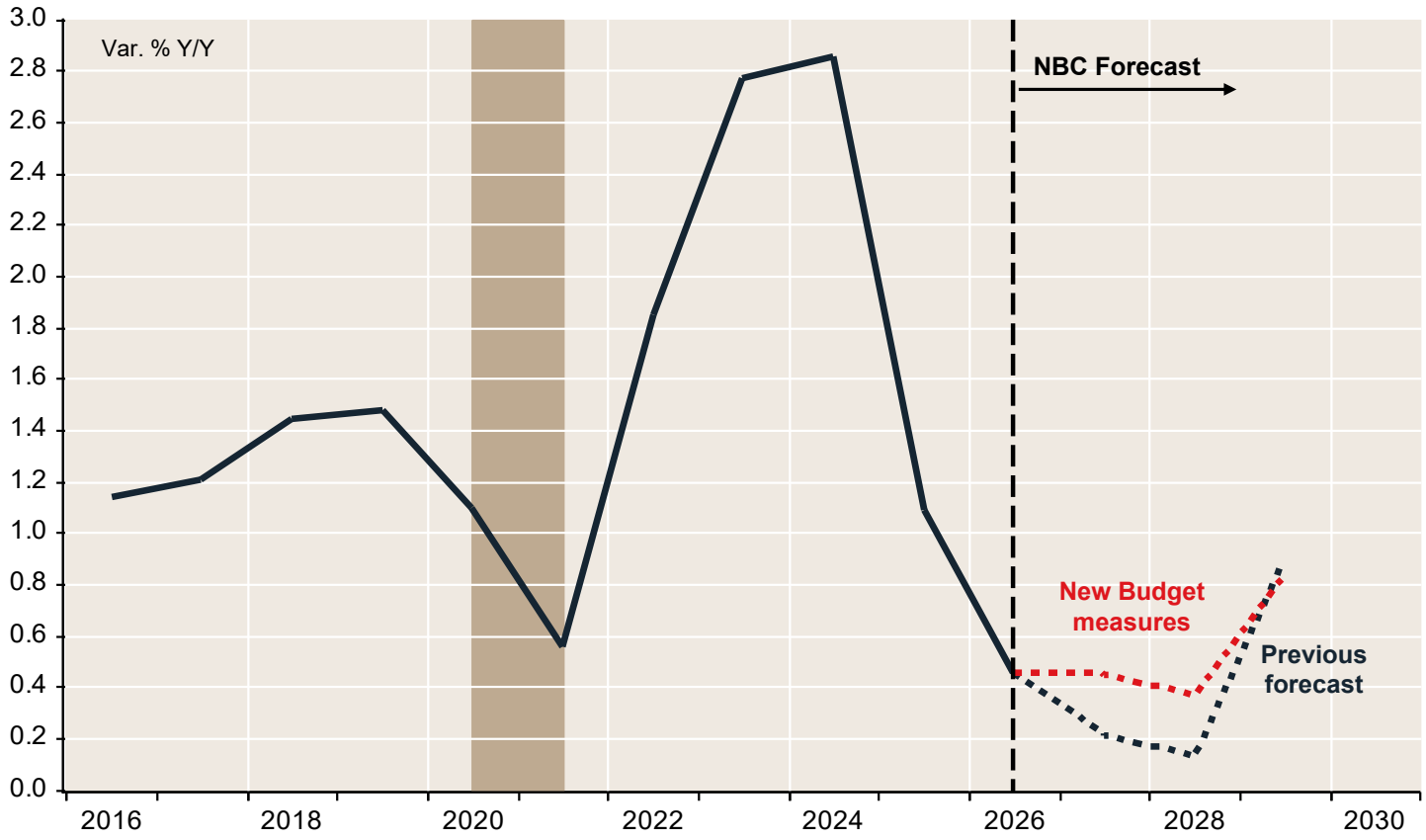
Canada Watch

By Daren King and Matthieu Arseneau

A few weeks ago, Prime Minister Carney suggested that a controlled increase in immigration levels might be considered to stimulate the Canadian economy. The government took advantage of last week's budget announcement to update its immigration policy for the next three years. What are the implications of these announcements? The government has indicated that it will offer 200,000 non-permanent residents already living in Canada the opportunity to obtain permanent residence by the end of 2027. This measure is in addition to the previously announced targets for permanent residents. The government could thus achieve its goal of reducing the proportion of non-permanent residents to below 5% of the total population by the end of 2027, while limiting the forced departures of people already well-established in the country and the resulting human impacts. This could help mitigate the damage to Canada's reputation as a preferred destination for immigration, a reputation already somewhat tarnished by the forced departures imposed recently. This approach also reduces the magnitude of the demographic slowdown expected in 2027 and 2028, a trend that concerned us prior to these announcements, since the **housing market** is already showing signs of a marked cooling. As shown in today's *Hot Chart*, population growth would therefore stand at 0.4% in 2027 and 2028, rather than 0.2% and 0.1%, respectively. These rates remain low, however, from a historical perspective. Nevertheless, we have revised our estimate of potential economic growth upward by two-tenths of a percentage point; it now stands at 1.6% in 2027, compared with 1.3% in 2026.

Canada: Fewer forced departures, more population growth

Annual population change. Previous and revised forecast with new measures announced in Federal Budget



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