

HOUSING MARKET INSIGHT

Calgary CMA



CANADA MORTGAGE AND HOUSING CORPORATION

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“Total population in Calgary is forecast to grow at its slowest rate since 2010, largely due to a decline in net migration, and contribute to weaker demand for housing. While the growth rate of some of the younger cohorts is projected to decline, the seniors’ population will continue to post strong year-over-year gains.”



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Population growth in Calgary is forecast to moderate and contribute to a decline in housing demand

Population growth, in particular net migration, is one of many factors that contribute to housing demand. However, these demographic fundamentals are expected to remain relatively weak over the next two years. The population in Calgary is forecast to grow at a much slower rate in 2016 and 2017 compared to historical averages. This will be largely due to a decline in net migration. The distribution of the population across different age groups, along with a decrease in net migration will contribute to a slower pace of population growth among young adults. While the growth rate of some of the younger cohorts is projected to moderate, the older age groups will continue to post strong year-over-year gains.

Weaker economic conditions and slower net migration will keep population growth below historical averages

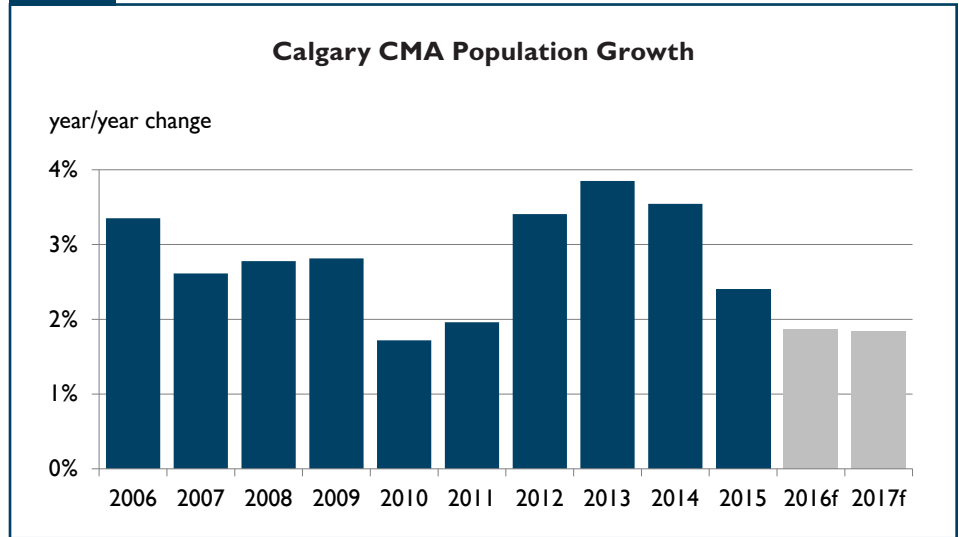
The population in Calgary had grown at an impressive rate over the last 10 years, posting gains well above the national average. From 2006 to 2015, the population in Calgary increased an average of 2.8¹ per cent per year while

¹ Statistics Canada. No date. Table 051-0056 Estimates of population by census metropolitan area, sex and age group for July 1, based on the Standard Geographical Classification (SGC) 2011, annual (persons). CANSIM (database). Last updated February 9, 2016
<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0510056&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=> (accessed: May 06, 2016)

the yearly average for Canada was 1.1² per cent over the same time period. With the exception of 2010 and 2011, population growth in Calgary had been strong, due to favourable economic conditions. Higher oil prices and increased investments in the energy sector had attracted many prospective workers to the region as demand for labour rose in many industries. Population growth was particularly strong between 2012 and 2014 when Calgary posted record levels of net migration and the population increased by as much as 3.8³ per cent a year. This also boosted demand for housing with total housing starts and MLS[®] sales reaching a record high in 2014.

Following several years of pronounced increases, the rise in Calgary's population has started to slow down. The population in 2015 grew at 2.4⁴ per cent compared to 3.5⁵ a year earlier. As was the case in 2008, the price for oil declined in 2015 impacting investments in the energy industry. However, oil prices are not expected to rebound as quickly as it did following the last downturn, and economic recovery will be more gradual. The slowdown in the oil and gas sector has spread to many other areas of the economy resulting in job losses, especially in full-time positions. In the first quarter of

Figure 1



Source: Statistics Canada (Table 051-0056), CMHC Forecast (f)

2016, the unemployment rate increased to 8.9⁶ per cent compared to 5.6⁷ in the same period in 2015. With fewer employment opportunities in Calgary, along with stronger labour market conditions in other areas of the country, net migration to Calgary is projected to decline and remain relatively low. This will limit Calgary's population growth in 2016 and 2017, and also temper housing demand.

Population growth is driven by changes in the natural increase, which is births minus deaths, and net migration. However, it was the

pronounced gains in net migration that pushed Calgary's population growth rate well above historical averages in previous years. With net migration expected to be relatively low, population growth in Calgary will also follow suit. Net migration is projected to decline from 21,057⁸ in 2015 to 14,000 in 2016. In 2017, net migration is projected to increase slightly to 14,500 but remain below the 2006-2015 average of 24,234⁹. The natural increase is also projected to decline as economic conditions deteriorate. This was also observed after the last economic downturn when the natural increase rose only

² Statistics Canada. No date. Table 051-0001 Estimates of population, by age group and sex for July 1, Canada, provinces and territories, annual (persons unless otherwise noted). CANSIM (database). Last updated September 28, 2015

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0510001&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=> (accessed: May 16, 2016)

³ Statistics Canada. No date. Table 051-0056 Estimates of population by census metropolitan area, sex and age group for July 1, based on the Standard Geographical Classification (SGC) 2011, annual (persons). CANSIM (database). Last updated February 9, 2016 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0510056&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=> (accessed: May 06, 2016)

⁴ ibid

⁵ ibid

⁶ Statistics Canada. No date. Table 282-0128 Labour force survey estimates (LFS), by census metropolitan area based on 2011 Census boundaries, sex and age group, 3-month moving average, unadjusted for seasonality, monthly (persons unless otherwise noted). CANSIM (database). Last updated May 5, 2016 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820128&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=> (accessed: May 19, 2016)

⁷ ibid

⁸ Statistics Canada. No date. Table 051-0057 Components of population growth by census metropolitan area, sex and age group for the period from July 1 to June 30, based on the Standard Geographical Classification (SGC) 2011, annual (persons). CANSIM (database). Last updated February 9, 2016 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0510057&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=> (accessed: May 06, 2016)

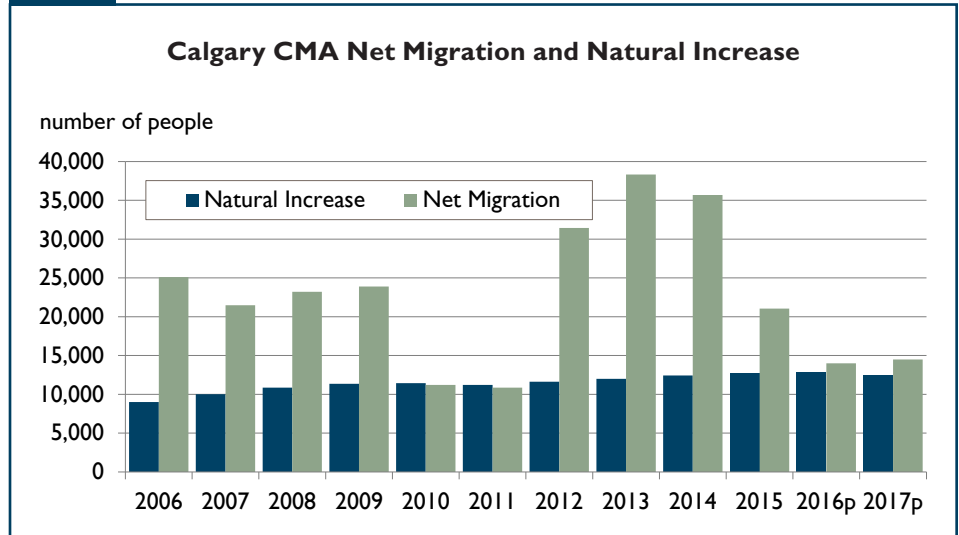
⁹ ibid

0.7¹⁰ per cent and declined two¹¹ per cent in 2010 and 2011, respectively. Following a rise of 2.4¹² per cent in 2015, the natural increase in 2016 is projected to increase 0.3 per cent and then decline 2.9 per cent in 2017.

Following several years of elevated growth, the population in Calgary is forecast to rise only 1.9¹³ in 2016 and 1.8¹⁴ per cent in 2017. This will bring the population in Calgary to 1,466,500¹⁵ and 1,493,400¹⁶ in 2016 and 2017, respectively. While total population growth is expected to remain below two¹⁷ per cent over the forecast period, the projected rate of change will vary based on age group. The growth rate in the older cohorts are expected to remain elevated and surpass the total average for all age groups for the next several years as more and more baby boomers enter into their retirement years. The cohorts that are projected to post the slowest growth rates in 2016 and 2017 are in the 15 to 19, 20 to 24 and 25 to 34 age groups.

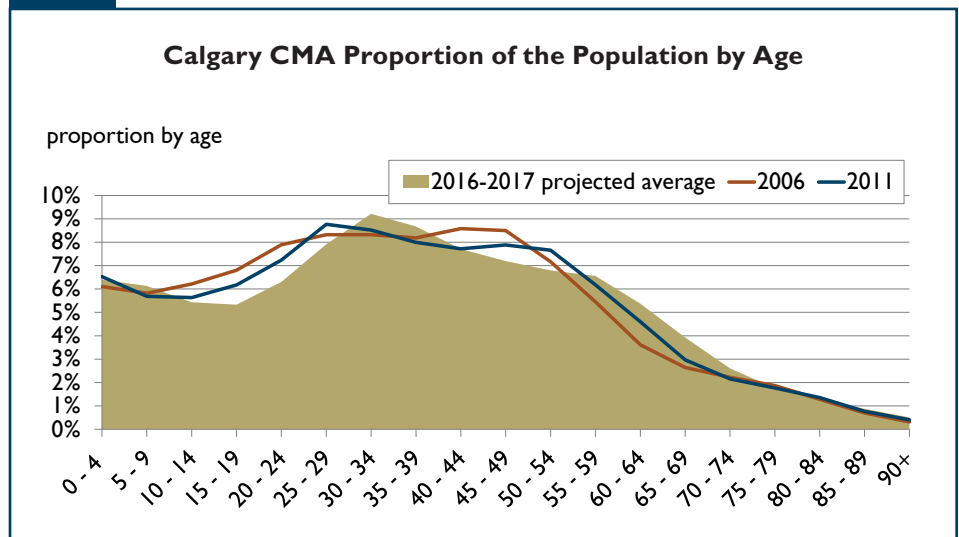
The projected slowdown in the population growth of the younger age groups is partly due to fewer people migrating to Calgary. On average, from 2006 to 2015, over 50¹⁸ per cent of net migrants were between the ages of 20 to 34. Conversely, after the age of 45, migration quickly declined, capturing less than three¹⁹ per cent of total net migration. The population among the younger cohorts tend to be more transient, as many are drawn

Figure 2



Source: Statistics Canada (Table 051-0057), CMHC calculation and projection (p)

Figure 3



Source: Statistics Canada (Table 051-0056), CMHC calculations

¹⁰ ibid
¹¹ ibid
¹² ibid
¹³ Canada Mortgage and Housing Corporation (CMHC), Housing Market Outlook, Calgary, Spring 2016
¹⁴ ibid
¹⁵ ibid
¹⁶ ibid
¹⁷ ibid
¹⁸ Statistics Canada. No date. Table 051-0057 Components of population growth by census metropolitan area, sex and age group for the period from July 1 to June 30, based on the Standard Geographical Classification (SGC) 2011, annual (persons). CANSIM (database). Last updated February 9, 2016 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0510057&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=> (accessed: May 06, 2016)
¹⁹ ibid

to areas with more promising employment opportunities. With the unemployment rate in Calgary expected to remain elevated throughout 2016 and 2017, some migrants will look to other regions in the country that have more favourable labour market conditions. In addition to net migration, the distribution of the population across different age groups has also contributed to the slower pace of growth projected for the younger age groups.

The population in Calgary continues to mature as the proportion of the population gradually shifts to older age groups. In 2006, nine²⁰ per cent of the population was at least 65 years old. This proportion increased to 9.4²¹ per cent in 2011, and is projected to average 11 per cent in 2016 and 2017. On the other hand, the proportion of the population for some of the younger cohorts is projected to decline. For instance, the proportion of those aged 10 to 14, 15 to 19 and 20 to 24 are projected to be lower in 2016 and 2017, compared to 2006 and 2011.

²⁰ Statistics Canada. No date. Table 051-0056 Estimates of population by census metropolitan area, sex and age group for July 1, based on the Standard Geographical Classification (SGC) 2011, annual (persons). CANSIM (database). Last updated February 9, 2016 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0510056&&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=> (accessed: May 06, 2016)

²¹ *ibid*

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