

# HOUSING MARKET INSIGHT

## Nova Scotia



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: August 2016

*"Demographic trends are changing household formation and the demand for housing throughout the Atlantic Provinces. Of these, the most striking are declining fertility rates combined with a rapidly aging population, leading to an essential need for immigration into the region. With those factors, one can only wonder how many housing units and what housing types will be required to meet demand over the next 20 years."*



Katelyn MacLeod,  
Market Analyst

### SUBSCRIBE NOW!

Access CMHC's Market Analysis Centre publications quickly and conveniently on the Order Desk at [www.cmhc.ca/housingmarketinformation](http://www.cmhc.ca/housingmarketinformation). View, print, download or subscribe to get market information e-mailed to you on the day it is released. CMHC's electronic suite of national standardized products is available for free.

## Demographics and the Evolution of Housing in Atlantic Canada

*The Atlantic Provinces exhibit a unique set of characteristics both in its demographic trends and in the evolution of its housing stock. With declining fertility rates and an aging population, provincial growth has been and will continue to be driven by migration. With education and employment levels increasing, especially among women, delaying starting a family and smaller family sizes have become the norm. As our population ages, specific housing implications will surface, such as downsizing and the ability to age in place. Such changes impact housing demand, most notably in the declining demand for single-detached new homes, the increases in rental apartment construction and the slower pace of the resale market throughout Atlantic Canada. As these trends continue, housing demand will shift, accommodating the needs of a smaller young adult population in addition to an ever growing senior population.*

### Stagnant population in Atlantic Canada

Since 1971, the population of three of the four Atlantic Provinces has grown, rising by 30 per cent in Prince Edward Island (PEI), 18 per cent in Nova Scotia (NS) and 17 per cent in New Brunswick (NB). Newfoundland and Labrador (NL), in contrast, is down 0.6 per cent as of 2015, a rise however, from population lows recorded in the province from 2006-2008<sup>1</sup>. Atlantic Canada's population growth has been modest compared to the Canadian average, which grew by 63 per cent during this time frame.

The Atlantic Provinces are less urbanized compared to the remaining Canadian provinces. Urban populations total 59 per cent in NL, 57 per cent in NS, 53 per cent in NB and at 47 per cent, PEI is the only Canadian province with more people living in rural areas than in urban centers. In comparison, British Columbia (BC) and Ontario (ON) have urban populations of 86 per cent.<sup>2</sup> However, this does not accentuate the population growth of the census metropolitan areas (CMA)'s in Atlantic Canada. Over the past decade, while total populations in NL, NS and NB grew by 3.4 per cent, 0.5 per cent and 1.1 per cent, respectively, the populations of St. John's, Halifax and Moncton grew by 16.6 per cent, 8.6 per cent and 14.1 per cent<sup>3</sup>.

## Migration is the driving force behind population growth

Over the past decade, the Atlantic Provinces have lost 49,392 people due to interprovincial migration and have gained 74,503 international migrants. With weak population growth in Atlantic Canada, the push for policies to help support international migration have become essential. Since 2002, international migration figures have been positive in all Atlantic Provinces with rapid growth occurring specifically since 2006. It is important to note, however, that low retention rates mean that a significant portion of the immigrants that enter each province in the current year for example could become part of the interprovincial losses in years to come.

Although international migration into the Atlantic Provinces over the last ten years has been strong, this did not necessarily translate into a rise in single family home construction. What did occur, however, was a

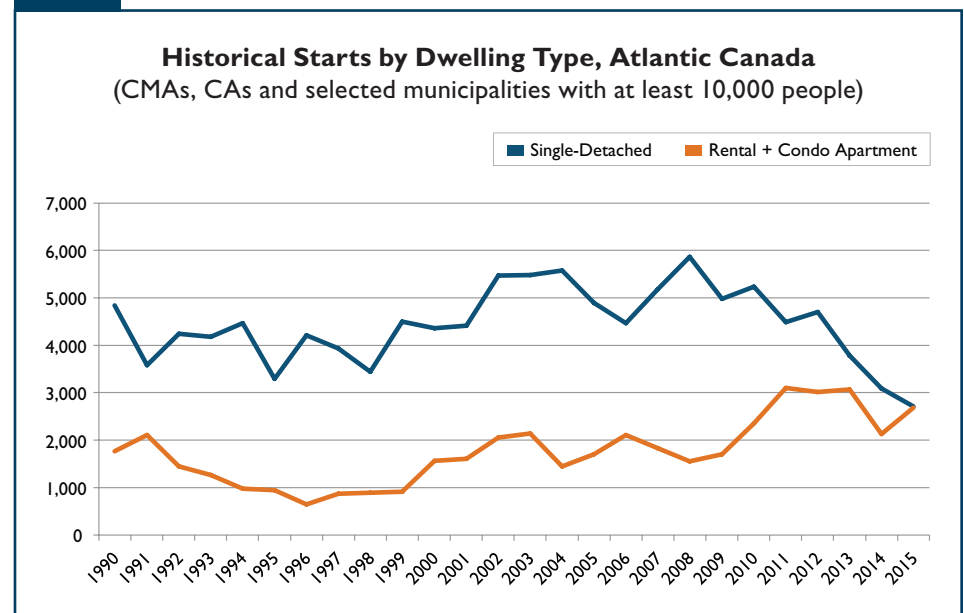
rise in apartment construction. From 2009-2013, 1,254 rental apartment starts were recorded in PEI, a significant rise for a market that was accustomed to recording less than 100 apartment starts on average per year from 1990-2008. NS followed a similar trend as PEI. Despite strong international migration in 2015, single-detached starts reached an all-time low, which was half the number of apartment starts. This indicates that although international migration levels were providing a population boost to the province, newcomers were opting for rental accommodations rather than new home construction.

NL, is the only Atlantic province to record positive interprovincial figures consecutively since 2009, with the exception of 2015 when the economic slowdown caused interprovincial migration numbers to return to negative. During these years, the single-detached starts market flourished in NL, remaining, on average, elevated above 1,500 units per year until the market began to slow down in 2014, dropping to a low of 875 starts by year-end 2015.

Although international migration has been an integral part of population growth, intraprovincial migration has also played an important role as more and more people opt to vacate the smaller urban regions to the larger urban centers of the provinces for greater employment opportunities. Over the past decade especially, intraprovincial migration into the smaller centers has been shrinking while larger portions of the population are migrating to more urban areas. This is evident in St. John's, Halifax and Moncton, where intraprovincial figures in the last decade have totaled 15,095, 13,035 and 10,074, respectively<sup>4</sup>, playing an important role in the growth of these urban cores.

With interprovincial outmigration being driven by younger households, demand for single-detached construction will continue to be impacted. On the other hand, stronger levels of international and intraprovincial migration tends to support multi-residential demand, especially in the urban centers.

Figure 1



Source: CMHC

This multi-residential demand is also supported by the younger demographic of migrants, as the median age of newcomers to Canada in 2011 was 31.7.<sup>5</sup>

## Fewer young adults and a rapidly aging population

In the four Atlantic Provinces, the young adult population aged 25-34 has been dwindling while the population 75 and over will continue to grow more rapidly. Fewer young adults means fewer households being formed and a smaller and delayed pool of first time home buyers. An aging population base, however, means a greater demand for rental accommodations as the hassle free lifestyle associated with renting has become attractive to those wishing to downsize.

The aging population in Atlantic Canada combined with declining fertility levels has led to a grim population outlook for the region overall. Using CMHC's Potential Housing Demand (PHD) Model, four population scenarios were developed for each province based on continued population trends and estimated net migration levels for 2016 to 2036. Looking at the average scenario for each province, i.e. the update that includes the average of net migration over the last five years, leaves each province, with the exception of PEI, with a population by 2036 that is significantly lower than the current level.

In NS, using the average net migration scenario of 600 people per year, total population will continue on a declining trend from its current level of 942,216, falling by 9.3 per cent to 854,695 by 2036. Following a similar trend, in NL using the average net migration scenario of 1,100 people per year, total population will decline by 7.6 per cent over the next 20 years,

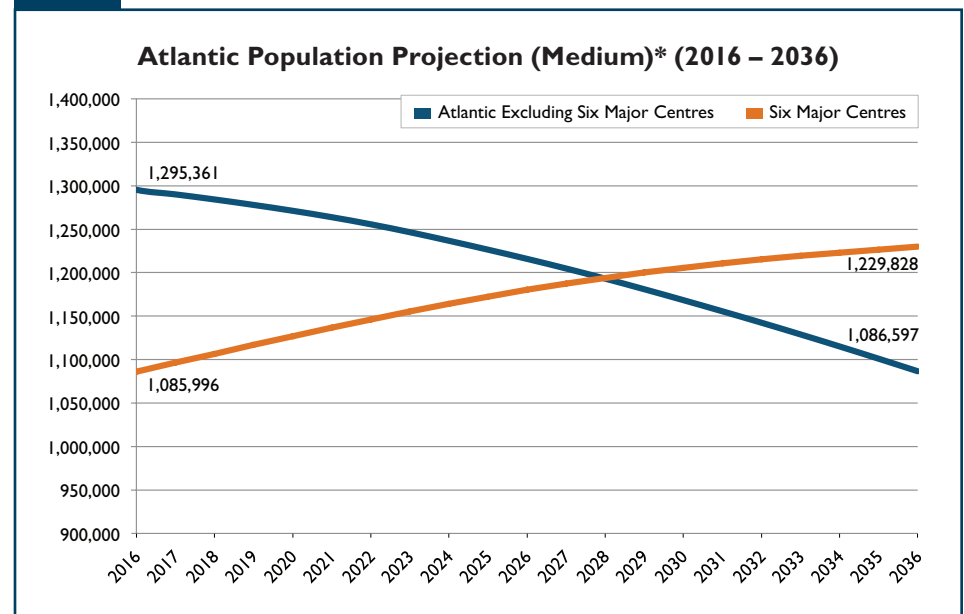
from the current level of 528,014 to 487,862. For NB, the average net migration scenario of -100 people per year would see the total population drop by 11.2 per cent from the current level of 752,917 to 668,481 by 2036. PEI, however, does not follow the same trend as the other Atlantic Provinces, as the average net migration scenario shows population growth by 2036. With a net migration of 700 people per year, PEI's total population will increase by 1.3 per cent from 147,117 currently to 148,968 by 2036.

This highlights that even if we are able to attract net migration figures similar to the last five years, by 2036 total population will decline significantly below current levels in three of the four provinces. However, this will have a larger impact on the more rural regions of the provinces as the larger urban centers will record positive population growth over the next 20 years. In the six largest urban centers of the Atlantic Provinces (St. John's, Halifax, Charlottetown,

Moncton, Saint John and Fredericton), population will grow by 13.2 per cent over the next 20 years, using a medium trend scenario. The remaining Atlantic regions excluding the six major centers, however, will see their population decline by 16.1 per cent during the same time frame.

As our population ages rapidly, the availability of seniors' housing and the ability to help others to age in place will be paramount. "Aging in place means having health and social supports and services to live safely and independently in your home or your community for as long as you wish and are able."<sup>6</sup> In the Atlantic Region's larger CMA's, demand from the baby boomer population has already been largely supporting rental construction. In the more rural markets, construction of semi-detached and row units has been increasing. For example, in Cape Breton semi-detached construction has been on the rise, driven by demand from an aging population base.

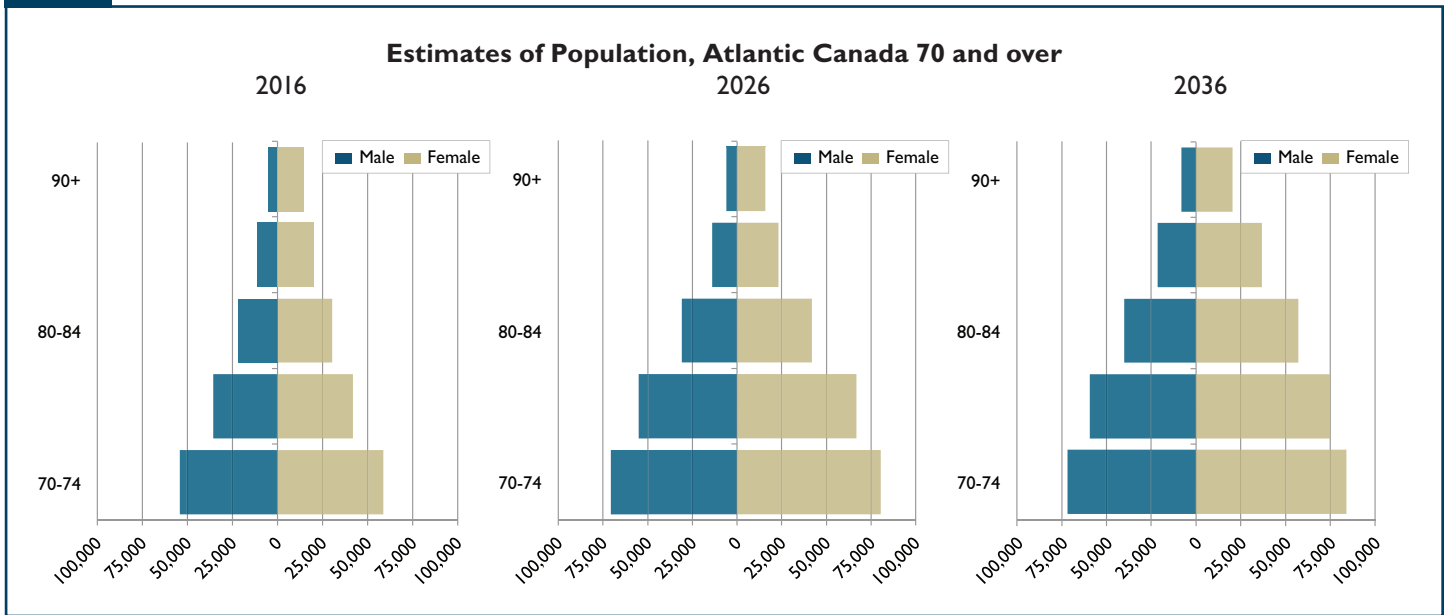
Figure 2



Source: CMHC Housing Demand Forecast, July 2016; Statistics Canada Population: July 1st 2015  
Forecast assumptions for net migration 2016-2036: Rural 350 people per year; CMA 8,000 people per year;

- \*Medium was one of four forecasts including Average, Low, Medium and High
- Six Major Centres include Fredericton, Moncton, Saint John, Halifax, Charlottetown and St John's

Figure 3



Source: Statistics Canada, CMHC and PHD Model Estimation based on 5-year average trend scenario

Retrofitting of homes to aid aging in place continues to be another popular option. This is especially true in more rural communities where there are few options for downsizing and there are strong attachments to the communities.

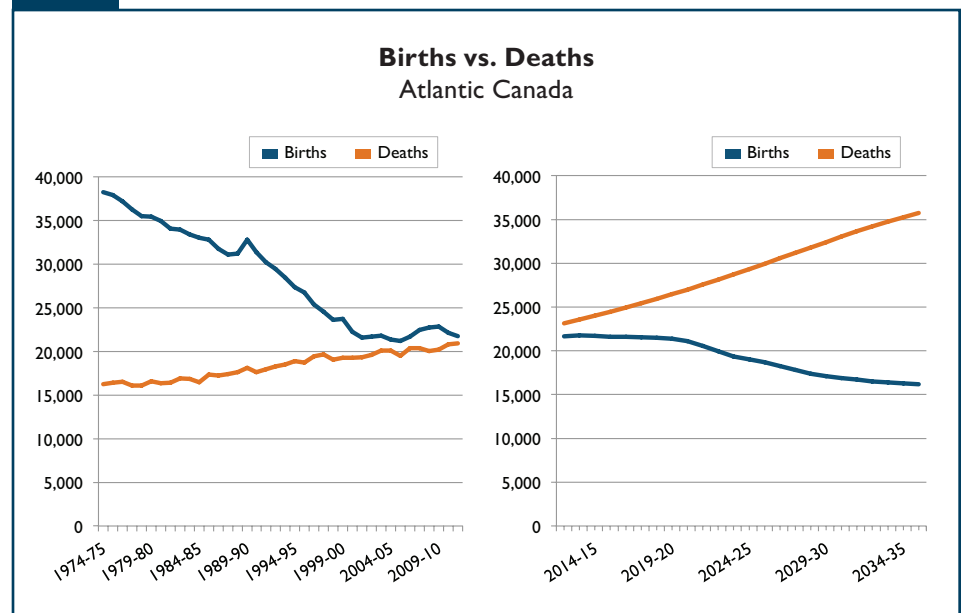
The PHD Model also demonstrates how the population in the Atlantic Provinces could be distributed throughout the next 20 years, broken down by the various age cohorts and by both the male and female portion of the population. Despite a slight bump from the Millennial generation, the 75 and over age cohorts are the only age grouping that will consistently grow over the next 20 years. In addition, not only will the total senior population be expanding rapidly, but females 75 and over in the Atlantic Provinces will outnumber males by almost 50 per cent. This single senior female population will therefore represent a significant proportion of the total population, driving demand for different housing options, such as smaller or one-level single-family homes or one-bedroom condominium and rental apartments.

### Declining fertility rates mixed with rising education levels

The impact of changing fertility rates on household composition and population projections have been visible throughout the Atlantic

Provinces. Since 1975, the number of births in the four Atlantic Provinces has declined by 44.7 per cent, while the number of deaths has climbed by 37.9 per cent. The number of deaths outpaced the number of births for the first time in 2014.<sup>7</sup> This trend was the most apparent in NL where

Figure 4



Source: Source: Statistics Canada  
CANSIM Table 051-0004

Source: CMHC and PHD Model Estimation

the number of births has declined by 61.4 per cent and the number of deaths has risen by 53.2 per cent since 1975. PEI, on the contrary, has yet to see the number of deaths in the province outpace the number of births, although the gap has closed significantly since 1975.

Declining birth rates throughout the Atlantic Provinces can be partly explained by dwindling proportions of women aged 25-34, which represent the most common age bracket for child-bearing. As of 2015, women aged 25-34 represented 11.5 per cent of the total female population in Atlantic Canada, a decline from the peak reached in the late 1980's and early 1990's when women in this age cohort accounted for roughly 17 per cent of the total female population<sup>8</sup>. The female populations in the 25-34 age cohort is significantly higher in the other provinces of Canada, ranging from 13 per cent in Quebec to 16.8 per cent in Alberta in 2015.

Not only has the number of births been on the decline but the age of the mother at the time of first birth has been steadily increasing. This trend is clear when analyzing Canada as a whole, with the age of the mother at the time of first birth in the age cohorts from 15-29 decreasing, while the 30-34 and 35-39 age cohorts climbed by 50.1 per cent and 117.8 per cent from 1991 to 2012, respectively<sup>9</sup>.

At the same time, women have been entering the workforce in higher proportions with female employment levels more than doubling in all Atlantic Provinces from 1976-2015, rising by 130.6 per cent in NL, 126.3 per cent in PEI, 105.2 per cent in NS and 110.8 per cent in NB<sup>10</sup>. The growth in the number of women in the workforce has also been correlated with the rise in educational attainment among women. Since 1990, the number

of women aged 25-54 with a university degree has been rapidly expanding in all Atlantic Provinces whereas the number of males aged 25-54 with a university degree has seen significantly less growth<sup>11</sup>.

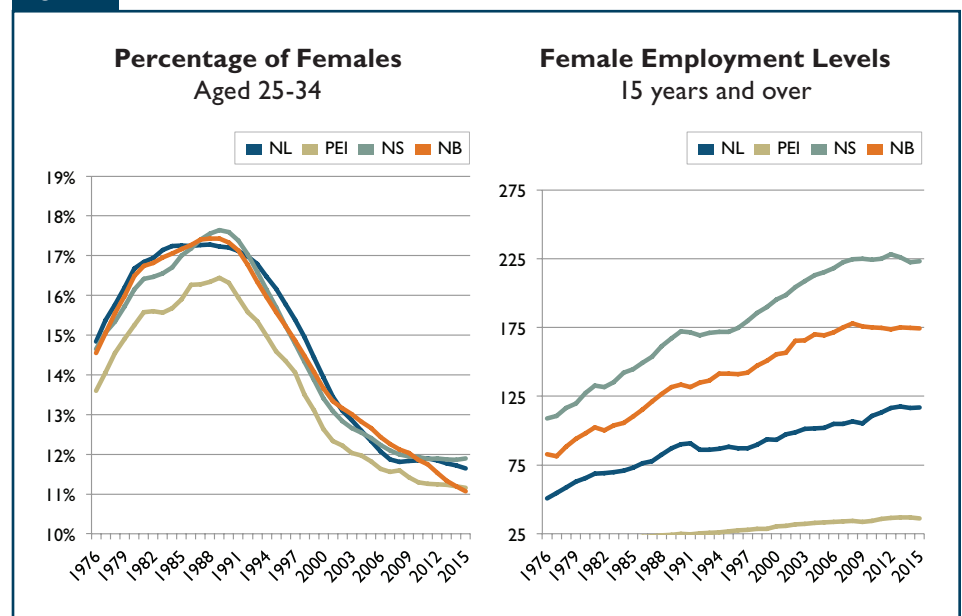
With growing female education and employment levels and declining family size comes changes to the household formation. Some individuals are choosing to start families' later in life or not at all and therefore opting to rent longer and maybe not feel the same sort of push into home ownership as past generations. Smaller family size can also have an impact on the "move-up" market where there is not as strong of a need for larger homes to accommodate larger and growing families. Although these factors are delaying household formations and the need to purchase a first home, increasing education trends are helping to increase future employment opportunities and will impact one's ability to afford homeownership in the future.

## Rising trend of young adults living at home

The percentage of young adults aged 20 to 29 living in the same home as their parents has been on an upward trend since 1981, rising from 27 per cent to 42 per cent as of 2011.<sup>12</sup> The percentage of young adults living at home is varied across the country, with larger portions in Atlantic Canada and southern Ontario and smaller portions in the Prairie Provinces and southeastern Quebec. As of 2011 the proportion of the population aged 20 to 29 living with their parents totaled 45 per cent in NL, 43 per cent in PEI, 38 per cent in NS and 37 per cent in NB.<sup>13</sup>

Parental co-residence is more prevalent due to larger proportions of young adults receiving higher education. It is also prevalent in areas with a higher cost of living<sup>14</sup> as some young adults will choose to live with their parents for longer to help repay debt and aid in saving

Figure 5



Source: Statistics Canada  
CANSIM table 051-0001

Source: Statistics Canada  
CANSIM table 282-0002



for home ownership. Adding to this, in the last decade, average resale prices have grown by roughly 30 per cent in NS, NB and PEI and have almost doubled in NL<sup>15</sup>, while the average price of a newly absorbed single-detached home has also grown by 43 per cent in NS, 50 per cent in NB, 66 per cent in PEI and 113 per cent in NL during this time frame<sup>16</sup>. Young adults who choose or do not have the option to live at home are increasingly attracted to high quality rental accommodations that offer a variety of amenities in prime locations.

This trend is especially evident in the Halifax CMA and Moncton CMA markets who have witnessed strong apartment construction levels in recent years. In the Halifax CMA, apartment starts have been booming since 2010, reaching a high of 2,005 starts in 2015, outpacing the declining singles market by nearly five times. Although the majority of this construction was concentrated in rental units, 2015 also saw the

strongest number of condominium starts in the Halifax CMA in the past decade. The Moncton CMA has also experienced a growth in apartment construction recently, especially from 2010 to 2014 with apartment starts outpacing single starts in four out of those five years.

## Conclusion

We are at a turning point in the Atlantic Provinces where the natural increase will no longer be enough to sustain or grow our population. As female education and employment levels continue to rise, young professionals are delaying starting a family and opting to rent for longer. In addition to increased rental demand from the younger population, the baby boomer generation are continuing to choose rental accommodations as a downsizing option. As our population ages more rapidly, demand for housing will continue to shift, creating an environment to accommodate an aging population. This senior

population will include significantly more females than males which will drive changes in the current housing stock. A combination of these factors will not only change single-detached construction but also the resale market and multi-residential demand in both the urban core and the rural regions throughout Atlantic Canada.

## ENDNOTES

- <sup>1</sup> Statistics Canada CANSIM Table 051-0001
- <sup>2</sup> Statistics Canada 2011 Census
- <sup>3</sup> Statistics Canada CANSIM Table 051-0056
- <sup>4</sup> Statistics Canada CANSIM Table 051-0057
- <sup>5</sup> Statistics Canada. "Immigration and Ethnocultural Diversity in Canada."
- <sup>6</sup> Government of Canada. "Thinking about aging in place."
- <sup>7</sup> Statistics Canada CANSIM Table 051-0004
- <sup>8</sup> Statistics Canada CANSIM Table 051-0001
- <sup>9</sup> Statistics Canada CANSIM Table 102-4508
- <sup>10</sup> Statistics Canada CANSIM Table 282-0002
- <sup>11</sup> Statistics Canada CANSIM Table 282-0004
- <sup>12</sup> Milan, Anne. "Diversity of Young Adults Living with their Parents." Statistics Canada. 2016.
- <sup>13</sup> Ibid.
- <sup>14</sup> Ibid.
- <sup>15</sup> Canadian Real Estate Association (CREA)
- <sup>16</sup> CMHC Market Absorption Survey

## CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for almost 70 years.

CMHC helps Canadians meet their housing needs. As Canada's authority on housing, we contribute to the stability of the housing market and financial system, provide support for Canadians in housing need, and offer objective housing research and information to Canadian governments, consumers and the housing industry. Prudent risk management, strong corporate governance and transparency are cornerstones of our operations.

For more information, visit our website at [www.cmhc.ca](http://www.cmhc.ca) or follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.

Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to [www.cmhc.ca/en/hoficlincl/homain](http://www.cmhc.ca/en/hoficlincl/homain)

For more information on MAC and the wealth of housing market information available to you, visit us today at [www.cmhc.ca/housingmarketinformation](http://www.cmhc.ca/housingmarketinformation)

To subscribe to printed editions of MAC publications, call 1-800-668-2642.

©2016 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please complete the [CMHC Copyright request form](#) and email it to CMHC's Canadian Housing Information Centre at [chic@cmhc.ca](mailto:chic@cmhc.ca). For permission, please provide CHIC with the following information: Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.



# Housing market intelligence you can count on

## FREE REPORTS AVAILABLE ON-LINE

*Local, regional and national analysis and data pertaining to current market conditions and future-oriented trends.*

- Canadian Housing Statistics
- Condominium Owners Report
- Housing Information Monthly
- Housing Market Assessment
- Housing Market Insight
- Housing Now Tables
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Regional and Northern
- Housing Market Outlook, Canada and Major Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Preliminary Housing Starts Data
- Rental Market Reports, Canada and Provincial Highlights
- Rental Market Reports, Major Centres
- Residential Construction Digest, Prairie Centres
- Seniors' Housing Reports

## FREE DATA TABLES AVAILABLE ON-LINE

- Housing Construction Activity by Municipality
- Comprehensive Rental Market Survey Tables
- Comprehensive New Home Construction Tables

**Get the market intelligence you need today!**

**Click [www.cmhc.ca/housingmarketinformation](http://www.cmhc.ca/housingmarketinformation) to view, download or subscribe.**

CMHC's Market Analysis Centre provides a wealth of local, regional, and national data, information, and analysis through its suite of reports, data tables, and interactive tools.

- **Forecasts and Analysis** – Future-oriented information about local, regional and national housing trends.
- **Statistics and Data** – Information on current housing market activities – starts, rents, vacancy rates and much more.

## HOUSING MARKET INFORMATION PORTAL!

*The housing data you want, the way you want it.*

- Information in one central location
- Quick and easy access
- Neighbourhood level data

**[cmhc.ca/hmiportal](http://cmhc.ca/hmiportal)**

## Housing Observer Online

Featuring quick reads and videos on...

- Analysis and data
- Timely insights
- Updates to housing conditions and trends & much more!

All links can be shared in social media friendly formats!

**Subscribe today to stay in the know!**  
**[www.cmhc.ca/observer](http://www.cmhc.ca/observer)**

