



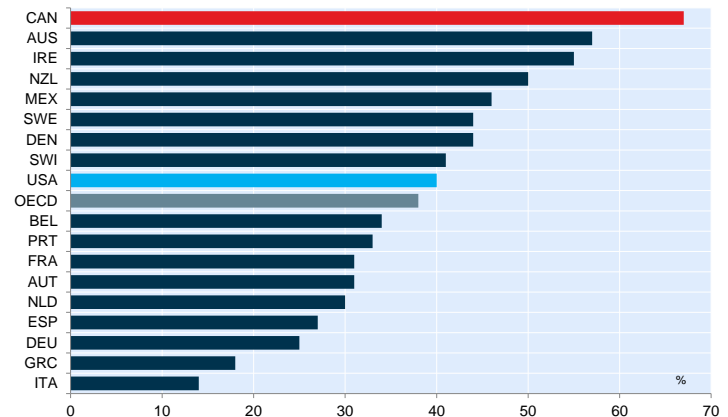
Canada: Strong demographics that will stand out even more than expected

By Matthieu Arseneau and Alexandra Ducharme

- The new projections from Statistics Canada incorporate the very aggressive new immigration targets announced in 2022 by the federal government for the coming years. Over 5 years, the average population growth is expected to be 1.3%, 30% higher than estimated three years ago.
- As a result, over the next 10 years, the Canadian population could increase by 1 million more than previously estimated. This revision is almost entirely concentrated in the 25–54 age cohort, a population segment that is crucial to the resilience of consumption and real estate. Canada will experience by far the strongest growth in this cohort among the G7 countries.
- Regionally, the western provinces benefit the most from the revisions. Alberta has seen a substantial revision to average 2.0% over the next five years, by far the best performance among the provinces. Ontario is also among the winners. Of the four major provinces, Quebec is the only one that shows essentially unchanged population growth, with virtually no improvement in net migration, unlike the others.

Statistics Canada published on August 22 its new population projections, the previous projection dating from 2019¹. Even before the pandemic, Canada's demographics stood out among the OECD countries with the most aggressive immigration policy tilted towards the economic category, that is, individuals selected according to employability criteria. The result is immigrants who integrate quickly into the labour market and who quickly gain access to home ownership.

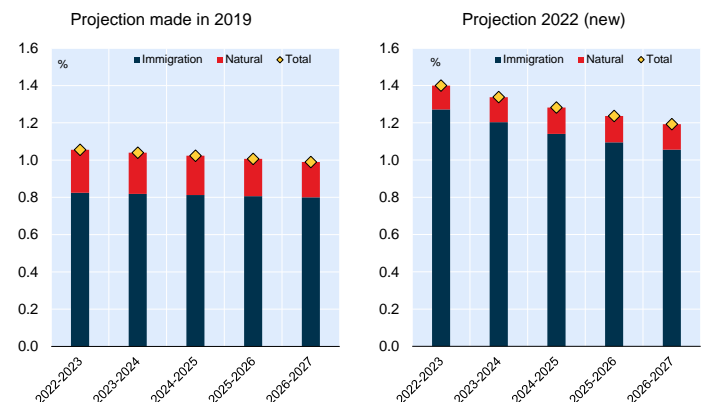
Canada's foreign-born population is highly educated
% of foreign-born population with tertiary education (2019-2020)



NBF Economics and Strategy (data from https://stats.oecd.org/Index.aspx?DataSetCode=EAG_MIGR)

The new projections incorporate the very aggressive new immigration targets **announced** in February 2022 by the federal government for the coming years. Over five years, the average population growth is expected to be 1.3%, 30% higher than estimated three years ago.

Canada: Less natural increase, more immigration
Scenario M4, 2022 and 2019 projections



NBF Economics and Strategy (data via Statistics Canada)

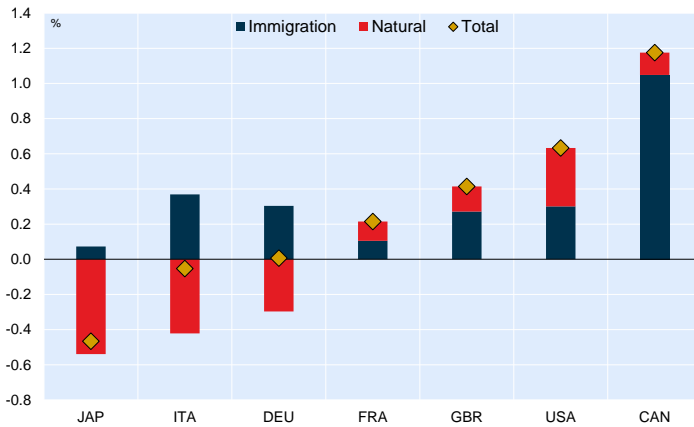
Thanks to this immigration policy, over the next decade, Canada should enjoy the strongest population growth of the G7 countries. The United States, its closest competitor, is expected to grow at half that rate, according to the latest forecasts from Statistics Canada and the U.S. Census.

¹ In this special report, we choose the M4 scenario, which is based on average fertility and life expectancy assumptions. In this scenario, interprovincial migration is based on the period from 2009–10 to 2016–17,

which appears to us to be an environment similar to the current context. In our analysis of the different average scenarios for the provinces, M4 was found to be an average scenario in terms of interprovincial migration.

Canada: Highest projected population growth in the G7

Annual population growth (%), average 2022-2032

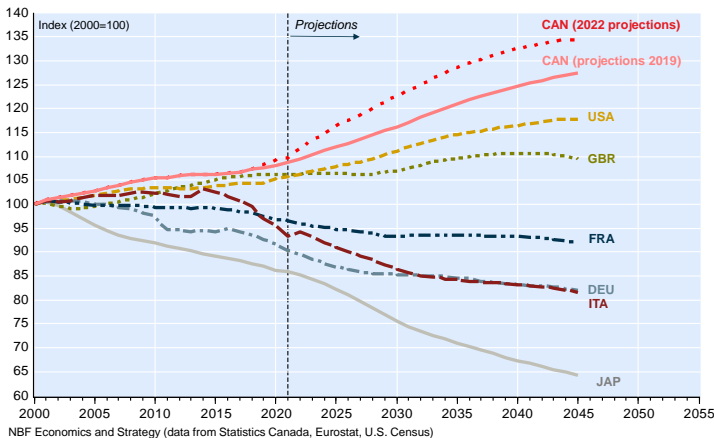


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As a result, by 2032, the Canadian population will have grown by 1 million more than previously estimated. For the 25-54 age cohort, this is an upward revision of 960K, a segment of the population that is crucial to the resilience of consumption and real estate. Canada will also experience by far the strongest growth in this cohort among G7 countries.

Canada: Highest growth in prime-age population in the G7

Population (%) 25-54 years old, projection

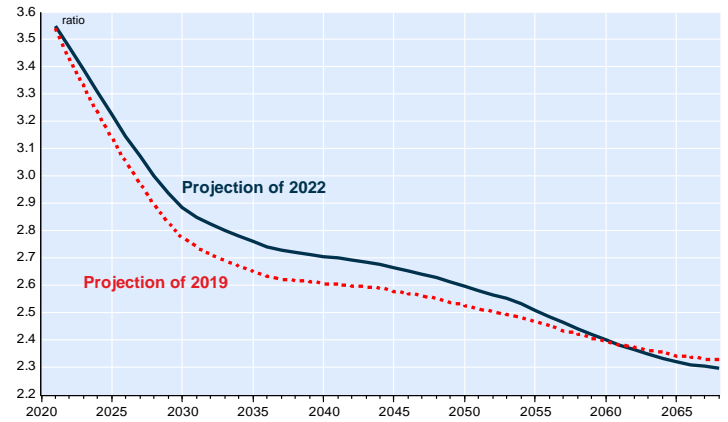


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Not only is Canada's immigration policy good for household formation, but it also has ramifications for public finances which will face the aging population. The dependency ratio, which was projected to be 2.7 workers per retiree in 2032, would be one-tenth higher under the new Statistics Canada scenario (at 2.8). This keeps Canada in the top tier of G7 countries.

Canada: Revision of the dependency ratio

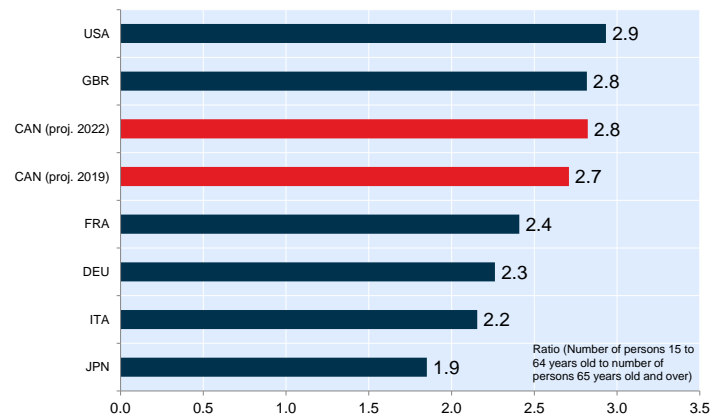
Population 15-64 years old/population 65 years old and over



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Canada: An advantageous dependency ratio

Population aged 15-64/population aged 65 and over, projected to 2032

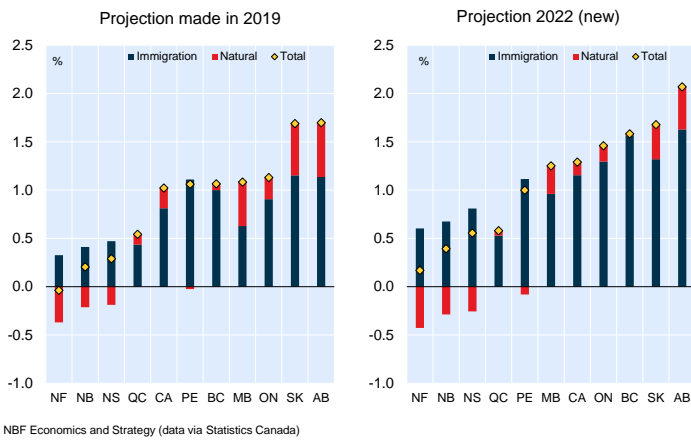


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The revisions to the M4 base scenario are not uniform across the provinces. British Columbia benefits the most from the revisions, with an increase in average growth of 5 tenths between 2022 and 2026. Alberta has also seen a substantial revision of 4 tenths to average 2.0% over the next five years, by far the best performance among the provinces. Ontario is also among the winners with an upward revision of 3 tenths. Of the four major provinces, Quebec is the only one that shows essentially unchanged population growth, with virtually no improvement in net migration, unlike the others.

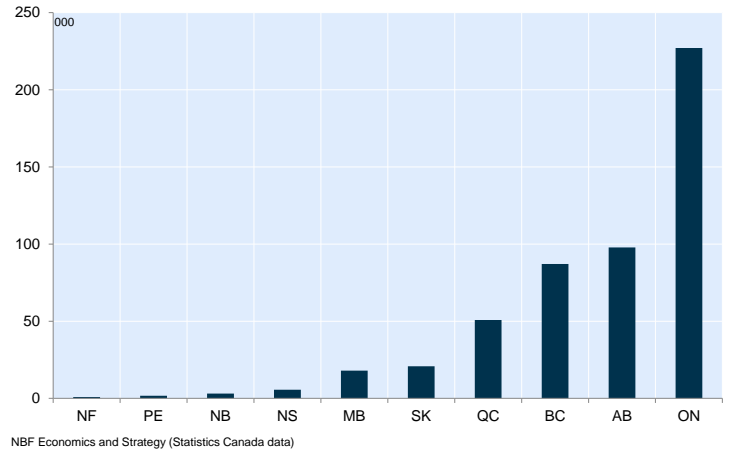
Canada: A perspective on projected population growth

Average 2022-2026, by province



Canada: A perspective on projected population growth

Average 2022-2026, by province, M4 scenario (thousands)



After revision, the podium of provinces is now as follows for absolute annual population growth until 2026: Ontario (230K/year), Alberta (100K/year) and British Columbia (90,000K/year).

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