

JOB CREATION AND HOUSING STARTS in Canada's Largest Metropolitan Areas

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Contents

Executive Summary / i

Introduction / 1

Job Growth in Canada's Metropolitan Areas / 3

The Housing Market in the Toronto and Vancouver CMAs / 8

Evolution of the housing supply in the Toronto and Vancouver CMAs / 11

Conclusion / 15

References / 16

About the Authors and Acknowledgments / 18

Publishing Information / 19

Supporting the Fraser Institute / 20

Purpose, Funding, and Independence / 20

About the Fraser Institute / 21

Editorial Advisory Board / 22

Executive Summary

Canada's economy has generated millions of new jobs over the last two decades, with the total number of employed people nationwide growing by 4.1 million between 2001 and 2019 (a 27.6% increase). Though growth in employment is unambiguously positive, it is important to examine how job growth has been spread across this large country's diverse communities and local economies. It is equally important to investigate how communities have responded to varying growth pressures associated with differing levels of economic and, thus, employment growth, notably by housing a growing workforce affordably.

In this study, we start by comparing the evolution of net job growth across 33 Canadian metropolitan areas between 2001 and 2019. Unsurprisingly, Canada's three largest metropolitan areas (Toronto, Montreal, and Vancouver) led the country in absolute job-growth numbers over this period. However, the regions with the fastest job growth rates were located primarily in the Prairies, led by Saskatoon, Calgary, and Edmonton—all three grew almost twice as fast as the national average.

However, this rapid rate of growth in the Prairies reflects rapid economic growth in the 2000s and early 2010s, as commodity price volatility and regulatory challenges for the energy sector contributed to a significant slowdown in job growth since 2015. Mirroring this slowdown in the Prairies was an acceleration in job growth in Toronto and Vancouver, with the latter surpassing Montreal in absolute job growth since the middle of last decade. In fact, since 2015, the Toronto-Vancouver tandem grew by an average of more than 120,000 net new jobs per year, accounting for almost half of nationwide job creation over the same period.

Next, to examine how these two regions' housing markets have responded to growing demand for owner-occupied and rental homes that is partly the result of accelerating job creation during the 2010s, we compare how home prices and rental vacancy rates evolved over the past decade in Canada's six largest (more than one million inhabitants) metropolitan areas. We find that home prices in Toronto and Vancouver approximately doubled between 2010 and 2019, far outpacing Ottawa and Montreal, where they grew half as fast, and Calgary and Edmonton, where prices grew at between one eighth and one tenth the rate of Toronto and Vancouver.

Similarly, rental vacancy rates—which were already low in Toronto and Vancouver at the beginning of the 2010s—fell from approximately 2% to around 1%, indicating a severe (and worsening) shortage of rental homes. Combined with rapid appreciation of home prices, falling rental vacancy rates suggest these two regions have encountered difficulties accommodating growing demand for housing over the last decade, raising important questions about the state of housing supply in both metropolitan areas.

We finish by comparing the combined rate of job growth in Toronto and Vancouver to their combined rate of housing starts—a measure of the responsiveness of the housing market to growing demand. Despite the rapid increase in job growth—from roughly 70,000 net new jobs annually between 2010 and 2014 to roughly 120,000 between 2015 and 2019—the increase in housing starts has not kept pace. It is likely, therefore, that a lagging housing supply in these two regions is contributing to eroding housing affordability.

Though accelerating job growth in the Toronto and Vancouver metropolitan areas is a clear sign of economic success for these regions, the fact that it is accompanied by rapid appreciation of home prices and falling rental vacancy rates should be concerning to Canadians and their policy makers at all levels of government. If the lion's share of job opportunities are emerging in select regions where high housing costs erode or negate the financial gains from such opportunities, the national economy and indeed the ladder of social mobility could be obstructed. It is therefore of clear economic importance to Canada that these regions further increase the supply of homes available to current and future workers and their families.

Introduction

Over the last two decades, Canada's economy has generated millions of new jobs. Between 2001 and 2019,¹ the number of employed Canadians grew by 27.6%, or 4.1 million. However, growth in employment has not been evenly distributed geographically. Although the highest absolute numbers of employment growth since 2001 have been found in the nation's three largest metropolitan areas (Toronto, Montreal, and Vancouver), these cities trailed behind Prairie cities (notably Saskatoon, Calgary, and Edmonton) in their relative rate of job growth, with the latter three cities all growing by almost double the national average. This changed in the 2010s, when extreme volatility in commodity prices and regulatory challenges for the energy sector led to a significant deceleration in job growth across previously fast-growing Prairie cities while, at the same time, job growth began accelerating in southern British Columbia and southern Ontario, anchored by the Toronto and Vancouver metropolitan areas. In fact, these two metropolitan areas alone—accounting for less than one quarter of Canada's population—have generated almost half of Canada's net new jobs since 2015.

Aside from worries about lagging employment growth outside of the Toronto and Vancouver metropolitan areas, we should also worry about the fact that these two regions are the most expensive housing markets in Canada. This means that for many Canadians moving for work can mean having to move into less affordable housing markets, diminishing the benefit of seeking better-paying jobs. To be clear: it is good news that these two metropolitan areas are creating economic opportunities. But, it is disappointing that their housing markets do not appear to be keeping up with growing demand.

To illustrate this issue—accelerating job growth combined with poor or worsening affordability of housing in Toronto and Vancouver—this study first explores job growth by Canadian metropolitan area since 2001, highlighting Toronto and Vancouver's outsized contribution in recent years. It then compares how housing prices and rental vacancy rates have evolved in Canada's six largest metropolitan areas (each with more than one million inhabitants) since 2010, underscoring the unique affordability challenges faced by Toronto and Vancouver. It finishes by illustrating how housing starts—a measure of the housing market's responsiveness to changes in demand—have grown in relation to job growth.

1. The period 2001–2019 covers the entire span of data measuring the total number of employed persons in Canada as reported by Statistics Canada (2020a).

As we will show, these two metropolitan areas' housing markets are not meeting rapid job growth with commensurate increases in housing starts. This development is worrisome given that these two urban regions are generating the lions' share of employment opportunities for Canadians, who in turn may not be able to afford their high rental or purchase prices, or find accommodations at all. If workers cannot afford to move to Canada's most productive cities, it may hinder Canada's overall economic growth and productivity.

Job Growth in Canada's Metropolitan Areas

Since 2001—the earliest year of comparable labour-force data—the total number of employed people in Canada has grown by 27.6%, or 4.1 million people. However, this employment growth has not been evenly distributed across Canada's many regions and cities. **Table 1** summarizes job growth across Canada's 33 Census Metropolitan Areas (CMAs) between 2001—the dataset's earliest year—and 2019.² It further isolates job growth over the last decade (2010–2019), and half decade (2015–2019), both within regions over time and as their respective shares of national job growth.

The regions (CMAs) showing the fastest job growth between 2001 and 2019 include Saskatoon (57.9%), Edmonton (55.9%), and Calgary (54.6%). One other CMA (Barrie) exceeds 50% growth in the number of employed people, while four areas (Kelowna, Abbotsford-Mission, Vancouver, and Oshawa) exceed 40%. In total, 20 out of 33 CMAs grew faster than the national average on this metric, while the slowest rate of growth in employment over this period was found in Thunder Bay (0.2%) and St. Catharines-Niagara (7.1%), both in Ontario, as well as Saguenay (7.9%) in Quebec.

However, rapid growth in Prairie CMAs did not persist into the second half of the past decade (2015–2019), when Saskatoon, Edmonton, and Calgary fell into the bottom third of all CMAs for net job creation. Further, this drop in the Prairies is mirrored by an acceleration of job growth in southern British Columbia (Kelowna, Vancouver, and Abbotsford-Mission), as well as in Southern Ontario's Greater Golden Horseshoe (Brantford, Oshawa, Barrie, Toronto, and Hamilton).

Unsurprisingly, Canada's three largest metropolitan areas by population have contributed the most to nationwide job growth since 2001. Here too, however, there is a contrast between the period from 2001 to 2015, when the the Prairie cities were booming, and the last five years. From 2001 to 2015, the combined Calgary and Edmonton CMAs outpaced Vancouver (by share of national job growth) by a significant margin, which is notable because these two CMAs, combined, approximate the population of the Vancouver CMA (between 2.0 and 2.5 million inhabitants for most of the period

2. Statistics Canada defines Census Metropolitan Areas as “area[s] consisting of one or more neighbouring municipalities situated around a core. A census metropolitan area must have a total population of at least 100,000 of which 50,000 or more live in the core” (Statistics Canada, 2018). Over the period of analysis in this report, Canada's 33 CMAs (combined) represented between 70% and 75% of national population and national employment.

Table 1: Change (%) in number of employed people in Canada, by CMA, 2001–2019

CMA	Growth in employment (%)			Share of national growth in employment (%)		
	2001–2019	2010–2019	2015–2019	2001–2019	2010–2019	2015–2019
St. John's, NL	34.3	11.3	-0.6	0.7	0.6	-0.1
Halifax, NS	26.9	11.2	7.4	1.2	1.2	1.5
Moncton, NB	32.2	14.1	4.7	0.5	0.5	0.3
Saint John, NB	14.4	2.5	3.8	0.2	0.1	0.2
Saguenay, QC	7.9	2.5	0.1	0.1	0.1	0.0
Québec, QC	34.3	10.5	3.9	2.8	2.1	1.6
Sherbrooke, QC	27.9	17.9	6.6	0.6	0.8	0.6
Trois-Rivières, QC	16.0	10.1	4.1	0.3	0.3	0.3
Montréal, QC	28.6	13.0	8.0	11.9	12.2	14.8
Ottawa-Gatineau, ON/QC	33.5	12.8	8.9	4.7	4.2	5.7
Kingston, ON	22.4	14.1	5.5	0.4	0.5	0.4
Peterborough, ON	25.5	8.0	-0.2	0.3	0.2	0.0
Oshawa, ON	41.8	18.6	11.3	1.6	1.6	2.0
Toronto, ON	37.7	21.2	9.9	23.2	29.2	28.4
Hamilton, ON	21.9	14.5	9.7	1.8	2.6	3.4
St. Catharines-Niagara, ON	7.1	4.8	-2.2	0.3	0.4	-0.4
Kitchener-Cambridge-Waterloo, ON	35.2	17.0	8.0	1.9	2.1	2.0
Brantford, ON	34.1	16.8	13.6	0.5	0.5	0.8
Guelph, ON	29.9	16.9	2.3	0.5	0.6	0.2
London, ON	9.1	4.8	-0.3	0.5	0.6	-0.1
Windsor, ON	9.4	15.5	7.8	0.4	1.1	1.1
Barrie, ON	52.4	20.3	10.0	1.0	1.0	1.0
Greater Sudbury, ON	17.2	5.6	3.5	0.3	0.2	0.3
Thunder Bay, ON	0.2	2.5	3.4	0.0	0.1	0.2
Winnipeg, MB	21.8	11.7	4.8	1.9	2.2	1.8
Regina, SK	36.7	19.2	3.2	0.9	1.1	0.4
Saskatoon, SK	57.9	24.4	6.2	1.6	1.7	0.9
Calgary, AB	54.6	24.2	6.8	7.5	8.1	5.0
Edmonton, AB	55.9	23.8	4.0	6.9	7.3	2.8
Kelowna, BC	47.3	13.0	14.5	0.8	0.6	1.2
Abbotsford-Mission, BC	40.3	15.3	10.1	0.7	0.6	0.8
Vancouver, BC	42.1	22.8	13.5	10.6	13.1	15.8
Victoria, BC	29.2	7.8	9.5	1.1	0.7	1.5
Canada	27.6	12.3	6.2			

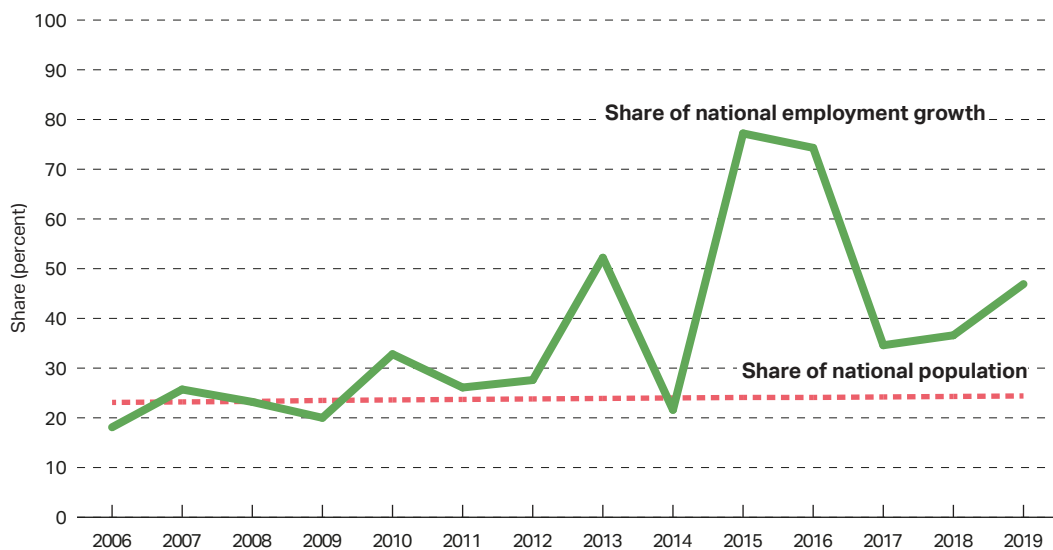
Source: Statistics Canada, 2020b.

of analysis). From 2015 to 2019, however, Vancouver generated more than double the share of job growth that Calgary and Edmonton did. This is in part the result of the significant decrease observed in the latter two CMAs, but also because job creation in Vancouver accelerated impressively.

In fact, Vancouver surpassed Montreal—Canada’s second-largest metropolitan region by population and second-largest contributor to national job growth over the entire period of analysis—in the number of net new jobs added over the last five years, despite its far smaller population (approximately two-thirds—62%—of Montreal’s population in 2019). So, although Toronto and Montreal—Canada’s two largest metropolitan areas—represent approximately 35.1% of nationwide job growth since 2001, it is the Toronto-Vancouver tandem that has led the country over the past five years, reaching 44.2% of Canada’s job growth since 2015.

To further illustrate the out-sized contribution of the Toronto and Vancouver metropolitan areas to national job growth, **figure 1**, **figure 2**, and **figure 3** show these two regions’ combined share of Canada’s job growth (along with their combined share of the national population, as a reference), by year, from 2006 to 2019 (the full period of comparable CMA population data), as well as year-over-year percentage changes in the number of employed people (2002–2019) and total population (2007–2019) for the Toronto-Vancouver tandem and the rest of Canada.

Figure 1: The Toronto and Vancouver CMAs’ combined share (%) of national employment growth and national population, 2006–2019



Sources: Statistics Canada, 2020b, 2020c, 2020d.

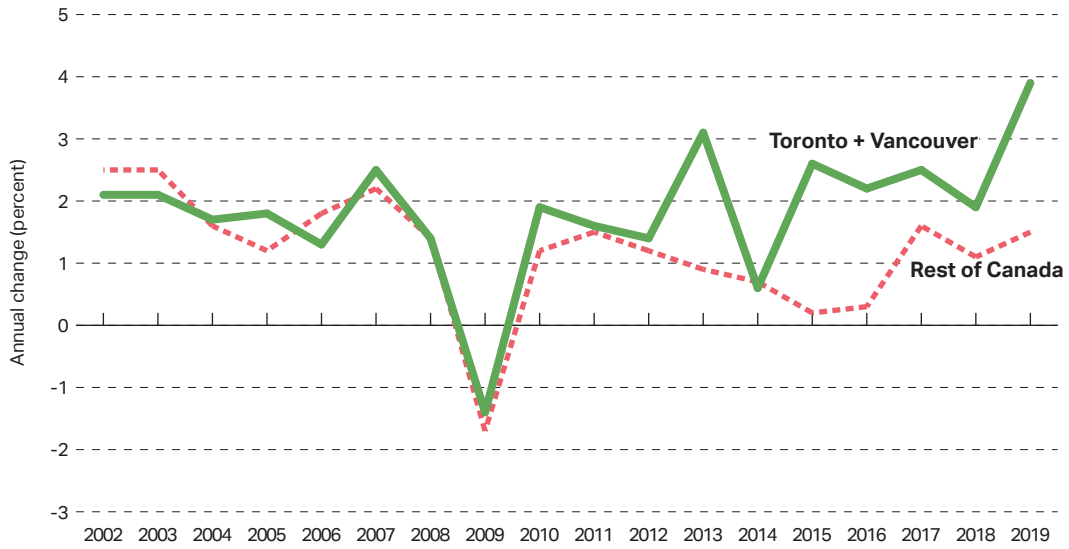
From 2006 to 2019, these two regions accounted for between 20% and 25% of the total Canadian population. And for three of the four years from 2006 to 2009, the Toronto-Vancouver tandem in fact generated a smaller share of national job growth than their combined share of the national population. Since 2010, however, the share of national job growth generated in these two regions outpaced their combined share of Canada's population in every year but one (2014). In fact, some years saw their share of national job creation outpace their share of the population by approximately 3 to 1 (2015 and 2016). The result is that what was previously an anomalous or cyclical occurrence—Toronto and Vancouver generating a higher share of national job growth than their combined share of the national population—is now an accelerating multi-year trend.

A similar decoupling is evident upon examining **figures 2** and **figure 3**. Annual net job growth rates in the combined Toronto and Vancouver CMAs mirror that in the rest of Canada until the early 2010s, when these regions out-pace net job growth in the rest of Canada in every year but one (2014). At the same time, annual population growth rates in Toronto and Vancouver broadly track that in the rest of the country. Though the combined population growth rate of these two CMAs consistently outpaces that in the rest of Canada over this period, the difference (or spread) between the two remains within 0.3 and 0.8 percentage points. This stability over time, when contrasted with divergence in net job-growth rates, further suggests the Toronto-Vancouver tandem's disproportionate contribution to national job growth.³

If the concentration of job opportunities in these in these two cities continues to grow, as it has over the last decade (and in particular the past five years), the pressure for job-seeking Canadians to consider moving to these two regions will likely intensify, raising important questions about these regions' ability to accommodate the resulting population growth. In particular, it is worth assessing the extent to which these regions can accommodate growing demand for homes—of all types—that results from a growing workforce. As the next section demonstrates, the cost and availability of accommodations in these two metropolitan areas have presented impediments for new or prospective residents in recent years, and there are few indications of improvement.

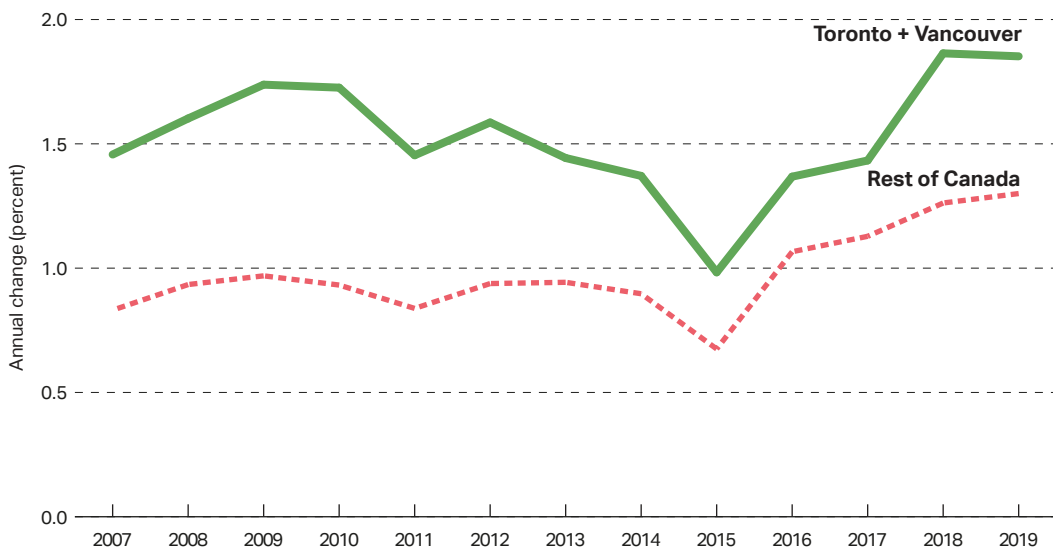
3. The decoupling of job growth in Toronto and Vancouver from these regions' share of national population and annual rates of population growth raises important questions about the composition of their labour forces. Although in-depth analysis of labour force participation and demographics over time are beyond the scope of the present study, the Toronto and Vancouver CMAs tend to have a younger population, on average, than the rest of Canada. They also typically have lower rates of unemployment, and higher labour force participation (Statistic Canada, 2017), suggesting possible differences in the composition of newcomers to these two cities compared to the rest of Canada.

Figure 2: Annual net employment growth (%) in the combined Toronto and Vancouver CMAs and in the rest of Canada, 2002–2019



Sources: Statistics Canada, 2020a, 2020b.

Figure 3: Annual population growth (%) in the combined Toronto and Vancouver CMAs and in the rest of Canada, 2007–2019



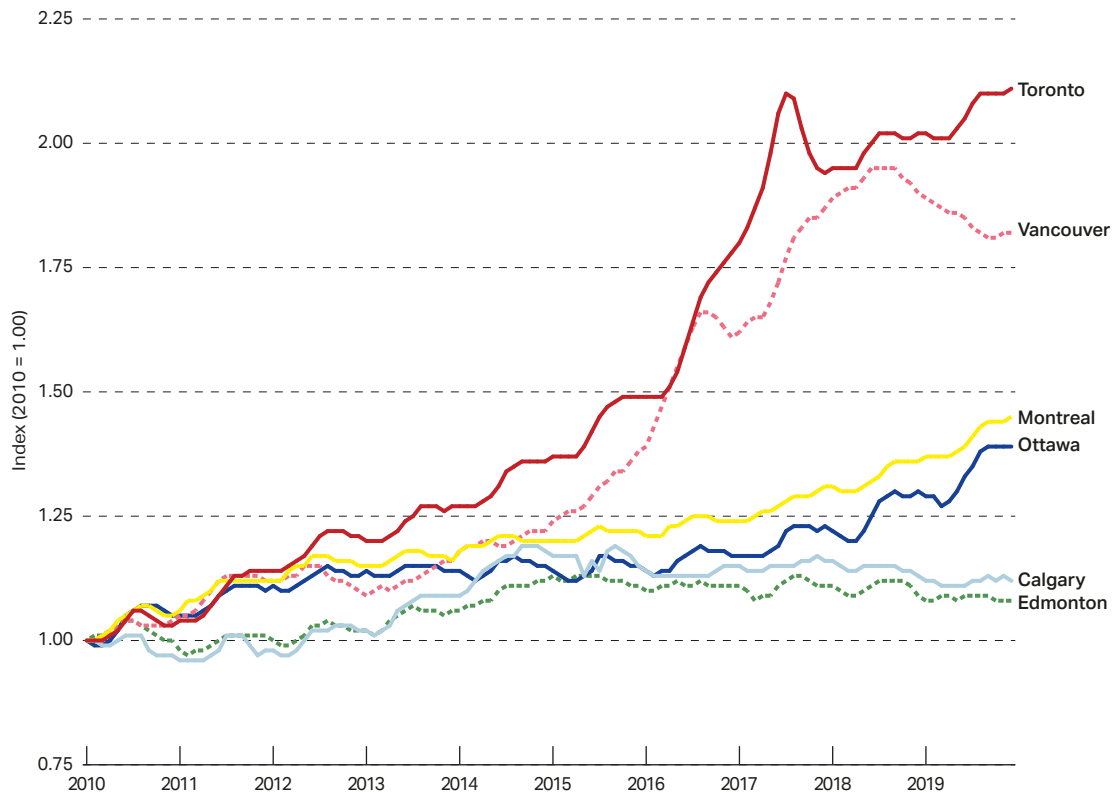
Sources: Statistics Canada, 2020c, 2020d.

The Housing Market in the Toronto and Vancouver CMAs

The previous section identified Toronto and Vancouver not only as Canada's two leading metropolitan areas in terms of job growth in recent years, but also as two regions generating job growth at rates out of proportion with their combined share of the national population, or their annual population growth. In this section, we explore how these two housing markets have behaved over the last decade, and in particular, how they responded to increased demand pressures partly generated by rapid job growth.

Figure 4 compares how home prices in Canada's six largest CMAs (over one-million inhabitants) have evolved between 2010 and 2019, with 2010 prices indexed at 1.00. While housing in these metropolitan areas has increased in cost between 2010 and 2019, it increased by 111% in the Toronto CMA and 82% in the Vancouver CMA, appreciating

Figure 4: Index (2010 = 1.00) of home prices in Canada's largest metropolitan areas, 2010–2019

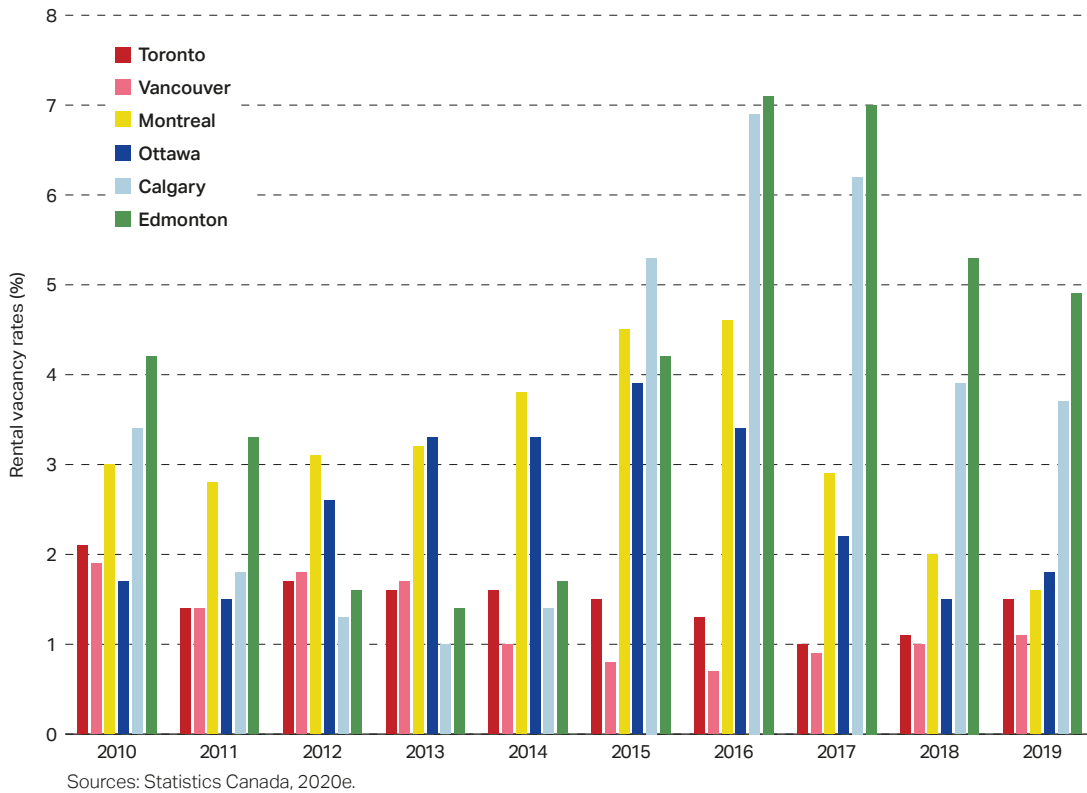


Source: Teranet and the National Bank of Canada, 2020.

approximately twice as fast as it did in the next two most rapidly appreciating major housing markets (Montreal and Ottawa), and between 8 and 10 times faster than the two large regions with the slowest price appreciation (Calgary and Edmonton).

Beyond the cost of purchasing a home, another important indicator of a metropolitan housing market’s ability to absorb increased demand for housing is the rental vacancy rate. A higher rental vacancy rate generally indicates a more balanced rental market,⁴ in which apartment-seekers have more options, while landlords have less leverage to increase rents. Approximately one third of Canadian households were renters—as of the 2016 census—a statistic that increases in the Toronto, Montreal, and Ottawa CMAs (Statistics Canada, 2017). Moreover, among the many roles played by the rental market, one such role is the more flexible absorption of new arrivals to metropolitan labour markets. **Figure 5** presents annual vacancy rates for the same six metropolitan areas featured in figure 4, from 2010 to 2019.

Figure 5: Rental vacancy rates (%), by year, in Canada’s largest metropolitan areas, 2010–2019



4. An exception to this is when rental vacancy rates are high as a result of regional economic downturns or long-term decline, which result in falling demand and/or depopulation.

In the same way that Toronto and Vancouver lead Canada's largest cities in home price appreciation over the last decade, they exhibit the lowest rental vacancy rates among the six cities featured. In six of the ten years shown in figure 5 (including the five most recent years), the Toronto and Vancouver CMAs had the sample's lowest vacancy rates. These averaged 1.5% in Toronto and 1.2% in Vancouver over the entire period, and fell further to 1.3% and 0.9% over the last five years. By contrast, Montreal and Ottawa averaged 3.1% and 2.5% between 2010 and 2019, while Calgary and Edmonton averaged 3.5% and 4.1%, with significant increases after 2014.⁵

While table 1 shows the Toronto and Vancouver CMAs leading Canada in job growth, especially during the last five years, figures 4 and 5 suggest that the Toronto and Vancouver CMAs are encountering difficulty in meeting the resulting increase in demand for housing.⁶ Since 2010, and in particular since 2015, in Toronto and Vancouver not only job growth but also appreciation of home prices and rental vacancy rates have been decoupled from those in Canada's four other largest metropolitan areas. However, while higher shelter costs would seem to be a logical outcome of faster employment growth, the rapid price increases experienced in Toronto and Vancouver over the last decade are not a necessary outcome, as the next section will show with an evaluation of the evolution of the housing supply in response to demand over the same period.

5. These increases coincide with the economic downturn resulting from challenges facing the resource sector rather than a sharp increase in apartment production after 2014.

6. Filipowicz, Globerman and Emes (2020) show that growth in shelter cost in Toronto and Vancouver outpaced income growth between 2006 and 2016, suggesting that high home prices in these two CMAs hurt broad affordability rather than primarily reflecting median income earners' higher ability to pay.

Evolution of the housing supply in the Toronto and Vancouver CMAs

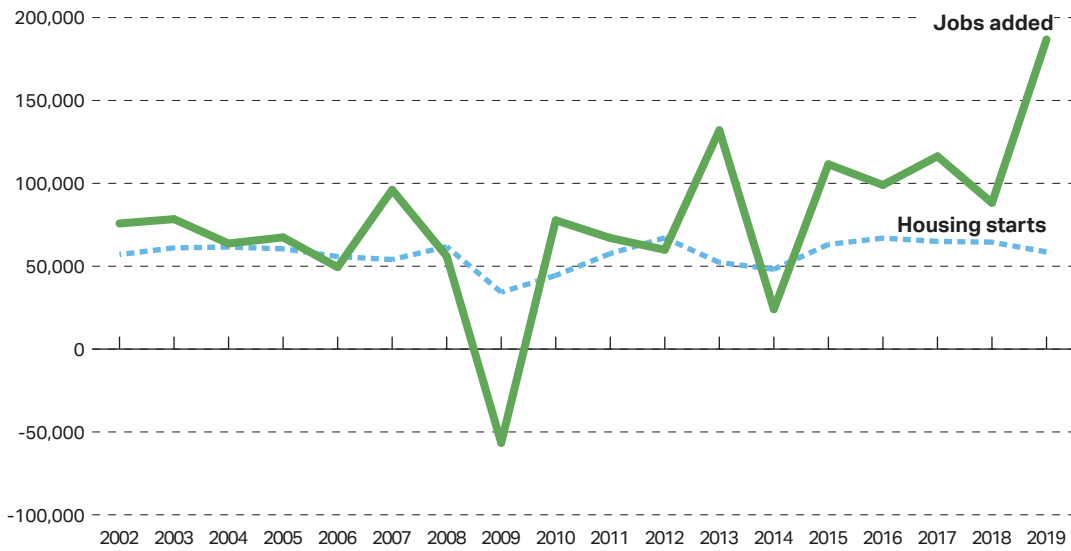
It is important to first note that the number of housing units in a market does not necessarily have to rise at the same percentage rate as job growth in order to avoid rapid price appreciation.⁷ Household composition (that is, the number of individuals per household or family) can vary, making it difficult to posit an “ideal” number of additional housing units entering a market facing demand pressure. However, it is reasonable to expect that as job growth increases (an important driver of demand), housing starts (newly started homebuilding projects⁸) should follow. **Figure 6** and **figure 7** track annual job growth and housing starts—in the Toronto-Vancouver tandem, and in the rest of Canada—between 2002 and 2019 (the latest period of available data).

As discussed in the first section, and shown again in figure 6, job growth in the Toronto and Vancouver areas has accelerated over the last decade, and in particular since 2015. In fact, the annual increase in the number of employed people in these two regions averaged just under 61,000 from 2002 to 2014, and more than 120,000 from 2015 to 2019. Even after smoothing over the dip during the 2009 recession by averaging across the whole period (77,000 per year), recent job growth in the Toronto and Vancouver CMAs has been well above the norm. Meanwhile, the combined number of housing starts in the two regions has remained relatively stable over the entire period of analysis (roughly 57,000 starts per year since 2002), though with some variation between the two. Notably, the Vancouver CMA has seen broad increases in housing starts over the last decade, from approximately 18,000 starts per year between 2010 and 2014, to approximately 25,000 per year between 2015 and 2019. But, while Vancouver’s recent housing-stock growth rate has exceeded that of Toronto, its increase in job creation was even more dramatic. Combined with already tight vacancy rates and high housing prices, this suggests the recent increase in housing starts is insufficient to re-balance the market. In the rest of Canada, job growth was comparatively flat, averaging increases in employed persons of almost 152,000 every year, while housing starts remained similarly flat at just over 148,000 per year.

7. Because employment is only a portion of total population, any given absolute increase in both will result in a higher percentage increase in employment.

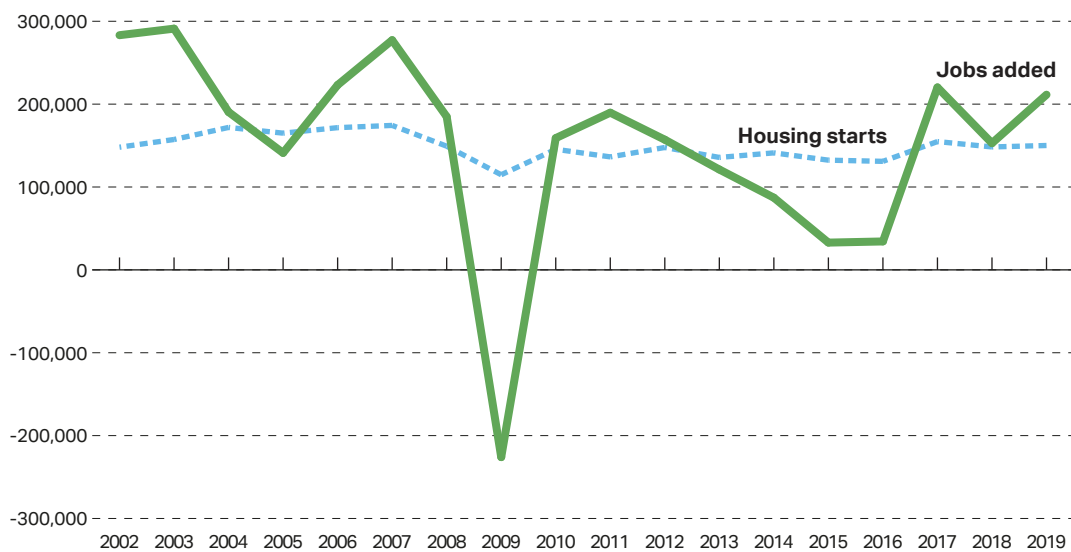
8. For the purposes of its Starts and Completions Survey, the Canada Mortgage and Housing Corporation defines housing Starts as “the beginning of construction work on a building, usually when the concrete has been poured for the whole of the footing around the structure, or an equivalent stage where a basement will not be part of the structure” (2020).

Figure 6: Annual number of jobs added and housing starts in the combined Toronto and Vancouver CMAs, 2002–2019



Sources: Statistics Canada, 2020b, 2020f.

Figure 7: Annual number of jobs added and housing starts in the rest of Canada, 2002–2019



Sources: Statistics Canada, 2020b, 2020f.

What this comparison suggests is that, in recent years, the Toronto and Vancouver CMAs have so far been unable to couple sustained increases in net job creation with sustained similar increases in housing starts. This finding should cause concern among policy makers as well as workers and their families considering moving to these regions in search of employment. Without significant additional increases in the housing supply, significant increases in housing demand—as currently experienced in the employment-rich Toronto and Vancouver CMAs—are more likely to translate into higher home prices and rents, and fewer available (vacant) rental units. It is crucial not only to these two regions but to the Canadian economy and labour market that barriers to increasing the housing supply in high-demand urban regions are removed or minimized.⁹ Although specific recommendations for reducing or eliminating barriers to housing supply in the Toronto and Vancouver CMAs is beyond the scope of this study, previous research can help identify regions where potential solutions may be found.

Filipowicz, Globerman, and Emes (2020) compare 396 metropolitan areas across Canada and the United States to identify those where housing affordability (measured as shelter costs as a share of income) improved between 2006 and 2016. In particular, they identify regions where affordability has improved in spite of rapid population growth (a proxy measure for increased housing demand). Among the 58 large (over one million inhabitants) metropolitan areas featured, Grand Rapids, Minneapolis, Raleigh, Dallas, and Denver were best able to combine rapid population growth with improving affordability (falling shelter costs as a share of income). It may therefore be helpful to policy makers in Canada's most in-demand metropolitan regions to draw lessons from these regions and others like them.

In particular, it may be helpful to understand how these high-growth, relatively affordable regions treat homebuilding applications. Gyourko, Hartley and Krimmel (2020), for example, highlight Atlanta, Charlotte, and Chicago as large, growing metropolitan regions with less onerous regulatory environments, on average, for residential real-estate projects. In other words, local governments in these metropolitan areas approve homebuilding projects more quickly, at less cost (both direct and indirect) to home-builders, and with fewer parties able to veto new homes.

9. Indeed, the consequences of insufficiently elastic (responsive) housing supplies in large, productive metropolitan areas are evident in the United States. For instance, Hsieh and Moretti (2019) estimated that constraints on housing supply reduced aggregate economic growth in the United States by 36% between 1964 and 2009.

Beyond North America, perhaps the best example of a large, growing metropolitan region in a high-income country that manages to combine population growth with stable or improving affordability is Tokyo, Japan. Since 1995, Tokyo's home prices have changed little (Harding, 2016). This combination of a rising population coupled with stable (if not stagnant) home prices has also been attributed to a more liberalized regulatory environment surrounding homebuilding, as well as property-tax reforms encouraging intensification of land-use while discouraging overconsumption of residential land (Mera, 2000). Though not a North American city, Tokyo has important lessons for the Toronto and Vancouver regions, both of which face geographical obstructions (the Pacific Ocean and mountains in Vancouver, and Lake Ontario in Toronto) as well as regulatory constraints (the Agricultural Land Reserve around Vancouver, and the Greenbelt around Toronto) preventing outward expansion. Indeed, greater Tokyo is a coastal metropolitan area bounded by mountains, ocean, and protected agricultural land, leaving upward growth (that is, more density) as the remaining option for growth.¹⁰

10. For more on urban density in large cities located in high-income countries, as well as the spatial potential for upward growth in Canadian cities, see Filipowicz, 2018.

Conclusion

Canada is fortunate to have had sustained job growth over much of the past decade, as are the Toronto and Vancouver metropolitan regions for the rapid (and disproportionate) increase in job creation they have experienced in recent years. But the benefits of economic growth in these regions will be minimized if their housing markets are unable to absorb the resulting increase in demand for housing. Failure to allow for adequate housing growth will mean the cost of owning or renting a home in these regions will become unaffordable for an increasing number of current and prospective residents should that economic growth persist. Unfortunately, Toronto and Vancouver have experienced rapidly rising prices and falling rental vacancy rates over the last decade, and particularly over the past five years, suggesting future difficulties accommodating a growing labour force. Indeed, while job growth has accelerated in the Toronto and Vancouver metropolitan regions since 2015, the number of annual housing starts in these two regions remains insufficiently changed from its recent historical average.

These regions' inability to respond to growing demand with commensurate increases in supply is cause for concern, both for locals struggling with the rising cost of owning or renting a home, and for workers and their families considering moving to these job-rich regions for employment. It is therefore imperative that policy makers from these regions learn from other fast-growing metropolitan areas where housing affordability has improved and many of which present more favourable regulatory environments to homebuilders. The risk of inaction is a lost opportunity not only for Toronto and Vancouver but for Canada as a whole.

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