

One in five homes purchased by Canadian newcomers

- Canadian newcomers projected to make 680,000 home purchases over next five years
- 82% of newcomers choose to stay in their first city of residence
- 75% of newcomers arrive with savings to help purchase a home
- 75% of newcomers do not consider moving to the United States prior to arriving in Canada. Number one reason cited is newcomers feel more welcomed as immigrants

TORONTO, ON, October 16, 2019 –According to a survey commissioned by Royal LePage,^[1] newcomers to Canada contribute significantly to real estate demand. Currently, newcomers represent one in every five home buyers (21%).^[2] If the current international migration level is maintained,^[3] Canadian newcomers are expected to purchase 680,000 homes over the next five years. In 2018, international migration accounted for 80.5 per cent of Canada's population growth according to Statistics Canada.^[4]

"In addition to supporting Canada's economic growth, newcomers to Canada are vital to the health of our national real estate market," said Phil Soper, president and CEO, Royal LePage. "The combined demand for affordable housing among younger Canadians and new Canadians can be met through housing policies that encourage smart and sustainable development, with a focus on protecting and developing green spaces in our urban centres. Canada's economy and labour markets are expanding and it is crucial that housing supply keeps pace."

For this study, Royal LePage has defined newcomers as those who have moved to Canada within the last ten years. Respondents include immigrants, students, refugees and those who are in Canada to work. Nationally, the average duration of time respondents spent in Canada is four years.

Newcomers are likely to be a family with children (31%), a student (25%) or a sole applicant (20%). Eighty-six per cent see real estate as a good investment and 75 per cent arrive with savings to help purchase a property. The study showed the average duration of time before newcomers purchase a home is three years after arriving in Canada.

"It is not surprising that newcomers see a home in Canada as a good investment. Having lived abroad myself, I have seen first-hand the challenges of relocating a family to a new world. It takes courage and commitment. Newcomers are doing more than investing in Canadian real estate, they are investing in their family's future," said Soper.

Despite the desire to purchase a home, the homeownership rate of newcomers is only 32 per cent. The overall homeownership rate for all Canadians is 68 per cent.^[5] Of those who purchase a home, 51 per cent of newcomers buy a detached house, 18 per cent buy a condominium, 15 per cent buy a townhouse and 13 per cent buy a semi-detached house.

Nationally, 82 per cent of respondents remain in the region of their first residence. For those who relocate to a new region, a better job is cited as the most popular reason for moving (41%), followed by lifestyle (13%), and housing affordability allowing the respondent to purchase a home (12%).

Upon arriving in Canada, 64 per cent of respondents rent their first home and 15 per cent purchase. Many newcomers choose to first live with family or friends at little or no cost (18%).

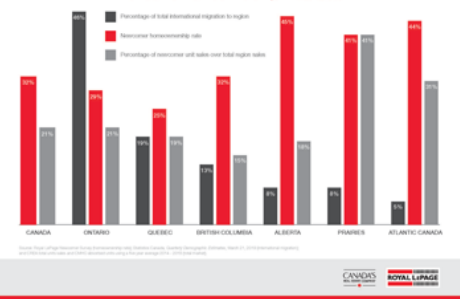
The most popular reason among respondents for moving to Canada is that newcomers see the country as a good place to live and work (54%). Most newcomers do not consider moving to the United States (75%) and the most popular response as to why they chose Canada over the United States was that they feel more welcomed as an immigrant (31%), followed by the belief that Canada is a safer place to live (26%).

Regional Insights

ONTARIO

Ontario accounts for approximately 46 per cent of all international migration to Canada.^[6] The homeownership rate of newcomers residing in the Greater Toronto Area and Ottawa are both 32 per cent. However, the provincial homeownership rate of newcomers is lower at 29 per cent, 3 percentage points lower than the national average (32%). The survey found that 84 per cent of newcomers in Ontario remain in their first city or region of residence. Currently newcomers in Ontario represent 21 per cent of all home buyers in the province^[7] and they are projected to purchase 286,000 homes over the next five years at the current rate of migration.

Royal LePage Newcomer Survey: Key Findings
Newcomer homeownership in Canada



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"Ontario, and more specifically the Greater Toronto Area, has greatly benefited from international migration to Canada," said Chris Slightham, president, Royal LePage Signature Realty. "Neighbourhoods across the greater region are blossoming with the continued influx of newcomers who are looking for good schools and job opportunities in thriving communities. While some newcomers are attracted to downtown living, there are still many affordable housing options for newcomers in vibrant communities outside of the downtown core."

Newcomers to the province believe that homeownership is a good financial investment (88%) and 82 per cent arrive with savings to help purchase a home. The demand for detached homes in the province is driven by the number of newcomers who arrive as a family with children (32%). Of those who purchase a home, the average duration prior to purchasing is three years.

"Ottawa is a very attractive destination for newcomers to Canada. Similar to Canada's other urban centres, the city offers best-in-class healthcare, great schools and safe, friendly communities but with real estate prices roughly half of the cost of Toronto and a third the cost of Vancouver," said Jason Ralph, managing partner, Royal LePage Team Realty in Ottawa. "The demand from both newcomers and first-time home buyers has put considerable upward price pressure on inventory between \$300,000 and \$500,000."

In the province, 60 per cent of newcomers rent their first home, 16 per cent purchase, and 20 per cent live with family or friends at little or no cost when they arrive in Canada.

"The Greater Toronto Area population is growing as both newcomers and Canadians from outside of the region move to the city to live and work," said Slightham. "This demand is creating upward pressure on our real estate market. We expect this momentum to continue as the GTA remains a desired world class destination."

QUEBEC

Nationally, Quebec follows only Ontario in attracting newcomers to live and work (19%).^[8] Currently newcomers also represent 19 per cent of all home buyers in the province^[9] and they are projected to purchase 102,000 homes over the next five years at the current rate of international migration. The survey also found that 83 per cent of newcomers in Quebec still lived in their first region of residence.

"Demand for real estate in the province of Quebec, and the Greater Montreal Area in particular, is healthy as newcomers settle here for our excellent academic institutions, great quality of life and relative affordability," said Dominic St-Pierre, vice president and general manager, Royal LePage, for the Quebec region. "Quebec has a significant out-migration rate and its population continues to age. In addition to enriching the province's social fabric, newcomers provide a population boost that supports both a healthy economy and vibrant real estate market."

Last July, the Institut de la Statistique du Québec stated in their forecast that the province's population growth is expected to gradually slow.^[10] The population growth from newcomers supports healthy demand for real estate.

"With the labour shortage, many local businesses are recruiting abroad to fill positions," says Dave Carter, co-owner and manager of Royal LePage Blanc & Noir in Quebec City. "Université Laval also attracts many international students who have the opportunity to pursue their careers here."

In the province, 71 per cent of newcomers rent their first home (the highest rate in the country tied with British Columbia), 10 per cent purchase and 14 per cent live with family or friends at little or no cost when they arrive in Canada.

Despite real estate demand from the sheer volume of newcomers purchasing in the province, they have the lowest homeownership rate in the country, with only 25 per cent of newcomers living in the province of Quebec owning their home, compared to 61 per cent among the province's total population.^[11] When broken down at the city level, 23 per cent of those living in the Greater Montreal Area own their home compared to 28 per cent in Quebec City. Of those who purchase a home in the province, the average duration prior to purchasing is four years.

"We are helping more and more newcomers in the process of purchasing property. The region offers an excellent quality of life and the vast majority of newcomers already speak French. The fact that the real estate market in Quebec City is affordable provides them with a better opportunity to achieve homeownership," said Carter.

Eighty-three per cent of newcomers in the province state that homeownership is a good financial investment and 67 per cent come to Canada with savings that allow them to purchase property, lower than the national average (75%).

Provincial respondents are the least likely to consider moving to the United States before moving to Canada (17%).

BRITISH COLUMBIA

British Columbia is the third most popular Canadian destination for international migration.^[12] The homeownership rate of newcomers residing in Greater Vancouver is 32 per cent, similar to both the provincial and national average (32%).

"Greater Vancouver is one of the most desirable places in the world to live and we attract newcomers who are optimistic about what the city has to offer in terms of both lifestyle and employment," said Randy Ryalls, general manager, Royal LePage Sterling Realty.

In the province, 72 per cent of newcomers rent their first home and 9 per cent purchase, while 13 per cent live with family or friends at little or no cost when they arrive in Canada.

"Newcomers are contributing to demand across housing types. Families are searching for houses in family-friendly communities while those coming as individuals are drawn to condos which provide a lower maintenance lifestyle in convenient locations at a more affordable price point," said Ryalls.

The percentage of respondents who arrive in British Columbia as part of a family with children is 32 per cent. The second most popular response is student (28%), followed by sole applicant (20%), and couples with no children (14%).

Consumer confidence in the province's real estate market is healthy as 85 per cent of respondents in British Columbia believe that homeownership is a good financial investment.

Eighty-six per cent of newcomers in British Columbia remain in their first city or region of residence. Currently, newcomers represent 15 per cent of all home buyers in the province^[13] and they are projected to purchase 91,000 homes over the next five years at the current rate of international migration.

ALBERTA

Alberta attracts approximately 8 per cent of Canada's international migration.^[14] Alberta newcomers have a significantly high homeownership rate with 45 per cent owning their home. They are the most likely to believe that homeownership is a good financial investment (90%). Newcomers represent 18 per cent of all home buyers in the province^[15] and they are projected to purchase 76,000 homes in the region over the next five years at the current rate of international migration.

"Alberta is particularly appealing to newcomers from all over the world, and already established Canadians who wish to migrate to the province," said Corinne Lyall, broker and owner, Royal LePage Benchmark. "Calgary has a truly welcoming attitude. It is a relatively young city so the majority of the population was not born here. There is a lot of support for newcomers, along with a real sense of community and love for the area."

Upon arriving in Canada, 19 per cent of Alberta newcomers own their first place of residence, 55 per cent rent, and 13 per cent live with family or friends at little or no cost.

"Alberta supports entrepreneurs and people who are willing to work hard," Lyall added. "The provincial government provides tax credits for small business investment and programs to help companies succeed on an international level. The lifestyle offered throughout the province, combined with the affordability of home prices, draws people to our part of Canada."

Similar to the rest of Canada, the largest group of respondents is families with children (34%), while 29 per cent come as sole applicants. The percentage of newcomers arriving as sole applicants is significantly higher than the national average (20%). Fifty-two per cent of Alberta respondents (the largest region by percentage) say they have children in their household under 18 years old.

Of those who become a homeowner, the average duration prior to purchasing a home is three years for newcomers in Alberta.

PRAIRIES

Similar to Alberta, the Prairies also attract approximately 8 per cent of Canada's international migration^[16] and 41 per cent of newcomers own their home. In the province, 62 per cent of newcomers rent their first home, 20 per cent purchase and 17 per cent live with family or friends at little or no cost when they arrive in Canada.

"Affordability reigns in this region of Canada," said Michael Froese, managing partner, Royal LePage Prime Real Estate. "Newcomers come to the Prairies because the region can offer a great lifestyle on an affordable budget. It's particularly appealing for newcomers who arrive as a family or those looking to start a family."

Newcomers represents 41 per cent of all home buyers in the region^[17] and they are projected to purchase 71,000 homes over the next five years at the current rate of international migration. Of those who purchase a home, the average duration prior to purchasing is three years.

Seventy-one per cent of newcomers in the Prairies still live in the region where they first resided. Similar to the national average, most newcomers in the Prairies arrive as a family with children (32%). Eighty-six per cent believe that homeownership is a good financial investment.

"Newcomers who move to the Prairies put down roots here and quickly feel part of the community," Froese added. "People stay for people."

ATLANTIC CANADA

Atlantic Canada attracts approximately 5 per cent of Canada's international migration.^[18] Newcomers living in Atlantic Canada have a homeownership rate of 44 per cent, 12 percentage points higher than the national average (32%). Following the Prairies, it is the second highest percentage of all regions studied. Newcomers represent 31 per cent of all home buyers in the region^[19] and they are projected to purchase 43,000 homes over the next five years.

Newcomers in Atlantic Canada are most likely to be a family with children (39%), 8 percentage points higher than the national average.

"Surrounded by water and beautiful landscape, Atlantic Canada is the perfect place to raise a family," said Rudy Chong, owner and manager, Royal LePage Prince Edward Realty. "Many newcomers are thrilled to discover that they can own a large home at an affordable price. Often newcomers arrive from big, metropolitan cities and are seeking the lifestyle the Maritimes offers."

Of newcomers in Atlantic Canada, 81 per cent remain in their first city or region of residence. Eighty-eight per cent of respondents in Atlantic Canada believe that homeownership is a good financial investment.

In the region, 63 per cent of newcomers rent their first home, 20 per cent purchase and 18 per cent live with family or friends at little or no cost when they arrive in Canada.

Of newcomers who purchase a home, the average duration prior to buying is two years.

Royal LePage Newcomer 2019 Survey – Key Findings

https://docs.rlpnetwork.com/rlp.ca/PressReleases/Royal_LePage_Newcomer_2019_Survey_Key_Findings.pdf (.PDF)

About Royal LePage

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of over 18,000 real estate professionals in over 600 locations nationwide. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women's and children's shelters and educational programs aimed at ending domestic violence. Royal LePage is a Bridgemarq Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE. For more information, please visit www.royallepage.ca <<http://www.royallepage.ca>>.

About the Royal LePage Newcomer Survey and Release

The Royal LePage Newcomer Survey was compiled from an online survey of 1500 new Canadians who came to Canada within the last 10 years was completed between August 21-27, 2019, using Leger's online panel. The margin of error for this study was +/-2.5%, 19 times out of 20.

Royal LePage Newcomer Release calculated projected home sales using historic migration levels from Statistics Canada, the homeownership rate of newcomers within the Royal LePage Newcomer Survey and unit sales data from CREA and CMHC. Newcomer data used was calculated using (Immigrants + Returning Emigrants + Net Non-Permanent Residents) – (Emigrants + Net Temporary Residents). Provincial data was extracted from Statistics Canada, *Table 17-10-0040-01 Estimates of the components of international migration, quarterly*. National data was extracted from Statistics Canada, *Quarterly Demographic Estimates, March 21, 2019*.

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^[1] Survey conducted between August 21 and 27, 2019 using Leger's online panel made of 1,500 newcomers who arrived in Canada within the past ten years. The margin of error for this study was +/-2.5%, 19 times out of 20.

^[2] Royal LePage Newcomer Survey (homeownership rate); Statistics Canada, *Quarterly Demographic Estimates*, March 21, 2019. (international migration); and, CREA total units sales and CMHC absorbed units using a five year average 2014 – 2018 (total market).

^[3] Assumes volume of international migrants is maintained at 2018 level. Volume is calculated as (Immigrants + Returning Emigrants + Net Non-Permanent Residents) – (Emigrants + Net Temporary Residents) using Statistics Canada, *Quarterly Demographic Estimates*, Mar 21, 2019.

^[4] Statistics Canada, *Canada's population estimates, fourth quarter 2018*, March 21, 2019.

^[5] Statistics Canada, *Housing in Canada: Key results from the 2016 Census*. October 25, 2017.

^[6] Statistics Canada, *Table 17-10-0040-01 Estimates of the components of international migration, quarterly*

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^[10] Institut de la statistique du Québec, *Perspectives démographiques du Québec et des régions, 2016-2066, Édition 2019, July 2019*.

^[11] Statistics Canada, *Housing in Canada: Key results from the 2016 Census*, Sept. 25, 2017.

^[12] Statistics Canada, *Table 17-10-0040-01 Estimates of the components of international migration, quarterly*

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