

OXFORD COUNTY

7 FEBRUARY 2019

Demographics, Economics, & Housing in Southwestern Ontario

RYAN BERLIN



HOUSING IN SOUTHWESTERN ONTARIO

southwestern ontario snapshot



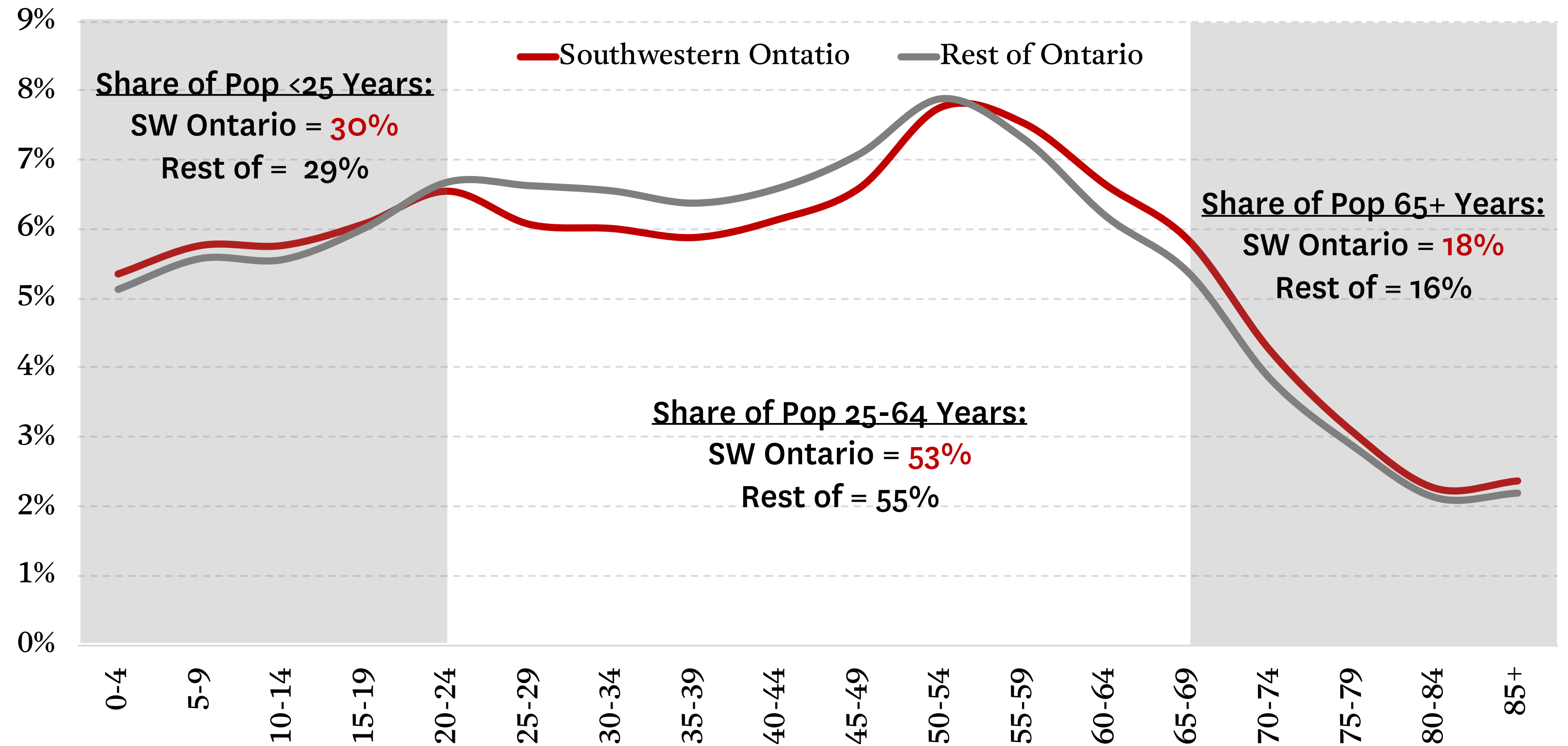
SOUTHWESTERN ONTARIO RESIDENTS: ARE OLDER

southwestern ontario snapshot

CENSUS
DIVISION
AGGREGATE

Age Composition, SW Ontario vs Rest of Province

2016 Census

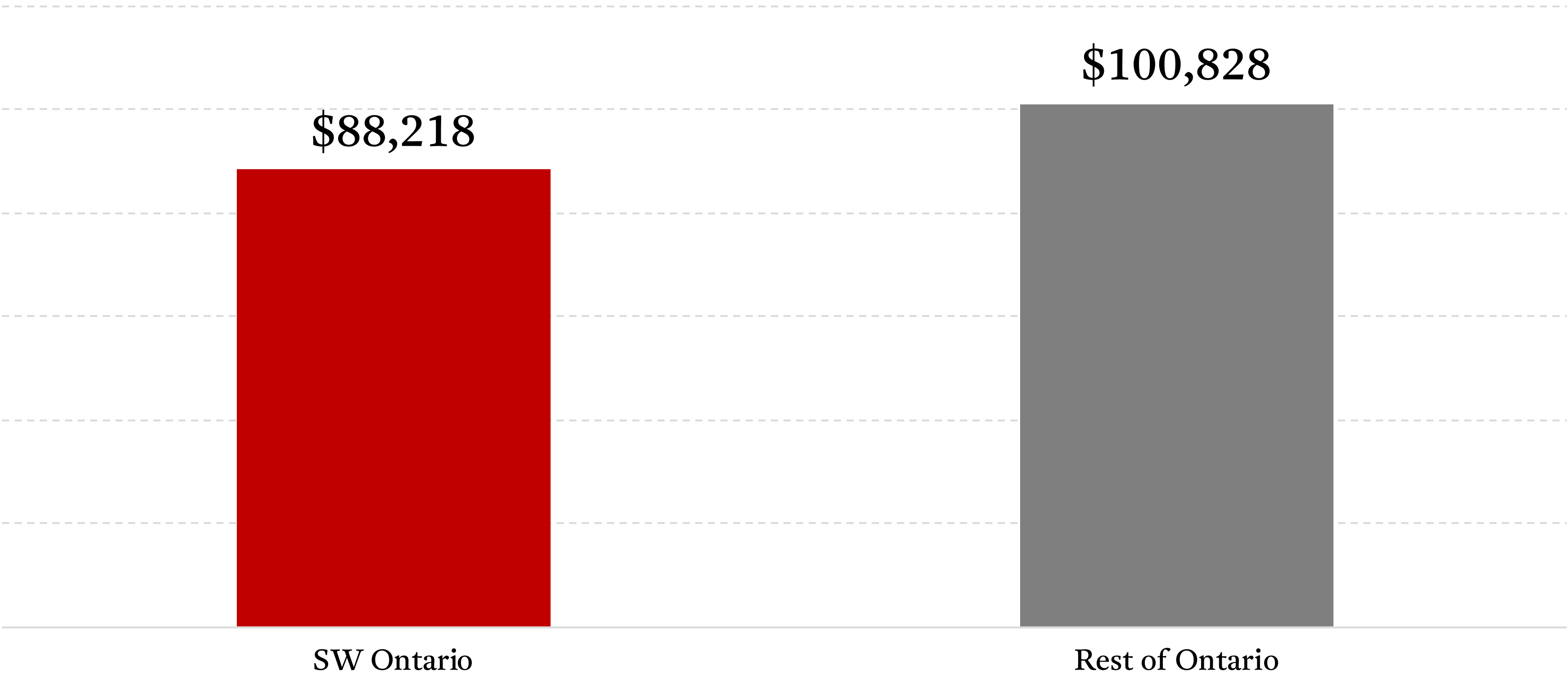


SOUTHWESTERN ONTARIO RESIDENTS: ARE OLDER, DOMESTIC-BORN, EARN LESS

Average Household Income, SW Ontario vs Rest of Province
2016 Census

southwestern
ontario
snapshot

CENSUS
DIVISION
AGGREGATE



SOURCE: 2016 CENSUS, STATISTICS CANADA

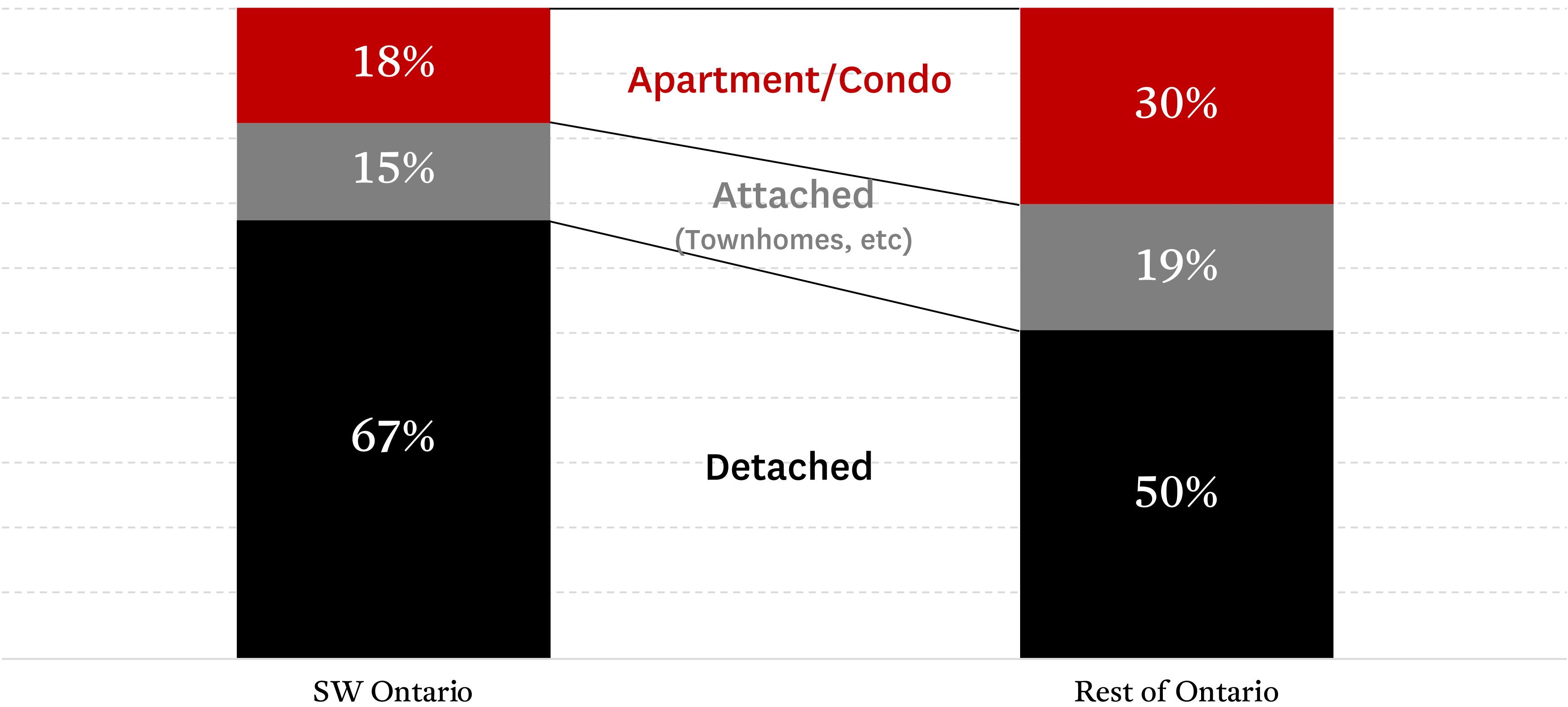


SOUTHWESTERN ONTARIO RESIDENTS: ARE OLDER, DOMESTIC-BORN, EARN LESS, LIVE IN DETACHED HOMES

Occupied Dwelling Mix, SW Ontario vs Rest of Province
2016 Census

southwestern
ontario
snapshot

C E N S U S
D I V I S I O N
A G G R E G A T E



SOURCE: 2016 CENSUS, STATISTICS CANADA

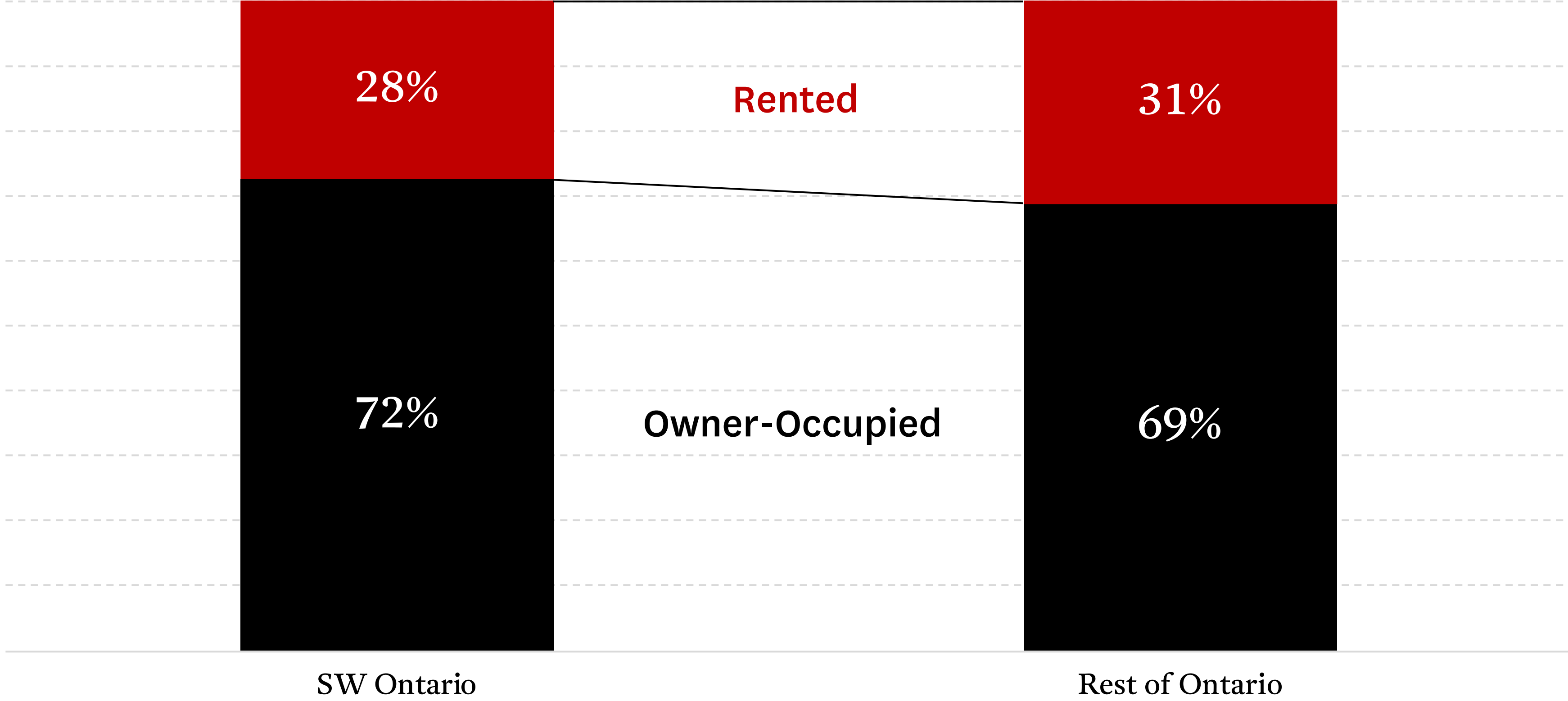


SOUTHWESTERN ONTARIO RESIDENTS: ARE OLDER, DOMESTIC-BORN, EARN LESS, LIVE IN DETACHED HOMES, ARE OWNERS

Tenure Mix, SW Ontario vs Rest of Province
2016 Census

southwestern
ontario
snapshot

CENSUS
DIVISION
AGGREGATE



SOURCE: 2016 CENSUS, STATISTICS CANADA



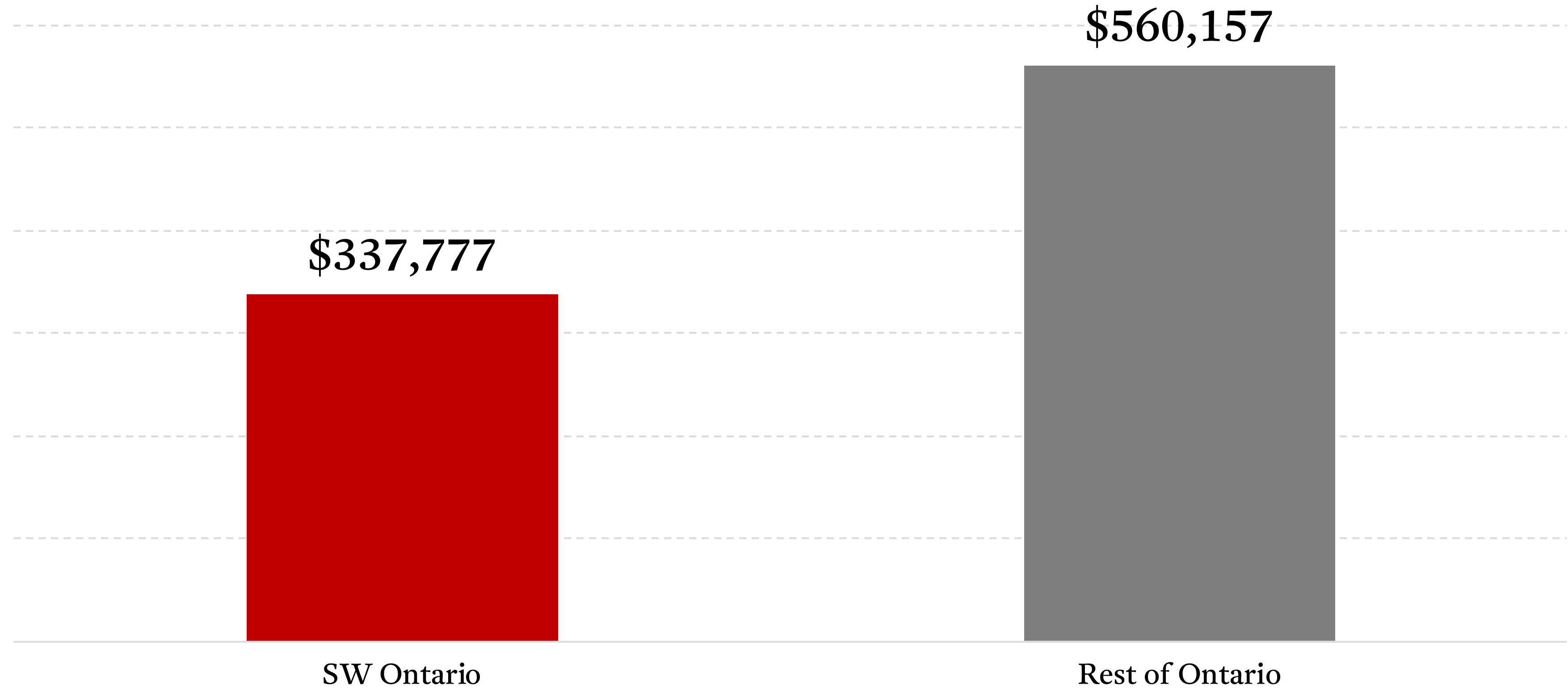
SOUTHWESTERN ONTARIO RESIDENTS: ARE OLDER, DOMESTIC-BORN, EARN LESS, LIVE IN DETACHED HOMES, ARE OWNERS WHOSE HOMES ARE WORTH LESS

Average Dwelling Value, SW Ontario vs Rest of Province

2016 Census

southwestern
ontario
snapshot

CENSUS
DIVISION
AGGREGATE



SOURCE: 2016 CENSUS, STATISTICS CANADA

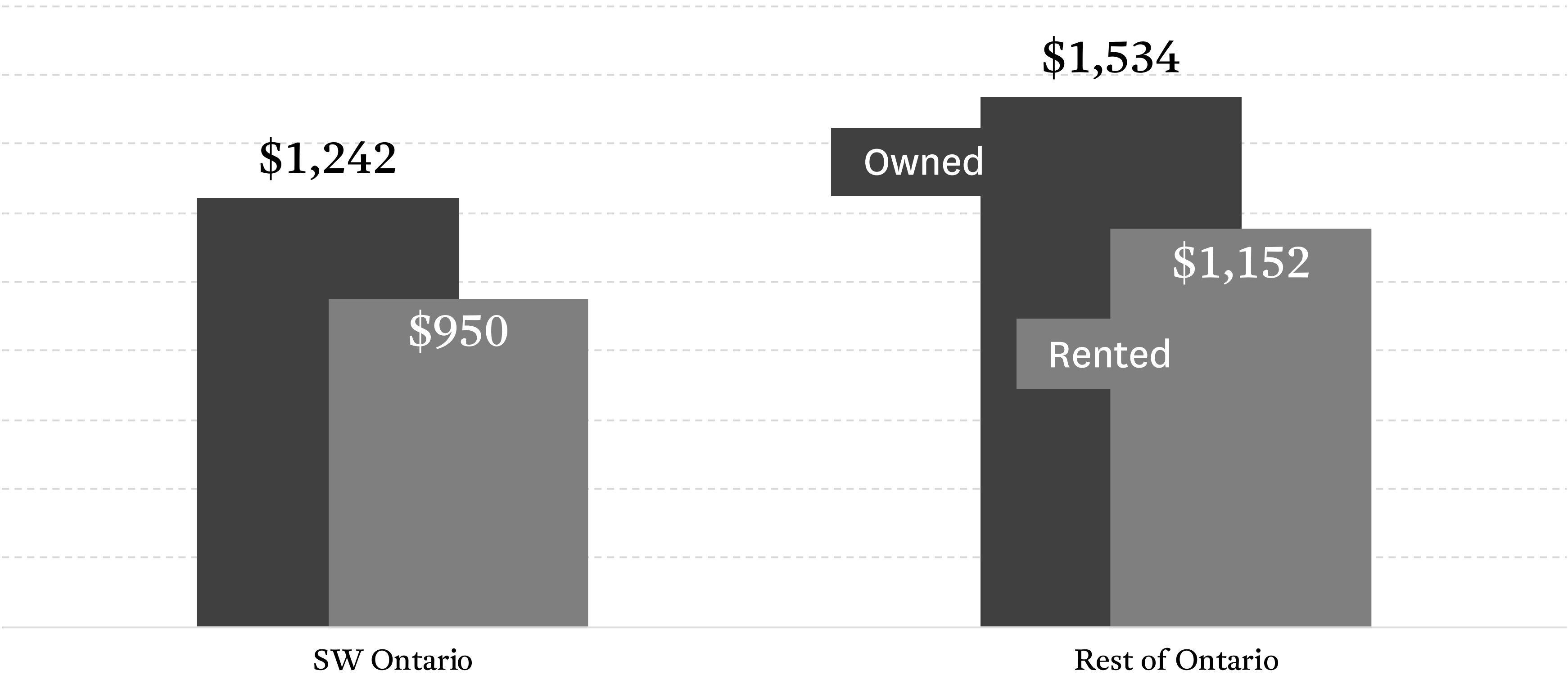


SOUTHWESTERN ONTARIO RESIDENTS: ARE OLDER, DOMESTIC-BORN, EARN LESS, LIVE IN DETACHED HOMES, ARE OWNERS WHOSE HOMES ARE WORTH LESS, **HAVE LOWER SHELTER COSTS**

Average Monthly Shelter Costs, SW Ontario vs Rest of Province
2016 Census

southwestern
ontario
snapshot

CENSUS
DIVISION
AGGREGATE



SOURCE: 2016 CENSUS, STATISTICS CANADA



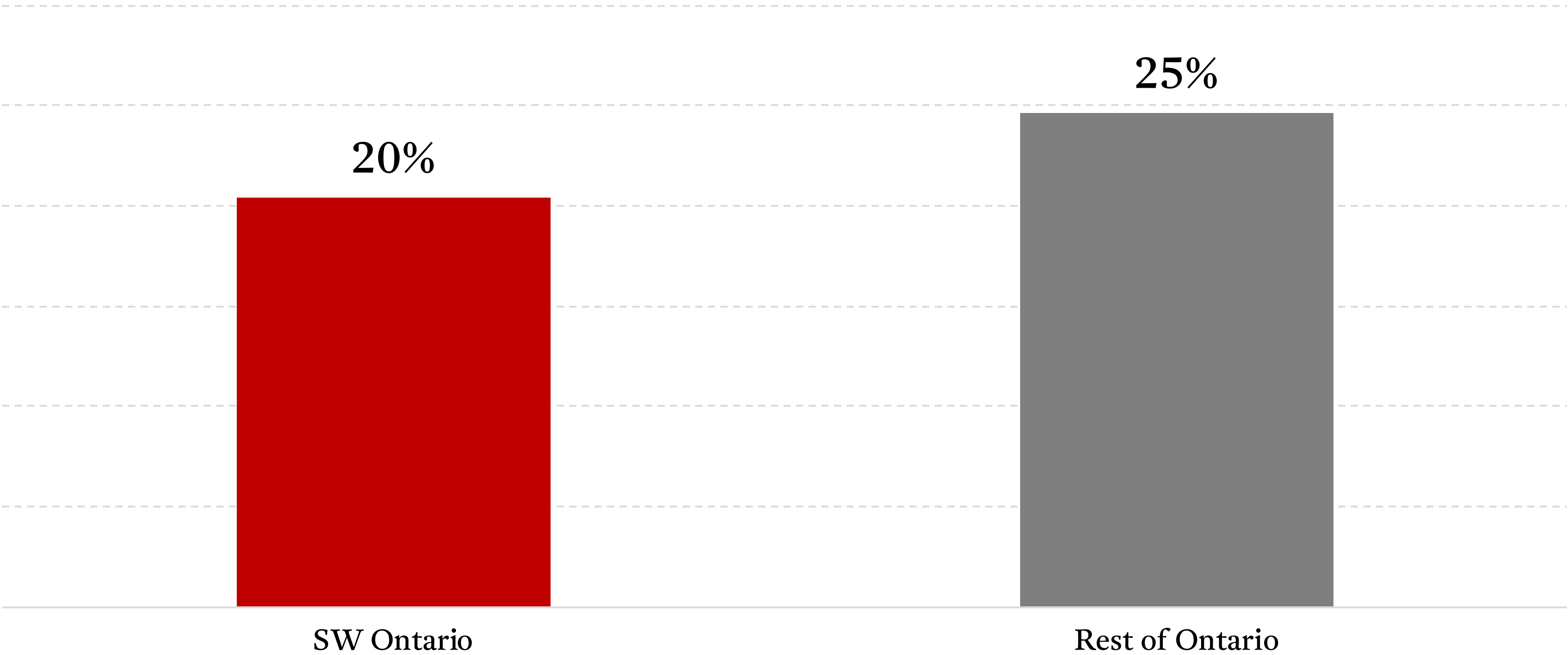
SOUTHWESTERN ONTARIO RESIDENTS: ARE OLDER, DOMESTIC-BORN, EARN LESS, LIVE IN DETACHED HOMES, ARE OWNERS WHOSE HOMES ARE WORTH LESS, HAVE LOWER SHELTER COSTS, & SPEND LESS OF THEIR INCOMES ON HOUSING

Share of Households Spending 30-99% of Income on Shelter Costs, SW Ontario vs Rest of Province

2016 Census

southwestern
ontario
snapshot

CENSUS
DIVISION
AGGREGATE



SOURCE: 2016 CENSUS, STATISTICS CANADA



HOUSING IN SOUTHWESTERN ONTARIO

the demographic context



CANADA

national
immigration
policy

Canada to increase immigration target to 350,000 by 2021



Published:
October 31, 2018

Updated:
October 31, 2018 8:38 PM PDT

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The Province > News >
Politics



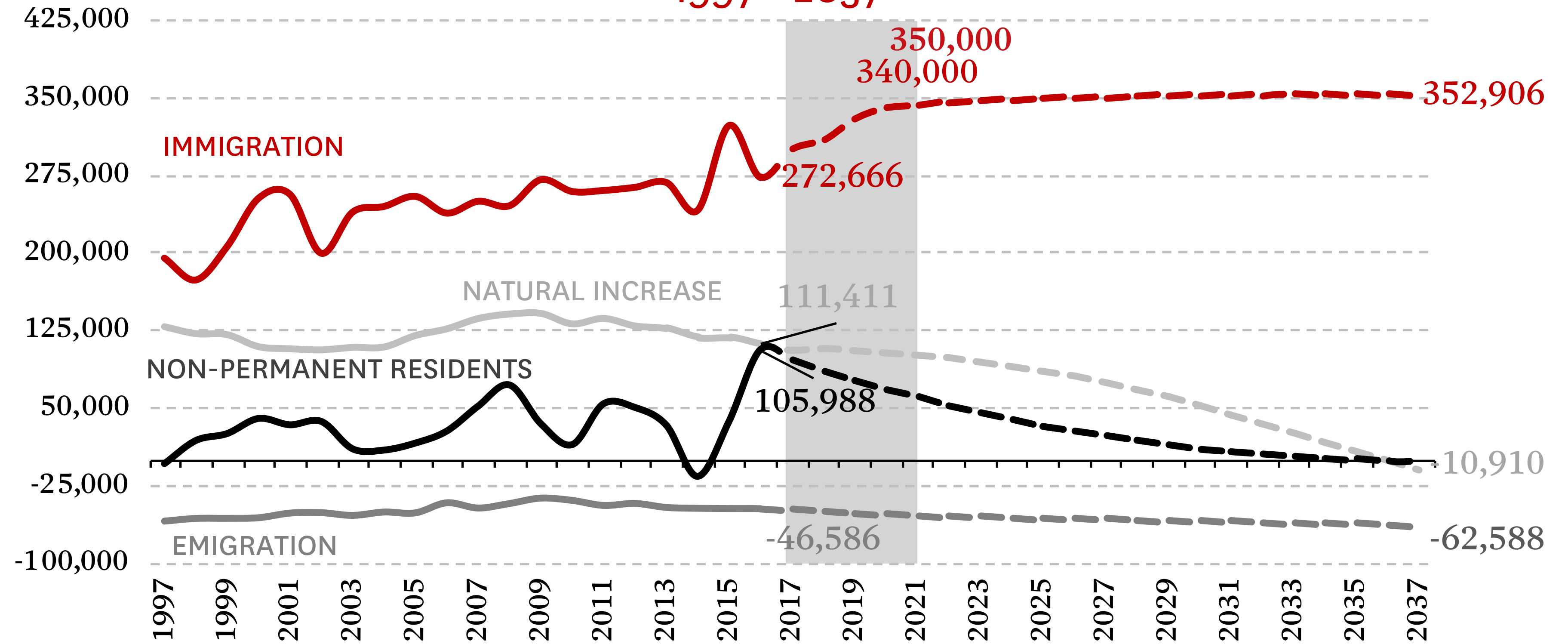
Minister of Immigration, Refugees and Citizenship Ahmed Hussen Justin Tang/The Canadian Press/File

The vast majority of these newcomers are coming under economic programs designed to address skills shortages and gaps in the labour market

Components of Population Change, Canada

1997 - 2037

the
demographic
context

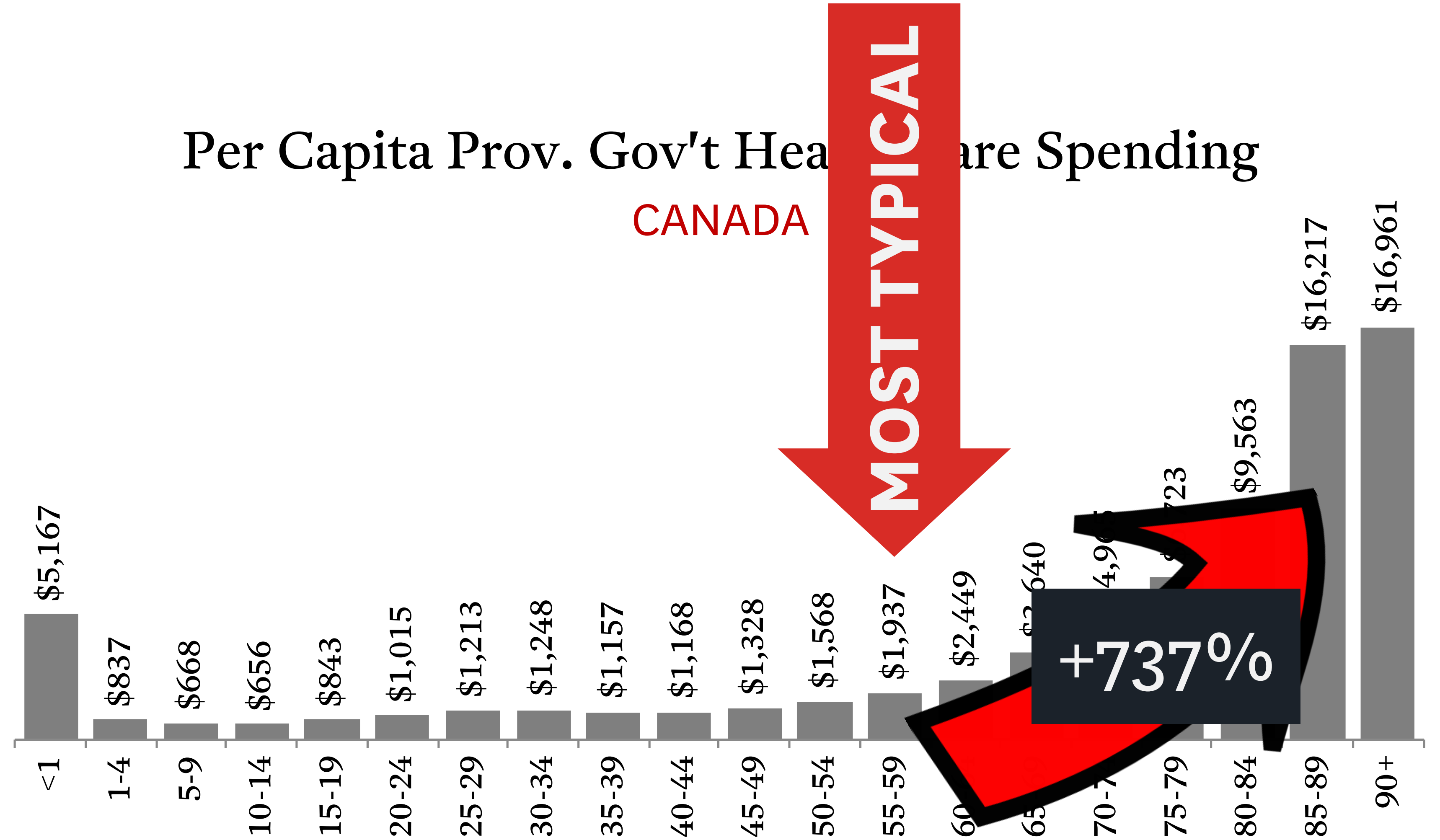


the
demographic
context

HEALTH CARE

Per Capita Prov. Gov't Health Care Spending

CANADA



MOST TYPICAL

+737%

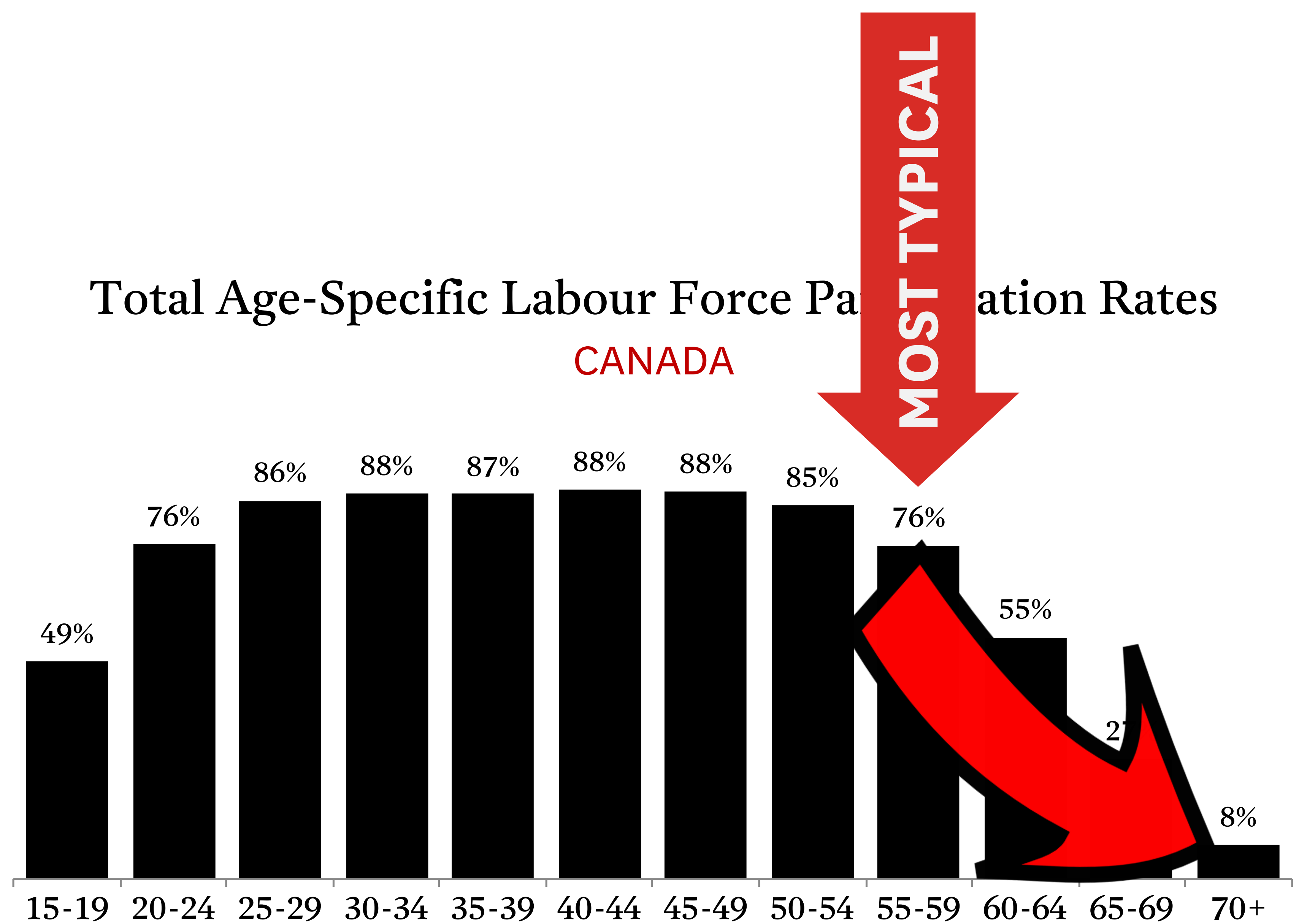


the
demographic
context

RETIREMENT

Total Age-Specific Labour Force Participation Rates

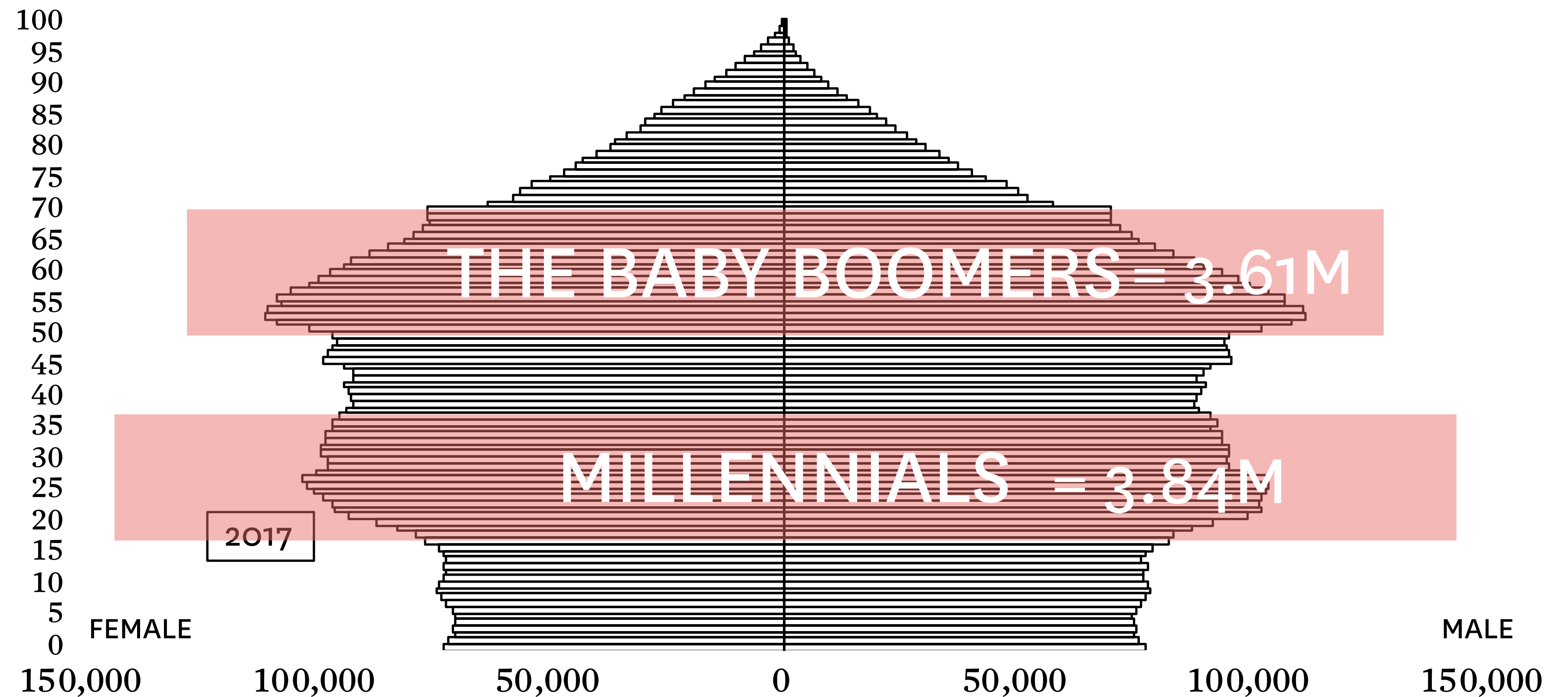
CANADA



the
demographic
context

A CHANGING
PROVINCE

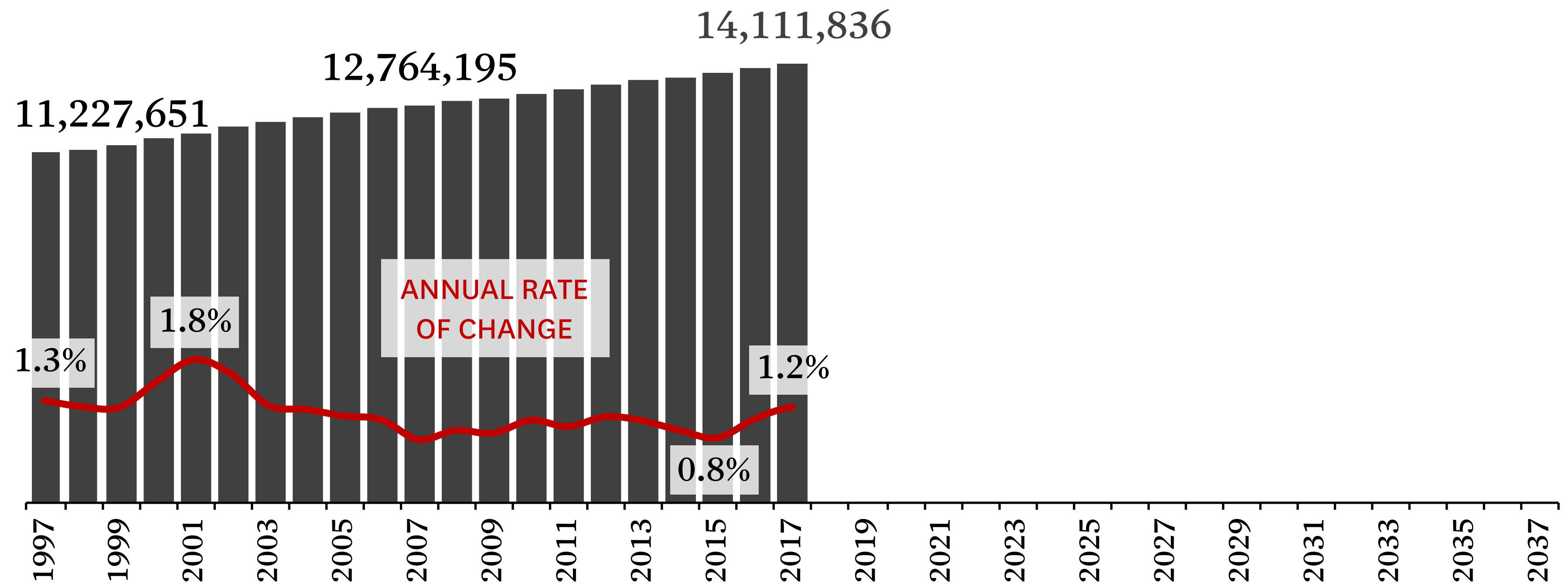
Age Profile, Ontario



Past 20 years: +145,000 people / year

Total Population, Ontario 1997 - 2037

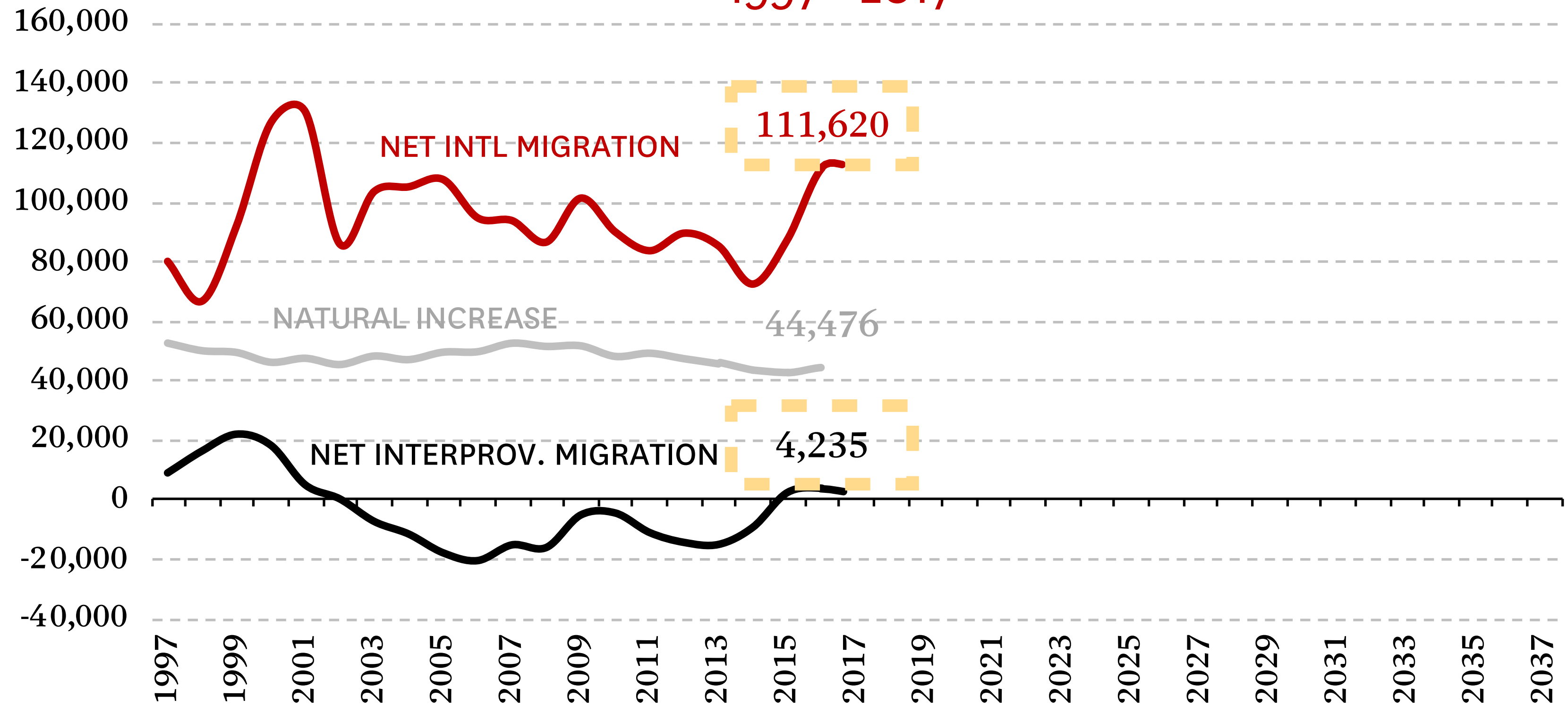
the
demographic
context



the
demographic
context

Components of Population Change, Ontario

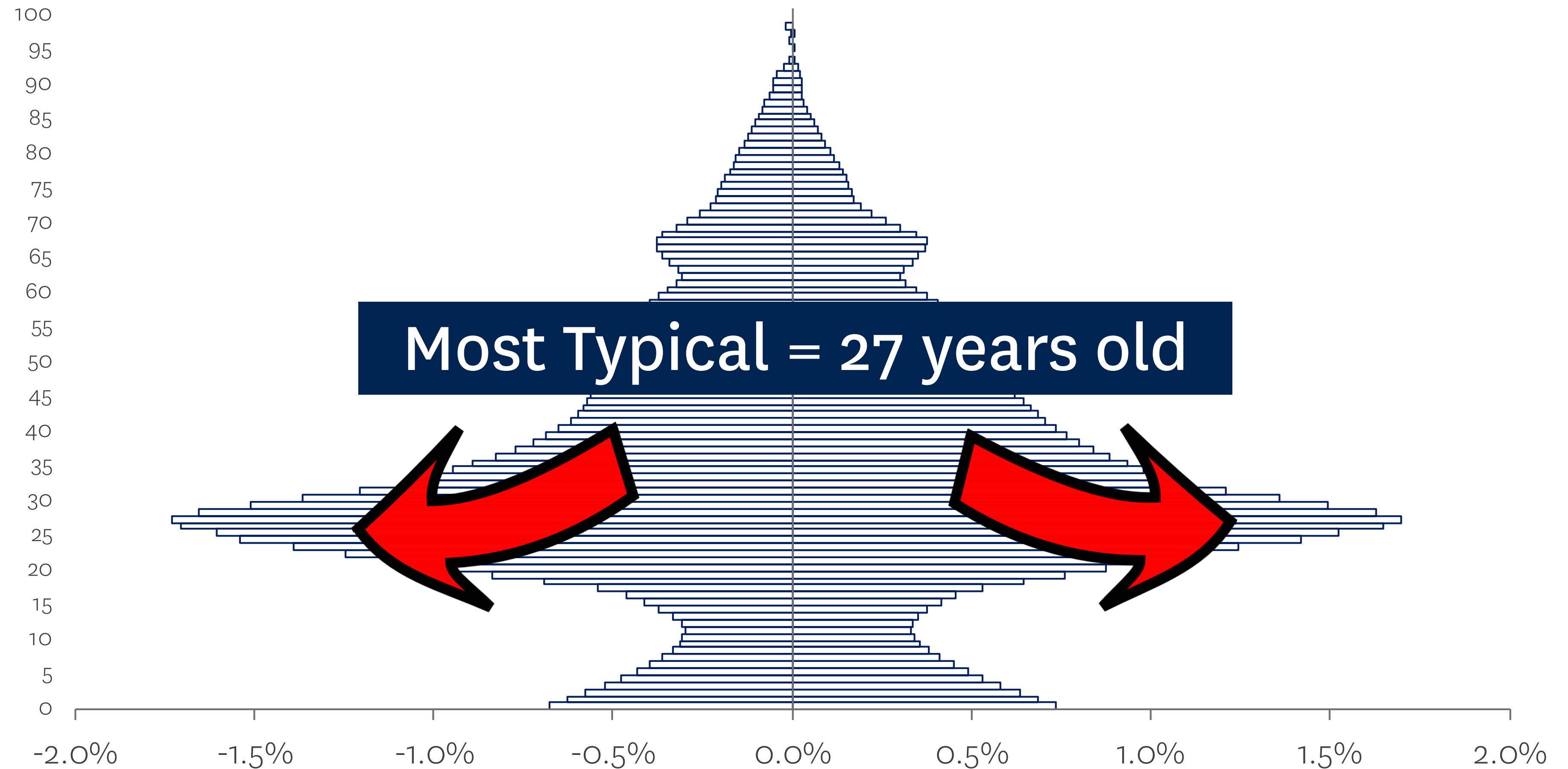
1997 - 2017



Interprovincial In-Migrant Age Profile

the
demographic
context

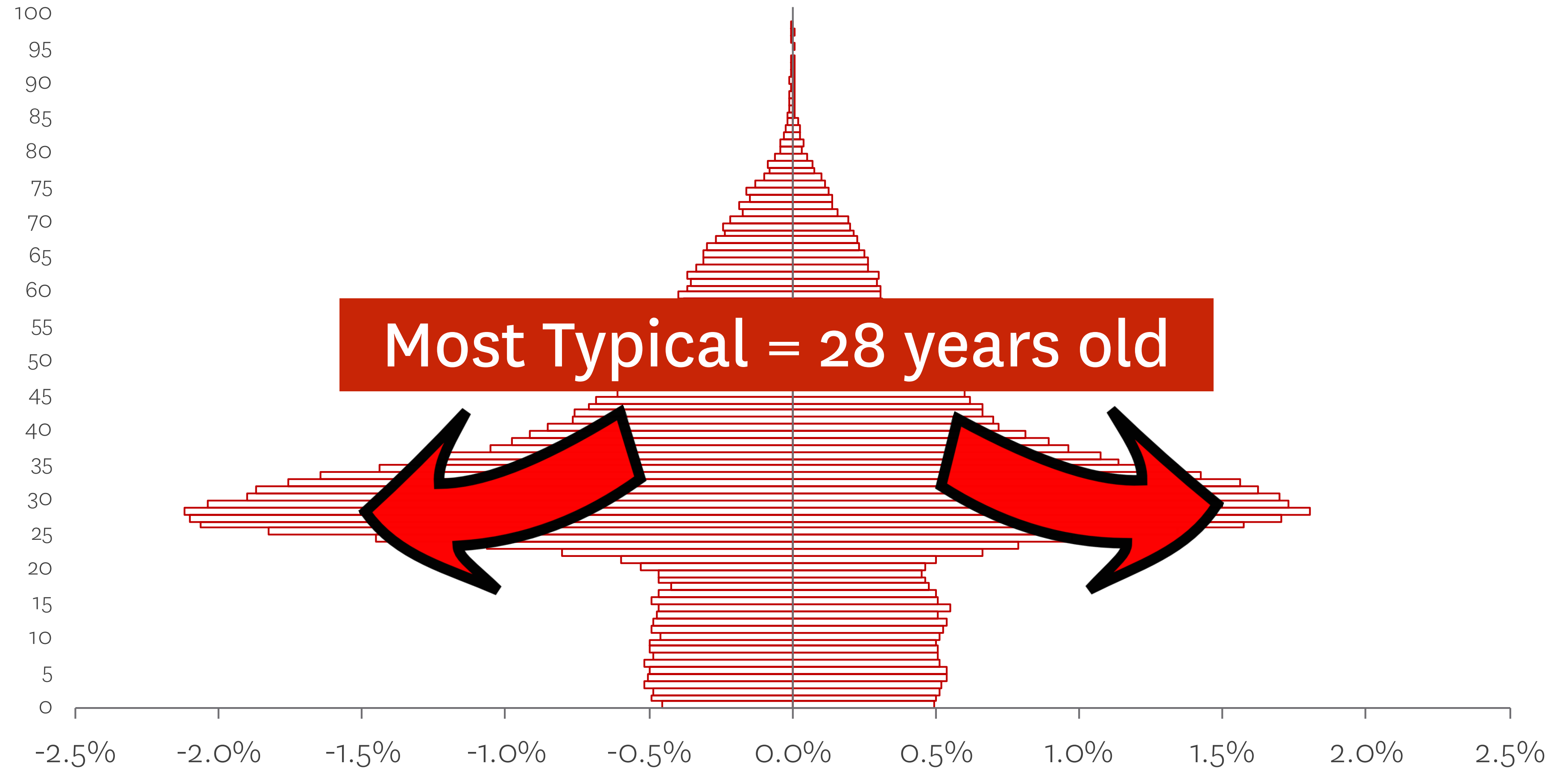
—
DOMESTIC IN-
MIGRATION
PROFILE



the
demographic
context

—
IMMIGRATION
PROFILE

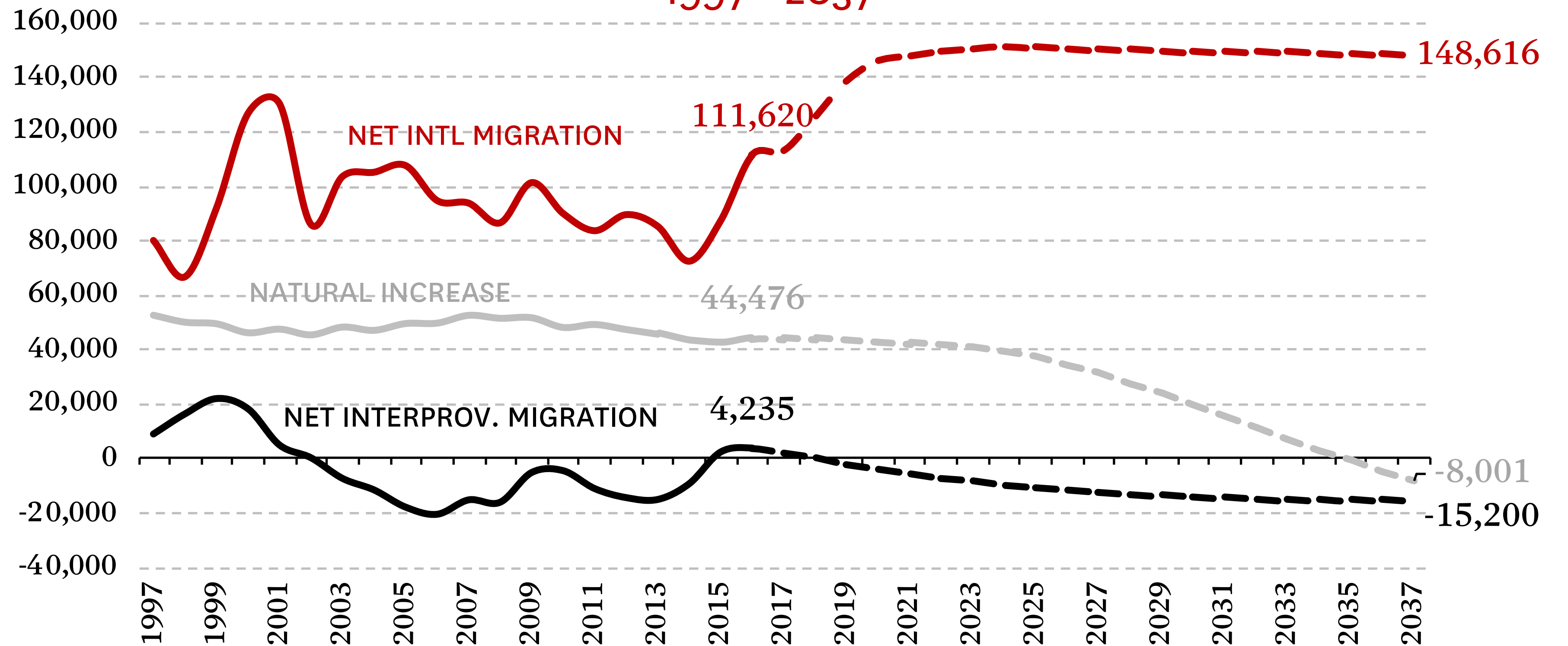
Immigrant Age Profile



the
demographic
context

Components of Population Change, Ontario

1997 - 2037



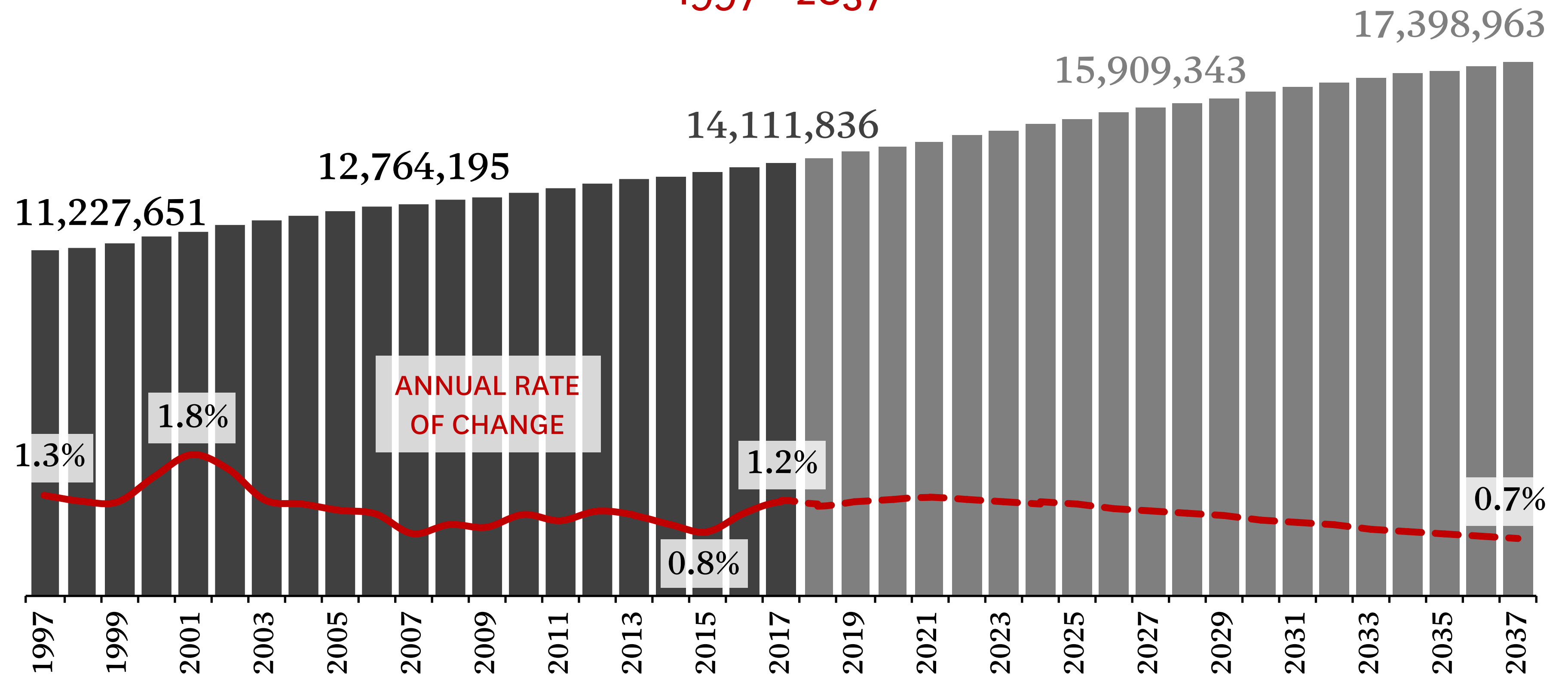
Next 20 years: +165,000 people / year

Past 20 years: +145,000 people / year

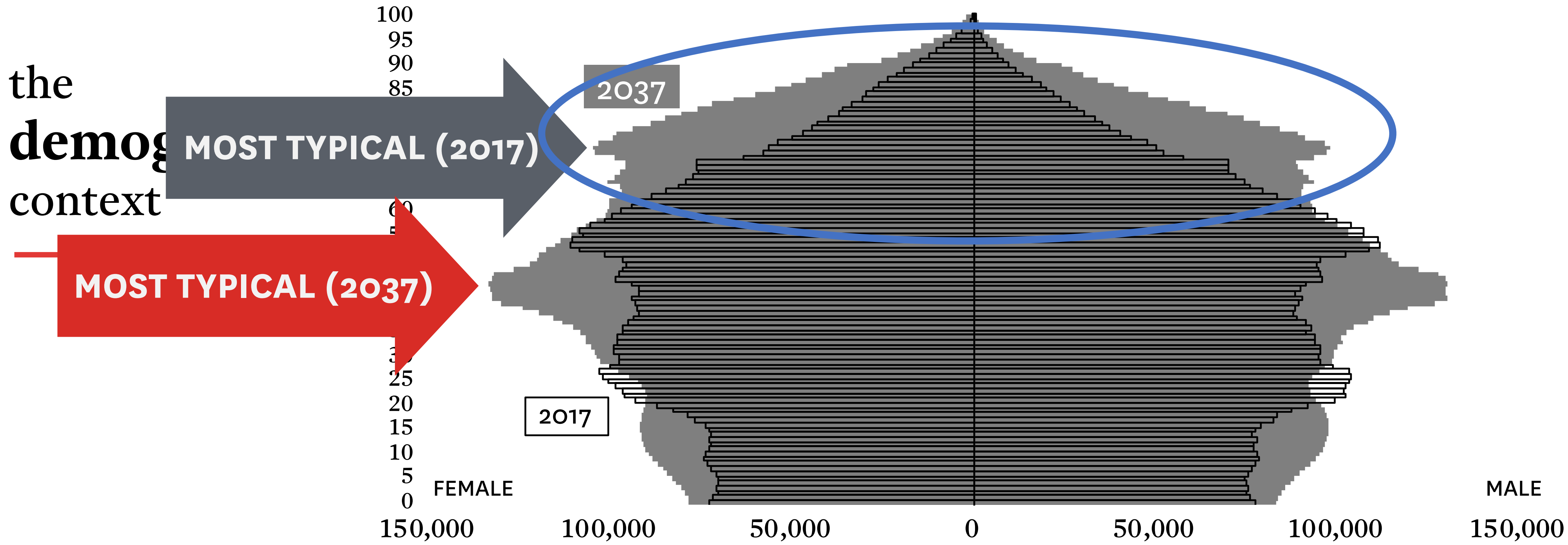
Total Population, Ontario

1997 - 2037

the
demographic
context



Age Profile, Ontario



SOURCE: DEMOGRAPHIC ESTIMATES COMPENDIUM, STATISTICS CANADA + RENNIE PROJECTIONS

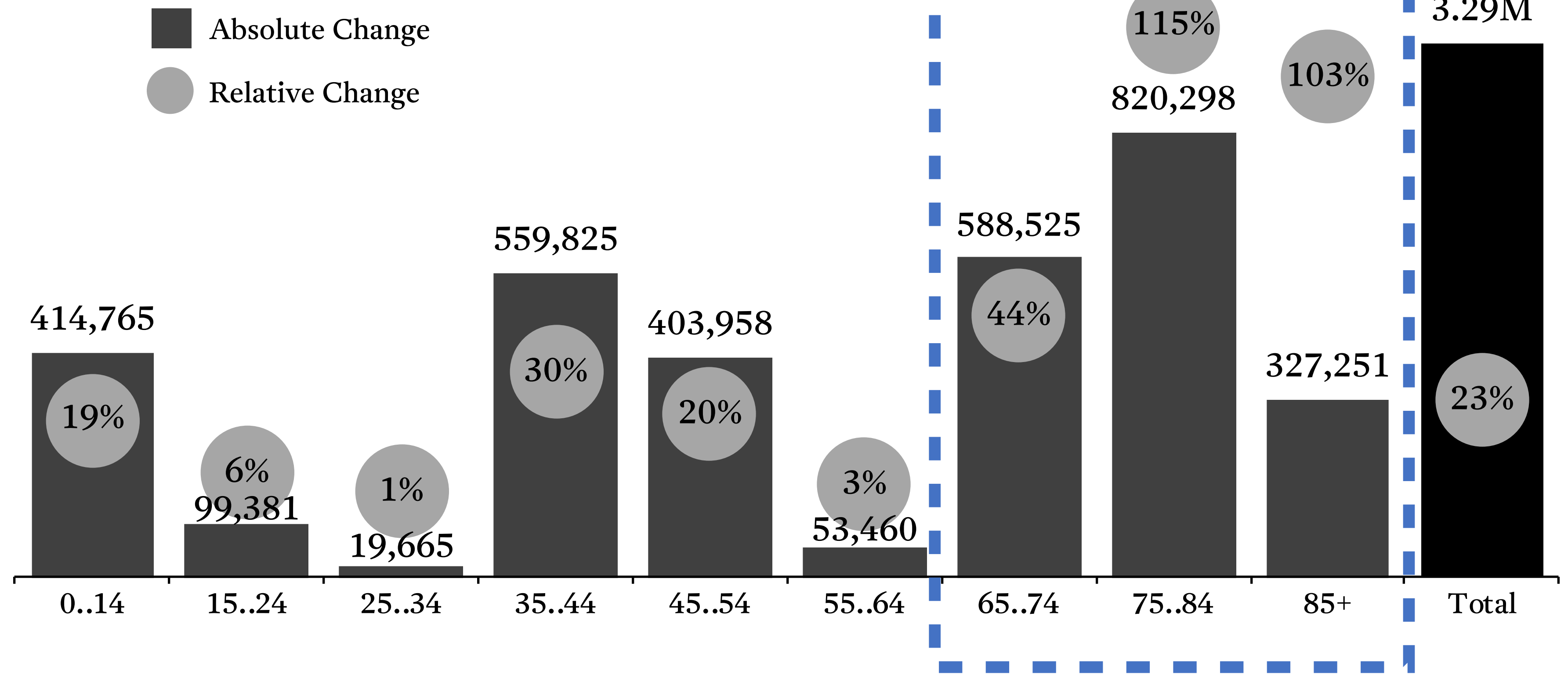


the demographic context

Population Change

2017 - 2037

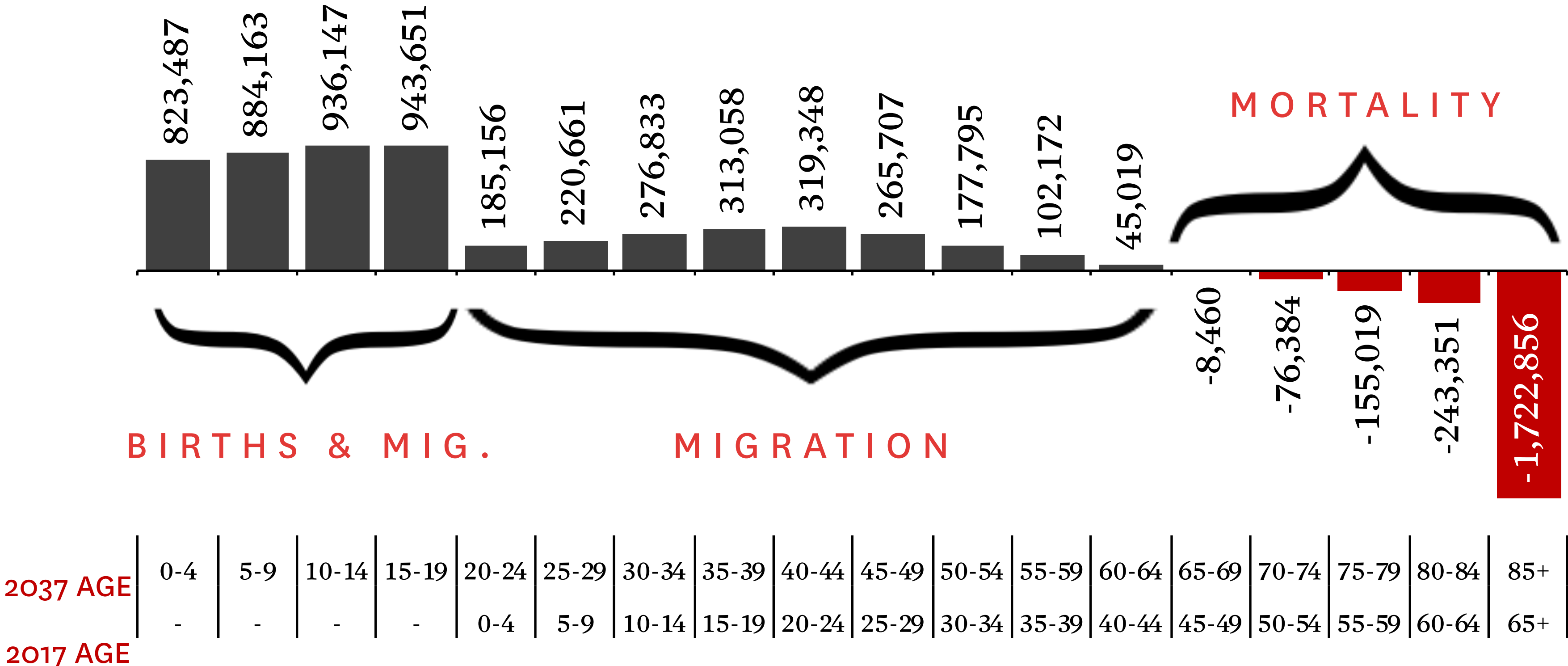
>50% OF TOTAL GROWTH...
BUT THEY'RE ALREADY HERE!



Population Change by Cohort, Ontario

2017 - 2037

the demographic context



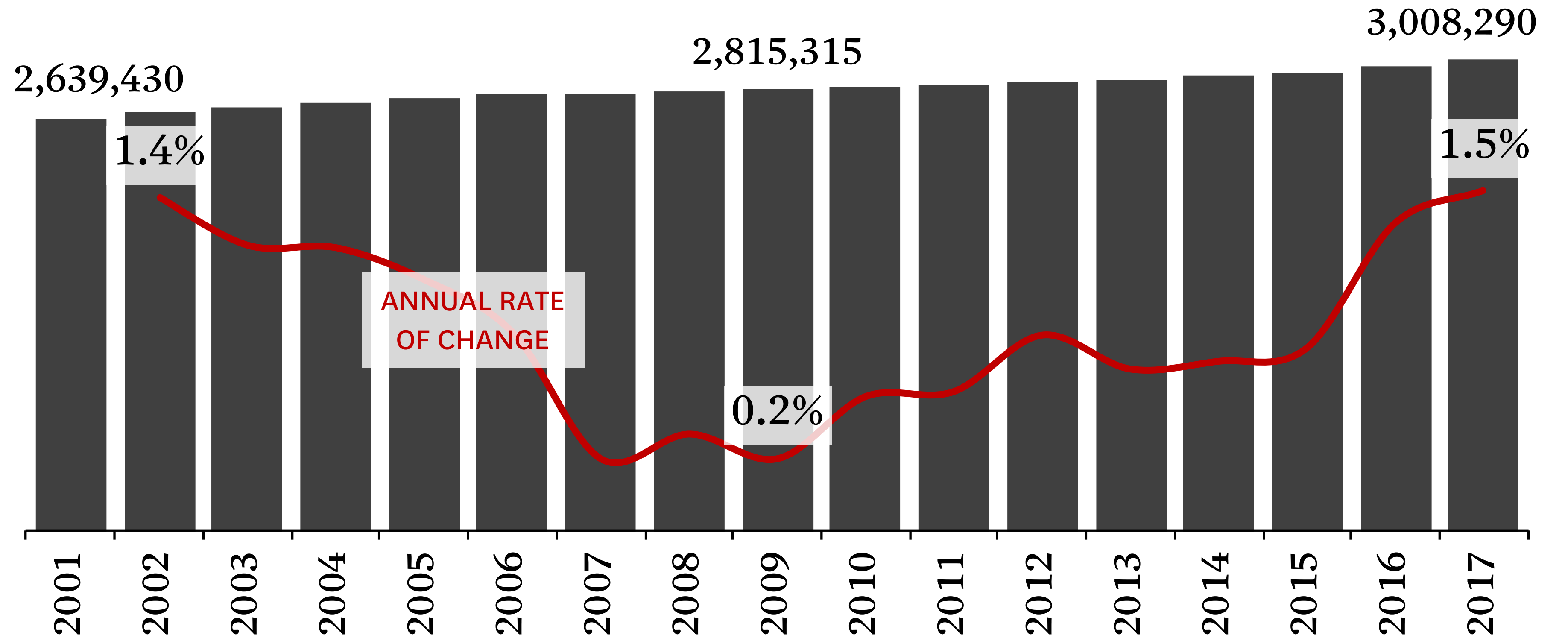
SOURCE: DEMOGRAPHIC ESTIMATES COMPENDIUM, STATISTICS CANADA + RENNIE PROJECTIONS



Total Population, Southwestern Ontario

2001 - 2017

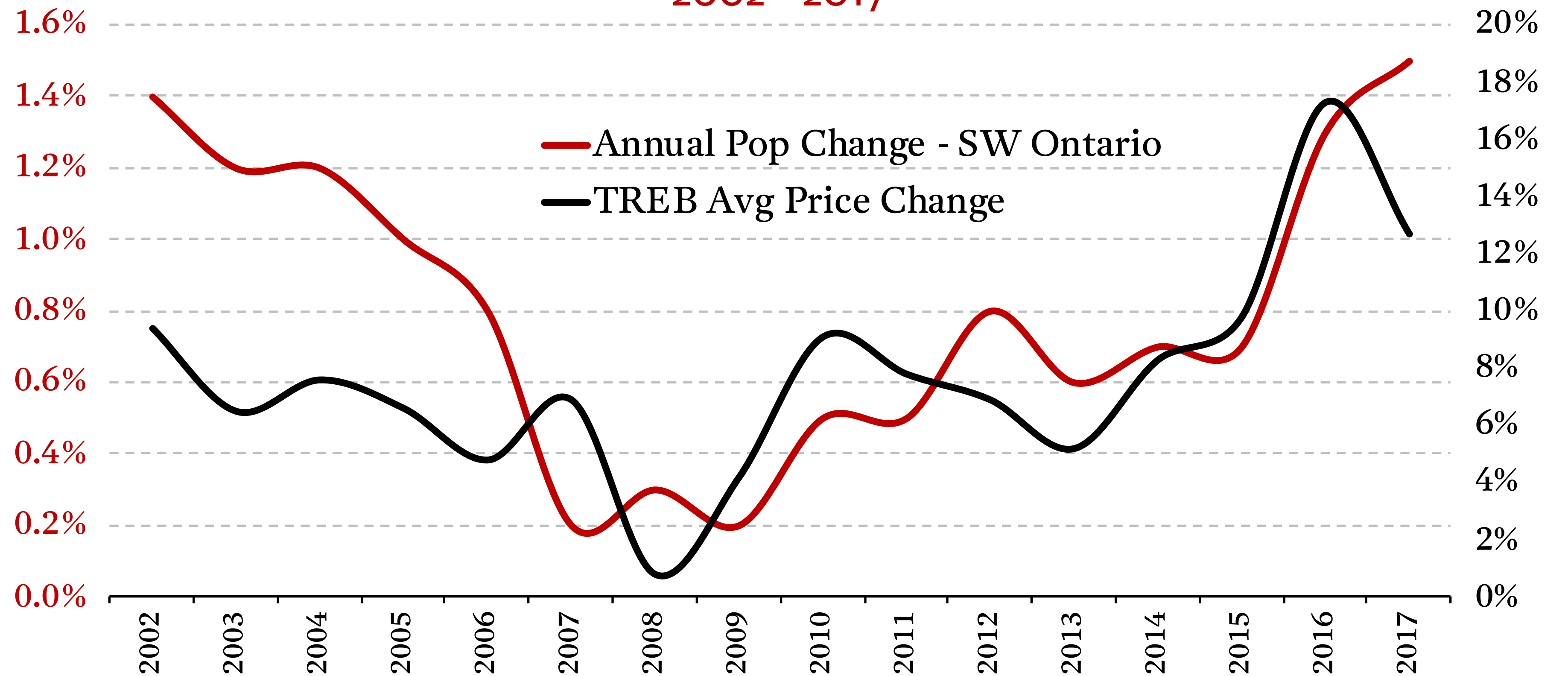
the
demographic
context



the
demographic
context

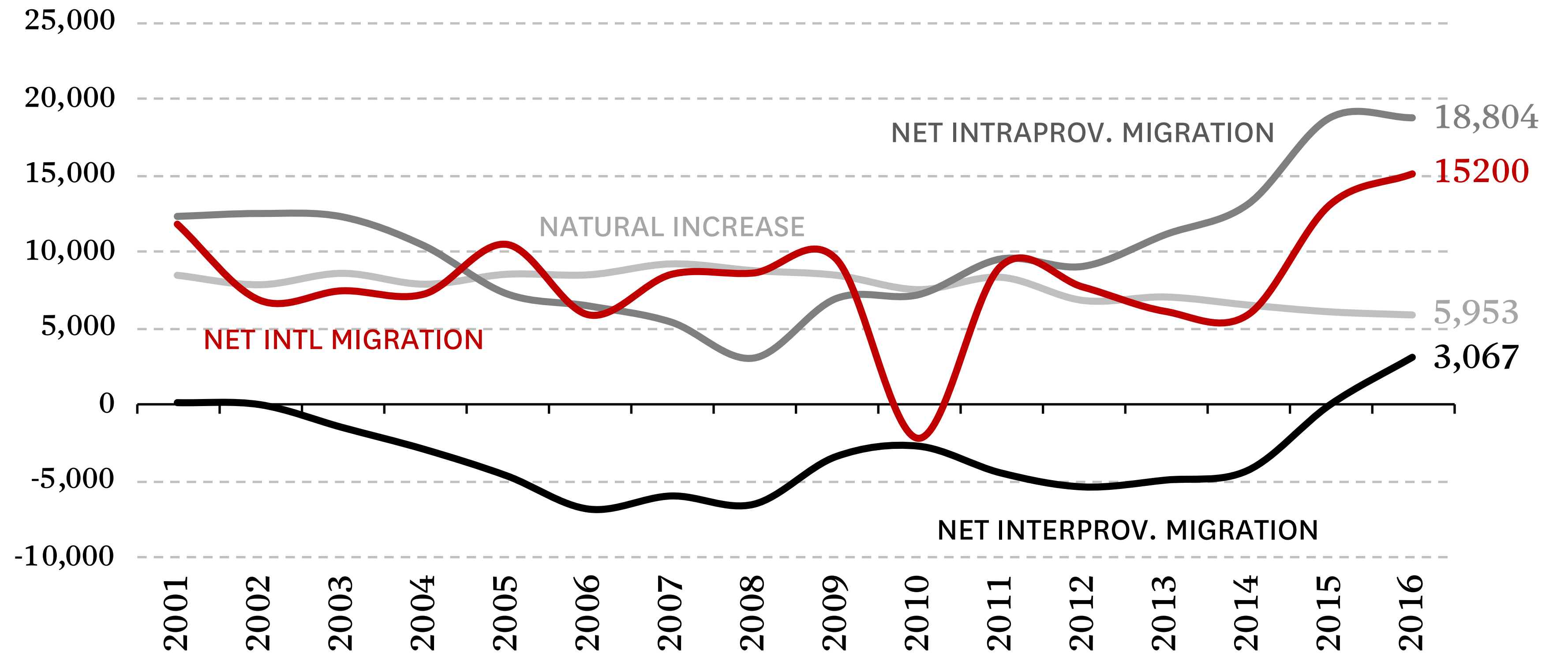
Toronto Real Estate Prices & Southwestern Ontario Pop Change

2002 - 2017



the
demographic
context

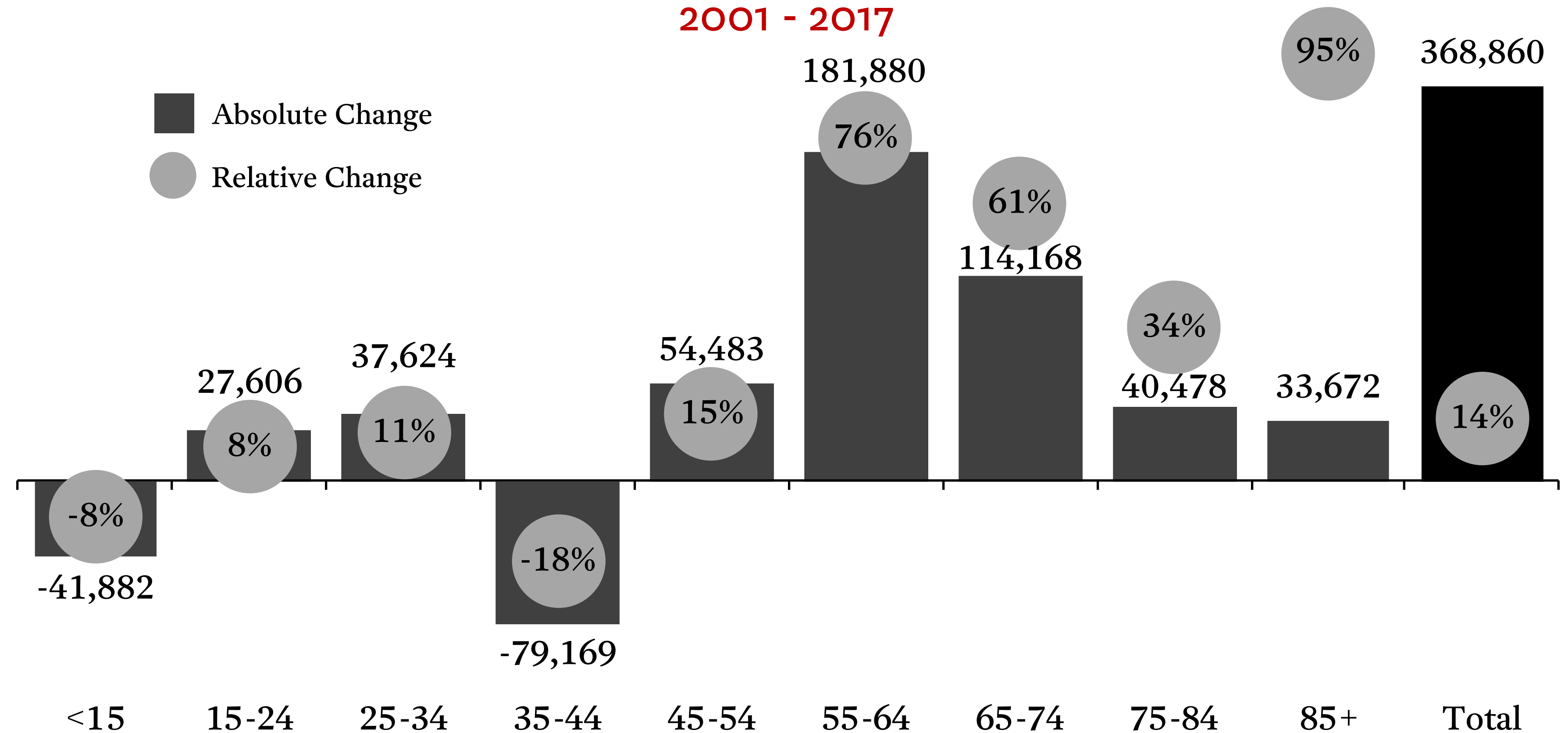
Components of Population Change, Southwestern Ontario 2001/02 - 2016/17



the
demographic
context

Population Change by Age, Southwestern Ontario

2001 - 2017

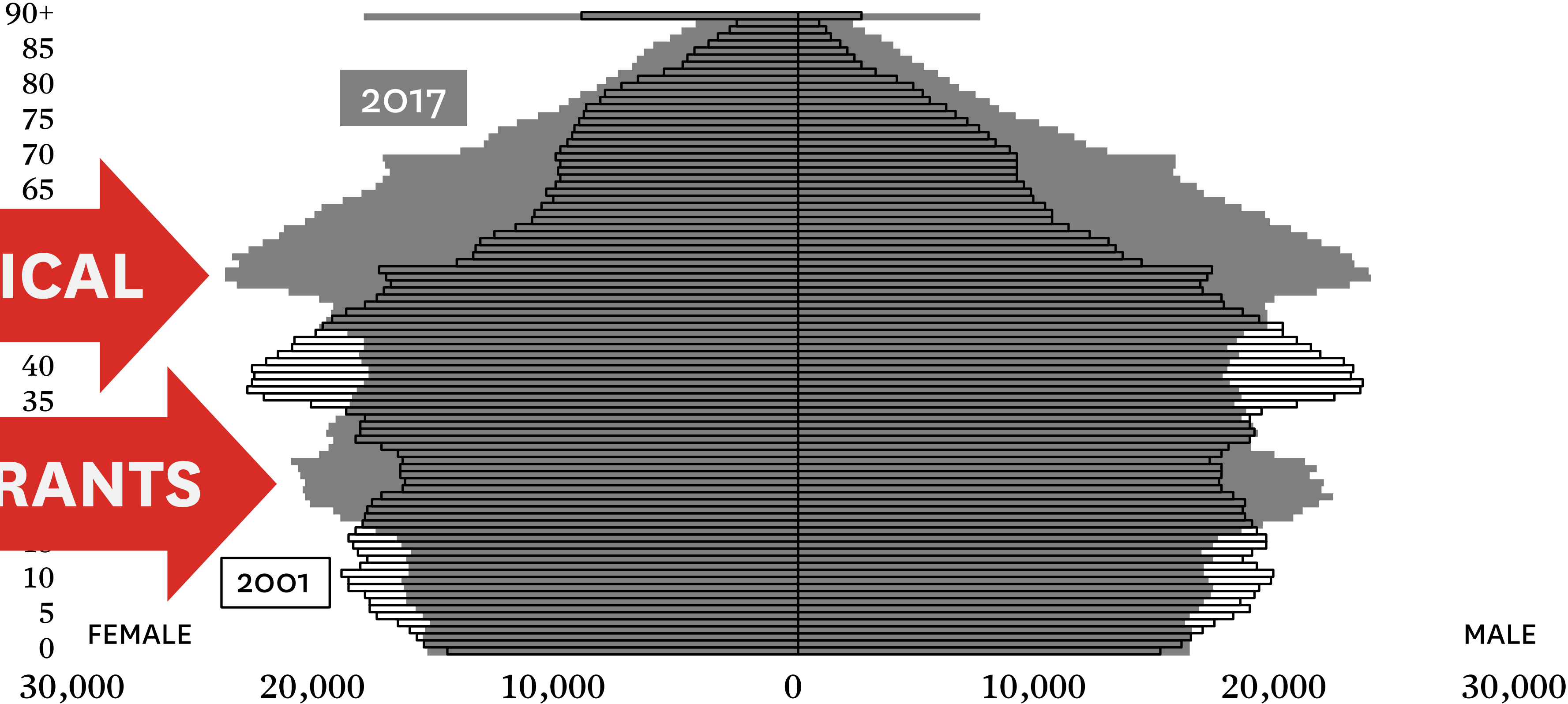


Age Profile, Southwestern Ontario

the demographic content

MOST TYPICAL

IN-MIGRANTS



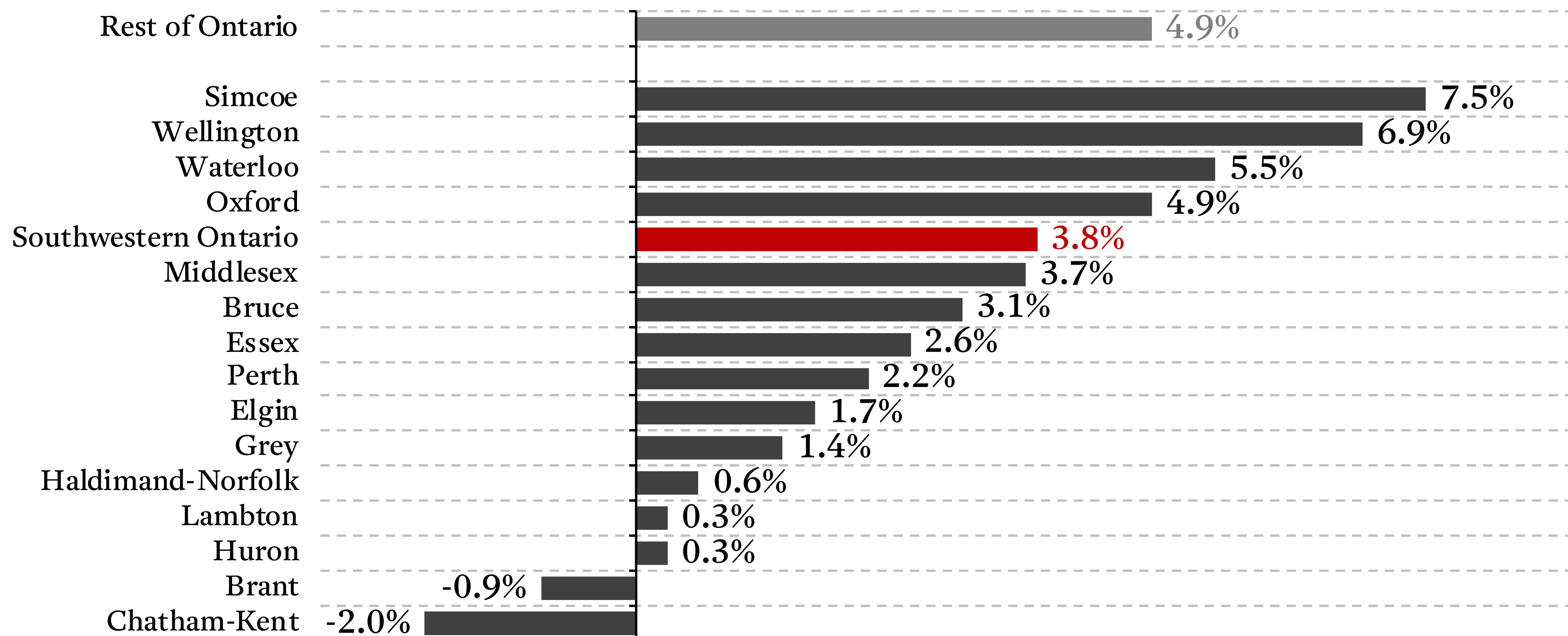
SOURCE: DEMOGRAPHIC ESTIMATES COMPENDIUM, STATISTICS CANADA



the
demographic
context

Change in Total Population, 2011-2016

Southwestern Ontario Census Divisions



the
demographic
context

- ① Increased immigration in the coming years will impact urban and rural communities across the country in myriad ways
- ② In the markets for everything from hot cakes to housing, consideration must be given to the effects of not only population *growth*, but also demographic *change*

HOUSING IN SOUTHWESTERN ONTARIO

housing trends

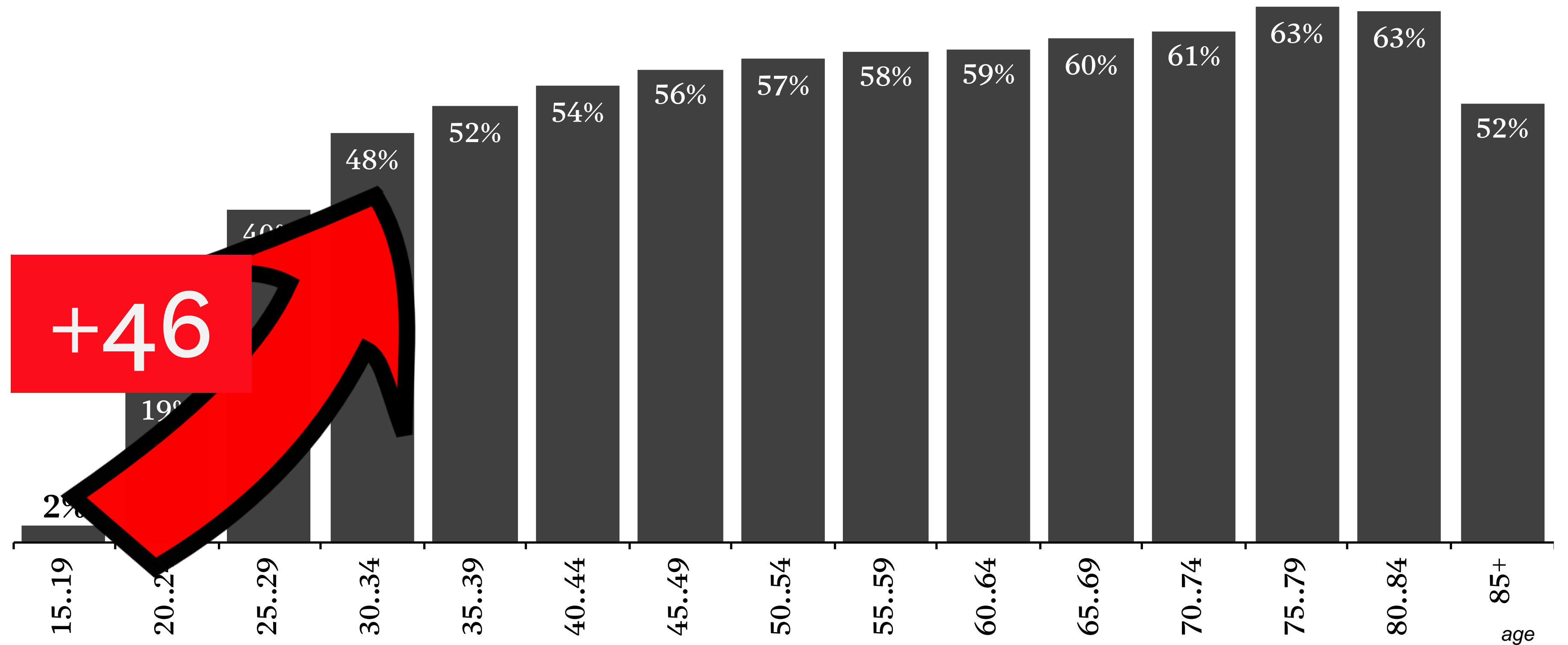


2016 Age Specific Household Maintainer Rates, All Types

Canada

housing trends

—
DEMAND-SIDE
FEATURES

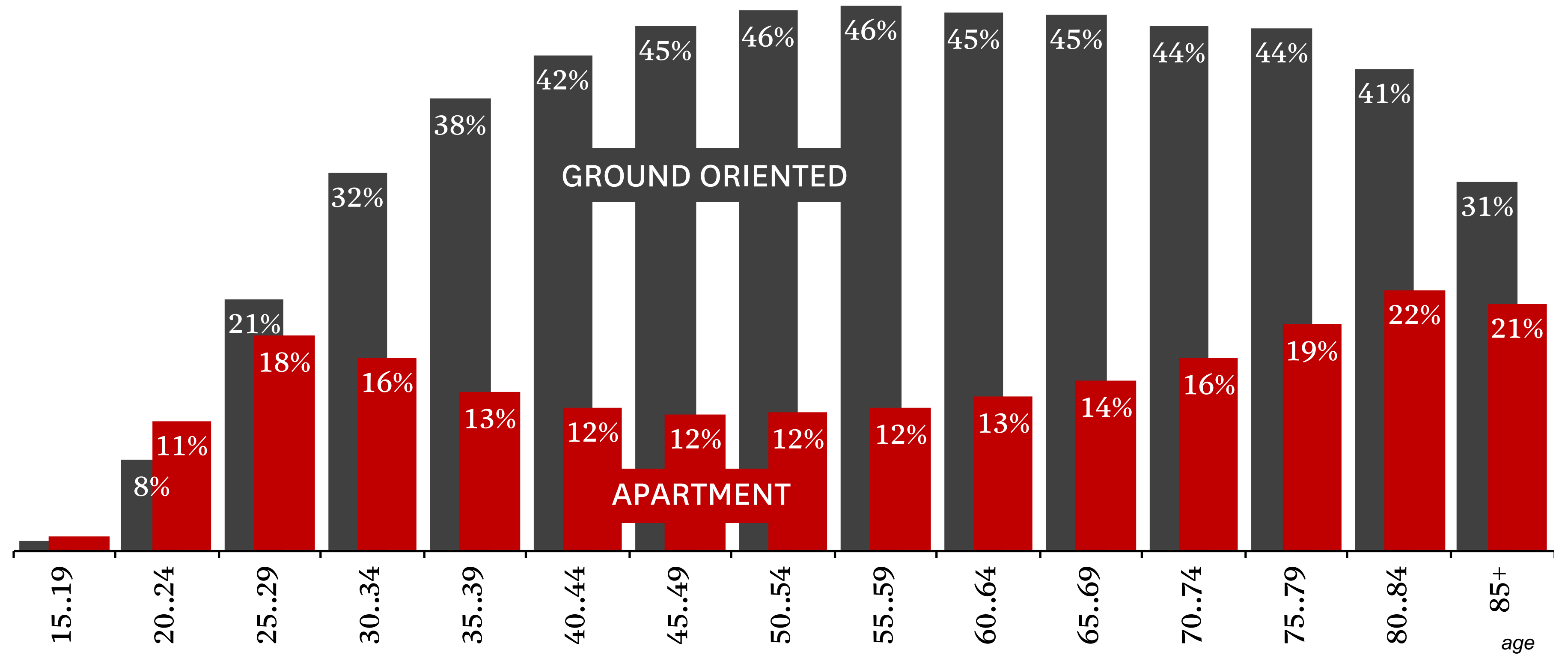


2016 Age Specific Household Maintainer Rates

Canada

housing trends

DEMAND-SIDE FEATURES

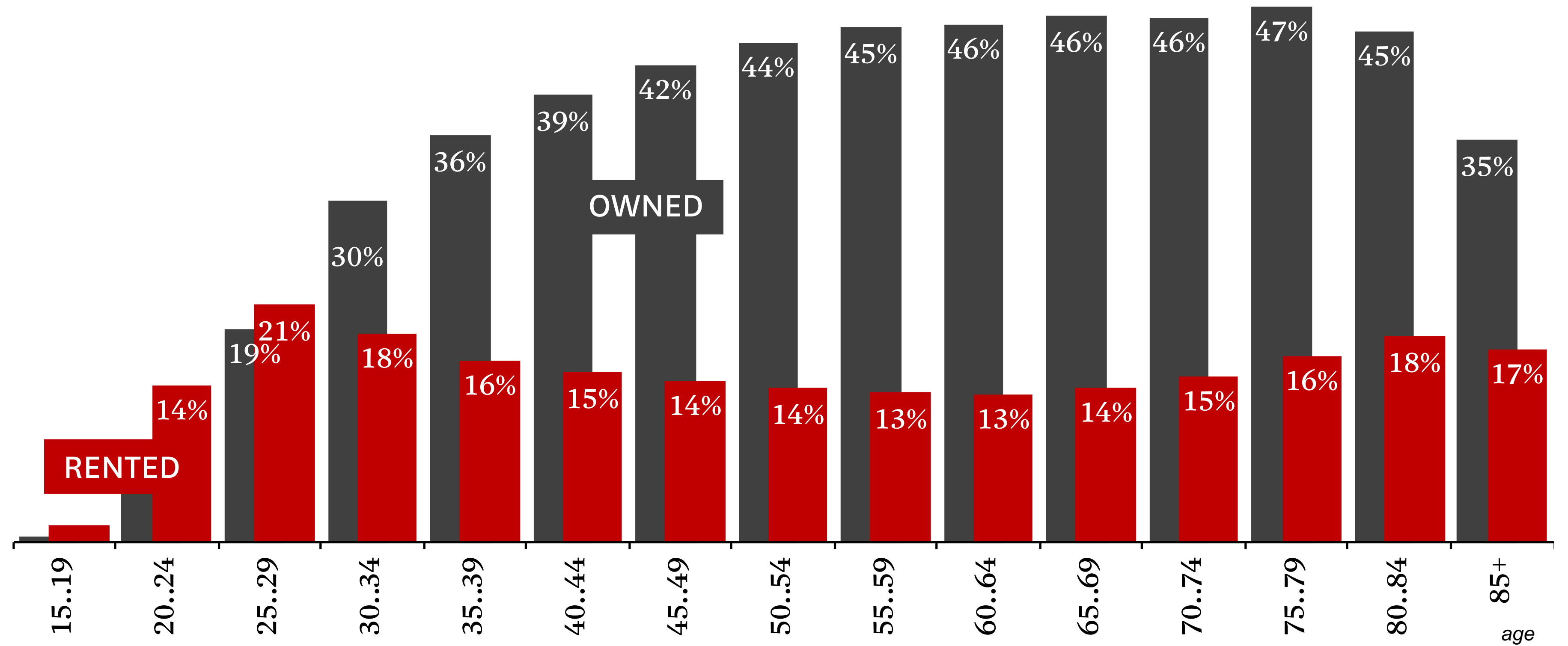


2016 Age Specific Household Maintainer Rates

Canada

housing trends

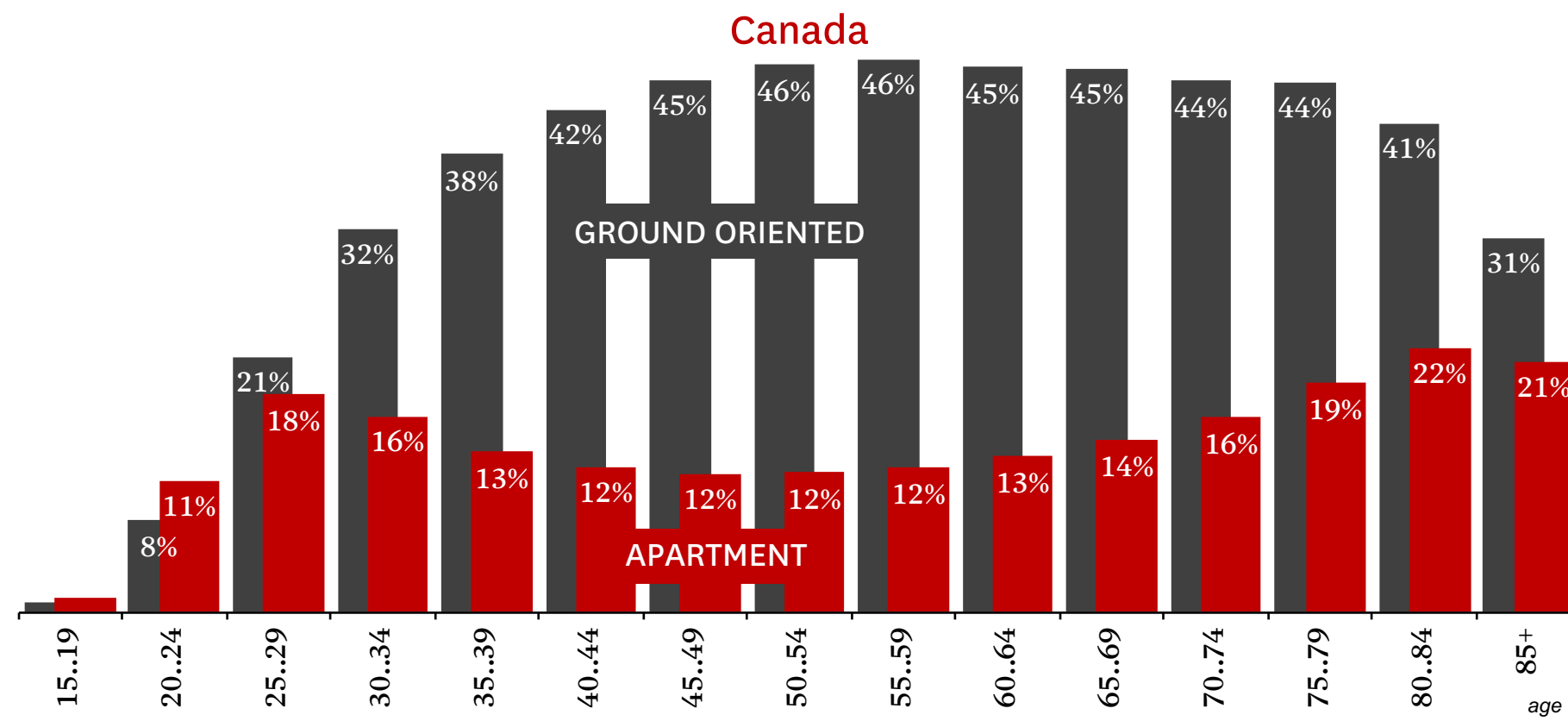
DEMAND-SIDE FEATURES



housing trends

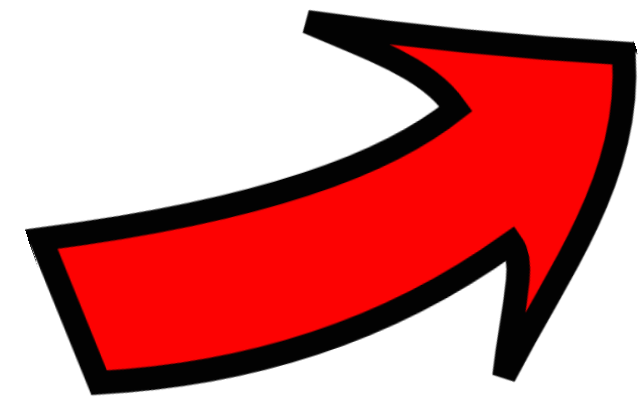
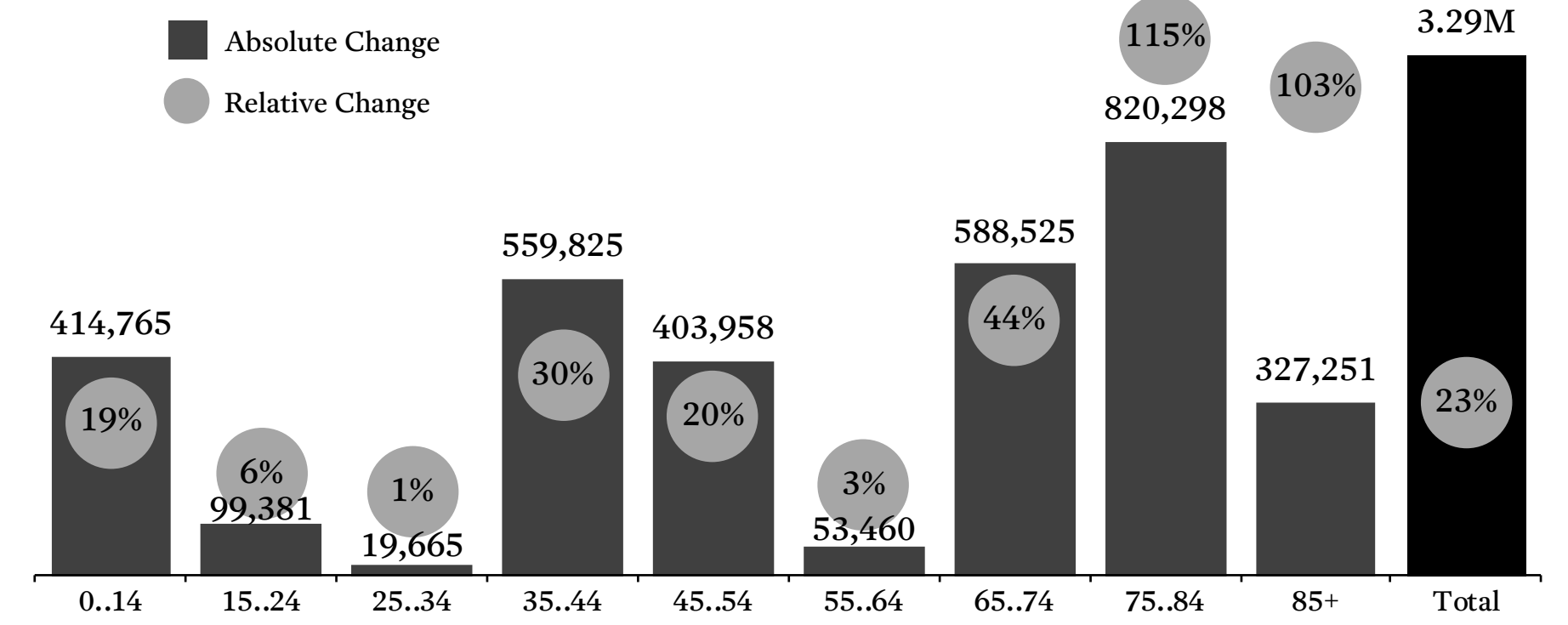
DEMAND-SIDE FEATURES

2016 Age Specific Household Maintainer Rates

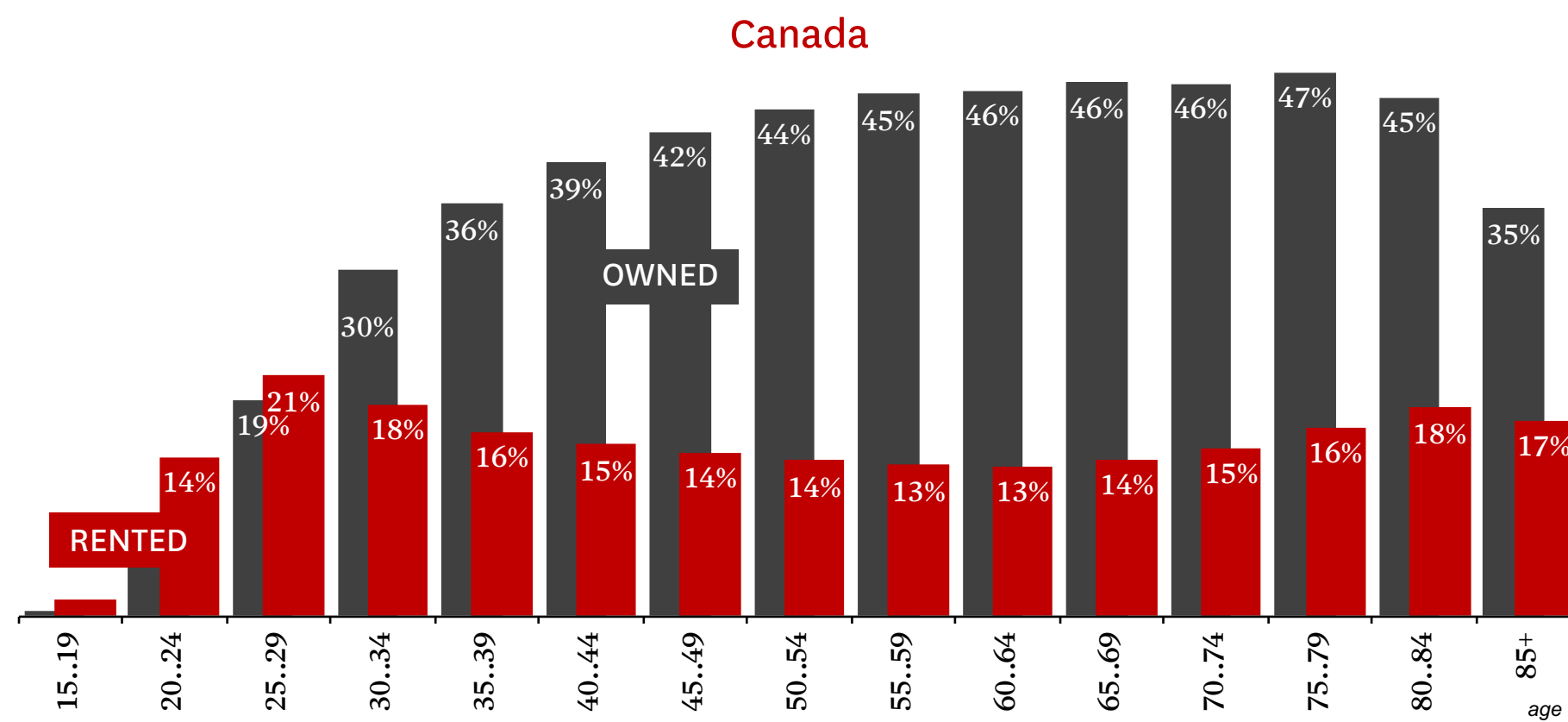


Population Change by Age, Ontario

2017 - 2037



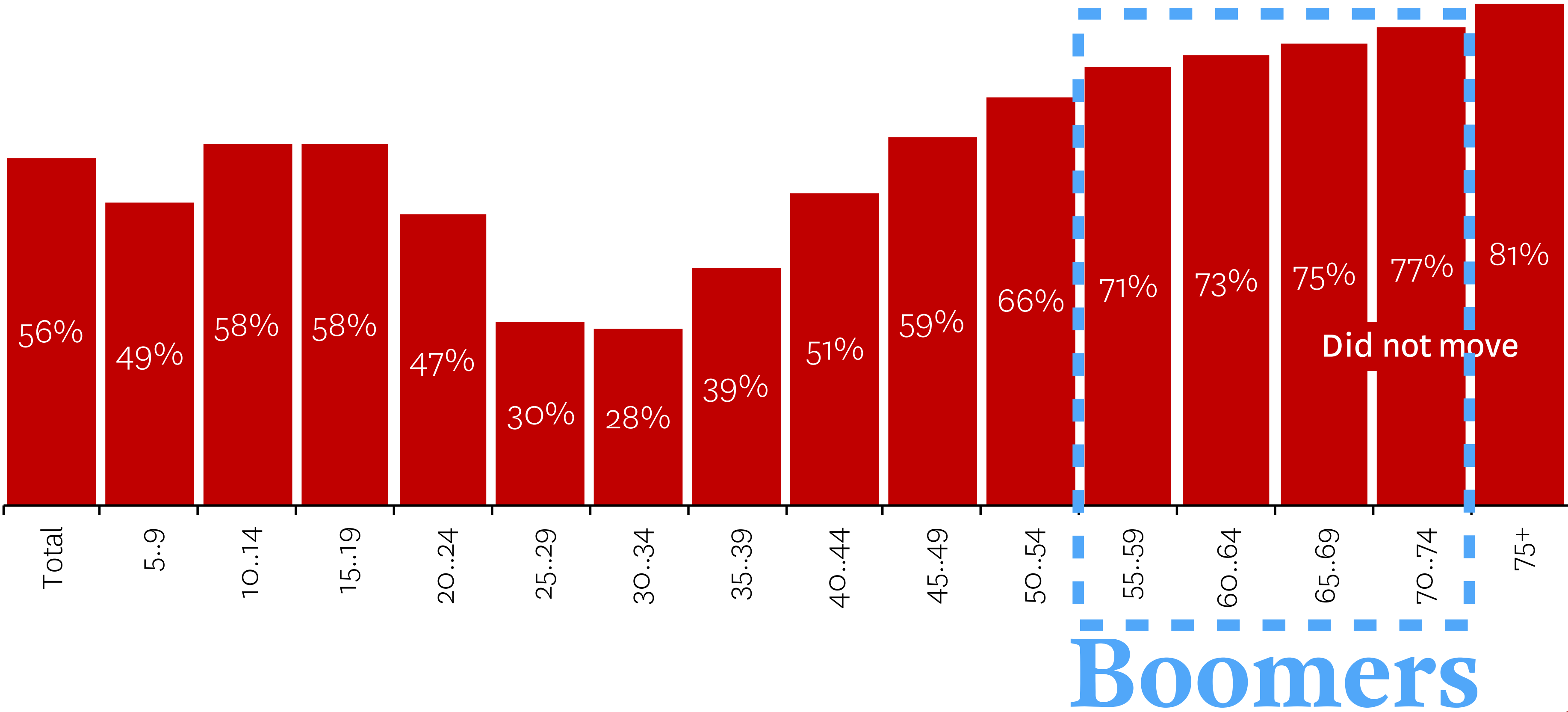
2016 Age Specific Household Maintainer Rates



2016 Population by their 2011 Place of Residence

housing trends

DEMAND-SIDE
FEATURES



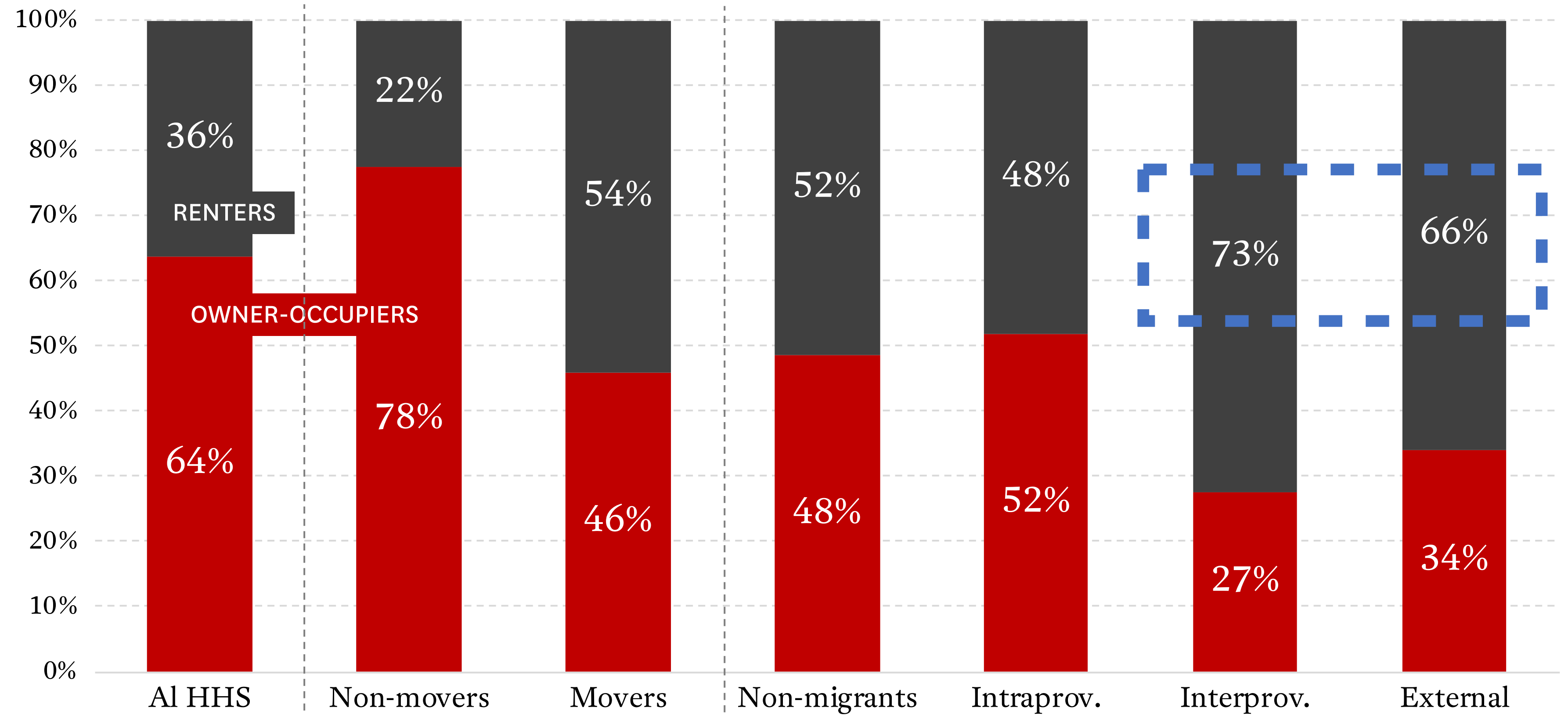
SOURCE: 2016 CENSUS, STATISTICS CANADA



housing trends

DEMAND-SIDE
FEATURES

Share of Mover Households by Tenure, 2016

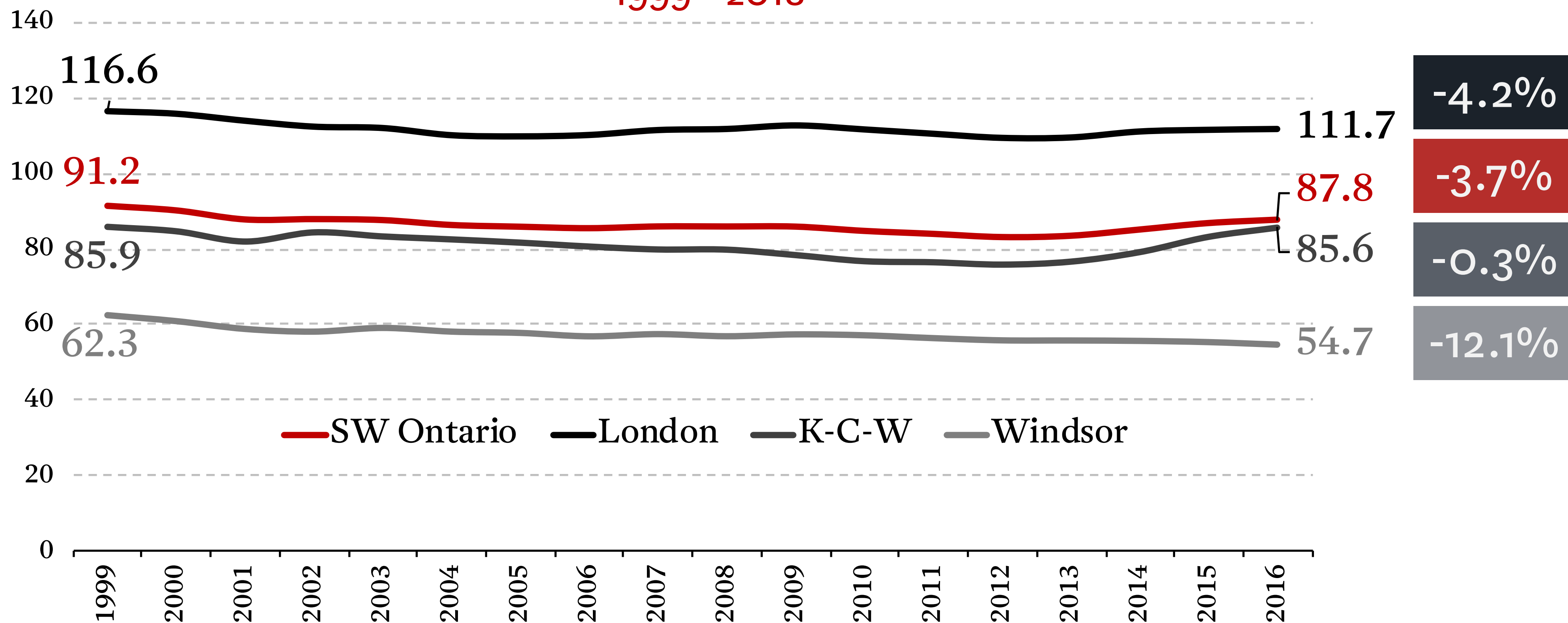


housing trends

SUPPLY-SIDE
FEATURES

Purpose-built Rental Units per 1,000 Residents Aged 15+

1999 - 2018

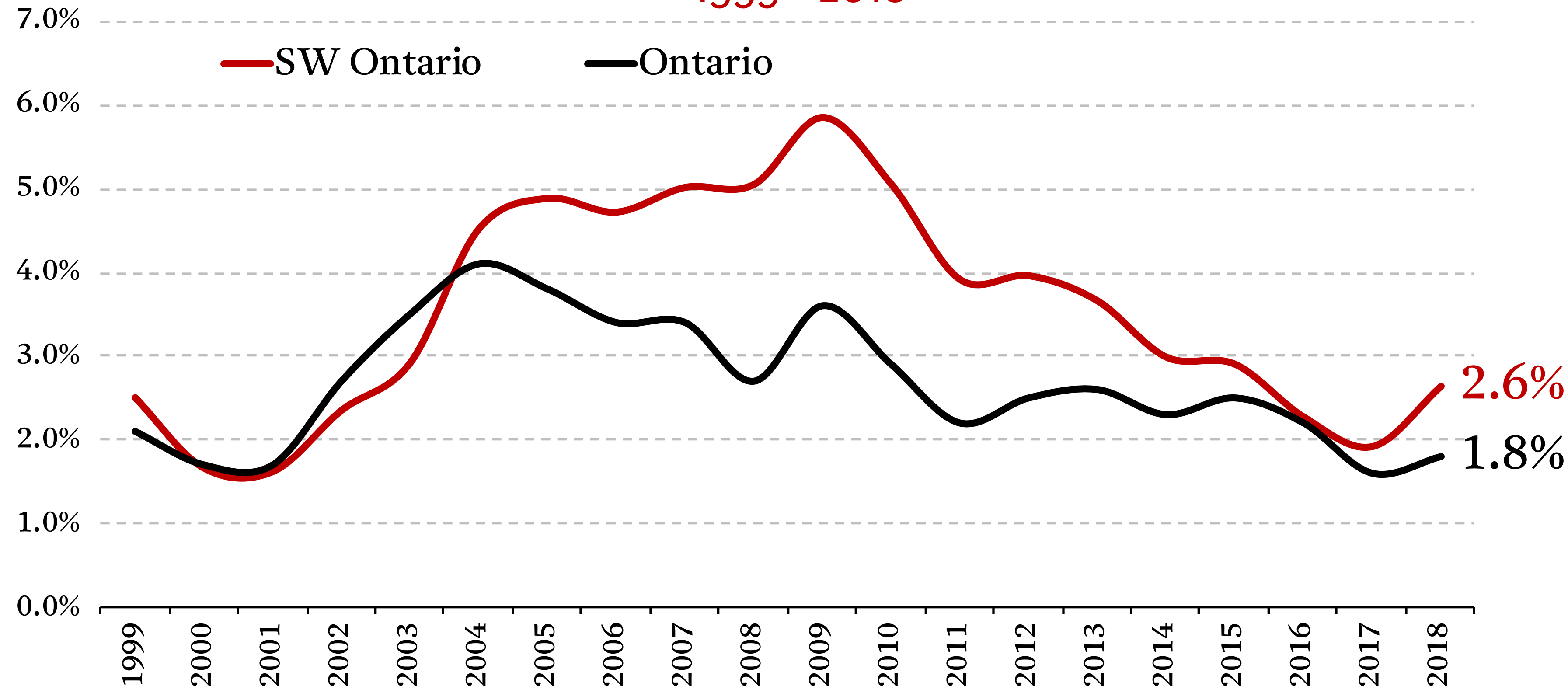


housing trends

SUPPLY-SIDE
FEATURES

Vacancy Rate Comparison

1999 - 2018

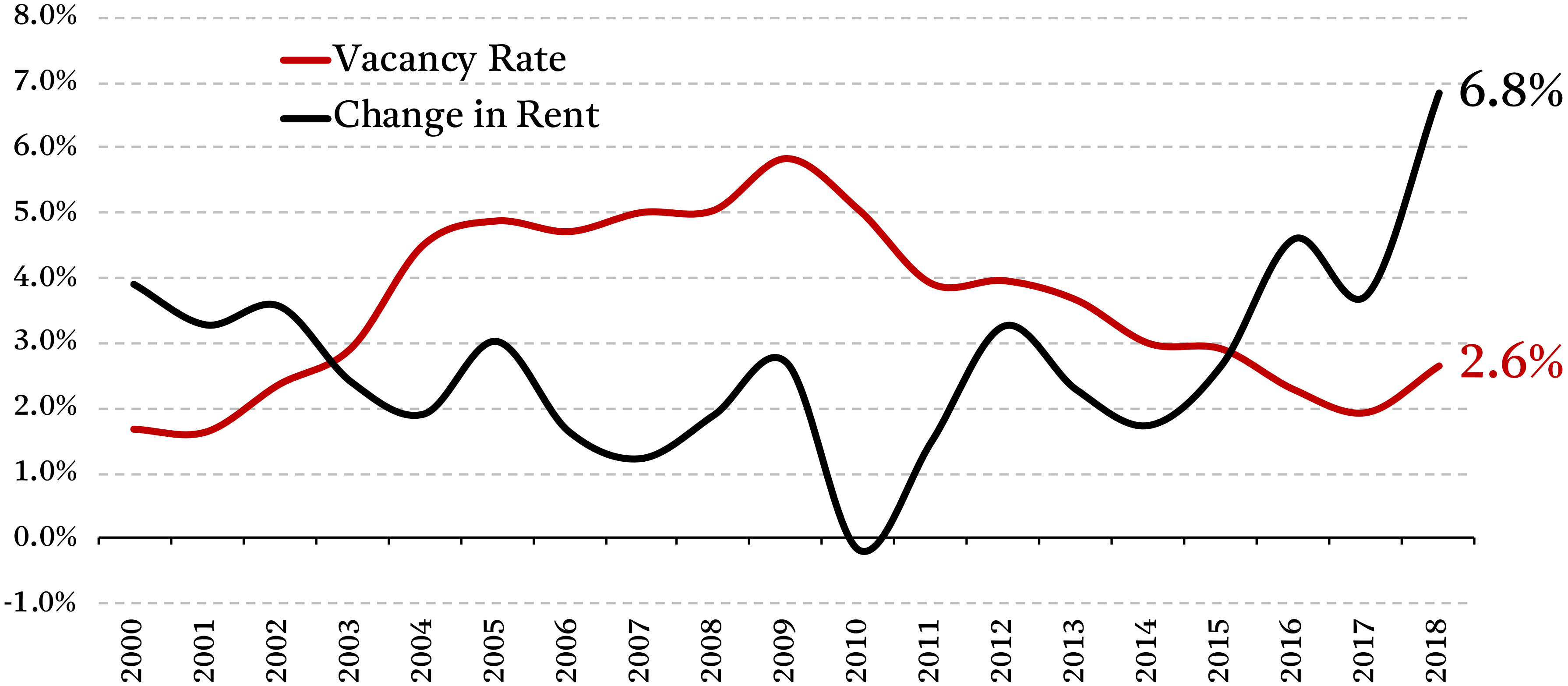


housing trends

SUPPLY-SIDE
FEATURES

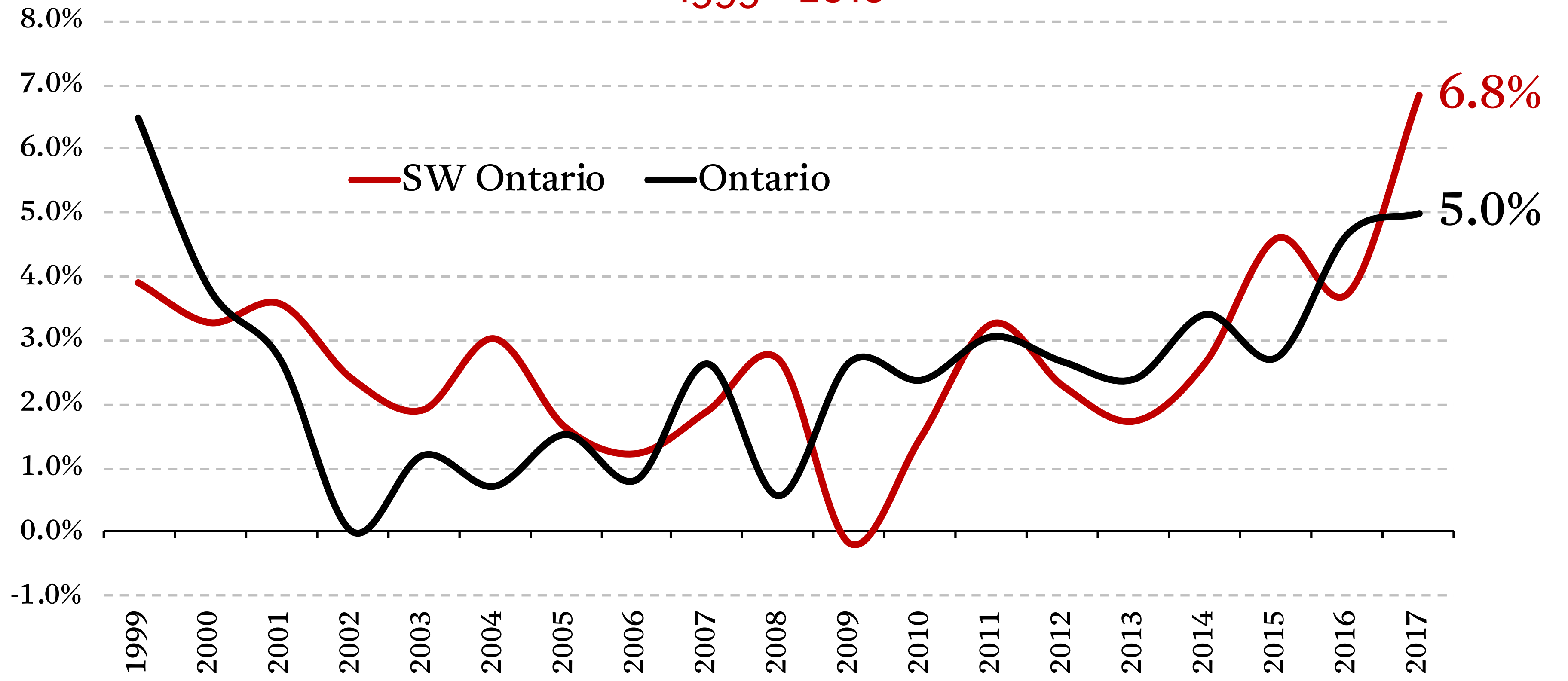
Vacancy Rate & Change in Avg Monthly Rent, Southwestern Ontario

2000 - 2018



Annual Change in Average Monthly Rent

1999 - 2018



housing trends

SUPPLY-SIDE FEATURES

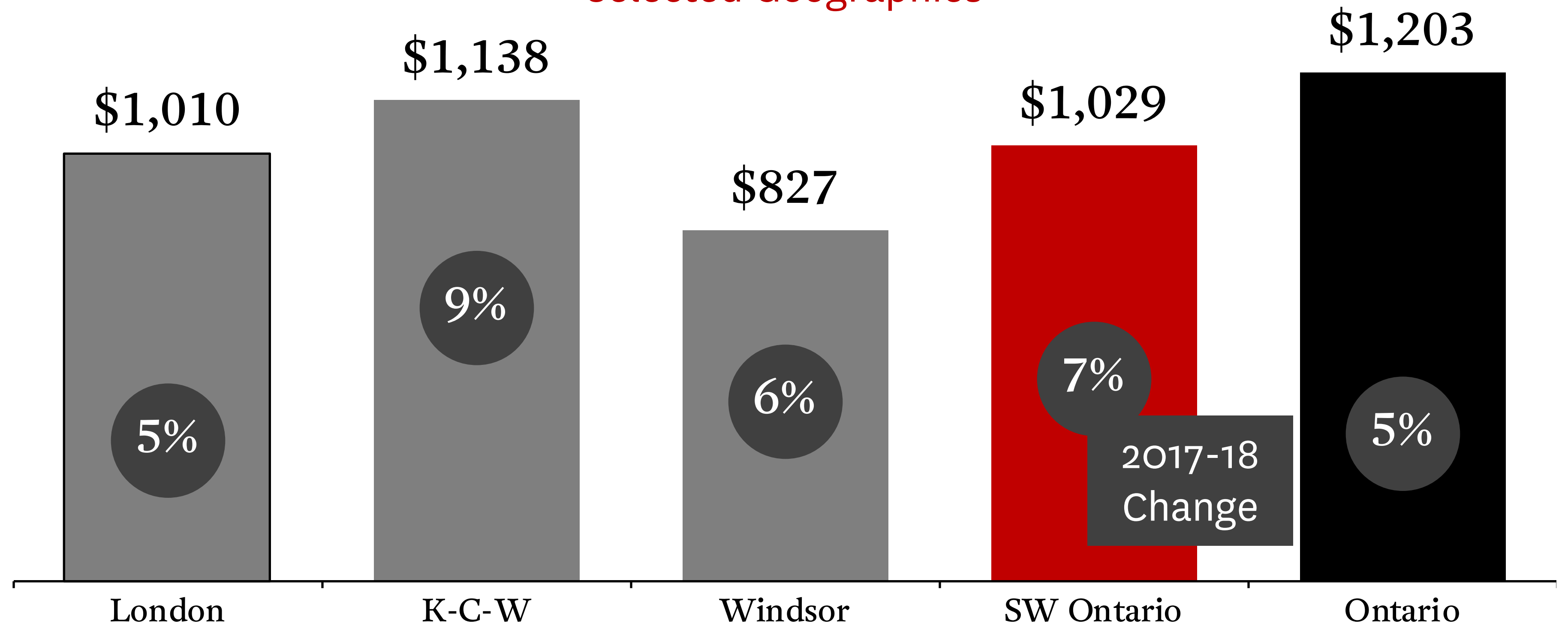


housing trends

SUPPLY-SIDE
FEATURES

2018 Average Monthly Rent

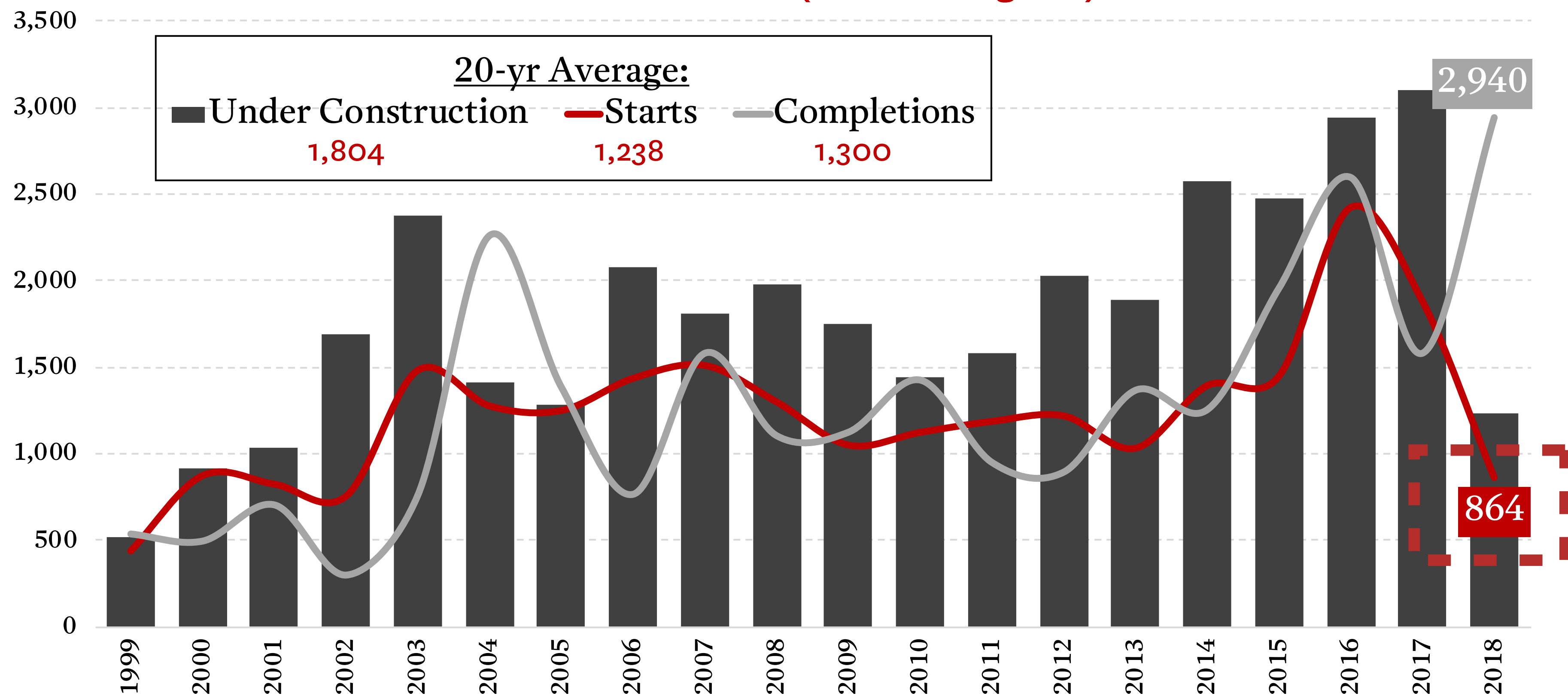
Selected Geographies



housing trends

SUPPLY-SIDE
FEATURES

Housing Under Construction, Starts, & Completions, Rental Southwestern Ontario (selected regions)



housing trends

- ① A growing and changing population, along with changing lifestyles, will yield robust growth in housing in the coming years
- ② The importance of rental housing will continue to grow for the foreseeable future—supply must meet demand



HOUSING IN SOUTHWESTERN ONTARIO

the economic backdrop



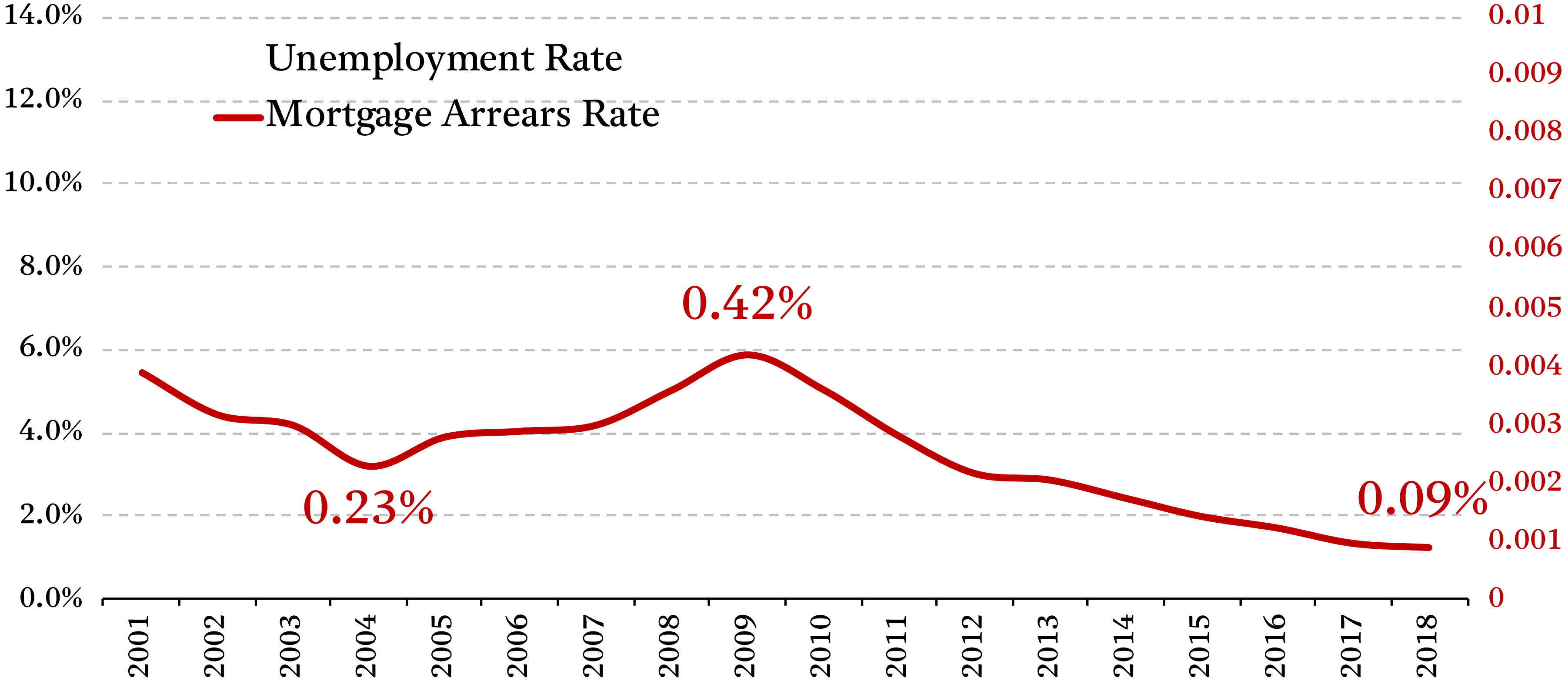
SW ONTARIO

economic context



Mortgage Arrears & the Unemployment Rate, Ontario

2000 - 2018



SOURCE: LABOUR FORCE SURVEY, STATISTICS CANADA + CANADIAN BANKERS' ASSOCIATION



Mortgage Arrears & the Unemployment Rate

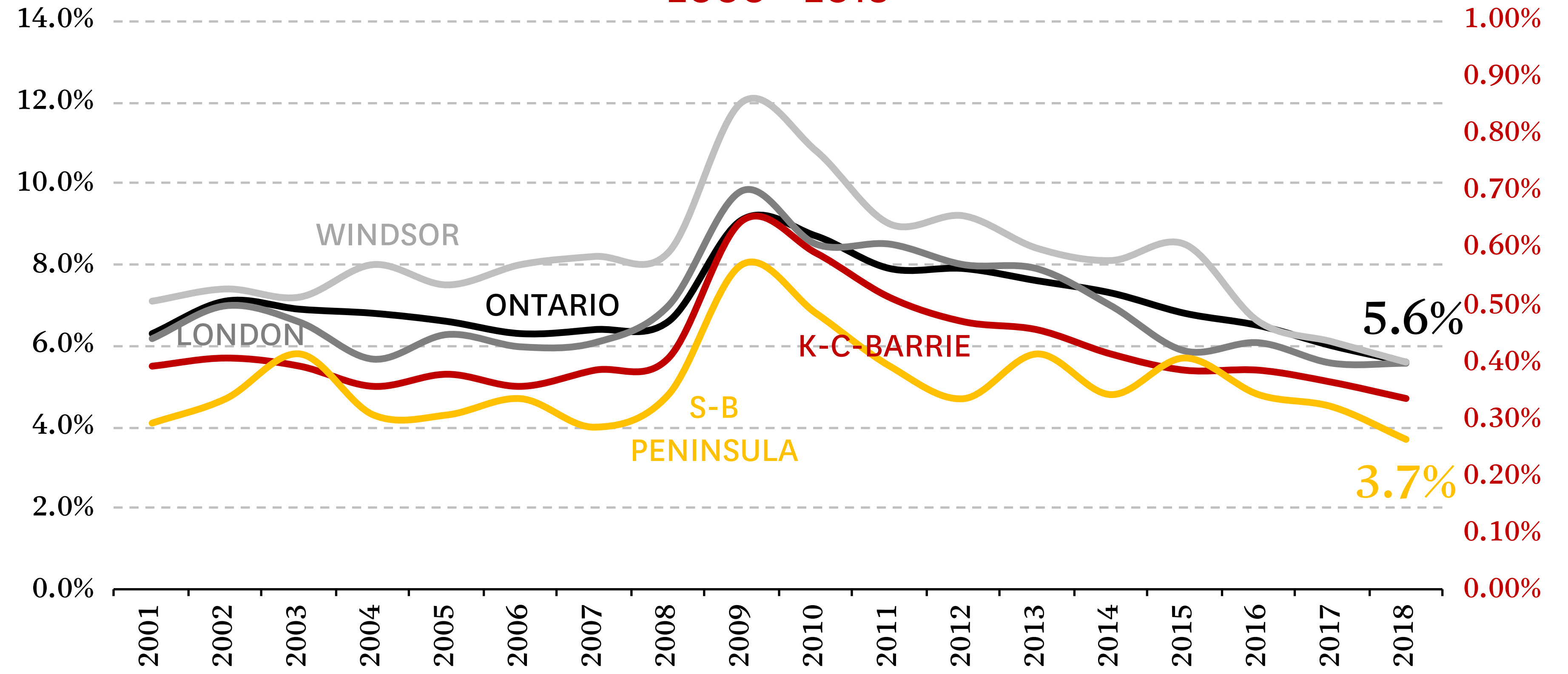
2000 - 2018

SW ONTARIO

economic context



ECONOMIC REGIONS



SOURCE: LABOUR FORCE SURVEY, STATISTICS CANADA + CANADIAN BANKERS' ASSOCIATION



SW ONTARIO

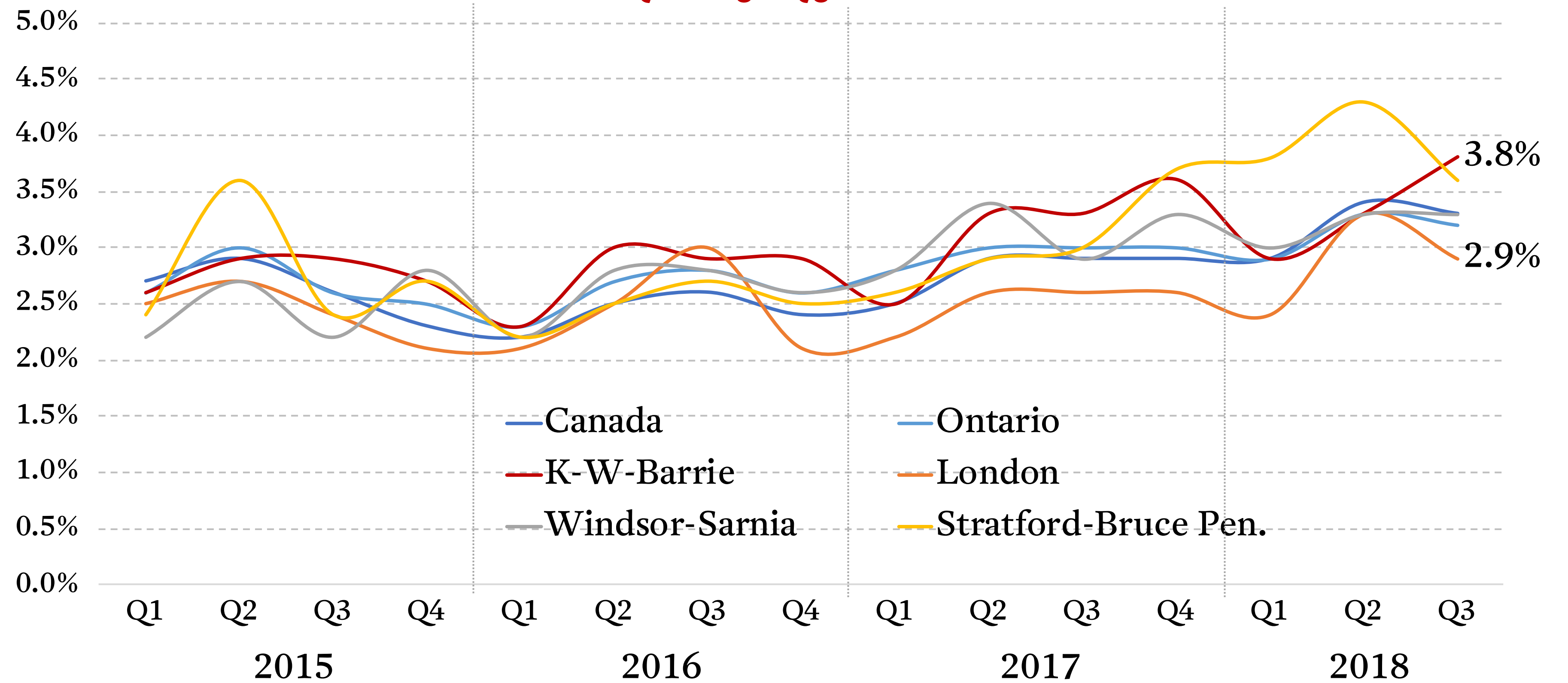
economic context



ECONOMIC REGIONS

Job Vacancy Rate

Q1 2015 - Q3 2018



Q3 2018 Average Offered Hourly Rate

Selected Geographies

SW ONTARIO

economic context

ECONOMIC REGIONS

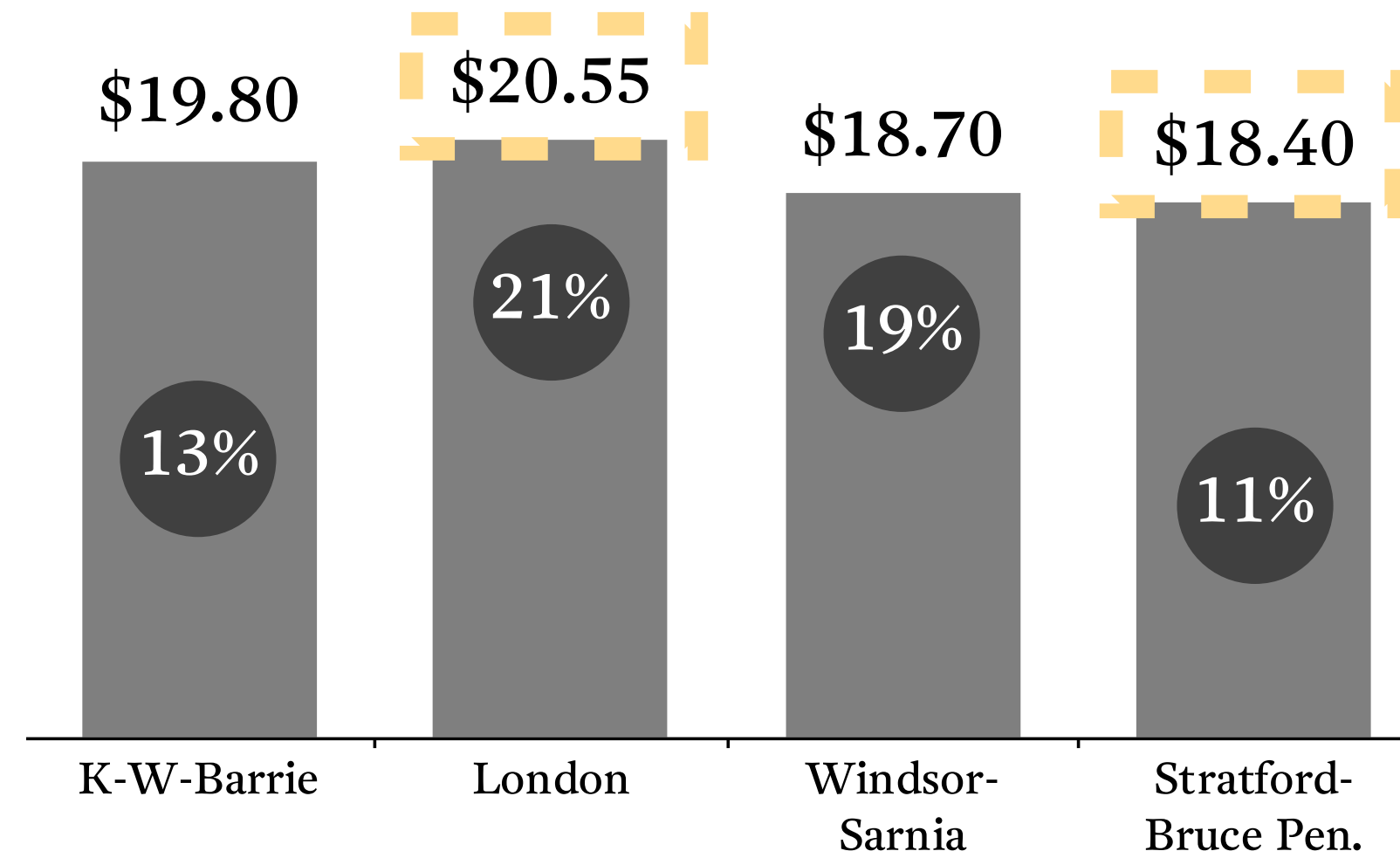


HOW MUCH HOME CAN SOMEONE AFFORD AT THESE WAGES?

SOURCE: JOB VACANCIES SURVEY, STATISTICS CANADA



HOW MUCH HOME CAN SOMEONE AFFORD AT THESE WAGES?



SW ONTARIO

economic context

ECONOMIC
REGIONS

@ \$18.40 :: ANNUAL EARNINGS = \$36,800

RENT: \$920 / MONTH

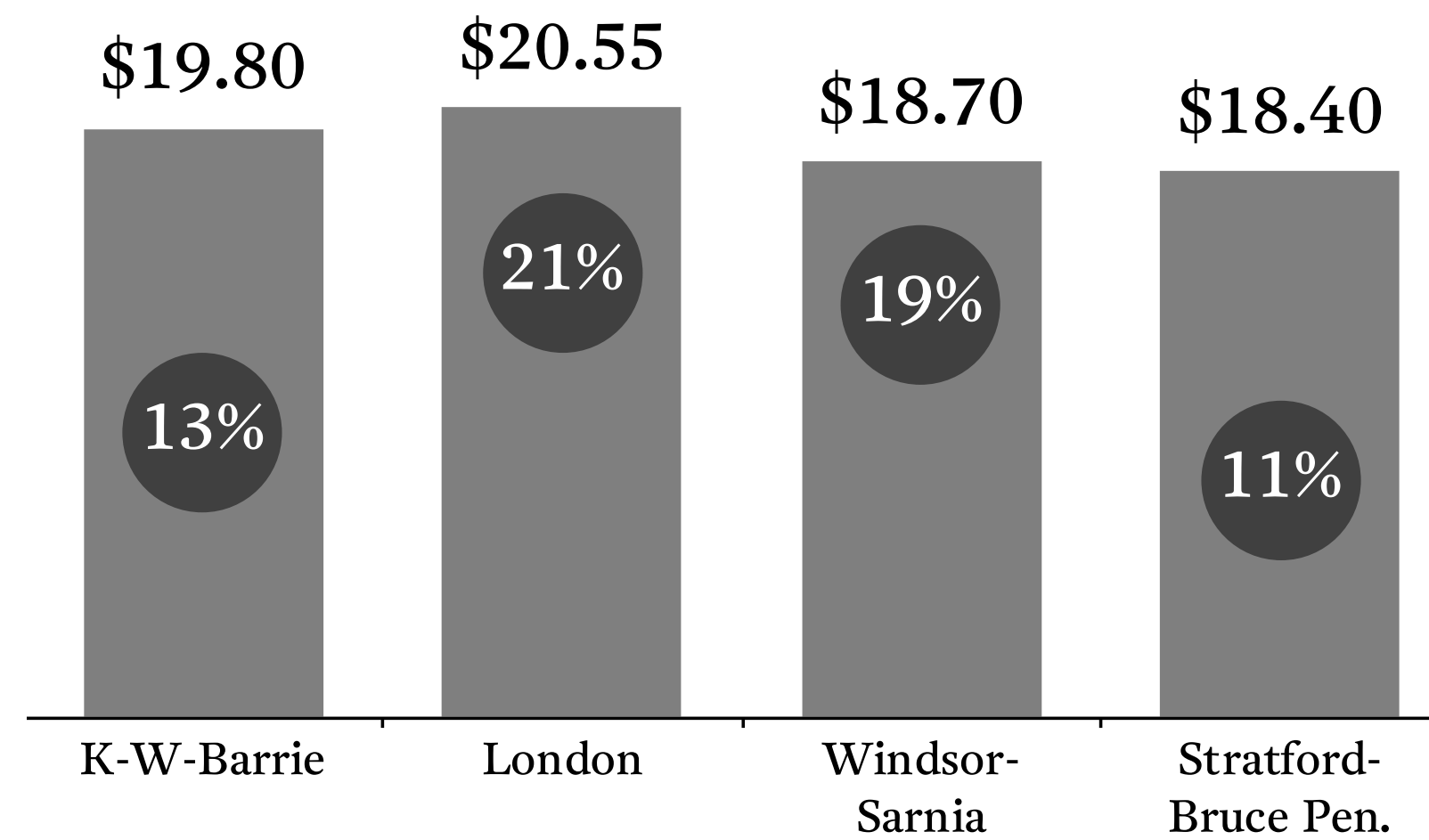
OWN: \$227,500 (20% DP; 3.59%)

@ \$20.55 :: ANNUAL EARNINGS = \$41,100

RENT: \$1,030 / MONTH

OWN: \$254,100 (20% DP; 3.59%)

HOW MUCH HOME CAN A COUPLE AFFORD AT THESE WAGES?



SW ONTARIO

economic context

ECONOMIC
REGIONS

@ \$18.40 :: ANNUAL EARNINGS = \$73,600

RENT: \$1,840 / MONTH

OWN: \$455,000 (20% DP; 3.59%)

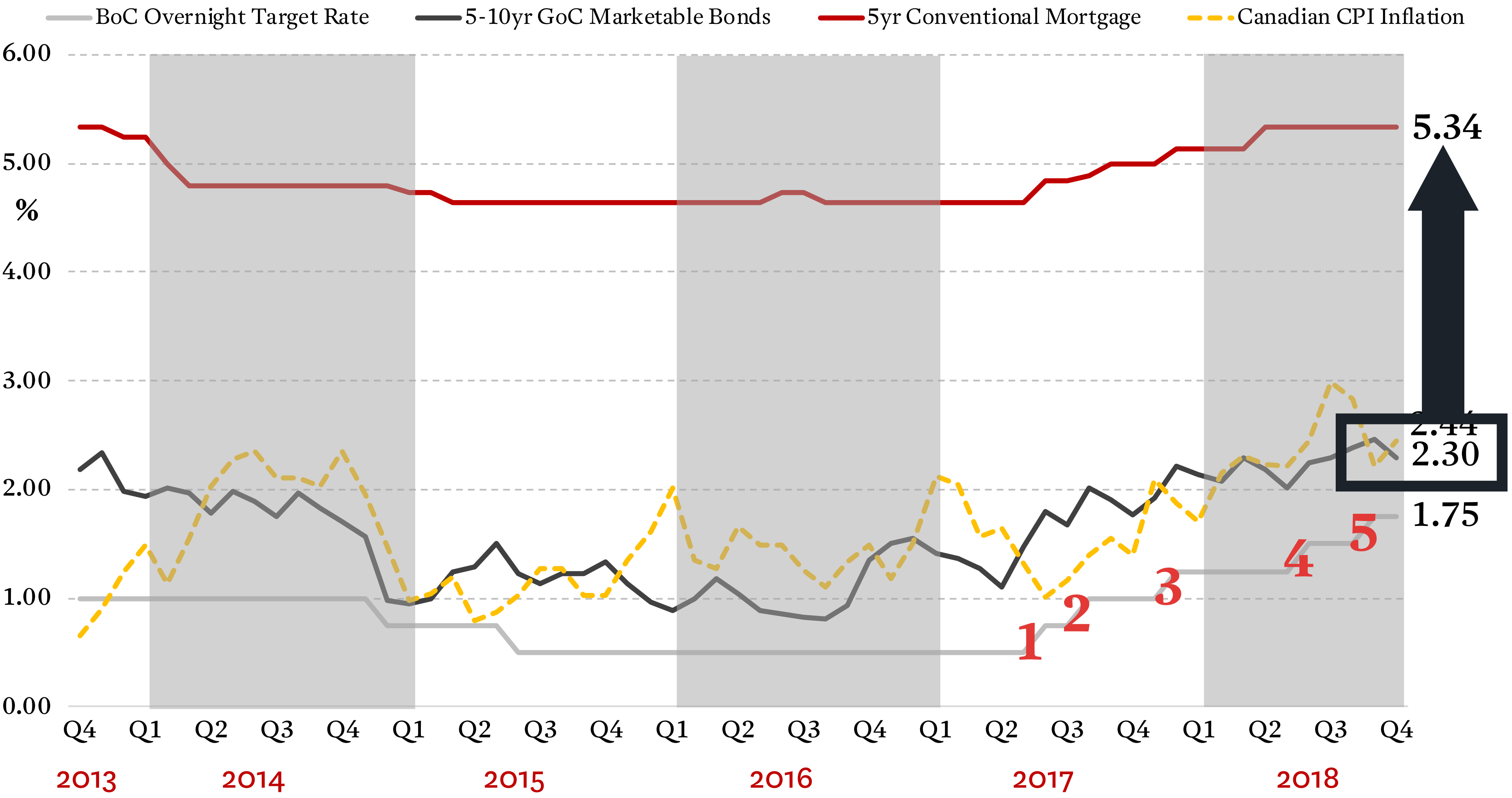
@ \$20.55 :: ANNUAL EARNINGS = \$82,200

RENT: \$2,060 / MONTH

OWN: \$508,200 (20% DP; 3.59%)



Selected Canadian Rates



CANADA
interest rates

SOURCE: BANK OF CANADA + STATISTICS CANADA

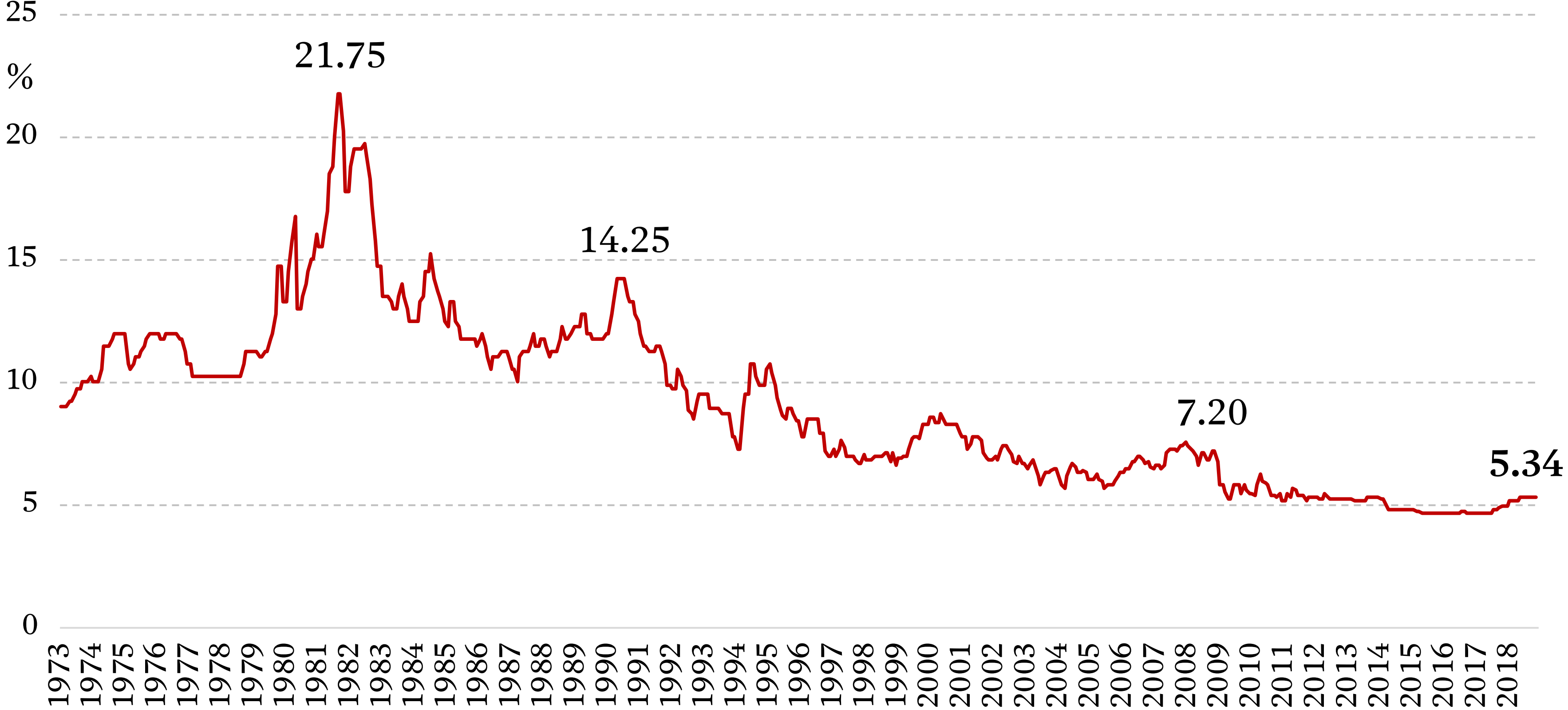


5-yr Conventional Mortgage Rate, Canada

Jan 1973 - Nov 2018

CANADA

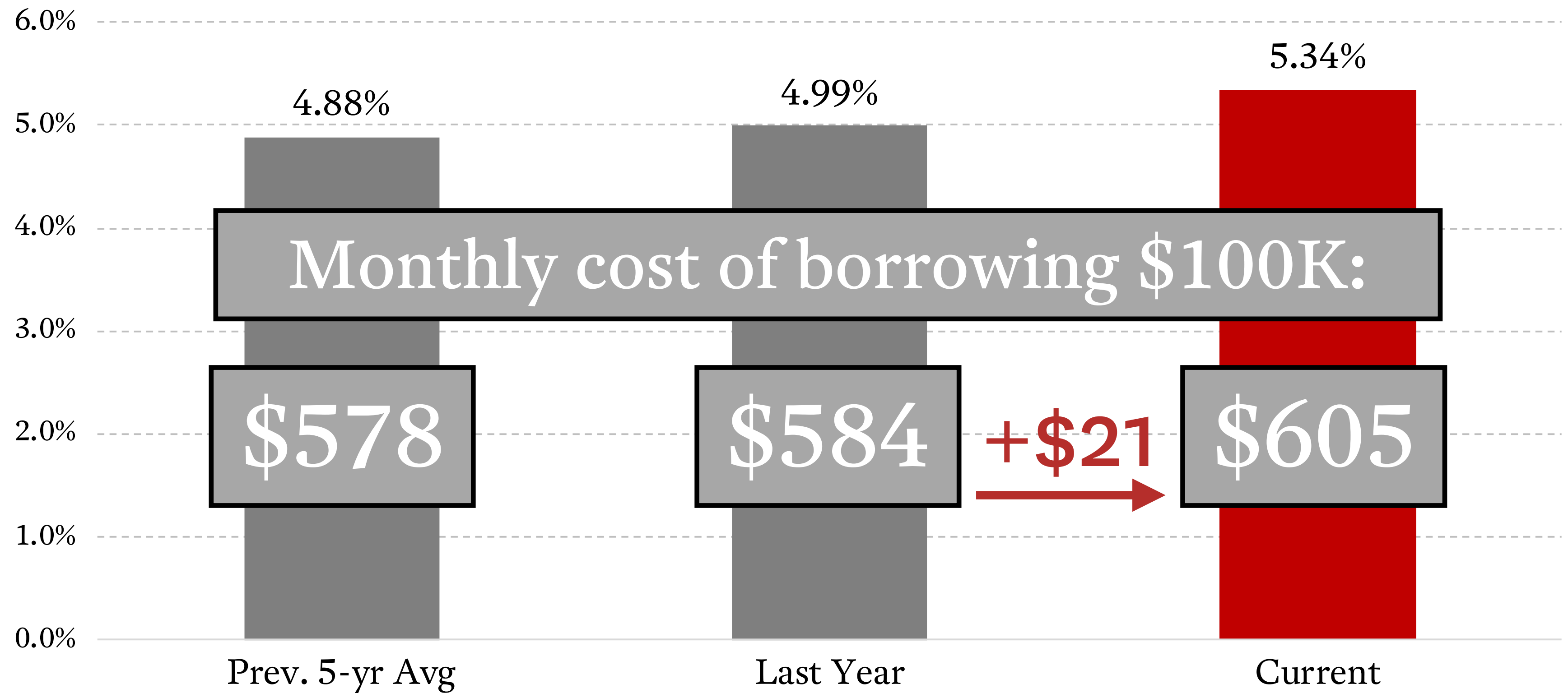
interest rates



CANADA
interest rates

5-yr Conventional Mortgage Rate

Canada



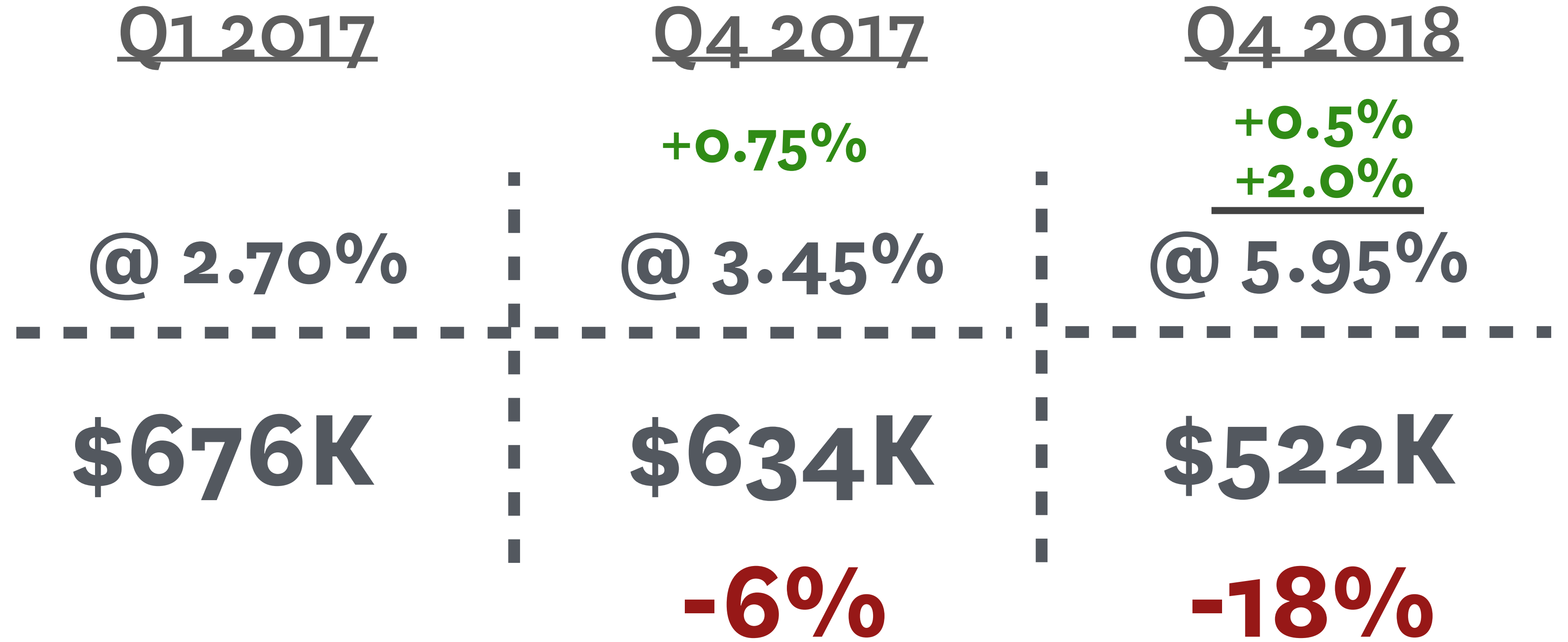
AVERAGE HOME SALE PRICE IN JANUARY 2019 IN LONDON AREA = \$387,859

CHANGE IN COST TO SERVICE 80% MORTGAGE = +\$65 / MONTH



CANADA

interest rates



Let's assume:

- \$100K HH Inc.
- \$100K DP
- 25 year am.
- 30% GDS

in purchasing power in purchasing power

-23%
in purchasing power



THE WALL STREET JOURNAL.

MARKETS

Falling Mortgage Rates Raise Hopes for Battered Housing Market

Mortgage rates have fallen to around their lowest levels in eight months, offering a potential boost to the housing market after a rough patch in recent months

CANADA

interest rates

THE GLOBE AND MAIL*

Drop in fixed-term mortgage rates is imminent, experts say

FINANCIAL POST

Traders mull odds of policy error after Bank of Canada signals more hikes could come

Speculation that past hikes have already gone too far



Expecting higher rates in 2019? Don't bet on it just yet

After hiking rates five times since the summer of 2017, some say the Bank of Canada could take a pause



SW ONTARIO

economic context

- ③ Southwestern Ontario's housing market is subject to a variety of local, national, and international factors
- ③ Job vacancies could continue to remain elevated given the relatively modest current wage rate on offer, all else being equal
- ③ Overall, local economic fundamentals are strong, and borrowing rates are expected to remain low, which will in turn support housing market fluidity

