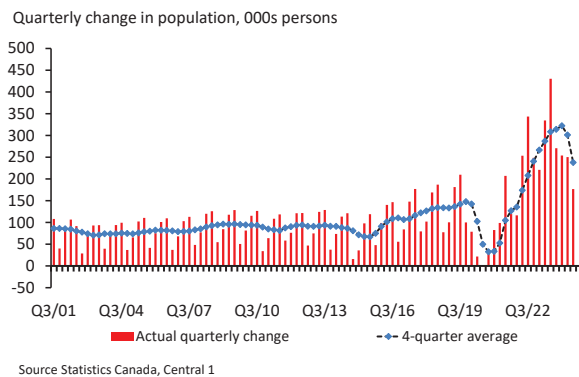




## Federal U-turn on population growth bites during Q3

Canada's population continued to expand through the third quarter but federal policy changes to stem (and partly reverse) the wave of newcomers is working to sharply slow the pace of growth. Restriction on inflows and visa renewals are having a direct impact, while potential newcomers may be looking elsewhere in response to more stringent conditions.

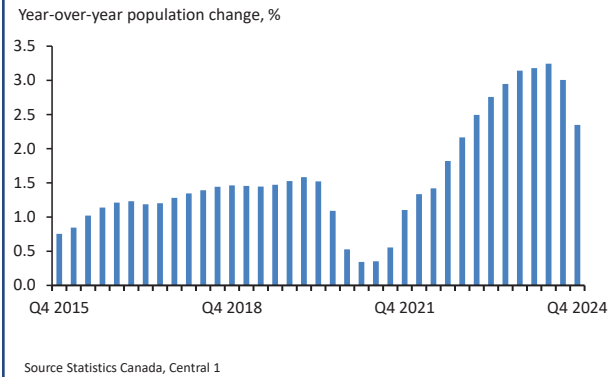
### Federal policy shift bites population growth, but Q3 change still elevated



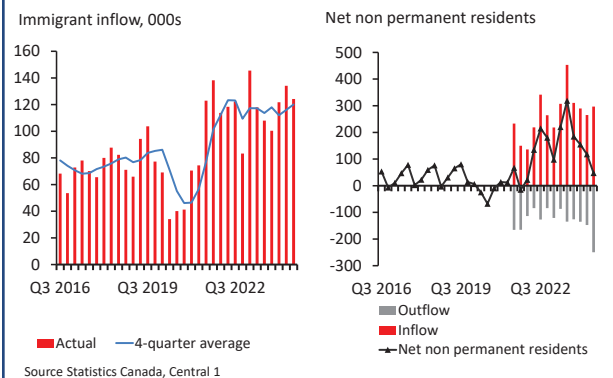
The latest estimates pegged Canada's population at 41.46 million as of October 1. This was up an elevated 176.7k persons (0.4 per cent) from July, and 951.5k (2.3 per cent) year-over-year, but also marked a sharp deceleration from previous quarters. Quarterly growth was the lowest since early 2022, but was still elevated, and year-over-year growth slowed from more than three per cent in recent quarters.

Restrictions on temporary migration drove the adjustment as exits soared. Expiring visas were less likely to be renewed or were transitioned to permanent resident stream. Net non-permanent resident flow came in at 47.2k persons, which was 60 per cent lower than in Q2 and 85 per cent lower than a year ago. Net non-permanent resident outflows jumped 69 per cent on a quarterly basis, and 85 per cent year-over-year. In contrast, the number of immigrants (permanent residency) held steady at 124k persons, which was down 7.4 per cent quarter-over-quarter, and up 15 per cent y/y. Net natural contributions (births less deaths) accelerated modestly but only accounted for 14.1k growth over the latest quarter.

### 4-quarter population growth slows to 2.3 per cent from over three per cent



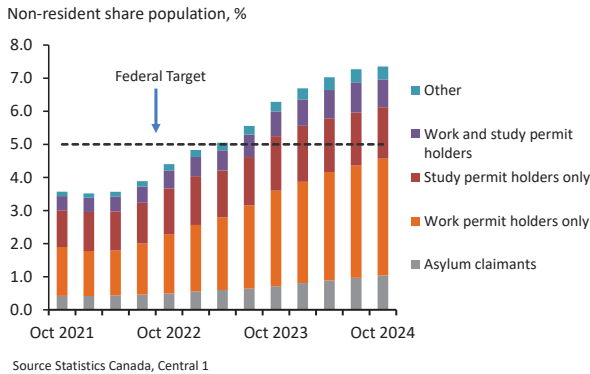
### Immigration holds steady, non-permanent resident exits drive slower growth



The latest patterns align with the federal government's policy to anchor the non-permanent share of the population to 5 per cent. Policy will look to exit more temporary residents, shift some in the country to permanent residency, and slow inflows to move towards this goal. That said, the latest data suggests this path will remain difficult as the number of temporary residents continues to climb. Non-permanent resident share of the population rose to 7.3 per cent as of October, or 1 million excess temporary residents relative to the existing population. Adjusting to goals means a severe restriction over the next two years (see our recent report), as well as potentially larger increases in permanent resident immigration.

We believe the target is unattainable. A portion of individuals may not leave the country (although may be counted as an outflow upon visa expiry), while we also expected adjustments for higher skilled workers and

## Non-permanent share of population marches above 7.3 per cent

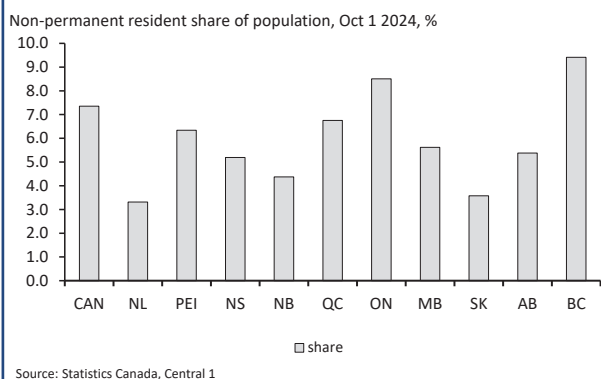


others currently employed due to industry pressure on government. This may increase the number of people granted permanent status. Nevertheless, population is set to slow sharply, which is anticipated to weigh on economic activity, but potentially tighten up labour markets, while also alleviating some pressure on rental housing markets.

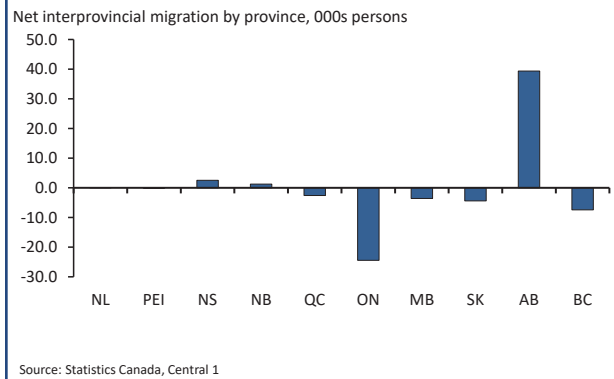
### Temporary resident outflow hits B.C. and Ontario, Alberta continues rapid growth

The latest data also highlighted varying patterns among provinces. While population growth slowed among all provinces, the sharpest declines were observed in Ontario where year-over-year growth decelerated from 3.2 per cent to 2.2 per cent, and B.C. which slipped from 3.0 per cent to 2.2 per cent. Alberta population growth stood out with the strongest population gain in the country at 3.9 per cent even as it decelerated from 4.4 per cent. Nova Scotia (1.4 per cent) and Newfoundland and Labrador (0.9 per cent) reported the slowest growth.

## B.C. and Ontario more exposed to temporary resident roll back



## Canadian residents flock to Alberta over the past year



Differing patterns reflect sensitivity to federal population policies and internal movements of residents in the country. B.C. and Ontario have the highest temporary resident share of the population at 9.4 per cent in the former, and 8.5 per cent in the latter. Both are likely to be more sensitive to restrictions on newcomers and visa expirations. In the latest quarter, the number of Ontario temporary residents fell after gaining 50k in Q2, while B.C. also saw a sharp retrenchment. Neither province should be expected to fall to the five per cent threshold but will see ongoing reductions.

Alberta was in a class of its own in the latest quarter with a 3.9 per cent growth rate. The province continued to attract an elevated number of immigrants, as well as high but declining temporary residents. Where it differs mostly is that Alberta is a magnet for interprovincial migration. Alberta gained 10.8k more people than it lost to other provinces in the latest quarter, and the only other province with a positive value was Nova Scotia with a gain of 350 people. Over the last four quarters, net interprovincial migration to Alberta was 40k, or 20 per cent of Alberta's population growth during the period. All other provinces were negative. Canadians have flocked to Alberta for jobs opportunities and affordable housing compared to Ontario and B.C.

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