

It's About the People

By Cameron Muir, BCREA Chief Economist



BCREA Chief Economist
Cameron Muir

BC's population grew by seven per cent between 2006 and 2011, second only to Alberta and well above the national rate of 5.9 per cent. The province added an additional 286,000 people over the past five years, pushing the total population to over 4.4 million. Population is critically important to real estate markets, as growing populations necessitate the expansion of the housing stock.

However, the aggregate numbers only provide part of the story. Population growth isn't ubiquitous across the landscape. Some regions of the province can experience significant gains while others see their population bases dwindle. For example, the City of Surrey grew by nearly 19 per cent since 2006, while the Municipality of Kitimat declined by seven per cent.

While it may be unfair to juxtapose a large urban centre like Surrey with Kitimat which contains a little over 8,000 people, it does illustrate the divergence between regions. Economic conditions can play a large role as the population of resource dependent communities tends to ebb and flow with

the business cycle. Climate and amenities can be a powerful magnet to retirees, while communities with a relatively young population can experience a higher birth rate. While the natural rate of growth (birth rate minus the death rate) typically comprises 20 per cent of overall population growth, its impact on housing markets is less pronounced as babies born today are unlikely to leave the nest for a few decades.

This is where our population story gets interesting. It is the relative strength or weakness in the various components of migration that make regions of the province unique. The Thompson-Nicola regional district, for example, relies almost entirely on intra-provincial migration, that is people moving to the area from other parts of the province. On the other hand, the population in the Central Okanagan is typically expanded by inter-provincial migration, people moving from other provinces, and to a lesser degree by intra-provincial migration.

The big population driver in the province is immigration. Typically 70 per cent of BC's population growth is generated by

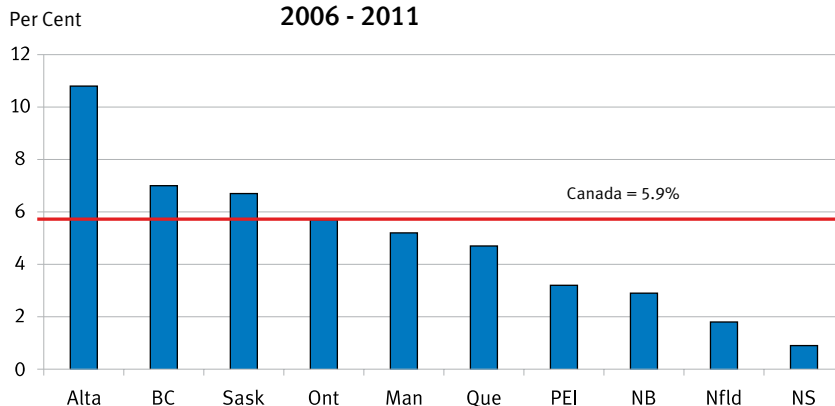
international migrants. However, nearly 85 per cent of BC immigrants end up settling in Metro Vancouver, which accounts for its higher population growth rate of 9.3 per cent between 2006 and 2011. Metro Vancouver now makes up 60 per cent of the total provincial population.

And it's not just the fact that 35,000 immigrants land in Vancouver during a typical year, it's also how they're constituted. By far, the most well-healed immigrants enter the country under the investor designation. Today, that means these households have a net worth of \$1.6 million and have made a temporary investment of \$800k in Canada. While BC records about 17 per cent of immigrant landings to Canada, the province garners nearly 50 per cent of Canada's investor class immigrants, with most of them settling in Metro Vancouver.

While population is an important determinant of housing demand, not all regions grow at the same rate or by the same weight of population components. This creates uneven housing demand across the province and makes headline growth figures just a starting point for understanding regional housing markets. It also underlines the value of a local REALTOR® in understanding specific market conditions in the community.

Population Growth

2006 - 2011



Source: Census 2011

The Bulletin is published quarterly by the British Columbia Real Estate Association. Real estate boards, real estate associations and REALTORS® may reprint this content, provided that credit is given to BCREA by including the following statement: "Copyright British Columbia Real Estate Association. Reprinted with permission."

BCREA makes no guarantees as to the accuracy or completeness of this information.

Send questions and comments about The Bulletin to:

Editor: Damian Stathonikos
Assistant: Lindsay Cook

1420 - 701 Georgia Street West
PO Box 10123, Pacific Centre
Vancouver, BC V7Y 1C6

Phone: 604.683.7702
Fax: 604.683.8601
Email: bcrea@bcrea.bc.ca

www.bcrea.bc.ca

Printed on recycled paper.

ISSN: 1705-3307