



Centre for Urban Research and Land Development

Something to Think About: What Is Driving Declining Population Mobility in the Greater Toronto Area?

July 22, 2019

*The opinions expressed in this research report are those of the authors only and do not represent the opinions and views of either CUR or Ryerson University.

Report Prepared by:

John Clinkard, M.A.
Research Fellow

and

Frank Clayton, Ph.D.
Senior Research Fellow

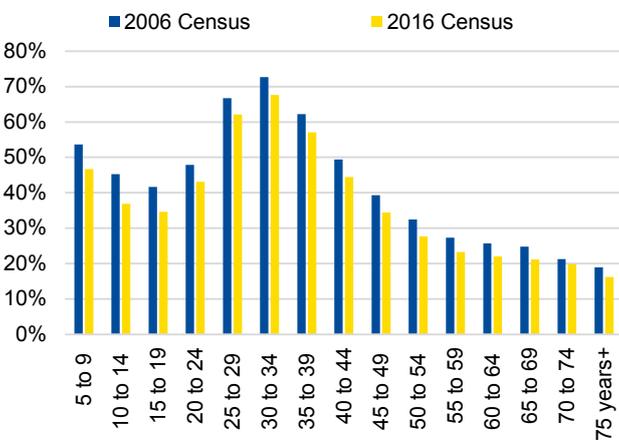
Contact

Centre for Urban Research and Land Development,
Ryerson University
111 Gerrard St. East, 3rd Floor, GER 204-D, Toronto, ON
E-mail: cur@ryerson.ca
Phone: 416-979-5000 ext 3348

Introduction

A 2018 study by the Centre for Urban Research and Land Development (CUR), entitled *Millennials in the Greater Toronto and Hamilton Area: A Generation Stuck in Apartments?*, noted that population mobility in the Toronto Census Metropolitan Area (CMA) had declined between 2006 and 2016 across all age groups (see Figure 1).¹

Figure 1: Percentage of Age Group Movers in Prior 5 Years, Toronto CMA, 2006 and 2016



Source: CUR based on Census of Canada data

This paper examines population mobility by tenure to gain insights into the changes that occurred between 2006 and 2016. Toronto is compared to other large Canadian metro areas (Montreal, Ottawa-Gatineau, Calgary, Edmonton and Vancouver) to put these mobility trends into perspective.

Residential mobility is heavily influenced by the functioning of the housing market. Mobility has a significant impact on labour mobility and the efficient allocation of resources across the economy. The impediment of residential mobility may result in individuals postponing moving to jobs for which they are better qualified, delaying starting a family or putting off moving to a larger home with more amenities.

Understanding the Base Data

In the Census of Canada, an individual's mobility status is a comparison of their place of residence on the reference day to their place of residence five years earlier. We compared the proportion of the 2016 population who moved between 2011 and 2016 to the proportion of the 2006 population who moved between 2001 and 2006.²

Tenure refers to whether the individual lived in either owner-occupied or rental households, respectively.

For movers, the data refers to the tenure at the time of the Census. Tenure status of movers prior to moving is unknown. Mobility data by tenure was obtained through a special tabulation from Statistics Canada.

Methodology

We made an effort to determine the major factors that could have contributed to the decline in the mobility rates by age groups between 2006 and 2016 in the GTA (Toronto CMA). The factors considered include shifts in tenure, employment growth, changes in home prices, changes in housing affordability (households paying more than 30% of their income for shelter), and an inadequate supply of new housing during the period. The housing shortage is measured both by changes in the per capita total housing completions and by ground-related housing completions only (singles, semis and townhouses).

The changes between 2006 and 2016 are expressed in terms of percent changes, defined as change in percentage points between the two years. For convenience, this has been shortened to percent change in the text and the figures.

The analysis should be regarded as an initial investigation into the decline in mobility across age groups in the GTA. The analytic framework is rudimentary. Each factor is plotted separately

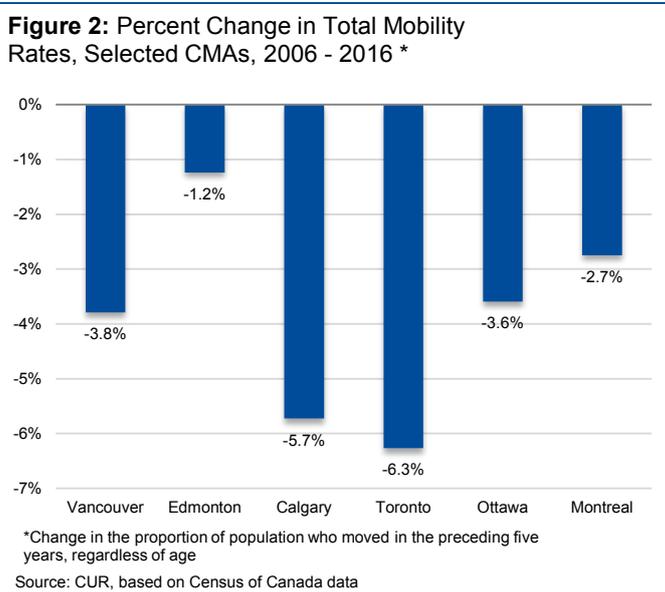
against the percent changes in mobility for the CMAs considered in order to assess whether there is a reasonable correlation or not. The results should be regarded as indicative only at this time. A fuller analysis requires a valid statistical analysis which was beyond the resources available for this research.

Mobility Declined in All CMAs Led by Toronto and Calgary

Between 2006 and 2016, the total residential mobility, i.e. the percentage of population that moved from one location to another in the previous five years, declined in all six of Canada’s largest census metro areas. As Figure 2 shows, total mobility rates saw the most significant decline in Toronto (-6.3%), followed by Calgary (-5.7%), Vancouver (-3.8%), Ottawa (-3.6%), Montreal (-2.7%) and Edmonton (-1.2%).

Decline in Mobility Rate Concentrated Among Homeowners

While the mobility rate fell across both tenures between 2006 and 2016, that of homeowners declined on average by 5.9%, seven times the 0.8% decline in the mobility rate of renters.

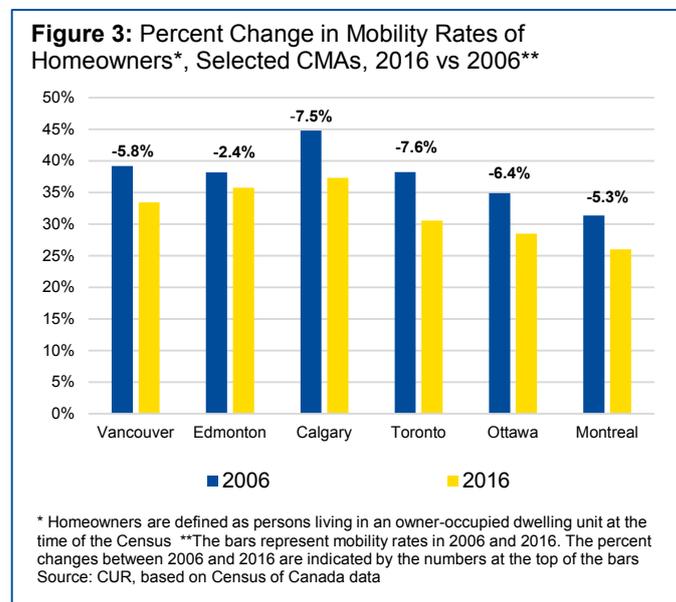


The average percentage of homeowners who moved in the five years prior to 2006 (37.8%) and 2016 (31.9%), respectively, was approximately half the percentage of renters who relocated during the same period. In 2006, 68.3% of renters moved in the previous five years versus 67.6% in 2016.

Looking at the pattern of mobility of individuals residing in owned accommodation in the six CMAs between 2006 and 2016, the largest declines occurred in Toronto (7.6%) and Calgary (7.5%) (see Figure 3). Slightly more moderate declines occurred in Ottawa, Vancouver and Montreal, while the mobility of Edmonton homeowners saw the smallest decline.

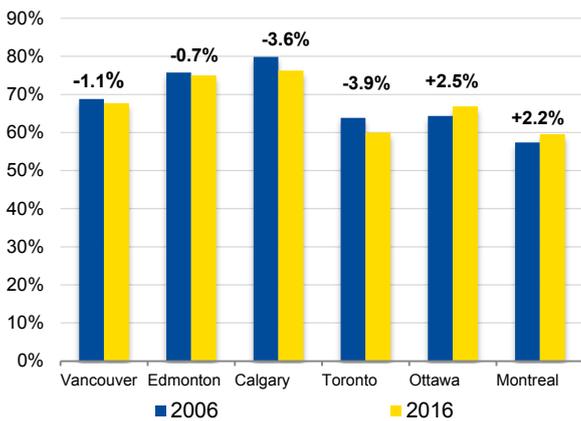
It should be noted that in 2016, approximately 72% of the population in the six CMAs resided in owned accommodation, while the remaining 28% rented.

As indicated above, renters are considerably more mobile than homeowners, due in part to the fact that, on average, they have fewer dependent children and fewer attachments to tie them to a specific location.



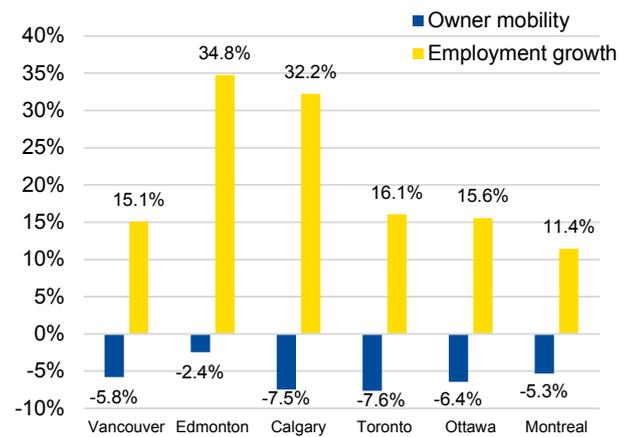
Still, across the six CMAs, the mobility rate of renters exhibited the most significant decline in Toronto (-3.9%) and Calgary (-3.6%). Smaller declines in the mobility rate of renters occurred in Vancouver and Edmonton, while in Ottawa and Montreal mobility rates increased slightly (see Figure 4).

Figure 4: Percent Change in Mobility Rates of Renters*, Selected CMAs, 2016 vs 2006**



*Renters are defined as persons living in rental-occupied dwelling units at the time of the Census **The bars represent mobility rates in 2006 and 2016. The percent changes between 2006 and 2016 are indicated by the numbers at the top of the bars Source: CUR, based on Census of Canada data

Figure 5: Percent Change in Owner Mobility vs Percent Change in Growth in Total Employment, Selected CMAs, 2006-2016



Source: CUR, based on Census of Canada data

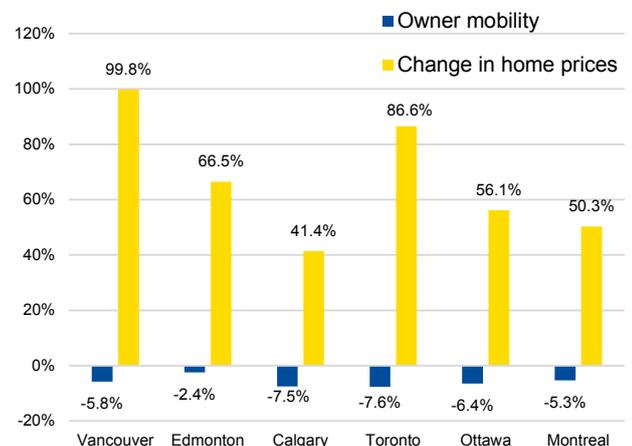
However, as seen in Figure 5, total mobility declined in all six CMAs between 2006 and 2016 despite these CMAs, especially Edmonton and Calgary, seeing significant employment growth.

Growth of Housing Prices Did Not Coincide With Changes in Mobility

The decision to move by existing homeowners is dependent on affordability, along with other factors of course. As noted by a recent article in the OECD Journal, “major elements of the housing bundle, such as its price, type of tenure or location, are also critical to the mobility decision”.³

However, as shown in Figure 6, one metro area which experienced a large increase in

Figure 6: Percent Change in Owner Mobility vs Percent Change in MLS Average Home Prices, Selected CMAs, 2006-2016



Source: CUR, based on CREA and Census of Canada data

Possible Factors Contributing to the Decline in Ownership Mobility

We looked at a number of factors which may have contributed to a decline in homeownership mobility, since nearly three-quarters of the population in the six CMAs in 2016 resided in owned accommodation. As well, the mobility rate of homeowners declined significantly more than for renters over the past ten years.

Employment Growth Likely Not Consistent with Changes in Mobility

One of the reasons that people move to a different home is a new job. This is especially true for people moving from outside Canada or from other parts of Canada, but it also holds true for people changing jobs within a CMA who end up facing a much longer commute.

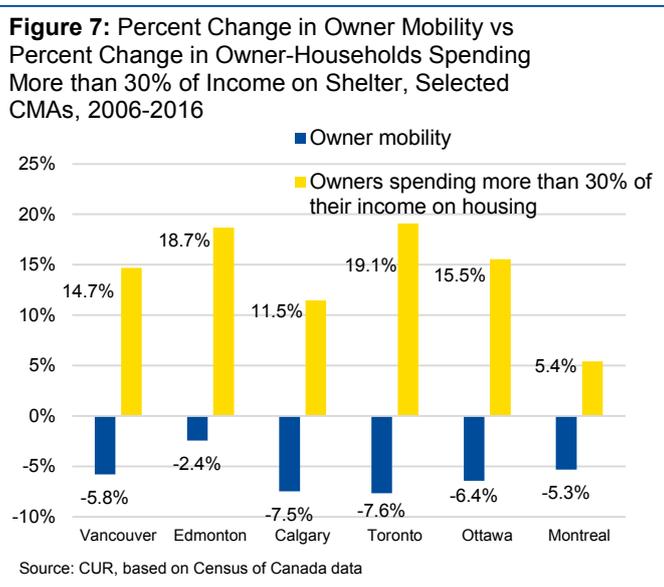
house prices, Vancouver, did not exhibit the largest decline in total owner mobility rates between 2006 and 2016. And Calgary, which had the smallest price increase, had a larger drop in mobility than Vancouver.

Change in Percentage of Homeowners Paying More than 30% of Income for Shelter Did Not Appear To Be a Discernible Factor

A more comprehensive measure of home affordability is the gross debt service ratio (mortgage principal, interest, taxes and heat as a percentage of gross annual household income). According to CMHC, the gross debt service is normally capped at 35% for an individual or a couple applying for a mortgage.

The relative affordability of housing in the six largest CMAs is captured by the Census of Canada, which indicates the number of households spending more than 30% of their income on shelter.

Over the past ten years, this percentage has increased in all six of the largest CMAs, especially Toronto and Edmonton (see Figure 7). However, as with the pattern of house prices, there did not appear to be a consistent relationship between this measure of housing affordability and owner mobility.



Inadequate Supply of New Housing Appeared To Be Consistent With Changes in Owner Mobility

The inconsistent impact of demand factors on household mobility suggests the drop in owner mobility could be due instead to a lack of new housing supply. This shortfall may have forced households, especially in existing owned accommodation, to cancel or at least postpone their plans to move up to new housing.

To test this hypothesis, we compared the change in owner mobility between 2006 and 2016 to the percent change in total housing completions per capita (see Figure 8).

The relationship between owner mobility and total housing completions appears relatively consistent across the selected CMAs with the exception of Vancouver. This CMA saw total completions per capita increase by 0.3% during the five years ending 2015, with a 31% increase in total completions stemming from a 76% rise in apartment completions.

CMHC's 2018 Mortgage Consumer Survey found that over 61% of first time buyers and 71% of repeat buyers across the country purchased a single-detached housing unit.⁴ As a result, we also looked at the relationship between the ground-related housing supply (i.e. completions of single, semi- and row housing units) and household mobility.

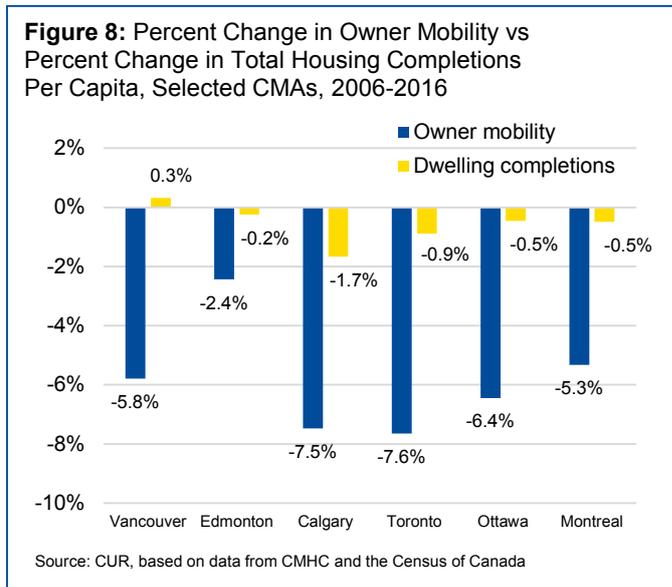
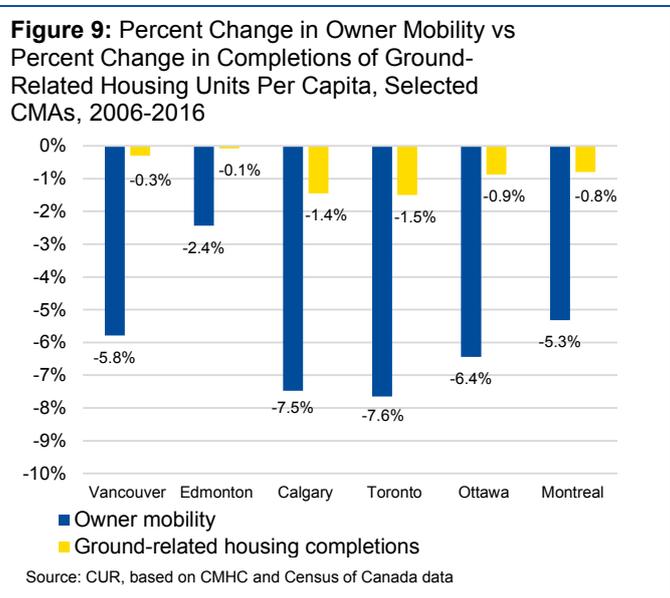


Figure 9 shows the relationship between the percent change in owner mobility and the percent change in new housing supply, as indicated by the change in ground-related housing completions per capita in the previous five years. It shows a fairly consistent relationship between the retreat in the supply of new single, semi and row housing units and the decline in owner mobility in all six of Canada's largest CMAs.

Calgary and Toronto not only had the largest percent decline in total and homeowner mobility rates, these two CMAs had the largest percent declines in ground-related housing completions per capita.



Conclusion

On balance, the relationship between owner mobility and the supply of ground-related housing between 2006 and 2016 was consistent with the findings of the OECD study that noted “an unresponsive housing supply tends to undermine residential mobility.”⁵ As noted in a recent study by the CMHC, supply constraints, especially densification policies that do not increase the supply of all types of housing, “will only serve to increase wealth inequality and [will] not meet the housing needs of a growing population.”⁶

In conclusion, it appears that a marked shortage of new ground-related housing in the 2006-2016 period may have been a significant contributor to the decline in mobility rates in the GTA, as approximated by the Toronto CMA.

The results here suggest that more in-depth statistical research into the role that the marked decline in the quantum of ground-related housing completions played in reducing overall population mobility should be undertaken. Exploring why the supply of new ground-related housing diminished so much since the first half of the 2000s is also an important research question.

Endnotes

- 1 CUR (2018). "Millennials in the Greater Toronto and Hamilton Area: A Generation Stuck in Apartments?" [Online] Available at https://www.ryerson.ca/content/dam/cur/pdfs/policycommentaries/CUR_Research_Report_Millennial_Housing_GTHA_May_22.pdf, 8
- 2 While mobility data is available for 2011 from the National Household Survey (which replaced the long questionnaire used in the Census of Canada prior to 2011 and again in 2016) there are issues of comparability which limits its usefulness.
- 3 Aida Caldera Sánchez and Dan Andrews (2011). "Residential Mobility and Public Policy in OECD Countries." OECD Journal: Economic Studies, Vol. 2011/1. [Online] Available at http://dx.doi.org/10.1787/eco_studies-2011-5kg0vswqt240, 188.
- 4 CMHC (2018). "2018 Mortgage Consumer Survey: Canadian Homebuyers Insights." [Online] Available at <https://www.cmhc-schl.gc.ca/en/data-and-research/consumer-surveys/mortgage-consumer-survey/homebuyers-data>
- 5 Ibid.
- 6 CMHC (2018). "Examining Escalating House Prices In Large Canadian Metropolitan Centers." [Online] Available at <https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/cmhc/pdfs/content/en/69262.pdf?sv=2017-07-29&ss=b&srt=sco&sp=r&se=2019-05-09T06:10:51Z&st=2018-03-11T22:10:51Z&spr=https,http&sig=0Ketq0sPGtnokWOe66BpqguDljVgBRH9wLOCg8HfE3w%3D>, 7