

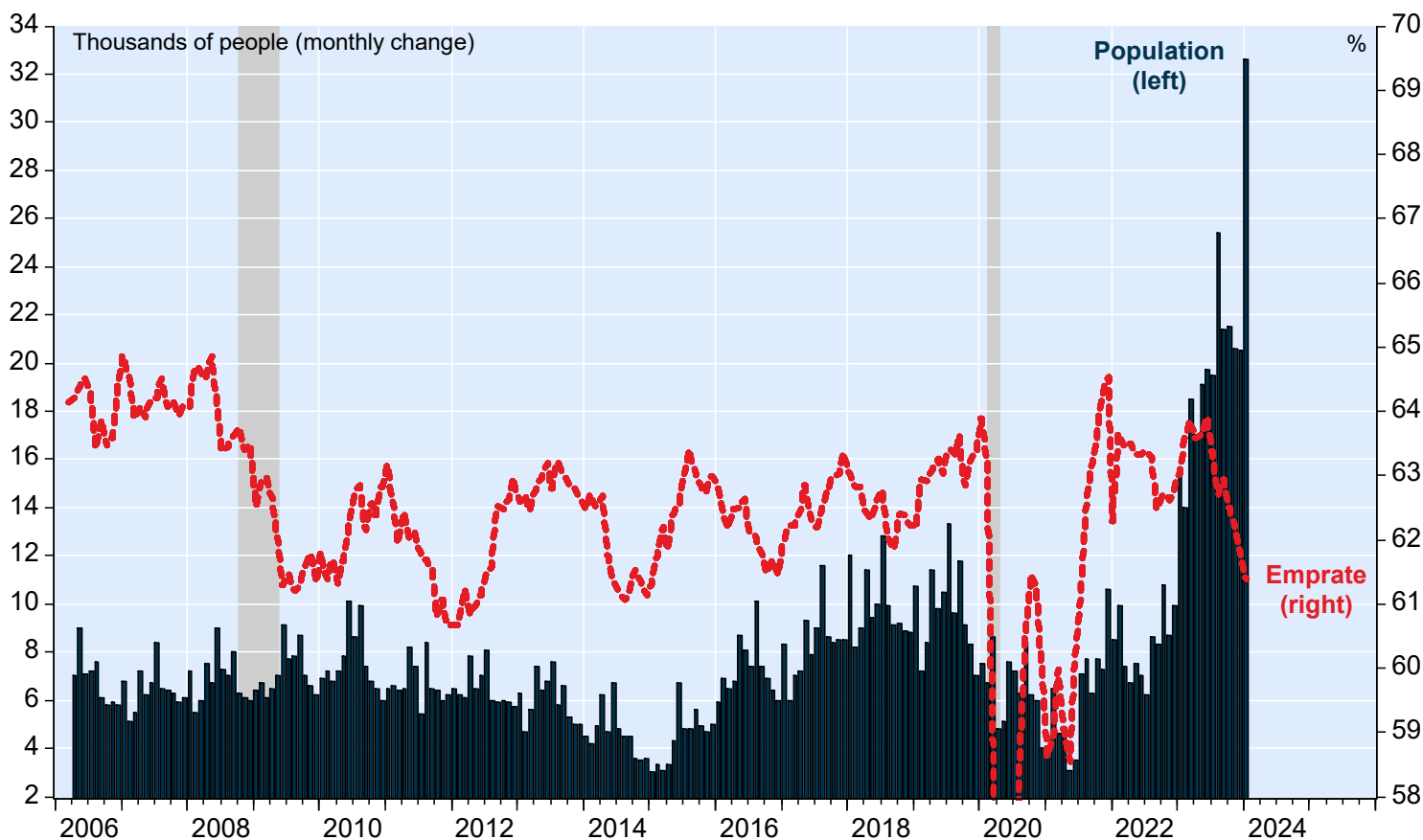
Canada Watch

By Stéfane Marion

We really wish we could talk about something other than population when we refer to Canada, but as an emeritus professor of economics recently reminded us, Canadian demographer David Foot once said that "demography explains about two-thirds of everything". Which brings us to the latest employment report, which showed a historic monthly increase in the working-age population in January: a whopping 125,000 people (or 4.7% at an annualized rate). At the municipal level, nowhere was the pressure more acute than in the Greater Toronto Area (GTA), where the population aged 15+ jumped by a record 32,600 people over the month (an annualized rate of 6.8%). The GTA, which accounts for about 18% of Canada's population, is currently responsible for more than 25% of the country's population growth. With the current interest rate structure, it is simply impossible for the labour market to absorb such a large number of newcomers. As today's Hot Chart shows, the GTA's employment-to-population ratio fell to 61.4% in January, its lowest level since 2021, when the economy was still impacted by COVID. The GTA, which historically had an employment rate that was on average 0.8% above the national average, is now suddenly below the rest of the country. A deteriorating labour market amid a population boom will continue to stress the infrastructure and finances of Canada's largest metropolitan area for the foreseeable future. We strongly advocate the creation of a non-partisan council of experts to provide policymakers with a transparent estimate of the total annual population growth that the economy can absorb at any given time. This council could play a key role in maintaining Canada's international reputation as a welcoming place for foreign talent.

Canada: The GTA labour market unable to absorb population boom

Population aged 15+ and employment rate in the Greater Toronto Area (GTA)



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