

# Intelligence MEMOS



From: Henry Lotin and Parisa Mahboubi

To: Canada's Immigration Watchers

Date: April 17, 2023

Re: **IMMIGRATION SURGES PAST ONE MILLION — CANADA NEEDS A REAL COUNT AND REAL PLANS**

Canada revved up its immigration machine last year to make up for the pandemic slowdown and recorded a new high of 437,500 new permanent resident arrivals. And the federal government plans to keep going, increasing permanent immigration targets to [half a million](#) by 2025 – 75 percent higher than the 2017 target level.

While [public opinion](#) remains broadly supportive of greater immigration, the impact on housing, health care, and broader community capacity has entered the debate. And to fully assess the effects, especially on housing, we need to look beyond headline immigration numbers. International [arrivals](#) for permanent and temporary visa holders not already in Canada need to be added to the equation. Precisely counting these groups is not an easy task due to data gaps and inconsistencies, but for 2022, we estimate the real total of arrivals last year was more than one million people.

The expansion of [two-step immigration selection](#) that prioritizes applicants with Canadian work experience and post-secondary education, allowed many applicants, such as temporary foreign workers and students, to receive approvals from within Canada. However, Immigration, Refugees and Citizenship Canada (IRCC) does not publish the data on their country of residence, making it difficult to understand the role of approvals for those already residing in Canada. According to IRCC data, this trend of applications from within Canada spiked during COVID. They made up fully 75 percent of 406,045 permanent residency approvals in 2021, but only 45 percent last year. This means the number of permanent residency approvals for people outside Canada – who create incremental housing demand – more than doubled between 2021 and 2022 to about 241,500.

Among those new arrivals are non-permanent residents. This category is growing rapidly, faster than new permanent residents, and is the most volatile element in population estimates. Non-permanent residents need to hold a valid permit to live in Canada and include temporary foreign workers, international students, refugee claimants and now a surging number of Ukrainians under a new [authorization for emergency travel](#) program.

In total, there were 1.3 million new temporary visas issued (excluding extensions and tourists) in 2022, a 45-percent increase from 2021. According to country of residence data, the number of new permit holders (e.g. temporary foreign workers and international students) whose place of residence was outside Canada grew by 83 percent from 2021 to more than 855,000 in 2022.

Combining permanent and temporary entry from outside Canada in 2022, the estimated total arrivals was more than one million (see Figure).

A new element of the temporary resident increase was the policy response to the invasion of Ukraine. Eligible Ukrainians can come to Canada for up to three years under the emergency authorization, and Ukrainians already in Canada can extend their visas. There is also a surge in Ukrainians arriving through other programs. In 2022, only 29 percent (140,094 individuals) of the 478,357 [approved applications](#) arrived (another 66,000 have landed so far in 2023 through April 2). The continuing flow will substantially increase international arrival and non-permanent resident numbers in 2023 as Canada keeps receiving and processing applications.

Although some residents may leave Canada and some new arrivals are absorbed into existing extended family households, the available data points to an overall net increase in the number of arrivals as well as in demand for housing: the latest CMHC Rental Market Survey [shows](#) the national vacancy rate fell from 3.1 percent to 1.9 percent from October 2021 to October 2022.

Current trends indicate a larger influx of international arrivals (far outpacing temporary visa departures) in 2023 and further increases in housing demand. This would push the rental vacancy rate to near zero and worsen housing supply [shortages](#).

Even if the Ukraine War ends swiftly and the labour market starts to cool down, requiring fewer temporary foreign workers, Canada still needs to address its housing crunch in both the short- and long-term.

In the short-term, prefabrication and modular [construction](#), like those that non-profits have constructed for [veterans](#) may be needed.

Meanwhile, another concern is Canada's data quality. Complex, confusing and even conflicting published data due to over- and under-estimates of temporary immigration figures hampers accurate and timely population and housing forecasts. First, one individual can have more than one visa in a calendar year, and leave prior to the visa expiry. As well, in another COVID response, the immigration department has allowed non-permanent residents with expired visas to remain in Canada while their application for visa renewal or permanent residency is under review. To obtain population estimates, however, Statistics Canada still assumes non-permanent resident visa holders left the country the month following visa expiry. Accurate data is needed for accurate analysis of resources and capacity planning to serve new arrivals. And [evidence](#) shows that there have been long term data gaps in tracking temporary residents.

COVID shutdowns and the Ukraine war illustrate how dramatic changes in the number of new arrivals can occur with lasting economic and demographic consequence. Using the correct metric in a timely manner is, therefore, critical. We need disaggregated data on permit issuances and arrivals by country of residence as well as data on the total unique count of temporary residents to make sure we know how many people are here.

Continued on the next page.

*Figure:*



*Note: Non-permanent resident arrivals include student and work permit holders whose place of residence was outside of Canada in the year their permit became effective as well as Ukrainian arrivals.*

Source: Authors calculations using IRCC data.

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