

Economic and Social Reports, March 2024

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Six new articles are available in today's release of [Economic and Social Reports](#).

Young Canadians more affected by current housing pressures

Housing has long been a critical source of wealth creation and financial security for Canadian families. The article "[Housing, wealth and debt: How are young Canadians adapting to current financial and housing pressures?](#)" examines the economic well-being of younger households as they adjust to housing market conditions and begin to build financial resilience.

Mortgage balances grew by nearly \$73 billion in the third quarter of 2023. However, households where the primary earner was younger than 35 years reduced their mortgage balances. This suggests that young households may be choosing not to enter the housing market, paying off existing debt, or downgrading to more affordable accommodations.

While their mortgage balances and debt-to-income ratios have fallen, debt servicing costs have increased markedly. Younger households have experienced some of the largest increases in their debt service ratios over the past year (+2.4 percentage points), as they tend to have larger mortgage balances than older households. Also, the costs of servicing mortgage debt have risen because of higher interest rates. Affordability pressures related to shelter and barriers to homeownership bring forward risks for socioeconomic mobility, if they persist over the long term.

This article is the third in a series focusing on challenges and opportunities currently shaping Canada's economic landscape. For more information, see "[Risks to Canada's corporate sector as interest rates rise](#)" and "[The improvement in the labour market outcomes of recent immigrants since the mid-2010s](#)," as well as the presentation "[Research to Insights: Disparities in Wealth and Debt Among Canadian Households](#)."

Immigrant workers backfilled lower-skilled jobs as Canadian-born workers moved away from these occupations

Employment has gradually shifted in Canada over recent decades, with a higher share of the workforce in managerial, professional and technical occupations, compared with lower-skilled occupations. The study "[Immigration and the shifting occupational distribution in Canada, 2001 to 2021](#)" shows how immigration has contributed to this shift.

From 2001 to 2021, most employment growth in Canada occurred in professional and technical skill occupations. Canadian-born workers accounted for about half of this employment expansion. Immigrant workers accounted for 43% of the increase in professional occupations and 37% in technical occupations. Temporary foreign workers (TFWs) accounted for 8% of the growth in professional occupations and 11% of the growth in technical occupations.

Throughout this 20-year period, employment in lower-skilled positions decreased by 860,000 among Canadian-born workers, while it rose by 213,000 for immigrant workers and by 139,000 for TFWs. This suggests that immigrant workers and TFWs have backfilled Canadian-born workers transitioning away from lower-skilled occupations.

Temporary foreign workers in agriculture have low rates of transition to permanent residency

From 2005 to 2020, the number of TFWs in primary agriculture, including crop production, animal production and aquaculture, and support activities for crop and animal production, tripled. The article "[Temporary foreign workers in primary agriculture in Canada: Transition from temporary residency to permanent residency and industry retention after transition](#)" found the rate of transition to permanent residency (PR) was low among TFWs who first entered primary agriculture from 2005 to 2020.



Overall, five years after entry, slightly more than 10% had obtained PR. The rate of retention in primary agriculture after PR transition was low as well. Five years after PR, around one-fifth of former TFWs were still employed in primary agriculture and more than 60% moved to different industrial sectors.

Low retention rates imply that even if TFWs in primary agriculture receive PR status, this may not solve the problem of chronic labour shortages faced by this sector.

In 2019, 10% of Temporary Foreign Worker Program participants had a weak attachment to the labour force

TFWs have become an important source of labour supply in Canada, yet many could only work part time because of program restrictions. Not accounting for this could lead to overestimating their impact on the labour force and their contribution to the Canadian economy. The article "[Foreign workers in Canada: Labour force attachment among temporary residents with paid employment in 2019](#)" estimates that 10% of Temporary Foreign Worker Program participants had a "weak attachment" to the labour force in 2019, based on annual earnings of \$7,500. This figure rises to 22% among International Mobility Program workers and exceeds 50% for individuals on study permits who were employed.

Women and younger workers were more likely to have a weak labour force attachment, compared with men and older workers. Furthermore, temporary residents in Newfoundland and Labrador and Nova Scotia exhibited a higher rate of weak labour force attachment than those in other provinces.

Government-assisted refugees who live in large metropolitan areas experienced lower employment rates and annual earnings than those in smaller cities

Government-assisted refugees (GARs) who are assigned to smaller communities are more likely to move, compared with those assigned to large cities. However, the study "[Economic outcomes of government-assisted refugees in designated destinations: The effect of city size](#)" found that those who stayed in medium-sized and small communities had stronger labour market outcomes than those who stayed in Toronto.

GARs who settled in the Toronto and Montréal metropolitan areas experienced lower employment rates and annual earnings, compared with those who remained in medium-sized and small cities. Among GARs aged 20 to 54 who arrived in Canada from 2000 to 2019, the employment rate five years after arrival was 49% in Toronto and 56% in Montréal. This contrasts with 72% in small urban communities and 63% in medium-sized metropolitan areas.

These findings stress the importance of successful labour market integration, as this is a key factor for the retention of GARs in smaller communities.

Summarizing findings from the Provincial Nominee Program

The article "[The Provincial Nominee Program: Provincial differences](#)" examines differences across provinces and territories in the growth and importance of the Provincial Nominee Program (PNP) and the characteristics of provincial nominees. It is part of a series examining various aspects of the PNP. Read more about this article in the *The Daily* release "[The expansion and changing characteristics of the Provincial Nominee Program](#)."

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The March 2024 issue of *Economic and Social Reports*, Vol. 4, no. 03 (**36280001**), is now available. This issue contains the articles "Temporary foreign workers in primary agriculture in Canada: Transition from temporary residency to permanent residency and industry retention after transition," "Economic outcomes of government-assisted refugees in designated destinations: The effect of city size," "The Provincial Nominee Program: Provincial differences," "Housing, wealth and debt: How are young Canadians adapting to current financial and housing pressures?" "Foreign workers in Canada: Labour force attachment among temporary residents with paid employment in 2019" and "Immigration and the shifting occupational distribution in Canada, 2001 to 2021."

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