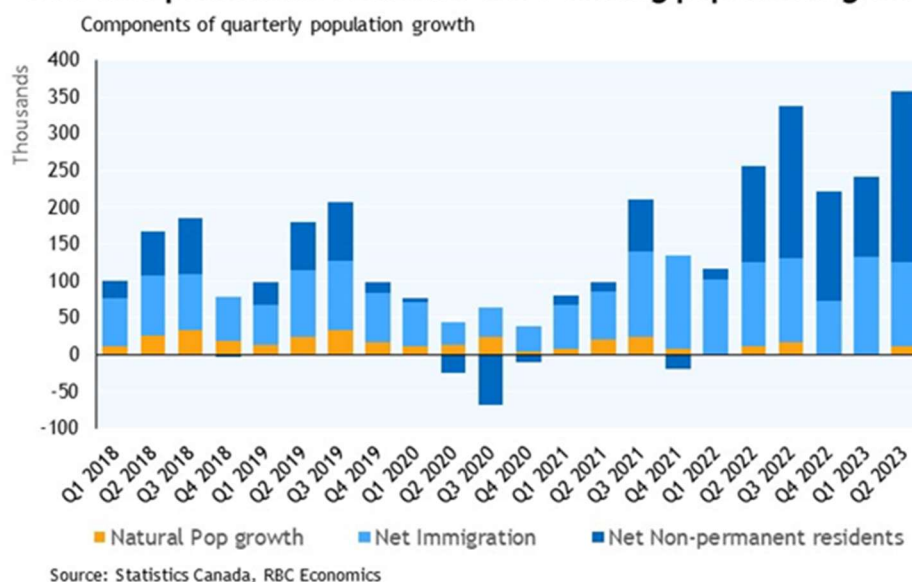


September 28, 2023

Record population growth masks slower economic conditions in Canada

- **Population growth** at July 1st (3.0%) marked the highest rate recorded over a 12-month period since 1957. Net international migration accounted for nearly 98% of the growth.

New non-permanent residents drive soaring population growth



- Over the past decade, **Canada's pace of population growth has eclipsed much of the world**, exceeding India, China, Central and South America, the U.S., and Europe.
- If this pace of growth were to continue, Canada's population would double within 25 years.
- **The population rose +0.9% in Q2 from Q1**, the strongest growth rate since the early 1970s. A surge in non-permanent residents (NPRs) accounted for nearly two-thirds of the growth, bringing annual growth in non-permanent residents (+46%) to at least a 50-year high.
- **Alberta now boasts the fastest rate of population growth** in Canada at 4.1% year-over-year as of Q3. Similar to trends seen at the national level, population growth in the province was boosted by non-permanent residents – which more than doubled in the last 12 months.

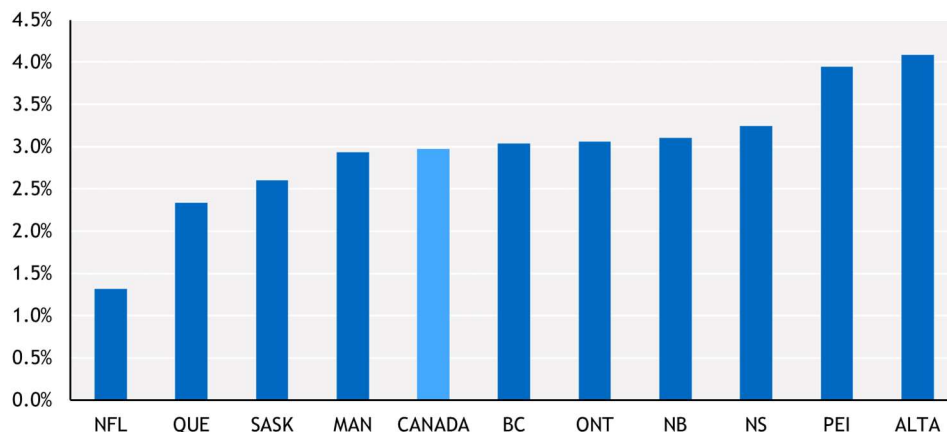
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Alberta also recorded the highest number of net-interprovincial migrants this year with a record-breaking 56,000 people. That's the **highest annual net-interprovincial gain recorded** for any Canadian province in over 50 years.

Population growth reaches decades-high pace across all provinces

Annual change in population growth at Q2 2023, %



Source: Statistics Canada, RBC Economics

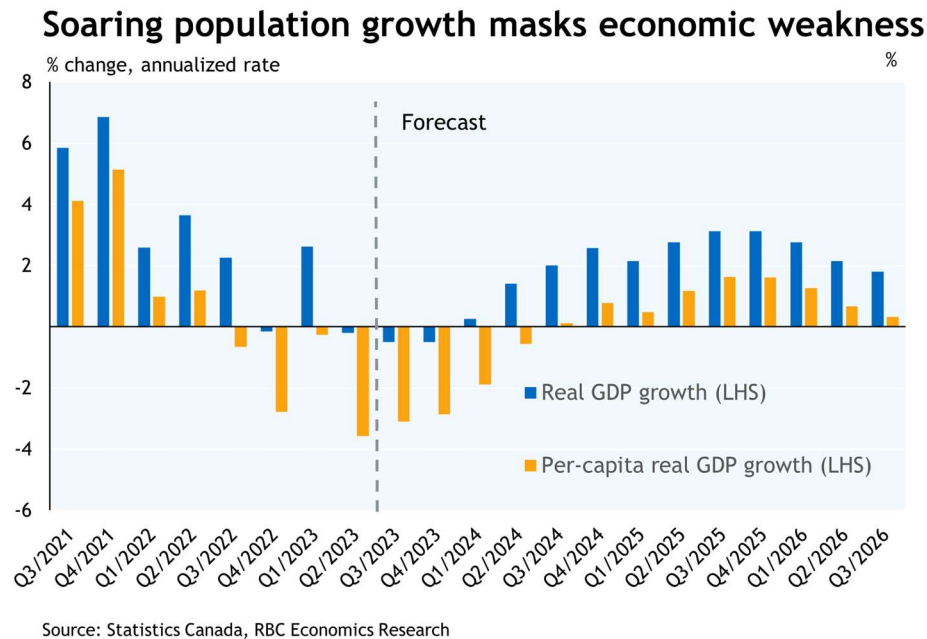
- **Ontario remained the most popular destination for international immigrants**, welcoming nearly 200,000 (42.5%) of newcomers to Canada over the past year. Population growth in other central Canadian provinces ran about middle of the pack.
- All Maritime provinces (save for Newfoundland & Labrador) recorded **population growth rates north of 3.0% for the second consecutive year**. Though net-interprovincial migration has slowed some from last year's peak, the level of net-interprovincial migrants is still above pre-pandemic levels in these provinces.
- **Nova Scotia recorded a 15-year high increase (%) in new births**. At 4.1%, the province also recorded the highest percentage increase in births of any province west of P.E.I. since 2008 – a testament to the younger demographic that's [migrated to the province](#) in recent years.
- **Quebec's population growth rate lagged almost all other provinces**. On account of stricter of [stricter immigration policies](#) than most other provinces, Quebec's population grew by just 2.3% in the 12 months before July 1, 2023. The share of newcomers settling in Quebec has been dwindling for nearly a decade. Now sitting at just 13.8% - a large departure from the 21.3% recorded in 2013 - Quebec's share of international immigrants has dropped

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below that of B.C. Nonetheless, this was still the fastest pace of population growth on record for this province.

- A similar narrative can be told in **Newfoundland & Labrador which posted the slowest population growth of all the provinces (+1.3%)**; yet registered the highest pace in more than 50 years.



- **Bottom line:** Canada's exceptionally strong population growth is masking a faster deterioration than would ordinarily be implied by measures like GDP. Population growth adds to GDP by increasing demand in the economy as well as the supply of workers. On a per-person basis, real GDP growth has declined for four consecutive quarters. Controlling for population growth, per-capita GDP declined by 3.5% at an annualized rate by our calculation (compared to a printed 0.2% decline.) That is consistent with signs of softening in labour markets. The unemployment rate is not impacted by changes in population growth and has increased half a percentage point from the spring.