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The North Effect:

Climate Resilience of the Canadian Real Estate Market

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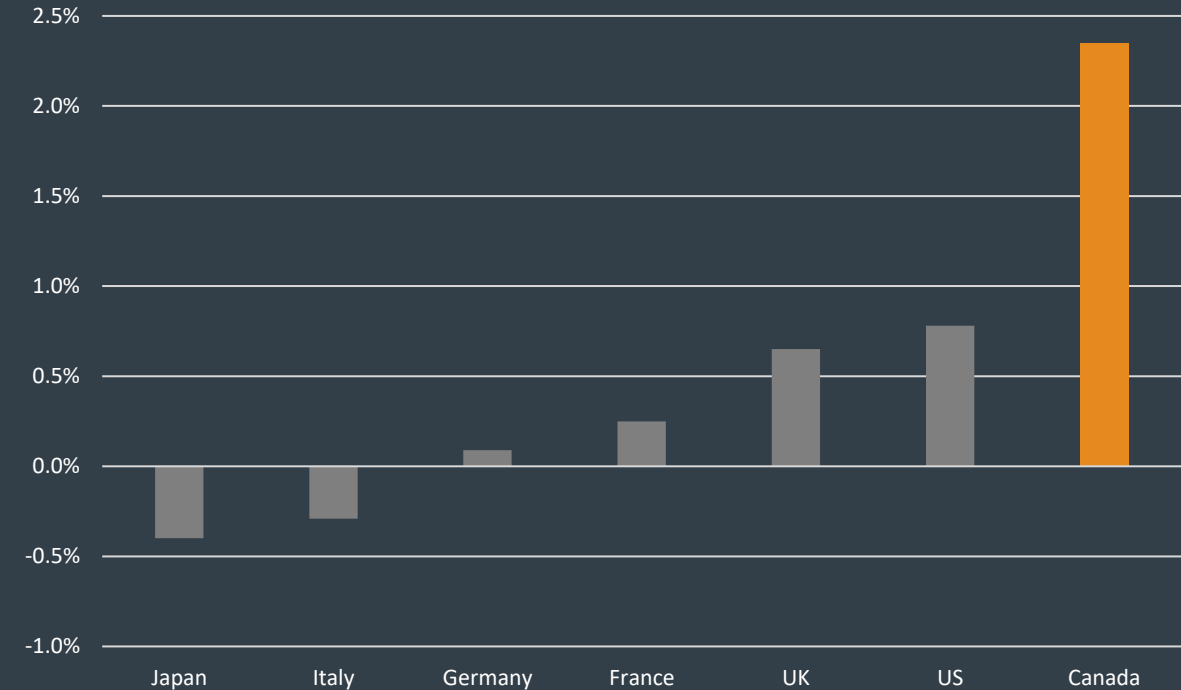


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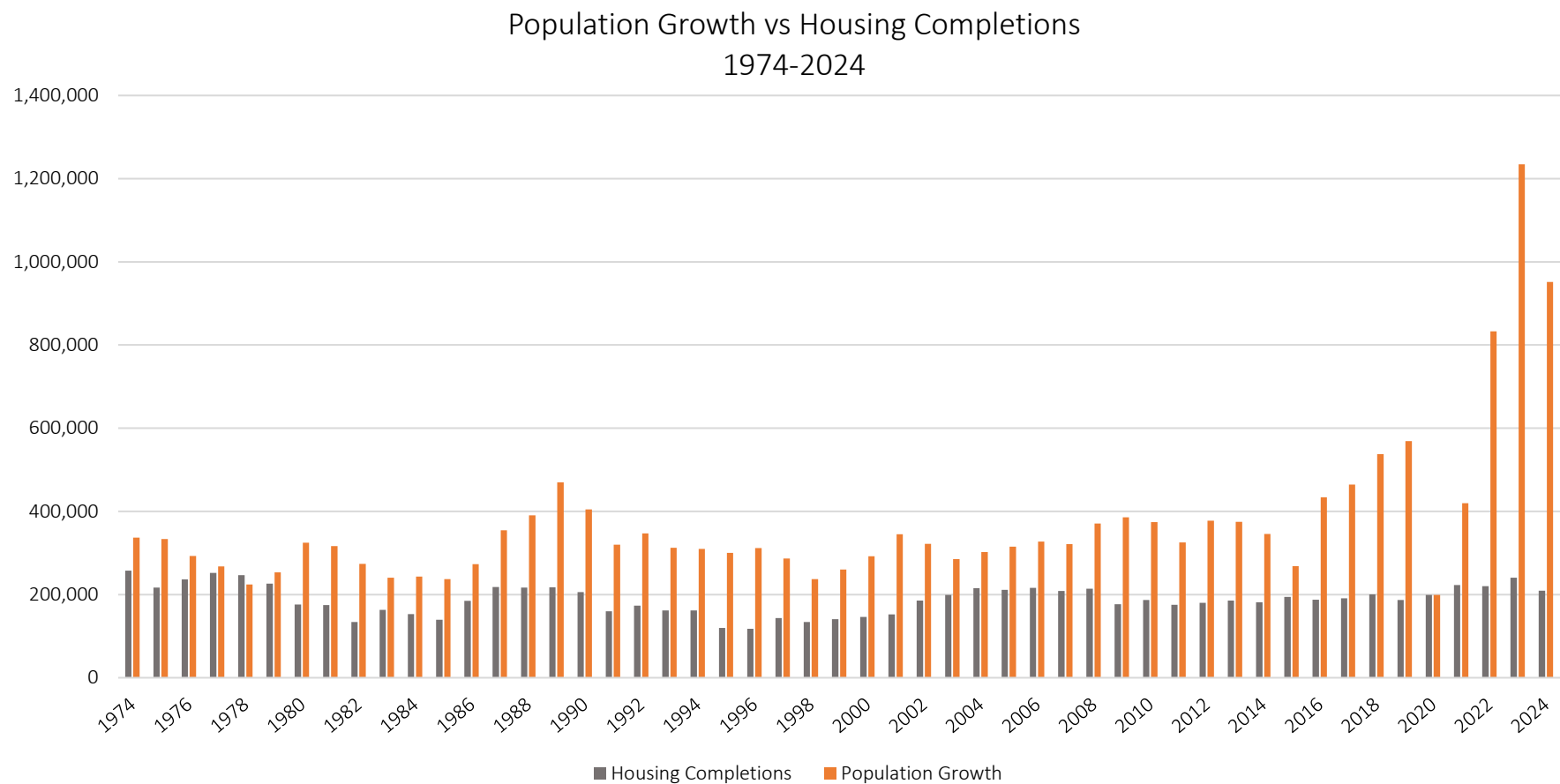
Demographics & Population Growth

- The Government of Canada *2025-2027 Immigration Levels Plan* is expected to result in:
 - Population decline of 0.2% in 2025 and 2026
 - Population growth of 0.8% in 2027
- ~450,000 decrease to temporary resident population per year due to:
 - Reduction in new admissions
 - Expiration of temporary visas
- Refugee Protection Claims:
 - 2014 – 7,000
 - 2024 – 250,000
- Average Processing Time – **44 Months**

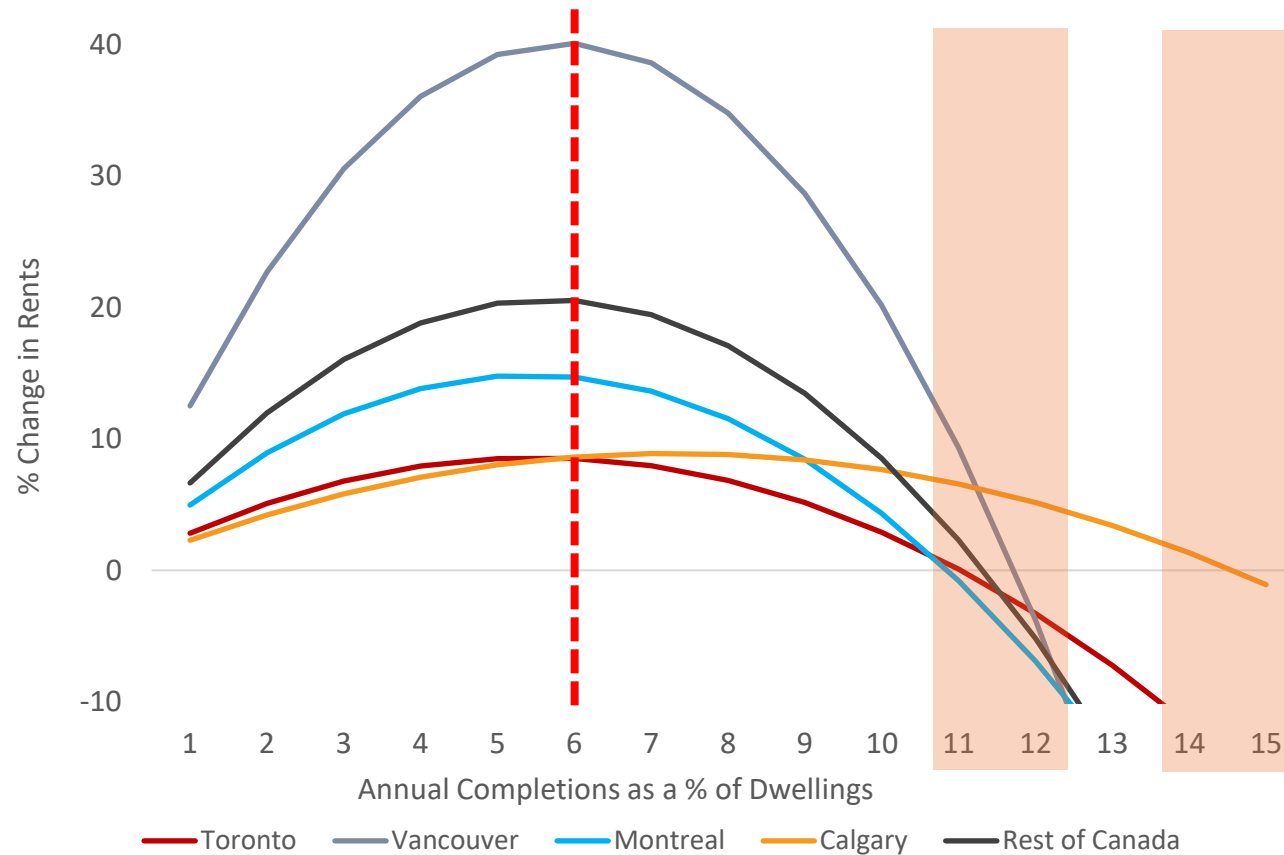
2024 G7 Population Growth



Population Growth and Housing Completions



Impact of Completions in the Rental Market



- For rents to start to decline, the annual completions must reach 11-12% (14% for Calgary) annually which is approximately 10 (6) times the current annual supply increase levels in GTA (Calgary)
- Assumes ceteris paribus, i.e. no increase in the density of immigrants
- Increased immigration requires even more supply increases

Building for the Future

RLB CRANE INDEX



	July 2019	Q1 2020	Q3 2020	Q1 2021	Q3 2021	Q1 2022	Q3 2022	Q1 2023	Q3 2023	Q1 2024	Q3 2024
Boston	14	13	12	13	12	9	10	9	20	14	9
Calgary	34	37	34	35	32	31	21	20	19	20	24
Chicago	27	29	14	12	7	10	18	14	9	3	4
Denver	18	25	18	22	15	21	32	36	24	14	13
Honolulu	4	9	8	10	6	6	9	14	12	12	14
Las Vegas	25	17	4	2	2	2	3	12	9	10	11
Los Angeles	49	47	41	43	51	51	46	47	30	50	42
New York	27	26	12	10	10	12	14	10	8	5	5
Phoenix	3	9	16	9	2	2	3	9	7	7	8
Portland	30	28	27	23	15	12	15	14	14	9	7
San Francisco	23	33	24	11	13	15	14	17	11	8	6
Seattle	49	36	43	43	39	37	42	51	45	38	28
Toronto	120	121	124	208	225	252	230	238	240	221	83
Washington DC	28	25	38	45	35	26	26	26	18	12	13

Note: Crane counts released in July are collected in May; crane counts released in January are collected in November.
Beginning in 2020, crane counts are now conducted on a bi-quarterly basis; referenced as Q1 (collected in February) and Q3 (collected in August).
Las Vegas was added to the Crane Index in Q1 2020.
Parameters for New York City were expanded in Q1 2021.

Solving the Crisis

- Released on April 12, 2024
- A commitment to make housing affordable
- “Unlock” 3.87 million new homes by 2031
 - Building more homes
 - Making it easier to **rent** or own a home
 - Helping Canadians who can’t afford a home

**SOLVING THE
HOUSING CRISIS**

**CANADA’S
HOUSING PLAN**



Solving the Crisis

- Released on March 31, 2025
 - Create Build Canada Homes (BCH)
 - get the federal government back into the business of home building
 - Make the housing market work better
 - catalyzing private capital
 - cutting red tape
 - lowering the cost of homebuilding

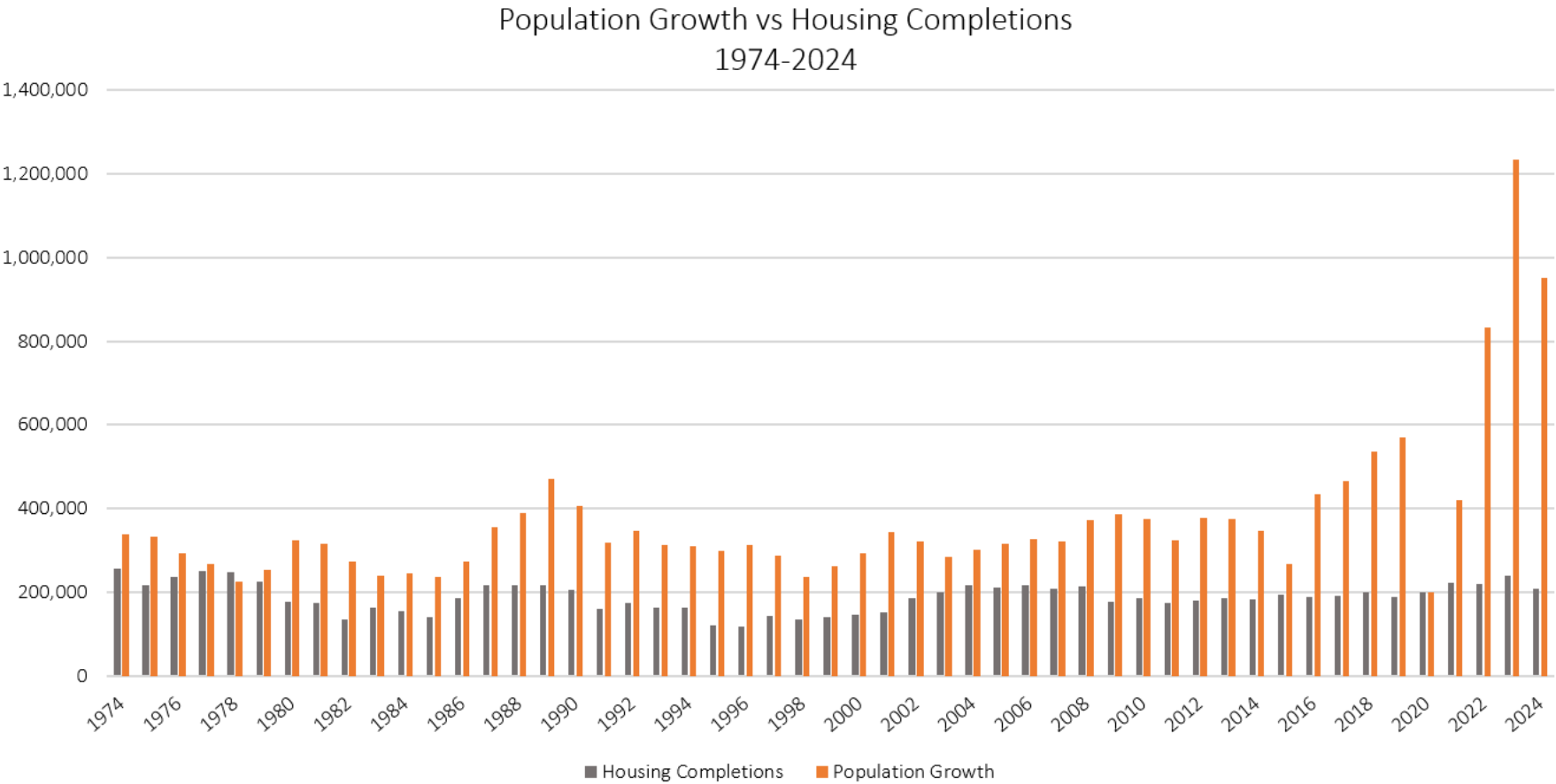
“...government will double the pace of construction to almost 500,000 new homes a year”



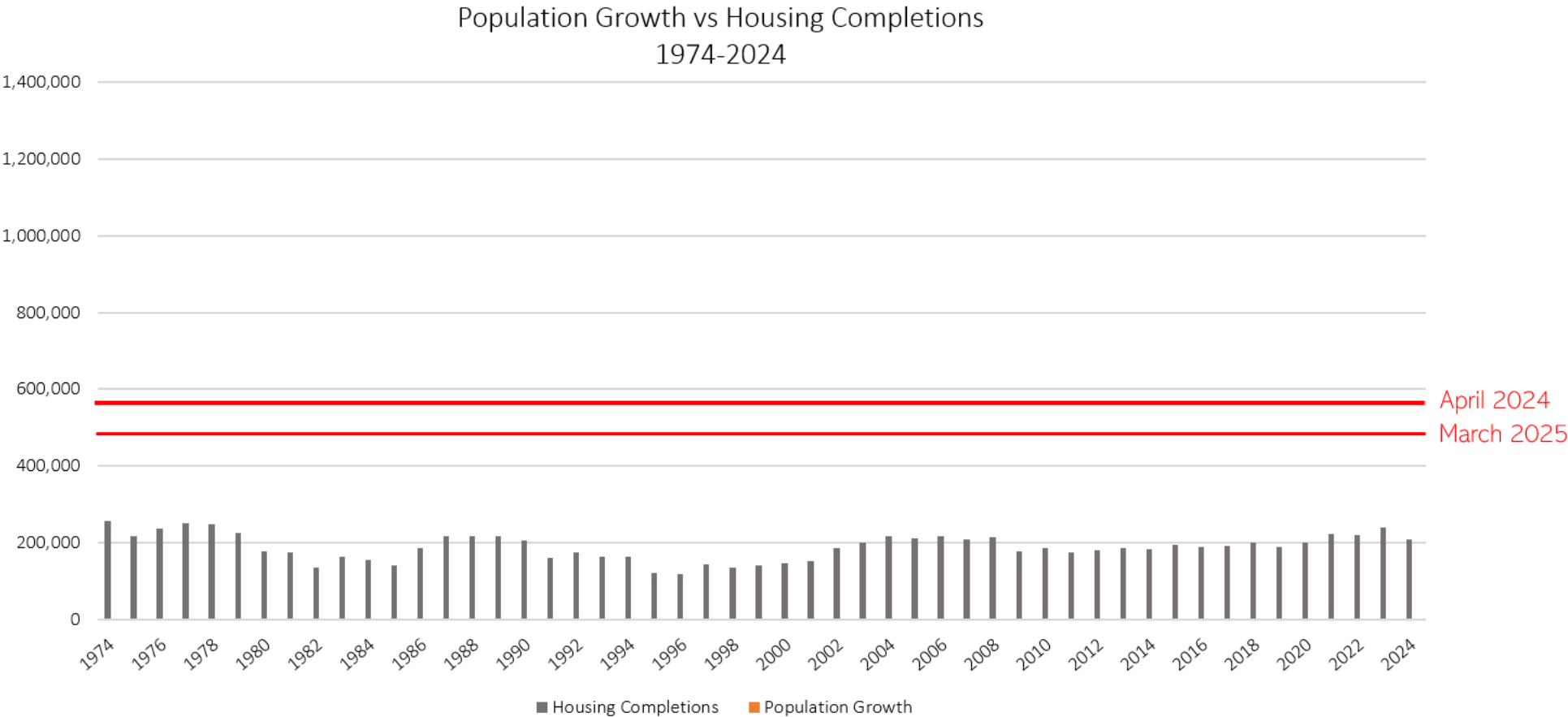
BUILDING CANADA STRONG



Population Growth vs. Housing Completions



Population Growth vs. Housing Completions





JOHN  MOLSON
SCHOOL OF BUSINESS

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April 2025

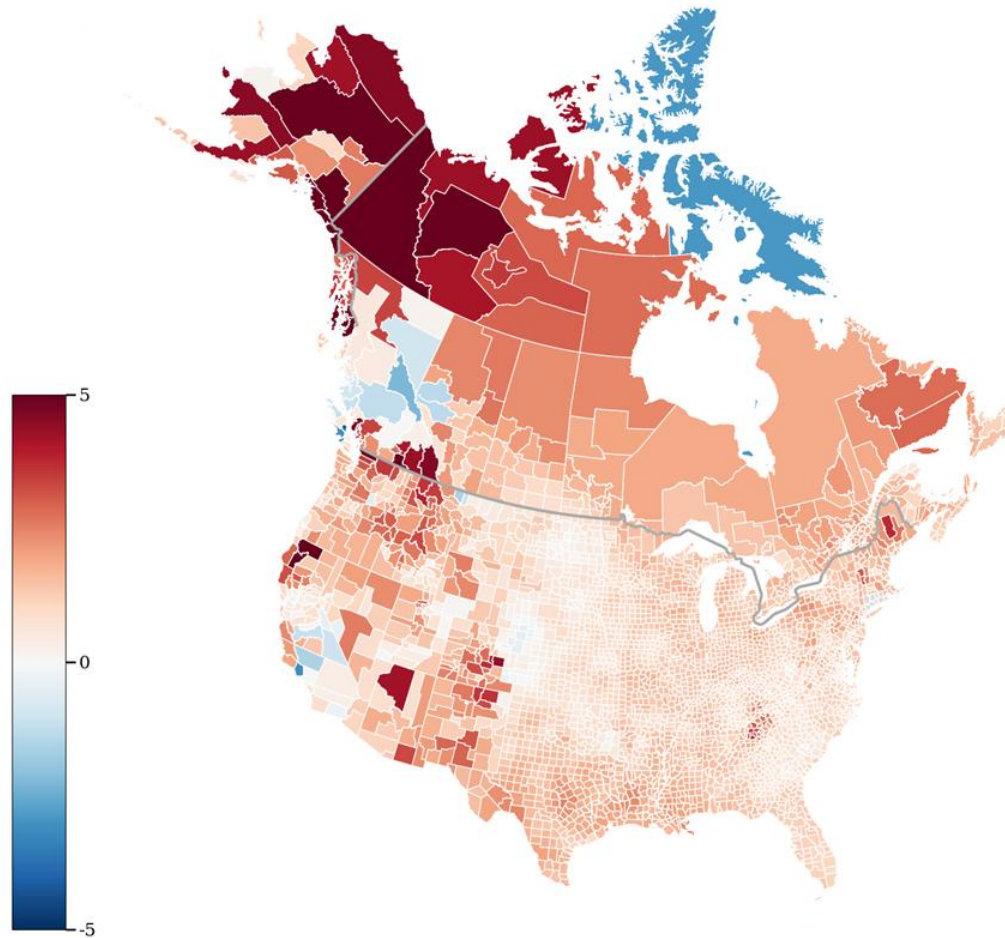
Immigration

Major Demand Driver in Canadian Residential Market

- While the excess demand in the Canadian real estate markets offers sustained cash flows to institutional investors, still, how climate change can impact immigration, a key demand driver for real estate, to Canada is unanswered
 - Climate change has negative impacts on real estate values (Addoum, Eichholtz, Steiner, and Yönder, 2024; Ouazad and Yönder, 2025)
 - While Canada is no exception to be physically impacted by climate change, relatively, we do not have any comprehensive analytical study how Canada will economically be affected
- This is our aim to reveal in our new joint work with Equiton

Abnormal Temperature by 2023

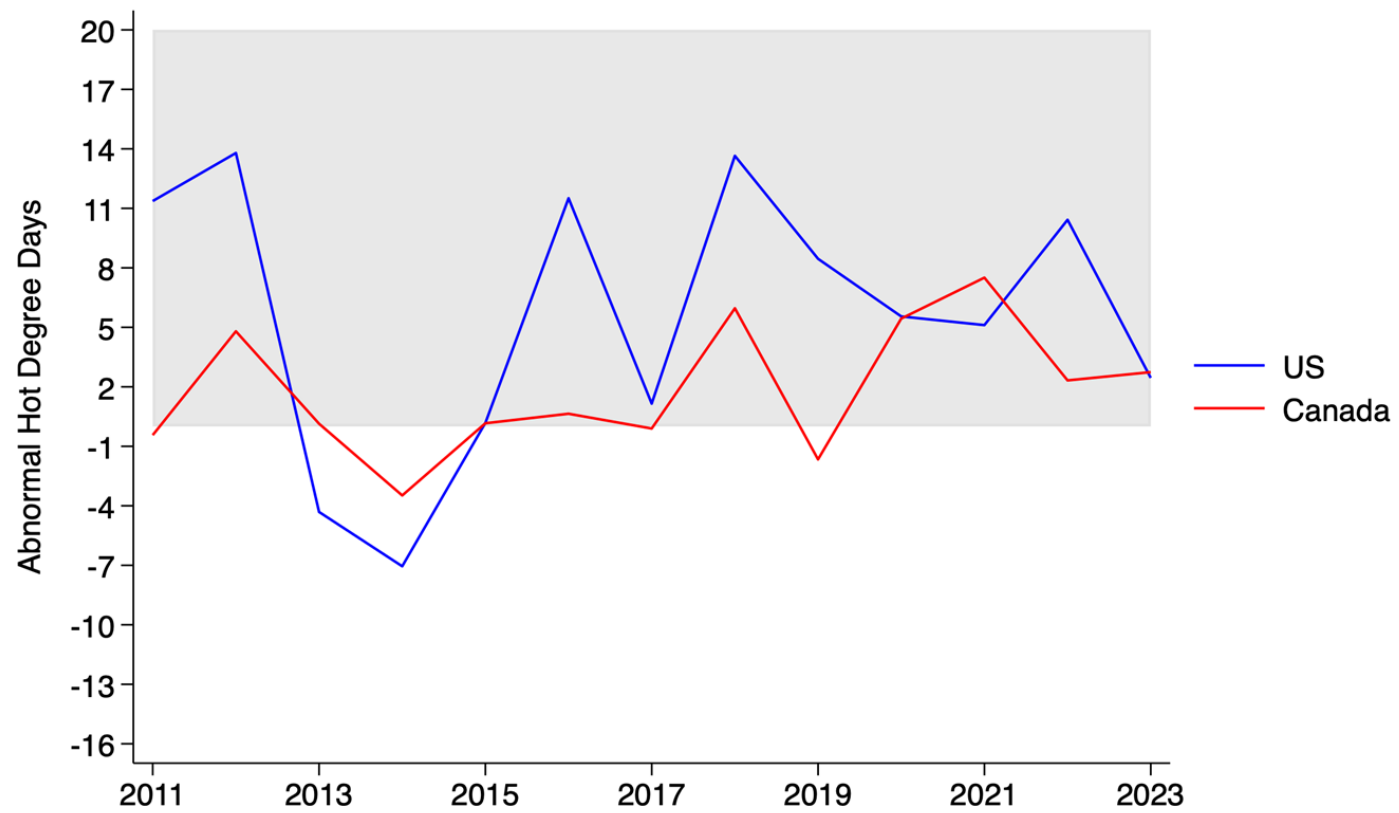
(Relative to 1980-2000)



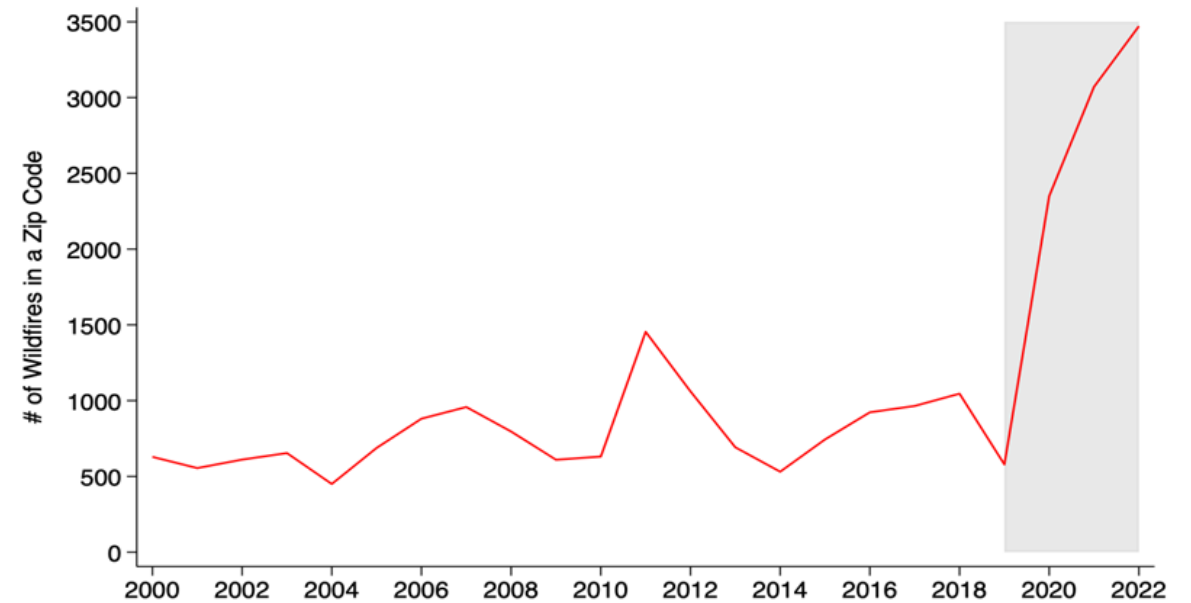
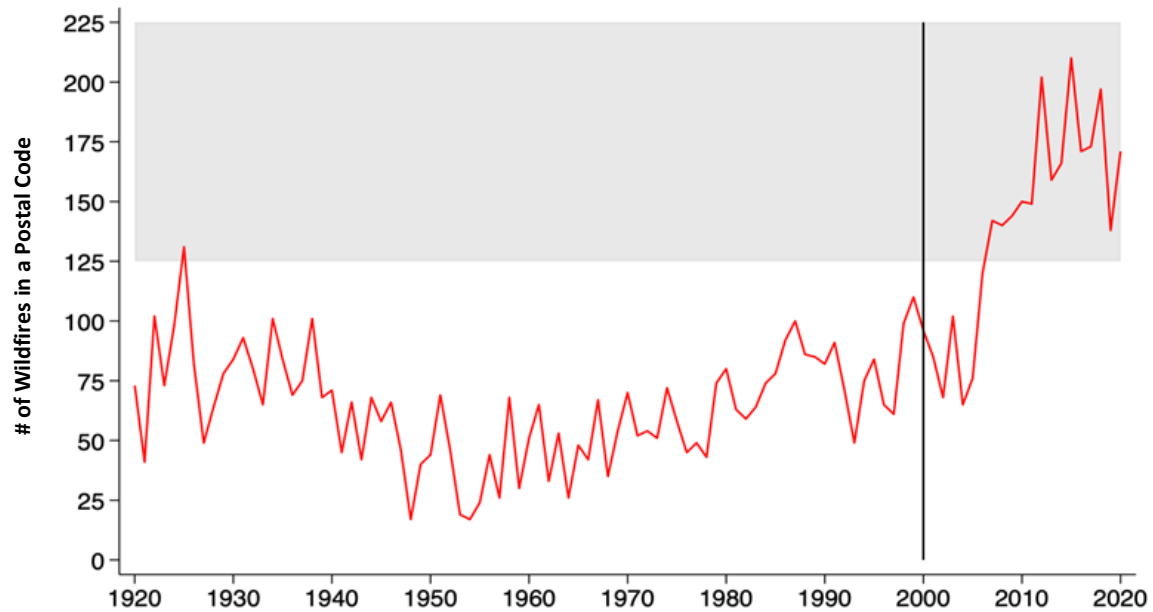
Source: The North Effect: Climate Resilience of the Canadian Real Estate Market, February 2025. Partnership between Equiton and the John Molson School of Business at Concordia University

Hot Degree Days (HDDs) (Relative to 1980-2000)

We have more HDDs in the US than Canada

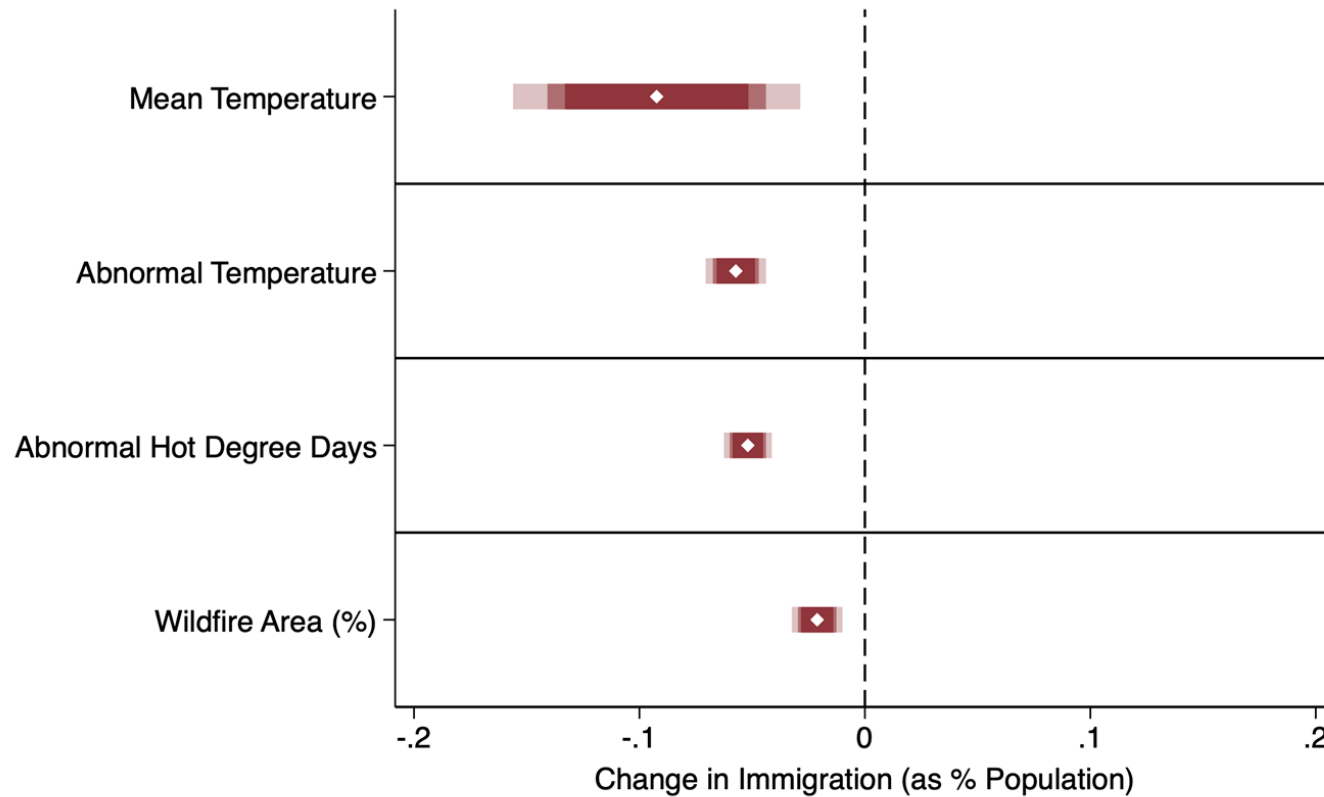


Number of Postal/ZIP Codes Affected by Wildfires



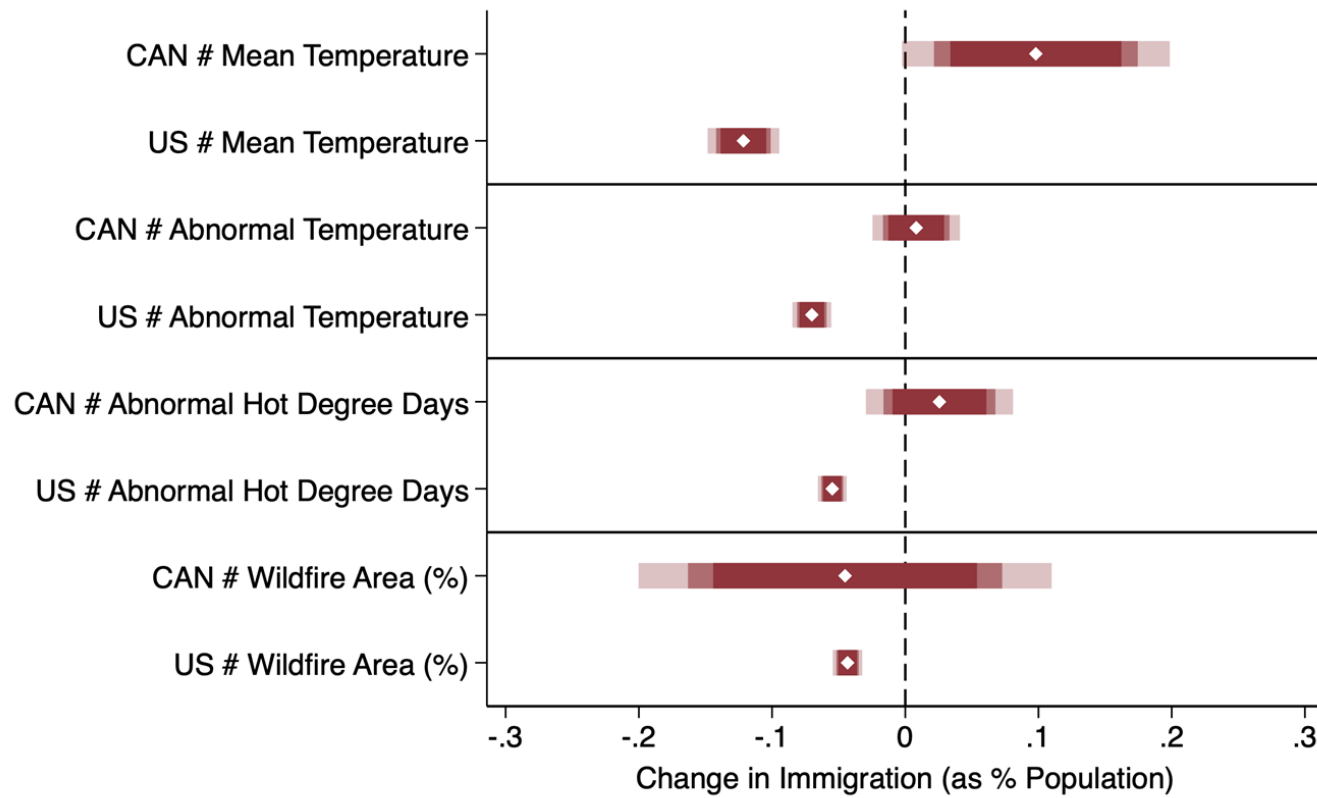
Climate Impacts on Immigration

Climate Factors Negatively Impact Immigration



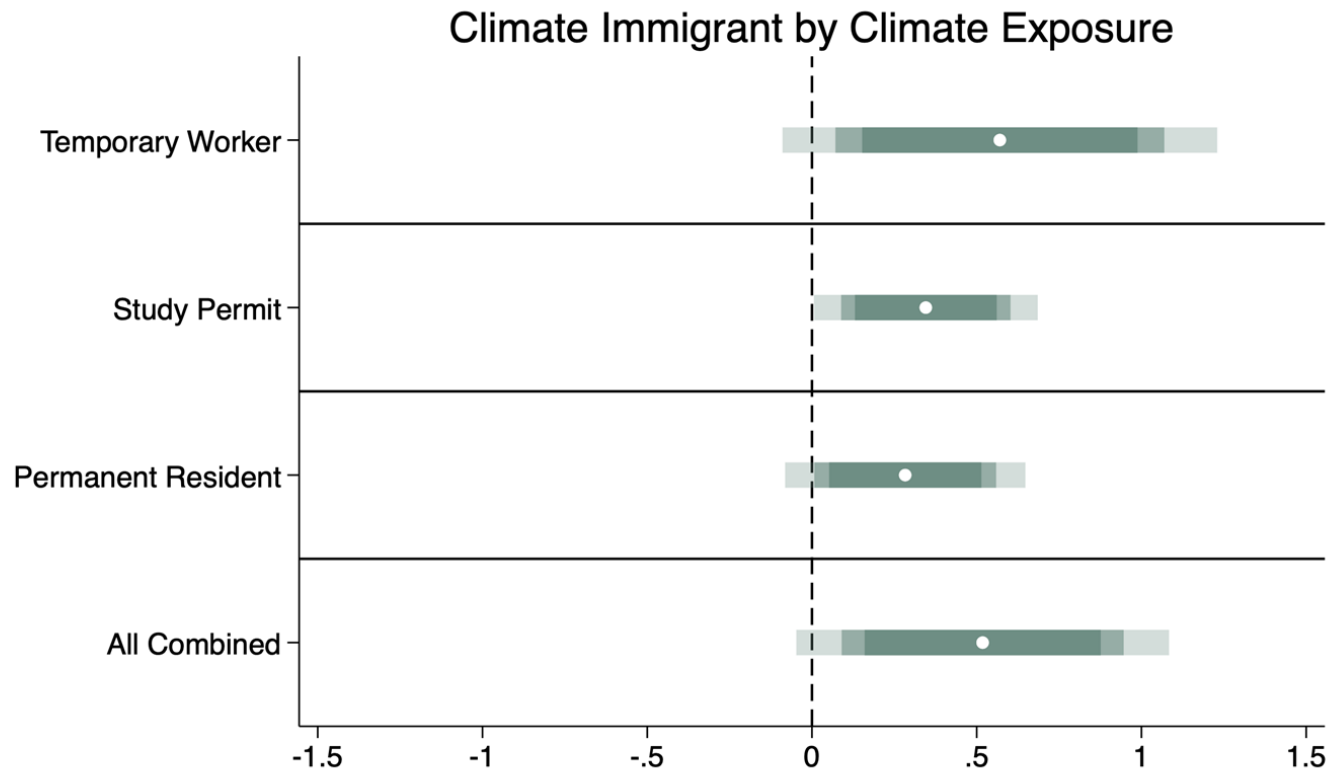
The North Impact

Climate Factors Negatively Impact Immigration...But NOT In CANADA



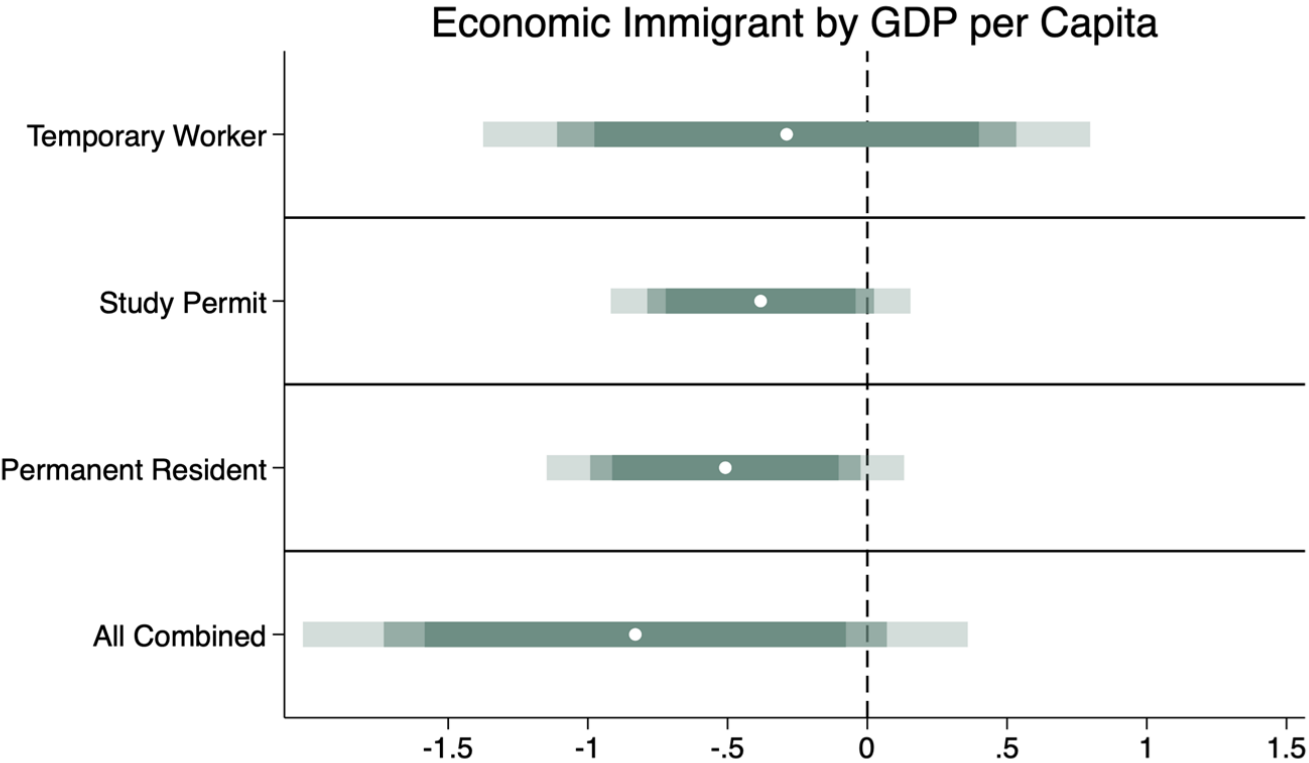
Climate Immigrants to Canada

More Immigrants From Climate-Exposed Countries



Economic Immigrants to Canada

More Immigrants From Lower-GDP Countries



Concluding Remarks

- Higher climate risk exposure is associated with decreased migration to affected regions
- The “North Effect” — where climate change leads to milder temperatures in traditionally colder northern regions — tempers the negative effects of climate factors on immigration to Canada
- Canada’s comparatively moderate climate tends to attract a higher percentage of immigrants from origin countries with heavy climate exposure
- Our analysis shows that while Canada is not immune to the effects of climate change, these climate factors play an ongoing role in driving migration to Canada, helping to support ongoing demand for Canadian real estate over the long term
- Canada’s lower climate risk profile offers an opportunity for institutional investors to diversify climate risk on a global scale

Thank you

Questions?

To get access to the research paper or for any additional questions, please reach out to Aaron Pittman at apittman@equiton.com



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