

SPECIAL REPORT

2025 CANADA IMMIGRATION OUTLOOK

AUGUST 2025

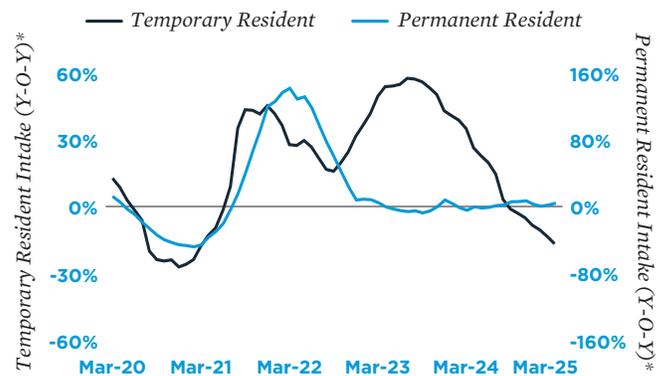
Demographic Downshift Marks a Turning Point for Canada's CRE Markets

Immigration overhaul in full swing. Since Prime Minister Mark Carney came to power, the new Liberal government has reaffirmed immigration reforms introduced by the previous administration. Several measures outlined in the 2025-2027 Immigration Levels Plan – including caps on international student and foreign worker admissions – have been implemented, aimed at reducing the share of temporary residents to 5 per cent of Canada's population. Permanent immigration is also set to decline by approximately 20 per cent in 2025 and 2026. The economic class – the largest source of new permanent residents – has shifted its focus towards individuals already residing in Canada and candidates with French language proficiency or designated professional backgrounds.

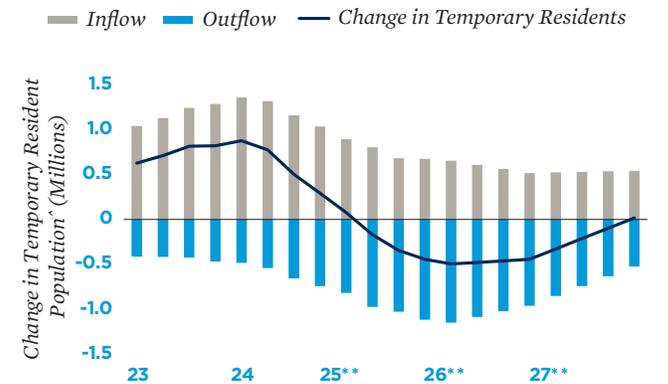
Population to decline as temporary residents depart. As the increase in non-permanent residents accounted for 60 per cent of population growth between 2023 and 2024, current measures aimed at reducing the size of this group are expected to drive most of the slowdown in population gains from 2025 to 2027. According to the government target, the intake of temporary residents will decline from over 1 million in 2024 to 670,000 in 2025 and 520,000 in 2026. Meanwhile, outflows are projected to rise from 745,000 in 2024 to 1.1 million in 2025 and 960,000 in 2026. This major shift is poised to create a net outflow of nearly 900,000 temporary residents over 2025 and 2026 combined, marking the largest departure of non-permanent residents on record. So far this year, the government is on track to meet this target. As of March, admissions of temporary residents had fallen 17 per cent year over year, led by a 31 per cent decline in international students and an 18 per cent decrease in temporary workers admitted under the International Mobility Program, which allows Canadian employers to hire foreign labour through work permits.

Gains in permanent residents to continue despite lower intake. Unlike the net outflow of temporary residents, net inflows of permanent residents will persist in the years ahead. As emigration – citizens and permanent residents leaving the country – is averaging only about 40,000 annually, the net flow will remain positive, even with a projected 20 per cent annual drop in permanent resident admissions. Preference will be given to temporary residents already in Canada, supporting faster economic integration and stronger alignment with labour market needs. Selection criteria based on French proficiency and work experience will also help meet growing demand for skilled talent and fill key positions that contribute to Canada's economy.

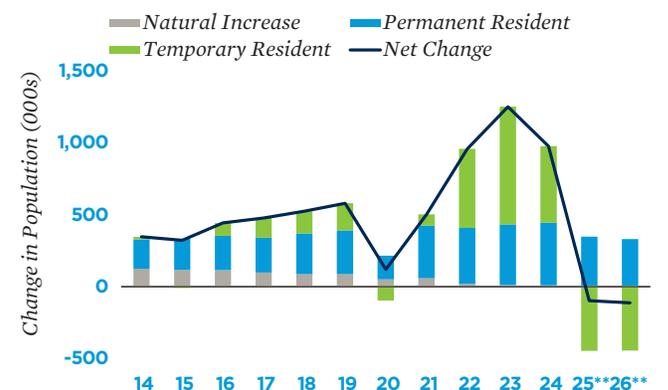
Temporary Resident Intake Dropping Sharply



Temporary Residents Set to Decline Till 2027



Population to Decline in 2025 and 2026



* 12-month moving average; ^ Trailing 4-quarter total; ** Forecasts based on government target
Sources: Immigration, Refugees and Citizenship Canada; Statistics Canada

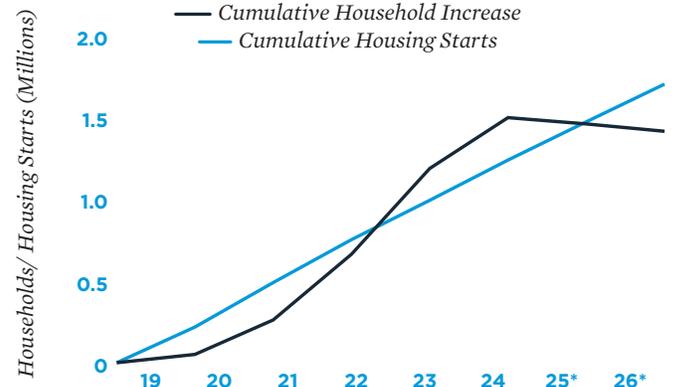
Impact on Commercial Real Estate

Lower population growth to ease real estate demand. If the current immigration targets are fully implemented, Canada's population is projected to decline by 0.2 per cent to 0.3 per cent annually between 2024 and 2026. This net population loss would give post-pandemic housing starts a chance to close the gap with population growth in 2025. Total starts between 2020 and 2026 are projected to reach 1.7 million, aided by an estimated 466,000 units of housing started this year and next. That forecast exceeds the anticipated increase in households of 1.4 million over the same 7-year period. These changing demand and supply dynamics in the housing market have already led to a rebalancing in the multifamily sector. Looking beyond the residential market, other commercial real estate sectors could also undergo notable changes in the years ahead.

Multifamily sector undergoing rebalancing. Compared with the Canadian-born population, a larger share of international students and temporary workers are renters. This group typically resides in newer apartment buildings located in the urban cores of major metros. As such, the abrupt decline in temporary immigration has led to a noticeable softening in apartment demand, particularly in Toronto, Vancouver and Montreal. At the same time, apartment owners are facing increasing competition from the well-supplied condominium market. As more condo units have shifted to investor ownership, they have significantly expanded the overall rental stock post-pandemic. Consequently, multifamily vacancy rates are rising across Canada, while asking rents are increasing at a slower annual pace – or even declining by some measures. With immigration policy changes expected to produce virtually no population growth over the next two years, these trends may persist through at least 2027.

Retail and industrial sectors likely to experience reduced demand. Beyond the multifamily sector, potential population contractions resulting from the tightening of immigration policies will have broad implications for the retail and industrial sectors. In the retail space, population losses will halt the post-pandemic expansion in the consumer base, weighing on growth in aggregate consumer demand. This trend will be particularly pronounced in urban centers, where the rise in temporary residents has underpinned foot traffic and sales volume in recent years. As a result, retailers are likely to slow their expansion plans, leading to more cautious leasing activity moving forward. Meanwhile, because the industrial sector has been one of the biggest beneficiaries of Canada's demographic boom, the adjustment to structurally lower population growth may dampen demand for warehousing and distribution space. It may put further pressure on leasing activity, which has already been weakened by trade tensions.

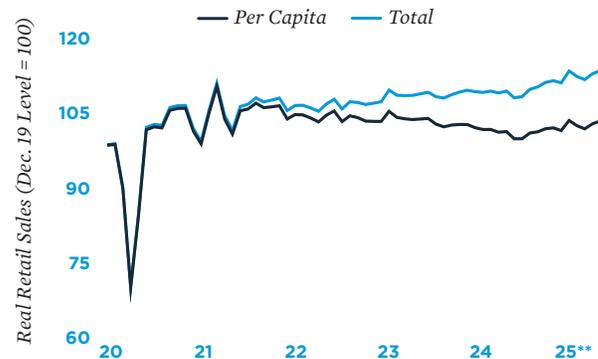
Post-Pandemic Housing Pressures to Ease



Renter Households Survey by Immigration Status[^]

Percent of Population Group Living in:	International Students	Temporary Foreign Workers	Individuals Born in Canada
Toronto, Vancouver, Montreal	55%	61%	35%
Homes That Need Repair	19%	18%	31%
Downtown	26%	22%	12%
Apartments	86%	82%	76%

Population Gains Drive Post-Covid Retail Growth

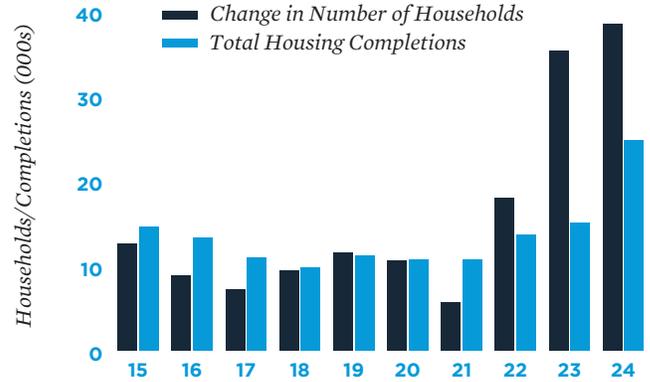


^{*} Projections based on CMHC forecasts and immigration target; [^] Survey as of 2021; ^{**} Through May
Sources: Canada Mortgage and Housing Corporation; Immigration, Refugees and Citizenship
Canada; Statistics Canada

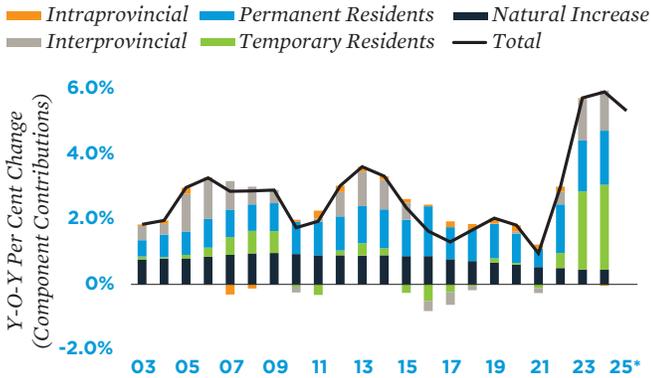
Calgary

Population growth slowing but still a strength. Despite a national slowdown, Calgary’s population growth accelerated to 5.9 per cent in 2024. Although the metro saw a slight loss of residents to other parts of Alberta, it recorded gains across all other population segments. Temporary residents stayed the largest contributor, adding 44,000 people to Calgary’s population. The city also remained the top destination for Canadians relocating from other provinces, attracting 21,000 interprovincial migrants. Now, however, population growth is slowing, and this trend is expected to persist over the coming year due to tighter immigration policies. Sectors that benefited from recent population surges are thus well positioned to see a rebalancing of supply and demand. The multifamily sector is forecast to experience a rise in vacancy, particularly after a wave of completions in recent years. While total population growth slows, Calgary may still post the fastest resident gain compared with other major metros in the near term, supported by strong interprovincial in-migration.

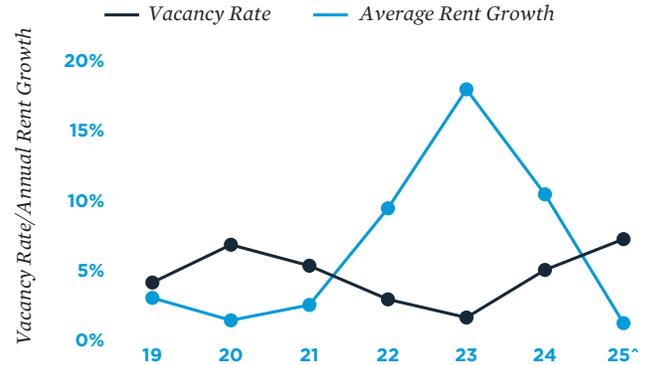
Calgary New Housing Demand and Supply



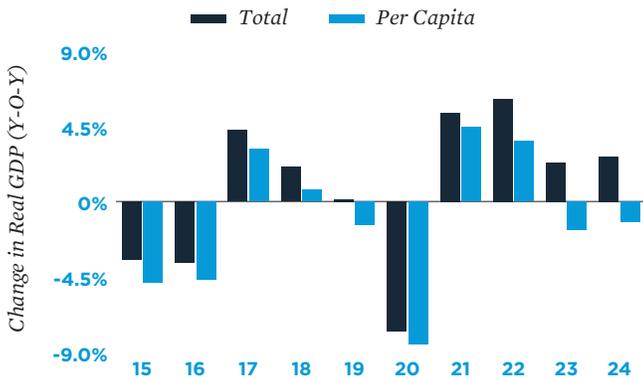
Calgary Population



Calgary Multifamily Vacancy and Rent Trends



Alberta Real GDP Growth



Alberta Retail Sales

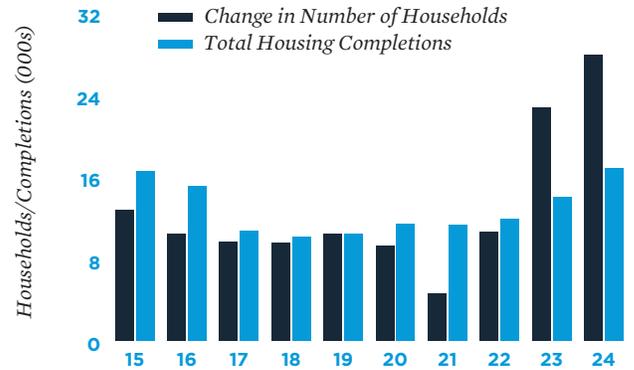


* Population Y-O-Y growth through June from labour force statistics, component contributions through 2024; ^ Forecast; ** Through May
Sources: Canada Mortgage and Housing Corporation; Immigration, Refugees and Citizenship Canada; Statistics Canada

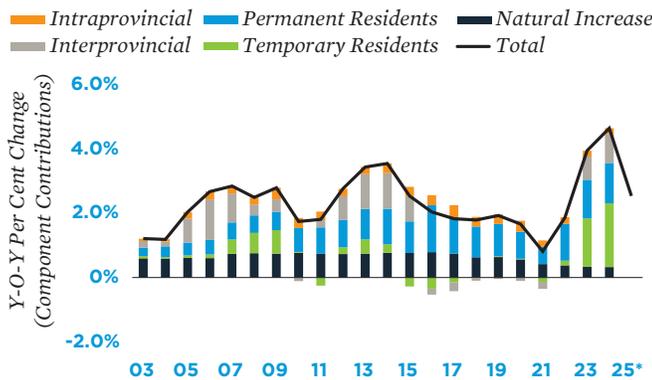
Edmonton

Lesser population change to ease future demand pressure. In 2024, Edmonton's population grew by 4.6 per cent, driven by a continued surge in temporary residents. Federal reforms to Canada's international student program allowed Alberta to admit 10 per cent more foreign students than in 2023, despite an overall national reduction. The metro also welcomed nearly 20,000 new permanent residents – the highest annual intake since 2001. Attracted by Edmonton's relatively low cost of living and a diversifying economy, an additional 17,000 people relocated from other parts of Alberta and other provinces. Looking ahead, population growth is set to slow significantly in 2025 and 2026, primarily due to reduced international in-migration. According to the City of Edmonton's latest forecast, growth is projected to ease to 3.1 per cent this year and 1.7 per cent next year. This moderation will help alleviate pressure in the housing market and could temper expansion in the retail sector as well.

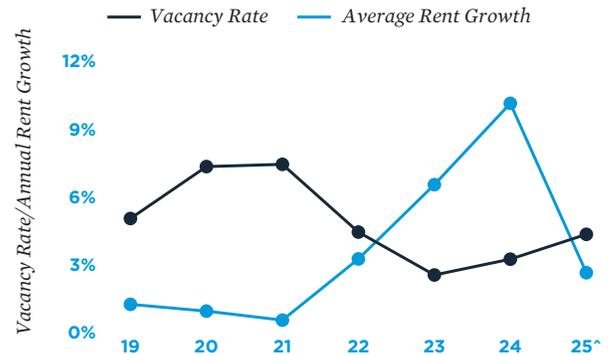
Edmonton New Housing Demand and Supply



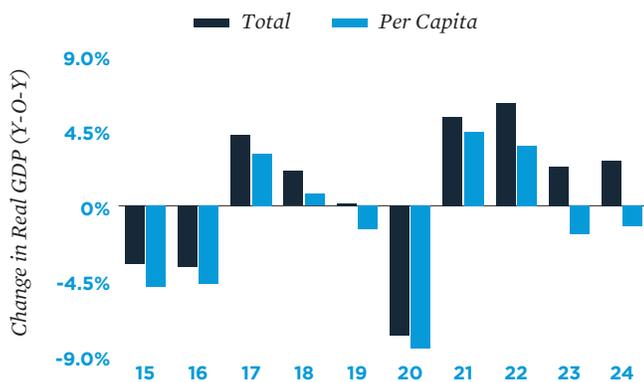
Edmonton Population



Edmonton Multifamily Vacancy and Rent Trends



Alberta Real GDP Growth



Alberta Retail Sales



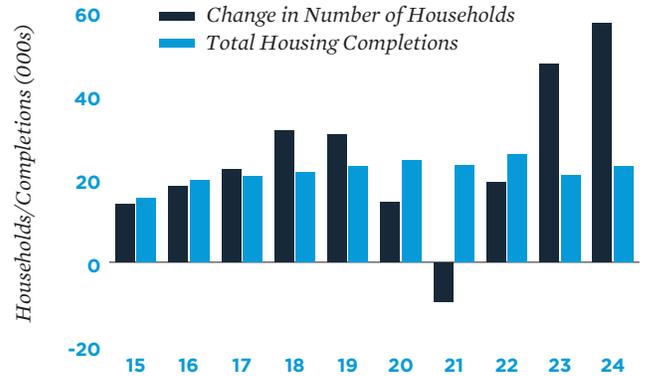
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Montreal

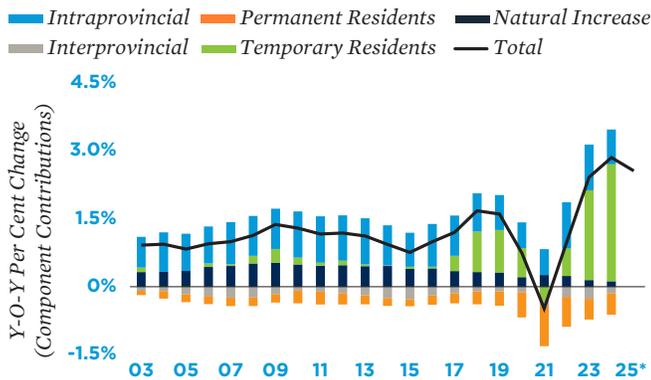
Various measures implemented to control population growth.

Montreal's population growth peaked in 2024, fuelled by a net inflow of nearly 120,000 temporary residents, which has been the largest source of population gains for the past two years. Since then, however, Quebec has implemented a series of immigration policy changes, such as a cap on international students, stricter French-language requirements and the suspension of the temporary foreign worker stream under the Quebec Experience Program. According to the latest Labour Force Survey, these measures have eased population growth to 2.6 per cent as of June 2025. This deceleration is poised to continue, as the province aims to reduce population growth to a more sustainable pace. With the industrial sector already feeling the impact of trade tensions, lower resident gains may further weigh on demand for warehousing and distribution space. As a result, leasing activity could take longer to recover, potentially leading to higher vacancy rates.

Montreal New Housing Demand and Supply



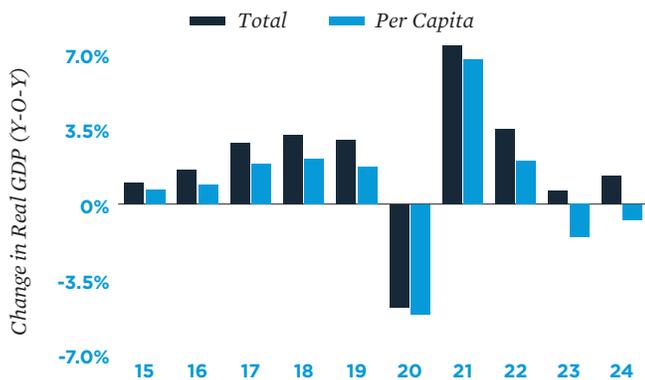
Montreal Population



Montreal Multifamily Vacancy and Rent Trends



Quebec Real GDP Growth



Montreal Retail Sales

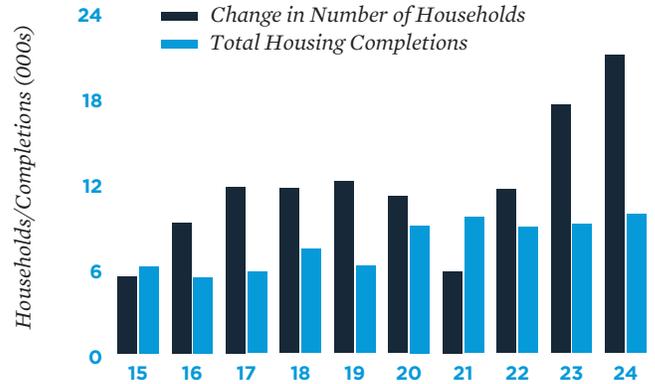


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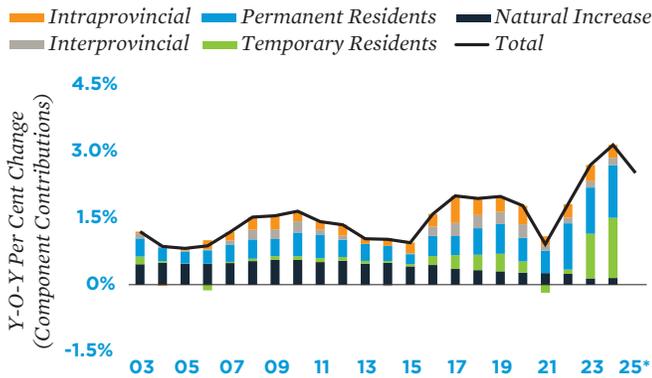
Ottawa

Domestic migration a boon for Canada's capital city. Benefiting from a relatively lower cost of living, a growing tech industry and a strong public sector presence, Ottawa stands out as the only major metro in Ontario with net inflows from both interprovincial and in-traprovincial migration. Over the coming years, this steady stream of new residents is poised to help offset a notable decline in temporary residents. This trend may support demand stability across commercial real estate sectors, even as overall population growth slows. On the supply side, construction activity is set to stay subdued across all real estate sectors, keeping vacancy rates below the national average for most property types. That said, the federal government's plans to offload underutilized buildings and reduce the size of the public workforce could introduce downside risks to Ottawa's office sector. If fully implemented, these measures may keep office vacancy rates elevated, at least until more residential conversion projects take shape.

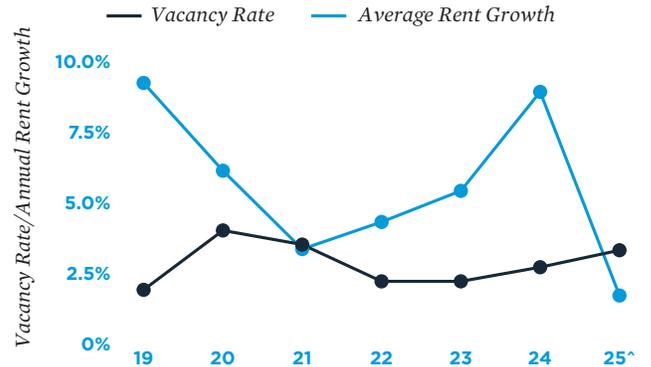
Ottawa New Housing Demand and Supply



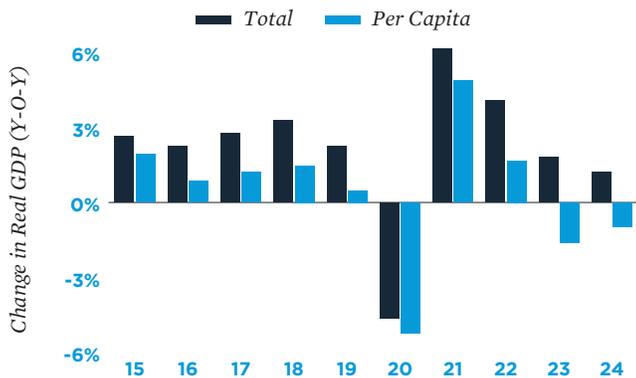
Ottawa Population



Ottawa Multifamily Vacancy and Rent Trends



Ontario Real GDP Growth



Ontario Retail Sales

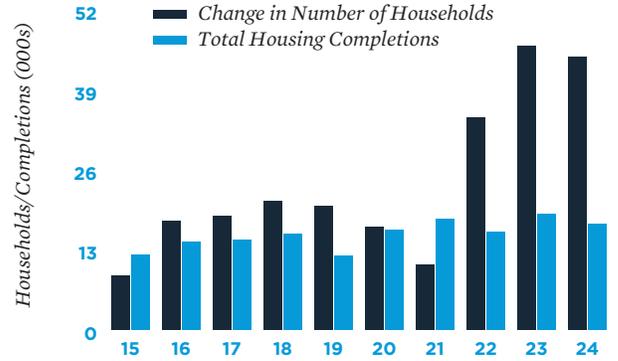


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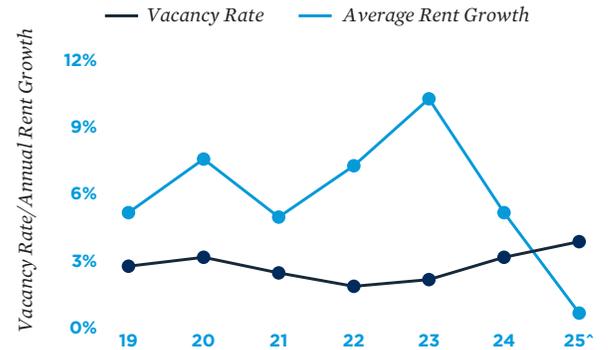
Southwestern Ontario

Population may contract as temporary residents depart. Population growth in Southwestern Ontario began to slow last year, following recent reforms to Canada’s immigration policy. Temporary residents remained the largest source of population gains, but net admissions dropped by 7 per cent. As home to several prominent universities and colleges, the metro is expected to experience further reductions in non-permanent residents moving forward, due to cuts in international student intakes and caps on foreign workers. The outflow of this population group could result in population contractions in 2025 and 2026. Consequently, the multifamily sector is likely to face reduced demand pressures, while the hospitality sector may see softer tourism-related activity. Nevertheless, Southwestern Ontario still attracts new residents from other parts of the province with its lower cost of living and distinctive lifestyle. As immigration levels return to more sustainable levels, intraprovincial migration may once again become the primary driver of the metro’s population growth.

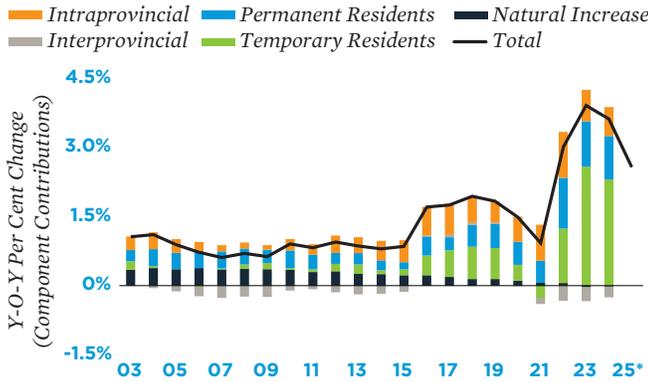
SW Ontario New Housing Demand and Supply



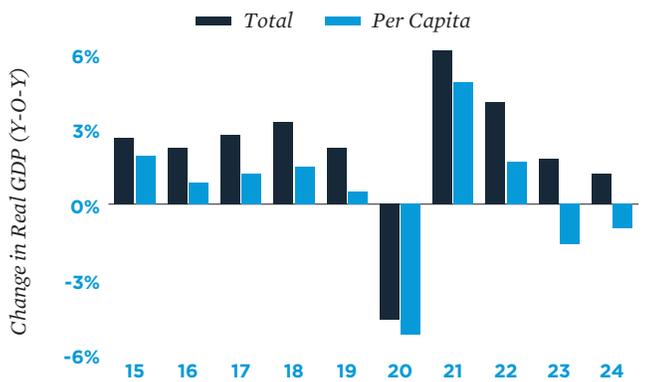
SW Ontario Multifamily Vacancy and Rent Trends



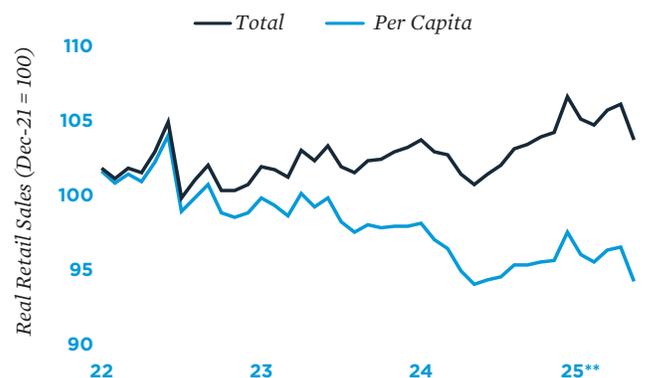
Southwestern Ontario Population



Ontario Real GDP Growth



Ontario Retail Sales



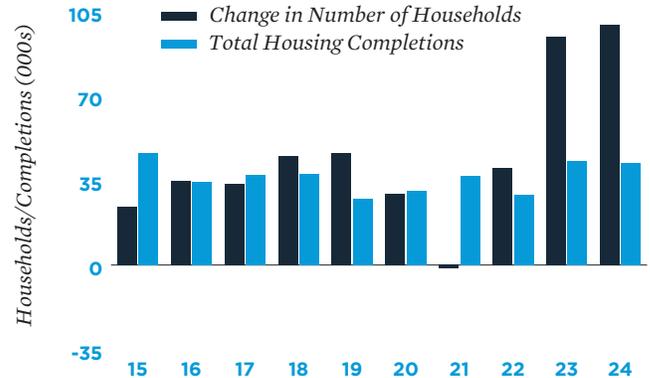
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Toronto

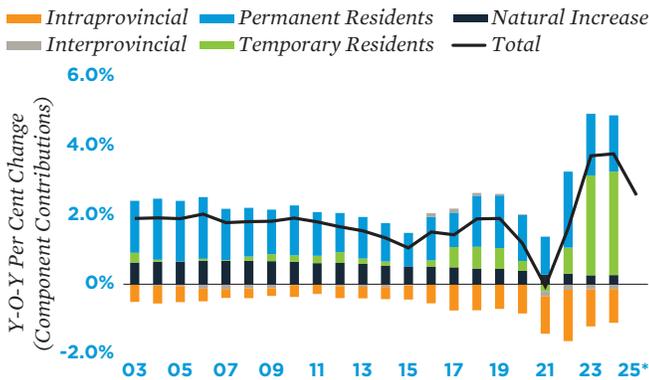
Apartment and industrial demand affected by demographic shift.

Toronto's population growth peaked at 3.7 per cent over the past two years, and recent data shows a slowdown to 2.6 per cent as of June this year. The metro saw a surge in temporary residents beginning in 2023, which accounted for nearly 80 per cent of population growth during that period. This tailwind, however, has quickly turned into a headwind for the city's demographic outlook. Reductions in foreign student intake and caps on temporary workers are having an outsized impact on Toronto. Compounding this shift, the metro has been losing residents to other parts of Ontario and to other provinces. Taken together, these factors will spark an outright population decline through 2026. As such, apartment demand is likely to continue softening, leading to rising vacancy and slower rent growth. This will offer relief to the metro's housing market, which has been long plagued by affordability challenges. Slower population growth could also weigh on industrial space demand and delay the sector's recovery.

Toronto New Housing Demand and Supply



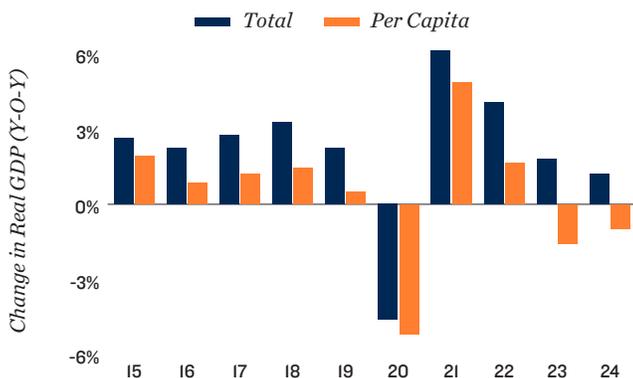
Toronto Population



Toronto Multifamily Vacancy and Rent Trends



Ontario Real GDP Growth



Toronto Retail Sales

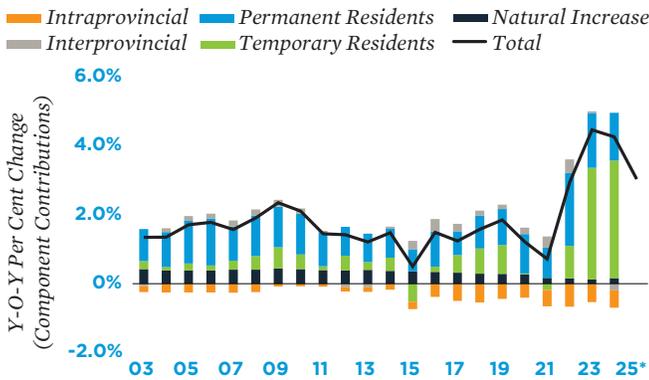


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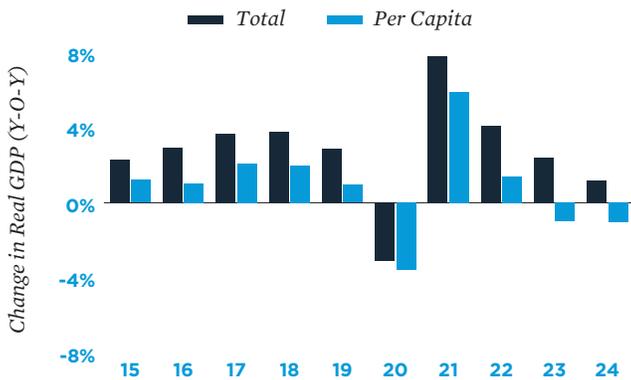
Vancouver

Lower population growth eases pressure on housing market. For the first time since 2013, Vancouver saw a net outflow of interprovincial migration, losing approximately 5,700 residents to other provinces last year. The metro also welcomed fewer permanent residents, reaching a three-year low. As a result, Vancouver's population grew at a slower pace in 2024. Looking ahead, the metro is poised to see a sizable pullback in the intake of both permanent and non-permanent residents. In particular, the temporary resident population may stagnate or even decline, driven by reduced intake of international students. The impact of lower recruitment is already being felt, with some universities now able to accommodate more students in on-campus housing. A contraction in the temporary residents could also moderate growth in the tourism industry, leading to slower pace of revenue gains in the hospitality sector.

Vancouver Population



British Columbia Real GDP Growth



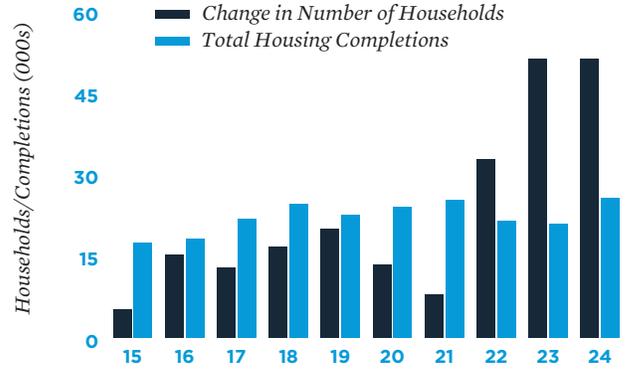
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Price: \$1,500

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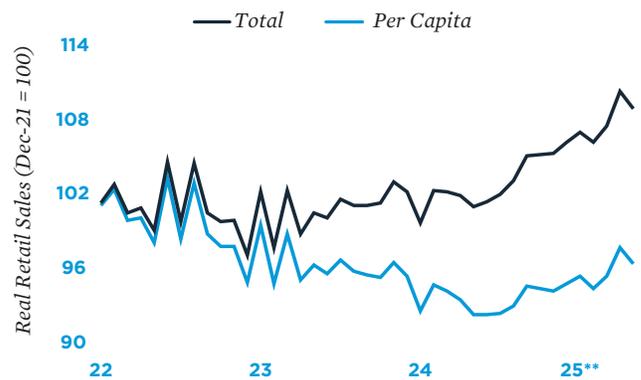
Vancouver New Housing Demand and Supply



Vancouver Multifamily Vacancy and Rent Trends



Vancouver Retail Sales



Prepared and edited by
Frank Zhao
Research Analyst,
Canada | Research Services
Luke Simurda
Director of Research,
Canada | Research Services

For information on national commercial real estate trends, contact:
John Chang
Senior Vice President, Chief Intelligence & Analytics Officer
Tel: (602) 707-9700
john.chang@marcusmillichap.com