

# Foreign workers factor in property values

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The complaints against Ottawa's tightening up on permits for temporary foreign workers has so far come mostly from western Canadian restaurateurs, business associations and politicians. But opposition could widen if homeowners were aware that the federal government's crack-down could drive down residential property values.

That's because part of the glue still holding Canada's relatively robust housing market together might just be non-permanent residents whose numbers have swelled to an all-time high, according to a new report.

Benjamin Tal, deputy chief economist with CIBC World Markets Inc., isn't ready to predict a housing crash if the government continues to get tough on temporary workers, who make up half of Canada's non-permanent residents, but he cautions policy-makers to proceed slowly with changes.

"It's not an insignificant element in the mosaic we call the housing market ... especially in the rental market," said Tal. "You can assume many of these people rent and (that affects) investors and the condo market."

Non-permanent residents now number almost 770,000. Temporary workers make up half that figure, or 385,000, while students are about 290,000. The rest are in the humanitarian or refugee category.



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**A new report says part of the glue still holding Canada's robust housing market together might just be non-permanent residents.**

Tal said Ottawa is underestimating the growth of non-permanent residents. Statistics Canada projected that group would grow by 4.4 per cent in 2014, but Tal said it will be no less than eight per cent.

And those non-permanent residents are increasingly becoming professionals. "If you look at the

number of people who require a university degree or some type of advanced degree it is advancing faster," Tal said. "They will probably be spending more and their chances of becoming permanent is better."

Ottawa has been tightening the rules on temporary foreign workers, overhauling the program in

2014 by establishing restrictions on how many temporary foreign workers could be hired by a single employer, as well as limits on hiring temporary foreign workers in regions of the country with high unemployment rates.

Toronto immigration lawyer David Rosenblatt said temporary workers are also facing a tougher task to become permanent residents, making Canada a less attractive option to start with.

He said Ottawa has created a complex points system that has made permanent residency less predictable than it used to be.

Tal can't say how many of those non-permanent residents may actually be purchasing housing, but anecdotal evidence from realtors suggests many overseas are buying on behalf of students.

Those people are likely buying with cash because it's very difficult for non-permanent residences to get credit.

"There is a common misconception that providing credit to new immigrants is a risky move for financial institutions, but the fact is that immigrants have a 20 per cent lower delinquency than the national average of the general population," said Regina Malina, senior director of decision insights at Equifax Canada.

Tal said with non-permanent residents the fast-growing demographic in Canada, Ottawa should offset any changes to the temporary workers program with a boost in immigration.