**Rental anomalies in South Asian immigrant-dominated Toronto neighborhoods.**

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1. **Introduction**

The last eight years have seen a sharp increase in rental rates in Toronto CMA. According to data [1] from the Toronto Regional Real Estate Board (TRREB), which provides services to nearly 70,000 licensed real estate brokers and salespersons in the Greater Toronto Area (GTA), the cost of renting an apartment has increased by an average of 55% during the past eight years (2014-2022) (Table 1).

**Table 1 Apartment rental rates in GTA in 2014 and 2022 (TRREB 2014 and 2022 Quarter 4 rental reports)**



Table 1 presents the average rental rates for various sizes of rentals in the Greater Toronto Area, encompassing Toronto CMA, for the years 2014 and 2022. The data clearly shows that over the last 8 years, the average rental prices have risen by 55%. Specifically, for Toronto City, the average rental prices have increased by 66% (as shown in Table 2). Notably, the prices for bachelor apartments have surged significantly in the past 8 years.

**Table 2. Rental rates in Toronto in 2014 and 2022 (TRREB 2014 and 2022 Quarter 4 rental reports)**





The objective of the research is to study whether South Asian immigrants encounter any inequalities in rental prices during their settling process. This study is significant as it has the potential to provide useful information about a range of social and economic concerns, such as the experiences of immigrants.

**Why South Asians?**

The record number of immigrants admitted to Canada from 2016 to 2021 is driving the country's population. According to the 2021 census, the population of immigrants in Toronto CMA accounts for 2.8 million people, which represents 46.6% of its total population. According to the 2021 Census, 2.2 million individuals residing in the Toronto Census metropolitan area, which accounts for 78.6% of its population, are identified as part of a racialized group, also known as a visible minority group. The top three visible minority groups in Toronto CMA were: South Asian, Chinese, and Black [2]. Therefore, it is valuable to examine the social and economic circumstances presented by South Asian immigrants from countries such as India, Bangladesh, Pakistan and Sri Lanka, and evaluate their level of integration into society.

The settlement patterns of South Asian immigrants in the Toronto CMA have undergone significant transformations over the years. These transformations have affected how South Asians are represented in the housing market. In the early days of South Asian immigration to Toronto, most immigrants settled in areas like Kensington Market and the downtown core, which were close to employment opportunities and affordable housing. However, in recent years, there has been a trend toward the dispersal of South Asian immigrants across the Toronto CMA. Many South Asians have moved to suburbs like Brampton, Mississauga, and Scarborough, attracted by lower housing costs, better schools, and more space.[3]

In terms of representation in society, South Asians have made significant strides in recent years. Analyzing the settlement patterns of South Asian immigrants in Toronto and how it affects the current rental crisis can improve our comprehension of immigrant experiences in general and enable us to identify strategies to promote their integration and well-being.

The significance of this research lies in its potential to provide a valuable understanding of the current rental crisis, particularly for the majority of recent immigrants who are South Asians. Further, the findings can help policymakers identify areas where housing policies may need improvement and create focused interventions to cater to the community's needs.

**2. Review of the literature**

**Why is Canada having a housing crisis?**

There have been reports of a rental shortage in the Toronto **metropolitan area**in recent years. Factors such as population growth, a strong economy, and a limited supply of rental properties have contributed to this shortage. In particular, the demand for rental properties in Toronto has outstripped the supply, which has resulted in higher rental prices and a competitive rental market.

The Building Industry and Land Development Association (BILD) is warning that the deficit of rental housing in the Greater Toronto Area is poised to double to 177,000 units over the next decade amid “record high immigration” and declining homeownership rates, in a new report [4]. This induced the interest of investors. As per Statistics Canada, Condominium apartments were used as an investment more often than houses (single-detached houses, semi-detached houses, row houses, and mobile homes). Ontario topped the list with the highest rate of condominium apartments used as an investment, at 41.9%.) [5]

In 2022, Canada welcomed over 405,000 newcomers - the most we’ve ever welcomed in a single year. The Government is continuing that ambition by setting targets in the new levels plan of 465,000 permanent residents in 2023, 485,000 in 2024 and 500,000 in 2025.**[6]** These enormous targets are in place to assist Canada in compensating for its aging population and low fertility rate, both of which are threatening the country's natural labour force. In other words, such driven immigration targets are required in Canada to help sustain the labour market and ensure the national economy's strength. As the province of Ontario is continuously increasing the intake of immigrants, does the province have enough infrastructure to welcome these soaring newcomers?

Many people are concerned that Canada may struggle to provide appropriate homes for a large number of immigrants it plans to welcome between now and 2025.[7] Furthermore, immigrants are apprehensive about Canada's ability to support them if they make the life-changing decision to establish a new life in this nation.

**Investors:**

Recently, Canada implemented a ban on foreign property buyers on January 1st, 2023. But, the Canadian Housing Statistics Program reports that individual Canadian investors own more than two-thirds (69.1%) of the properties in Ontario that are not occupied by their owners. So, Ontario is the least affected by foreign investors. Teranet (2022) carried out an analysis of transactions carried out by owners of multiple properties in Ontario [8]. The findings indicate that in Toronto, more than half (53.6%) of the properties are possessed by individuals who own multiple properties. Chart, pie chart

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Figure 1 The proportion of Toronto properties owned by multi-property owners, by region of the other properties in the ownership portfolio (Teranet-Market-Insight-Quarterly-Report-Q2-2022)

As the landlords who have invested large sums of money in these units are looking for future renters who can afford their properties. Likewise, the immigrants who arrive with their families are in immediate need of an apartment, and they lease whatever unit is available.

**Skilled immigrant preferences and opportune landlords**

Compared to other categories of immigrants, the arrival of “Economic Immigrants” spurred a rise in the Toronto rental market.

People come as immigrants to Canada in either of 4 categories:

1. Economic Immigrant

2. Family Sponsorship

3. Refugee

4. Other programs which are not included in the above categories.

In January 2015, Express Entry was introduced to manage the application process for some of Canada's economic immigration programs, including Federal Skilled Worker Programs, Federal Skilled Trades Programs, Canadian Experience Classes, and Provincial Nominee Programs. Because they are chosen using a point system and have the necessary skills and education for their intended occupation, their employment rate is high. Many of the economic immigrants fall under the NAICS code 54 Professional, Scientific, and Technical Services. Since the Covid epidemic, many immigrants have settled in cities, and many are professionals (Table 3) who work from home. If they come as a family, they rent an apartment with at least two bedrooms to set up their home office. This increased demand for apartments is causing rental prices to rise. These immigrants prefer condos over large residences in the suburbs because they have shorter commutes and easier access to amenities. In addition, most condos come with some basic appliances.





**Table 3 Top 10 Express Entry Immigrants' Profession with NOC code from 2015 -2022 (IRCC)**

Landlords are now looking for prospective tenants who are willing to accept their terms and the quoted price. Furthermore, landlords are becoming "more choosy," leading these new economic immigrants to race for available rentals, and even highly qualified candidates are having problems competing with other extremely qualified applicants. Many of the criteria outlined could not reasonably be met by most newcomers to Canada. Credit scores over 680 and three to six months of bank statements and pay stubs were requested at the initial point of contact. Although housing providers are permitted to reject applicants based on their credit score, applicants with no credit score are not supposed to be discriminated against, and if the lack of a Canadian credit score is related to "place of origin" (a protected ground under the Ontario Human Rights Code), doing so can be considered discriminatory. As shown in the 2022 Canadian Centre for Housing Rights (CCHR) audit report, "Sorry-its-rented-Discrimination-Audit-2022," racialized newcomers suffer this prejudice during the leasing process.[9]

The research conducted by Ley and Tutchener (1999) is a significant study on the correlation between immigration and metropolitan housing prices in Canada. They found that Vancouver and Toronto experienced much greater price inflation compared to the other six centres due to significant immigration after 1985. This led to conventional economic and demographic factors having less impact on housing prices, with immigration and globalization-related investment factors having a stronger influence. Immigrants contribute to the demand for housing and their choices of location and housing type can affect cities, communities, and local housing markets. The study by Mendez (2006) investigated the relationship between immigration and the housing market in Vancouver, while Professor Carlos Teixeira has published many papers on the subject. He has conducted extensive research on the subject of immigration and the housing market. He has published over 20 papers on this topic, including "Settlement and Housing Experiences of Recent Immigrants in Small- and Mid-sized Cities in the Interior of British Columbia (Canada)," "The Impact of Gentrification on Ethnic Neighborhoods in Toronto: A Case Study of Little Portugal," and "Housing Experiences of Black Africans in Toronto's Rental Housing Market: A Case Study of Angolan and Mozambican Immigrants," among others.

However, there is limited research in context with South Asian immigrants, and this study aims to provide insights into the housing market from their perspective, especially given the current record number of immigrants through the express entry system in the Toronto CMA. Professor Sutama Gosh (2007) studied the transnational ties in the settlement experiences of South Asians and revealed the inter-connected themes and the impact of immigrant transnationalism on settlement experiences [9]. But the rental disparities remain unexplored. Furthermore, many of these research studies were conducted before the introduction of the express entry immigration system in 2015.

Presently, Toronto CMA is experiencing a high influx of immigrants through this immigration system. Therefore, this study will offer some valuable insights into this issue from the perspective of South Asian immigrants.

**3.Data & Methodology**

Data for this research was acquired from the Simply Analytics website at the dissemination area level. Environics has provided the projected 2021 census data for the current year on this website. The study focused on identifying the settlement locations of South Asian immigrants by analyzing the number of immigrants from India, Pakistan, Bangladesh, and Sri Lanka, as well as the mother tongue variables and the labour force variable in which South Asians predominantly work. Since the number of immigrants from Nepal and Bhutan is very low in comparison to the other countries, they have been excluded from the study (Table 4). Language variables such as Punjabi, Tamil, Hindi, Urdu, and Bengali have been taken into account since they are unique to immigrants from these four countries. Both immigrants count from 2016 and recent immigrants from 2017 to 2022 have been considered. Labour force counts in various industries have also been taken into account. However, through initial cluster analysis, it was discovered that South Asians are underrepresented in industries such as Arts & Creation, Mining, and Agriculture, so those variables were excluded from the study.

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| --- | --- | --- | --- | --- |
| **Country** | **Immigrants 2016** | **Percentage** | **Recent Immigrants (2017-2022)** | **Percentage** |
| Bangladesh | 32387 | 5.7 | 8788 | 4.4 |
| Nepal | 5621 | 1.0 | 2605 | 1.3 |
| India | 307267 | 54.3 | 139292 | 69.7 |
| Pakistan | 119079 | 21.0 | 35518 | 17.8 |
| Sri Lanka | 101559 | 17.9 | 13716 | 6.9 |
| **Total** | **565913** |  | **199919** |  |

**Table 4 The breakdown of South Asian immigrants in the Toronto CMA by country.**

Initially, 53 potential variables were identified, and a series of Factor analyses were run to extract as much as information. Finally 24 Variables were selected (Table 5) and they got reduced into 5 factors using PCA.

**Table 5 Potential Variables for Mapping Settlement Location of South Asian Immigrants.**

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The 5 variables including recent immigrant count form the four countries and the immigrants from India explained the 86% of variance (Table 6).

Table

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The groups were distinct and none of the Communalities is below 0.5. The minimum is 0.75 and the maximum is 0.95, with an average value of 0.845. The KMO score was good with 0.915.(Table7)



**Table 7 KMO score of the PCA analysis.**

Using the five group factor scores, the South Asian Clusters were mapped using a grouping analysis as 6 seems to be an optimum number based on the Pseudo F-statistics score.

These factor scores were used to group the Dissemination areas in the Toronto CMA using grouping analysis. (Figure 2). The R square values were reasonable and the clusters were distinct.

A picture containing diagram

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**Figure 2 Grouping analysis results**

A South Asian Cluster Map was prepared. (Figure 3) Then to study the rental prices, the expenditure variable on Rented Shelter was analyzed in the South Asian Clusters to check if there are any rental anomalies.

Expenditure on Rented Shelter = Total expenditure on Shelter/ Total Rented Households

This expenditure includes Water and sewage charges, Heat and Gas

To identify any unusual rental patterns, a comparison between the rent indices of South Asian clusters and Toronto CMA was conducted.

**Results**

The South Asian settlements in the Toronto CMA were effectively divided into six groups through a grouping analysis of the 7525 dissemination areas (Figure 3). Cluster 2 consisted of areas where the number of South Asian immigrants was very low and were grouped together into a single large group. Cluster 1 included areas where these immigrants were scattered, and no ethnoburb was dominant. Recent South Asian immigrants from four countries were found to be prevalent in these dissemination areas, but they were dispersed. This represents a change in the settlement pattern of recent immigrants, who previously settled near their family and friends, forming enclaves. However, after the implementation of the express entry system, the trend has shifted, and recent immigrants are settling closer to their workplaces, resulting in a wider distribution.**Map

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**Figure 3 South Asian immigrants settlement locations**

**Pakistani Traders (Cluster 3)**

In recent times, the number of Pakistani immigrants has decreased compared to 2016. Some of them arrived as international students, while others are engaged in import-export businesses. The retail trade is the primary industry they are involved in. In the past, they primarily settled near Milton and Brampton, where they were clustered in specific dissemination areas. (Figure 4) However, recent Pakistani immigrants tend to be more dispersed in their settlement patterns.

**Map

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**Figure 4 Cluster 4 – Pakistani traders**

**Little India Cluster 4**

Indian immigrants typically settle in and around Brampton, but recent immigrants who arrived as professionals are dispersed throughout the Greater Toronto Area (GTA). In Cluster 4, which spans across Brampton, settlements of Punjabi-speaking Indians are grouped together, and they are mainly involved in the transportation business (Figure 5). Hindi and Tamil-speaking Indian immigrants are scattered throughout the geography and are not specifically clustered in any particular area.

**Map

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**Figure 5 Cluster 4 (Little India) showing Indian immigrant settlements**

It is apparent that Brampton has a significant population of South Asians as there are noticeable clusters of Pakistani traders from Group 3 and scattered immigrants from Group 2 in the area.

**Little Colombo (Cluster 5)**

Sri Lankan immigrants tend to settle in Markham, Ajax, and Malvern. Even though both Sinhalese and Tamil are recognized as official languages in Sri Lanka, most Sri Lankan immigrants in Canada are Tamil-speaking. They are mostly involved in the wholesale and retail trade sectors and are often businesspeople. Furthermore, many of them arrived in Canada as refugees during

the Civil War (Figure 6)

Chart, pie chart

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**Figure 6 Percentage of South Asian immigrants who came as Refugees.**

**Bangla Zone (Cluster6)**

Immigrants from Bangladesh are comparatively low when compared to the other three countries. Bangladeshis living in east Toronto, adjacent to Scarborough, Victoria Avenue and Danforth. (Figure 7) They are mainly professionals; Some came to Canada for higher education as well as professional training.

**Map

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**Figure 7 Cluster 6 – Bangla Zone**

**Expenditure on shelter**

To detect any unusual patterns in rental housing within the South Asian cluster, an index based on expenditures related to the shelter (Figure 8) was established and then compared against the South Asian concentration index for the six distinct groups. (Figure 9)

**Expenditure on Rented Shelter = (TE shelter/ Total Rented Households)**

This expenditure includes Water and sewage charges, Heat and Gas

**Figure 8 Index showing South Asian conentartion in comparison to the entire Toronto CMA**

**Figure 9 Index showing the proportion of Expenditure on shelter in the 6 clusters in comparison to the entire Toronto CMA**

The findings indicated that Cluster 4, also known as Little India, had higher rental rates. However, when the expenditure on the shelter choropleth map was compared to the South Asian clusters, they appeared to be quite similar, suggesting that additional research is warranted (Figure 10). Conducting a survey of renters in Cluster 4 or analyzing rental data could provide more insights.Map

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**Expenditure on Shelter South Asian Settlement locations**

(Darker shades represent high expenditure locations)

**Figure 10 Comparison of Expenditure on shelter with the South Asian settlements**

Apart from representing South Asian settlements, these clusters also represent the areas where recent immigrants have settled. Clearly, South Asian immigrants experience rental discrepancies.

**Conclusions and limitations**

Apart from representing South Asian settlements, these clusters also represent the areas where recent immigrants have settled. Clearly, South Asian immigrants experience rental discrepancies.

The expenditure on rent including other charges is high in Custer4 when compared to other clusters. Immigrants from India are the most affected ones in the rent crisis. It makes sense, as they are most South Asian immigrants. **The demand for rental units erupts because of these recent Indian immigrants clustering near their families and business, spurring a spike in the rental rates in that area.**

The Cluster 4 mainly explains the Indian Business class people. But the other professionals working in various sectors like Education, IT, and Food sectors are scattered, and there is no evident enclave formation. (Recent immigrants in particular)

**Limitations**

Although this study sheds some light on rental disparities, the available data is not sufficient to effectively segment the designated areas (DAs). For example, the study only considers four languages in India, despite there being more than 22 official languages, and the rate of immigrants speaking those languages is low. Additionally, there is no data on this topic in the 2021 census. In contrast, Canada reported 450 ethnic languages in the 2021 census. Another major limitation is that Tamil-speaking immigrants in Canada come from both India and Sri Lanka, making it difficult to segregate them based on their mother tongue. Finally, the labor force indicators used in this study may not only represent South Asians, but as other non-immigrants may also work in these sectors. Nevertheless, these variables are still useful for segmentation purposes, even though they are limited.

**Future research possibilities**

The study solely examines South Asian immigrants, but a broader analysis of other nationalities could offer greater insights into the rental crisis. By studying other immigrant groups, we can determine whether the rental crisis is exclusive to South Asians or if it affects all immigrants. In essence, such an analysis could help us ascertain whether immigration is a primary factor contributing to the current rental crisis. Additionally, it may be worthwhile to investigate the factors contributing to high rental costs in the Brampton region. Conducting a survey among immigrant renters could provide valuable insights into this issue.

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