

# Who lives on the Rent Line? Immigrants or Non-immigrants

By Melody Teng and Zhaole Li

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Every week a familiar claim ricochets across social media and city council hearings that immigrants are the reason housing feels unaffordable for local Canadians. The data tell a more interesting story. Using person level microdata from the 2016 and 2021 censuses on Statistics Canada and focusing on the shelter to income ratio (STIR), the share of income after tax devoted to housing, we asked a simple question with layered answers. Do immigrants spend a larger share of income on housing than non-immigrants, where does that gap come from, how has it changed across cities, and is the blame game even pointing in the right direction? Comparing the gaps between immigrants and non-immigrants in various aspects is a topic worth exploring. Each country has completely different policies towards immigrants, and these disparities heavily depend on the government’s attitude towards immigrants.

The STIR that flows through the article is calculated by dividing the annualized monthly shelter cost by the individual’s after-tax income for the primary household maintainer. In other words, we can interpret STIR directly as the housing cost burden for an individual. Higher STIR indicates lower housing affordability.

# 1 On the National Snapshot: Immigrants Face Higher Housing Cost Burdens

Begin with a fair comparison. Look only at primary household maintainers and apply census person weights so we are describing the population rather than a sample. Start with the severely cost-burdened benchmark at 50 percent of income after tax. In both 2016 and 2021, immigrants were much more likely than non-immigrants to cross that line, although both groups improved slightly over the five years. The 30 percent benchmark represents moderately cost-burdened. The pattern repeats at that level as well, with immigrants consistently more exposed to housing cost stress (Figure 1). This is not a marginal hardship; it is the boundary between getting by and cutting essentials. Newcomers often arrive with lower initial earnings and cluster in high-cost CMAs such as Toronto, Vancouver, and Montréal, and thinner credit files and unfamiliar screening rules steer them toward renting in the early years, all of which lift STIR, lowering housing affordability.

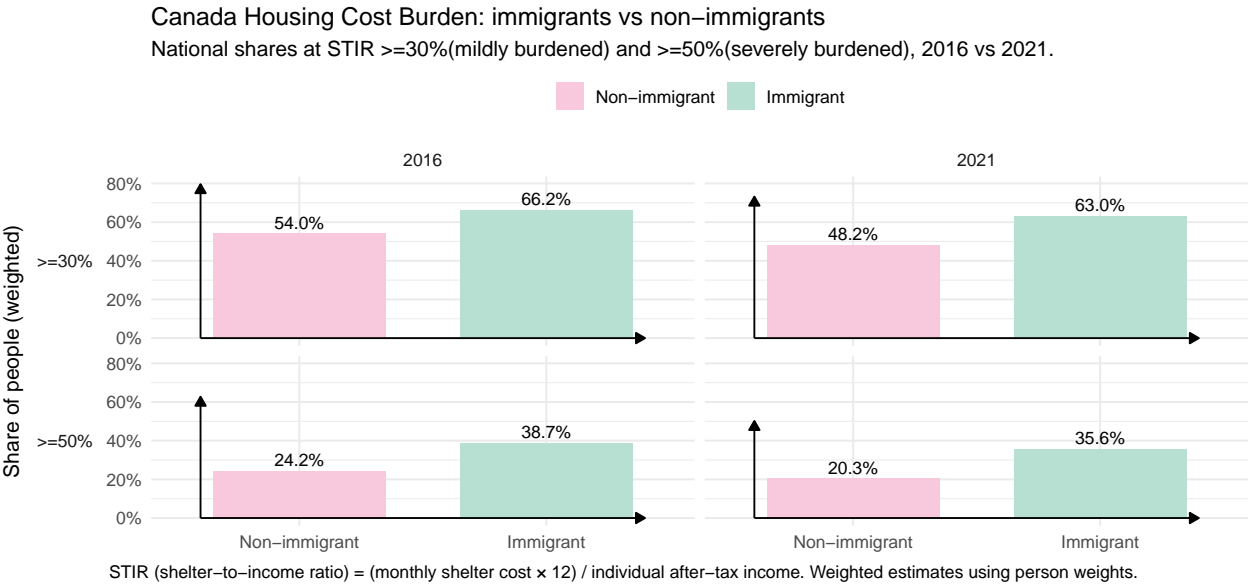


Figure 1

## 2 From National Average to Local Divergence: Housing Burden Shifts across Canadian CMAs

Canada is a country of cities, and cities tell the real story. Once we rank metropolitan areas by how their immigrant to non-immigrant STIR gap changed from 2016 to 2021, the neat national bar melts into a mosaic. A higher gap indicates that immigrants devote a higher portion of income to housing than non-immigrants. From Figure 2, We can see how the relative burden widened most in second tier and fast growing CMAs such as Oshawa, Kitchener Waterloo, Kingston Peterborough, Windsor, and several Atlantic cities. In 2016, many of these markets sat near parity or even showed small advantages for immigrants. By 2021, several had flipped to sizeable disadvantages. Toronto and Vancouver still posted the largest raw gaps in 2021, roughly nine percentage points in both cases. For example, in Toronto, if a non-immigrant household spent 30% of income on housing in 2016, a comparable immigrant household spent about 40%. Yet those gaps narrowed slightly from 2016 as some long tenured immigrants saw earnings gains and as households redistributed across metro regions. The diffusion of pressure into mid-sized markets matters. People followed opportunity and relative affordability beyond the classic gateways, but purpose built rental and missing middle supply did not keep pace with student and worker inflows. Secondary CMAs and suburbs now need newcomer ready housing strategies every bit as much as the big three.

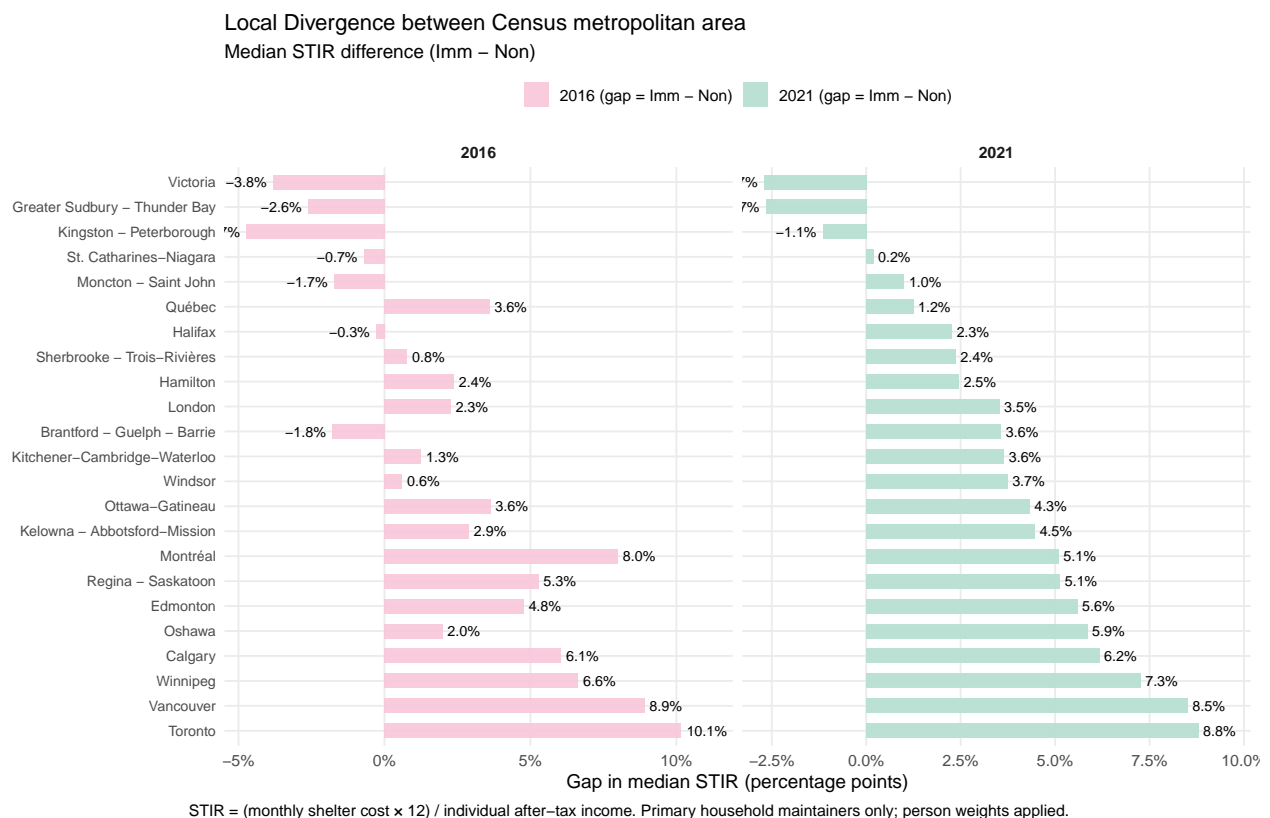


Figure 2

### 3 What is Really Driving the Housing Cost Burden?

STIR is a ratio. You can move it by raising housing costs or by lowering income. On the left panel of Figure 3, we compare each city's income gap to its STIR gap; dots slide downward. We can see a negative income gap, showing immigrants earn less than non-immigrants, leading to the larger housing affordability gap between the two groups. The right panel captures a positive shelter cost, showing immigrants pay more for shelter than non-immigrants, also leading to the larger STIR gap, but the relationship is looser. Put simply, the difference in earnings between immigrants and non-immigrants explains more of the housing affordability gap than the difference in what people pay for housing.

The cross city evidence points decisively toward earnings. That pattern fits the everyday settlement economics. Newcomers cluster where jobs are, then spend several years climbing the earnings ladder as credentials are recognized, networks deepen, and language confidence grows. During that ramp, identical rents can still yield a higher STIR simply because the denominator income is smaller. If the goal is to narrow the gap, the solution is not only cheaper homes. It is faster and fairer to work on the income gap between immigrants and non-immigrants.

Which side tracks the immigrant–non-immigrant STIR gap across CMAs?

Each dot is a CMA. Left: income gap; Right: shelter–cost gap. Lines are OLS fits by year.

Label shows slope,  $R^2$ , and the effect of a 10% relative gap on STIR gap (percentage points).

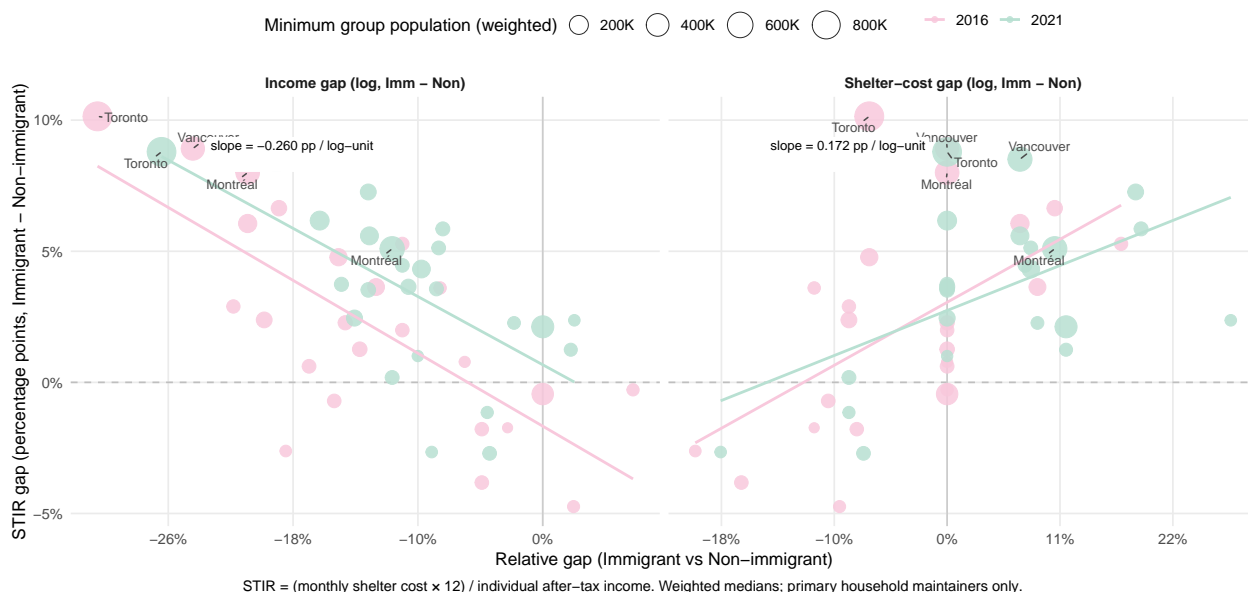


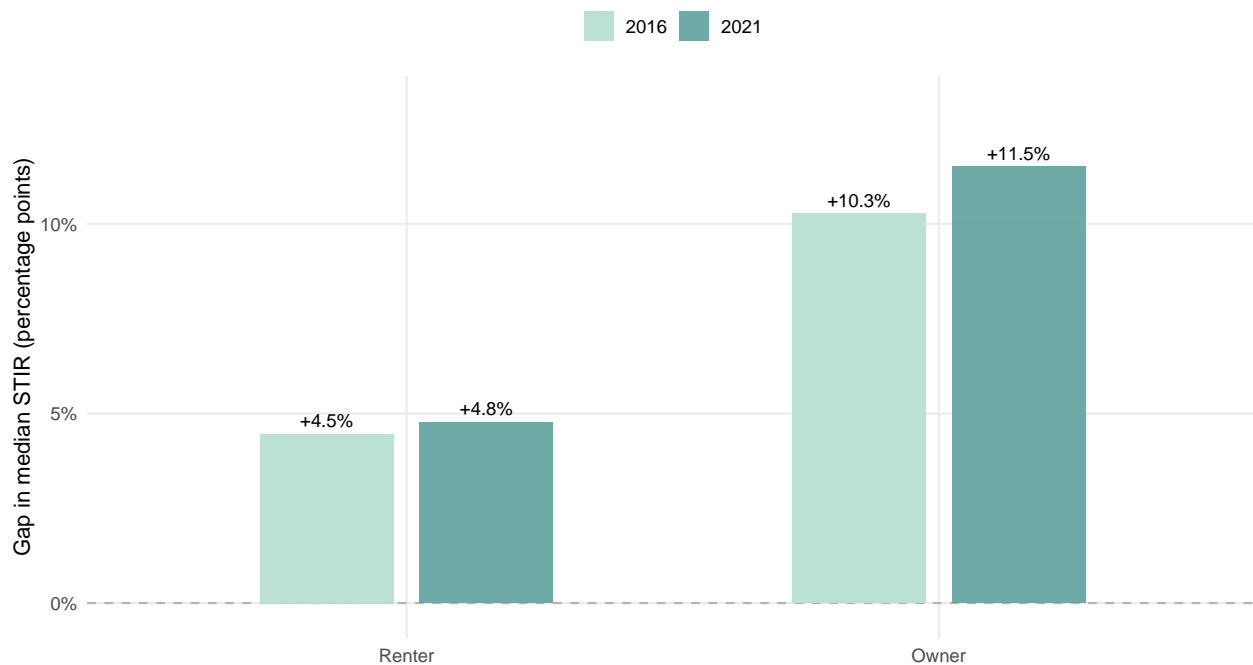
Figure 3

## 4 The Widening Gap: Persistent Renter Disadvantage, Rising Owner Burden

Tenure does not explain the gap away. Looking at the scatterplot in Figure 4, while holding renter versus owner constant, immigrants still devote a higher share of income to shelter. Among renters, the immigrant disadvantage is noticeable and steady. Among owners, the gap is roughly twice as large, and it widened from 2016 to 2021. The owner pattern is especially telling. Many immigrant owners are recent buyers with higher debt service and thinner equity cushions. Pair that mortgage math with lower earnings, and the cost-to-income ratio climbs quickly. By contrast, long tenured non-immigrant owners often benefit from earlier purchase prices, lower balances, and accumulated equity, all of which dampen STIR. Rents are more standardized within local markets, so once you fix tenure, much of the remaining difference is an income gap smaller for renters, larger and growing for owners. This future proved our findings earlier in Figure 3, where differences in earnings are the main cause of the widening STIR over the years.

### Tenure Comparison of Median STIR difference (Imm – Non)

Bars above zero indicate immigrants bear a higher housing cost share within the same tenure.



STIR = (monthly shelter cost × 12) / individual after-tax income. Primary household maintainers only; person weights applied.

Figure 4

## 5 Is the Public Debate True?

Now to the viral claim. Did cities with larger increases in immigrant share between 2016 and 2021 see bigger increases in non-immigrants' housing burden? Are newcomers really affecting the locals' lives?

If rising immigrant shares in a city made housing less affordable for non-immigrants, we would see the non-immigrant cost burden rise systematically where immigrant shares jump. We do not. Figure 5 shows a scatter of change in immigrant share against change in non-immigrant burden between 2016 and 2021, producing a fitted line that is shallow and statistically non-significant. The explanatory power is tiny, and in many cities non-immigrant housing burden actually fell even as the immigrant share rose.

Meanwhile, the immigrant population did grow substantially during the period. Canada counted about 847,000 more immigrants in 2021 than in 2016, an 11% increase nationally. The big three CMAs grew the most with Vancouver in the lead, adding roughly 10.3% more share of immigrants (Table 1). Those are large numbers, yet the direction and size of the non-immigrant burden moved for many other reasons. The widening immigrant disadvantage seen in the city-by-city charts is better explained by income trajectories, recent buyer mortgage exposure, and the mismatch between where people land and where rental supply exists than a simple claim of “more immigrants leads to higher housing cost for locals” story.

**Did CMAs with bigger immigrant-share increases see bigger rises in non-immigrant burden?**

Each point is a CMA. X is the change in immigrant share from 2016 to 2021. Y is the change in non-immigrant share with STIR  $\geq$  :

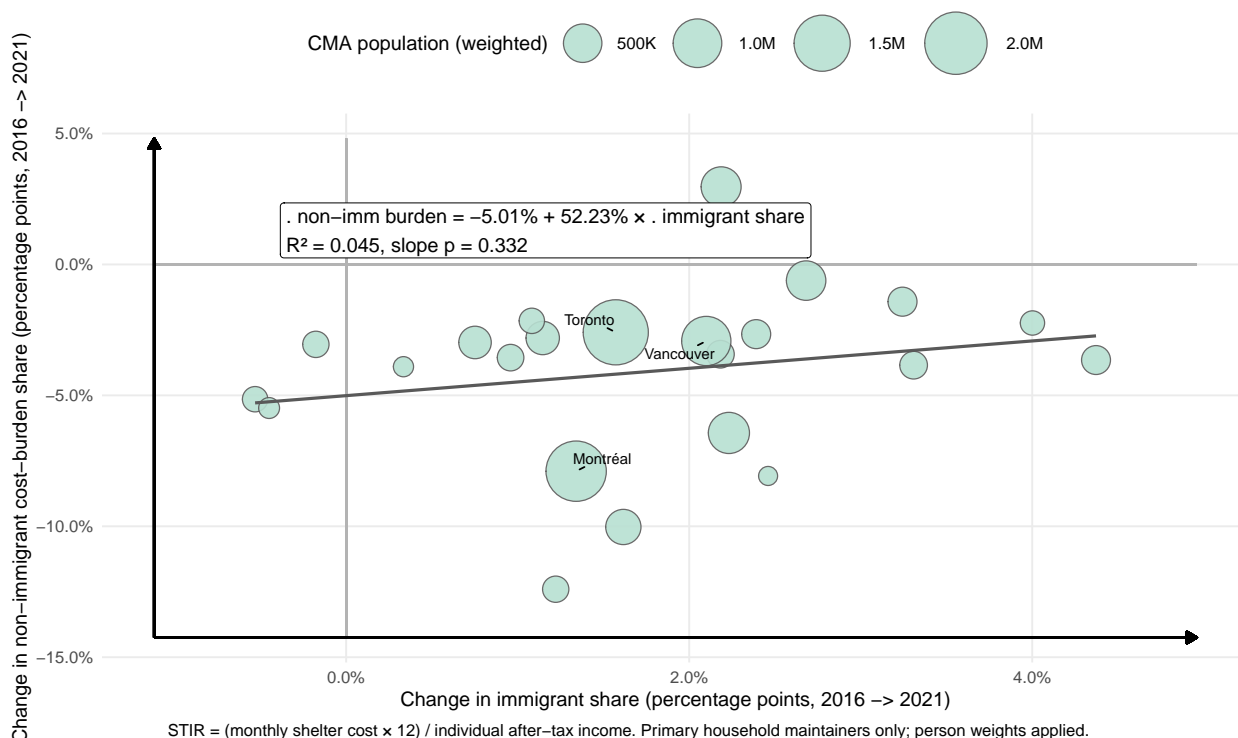


Figure 5

Table 1: Toronto, Montréal, Vancouver: immigrants and shares (weighted), 2016 vs 2021

City	Immigrants 2016	Immigrants 2021	Increase (abs.)	Increase (%)	Share 2016	Share 2021
Montréal	935,114	1,024,916	89,802	9.6%	23.3%	24.3%
Toronto	2,709,944	2,862,508	152,564	5.6%	46.2%	46.7%
Vancouver	985,214	1,086,757	101,543	10.3%	40.6%	41.7%

## 6 Attitude Towards Immigration Weakens Canada's Advantage in Attracting Global Talent

Seen through an economic lens, this is a story about growth, productivity, and Canada's competitiveness for talent. Underemployment of skilled immigrants is a direct productivity loss. When an engineer waits years for licensing, the wage penalty shows up as a higher housing share and less discretionary spending in the local economy. Concentrate those dynamics in growth reliant mid sized cities and you create a consumption drag that blunts the very expansion those regions hope to capture. High STIR and credit frictions suppress entrepreneurship, closing off a channel through which immigrants often create jobs. When rentals are scarce or expensive where the best jobs are, labour mobility and matching suffer, keeping workers out of their most productive roles. Slower earnings paired with higher debt service delay wealth accumulation, widening cohort and place based gaps that can persist across generations. Finally, if the perceived deal is high cost, slow credentialing, and thin rental supply, Canada's magnetic pull for global talent weakens, raising acquisition costs for universities and employers and fraying the growth model built on immigration.

## 7 What Should be Done?

The findings point to a two-track response. Canada needs more homes where people actually land, and faster conversion of newcomer human capital into local paycheques. On the housing side, legalize missing middle forms in established neighbourhoods, set firm approval timelines, backstop purpose built rental so projects pencil even when rates are high, and align transit with densification so new supply lands where people want to live. On the earnings side, speed up credential recognition with supervised practice and competency based licensing in regulated occupations, design bridge programs tied to real vacancies and sectoral language training, reform Canadian experience screens, and use targeted first job wage supports to overcome employer risk. Lower entry frictions with credit light tenant screening and portable references, and consider shared equity or down payment support for qualified first time immigrant buyers to shrink the outsized owner side gap created by recent purchase exposure. Measure what matters with public dashboards that track years since landing by CMA and tenure for both earnings and STIR, so governments are accountable for converting human capital into local incomes where people actually settle.

## 8 End Words

From 2016 to 2021, immigrants in Canada consistently spent more of their income on shelter than non-immigrants. The gap spread from the classic gateways to mid-sized markets. It is explained more by earnings differences than by what households pay for housing. It persists within tenure, and it is largest for recent immigrant owners. Crucially, places with faster immigrant growth did not see non-immigrant burdens rise in any consistent way. This is not a crowded story. It is an earnings and planning story with national stakes.