

OUTCOMES OF THE PANDEMIC EXODUS

Coming from a family where my father is a real estate agent, at the dinner table, housing trends have always been a common discussion. However, recently, as a result of the pandemic, our discussions have encompassed a different focus. Since mid-2020, we've seen a shift in housing trends. Particularly, there have been a large number of residents leaving houses downtown to purchase houses in rural locations outside of the Greater Toronto Area (GTA). According to Statistics Canada, more than 64,000 people left Toronto for other parts of Ontario from mid-2020 to mid-2021.¹ Considering these statistics, it is unsurprising that this mass pandemic exodus will give rise to a multitude of outcomes that may fundamentally change the housing industry.

Among the many factors that might have led people to purchase houses outside of the GTA, most reasons are a direct result of the pandemic. For the past two years, workplaces, schools and companies have gone virtual and many have developed methods to function without the need of physical employees. Hence, amidst the pandemic, several questions have been brought up. Why live downtown when restaurants, stores and museums might not open up? What if companies shift to working virtually forever? Is it safer to live in locations outside of the GTA? According to Statistics Canada, since the start of the pandemic, nearly a fourth of Canadians have begun to work exclusively from home.² This is especially common in industries that have the leniency to execute from remote locations. For instance, technical support, graphic design

¹*More People Leaving Toronto, Montreal For Smaller Pastures As Pandemic Accelerates Urban Migration* CBC News. (2022, January 13). Nation World News. Retrieved March 23, 2022, from <https://nationworldnews.com/more-people-leaving-toronto-montreal-for-smaller-pastures-as-pandemic-accelerates-urban-migration-cbc-news/>

²Gordon, J. (2022, February 13). *Young families leaving large cities may fuel wage inflation*. CTV News. Retrieved March 23, 2022, from <https://www.ctvnews.ca/canada/pandemic-exodus-of-canadian-families-from-cities-could-fuel-wage-inflation-1.5779775>

and digital marketing. Even within the real estate agency itself, large companies such as Zolo have functioned successfully though primarily virtual means. As technology continues to develop, even beyond the pandemic, this housing trend may continue, as fewer people would have to live close to their workplaces within the city or GTA. Even myself, as someone going into the computer science field, aim to digitalize the housing industry. Many companies may recognize the technological and financial benefits of building an online network, and hence require less employees to attend work physically. Although this can be a benefit for large companies, this will lead to a continuation of the housing exodus, and a greater population of people may move outside of the GTA.

Economically, as this shift continues, I believe that the housing prices outside the Greater Toronto Area will increase once a larger population migrates there. In Toronto, the average price for a house is \$1.2 million compared to \$800,000 outside the Greater Toronto Area.³ This statistic demonstrates the drastic difference in housing affordability when comparing the GTA and rural locations. Now that the option of working remotely is available, millennials and families with young children have opted to move into larger houses in order to support their children. Especially since a large number of students are studying from home, families require a larger workspace and learning environment, which can be achieved affordably by moving out of the GTA and into locations such as Thorold and Woodstock in Ontario. Already, we can observe large population changes in smaller cities such as Collingwood and Hamilton. For instance, in Bancroft, the housing prices have increased 47%, and 37% in the Moncton area.⁴ Overall,

³ Deschamps, T. (2022, March 3). *GTA home prices up 28% from last year as supply remains hampered*, *TRREB says*. CBC. Retrieved March 23, 2022, from <https://www.cbc.ca/news/canada/toronto/gta-home-price-1.6371394>

⁴ Lundy, M. (2022, January 13). *Toronto, Montreal populations decline as urban exodus accelerates*. The Globe and Mail. Retrieved March 23, 2022, from

nationwide, since March 2020, the typical price for an average detached home has already gone up 34%, or almost \$200,000.⁵ As an influx of families continue to move out of Toronto and into suburban locations, a more dramatic shift might be observed in the following years.

One of the results of mass populations moving out of Toronto and into other cities is a shortage of houses in suburban locations. Buyer agents may have more requests for previously unappealing homes, and because of a low inventory, there may be more competition for available homes. According to CBC News, as a result of this shift, Ontario would need an additional 650,000 housing units to match the average of other provinces.⁶ High demand culminating along with a housing shortage would further increase housing prices in suburban locations. This, however, would fundamentally change the Canadian real estate and housing industries. When purchasing a new home, people may have a more fundamental preference for how they would like to live rather than where they must live in order to accommodate work and jobs. Or, in other words, the criteria to consider when purchasing a new home might shift.

In addition, this housing shift would have a massive economic impact on Toronto's commercial sector. Many businesses in the city rely on a daily influx of workers and residents to provide income. For instance, hotels, restaurants, stores and office spaces. As workers and

<https://www.theglobeandmail.com/business/article-toronto-montreal-populations-decline-as-urban-exodus-accelerates/>

⁵Gordon, J. (2022, January 13). *So long Toronto: COVID-19 pandemic hastens Canada's urban exodus*. National Post. Retrieved March 23, 2022, from <https://nationalpost.com/news/canada/so-long-toronto-covid-19-pandemic-hastens-canadas-urban-exodus-2>

⁶Lundy, M. (2022, January 13). *Toronto, Montreal populations decline as urban exodus accelerates*. The Globe and Mail. Retrieved March 23, 2022, from <https://www.theglobeandmail.com/business/article-toronto-montreal-populations-decline-as-urban-exodus-accelerates/>

employees continue to work online, there will be a lessened demand for office spaces. This issue is especially prevalent as much of Toronto has a large dependence on worker traffic, meetings and business clientele. As more workers move further from their workplace, and hence further from smaller commercial businesses, they may rely on other methods, namely e-commerce, to purchase the same products. According to StatsCan, online sales have increased 99.3% from February 2020, reaching \$39.3 billion in May 2020. Although it allows residents moving out to access similar products they need, for businesses that centre around, or are located near offices, this will be detrimental to their sales.

Furthermore, as Torontoians and residents within the GTA continue to move to suburban and rural locations, they will shift to purchasing products from shopping centres near their new homes. This puts Toronto's commercial sector at risk, and poses various difficulties for smaller branches and independent businesses. As a result, downtown business will have to compete with larger, more accessible shopping centres outside of the GTA, where suddenly there is a new influx of residents, and hence, potential customers. Additionally, looking at the transportation industry, an estimated 10% to 20% fewer people are commuting to city centres everyday, which is detrimental to businesses, the commercial sector and city transit.⁷ The effects of this are further worsened with universities, schools and other educational facilities shifting to remote learning.

In addition, as people and employees move out of Toronto and the GTA, companies located downtown may find it difficult to find new employees to replace them. This detrimental

⁷Lundy, M. (2022, January 13). *Toronto, Montreal populations decline as urban exodus accelerates*. The Globe and Mail. Retrieved March 23, 2022, from <https://www.theglobeandmail.com/business/article-toronto-montreal-populations-decline-as-urban-exodus-accelerates/>

shift may lead to a massive shortage of workers. Especially in professions where working virtually is not possible, such as manual labour, warehousing, manufacturing, healthcare and retail, this is a growing concern. To counter this trend and attract workers, companies may offer higher wages. According to CTV, 46% of companies have already begun increasing starting salaries to lure workers, which among other consequences, may lead to wage inflation.⁸ As employers increase wages, there may be a rise in all other goods and services, which severely influences the Canadian economy. Although higher wages may be seen as positive, as wages increase, mass inflation may cancel it out as prices for rent, fuel and food simultaneously increase.

All things considered, I believe that this shift will continue well beyond the pandemic. Even before the spread of COVID-19, this movement was growing, however, as a result of the pandemic, it has accelerated to a point that has fundamentally changed the GTA. For many young people, the pandemic has allowed citizens to rethink what homes would allow them to affordably meet their needs. However, as housing prices in rural locations increase, most workers that move out would likely be in higher-paying jobs. As they spend their higher earnings in the local suburban economy, this may help revitalise those communities. On the contrary, however, I believe that this trend will slow down with time. Once remaining pandemic restrictions are lifted, it is more likely that the rate at which people are leaving the GTA will slow down. In addition, there may be a population that moved due to the fear of contracting COVID-19, which as a result, may prompt the residents to move back once the risk of contracting the virus is minimal.

⁸Gordon, J. (2022, February 13). *Young families leaving large cities may fuel wage inflation*. CTV News. Retrieved March 23, 2022, from <https://www.ctvnews.ca/canada/pandemic-exodus-of-canadian-families-from-cities-could-fuel-wage-inflation-1.5779775>

Financial concerns could also have been a cause for many Torontonians moving out of the city. However, once small businesses, the economy and jobs reach full recovery, it is possible that citizens move back into the GTA. Even after this, there are certain outcomes that may remain constant after the pandemic. Namely a rise in e-commerce, an elevated risk for Toronto's commercial sector, unemployment within the tech industry, and an increase in housing prices in suburban locations.

Despite the overwhelmingly negative outcomes, in order to counter these challenges there are several steps we can take. For instance, implementing a smart city concept to address Canada's growing urbanisation challenges. As a large population of people leave urban city centres, the roles of citizens, workers and city authorities are also changing. Hence, by strengthening the cooperation between the business sector, technology, and housing, we can prevent wage inflation and large fluctuations in housing prices. Overall, with this new housing shift, we have seen a multitude of issues arise; covering all aspects of society, from the economy and employment to Toronto's commercial sector. Although I believe that this shift will continue, we as a society can work to lessen the negative outcomes that arise from this shift and build a better, stronger community.