

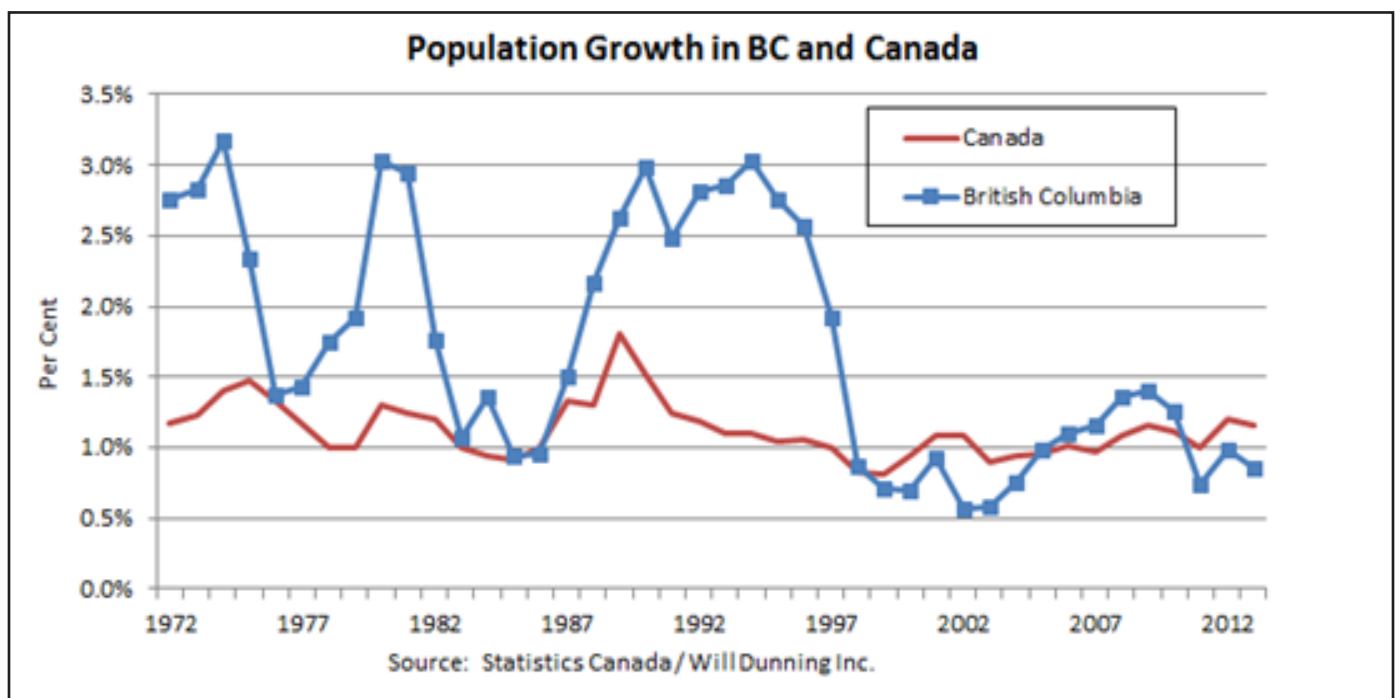
BC's Population Roller Coaster

Written by Will Dunning

We all know that economies move in cycles, in which there are phases of faster and slower growth. Related to that, there are also cycles of population growth.

At times, population growth within the province of British Columbia has been much more rapid than for Canada as a whole. But, as the first chart also illustrates, during the past decade and a half, growth in BC has not been much different than for all of Canada.

Figure 1



Over the entire period shown in this chart, the population in BC grew by 105% (averaging 1.7% per year). For all of Canada, the growth rate was slower, at a total of 60%, or 1.1% per year. Among the provinces of Canada, BC had the second fastest growth rate (after Alberta, which averaged 2.1% per year).

In discussions about population growth in BC, immigration certainly is at centre stage. Deservedly so, since immigration accounted for 56% of the province's population growth over the period shown. But, that leaves 44% from all other sources (including births, deaths, movements to and from other provinces, as well as emigration out of the country). Moreover, as the second chart shows, a lot of the variations in the growth trend are due to these other components of growth.

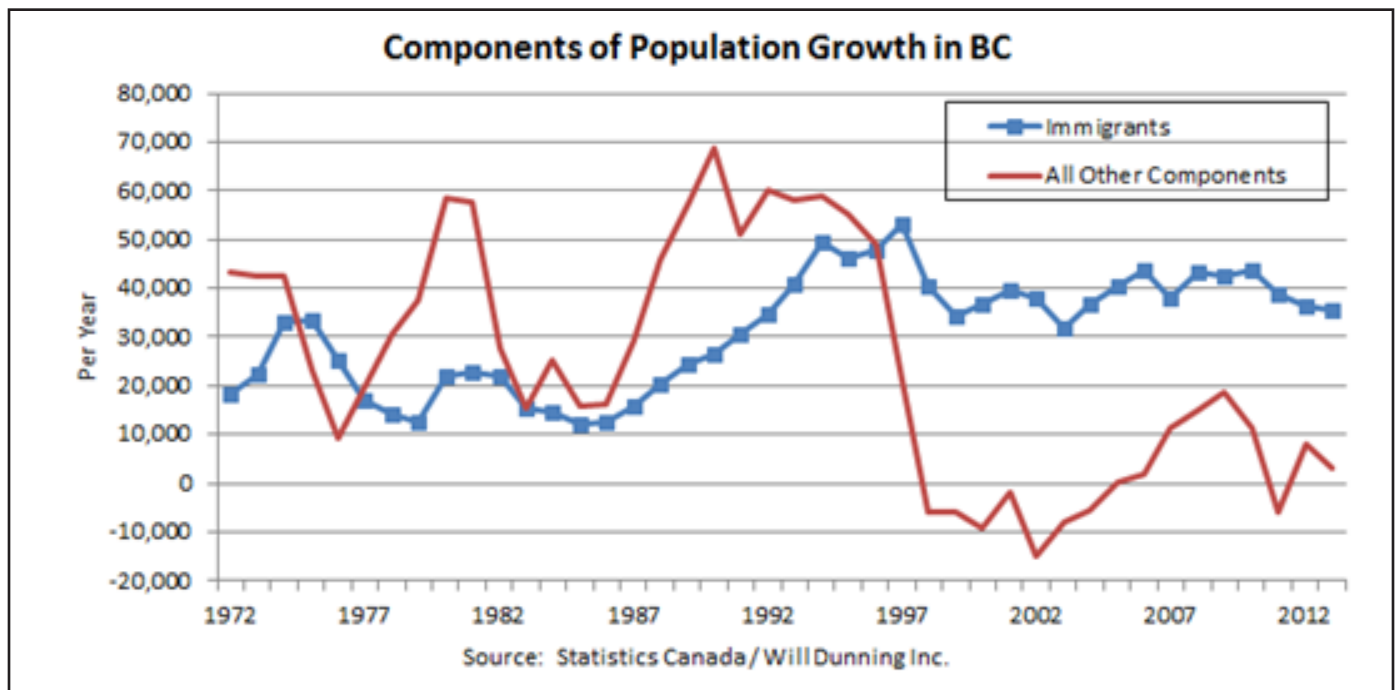
A key factor for BC is movements to and from other provinces. In the first chart, periods of rapid growth occur when there are high numbers for “All Other Components” in the second chart.

The variations in the other components group are mainly due to changes in the amount of movement to and from other provinces. . Population growth accelerates when there is rapid in-migration from other provinces. Conversely, periods of slow growth occur when people are moving away from BC to other provinces.

BC’s reduced population growth during the past 15 years is largely due to high house prices. These have encouraged people to move away in search of lower housing costs (often by retired people). At the same time, high house prices have discouraged people from moving into British Columbia.

This is the economic system working as theory says it should: shortages of development-ready land mean that the province is unable to accommodate as much growth as there might be. The shortages of supply result in higher prices, which reduce demand. The price system is working to reduce demand so that it matches supply.

Figure 2



Will Dunning operates a consulting firm that specializes in analysis of housing markets.

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