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Projections for Growth
in the Demand for
Housing in the
Territory Served by
KRSC by 2026

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1. Executive Summary

The purpose of this report is to estimate the annual needs for additional housing units in the territory served by the Kent Regional Service Commission (KRSC) until 2026. The report contains estimates for the whole territory served by KRSC, as well as for the following seven entities:

- **Nouvelle-Arcadie**: former village of Rogersville, former Collette, Rogersville and Acadieville local service districts (LSD);
- **Beaurivage**: former town of Richibucto, former village of Saint-Louis-de-Kent, former Saint-Louis, Saint-Ignace, Aldouane and Saint-Charles LSDs;
- **Five Rivers**: former village of Rexton, former Richibucto, Weldford, and Harcourt LSDs;
- **Grand-Bouctouche**: former town of Bouctouche, former Wellington and Sainte-Anne LSDs;
- **Champdoré**: former village of Saint-Antoine, former Grand Saint-Antoine, Sainte-Marie (Saint Mary) and Saint-Paul LSDs;
- **Beausoleil**: former Rural Community of Cocagne, former Grande-Digue LSD, parish of Dundas (excluding the Grande-Digue LSD and part “B” of the Grand Saint-Antoine LSD), Shediac-Bridge-Shediac River LSD; and
- **KRSC rural district**: this entity is divided into two parts for this project. Part “A” includes the parish of Carleton and the former Baie Ste. Anne and Escuminac LSDs, and Part “B” is the former Cap-de-Richiboucto LSD.

The report starts from the premise that the demand for housing within the territory served by KRSC will depend on three main groups of factors:

1. needs for additional workers associated with the progressive retirement of the baby-boomer generation;
2. changes in the overall employment level; and
3. factors unrelated to the job market in the territory served by KRSC.

The report examines each of these three groups of factors individually before concluding with a synthesis of the results, which rest on a goodly number of hypotheses that introduce some degrees of uncertainty. They are presented according to three broad scenarios for growth in housing demand: weak, reference and strong (see the table below).

Table 1. Number of additional units per year to meet the demand until 2026

	Growth scenario		
	weak	reference	strong
Nouvelle-Arcadie	32	35	40
Beaurivage	83	98	113
Five Rivers	53	64	72
Grand Bouctouche	89	107	123
Champdoré	53	60	68
Beausoleil	123	147	170
Rural district	36	42	49
<i>Part "A"</i>	22	24	27
<i>Part "B"</i>	14	18	22
KRSC	469	553	635

According to the reference scenario, 553 additional units a year would be needed to satisfy the projected demand for housing by 2026 in the territory served by KRSC. This is a very high number and would require a dramatic increase in the rhythm of residential construction over the historical trend. Based on estimates drawn from census data, around 145 new housing units a year were built between January 1, 2016, and May 2020. More recently, the Kent Regional Service Commission reported that permits for 222 new units were issued in 2022. That means that the rhythm is speeding up, but it is still well below what would be necessary to meet the demand.

Note that the results presented above are formulated based on maintaining the status quo, that is, they offer a glimpse of the number of additional housing units necessary to maintain the current level of economic activity and existing services in the region. However, as we will see in

this report, the figures suggest that the territory served by KRSC hasn't succeeded in maintaining this status quo between 2016 and 2021. This is seen in the fact that, despite significant population growth, labour has decreased, particularly in the private sector.

The figures for housing demand presented in this report may look enormous. However, there is reason to believe that they may in fact be conservative estimates of the needs in the region, for at least two reasons. The first is that, since this report rests mainly on data from the 2021 census (which took place in May 2021), it doesn't capture the recent explosion in migration of residents from elsewhere in Canada who settle in the territory served by KRSC for lifestyle reasons and/or to take advantage of lower real estate prices. The second is related to the first, that is, the dramatic increase in the influx of newcomers to the country during the year and a half following the 2021 census. Canada faces significant labour shortages, strongly linked to the aging of its population, shortages that it is trying to fill by opening its borders wide. During the 12-month period ended in September 2022, the country welcomed a record number of over 800,000 new residents, almost the double of the average level in the three years preceding the pandemic. In turn, the increase in the number of newcomers to the country has a double effect. On the one hand, it increases immigration to New Brunswick, and by that very fact it feeds the demand for housing. On the other hand, it exacerbates the affordability crisis for housing units in major centres in Canada (particularly in southern Ontario), pushing more and more residents of other provinces to move to New Brunswick, including in the territory served by KRSC.

Essentially, the demand for housing may remain very strong in coming years, throughout the whole territory served by KRSC. To meet it, we must dramatically increase the rhythm of residential construction. If we don't succeed in this, the region won't be able to reach its full potential and will have difficulty maintaining existing local services. It is also to be expected that the prices of housing units will continue to increase very rapidly and that the number of residents facing difficulties with access to housing and/or who are inadequately housed will increase drastically. So, the region's quality of life and prosperity are in the balance.

2. Introduction

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The report starts from the premise that the demand for housing within the territory served by KRSC will depend on three main groups of factors:

1. needs for additional workers associated with the progressive retirement of the baby-boomer generation;
2. changes in the overall employment level; and
3. factors unrelated to the job market.

¹ Note that due to constraints stemming from the availability of data, these subregions do not correspond exactly in all cases with the borders of the six new entities and the rural district that have just been created. Note as well that the territorial boundaries used by Statistics Canada do not always correspond with those used by the government of New Brunswick for local governance. For example, in the community of Nouvelle-Arcadie, Statistics Canada groups the Rogersville and Collette LSDs together into one entity, the parish of Rogersville. In other cases, the LSDs are divided into parts (e.g., Sainte-Anne-de-Kent, parts “A” and “B”; Grand Saint-Antoine, parts “A”, “B” and “C”). See the notes to Table 1 for more details.

The report examines each of these three groups of factors individually before concluding with a synthesis of the results, which rest on a goodly number of hypotheses that introduce some degrees of uncertainty. They are presented according to three broad scenarios for growth in housing demand: weak, reference and strong. Unless otherwise indicated, data in this report comes from Statistics Canada censuses.

Before starting the analysis, a few precisions as to methodology are necessary. The first deals with changes in employment in the territory served by KRSC by 2026. The economy of any region, no matter what its size, depends on a multitude of factors. These include its lot of human and natural resources, its demographic characteristics, changes in technology, outlets for its products, government decisions on immigration and on the levels and location of public services provided to residents of the region, employment opportunities for its residents in other regions, etc.

As is the case everywhere else, current and future employers in the territory served by KRSC are not exempt from these factors. For example, if labour is scarce and more expensive because numerous workers are retiring and there aren't enough housing units for newcomers, an employer may decide not to expand, to invest in automation (where that is possible), to reduce activities in the region, or even to shut down. In the opposite case, when a region welcomes a very large number of newcomers—some of whom bring their jobs with them because they work remotely—the region's economy may be strengthened and have greater growth than would have otherwise been the case.

This being said, when examining the economic outlook for the territory served by KRSC, we need to establish a baseline. In other words, we must try to establish the level of employment needed to preserve the status quo with respect to the region's economic evolution. This report defines the status quo as the estimated level of employment to maintain the current level of activity in the private sector and to continue to provide existing public services to a growing and aging population in the territory served by KRSC. As we will see, this level of employment implies major demographic growth. In turn, this demographic growth will require hiring new workers in the public

and private sectors to maintain the current offer of services. To this is also added the additional demand for public services due to the aging of the baby-boomer generation (those born between 1946 to 1965), which continues to dominate the age pyramid in the region.

The same need to establish a baseline applies to the housing market. More precisely, it must be noted that the quantity and composition of the housing units demanded (size, rentals vs ownership) in the territory served by KRSC will depend not only on the performance of the economy but also on the price of housing units, that is, rents and the various costs associated with home ownership (purchase price, mortgage interest, maintenance and repairs, etc.).

In a free market, prices reflect supply and demand. The supply of housing units in the territory served by KRSC is influenced not just by construction costs (which are affected in particular by the cost of materials and labour and by interest rates), but also by the availability of labour. In the past, labour was abundant, and the supply of housing units could easily adjust to an increase in demand (although after a certain lapse of time). These days, the situation is much more complicated. Since labour is scarce, real estate developers can't find the workers they need so easily. In this situation, the developers tend to concentrate their activities on the most attractive projects, and this explains why residential construction in New Brunswick is mainly concentrated on the segment of multi-unit buildings in the major centres.² This being said, higher housing prices may also lead some residents to transform part of their properties into rental units, and this helps to increase supply.

² Figures from the Canada Mortgage and Housing Corporation shows a large increase in the number of starts for multi-unit buildings in the three census metropolitan areas (CMA). Elsewhere in New Brunswick, residential construction is decreasing (Statistics Canada, Tables CANSIM 34-10-0135 and 34-10-0151-01).

We can conceive of at least two reasons why residential development in and around the three CMAs would offer higher profits, adjusted for risk, than rural areas and small towns in New Brunswick. On the one hand, since their economies are more diversified, the major centres offer real estate investors markets that are more stable. On the other hand, these centres also have an important supply of older rental buildings, and these are much more likely to be the first to lack tenants if supply ever exceeds demand.

From supply, let's now look at the demand for housing. When the demand for something exceeds the supply and when the latter cannot be easily adjusted in consequence, prices rise to "destroy" part of the demand. In the case of housing, this isn't easy. Since housing is a fundamental need, people will do whatever they can to remain housed. This means that prices generally have to increase significantly to balance supply and demand. This is what we're seeing now just about everywhere in New Brunswick, including the territory served by KRSC.³

People are not all affected equally by a housing market where supply cannot follow demand. For existing owners, it means an increase in property values, but property taxes will potentially be higher as well. For municipalities, and to a lesser extent for the provincial government, this means an increased tax base. People who are financially comfortable and looking for housing generally won't have any trouble finding what they want if they pay the higher price, and this feeds the escalation in price. For those who are less comfortable financially, it's another story. Confronted with housing units that are less affordable, some will choose to buy a smaller property, or to rent rather than buy. This puts more pressure on the rental market. As for tenants, facing higher rents, some will choose a smaller housing unit while others will share accommodations. Finally, some people who might be interested in settling in the region could choose not to do so.

In short, the housing market is a dynamic entity. Very tight market conditions necessarily trigger an adjustment process like the one described above. This being said, as is true for the employment situation, we have to establish a baseline to evaluate the future demand for housing. For the purposes of this report, we will not explicitly take into account the effects of the dynamic described above. We must look at the estimates provided in this report as being the number of additional housing units needed to welcome newcomers to the region, assuming the status quo with respect to housing conditions for residents of the territory served by KRSC.

³ It's true that the price of houses has dropped recently. This isn't due to a drop in demand, but rather to a dramatic increase in interest rates orchestrated by the Bank of Canada to fight inflation. This rate increase makes the housing market situation worse in the region by increasing construction costs and making houses less affordable (the decrease in price being more than made up for by the increase in mortgage fees).

3. Changes in demographics and the housing market in the territory served by KRSC between 2016 and 2021

Before we analyze the major variables affecting the demand for housing, this section gives some background on recent changes in the population and the housing market in the territory served by KRSC. The objective of this section is to estimate, based on available data, how and to what extent the housing market has responded to the recent pressure exercised by demographics.

Table 1 presents data on the population of the various entities forming the territory served by KRSC at the 2016 and 2021 censuses. The reference date for the 2021 census was May 11. According to Statistics Canada, on that day the number of residents of the territory served by KRSC as defined in Table 1 was 34,731, an increase of 1,611 persons (4.9%) over the 2016 census.⁴ This was stronger growth than was displayed in the province as whole, which was 3.8%. It's also the first time that the region's population had grown in at least 20 years.

Of the seven entities forming the territory served by KRSC, the municipality of Nouvelle-Arcadie had the weakest gain (1.3%), while Beausoleil had the strongest growth, in terms both of absolute numbers (597 residents) and of percentages (8.0%). All the former municipalities in the territory served by KRSC saw an increase in population. Among the former unincorporated localities, the three in Northumberland County (parish of Rogersville, Baie Ste. Anne and Escuminac LSDs) saw a decrease in population. Elsewhere in the territory served by KRSC, only the parish of Saint-Louis saw its population decline.⁵

⁴ These figures exclude the population of the three Native reserves (Elsipogtog, L'nui Menikuk and Tjipogtotjg), which total 2,279, an increase of 89 residents, or 4.1% since the 2016 census.

⁵ The parish of Rogersville takes in the Rogersville and Collette LSDs. The parish of Saint-Louis includes the Saint-Ignace LSD and all the populated zones of the Saint-Louis-de-Kent LSD.

Table 2. Population of the territory served by KRSC, 2016 and 2021

	2021	2016	Variation, 2016 à 2021	
			n	%
Nouvelle-Arcadie				
Rogersville (V) ¹	1193	1166	27	2.3%
Rogersville (P) ²	1072	1102	-30	-2.7%
Acadieville (DSL)	752	709	43	6.1%
Total	3017	2977	40	1.3%
Beaurivage				
Richibucto (V)	1411	1266	145	11.5%
St.-Louis-de-Kent (V)	981	856	125	14.6%
Saint-Louis (P) ³	1760	1802	-42	-2.3%
St.-Charles (P) ³	2024	1997	27	1.4%
Total	6176	5921	255	4.3%
Five Rivers				
Rexton (V)	874	830	44	5.3%
Weldford (DSL)	1335	1333	2	0.2%
Harcourt (P)	346	346	0	0.0%
Richibucto (DSL)	880	737	143	19.4%
Total	3435	3246	189	5.8%
Grand-Bouctouche				
Bouctouche (V)	2513	2361	152	6.4%
Wellington (DSL)	2247	2089	158	7.6%
Sainte-Anne-de-Kent (DSL, parties "A" et "B")	1079	1048	31	3.0%
Total	5839	5498	341	6.2%
Champdoré				
Saint-Antoine (V)	1791	1733	58	3.3%
Grand Saint-Antoine (DSL)	488	471	17	3.6%
Sainte-Marie (DSL)	1768	1742	26	1.5%
Saint-Paul (DSL)	877	842	35	4.2%
Total	4924	4788	136	2.8%
Beausoleil				
Communauté rurale de Cocagne	2757	2649	108	4.1%
Grande-Digue (DSL)	2596	2261	335	14.8%
Dundas (P), excluant DSL de Grande-Digue et partie "B" du DSL du Grand-Saint-Antoine	1575	1500	75	5.0%
Shediac-Bridge-Shediac-River (DSL, partie du comté de Westmorland, tel que défini par Statistique Canada)	1177	1098	79	7.2%
Total	8105	7508	597	8.0%
District rural, CSRK				
Carleton (P) ⁴	764	708	56	7.9%
Baie-Sainte-Anne (DSL)	1252	1319	-67	-5.1%
Escuminac (DSL)	152	166	-14	-8.4%
Cap-de-Richiboucto (DSL)	1067	989	78	7.9%
Total	3235	3182	53	1.7%
Total, territoire de la CSRK	34731	33120	1611	4.9%
Notes				
1. V = ville ou village; P = paroisse; DSL = district des services locaux.				
2. La paroisse de Rogersville comprend les DSL de Rogersville et de Collette.				
3. Ensemble, les paroisses de St-Louis et de St-Charles correspondent aux DSL de St-Louis, Saint-Ignace, de l'Aldouane et de Saint-Charles.				
4. La paroisse de Carleton inclut les DSL de Carleton et de Pointe-Sapin.				

The impact of demographic growth on employment and the demand for housing depends on the age of those joining the population of a given region. Table 3 presents the age distribution of the population in the territory served by KRSC and in New Brunswick as a whole for the 2016 and 2021 censuses. This gives a good idea of migration within these two entities by comparing the population of a given age group in 2016 to that of the following group in 2021. For example, when we compare the growth in the category of children ages 5 to 9 in 2016 to that of children 10 to 14 in 2021, we see that the territory served by KRSC received more children ages 5 to 9 in 2016 than it lost. Note that the data presented in Table 2 is affected by mortality, which increases with age, particularly after 70. This is why the table stops with the 65 to 69 age group.

Table 3. Population distribution by age, 2016 and 2021 censuses

	KRSC				New Brunswick		
Age group	2021	2016	Var. 5 yr. 2016-21*	Age group	2021	2016	Var. 5 yr. 2016-21*
0-4	1185	1150		0-4	32280	34365	
5-9	1340	1270	16.5%	5-9	38240	38250	11.3%
10-14	1420	1405	11.8%	10-14	40605	37880	6.2%
15-19	1455	1480	3.6%	15-19	39090	40605	3.2%
20-24	1295	1315	-12.5%	20-24	42125	41445	3.7%
25-29	1370	1280	4.2%	25-29	42380	39245	2.3%
30-34	1560	1470	21.9%	30-34	43485	41510	10.8%
35-39	1750	1780	19.0%	35-39	45925	44435	10.6%
40-44	2020	1960	13.5%	40-44	47320	48430	6.5%
45-49	2165	2320	10.5%	45-49	50140	51300	3.5%
50-54	2530	2950	9.1%	50-54	52140	61055	1.6%
55-59	3215	3180	9.0%	55-59	62315	61740	2.1%
60-64	3430	3295	7.9%	60-64	62395	58060	1.1%
65-69	3285	2945	-0.3%	65-69	57190	52160	-1.5%

*Difference in % between the population of an age group in 2021 and that of the previous age group in 2016.

Table 3 shows that migration was significantly stronger in the territory served by KRSC than in New Brunswick as a whole, for almost all age categories.⁶ In New Brunswick, migration was primarily among young adults. This is visible in the fact that if you exclude children (among whom increased numbers result mainly from the arrival of young adults), the three groups including people ages 25 to 39 in 2016 had far and away the strongest growth. These same age groups also displayed the strongest growth in the territory served by KRSC. The difference, however, is that unlike what happened in the province as a whole, the categories including adults ages 40 to 59 in 2016 also increased quickly. This suggests that migration into the territory served by KRSC was not solely due to newcomers coming to take up available jobs in the region. The fact that many newcomers were older adults undoubtedly reflects the fact that the territory served by KRSC also welcomed people moving there for “lifestyle” reasons, whether seeking property at a better price or located somewhere that they found to be more attractive. This could explain in particular why communities located along the shoreline of Kent County experienced strong growth in these age categories while this was not the case for communities located inland, such as the former village of Saint-Antoine, despite its proximity to Greater Moncton.

These details on population distribution by age shed a certain amount of light on the dynamics of the housing market displayed in the territory served by KRSC in the past five years. Table 4 presents some census data on the subject, for the territory served by KRSC as well as for New Brunswick as a whole. The table shows that in New Brunswick, the number of housing units increased by 1.8%, a proportion that corresponds more or less to demographic growth when we allow for the fact that a household contains an average of 2.3 individuals. In the territory served by KRSC, on the other hand, the number of housing units didn’t increase, despite the fact that demographic growth was stronger than the provincial average.

To understand how the territory served by KRSC was able to house 1,600 more inhabitants without increasing the number of residential units, we have to look at the occupation rate of private housing units. A private housing unit is one that has a private entrance (a room rented in a residence is not deemed to be a private housing unit) and is not part of so-called “collective” housing, like a care home, motel, hotel, prison, rooming house, boarding house, etc.

⁶ Except for youth ages 15 to 19 in 2016, reflecting the fact that the county does not host any large post-secondary educational institutions.

A secondary residence like a cottage is considered to be a private housing unit. A private housing unit is said to be occupied by its usual residents when it is the permanent residence of those who live there. Thus, a cottage is not generally considered to be a housing unit occupied by its usual residents, unless, of course, it is occupied by a household that uses it as its permanent residence.

Table 4. Selected housing data, KRSC and New Brunswick

	KRSC			New Brunswick		
	2021	2016	Var.	2021	2016	Var.
Private housing units	17883	17904	-0.1%	366146	359721	1.8%
Private housing units occupied by usual residents	15440	14561	6.0%	337651	319773	5.6%
Number of owners	12885	12165	5.9%	246455	238040	3.5%
Number of tenants	2545	2420	5.2%	88455	79865	10.8%
Households living in housing units built in the last 5 years	630	575	9.6%	14820	17290	-14.3%
Households living in housing units built before 2010	14215	14005	1.5%	305365	302485	1.0%

Since the territory served by KRSC is rural and has a long coastline, it has a large number of secondary residences. It is therefore normal to expect that the region will have an occupation rate for private housing units clearly lower than the provincial average. In the 2006, 2011 and 2016 censuses, the occupation rate in the territory served by KRSC was around 81%, while in New Brunswick as a whole, it oscillated around 89%. In 2021, the occupation rate in Kent County took a leap of over 86%, an increase almost twice as high as in New Brunswick, where it was 92%.

That means that the housing market in the territory served by KRSC has significantly tightened up in recent years. This is clear in the data presented in Table 4, more particularly in the number of households occupying housing units built before 2010. This increased by about

200, or 1.5%.⁷ Allowing for the large number of secondary residences in Kent County, it is unlikely that the occupation rate can continue to increase as much as it did in the last five years to house a rapidly growing population. In other words, the territory served by KRSC Kent really can't count to the same extent on housing units that are not occupied by their usual residents as it did in the past to accommodate its demographic growth. Instead, the number of housing units available in the region has to be increased.

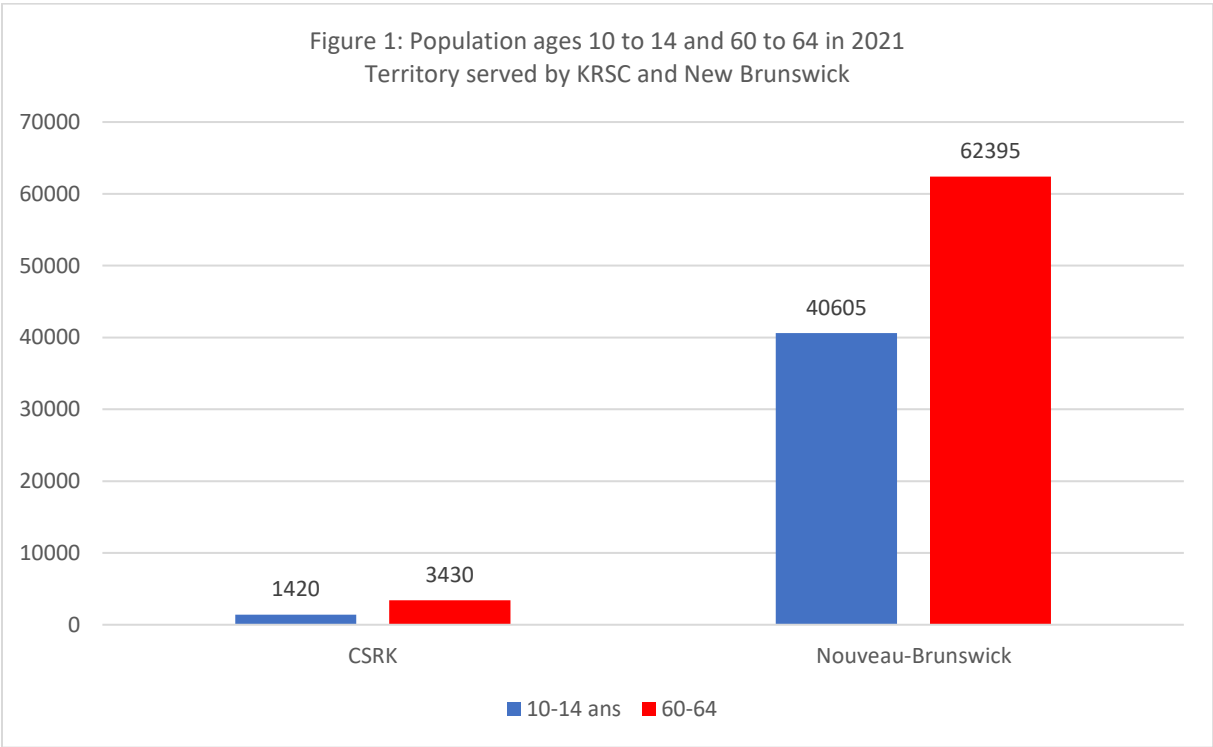
The news on the subject isn't very good. As already indicated, the number of housing units in the territory served by KRSC hasn't increased in the past five years. Moreover, despite strong demographic growth, residential construction has only increased slightly compared to the past five years. At least, that's what is suggested in Table 4, which shows that the number of households living in housing units built between 2016 and 2021 increased by only a total of 55 over the five previous years. That isn't much when you consider that the population increased by over 1,600 during this period.

Table 4 also shows that owners accounted for the vast majority (85.2%) of the growth in housing units occupied between 2016 and 2021 in the territory served by KRSC. This contrasts strongly with the situation in New Brunswick as a whole, where tenants were more numerous than additional owners. The census data doesn't explain this difference. It may be a question of household preferences, or it may be related to the absence of rental housing units in the territory served by KRSC, or a combination of the two.

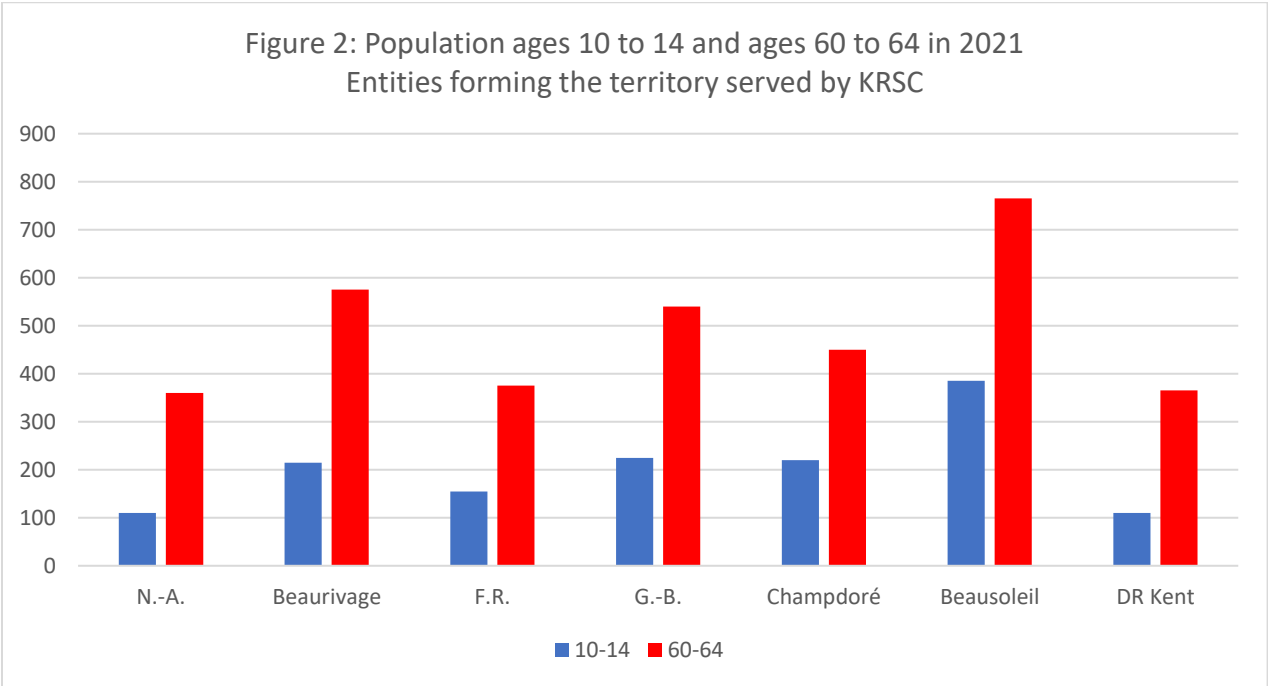
⁷ Census data doesn't allow us to determine the exact nature of these housing units that are newly occupied permanently (vacant apartments or houses, new units created in existing buildings, or cottages or other residences rented to new occupants).

4. Increased demand for housing due to baby boomers retiring

Every year, the number of persons who retire in the territory served by KRSC far exceeds the number of those joining the job market. Everything being equal, the higher the need for new workers to replace the baby boomers who are retiring, the higher the demand for housing. To get a glimpse of the number of persons reaching retirement age (65) as well as the number of young people who will reach working age between 2021 and 2026, we just have to compare the size of the cohort of people aged between 60 and 64 to that of those aged between 10 and 14 in the 2021 census. That year, there were 3,430 individuals aged 60 to 64 living in the territory served by KRSC, and 1,420 individuals aged 10 to 14. If we ignore mobility and mortality for a moment, that means that for each person who will reach the official working age in the five years between 2021 and 2026, 2.4 persons will reach the official retirement age. This difference is significantly larger than for New Brunswick as a whole, where only 1.5 persons will reach retirement age for each person who reaches working age (Figure 1).



As Figure 2 shows, the situation is significantly different from one entity to another in the territory served by KRSC. In the north, in the communities of Nouvelle-Arcadie and the KRSC rural district, for each person who reaches working age about 3.3 will reach official retirement age between 2021 and 2026. In the south, in the communities of Champdoré and Beausoleil, the ratio of those 60 to 64 to those 10 to 14 hovers around 2.0.



In sum, everything being equal, the territory served by KRSC needs more newcomers than New Brunswick as a whole to make up for the vacuum left by the gradual retirement of the baby-boomer generation. These needs are proportionally larger in the north than in the south of the area.

While the figures presented above already give us a good overview of the impact of aging on the active population in the territory served by KRSC, it is possible to produce more accurate estimates of its needs for replacement labour in the period from 2021 to 2026. The size of the active population in any region depends on two factors: (1) population distribution by active age group (ages 15 to 19, 20 to 24, 25 to 29, etc.) and (2) the activity rate (percentage of persons on the job market) for each active age group (15 and up). If we assume that the activity rates for each age group will remain constant, to estimate the impact of aging we just have to estimate the population of each active age group in 2026, multiply this by its activity rate and

compare the results to the 2021 data. In turn, the population of each active age group in 2026 can be estimated starting from the population of the next younger age group in 2021 and adjusting its size for expected mortality between 2021 and 2026. For example, we can estimate the size of the group ages 45 to 49 in 2026 starting from the group ages 40 to 44 in 2021 and adjusting its size for the expected mortality.⁸

Table 5 presents the results of these calculations for New Brunswick, the territory served by KRSC and the seven entities that make it up. These calculations are based on the average of the mortality rates by age group for the years 2018 to 2020 in New Brunswick, and of the activity rates by age group for New Brunswick in 2021. Note that Statistics Canada doesn't publish data on the activity rates by age group on the scale of the territory served by KRSC or of the entities that make it up. The calculations presented in Table 5 are based on estimates made from the available data.⁹

⁸ Mortality rates are not available on the scale of the territory served by KRSC or the seven entities that make it up. We are using here the mortality rates for New Brunswick (Statistics Canada, Table CANSIM 13-10-0710-01). Of course, the population in each age group in 2026 will depend not only on mortality, but also on net migration for the age group for the geographical entity being studied. On the other hand, since the objective of this section is to examine needs for replacement labour, we will assume here that this net figure is zero for each age group.

⁹ The census provides data on the total active population (all age groups combined) for the territory served by KRSC and for the seven entities that make it up. Activity rates vary considerably from one entity to another in the territory served by KRSC, ranging from 43.0% in the community of Nouvelle-Arcadie to 60.3% in Beausoleil at the 2021 census. These differences in activity rates reflect differences in age structures in the communities (the population of Nouvelle-Arcadie is older and includes proportionally more seniors than that of Beausoleil), as well as in activity rates by age group.

The use of data on activity rates by age group in New Brunswick (Statistics Canada, Table CANSIM 14-10-0327-01) introduces bias into our projections for the active population in 2026 in the territory served by KRSC and the seven entities that make it up. To correct this bias as best as possible while taking into account the available data, we used an adjustment factor calculated as follows for each of the eight geographical entities being studied. First, we calculated for each geographical entity the size of the active population, obtained by multiplying the population in each age group in the 2021 census by the activity rates for each age group in New Brunswick as a whole. Then we calculated the ratio of the total active population in the 2021 census to the active population given by making the above calculation. Finally, we applied this ratio uniformly to adjust the activity rates by age group in New Brunswick to get the activity rates by age group for each geographical entity. The ratios obtained in this manner are 0.807 for Nouvelle-Arcadie, 0.959 for Beaurivage, 1.030 for Five Rivers, 1.035 for Grand-Bouctouche, 1.000 for Champdoré, 1.0386 for Beausoleil and 0.867 for the KRSC rural district.

Table 5. Decrease in the active population resulting from the gradual retirement of baby boomers, 2021 to 2026

	2021	2026	Var. 2021 à 2026	
			n	%
Nouvelle-Arcadie	1160	1014	-146	-12.6%
Beaurivage	2840	2496	-344	-12.1%
Five Rivers	1750	1578	-172	-9.8%
Grand-Bouctouche	2975	2683	-292	-9.8%
Champdoré	2430	2232	-198	-8.1%
Beausoleil	4275	3906	-369	-8.6%
KRSC rural district	1480	1312	-168	-11.4%
<i>Part "A"</i>	985	873	-112	-11.4%
<i>Part "B"</i>	495	439	-56	-11.3%
KRSC	16910	15221	-1689	-10.0%
New Brunswick	401434	381798	-19636	-4.9%

As illustrated in Table 5, needs for replacement labour to make up for baby boomers retiring are twice as high in the territory served by KRSC than in New Brunswick as a whole. In the territory served by KRSC, mainly those entities located in Northumberland County and the community of Beaurivage have the highest needs for replacement labour. It's no surprise that these are the communities with the strongest concentrations of baby boomers in their population.¹⁰

Having estimated the additional labour required to fill the deficits engendered by baby boomers retiring between 2021 and 2026, we now have to translate these figures into demand for additional housing units. The vast majority of immigrants arriving in Canada as permanent residents are young adults ages 25 to 44. They also make up the vast majority of workers from outside the region who replace baby boomers who retire. Statistics Canada doesn't provide

¹⁰ Interestingly, needs for replacement labour are much lower in Five Rivers than in its neighbour Beaurivage. This is explained largely by the fact that the community of Five Rivers has more Protestant residents, while Beaurivage is made up almost completely of Catholics. In Canada, the baby-boom was more powerful in Catholic communities than in Protestant ones.

any specific data on activity rates for this age group, but does so for the group ages 25 to 54. These figures show that the activity rate for immigrants in this age group who have been in Canada for less than five years is about 83%, a figure that is quite comparable to that for people born in Canada. That means that a household of new immigrants composed of two adults is the equivalent on average of the addition of 1.66 new workers to the active population. This being said, we have to take into account the fact that new immigrants to Canada are not always couples; they sometimes arrive alone. That’s why our reference hypothesis is that new households settling in the region include on average 1.4 workers.

To account for the uncertainty related to this sort of hypothesis, along with that associated with the use of the activity rates by age group in New Brunswick adjusted as described above to estimate changes in the active population in the territory served by KRSC between 2021 and 2026, we’ve added scenarios of weak growth and strong growth in the demand for housing due to the gradual retirement of baby boomers at 15% above and below the reference scenario.

The results of our calculations are presented in Table 6. Under the reference scenario, retirements by baby boomers between 2021 and 2026 will translate to an average additional demand of **241 units a year** over the whole territory served by KRSC. The results for the weak and strong growth scenarios are 205 and 277 units respectively.

Table 6. Annual number of additional housing units to house newcomers coming to replace baby boomers who are retiring

	Growth scenario		
	weak	reference	strong
Nouvelle-Arcadie	18	21	24
Beaurivage	42	49	57
Five Rivers	21	25	28
Grand-Bouctouche	35	42	48
Champdoré	24	28	33
Beausoleil	45	53	61
KRSC rural district	20	24	28
<i>Part "A"</i>	14	16	18
<i>Part "B"</i>	7	8	9
KRSC	205	241	277

5. Increased demand for housing due to growth in employment

As already indicated, in this report we define employment growth as the level of employment estimated as necessary to maintain the current level of private sector activity and to provide existing services to a growing and aging population in the territory served by KRSC.

Table 7 gives a glimpse of changes in the active population in this region and in New Brunswick as a whole. Two major observations are inevitable. First, unlike what has happened in New Brunswick as a whole, the number of workers in the territory served by KRSC decreased between the last two censuses, despite the fact that its demographic growth was above the provincial average. In 2021, the territory served by KRSC had 335 fewer workers than in 2016, a drop of 1.9%. New Brunswick, on the other hand, experienced an increase of 2%. It is equally important to note that the number of workers in private sector industries was decreasing, both provincially (-1.4%) and in the territory served by KRSC (-6.9%). The number public sector workers, on the other hand, was clearly increasing.

Behind these figures we find mainly the aging of the baby-boomers generation (people born between 1946 and 1965). This factor shows its influence in three principal ways.

First, as we've already seen, it puts downward pressure on the number of workers, because the number of people who are retiring exceeds the young people in the region who are joining the job market. Since the population of the territory served by KRSC includes proportionally many more baby boomers, it is affected more strongly by this phenomenon than the province as a whole.

Table 7. Active population by industry, 2016 and 2021

	KRSC			New Brunswick		
	2021	2016	Var.	2021	2016	Var.
Total - Active population	16910	17245	-1.9%	389470	381795	2.0%
Industry – N/A	250	260	-3.8%	7970	7320	8.9%
All industries	16655	16975	-1.9%	381500	374470	1.9%
1.Agriculture, forestry, fishing and hunting	1155	1410	-18.1%	14815	15135	-2.1%
2.Mining, oil and gas extraction, quarries	245	360	-31.9%	3295	4345	-24.2%
3.Public services (e.g., NB Power)	40	40	0.0%	3935	3350	17.5%
4.Construction	1790	1820	-1.6%	27805	27795	0.0%
5.Fabrication	2545	2620	-2.9%	30525	32405	-5.8%
6.Transportation and warehousing, wholesale and retail	2955	2875	2.8%	73700	75030	-1.8%
7.IT industry and cultural, arts and recreation industry	370	405	-6.7%	12550	12565	-1.3%
8. Finance and insurance, real estate and rental services	470	470	0.0%	17250	16245	6.2%
9. Professional, administrative and support services	1090	1120	-2.7%	36680	36115	1.6%
10.Teaching	1155	1015	13.8%	28650	26090	9.8%
11. Health care and social assistance	2260	1915	18.0%	56515	51380	10.0%
12. Hospitality and restaurant services	680	890	-23.6%	23345	24825	-6.0%
13.Other services (except public administrations)	735	955	-23.0%	17185	17105	0.5%
14.Public administrations	1175	1085	8.3%	35260	32090	9.9%
Total, public sector (industries 10, 11, 14)	4590	4015	8.3%	120425	109560	9.9%
Total, private sector	12065	12960	-6.9%	261075	264910	-1.4%

Secondly, aging among baby boomers swells the ranks of seniors, which in turn increases the demand for health care services and for other care associated with aging. Since in many cases this care has to be provided on site, aging exercises upward pressure on labour in these industries. Here as well, this affects the territory served by KRSC more, as shown by the fact that the number of workers in the health care and social services industry (which includes care for seniors) increased almost twice as much as in the province as a whole (18%, compared to 10% for the whole provincial).

Finally, since many more people are retiring than are reaching working age, both the territory served by KRSC and New Brunswick are welcoming a large number of newcomers coming in to replace retiring workers. This in turn contributes to demographic growth, translating into an increased demand for public services like health and education. More generally, demographic growth and aging baby boomers increase the demand for locally produced goods and services. Unless enough people come in to replace workers who retire or who choose to work in the sector of locally produced goods and services, the number of jobs in exporting industries—which are essential to our long-term prosperity—runs the risk of declining. This phenomenon of “deindustrialization” is visible in Table 7, which shows job losses in industries like fabrication and professional, administrative and support services, which include in particular business support services provided by call centres or employees working from home. Conversely, the strongest growth is mainly in the sector of locally produced goods and services (public services; transportation, warehousing and wholesale and retail).

Of course, there are other reasons for the decline in employment in certain exporting industries. We note, for example, that employment in the agriculture, forestry, fishing and hunting sector dropped more steeply in the territory served by KRSC than in New Brunswick as a whole. This being said, the loss in the territory served by KRSC (-255 workers) may be partly attributable to an increase seen by the three Indigenous communities in Kent County (+100 workers), who are not included in this region. This situation may be attributable to efforts made to increase participation by Indigenous communities in industries such as fishing.

Note as well that employment in the hospitality and restaurant industry decreased more in the territory served by KRSC than it did in New Brunswick as a whole. This may be partly linked to the fact that the pandemic had a stronger effect on restaurants that did not offer drive-through service or who didn't have an opportunity to develop as much of a home delivery service as others did. Note as well that employment in the category "other services (except public administrations)" was probably affected by the pandemic, because these include services like personal care (hair salons and other esthetics services, childcare, etc.).

Taking into account the foregoing, for the purposes of this report we pose the following hypotheses for changes in employment in the territory served by KRSC:

- Employment in all industries will remain stable compared to the 2021 census, except for these sectors: construction; hospitality and restaurant services; other services (excluding public administrations); teaching; health care and social assistance; and public administrations.
- The construction industry labour force didn't grow between 2016 and 2021. However, taking into consideration significant needs for building additional units, we pose the hypothesis that this sector will increase its number of workers by 20% between 2021 and 2026. This is a conservative hypothesis, based on the extent of the needs shown in this report.
- As for the hospitality and restaurant industries and for other services (except public administrations), we assume that they will recover respectively 75% and 50% of the jobs lost between 2016 and 2021.
- Finally, we assume that public services (teaching, health and social services, public administrations) will grow at the same rate as they did between 2016 and 2021.

Table 6 shows that the number of workers in the territory served by KRSC would have to increase by an average of 258 or 1.5% a year between 2021 and 2026 to maintain the current private sector activity level and provide goods and services to a population that is growing and aging. In terms of additional demand for housing, if we assume, as we did in the following section,

that each new household is made up of 1.4 workers, that's the equivalent of 184 units a year. The table also shows the data for scenarios of weak and strong growth, which we will also set here at 15% below and above the reference scenario respectively.

Table 8. Annual increase in the active population resulting from employment growth and number of additional housing units a year to house newcomers coming to occupy the available jobs

	Population active			Housing		
	growth scenario			growth scenario		
	weak	reference	strong	weak	reference	strong
Nouvelle-Arcadie	15	17	20	10	12	14
Beaurivage	34	40	46	24	29	33
Five Rivers	22	26	30	16	19	21
Grand-Bouctouche	45	53	61	32	38	43
Champdoré	34	40	45	24	28	32
Beausoleil	57	67	77	41	48	55
Rural district	13	15	18	9	11	13
<i>Part "A"</i>	9	10	12	6	7	9
<i>Part "B"</i>	4	5	6	3	4	4
KRSC	219	258	297	157	184	212

6. Impact of factors not directly linked to the job market on the demand for housing

Until now we have examined additional housing needs related to the job market, that is, the needs for additional labour to replace baby boomers who are retiring, as well as to maintain the economic base and provide services to a growing population made up of more and more seniors. In this section, we will examine three other factors affecting the demand for housing that are not directly related to the job market: mortality, needs for additional housing units by young adults living in the territory served by KRSC, and migration related to lifestyle and the search for more affordable housing.

6.1 Decreased demand due to mortality

Mortality has a negative impact on the demand for housing. According to our calculations based on mortality rates by age group in New Brunswick, of the 34,731 residents of the territory served by KRSC in 2021, a total of 1,541 will die in the next five years. As should be expected, our results show that the impact of mortality will be greater in communities with a stronger concentration of seniors, that is, the Francophone communities in the northern part of KRSC.

A certain number of factors have to be taken into account when calculating the possible negative impact of this mortality on the demand for housing. Foremost, we must remember that many of the deaths will occur in households formed of couples. In many cases, the new widowers and widows will remain in their home for some years. In such situations, the death of one member of the couple has no immediate effect on the demand for housing. On the other hand, some deaths will occur in households made up of people living alone, widowed or not. In these cases, a death typically has the effect of “freeing up” a housing unit for a new occupant. Finally, other deaths will occur among seniors living with their children or in long-term care establishments. In these cases, their housing units have already been freed up and generally made available to new occupants.

For these various reasons, we assume as a reference scenario in this report that one death translates into a decrease in the demand for housing equivalent to 0.5 unit. In our scenarios of weak and strong growth, we assume that each death causes a decrease in the demand for housing of 0.4 and 0.6 unit respectively. This produces the following results for the projected impact of mortality on the demand for housing between 2021 and 2026:

Table 9. Decrease in the annual demand for housing due to mortality

	Growth scenario		
	weak	reference	strong
Nouvelle-Arcadie	-12	-16	-19
Beaurivage	-24	-30	-36
Five Rivers	-11	-14	-17
Grand-Bouctouche	-23	-28	-34
Champdoré	-16	-20	-25
Beausoleil	-24	-30	-37
KRSC rural district	-12	-15	-18
<i>Part "A"</i>	-7	-9	-11
<i>Part "B"</i>	-4	-5	-7
KRSC	-123	-154	-185

6.2 Increased demand due to young adults in KRSC

Each year, a certain number of young adults living in the territory served by KRSC leave the family home. This transition may occur at varying ages. To simplify, we will assume here that all the young people aged between 20 and 24 living in the territory served by KRSC in 2021 will live the family home to move into their own housing in the next five years.¹¹ In some cases they will live alone, while others will be in a couple or have roommates. For the purposes of this report, we will assume that on average they will move into housing units containing 1.5 residents. In our hypotheses for weak and strong growth, we will assume figures of 1.7 and 1.3

¹¹ This hypothesis is only posed to simplify the analysis. The fact that some young adults wait a longer or shorter time to move into their own housing doesn't have a significant effect on the results so long as we pose the reasonable hypothesis that almost all of them will eventually leave their parents' home. Note that the choice of the group ages 20-24 instead of the group ages 15-19 takes into account the fact that many young people leave the region to continue their studies. Those who choose to return to the region are accounted for in Sections 3 and 4.

residents respectively. This translates to an additional annual demand for housing that breaks down as follows.

Table 10. Increase in the annual number of housing units to house young adults leaving their parents' home

	Growth scenario		
	weak	reference	strong
Nouvelle-Arcadie	12	13	15
Beaurivage	29	33	38
Five Rivers	16	19	21
Grand Bouctouche	27	31	35
Champdoré	19	21	25
Beausoleil	33	38	44
Rural district	15	17	20
<i>Part "A"</i>	12	13	15
<i>Part "B"</i>	4	4	5
KRSC	152	172	199

6.3 Increased demand due to migration related to lifestyle and the search for more affordable housing

The final source of additional demand for housing in the territory served by KRSC consists of the influx of residents from outside attracted to the region for its lifestyle and more affordable properties. In the absence of inquiries on the subject, it is impossible to accurately estimate the number of persons who settled in the territory served by KRSC for these reasons. We can, however, calculate an order of magnitude by examining what can be called "excess migration" in relation to the New Brunswick average for adults.

We saw in Section 2 that economic migration (i.e., related to the job market) is concentrated mainly among young adults ages 25 to 44 (see Table 2). We also saw that between 2016 and 2021, the growth of groups of older adults (e.g., those who were aged 45 or older in 2016) was much stronger in the territory served by KRSC than in New Brunswick as a whole. This observation, along with the fact that population growth among these age groups was concentrated in shoreline communities in Kent County, pushed us to conclude that, all things being equal, more residents from outside settled in the territory served by KRSC for lifestyle reasons and for access to more affordable property than in New Brunswick as a whole.

In this section, we base ourselves on this rationale to get an idea of the scope of this type of migration on the territory served by KRSC during the five years between 2021 and 2026. To do so, we start from the hypothesis that the territory served by KRSC experienced economic migration comparable to that in New Brunswick as a whole between 2016 and 2021 and we also assume, to simplify the analysis, that net migration in New Brunswick was motivated by economic considerations. We saw previously that you can get a good estimate of migration in a region by comparing the population of each age group on the 2016 census (e.g., ages 25 to 29) to that of the following age group on the 2021 census (e.g., ages 30 to 34), and taking into account the mortality for each age group. Here, we repeat the exercise by calculating the difference between the demographic growth in the territory served by KRSC in 2021 and in 2026 with the same migration rates as between 2016 and 2021, as well as with migration rates identical to those experienced in New Brunswick during the same period. The difference, or “excess migration,” constitutes our measurement of migration due to lifestyle reasons and to access to more affordable housing.

Before presenting the results, it’s important to discuss the level of uncertainty associated with the approach presented below. As already indicated, this approach is based on the hypothesis that all the immigration experienced by New Brunswick between 2016 and 2021 was economic in nature, that is, related to the job market. This is certainly not the case, although the fact that the migration was concentrated among young adults does suggest that it was mostly economic in nature.

This being said, the overestimation bias introduced by this hypothesis is definitely more than made up for by the fact that the period between the 2016 and 2021 censuses doesn’t capture the spectacular influx of new residents from other provinces who moved to New Brunswick in

search of a more affordable property.¹² This sharp increase in interprovincial migration goes back to about the middle of 2021. For this reason, the following figures for the number of new residents from outside attracted to the region for its lifestyle and affordable properties undoubtedly significantly underestimate the current trend. So, they must be seen as conservative estimates. Table 11 presents the results of our calculations, with the scenarios of weak and strong growth set at 25% below and above the reference scenario respectively.

Table 11. Increase in the annual number of housing units to meet the demand due to migration related to lifestyle and/or the search for more affordable housing

	Growth scenario		
	weak	reference	strong
Nouvelle-Arcadie	4	5	6
Beaurivage	12	17	21
Five Rivers	11	15	19
Grand Bouctouche	18	24	31
Champdoré	2	3	3
Beausoleil	28	38	47
Rural district	4	5	6
<i>Part "A"</i>	-2	-3	-4
<i>Part "B"</i>	6	8	10
KRSC	80	107	133

¹² Since the third quarter of 2021, the average number of persons moving to New Brunswick is about twice as high as the average for the five years between the 2016 and 2021 censuses (Statistics Canada, Table CANSIM 17-10-0020-01).

7. Synthesis of the results and discussion

When we combine the results of the three scenarios for each of the five main components of the demand for housing (retirement of baby boomers, employment growth, mortality, young adults in KRSC leaving their parents' home, influx of residents from outside moving to the territory served by KRSC for lifestyle reasons or looking for more affordable housing), we get a multitude of possible scenarios for the projected growth in the demand for housing in the next five years (2021 to 2026). To simplify the presentation of the results, we are presenting three scenarios below. The first, the scenario of weak growth, is the most pessimistic, combining as it does the scenarios of weak growth for all five components of the demand for housing. The second does the same for the reference scenarios and the third for the scenarios of strong growth. Here are the results:

Table 12. Increase in the annual number of housing units to meet projected growth

	Growth scenario		
	weak	reference	strong
Nouvelle-Arcadie	32	35	40
Beaurivage	83	98	113
Five Rivers	53	64	72
Grand Bouctouche	89	107	123
Champdoré	53	60	68
Beausoleil	123	147	170
Rural district	36	42	49
<i>Part "A"</i>	22	24	27
<i>Part "B"</i>	14	18	22
KRSC	469	553	635

According to the reference scenario, we need 553 additional units a year to meet the projected demand for housing by 2026 for the territory served by KRSC. That's a very high number that would require a dramatic increase in the rhythm of residential construction over historical trends. As we saw in Section 2, Statistics Canada estimates that the number of occupied private housing units built between January 2016 and May 11, 2021 (reference date

for the census) was 630. If we take this figure as a good approximation of residential construction activity, we can conclude that an average of about 145 housing units were built each year during this period. More recently, the Kent Regional Service Commission reported that permits for 222 new units were issued in 2022. That means that the rhythm of residential construction activity is increasing but remains well below what would be needed to satisfy demand.

As indicated in Section 2, the number of housing units in the territory served by KRSC didn't increase between the 2016 and 2021 censuses, despite the fact that the population increased by over 1,600 residents. This is doubtless mainly thanks to a strong increase in the rate of occupation of housing units, in which these new residents could be housed. For the reasons that we have raised in this section, it is very unlikely that this feat will be repeated in coming years.

Remember that the results presented above are formulated based on maintaining the status quo, that is, that they give a glimpse of the number of additional housing units needed to maintain the current level of economic activity and existing services in the region. However, as we've seen in this report, the numbers suggest that the territory served by KRSC didn't succeed in maintaining this status quo between 2016 and 2021. This is shown in the fact that, despite significant population growth, labour decreased, particularly in the private sector.

The figures on the demand for housing presented in this report may look enormous. However, there is reason to believe that they may in fact be conservative estimates of the needs in the region for at least two reasons. The first is that, since this report rests mainly on data from the 2021 census (which took place in May 2021), it doesn't capture the recent explosion in migration of residents from elsewhere in Canada who settle in the territory served by KRSC for lifestyle reasons and/or to take advantage of lower real estate prices. The second is related to the first, that is, the dramatic increase in the influx of newcomers to the country during the year and a half following the 2021 census. Canada faces significant labour shortages, strongly linked to the aging of its population, shortages that it is trying to fill by opening its borders wide. During the 12-month period ended in September 2022, the country welcomed a record number of over 800,000 new residents, almost the double of the average level in the three years preceding the pandemic. In turn, the increase in the number of newcomers to the country has a double effect. On the one hand, it increases immigration to New Brunswick, and by that very fact it feeds the demand for housing. On the other hand, it exacerbates the affordability crisis for housing units in

major centres in Canada (particularly in southern Ontario), pushing more and more residents of other provinces to move to New Brunswick, including in the territory served by KRSC.

In short, the demand for housing may remain very strong in coming years, throughout the whole territory served by KRSC. To meet it, we must dramatically increase the rhythm of residential construction. If we don't succeed in this, the region won't be able to reach its full potential and will have difficulty maintaining existing local services. It is also to be expected that the prices of housing units will continue to increase very rapidly and that the number of residents facing difficulties with access to housing and/or who are inadequately housed will increase drastically. So, the region's quality of life and prosperity are in the balance.