

Economic Profile Series: Hamilton, Ontario Spring 2020

This series looks at select communities across Canada and highlights key labour market statistics and the role that immigration has played or could play to help these communities flourish. It is important to note that predicting future labour market demand can be challenging, as economies are always evolving. This profile uses current population and labour market trends to give a profile of how immigration might play a role in this community.

Ensuring Greater Hamilton remains an important economic engine for Ontario: the role of immigration

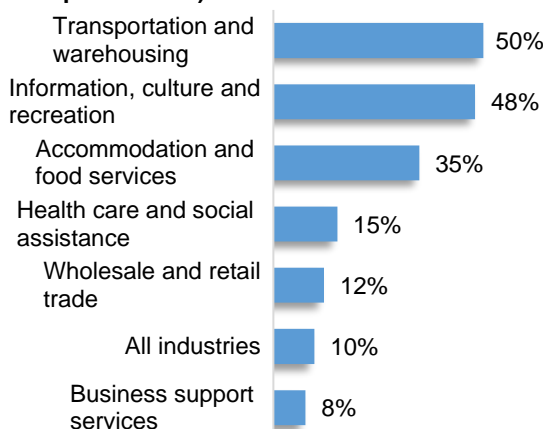
Hamilton: a fast-growing economy and population

Greater Hamilton is the third-largest urban economy in Ontario¹. The urban centre added a net 37,400 new jobs between 2015 and 2019, the ninth best employment growth rate compared to the other census metropolitan areas (CMA) across the country. Hamilton has solidified its role as a manufacturing centre supported by significant growth in service industries, including the information and culture sector, transportation and accommodation, and food services (Figure 1).

The Hamilton CMA (population 795,000) is located west of Toronto in the heart of Canada's manufacturing corridor that runs from Oshawa to Windsor. It is the 9th largest urban centre in Canada by population.

Table 1 shows some of the industries for which Hamilton has a well-above-average concentration of employment. These include the finance, insurance and post-secondary education sectors, as well as the rapidly growing home health care services industry. The urban centre also has above average employment in railroad rolling stock manufacturing, iron and steel mills, ferro-alloy manufacturing and motor vehicle and motor vehicle parts manufacturing.









Figure 1: Employment growth 2015 to 2019 for selected industries (Hamilton census metropolitan area)



Source: Statistics Canada, Table 14-10-0098-01.

¹ The Hamilton census metropolitan area includes the cities of Hamilton, Burlington and the Town of Grimsby.

Table 1: Hamilton CMA's dominant industries: employment share compared to the national economy*

 Iron and steel mills—11 times as many	 Non-depository credit intermediation—51% more
 Motor vehicle manufacturing—2.6 times more	 Home health care services—46% more
 Railroad rolling stock manufacturing—15 times more	 Insurance—31% more
 Greenhouse and nursery production—95% more	 Universities—31% more

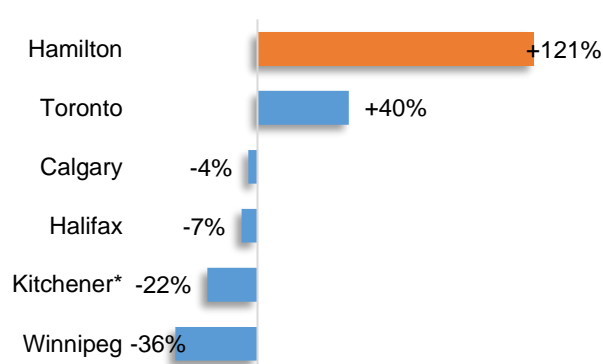
*For example, adjusted for size, the Hamilton CMA has 2.6 times as many people employed in motor vehicle manufacturing compared to the national economy. Source: Statistics Canada, 2016 Census.

Hamilton: Workforce growth is outpacing population growth

In the past few years the employed workforce in Hamilton has been growing much faster than the population overall. Between 2015 and 2019, the number of people working in the urban centre increased by 10% while the overall population increased by only 4%. In other words, the employed workforce expanded 121% faster. Many Canadian urban centres are actually growing the population faster than the workforce (Figure 2).

In the short term, growing the workforce faster than the population overall can be a good thing as it leads to less unemployment and higher workforce participation rates. However, over the longer term the urban centre will need to grow the population at a rate that ensures it has enough workers to meet labour market demand.

Figure 2: Employed workforce growth relative to population growth (2015 to 2019)



*includes Cambridge-Waterloo. Source: Statistics Canada, Tables 17-10-0135-01 and 14-10-0096-01.

As shown in Table 2, the unemployment rate across the Hamilton CMA dropped to just 4.3% in 2019 and is now fourth lowest among CMAs across Canada. Further, there are now more than 91,000 people in the workforce over the age of 55 who will be transitioning out of the workforce in the coming decade or so.

Table 2: Changing labour market indicators (Hamilton census metropolitan area)

	2015	2019	% change
Workforce	407,800	441,800	+8%
Employment	385,400	422,800	+10%
Unemployment	22,400	19,000	-15%
Unemployment rate	5.5%	4.3%	
Participation rate	63.5%	65.1%	
Workforce (55+)	82,300	91,400	+11%
Employment (55+)	79,700	88,100	+11%

Source: Statistics Canada, Table 14-10-0096-01.

There are not nearly enough young people in Hamilton to meet the needs of the future workforce. In 2009, there were 114 people living in Hamilton under the age of 20 for every 100 over the age of 60. Now there are only 87 under 20 for every 100 over 60.

Greater Hamilton's aging entrepreneurs

One of the keys to Hamilton's economic success has been its entrepreneurs. There are 37,000 people who are self-employed in the urban centre. But this group is aging faster than the overall workforce. Across all industries, 13,500 of the self-employed are 55 and older (or 36%). In the manufacturing sector, 43% of business owners are over the age of 55, as are 46% of those in finance and insurance.

Hamilton will need a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as manufacturing, finance and health care.

Critical to Hamilton's economic development: ensuring there is a talent pipeline to feed industry

In Hamilton's [Economic Development Action Plan](#), the community aspires to be the most diversified economy in Canada, have the best workforce in Ontario and be a place with thriving entrepreneurship and innovation. At the core of this ambition plan is the need for a talent pool to replace those who retire and to drive growth in new sectors of the economy.

How does Hamilton ensure the workforce is growing fast enough to address the gap arising from those retiring and feed new growth opportunities? There are several ways:

- **Attract more students to the region**

According to Invest in Hamilton, there are more than 45,000 students at the urban centre's 2 main post-secondary education institutions—McMaster University and Mohawk College. Three other institutions have campuses in Hamilton. These schools are an excellent talent feeder system into the workforce. Attracting more national and international students to the region will be an important way to ensure there are enough workers to support growth in the years ahead. In 2018 there were more than 14,500 international students (those with study permits) destined for the Hamilton CMA². This is truly a regional strength.

- **Encourage more people to join the workforce**

The tightening labour market creates employment opportunities for people who previously struggled to participate, such as women re-entering the workforce or those with disabilities. Persons aged 55 and older who are not in the labour market could also be enticed back in by being offered flexible work and other benefits. In the Hamilton CMA, only 12.4% of those over the age of 65 are in the workforce, one of the lowest labour market participation rates among this age group compared to other urban centres across the country.

- **Attract people from outside the region**

There is no doubt the biggest opportunity involves the continued attraction of young people and families to Hamilton, in large part from immigration. Since 2013, across Canada all net growth in the labour market has come from immigrants³. There is a direct correlation between immigrant attraction and workforce growth. The urban centres with the highest immigration rates have, by far, the fastest labour

² Source: Immigration, Refugees and Citizenship Canada.

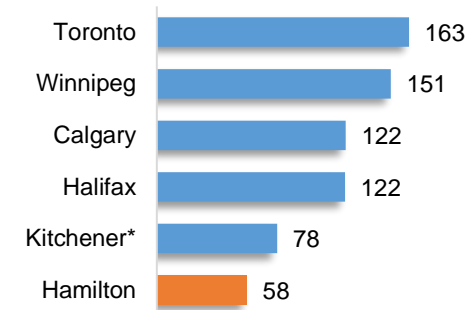
³ The number of people born in Canada exiting the workforce is greater than the number of people born in Canada joining each year.

market growth. Hamilton has benefited from an increase in immigrant attraction in recent years, but its immigration rate is still well below average among the 33 large urban centres (Figure 3).

Immigration: helping to ensure Hamilton has the workforce it needs for the future

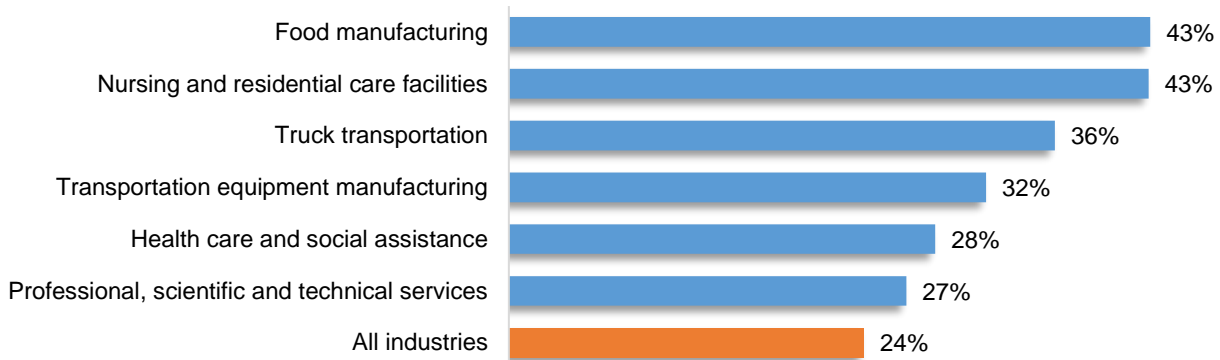
Immigrants, including French-speaking or bilingual immigrants, are already playing a vital role in the regional workforce. In the 2016 Census, nearly 1 in 4 people in the workforce were not born in Canada (24%). Forty-three percent of everyone working in the fast-growing food manufacturing sector were immigrants, as were 43% of everyone working in the nursing and residential care sector. As shown in Figure 4, other key sectors of the economy are already heavily reliant on immigrants.

Figure 3: Immigrant attraction rate per 10,000 population (2019)



*includes Cambridge-Waterloo. Source: Statistics Canada, Table 17-10-0136-0.

Figure 4: Immigrants as a share of the Hamilton workforce, selected industries

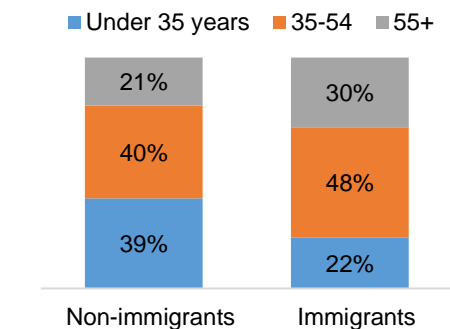


Source: Statistics Canada, 2016 Census.

Hamilton’s immigrant workforce is older

However, unlike many urban centres in Canada, the immigrant workforce in Hamilton is considerably older than the non-immigrant workforce (Figure 5). As of the 2016 Census, 30% of the workforce not born in Canada was over the age of 55 compared to only 21% among the non-immigrant workforce. Nearly 4 out of every 10 non-immigrant workers in Hamilton were under the age of 35, while only 22% of the immigrant workforce were in that age group. Attracting younger immigrants and retaining international students could help address the challenge of the aging workforce.

Figure 5: Hamilton CMA workforce by age group (% of the total)



Source: Statistics Canada, 2016 Census.

Supporting Hamilton’s French-speaking community

Hamilton has a small but important French-speaking community. There are nearly 13,000 people living in the CMA with French as their first official language spoken. Further, there are more than 48,000 people who can speak French living in the urban centre.

Hamilton has been selected as a [Welcoming Francophone Community](#) to help French-speaking and bilingual newcomers feel welcomed and integrated in Francophone minority communities outside Quebec.

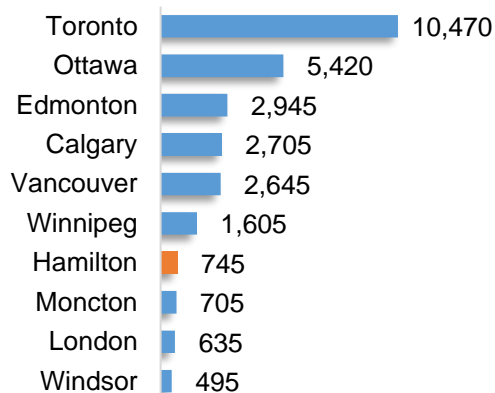
The French-speaking population plays an important role in the workforce. Although only 7 percent of the total workforce speaks French, the rate is much higher in sectors such as air transportation, education and tourism-related industries. The ability to speak French is an important asset in many services industries.

Immigration is an important way to help ensure the minority community can continue to thrive. According to the 2016 Census, 745 immigrants who settled in Hamilton between 2011 and 2016 spoke French as their first official language. This means Hamilton ranked 6th among urban centres in Canada outside Quebec for French-speaking immigrants (Figure 6). As more than 21% of the Francophone or bilingual population is over the age of 65, the community should consider continuing to attract more young Francophones in the coming years.

Helping to grow the local economy

Attracting more immigrants in the coming years could create new demand for local products and services. Every 1,000 new immigrant families moving into Hamilton with an average household income will directly generate \$90 million worth of new household expenditures—much of this spending is in the local community⁴.

Figure 6: Top 10 destinations for French speaking immigrants between 2011 and 2016 (excluding Quebec)*



*Those with French as their first official language. Source: Statistics Canada, 2016 Census.

Statistics show that these 1,000 immigrant families would spend:

- \$21 million per year on housing costs, such as mortgage payments, electricity and property taxes,
- \$13 million each year on transportation costs, such as vehicle purchases and maintenance, and
- nearly \$9 million on food expenditures at local grocery stores and restaurants.

These 1,000 new families would also generate over \$22 million worth of taxes per year for local, provincial and federal governments.

Other positive effects

Continuing to attract immigrants, including French-speaking or bilingual immigrants, to Hamilton could help support a vibrant economic and social life in many other ways. Civic and business groups will have a growing pool from which to draw members. Youth sports clubs and leagues around the region will benefit from an increasing population of young residents.

Helping to sustain high quality public services

There is a direct relationship between economic growth and provincial and local government capacity to provide high quality public services and public infrastructure such as roads, schools and hospitals. Continued growth in the economy and population can lead to a greater public investment in services and infrastructure.

⁴ Assumes the new household spending conforms to the current spending pattern in Ontario.

Older residents play an important role in the community

Residents of all ages contribute to the well-being of their communities and their province by working, paying taxes and giving back through volunteer and charitable activities. As residents of Hamilton retire and move into a new stage in life, it creates new economic opportunities in health care, personal services, and recreation industries.

But these industries should not be considered a replacement for Hamilton's important export-oriented industries such as manufacturing, professional services and tourism. In the years ahead, the community can and should benefit from the economic opportunities arising from more retirees as well as the opportunities arising from attracting and growing the younger workforce.

Hamilton in 2035

So, what will Hamilton look like in 2035? Will the region continue to have a large manufacturing cluster? Will it have continued to expand its important service industries such as professional services and tourism? Will the workforce be there to ensure the region can take advantage of new opportunities?

In the years ahead, Hamilton is poised to strengthen its role as a top urban centre across the country. Immigration will continue to play a vital role in ensuring the economy continues to grow and thrive.

For more information on how immigration matters across Canada, visit canada.ca/immigration-matters.