Population & Housing in Kelowna

In order to plan for the future, it is important to understand population growth and the related housing that will be required for those people who will reside in Kelowna in 2040. This will require projecting what the population will be, including the demographics of the population and how that will relate to the amount and types of housing that will be required for those residents.

**Population**

Population projections are important to help plan for future land uses, housing, commercial and industrial demand, and for related utility and service requirements. Projections do not give a precise picture of the future. They are intended to capture the direction of change and to provide an opportunity for action to influence the future outcome to match the city’s vision. It is important to update projections on a periodic basis so that the most up-to-date information is used.

Kelowna’s population has grown at an average annual growth rate of 2.22 per cent since 1981. However, average growth rates disguise short-term fluctuations. Kelowna has seen times of rapid growth and times of slower growth. For instance, in the early to mid-1980s, the population grew at an annual rate of only 0.7 per cent compared to the early 1990s when Kelowna was one of the most rapidly growing communities, growing at an annual rate of approximately 4.5 per cent.

DID YOU KNOW?

Kelowna’s population is projected to continue to grow at an average annual growth rate of 1.34 per cent over the next twenty years.

Kelowna’s population will change to include a higher proportion of seniors (65+).
The City has changed over time

Table 1: Total Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Compound Annual Growth Rate per period</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>0.67%</td>
<td>59,196</td>
</tr>
<tr>
<td>1986</td>
<td>4.41%</td>
<td>61,213</td>
</tr>
<tr>
<td>1991</td>
<td>3.32%</td>
<td>75,950</td>
</tr>
<tr>
<td>1996</td>
<td>1.49%</td>
<td>89,442</td>
</tr>
<tr>
<td>2001</td>
<td>2.08%</td>
<td>96,288</td>
</tr>
<tr>
<td>2006</td>
<td>1.91%</td>
<td>106,707</td>
</tr>
<tr>
<td>2011</td>
<td>1.66%</td>
<td>117,315</td>
</tr>
<tr>
<td>2016</td>
<td>1.88%</td>
<td>127,375</td>
</tr>
</tbody>
</table>

In the 2030 OCP that was endorsed in 2011, Kelowna’s population was predicted to grow at an annual rate of 1.88 per cent between 2011 and 2015, arriving at a population of 130,750 by the end of 2015. The actual growth within Kelowna was lower than predicted at 1.78 per cent yielding Kelowna’s population to be 127,375 by 2016.

For the first time in Kelowna’s history, 2016 Census data shows that the percentage of seniors (65+) is higher than the percentage of youth (0-19 year olds).

Table 2: Age Distribution

<table>
<thead>
<tr>
<th>Census Year</th>
<th>0-19 years old</th>
<th>20-64 years old</th>
<th>65+ years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>28.7%</td>
<td>55.3%</td>
<td>16.0%</td>
</tr>
<tr>
<td>1986</td>
<td>25.6%</td>
<td>56.4%</td>
<td>18.0%</td>
</tr>
<tr>
<td>1991</td>
<td>24.3%</td>
<td>56.6%</td>
<td>19.1%</td>
</tr>
<tr>
<td>1996</td>
<td>24.4%</td>
<td>57.2%</td>
<td>18.4%</td>
</tr>
<tr>
<td>2001</td>
<td>23.5%</td>
<td>57.3%</td>
<td>19.2%</td>
</tr>
<tr>
<td>2006</td>
<td>21.8%</td>
<td>58.7%</td>
<td>19.5%</td>
</tr>
<tr>
<td>2011</td>
<td>20.4%</td>
<td>60.5%</td>
<td>19.1%</td>
</tr>
<tr>
<td>2016</td>
<td>19.4%</td>
<td>59.9%</td>
<td>20.7%</td>
</tr>
</tbody>
</table>
DID YOU KNOW?

According to Statistics Canada, the working-age population, between the ages of 15 to 64 years old, will decrease between 2013 and 2030 and then will remain fairly stable between 2030 to 2040.

National migration is projected to continue to be the main driver of Kelowna’s population growth.

Kelowna’s population is anticipated to grow significantly by 2040.

Population changes have been attributed to natural increase, international and national migration. Figure 1 below shows the total growth as well as the components of growth. In Kelowna, national migration has had the highest impact on population growth. National migration has been highly influenced by residents moving from the Lower Mainland as well as from Alberta.

Figure 1: Components of Kelowna’s Population Growth

- Natural Increase
- International Migration
- National migration
- Total Growth

Population: Future Trends

National trends

According to populations projections, the share of Canadian population over the age of 65 will continue to grow. Generations that followed the baby boom are smaller because fertility is below the replacement level and all generations are experiencing a life expectancy that is steadily rising. Consequently, the demographic aging process will become more pronounced between 2010 and 2031, a period during which members of the baby boom generation will reach age 65. After that, aging will continue, but at a less rapid pace.

Projections to 2040

Based on the BC Statistics projections the City of Kelowna’s population is anticipated to grow significantly, adding approximately 50,000 residents between now and 2040, which would result in approximately 178,500 residents in Kelowna and approximately 277,000 residents regionally.

Future growth estimates cannot be based solely on historic patterns, particularly since Kelowna’s growth has had fluctuating growth rates. Therefore, it is important to base projections on trends that can be reasonably foreseen using data and planning expertise.

Kelowna’s population is projected to continue to grow at an average annual growth rate of 1.34 per cent over the next twenty years. The growth rate is based on a range of factors including birth rate, death rate, international and national migration patterns. Due to an aging population, Kelowna’s
population growth will not be reliant on natural birth increases but on population migration. National migration is an important component when considering Kelowna’s population projections. Accurately predicting future migration is difficult, however should be considered as Kelowna is a highly desired location and migration has been a critical component of historic growth. Additionally, as Kelowna continues to be more internationally recognized as a desirable destination and people continue to be priced out of the Lower Mainland, Kelowna may also see an increase in international migration.

Absolute growth in population will be accompanied by a changing pattern of the Regional District of the Central Okanagan age structure, as shown in Figure 2 below.

**Table 3: Kelowna (CMA) Projected Age Distribution**

<table>
<thead>
<tr>
<th>Year</th>
<th>0-19 years’ old</th>
<th>20-39 years’ old</th>
<th>40-64 years’ old</th>
<th>65+ years’ old</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>37,365</td>
<td>42,895</td>
<td>65,135</td>
<td>34,450</td>
<td>179,845</td>
</tr>
<tr>
<td>2010</td>
<td>38,080</td>
<td>47,100</td>
<td>68,035</td>
<td>41,670</td>
<td>194,885</td>
</tr>
<tr>
<td>2020</td>
<td>38,603</td>
<td>56,821</td>
<td>69,090</td>
<td>45,767</td>
<td>210,190</td>
</tr>
<tr>
<td>2030</td>
<td>46,040</td>
<td>61,233</td>
<td>77,123</td>
<td>60,630</td>
<td>245,026</td>
</tr>
<tr>
<td>2040</td>
<td>51,014</td>
<td>59,812</td>
<td>96,542</td>
<td>69,597</td>
<td>276,965</td>
</tr>
</tbody>
</table>

Having a growing population of seniors will change the way the city needs to be planned and built. Services, amenities and housing forms that are required by older adults need to be included in future planning activities.
There are several population trends which are critical as the City of Kelowna plans for future needs.

1. **Population is aging.** Kelowna’s population is aging and the number of seniors is expected to double between 2006 and 2040. By 2040 almost 40 per cent of those seniors (65+) will be 80 years or older;

2. **Change in family size.** Family size is decreasing due to a decline in overall birth rates, increase in death rates and increase in divorce;

3. **Change in family structure.** Family structure is changing through an increase in blended families, sharing and elderly dependency;

4. **National migration.** Intra and inter-provincial migration will continue to be the highest driver for increasing population;

5. **City identity.** The City of Kelowna will continue to grow as a retirement community (seniors) and educational hub (students). *(Note: student numbers are not fully reflected in the population projections as they are not captured as permanent residents.)* The City is predicted to also continue to diversify through changing workforces (ie: growing innovation and technology industry).

**Housing**

As of 2015, there were a total of 53,900 dwelling units in Kelowna, which is an increase of 4,230 units over a five-year period. This represents an eight per cent growth over the last Census period and is consistent with the growth in population (nine per cent) during the same time period. Of Kelowna’s total housing units, 46 per cent are single detached dwellings, 30 per cent are apartments and seven per cent are row housing. Of the housing in Kelowna, 67 per cent is ownership, 26 per cent is rental housing and the remaining seven per cent is supportive, subsidized rental housing or shelter beds.

**Current Direction of the 2030 Official Community Plan**

The 2030 Official Community Plan (OCP) has a goal of addressing housing needs for all residents. There are numerous policies that address housing including some key themes:

- **Housing needs of residents:** Address housing needs of all residents by working towards an adequate supply of a variety of housing
- **Affordability:** Support the creation of affordable and safe rental, non-market and/or special needs housing
- **Family-oriented housing:** Address the needs of families with children through the provision of appropriate family-oriented housing
- **Complete communities:** Encourage urban centres to become amenity-rich live-work communities with adequate densities to support frequent transit and amenities.

The OCP has a target of new housing units to be 57 per cent multi-unit housing and 43 per cent single family/two unit. This target was first achieved in 2015 when multi-unit housing was higher (60 per cent) than single-family/two units (40 per cent). In 2017, 64 per cent of new residential units were in the form of multi-family units, well above the 2030 OCP goal of 57 per cent.
**Strategic Direction from Imagine Kelowna**

The City and community partners recently undertook the most extensive public engagement process to date to create a new community vision for the future. Imagine Kelowna is a vision for building a prosperous and sustainable city in the face of an uncertain future. The City will use Imagine Kelowna to help shape its short and long-term planning priorities and provide the foundation for future strategies, plans and projects. Key draft directions from Imagine Kelowna include:

**Principle: Smarter**
- **Goal:** Build healthy neighbourhoods that support a variety of households, income levels and life stages

**Principle: Connected**
- **Goal:** Embrace diverse transportation options to shift away from our car-centric culture
- **Goal:** Create great public spaces that bring people together

**Principles: Responsible**
- **Goal:** Concentrate on growing vibrant urban centres and stop facilitating urban sprawl

While still in draft form, much of the work from Imagine Kelowna has reinforced the policy direction of the 2030 OCP, but drives it even further and gives it more urgency. In particular, the goals “shift away from our car-centric culture” and “stop facilitating urban sprawl” provide support for bold moves in how our City should grow in the future.

The City must move towards a housing stock that supports not only those that can afford a single-dwelling unit, but for all residents. Imagine Kelowna emphasizes the need to create housing that supports varying households, income levels and life stages. It also stresses the need for new housing units to be concentrated within the Urban Core to create a vibrant community and to reduce overall household costs for residents. A shift towards innovative forms and tenure including a significant increase in multi-unit dwellings located within the Urban Core will be required in order to house all residents.

**Housing: Future Trends**

Change in housing demand is largely determined by demographics (population totals, age distribution and family structure) and socio-economics (household income, lifestyle and housing preferences). Looking ahead, the past is no longer a good predictor of the future. With factors such as affordability, demographic shifts and change in family structure, the new housing units built between now and 2040 are likely to be different from the housing units built in the past.

**National Trends**

One factor that will change home ownership are the changes to Canada’s lending regulations which will introduce stricter mortgage policies. Beginning in 2018, changes to the Office of the Superintendent of Financial Institutions’ residential mortgage lending guidelines will make it tougher for Canadians to qualify for uninsured loans, affecting consumers with down payments of 20 per cent or more. The policy changes will include a new stress test to ensure Canadians can afford their homes even if interest rates rise, which is likely to result in many Canadians desiring more affordable forms of housing. Additionally, interest rates have recently increased and are expected to continue to rise.
It is expected that due to affordability challenges and decreasing household size over the next twenty years, a high proportion of new units will be in the form of multi-family. Through projections it shows a split of 79 per cent multi-family and 21 per cent single-family units for new growth over the next twenty years.

Across Canada, emerging trends in real estate suggest that the overall outlook for single-family residential housing is modest according to the Conference Board of Canada. Additionally, it suggests that the industry has also made a permanent shift toward multi-family construction: 2 out of 3 new homes built today in Canada are multi-family, up from less than half ten years ago. Other complementary real estate trends such as including the growth of complete communities, urban infill, seniors housing, and purpose-built rentals and all point to a shift away from single-detached housing.

Looking towards 2040 in Kelowna
Using the projection on changing housing preferences and shifting demographics, the total number of new housing units required by 2040 will be between 23,000 - 25,000 units. These housing units will look different than the housing stock of today due to affordability constraints, changing demographics and associated family structures.

Housing options today are not a predictor of housing choices tomorrow. Market choices are shifting as seen by the increase in multi-unit dwellings over single detached dwellings. Future generational shifts will also shift housing choice and location preference as housing affordability dominates as a critical determinant. For instance, this report states that the top three factors for housing for millennials is:
- The cost of housing,
- Proximity to work, and
- Access to public transit.

There are several future trends that will change the way Kelowna’s residents are housed including the following:

- **Households will become smaller.** The main household structure in Kelowna by 2040 will be single occupants or couples without children. These cohorts will require smaller housing units, allowing a 1-bedroom unit to fulfill their housing needs. These units can be met in many different types of housing forms, from apartment housing to townhomes and other types of multi-family housing.
- **House sizes will become smaller.** Based on affordability, shifting housing preferences, population projections and housing needs, it is anticipated there will be a trend towards smaller house sizes.
Residential units in the urban core. Building multi-family units within the urban core supports the City’s broader policy objectives to focus residential growth to create compact and complete communities. Additionally, encouraging housing within the urban core allows residents to choose alternative forms of transportation. This will result in reduced overall household costs, increasing affordability for residents.

Sharing models and inter-generational living. Due to numerous factors including the rise of the sharing economy, increase in home prices and aging population, there will be an increase in sharing models including intergenerational living and intentional communities. The needs and desires of aging adults require new solutions to help them age in place. These innovative models will create people of different ages and abilities to live together and foster intergenerational connections to reduce social isolation. This will also create affordable housing options for students and/or young professionals.

Change in tenure. Housing tenure is difficult to predict, however home prices are projected to increase at a faster pace than incomes, as shown by Figure 3 below. This will heighten the trend that an increase in the share of the population will be unable to afford home ownership and thus rentals will be a critical housing stock required. Through a high level analysis, it suggests there will be a higher demand for rental units increasing from 28-30% today to 35-40% in 2040. An increase in supply and stability of purpose-built rentals will be imperative for our future housing stock.

Figure 3: Forecast of Home Price to Household Income 2040 (average)

Taken together, these trends will have a profound impact on the housing residents choose to meet their needs. Looking an additional 10 years beyond the 2030 OCP, there is estimated to be a greater shift towards multi-unit housing forms. It is estimated that between 70-80 per cent of new units will need to be multi-unit in form, compared to 20-30 per cent being single detached or other forms of low-density housing.

Current challenges of the 2030 Official Community Plan

Despite the laudable policy directions contained in the OCP, the city is faced with many challenges affecting housing, including but not limited to:

- **Housing vulnerability.** Seniors, lone-parent families, persons with diverse abilities, youth and Indigenous peoples are some of the most acutely impacted by the housing constraints.
- **Housing diversity.** The current housing stock in Kelowna is mainly single family homes and apartments and lacks many of the ‘missing middle’ housing forms. Additionally, the housing stock in Kelowna is heavily weighted towards ownership and includes 67 per cent ownership and only 26 per cent rental.
- **Purpose-built rentals.** Supply is limited, vacancy rates are extraordinarily low, and market prices are high.
- **Housing affordability.** The cost of housing is predicted to continue to outpace the rise of income levels.
Additionally, the current OCP includes policies to focus residential growth within the Urban Core and away from suburban sprawl. The OCP has a target of increasing the proportion of units in the Urban Core and Urban Centres to approximately 46 per cent of all residential units. As of 2015, only 25 per cent of new residential units were in the Urban Core and 75 per cent were outside the Urban Core.

**Key Directions for the 2040 Official Community Plan**

When operating effectively, a housing system plays a pivotal role in creating great communities today and for the next generation. It enables neighbourhoods where people of all ages, abilities and incomes can find safe and healthy places to live.

In Kelowna, the goal will be to build a housing system that is healthy and resilient. The following elements will be critical to build this robust system:

- **Diversity of housing form.** As the affordability of single detached homes grows farther out of reach for many residents, it is important to increase the diversity of housing forms available to them and include the ‘missing middle’ housing types. Encouraging a variety of unit sizes will ensure that suitable housing is available for all ages, abilities and household types. Allowing and encouraging a diversity of housing forms will increase the ability for residents to become part of the ownership market.

- **Prioritizing rental.** In order to change the vulnerability levels for housing in Kelowna, it is critical to prioritize the development of secure, affordable rental buildings. Additionally, it will be important to encourage other forms of tenure including supportive housing (particularly for Kelowna’s aging population), rent-to-own and other models.

- **Affordability and accessibility.** Encouraging a variety of unit sizes and ensuring housing is available for all ages and abilities is critical to ensure there is appropriate housing for all of Kelowna’s residents. More housing versatility is required to adapt to changing needs. Housing with flexible and adaptable features will be required so that as residents age and abilities change, they can modify their homes easily and inexpensively.
Inclusiveness. Encouraging housing that is welcoming to people of all ages and abilities creates a sense of belonging, builds meaningful relationships and strengthens quality of life.

Coordination and collective action. Innovation, collaboration and collective action between all levels of government, non-profit providers, developers and the community are critical in order to make significant progress. Creating ongoing and lasting partnerships for housing will be a critical aspect to change the number of people that will be housing vulnerable.

Looking forward to 2040, there needs to be significant shifts regarding housing in Kelowna. There needs to be a housing system that is resilient, robust and flexible. The City of Kelowna needs to be a leader among many other stakeholders in our community, to support a community where housing for all residents is a top priority.

The 2040 OCP needs to focus growth in the Urban Core through land use planning and reinforcing the importance of the Permanent Growth Boundary. In order to have a successful shift towards the desired targets in the Urban Core and Urban Centres, growth needs to be contained through creating complete communities and corresponding infrastructure investment.

Explore the Story Map: Population and Housing or visit kelowna.ca/ImagineNext to see how you can influence Our Kelowna as we Grow, the Kelowna 2040 Official Community Plan update.

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i BC Statistics
ii Statistics Canada, Analysis of the results of the long-term projections, 2015
iii Statistics Canada, Population projections: Canada, the provinces and territories, 2013 to 2063, 2014
iv Statistics Canada, Population projections: Canada, the provinces and territories, 2013 to 2063, 2014
v BC Statistics
vi For projection purposes, Kelowna has therefore used an average annual growth rate of 1.34 per cent
vii Price Waterhouse Cooper, 2018
viii Resonance Consultancy, Future of B.C. Housing, 2017
ix ‘Missing middle’ includes more affordable, infill housing forms such as townhouses, duplexes, fourplexes.