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Expensive housing options make recruitment a challenge

Employers provide incentives to woo workers in Vancouver, Toronto

By John Dujay

Chris Dunne, a business development manager at Elemental, a Toronto marketing agency, is having no luck upgrading from his one-bedroom condo.

“To get a detached in the city, the price range is so high right now that you’re either going to have to buy something that’s a fixer-upper and put half-a-million bucks into it, and you are going to end up paying a million-plus to get a small, two-bedroom duplex in an outskirt neighbourhood,” he said.

“Finding a suitable space, with a small bit of green space to call our own is becoming tough. If push came to shove over the next few years, and we couldn’t find (anything) — particularly when we do have kids — we would probably relocate somewhere else outside of Toronto just because it’s so unaffordable right now.”

Dunne’s situation is not unusual, as young professionals in the Greater Toronto Area (GTA) are looking for more options beyond the one-bedroom condo, according to a survey released by the Toronto Region Board of Trade and Environics Research Group.

One-third of young professionals said they are likely to buy a home while 50 per cent want to buy in the City of Toronto and 69 per cent want to buy units with three or more bedrooms, found two surveys of a total of 1,398 people ages 18 to 40.

And while 17 per cent said they’d be OK with a townhouse, and 13 per cent would accept a semi-detached house, considerably more (51 per cent) are keen to live in a detached home.

But skyrocketing house prices in cities such as Toronto and Vancouver are making such dreams a challenge — and that could have an impact on employers looking for talented workers.

“Toronto’s housing affordability crisis stands to significantly impact our ability to attract and retain top talent — in all industries and sectors,” said Jan De Silva, president and CEO of the Toronto Region Board of Trade.

Vancouver’s experience

In Vancouver, the issue is not only affordability from a home purchase point-of-view, but also from a rental point-of-view, according to Anthony Ariganello, president and CEO of Chartered Professionals in Human Resources (CPHR) BC & Yukon in Vancouver.

“It’s very difficult to live in the city,” he said. “There’s not a lot of availability.”

For a 500-square-foot apartment, for example, renters are paying \$2,000 per month and higher in newer buildings completed in the past five years, he said.

And the job market is being affected by the high cost of living.

“(Recruiters) say they have a tough time attracting talent from the east to come here,” said Ariganello. “It was bad 10 years ago; it’s worse today because of affordability.”

The British Columbia government introduced a 15 per cent tax on foreigners buying property in August 2016 (with Toronto taking a similar step in 2017), and “that curbed it a little bit, but it seems to be picking up again,” he said.

Recruiters and employers have not been offering any salary incentives for people to move out west, said Ariganello.

“Our salaries are really not competitive to meet the demands of the high cost of living: In Vancouver, the salaries are not really higher for comparable jobs in Ontario or Quebec, or even Alberta, for that matter.”

But a lot of employers are now looking at providing loans or even housing allowances to help employees meet those budgetary constraints, along with working-from-home options, he said.

Housing, transit incentives

In Toronto, some companies are taking matters into their own hands by offering incentives to potential hires in order to offset the high cost of living.

In some cases, they will pay for the commuter train or public transit as a perk, according to Dianne Hunnam-Jones, district president for Eastern Canada at Robert Half in Toronto.

“People looking for a job don’t only look at the true money they are making; they are looking at the overall package,” she said. “They might even be prepared to take less salary if their transportation is covered.”

Other employers are taking more drastic steps, including office movement, to attract talent who might be wary of the high cost of downtown real estate in certain cities.

“We’ve seen some clients move their offices to the outskirts of the GTA in order for lower-salaried people to be able to drive and get to the office, or take a shorter commute, which is less busy and cheaper,” said Louisa Benedicto, regional director at Hays in Toronto, provider of recruitment and HR services.

And some recruiters are seeing young professionals adjust their expectations.

“There is a shift in mindset from younger generations thinking, ‘Oh, when I graduate I’ll go buy a nice house with three bedrooms and a backyard’ to ‘When I graduate, I’ll buy a condo,’” she said.

Many young professionals are choosing to work for employers that offer telecommuting options as part of the benefits, said Hunnam-Jones.

“We are starting to hear a little more of ‘I don’t like that long commute time, I prefer to work closer to home,’” she said. “It’s not a case of people saying, ‘I want to relocate out to the city’ or ‘I am looking to relocate in another city because I can’t afford a house in Toronto,’ but we are hearing ‘I want to work closer to home.’”

And even though the Toronto and Vancouver markets are seemingly out of control, they are not as bad as other world cities, according to Benedicto, who grew up in London and worked in Tokyo for years.

“If you look at somewhere like London or Tokyo, young people cannot buy, full stop,” she said.

In Canada, young people are able to get on the housing ladder if their expectations are realistic about what is available, said Benedicto.

“It’s going to be a condo, but it will be downtown.”

Ottawa sees benefits

In contrast to Vancouver and Toronto, Ottawa is benefiting from lower house prices compared to other cities.

“For many years, if I spoke to a candidate who lived (elsewhere) and asked whether they’d be interested in relocating to Ottawa, the answer was almost always no, but now more candidates are much more open to it,” said Jenna Sudds, president and executive director of the Kanata North Business Association, just southwest of Ottawa.

“As long as the real estate market in Toronto continues as it is, or continues to escalate, we will certainly see people look at Ottawa as another option in their career and in their lives.”

The Kanata tech park includes about 21,000 employees working for more than 500 companies, according to Sudds, and the interest is growing for potential employees.

“We certainly have seen an increase. We’re starting to see that trend,” she said.

A house in Ottawa could be bought for around \$400,000, said Sudds, and the commute to work is minimal.

“You could live five minutes from the (technology) park here. Obviously, your commute is next to nothing.”

Companies are “aggressively recruiting,” she said, and the city is targeting other cities with a digital campaign to attract workers. “We are very much in growth mode right now, so in this park, if the people were to materialize... we could fill 4,000 positions.”

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