Our Demographic Destiny:
What population statistics can tell us about Muskoka’s present and future

Saturday April 28, 2012
Information Sources

• District of Muskoka documents:
  ○ Community, Demographic and Economic Profiles (2011)
  ○ Growth Strategy Phase 1 (2008) and Phase 2 (2009)
  ○ Second Home Study (2005)

• Most data reflect the Statistics Canada 2006 Census
- In Muskoka we report on two different populations
- There is not necessarily a clear line between permanent and seasonal, but generally...
- The permanent population made up of those people who generally reside in Muskoka full-time, year-round or identify Muskoka as the location of their permanent residence
- The permanent population tends to be concentrated in HT, GR and BR where the employment base is also concentrated
- There is no hard and fast definition of seasonal, but the Second Home Study defines a seasonal person as someone who resides in Muskoka between 30 and 180 days per year
- Seasonal residents would be expected to identify their permanent home as in another location, although some people do identify having both a seasonal and permanent residence in Muskoka, but those folks are in the minority
- The seasonal population tends to be concentrated in ML, GB and LOB and seasonal homes tend to be on the waterfront
- In this presentation I will sometimes use the term cottagers or second home owner as a synonym for seasonal resident
- Both these populations are strongly influenced by demographic, growth and employment trends in the GGH
- Accounting and planning for both these population is a unique challenge for Muskoka
- Throughout this presentation we’ll take a closer look at these populations, their similarities, their differences and some of the challenges and considerations for today and the future
- Data about the permanent population is collected by Stats Canada, so we have a pretty accurate picture of the size and characteristics of this group over time.
- Actuals since early 1960s.
- Grown from about 25,000 to nearing 60,000.
- Generally matched growth rate of province, but with larger swings above or below the average.
- Strongest growth was in late 1980s and early 1990s.
- 1.6% growth per year.
- Growth projected to continue, but at a more modest rate of 1.3% per year.
- Growth in the permanent population is fueled both by creation of jobs and by retirees moving from the GGH to Muskoka to live here year-round. Growth in townships more driven by retirees.
- Since the late 1990s, Muskoka’s net natural population increase has been slightly negative.
- Population growth relies on a net migration.
- There are two types of migration – in-migration and out-migration.
- Because our population is growing, in-migration is greater than out-migration.

- Most in-migrants are from ON.
  - People aged 55-69 account for a greater percentage of in-migration.
  - In-migration of older adults has remained steady but is expected to accelerate over the next 25 years due to retirement of the baby boom generation.
  - Not a typical pattern of in-migration and reflects Muskoka’s popularity as a retirement destination.
  - This in-migration is less sensitive to economic conditions than in or out-migration of the working aged populations, which “follows the jobs.”

- People aged 20-29 and over 70 account for a greater percentage of out-migration.
  - Young people leave to pursue school and work opportunities.
  - Younger people are more mobile and are driven by labour market requirements and standard of living.
  - A stronger out-flow in this segment likely reflects that many jobs in Muskoka, particularly those associated with tourism, are part-time, seasonal, and lower paying jobs.
  - In fact 57% of jobs in Muskoka are attributed to meeting the needs of tourists and seasonal residents.
  - This segment of the employment base is expected to continue to grow to meet the needs of retirees and tourists as the baby boomer generation ages and moves or travels to Muskoka.
  - So this pattern of in-migration of middle aged adults and out-migration of younger adults following the job market is expected to continue.
  - Adults over 70 tend to leave due to health or mobility issues or to be closer to family in other parts of ON.
  - Larger centres tend to have more amenities, especially health services, and family can assist with care.
- The median personal income is about $25,000, 8% lower than the provincial average.
- Similarly the median household income is $53,000, 13% lower than the provincial average.
- The average age is 45, older than the provincial average of 39.
- The average household size is also smaller 2.4 compared to 2.6 provincially and has been in a declining trend due to smaller family sizes and aging of the population.
- This likely reflects the older population, in fact, only 26% of Muskoka households have children compared to 31% in Ontario.
- 38% of couples have no children, a full 10% higher than the provincial average.
- Fewer Muskokans than in the province as a whole have university degrees, whereas there is a greater proportion of people with trade certificates, likely reflecting the strong construction sector in Muskoka.
- Less than 2% of Muskokans are visible minorities, whereas 22% of Ontarians are.
Big Bulge:
-Muskoka is older than the provincial average in every age group over 50
-40% of Muskoka’s population is over 50, compared to 30% for the rest of ON
-Strong growth in 55-75+ age group, this group is growing faster than the rest of ON
-These reflect Muskoka’s popularity as a retirement destination

Small Bulge:
-Children of the big bulge
-Those under 20 are close to the provincial share

Waistline:
-People 20-49 are under-represented compared to the province
-But particularly people in the 20s and 30s are missing in Muskoka, likely due to out-migration described earlier

Pyramid base:
-Will note that there are few babies and young toddlers in the 0-4 year old range, probably because there are fewer parents in their 20s and 30s
-Declining 0-9 age group has been a continuing trend in Muskoka for about 25 years
HOUSING GAP
- Current average house prices range from $185,000 to $247,000 for non-waterfront and average rent is $850 per month
- With the current household incomes ($25K for an individual and $53K for a household), this leads to a gap between income and affordability of housing, biggest in ON
- For example, 50% of the Muskoka workforce works in trades, sales and service industries, many of which are seasonal and pay minimum wage
- Rent affordable to a person making minimum wage is able to afford $550 for rent, but the average is $850, and there would be other costs like utilities, food, and transportation
- Affordability is defined a housing cost (mortgage or rent) that is less than 30% of gross income. Given this criteria and the cost of housing, housing is unattainable for households earning less than $30,000 ($16/hour) and it is somewhat attainable for households earning $30,000-50,000 ($16-24/hour)
- When we speak about affordable housing, sometimes people associate this with families on social assistance, although these families may find challenges with respect to affordable housing, others who are affected can include older couples of fixed incomes, students just striking out into the job market, single parents, and families with two working parents who work seasonally or for minimum wage

MORE HOUSES
- Declining PPU and increasing population means more houses have to be built to accommodate the same number of people, this may lead to population decline in smaller urban areas where there are fewer new housing starts – a lower population could lead reduce the baseline population needed to support businesses and amenities
- It will also be challenge for the future to accommodate these additional dwellings in a sustainable and well-planned manner

HEALTH CARE
- An older population leads to a greater demand for healthcare and other social services
- Current difficulties with attracting enough doctors and specialists and people having to leave the area to access healthcare

LABOUR FORCE
- Remember the pop pyramid, there are very few people in their 20s and 30s
- Attracting and retaining a skilled labour force, this difficulty was highlighted by stakeholders through consultation for the Economic Strategy, with particular attention on the difficulty in attracting young skilled workers, skilled tradespeople
First bulge:
- The population bulge will age and move up the pyramid
- The 55-74 group will grow in size driven by aging of the permanent population and in-migration to Muskoka of permanent residents (either new or seasonals converting to permanent)
- When we age, our family sizes, preference, employment situation, and needs also change and this will impact future trends

Second bulge:
- As the current teens age and reach their 20s, there pattern of out-migration is likely to continue, so we lose that bulge

Pyramid base:
- As the current young children age, there will be fewer tweens and teenagers

- Overall:
  - Permanent population is projected to continue to grow in size at a faster rate than the population of Province as a whole
  - Permanent population is projected to age more rapidly than the Province as a whole
  - So let’s look at how these changes will impact the future
In addition to the current challenges of health care, housing, and labour force, which will continue based on trends in out-migration and aging of the population...

EMPLOYMENT CHANGES
- Potential growth in healthcare fields, more jobs in this sector due to aging population
- Continued shift from manufacturing to tourism-based services and retain will likely increase the percentage of the pop earning less than $20,000 per year and increase the proportion of part-time employees
- Continued issues with affordable housing
- Earlier-than-retirement relocation to Muskoka may grow due to improvements in telecommunication
- This could lead to growth in business services and knowledge based sectors as people from the GGH are able to move to Muskoka permanently and work from the cottage

RETIREMENT DESTINATION
-Housing prices for non-waterfront, although high for incomes in Muskoka, are relatively affordable compared to municipalities south of Muskoka (Simcoe, York, Dufferin), which will continue to contribute to the popularity of Muskoka as a retirement destination (selling your $500,000 house in Toronto, a $250,000 house in Muskoka seems reasonable with additional funds left over for retirement savings)
-Add this to other reasons to retire to Muskoka including the natural environment and community amenities and the trend of retiring to Muskoka is projected to continue, with the greatest impact being in the next 5 to 15 years as the first wave of baby boomers retire

SCHOOLS
-Fewer teens may lead to concerns about the future viability of schools, especially smaller schools and may lead to consideration of co-locating schools with other amenities or sharing school space with community groups or others
DEMAND FOR CONDOS AND HIGHER DENSITY HOUSING
- Growth in condominium market due to lower maintenance for an aging population and potentially lower initial purchase price for those on a fixed income
- We are already seeing this in planning where a shift has occurred in that the majority of applications received are for condominiums rather than subdivisions
- This does not necessarily mean a particular development form as condos can be mid rise buildings, towns, single family, villas, etc
- Increased demand for higher density housing types closer to amenities, this would include your typical empty nesters downsizing from a 3 bedroom single to an apartment condominium,
- From a planning perspective a shift in preference to higher density housing forms is generally considered a good thing in terms of efficient use of land and services, protecting large undeveloped spaces by keeping our communities small and compact, and creating densities conducive to alternative modes of transportation
- We are already seeing some developers asking to change approvals to include more multi-unit dwellings rather than singles, a trend which was opposite just few years ago

DEMAND FOR ADULT LIFESTYLE
- Increased demand for recreational and adult lifestyle properties for young retirees
- Demand for waterfront permanent housing will continue to be strong

SENIORS’ HOUSING
- Aging of local population results in rural to urban migration to access amenities, healthcare and assisted living opportunities
- Housing needed for lower or moderate fixed incomes where aging in place and assist living become factors – senior’s housing and institutional care facilities
- Could increase demand for higher density housing forms near amenities
- Greatest demand post 2021 when an increasing proportion of the population reaches 75+
- Unlike the permanent populations, statistics on the size and characteristics of the seasonal population are not collected by Stats Canada
- We get most of our information about the seasonal population from surveys, the first of which was sent out in the 1970s and are called Second Homes Studies
- The surveys are sent to a random sample of second home owners and can give us an idea about population size, household size, location of second homes, and spending patterns
- Because the size of the population is calculated using an average household size from the random sample generated by the survey, the size of the seasonal population is just an estimate, but a good estimate due to the high response rate to the surveys and the assistance from lake associations in encouraging members to complete the surveys
- As you can see from this graph, there appears to be a jump in the population size in the 1980s
- The previous and subsequent surveys all indicated a household size of around 4 PPU
- However, in the 1980s, that jumped to 4.9 PPU, which could be an indication of a larger household size, it could just be an anomaly in that particular random sample, or it could have been the definition of “household” that people were counted in the 1980s that would not be counted now due to a more specific definition of who would be within a “household” and who would be counted as a visitor
- It should be noted that the number of second homes did not jump in the 1980s, but has been slowly increasing over time
- Growth is projected to increase at about 0.7% per year fueled by purchases of cottages by baby boomers, mostly from the GGH, as they age and approach retirement
- In fact sales of waterfront homes and lots increased in the 2000s with no signs of slowing down
Most seasonal residents come from the GGH (that is the location of their permanent residence)
- 94% are from ON
- only 6% come from outside ON, other parts of Canada, the US or other international locations
- Here you can see why population growth and employment in the GGH so strongly impacts the size and composition of the seasonal population
Again, we do not have the same level of detailed demographic statistics about the seasonal population as we do with the permanent population because this information is generated from voluntary surveys.

- The seasonal population is about 1/3 larger than the permanent population.
- Although there are roughly the same number of seasonal as permanent dwellings, there are more people living in the seasonal dwellings.
- 3.7 average PPU, compared to 2.4.
- The average age of a cottage owner and their spouse is 56, with the seasonal population being generally older than the permanent population.
- The seasonal population has a greater proportion of adults over 55 year of age, 35%.
- Cottagers tend to have higher incomes than both the seasonal population and the rest of ON in general with 56% of seasonal households earning more than $100,000 annually compared to 10% of the permanent households and 18% of Ontario households.
First bulge:
- The size of the seasonal peaks in late 40s to 60s and has a higher representation of people aged 45-69 than the permanent population (older than perm pop)

Second bulge:
- Like the permanent pop, the second bulge likely represents the children or grandchildren of the larger peak

- There are few people in their 20s and 30s, few children under ten (which would be the children of those in their 20s and 30s) and fewer adults over 70 because with health or mobility concerns, people are less able to spend significant time at the cottage

- This overall pattern is similar to the permanent population, but can be explained in a different way as noted by David Food, the author of Boom Bust and Echo
  - David suggests that in your 20s and 30s, you are paying off student loans, establishing your career, paying your mortgage and having a family. It isn’t until your 40s and 50s when the mortgage is paid down, you are established in your career and your children are older that you have the additional income to purchase a cottage
Higher cost of cottages and taxes makes owning a second home less affordable, the starting price of a waterfront home ranges from $350,000 to $500,000 depending on location and goes up from there. Families may struggle to hold onto a cottage or potential purchaser may look for other more affordable options like fractional ownership, joint ownership, or perhaps purchasing vacant land and building later on.

- Most popular activities are boating, canoeing, kayaking, golf, fishing, using the library, taking art tours, going to festivals, and eating out at restaurants.
- These activities are typical of an older population (quieter, not as physically strenuous) – note the lack of amusement parks, waterskiing, snowboarding, concerts, ATVing and other activities associated with a younger population. That does not mean these activities do not happen, just that they are less popular based on demographics.
- This also explains why there may be fewer activities geared to youth, because there may not be the demand to make them financially viable.
In looking at future trends, purchasing of cottages in the 40s and 50s will continue to feed the bulge, which may age a bit over time and shift further to the right. But, plans for permanency in retirement and older adults no longer being able to live here seasonally due to health or mobility issues will likely keep numbers of older adults lower. The population will grow overall, but the shape of the graph may not change in the same way as the permanent population graph.
DEMAND FOR COTTAGES
- Continued demand for recreational waterfront properties both related to:
  - the projected growth of the seasonal population
  - Research shows that found that 28% of baby boomers plan to buy a vacation property or boat when they retire compared to 15% of current retirees
  - Increase density in GGH will increase pressure on recreational properties in surrounding areas like Muskoka
- Historically low interest rates are also fuelling the housing market
- Peak demand 2016-2021 would coincide with population growth in GGH of older adults at or nearing retirement age
- Diminishing supply of waterfront lots leads to increased costs for vacant shoreline land and cottage resale
- For those that don’t wish to or cannot afford to buy property, this may result in increased tourism (e.g. Use of resorts and campgrounds)
- Continued demand for both cottages and tourism opportunities may result in increased growth pressure along shorelines – both physical growth (environmental carrying capacity – limits due to environmental constraints) and social carrying capacity (social and safety limits to a lake while still maintaining character and desirability)
- The amount of development a lake can sustain without impacting water quality would be an environmental limit and the amount of boating a lake could handle, although this may have some environmental implications, would be more of a social limitation

GROWTH IN RECREATIONAL CONDOS AND FRACTIONAL RESORTS
- Growth in resort recreational condominium and fractional ownership markets due to lower maintenance and potentially a lower cost to entre the market – related to aging population and rising cost of cottages and taxes
- Considered more of an “add on” to the traditional cottage market rather than a shift, so single family cottages are going to continue to be popular, but in addition resort condominiums and fractional ownership will be another option for those who wish to purchase real estate in Muskoka
- We are currently looking at these and other trends through a review of our tourism and resort policies, the project is just in it’s infancy but one of the things that we will be looking at is the various forms of ownership for resort and the potential implications and trends and also looking at the question of whether owners of fractions or resort condos are seasonal residents or tourists

RENTING
- Rising cottage prices, taxes and carrying costs could lead to more renting, currently in the Second Homes Study only 8% indicate that they rent their cottage but interestingly, in another study cited in the Second Home Study, 40% of those planning to enter the cottage market also plan to rent their properties

MORE DIVERSITY
- Most seasonal residents come from GGH, which is growing in diversity and it much more diverse than Muskoka’s permanent population
- Increasing diversity in the seasonal population may lead to different preferences in housing, food and activities etc.
Increased conversion from seasonal to permanent, meaning that a formerly seasonal cottage is converted to a permanent residents, often a retirement residence for the owners. 11% of second home owners indicating that they plan to retire to the cottage within the next 6 years and 45% undecided, this is up from only 7% in the 1980s.

Conversions from seasonal to permanent has increased over the past 10 years and will continue through the retirement years of the baby boomer. Retirement plans may also impact winterization, access and frequency of use. The number of winterized cottages has increased from 31% in the 1970s to 44% today with 25% of owners of non-winterized cottages being planning to winterize. Year round road access to cottages has increasing from 33% in the 1970s to 51%. With more people planning to retire to their cottages, you would expect road access in the winter to increase. Despite there plans for permanency, there is really a cycle of seasonal and permanent residency. A cottage often purchased as a working adult and used as a seasonal residence for the family, then the owners retire to the cottage and it is converted to a fulltime home. However, our out-migration flow shows that once the age of 70 is attained, people tend to move to larger urban areas to be closer to amenities and health services, so the waterfront residence may be bequeathed, as 81% of owners plan to do or may be sold as 13% of owners plan to do. The dwelling then will likely become seasonal again... Beginning the cycle over.
Overall, Muskoka’s population is older than the provincial average and is expected to continue to age at a faster rate than the province. Growth is projected continue in both the permanent and seasonal and permanent populations. With a smaller PPU, this will result in more permanent homes that need to be built and continued pressure on waterfront land for seasonal dwellings. Given these overall trends...

Some of the key future challenges for Muskoka as an area, not necessarily the District of Muskoka as a corporation, related to demographic patterns include:
- Provision of healthcare and social services
- Community design and planning to support aging population, this can include everything from housing, transportation, looking at using school facilities differently, looking at how our communities are laid out
- Affordable housing for seniors, students, working families, and single parent households. This can mean many things from looking at our housing mix to permitted secondary suites or granny flat to working with the private sector to reduce barriers to the construction of affordable housing
- Protecting water-related resources from both social and environmental pressures including policies, stewardship initiatives, and education
Thank-you

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- Upcoming meetings – District Official Plan Review:
  **Open House**  **Special Meeting of Council**
  May 17th  May 28th
  11 am – 1 pm  Starts at 7 pm
  4 pm – 6 pm