Housing Affordability as a Workforce KPI



The Problem HR Is Measuring Too Late

Most HR teams are highly disciplined when it comes to tracking turnover. Dashboards are built, exit interviews are analyzed, and retention strategies are adjusted in response to emerging patterns. Yet despite this effort, many organizations continue to be surprised by sudden spikes in attrition, particularly in Canada's major urban centres.

The issue is not a lack of data. It is the type of data being used.

Traditional retention metrics are inherently backward-looking. They tell you what has already happened, not what is about to happen. By the time voluntary turnover increases, the underlying pressures driving those decisions have often been building for months, if not years. HR is left responding to outcomes rather than anticipating risk.

Housing affordability is one of the most significant of those underlying pressures, yet it is rarely incorporated into workforce analytics. This creates a blind spot at exactly the point where HR needs the most visibility.

The Economic Pressure Beneath Workforce Stability

Across cities like Toronto and Vancouver, the gap between wages and housing costs has widened dramatically over the past decade. Rent-to-income ratios for many employees, particularly those early or mid-career, now exceed levels traditionally considered sustainable. Even in markets like Calgary and Halifax, where affordability was once a relative advantage, rapid increases in housing costs have begun to erode that stability.

For employees, this is not an abstract economic issue. It is a daily constraint that affects decision-making in very practical ways. It determines where they can live, how far they must commute, whether they can save, and ultimately whether staying in their current role is viable.

What makes this particularly challenging for HR is that these pressures rarely present themselves clearly. Employees do not typically cite housing affordability as the primary reason for leaving. Instead, it shows up indirectly through language around work-life balance, relocation, or better opportunities.

Without a way to quantify and track this pressure, organizations are left

interpreting symptoms rather than causes.

Reframing Housing as a Leading Indicator

To move from reactive to proactive workforce management, HR leaders need to rethink how retention risk is defined and measured. Housing affordability should be treated not as an external economic factor, but as a leading indicator of workforce instability.

This requires integrating external data with internal workforce insights. Rent trends, home price indices, and regional cost-of-living data can be mapped against employee salary bands and geographic distribution. When this analysis is layered with internal signals such as increased relocation requests, longer commute distances, or rising absenteeism, a clearer picture begins to emerge.

For example, if employees within a specific salary range are experiencing a sharp increase in rent-to-income ratios, that group may be at elevated risk of turnover within the next 6 to 12 months. Similarly, if employees are moving further away from the workplace to manage costs, the organization may begin to see downstream impacts on engagement and productivity.

This is not about predicting individual behaviour with certainty. It is about identifying systemic pressure points before they translate into measurable attrition.

What Progressive HR Teams Are Starting to Do

Leading organizations are beginning to incorporate housing-related data into their broader workforce planning efforts. This does not necessarily require complex systems or advanced analytics at the outset. It begins with a shift in perspective.

HR teams are asking different questions.

Where are our employees located relative to cost-of-living trends?
Which roles are most affected by housing pressure?
How does compensation align with actual purchasing power, not just market benchmarks?

From there, they are building simple but meaningful indicators. These may include tracking average commute distances, monitoring relocation patterns, or analyzing exit interview data for indirect signals of financial strain.

Over time, these indicators can be formalized into dashboards that provide early warning signs of retention risk.

The Strategic Implication for HR Leadership

Recognizing housing affordability as a workforce KPI elevates HR’s role within the organization. It shifts the conversation from reactive retention management to proactive workforce strategy.

Instead of responding to turnover after it occurs, HR can begin to anticipate where pressure is building and advise leadership accordingly. This may influence decisions around compensation, location strategy, remote work policies, or even where future hiring is concentrated.

More importantly, it positions HR as a function that understands the broader forces shaping workforce behaviour, not just internal engagement dynamics.

Measuring What Actually Drives Decisions

Retention is often framed as a function of culture, leadership, and engagement. These factors are important, but they are not the whole story.

In today’s labour market, structural economic pressures play an equally significant role. Housing affordability, in particular, has become a defining factor in whether employees can remain in a role over time.

Organizations that continue to rely solely on traditional retention metrics will remain reactive. Those that expand their view to include leading indicators like housing affordability will gain a clearer, more actionable understanding of workforce risk.

The difference is not just in what they measure. It is in when they act.