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YORK REGION EMPLOYMENT AND INDUSTRY REPORT 2008

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated November 27, 2008, from the Commissioner of Planning and Development Services.

1. RECOMMENDATION

It is recommended that:

1. The York Region Employment and Industry Report 2008 (Attachment 1) be circulated by Planning & Development Services to the public, local municipalities and agencies, local chambers of commerce and boards of trades, and be made available on the corporate website.

2. PURPOSE

The Employment and Industry Report 2008 provides analysis of the information gathered in the 2008 York Region Employment Survey. The survey provides a detailed snapshot of industry and employment trends in York Region, including sector breakdowns and local municipal profiles.

3. BACKGROUND

This report is based on business information collected in the York Region Employment Survey conducted between May and August 2008. The primary method of data collection was through door-to-door interviews, with supplemental information obtained through e-mail, phone, and fax submissions. Where data could not be updated for a particular business, data was supplemented with the most recent information available from previous surveys.

Comprehensive Region-wide survey conducted in 2008

The 2008 survey was, for the second year in a row, a comprehensive Region-wide survey of all businesses across York Region (excluding farm and home-based businesses). At the aggregated level, this analysis offers an indication of how the York Region economy is performing and helps to determine whether the economic development goals of York Region are being met. In particular, the overall analysis helps us to see whether an adequate number of jobs are being generated in the Region to match the growing population.

Prior to 2007, the last comprehensive Region-wide employment survey of all businesses was conducted in 1998, with over 21,000 businesses surveyed. Between 1998 and 2006, the survey targeted high-growth areas, designated employment areas and Regional centres. It is the intent that in future years all surveys will be comprehensive, allowing for detailed year to year analysis of employment trends.

Survey monitors business and employment activity across York Region

Figure 1 illustrates the basic business information collected through the 2008 York Region Employment Survey. The business activity was recorded in terms of principal product, activity or service offered, and assigned a North American Industrial Classification System (NAICS 2002) code as defined by Statistics Canada. This information was then aggregated to allow for analysis at the Regional and local municipal level. This allows for a detailed examination of local trends and provides information at a level that is useful for investment and economic development decisions.

Figure 1: Basic Business Information Collected

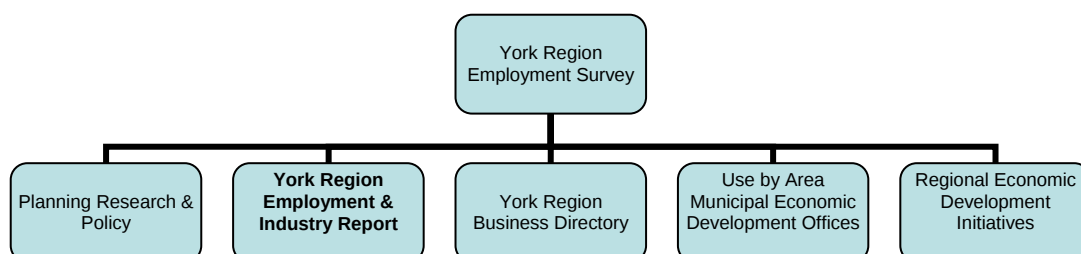
Smith Enterprises
Address: <u>17250 Yonge Street</u> <u>Newmarket, Ontario, L3Y 6Z1</u>
Primary Sector: <u>Professional and Management</u> <u>Development Training</u>
Secondary Sector: <u>Real Estate Property Managers</u>
Number of Employees: 477
Contact: Douglas Smith – VP of Finance
Phone: 905-555-8219 Fax: 905-555-8290 Email: douglas_smith@smithenterprises.ca Internet Address: smithenterprises.ca
Last Update: August 15, 2008

Source: York Region Planning & Development Services Department
2008

There are several key differences between the data gathered in the York Region Employment Survey and Statistics Canada Census data. The York Region survey gathers information directly from businesses, whereas the Census collects data from employees at the place of residence. As such, our survey collects data directly from the employment source, potentially eliminating error. In addition, the 2008 York Region Employment Survey represents a 100% sample of York Region businesses, whereas the Census is based on a 20% sample.

The monitoring of economic and employment trends requires an accurate comprehensive dataset. The York Region Employment Database is the most accurate and comprehensive listing of business and employment data for York Region. Staff at the provincial Ministry of Energy and Infrastructure (formerly Public Infrastructure and Renewal) have contacted Regional staff regarding potentially using the York Region Employment Survey as a model for collecting business and employment data across the Greater Toronto Area and Hamilton. *Figure 2* illustrates the various uses of the York Region Employment Survey:

Figure 2
The York Region Employment Survey Uses



4. ANALYSIS AND OPTIONS

4.1 EMPLOYMENT AND INDUSTRY REPORT HIGHLIGHTS

The York Region Employment and Industry Report 2008 includes sections on the national and provincial overview, an outlook for the economy in 2009, as well as a detailed summary of the 2008 York Region Employment Survey. The key findings from these analyses are summarized below.

National and Provincial Overview

The recent economic slowdown has created a great deal of global economic uncertainty on short and long term economic trends. This level of uncertainty should be considered when reviewing the following analysis:

- Despite the global economic challenges that have arisen in 2008, the Canadian economy has been able to withstand the worst of its effects thus far, closing out the year with growth in Real Gross Domestic Product (GDP) still in positive territory.
- Nonetheless Canada's Real GDP growth in 2008 is less than one percent, and below the 2.6% growth rate recorded in 2007.
- According to RBC Financial, the Province of Ontario's economy is not keeping pace with the national average, with no Real GDP growth in 2008.
- Employment in Ontario increased by an estimated 1.7% (or 111,900 jobs) from mid-year 2007 to mid-year 2008 (reflecting the same period of the York Region Employment Survey). Strong employment gains were seen in: public administration (+33,400 jobs); professional, scientific and technical services (+29,200 jobs); construction (+26,800 jobs); trade (+17,300 jobs); and other services (+16,900 jobs).
- Manufacturing at the provincial level has declined, down 14,000 jobs as of mid-year 2008. The most recent data suggests a continued decline in this sector.
- Ontario's unemployment rate is estimated at 6.5%, up slightly from 6.4% last year.

Outlook for 2009

With the continued volatility in the economic market, growth forecasts are being continuously revised, and there is not consensus among economists on the extent of the financial crisis. This should be considered when reviewing the following analysis:

- Several Canadian sources predict the Canadian economy will rebound in 2009, while others forecast growth will be lower in 2009 than in 2008 overall.

- Meanwhile the international Organization for Economic Co-operation and Development is predicting Canada will lead the recovery of G7 Nations, but growth levels will be negative in 2009, recovering in 2010.
- Despite being affected by the prolonged economic slowdown expected in the United States, Canada's economy is expected to outperform that of the U.S. in 2009.
- In York Region, a number of non-residential construction projects are currently under construction (with non-residential construction valued at \$710 million in the first ten months of 2008), which will provide local employment opportunities both in the construction phase and upon completion. This level of building permit activity (using existing ratios) is expected to generate approximately 10,000 to 15,000 jobs.
- There is also a large stock of new residential housing units under construction and scheduled for occupancy in 2009. These units will also increase the demand for population-based employment such as health care, education, retail trade and personal services in the coming months.

York Region 2008 Employment Survey Highlights

The 2008 York Region Employment Survey suggests that employment trends in York Region are generally positive. The results of the survey are summarized below:

- York Region's employment growth rate (3%) has outpaced both the national and provincial averages over the past decade.
- Between 2007 and 2008, employment in the Region grew by over 13,000 jobs.
- Service-oriented jobs account for approximately 74% of total employment in York Region, representing the largest proportion of total employment.
- Since 1998, service-oriented jobs have increased 4.6% per year, which can be attributed to the increased demands of a rapidly expanding population as well as an emerging knowledge based economy.
- Strong employment growth was evident in a number of sectors, with health care and social assistance, F.I.R.E. (finance, insurance and real estate), business services, retail trade, and education all more than doubling their employment totals since 1998. *Figure 3* below illustrates the employment growth by industry sector between 1998 and 2008, and 2007 to 2008:

Figure 3
York Region Employment by Industry, 1998, 2007 & 2008

Industry Sector	Number of Jobs in 1998	Number of Jobs in 2007	Number of Jobs in 2008	Percentage Growth 1998-2008	Percentage Growth 2007-2008
Business Services	40,700	67,300	67,900	66.9%	0.8%
Personal Services	46,100	62,200	64,100	39.1%	3.0%
Retail Trade	35,700	54,500	57,900	62.4%	6.3%
Wholesale Trade	32,500	31,700	32,200	-0.8%	1.6%
Finance, Insurance, Real Estate & Leasing	18,100	24,400	30,200	66.5%	23.9%
Health Care & Social Assistance	15,000	25,100	26,800	79.2%	7.0%
Education	12,100	19,200	19,200	59.1%	0.3%
Transportation/Warehousing	11,000	16,100	16,300	47.9%	1.5%
Public Administration	8,200	11,500	12,500	51.5%	8.8%
SERVICES-PRODUCING	219,300	312,000	327,200	49.2%	4.9%
Manufacturing	75,700	86,500	83,300	9.9%	-3.8%
Construction	23,300	25,700	27,600	18.4%	7.3%
Utilities	1,600	1,100	1,000	-41.1%	-10.2%
Primary	1,400	800	800	-40.8%	6.4%
GOODS-PRODUCING	102,000	114,000	112,600	10.4%	-1.3%
TOTAL	321,400	426,000	439,800	36.8%	3.2%

Source: York Region Planning and Development Services, 2008.

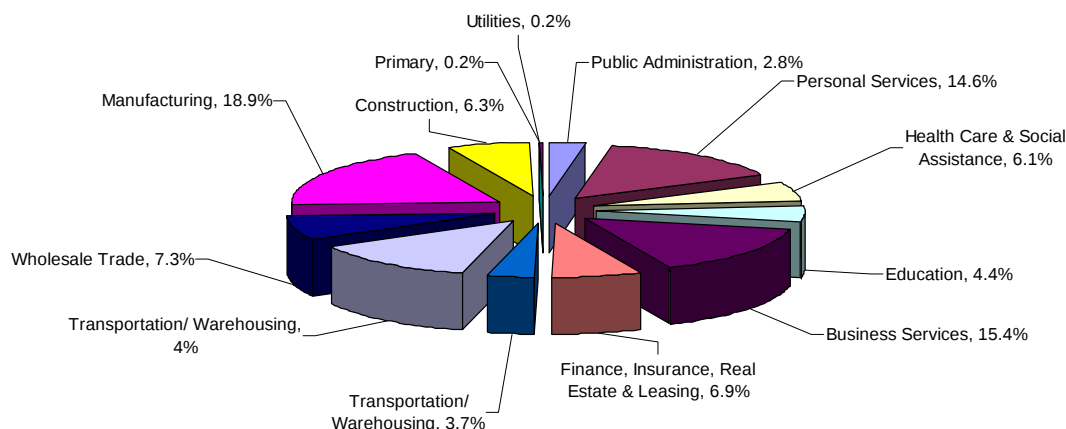
(1) Employment totals do not include home and farm based businesses

(2) Jobs with an unclassified business activity have been redistributed based on the distribution of known industries

(3) Job totals by industry sector are rounded to the nearest hundred

- Strong residential building activity fuelled a 6.7% increase in construction employment between mid 2007 and mid 2008.
- Between 2007 and 2008, manufacturing employment in York Region declined 4% (or 3,300 jobs). These jobs losses were the result of existing manufacturers downsizing and the closure of a small number of businesses in the sector. York Region staff will continue to monitor manufacturing employment trends and report periodically on key findings.
- Manufacturing remained the primary employer in the Region (19% of the total employment), growing 10% between 1998 and 2008. Despite this employment growth, the proportion of manufacturing employment decreased within the survey area from 24% (or 75,700 jobs) in 1998 to 19% (or 83,200 jobs) in 2008.
- A diverse economy helps withstand downturns. The diversity of York Region's 2008 employment by industry sector is graphically illustrated in *Figure 4* below:

Figure 4
Employment by Industry, 2008



Source: York Region Planning & Development Services Department, 2008.

- Employment in York Region is predominantly comprised of full-time workers (76%).
- Approximately 6% of surveyed firms reported involvement in exporting activities. Approximately 84% of firms did not report export activities, and 10% were unsure of their exporting activities.
- The vast majority (84.8%) of firms in the Region employ less than 20 employees (see Figure 5).

Figure 5
Businesses by Size, York Region, 1998, 2007 & 2008

Business Size Category	1998	2007	2008
Small (1-19 employees)	17,650	23,070	23,140
Medium (20-99 employees)	2,590	3,300	3,400
Large (100-499 employees)	480	650	690
Very Large (500+ employees)	34	58	62
Total	20,750	27,070	27,290

Note: Excludes home and farm-based businesses.

Totals may not add due to rounding.

Source: York Region Planning & Development Services, 2008.

- The number of large and very large firms in York Region has grown significantly since 1998, with increases of 42% in large businesses and 82% very large businesses.

4.2 LOCAL MUNICIPAL PARTNERSHIP

Regional staff continues to lead the Employment Database Working Group, working with our local municipal partners to jointly collect local business and employment information. This partnership helps to enhance the coverage area of the annual survey and eliminate the duplication of services. Local municipalities were supportive in providing financial aid that allowed for the hiring of additional student surveyors and provided information and feedback on the employment characteristics within their area.

All nine local municipalities participated in the 2008 employment survey and we expect all municipalities to continue their support in 2009.

4.3 SURVEY IMPROVEMENTS

In 2006, York Region introduced a reformatted employment survey that featured electronic surveying (via Tablet PC's). The revised survey methodology allowed York Region to reduce the costs of surveying and improve the feasibility of a comprehensive Region-wide survey.

The 2008 survey again featured electronic surveying as well as an improved data verification process that has improved survey accuracy and efficiency and has allowed for much earlier reporting. As a result, survey data was available several months earlier than in past years. It is the intent of staff to continue to survey and update this database each year in the future to monitor local business and employment trends. Area municipal data has been distributed to local municipalities to provide for custom analysis at the local level.

4.4 RELATIONSHIP TO VISION 2026

The Employment & Industry 2008 Report supports the Vision 2026 goal of creating a vibrant economy through it's accomplishment in satisfying requirements in all three key action areas within this goal statement:

1. **Attracting and Supporting Businesses.** By providing employment growth data to local business development centres and publishing reports on economic trends to build more global awareness of York Region's strengths as a destination to live, work and play, the action area of attracting and supporting businesses is realised.
2. **Encouraging Continual Learning.** Through the monitoring of emerging employment sectors and economic trends, future workforce and education needs are identified in accordance with the continual learning objective.
3. **Promoting and Supporting Innovation.** The monitoring of historical employment growth trends in designated employment areas also supports the objective of promoting and supporting innovation through facilitating job creation in existing employment areas.

5. FINANCIAL IMPLICATIONS

The economic indicators presented in this report will allow Regional staff and Council to evaluate and respond to changes in the Region's economy. The collection of employment and business data plays a vital role in monitoring changes in the Region's economy, estimating the Regional assessment base and forecasting of future infrastructure and service requirements.

In addition, database products including electronic business directories offer an additional revenue source for the Region that can be used to maintain the database. The York Region Business Directory 2008 is currently priced at \$180 for the CD-ROM version. The 2008 employment survey was provided for in the Planning and Development Services Department 2008 budget.

6. LOCAL MUNICIPAL IMPACT

Information contained in the attached report presents employment analysis at the area municipal level and for the towns and villages in the Regions rural municipalities. This information was collected with the assistance of all nine local municipalities through the efforts of the York Region Employment Database Working Group. As a result of this partnership, the survey covered 27,000 firms in 2008.

A detailed economic profile of each area municipality is contained in the attached report. Area municipal staff has been consulted in the preparation of the area municipal profiles. The adoption of the Employment & Industry Report's recommendations will provide all those using this document with a summary of York Region's economy at the Regional and area municipal level, which can be used as a basis for decision making, strategic planning and attracting new business.

Moreover, as previously mentioned, this initiative has received full participation from the area municipalities, which is expected to continue for the 2009 survey.

7. CONCLUSION

This report analyses the state of Regional employment growth and the economy. Over the past ten years, employment growth in York Region is on target with projections and exceeds both national and provincial averages. It is estimated that there are approximately 29,500 businesses employing 495,000 people in York Region in 2008. (This estimate represents total employment in the Region, including both farm and home-based businesses.)

The past decade has also seen a progressive shift towards service-producing jobs, which now account for 74% of total employment. The fastest-growing industry sectors between 2007 and 2008 were: finance and insurance; management of companies and enterprises; arts, entertainment and recreation; public administration; real estate, rental and leasing. Growth in service-producing industry sectors helps to support our rapid population and employment growth. 2008 ICI building permit activity as of October 2008 (using existing ratios) is expected to generate approximately 10,000 to 15,000 jobs.

York Region manufacturers have experienced employment declines of approximately 4% per year over the past 2 years. Moreover, since the conclusion of the 2008 employment survey, additional manufacturing jobs have been lost in several York Region municipalities. York Region staff will continue to carefully monitor manufacturing employment in York Region and periodically report on key findings.

York Region has been successful at attracting a number of very large businesses over the past decade. During this period, the number of businesses employing more than 500 employees has increased from 34 to 61 firms. This increase reflects York Region's ability to attract high quality employers as a preferred business location in the GTA.

The York Region Employment Survey, upon which the Employment & Industry Report 2008 is based, is one of only a few surveys of its kind in all of Ontario. The information gathered through the survey is used to better understand the Regional economy, to forecast employment trends as well as monitoring economic development goals.

For more information on this report, please contact Anthony Ierullo, Planner at (905) 830-4444 Ext.1537, or John Waller, Director of Long Range and Strategic Planning at (905) 830-4444 Ext.1525.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)