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ECONOMIC AND DEVELOPMENT REVIEW 2003

The Planning and Economic Development Committee recommends the following:

1. **The presentation by Diane Pomeroy, Senior Planner, Long Range and Strategic Planning, be received;**

2. **The recommendations contained in the following report, March 31, 2004, from the Commissioner of Planning and Development Services be adopted:**

1. RECOMMENDATIONS

It is recommended that:

1. This report and the attached Economic and Development Review 2003 be received for information purposes.

2. The Economic and Development Review 2003 be widely distributed by Planning and Development Services staff to stakeholders including area municipalities, Chambers of Commerce, Boards of Trade and libraries, as well as made available on the Region’s web site.

2. PURPOSE

The purpose of the Economic and Development Review 2003 is to report on and analyze key economic and demographic indicators for York Region. The report is also intended to give Council a national perspective of economic indicators used to measure the growth and competitiveness of the Region’s economy. This information is used by Regional Council as well as public and private sectors as baseline information to prepare such things as economic investment strategies.

3. BACKGROUND

The Economic and Development Review has been published on a semi-annual basis since 1995. This year’s report highlights a number of year-end economic indicators which show that York Region’s economy has continued to grow throughout 2003. Interestingly, the pace of growth in the industrial, commercial and institutional (ICI) construction sectors in 2003 increased. The increase in ICI construction is likely part of the economic recovery that followed the economic challenges of the first half of 2003. The recovery is fuelling economic activity and positively impacting consumer confidence. As a result, investment increased in the last quarter of 2003 as many corporations are undertaking major investment decisions involving real estate. Similarly, there is a decline in overall vacancy rates for the first time in several years. This is also a sign of economic recovery.

Nationally, the Canadian economy displayed a notable recovery in 2003, outperforming all other G7 nations in growth despite ongoing economic uncertainty in the United States. In 2003 the Canadian economy created approximately 334,000 new jobs, the majority of these positions being full time. In spite of the challenges in 2003 including the SARS outbreak, mad cow disease, the B.C. forest fires, and the Ontario power blackout in August, the Canadian economy rebounded slightly in the fourth quarter of 2003 from a contraction in the second and third quarters. Overall, the Canadian economic growth averaged 1.9% in 2003, and business confidence started to go up in the last quarter of 2003.

While residential construction declined by 12% in 2003, the value of non-residential construction permits rebounded from 2002 levels. The value of ICI construction increased by 47% in 2003. This was due to increased demand for commercial (retail), industrial floor space and institutional construction as well as low interest rates in the money market.

Economic indicators showed how the sluggish U.S. economy negatively impacted Canada in the early part of 2003. As a result, most major Canadian banks revised growth forecasts downward slightly for 2003. However, job gains experienced in 2003 helped to sustain the housing market and consumer spending patterns in the year. In addition, stimulating measures by the Federal government (including such things as lower interest rates, increased expenditures on health and defense, growth in employment in public administration and maintaining a positive current account balance) also provided the economy with a boost.

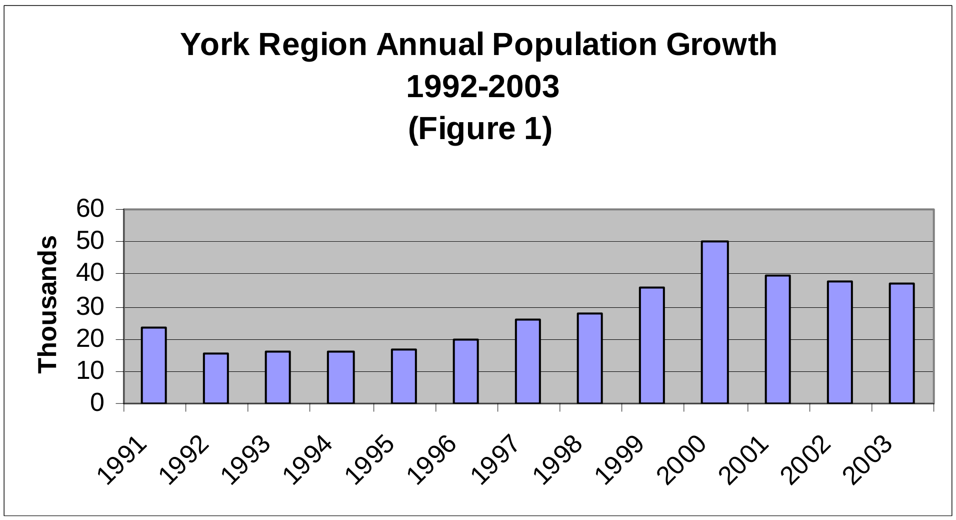
3.1 Highlights

- York Region was home to 866,800 people as of December 31, 2003. Compared to 2002, this represents an increase of 34,500 persons.
- During 2003, 27.0% of the Greater Toronto Area's (GTA) population increase occurred in York Region.
- There were 10,410 homes completed and 11,049 new residential units started within York Region during 2003.
- There were building permits issued for 10,143 residential units in York Region during 2003.
- The Region's total estimated construction value for 2003 was $2.73 billion, an increase of $300 million from 2002.
- In 2003, York Region's residential construction was valued at $1.85 billion, a 12% decline compared to the 2002 residential construction figure.
- Industrial construction, valued at $280 million, increased by 85% and commercial construction, valued at $330 million, increased by 52% compared to 2002.
- Institutional construction, valued at $261 million, increased by 18% compared to the 2002 institutional construction figure.
- In 2003, 32% of the total construction value in York Region was generated by industrial, commercial, and institutional (ICI) construction. By comparison in 2002, 22% of the total construction value was generated from ICI construction.

- The Region's employment has increased by approximately 10,000 jobs since December 2002. There are approximately 415,000 jobs in the Region as of December 2003.
- The unemployment rate, as of December 2003, was estimated to be 5.7% in York Region.

4. ANALYSIS AND OPTIONS

York Region continued to grow at a rapid pace throughout 2003, although slightly less than recent years. The total population of the Region was estimated to be 866,800 by December 31, an increase of 34,500 persons from the 2002 population figure.



Source: York Region Planning and Development Services Department, 2003

York Region's strong population growth rate in 2003 (4.2%) has increased the Region's proportion of the GTA total population. In 1997, York Region's share of the GTA population was 13.1%; in December 2002 it was 15%. In 2003, York Region accounted for 27% of population growth in the GTA, the largest single share of the GTA total.

In 2003, housing starts were down by 7.5% from 2002 with 11,049 starts. Similarly, housing completions were also lower in 2003 with the completion of 10,410 homes.

The number of resales for single family detached homes in York Region in 2003 (9,121) was up 3.8% from the number sold during the same period in 2002 (8,790). The total resales of multi-family dwellings in the Region were also up. The resales of semi-detached units were up 6.3%, resales of row houses were up 15.5% and resales of condo apartments were up 4.2%. The total value of all resales amounted to $4.5 billion in this period. The average value for the resale of a single family detached unit increased, by 7.7%, to $378,037 up from $351,148 one year ago.

Total construction in York Region for 2003 was valued at $2.73 billion, an increase of $300 million (1.1%) from 2002. The value of residential construction was 12% lower across the Region compared to 2002. However, industrial construction increased by 85% and commercial construction increased by 51%. Institutional construction also increased by 18%.

In 2003, draft approval was given to 1,983 dwelling units in 17 Plans of Subdivision and 1,027 units in 8 Condominium Plans. With a total of 47,300 draft approved and registered units, the Region has a 5.3 year supply of draft approved and registered units, which is within the three to seven year supply target range of 8,750 housing units per year as outlined in the Regional Official Plan.

The number of jobs in York Region is estimated to have grown by approximately 10,000 in 2003. With about 415,000 jobs in York Region as of December 2003, the number of jobs has increased by approximately 109,000 jobs since 1998. Due to an increased labour force participation rate, the Region's unemployment rate is approximately 5.7%, which is lower than the GTA unemployment rate as a whole. Together these factors indicate that in spite of the economic challenges of 2003, the diversified regional economy remains resilient.

The Economic and Development Review 2003 also includes some national comparisons. These comparisons include cities, Regions and Regional Districts as defined locally. York Region's population ranks sixth compared to all urban areas across the country (Table 1).

Table 1
Canada's Largest Municipalities 2003

Rank	Municipality	Population
1	City of Toronto	2,666,100
2	Greater Vancouver Regional District	2,126,800
3	Montreal Urban Community	1,812,700
4	Peel Region	1,151,400
5	City of Calgary	922,000
6	**York Region**	**866,800**
7	City of Ottawa	839,500
8	City of Edmonton	698,000
9	City of Winnipeg	644,500
10	City of Quebec	513,400

Source: York Region Planning and Development Services, 2003 based on information supplied by their respective planning departments or websites.

The number of residential building permits issued for new dwelling units in York Region in 2003 ranks York Region fifth in Canada (*Table 2*). The value of these residential permits places York Region fourth in the country (*Table 3*).

Table 2
Comparative Residential Building Permits Across Canada 2003

Name of Municipality	Number of Building Permits for new Units
1. Greater Vancouver Regional District	15,081
2. City of Toronto	13,725
3. Peel Region	13,041
4. City of Calgary	12,075
5. York Region	**10,143**
6. City of Montreal	9,808
7. City of Edmonton	8,488
8. City of Ottawa	6,373
9. Durham Region	6,164
10. Halton Region	5,704

Source: Statistics Canada Building Permits and York Region Planning and Development Services, 2003.

Table 3
Comparative Residential Construction Values Across Canada 2003

Name of Municipality	Construction Values ($'000)
1. Greater Vancouver Region District	2,754,497
2. Peel Region	2,378,143
3. City of Toronto	1,933,094
4. York Region	**1,854,237**
5. City of Calgary	1,478,503
6. City of Montreal	1,077,384
7. Durham Region	1,072,335
8. Halton Region	991,061
9. City of Ottawa	957,864
10. City of Edmonton	659,460

Source: Statistics Canada Building Permits and York Region Planning and Development Services, 2003.

Industrial, Commercial and Institutional (ICI) Construction Activity

The total of all industrial, commercial and institutional construction (ICI) values in York Region in 2004 places the Region sixth in the country (*Table 4*).

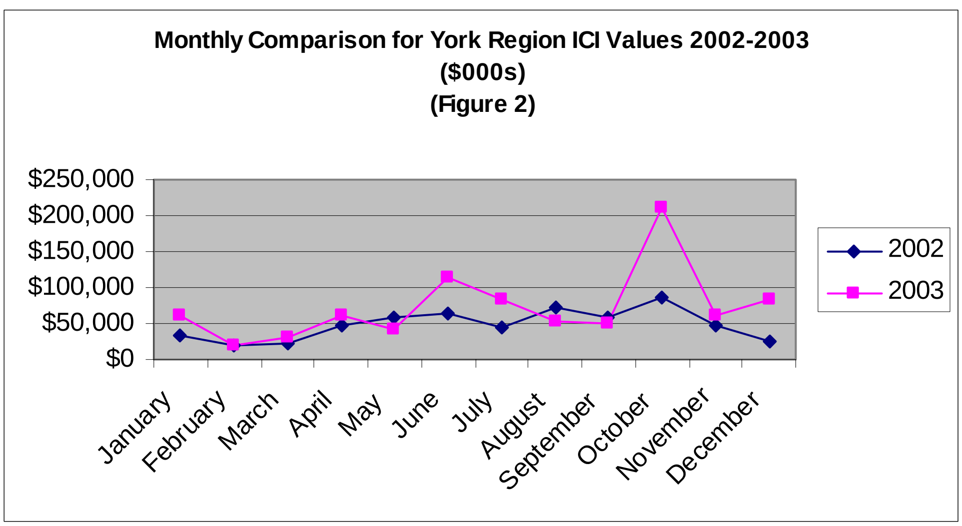
Table 4
Comparative Industrial, Commercial & Institutional Construction Values across Canada 2003

Rank	Name of Municipality	Construction Values ($'000)
1	City of Toronto	1,792,885
2	City of Montreal	1,058,281
3	Peel Region	1,034,434
4	City of Calgary	963,296
5	Greater Vancouver Regional District	921,806
6	**York Region**	**872,664**
7	City of Ottawa	618,570
8	Halton Region	593,994
9	Durham Region	530,210
10	City of Edmonton	382,594

Source: Statistics Canada Building Permits and York Region Planning and Development Services, 2003.

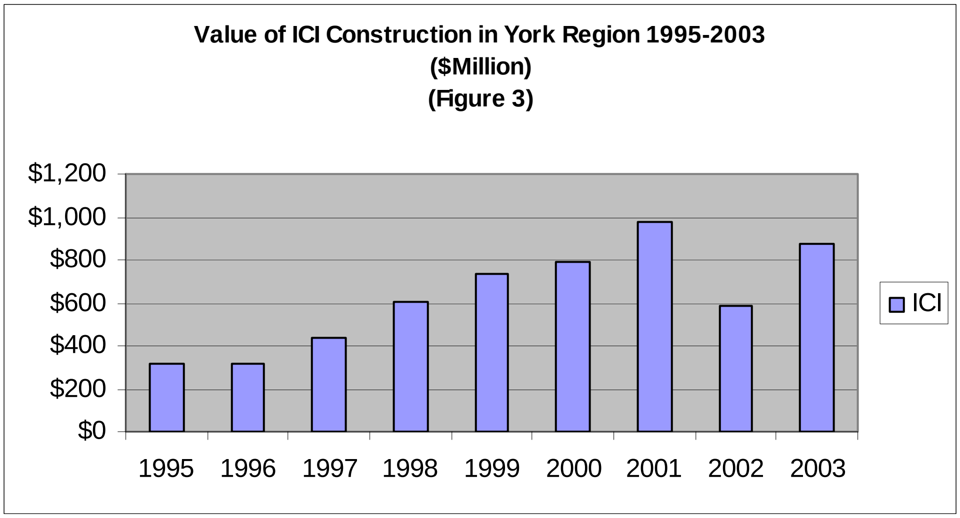
In 2003, the Canadian economy experienced many challenges but managed an average growth of 1.9% for the year. Non-residential construction witnessed an increase of 47.4% as compared to a year earlier (Figure 2). On the other hand, there was a decline in the residential construction by 12% as compared to 2002.

The increase in York Region's level of non-residential construction can be attributed to increased demand for commercial (retail), industrial floor space and institutional uses. Second, it can also be seen as evidence of recovery from the tensions surrounding geopolitical events combined with a sluggish U.S. economy in the first half of 2003. According to the Department of Finance and real estate sources, this signals a gradual build up of consumer confidence.



Source: York Region Planning and Development Services Department, 2003.

The value of ICI construction in York Region has increased steadily in each of the last eight years. Since 1994, the annual value of non-residential construction has increased from $271 million to $976 million in 2001 (Figure 3). The non-residential construction was so strong in 2001 (a record year) that it had a dampening effect on the ICI construction values for 2002. The ICI construction picked up again in 2003 and continued to follow the historical growth pattern.



Source: York Region Planning and Development Services Department, 2003.

The total of all construction values in York Region in 2003 places the Region fourth in the country (Table 5).

Table 5

Cross Canada Comparisons of Total Construction Value

Rank	Municipality	Total Value ($'000)
1	City of Toronto	3,725,979
2	Greater Vancouver Regional District	3,676,303
3	Peel Region	3,412,577
4	**York Region**	**2,726,901**
5	City of Calgary	2,441,799
6	City of Montreal	2,135,665
7	City of Edmonton	1,042,054
8	City of Ottawa	1,576,434
9	Durham Region	1,602,545
10	Halton Region	1,585,055

Source: Planning and Development Department based on Statistics Canada Building Permit Reports.

The Regional Official Plan recommends a 3-7 year supply of draft approved and registered lots and blocks for housing. The Region has a total of 39,180 draft approved (currently under review) and 8,168 registered units (total 47,348).

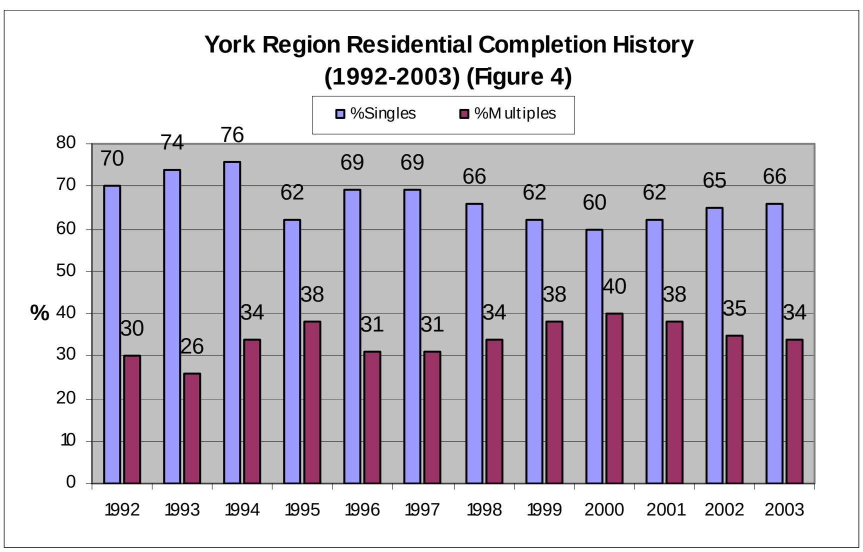
The Region's Housing Strategy recommends regular Council updates on the mix of housing units being approved and constructed. Table 6 presents the mix of units in Plans of Subdivisions and Condominiums approved in 2003.

Table 6
Unit Breakdown in New Subdivisions & Condominiums 2003

	Percentage of Dwelling Units (%)			
	Single Detached	**Semi-detached**	**Row House**	**Apartment**
Draft Approved	45%	9%	22%	23%
Registered	56%	14%	21%	8%

Source: York Region Planning and Development Services, 2003.

A majority of the residential units completed in 2003 were for single detached units *(Figure 4).* These made up 66% of the total, while 8% were for semi-detached units, 19% were for row house units and 7% were for apartments. Single detached units accounted for as much as 100% of the completions in East Gwillimbury and as little as 45% and 56% of the completions in Newmarket and Richmond Hill respectively. In examining the residential unit completion mix over the last five years, the percentage of single family homes completed has remained in the 60%-66% range. Subsequently, the percentage of multiple units completed has been in the range of 34-40%. The Region's Housing Directions Report and Regional Official Plan calls for more of a balance in new housing construction. This trend will be monitored closely over the course of 2004.



Source: Canadian Mortgage and Housing Corporation, 2003

4.1 Relationship to Vision 2026

The Economic and Development Review 2003 supports the economic vitality section of Vision 2026. Through the continued monitoring of economic trends, the Region can gauge the competitiveness of its economy and evaluate and respond to changes.

Furthermore, the Economic and Development Review highlights and showcases the Region's strengths as a destination to live, work and play.

5. FINANCIAL IMPLICATIONS

The economic indicators presented in this report will allow Regional staff and Council to continue to monitor, evaluate and to respond quickly to changes in the Region's economy. Printing and distributing the Economic and Development Review 2003 is provided for in the approved budget.

6. LOCAL MUNICIPAL IMPACT

Regional economic indicators, as presented in this document, are important in evaluating economic trends across the Region. The adoption of the Economic and Development Review's recommendations will provide all those using this document, including local municipal economic development and planning officials, with a summary of York Region's economy, which can be used as a basis for making decisions, devising strategies and attracting new businesses to the Region.

7. CONCLUSION

The Region's population and employment growth remain strong, industrial, commercial and institutional construction growth rates increased by 47% although non-residential building permits fell by 12%. The Region's population is estimated to be 866,800 in 2003, an increase of 4.2% over the December 2002 population figure.

It is recommended that the attached Economic and Development Review 2003 report be received for information. It is proposed that the report be printed and distributed widely to area municipalities, Chambers of Commerce, Boards of Trade, other business groups, libraries and other stakeholders. This report will also be posted on the Region's web site. The Region's Economic Development Department will also use this report to provide vital data on the Region to employers in York Region, as well as businesses considering locating in York Region.

The Senior Management Group has reviewed this report.

(A copy of the attachment referred to in the foregoing is included with this report and is also on file in the Office of the Regional Clerk.)