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ECONOMIC DEVELOPMENT REVIEW 2006

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated April 26, 2007, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that:

1. The Economic and Development Review 2006 be circulated by Planning & Development Services in print and electronic form to the public, area municipalities and agencies, and be made available on the corporate website.

2. PURPOSE

The purpose of the Economic and Development Review 2006 is to examine the key economic and demographic indicators in York Region. The report assesses the competitiveness of the York Region economy compared to its regional and national counterparts, and aims to provide Regional Council with a broader perspective on economic indicators. This information is used to inform key economic policy and aids in the development of public and private sector economic investment strategies.

3. BACKGROUND

The Economic and Development Review 2006 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 2006.

3.1 Highlights

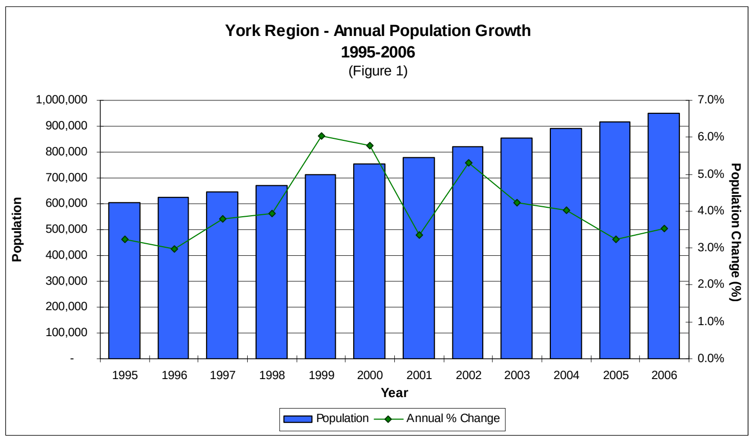
- At year end 2006, York Region's population was estimated to be 950,700, an increase of 32,300 from December 2005.
- York Region is home to 17% of the GTA's population (2006) and 14% of its employment (2001).
- York Region issued approximately 10,900 new residential building permits in 2006, making it the third largest issuer of new residential permits in Canada.
- Housing completions reached 10,162 units in 2006, a 13% increase from 2005.
- For the first time, York Region's total estimated construction value for 2006 was above $3 billion ($3.12 billion).
- Industrial, commercial, institutional (ICI) construction accounted for 29% of the total construction value in York Region in 2006.

- The total estimated value of industrial construction remained strong at $251 million.
- The value of commercial construction was strong, increasing 16.8% from 2005.
- The value of institutional construction was $211 million, a 19% decrease over 2005.
- The estimated number of jobs as of December 2006 in York Region was approximately 460,000.
- The unemployment rate as of December 2006 was estimated at 5.0% in York Region.

4. ANALYSIS AND OPTIONS

York Region continues to experience impressive population growth. At year end 2006, the Regional population was estimated at 950,700 people, an increase of 32,300 people from year end 2005 (Figure 1). This growth is consistent with the average annual growth recently experienced in York Region. In fact, between 2002 and 2006, an average 32,550 people arrived in York Region annually.

This population growth represents an increase of 3.5% from year end 2005, increasing the Region's proportion of the GTA total. In 1997, York Region's share of the GTA population was 13.1% as opposed to 16.9% in 2006.



Source: York Region Planning and Development Services Department, 2007

When compared to similar city, region and regional district level jurisdictions (as defined locally), York Region ranked sixth in total population, which is the same ranking as in 2005 (see Table 1).

Canada's Largest Municipalities 2006 (Table 1)		
Rank	**Municipality**	**Est. Population (2006)**
1	City of Toronto	2,631,725
2	Greater Vancouver Regional District	2,180,737
3	City of Montreal	1,812,723
4	Peel Region	1,248,000
5	City of Calgary	991,700
6	**York Region**	**950,674**
7	City of Ottawa	877,300
8	City of Edmonton	728,000
9	City of Québec	723,623
10	City of Winnipeg	654,500

Source: York Region Planning and Development Services Department, 2006;
Based on Statistics Canada and Municipal Websites, 2005, 2006.

In 2006, approximately 9,950 housing starts and 10,162 housing completions were registered, representing increases of 4.8% and 13.0% from 2005, respectively. In addition, the number of new residential permits were also higher, increasing 5.2% in 2006 (a total 10,933 units with permits issued).

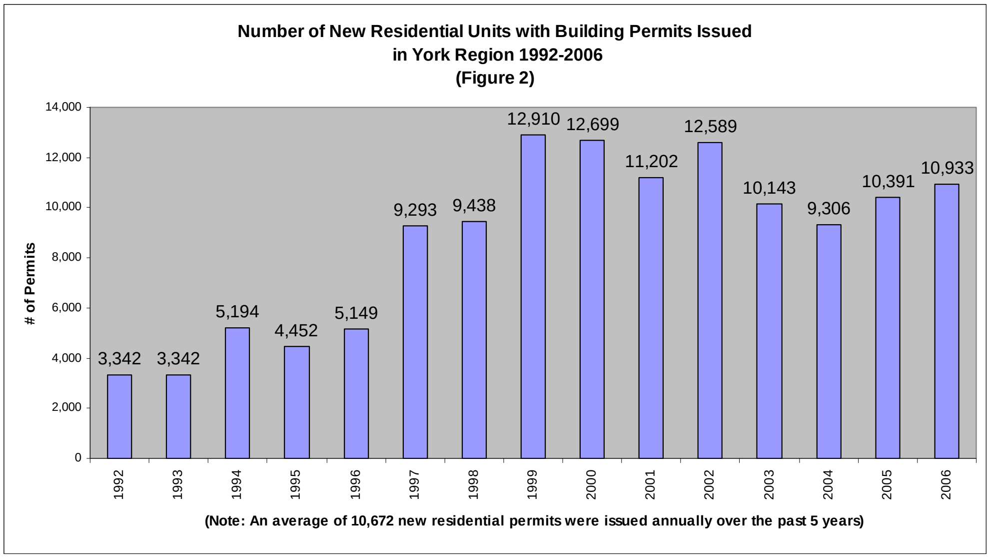
In terms of the building permits issued for new dwelling units in York Region in 2006, York Region ranked third in Canada when compared to similar type jurisdictions (Table 2).

Comparative Residential Units with Building Permits Across Canada 2006
(Table 2)

Rank	**Municipality**	**# of Units with Building Permits**
1	Greater Vancouver Regional District	21,097
2	City of Calgary	15,938
3	**York Region**	**10,933**
4	City of Edmonton	9,174
5	City of Toronto	8,923
6	Peel Region	7,854
7	City of Montreal	7,282
8	Durham Region	5,262
9	City of Ottawa	4,922
10	Halton Region	4,298

Note: List includes cities, Regions and Regional Districts as defined locally.
Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), 2006.

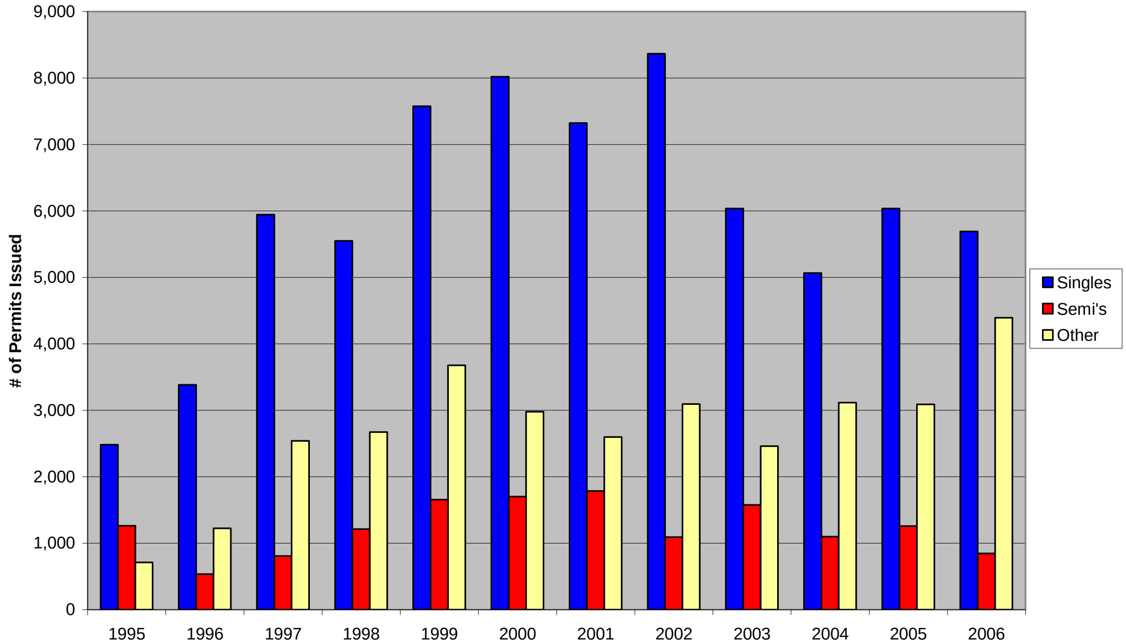
The number of residential units with building permits issued in 2006 is relatively consistent with recent years. In fact, over the last 5 years, an average of 10,672 permits were issued for new residential units annually, slightly below the 10,933 recorded in 2006. A historical comparison of residential building permit activities is seen in Figure 2 below:



Source: York Region Planning and Development, 2007

Recent building permit activity signals a trend towards a more diversified housing stock. In 2006, York Region issued the largest number of building permits for both row houses and apartment units since its creation. These categories combined for a total of 4,393 units of which 2,306 were apartment dwellings. This signals a transition towards the density levels required in the Provincial *Places to Grow* legislation. A summary of residential building permit activity by unit type is seen in Figure 3 (below):

Number of Units with Building Permits Issues by Unit Type (1995 to 2006) (Figure 3)



(Note: "Other" includes both row houses and apartments)

Source: York Region Planning and Development, 2007

Moreover, York Region continues to plan for increased diversification of the housing stock. The following information updates York Region Council on the mix of housing units that have been approved and constructed in 2006. Table 3 identifies the mix of units in Plans of Subdivision and Condominium approved in 2006.

Unit Breakdown in New Plans of Subdivision and Condominiums York Region, 2006 (Table 3)

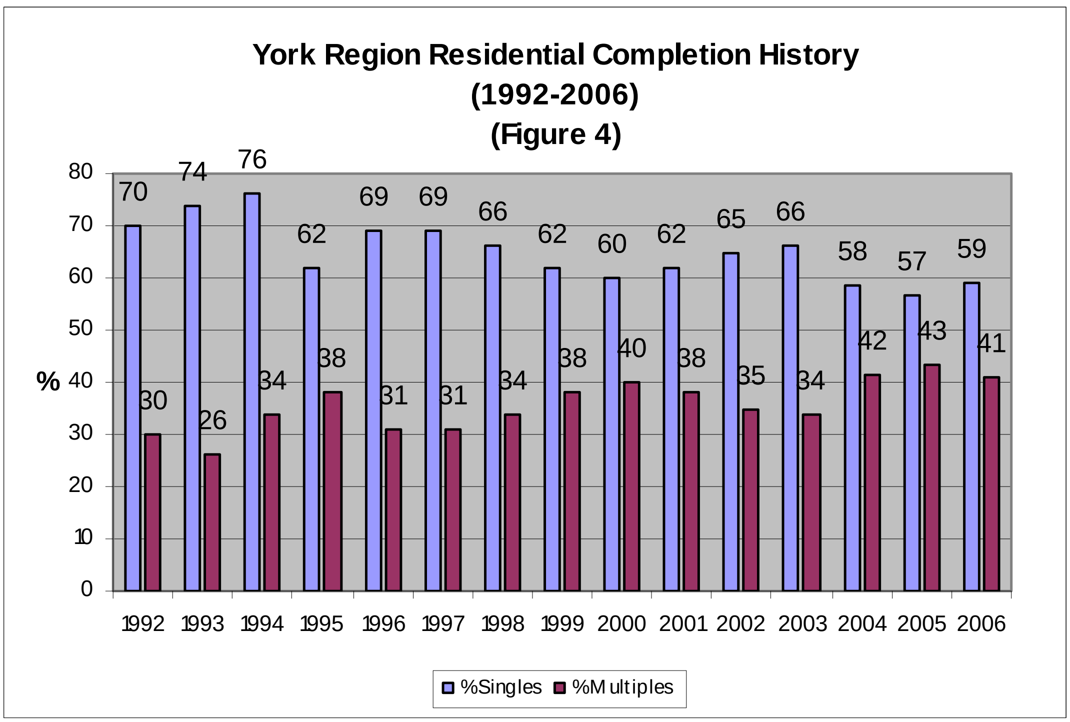
	Percentage of Dwelling Units			
	Single	Semi	Row	Apartment
Applications	30%	2%	15%	56%
Draft Approved	51%	10%	21%	18%
Registered	41%	13%	9%	37%

Source: York Region Planning and Development Services, 2007.

In 2006, draft approval was given to 8680 dwelling units in 14 Plans of Subdivision and 748 units in 12 Condominium Plans. With a total of 49,177 draft approved and registered unbuilt units, the Region has a 4.8 year supply of draft approved and registered units based on the forecasted average production of the 10,670 units per year (2006 – 2016). This is within the three to seven year supply target range of the Regional Official Plan.

In terms of housing completions in 2006, single detached units accounted for 59% of the all completions, while 11% were semi-detached units, 16% were row houses and 14% were apartments. This is indicative of a shift towards a more compact built form in York Region when compared to historic levels. This shift was much more prevalent in the southern end of York Region, particularly in Markham, Vaughan and Richmond Hill.

An evaluation of the historic residential unit completion mix shows the percentage of single family homes decreasing steadily (Figure 4). This increased mix in the type of units completed provides an increased number of housing choices to the Region's residents. The recommendations of the Region's Housing Directions Report and Regional Official Plan advocate improving the balance in new housing units. This trend will continue to be monitored by Regional staff.



Source: Canada Mortgage and Housing Corporation, 2006.

In the area of resale home activity, approximately 8,936 single family detached resales were sold in York Region in 2006, an 11.0% decrease from 2005 levels. In addition, the total resales of multi-family dwellings in the Region were also down 12.6% from the 5,431 multi-family units sold in 2005. The value of all resales in 2006 totalled $5.6 billion, while the average resale value of a single family detached unit increased 7.2% from 2005 to $466,915.

Total construction in York Region in 2006 was valued at $3.12 billion, an increase of $195 million from 2005. The value of residential construction was 10.4% higher compared to 2005 levels. Commercial construction values were also up $64 million, representing a 16.8% increase. Meanwhile, institutional and industrial construction values decreased from their strong performance experienced in recent years. Although there is a loose correlation between ICI construction values and employment, our analysis suggests that these investments may contribute to an estimated 17,000 additional jobs in the Region.

There were approximately 460,000 jobs in York Region in 2006, representing an increase of approximately 130,000 jobs since 1998. This strong employment growth has contributed to a Regional unemployment rate of approximately 5.0%, which is lower than the GTA average. These factors indicate that York Region is a resilient and diversified economy that is better able to withstand economic downturns.

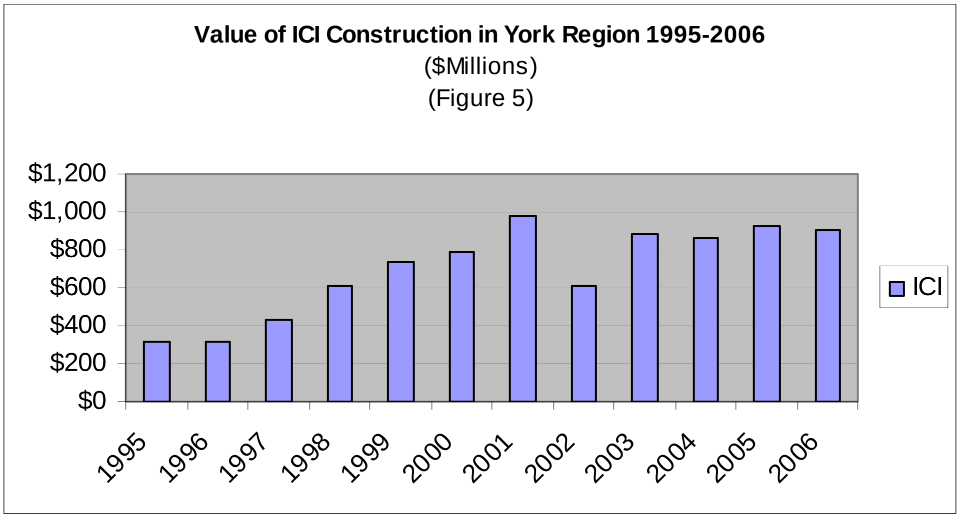
Value of Construction Activity
The total residential construction value of residential permits in York Region in 2005 was approximately $2.21 billion. This value is the third largest in the country, when compared to similar jurisdictions (Table 4).

Cross Canada Comparisons 2006:
Values of Residential Construction ($000's)
(Table 4)

Rank	Municipality	Residential Value (000s)
1	Greater Vancouver Regional District	4,241,650
2	City of Calgary	2,417,256
3	**York Region**	**2,211,193**
4	City of Toronto	1,953,837
5	Peel Region	1,636,004
6	City of Edmonton	1,324,639
7	Durham Region	1,062,783
8	Halton Region	986,325
9	City of Montreal	980,569
10	City of Ottawa	804,633

Source: Area Municipal Building Permit Reports, Statistics Canada Building Permit Reports & Table 32.2 (unpublished), 2006.

The value of industrial, commercial and institutional construction (ICI) construction has increased steadily in York Region from 1995-2005. Since 1996, the annual value of non-residential construction has nearly tripled from $316 million to $908 million in 2006 (Figure 5).



Source: York Region Planning and Development Services Department, 2007.

The total of all ICI values in York Region in 2006 places the Region sixth in the country (Table 5). However, it is important to note that the 2006 ICI values relied heavily on the strength of commercial construction, which accounted for approximately 50% of total ICI value. In fact, York Region posted the largest commercial construction value in Canada in 2006.

Cross Canada Comparisons 2006: Values of ICI Construction ($000's)
(Table 5)

		2006			
Rank	**Municipality**	**Industrial**	**Commercial**	**Institutional**	**Total**
1	Greater Vancouver Regional District	1,660,337	172,413	534,674	2,367,424
2	City of Calgary	1,714,498	95,544	535,684	2,345,726
3	City of Toronto	1,081,938	131,904	296,725	1,510,567
4	Peel Region	534,563	166,788	284,164	985,515
5	City of Montreal	515,621	97,696	302,170	915,487
6	**York Region**	**251,565**	**445,462**	**211,491**	**908,518**
7	City of Ottawa	451,073	30,408	275,681	757,162
8	City of Edmonton	455,084	70,971	161,548	687,603
9	Québec CMA	291,793	86,353	136,118	514,264
10	Durham Region	78,200	176,000	192,300	446,500

Source: Area Municipal Building Permit Reports, 2006, Statistics Canada Building Permit Reports, 2006 and Table 32.2 (unpublished), 2006.

Meanwhile, institutional construction values remained relatively stable based on 2004 and 2005 levels. These values were dominated by education-related construction, which accounted for approximately 77% of the total values of institutional permits. This differs from the institutional activity recorded in 2005, which was dominated by the construction of several large non-educational permits, including the construction of major recreational centres in both Newmarket and Markham.

In terms of the value of total construction (residential, industrial, commercial, and institutional), York Region produced another year of impressive growth, posting the fourth largest total construction value in the country (Table 6).

Cross Canada Comparisons 2006:
Values of Total Construction ($000's)
(Table 6)

Rank	Municipality	Total Value
1	Greater Vancouver (Region)	6,609,074
2	City of Calgary	4,762,982
3	City of Toronto	3,464,404
4	**York Region**	**3,119,711**
5	Peel Region	2,604,827
6	City of Edmonton	2,012,242
7	City of Montreal	1,896,056
8	City of Ottawa	1,561,795
9	Durham Region	1,536,327
10	Halton Region	1,383,255

Source: Area Municipal Building Permit Reports, 2006,
Statistics Canada Building Permit Reports, 2006.

As expected, a large proportion of the total construction value in York Region was focused in the southern municipalities of Vaughan, Markham and Richmond Hill. These municipalities combined accounted for approximately 80% of the York Region total. Strong growth was observed in City of Vaughan, which accounted for approximately 42% of the total construction value in York Region. A complete breakdown of the construction value by area municipality is seen in Table 7 below:

York Region Estimated Value of Total Construction in York Region 2005-2006 (Table 7)				
Municipality	**2004 ($000's)**	**2005 ($000's)**	**2006 ($000's)**	**% Change**
Aurora	$192,680	$56,203	$140,511	150%
East Gwillimbury	$50,171	$40,028	$34,931	-13%
Georgina	$46,063	$69,439	$73,161	5%
King	$38,656	$38,941	$31,073	-20%
Markham	$631,384	$915,354	$848,203	-7%
Newmarket	$148,151	$177,784	$143,511	-19%
Richmond Hill	$534,172	$652,797	$328,920	-50%
Vaughan	$861,775	$836,273	$1,305,845	56%
Whitchurch-Stouffville	$56,719	$137,301	$213,557	56%
York Region	**$2,559,770**	**$2,924,120**	**$3,119,711**	**14%**

Source: York Region Planning and Development Services Department, 2007 and Area Municipal Building Permit Reports, 2006

4.1 Relationship to Vision 2026

The Economic and Development Review 2006 helps to promote Regional economic vitality as outlined in both the Regional Official Plan and Vision 2026. The monitoring of economic trends allows York Region to assess the competitiveness of its economy and evaluate and respond to changes in the economic climate. Furthermore, the Economic and Development Review 2006 is a vehicle for highlighting and showcasing the Region as a destination to live, work and play.

5. FINANCIAL IMPLICATIONS

The economic indicators presented in this report will allow York Region Council to effectively monitor, evaluate and respond to changes in the Region's economic landscape. Printing and distributing the Economic and Development Review 2006 is provided for in the 2007 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 this report's recommendations provides all those using this document (including local municipal economic development and planning officials) with a summary of York Region's economy. This information can be used as a basis for making decisions, devising strategies and attracting new businesses to the Region.

7. CONCLUSION

The regional economic indicators, as presented in this document, are vital in assessing and responding to economic trends across York Region. Once again, there are several positive economic factors that continue to support a strong Regional economy. The report also highlights several areas that need to be monitored closely in the upcoming years. These include issues associated with housing affordability (given the consistent increases in housing values seen across the Region) as well as a need to continue to produce high quality employment for our growing population. This summer, York Region will once again conduct an employment survey of area businesses. The survey will help to ensure that Regional staff and Council are aware of the existing economic climate in York Region. The survey, along with other key information pieces, will inform policy decisions that will address these (and other) possible action areas. Staff will also update the Housing Requirement Study, which examines housing affordability, when the 2006 Census housing data becomes available in May 2008.

The circulation of this report will provide all those using this document, including local municipal economic development and planning officials, with a summary of York Region’s economy. This publication will be a fundamental driver for effective decision-making, devising strategies and attracting new businesses to the Region. It is recommended that the attached Economic and Development Review 2006 report be received for the purpose of information. It is proposed that the report be printed and distributed widely to area municipalities, Chambers of Commerce, Boards of Trade, business groups, libraries and other stakeholders. The Region’s Economic Development Department will also use this report to channel vital data on the Region to employers in York Region, as well as businesses interested in locating in York Region.

For further information about this staff report, please contact Paul Bottomley, Manager of Growth Management, Economy & Information Research at 905-830-4444 extension 1530 or paul.bottomley@york.ca.

The Senior Management Group has reviewed this report.

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