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ECONOMIC AND DEVELOPMENT REVIEW MID-YEAR 2006

The Planning and Economic Development Committee recommends the following:

- 1. The presentation by Anthony Ierullo, Economic Planner, Long Range and Strategic Planning, be received; and**
- 2. The recommendation contained in the following report July 5, 2006, from the Commissioner of Planning and Development Services be adopted:**

- 1. RECOMMENDATION**

It is recommended that Staff forward the Economic and Development Review – Mid-Year 2006 in print and electronic format to the public, area municipalities and agencies, and make it available on the corporate website.

- 2. PURPOSE**

The purpose of the Economic and Development Review – Mid-Year 2006 is to analyze several key economic and demographic indicators for York Region. The mid-year report is intended to give Council a broader regional and national perspective of building permit activity as an economic indicator 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 is an abbreviated version that highlights several mid-year economic indicators, indicating continued growth in the York Region economy through the first half of 2006.

3.1 Highlights

- The Region was home to 933,400 people in June 2006, representing a 15,000 person increase since year-end 2005. The increase over the past 12 months is 29,800 persons.
- There were 5,162 building permits issued for new residential units in York Region during the first half of 2006, an increase of 12.6% from the same period in 2005.
- There were 4,629 homes completed and 5,267 new housing starts within York Region during the first six months of 2006. The totals are up from the same period in 2005, reflecting the greater number of building permits issued during 2005.

- The Region's total estimated construction value for the first six months of 2006 was \$1.47 billion, 20.6% higher than the total construction value recorded in the first half of 2005.
- In the first six months of 2006, York Region's residential construction was valued at \$1.04 billion, a 22.3% increase compared to the 2005 January to June residential construction figure.
- Due to the increased demand for commercial floor space, the value of ICI construction increased from \$371 million in mid-year 2005 to \$433 million in mid-year 2006.
- In the first half of 2006, 29.3% of the total construction value in York Region was generated by industrial, commercial, and institutional (ICI) construction. The other 70.7% was generated by residential construction. By comparison in the first six months of 2005, ICI represented 30.4% of total construction, while residential accounted for 69.6%.
- The unemployment rate, as of June 2005, was estimated to be 5.3% in York Region.

4. ANALYSIS AND OPTIONS

The total population of the Region was estimated to be 933,400 by June 30 2006, an increase of 15,000 persons from year-end 2005. Moreover, the Region added over 29,800 persons over the past 12 months, demonstrating rapid growth through the first half of 2006.

Table 1 below, provides a national comparison of the population in Canada's largest municipalities (as defined locally), situating York Region's population as sixth compared to all urban areas across the country.

Table 1
Canada's Largest Municipalities

Rank	Municipality	Population
1.	City of Toronto	2,610,000
2.	Greater Vancouver Regional District	2,132,800
3.	City of Montreal	1,877,200
4.	Peel Region	1,176,900
5.	City of Calgary	956,000
6.	York Region	933,400*
7.	City of Ottawa	846,000
8.	City of Edmonton	712,300
9.	City of Winnipeg	647,600
10.	City of Quebec	528,700

Source: Statistics Canada Building Permits & York Region Planning & Development Services, 2005 and *2006

Building permits (4,718) were up in the first six months of 2006 while housing starts (5,267) and completions (4,629) also experienced increases over 2005. However, it appears that the housing market is continuing its trend of a more moderate pace of

production after several successive years of much higher growth. For example in 2002, housing starts and completions were above 12,000 units for the year. In 2006, it is expected that total housing completions will be in the 9,600 unit range. This construction is likely to result in growth of approximately 30,000 people.

The number of resales for single family detached homes in York Region in the first half of 2006 (5,350) were comparable to the 5,355 sold during the same period in 2005. The total resales of multi-family dwellings in the Region remained steady at 34% (2,738) of the Region's total resale housing mix. The total value of all resales amounted to just under \$3.0 billion in the first half of 2006. The 2006 average resale value for a single family detached unit increased (5.7%) from \$431,813 in 2005 to \$456,616 in 2006.

The number of residential building permits issued for new dwelling units in York Region in the first half of 2006 ranks York Region sixth in Canada (*Table 2*).

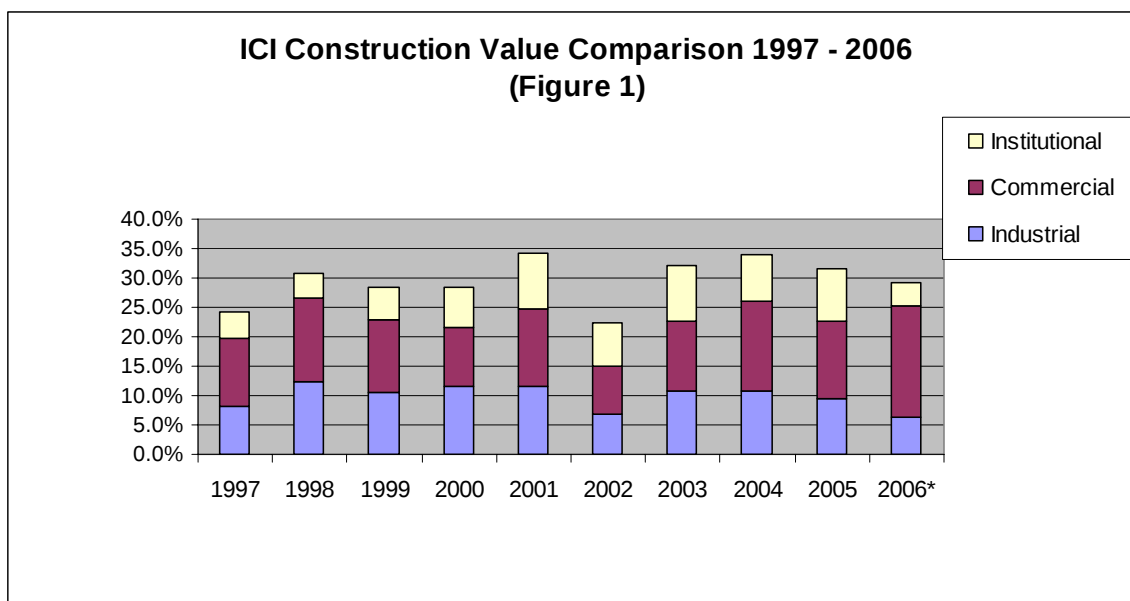
Table 2
Comparative Residential Building Permits Across Canada Mid-year 2005

Name of Municipality	Number of Building Permits for new Units
1. Greater Vancouver Regional District	8,493
2. City of Toronto	7,689
3. City of Calgary	6,972
4. City of Edmonton	5,766
5. City of Montreal	4,762
6. York Region	4,713
7. Halton Region	3,453
8. Durham Region	3,249
9. Peel Region	2,637
10. City of Ottawa	2,292

Source: Statistics Canada Building Permits & York Region Planning & Development Services, 2005

The pace of growth in the industrial, commercial and institutional (ICI) construction sectors in York Region in 2006 increased. The increase in ICI construction is likely part of a strong economic climate that has produced an increased demand for commercial floor space, relatively low interest rates and operating cost competitiveness for locations in York Region. As a result, investment increased through 2005 and into 2006 as many corporations are undertaking major investment decisions involving real estate. Similarly, there is a decline in overall vacancy rates, which is a sign of strong economic activity.

The value of ICI construction increased 16.7% from \$371 million in the first half of 2005 to \$433 million by mid-year 2006. The value of ICI construction versus residential was 29.3% for mid-year 2006 compared to 30.4% for the first half of 2005.



* mid-year 2006

4.1 Relationship to Vision 2026

The Economic and Development Review – Mid-year 2006 supports the Vision 2026 goal of economic vitality. 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 – Mid-Year 2006 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 Economic and Development Review – Mid-Year 2006 will provide all those using this document (including local municipal economic development and planning officials) with a summary of York Region's economy. The information 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. Residential building permits increased by 12.6% from the total number of residential permits issued in mid-year 2005 and industrial, commercial and institutional construction values were 16.7% higher than the first half of 2005. The Region's population was estimated to be 933,400 in June 2006, an increase of 15,000 people over the December 2005 population figure.

It is recommended that the attached Economic and Development Review – Mid-Year 2006 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 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.

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