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ECONOMIC AND DEVELOPMENT REVIEW MID-YEAR 2005

The Planning and Economic Development Committee recommends the following:

- 1. The presentation by Diane Pomeroy, Senior Planner, Long Range and Strategic Planning, be received; and**
- 2. The recommendation contained in the following report, September 21, 2005, from the Commissioner of Planning and Development Services, be adopted:**

1. RECOMMENDATION

It is recommended that:

1. This report and the attached Economic and Development Review – Mid-Year 2005 be received for information and 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 – Mid-Year 2005 is to report briefly on and analyze a few key economic and demographic indicators for York Region. The mid-year report is also intended to give Council a broader regional and national perspective of building permits 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 the report is an abbreviated version which highlights a few mid-year economic indicators which show that York Region's economy has continued to grow through the first half of 2005.

3.1 Highlights

- York Region was home to 903,600 people as of June 30, 2005. Compared to December 31, 2004, this represents an increase of 14,000 persons. The increase over the past 12 months is 30,700 persons.
- There were 4,585 building permits issued for new residential units in York Region during the first half of 2005, an increase of 5.0% from the same period in 2004.
- There were 4,251 homes completed and 4,193 new residential units started within York Region during the first six months of 2005, down from the totals of the same period in 2004 reflecting the lesser number of building permits issued during 2004.
- The Region's total estimated construction value for the first six months of 2005 was \$1.22 billion, 9% higher than the total construction value recorded in the first half of 2004.
- In the first six months of 2005, York Region's residential construction was valued at \$852.1 million, a 7% increase compared to the 2004 January to June residential construction figure.
- Due to the increased demand for industrial floor space and institutional uses, the value of ICI construction increased from \$328 million in mid-year 2004 to \$371 million in mid-year 2005.
- In the first half of 2005, 30.4% of the total construction value in York Region was generated by industrial, commercial, and institutional (ICI) construction. The other 69.6% was generated by residential construction. By comparison in the first six months of 2004, the ICI versus residential ratio was 29.4/70.6.
- The unemployment rate, as of June 2005, was estimated to be 6.5% in York Region.

4. ANALYSIS AND OPTIONS

York Region continued to grow at a rapid pace through the first half of 2005, although slightly less than recent years. The total population of the Region was estimated to be 903,600 by June 30 2005, an increase of 14,000 persons since the end of 2004 and 30,700 persons over the past 12 months.

The Economic and Development Review 2004 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

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	903,600*
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, 2004 and *2005

Building permits (4,585) were up in the first six months of 2005 while housing starts (4,251) and completions (4,193) were down. It appears that the housing market is returning to 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 2005 it is expected that total housing completions will be in the 9,000 units range. This construction is likely to result in growth of 30,000 – 35,000 people and will be closer to our forecasts.

The number of resales for single family detached homes in York Region in the first half of 2005 (5,355) were just slightly below the record breaking 5,472 sold during the same period in 2004. The total resales of multi-family dwellings in the Region remained steady at 34% (2,700) of the Region's total resale housing mix. The total value of all resales amounted to over \$3.0 billion in the first half of 2005. The 2005 average resale value for a single family detached unit increased (6.5%) to \$431,813 from \$405,392 one year ago.

The number of residential building permits issued for new dwelling units in York Region in the first half of 2005 ranks York Region sixth in Canada (*Table 2*) (one rank higher than last year).

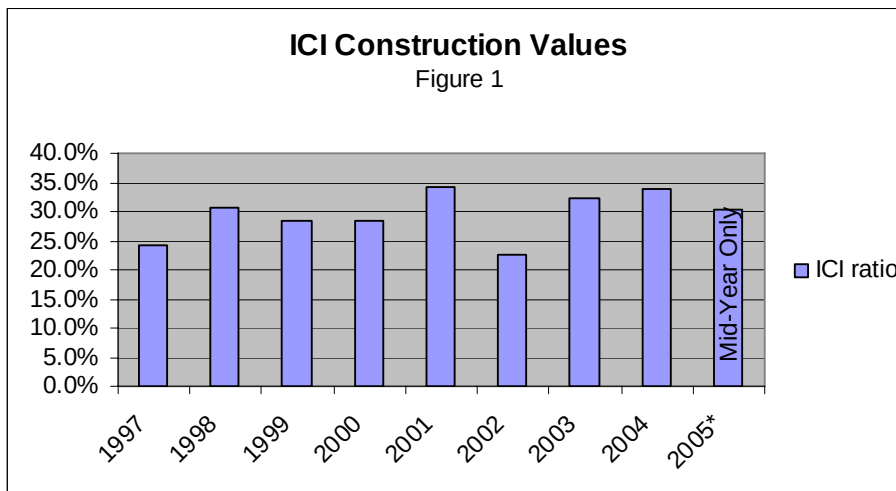
Table 2
Comparative Residential Building Permits Across Canada Mid-year 2005

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	4,585
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 2005 increased. The increase in ICI construction is likely part of economic recovery, the increased demand for industrial floor space and institutional construction, low interest rates and operating cost competitiveness of locations in York Region. These factors are fuelling economic activity and positively impacting consumer confidence. As a result, investment increased through 2004 and into 2005 as many corporations are undertaking major investment decisions involving real estate. Similarly, there is a decline in overall vacancy rates. This is also a sign of economic recovery.

The value of ICI construction increased 13.1% from \$328 million in the first half of 2004 to \$371 million by mid-year 2005. The value of ICI construction versus residential construction ratio was 30.4/69.6 for mid-year 2005 compared to 29.4/70.6 for the first half of 2004.



*mid-year 2005 only

4.1 Relationship to Vision 2026

The Economic and Development Review – Mid-year 2005 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 – Mid-year 2005 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. Residential building permits increased by 5.0% from the total number of residential permits in mid-year 2004 and industrial, commercial and institutional construction values were higher than the first half of 2004. The Region's population was estimated to be 903,600 in June 2005, an increase of 14,000 people over the December 2004 population figure.

It is recommended that the attached Economic and Development Review – Mid-Year 2005 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 included with this report.)