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ECONOMIC AND DEVELOPMENT REVIEW MID-YEAR 2008

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated August 11, 2008, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that:

1. The *Economic and Development Review Mid-Year 2008* (*Attachment 1*) be circulated by Planning & Development Services in print and electronic form to the public, local municipalities and agencies, and be made available on the corporate website.

2. PURPOSE

The purpose of the Economic and Development Review Mid-Year 2008 is to examine key economic and demographic indicators in York Region. The report assesses the competitiveness of York Region's economy, as compared to its regional and national counterparts, particularly through building activity. The report also aims to provide Regional Council with a broader perspective on economic indicators. This information is used to prepare key economic policy and aids in the development of public and private sector economic investment strategies.

3. BACKGROUND

The Economic and Development Review has been published on a semi-annual basis since 1995. Mid-year reports are abbreviated versions that highlight a number of mid-year economic indicators, which have shown that York Region's economy has continued to grow throughout the first six months of 2008.

4. ANALYSIS AND OPTIONS

HIGHLIGHTS

- In the first half of 2008, York Region's population grew by 14,500 people to reach 997,600.
- The Region's unemployment rate in June 2008 was estimated at 5.8% - lower than the GTA, Province, and National unemployment rates.

- The number of residential resales were down by 15.8% from the previous year and the total value had decreased by 10.9% - resulting in just over 7,800 resales and a total value of $3.5 billion. Despite these decreases, 2008 remained among the top recorded years.
- With 4,669 permits, York Region was ranked 4th across Canada for the number of new residential units with permits issued during the first half of 2008.
- The Region's total estimated value of construction totalled $1.5 billion by mid-year 2008, a decrease of 14.2% from mid-year 2007; ICI construction accounted for $439 million by mid-year 2008, a decrease of 13.5% from mid-year 2007.
- By mid-year 2008, the number of housing starts had decreased by 42.6% from mid-year 2007, with 3,389 units; housing completions had increased by 2.8%, with 4,764 units.
- As of June 2008, semi-detached, town/row/attached, and apartment/condominium units accounted for 29% of the Region's total housing stock.

POPULATION AND EMPLOYMENT

York Region experienced strong population growth and low unemployment rates in the first six months of 2008

The total population of York Region was estimated to be 997,600 by mid-year 2008 (*see Table 1*). The rate of growth during the first half of the year was similar to previous years, and the Region appears to be on track with the Regional forecast of approximately 1,013,100 people by year-end.

Table 1
York Region Population – Mid-Year 2008

Municipality	Population
Aurora	51,100
East Gwillimbury	23,100
Georgina	46,600
King	20,450
Markham	293,700
Newmarket	80,900
Richmond Hill	183,850
Vaughan	266,000
Whitchurch-Stouffville	31,900
York Region	**997,600**

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

In June 2008, York Region's unemployment rate was approximately 5.8%. This is lower than the National, Provincial, and GTA averages, which ranged from 6.0% to 6.8%. The Region's low unemployment rate indicates that despite the forecasted economic downturn in Ontario, the Region has a relatively resilient and diversified economy that may fair better than other areas.

PROPERTY MARKET AND BUILDING ACTIVITIES

York Region's residential real estate market sales declined, yet remain high in comparison to other years

7,848 residential resales occurred during the first six months in 2008 – a decrease of 15.8% from the same time period in 2007. Similar decreases were felt across the GTA, however with recent years reaching record levels of resales, it should be noted that the first half of 2008 still ranks among the highest valued mid-year periods. Among all residential resales in York Region between January and June 2008, 38.3% were multiple unit dwellings. The value of all resales reached nearly $3.5 billion for the mid-year, second only to 2007's record breaking value.

The number of new residential units with permits issued remained relatively strong, while York Region's housing stock continued to become more diversified

During the first half of 2008, York Region issued building permits for 4,669 new residential units. When compared with the number of new units created in the first half of 2007, this represents a decrease of 22.1%. However, when compared to other cities, regions and regional districts across Canada, York Region still ranked fourth for the number of new residential units with permits issued in 2007 (*see Table 2*).

Table 2
Cross Canada Comparison Mid-Year 2008:
Residential Units with Building Permits Issued

Rank	Municipality	# of Units with Permits Issued
1	Greater Vancouver Regional District	9,113
2	City of Toronto	6,514
3	City of Calgary	4,951
4	***York Region***	***4,669***
5	Peel Region	3,767
6	City of Ottawa	3,643
7	City of Montréal	3,539
8	City of Québec	3,090
9	Halton Region	3,346
10	City of Edmonton	2,423

Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), 2008; York Region Planning and Development Services Department, 2008.
Note: List includes cities, regions, and regional districts as defined locally.

The number of total housing starts fell 42.6% by mid-year 2008, decreasing from 5,903 in 2007 to 3,389 in 2008. The number of housing completions that occurred during the first half of 2008 increased to 4,764 – a 2.8% increase over mid-year 2007.

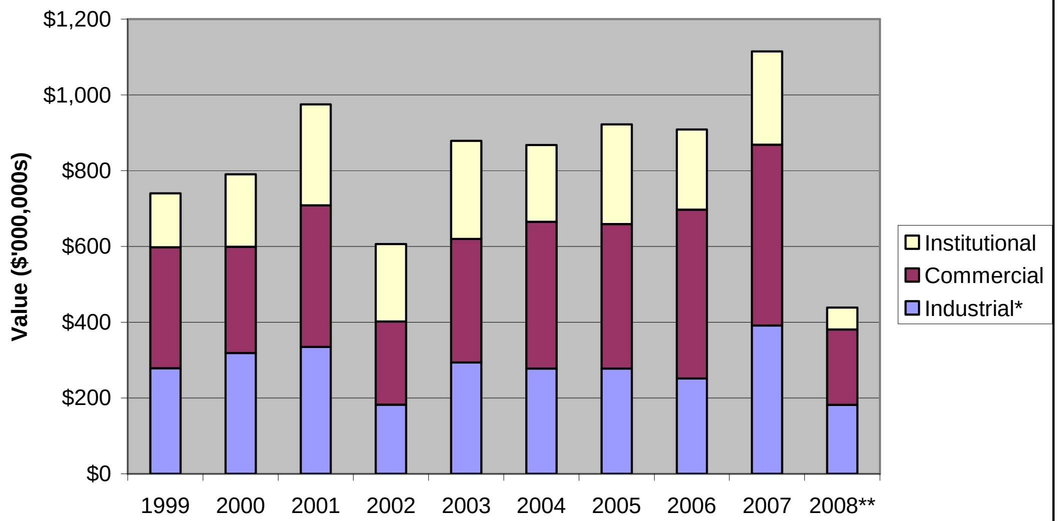
The Region's Housing Directions Report and Regional Official Plan call for a balance between single detached and multiple unit dwellings in new home construction. Multiple unit dwellings, consisting of semi-detached, row/town/attached, and condominium/apartment units, accounted for 48.3% of the residential units completed by mid-year 2008. This is an increase from mid-year 2007, when 45.0% of housing completions were multiple unit dwellings.

York Region's total value of construction decreased across most sectors, however ranked 4th for the highest value across Canada

Total construction in York Region during the first half of 2008 was valued at $1.5 billion – a decrease of nearly $250 million when compared to mid-year 2007 figures. Only the industrial sector experienced an increase in total value, rising by $4.5 million. Overall, 2007 recorded the highest construction values in a number of years. The total value of construction that occurred in the first half of 2008 is on par with the values that occurred in 2006.

By mid-year 2008, the value of ICI construction in York Region reached $439 million. This represents a decrease of 13.5% from mid-year 2007 numbers. While the value of construction in the ICI sector decreased between the two mid-year periods, the proportion of the Region's total construction value accounted for by ICI construction remained fairly stable, increasing slightly from 28.9% in 2007 to 29.1% in 2008. The proportion of each ICI sector within the total ICI construction value also remained relatively similar to historical levels (see *Figure 1*).

Figure 1
ICI Construction Values: 1999 - Mid-Year 2008



Source: York Region Planning and Development Services, 2008.
Note: *Agricultural permits are included under the Industrial category
**2008 values represent mid-year numbers; remaining years represent year-end numbers.

Despite the decreases in construction value between 2008 and 2007, when compared to cities, Regions, and Regional Districts as defined locally across Canada, York Region's performance was consistent with previous years (*see Table 3*). The Region ranked 4th across Canada for both 2007 and 2008 mid-years.

Table 3
Cross Canada Comparison Mid-Year 2008:
Values of Total Construction ($000's)

Rank	Municipality	Total Value
1	Greater Vancouver Regional District	$3,214,024
2	City of Toronto	$2,733,601
3	City of Calgary	$2,298,845
4	***York Region***	***$1,506,399***
5	City of Edmonton	$1,142,908
6	Peel Region	$1,126,851
7	Halton Region	$950,444
8	Simcoe County	$850,021
9	City of Montréal	$845,852
10	City of Ottawa	$842,411

Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), 2008; York Region Planning and Development Services Department, 2008.
Note: List includes cities, regions, and regional districts as defined locally.

Relationship to Vision 2026

The Economic and Development Review Mid-Year 2008 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 Mid-Year 2008 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 variations in the Region's economic landscape. Printing and distributing the Economic and Development Review Mid-Year 2008 is provided for in the 2008 approved budget.

6. LOCAL MUNICIPAL IMPACT

Regional economic indicators are important in evaluating economic trends across the Region. The Economic and Development Review – Mid-Year 2008 provides local municipal economic development and planning officials with a summary of York Region's economy. The information is used as a basis for making decisions, devising strategies and attracting new businesses to the Region.

7. CONCLUSION

York Region's population growth remained strong. The Region's population was estimated to be 997,600 in June 2008 – an increase of 14,500 over year-end 2007. While the number of new residential units with permits issued and the total value of construction within York Region have decreased from mid-year numbers in 2007, the Region's position across Canada has remained stable. The value of ICI construction reached $439 million – a decrease of 13.5% from the value recorded at mid-year 2007. However, the proportion of ICI to residential construction value, as well as the proportion of each sector within the total ICI value, remained relatively similar to recent years.

It is proposed that the attached Economic and Development Review Mid-Year 2008 be printed and distributed to local municipalities, Chambers of Commerce, Boards of Trade, involved business groups, libraries and other stakeholders. Additionally, the document will be made available through the Region's website. The Region's Economic Development Department will also use this report to channel vital data on the Region to employers in York Region, and aid businesses in establishing or relocating within York Region.

For more information on this report, please contact Paul Bottomley, Manager of Growth Management, Economy & Information Research at (905) 830-4444, Ext. 1530, or John Waller, Director of Long Range and Strategic Planning at Ext. 1525.

The Senior Management Group has reviewed this report.

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