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ECONOMIC AND DEVELOPMENT REVIEW MID-YEAR 2012

The Planning and Economic Development Committee recommends:

1. **Receipt of the presentation by Doug Lindeblom, Director, Economic Strategy and Michael Skelly, Senior Planner; and**

2. **Adoption of the recommendation contained in the following report dated September 18, 2012 from the Executive Director, Corporate and Strategic Planning.**

1. RECOMMENDATION

It is recommended that:

1. The Economic and Development Review Mid-Year 2012 (*Attachment 1*) be circulated in electronic form to local municipalities and agencies, and be made available on the corporate website.

2. PURPOSE

The purpose of the Economic and Development Review Mid-Year 2012 (*Attachment 1)* is to examine key economic and demographic indicators in York Region. This report aims to provide Council with a broader perspective on the economic indicators presented in the Economic and Development Review Mid-Year 2012.

3. BACKGROUND

The Economic and Development Review has been published on a semi-annual basis since 1995. The Review is based on data spanning January 1st through June 30th of 2012 and assesses the competitiveness of York Region's economy, as compared to its regional and national counterparts. Economic indicators are sets of data which illustrate general trends in the economy. This information is used to prepare key economic policy and aids in the development of public and private sector economic investment strategies.

Mid-year reports are abbreviated versions that highlight a number of key mid-year economic indicators in order to provide a brief update of the current economic and development situation in the Region. The year-end full Economic and Development Review includes a wider range of data that is not available at mid-year. That report will include more detailed information regarding the Region's population with regard to age, gender, and immigration activity; the Region's total employment numbers, small business numbers, unemployment rate, and other indicators. The full Economic and Development Review also examines the data with respect to long-term trends, and York Region's development targets.

4. ANALYSIS AND OPTIONS

HIGHLIGHTS

York Region is a key economic performer in Ontario and Canada, as demonstrated through a variety of economic indicators. The following indicators show the Region continues to demonstrate strong performance in the face of global economic uncertainty:

- In the first half of 2012, York Region's population grew by 11,400 people (1.1%) to reach 1,097,000, in line with both national and provincial population growth trends
- Building permit activity for new residential units in the Region was up 55.4% compared to the first half of 2011
- York Region was ranked third across Canada, after Vancouver and Toronto, for the number of residential units with 5,575 permits issued during the first half of 2012
- York Region's total value of construction increased from fifth to fourth highest across Canada after Toronto, Vancouver and Calgary, with an estimated value of construction totalling $1.7 billion by mid-year 2012
- By mid-year 2012, York Region had 5,343 housing starts, an increase of 34.9% from mid-year 2011, and 3,432 housing completions, a decrease of 4.8%
- As of June 2012, semi-detached, town/row/attached, and apartment/condominium units accounted for 30% of the Region's total housing stock, unchanged from mid-year 2011
- The value of all resales in York Region's residential real estate market reached a mid-year record of over $5.8 billion
- The average resale price of a single detached dwelling unit increased by 10.2% from $638,158 to $703,501 compared to the first half of 2011

York Region's population is on target for the first six months of 2012

The total population of York Region is estimated to be 1,097,000 at mid-year 2012, only 1,500 people below the forecast mid-year 2012 population of 1,098,500 (see *Table 1*). Growth during the first half of the year was 11,400, down slightly from previous years. Population growth for the first half of 2010 and 2011 was 11,600 and 12,650 respectively. It is anticipated that growth in the second half of 2012 will be higher compared to 2011 levels due to a larger inventory of residential housing units under construction.

Largest population increases in Markham, Vaughan and Richmond Hill

Table 1
York Region Population – 6 Months Growth: Year-end 2011 – Mid-year 2012

	Year-End 2011	Mid-Year 2012	Population Increase	Change (%)
Aurora	55,700	55,800	100	0.2%
East Gwillimbury	24,100	24,300	200	0.8%
Georgina	46,800	47,000	200	0.4%
King	21,700	21,800	100	0.5%
Markham	315,600	320,400	4,800	1.5%
Newmarket	85,000	85,400	400	0.5%
Richmond Hill	191,600	193,200	1,600	0.8%
Vaughan	304,700	307,900	3,200	1.1%
Whitchurch-Stouffville	40,400	41,200	800	2.0%
York Region Total	**1,085,600**	**1,097,000**	**11,400**	**1.1%**

Source: York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.
Note: All figures in the Table are rounded.

The value of all resales in York Region's residential real estate market reached a mid-year record of over $5.8 billion

A total of 9,812 residential resales occurred during the first six months in 2012 – an increase of 3.7% from the same time period in 2011. Similar increases were also seen across the GTA. The value of all resales reached a record total of over $5.8 billion for the mid-year. The average price of all residential dwellings increased by 11.2% from $536,865 in 2011 to $597,158 in 2012.

Just over 63% of the residential resales in York Region between January and June 2012 were single-detached homes and 36.8% were multiple unit dwellings. The average resale price of a single detached dwelling unit increased by 10.2%, from $638,158 to $703,501. The lowest percentage increase by unit type was in apartment/condominiums, with a 5.8% increase in average price from $315,959 in 2011 to $334,335 in 2012. The highest percentage increase by unit type was in town/row/attached homes, with a 12.7% increase in average price from $396,417 in 2011 to $446,760 in 2012.

York Region ranked third in Canada for the number of new residential unit building permits issued

During the first half of 2012, York Region issued building permits for 5,575 new residential units. When compared with the number of new units created in the first half of 2011, this represents an increase of 55.4%. This increase is due in large part to the increase in multiple-unit condominium housing starts from 993 units by mid-year 2011 to 2,460 units by mid-year 2012. Residential building permits for the first half of 2010 and

2011 were 3,438 and 3,588 respectively. When compared to other cities, regions and regional districts across Canada, York Region ranked third for the number of new residential units with permits issued in 2012 (see *Table 2*).

Table 2
Cross Canada Comparison Mid-Year 2012:
Residential Units with Building Permits Issued

Rank	Municipality	# of Units with Permits Issued
1	Greater Vancouver Regional District	8,974
2	City of Toronto	8,898
3	***York Region***	***5,575***
4	City of Calgary	5,254
5	City of Québec	4,346
6	Peel Region	4,248
7	City of Edmonton	3,994
8	City of Montréal	3,932
9	City of Ottawa	2,976
10	Halton Region	1,974

Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), 2012; York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.
Note: List includes cities, regions, and regional districts as defined locally.

The number of total housing starts grew 34.9% by mid-year 2012, increasing from 3,962 in 2011 to 5,343 in 2012. The number of housing completions that occurred during the first half of 2012 was 3,432, a decrease of 4.8% from 2011.

Multiple unit dwelling construction completions were down but starts were up

The Region's Housing Matters 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 35.4% of the residential units completed by mid-year 2012. This is a decrease from mid-year 2011, when 47.9% of housing completions were multiple unit dwellings. In contrast, multiple unit housing starts have increased from 47.2% by mid-year 2011 to 70.2% by mid-year 2012. It is anticipated that unit completion statistics at year-end will give a more explicit indication of our progress toward multiple-unit dwelling targets.

York Region's total value of construction ranking rose from fifth highest to fourth highest across Canada

Total construction in York Region during the first half of 2012 was valued at almost $1.7 billion – an increase of approximately $103 million when compared to mid-year 2011 figures (see *Table 3*). Residential construction values increased by 33.3% from $997.8 million in 2011 to $1,330.0 million by mid year 2012.

Table 3
Cross Canada Comparison Mid-Year 2012:
Values of Total Construction ($000's)

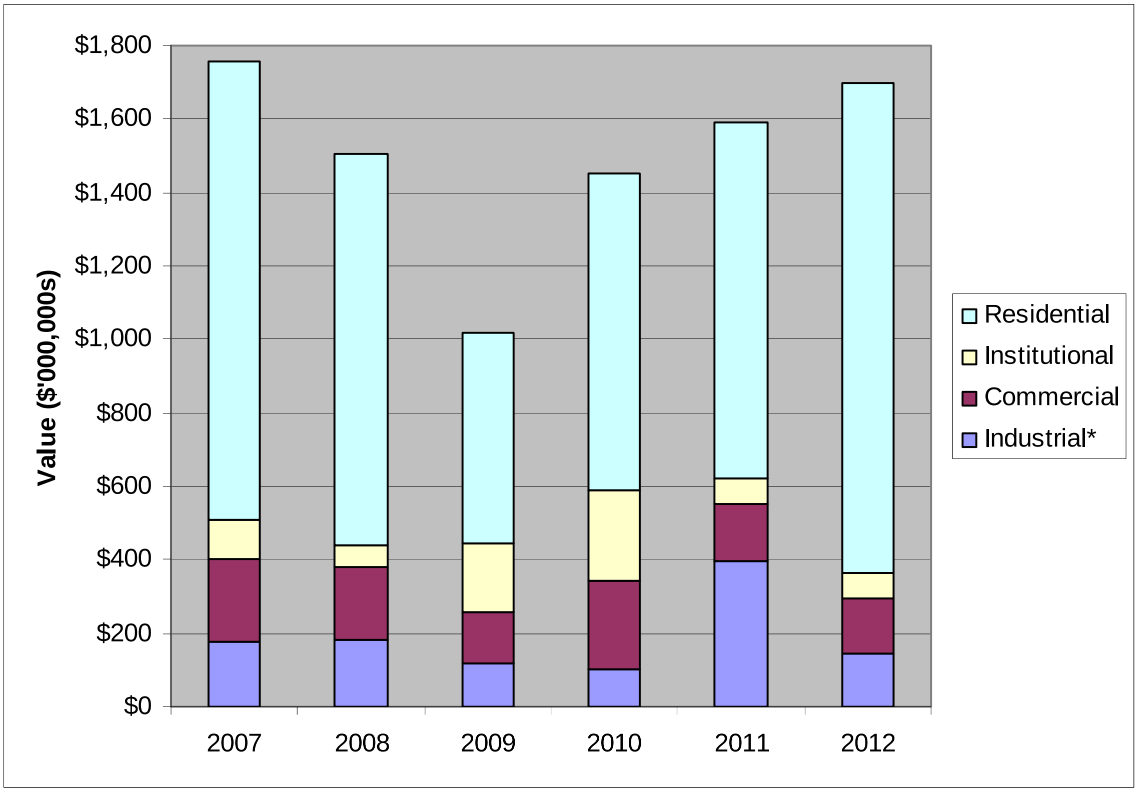
Rank	Municipality	Total Value
1	City of Toronto	$3,594,296
2	Greater Vancouver Regional District	$3,415,819
3	City of Calgary	$2,433,381
4	***York Region***	***$1,696,808***
5	Peel Region	$1,669,566
6	City of Edmonton	$1,503,002
7	City of Montreal	$1,327,795
8	City of Ottawa	$1,015,243
9	City of Québec	$938,742
10	Halton Region	$929,574

Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), 2012; York Region Planning and Development Services Department, 2012.
Note: List includes cities, regions, and regional districts as defined locally.

By mid-year 2012, the value of Institutional, Commercial and Industrial (ICI) construction in York Region reached $366 million (see *Figure 1*). This represents a decrease of 38.5% from mid-year 2011 numbers. The industrial sector experienced a decrease in total value of $250 million, the institutional sector decreased by almost $1 million, while the commercial sector increased by over $21 million (16.9%). The proportion of the Region's total construction value accounted for by ICI construction was 21.6% in 2012.

It is worth noting that in May and June 2011 three unusually large Industrial building permits were issued for the Vaughan Corporate Centre TTC Station ($205 million), a three-level underground parking garage ($77.3 million) and a warehouse/office building ($20.2 million) totalling nearly $ 302.5 million worth of Industrial building construction. This inflated the mid-year 2011 ICI construction values well above normal. The mid-year 2012 Industrial construction value of $144.54 million is above both the mid-year 2009 value of $115.57 million and the mid-year 2010 value of $101.48 million.

Figure 1
York Region Mid-year Construction Values: 2007- 2012



Note: *Agricultural permits are included under the Industrial category

Industrial vacancy rates have declined but remain healthy

Vacancy rates in the Region's Industrial building supply are considered healthy, with a rate of 5.7% in the first quarter of 2012, and 5.8% in the second quarter. This is slightly below the 2011 rates of 6.2% and 6.3% in the first and second quarters, respectively. A vacancy rate of approximately 5% is considered healthy. If vacancy rates fall too low, new, relocating or expanding businesses have fewer options to choose from, and prices can be driven up. Too high a vacancy rate can depress prices, and may be an indication of an over-built market.

Link to Key Council-approved Plans

The Economic and Development Review Mid-Year 2012 helps to promote Regional economic vitality as outlined in both the Regional Official Plan and Vision 2051. 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 2012 is a vehicle for highlighting and showcasing the Region as a destination to live, work and play.

The Review also supports the 2011 to 2015 Strategic Plan objectives to “Support healthy communities through a broad range of housing choices and supports to meet the diverse needs of residents”, and to “Position York Region as the “Region of Choice” for innovative growing employment sectors”, by illustrating the indicators of our successes in these areas, and by pointing out the areas where adjustments are needed to reach our targets.

5. FINANCIAL IMPLICATIONS

The majority of York Region’s capital expenditures are related to growth; as such, Development Charges (DC’s are collected as building permits are issued) are a major source of funding for the Region’s capital plan. The total DC's collected as of June 30, 2012 is $137.7 million compared to $59.8 million for the same period in 2011. This is based on a combination of an increase in building permits issued at mid-year 2012, and increase in DCs rates per unit over time, and the option for developers to pre-pay their DCs for units currently at the development application stage, prior to further Development Charge increases taking place over the next several years.

The economic indicators presented in this report will allow Council to effectively monitor, evaluate and respond to variations in the Region’s economic landscape.

6. LOCAL MUNICIPAL IMPACT

Regional economic indicators are important in evaluating economic trends across the Region. The Economic and Development Review, Mid-Year 2012 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 is one of the leading regions in the nation with respect to development and growth

This report shows that the Region is demonstrating strong growth and is in line with or exceeds national and provincial trends in key economic indicators. A more detailed analysis of population, housing and employment growth will be brought forward in the year end 2012 Economic and Development Review.

It is proposed that the attached Economic and Development Review Mid-Year 2012 be distributed electronically to local municipalities, Chambers of Commerce, Boards of Trade, libraries and other stakeholders. Additionally, the document will be made available through the Region's website. The Region's Economic Strategy Branch 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 Valerie Shuttleworth, Director of Long Range Planning at 905 830-4444, Ext. 1525, or Doug Lindeblom, Director of Economic Strategy at Ext. 1503.

The Senior Management Group has reviewed this report.

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

Economic and Development Review Mid-Year 2012

Presentation to Planning and Economic Development Committee

Doug Lindeblom
Director, Economic Strategy

Paul Bottomley
Manager, Growth Management, Long Range Planning

October 3, 2012

Key Economic Indicator Highlights

Global Outlook

- Global growth continues to follow a positive recovery trend

US Outlook

- US continues to show slow steady recovery, boding well for the Canadian economy including York Region. Positive's include a shift in the housing market and increases in productivity in manufacturing and subsectors

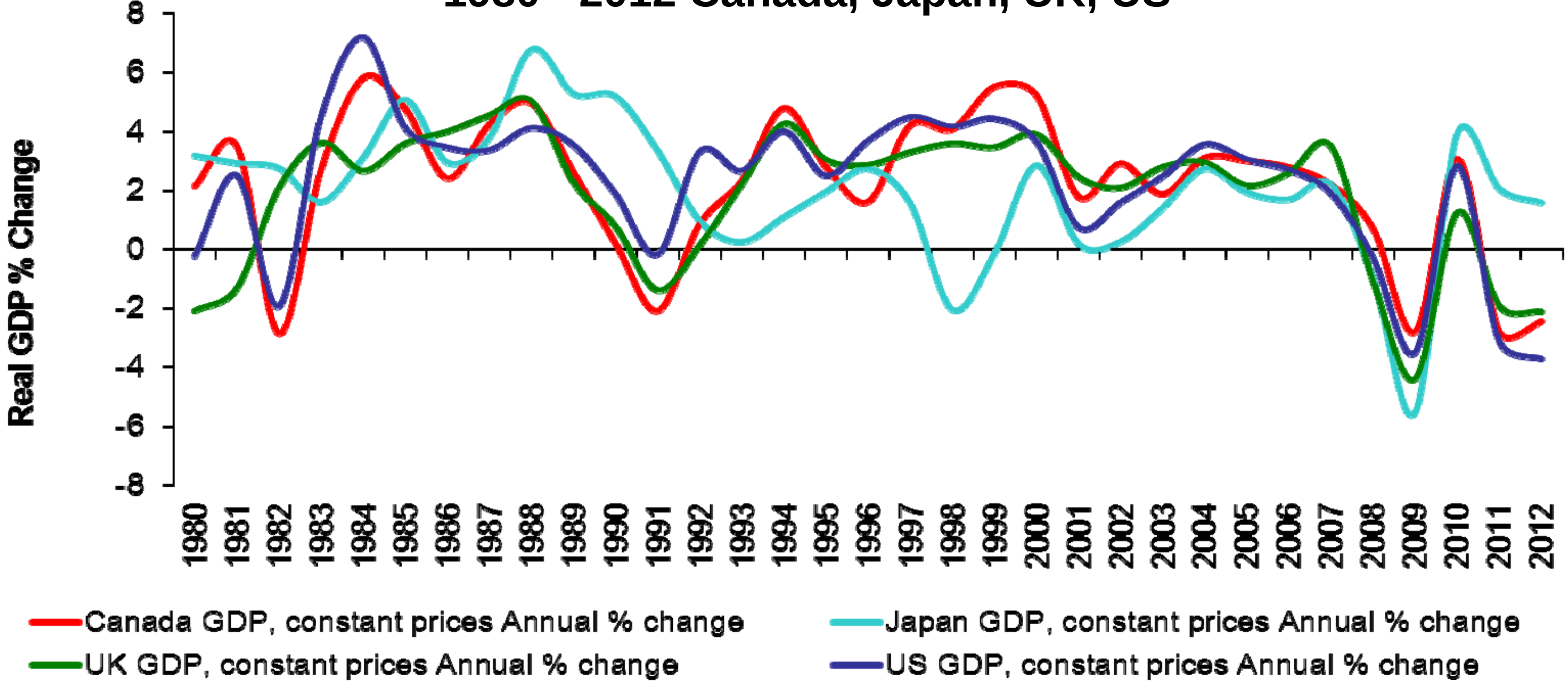
Regional Outlook

- York Region continues to help lead steady economic performance with steady population growth, a strong housing market and strong building and construction demand

Global Recovery is Slow; Regional GDP Growth is Strongly Related

Real Gross Domestic Product (annual % change)

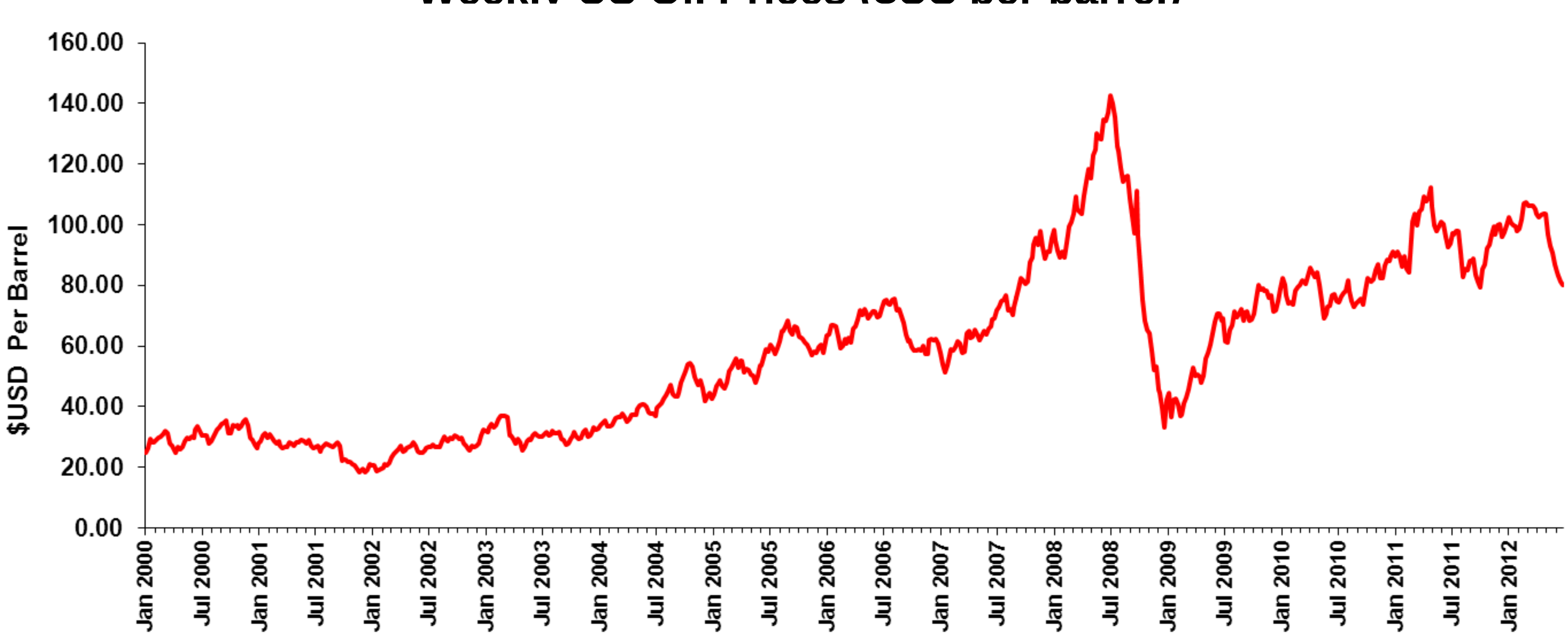
1980 - 2012 Canada, Japan, UK, US



Source: International Monetary Fund, World Economic Outlook Database

Global trends continue to follow a slow recovery

US Oil Prices Impact Regional Economy



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Source: Energy Administration Information

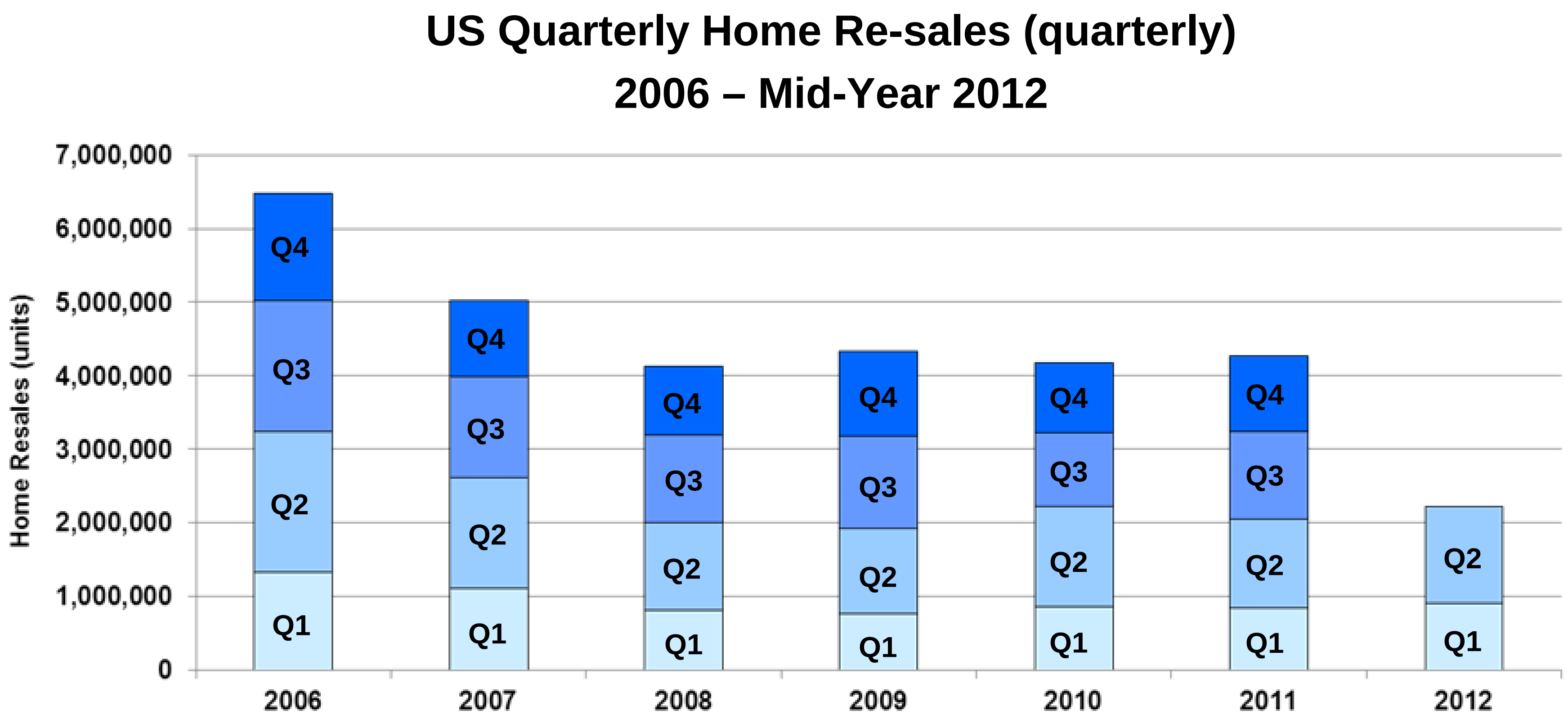
Increased fuel costs impact Regional operations and business competitiveness

US Employment Trends Continue to Show Positive Job Creation

Source: US Bureau of Economic Research

With a heavy reliance on US trade, a positive US economy and employment trend bode well for York Region businesses looking to export

US Home Resales Show Positive Signs



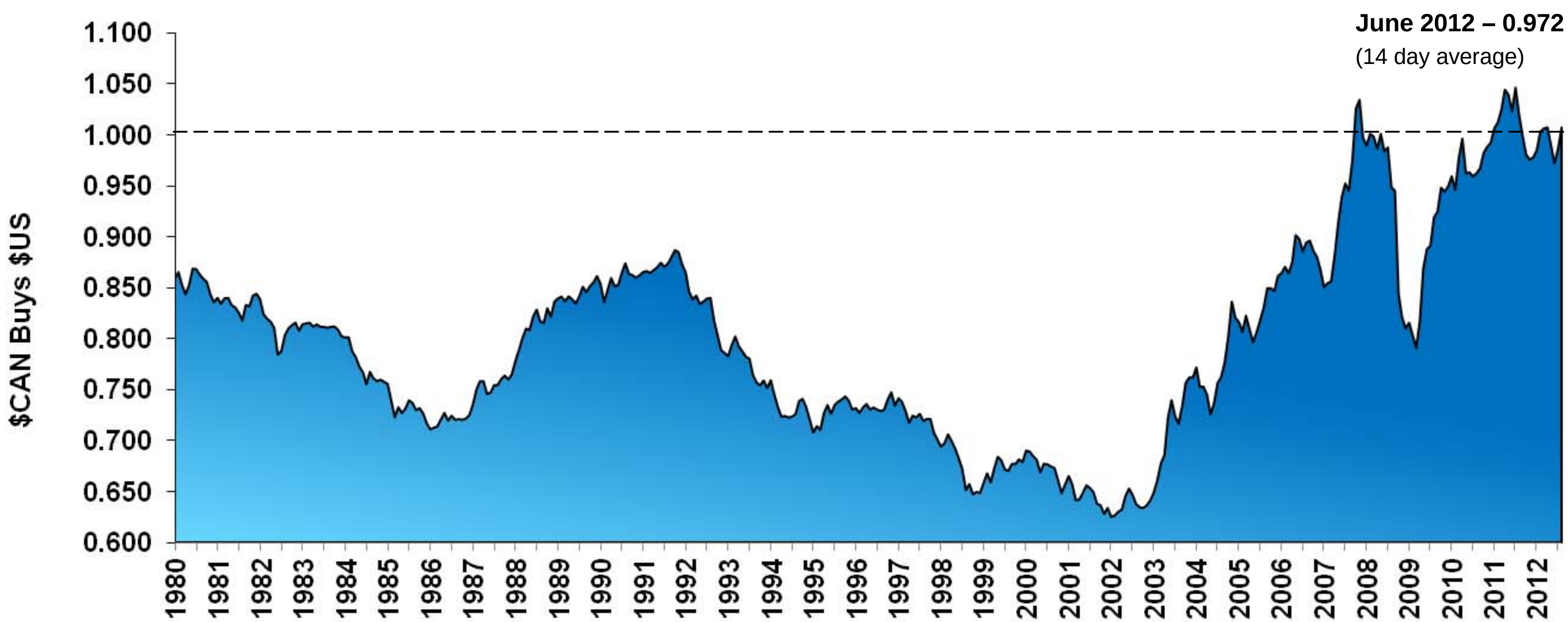
Source: US Real Estate Association

Positive US home resales signal a strengthening US economy, in turn encouraging trade and benefiting York Region businesses

Canada/US Exchange Rates Affect Regional Trade with US Businesses

Monthly Exchange Rates (CND buys USD)

1980 – Mid-Year 2012



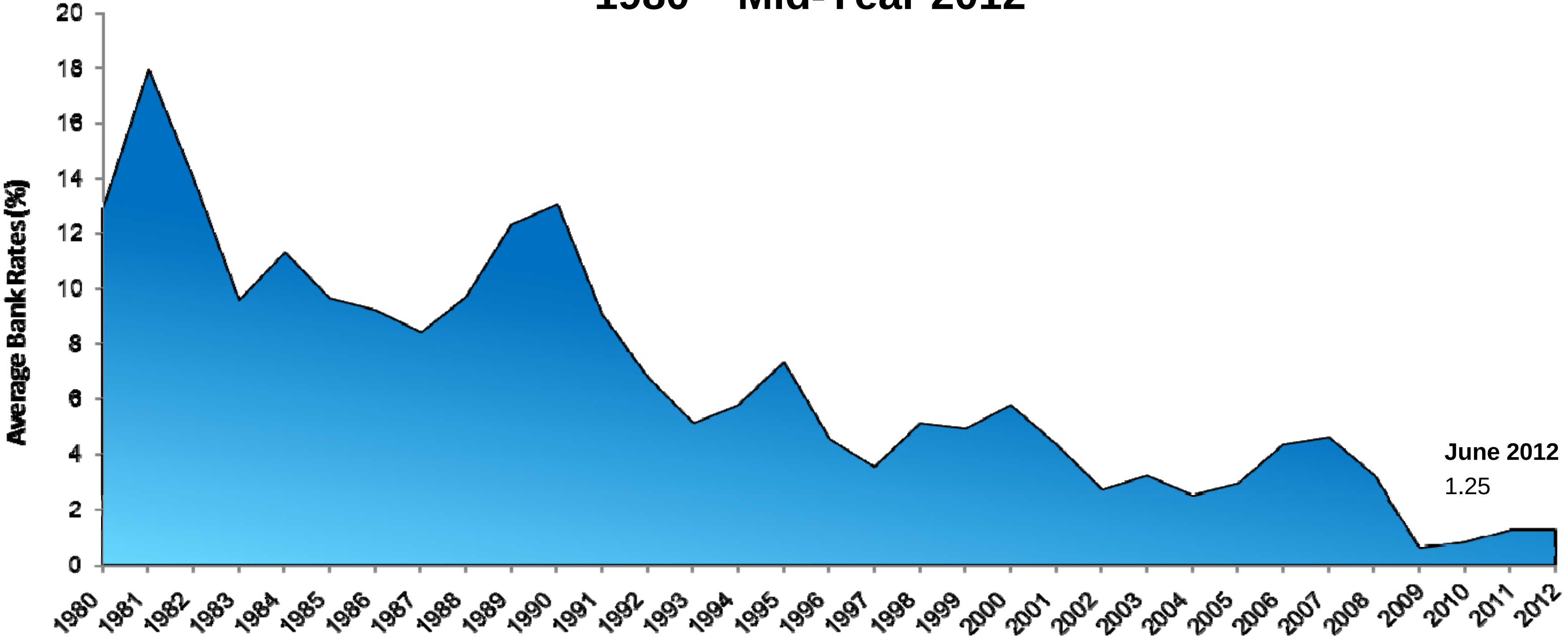
Source: Statistics Canada

Stable exchange rates encourage trade, benefiting Regional businesses

Canadian Interest Rates Remain Near Historic Lows

Average Canadian Interest Rates (Bank of Canada Short Term rates)

1980 – Mid-Year 2012

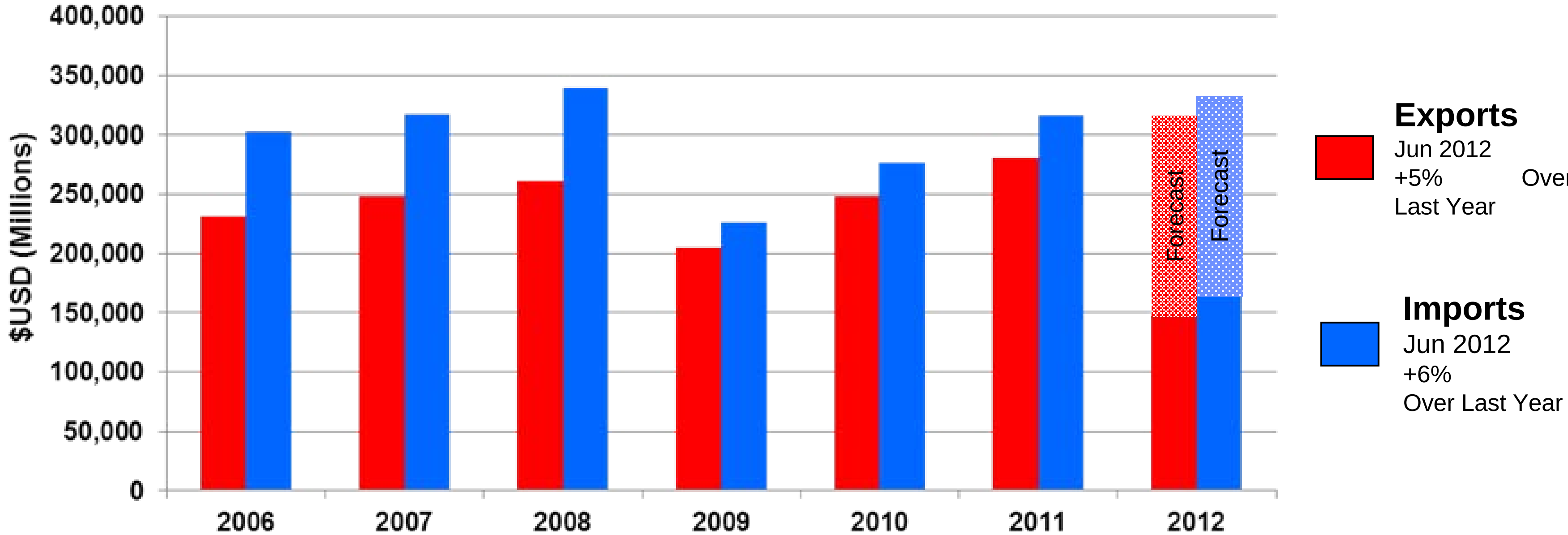


Source: Bank of Canada

Interest rates remain low, promoting borrowing amongst businesses and consumers

US/Canada Trade Impacts Regional Businesses

US Exports to and Imports from Canada ($USD Millions)
2006 – Mid-Year 2012



Source: US Bureau of Economic Research

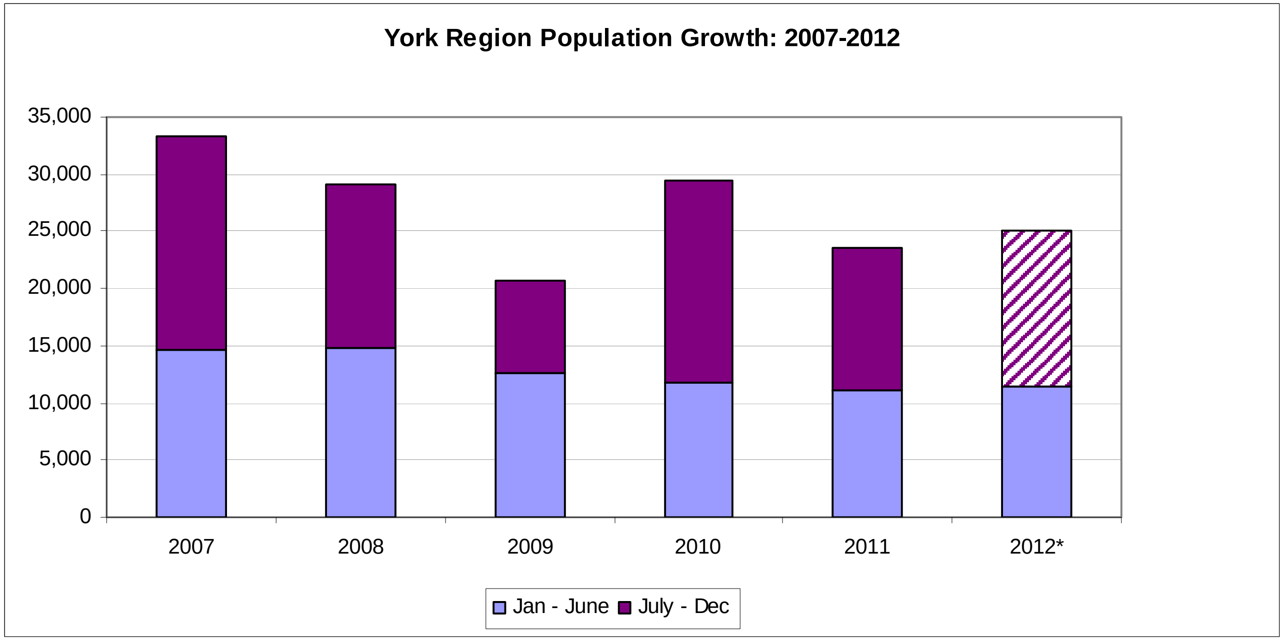
Trade balance remains positive, benefitting Regional businesses

Regional Outlook

- Population Growth
- Job Postings
- Property Market
- Building Activity

Population Growth Remains Steady

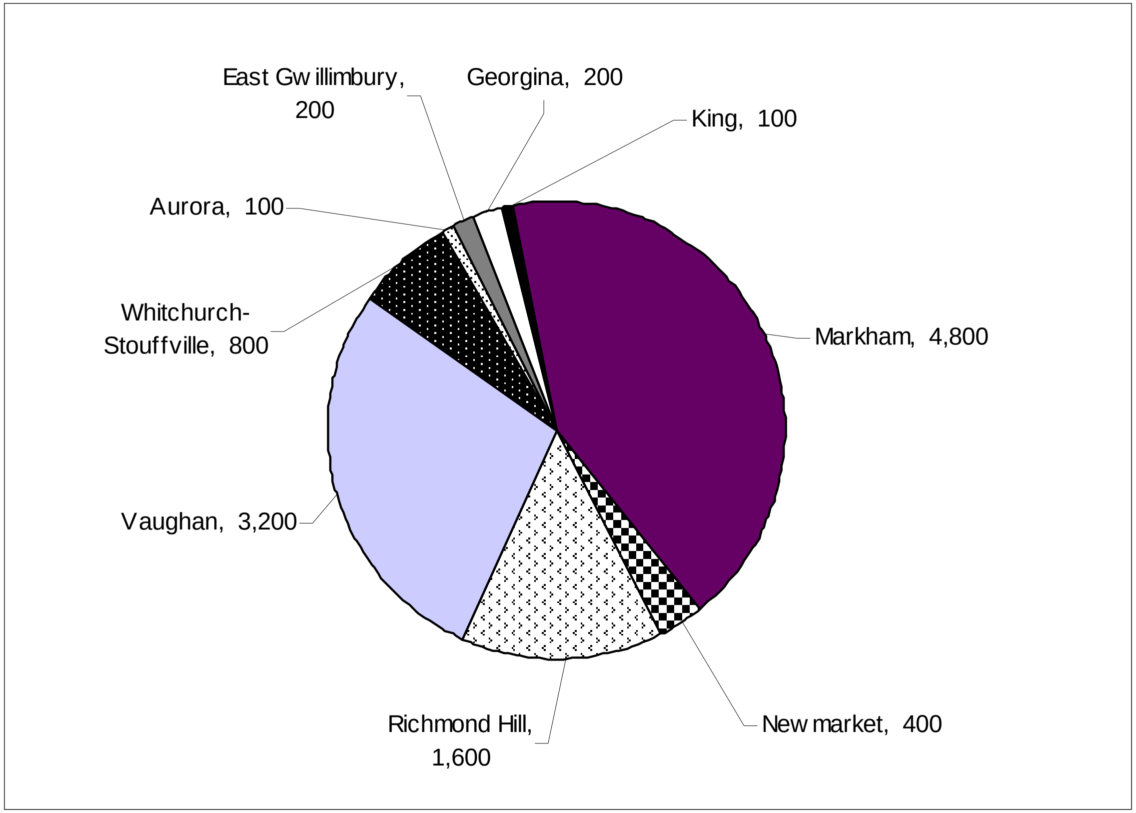
- As of June 2012:
  - 1,097,000 total residents, representing growth of 11,400 from year-end 2011 (1.1% increase)



Population growth on track to reach 25,000 target

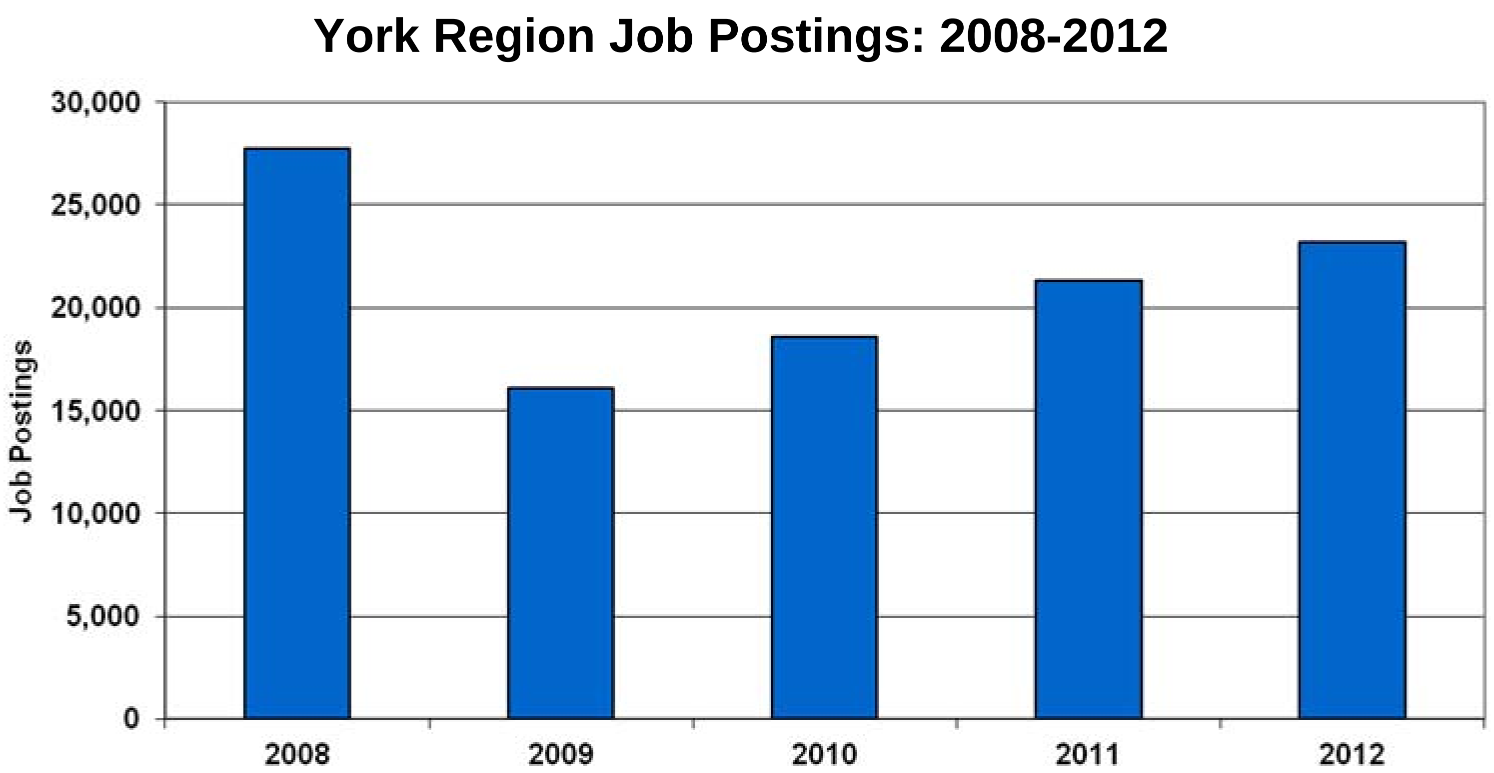
All Local Municipalities are Growing

York Region Population Increase: January to June 2012



Southern 3 Municipalities account for 84% of growth

Job Postings in York Region have Increased

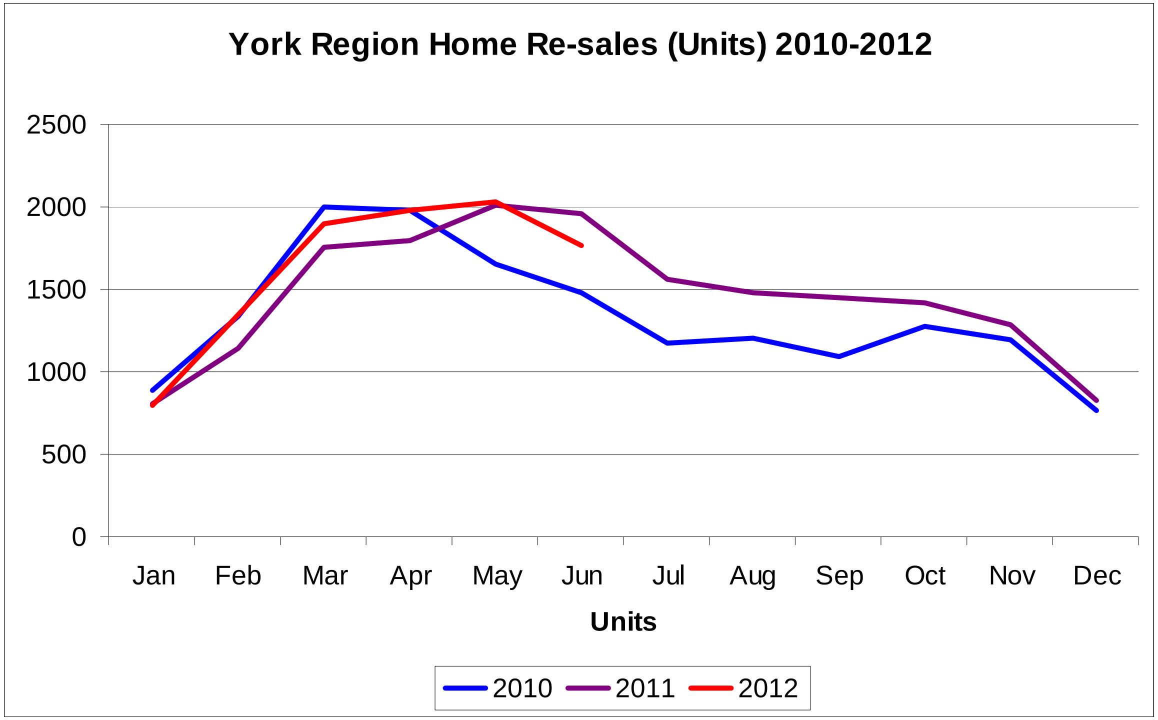


Source: Vicinity Jobs Inc.

Increase in job postings correlates with Region's employment growth

Continued Strength in Resale Residential Property Market

- 9,812 resales recorded in York Region, valued at a record $5.8B
- Average resale price for all dwelling types increased to $597,158
- As of June 2012 York Region Prices were 18% above GTA average



Average price for all dwellings up 11.2% from $536,865 to $597,158

Average Resale Housing Prices by Type

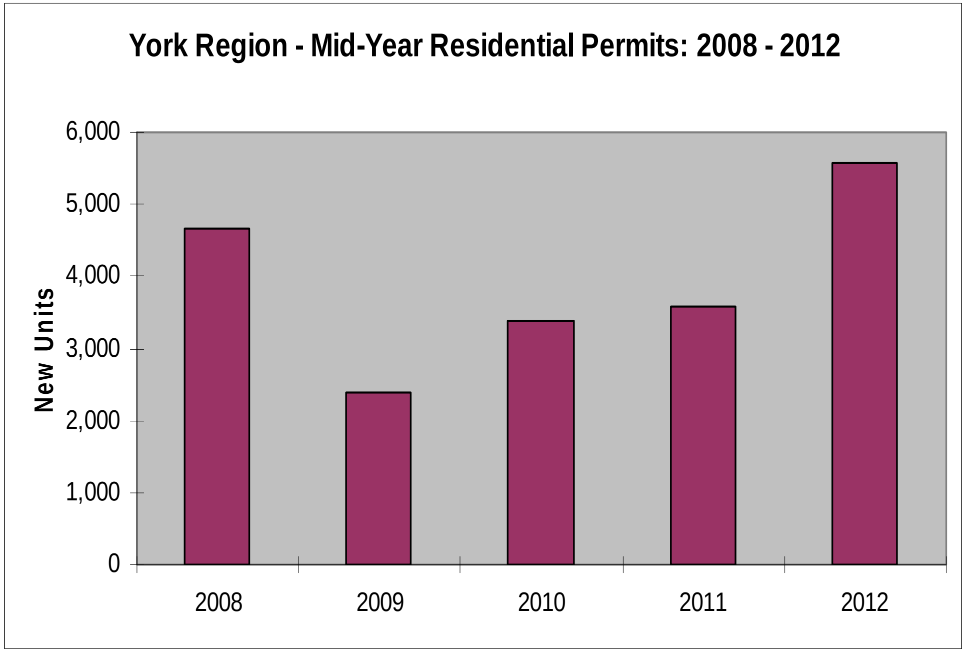
Unit Type	Avg Price	2011-12 % Change
Single Detached	$703,501	10.2%
Semi Detached	$461,319	9.8%
Townhouse / Row	$446,760	12.7%
Apartment	$334,335	5.8%

Ground-related resale prices up 10% or more

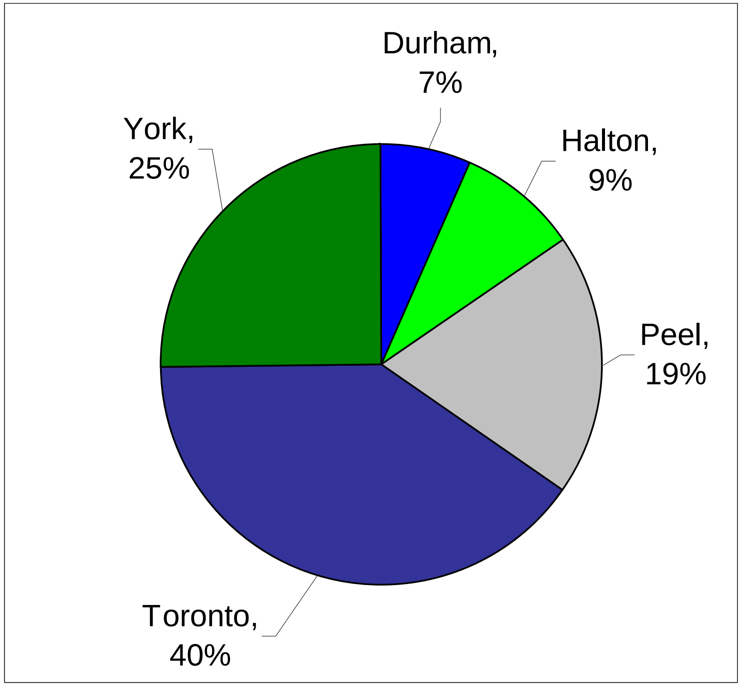
Industrial and Commercial Vacancy Rates Remain Healthy

- York Region's industrial vacancy rate was 5.8%, down from 6.3%
  - A 5% vacancy rate is considered healthy
- Vacancy rate in office nodes ranged from 7% to 11.2%
  - GTA average is 8%
- Lease rates in office nodes ranged from $12.29 to $18.33 per square foot
  - GTA average is $17.36 per square foot

Building Permits Issued for 5,575 New Residential Units



York Region's Share of GTA Residential Building Activity: Jan to June 2012



Increase of 55% in permits issued for new residential units

Across Canada, York Region 3rd in Residential Building Permits

Cross Canada Comparison Mid-Year 2012: Residential Building Permits		
Rank	**Municipality**	**# of Permits**
1	Greater Vancouver Regional District	8,974
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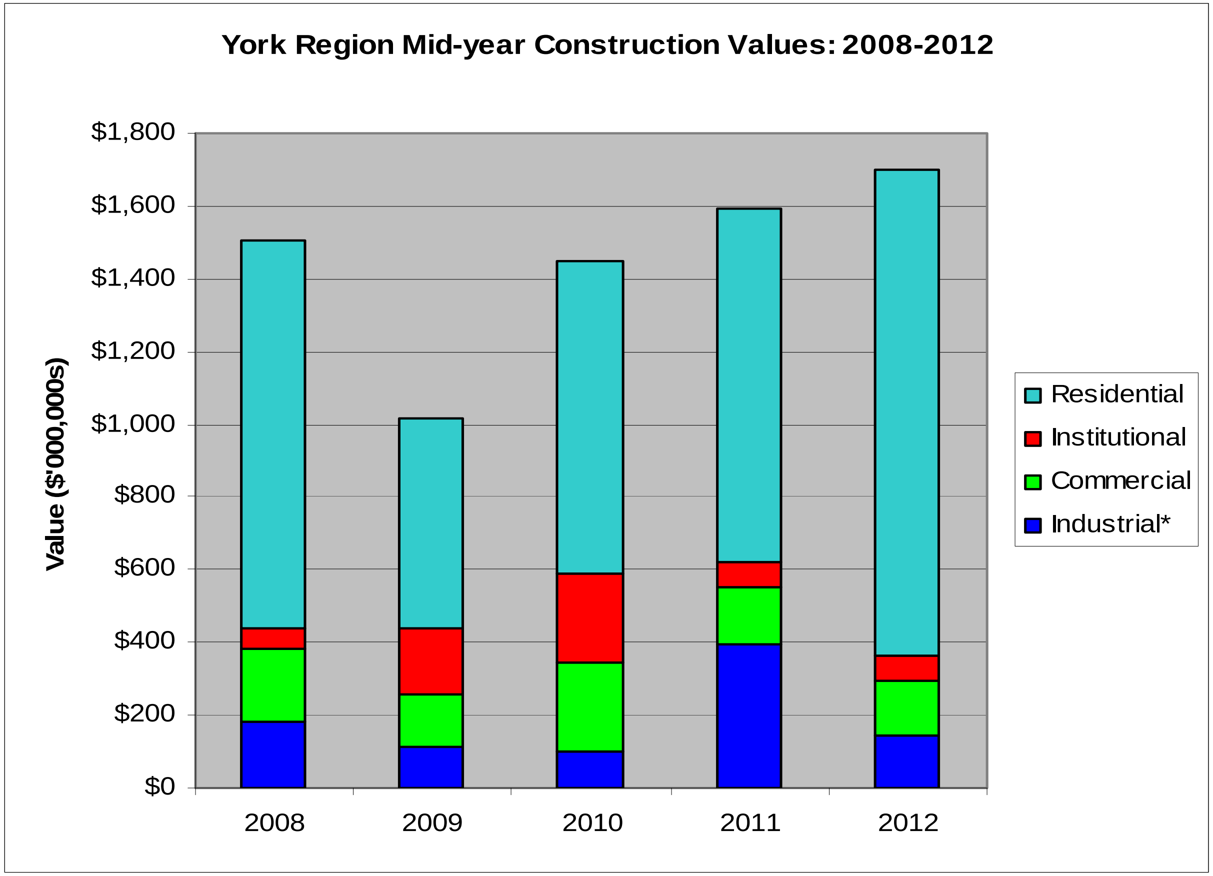
Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), York Region.

Building Permit Construction Values Increased 6.5%



Residential value increased 33% to $1.33 billion

Activity has Increased in most Residential Indicators

York Region Residential Building Activity January to June 2011 & 2012			
	January-June 2011	January – June 2012	% Change
New Residential Permits	3,588	5,575	55.4%
Housing Starts	3,962	5,343	34.9%
Housing Completions	3,605	3,432	-4.8%
Housing Resales	9,466	9,812	3.7%

Source: Canada Mortgage and Housing Corporation, Local Housing Market Report, 2011 and 2012; Toronto Real Estate Board, Market Watch, 2012; York Region Long Range Planning.

70% of housing starts were multiple unit dwellings

General Observations

- Continued steady growth in US/Canada trade (Imports up 6% and Exports up 5%)
- US economy continues to show steady recovery in employment and housing market, boding well for the Canadian economy and York Region

General Observations

- York Region population growth is on target to reach 25,000 people by the end of 2012

- Residential Building Permits are up 55% in large part due to Condominium Starts

- A 3.7% increase in residential resales (9,812) valued at $5.8 billion

General Observations

- Steady increase in average resale price of all residential units in York Region since 2008, an average of 7.1% year-over-year
- Total value of building permit construction valued at $1.7 billion (6.5% increase)
- Development Charge revenues up from $59.8 million mid-year 2011 to $137.7 million mid-year 2012

Recommendations

- Make available on corporate website for local municipalities and agencies.

Council Attachment 1

Economic & Development Review Mid-Year 2012

TABLE OF CONTENTS:

*Please note that numerical data in this report has been rounded and, therefore, some totals may be affected.

Highlights

- In the first half of 2012, York Region's population grew by 11,400 people (1.1%) to reach 1,097,000, in line with both national and provincial population growth trends.
- Building permit activity for new residential units in the Region was up 55.4% compared to the first half of 2011.
- York Region was ranked third across Canada, after Vancouver and Toronto, for the number of residential units with 5,575 permits issued during the first half of 2012.
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- As of June 2012, semi-detached, town/row/attached, and apartment/condominium units accounted for 30% of the Region's total housing stock, unchanged from mid-year 2011.
- The value of all resales in York Region's residential real estate market reached a mid-year record of over $5.8 billion
- The average resale price of a single detached dwelling unit increased by 10.2% from $638,158 to $703,501 compared to the first half of 2011.

1. Population

York Region's Population Growth

Since York Region's creation in 1971, its population has risen dramatically. In just over 40 years, the Region's population has increased more than six fold, from 169,000 to 1,097,000 by June 2012 (see *Table 1*). Over the last five years, the Region has experienced an average annual growth rate of 2.6%, equivalent to approximately 26,550 people per year. As illustrated in *Figure 1*, growth during the first half of the year was 11,400, down slightly from previous years. Population growth for the first half of 2010 and 2011 was 11,600 and 12,650 respectively. It is anticipated that growth in the second half of 2012 will be higher compared to 2011 levels due to a larger inventory of units under construction.

Table 1

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Year-End 2011 – Mid-Year 2012

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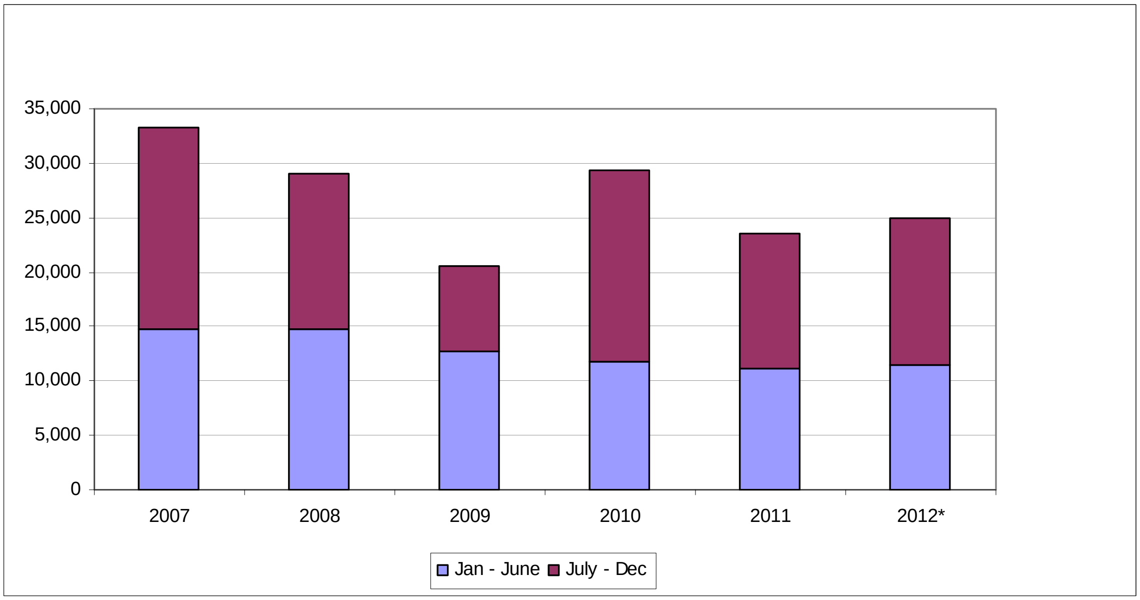
York Region Total	**1,085,600**	**1,097,000**	**11,400**	**1.1%**

Source: York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

Note: All figures in the Table are rounded.

Figure 1

York Region Population Growth: 2007-2012



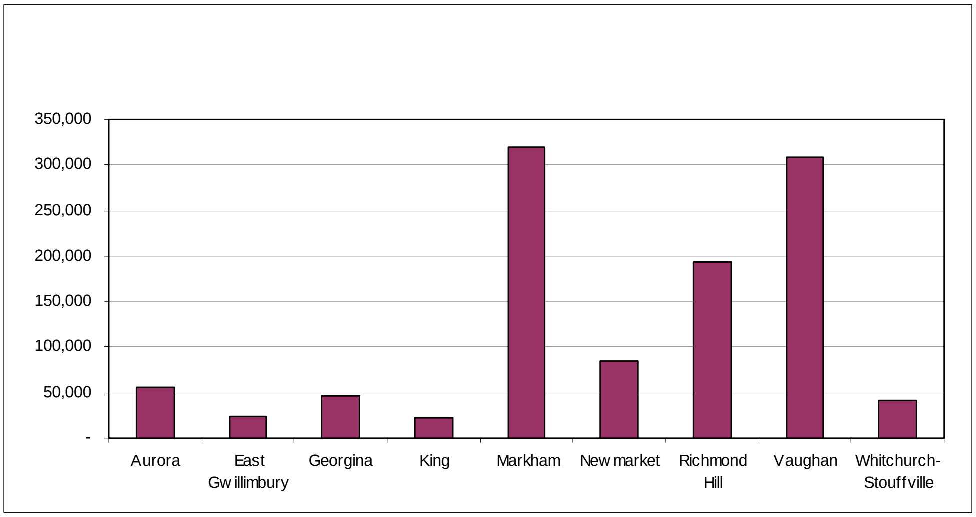
Source: York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

Note: *July to December 2012 values are based on population forecasts.

All of the nine local municipalities within York Region continue to experience population growth, with the more urban southern areas receiving the largest population increases (*Figure 2*). By mid-year 2012, the largest increases in population had occurred in Markham (4,800 people), followed by Vaughan (3,200 people), and Richmond Hill (1,600 people) (*Figure 3*).

Figure 2

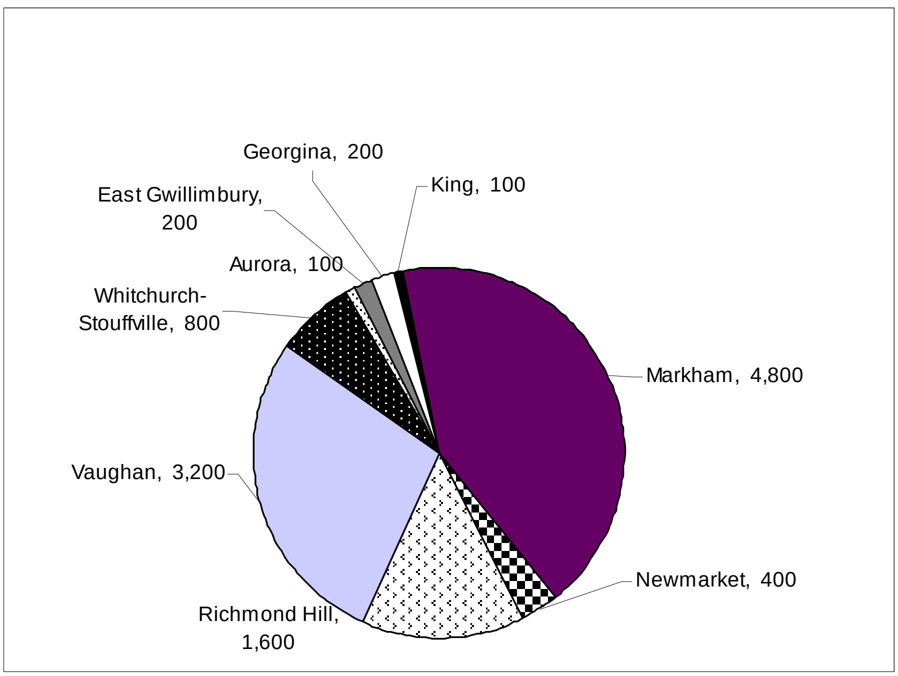
York Region Population: July 1, 2012



Source: York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

Figure 3

York Region Population Increase: January to June 2012



Source: York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

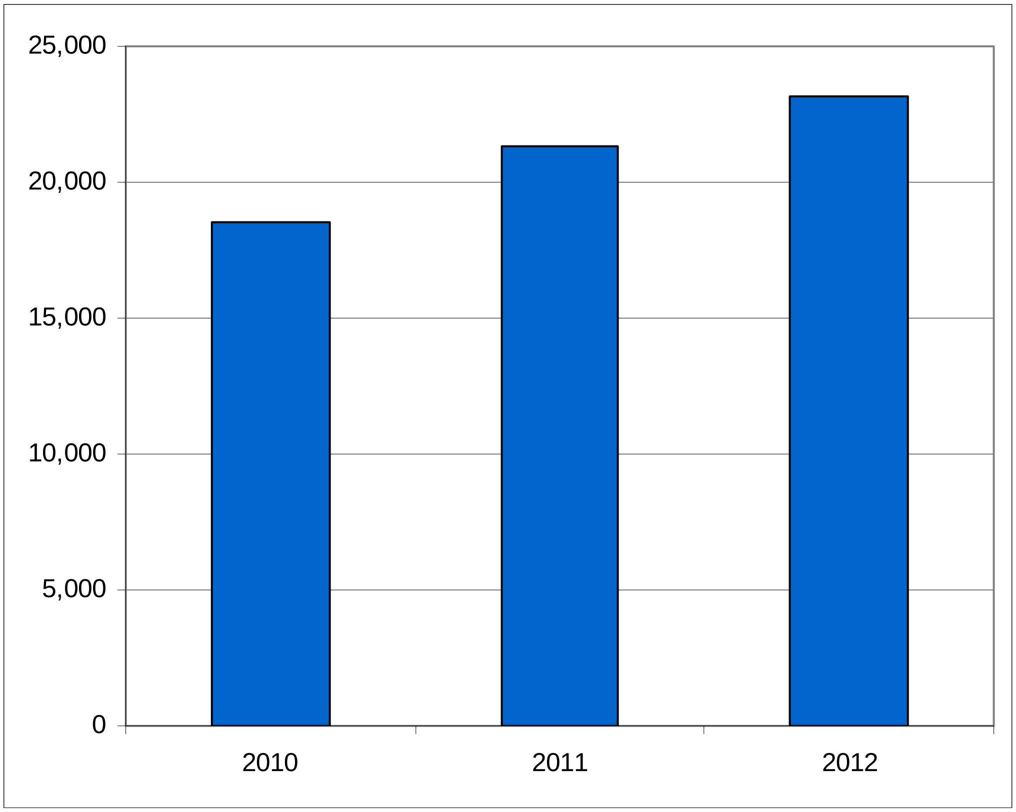
Note: All values in figure are rounded.

2. Economic Activity

Hiring Demand

Vicinity Jobs Inc. tracks job posting numbers in York Region. Over the first six months of 2010-2012 there has been a continual increase in the number of jobs posted across York Region. Over the past five years the data with respect to number of job postings in the Region appear to correlate with the overall growth in the Region's job market.

Figure 4
York Region Job Postings, Mid-year 2010, 2011 & 2012



Source: Vicinity Jobs Inc, 2012; Long Range Planning, Office of the Chief Administrative Officer, 2012.

3. Property Market

Residential Property Market

The Toronto Real Estate Board's Market Watch Report tracks home resales across the GTA. The report notes that the number of resales in 2012 has increased from last year's numbers. The number of resales that occurred from January to June 2012 in York Region totalled over 9,812 units (*Table 2*) an increase of 3.7% from mid year 2011. The total value of resales reached a record of over $5.8 billion.

Table 2

York Region Resales & Average Prices All Dwelling Types, 2012

	Detached		Semi		Town/Row/Attach		Condo/Apt	
	Sales	**Avg Price**	**Sales**	**Avg Price**	**Sales**	**Avg Price**	**Sales**	**Avg Price**
Aurora	358	$650,689	55	$402,241	129	$442,854	23	$384,357
East Gwillimbury	154	$545,017	2	$406,500	26	$293,612	1	$198,000
Georgina	457	$322,783	15	$288,487	35	$251,109	5	$167,500
King	175	$848,551	0	N/A	4	$377,200	3	$305,850
Markham	1,564	$748,081	209	$490,178	491	$446,582	426	$340,970
Newmarket	554	$519,029	142	$377,156	174	$354,288	52	$257,435
Richmond Hill	1,214	$825,755	100	$507,279	372	$482,352	264	$309,138
Vaughan	1,384	$765,892	224	$504,791	392	$493,507	368	$355,339
Whitchurch-Stouffville	343	$673,250	45	$406,593	52	$374,160	0	N/A
York Region Total	**6,203**	**$703,501**	**792**	**$461,319**	**1,675**	**$446,760**	**1,142**	**$334,335**

Multiple unit dwellings consist of semi-detached, row/town/attached, and condominium/apartment units. The resale of multiple unit dwellings in York Region totalled just over 3,609 units between January and June 2012. This represents a slight decrease of 0.6% (21 units) from last year's mid-year period. Of all the residential resales that occurred in York Region during this period, 36.8% were multiple unit dwellings. In 2011, 38.4% of all resales were multiple unit dwellings.

Table 3 compares the number of resales and the average price of dwellings in each municipality during the first six months of 2011 and 2012. The average price of all residential dwellings increased by 11.2%, from $536,865 in 2011 to $597,158 in 2012.

Table 3

York Region Resales and Average Prices: All Dwellings

January to June 2011 & 2012

	Mid-Year Sales		Mid-Year Avg. Price	
	2011	**2012**	**2011**	**2012**
Aurora	537	565	$519,378	$568,210
East Gwillimbury	146	183	$438,141	$505,888
Georgina	430	512	$275,157	$315,363
King	124	182	$790,112	$829,246
Markham	2,519	2,690	$555,357	$608,539
Newmarket	792	922	$412,772	$451,335
Richmond Hill	2,457	1,950	$588,261	$673,970
Vaughan	2,071	2,368	$550,110	$632,300
Whitchurch-Stouffville	390	440	$544,358	$610,631
York Region Total	**9,466**	**9,812**	**$536,865**	**$597,158**

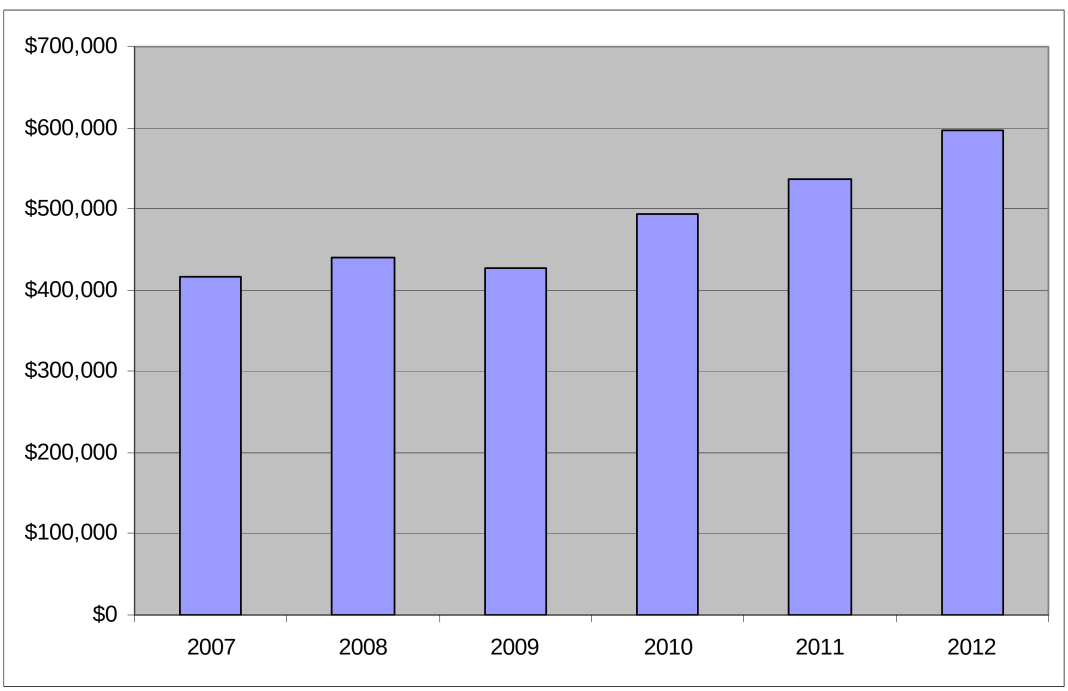
Source: Toronto Real Estate Board, Market Watch, 2011 - 2012.

Figure 5 shows that this trend has continued for most of the past 5 years, with a brief interruption in 2009.

Figure 5

York Region Average Resale Price of All Dwelling Types:

Mid-year Period 2007 to 2012



Industrial Property Market

As part of their report on significant centres in the GTA industrial property market Cushman & Wakefield LePage tracks the industrial market in five area municipalities in York Region: Aurora, Markham, Newmarket, Richmond Hill and Vaughan. According to Cushman & Wakefield LePage, the total inventory of industrial buildings in York Region increased by 0.75% between the second quarters of 2011 and 2012. The Region's industrial vacancy rate remained relatively steady throughout the past four quarters, finishing the second quarter of 2012 at 5.8% - a decrease from the 6.3% vacancy rate in the second quarter of 2011 and 7.0% in the second quarter of 2010 (Table 4). A vacancy rate of approximately 5% is considered healthy. If vacancy rates fall too low new, relocating or expanding businesses have fewer options to choose from, and prices can be driven up. Too high a vacancy rate can depress prices, and may be an indication of an over-built market.

Table 4

Vacancy Rates and Total Inventory of Industrial Buildings in York Region

Mid-year 2011 – Mid-year 2012

	1st Qtr. 2011		2nd Qtr. 2011		1st Qtr. 2012		2nd Qtr. 2012	
	Inventory (sq.ft.)	Vacancy Rate	Inventory (sq.ft.)	Vacancy Rate	Inventory (sq.ft.)	Vacancy Rate	Inventory (sq.ft.)	Vacancy Rate
Aurora	6,243,913	10.9%	6,271,282	12.8%	6,306,806	9.4%	6,325,859	8.7%
Markham	35,627,318	5.0%	35,720,864	5.5%	35,970,232	7.0%	35,969,082	6.5%
Newmarket	6,794,315	4.5%	6,902,657	7.0%	7,080,572	4.3%	7,080,572	4.4%
Richmond Hill	15,657,205	6.5%	15,650,531	3.9%	15,899,404	5.3%	15,869,294	5.5%
Vaughan	92,598,219	6.4%	93,012,318	6.5%	93,367,885	5.1%	93,496,390	5.4%
Total	**156,920,970**	**6.2%**	**157,557,652**	**6.3%**	**158,624,899**	**5.7%**	**158,741,197**	**5.8%**

Source: Cushman & Wakefield LePage, Marketbeat: Greater Toronto Area Industrial Report, 2011Q1 - 2012Q2.

Office Property Market

CB Richard Ellis tracks three different office nodes in York Region: Markham North and Richmond Hill, Steeles/Woodbine, and Vaughan. At the end of the second quarter in 2012, the vacancy rates of these nodes ranged from 7.0% in Vaughan to 11.2% in Markham North and Richmond Hill. The commercial vacancy rate for the GTA at the end of the second quarter in 2011 was 8.0%. When compared to the second quarter of 2011, the commercial vacancy rate increased in all areas, with the largest increase occurring in Vaughan, from 4.5% in 2011 to 7.0% in 2012 (*Table 5*). This is due to a combination of factors, including an increase in office building stock in these nodes as well as relocations of businesses both within and outside of the identified office nodes.

Table 5

Selected Office Market Vacancy Rates: 2011 – Mid-year 2012

Office Nodes	2011				2012	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr
Markham North & Richmond Hill	11.7%	11.6%	10.5%	11.5%	11.5%	11.2%
Steeles Woodbine	8.3%	7.6%	7.3%	8.1%	7.8%	8.1%
Vaughan	3.9%	4.5%	4.3%	6.5%	7.3%	7.0%
GTA Total/Average	**8.7%**	**8.2%**	**7.8%**	**7.9%**	**7.9%**	**8.0%**

Source: CB Richard Ellis, Office Market Review, 2009 - 2012.

At the end of the second quarter of 2012, the lease rates per square foot in York Region ranged from $12.29 (Steeles/Woodbine) to $18.33 (Vaughan). The office market lease rate for the GTA increased from $17.08 per square foot in the second quarter of 2011, to $17.36 per square foot in 2012 (*Table 6*).

Table 6

Selected Office Market Lease Rates ($/sq.ft.): 2011 – Mid-year 2012

Office Nodes	2011				2012	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr
Markham North & Richmond Hill	15.78	15.09	15.13	15.98	$16.10	$16.10
Steeles Woodbine	12.51	12.71	12.41	12.60	$12.55	$12.29
Vaughan	16.29	16.15	16.41	19.60	$18.79	$18.33
GTA Total/Average	**16.44**	**17.08**	**16.37**	**16.86**	$17.01	$17.36

Source: CB Richard Ellis, Office Market Review, 2009 - 2012.

4. Building Activity

Residential Building Permits

Building permit activity is a standard indicator of local investment and economic performance. In the first half of 2012, York Region experienced a 55.4% increase over the first half of 2011 in the number of new residential units with permits issued. A strong growth in permits issued also occurred during the second half of 2011, with a 30.7% increase from the previous six months of 2011 (*Table 7*).

Table 7

Number of New Residential Units with Permits Issued in York Region:

January 2011 to June 2012

Municipality	2011		2012
	Jan - June	July - Dec	Jan - June
Aurora	17	208	193
East Gwillimbury	61	112	82
Georgina	82	81	84
King	179	104	420
Markham	1,448	1,649	2,926
Newmarket	95	352	71
Richmond Hill	509	698	543
Vaughan	691	1,281	765
Whitchurch-Stouffville	506	205	491
York Region Total	**3,588**	**4,690**	**5,575**

Source: Local Municipal Building Permit Reports, 2011 and 2012;

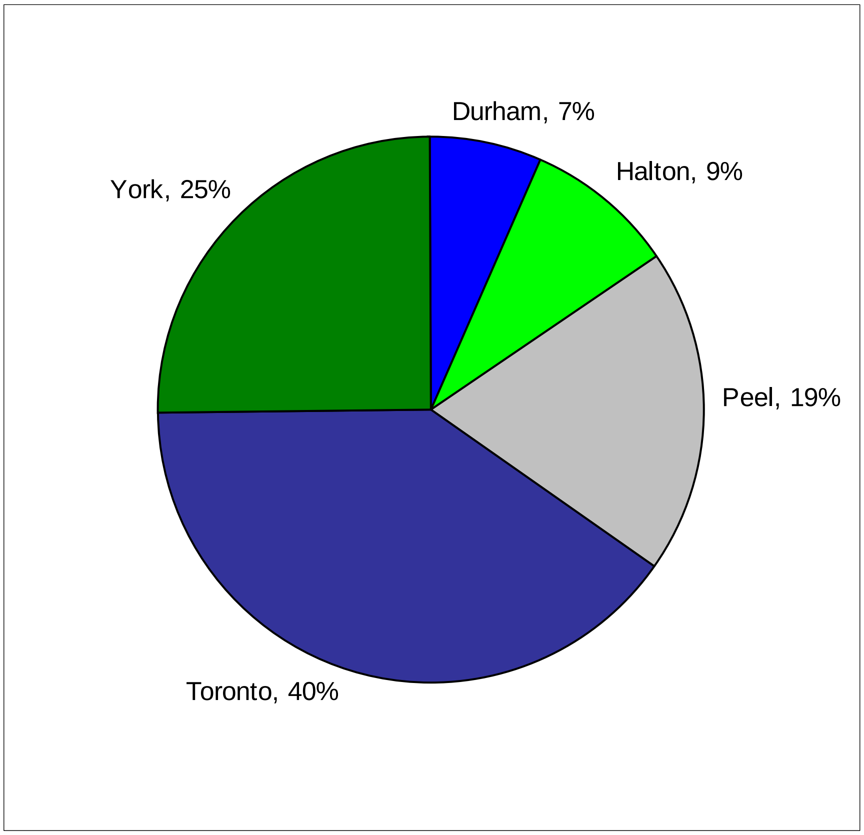
York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

Building permits were issued for 22,155 new residential units in the GTA between January and June 2012, up from 16,288 during the first half of 2011, a 36.0% increase. Permits issued within York Region accounted for 25% of these units. Within the GTA, York Region had the second highest proportion of new units with permits issued, behind the City of Toronto. This is consistent with recent years, with the exception of 2007 where York Region placed first. The shares of other Regions in the GTA, including Durham (7%), Halton (9%), Peel (19%), and Toronto (40%), are displayed in *Figure 6*.

Figure 6

York Region's Share of GTA Residential Building Activity:

January – June 2012



Source: Local Municipal Building Permit Reports, 2012;
Statistics Canada Table 32.2 (unpublished), 2012.

York Region is among the top municipalities across Canada for the number of new residential units with permits issued during the first half of 2012 (*Table 8*). It must be noted that this ranking is in comparison to cities, regions, and regional districts as defined locally. In recent years, York Region has ranked sixth and fifth at the mid-years for 2010 and 2011, respectively.

Table 8

Cross Canada Comparison Mid-year 2012:

Residential Building Permits

Rank	Municipality	# of Permits
1	Greater Vancouver Regional District	8,974
2	City of Toronto	8,898
3	**York Region**	**5,575**
4	City of Calgary	5,254
5	City of Québec	4,346
6	Peel Region	4,248
7	City of Edmonton	3,994
8	City of Montréal	3,932
9	City of Ottawa	2,976
10	Halton Region	1,974

Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), 2012;
York Region Long Range Plannign, Office of the Chief Administrative Officer, 2012.

Note: List includes cities, regions and regional districts, as defined locally.

Construction Value

Total construction in York Region during the first half of 2012 was valued at almost $1.7 billion – an increase of approximately $103 million when compared to mid-year 2011 figures. Residential construction values increased by 33.3% from $997.8 million in 2011 to $1,330.5 million at mid year 2012.

By mid-year 2012, the value of ICI construction in York Region reached $366 million (see *Table 9*). This represents a decrease of 38.5% from mid-year 2011 numbers. The industrial sector experienced the largest decrease in total value of $250.0 million (decreased by 63.4%), institutional decreased by 1.4%, while the commercial sector increased by 16.9%. The proportion of the Region's total construction value accounted for by ICI construction was 21.6% in 2012.

Table 9

York Region Estimated Value ($000's) of Construction*:

January to June 2011 & 2012

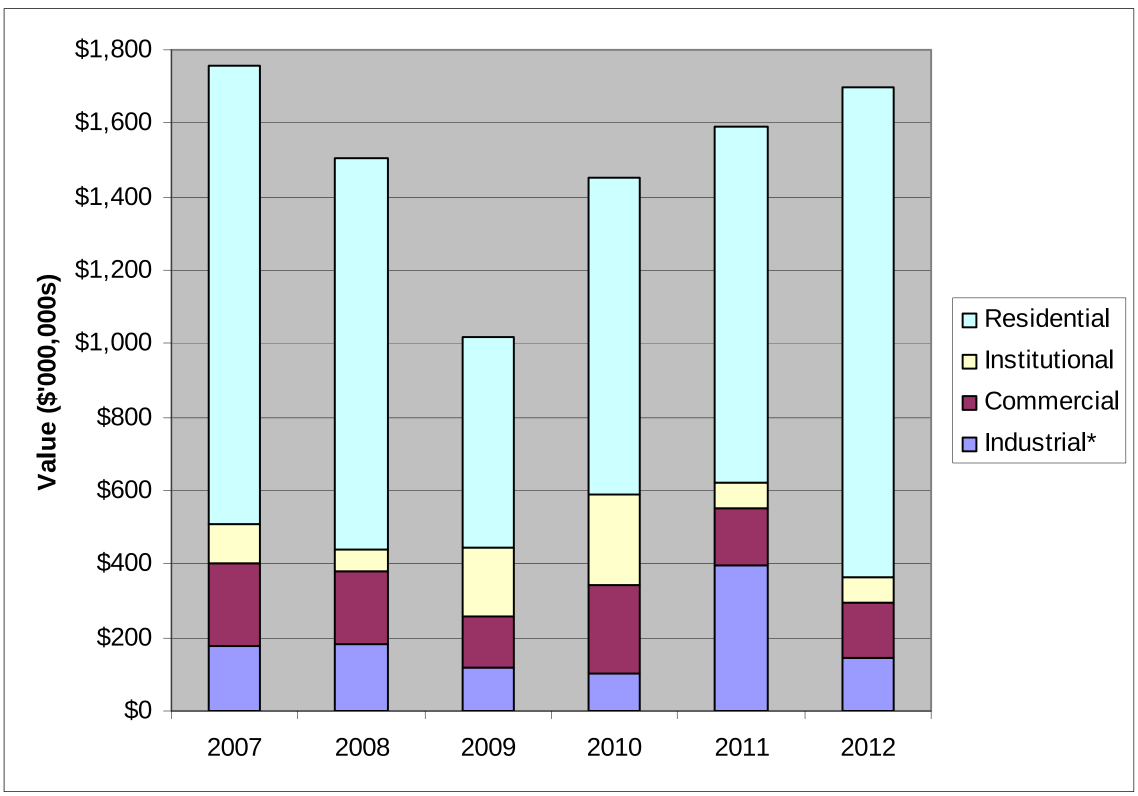
Municipality	Residential Jan - June 2011	Residential Jan - June 2012	Industrial** Jan - June 2011	Industrial** Jan - June 2012	Commercial Jan - June 2011	Commercial Jan - June 2012	Institutional Jan - June 2011	Institutional Jan - June 2012	Total Jan - June 2011	Total Jan - June 2012
Aurora	$10,061	$50,773	$7,752	$639	$4,905	$5,730	$730	$4,040	$23,448	$61,182
East Gwillimbury	$14,486	$15,606	$240	$500	$5,597	$7,684	$493	$10,536	$20,816	$34,325
Georgina	$22,472	$23,999	$920	$4	$2,686	$2,827	$0	$815	$26,078	$27,645
King	$52,242	$116,428	$2,617	$1,800	$112	$2,322	$7,100	$239	$62,071	$120,788
Markham	$393,882	$592,793	$119,710	$69,156	$58,309	$36,167	$8,964	$33,346	$580,865	$731,462
Newmarket	$29,164	$29,760	$4,802	$231	$9,495	$13,463	$307	$887	$43,767	$44,341
Richmond Hill	$99,328	$92,005	$4,107	$9,920	$8,046	$16,778	$13,636	$18,014	$125,117	$136,716
Vaughan	$280,586	$285,244	$253,354	$56,556	$39,430	$63,867	$40,585	$2,953	$613,954	$408,620
Whitchurch-Stouffville	$95,595	$123,888	$1,060	$5,729	$304	$1,830	$280	$281	$97,239	$131,728
York Region Total	**$997,816**	**$1,330,495**	**$394,562**	**$144,535**	**$128,884**	**$150,667**	**$72,094**	**$71,110**	**$1,593,356**	**$1,696,808**

Source: Local Municipal Building Permits Reports, 2011 & 2012; Statistics Canada Building Permits Reports, 2011 & 2012; York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

Note: *Estimated values of construction include additions, renovations, temporary structures and new construction

Figure 7

York Region – Mid-year Construction Values: 2007-2012



Source: York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

Note: *Agricultural permits are included under the Industrial category.

When compared to other cities, regions, and regional districts as defined locally, York Region consistently ranks among the highest values of total construction (*Table 10*). In the first half of both 2010 and 2011, York Region had the 5th and 4th highest total value across Canada. In 2012, York Region held the rank of 4th highest.

Table 10
Cross Canada Comparison Mid-year 2012:
Values of Total Construction ($000's)

Rank	Municipality	Total Value
1	City of Toronto	$3,594,296
2	Greater Vancouver Regional District	$3,415,819
3	City of Calgary	$2,433,381
4	**York Region**	**$1,696,808**
5	Peel Region	$1,669,566
6	City of Edmonton	$1,503,002
7	City of Montréal	$1,327,795
8	City of Ottawa	$1,015,243
9	City of Québec	$938,742
10	Halton Region	$929,574

Source: Statistics Canada Building Permit Reports and Table 32.2 (unpublished), 2012;
York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.
Note: List includes cities, regions and regional districts, as defined locally.

A number of large scale construction projects have occurred within York Region during the first half of 2012. *Table 11* is a list of the 20 highest valued building permits. This list includes projects from five different municipalities and all economic sectors, demonstrating that the construction industry is not reliant upon a single economic sector or one particular area of the Region. Many of the large scale construction projects thus far in 2012 have been associated with multi-unit residential development. Comparatively, in the first half of 2011 the large scale construction projects were almost exclusively for industrial or commercial uses.

Table 11

Building Permits with the 20 Highest Construction Values in York Region: January to June 2012

Project	Value $000s	Use	Municipality
Mixed Use Condo Apartment Building (World on Yonge Complex – Liberty Developments)	$138,578.00	Residential	Markham
Mixed Use Condo Apartment Building (The Upper Village by Greenpark Homes)	$41,050.00	Residential	Markham
Condo Apartment Building (River Park)	$30,183.00	Residential	Markham
Parking Garage for Apartment Building	$28,412.00	Industrial	Markham
Shell Building for Warehouse/Storage Facility	$25,596.58	Industrial	Vaughan
Condo Apartment Building (River Park)	$24,870.00	Residential	Markham
Condo Apartment Building (River Park)	$24,820.00	Residential	Markham
Parking Garage for Apartment Building	$22,717.00	Industrial	Markham
Condo Apartment Building (KFA Architects)	$21,000.00	Residential	Richmond Hill
Condo Apartment Building	$21,000.00	Residential	King
Religious Building (New Coptic Church)	$17,643.00	Institutional	Markham
Nursing Home (Richmond Hill Retirement Residence)	$15,000.00	Institutional	Richmond Hill
Shopping Centre	$12,027.00	Commercial	Vaughan
Religious Building (Emmanuel Convalescent Foundation)	$10,000.00	Institutional	East Gwillimbury
Warehouse/Storage Facility Addition (Vision Group)	$9,517.29	Industrial	Vaughan
Condo Apartment Building (River Park)	$8,000.00	Residential	Markham
Utility Building (York Region Pumping Station)	$6,000.00	Industrial	Richmond Hill
Office Building (CBRE Canada)	$5,898.00	Commercial	Vaughan
Retail/Service Commercial Unit	$5,600.00	Commercial	East Gwillimbury
Single Detached House	$4,858.50	Residential	Vaughan

Source: Local Municipal Building Permit Reports, 2012.

Housing Starts

The number of total housing starts grew 34.9% by mid-year 2012, increasing from 3,962 in 2011 to 5,343 in 2012 (*Table 12*). The proportion of multiple unit housing starts increased from 47.2% by mid-year 2011 to 70.2% by mid-year 2012.

Table 12

Housing Starts by Municipality in York Region: January to June 2011 & 2012

	Jan - June	
Aurora	**2011**	**2012**
Singles	25	48
Semis	0	0
Rows	0	0
Apts.	0	157
Total	**25**	**205**

	Jan - June	
East Gwillimbury	**2011**	**2012**
Singles	47	73
Semis	14	32
Rows	17	0
Apts.	0	0
Total	**78**	**105**

	Jan - June	
Georgina	**2011**	**2012**
Singles	74	51
Semis	0	0
Rows	0	7
Apts.	0	0
Total	**74**	**58**

	Jan - June	
King	**2011**	**2012**
Singles	42	126
Semis	2	4
Rows	0	52
Apts.	137	127
Total	**181**	**309**

	Jan - June	
Markham	**2011**	**2012**
Singles	648	355
Semis	116	124
Rows	51	790
Apts.	253	1,193
Total	**1,068**	**2,462**

	Jan - June	
Newmarket	**2011**	**2012**
Singles	81	246
Semis	0	0
Rows	0	60
Apts.	0	0
Total	**81**	**306**

	Jan - June	
Richmond Hill	**2011**	**2012**
Singles	251	223
Semis	4	4
Rows	115	116
Apts.	0	564
Total	**370**	**907**

	Jan - June	
Vaughan	**2011**	**2012**
Singles	537	310
Semis	164	6
Rows	214	41
Apts.	499	419
Total	**1,414**	**776**

	Jan - June	
Whitchurch-Stouffville	**2011**	**2012**
Singles	388	160
Semis	90	20
Rows	89	35
Apts.	104	0
Total	**671**	**215**

	Jan - June	
York Region	**2011**	**2012**
Singles	2,093	1,592
Semis	390	190
Rows	486	1,101
Apts.	993	2,460
Total	**3,962**	**5,343**

Source: Canada Mortgage and Housing Corporation, Local Housing Market Report, 2011 and 2012

Housing Completions

A total of 3,432 houses were completed within York Region during the first six months of 2012. In comparison, 3,605 homes were completed during the first half of 2011 (*Table 13*). This represents a decrease of 4.8% from the previous year. The proportion of these completions that were multiple unit dwellings also decreased. By mid-year 2011, 47.9% of housing completions were multiple unit dwellings. By mid-year 2012, this had decreased to 35.4% (*Figure 8*).

Table 13

Housing Completions by Municipality in York Region:

January to June 2011 & 2012

	Jan - June	
Aurora	**2011**	**2012**
Singles	82	18
Semis	8	0
Rows	0	0
Apts.	153	0
Total	**243**	**18**

	Jan - June	
East Gwillimbury	**2011**	**2012**
Singles	37	37
Semis	2	12
Rows	15	20
Apts.	0	0
Total	**54**	**69**

	Jan - June	
Georgina	**2011**	**2012**
Singles	44	71
Semis	0	0
Rows	11	0
Apts.	0	0
Total	**55**	**71**

	Jan - June	
King	**2011**	**2012**
Singles	80	24
Semis	0	0
Rows	18	0
Apts.	0	0
Total	**98**	**24**

	Jan - June	
Markham	**2011**	**2012**
Singles	265	793
Semis	140	188
Rows	116	394
Apts.	735	7
Total	**1,256**	**1,382**

	Jan - June	
Newmarket	**2011**	**2012**
Singles	79	121
Semis	4	4
Rows	0	0
Apts.	0	4
Total	**83**	**129**

	Jan - June	
Richmond Hill	**2011**	**2012**
Singles	373	310
Semis	10	10
Rows	102	103
Apts.	25	20
Total	**510**	**443**

	Jan - June	
Vaughan	**2011**	**2012**
Singles	738	616
Semis	78	24
Rows	169	76
Apts.	30	293
Total	**1,015**	**1,009**

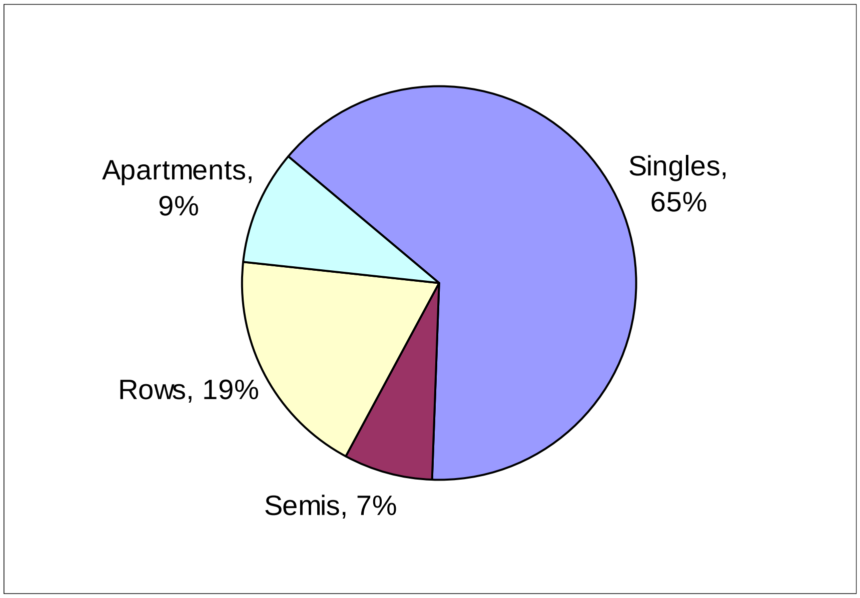
	Jan - June	
Whitchurch-Stouffville	**2011**	**2012**
Singles	182	226
Semis	32	4
Rows	77	57
Apts.	0	0
Total	**291**	**287**

	Jan - June	
York Region	**2011**	**2012**
Singles	1,880	2,216
Semis	274	242
Rows	508	650
Apts.	943	324
Total	**3,605**	**3,432**

Source: Canada Mortgage and Housing Corporation, Local Housing Market Report, 2011 and 2012.

Figure 8

Mix of Housing Completions in York Region: January to June 2012



Source: Canada Mortgage and Housing Corporation, Local Housing Market Report, 2012.

Residential units can be tracked throughout their construction cycle – from issued permits to starts to completions. A comparison of residential units in this cycle during the first half of 2011 and 2012 is illustrated in *Table 14*.

Table 14

York Region Residential Building Activity: January to June 2011 & 2012

	Jan - June 2011	**Jan - June 2012**	**% Change**
New Residential Permits	3,588	5,575	55.4%
Housing Starts	3,962	5,343	34.9%
Housing Completions	3,605	3,432	-4.8%
Housing Resales	9,466	9,812	3.7%

Source: Canada Mortgage and Housing Corporation, Local Housing Market Report, 2011 and 2012;Toronto Real Estate Board, Market Watch, 2012; York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

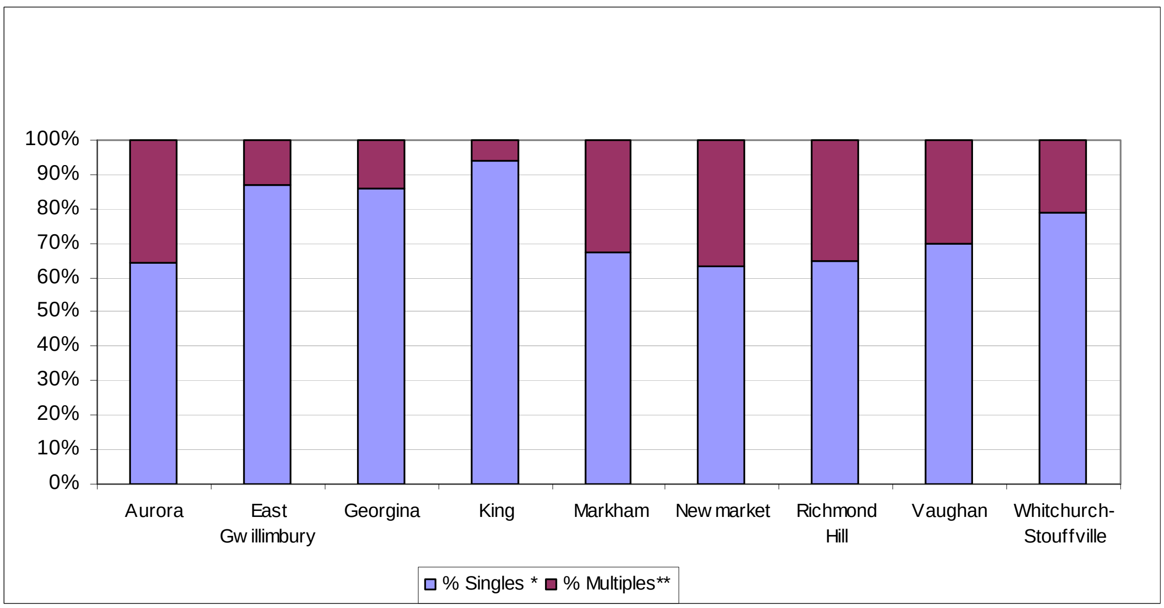
Housing Diversity

As outlined in the Region's Housing Supply Strategy, one of York Region's key goals is to encourage the further diversification of its housing stock. A balanced mix of housing types would ensure that the needs of the Region's workers and residents are better met. Although the Region's housing stock is composed primarily of single detached dwellings, the stock is becoming increasingly diversified.

For example, in the last ten years, the proportion of single detached dwellings has fallen from 80% of the total housing stock to 70%. This percentage varies considerably between the various local municipalities. The highest proportion of single detached dwellings occurs in King, at 94%, with the lowest proportion occurring in Newmarket, at 63% (*Figure 9*).

Figure 9

Percentage of Dwellings by Structural Type in York Region as of Mid-year 2012



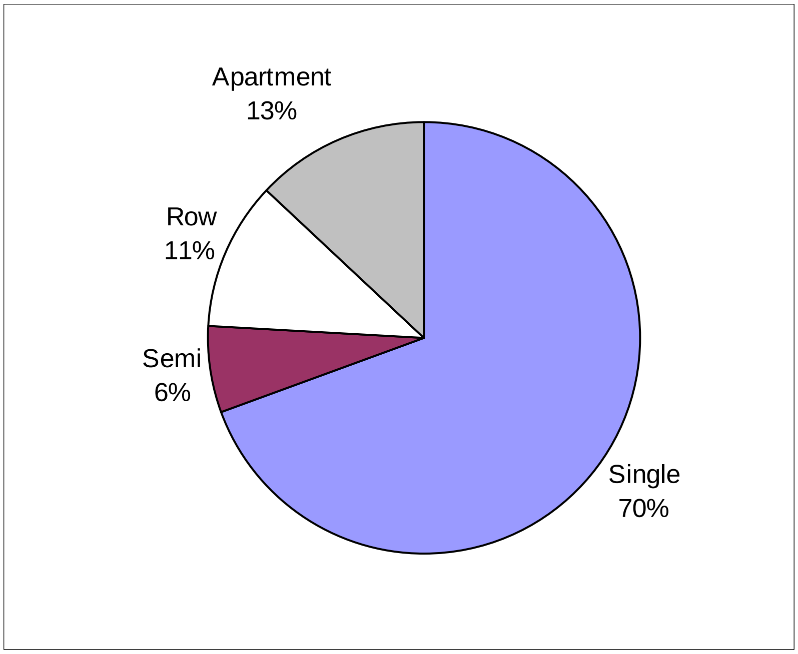
Source: York Region Long Range Planning, Office of the Chief Administrator, 2012.

Note: *Multiples include semi-detached, row, duplexes and apartment units.

As the percentage of single detached units has decreased, more housing choice has become available to the residents of the Region. As of June 30, 2012, 30% of York Region's total housing stock was made up of multiple unit dwellings – 6% semi-detached, 11% row houses, and 13% apartment units (*Figure 10*).

Figure 10

Mix of Total Housing Stock in York Region as of Mid-year 2012



Source: York Region Long Range Planning, Office of the Chief Administrative Officer, 2012.

This is an encouraging trend, as the Region seeks to provide more housing options for its diverse population. The trend towards higher density development should also result in a more efficient land use pattern.

5. Conclusion

The economic indicators monitored at mid-year demonstrate that York Region is a key economic performer in both Ontario and Canada with population growth on-target, significant increases in residential building permit activity, record residential real estate resale values, and Canada's 4th highest total construction value.