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ECONOMIC & DEVELOPMENT REVIEW - MID-YEAR 2004

The Planning and Economic Development Committee recommends the following:

- 1. The presentation by Diane Pomeroy, Senior Planner, be received; and**
- 2. The recommendations contained in the following report, September 16, 2004, from the Commissioner of Planning and Development Services be adopted:**

1. RECOMMENDATIONS

It is recommended that:

1. This report and the attached Economic and Development Review – Mid-year 2004 be received for information purposes.
2. The Economic and Development Review – Mid-year 2004 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 2004 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 2004.

3.1 Highlights

- York Region was home to 872,900 people as of June 30, 2004. Compared to December 31, 2003, this represents an increase of 17,900 persons.

- There were 5,645 homes completed and 5,233 new residential units started within York Region during the first six months of 2004 an increase from the same period in 2003.
- There were 4,385 building permits issued for new residential units in York Region during the first half of 2004, a decrease of 11.8% from the same period in 2003.
- The Region's total estimated construction value for the first six months of 2004 was \$1.13 billion, slightly less than the total construction value recorded in the first half of 2003.
- In the first six months of 2004, York Region's residential construction was valued at \$783.9 million, a 12% decrease compared to the 2003 January to June residential construction figure.
- Due to the increased demand for commercial (retail), industrial floor space and institutional uses, the value of ICI construction increased from \$330 million in mid-year 2003 to \$343 million in mid-year 2004.
- In the first half of 2004, 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 2003, the ICI versus residential ratio was 27.1/72.9.
- The unemployment rate, as of June 2004, was estimated to be 6.4% in York Region.

4. ANALYSIS AND OPTIONS

York Region continued to grow at a rapid pace through the first half of 2004, although slightly less than recent years. The total population of the Region was estimated to be 872,900 by June 30 2004, an increase of 17,900 persons since the end of 2003.

Housing completions were up in the first six months of 2004 with the completion of 5,645 homes. In the first half of 2004, housing starts were up from the same period in 2003 with 5,233 starts. It appears that the new housing market is returning to a more moderate pace of production after several successive years where housing starts were above 12,000 units

The number of resales for single family detached homes in York Region in the first half of 2004 (8,333) was up 21% from the number sold during the same period in 2003 (6,889). The total resales of multi-family dwellings in the Region were also up. The resales of multi-family units in York Region were up 33% (709 units) from the mid-year period in 2003. The total value of all resales amounted to \$2.9 billion in the first half of 2004. The average value for the resale of a single family detached unit increased, by 9.0%, to \$405,392 up from \$371,993 one year ago.

The Economic and Development Review has included some national comparisons. These comparisons include cities, Regions and Regional Districts as defined locally. The number of residential building permits issued for new dwelling units in York Region in the first half of 2004 ranks York Region seventh in Canada (*Table 1*).

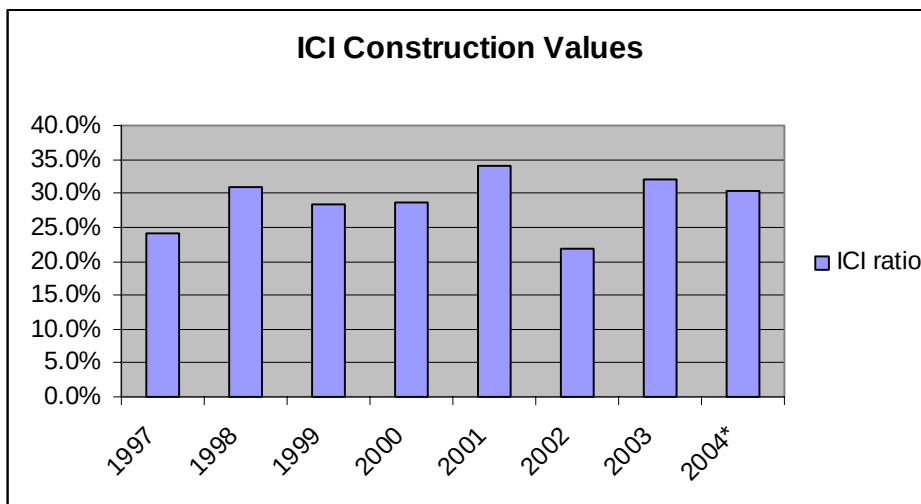
Table 1
Comparative Residential Building Permits Across Canada Mid-year 2004

Name of Municipality	Number of Building Permits for new Units
1. Greater Vancouver Regional District	11,907
2. City of Toronto	6,824
3. City of Calgary	6,620
4. Communaute Urbaine de Montreal	5,774
5. Peel Region	5,704
6. City of Edmonton	4,889
7. York Region	4,385
8. Halton Region	3,795
9. City of Ottawa	3,452
10. Durham Region	2,668

Source: Statistics Canada Building Permits & York Region Planning & Development Services, 2004

The pace of growth in the industrial, commercial and institutional (ICI) construction sectors in York Region in 2004 increased. The increase in ICI construction is likely part of the economic recovery that followed the economic challenges of 2003. The recovery is fuelling economic activity and positively impacting consumer confidence. As a result, investment increased in the last quarter of 2003 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.

While the value of residential construction was 12% less in the first half of 2004 compared to the same period in 2003, the value of non-residential construction permits (ICI) continued to grow. The value of ICI construction increased from \$330 million in the first half of 2003 to \$343 million by mid-year 2004. The value of ICI construction versus residential construction ratio was 30.4/69.6 for mid-year 2004 compared to 27.1/72.9 for the first half of 2003. This was due to increased demand for commercial (retail), industrial floor space and institutional construction as well as low interest rates in the money market.



*mid year 2004 only

4.1 Relationship to Vision 2026

The Economic and Development Review – Mid-year 2004 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 2004 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 decreased by 11.8% from the total number of residential permits in mid-year 2003 and industrial, commercial and institutional construction values were higher than the first half of 2003. The Region's population was estimated to be 872,900 in June 2004, an increase of 17,900 people over the December 2003 population figure.

It is recommended that the attached Economic and Development Review – Mid-Year 2004 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 was included in the Agenda for the October 6, 2004 Committee meeting.)