ECONOMIC AND DEVELOPMENT REVIEW MID YEAR 2003

The Planning and Economic Development Committee recommends the following:

1. **The presentation by John Waller, Director of Long Range and Strategic Planning, be received; and**

2. **The recommendations contained in the following report, August 21, 2003, from the Commissioner of Planning and Development Services, be adopted:**

1. RECOMMENDATIONS

It is recommended that:

- This report and the attached Economic and Development Review Mid Year 2003 be received for information purposes.

- The Economic and Development Review Mid Year 2003 be widely distributed by Planning and Development Services 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 2003 is to report on and analyze key economic and demographic indicators for York Region. The report is also intended to give Council a national perspective of economic indicators 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. The report highlights a number of mid year 2003 economic indicators, which show that York Region's economy in the first half of 2003 has been able to weather the challenges posed by the SARs outbreak in Toronto, mad cow disease, a rising Canadian dollar and sluggish U.S. and global economic growth.

Nationally, the Canadian economy in the first six months of 2003 has also been challenged. As a result, Canada's economic growth forecasts for this year have been cut to 2.2 per cent from an earlier forecasted rate of 3.2 per cent by the Bank of Canada however, in 2004 the country's economic growth is expected to rise to 3 per cent. In the first half of 2003, Statistics Canada reported that Canadian employment has only grown by about half of one percentage point or approximately 84,000 new jobs. This employment increase is compared to 2002, when the Canadian economy produced an outstanding 560,000 new jobs, the majority of them full time positions.

In the first six months of 2003, the pace of residential growth in the Region slowed to a more sustainable pace however, the industrial, commercial and institutional (ICI) construction sectors have rebounded somewhat from a difficult 2002. Due to a still sluggish U.S. economy, it is anticipated that the value of non-residential construction will remain below the record level of construction recorded in 2001 however, well above the ten year regional average for ICI construction.

While Canada's economic performance has struggled in early 2003, it is anticipated that the extremely low level of interest rates engineered by the U.S. Federal Reserve combined with improved overall financial market conditions and the Bush administration's tax cuts will begin to reignite the U.S. economy. A more vibrant U.S. economy will in turn generate a greater demand for Canadian exports especially if the Canadian dollar does not continue to rise too high thereby, disadvantaging Canadian exports.

3.1 Highlights

- York Region was home to 842,000 people as of June 30, 2003 according to Statistics Canada housing completion data. Compared to December 31, 2002, this represents an increase of 16,000 persons.
- There were 4,959 homes completed and 4,440 new residential units started within York Region during the first six months of 2003.
- There were 4,973 building permits issued for new residential units in York Region during the first half of 2003, a decrease of 17% from the same period in 2002.
- The Region's total estimated construction value for the first six months of 2003 was $1.2 billion, equivalent to the construction value recorded in the first half of 2002.
- In the first six months of 2003, York Region's residential construction was valued at $892 million, a 9% decrease compared to the 2002 January to June residential construction figure.
- Industrial construction valued at $134 million increased by 103% and commercial construction valued at $106 million increased by 40% compared to the same time period in 2002.
- Institutional construction valued at $95 million decreased by 7% compared to the January to June 2002 institutional construction figure.
- In the first half of 2003, 27% of the total construction value in York Region was generated by industrial, commercial, and institutional (ICI) construction. By comparison in the first six months of 2002, 20% of the total construction value was generated from ICI construction.
- As of June 30, 2003 York Region's unemployment rate was 7.1%.

4. ANALYSIS AND OPTIONS

York Region continued to grow at a rapid pace throughout the first half of 2003. The total population of the Region was estimated to be 842,000 by June 30, an increase of

16,000 persons from the December 31, 2002 population figure. This estimated population figure was calculated from Statistics Canada housing completion data. The Region will be revising this population figure later on in the year when the new population per unit (p.p.u.) figures and 2001 Census undercount are released.

Housing completions were less in the first six months of 2003 with the completion of 4,959 homes. In the first half of 2003, housing starts were down 27% from the same period in 2002 with 4,440 starts. We will follow this trend carefully to see if the new housing market is returning to a more sustainable pace of production after several successive years when housing starts were above 12,000 units. It must be remembered, that the Regional Official Plan calls for the production of an average of 8,000 housing units annually and in the last several years housing starts have been well above that target. With 4,440 residential units started in the first half of 2003, the housing market is on a pace that would allow over 8,000 new units of housing created by December still well above the target set forth in the Regional Official Plan

The number of resales for single family detached homes in York Region in the first six months of 2003 (4,737) was down 5% from the number sold during the same six month period in 2002 (5,011). The total resales of multi-family dwellings in the Region were also slightly down. The resales of semi-detached units were up 7%, resales of row houses were down 8% and resales of condo apartments were down 14%. The total value of all resales amounted to $2.3 billion in this period. The average value for the resale of a single family detached unit increased to $371,993 up from $344,936 one year ago.

Total construction in York Region for the first half of 2003 was valued at $1.2 billion, the same value recorded in the first half of 2002. While the value of residential construction was 9% lower across the Region compared to the first half of 2002, industrial construction increased by 103% and commercial construction increased by 39%. Institutional construction decreased by 7%.

With slow national and provincial economic growth in the first half of 2003, the job growth for York Region in the January to June period is expected to be modest. As of December 31, 2002 there was an estimated 400,000 to 410,000 jobs in York Region. Due to slower economic conditions the Region's unemployment rate is approximately 7.1%, which is lower than the GTA's unemployment rate as a whole. Together these factors indicate that in spite of uncertain economic times, the diversified Regional economy remains resilient.

The Economic and Development Review Mid Year 2003 report also includes some national comparisons. These comparisons include Cities, Regions and Regional Districts as defined locally. Compared to all urban areas across the country, York Region's population ranks sixth. (*See Table 1*).

Table 1
Canada's Largest Municipalities

Name of Municipality	Population
1. City of Toronto	2,604,000*
2. Greater Vancouver Regional District	2,114,000*
3. City of Montreal	1,853,000
4. Peel Region	1,123,000*
5. City of Calgary	922,000
6. York Region (Ranked 7th in 2002)**	**842,000**
7. City of Ottawa	829,000
8. City of Edmonton	687,000
9. Quebec City	639,000*
10. City of Winnipeg	633,000*

Source: York Region Planning and Development Services, 2003 based on information supplied by their respective planning departments.
Note: * indicates an end of 2002 population figure
** 1st half of 2002

The number of residential building permits issued in York Region in 2002 ranks York Region sixth in Canada (*See Table 2*). The value of these residential permits places York Region fourth in the country (*See Table 3*).

Table 2
Comparative Residential Building Permits Across Canada January to June 2003

Name of Municipality	Number of Building Permits
1. City of Calgary	7,957
2. Peel Region	7,177
3. Greater Vancouver Regional District	6,844
4. City of Edmonton	6,364
5. City of Toronto	5,677
6. York Region (Ranked 5th in 2002*)	**4,973**
7. City of Montreal	4,512
8. City of Ottawa	3,277
9. Halton Region	2,945
10. Durham Region	2,689

Source: Statistics Canada Building Permits and York Region Planning and Development Services, 2003.
*Note: 1st half of 2002.

Table 3
Comparative Residential Construction Values Across Canada
January to June 2003

Name of Municipality	Construction Values ($'000)
1. Peel Region	1,325,430
2. Greater Vancouver Region District	1,269,259
3. City of Calgary	999,263
4. York Region (Ranked 4th in 2002*)	**892,435**
5. City of Toronto	759,024
6. City of Edmonton	614,352
7. Halton Region	511,622
8. City of Ottawa	487,058
9. Durham Region	470,196
10. City of Montreal	454,210

Source: Statistics Canada Building Permits and York Region Planning and Development Services, 2003.
*Note: 1st half of 2002.

Industrial, Commercial and Institutional (ICI) Construction Activity

The total of all industrial, commercial and institutional construction (ICI) values in York Region in the first six months of 2003 places the Region sixth in the country (*See Table 4*).

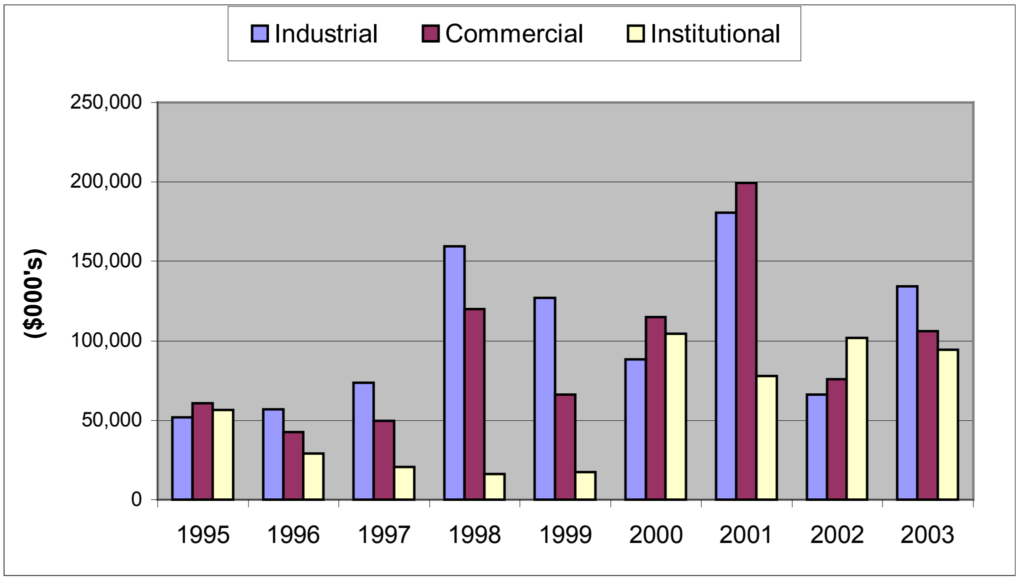
Table 4
Comparative Industrial, Commercial and Institutional Construction Values Across Canada January to June 2003

Name of Municipality	Construction Values ($'000)
1. City of Toronto	894,950
2. City of Calgary	643,481
3. City of Montreal	617,097
4. Region of Peel	488,441
5. Greater Vancouver Regional District	416,947
6. York Region (Ranked 8th in 2002*)	**335,029**
7. City of Ottawa	332,053
8. City of Edmonton	278,991
9. City of Hamilton	266,605
10. Halton Region	265,649

Source: Statistics Canada Building Permits and York Region Planning and Development Services, 2003.
*Note: 1st half of 2002.

In the first half of 2003, York Region's residential construction value was 9% lower than the first six month period of 2002 however, ICI construction in the Region at $335 million has increased by 37% over the same time period last year. Industrial and commercial construction has increased by 103% and 39% respectively whereas institutional construction has decreased by 7%. Overall, it is anticipated that York Region's non-residential construction value for 2003 will remain below the record level of construction recorded in 2001 however, well above the ten year regional average ($498 million) for ICI construction *(See Figure 1).*

Figure 1
Historical ICI Mid Year Values for York Region 1995-2003



Source: York Region Planning and Development Services, 2003 based on Statistics Canada Building Permits.
Note: ICI figures are for the first six months of each year.

The total of all construction values in York Region in the first six months of 2003 places the Region fifth in the country (*See Table 5*).

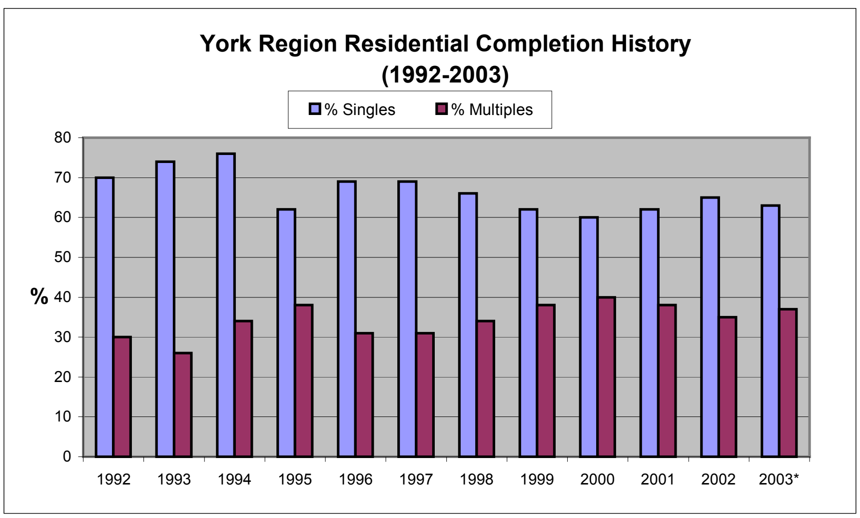
Table 5
Comparative Total Construction Values Across Canada January to June 2003

Name of Municipality	Construction Values ($'000)
1. Peel Region	1,813,871
2. Greater Vancouver Regional District	1,686,206
3. City of Toronto	1,653,974
4. City of Calgary	1,642,744
5. York Region	**1,227,464**
6. City of Montreal	1,071,307
7. City of Edmonton	893,343
8. City of Ottawa	819,111
9. Halton Region	777,271
10. Durham Region	684,372

Source: Statistics Canada Building Permits and York Region Planning and Development Services, 2003.

The Region's Housing Strategy recommends regular Council updates on the mix of housing units being completed. A majority of the residential units completed in the first half of 2003 were for single detached units *(See Figure 2).* These made up 63% of the total, while 8% were for semi-detached units, 20% were for row house units and 9% were for apartments. Single detached units accounted for as much as 100% of the completions in East Gwillimbury and Whitchurch-Stouffville and as little as 39% and 40% of the completions in Richmond Hill and Newmarket respectively. In examining the residential unit completion mix over the last five years, the percentage of single family homes completed has remained in the 60%-66% range but has increased in the last three years (2000-2002). Subsequently, the percentage of multiple units completed has decreased in the last three years. The Region's Housing Directions Report and Regional Official Plan calls for more of a balance in new housing construction. This trend will be monitored closely over the latter half of 2003.

Figure 2
York Region Residential Completion Mix 1992-2003



Source: York Region Planning and Development Services, 2003.
Note: 2003* is for half a year.

4.1 Relationship to Vision 2026

The Economic and Development Review Mid Year 2003 supports the economic vitality and growth management sections 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 in the economy. Furthermore, the Economic and Development Review reports 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 2003 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 provides 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 remains strong, residential building permits decreased by 9% although industrial, commercial and institutional construction values increased from the first half of 2002. The Region's population is estimated to be 842,000, an increase of 16,000 people over the December 2002 population figure.

It is recommended that the attached Economic and Development Review Mid Year 2003 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 also 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.

(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the September 3, 2003 Planning and Economic Development Committee agenda and a copy thereof is on file in the Office of the Regional Clerk. A copy of the slide presentation is also on file in the Office of the Regional Clerk.)