

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
June 11, 2020

Report of the Commissioner of Corporate Services and Chief Planner

Growth and Development Review 2019

1. Recommendations

The Growth and Development Review 2019 be circulated by the Regional Clerk to the local municipalities for information.

2. Summary

The Growth and Development Review 2019 provides Council with key development and population indicators in York Region and reports on the competitiveness of York Region's economy within the Greater Toronto and Hamilton Area (GTHA), the Province and Canada. Information in this report and attachment was prepared before the full impact of the COVID-19 pandemic.

Key Points:

- In 2019, York Region continued to demonstrate growth in population, employment, construction value and the housing market:
 - York Region's population grew by 11,100 or 1.0% and employment grew by 13,650 jobs or 2.1%
 - Total construction value for Industrial, Commercial and Institutional (ICI) building permits increased by 26% over 2018 values to \$1.25 billion
 - The Region's 2019 unemployment rate of 4.4% was the lowest on record and lowest in the GTHA
 - Residential building permits were issued for 4,669 dwelling units in 2019, representing a 41% decrease from 2018
 - Housing completions in York Region decreased in 2019 by 48.3% to 5,294 compared to 10,230 in 2018, however 9,613 units are currently under construction
- The COVID-19 virus led to a broad shutdown of economic activity in early 2020 that is virtually without precedence. The impact on York Region's economy in 2020 will likely be significant. The impact of COVID-19 on the statistics provided in this report are hard to predict, as it depends on how fast recovery will occur once the economy returns to a more normal state

- Sectors of the economy hardest hit in 2020 will be in retail, transportation services, food and accommodation services, recreation and cultural services which represent approximately 24% of all businesses in York Region. A fulsome economic impact of COVID-19 will be presented to Council at a later date

3. Background

Annual Growth and Development Review report provides a broad perspective on important economic indicators

Since 1995, York Region has published a Growth and Development Review report each year. The report highlights key economic indicators which illustrate general trends in the economy.

The 2019 report includes information on:

- Economic growth
- Population growth
- Residential market and building activity
- Industrial, Commercial and Institutional market and building activity, and
- Overall construction value

Data for this review is sourced from Statistics Canada, Canada Mortgage and Housing Corporation, Toronto Regional Real Estate Board (TRREB) and private firms which publish documents summarizing key trends within the GTHA and beyond. A thorough understanding of this information provides background for effective policy development, York Region Official Plan monitoring, Municipal Comprehensive Review (MCR) and economic strategy initiatives.

4. Analysis

COVID-19 has led to a broad shut down of economic activity

Globally, COVID-19 has led to a broad shutdown of economic activity that is virtually without precedence as businesses temporarily close down, workers stay home and travel bans have been put in place. The length of the downturn in economic growth depends on how quickly health authorities can manage the spread of COVID-19 and how long the shutdown of consumer and business activities continues.

Prior to COVID-19 impacting economic growth in early 2020, signs of a slowing economy were appearing between 2018 and 2019. The U.S. economy saw a decline from 2.9% in 2018 to 2.3% in 2019, while the Canadian economy decreased from 2.1% to 1.6% and Ontario decreased from 2.2% to 1.6%. According to the International Monetary Fund (IMF), the Global, U.S. and Canadian economies are forecast to decline significantly in 2020 due to

the COVID-19 pandemic by -3.0%, -5.9% and -6.2% respectively. Current forecasts estimate a recovery in 2021 with a fairly strong level of growth as highlighted in Table 1 below. Again, this depends on how quickly the spread of COVID-19 can be controlled and how fast the economy can rebound.

Table 1
Economic Growth (GDP)

	Ontario	Canada	U.S.	Global
	(% change of GDP)			
2018	2.2	2.1	2.9	3.7
2019	1.6	1.6	2.3	2.9
2020	-7.1	-6.2	-5.9	-3.0
2021	7.0	4.2	4.7	5.8

Source: World Economic Outlook (April 2020): International Monetary Fund and TD Provincial Outlook (April 2020)

Canada, Ontario and York Region recorded strong job growth in 2019

The Canadian economy created a record number of jobs in 2019, increasing by over 320,000 to approximately 19.1 million. The majority of new jobs were created in Ontario, where 235,000 jobs were created for a total of 7.5 million. York Region's economy also continued to create jobs, with total employment increasing steadily by approximately 3% annually over the past five years. As reported in the [York Region Employment and Industry](#) report to Council on February 6, 2020, from 2018 to 2019 there were approximately 13,800 jobs added for an estimated total of 654,650 jobs in York Region. These new jobs and the strong economy in 2019 resulted in the lowest unemployment rate on record for York Region at 4.4%, which is down from 4.8% in 2018.

Prior to the current economic downturn, York Region's employment activity rate continued to increase, exceeding the Regional Official Plan target. The activity rate is the ratio of total employment to total population which is different from the live work ratio that measures the percentage of York Region's labour force that both live and work in the Region, as reported in the York Region Official Plan Monitoring Report. York Region's activity rate has been increasing since 2010, and at the end of 2019 was 54.4%.

Canada, Ontario and York Region economies will be severely impacted by COVID-19 in 2020

The broad shutdown of global economic activity has dramatically impacted Canadian, Ontario and York Region economies. Canada lost over one million jobs in March alone, the largest monthly employment decline ever, with Ontario's share being a 403,000 job decline. Especially hard hit sectors of the economy include retail, transportation services, food and accommodation services, and recreation and cultural services. In York Region, these industries alone represent approximately 24% of all businesses and 125,000 jobs, based on

data from the 2019 York Region Employment Survey. Although a level of uncertainty remains, the economic impact is considered to be temporary, as consumer spending is expected to rebound in 2021 when the economy is anticipated to return to a more normal state.

There is significant uncertainty among economic forecasts given the unprecedented nature of this pandemic. All five major Canadian banks predict economic growth will resume in late 2020 following a historically steep downturn with Canada's Growth Domestic Product (GDP) to shrink between 10% and 28% in the first half of the current year, and an expectation most of these losses will be made up in the second half of the year. GDP forecasts for 2020 range from -1.0% to -6.2%.

TD Economics predicts the Ontario economy will decline by 7.1% in 2020 and that the economy and employment will slowly open up during the second half of 2020 as measures to stop the spread of COVID-19 are eased, with 2021 GDP growth rebounding to 6.0%. Ontario is expected to fare better than other parts of Canada, as large segments of the population (Toronto and Ottawa) work in the professional and business service sectors where ability to work remotely are more common.

TD Economics Ontario forecast calls for an increase in the unemployment rate in 2020 to 7.3%, from a level of 5.6% in 2019. York Region's unemployment rate for 2019 was a record low of 4.4% according to Statistics Canada labour force data. However, this rate could increase to a range of 5.7%-6.0% in 2020, assuming a similar rate increase as the TD Economics Ontario forecast.

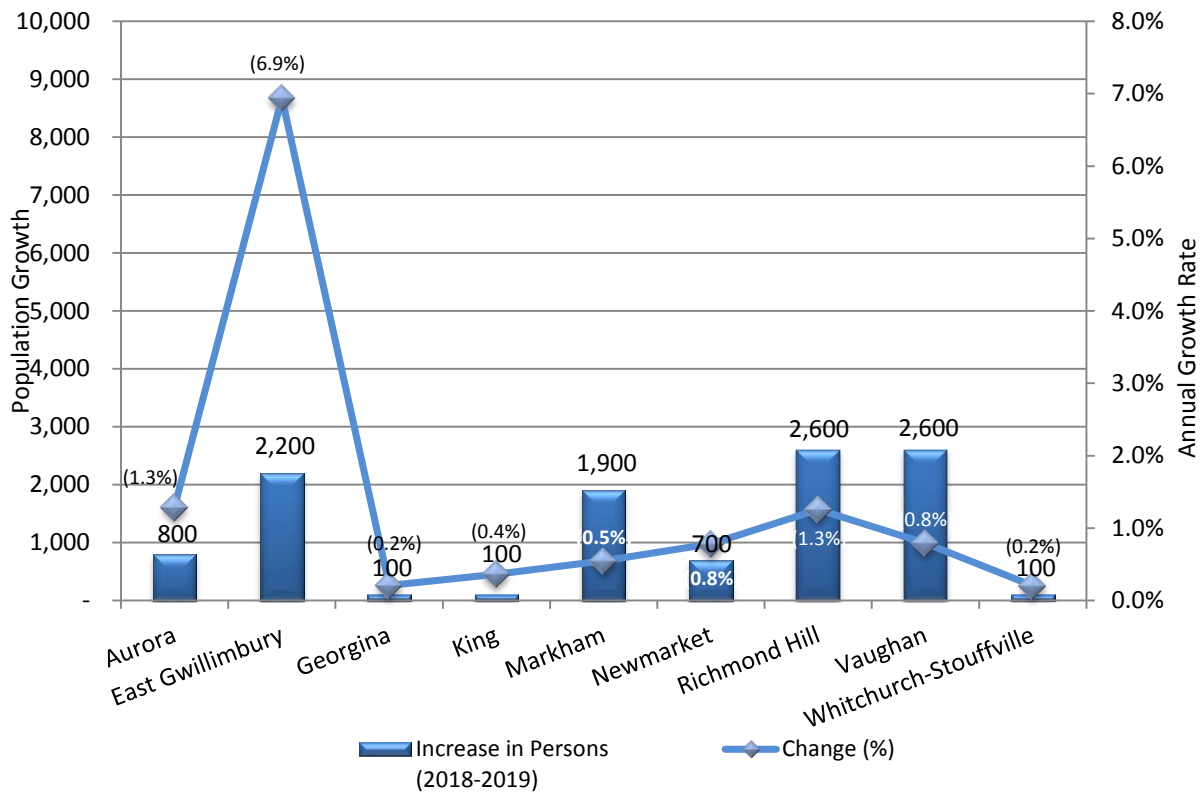
York Region's population grew by 11,100 in 2019, accounting for 8.5% of GTHA growth

It is estimated that York Region's population grew by 11,100 (1.0%) in 2019 to 1,202,500 people. This compares to a growth rate of 2.0% or 22,800 people in 2018.

The provincial Growth Plan includes a forecasted population target of 1,790,000 in 2041 (mid-year) for York Region. The Region was below forecast for 2019 by approximately 80,000 people. Annual growth of 26,900 is required to reach the 2041 Growth Plan forecast.

All municipalities within York Region experienced growth in 2019 with Vaughan and Richmond Hill recording the greatest increases in population of approximately 2,600 (Figure 1). East Gwillimbury experienced the highest rate of growth in York Region for 2019 at 6.9% or 2,200 people.

Figure 1
York Region 2019 Population Increase and Percentage Rate of Growth by Local Municipality



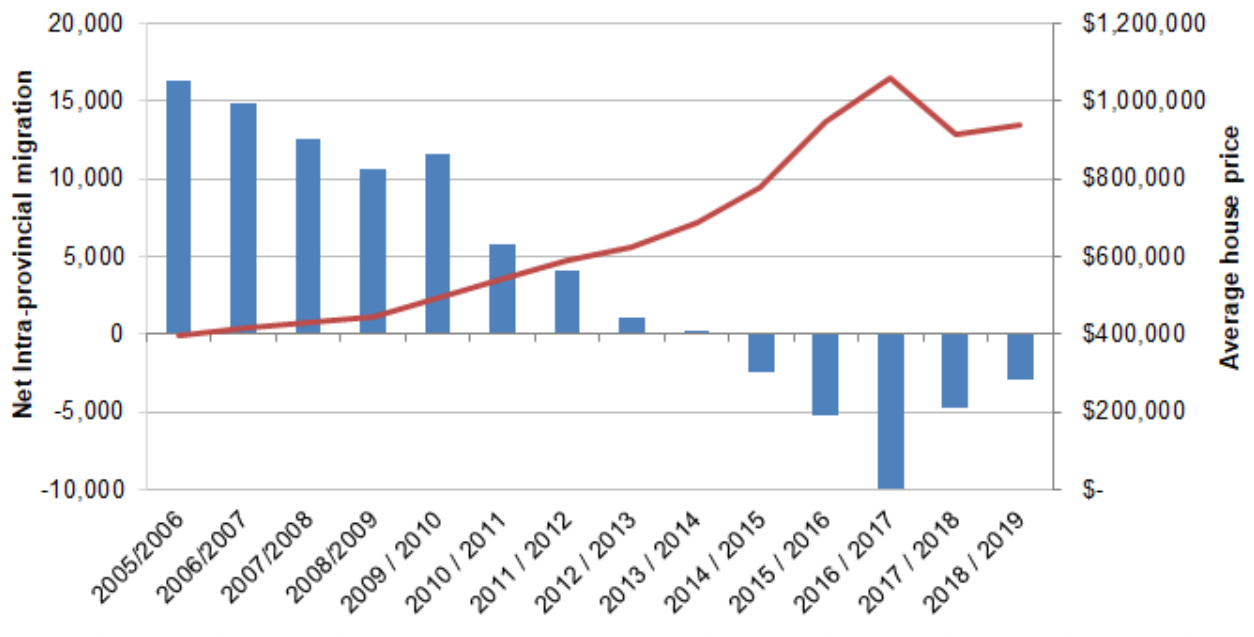
York Region’s growth of 11,100 people represents an 8.5% share of GTHA growth in 2019, a significant decrease from its 2018 share of 15.8%. The share of population growth for all 905 areas increased over the previous year, with the exception of York Region, while the City of Toronto’s strong population growth continued with a share of 34.8%.

Housing costs are a contributing factor to the lower annual population growth in York Region

York Region’s annual population growth has been slowing during the past 5 years, to an average annual growth of 15,500 people. This compares to the previous 5 year period where average annual growth was higher at 18,500 (between 2009 and 2014). There are many factors contributing to the slower pace of growth including timing of delivery of infrastructure and planning exercises for large secondary plan areas, housing affordability, among others. Statistics Canada data on net intra-provincial migration flows, which measures the difference between the number of Ontario residents moving in and out of a municipality, illustrate York Region recorded a net loss of intra-provincial migrants over the last 5 years. Levels of net immigration, net inter-provincial migration and net non-permanent residents have remained relatively consistent over this time period. Further analysis shows a correlation between the net loss of intra-provincial migration in York Region and the increase in average cost of housing, as depicted in Figure 2. Additional information on York Region housing affordability

is contained in the 2019 Measuring and Monitoring Affordable Housing in York Region report also being considered at this Committee of the Whole meeting.

Figure 2
2005 to 2019 - Net Intra-provincial Migration and
Average Annual House Prices in York Region



Source: York Region Planning and Economic Development Branch and Statistics Canada

Average housing prices for all resale units in York Region increased in 2019 by 2.3%

The residential resale housing market continued to grow in York Region in 2019 with 14,324 resale units sold, an increase of 20% from 2018. In York Region, the average cost of a resale residential unit (all dwelling types) in 2019 was \$937,546, a 2.3% increase (Table 2), while a resale single detached unit decreased by 0.3% to \$1,120,297 compared to \$1,123,734 in 2018. Apartment condominiums recorded the strongest increase in average price at 7.4% year over year.

Average housing prices across the Greater Toronto Area (GTA) increased in 2019 by 3.8% to \$819,300. York Region’s average resale housing price (all dwelling types) was 14.4% higher than the GTA average in 2019 at \$937,546.

Resale housing prices and sales for the first two months of 2020 had a healthy increase compared to the previous year, with the average price of \$991,066 and 2,030 sales recorded to February 2020, compared to an average of \$896,817 and 1,383 sales during the first two months of 2019. However, with recent events related to COVID-19, it is anticipated the housing market will show signs of weakness for the remainder of 2020. Recent TRREB data

for the first 17 days of April 2020 indicate housing sales in the GTA were down by 69% compared to the same time last year due to the COVID-19 virus.

Table 2
Total Number of Housing Resales and Average Housing Price in York Region, 2018 and 2019 (all dwelling types)

	Housing Resales			Average Housing Price		
	2018	2019	Change (%)	2018	2019	Change (%)
Aurora	865	962	11.2%	\$901,242	\$905,872	0.5%
East Gwillimbury	458	586	27.9%	\$806,250	\$799,426	-0.8%
Georgina	666	809	21.5%	\$562,010	\$568,143	1.1%
King	287	315	9.8%	\$1,415,899	\$1,380,466	-2.5%
Markham	3,045	3,658	20.1%	\$913,500	\$949,536	3.9%
Newmarket	1,129	1,355	20.0%	\$755,473	\$777,589	2.9%
Richmond Hill	2,006	2,614	30.3%	\$1,002,417	\$1,039,433	3.7%
Vaughan	2,916	3,324	14.0%	\$977,650	\$993,787	1.7%
Whitchurch-Stouffville	568	701	23.4%	\$909,664	\$923,762	1.5%
York Region Total	11,940	14,324	20.0%	\$916,449	\$937,546	2.3%

Source: Toronto Regional Real Estate Board, Market Watch, 2019

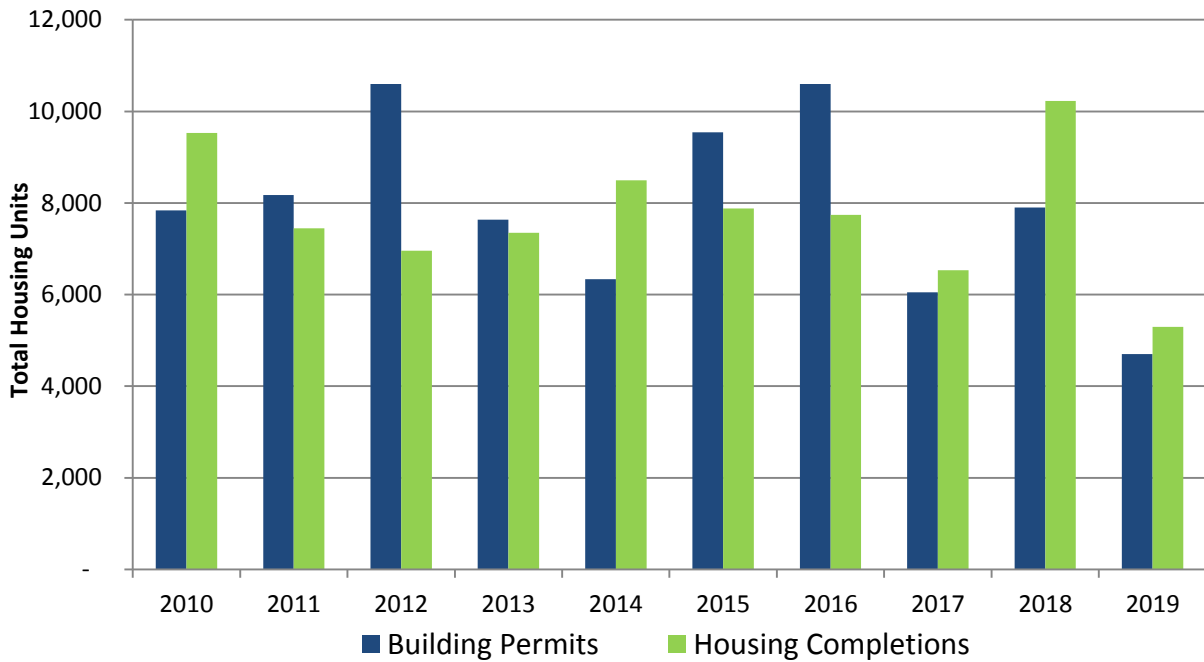
Lower residential building permits were recorded in 2019

Trends in new housing activity can be assessed by looking at building permit activity and housing completions. Building permits show construction underway (or soon to be underway), while housing completions provide a record of units recently occupied, or ready to be occupied.

Across the GTHA, total building permits issued decreased by 20.2% in 2019. The decrease in 2019 was represented across all the GTHA municipalities, but was most significant in Durham and York Region, where the annual growth rates decreased by 43.5% and 40.9% respectively. In York Region, residential building permits were issued for 4,669 dwelling units in 2019, representing a 41% decrease from the 2018 total of 7,902 units (Figure 3). During the first three months of 2020, a total of 820 building permits for new residential units have been issued in the Region.

Housing completions in the Region decreased in 2019 by 48.3% to 5,294 (Figure 3) from the 2018 number of 10,230. York Region continues to be the third largest contributor to GTHA development activity accounting for a 12% share of 2019 GTHA residential building permit activity.

Figure 3
York Region Residential Building Permits and Housing Completions
2010 - 2019



Source: Local Municipal Building Reports and Canada Mortgage and Housing Corporation

Residential development activity decreased in 2019, however the Region has a healthy housing supply

York Region Council recently approved three Secondary Plans located in the Cities of Markham and Vaughan. In Markham, Berczy Glen is planned for 13,200 people and 4,200 residential units, and Robinson Glen is planned for 14,000 residents and 4,800 units. In Vaughan, Block 27 is planned for an ultimate build out of 33,200 residents and 2,300 jobs. These recent approvals will result in plans of subdivision and site plan applications over the coming years.

York Region also received one new Block Plan for Block 34 East and two new Block Plan Terms of Reference for Block 55 West (Copper Creek) and Block 60 West in the City of Vaughan. The Region has a healthy residential housing supply. As of mid-year 2019, approximately 45,000 units are within registered unbuilt and draft approved plans of subdivision and an additional 57,000 units are proposed by development applications under review. In addition, further secondary plans are being prepared that will contribute to growth and development in 2020 and beyond.

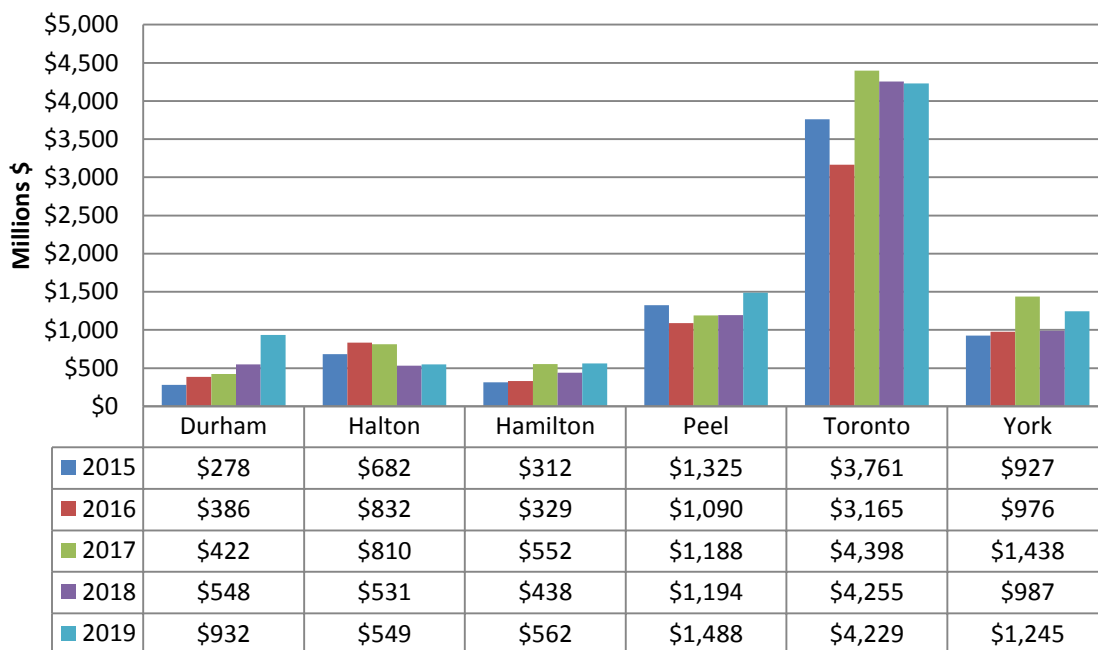
Industrial and commercial construction values increased by 47% over last year and total Industrial, Commercial and Institutional construction value is higher than the ten year average

The total Industrial, Commercial, Institutional (ICI) construction value for 2019 was \$1,245 million, 26.1% above the 2018 value (Figure 4). Both industrial and institutional construction values in York Region increased over 2018 figures. The 2019 annual ICI value is above the average ICI value of the last five years and higher than the ten year average ICI value (\$1,036.4M). Current increases in ICI values were observed across all GTHA municipalities. Within York Region, Vaughan’s share of ICI construction accounted for over 53% of the total value in 2019.

Notable ICI projects for which building permits were issued in 2019 contributing to the strong overall ICI permit values include a \$61 million nursing home development in Aurora, two permits in Markham for warehouse/storage facilities and a \$30 million hotel in Markham.

Within the GTHA, York Region accounted for just over 12% of the total ICI construction values for 2019 (Figure 4). Overall, the GTHA recorded a 10.3% increase in the value of ICI construction from 2018. All municipalities across the GTHA excluding Toronto recorded increases in total ICI construction, with Durham Region experiencing the largest increase at 70%. Toronto ICI values decreased slightly from 2018 levels by approximately 1% from \$4.25B.

Figure 4
GTHA Industrial, Commercial and Institutional Construction Values 2015 - 2019



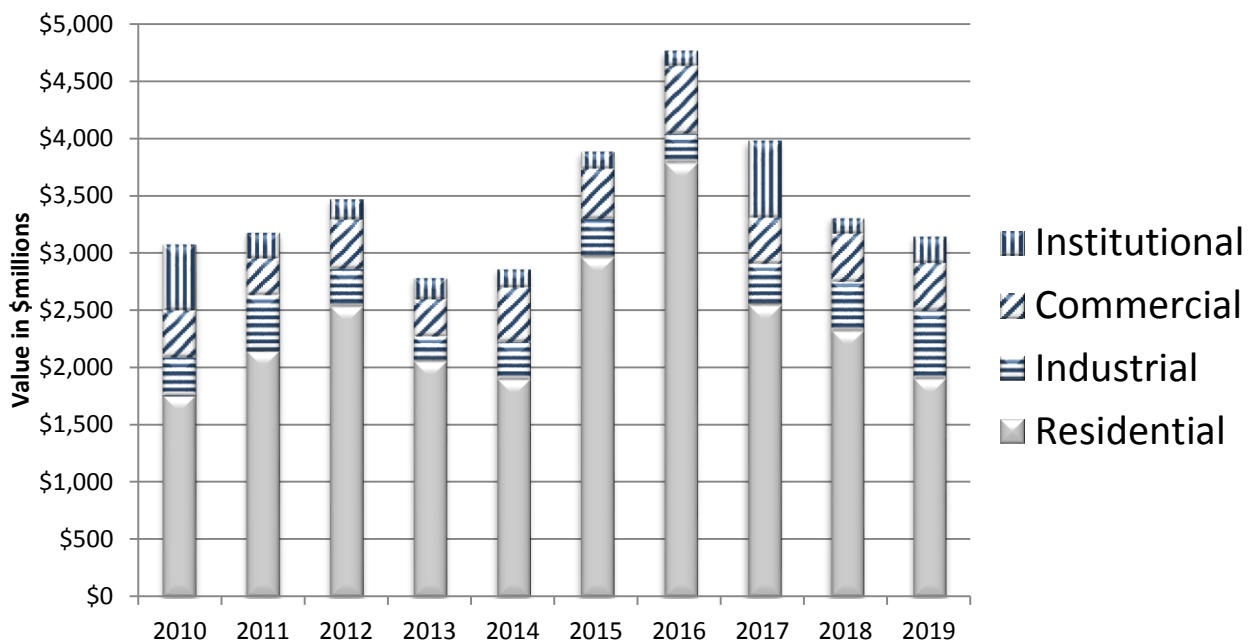
Source: Local Municipal Building Reports and Statistics Canada

As investment in new ICI development has occurred, so have employment opportunities within the Region. York Region recorded employment growth of 2.2% in 2019 compared to 2.5% provincially and 2.2% nationally. Over the past five years, York Region has grown at an average annual rate of 2.9%, outperforming growth rates in the national (1.3%), provincial (1.6%) and GTA (2.6%) economies.

2019 total estimated value of construction of \$3.15 billion is the seventh highest value on record for York Region

The total estimated value of construction in 2019 was approximately \$3.15 billion, compared to \$3.31 billion recorded in 2018, a decrease of 4.8%, but still the seventh highest value on record for York Region (Figure 5). Total construction value, including residential and non-residential values, is important as it is correlated with the new development component of tax assessment growth over subsequent years.

**Figure 5
York Region Construction Value by Type 2010 - 2019**



Source: Local Municipal Building Reports and Statistics Canada

York Region’s economic activity and population growth continues to be a significant contributor to the provincial and national economies

York Region ranked 7th in 2019 for total value of ICI construction across Canada. Within the GTHA, York Region ranked 3rd for the value of ICI construction behind Toronto and Peel, the same position as in 2018.

York Region continues to be one of Canada’s faster growing municipalities for both population and employment. During 2019, employment in York Region grew by 2.2%. The population growth rate for the Region was lower at 1.0% compared to 1.7% for the entire Province. The Growth Plan forecasts indicate York Region is anticipated to accommodate the largest absolute amount of population and employment growth in all of Ontario between 2016 and 2041. As reported to Council in a memorandum in [February 2020](#), the Province is expected to release a revised Growth Plan Schedule 3 (population and employment forecasts) by summer 2020.

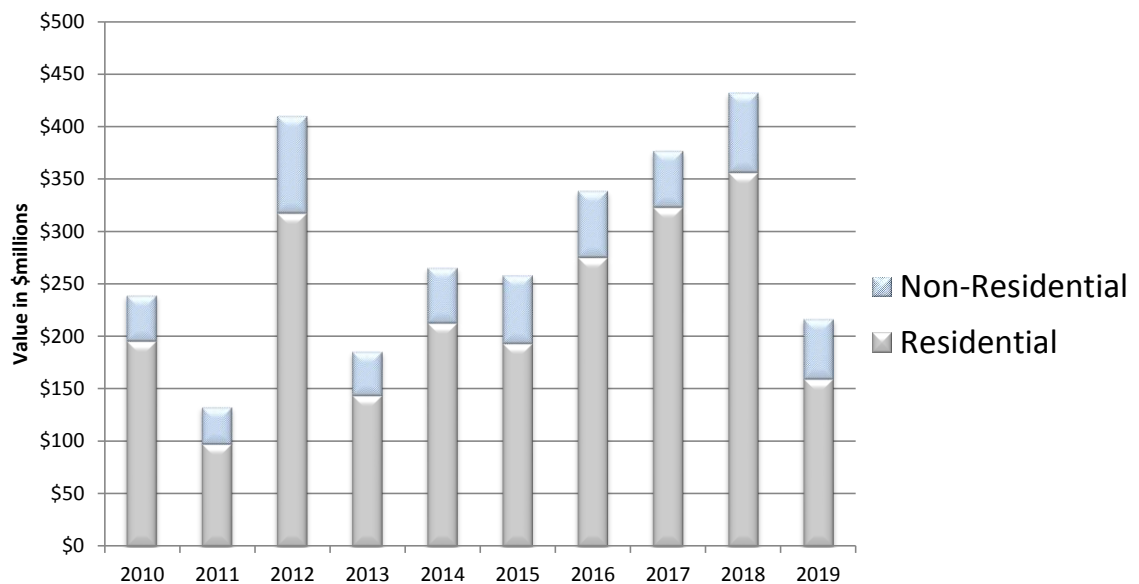
COVID-19 is having a dramatic impact on the global economy. The repercussions on York Region’s economy in 2020 will be significant and staff will continue to monitor the resulting impacts and will be reporting back to Council later in the year.

5. Financial

Development Charges (DCs) are a major source of funding for the Region’s Capital Plan. Regional DCs are collected when a building permit is issued and in many cases when a plan of subdivision is registered. The total Regional DCs for 2019 (\$216.7 million) was expectedly lower than the 2018 DC collections (\$431.9 million) due to the impact of the 2018 Development Charge Bylaw Amendment (Figure 6).

Figure 6

York Region Development Charges Collected 2010 - 2019



The COVID-19 pandemic will likely impact the Region’s growth and development resulting in lower development charges collections in 2020 than forecasted in the 2020 budget. The economic indicators presented in this report will assist Council to effectively monitor, evaluate and respond to variations in the Region’s economic landscape.

6. Local Impact

Regional economic indicators are important for evaluating economic trends across the Region. The Growth and Development Review 2019 report provides local municipal economic development and planning officials with a summary of York Region's economy. The information is used as a basis for informing decision making, devising strategies, and attracting new businesses to the Region.

7. Conclusion

In 2019, York Region continued to demonstrate growth in population, employment, construction value and the housing market. York Region continues to be a significant contributor to the provincial and national economies, ranking within the top ten municipalities related to:

- The Region's contribution to Canada's total population
- Number of residential building permits issued
- Value of new industrial, commercial and institutional construction
- Value of total construction (ICI and residential combined)

COVID-19 and social distancing provisions are having a dramatic impact on the global economy. The impact on York Region's economy in 2020 will be severe and it is anticipated that there will be a slow, phased approach to getting people back to work and normal routine, based on the advice of public health and safety professionals.

The Growth and Development Review 2019 report monitors and reports on key performance measures and highlights York Region as a destination to live, work and play.

The attached Growth and Development Review 2019 report will be posted on the Region's website for use by municipalities and agencies, local chambers of commerce and boards of trade and the public.

For more information on this report, please contact Paul Bottomley, Manager, Policy, Research and Forecasting at 1-877-464-9675 ext. 71530. Accessible formats or communication supports are available upon request.

Recommended by: **Paul Freeman, MCIP, RPP**
Chief Planner

Dino Basso
Commissioner of Corporate Services

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

May 29, 2020
Attachment (1)
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