

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
April 13, 2023

Report of the Commissioner of Corporate Services and Chief Planner

Growth and Development Review 2022

1. Recommendation

1. The Regional Clerk forward this report to the Ministry of Municipal Affairs and Housing and local municipalities.

2. Summary

This report provides 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.

Key Points:

- There is cautious optimism for the economic outlook in Ontario and York Region beyond 2022. Some indicators are showing signs of slowing including housing resales and gross domestic product (GDP) estimates. Rising interest rates in 2022 are driving residents and businesses to re-think financial decisions which may have an impact on economic activity going forward
- Continued employment growth and lower unemployment rates compared to pre-pandemic levels indicate a resilient York Region labour market in 2022
- Annual population growth rate remained moderate in York Region for the last 3 years, ranging between 0.9% and 1.2%
- Industrial, commercial, and institutional (ICI) building permit values increased 4.9% in 2022 to \$1.7 billion, reaching its highest level in the last 20 years

3. Background

The annual Growth and Development Review report provides a snapshot of York Region's economy

York Region has published a Growth and Development Review report each year since 1995 reporting on key indicators such as population, economic trends, building activity and construction value. Together these indicators present an annual picture of the population and

economy. Data for this review is sourced from York Region Planning and Economic Development (PED), 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. Attachment 1 contains key indicators included in this report.

In March 2023, Council received reports on housing, employment and development activity, as listed below.

- Housing Supply Update memo ([March 2023](#))
- Employment and Industry Report ([March 2023](#))
- Annual and Mid-Year Development Activity Summary Reports ([March](#) and September 2023)

Forthcoming reports that also complement the population and economy themes are as follows:

- York Region 2021 Census Data (included on this same agenda for the April 13, 2023 Committee of the Whole)
- 2020-2023 Economic Development Action Plan Update (included on this same agenda for the April 13, 2023 Committee of the Whole)
- Affordable Housing Measuring & Monitoring Report (May 2023)

Together these reports summarize population and economic trends for Council and stakeholders, contribute to monitoring and reporting activities for the Region and local municipalities, and help guide programs and policies.

4. Analysis

Economic growth in Canada and Ontario was similar to global levels in 2022

Rising cost of living, high inflation, threat of a recession and uncertainty due to global geopolitical events, supply chain issue disruptions and political protectionism continue to impact Global economic activity. Although Global inflation is predicted to fall, it remains above pre-pandemic levels. The International Monetary Fund (IMF) estimated the Global, U.S and Canadian economies continuing decrease from 2021 to 2023 as measured through the gross domestic product (GDP). In the first half of 2022, Canada's economic activity rose according to Statistics Canada, however residents and businesses are adjusting to higher borrowing costs and consumer inflation that reached a 40-year high in June 2022.

Ontario's GDP remained strong in 2022 at 3.3%. Ontario's growth is on par with estimated Global growth for 2022, aligning with TD Economics forecasts for Ontario.

There is cautious optimism for the economic outlook in Canada, Ontario and York Region

Following interest rate increases through 2022, the major Canadian banks began to revise their economic forecasts for 2023. The banks predict Ontario's economy will slow due to rising interest rates, however the full effect may not be felt immediately. TD Economics stated that Ontarians had a decline in household consumption, however there is a strong labour market and job growth in York Region that may cushion this effect.

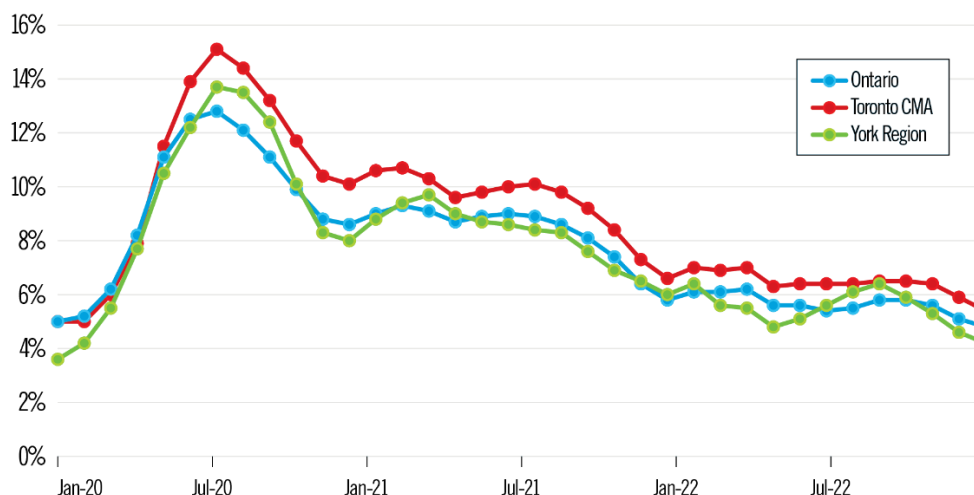
The Conference Board of Canada estimated York Region's growth in GDP at 4.7% in 2022, reaching \$81.4 billion, still strong for a pandemic recovery. Estimates for 2023 and beyond range from 2.1% to 2.6%. This is in line with the TD Economics forecast for Ontario which predicts a decrease in GDP for 2023 and 2024. Overall, some indicators throughout this report show the economy may slow going forward.

York Region continues to rebound from employment losses due to the COVID-19 pandemic and shows resiliency for future job creation

Across Canada, there was an increase of 5% in employment from 2021 to 2022, whereas Ontario had a 6% increase for the same time period. Employment in York Region also shows continued growth following the pandemic. According to the York Region employment survey, mid-year estimates in 2022 reveal 615,760 jobs (excluding work from home). Job growth continues to rebound to pre-pandemic levels nationally and provincially for many sectors.

Increase in total jobs and the strengthening economy resulted in unemployment rates trending downward for York Region, again approaching pre-pandemic levels (Figure 1). Unemployment rates in York Region fell below both Ontario and the Toronto Census Metropolitan Area (CMA) rates in the last half of 2022, from an annual peak of 6.4% in August, to 4.2% in December.

Figure 1
Ontario, Toronto CMA and York Region Unemployment Rates



Source: Statistics Canada, Labour Force Characteristics, 3-month moving average, unadjusted for seasonality. CMA – Census Metropolitan Area.

Activity rate is the ratio of total employment to total population. Prior to the pandemic, York Region's employment activity rate had been increasing steadily, but dropped due to the onset of the pandemic related lockdowns in 2020. In 2022, the overall York Region Official Plan goal of one job for every two residents is being met.

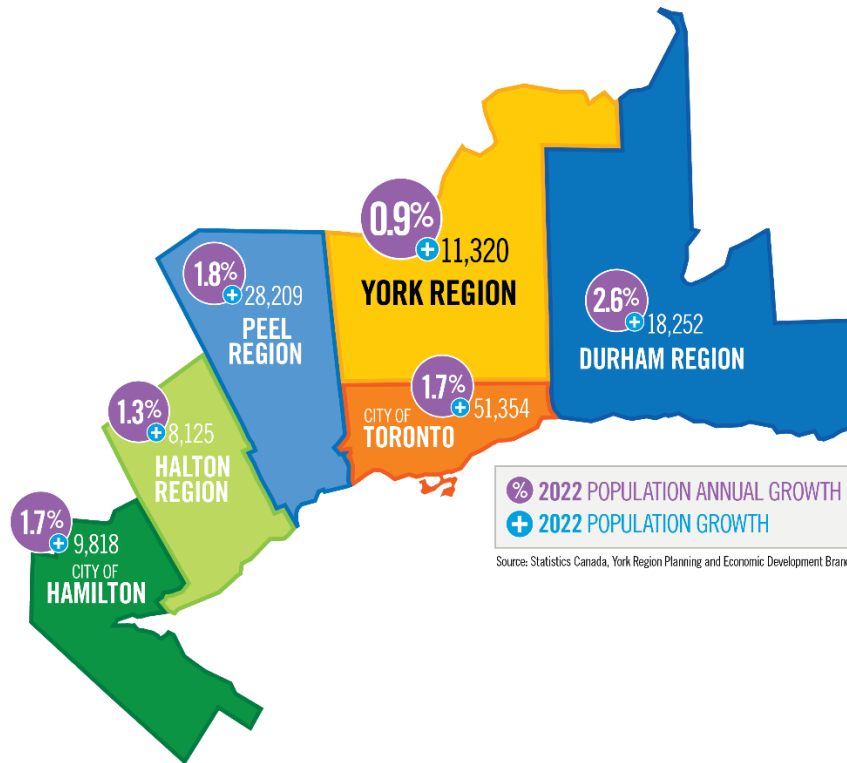
Overall, employment in York Region remains a good indicator of a strong economy. Both Ontario and York Region have progressed well during pandemic recovery to rebound in the number of jobs and the unemployment rate. No further pandemic lockdowns in 2022 provided stability and allowed the employment sector to continue to recover. Moving forward, new challenges including higher interest rates, hiring issues and supply chain issues may affect employment numbers and will be closely monitored.

Annual population growth in York Region remains moderate compared to the GTHA

2022 Regional Official Plan includes a forecasted population of 2,088,000 in 2051. Based on York Region's 2022 population estimate of 1,239,500, annual growth of at least 29,260 people is required to reach this forecast. In contrast, the last 5-year average annual growth in York Region was 15,000 people. To implement the Regional Official Plan population forecast, this 5-year average needs to increase by 47% to meet the 30-year forecast average.

Growth rate for York Region was 0.9%, or 11,300 people in 2022. This growth rate is similar to before and during pandemic levels, with a small increase seen in 2021. The Province had a higher growth rate of 2%, or 297,023 people in 2022 and the GTHA growth rate was 1.7%, the highest rate recorded in the last four years, and slightly higher than the 5-year average annual growth rate of 1.4%. Compared to other areas in the GTHA, York Region had the lowest percentage change in population in 2022 (Figure 2).

Figure 2
Population Growth and % Change by GTHA Municipality for 2022



Immigration was the largest component of population growth in York Region

There are three major components to population growth including natural increase, immigration and migration. Natural increase is the difference between births and deaths. For the past five years, the number of births remained stable in York Region, however deaths have increased slightly, slowing natural increase.

Immigration and migration involve the movement of people from another country or within the country respectively. Both interprovincial migration (moving to or from another province) and intraprovincial migration (moving within the same province) resulted in a slight loss of people from York Region in 2021-2022, whereas historically migration was a noteworthy contributor to the Region’s population growth. In 2022, immigration into York Region doubled from the previous year to 17,070 people. This increase may be due to the lifting of pandemic border restrictions and increased number of refugees due to global conflicts. Monitoring this change in future years will determine if the immigration component of population growth is a continuing increasing trend, as it will continue to play a strong role of national population growth, especially given the Federal government’s commitment to increase immigration to 500,000 people to Canada in 2025.

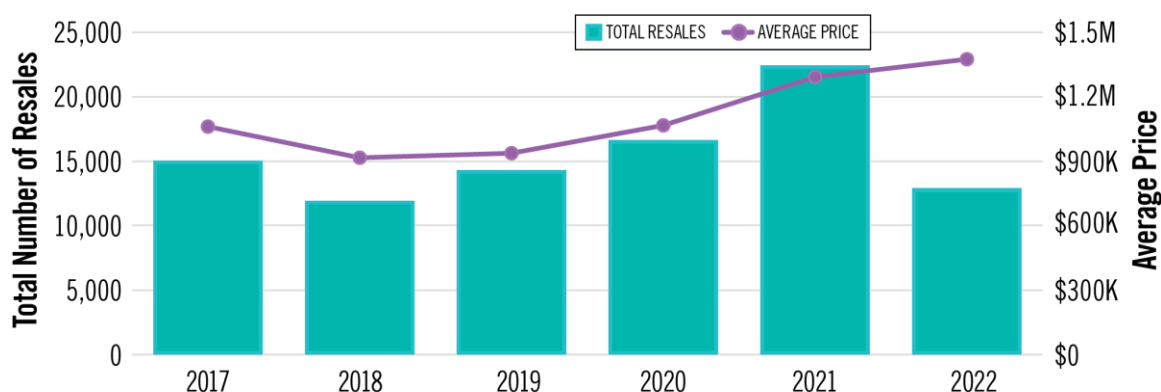
Changes in housing resales and average prices show a potential housing market shift in York Region

The housing market had a pivotal year in 2022 due to rising interest rates being used to combat inflation. Some housing indicators are seeing a difference from previous years in both the GTHA and in York Region.

Average resale price for most unit types in York Region continued to climb past the \$1M threshold. Ranging from \$1.7M for single detached homes to \$741,000 for condominiums or apartments, there has been a 6.4% increase for the average price of a home from 2021 to 2022 reflected in Figure 3 below. Although interest rates began to increase in 2022, it wasn't until mid-year when additional increases were initiated which may impact home prices going forward. Despite this, resale home prices continued to rise in both York Region and the GTHA in 2022, although at a slower rate than experienced during the pandemic. In 2023, housing prices may decrease further given the uncertainty of interest rate levels.

By sharp contrast, the number of resales has started to shift in 2022. The number of resales for all unit types decreased by 42% in 2022, from 22,433 to 12,914 (Figure 3).

Figure 3
York Region Total Home Resales and Average Price



Source: Toronto Regional Real Estate Board, Market Watch 2017-2022

This overall decrease in number of resales was experienced uniformly by all local municipalities and across all unit types, signalling an overall change in the market, likely attributed to rising interest rates.

Residential building permits and completions have tempered but are still comparable to 10-year York Region averages

Trends in new housing activity can be assessed by reviewing 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, residential growth continues to fulfil the housing need, albeit at a slower pace than 2021. In York Region, residential building permits were issued for 7,120 new dwelling units in 2022, representing a 34% decrease from the 2021 total, however, the number of permits remains aligned with the 10-year York Region average of 7,648 residential building permits per year. Total construction value for residential building permits was \$2.6 billion in 2022.

Housing completions in York Region also declined by 18% in 2022 to 5,264. In comparison, the 10-year York Region average is 7,153 completions per year. Residential completions in 2022 were comprised of 39% apartments, 38% single detached, and 23% semi-detached and townhomes demonstrating a strong shift in the housing mix to higher density unit types.

Industrial, commercial, institutional building permit values increased, especially for the industrial sector in 2022

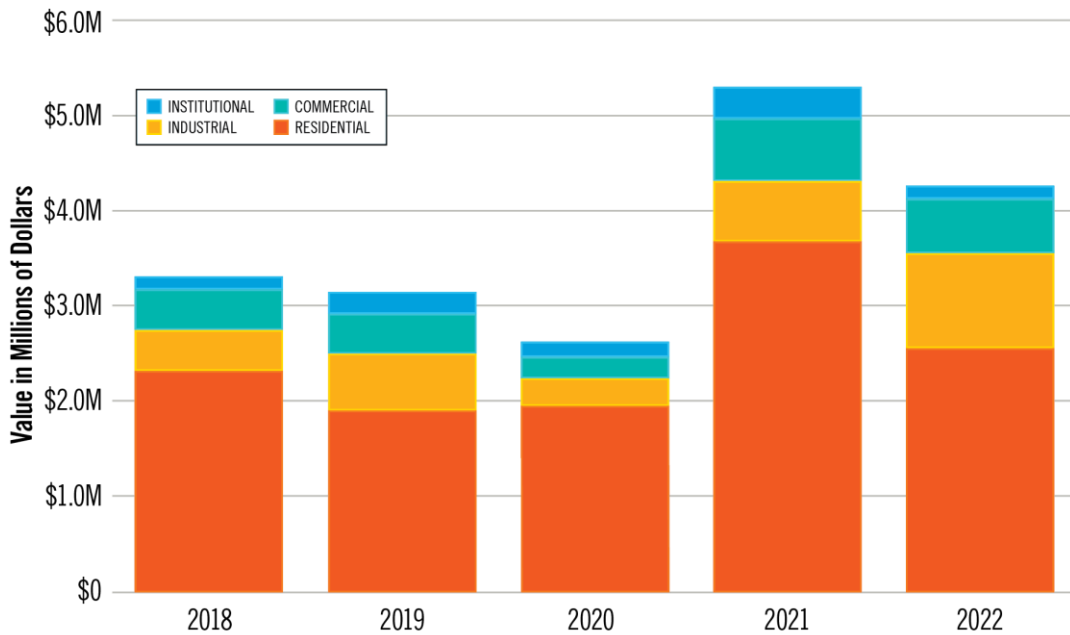
Industrial, commercial, and institutional (ICI) are valued sectors contributing to the economic landscape of York Region. The total construction value for building permits in these sectors in 2022 was \$1.7 billion, marking a 4.9% increase from 2021, and reaching an all time high in the last 20 years. Their value as a percentage of total building permits was also at the highest level at 40%. The industrial sector value of permits accounted for the largest portion of ICI permit growth in 2022 which historically has been similar to commercial and institutional values. The economic value of these building permits contributes to and reflects high-quality employers in York Region.

All municipalities in the GTHA had increases in total ICI permit values except Durham Region. Toronto had the highest increase at 29.7% from 2021 to 2022, while Peel was a close second at 26.7%.

Total construction value in York Region remains strong in 2022

Total estimated value of construction in 2022, for all sectors, was approximately \$4.3 billion, compared to \$5.3 billion recorded in 2021, a 19.6% decrease. (Figure 4). As noted above, industrial permit values increased, while residential permit values decreased. The 2022 construction value includes 7,120 residential building permits and 2,004 non-residential permits. Total construction value, including residential and non-residential values, is important as it correlates with the new development component of tax assessment growth over subsequent years.

Figure 4
Building Permit Construction Value by Sector Type

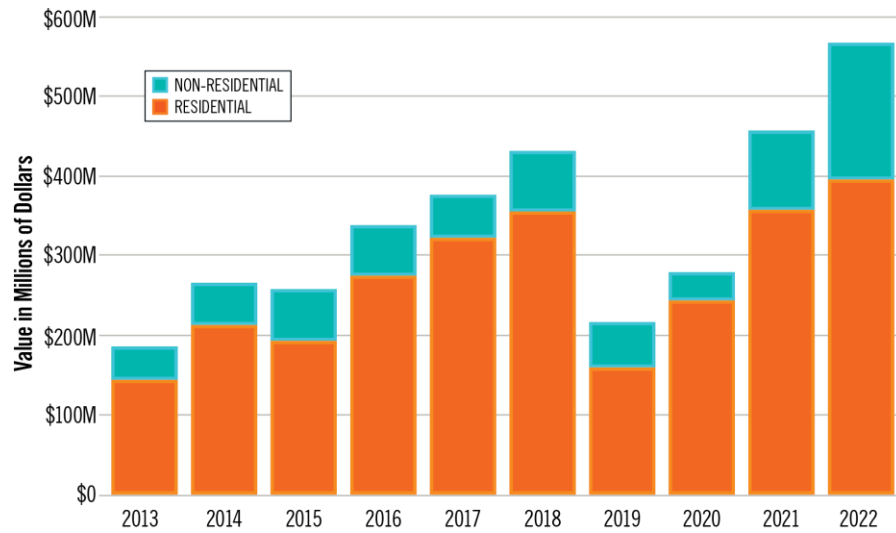


Source: Local Municipal Building Permit Reports, 2018-2022. Note: Agricultural permits are included under the industrial category.

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, or when a plan of subdivision is registered. The total DCs collected in 2022 is the highest amount in the last 10 years for both residential and non-residential developments (Figure 5). Total DC collections increased 24% from 2021 to 2022. This reflects the Region’s updated DC bylaw rates, which were reduced on November 29, 2022 as a result of the changes from Bill 23, *More Homes Built Faster Act, 2022* coming into effect.

Figure 5
York Region Development Charges Collected



Source: York Region Finance Department. Figures on accrual basis.

Preliminary estimates show that DC collections could be \$497 million to \$1.6 billion lower over the next 10 years compared to the 2023 budget. Many types of developments including ‘affordable’ residential units, ‘attainable’ residential units, non-profit housing and inclusionary zoning residential units will be exempt from DCs. A methodology for determining what qualifies as ‘affordable’ and ‘attainable’ housing is still required. At the same time, any new DC rate changes will have a phase in period. This will decrease the amount of DC collections over the next several years once Bill 23 is fully implemented. A [memo](#) presented to the February 9, 2023 Committee of the Whole meeting outlines additional information of the financial impacts of Bill 23 related to DCs.

6. Local Impact

Economic and housing indicators are important for evaluating population growth and economic trends across York Region. This report provides local municipal economic development and planning officials with a summary of these indicators that can be used for strategic plans, planning of services and decision making.

7. Conclusion

York Region’s economy fared well in 2022 with GDP growth at 4.7%, continued job growth and high value of construction in most sectors. However, some key indicators are showing a shift such as housing sales and moderate population growth. The rising cost of living, high inflation, threat of a recession and uncertainty due to global geo-political events, supply chain issues disruptions and political protectionism continue to impact Global economic activity. A cautious tone has been set by major Canadian banks for the economy in the next few years and staff will continue to monitor the repercussions on York Region’s economy throughout 2023.

For more information on this report, please contact Teresa Cline, Manager, Policy and Environment at 1-877-464-9675 ext. 71591. Accessible formats or communication supports are available upon request.



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Attachment 1 – 2022 Growth and Development Review Summary