

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
May 9, 2019

Report of the Commissioner of Corporate Services and Chief Planner

Growth and Development Review 2018

1. Recommendation

The Growth and Development Review 2018 be circulated by the Regional Clerk to the local municipalities for information.

2. Summary

The Growth and Development Review 2018 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.

Key Points:

- Between 2017 and 2018, York Region's population grew by 22,800 or 2.0 per cent and employment grew by 15,120 jobs or 2.4 per cent
- The Region's 2018 unemployment rate of 4.6 per cent is second lowest in the GTHA
- Residential building permits were issued for 7,902 dwelling units in 2018, representing a 30.7 per cent increase from 2017
- Housing completions in the Region increased in 2018 by 56.5 per cent to 10,230 compared to 6,535 in 2017

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 2018 report includes information on:

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

Data for this review is sourced from Statistics Canada, the Canada Mortgage and Housing Corporation, the Toronto Real Estate Board 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

Global growth is anticipated to weaken in 2019 and 2020

In 2018 the Global economy recorded GDP growth of 3.7 per cent compared to 3.8 per cent in 2017. According to the International Monetary Fund (IMF), activity is projected to weaken, with Global GDP forecast at 3.5 per cent for 2019 and 3.6 per cent for 2020. U.S. GDP is anticipated to decrease to 2.5 per cent in 2019 from 2.9 per cent in 2018. Trade disagreements and resulting policy uncertainty are key factors influencing global growth and declines are anticipated in both advanced, and emerging and developing economies.

Canada recorded GDP growth of 2.1 per cent in 2018, lower than the 3.0 per cent recorded in 2017. The IMF forecast for Canada is for slower growth of 1.9 per cent in both 2019 and 2020, due to a drop in global oil prices, softening housing markets and higher interest rates (Table 1).

Table 1
Economic Growth Projections

	Ontario	Canada	U.S.	Global
	(Per cent change)			
2017	2.8	3.0	2.2	3.8
2018	2.2	2.1	2.9	3.7
2019	1.9	1.9	2.5	3.5
2020	1.3	1.9	1.8	3.6

Source: World Economic Outlook (January 2018): International Monetary Fund and RBC Provincial Outlook (December 2018)

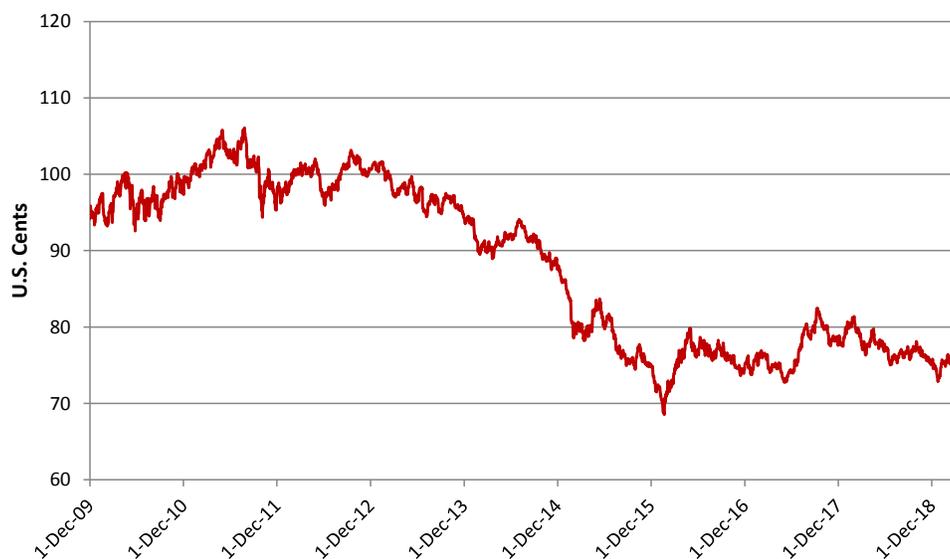
The United States-Mexico-Canada Agreement (USMCA) and a lower Canadian dollar can lead to increased exports to the U.S.

York Region's economy is closely related to U.S. GDP growth, as there is a strong trade relationship between Canada and the United States and the Region is a key recipient of U.S. foreign direct investment. According to RBC, completion of the USMCA has lifted uncertainty and should weigh favourably for investment decisions. Although U.S. GDP is forecast to soften, with the unwinding of fiscal stimulus, strong domestic demand growth is anticipated which will support rising imports and increased demand for Canadian goods such as raw building materials and manufactured products. A lower Canadian dollar also promotes exports with the U.S. (Figure 1).

According to RBC, Ontario's GDP is anticipated to ease from 2.2 per cent in 2018 to 1.9 per cent in 2019 and to slow further to 1.3 per cent in 2020. Housing starts are anticipated to soften in 2019 as increased interest rates and introduction of the mortgage stress test in early 2018 impact the market. In the non-residential sector there are positive export prospects following the USMCA deal and businesses are already boosting capital spending to expand operations and become more productive. York Region businesses that export are well positioned to take advantage of continued domestic demand growth in the U.S. market.

Figure 1

10 Year Canadian Dollar (Daily Rate in U.S. Cents) 2009 - 2019



Source: Bank of Canada

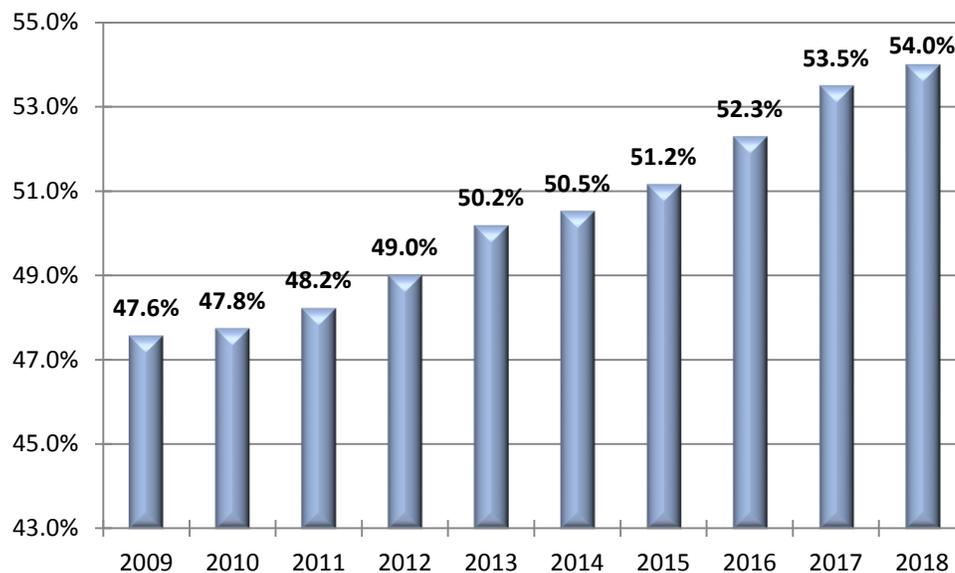
The Bank of Canada (BoC) has raised interest rates by two basis points during the past year to 1.75 per cent in an effort to keep a lid on inflation. The BoC Governor has indicated that slower growth than anticipated in late 2018 and into 2019 will result in rates staying the same throughout 2019 and into 2020, in an effort to help stimulate economic activity.

York Region's economy continues to create jobs, with total employment increasing steadily by approximately 3 per cent annually over the past five years. As reported in the York Region Employment and Industry report to Council on [March 7, 2019](#), from 2017 to 2018, there were approximately 15,120 jobs added for an estimated total of 636,630 jobs in York Region.

York Region's activity rate continues to increase and is greater than 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 per cent of York Region's labour force that both live and work in the Region, as reported in the [York Region Official Plan Monitoring Report](#). One of the objectives of the Regional Official Plan is to create high-quality employment opportunities for residents, with a goal of 1 job for every 2 residents. Balanced growth in both population and employment contributes to a high standard and quality of life. An activity rate of 50 per cent or a 2:1 ratio is consistent with the Regional Official Plan target. York Region's activity rate has been increasing since 2010, as shown on Figure 2, and is currently 53.6 per cent.

Figure 2
York Region Activity Rate 2009 - 2018



Source: York Region Planning and Economic Development Branch

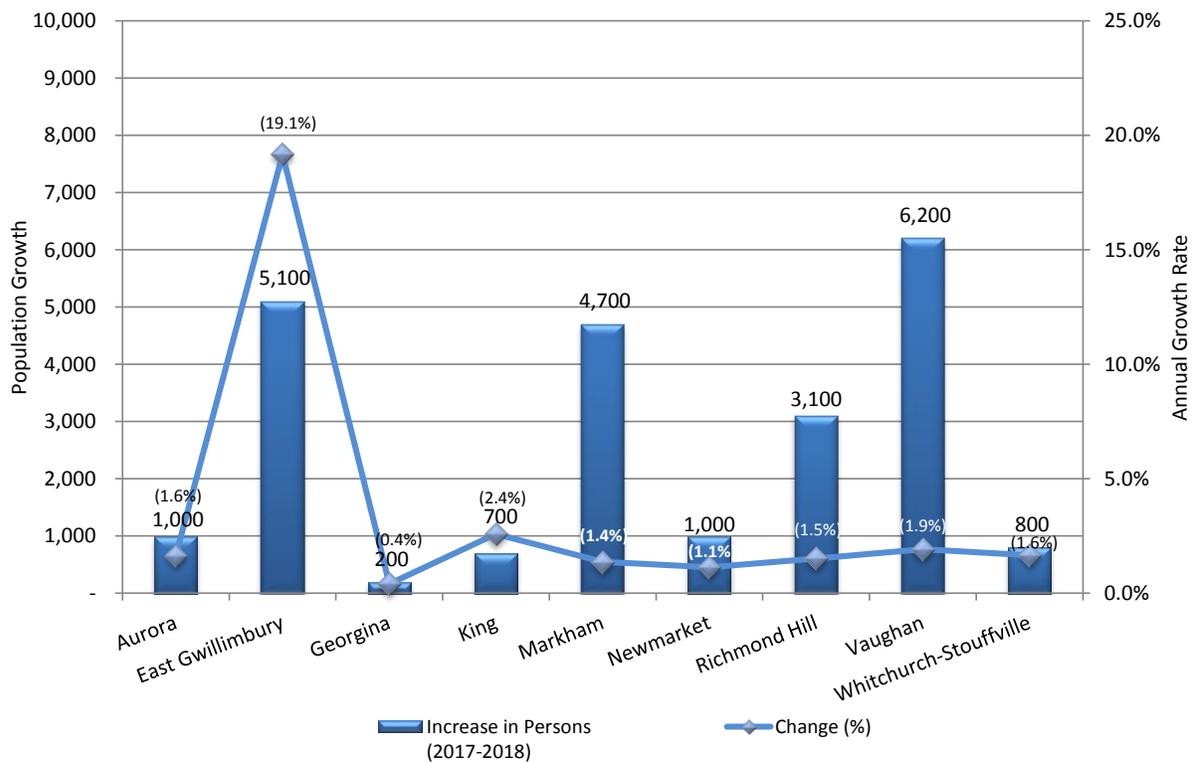
York Region's population grew by 22,800 in 2018, accounting for 14.9 per cent of GTHA growth

It is estimated that York Region's population grew by 22,800 (2.0 per cent) in 2018 to 1,191,400 people.

The Growth Plan includes a forecasted population target of 1,590,000 in 2031 (mid-year). The Region was below forecast for 2018 by 71,000 people. Annual growth of 31,500 is required to reach the 2031 Growth Plan forecast.

All municipalities within York Region experienced growth in 2018. Vaughan, East Gwillimbury and Markham recorded the greatest increases in population of approximately 6,200, 5,100 and 4,700 respectively (Figure 3). East Gwillimbury experienced the highest rate of growth in York Region for 2018 at 19.2 per cent.

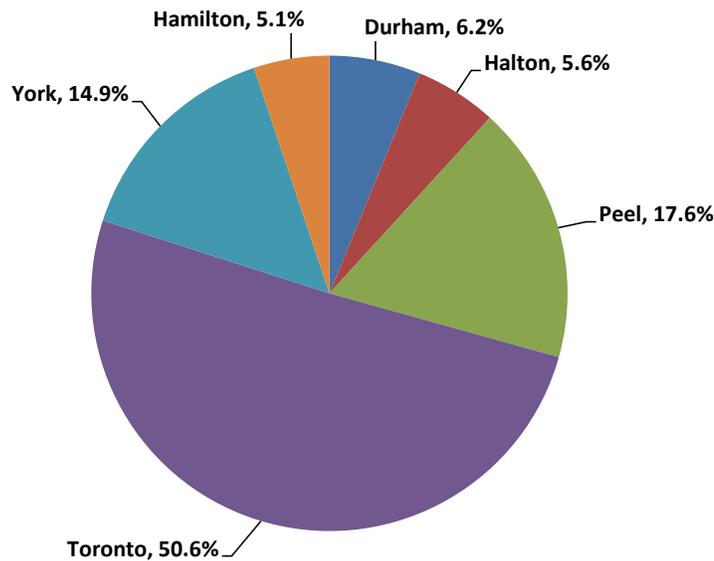
Figure 3
York Region 2018 Population Increase and Percentage Rate of Growth by Local Municipality



Source: York Region Planning and Economic Development Branch

York Region's growth of 22,800 people represents a 14.9 per cent share of GTHA growth in 2018 (Figure 4), a slight increase from its 2017 share of 14.7 per cent. The population growth shares for the 905 areas decreased except for Peel Region, while the City of Toronto's strong population growth continued with a share of 50.6 per cent. York Region's share of the total GTHA population is approximately 16 per cent.

Figure 4
Share of Population Growth by GTHA Municipality 2017 - 2018



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

Average housing prices for all resale units in York Region decreased in 2018 while condominiums increased by 2.1 per cent

The residential resale housing market continued to soften within York Region in 2018, as there were 11,940 resale units sold, a decrease of 21 per cent from 2017. In York Region, the average cost of a resale residential unit (all dwelling types) in 2018 was \$916,449, a 13.6 per cent decline (Table 2), while a resale single detached unit decreased by 15.3 per cent to \$1,123,734 compared to \$1,326,113 in 2017. Apartment condominiums recorded a slight increase in average price of 2.1% year over year.

Housing prices across the Greater Toronto Area (GTA) decreased in 2018 by 4.5 per cent to \$787,300. York Region’s average resale housing price (all dwelling types) is 16.4 per cent higher than the GTA average in 2018 at \$916,449.

Resale housing prices and sales for the first two months of 2019 have remained consistent with the previous year with the average price of \$896,817 and 1,383 sales recorded to February 2019, compared to an average of \$885,864 and 1,398 sales during the first two months of 2018.

According to the Toronto Real Estate Board (TREB), home prices were up slightly in the City of Toronto and down in surrounding GTA regions in 2018. This dichotomy reflects the fact that the condominium apartment segment, which accounted for a large proportion of sales in the City of Toronto, performed better from a pricing perspective than the detached market

segment. The average price for condominium apartment sales across the TREB market area was up by 7.8 per cent year-over-year.

Table 2
Total Number of Housing Resales and Average Housing Price
in York Region, 2017 and 2018 (all dwelling types)

	Housing Resales			Average Housing Price		
	2017	2018	Change (%)	2017	2018	Change (%)
Aurora	962	865	-10.1%	\$1,088,206	\$901,242	-17.2%
East Gwillimbury	442	458	3.6%	\$958,309	\$806,250	-15.9%
Georgina	1,063	666	-37.3%	\$647,174	\$562,010	-13.2%
King	386	287	-25.6%	\$1,611,873	\$1,415,899	-12.2%
Markham	3,958	3,045	-23.1%	\$1,070,241	\$913,500	-14.6%
Newmarket	1,428	1,129	-20.9%	\$914,679	\$755,473	-17.4%
Richmond Hill	2,669	2,006	-24.8%	\$1,173,061	\$1,002,417	-14.5%
Vaughan	3,479	2,916	-16.2%	\$1,093,272	\$977,650	-10.6%
Whitchurch-Stouffville	663	568	-14.3%	\$1,078,438	\$909,664	-15.6%
York Region Total	15,050	11,940	-20.7%	\$1,061,271	\$916,449	-13.6%

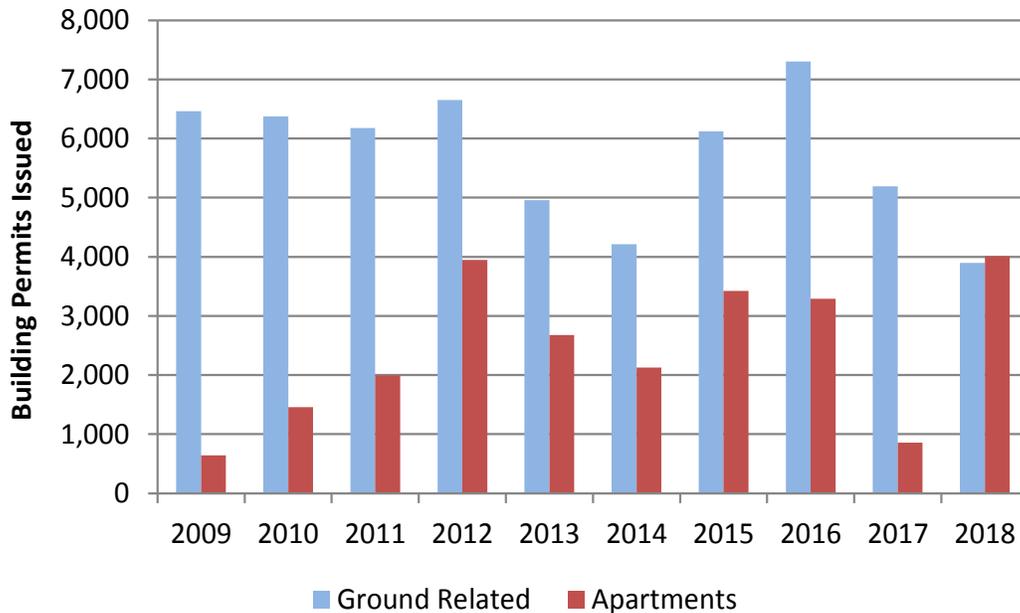
Source: Toronto Real Estate Board, Market Watch, 2018

Higher residential building permits were recorded in 2018

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 increased by 31.2 per cent in 2018. The increase was represented across almost all the GTHA municipalities, but was most significant in Peel and Toronto, where the annual growth rate was 69 per cent and 57.5 per cent for 2018. In York Region, residential building permits were issued for 7,902 dwelling units in 2018, representing a 30.7 per cent increase from the 2017 total of 6,048 units.

Figure 5
York Region Residential Building Permits by Unit Type
2009 - 2018



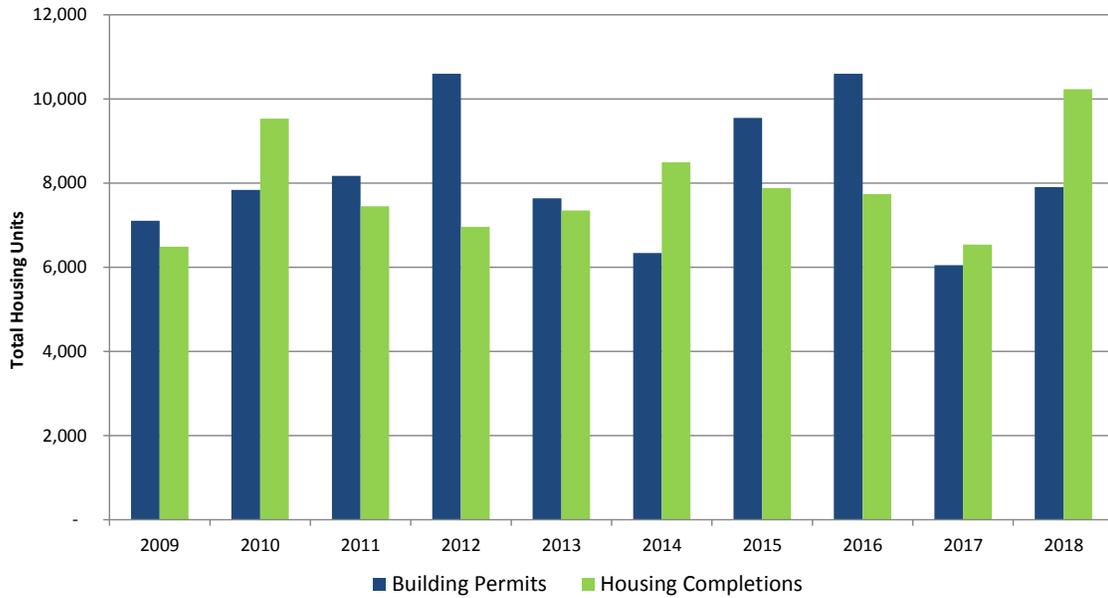
Source: Local Municipal Building Reports, 2018

Markham, Vaughan and Richmond Hill accounted for approximately 80 per cent of the total residential building permit activity in 2018 with 35 per cent, 32 per cent and 13 per cent respectively.

The number of residential building permits issued in Markham and Richmond Hill increased from 2017 levels by 291 per cent and 21 per cent respectively. The large increase in Markham was due to a low overall number in 2017 and a large increase in apartment units from zero in 2017 to 1,425 in 2018.

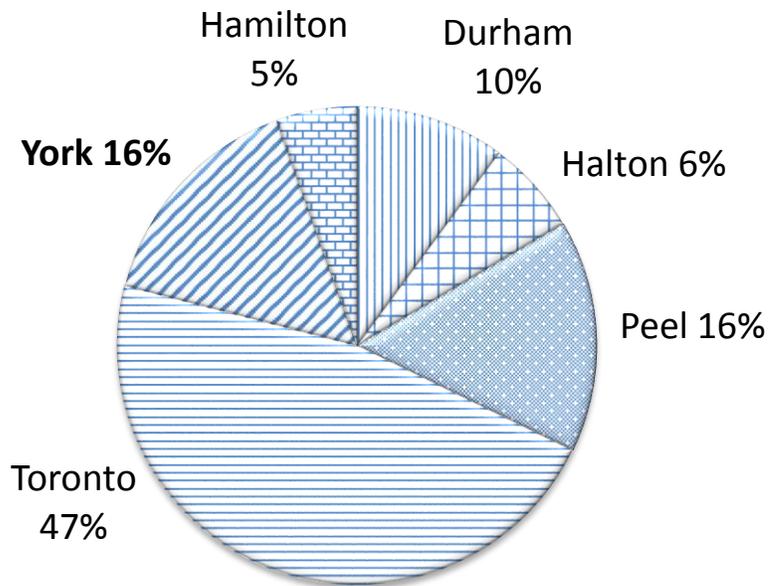
Housing completions in the Region increased in 2018 by 56.5 per cent to 10,230 (Figure 6) from the 2017 number of 6,535. York Region continues to be a strong contributor to GTHA development activity accounting for a 16 per cent share of 2018 GTHA residential building permit activity (Figure 7) and along with Peel Region, was second to the City of Toronto.

Figure 6
York Region Residential Building Permits and Housing Completions
2009 - 2018



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

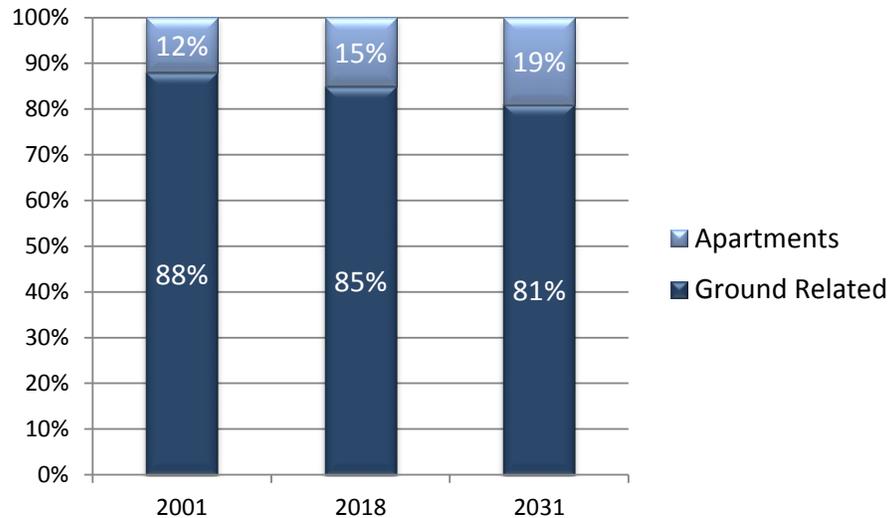
Figure 7
2018 GTHA Residential Building Permit Activity: Shares by Municipality



Source: Local Municipal Building Reports and Statistics Canada

The 2018 breakdown of new residential building permits issued in York Region was 20 per cent single-detached, 4 per cent semi-detached, 26 per cent row and 51 per cent apartment units. York Region’s housing mix for all unit types continues to diversify as the proportion of apartment unit dwellings has increased from 12 per cent in 2001 to 15 per cent in 2018, and is forecast to be 19 per cent in 2031 (Figure 8).

Figure 8
Mix in Housing Stock in York Region
2001 - 2031



Source: York Region Planning and Economic Development Branch

Residential development activity is projected to remain strong

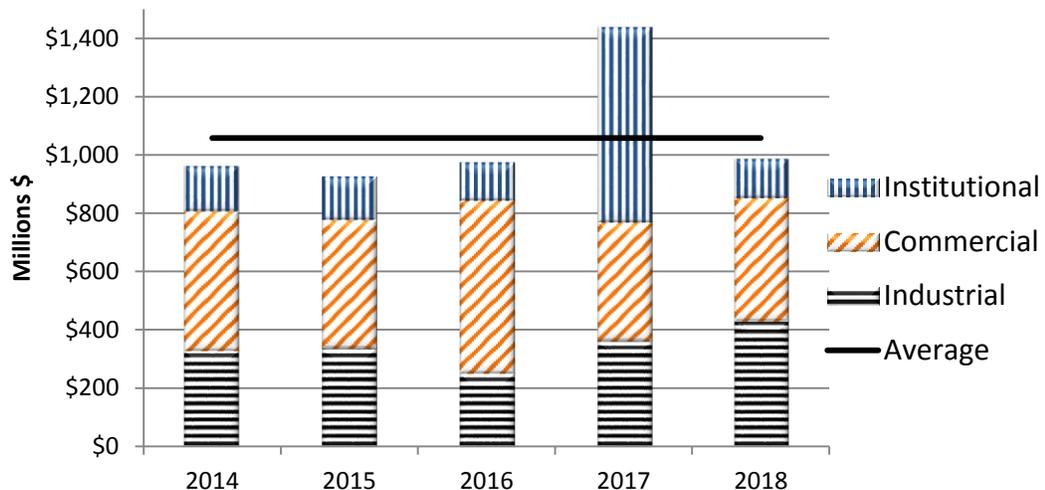
As outlined in the 2018 Development Activity Summary report to Council on [April 11, 2019](#), registration of plans of subdivision and plans of condominium for 2018 has remained strong. In total, 69 plans of subdivision and condominium were issued clearances for registration, for a total of 5,731 residential units in 2018. As of December 31, 2018, regional staff estimate that there are approximately 41,000 dwelling units of all types that are registered unbuilt and draft approved and a further approximate 45,000 dwelling units under application. Therefore, it is anticipated that building permit and housing completion activity will remain strong over the next few years.

Industrial and commercial construction values increased over last year and the total ICI construction value is comparable to a strong ten year average

The total Industrial, Commercial, and Institutional (ICI) construction value for 2018 was \$987 million, 31 per cent below the 2017 value. Although a large annual drop, both industrial and commercial construction values in York Region increased over 2017 figures. The 2018

overall ICI decrease can be attributed to the Mackenzie Vaughan Hospital permit value of \$558.8M that came through in 2017 under institutional. The 2018 annual ICI value is just below the average ICI value of the last five years (Figure 9) and at a very similar level to the ten year average ICI value (\$985.4M). Current declines in ICI values were observed across all GTHA municipalities, except Durham. Within York, Vaughan’s share of ICI construction accounted for over 53 per cent of the total value in 2018.

Figure 9
York Region Industrial, Commercial and Institutional
Construction Values 2014 - 2018

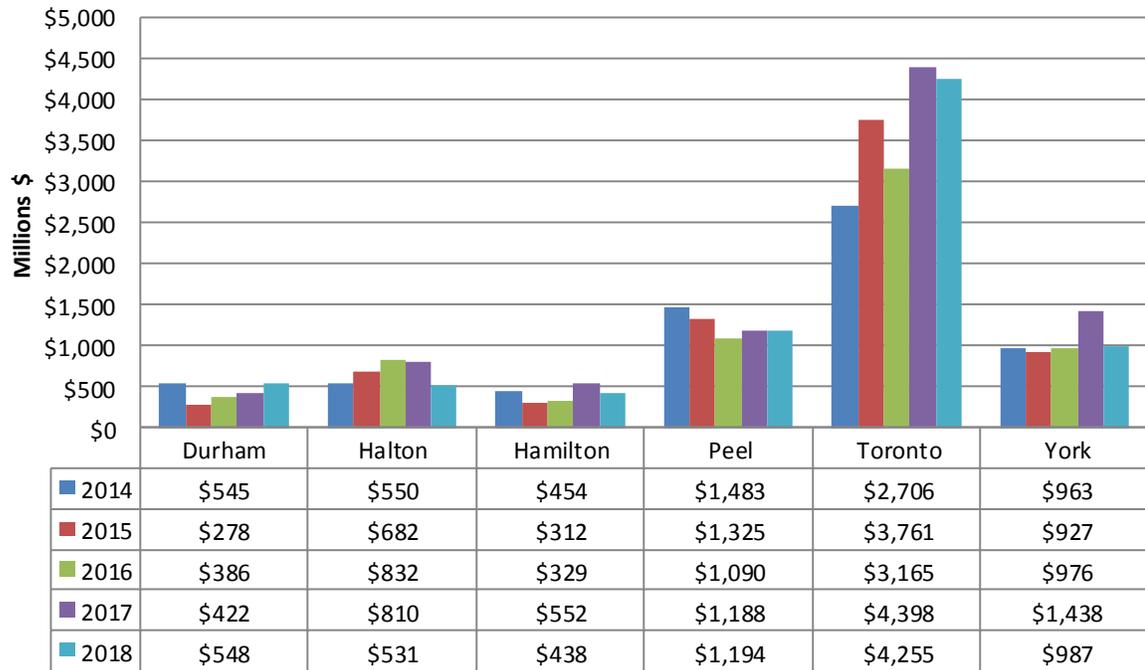


Source: Local Municipal Building Reports

A high-value building permit can result in large annual fluctuations in ICI building permit values. Notable ICI projects for which building permits were issued in 2018 and contributed to the strong overall ICI permit values include a \$43 million commercial development in Vaughan, two permits in Vaughan for multi-use industrial at \$28 and \$25 million, and a \$24 million warehouse in Markham.

Within the GTHA, York Region accounted for just over 12 per cent of the total ICI construction values for 2018 (Figure 10). Overall, the GTHA recorded a 9 per cent decrease in the value of ICI construction from 2017. Only Durham Region recorded an increase in total ICI construction, while the remaining GTHA regional municipalities either remained the same or experienced decreases.

Figure 10
GTHA Industrial, Commercial and Institutional
Construction Values 2014 - 2018



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’s employment growth once again outpaced provincial (2.0 per cent) and national (1.1 per cent) averages in 2018 posting a gain of 2.4 per cent.

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

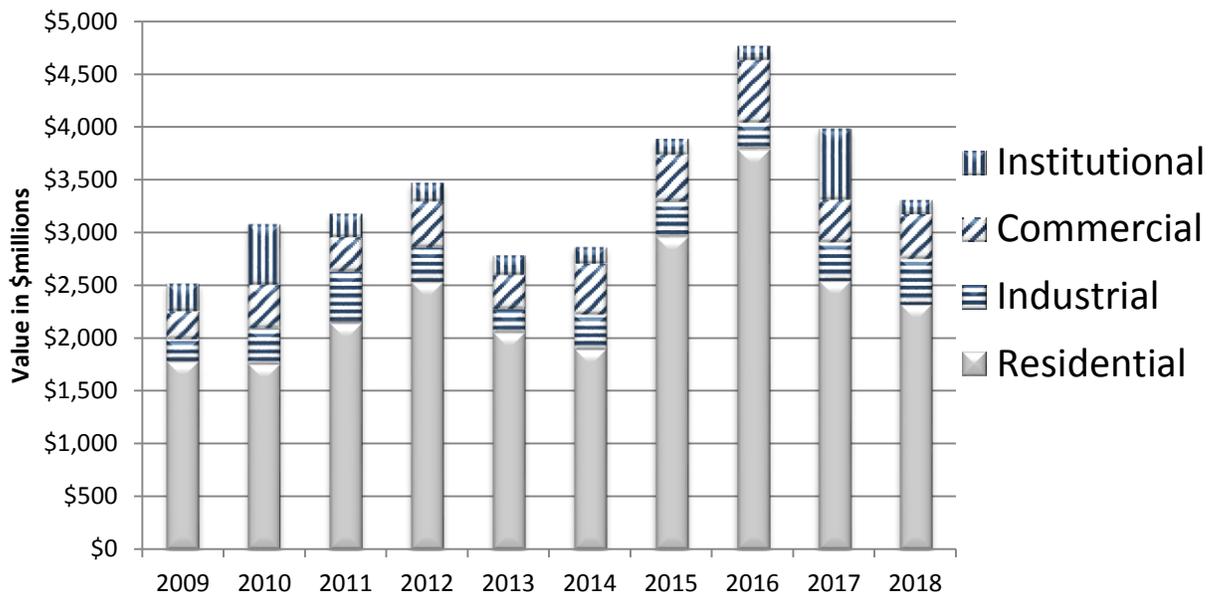
York Region ranked 7th in 2018 for the value of ICI construction across Canada, a decrease from 6th the previous year. Within the GTHA, York Region ranked 3rd for the value of ICI construction behind Toronto and Peel, a decrease from 2nd in 2017.

York Region continues to be one of Canada’s fastest growing municipalities in terms of both population and employment. During 2018, employment in York Region grew by 2.4 per cent, higher than Ontario’s growth rate of 2.0 per cent. The population growth rate for the Region was 2.0 per cent compared to 1.8 per cent 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.

2018 total estimated value of construction of \$3.31 billion is the fifth highest value on record for York Region

The total estimated value of construction in 2018 was approximately \$3.31 billion, compared to \$3.98 billion recorded in 2017, a decrease of 16.9 per cent, but still the fifth highest value on record for the Region (Figure 11). 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 11
York Region Construction Value by Type 2009 - 2018



Source: Local Municipal Building Reports

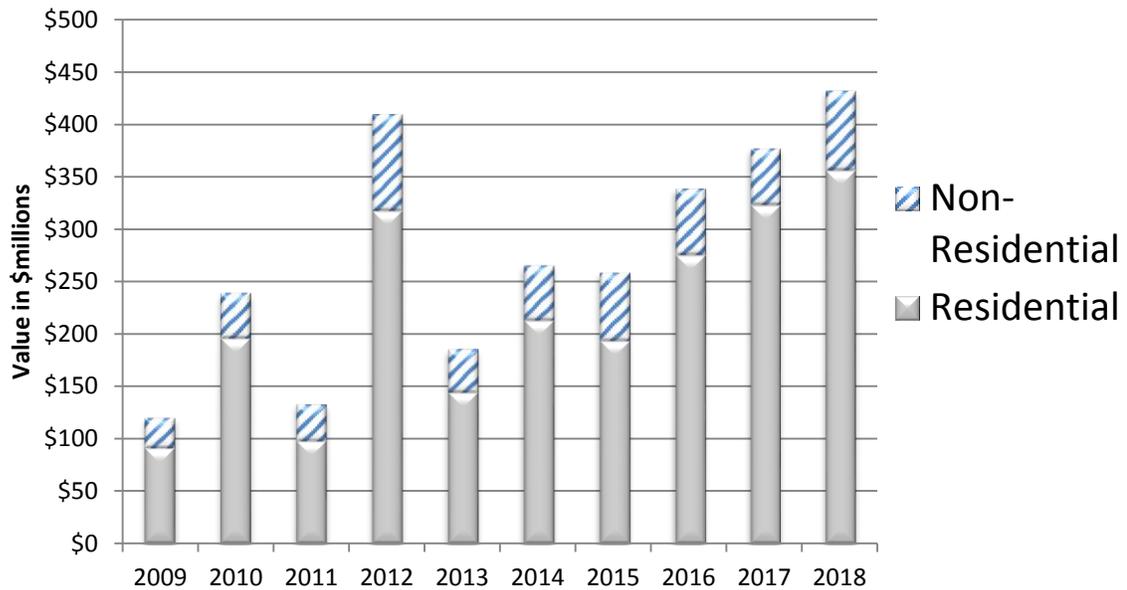
As noted above, York Region continues to experience job growth. According to a recent RBC Economic Research report on Ontario, the labour market is tight, the housing market is cooling and interest rates have increased, all of which they say will make the next phase of the province's economic expansion slower. However, the U.S. economy is expected to experience strong domestic demand growth, and the GTHA's industrial markets are expected to experience further demand from the U.S. for goods and services, translating to economic growth in 2019.

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 collected in 2018 was \$431.9 million compared to \$376.7 million in 2017 (Figure 12).

Figure 12
York Region Development Charges Collected 2009 - 2018



Source: York Region Corporate Services

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 2018 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 2018, York Region continued to demonstrate growth in population, employment, construction value and the housing market. Strong domestic demand growth in the U.S. economy in 2019 should bode well for York Region businesses.

York Region continues to be a significant contributor to the provincial and national economies, ranking within the top ten municipalities in relation to:

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

The Growth and Development Review 2018 report monitors and reports on key performance measures and highlights York Region as a destination to live, work and play.

It is proposed that the attached Growth and Development Review 2018 report be posted on the Region's website for use by municipalities and agencies, local chambers of commerce and board 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

April 25, 2019
Attachments (1)
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