

Ontario Regional Economic Outlooks

Highlights

- Economic growth in Ontario's regions will slow in 2012 and pick-up moderately in 2013
- The Toronto region will continue to lead growth in most categories
- Less regional variation in growth will emerge with the harder recession-hit regions beginning to recover
- Regional growth performance depends not only on the macro backdrop but also on their industry make-up

Summary

The expected economic slowdown during 2012 in the global economy will cause slower growth in Ontario's economy and its constituent economic regions.

Regional economic performance in Ontario will vary considerably but these macro-economic forces will dominate most regions with limited exceptions. The macro backdrop is seen modestly improving in 2013 lifting regional economic growth, however, performance will vary due to differences in their economic make-up.

Regions with a larger service industry orientation and with less export exposure to the U.S. or commodities will generally perform better than other regions. The Toronto, Kitchener-Waterloo-Barrie, and London economic regions are forecast to grow at faster pace than other regions and above the provincial average through to 2013. While these regions will lead the province, their growth rates will be moderate, since the macro setting imposes some restraints on growth.

Underperforming regions in the years to 2013 appear to be Kingston-Pembroke, Stratford-Bruce, and the Northeast. Growth dynamics are limited in the Northeast until the U.S. economy grows at a faster

pace while the greater dependence on constrained public spending in Kingston-Pembroke limits its performance. Higher growth in the Stratford-Bruce region is largely dependent on the construction and operation of large utilities projects.

Regions falling in the middle performance band are Ottawa, Muskoka-Kawarthas, London, Windsor-Essex, and the Northwest. Each region has its unique economic characteristics and in the case of Ottawa, its large public sector employment base will not be expanding and which will hold down overall job growth. The Muskoka-Kawarthas will need stronger intra-provincial linkages to generate higher growth rates. London's economy treads water while its manufacturing sector restructures. After a steep drop during the recession, the Windsor-Essex region steadily gains jobs as its auto sector recovers and restructures. The expected recovery in the Northwest region generates growth off a low base.

Only in the faster growing regions has employment surpassed pre-recession levels while employment levels in 2013 will remain below and in a couple of instances well below previous highs in most other regions. Unemployment rates are expected to decline in all regions, though in varying degrees.

No major change in recent population growth rates and trends is foreseen in the regions. A slowdown is likely in Ottawa and the long decline in the Northwest could end. Toronto will continue to have the highest growth rate followed by the Kitchener-Waterloo-Barrie region.

Regional housing markets will show more consistent gains after the economic slowdown passes in 2012. During 2011, regional markets except Toronto and the Northeast will experience fewer housing sales though most will see higher housing prices. Toronto will lead the province in housing sales, construction, and price gains in 2013. Housing prices in all regions will reach record highs in 2013.

In addition to higher residential construction in 2012 and more notably in 2013, non-residential, private non-residential building permits are seen rising in most regions during 2012 gaining momentum in 2013. Toronto is expected to see sizable gains in both 2012 and 2013 following a drop in permits this year. In contrast, public non-residential permits will drop off in 2012 in most regions though after considerable increases in the most recent prior years.

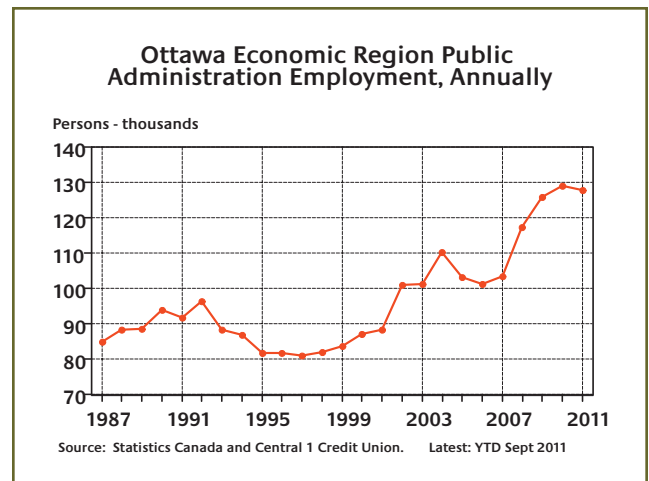
Regional economic performance will be mostly influenced by macro-economic forces with the main influences stemming from the sovereign debt problems in Europe and the economic slowdown looming for the U.S. Recession calls are mounting on concerns of a banking and credit crisis in Europe. Policymakers are behind the markets but progress is being made and the base case scenario in this forecast is no recession in Canada or the U.S. during 2012 or 2013. Slower and sub-par growth in 2012 is expected with a moderate pick-up in 2013. Interest rates will remain low in 2012 and begin to increase the following year. The Canada-U.S. exchange rate will remain volatile, along with equity and bond markets, and be range-bound well into 2012 before firming commodity prices lift the Loonie.

Ontario's economy will slow to 1.8% growth in real GDP in 2012 from an expected 2.1% in 2011. The 2013 growth outlook is currently 2.6%. There is downside risk to these forecasts since the European debt situation could turn more disorderly with policymakers unable to craft viable solutions.

Geographies of the economic regions are set by Statistics Canada. The industry concentration measures are based on location-quotients – a standard regional economic analysis metric – to help identify export-oriented industries and industry concentrations. Another standard technique is shift-share analysis of employment by industry to identify growth and declining industries using Ontario as the benchmark or reference base.

Ottawa Economic Region

The Ottawa economic region covers Ottawa City, the united counties of Stormont/Dundas/Glengarry and Prescott/Russell and the County of Lanark. The regional population is more than 1.26 million



persons. The region's industry concentration or specialization includes public administration and professional-scientific services. Since the recession, the region has not kept pace with growth in the rest of the province particularly in manufacturing along with public administration and professional-scientific services.

While public administration is the key driver, the regional technology sector continues to be an important part of the region's economy. While Nortel has disappeared from the landscape, the region is home to the headquarters of internationally recognized names like Cognos and Corel. Activity has been dominated in recent years by the emergence of small companies; with more than half employing nine persons or fewer. According to the Ottawa Centre for Regional Innovation, there were 1,944 technology companies in the Ottawa region at the end of 2010, up 4.7% from 2009 despite a drop in employees of 4.4% to 74,611, largely reflecting declines at larger employers. More than 65% of the employees worked in knowledge-based support services, telecommunications or software companies.

Despite the importance of the tech sector, public-sector activity will drive economic conditions over the forecast horizon. The end of federal fiscal stimulus will give way to a period of budget tightening, yielding a period of slow growth for the economic region of Ottawa. This will lead to tepid employment growth, migratory gains and weaker private and public sector investment.

Strategies on the part of the federal government to return to budgetary balance by 2015-16 will limit public sector spending and employment growth over the forecast horizon. The government's Strategic

Ottawa Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	712.9	729.3	728.0	734.0	740.0
% change	-0.5	2.3	-0.2	0.8	0.8
Employment, thousands	669.3	678.5	682.0	688.0	695.0
% change	-1.7	1.4	0.5	0.9	1.0
Unemployment rate, %	6.1	7.0	6.3	6.3	6.1
Housing sales, units	16,430	15,999	15,700	15,900	16,200
% change	7.2	-2.6	-1.9	1.3	1.9
Housing prices, \$ average	290,566	313,283	328,000	340,000	353,000
% change	4.9	7.8	4.7	3.7	3.8
Residential building permits, units	7,954	8,613	7,750	7,300	7,500
% change	-6.1	8.3	-10.0	-5.8	2.7
Private Non-res. building permits, \$ millions	792.2	763.6	680.0	725.0	770.0
% change	37.8	-3.6	-10.9	6.6	6.2
Public Non-res. building permits, \$ millions	353.7	290.3	238.0	200.0	225.0
% change	21.7	-17.9	-18.0	-16.0	12.5
Population, thousands	1,247.9	1,263.7	1,278.2	1,289.3	1,297.5
% change	1.0	1.3	1.1	0.9	0.6
Net migration, persons	9,519	12,596	11,300	7,900	5,000

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

and Operating Review looks to find at least \$4 billion in ongoing savings by 2014-15, primarily through productivity gains and operating efficiencies. While these measures are not expected to result in painful cuts to the public service like those observed in 1990s that contributed to an 8% drop in public administration employment from 1993 to 1997 in the Ottawa region, sector employment is expected to remain flat.

Constrained net hiring in the Canadian public service has already been observed. In 2010-11, the public service expanded by 0.3%, which contrasted with an annual growth rate of 4% in the prior three years. Meanwhile, hiring also fell 14% from 2009-10. Nonetheless, public service employment in the National Capital Region expanded a stronger rate than any other region in the country during the year ending March 31, by 1.6%.

Year-to-date average employment in Ottawa economic region's public administration sector was up less than 1% through September compared to more than 4% in the province. Since the recession, government employment is up 3% versus 8% provincially.

Fiscal consolidation will lead to slower economic activity in the broader regional economy, as weaker public-sector growth constrains activity in sectors

such as food-services, retail and construction and the end of fiscal stimulus lowers infrastructure spending. Non-cyclical sectors that depend on overall employment growth in 2011 are expected to be tepid at 0.5%, and remain at 1% or less through 2013. While employment growth is slow, the regional unemployment rate is expected to trend lower and average 6.1% in 2013.

The declining jobless rate will largely reflect slower growth in the labour force as a softer employment picture attracts fewer migrants to the region. Net migration to the Ottawa economic region is forecast to drop below 8,000 persons in 2012, contributing to population growth of less than 1% through 2013.

Despite the slowdown in the economy, housing markets remain stable through the forecast horizon. MLS® home sales are forecast to edge down slightly by 2% this year, and remain within a narrow range through 2013. Steady activity will continue to put upward pressure on the average MLS® price, which is forecast to gain about 4% per annum through 2013.

Kingston-Pembroke Economic Region

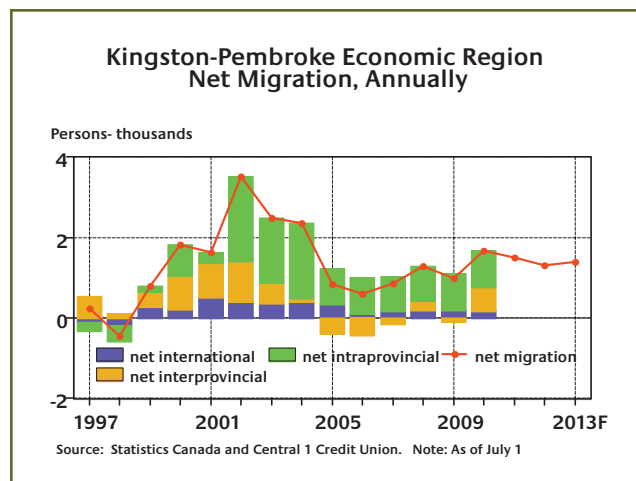
Kingston-Pembroke includes Kingston and the Frontenac townships, the counties of Lennox and Addington, Hastings and Renfrew, and Prince Edward and

has a population of more than 495,400. The region's industry concentrations include education services, public administration, accommodation-food services, and agriculture. The region is home to Queen's University, the Royal Military College of Canada, as well as the Kingston Penitentiary.

The region's economy is largely dependent on growth from external sources since its industry mix lacks faster growing industries. Growth in the region's industry specializations has generally under-performed in the past decade and during this recovery.

However, economic conditions in the Kingston-Pembroke region have improved in 2011 with regional employment levels rebounding to near pre-recession highs. Following a sharp drop in 2010, average employment through September 2011 was up 6.8%. This was an abnormally strong growth rate and highest among all Ontario economic regions which reflected a delayed rebound in the local economy and possibly Labour Force Survey sample variability. However, nearly all other regions observed employment growth in 2010, in contrast to the 4.6% contraction in Kingston-Pembroke. Since the recession, the region's economy has underperformed the provincial economy.

The major service industries leading 2011 gains were the health care/social assistance sector, education,



and public administration. Total service-oriented employment was up 10.1% relative to the first nine months of 2010, marking a rebound from last year's declines. In contrast, goods-sector employment remained weak as a contraction in manufacturing employment offset gains in agriculture. While service-sector employment has risen slightly above highs observed in 2008, goods-sector activity remains 11% below.

Moving forward, the Kingston-Pembroke region is unlikely to observe substantial improvements in employment levels. Recent service-sector gains were inherently tied to government expenditures which

Kingston-Pembroke Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	232.6	221.4	234.0	235.5	236.0
% change	-0.9	-4.8	5.7	0.6	0.2
Employment, thousands	213.1	203.4	216.0	217.9	219.0
% change	-3.4	-4.6	6.2	0.9	0.5
Unemployment rate, %	8.3	8.1	7.7	7.5	7.2
Housing sales, units	7,771	7,420	7,500	7,500	7,875
% change	-0.3	-4.5	1.1	0.0	5.0
Housing prices, \$ average	216,925	225,016	234,000	241,000	247,000
% change	2.1	3.7	4.0	3.0	2.5
Residential building permits, units	2,049	2,191	2,025	2,100	2,150
% change	-2.2	6.9	-7.6	3.7	2.4
Private Non-res. building permits, \$ millions	186.7	244.3	130.0	140.0	150.0
% change	24.5	30.8	-46.8	7.7	7.1
Public Non-res. building permits, \$ millions	124.4	55.4	85.0	60.0	70.0
% change	-21.6	-55.4	53.4	-29.4	16.7
Population, thousands	458.0	459.4	461.2	462.4	464.0
% change	0.2	0.3	0.4	0.3	0.3
Net migration, persons	997	1,674	1,500	1,300	1,400

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

are heading into a period of fiscal consolidation and potential cuts. Meanwhile, the elevated Canadian dollar and economic uncertainty look to continue, suggesting a continuation in weakness for Canadian manufactured goods. Subdued economic conditions and fiscal consolidation will also constrain private and public spending on buildings and infrastructure over the forecast horizon.

Aging demographics and population expansion will provide some support to economic activity and demand for services over the forecast horizon. However, population growth which has been driven by positive intra-provincial migration in recent years is forecast to remain tepid at 0.4% this year and 0.3% in 2012 and 2013. A slowdown in employment growth in the public-sector and universities will likely hinder gains, while retirees moving to the region may delay their plans due to broader economic uncertainty.

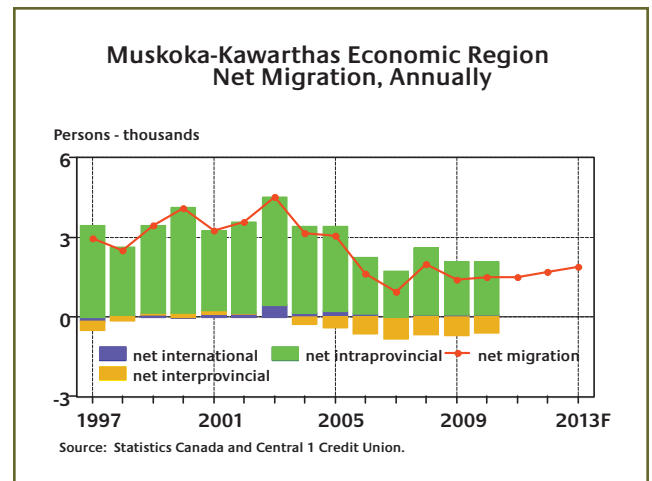
These factors will pare gains in regional employment to less than 1% in 2012 and 0.5% in 2013, following a 6.2% gain this year. However, the regional unemployment rate will continue to decline to an average of 7.2% in 2013 as low population growth limits gains in the labour force.

On the housing front, MLS® sales are forecast to rise slightly in 2011 from 2010 levels, but remain unchanged in 2012 before rising 5% in 2013. Balanced market conditions are forecast to persist, yielding about 3% growth in the average price level in 2012 and 2013.

Muskoka-Kawarths Economic Region

Muskoka-Kawarths covers Kawartha Lakes, the District Municipality of Muskoka, and the counties of Northumberland, Peterborough, and Haliburton and has a combined population of nearly 377,000 residents. The region's industry concentrations include agriculture, utilities, construction, and accommodation-food services. Challenging economic conditions persist despite a recent downtrend in the regional unemployment rate and higher employment levels. The region's overall industry mix is more weighted in slower than faster growing ones and its comparative advantage is diminishing leaving growth largely dependent on external factors.

Muskoka-Kawarths employment gains in 2011 have largely reversed the downtrend observed in 2010, but the year-to-date average level remained 0.5% below



same-period 2010. While industry level labour force statistics are highly volatile given the regions' small sample size, substantial gains have been observed in the manufacturing, trade, and education sectors. This has been offset by declines in construction as well as professional/technical and business services.

Over a longer multi-year span, regional employment has followed an erratic but downward trend since 2007. During this period, the unemployment rate climbed above 10%, but has declined through 2011 to a still elevated 7.9% in the third quarter. Relative to the pre-recession 2008 period, the most substantial net declines in employment have been recorded in the construction, professional/technical services and business services.

This labour market weakness partly reflects the regional dependency on tourism and recreational/retiree housing demand. Tourism demand has been negatively impacted by the weak U.S. economy, the elevated Canadian dollar, and subdued consumer confidence. Demand for housing in the region has declined for many of the same reasons, as weaker tourism and recreational/retiree housing demand fed back through the local economy and employment picture, constraining housing activity.

Population growth is forecast to grow at a tepid rate of 0.1% in 2011 before improving to 0.3% in 2012 and 2013. This is in line with growth trends since 2007, but well below mid-decade levels when population gains exceeded 1%. Population growth in the Muskoka-Kawarths is largely driven by net gains from other regions in Ontario. The region has the largest proportion of individuals aged 65 and above and the highest median age (46.7) in the province, suggesting a market conducive to an inflow of retirees. While

Muskoka-Kawarths Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	188.3	191.2	191.0	192.0	192.9
% change	-3.1	1.5	-0.1	0.5	0.5
Employment, thousands	173.5	173.6	175.0	177.0	179.0
% change	-4.7	0.1	0.8	1.1	1.1
Unemployment rate, %	7.9	9.2	8.4	7.8	7.2
Housing sales, units	8,071	8,028	7,850	8,175	8,300
% change	6.3	-0.5	-2.2	4.1	1.5
Housing prices, \$ average	264,224	280,177	288,000	290,000	295,000
% change	2.6	6.0	2.8	0.7	1.7
Residential building permits, units	1,856	1,902	1,500	1,700	2,000
% change	-16.1	2.5	-21.1	13.3	17.6
Private Non-res. building permits, \$ millions	120.6	138.7	115.0	120.0	125.0
% change	-23.4	15.0	-17.1	4.3	4.2
Public Non-res. building permits, \$ millions	99.0	54.3	30.0	40.0	45.0
% change	120.2	-45.1	-44.8	33.3	12.5
Population, thousands	376.3	376.9	377.5	378.4	379.6
% change	0.2	0.2	0.1	0.3	0.3
Net migration, persons	1,416	1,515	1,500	1,700	1,900

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

growth in the number of retirees to the region may stagnate in the short-run due to uncertainty in the broader economy, future retiree inflows will rebound providing support to the local economy through stable income flows and wealth.

Nonetheless, soft external demand, lower levels of public-sector investment, and weak population growth induced demand is forecast to keep employment growth in the Muskoka-Kawarths economic region near 1% per annum over the forecast horizon. However, muted growth in working age individuals will contribute to a gradual descent in the unemployment rate to an average of 7.2% in 2013.

MLS® sales activity in the Muskoka-Kawarths have been flat through 2011, fluctuating in a range of 7,800 to 8,200 annualized units, marking a level 10% below pre-recession trends. This subdued level of demand has been met with a modest flow of new listings, keeping prices on an upward trend. Economic conditions will maintain housing sales near trend levels, rising 4.1% in 2012 to 8,175 units and a further 1.5% in 2013. The average MLS® price is forecast to edge higher in 2012 by less than 1%, with a further gain of 1.7% in 2013.

Toronto Economic Region

The Toronto Economic Region covers Durham, York, Peel and Halton Regional Municipalities as well as the City of Toronto and is home to more than six million residents. The region's real GDP is estimated at \$265 billion in 2010, accounting for one-half of Ontario's economic output and one-fifth of Canada's. The economy is largely service-based with concentrations in financial, professional-technical, and information-culture-recreation services. Manufacturing is the most significant goods-producing industry. These export-oriented industries have markets into the rest of the provinces, other provinces, and to a lesser extent internationally. The Toronto region has an industry mix most conducive for growth of any region.

The population of this region has been growing at approximately 1.8% per annum since 2007, among the fastest growing regions in Canada, and is forecast to ease to 1.6% through 2012 and 1.7% in 2013. Immigration is the main driver with net natural increase (births minus deaths) the other driver. Growth from these sources is partly offset by outflows to other regions of Ontario and to other provinces.

Population growth slowed sharply in the first half of 2011 as the inflow of non-permanent residents declined. That decline represents fewer employment

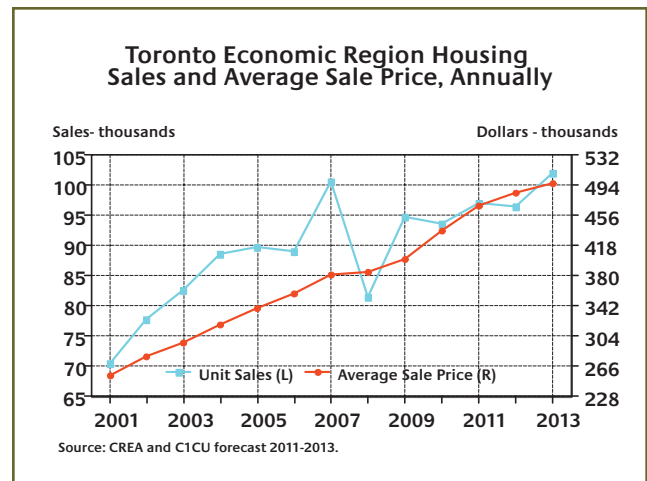
opportunities for temporary workers and a decentralization of decision making on immigration targets.

Toronto's economic recovery has been quite robust and broadly-based across industries led by information-cultural-recreation, construction, professional-technical, business-support, health, manufacturing, and public administration. Lagging industries are personal services, retail-wholesale trade, and accommodation-food services.

The nature of in-migration and employment opportunities largely determine labour force growth, which has averaged 2.1% per annum since 2007. The labour force is forecast to grow by less than 1.0% in 2011, reflecting fewer job opportunities in discretionary services, education and professional-technical services. Labour force growth is forecast increase rising to 1.6% in 2013.

Employment growth has averaged 1.5% per annum since 2007 and is forecast to increase 1.7% in 2011 outpacing labour force growth and lowering the unemployment rate to 8.4% from 9.1% in 2010. Job growth is forecast to slow to 1.4% per annum in 2012 but increase to 1.8% 2013. The unemployment rate will slide to 8.2% in 2012 and 8.1% in 2013.

Forecast job growth in 2011 is led by information-culture-recreation, health-social, business-building



support, transportation-warehousing and finance-insurance-real estate services as well as construction and manufacturing. Gains in these industries are partly offset by lower employment in retail-wholesale, education, accommodation-food, and other services. Discretionary spending continues to face headwinds from high household and government debt levels. International tourism continues to be dampened by tighter border security and a depressed Canadian-U.S. dollar exchange rate.

Forecast job growth in 2012 and 2013 combined will be led by health-social and retail-wholesale trade services as well as construction and manufacturing. Other industries are forecast to see higher employ-

Toronto Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	3,309.6	3,384.2	3,414.0	3,456.0	3,512.0
% change	1.1	2.3	0.9	1.2	1.6
Employment, thousands	2,997.4	3,074.9	3,127.5	3,171.3	3,228.4
% change	-1.6	2.6	1.7	1.4	1.8
Unemployment rate, %	9.4	9.1	8.4	8.2	8.1
Housing sales, units	94,724	93,575	97,000	96,500	102,000
% change	16.2	-1.2	3.7	-0.5	5.7
Housing prices, \$ average	400,689	436,676	468,700	484,500	506,000
% change	4.1	9.0	7.3	3.4	4.4
Residential building permits, units	28,583	34,215	29,500	32,150	37,650
% change	-17.6	19.7	-13.8	9.0	17.1
Private Non-res. building permits, \$ millions	2,974.4	3,938.0	3,100.0	3,525.0	4,050.0
% change	-27.2	32.4	-21.3	13.7	14.9
Public Non-res. building permits, \$ millions	1,040.7	1,490.1	2,310.0	2,020.0	2,210.0
% change	-15.9	43.2	55.0	-12.6	9.4
Population, thousands	5,929.0	6,037.0	6,132.9	6,232.9	6,340.1
% change	1.7	1.8	1.6	1.6	1.7
Net migration, persons	63,682	72,365	57,892	63,000	71,000

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

ment except for primary resources and utilities where employment remains more or less level. Employment in public administration is forecast to remain level as governments in general plan reduce deficits.

Housing markets in the Toronto region are forecast to remain active as population and employment grow, although less accommodative financing and high household debt levels will dampen growth rates. Housing unit sales are forecast to climb 3.7% in 2011, inch down in 2012 and rise 6% in 2013. The average sale price is forecast to rise 7% in 2011, slow to 3% per annum in 2012, and gain momentum in 2013. Residential building permits are forecast to drop 14% in 2011 before rising 9% in 2012 and 13% in 2013. Housing starts are up 40% this year and since starts lag permits, especially on multi-unit buildings, housing starts will likely decline in 2012.

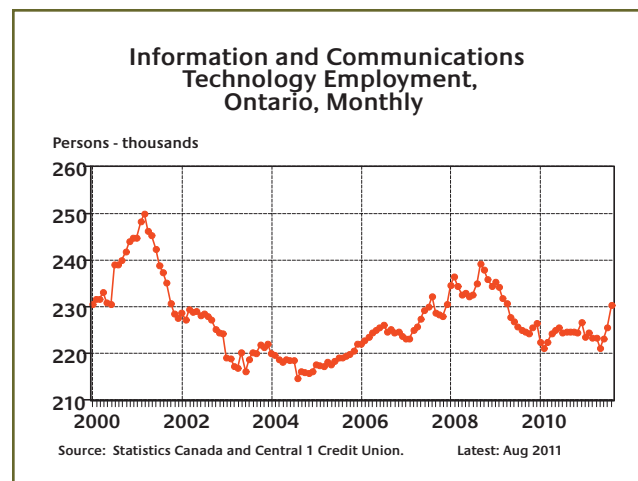
Non-residential investment spending through 2013 will be led by growing exports and business investment in plant and equipment. After 2011, growth is dampened by fiscal tightening at both the federal and provincial level. Private sector non-residential building permits are forecast to fall 21% in 2011 before rising 13% per annum in 2012 and 2013. Public sector non-residential building permits are forecast to rise 55% in 2011 before declining 13% in 2012 and rising 10% in 2013.

Major projects include a \$44 billion investment over the next 12 years in expanding and refurbishing the Darlington nuclear power plant in Clarington. This investment is currently in the approval and planning stages with construction planned to ramp up in 2013. Ontario Power Generation has recently invested \$1.0 billion in refurbishing a nuclear reactor in Pickering.

Other recent investments in major projects include a \$942 million power plant in Brampton, GM's \$740 million plant renovation in Oshawa, TransCanada Energy's \$670 million power plant in Halton Hills, Chrysler's \$500 million plant renovation in Brampton and Pristine Power's \$365 million power plant in King City. Another \$1.3 billion has recently been invested in the region in 15 other major projects including manufacturing plants, film studios, power plants, research centers, auditoriums and head offices.

Kitchener-Waterloo-Barrie Economic Region

Kitchener-Waterloo-Barrie covers the regional municipality of Waterloo (which includes the cities of Kitchener, Waterloo and Cambridge), and the coun-



ties of Dufferin, Wellington, and Simcoe. The region has a population of more than 1.25 million. The region's industry concentrations include manufacturing, construction, and agriculture. Manufacturing remains its most important export industry despite considerable challenges in the past several years.

The region's recession was not severe and the recovery has been fairly robust.

Economic indicators in the Kitchener-Waterloo-Barrie region have improved since the beginning of 2010 with gains in employment, a declining unemployment rate, and modest levels of home sales.

Employment losses in 2009 were fully recouped last year, and further gains have been observed in 2011. Average employment in the first nine month of the year was 4.2% higher than observed in 2010, reflecting substantial goods-sector gains in manufacturing and construction. In the service-oriented industries, professional-technical services, health-social, and public administration employment also recorded large gains over the previous year. The third quarter average unemployment rate fell to 7.1%, down from 8% the same period in 2010.

Not surprisingly, the information and communications technology (ICT) sector is a key driver of economic conditions reflecting the region's reputation as an internationally renowned technological hub that houses industry leaders such as Research in Motion, OpenText, Christie Digital Systems, and Google Canada. According to Communitech, the region has more than 800 technology firms, with 300 being start-ups – activity generated by the University of Waterloo's computing programs, and attraction of a critical mass of companies and talent in the region.

Kitchener-Waterloo-Barrie Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	710.6	722.2	743.0	758.0	775.0
% change	1.3	1.6	2.9	2.0	2.2
Employment, thousands	646.6	663.0	689.0	706.0	728.0
% change	-2.3	2.5	3.9	2.5	3.1
Unemployment rate, %	9.0	8.2	7.3	6.9	6.1
Housing sales, units	19,703	19,635	19,100	19,900	20,300
% change	4.4	-0.3	-2.7	4.2	2.0
Housing prices, \$ average	262,415	281,322	290,000	299,000	310,000
% change	0.4	7.2	3.1	3.1	3.7
Residential building permits, units	6,461	8,486	8,400	8,500	9,000
% change	-18.6	31.3	-1.0	1.2	5.9
Private Non-res. building permits, \$ millions	635.2	1203.1	800.0	900.0	950.0
% change	-34.0	89.4	-33.5	12.5	5.6
Public Non-res. building permits, \$ millions	548.8	622.4	560.0	530.0	545.0
% change	29.9	13.4	-10.0	-5.4	2.8
Population, thousands	1,242.1	1,254.9	1,268.9	1,283.4	1,298.4
% change	1.0	1.0	1.1	1.1	1.2
Net migration, persons	7,206	8,030	8,900	9,500	10,000

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

While the ICT sector is also well-established in the Toronto and Ottawa regions of the province, ICT has a larger relative footprint in the Kitchener-Waterloo-Barrie region reflected in a higher correlation between provincial ICT economic growth and overall employment growth. ICT employment in Ontario has yet to rebound back to pre-recession trends, but an upward trend has been observed since mid-2011. While broader economic conditions remain challenging due to weakness in the global economy, the stronger rebound in business investment, both in Canada and in the U.S. bodes well for further gains in ICT and the regional economy of Kitchener-Waterloo-Barrie overall. Belt-tightening on the part of the public-sector will be a negative factor for ICT as well as general public-sector investment.

Employment in the Kitchener-Waterloo-Barrie region is forecast to rise 3.9% this year, and at a healthy pace of 2.5% and 3.1% in 2012 and 2013. Gains in employment will outpace labour force additions, putting downward pressure on regional unemployment rates dipping to 6.1% in 2013.

Gains in employment will continue to draw people to the region, mainly from other areas of the province and international sources. The net outflow to other provinces observed in recent years is expected to nar-

row. This will yield population growth of about 1.1% through the forecast horizon, higher than in 2009 and 2010, but below mid-decade levels.

Modest employment and population gains are forecast to keep housing market activity stable, with annual MLS® sales remaining in a range of 19,000 to 20,500 units over the forecast horizon which is in line with levels observed since 2009. Balanced market conditions will keep annual price appreciation in the range of 3% to 4% through 2012.

Hamilton-Niagara Peninsula Economic Region

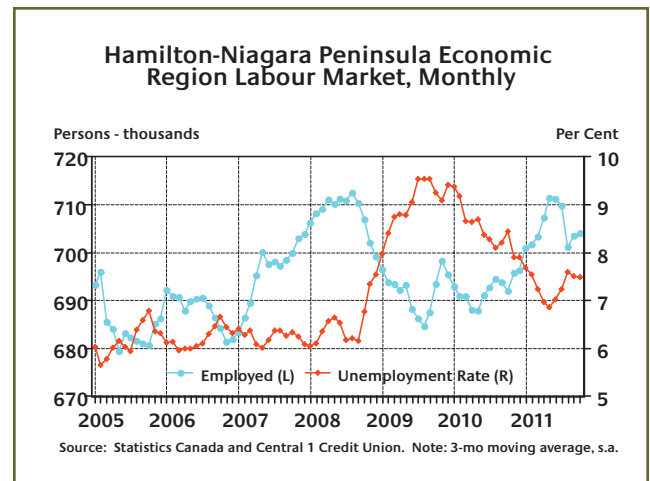
The Hamilton-Niagara Peninsula region covers Hamilton, Haldimand, Brant and the regional municipalities of Halton and Niagara, and has a combined population of more than 1.41 million. The region's industry concentrations include manufacturing, agriculture, and tourism. Manufacturing has been on a long-term decline with some offset from the other main export-oriented industries and general growth in most service industries.

Economic conditions in the Hamilton-Niagara Peninsula region have remained steady over the past year as regional employment rebounded from the recessionary slump and housing market activity remained elevated.

Labour market conditions in the Hamilton-Niagara Peninsula have improved with employment rebounding from the cumulative 3.8% decline observed from the third quarter of 2008 through August of 2009. Through September of this year, average employment levels were 2% higher than the same period in 2010. However, employment growth was comparably slower than most other regions in the province.

Hamilton-Niagara's employment market recovery has not mirrored the downturn. While goods-related sector employment was the hardest hit in the recession, the employment recovery has largely been observed in the service sector.

Weak economic conditions south of the border and elevated Canadian dollar kept average manufacturing employment below 2010 average levels, although employment has picked up in recent months. Challenges facing the sector have been reflected in the closures of Siemens in Hamilton and GM's component factory in St. Catharines, and the U.S. Steel lockout. On a positive note, higher-profile expansions in the regions have included investments by Canada Bread Company, upgrades by ArcelorMittal Dofasco to existing operations, and the entry of European steel maker Max Aicher. More recently, Maple Leaf Foods national operations have led to the announcement of a new \$395 million facility in Hamilton to be completed in



2014 creating 670 jobs, although another local plant will be closed affecting 250 workers. The 11-month U.S. Steel lockout is also at an end with the recent ratification of a three-year contract.

Domestic demand has driven employment gains in the service sector, with healthcare, transportation and warehousing, professional-technical services and public administration leading the way. Gains in these sectors and a surge in fiscal-stimulus related public-sector investments helped to stabilize employment levels, providing support to housing markets and construction employment.

Hamilton-Niagara Peninsula Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	761.2	756.2	762.0	770.0	775.0
% change	0.4	-0.7	0.8	1.0	0.6
Employment, thousands	691.3	693.2	707.0	718.0	728.0
% change	-2.3	0.3	2.0	1.6	1.4
Unemployment rate, %	9.2	8.3	7.2	6.7	6.1
Housing sales, units	20,372	21,044	21,500	22,300	22,700
% change	1.3	3.3	2.2	3.7	1.8
Housing prices, \$ average	261,217	276,719	297,000	305,000	312,000
% change	3.8	5.9	7.3	2.7	2.3
Residential building permits, units	3,884	5,628	5,000	5,250	5,500
% change	-33.9	44.9	-11.2	5.0	4.8
Private Non-res. building permits, \$ millions	590.4	751.9	520.0	550.0	600.0
% change	-5.8	27.3	-30.8	5.8	9.1
Public Non-res. building permits, \$ millions	332.7	874.7	345.0	250.0	275.0
% change	14.6	162.9	-60.6	-27.5	10.0
Population, thousands	1,408.3	1,417.6	1,427.4	1,437.5	1,448.1
% change	0.6	0.7	0.7	0.7	0.7
Net migration, persons	6,942	7,546	7,800	8,000	8,500

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

While the manufacturing sector remains one of the largest sectors of the regional economy, the U.S. economic malaise and Canadian dollar are un-supportive of an export-led recovery for the manufacturing sector. Meanwhile, the downdraft of fiscal consolidation also suggests a slowdown in regional growth.

Regional employment is forecast to rise 2% this year and slow to 1.6% and 1.4% in 2012 and 2013. Nonetheless, employment is expected to rise at a faster pace than the labour force resulting in a lower average unemployment rate of 6.1% in 2013. Labour market improvements and low borrowing costs are expected to underpin stable housing market conditions in the region.

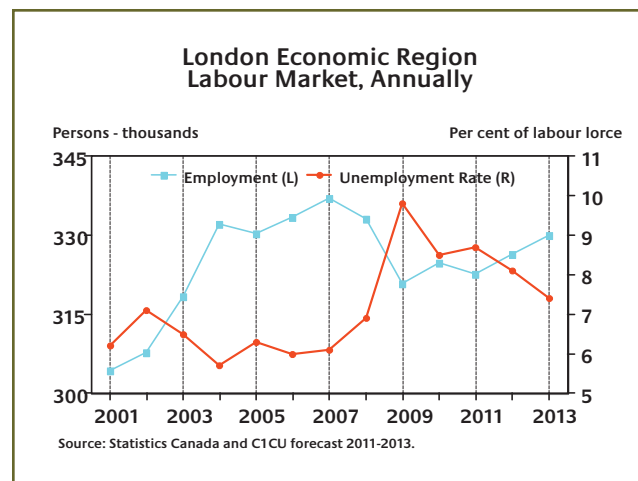
Housing market conditions are expected to remain stable through 2013, with MLS® sales fluctuating in a range of 21,000 to 23,000 units. Balanced market conditions will yield average price growth of above 2% in both 2012 and 2013, following a gain of 7% this year.

The pace of population expansion in Hamilton-Niagara Peninsula has been muted in recent years, likely a reflection of weaker employment growth. Annual population gains have failed to exceed 1% per annum since 2004, and have hovered near 0.6% since 2008 as the region has observed a net outflow of inter-provincial migrants in search of better employment opportunities. With employment growth expected to be modest, population growth will remain in line with recent years around 0.7% through 2013. International migratory factors will remain a positive growth driver. In addition, the region continues to generate net gains from other parts of the province. This partly reflects a growing number of individuals commuting to nearby Toronto but attracted to Hamilton's lower home prices.

London Economic Region

The London Economic Region covers Oxford, Elgin and Middlesex Counties and is home to over 650,000. The region's industry concentrations include agriculture, health, and education. Relative to the province, this economy has lagged during the past decade due to a lack of high-growth service industries and a weak recovery. Shift-share analysis indicates the region's manufacturing sector has held up relatively well.

The population of this region has been growing at approximately 0.6% per annum since 2007 and is



forecast to continue to grow at just below 0.5% annually through 2013. Immigration, net inflows from other regions of Ontario and net natural increase (births minus deaths) are the main sources. Growth from these sources is partly offset by net outflows to other provinces.

The nature of in-migration and employment opportunities largely determine labour force growth, which has not grown since 2007. The labour force is not expected to grow in 2011, reflecting fewer job opportunities in education, tourism and construction. Labour force growth is forecast at 0.5% in 2012 and 0.3% in 2013, driven by an upturn in the provincial business cycle.

Employment has declined by an average -0.6% per annum since 2007 and is forecast to eke out a 0.2% gain in 2011. The unemployment rate will change slightly edging down to 8.3% from 8.5% in 2010. Job growth is forecast at 0.6% in 2012 and 1.0% in 2013, well above forecast labour force growth. The unemployment rate will thus decline to 8.2% in 2012 and 7.6% in 2013.

Forecast job declines in 2011 are led by education, accommodation-food and business-building support services as well as construction. Declines in these industries are partly offset by higher employment in retail-wholesale, health-social, transportation-warehousing and miscellaneous services as well as manufacturing.

Forecast job growth in 2012 and 2013 combined is led by health-social, retail-wholesale trade and transportation-warehousing services as well as manufacturing and construction. Other industries are forecast to see higher employment except for primary resources and education services where employment remains more or less level.

London Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	355.5	354.9	355.0	356.8	357.8
% change	-0.6	-0.2	-0.5	0.5	0.3
Employment, thousands	320.8	324.8	325.4	327.4	330.6
% change	-3.7	1.2	0.2	0.6	1.0
Unemployment rate, %	9.8	8.5	8.3	8.2	7.6
Housing sales, units	9,829	10,066	9,825	9,600	9,575
% change	-4.3	2.4	-2.4	-2.3	-0.3
Housing prices, \$ average	212,391	224,340	229,900	232,000	235,000
% change	0.9	5.6	2.5	0.9	1.3
Residential building permits, units	2,526	3,050	2,175	2,000	2,025
% change	-35.4	20.7	-28.7	-8.0	1.3
Private Non-res. building permits, \$ millions	290.0	344.4	415.0	300.0	345.0
% change	11.8	18.8	20.5	27.7	15.0
Public Non-res. building permits, \$ millions	180.3	211.3	585.0	260.0	255.0
% change	-62.4	17.2	176.9	-55.6	-1.9
Population, thousands	648.3	651.8	654.9	657.9	661.1
% change	0.5	0.6	0.5	0.5	0.5
Net migration, persons	1,565	1,864	1,553	1,600	2,050

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

Housing markets in the London region are forecast to continue to slow as population and employment growth remains weak. Housing unit sales are forecast to inch down 2% in 2011 and 2012 before leveling off in 2013. The average sale price is forecast to increase 2% in 2011, stabilize in 2012 and edge up in 2013. New home construction is forecast to drop 29% in 2011 and 8% in 2012 before leveling off in 2013.

Non-residential investment spending in 2011 is led by growing exports and business investment in plant and equipment. After 2011, growth is dampened by fiscal tightening at both the federal and provincial level. Private sector non-residential building permits are forecast to rise 21% in 2011 before falling 28% in 2012 and rising again by 16% in 2013. Public sector non-residential building permits are forecast to rise 177% in 2011 before declining 56% in 2012 and leveling off in 2013.

Recent major projects include Toyota's \$1.1 billion RAV assembly plant in Woodstock, AIM Corporation's \$186 million 99 MW wind farm near Port Burwell and Union Gas's \$100 million pipeline expansion between Strathroy and London. Toyota also recently invested \$65 million in an interior manufacturing plant in Woodstock. Recent major investments in London include a \$70 million kitchen countertop plant, Labatt's

\$40 million plant expansion and a \$40 million frozen dessert plant.

Windsor-Sarnia Economic Region

The Windsor-Sarnia Economic Region covers Essex and Lambton Counties as well as the Municipality of Chatham-Kent and is home to over 640,000 residents. The region's main export industries are manufacturing and agriculture. The region's economy was hard hit by the U.S. recession and underwent a longer term restructuring in its manufacturing base.

The population of this region has been declining by 0.4% per annum since 2007 and is forecast to decline at that rate in 2011 before almost leveling off in 2012 and inching up in 2013. Net out-migration to other parts of Ontario and Canada is the main driver, with net natural increase (births minus deaths) offsetting some of that outflow. In 2013, net natural increase and net immigration are offset by net outflows to other regions of Canada.

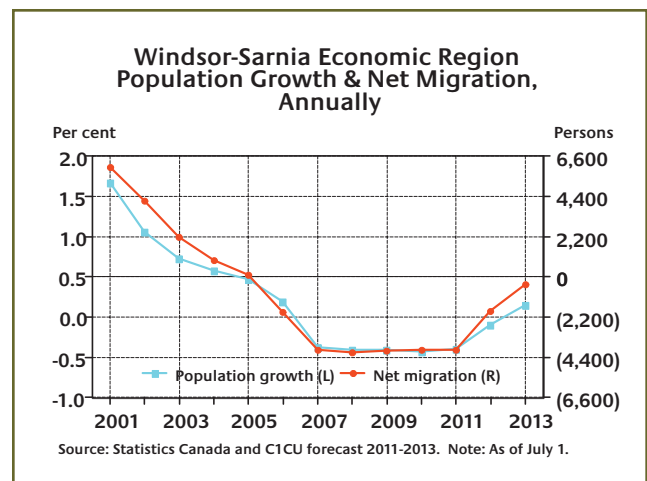
The nature of net migration flows and employment opportunities largely determine the size of the labour force which has declined by an average -1.7% per annum since 2007. The labour force is forecast to decline by 1.5% in 2011, reflecting net out-migration

and fewer job opportunities in tourism. Labour force growth is forecast at 0.7% in 2012 and 1.4% in 2013.

Employment has declined by an average -2.4% per annum since 2007 although employment grew by 0.8% in 2010. Job growth is forecast at 1.0% 2011, 0.8% in 2012, and 1.6% in 2013, with notable contributions from auto makers' plants returning to full production. Employment growth will exceed labour force growth, thus lowering the region's unemployment rate to 8.1% in 2013 from 10.7% in 2010.

Forecast job growth in 2011 is led by construction and agriculture as well as health-social, information-culture-recreation, education and public administration services. Gains in these industries are partly offset by lower employment in accommodation-food, finance-insurance-real estate, professional-technical and retail-wholesale services.

Forecast job growth in 2012 and 2013 combined is led by manufacturing and services such as retail-wholesale trade, health care and information-culture-recreation. Other industries are forecast to see higher employment except for primary resources, utilities, education services, miscellaneous services and public administration where employment remains more or less level.



Housing markets in the Windsor-Sarnia region are forecast to remain fairly stable as population outflows reverse and employment growth picks up. Housing unit sales are forecast to remain at 2010 levels through 2013. The average sale price is forecast to remain level in 2011, rise 2% in 2012 and 3% in 2013. New home permits are forecast to inch up 4% in 2011 and 2012, rising to 14% growth in 2013.

Non-residential investment spending in 2011 is led by investment in plant and equipment, especially power and transportation infrastructure. However, this is offset by fiscal tightening at both the federal and provincial level. Private sector non-residential

Windsor-Sarnia Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	331.2	329.1	324.2	326.4	331.0
% change	-2.5	-0.6	-1.5	0.7	1.4
Employment, thousands	291.7	294.0	297.0	299.4	304.1
% change	-6.3	0.8	1.0	0.8	1.6
Unemployment rate, %	11.9	10.7	8.4	8.3	8.1
Housing sales, units	7,355	7,578	7,525	7,550	7,650
% change	-0.8	3.0	-0.7	0.3	1.3
Housing prices, \$ average	155,857	159,988	159,600	163,300	168,500
% change	-3.1	2.7	-0.2	2.3	3.2
Residential building permits, units	1,074	1,337	1,400	1,450	1,650
% change	-14.9	24.5	4.7	3.6	13.8
Private Non-res. building permits, \$ millions	244.8	363.9	350.0	320.0	345.0
% change	17.6	48.7	-3.8	-8.6	7.8
Public Non-res. building permits, \$ millions	205.2	218.1	120.0	135.0	135.0
% change	393.2	6.3	-45.0	12.5	0.0
Population, thousands	646.2	643.5	640.9	640.3	641.3
% change	-0.4	-0.4	-0.4	-0.1	0.2
Net migration, persons	-4,010	-4,000	-3,994	-1,875	-400

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

building permits are forecast to inch down 4% in 2011 and 8% in 2012 before rising 7% in 2013. Public sector non-residential building permits are forecast to drop 44% in 2011 before rising 9% in 2012 and leveling off in 2013.

Major projects currently underway include the Windsor-Essex Parkway portion of the larger \$2.3 billion Detroit River International Crossing, Brookfield's \$960 million investment in wind farms in Kingsville and Lakeshore, Enbridge's \$285 million wind farm near Chatham, TransCanada's \$280 million wind farm in Chatham, SunPower's \$130 million solar farm in Amherstburg and Nova Chemicals' \$100 million plant renovation in Mooretown.

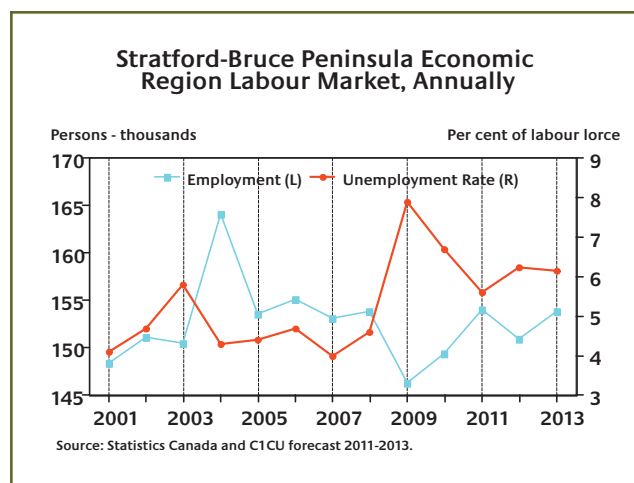
Recent investments in major projects include \$3.2 billion in upgrading, expanding or building 17 different plants for manufacturing chemicals, petroleum products and motor vehicle parts in Sarnia, Windsor, Chatham-Kent and St. Clair. Another \$1.75 billion has recently been invested in gas-fired, wind farm and cogeneration power plants in and around Chatham-Kent, St. Clair and Windsor. As well, Casino Windsor has recently invested \$400 million in hotel, casino and convention centre expansion and Union Gas has invested \$100 million in an underground gas storage near Corunna.

Stratford-Bruce Economic Region

The Stratford-Bruce Economic Region covers Perth, Huron, Bruce and Grey Counties and is home to over 300,000 residents. The region's main export industries are agriculture and utilities. The region's economy has rebounded from the recession and is expected to grow in the medium term but remain quite variable from year to year. This region also lacks faster growing industries and has largely flat-lined, except for the recession, since 2005.

The population of this region has been inching down by 0.1% per annum since 2007 and is forecast to decline at that rate through 2013. Net out-migration to other provinces and net natural decrease (births minus deaths) are negative factors while net immigration and in-migration from other regions of Ontario are positive factors.

The nature of net migration flows and employment opportunities largely determine the size of the labour force, which has declined by an average -0.4% per annum since 2007. The labour force did grow by 0.9%



in 2010 and is forecast to increase by an average of 0.8% per annum through 2013, reflecting greater job opportunities in utilities and manufacturing.

Employment has declined an average -0.9% per annum since 2007 although employment grew by 2.1% in 2010. Job growth is forecast at 4.4% in 2011, minus 2% in 2012 and plus 1.9% in 2013. The region's unemployment rate declines to 6.6% in 2013 from 6.8% in 2010. In less populous regions there is more variability in the labour market data due to the relatively small sample size in Statistics Canada's Labour Force Survey.

Forecast job growth in 2011 is led by education, professional-technical, miscellaneous and finance-insurance-real estate services as well as manufacturing.

Gains in these industries are partly offset by lower employment in utilities and construction as well as health-social and accommodation-food services.

Forecast job growth in 2012 and 2013 combined is led by manufacturing, utilities and retail-wholesale trade. Other industries are forecast to see higher employment except for education services and primary resources where employment remains more or less level.

Housing markets in the Stratford-Bruce region are forecast to slow a little further before leveling off in 2013 as population remains level. Housing unit sales are forecast to decline 7% in 2011 before inching up 3% in 2012 and 1% in 2013. The average sale price is forecast to inch down 2% in 2011 and remain range-bound through into 2013. New home construction is forecast drop 24% in 2011 and 17% in 2012 before leveling off in 2013.

Stratford-Bruce Peninsula Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	158.9	160.3	166.0	163.9	166.8
% change	-1.6	0.9	3.6	-1.3	1.8
Employment, thousands	146.3	149.4	156.0	152.9	155.8
% change	-4.9	2.1	4.4	-2.0	1.9
Unemployment rate, %	7.9	6.7	6.0	6.7	6.6
Housing sales, units	3,663	3,781	3,525	3,625	3,675
% change	2.5	3.2	-6.8	3.0	1.4
Housing prices, \$ average	204,249	218,494	215,200	217,000	220,000
% change	0.3	7.0	-1.5	0.8	1.4
Residential building permits, units	1,153	1,397	1,075	875	875
% change	-29.6	21.2	-23.0	-18.6	0.0
Private Non-res. building permits, \$ millions	154.5	426.4	270.0	185.0	210.0
% change	-14.2	176.0	-36.7	-31.5	13.5
Public Non-res. building permits, \$ millions	37.5	52.7	30.0	40.0	40.0
% change	-57.4	40.5	-43.1	33.3	0.0
Population, thousands	300.7	300.5	300.3	300.1	300.0
% change	-0.1	-0.1	-0.1	-0.1	-0.0
Net migration, persons	-62	27	96	214	355

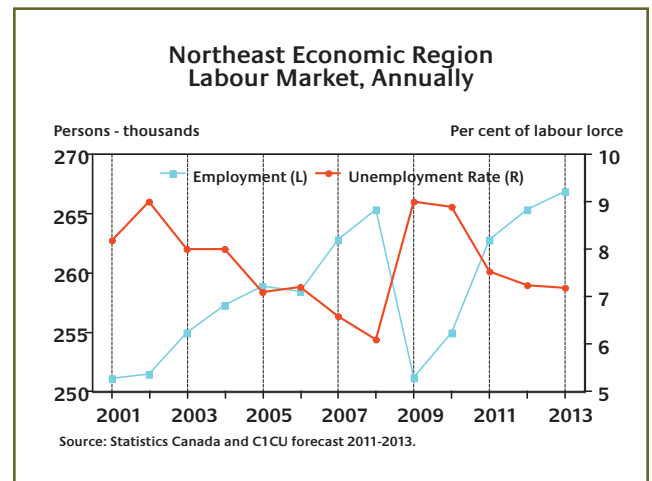
Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

Non-residential investment spending is forecast to ease back from a spike in 2010. Private sector non-residential building permits are forecast to drop 37% in 2011 and 21% in 2012 following a 176% surge in 2010. Public sector non-residential building permits are forecast to drop 48% in 2011 before rising 41% in 2012 and leveling off in 2013.

Major projects include Bruce Power investing \$5.25 billion in the modernization of the nuclear generating station in Tiverton. Construction of a \$1.27 billion repository for nuclear waste near Kincardine will commence construction in 2013, pending regulatory approvals. Enbridge is investing \$500 million in a new 182 MW wind farm north of Kincardine. Other recent investments include an \$80 million wind farm near Goderich, a Toyota door manufacturing plant in Stratford and a salt mine expansion in Goderich.

Northeast Economic Region

The Northeast Economic Region covers Greater Sudbury and the districts of Nipissing, Parry Sound, Manitoulin, Sudbury, Timiskaming, Cochrane and Algoma and is home to 565,000 residents. The region's export industries are mining, and forestry and related manufacturing. Growth in service-producing industries lags the rest of the province.



The population of this region has been inching down at approximately 0.3% per annum since 2007 and is forecast to continue to slowly decline at about 0.2% annually through 2013. Net out-migration is the main driver, with net natural increase (births minus deaths) the other driver.

Employment in Northeast Ontario dropped sharply in the 2009 recession but has largely recovered since then. Job growth was 1.5% in 2010 and is forecast to exceed 3% in 2011. Job growth in 2011 is led by construction, primary resources and professional-technical services. Gains in these and other service

Northeast Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	275.9	279.8	284.9	286.1	287.5
% change	-2.4	1.4	1.8	0.4	0.5
Employment, thousands	251.2	255.0	262.9	265.4	266.9
% change	-5.4	1.5	3.1	1.0	0.6
Unemployment rate, %	9.0	8.9	7.7	7.2	7.2
Housing sales, units	5,881	6,319	6,625	6,675	6,600
% change	-10.2	7.4	4.8	0.8	-1.1
Housing prices, \$ average	177,825	188,960	199,400	208,800	213,400
% change	0.8	6.3	5.5	4.7	2.2
Residential building permits, units	1,817	1,477	1,425	1,400	1,350
% change	11.0	-18.7	-3.5	-1.8	-3.6
Private Non-res. building permits, \$ millions	267.5	207.7	215.0	200.0	175.0
% change	7.3	-22.3	3.5	-7.0	-12.5
Public Non-res. building permits, \$ millions	182.1	239.7	165.0	160.0	160.0
% change	54.9	31.7	-31.2	-3.0	0.0
Population, thousands	567.1	564.6	563.6	563.1	561.9
% change	-0.5	-0.4	-0.2	-0.1	-0.2
Net migration, persons	-2,197	-1,989	-726	-279	-1,029

Sources: Statistics Canada, CREA, Central 1 Credit Union forecasts.

industries are partly offset by lower employment in retail-wholesale trade and health care-social assistance.

Investment in mines and power plants is expected to keep employment growing over the next few years. Job growth is forecast at approximately 1% per year in 2012 and 2013, led by health care-social assistance and manufacturing. These gains will be partly offset by job declines in education services and public administration. Employment growth will exceed labour force growth and bring the region's unemployment rate down to average 7.2% in 2013 from 8.9% in 2010.

Housing markets in the region are forecast to remain fairly active as employment grows, although a slowly declining population will dampen growth. Housing unit sales are forecast to rise 5% in 2011 and remain fairly level after that. The average sale price is forecast to rise by an average of 3% per year. New home construction is forecast inch down by approximately 3% per year.

Non-residential investment spending is forecast to slowly decline through 2013 as the investment cycle in major projects winds down. Growth is also dampened by fiscal tightening at both the federal and

provincial level. Private sector non-residential building permits are forecast to inch up 3% in 2011 before declining 7% in 2012 and 13% in 2013. Public sector non-residential building permits are forecast to fall 32% in 2011 before leveling off through 2013.

Major projects currently under construction include Ontario Hydro's \$2.6 billion investment in power station upgrades on the lower Mattagami River north of Kapuskasing. Vale INCO has almost completed a \$400 million investment in the Totten copper-nickel mine west of Sudbury and three other new or expanded mine projects totaling \$400 million of investment have recently completed near Sudbury and Timmins. Another \$840 million is currently being, or has recently been, invested in eight power generating projects in or near Sault Ste. Marie, the upper Mattagami River and Timmins.

Northwest Economic Region

The Northwest Economic Region covers the districts of Thunder Bay, Rainy River and Kenora and is home to 240,000 residents. The region's industry concentration is in mining and forestry. Its key export industries are primary resources and transportation services. Service-producing industries, in general, have lagged growth in comparable industries at the

Northwest Economic Region: Forecast Summary

	2009	2010	2011	2012	2013
Labour force, thousands	110.7	107.9	105.5	106.2	107.5
% change	-1.2	-2.5	-2.2	0.7	1.2
Employment, thousands	100.8	100.1	98.0	99.6	101.3
% change	-2.3	-0.7	-2.1	1.6	1.7
Unemployment rate, %	8.9	7.2	7.1	6.2	5.8
Housing sales, units	2,041	2,146	2,075	2,075	2,100
% change	3.4	5.1	-3.3	0.0	1.2
Housing prices, \$ average	138,090	144,034	154,800	158,900	163,000
% change	4.2	4.3	7.5	2.6	2.6
Residential building permits, units	296	407	550	600	700
% change	-3.3	37.5	35.1	9.1	16.7
Private Non-res. building permits, \$ millions	63.3	106.6	148.7	149.2	172.7
% change	-23.8	68.4	39.5	0.3	15.8
Public Non-res. building permits, \$ millions	23.3	60.8	44.1	57.0	59.1
% change	-88.6	161.1	-27.4	29.2	3.6
Population, thousands	241.0	240.6	240.5	240.5	240.7
% change	-0.2	-0.2	-0.1	0.0	0.1
Net migration, persons	-1,019	-785	-639	-530	-288

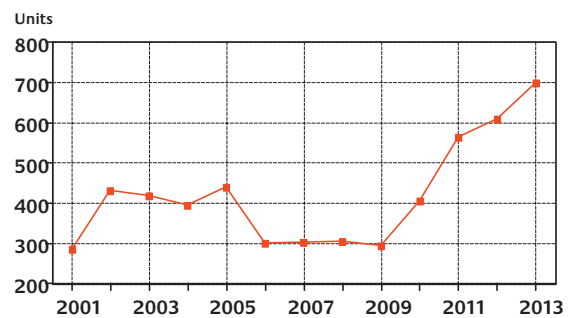
provincial level. The multi-year economic decline is seen ending with more development in the resources sector.

The population of this region has been declining at an average of 0.5% per annum since 2007 but this rate has been decelerating and the forecast has the population leveling off through 2013. Net out-migration slows while net natural increase (births minus deaths) inches up.

Employment in Northwest Ontario has declined since 2003 and is forecast to fall 2% in 2011. The decline is led by retail-wholesale trade and health services offset partly by job growth in manufacturing and construction. The unemployment rate stays near last year's at 7.1% in 2011 declining to 6.2% in 2012. There is considerable variation in the labour market data due to the small sample size in the Labour Force Survey and trends are best discerned over a longer time period.

Investment in power plants and mines as well as a slight increase in forecast product exports is expected to increase employment in 2012 and 2013, led by jobs in construction. Employment growth will exceed labour force growth and bring the region's unemployment rate down to average 5.8% in 2013.

Northwest Economic Region Residential Building Permits, Annually



Source: Statistics Canada and C1CU forecast 2011-2013.

Housing markets in the region are forecast to remain fairly active as net out-migration declines and resource investment picks up. Housing unit sales are forecast to inch down 4% in 2011 and remain fairly level after that. The average sale price is forecast to rise 8% in 2011 and 3% per year in 2012 and 2013. New home construction is forecast rise through 2013.

Non-residential investment spending is forecast to rise through 2013 on the strength of business investment. Growth is dampened by tight fiscal policy at both the federal and provincial level. Private sector non-residential building permits are forecast to

increase 40% in 2011 and 16% in 2013. Public sector non-residential building permits are forecast to fall 27% in 2011 and before rebounding by a similar amount in 2012.

Major projects currently in the planning, approval or procurement phase include three power generating projects in the Thunder Bay District totaling \$1.4 billion of investment. A \$250 million copper-platinum mine east of Thunder Bay is in the approval phase. Recently completed projects include \$130 million of investment in two pulp and paper mill expansions in Fort Frances and Terrace Bay and a \$70 million veneer plant in Atikokan.

Helmut Pastrick

Chief Economist, Central 1 Credit Union
 hpastrick@central1.com
 www.central1.com
 905.282.8419

David Hobden

Economist, Central 1 Credit Union
 dhobden@central1.com
 www.central1.com
 905.238.9400, ext. 5063

Bryan Yu

Economist, Central 1 Credit Union
 byu@central1.com
 www.central1.com
 905.238.9400, ext. 5346

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Terms

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Chief Economist: **Helmut Pastrick** Economist: **David Hobden** Economist: **Bryan Yu** Production: **Judy Wozencroft**

Employment, Regional Summary, (000s)					
Economic region	2009	2010	2011	2012	2013
Ottawa	669.3	678.5	682.0	688.0	695.0
Kingston-Pembroke	213.1	203.4	216.0	217.9	219.0
Muskoka-Kawarthas	173.5	173.6	175.0	177.0	179.0
Toronto	2,997.4	3,074.9	3,127.5	3,171.3	3,228.4
Kitchener-Waterloo-Barrie	646.6	663.0	689.0	706.0	728.0
Hamilton-Niagara Peninsula	691.3	693.2	707.0	718.0	728.0
London	320.8	324.8	325.4	327.4	330.6
Windsor-Sarnia	291.7	294.0	297.0	299.4	304.1
Stratford-Bruce Peninsula	146.3	149.4	156.0	152.9	155.8
Northeast	251.2	255.0	262.9	265.4	266.9
Northwest	100.8	100.1	98.0	99.6	101.3
Ontario	6,502.0	6,609.9	6,735.8	6,822.9	6,936.1

Source: Statistics Canada, Central 1 Credit Union forecasts.

Employment Growth Rate, Regional Summary, (%)					
Economic region	2009	2010	2011	2012	2013
Ottawa	-1.7	1.4	0.5	0.9	1.0
Kingston-Pembroke	-3.4	-4.6	6.2	0.9	0.5
Muskoka-Kawarthas	-4.7	0.1	0.8	1.1	1.1
Toronto	-1.6	2.6	1.7	1.4	1.8
Kitchener-Waterloo-Barrie	-2.3	2.5	3.9	2.5	3.1
Hamilton-Niagara Peninsula	-2.3	0.3	2.0	1.6	1.4
London	-3.7	1.2	0.2	0.6	1.0
Windsor-Sarnia	-6.3	0.8	1.0	0.8	1.6
Stratford-Bruce Peninsula	-4.9	2.1	4.4	-2.0	1.9
Northeast	-5.4	1.5	3.1	1.0	0.6
Northwest	-2.3	-0.7	-2.1	1.6	1.7
Ontario	-2.5	1.7	1.9	1.3	1.7

Source: Statistics Canada, Central 1 Credit Union forecasts.

Labour Force, Regional Summary, (000s)

Economic region	2009	2010	2011	2012	2013
Ottawa	712.9	729.3	728.0	734.0	740.0
Kingston-Pembroke	232.6	221.4	234.0	235.5	236.0
Muskoka-Kawarthas	188.3	191.2	191.0	192.0	192.9
Toronto	3,309.6	3,384.2	3,414.0	3,456.0	3,512.0
Kitchener-Waterloo-Barrie	710.6	722.2	743.0	758.0	775.0
Hamilton-Niagara Peninsula	761.2	756.2	762.0	770.0	775.0
London	355.5	354.9	355.0	356.8	357.8
Windsor-Sarnia	331.2	329.1	324.2	326.4	331.0
Stratford-Bruce Peninsula	158.9	160.3	166.0	163.9	166.8
Northeast	275.9	279.8	284.9	286.1	287.5
Northwest	110.7	107.9	105.5	106.2	107.5
Ontario	7,147.4	7,236.5	7,307.6	7,384.9	7,481.5

Source: Statistics Canada, Central 1 Credit Union forecasts.

Unemployment Rate, Regional Summary, (%)

Economic region	2009	2010	2011	2012	2013
Ottawa	6.1	7.0	6.3	6.3	6.1
Kingston-Pembroke	8.4	8.1	7.7	7.5	7.2
Muskoka-Kawarthas	7.9	9.2	8.4	7.8	7.2
Toronto	9.4	9.1	8.4	8.2	8.1
Kitchener-Waterloo-Barrie	9.0	8.2	7.3	6.9	6.1
Hamilton-Niagara Peninsula	9.2	8.3	7.2	6.8	6.1
London	9.8	8.5	8.3	8.2	7.6
Windsor-Sarnia	11.9	10.7	8.4	8.3	8.1
Stratford-Bruce Peninsula	7.9	6.8	6.0	6.7	6.6
Northeast	9.0	8.9	7.7	7.2	7.2
Northwest	8.9	7.2	7.1	6.2	5.8
Ontario	9.0	8.7	7.8	7.6	7.3

Source: Statistics Canada, Central 1 Credit Union forecasts.

Population, Regional Summary, (000s)

Economic region	2009	2010	2011	2012	2013
Ottawa	1,247.9	1,263.7	1,278.2	1,289.3	1,297.5
Kingston-Pembroke	458.0	459.4	461.2	462.4	464.0
Muskoka-Kawarthas	376.3	376.9	377.5	378.4	379.6
Toronto	5,929.0	6,037.0	6,132.9	6,232.9	6,340.1
Kitchener-Waterloo-Barrie	1,242.1	1,254.9	1,268.9	1,283.4	1,298.4
Hamilton-Niagara Peninsula	1,408.3	1,417.6	1,427.4	1,437.5	1,448.1
London	648.3	651.8	654.9	657.9	661.1
Windsor-Sarnia	646.2	643.5	640.9	640.3	641.3
Stratford-Bruce Peninsula	300.7	300.5	300.3	300.1	300.0
Northeast	567.1	564.6	563.6	563.1	561.9
Northwest	241.0	240.6	240.5	240.5	240.7
Ontario	13,066.9	13,212.7	13,348.1	13,487.7	13,634.7

Source: Statistics Canada, Central 1 Credit Union forecasts. Note: As of July 1.

Population Growth Rate, Regional Summary, (%)

Economic region	2009	2010	2011	2012	2013
Ottawa	1.0	1.3	1.1	0.9	0.6
Kingston-Pembroke	0.2	0.3	0.4	0.3	0.3
Muskoka-Kawarthas	0.2	0.2	0.1	0.3	0.3
Toronto	1.7	1.8	1.6	1.6	1.7
Kitchener-Waterloo-Barrie	1.0	1.0	1.1	1.1	1.2
Hamilton-Niagara Peninsula	0.6	0.7	0.7	0.7	0.7
London	0.5	0.6	0.5	0.5	0.5
Windsor-Sarnia	-0.4	-0.4	-0.4	-0.1	0.2
Stratford-Bruce Peninsula	-0.1	-0.1	-0.1	-0.1	-0.0
Northeast	-0.5	-0.4	-0.2	-0.1	-0.2
Northwest	-0.2	-0.2	-0.1	0.0	0.1
Ontario	1.0	1.1	1.0	1.0	1.1

Source: Statistics Canada, Central 1 Credit Union forecasts. Note: As of July 1.

Net Migration, Regional Summary

Economic region	2009	2010	2011	2012	2013
Ottawa	9,519	12,596	11,300	7,900	5,000
Kingston-Pembroke	997	1,674	1,500	1,300	1,400
Muskoka-Kawarthas	1,416	1,515	1,500	1,700	1,900
Toronto	63,682	72,365	57,900	63,000	71,000
Kitchener-Waterloo-Barrie	7,206	8,030	8,900	9,500	10,000
Hamilton-Niagara Peninsula	6,942	7,546	7,800	8,000	8,500
London	1,565	1,864	1,550	1,600	2,050
Windsor-Sarnia	-4,010	-4,000	-4,000	-1,875	-400
Stratford-Bruce Peninsula	-62	27	100	225	350
Northeast	-2,197	-1,989	-725	-275	-1,025
Northwest	-1,019	-785	-650	-525	-300
Ontario	84,039	98,843	85,175	90,550	98,475

Source: Statistics Canada, Central 1 Credit Union forecasts. Note: As of July 1.

Housing Sales, Regional Summary

Economic region	2009	2010	2011	2012	2013
Ottawa	16,430	15,999	15,700	15,900	16,200
Kingston-Pembroke	7,771	7,420	7,500	7,500	7,875
Muskoka-Kawarthas	8,071	8,028	7,850	8,175	8,300
Toronto	94,724	93,575	97,000	96,500	102,000
Kitchener-Waterloo-Barrie	19,703	19,635	19,100	19,900	20,300
Hamilton-Niagara Peninsula	20,372	21,044	21,500	22,300	22,700
London	9,829	10,066	9,825	9,600	9,575
Windsor-Sarnia	7,355	7,578	7,525	7,550	7,650
Stratford-Bruce Peninsula	3,663	3,781	3,525	3,625	3,675
Northeast	5,881	6,319	6,625	6,675	6,600
Northwest	2,041	2,146	2,075	2,075	2,100
Ontario	195,840	195,591	198,225	199,800	206,975

Source: CREA, Central 1 Credit Union forecasts. Note: MLS residential.

Housing Prices, Regional Summary

Economic region	2009	2010	2011	2012	2013
Ottawa	290,566	313,283	328,000	340,000	353,000
Kingston-Pembroke	216,925	225,016	234,000	241,000	247,000
Muskoka-Kawarthas	264,224	280,177	288,000	290,000	295,000
Toronto	400,689	436,676	468,700	484,500	506,000
Kitchener-Waterloo-Barrie	262,415	281,322	290,000	299,000	310,000
Hamilton-Niagara Peninsula	261,217	276,719	297,000	305,000	312,000
London	212,391	224,340	229,900	232,000	235,000
Windsor-Sarnia	155,857	159,988	159,600	163,300	168,500
Stratford-Bruce Peninsula	204,249	218,494	215,200	217,000	220,000
Northeast	177,825	188,960	199,400	205,800	211,400
Northwest	138,090	144,034	154,800	158,900	163,000
Ontario	318,366	342,245	365,300	376,100	393,900

Source: CREA, Central 1 Credit Union forecasts. Note: MLS residential.

Residential Building Permits, Regional Summary, (units)

Economic region	2009	2010	2011	2012	2013
Ottawa	7,954	8,613	7,750	7,300	7,500
Kingston-Pembroke	2,049	2,191	2,025	2,100	2,150
Muskoka-Kawarthas	1,856	1,902	1,500	1,700	2,000
Toronto	28,583	34,215	29,500	32,150	37,650
Kitchener-Waterloo-Barrie	6,461	8,486	8,400	8,500	9,000
Hamilton-Niagara Peninsula	3,884	5,628	5,000	5,250	5,500
London	2,526	3,050	2,175	2,000	2,025
Windsor-Sarnia	1,074	1,337	1,400	1,450	1,650
Stratford-Bruce Peninsula	1,153	1,397	1,075	875	875
Northeast	1,817	1,477	1,425	1,400	1,350
Northwest	296	407	550	600	700
Ontario	57,653	68,703	60,800	63,325	70,400

Source: Statistics Canada, Central 1 Credit Union forecasts.

Private Non-residential Building Permits, Regional Summary, (\$ mil.)

Economic region	2009	2010	2011	2012	2013
Ottawa	1,247.9	1,263.7	1,278.2	1,289.3	1,297.5
Kingston-Pembroke	458.0	459.4	461.2	462.4	464.0
Muskoka-Kawarthas	376.3	376.9	377.5	378.4	379.6
Toronto	5,929.0	6,037.0	6,132.9	6,232.9	6,340.1
Kitchener-Waterloo-Barrie	1,242.1	1,254.9	1,268.9	1,283.4	1,298.4
Hamilton-Niagara Peninsula	1,408.3	1,417.6	1,427.4	1,437.5	1,448.1
London	648.3	651.8	654.9	657.9	661.1
Windsor-Sarnia	646.2	643.5	640.9	640.3	641.3
Stratford-Bruce Peninsula	300.7	300.5	300.3	300.1	300.0
Northeast	567.1	564.6	563.6	563.1	561.9
Northwest	241.0	240.6	240.5	240.5	240.7
Ontario	13,066.9	13,212.7	13,348.1	13,487.7	13,634.7

Source: Statistics Canada, Central 1 Credit Union forecasts.

Public Non-residential Building Permits, Regional Summary, (\$ mil.)

Economic region	2009	2010	2011	2012	2013
Ottawa	354	290	240	200	225
Kingston-Pembroke	124	55	85	60	70
Muskoka-Kawarthas	99	54	30	40	45
Toronto	1,041	1,490	2,310	2,020	2,210
Kitchener-Waterloo-Barrie	549	622	560	530	545
Hamilton-Niagara Peninsula	333	875	345	250	275
London	180	211	585	260	255
Windsor-Sarnia	205	218	120	135	135
Stratford-Bruce Peninsula	38	53	30	40	40
Northeast	182	240	165	160	160
Northwest	23	61	45	55	60
Ontario	3,128	4,170	4,515	3,750	4,020

Source: Statistics Canada, Central 1 Credit Union forecasts.