

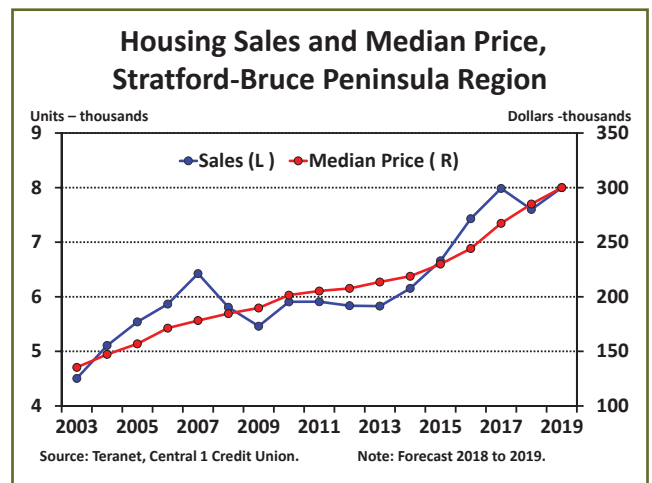
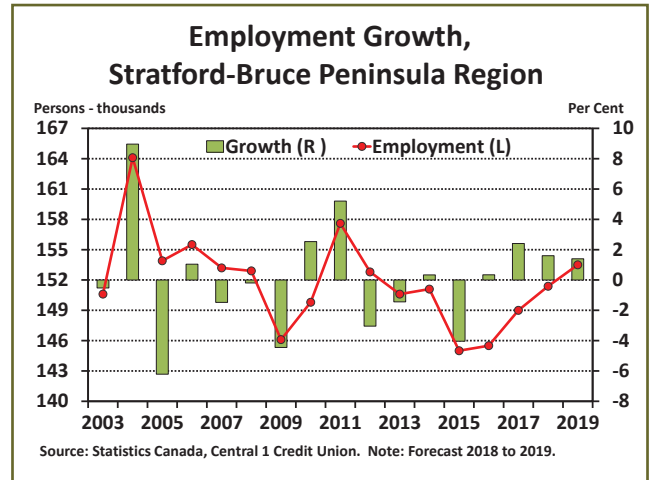
## Stratford-Bruce Peninsula Economic Region

The Stratford-Bruce Peninsula Economic Region (ER) covers the counties of Perth, Huron, Bruce, and Grey and is home to about 305,000 residents. The region’s economy is concentrated in the agriculture, utilities, and manufacturing industries with a relatively small service sector. Over the past three decades its economic makeup has changed little with a gradual upshift in service-producing industries and shrinkage in goods-producing industries.

The region’s labour market had a standout year in 2017 after posting moderate employment growth last year. In 2017, employment increased by 3,500 workers with strong growth in full-time employment that off-set the decreased part-time jobs growth. Given the strength of the region’s economy this year, the drop in part-time jobs was likely the result of many people being promoted from part-time work to full-time work. Stronger jobs growth attracted potential workers to the labour force but, jobs growth still outpaced labour force growth pulling down the unemployment rate to 4.5 per cent. This was the lowest unemployment rate since 2007. The participation and employment rates both increased.

By sector, services gave back some growth in 2017, but gains to the goods-sector made up for those losses. In the goods-sector, key industries gained jobs: utilities, manufacturing, and agriculture. In the services-sector, wholesale and retail trade, accommodation and food services, and transportation and warehousing are some sectors that gave back growth causing services sector employment to decrease. Due to the demands of an aging population, health and social services gained jobs.

The region’s population expanded mostly due to growth in new residents coming from other parts of the province and from abroad. The region, given its economic vitality this year, also



reversed the net outflow to other parts of the country.

The region’s existing homes market, like much of the province, has posted brisk activity. In 2017, the region reported the strongest sales level of the last seven years, recording over 5,000 MLS® residential sales for the second straight year. Robust sales activity and fewer new listings pushed average sale price growth up double digits. The market moved higher into a sellers’ market.

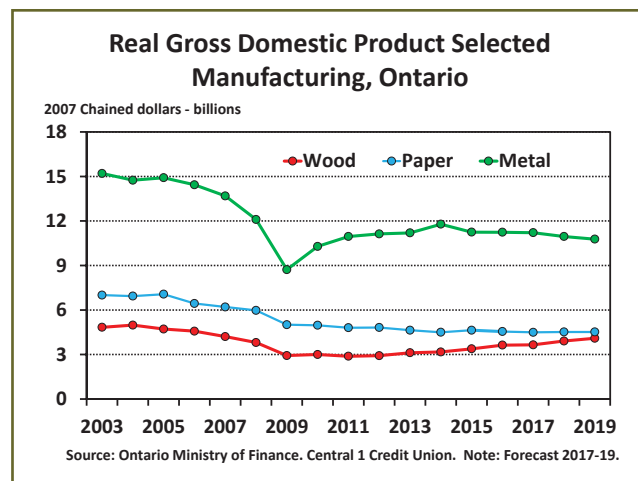
The new homes market benefitted from the tight existing homes market. In 2017, residential permits jumped up by 36 per cent.

Non-residential permits expanded by 14 per cent in 2017 due strong commercial permits growth

given stronger consumer demand and strong growth to institutional-government permits. Industrial permits increased over five per cent. Employer confidence led to expansion of operations and the creation of new industrial sites. For example, at the end of the year Abraflex, a manufacturer of protective equipment used in the nuclear industry, opened a new 12,000-sq.-ft. facility in Paisley.

Over the next two years, the region’s economy will continue to expand. In 2018, new projects in the area will draw out more people to the labour force than those finding jobs, pushing the unemployment up a tad to 4.7 per cent. By 2019, more people will land new work bringing the unemployment rate back down to 4.5 per cent. The participation and employment rates will increase for the duration of the forecast period.

Several new projects in the area will ensure that jobs growth is broad-based. In the services-sector, Sargent & Lundy, L.L.C. announced that it would open a second location in Kincardine to provide engineering and consulting services hiring 20 professionals. SNC-Lavalin Group Inc. opened an office in Port Elgin with plans to fill 35 positions. In the goods-producing sector, work is progressing to revitalize Goderich’s agricultural park worth \$3.2M, Atwood Heritage Processing



Inc., C.R. Plastic Products Inc., FIO Automotive Canada Corp., and Hayashi Canada Inc., with help from the Government of Ontario are investing a combined \$23M in their Stratford and Perth County operations, creating 71 new jobs, Kinectrics Inc., a Bruce Power supplier, broke ground on a new facility at the Bruce Energy Centre near Tiverton, creating 30 to 50 jobs, GreenSeal Cannabis Company Ltd. is opening a production facility in Stratford, creating 20 to 30 full and part-time jobs, and Exceldor Foods Limited announced that it plans to hire 60 full-time staff at its poultry processing plant in Hanover.

The region has, on average, an older and aging population with many of these residents wanting to age in place. Renovation spending will benefit

Stratford-Bruce Economic Region						
	2014	2015	2016	2017	2018	2019
Total Employment (000s)	151.1	145.0	145.5	149.0	151.4	153.5
% change	0.3	-4.0	0.3	2.4	1.6	1.4
Unemployment Rate, %	4.8	5.7	4.8	4.5	4.7	4.5
Residential Sales, units	6,154	6,660	7,432	7,985	7,600	8,000
% change	5.6	8.2	11.6	7.4	-4.8	5.3
Residential Median Price, \$	218,794	229,939	244,230	267,288	285,000	300,000
% change	2.4	5.1	6.2	9.4	6.6	5.3
Residential Permits, units	1,096	1,345	1,550	2,105	2,550	2,800
% change	0.7	22.7	15.2	35.8	21.1	9.8
Non-Residential Permits (\$ mil.)	350.0	284.9	340.0	305.0	340.0	340.0
% change	33.2	-18.6	19.3	-10.3	11.5	11.5
Population (000s)	300.8	301.3	303.1	305.1	307.1	309.3
% change	0.0	0.2	0.6	0.7	0.7	0.7

Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2018 - 2019.

from this trend over the forecast horizon as residents will want to renovate spaces to adapt to their changing needs. New housing starts will remain robust and contribute to residential permits growth in 2018 given the tightness and double-digit price growth in the existing homes market last year. By 2019, residential permits will still increase but at a more moderate ten per cent.

As noted above, there are various non-residential projects in the area that will benefit the region's economy. Non-residential permits will expand by eight per cent in 2018 with growth in private and public building permits. Next year, non-residential permits growth will be, again broad-based, and rise by an additional four per cent.

The region's economy will remain supportive of homeownership. The new mortgage rules and higher expected mortgage rates over the forecast horizon will take a bite out of market activity but not to the extent of other regions closer to the GTA. Sales and median price will moderate slightly but remain above average.

Job growth will attract more people to the area over the next two years. People relocating from other parts of Ontario, many from the GTA and looking to retire, and from abroad will continue to support population growth. The number of area residents going to other parts of the country will slow as jobs growth acts as a magnet keeping more of them in the region.