Economic Analysis of Ontario

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Ontario Housing Forecast 2018-2020

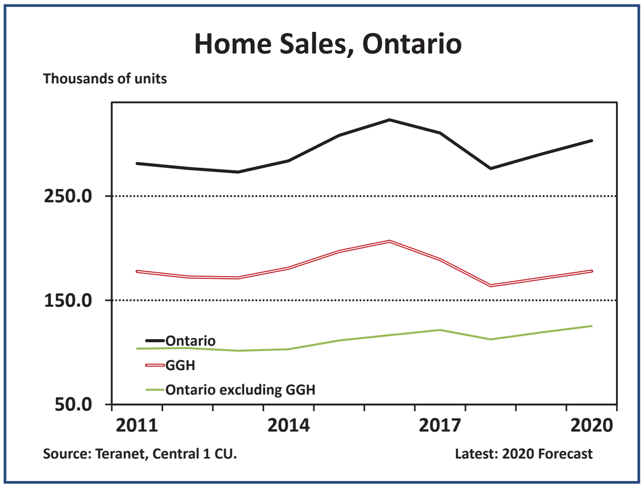
Highlights:

- A moderating economy and tighter access to credit will pull home sales down by 11 per cent in 2018 with modest growth through 2020.
- Toronto and other large markets within the Greater Golden Horseshoe will experience a significant sales pull-back in sales in 2018 which will anchor provincial sales growth.
- Ontario's housing market will remain firmly balanced from 2018 through to 2020 keeping median price growth range bound.
- Renovation spending growth will remain steady as more households decide to renovate current homes rather than move-up to a new home.
- Housing starts will decline very modestly in 2018 and 2019, new policies will not affect new homes market until 2020.

Ontario's homeownership market is set for slower growth over the next three years due to policy constraints, higher mortgage rates, and, moderate economic growth. Barring a trade policy mistake or any other unforeseen economic shock there will not be a severe housing market correction like the one experience in the early 1990s. Facing affordability constraints consumers will shift increased demand from low-density to high-density housing.

New policies will anchor home purchases and price growth

Ontario's existing homes market conditions have deteriorated since the implementation of two significant policies: Ontario's "Fair Housing Plan" in April 2017 and new federal B-20 rules implemented in January 2018. Both measures were aimed at protecting the housing market and controlling unsustainable mortgage debt growth. Under the newer B-20 rules, low-ratio (i.e., down payments of 20 per cent or more of the home value) borrowers obtaining financing at federally regulated financial institutions (FRFI) are subject to a mortgage stress test at the greater of the conventional Bank of Canada posted five-year rate, or contract rate plus two per cent. Our estimates are that



this cuts about 20 per cent purchasing capacity for the marginal buyer. This is in addition to the stress-test on high-ratio (low down payment) borrowers.

First-time buyers, even those with large down payments, are being priced out of the market or are lowering their expectations for a first home. Buyers looking to move up-market are also feeling the pinch, having to re-qualify at a higher stressed rate, if they change FRFI, likely causing households to stay where they are or ante up increased down payments through other savings. Higher mortgage rates are a further concern for prospective buyers.

Since the implementation of the of these rules, from May 2017 up to April 2018 -which is the most recent available data - Ontario home sales have been down year-over-year every month. Moreover, during the first four months of 2018, the year-over-year drop in sales growth has accelerated, and home sales are down 27.3 per cent compared to the same period last year. Economic and demographic fundamentals remained supportive of housing demand, but these new policies are keeping potential homebuyers on the sidelines.

New listings have also started to decline. In the twelve months from May 2017 to April 2018, new listings have declined six of those months. Potential sellers are content to pull their listings and wait out the market rather than take a lower price when selling.

With fewer sales and fewer listings, Ontario's homes market has shifted from a sellers' market to a balanced market. From May 2017 up to April 2018, the sales-to-new-listings ratio in Ontario has averaged 55.8 per cent compared to 73.6 per cent from the period May 2016 to April 2017.

By region, markets surrounding Toronto, where a significant share of housing activity occurs, has felt the most pinch from these new policies and have anchored Ontario's numbers. From August 2017 to December 2017, sales in the Greater Golden Horseshoe area (GGH) ramped up as potential buyers moved up their home purchases before the new B-20 rules took hold. From January to April 2018, sales are down 33.8 per cent year-over-year; by comparison, sales outside the GGH are up 22.7 per cent.

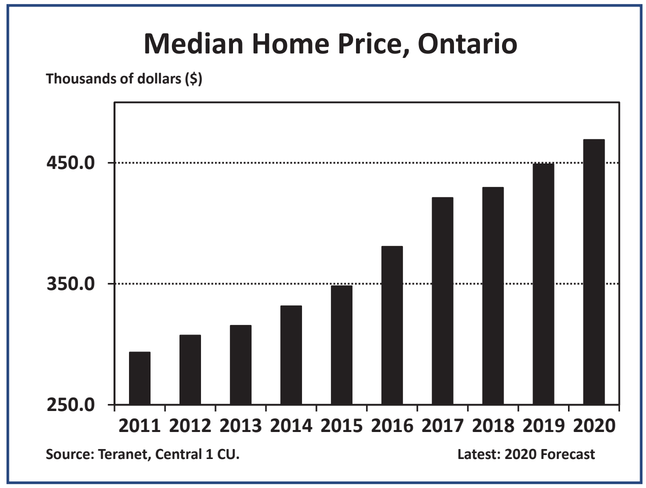
Supply in the GGH has decreased three of the four first months of 2018, whereas in areas outside the GGH, new listings continued trending up. GGH markets are firmly balanced, given a stronger pull back in sales relative to the pull back in new listings.

Less housing demand in the GGH has affected median price growth. Year-to-date up to April 2018, a strong median price moderation in the GGH of 12,1 per cent pulled down Ontario median price growth by 10.3 per cent to $554,213.

For the remainder of 2018, Ontario home sales will continue to track lower than last year and will bottom out by late summer or early fall, as the reaction to the new policies dissipate. Ontario's home sales forecast in this report, which is based on title transfers (inclusive of new home sales and a broader measure of housing activity than MLS® activity alone), calls for a moderation of sales by 11 per cent in 2018. GGH sales, where about 60 per cent of provincial sales occur, sales will decline by 13.3 per cent in 2018, while in markets outside the GGH, sales will decline by 7.4 per cent.

Ontario's median price growth will slow from 10.6 per cent in 2017 to two per cent in 2018 and while it will be below the rate of inflation as the market loses some of its tightness, it will remain firmly balanced. Buyers in markets such as Toronto, Barrie, Guelph, and Hamilton, to name a few, will shift focus from single-detached homes to higher density homes due to affordability concerns, which will pull down median price growth.

Following the policy-induced contraction in 2018, home sales will gradually rebound. In 2019, home sales will increase by five per cent and in 2020 by 4.5 per cent. In larger and higher priced metro areas surrounding Toronto, lending restrictions will continue to restrain sales. GGH home sales will climb 4.3 per



cent in 2019 and 4.1 by 2020. In markets outside this dense core, lending restrictions will not exert as much restraint on sales growth post-2018, though modest economic growth will keep some potential buyers on the sidelines coupled with rising mortgage rates. Home sales outside the dense GGH will climb six per cent in 2019 and by 5.1 per cent in 2020.

As the market loosens and remains firmly balanced, median price growth will moderate. In 2019, median price growth will move up by 4.5 per cent and an additional 4.5 per cent in 2020. New listings growth will remain moderate, which will support price growth, but given that buyers will remain on the sidelines either in rental housing or in the family home while they wait out the effects of the policy, price growth will remain range bound.

GGH markets, after posting strong median price growth in 2017 - in the range of 13.0 to as high as 25.3 per cent -will grow more modestly beyond 2018. In 2019, GGH markets will post median price growth in the range of one to seven per cent, and by 2020 in the range of two to six per cent.

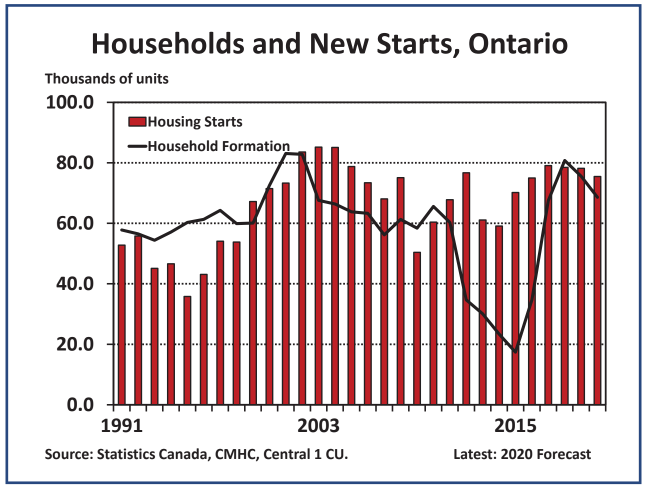
Higher density housing, such as row/townhomes and condo apartments, will continue to take a higher share of sales post-2018 to 2020 as homebuyers stepping off from the sidelines go with more affordable housing options.

Housing starts will not drop significantly until 2020

For three straight years, new housing starts in Ontario have posted robust growth, driven by strong housing market conditions, economic and demographic fundamentals. In 2017, despite the Fair Housing Plan in Ontario coming into effect in April and then the new B-20 regulations 2017 finished with housing starts up 5.6 per cent from 2016. In GGH markets, housing starts stayed relatively the same in 2017, declining by only 605 units or 1.1 per cent from the previous year. This region - which represents over 67 per cent of all housing starts in Ontario - posted strong growth in outer markets such as Oshawa, St. Catharines-Niagara, and Brantford. Many homebuyers looking for low-rise housing went to these areas to take advantage of homes with bigger lots and lower price tags than the Greater Toronto Area (GTA). In Toronto, which represents 49 per cent of housing starts in Ontario, housing starts stayed relatively the same, declining only by 0.7 per cent or 289 units. A significant portion of new housing growth came from regions outside the GGH such as Ottawa, Thunder Bay, London, and, Kingston; these non-GGH markets posted 22.7 per cent growth in 2017. There was no apparent causal relationship between the new policies and an ensuing drop to housing starts in Ontario during 2017 because housing starts activity, unlike existing homes, is based on contracts signed years in advance. Our forecast takes this into account and we expect a very slight moderation in new housing starts growth in 2018, mainly due to developer capacity constraints with a more pronounced moderation in new housing starts by 2020.

In the first four months of 2018, the seasonally-adjusted at annual rate of housing starts in Ontario averaged 80,218 units, a drop of 4.1 per cent over the same period in 2017 but still above trend from 2017's total. Over half of the units from projects that have poured foundations over these four months are condo apartment units. A significant share of condo apartment units are located in the GTA where these units are very popular due to greenfield and affordability constraints. Furthermore, many millennials prefer these units because it allows them to work and play in the urban core. Over the same four months, these housing starts have added to the count of units under construction. In the first quarter of 2018, 105,370 units were under construction, of which close to 71,000 units are condo apartments: the highest number of units since 1990 when data was first recorded. As a result, the average length of time from start to completion for all units has increased from 16.7 months in April 2017 to 18.3 months in April 2018 due to a substantial share of apartments.

Given the quantity of new units under construction, many developers are facing shortages of labour and production needs. Recent labour data supports this. March's data from Statistics Canada's Survey of Employment, Payrolls, and Hours (SEPH) points to a substantial number of hires in construction. Even with robust hiring, developers will want to clear some of the backlog before breaking ground on a larger number



of new projects. Expect housing starts in Ontario to decline by 0.8 per cent to 78,500 units in 2018 and be slightly below the rate of housing formation of 80,800 households.

Subjective experience from homebuilders suggests that it takes about 24 months from the sale of a unit off a plan to the project breaking ground. With this timeline in mind, the policy-induced reduction in housing demand will not affect housing starts in Ontario until the back half of 2019. Instead, the backlog of units under construction will continue to put downward pressure on new housing starts. In 2019, new housing starts will decline by 0.4 per cent to 78,200 units. By the end of 2019 and into 2020, the new housing demand-related policies will exert downward pressure on new housing starts, and coupled with the backlog in completions, will cause housing starts to decline by 3.5 per cent in 2020 to 75,500 units. While this is markedly lower than the last few years, it's still significantly above the long-term average of 64,700 units from 1991 to 2017.

Increased affordability concerns and moderate economic growth will support an increased share of high-density housing starts, even though total starts will trend down. High-density housing starts will make up 67 per cent of all starts in 2018 and gradually move up to 68.2 per cent by 2020.

Robust real (i.e., inflation removed) new dwelling and renovation spending in 2017 lifted residential investment by 7.1 per cent. In 2018, real residential spending will decline by 0.7 per cent due to a significant drop in new dwelling spending that will not be off-set by increased renovation spending. Over the balance of the forecast, real new dwelling investment will decrease by 0.7 per cent and 2.9 per cent in 2019 and 2020 respectively. Real renovation spending is expected to grow by 2.1 and 1.4 per cent respectively in 2019 and 2020. Given the challenges to get into homeownership or to move-up in housing, a larger share of households will look to renovate their homes rather than purchase another for the duration of the forecast period. Furthermore, provisions in the new policies aimed at controlling investor activity will also put downward pressure on new dwelling investment.

Vacancy rates in rental market to continue to tighten

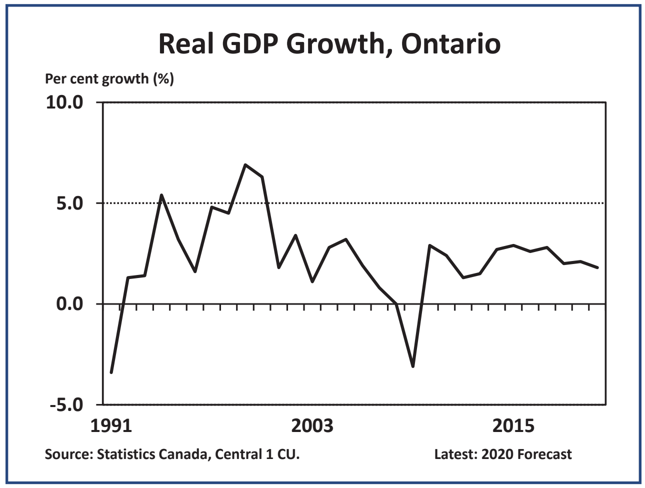
With a moderating economy and access to homeownership becoming more difficult, individuals who can't live in a family home will enter the rental market. In Ontario, the number of purpose-built apartment rental units are rising due to strong growth in areas outside of the Toronto Census Metropolitan Area (CMA). Even with this surge in rental construction, the vacancy rate remains low. Across Ontario, the vacancy rate was 1.6 per cent of all units, which in October 2017 numbered 646,320 apartment units (up 1.3 per cent from October 2016) and in the Toronto CMA - which has close to half of the units - it was only one per cent.

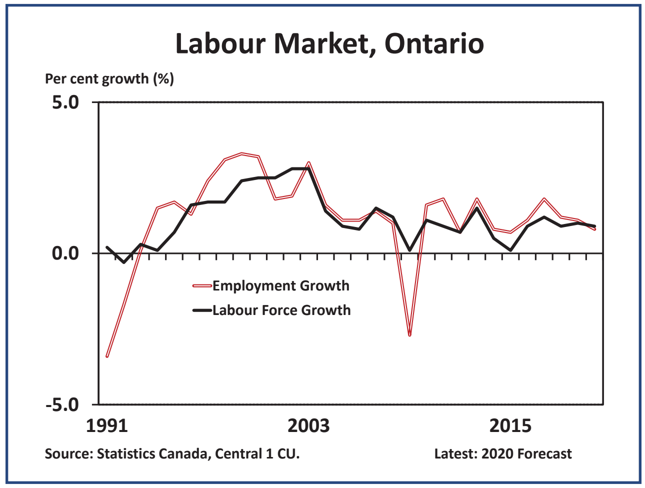
Even with the extension of rent control to private rental units built post-1991, many of those condo units originally earmarked for sale when completed will be put on the rental market. Landlords can charge prevailing rents to new tenants and then over the coming years, increase rents by the allowable amounts, rather than sell those units for a price they are not willing to take, then wait for the demand to increase for sales.

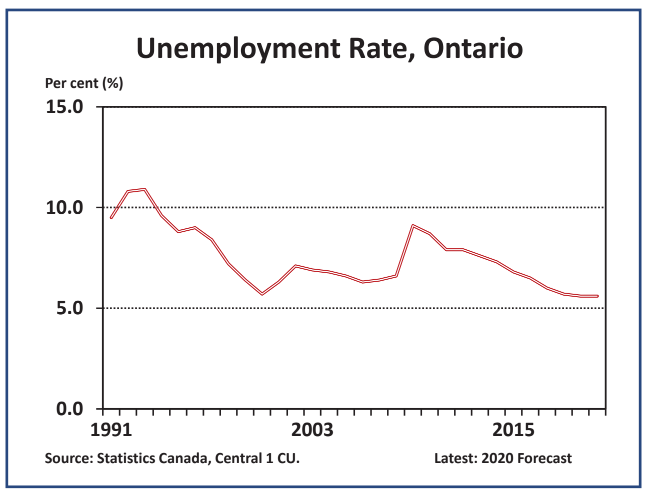
With a steady influx of new residents through migration across the province, Ontario's rental market will remain tight for the next few years and vacancy rates will trend down, even with added rental stock from private rentals and some new government-funded units coming to the market.

The unemployment rate to continue trending down

Underpinning this housing forecast is a moderating economic outlook. After averaging close to three per cent real growth over the last few years, Ontario's real Gross Domestic Product (GDP) will grow at a more moderate pace over the forecast horizon. Real GDP is expected to grow in the range of 1.8 to 2.1 per cent, slightly below the 2.3 per cent long-term average. Decreased household consumption growth and residential spending, flat government spending, and weak exports will keep real GDP growth muted. Non-residential investment - specifically institutional investment - is expected to grow but will not be sufficient to off-set the moderation to the other sectors.







The unemployment rate will continue to move down and is expected to break the barrier of six per cent of the labour force for the first time since 2000, due to slightly stronger employment growth outstripping the labour force growth. Even with a lower unemployment rate, employment and the labour force will grow below the long-term average of 1.2 per cent respectively for most of the forecast period.

Even with a moderating economy, there are still a few outcomes that could be positive or negative for

Ontario, depending on which one comes to fruition. On the most negative spectrum an adverse outcome to NAFTA negotiations for Canada will have added dampening effects to the Ontario economy due to its large export exposure to U.S. markets. While highly fluid, trade negotiations have deteriorated with the U.S. and Canada currently engaged in a mini-tariff war that could escalate. At the very least, ongoing trade uncertainty is a damper on the economy and investment spending.

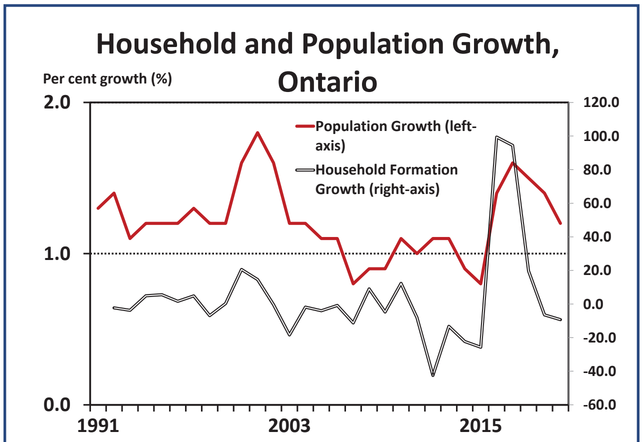
Household formation to decline

In 2017 Ontario's population grew by 1.6 per cent. In 2018, population will grow slightly less at 1.5 per cent and by 1.4 and 1.2 per cent respectively in 2019 and 2020. People coming from other parts of the world or regions of Canada will continue to drive population growth but will gradually decline to the long-term average of 1.2 per cent growth. Over the last couple of years, the number of migrants coming from war-torn regions of the world and those escaping tighter U.S. immigration policies has inflated population growth. Beyond 2018, this population shock should dissipate.

Strong household formation growth was partly led by strong population growth. Many new arrivals are in their prime household formation years and go on to form new households. Furthermore, given strong economic growth over the last few years, youth finishing school and starting careers have moved out of the family home and formed new households. With less people arriving from other regions and muted economic growth expected to keep youth in their parents' homes, household formation growth will decline over the forecast. In 2018, household formation will increase by 19.7 per cent to 80,800 homes and decline over the next two years by 6.4 per cent and 9.3 per cent in 2019 and 2020 respectively.

Borrowing costs on the rise

Alongside mortgage stress tests, households face further mortgage rate hikes over the next two years, further eroding purchasing power. Economic expansion and dissipating excess capacity is contributing to expectation of further Central Bank rate hikes and rising bond yields. The yield on a five-year GOC bond has risen 50 basis points (bps) since the beginning of 2017, and nearly 140 bps (more than doubling) since the middle of last year. Rising yields have contributed to higher administered rates with the five-year posted mortgage rate at 5.34 per cent, which is up from 4.99 at the start of year.



Source: Statistics Canada, Central 1 CU. Latest: 2020 Forecast

A mild upward trend in interest rates is forecast. The Bank of Canada will hike gradually, balancing an economy operating near capacity and risks associated with trade uncertainty and the impacts of rate hikes on highly indebted households. Central 1 forecasts an uptick in the posted 5-year mortgage rates of only 40 bps through early 2020, held down in part by competition among lenders in a lower sales environment. Lenders will be somewhat cautious in hiking posted rates given it is now a *de facto* policy tool and a binding constraint for many households. Rising interest rates may be more readily observed in narrowing of rate discounts. In a low rate environment, small interest rate hikes have relatively large impacts on lending capacity.

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Special section: Housing speculation in Toronto and Hamilton not widespread

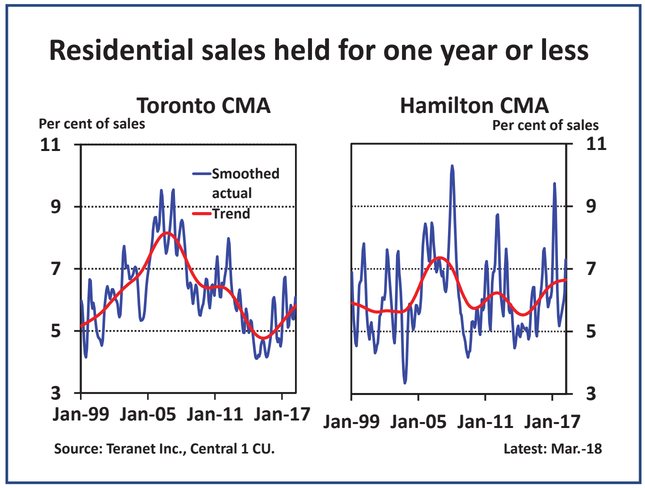
Speculation is cited as a factor behind home price appreciation during this cycle in the Toronto and Hamilton metropolitan areas. Few studies quantifying speculation activity are available, resulting in much speculation *about* speculation. New information on housing speculation is presented with the main conclusion that it is not widespread and likely only a minor contributor to price increases this cycle.

Speculation is generally considered as the purchase of an asset to be sold at a higher price to generate an acceptable rate of return, usually in a short time horizon. A housing speculator is a buyer whose only intent is to resell on the expectation of higher prices, and a capital gain, without any intention to use as a principal residence or investor owned rental.

The dataset used is from the Teranet Land Titles System and Ontario Land Registry. Data were obtained on residential sales by property type within the Toronto and Hamilton CMAs for the January 1999 to March 2018 period and were grouped into holding periods, i.e., the duration between sales of the same property. The one year holding period, or flipping measure, is the focus for housing speculation in this report. One shortcoming of the data is that it does not capture presale flipping, or sales assignments, on new units prior to construction completion.

The percentage of sales held for one year or less has risen in the past two years but remains low relative to its history. In the Toronto CMA, this proportion came in at 5.7 per cent so far in 2018 and for all of 2017 and up from the recent low of 4.4 per cent in 2015. In the graph, a rising monthly trend is evident since mid-2015. Hamilton CMA's readings are similar in trend to Toronto but at a slightly higher level – 6.4 per cent in 2018 and 6.7 per cent in 2017.

This data indicates no significant speculation activity in the Toronto and Hamilton CMAs during this cycle, notwithstanding data deficiencies. However, specula-



tive activity has likely increased during the past two years or so when prices were rising rapidly. However, market conditions softened following the introduction of Ontario's Fair Housing Plan and again with the implementation of another stress test on mortgage borrowers effective January 1, 2018. Weak pricing is not conducive to property flippers and a declining speculation trend is expected. Another factor that is cooling speculation is Canada Revenue Agency's stepped-up enforcement on property capital tax gains.

A more detailed report is available here:

https://www.central1.com/wp-content/upoads/2018/05/Housing-speculation-1.pdf

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Residential Sales (Units)-Regional Summary

	2015	2016	2017	2018	2019	2020
Ottawa	27,188	27,075	28,254	28,537	29,678	30,865
% change	6.1	-0.4	4.4	1.0	4.0	4.0
Kingston-Pembroke	9,771	10,738	11,600	10,092	10,294	10,551
% change	5.3	9.9	8.0	-13.0	2.0	2.5
Muskoka-Kawarthas	11,461	12,455	11,533	10,380	10,743	11,173
% change	16.9	8.7	-7.4	-10.0	3.5	4.0
Toronto	143,962	149,883	132,508	108,657	113,329	118,429
% change	8.4	4.1	-11.6	-18.0	4.3	4.5
Kitchener-Waterloo-Barrie	32,205	35,504	36,717	31,944	33,541	35,386
% change	12.4	10.2	3.4	-13.0	5.0	5.5
Hamilton-Niagara	33,581	35,166	33,962	28,868	30,744	32,589
% change	9.1	4.7	-3.4	-15.0	6.5	6.0
London	14,361	15,963	17,911	16,299	16,218	16,542
% change	5.8	11.2	12.2	-9.0	-0.5	2.0
Windsor-Sarnia	13,427	14,312	15,083	13,876	13,599	13,871
% change	5.8	6.6	5.4	-8.0	-2.0	2.0
Stratford-Bruce	6,660	7,432	8,191	6,962	7,171	7,422
% change	8.2	11.6	10.2	-15.0	3.0	3.5
Northeast	11,219	10,705	10,983	10,324	10,376	10,479
% change	5.2	-4.6	2.6	-6.0	0.5	1.0
Northwest	4,423	4,051	3,834	3,604	3,712	3,861
% change	1	-8.4	-5.4	-6.0	3.0	4.0
Ontario	308,258	323,284	310,576	276,413	290,233	303,294
% change	8.6	4.9	-3.9	-11.0	5.0	4.5

Source: Teranet, Central 1 CU, Latest; 2018-20 forecast

Residential Sales (Units)-Selected Census Metropolitan Areas

	2015	2016	2017	2018	2019	2020
Barrie	5,674	6,324	5,753	5,235	5,549	5,882
% change	9.6	11.5	-9.0	-9.0	6.0	6.0
Guelph	3,913	3,831	3,997	3,869	3,986	4,105
% change	15.4	-2.1	4.3	-3.2	3.0	3.0
Hamilton	17,367	17,134	16,265	14,964	16,011	16,812
% change	6.6	-1.3	-5.1	-8.0	7.0	5.0
Kingston	3,315	3,377	3,830	3,485	3,590	3,698
% change	5.1	1.9	13.4	-9.0	3.0	3.0
Kitchener-Cambridge-Waterloo	10,522	11,958	13,077	11,115	11,727	12,313
% change	9.5	13.6	9.4	-15.0	5.5	5.0
London	10,801	11,820	13,542	12,729	12,475	12,724
% change	4.9	9.4	14.6	-6.0	-2.0	2.0
Oshawa	9,640	10,109	9,902	9,308	9,494	9,684
% change	12.0	4.9	-2.0	-6.0	2.0	2.0
Ottawa	20,570	20,289	21,289	20,863	21,698	22,566
% change	7.0	-1.4	4.9	-2.0	4.0	4.0
Peterborough	2,691	3,040	2,754	2,699	2,807	2,919
% change	14.3	13.0	-9.4	-2.0	4.0	4.0
St Catharines-Niagara	10,208	11,604	11,278	9,586	9,490	9,633
% change	15.0	13.7	-2.8	-15.0	-1.0	1.5
Greater Sudbury	2,694	2,634	2,582	2,556	2,582	2,633
% change	2.6	-2.2	-2.0	-1.0	1.0	2.0
Thunder Bay	2,299	2,163	2,130	2,077	2,139	2,214
% change	-3.3	-5.9	-1.5	-2.5	3.0	3.5
Toronto	136,873	142,788	126,113	107,196	112,020	116,725
% change	8.1	4.3	-11.7	-15.0	4.5	4.2
Windsor	7,619	8,260	8,565	8,111	7,949	8,108
% change	14.0	8.4	3.7	-5.3	-2.0	2.0

Source: Teranet, Central 1 CU, Latest; 2018-20 forecast

Residential Median Sale Price ($) - Regional Summary						
	2015	2016	2017	2018	2019	2020
Ottawa	313,329	315,062	331,086	347,640	365,022	382,543
% change	2.6	0.6	5.1	5.0	5.0	4.8
Kingston-Pembroke	224,157	234,714	257,618	264,058	271,980	281,500
% change	2.5	4.7	9.8	2.5	3.0	3.5
Muskoka-Kawarthas	252,542	279,563	333,847	373,909	400,082	428,088
% change	2.6	10.7	19.4	12.0	7.0	7.0
Toronto	476,891	544,922	626,003	642,905	663,478	695,325
% change	7.5	14.3	14.9	2.7	3.2	4.8
Kitchener-Waterloo-Barrie	318,087	359,178	428,672	450,106	481,613	512,918
% change	4.9	12.9	19.3	5.0	7.0	6.5
Hamilton-Niagara	297,717	327,030	388,539	396,310	406,218	416,373
% change	7.0	9.8	18.8	2.0	2.5	2.5
London	228,655	249,900	281,614	299,919	314,915	330,661
% change	4.3	9.3	12.7	6.5	5.0	5.0
Windsor-Sarnia	168,971	179,756	206,801	219,829	229,722	241,208
% change	3.1	6.4	15.0	6.3	4.5	5.0
Stratford-Bruce	229,939	244,230	269,114	286,876	301,219	315,678
% change	5.1	6.2	10.2	6.6	5.0	4.8
Northeast	181,684	186,378	198,372	204,323	209,431	214,292
% change	0.6	2.6	6.4	3.0	2.5	2.3
Northwest	182,093	183,588	200,000	206,000	213,210	221,738
% change	2.4	0.8	8.9	3.0	3.5	4.0
Ontario	348,105	380,701	421,096	429,518	448,846	469,044
% change	5.0	9.4	10.6	2.0	4.5	4.5

Source: Teranet, Central 1 CU, Latest; 2018-20 forecast

Residential Median Sale Price ($) - Selected Census Metropolitan Areas						
	2015	2016	2017	2018	2019	2020
Barrie	326,428	379,626	475,489	480,244	494,651	509,491
% change	7.4	16.3	25.3	1.0	3.0	3.0
Guelph	338,441	370,750	449,431	453,925	458,465	467,634
% change	4.1	9.5	21.2	1.0	1.0	2.0
Hamilton	350,759	393,569	467,118	471,789	490,661	512,740
% change	8.1	12.2	18.7	1.0	4.0	4.5
Kingston	263,445	277,233	303,264	324,492	340,717	357,753
% change	1.5	5.2	9.4	7.0	5.0	5.0
Kitchener-Cambridge-Waterloo	308,823	329,803	400,820	440,902	471,765	495,353
% change	4.9	6.8	21.5	10.0	7.0	5.0
London	235,515	249,809	286,543	305,168	320,427	336,448
% change	4.4	6.1	14.7	6.5	5.0	5.0
Oshawa	375,983	437,899	519,613	509,221	519,405	534,987
% change	13.6	16.5	18.7	(2.0)	2.0	3.0
Ottawa	334,500	342,345	358,323	379,822	404,511	428,781
% change	1.5	2.3	4.7	6.0	6.5	6.0
Peterborough	258,529	285,913	346,160	394,622	422,246	447,581
% change	4.9	10.6	21.1	14.0	7.0	6.0
St Catharines-Niagara	229,716	257,339	317,603	333,483	349,824	365,566
% change	6.1	12.0	23.4	5.0	4.9	4.5
Greater Sudbury	231,878	234,895	245,780	250,696	256,211	262,616
% change	0.6	1.3	4.6	2.0	2.2	2.5
Thunder Bay	194,288	207,660	222,283	233,397	247,936	262,475
% change	1.3	6.9	7.0	5.0	6.2	5.9
Toronto	487,007	558,106	630,555	649,472	670,255	703,767
% change	7.5	14.6	13.0	3.0	3.2	5.0
Windsor	171,548	182,911	217,094	230,554	240,468	251,289
% change	4.4	6.6	18.7	6.2	4.3	4.5

Source: Teranet, Central 1 CU, Latest; 2018-20 forecast

Residential Investment: Ontario						
	2015	2016	2017	2018	2019	2020
$ Millions						
Total residential investment	58,629	66,374	74,444	75,844	78,433	79,845
% change	11.7	13.2	12.2	1.9	3.4	1.8
New dwellings	23,256	29,116	32,142	31,645	32,220	32,029
% change	11.8	25.6	7.7	-5.9	-1	-4.5
Renovations	26,631	28,411	32,287	33,811	35,368	36,744
% change	4.7	6.7	13.6	4.7	4.6	3.9
Total acquisition costs	8,324	8,213	9,313	9,657	10,085	10,288
% change	33.7	-1.3	13.4	3.7	4.4	2
Other residential construction	418	634	703	730	760	784
% change	47.6	51.7	10.9	3.9	4.1	3.1
$ 2007 Millions						
Total residential investment	45,394	48,776	52,232	51,877	52,339	52,018
% change	7.7	7.5	7.1	-0.7	0.9	-0.6
New dwellings	18,006	21,397	22,552	21,646	21,501	20,867
% change	9.1	18.8	5.4	-4	-0.7	-2.9
Renovations	20,619	20,878	22,653	23,127	23,601	23,938
% change	0.9	1.3	8.5	2.1	2.1	1.4
Total acquisition costs	6,445	6,036	6,534	6,606	6,729	6,702
% change	28.9	-6.4	8.3	1.1	1.9	-0.4
Other residential construction	323	466	493	500	507	511
% change	42.2	44	5.9	1.3	1.5	0.6
Housing starts, units, 000s	70.2	75	79.1	78.5	78.2	75.5
% change	18.6	6.8	5.6	-0.8	-0.4	-3.5

Source: Statistics Canada, Central 1 CU, Latest 2018-20 forecast

Key Economic Indicators: Ontario

	2015	2016	2017	2018	2019	2020
Industry GDP ($Millions)	618,051	634,258	651,932	666,006	680,700	691,999
% Change	2.8	2.6	2.8	2.2	2.2	1.7
Real GDP ($Millions)	667,659	685,008	704,097	718,296	733,145	746,313
% Change	2.9	2.6	2.8	2	2.1	1.8
GDP Deflator (Reference Year=1)	1.141	1.16	1.176	1.207	1.233	1.26
% Change	2	1.7	1.3	2.7	2.2	2.2
Nominal GDP ($Millions)	762,029	794,835	827,823	866,928	903,885	940,046
% Change	5	4.3	4.2	4.7	4.3	4
Consumer Price Index (2002=1)	1.27	1.30	1.32	1.35	1.38	1.41
% Change	1.2	1.8	1.6	2.3	2.3	2.3
Hourly Labour Income ($)	33.3	34	34.7	35.8	36.8	37.9
% Change	2.3	1.9	2	3.4	2.6	3.1
Employment (000s)	6,923	7,000	7,128	7,216	7,296	7,357
% Change	0.7	1.1	1.8	1.2	1.1	0.8
Unemployment Rate (%)	6.8	6.5	6	5.7	5.6	5.6
Participation Rate (%)	65.2	65	64.9	64.5	64.3	64
Labour Force (000s)	7,426	7,490	7,580	7,651	7,725	7,793
% Change	0.1	0.9	1.2	0.9	1	0.9
Real Hourly Labour Productivity ($)	55.36	56.01	56.5	57.01	57.6	58.21
% Change	0.7	1.2	0.9	0.9	1	1.1
Population (000s)	13,790	13,976	14,193	14,400	14,595	14,770
% Change	0.8	1.4	1.6	1.5	1.4	1.2
Net In-Migration (000s)	65.7	144.9	175.7	165.7	152.2	131.5
% of Population	0.5	1.1	1.3	1.2	1.1	0.9
Households (000s)	5,135	5,169	5,237	5,318	5,393	5,462
% Change	0.3	0.7	1.3	1.5	1.4	1.3
Retail Sales ($Millions)	188,893	202,235	215,157	225,558	235,367	244,391
% Change	5.5	7.1	6.4	4.8	4.3	3.8
Household Formation (000s)	17.4	34.7	67.5	80.8	75.6	68.6
Housing Starts (000s)	70.2	75	79.1	78.5	78.2	75.5
Personal Income ($Millions)	621,272	643,574	668,841	694,852	719,323	746,029
% Change	5.3	3.6	3.9	3.9	3.5	3.7
Real Per Capita Disposable Income ($000s)	27.9	28.3	28.6	28.4	28.3	28.2
% Change	3.1	1.6	0.7	-0.4	-0.7	0
Net Operating Surplus Corporations ($Millions)	100,993	108,355	116,538	124,631	133,163	138,542
% Change	7.1	7.3	7.6	6.9	6.8	4
3 Month T-Bill Rate	0.5	0.5	0.7	1.3	1.7	2.3
LT GoC Bond Yield	2.0	1.8	2.3	2.5	3.0	3.3
Exchange Rate $US	0.782	0.754	0.771	0.787	0.796	0.806

Source: Statistics Canada, Central 1 CU, Latest: 2018-20 forecast