Economics / June 2019

# Economic Analysis of Ontario

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## Ontario Regional Economic Outlook 2019-2020

### Highlights:

- The economy in most regions in Ontario are expected to slow in 2019 with few exceptions before gradually recovering in 2020
- Mortgage credit rules will continue to put downward pressure on homeownership demand in several large markets particularly those in the GTA
- Population growth will remain supportive of future economic growth mainly through robust growth to immigration
- Trade and geopolitical concerns remain significant risks to the Ontario economy
- Business investment will decline or remain muted in most areas as businesses try to wait out the trade and geopolitical issues

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### SUMMARY


Economic growth slowed in most regions of Ontario in 2018 due to increased economic uncertainty felt especially through trade, which dampened business confidence and consumer confidence and consequently, consumer expenditures. New mortgage lending rules—the federal B-20 stress tests—in effect at the onset of 2018 produced strong headwinds for housing demand, keeping many potential buyers on the sidelines. As a result, job creation stalled or slowed down in related industries such as construction, finance, insurance and real estate. Only four of the province's 11 economic regions posted stronger employment growth in 2018: Kingston-Pembroke, Muskoka-Kawarthas, Kitchener-Waterloo-Barrie and Hamilton-Niagara Peninsula. All other regions posted either negative or slower growth in 2018. Areas linked to auto-production such as the London, Windsor-Sarnia and Toronto faced headwinds affecting exports due to diminished new auto demand especially in the U.S., elevated gasoline prices forcing many to forego using their cars or buying a car and auto-plant closures during the year.

Weakness from 2018 will affect most regions of Ontario in the first quarter, and perhaps the second quarter, of 2019 before slowly improving over the second half of the year. Still, areas with less exposure to trade or growing sectors like tech should buck the trend and post growth over the forecast horizon. This includes Kitchener-Waterloo-Barrie, Ottawa and Muskoka-Kawarthas, but growth in these areas will not be sufficient to offset slower growth in other regions. Continued trade concerns (i.e., U.S. and China trade war) and geopolitical concerns (i.e., Iran and U.S. potential armed conflict) will continue to cast a shadow over the province's economy and affect residential and non-residential investments across most regions, especially those close to the Greater Toronto Area. Interest rates should remain flat or decline over 2019 and into 2020 as the central bank tries to prod the economy towards full capacity.

Population growth will remain strong from inflows of immigrants, which will support future consumer demand and growth once the economy begins to grow post mid-2019 and into 2020.

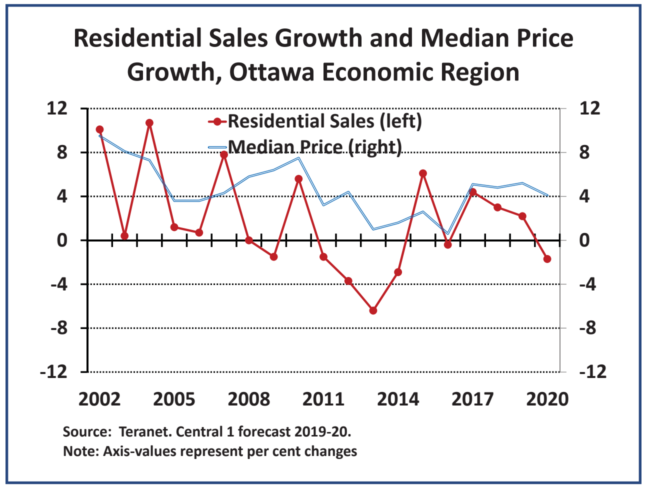

#### Ottawa Economic Region

Ottawa, one of the better performing regions in the province, is carrying considerable economic momentum into 2019. The outlook for this year calls for above-trend growth before slowing in 2020. The Ottawa metropolitan area is the primary economic engine of the region, which includes Cornwall and the townships of North and South Glengarry, North Stormont, and North and South Dundas.

The Ottawa Census Metropolitan Area (CMA) is seen generating substantial employment and population growth during the next two years. The metro area's high-tech sector will continue to expand at a fast pace and population growth will increase the demand for a broad range of goods and services. Government is the bedrock of the local economy and labour market.

Last year's two per cent employment growth in the Ottawa CMA likely will not be matched in 2019, but above-trend of 1.5 per cent growth is foreseen, partly on the large increase in first-quarter 2019. Most industry sectors will continue to benefit from, and contribute to, expanding economic activity and employment opportunities. Ottawa's unemployment rate looks to hover around the cycle low of five per cent, buoyed by labour force growth from domestic and in-migrant population sources.

The housing market will remain very active despite tight mortgage credit conditions partially offsetting demand emanating from the growing economy and expanding population base. Sales during the next




two years are predicted at roughly the same level as in the recent past, which will generate further prices increases. The market's supply-demand balance steadily tightened during this expansion phase, and unless sales drop substantially, prices are headed higher.

| Ottawa Economic Region | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 688.2 | 692.4 | 695.3 | 709.7 | 717.5 | 724.0 |
| % ch. | -1.4 | 0.6 | 0.4 | 2.1 | 1.1 | 0.9 |
| Unemployment Rate | 6.5 | 6.5 | 5.7 | 4.8 | 5.1 | 5.3 |
| Residential Sales, Units | 27,188 | 27,075 | 28,254 | 29,103 | 29,750 | 29,250 |
| % ch. | 6.1 | -0.4 | 4.4 | 3.0 | 2.2 | -1.7 |
| Residential Median Price, $ | 313,329 | 315,062 | 331,086 | 347,021 | 365,000 | 380,000 |
| % ch. | 2.6 | 0.6 | 5.1 | 4.8 | 5.2 | 4.1 |
| Population (000s) | 1,327.1 | 1,346.1 | 1,367.8 | 1,393.7 | 1,419.5 | 1,442.0 |
| % ch. | 0.8 | 1.4 | 1.6 | 1.9 | 1.8 | 1.6 |

| Ottawa CMA | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 531.1 | 543.4 | 546.7 | 557.6 | 566.0 | 572.0 |
| % ch. | -0.5 | 2.3 | 0.6 | 2.0 | 1.5 | 1.1 |
| Unemployment Rate | 6.3 | 6.3 | 5.6 | 4.7 | 5.0 | 5.1 |
| Residential Sales, Units | 20,570 | 20,289 | 21,289 | 19,980 | 20,500 | 21,000 |
| % ch. | 7.0 | -1.4 | 4.9 | -6.2 | 2.6 | 2.4 |
| Residential Average Price, $ | 334,500 | 342,345 | 358,323 | 376,575 | 400,000 | 420,000 |
| % ch. | 1.5 | 2.4 | 4.7 | 5.1 | 6.2 | 5.0 |
| Residential Permits ($ millions.) | 4,679 | 7,308 | 7,262 | 9,297 | 10,000 | 9,000 |
| % ch. | -35.7 | 56.2 | -0.6 | 28.0 | 7.6 | -10.0 |
| Non-Residential Permits ($ millions.) | 908.5 | 975.1 | 898.4 | 810.0 | 850.0 | 1,000 |
| % ch. | -3.9 | 7.3 | -7.9 | -9.8 | 4.9 | 17.6 |
| Population (000s) | 1,006.1 | 1,023.8 | 1,048.0 | 1,074.5 | 1,101.5 | 1,126.5 |
| % ch. | 0.9 | 1.8 | 2.4 | 2.5 | 2.5 | 2.3 |

Source: Statistics Canada, Teranet, Central 1 Credit Union.  Forecast 2019 - 2020.

More new housing construction is a positive consequence of a more active market and higher prices. Residential building permits in 2019 are expected to exceed the prior year's level, which was at a three-decade high. Housing construction is a significant local economic driver and is a main reason behind recent construction employment gains.

In the non-residential construction sector, permit activity is volatile due to the lumpy nature of developments. Last year saw a near ten per cent decline in total permits, mainly on fewer industrial and government permits issued. Permits for commercial building also declined last year though by a smaller amount. Market conditions for office and retail space remain positive for more new investment to occur during this forecast.

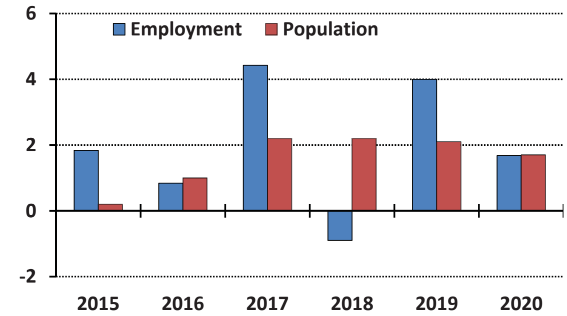
Some examples of future demand and investment activity for non-residential buildings include Ford Motor's research and development centre in Kanata, a soundstage campus and creative hub in TV, film and animation, a joint venture between TriBro Studios and the Ottawa Film Office, Dymon Storage's plan to open five new storage facilities and Amazon's fulfillment centre.

Phase 2 of the light-rail transit (LRT) is expected to start construction in 2019, which extends the line further east, west and south. Its cost has risen to more than four billion dollars. This type of investment is a significant enhancement that will reduce commuting times, lift regional productivity and open opportunities for residential and non-residential investment spending.

The economic and housing situation in the region outside of Ottawa is considerably less robust given its higher concentration in primary resources and manufacturing compared to its concentration in high-tech, government and services supporting the local population. Since 2009, a negative employment trend has evolved leaving fewer workers today. Low population growth is another defining feature in areas outside of metro Ottawa.

Economic development is occurring, though sporadically. A recreational cannabis industry is emerging and providing new employment opportunities in Smith Falls and on Cornwall Island. Walmart Canada is expanding its Cornwall Distribution Hub. Sandvik Materials Technology is closing its steel tubing plant in Arnprior by the end of 2019 affecting 160 employees.

Housing market activity in these areas has held up quite well under the circumstances. Most areas have experienced range-bound housing sales during the past couple of years, except for Lanark County, which saw a sizable jump since 2015. Housing prices are higher in all counties through to 2018. The outlook is reasonably positive with further moderate gains foreseen in sales and prices in the forecast period.



Source: Statistics Canada. Central 1 forecast 2019-20.
Note: mid-year population estimates, Axis values represent per cent changes

Forecast risks for the Ottawa Economic Region (ER) are largely macroeconomic and external to the region. The state of the provincial, national and U.S. economies and monetary policy settings usually determines most of the region's business cycle movements. Political factors also play a role, given metro Ottawa's concentration in federal government services. The federal election later this year could see a change in government and approach to its fiscal situation and employment count.

The Ottawa ER will continue to be led by its metro area economy and population base during this forecast resulting in a good overall performance in its labour and housing markets.

## Kingston-Pembroke Economic Region

The economy of the Kingston-Pembroke Economic Region (ER) is forecast to grow at a faster pace in 2019 and 2020 following its underperformance in 2018. The Kingston metropolitan area is seen leading the region's improved performance and the newly created Belleville metropolitan area also makes a significant contribution. Outside the metro areas, however, slow economic and population growth will prevail.

Employment in the Kingston metro area is forecast to increase 4.0 per cent in 2019 after a small contraction in 2018. Kingston's unemployment rate fell to 5.2 per cent in 2018 and is expected to remain below five per cent through 2020. Food manufacturing receives a boost when Feihe International's Canada Royal Milk infant formula plant is expected to be operational in 2019 with an initial hiring of 120 full-time staff. When fully operational, about 250 employees will be required.

## Kingston-Pembroke Economic Region

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 201.0 | 212.5 | 208.1 | 206.3 | 211.5 | 214.0 |
| % ch. | -4.3 | 5.7 | -2.1 | -0.9 | 2.5 | 1.2 |
| Unemployment Rate | 7.2 | 6.0 | 5.8 | 5.2 | 5.5 | 5.4 |
| Residential Sales, Units | 9,771 | 10,738 | 11,600 | 10,617 | 10,000 | 10,500 |
| % ch. | 5.4 | 9.9 | 8.0 | -8.5 | -5.8 | 5.0 |
| Residential Median Price, $ | 224,157 | 234,714 | 257,618 | 280,409 | 295,000 | 305,000 |
| % ch. | 2.5 | 4.7 | 9.8 | 8.8 | 5.2 | 3.4 |
| Population (000s) | 466.2 | 469.3 | 475.0 | 481.5 | 488.0 | 494.0 |
| % ch. | 0.1 | 0.7 | 1.2 | 1.4 | 1.3 | 1.2 |

## Kingston CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 82.9 | 83.6 | 87.3 | 86.5 | 90.0 | 91.5 |
| % ch. | 1.8 | 0.8 | 4.4 | -0.9 | 4.0 | 1.7 |
| Unemployment Rate | 6.6 | 5.8 | 5.5 | 5.5 | 4.8 | 4.6 |
| Residential Sales, Units | 3,315 | 3,377 | 3,830 | 3,463 | 3,500 | 3,700 |
| % ch. | 5.1 | 1.9 | 13.4 | -9.6 | 1.1 | 2.8 |
| Residential Average Price, $ | 263,445 | 277,233 | 303,264 | 326,993 | 328,000 | 335,000 |
| % ch. | 1.5 | 5.2 | 9.4 | 7.8 | 4.7 | 4.7 |
| Residential Permits ($ millions.) | 799 | 662 | 1,104 | 763 | 700 | 850 |
| % ch. | 9.3 | -17.2 | 66.8 | -30.9 | -8.3 | 21.4 |
| Non-Residential Permits ($ millions.) | 70.2 | 137.8 | 282.9 | 107.2 | 130.0 | 165.0 |
| % ch. | -80.3 | 96.3 | 105.3 | -62.1 | 21.2 | 26.9 |
| Population (000s) | 164.3 | 166.0 | 169.7 | 173.4 | 177.0 | 180.0 |
| % ch. | 0.2 | 1.0 | 2.2 | 2.2 | 2.1 | 1.7 |

Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2019 - 2020.

## Belleville CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| E. I. Regular Benefits | 1,112 | 997 | 960 | 1,034 | 900 | 800 |
| % change | -3.0 | -10.4 | -3.7 | 7.7 | -13.0 | -11.1 |
| Residental Sales, units | 2,070 | 2,434 | 2,760 | 2,413 | 2,350 | 2,500 |
| % change | 9.2 | 17.6 | 13.4 | -12.6 | -2.6 | 6.4 |
| Residential Median Price, $ | 206,289 | 218,030 | 251,640 | 275,990 | 290,000 | 305,000 |
| % change | 9.9 | 5.7 | 15.4 | 9.4 | 5.1 | 5.2 |
| Residential Permits, units | n.a. | n.a. | 770 | 514 | 600 | 750 |
| % change | n.a. | n.a. | n.a. | -33.2 | 16.7 | 25.0 |
| Non-Residential Permits ($ mil.) | 78.8 | 101.2 | 65.5 | 89.0 | 70.0 | 80.0 |
| % change | 55.4 | 28.5 | -35.3 | 35.9 | -21.3 | 14.3 |
| Population (000s) | 105.4 | 106.3 | 108.0 | 109.9 | 112.0 | 114.0 |
| % change | 0.3 | 0.8 | 1.6 | 1.8 | 1.9 | 1.8 |

Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2019 - 2020.

In addition to the food manufacturing plant under construction, the non-residential construction industry will be kept busy. Other projects include reconstruction work on the Kingston Mills Locks, improvements to Kingston General Hospital and Hotel Dieu Hospital, and construction of the City of Kingston's Third Crossing bridge over the Cataraqui River.

A busy residential construction sector is also expected as the housing market generates higher prices with sales continuing to rise and new supply responding. Around five per cent gains in the annual median sale price in each of the next two years are predicted, slightly lower than the eight per cent annual gains of the prior two years. Positive economic conditions, solid population growth and the federal government's new incentives for first time home buyers will result in more sales and new construction. A low rental vacancy rate supports additional rental construction.

Above two per cent population growth in the Kingston metro area will continue into 2019 on strong international and intraprovincial migration flows. A moderate slowdown is likely in 2020 but an upside surprise is possible with Kingston's broad service amenities, affordable housing stock and economic potential.

Belleville became the newest, and second, census metropolitan area in the ER in 2017 by Statistics Canada's criteria. Specifically, it is an area consisting of one or more neighbouring municipalities situated around a core. A census metropolitan area must have a total population of at least 100,000 of which 50,000 or more live in the core. Belleville was previously classified as a census agglomeration area.

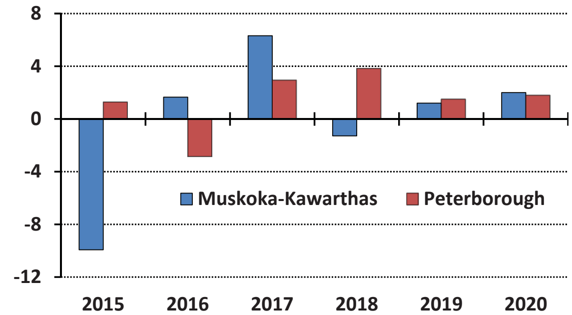
Belleville is not yet covered in the Labour Force Survey and no employment and unemployment rate data are available. Employment Insurance beneficiary data are available and indicate that a weaker labour market played out in 2018, with regular benefit claimants rising nearly eight per cent over the prior year.

Manufacturing remains a prominent industry, though smaller than in prior decades. The local industry has fared better than its neighbours due to its diversification and less reliance in the auto sector. The transportation and warehousing industry is another notable export industry in Belleville.

The Concentrix call centre in Belleville employs about 400 people and the company announced that 240 jobs are in jeopardy following the loss of a client contract. However, some of these will be redeployed within the company.

A proposed large retail development in Belleville would add 184,000-square-feet of retail space and a

**Employment Growth, Muskoka-Kawarthas Economic Region and Peterborough CMA**




Source: Statistics Canada. Central 1 forecast 2019-20.
Note: Axis values represent per cent changes

155,000-square-foot warehouse, which would create several hundred jobs over the longer term.

The recent upswing in population growth will continue to generate more economic activity. Belleville is attracting a growing number of migrants from the rest of Ontario, mainly from the Greater Toronto Area. Population growth hit 1.8 per cent in 2018 and is seen holding in this range during the forecast period.

Belleville's housing market reflects these population and economic gains. The residential median sales price rose 9.4 per cent during 2018 despite a sales slowdown and the outlook is positive. Housing sales, prices and construction will increase at a good pace under this environment.

Other large centres in the Kingston-Pembroke ER are Pembroke and Petawawa. Pembroke's economy has struggled in the face of the contraction in forestry-related manufacturing and extraction industries. Subdued population growth and housing market activity are consequently the norm for many years.

Petawawa's economic fortunes depend heavily on the military's presence and results in a more stable outcome. However, growth remains modest. Net population out-migration in most years contributes to limited housing market activity.

Growth in the Kingston-Pembroke ER will continue to be led by its metropolitan areas' economies. Employment and population growth are expected to remain near recently improved trends through 2020. The region's housing market, while diverse and sensitive to local conditions, looks to post modest gains.

### Muskoka-Kawarthas Economic Region

The Muskoka-Kawarthas region has a diverse economy but it is geared more towards services such as, health and social services, education and public administration with a declining goods-sector for several years now. Most of the previous decline in the goods-sector was due to declining growth in manufacturing that has recently turned around. For example, recently completed projects like the Kawartha Metals Corp's move to a larger facility in 2018 and construction of Havelock Metal's new industrial facility. Moreover, the region is moving into new manufacturing areas such as aerospace and has international presence in the region of companies such as Rolls-Royce and Siemens. Weakness in the goods-sector has occurred over in construction the last two years, which anchored this sector prior.

A key indicator of local economic health is the labour market. In 2018, the region's labour force and employment deflated after posting robust growth in 2017. Employment and labour force numbers tend to fluctuate but employment and labour remained range-bound and reverted in 2018 closer to trend. In the Peterborough Census Metropolitan Area (CMA), the labour market posted strong employment and labour force gains in 2018 that likely were not statistically significant. Given a larger sample used in Statistics Canada's *Labour Force Survey* for the region it reported a statistically significant economic growth decline in 2018 notwithstanding Peterborough's numbers.

The unemployment rate edged up in the region from 5.9 per cent in 2017 to 6.1 per cent in 2018 whereas in the Peterborough CMA the unemployment moved down. Again, the region's unemployment rate was statistically significant pointing to a dampening of economic growth.

Despite strong inflows of new residents in 2018 that propped up the region's population by 2.0 per cent to 401,800 residents, many residents are retirees or students moving to the region from other parts of Ontario to enjoy their golden years or study. With strong flows of retirees, the region's population is older, with a median age of 50.3 compared to 41.3 for Ontario, which affects the labour market. Fewer people actively looking for work dampens labour force growth keeping the market range-bound. In 2018, less business investment due to diminished business confidence dampened overall employment growth as evidenced in sectors such as construction, professional and scientific services, and transportation and warehousing.

| Muskoka-Kawathas ER | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Total Employment (000s) | 167.8 | 170.6 | 181.4 | 179.0 | 181.1 | 184.8 |
| % ch. | -9.9 | 1.7 | 6.3 | -1.3 | 1.2 | 2 |
| Unemployment Rate | 7.7 | 5.8 | 5.9 | 6.1 | 5.9 | 5.5 |
| Residential Sales, Units | 11,461 | 12,455 | 11,533 | 9,585 | 10,064 | 10,567 |
| % ch. | 16.9 | 8.7 | -7.4 | -16.9 | 5.0 | 5.0 |
| Residential Median Price, $ | 252,542 | 279,563 | 333,847 | 353,598 | 371,278 | 389,842 |
| % ch. | 2.6 | 10.7 | 19.4 | 5.9 | 5.0 | 5.0 |
| Population (000s) | 383.4 | 387.7 | 394.1 | 401.8 | 410.7 | 416.9 |
| % ch. | 0.5 | 1.1 | 1.6 | 2.0 | 2.2 | 1.5 |
| **Peterborough CMA** | | | | | | |
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Total Employment (000s) | 61.2 | 59.5 | 61.2 | 63.6 | 64.6 | 65.7 |
| % ch. | 1.3 | -2.9 | 2.9 | 3.8 | 1.5 | 1.8 |
| Unemployment Rate | 7.6 | 5.0 | 6.4 | 4.8 | 4.5 | 4.2 |
| Residential Sales, Units | 2,691 | 3,040 | 2,754 | 2,384 | 2,456 | 2,529 |
| % ch. | 14.3 | 13.0 | -9.4 | -13.4 | 3.0 | 3.0 |
| Residential Average Price, $ | 258,529 | 285,913 | 346,160 | 379,242 | 398,204 | 418,114 |
| % ch. | 4.9 | 10.6 | 21.1 | 9.6 | 5.0 | 5.0 |
| Residential Permits ($ millions.) | 128.5 | 140.5 | 134.2 | 172.9 | 207.4 | 238.5 |
| % ch. | 2.6 | 9.3 | -4.5 | 28.8 | 20.0 | 15.0 |
| Non-Residential Permits ($ millions.) | 45.6 | 49.9 | 54.2 | 49.6 | 48.2 | 53.0 |
| % ch. | -52.4 | 9.4 | 8.6 | -8.4 | -3.0 | 10.0 |
| Population (000s) | 123.2 | 124.8 | 127.3 | 131.3 | 135.2 | 137.9 |
| % ch. | 0.4 | 1.4 | 2.0 | 3.1 | 3.0 | 2.0 |

Source: Statistics Canada, Teranet, Central 1 Credit Union.  Forecast 2019 - 2020.

Housing activity in the region was a mixed bag in 2018. While housing starts increased by 12.2 per cent due to growth to single-detached homes and apartments, residential transactions fell sharply by 16.9 per cent in the region and 13.4 per cent in the Peterborough CMA according to Teranet. Median price growth decelerated, shifting down from 19.4 per cent in 2017 to 5.9 per cent in 2018 in the region. Peterborough CMA's median price growth also slowed down from 21.1 per cent to 9.6 per cent.

Peterborough CMA's purpose-built rental stock increased by 154 units to 6,548 units according to the October 2018 rental market survey by Canada Mortgage and Housing Corporation (CMHC) compared to October 2017. Since 2015, housing starts in the metro area have been trending up supported by increased population and an older than average rental stock needing revitalization. The CMA's purpose-built rental stock is among one of the province's oldest. In the Peterborough CMA 75.7 per cent of all the purpose-built rental stock was built in 1979 or before. The CMA's downtown core is even older at 76.3 per cent of the total stock built in 1979 or before.

Not all construction was rental though, the region attracts many well-heeled retirees who build vacation homes or custom homes to live in year-round from the Greater Toronto Area (GTA) and other areas.

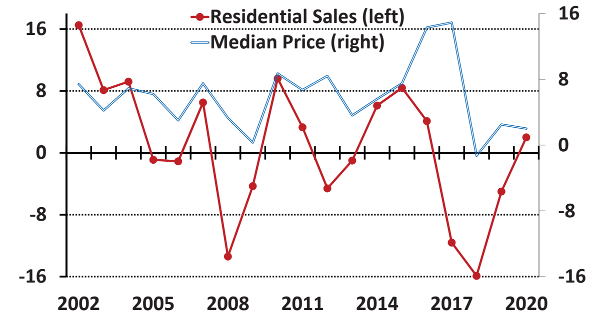
Residential permits in the Peterborough CMA increased by 28.8 per cent in 2018 due to increased construction new rentals or to replace old rental stock. Non-residential building permits fell by 8.4 per cent as business investments declined.

Residential transactions fell due to less supply in the market and lower demand as some local buyers held off on big-ticket purchases until the economy turns around. Given the relative price of housing in the region compared to the GTA or the Greater Golden Horseshoe, the federal mortgage stress tests are not as binding a constraint in this region.

Post 2018, population growth will remain robust and supportive of economic growth in the region averaging 1.9 per cent over the next two years. People relocating from other parts of the province, mainly students and retirees, will remain the largest driver of population growth. International immigrants will also remain robust as the region needs temporary workers to fill service-sector labour gaps in areas such as health and social services, agriculture and construction.

The region is not as exposed to international trade and this will insulate it from strong economic fluctuations over the forecast horizon. With continued flows of new residents, the region's services-sector will benefit. Moreover, as the region continues to grow its advanced manufacturing sector the need for skilled labour in this area will continue to grow. Employment will modestly increase in 2019 on growing business confidence before trending up in 2020. Employment growth outstripping labour force growth will gradually deflate the region's unemployment rate from 6.1 per cent in 2018 to 5.5 per cent by 2020.

**Residential Sales Growth and Median Price Growth, Toronto Economic Region**




Source: Teranet. Central 1 forecast 2019-20.
Note: Axis values represent per cent changes

Increased economic diversity in the Peterborough CMA will mean the urban unemployment rate will decline faster than the region's over the forecast.

Supportive population growth will keep the housing market stable over the forecast horizon. New housing starts will remain strong to fulfill custom building demand and replace old rental housing. Moreover, the recent floods in Muskoka will be a positive shock to the housing and construction industry as damaged homes will need to be renovated or replaced. As the economy grows residential transactions will follow as buyers previously on the sidelines will enter homeownership. Increased residential demand will keep median price growth above inflation.

Residential permits will be shocked upwards from where they would have been for most of the next two years. New housing needs to be built or replaced to house the region's new residents, but more importantly, to replace or renovate damaged homes from 2019's floods in Muskoka. Non-residential permit volumes will trend up post-2019 as business investments move from planned to actual, due increased business confidence due to an improved environment for business investments

### Toronto Economic Region

Despite prevailing economic uncertainty, the Toronto region's labour market expanded in 2018. Total employment expanded by 2.3 per cent outstripping labour force growth of 1.9 per cent, with significant gains in full-time work. With more workers landing jobs than

## Toronto ER

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 3,320.5 | 3,373.3 | 3,442.9 | 3,522.2 | 3599.677 | 3671.671 |
| % ch. | 2.4 | 1.6 | 2.1 | 2.3 | 2.2 | 2.0 |
| Unemployment Rate | 7.1 | 6.9 | 6.4 | 6.1 | 6.2 | 6.3 |
| Residential Sales, Units | 143,962 | 149,883 | 132,508 | 111,477 | 105,903 | 108,021 |
| % ch. | 8.4 | 4.1 | -11.6 | -15.9 | -5.0 | 2.0 |
| Residential Median Price, $ | 476,891 | 544,922 | 626,003 | 617,598 | 633,038 | 645,699 |
| % ch. | 7.5 | 14.3 | 14.9 | -1.3 | 2.5 | 2.0 |
| Population (000s) | 6,358.9 | 6,439.5 | 6,529.8 | 6,653.9 | 6,787.0 | 6,902.3 |
| % ch. | 0.7 | 1.3 | 1.4 | 1.9 | 2.0 | 1.7 |

## Toronto CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 3,176.7 | 3,215.0 | 3,289.6 | 3,352.1 | 3412.4 | 3467.0 |
| % ch. | 2.9 | 1.2 | 2.3 | 1.9 | 1.8 | 1.6 |
| Unemployment Rate | 7.0 | 7.0 | 6.4 | 6.0 | 6.1 | 6.2 |
| Residential Sales, Units | 136,873 | 142,788 | 126,113 | 105,786 | 98,381 | 99,955 |
| % ch. | 8.1 | 4.3 | -11.7 | -16.1 | -7.0 | 1.6 |
| Residential Average Price, $ | 487,007 | 558,106 | 630,555 | 632,896 | 651,883 | 668,180 |
| % ch. | 7.5 | 14.6 | 13.0 | 0.4 | 3.0 | 2.5 |
| Residential Permits ($ millions.) | 11,646.5 | 12,070.1 | 11,192.6 | 11,851.1 | 11,733 | 11,627 |
| % ch. | 19.8 | 3.6 | -7.3 | 5.9 | -1 | -0.9 |
| Non-Residential Permits ($ millions.) | 6,557.4 | 6,088.0 | 7,892.7 | 6,968.7 | 6,620.2 | 6,719.5 |
| % ch. | 16.1 | -7.2 | 29.6 | -11.7 | -5 | 1.5 |
| Population (000s) | 6,045.2 | 6,125.1 | 6,216.6 | 6,341.9 | 6468.774 | 6585.212 |
| % ch. | 0.8 | 1.3 | 1.5 | 2.0 | 2.0 | 1.8 |

## Oshawa CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 196.4 | 214.0 | 210.4 | 220.7 | 226.2 | 231.4 |
| % ch. | -2.5 | 9.0 | -1.7 | 4.9 | 2.5 | 2.3 |
| Unemployment Rate | 7.6 | 5.9 | 5.5 | 5.1 | 5.5 | 5.6 |
| Residential Sales, Units | 9,640 | 10,109 | 9,902 | 8,183 | 7,365 | 6,996 |
| % ch. | 12.0 | 4.9 | -2.0 | -17.4 | -10.0 | -5.0 |
| Residential Average Price, $ | 375,983 | 437,899 | 519,613 | 514,662 | 504,369 | 511,934 |
| % ch. | 13.6 | 16.5 | 18.7 | -1.0 | -2.0 | 1.5 |
| Residential Permits ($ millions.) | 837.6 | 793.3 | 948.2 | 902.7 | 875.6 | 858.1 |
| % ch. | 42.4 | -5.3 | 19.5 | -4.8 | -3.0 | -2.0 |
| Non-Residential Permits ($ millions.) | 205.6 | 258.6 | 221.0 | 360.5 | 324.4 | 308.2 |
| % ch. | -47.9 | 25.8 | -14.5 | 63.1 | -10.0 | -5.0 |
| Population (000s) | 385.4 | 391.9 | 398.5 | 405.6 | 412.5 | 418.7 |
| % ch. | 1.1 | 1.7 | 1.7 | 1.8 | 1.7 | 1.5 |

Source: Statistics Canada, Teranet, Central 1 Credit Union.  Forecast 2019 - 2020.

those actively looking for jobs, the unemployment rate fell from 6.4 in 2017 to 6.1 per cent in 2018.

Toronto metro drove the trends in the area given its size, yet, the Oshawa metro mirrored those trends in 2018. Employment growth outstripped labour force growth pulling down Oshawa metro's unemployment rate. The unemployment rates in both metro areas in 2018 were the lowest recorded levels over the last 18 years.

Jobs growth posted in the region last year came mostly from the services sector, which expanded by 2.6 per cent, or over 75,000 net new jobs, overshadowing the meagre growth in the goods-sector of just 0.6 per cent, or just over 3,600 net new jobs. In the goods sector, construction gains reflected strong expansion to commercial spaces, residential renovation spending and large stock of new homes under construction. Manufacturing faced strong headwinds due to less demand for autos, trade uncertainty and some plants going offline for a few months for retooling. With large tech companies opening offices in the region, strong expansion in the tech sector led to growth in related sectors such as professional, scientific and technical services. Education services was another area of growth in 2018 due to strong inflows of students both domestic and foreign. Finally, economic growth for most of 2018 may have supported domestic tourism as evidenced by growth in accommodation and food services. This potential domestic demand offset some of the losses to foreign tourist visits in 2018 due to economic uncertainty abroad and higher fuel costs being passed onto travelers.

New mortgage rules curtailed homeownership demand in 2018. Data from Teranet and from the Canadian Real Estate Association (CREA) showed strong declines in sales in 2018. According to Teranet data residential transactions in the Toronto Economic Region fell by 15.9 per cent while data from CREA pointed to a 16.4 per cent drop in the Toronto Real Estate Board.

Median home price growth from Teranet for the region slowed down dramatically from 14.9 per cent in 2017 to -1.3 per cent in 2018. Data from CREA points to a 4.4 per cent drop to the average price in the Toronto Real Estate Board and a 5.3 per cent drop in the Durham Real Estate Board.

Nevertheless, construction in the Toronto Census Metropolitan Area (CMA) was robust for condo apartments but growth in this segment could not offset strong declines in low-rise housing. Several large condo apartment projects broke ground in 2018 to lift condo apartment starts by more than 45 per cent.

Despite a relatively more affordable new homes market, Oshawa CMA's new starts numbers dipped in 2018 by 10.7 per cent due to fewer row/townhome starts.

Demand for new homes lessened as the year progressed, which meant fewer new projects were brought to market and developers chipped away at units under construction in both CMAs.

Non-residential permit volumes fell in the Toronto CMA due to more modest growth to household discretionary spending. In the Oshawa CMA, non-residential permit volumes increased due to growth to commercial and institutional permits. Increased inflows into this market of new residents has increased the need to provide commercial and non-commercial services to a growing population.

While Ontario's population continued to expand at a healthy clip in 2018 (1.8 per cent to 14.3 million total residents), the Toronto Economic Region's (ER) population growth outpaced the province. Moreover, close to half (49.4 per cent) of the 251,312 net new Ontarians reported in 2018 settled in the Toronto ER mainly through international migration, which includes non-permanent and permanent residents. The gains in this area more than offset the movements of people from the Toronto ER to other areas of Ontario. Likely, this flow of people out of the Toronto ER to other regions was due to homebuyers looking for affordable housing outside of the Greater Toronto Area. Moreover, Toronto is an entry point for many international immigrants to find their footing in their new home before resettling elsewhere in Canada.

Economic growth is anticipated to slow over the forecast horizon, but no recession is anticipated. Economic uncertainty, particularly related to global trade issues and slowing of the U.S. economy will filter to other areas. Business confidence will dampen anchoring business investments for labour and capital. Households will tighten belts given a tougher job market and dampened wage growth. Key sectors such as residential spending, exports, manufacturing, trade, and transportation and warehousing will face headwinds. Moreover, the province's new carbon tax imposed by the federal government on Ontario's economy will dampen growth as well until businesses and consumers can adapt to the higher costs associated with this policy. Employment growth will slide from 2.3 per cent in 2018 to 2.0 per cent by 2020. With greater slack in the economy the unemployment rate will rise from 6.1 per cent in 2017 to 6.3 per cent by 2020.

The Oshawa CMA's labour market will have a greater slowdown than the Toronto CMA's, given its less diverse economy and difficulties it will face with the upcoming closure of the General Motors (GM) auto plant and less demand for automobiles and parts.

Homeownership demand is constrained by slower economic growth and the ongoing effects of policy measures. In 2019, residential sales in the region will decline a further 5.0 per cent and median price will move up by 2.5 per cent—well below the 6.6 per cent average from 2002 to 2018. By 2020 residential transactions will increase by 2.0 per cent and median price will increase by 2.0 per cent. Expect a greater share of sales to occur in higher-density options such as townhomes and condo apartments in more affordable pockets of the region. A greater share of sales for "fixer-uppers" will also dampen price growth.

Non-residential permit volumes will decline in 2019 before inching up in 2020 due to less commercial and industrial expansion. Institutional permit volumes will be supported by large transportation projects such as the Eglinton LRT, the Scarborough subway expansion getting beyond the conceptual phase, the Finch West LRT, the 407-highway east expansion and the Gardiner Expressway rehab plan.

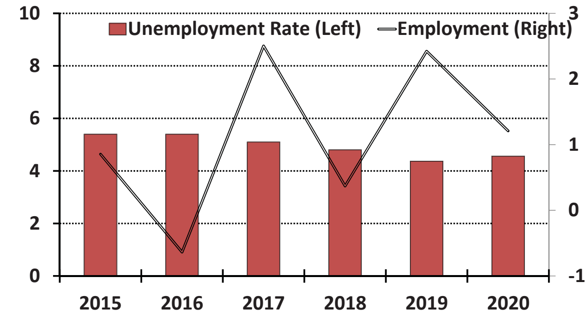
Population growth will remain robust in 2019 with slower growth into 2020. The region's population will continue to grow mostly due to international migration. While non-permanent residents will slow down as fewer seasonal workers come to the region foreign students and permanent residents will remain strong, particularly as the federal government looks to boost immigration numbers. Movements or people from other parts of Canada into the Toronto region will slow down as a weaker economy will keep many at home or will motivate them to look for employment opportunities elsewhere.

### Kitchener-Waterloo-Barrie Economic Region

Kitchener-Waterloo-Barrie's economy strengthened through 2018 with a rising employment trend, declining unemployment rate and robust population growth. Like other markets across the country, housing demand continues to be constrained by restrictive mortgage lending policies.

Annual employment growth in the Kitchener-Waterloo-Barrie economic region slipped to a mild 0.4 per cent in 2018 from 2.5 per cent in 2017, albeit with positive momentum. After a retrenchment in the second half of 2017, employment rebounded sharply in 2018

**Employment Growth and Unemployment Rate, KWB Economic Region**




Source: Statistics Canada. Central 1 forecast 2019-20.
Note: KWB = Kitchener-Waterloo-Barrie, Axis values represent per cents (%)

with comparable gains in both full-time and part-time employment. Caution is warranted in reading into improved momentum, as growth was driven by an abnormal surge in transportation and warehousing employment, and utilities and construction employment. While some of the gains likely owe to expansion in the economy and demand for labour from other regions of Ontario, there is considerable sampling error.

On a trend basis, employment growth has been positive over the past four years. Moreover, the average unemployment rate fell from 5.1 per cent in 2017 to 4.8 per cent in 2018, with a further decline into 2019 to a historically low four per cent. Alongside a rise in the region's job vacancy rate, this is a clear indication of a tight labour market.

Kitchener-Waterloo-Barrie is diverse and anchored by the census metropolitan areas of Kitchener-Waterloo-Cambridge (KCW) and Barrie and Guelph. There is a substantial footprint in the manufacturing, high technology and education sectors, particularly in KCW and Guelph. Auto manufacturing includes Toyota's plant in Cambridge and Honda's plant in Alliston. The sectors are also buoyed by advanced manufacturing activity including those related to robotics and artificial intelligence. Growth in the technology sector remains a key economic and income driver as the Toronto-Waterloo technology corridor evolves. The Waterloo area is a leading region for technology start ups and established tech companies and will remain a significant growth driver. In 2018, Miovision Technologies—which works with traffic solutions—announced plans to create more than 200 jobs over the coming years, while Interac announced plans for an innovation lab in Kitchener. Growth in the region's advanced manufacturing, high-tech, and education is supported by the region's science, technology, engineering, and mathematics (STEM) programs at post-secondary institutions adding a constant supply of high-quality talent.

## Kitchener-Waterloo-Barrie ER

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 710.6 | 706.1 | 723.7 | 726.4 | 744.0 | 753.0 |
| % ch. | 0.9 | -0.6 | 2.5 | 0.4 | 2.4 | 1.2 |
| Unemployment Rate | 5.4 | 5.4 | 5.1 | 4.8 | 4.4 | 4.6 |
| Residential Sales, Units | 32,205 | 35,504 | 36,717 | 30,213 | 31,314 | 32,837 |
| % ch. | 12.4 | 10.2 | 3.4 | -17.7 | 3.6 | 4.9 |
| Residential Median Price, $ | 318,087 | 359,178 | 428,672 | 442,296 | 453,384 | 466,836 |
| % ch. | 4.9 | 12.9 | 19.3 | 3.2 | 2.5 | 3.0 |
| Population (000s) | 1,314.2 | 1,341.1 | 1,369.6 | 1,401.8 | 1,432.6 | 1,459.1 |
| % ch. | 1.2 | 2.0 | 2.1 | 2.4 | 2.2 | 1.8 |

## Kitchener-Cambridge-Wateroo CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 279.8 | 281.6 | 287.8 | 292.1 | 299.0 | 304.0 |
| % ch. | -1.2 | 0.6 | 2.2 | 1.5 | 2.4 | 1.7 |
| Unemployment Rate | 5.8 | 5.5 | 5.1 | 5.1 | 4.8 | 4.7 |
| Residential Sales, Units | 10,522 | 11,958 | 13,077 | 10,926 | 11,212 | 11,871 |
| % ch. | 9.5 | 13.6 | 9.4 | -16.4 | 2.6 | 5.9 |
| Residential Average Price, $ | 308,823 | 329,803 | 400,820 | 415,352 | 420,265 | 425,085 |
| % ch. | 4.9 | 6.8 | 21.5 | 3.6 | 1.2 | 1.1 |
| Residential Permits ($ millions.) | 772.2 | 1,209.8 | 903.9 | 864.1 | 920.0 | 915.0 |
| % ch. | -11.3 | 56.7 | -25.3 | -4.4 | 6.5 | -0.5 |
| Non-Residential Permits ($ millions.) | 504.5 | 495.8 | 627.1 | 569.2 | 630.0 | 600.0 |
| % ch. | -9.7 | -1.7 | 26.5 | -9.2 | 10.7 | -4.8 |
| Population (000s) | 530.2 | 542.0 | 553.5 | 567.7 | 582.0 | 593.0 |
| % ch. | 0.9 | 2.2 | 2.1 | 2.6 | 2.5 | 1.9 |

## Barrie CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 108.4 | 104.3 | 115.6 | 114.7 | 117.0 | 118.8 |
| % ch. | -2.9 | -3.8 | 10.9 | -0.8 | 2.0 | 1.5 |
| Unemployment Rate | 7.0 | 7.8 | 5.5 | 6.5 | 5.6 | 5.5 |
| Residential Sales, Units | 5,674 | 6,324 | 5,753 | 4,930 | 5,145 | 5,304 |
| % ch. | 9.6 | 11.5 | -9.0 | -14.3 | 4.4 | 3.1 |
| Residential Average Price, $ | 326,428 | 379,626 | 475,489 | 458,422 | 465,211 | 470,182 |
| % ch. | 7.4 | 16.3 | 25.3 | -3.6 | 1.5 | 1.1 |
| Residential Permits ($ millions.) | 256.5 | 351.4 | 506.7 | 382.5 | 300.0 | 330.0 |
| % ch. | -26.3 | 37.0 | 44.2 | -24.5 | -21.6 | 10.0 |
| Non-Residential Permits ($ millions.) | 232.9 | 124.5 | 140.3 | 278.0 | 290.0 | 280.0 |
| % ch. | 0.6 | -46.6 | 12.7 | 98.2 | 4.3 | -3.4 |
| Population (000s) | 199.9 | 203.2 | 206.6 | 210.8 | 215.0 | 218.5 |
| % ch. | 0.8 | 1.7 | 1.6 | 2.0 | 2.0 | 1.6 |

## Guelph CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 90.5 | 90.6 | 90.8 | 88.8 | 92.0 | 93.3 |
| % ch. | 10.6 | 0.1 | 0.2 | -2.1 | 3.6 | 1.4 |
| Unemployment Rate | 4.1 | 4.8 | 5.4 | 3.8 | 3.3 | 3.2 |
| Residential Sales, Units | 3,913 | 3,831 | 3,997 | 3,260 | 3,217 | 3,439 |
| % ch. | 15.4 | -2.1 | 4.3 | -18.4 | -1.3 | 6.9 |
| Residential Average Price, $ | 338,441 | 370,750 | 449,431 | 458,940 | 470,012 | 476,796 |
| % ch. | 4.1 | 9.5 | 21.2 | 2.1 | 2.4 | 1.4 |
| Residential Permits ($ millions.) | 331.0 | 265.0 | 322.8 | 258.6 | 285.0 | 275.0 |
| % ch. | 43.5 | -19.9 | 21.8 | -19.9 | 10.2 | -3.5 |
| Non-Residential Permits ($ millions.) | 169.0 | 134.0 | 198.1 | 127.3 | 150.0 | 160.0 |
| % ch. | -4.7 | -20.7 | 47.9 | -35.8 | 17.9 | 6.7 |
| Population (000s) | 153.7 | 157.1 | 159.9 | 162.6 | 165.5 | 168.0 |
| % ch. | 1.3 | 2.2 | 1.8 | 1.7 | 1.8 | 1.5 |

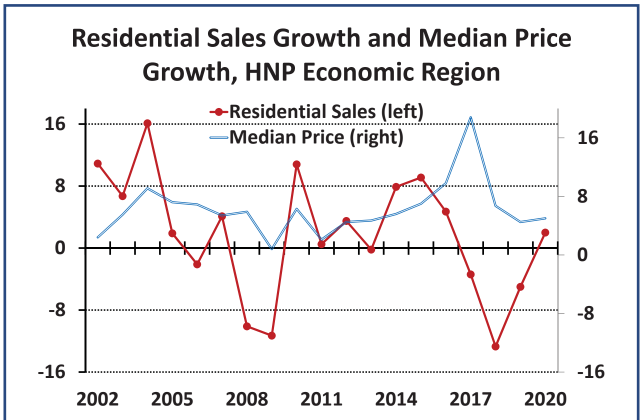
Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2019 - 2020.

There is economic uncertainty going forward. Ontario's manufacturing cycle is set for a slow patch over the next three years and forecast to expand by less than one per cent per year. Slower growth in auto sales in the U.S. and Canada will likely hinder growth in the sector and regional production, and announcements by other companies such a GM and Fiat Chrysler to stop or curtail production in Oshawa and Windsor is a negative signal. That said, local area production will be buoyed by Toyota's announcement that it will build the Lexus NX and NX Hybrid at its Cambridge plant starting in 2022. A handful of larger companies announced manufacturing job cuts last year, although BWXT Canada in Cambridge won a $642 million contract to supply 32 steam generators for the Bruce Power Major Component Replacement project in Kincardine. The KWB should outperform given a greater focus on advanced manufacturing activity. The technology sector will slow with the broader economy but continue to grow at a higher pace. Growth in Canada's information, communications and technology output has thrived in recent years, particularly as related to services, expanding at more than a full point above overall GDP growth. This growth is concentrated in regions such as Kitchener-Waterloo.

Average employment climbs 2.6 per cent this year, before easing to 1.3 per cent in 2020. The unemployment rate averages 4.4 per cent this year, with slight uptick thereafter. Employment growth will be constrained in part by skilled labour availability.

Population expansion has been vigorous and remains a key support of consumer spending and household demand. The region grew by an estimated 32,200 persons in 2018, up 2.4 per cent. Half of this gain reflected relocations of residents from other parts of Ontario, with net international inflows robust at 11,300 persons. In-migration has ballooned since 2015 with net levels more than double the trend in prior years. The region has benefitted from higher federal government intake, refugee inflows and individuals looking for job and education opportunities in the region.

Kitchener-Cambridge-Waterloo has been the main beneficiary of higher international inflows particularly the influx of temporary residents, while intraprovincial flows have been driven by prime age individuals for work or school. Strong growth in Guelph and Barrie reflects demand for more affordable housing from Torontonians willing to commute. Population has also risen in smaller markets, suggesting demand from retirees. Population growth is expected to remain stable but slow slightly to a two per cent rate. The region will continue to be attractive for families, as well as workers and students from within Canada and abroad, but slower housing price growth will slow the flow of affordability seekers in areas like Barrie and Guelph. The region will continue to attract elevated levels of international migrants but inflows of temporary residents will likely ease.



Source: Teranet. Central 1 forecast 2019-20.
Note: HNP = Hamilton-Niagara Peninsula, Axis values represent per cent changes

Like other regions in Ontario and Canada, housing market conditions have slowed sharply on policy measures. Land title transfer data via Teranet, which includes new properties, showed a sales drop of 24 per cent from 2017, while MLS® showed a sales drop of 15 per cent. Of the former, the sharpest declines were in Kitchener-Cambridge-Waterloo and Guelph. Price trends moderated considerably following near 20 per cent gains in 2017. The Teranet median value rose 4.3 per cent in 2018, with the MLS® average price rose two per cent. Levels rose in both KCW and Guelph but declined in Barrie. While weather factors likely weighed in early 2019, the sales trend has stabilized and sales-to-new listings ratios remain balanced, albeit 20 per cent below late 2017 levels. Pricing has also reverted to a mild upward trend.

New housing has responded to weaker market conditions. At 3,103 units, housing starts in Kitchener-Waterloo-Cambridge declined 20 per cent in 2018 to the lowest level since 2013 driven in large part by fewer rental starts. Starts in Barrie and Guelph have been steady. These declines were mirrored in declines in residential building permit volumes, which fell sharply in 2018, pointing to declines in both new home and renovations spending—a pattern expected to continue through 2019.

### Hamilton-Niagara Peninsula Economic Region

The Hamilton-Niagara Peninsula's economy slowed considerably in 2018 after posting respectable labour market growth numbers in 2017. The region's unemployment rate increased to 5.5 per cent (0.2 per cent increase) as slightly more people looked for work compared to those securing work. Job quality also suffered as full-time positions fell by 6,100 and were offset by 7,500 net new part-time jobs.

The region has strong sector representation in manufacturing, tourism and agriculture, which all posted fewer jobs in 2018 compared to 2017, nd adversely affecting wage growth. Moreover, other sectors such as construction, finance, insurance and real estate, and health care and social services underperformed adding to the region's overall labour market malaise.

Trade uncertainty dampened employment growth in the region. For example, U.S. steel tariffs directly affected the region's steel sector and other downstream areas such as auto manufacturing. Energy prices, particularly fuels, were elevated for most of 2018 putting downward pressure on tourists from the U.S. visiting by car, given the proximity to the U.S./Canada border. Alcohol sales increased in Ontario by more than 3.0 per cent in 2018, which was supportive of the region's wineries. Other areas of agriculture suffered as consumers chose to forgo or substitute fruits and vegetables given their strong price growth as they tightened their wallets.

The region continues to integrate more with the GTA as many residents live in the region and commute to the GTA to take advantage of relatively affordable housing in the region. The housing market, which was performing at top speed over the last few years, stalled in 2018 on sluggish labour market growth, decreased consumer confidence and constraint from new mortgage lending policies. Residential transactions posted strong double-digit contractions in the region and its three urban centres. Median price growth was significantly muted as buyers substituted higher priced homes for fixer-uppers or higher-density housing such as townhomes or condo apartments.

Construction of single-detached homes declined significantly in the three urban markets of Hamilton, St. Catharines-Niagara and Brantford while high-density housing construction of apartments and townhomes increased. Close to 60 per cent of new home construction occurred in Hamilton as people wanted to live in the largest centre at a more affordable price.

Moreover, the region's population continued to increase in 2018 by a robust 1.5 per cent, or 20,000 net new residents. Most of new residents are former GTA residents looking for affordable housing or immigrants coming to work or study in the region. As many immigrants rent for years before buying, the construction of high-density housing, particularly in the Hamilton CMA, is aimed at housing new residents in purpose-built rentals or private rental units.

While new housing remained supportive of construction employment growth, a turbulent external environment affecting trade meant business confidence fell sharply in 2018. Business investments suffered and trades workers not in the residential housing segment remained idle.

An underperforming existing home market also put downward pressure on finance, insurance, and real estate employment.

Among the region's three metro markets, non-residential permit volumes recoiled in 2018 by 22.3 per cent mostly due to less activity in industrial and institutional projects. Together these two segments fell by significant double-digits offsetting the 5.5 per cent gain to commercial permit volumes. Sluggish economic growth and waning business confidence shelved many expansion plans.

Residential permit volumes increased among the three metro areas by 3.0 per cent in 2018 due to growth in Brantford and St. Catharines-Niagara offsetting declines in Hamilton. Affordability concerns had potential buyers foregoing Hamilton's CMA and looking to other nearby areas for housing instead.

Economic uncertainty will spill over into 2019 with labour force growth outstripping employment growth which will inflate the unemployment rate to 5.8 per cent (up 0.3 per cent from 2018). Any net hiring gains will occur mostly in part-time work as employers take a cautious stance on labour and capital expansions. Manufacturing will continue to feel the crunch as exports are challenged. Construction will feel the pinch from two sides—less residential investment demand and less non-residential investments. Even with some of the external economic turbulence dissipating post-2019, the labour market will evolve slightly based on modest improvements to business and consumer confidence. The region's unemployment rate will remain at 5.8 per cent in 2020.

Homeownership demand will remain challenged in 2019 due to a slowing economy and the federal mortgage stress tests acting as strong deterrents. Median price growth will remain modest in the region and its three urban centres from less sales and less expensive sales when they happen. Buyers will substitute away from low-rise housing to condo apartments or townhomes. Population growth will remain fairly strong over the forecast horizon and given the economic climate; the region's housing market should tighten up. Post-2019 residential transactions in the region will increase by a modest 2.0 per cent and median price growth will inch up from 4.5 in 2019 to 5.0 per cent in

## Hamilton-Niagara Peninsula ER

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 719.1 | 721.4 | 750.1 | 751.5 | 755.3 | 762.8 |
| % ch. | 1.8 | 0.3 | 4.0 | 0.2 | 0.5 | 1.0 |
| Unemployment Rate | 6.0 | 6.4 | 5.3 | 5.5 | 5.8 | 5.8 |
| Residential Sales, Units | 33,581 | 35,166 | 33,962 | 29,635 | 28,153 | 28,716 |
| % ch. | 9.1 | 4.7 | -3.4 | -12.7 | -5.0 | 2.0 |
| Residential Median Price, $ | 297,717 | 327,030 | 388,539 | 414,609 | 433,266 | 454,930 |
| % ch. | 7.0 | 9.8 | 18.8 | 6.7 | 4.5 | 5.0 |
| Population (000s) | 1,442.5 | 1,458.7 | 1,478.1 | 1,500.1 | 1,525.6 | 1,547.0 |
| % ch. | 0.8 | 1.1 | 1.3 | 1.5 | 1.7 | 1.4 |

## Hamilton CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 385.4 | 385.8 | 417.9 | 413.8 | 417.9 | 423.8 |
| % ch. | 0.4 | 0.1 | 8.3 | -1.0 | 1.0 | 1.4 |
| Unemployment Rate | 5.5 | 6.2 | 5.0 | 4.9 | 5.1 | 5.0 |
| Residential Sales, Units | 17,367 | 17,134 | 16,265 | 14,834 | 13,499 | 13,769 |
| % ch. | *6.6* | *-1.3* | *-5.1* | *-8.8* | -9 | 2 |
| Residential Average Price, $ | 350,759 | 393,569 | 467,118 | 469,068 | 478,449 | 492,803 |
| % ch. | 8.1 | 12.2 | 18.7 | 0.4 | 2 | 3 |
| Residential Permits ($ millions.) | 1,006.7 | 1,086.1 | 1,212.6 | 1,146.8 | 1,089 | 1,122 |
| % ch. | 18.3 | 7.9 | 11.6 | *-5.4* | -5 | 3 |
| Non-Residential Permits ($ millions.) | 650.5 | 480.6 | 785.1 | 581.4 | 494 | 524 |
| % ch. | *14.0* | *-26.1* | *63.4* | *-25.9* | -15 | 6 |
| Population (000s) | 761.4 | 769.0 | 777.8 | 786.6 | 800 | 811 |
| % ch. | 0.6 | 1.0 | 1.2 | 1.1 | 2 | 1 |

## St. Catharines-Niagara CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 204.1 | 203.1 | 197.6 | 201.7 | 203.7 | 206.8 |
| % ch. | 4.4 | -0.5 | -2.7 | 2.0 | 1.0 | 1.5 |
| Unemployment Rate | 7.0 | 7.1 | 6.6 | 6.6 | 6.8 | 6.7 |
| Residential Sales, Units | 10,208 | 11,604 | 11,278 | 9,054 | 8,149 | 8,393 |
| % ch. | *15.0* | *13.7* | *-2.8* | *-19.7* | -10 | 3 |
| Residential Average Price, $ | 229,716 | 257,339 | 317,603 | 352,010 | 373,131 | 396,265 |
| % ch. | 6.1 | 12.0 | 23.4 | 10.8 | 6 | 6.2 |
| Residential Permits ($ millions.) | 505.3 | 708.4 | 714.6 | 763.8 | 787 | 818 |
| % ch. | 17.5 | 40.2 | 0.9 | 6.9 | 3 | 4 |
| Non-Residential Permits ($ millions.) | 197.6 | 223.4 | 343.0 | 301.5 | 271 | 284 |
| % ch. | *4.9* | *13.1* | *53.5* | *-12.1* | -10 | 4 |
| Population (000s) | 411.0 | 416.4 | 422.4 | 429.0 | 436 | 442 |
| % ch. | *0.8* | *1.3* | *1.4* | *1.6* | 2 | 1 |

## Brantford CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 69.3 | 70.2 | 72.3 | 70.0 | 70.4 | 71.1 |
| % ch. | 1.0 | 1.3 | 3.0 | -3.2 | 0.5 | 1.0 |
| Unemployment Rate | 5.7 | 6.1 | 4.8 | 6.2 | 6.6 | 6.8 |
| Residential Sales, Units | 3,051 | 3,260 | 3,166 | 2,875 | 2,645 | 2,777 |
| % ch. | *10.9* | *6.9* | *-2.9* | *-9.2* | -8 | 5 |
| Residential Average Price, $ | 260,859 | 290,391 | 339,401 | 369,278 | 384,049 | 401,331 |
| % ch. | 7.7 | 11.3 | 16.9 | 8.8 | 4 | 4.5 |
| Residential Permits ($ millions.) | 170.6 | 98.4 | 156.1 | 237.9 | 274 | 317 |
| % ch. | *59.5* | *-42.3* | *58.7* | *52.4* | 15 | 16 |
| Non-Residential Permits ($ millions.) | 63.3 | 137.9 | 117.4 | 83.1 | 71 | 79 |
| % ch. | *25.3* | *117.8* | *-14.8* | *-29.2* | -14 | 10 |
| Population (000s) | 142.3 | 143.9 | 145.6 | 147.5 | 150 | 152 |
| % ch. | *0.6* | *1.1* | *1.2* | *1.3* | 1 | 1 |

Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2019 - 2020.

2020. Expect more activity in St. Catharines-Niagara and Brantford as potential buyers drive out farther to find affordable housing.

Non-residential permit volumes will contract across the region in 2019 on weaker economic expectations. Residential permit volumes will rise in Brantford and St. Catharines-Niagara and decline in Hamilton. Increased renovation spending and rental construction will lift the two former markets. As potential buyers shy away from Hamilton's relatively more expensive market, residential volumes will continue to recoil. By 2020, both residential and non-residential building permit volumes will increase modestly in tandem with the economy.

Population growth will remain above trend over the next two years but the pace of growth will slow down as sluggish economic prospects will keep some people away. Moreover, growth will be dampened as mobile workers look for opportunity elsewhere.

### London Economic Region

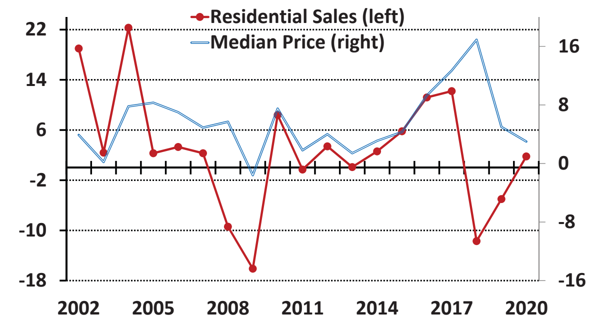
The London Economic Region's (ER) labour market posted strong numbers until it weakened in August 2018. Despite this shift, the region's 2018 metrics came in above 2017 metrics. In 2018, the unemployment rate remained stable at 5.6 per cent due to nearly equal growth in the labour force and employment. Strong full-time employment growth offset part-time job losses as people were moved from part-time to full-time hours or new positions were created to meet market needs. A tight labour market lifted wages attracting more people to actively look for work.

In the backend of 2018, market demand waned given lower consumer and business confidence from a bumpier external economic environment putting downward pressure on full-time employment growth, the workforce participation rate and labour force.

Backend labour market weakness came from sectors including construction, manufacturing, trade (wholesale and retail), transportation and warehousing, business building and accommodation and food services. As consumers tightened their belts housing demand waned as well as sectors such as retail putting downward pressure on business investments and construction employment. Manufacturing was affected by diminished demand for new automobiles not only for export to the U.S. but also domestically. Astronomical gasoline and other energy price growth affected foreign tourism and transportation and warehousing.

Labour market trends in the London ER are largely driven by activity in the London Census Metropolitan

**Residential Sales Growth and Median Price Growth, London Economic Region**




Source: Teranet. Central 1 forecast 2019-20.
Note: Axis values represent per cent changes

Area (CMA). The CMA's unemployment rate for 2018 came in equal to the region's unemployment rate. The only glaring difference between the ER and CMA was slightly stronger employment and labour force growth in the CMA. The CMA has a more diverse economy and not as dependent on the goods-sector.

New home construction data from CMHC for the London CMA pointed to a strong cooling of activity as total housing starts fell 32.5 per cent—the highest single year drop since 1995. Moreover, the drop in new construction was broad-based. Fewer projects breaking ground in 2018 increased the total units completed and greatly diminished the units under construction. A sluggish economy and increased hurdles to obtain a mortgage loan kept many people from purchasing a new home.

In 2018, residential sales declined but median price growth jumped significantly. Teranet data points to 11.7 per cent lower residential transactions in the ER and 10.4 per cent lower residential transactions in the CMA. Yet, median prices jumped 16.9 per cent in the ER and 15.7 per cent in the CMA. This marked two consecutive years of double-digit median price growth in the region. Compositional shifts led to less sales yet higher median price. London attracted many people from outside the region and a portion purchased higher-priced housing (i.e., earned home equity from their sold home in higher-priced markets such as the Greater Toronto Area). Many local buyers remained on the sidelines due to recent mortgage rule changes thus median price was skewed upward.

Permit volumes in the London CMA diverged in 2018. While residential building permit volumes declined by 11.4 per cent—the first volume drop in the last three years—non-residential building permit volumes increased by 4.1 per cent. The drop in residential permit volumes came from less demand for new home construction. Non-residential permit volumes increased mostly due to strong growth to industrial permits. London's industrial space remained tight. Fourth quarter data from commercial firm CBRE pointed to the overall availability rate for industrial space in London declining from 5.6 per cent in the third quarter of 2018 to 5.4 per cent in the fourth quarter. With this segment continuing to tighten, businesses needing more than 10,000 square feet, face limited existing options hence the need to expand. Commercial permit volumes increased modestly as a larger share of businesses held back on expansions due to cooling economic activity. The same report from CBRE points to less commercial space demand due to downsizing in the finance and insurance sector as they implement more efficient workplace strategies (i.e., telecommuting). Institutional building permits fell as government expenditures were frozen or reduced given new directives from Queen's Park to cut the deficit and balance the books. New projects in London in 2018 included: National Research Council unveiled its new $5.0 million Manufacturing and Automotive Innovation Lab and added seven new research positions;  Info-Tech Research Group—a research and advisory firm—opened a new 70,000-sq.-ft. headquarters in downtown London and plans to hire about 140 additional staff; and, BHS Greenhouses Ltd. will construct a 250,000-sq.-ft. medical cannabis facility at the Judd Industrial Park in Norfolk County and is expected to create 100 jobs.

London ER's population grew 2.3 per cent in 2018 on top of the 2.0 per cent recorded in 2017 due to strong domestic and international migration. Robust foreign student enrollment and seasonal work growth supported international migration. Domestic movements were supported by new residents relocating from nearby markets such as the GTA or the Greater Golden Horseshoe. Anecdotal evidence points to an increased number of people priced out of markets, such as Toronto, who relocate to London while commuting to Toronto for work daily by rail, bus or car.

Looking ahead, the unemployment rate in the ER will move up from 5.6 per cent in 2018 to 5.7 per cent in 2019 and 5.9 per cent in 2020 due to labour force growth outstripping employment growth. Three areas of the economy will underperform over the next two years lifting the unemployment rate: consumer

| London ER | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 330.4 | 330.9 | 330.1 | 336.1 | 339.8 | 343.2 |
| % ch. | 1.7 | 0.1 | -0.2 | 1.8 | 1.1 | 1 |
| Unemployment Rate | 5.9 | 6.1 | 5.6 | 5.6 | 5.7 | 5.9 |
| Residential Sales, Units | 14,361 | 15,963 | 17,911 | 15,819 | 15,028 | 15,299 |
| % ch. | 5.8 | 11.2 | 12.2 | -11.7 | -5 | 1.8 |
| Residential Median Price, $ | 228,655 | 249,900 | 281,614 | 329,242 | 345,704 | 356,075 |
| % ch. | 4.3 | 9.3 | 12.7 | 16.9 | 5 | 3 |
| Population (000s) | 666.9 | 676.7 | 690.6 | 706.3 | 723.2 | 736.3 |
| % ch. | 0.7 | 1.5 | 2.0 | 2.3 | 2.4 | 1.8 |

| London CMA | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 252.0 | 245.9 | 245.8 | 253.0 | 256.5 | 259.9 |
| % ch. | 3.7 | -2.4 | -0.1 | 2.9 | 1.4 | 1.3 |
| Unemployment Rate | 6.5 | 7.0 | 5.9 | 5.6 | 5.7 | 5.9 |
| Residential Sales, Units | 10,801 | 11,820 | 13,542 | 12,127 | 11,520 | 11,727 |
| % ch. | 4.9 | 9.4 | 14.6 | -10.4 | -5.0 | 1.8 |
| Residential Average Price, $ | 235,515 | 249,809 | 286,543 | 331,416 | 344,673 | 351,566 |
| % ch. | 4.4 | 6.1 | 14.7 | 15.7 | 4.0 | 2.0 |
| Residential Permits ($ millions.) | 584.6 | 1,024.6 | 1,109.6 | 983.0 | 933.8 | 952.5 |
| % ch. | -17.1 | 75.3 | 8.3 | -11.4 | -5.0 | 2.0 |
| Non-Residential Permits ($ millions.) | 412.7 | 568.3 | 328.7 | 342.0 | 348.9 | 331.4 |
| % ch. | 50.9 | 37.7 | -42.2 | 4.1 | 2.0 | -5.0 |
| Population (000s) | 500.7 | 509.0 | 520.4 | 533.0 | 543.9 | 553.7 |
| % ch. | 0.7 | 1.7 | 2.2 | 2.4 | 2.0 | 1.8 |

Source: Statistics Canada, Teranet, Central 1 Credit Union.  Forecast 2019 - 2020.

demand, exports and residential spending. Federal mortgage policies and sluggish employment and wage growth will dampen housing demand. Consumers keeping their spending belts tightened will dampen business investments and a bumpier external environment will dampen demand for exports.

Home sales will decline further in 2019 based on dampened migration flows and sluggish economic growth. Not as many new residents will bid up prices and local buyers will remain on the sidelines. In 2020, the housing market will evolve modestly on tame economic growth affecting household investment decisions.

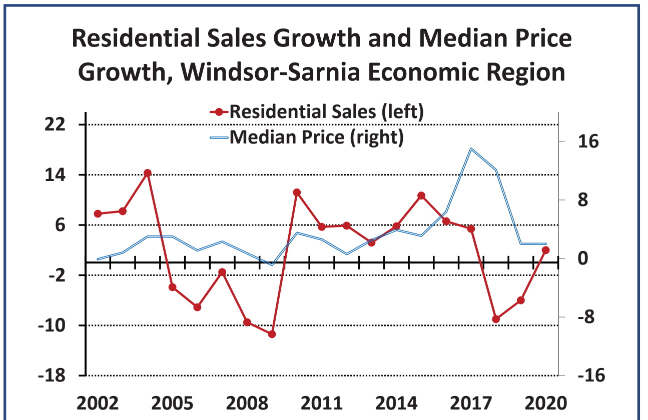
In 2019, total permit volumes will fall by 3.2 per cent in the London CMA and remain nearly unchanged in 2020. Residential building permit volumes will decline by 5.0 per cent in 2019 while non-residential building permits will increase by 2.0 per cent. Large projects, such as Maple Leaf Foods' new 640,000 square foot facility in the southern part of the London CMA will finally break ground in spring 2019, will keep non-residential investments modestly in the black. Institutional investment growth will be restrained despite some government projects breaking ground, including the London rapid bus transit system breaks ground. Commercial investment will remain restrained as businesses taper down investments until the economic climate improves. In 2020, renovation spending will take away some of the losses from less new home construction. Residential spending will continue to grow as buyers slowly and cautiously return to the market.

Over the forecast horizon the ER's and CMA's populations will grow at a slower rate due to weaker economic growth attracting less people from other parts of Canada or Ontario. International migration will moderate as fewer non-permanent residents come for work. Foreign student numbers will remain robust; however, not enough to offset temporary seasonal worker declines.

### Windsor-Sarnia Economic Region

Employment in the Windsor-Sarnia Economic Region (ER)grew at twice the rate of the labour force in 2018, which significantly decreased the unemployment rate from 6.1 per cent in 2017 to 5.6 per cent in 2018. The latest unemployment rate is considerably, and statistically significantly, below the region's average unemployment rate of 7.5 per cent from 2012 to 2018.

Full-time employment increased by 6,300 net new hires offsetting the 3,300 net loss of part-time workers in 2018. With sluggish labour force growth (0.5 per



Source: Teranet. Central 1 forecast 2019-20.
Note: Axis values represent per cent changes

cent in the region), businesses faced labour shortages and had to move part-time workers onto full-time hours to meet their production needs. The region has a significant share of retirees and young people, higher than the provincial average, that are not effectively involved in the labour market but need goods and services, hence the strong demand for labour by local businesses.

The region has a robust goods-sector, particularly in construction and manufacturing. In 2018, business confidence translated into industrial space investments which aided in construction and manufacturing growth. Manufacturing benefitted from transportation equipment manufacturing specifically auto parts manufacturing. Despite growth in these sectors for most of the year, an uncertain external environment mainly affecting trade put downward pressure on construction and manufacturing.

The services sector posted lower growth in 2018 as consumers slowed consumption particularly in the back half of 2018. Areas linked to retail trade such as transportation and warehousing, wholesale and retail trade posted less growth. With lower commercial and institutional space spending in 2018, areas such as professional and scientific services and business building posted less labour growth. Finally, finance, insurance and real estate employment growth was dampened given less residential housing demand and business investments.

Population growth of 1.4 per cent in 2018 was robust and above the recent average from 2012 to 2018. Most of the net increase to the region's population came from international permanent residents or temporary workers filling skills gaps or students coming to study.

The shock of the federal mortgage stress tests dampened homeownership demand in 2018 as many would-be buyers remained in rentals or in their existing homes. According to data from Teranet, residential transactions in the region declined by 9.0 per cent and by 11.6 per cent in the Windsor CMA. Moreover, this was the first time from 2012 to 2018 that residential transactions fell. While residential transactions fell, median price growth was robust in 2018 coming in at 12.1 per cent in the region and 11.4 in the Windsor CMA. In 2018, close to 1,000 people moved from other parts of Ontario to the region likely to retire and enjoy their golden years. They brought substantial earned home equity and bought high priced homes in the region, which lifted median price even with fewer sales.

The Windsor CMA experienced a new housing construction boom from 2014 to 2017 where housing starts averaged more than 1,000 units per year. Likely, the growth in new housing was to meet the demand of new residents and to revitalize older-than-average purpose-built rental stock. With dampening economic growth in the backend of 2018 and the new mortgage rules, new housing demand declined 19.8 per cent due to fewer low rise housing projects breaking ground (low rise excludes only condo apartments).

Total building permit volumes fell in the Windsor CMA by 15.2 per cent from dampened activity in both non-residential and residential spending. Decreased new housing demand alluded to above anchored residential spending. Non-residential spending was anchored due to lower than expected business confidence and restrained consumer demand pulling down consumer and institutional project spending. Industrial investment remained buoyant given projects such as NOVA Chemicals Corporation's expansions in St. Clair Township, near Sarnia. The $2 billion projects are expected to create 800 to 1,000 jobs at the peak of construction and approximately 150 manufacturing jobs, upon completion in late 2021.

The region's labour market will downshift in 2019 due to decreased business investment, consumer demand, and residential spending affecting employment in key sectors such as construction, manufacturing, finance, insurance and real estate, and transportation and warehousing. Auto manufacturing and related industries will take a hit from the closure of the third shift in the Fiat Chrysler plant in Windsor in late 2019. The unemployment rate in the region will edge up from

| Windsor-Sarnia ER | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 295.1 | 299.4 | 299.4 | 302.4 | 300.9 | 301.5 |
| % ch. | -1.3 | 1.5 | -0.0 | 1.0 | -0.5 | 0.2 |
| Unemployment Rate | 8.4 | 6.6 | 6.1 | 5.6 | 5.8 | 5.9 |
| Residential Sales, Units | 13,427 | 14,312 | 15,083 | 13,724 | 12,901 | 13,159 |
| % ch. | 10.7 | 6.6 | 5.4 | -9.0 | -6.0 | 2.0 |
| Residential Median Price, $ | 168,971 | 179,756 | 206,801 | 231,850 | 236,487 | 241,217 |
| % ch. | 3.1 | 6.4 | 15.0 | 12.1 | 2.0 | 2.0 |
| Population (000s) | 641.7 | 646.2 | 650.7 | 660.0 | 665.3 | 668.6 |
| % ch. | -0.0 | 0.7 | 0.7 | 1.4 | 0.8 | 0.5 |

| Windsor CMA | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 158.0 | 164.1 | 162.8 | 164.5 | 163.5 | 163.8 |
| % ch. | 1.8 | 3.9 | -0.8 | 1.0 | -0.6 | 0.2 |
| Unemployment Rate | 9.8 | 6.0 | 5.7 | 6.0 | 6.1 | 6.4 |
| Residential Sales, Units | 7,619 | 8,260 | 8,565 | 7,568 | 6,963 | 7,081 |
| % ch. | 14.0 | 8.4 | 3.7 | -11.6 | -8.0 | 1.7 |
| Residential Average Price, $ | 171,548 | 182,911 | 217,094 | 241,899 | 247,946 | 252,905 |
| % ch. | 4.4 | 6.6 | 18.7 | 11.4 | 2.5 | 2.0 |
| Residential Permits ($ millions.) | 339.6 | 428.7 | 396.5 | 356.7 | 321.1 | 327.5 |
| % ch. | 32.9 | 26.2 | -7.5 | -10.0 | -10.0 | 2.0 |
| Non-Residential Permits ($ millions.) | 185.7 | 183.3 | 224.0 | 169.3 | 152.4 | 155.4 |
| % ch. | 23.1 | -1.3 | 22.2 | -24.4 | -10.0 | 2.0 |
| Population (000s) | 336.2 | 337.2 | 341.1 | 349.7 | 352.5 | 353.9 |
| % ch. | -0.0 | 0.3 | 1.2 | 2.5 | 0.8 | 0.4 |

Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2019 - 2020.

5.6 per cent to 5.8 per cent given a slightly stronger contraction to employment relative to the contraction of the labour force. In 2020, the economy will slowly transition from this blip in activity on modest business investment growth. Labour force growth will outstrip employment growth inching up the unemployment rate to 5.9 per cent.

Residential transactions will decline further in 2019 by 6.0 per cent in the region and 8.0 per cent in the Windsor CMA. Less than stellar labour market growth will keep many local residents away from homeownership. The region's rental market should benefit from this decline in homeownership. Expect the region's rental vacancy rate to decline and rents to appreciate accordingly. Residential sales in the urban core are expected to decline by a larger margin than the region given higher prices for homes in the urban core scaring many potential buyers away. Price growth will remain modest. Median price in the region will increase by 2.0 per cent and 2.5 per cent in the urban core. Most sales activity will occur in higher-density housing such as townhomes and condo apartments contributing to muted price growth. In 2020, sales growth will remain below the 2.3 per cent average from 2002 to 2018 as buyers return to the market slowly.

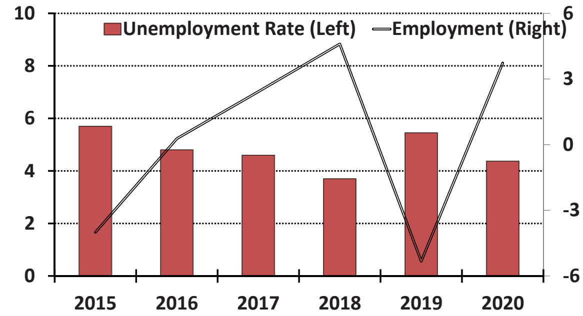
Once again, modest economic growth will keep investment activity down in 2019 particularly industrial and commercial projects. Non-residential permit volumes will decrease by 10.0 per cent in 2019 and increase modestly by 2.0 per cent in 2020. Residential permit volumes will also decline in 2019 by 10.0 per cent due to less new housing construction. Renovation spending will increase as seniors retrofit homes to age in and other residents renovate their existing homes, but these volumes will not offset declines to new housing construction. Post 2019, residential volumes will gradually increase as potential buyers slowly step away from the sidelines and re-enter the market.

With sluggish economic growth, businesses will bring fewer people from abroad to meet their business needs. The region's population will increase in the range of 0.8 to 0.5 per cent over the forecast horizon. Moreover, an aging population will weigh on natural increase adding some downward pressure on population growth.

### Stratford-Bruce Peninsula

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,

**Employment Growth and Unemployment Rate, SBP Economic Region**




Source: Statistics Canada. Central 1 forecast 2019-20.
Note: SBP = Stratford-Bruce Peninsula, Axis values represent per cent

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 posted a strong year for the labour market in 2018 with average annual employment 4.6 per cent or 6,800 persons higher than 2017. This was the second straight year of significant improvement with robust gains in both full-time and part-time work, led by utilities and construction employment.

Since Fall, Statistics Canada's *Labour Force Survey* estimates of the labour market have deteriorated. First quarter employment declined 12 per cent from same-period 2018, with losses in both full-time and part-time positions. After fluctuating from three to five per cent for much of the last year, the unemployment rate has climbed to near seven per cent. Employment declines have predominantly been driven by services-producing industries, specifically accommodations and foodservices, health care and social assistance, and wholesale and retail trade.

While the data has disappointed, the losses may not be very meaningful. Small market estimates of employment growth have large estimation errors due to limited sampling of the population. The magnitude of the recent decline does suggest some deterioration in economic activity, but coincident declines in labour force participation suggests more voluntary non-workers are being surveyed. Other labour market indicators remain firm. There has been no clear upswing in related employment insurance counts, which were down from the previous year. Payroll employment estimates are also robust, with both payrolls counts and job vacancies up 10 per cent, and rising job offer wage rates.

Economic drivers remain strong despite the *Labour Force Survey* readings. The $13 billion Bruce Power Major Component Replacement Project in Kincardine, which will be built out from 2020 to 2033, is already paying dividends. The first stage, refurbishment of Unit 6 commences in 2020 (with a project value of $2 billion), is already driving expansion of suppliers in the region as companies set up shop near the facility for the current stage and the remainder of the refurbishment process. It has been estimated that the number of manufactured goods and professional service suppliers has ballooned to about 50 in the region from just over 10 a few years ago. These include local area investments by Abraflex, Nuvia Canada, BWT Canada and Brotech Precision to build various components for the project. It hasn't been all good news; however, Magna is set to close its Grenville Castings plant near Perth this year.

The regional agriculture sector has held steady and makes up just under 10 per cent of regional employment. Cannabis is a related growth sector, with Coulson Cannabis recruiting workers and MPX Bioceutical Corporation looking to invest in a medical marijuana producing facility. Investments are also creating demand for consumer goods and services in the region. Investments will lift non-residential construction activity.

Regional economic activity will continue to expand. Nuclear plant refurbishment activity will generate both direct and indirect jobs, particularly once the rebuild ramps up. While *Labour Force Survey* data is volatile due in part to statistical sampling, employment will trend higher over the forecast period.

The region's population continues to expand with a firm gain of 1.4 per cent in 2018 or 4,400 persons. Stronger population gains in recent years have predominantly owed to inflows from other parts of Ontario. Net intraprovincial migration exceeded 3,300 persons for a second straight year compared to less than 800 persons per year from 2013 to 2015. Higher general migration to Ontario has been a factor, with high levels of international inflows likely preceding mobility between regions. The region has increasingly attracted retirees, which is contributing to demand for health and general services. The population is forecast to expand by more than 3,300 persons per year but will see growth slow from 2017 and 2018. Intraprovincial migration is expected to remain firm as investments in the nuclear plant and job growth attracts younger households to the region.

New home construction remained strong in 2018 and above long-term averages but was mixed relative to 2017 across the region. Stratford saw housing starts dip to 162 units from 197 units in 2017 and 262 units in 2016. Meanwhile, North Perth housing starts rose from 180 units in 2017 to 230 units, with starts in Meaford more than doubling to 122 units. Owen Sound starts rose, while levels in Kincardine were steady. Saugeen shore construction fell sharply after elevated activity in 2016 and 2017.

Like other markets in Ontario, housing market demand has waned since the introduction of federal mortgage stress test policies. MLS® sales declined 15 per cent in 2018 following four years of consecutive gains. A similar pattern was exhibited in property transfer title data, with Teranet sales inclusive of new homes down 16 per cent from 2017. However, there is volatility given there are usually relatively few sales. Nevertheless, sales declined across the region, led by the Stratford, Central Huron, Chatsworth and Perth. Mortgage stress tests are less binding in the region given low prices, but weaker activity in higher priced markets such as Toronto could slow the pace of recreational or retiree purchases. Despite the lower sales, inventory remains low and market conditions broadly favour sellers. The median home value rose 10 per cent to $295,737 based on Teranet data in 2018 and MLS® average

## Stratford-Bruce Peninsula ER

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 145.1 | 145.5 | 149.0 | 155.8 | 147.5 | 153.0 |
| % ch. | -4.0 | 0.3 | 2.4 | 4.6 | -5.3 | 3.7 |
| Unemployment Rate | 5.7 | 4.8 | 4.6 | 3.7 | 5.4 | 4.4 |
| Residential Sales, Units | 6,660 | 7,432 | 8,191 | 7,232 | 7,328 | 7,592 |
| % ch. | 8.2 | 11.6 | 10.2 | -11.7 | 1.3 | 3.6 |
| Residential Median Price, $ | 229,939 | 244,230 | 269,114 | 294,653 | 305,875 | 313,845 |
| % ch. | 5.1 | 6.2 | 10.2 | 9.5 | 3.8 | 2.6 |
| Population (000s) | 303.1 | 306.0 | 310.1 | 314.5 | 318.3 | 321.5 |
| % ch. | 0.4 | 0.9 | 1.4 | 1.4 | 1.2 | 1.0 |

Source: Statistics Canada, Teranet, Central 1 Credit Union.  Forecast 2019 - 2020.

price levels have continued to rise this year. Sales have stabilized and are expected to trend higher on positive regional growth, low interest rates and population gains. Median home price growth is forecast to trend at a three per cent pace per year to $323,000 by 2021.

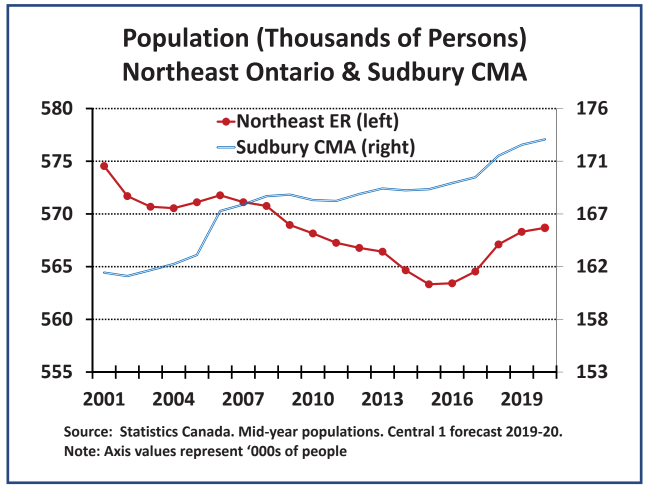
### Northeast Economic Region

The Northeast regional economy has a primary resource and related manufacturing base. Growth prospects are challenging in commodity-based economies. Northern regions, heavily dependent on resources, remain in a low-growth mode. Range-bound commodity demand and prices will maintain the region's base. Forestry, mining and metal products have a high export exposure and headwinds from global trade imbalances will continue to dampen major investment projects.

Employment in the Northeast increased by around two per cent in 2018 following three years of decline. The unemployment rate continued to decline, reaching a 10-year low of around six per cent. The rate at which adults participate in the labour force increased following three years of decline. The population of the Northeast increased and accelerated for the third straight year. Net in-migration overwhelmed net natural decline. Housing sales declined and remained on a downward trend and the median sale price declined slightly after rising for many years.

The fortunes of the Northeast region are closely entwined with the outlook for products such as lumber, pulp, steel and other metals. Lumber prices declined sharply from an elevated level in the second half of 2018 as shipments swamped the market and higher-cost mills slowed production. Supply and demand look roughly balanced going forward. Global steel prices appear to have hit a floor although slack global demand, U.S. import restrictions and global excess supply could take prices and exports lower. Nickle prices remain low and rangebound as global economic growth slows and electric vehicle initiatives fizzle. Gold prices are range-bound around US$1,300/troy oz., with uncertainty on global trade and strong demand for safe-haven assets framing the range.

There appear to be no major investments under construction or planned to start construction through 2020 in the Northeast in mining, forestry or related manufacturing. Construction on two major wind energy projects is ongoing through 2020. The 300 MW Henvey Inlet wind farm south of Sudbury is valued at $1 billion with up to 500 jobs during construction. Scheduled for




completion in 2020, the project will employ about 15 permanent full-time workers. Another 120 MW wind farm north of North Bay is valued at $350 million and scheduled for completion in 2019.

Employment in the Northeast region is forecast to increase by 1.7 per cent in 2019 and 0.2 per cent in 2020. With the labour force forecast to rise at a slower rate than employment, the unemployment rate will continue to decline, reaching 5.5 per cent in 2020. Job growth in 2018 was led by services: health, social, professional, technical and business. Manufacturing, forestry and mining also added workers.

The population of the Northeast is forecast to increase 0.2 per cent in 2019 and 0.1 per cent in 2020 as net in-migration continues to outpace net natural decline. Housing unit sales are forecast to decline 1.7 per cent in 2019 before rising one per cent in 2020. The median sale price is forecast to rise by an average of around two per cent per year through 2020.

Greater Sudbury's economy is weighted toward services than the Northeast region overall, especially health, social and wholesale and retail trade. Many primary resource and construction workers live in Greater Sudbury. The economic outlook for Greater Sudbury is similar to the outlook for the Northeast region, although slightly amplified by being the regional service center.

In 2018, total employment in Greater Sudbury was little changed following four years of decline. The unemployment rate was also little changed at around six or seven per cent. The population of Greater Sudbury jumped by more than one per cent following three years of modest growth. Housing sales in 2018 were little changed and remained range-bound, with the median sale price virtually unchanged after many years of growth. Non-residential building permits in Greater Sudbury declined following two years of gains.

| Northeast ER | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Total Employment (000s) | 248.1 | 247.8 | 245.5 | 249.8 | 254.0 | 254.4 |
| % ch. | -3.4 | -0.1 | -0.9 | 1.8 | 1.7 | 0.2 |
| Unemployment Rate | 7.7 | 7.2 | 6.8 | 6.1 | 5.7 | 5.5 |
| Residential Sales, Units | 11,219 | 10,705 | 10,983 | 10,474 | 10,296 | 10,401 |
| % ch. | 5.2 | -4.6 | 2.6 | -4.6 | -1.7 | 1.0 |
| Residential Median Price, $ | 181,684 | 186,378 | 198,372 | 197,361 | 202,221 | 205,714 |
| % ch. | 0.6 | 2.6 | 6.4 | -0.5 | 2.5 | 1.7 |
| Population (000s) | 563.3 | 563.4 | 564.5 | 567.1 | 568.3 | 568.7 |
| % ch. | -0.2 | 0.0 | 0.2 | 0.5 | 0.2 | 0.1 |
| **Sudbury CMA** | | | | | | |
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Total Employment (000s) | 82.3 | 81.7 | 81.1 | 81.4 | 82.2 | 82.2 |
| % ch. | -1.0 | -0.7 | -0.7 | 0.4 | 1.0 | -0.0 |
| Unemployment Rate | 7.3 | 8.1 | 6.7 | 6.4 | 6.4 | 6.4 |
| Residential Sales, Units | 2,694 | 2,634 | 2,582 | 2,696 | 2,664 | 2,718 |
| % ch. | 2.6 | -2.2 | -2.0 | 4.4 | -1.2 | 2.0 |
| Residential Average Price, $ | 231,878 | 234,895 | 245,780 | 249,061 | 252,396 | 258,576 |
| % ch. | 0.6 | 1.3 | 4.6 | 1.3 | 1.3 | 2.4 |
| Residential Permits ($ millions.) | 89.0 | 100.3 | 96.9 | 90.6 | 100.0 | 92.6 |
| % ch. | -12.0 | 12.7 | -3.4 | -6.5 | 10.3 | -7.4 |
| Non-Residential Permits ($ millions.) | 122.8 | 92.1 | 269.5 | 198.5 | 150.0 | 184.7 |
| % ch. | -47.4 | -25.0 | 192.4 | -26.3 | -24.4 | 23.2 |
| Population (000s) | 168.6 | 169.1 | 169.6 | 171.5 | 172.4 | 172.9 |
| % ch. | 0.1 | 0.3 | 0.3 | 1.1 | 0.5 | 0.3 |
| Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2019 - 2020. | | | | | | |

Employment in Greater Sudbury is forecast to increase by one per cent in 2019 with virtually no change in 2020. With the labour force forecast to change at about the same rate as employment, the unemployment rate will remain around 6.4 per cent through 2020. Job growth in 2018 was led by professional, scientific, technical and business services. Construction jobs also increased, as did employment in financial, real estate, transportation and warehousing services. Employment declined last year in accommodation, food and wholesale and retail trade services.

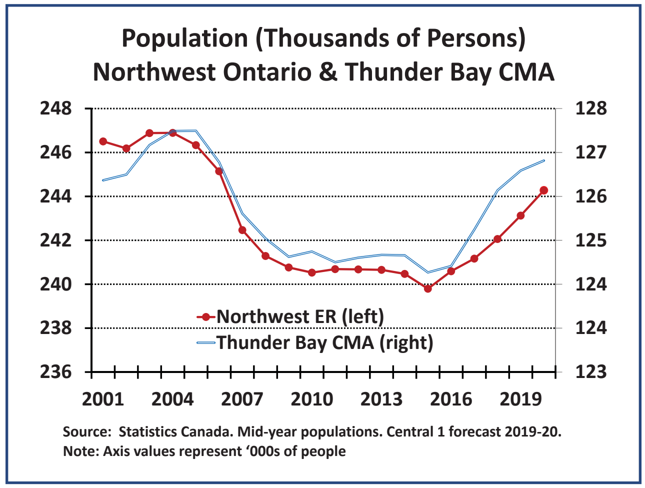
The population of Greater Sudbury is forecast to increase 0.5 per cent in 2019 and 0.3 per cent in 2020. Housing unit sales are forecast to decline 1.2 per cent in 2019 before rising two per cent in 2020. The median sale price is forecast to rise by 1.3 per cent in 2019 and 2.4 per cent in 2020. Residential building permits are likely to continue at around $100 million per year, while non-residential permits are forecast in the range of $150 to $200 million per year.

**Northwest Economic Region**

The Northwest regional economy has a primary resource and related manufacturing base. Growth prospects are challenging in commodity-based economies. Northern regions, heavily dependent on resources, remain in a low-growth mode. Range-bound commodity demand and prices will maintain the region's base. Forestry, mining and metal products have a high export exposure and headwinds from global trade imbalances will continue to dampen major investment projects.

Employment in the Northwest increased by around one per cent in 2018 following two years of robust growth. The unemployment rate continued to decline, reaching a decade-low of around five per cent. The rate at which adults participate in the labour force also increased for the third straight year. The population of the Northwest continued to slowly grow, led by net in-migration. Housing sales continued to decline, with the median sale price down slightly after rising for many years.

The fortunes of the Northwest region are closely entwined with the outlook for products such as lumber and metals. Lumber prices declined sharply from an elevated level in the second half of 2018 as shipments swamped the market and higher-cost mills slowed production. Supply and demand look roughly balanced going forward. Global steel prices appear to have hit a floor although slack global demand, U.S. import restrictions and global excess supply could take prices and exports lower. Nickle prices remain low and range-bound as global economic growth slows and electric vehicle initiatives fizzle. Gold prices are range-bound around US$1,300/troy oz., with uncertainty on global trade and strong demand for safe-haven assets framing the range.




There are a few major investment projects under construction through 2020 in the Northwest in primary resources, utilities and manufacturing. Work on expanding underground extraction at Newgold's Rainy River gold mine north of Fort Francis has been deferred to 2020 pending a comprehensive review. Work continues on the Watay Transmission Project—a Federal Infrastructure Stimulus project—scheduled for completion in 2023. The AV Group's pulp mill conversion in Terrace Bay, about 220 kilometers northeast of Thunder Bay, is scheduled for completion in mid-2020.

Employment in the Northwest region is forecast to increase by 0.5 per cent in 2019 and 0.3 per cent in 2020. With the labour force also forecast to rise, the unemployment rate will remain around five per cent through 2020. Job growth in 2018 was led by

## Northwest ER

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 97.4 | 99.9 | 102.7 | 103.8 | 104.4 | 104.6 |
| % ch. | -2.4 | 2.6 | 2.8 | 1.1 | 0.5 | 0.3 |
| Unemployment Rate | 5.9 | 6.9 | 5.5 | 5.1 | 5.0 | 5.0 |
| Residential Sales, Units | 4,423 | 4,051 | 3,834 | 3,730 | 3,538 | 3,562 |
| % ch. | 1.0 | -8.4 | -5.4 | -2.7 | -5.1 | 0.7 |
| Residential Median Price, $ | 182,093 | 183,588 | 200,000 | 197,875 | 196,672 | 201,420 |
| % ch. | 2.4 | 0.8 | 8.9 | -1.1 | -0.6 | 2.4 |
| Population (000s) | 239.8 | 240.6 | 241.2 | 242.1 | 243.1 | 244.3 |
| % ch. | -0.3 | 0.3 | 0.2 | 0.4 | 0.4 | 0.5 |

## Thunder Bay CMA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Total Employment (000s) | 59.7 | 60.1 | 61.5 | 63.7 | 64.0 | 64.3 |
| % ch. | -2.9 | 0.7 | 2.3 | 3.6 | 0.5 | 0.4 |
| Unemployment Rate | 5.2 | 6.8 | 5.7 | 5.1 | 5.2 | 5.0 |
| Residential Sales, Units | 2,299 | 2,163 | 2,130 | 1,993 | 1,923 | 1,928 |
| % ch. | -3.3 | -5.9 | -1.5 | -6.4 | -3.5 | 0.3 |
| Residential Median Price, $ | 194,288 | 207,660 | 222,283 | 223,067 | 225,659 | 233,327 |
| % ch. | 1.3 | 6.9 | 7.0 | 0.4 | 1.2 | 3.4 |
| Residential Permits ($ millions.) | 64.6 | 53.2 | 62.2 | 60.6 | 60.0 | 62.0 |
| % ch. | -8.2 | -17.6 | 16.9 | -2.5 | -1.0 | 3.3 |
| Non-Residential Permits ($ millions.) | 113.2 | 53.8 | 98.5 | 35.3 | 75.0 | 50.0 |
| % ch. | 117.0 | -52.4 | 82.9 | -64.2 | 112.5 | -33.3 |
| Population (000s) | 124.7 | 124.8 | 125.6 | 126.5 | 243.1 | 244.3 |
| % ch. | -0.3 | 0.1 | 0.6 | 0.7 | 0.3 | 0.2 |

Source: Statistics Canada, Teranet, Central 1 Credit Union. Forecast 2019 - 2020.

wholesale and retail trade, forestry and mining. Financial and real estate services also added workers. Construction employment declined last year.

The population of the Northwest is forecast to increase 0.4 per cent in 2019 and 0.5 per cent in 2020, led by net in-migration. Housing unit sales are forecast to decline 5.1 per cent in 2019 before leveling off in 2020. The median sale price is forecast to inch down in 2019 and to rise by 2.4 per cent in 2020.

Thunder Bay's economy is more weighted toward services than the Northwest region overall, especially health, social and wholesale and retail trade. The city's strategic location on the Great Lakes makes it a transportation hub for the region and parts of western Canada. It is also home to many workers in forestry, mining, construction and manufacturing.

In 2018, total employment in Thunder Bay increased by a robust 3.6 per cent—the third straight year of solid growth. The labour force expanded and the unemployment rate declined to a decade-low 5.1 per cent. The population of Thunder Bay increased 0.7 per cent after a similar increase the previous year. Housing sales declined for the fourth straight year in 2018, with the median sale price virtually unchanged after many years of growth. Non-residential building permits declined, while residential permits held steady.

Employment in Thunder Bay is forecast to increase by around 0.5 per cent per year through 2020. With the labour force forecast to change at about the same rate as employment, the unemployment rate will remain around five per cent through 2020. Job growth in 2018 was led by forestry, mining and services, notably information, culture, recreation, health social, wholesale-retail trade, finance and real estate.

The population of Thunder Bay is forecast to increase 0.3 per cent in 2019 and 0.2 per cent in 2020. Housing unit sales are forecast to decline 3.5 per cent in 2019 before inching up in 2020. The median sale price is forecast to rise by 1.2 per cent in 2019 and 3.4 per cent in 2020. Residential building permits are likely to continue at around $60 million per year, while non-residential permits are forecast in the range of $50 to $75 million per year.

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**Terms**

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## Employment

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Ottawa | 688.2 | 692.4 | 695.3 | 709.7 | 717.5 | 724.0 |
| Kingston-Pembroke | 201.0 | 212.5 | 208.1 | 206.3 | 211.5 | 214.0 |
| Muskoka-Kawarthas | 167.8 | 170.6 | 181.4 | 179.0 | 181.1 | 184.8 |
| Toronto | 3,320.4 | 3,373.2 | 3,442.9 | 3,522.2 | 3,599.7 | 3,671.7 |
| Kitchener-Waterloo-Barrie | 710.6 | 706.0 | 723.7 | 726.4 | 744.0 | 753.0 |
| Hamilton-Niagara Peninsula | 719.1 | 721.4 | 750.1 | 751.5 | 755.3 | 762.8 |
| London | 330.4 | 330.9 | 330.1 | 336.1 | 339.8 | 343.2 |
| Windsor-Sarnia | 295.1 | 299.4 | 299.4 | 302.4 | 300.9 | 301.5 |
| Stratford Bruce Peninsula | 145.0 | 145.5 | 149.0 | 155.8 | 147.5 | 153.0 |
| Northeast | 248.1 | 247.8 | 245.5 | 249.8 | 254.0 | 254.4 |
| Northwest | 97.4 | 99.9 | 102.7 | 103.8 | 104.4 | 104.6 |
| Ontario | 6,923.2 | 6,999.6 | 7,128.0 | 7,243.0 | 7,355.6 | 7,466.9 |

## Employment % ch.

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Ottawa | -1.4 | 0.6 | 0.4 | 2.1 | 1.1 | 0.9 |
| Kingston-Pembroke | -4.3 | 5.7 | -2.1 | -0.9 | 2.5 | 1.2 |
| Muskoka-Kawarthas | -9.9 | 1.7 | 6.3 | -1.3 | 1.2 | 2.0 |
| Toronto | 2.4 | 1.6 | 2.1 | 2.3 | 2.2 | 2.0 |
| Kitchener-Waterloo-Barrie | 0.9 | -0.6 | 2.5 | 0.4 | 2.4 | 1.2 |
| Hamilton-Niagara Peninsula | 1.8 | 0.3 | 4.0 | 0.2 | 0.5 | 1.0 |
| London | 1.7 | 0.2 | -0.2 | 1.8 | 1.1 | 1.0 |
| Windsor-Sarnia | -1.3 | 1.5 | 0.0 | 1.0 | -0.5 | 0.2 |
| Stratford Bruce Peninsula | -4.0 | 0.3 | 2.4 | 4.6 | -5.3 | 3.7 |
| Northeast | -3.4 | -0.1 | -0.9 | 1.8 | 1.7 | 0.2 |
| Northwest | -2.4 | 2.6 | 2.8 | 1.1 | 0.5 | 0.3 |
| Ontario | 0.7 | 1.1 | 1.8 | 1.6 | 1.6 | 1.5 |

## Unemployment Rate (%)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Ottawa | 6.5 | 6.5 | 5.7 | 4.8 | 5.1 | 5.3 |
| Kingston-Pembroke | 7.2 | 6.0 | 5.8 | 5.2 | 5.5 | 5.4 |
| Muskoka-Kawarthas | 7.7 | 5.8 | 5.9 | 6.1 | 5.9 | 5.5 |
| Toronto | 7.1 | 6.9 | 6.4 | 6.1 | 6.2 | 6.3 |
| Kitchener-Waterloo-Barrie | 5.4 | 5.4 | 5.1 | 4.8 | 4.4 | 4.6 |
| Hamilton-Niagara Peninsula | 6.0 | 6.4 | 5.3 | 5.5 | 5.8 | 5.8 |
| London | 5.9 | 6.1 | 5.6 | 5.6 | 5.7 | 5.9 |
| Windsor-Sarnia | 8.4 | 6.6 | 6.1 | 5.6 | 5.8 | 5.9 |
| Stratford Bruce Peninsula | 5.7 | 4.8 | 4.6 | 3.7 | 5.4 | 4.4 |
| Northeast | 7.7 | 7.2 | 6.8 | 6.1 | 5.7 | 5.5 |
| Northwest | 5.9 | 6.9 | 5.5 | 5.1 | 5.0 | 5.0 |
| Ontario | 6.8 | 6.5 | 6.0 | 5.6 | 5.8 | 5.8 |

## Population (000s)

| Populationactual | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Ottawa | 1,327.1 | 1,346.1 | 1,367.8 | 1,393.7 | 1,419.5 | 1,442.0 |
| Kingston-Pembroke | 466.2 | 469.3 | 475.0 | 481.5 | 488.0 | 494.0 |
| Muskoka-Kawarthas | 383.4 | 387.7 | 394.1 | 401.8 | 410.7 | 416.9 |
| Toronto | 6,358.9 | 6,439.5 | 6,529.8 | 6,653.9 | 6,787.0 | 6,902.3 |
| Kitchener-Waterloo-Barrie | 1,314.2 | 1,341.1 | 1,369.6 | 1,401.8 | 1,432.6 | 1,459.1 |
| Hamilton-Niagara Peninsula | 1,442.5 | 1,458.7 | 1,478.1 | 1,500.1 | 1,525.6 | 1,547.0 |
| London | 666.9 | 676.7 | 690.6 | 706.3 | 723.2 | 736.3 |
| Windsor-Sarnia | 641.7 | 646.2 | 650.7 | 660.0 | 665.3 | 668.6 |
| Stratford Bruce Peninsula | 303.1 | 306.0 | 310.1 | 314.5 | 318.3 | 321.5 |
| Northeast | 563.3 | 563.4 | 564.5 | 567.1 | 568.3 | 568.7 |
| Northwest | 239.8 | 240.6 | 241.2 | 242.1 | 243.1 | 244.3 |
| Ontario | 13,707.1 | 13,875.4 | 14,071.4 | 14,322.8 | 14,581.6 | 14,800.6 |

## Population% ch.

| Population% ch. | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Ottawa | 0.8 | 1.4 | 1.6 | 1.9 | 1.9 | 1.6 |
| Kingston-Pembroke | 0.1 | 0.7 | 1.2 | 1.4 | 1.3 | 1.2 |
| Muskoka-Kawarthas | 0.5 | 1.1 | 1.6 | 2.0 | 2.2 | 1.5 |
| Toronto | 0.7 | 1.3 | 1.4 | 1.9 | 2.0 | 1.7 |
| Kitchener-Waterloo-Barrie | 1.2 | 2.0 | 2.1 | 2.4 | 2.2 | 1.8 |
| Hamilton-Niagara Peninsula | 0.8 | 1.1 | 1.3 | 1.5 | 1.7 | 1.4 |
| London | 0.7 | 1.5 | 2.0 | 2.3 | 2.4 | 1.8 |
| Windsor-Sarnia | -0.0 | 0.7 | 0.7 | 1.4 | 0.8 | 0.5 |
| Stratford Bruce Peninsula | 0.4 | 0.9 | 1.4 | 1.4 | 1.2 | 1.0 |
| Northeast | -0.2 | 0.0 | 0.2 | 0.5 | 0.2 | 0.1 |
| Northwest | -0.3 | 0.3 | 0.2 | 0.4 | 0.4 | 0.5 |
| Ontario | 0.7 | 1.2 | 1.4 | 1.8 | 1.8 | 1.5 |

## Teranet Residential Sales

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Ottawa | 27,075 | 28,254 | 29,103 | 29,750 | 29,250 |
| Kingston-Pembroke | 10,738 | 11,600 | 10,617 | 10,000 | 10,500 |
| Muskoka-Kawarthas | 12,455 | 11,533 | 9,585 | 10,064 | 10,567 |
| Toronto | 149,883 | 132,508 | 111,477 | 105,903 | 108,021 |
| Kitchener-Waterloo-Barrie | 35,504 | 36,717 | 30,213 | 31,314 | 32,837 |
| Hamilton-Niagara Peninsula | 35,166 | 33,962 | 29,635 | 28,153 | 28,716 |
| London | 15,963 | 17,911 | 15,819 | 15,028 | 15,299 |
| Windsor-Sarnia | 14,312 | 15,083 | 13,724 | 12,901 | 13,159 |
| Stratford Bruce Peninsula | 7,432 | 8,191 | 7,232 | 7,328 | 7,592 |
| Northeast | 10,705 | 10,983 | 10,474 | 10,296 | 10,401 |
| Northwest | 4,051 | 3,834 | 3,730 | 3,538 | 3,562 |
| Ontario | 323,284 | 310,576 | 271,609 | 264,276 | 269,903 |

## Teranet Sales Growth (%)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Ottawa | -0.4 | 4.4 | 3.0 | 2.2 | -1.7 |
| Kingston-Pembroke | 9.9 | 8.0 | -8.5 | -5.8 | 5.0 |
| Muskoka-Kawarthas | 8.7 | -7.4 | -16.9 | 5.0 | 5.0 |
| Toronto | 4.1 | -11.6 | -15.9 | -5.0 | 2.0 |
| Kitchener-Waterloo-Barrie | 10.2 | 3.4 | -17.7 | 3.6 | 4.9 |
| Hamilton-Niagara Peninsula | 4.7 | -3.4 | -12.7 | -5.0 | 2.0 |
| London | 11.2 | 12.2 | -11.7 | -5.0 | 1.8 |
| Windsor-Sarnia | 6.6 | 5.4 | -9.0 | -6.0 | 2.0 |
| Stratford Bruce Peninsula | 11.6 | 10.2 | -11.7 | 1.3 | 3.6 |
| Northeast | -4.6 | 2.6 | -4.6 | -1.7 | 1.0 |
| Northwest | -8.4 | -5.4 | -2.7 | -5.1 | 0.7 |
| Ontario | 4.9 | -3.9 | -12.5 | -2.7 | 2.1 |

## Teranet Median Price ($)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Ottawa | 315,062 | 331,086 | 347,021 | 365,000 | 380,000 |
| Kingston-Pembroke | 234,714 | 257,618 | 280,409 | 295,000 | 305,000 |
| Muskoka-Kawarthas | 279,563 | 333,847 | 353,598 | 371,278 | 389,842 |
| Toronto | 544,922 | 626,003 | 617,598 | 633,038 | 645,699 |
| Kitchener-Waterloo-Barrie | 359,178 | 428,672 | 442,296 | 453,384 | 466,836 |
| Hamilton-Niagara Peninsula | 327,030 | 388,539 | 414,609 | 433,266 | 454,930 |
| London | 249,900 | 281,614 | 329,242 | 345,704 | 356,075 |
| Windsor-Sarnia | 179,756 | 206,801 | 231,850 | 236,487 | 241,217 |
| Stratford Bruce Peninsula | 244,230 | 269,114 | 294,653 | 305,875 | 313,845 |
| Northeast | 186,378 | 198,372 | 197,361 | 202,221 | 205,714 |
| Northwest | 183,588 | 200,000 | 197,875 | 196,672 | 201,420 |

## Teranet Median Price Growth (%)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Ottawa | 0.6 | 5.1 | 4.8 | 5.2 | 4.1 |
| Kingston-Pembroke | 4.7 | 9.8 | 8.8 | 5.2 | 3.4 |
| Muskoka-Kawarthas | 10.7 | 19.4 | 5.9 | 5.0 | 5.0 |
| Toronto | 14.3 | 14.9 | -1.3 | 2.5 | 2.0 |
| Kitchener-Waterloo-Barrie | 12.9 | 19.3 | 3.2 | 2.5 | 3.0 |
| Hamilton-Niagara Peninsula | 9.8 | 18.8 | 6.7 | 4.5 | 5.0 |
| London | 9.3 | 12.7 | 16.9 | 5.0 | 3.0 |
| Windsor-Sarnia | 6.4 | 15.0 | 12.1 | 2.0 | 2.0 |
| Stratford Bruce Peninsula | 6.2 | 10.2 | 9.5 | 3.8 | 2.6 |
| Northeast | 2.6 | 6.4 | -0.5 | 2.5 | 1.7 |
| Northwest | 0.8 | 8.9 | -1.1 | -0.6 | 2.4 |