



Highlights

- Job losses now stretch over four consecutive months
- Part-time employment fell by 35,000 net workers
- Permit volumes spike in August
- Several large export sectors saw fewer sales in August pulling down total exports by 2.3 per cent m/m
- Toronto average home price dipped 2.8 per cent in September

Ontario sheds a further 31,500 net jobs in September

Edgard Navarrete, Regional Economist

Ontario's unemployment inched up once again in September to 5.5 per cent from 5.4 per cent in August. The unemployment rate increase came as the province continued to shed jobs at a faster clip than those leaving the labour force. Employment fell by 31,500 net workers (0.4 per cent m/m) while the labour force contracted by 29,900 net workers (0.4 per cent m/m). This marked the fourth consecutive month that employment has fallen. After moving up slightly in August, the labour force reversed trend and turned downward again.

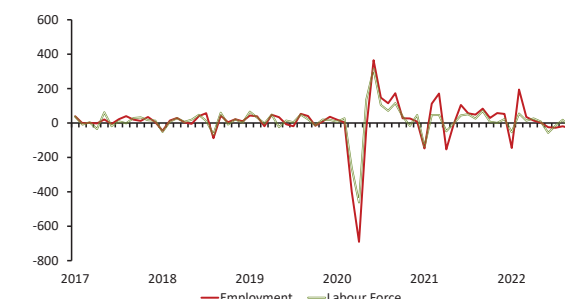
Full-time employment continued to hold steady as 3,500 net full-time jobs were created, while part-time employment fell sharply by 35,000 net workers (2.6 per cent). With greater uncertainty in the economy, employers are likely cutting excess labour — temporary or part-time workers being the first to go.

Despite all the recent turbulence, Ontario has created 142,800 net new jobs since January 2022 with nearly two-thirds of those coming from full-time work. The labour force has expanded by 17,000 net potential workers during this time. September's job losses are in diverse sectors with both the goods sector and services sector facing some headwinds.

Among large sectors, substantial job losses were seen in construction (-2,200 net jobs), manufacturing (-19,100 net jobs), wholesale and retail trade (-11,600 net jobs), professional, scientific, and technical services (-18,500 net jobs), finance, insurance, real estate and leasing (-1,700 net jobs).

Over 31,000 part-time job losses in September

Net employment and labour force ('000s)



Source: Statistics Canada, Central 1

latest: Sep- 22

Educational services (+16,700 net jobs) and business building and other support services (+11,700 net jobs) had a strong surge in hiring.

Supply chain issues, lower consumer demand as households tighten belts and a weakening resale and new homes market all contributed to job losses in areas from construction to trade.

The jump in educational services was likely due to the surge in hiring by schools in preparation for the new school year.

Hiring in the Toronto metro area fell 66,000 in September (1.9 per cent). The unemployment rate in Toronto inched up to 6.3 per cent (up 0.4 percentage points). Guelph metro area had the lowest average unemployment rate at 3.9 per cent while the Windsor metro area had the highest at 8.6 per cent.

Permit volumes up across the board

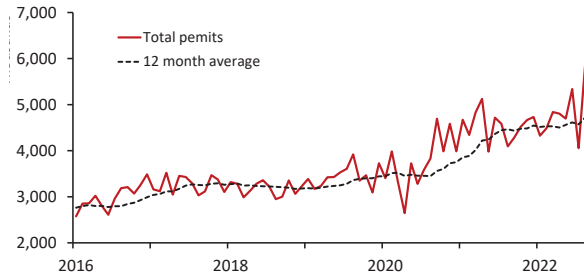
Alan Chow, Business Analyst

Total permit volumes were up in August, increasing 44.2 per cent over the previous month to over \$5.8 billion. Residential permit levels increased 38.7 per cent to \$3.9 billion while non-residential permits increased a whopping 57.4 per cent. These large increases were mainly due to a much slower July, where overall permit volumes had dropped 24.1 per cent from June. Total permit volumes for August are still up 28.2 per cent over the average of the previous 12 months.

The growth in residential permits was largely in multi-family units, which increased 85.3 per cent from the previous month to \$2.2 billion. This also represents a 43.9 per cent increase over the previous 12-month

Ontario's building permit volumes rise sharply in the month of August

Building permit volumes (MM \$) – Ontario



Source: Statistics Canada, Central 1

latest: Aug/22

average. Single-family homes on the other hand, only increased 4.2 per cent over the previous month to \$1.7 billion, which is also 4.2 per cent over the previous 12-month average.

Non-residential permits were led by a large increase in public permits, which increased over 224 per cent from \$174 million to \$564 million. This is followed by industrial permits volumes, which increased 57.4 per cent over the previous month to \$476 million. And finally commercial permits increased 19.4 per cent to \$910 million. All amounts were above their 12-month trailing average.

Looking at just the metropolitan areas in Ontario, total permit volumes rose 54.1 per cent over the previous month. Of the 17 metro areas listed, 12 showed increases. Toronto saw permit volumes increase 65.4 per cent and Ottawa saw a 37.7 per cent increase. The biggest decrease occurred in Barrie, which saw volume levels decrease 27.0 per cent.

Trade volumes continued to slide in August

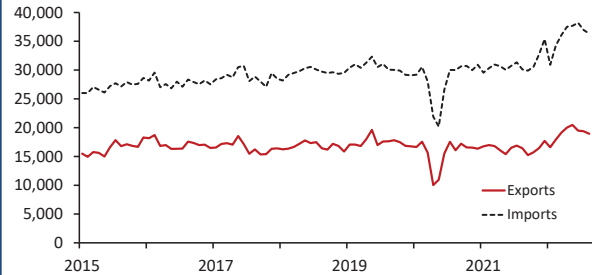
Edgard Navarrete, Regional Analyst

Overall trade activity continues to slide in Ontario. According to the most recent merchandise trade volume estimates from Statistics Canada, exports fell an additional 2.3 per cent m/m and imports fell an additional 1.7 per cent m/m in August. This marked the second consecutive month that both metrics have fallen together. Exports have declined for three consecutive months. Year-over-year though, exports remain higher than at the same time last year with exports and imports up 15.3 per cent and 20.7 per cent respectively. Much of this change could be due to base year effects and inflationary pressures being passed on to exporters and importers by their suppliers.

Year-to-date, exports and imports remained up by 15.1 per cent and 18.2 per cent respectively.

Merchandise trade volumes declined in August

Dollar volumes ('000,000s)



Source: Statistics Canada, Central 1

latest: Aug/22

Exports volumes in Ontario fell largely due to a few sectors seeing fewer sales such as: energy products (down 33.3 per cent m/m), metal ores and non-metallic minerals (down 35.7 per cent m/m), metal and non-metallic mineral products (down 0.6 per cent m/m), and motor vehicle and parts (down 6.7 per cent m/m).

Lower crude oil prices were a reason for overall lower energy product volumes. Global production of crude has ramped up again. Moreover, lower exports of coal also contributed to the decline in energy volumes in Ontario.

Increased economic uncertainty and inflationary pressures continues to hang over many business decisions. Lower trade volumes for both imports and exports will likely extend over the next few months as trade activity retrenches globally.

Toronto's resale homes market turns downward again in September after brisk activity last month

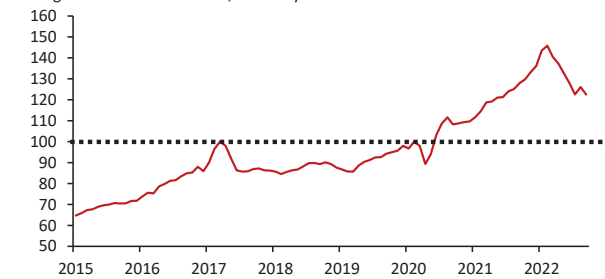
Edgard Navarrete, Regional Analyst

New data was released this week by the Toronto Region Real Estate Board (TRREB) for September. According to the latest data, the uptick in activity reported in August seems to have been a blip, as was expected. With steep prices, despite the recent correction, higher interest rates and consumers tightening their belts, purchase activity for things big ticket items such as homes seems to be slowing down once again.

Sales fell m/m 10.3 per cent to 4,804 (down 44.6 per cent y/y) while new listings also fell 15.7 per cent m/m to 9,552 (down 16.3 per cent y/y). With the stronger pull back in new listings, the market tightened slightly according to the SNLR (sales to new listings ratio). Moreover, new listings are at the lowest number in several years, testament to the pullback in selling intentions at the moment by owners. September's SNLR moved up to 50.3 per cent from 47.3 per cent

Toronto's average home values begin to edge down again in September after a blip up in August

Average home valuation index, February 2020 = 100



Source: TRREB, Central 1

latest: Sep/22

in August. Average home price growth also slid in September falling 2.8 per cent m/m to \$1,087,718 (down 4.3 per cent y/y). Average home valuations continued to slide in September compared to February 2020. Currently, average home valuations are up 22.4 per cent, slightly lower than August's 26.1 per cent raise. Long-term homeowners are still ahead of the game but recent buyers, particularly those that purchased at the start of 2022 (first quarter) are likely starting to feel the pinch from lower market values and higher mortgage payments if they decided to use a variable mortgage rate.

With buyer activity not as strong as earlier in the year, potential home sellers are continuing to remove listings and, in some cases, putting their investment property homes in the rental market — a hot trend allowing them to minimize losses until the market rebounds.

Year-to-date, sales and new listings are down 34.9 per cent and 7.3 per cent respectively. Despite ongoing cooling in the market, the average home price remained ahead of last year's pace by 12.3 per cent. The SNLR has averaged 48.7 per cent thus far, down from 69.4 per cent at the same time last year. Any SNLR reading between 40 and 60 per cent is considered a balanced market, a reading above 60 per cent is considered a sellers' market.

TRREB releases monthly housing price index (HPI) figures for the overall market and by housing type. HPIs across the board continued to decline with all HPIs declining for the last five months at least. Overall market HPI fell an additional 1.9 per cent m/m in September led by stronger contractions in the single-detached home HPI (down 1.6 per cent m/m) and townhome HPI (down 1.3 per cent m/m). Condo apartment HPI fell 1.2 per cent m/m, the weakest decline of all housing types. Condo apartments remain an attractive housing option in Toronto given increased in-flows of new residents into the city from immigration and inter-provincial migration. This higher demand is keeping prices relatively higher than other housing options.

For more information, contact economics@central1.com.