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**Subject:** Niagara Economic Update

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, May 8, 2019

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## **Recommendations**

That Report ED 5-2019 **BE RECEIVED** for information.

## **Key Facts**

- Niagara's overall economy has shown steady growth in a number of areas, particularly in job creation and new investment.
- When compared to Ontario, Niagara had some challenge areas such as a higher unemployment rate, lower participation rate, and lower household income per capita.
- Nominal gross domestic product (GDP) reached \$17.2 billion in 2018 and GDP growth from 2015 to 2018 outpaced Ontario's GDP growth.
- In 2018, there were 218,151 jobs in Niagara. From 2015 to 2018, there was a gain of 10,520 new jobs or 5.1% growth. Ontario had an increase of 6%.
- In 2018, Niagara had 13,326 businesses with employees and 27,347 businesses without employees. From 2015 to 2018, the number of businesses with no employees grew by 12% while the number of businesses with employees grew by 4%.
- Although labour force indicators have improved over the past few years, Niagara continues to have some challenge areas.
- Since 2015, Niagara has seen a high-level of growth in construction investment. In 2018, Niagara had \$1.7 billion in construction investment. From 2015 to 2018, construction investment grew by 56% in Niagara, compared to 19% in Ontario.

## **Financial Considerations**

There are no direct financial implications associated with this report.

## **Analysis**

The Niagara Economic Update report is an annual report from Niagara Economic Development that provides an overview of the performance of Niagara's overall economy.

The intention of the report is to inform the Planning and Economic Development Committee on the performance of Niagara's economy by identifying areas of strength as well as identifying challenge areas.

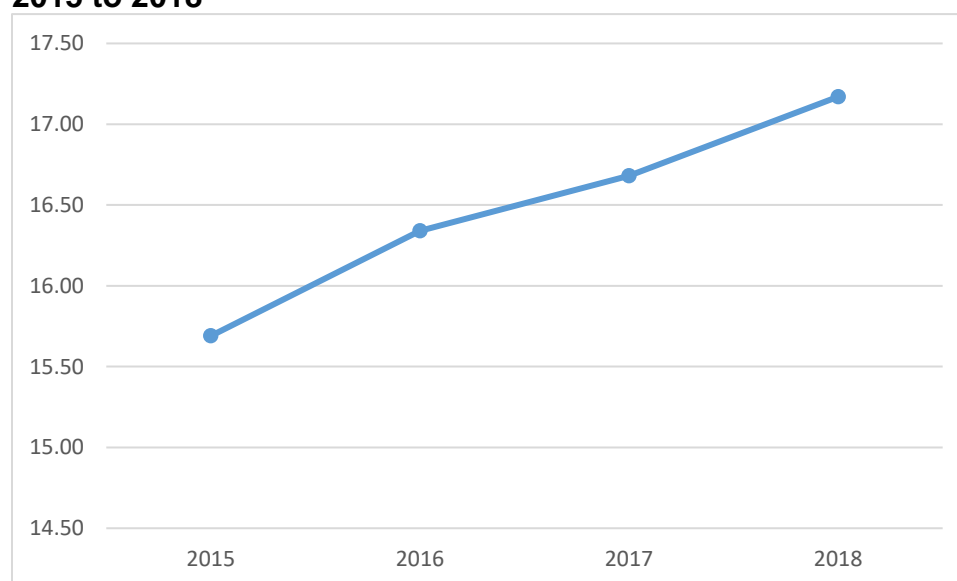
Niagara was greatly affected by the recession of 2009 and experienced a high-level of job loss and reduced level of investment. More recently, economic indicators show that Niagara has been experiencing positive economic growth on many fronts including GDP growth, reduced unemployment rate, substantial job creation, new business creation, increased investment in residential and non-residential building construction, increased building permit values, increased retail sales, and increased value of exports.

Historically, Niagara's economic growth rate lagged Ontario and other comparable census metropolitan areas; however, Niagara has been catching up, especially in areas such as new business and job creation, investment in building construction, and increased value of exports and number of exporting companies.

It is also important to note that although the economy is performing well, Niagara still has some economic challenges including a high-level of inflation, an aging labour force, lower levels of labour force participation, and slow growth in household income per capita.

Below is a series of economic indicators for Niagara including a brief analysis for each.

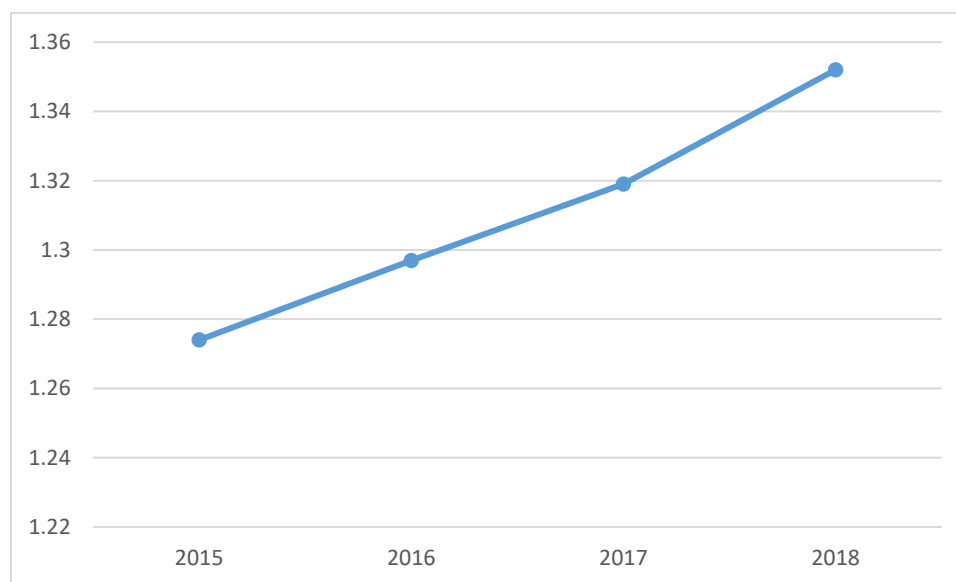
**Gross Domestic Product (GDP), Nominal (\$ Billions), St. Catharines-Niagara CMA, 2015 to 2018**



Source: The Conference Board of Canada, 2019

- Gross domestic product (GDP) is the monetary value of total goods and services produced in a certain geographical area, i.e. economic region, province, country, etc. Nominal GDP is a measurement of GDP at current market prices.
- In 2018, nominal GDP for St. Catharines-Niagara CMA was \$17.2 billion. Nominal GDP does not reflect inflation.
- From 2015 to 2018, nominal GDP increased by \$1.5 billion or 9.4%.
- Comparatively, Ontario's GDP grew by 5.1% during this same time period, so Niagara's GDP grew faster than Ontario's GDP.

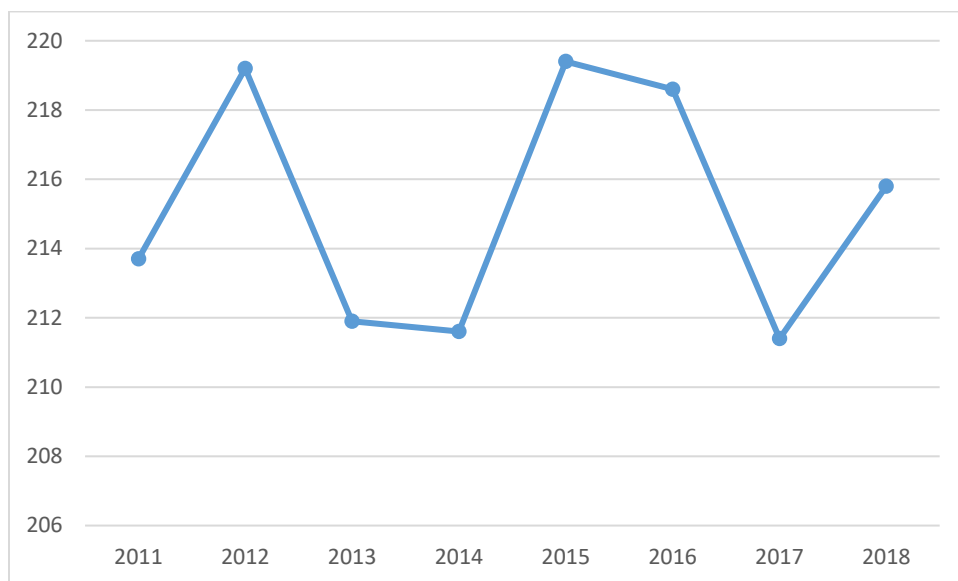
### **Consumer Price Index (CPI) (2002=1.0), St. Catharines-Niagara CMA, 2015 to 2018**



Source: The Conference Board of Canada, 2019

- Consumer price index (CPI) is a measure of price changes in consumer goods and services such as gasoline, food, clothing, and automobiles.
- The CPI measures inflation as experienced by consumers in their day-to-day living expenses.
- From 2015 to 2018, CPI for the St. Catharines-Niagara CMA increased by 6.1%. This is on par with Ontario.

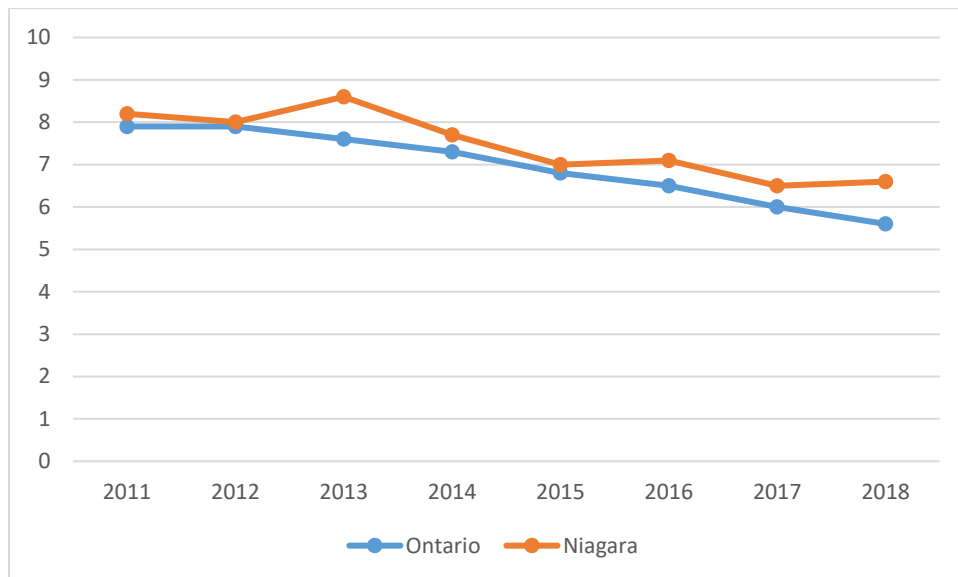
### Labour Force (x1,000), St. Catharines-Niagara CMA, 2015 to 2018



Source: Statistics Canada, Table 14-10-0096-01

- The labour force refers to the total adult population (15+ years) available to the labour market at a specific time and includes the employed, as well as the unemployed that are looking for work.
- Demographical characteristics such as an aging population and migration greatly influence labour force trends.
- In 2018, the labour force for the St. Catharines-Niagara CMA was 215,000 people. This was an increase of 2,100 people or 1.0% over 2011. Niagara's labour force fluctuated significantly year-over-year. This could be a result of changing demographics in Niagara.

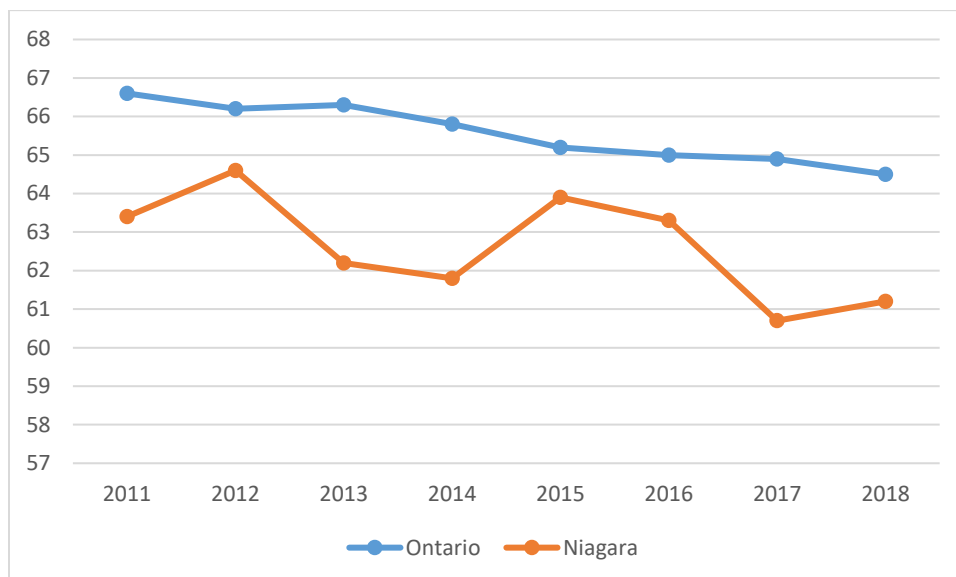
### Unemployment Rate (%), Annual, St. Catharines-Niagara CMA and Ontario, 2011 to 2018



Source: Statistics Canada, Table 14-10-0096-01

- The annual unemployment rate for the St. Catharines-Niagara CMA has trended downward since the last recession. In 2018, the annual unemployment rate was 6.6%, which was a drop from a high of 10.4% in 2009.
- Comparatively, in 2018, Ontario's unemployment rate was 5.6%, which was a drop from 9.1% in 2009.
- From 2011 to 2018, Niagara's unemployment rate dropped by 1.6% while Ontario's dropped by 2.3%.

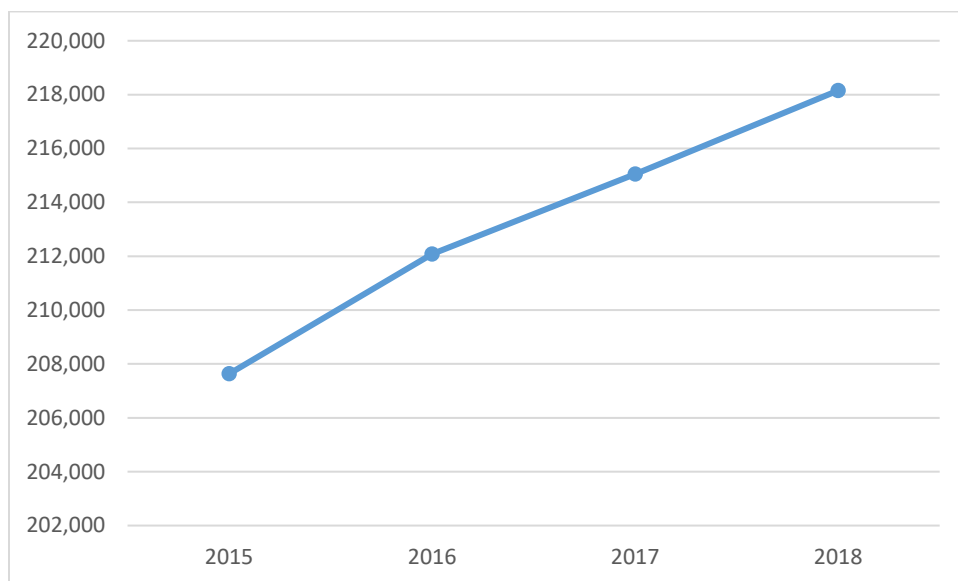
### Participation Rate (%), Annual, St. Catharines-Niagara CMA and Ontario, 2011 to 2018



Source: Statistics Canada, Table 14-10-0096-01

- Participation rate refers to the level of participation in the labour force among the working age population (15 to 64 years). Demographics also have a strong influence on participation rate.
- In 2018, the participation rate was 61.2%, which was a slight drop from 63.4% in 2011.
- Comparatively, Ontario's participation rate is slightly lower at 64.5%, which was a slight drop from 66.6% in 2011.
- From 2011 to 2018, the participation rate for the St. Catharines-Niagara CMA dropped by 2.2% while Ontario's dropped by 2.1%.

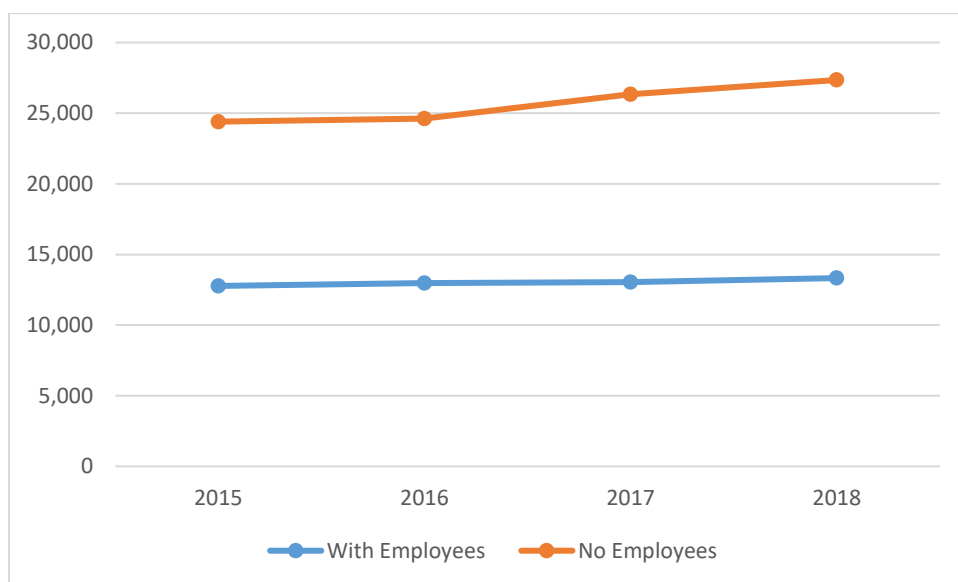
### Jobs, Niagara Census Division, 2015 to 2018



Source: Emsi 2018.3

- In 2018, there were 218,151 jobs in Niagara region.
- From 2015 to 2018, there was a gain of 10,520 new jobs or 5.1%.
- Comparatively, Ontario had an increase of 6.0%.

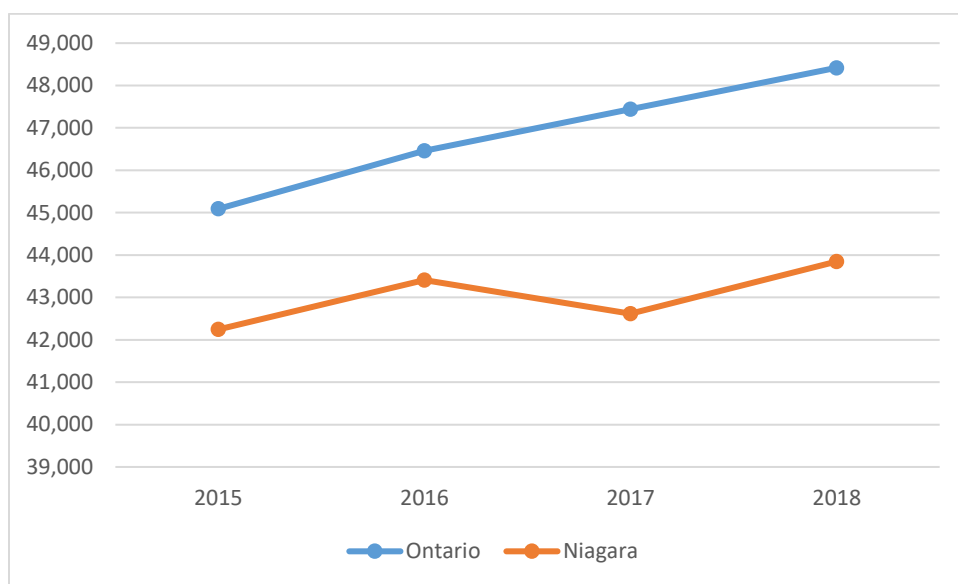
### Business Counts, Niagara Census Division, 2015 to 2018



Source: Statistics Canada, Canadian Business Counts

- In 2018, Niagara had 13,326 businesses with employees and 27,347 businesses without employees.
- From 2015 to 2018, Niagara gained 554 businesses with employees at 4% growth.
- From 2015 to 2018, Niagara gained 2,946 businesses without employees at 12% growth.
- Comparatively, Ontario had 5% growth in businesses with employees, and 12% growth in businesses without employees.

### Household Income Per Capita (\$), St. Catharines-Niagara CMA and Ontario, 2015 to 2018

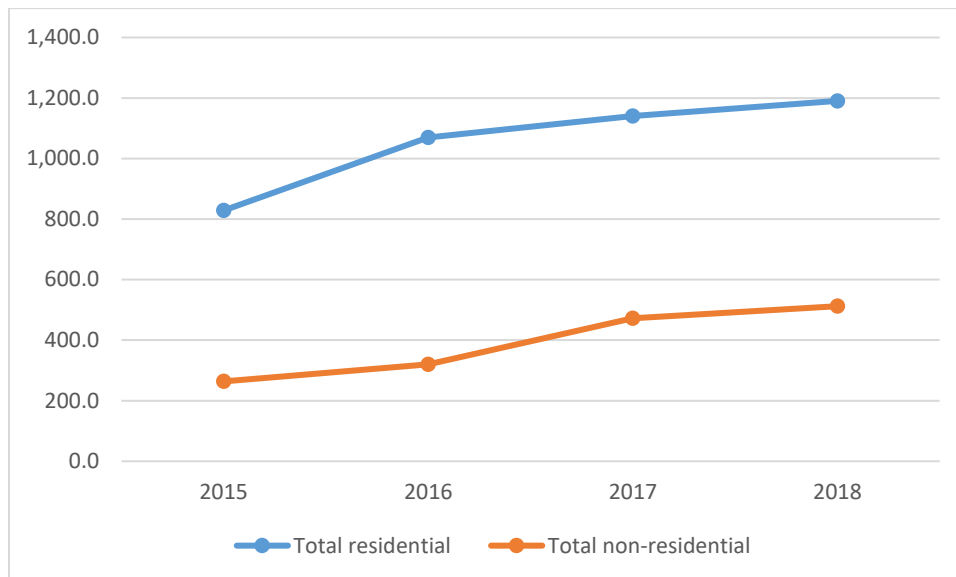


Source: The Conference Board of Canada, 2019

- In 2018, household income per capita for the St. Catharines-Niagara CMA was \$43,847 compared to \$48,419 for Ontario.
- From 2015 to 2018, the household income per capita for the St. Catharines-Niagara CMA grew by 3.8% while Ontario's grew by 7.4%.

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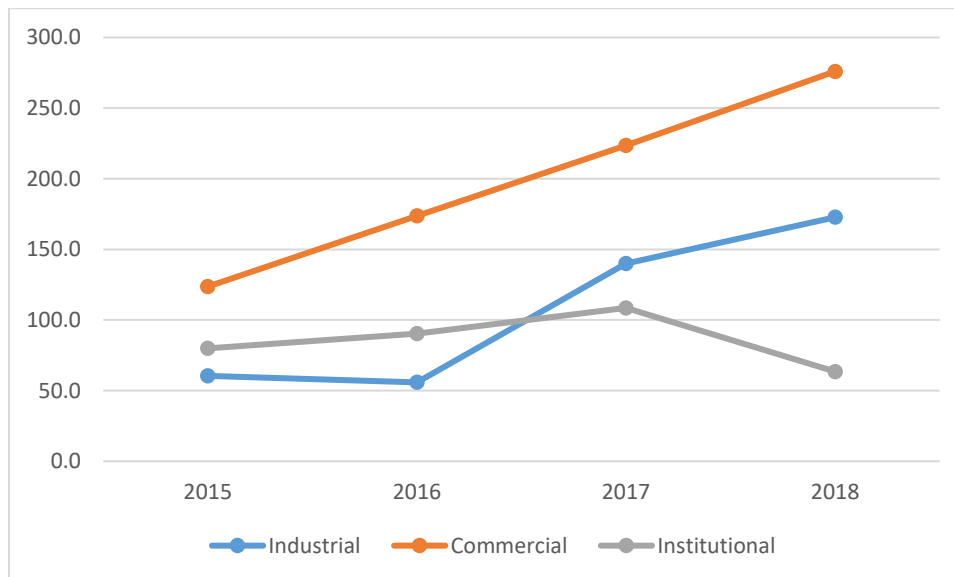
**Investment in Building Construction (\$ Millions), Current Dollars, Residential and Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018**



Source: Statistics Canada, Table 34-10-0175-01

- In 2018, the value of building construction in the St. Catharines-Niagara CMA was \$1.7 billion.
- From 2015 to 2018, investment in building construction increased by \$610.2 million or 56% compared to 19% for Ontario.
- In 2018, investment in residential building construction was \$1.2 billion. This was an increase of \$361.9 million or 44% over 2015.
- In 2018, investment in non-residential building construction was \$512.2 million. This was an increase of \$248.3 million or 94% over 2015.

### Investment in Building Construction (\$ Millions), Current Dollars, Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018

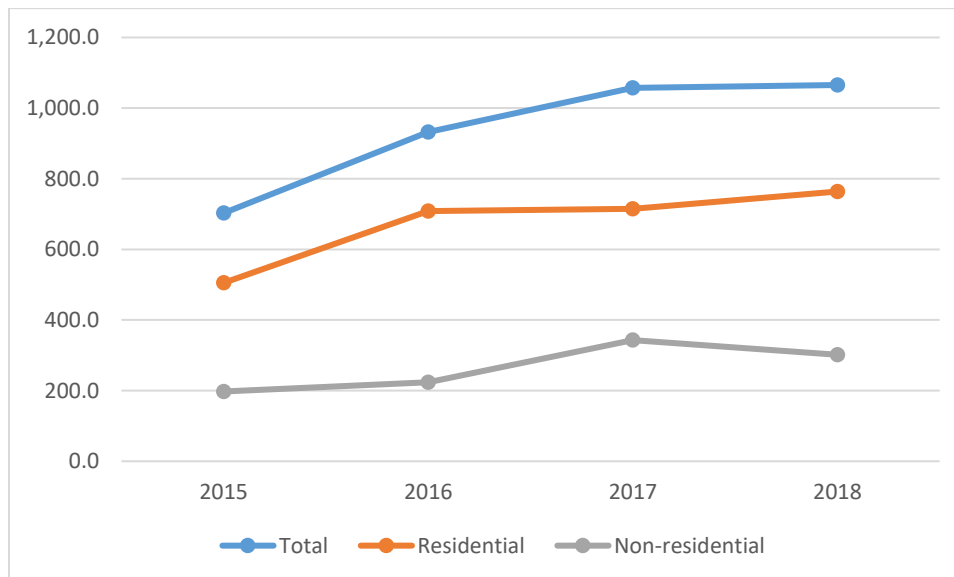


Source: Statistics Canada, Table 34-10-0175-01

- In 2018, investment in commercial building construction for the St. Catharines-Niagara CMA was \$276 million. This was an increase of \$152.3 million or 123% over 2015.
- In 2018, investment in industrial building construction was \$172.7 million. This was an increase of \$32.8 million or 54% over 2015.
- In 2018, investment in institutional building construction was \$63.5 million. This was a decrease of \$16.4 million or 20% over 2015.

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**Building Permit Values (\$ Millions), Current Dollars, Total, Residential and Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018**

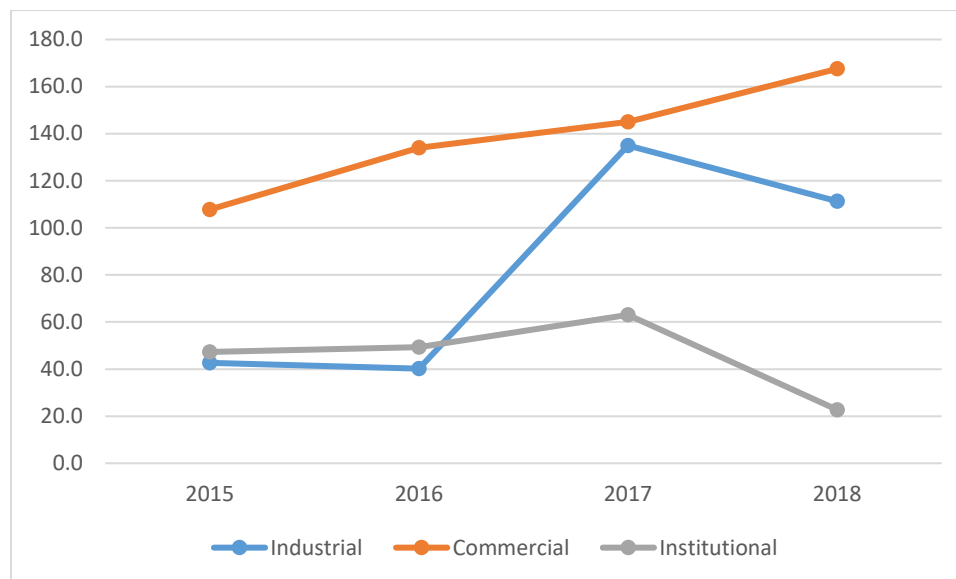


Source: Statistics Canada, Table 34-10-0066-01

- In 2018, total building permit values for the St. Catharines-Niagara CMA were \$1.1 billion. This was an increase of \$362.5 million or 52% over 2015. Ontario had an increase of 17%.
- In 2018, building permit values for residential were \$763.8 million. This was an increase of \$258.5 million or 51% over 2015.
- In 2018, building permit values for non-residential were \$301.5 million. This was an increase of \$103.9 million or 53% over 2015.

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**Building Permit Value (\$ Millions), Current Dollars, Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018**

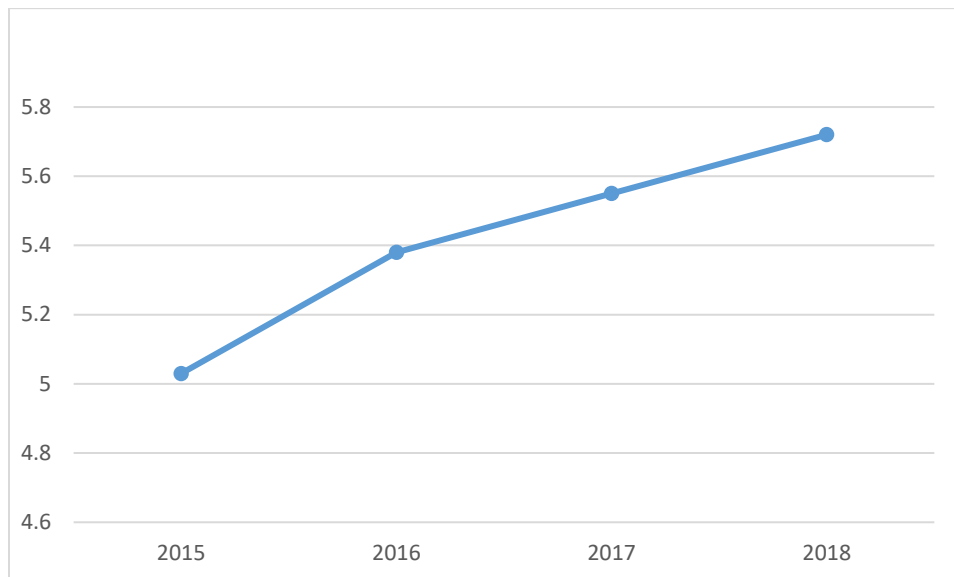


Source: Statistics Canada, Table 34-10-0066-01

- In 2018, commercial building permit values for the St. Catharines-Niagara CMA were \$167.5 million. This was an increase of \$59.7 million or 55% over 2015.
- In 2018, industrial building permit values were \$111.3 million. This was an increase of \$68.7 million or 161% over 2015.
- In 2018, institutional building permit values were \$22.7 million. This was a decrease of \$24.5 million or 52% over 2015.

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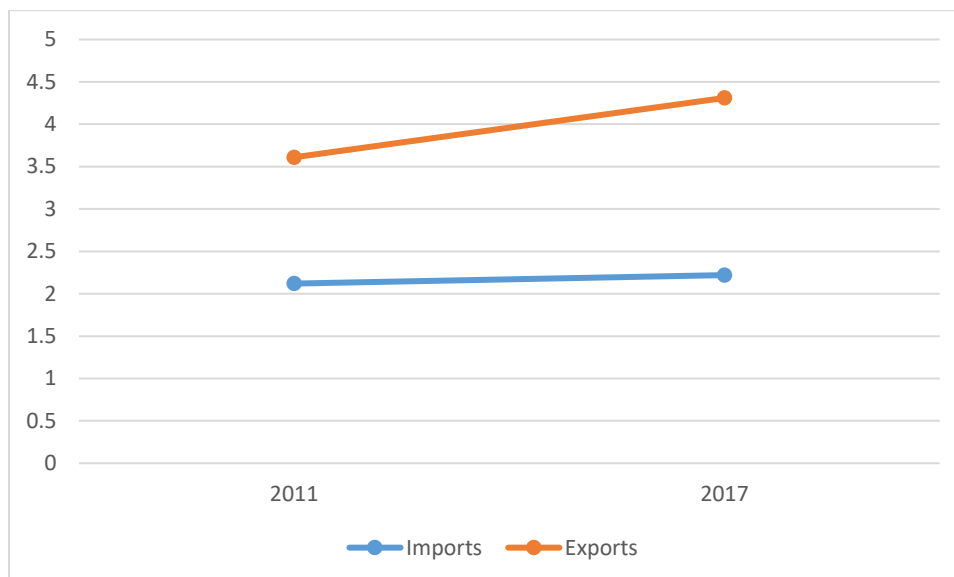
**Retail Sales (\$ Billions), Current Dollars, St. Catharines-Niagara CMA, 2015 to 2018**



Source: *The Conference Board of Canada, 2019*

- In 2018, retail sales for the St. Catharines-Niagara CMA were \$5.72 billion,
- From 2015 to 2018, retail sales grew by \$690 million or 14%. Ontario had an increase of 15%.

### Imports and Exports (\$ Billions), Current Dollars, St. Catharines-Niagara CMA, 2011 and 2017



Source: Statistics Canada, International Accounts and Trade Division

- In 2017, \$4.31 billion worth of goods were exported internationally from the St. Catharines-Niagara CMA.
- From 2011 to 2017, export values increased by \$702.1 million or 19%.
- In 2017, \$2.2 billion worth of goods were imported into the St. Catharines-Niagara CMA.
- From 2011 to 2017, imports grew by \$107.6 million of 5%.

### Conclusion

- It is evident that Niagara's economy is growing and has not shown any signs of a slow down as of late. Niagara has experienced a high-level of investment and substantial job creation in recent years. However, it is important to recognize that there are larger economic forces that may affect economic growth in the near future. Issues such as trade protectionism, border controls, an anticipated economic slowdown for the Canadian and U.S. economies, and other potential economic disruptions may threaten Niagara's economic momentum into the future, so it will be important to continue to monitor economic indicators.

## **Alternatives Reviewed**

The Niagara Economic Update report is intended to provide an overview of economic performance in Niagara based on the most current and complete data available. No alternatives were reviewed.

## **Relationship to Council Strategic Priorities**

Economic development activities described in this report directly support three of Council Strategic Priorities:

- Fostering innovation, investment and entrepreneurship
- Building a labour-ready workforce
- Position Niagara globally

## **Other Pertinent Reports**

ED 1-2019 Economic Development Overview  
ED 2-2019 Economic Development Strategy

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### **Recommended by:**

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### **Submitted by:**

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*This report was prepared in consultation with and reviewed by Valerie Kuhns.*