
Subject: 2018 End Of Year Growth Report

Report to: Planning and Economic Development Services Committee

Report date: Wednesday, June 12, 2019

Recommendations

1. That Report PDS 21-2019 **BE RECEIVED** for information; and
2. That a copy of Report PDS 21-2019 **BE CIRCULATED** to the Local Area Municipalities, Niagara Peninsula Conservation Authority, Niagara Home Builders Association, Niagara Industrial Association, local Chambers of Commerce and School Boards.

Key Facts

- The purpose of this report is to inform Planning and Economic Development Services Committee and Council about 2018 growth and development trends in Niagara Region.
- Population growth in 2018 was greater than any year in the previous decade. In 2018, Niagara's population increased by approximately 7,000 people (1.49% growth rate) to 472,448 people.
- Data relating to Housing Starts, Completions and Building Permits show a shift towards higher density housing from single detached dwelling types.
- The average sale price for all homes in Niagara increased by 3.4%, significantly lower than the unusually high 21% combined increase over 2016 and 2017.
- For a second consecutive year, the total value of building permits issued in Niagara Region exceeded \$1 Billion.

Financial Considerations

There are no direct financial implications associated with this report.

Metrics in this report inform Niagara's financial strategies. Increased residential, commercial and industrial development in Niagara, combined with increasing property assessments, has a direct impact on revenues collected by the Region.

Analysis

Annual Growth Report Overview

Since 2017, Planning and Development Services has released Mid-Year and End-of-Year reports focused on growth and development trends in Niagara. The Growth Report represents an opportunity to update Regional Council on growth and development trends across Niagara's communities.

This report highlights trends between 2017 and 2018 related to growth in population, housing and building permits. While previous versions of the semi-annual growth report have discussed development applications and economic development trends, recent reports to Planning and Economic Development Services Committee covered both topics in detail (identified in Other Pertinent Reports as the end of this report.).

Population and Housing

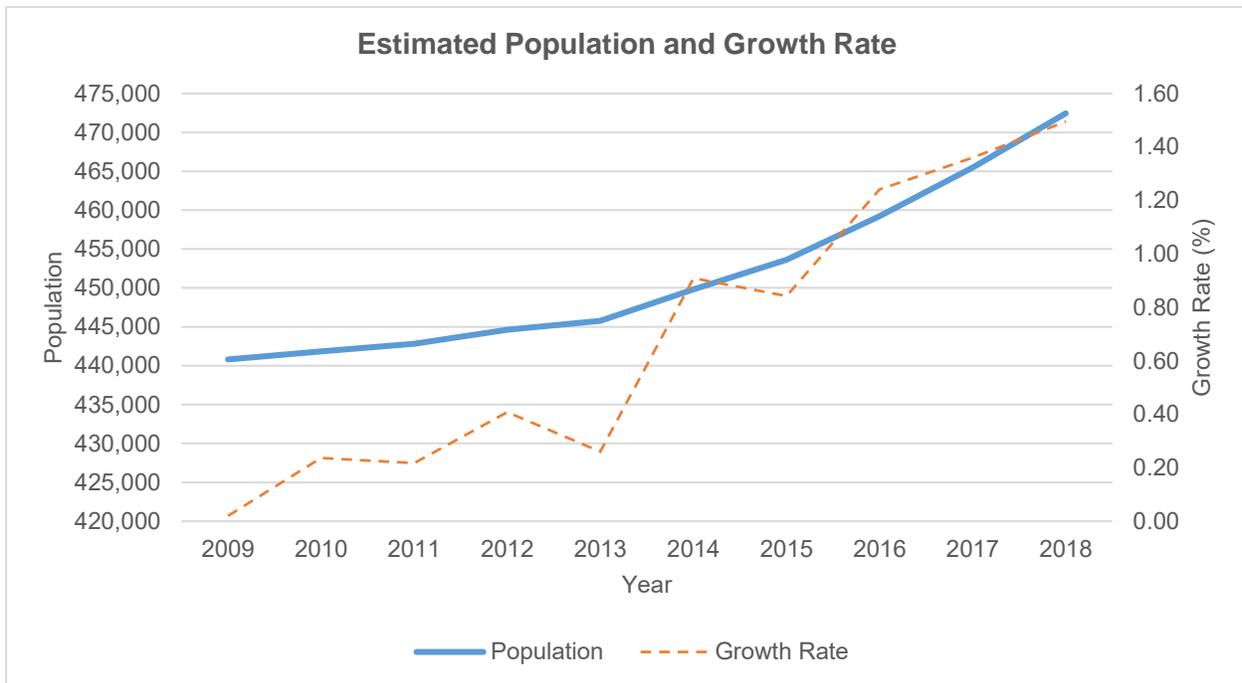
Annual Population Estimates

Niagara Region's population has been increasing steadily since 2009 and reached an estimated population of 472,448 people as of July 1st 2018. This represents an increase of nearly 7,000 more people than 2017 and an annual growth rate of 1.49%.

The Region's annual population growth rate has increased consistently in recent years, starting at 0.02% in 2009 and reaching 1.24% in 2016, followed by 1.36% in 2017 and 1.49% in 2018. In general, the Region's growth rate has been rising since 2014 and is required to do so until 2041 to achieve Provincial planning forecasts.

Figure 1 shows the annual population estimate and associated growth rate between 2009 and 2018.

Figure 1: Estimated Population and Growth Rate (2009-2018)



Source: Statistics Canada, Annual Demographic Estimates: Subprovincial Areas

Components of Population Growth and Demographic Trends

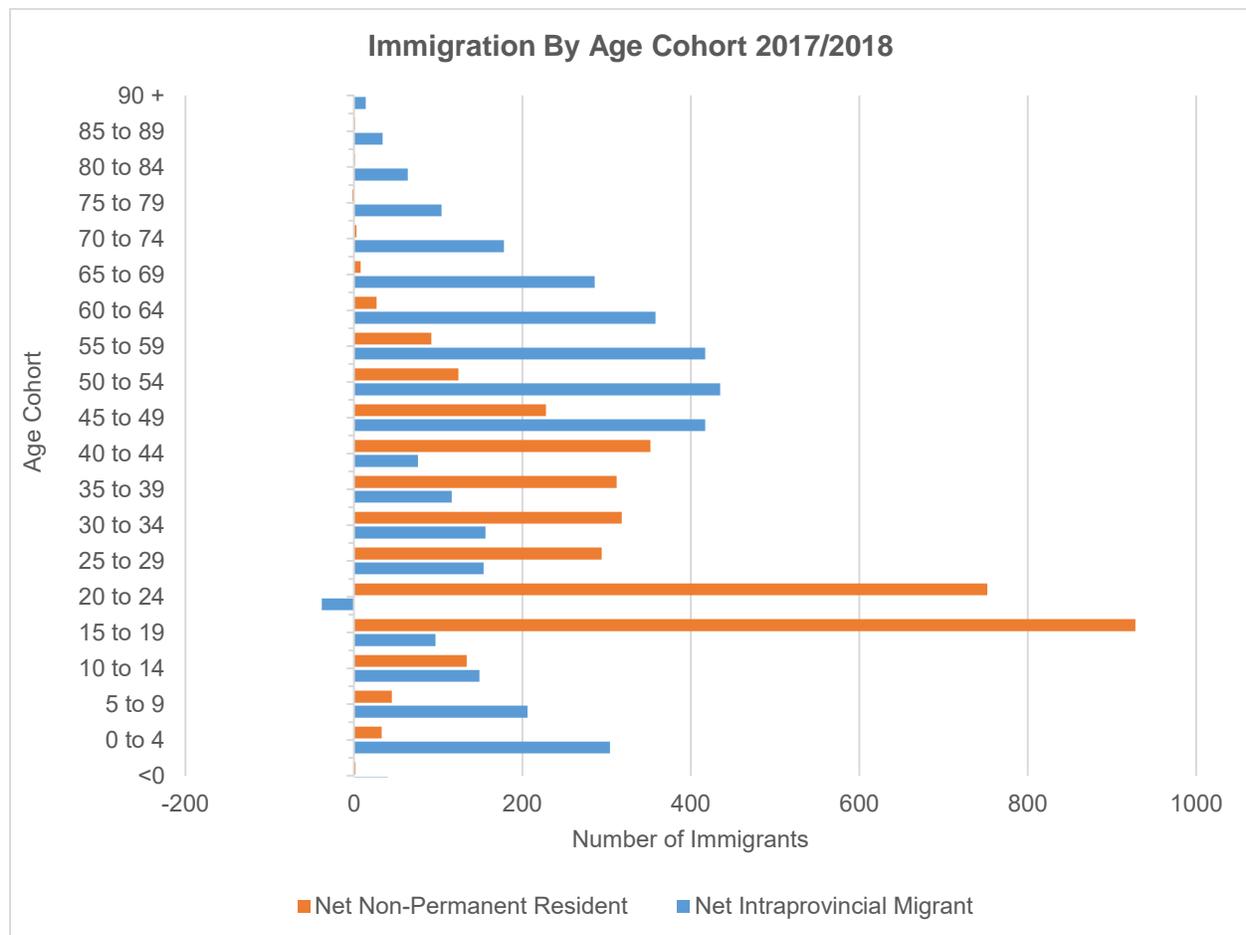
Niagara’s population growth is driven entirely by international and intraprovincial migration.

Niagara’s natural population change was a decrease of 577 people (meaning 577 more people died than were born in Niagara). The Region grew by 4,163 people from international migration and 3,567 people from intraprovincial migration. Without the benefit of international and intraprovincial migration, Niagara would be in population decline.

The majority of intraprovincial migrants moving into Niagara are between the ages of 45 to 69, increasing Niagara’s median age and compounding a naturally-aging demographic. On the other hand, an even greater number of non-permanent residents in the 15 to 24 year old range are coming to Niagara. These non-permanent residents are likely attending post-secondary education institutions (Brock University and Niagara College) and leaving Niagara after completion.

Figure 2 shows the age breakdown of net non-permanent residents and net intraprovincial migrants.

Figure 2: Immigration to Niagara Region by Age Cohort 2017/2018



Source: Statistics Canada. Components of population change by census division, 2016 boundaries

The St. Catharines-Niagara Census Metropolitan Area (CMA), which includes most of Niagara,¹ has the third highest median age (45.6) and third highest share of persons aged 65 and older amongst all CMAs in Canada (22.1%). In addition, St. Catharines-Niagara CMA has the third lowest share of persons aged 15 to 64 years of age (63.9%) – also known as the working age population.

In addition, the St. Catharines-Niagara CMA had the greatest increase in median age over the past decade for Ontario (+3 years) and has increased by +1.5 years since the 2016 Census. Considering the majority of permanent intraprovincial migrants moving

¹ The St. Catharines-Niagara CMA excludes Grimsby and West Lincoln. When looking at the entire Niagara Census Division (which includes all 12 local municipalities), the average age falls outside of the top 10 oldest Census Divisions in Canada. Based on the 2016 Census, the Census Division had an average age of 43.8 where as the St. Catharines – Niagara CMA had an average of 44.1.

into Niagara are above 45 years of age, it is anticipated that the average age will continue to increase due to natural demographic change and migration trends.

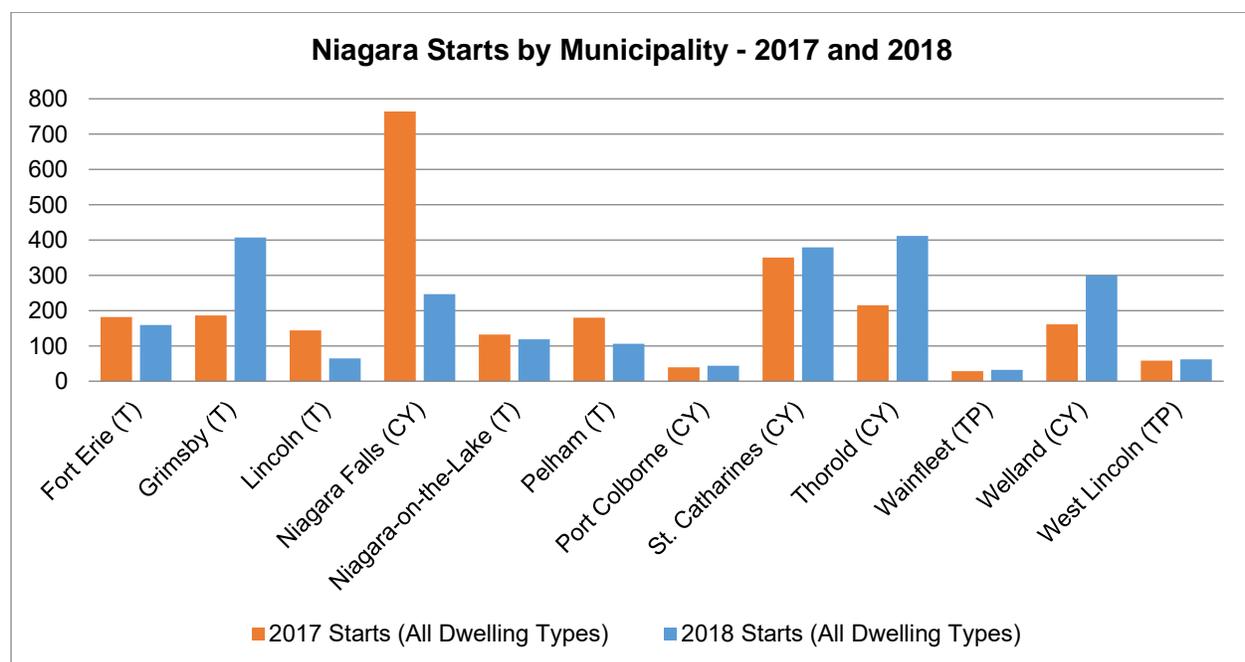
Housing Developments

2,332 dwelling units began construction in 2018 (figure 3). While this was a 4% decline compared to the 2,440 dwellings started in 2017, it is still well above the average starts between 2006 and 2015, which were less than 1,500 per year.

Housing completions increased 29% to over 2,800 completed units (figure 4). This is the highest number of unit completions in over 15 years and is driven largely by medium and high density development (908 townhomes and 533 apartment units).

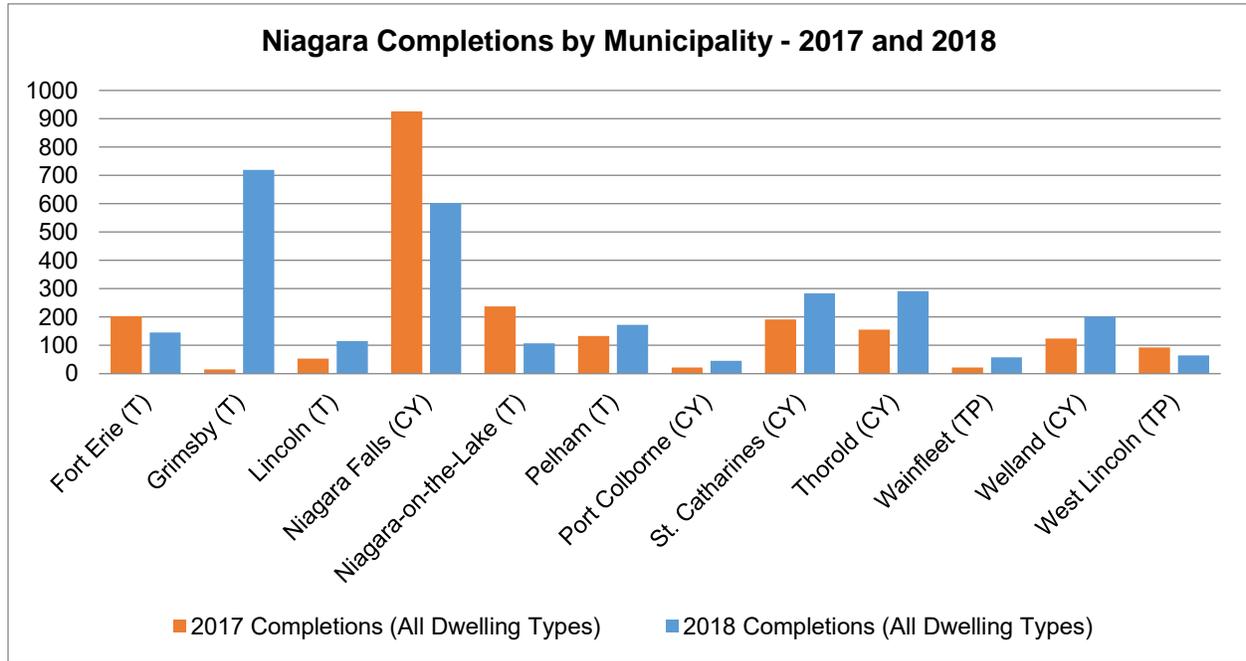
Building permit issuance for residential units also increased 5% between 2018 and 2017 (figure 5). Again, the trend here has been a shift towards higher density development rather than single detached dwellings. Nearly 3,000 dwelling unit building permits were issued in 2018. This will result in sustained starts and completions through 2019 and beyond as higher density housing (especially apartment units) take more time to complete than lower density housing types.

Figure 3: Housing Starts by Municipality (2017/2018)



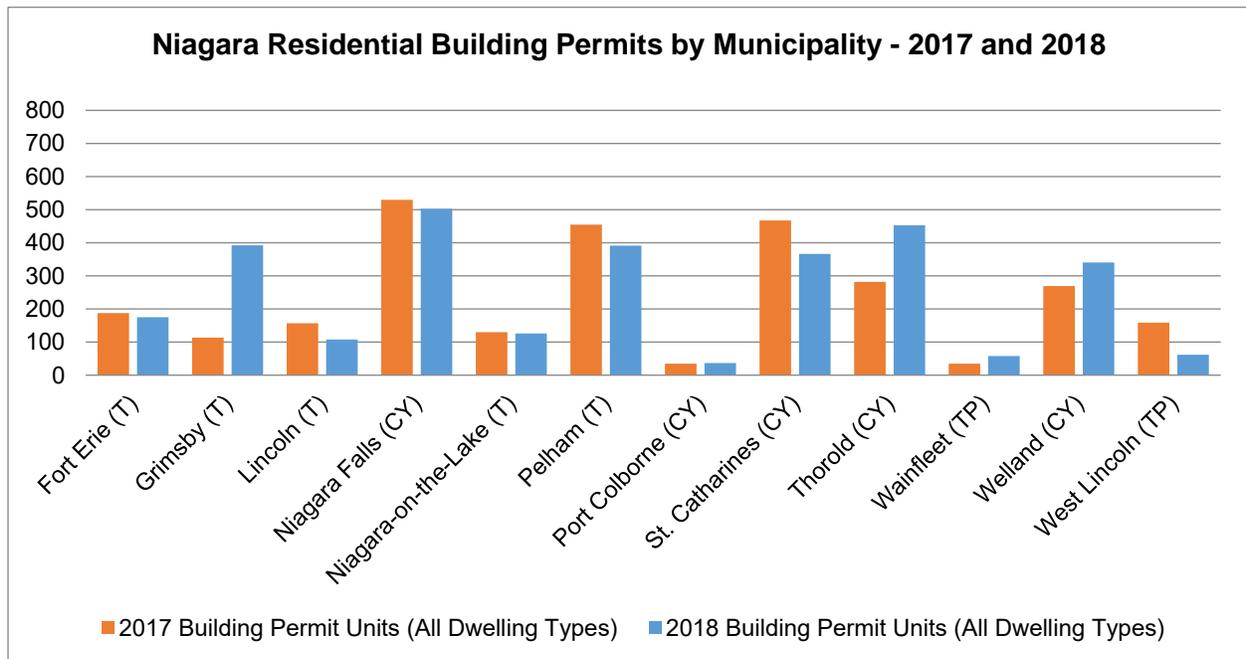
Source: CMHC Housing Now Report

Figure 4: Housing Completions by Municipality (2017/2018)



Source: CMHC Housing Now Report

Figure 5: Housing Units Issued Via Building Permit by Municipality (2017/2018)

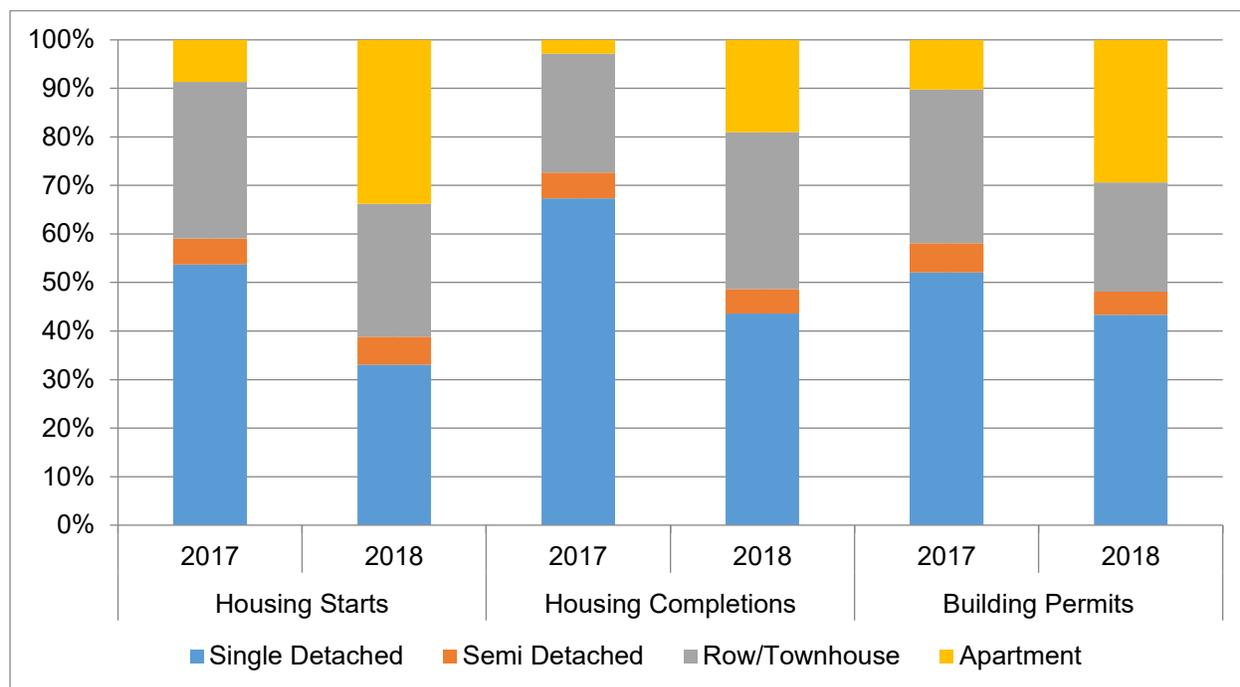


Source: Niagara Region Planning and Economic Development Building Permits

Housing Diversity

A notable change between 2017 and 2018 is the increase in higher density housing types. Housing starts, completions and building permits all had less than 50% share of single detached dwellings. Whereas in 2017, and for most years previously, single detached dwellings made up over 50% in those categories. The largest shift in 2018 was towards apartment units. Figure 6 highlights the one-year shift towards higher density development for Housing Starts, Housing Completions and Building Permits.

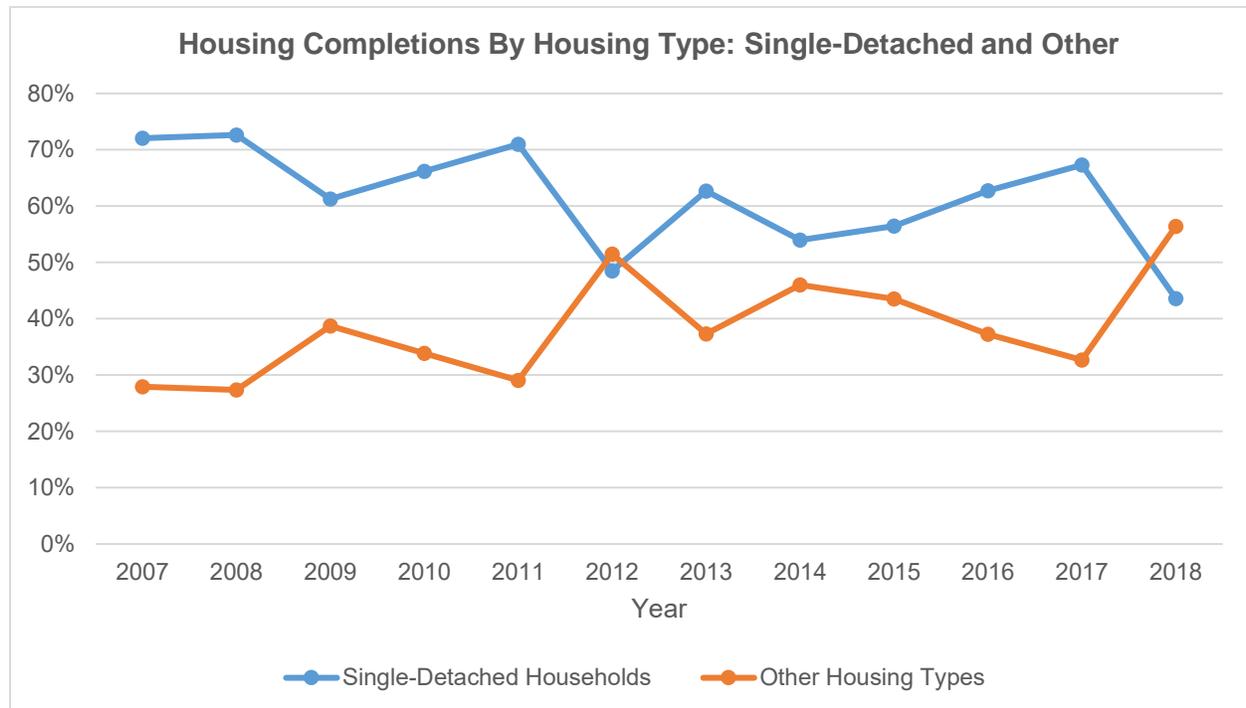
Figure 6: Proportion of Housing Units by Development Stage (2017/2018)



Source: CMHC Housing Now and Niagara Region Planning and Economic Development Building Permits

Figure 7 highlights a twelve-year trend in housing completions, showing how the gap between percent of single detached households and other housing types has narrowed over time and switched in 2018. By the end of 2018, the number of high-rise units in development reached a 25-year high. As land across the Region continues to develop and housing prices continue to increase, the share of higher density development in the coming years is likely to increase.

Figure 7: Housing Completions by Housing Type (2007-2019)



Source: CMHC Housing Now (2007-2018)

Housing Market

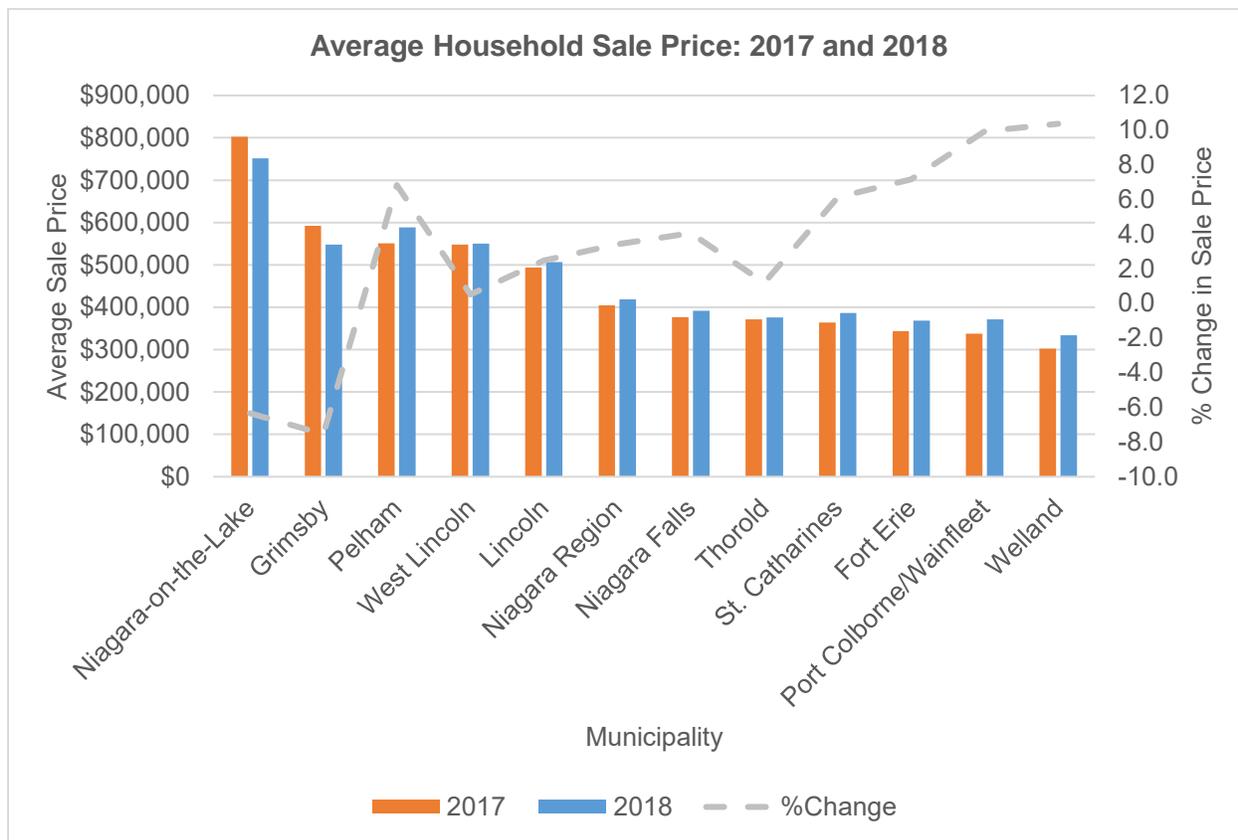
The average sale price for a home in Niagara continued to grow in 2018, increasing 3.4% to an average cost of \$418,751. While this increase is less than the 17% increase in 2016, or the 21% increase in 2017, the increase still has a significant impact on housing affordability in Niagara, especially first-time homebuyers who are looking to enter the housing market.

The two municipalities with the highest average sale price in 2017, Niagara-on-the-Lake and Grimsby, experienced a decline in average price between 2017 and 2018. The three municipalities with the lowest average sale price in 2017 (Welland, Fort Erie and Port Colborne/Wainfleet²) experienced the highest average price increase.

Figure 8 highlights the average sale price and percentage change for each municipality between 2017 and 2018.

² The Niagara Realty Association reports on Port Colborne and Wainfleet together, therefore they are listed as one in the report and in Figure 8.

Figure 8: Average Sale Price and % Change by Municipality (2017/2018)



Source: Niagara Realty Associate and Realty Association of Hamilton-Burlington

The number of home sales in Niagara decreased by 11% between 2017 and 2018. CMHC notes that this is likely due to the new mortgage rules as well as a cooling housing market. CMHC forecasts that sales should remain consistent in 2019 and 2020³.

Building Permit Values

Building Permit Values

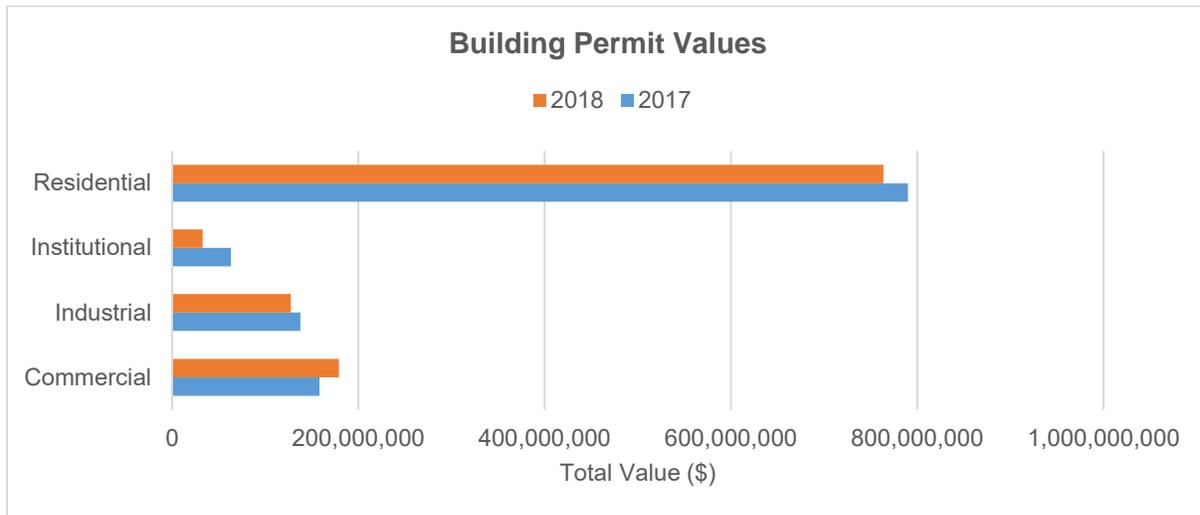
Building permit values for residential and non-residential uses remained above \$1 Billion for consecutive years. While building permit value for Industrial (-7.3%), Institutional (-48%) and Residential (-3.3%) all saw declines between 2017 and 2018, Commercial building permits increased 13.1%. The cumulative year-over-year decrease was -4%. Overall, \$1.1 Billion worth of permits were issued in 2018.⁴

³ CMHC Housing Market Outlook: Central Ontario, Fall 2018.

⁴ This figured is calculated by taking the Statistics Canada CMA Building Permit data and adding municipally-collected data for West Lincoln and Grimsby.

Figure 9 highlights the changes in building permit values for residential and non-residential uses).

Figure 9: Building Permit Values (2017/2018)



Source: Statistics Canada, Niagara Region Planning and Economic Development Building Permits

Highest Value Building Permits Issued in 2018:

Below is a table showing the 10 highest non-residential building permits issued in 2018. There was a good mix between industrial, commercial and institutional/government. Developments at Innio in Welland (200 Buchner Road, formerly GE) continue to top industrial investments for the Region.

Municipality	Location	Permit Value (\$)	Development Type
Welland	200 Buchner Road	30,000,000	Industrial
Niagara Falls	6366 Stanley Avenue	16,000,000	Commercial
Port Colborne	1555 Elm Street	15,000,000	Industrial
Fort Erie	2818 House Road	12,500,000	Industrial
Welland	670 Tanguay Avenue	11,000,000	Institutional/Government
St. Catharines	221 Glendale Avenue	10,000,000	Commercial
St. Catharines	89 Meadowvale Drive	8,650,500	Commercial
Fort Erie	2818 House Road	8,000,000	Commercial
Niagara Falls	6650 Niagara River Parkway	8,000,000	Commercial
St. Catharines	59 Church Street	8,000,000	Institutional/Government
West Lincoln	177 West Street	8,000,000	Institutional/Government

Source: Niagara Region Planning and Economic Development Building Permits

Alternatives Reviewed

The End of Year Growth Monitoring report is meant to highlight trends in growth and development across Niagara based on the most current and complete data available. No alternatives were considered.

Relationship to Council Strategic Priorities

This report was prepared to show how development, and proactive planning for development, is leading towards stronger economic prosperity in our communities across the Niagara Region.

Other Pertinent Reports

- PDS 9-2017: Niagara Region Annual Growth Monitoring Report
- PDS 25-2018: Niagara Region End of Year 2017 Growth Monitoring Report
- PDS 3-2019: Development Applications Monitoring Report – 2018 Year End
- ED 5-2019: Niagara Economic Update

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