

**Subject:** Niagara Economic Update

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

**Report date:** Wednesday, November 6, 2024

---

## Recommendations

1. That Report ED 14-2024 **BE RECEIVED** for information.

## Key Facts

- The purpose of this report is to provide the Planning and Economic Development Committee with an update on the regional economy.
- Despite a slowing economy, Niagara outperformed Ontario and is forecasted to rebound and grow substantially through 2025 in line with anticipated reductions in the policy interest rate.
- From Q1 2023 to Q3 2024, GDP growth in Niagara was minimal at 1.4%, though it outperformed Ontario's growth of 0.8%. Growth in Niagara is expected to rebound, with a projected rate of 3.2% from Q3 2024 to Q4 2025.

## Financial Considerations

The activities described in this report are within the Council-approved 2024 Economic Development operating budget.

## Analysis

The Niagara Region has undergone significant economic and demographic changes in recent years with notable growth in population, labour force, and business activity. However, the post-pandemic period resulting in supply chain challenges and high inflation, prompted the Bank of Canada to raise interest rates to 5% by mid-2023, which slowed economic activity. This impact was particularly evident in key indicators such as construction investment and employment. Fortunately, inflation has since declined, and the Bank of Canada has lowered the policy interest rate by 0.75%, bringing it to 4.25%. As of August 2024, inflation has reached the target rate of 2%. The Bank of Canada has also signaled further interest rate cuts, which are expected to stimulate new investment and employment.

This report provides an in-depth analysis of key economic indicators for Niagara with some comparisons to Ontario as a whole.

## **Population**

Post-census population data reveals that the Niagara Region has experienced substantial growth over the past five years. In 2019, the population stood at 484,571. Between 2019 and 2023, the region grew by 40,781 people (8.4%), reaching a total population of 525,352. This growth rate surpasses both Ontario's (7.1%) and Canada's (6.6%) over the same period.

## **Consumer Price Index (CPI)**

The Consumer Price Index (CPI) is a widely used measure of inflation. In mid-2022, inflation in Ontario peaked at 7.5%. However, beginning in June of that year, the Bank of Canada started lowering the policy interest rate, which has cumulatively declined by 0.75 percentage points to 4.25%. As a result, national inflation has dropped to the target rate of 2%. As of Q3 2024, Niagara's inflation rate stands at 2.7% and is declining, with forecasts predicting an average of 2.1% through 2025.

## **Gross Domestic Product (GDP)**

GDP represents the total value of all goods and services produced in an economy. Between Q1 2023 and Q3 2024, GDP grew by 1.4% to \$18.1 billion, which was considered relatively low. However, GDP is projected to rebound, with a forecasted growth rate of 3.2% from Q3 2024 to Q4 2025. In comparison, Ontario's GDP grew at a slower rate of 0.8% during the same period but is expected to rise to 3.3% by Q4 2025, in line with anticipated reductions in the policy interest rate.

GDP per capita, which measures total GDP divided by the total population, is a commonly used indicator of economic productivity. Niagara underperforms Ontario with a GDP per capita of \$36,352 compared to \$53,703 for Ontario. Between Q1 2023 and Q3 2024, productivity in Niagara declined by 2.2% and is projected to rebound only slightly to 2.0% by the end of 2025. In comparison, Ontario performed worse, with a 3.6% decline and forecasted growth of just 1.8%, underperforming Niagara during the same period. The decline in productivity is a national issue in Canada, where population growth is outpacing GDP growth, diluting the GDP per capita.

## **Wages and Salaries Per Employee**

Wages and salaries per employee measure the total wages and salaries in the economy divided by the total number of workers. In Niagara, wages and salaries per employee lagged at \$58,241, compared to \$68,608 for Ontario. From Q1 2023 to Q3 2024, wages and salaries per employee in Niagara grew by 7.1%, outpacing Ontario's growth of 6.1%. Looking ahead, wages and salaries per employee are forecasted to grow by 2.4% in Niagara and 2.5% in Ontario between Q3 2024 and Q4 2025.

## **Income**

Primary household income per capita measures the average income earned by individuals within a household from primary sources, divided by the total population. Income in Niagara has historically lagged behind that of Ontario as a whole. In Q3 2024, primary household income per capita in Niagara was \$39,362, compared to \$49,481 for Ontario. Since Q1 2023, Niagara's primary household income per capita has increased by 5.1%, underperforming Ontario's 5.6% growth. Looking ahead, both Niagara and Ontario are forecasted to grow at the same rate of 3.0%, so Niagara is expected to continue to lag Ontario.

## **Housing Prices**

The housing price index (HPI) measures changes in the price of residential properties over time. In August 2025, the seasonally adjusted HPI for Niagara was \$639,300, compared to \$867,800 for Ontario, indicating that houses in Niagara are 26% less expensive than the provincial average. From January 2023 to August 2024, house prices in Niagara actually declined by 0.2%, while Ontario saw an increase of 0.6%.

## **Retail Sales**

Retail sales in Niagara have shown consistent growth in recent times. From Q1 2023 to Q3 2024, retail sales in Niagara grew by 4.6%, increasing from \$7.72 billion to \$8.1 billion. During the same period, Ontario experienced a slower growth rate of 3.7%. Looking ahead, from Q3 2024 to Q4 2025, retail sales for Niagara are forecasted to grow at 3.4%, compared to 4.4% for Ontario.

## **Investment In Building Construction**

Investment in building construction (constant values, seasonally adjusted) in Niagara has slowed recently, with the exception of industrial construction. Investment in

residential construction has decreased over the past two years, coinciding with the Bank of Canada's increase in the policy interest rate to a high of 5.0% throughout 2023 and the first half of 2024. Investment in commercial building construction has been consistently slow since the pandemic.

In Q2 2024, investment in residential building construction dropped to \$247.4 million, a decline of 29% from a high of \$348.2 million in Q1 2023. Similarly, investment in commercial construction decreased during this period, reaching a low of \$30.9 million, a 26% drop from \$41.5 million in Q1 2022. Investment in institutional building construction also saw a substantial decline, falling to \$34.5 million in Q2 2024 from a high of \$65.8 million in Q1 2022, marking a 48% decrease. In contrast, investment in industrial building construction remained strong during this period, reaching \$36.5 million in Q2 2024, which represents a 20% increase over Q1 2022.

### **International Trade**

International trade remained strong in Niagara throughout 2023. Total exports reached \$8.17 billion, while imports totaled \$2.99 billion, resulting in a net trade balance of \$5.18 billion. Although exports declined slightly by 0.1%, they remained historically high. During the same period, imports decreased by \$110.5 million, contributing to the region's solid net trade balance.

### **Business Counts**

Business counts data captures the number of businesses that have employees on payroll, as well as businesses that have no employees but have annual revenues greater than \$30,000 (self-employed). Business counts in Niagara have remained consistently strong. From 2023 to 2024, businesses with employees grew by 183 for a total of 14,197. Business without employees grew by an astounding 2,709. This is likely due to an influx of self-employed people moving to Niagara during this period, as well as new business start-ups.

### **Labour**

The labour force in Niagara continued to show steady improvement in 2024. From Q3 2023 to Q3 2024, the labour force grew by a substantial 8,300 people (3.5%), reaching 242,100. In comparison, Ontario's labour force grew at a slower rate of 2.8%.

Employment in Niagara grew more slowly than the labour force. Over the same period, employment increased by 4,570 (2.1%) to 223,300. In comparison, Ontario's

employment grew by just 1.5%. Since employment growth lagged behind the labour force growth in Niagara, this led to an increase in the unemployment rate.

In Q3 2024, Niagara's unemployment rate stood at 7.8%, an increase of 3.6% from a historically low rate of 4.2% in Q1 2023. By comparison, Ontario's unemployment rate was 6.9%, rising by 1.6% over the same period. In both Niagara and Ontario, employment is growing at a slower pace than the labour force, resulting in rising unemployment rates. This trend is likely due to high population growth.

Lastly, the participation rate in Niagara has declined since coming out of the pandemic but rebounded slightly in Q2 and Q3 2024. This is a result of the population growing faster than the labour force. Niagara's participation rate was 61.2% in Q3 2024, which was a decreased of 1.4% over Q3 2023. Comparatively, Ontario's participation rate decreased by 0.5% to 65.2% in Q3 2024.

## **Conclusion**

In conclusion, the Niagara Region has demonstrated significant resilience and adaptability in the face of economic and demographic shifts over the past few years. While the post-pandemic period posed challenges, including supply chain disruptions, high inflation, and rising interest rates, the region has managed to maintain notable growth in population, labour force, and business activity. Key sectors, such as industrial construction and retail sales, continue to show strength, even as residential and commercial investment slows. With inflation now under control and further interest rate reductions anticipated, Niagara is poised to stimulate new investment, trade and job creation.

## **Alternatives Reviewed**

All activities described in this report are key functions of Regional Economic Development and the tactics being used are consistent with accepted economic development practices.

## **Relationship to Council Strategic Priorities**

Tracking and reporting on key economic indicators for Niagara supports the Council Strategic Priority of a Prosperous Region.

## Other Pertinent Reports

- [ED 7-2024 Niagara Economic Update](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=b480eb56-6bb4-466f-982d-31237205b6be&Agenda=Merged&lang=English&Item=14&Tab=attachments>)

---

**Prepared by:**

Blake Landry, Ec.D.  
Manager, Economic Research &  
Analysis  
Economic Development

---

**Recommended by:**

George Spezza, Ec.D., CEcD  
Director  
Economic Development

---

**Submitted by:**

Michelle Sergi, MCIP, RPP  
Deputy Chief Administrative Officer

---

**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared in consultation with Marco Marino, Associate Director,  
Economic Development.

## Appendices

Not applicable.