Peel’s Economic Overview Presentation

Regional Council
November 2, 2017
Uncertain and Rapidly Changing Environment

A Shifting Global Economic Landscape

- After a lackluster outcome in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies.

Recent Developments and Prospects

- World Economy Gaining Momentum

- Economic recovery gained some momentum in the second half of 2016, especially in advanced economies.
The Global Economic Environment

Change in output

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.5%</td>
</tr>
<tr>
<td>2016</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Annual changes in output

Image showing global growth in output from 2007 to 2018 with 3.7% in 2017 and 3.6% in 2018.

The global labour market

Number of Unemployed

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>201.0</td>
</tr>
<tr>
<td>2016</td>
<td>197.6</td>
</tr>
</tbody>
</table>

Unemployment conditions

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>5.8%</td>
</tr>
<tr>
<td>2016</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Sources: International Monetary Fund (IMF), International Labour Organization (ILO)
Domestic Economic Overview: 2017

Improved Growth Prospects

Source: Statistics Canada
Domestic Economic Overview: 2017

Falling Unemployment Rates

Source: Statistics Canada
Domestic Economic Overview: 2017

Changing Economic and Policy Environment

- Growth in employment
- Lower unemployment rates in Canada and Ontario

**Canada**
- Rising interest rates
- High household indebtedness

**Ontario**
- 15% non resident speculation tax in Ontario
- Rising minimum wage
- Cap and trade regulations
Peel’s Population is Young and Growing

- Median age: 38.1 years (Youngest population in the GTA)
- Growth in population: 6.5% (2011-2016)
- Growth in population Q2 2016 - Q2 2017: 1.6%
- Peel’s population: 2011 – 2016: 2nd largest population in the Greater Toronto Area

Source: Statistics Canada, Population Census
Peel’s Population is Aging

Senior (65+ years) population to increase

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>136,000</td>
</tr>
<tr>
<td>2016</td>
<td>177,000</td>
</tr>
<tr>
<td>2041</td>
<td>415,000</td>
</tr>
</tbody>
</table>

Increase of 30.2% to more than double by 2041

Working age adult to seniors

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>9:1</td>
</tr>
<tr>
<td>2016</td>
<td>5:1</td>
</tr>
</tbody>
</table>

Senior (65+ years) population to exceed children (0-14 years) by 2024

Source: Statistics Canada, Population Census
Peel’s Economy: Strong and Growing

Annual Business Bankruptcies
2008 - 2016

8 consecutive years of decline in business bankruptcies

155,949
Total business established in June 2017

Years of sustained growth

1.3% Growth in 2016

Growth in both Residential and Non Residential

Growth in all municipalities
Mississauga
Caledon
Brampton
### Peel’s Construction Sector: Positive Changes in the First Half of 2017

#### Building Permit

<table>
<thead>
<tr>
<th>Permits Issued ($B)</th>
<th>2016</th>
<th>2017</th>
<th>Non-residential sub-sector was the Source of growth in early 2017</th>
<th>Up 11.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>More positive building intentions</td>
<td>1.35</td>
<td>1.51</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Housing Starts

<table>
<thead>
<tr>
<th>Housing Starts</th>
<th>2016</th>
<th>2017</th>
<th>Positive trend in housing starts</th>
<th>Up 48.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher housing starts activities</td>
<td>2,475</td>
<td>3,678</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Residential Resale

<table>
<thead>
<tr>
<th>Units Sold</th>
<th>2016</th>
<th>2017</th>
<th>Average Price</th>
<th>Up 25.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow down in the residential resale market after new tax measure</td>
<td>11,145</td>
<td></td>
<td>$766,111</td>
<td></td>
</tr>
</tbody>
</table>
Average Monthly Price of Resale Housing Units Peaked in April

<table>
<thead>
<tr>
<th></th>
<th>April 2017</th>
<th>August 2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peel Region</td>
<td>$790,298</td>
<td>$653,845</td>
<td>-17.3</td>
</tr>
<tr>
<td>GTA</td>
<td>$920,791</td>
<td>$732,292</td>
<td>-20.5</td>
</tr>
</tbody>
</table>

Source: Toronto Real Estate Board
Resale Activities in the GTA Impacted by New Tax Measures

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PEEL'S ECONOMIC OVERVIEW

Declines in Employment After Seven Quarterly Increases

Change in Quarterly Average Employment in Peel: (in Thousands): 2004 - 2017

Quarterly Changes in Employment and OW Caseloads in Peel
PEEL’S ECONOMIC OVERVIEW

Precarious Type Employment Led Growth in Peel

2006 – 2016

<table>
<thead>
<tr>
<th>Categories</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Hourly Earnings</td>
<td>26.0</td>
</tr>
<tr>
<td>Toronto CMA Inflation</td>
<td>20.9</td>
</tr>
<tr>
<td>Canadian Inflation</td>
<td>17.7</td>
</tr>
<tr>
<td>Median Hourly Earnings</td>
<td>16.7</td>
</tr>
</tbody>
</table>

Source: Statistics Canada
Increasing Income Disparity in Peel

Source: Statistics Canada, National Household Survey (2013), Household Income Deciles
Emerging Challenges and Opportunities but Peel Remains Strong

- Rapid changes and uncertainties at the macroeconomic level
- Opportunities from the changes
  - Growing economies
  - Increased employment
  - More stable local housing market
  - Prospects for higher wage rates for residents
- Emerging challenges
  - Less open borders and trade sentiments
  - Uncertainties around the North America Free Trade Agreement (NAFTA)
  - Lower US growth prospects
  - Higher cost business environment in Ontario
  - Higher borrowing costs in Canada
Emerging Challenges and Opportunities but Peel Remains Strong

• Long term trends continue
  – Structural economic shifts – towards services
  – Changing labour market
  – Aging population
  – Climate change

• Peel’s economy continues to change

• Fiscal strength supports flexibility to adapt

• A strong Peel economy will adjust

• Strategic advantages remain

• Peel remains poised for long term growth