



Presented by the Credit Unions of Ontario and the Ontario Chamber of Commerce

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77 percent, compared to 63 percent in 1987 and 70 percent in 1996. The highest share is in the St. Catharines-Niagara CMA, due to its significant tourist industry, while the Bay Area is close behind on account of its trade, transportation, education, health, and business services sectors.

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The MLS® residential sale price is growing at one of the fastest rates in the province, with projected sale prices increases of 8.3 percent this year, followed by 6.8 percent and 6.4 percent in 2016 and 2017.

The Bay Area experienced slower economic growth in 2015, with employment expected to grow by 1.1 percent by year's end, down from a 2.4 growth rate in 2014. Despite the slowdown, the Bay Area's unemployment rate of 5.6 percent is the lowest in years. Hamilton's unemployment rate will continue to fall, edging down to 4.8 percent in 2017.

Residential construction in the region is on track this year to hit its highest level since 2006 at a predicted 6,000 units, according to building permits issued. Permits issued in the Bay Area will increase just over 20 percent to 3,200 units.

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The Bay Area's population growth rate is predicted to reach its fastest pace in many years at 1.4 percent in 2017.

A major reason behind the declining unemployment rates is a lower rate of participation in the labour force, especially since the 2008-09 recession. Had the labour force participation rate remained roughly the same as in 2008 and employment growth was unchanged, the unemployment rate would be considerably higher. This is not unique to the Bay Area, as a similar pattern plays out in many regions and CMAs in Canada.

Non-residential permits in the Bay Area received a boost from government permits issued in Burlington for the Joseph Brant Hospital. Total non-residential permits will rise more than 15 percent in the Bay Area and around eight percent in the HNP. However, private non-residential permit activity is tracking below last year.

External growth conditions are favourable for improved economic growth in the HNP region and the Hamilton CMA. The low Canadian dollar, faster U.S. growth, and robust growth in the GTA will assist the region's exports. Alberta's recession and a weak oil and gas sector will continue to hamper exports into those areas. Moderate underlying growth trends will



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support domestic demand, which will grow off low interest rates and new fiscal stimulus.

Manufacturing, tourism, and transportation services stand to benefit from more favourable external conditions and domestic sectors such as construction, real estate, and retail trade will gain from low interest rates and an improvement in economic conditions.

Above-trend employment growth is predicted for the HNP region and the Bay Area during the next two years. This improved growth profile is relative to the weak performance seen from the recession through 2013 and reflects the end of the major restructuring in the manufacturing sector. Some further plant closures or operational downsizings are possible, but not to the same extent as in the past decade and a half.

Job growth is forecast at 1.7 percent during 2016 in the HNP region, slightly lower than the 2.2 percent expected in 2015, but higher than every other year since the recession. In the Bay Area, employment growth picks up to 1.5 percent annually through 2017 from 1.1 percent in 2015. As mentioned, Bay Area's unemployment rate is forecast to decline to below five percent in 2017, while in the HNP region it will decline, but remain above five percent.

Robust housing market activity will extend into 2016 and 2017 with a slight slowing in the pace of annual gains likely. Housing sales will set new record highs along with housing prices. HNP region MLS® residential sales of 28,000 units are forecast during 2017, up from 25,000 units expected in 2015, which will be a record high. The forecast average sale price will hit \$440,000 in 2017, up from \$380,000 in 2015. New residential construction, measured by building permits, also climbs each year in the forecast, reaching 7,000 units in 2017, not a record but the second highest.

Those forecast regional housing trends are mirrored in and largely driven by the Bay Area MLS® residential sales in 2015 at 15,500 units will exceed the previous record and will continue to set new highs in 2016 and 2017 to reach 17,500 units. The average sale price will also set new

highs each year hitting \$500,000 in 2017. New construction will follow higher sales and prices.

Non-residential activity will also expand in the next two years led mostly by private sector investments. Total non-residential building permits in the HNP region are estimated at \$1 billion in 2016, driven by a jump in commercial and industrial permits, while public permits come off their 2015 high. The Bay Area is predicted to lead the region due to its declining vacancy rates and proximity to the GTA.

The region's low population growth rates of the past few years will gradually rise due to more in-migration. The Bay Area's growth rate is predicted to reach its fastest pace in many years at 1.4 percent in 2017.

The Bay Area is an affordable alternative to higher housing and land prices in the GTA and with further improvements to the transportation network this trend will extend and accelerate. This facilitates and encourages increasing economic integration with the GTA economy.

[Read on to find out how the BAY AREA CMA stacks up against the rest of Ontario >>>](#)



	2013	2014	2015	2016	2017
Total Employment (000s)	374.8	383.7	388.0	394.0	400.0
<i>% change</i>	-0.5	2.4	1.1	1.5	1.5
Unemployment Rate	6.4	5.8	5.6	5.1	4.8
MLS® Residential Sales	13,471	14,324	15,500	16,500	17,500
<i>% change</i>	3.3	6.3	8.2	6.5	6.7
MLS® Residential Average Price	383,892	406,366	440,000	470,000	500,000
<i>% change</i>	6.6	5.9	8.3	6.8	6.4
Residential Permits (units)	2,561	2,647	3,200	3,500	4,000
<i>% change</i>	-20.1	3.4	20.9	9.4	14.3
Non-Residential Permits (\$ millions)	681	570	660	700	850
<i>% change</i>	-39.7	-16.3	15.8	6.1	21.4
Population (000s)	758.3	765.2	773.6	783.1	794.0
<i>% change</i>	1.0	0.9	1.1	1.2	1.4

Source: Statistics Canada, CREA, Central 1 Credit Union forecasts.

Notes: Housing sales and prices represent combined activity in real estate boards within the region.

*Approximated with data from the REALTORS® Association of Hamilton and Burlington



	2013	2014	2015	2016	2017
Labour Force (000s)	751.2	755.9	770.0	779.0	786.0
<i>% change</i>	-1.3	0.6	1.9	1.2	0.9
Total Employment (000s)	697.5	706.4	722.0	734.0	744.0
<i>% change</i>	-1.2	1.3	2.2	1.7	1.4
Unemployment Rate	7.1	6.5	6.0	5.8	5.3
MLS® Residential Sales	21,048	22,274	25,000	26,500	28,000
<i>% change</i>	3.0	5.8	12.2	6.0	5.7
MLS® Residential Average Price	333,673	352,833	380,000	410,000	440,000
<i>% change</i>	6.1	5.7	7.7	7.9	7.3
Residential Permits (units)	4,975	5,091	6,000	6,500	7,000
<i>% change</i>	-8.1	2.3	17.9	8.3	7.7
Non-Residential Permits (\$ millions)	1,264	889	960	1,000	1,200
<i>% change</i>	-15.2	-29.7	8.0	4.2	20.0
Private Non-Residential Building Permits (\$ millions)	916	622	560	700	800
<i>% change</i>	-0.3	-32.1	-10.0	25.0	14.3
Public Non-Residential Building Permits (\$ millions)	348	267	400	300	400
<i>% change</i>	-39.2	-23.3	49.8	-25.0	33.3
Population (000s)	1,435.0	1,445.9	1,456.2	1,467.9	1,483.1
<i>% change</i>	0.9	0.8	0.7	0.8	1.0
Net Migration	10,098	9,212	10,100	11,700	13,200
<i>Net International</i>	5,109	4,432	4,600	4,950	5,700
<i>Net Interprovincial</i>	-1,961	-2,170	-500	250	500
<i>Net Intraprovincial</i>	6,950	6,950	6,000	6,500	7,000

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