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Economic Analysis of Ontario

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Ontario Regional Economic Outlooks 2017 -2019

Highlights

- Growth during 2016 was led by the Muskoka-Kawarthas region, followed by Windsor-Sarnia, Kingston-Pembroke and Ottawa
- Ontario's real GDP grew by an estimated 2.7 per cent in 2016, it is forecast at 2.4 per cent in 2017 and 2.5 per cent in 2018
- Low interest rates, a low Canadian dollar, improving U.S. and provincial economies, and more fiscal stimulus will support all regional economies
- Regional economic growth convergence continues
- Northern regions are forecast to continue to lose population and grow slowly
- Home sales and prices grew everywhere in the province in 2016, except the Northwest, further housing growth expected in most regions

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Summary

Regional growth during 2016 was led by the Muskoka-Kawarthas region followed by Windsor-Sarnia, Kingston-Pembroke, and Ottawa. The London region also posted a notable gain. The Toronto, Hamilton-Niagara, and Kitchener-Waterloo-Barrie regions grew at a respectable pace, but relinquished their front-runner standing of prior years. Weak growth was apparent in the Stratford-Bruce, Northeast, and Northwest regions, similar to the last couple of years.

Further convergence in regional growth performances is expected during the next two years. However, the northern regions, which are heavily dependent on resources, look to remain in a low-growth mode. Regional economic performance in the province varies considerably due to differences in their economic base.

A positive external environment is expected during the next two years, which will support growth in Ontario and in most regions. Low interest rates, a low Canadian dollar, and faster U.S. growth are significant positives and more fiscal stimulus as well as past adjustments by households and businesses will aid domestic growth. Concerns over trade disruption emanating from the new U.S. administration is a forecast risk, along with other possible international events.

Report framework

The regions in this report follow Statistics Canada's 11 Economic Region boundaries for Ontario. Each metropolitan area in a region is covered. The principal economic indicators used to track regional economic performance are employment, unemployment, housing sales, housing prices, residential and non-residential building permits, and population. Other data sets, such as housing starts and non-residential building construction investment spending, are referred to in the text, but no data is presented in tables. Gross Domestic Product (GDP) data are not available by region.

The labour market is a key indicator of regional performance and Statistics Canada's Labour Force Survey (LFS) is the main source of this information. Regional LFS data has issues with sample errors making it difficult to separate underlying movements from sample noise, which is more problematic in smaller regions and in industry details. Employment Insurance (EI) data is helpful to verify labour market changes, but it too has limitations.

2016 performances varied

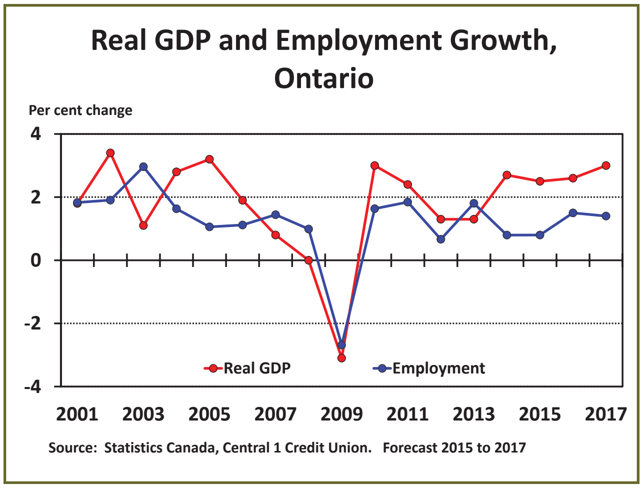
Employment increased in every region during 2016 except in Kitchener-Waterloo-Barrie and the Northeast, though in both cases the change was small and statistically insignificant. The fastest growth occurred in Kingston-Pembroke, followed by Northwest, Muskoka-Kawarthas, Windsor-Sarnia, and Toronto. Of these only Kingston-Pembroke and Toronto were statistically significant.

Unemployment rates declined in several regions with the largest declines in Muskoka-Kawarthas, and Windsor-Sarnia. Slightly higher rates were recorded in three regions but these were not significant. The Northwest saw a notable increase to 6.9 per cent from 6.0 per cent.

Housing market activity advanced in nearly all regions thanks to low rates and pent-up demand. Most regional housing markets saw more sales, higher prices, and more new construction. The Northwest was the exception for sales and new construction with double-digit percentage declines. The Muskoka-Kawarthas, Kingston-Pembroke, and Windsor-Sarnia saw the largest sales pickups, while Toronto posted the largest price increase at nearly 16 per cent. Housing construction jumped the most in London and Ottawa.

Large percentage gains in non-residential building permits occurred in the Muskoka-Kawarthas, London, and Ottawa regions. Declines occurred in the northern regions and in Hamilton-Niagara.

The latest regional population data from Statistics Canada is as of July 1, 2015. The 2016 estimates shown are derived in-house and influenced by more



recent provincial data on total population and migration flows. The Toronto region led the province in population growth followed by the Kitchener-Waterloo-Barrie region.

Positive outlook, more regional convergence

Ontario's regional economies will perform well during the next two years, resulting in more growth convergence between some regions, while the performance gap with northern regions will remain. Eastern regions will increasingly contribute to provincial growth while southwestern regional economies build off recent growth momentum. The remaining regions, notably Toronto, look to perform well.

The performance of Ontario's regional economies depends on external and domestic factors as well as on a region's industry and demographic composition. Several regions in Ontario are quite dependent on external export factors. The northern regions with their considerable dependence on forestry, mining and metal products and manufacturing-oriented regions have a high export exposure, while Ottawa and the Muskoka-Kawarthas regions are more domestically driven and less exposed to export markets.

There are substantial differences in economic makeup and performance within some regions. The main metropolitan area in the region is usually the service, distribution, and administrative centre with a different economic structure than the rest of the region. This is evident in several regions, notably in the Kingston-Pembroke region where the economy of the Kingston Census Metropolitan Area (CMA) bears little resemblance to the economic base in the rest of the region. Other examples are the Ottawa, Peterborough, and Thunder Bay CMAs, which are distinct from the rest of their regions.

All regional and metro economies are exposed to global economic and political developments in some way and growth prospects for the global and U.S. economies appear better during the next two years than in 2016. Similarly, Canada's economic growth is widely seen improving which should assist Ontario's interprovincial trade and relevant regional economies. Geopolitical risks are probably higher than in recent years while financial system risks are lower.

Ontario's real GDP growth is forecast at 2.4 per cent in 2017 and 2.5 per cent in 2018, following an estimated 2.7 per cent expansion in 2016. Ontario's economy has upshifted from its slow growth phase in 2012 and 2013 to recent moderate growth driven mainly by the domestic demand. Higher population growth will be a larger contributor to domestic demand growth and housing's growth contribution will slow. Exports will continue to expand and contribute to overall growth as in 2016.

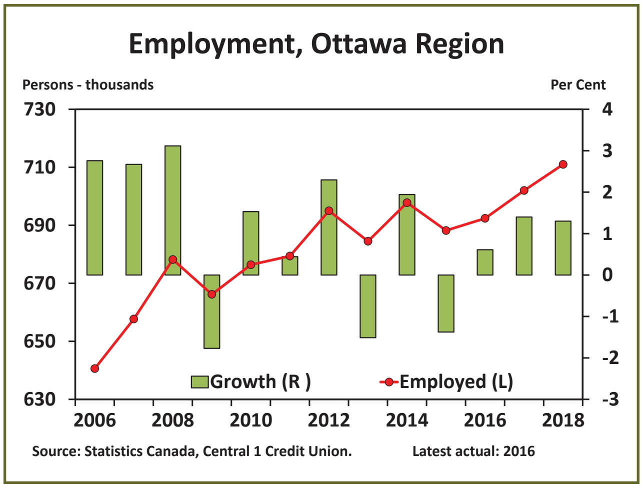
Ottawa Economic Region

The Ottawa Economic Region (ER) spans Leeds and Grenville, Lanark, Prescott and Russell, Dundas and Glengarry counties and is anchored by the Ottawa Census Metropolitan Area (CMA). The region is home to about 1.34 million people, with about three quarters in the Ottawa CMA. Not surprisingly, the economic base is predominantly services oriented, which make up nearly 90 per cent of regional employment and are heavily influenced by trends in government and related services, and to a lesser extent, the high-tech sector. Outside the CMA area, the economy has greater dependence on sectors like manufacturing, warehousing and agriculture.

Regional economic conditions improved in 2016 after a disappointing 2015 with employment increasing, existing home sales accelerating, rising new home construction, and higher capital investment spending. However, growth mostly accrued to the metro area with the region's smaller urban and rural regions posting a stable or negative performance.

Given the absence of official GDP data at the sub-regional level, labour market data provides the best indication of regional economic trends, although caution is warranted given sampling variability especially for smaller regions and industry data.

Ottawa ER employment trends improved in 2016 and retraced most of the decline observed in 2015 to approach levels last observed in 2014, while the rate of unemployment remained stable with downward



momentum near year-end. Average annual employment rose 0.6 per cent. However, part-time employment expansion offset a drop in full-time employment gains, suggesting regional labour income gains were likely negligible.

Gains in the Ottawa CMA drove regional employment growth with a 2.3 per cent increase from 2015 which reflected service-sector expansion. Notable growth included strong gains in professional and technical services, healthcare and public administration. For the latter, the most recently available annual federal public service population data pointed to negligible year-over-year growth in March 2016, with levels still eight per cent below the 2011 peak. However, fiscal stimulus plans may have contributed to more hiring in the back half of the year, and an annual 3.7 per cent sector gain in 2016. In contrast, the City of Ottawa cut about 175 jobs in October due to budget issues.[1][1]

Meanwhile, substantial growth in high value service employment, including professional services and information/culture industries, reflected a rebound from a 2015 lull and upward momentum in hiring for the public sector and the CMA's influential and growing tech sector. The latter has transitioned from a hardware to software-driven ecosystem and is well split between small startups and larger firms. [2][2] The regional tech space is home to Shopify, Klipfolio, and includes development sites for OpenText, Cisco, and more recently Amazon.[3][3] BlackBerry's evolution to a pure software organization focused on the Internet of Things (IOT) has also benefitted Ottawa with the

[1] http://www.cbc.ca/news/canada/ottawa/ottawa-city-job-cuts-imminent-1.3791760
[2] http://brookfieldinstitute.ca/wp-content/uploads/2016/07/The-State-of-Canadas-Tech-Sector-2016-V2.pdf
[3] http://www.obj.ca/Technology/2016-09-14/article-4640898/Amazon-opens-Ottawa-tech-office-with-ambitious-hiring-plans/1

opening of the QNX Autonomous Vehicle Innovation Centre focused on driverless technology, while expansion was also announced by Survey Monkey. These are the significant announcements related to tech growth in the region and indicate growth in the space and a strong ecosystem.

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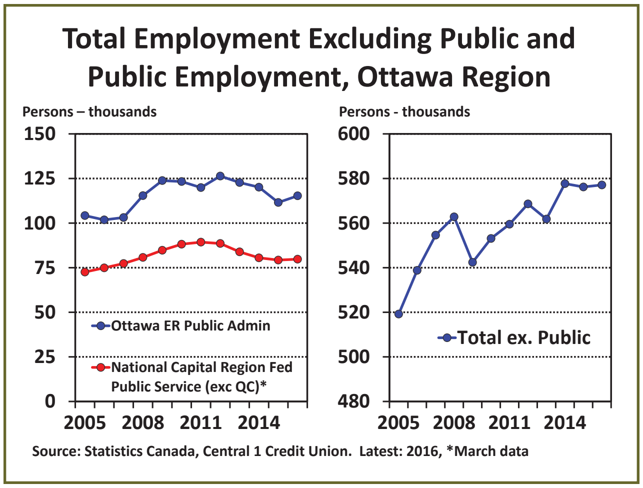
In the goods-producing industries, agriculture employment declined for the fourth consecutive year and manufacturing jobs fell to their lowest level on record. Construction employment dipped with the completion of a number of key projects in the CMA, including the Rideau Centre and the Bank of Canada. Work continues on the $2.1 billion Confederation Line. Engineering construction received a boost with Hydro Ottawa's new 29-megawatt hydroelectric generating station near Chaudière Falls underway. Other infrastructure projects include work on the Trent-Severn Waterway. Housing market activity picked up in 2016 with sales rising faster and prices setting record highs. Sales activity was more robust in Ottawa than in the rest of the region. Residential permits issued jumped nearly 50 per cent in the Ottawa CMA during 2016, while outside Ottawa a 24 per cent increase was estimated. Non-residential permits increased in the region led by a 25 per cent rise in private sector spending

The unemployment rate was 6.5 per cent in the region and 6.3 per cent in Ottawa during 2016. Outside Ottawa, the unemployment rate only inched above seven per cent despite a 5.2 per cent drop in employment, because the labour force fell by a similar amount. This is a sign that the population base shrunk due to a net migration outflow.

For the region as a whole, population growth increased in 2016 to its fastest pace in three years owing to higher net migration flows. The 2016 growth estimate is 1.0 per cent, up from 0.8 per cent in 2015 on a July 1 basis. Net migration was put at 10,500 persons compared to 6,904 persons in 2015, with most of the gain from net international migration.

Economic development challenges remain considerable, particularly outside the Ottawa CMA. For example, Cornwall faced a series of setbacks stemming from struggles in the manufacturing sector. Some recent positive news for Cornwall include internet service provider Xplornet Communications' plans to build a new office and create 130 full-time jobs over the next five years. In addition, Morbern Inc., a coated fabric manufacturer, announced that it would expand operations, creating 36 jobs.



The economy outside Ottawa continues to develop as a distribution hub generating transportation and warehousing jobs. This past year saw Giant Tiger commence construction of a new state-of-the-art distribution centre in Edwardsburgh-Cardinal Township. Previously, Hercules SLR opened a distribution centre in Cornwall.

In Ottawa, the tech sector generated some positive news with software provider Assent announcing expansion plans as well as other companies such as Edgewater Computer Systems and the Hotel Communication Network. In late 2016, the Innovation Centre at Bayview Yards opened and it will generate more activity over time.

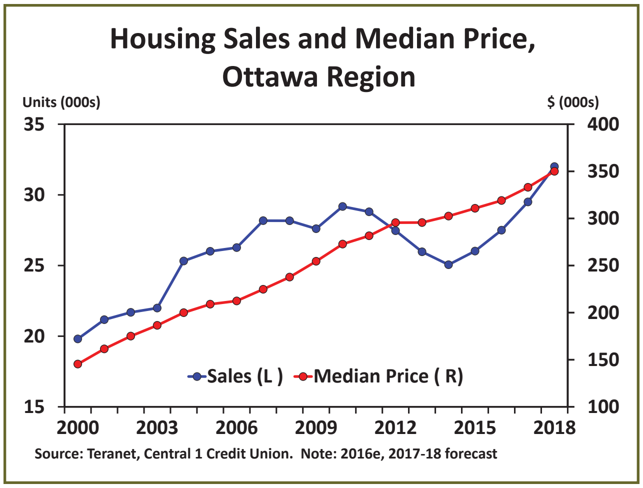
Public-sector activity is expected to expand and lift the broader economy through multiple channels, including demand for professional services and retail spending, housing and it will drive increased business and public-sector investment.

The regional manufacturing base is anticipated to stabilize with favourable export conditions from the low Canadian dollar and improved U.S. economy. However, a re-emergence of manufacturing growth is not expected, rather stability instead.

The region's economic outlook is for improved performance in 2017 and 2018 with higher employment, a lower unemployment rate, more construction, and a continuation of faster population growth. Housing market activity is seen making further gains with more sales and higher prices on the horizon. Ottawa's economy looks to outperform the region as a whole, though performance in the rest of the region is seen improving. Growth in the Ottawa CMA will underpin regional employment gains of 1.4 per cent and 1.3 per cent over the next two years.

A low Canadian dollar will continue to support growth in the technology hub and global service providers and provide some stability for them manufacturing sector, while fiscal stimulus by way of the federal government will underpin public-sector employment, with positive benefits for related service providers. Stronger housing activity for 2017 is anticipated to lift construction employment along with commencement of stage two of the Ottawa Light Rail project providing more support in 2018 onwards.

The region's population is forecast to grow 1.2 per cent in 2017 and 1.4 per cent in 2018 primarily driven by the Ottawa CMA at 1.5 per cent with international and interprovincial net inflows leading the way. The former saw a lift from Syrian refugees over the past



Ottawa Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	697.8	688.2	692.4	702.0	711.0
% change	1.9	-1.4	0.6	1.4	1.3
Unemployment Rate, %	6.6	6.5	6.5	6.0	5.7
Residental Sales, units	25,056	26,020	27,500	29,500	32,000
% change	-3.5	3.8	5.7	7.3	8.5
Residential Median Price, $	302,436	310,713	319,000	333,000	350,000
% change	2.3	2.7	2.7	4.4	5.1
Residential Permits, units	8,391	5,808	8,400	9,200	10,300
% change	26.3	-30.8	44.6	9.5	12.0
Non-Residential Permits ($ mil.)	1,180.1	1,046.4	1,225.0	1,050.0	1,250.0
% change	0.1	-11.3	17.1	-14.3	19.0
Population (000s)	1,319.8	1,330.4	1,344.1	1,359.8	1,378.2
% change	0.8	0.8	1.0	1.2	1.4
Ottawa CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	533.8	531.1	543.4	550.0	559.0
% change	2.0	-0.5	2.3	1.2	1.6
Unemployment Rate, %	6.6	6.3	6.3	6.3	6.0
Residental Sales, units	18,585	19,363	20,500	22,000	24,000
% change	-3.4	4.2	5.9	7.3	9.1
Residential Median Price, $	326,447	334,432	342,000	358,000	379,000
% change	1.8	2.4	2.3	4.7	5.9
Residential Permits, units	7,281	4,679	7,000	7,500	8,500
% change	33.2	-35.7	49.6	7.1	13.3
Non-Residential Permits ($ mil.)	945	908	1000	850	1050
% change	-3.0	-3.9	10.1	-15.0	23.5
Population (000s)	989.8	1,001.2	1,015.0	1,030.0	1,045.0
% change	1.2	1.1	1.4	1.5	1.5

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

year, but the federal government has set higher targets for international immigration for coming years. Ontario's stronger economic growth profile will continue to draw residents from other provinces. In contrast, population levels outside the CMA are forecast to ease about 0.1 per cent each year, largely reflecting weaker growth in the economy.

The housing market is forecast to show moderate gains aligned with steady gains in the economy. Following an uneventful few years due to a sluggish regional economy, home sales are forecast to rise by more than seven per cent in both 2017 and 2018 to 32,000 units, with median home value growth of about 4.5 per cent per year to $350,000.

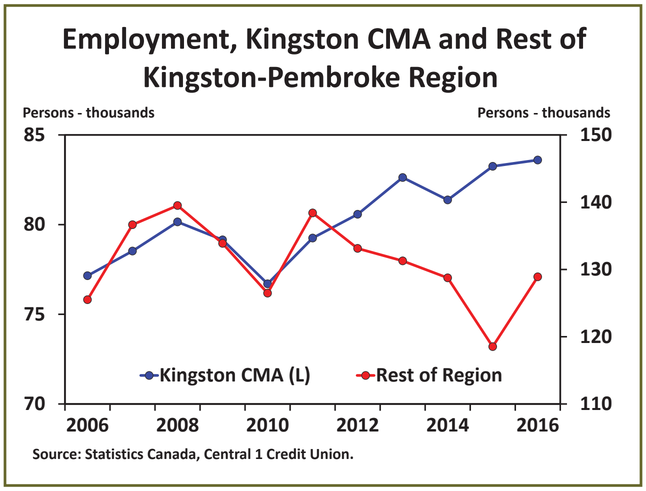
New home construction is set to rise with a strengthening economy and rising housing sales and prices. Residential permits (units) are forecast to rise 9.5 per cent in 2017 by 12 per cent in 2018 following a 44 per cent rebound in 2016.

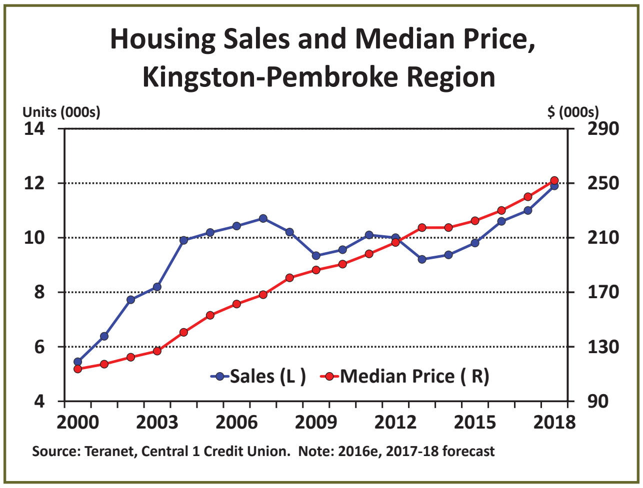
Kingston-Pembroke Economic Region

Economic performance improved in 2016 though regional variation was pronounced. The Kingston-Pembroke Economic Region includes the Kingston metropolitan area, the Frontenac townships, and the counties of Lennox and Addington, Hastings, Renfrew, and Prince Edward. In 2016, economic growth was more robust outside the Kingston metropolitan area.

Modest overall growth and uneven sector performances in the region's economy have prevailed since the 2008-09. The service-oriented Kingston metropolitan area economy has a better growth profile aided by a high concentration in the education, health, government, and tourism industries while the rest of the region is concentrated in agriculture, manufacturing, and transportation-warehousing industries.

A stark difference in employment performance between the Kingston metro area and the rest of the region played out in 2016. Employment in Kingston was up 0.8 per cent compared to a 5.7 per cent jump in the region, implying a large nine per cent surge outside Kingston. Large swings in Statistics Canada's regional labour force estimates are common due to its small sample size and such results should be taken with caution. Based on past results, it is conceivable the LFS survey will record a labour force and employment drop in 2017.





The region's unemployment rate fell to a multi-year low at 6.0 per cent in 2016 as it did in the Kingston CMA at 5.8 per cent. Employment Insurance (EI) beneficiary counts provide another view of the labour market with more geographic detail. Fewer people were receiving regular income benefits in 2016 than in 2015 in the region though there was an increase in the Petawawa CA. In addition, there was an upturn in the Pembroke CA in the second half of 2016.

Housing has been a source of economic growth with more sales, new construction, and higher prices. Sales will post the largest increase in several years in 2016. Total residential sales are estimated to have increased eight per cent, led by an 11 per cent jump in Kingston. Permits issued for residential unit construction increased about six per cent in the region even though there was a large 19 per cent drop in Kingston.

Following a large plunge in 2015, non-residential construction made a modest comeback but private investment rebounded about 30 per cent led by a surge in industrial and commercial permits. Kingston saw a near doubling in non-residential permits in 2016 with a spike in industrial investment from alterations the Cataraqui Bay Wastewater Treatment Plant and a large jump in public sector building. A permit for a food processing plant was issued to the Frulact Group, which will house about 50 employees when the facility opens.

Engineering construction will receive a boost from power infrastructure projects such as TransCanada's $1.6 billion natural gas pipeline project which is scheduled to begin in next year.

Annual population growth as of July 1, 2015, the latest available, was 0.3 per cent in the region with Kingston's growth at 0.8 per cent. Our estimate for 2016 sees growth edging up to 0.3 per cent regionally and 0.9 per cent in Kingston due to slightly higher net migration.

Kingston's service-based metropolitan-area economy with a concentration in education, health, government, and tourism industries is seen continuing to outperform the rest of the region. Employment, investment, and population growth in Kingston will outpace other areas. The labour market will build on recent gains with employment growth around two per cent annually during 2017 and 2018 with a declining unemployment rate. The housing sector is expected to post gains in sales, prices, and new construction.

The construction industry will remain active and a source of growth with the Canadian Particle

Kingston-Pembroke Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	210.1	201.0	212.5	217.0	220.0
% change	-1.8	-4.3	5.7	2.1	1.4
Unemployment Rate, %	8.4	7.2	6.0	5.7	5.6
Residental Sales, units	9,370	9,806	10,600	11,000	11,900
% change	1.8	4.7	8.1	3.8	8.2
Residential Median Price, $	217,417	222,411	230,000	240,000	252,000
% change	0.0	2.3	3.4	4.3	5.0
Residential Permits, units	1,850	2,074	2,200	2,400	2,700
% change	-9.8	12.1	6.1	9.1	12.5
Non-Residential Permits ($ mil.)	495.0	276.5	290.0	280.0	385.0
% change	108.3	-44.1	4.9	-3.4	37.5
Population (000s)	468.7	469.9	471.2	472.6	474.4
% change	0.2	0.3	0.3	0.3	0.4
Kingston CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	81.4	82.9	83.6	86.0	87.5
% change	-1.5	1.8	0.8	2.9	1.7
Unemployment Rate, %	6.8	6.6	5.8	6.0	5.6
Residental Sales, units	3,166	3,328	3,700	4,000	4,500
% change	-5.6	5.1	11.2	8.1	12.5
Residential Median Price, $	261,116	265,792	275,000	285,000	300,000
% change	2.0	1.8	3.5	3.6	5.3
Residential Permits, units	731	799	650	700	800
% change	-23.2	9.3	-18.6	7.7	14.3
Non-Residential Permits ($ mil.)	356	70.2	140	125	160
% change	249.7	-80.3	99.4	-10.7	28.0
Population (000s)	168.5	169.9	171.4	173.1	175.0
% change	0.8	0.8	0.9	1.0	1.1

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

Astrophysics Research Centre at Queen's University expected to commence in the forecast period and other projects currently underway.

In the rest of the region, prospects remain less favourable for growth than in Kingston due to its industry makeup. Pembroke is more oriented to resource extraction and processing than other centres in the region, while Quinte West and Belleville have a relatively larger manufacturing sector as well as transportation-warehousing industries. Petawawa's economy is dominated by the Canadian Forces' Garrison Petawawa.

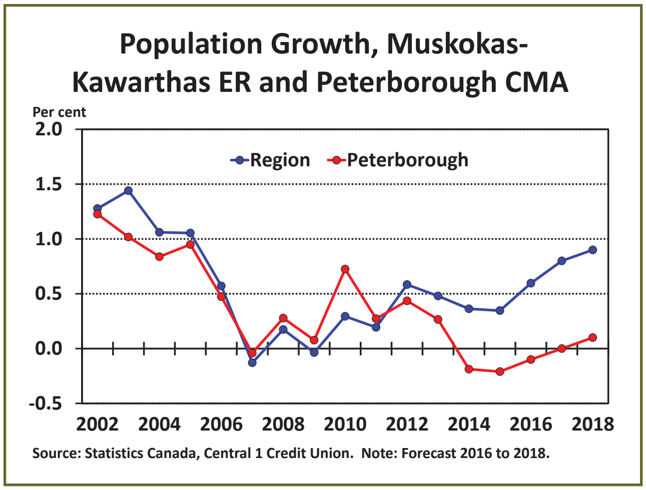
External growth factors matter more in the rest of the region than in Kingston, which is also influenced by external forces but less so. With growth improving in the Ottawa region, provincial growth continuing at a respectable pace, and U.S. economic growth expected to pick up, some spillovers to this region will occur and contribute to its growth. The low Canadian dollar and low interest rates will also be positive external factors.

Housing market activity in centres outside Kingston will post further gains in 2017 and 2018. Non-residential investment, though, looks to remain around current market levels until a project-specific development occurs such as Feihe International Inc.'s manufacturing of infant formula plant in Kingston which is set to open in 2019.

Muskoka-Kawarthas Economic Region

The Muskoka-Kawarthas Economic Region (ER) is anchored by the Peterborough Census Metropolitan Area (CMA) and contains the census agglomerations of Kawartha Lakes, Port Hope and Cobourg. The region spans Northumberland, Peterborough and Haliburton counties as well as Kawartha Lakes census division and Muskoka district municipality. Peterborough's economy is more weighted toward education, health and tourist-related services than the region overall. The region's overall economy is more concentrated toward construction, manufacturing and utilities than the city. The region is cottage and lake country, attracting a population of seasonal and retired residents.

Regional employment is rangebound since the recession. Labour Force Survey (LFS) sample results for smaller geographies and their industry constituents can be quite volatile from year to year and results need to interpreted with caution. Employment in health services is on a rising trend as the population



grows and ages. Professional-scientific-technical industry employment is also on a rising trend and posted a large gain in 2016. However, manufacturing employment fell sharply in 2016 to lowest level on record. Construction employment climbed on a rising trend, driven mostly by residential activity.

In Peterborough, employment has been on a slow rising trend since the recession, driven by service industries. Peterborough's unemployment rate fell to its lowest point in nearly 15 years at 5.7 per cent from 7.8 per cent in 2015 on a large labour force decline.

Regional housing sales rose about 10 per cent in 2016 on the heels of a 17 per cent jump in 2015. Prices accelerated nearly nine per cent in 2016, up from four per cent in 2015. Sales began to slow in the later part of 2016 potentially due to fewer new listings coming onto the market and to the new federal housing policy changes in effect mid-October 2016. Peterborough's rental market tightened with the apartment vacancy rate falling to 1.0 per cent.

Residential building permits turned up in 2016 in response to higher sales and prices. Peterborough residential permits shot up 28 per cent. Non-residential permits posted a large jump outside Peterborough in all three main categories – industrial, commercial and institutional-government. Within Peterborough, commercial building permits rebounded about 85 per cent form a 2015 low.

Population growth in the Muskoka-Kawarthas region is largely driven by net inflows from other parts of the province. Growth is forecast at almost one per cent annually through 2018, following a 0.6 increase last year. Rising home prices in the GTA and an aging demographic will result in an increasing influx of people from the GTA and other parts of Ontario stimulating the housing market and domestic economy. The population of Peterborough is forecast to increase slightly.

Regional employment is forecast to rise at a faster pace trough 2018, driving the unemployment rate down to 5.4 per cent of the labour force. Total employment in Peterborough is forecast rise robustly through 2018, with the unemployment rate remaining around six per cent.

Strong growth in housing sales and prices are forecast through 2018 in both the region and Peterborough. A mild, temporary correction in residential construction is likely given the spike in multi-units started in 2016. Such supply adjustments are a common feature in that sector.

The provincial government is currently making the largest infrastructure investment in hospitals, schools, public transit, roads, bridges, water and sewer in the province's history, with 20 projects listed in the Muskoka-Kawarthas region. The value of building permits is forecast to rise through 2018 in both the region and in Peterborough.

A moderate but improving growth environment is foreseen for the region and the Peterborough CMA in 2017 and 2018. The region's shift to service-producing industries will continue as in other regions in Ontario and a growing portion of service industries will become export-oriented.

Muskoka-Kawarthas Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	186.3	167.8	170.6	173.0	176.0
% change	10.6	-9.9	1.7	1.4	1.7
Unemployment Rate, %	6.3	7.8	5.7	5.5	5.4
Residental Sales, units	9,910	11,602	12,800	13,500	15,000
% change	-0.1	17.1	10.3	5.5	11.1
Residential Median Price, $	245,115	254,566	277,000	295,000	320,000
% change	5.1	3.9	8.8	6.5	8.5
Residential Permits, units	2,208	1,880	2,200	2,100	2,300
% change	21.4	-14.9	17.0	-4.5	9.5
Non-Residential Permits ($ mil.)	235.0	119.0	190.0	170.0	205.0
% change	81.6	-49.4	59.7	-10.5	20.6
Population (000s)	381.4	382.7	385.1	388.0	391.4
% change	0.4	0.3	0.6	0.8	0.9
Peterborough CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	60.5	61.2	59.5	61.0	63.0
% change	10.2	1.2	-2.8	2.5	3.3
Unemployment Rate, %	8.2	7.7	5.1	6.0	5.8
Residental Sales, units	2,409	2,761	3,100	3,300	3,700
% change	-1.8	14.6	12.3	6.5	12.1
Residential Median Price, $	243,704	254,168	280,000	300,000	330,000
% change	5.6	4.3	10.2	7.1	10.0
Residential Permits, units	619	431	550	600	650
% change	12.5	-30.4	27.6	9.1	8.3
Non-Residential Permits ($ mil.)	95.7	45.6	50	45	60
% change	143.1	-52.4	9.6	-10.0	33.3
Population (000s)	122.8	122.6	122.4	122.4	122.5
% change	-0.2	-0.2	-0.1	0.0	0.1

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

Toronto Economic Region

Following a stronger growth profile in 2015, economic activity in the Toronto economic region, which includes the Toronto and Oshawa Census Metropolitan area (CMAs), and neighbouring areas such as Oshawa, Burlington, Clarington, Whitby, Scugog and Brock, expanded at a moderate pace in 2016.

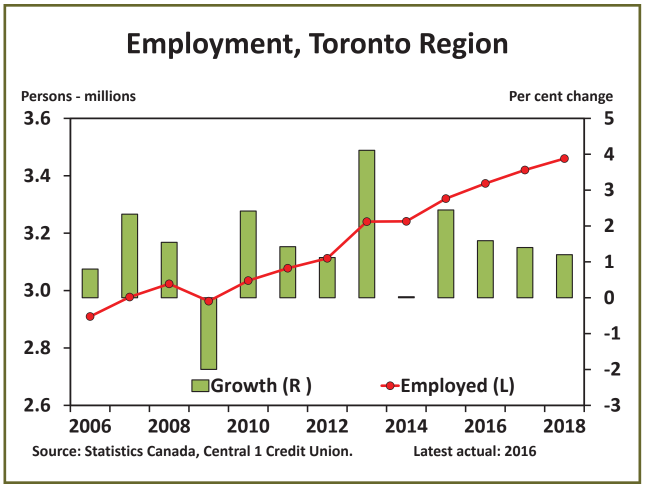
Employment growth reached a respectable 1.6 per cent in 2016 although momentum waned through the year. While down from 2015's 2.4 per cent gain, the region performed well. Employment growth was third highest among provincial economic regions, trailing Kingston-Pembroke and the Northwest, which saw rebounds after contracting in 2015. Employment growth in the region exceeded the provincial growth rate of 1.1 per cent and national gain of 0.7 per cent. In the Toronto CMA, employment was 1.2 per cent, accounting for most of the regional gain, while Oshawa with its smaller footprint posted a nine per cent surge to more than reverse previous year's decline.

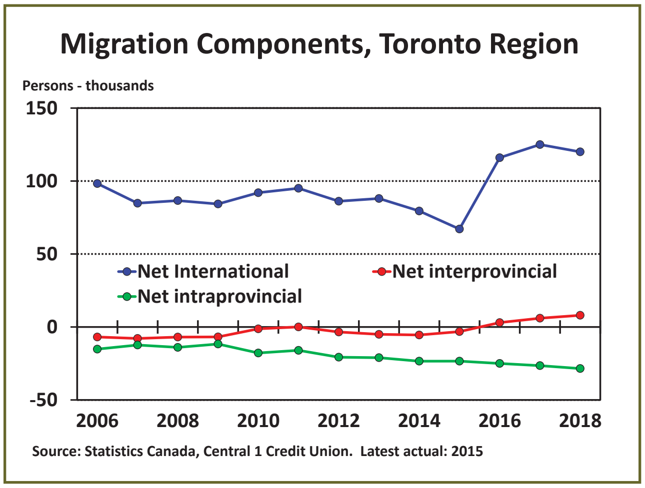
While the labour market trend has shifted towards services-oriented jobs over the past 15 years owing to in large part to a hollowing out of the general manufacturing sector during the high Canadian dollar and U.S. recession periods, there was some reversal in 2016. Manufacturing employment with a near four per cent gain climbed to its highest level since 2013. While a low Canadian dollar has helped to lift export demand, rising employment may also reflect more intensive use of labour and hesitation to invest in capital given uncertainty in both the domestic economy and externally.

Goods-oriented employment rose 2.8 per cent, to outpace services-growth of 1.3 per cent in 2016. Strong growth in new home construction and investment in non-residential building and public infrastructure since 2015 provided another strong lift to construction employment of 4.4 per cent after a near six per cent gain the previous year.

On the services-front, employment was a mixed bag as a pullback in education-related employment was offset by strong gains related to the heavily weighted finance/insurance/real estate sector as well as public administration and health services.

The unemployment rate held steady from 2015 with some downward pressure in the latter part of the year. High levels of population and labour force growth have limited any decline in unemployment.





Relatively stronger economic conditions in the region are attracting more interprovincial migrants, particularly from Alberta. In 2016, net interprovincial migration reached an estimated 3,000 persons, compared to an average net outflow of more than 4,000 persons each year since 2003. International migration surged last year, doubling to about 94,000 persons primarily due to an inflow of Syrian refugees. Strong population inflows will continue to put pressure on both rental and homeownership market, and underpin consumer spending.

Housing remained a strong source of economic growth in 2016, despite a decline in the building permits. Residential housing transactions, based on land-title transfers, are estimated to have climbed 3.5 per cent in 2016. Gains were led by markets outside the metro area, with a strong uplift in Oshawa. This is based on all transactions, including new home purchases, and trailed MLS® sales growth during the year, which is predominantly resale market activity. MLS® sales continued to track higher in Greater Toronto, and drove an annual unit sales gain of near 12 per cent underpinned by low interest rates, population growth and economic expansion and a strong desire for homeownership.

Rising prices have followed the housing sales cycle, with median home values up an estimated 16 per cent last year. Similarly, constant-quality measures including the CREA benchmark price were up 20 per cent year-over-year in December, with the Teranet repeat sales index showing a similar gain. A dearth of housing inventory, which in the GTA fell 48 per cent from end of 2015, was is a critical driver of these outsized gains, and the shortage will further lift prices through the forecast period.

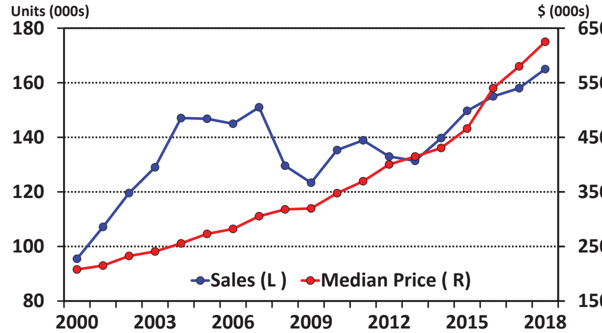
Housing sales show the pulse of the market, but economic and job growth better reflect underlying construction activity. While regional housing construction permits fell in 2016, new home construction and renovation spending were key contributors to growth this year. A 50 per cent increase in housing starts and uplift in building permits in the region in 2015 boosted units under construction and work-in-place, marking a key driver of the rise in construction employment observed.

High prices in the Toronto CMA have had spillover effects to surrounding markets as worsening affordability drives households to nearby lower-priced regions like Oshawa, contributing to new housing activity.

Business conditions remained healthy in 2016. Strong housing market demand, and population and job growth contributed to a five per cent rise in retail sales. A strong pace of net business formations (with employees) in 2015 of more than 2.5 per cent, compared to 1.5 per cent provincially, provides an indication of expansion in the region, particularly in the small-to-medium size business segment. According to CBRE, downtown Toronto office vacancy rates were the lowest in North America, at 4.4 per cent, and below average in suburban areas. Demand from the technology was a significant driver of the tight market. This despite announcement of layoffs at large financial institutions in recent years amidst a digital shift in consumer behaviour. Part of this may be absorbed by a rise in technology companies, some of which overlap the finance and banking space. The Bank of Nova Scotia expanded technological services to clients and opened a 'digital factory' in 2016. Amazon recently opened an 850,000 square foot robotic distribution centre in Brampton.

Going forward, economic growth will outperform the rest of the province. Consumer demand will remain a key source of economic activity and reflect popula-

Housing Sales and Median Price, Toronto Region



Source: Teranet, Central 1 Credit Union. Note: 2016e, 2017-18 forecast

tion gains of two per cent through 2018 and ongoing growth in general and high-value service sectors. Even in areas historically more manufacturing based like Oshawa, a continued shift to areas like post-secondary education and health care will contribute to expansion.

Business investment is forecast to hold steady and reflect growth in a well-diversified economy, however, higher costs due to the cap and trade program and electricity price hikes are a constraint. Non-residential permit volume is forecast to remain steady in 2017 with growth in 2018. Public-sector residential investment is forecast to decline by about 20 per cent each year after a 55 per cent increase in 2015. Key projects relate to utilities investment that will span the next decade, including multi-billion refurbishment plans at the Darlington Generating Station along with ongoing work on the $5.3 billion Eglinton Crosstown LRT, which is expected to employ 2,500 workers at peaks and be completed in 2021, extension of the subway line, and upgrades at the Union Station will create construction and engineering jobs. Investments in local universities are also planned.

The regional labour market is forecast to generate employment growth of 1.4 per cent in 2017 and 1.2 per cent in 2018, with gains mostly in the Toronto CMA. Unemployment will ease marginally, but hold at 6.7 per cent in 2018 due to growth in the labour force.

Housing market sales and new construction are forecast to hold steady, but face some downward pressure in 2017 due to more stringent mortgage insurance rules that are impeding credit availability for low-equity buyers. Nonetheless, with supply constraint unlikely to change, median home values are forecast to rise more than seven per cent each year through 2018.

Toronto Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	3,241.1	3,320.4	3,373.2	3,420.0	3,460.0
% change	0.0	2.4	1.6	1.4	1.2
Unemployment Rate, %	8.0	7.1	6.9	6.8	6.7
Residental Sales, units	139,738	149,695	155,000	158,000	165,000
% change	6.4	7.1	3.5	1.9	4.4
Residential Median Price, $	430,443	466,069	540,000	580,000	625,000
% change	3.8	8.3	15.9	7.4	7.8
Residential Permits, units	35,136	40,153	36,000	37,000	38,000
% change	-12.7	14.3	-10.3	2.8	2.7
Non-Residential Permits ($ mil.)	5,985.0	6,630.9	6,300.0	6,200.0	6,900.0
% change	-3.4	10.8	-5.0	-1.6	11.3
Population (000s)	6,357.7	6,429.7	6,558.7	6,697.2	6,830.7
% change	1.4	1.1	2.0	2.1	2.0
Toronto CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	3087.4	3176.7	3215.0	3250.0	3300.0
% change	-0.2	2.9	1.2	1.1	1.5
Unemployment Rate, %	8.0	7.0	7.0	6.8	6.7
Residental Sales, units	128,695	138,293	140,000	142,000	150,000
% change	5.9	7.5	1.2	1.4	5.6
Residential Median Price, $	441,639	480,539	554,000	600,000	645,000
% change	4.4	8.8	15.3	8.3	7.5
Residential Permits, units	34,252	38,945	35,000	36,000	38,500
% change	-13.2	13.7	-10.1	2.9	6.9
Non-Residential Permits ($ mil.)	5648.2	6557.4	6100	6500	6200
% change	-7.0	16.1	-7.0	6.6	-4.6
Population (000s)	6,053.4	6,129.9	6,227.1	6,330.0	6,438.0
% change	1.5	1.3	1.6	1.7	1.7
Oshawa CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	201.4	196.4	214.0	205.0	210.0
% change	3.5	-2.5	9.0	-4.2	2.4
Unemployment Rate, %	7.1	7.5	5.9	6.6	6.4
Residental Sales, units	8,976	9,950	10,500	10,000	11,000
% change	2.9	10.9	5.5	-4.8	10.0
Residential Median Price, $	319,273	358,666	430,000	460,000	500,000
% change	6.5	12.3	19.9	7.0	8.7
Residential Permits, units	1,829	2,729	2,200	2,000	2,300
% change	5.4	49.2	-19.4	-9.1	15.0
Non-Residential Permits ($ mil.)	394	206	230	210	250
% change	121.3	-47.7	11.7	-8.7	19.0
Population (000s)	384.0	389.0	395.0	401.0	407.0
% change	1.3	1.3	1.6	1.5	1.5

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

Kitchener-Waterloo-Barrie Economic Region

The Kitchener-Waterloo-Barrie Economic Region (ER) is home to about 1.33 million residents, anchored by the Kitchener-Cambridge-Waterloo Census Metropolitan Area (CMA) and the Guelph CMA. In the northern part, the Barrie CMA is the principal centre among the neighbouring census agglomerations of Orillia, Midland, and Collingwood.

The region's economy is well diversified with concentrations in manufacturing and education industries standing out as the region's most important export sectors. Manufacturing plays a larger role in the Kitchener-Cambridge-Waterloo (K-C-W) CMA and Guelph CMA economies than in the Barrie CMA. The finance-insurance-real estate industry also plays a prominent role in the K-C-W CMA economy while the education sector in Guelph is highly significant. Barrie's economy is the most diversified in the region with notable concentrations in several industries including construction, business services, trade, information-cultural-recreation, government, and accommodation-food services, in addition to manufacturing.

In local economies outside the CMAs, their economic base is more goods-producing oriented, including manufacturing construction, and agriculture. Services-producing industries are less concentrated in these markets with the accommodation-food industry the most significant.

Next to the Toronto ER, this region has the best economic performance in the province and within the Kitchener-Waterloo-Barrie (K-W-B) ER, Guelph and Barrie CMAs have outperformed the K-C-W CMA since the mid-1990s based on a shift-share economic base analysis.

Economic growth in the K-W-B region during 2016 was mixed and moderate overall. Employment growth slowed, the unemployment rate edged up, housing market activity and residential construction picked up, non-residential building construction was flat, and population growth increased.

Employment was off 0.6 per cent in the region and the unemployment rate averaged 5.5 per cent, slightly higher than last year. Within the region, the K-C-W and Guelph CMAs posted small employment gains while a near four per cent decline played out in the Barrie CMA. The unemployment rate at 7.8 per cent in Barrie was the highest in the region.

Regional job growth in 2016 was mostly in the goods-producing industries, led by manufacturing with a 5.5 per cent gain, its second yearly increase. Other industries with notable increases were trade, professional-scientific-technical, and business services. Large declines were recorded in accommodation-food, health, and transportation-warehousing. The Labour Force Survey is based on a household sample and comes with a sampling error, which can be large and make comparisons not statistically meaningful.

Manufacturing in the region has fared well in comparison to other regions and to the province. While manufacturing employment is lower in the past 10 years, the contraction is not as deep as in other regions and the province. Further consolidation and restructuring will continue but gains are more likely with external factors such as the lower loonie providing competitive support.

Some manufacturing companies continue to invest in production capacity and add jobs, often with financial support from governments. Honda of Canada is making a large investment with government contributions to upgrade its Alliston facility. Manufacturer Innovative Automation in Barrie is investing in a state-of-the-art plant producing robotic and automation equipment. Other manufacturing companies announcing expansions were Grand River Foods, Kromet International Inc., Teutech Industries Inc., and DECAST. Not all news was positive. Cambridge Towel Company Inc. will close operations, affecting 160 employees.

The technology sector in the K-C-W CMA faced some setbacks in 2016. BlackBerry announced it is outsourcing all hardware development functions and will focus on its software and security capabilities. This comes on the heels of prior layoff notices.

But this sector remains vibrant and adaptive. New companies form such as technology start-ups Atomic Labs, Plum.io, 80-20 Growth Corp., Scintilla Design and PiinPoint and more will spring out of the region's incubator hubs. Clearpath Robotics Inc., a developer of self-driving technology, is expanding its OTTO Motors division. Sandvine Inc., with government support, is investing to develop networking equipment technologies. Software developer Axonify Inc. is expanding as well after securing additional funding.

The region's economic outlook through 2018 is for a mild pickup in employment growth and a slightly lower unemployment rate. Housing market activity will continue to increase with growth in sales, prices,

Kitchener-Waterloo-Barrie Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	704.5	710.6	706.0	711.0	720.0
% change	1.6	0.9	-0.6	0.7	1.3
Unemployment Rate, %	5.8	5.4	5.5	5.6	5.3
Residental Sales, units	29,114	32,831	33,500	32,500	34,500
% change	-2.0	12.8	2.0	-3.0	6.2
Residential Median Price, $	298,293	317,515	355,000	375,000	405,000
% change	6.4	6.4	11.8	5.6	8.0
Residential Permits, units	9,204	9,290	11,300	11,000	12,000
% change	29.9	0.9	21.6	-2.7	9.1
Non-Residential Permits ($ mil.)	1,307.9	1,254.3	1,235.0	1,180.0	1,440.0
% change	33.1	-4.1	-1.5	-4.5	22.0
Population (000s)	1,299.5	1,313.5	1,331.3	1,350.3	1,371.4
% change	1.1	1.1	1.4	1.4	1.6
Kitchener-Cambridge-Waterloo CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	283.1	279.8	281.6	283.0	286.0
% change	1.5	-1.2	0.6	0.5	1.1
Unemployment Rate, %	6.4	5.9	5.5	5.6	5.4
Residental Sales, units	9,720	10,589	11,200	10,500	11,500
% change	-0.1	8.9	5.8	-6.3	9.5
Residential Median Price, $	289,271	305,227	329,000	340,000	370,000
% change	3.0	5.5	7.8	3.3	8.8
Residential Permits, units	3,728	3,578	4,500	4,000	4,200
% change	53.4	-4.0	25.8	-11.1	5.0
Non-Residential Permits ($ mil.)	558.6	504.5	525	500	550
% change	46.9	-9.7	4.1	-4.8	10.0
Population (000s)	507.3	511.3	516.5	522.5	529.5
% change	0.8	0.8	1.0	1.2	1.3
Barrie CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	111.6	108.4	104.2	106.0	108.0
% change	2.0	-2.9	-3.9	1.7	1.9
Unemployment Rate, %	6.0	7.0	7.8	7.5	7.0
Residental Sales, units	5,374	5,724	6,300	6,000	6,500
% change	5.6	6.5	10.1	-4.8	8.3
Residential Median Price, $	300,729	325,371	371,000	385,000	405,000
% change	7.1	8.2	14.0	3.8	5.2
Residential Permits, units	1,251	840	1,100	900	950
% change	38.7	-32.9	31.0	-18.2	5.6
Non-Residential Permits ($ mil.)	232	233	170	200	240
% change	39.8	0.4	-27.0	17.6	20.0
Population (000s)	200.3	202.7	205.4	208.4	211.8
% change	1.2	1.2	1.3	1.5	1.6
Guelph CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	81.8	90.5	90.6	92.0	93.0
% change	2.5	10.6	0.1	1.5	1.1
Unemployment Rate, %	6.2	4.0	4.8	5.3	5.5
Residental Sales, units	3,393	3,994	3,700	3,500	4,000
% change	-10.0	17.7	-7.4	-5.4	14.3
Residential Median Price, $	323,146	333,080	369,000	380,000	400,000
% change	10.1	3.1	10.8	3.0	5.3
Residential Permits, units	1,124	1,479	1,200	1,200	1,300
% change	-4.4	31.6	-18.9	0.0	8.3
Non-Residential Permits ($ mil.)	177	169	130	150	170
% change	10.6	-4.5	-23.1	15.4	13.3
Population (000s)	151.3	153.0	154.6	156.6	159.2
% change	1.2	1.1	1.1	1.3	1.7

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

and construction. Non-residential building construction will remain near current levels in the near term and turn higher in 2018. The recent upshift in population growth will continue.

Job growth in the region is forecast at 0.7 per cent in 2017 and 1.3 per cent in 2018, up from a small contraction in 2016 and similar to recent trend growth. The unemployment rate is put at 5.6 per cent in 2017 and 5.3 per cent in 2018, on par with the prior three years. Labour markets in the K-C-W CMA will track the region, while job growth in Barrie and Guelph is set slightly higher.

Housing market conditions tightened considerably during 2016 but in the last couple of months a noticeable easing occurred. MLS® residential sales fell sharply, likely in reaction to the tighter new federal housing mortgage insurance rules in effect mid-October. This caused the sales-to-new listings ratio to drop to its lowest point in several months. The near-term outlook is for sales to decline for another three to six months before stabilizing and, during this mild market correction phase, prices will come off recent highs.

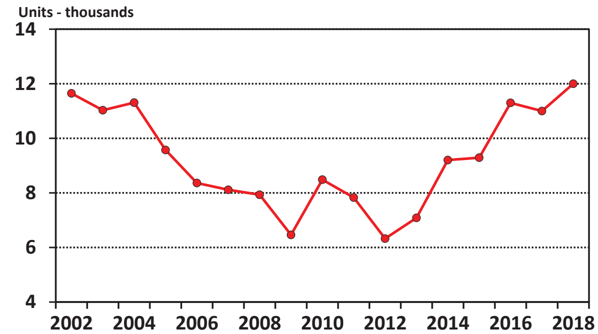
Housing market activity is seen taking a slight breather in 2017 because of this correction phase and resuming growth under supportive fundamentals such as still low mortgage rates, job and income growth, and household growth. Residential sales for 2017 look to be around five per cent lower than in 2016 in most markets in the region. Median sale prices are expected to reach new highs in 2017 and 2018.

Residential building permits are forecast to dip in 2017 and turn up in 2018, tracking housing sales and prices. Some markets saw a surge in multi-unit construction in 2016 and this is usually followed by a downward supply adjustment next year.

Non-residential building permits issued in 2016 were slightly lower than in 2015 due to a large drop in industrial permits which was mostly offset by higher institutional-government and commercial permits. Industrial permits were at a multi-year high in 2015 and 2016's decline was not surprising.

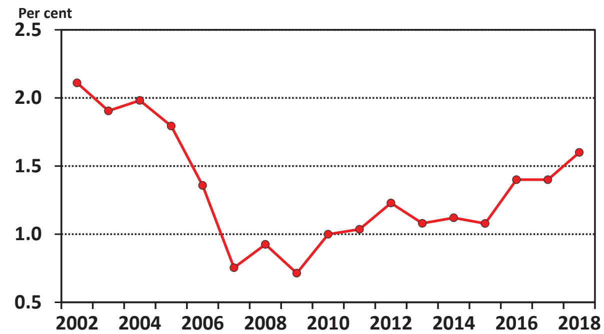
Another slower year is expected in 2017 but this could change with a large project commencing. Improving market conditions for commercial buildings and another round of government infrastructure spending will push non-residential permits up sub-

Residential Building Permits, Kitchener-Waterloo-Barrie Region



Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2016 to 2018.

Population Growth, Kitchener-Waterloo-Barrie Region



Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2016 to 2018.

stantially in 2018. The major engineering project in the region is the Waterloo rapid transport system.

Population in the region is forecast to grow 1.4 per cent in 2017 and 1.6 per cent in 2018. Net in-migration, mostly from other parts of Ontario, will account for most of total growth. Interprovincial migration turned positive in 2016 further gains are seen along with net international migration. Forecast population growth rates will be similar in all three CMAs in the region.

Hamilton-Niagara Peninsula Economic Region

The Hamilton-Niagara Peninsula (HNP) Economic Region spans the three census metropolitan areas (CMA) of Hamilton, St. Catharines-Niagara and Brantford, and also covers Haldimand-Norfolk. The combined region has a population of about 1.47 million people.

Following a stronger 2015 performance, economic growth in the HNP region decelerated in 2016 on signs of weaker manufacturing and private sector investment, despite housing market and population expansion. Improvement is anticipated, given positive domestic demand drivers and a lift to trade from a low Canadian dollar and rising U.S. growth. However, there are policy risks associated with the latter.

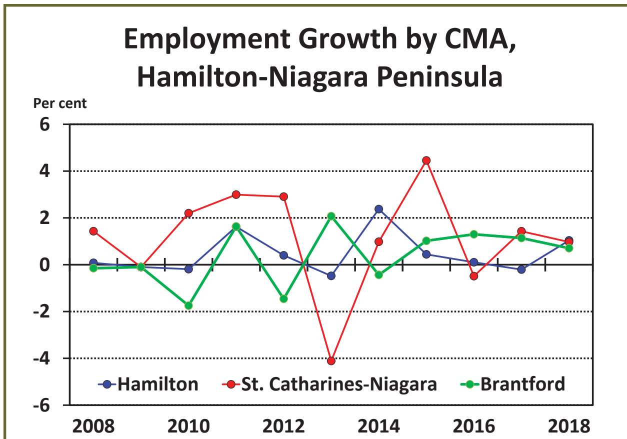
Labour market patterns deteriorated in 2016 with employment up a negligible 0.3 per cent in 2016 after a 1.2 per cent gain in 2015. Part-time employment offset full-time job losses pointing to weaker growth in labour income, a theme mostly evident in the Hamilton CMA as other markets posted gains in full-time work.

Regional employment growth in 2016 was led by a 1.3 per cent increase in the Brantford CMA, while the Hamilton CMA was broadly unchanged, offsetting a mild dip in St. Catharines-Niagara. A turnaround in monthly employment patterns during the second half of the year points to increased momentum into 2017. The regional HNP unemployment rate climbed to 6.4 per cent from 6.0 per cent in 2015 on faster labour force growth.

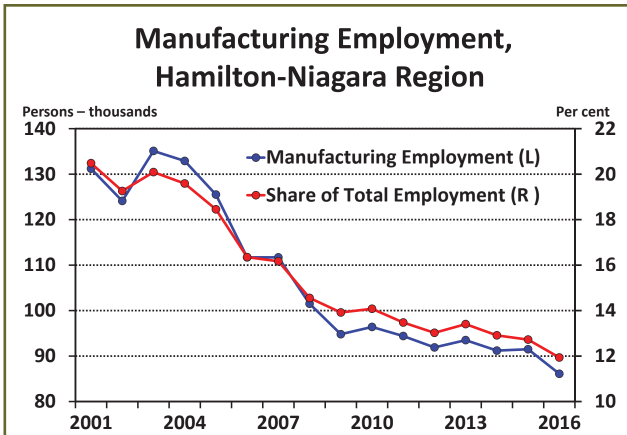
Labour market indicators of a regional and local economy are the best available but they are not without limitations. Statistics Canada's household sample for the Labour Force Survey (LFS) is subject to sample variability, which can be large in smaller geographies or industry sectors and result in swings unrelated to underlying fundamentals or trends.

Erosion in goods-sector employment was the key contributor to a weak 2016 performance, driven by 5.9 per cent or by 5,400 persons decline in manufacturing. Manufacturing losses come despite growth in the U.S. economy and a low Canadian dollar, but aligned with what has been disappointing series of readings from the RBC/Markit Purchasing Managers' Index. Interprovincial trade factors have impacted regional activity with the fallout of lower oil prices with National Steel Car layoffs of 300 employees in August due to less demand for rail tanker cars. The company also noted a risk that plant production could idle if order flow was not revived. Despite weak numbers, it cannot be discounted that some of these job losses reflected interregional activity as some residents of the area working in other parts of Canada or northern Ontario lost jobs due to a commodities downturn. Increased productivity of capital may also be behind some of the loss in manufacturing.

This marked a setback to recent stability in manufacturing employment which peaked in 2003 at around



Source: Statistics Canada, Central 1 Credit Union. Latest actual: 2016



Source: Statistics Canada, Central 1 Credit Union.

136,500 persons and a 20 per cent share of total employment and slid lower in an era of an elevated Canadian dollar, followed by the 2008-09 recession. Levels have stabilized in recent years near 91,500 employed persons and a 12 per cent share before falling in 2016.

Despite recent weakness, there are signs of stabilization for manufacturing from new capital investments, although associated job growth will likely be modest. In Brantford, Mitsui High-tec (Canada) Inc. commenced construction of its Brantford facility specializing in motor cores for hybrid vehicles with production slated for mid-2017 and prospects of further investment. Meanwhile, Ferrero Canada Ltd. announced a $36-million investment in its facility. Precision Record Pressing opened a vinyl record plant in late 2016 in Burlington that could employ up to 200 persons. Other projects of note include a new $45-million flour mill announced for Hamilton, and a new gas-engine manufacturing facility in Welland by GE Canada. On the new vehicle manufacturing side, GM operations in St. Catharines is being buoyed by February 2016's investment announcement in local operations which should maintain steady activity for a number of years.

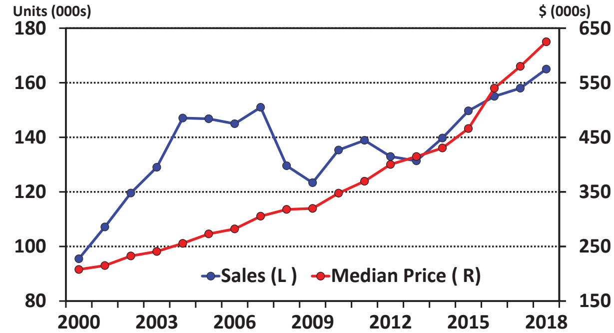
In services-producing industries, the employment continued to expand, but growth was decidedly mixed. Reversals of sharp gains or losses in a number of service sectors from 2015 likely reflect sampling variability in the data which is substantial. Nonetheless there remained a clear upward trend in health services reflecting growth in the population and demographic factors and investment in government and university facilities, as well as gains in tourism-related sectors, public service, and creative services.

Alongside a pickup in private-sector building investment, housing continued to drive economic activity and construction employment. Housing sales climbed five per cent from 2015, led by markets outside the Hamilton CMA, with stronger new housing completions over the past year contributing to some of the gain. Rising sales trends in municipalities across the HNP reflected local economic drivers and some spillover from the nearby Toronto region, as families willing to commute are drawn in by relatively affordable family housing. Prices have followed suit as high demand has severely curtailed inventories. In the Hamilton-Burlington real estate board area, December MLS® inventory was 60 per cent below year-ago levels, with a sales-to-new listings ratio sharply in sellers' territory at 80 per cent, with tighter market conditions in St. Catharines – Niagara region and Brantford. The HNP median home value rose 10 per cent in 2016 to $368,000, led by 12 per cent increases in the Hamilton CMA and St. Catharines-Niagara, with an eight per cent gain in Brantford. Regional HNP price growth has trended at more than six per cent per annum since 2010, with further gains anticipated going forward given market tightness.

New housing activity geared off resale demand with building permits tracking higher for a third straight year, albeit with a decelerated rate of growth from 2015's 29 per cent increase. Housing starts rotated back to the Hamilton CMA in 2016 with a 59 per cent increase, following a significant decline in 2015, while St. Catharines-Niagara CMA posted another strong gain in new home construction.

The HNP economy is anticipated to trend higher through 2018 though not without risks. Capital investment points to gains in the region's goods-producing sector, with a low Canadian dollar and faster economic growth in the U.S. likely to provide impetus. Stabilization in oil prices should also provide

Housing Sales and Median Price, Hamilton-Niagara Region



Source: Teranet, Central 1 Credit Union. Note: 2016e, 2017-18 forecast

some relief to service firms exporting to the oil sands. A current risk is trade policy related to the new U.S. administration. While we expect a status-quo environment given strong supply-chain linkages and relatively balanced trade with the U.S., re-opening of NAFTA and more restrictive local content rules are a material risk which could negatively impact Canadian manufacturers if tariffs emerge. Moreover, interim uncertainty will likely weigh on capital investment decisions and impact private non-residential investment. Tourism will remain a growth sector given the favourable exchange rate, while fiscal spending drives a rebound in public-sector building activity.

Employment is forecast to expand a modest 0.8 per cent over the next two-year period, but led by regions outside the Hamilton CMA. The unemployment rate will dip to 6.1 per cent by 2018. Population growth looks to increase steadily reaching 1.3 per cent in 2018 as employment gains, relatively more affordable housing draw people to the region. Interprovincial migration is seen turning positive through the forecast period, with some uplift in net international inflows.

The housing sector will remain strong but resale activity and new home construction will take a step back this year due to a more stringent mortgage insurance qualification criteria and feed through of higher bond-yields on fixed-rate mortgages. Nonetheless, home sales will hold above 2015 levels before rebounding five per cent in 2018. Home values will continue to rise due to tight market conditions but price gains will slow. HNP median home values will climb 4.6 per cent in 2017 and 6.5 per cent in 2018. New residential construction, measured by building permits, will decline 5.7 per cent this year in units with a three per cent gain in 2018.

Hamilton-Niagara Peninsula Economic Region

	2014	2015	2016	2017	2018
Total Employment (000s)	706.4	719.1	721.4	727.0	733.0
% change	1.3	1.8	0.3	0.8	0.8
Unemployment Rate, %	6.5	6.0	6.4	6.2	6.1
Residental Sales, units	40,753	43,300	45,500	44,000	46,000
% change	4.1	6.2	5.1	-3.3	4.5
Residential Median Price, $	316,072	335,765	368,000	385,000	410,000
% change	4.8	6.2	9.6	4.6	6.5
Residential Permits, units	5,091	6,589	7,000	6,600	6,800
% change	2.3	29.4	6.2	-5.7	3.0
Non-Residential Permits ($ mil.)	889.0	960.0	810.0	850.0	1,050.0
% change	-29.7	8.0	-15.6	4.9	23.5
Population (000s)	1,446.5	1,457.3	1,472.5	1,490.0	1,508.8
% change	0.8	0.7	1.0	1.2	1.3

Hamilton CMA

	2014	2015	2016	2017	2018
Total Employment (000s)	383.7	385.4	385.8	385.0	389.0
% change	2.4	0.4	0.1	-0.2	1.0
Unemployment Rate, %	5.8	5.5	6.2	5.8	5.5
Residental Sales, units	16,355	17,416	17,500	17,000	18,000
% change	5.0	6.5	0.5	-2.9	5.9
Residential Median Price, $	322,370	352,856	392,000	410,000	430,000
% change	4.3	9.5	11.1	4.6	4.9
Residential Permits, units	2,647	3,232	3,800	3,200	3,400
% change	3.4	22.1	17.6	-15.8	6.3
Non-Residential Permits ($ mil.)	570.5	650.5	460	450	600
% change	-16.2	14.0	-29.3	-2.2	33.3
Population (000s)	765.2	771.7	780.0	788.2	797.5
% change	0.9	0.8	1.1	1.1	1.2

St. Catharines-Niagara CMA

	2014	2015	2016	2017	2018
Total Employment (000s)	195.4	204.1	203.1	206.0	208.0
% change	1.0	4.5	-0.5	1.4	1.0
Unemployment Rate, %	7.7	7.0	7.1	6.7	6.4
Residental Sales, units	8,943	10,280	11,500	11,000	12,000
% change	10.9	15.0	11.9	-4.3	9.1
Residential Median Price, $	215,852	233,400	255,000	265,000	280,000
% change	4.5	8.1	9.3	3.9	5.7
Residential Permits, units	1,599	1,875	2,000	2,100	1,900
% change	7.2	17.3	6.7	5.0	-9.5
Non-Residential Permits ($ mil.)	188	198	220	200	250
% change	-57.4	5.3	11.1	-9.1	25.0
Population (000s)	406.8	408.2	410.2	412.5	415.2
% change	0.4	0.4	0.5	0.6	0.7

Brantford CMA

	2014	2015	2016	2017	2018
Total Employment (000s)	68.6	69.3	70.2	71.0	71.5
% change	-0.4	1.0	1.3	1.1	0.7
Unemployment Rate, %	6.8	5.7	6.0	6.0	5.8
Residental Sales, units	2,771	3,050	3,200	3,100	3,400
% change	8.2	10.1	4.9	-3.1	9.7
Residential Median Price, $	242,772	259,216	280,000	300,000	325,000
% change	5.7	6.8	8.0	7.1	8.3
Residential Permits, units	449	825	450	500	600
% change	3.9	83.7	-45.5	11.1	20.0
Non-Residential Permits ($ mil.)	50	63	80	70	80
% change	-49.0	26.0	27.0	-12.5	14.3
Population (000s)	142.8	143.9	145.0	146.5	148.2
% change	0.7	0.7	0.8	1.0	1.2

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

Regional gains are mirrored in sub-regions, with Hamilton CMA home values forecast to rise 4.6 per cent in 2017 and 4.9 per cent in 2018 to $430,000, with growth in St. Catharines-Niagara even stronger.

London Economic Region

The London Economic Region (ER) covers Oxford, Elgin, and Middlesex counties and is home to 678,000 residents. The region's economic base is more concentrated in manufacturing and agriculture and it has service industry concentrations in financial services, education and health. The London Census Metropolitan Area (CMA) is the region's principal centre comprised of the cities of London and St. Thomas and neighbouring urban jurisdictions. Outside the CMA, the economic base is relatively more concentrated in agriculture and manufacturing than in London.

The region's economy continued to improve in 2016 with notable gains in some sectors such as housing. A key indicator is employment levels which saw a modest expansion over 2015 but full-time employment increased 1.6 per cent. Since the last recession, full-time employment accounted for all the job gains with part-time employment at re-recession levels. More full-time employment is a positive sign for the local economy and household incomes.

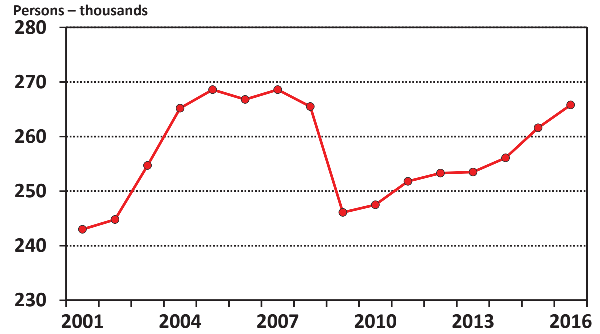
Other positive indicators during 2016 include a more active housing market, higher residential and non-residential construction levels, and an uptick in population growth.

Employment in the London CMA declined 2.4 per cent in 2016 following a spike in 2015. The LFS results are based on a sample of households and come with estimation errors. The 2016 result may only represent a return to trend with the 2015 spike well above trend. Trend employment growth since the recession is 0.2 per cent annually compared above one per cent pre-recession.

In 2016 manufacturing employment reached its highest level since 2008 with most of these gains in the London CMA. The industry's sharp employment downturn appears over for now but this aggregate measure hides various company and job churning. For example, GM's expansion at its Ingersoll plant and Caterpillar's layoffs at its Electro-Motive Diesel rail locomotive office.

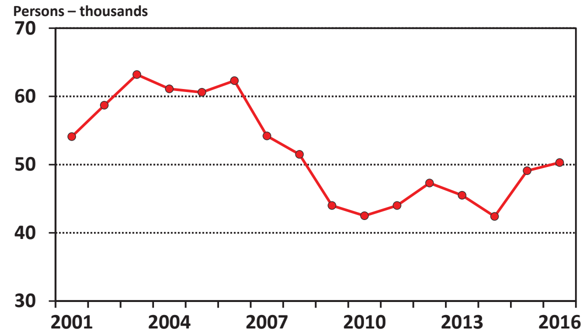
The region's construction employment held up and, somewhat surprisingly, did not increase with a 66 per cent jump in residential permits and a 38 per cent increase in non-residential permits. London CMA housing starts were up 48 per cent in 2016. This could be due to a LFS sample issue or because engineering construction activity, which is not captured in building permits, contracted pulling down the total.

Full-time Employment, London Region



Source: Statistics Canada.

Manufacturing Employment, London Region



Source: Statistics Canada.

Investment in non-residential building construction in the London CMA climbed on commercial and government building construction. Total investment was up 53 per cent in 2016 over 2015 with commercial up 37 per cent and government up 100 per cent. Unless more projects come to fruition, this spending will peak in 2017.

Housing market conditions tightened during 2016 with the sales-to-new listings ratio and prices at or near record highs. Housing sales rose an estimated 3.2 per cent to 15,000 units in the region with a faster increase in the London CMA. The median sale price for residential sales climbed 8.4 per cent to an estimated $247,000 in the region. Housing starts shot up as previously noted and London's rental vacancy rate declined. Housing is a good indicator of the state of a local economy and these data strongly suggest improvement.

Services-producing industries have not fared as well as goods-producing industries in recent years. Two service industries stand out – retail and wholesale trade and finance, insurance, and real estate. Employment fell to the lowest level in more than 10 years during 2016 and declined at a faster pace than in the rest of the province.

The economic outlook through 2018 is for further growth with employment rising and the unemployment rate declining. Housing market activity is seen expanding with more residential construction. Population growth is expected to gradually increase.

External factors are important drivers of the region's economy performance and when they are positive, growth improves. Domestic demand drivers are important as well but they can only spur growth to a limited extent. Strong export demand translates into above-average economic growth.

The outlook for manufacturing in the region remains positive because the loonie is low, the U.S. economy is trending higher, and restructuring and consolidation by foreign-owned firms is mostly completed. Company specific future developments include Maple Leaf Foods Inc. closing its turkey processing plant in Thamesford by early 2018, affecting approximately 400 workers. A positive development is Diamond Aircraft Industries Inc. seeking to double its workforce at its London plant. Uncertainty over trade policy resulting from NAFTA renegotiations is a wildcard but the eventual outcome and impact is likely beyond 2017 and possibly 2018.

The outlook is positive for further gains in the housing market against the backdrop of low mortgage rates

London Economic Region

	2014	2015	2016	2017	2018
Total Employment (000s)	324.8	330.4	330.9	337.0	340.0
% change	0.3	1.7	0.2	1.8	0.9
Unemployment Rate, %	7.0	5.9	6.1	5.9	5.8
Residental Sales, units	13,695	14,534	15,000	14,500	15,500
% change	2.1	6.1	3.2	-3.3	6.9
Residential Median Price, $	220,918	227,845	247,000	255,000	270,000
% change	4.8	3.1	8.4	3.2	5.9
Residential Permits, units	3,100	2,773	4,600	4,200	4,800
% change	4.3	-10.5	65.9	-8.7	14.3
Non-Residential Permits ($ mil.)	420.4	535.5	740.0	600.0	690.0
% change	-12.3	27.4	38.2	-18.9	15.0
Population (000s)	666.4	671.9	677.9	685.0	692.7
% change	0.6	0.8	0.9	1.0	1.1

London CMA

	2014	2015	2016	2017	2018
Total Employment (000s)	243.0	252.0	245.9	252.0	255.0
% change	1.1	3.7	-2.4	2.5	1.2
Unemployment Rate, %	7.5	6.5	7.0	6.5	6.0
Residental Sales, units	10,396	10,980	11,500	11,000	11,500
% change	2.1	5.6	4.7	-4.3	4.5
Residential Median Price, $	226,612	232,375	252,000	260,000	275,000
% change	4.7	2.5	8.4	3.2	5.8
Residential Permits, units	2,442	1,863	3,500	3,200	3,500
% change	5.4	-23.7	87.9	-8.6	9.4
Non-Residential Permits ($ mil.)	273.5	412.7	590	500	550
% change	-4.8	50.9	43.0	-15.3	10.0
Population (000s)	502.7	506.4	510.8	515.7	521.5
% change	0.8	0.7	0.9	1.0	1.1

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

and some improvement in economic and income growth. Housing price increases are seen slowing to about three per cent from eight per cent in 2016 with an expected small decline in sales due to the recent tightening in federal mortgage insurance rules. A mild, temporary market adjustment is expected in the first half of 2017 followed by a resumption in a rising sales and price trends. Residential building permits are forecast to slip about nine per cent in 2017 resume rising in 2018.

Non-residential building permits are forecast to dip around 20 per cent in 2017 following the surge in 2016. A recent announcement by the Government of Canada and Western University to construct a new research building and innovation centre will generate construction activity. Non-residential engineering construction could receive a lift from federal government investment in infrastructure.

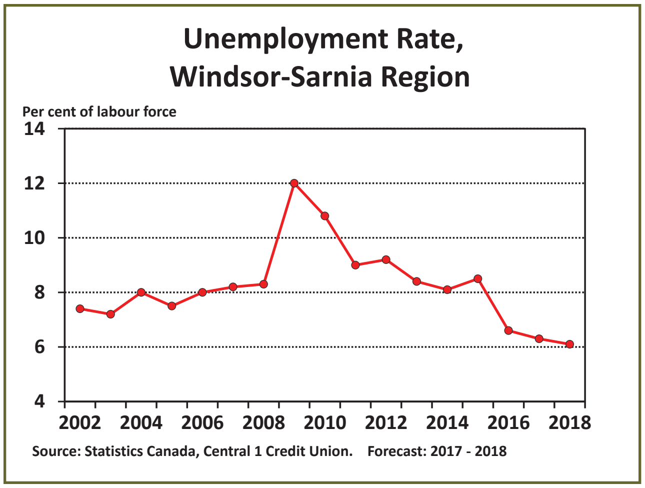
Population in the London CMA is forecast to grow at 1.0 per cent in 2017 and 1.1 per cent in 2018 due to an increase in net migration, mostly international and from other provinces. Previously, population growth was less than one per cent for several years and this uptick will contribute to more local economic growth.

Job growth in the London ER is forecast at 1.8 per cent in 2017 and 0.9 per cent in 2018. The region's unemployment rate will decline to 5.9 per cent in 2017 and 5.8 per cent in 2018. The London CMA is seen generating most of the regional jobs given its more diversified industry base than the rest of the region.

Windsor-Sarnia Economic Region

The Windsor-Sarnia Economic Region (ER) covers Chatham-Kent, Essex and Lambton counties and is home to about 640,000 residents. The region's main export industries are manufacturing and agriculture. Its principal centres are the Windsor Census Metropolitan Area (CMA), with a population of 337,000, the Chatham-Kent Census Agglomeration (CA) with a population of 105,000, the Sarnia CA with a population of 90,000, and the Leamington CA with a population of 50,000. These urban centres contain most of the region's manufacturing and services base, while the rest of the region is largely rural and agricultural.

The region's economy has slowly but steadily improved since the last recession. External factors



such as the depreciated loonie, low interest rates, and record high U.S. new vehicle sales have contributed. Local factors such as a new and expanded transportation network and upgraded manufacturing infrastructure has and will continue to facilitate growth. During the next two years, improved but still moderate growth is foreseen.

Total employment in the Windsor-Sarnia ER increased in 2016, led by full-time employment and manufacturing gains. All the region's gain was in the Windsor CMA which saw a 3.9 per cent jump in 2016. Statistics Canada's employment estimates for the smaller urban centres revealed a mixed performance with only the Chatham-Kent CA posting a job gain in 2016. LFS estimates for smaller centres have a large margin of sampling error and the survey result may not be accurate.

The region's unemployment rate fell to its lowest level in 10years at 6.6 per cent, while in the Windsor CMA, it fell to a 15-year low at 6.0 per cent. These declines are in the context of not only faster employment growth in 2016, but also the longer-term context of a declining labour-force participation rate due to demographic and cyclical factors. To the extent that cyclical factors are at play, it is reasonable to expect a pickup in labour force growth.

Robust housing market activity continued in 2016 with an improving regional economy, low mortgage rates, and considerable pent-up demand since the recession. Residential sales increased more than seven per cent in 2016 and came on the heels of a 10 per cent rise in 2015. Windsor's housing market posted larger percentage sales gains.

Housing prices climbed to record highs with an estimated 5.6 per cent increase in the region's median sale price to $179,000 in 2016. Windsor posted a 7.7 per cent rise in 2016. Conditions in the for-sale market tightened during the year and reached new heights in the latter part of 2016, which will play out into early 2017.

Rental vacancy rates declined in all centres during the year, this despite a likely increase in first-time home-buyer activity which usually frees up rental units.

Residential builders responded to higher prices by stepping up construction. Building permits issued rose an estimated 12 per cent in 2016 following 2015's 42 per cent jump in the Windsor CMA. Housing starts increased 25 per cent.

These various housing indicators strongly support the view of improving local economies during 2016.

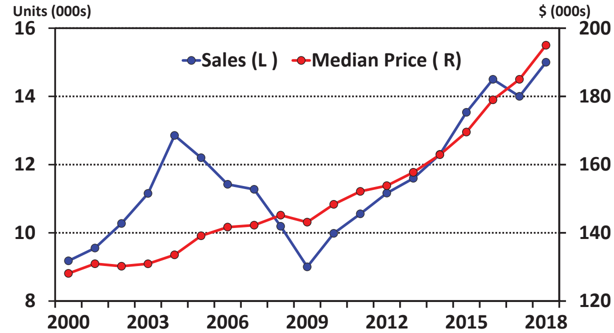
Investment in non-residential building construction in the Windsor CMA was down 12.5 per cent in 2016 with lower spending on industrial and commercial buildings outweighing higher spending on public buildings. However, non-residential building permits were higher in the year led by private activity, which bodes well for higher investment spending in 2017.

Manufacturing and construction industries have led the region's economy since the recession while service-producing industries have lagged. Companies, such as Fiat Chrysler have made major investments and smaller companies expanded or sprung up. In 2016, Fiat Chrysler added 1,200 workers to produce the new Pacifica minivan in Windsor. Construction became busier with a rising housing market and non-residential building and engineering projects.

Services-producing industries employment has been rangebound since the recession and slipped to its lowest level since 2005 in 2016. Most of the region's under performance is centred outside the Windsor CMA, with Windsor lagging by a lesser extent, and evident across most service industries in the region. Historically, export-oriented industries have led regional and local economies followed by domestic-oriented industries, which are usually services-producing. A growth pickup in the region's services sector will gradually evolve.

The region's outlook remains positive for the next two years and will be on recent gains and structural improvements. Job growth in the Windsor-Sarnia region is forecast at 2.2 per cent in 2017 and 1.0 per cent in 2018. The region's unemployment rate is expected to decline to 6.1 per cent in 2018. Job growth in the Windsor CMA is forecast to be more robust than in the region.

Housing Sales and Median Price, Windsor-Sarnia Region



Source: Teranet, Central 1 Credit Union. Note: 2016e, 2017-18 forecast

The construction industry will remain active, driven by higher levels of residential and non-residential building construction and engineering construction related to the Gordie Howe Bridge.

Further gains in the housing market are foreseen following a mild temporary market adjustment in the first few months of 2017 to the tougher new mortgage insurance rules. Underlying positive demand fundamentals – income and population growth, low mortgage rates, and consumer confidence – will remain a force in local markets and push prices higher during the next two years. More sales and new construction will generate economic activity.

Non-residential building permits are expected to rise in each of the next two years in response to improved commercial and industrial market conditions. New government funding for various public buildings is also expected.

Population growth in the region will improve but remain low and below the rate of the Windsor CMA. Population in the Windsor CMA is forecast to grow at 0.6 per cent in 2017 and 0.7 per cent in 2018, a gradual improvement on the estimated 0.5 per cent growth in 2016. Net migration will account for a larger share of total growth, mainly from more immigration and less out-migration to other provinces and regions in Ontario. Faster population growth leads to more economic growth.

Forecast risks emanate mainly from external sources such as an economic recession in the U.S. or global economy, a financial crisis in China or Europe, a geopolitical crisis, and, less dramatic, increased trade restrictions imposed by the new U.S. administration.

Windsor-Sarnia Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	299.1	295.1	299.4	306.0	309.0
% change	1.4	-1.3	1.5	2.2	1.0
Unemployment Rate, %	8.1	8.4	6.6	6.3	6.1
Residental Sales, units	12,300	13,533	14,500	14,000	15,000
% change	6.1	10.0	7.1	-3.4	7.1
Residential Median Price, $	162,897	169,536	179,000	185,000	195,000
% change	3.3	4.1	5.6	3.4	5.4
Residential Permits, units	1,371	1,994	2,000	1,800	1,900
% change	-8.1	45.4	0.3	-10.0	5.6
Non-Residential Permits ($ mil.)	346.8	371.2	400.0	470.0	540.0
% change	-4.6	7.0	7.8	17.5	14.9
Population (000s)	638.7	638.8	639.7	641.3	643.1
% change	0.1	0.0	0.1	0.3	0.3
Windsor CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	155.2	158.0	164.1	169.0	172.0
% change	0.3	1.8	3.9	3.0	1.8
Unemployment Rate, %	9.0	9.8	6.0	6.5	6.3
Residental Sales, units	6,829	7,707	8,600	8,300	8,800
% change	6.0	12.9	11.6	-3.5	6.0
Residential Median Price, $	163,712	167,057	180,000	187,000	198,000
% change	5.0	2.0	7.7	3.9	5.9
Residential Permits, units	816	1,159	1,300	1,200	1,400
% change	6.7	42.0	12.2	-7.7	16.7
Non-Residential Permits ($ mil.)	150.9	185.7	150	175	200
% change	21.5	23.1	-19.2	16.7	14.3
Population (000s)	334.3	335.8	337.5	339.5	342.0
% change	0.5	0.4	0.5	0.6	0.7

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

Such developments are difficult to accurately predict and require close monitoring but available leading indicators do not suggest a recession in the near term.

Stratford-Bruce Peninsula Economic Region

The Stratford-Bruce Peninsula Economic Region covers the counties of Perth, Huron, Bruce, and Grey and is home to about 300,000 residents. The region's economy is concentrated in the agriculture, utilities, and manufacturing industries with a relatively small service sector. Over the past three decades its economic makeup has changed little with a gradual upshift in service-producing industries and shrinkage in goods-producing industries.

The region's labour market was mostly rangebound in 2016 with employment at the same level as last year, which was its lowest level since the late 1990s. The unemployment rate declined to 4.8 per cent in 2016 from 5.7 per cent in 2015 due to fewer people looking for work. The labour-force participation rate slipped to its lowest point since 1995 because of demographic changes and economic forces.

During 2016 there was a noticeable employment pickup coinciding with labour force growth. Employment averaged 151.1 thousand persons seasonally adjusted in the fourth quarter, compared to 146.0 thousand in the third quarter and 138.2 thousand one year earlier. The unemployment rate fell to an average 4.1 per cent in the fourth quarter. Large intra-year swings in LFS sample results are common and this may be another, which highlights the need for caution before reaching firm conclusions.

The residential sector continued to expand in 2016, building on 2015's gains. Residential sales were at their highest level on record in 2016 and sale prices also hit a record high due to tightening market conditions. New construction, as measured by building permits, climbed about 12 per cent above 2015 to the highest level since the last recession.

Non-residential permit activity in 2016 saw a large jump following a near 20 per cent drop in 2015. Commercial building permits shot up about 75 per cent in 2016 to their highest level in several years. Permits for industrial buildings formed the largest component and rose nearly 10per cent. Permits issued for institutional-government buildings declined for the third year in a row, to their lowest level in almost 10 years.

The region's population as of July 1, 2015 was estimated at the same level as in 2014. However, within the region, there was considerable variation across counties as in past years. The population in Huron County declined, while Bruce and Perth counties gained population and Grey County saw a small decline.

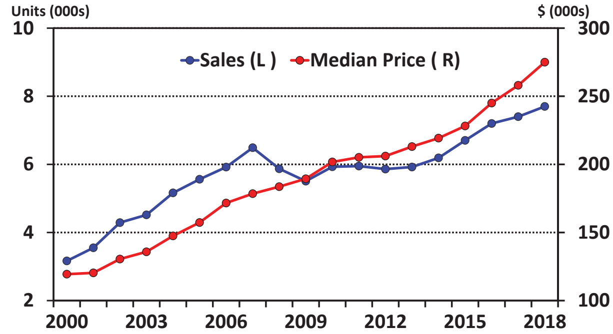
Statistics Canada's 2016 Census estimates are not yet available. We estimate a small gain from higher net migration due to a larger influx from other regions in the province and from other countries. Net interprovincial migration likely remained negative in the year but less than in prior years. Perth County was likely the main destination of most in-migrants, as in prior years.

The 2017 and 2018 economic outlook for the region will likely see performance around trend growth rates with further gains in residential activity, modest population growth, and mixed industry performances. Employment is seen expanding at a modest pace. The unemployment rate will remain around five per cent with the labour force rising at roughly the same pace as employment.

The region has seen a large expansion in renewable energy, specifically wind generation, over the years but large projects are now on hold due to the provincial government's decision to cancel its second round of a large renewable procurement plan.

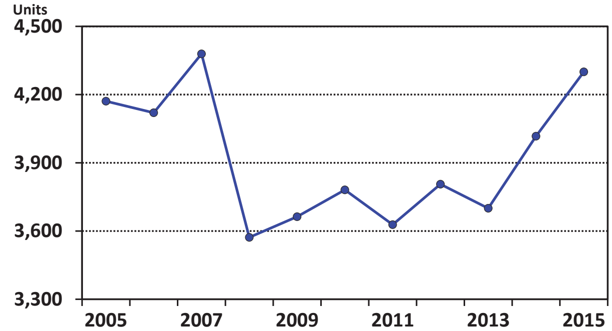
Agriculture is an important industry in the region and is expected to perform well in the medium and longer term to meet growing local and export demand,

Housing Sales and Median Price, Stratford-Bruce Region



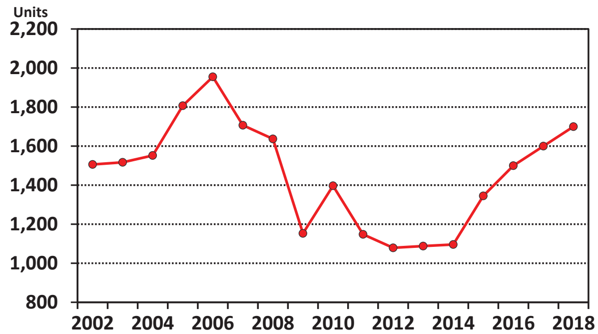
Source: Teranet, Central 1 Credit Union. Note: 2016e, 2017-18 forecast

MLS Residential Sales, Stratford-Bruce Region



Source: CREA, Central 1 Credit Union. Note: 2015 estimated.

Residential Building Permits, Stratford-Bruce Region



Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2016 to 2018.

mainly to the U.S. Of course, in any one year weather conditions can boost or depress production.

Manufacturing continues to face a challenging future. Manufacturing employment fell in 2016 with the Kraft Heinz plant in St. Mary's closing affecting more than 200 jobs. In a positive development, Gay Lea Foods Co-Operative Ltd. announced investment spending on its Teeswater dairy plant will create 20 jobs.

Stratford-Bruce Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	151.1	145.0	145.5	147.0	148.5
% change	0.3	-4.0	0.3	1.0	1.0
Unemployment Rate, %	4.8	5.7	4.8	4.2	4.8
Residental Sales, units	6,190	6,703	7,200	7,400	7,700
% change	4.5	8.3	7.4	2.8	4.1
Residential Median Price, $	219,244	228,160	245,000	258,000	275,000
% change	2.9	4.1	7.4	5.3	6.6
Residential Permits, units	1,096	1,345	1,500	1,600	1,700
% change	0.7	22.7	11.5	6.7	6.3
Non-Residential Permits ($ mil.)	350.0	284.9	340.0	305.0	340.0
% change	33.2	-18.6	19.3	-10.3	11.5
Population (000s)	300.1	300.0	300.5	301.2	302.1
% change	-0.1	-0.0	0.2	0.2	0.3

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

The region's service sector is steadily growing. The low Canadian dollar and improved growth in southern Ontario will give local tourism a lift. While currently not a large sector, there is potential for expansion such as the recent opening of the Amber Hotel in Grand Bend and the 519 Table and Pour restaurant in Walkerton.

The housing market will continue to generate more sales and higher prices. Residential sales are forecast to rise each year through 2018, setting new highs each year as will the median sale price. Residential building permits will continue to increase in response to improving market conditions. This activity will keep the construction industry and related service industries busy.

A decline in non-residential permits is foreseen in 2017 in response to 2016's large increase in commercial permits. This type of supply adjustment is common. A bounce-back in 2018 is likely with a contribution from the public sector.

Northeast Economic Region

The Northeast region covers Greater Sudbury and the counties of Nipissing, Parry Sound, Manitoulin, Sudbury, Timiskaming, Cochrane and Algoma and is home to 557,000 residents. The region's key industries are mining, forestry, related manufacturing and utilities. Greater Sudbury has 165,000 residents and is the region's main service and distribution hub. The city's major industries are education, health-social services, primary resources and retail-wholesale trade.

The Northeast region is heavily dependent on global market demand for products such as metals, lumber, pulp, and steel. The region's production in these sectors has slowly trended upward following a partial recovery from the 2009 recession. This reflects global commodity boom and bust price cycles which have been rebounding for forest products since 2012 and only now perhaps are bottoming out for mine products. It also reflects the weak post-recession economic recovery in North America and Canada's loss of market share as investment, production and trade have expanded globally.

A strengthening U.S. economy, a low Canadian dollar and high levels of building construction bode well for forest products, particularly lumber, panels and engineered products. Expected tariffs on softwood lumber exports to the U.S. (following expiration of the 2006 agreement in 2016), possible U.S. border taxes on imports and buy American policies under a Trump administration add risk to the outlook. Recent re-opening of mills in Hornepayne, Terrace Bay, Longlac and White River show these risks are not dominating investment decisions for now. Meanwhile, production trends in pulp and paper manufacturing remain rangebound since the 2009 recession.

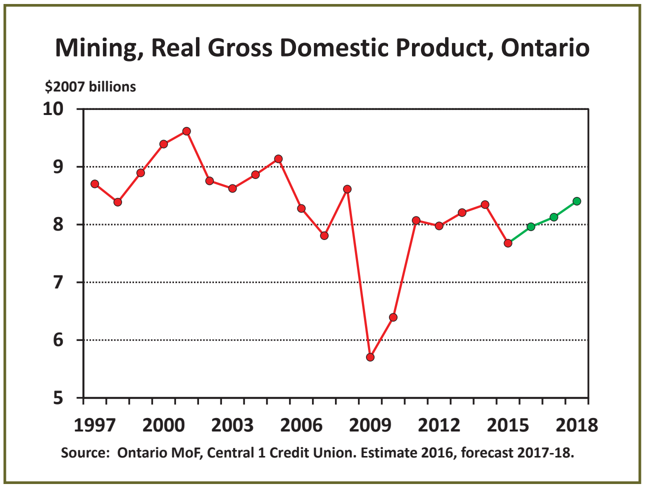
The overall outlook for Ontario's mining and metal manufacturing sector remains cautious. Prices for gold, nickel, copper and platinum rallied in 2016 and most forecasts point to modest gains through 2018. Iron and steel price forecasts call for continued declines due to excess global supply. Mining and metal companies remain burdened with debt from investment and acquisition at peak prices which has forced drastic cuts in capital expenditure. Real gross domestic product for mining and metal manufacturing in Ontario in the year ending mid-2016 was down five per cent from the previous year and down 12 per cent from pre-recession levels.

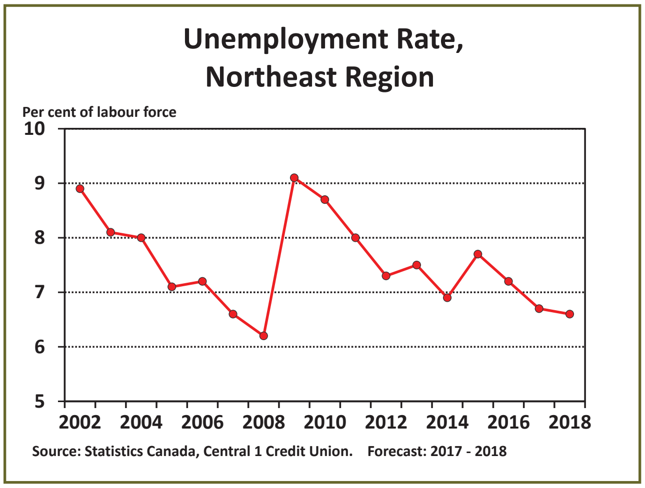
Payroll employment in Ontario in mining and quarrying in the year ending October 2016 was down 1.3 per cent from the previous year, while employment in primary metal manufacturing declined 5.7 per cent. Steel producers such as Essar Algoma, Tenaris Algoma Tubes, Vale S.A., Glencore PLC and KGHM have been struggling to adapt to intense competition from excess global supply. A positive sign came from Tenaris Algoma Tubes Inc. which recalled employees to restart its seamless tube mill in Sault Ste. Marie in November.

Utility industries in the Northeast region saw employment rise in 2016, rebounding from a dip the previous year. Several renewable energy projects were in progress, usually in collaboration with a local aboriginal community. The Gitchi Animki project opened two hydroelectric plants near White River. Two major projects under construction in the Northeast region will continue through 2018. Ontario Power Generation (OPG) is investing $228 million in a blend of new and sustaining hydro and thermal projects from 2015 to 2024 in the Northeast region. OPG and the Taykwa Tagamou Nation are investing $280 million in a 24 MW hydroelectric generating station on New Post Creek northeast of Timmins expected to be completed in 2018.

Investment in non-residential building construction in the Northeast region declined over the last two years, although public sector spending increased in 2016. The outlook is for both public and private sector spending to rise through 2018. The provincial government is currently making the largest infrastructure investment in hospitals, schools, public transit, roads and bridges in the province's history, with 85 projects listed in the Northeast region. Private sector projects include a multi-modal transportation centre in Cochrane, a hotel in North Bay, and redevelopment of the Port of Algoma (Sault Ste. Marie).

Despite lower total employment in the Northeast region over the past two years, a small rebound is forecast through 2018. Goods producing industries will contribute about a third of forecast job growth, while service industries produce the rest. Forecast job growth will be led by the forestry, wood products





manufacturing, construction, health, transportation, accommodation and food service industries. With virtually zero labour growth forecast and small employment growth, the region's unemployment rate is forecast to decline to 6.6 per cent in 2018.

The population of the Northeast has been steadily declining for many years. Net migration is outbound to other parts of Canada and deaths exceed births. With little employment growth expected, the downtrend in population looks likely to continue.

Housing market activity tends to track local employment, population and expected income trends as well as broader factors such as mortgage rates and expected inflation. With employment and population trending lower in the Northeast since the recession, it is not surprising that housing sales have been rangebound and price inflation low. The outlook is for more of the same, and this applies in Greater Sudbury, North Bay and Temiskaming Shores. Sales are forecast to continue lower in Sault Ste. Marie and Timmins but higher in Elliot Lake. The outlook for housing construction follows the outlook for housing

Northeast Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	256.8	248.1	247.8	249.0	249.5
% change	1.2	-3.4	-0.1	0.5	0.2
Unemployment Rate, %	6.9	7.7	7.2	6.7	6.6
Residental Sales, units	10,700	11,269	11,800	11,000	12,000
% change	-3.7	5.3	4.7	-6.8	9.1
Residential Median Price, $	181,728	180,647	188,000	193,000	200,000
% change	0.3	-0.6	4.1	2.7	3.6
Residential Permits, units	1,043	1,143	1,100	1,050	1,200
% change	-20.1	9.6	-3.8	-4.5	14.3
Non-Residential Permits ($ mil.)	447.0	335.7	285.0	340.0	400.0
% change	17.3	-24.9	-15.1	19.3	17.6
Population (000s)	562.6	558.8	556.6	554.5	552.4
% change	-0.3	-0.7	-0.4	-0.4	-0.4
Greater Sudbury CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	83.1	82.3	81.7	82.5	82.5
% change	-0.2	-1.0	-0.7	1.0	0.0
Unemployment Rate, %	6.4	7.3	8.1	7.5	7.2
Residental Sales, units	2,626	2,698	2,750	2,800	2,850
% change	-7.7	2.7	1.9	1.8	1.8
Residential Median Price, $	229,396	231,475	233,000	235,000	238,000
% change	-0.3	0.9	0.7	0.9	1.3
Residential Permits, units	379	298	350	325	375
% change	-18.3	-21.4	17.4	-7.1	15.4
Non-Residential Permits ($ mil.)	233.4	122.8	100	120	150
% change	38.9	-47.4	-18.6	20.0	25.0
Population (000s)	165.3	164.8	165.0	165.3	165.5
% change	-0.2	-0.3	0.1	0.2	0.1

Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

sales. Regional residential building permits fell four per cent in 2016 and are forecast to fall five per cent this year before rising 14 per cent in 2018.

Greater Sudbury's economy is somewhat more weighted toward services and mining than the North-east region overall, especially accommodation, food and public administration services. It is somewhat less concentrated in goods production, especially manufacturing, and transportation services. The Canada Revenue Agency will hire 650 employees for its Sudbury processing centre and the Government of Canada will hire more than 80 employees for its Employment Insurance call centre and delivery operations centre in Sudbury.

The economic outlook for Greater Sudbury is similar to region's outlook with slightly more positive outcomes. The population of Greater Sudbury is holding steady rather than declining like the region and the unemployment rate tends to be higher than the region. Housing market activity is expected to be slightly more robust.

Northwest Economic Region

The Northwest region covers the counties of Thunder Bay, Rainy River and Kenora and is home to almost 240,000 residents. The region's export industries are mining, forestry, transportation services and manufacturing. Last year, the region's economy partially rebounded with employment rising for the first time since 2013. Employment growth is forecast to be modest through 2018, led by forestry, mining, construction, and service industries such as health, social, professional, technical, accommodation and food.

Thunder Bay is the region's principal centre with a population of almost 125,000. Its strategic location on the Great Lakes makes it a transportation hub for the region and parts of Western Canada. The city's economy is somewhat more concentrated toward services than the Northwest region overall, especially professional, technical, health, social, information and recreation. It is somewhat less weighted toward goods production in forestry, mining, construction and manufacturing. The economic outlook for Thunder Bay is similar in direction and magnitude to the outlook for the Northwest region.

The fortunes of the Northwest region are closely entwined with the outlook for global markets for products such as lumber and metals. The region's production in these sectors has not substantially recovered from the 2009 recession. Global prices for wood products have partially rebounded since 2012 and prices for metals have only now perhaps bottomed out. These price cycles have little short-term impact on local production, which depends on longer term capital investment. Canada has generally lost market share in forest and mine products as investment, production and trade have expanded globally.

Gold prices rallied somewhat in 2016, the first significant rise since the peak in 2011, and most forecasts are for modest gains through 2018. The Northwest region has several operating gold mines and several gold mine projects at various stages of

Northwest Economic Region					
	2014	2015	2016	2017	2018
Total Employment (000s)	99.8	97.4	99.9	99.0	100.0
% change	-2.3	-2.4	2.6	-0.9	1.0
Unemployment Rate, %	5.9	5.9	6.9	7.5	7.0
Residental Sales, units	4,405	4,433	3,700	3,600	3,900
% change	6.7	0.6	-16.5	-2.7	8.3
Residential Median Price, $	177,888	179,750	188,000	190,000	195,000
% change	7.5	1.0	4.6	1.1	2.6
Residential Permits, units	389	389	300	350	375
% change	-13.6	0.0	-22.9	16.7	7.1
Non-Residential Permits ($ mil.)	86.3	135.7	120.0	110.0	140.0
% change	-55.4	57.2	-11.6	-8.3	27.3
Population (000s)	239.6	239.1	238.7	238.4	238.2
% change	-0.2	-0.2	-0.2	-0.1	-0.1

Thunder Bay CMA					
	2014	2015	2016	2017	2018
Total Employment (000s)	61.5	59.7	60.1	60.0	60.5
% change	-2.1	-2.9	0.7	-0.2	0.8
Unemployment Rate, %	5.2	5.2	6.8	6.5	6.5
Residental Sales, units	2,382	2,302	2,200	2,200	2,400
% change	5.8	-3.4	-4.4	0.0	9.1
Residential Median Price, $	191,033	194,213	206,000	210,000	220,000
% change	7.6	1.7	6.1	1.9	4.8
Residential Permits, units	316	290	250	300	325
% change	-8.4	-8.2	-13.8	20.0	8.3
Non-Residential Permits ($ mil.)	52.2	113.2	60	60	70
% change	-66.1	116.9	-47.0	0.0	16.7
Population (000s)	124.9	124.7	124.6	124.5	124.4
% change	-0.2	-0.2	-0.1	-0.1	-0.1

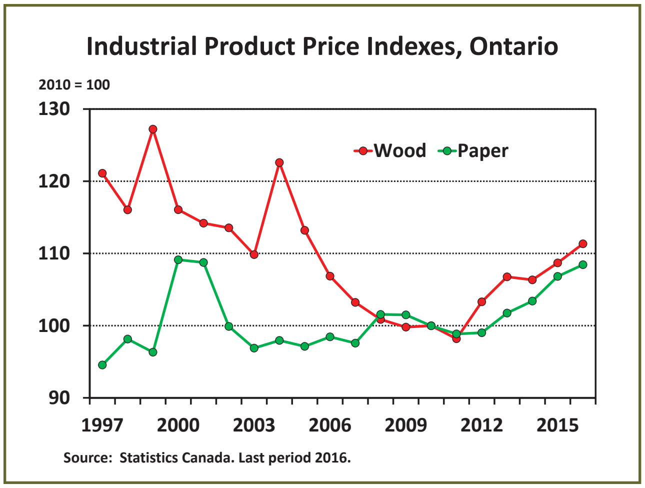
Sources: Statistics Canada, Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated except labour.

exploration, permitting and development. New Gold Inc.'s Rainy River gold mine north of Fort Frances is the most advanced, currently under construction and scheduled to start operating in mid-2017. This $885-million project currently employs around 240 people and is projected to employ 600 workers when fully operational. Osisko Mining Inc. hopes to begin construction of its Hammond Reef gold mine west of Thunder Bay in 2017. This $615-million project is projected to employ over 1,000 workers during construction and 550 workers when fully operational. Exploration and drilling is planned through 2018 at many other mineral properties in the region.

A strengthening U.S. economy and a rebound in housing markets bode well for the Northwest's forest products industry. Ontario forest products producers have boosted exports in response to rising demand south of the border. Kenora Forest Products Ltd. added a second shift to its mill operations. Ontario's forest sector is benefiting from firmer prices and increased foreign demand, with overall wood and paper product shipments up five per cent in the first nine months of 2016 compared to the same period a year earlier. The $235-million conversion of the Terrace Bay pulp mill to dissolving pulp and the addition of a second cogeneration turbine at the facility is scheduled for completion in 2018.

As the service centre for the Northwest region, the outlook for Thunder Bay hinges partly on economic activity elsewhere in the region. Its economy will be underpinned by modest growth in public sector activities such as health care, education and public administration. The provincial government is currently making the largest infrastructure investment in hospitals, schools, public transit, roads and bridges in the province's history, with 59 projects listed in the Northwest region. The eastbound span of the Nipigon River bridge project is scheduled for completion this year, an example of many road and bridge projects underway. Construction started on the first phase of the Sioux Lookout Airport and the federal government has announced funds for a new facility at the Kenora Airport.

The Port of Thunder Bay's overall cargo total for 2016 was just under 8.9 million metric tonnes, virtually matching the 2015 season tally. This marks the third consecutive season of above-average cargo volumes, thanks to strong grain shipments and increases in coal and project cargo shipments. Project cargo and general cargo volumes were very strong in 2016. Keefer Terminal handled 14 shipments, which included electrical transformers, wind turbine components, wood pellets, mining equipment, and an OSB plant. As a result of the strong performance in project cargoes, Keefer's cargo volumes hit a 19-year high in 2016. Thunder Bay Port Authority is projecting positive results for the terminal again in 2017, with additional shipments of electrical transformers already confirmed for the spring.



Non-residential building permits in the Northwest region are projected to be rangebound through 2018 at around $125 million per year. Residential construction is forecast to edge up over the next two years, underpinned by modest population inflows to Thunder Bay and the replacement of older housing stock. Regional residential permits are expected to remain rangebound, following a decline in 2016.

Housing market activity tends to track local employment, population and expected income trends as well as broader factors such as mortgage rates and expected inflation. With employment and population trending down in the Northwest since the recession, it is not surprising that housing sales have been rangebound and price inflation low. The outlook is for more of the same, and this applies in Thunder Bay and Kenora. Price inflation in these urban areas tends to be higher than in the rest of the region.

Net job growth in the Northwest region is forecast to be modest through 2018, with the unemployment rate remining around seven per cent of the labour force. Forestry, mining, related manufacturing, construction and health services will likely see employment grow, while job declines are likely in retail, wholesale trade and public administration. The unemployment rate in Thunder Bay is predicted to remain around 6.5 per cent.

The population of the Northwest has been slowly but steadily declining for many years. Net migration is outbound to other parts of Canada and outweighs net natural increase (births exceed deaths). With little employment growth expected, the downward trend in population will almost certainly continue. Similar trends apply to Thunder Bay's population.

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Appendix Tables - Regional Summary

Terms

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Employment (000s) - Regional Summary					
Economic Region	2014	2015	2016	2017	2018
Ottawa	697.8	688.2	692.4	702.0	711.0
% change	1.9	-1.4	0.6	1.4	1.3
Kingston-Pembroke	210.1	201.0	212.5	217.0	220.0
% change	-1.8	-4.3	5.7	2.1	1.4
Muskoka-Kawarthas	186.3	167.8	170.6	173.0	176.0
% change	10.6	-9.9	1.7	1.4	1.7
Toronto ER	3,241.1	3,320.4	3,373.2	3,420.0	3,460.0
% change	0.0	2.4	1.6	1.4	1.2
Kitchener-Waterloo-Barrie	704.5	710.6	706.0	711.0	720.0
% change	1.6	0.9	-0.6	0.7	1.3
Hamilton-Niagara	706.4	719.1	721.4	727.0	733.0
% change	1.3	1.8	0.3	0.8	0.8
London	324.8	330.4	330.9	337.0	340.0
% change	0.3	1.7	0.2	1.8	0.9
Windsor-Sarnia	299.1	295.1	299.4	306.0	309.0
% change	1.4	-1.3	1.5	2.2	1.0
Stratford-Bruce	151.1	145.0	145.5	147.0	148.5
% change	0.3	-4.0	0.3	1.0	1.0
Northeast	256.8	248.1	247.8	249.0	249.5
% change	1.2	-3.4	-0.1	0.5	0.2
Northwest	99.8	97.4	99.9	99.0	100.0
% change	-2.3	-2.4	2.6	-0.9	1.0
Ontario	6,877.8	6,923.1	6,999.6	7,088.0	7,167.0
% change	0.8	0.7	1.1	1.3	1.1

Sources: Statistics Canada, C1CU. Forecast 2017 - 2018.

Unemployment Rate - Regional Summary					
Economic Region	2014	2015	2016	2017	2018
Ottawa	6.6	6.5	6.5	6.0	5.7
Kingston-Pembroke	8.4	7.2	6.0	5.7	5.6
Muskoka-Kawarthas	6.3	7.8	5.7	5.5	5.4
Toronto ER	8.0	7.1	6.9	6.8	6.7
Kitchener-Waterloo-Barrie	5.8	5.4	5.5	5.6	5.3
Hamilton-Niagara	6.5	6.0	6.4	6.2	6.1
London	7.0	5.9	6.1	5.9	5.8
Windsor-Sarnia	8.1	8.4	6.6	6.3	6.1
Stratford-Bruce	4.8	5.7	4.8	4.2	4.8
Northeast	6.9	7.7	7.2	6.7	6.6
Northwest	6.0	6.0	6.9	7.5	7.0
Ontario	7.3	6.8	6.5	6.4	6.2

Sources: Statistics Canada, C1CU. Forecast 2017 - 2018.

Non-residential Building Permits ($ mil.) - Regional Summary					
Economic Region	2014	2015	2016	2017	2018
Ottawa	1,180.1	1,046.4	1,225.0	1,050.0	1,250.0
% change	0.1	-11.3	17.1	-14.3	19.0
Kingston-Pembroke	495.0	276.5	290.0	280.0	385.0
% change	108.3	-44.1	4.9	-3.4	37.5
Muskoka-Kawarthas	235.0	119.0	190.0	170.0	205.0
% change	81.6	-49.4	59.7	-10.5	20.6
Toronto ER	5,985.0	6,630.9	6,300.0	6,200.0	6,900.0
% change	-3.4	10.8	-5.0	-1.6	11.3
Kitchener-Waterloo-Barrie	1,307.9	1,254.3	1,235.0	1,180.0	1,440.0
% change	33.1	-4.1	-1.5	-4.5	22.0
Hamilton-Niagara	889.0	960.0	810.0	850.0	1,050.0
% change	-29.7	8.0	-15.6	4.9	23.5
London	420.4	535.5	740.0	600.0	690.0
% change	-12.3	27.4	38.2	-18.9	15.0
Windsor-Sarnia	346.8	371.2	400.0	470.0	540.0
% change	-4.6	7.0	7.8	17.5	14.9
Stratford-Bruce	350.0	284.9	340.0	305.0	340.0
% change	33.2	-18.6	19.3	-10.3	11.5
Northeast	447.0	335.7	285.0	340.0	400.0
% change	17.3	-24.9	-15.1	19.3	17.6
Northwest	86.3	135.7	120.0	110.0	140.0
% change	-55.4	57.2	-11.6	-8.3	27.3
Ontario	11,742.5	11,950.1	11,935.0	11,555.0	13,340.0
% change	0.7	1.8	-0.1	-3.2	15.4

Sources: Statistics Canada, C1CU. Forecast 2017 - 2018, 2016 estimated.

Residential Building Permits (Units) - Regional Summary					
Economic Region	2014	2015	2016	2017	2018
Ottawa	8,391	5,808	8,400	9,200	10,300
% change	26.3	-30.8	44.6	9.5	12.0
Kingston-Pembroke	1,850	2,074	2,200	2,400	2,700
% change	-9.8	12.1	6.1	9.1	12.5
Muskoka-Kawarthas	2,208	1,880	2,200	2,100	2,300
% change	21.4	-14.9	17.0	-4.5	9.5
Toronto ER	35,136	40,153	36,000	37,000	38,000
% change	-12.7	14.3	-10.3	2.8	2.7
Kitchener-Waterloo-Barrie	9,204	9,290	11,300	11,000	12,000
% change	29.9	0.9	21.6	-2.7	9.1
Hamilton-Niagara	5,091	6,589	7,000	6,600	6,800
% change	2.3	29.4	6.2	-5.7	3.0
London	3,100	2,773	4,600	4,200	4,800
% change	4.3	-10.5	65.9	-8.7	14.3
Windsor-Sarnia	1,371	1,994	2,000	1,800	1,900
% change	-8.1	45.4	0.3	-10.0	5.6
Stratford-Bruce	1,096	1,345	1,500	1,600	1,700
% change	0.7	22.7	11.5	6.7	6.3
Northeast	1,043	1,143	1,100	1,050	1,200
% change	-20.1	9.6	-3.8	-4.5	14.3
Northwest	389	389	300	350	375
% change	-13.6	0.0	-22.9	16.7	7.1
Ontario	68,879	73,438	76,600	77,300	82,075
% change	-1.8	6.6	4.3	0.9	6.2

Sources: Statistics Canada, C1CU. Forecast 2017 - 2018, 2016 estimated.

Residential Sales (Units) - Regional Summary					
Economic Region	2014	2015	2016	2017	2018
Ottawa	25,056	26,020	27,500	29,500	32,000
% change	-3.5	3.8	5.7	7.3	8.5
Kingston-Pembroke	9,370	9,806	10,600	11,000	11,900
% change	1.8	4.7	8.1	3.8	8.2
Muskoka-Kawarthas	9,910	11,602	12,800	13,500	15,000
% change	-0.1	17.1	10.3	5.5	11.1
Toronto ER	139,738	149,695	155,000	158,000	165,000
% change	6.4	7.1	3.5	1.9	4.4
Kitchener-Waterloo-Barrie	29,114	32,831	33,500	32,500	34,500
% change	-2.0	12.8	2.0	-3.0	6.2
Hamilton-Niagara	40,753	43,300	45,500	44,000	46,000
% change	4.1	6.2	5.1	-3.3	4.5
London	13,695	14,534	15,000	14,500	15,500
% change	2.1	6.1	3.2	-3.3	6.9
Windsor-Sarnia	12,300	13,533	14,500	14,000	15,000
% change	6.1	10.0	7.1	-3.4	7.1
Stratford-Bruce	6,190	6,703	7,200	7,400	7,700
% change	4.5	8.3	7.4	2.8	4.1
Northeast	10,700	11,269	11,800	11,000	12,000
% change	-3.7	5.3	4.7	-6.8	9.1
Northwest	4,405	4,433	3,700	3,600	3,900
% change	6.7	0.6	-16.5	-2.7	8.3
Ontario	301,231	323,726	337,100	339,000	358,500
% change	3.3	7.5	4.1	0.6	5.8

Sources: Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated.

Residential Median Sale Price ($) - Regional Summary					
Economic Region	2014	2015	2016	2017	2018
Ottawa	302,436	310,713	319,000	333,000	350,000
% change	2.3	2.7	2.7	4.4	5.1
Kingston-Pembroke	217,417	222,411	230,000	240,000	252,000
% change	0.0	2.3	3.4	4.3	5.0
Muskoka-Kawarthas	245,115	254,566	277,000	295,000	320,000
% change	5.1	3.9	8.8	6.5	8.5
Toronto ER	430,443	466,069	540,000	580,000	625,000
% change	3.8	8.3	15.9	7.4	7.8
Kitchener-Waterloo-Barrie	298,293	317,515	355,000	375,000	405,000
% change	6.4	6.4	11.8	5.6	8.0
Hamilton-Niagara	316,072	335,765	368,000	385,000	410,000
% change	4.8	6.2	9.6	4.6	6.5
London	220,918	227,845	247,000	255,000	270,000
% change	4.8	3.1	8.4	3.2	5.9
Windsor-Sarnia	162,897	169,536	179,000	185,000	195,000
% change	3.3	4.1	5.6	3.4	5.4
Stratford-Bruce	219,244	228,160	245,000	258,000	275,000
% change	2.9	4.1	7.4	5.3	6.6
Northeast	181,728	180,647	188,000	193,000	200,000
% change	0.3	-0.6	4.1	2.7	3.6
Northwest	177,888	179,750	188,000	190,000	195,000
% change	7.5	1.0	4.6	1.1	2.6
Ontario	341,509	364,253	409,585	437,219	466,790
% change	4.5	6.7	12.4	6.7	6.8

Sources: Teranet, C1CU. Forecast 2017 - 2018, 2016 estimated.

Population (000s) - Regional Summary					
Economic Region	2014	2015	2016	2017	2018
Ottawa	1,319.8	1,330.4	1,344.1	1,359.8	1,378.2
% change	0.8	0.8	1.0	1.2	1.4
Kingston-Pembroke	468.7	469.9	471.2	472.6	474.4
% change	0.2	0.2	0.3	0.3	0.4
Muskoka-Kawarthas	381.4	382.7	385.1	388.0	391.4
% change	0.4	0.3	0.6	0.8	0.9
Toronto ER	6,357.7	6,429.7	6,558.7	6,697.2	6,830.7
% change	1.4	1.1	2.0	2.1	2.0
Kitchener-Waterloo-Barrie	1,299.5	1,313.5	1,331.3	1,350.3	1,371.4
% change	1.1	1.1	1.4	1.4	1.6
Hamilton-Niagara	1,446.5	1,457.3	1,472.5	1,490.0	1,508.8
% change	0.8	0.7	1.0	1.2	1.3
London	666.4	671.9	677.9	685.0	692.7
% change	0.6	0.8	0.9	1.0	1.1
Windsor-Sarnia	638.7	638.8	639.7	641.3	643.1
% change	0.1	0.0	0.1	0.3	0.3
Stratford-Bruce	300.1	300.0	300.5	301.2	302.1
% change	-0.1	-0.0	0.2	0.2	0.3
Northeast	562.6	558.8	556.6	554.5	552.4
% change	-0.3	-0.7	-0.4	-0.4	-0.4
Northwest	239.6	239.1	238.7	238.4	238.2
% change	-0.2	-0.2	-0.2	-0.1	-0.1
Ontario	13,681.0	13,792.1	13,976.3	14,178.3	14,383.4
% change	1.0	0.8	1.3	1.4	1.4

Sources: Statistics Canada, C1CU. Forecast 2017 - 2018, 2016 estimated.

Ontario Forecast Table

	2014	2015	2016	2017	2018
GDP at market prices	4.1	5.5	4.5	4.4	5.4
Real GDP, expenditure-based	2.7	2.6	2.7	2.4	2.5
Household consumption	2.5	3.2	3.6	2.8	2.2
Government expenditure	0.7	1.5	0.7	1.3	1.4
Government capital formation	1.4	1.1	1.0	2.7	5.2
Business capital formation	1.6	10.6	0.7	1.4	4.7
Residential structures	0.4	7.2	5.6	1.1	4.3
Machinery and equipment	6.9	18.9	-1.8	2.2	4.9
Non-residential structures	1.6	17.1	-3.9	2.5	6.0
Final domestic demand	1.9	3.8	2.4	2.2	2.5
Exports	1.9	6.7	1.9	2.2	2.3
Imports	1.1	8.8	1.5	1.9	2.3
Net exports, $2007 bil.	13.3	7.6	9.2	10.6	10.8
Employment	0.8	0.7	1.1	1.3	1.1
Unemployment rate (%)	7.3	6.8	6.5	6.4	6.3
Personal income	3.5	4.6	5.0	4.5	4.7
Disposable income	2.5	4.8	4.9	4.6	4.4
Net operating surplus: Corporations	12.7	15.9	1.0	1.6	8.6
CPI	2.3	1.2	1.8	2.3	2.3
Retail sales	5.0	4.2	5.0	5.0	5.6
Housing starts, 000s	59.1	70.2	75.2	73.7	77.5
Population growth, %	0.9	0.8	1.4	1.4	1.4

Key External Economic Forecasts

U.S. real GDP, % chg.	2.4	2.6	1.6	2.3	2.4
Canada real GDP, % chg.	2.6	0.9	1.3	2.0	1.7
European Union real GDP, % chg.	0.9	1.9	1.7	1.3	1.5
China real GDP, % chg.	7.3	6.9	6.6	6.3	6.0
Japan real GDP, % chg.	-0.4	1.3	0.8	0.8	0.6
Canada 3-month t-bill, %	0.91	0.53	0.50	0.50	0.50
Canada GoC long-term bond, %	2.77	2.19	1.90	2.60	3.00
U.S.-Canada exchange rate, cents/dollar	90.5	78.2	75.5	75.0	76.0
Crude oil WTI, US$ per barrel	93	49	44	54	58
Henry Hub, US$ mmbtu	4.39	2.62	2.47	3.09	3.18

Source: Statistics Canada, IMF, Bank of Canada, U.S. Federal Reserve, Central 1 Credit Unions forecasts

Note: Percent change unless otherwise indicated.