

# Bruce County GMS - November 2020 Council Presentation Summary



Provided herein is a technical overview of the draft long-term growth forecast scenarios for Bruce County, including a summary the preferred long-term County-wide population and employment scenario.

## Technical Work Background

As a key component to the County's Growth Management Strategy (G.M.S.), Watson & Associates Economists Ltd., (Watson) has prepared a range of long-term population and employment forecasts for Bruce County to the year 2046. In total, three long-term scenarios were developed, including a Low, Reference and High scenario. These long-term growth scenarios have been prepared based on a detailed review of recent demographic, economic and socio-economic trends, as well as consideration of regional and local growth drivers which are anticipated to influence the long-term growth outlook for the County.

The population forecast scenarios are based on a range of assumptions related to total net migration, net migration by age, natural increase (i.e. births less deaths), and employment growth opportunities throughout Bruce County and the surrounding commuter-shed. These scenarios represent the potential range of future growth which can be anticipated for the County over the next 30 years. It is noted that each of the long-term population growth scenarios represent a higher average annual growth rate than achieved historically between 2001 to 2016 (0.4% annually).

A range of assumptions were also considered when generating the long-term employment scenarios for the County, such as forecast changes in the County's employment activity rate (ratio of jobs to population), macro-economic trends in export-based employment sectors, growth trends in population-related employment (i.e. retail, accommodation and institutional sectors) as well as future trends in work at home and off-site employment (i.e. employment with no fixed place of work).<sup>1</sup>

Based on our review and evaluation of these scenarios, Watson has identified the Reference Scenario as the 'Preferred' long-term growth forecast, as it represents the "most likely" population and employment growth trajectory for the County.

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<sup>1</sup> No fixed place of work is defined by Statistics Canada as "persons who do not go from home to the same workplace location at the beginning of each shift". Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.





## **Purpose of November 2020 Council Presentation**

The purpose of the November 2020 presentation is to provide County Council with the preliminary findings of the technical analysis, prepared by Watson, as it relates to the long-range County-wide growth scenarios. These growth scenarios are being provided to Council for their information and consideration. As previously mentioned, Watson is recommending the medium or reference forecast as the “preferred” long-range population and employment growth scenario for the County. This scenario will be used to inform the growth allocations and urban land needs by local municipality and by Primary Urban Area to the year 2046, which will be provided in the Bruce County G.M.S. report.

## **Growth Drivers and Disruptors**

### *Near-Term Regional Impacts of COVID-19 on Population and Employment Growth*

To date, the downward impacts of COVID-19 on global economic output have been severe. Economic sectors such as travel and tourism, accommodation and food, manufacturing, energy and finance have been hit particularly hard. Canada’s Gross Domestic Product (G.D.P.) declined by approximately 39% in second quarter of 2020 (April to June), even as economic activity has improved in May and June as containment measures have gradually been loosened since May 2020.<sup>1</sup>

Overall, required modifications to social behavior (i.e. physical distancing) and increased work at home requirements resulting from government induced containment measures and increased health risks have resulted in significant economic disruption largely related to changes in consumer demand and consumption patterns. Furthermore, escalating tensions and constraints related to international trade have also begun to raise further questions regarding the potential vulnerabilities of globalization and the structure of current global supply chains.

At the current time, the level of sustained economic impact related to this “exogenous shock” to the world and Canadian economy is largely unknown. Notwithstanding this uncertainty, it is generally clear that the longer COVID-19 persists on an international scale, the greater the severity of the current global recession. Despite the longer-term consequences of COVID-19 to some industries, firms, and individuals, the long-term economic outlook for Southwestern Ontario remains generally positive and the region is anticipated to continue to be attractive to newcomers who represent a key driver of population growth to this region.

While the housing market across Southwestern Ontario got off to a relatively slow start in early 2020 due to COVID-19, pent-up demand and historically low mortgage rates have accelerated demand across this region in recent months. Notwithstanding the recent rebound in real estate trends identified for Southwestern Ontario, including Bruce

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<sup>1</sup> Reuters Business News, August 28, 2020.



County, there are a number of reasons to remain cautious with respect to the demand for housing across the broader region over the near-term (i.e. next one to three years).

A recent report released by R.B.C. Economics identifies that on-going border restrictions, travel-related health fears, and the global economic downturn are expected to reduce immigration levels sharply in 2020.<sup>1</sup> The R.B.C. report also points out that while temporary foreign workers are exempt from entry restrictions, fewer are coming to Canada due to logistical and financial burdens related to COVID-19 work restrictions and isolation requirements. After the COVID-19 crisis, economists warn that immigration may remain relatively low compared to recent years, because relatively higher unemployment rates during the post-COVID-19 economic recovery period in Canada may reduce the incentive for immigrants coming into the Country.<sup>2</sup> This near-term scenario has the potential to reduce population growth levels and soften the housing market in areas of Ontario where population growth is most heavily dependent on immigration. The Province's largest urban centres are most heavily dependent on immigration as a primary source of population growth and would potentially be the most heavily impacted by such a trend.

In contrast to the Province's largest urban centres, population and housing growth in Bruce County is largely driven by net migration from other areas of the Province, as opposed to immigration. For Bruce County, COVID-19 may act as a near-term driver of future housing growth driven by increased opportunities for remote work and the reconsideration by some Ontario residents to trade "city lifestyles" for "smaller town living". However, it is recognized that the longer-term population and employment growth potential for Bruce County will be heavily dependent on sustained economic growth potential of the broader economic region. As such, it is important not to overstate the near-term impacts of COVID-19 on housing demand in Bruce County over the long-term.

In addition to its local and broader impacts on the economy, COVID-19 is also anticipated to accelerate changes in work and commerce as a result of technological disruptions which were already in play prior to the pandemic. As such, enterprises will increasingly be required to rethink the way they conduct business with an increased emphasis on remote work enabled by technologies such as virtual private networks (V.P.N.s), virtual meetings, cloud technology and other remote work collaboration tools. These trends are anticipated to have a direct influence on commercial and industrial real estate needs over both the near and longer terms. In light of these anticipated trends, it is important that long-term employment forecasts adequately consider the manner in which these impacts are likely to influence the nature of employment by place of work and associated building space needs by sector.

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<sup>1</sup> R.B.C. Economics. Current Analysis. COVID-19 Derails Canadian Immigration. May 29, 2020.

<sup>2</sup> Stalling immigration may add to Canada's COVID-19 economic woes. Fergal Smith, Steve Scherer. Reuters. May 27, 2020.



### *Long-Term Growth Drivers and Disruptors*

It is important to recognize that future population and employment growth within Bruce County is strongly correlated with the growth outlook and competitiveness of the local and regional economy. Employment opportunities within Bruce County and surrounding commuter-shed represent the primary driver of net migration and economic development to this area.

The employment base within Bruce County and surrounding commuter-shed can be grouped into two broad categories – export-based sectors and community-based sectors. The latter primarily referring to local population serving employment. Export-based sectors are comprised of industries (i.e. economic clusters) which produce goods that reach markets outside the community (e.g. agriculture and primary resources, manufacturing, research and development, as well as other knowledge-based industries).

Local industries also provide services to temporary and/or other residents of the municipality not captured by Census data as part of the permanent population base such as hotels, restaurants, tourism-related sectors, as well as other businesses related to financial, professional, scientific and technical services. Economic growth in the regional export-based economy generates wealth and economic opportunities which, in turn, stimulates community-based or population-related employment sectors, including retail trade, accommodation and food and other service sectors.

Economic development subsequently drives the need for labour force growth which is largely generated from positive net migration. Ultimately, population growth in Bruce County within the 0-64 age group will continue to be largely driven by net intra-provincial migration associated with the working age population and their dependents (i.e. children, spouses not in the labour force, others). On the other hand, growth of the County's 65+ population will continue to be largely driven by the aging of the County's existing population and, to a lesser extent the attractiveness and affordability of the County to new seniors.

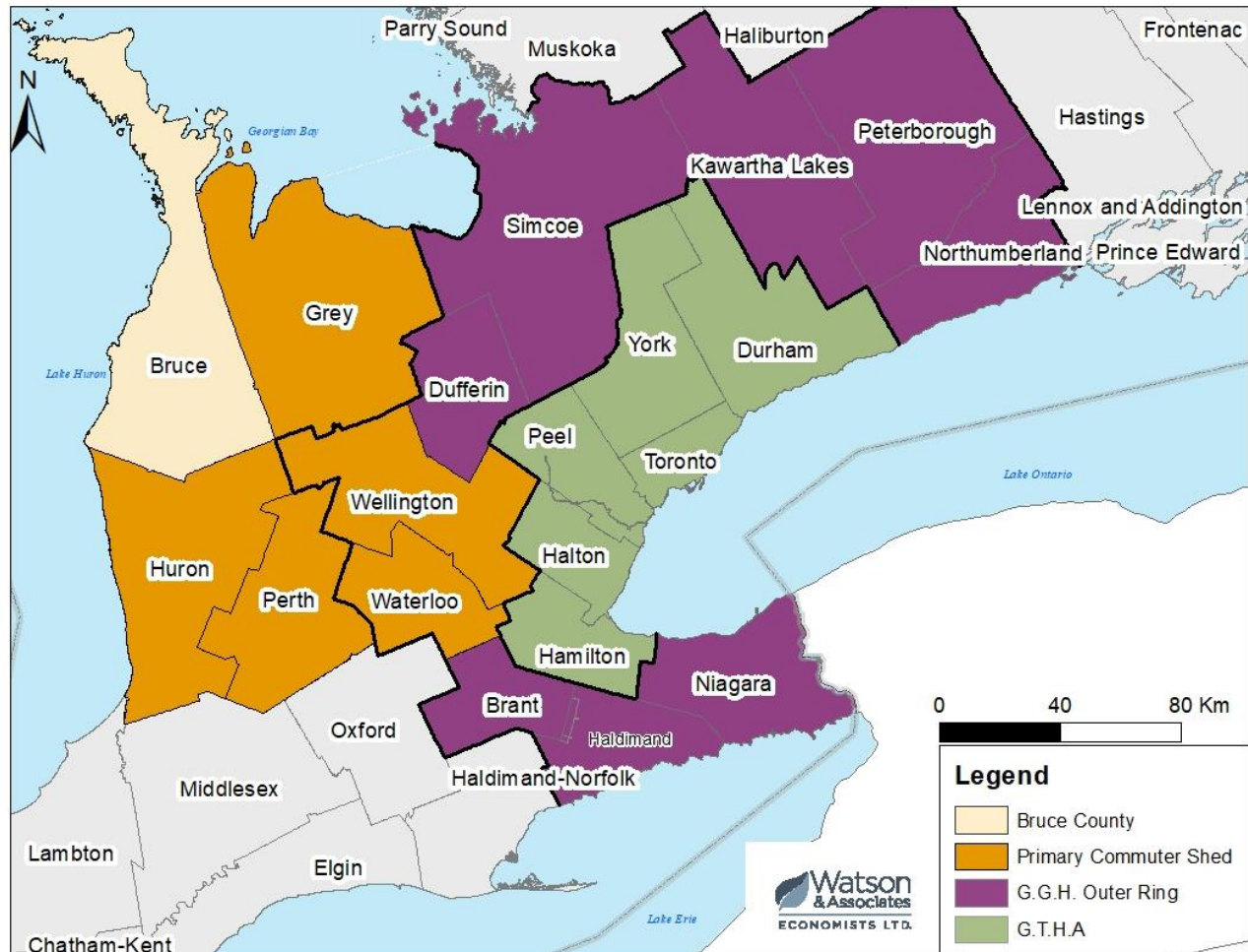
A key driver of the Bruce's future population and economic growth potential is its geographic location within Ontario. Bruce County is located to the northwest of one of the fastest growing Cities/Regions in North America, known as the Greater Golden Horseshoe (G.G.H.). This region comprises the municipalities that make up the Greater Toronto Hamilton Area (G.T.H.A.), as well as the surrounding Regions/Counties within Central Ontario, known as the G.G.H. "Outer Ring," which extends from Haldimand County in the southwest to Simcoe County in the north, to Peterborough County in the northeast.

As identified in the 2019 Growth Plan for the G.G.H. (A Place to Grow), the long-term outlook for the G.G.H. is positive, characterized by strong population and employment growth, which is concentrated in the region's large urban regions. In accordance with



Schedule 3 of the 2019 Growth Plan, the G.G.H. population is forecast to increase from 9.5 million in 2016 to 14.9 million in 2051. This represents a population increase of approximately 5.4 million persons, or 155,000 persons per year. With respect to employment, the G.G.H. is forecast to increase from 4.6 million employees in 2016 to 7 million by 2051, an increase of 2.4 million employees, or 70,000 employees per year. This represents a substantial increase in population and employment relative to other North American metropolitan regions of comparable population.

**Map 1: Location of Bruce County within the Regional Context**



The G.G.H. represents the economic powerhouse of Ontario and the centre of a large portion of the economic activity in Canada. The G.G.H. is also economically diverse with most of the top 20 traded industry clusters throughout North America having a strong presence in this region. The G.G.H. industrial and office commercial real estate markets within this region are significant, having the third and sixth largest inventories, respectively, in North America.





With a robust economy and diverse mix of export-based employment sectors, the G.G.H. is highly attractive on an international level to new businesses and investors. The G.G.H. also has a strong appeal given the area's regional infrastructure (i.e. Toronto Pearson International Airport (T.P.I.A.), other regional airports, provincial highways, inter-modal facilities), access to labour force, post-secondary institutions and proximity to the U.S. border. In turn, this continues to support steady population and housing growth within this region, largely driven by international and inter/intra-provincial net migration to this region.

The magnitude and distribution of growth throughout the G.G.H. is of key significance to Bruce County. More specifically, as remaining greenfield areas of the more mature areas of the G.T.H.A continue to build out and housing prices steadily rise, increasing outward growth pressure will be placed on the outlying municipalities of the G.G.H. "Outer Ring," and beyond. For Bruce County, this outward growth pressure is anticipated to be most heavily felt in the County's larger urban centres. It is anticipated that the majority of new residents migrating to Bruce County will be within the 25-54 age group; however, a proportion of new migrants is also expected in the 55-74 age group, given the County's attractiveness as a retirement destination. In turn, population growth across these broad demographic groups will also continue to drive growth in population-related employment sectors including retail, personal services, business services and health and social services.

Over the next 30 years, the County's local employment base is also forecast to increase, generating new live/work opportunities within Bruce County. Strong net migration levels associated with local economic opportunities are anticipated to drive housing growth across the County with demand across a broad range of housing typologies. The bulk of these new residents coming to Bruce County in the 19-54 age category will ultimately seek competitively priced ground-oriented housing forms (i.e. single-detached, semi-detached and townhomes) to accommodate existing and/or future families.

Relative to the larger municipalities in the G.G.H Outer Ring (e.g. City of Waterloo, City of Kitchener and City of Guelph), average housing prices in Bruce County are lower and more affordable relative to local income. However, as housing prices continue to steadily rise across the County, it is foreseeable that an increasing proportion of the population in Bruce County, particularly younger generations, will be gradually accommodated in various forms of high-density housing (i.e. walk-up apartments, triplexes, and low-rise apartments). In addition, a proportion of residents in the 65+ age group will also be seeking high-density housing, ranging from condominiums and rental apartments to assisted living accommodations and seniors' complexes largely within urban areas which offer access to urban amenities and health care services.

Population growth of the 65+ age group across Ontario will continue to be a key driver of housing growth in Bruce County over the next 30 years. For the Province of Ontario as a whole, the percentage of the 65+ age group to the total population is projected to



increase from 16% in 2016 to 23% by 2046.<sup>1</sup> Future housing demand across Bruce County generated by the 65+ age group is anticipated to remain strong over the next decade driven by the aging of the Baby Boom population. This will generate an increasing need to accommodate a growing number of seniors in housing forms that offer a variety of services ranging from independent living to assisted living and full-time care. On the other hand, a growing wave of new Bruce County residents will be seeking housing opportunities that are geared towards active lifestyles and recreation.

Quality of life is also a key factor influencing the residential location decisions of individuals and their families. It is also a factor considered by companies in relocation decisions. Typically, quality of life encompasses several sub-factors such as employment opportunities, cost of living, housing affordability, crime levels, quality of schools, transportation, recreational opportunities, climate, arts and culture, entertainment, amenities and population diversity. The importance of such factors, however, will vary considerably depending on life stage and individual preferences.

Bruce County offers opportunities for “small-town” living with access to urban amenities as well as recreational opportunities within the rural countryside. The County’s urban and rural character offers a high quality of life which is expected to drive net migration from a broad range of demographic groups including the 55-74 age group (i.e. Baby Boomers and younger seniors) and remaining adult population age groups.

It is also important to recognize that the accommodation of skilled labour and the attraction of new businesses are inextricably linked and positively reinforce one another. To ensure that economic growth is not constrained by future labour shortages, effort will be required by Bruce County to continue to explore ways to attract and accommodate new skilled working residents to the County across a diverse range of employment opportunities and a broader choice of competitively priced housing options. Attraction efforts must also be linked to housing accommodation (both ownership and rental), municipal services and infrastructure as well as quality of life attributes which appeal to the younger mobile population, while not detracting from the County’s attractiveness to older population segments.

Over the past five years (2015 to 2020), the rate of annual population growth and residential building permit activity (new dwelling units) for Bruce County has increased relative to the previous five-year period (2010-2015). This increase can largely be attributed to the above-mentioned growth drivers. The supply of unbuilt housing units in active registered, as well draft approved and pending residential plans across the County also suggests that near term housing demand will continue to be strong relative to recent trends.

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<sup>1</sup> Ministry of Finance, Summer 2019 Update, Table 6: Ontario Population Projections, 2016-2046, reference scenario.

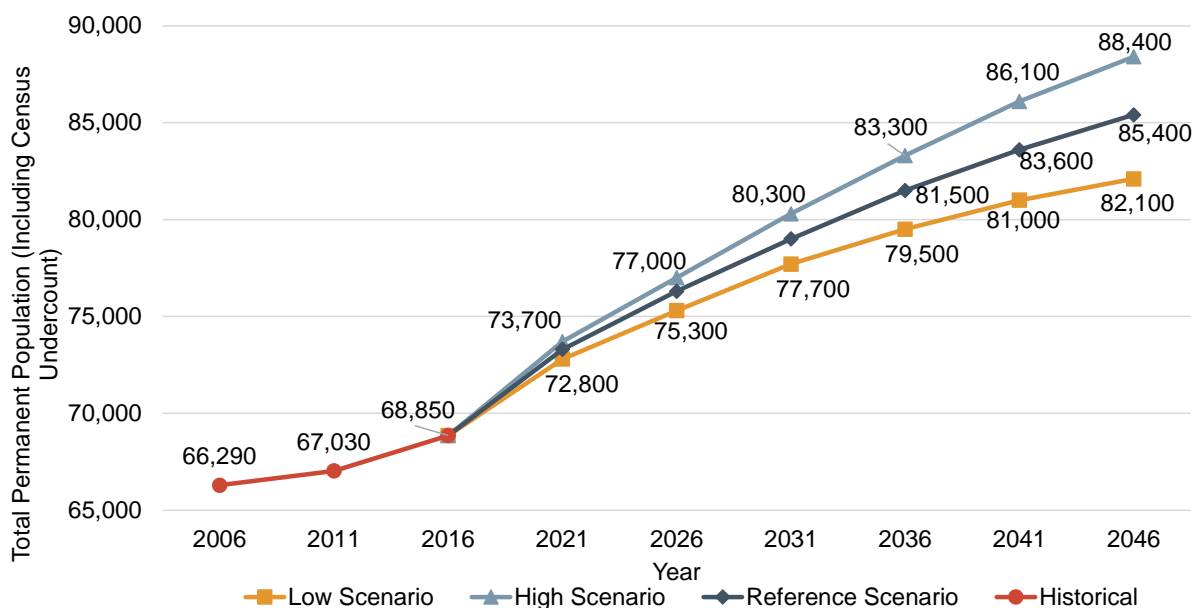


## Long-Term Growth Scenarios

Figures 1 and 2 summarize the long-term permanent population and employment growth scenarios for Bruce County. Key observations regarding the forecast range of County-wide population and employment growth include:

- The County's permanent population base is forecast to steadily increase from 68,850 in 2016 to between 82,100 and 88,400 by 2046. This represents an increase of approximately 13,250 to 19,550 persons; and
- The County's employment base is forecast to increase from 29,800 in 2016 to between 38,000 and 42,600 by 2046. This represents an employment increase of 8,200 to 12,800 jobs.

Figure 1  
Bruce County  
Long-Term Population Growth Scenarios, 2016 to 2046

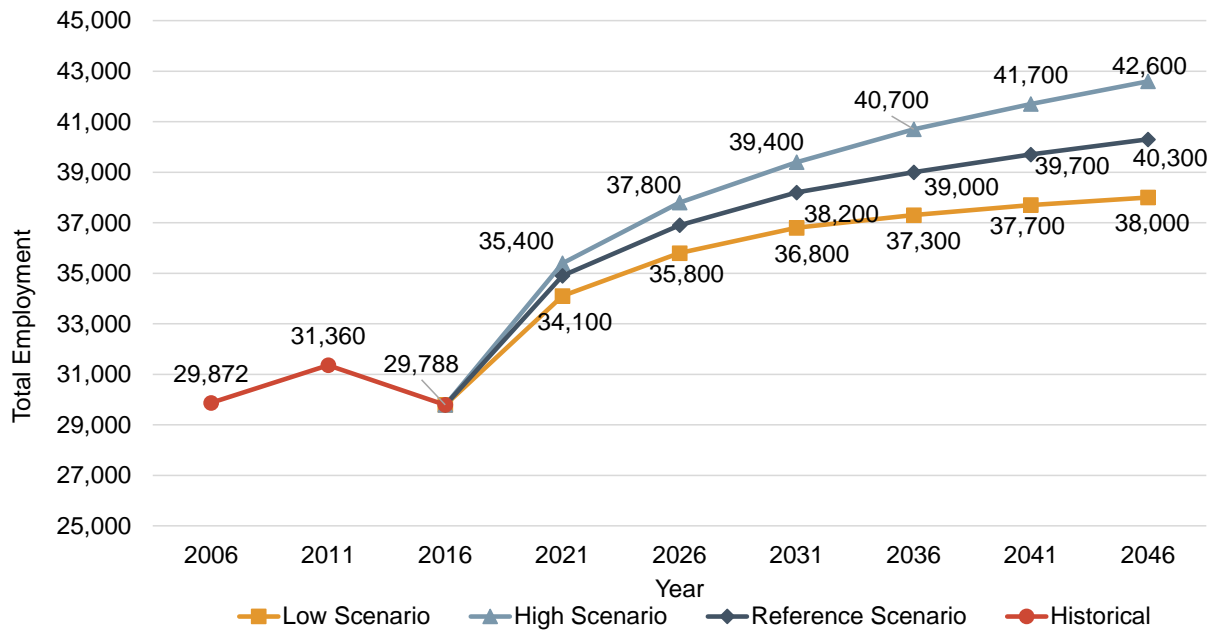


Source: Forecast by Watson & Associates Economists Ltd., 2020.  
Note: Population includes the net Census undercount estimated at 2.65%.





Figure 2  
Bruce County  
Long-Term Employment Growth Scenarios, 2016 to 2046



Source: Forecast by Watson & Associates Economists Ltd., 2020.  
Note: Total employment includes no fixed place of work and work at home employment.

Each of the long-term growth scenarios have been evaluated by Watson within the context of historical trends and the influence of the long-term growth drivers, as discussed above.

### Bruce County 'Preferred' Growth Scenario, 2046

In accordance with our evaluation, the Reference Growth Scenario represents the “most likely” long-term population and employment growth scenario for the County. This scenario:

- Represents a reasonable reflection of growth relative to historical trends;
- Accurately contextualizes Bruce County’s growth potential within the context of long-term population and employment growth within the broader regional market area (i.e. commuter-shed) and Central Ontario (i.e. G.G.H.);
- Embraces identified regional and local economic growth drivers;
- Represents a realistic net migration forecast and anticipates the influence of an aging population and labour force on the long-term economic growth outlook for the County.



Key findings associated with the Reference Growth Scenario for Bruce County are as follows:

- Total permanent population is expected to increase from 68,850 in 2016 to 85,400 in 2046, representing an increase of 16,550 persons or an annual growth rate of 0.7%;
- Including seasonal population, Bruce County's total population is forecast to increase from 35,500 in 2016 to 46,200 by 2046, representing an increase of 9,700 persons;
- Permanent County-wide housing growth is forecast to average 278 annually between 2016 to 2046. Comparatively, this represents a higher annual rate of new housing activity relative to the historical average (245 units annually) achieved between 2001 to 2016;
- In addition to the permanent housing forecast, 53 new seasonal housing units are anticipated to be constructed across the County annually between 2016 and 2046;
- The total number of jobs within Bruce County is forecast to increase from 29,800 in 2016 to 40,300 in 2046, representing an increase of 10,500 jobs or an annual growth rate of 1%;
- Forecast employment is anticipated to be concentrated in industrial and commercial sectors; and
- Almost one third of the County's employment growth is anticipated to be generated from work at home occupations and from employees which have no fixed place of work.