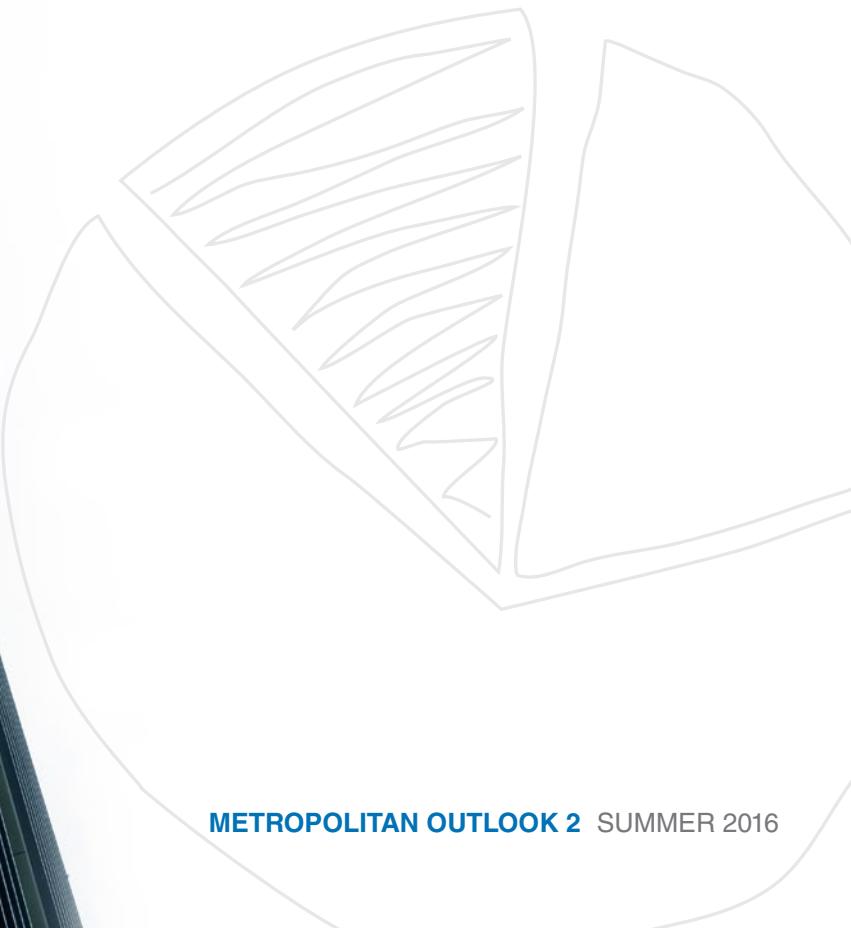




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Economic Insights Into 15 Canadian Metropolitan Economies.





Metropolitan Outlook 2: Economic Insights Into 15 Canadian Metropolitan Economies

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Preface

Together, *Metropolitan Outlook 1* and *Metropolitan Outlook 2* provide economic insights into 28 census metropolitan areas in Canada.

Book 1 covers 13 census metropolitan areas: Halifax, Québec City, Montréal, Ottawa–Gatineau, Toronto, Hamilton, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver, and Victoria.

Book 2 deals with 15 census metropolitan areas: St. John's, Moncton, Saint John, Saguenay, Trois-Rivières, Sherbrooke, Kingston, Oshawa, St. Catharines–Niagara, London, Windsor, Kitchener–Cambridge–Waterloo, Greater Sudbury, Thunder Bay, and Abbotsford–Mission.

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Forecast completed: June 9, 2016

Based on March 1, 2016 Canadian Economic Accounts

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Contents

User's Guide	ii
Canadian Census Metropolitan Areas	vi
Cross-City Comparison	ix
Canada	1
Canada (français)	3
Newfoundland and Labrador	5
St. John's	6
New Brunswick	11
Moncton	12
Saint John	16
Nouveau-Brunswick (français)	21
Moncton (français)	22
Quebec	27
Saguenay	28
Trois-Rivières	32
Sherbrooke	36
Québec (français)	41
Saguenay (français)	42
Trois-Rivières (français)	46
Sherbrooke (français)	50
Ontario	55
Kingston	56
Oshawa	60
St. Catharines–Niagara	64
Kitchener	68
London	72
Windsor	76
Greater Sudbury	80
Thunder Bay	84
British Columbia	89
Abbotsford–Mission	90

Highlights

The **St. John's** economy will grow by just 0.6 per cent, with declines in construction and muted services sector activity. Services sector growth will offset contractions in construction and manufacturing, allowing **Moncton**'s GDP to grow by 1.2 per cent. Economic growth in **Saint John** will be flat this year, as the goods sector contracts and services post only modest gains. **Saguenay**'s GDP will grow by 1 per cent, supported by gains in transportation and warehousing, and in business and personal services. Strength in manufacturing, construction, and the services sector will help **Trois-Rivières**'s economy expand by 1.3 per cent. **Sherbrooke**'s GDP will grow by 1.9 per cent due to strength in manufacturing, transportation and warehousing, and business services. **Kingston**'s economy will grow 2.1 per cent, led by non-residential construction and by wholesale and retail trade. Wholesale and retail trade, transportation and warehousing, and manufacturing growth will drive GDP growth of 2.7 per cent in **Oshawa**. **St. Catharines–Niagara**'s GDP will rise 2.2 per cent, with strength in manufacturing and wholesale and retail trade. **Kitchener–Cambridge–Waterloo**'s GDP will grow by 3 per cent, largely thanks to work on the light-rail transit system. Stronger growth in manufacturing and construction output will help **London**'s economy expand by 2.4 per cent. With manufacturing on track to post another strong gain, **Windsor**'s overall GDP growth will reach 2.4 per cent this year. Soft nickel prices continue to weigh on **Greater Sudbury**'s economy, with GDP forecast to rise only 0.6 per cent. **Thunder Bay**'s GDP will grow by 0.9 per cent, as stronger manufacturing output offsets a contraction in construction. Strong housing starts and solid gains in the services sector will support GDP growth of 2.5 per cent in **Abbotsford–Mission** in 2016.

REAL GDP GROWTH AND RANKING

The table displays four GDP growth rates: the last historical year, the current forecast year, the rest of the forecast period, and finally, a 10-year period comprising both historical and forecast data. Below each growth rate is a ranking that shows how the CMA fares against the other census metropolitan areas featured in the current edition of the *Metropolitan Outlook*.

MAP

The census metropolitan areas (CMAs) are composed (defined by Statistics Canada) of the main city and the surrounding municipalities, towns, townships, villages, and parishes. The map shows the position of the CMA relative to other CMAs within the province.

THUMBS UP (THUMBS DOWN)

A thumbs up (down) indicates a favourable (unfavourable) element/event that has occurred within the census metropolitan area or that will certainly occur in the near future. It can also indicate a positive (negative) economic climate within the CMA.

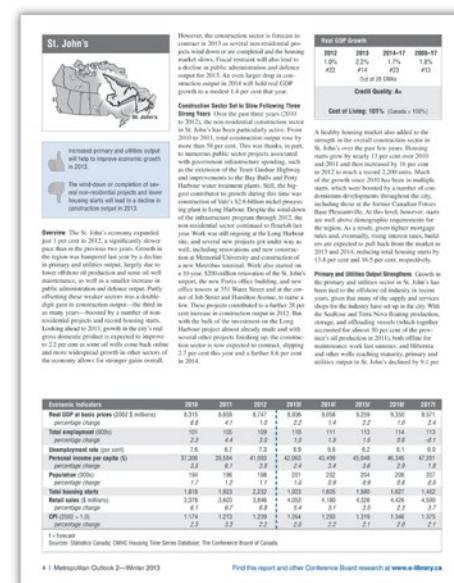
ECONOMIC INDICATORS

Industrial Classification

Statistics Canada compiles data on gross domestic product and employment following the North American Industrial Classification System (NAICS). Within this system, two aggregate sectors exist—goods and services—each of which is subdivided into industrial sectors based on major type of production activity. The goods-producing sector includes the manufacturing, construction, and primary and utilities industries, whereas the services sector aggregates transportation and warehousing; information and cultural industries; wholesale and retail trade; finance, insurance, and real estate; business services; personal services; non-commercial services; and public administration.

Real GDP at Basic Prices

Gross domestic product at the CMA level is calculated using a weighted share of employment in both the CMA and the province and in provincial GDP. Hence, we are making the hypothesis



Credit Quality

The credit rating is a current opinion (e.g., Dominion Bond Rating Service or Standard & Poor's) of the city's overall financial capacity (its creditworthiness) to pay its financial obligations. The rating applies to one of the individual cities within the CMA.

Debt Rating Service Scales

Dominion Bond Rating Service

Highest credit quality	AAA
Superior credit quality	AA
Satisfactory credit quality	A
Adequate credit quality	BBB
Speculative	BB
Highly speculative	B
Very highly speculative	CCC

Standard & Poor's

Highest quality	AAA™
Very good quality	AA
Good quality	A
Medium quality	BBB
Lower medium quality	BB
Poor quality	B
Speculative quality	C
Default	D
Rating suspended	Suspended

Cost of Living

Here the cost of living is shown as a ratio comparing the consumer price index (CPI) level of the CMA and that of Canada.

that productivity is constant within an industry in different parts of a province. Total GDP is estimated by summing all the industrial GDP values. Values are posted in units of 2007 millions of dollars; hence, inflation effects are eliminated.

Total Employment

Total employment is the sum of employment in all industries. Data are presented in units of thousands, and an annual percentage growth value is also provided.

Unemployment Rate

The unemployment rate is the ratio of the number of unemployed workers to the total labour force.

Personal Income Per Capita

Personal income per capita is the sum of all revenues (wages, dividends, self-employment, etc.) received in a year, divided by total population. Data are in dollars and not corrected for inflation (current dollars).

Population

The population data include inhabitants of all municipalities that make up the CMA.

Total Housing Starts

Total housing starts represent the sum of multiple and single housing construction starts. Multiple housing includes any type of building that can lodge more than one household. Examples: apartment complex, condominium, duplex, and triplex.

Retail Sales

Retail sales are quoted in units of millions of dollars and are not adjusted for inflation (current dollars).

Consumer Price Index (CPI)

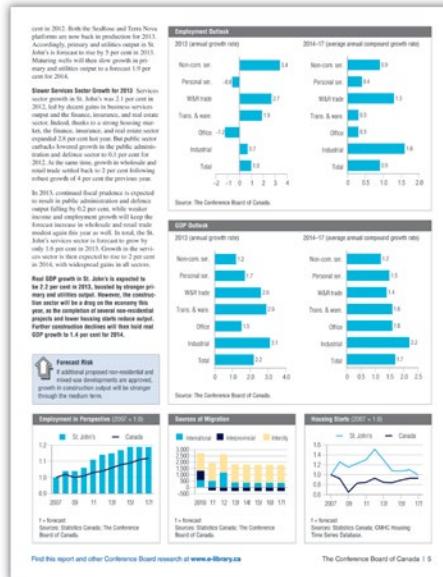
This index measures the cost of living for a typical urban family. It is composed of several goods priced after taxes. A benchmark year (2002, for example) is given the value 1.0. A value of 1.11 in 2009 is then interpreted as growth of 11 per cent in the CPI between 2002 and 2009. Annual percentage growth rates are posted in italics below the CPI values.

EMPLOYMENT OUTLOOK AND GDP OUTLOOK

Employment growth percentages for six specific sectors are shown for the current year and for an average yearly value over the next four years. The office sector is defined by these industries: information and cultural services; finance, insurance, and real estate; business services; and public administration. The industrial sector includes the manufacturing, construction, and primary and utilities industries.

FORECAST RISK

To gauge the likelihood of the economic forecast unfolding, we indicate whether there is an upside or downside risk. As indicated by the arrow, the overall forecast is conditional on key assumptions that may boost or dampen the outlook.



EMPLOYMENT IN PERSPECTIVE

Using a base year (2005, for example) as a benchmark, this graph plots total employment growth against time. The shaded area of the graph represents the forecast horizon, and the forecast years are marked by the letter "f." The value 1.0 is given to the base year, and each subsequent year is used as a comparison; hence, the growth is clearly schemed. For analytical purposes, employment in perspective is shown with metropolitan and Canadian data.

SOURCES OF MIGRATION

Statistics Canada collects data for three types of population migration patterns: intercity, interprovincial, and international. Intercity migration is defined as the flow of population moving out of or into the metropolitan area to or from other cities in the province. Interprovincial migration represents population movements between the metropolitan area and other Canadian provinces, excluding the province in which the metropolitan area lies. International migration is the population movement between other countries and the metropolitan area. The graph plots the net values for the three demographic variables. The values can be read by matching the borderline of the bar to the left scale.

HOUSING STARTS

The graph demonstrates the growth in housing starts over a period of time. The base year (for example, 2005) is given the value 1.0. Hence, the following yearly data represent the growth value in comparison with 2005. For example, the value 1.2 means that housing starts have increased by 20 per cent since 2005. Two lines are shown in the graph, one for the metropolitan area and one for Canada.

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REAL ESTATE

Depending on the availability of data, real estate information may include:

Downtown Office Market

The vacancy rate is the percentage of units available to lease in the CMA's downtown core. The average lease rate is quoted per square foot in a downtown Class A location.

Suburban Office Market

The vacancy rate is the percentage of units available to lease in the CMA's suburban areas. The average lease rate is quoted per square foot in a suburban Class A location.

Retail Market—Shopping Centre

The retail market consists of shopping centres, department stores, supermarkets, convenience stores, and power centres. The average lease rate is quoted per square foot in a prime street-front location.

Industrial Market

The industrial market consists of building units or assets devoted to production. The vacancy rate is the percentage of units available to lease, while the overall availability rate is the percentage of units available for sale. Average net rents or land values are quoted for the CMA's most active land markets.

New Housing Market

Absorptions refer to the number of newly completed housing units that are sold or rented. Growth in absorptions or prices refers to the percentage change from the previous year.

Resale Housing Market

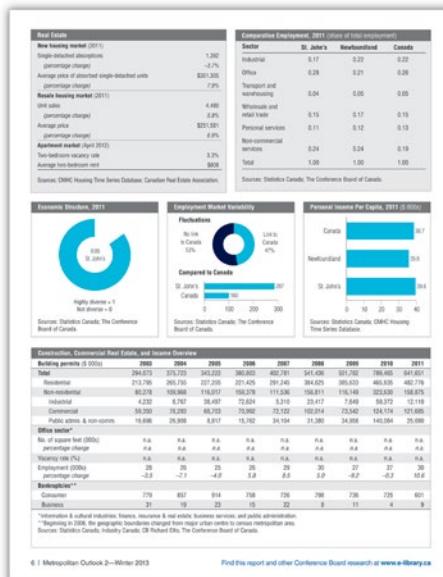
Unit sales are the number of existing homes sold on the multiple listings service (MLS). Growth in sales or prices refers to the percentage change from the previous year.

Apartment Market

The apartment market consists of building units devoted to residential dwellings. Average rents are quoted for a two-bedroom apartment.

COMPARATIVE EMPLOYMENT

Employment is disaggregated into six sectors: industrial; office; transportation and warehousing; wholesale and retail trade; personal services; and non-commercial services. This table shows the share of each employment component relative to the total.



EMPLOYMENT MARKET VARIABILITY

Fluctuations

Fluctuation linked to Canada is an indication of the degree of correlation between changes in employment in the CMA and changes in employment in Canada between 1987 and the current year.

Fluctuation not linked to Canada is an indication of the degree of correlation between changes in employment in the CMA and changes in factors other than employment changes in Canada.

Compared to Canada

This bar chart represents the ratio of the standard deviation of total employment growth in the CMA to the standard deviation of total employment growth in Canada. The interpretation of this ratio is that the higher the number on the bar chart, the more volatile the labour market in the CMA relative to Canada.

PERSONAL INCOME PER CAPITA

Personal income per capita is presented at the CMA, provincial and national levels. The information is presented in thousands of current (nominal) dollars.

CONSTRUCTION, COMMERCIAL REAL ESTATE, AND INCOME OVERVIEW

Building Permits

Historical data are in units of thousands for the number of building permits issued and are presented on a disaggregated level. Total building permits can be split into two main categories: residential and non-residential. Furthermore, the non-residential sector is divided into three sub-components: industrial; commercial and public administration; and non-commercial.

Office Sector

The total CMA office sector is quoted in units of thousands of square feet. This value evolves over time, and an annual growth percentage value is listed. The vacancy rate measures the amount of physically vacant space as a percentage of total inventory. Employment in thousands of units for the office sector is also quoted. The office sector is defined by these industries: information and cultural services; finance, insurance, and real estate; business services; and public administration.

Bankruptcies

Business and consumer bankruptcy figures are available from Industry Canada.

TAXABLE INCOME BY SUB-METROPOLITAN AREA

The latest data available from the Canada Revenue Agency have been used to compile the total taxable income for sub-metropolitan areas, in units of thousands of dollars.

The average taxable income per filer is calculated according to the number of people who file a tax report. Furthermore, the portion of taxable income that comes from employment income is highlighted.

Construction, Commercial Real Estate, and Income Overview (2009)					
Sub-metro area	Total population (in thousands)	Total filers	Taxable income (in thousands of dollars)	Employment income (in thousands of dollars)	Percentage of taxable income from employment
St. John's	1,000	82,278	\$1,045	\$1,045	100
Montreal	795,256	60,278	\$39,461	\$39,461	100
Calgary	710,247	18,750	\$8,386	\$8,386	100
B.C. South	585,242	12,619	\$8,411	\$8,411	100
Edmonton	534,720	11,549	\$8,058	\$8,058	100
St. Pierre & Miquelon	24,730	5,549	\$2,058	\$2,058	100
Toronto	2,285,256	180,268	\$10,289	\$10,289	100
Middle Coast	81,858	1,569	\$1,517	\$1,517	100
Halifax	390,256	10,000	\$2,917	\$2,917	100
Penticton	41,250	1,030	\$2,442	\$2,442	100
Bay Bulls	1,250	300	\$1,927	\$1,927	100
Winnipeg	54,561	930	\$8,189	\$8,189	100
Petty Harbour	24,400	790	\$6,986	\$6,986	100
Brantford	127,575	25,521	\$1,251	\$1,251	100

Sources: Statistics Canada; The Conference Board of Canada.

Dominant Industries, 2011		
Class*	Industry	Employees (in thousands)
4011-4040	Retail trade	12.2
5020	Hospital	4.9
2011-29	Construction	4.2
5030	Provincial government	4.0
6112-17	Postsecondary education	3.9
5018-15	Federal government	4.8
2108-21	Mining, oil, gas extraction	4.2
7021-24	Food and beverage services	4.1
5011	Primary and secondary schools	3.4
5111-42	Arts, culture industries	3.3

*North American Industrial Classification System
Source: Statistics Canada.

Sectoral Employment								
	2010	2011	2012	2013F	2014F	2015F	2016F	2017F
Total employment (000s)	101	105	106	110	113	113	114	117
Goods sector	22	22	20	19	18	18	18	17
15	15	16	16	16	15	15	16	15
9.9	-0.9	20.2	4.4	2.7	0.7	2.8	1.2	1.8
Manufacturing	12.2	12.2	11.3	11.3	11.3	11.3	11.3	11.3
12.2	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9
Construction	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
4.3	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
Primary & utilities	9.7	10.8	8.4	7.2	6.2	5.5	7.7	1.2
9.7	-0.7	1.1	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4
Services sector	86	97	90	91	90	90	94	93
86	-1.9	1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
Transportation & warehousing	4.5	4.1	4.6	4.7	4.7	4.7	4.7	4.8
4.5	-0.7	-0.7	0.4	0.4	0.4	0.4	0.4	0.4
Information & cultural industries	3.3	3.2	3.2	3.4	3.4	3.4	3.4	3.4
3.3	-0.9	-0.7	-0.7	0.2	0.2	0.2	0.2	-0.4
Wholesale & retail trade	15.8	15.9	15.3	15.9	15.9	15.9	16.0	16.0
15.8	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Finance, insurance, & real estate	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
4.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Business services	8.3	9.8	10.8	10.8	10.8	10.8	10.7	10.8
8.3	-0.6	1.5	1.0	0.0	0.0	0.0	1.1	0.0
Personal services	13.5	11.8	13.2	13.1	13.4	13.5	13.5	13.3
13.5	-0.7	-1.1	-0.9	-0.9	-0.6	-0.6	-0.6	-0.7
Non-commercial services	35.3	29.3	36.5	27.4	27.9	26.4	26.5	26.5
35.3	-1.7	-1.7	1.2	-2.1	-2.1	-2.1	-2.1	-2.1
Public administration	11.0	12.2	11.0	11.0	10.9	11.0	11.0	10.8
11.0	10.9	-0.2	-0.2	-0.9	0.7	0.5	-0.1	-0.1

F=Forecast
First line of employment data is in thousands and second line is percentage change.
Source: Statistics Canada; The Conference Board of Canada.

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DOMINANT INDUSTRIES

Using the North American Industrial Classification System (NAICS), this table presents the most important industries for the CMA, ranked by employment. Industrial disaggregation is done at the four-digit level. The number of employees is quoted in units of thousands.

SECTORAL EMPLOYMENT

The most important industries for employment are listed, based on NAICS data. Industrial disaggregation is done at the four-digit level. The number of employees is quoted in units of thousands.

GLOSSARY OF ECONOMIC TERMS

Gross domestic product (GDP): A measure of the overall economic activity (value of goods and services produced) within an economy.

GDP at market prices: Represents the value of GDP as paid by final consumers; excludes subsidies but includes indirect taxes.

GDP at basic prices: Equivalent to GDP at market prices plus subsidies (product related) and minus indirect taxes (property and payroll but not sales taxes). It measures the value of producers' output. GDP at basic prices replaced GDP at factor cost, which was discontinued in January 2002.

Real versus nominal dollars: Real dollar economic measures such as GDP adjust for price changes and measure activity in a base year (e.g., 2007 \$). Year-to-year changes in real or constant dollars reflect changes in quantities produced. Nominal dollar measures reflect quantities produced in prevailing prices (e.g., \$ 000s). Year-to-year changes in nominal or current dollars reflect changes in both quantity and market prices.

Inflation: A sustained rise in the average level of all prices. The consumer price index is one measure of inflation and is used as a proxy for inflation at the urban level.

Labour force: The total number of persons employed in both civilian and military jobs, plus the number of persons who are unemployed.

Participation rate: The total labour force expressed as a percentage of the population aged 15 years and over.

Canadian Census Metropolitan Areas

St. John's

Conception Bay South T
Portugal Cove-St. Philip's T
Pouch Cove T
Flatrock T
Torbay T
Logy Bay-Middle Cove-Outer Cove T
Bauline T
Paradise T
St. John's C
Mount Pearl C
Petty Harbour-Maddox Cove T
Bay Bulls T
Witless Bay T

Halifax

Cole Harbour 30 R
Shubenacadie 13 R
Halifax RGM
Sheet Harbour 36 R

Moncton

Moncton C
Dieppe C
Riverview T
Moncton P
Memramcook VL
Coverdale P
Salisbury VL
Hillsborough P
Hillsborough VL
Dorchester VL
Elgin P
Saint-Paul P
Dorchester P
Fort Folly 1 R

Saint John

Saint Martins PAR
St. Martins VL
Simonds PAR
Saint John C
Musquash PAR
Lepreau PAR
Petersville PAR
Upham PAR
Hampton PAR
Hampton T

Rothesay PAR

Westfield PAR
Kingston PAR
Grand Bay-Westfield T
Greenwich PAR
Rothesay T
Quispamsis T

Saguenay

Saint-Fulgence M
La Baie V
Laterrière V
Chicoutimi V
Tremblay CT
Saint-Honoré M
Shipshaw M
Jonquière V
Lac-Kénogami M
Larouche M

Québec

Beaumont M
Saint-François P
Sainte-Famille P
Saint-Jean P
Saint-Laurent-de-l'Île-d'Orléans M
Saint-Pierre-de-l'Île-d'Orléans M
Sainte-Pétronille VL
Château-Richer V
L'Ange-Gardien P
Boischatel M
Sainte-Catherine-de-la-Jacques-Cartier V
Fossambault-sur-le-Lac V
Lac-Saint-Joseph V
Shannon M
Saint-Gabriel-de-Valcartier M
Lac-Delage V
Stoneham-et-Tewkesbury CU
Lac-Beauport M
Sainte-Brigitte-de-Laval M
Beauport V
Vanier V
Notre-Dame-des-Anges P
Sillery V
Québec V
Charlesbourg V

Saint-Émile V

Lac-Saint-Charles V
Loretteville V
Val-Bélar V
L'Ancienne-Lorette V
Sainte-Foy V
Cap-Rouge V
Saint-Augustin-de-Desmaures M
Wendake R
Pintendre M

Saint-Joseph-de-la-Pointe-de-Lévy P
Lévis V
Saint-Lambert-de-Lauzon P
Saint-Étienne-de-Lauzon M
Sainte-Hélène-de-Breakeyville P
Saint-Jean-Chrysostome V
Saint-Romuald V
Charny V
Saint-Rédempteur V
Saint-Nicolas V

Sherbrooke

Ascot Corner M
Stoke M
Saint-Denis-de-Brompton P
Waterville V
Lennoxville V
Ascot M
Fleurimont V
Bromptonville V
Sherbrooke V
Rock Forest V
Deauville M
Saint-Élie-d'Orford M
Compton M
North Hatley VL
Hatley CT

Trois-Rivières

Champlain M
Saint-Maurice P
Sainte-Marthe-du-Cap V
Cap-de-la-Madeleine V
Saint-Louis-de-France V
Trois-Rivières V
Trois-Rivières-Ouest V

Pointe-du-Lac M

Bécancour V
Wolinak 11 R

Montréal

Lavaltrie VL
Saint-Antoine-de-Lavaltrie P
Richelieu V
Saint-Mathias-sur-Richelieu M
Chamby V
Carignan V
Saint-Bruno-de-Montarville V
Saint-Basile-le-Grand V
McMasterville M
Otterburn Park V
Mont-Saint-Hilaire V
Beloeil V
Saint-Mathieu-de-Beloeil M
Brossard V
Saint-Lambert V
Greenfield Park V
Saint-Hubert V
LeMoigne V
Longueuil V
Boucherville V
Sainte-Julie V
Saint-Amable M
Varennes V
Charlemagne V
Le Gardeur V
Repentigny V
Saint-Sulpice P
L'Assomption V
Lachenaie V
Terrebonne V
Mascouche V
La Plaine V
Laval V
Montréal-Est V
Anjou V
Saint-Léonard V
Montréal-Nord V
Montréal V
Westmount V
Verdun V
LaSalle V
Montréal-Ouest V

ABBREVIATIONS

C = City

CM = County (Municipality)

CT = Canton (Municipalité de)

CU = Cantons unis (Municipalité de)

DM = District Municipality

IM = Island Municipality

M = Municipalité

MD = Municipal District

P = Paroisse (Municipalité de)

PAR = Parish

R = Indian Reserve

RDA = Regional District Electoral Area

RGM = Regional Municipality

RM = Rural Municipality

RV = Resort Village

SV = Summer Village

T = Town

TP = Township

V = Ville

VL = Village

Canadian Census Metropolitan Areas

Côte-Saint-Luc C	Deux-Montagnes V	Toronto	Kitchener C
Lachine V	Sainte-Marthe-sur-le-Lac V	Pickering C	Waterloo C
Hampstead V	Pointe-Calumet M	Ajax T	Woolwich TP
Outremont V	Saint-Joseph-du-Lac M	Uxbridge TP	
Mont-Royal V	Oka M	Vaughan C	London
Saint-Laurent V	Saint-Placide M	Markham T	Central Elgin TP
Dorval C	Kanesatake R	Richmond Hill T	St. Thomas C
L'Île-Dorval V	Boisbriand V	Whitchurch-Stouffville T	Southwold TP
Pointe-Claire V	Sainte-Thérèse V	Aurora T	Strathroy-Caradoc TP
Kirkland V	Blainville V	Newmarket T	Thames Centre TP
Beaconsfield V	Rosemère V	King TP	Middlesex Centre TP
Baie-d'Urfé V	Lorraine V	East Gwillimbury T	London C
Sainte-Anne-de-Bellevue V	Bois-des-Filion V	Georgina T	Windsor
Senneville VL	Sainte-Anne-des-Plaines V	Chippewas of Georgina Island First Nation R	Amherstburg T
Pierrefonds V	Mirabel V	Toronto C	LaSalle T
Sainte-Geneviève V	Saint-Colomban P	Mississauga C	Windsor C
Dollard-des-Ormeaux V	Bellefeuille V	Brampton C	Tecumseh T
Roxboro V	Saint-Jérôme V	Caledon T	Lakeshore T
L'Île-Bizard V	Saint-Antoine V	Mono T	Greater Sudbury
Saint-Mathieu M	Lafontaine V	Orangeville T	Whitefish Lake 6 R
Saint-Philippe M	Gore CT	Oakville T	Greater Sudbury C
La Prairie V	Ottawa—Gatineau	Milton T	Wahnapitei 11 R
Candiac V	Buckingham V	Halton Hills T	Thunder Bay
Delson V	Masson-Angers V	New Tecumseth T	Neebing TP
Sainte-Catherine V	Gatineau V	Bradford West Gwillimbury T	Fort William 52 R
Saint-Constant V	Hull V	Hamilton	Thunder Bay C
Saint-Isidore P	Aylmer V	Burlington C	Oliver Paipoonge TP
Mercier V	Val-des-Monts M	Hamilton C	Gillies TP
Châteauguay V	Cantley M	Grimsby T	O'Connor TP
Léry V	Chelsea M	St. Catharines—Niagara	Conmee TP
Kahnawake 14 R	Pontiac M	Fort Erie T	Shuniah TP
Maple Grove V	La Pêche M	Port Colborne C	Winnipeg
Beauharnois V	Clarence-Rockland C	Wainfleet TP	Taché RM
Melocheville VL	Russell TP	Pelham T	Ritchot RM
Les Cèdres M	Ottawa C	Welland C	St. François Xavier RM
Pointe-des-Cascades VL	Kingston	Thorold C	Winnipeg C
L'Île-Perrot V	Frontenac Islands TP	Niagara Falls C	Headingley RM
Notre-Dame-de-l'Île-Perrot M	Kingston C	Niagara-on-the-Lake T	Springfield RM
Pincourt V	South Frontenac TP	St. Catharines C	East St. Paul RM
Terrasse-Vaudreuil M	Loyalist TP	Lincoln T	West St. Paul RM
Vaudreuil-Dorion V	Oshawa	Kitchener	St. Clements RM
Vaudreuil-sur-le-Lac VL	Whitby T	North Dumfries TP	Brokenhead 4 R
L'Île-Cadieux V	Oshawa C	Cambridge C	Rosser RM
Hudson V	Clarington T		
Saint-Lazare P			
Saint-Eustache V			

ABBREVIATIONS

C = City	IM = Island Municipality	R = Indian Reserve	SV = Summer Village
CM = County (Municipality)	M = Municipalité	RDA = Regional District Electoral Area	T = Town
CT = Canton (Municipalité de)	MD = Municipal District	RGM = Regional Municipality	TP = Township
CU = Cantons unis (Municipalité de)	P = Paroisse (Municipalité de)	RM = Rural Municipality	V = Ville
DM = District Municipality	PAR = Parish	RV = Resort Village	VL = Village

Canadian Census Metropolitan Areas

Regina

Pense No. 160 RM
 Belle Plaine VL
 Pense VL
 Sherwood No. 159 RM
 Regina C
 Grand Coulee VL
 Edenwold No. 158 RM
 White City T
 Pilot Butte T
 Balgonie T
 Edenwold VL
 Lumsden No. 189 RM
 Disley VL
 Buena Vista VL
 Lumsden T
 Lumsden Beach RV
 Regina Beach T

Saskatoon

Thode RV
 Dundurn No. 314 RM
 Dundurn T
 Shields RV
 Corman Park No. 344 RM
 Saskatoon C
 Langham T
 Warman T
 Blucher No. 343 RM
 Martensville T
 Bradwell VL
 Allan T
 Dalmeny T
 Elstow VL
 Osler T
 Colonsay No. 342 RM
 Clavet VL
 Meacham VL
 Colonsay T
 White Cap 94 R
 Vanscoy No. 345 RM

Delisle T

Vanscoy VL
 Asquith T

Calgary

Rocky View No. 44 MD
 Calgary C
 Chestermere T
 Cochrane T
 Airdrie C
 Irricana VL
 Beiseker VL
 Crossfield T
 Tsuu T'ina Nation 145 R

Edmonton

Bruderheim T
 Leduc County CM
 Beaumont T
 New Sarepta VL
 Leduc C
 Devon T
 Calmar T
 Sundance Beach SV
 Thorsby VL
 Itaska Beach SV
 Golden Days SV
 Warburg VL
 Parkland County CM
 Seba Beach SV
 Betula Beach SV
 Point Alison SV
 Lakeview SV
 Kapasiwin SV
 Wabamun VL
 Autumn Lake VL
 Stony Plain T
 Spruce Grove C
 Strathcona County SM
 Fort Saskatchewan C
 Sturgeon County MD
 Edmonton C

St. Albert C

Gibbons T
 Redwater T
 Bon Accord T
 Morinville T
 Legal T
 Stony Plain 135 R
 Alexander 134 R
 Wabamun 133A R

Abbotsford

Abbotsford C
 Mission DM
 Fraser Valley H RDA
 Upper Sumas 6 R
 Matsqui Main 2 R

Vancouver

Langley DM
 Langley C
 Surrey C
 White Rock C
 Delta DM
 Richmond C
 Greater Vancouver A RDA
 Vancouver C
 Burnaby C
 New Westminster C
 Coquitlam C
 Belcarra VL
 Anmore VL
 Port Coquitlam C
 Port Moody C
 North Vancouver DM
 North Vancouver C
 West Vancouver DM
 Bowen Island IM
 Lions Bay VL
 Pitt Meadows DM
 Maple Ridge DM
 Semiahmoo R
 Tsawwassen R

Musqueam 2 R

Coquitlam 2 R
 Coquitlam 1 R
 Burrard Inlet 3 R
 Mission 1 R
 Capilano 5 R
 Barnston Island 3 R
 Musqueam 4 R
 Seymour Creek 2 R
 Katzie 2 R
 McMillan Island 6 R
 Matsqui 4 R
 Katzie 1 R
 Langley 5 R
 Whonnock 1 R

Victoria

North Saanich DM
 Sidney T
 Central Saanich DM
 Saanich DM
 Oak Bay DM
 Victoria C
 Esquimalt DM
 Colwood C
 Metchosin DM
 Langford DM
 View Royal T
 Highlands DM
 Sooke DM
 Capital H RDA
 Cole Bay 3 R
 Union Bay 4 R
 East Saanich 2 R
 South Saanich 1 R
 Becher Bay 1 R
 Esquimalt R 10000
 New Songhees 1A R
 T'Sou-ke 1 R
 T'Sou-ke 2 R

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C = City

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Note: The 2001 census metropolitan areas reflect the agglomeration of several individual municipalities into one jurisdiction. For example, Halifax CMA now encompasses Halifax Regional Municipality, Cole Harbour, Shubenacadie, and Sheet Harbour. The Halifax Regional Municipality includes Bedford, Dartmouth, and Halifax, which were listed separately in the 1996 definition of the Halifax CMA.

In 2001, Statistics Canada increased the number of CMAs to 27. Abbotsford and Kingston were added.

Cross-City Comparison

Real GDP Growth
(per cent)

2015	2016	2017–20f			
Oshawa	2.8	Kitchener–Cambridge–Waterloo	3.0	Abbotsford–Mission	2.6
Kitchener–Cambridge–Waterloo	2.8	Oshawa	2.7	Kitchener–Cambridge–Waterloo	2.5
St. Catharines–Niagara	2.6	Abbotsford–Mission	2.5	Oshawa	2.4
Windsor	2.4	Windsor	2.4	Moncton	2.2
London	2.4	London	2.4	London	2.1
Moncton	2.4	St. Catharines–Niagara	2.2	Windsor	2.0
Abbotsford–Mission	2.3	Kingston	2.1	Sherbrooke	1.9
Kingston	2.2	Sherbrooke	1.9	Kingston	1.8
Sherbrooke	1.6	Trois-Rivières	1.3	St. Catharines–Niagara	1.7
Trois-Rivières	1.5	Moncton	1.2	Saint John	1.6
Thunder Bay	1.3	Saguenay	1.0	Trois-Rivières	1.5
Saint John	0.7	Thunder Bay	0.9	Saguenay	1.3
Saguenay	0.2	Greater Sudbury	0.6	Thunder Bay	1.3
Greater Sudbury	-0.8	St. John's	0.6	Greater Sudbury	1.2
St. John's	-3.8	Saint John	0.0	St. John's	0.7

Canada



The economy will fare somewhat better in 2016.



Business investment, both inside and outside the oil and gas industry, is expected to fall this year.

Overview After a discouraging 2015, when plummeting business investment led to an economic contraction over the first half of the year, the data released so far this year indicate that the economy will fare somewhat better in 2016. That said, the improved outlook does not negate the fundamental challenge facing the Canadian economy. The decline in energy prices has stripped over \$50 billion from export revenues, suggesting that investment in the oil and gas sector has much further to fall. Non-energy investment has also been disappointing, and the lack of spending to expand capacity will soon limit the ability of manufacturing firms to increase production, a key factor holding back growth in exports this year. In addition, the economy took a significant hit in May from the Alberta wildfires, though this will be somewhat mitigated by the rebuilding efforts in and around Fort McMurray. On a positive note, the Canadian economy will benefit from synchronization in monetary and fiscal policy. Overall, we expect economic growth to accelerate this year, albeit from just 1.2 per cent in 2015 to 1.6 per cent in 2016.

Business Investment Still Weak Real investment in the oil and gas sector is expected to fall by a total of \$20.9 billion over 2015–16, a drop of over 40 per cent. Although non-mining engineering investment is expected to see substantial growth, this will be more than offset by declines

in mining engineering investment. The downturn in the energy sector is also having an effect on purchases of machinery and equipment, with this category expected to experience its third drop in four years this year. At the same time, building construction is expected to tumble as a result of weak demand, modest employment growth, and rising vacancy rates. Put together, total business investment is expected to fall by 3.6 per cent in 2016 in the wake of a 4.8 per cent decline in 2015.

Residential Investment to Slow We expect housing starts to dip to a seven-year low of 184,000 units this year, as falling multiple starts outweigh an increase in single-dwelling construction. A drop in activity in Alberta will remain a big drag nationally, while the dip in multiple starts reflects an expected pullback in some cities' condominium markets after a period of elevated activity. As a result, real residential investment spending is forecast to edge down by 0.2 per cent in 2016.

Consumers Stretched Thin Weak wage growth, tepid employment gains, and accelerating inflation will limit real disposable income growth this year. This, along with record levels of household debt, suggests consumers will be hard-pressed to sustain their current pace of spending. Indeed, real household spending is expected to advance by just 1.8 per cent this year, its slowest pace since 2009.

Exports Will Provide Only Modest Boost to Economic Growth The long-awaited bounce back in exports didn't quite materialize as anticipated in 2015, as total exports managed growth of just under 3 per cent, down from 5.3 per cent in 2014. Unfortunately, export growth in 2016 will be similar to that of 2015. Although exports will certainly get a boost from a weaker Canadian dollar, U.S. demand is forecast to be fairly

modest this year, and this will hold back export activity. Consequently, export volumes will expand at a slightly slower pace than they did in 2015, increasing by just 2.7 per cent.

Federal Stimulus on the Way In its spring budget, the federal government announced it will invest about \$5 billion in housing and infrastructure in 2016–17 and a further \$8 billion in 2017–18. The new Canada Child Benefit, introduced at a cost of more than \$5 billion a year relative to the existing child benefit programs, has been providing a welcome boost to household incomes since July 1. In total, government spending measures are expected to boost nominal GDP growth by 0.4 percentage points in 2016 and by another 0.3 percentage points in 2017.

Real GDP growth is forecast to improve from 1.2 per cent in 2015 to 1.6 per cent in 2016. This moderate economic growth will continue to be coupled with modest job gains. The economy is expected to add just 110,000 new jobs this year, the third year in a row in which job creation will remain below 200,000. In comparison, the economy created an average of 238,000 jobs per year from 2010 to 2013.



Forecast Risk

A weaker global economy could lead to lower-than-expected export growth.

Real GDP Growth

2015	2016	2017–20	2011–20
1.2%	1.6%	2.1%	2.1%

Credit Quality: AAA (Standard & Poor's)

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at market prices (2007 \$ millions)	1,705,533	1,747,709	1,768,242	1,796,070	1,836,164	1,872,490	1,910,871	1,953,341
percentage change	2.2	2.5	1.2	1.6	2.2	2.0	2.0	2.2
Total employment (000s)	17,686	17,797	17,949	18,061	18,258	18,464	18,660	18,853
percentage change	1.4	0.6	0.9	0.6	1.1	1.1	1.1	1.0
Unemployment rate (per cent)	7.1	6.9	6.9	7.3	7.0	6.5	6.2	6.0
Personal income per capita (\$)	42,765	43,850	45,136	46,054	47,082	48,342	49,759	51,228
Population (000s)	35,102	35,497	35,825	36,223	36,602	36,982	37,364	37,744
percentage change	1.2	1.1	0.9	1.1	1.0	1.0	1.0	1.0
Single-family housing starts (000s)	76.9	75.5	68.1	77.6	70.8	70.9	72.2	74.3
Multi-family housing starts (000s)	111.0	113.8	127.4	106.2	104.7	108.6	115.0	118.5
Retail sales (\$ millions)	482,998	505,008	516,148	534,801	555,574	573,860	593,672	613,969
percentage change	3.2	4.6	2.2	3.6	3.9	3.3	3.5	3.4
CPI (2002 = 1.000)	1.228	1.252	1.266	1.286	1.316	1.344	1.372	1.400
percentage change	0.9	1.9	1.1	1.6	2.4	2.1	2.1	2.0

f = forecast

Sources: Statistics Canada; The Conference Board of Canada.

Canada



L'économie se portera un peu mieux en 2016.



L'investissement des entreprises, lié ou non au secteur pétrolier et gazier, devrait reculer cette année.

Aperçu L'année 2015 a été décourageante, car la baisse de l'investissement des entreprises a entraîné un ralentissement économique au cours du premier semestre. Mais d'après les données, l'économie se portera un peu mieux en 2016. Cette amélioration ne modifiera pas les défis auxquels l'économie canadienne fait face. L'effondrement des prix de l'énergie a amputé les revenus d'exportation de plus de 50 G\$, ce qui laisse penser que l'investissement dans le secteur pétrolier et gazier continuera de chuter. Les investissements hors énergie ont également été décevants et les dépenses visant à accroître les capacités sont demeurées insuffisantes, ce qui empêchera bientôt les entreprises manufacturières d'augmenter leur production et freinera la croissance des exportations cette année. Sur une note positive, l'économie canadienne bénéficiera de la synchronisation des politiques monétaire et budgétaire, car des mesures de stimulation à court terme viendront de ces deux côtés. Dans l'ensemble, la croissance économique devrait passer de 1,2 % en 2015 à 1,6 % en 2016.

L'investissement des entreprises demeure faible

Les investissements réels dans le secteur pétrolier et gazier devraient diminuer au total de 20,9 G\$ en 2015-2016, soit une baisse de plus de 40 %. Malheureusement, les perspectives dans le reste du secteur minier ne sont guère plus roses, car que la faiblesse du prix des matières premières fera aussi reculer les investissements non énergétiques. Les investissements dans les ouvrages de génie non miniers devraient connaître un essor considérable, mais la baisse

des investissements dans les ouvrages de génie miniers sera plus importante. Le repli du secteur de l'énergie a également un impact sur les achats de matériel et d'outillage, qui devraient enregistrer leur troisième baisse en quatre ans cette année. Parallèlement, la construction de bâtiments devrait ralentir en raison de la faible demande, de la modeste croissance de l'emploi et de la hausse des taux d'inoccupation. Globalement, l'investissement total des entreprises devrait diminuer de 3,6 % en 2016, après avoir reculé de 4,8 % en 2015.

Ralentissement de l'investissement résidentiel

Le nombre de mises en chantier devrait toucher un creux de sept ans cette année, pour s'établir à 184 000 unités. La réduction de l'activité immobilière en Alberta demeurera un frein important à l'échelle nationale, tandis que la chute des mises en chantier de logements collectifs reflètera le recul anticipé du marché du condominium dans certaines villes. Ainsi, les dépenses d'investissement résidentiel réelles devraient diminuer légèrement, soit de 0,2 % en 2016, après avoir avancé de 3,9 % l'an dernier.

Les consommateurs sont à court de ressources

Les faibles augmentations salariales, la timide création d'emplois et la hausse de l'inflation limiteront la croissance du revenu réel disponible cette année. De pair avec un niveau record d'endettement des ménages, cela donne à penser que les consommateurs auront du mal à maintenir le rythme actuel de leurs dépenses. En effet, les dépenses réelles des ménages ne devraient progresser que de 1,8 % cette année, leur taux de croissance le plus lent depuis 2009.

Les exportations contribueront de façon modeste à la croissance économique

Le rebond tant attendu des exportations ne s'est pas vraiment matérialisé en 2015. Les exportations totales ont affiché une croissance d'un peu moins de 3 %, comparativement à celle de 5,3 % en 2014. Malheureusement, la progression des exportations en 2016 ressemblera à celle

de 2015. Les exportations profiteront, de la faiblesse du dollar canadien, mais la demande américaine – principal moteur des exportations canadiennes – devrait demeurer modérée cette année. Par conséquent, les volumes d'exportation croîtront à un rythme plus lent qu'en 2015, une hausse de seulement 2,7 % étant prévue.

Les mesures fédérales de stimulation enterreront bientôt en vigueur

Dans son budget du printemps, le gouvernement fédéral a annoncé son intention d'investir 5 G\$ en 2016-2017 et 8 G\$ en 2017-2018 dans le logement et les infrastructures. Il a également adopté la nouvelle Allocation canadienne pour enfants, dont le coût dépasse de 5 G\$ par année celui des programmes existants de prestations pour enfants. Cette mesure procure une aide financière bienvenue aux ménages depuis le 1er juillet. Les dépenses gouvernementales devraient stimuler la croissance du PIB nominal de 0,4 point de pourcentage en 2016 et de 0,3 point de pourcentage en 2017.

La croissance du PIB réel devrait passer de 1,2 % en 2015 à 1,6 % en 2016. Cette croissance économique modérée continuera d'être accompagnée de hausses d'emplois modestes. L'économie ne devrait créer que 110 000 nouveaux emplois cette année, troisième année d'affilée où la création d'emplois restera inférieure à 200 000. En comparaison, l'économie a créé en moyenne 238 000 emplois par année de 2010 à 2013.



Variation conjoncturelle

Un ralentissement de l'activité économique mondiale pourrait ralentir la croissance des exportations.

Croissance du PIB réel

2015	2016	2017-2020	2011-2020
1,2 %	1,6 %	2,1 %	2,1 %

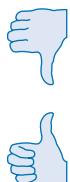
Qualité du crédit : AAA (Standard & Poor's)

Indicateurs économiques	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
PIB réel aux prix du marché (millions \$ 2007) variation en %	1 705 533 2,2	1 747 709 2,5	1 768 242 1,2	1 796 070 1,6	1 836 164 2,2	1 872 490 2,0	1 910 871 2,0	1 953 341 2,2
Nombre total d'emplois (milliers) variation en %	17 686 1,4	17 797 0,6	17 949 0,9	18 061 0,6	18 258 1,1	18 464 1,1	18 660 1,1	18 853 1,0
Taux de chômage	7,1	6,9	6,9	7,3	7,0	6,5	6,2	6,0
Revenu personnel (\$)	42 765	43 850	45 136	46 054	47 082	48 342	49 759	51 228
Population (milliers) variation en %	35 102 1,2	35 497 1,1	35 825 0,9	36 223 1,1	36 602 1,0	36 982 1,0	37 364 1,0	37 744 1,0
Mises en chantier – habitations individuelles (milliers)	76,9	75,5	68,1	77,6	70,8	70,9	72,2	74,3
Mises en chantier – habitations collectives (milliers)	111,0	113,8	127,4	106,2	104,7	108,6	115,0	118,5
Ventes au détail (millions \$) variation en %	482 998 3,2	505 008 4,6	516 148 2,2	534 801 3,6	555 574 3,9	573 860 3,3	593 672 3,5	613 969 3,4
IPC (2002 = 1,0) variation en %	1,228 0,9	1,252 1,9	1,266 1,1	1,286 1,6	1,316 2,4	1,344 2,1	1,372 2,1	1,400 2,0

p = prévision

Sources : Le Conference Board du Canada; Statistique Canada.

Newfoundland and Labrador



Lower investment and austere fiscal measures will dampen economic growth over the medium term.



Offshore oil production will increase in the next few years.

Hebron to Inject New Life Into Offshore Oil Production

Maintenance and technical hiccups in Newfoundland and Labrador's maturing offshore oil fields have caused swings in oil production over the past few years. In fact, oil production fell by 20 per cent in 2015. All fields are now back online, and production should be restored to regular flow this year, barring any unforeseen difficulties. Oil also began flowing last summer from the South White Rose extension, which had been under development since 2013. Crude oil production will receive a bigger boost when the larger Hebron offshore field comes online by the end of 2017. Currently under development at a cost of \$14 billion, Hebron is estimated to hold more than 700 million barrels of crude oil with peak production capacity of 150,000 barrels per day, making it the province's second-largest offshore field after Hibernia.

Meanwhile, while low crude oil prices have slowed land tenure sales to energy companies and caused global exploration activities to decline, offshore oil exploration has not been overly affected in Newfoundland and Labrador. Early this year, the Canada–Newfoundland and Labrador Offshore Petroleum Board issued exploration licences for seven auctioned parcels to oil majors BP, Statoil, Shell, ExxonMobil, BG, Chevron, and Nexen Energy. Commitments to further explore the seven parcels total \$1.2 billion. This is in addition to the successful

December 2014 joint bid of \$559 million by ExxonMobil, Suncor, and ConocoPhillips for Area C of the Flemish Pass basin.

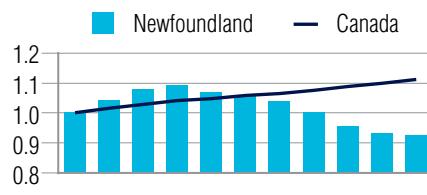
Manufacturing Suffering Challenges facing manufacturers, including weak prospects for fabricated metal and a major fire at a fish-processing plant, will offset the benefits of a lower Canadian dollar and increased production at Vale's hydromet nickel processing plant, lowering real manufacturing output by 12 per cent this year. The fire in April destroyed the Bay de Verde fish plant, which had employed 700 workers at peak season, but the owners hope to rebuild by next year. The province's manufacturing industry is expected to expand by a modest 3.5 per cent next year.

Domestic Demand Muted Depressing job market conditions, coupled with an array of taxes and fees from the provincial government, have taken the optimism from the consumer. In addition, about 30,000 fly-in fly-out workers who had been commuting to elsewhere in Canada for the oil boom are now struggling to make a living. Average weekly wages grew by 5.6 per cent per year on average over 2005–14 but dropped by 1.3 per cent last year and are expected to drop further by 4 per cent this year. Labour demand will continue to cool, as most of the major projects driving demand for skilled workers have passed peak investment or are nearing completion. Households also face another set of challenges: tax and fees increases, including the 2 percentage point hike in the HST on July 1. In all, real household consumption spending is projected to contract by an average of 1.8 per cent over 2016–17, while fees and the HST hike will tick inflation higher to 3 per cent by next year.

Real GDP in Newfoundland and Labrador is forecast to grow by just 0.2 per cent in 2016 before contracting by 1.2 per cent next year.

Employment in Perspective

(2010 = 1.0)

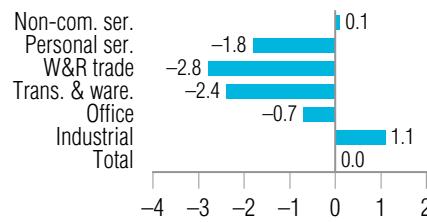


f = forecast

Sources: Statistics Canada; The Conference Board of Canada.

Industry Outlook, 2016–20

(average annual compound growth rate)



Source: The Conference Board of Canada.

Forecast Risk

Higher crude oil prices would improve the fiscal position of the government, leading to higher-than-expected growth in the economy.

Real GDP Growth

2015	2016	2017–20	2011–20
-5.0%	0.2%	-0.1%	-0.4%

Credit Quality: A+ (Standard & Poor's)

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	26,609	26,007	24,707	24,766	24,467	25,089	25,139	24,681
percentage change	5.6	-2.3	-5.0	0.2	-1.2	2.5	0.2	-1.8
Total employment (000s)	243	238	236	231	223	213	208	206
percentage change	1.0	-1.9	-1.0	-2.1	-3.4	-4.8	-2.3	-0.6
Unemployment rate (per cent)	11.6	12.0	12.8	14.0	15.9	17.7	18.3	18.0
Personal income per capita (\$)	43,249	45,163	46,805	47,112	47,765	48,608	49,891	51,330
Population (000s)	528	529	528	528	526	520	516	514
percentage change	0.3	0.1	-0.1	0.0	-0.5	-1.1	-0.8	-0.5
Single-family housing starts (000s)	2.2	1.7	1.3	1.3	0.8	0.7	0.6	0.6
Multi-family housing starts (000s)	0.6	0.4	0.4	0.5	0.4	0.4	0.4	0.4
Retail sales (\$ millions)	8,589	8,882	8,948	9,081	9,156	9,203	9,367	9,589
percentage change	5.0	3.4	0.7	1.5	0.8	0.5	1.8	2.4
CPI (2002 = 1.000)	1.260	1.284	1.290	1.324	1.364	1.391	1.420	1.449
percentage change	1.7	1.9	0.4	2.7	3.0	2.0	2.1	2.1

f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

St. John's



Primary and utilities output will rise in 2016 and 2017, following declines in three of the past four years.



Consumer spending is expected to be hit hard by budget cutbacks, increased taxes, and lower employment.

Overview The St. John's economy, along with that of Newfoundland and Labrador, is in the doldrums. Real gross domestic product in St. John's is expected to grow by only 0.6 per cent this year following a 3.8 per cent decline in 2015. The origins of the economic downturn can be traced to the big decline in prices for oil and other commodities. Lower offshore production from maturing oil wells also added to last year's woes. As a result, the economy was hit last year by big output declines in primary and utilities, in construction, and in several services-producing industries. This year, a return to more normal oil production levels will help boost primary and utilities output, offsetting further declines in the construction sector, lower manufacturing output, and muted activity in the services sector. The provincial government's fiscal situation is particularly grim, as lower commodity prices have squeezed much-needed revenues, and the government has responded

by cutting spending and increasing taxes. Employment is also expected to fall in 2016, down for the third time in the past four years. As a result, the unemployment rate will climb a forecast 1.3 percentage points this year, to 7.7 per cent. Not surprisingly, all these factors will discourage consumers from spending. An even weaker services sector is expected next year as the government's austerity measures continue. In all, real GDP is anticipated to edge down by 0.2 per cent in 2017.

Construction Sector Remains Weak

The St. John's construction sector grew at a rapid pace from 2008 to 2014, with output rising by 16.8 per cent on an average annual basis. Both the residential and non-residential markets could share the credit for this vigorous growth until 2012. But after reaching a record 2,153 units in 2012, housing starts have fallen steadily since, slipping to 985 units last year, their lowest level since 2000. Unfortunately, starts remained modest in the first quarter of 2016, and the combination of tax increases and poor employment prospects will keep demand stifled through the rest of this year and in 2017. Indeed, housing starts are forecast to fall to 848 units this year and to 726 units next year.

On the non-residential side, builders were active until last year. Recent developments included several new offices and commercial spaces, new hotels, a new downtown convention centre, expansions and upgrades at the St. John's airport, and a host of renovations and new buildings at Memorial University. While many of these projects have wrapped up, including the newly opened convention centre, work will continue at the St. John's airport and at a science building at Memorial University. But a number of public construction projects have been delayed or cancelled this year because of budget cuts, such as the Water Street infrastructure program, several schools, the

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
-3.8%	0.6%	0.7%	0.6%
#15	#14	#15	#15
Out of 15 CMAs			
Credit Quality: A+			
Cost of Living: 102% (Canada = 100%)			

Goulds Bypass, and an interpretative centre at the Colonial Building. Accordingly, construction output is projected to fall by 8.9 per cent this year and by 5.1 per cent in 2017, following a 13.1 per cent drop last year.

Services Sector to Weaken Substantially Despite a collapse in goods sector activity, services sector output managed to post a modest output gain of 1 per cent in 2015, thanks to increases in four of eight services industries. Unfortunately, conditions in the aggregate services sector are forecast to deteriorate over the next two years. Output in transportation and warehousing and in information and culture is poised to suffer declines over both 2016 and 2017. At the same time, finance, insurance, and real estate output growth is expected to slow from 2.5 per cent in 2015 to 0.9 per cent in 2016, before dropping by 0.9 per cent in 2017, as activity is hampered by the weak housing market. Similarly, output growth in wholesale and retail trade is anticipated to reach just 0.5 per cent this year and fall by 4.6 per cent next year. Higher taxes (Newfoundland and Labrador's government raised the HST by 2 percentage points on July 1) and falling employment (down an annual average of 1.6 per cent per year in 2016 and 2017) will hamper consumer spending. As a result, total services sector output is expected to grow by 0.5 per cent this year and then decline by 1.5 per cent in 2017.

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	13,161	13,005	12,517	12,593	12,569	12,979	13,012	12,929
percentage change	5.6	-1.2	-3.8	0.6	-0.2	3.3	0.3	-0.6
Total employment (000s)	114	116	116	115	113	109	107	108
percentage change	-1.3	1.8	-0.2	-0.9	-2.1	-3.5	-1.2	0.4
Unemployment rate (per cent)	6.4	6.1	6.4	7.7	9.7	11.3	11.8	11.5
Personal income per capita (\$)	47,885	48,893	49,750	49,868	50,387	50,862	51,819	53,144
percentage change	4.8	2.1	1.8	0.2	1.0	0.9	1.9	2.6
Population (000s)	209	212	214	216	218	218	219	219
percentage change	1.5	1.5	1.0	0.9	0.6	0.2	0.3	0.4
Total housing starts	1,734	1,230	985	848	726	654	618	605
Retail sales (\$ millions)	3,863	3,961	3,960	4,036	4,082	4,153	4,279	4,384
percentage change	6.6	2.5	0.0	1.9	1.1	1.7	3.0	2.5
CPI (2002 = 1.0)	1.258	1.282	1.287	1.321	1.360	1.388	1.416	1.446
percentage change	1.6	1.9	0.4	2.6	3.0	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

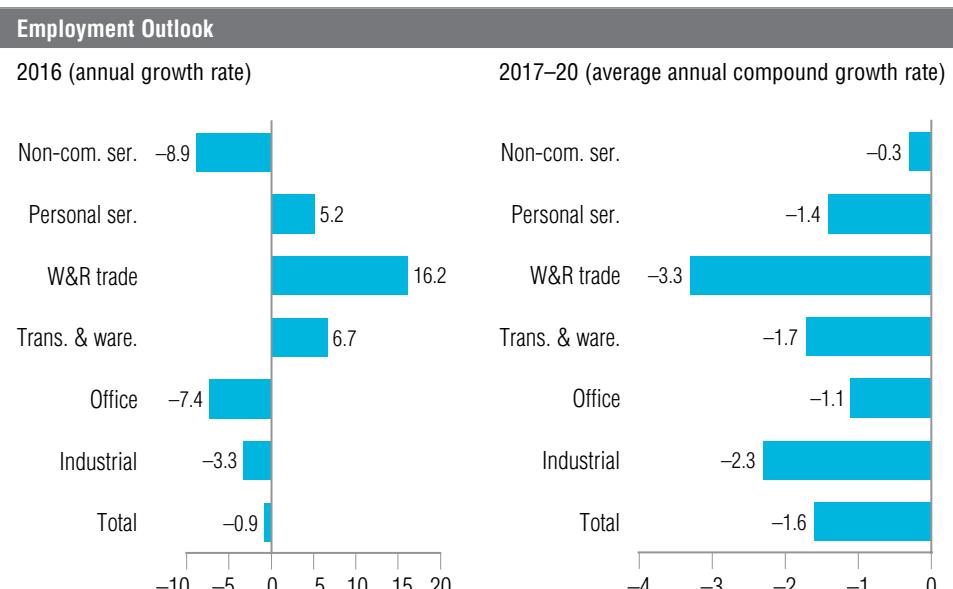
Modest Gain for Primary and Utilities The maturation of most of the province's offshore oil wells, combined with some necessary maintenance shutdowns, resulted in primary and utilities output in St. John's falling in three of the last four years, down by 12.4 per cent in 2015 alone. With some wells back online and new oil being pumped from the South White Rose extension, some of this output loss will be recovered in the near term. Primary and utilities output is expected to grow by 4.6 per cent in 2016 and 3.7 per cent next year. Things are looking good for the primary and utilities industry over the longer term as well. The new Hebron field is expected to come online by next year. As well, even though the decline in oil prices has been wreaking havoc on government revenues, offshore exploration has been progressing. Work continues in the deepwater Flemish Pass basin, exploration licenses for seven auctioned parcels were given to oil majors BP, Statoil, Shell, ExxonMobil, BG, Chevron, and Nexen Energy, and Statoil is currently doing seismic work on its Bay du Nord parcel.

Although the St. John's economy is expected to grow by a modest 0.6 per cent this year, continued fiscal constraints will result in a 0.2 per cent decline in 2017. Weaker employment and higher taxes are expected to lead to a small increase in wholesale and retail trade for 2016, before a drop in 2017. Meanwhile, lower output can be expected in the construction sector both this year and next as non-residential spending and housing starts fall.

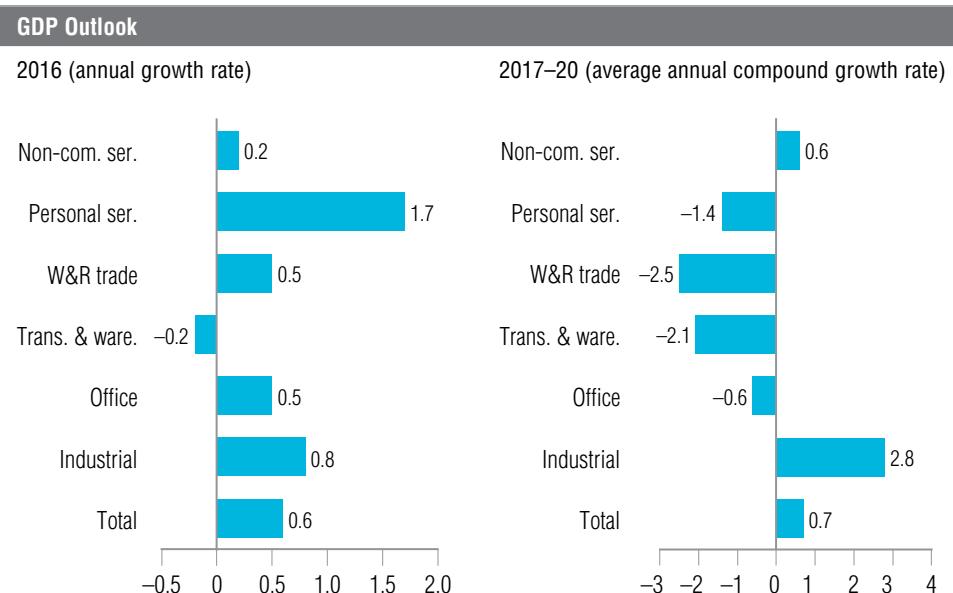


Forecast Risk

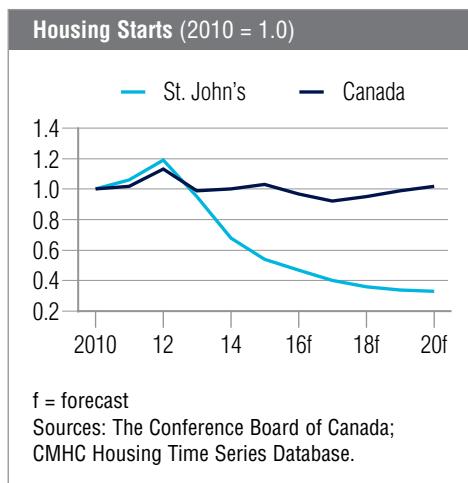
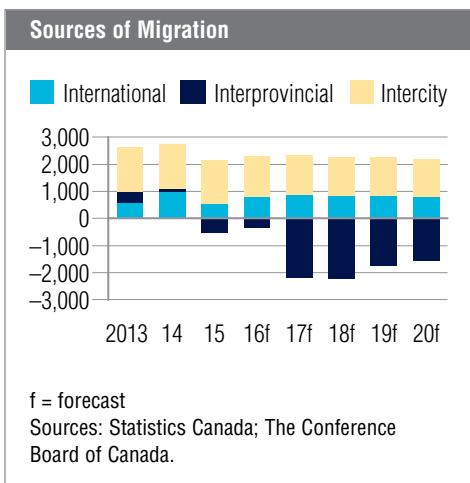
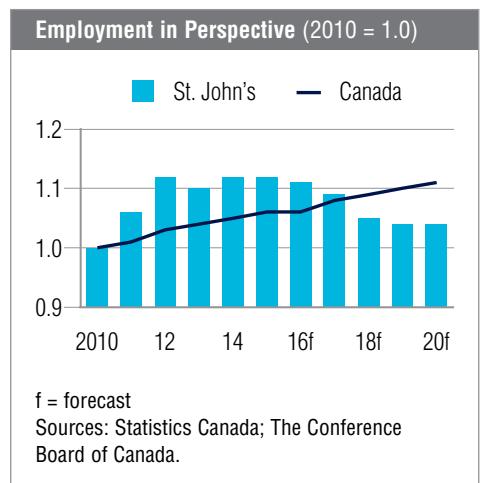
Higher-than-expected oil prices over the next year would provide some relief to the St. John's economy.



Source: The Conference Board of Canada.

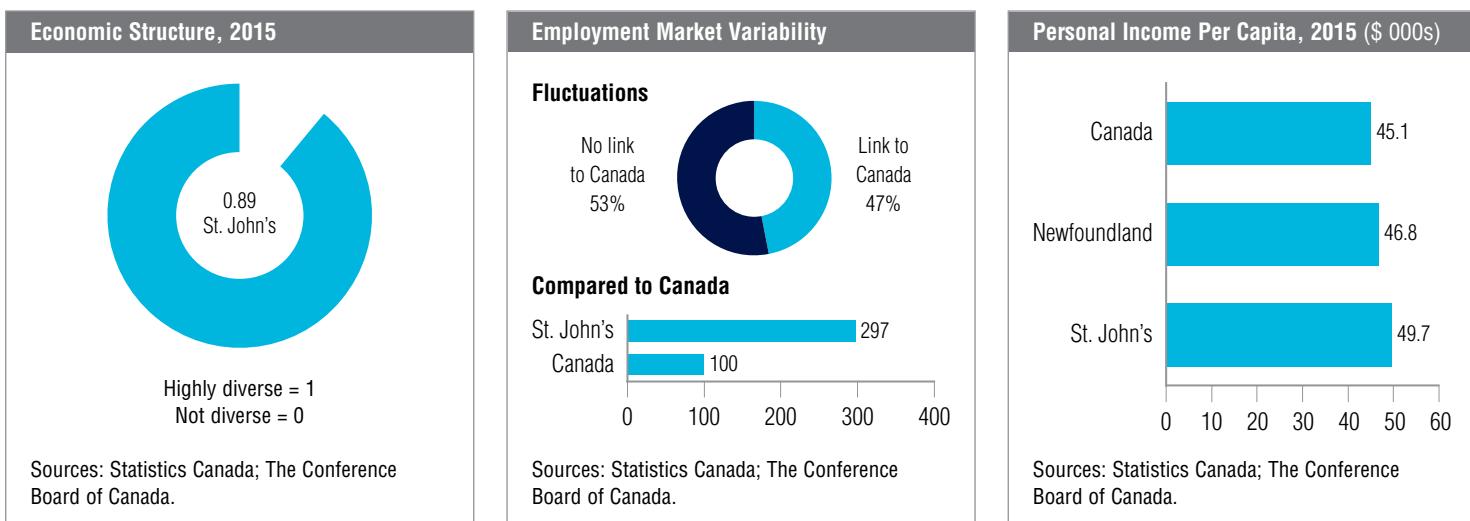


Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	St. John's	Newfoundland	Canada
New housing market (2015)		Industrial	0.17	0.23	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	870 -23.8%	Office	0.27	0.20	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$431,813 3.9%	Transport and warehousing	0.04	0.04	0.05
Resale housing market (2015)		Wholesale and retail trade	0.17	0.18	0.15
Unit sales <i>(percentage change)</i>	4,251 3.7%	Personal services	0.13	0.13	0.13
Average price <i>(percentage change)</i>	\$275,579 -2.9%	Non-commercial services	0.22	0.22	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	4.5%				
Average two-bedroom rent	\$922				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	402,781	541,436	501,782	789,465	641,651	775,391	555,360	662,458	438,971
Residential	291,245	384,625	385,633	465,835	482,776	466,972	398,776	324,809	258,951
Non-residential	111,536	156,811	116,149	323,630	158,875	308,419	156,584	337,649	180,020
Industrial	5,310	23,417	7,649	59,372	12,110	13,964	16,759	49,302	38,559
Commercial	72,122	102,014	73,542	124,174	121,685	281,084	121,092	256,151	116,097
Public admin. & non-comm.	34,104	31,380	34,958	140,084	25,080	13,371	18,733	32,196	25,364
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	29	29	27	26	30	31	29	32	31
<i>percentage change</i>	9.7	2.3	-8.3	-1.5	13.7	1.9	-4.4	7.6	-1.6
Bankruptcies									
Consumer	726	798	736	725	601	488	516	434	512
Business	22	8	11	4	9	6	5	12	12

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
St. John's	3,402,912	82,370	41.31	67
Mount Pearl	759,205	19,270	39.40	74
Conception Bay South	719,247	18,750	38.36	74
Paradise	585,242	12,610	46.41	81
Portugal Cove-St. Philips	249,750	5,540	45.08	74
Torbay	243,207	5,530	43.98	78
Middle Cove	81,898	1,590	51.51	74
Pouch Cove	47,287	1,470	32.17	71
Flatrock	41,399	1,050	39.43	78
Bay Bulls	41,296	1,040	39.71	70
Witless Bay	34,381	950	36.19	73
Petty Harbour	24,400	790	30.89	70
Baulline	9,875	290	34.05	72

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	16.2
6220	Hospitals	10.0
2311–29	Construction	8.6
7221–24	Food and beverage services	7.5
6112–17	Post-secondary education	6.0
9120	Provincial government	5.3
2100–31	Mining, oil, gas extraction	4.4
6241–44	Social assistance	3.9
5413–14	Architectural, engineering, and design services	3.8
9110–11	Federal government	3.8

*North American Industrial Classification System

Source: Statistics Canada.

Sources: Canada Revenue Agency; The Conference Board of Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	114	116	116	115	113	109	107	108
	-1.3	1.8	-0.2	-0.9	-2.1	-3.5	-1.2	0.4
Goods sector	22	21	20	20	19	19	19	18
	6.8	-5.7	-1.4	-3.3	-4.3	2.3	-2.3	-4.7
Manufacturing	5.1	3.8	4.9	4.8	4.8	4.9	5.0	5.0
	37.7	-25.0	27.1	-0.6	-1.3	3.0	1.5	1.1
Construction	8.8	9.3	8.7	7.3	7.0	6.4	6.1	5.8
	-6.1	5.7	-6.8	-15.7	-4.6	-7.9	-4.5	-5.7
Primary and utilities	7.9	7.4	6.7	7.4	7.0	7.8	7.6	7.0
	7.6	-6.0	-9.4	10.7	-5.8	11.9	-2.9	-7.7
Services sector	92	96	96	95	94	89	88	90
	-3.0	3.6	0.1	-0.4	-1.6	-4.7	-1.0	1.5
Transportation and warehousing	4.4	4.6	4.4	4.7	4.8	4.6	4.4	4.4
	-16.1	4.0	-4.5	6.7	3.8	-4.5	-5.5	-0.4
Information and cultural industries	2.7	3.4	2.7	1.8	2.2	2.2	2.1	2.1
	-15.7	25.0	-21.0	-33.3	23.0	-2.0	-3.2	1.2
Wholesale and retail trade	16.6	18.1	19.4	22.5	22.0	19.8	19.4	19.7
	1.7	9.1	6.7	16.2	-2.4	-9.7	-2.2	1.4
Finance, insurance, and real estate	4.7	6.1	5.1	5.4	5.3	5.0	4.9	4.9
	-9.0	29.7	-16.8	6.5	-2.9	-5.0	-2.5	0.9
Business services	10.1	11.5	13.1	13.4	13.5	12.6	12.3	12.6
	-6.6	14.0	13.9	2.3	1.1	-6.8	-2.3	2.0
Personal services	14.6	14.6	14.9	15.7	15.5	14.9	14.6	14.8
	-1.0	-0.2	2.3	5.2	-1.2	-3.7	-2.5	1.7
Non-commercial services	27.4	26.8	26.0	23.7	22.4	22.3	22.9	23.5
	-2.8	-2.1	-2.8	-8.9	-5.5	-0.6	2.8	2.4
Public administration	11.8	10.5	10.2	8.1	8.0	7.9	7.9	7.9
	3.1	-10.8	-3.4	-20.0	-1.3	-1.6	0.2	-0.3

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

New Brunswick



Negative real GDP growth is expected in 2016, with only a modest recovery forecast for 2017.

Weak labour market prospects are projected to continue.

Potash Mine Closure Leaves Big Hole in Provincial Economy

Faced with falling commodity prices, PotashCorp shut down operations at its Picadilly mine near Sussex in January for an indefinite period of time, effectively wiping non-metal mining from New Brunswick and immediately slashing \$200 million from the province's already struggling GDP. The outlook for the mineral fuels sector also looks bleak, as conventional natural gas extraction is declining. The provincial government has extended its moratorium on hydraulic fracturing ("fracking") for an indefinite period of time because of risks related to public health and the environment. Growth in the metal mining sector will come from Trevali Mining as the Caribou mine reaches commercial production of 3,000 tonnes per day of zinc. With a number of zinc mines around the world closing, reaching commercial production at the Caribou mine allows Trevali to meet future global demand for zinc. Mining output will shrink by 42.8 per cent and remain around the \$280-million level over the next few years.

Forestry the Bright Spot but With Significant Risks

The forestry sector looks to be the bright spot in New Brunswick's economy over the next two years, with growth in the sector expected to reach 6.2 per cent this year and 10.7 per cent next year. Healthy construction activity south of the border and a depreciated Canadian dollar are fuelling demand for Canadian forestry products.

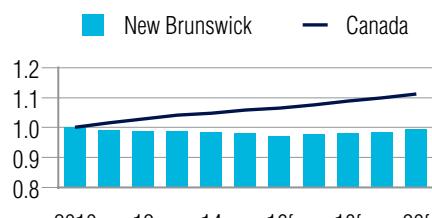
Recent upgrades at J.D. Irving's pulp and paper mill in Saint John are also helping the sector. Although the outlook for the forestry sector seems favourable, there are risks related to the softwood lumber agreement with the United States. The one-year grace period that prevents the U.S. from launching retaliatory measures against Canada ends in October. No deal has been reached to replace the agreement that expired in October 2015.

Employment Remains Weak After eight years of job losses, no turnaround is in sight for workers. Weak economic prospects are causing the economy to lose an additional 3,000 jobs this year. Job creation is expected to remain anemic from 2017 onward, and so the unemployment rate will stay well above 9 per cent. The provincial government continues to struggle with a deficit of nearly \$350 million, which will push up the province's cumulative debt to \$13.5 billion. Spending on public administration will grow by just 0.9 per cent this year and next, as the provincial government has no leeway to provide any stimulus. Non-commercial services (education, health, and social assistance) output is forecast to decline by 0.9 per cent this year but increase by 1 per cent next year. To tackle the deficit, the provincial government has raised the HST and personal income taxes. Growth in household disposable income is expected to be only 0.9 per cent this year. But household disposable income should increase by 2.4 per cent next year with federal stimulus measures coming into effect.

Real GDP in New Brunswick's economy is expected to contract by 0.4 per cent this year, with modest growth of 1.4 per cent anticipated for 2017. The unexpected shutdown of the Picadilly potash mine is wiping out potash mining, a significant blow to the province's mining sector.

Employment in Perspective

(2010 = 1.0)

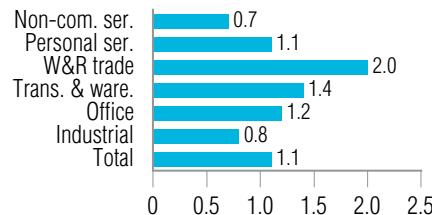


f = forecast

Sources: Statistics Canada; The Conference Board of Canada.

Industry Outlook, 2016–20

(average annual compound growth rate)



Source: The Conference Board of Canada.



Forecast Risk

The outcome of softwood lumber negotiations poses a risk to growth in the forestry sector.

Real GDP Growth

2015	2016	2017–20	2011–20
0.7%	-0.4%	1.5%	0.5%

Credit Quality: AA– (Standard & Poor's)

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	26,084	25,997	26,175	26,076	26,437	26,776	27,152	27,703
percentage change	0.3	-0.3	0.7	-0.4	1.4	1.3	1.4	2.0
Total employment (000s)	354	354	352	349	350	352	354	357
percentage change	0.2	-0.2	-0.4	-0.9	0.4	0.3	0.6	1.1
Unemployment rate (per cent)	10.3	9.9	9.7	9.8	9.8	9.8	9.6	9.3
Personal income per capita (\$)	37,851	38,698	40,298	41,132	42,291	43,593	44,979	46,401
Population (000s)	756	755	754	756	758	759	761	762
percentage change	-0.1	-0.1	-0.1	0.2	0.3	0.2	0.2	0.2
Single-family housing starts (000s)	1.4	1.2	1.1	1.0	0.9	0.9	0.9	1.1
Multi-family housing starts (000s)	1.5	1.1	0.9	0.6	0.7	0.7	0.7	0.9
Retail sales (\$ millions)	11,107	11,528	11,871	12,589	13,166	13,601	14,045	14,493
percentage change	0.7	3.8	3.0	6.0	4.6	3.3	3.3	3.2
CPI (2002 = 1.000)	1.230	1.248	1.254	1.286	1.322	1.349	1.376	1.405
percentage change	0.8	1.5	0.5	2.5	2.8	2.0	2.0	2.1

f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

Moncton



The manufacturing and construction sectors remain weak.



A number of new developments will keep growth in the services sector healthy in the coming years.

Overview The Moncton economy grew by a solid 2.4 per cent last year, the ninth straight in which the census metropolitan area outpaced New Brunswick as a whole. Real gross domestic product is expected to slow sharply to 1.2 per cent this year, but this is still a much better outlook than what is anticipated for the rest of the province. Output in Moncton's manufacturing and construction sectors is expected to keep contracting in 2016, continuing a long-term trend that goes back at least five years. At the same time, growth in public administration will be constrained by provincial government belt-tightening. Employment is also expected to be weak in 2016, falling for the first time in three years. However, we expect the economy to get back on track next year. Indeed, recent announcements suggest several new or expanding businesses will drive output growth and boost payrolls next year and beyond. In fact, economic growth is forecast

to reach 2 per cent in 2017, and then average 2.2 per cent per year through the following few years.

Manufacturing Recovery Around the Corner

Output in Moncton's manufacturing sector has been on a downward slide since 2012, falling by an average of 6 per cent annually over the past four years. The sector has been hit by several closures, including Maple Leaf's plant in 2014, which resulted in the loss of more than 450 jobs, and gaming company IGT's plant in 2015, which led to 67 jobs being transferred to Nevada. Although the export-oriented manufacturing sector has received a lift from a weaker Canadian dollar and healthy demand from south of the border, leading to solid growth through the year, it will not be enough to outweigh the significant declines recorded in the second half of last year. Accordingly, manufacturing output is on track to fall by 2 per cent for 2016 as a whole. Although we expect growth to pick up in 2017 and through the medium term, the level of output will remain well below the sector's 2011 peak even by 2020. One source of this renewed growth will come from the expansion of medical marijuana company Organigram, which plans to increase its workforce by 113 people over the next three years, thanks to nearly \$1 million in payroll rebates from the provincial government.

Starts Expected to Remain Steady The construction sector has also been shrinking for a number of years now, with output contracting by an average of 7.1 per cent per year from 2009 to 2015. The main culprit over the past few years has been a weakening residential construction market. After hitting nearly 1,300 units in 2012, housing starts fell to just 592 units last year, their lowest level since 1991, as builders responded to high inventory levels by cutting the development of new units. Housing starts are expected to show only a slight improvement

Real GDP Growth and Ranking

2015	2016	2017–20	2011–20
2.4%	1.2%	2.2%	1.7%
#6	#10	#4	#8
Out of 15 CMAs			
Credit Quality: n.a.			
Cost of Living: 99% (Canada = 100%)			

this year, rising to 606 units. Starts are forecast to remain near this level for the next couple of years, as inventories are worked down. Growth will then resume in 2019, with starts reaching 757 units by 2020.

In contrast, the non-residential market has been much more active, with projects such as a new oncology wing for the Moncton Hospital, new distribution centres for Kent Building Supplies and McKesson Canada, a new exhibit at the Magnetic Hill Zoo, new rides at the Magic Mountain Water Park, and several major retail developments such as Cabela's and Bass Pro Shops. The outlook remains upbeat. One of the bigger projects is the new \$107-million downtown entertainment and sports centre. Work is also expected to start this year on two new hotels—a Holiday Inn Express and a Crowne Plaza. In spite of these projects, construction output is forecast to dip another 0.5 per cent this year, but then finally begin recovering with a 2.9 per cent gain next year.

Services Sector Healthy The Moncton services sector continues to be the hot spot for the region. Last year, output growth reached 3.1 per cent, led by an 8 per cent gain in public administration. But such growth is unsustainable, given that the provincial government is struggling with a high deficit and debt. As a result, public administration growth is projected to slow to 2 per cent this year.

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	6,199	6,276	6,426	6,502	6,635	6,778	6,930	7,089
<i>percentage change</i>	1.4	1.2	2.4	1.2	2.0	2.2	2.2	2.3
Total employment (000s)	75	76	78	78	78	79	80	81
<i>percentage change</i>	-1.4	1.9	2.5	-0.5	0.7	1.3	1.5	1.3
Unemployment rate (per cent)	7.3	6.7	7.0	7.0	7.3	7.2	7.1	6.8
Personal income per capita (\$)	39,555	41,478	43,084	43,518	44,396	45,537	46,859	48,010
<i>percentage change</i>	2.3	4.9	3.9	1.0	2.0	2.6	2.9	2.5
Population (000s)	144	146	148	150	152	154	156	158
<i>percentage change</i>	1.2	1.2	1.3	1.4	1.3	1.2	1.2	1.3
Total housing starts	911	852	592	607	605	605	625	757
Retail sales (\$ millions)	2,218	2,391	2,490	2,645	2,765	2,870	2,972	3,073
<i>percentage change</i>	1.2	7.8	4.1	6.2	4.6	3.8	3.6	3.4
CPI (2002 = 1.0)	1.230	1.248	1.254	1.286	1.322	1.349	1.376	1.405
<i>percentage change</i>	0.8	1.5	0.5	2.5	2.8	2.0	2.0	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

This will be somewhat offset by a turnaround in business services. Output is forecast to rise by 1.5 per cent and 2.4 per cent, respectively, in 2016 and 2017, following a 0.7 per cent dip last year. This growth is expected to be fuelled by new call centres for WestJet and TD Insurance, as well as an expansion at BMM Testlabs Canada (a gaming testing lab), and the addition of more air traffic controllers at NavCan. In total, more than a thousand jobs are expected in the coming years as a result of these developments.

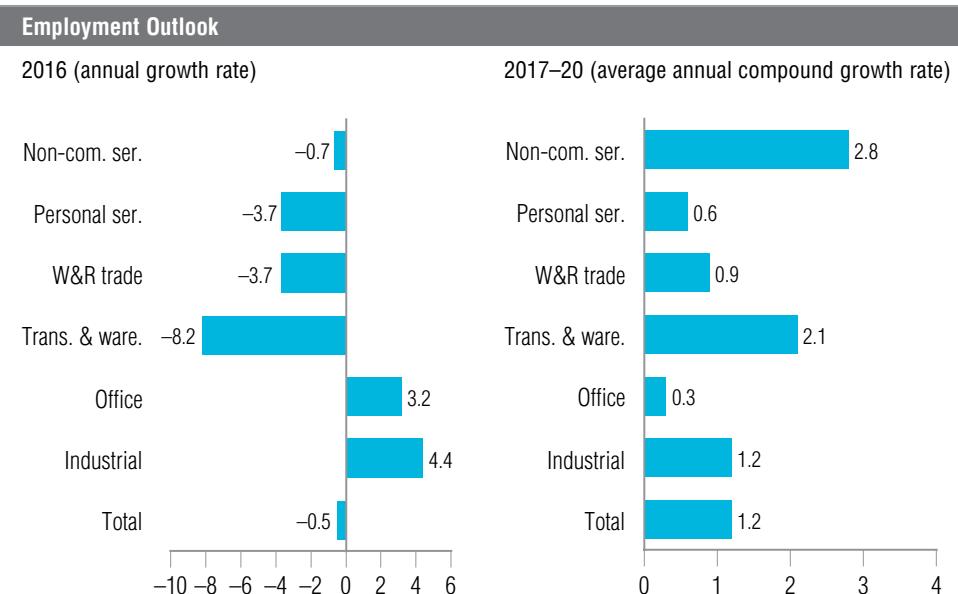
The outlook for wholesale and retail trade is also bright, despite an anticipated drop in employment this year. Fortunately, job growth is forecast to resume in 2017 and continue throughout the rest of the forecast, which will bolster consumer confidence. In fact, output growth in wholesale and retail trade is expected to come in at a healthy 3.2 per cent this year and 2.8 per cent in 2017. Put together, total services sector output growth is forecast to reach 2 per cent this year and 1.9 per cent in 2017.

Moncton's economy is forecast to grow by a modest 1.2 per cent in 2016, before expanding by a healthier 2 per cent in 2017. The job market will follow a similar trend. Employment is expected to fall by 0.5 per cent this year, the first decline in three years, but then bounce back next year with a 0.7 per cent gain.

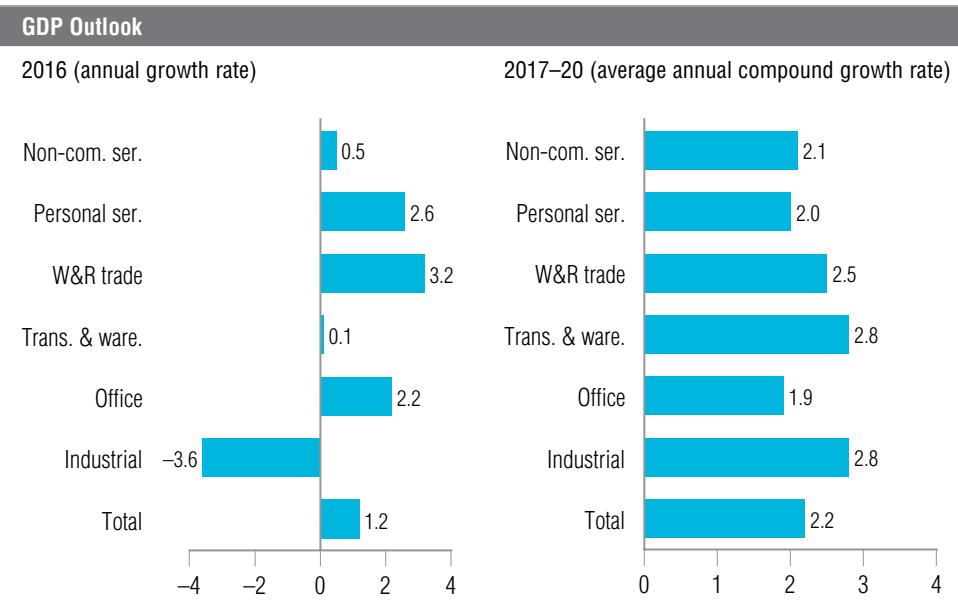


Forecast Risk

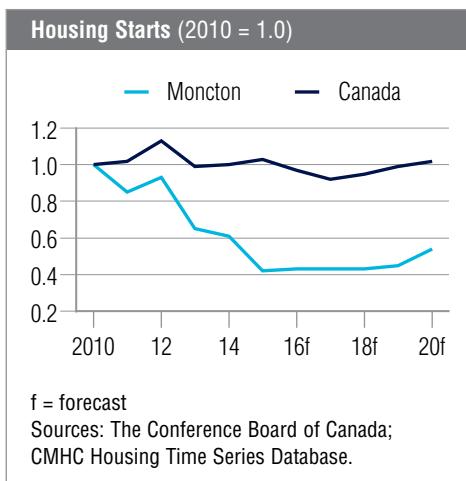
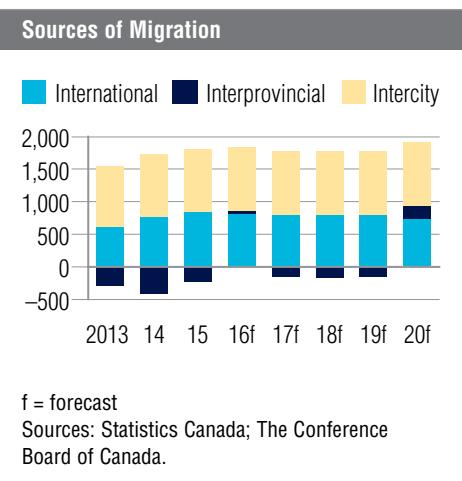
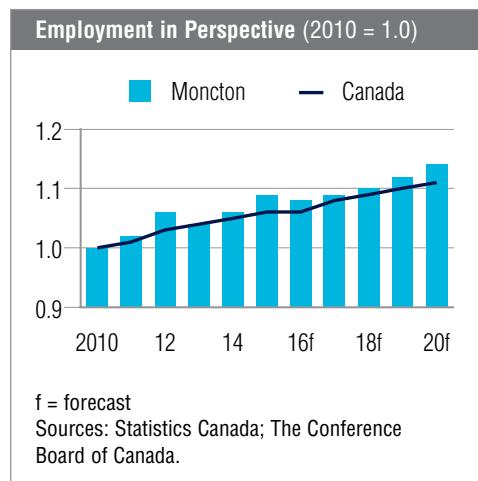
More downtown development in tandem with the construction of the entertainment and sports centre would lead to higher-than-expected construction output growth over the next few years.



Source: The Conference Board of Canada.

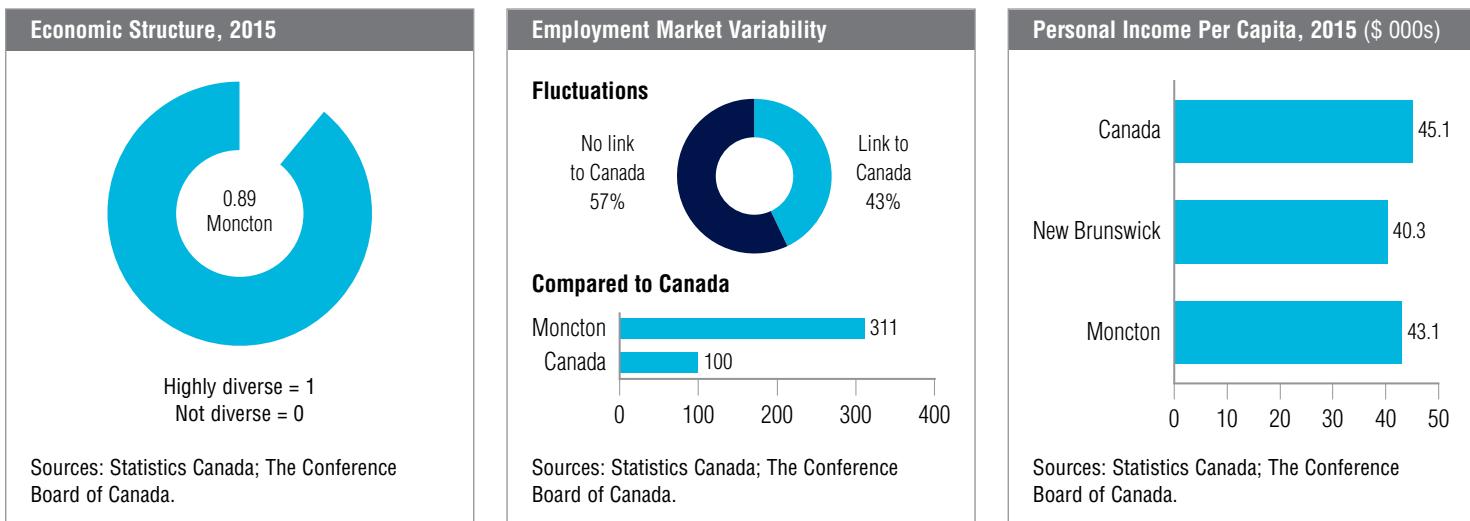


Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	Moncton	New Brunswick	Canada
New housing market (2015)		Industrial	0.12	0.21	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	228 -15.6%	Office	0.28	0.23	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$312,942 -2.2%	Transport and warehousing	0.07	0.05	0.05
Resale housing market (2015)		Wholesale and retail trade	0.18	0.16	0.15
Unit sales <i>(percentage change)</i>	2,407 5.6%	Personal services	0.14	0.13	0.13
Average price <i>(percentage change)</i>	\$163,601 0.8%	Non-commercial services	0.20	0.23	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	7.5%				
Average two-bedroom rent	\$761				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	275,109	276,281	320,271	269,451	320,088	319,008	310,563	246,580	258,592
Residential	167,120	152,709	141,558	168,274	180,241	174,515	144,338	136,914	109,956
Non-residential	107,989	123,572	178,713	101,177	139,847	144,493	166,225	109,666	148,636
Industrial	13,769	13,160	8,792	15,890	7,536	8,469	6,985	12,880	24,973
Commercial	76,753	81,787	54,576	44,774	80,229	77,711	90,937	83,380	72,727
Public admin. & non-comm.	17,467	28,625	115,345	40,513	52,082	58,313	68,303	13,406	50,936
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	20	20	21	20	20	20	21	22	22
<i>percentage change</i>	8.5	-3.7	5.4	-5.2	3.1	1.2	2.0	3.7	0.8
Bankruptcies									
Consumer	428	546	703	598	568	559	606	614	580
Business	35	36	13	23	8	14	16	12	14

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.

Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Moncton (City)	1,939,598	54,440	35.63	67
Dieppe	767,761	17,880	42.94	75
Riverview	577,957	15,040	38.43	67
Moncton (Parish)	229,851	6,640	34.62	72
Memramcook	135,990	4,020	33.83	72
Coverdale	128,283	3,770	34.03	71
Salisbury	62,466	2,020	30.92	66
Hillsborough (Village)	32,586	1,070	30.45	64
Hillsborough (Parish)	23,613	810	29.15	69
Dorchester (Village)	17,690	600	29.48	60
Elgin	16,061	600	26.77	58
Dorchester (Parish)	3,279	110	29.81	72

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	10.8
7221–24	Food and beverage services	5.0
6220	Hospitals	3.8
2311–29	Construction	3.7
6111	Primary and secondary schools	3.7
4111–91	Wholesale trade	3.6
9110–11	Federal government	3.4
5613–14	Employment and business services	3.3
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative service	2.5
5211, 5221–23, 5231–39	Finance	2.5

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	75	76	78	78	78	79	80	81
	-1.4	1.9	2.5	-0.5	0.7	1.3	1.5	1.3
Goods sector	10	10	9	10	10	10	10	10
	-11.5	-3.9	-5.9	4.4	0.0	0.6	1.9	2.3
Manufacturing	4.6	3.8	3.4	4.0	4.0	4.1	4.2	4.2
	-12.8	-17.1	-11.6	19.9	0.4	1.2	1.4	1.6
Construction	4.0	3.7	3.7	4.0	3.9	4.0	4.1	4.2
	-9.2	-6.5	-0.2	8.1	-2.1	0.8	2.9	4.0
Primary and utilities	1.6	2.3	2.2	1.6	1.7	1.7	1.7	1.7
	-12.9	39.4	-5.6	-25.9	4.4	-1.1	0.8	0.4
Services sector	64	66	69	68	68	69	70	71
	0.5	2.8	3.7	-1.2	0.8	1.4	1.4	1.2
Transportation and warehousing	4.9	5.2	5.5	5.0	5.5	5.5	5.5	5.5
	3.3	6.5	5.1	-8.2	8.5	0.7	0.5	-1.0
Information and cultural industries	1.5	2.0	1.7	2.0	1.7	1.7	1.7	1.7
	-24.1	34.2	-16.1	20.6	-16.0	-1.7	-0.1	-0.2
Wholesale and retail trade	15.1	14.0	14.3	13.8	13.9	14.1	14.2	14.3
	12.3	-7.6	2.4	-3.7	0.9	1.5	0.7	0.4
Finance, insurance, and real estate	5.4	5.2	5.5	5.9	5.7	5.8	5.9	5.9
	1.9	-4.2	7.6	6.5	-3.0	1.7	1.0	0.1
Business services	9.6	10.7	9.0	9.1	9.4	9.8	9.9	10.0
	4.2	12.0	-15.7	0.6	3.5	3.8	1.3	1.4
Personal services	9.7	10.3	11.2	10.8	10.7	10.7	10.9	11.0
	0.7	6.8	8.0	-3.7	-0.2	-0.3	1.5	1.4
Non-commercial services	13.8	15.1	15.9	15.8	16.2	16.7	17.2	17.7
	-12.6	8.7	5.8	-0.7	2.5	3.0	2.9	2.8
Public administration	4.4	3.7	5.5	5.5	5.2	5.1	5.1	5.2
	9.8	-15.2	48.2	-1.0	-4.2	-3.1	0.9	1.2

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Saint John



Soft housing starts continue to hamper the construction sector.



Consumer spending should pick up this year thanks to decent income gains.

Overview Saint John's economic performance remained weak last year, as the census metropolitan area experienced a modest 0.7 per cent increase in real gross domestic product, held back by significant declines in construction output, personal services, and the public sector (non-commercial services and public administration). The construction sector has been weak for several years now, the result of falling housing starts and a fairly quiet non-residential market.

Unfortunately, 2016 is shaping up to be another poor one for the local economy. In fact, all three goods-producing industries will post output declines in 2016. Activity in the government sector will remain muted as well, as the provincial government continues to grapple with a high deficit and debt. Fortunately, a stronger outlook among the private services sector will keep the overall economy from contracting this year, with real GDP growth projected to

be a flat 0 per cent. Next year, widespread gains across the goods and services sectors are expected to lead to 1.5 per cent growth in real GDP.

Declines Forecast for Primary and Utilities and for Manufacturing Until this year, the primary and utilities sector had been one of the few bright spots for the Saint John economy. The sector's healthy growth largely stemmed from the reopening of the Point Lepreau nuclear generating station after a \$2.4-billion refurbishment and from stronger demand for forestry products, thanks in part to an improving U.S. housing market and upgrades at the Irving pulp and paper mill. In fact, primary and utilities output rose by an annual average of 7.5 per cent from 2013 to 2015. Unfortunately, this rapid pace of growth appears to be unsustainable, so the primary and utilities industry is on track to take a one-year pause and post an output decline of 4.6 per cent in 2016. But the sector is expected to bounce right back next year. Indeed, primary and utilities output is forecast to rise by 2.7 per cent in 2017, with more moderate growth on tap for the rest of the forecast period.

Activity on the manufacturing front has been more muted. Even though output climbed by a modest 1.8 per cent in 2015, it was the sector's second strongest gain in five years. Last year's advance was partly the result of increased capacity at the newly upgraded pulp and paper mill. But, similar to primary and utilities, the manufacturing sector is expected to see output decline in 2016, down by a forecast 1.4 per cent. This will be mainly due to a reduction in the production of refined petroleum products. But production should rebound next year and help manufacturing output grow by 1.7 per cent in 2017. The completion of the next phase of the pulp and paper upgrades in 2018 should help keep output growth on an upward path in the coming years.

Real GDP Growth and Ranking				
2015	2016	2017–20	2011–20	
0.7%	0.0%	1.6%	0.6%	
#12	#15	#10	#14	
Out of 15 CMAs				
Credit Quality: n.a.				
Cost of Living: 99% (Canada = 100%)				

No Recovery for Construction Until 2017 The local construction sector has been struggling mightily, with output falling in every year since 2012. These declines have left the sector nearly 30 per cent smaller than it was in 2011. The residential market deserves the lion's share of the blame for this weakness. In fact, Saint John's housing market has been losing steam since 2008. Total housing starts reached 832 units that year, but came in at just 225 units in 2015. New housing demand has been held back by the weak economy and, since 2012, a declining population. Both the single-detached and multiple-units markets have contributed to the drop in starts, although single starts did manage a small increase in 2015. With the economy still struggling this year and population poised to increase by only 0.2 per cent, builders are expected to lower starts even further to 213 units. Starts are expected to stay near this level through 2018, before slowly increasing in the outer years of the forecast.

The non-residential market has also been fairly quiet since the Point Lepreau refurbishment wrapped up in 2012. But things would have been even worse were it not for the more than \$450 million in scheduled upgrades to the Irving pulp and paper mill. Two phases of the mill upgrade have now been completed—the latest in March of this year, which involved the installation of digester equipment and technology. Phase 3—a new modern pulp dryer—is getting under way and is expected to be completed

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	5,050	5,040	5,077	5,078	5,154	5,223	5,298	5,411
<i>percentage change</i>	0.6	-0.2	0.7	0.0	1.5	1.3	1.4	2.1
Total employment (000s)	64	64	64	63	63	64	64	65
<i>percentage change</i>	-0.4	0.9	-1.0	-0.5	0.4	0.4	0.8	1.2
Unemployment rate (per cent)	8.9	7.8	8.1	8.2	8.3	8.2	8.0	7.8
Personal income per capita (\$)	40,023	40,513	41,840	42,798	43,821	45,040	46,462	48,056
<i>percentage change</i>	2.4	1.2	3.3	2.3	2.4	2.8	3.2	3.4
Population (000s)	128	127	127	127	128	128	128	129
<i>percentage change</i>	-0.4	-0.4	-0.4	0.2	0.4	0.3	0.2	0.3
Total housing starts	276	236	225	213	213	213	218	271
Retail sales (\$ millions)	1,821	1,865	1,898	1,960	2,020	2,074	2,133	2,204
<i>percentage change</i>	-0.3	2.4	1.8	3.3	3.0	2.7	2.8	3.3
CPI (2002 = 1.0)	1.229	1.247	1.253	1.285	1.321	1.348	1.375	1.404
<i>percentage change</i>	0.7	1.4	0.4	2.6	2.8	2.0	2.0	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

within two years. Also scheduled to begin in 2016 is a new \$229-million wastewater plant. Currently, new pipes are being laid to allow for the system upgrade. Nevertheless, further falls in housing starts are expected to lead to a 4.2 per cent decline in overall construction output in 2016, the seventh decline in the past eight years. Fortunately, a recovery is expected to finally begin next year, with output projected to advance by modest 1.8 per cent.

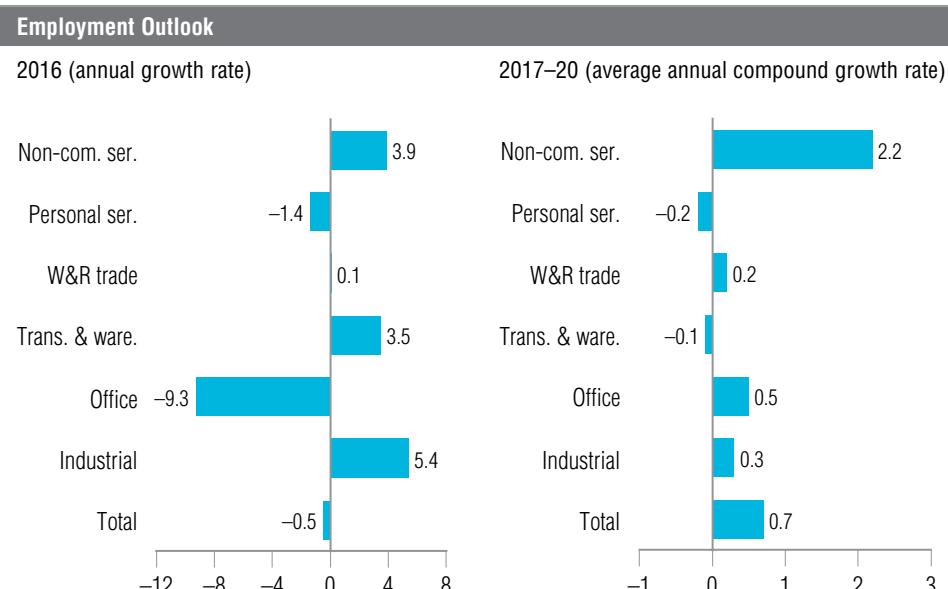
Improving Services Sector Growth Saint John's services sector has outperformed the broader economy the past two years, although growth has been relatively flat. In 2015, modest gains in transportation and warehousing and in wholesale and retail trade were offset by declines in personal services, in non-commercial services, and in public administration. The latter two sectors have been hurt by provincial government spending restraint. Although we expect both sectors to post output gains this year, with the provincial government still grappling with deficit and debt issues this year, growth will be limited to just 0.2 per cent in each industry. Add to that stronger output growth in wholesale and retail trade, and overall output growth in the services sector is expected to improve to 1.2 per cent this year and to 1.3 per cent in 2017.

Saint John's economy is expected to be flat in 2016, continuing the trend of sluggish economic growth going back to 2009. Next year looks better though, as we expect real GDP to accelerate to 1.5 per cent. The job market should follow a similar pattern—a 0.5 per cent decline in employment in 2016 will be nearly offset by a 0.4 per cent gain in 2017.

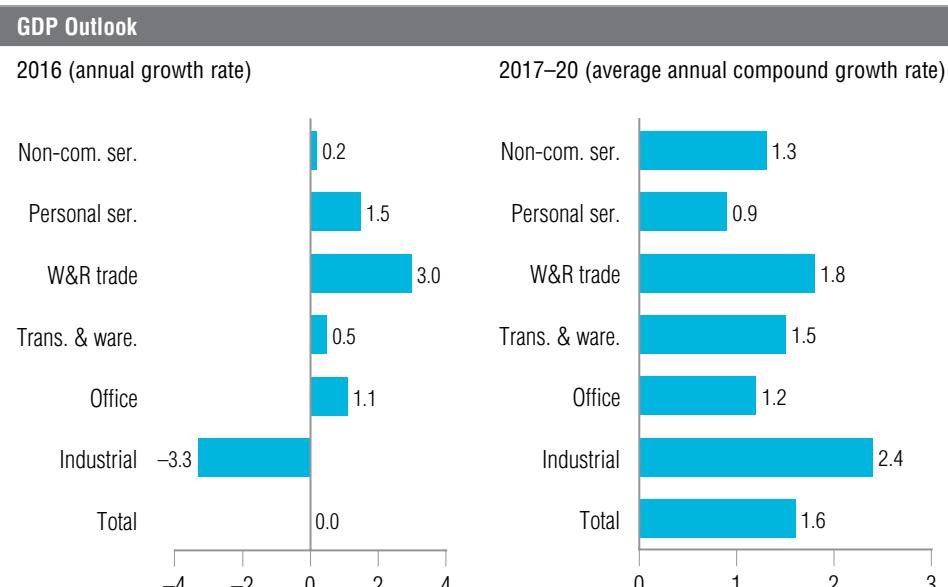


Forecast Risk

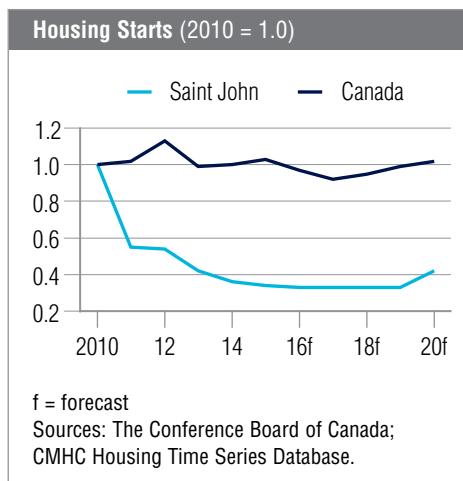
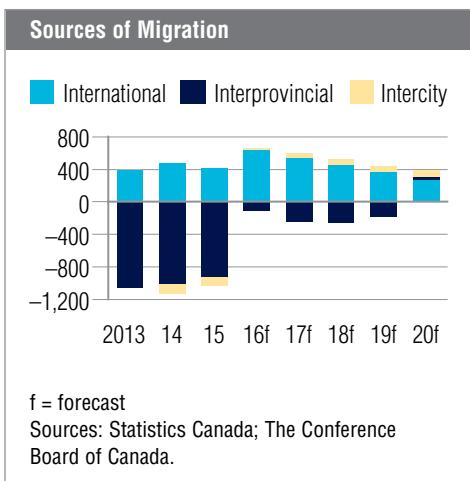
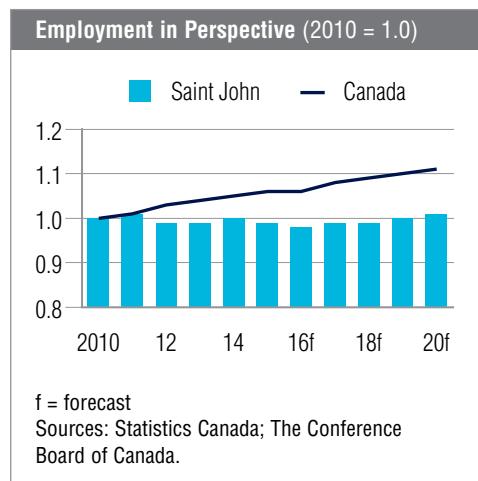
If non-residential projects such as the new retail development "The Crossing" and a \$24-million sports centre at Exhibition Park go ahead, construction output may be stronger than anticipated in the coming years.



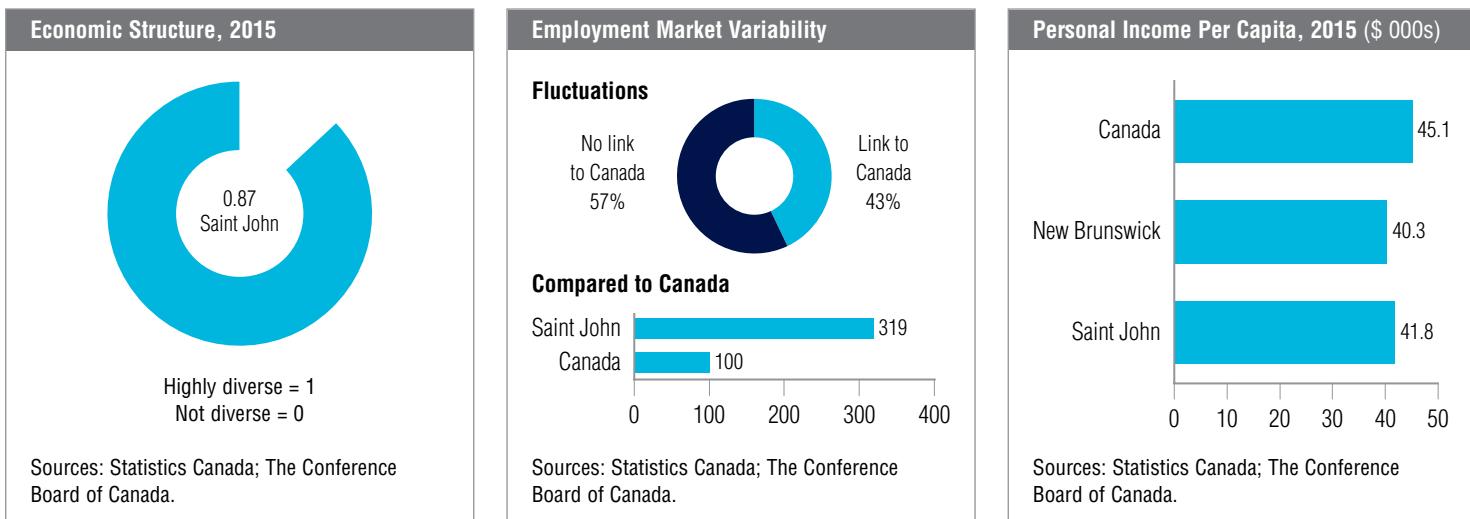
Source: The Conference Board of Canada.



Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)		
		Saint John	New Brunswick	Canada
New housing market (2015)				
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	115 -22.3%			
Average price of absorbed single-detached units <i>(percentage change)</i>	\$351,684 -2.1%			
Resale housing market (2015)				
Unit sales <i>(percentage change)</i>	1,679 5.5%			
Average price <i>(percentage change)</i>	\$163,572 -3.3%			
Apartment market (October 2015)				
Vacancy rate	8.3%			
Average two-bedroom rent	\$718			
Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.				



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	213,126	290,600	302,612	212,168	159,546	156,883	147,161	137,831	110,960
Residential	122,062	138,620	139,345	105,497	88,027	80,588	75,190	67,293	72,762
Non-residential	91,064	151,980	163,267	106,671	71,519	76,295	71,971	70,538	38,198
Industrial	45,129	75,179	23,628	7,466	15,009	16,372	7,946	18,197	5,870
Commercial	42,834	71,507	47,441	49,227	32,197	39,920	24,848	43,972	26,439
Public admin. & non-comm.	3,101	5,294	92,198	49,978	24,313	20,003	39,177	8,369	5,889
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	16	17	17	16	16	17	16	17	17
<i>percentage change</i>	3.5	5.3	-2.6	-5.3	1.2	6.3	-9.1	8.2	0.9
Bankruptcies									
Consumer	453	445	464	525	516	553	513	512	485
Business	8	10	6	3	3	8	11	7	7

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Saint John	1,876,048	54,750	34.27	68
Quispamsis	625,307	13,010	48.06	76
Rothesay	508,804	9,140	55.67	66
Grand Bay-Westfield	188,629	4,670	40.39	73
Hampton	153,240	3,930	38.99	69
Simonds	96,164	2,730	35.22	78
Kingston	90,410	2,490	36.31	66
Damascus	53,533	1,310	40.86	70
Summerville	46,729	1,260	37.09	69
Lepreau	43,563	1,170	37.23	68
Upham	38,083	1,260	30.22	72
Rest of Saint John CMA	119,275	3,690	32.32	70

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	7.2
2311–29	Construction	4.8
6220	Hospitals	4.4
7221–24	Food and beverage services	3.7
5613–14	Employment and business services	3.2
6111	Primary and secondary schools	2.7
6241–44	Social assistance	2.3
4111–91	Wholesale trade	2.1
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	1.9
6211–19	Ambulatory health care services	1.7

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	64	64	64	63	63	64	64	65
	-0.4	0.9	-1.0	-0.5	0.4	0.4	0.8	1.2
Goods sector	13	13	13	14	14	14	14	14
	2.3	2.6	1.7	5.4	-3.9	0.1	0.5	4.7
Manufacturing	4.4	5.0	5.5	5.3	5.3	5.2	5.3	5.3
	-8.2	13.9	10.9	-3.5	-0.1	-1.1	0.5	0.2
Construction	5.7	5.9	4.7	5.3	5.0	5.1	5.2	5.8
	7.5	3.9	-20.5	13.4	-7.2	3.2	1.0	12.5
Primary and utilities	2.8	2.3	3.2	3.5	3.3	3.2	3.2	3.2
	11.0	-17.4	39.2	8.8	-4.4	-2.6	-0.1	-0.7
Services sector	51	51	50	49	50	50	50	51
	-1.1	0.4	-1.7	-2.1	1.6	0.5	0.8	0.2
Transportation and warehousing	2.4	2.6	2.9	3.0	3.1	3.1	3.1	3.0
	-22.7	6.7	12.1	3.5	2.1	0.5	-0.7	-2.2
Information and cultural industries	1.9	1.4	1.6	1.7	1.6	1.6	1.6	1.5
	16.2	-23.5	14.0	1.2	-3.4	-2.7	-0.8	-1.4
Wholesale and retail trade	9.9	10.2	9.3	9.3	9.3	9.4	9.4	9.4
	2.0	3.2	-9.2	0.1	0.3	0.8	0.2	-0.5
Finance, insurance, and real estate	3.0	3.4	2.9	2.7	2.7	2.8	2.8	2.8
	-15.2	11.5	-14.2	-7.6	2.8	3.3	0.6	-0.8
Business services	8.0	9.0	9.6	8.4	8.7	8.7	8.7	8.7
	-6.6	13.4	7.0	-13.0	4.1	-0.9	0.4	0.2
Personal services	8.1	7.1	7.6	7.5	7.4	7.4	7.4	7.4
	2.7	-13.1	7.1	-1.4	-0.6	-0.9	0.5	0.2
Non-commercial services	14.8	14.3	13.4	13.9	14.3	14.6	14.9	15.2
	9.8	-3.2	-6.3	3.9	2.8	2.0	2.2	1.7
Public administration	2.7	3.0	2.8	2.6	2.6	2.6	2.6	2.6
	-21.0	11.3	-7.0	-4.4	-1.0	-1.4	0.5	0.1

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Nouveau-Brunswick



La croissance du PIB réel devrait être négative en 2016, une reprise modeste n'étant anticipée qu'en 2017.

Les pronostics concernant le marché du travail demeurent moroses.

La fermeture d'une mine de potasse affecte profondément l'économie provinciale Face à la baisse des prix des produits de base, PotashCorp a interrompu en janvier ses activités à sa mine Picadilly pour une période indéterminée. Cette décision a eu pour effet d'éradiquer l'exploitation minière non métallique du Nouveau-Brunswick et de sabrer quelque 200 M\$ du PIB de la province. Les perspectives concernant le secteur des combustibles minéraux ne sont pas plus réjouissantes, puisque l'extraction de gaz naturel classique est en déclin. Le gouvernement provincial a prolongé son moratoire sur la fracturation hydraulique pour une période indéterminée en raison des risques liés à la santé publique et l'environnement. La compagnie minière Trevali Mining assurera la croissance du secteur des mines de métaux, car sa mine Caribou génère une production commerciale de 3 000 tonnes de zinc par jour. Comme plusieurs mines de zinc ont fermé à travers la planète, Trevali Mining sera en mesure de répondre à la demande mondiale future de zinc grâce à l'atteinte du stade de la production commerciale à sa mine Caribou. Dans l'ensemble, la production minière diminuera de 42,8 % cette année pour s'établir autour de 280 M\$ au cours des prochaines années.

Le secteur forestier apporte un rayon d'espoir, avec d'importants bémols Le secteur forestier semble être l'élément positif de l'économie du Nouveau-Brunswick au cours des deux prochaines années. Sa croissance devrait progresser de 6,2 % cette année et de 10,7 % l'an prochain.

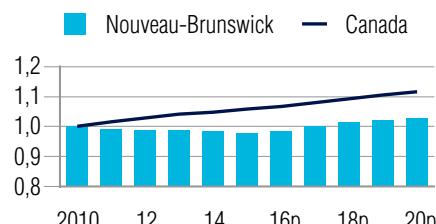
La vigueur du secteur de la construction au sud de la frontière et la dépréciation du dollar canadien alimentent la demande de produits forestiers canadiens. La récente modernisation de l'usine de pâtes et papiers de J.D. Irving, à Saint John, augmentera également les capacités de production du secteur en aval. Si le secteur forestier semble être sur une bonne lancée, il fait pourtant face à certains risques liés à l'accord sur le bois d'œuvre avec les États-Unis. La période de grâce d'un an qui empêche les États-Unis de lancer des mesures de rétorsion contre le Canada se termine en octobre prochain. Aucun accord n'a encore été conclu sur le renouvellement de l'entente sur le bois d'œuvre, venue à échéance en octobre 2015.

La croissance de l'emploi demeure faible Après huit ans de pertes d'emplois, aucun changement ne semble se dessiner pour les travailleurs. Les médiocres perspectives économiques devraient retrancher 3 000 emplois cette année. À compter de 2017, la création d'emplois devrait être anémique et le taux de chômage nettement supérieur à 9 %. Les dépenses publiques augmenteront de 0,9 % cette année et la suivante, le gouvernement provincial ne disposant d'aucune marge de manœuvre pour des mesures de stimulation. Les services non commerciaux (éducation, santé et services sociaux) devraient donc reculer de 0,9 %, mais afficheront une hausse de 1 % l'an prochain. Pour réduire le déficit, le gouvernement provincial a majoré la TVH et l'impôt sur le revenu des particuliers, alourdisant ainsi davantage le fardeau des ménages confrontés à une situation difficile sur le marché du travail. Le revenu disponible des ménages ne devrait donc progresser que de 0,9 % cette année. Mais grâce à l'entrée en vigueur des mesures de relance fédérales, il devrait augmenter de 2,4 % l'an prochain.

Le PIB réel de l'économie du Nouveau-Brunswick devrait reculer de 0,4 % cette année, une modeste croissance de 1,4 % étant prévue pour 2017.

L'emploi en perspective

(2010 = 1,0)

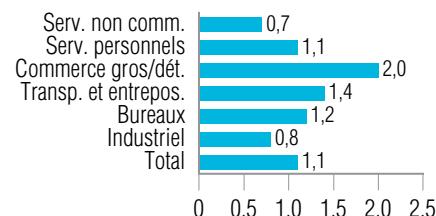


p = prévision

Sources : Statistique Canada; Le Conference Board du Canada.

Perspectives sectorielles, 2016-2020

(taux de croissance annuelle moyen composé)



Source : Le Conference Board du Canada.



Variation conjoncturelle

Le résultat des négociations sur le bois d'œuvre comporte un risque pour la croissance du secteur forestier.

Croissance du PIB réel

2015	2016	2017-2020	2011-2020
0,7 %	-0,4 %	1,5 %	0,5 %

Qualité du crédit : AA- (Standard & Poor's)

Indicateurs économiques	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
PIB réel aux prix du marché (millions \$ 2007)	26 084	25 997	26 175	26 076	26 437	26 776	27 152	27 703
variation en %	0,3	-0,3	0,7	-0,4	1,4	1,3	1,4	2,0
Nombre total d'emplois (milliers)	354	354	352	349	350	352	354	357
variation en %	0,2	-0,2	-0,4	-0,9	0,4	0,3	0,6	1,1
Taux de chômage	10,3	9,9	9,7	9,8	9,8	9,8	9,6	9,3
Revenu personnel (\$)	37 851	38 698	40 298	41 132	42 291	43 593	44 979	46 401
Population (milliers)	756	755	754	756	758	759	761	762
variation en %	-0,1	-0,1	-0,1	0,2	0,3	0,2	0,2	0,2
Mises en chantier – habitations individuelles (milliers)	1,4	1,2	1,1	1,0	0,9	0,9	0,9	1,1
Mises en chantier – habitations collectives (milliers)	1,5	1,1	0,9	0,6	0,7	0,7	0,7	0,9
Ventes au détail (millions \$)	11 107	11 528	11 871	12 589	13 166	13 601	14 045	14 493
variation en %	0,7	3,8	3,0	6,0	4,6	3,3	3,3	3,2
IPC (2002 = 1,0)	1,230	1,248	1,254	1,286	1,322	1,349	1,376	1,405
variation en %	0,8	1,5	0,5	2,5	2,8	2,0	2,0	2,1

p = prévision

Sources : Le Conference Board du Canada; Statistique Canada.

Moncton



Les secteurs de la fabrication et de la construction demeurent fragiles.



Quelques nouveaux développements stimuleront la croissance du secteur des services au cours des prochaines années.

Aperçu L'économie de Moncton a connu une forte croissance de 2,4 % l'an dernier, neuvième année d'affilée au cours de laquelle la région métropolitaine de recensement dépassait le taux de croissance du Nouveau-Brunswick dans son ensemble. Le produit intérieur brut (PIB) réel devrait enregistrer un important ralentissement, s'établissant à 1,2 % cette année, mais ces pronostics sont beaucoup plus encourageants que ceux anticipés pour le reste de la province. La production dans les secteurs de la fabrication et de la construction de Moncton devrait continuer à reculer en 2016, poursuivant sa tendance baissière à long terme qui a débuté il y a au moins cinq ans. Parallèlement, la croissance de l'administration publique sera limitée par les mesures de restrictions budgétaires du gouvernement provincial. L'emploi devrait également être anémique en 2016, en baisse pour la première fois en trois ans. Cependant, l'économie devrait selon nous se remettre

sur pied l'an prochain. En effet, d'après les annonces faites récemment, plusieurs nouvelles sociétés ou entreprises en expansion stimuleront la croissance économique et accroîtront la masse salariale à partir de l'an prochain. En effet, le PIB devrait progresser de 2 % en 2017, puis de 2,2 % par an en moyenne au cours des années suivantes.

Une reprise du secteur manufacturier se profile à l'horizon La production du secteur manufacturier de Moncton, sur une pente descendante depuis 2012, a chuté en moyenne de 6 % par an au cours des quatre dernières années. Le secteur a été touché par plusieurs fermetures : celle de l'usine de Maple Leaf en 2014 a notamment entraîné la perte de plus de 450 emplois, et celle de l'usine de la société de jeux IGT en 2015 a mené au transfert de 67 emplois au Nevada. Certes, la dépréciation du dollar canadien et la vigueur de la demande américaine ont donné un coup de fouet au secteur de la fabrication axé vers l'exportation, ce qui s'est traduit par une vive croissance du secteur cette année. Mais cela ne sera cependant pas suffisant pour compenser les importantes baisses enregistrées au second semestre de l'an dernier. La production manufacturière devrait donc diminuer de 2 % pour l'ensemble de l'année 2016. Nous prévoyons une reprise de la croissance en 2017 et à moyen terme, mais jusqu'en 2020, le niveau de production devrait rester bien en deçà du pic atteint par le secteur en 2011. Cette croissance renouvelée sera en partie attribuable à l'expansion de la société de marijuana médicale Organigram, qui envisage d'augmenter ses effectifs de 113 personnes au cours des trois prochaines années, grâce au rabais de près de 1 M\$ sur la masse salariale offert par le gouvernement provincial.

Le nombre de mises en chantier devrait demeurer stable Le secteur de la construction a également connu un recul depuis quelques années, avec une contraction d'en moyenne 7,1 % par an de 2009

Croissance du PIB réel et classement			
2015	2016	2017-2020	2011-2020
2,4 %	1,2 %	2,2 %	1,7 %
Nº 6	Nº 10	Nº 4	Nº 8
Sur 15 RMR			
Qualité du crédit : s.o.			
Coût de la vie : 99 % (Canada = 100 %)			

à 2015. Le principal coupable? L'affaiblissement du marché de la construction résidentielle au cours des dernières années. Après avoir atteint près de 1 300 unités en 2012, le nombre de mises en chantier de logements neufs est tombé à seulement 592 unités l'an dernier, le plus bas niveau enregistré depuis 1991. Devant les niveaux élevés de stocks, les constructeurs ont en effet interrompu le développement de nouvelles unités. Le nombre de mises en chantier d'habitations devrait grimper très légèrement cette année, passant à 606 unités, nombre qui devrait rester à peu près stable au cours des deux prochaines années, vu la réduction progressive des stocks. La croissance reprendra ensuite en 2019, le nombre de mises en chantier atteignant 757 unités d'ici 2020.

En revanche, le marché non résidentiel a été beaucoup plus actif. Plusieurs projets sont en cours, notamment une nouvelle aile d'oncologie à l'Hôpital de Moncton, de nouveaux centres de distribution pour les sociétés Kent Building Supplies et McKesson Canada, une nouvelle exposition au Zoo de Magnetic Hill, de nouveaux manèges au Parc aquatique Magic Mountain, et plusieurs grands développements chez d'importants détaillants comme Cabela et de Bass Pro Shops. Les perspectives d'avenir sont au beau fixe. L'un des plus grands projets inscrits dans les cartons : un nouveau complexe sportif et de divertissement, au coût de 107 M\$. Les travaux de construction de deux nouveaux hôtels – un Holiday Inn Express et un Crowne

Indicateurs économiques	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
PIB réel aux prix de base (millions \$ 2007)	6 199	6 276	6 426	6 502	6 635	6 778	6 930	7 089
variation en %	1,4	1,2	2,4	1,2	2,0	2,2	2,2	2,3
Nombre total d'emplois (milliers)	75	76	78	78	78	79	80	81
variation en %	-1,4	1,9	2,5	-0,5	0,7	1,3	1,5	1,3
Taux de chômage	7,3	6,7	7,0	7,0	7,3	7,2	7,1	6,8
Revenu personnel par habitant (\$)	39 555	41 478	43 084	43 518	44 396	45 537	46 859	48 010
variation en %	2,3	4,9	3,9	1,0	2,0	2,6	2,9	2,5
Population (milliers)	144	146	148	150	152	154	156	158
variation en %	1,2	1,2	1,3	1,4	1,3	1,2	1,2	1,3
Mises en chantier	911	852	592	607	605	605	625	757
Ventes au détail (millions \$)	2 218	2 391	2 490	2 645	2 765	2 870	2 972	3 073
variation en %	1,2	7,8	4,1	6,2	4,6	3,8	3,6	3,4
IPC (2002 = 1,0)	1,230	1,248	1,254	1,286	1,322	1,349	1,376	1,405
variation en %	0,8	1,5	0,5	2,5	2,8	2,0	2,0	2,1

p = prévision

Sources : Statistique Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; Le Conference Board du Canada.

Plaza – devraient également commencer cette année. Pourtant, en dépit de ces projets, le secteur de la construction devrait reculer encore de 0,5 % cette année, pour se redresser finalement et afficher un gain de 2,9 % l'an prochain.

Le secteur des services se porte bien Le secteur des services de Moncton continue d'être le point névralgique de la région. Ce secteur a affiché l'an dernier une croissance de 3,1 %, obtenue principalement grâce à un gain de 8 % dans l'administration publique. Mais cette tendance à la hausse n'est pas soutenable, vu que le gouvernement provincial est aux prises avec une dette et un déficit élevés. Résultat : la croissance de l'administration publique devrait décliner cette année pour se situer à 2 %.

Ce repli sera toutefois quelque peu contrebalancé par un redressement des services commerciaux. Ceux-ci devraient enregistrer une

hausse de 1,5 % en 2016 et de 2,4 % en 2017, après avoir connu une baisse de 0,7 % l'an dernier. Cette croissance devrait être alimentée par l'établissement des nouveaux centres d'appels de WestJet et TD Assurance, ainsi que par l'agrandissement d'un laboratoire de test de jeux chez BMM Testlabs Canada et l'ajout de nouveaux contrôleurs de la circulation aérienne à NavCan. Au total, ces développements pourraient générer plus d'un millier d'emplois dans les prochaines années.

Les perspectives concernant le commerce de gros et de détail sont également bonnes, malgré la chute anticipée de l'emploi cette année. En 2017, l'emploi devrait heureusement connaître une reprise qui s'accentuera pendant le reste

de la période prévisionnelle, renforçant ainsi la confiance des consommateurs. En fait, le commerce de gros et de détail devrait enregistrer une vigoureuse croissance de 3,2 % cette année et de 2,8 % en 2017. Dans l'ensemble, le secteur des services devrait croître de 2 % cette année et de 1,9 % en 2017.

L'économie de Moncton devrait avancer d'un modeste 1,2 % en 2016, avant de connaître une progression plus notable de 2 % en 2017. Le marché de l'emploi suivra une trajectoire semblable. L'emploi devrait reculer de 0,5 % cette année, sa première baisse en trois ans, pour ensuite rebondir avec un gain de 0,7 % l'an prochain.

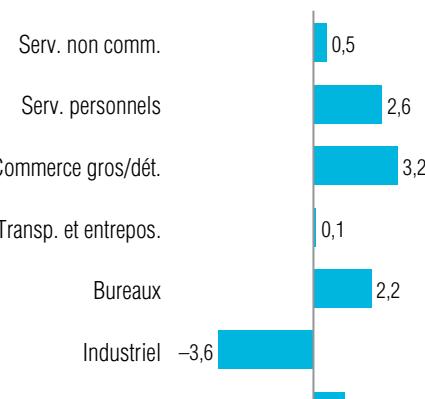


Variation conjoncturelle

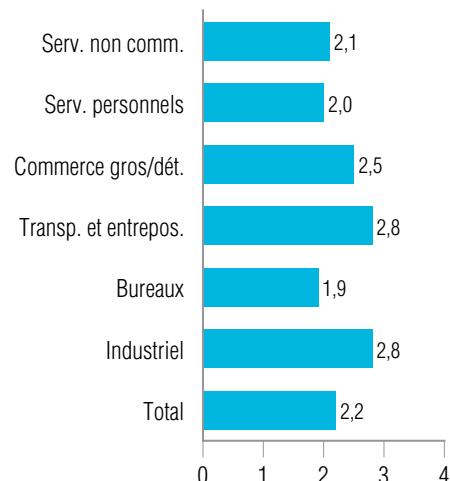
Un développement accru au centre-ville, de pair avec l'édification d'un complexe sportif et de divertissement, entraînerait une plus forte croissance du secteur de la construction dans les prochaines années.

Perspectives de croissance du PIB

2016 (taux de croissance annuelle)

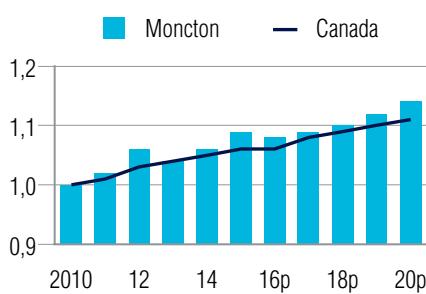


2017-2020 (taux de croissance annuelle moyen composé)

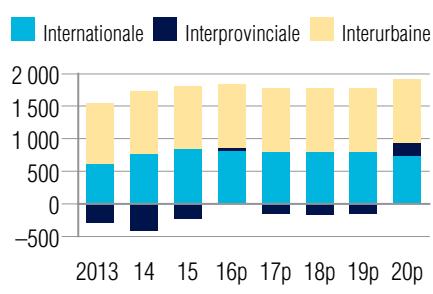


Source : Le Conference Board du Canada.

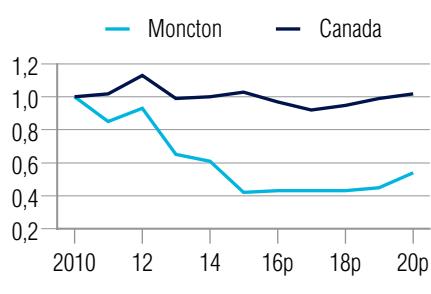
L'emploi en perspective (2010 = 1,0)



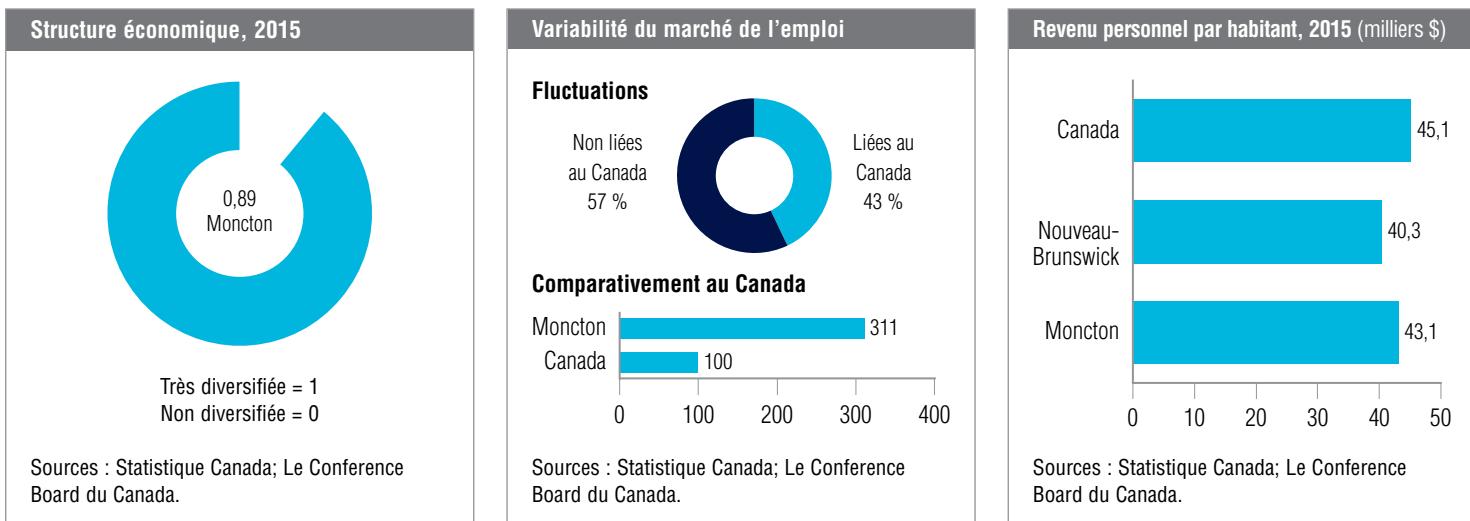
Sources de migration



Mises en chantier (2010 = 1,0)



Immobilier		Tableau comparatif de l'emploi, 2015 (part du nombre total d'emplois)		
		Secteur	Moncton	Nouveau-Brunswick
				Canada
Marché du logement neuf (2015)				
Nombre total de logements unifamiliaux écoulés	228	Industriel	0,12	0,21
<i>Croissance</i>	<i>-15,6 %</i>	Bureaux	0,28	0,23
Prix moyen des unités unifamiliales écoulées	312 942 \$	Transports et entreposage	0,07	0,05
<i>Croissance</i>	<i>-2,2 %</i>	Commerce de gros et de détail	0,18	0,16
Marché de la revente (2015)		Services personnels	0,14	0,13
Ventes d'unités	2 407	Services non commerciaux	0,20	0,23
<i>Croissance</i>	<i>5,6 %</i>	Total	1,00	1,00
Prix moyen	163 601 \$			
<i>Croissance</i>	<i>0,8 %</i>			
Marché des appartements (octobre 2015)				
Taux d'inoccupation des appartements à deux chambres	7,5 %			
Loyer moyen d'un appartement à deux chambres	761 \$			
Sources : Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble.				
Sources : Statistique Canada; Le Conference Board du Canada.				



Construction, immobilier commercial et revenus – Aperçu									
Permis de construire (milliers \$)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	275 109	276 281	320 271	269 451	320 088	319 008	310 563	246 580	258 592
Résidentiel	167 120	152 709	141 558	168 274	180 241	174 515	144 338	136 914	109 956
Non résidentiel	107 989	123 572	178 713	101 177	139 847	144 493	166 225	109 666	148 636
Industriel	13 769	13 160	8 792	15 890	7 536	8 469	6 985	12 880	24 973
Commercial	76 753	81 787	54 576	44 774	80 229	77 711	90 937	83 380	72 727
Admin. publique et non comm.	17 467	28 625	115 345	40 513	52 082	58 313	68 303	13 406	50 936
Secteur des bureaux*									
Nbre de pieds carrés (milliers)	S.O.								
<i>variation en pourcentage</i>	S.O.								
Taux d'inoccupation (%)	S.O.								
Emplois (milliers)	20	20	21	20	20	20	21	22	22
<i>variation en pourcentage</i>	8,5	-3,7	5,4	-5,2	3,1	1,2	2,0	3,7	0,8
Faillites									
Particuliers	428	546	703	598	568	559	606	614	580
Entreprises	35	36	13	23	8	14	16	12	14
*Industrie de l'information et industrie culturelle; finances, assurance et immobilier; services aux entreprises et administration publique.									
Sources : Statistique Canada; Industrie Canada; Le Conference Board du Canada.									

Construction, immobilier commercial et revenus – Aperçu (suite)

Revenu imposable par sous-région métropolitaine (2009)

Sous-région métropolitaine	Revenu imposable total (milliers \$)	Nombre total de déclarants	Revenu imposable/déclarant (milliers \$)	Revenu d'emploi (% du revenu imposable)
Moncton (ville)	1,939,598	54,440	35.63	67
Dieppe	767,761	17,880	42.94	75
Riverview	577,957	15,040	38.43	67
Moncton (paroisse)	229,851	6,640	34.62	72
Memramcook	135,990	4,020	33.83	72
Coverdale	128,283	3,770	34.03	71
Salisbury	62,466	2,020	30.92	66
Hillsborough (village)	32,586	1,070	30.45	64
Hillsborough (paroisse)	23,613	810	29.15	69
Dorchester (village)	17,690	600	29.48	60
Elgin	16,061	600	26.77	58
Dorchester (paroisse)	3,279	110	29.81	72

Sources : Agence du revenu du Canada; Le Conference Board du Canada.

Industries dominantes, 2015

Classe*	Industrie	Employés (milliers)
4411-4543	Commerce de détail	10,8
7221-7224	Services de restauration et débits de boissons	5,0
6220	Hôpitaux	3,8
2311-2329	Construction	3,7
6111	Écoles primaires et secondaires	3,7
4111-4191	Commerce de gros	3,6
9110-9111	Gouvernement fédéral	3,4
5613-5614	Services d'emploi et de soutien aux entreprises	3,3
5511, 5611-5612, 5615-5617, 5619, 5621-5629	Autres serv. de gestion et admin.	2,5
5211, 5221-5223, 5231-5239	Sociétés d'assur. et activ. connexes	2,5

*Système de classification des industries de l'Amérique du Nord.
Source : Statistique Canada.

Emplois par secteur

	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
Nombre total d'emplois (milliers)	75 -1,4	76 1,9	78 2,5	78 -0,5	78 0,7	79 1,3	80 1,5	81 1,3
Secteur des biens	10 -11,5	10 -3,9	9 -5,9	10 4,4	10 0,0	10 0,6	10 1,9	10 2,3
Fabrication	4,6 -12,8	3,8 -17,1	3,4 -11,6	4,0 19,9	4,0 0,4	4,1 1,2	4,2 1,4	4,2 1,6
Construction	4,0 -9,2	3,7 -6,5	3,7 -0,2	4,0 8,1	3,9 -2,1	4,0 0,8	4,1 2,9	4,2 4,0
Industrie primaire et services publics	1,6 -12,9	2,3 39,4	2,2 -5,6	1,6 -25,9	1,7 4,4	1,7 -1,1	1,7 0,8	1,7 0,4
Secteur des services	64 0,5	66 2,8	69 3,7	68 -1,2	68 0,8	69 1,4	70 1,4	71 1,2
Transports et entreposage	4,9 3,3	5,2 6,5	5,5 5,1	5,0 -8,2	5,5 8,5	5,5 0,7	5,5 0,5	5,5 -1,0
Industrie de l'information et industrie culturelle	1,5 -24,1	2,0 34,2	1,7 -16,1	2,0 20,6	1,7 -16,0	1,7 -1,7	1,7 -0,1	1,7 -0,2
Commerce de gros et de détail	15,1 12,3	14,0 -7,6	14,3 2,4	13,8 -3,7	13,9 0,9	14,1 1,5	14,2 0,7	14,3 0,4
Finances, assurance et immobilier	5,4 1,9	5,2 -4,2	5,5 7,6	5,9 6,5	5,7 -3,0	5,8 1,7	5,9 1,0	5,9 0,1
Services aux entreprises	9,6 4,2	10,7 12,0	9,0 -15,7	9,1 0,6	9,4 3,5	9,8 3,8	9,9 1,3	10,0 1,4
Services personnels	9,7 0,7	10,3 6,8	11,2 8,0	10,8 -3,7	10,7 -0,2	10,7 -0,3	10,9 1,5	11,0 1,4
Services non commerciaux	13,8 -12,6	15,1 8,7	15,9 5,8	15,8 -0,7	16,2 2,5	16,7 3,0	17,2 2,9	17,7 2,8
Administration publique	4,4 9,8	3,7 -15,2	5,5 48,2	5,5 -1,0	5,2 -4,2	5,1 -3,1	5,1 0,9	5,2 1,2

p = prévision

Les données sur l'emploi figurant sur la première ligne sont exprimées en milliers; la deuxième ligne reflète la variation en pourcentage.

Sources : Statistique Canada; Le Conference Board du Canada.

Quebec



Quebec's exports will continue their upward trend, increasing by 1.9 per cent this year.

Real household consumption spending remains healthy and should rise by 2 per cent this year.

Quebec's Economy to Strengthen Quebec is forecast to see real GDP grow by 1.8 per cent in 2016, up from 0.9 per cent last year. Quebec's economy is dependent on economic conditions south of the border. Although all is not rosy in our neighbour's backyard, as the strong greenback is hurting U.S. export growth, the U.S. consumer will remain healthy. This means that exports from Quebec will continue to increase this year, which bodes well for the province's manufacturers. After three consecutive years where employment shrank, manufacturing firms have started hiring again this year. Firms facing capacity constraints will need to boost investment in both non-residential construction and in machinery and equipment to take advantage of the rising domestic and external demand for their goods and services. As a result, both of these investment categories are forecast to rebound strongly in 2017. Housing starts will dip this year, but the construction industry will still see overall growth in 2016 thanks to major infrastructure projects like the new Champlain Bridge and the Turcot Interchange in Montréal.

Exports to Grow The export recovery, initiated in 2014, carries on. Total real exports will increase by 1.9 per cent this year and 3.2 per cent in 2017. The lower value of the Canadian dollar is keeping Canadian goods and services competitive in world markets. This, together with a healthy outlook for the U.S. consumer, will bolster Quebec's export-oriented manufac-

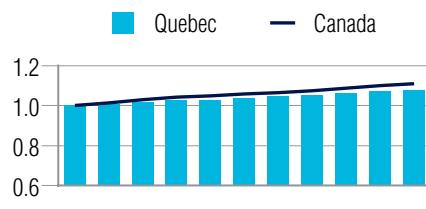
uring industry. Even though a sluggish first and second quarter expansion in the U.S. caused some worries, the country's domestic demand should remain healthy. One of the big export winners this year in Quebec will be the soft-wood industry as residential construction in the U.S. reaches pre-subprime crisis levels. In fact, exports from this industry will show strong volume increases of 9.3 per cent in 2016 and of 5.9 per cent in 2017. Also, the increase in gold production from Goldcorp's Eleonore mine in the James Bay region will lift mining exports, Quebec's largest export category.

Construction Industry Remains Afloat The construction industry is forecast to expand by 0.9 per cent this year, even though housing starts will retreat for a second year in a row. The drop will be particularly significant in multiple-unit starts, which are projected to fall about 17 per cent in 2016. Numerous condominium buildings were started in the past two years, including those around the Bell Centre in Montréal, but this pace of activity will be impossible to sustain. The housing market in the province is rebalancing, and household formation will have to exceed construction for some time before this is achieved. Fortunately, non-residential infrastructure projects will more than offset the decline in residential construction.

Quebec's real GDP growth is set to accelerate from 0.9 per cent in 2015 to 1.8 per cent in 2016 and 2 per cent in 2017. Employment will expand by 0.6 per cent this year, keeping household disposable income healthy. Consumer spending will continue to lead the way for Quebec's growth, but exports will keep gaining ground. Luckily for the province, a decline in housing starts will be offset by major infrastructure projects in the Montréal area.

Employment in Perspective

(2010 = 1.0)

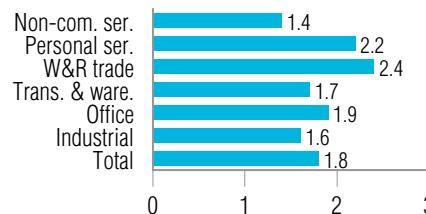


f = forecast

Sources: Statistics Canada; The Conference Board of Canada.

Industry Outlook, 2016–20

(average annual compound growth rate)



Source: The Conference Board of Canada.



Forecast Risk

Investment intentions are up for 2016. This could lead to a quicker turnaround in capital outlays.

Real GDP Growth

2015	2016	2017–20	2011–20
0.9%	1.8%	1.8%	1.6%

Credit Quality: A+ (Standard & Poor's)

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	305,623	309,839	312,695	318,352	324,703	330,611	336,125	341,612
percentage change	1.1	1.4	0.9	1.8	2.0	1.8	1.7	1.6
Total employment (000s)	4,059	4,057	4,097	4,122	4,156	4,197	4,227	4,250
percentage change	1.2	-0.1	1.0	0.6	0.8	1.0	0.7	0.5
Unemployment rate (per cent)	7.6	7.8	7.6	7.6	7.5	7.2	7.1	7.0
Personal income per capita (\$)	38,974	39,815	40,853	41,619	42,562	43,798	45,119	46,426
Population (000s)	8,144	8,206	8,259	8,321	8,391	8,460	8,529	8,595
percentage change	0.9	0.8	0.6	0.8	0.8	0.8	0.8	0.8
Single-family housing starts (000s)	13.1	11.2	9.7	13.4	13.6	13.4	13.0	12.0
Multi-family housing starts (000s)	24.6	27.6	28.2	23.3	22.5	22.8	22.6	20.9
Retail sales (\$ millions)	106,301	108,137	109,313	113,873	118,806	123,150	127,413	131,455
percentage change	2.5	1.7	1.1	4.2	4.3	3.7	3.5	3.2
CPI (2002 = 1.000)	1.217	1.234	1.247	1.266	1.295	1.321	1.347	1.375
percentage change	0.8	1.4	1.1	1.5	2.3	2.1	2.0	2.1

f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

Saguenay



Employment will finally increase after three consecutive years of declines.



Excess supply of aluminum in world markets will keep prices weak through 2016.

Overview Saguenay's economy is on the verge of a modest breakthrough. Even though commodity prices remain soft, real gross domestic product in the census metropolitan area (CMA) will post 1 per cent growth this year—its best performance since 2012—followed by an even stronger 1.3 per cent gain in 2017. This expansion will be supported by a somewhat better outlook in the aluminum manufacturing sector this year and next. Overall gains in the services-producing industries will also contribute to the city's improved outlook. However, tepid prospects for the mining industry will keep a lid on Saguenay's growth in the short term. In fact, not only was the expansion of Niobec's niobium mine cancelled last year, but also construction on the Arianne Phosphate project has not started yet. The company continues its ongoing discussions with partners to secure the necessary funds for the construction and development of the massive \$1.2-billion Lac-à-Paul mining project. The company expects it will need

additional financing before the end of the year before proceeding. Although the mine is outside Saguenay, the CMA will reap many of the project's indirect impacts if it goes ahead. In the medium term, the local economy will continue to expand modestly, registering average annual growth of 1.3 per cent between 2018 and 2020.

As it is often the case, stronger output growth will come with an improved employment picture. In fact, we expect employment to expand by 1.7 per cent this year, putting an end to three straight years of contractions in the area. Several industries are expected to enjoy solid job gains this year, including manufacturing, primary and utilities, wholesale and retail trade, finance, insurance, and real estate, and public administration. Combined with slower labour force growth, these job gains will cut the unemployment rate from 7.9 per cent in 2015 to 7.6 per cent in 2016.

Manufacturing Will Expand Saguenay's manufacturing industry, mainly driven by the aluminum sector, struggled in 2015 as major emerging economies slowed and demand for the metal weakened. Add to this rising aluminum production from China, and the result has been slumping global prices. Accordingly, Saguenay's manufacturing output expanded by only 0.3 per cent in 2015, a stark contrast from the 2.1 per cent expansion recorded in 2014. This year looks just as modest, with an expansion of 0.4 per cent in the cards. However, an improving outlook for the aluminum industry will support better growth over the forecast period. One bright spot for the industry is the fact that the auto sector is shifting to aluminum to make efficiency gains. As a result, Rio Tinto, one of the area's largest employers, is proceeding with multiple investments to expand and improve its production facilities. For example, the company is investing \$13.9 million in its Jonquière casting centre with the objective of increasing supply to American car makers.

Real GDP Growth and Ranking

2015	2016	2017–20	2011–20
0.2%	1.0%	1.3%	1.1%
#13	#11	#12	#10

Out of 15 CMAs

Credit Quality: n.a.

Cost of Living: 99% (Canada = 100%)

The company is also making productivity improvements to its Laterrière plant. The \$36.6-million project should enable production to increase by 15,000 tonnes per year without adding any new jobs.

Construction Will Shrink Again A construction industry pullback in recent years was inevitable given the sluggish state of the economy. Housing starts fell for three straight years, from 1,100 units in 2012 to just 505 units in 2015. Non-residential construction has struggled too. Accordingly, construction output shrank for three straight years, including a 5.3 per cent decline in 2015.

Unfortunately, the sector's outlook is not much brighter in 2016. We expect housing starts to dip once more, to 475 units, in line with a small population decline. Despite the aforementioned Rio Tinto developments, plus other notable projects such as the \$20-million IntenCité sports complex and a \$10-million road construction project, an active non-residential market will not be able to offset the decline on the residential side. Accordingly, Saguenay's construction sector is expected to see output shrink by 2.4 per cent this year, before rebounding with a 2.1 per cent gain in 2017.

Services Sector Supports Short-Term Growth

Fortunately, Saguenay's services sector is poised for relatively decent growth this year. While the goods-producing industries collectively are forecast to post just 0.7 per cent growth in 2016,

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	5,623	5,671	5,682	5,740	5,816	5,896	5,969	6,037
percentage change	0.7	0.9	0.2	1.0	1.3	1.4	1.2	1.1
Total employment (000s)	76	76	75	77	76	76	76	77
percentage change	-0.4	-0.7	-0.8	1.7	-0.2	-0.4	0.4	0.1
Unemployment rate (per cent)	7.9	9.7	7.9	7.6	7.9	7.4	7.4	7.1
Personal income per capita (\$)	40,031	41,110	42,397	44,099	44,848	45,877	47,301	48,707
percentage change	2.2	2.7	3.1	4.0	1.7	2.3	3.1	3.0
Population (000s)	160	160	160	160	160	161	161	161
percentage change	0.2	0.1	-0.2	-0.1	0.2	0.2	0.2	0.1
Total housing starts	919	672	505	475	450	555	588	635
Retail sales (\$ millions)	2,484	2,522	2,540	2,609	2,704	2,791	2,876	2,953
percentage change	1.9	1.5	0.7	2.7	3.7	3.2	3.0	2.7
CPI (2002 = 1.0)	1.217	1.234	1.247	1.266	1.295	1.321	1.347	1.375
percentage change	0.8	1.4	1.1	1.5	2.3	2.1	2.0	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

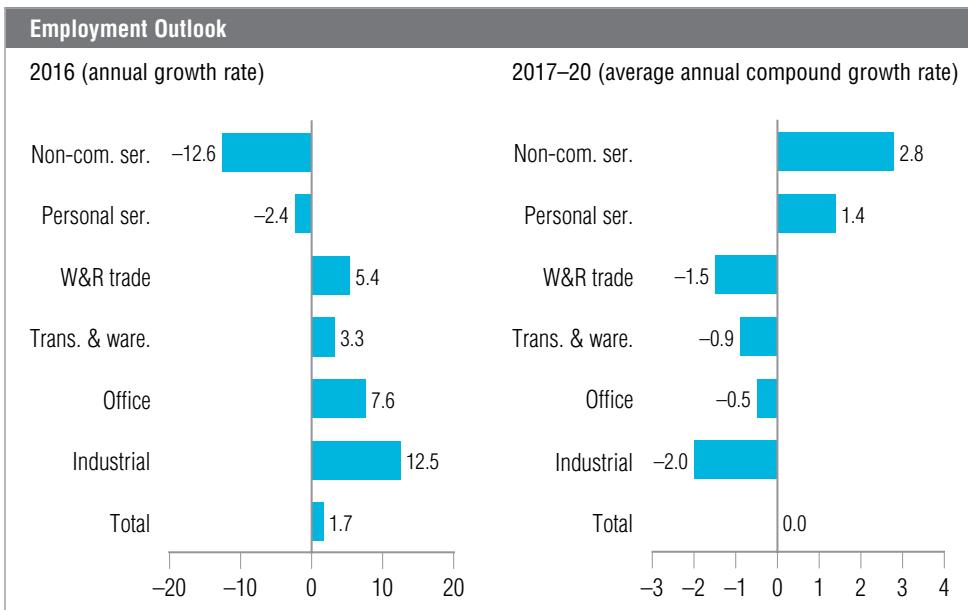
the services sector will expand by a healthier 1.2 per cent. This year's expansion will be led by solid gains in transportation and warehousing, business services, and personal services. Transportation and warehousing services will benefit from the pickup in the aluminum sector, allowing output to climb by a vigorous 4.7 per cent, making it this year's growth leader. The personal services sector, which includes accommodation and food services, will benefit from higher tourism numbers tied to the weaker Canadian dollar and a healthy U.S. consumer. The success of Saguenay's cruise port, now the third largest on the St. Lawrence River, will also provide support to the industry. Finally, the wholesale and retail trade sector, which has been hampered by store closures and high retail vacancy rates, is expected to bounce back this year with a 1.2 per cent output expansion. On the other hand, growth will be sluggish in non-commercial services and in public administration, both of which continue to be held back by provincial government spending restraint.

Saguenay's real GDP is forecast to expand by 1 per cent in 2016, a notable improvement over 2015's 0.2 per cent growth. Employment is expected to expand by 1.7 per cent this year, rebounding from a 0.8 contraction last year. From 2017 to 2020, real GDP is expected to expand by an average annual rate of 1.3 per cent, while the unemployment rate will decline steadily, reaching 7.1 per cent by 2020.

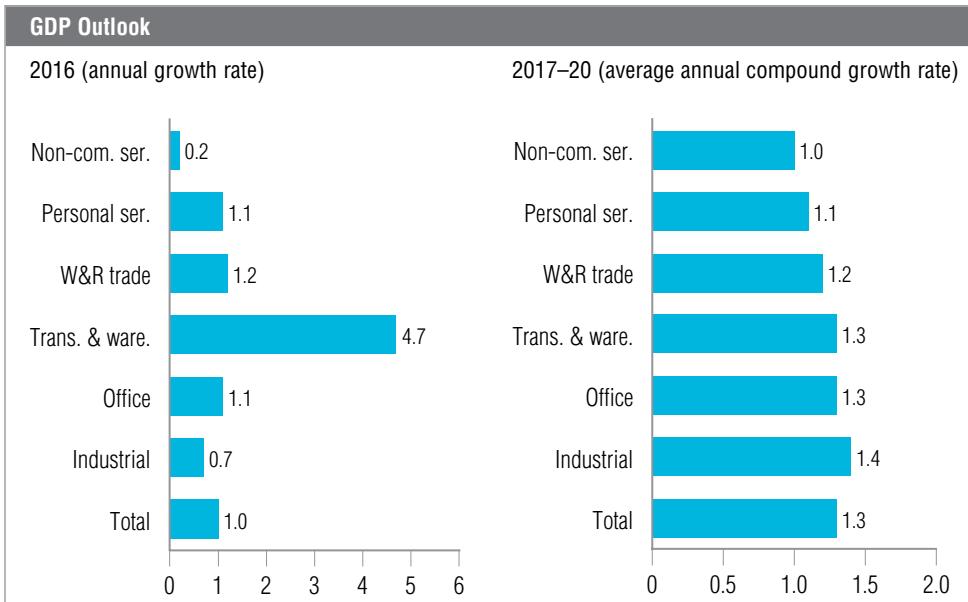


Forecast Risk

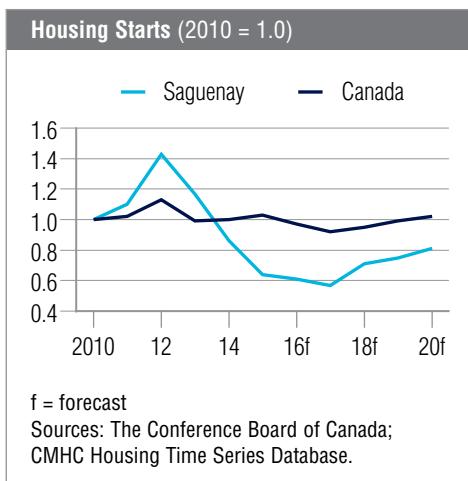
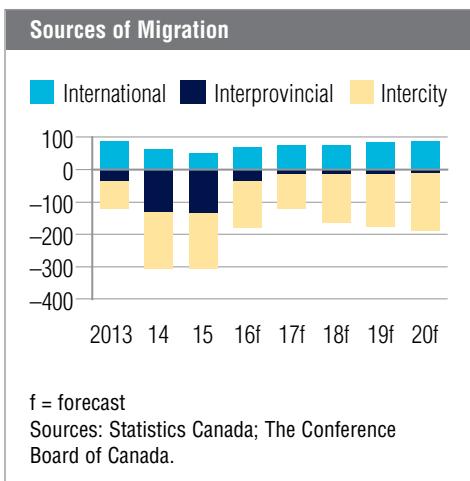
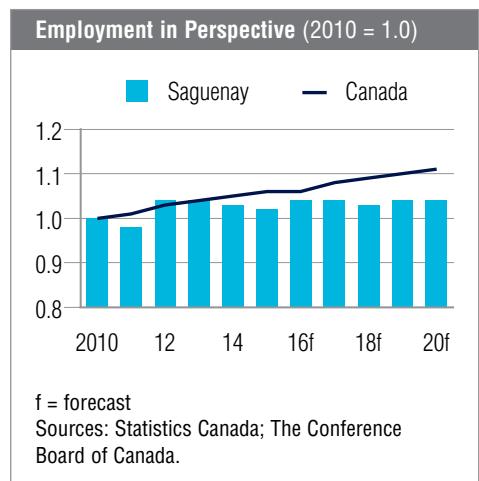
Several Saguenay firms in the manufacturing and in services sectors will receive a big lift if work starts this year on the \$1.2-billion Arianne Phosphate project.



Source: The Conference Board of Canada.



Source: The Conference Board of Canada.

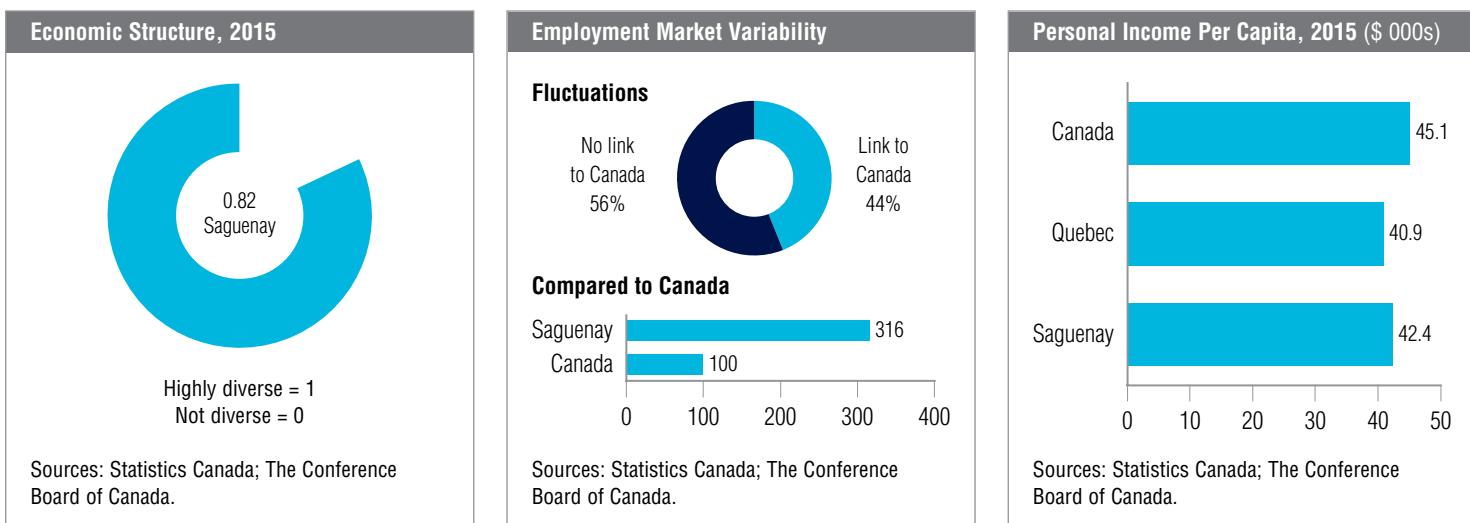


Real Estate		Comparative Employment, 2015 (share of total employment)		
		Saguenay	Quebec	Canada
New housing market (2015)				
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	207 -24.7%			
Average price of absorbed single-detached units <i>(percentage change)</i>	\$282,946 13.8%			
Resale housing market (2015)				
Unit sales <i>(percentage change)</i>	1,116 -2.4%			
Average price <i>(percentage change)</i>	\$179,025 -5.3%			
Apartment market (October 2015)				
Vacancy rate	7.2%			
Average two-bedroom rent	\$598			

Sources: CMHC Housing Time Series Database; The Quebec Federation of Real Estate Boards.

Sector	Saguenay	Quebec	Canada
Industrial	0.21	0.20	0.22
Office	0.19	0.25	0.25
Transport and warehousing	0.05	0.05	0.05
Wholesale and retail trade	0.16	0.16	0.15
Personal services	0.14	0.13	0.13
Non-commercial services	0.25	0.21	0.20
Total	1.00	1.00	1.00

Sources: Statistics Canada; The Conference Board of Canada.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	210,026	425,232	245,010	276,959	311,627	378,600	304,540	274,084	264,727
Residential	132,386	156,945	145,881	163,209	203,648	258,298	204,742	182,794	135,981
Non-residential	77,640	268,287	99,129	113,750	107,979	120,302	99,798	91,290	128,746
Industrial	14,421	192,131	19,886	14,155	32,438	24,855	30,327	20,175	27,529
Commercial	31,640	44,503	47,743	64,146	43,064	49,759	41,530	34,771	48,836
Public admin. & non-comm.	31,579	31,653	31,500	35,449	32,477	45,688	27,941	36,344	52,381
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	14	13	14	14	16	15	15	15	15
<i>percentage change</i>	4.4	-5.7	8.1	-1.0	14.5	-8.3	4.9	-1.0	-4.5
Bankruptcies									
Consumer	513	565	667	512	424	339	385	463	470
Business	47	38	17	15	18	20	18	16	22

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Saguenay	4,236,859	121,650	34.83	64
Saint-Honoré	54,897	1,770	31.02	69
Saint-Fulgence	46,475	1,520	30.58	59
Larouche	35,378	1,060	33.38	65

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	10.7
6220	Hospitals	5.2
7221–24	Food and beverage services	4.8
2311–29	Construction	4.6
3311–15	Primary metal manufacturing	3.9
6111	Primary and secondary schools	3.6
6241–44	Social assistance	3.4
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	2.8
6211–19	Ambulatory health care services	2.4
8111–14	Repair and maintenance	2.2

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	76	76	75	77	76	76	76	77
	-0.4	-0.7	-0.8	1.7	-0.2	-0.4	0.4	0.1
Goods sector	17	16	16	18	17	17	17	17
	-9.1	-10.0	1.3	12.5	-5.6	-1.7	0.0	-0.5
Manufacturing	9.0	8.0	8.4	9.4	8.9	8.7	8.7	8.6
	-9.0	-11.7	5.0	12.1	-5.6	-1.5	-0.5	-0.6
Construction	5.8	5.4	4.5	4.8	4.7	4.8	4.8	4.8
	-6.3	-7.5	-15.0	4.7	-2.3	2.2	0.5	-0.7
Primary and utilities	2.6	2.4	3.0	3.7	3.4	3.1	3.1	3.1
	-14.9	-9.8	26.1	25.6	-9.7	-7.4	0.6	0.3
Services sector	59	60	59	59	60	60	60	60
	2.5	2.0	-1.3	-1.2	1.4	-0.1	0.5	0.3
Transportation and warehousing	2.7	2.8	3.5	3.6	3.5	3.5	3.5	3.5
	-4.7	4.4	26.5	3.3	-4.1	1.2	-0.3	-0.2
Information and cultural industries	1.5	1.5	1.5	1.6	1.7	1.6	1.6	1.6
	-1.8	6.1	-4.1	10.2	1.0	-2.7	-1.3	-1.5
Wholesale and retail trade	12.0	13.6	12.1	12.7	12.4	12.1	12.1	12.0
	-8.6	13.4	-11.1	5.4	-2.5	-2.4	-0.4	-0.7
Finance, insurance, and real estate	2.3	2.7	2.0	2.7	3.0	2.3	2.3	2.3
	2.3	17.9	-24.9	33.4	9.3	-22.6	-0.5	-0.8
Business services	7.8	7.7	8.0	7.7	7.8	8.2	8.3	8.3
	4.6	-0.9	3.5	-4.0	1.2	6.0	0.8	0.5
Personal services	12.1	10.5	10.8	10.6	10.6	11.1	11.1	11.2
	13.9	-13.4	2.9	-2.4	0.2	4.8	0.4	0.1
Non-commercial services	16.9	18.1	18.5	16.2	17.5	17.5	17.8	18.0
	2.9	7.4	2.0	-12.6	8.3	-0.2	1.6	1.5
Public administration	3.8	3.2	3.0	3.6	3.2	3.2	3.2	3.2
	10.2	-15.1	-6.6	19.4	-11.6	-0.3	-0.1	-0.1

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Trois-Rivières



Trois-Rivières's economy expanded by 1.5 per cent last year, matching its best performance since 2008.



Weak energy markets have compromised the construction of a liquefied natural gas (LNG) plant.

Overview Following six tough years during which Trois-Rivières's real GDP declined by 0.1 per cent on an annual average basis, 2015 marked the best economic performance for the city since 2008. Strong activity in manufacturing, in business services, and in finance, insurance, and real estate contributed to real GDP growth of 1.5 per cent. Underlying this widespread strength has been a string of business creations and expansions. The local economy is expected to stay on this positive growth track, with real GDP forecast to expand by 1.3 per cent in 2016 and by 1.4 per cent in 2017. The economic outlook would have been even brighter were it not for delays and possible cancellations of some large projects in Trois-Rivières.

Trois-Rivières's job market has been on a roll. After a big gain of 4.2 per cent in 2014, employment grew by an additional 3.3 per cent last year. This pace of job growth is unsustainable. Therefore, we expect employment to expand

by a more modest 1.1 per cent this year before declining by 2.6 per cent in 2017. However, not all the news coming out of the job market is bad. Indeed, 300 workers are being hired to upgrade facilities at the Trois-Rivières Port Authority, while numerous expansion projects in the industrial sector should generate 500 new jobs and retain another 300, according to Innovation et Développement économique Trois-Rivières, the city's economic development agency.

Manufacturing Powers Through After declining for seven consecutive years, the local manufacturing industry has appeared to turn the corner, posting growth for three straight years, including a 5.3 per cent expansion in 2015. Growth this year will be spurred by the acquisition of La Fernandière, a sausage maker, by food-processing giant Olymel. Although La Fernandière will remain an autonomous unit, Olymel will transfer all of its existing production of fresh and breakfast sausages to La Fernandière's Trois-Rivières facilities. Other good news for the industry includes the expansion of local businesses like cheese-maker Fromagerie L'Ancêtre, fire equipment manufacturer 1200 Degrés, and fence-maker Inter Clôtures. Finally, construction of the Champlain Bridge in Montréal will provide a boost to steel manufacturers in Trois-Rivières. All in all, manufacturing activity in Trois-Rivières is forecast to expand by 2.8 per cent in 2016 and by 2.3 per cent in 2017.

The sector's outlook would be even brighter if not for the fact that three large manufacturing projects have hit important hurdles. First, the construction of a \$1.6-billion industrial complex by Quest Rare Minerals Ltd. in Bécancour has been delayed. The project consists of a hydrometallurgical plant and a refinery to process ore from the company's rare-earths mining project at Strange Lake in Northern Quebec. Another delayed project is the construction of an \$800-million liquefied natural gas (LNG)

Real GDP Growth and Ranking

2015	2016	2017–20	2011–20
1.5%	1.3%	1.5%	1.0%
#10	#9	#11	#12

Out of 15 CMAs

Credit Quality: n.a.

Cost of Living: 99% (Canada = 100%)

plant by Stolt LNGaz Inc., also in Bécancour. The project has been temporarily halted, as commodity prices worldwide remain weak. The third project, IFFCO Canada's \$2-billion fertilizer production plant, was halted at the end of last year. Even though Investissement Québec provided an extra \$6 million for the project, its future is not yet clear.

Construction Remains Healthy After seeing a major dip in housing starts last year, residential construction will stabilize this year and rise slowly thereafter. Scared off by high inventories, builders broke ground on only 500 units in 2015, the lowest level of starts since 2001. According to the Canada Mortgage and Housing Corporation, the housing market in Trois-Rivières is adjusting and demand is being directed toward units that are already built. Consequently, we expect housing starts to remain fairly steady at 505 units this year before rising to 600 units next year.

The outlook for non-residential construction remains positive despite the aforementioned delays in large manufacturing projects. The second phase of Trois-Rivières Port Authority's strategic development plan, On Course for 2020, is making good progress and is now expected to be completed before its 2018 deadline. Furthermore, a new \$48-million convention centre and hotel, the Centre d'événements et de congrès interactifs (CECI), will also be completed by 2018. Finally, a Holiday Inn and a 5,000-seat coliseum will be built in

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	6,007	6,061	6,150	6,230	6,318	6,408	6,504	6,602
<i>percentage change</i>	0.1	0.9	1.5	1.3	1.4	1.4	1.5	1.5
Total employment (000s)	68	71	73	74	72	72	73	73
<i>percentage change</i>	-4.6	4.2	3.3	1.1	-2.6	0.6	0.8	0.6
Unemployment rate (per cent)	8.4	7.3	6.6	6.7	7.2	7.2	7.0	6.9
Personal income per capita (\$)	37,447	39,839	41,761	43,549	43,808	45,033	46,470	47,929
<i>percentage change</i>	1.7	6.4	4.8	4.3	0.6	2.8	3.2	3.1
Population (000s)	155	156	156	157	158	158	159	159
<i>percentage change</i>	0.5	0.6	0.2	0.3	0.4	0.4	0.4	0.4
Total housing starts	849	943	500	505	600	633	661	693
Retail sales (\$ millions)	2,951	3,121	3,211	3,324	3,448	3,561	3,678	3,790
<i>percentage change</i>	1.7	5.8	2.9	3.5	3.7	3.3	3.3	3.0
CPI (2002 = 1.0)	1.217	1.234	1.247	1.266	1.295	1.321	1.347	1.375
<i>percentage change</i>	0.8	1.4	1.1	1.5	2.3	2.1	2.0	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

Trois-Rivières's District 55, with scheduled completions in 2018 and 2019, respectively. Overall, output in the construction industry is forecast to expand by 2.1 per cent this year and by 1.1 per cent next year.

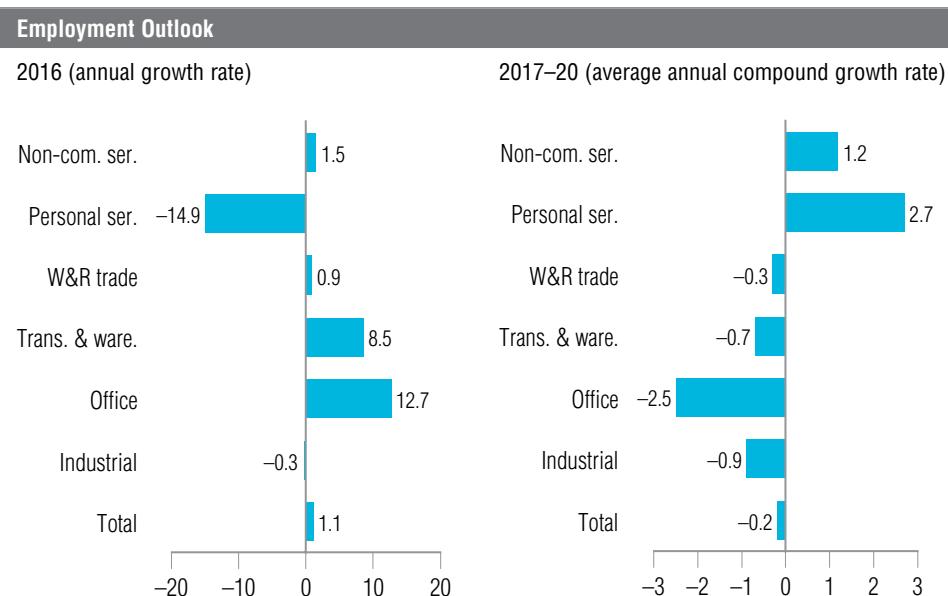
Services on a Roll Trois-Rivières's services industry has been a bastion of strength in recent years, helping to offset the severe downturn in the region's good-producing sector. Fortunately, services sector activity will remain steady at the same time that the goods-producing industries show improvement. In fact, many services firms will benefit from the positive outlook in manufacturing and in construction, as their demand for services inputs increases. In particular, this year's growth leaders are expected to be business services and finance, insurance, and real estate. At the other end of the spectrum, non-commercial services—Trois-Rivières's largest services industry—will see only modest growth over the near term. In fact, the city acts as a regional hub for health care and educational services, but this year will see little relief from the government's 2012–15 belt-tightening measures. Overall, output in the services-producing industries will expand by 1.9 per cent this year and by 1.5 per cent in 2017.

Despite uncertainty around three major projects, Trois-Rivières's economic outlook remains healthy. Real GDP is expected to rise by 1.3 per cent in 2016, the second consecutive year annual growth will exceed 1 per cent. On a negative note, employment will expand by a modest 1.1 per cent this year and shrink by 2.6 per cent in 2017, following unsustainable increases in 2014 and 2015. Accordingly, the unemployment rate is projected to increase from 6.6 per cent in 2015 to 7.2 per cent in 2017.

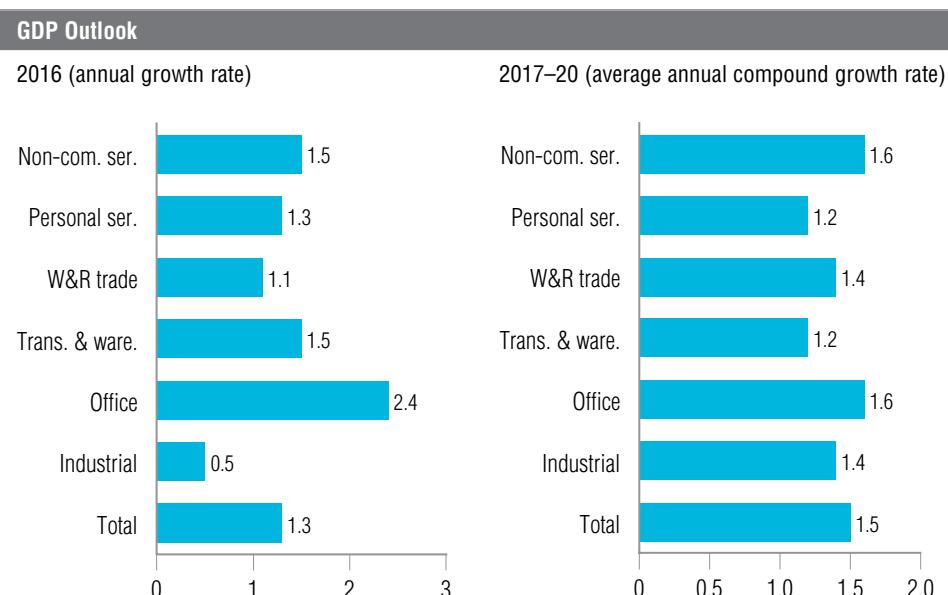


Forecast Risk

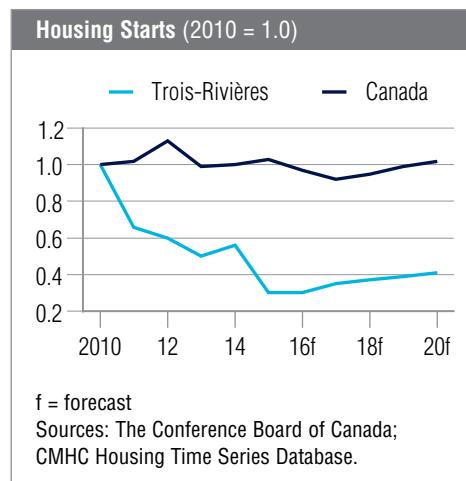
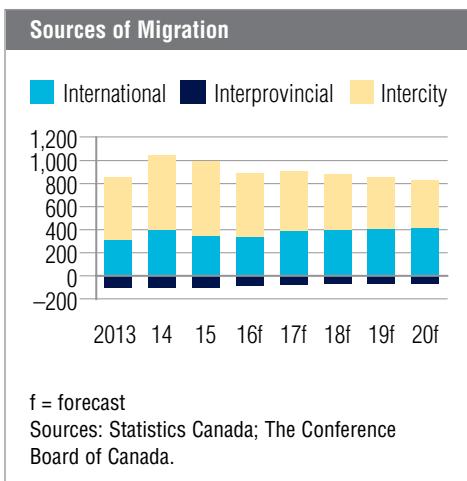
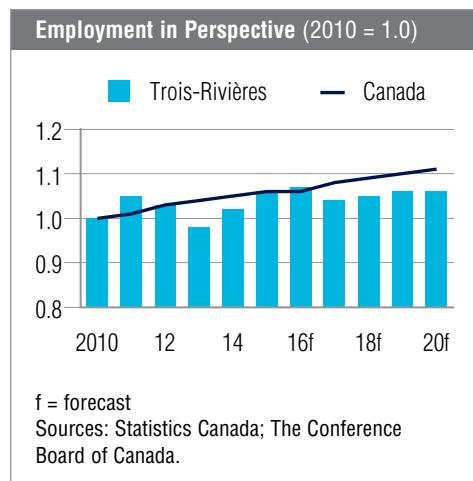
The metropolitan area's medium-term outlook would be significantly upgraded if one or more of three delayed major projects were to go forward.



Source: The Conference Board of Canada.

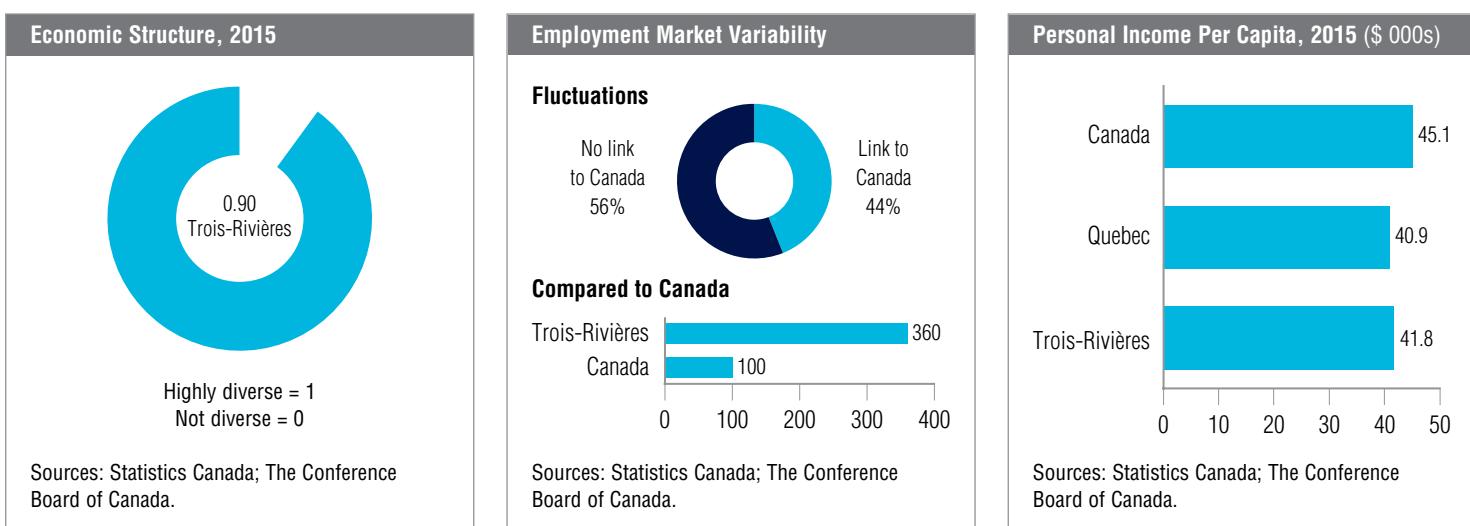


Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	Trois-Rivières	Quebec	Canada
New housing market (2015)		Industrial	0.22	0.20	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	197 -22.4%	Office	0.21	0.25	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$282,120 12.9%	Transport and warehousing	0.04	0.05	0.05
Resale housing market (2015)		Wholesale and retail trade	0.14	0.16	0.15
Unit sales <i>(percentage change)</i>	1,079 -3.4%	Personal services	0.15	0.13	0.13
Average price <i>(percentage change)</i>	\$158,892 -2.2%	Non-commercial services	0.24	0.21	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	6.2%				
Average two-bedroom rent	\$581				

Sources: CMHC Housing Time Series Database; The Quebec Federation of Real Estate Boards.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	299,016	321,981	306,097	350,132	323,848	320,920	310,481	307,110	288,261
Residential	174,628	164,164	174,734	263,866	220,990	203,528	201,925	217,377	159,214
Non-residential	124,388	157,817	131,363	86,266	102,858	117,392	108,556	89,733	129,047
Industrial	32,067	52,264	30,517	23,100	49,106	21,624	20,702	22,095	20,663
Commercial	59,475	56,918	58,197	43,604	37,251	65,012	69,102	50,953	40,831
Public admin. & non-comm.	32,846	48,635	42,649	19,562	16,501	30,756	18,752	16,685	67,553
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	14	14	14	14	15	14	13	14	15
<i>percentage change</i>	20.2	0.3	-1.6	1.8	4.5	-7.7	-2.3	4.0	10.9
Bankruptcies									
Consumer	498	549	669	515	491	530	509	485	527
Business	34	42	40	20	30	23	26	25	32

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Trois-Rivières	3,510,227	103,960	33.77	60
Bécancour	340,765	9,680	35.20	65
Saint-Maurice	67,460	2,200	30.66	67
Champlain	49,905	1,450	34.42	55
Wôlinak	2,331	140	16.65	68

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	9.2
7221–24	Food and beverage services	5.5
2311–29	Construction	5.0
6220	Hospitals	4.7
6241–44	Social assistance	3.3
6111	Primary and secondary schools	2.7
6112–17	Post-secondary education	2.7
6230	Nursing and res. care facilities	2.7
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	2.4
6211–19	Ambulatory health care services	2.1

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	68	71	73	74	72	72	73	73
	-4.6	4.2	3.3	1.1	-2.6	0.6	0.8	0.6
Goods sector	13	14	16	16	15	15	15	15
	-12.8	4.6	13.1	-0.3	-6.4	2.1	0.6	0.1
Manufacturing	8.2	7.9	9.0	9.7	8.9	9.2	9.3	9.3
	-8.1	-4.8	14.8	7.5	-8.4	3.6	0.8	0.4
Construction	3.6	4.5	4.9	4.5	4.5	4.5	4.5	4.5
	-4.9	26.4	8.5	-8.0	0.2	-0.2	0.7	-0.4
Primary and utilities	1.6	1.7	2.0	1.7	1.5	1.5	1.5	1.5
	-39.3	4.6	17.6	-16.4	-12.9	0.6	-0.7	-0.5
Services sector	55	57	57	58	57	57	58	58
	-2.3	4.0	0.8	1.5	-1.6	0.2	0.8	0.7
Transportation and warehousing	2.7	3.0	2.6	2.8	2.7	2.7	2.7	2.7
	-20.7	11.7	-14.4	8.5	-3.6	1.2	-0.3	-0.1
Information and cultural industries	1.5	1.5	1.5	1.6	1.4	1.5	1.5	1.5
	-5.0	-4.7	0.2	8.2	-9.6	3.3	-1.1	-1.3
Wholesale and retail trade	11.8	11.5	10.5	10.6	10.8	10.5	10.5	10.5
	4.6	-2.0	-9.2	0.9	2.4	-3.2	0.0	-0.3
Finance, insurance, and real estate	2.2	2.5	3.5	4.3	4.2	3.3	3.3	3.3
	-15.3	16.5	37.3	23.4	-2.6	-20.2	0.0	0.0
Business services	6.7	5.9	6.7	7.7	6.7	7.0	7.1	7.2
	11.4	-11.5	12.3	16.4	-13.1	4.7	0.9	0.6
Personal services	9.7	10.7	11.2	9.6	10.0	10.5	10.6	10.6
	0.2	10.4	5.0	-14.9	4.7	5.4	0.4	0.4
Non-commercial services	17.2	17.8	17.7	18.0	17.7	18.1	18.5	18.8
	-4.3	3.4	-0.4	1.5	-1.4	2.0	2.1	2.1
Public administration	2.8	3.8	3.7	3.6	3.6	3.6	3.6	3.6
	-15.8	35.8	-4.3	-2.2	0.5	-0.3	0.2	0.1

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Sherbrooke



Manufacturing is on track to expand for a sixth consecutive year in 2016.

Activity by small and medium-sized businesses in Sherbrooke is on a roll.

Overview Sherbrooke's economy grew by 1.6 per cent in 2015, outpacing Quebec as a whole for the third straight year. Real GDP growth is forecast to improve to 1.9 per cent in 2016, once again above the provincial average. The ongoing strength of manufacturing, transportation and warehousing, and business services will continue to drive the local economy this year and next. The weaker Canadian dollar will again provide a boost to local exports, which in turn will continue to provide a tailwind to the manufacturing sector. At the same time, the services sector is expected to strengthen this year, with growth jumping from 0.3 per cent in 2015 to 1.4 per cent this year. The goods-producing industries will post healthy growth as well despite a tepid outlook for the construction sector.

The last two years have witnessed a remarkable boom in the area's job market. A total of 8,000 jobs have been created over the past two years—several times higher than the historical average. But this pace of job creation is unsustainable, so

we expect the job market to remain stable this year and edge down slightly in 2017. In fact, many local companies have already reported layoffs since the beginning of the year.

Manufacturing On a Roll Sherbrooke's manufacturing sector has now posted five consecutive expansions, a stark contrast with the eight straight years of declines over 2003–10. Although the pace of output growth from 2011 to 2013 was modest, the performance of the sector over the last two years has been outstanding, with growth rates of 7.9 per cent in 2014 and 6.6 per cent in 2015. While growth is expected to slow over the next two years, it will still remain decent, thanks to the continued combination of a weak Canadian dollar and moderate U.S. demand. The industry also enjoys local advantages that bode well for its outlook. For instance, the manufacturing industry has low operating costs, which foster business creation and expansion. It is also highly diverse—with activities ranging from tempered glass production and cupboard fabrication to high-precision machining and steel manufacturing. This makes the sector more resilient to macroeconomic fluctuations. All in all, the manufacturing industry is expected to expand again this year and next, with output forecast to climb by 4.5 per cent in 2016 and by 2.9 per cent in 2017.

Business Services Key Growth Driver Among all the services-producing industries, the business services industry remained a key driver of growth once again in 2015, second only to the transportation and warehousing industry. A strong relationship between the academic institutions and businesses in the region continues to foster the health of this sector. As an example, ACET Capital—a fund to help technology-based start-up businesses based at the Université de Sherbrooke—has contributed to the creation of no fewer than 50 companies since its inception in 2011. Furthermore, Sherbrooke Innopole, the city's economic

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
1.6%	1.9%	1.9%	1.7%
#9	#8	#7	#6
Out of 15 CMAs			
Credit Quality: n.a.			
Cost of Living: 99% (Canada = 100%)			

development agency, has contributed to the sector as well. The organization facilitates the development of local firms by partnering with enterprises both locally and abroad. For example, the organization started collaborating with LifeTech Valley in Belgium last fall to reinforce and encourage cooperation between life science and health care businesses, research centres, universities, and hospitals. Accordingly, the business services industry is expected to remain healthy in the coming years, with output on track to expand by 1.9 per cent in 2016 and by 2.2 per cent per year from 2017 to 2020.

Public Sector Remains Behind On a less positive note for the services-producing industries, three publicly funded industries—education, health care, and public administration—are expected to see only modest gains this year. Even though the provincial government balanced its books in 2015–16, it plans to reduce its austerity measures only slightly in 2016–17. As a result, non-commercial services output, which includes education and health care, will expand by just 1.4 per cent this year, while public administration output will grow by only a meagre 0.2 per cent. Given that the area's seven largest employers operate in these sectors, we expect non-commercial services and public administration to hold back total employment gains this year.

Construction Growth Disappoints Construction activity is expected to remain sluggish this year

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	7,136	7,271	7,389	7,533	7,673	7,814	7,959	8,109
percentage change	1.2	1.9	1.6	1.9	1.8	1.8	1.8	1.9
Total employment (000s)	97	102	105	106	104	106	107	108
percentage change	-2.7	4.9	3.2	0.3	-1.1	1.1	1.1	1.0
Unemployment rate (per cent)	7.1	7.3	6.9	7.3	7.0	6.8	6.6	6.5
Personal income per capita (\$)	37,018	39,856	41,619	42,508	42,919	44,031	45,317	46,662
percentage change	2.0	7.7	4.4	2.1	1.0	2.6	2.9	3.0
Population (000s)	210	213	214	216	219	221	223	226
percentage change	1.3	1.2	0.9	0.9	1.1	1.0	1.0	1.0
Total housing starts	1,496	1,128	1,367	1,181	1,193	1,135	1,162	1,165
Retail sales (\$ millions)	3,392	3,653	3,767	3,935	4,099	4,250	4,405	4,556
percentage change	2.9	7.7	3.1	4.5	4.2	3.7	3.6	3.4
CPI (2002 = 1.0)	1.217	1.234	1.247	1.266	1.295	1.321	1.347	1.375
percentage change	0.8	1.4	1.1	1.5	2.3	2.1	2.0	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

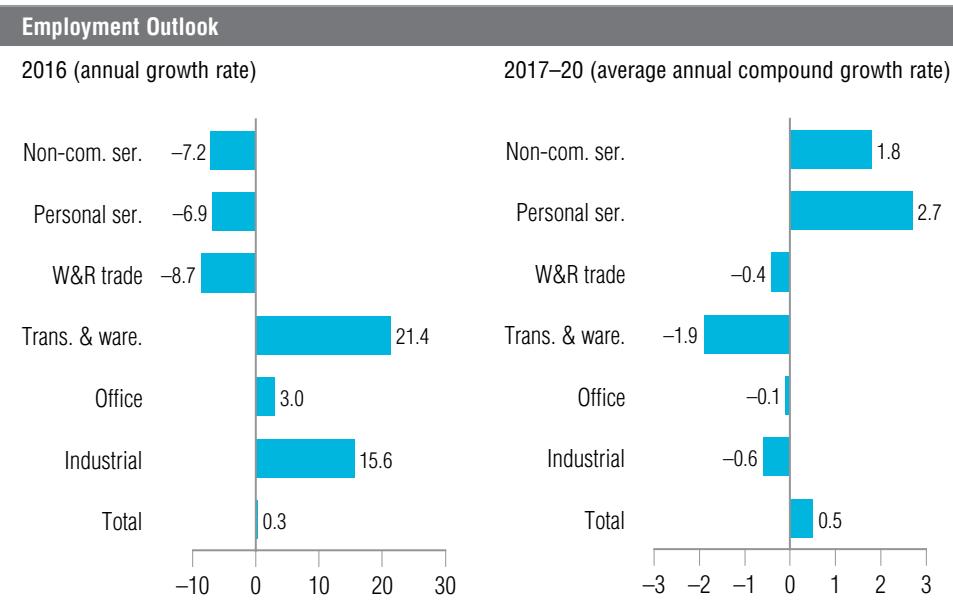
and next. After expanding by a mere 0.2 per cent in 2015, we anticipate only a 0.3 per cent advance this year followed by an only slightly better 0.6 per cent gain in 2017. The slow growth can be largely explained by a soft new housing market. In fact, according to the Canada Mortgage and Housing Corporation, a high number of properties for sale and an elevated rental market vacancy rate will contribute to fewer housing starts this year. Accordingly, we expect about 1,180 total starts in 2016 and a similar amount in 2017, down from last year's 1,367 starts. Unfortunately, non-residential construction will barely act as an offset. But the news is not all bad. The City of Sherbrooke recently gave the green light to the construction of a \$45-million health complex, featuring a "superclinic," pharmacy, and supermarket. Work is set to begin on this project in the fall, providing some relief to the construction sector.

Sherbrooke's real GDP growth is forecast to accelerate from 1.6 per cent in 2015 to 1.9 per cent this year and remain fairly stable at 1.8 per cent in 2017. Despite this solid economic backdrop, employment growth will not be able to maintain the fast pace it enjoyed in 2014 and 2015 when job growth reached 4.9 per cent and 3.2 per cent, respectively. Instead, employment is expected to increase by just 0.3 per cent this year and then contract by 1.1 per cent in 2017.

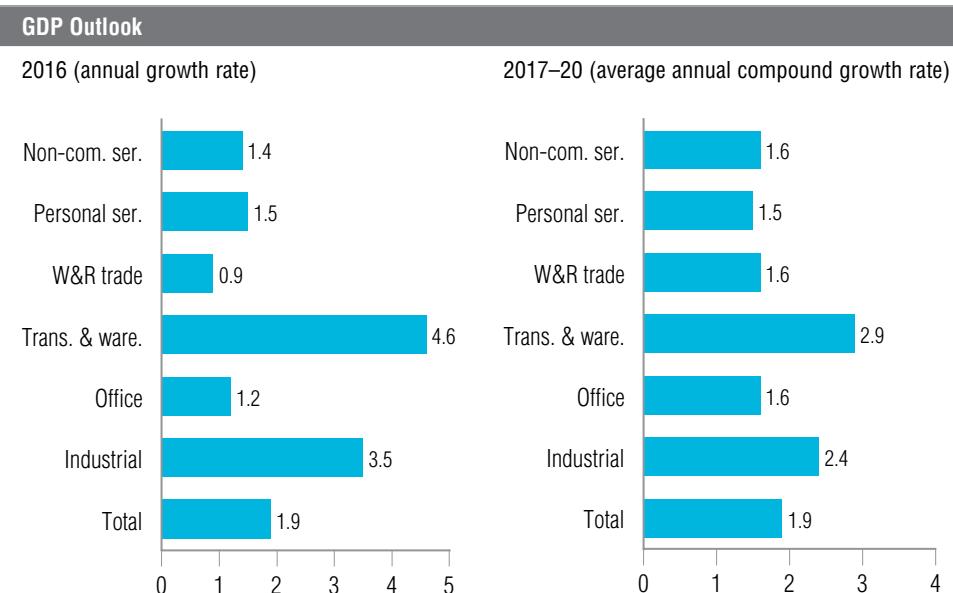


Forecast Risk

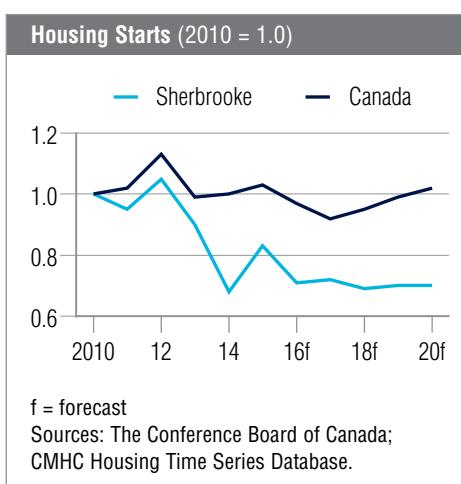
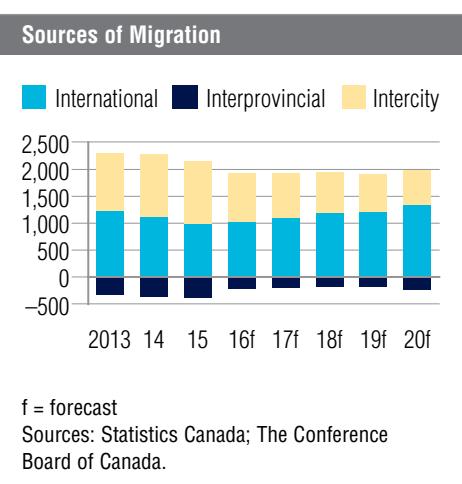
Unless investment picks up, export-oriented businesses will not be able to keep taking advantage of the weak loonie, leading us to downgrade Sherbrooke's manufacturing outlook.



Source: The Conference Board of Canada.



Source: The Conference Board of Canada.

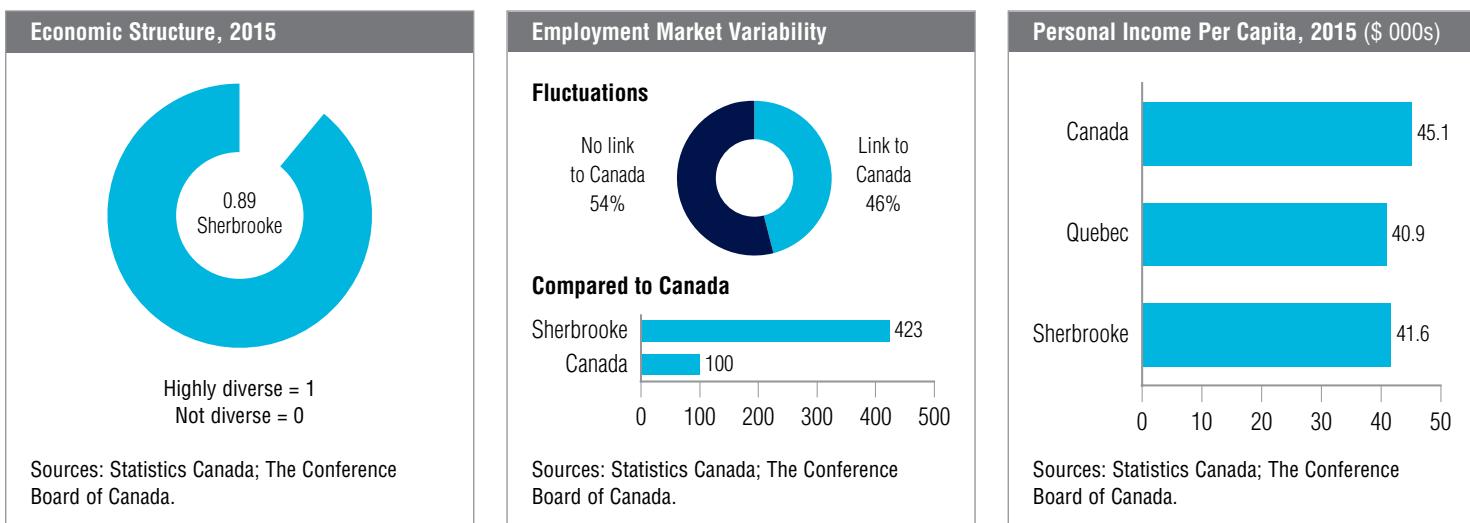


Real Estate		Comparative Employment, 2015 (share of total employment)		
		Sherbrooke	Quebec	Canada
New housing market (2015)				
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	328 -18.4%			
Average price of absorbed single-detached units <i>(percentage change)</i>	\$339,060 9.9%			
Resale housing market (2015)				
Unit sales <i>(percentage change)</i>	1,658 0.5%			
Average price <i>(percentage change)</i>	\$242,819 9.7%			
Apartment market (October 2015)				
Vacancy rate	5.8%			
Average two-bedroom rent	\$608			

Sources: CMHC Housing Time Series Database; The Quebec Federation of Real Estate Boards.

Sector	Sherbrooke	Quebec	Canada
Industrial	0.20	0.20	0.22
Office	0.21	0.25	0.25
Transport and warehousing	0.03	0.05	0.05
Wholesale and retail trade	0.14	0.16	0.15
Personal services	0.14	0.13	0.13
Non-commercial services	0.28	0.21	0.20
Total	1.00	1.00	1.00

Sources: Statistics Canada; The Conference Board of Canada.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	288,272	378,432	374,913	463,483	390,192	472,075	458,806	379,488	408,289
Residential	216,044	252,050	264,604	264,954	276,372	281,777	288,652	245,087	270,665
Non-residential	72,228	126,382	110,309	198,529	113,820	190,298	170,154	134,401	137,624
Industrial	17,399	14,285	18,668	12,122	20,282	11,678	38,896	19,223	26,761
Commercial	32,719	68,720	49,482	119,726	47,962	117,380	79,792	61,851	60,583
Public admin. & non-comm.	22,110	43,377	42,159	66,681	45,576	61,240	51,466	53,327	50,280
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	19	19	22	20	23	21	21	22	22
<i>percentage change</i>	1.8	2.8	15.8	-10.9	19.0	-9.2	-1.5	5.7	-0.9
Bankruptcies									
Consumer	629	779	856	718	642	620	652	599	629
Business	54	44	44	21	18	14	25	27	19

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Sherbrooke	4,029,482	120,410	33.46	62
Magog	729,992	21,700	33.64	53
Saint-Denis-de-Brompton	122,747	2,750	44.64	60
Stoke	79,464	2,150	36.96	67
Ascot Corner	71,053	2,200	32.30	65
Compton	69,846	2,420	28.86	61
North Hatley	56,028	1,230	45.55	53
Waterville	44,256	1,510	29.31	63
Canton-de-Hatley	43,691	830	52.64	50

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	12.4
6220	Hospitals	9.1
7221–24	Food and beverage services	6.0
2311–29	Construction	5.6
6241–44	Social assistance	5.4
6111	Primary and secondary schools	4.7
6112–6117	Post-secondary education	4.4
6230	Nursing and res. care facilities	3.3
6211–19	Ambulatory health care services	3.1
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	3.0

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	97	102	105	106	104	106	107	108
	-2.7	4.9	3.2	0.3	-1.1	1.1	1.1	1.0
Goods sector	20	21	22	25	24	24	24	24
	5.9	5.4	0.4	15.6	-4.5	0.2	1.1	0.9
Manufacturing	11.7	13.4	13.2	16.9	15.6	15.6	15.8	16.0
	-8.5	14.2	-0.9	27.4	-7.7	0.2	1.4	1.2
Construction	6.4	6.3	5.5	5.5	5.6	5.7	5.7	5.7
	30.9	-1.7	-11.8	-0.1	0.9	2.0	0.1	-0.6
Primary and utilities	2.3	1.8	2.8	2.5	2.6	2.5	2.6	2.6
	45.7	-19.7	50.9	-9.6	5.1	-3.8	1.9	1.7
Services sector	77	81	84	81	81	82	83	84
	-4.7	4.7	4.0	-3.6	0.0	1.4	1.1	1.1
Transportation and warehousing	2.5	2.9	3.3	4.0	3.6	3.6	3.6	3.7
	-19.4	13.7	12.9	21.4	-8.8	-1.3	1.4	1.5
Information and cultural industries	1.5	1.8	1.5	1.5	1.5	1.5	1.5	1.5
	0.5	20.2	-13.7	-4.0	0.5	3.6	-0.8	-1.0
Wholesale and retail trade	15.4	13.7	14.5	13.3	13.1	13.0	13.1	13.0
	7.9	-11.0	5.7	-8.7	-1.0	-0.5	0.1	-0.1
Finance, insurance, and real estate	4.9	4.0	4.0	4.7	4.7	3.9	3.9	3.8
	-12.5	-19.1	-0.3	18.7	-1.5	-16.2	-0.7	-0.8
Business services	11.3	12.8	11.6	12.3	12.3	12.8	13.0	13.1
	12.8	13.0	-9.4	6.7	-0.2	4.4	1.3	1.0
Personal services	13.3	14.6	14.3	13.3	13.9	14.6	14.7	14.8
	-10.7	10.2	-2.3	-6.9	4.5	5.2	0.7	0.6
Non-commercial services	24.6	27.0	29.6	27.5	27.6	28.3	28.9	29.5
	-8.9	9.8	9.6	-7.2	0.4	2.4	2.1	2.3
Public administration	3.3	3.7	4.9	4.2	4.0	4.0	4.1	4.1
	-21.3	11.6	33.9	-16.0	-3.4	1.0	0.3	0.3

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Québec



La tendance à la hausse des exportations québécoises se poursuivra : elles connaîtront une augmentation de 1,9 % cette année.

Les dépenses réelles de consommation des ménages devraient progresser de 2 % cette année.

L'économie du Québec se raffermira Le PIB réel du Québec devrait progresser de 1,8 % en 2016, soit 0,9 % de plus que l'an dernier. L'économie québécoise est tributaire de la conjoncture économique au sud de la frontière. Si la situation n'est pas si rose chez notre voisin, la force du billet vert nuisant à la croissance de ses exportations, la demande américaine devrait demeurer stable. Cela signifie que les exportations québécoises s'accroîtront encore cette année, ce qui est de bon augure pour les fabricants de la province. Après trois années successives de contraction de l'emploi, les sociétés manufacturières ont recommencé à embaucher. Les entreprises confrontées à des contraintes de capacité devront intensifier leurs investissements à la fois dans la construction non résidentielle et dans le matériel et l'outillage. Ces deux catégories d'investissement devraient donc rebondir fortement en 2017. Le nombre de mises en chantier diminuera cette année, mais dans son ensemble, le secteur de la construction croîtra encore en 2016 grâce à de grands projets d'infrastructure à Montréal, tels que le nouveau pont Champlain et l'échangeur Turcot.

Les exportations s'accroîtront La reprise des exportations se poursuit. Les exportations réelles totales augmenteront de 1,9 % cette année et de 3,2 % en 2017. La faiblesse du dollar canadien rend les biens et services canadiens plus compétitifs. Cela permettra aux industries manufacturières québécoises axées sur l'exportation

de se renforcer. Même si la croissance américaine anémique a suscité des inquiétudes au premier semestre, la demande intérieure devrait demeurer en santé. L'industrie du bois d'œuvre sera l'un des grands gagnants puisque la construction résidentielle aux États-Unis a rejoint les niveaux d'avant la crise des prêts hypothécaires à risque. Les exportations de cette industrie devraient en effet afficher de fortes hausses, soit de 9,3 % en 2016 et de 5,9 % en 2017. En outre, l'augmentation de la production aurifère de la mine Éléonore de Goldcorp, dans la région de la Baie James, fera croître les exportations minières.

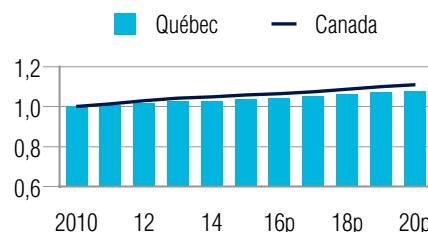
Le secteur de la construction demeure à flot

Le secteur de la construction devrait enregistrer une croissance de 0,9 % cette année, même si les mises en chantier reculeront pour une deuxième année de suite. La baisse sera particulièrement importante pour les logements collectifs qui devraient chuter de 17 % en 2016. De nombreux immeubles en copropriété ont été mis en chantier les deux dernières années, mais ce rythme est insoutenable. Le marché du logement provincial est en rééquilibrage; la formation des ménages devra donc excéder le nombre de logements construits jusqu'au retour à l'équilibre. Heureusement, les projets d'infrastructure non résidentiels feront plus que neutraliser le déclin de la construction résidentielle.

La croissance du PIB réel du Québec devrait passer de 0,9 % en 2015 à 1,8 % en 2016 et à 2 % en 2017. L'emploi augmentera de 0,6 % cette année, ce qui maintiendra le revenu disponible des ménages à un bon niveau. Les dépenses de consommation continueront d'être le principal moteur de la croissance au Québec, mais les exportations poursuivront aussi leur progression. Heureusement la baisse des mises en chantier sera compensée par de grands projets d'infrastructure à Montréal.

L'emploi en perspective

(2010 = 1,0)

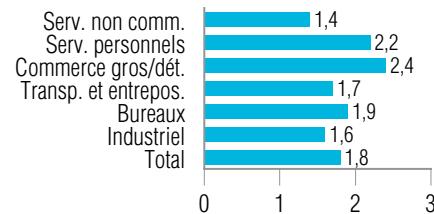


p = prévision

Sources : Statistique Canada; Le Conference Board du Canada.

Perspectives sectorielles, 2016-2020

(taux de croissance annuelle moyen composé)



Source : Le Conference Board du Canada.



Variation conjoncturelle

Les perspectives d'investissement sont favorables en 2016, ce qui pourrait conduire à une reprise plus rapide des dépenses en immobilisations.

Croissance du PIB réel

2015	2016	2017-2020	2011-2020
0,9 %	1,8 %	1,8 %	1,6 %

Qualité du crédit : A+ (Standard & Poor's)

Indicateurs économiques	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
PIB réel aux prix du marché (millions \$ 2007)	305 623	309 839	312 695	318 352	324 703	330 611	336 125	341 612
variation en %	1,1	1,4	0,9	1,8	2,0	1,8	1,7	1,6
Nombre total d'emplois (milliers)	4 059	4 057	4 097	4 122	4 156	4 197	4 227	4 250
variation en %	1,2	-0,1	1,0	0,6	0,8	1,0	0,7	0,5
Taux de chômage	7,6	7,8	7,6	7,6	7,5	7,2	7,1	7,0
Revenu personnel (\$)	38 974	39 815	40 853	41 619	42 562	43 798	45 119	46 426
Population (milliers)	8 144	8 206	8 259	8 321	8 391	8 460	8 529	8 595
variation en %	0,9	0,8	0,6	0,8	0,8	0,8	0,8	0,8
Mises en chantier – habitations individuelles (milliers)	13,1	11,2	9,7	13,4	13,6	13,4	13,0	12,0
Mises en chantier – habitations collectives (milliers)	24,6	27,6	28,2	23,3	22,5	22,8	22,6	20,9
Ventes au détail (millions \$)	106 301	108 137	109 313	113 873	118 806	123 150	127 413	131 455
variation en %	2,5	1,7	1,1	4,2	4,3	3,7	3,5	3,2
IPC (2002 = 1,0)	1,217	1,234	1,247	1,266	1,295	1,321	1,347	1,375
variation en %	0,8	1,4	1,1	1,5	2,3	2,1	2,0	2,1

p = prévision

Sources : Le Conference Board du Canada; Statistique Canada.

Saguenay



Saguenay connaîtra enfin une hausse de l'emploi après trois années consécutives de baisse.



L'offre excédentaire d'aluminium sur les marchés mondiaux fera en sorte que les prix demeureront faibles en 2016.

Aperçu L'économie de Saguenay est sur le point de faire une modeste percée. Même si les prix des produits de base demeurent faibles, le produit intérieur brut (PIB) réel dans la région métropolitaine de recensement (RMR) affichera 1 % de croissance cette année, ce qui représente sa meilleure performance depuis 2012. Cette progression sera suivie d'une hausse encore plus forte en 2017, soit de 1,3 %, grâce à une meilleure conjoncture dans le secteur de la fabrication de l'aluminium cette année et la suivante. Les gains réalisés dans l'ensemble des industries productrices de services contribueront également à améliorer les perspectives de la ville. Toutefois, les prévisions mitigées concernant le secteur minier limiteront la croissance de Saguenay à court terme. Non seulement le projet d'expansion de la mine de niobium de Niobec a-t-il été annulé l'an dernier, mais la construction du projet d'Arianne Phosphate n'a pas encore démarré. La société

est en pourparlers avec ses partenaires en vue d'obtenir les fonds nécessaires à la construction et au développement d'un projet minier au lac à Paul, dont le coût est évalué à 1,2 G\$. Pour mener à bien ce projet, la société estime qu'elle aura besoin d'un financement supplémentaire avant la fin de l'année. Bien que la mine soit située à l'extérieur du Saguenay, la RMR bénéficiera de nombreuses retombées indirectes du projet si celui-ci se concrétise. À moyen terme, l'économie locale continuera de se développer à un rythme modéré, enregistrant une croissance annuelle moyenne de 1,3 % de 2018 à 2020.

Comme c'est souvent le cas, une plus forte progression de la production se traduit par une amélioration du marché du travail. Ainsi, nous prévoyons que l'emploi gagnera 1,7 % cette année, mettant fin à trois années successives de recul dans la région. Plusieurs secteurs d'activité devraient enregistrer d'importantes hausses d'emplois cette année, dont les secteurs manufacturier, primaire et des services publics, le commerce de gros et de détail, la finance, les assurances et l'immobilier, de même que l'administration publique. De pair avec un fléchissement de la croissance de la population active, ces gains d'emploi entraîneront un repli du taux de chômage, qui passera de 7,9 % en 2015 à 7,6 % en 2016.

Le secteur manufacturier progressera Le secteur manufacturier de Saguenay, dont le principal moteur est le secteur de l'aluminium, en a arraché en 2015 en raison du ralentissement des grandes économies émergentes et du recul de la demande relative au métal. Ces facteurs, de pair avec l'augmentation de la production d'aluminium en Chine, ont entraîné l'effondrement des prix mondiaux. La production manufacturière du Saguenay n'a donc augmenté que de 0,3 % en 2015, ce qui contraste fortement avec la progression de 2,1 % enregistrée en 2014. Les pronostics pour

Croissance du PIB réel et classement

2015	2016	2017-2020	2011-2020
0,2 %	1,0 %	1,3 %	1,1 %
Nº 13	Nº 11	Nº 12	Nº 10
Sur 15 RMR			

Qualité du crédit : s.o.

Coût de la vie : 99 % (Canada = 100 %)

cette année semblent tout aussi modestes, une avancée de 0,4 % étant prévue. Cependant, l'amélioration des perspectives concernant l'industrie de l'aluminium permet d'envisager une plus forte croissance au cours de la période prévisionnelle. Point positif pour l'industrie, le secteur de l'automobile a de plus en plus recours à l'aluminium pour effectuer des gains d'efficacité. Ainsi, Rio Tinto, l'un des plus importants employeurs de la région, a réalisé plusieurs investissements pour développer et moderniser ses installations industrielles. L'entreprise a notamment investi 13,9 M\$ dans son centre de coulée de Jonquière dans le but d'accroître l'offre destinée aux constructeurs automobiles américains. La société s'efforce également d'améliorer la productivité à son usine de Laterrière. Son projet d'investissement de 36,6 M\$ devrait lui permettre d'augmenter sa production d'aluminium de 15 000 tonnes par an sans ajouter de nouveaux emplois.

Le secteur de la construction reculera à nouveau

Le recul du secteur de la construction était inévitable au cours des dernières années, étant donné le contexte de morosité économique. Le nombre de mises en chantier de logements a diminué pendant trois années d'affilée, partant de 1 100 unités en 2012 pour s'établir à seulement 505 unités en 2015. La construction non résidentielle a aussi traversé des moments difficiles. Ce secteur s'est ainsi replié pendant trois années de suite, incluant une baisse de 5,3 % en 2015.

Indicateurs économiques	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
PIB réel aux prix de base (millions \$ 2007)	5 623	5 671	5 682	5 740	5 816	5 896	5 969	6 037
variation en %	0,7	0,9	0,2	1,0	1,3	1,4	1,2	1,1
Nombre total d'emplois (milliers)	76	76	75	77	76	76	76	77
variation en %	-0,4	-0,7	-0,8	1,7	-0,2	-0,4	0,4	0,1
Taux de chômage	7,9	9,7	7,9	7,6	7,9	7,4	7,4	7,1
Revenu personnel par habitant (\$)	40 031	41 110	42 397	44 099	44 848	45 877	47 301	48 707
variation en %	2,2	2,7	3,1	4,0	1,7	2,3	3,1	3,0
Population (milliers)	160	160	160	160	160	161	161	161
variation en %	0,2	0,1	-0,2	-0,1	0,2	0,2	0,2	0,1
Mises en chantier	919	672	505	475	450	555	588	635
Ventes au détail (millions \$)	2 484	2 522	2 540	2 609	2 704	2 791	2 876	2 953
variation en %	1,9	1,5	0,7	2,7	3,7	3,2	3,0	2,7
IPC (2002 = 1,0)	1,217	1,234	1,247	1,266	1,295	1,321	1,347	1,375
variation en %	0,8	1,4	1,1	1,5	2,3	2,1	2,0	2,1

p = prévision

Sources : Statistique Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; Le Conference Board du Canada.

Malheureusement, les perspectives du secteur de la construction ne s'éclaircissent guère en 2016. Selon nous, le nombre de mises en chantier de logements diminuera une fois de plus, s'établissant à 475 unités, conformément à une légère décroissance de la population. Malgré les développements susmentionnés entrepris par Rio Tinto, ainsi que d'autres projets tels que le complexe sportif IntenCité de 20 M\$ et la construction d'une route au coût de 10 M\$, l'activité du marché non résidentiel ne pourra pas compenser la baisse du côté résidentiel. Par conséquent, la production dans le secteur de la construction de Saguenay devrait diminuer de 2,4 % cette année, avant de rebondir en 2017 avec un gain de 2,1 %.

Le secteur des services alimentera la croissance à court terme Heureusement, le secteur des services de Saguenay devrait connaître une croissance relativement vigoureuse cette année.

Alors que les industries productrices de biens ne devraient afficher collectivement qu'une croissance de 0,7 % en 2016, la progression du secteur des services sera supérieure, soit de 1,2 %. Cet essor sera principalement attribuable aux solides gains réalisés dans le transport et l'entreposage, les services aux entreprises et les services personnels. Les services de transport et d'entreposage bénéficieront de la reprise du secteur de l'aluminium, ce qui leur permettra de grimper de 4,7 % et de devenir le chef de file de la croissance cette année. Le secteur des services personnels, qui comprend les services d'hébergement et de restauration, profitera d'un accroissement du nombre de touristes dû à la faiblesse du dollar canadien et à la santé des ménages américains. Le succès du port de croisière de Saguenay, maintenant le troisième plus grand sur le fleuve Saint-Laurent, sera également à l'origine de l'embellie de ce secteur. Enfin, le secteur du commerce de

gros et de détail – plombé par des fermetures de magasins et des taux d'inoccupation élevés dans le marché du détail – devrait rebondir cette année avec une augmentation de la production de 1,2 %. Par ailleurs, la croissance sera lente dans les services non commerciaux et dans l'administration publique, les deux secteurs continuant à être freinés par les programmes de compression des dépenses du gouvernement provincial.

Le PIB réel de Saguenay devrait augmenter de 1 % en 2016, soit une amélioration notable par rapport au 0,2 % de croissance enregistré en 2015. L'emploi devrait gagner 1,7 % cette année, ce qui constitue un rebond après le recul de 0,8 % affiché l'an dernier. De 2017 à 2020, le PIB réel devrait croître à un taux annuel moyen de 1,3 %, tandis que le taux de chômage diminuera de façon constante, atteignant 7,1 % d'ici 2020.

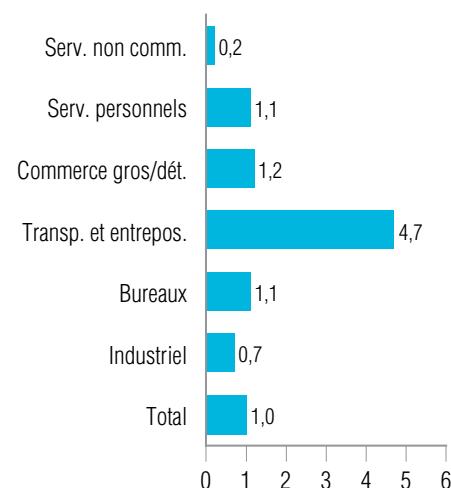


Variation conjoncturelle

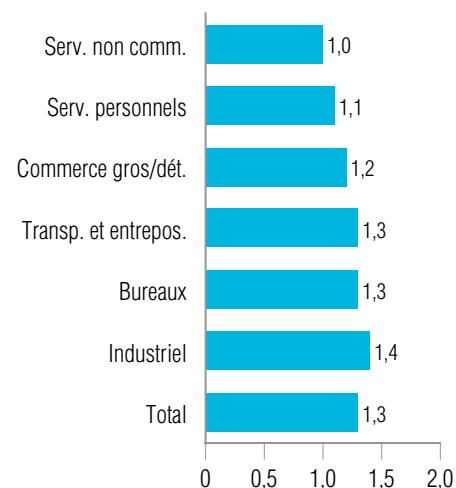
Plusieurs entreprises des secteurs de la fabrication et des services du Saguenay seront fortement avantageées si les travaux relatifs au projet d'Arianne Phosphate, au coût de 1,2 G\$, débutent cette année.

Perspectives de croissance du PIB

2016 (taux de croissance annuelle)

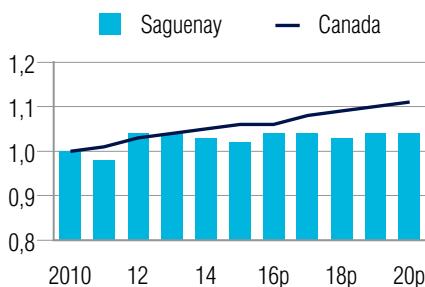


2017-2020 (taux de croissance annuelle moyen composé)



Source : Le Conference Board du Canada.

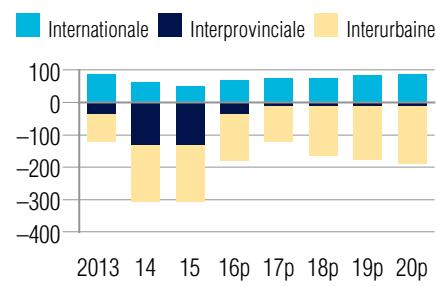
L'emploi en perspective (2010 = 1,0)



p = prévision

Sources : Statistique Canada; Le Conference Board du Canada.

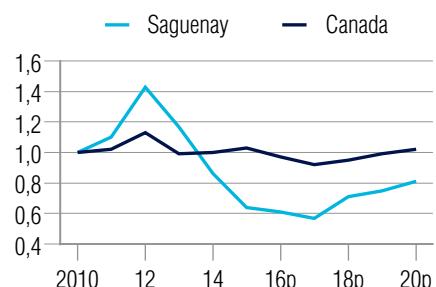
Sources de migration



p = prévision

Sources : Statistique Canada; Le Conference Board du Canada.

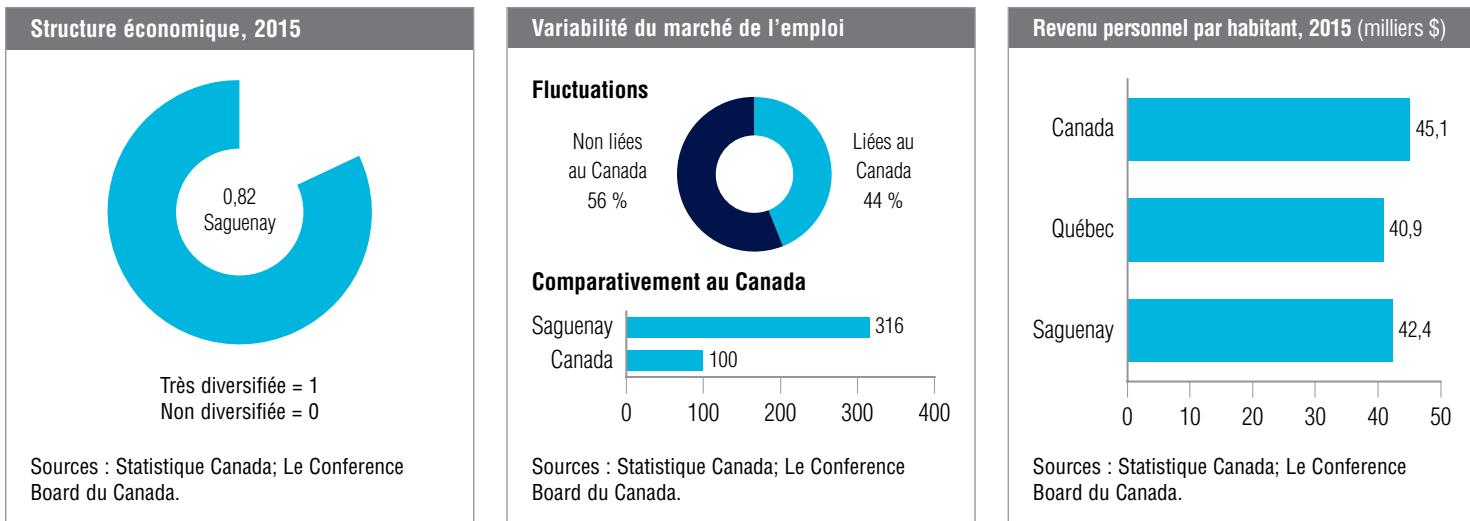
Mises en chantier (2010 = 1,0)



p = prévision

Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

Immobilier		Tableau comparatif de l'emploi, 2015 (part du nombre total d'emplois)		
		Saguenay	Québec	Canada
Marché du logement neuf (2015)				
Nombre total de logements unifamiliaux écoulés	207			
<i>Croissance</i>	-24,7 %			
Prix moyen des unités unifamiliales écoulées	282 946 \$			
<i>Croissance</i>	13,8 %			
Marché de la revente (2015)				
Ventes d'unités	1 116			
<i>Croissance</i>	-2,4 %			
Prix moyen	179 025 \$			
<i>Croissance</i>	-5,3 %			
Marché des appartements (octobre 2015)				
Taux d'inoccupation des appartements à deux chambres	7,2 %			
Loyer moyen d'un appartement à deux chambres	598 \$			
Sources : Séries chronologiques sur le marché de l'habitation de la SCHL; Fédération des chambres immobilières du Québec.				



Construction, immobilier commercial et revenus – Aperçu									
Permis de construire (milliers \$)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	210 026	425 232	245 010	276 959	311 627	378 600	304 540	274 084	264 727
Résidentiel	132 386	156 945	145 881	163 209	203 648	258 298	204 742	182 794	135 981
Non résidentiel	77 640	268 287	99 129	113 750	107 979	120 302	99 798	91 290	128 746
Industriel	14 421	192 131	19 886	14 155	32 438	24 855	30 327	20 175	27 529
Commercial	31 640	44 503	47 743	64 146	43 064	49 759	41 530	34 771	48 836
Admin. publique et non comm.	31 579	31 653	31 500	35 449	32 477	45 688	27 941	36 344	52 381
Secteur des bureaux*									
Nbre de pieds carrés (milliers)	S.O.								
<i>variation en pourcentage</i>	S.O.								
Taux d'inoccupation (%)	S.O.								
Emplois (milliers)	14	13	14	14	16	15	15	15	15
<i>variation en pourcentage</i>	4,4	-5,7	8,1	-1,0	14,5	-8,3	4,9	-1,0	-4,5
Faillites									
Particuliers	513	565	667	512	424	339	385	463	470
Entreprises	47	38	17	15	18	20	18	16	22

*Industrie de l'information et industrie culturelle; finances, assurance et immobilier; services aux entreprises et administration publique.
Sources : Statistique Canada; Industrie Canada; Le Conference Board du Canada.

Construction, immobilier commercial et revenus – Aperçu (suite)

Revenu imposable par sous-région métropolitaine (2009)

Sous-région métropolitaine	Revenu imposable total (milliers \$)	Nombre total de déclarants	Revenu imposable/déclarant (milliers \$)	Revenu d'emploi (% du revenu imposable)
Saguenay	4,236,859	121,650	34.83	64
Saint-Honoré	54,897	1,770	31.02	69
Saint-Fulgence	46,475	1,520	30.58	59
Larouche	35,378	1,060	33.38	65

Sources : Agence du revenu du Canada; Le Conference Board du Canada.

Industries dominantes, 2015

Classe*	Industrie	Employés (milliers)
4411-4543	Commerce de détail	10,7
6220	Hôpitaux	5,2
7221-7224	Services de restauration et débits de boissons	4,8
2311-2329	Construction	4,6
3311-3315	Première transformation des métaux	3,9
6111	Écoles primaires et secondaires	3,6
6241-6244	Assistance sociale	3,4
5511, 5611-5612, 5615-5617, 5619, 5621-5629	Autres serv. de gestion et. admin.	2,8
6211-6219	Serv. de soins ambulat.	2,4
8111-8114	Réparation et entretien	2,2

*Système de classification des industries de l'Amérique du Nord.

Source : Statistique Canada.

Emplois par secteur

	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
Nombre total d'emplois (milliers)	76	76	75	77	76	76	76	77
	-0,4	-0,7	-0,8	1,7	-0,2	-0,4	0,4	0,1
Secteur des biens	17	16	16	18	17	17	17	17
	-9,1	-10,0	1,3	12,5	-5,6	-1,7	0,0	-0,5
Fabrication	9,0	8,0	8,4	9,4	8,9	8,7	8,7	8,6
	-9,0	-11,7	5,0	12,1	-5,6	-1,5	-0,5	-0,6
Construction	5,8	5,4	4,5	4,8	4,7	4,8	4,8	4,8
	-6,3	-7,5	-15,0	4,7	-2,3	2,2	0,5	-0,7
Industrie primaire et services publics	2,6	2,4	3,0	3,7	3,4	3,1	3,1	3,1
	-14,9	-9,8	26,1	25,6	-9,7	-7,4	0,6	0,3
Secteur des services	59	60	59	59	60	60	60	60
	2,5	2,0	-1,3	-1,2	1,4	-0,1	0,5	0,3
Transports et entreposage	2,7	2,8	3,5	3,6	3,5	3,5	3,5	3,5
	-4,7	4,4	26,5	3,3	-4,1	1,2	-0,3	-0,2
Industrie de l'information et industrie culturelle	1,5	1,5	1,5	1,6	1,7	1,6	1,6	1,6
	-1,8	6,1	-4,1	10,2	1,0	-2,7	-1,3	-1,5
Commerce de gros et de détail	12,0	13,6	12,1	12,7	12,4	12,1	12,1	12,0
	-8,6	13,4	-11,1	5,4	-2,5	-2,4	-0,4	-0,7
Finances, assurance et immobilier	2,3	2,7	2,0	2,7	3,0	2,3	2,3	2,3
	2,3	17,9	-24,9	33,4	9,3	-22,6	-0,5	-0,8
Services aux entreprises	7,8	7,7	8,0	7,7	7,8	8,2	8,3	8,3
	4,6	-0,9	3,5	-4,0	1,2	6,0	0,8	0,5
Services personnels	12,1	10,5	10,8	10,6	10,6	11,1	11,1	11,2
	13,9	-13,4	2,9	-2,4	0,2	4,8	0,4	0,1
Services non commerciaux	16,9	18,1	18,5	16,2	17,5	17,5	17,8	18,0
	2,9	7,4	2,0	-12,6	8,3	-0,2	1,6	1,5
Administration publique	3,8	3,2	3,0	3,6	3,2	3,2	3,2	3,2
	10,2	-15,1	-6,6	19,4	-11,6	-0,3	-0,1	-0,1

p = prévision

Les données sur l'emploi figurant sur la première ligne sont exprimées en milliers; la deuxième ligne reflète la variation en pourcentage.

Sources : Statistique Canada; Le Conference Board du Canada.

Trois-Rivières



L'économie de Trois-Rivières a progressé de 1,5 % l'an dernier, ce qui représente son meilleur rendement depuis 2008.



La faiblesse des marchés de l'énergie a compromis la construction d'une usine de gaz naturel liquéfié.

Aperçu Après six années difficiles au cours desquelles le PIB réel de Trois-Rivières a diminué de 0,1 % en moyenne sur une base annuelle, la ville a enregistré en 2015 son meilleur rendement économique depuis 2008. Le secteur manufacturier, les services commerciaux et financiers, de même que le secteur des assurances et de l'immobilier ont connu une forte activité, ce qui a entraîné une croissance de 1,5 % du PIB réel. Cette progression généralisée a été alimentée par une série de créations et d'agrandissements d'entreprises. Heureusement, l'économie locale devrait poursuivre sur cette lancée : selon les prévisions, le PIB réel augmentera de 1,3 % en 2016 et de 1,4 % en 2017. Ces perspectives économiques auraient été encore meilleures si ce n'était des retards et possibles annulations de certains grands projets à Trois-Rivières.

Le marché du travail de Trois-Rivières a le vent en poupe. Après avoir bondi de 4,2 % en 2014, l'emploi a augmenté d'un 3,3 % supplémentaire l'an dernier. Cependant, ce rythme de création d'emplois est insoutenable. Par conséquent, l'emploi devrait inscrire une progression plus modeste cette année, soit de 1,1 %, avant la baisse de 2,6 % prévue en 2017. Cependant, les nouvelles du marché du travail ne sont pas toutes si mauvaises. En effet, 300 travailleurs ont été embauchés pour moderniser les installations de l'Administration portuaire de Trois-Rivières. Par ailleurs, de nombreux projets d'expansion dans le secteur industriel devraient générer 500 nouveaux emplois et permettre de conserver 300 autres postes dans la région, selon Innovation et Développement économique Trois-Rivières, l'agence de développement économique de la ville.

Le secteur manufacturier s'en sort bien Après avoir connu un déclin pendant sept années d'affilée, le secteur manufacturier local s'est ressaisi et a affiché une croissance durant trois années consécutives, comprenant l'essor de 5,3 % enregistré en 2015. Cette année, l'acquisition de La Fernandière, un fabricant de saucisses, par le géant de la transformation alimentaire, Olymel, stimulera la croissance du secteur. Certes, la Fernandière demeurera une unité indépendante, mais Olymel transférera la totalité de sa production existante de saucisses fraîches et à déjeuner aux installations de La Fernandière à Trois-Rivières. Autres bonnes nouvelles pour le secteur : l'agrandissement d'entreprises locales telles que Fromagerie L'Ancêtre (un fabricant de fromage), 1200 Degrés (un fabricant de matériel d'incendie) et Inter Clôtures (un fabricant de clôtures). Enfin, la construction du pont Champlain à Montréal donnera un coup de pouce aux fabricants d'acier de Trois-Rivières. Des entreprises comme Acier ATR et Marmen

Croissance du PIB réel et classement

2015	2016	2017-2020	2011-2020
1,5 %	1,3 %	1,5 %	1,0 %
Nº 10	Nº 9	Nº 11	Nº 12
Sur 15 RMR			

Qualité du crédit : s.o.

Coût de la vie : 99 % (Canada = 100 %)

ont déjà reçu des contrats pour construire certains éléments du pont. Dans l'ensemble, l'activité manufacturière à Trois-Rivières devrait augmenter de 2,8 % en 2016 et de 2,3 % en 2017.

Les perspectives du secteur seraient encore meilleures si ce n'était du fait que trois grands projets manufacturiers sont confrontés à d'importants écueils. Tout d'abord, la construction à Bécancour d'un complexe industriel de 1,6 G\$ par Quest Rare Minerals a été retardée, son achèvement étant maintenant prévu pour 2020-2021. Le projet porte sur l'établissement d'une usine hydrométallurgique et d'une raffinerie pour traiter le minerai provenant du projet d'exploitation minière des terres rares de la société à Strange Lake, dans le Nord québécois. L'autre projet qui a subi des retards est la construction d'une usine de gaz naturel liquéfié de 800 M\$ par Stolt LNGaz Inc., également à Bécancour. Comme les prix des produits de base demeurent faibles à l'échelle mondiale, le projet a été mis de côté temporairement. Le troisième projet, soit l'édification d'une usine de production d'engrais d'IFFCO Canada au coût de 2 G\$, a été suspendu à la fin de l'année dernière. Même si Investissement Québec a fourni un montant supplémentaire de 6 M\$ pour le projet, son avenir est encore incertain.

Indicateurs économiques	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
PIB réel aux prix de base (millions \$ 2007)	6 007	6 061	6 150	6 230	6 318	6 408	6 504	6 602
variation en %	0,1	0,9	1,5	1,3	1,4	1,4	1,5	1,5
Nombre total d'emplois (milliers)	68	71	73	74	72	72	73	73
variation en %	-4,6	4,2	3,3	1,1	-2,6	0,6	0,8	0,6
Taux de chômage	8,4	7,3	6,6	6,7	7,2	7,2	7,0	6,9
Revenu personnel par habitant (\$)	37 447	39 839	41 761	43 549	43 808	45 033	46 470	47 929
variation en %	1,7	6,4	4,8	4,3	0,6	2,8	3,2	3,1
Population (milliers)	155	156	156	157	158	158	159	159
variation en %	0,5	0,6	0,2	0,3	0,4	0,4	0,4	0,4
Mises en chantier	849	943	500	505	600	633	661	693
Ventes au détail (millions \$)	2 951	3 121	3 211	3 324	3 448	3 561	3 678	3 790
variation en %	1,7	5,8	2,9	3,5	3,7	3,3	3,3	3,0
IPC (2002 = 1,0)	1,217	1,234	1,247	1,266	1,295	1,321	1,347	1,375
variation en %	0,8	1,4	1,1	1,5	2,3	2,1	2,0	2,1

p = prévision

Sources : Statistique Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; Le Conference Board du Canada.

Le secteur de la construction demeure sain

Après une baisse abrupte du nombre de mises en chantier l'an dernier, la construction résidentielle se stabilisera cette année et croîtra lentement par la suite. Inquiets des stocks élevés de logements, les constructeurs ont limité leurs travaux à 500 unités en 2015, le plus bas niveau de mises en chantier depuis 2001. Selon la Société canadienne d'hypothèques et de logement, le marché du logement à Trois-Rivières est en période d'adaptation et la demande s'oriente vers des unités déjà construites. Nous anticipons donc que le nombre de mises en chantier demeurera relativement stable, soit à 505 unités cette année, avant de remonter à 600 l'an prochain.

Les pronostics concernant la construction non résidentielle demeurent positifs, malgré les retards mentionnés ci-dessus pour ce qui est des grands projets manufacturiers. La deuxième phase du plan de développement stratégique de l'Administration portuaire de Trois-Rivières, Cap sur 2020, est en bonne voie de réalisation et devrait être terminée avant son échéance de 2018. En outre, un nouveau centre de congrès et hôtel au coût de 48 M\$, le Centre d'événements et de congrès interactifs (CECI), sera également achevé en 2018. Enfin, un hôtel de la chaîne Holiday Inn et un amphithéâtre de 5 000 places seront construits dans le District 55 de Trois-Rivières, leur parachèvement étant respectivement prévu pour 2018 et 2019. Dans l'ensemble, le secteur de la construction devrait avancer de 2,1 % cette année et de 1,1 % l'an prochain.



Variation conjoncturelle

Les perspectives à moyen terme concernant la région métropolitaine trifluvienne s'amélioreraient fortement si l'un ou plusieurs des trois grands projets retardés se réalisent.

Le secteur des services se porte bien Le secteur des services de Trois-Rivières a fait preuve de résilience au cours des dernières années, aidant à neutraliser le ralentissement marqué du secteur de la production de biens de la région. Heureusement, les activités du secteur des services resteront stables alors que les industries productrices de biens enregistreront une progression. En réalité, de nombreuses firmes de services bénéficieront de la conjoncture positive dans la fabrication et la construction, vu l'augmentation de la demande relative à la consommation intermédiaire de services dans ces secteurs. Cette année, ce sont les services commerciaux et financiers, de même que les assurances et l'immobilier qui devraient être les moteurs de la croissance. À l'autre extrémité du spectre, les services non commerciaux – le plus important domaine de services à Trois-Rivières – ne connaîtront qu'une croissance modeste à court terme.

Devenue un centre régional pour les soins de santé et de services éducatifs, la ville – qui a été touchée par les mesures d'austérité mises en œuvre par le gouvernement de 2012 à 2015 – connaîtra peu de répit à cet égard cette année. Dans l'ensemble, la production du secteur des services augmentera de 1,9 % cette année et de 1,5 % en 2017.

Malgré l'incertitude qui plane autour de trois grands projets, les perspectives économiques de Trois-Rivières demeurent encourageantes. Le PIB réel devrait progresser de 1,3 % en 2016, deuxième année consécutive où la croissance annuelle dépassera la barre du 1 %. Un bémol toutefois : l'emploi augmentera d'un modeste 1,1 % cette année et reculera de 2,6 % en 2017, après avoir enregistré des hausses insoutenables en 2014 et 2015. Ainsi, le taux de chômage devrait passer de 6,6 % en 2015 à 7,2 % en 2017.

Perspectives de croissance du PIB

2016 (taux de croissance annuelle)

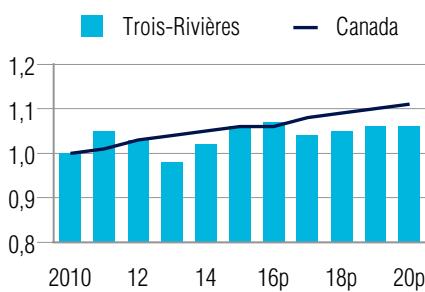
Serv. non comm.	1,5
Serv. personnels	1,3
Commerce gros/dét.	1,1
Transp. et entrepos.	1,5
Bureaux	2,4
Industriel	0,5
Total	1,3

2017-2020 (taux de croissance annuelle moyen composé)

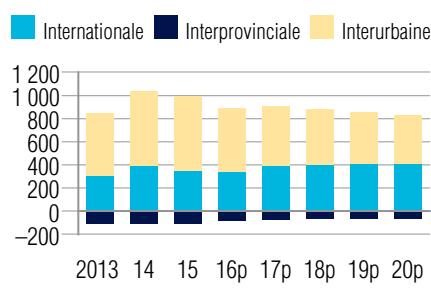
Serv. non comm.	1,6
Serv. personnels	1,2
Commerce gros/dét.	1,4
Transp. et entrepos.	1,2
Bureaux	1,6
Industriel	1,4
Total	1,5

Source : Le Conference Board du Canada.

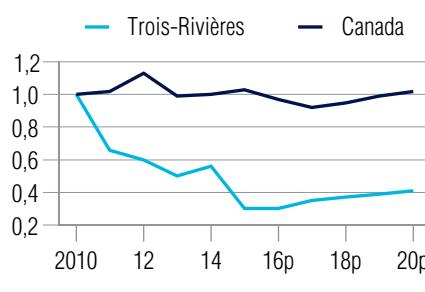
L'emploi en perspective (2010 = 1,0)



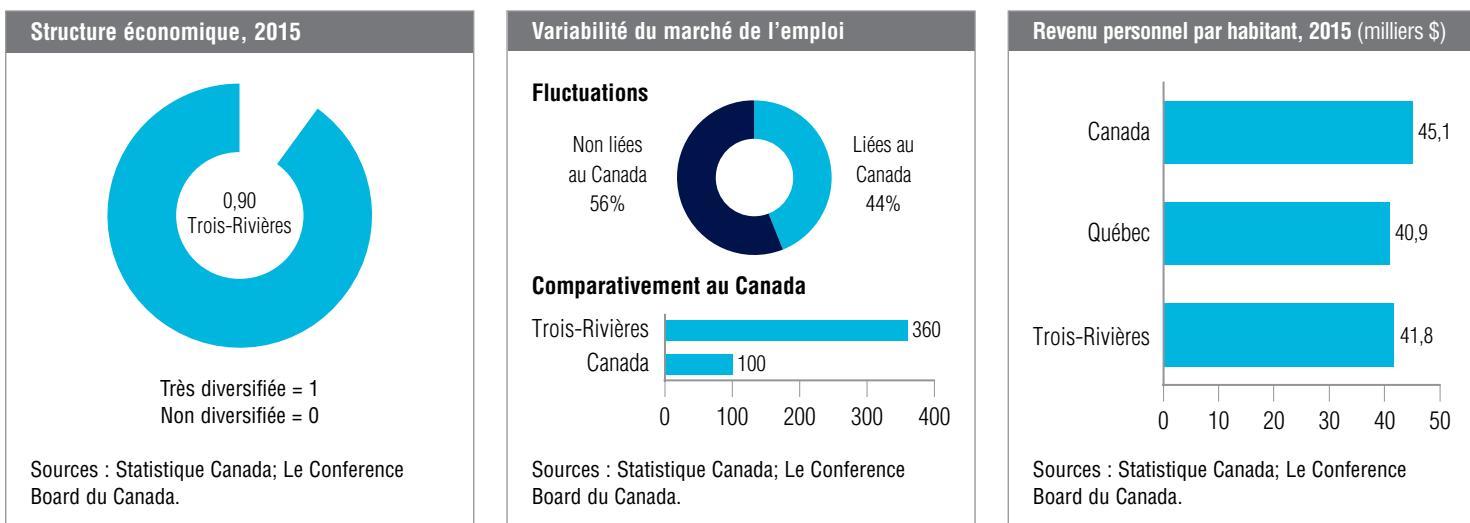
Sources de migration



Mises en chantier (2010 = 1,0)



Immobilier		Tableau comparatif de l'emploi, 2015 (part du nombre total d'emplois)			
		Secteur	Trois-Rivières	Québec	Canada
Marché du logement neuf (2015)		Industriel	0,22	0,20	0,22
Nombre total de logements unifamiliaux écoulés	197	Bureaux	0,21	0,25	0,25
<i>Croissance</i>	-22,4 %	Transports et entreposage	0,04	0,05	0,05
Prix moyen des unités unifamiliales écoulées	282 120 \$	Commerce de gros et de détail	0,14	0,16	0,15
<i>Croissance</i>	12,9 %	Services personnels	0,15	0,13	0,13
Marché de la revente (2015)		Services non commerciaux	0,24	0,21	0,20
Ventes d'unités	1 079	Total	1,00	1,00	1,00
<i>Croissance</i>	-3,4 %				
Prix moyen	158 892 \$				
<i>Croissance</i>	-2,2 %				
Marché des appartements (octobre 2015)					
Taux d'inoccupation des appartements à deux chambres	6,2 %				
Loyer moyen d'un appartement à deux chambres	581 \$				
Sources : Séries chronologiques sur le marché de l'habitation de la SCHL; Fédération des chambres immobilières du Québec.					



Construction, immobilier commercial et revenus – Aperçu									
Permis de construire (milliers \$)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	299 016	321 981	306 097	350 132	323 848	320 920	310 481	307 110	288 261
Résidentiel	174 628	164 164	174 734	263 866	220 990	203 528	201 925	217 377	159 214
Non résidentiel	124 388	157 817	131 363	86 266	102 858	117 392	108 556	89 733	129 047
Industriel	32 067	52 264	30 517	23 100	49 106	21 624	20 702	22 095	20 663
Commercial	59 475	56 918	58 197	43 604	37 251	65 012	69 102	50 953	40 831
Admin. publique et non comm.	32 846	48 635	42 649	19 562	16 501	30 756	18 752	16 685	67 553
Secteur des bureaux*									
Nbre de pieds carrés (milliers)	S.O.								
<i>variation en pourcentage</i>	S.O.								
Taux d'inoccupation (%)	S.O.								
Emplois (milliers)	14	14	14	14	15	14	13	14	15
<i>variation en pourcentage</i>	20,2	0,3	-1,6	1,8	4,5	-7,7	-2,3	4,0	10,9
Faillites									
Particuliers	498	549	669	515	491	530	509	485	527
Entreprises	34	42	40	20	30	23	26	25	32

*Industrie de l'information et industrie culturelle; finances, assurance et immobilier; services aux entreprises et administration publique.
Sources : Statistique Canada; Industrie Canada; Le Conference Board du Canada.

Construction, immobilier commercial et revenus – Aperçu (suite)

Revenu imposable par sous-région métropolitaine (2009)

Sous-région métropolitaine	Revenu imposable total (milliers \$)	Nombre total de déclarants	Revenu imposable/déclarant (milliers \$)	Revenu d'emploi (% du revenu imposable)
Trois-Rivières	3 510 227	103 960	33,77	60
Bécancour	340 765	9 680	35,20	65
Saint-Maurice	67 460	2 200	30,66	67
Champlain	49 905	1 450	34,42	55
Wôlinak	2 331	140	16,65	68

Sources : Agence du revenu du Canada; Le Conference Board du Canada.

Industries dominantes, 2015

Classe*	Industrie	Employés (milliers)
4411-4543	Commerce de détail	9,2
7221-7224	Services de restauration et débits de boissons	5,5
2311-2329	Construction	5,0
6220	Hôpitaux	4,7
6241-6244	Assistance sociale	3,3
6111	Écoles primaires et secondaires	2,7
6112-6117	Services d'enseignement postsecondaire	2,7
6230	Soins infir. et établ. de soins pour bénéficiaires internes	2,7
5511, 5611-5612, 5615-5617, 5619, 5621-5629	Autres serv. de gestion et. admin.	2,4
6211-6219	Serv. de soins ambulat.	2,1

*Système de classification des industries de l'Amérique du Nord.
Source : Statistique Canada.

Emplois par secteur

	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
Nombre total d'emplois (milliers)	68	71	73	74	72	72	73	73
	-4,6	4,2	3,3	1,1	-2,6	0,6	0,8	0,6
Secteur des biens	13	14	16	16	15	15	15	15
	-12,8	4,6	13,1	-0,3	-6,4	2,1	0,6	0,1
Fabrication	8,2	7,9	9,0	9,7	8,9	9,2	9,3	9,3
	-8,1	-4,8	14,8	7,5	-8,4	3,6	0,8	0,4
Construction	3,6	4,5	4,9	4,5	4,5	4,5	4,5	4,5
	-4,9	26,4	8,5	-8,0	0,2	-0,2	0,7	-0,4
Industrie primaire et services publics	1,6	1,7	2,0	1,7	1,5	1,5	1,5	1,5
	-39,3	4,6	17,6	-16,4	-12,9	0,6	-0,7	-0,5
Secteur des services	55	57	57	58	57	57	58	58
	-2,3	4,0	0,8	1,5	-1,6	0,2	0,8	0,7
Transports et entreposage	2,7	3,0	2,6	2,8	2,7	2,7	2,7	2,7
	-20,7	11,7	-14,4	8,5	-3,6	1,2	-0,3	-0,1
Industrie de l'information et industrie culturelle	1,5	1,5	1,5	1,6	1,4	1,5	1,5	1,5
	-5,0	-4,7	0,2	8,2	-9,6	3,3	-1,1	-1,3
Commerce de gros et de détail	11,8	11,5	10,5	10,6	10,8	10,5	10,5	10,5
	4,6	-2,0	-9,2	0,9	2,4	-3,2	0,0	-0,3
Finances, assurance et immobilier	2,2	2,5	3,5	4,3	4,2	3,3	3,3	3,3
	-15,3	16,5	37,3	23,4	-2,6	-20,2	0,0	0,0
Services aux entreprises	6,7	5,9	6,7	7,7	6,7	7,0	7,1	7,2
	11,4	-11,5	12,3	16,4	-13,1	4,7	0,9	0,6
Services personnels	9,7	10,7	11,2	9,6	10,0	10,5	10,6	10,6
	0,2	10,4	5,0	-14,9	4,7	5,4	0,4	0,4
Services non commerciaux	17,2	17,8	17,7	18,0	17,7	18,1	18,5	18,8
	-4,3	3,4	-0,4	1,5	-1,4	2,0	2,1	2,1
Administration publique	2,8	3,8	3,7	3,6	3,6	3,6	3,6	3,6
	-15,8	35,8	-4,3	-2,2	0,5	-0,3	0,2	0,1

p = prévision

Les données sur l'emploi figurant sur la première ligne sont exprimées en milliers; la deuxième ligne reflète la variation en pourcentage.

Sources : Statistique Canada; Le Conference Board du Canada.

Sherbrooke



 Le secteur manufacturier devrait progresser pour une sixième année d'affilée en 2016.

L'activité économique générée par les petites et moyennes entreprises de Sherbrooke demeure vigoureuse.

Aperçu L'économie de Sherbrooke a progressé de 1,6 % en 2015, un taux qui dépasse celui de l'ensemble du Québec pour une troisième année successive. La croissance du PIB réel devrait s'établir à 1,9 % en 2016, soit au-dessus de la moyenne provinciale encore une fois. La vigueur persistante des secteurs de la fabrication, du transport et l'entrepôsage, ainsi que des services aux entreprises continuera à favoriser la croissance de l'économie locale cette année et la suivante. La faiblesse du dollar canadien stimulera encore les exportations locales qui, à leur tour, continueront d'assurer l'expansion du secteur manufacturier. Parallèlement, le secteur des services devrait se renforcer cette année, sa croissance passant de 0,3 % en 2015 à 1,4 % en 2016. Les industries productrices de biens afficheront aussi une saine progression, malgré des perspectives de croissance plus modérée dans le secteur de la construction.

Durant les deux dernières années, le marché du travail de la région a connu un essor notable.

Au total, quelque 8 000 emplois ont été créés durant cette période, soit un nombre largement supérieur à la moyenne historique. Mais comme ce rythme de création d'emplois est insoutenable, nous prévoyons que le marché de l'emploi se stabilisera cette année, puis se repliera légèrement en 2017. De fait, de nombreuses firmes locales ont déjà procédé à des mises à pied depuis le début de l'année.

Le secteur manufacturier a le vent dans les voiles Cela fait maintenant cinq ans de suite que le secteur manufacturier de Sherbrooke gagne du terrain, ce qui contraste fortement avec les huit années de baisse d'affilée inscrites de 2003 à 2010. Bien que le rythme de croissance de la production ait été modeste de 2011 à 2013, le rendement du secteur – qui a bondi de 7,9 % en 2014 et de 6,6 % en 2015 – a été remarquable ces deux dernières années. Cette rapide croissance devrait ralentir au cours des deux prochaines années, mais elle demeurera convenable, grâce encore à la faiblesse du dollar canadien combinée à une demande américaine modérée. Le secteur bénéficie également d'avantages locaux qui augurent bien pour son avenir. En effet, les coûts d'exploitation de l'industrie manufacturière sont faibles, ce qui favorise la création d'entreprises ou l'expansion de celles déjà existantes. Il est également très diversifié, ses activités allant de la production de verre trempé et de la fabrication d'armoires à l'usinage de haute précision ou la fabrication d'acier. Cela rend le secteur plus résistant aux fluctuations macroéconomiques. Dans l'ensemble, le secteur manufacturier devrait progresser cette année encore et la suivante pour afficher une hausse de la production de 4,5 % en 2016 et de 2,9 % en 2017, d'après les prévisions.

Les services aux entreprises, un moteur clé de la croissance Parmi toutes les industries productrices de services, l'industrie des services aux entreprises – devancée seulement par l'industrie du transport et de l'entrepôsage – est demeurée

Croissance du PIB réel et classement

2015	2016	2017-2020	2011-2020
1,6 %	1,9 %	1,9 %	1,7 %
Nº 9	Nº 8	Nº 7	Nº 6
Sur 15 RMR			

Qualité du crédit : s.o.

Coût de la vie : 99 % (Canada = 100 %)

un facteur clé de la croissance une fois de plus en 2015. Les liens solides qui existent entre les établissements d'enseignement et les entreprises de la région continuent de favoriser la vigueur de ce secteur. À titre d'exemple, ACET Capital – un fonds destiné à aider les entreprises technologiques en démarrage issues de l'Université de Sherbrooke – a contribué à la création d'au moins 50 entreprises depuis qu'il a été établi en 2011. Par ailleurs, Sherbrooke Innopole, l'agence de développement économique de la ville, a aussi contribué à la progression du secteur. L'organisation facilite le développement d'entreprises locales à l'aide de partenariats avec des institutions établies dans la région et à l'étranger. À titre d'exemple, l'organisation a commencé à collaborer l'automne dernier avec LifeTech Valley, en Belgique, afin de renforcer et d'encourager la coopération entre les entreprises œuvrant dans les domaines des sciences de la vie ou des soins de santé et les centres de recherche, les universités et les hôpitaux. Par conséquent, l'industrie des services aux entreprises devrait continuer à bien se porter dans les années à venir, sa production étant en bonne voie d'afficher une croissance de 1,9 % en 2016 et de 2,2 % par an de 2017 à 2020.

Le secteur public demeure à la traîne Sur une note moins positive pour les industries productrices de services, trois secteurs d'activité financés par l'État – soit l'éducation, les soins de santé et l'administration publique – ne devraient enregistrer que de modestes

Indicateurs économiques	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
PIB réel aux prix de base (millions \$ 2007)	7 136	7 271	7 389	7 533	7 673	7 814	7 959	8 109
variation en %	1,2	1,9	1,6	1,9	1,8	1,8	1,8	1,9
Nombre total d'emplois (milliers)	97	102	105	106	104	106	107	108
variation en %	-2,7	4,9	3,2	0,3	-1,1	1,1	1,1	1,0
Taux de chômage	7,1	7,3	6,9	7,3	7,0	6,8	6,6	6,5
Revenu personnel par habitant (\$)	37 018	39 856	41 619	42 508	42 919	44 031	45 317	46 662
variation en %	2,0	7,7	4,4	2,1	1,0	2,6	2,9	3,0
Population (milliers)	210	213	214	216	219	221	223	226
variation en %	1,3	1,2	0,9	0,9	1,1	1,0	1,0	1,0
Mises en chantier	1 496	1 128	1 367	1 181	1 193	1 135	1 162	1 165
Ventes au détail (millions \$)	3 392	3 653	3 767	3 935	4 099	4 250	4 405	4 556
variation en %	2,9	7,7	3,1	4,5	4,2	3,7	3,6	3,4
IPC (2002 = 1,0)	1,217	1,234	1,247	1,266	1,295	1,321	1,347	1,375
variation en %	0,8	1,4	1,1	1,5	2,3	2,1	2,0	2,1

p = prévision

Sources : Statistique Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; Le Conference Board du Canada.

gains cette année. Même si le gouvernement provincial a équilibré ses livres en 2015-2016, il n'envisage qu'une réduction parcimonieuse de ses mesures d'austérité en 2016-2017. Résultat : la production des services non commerciaux, qui comprennent l'éducation et les soins de santé n'augmentera que de 1,4 % cette année, tandis que celle de l'administration publique n'avancera que d'un maigre 0,2 %. Étant donné que les sept plus grands employeurs de la région œuvrent dans ces secteurs, nous prévoyons que les services non commerciaux et de l'administration publique freineront la progression globale de l'emploi cette année.

Croissance décevante dans le secteur de la construction

Le secteur de la construction devrait demeurer léthargique cette année et la suivante. Après avoir affiché une croissance

d'à peine 0,2 % en 2015, nous anticipons une mince progression de 0,3 % cette année suivie d'un gain un peu plus marqué de 0,6 % en 2017. Cette lente croissance peut s'expliquer en grande partie par un ralentissement du marché du logement neuf. De fait, le grand nombre de propriétés à vendre et le taux élevé d'inoccupation sur le marché locatif contribueront à un recul du nombre de mises en chantier cette année, selon la Société canadienne d'hypothèques et de logement. Ainsi, nous anticipons que 1 180 logements au total seront mis en chantier en 2016 et qu'un nombre similaire le sera aussi en 2017 ; chiffres qui traduisent une baisse par rapport aux 1 367 logements mis en chantier l'an dernier. Malheureusement, la construction non résidentielle atténuerà à peine cette réduction. Mais il n'y a pas que du négatif. La Ville de

Sherbrooke a récemment donné le feu vert à la construction d'un centre de santé de 45 M\$, qui sera constitué d'une « superclinique », d'une pharmacie et d'un supermarché. Les travaux relatifs à ce projet devraient commencer à l'automne, ce qui viendra en aide au secteur de la construction.

La croissance du PIB réel de Sherbrooke devrait s'accélérer pour passer de 1,6 % en 2015 à 1,9 % cette année, et demeurer relativement stable en 2017, soit à 1,8 %. En dépit de ce contexte économique favorable, l'emploi ne sera pas en mesure de maintenir le rythme rapide des gains qu'il a engrangés en 2014 et en 2015, années où la croissance de l'emploi a atteint respectivement 4,9 % et 3,2 %. En 2016, l'emploi ne devrait progresser que de 0,3 % puis reculer de 1,1 % en 2017.

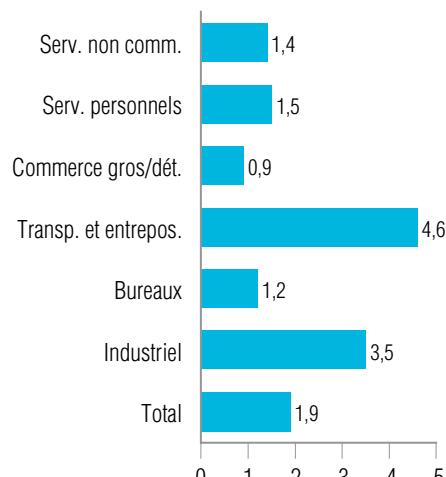


Variation conjoncturelle

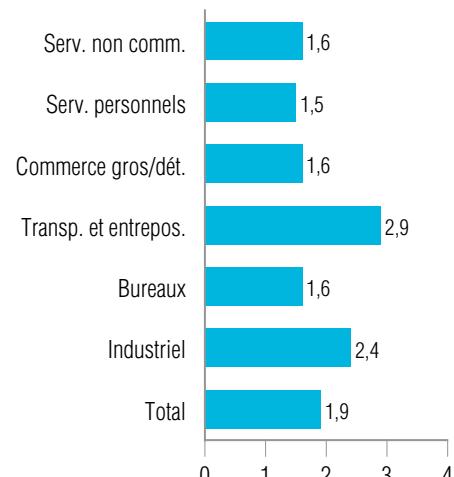
À moins d'accroître leurs investissements, les entreprises axées vers l'exportation ne pourront pas continuer à tirer profit de la faiblesse du huard, ce qui assombrira les perspectives du secteur manufacturier de Sherbrooke.

Perspectives de croissance du PIB

2016 (taux de croissance annuelle)

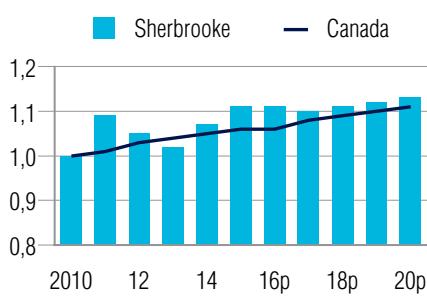


2017-2020 (taux de croissance annuelle moyen composé)

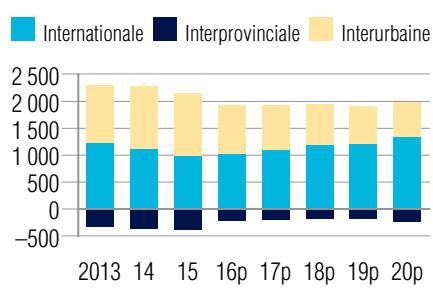


Source : Le Conference Board du Canada.

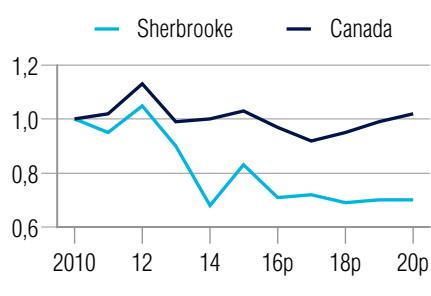
L'emploi en perspective (2010 = 1,0)



Sources de migration

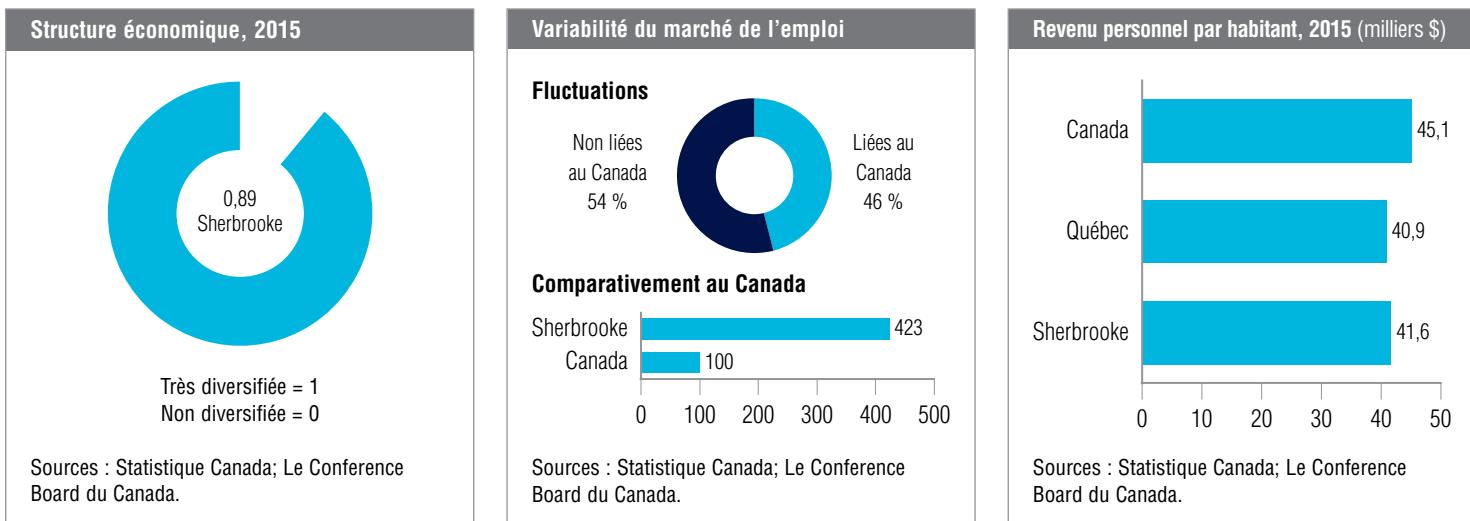


Mises en chantier (2010 = 1,0)



Immobilier		Tableau comparatif de l'emploi, 2015 (part du nombre total d'emplois)			
		Secteur	Sherbrooke	Québec	Canada
Marché du logement neuf (2015)		Industriel	0,20	0,20	0,22
Nombre total de logements unifamiliaux écoulés	328	Bureaux	0,21	0,25	0,25
<i>Croissance</i>	-18,4 %	Transports et entreposage	0,03	0,05	0,05
Prix moyen des unités unifamiliales écoulées	339 060 \$	Commerce de gros et de détail	0,14	0,16	0,15
<i>Croissance</i>	9,9 %	Services personnels	0,14	0,13	0,13
Marché de la revente (2015)		Services non commerciaux	0,28	0,21	0,20
Ventes d'unités	1 658	Total	1,00	1,00	1,00
<i>Croissance</i>	0,5 %				
Prix moyen	242 819 \$				
<i>Croissance</i>	9,7 %				
Marché des appartements (octobre 2015)					
Taux d'inoccupation des appartements à deux chambres	5,8 %				
Loyer moyen d'un appartement à deux chambres	608 \$				

Sources : Séries chronologiques sur le marché de l'habitation de la SCHL; Fédération des chambres immobilières du Québec.



Construction, immobilier commercial et revenus – Aperçu									
Permis de construire (milliers \$)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	288 272	378 432	374 913	463 483	390 192	472 075	458 806	379 488	408 289
Résidentiel	216 044	252 050	264 604	264 954	276 372	281 777	288 652	245 087	270 665
Non résidentiel	72 228	126 382	110 309	198 529	113 820	190 298	170 154	134 401	137 624
Industriel	17 399	14 285	18 668	12 122	20 282	11 678	38 896	19 223	26 761
Commercial	32 719	68 720	49 482	119 726	47 962	117 380	79 792	61 851	60 583
Admin. publique et non comm.	22 110	43 377	42 159	66 681	45 576	61 240	51 466	53 327	50 280
Secteur des bureaux*									
Nbre de pieds carrés (milliers)	S.O.								
<i>variation en pourcentage</i>	S.O.								
Taux d'inoccupation (%)	S.O.								
Emplois (milliers)	19	19	22	20	23	21	21	22	22
<i>variation en pourcentage</i>	1,8	2,8	15,8	-10,9	19,0	-9,2	-1,5	5,7	-0,9
Faillites									
Particuliers	629	779	856	718	642	620	652	599	629
Entreprises	54	44	44	21	18	14	25	27	19

*Industrie de l'information et industrie culturelle; finances, assurance et immobilier; services aux entreprises et administration publique.
Sources : Statistique Canada; Industrie Canada; Le Conference Board du Canada.

Construction, immobilier commercial et revenus – Aperçu (suite)

Revenu imposable par sous-région métropolitaine (2009)

Sous-région métropolitaine	Revenu imposable total (milliers \$)	Nombre total de déclarants	Revenu imposable/déclarant (milliers \$)	Revenu d'emploi (% du revenu imposable)
Sherbrooke	4 029 482	120 410	33,46	62
Magog	729 992	21 700	33,64	53
Saint-Denis-de-Brompton	122 747	2 750	44,64	60
Stoke	79 464	2 150	36,96	67
Ascot Corner	71 053	2 200	32,30	65
Compton	69 846	2 420	28,86	61
North Hatley	56 028	1 230	45,55	53
Waterville	44 256	1 510	29,31	63
Canton-de-Hatley	43 691	830	52,64	50

Sources : Agence du revenu du Canada; Le Conference Board du Canada.

Industries dominantes, 2015

Classe*	Industrie	Employés (milliers)
4411-4543	Commerce de détail	12,4
6220	Hôpitaux	9,1
7221-7224	Services de restauration et débits de boissons	6,0
2311-2329	Construction	5,6
6241-6244	Assistance sociale	5,4
6111	Écoles primaires et secondaires	4,7
6112-6117	Services d'enseignement postsecondaire	4,4
6230	Soins infir. et établ. de soins pour bénéficiaires internes	3,3
6211-6219	Serv. de soins ambulat.	3,1
5511, 5611-12, 5615-17, 5619, 5621-29	Autres serv. de gestion et. admin.	3,0

*Système de classification des industries de l'Amérique du Nord.
Source : Statistique Canada.

Emplois par secteur

	2013	2014	2015	2016p	2017p	2018p	2019p	2020p
Nombre total d'emplois (milliers)	97	102	105	106	104	106	107	108
	-2,7	4,9	3,2	0,3	-1,1	1,1	1,1	1,0
Secteur des biens	20	21	22	25	24	24	24	24
	5,9	5,4	0,4	15,6	-4,5	0,2	1,1	0,9
Fabrication	11,7	13,4	13,2	16,9	15,6	15,6	15,8	16,0
	-8,5	14,2	-0,9	27,4	-7,7	0,2	1,4	1,2
Construction	6,4	6,3	5,5	5,5	5,6	5,7	5,7	5,7
	30,9	-1,7	-11,8	-0,1	0,9	2,0	0,1	-0,6
Industrie primaire et services publics	2,3	1,8	2,8	2,5	2,6	2,5	2,6	2,6
	45,7	-19,7	50,9	-9,6	5,1	-3,8	1,9	1,7
Secteur des services	77	81	84	81	81	82	83	84
	-4,7	4,7	4,0	-3,6	0,0	1,4	1,1	1,1
Transports et entreposage	2,5	2,9	3,3	4,0	3,6	3,6	3,6	3,7
	-19,4	13,7	12,9	21,4	-8,8	-1,3	1,4	1,5
Industrie de l'information et industrie culturelle	1,5	1,8	1,5	1,5	1,5	1,5	1,5	1,5
	0,5	20,2	-13,7	-4,0	0,5	3,6	-0,8	-1,0
Commerce de gros et de détail	15,4	13,7	14,5	13,3	13,1	13,0	13,1	13,0
	7,9	-11,0	5,7	-8,7	-1,0	-0,5	0,1	-0,1
Finances, assurance et immobilier	4,9	4,0	4,0	4,7	4,7	3,9	3,9	3,8
	-12,5	-19,1	-0,3	18,7	-1,5	-16,2	-0,7	-0,8
Services aux entreprises	11,3	12,8	11,6	12,3	12,3	12,8	13,0	13,1
	12,8	13,0	-9,4	6,7	-0,2	4,4	1,3	1,0
Services personnels	13,3	14,6	14,3	13,3	13,9	14,6	14,7	14,8
	-10,7	10,2	-2,3	-6,9	4,5	5,2	0,7	0,6
Services non commerciaux	24,6	27,0	29,6	27,5	27,6	28,3	28,9	29,5
	-8,9	9,8	9,6	-7,2	0,4	2,4	2,1	2,3
Administration publique	3,3	3,7	4,9	4,2	4,0	4,0	4,1	4,1
	-21,3	11,6	33,9	-16,0	-3,4	1,0	0,3	0,3

p = prévision

Les données sur l'emploi figurant sur la première ligne sont exprimées en milliers; la deuxième ligne reflète la variation en pourcentage.

Sources : Statistique Canada; Le Conference Board du Canada.

Ontario



For the second consecutive year, Ontario's economic growth will outpace the national average.

Exports are expected to add \$26 billion to the province's real GDP over the next two years.

Provincial Economy to Enjoy Healthy Growth

Ontario is, once again, poised to be a Canadian growth leader. Labour markets will be robust this year, with employment growth running at twice the pace of the national average. Household net savings are positioned to continue their slide in 2016, pulling the Ontario household savings rate down to only one-quarter of the Canadian average savings rate. These changes, on net, will result in an emboldened Ontario consumer. While services sector consumption will remain strong, it is pent-up consumer spending on durable and semi-durable goods that will cause real household consumption to grow 3.2 per cent this year. As residential investment unwinds, household real consumption growth is forecast to moderate to 2.3 per cent in 2017. All told, Ontario is forecast to achieve real GDP growth of 2.8 per cent in 2016—the second-fastest pace forecast among the provinces—and a further 2.6 per cent in 2017.

Ontario Exports Buoyed by Low Dollar, Pent-Up

U.S. Consumer Demand Ontario is now in the enviable position of benefiting from the combined effects of strengthened U.S. labour markets, pent-up post-recession demand for consumer durables by American households, and more favourable terms of trade. This year, the U.S. economy is forecast to create 2.9 million new jobs, which will translate into a 3.4 per cent increase in real personal disposable income for American consumers.

With labour markets in the U.S. tightening, and with a Canadian dollar remaining affordable at under US\$0.83 even by 2020, moderate strength in consumer markets will support increasing imports from Canadian firms. Real U.S. consumer spending is forecast to rise by 2.8 per cent in 2016 and average 2.4 per cent annually thereafter until 2020, with particular strength in demand among Americans for consumer durables from 2018 onward. Growth in Ontario's trade sector will be dominated this year by international shipments, with real exports of goods and services to other countries forecast to grow by 4 per cent in 2016 and a further 3.6 per cent in 2017.

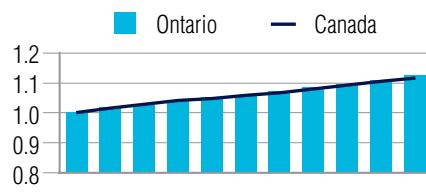
Budgeted Government Spending Restraint

to Add Little to GDP The climate of fiscal austerity in Ontario will limit the contribution of government spending to provincial GDP growth in the near term. In 2016, real provincial government program spending will account for 19 per cent of total provincial economic activity in Ontario, but it will contribute to only 7.4 per cent of annual real GDP growth. Beyond plans to accelerate provincial transit infrastructure spending under the Trillium Trust, program outlays will be limited. Provincial real government spending growth will be limited to 1.1 per cent in 2016 and 1 per cent in 2017 to meet annual spending targets established in Budget 2016.

The outlook for Ontario's economy remains healthy, with real gross domestic product forecast to rise by 2.8 per cent in 2016 and a further 2.6 per cent in 2017. The province's labour market is also expected to perform decently, averaging 1.2 per cent annual growth over 2016 and 2017. Put another way, the economy is forecast to create an annual average of 83,000 net new jobs this year and next, well above the previous five-year average of 69,300 per year. In turn, the unemployment rate is projected to decline from 7.3 per cent in 2014 to 6.6 per cent by 2017.

Employment in Perspective

(2010 = 1.0)

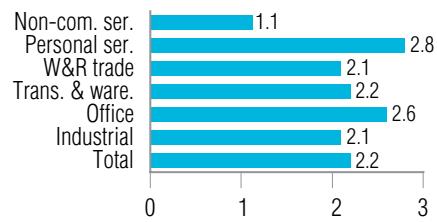


f = forecast

Sources: Statistics Canada; The Conference Board of Canada.

Industry Outlook, 2016–20

(average annual compound growth rate)



Source: The Conference Board of Canada.



Forecast Risk

A sharper-than-forecast appreciation in the Canadian dollar would delay the recovery of Ontario's export-intensive industries.

Real GDP Growth

2015	2016	2017–20	2011–20
2.6%	2.8%	2.4%	2.3%

Credit Quality: AA– (Standard & Poor's)

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	585,642	600,094	615,975	633,371	649,759	663,567	678,345	695,764
percentage change	1.2	2.5	2.6	2.8	2.6	2.1	2.2	2.6
Total employment (000s)	6,823	6,877	6,923	7,005	7,090	7,174	7,248	7,317
percentage change	1.8	0.8	0.7	1.2	1.2	1.2	1.0	1.0
Unemployment rate (per cent)	7.6	7.3	6.8	7.0	6.6	5.9	5.6	5.6
Personal income per capita (\$)	42,236	43,275	44,711	46,156	47,251	48,522	49,987	51,464
Population (000s)	13,534	13,665	13,782	13,954	14,111	14,256	14,393	14,530
percentage change	1.1	1.0	0.9	1.2	1.1	1.0	1.0	1.0
Single-family housing starts (000s)	23.3	23.7	25.0	30.4	25.2	25.3	26.9	29.1
Multi-family housing starts (000s)	37.8	35.4	45.2	41.3	37.4	39.0	44.8	48.7
Retail sales (\$ millions)	168,253	176,719	185,131	195,100	203,406	210,558	218,473	226,345
percentage change	2.3	5.0	4.8	5.4	4.3	3.5	3.8	3.6
CPI (2002 = 1.000)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

Kingston



Employment is on track in 2016 to increase for the sixth time in seven years.



Housing starts are projected to fall for their fifth straight year.

as a drag to the bottom line this year. Overall, the Kingston economy is forecast to post real output gains of 2.1 per cent in 2016 and 1.9 per cent in 2017.

Non-Residential Strength Boosting Construction

Last year, Kingston enjoyed the greatest real construction output gains since 2001, growing by a remarkable 8.4 per cent. Because such a strong pace is difficult to maintain, we expect growth in the industry to cool to a still-healthy 3.4 per cent this year and 3.2 per cent next year. The non-residential sector deserves all the credit for this growth, since housing starts have been falling since 2012. Indeed, builders are expected to break ground on only 600 housing starts this year, down from 960 starts in 2011. Thankfully, new home construction is expected to stabilize next year and then rise gently thereafter. Still, non-residential construction will remain the main driver of construction output growth over the forecast period. In fact, numerous projects are set to begin this year, including the Limestone District School Board's \$36-million high school, which hopes to welcome students in fall of 2018, the Kingston Frontenac Public Library's \$13.8-million renovation of its central branch, and the construction of the Rideau Heights community centre. Other projects already under way include Clermont's 80,000-square-foot medical campus on Highway 15, which will begin offering area residents convenient access to specialized and ancillary medical services when tenants move in to the business park this winter, and the \$300-million, 270-bed Providence Care Hospital.

Services Holding Steady Output in Kingston's services sector grew by 2.1 per cent last year thanks to a 7 per cent increase in wholesale and retail trade output, offsetting contractions in three other industries, including the region's largest—non-commercial services. Over the next two years, we expect widespread advances across the services-producing industries to drive

Real GDP Growth and Ranking

2015	2016	2017–20	2011–20
2.2%	2.1%	1.8%	1.7%
#8	#7	#8	#9

Out of 15 CMAs

Credit Quality: AA- (Standard & Poor's)

Cost of Living: 101% (Canada = 100%)

total services sector output growth of 2 per cent in 2016 and 1.9 per cent in 2017.

The wholesale and retail trade sector is expected to maintain its position as Kingston's fastest-growing services-producing industry, although output growth will decelerate to 3.9 per cent in 2016 and 2.4 per cent in 2017. At the same time, a low Canadian dollar and a healthy U.S. consumer should bring a higher number of American and Canadian tourists to Kingston, boosting the region's personal services output by 2.9 per cent this year and by 2.1 per cent next year. Finally, a balanced resale housing market should drive output growth of 2.1 per cent in each of the next two years in finance, insurance, and real estate.

The non-commercial services sector, which includes publicly funded schools and hospitals, suffered its second consecutive decline in output last year. This is bad news for Kingston because this industry generates nearly a quarter of the region's total GDP. In addition, Queen's University, the Kingston General Hospital, and the Limestone District School Board are among the region's top employers. Unfortunately, the sector continues to be hampered by provincial government fiscal restraint. To reach its goal of a balanced budget by the 2017–18 fiscal year, the Ontario government has restricted spending growth in major areas such as health care and education to just over 1 per cent over the next two years. For Kingston, we expect this to limit

Overview After growing at an unremarkable annual average rate of 1.4 per cent between 2010 and 2014, Kingston's economy expanded by 2.2 per cent last year, the strongest gain since 2006. We expect the region to post similar growth this year. The region's job market has seen relatively healthy growth since 2011 despite the humdrum economy, with employment increasing by 1.5 per cent per year from 2011 to 2015. With job growth continuing this year, a confident consumer will make the wholesale and retail trade industry Kingston's top performer in 2016. Coming in at a close second will be the construction industry as it benefits from a number of non-residential projects, helping it to shake off further declines in housing starts. After five years of stagnant growth, manufacturing will finally make moderate gains over the next two years thanks to new business opportunities. On a negative note, weak performances in business services and non-commercial services together will serve

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	6,983	7,096	7,253	7,403	7,547	7,682	7,817	7,960
<i>percentage change</i>	0.6	1.6	2.2	2.1	1.9	1.8	1.8	1.8
Total employment (000s)	82	81	83	84	85	86	86	87
<i>percentage change</i>	1.6	-1.2	2.0	1.4	0.6	1.3	1.0	0.8
Unemployment rate (per cent)	6.4	6.8	6.8	6.2	6.0	5.5	5.4	5.3
Personal income per capita (\$)	40,369	39,784	40,797	41,744	42,641	43,881	45,163	46,379
<i>percentage change</i>	2.6	-1.4	2.5	2.3	2.1	2.9	2.9	2.7
Population (000s)	167	169	170	171	173	174	175	176
<i>percentage change</i>	0.7	0.8	0.8	0.8	0.7	0.6	0.6	0.6
Total housing starts	856	672	655	602	636	624	660	682
Retail sales (\$ millions)	1,986	2,003	2,083	2,150	2,227	2,298	2,374	2,442
<i>percentage change</i>	2.1	0.9	4.0	3.2	3.6	3.2	3.3	2.9
CPI (2002 = 1.0)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
<i>percentage change</i>	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

output growth in non-commercial services to 0.9 per cent in 2016 and to 1.5 per cent in 2017, although this will be an improvement over the previous two years.

Moderate Growth for Manufacturing Kingston's manufacturing sector has struggled over the past 10 years, with output contracting at an annual average rate of 2.6 per cent, including 2015's tiny 0.3 per cent dip. But activity has been picking up since the second half of 2015, suggesting that a recovery is finally taking hold. Indeed, new business activity and higher exports generated by the combination of a weaker Canadian dollar and moderate U.S. demand are breathing some life into the sector. Frulact, a Portuguese food manufacturer, is opening a 75,000-square-foot food preparation and processing plant in Kingston this fall. Also, Cancoil Thermal Corporation, which manufactures equipment for heating, air conditioning, ventilation, and refrigeration systems, is looking to expand its operations into a new 200,000-square-foot facility and hire up to 100 additional employees over the near term. Accordingly, Kingston's manufacturing sector is forecast to post output gains of 1.9 per cent this year and 1.8 per cent in 2017.

Kingston's economy is gathering momentum. After growing by 2.2 per cent in 2015, Kingston's economy is expected to make real output gains of 2.1 per cent this year and another 1.9 per cent in 2017. In line with this decent real GDP growth, employment in the region is expected to increase by 1.4 per cent this year and 0.6 per cent next year.

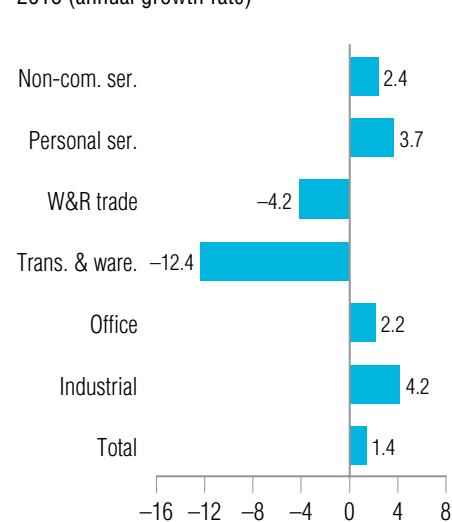


Forecast Risk

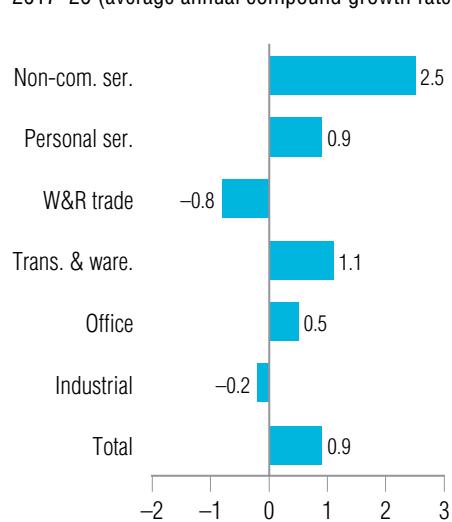
Greater-than-expected fiscal restraint by the Ontario government would result in even slower growth in Kingston's non-commercial services sector.

Employment Outlook

2016 (annual growth rate)



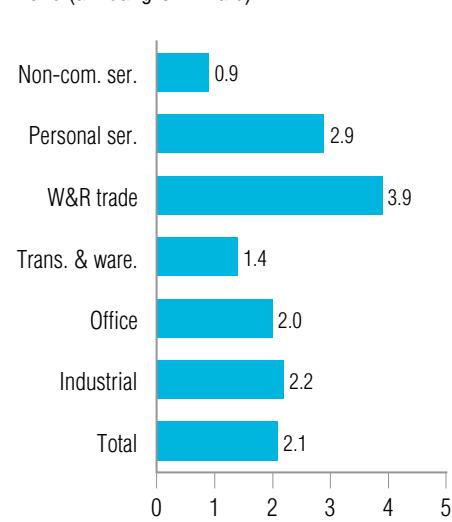
2017–20 (average annual compound growth rate)



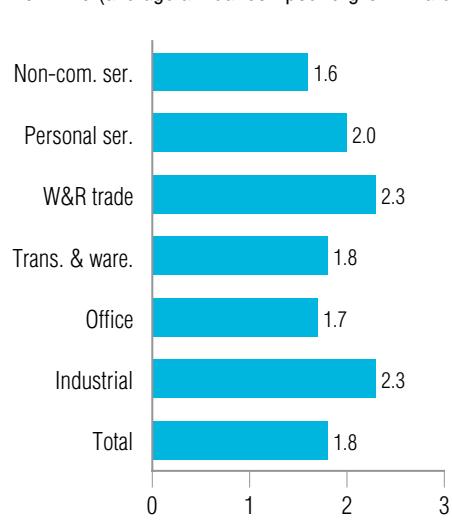
Source: The Conference Board of Canada.

GDP Outlook

2016 (annual growth rate)

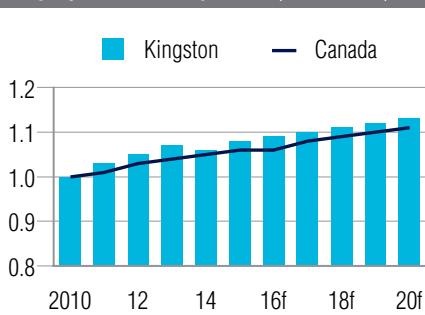


2017–20 (average annual compound growth rate)



Source: The Conference Board of Canada.

Employment in Perspective (2010 = 1.0)

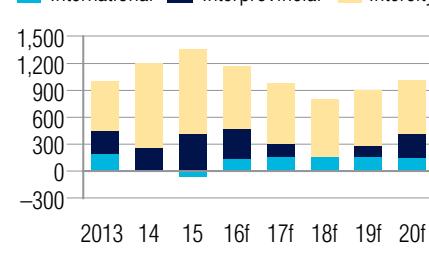


f = forecast

Sources: Statistics Canada; The Conference Board of Canada.

Sources of Migration

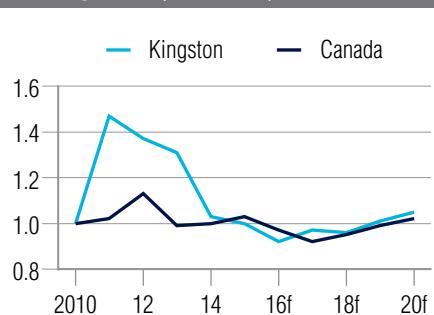
International Interprovincial Intercity



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Sources: Statistics Canada; The Conference Board of Canada.

Housing Starts (2010 = 1.0)

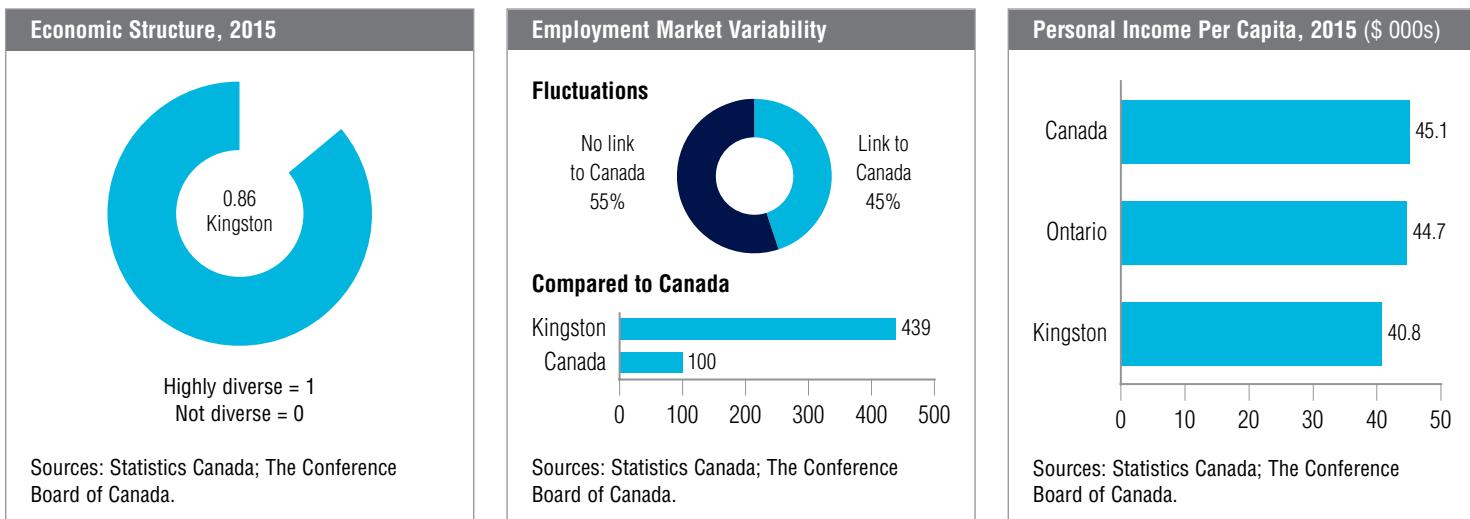


f = forecast

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	Kingston	Ontario	Canada
New housing market (2015)		Industrial	0.13	0.20	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	303 -0.7%	Office	0.25	0.28	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$334,860 6.5%	Transport and warehousing	0.03	0.05	0.05
Resale housing market (2015)		Wholesale and retail trade	0.15	0.15	0.15
Unit sales <i>(percentage change)</i>	3,166 6.2%	Personal services	0.16	0.13	0.13
Average price <i>(percentage change)</i>	\$293,375 4.0%	Non-commercial services	0.29	0.19	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	2.7%				
Average two-bedroom rent	\$1,094				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	331,559	304,040	283,654	257,923	303,083	279,335	259,359	500,030	215,000
Residential	133,828	118,610	152,315	143,718	161,887	148,826	157,553	144,058	144,791
Non-residential	197,731	185,430	131,339	114,205	141,196	130,509	101,806	355,972	70,209
Industrial	8,717	15,710	11,806	8,034	7,309	17,400	38,946	10,041	6,508
Commercial	43,734	51,210	45,493	84,671	75,583	74,097	35,927	79,994	33,118
Public admin. & non-comm.	145,280	118,510	74,040	21,500	58,304	39,012	26,933	265,937	30,583
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	20	20	20	18	21	20	21	20	21
<i>percentage change</i>	6.8	0.0	-0.6	-9.9	16.9	-2.6	5.3	-6.8	4.0
Bankruptcies									
Consumer	488	519	646	404	419	348	319	320	279
Business	32	26	27	15	9	14	7	6	13

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.

Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Kingston	3,945,194	91,870	42.94	60
South Frontenac	551,216	12,870	42.83	68
Loyalist	481,556	11,850	40.64	63
Frontenac Islands	38,463	950	40.49	55

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	10.6
6112–17	Post-secondary education	6.5
6220	Hospitals	5.8
7221–24	Food and beverage services	5.8
2311–29	Construction	5.6
9110–11	Federal government	4.1
6211–19	Ambulatory health care services	3.6
6111	Primary and secondary schools	3.3
6230	Nursing and res. care facilities	2.7
6241–44	Social assistance	2.7

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	82	81	83	84	85	86	86	87
	1.6	-1.2	2.0	1.4	0.6	1.3	1.0	0.8
Goods sector	10	10	10	11	11	11	11	11
	-10.3	3.3	1.4	4.2	-2.9	1.1	0.9	0.1
Manufacturing	3.9	3.7	3.6	3.9	3.7	3.7	3.8	3.8
	-12.6	-3.5	-3.6	8.9	-4.7	-0.2	0.4	0.1
Construction	5.0	5.1	5.5	5.8	5.7	5.8	5.9	5.9
	-0.9	0.8	8.8	5.2	-1.5	2.2	1.5	0.2
Primary and utilities	1.1	1.5	1.3	1.1	1.1	1.1	1.1	1.1
	-34.0	39.9	-11.4	-13.0	-3.7	-0.5	-0.1	-0.4
Services sector	72	71	73	73	74	75	76	76
	3.5	-1.8	2.0	0.9	1.1	1.3	1.0	0.8
Transportation and warehousing	2.2	2.7	2.4	2.1	2.2	2.2	2.2	2.2
	-25.7	22.9	-10.1	-12.4	3.5	0.9	0.1	0.0
Information and cultural industries	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
	-0.8	0.3	0.0	-0.6	-0.1	0.1	-0.4	-0.3
Wholesale and retail trade	10.4	11.3	12.5	11.9	11.4	11.4	11.5	11.6
	-13.7	8.5	10.0	-4.2	-4.7	0.6	0.4	0.7
Finance, insurance, and real estate	4.3	3.7	4.4	5.1	4.9	4.9	4.9	4.9
	-4.9	-15.7	20.7	14.6	-2.4	-0.5	-0.3	-0.9
Business services	8.5	7.2	7.9	7.2	7.5	7.6	7.6	7.7
	15.4	-16.1	10.8	-8.6	2.8	1.4	0.8	0.7
Personal services	12.5	13.5	13.0	13.5	13.5	13.7	13.9	14.0
	-0.4	7.7	-3.5	3.7	-0.1	1.8	1.1	1.0
Non-commercial services	26.0	23.8	24.0	24.6	25.8	26.3	26.8	27.2
	17.4	-8.6	1.2	2.4	4.9	1.9	1.7	1.5
Public administration	6.9	7.5	6.7	7.2	7.3	7.3	7.4	7.4
	2.5	8.8	-9.8	7.4	0.7	0.6	0.6	0.4

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Oshawa



A healthy U.S. consumer and weaker loonie have been good news for manufacturing.



Growth in the construction sector will moderate as housing starts fall.

Overview Oshawa's economy will continue to grow at a healthy pace in 2016. Real gross domestic product is forecast to increase by 2.7 per cent, a pace closely in line with last year's 2.8 per cent performance. Solid wholesale and retail trade output, hefty transportation and warehousing gains, and sound growth in manufacturing output will drive activity in 2016. On the other hand, the construction sector will post only modest output growth this year, hamstrung by falling housing starts. Next year's outlook is nearly as bright, as real GDP growth is expected to reach 2.5 per cent. The bright economic outlook will translate into a solid labour market over the near term, with the anticipated creation of nearly 11,000 new jobs over 2016 and 2017. The strong job gains will push the unemployment rate down from 7.6 per cent in 2015 to 6.7 per cent in 2017.

Manufacturing to Strengthen The good news starts with a solid outlook for manufacturing,

a key industry in the region. This marks an improvement over a fairly tough 2015, when General Motors relocated production of its Chevrolet Camaro to Michigan in late November, resulting in 1,000 job losses. As a result, total manufacturing output growth came in at just 1.6 per cent in 2015, while employment tumbled by 10.5 per cent, the second consecutive decline in the number of factory jobs. Fortunately, things are improving this year. General Motors is investing \$12 million to increase Chevrolet Equinox crossover production at its Oshawa plant, keeping its consolidated assembly line in operation until at least 2017. Still, General Motors is not committing to any new production at this plant beyond 2017, until union contract negotiations are complete later this year. Other factors contributing to the positive outlook include a lower Canadian dollar and a healthy U.S. consumer. As well, Stoeger Canada—the firearm manufacturer—has relocated its Canadian office and distribution centre to Oshawa and now operates out of the city. All in all, manufacturing output is projected to grow by a brisk 3.8 per cent this year and a further 2.7 per cent next year, allowing manufacturing employment to recoup most of the losses recorded in the past two years. Also, after our forecast was completed, GM announced it is hiring 750 engineers in Oshawa, Waterloo, and Markham to expand research into self-driving cars and other technologies, further brightening the outlook for manufacturing employment.

Services Sector Activity to Remain Healthy

Likewise, the services sector is expected to post output growth of 2.8 per cent this year and 2.4 per cent next year, continuing on a trend of healthy growth in the previous two years, including last year's 3.4 per cent expansion. In particular, the transportation and warehousing sector has made strong gains in recent years, thanks partly to higher traffic at Oshawa's port, which moved over 378,000 tonnes of cargo in 2015—a 6 per cent increase from

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
2.8%	2.7%	2.4%	2.5%
#1	#2	#3	#3
Out of 15 CMAs			
Credit Quality: AAA			
Cost of Living: 101% (Canada = 100%)			

2014. The port has been boosted by a new \$4.1-million rail spur, which has helped it meet the growing steel demands of a booming Toronto housing market. The transportation and warehousing sector is poised to have another good year in 2016, as output is forecast to expand 4.8 per cent. Activity in the sector will be bolstered this year by Kruger Canada's decision to lease 300,000 square feet of distribution space in Oshawa this spring. Next to transportation and warehousing, the strongest growth this year is expected to be in wholesale and retail trade, where output is set to increase by 4.5 per cent. Support for the sector will come from solid employment and personal income gains. Meanwhile, although fiscal restraint is set to continue at the provincial level this year, growth in public administration output is still anticipated to come in at a solid 3.1 per cent.

Construction Activity to Slow One of the few disappointments this year will be in construction, where output growth is expected to slow sharply from the stellar 5.6 per cent gain it recorded in 2015. Last year's surge was fuelled largely by strong residential investment activity, as housing starts surged to 2,587 units—a 54.8 per cent increase over 2015. But we expect starts to ease to more sustainable levels this year and next—1,958 units in 2016 and 1,890 units in 2017.

Fortunately, a stronger performance from the non-residential sector will keep overall construction activity growing this year and next.

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	11,321	11,669	11,997	12,317	12,621	12,913	13,223	13,567
percentage change	2.0	3.1	2.8	2.7	2.5	2.3	2.4	2.6
Total employment (000s)	195	201	196	208	207	209	212	215
percentage change	2.5	3.4	-2.7	6.3	-0.7	1.0	1.5	1.4
Unemployment rate (per cent)	7.5	7.2	7.6	6.9	6.7	6.5	6.1	6.0
Personal income per capita (\$)	42,282	44,166	45,180	47,603	48,192	49,182	50,529	51,876
percentage change	3.0	4.5	2.3	5.4	1.2	2.1	2.7	2.7
Population (000s)	379	384	389	394	399	405	410	416
percentage change	1.4	1.3	1.3	1.3	1.3	1.3	1.4	1.4
Total housing starts	1,384	1,671	2,587	1,958	1,890	2,064	2,226	2,311
Retail sales (\$ millions)	4,304	4,625	4,816	5,035	5,244	5,438	5,651	5,857
percentage change	3.2	7.5	4.1	4.5	4.1	3.7	3.9	3.6
CPI (2002 = 1.0)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

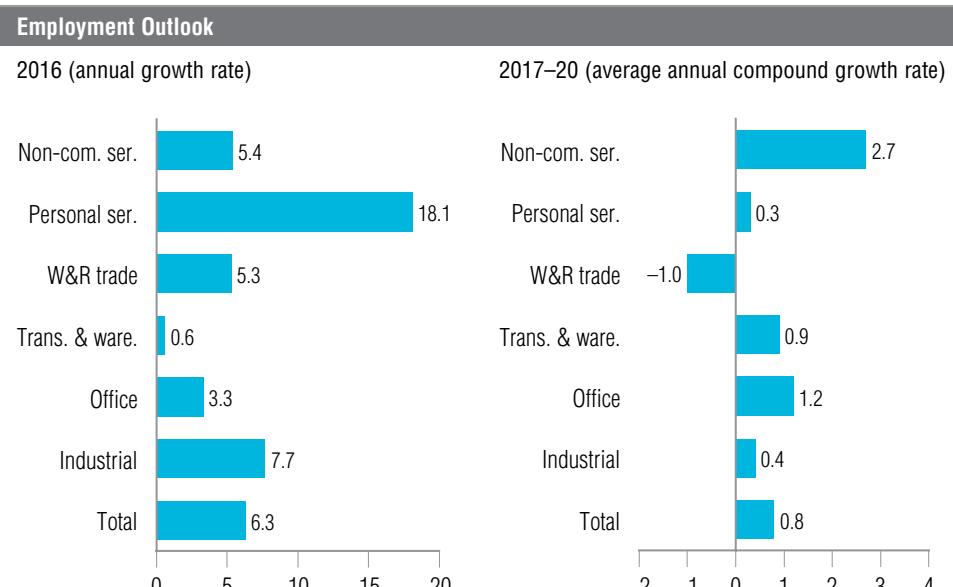
For example, construction is already under way on an \$859-million passenger train maintenance facility in Whitby. The 500,000-square-foot facility, which will feature tracks and storage for thirteen 12-car passenger trains, is scheduled to be complete in 2017. Work also continues on a \$31-million bus maintenance facility that, once completed in August 2017, will have the capacity to house 85 buses. Meanwhile, construction of a new \$12-million GO and VIA station is ongoing until next year. Other projects are also adding to the optimism. Construction of a new elementary school at the north end of the city is expected to begin this summer, with completion slated for 2017. At the same time, the \$12.8-billion refurbishment of four nuclear reactors at the Darlington nuclear generating station is slated to begin this October, with work expected to last until 2026. As well, RioCan is pushing ahead with plans to build the Windfields Farm shopping centre. While construction of the shopping centre is not anticipated to begin until 2017, RioCan intends to commence work on the roads and servicing this year. Finally, government funding has been allocated to build a new Centre for Collaborative Education at Durham College. The \$22-million facility will feature an Aboriginal student centre, health science facilities, and an entrepreneurship centre. Put together, we expect the construction sector to post more moderate output growth over the next two years, with gains of 1.7 per cent in 2016 and 2.3 per cent in 2017.

Oshawa's economic outlook is solid, with real GDP expected to rise by 2.7 per cent in 2016 and by 2.5 per cent in 2017, leading to the creation of nearly 11,000 new jobs over this two-year span.

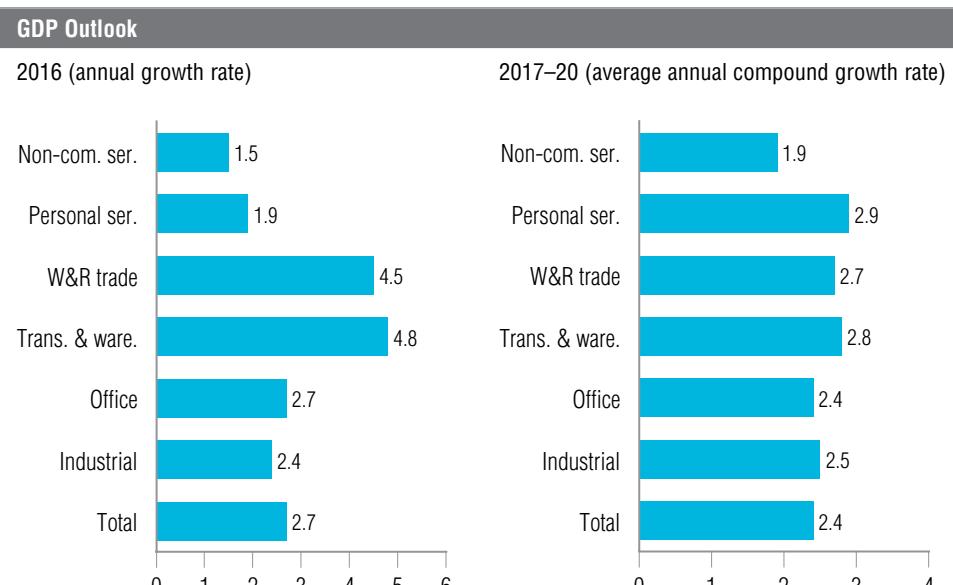


Forecast Risk

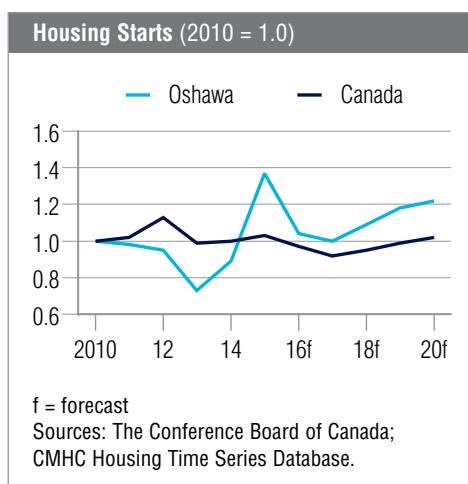
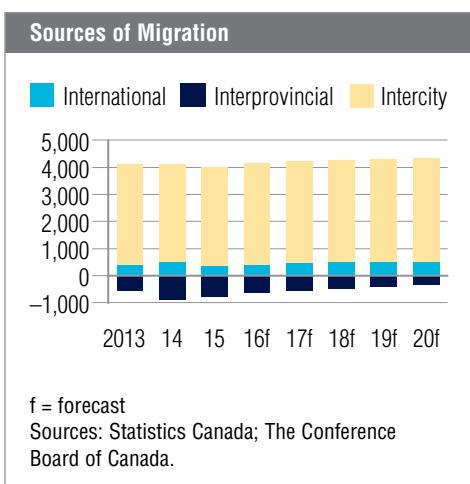
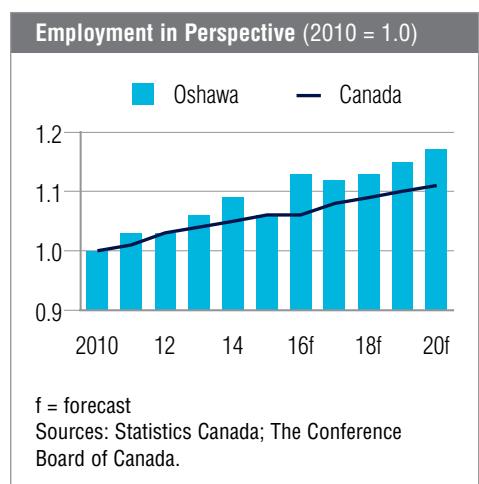
Closure of GM's consolidated line next year would lead to weaker-than-expected manufacturing output growth.



Source: The Conference Board of Canada.



Source: The Conference Board of Canada.

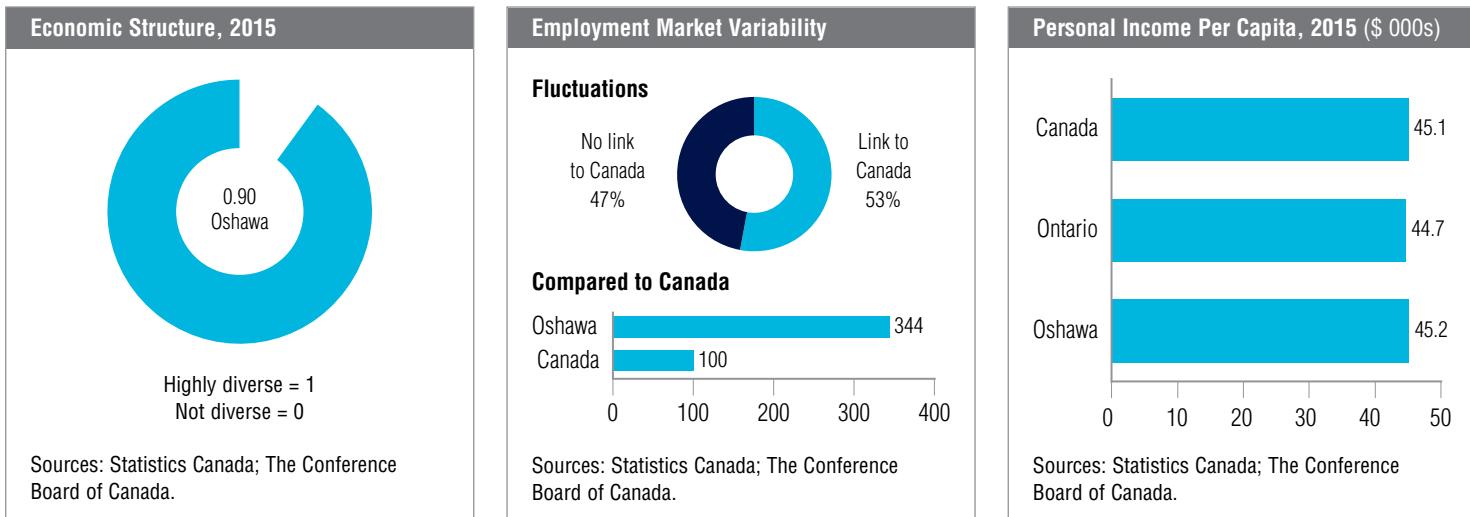


Real Estate		Comparative Employment, 2015 (share of total employment)		
		Oshawa	Ontario	Canada
New housing market (2015)				
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	1,076 10.2%			
Average price of absorbed single-detached units <i>(percentage change)</i>	\$498,461 10.5%			
Resale housing market (2015)				
Unit sales <i>(percentage change)</i>	11,368 9.9%			
Average price <i>(percentage change)</i>	\$439,842 13.2%			
Apartment market (October 2015)				
Vacancy rate	1.9%			
Average two-bedroom rent	\$1,010			

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.

Sector	Oshawa	Ontario	Canada
Industrial	0.21	0.20	0.22
Office	0.27	0.28	0.25
Transport and warehousing	0.06	0.05	0.05
Wholesale and retail trade	0.16	0.15	0.15
Personal services	0.10	0.13	0.13
Non-commercial services	0.20	0.19	0.20
Total	1.00	1.00	1.00

Sources: Statistics Canada; The Conference Board of Canada.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	791,351	711,620	623,247	743,110	869,834	855,308	668,755	982,746	1,043,239
Residential	503,773	456,281	337,495	530,324	628,703	521,988	491,046	588,413	837,622
Non-residential	287,578	255,339	285,752	212,786	241,131	333,320	177,709	394,333	205,617
Industrial	105,396	47,324	10,296	12,762	54,830	89,850	21,806	56,165	94,616
Commercial	123,334	142,042	79,403	82,956	134,336	105,938	83,869	271,838	76,116
Public admin. & non-comm.	58,848	65,973	196,053	117,068	51,965	137,532	72,034	66,330	34,885
Office sector*									
No. of square feet (000s)	n.a.								
percentage change	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	45	46	44	44	51	51	52	53	53
percentage change	6.0	3.4	-3.8	-1.3	16.5	-1.3	2.6	1.7	0.7
Bankruptcies									
Consumer	862	1,044	1,330	952	682	623	550	457	440
Business	60	60	81	54	36	37	34	25	31

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.

Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Oshawa	4,313,167	111,610	38.64	65
Whitby	4,270,285	86,790	49.20	75
Clarington	2,762,950	61,190	45.15	71

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	24.9
2311–29	Construction	15.8
6111	Primary and secondary schools	10.9
7221–24	Food and beverage services	8.8
9130, 9141, 9191	Local, municipal, and regional public admin.	7.9
5211, 5221–23, 5231–39	Finance	7.9
6220	Hospitals	7.2
6211–19	Ambulatory health care services	6.8
4111–91	Wholesale trade	6.7
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	6.6

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	195	201	196	208	207	209	212	215
	2.5	3.4	-2.7	6.3	-0.7	1.0	1.5	1.4
Goods sector	43	45	42	45	46	45	46	46
	1.7	4.1	-6.9	7.7	1.5	-1.7	1.1	0.8
Manufacturing	20.5	19.7	17.7	20.3	19.9	19.9	20.1	20.2
	1.4	-4.0	-10.5	14.9	-1.9	0.1	0.7	0.8
Construction	16.8	18.5	15.8	17.8	18.0	18.0	18.4	18.6
	7.2	9.8	-14.4	12.3	1.4	0.0	1.9	1.1
Primary and utilities	5.8	6.7	8.4	7.0	7.8	7.0	7.1	7.1
	-10.5	16.0	24.0	-16.1	11.5	-10.0	0.4	0.2
Services sector	151	156	154	163	161	164	166	169
	2.7	3.2	-1.5	6.0	-1.4	1.7	1.6	1.5
Transportation and warehousing	9.3	10.5	11.3	11.4	11.9	11.5	11.6	11.8
	-3.6	12.1	7.9	0.6	4.7	-3.4	1.2	1.2
Information and cultural industries	5.2	4.3	4.5	4.7	4.6	4.4	4.4	4.4
	-9.6	-17.0	5.6	3.9	-2.2	-4.1	-0.4	-0.4
Wholesale and retail trade	28.5	33.2	31.4	33.1	31.2	31.2	31.5	31.8
	-6.4	16.7	-5.5	5.3	-5.8	0.0	1.0	1.1
Finance, insurance, and real estate	13.5	13.6	14.0	14.4	14.6	15.4	15.6	15.6
	7.5	0.7	2.8	2.3	1.4	6.0	0.8	0.5
Business services	20.8	21.4	21.7	23.2	21.1	22.3	22.7	23.1
	-2.0	2.6	1.7	6.7	-9.0	5.6	1.9	1.8
Personal services	24.7	22.8	20.0	23.6	22.2	22.8	23.3	23.8
	12.6	-7.5	-12.4	18.1	-5.7	2.5	2.3	2.2
Non-commercial services	37.1	37.1	38.3	40.4	41.7	42.4	43.3	44.1
	6.4	0.0	3.2	5.4	3.2	1.8	2.0	2.0
Public administration	12.3	13.4	12.8	12.6	13.8	13.8	14.1	14.3
	12.3	9.1	-4.6	-1.6	9.6	0.4	1.7	1.6

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

St. Catharines–Niagara



Growth in real gross domestic product and employment both reached 15-year highs in 2015.

The manufacturing sector is expected to bounce back this year.

Overview Real gross domestic product in St. Catharines–Niagara rose by 2.6 per cent in 2015, the fastest pace of growth in 15 years. Several sectors had strong years, including construction, primary and utilities, transportation and warehousing, wholesale and retail trade, and business services. Although these sectors are expected to post healthy increases again in 2016, the pace of growth will moderate. Fortunately, this will be offset by a rebound in the manufacturing sector and improvements in many other industries. All in all, St. Catharines–Niagara's economy is forecast to grow by 2.2 per cent in 2016, followed by a 1.8 per cent expansion in 2017.

Manufacturing Rebounding A low loonie and healthy U.S. domestic demand bode well for St. Catharines–Niagara's manufacturing sector. Its output is forecast to expand by 2.1 per cent in 2016—which would be the best performance since 2011—and growth is expected to continue

over the next few years. This is great news, as the area's manufacturing sector has struggled in recent years, contracting by an annual average rate of 1 per cent between 2013 and 2015. Manufacturing employment has not fared much better, falling in four of the past five years, including a 12.4 per cent drop in 2015. Last year's slide left manufacturing employment 48 per cent below its 2000 level, but we expect a 7.3 per cent jump this year.

Investment plans by two of the world's largest multinational corporations highlight the sector's turnaround. General Motors is investing \$13 million in its Glendale Avenue powertrain facility to produce more variants of the 3.6-litre V6 engine. Meanwhile, General Electric plans to build an engine plant in Welland that will initially employ 150 people. The company announced last September that it was relocating its Wisconsin plant to Canada after the U.S. Congress let the charter of the Export-Import Bank—the U.S. government's export credit agency—expire temporarily. When the Welland plant opens in 2018, GE will have access to credit from Export Development Canada (EDC), Canada's export lending agency.

Stable Services Activity Things are also looking good for St. Catharines–Niagara's services sector, with output forecast to rise 2.1 per cent this year and 1.8 per cent in 2017, following a 2.3 per cent increase in 2015. This year's growth leader is expected to be wholesale and retail trade. Output is forecast to rise by 4.9 per cent, though it is not as impressive as the 6.8 per cent gain it posted last year. Good news in this sector includes last March's opening of a Saks Off 5th store at the Outlet Collection mall in Niagara-on-the-Lake. Other bright spots this year include transportation and warehousing, whose output is expected to increase by a healthy 3.7 per cent thanks to stronger manufacturing activity. The outlook is also bright for the

Real GDP Growth and Ranking

2015	2016	2017–20	2011–20
2.6%	2.2%	1.7%	1.8%
#3	#6	#9	#5
Out of 15 CMAs			
Credit Quality: AA (Standard & Poor's)			
Cost of Living: 101% (Canada = 100%)			

personal services sector, whose output growth is forecast to improve from 1.3 per cent in 2015 to 1.7 per cent in 2016. The sector is poised to benefit from a higher number of tourists, thanks in part to a lower Canadian dollar and a healthy U.S. consumer. The recently renovated Ripley's Believe It or Not Museum—now 1,100 square feet larger—should also help lure tourists to the Niagara region.

Construction Growth Slower but Still Healthy

St. Catharines–Niagara's construction sector has been very active the last two years, but growth is expected to slow to a still decent pace over the next two years. Real output increased by 4.7 per cent in 2014 and by a 14-year high of 9.5 per cent in 2015, with residential activity responsible for much of this strength. Housing starts leapt to an 11-year high of 1,737 units last year. Thanks to a big jump in single-family construction in the first quarter, housing starts are on track to once again surpass 1,700 units in 2016—a level that is well above the annual average volume of the past 20 years. But we expect housing starts to weaken to 1,568 units next year, a level more consistent with demographic requirements.

Activity in the non-residential sector, meanwhile, is expected to strengthen this year and next. Major projects already under way include the \$90-million demolition

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	13,721	14,035	14,399	14,716	14,978	15,220	15,467	15,724
percentage change	1.0	2.3	2.6	2.2	1.8	1.6	1.6	1.7
Total employment (000s)	194	196	204	202	203	205	206	207
percentage change	-3.5	0.9	4.2	-1.0	0.3	0.9	0.7	0.5
Unemployment rate (per cent)	8.6	7.6	7.0	7.7	7.2	6.7	6.4	6.3
Personal income per capita (\$)	37,901	39,620	41,059	41,656	42,668	43,957	45,305	46,609
percentage change	2.8	4.5	3.6	1.5	2.4	3.0	3.1	2.9
Population (000s)	405	407	408	409	410	411	412	413
percentage change	0.3	0.4	0.4	0.3	0.2	0.2	0.2	0.2
Total housing starts	1,223	1,479	1,737	1,715	1,568	1,533	1,536	1,538
Retail sales (\$ millions)	4,495	4,790	5,008	5,162	5,340	5,501	5,674	5,827
percentage change	1.9	6.6	4.6	3.1	3.5	3.0	3.2	2.7
CPI (2002 = 1.0)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

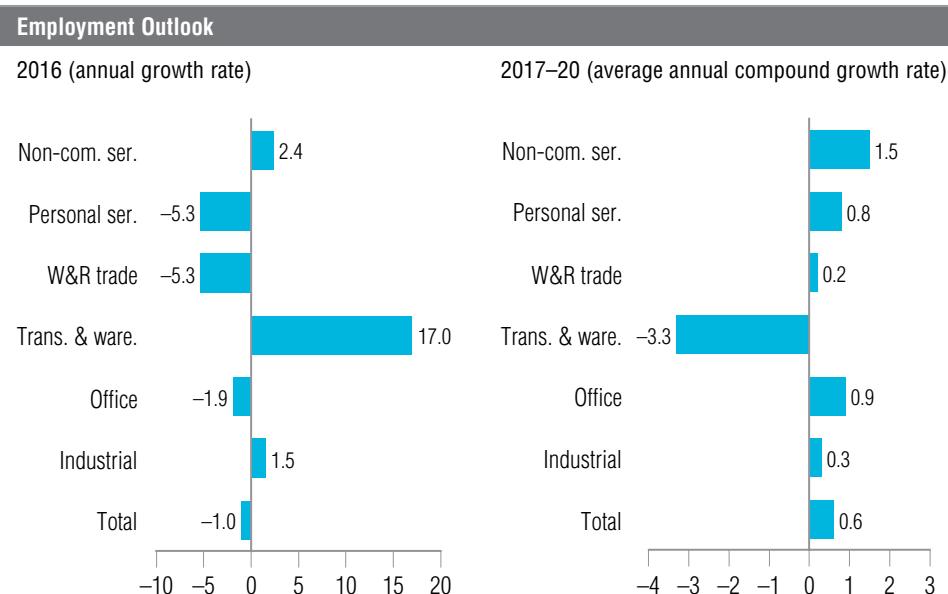
and replacement of the Burgoine Bridge, a \$43.2-million wastewater treatment plant in Niagara-on-the-Lake, an expansion of Niagara College's Canadian Food and Wine Institute, and the Clifton Hill entertainment centre redevelopment. Work is also expected to start on several new projects this year, including two in the educational sector. Brock University is spending \$22 million to expand its Goodman School of Business, which when completed will feature a new and expanded research lab, six new classrooms, a new and larger boardroom, a two-storey glass atrium, and renovated classrooms and offices in Taro Hall. Also, Niagara College is beginning work on a 20,000-square-foot fitness centre at its Niagara-on-the-Lake campus and a 10,330-square-foot academic training addition at its Welland campus. Other new projects this year include a 36,500-square-foot police detachment centre in St. Catharines and a \$12.4-million, 20,400-square-feet provincial offenses courthouse. All in all, construction output is projected to expand by a solid 3.1 per cent in 2016 and by 2 per cent in 2017.

St. Catharines–Niagara's economy is forecast to remain healthy in the near term, following up a 2.6 per cent expansion in 2015 with respective advances of 2.2 per cent and 1.8 per cent this year and next. Nearly 7,000 jobs are expected to be created over this three-year span, allowing the unemployment rate to fall slightly from 7.6 per cent in 2014 to 7.2 per cent by 2017.

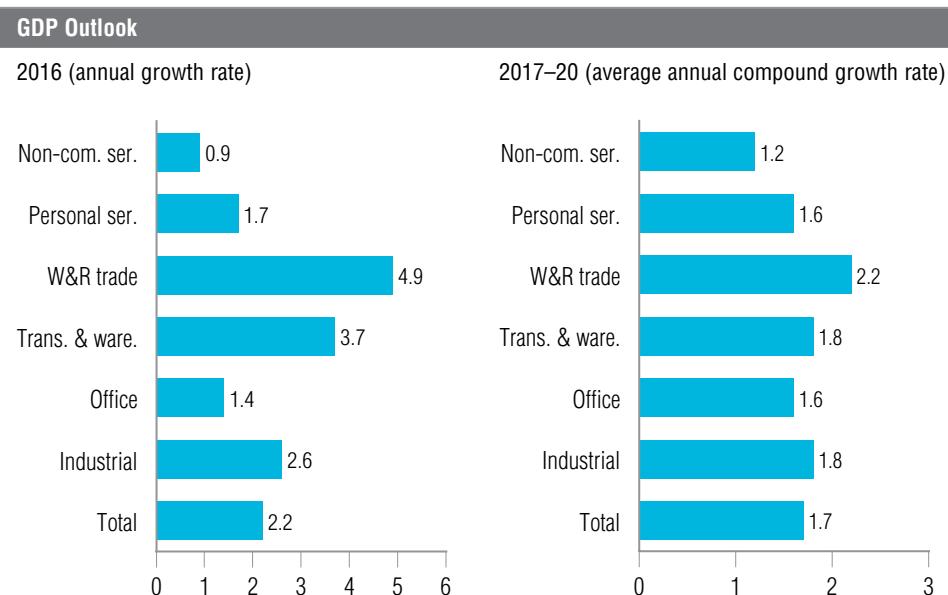


Forecast Risk

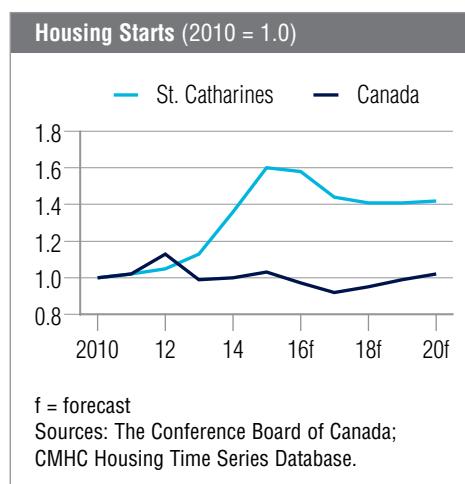
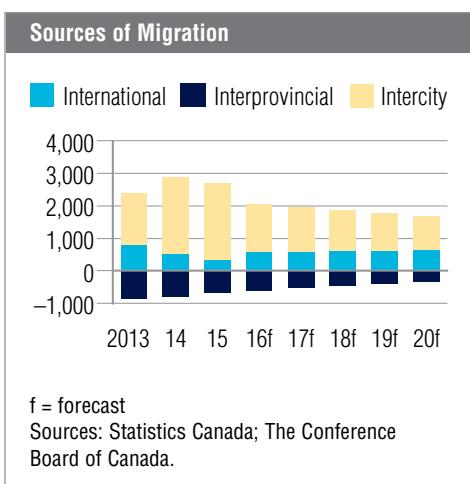
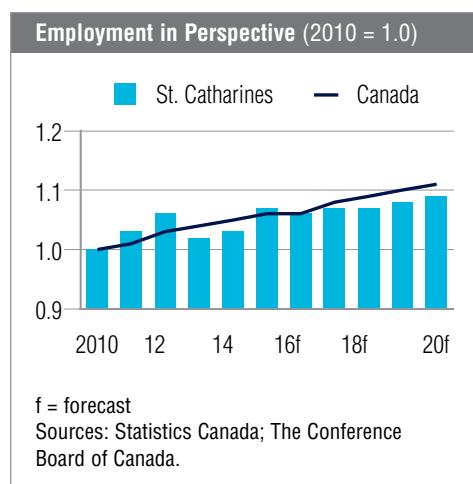
St. Catharines–Niagara's export-oriented manufacturing sector would be hurt by a weaker-than-expected U.S. economy.



Source: The Conference Board of Canada.

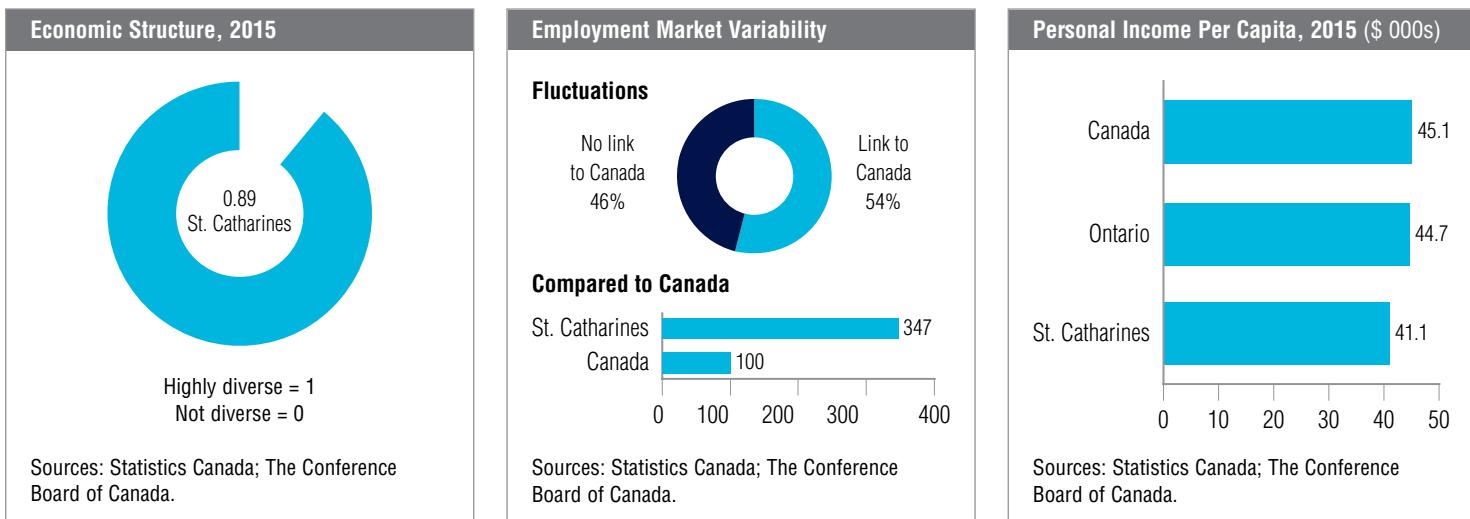


Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	St. Catharines	Ontario	Canada
New housing market (2015)		Industrial	0.21	0.20	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	843 17.9%	Office	0.20	0.28	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$424,326 8.0%	Transport and warehousing	0.04	0.05	0.05
Resale housing market (2015)		Wholesale and retail trade	0.17	0.15	0.15
Unit sales <i>(percentage change)</i>	3,162 15.0%	Personal services	0.20	0.13	0.13
Average price <i>(percentage change)</i>	\$294,152 7.7%	Non-commercial services	0.19	0.19	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	3.1%				
Average two-bedroom rent	\$908				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	501,764	437,378	483,508	1,087,679	466,516	535,137	832,809	618,336	702,872
Residential	266,589	273,189	222,085	284,196	283,377	323,315	391,720	430,029	505,263
Non-residential	235,175	164,189	261,423	803,483	183,139	211,822	441,089	188,307	197,609
Industrial	38,446	16,884	41,096	40,777	29,153	78,219	42,174	50,322	42,594
Commercial	175,485	104,031	140,237	141,573	110,517	95,112	262,525	80,649	107,774
Public admin. & non-comm.	21,244	43,274	80,090	621,133	43,469	38,491	136,390	57,336	47,241
Office sector*									
No. of square feet (000s)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>percentage change</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Vacancy rate (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Employment (000s)	37	41	38	34	35	43	37	41	41
<i>percentage change</i>	-1.8	10.7	-5.8	-12.2	4.4	21.9	-13.7	9.6	1.6
Bankruptcies									
Consumer	1,199	1,394	1,736	1,314	943	1,002	845	797	690
Business	94	80	78	66	46	31	29	28	19

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
St. Catharines	3,809,921	104,140	36.58	59
Niagara Falls	2,222,036	65,650	33.85	62
Welland	1,430,586	42,630	33.56	60
Fort Erie	805,572	23,530	34.24	60
Lincoln	722,930	17,030	42.45	62
Pelham	720,294	13,770	52.31	57
Niagara-on-the-Lake	632,433	13,240	47.77	49
Port Colborne	545,539	15,790	34.55	57
Thorold	454,868	13,190	34.49	66
Wainfleet	106,105	2,740	38.72	63

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	27.5
2311–29	Construction	18.0
7221–24	Food and beverage services	15.4
6111	Primary and secondary schools	9.9
7211–13	Accommodation services	9.4
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	8.4
4111–91	Wholesale trade	7.2
7111–39	Arts, entertainment, and recreation	7.2
6211–19	Ambulatory health care services	6.9
5613–14	Employment and business services	6.4

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	194	196	204	202	203	205	206	207
	-3.5	0.9	4.2	-1.0	0.3	0.9	0.7	0.5
Goods sector	42	42	42	43	43	43	44	43
	3.9	-0.5	0.0	1.5	1.2	-0.2	0.4	-0.1
Manufacturing	21.8	20.8	18.2	19.5	20.3	19.8	19.9	19.9
	5.7	-4.9	-12.5	7.3	3.9	-2.2	0.3	0.1
Construction	14.4	15.3	18.0	16.6	17.1	17.4	17.6	17.5
	-1.2	6.3	17.6	-7.9	3.5	1.7	0.9	-0.1
Primary and utilities	6.3	6.2	6.1	6.9	6.0	6.1	6.1	6.1
	10.5	-0.9	-1.2	12.0	-12.2	1.5	-0.4	-0.9
Services sector	152	154	162	159	159	161	162	164
	-5.4	1.2	5.3	-1.6	0.1	1.2	0.8	0.7
Transportation and warehousing	8.0	8.1	7.4	8.6	7.4	7.5	7.5	7.5
	8.9	1.2	-9.0	17.0	-14.0	1.5	0.0	0.1
Information and cultural industries	1.9	1.9	2.2	2.1	1.7	1.8	1.8	1.8
	-40.3	-4.1	17.9	-6.1	-16.7	4.3	-0.7	-1.0
Wholesale and retail trade	31.4	31.0	34.7	32.9	33.4	32.9	33.0	33.1
	-0.9	-1.1	11.9	-5.3	1.7	-1.7	0.5	0.3
Finance, insurance, and real estate	7.4	10.1	7.6	8.7	8.5	8.6	8.5	8.4
	-37.1	36.4	-24.5	14.0	-2.4	1.6	-1.2	-1.5
Business services	18.5	20.2	23.9	21.6	22.1	22.6	23.0	23.4
	-3.2	9.4	18.4	-9.7	2.5	2.2	1.7	1.5
Personal services	38.5	36.8	39.9	37.8	37.9	38.3	38.7	39.0
	-2.2	-4.4	8.6	-5.3	0.4	1.1	0.8	0.8
Non-commercial services	36.8	37.1	38.5	39.4	39.8	41.0	41.5	41.9
	-6.0	0.8	3.8	2.4	1.0	2.9	1.2	1.0
Public administration	9.2	8.4	7.5	8.1	8.3	8.4	8.4	8.5
	4.8	-8.9	-11.0	8.4	2.4	1.1	0.8	0.7

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Kitchener



The area's unemployment rate fell to an eight-year low in 2015.

Light-rail construction remains a growth driver.

Overview Growth in Kitchener–Cambridge–Waterloo's real GDP eased from 3 per cent in 2014 to 2.8 per cent in 2015, but nonetheless outpaced the provincial average (2.7 per cent) for the ninth year of the past ten. This pattern will persist in 2016, although growth is expected to accelerate slightly in both jurisdictions: local growth will hit 3 per cent, while a 2.8 per cent advance is on tap for Ontario. The local area has clearly moved on from dependence on auto-related production (although it does host a Toyota assembly plant), with ventures in high-tech manufacturing, software development, and the aerospace industry among its headliners. Along with the GDP pickup this year, we expect job counts to rise 3.1 per cent, more than erasing losses from last year's 1.1 per cent downturn. Indeed, this year's forecast of over 288,000 workers would be both a record high and a 14.9 per cent increase from the 2009 recessionary trough. This also compares favourably with Ontario's simultaneous gain of 8.9 per cent. Despite the 2015 employment loss, the

local unemployment rate fell to 5.8 per cent, from 6.5 per cent in 2014, because Kitchener's labour force fell faster than its employment. We think this rate will remain unchanged in 2016. Total net migration to the area has slipped below 2,000 people in each of the past three years from an annual average near 3,500 people during the prior decade, but the area's evident employment strength will prompt a rebound to over 3,300 people in 2016 and nudge it higher thereafter.

Manufacturing Growth Accelerates Kitchener's manufacturing sector output grew 1.3 per cent in 2015, roughly a third the average of the preceding five years, but is set to pick up again to 3.3 per cent in 2016. Last year's slowing output growth was reflected in an 11 per cent employment decline. This is not a new trend, as output growth in this sector has often been accompanied by strong gains in productivity, limiting any new hiring. Although a 7 per cent employment rebound is on tap for 2016, job gains over the rest of the forecast will be modest. A variety of small items headlined Kitchener manufacturing news recently. Germany's Erwin Hymer Group purchased Roadtrek Motorhomes last year and hopes to spend \$75 million adding a third manufacturing facility in the Waterloo region. Meanwhile, metal component and assembly maker Kromet International plans to spend \$5.3 million and create at least 50 new jobs at its Cambridge headquarters between now and 2020 as it invests in new robotics and 3D printers. And Ampacet Canada, a manufacturer of colours and additives for plastics, is expanding its Kitchener plant. Finally, Catalyst 137, an incubator for "smart" manufacturing, plans to open in early 2017, with room for about 35 companies, an on-site prototype manufacturer, various laboratories, access to 3D printers, and an outdoor testing environment for drones and smart devices.

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
2.8%	3.0%	2.5%	2.7%
#2	#1	#2	#1
Out of 15 CMAs			
Credit Quality: n.a.			
Cost of Living: 101% (Canada = 100%)			

Construction Concentrates on Light Rail Local construction output grew at a 13-year high of 5.5 per cent in 2015 and is set to grow another 4.9 per cent in 2016, largely thanks to ongoing work on the Ion light-rail project featuring 19 kilometres of track in Kitchener and Waterloo, fast buses to Cambridge and 22 stations. Although service was expected to begin in late 2017, anticipated delays in the delivery of the vehicles by Bombardier's Thunder Bay plant have pushed the date back to early 2018. Cambridge council continues to plan a major sports multiplex; Conestoga College, on the Kitchener–Cambridge boundary, has offered land, but some Cambridge residents prefer a more central location. Meanwhile, housing starts are on pace to fall 6 per cent in 2016, the second straight annual decline. Local multi-family starts continue to retreat from a big outburst in 2014, although single-family construction appears to have largely stabilized. We expect singles to make up just below 40 per cent of total starts between 2016 and 2020, in line with the 10-year average.

Services Continue to Expand Briskly Output growth in Kitchener's broader services sector jumped to a four-year high of 3.1 per cent during 2015, and only a slight pullback to 2.9 per cent growth is on tap for 2016. Wholesale and retail trade output posted growth of 5.7 per cent in 2014 and 5.9 per cent in 2015. Retail sales grew at a five-year high of 4 per cent in 2015,

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	24,578	25,324	26,028	26,820	27,519	28,120	28,835	29,621
percentage change	1.6	3.0	2.8	3.0	2.6	2.2	2.5	2.7
Total employment (000s)	278	283	280	288	294	297	301	305
percentage change	2.3	1.5	-1.1	3.1	2.0	1.0	1.4	1.3
Unemployment rate (per cent)	7.0	6.5	5.8	5.8	5.8	5.6	5.4	5.4
Personal income per capita (\$)	41,446	41,760	42,866	44,302	45,633	46,673	48,000	49,322
percentage change	3.3	0.8	2.6	3.3	3.0	2.3	2.8	2.8
Population (000s)	503	507	511	516	523	529	536	542
percentage change	0.8	0.8	0.8	1.0	1.2	1.2	1.2	1.2
Total housing starts	1,840	4,450	3,212	3,009	2,584	2,706	3,070	3,389
Retail sales (\$ millions)	6,129	6,324	6,576	6,797	7,088	7,341	7,640	7,928
percentage change	3.0	3.2	4.0	3.4	4.3	3.6	4.1	3.8
CPI (2002 = 1.0)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

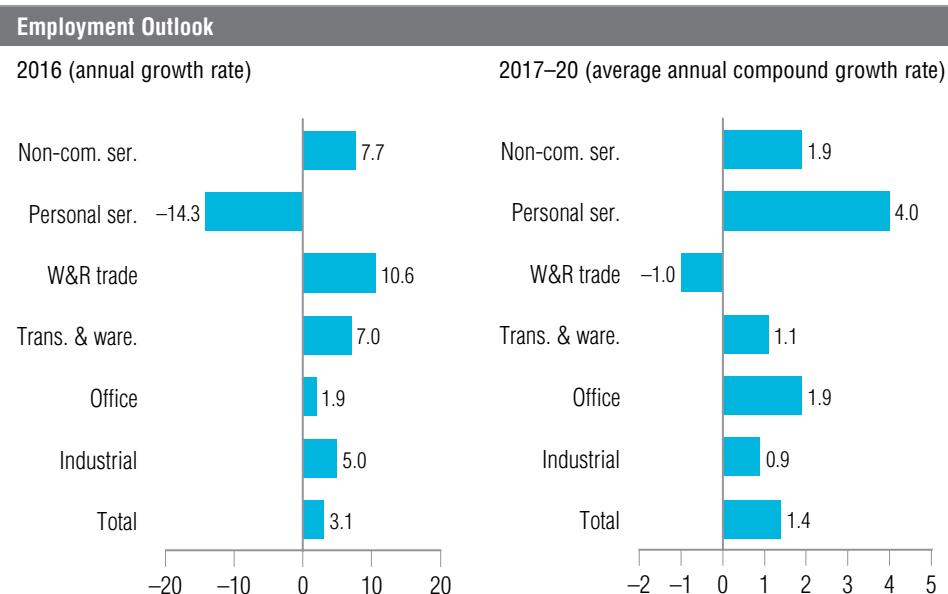
spurring the sector's expansion. Another solid 5.3 per cent gain for wholesale and retail trade is on tap for 2016, underpinned by a further 3.4 per cent rise in retail sales. The finance, insurance, and real estate sector, Kitchener's largest industry, grew at a four-year high rate of 3.4 per cent in 2015, and we expect a further 2.9 per cent increase in output this year, given that Kitchener's resale market is in a sellers' state, with healthy sales volumes and price gains compensating industry players for falling housing starts. Output in the transportation and warehousing sector expanded by 8 per cent for the second straight year in 2015—partly thanks to increased passenger volumes at the airport—and is set to grow another 7 per cent this year. Its growth will cool slightly but remain solid at 7 per cent in 2016. Output in the area's business services industry moderated to 1.5 per cent in 2015, a post-recession low, and will ease further to 1.1 per cent in 2016. Local icon BlackBerry is reporting mixed news: it unveiled driverless car software in January, but announced in February it would cut a combined 200 jobs in Waterloo and Sunrise, Florida. Meanwhile, cloud computing and data analytics firm Huawei plans to hire 50 engineers and computer scientists in Waterloo, part of a 250-job province-wide commitment the firm made in order to land a possible \$16 million in Ontario government funding.

Real GDP growth in Kitchener-Cambridge—Waterloo is forecast to jump from 2.8 per cent in 2015 to 3 per cent in 2016, largely thanks to the boost given construction output by work on the light-rail transit system. Employment will, accordingly, bounce back from a 1.1 per cent dip in 2015 to rise 3.1 per cent this year.

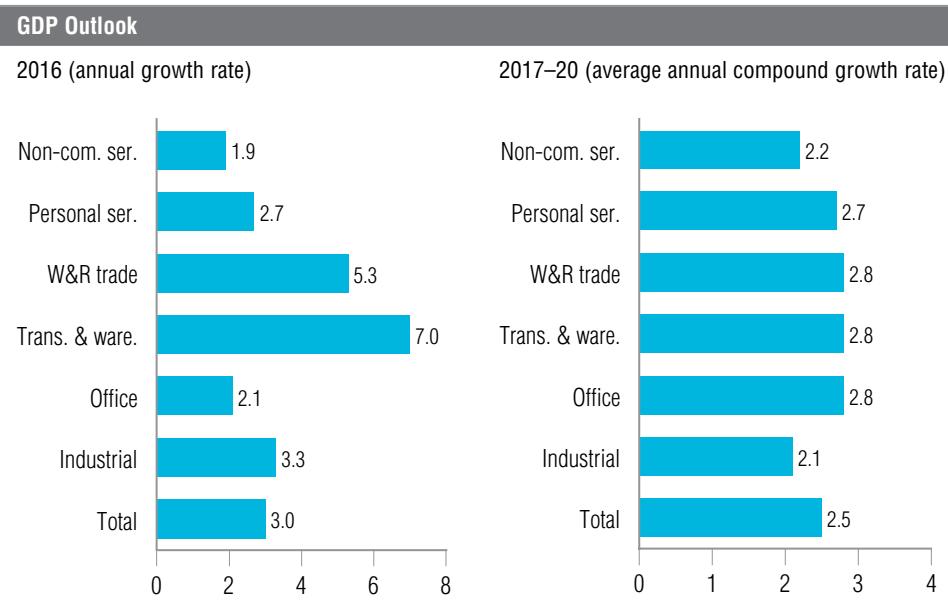


Forecast Risk

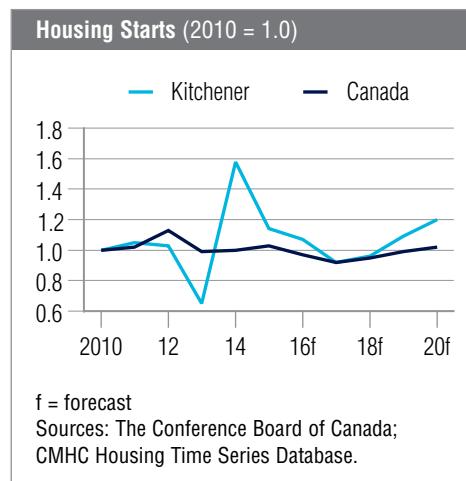
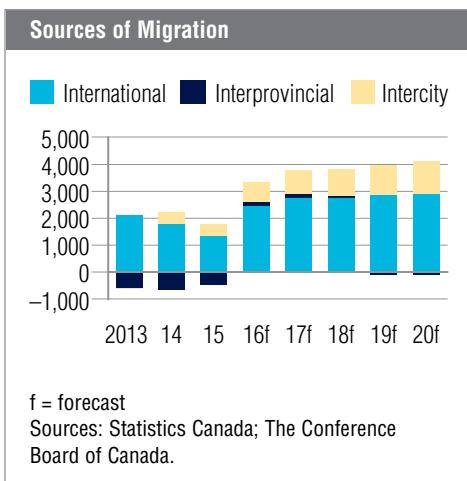
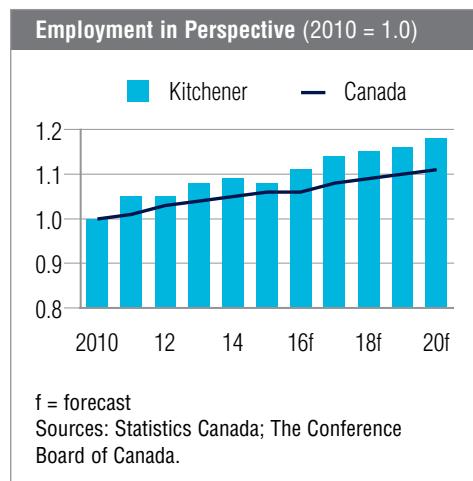
Further stumbles in the Canadian dollar's value could make it harder for the area's high-tech firms to outbid U.S. employers for coveted local tech workers.



Source: The Conference Board of Canada.



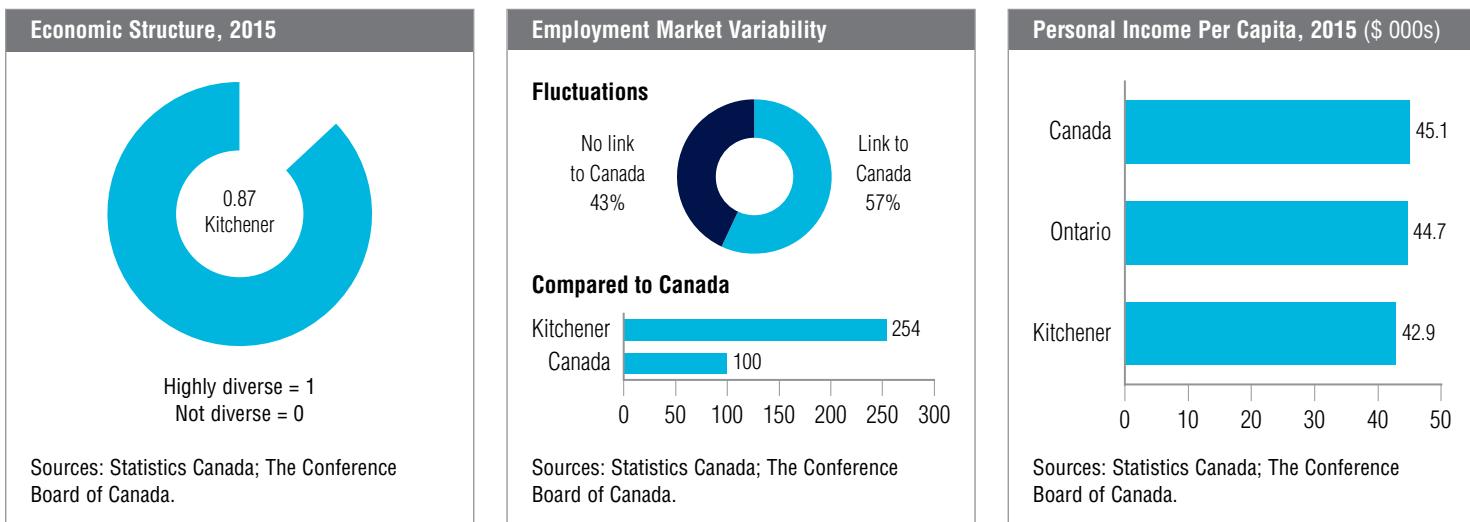
Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	Kitchener	Ontario	Canada
Downtown office market (2015Q3)		Industrial	0.25	0.20	0.25
Class A vacancy rate	10.3%	Office	0.24	0.28	0.24
Average Class A net rent (\$/sq. ft.)	\$11.84	Transport and warehousing	0.05	0.05	0.05
Suburban office market (2015Q3)		Wholesale and retail trade	0.14	0.15	0.14
Class A vacancy rate	12.4%	Personal services	0.13	0.13	0.13
Average Class A net rent (\$/sq. ft.)	\$14.55	Non-commercial services	0.19	0.19	0.19
Industrial market (2015Q3)		Total	1.00	1.00	1.00
Overall availability rate	6.0%				
Asking net rent (\$/sq. ft.)	\$5.07				
Apartment market (October 2015)					
Two-bedroom vacancy rate	2.1%				
Average two-bedroom rent	\$954.00				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.

Sources: Statistics Canada; The Conference Board of Canada.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	912,675	1,069,273	1,051,625	1,752,220	1,508,127	1,021,347	958,389	1,428,884	1,276,739
Residential	480,989	511,505	584,377	744,706	735,780	543,138	578,111	870,287	772,218
Non-residential	431,686	557,768	467,248	1,007,514	772,347	478,209	380,278	558,597	504,521
Industrial	98,215	75,080	86,368	156,805	268,967	78,291	64,977	107,418	146,030
Commercial	181,435	256,012	241,031	509,389	208,904	215,112	192,197	196,573	237,340
Public admin. & non-comm.	152,036	226,676	139,849	341,320	294,476	184,806	123,104	254,606	121,151
Office sector*									
No. of square feet (000s)	4,495	4,495	4,495	4,736	4,674	4,926	5,004	5,195	5,072
percentage change	2	0	0	5	-1.3	5.4	1.6	3.8	-2.4
Vacancy rate (%)	8	6	6	7.2	10.7	8.1	10.0	10.8	9.5
Employment (000s)	56	57	55	60	65	67	67	68	67
percentage change	-1.7	1.2	-1.9	8.6	8.7	2.4	-0.2	1.1	-0.4
Bankruptcies									
Consumer	1,176	1,353	1,974	1,344	982	866	795	779	625
Business	72	73	72	41	31	22	25	29	11

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.

Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Kitchener	6,192,226	163,800	37.80	70
Cambridge	3,838,743	98,160	39.11	71
Waterloo	3,695,127	74,650	49.50	69
Woolwich Township	762,540	15,680	48.63	66
North Dumfries Township	288,654	5,470	52.77	69

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	27.3
2311–29	Construction	18.6
7221–24	Food and beverage services	18.4
3361–69	Transportation equipment manufacturing	14.1
6112–17	Post-secondary education	13.5
4111–91	Wholesale trade	12.2
6111	Primary and secondary schools	11.7
5241–42, 5261–69	Insurance carriers and related activities	11.3
6211–19	Ambulatory health care services	8.7
5415	Computer systems design services	8.3

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	278	283	280	288	294	297	301	305
	2.3	1.5	-1.1	3.1	2.0	1.0	1.4	1.3
Goods sector	74	79	70	73	76	75	76	76
	1.2	6.5	-11.6	5.0	2.9	-0.8	0.7	0.6
Manufacturing	52.1	54.3	48.3	51.7	52.9	53.1	53.6	54.0
	-1.7	4.1	-11.0	7.0	2.3	0.4	1.0	0.8
Construction	17.9	20.2	18.5	18.9	19.7	19.0	18.9	19.0
	5.2	13.0	-8.4	2.1	4.4	-4.0	-0.1	0.2
Primary and utilities	4.2	4.6	3.1	2.9	3.0	3.0	3.0	3.0
	27.2	9.2	-32.5	-8.4	5.0	0.7	0.6	-0.1
Services sector	204	204	210	215	218	222	225	229
	2.8	-0.3	2.9	2.4	1.6	1.6	1.7	1.5
Transportation and warehousing	12.5	14.1	13.1	14.0	14.1	14.2	14.4	14.6
	11.8	12.8	-7.2	7.0	0.9	1.0	1.3	1.1
Information and cultural industries	4.8	5.8	4.8	3.8	4.3	4.4	4.4	4.5
	1.2	22.3	-18.1	-20.1	12.5	1.5	1.1	0.9
Wholesale and retail trade	40.5	40.3	39.4	43.6	41.1	40.8	41.3	41.8
	-1.8	-0.6	-2.0	10.6	-5.8	-0.6	1.2	1.1
Finance, insurance, and real estate	20.4	21.1	22.2	24.5	24.5	25.2	25.4	25.6
	-14.6	3.7	5.3	10.1	0.1	2.9	0.7	1.0
Business services	33.8	32.5	32.0	33.1	33.7	34.4	35.1	35.6
	8.7	-4.0	-1.4	3.3	1.8	2.2	2.0	1.3
Personal services	31.7	31.8	37.1	31.8	35.2	35.7	36.4	37.1
	-3.2	0.4	16.6	-14.3	10.7	1.4	2.0	2.0
Non-commercial services	52.7	49.9	52.8	56.8	57.6	58.9	60.2	61.3
	13.1	-5.2	5.7	7.7	1.3	2.3	2.1	1.9
Public administration	7.9	8.1	8.2	7.1	7.8	8.1	8.2	8.2
	7.5	3.1	1.1	-13.4	9.0	3.8	1.2	0.9

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

London



If our forecast materializes, 2014–16 will be the London economy's best three years since 1998–2000.



The unemployment rate will jump from 6.5 per cent last year to 7.2 per cent this year.

Overview After years of lethargy, London's economy finally stirred in 2014 as real GDP rose by 2 per cent. The economy followed this up with a further 2.4 per cent gain in 2015, allowing the level of output to finally surpass its 2007 pre-recession peak and marking the fastest growth since 2005. Fortunately, this upward momentum is expected to continue—we forecast output to rise by another 2.4 per cent in both 2016 and 2017. Similar to last year, London's recovering manufacturing sector will lead the region in growth. A weaker Canadian dollar and a healthier U.S. consumer have been good news for Ontario's auto sector, with Americans eager to replace their aging vehicles. Meanwhile, the services sector is expected to post its greatest output gains since 2007, with transportation and warehousing, business services, and finance, insurance, and real estate pulling most of the weight.

London's strengthening economy has bolstered the region's job market, with employment

growth hitting an 11-year high of 3.5 per cent in 2015. We will continue to see job gains in the coming years, though growth is projected to average a more modest 0.8 per cent per year over this year and next. On a negative note, London's unemployment rate is forecast to jump from 6.5 per cent in 2015 to 7.2 per cent this year as more people enter the labour force. However, this is expected to be temporary—as more jobs are created in the coming years, the unemployment rate should see a steady decline to 6.1 per cent by 2020.

Manufacturing Forges Ahead After a 17.2 per cent contraction in 2009 alone, London's manufacturing sector has made significant strides to return output to pre-recession levels—although it won't happen until 2018. Still, the local industry appears to be in its best shape since the late 1990s. Indeed, real output expanded by 7.3 per cent in 2014, a 14-year high, and followed that up with a 6.8 per cent gain in 2015. The positive momentum is expected to continue in the coming years, with real output gains of 4.7 per cent and 3.5 per cent expected in 2016 and 2017, respectively. Unfortunately, employment is unlikely to make a full recovery, with the industry currently employing an estimated 9,000 fewer workers than the 42,000 employed in 2003.

In general, healthy U.S. domestic demand and the depreciation of the Canadian dollar have been good news for manufacturing in Ontario. The outlook for the automotive manufacturing industry is particularly strong now that U.S. vehicle sales are finally back to pre-recession levels. Formet Industries, the region's largest auto parts manufacturer, is investing \$24 million to retool its factory and add nearly 70 jobs to its current workforce of 1,300. At the same time, significant military contracts will keep workers busy at General Dynamics Land Systems Canada, a major manufacturer of military

vehicles based in London. In 2014, the company

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
2.4%	2.4%	2.1%	1.7%
#5	#5	#5	#7
Out of 15 CMAs			
Credit Quality: n.a.			
Cost of Living: 101% (Canada = 100%)			

signed a \$15-billion contract to provide the government of Saudi Arabia with light-armoured military vehicles. Lasting 15 years, the deal will create nearly 3,000 jobs for local workers.

Construction on the Rise The construction sector posted flat annual average output growth between 2010 and 2014, in line with a struggling economy. But the sector finally bounced back last year, with output rising by 4.1 per cent. Things are on track for further solid gains this year and next. The value of building permits rose strongly over the first two quarters of 2016, particularly for residential construction. As a result, housing starts are expected to rise 12.2 per cent this year to 2,360 units, with a further 2,290 units forecast for 2017. At the same time, the non-residential market will also be busy with many new projects on the horizon. For instance, Western University will begin construction this year on its new \$40-million, 100,000-square-foot engineering building, which is scheduled to welcome its first students by September 2018. Similarly, Fanshawe College has invested \$24 million in a 55,000-square-foot facility that will house a new sport medicine and wellness clinic. Meanwhile, the \$115-million reconstruction of the Veterans Memorial Parkway remains on track for completion next year. All in all, we expect total construction output to increase by 3.2 per cent this year and by a further 2.7 per cent in 2017.

Steady Gains in Services Similar to construction, London's services sector experienced fairly

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	20,009	20,412	20,903	21,402	21,907	22,331	22,747	23,236
percentage change	0.4	2.0	2.4	2.4	2.4	1.9	1.9	2.2
Total employment (000s)	240	243	252	253	256	257	259	261
percentage change	-0.9	1.1	3.5	0.7	0.9	0.5	0.9	0.8
Unemployment rate (per cent)	8.6	7.5	6.5	7.2	7.1	6.3	6.0	6.1
Personal income per capita (\$)	39,481	41,259	42,684	43,495	44,493	45,463	46,650	47,871
percentage change	1.7	4.5	3.5	1.9	2.3	2.2	2.6	2.6
Population (000s)	499	503	506	511	516	521	526	531
percentage change	0.9	0.8	0.7	0.9	1.0	1.0	0.9	0.9
Total housing starts	2,163	1,983	2,104	2,360	2,294	2,243	2,532	2,808
Retail sales (\$ millions)	6,556	7,012	7,346	7,602	7,908	8,171	8,449	8,718
percentage change	1.4	7.0	4.8	3.5	4.0	3.3	3.4	3.2
CPI (2002 = 1.0)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

sluggish growth in recent years, with real output increasing at an annual average rate of 0.9 per cent between 2010 and 2015. This includes a gain of 1.5 per cent last year, which sadly was strong enough to be a post-recession high. On a positive note, growth in the services-producing industries is expected to edge upward in the coming years, with total services sector output projected to increase by 1.9 per cent in 2016 and by a further 2.1 per cent in 2017.

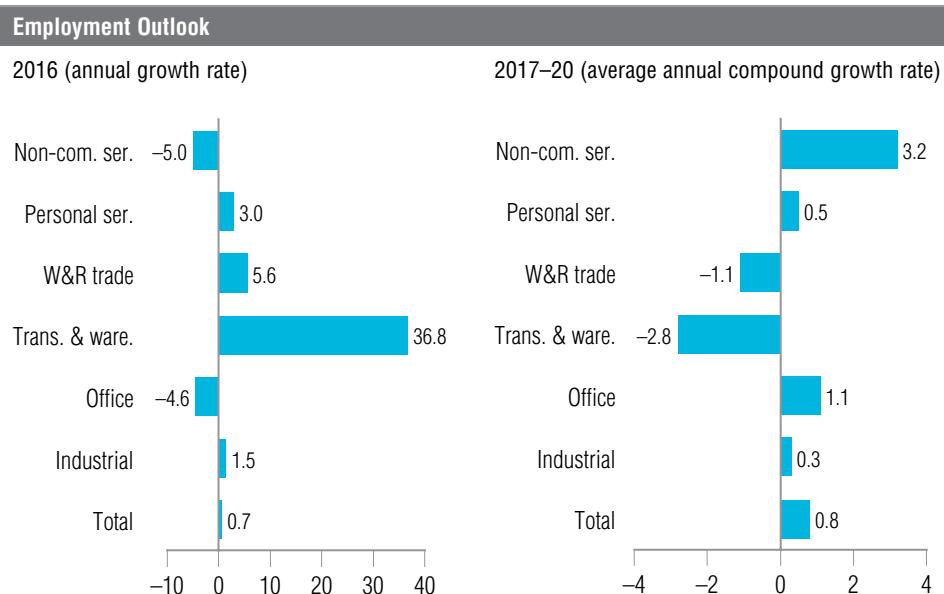
Leading the way this year with output growth of 3.7 per cent will be the transportation and warehousing industry, as it continues to benefit from strong manufacturing activity. The business services sector is another bright spot. After experiencing a 15-year-high gain of 5 per cent last year, its output is projected to keep pushing ahead and grow by a further 3.3 per cent in 2016. Meanwhile, finance, insurance, and real estate, the region's largest services industry, is also on track for a solid expansion, thanks to near-record activity in the home resale market. After weak growth of 0.9 per cent last year, the wholesale and retail trade industry is expected to benefit from 2015's stellar job gains and see an output increase of 2.6 per cent this year. On a negative note, information and cultural services, which has contracted for eight years in a row, will shrink again in 2016 as printing of the *London Free Press* is moved to Hamilton this fall.

London's real GDP growth is forecast to hold steady at 2.4 per cent in 2016 and 2017, the same rate of growth as in 2015. This would mark London's strongest three-year economic performance since 1998–2000. Job growth is expected to cool from 3.5 per cent in 2015 to an average of 0.8 per cent per year over this year and next.

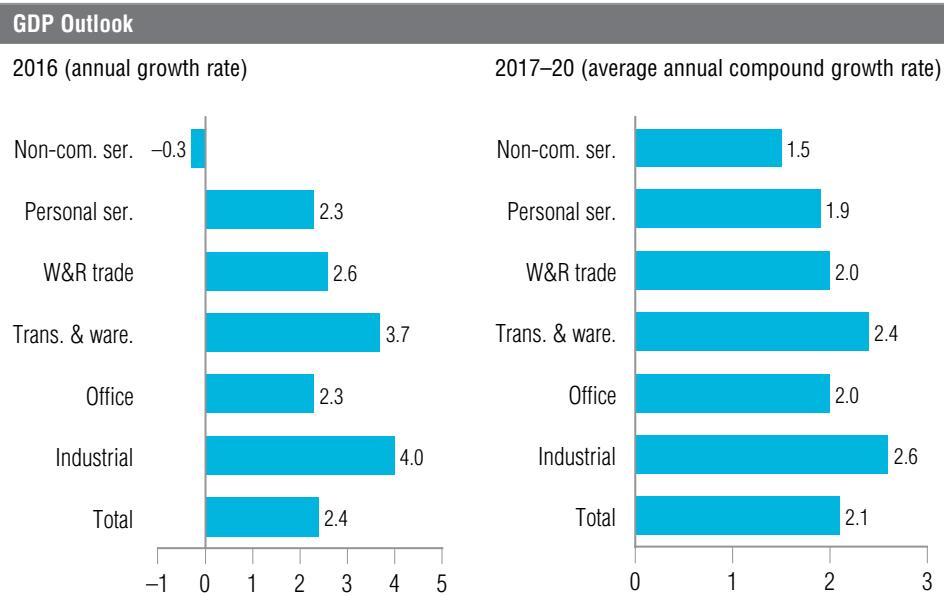


Forecast Risk

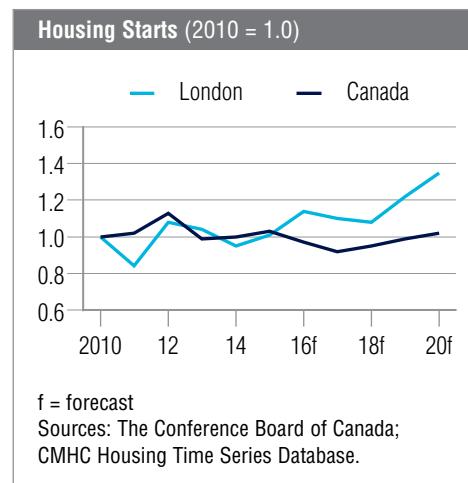
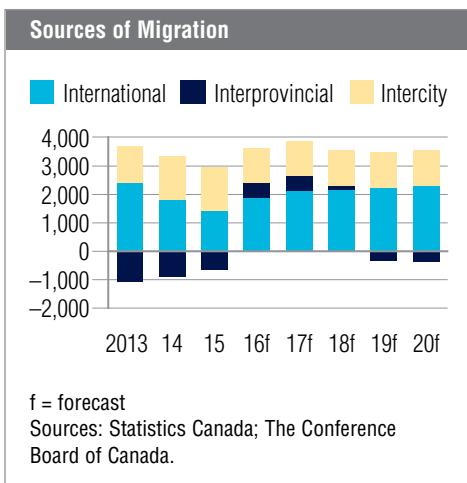
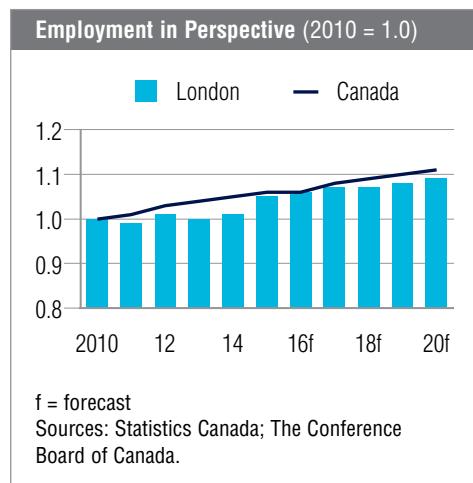
Slower-than-expected U.S. economic growth could hamper real output gains in the local export-oriented manufacturing sector.



Source: The Conference Board of Canada.



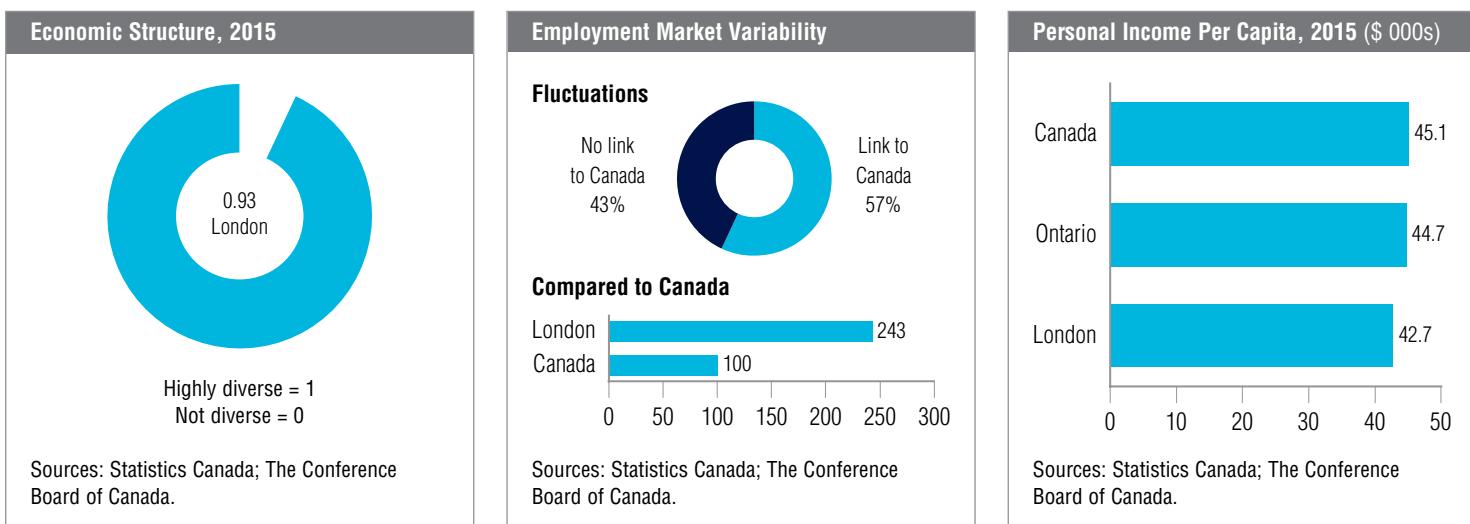
Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	London	Ontario	Canada
Downtown office market (2015Q3)		Industrial	0.21	0.20	0.22
Class A vacancy rate	16.0%	Office	0.24	0.28	0.25
Average Class A net rent (\$/sq. ft.)	\$13.87	Transport and warehousing	0.04	0.05	0.05
Suburban office market (2015Q3)		Wholesale and retail trade	0.15	0.15	0.15
Class A vacancy rate	8.8%	Personal services	0.13	0.13	0.13
Average Class A net rent (\$/sq. ft.)	n.a.	Non-commercial services	0.23	0.19	0.20
Industrial market (2015Q3)		Total	1.00	1.00	1.00
Overall availability rate	11.5%				
Asking net rent (\$/sq. ft.)	\$4.12				
Apartment market (October 2015)					
Two-bedroom vacancy rate	2.6%				
Average two-bedroom rent	\$990.00				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.

Sources: Statistics Canada; The Conference Board of Canada.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	919,595	982,131	733,125	934,760	1,394,261	941,649	920,025	978,352	997,281
Residential	510,182	507,288	391,430	500,846	447,619	591,488	632,672	704,859	584,574
Non-residential	409,413	474,843	341,695	433,914	946,642	350,161	287,353	273,493	412,707
Industrial	63,622	59,793	87,841	60,002	79,303	33,710	63,586	54,570	56,462
Commercial	174,655	121,662	117,713	207,820	212,520	197,582	120,491	125,406	153,077
Public admin. & non-comm.	171,136	293,388	136,141	166,092	654,819	118,869	103,276	93,517	203,168
Office sector*									
No. of square feet (000s)	4,310	4,335	4,389	4,394	4,414	4,361	4,399	4,399	4,410
percentage change	3.2	0.6	1.3	0.1	0.5	-1.2	0.9	0.0	0.3
Vacancy rate (%)	16.4	14.8	15.1	14.9	15.3	15.2	16.4	16.1	15.7
Employment (000s)	57	58	55	55	55	59	55	55	60
percentage change	1.6	0.9	-4.6	0.4	-0.1	6.5	-6.9	0.3	9.6
Bankruptcies									
Consumer	1,545	1,891	2,565	1,962	1,520	1,273	1,190	996	863
Business	80	74	56	33	25	34	15	20	16

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.

Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Central Elgin	275,727	6,300	43.77	62
St. Thomas	1,313,561	35,640	36.86	60
Strathroy-Caradoc	88,200	2,960	29.80	61
Southwold	665,939	18,030	36.94	65
Thames Centre	420,183	8,970	46.84	68
Middlesex Centre	637,171	11,530	55.26	63
London	11,072,691	278,450	39.77	63

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	29.2
7221–24	Food and beverage services	17.0
2311–29	Construction	16.9
6111	Primary and secondary schools	11.9
6220	Hospitals	11.3
3361–69	Transportation equipment manufacturing	11.2
6112–17	Post-secondary education	10.7
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	9.7
6211–19	Ambulatory health care services	9.3
5211, 5221–23, 5231–39	Finance	8.6

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	240	243	252	253	256	257	259	261
	-0.9	1.1	3.5	0.7	0.9	0.5	0.9	0.8
Goods sector	48	48	54	54	54	54	55	55
	-0.4	-0.1	10.9	1.5	-0.5	0.4	0.8	0.6
Manufacturing	27.4	27.1	31.9	33.0	32.4	32.7	33.0	33.1
	-5.5	-1.1	17.8	3.4	-1.8	1.0	0.7	0.5
Construction	16.4	16.3	16.8	16.8	17.3	17.2	17.4	17.6
	12.0	-0.9	2.8	0.5	2.7	-0.6	1.1	1.2
Primary and utilities	4.6	5.0	5.0	4.6	4.5	4.5	4.4	4.4
	-7.2	8.2	0.0	-6.9	-3.4	-0.3	-0.5	-0.6
Services sector	192	195	198	199	201	203	205	206
	-1.0	1.4	1.7	0.5	1.3	0.5	1.0	0.9
Transportation and warehousing	11.2	11.8	9.7	13.3	12.1	11.7	11.8	11.9
	-0.1	5.6	-17.5	36.8	-9.1	-3.3	0.7	0.8
Information and cultural industries	4.1	4.1	2.5	2.0	2.3	2.4	2.4	2.4
	10.9	0.5	-39.1	-18.3	13.5	3.9	0.2	0.4
Wholesale and retail trade	39.8	37.2	37.2	39.2	39.8	37.2	37.3	37.5
	8.4	-6.5	-0.2	5.6	1.5	-6.6	0.2	0.6
Finance, insurance, and real estate	17.0	16.4	18.3	15.8	16.1	17.4	17.2	17.1
	-9.7	-3.5	11.8	-13.7	1.9	7.6	-0.9	-0.5
Business services	25.1	24.5	29.5	31.6	29.8	30.2	30.7	31.1
	-6.0	-2.4	20.4	6.8	-5.6	1.4	1.6	1.4
Personal services	30.4	31.5	32.5	33.5	32.9	33.3	33.8	34.1
	-4.6	3.8	3.1	3.0	-1.7	1.3	1.5	0.9
Non-commercial services	55.9	59.2	58.3	55.4	59.4	61.2	62.2	62.9
	0.9	5.9	-1.4	-5.0	7.3	2.9	1.6	1.2
Public administration	8.6	9.9	9.8	8.0	9.0	9.1	9.2	9.2
	-10.6	15.5	-0.8	-18.7	11.8	1.9	0.5	0.6

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Windsor



	Windsor is expected to be this year's fourth fastest-growing economy among this report's 15 metropolitan areas.
	Total employment remains below its 2006 peak.

Overview Windsor's economy is enjoying a period of sustained and solid growth. In fact, real output expanded at an annual average clip of 2.5 per cent over the past two years, and we expect a similar gain in 2016. The region continues to step out of the shadows of the steep downturn it endured between 2007 and 2009, when real gross domestic product shrank by an average of 2.8 per cent per year and close to 18,000 jobs disappeared. A few key industries have been responsible for putting Windsor's economy on the comeback trail, but manufacturing deserves the lion's share of the credit, especially since it is by far the metropolitan area's largest industry, accounting for 30 per cent of total output. With manufacturing on track to post another strong gain in 2016, overall economic growth is forecast at 2.4 per cent this year. Yet despite this good news, Windsor still bears some of the scars of the recession. In particular, the economy still has not fully recouped all of the jobs it lost between 2007

and 2009. In fact, we do not expect this threshold to be reached until 2020, implying that a full recovery will take 14 years. In comparison, Canada as a whole needed only a little over a year to accomplish this feat.

Manufacturing Running in High Gear The recovery of Windsor's manufacturing sector appears to be gathering momentum. The local industry struggled mightily between 2001 and 2009, when output shrank by a cumulative 33.5 per cent, as it was hit by one thing after another, including a strong Canadian dollar, high oil and gas prices, and a collapse in U.S. vehicle sales. But the sector has been slowly climbing out of this deep hole since 2010, posting annual average output growth of 3.5 per cent from 2010 to 2013. And now that those same three factors have turned in the sector's favour—the Canadian dollar has weakened, oil and gas prices have dipped, and U.S. vehicle sales have strengthened—local manufacturing activity has been picking up steam. In fact, output expanded by 6.3 per cent in 2014 and by 4.8 per cent in 2015. Fortunately, this positive trend is expected to continue this year, with output climbing by an additional 4.6 per cent. If our forecast materializes, 2014–16 would represent the manufacturing sector's best three-year performance since the 1998 to 2000 period.

The sector's outlook has also been bolstered by FCA Canada's \$3.7-billion investment in its Windsor Assembly Plant and its subsequent hiring of 1,200 workers to manufacture the all-new Chrysler Pacifica minivan. Sales of the new minivan, which went on sale in April, have been brisk so far, and sales growth should accelerate as inventories are built up.

News from other local manufacturers has also been largely positive. Integral Seating announced in March that it was looking to hire 70 people. In addition, Lakeside Plastics held a job fair in June to hire up to 100 people,

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
2.4%	2.4%	2.0%	2.0%
#4	#4	#6	#4
Out of 15 CMAs			
Credit Quality: AA (Standard & Poor's)			
Cost of Living: 101% (Canada = 100%)			

although many of the new jobs are contingent on the company winning new automotive work. Meanwhile, Linamar Corp. has hinted that its Windsor plant will be launching a long-running and high-volume aluminum component program for a large assembler. On a negative note, Nemak laid off 61 workers in June because the company will no longer produce a 3.6-litre engine block for General Motors. Windsor City Council recently granted Nemak \$1.3 million over five years to help the plant remain viable.

Strong Tourism Outlook The weaker loonie and a healthy U.S. consumer are also boosting the fortunes of Windsor's tourism industry, which is also benefiting from a string of major sporting events that the city is hosting. For instance, the University of Windsor hosted the OFSAA track and field championships in early June, welcoming 2,500 student athletes from across the province. In December, Windsor will host the FINA world short course swimming championships at the WFCU Centre, welcoming up to 1,000 of the world's top swimmers from over 175 countries. Finally, next spring, the Windsor Spitfires will host the Ontario Hockey League's 2017 MasterCard Memorial Cup. As a result, output in the personal services sector, which includes many tourist-oriented industries such as accommodation and food as well as arts, entertainment, and recreation, is forecast to increase by 2.9 per cent this year and by 3.1 per cent next year.

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	11,897	12,201	12,497	12,801	13,096	13,347	13,588	13,835
percentage change	0.7	2.6	2.4	2.4	2.3	1.9	1.8	1.8
Total employment (000s)	155	155	158	159	161	162	163	164
percentage change	1.2	0.3	1.9	0.6	1.2	0.4	0.8	0.5
Unemployment rate (per cent)	8.9	9.0	9.9	7.5	7.4	7.1	6.9	6.8
Personal income per capita (\$)	38,745	39,144	40,703	41,516	42,578	43,700	44,952	46,146
percentage change	2.4	1.0	4.0	2.0	2.6	2.6	2.9	2.7
Population (000s)	333	334	336	337	339	341	343	345
percentage change	0.5	0.5	0.4	0.5	0.5	0.6	0.6	0.6
Total housing starts	708	806	1,010	1,070	1,091	1,053	1,036	1,030
Retail sales (\$ millions)	3,756	3,873	4,067	4,242	4,411	4,557	4,709	4,843
percentage change	1.7	3.1	5.0	4.3	4.0	3.3	3.3	2.9
CPI (2002 = 1.0)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

Construction Activity to Slow Windsor's construction sector rebounded last year from back-to-back annual declines in 2013 and 2014, posting a 2.1 per cent gain in output. Last year's growth was largely driven by a surge in residential construction, as housing starts surpassed 1,000 units for the first time since 2006. The non-residential sector also contributed to growth, thanks mainly to the final year of construction on the \$1.4-billion Herb Gray Parkway.

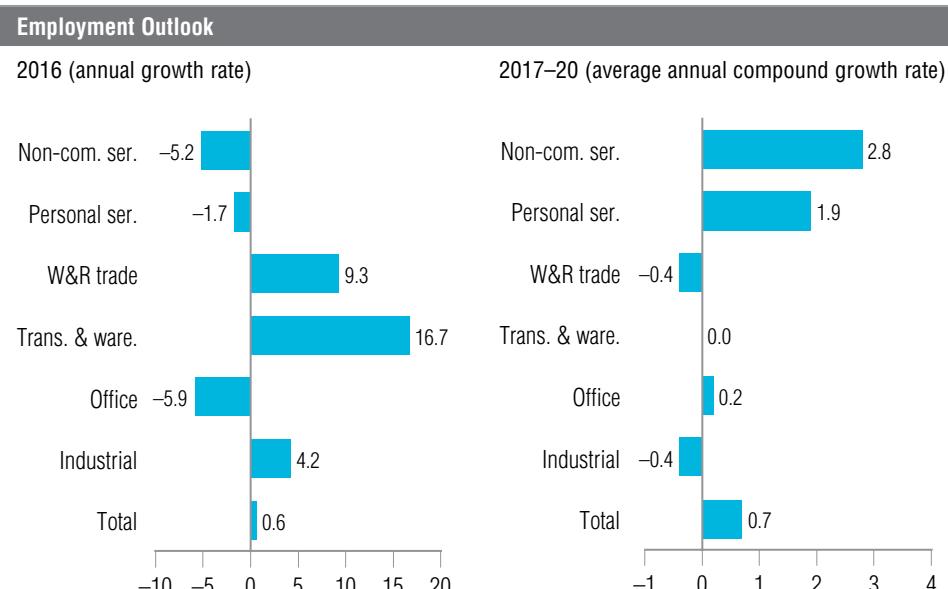
But with the parkway project finished and no other major development yet to take its place, the non-residential sector will take a bit of a breather this year. Still, this does not mean that the sector remains inactive. Current projects under way across the city include Samsung's solar farm, a new \$44-million city hall, and the University of Windsor's School of Creative Arts. Add to that continued strength in residential investment activity, and the overall construction sector should still manage to eke out modest output growth of 0.5 per cent in 2016. Assuming work on the multi-billion-dollar Gordie Howe International Bridge starts next year, the local construction industry should enjoy a much stronger output expansion of 3.8 per cent in 2017.

Windsor's economy is expected to maintain its positive momentum over the near term, with real GDP expanding by 2.4 per cent in 2016 and by 2.3 per cent in 2017. After creating 3,000 net new jobs in 2015, the economy is projected to generate a more moderate 1,400 net new jobs on an annual average basis over this year and next.

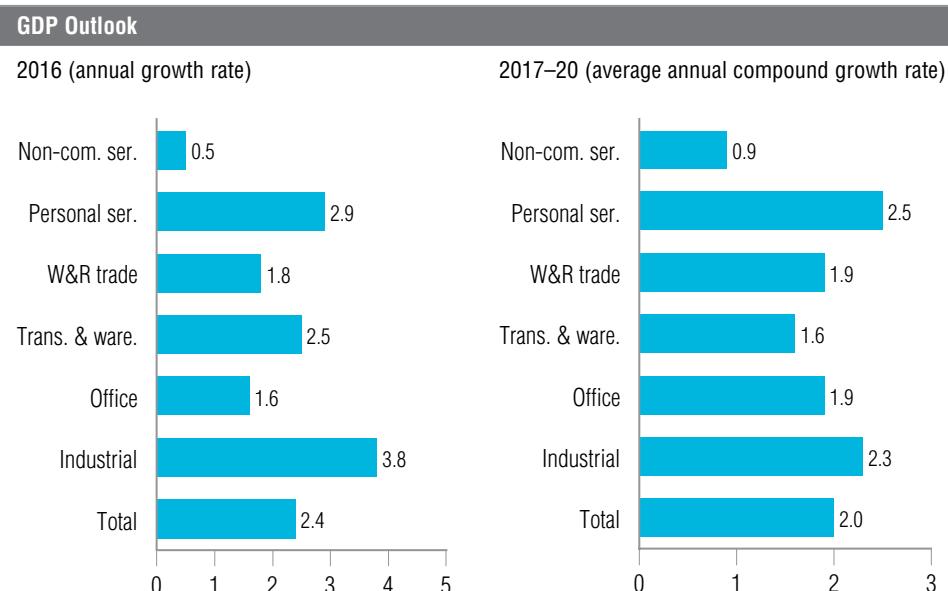


Forecast Risk

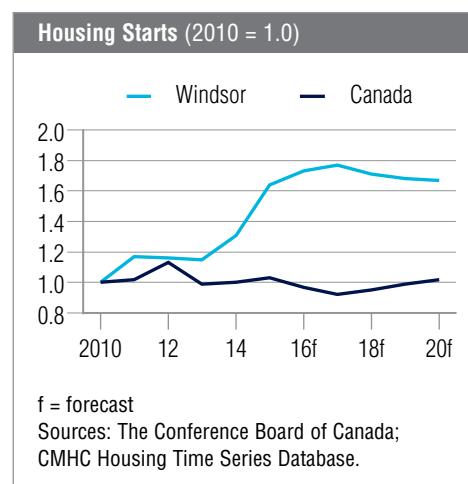
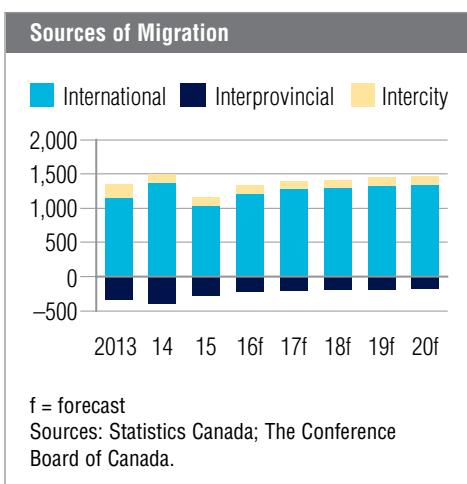
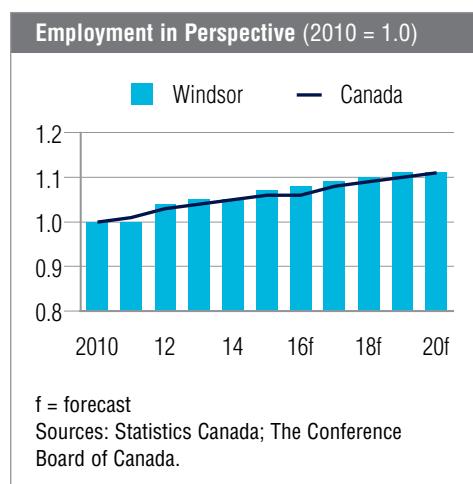
Delays to the start of work on the Gordie Howe International Bridge would push back growth in construction output.



Source: The Conference Board of Canada.

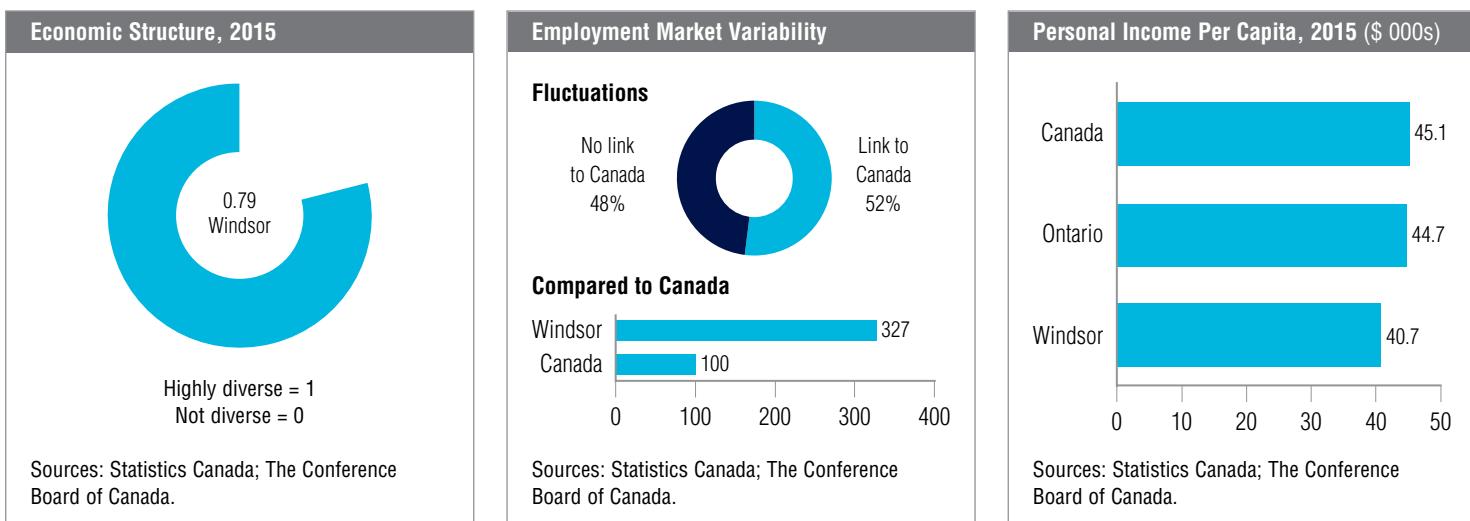


Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	Windsor	Ontario	Canada
New housing market (2015)		Industrial	0.30	0.20	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	600 8.9%	Office	0.18	0.28	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$403,489 11.5%	Transport and warehousing	0.04	0.05	0.05
Resale housing market (2015)		Wholesale and retail trade	0.12	0.15	0.15
Unit sales <i>(percentage change)</i>	6,322 18.6%	Personal services	0.16	0.13	0.13
Average price <i>(percentage change)</i>	\$196,664 5.0%	Non-commercial services	0.21	0.19	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	3.9%				
Average two-bedroom rent	\$821				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	359,730	207,434	313,181	506,757	311,115	578,041	360,301	406,382	525,302
Residential	138,711	104,318	99,199	146,097	170,660	205,850	236,103	255,488	339,591
Non-residential	221,019	103,116	213,982	360,660	140,455	372,191	124,198	150,894	185,711
Industrial	26,621	18,816	9,093	125,435	45,408	15,500	26,607	38,433	40,808
Commercial	125,059	58,294	42,572	61,265	70,676	147,504	45,354	58,054	63,992
Public admin. & non-comm.	69,339	26,006	162,317	173,960	24,371	209,187	52,237	54,407	80,911
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	29	28	27	30	28	29	28	24	29
<i>percentage change</i>	7.3	-2.0	-3.6	12.0	-7.5	5.6	-5.6	-12.5	19.0
Bankruptcies									
Consumer	1,417	1,690	2,117	1,304	980	854	794	584	560
Business	70	41	43	33	25	20	21	26	14

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Windsor	6,064,419	173,390	34.98	59
Tecumseh	1,018,484	20,050	50.80	61
Lakeshore	897,807	19,760	45.44	66
Amherstburg	638,512	15,230	41.92	64
Lasalle	634,968	13,030	48.73	70

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
411–4543	Retail trade	15.4
3361–69	Transportation equipment manufacturing	13.7
7221–24	Food and beverage services	11.2
2311–29	Construction	9.6
6111	Primary and secondary schools	7.6
3331–39	Machinery manufacturing	6.3
6220	Hospitals	6.3
6211–19	Ambulatory health care services	5.9
7111–39	Arts, entertainment, and recreation	5.4
6112–17	Post-secondary education	4.8

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	155	155	158	159	161	162	163	164
	1.2	0.3	1.9	0.6	1.2	0.4	0.8	0.5
Goods sector	43	43	47	49	47	48	48	48
	-1.6	1.9	7.5	4.2	-4.1	2.3	0.4	0.0
Manufacturing	31.4	32.9	33.9	38.4	35.2	35.8	36.0	36.1
	-0.2	4.8	3.1	13.1	-8.3	1.8	0.4	0.2
Construction	8.2	8.2	9.6	7.3	8.7	9.1	9.2	9.1
	-12.8	-0.2	16.2	-23.9	20.1	4.3	0.6	-0.4
Primary and utilities	3.0	2.3	3.2	3.0	2.7	2.8	2.7	2.7
	24.0	-23.7	38.4	-5.2	-9.9	1.4	-0.3	-0.9
Services sector	112	112	112	111	114	114	115	116
	2.2	-0.3	-0.2	-0.9	3.6	-0.3	1.0	0.8
Transportation and warehousing	6.6	8.3	6.3	7.3	7.9	7.3	7.3	7.3
	3.9	25.2	-24.7	16.7	8.0	-7.2	-0.1	0.0
Information and cultural industries	1.8	2.1	2.0	1.7	1.6	1.6	1.6	1.6
	-37.6	14.9	-4.8	-13.4	-6.1	-0.9	-0.9	-1.1
Wholesale and retail trade	22.4	22.1	18.7	20.5	22.0	20.1	20.2	20.2
	7.5	-1.1	-15.2	9.3	7.3	-8.4	0.3	0.1
Finance, insurance, and real estate	8.9	6.1	9.5	7.2	7.1	7.8	7.8	7.7
	22.9	-31.5	56.1	-24.4	-0.5	8.7	0.0	-0.4
Business services	12.2	11.7	13.5	13.5	13.0	13.2	13.5	13.6
	-12.6	-4.3	15.7	-0.4	-3.4	1.8	1.6	1.3
Personal services	21.2	23.7	24.8	24.3	24.9	25.4	25.8	26.3
	-8.6	11.7	4.6	-1.7	2.2	2.1	1.8	1.7
Non-commercial services	34.2	33.4	32.8	31.1	33.3	34.0	34.4	34.7
	14.4	-2.4	-1.7	-5.2	7.1	2.1	1.2	0.9
Public administration	4.9	4.5	4.0	4.9	4.6	4.6	4.6	4.6
	-8.2	-8.5	-11.9	23.1	-5.7	-0.6	0.2	-0.1

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Greater Sudbury



Sudbury's population is forecast to ease fractionally throughout our forecast.



The city is contemplating a new events centre, including a hockey arena.

Overview The end of the commodities super-cycle has weakened the market for nickel, the area's economic underpinning. Accordingly, Greater Sudbury's real GDP fell 0.8 per cent in 2015, the fourth straight drop. Fortunately, all these declines have been less than 1 per cent, so the cumulative shrinkage has been only about 3 per cent. We expect a modest improvement in 2016, with real GDP advancing 0.6 per cent. Stronger 1.2 per cent growth is in the cards for 2017. Employment has suffered similarly, falling 0.7 per cent in 2015, the third dip in four years. This lifted the unemployment rate to a five-year high of 7.4 per cent in 2015. The near-term GDP growth we expect will produce a 0.8 per cent employment gain in 2016 and slightly stronger 1 per cent growth in 2017. The weak economy has turned migration negative, with net outflows in each of 2014 and 2015 trimming Sudbury's population. Another year of net departures should set the stage for a further small population

decline in 2016. Residential demand has been unsurprisingly weak, and housing starts are falling.

Primary and Utilities Outlook Remains Soft

The output of Sudbury's primary and utilities sector is poised to contract for a fifth straight year, although the 2016 decline is expected to be only 0.8 per cent (compared with a 4.2 per cent decline in 2015) and 1 per cent growth is expected for 2017. Falling Chinese demand seems the prime source of softness for nickel's price, which averaged over US\$10 per pound in 2011, just over US\$5 last year, and near US\$4 in the first half of 2016. The falling Canadian dollar has somewhat offset this decline; since 2011, nickel's price is down over 60 per cent in U.S. dollar terms but only about 50 per cent in Canadian dollar terms. And the worst may be over. The mineral's price is forecast to stabilize this year and to advance modestly in 2017. Although no major layoffs have been announced by local giants Glencore and Vale, the latter has hinted that it might sell off key assets, including its Sudbury mine, to protect itself from a possible further drop in nickel prices. Smaller miners like KGHM are suspending local work. More positively, Wallbridge Mining has announced good results from drilling at its Parkin exploration project, and Sudbury's city council will give the NORCAT underground testing centre \$300,000 in 2016–2017. Unfortunately, progress on the "Ring of Fire" mineral belt in the James Bay lowlands, which could energize Sudbury's mineral industry, remains elusive. But during a visit to Sudbury in April, Prime Minister Justin Trudeau hinted that the federal government could provide funding for infrastructure to help develop the Ring.

Construction Rebounds Modestly Construction output rebounded to expand 1.3 per cent in 2015 following a pair of annual declines that shrank the industry a cumulative 8.2 per cent. Further 0.8 per cent growth is on tap for 2016. Work

Real GDP Growth and Ranking

2015	2016	2017–20	2011–20
-0.8%	0.6%	1.2%	1.0%
#14	#13	#14	#13

Out of 15 CMAs

Credit Quality: n.a.

Cost of Living: 101% (Canada = 100%)

on the long-planned \$80.1-million Maley Drive extension, slated to complete a ring road around the city, could begin in July, following federal approval of \$26.7 million in funding for the project, personally announced by Prime Minister Trudeau during his April visit. The project would be completed in two phases, with the first phase expected to take three years. Also, Sudbury council is contemplating a major events complex that would include a new Sudbury arena. The concept was the biggest of 16 projects presented to council at a special meeting last November. Council has apparently received two arena proposals, valued at \$60 million and \$74 million, respectively. Both would involve moving the hockey arena away from the city's core, which has generated controversy. Meanwhile, the weak local economy has made housing developers cautious. Housing starts dipped to from 271 units in 2014 to 247 units in 2015—a level less than half the annual average of nearly 500 units posted during the decade to 2013. Falling single-family starts accounted for most of the decline, although multiple starts also cooled. Another year of easing is on tap for 2016, with both singles and multiples pulling back to produce a total near 230 units, although 2017 should see a rebound.

Services Growth Accelerates Modestly Sudbury's services sector has also been sluggish recently, with total output rising 0.8 per cent in 2014 and 0.7 per cent in 2015. We expect slightly faster 1.2 per cent services growth in 2016. The local

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	8,251	8,214	8,147	8,196	8,296	8,399	8,507	8,611
percentage change	-0.6	-0.5	-0.8	0.6	1.2	1.2	1.3	1.2
Total employment (000s)	83	83	82	83	84	83	83	83
percentage change	2.9	-0.4	-0.7	0.8	1.0	-1.1	0.4	0.0
Unemployment rate (per cent)	7.3	6.5	7.4	8.5	7.5	7.2	6.8	6.8
Personal income per capita (\$)	44,445	44,526	45,427	46,464	47,631	48,530	50,040	51,428
percentage change	0.5	0.2	2.0	2.3	2.5	1.9	3.1	2.8
Population (000s)	166	165	165	165	164	164	164	164
percentage change	0.1	-0.2	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1
Total housing starts	431	271	247	226	344	349	381	412
Retail sales (\$ millions)	1,896	1,924	1,968	1,988	2,046	2,099	2,158	2,207
percentage change	-0.6	1.5	2.3	1.0	2.9	2.6	2.8	2.3
CPI (2002 = 1.0)	1.230	1.259	1.274	1.299	1.328	1.355	1.383	1.412
percentage change	1.1	2.3	1.2	1.9	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

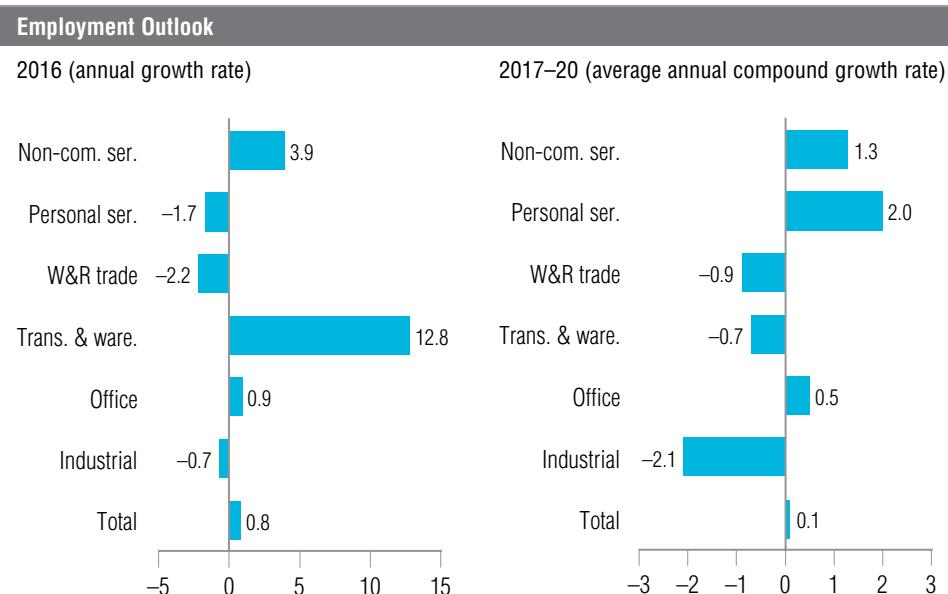
finance, insurance, and real estate industry is weighed down by a weak local housing market; last year saw the fourth straight annual decline in housing starts, and resale volumes are well off 2012 peaks. Finance, insurance, and real estate industry output is thus forecast to dip 0.6 per cent in 2016 following a 1.2 per cent drop in 2015. Meanwhile, the non-commercial services sector, an industry containing provincially funded schools and hospitals, has chafed under the province's financial restraint. The sector contracted 1.5 per cent last year, the third straight annual decline, and another 0.4 per cent dip is our call for 2016 before growth resumes in 2017. News from the sector includes the February announcement that the provincial government will establish a new francophone "centre of excellence" in Sudbury to provide job seekers and employers with "evidence-based and effective" employment and training services. Although output growth in the wholesale and retail trade sector slowed to 4.1 per cent in 2015, this remains a strong increase by historical standards; our projected drop to 4 per cent expansion would still keep trade growth well above its 20-year average. Sudbury's retail sales rose a comparatively modest 2.3 per cent last year and are forecast to rise only 1 per cent this year. Activity in the local retail scene includes partial relocation and refurbishment of its Canadian Tire store and new tenants at a high-visibility location near the intersection of the Kingsway and Barrydowne Road.

Persistently soft nickel prices continue to weigh on Sudbury, with real GDP forecast to rise only 0.6 per cent in 2016, after four straight yearly declines. This will allow employment to grow 0.8 per cent in 2016, the best showing since 2013, although the unemployment rate will rise to 8.5 per cent from 7.4 per cent in 2015.

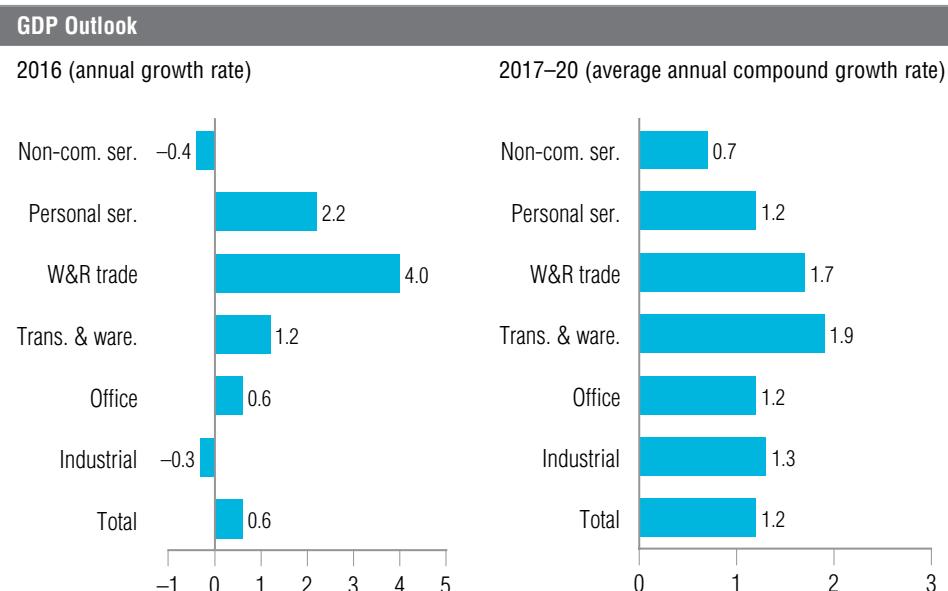


Forecast Risk

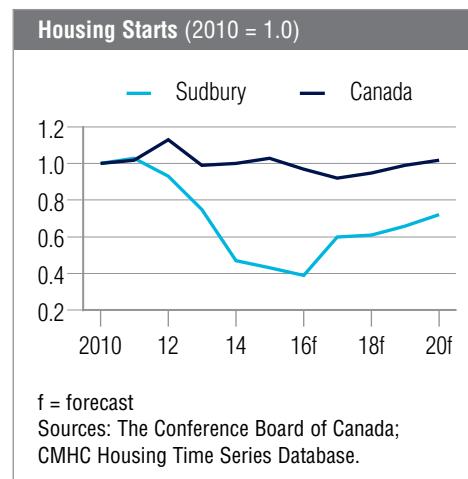
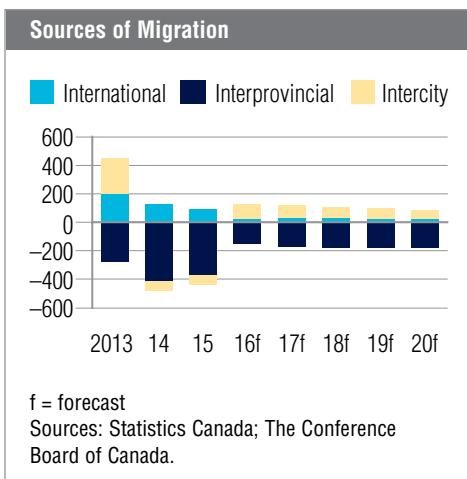
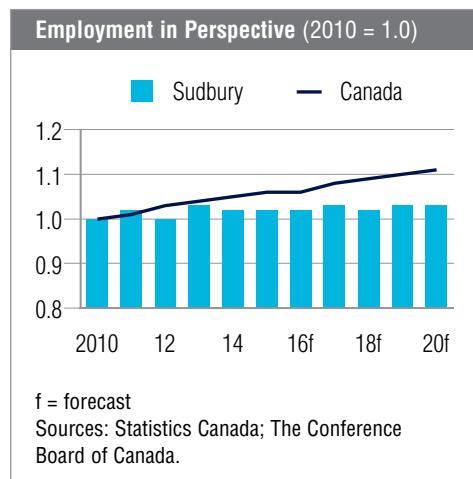
If the price of nickel stays low, Sudbury's economy will keep struggling.



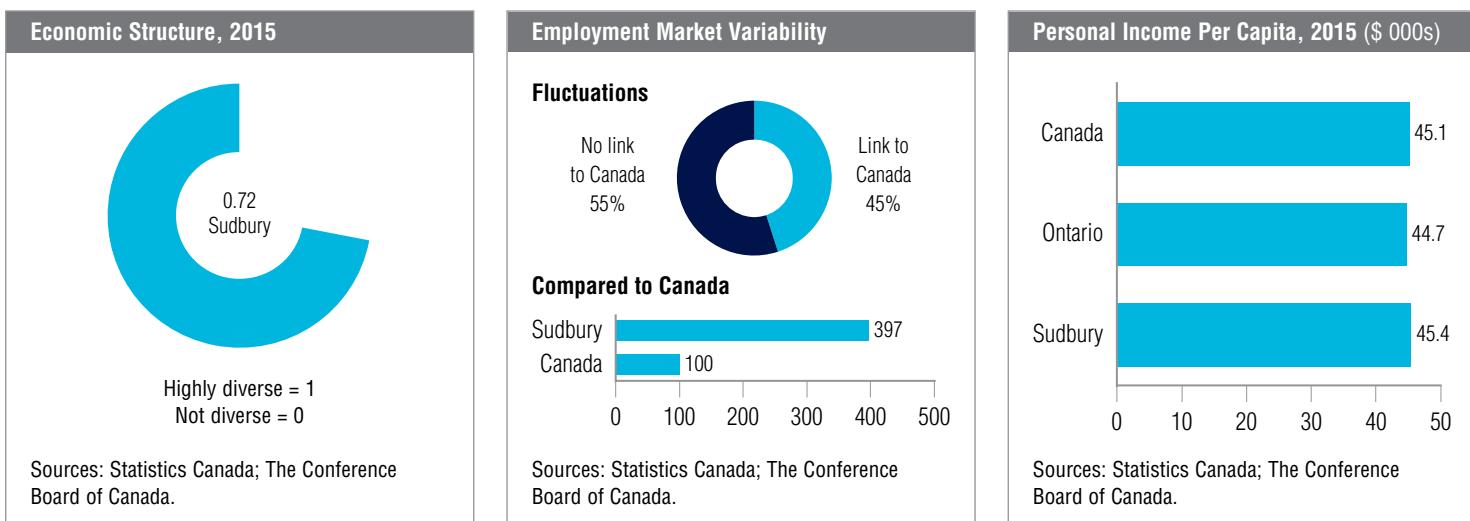
Source: The Conference Board of Canada.



Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)		
		Sudbury	Ontario	Canada
New housing market (2015)				
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	133 -35.1%			
Average price of absorbed single-detached units <i>(percentage change)</i>	\$444,891 0.1%			
Resale housing market (2015)				
Unit sales <i>(percentage change)</i>	2,300 6.7%			
Average price <i>(percentage change)</i>	\$242,303 -3.1%			
Apartment market (October 2015)				
Vacancy rate	3.4%			
Average two-bedroom rent	\$952			
Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.				



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	367,689	302,310	402,756	283,086	301,911	235,837	285,096	334,635	211,863
Residential	146,574	142,456	201,686	117,552	163,609	121,262	117,039	101,196	89,047
Non-residential	221,115	159,854	201,070	165,534	138,302	114,575	168,057	233,439	122,816
Industrial	43,950	49,493	27,472	20,674	38,771	46,745	33,641	83,969	36,433
Commercial	53,579	47,513	97,463	65,134	52,804	37,641	97,743	61,128	56,596
Public admin. & non-comm.	123,586	62,848	76,135	79,726	46,727	30,189	36,673	88,342	29,787
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	21	18	19	18	18	17	19	18	18
<i>percentage change</i>	13.6	-14.7	9.1	-7.7	1.3	-4.3	11.0	-7.2	1.2
Bankruptcies									
Consumer	593	577	876	628	427	371	429	362	417
Business	22	21	20	7	3	5	5	8	7

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Sudbury	5,317,922	128,080	41.52	65
Evansville	56,324	1,350	41.72	74

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	11.5
2100–31	Mining, oil, gas extraction	7.7
2311–29	Construction	6.2
7221–24	Food and beverage services	4.8
6220	Hospitals	4.3
6111	Primary and secondary schools	3.9
6211–19	Ambulatory health care services	3.1
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	3.0
4111–91	Wholesale trade	3.0
9110–11	Federal government	2.8

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	83 2.9	83 -0.4	82 -0.7	83 0.8	84 1.0	83 -1.1	83 0.4	83 0.0
Goods sector	17 -9.2	15 -8.8	18 16.4	17 -0.7	17 -4.3	16 -2.6	16 0.3	16 -1.6
Manufacturing	3.3 -4.1	3.0 -7.7	3.2 5.7	3.1 -1.4	3.2 2.4	3.1 -2.1	3.1 -0.1	3.1 -0.4
Construction	5.7 -11.7	5.0 -11.8	6.1 21.9	5.3 -13.9	5.5 5.1	5.7 2.2	5.7 1.6	5.6 -3.2
Primary and utilities	7.6 -9.4	7.1 -7.1	8.3 17.0	9.1 9.4	8.0 -12.1	7.5 -6.2	7.4 -0.5	7.4 -0.9
Services sector	67 6.5	68 1.7	65 -4.5	65 1.2	67 2.4	67 -0.7	67 0.4	67 0.4
Transportation and warehousing	3.6 18.8	3.9 8.0	2.9 -25.8	3.3 12.8	3.2 -1.3	3.2 -2.2	3.2 0.4	3.2 0.1
Information and cultural industries	1.5 -3.3	1.5 0.9	1.5 -3.2	1.5 4.5	1.5 -0.8	1.5 -2.2	1.5 -0.9	1.5 -0.9
Wholesale and retail trade	13.5 12.7	14.0 3.5	14.1 1.3	13.8 -2.2	13.7 -1.3	13.4 -2.3	13.4 0.1	13.4 0.1
Finance, insurance, and real estate	4.3 30.9	3.2 -25.9	2.8 -13.1	3.9 41.1	3.9 -1.6	3.6 -6.7	3.6 -1.0	3.5 -1.1
Business services	7.8 18.2	7.3 -6.0	8.2 13.2	6.6 -19.5	7.3 9.8	7.4 1.6	7.5 1.1	7.5 0.7
Personal services	11.7 6.9	12.6 7.7	11.1 -12.5	10.9 -1.7	11.5 6.0	11.6 1.0	11.7 0.5	11.8 0.6
Non-commercial services	18.8 -3.5	19.6 4.4	18.8 -4.3	19.5 3.9	20.1 3.2	20.2 0.2	20.3 0.7	20.5 1.1
Public administration	5.4 -4.8	5.6 3.7	5.3 -5.0	5.9 10.6	5.9 -0.8	5.8 -0.9	5.8 0.2	5.8 0.0

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Thunder Bay



Thunder Bay will likely see two significant condominium projects in the near term, the sector's first major activity in three years.

The port continues to enjoy good shipping volumes.

Overview Thunder Bay's economy continues to expand moderately. Last year's 1.3 per cent real gross domestic product growth was both the sixth straight uptick and the largest since 2011. But since most annual gains have been fractional, the cumulative expansion since 2009 has been only about 6 per cent. The future looks moderately positive. Real GDP is forecast to rise 0.9 per cent in 2016 and a further 1.2 per cent in 2017. The goods sector will lead the way in 2016, powered by a decent advance in manufacturing. Next year, both the goods and services sectors are forecast to expand 1.2 per cent. Despite the ongoing expansion, employment fell 3 per cent in 2015, following a 2.1 per cent drop in 2014. This left 2015 job counts at their lowest level since 1998. Fortunately, we expect employment to recoup most of these losses over the next two years, starting with a 2.1 per cent rise in 2016. But an even faster rise in the local labour force will lift this year's unemployment rate to 7.3 per cent, the highest

since the 2009 recession. Still, even this is a sign of modest local optimism, since it reflects a rise in the local participation rate, frequently a signal of greater job-seeker confidence. As well, we expect the unemployment rate to dip to 6.8 per cent in 2017. An improved migration picture is similarly hopeful. We estimate that net migration was near zero in both 2014 and 2015 and should be positive through the rest of our forecast. This is great news for a city that lost residents for 15 straight years between 1993 and 2007. But the population will still edge down overall, and so Thunder Bay housing starts will remain soft, partly recovering from a spate of apparent overbuilding earlier this decade.

Manufacturing Continues to Grow Slowly

Thunder Bay's manufacturing sector enjoyed its sixth consecutive year of expansion in 2015, as real output rose 1.9 per cent. This nonetheless left the industry only about half of its size in 2000, prior to the big forestry collapse. We expect manufacturing output to rise 3.4 per cent in 2016 and a further 1.2 per cent in 2017. Manufacturing employment rebounded sharply in 2015, adding roughly 1,350 jobs, although this did not fully recoup the 2014 loss of about 1,900 positions, and manufacturing employment last year was only about a third of its 1988 peak. A further small job downturn is forecast for 2016.

A healthy U.S. economy, low Canadian dollar, and strong U.S. housing market bode well for the city's forest products industry. Prices for lumber and pulp are expected to remain decent, although relatively high, and rising electricity rates continue to pose a challenge to the industry's competitiveness. Meanwhile, missed delivery dates plague work by Bombardier's Thunder Bay plant on a \$1.2-billion contract to supply streetcars to the Toronto Transit Commission. Bombardier now plans to shift other production to a plant in Kingston so the Thunder Bay operation can focus on the

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
1.3%	0.9%	1.3%	1.0%
#11	#12	#13	#11
Out of 15 CMAs			
Credit Quality: A+ (Standard & Poor's)			
Cost of Living: 97% (Canada = 100%)			

TTC order. This will cause 60 layoffs in Thunder Bay.

Construction Output Sagging Thunder Bay's construction output dipped 1.1 per cent in 2015, the third straight year of contraction. We expect output to decline a further 1.8 per cent in 2016 before recovering with a modest 0.8 per cent expansion in 2017. Work on a long-awaited Delta hotel is scheduled to begin in June—part of an ongoing refurbishment of the north-side waterfront. In April, a portion of this redevelopment won a design excellence award from the Ontario Architects Association. Confederation College is embarking on two projects: a \$20-million new state-of-the-art manufacturing facility and a “student wellness centre” that could include a multi-purpose space for workouts or yoga. Meanwhile, residential construction was little changed at 242 units in 2015, compared with 234 units in 2014. A tiny decrease in single-detached starts was offset by a minuscule increase in multi-family homes. Last year's starts closely matched their 20-year average. For 2016, we expect a small decrease to about 220 starts, with both singles and multiples easing, in line with a declining population. Two new condominium structures are in the works: in April, council approved a plan to turn the former Hillcrest High School into a 75-unit structure and commercial space, while a second 24-unit project near County Fair plaza is planned for 2017.

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	4,527	4,552	4,610	4,650	4,706	4,761	4,823	4,889
percentage change	0.3	0.5	1.3	0.9	1.2	1.2	1.3	1.4
Total employment (000s)	63	61	60	61	62	62	62	62
percentage change	1.8	-2.1	-3.0	2.1	1.9	-0.4	0.5	0.2
Unemployment rate (per cent)	6.2	5.3	5.1	7.3	6.8	6.6	6.3	6.0
Personal income per capita (\$)	42,284	42,384	43,057	44,313	45,860	46,938	48,406	49,822
percentage change	3.8	0.2	1.6	2.9	3.5	2.4	3.1	2.9
Population (000s)	125	125	125	124	124	124	124	124
percentage change	0.0	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
Total housing starts	324	234	242	221	170	164	168	169
Retail sales (\$ millions)	1,836	1,866	1,902	1,940	1,996	2,047	2,105	2,156
percentage change	2.6	1.6	2.0	2.0	2.9	2.6	2.8	2.4
CPI (2002 = 1.0)	1.184	1.210	1.223	1.247	1.275	1.301	1.328	1.355
percentage change	0.9	2.2	1.1	2.0	2.3	2.0	2.1	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

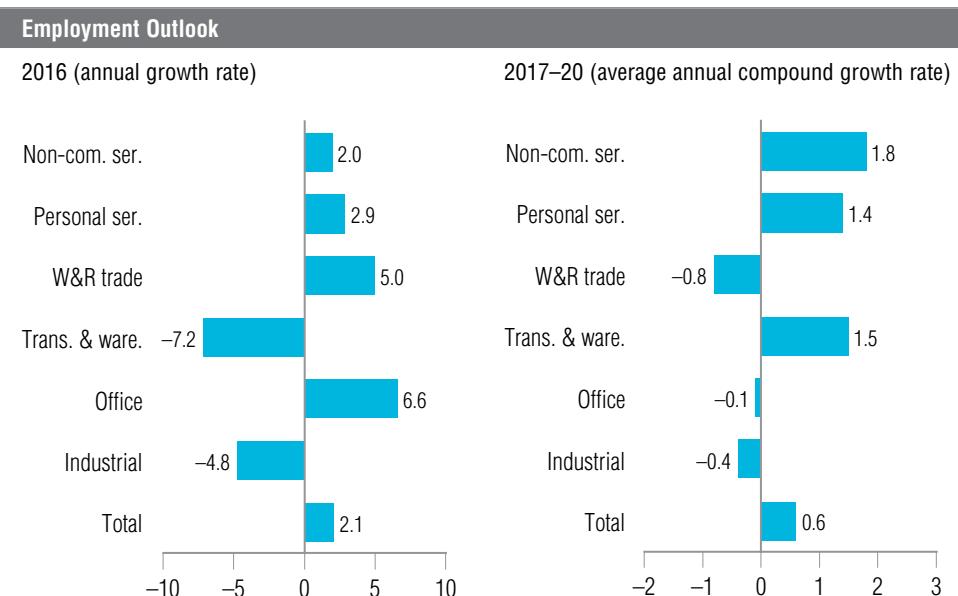
Services Expand Slowly Output of Thunder Bay's services sector inched up 0.3 per cent in 2015 as a result of an equal number of advances and declines among its eight component industries. Last year's increase built on similar 0.4 per cent growth in 2014. We see a tiny improvement in 2016 as output climbs by 0.8 per cent, with positive contributions from five of eight industries. Non-commercial services, Thunder Bay's largest services industry, which contains a number of provincially funded schools and hospitals, continues to suffer from provincial budgetary belt-tightening. It also faces demographic challenges. Indeed, declining enrolment is said to be prompting the Lakehead District School Board to consider closing and consolidating several schools over the next two years. Industry output has fallen for three straight years, including a 0.9 per cent drop in 2015. We expect unchanged output in 2016. At the same time, falling housing starts and a plateauing resale market contributed to a 0.4 per cent drop in finance, insurance, and real estate output in 2015, the second straight contraction, and another 0.6 per cent dip is in the cards for 2016. Thunder Bay's port remains a bright spot in an otherwise gloomy transportation and warehousing sector. Its output contracted 4.3 per cent in 2015, the 10th straight annual decline, and another 1.5 per cent dip is forecast this year. Boosted by a warm December, the 2015 season was the port's second busiest since 1997. Thunder Bay's port authority is planning to add 3,700 square metres of heated storage space at Keefer Terminal to help diversify the port's business.

Thunder Bay's economy continues to inch forward. Real GDP will gain 0.9 per cent in 2016, following a 1.3 per cent increase in 2015.

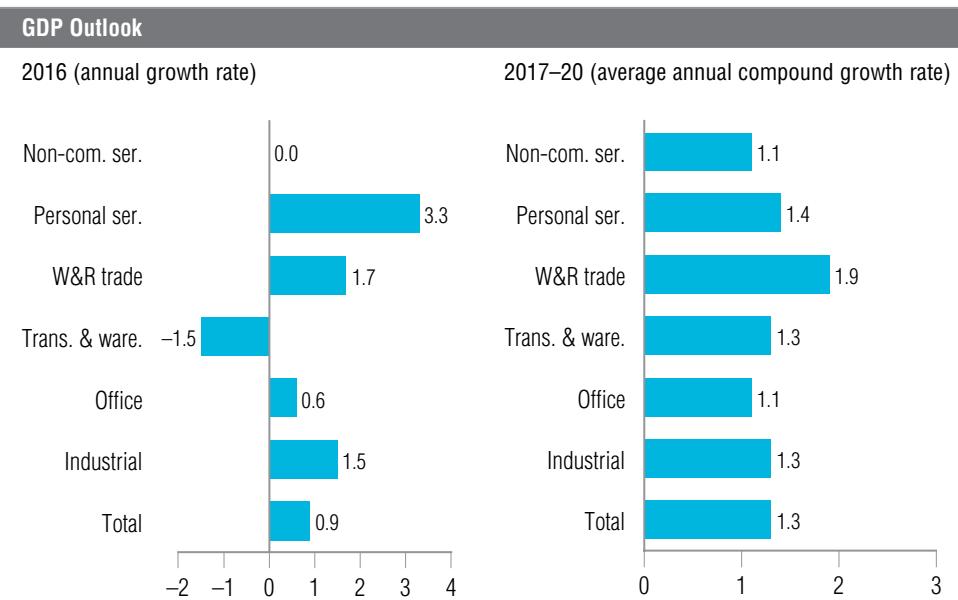


Forecast Risk

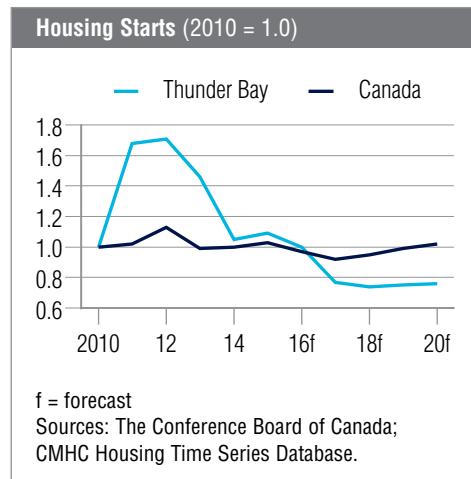
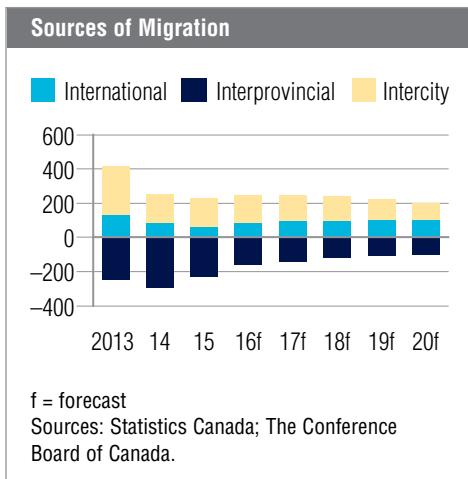
Prolonged resource price weakness remains a significant risk to the regional economy and thus to Thunder Bay as the regional centre.



Source: The Conference Board of Canada.

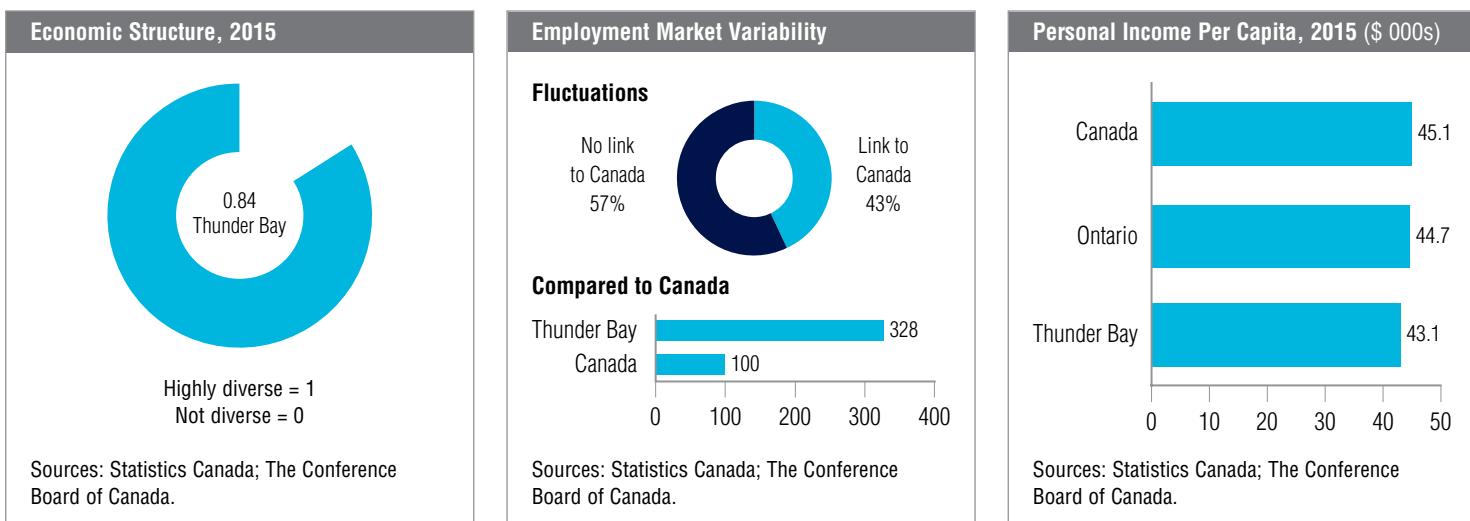


Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	Thunder Bay	Ontario	Canada
New housing market (2015)		Industrial	0.16	0.20	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	205 0.5%	Office	0.21	0.28	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$412,643 1.3%	Transport and warehousing	0.04	0.05	0.05
Resale housing market (2015)		Wholesale and retail trade	0.15	0.15	0.15
Unit sales <i>(percentage change)</i>	2,302 1.7%	Personal services	0.15	0.13	0.13
Average price <i>(percentage change)</i>	\$215,922 3.4%	Non-commercial services	0.28	0.19	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	4.6%				
Average two-bedroom rent	\$918				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	94,403	149,648	93,272	162,682	156,267	237,488	234,937	122,541	177,761
Residential	42,279	43,475	52,038	69,353	79,873	75,935	80,760	70,367	64,565
Non-residential	52,124	106,173	41,234	93,329	76,394	161,553	154,177	52,174	113,196
Industrial	1,963	8,627	11,827	3,884	25,583	9,001	9,946	6,543	1,914
Commercial	20,734	40,207	19,669	55,992	39,524	39,353	61,576	29,074	46,141
Public admin. & non-comm.	29,427	57,339	9,738	33,453	11,287	113,199	82,655	16,557	65,141
Office sector*									
No. of square feet (000s)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>percentage change</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Vacancy rate (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Employment (000s)	15	13	13	14	13	14	14	14	13
<i>percentage change</i>	3.5	-10.2	-1.3	8.7	-7.5	6.0	3.5	-0.6	-10.4
Bankruptcies									
Consumer	358	340	493	356	283	256	203	184	215
Business	31	18	26	8	18	8	8	8	6

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.
Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Thunder Bay	3,601,753	92,500	38.94	63
Oliver Paipoonge Township	124,463	3,190	39.02	71
Neebing	57,168	1,370	41.73	65
Pass Lake	13,575	360	37.71	57
Gillies Township	6,807	200	34.04	67

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	7.5
2311–29	Construction	3.9
7221–24	Food and beverage services	3.7
6220	Hospitals	3.6
6241–44	Social assistance	2.9
6211–19	Ambulatory health care services	2.9
6111	Primary and secondary schools	2.8
6230	Nursing and res. care facilities	2.6
5511, 5611–12, 5615–17, 5619, 5621–29	Other management and administrative services	2.2
9120	Provincial government	2.2

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	63	61	60	61	62	62	62	62
	1.8	-2.1	-3.0	2.1	1.9	-0.4	0.5	0.2
Goods sector	10	9	10	9	9	9	9	9
	1.6	-16.9	10.4	-4.8	1.0	-1.8	-0.1	-0.7
Manufacturing	4.2	2.2	3.6	3.2	3.3	3.1	3.2	3.2
	22.2	-46.4	60.8	-10.4	2.5	-4.6	0.5	0.1
Construction	3.8	4.1	3.9	3.1	3.4	3.4	3.4	3.4
	-8.0	7.6	-5.2	-18.6	7.9	1.4	-0.3	-1.1
Primary and utilities	2.5	2.4	2.1	2.8	2.5	2.5	2.4	2.4
	-9.3	-5.0	-10.3	29.7	-8.6	-2.6	-0.4	-1.0
Services sector	52	53	50	52	53	53	53	53
	1.8	0.8	-5.2	3.4	2.1	-0.1	0.6	0.4
Transportation and warehousing	3.6	3.2	2.5	2.4	2.5	2.5	2.5	2.5
	25.7	-12.5	-20.4	-7.2	6.7	-0.1	-0.1	-0.4
Information and cultural industries	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.4
	1.6	-6.1	1.2	2.1	-1.3	-1.4	-0.7	-0.9
Wholesale and retail trade	9.7	9.5	8.9	9.4	9.2	9.0	9.1	9.1
	8.7	-1.6	-6.3	5.0	-1.9	-2.0	0.5	0.4
Finance, insurance, and real estate	2.2	2.7	2.0	2.3	2.3	2.3	2.3	2.3
	-21.9	23.5	-25.0	15.7	1.1	0.3	-0.6	-0.6
Business services	5.7	5.6	4.3	4.9	4.9	4.8	4.8	4.8
	3.4	-0.6	-23.3	13.3	-0.6	-1.0	0.4	0.0
Personal services	8.0	10.1	9.2	9.4	9.8	9.8	9.9	10.0
	-8.2	26.3	-9.5	2.9	3.6	0.5	0.8	0.6
Non-commercial services	16.7	15.8	16.7	17.1	17.8	17.9	18.1	18.3
	-2.0	-5.9	6.2	2.0	4.2	0.9	1.1	0.9
Public administration	4.8	4.4	4.9	4.8	4.9	4.8	4.8	4.8
	22.2	-9.5	11.2	-1.7	1.7	-0.6	0.0	-0.2

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

British Columbia



British Columbia's economy will continue to lead the country in growth over the near term.

Export growth will be hurt by weaker demand from China.

from 6.1 per cent in 2015 to 6.4 per cent this year because of an increase in the participation rate linked with interprovincial migration from other Canadian provinces, in particular energy-producing ones such as Alberta, Saskatchewan, and Newfoundland and Labrador. In 2017, the unemployment rate is forecast to edge down to 5.9 per cent, well below the national rate of close to 7 per cent.

Housing Market Continues to Grow Housing starts increased by almost 11 per cent last year, and an even larger gain of around 25 per cent to 39,395 units is anticipated for 2016. This upsurge in the housing market is due to several factors. With its economy performing well, B.C. is attracting people from other provinces who hope to find a job. Low interest rates are also fuelling demand for housing in B.C., and we expect rates to remain low until at least the spring of 2017. The plunge in the Canadian dollar has also made houses in the province look like a bargain to foreign investors. The seemingly unsustainable increase in home prices, along with the dramatic growth in recent years in other housing market variables such as sales and building permit values, leads us to expect the market will cool in 2017, with starts dropping by close to 9 per cent.

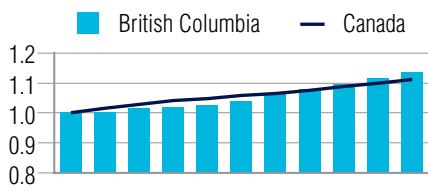
Solid Income Growth Boosts Consumer Spending Real household spending is set to expand in the 2 per cent range in 2016 and again in 2017. Retail sales are also forecast to grow by close to 5 per cent this year and by 3.7 per cent in 2017. The solid gains in household spending are closely linked with flourishing labour markets that are boosting household disposable income, projected to increase by 3.7 per cent this year and 4 per cent in 2017. Overall, we expect employment growth to reach 2.2 per cent in 2016 and 1.9 per cent next year. However, the unemployment rate is poised to increase

B.C.'s Exports Face Numerous Headwinds The outlook for the B.C. economy would be better if not for the fact that real international exports will decline by 1.6 per cent this year after a 2.7 per cent gain in 2015. Growth in the world economy is weak, in part because of the slowdown in the Chinese economy; this development has hurt demand for B.C.'s natural resources. Forestry exports have been hurt by stiff competition in China from forestry producers in Russia. The combination of weak demand from foreign markets and tumbling prices for metals has also made it difficult for some mining operations in B.C. to remain viable. The weak outlook for B.C.'s international export demand would be even worse if not for the U.S. market, where demand for forestry products continues to expand thanks to a growing U.S. housing market. This factor, combined with the weak loonie, will ensure that demand for forestry products strengthens over the near term. Overall, real international export activity should rebound in 2017 and expand by 2.7 per cent, in line with slightly stronger growth in the world economy, which should lead to stabilization in many commodity prices.

British Columbia's economy will continue to lead the country in growth, with real GDP gains of 3 per cent expected in each of 2016 and 2017. The housing sector will remain the main driver of growth as an expanding economy attracts job seekers from the rest of Canada. Indeed, the job market is strong: employment growth is forecast to reach 2.2 per cent this year and 1.9 per cent in 2017.

Employment in Perspective

(2010 = 1.0)

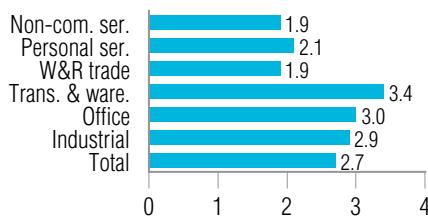


f = forecast

Sources: Statistics Canada; The Conference Board of Canada.

Industry Outlook, 2016–20

(average annual compound growth rate)



Source: The Conference Board of Canada.



Forecast Risk

Low prices for liquefied natural gas (LNG) and environmental delays could jeopardize the go-ahead for numerous projects.

Real GDP Growth

2015	2016	2017–20	2011–20
2.5%	3.0%	2.7%	2.6%

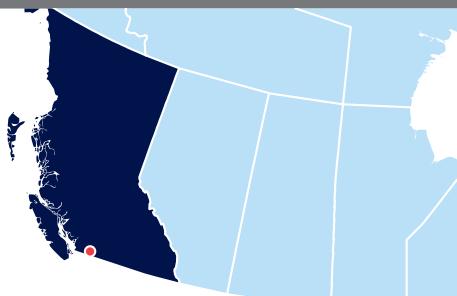
Credit Quality: AAA (Standard & Poor's)

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	197,401	203,067	208,100	214,277	220,794	225,928	231,620	237,970
percentage change	1.9	2.9	2.5	3.0	3.0	2.3	2.5	2.7
Total employment (000s)	2,264	2,278	2,308	2,358	2,403	2,440	2,479	2,526
percentage change	0.1	0.6	1.3	2.2	1.9	1.5	1.6	1.9
Unemployment rate (per cent)	6.6	6.1	6.1	6.4	5.9	5.7	5.5	5.2
Personal income per capita (\$)	42,361	43,434	45,093	46,387	47,690	49,108	50,631	52,376
Population (000s)	4,580	4,633	4,681	4,729	4,791	4,854	4,919	4,983
percentage change	0.9	1.2	1.0	1.0	1.3	1.3	1.3	1.3
Single-family housing starts (000s)	8.5	9.6	10.2	12.2	10.5	10.6	10.5	10.5
Multi-family housing starts (000s)	18.5	18.8	21.3	27.2	25.4	26.4	26.6	26.7
Retail sales (\$ millions)	62,734	66,273	70,650	74,121	76,863	79,096	81,497	84,339
percentage change	2.4	5.6	6.6	4.9	3.7	2.9	3.0	3.5
CPI (2002 = 1.000)	1.177	1.189	1.202	1.224	1.253	1.280	1.309	1.337
percentage change	-0.1	1.0	1.1	1.9	2.3	2.1	2.3	2.1

f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

Abbotsford–Mission



The construction industry is expected to be quite active this year.



Employment is forecast to remain essentially flat over 2016 and 2017.

Overview Last year, the Abbotsford–Mission economy grew by 2.3 per cent, slightly below the annual average of 2.7 per cent of the previous four years. Exceptional output gains in the goods sector drove the lion's share of real GDP growth, thanks in particular to healthy performances in manufacturing and in primary and utilities. Slower growth among the services-producing industries acted as a drag to the bottom line—gains in transportation and warehousing, in business services, and in information and cultural services all lagged behind their five-year annual averages.

The Conference Board's near-term economic outlook for Abbotsford–Mission is similarly bright overall. In fact, we expect real GDP growth to accelerate over the next two years. Fuelled by strong housing starts, this year's growth leader will be construction. As well, growth in the aggregate services sector is

expected to improve this year, supported by solid gains in transportation and warehousing, in wholesale and retail trade, and in finance, insurance, and real estate. All in all, the Abbotsford–Mission economy is forecast to expand by 2.5 per cent in 2016 and by a further 2.8 per cent in 2017. On a negative note, total employment is forecast to remain essentially flat over the next two years, following last year's 10-year-high gain of 4.8 per cent.

Construction Making Gains After posting annual average output gains of 5.1 per cent between 2010 and 2014, the construction sector took a breather in 2015 and contracted 0.6 per cent. Fortunately, this is expected to be just a one-year pause. Residential construction is expected to hit its highest levels since 2008, with housing starts forecast to reach nearly 960 units—an 18.8 per cent increase over 2015. A key reason for the higher housing demand is that fact that Abbotsford–Mission is a much more affordable place to purchase a home relative to other municipalities in the area, such as Vancouver, Burnaby, and Surrey. In addition, new highway infrastructure such as the South Fraser Perimeter Highway and additional lanes on Highway 1 has also made commuting from Abbotsford–Mission easier for residents. These two factors will continue to help drive healthy new-home construction over the forecast period. We expect housing starts to average over 900 units annually between 2016 and 2020, higher than the previous 20-year average of 760 units.

The non-residential side is also expected to be busy, thanks especially to infrastructure repair and maintenance projects in the region. For instance, work continues on the \$748-million upgrade to the Ruskin Dam in Mission, which is scheduled to wrap up in 2017. At the same time, completion of Abbotsford's new 50-bed mental hospital is imminent, with hospital staff hopeful

Real GDP Growth and Ranking			
2015	2016	2017–20	2011–20
2.3%	2.5%	2.6%	2.6%
#7	#3	#1	#2
Out of 15 CMAs			
Credit Quality: n.a.			
Cost of Living: 95% (Canada = 100%)			

about beginning to accept patients later this year. Overall, output in the construction sector is forecast to increase by 6.2 per cent in 2016 and by a further 3.5 per cent next year.

Cooling in Manufacturing and in Primary and Utilities Like construction, Abbotsford–Mission's manufacturing sector has also experienced strong growth in recent years, with output advancing at an annual average rate of 4.6 per cent from 2011 to 2015, including a 5.4 per cent advance last year. This ongoing strength is largely the result of a depreciated Canadian dollar that has made Canadian goods relatively cheaper for foreign buyers, as well as healthy U.S. demand. In particular, Abbotsford–Mission's wood product manufacturing industry has benefited from higher demand for wood products from south of the border, generated by a strengthening housing market. While manufacturing will continue to make gains, output growth is expected to cool to 2.5 per cent this year before picking up again in 2017 to reach 4.2 per cent.

Activity in primary and utilities has also been robust. In fact, it was the region's fastest-growing sector in 2015, expanding by a remarkable 8.5 per cent. This year, however, above-average temperatures and early snowpack melt have increased the risk of summer drought and, therefore, weaker crop yields. As a result, we expect primary and utilities output to slow

Economic Indicators	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP at basic prices (2007 \$ millions)	5,615	5,771	5,902	6,048	6,217	6,379	6,539	6,714
percentage change	2.0	2.8	2.3	2.5	2.8	2.6	2.5	2.7
Total employment (000s)	90	87	91	89	91	94	96	97
percentage change	3.1	-3.7	4.8	-2.6	2.6	3.0	1.8	1.8
Unemployment rate (per cent)	7.7	7.4	6.2	6.7	6.1	6.0	5.7	5.4
Personal income per capita (\$)	34,903	34,979	36,037	35,874	36,994	38,253	39,339	40,433
percentage change	3.0	0.2	3.0	-0.5	3.1	3.4	2.8	2.8
Population (000s)	178	181	184	186	188	191	194	197
percentage change	1.0	1.4	1.4	1.2	1.4	1.6	1.6	1.6
Total housing starts	749	499	806	957	904	905	998	1,089
Retail sales (\$ millions)	2,015	2,085	2,213	2,295	2,374	2,450	2,524	2,610
percentage change	1.4	3.5	6.2	3.7	3.4	3.2	3.0	3.4
CPI (2002 = 1.0)	1.177	1.189	1.202	1.224	1.253	1.280	1.309	1.337
percentage change	-0.1	1.0	1.1	1.9	2.3	2.1	2.3	2.1

f = forecast

Sources: Statistics Canada; CMHC Housing Time Series Database; The Conference Board of Canada.

to 1.5 per cent growth this year before posting annual average output gains of 3.8 per cent between 2017 and 2020.

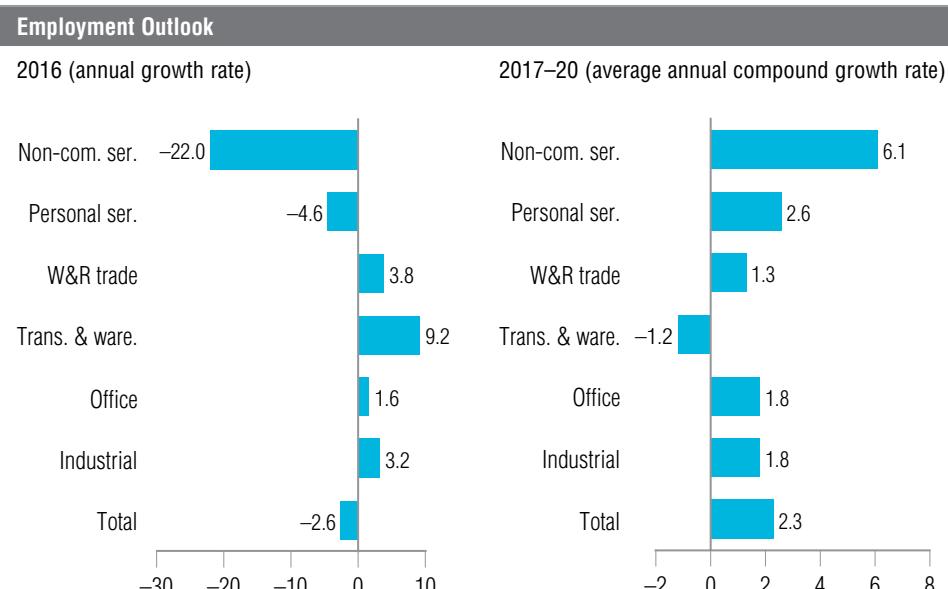
Services Sector Grows Steadily Last year, real services sector output grew by only 1.6 per cent, held back by a 5.8 per cent contraction in information and cultural services and weak performances in the typically strong industries of transportation and warehousing and of business services. Fortunately, we expect the overall services sector to pick up the pace this year and produce output gains of 2.1 per cent. Transportation and warehousing will lead the way with growth of 2.8 per cent, thanks to increased activity at the Abbotsford International Airport; NewLeaf Travel, in partnership with Flair Air, will begin offering discount flights to locations across Canada this summer. Meanwhile, real output in the finance, insurance, and real estate sector is expected to grow by 2.6 per cent this year and by a further 2.8 per cent in 2017, in line with healthy resale and new home markets. Despite a 2.6 per cent drop in employment, wholesale and retail trade is forecast to perform well in 2016 and expand by 2.7 per cent as last year's exceptional job gains carry over into this year. Next year, the aggregate services sector is expected to make further output gains of 2.5 per cent.

Abbotsford–Mission's real GDP is expected to grow steadily over the forecast, expanding by 2.5 per cent this year and by a further 2.8 per cent in 2017. Unfortunately, employment is expected to remain essentially flat over the next two years, as the job market gives back some of its stellar 2015 gains.

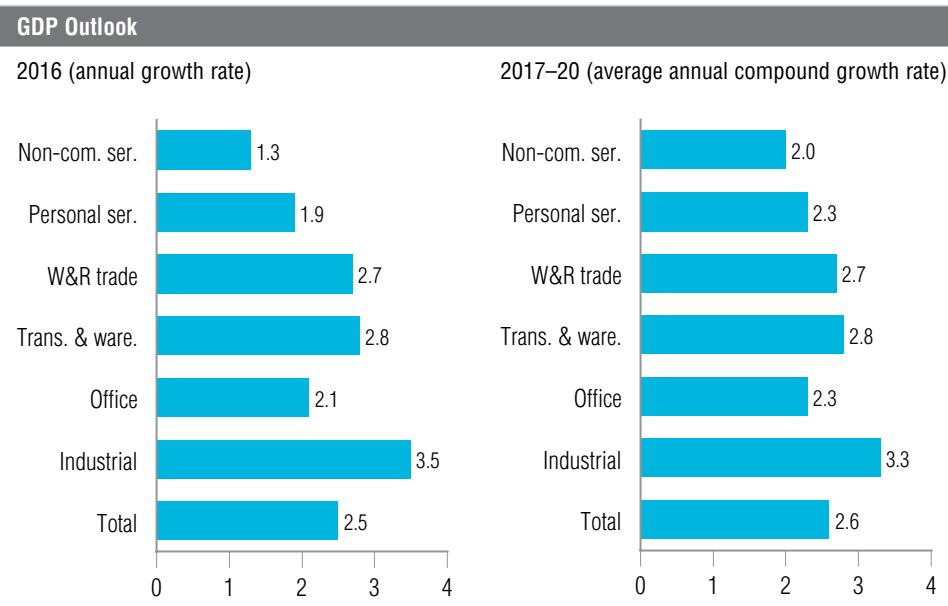


Forecast Risk

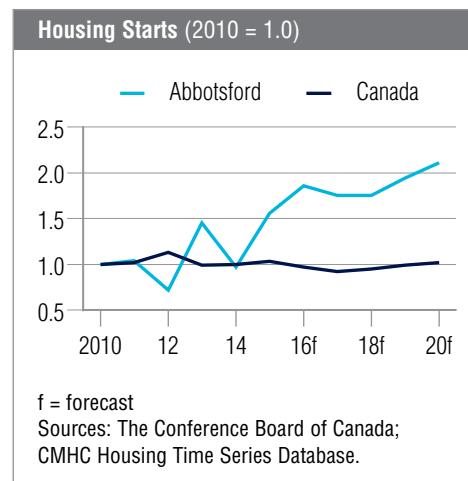
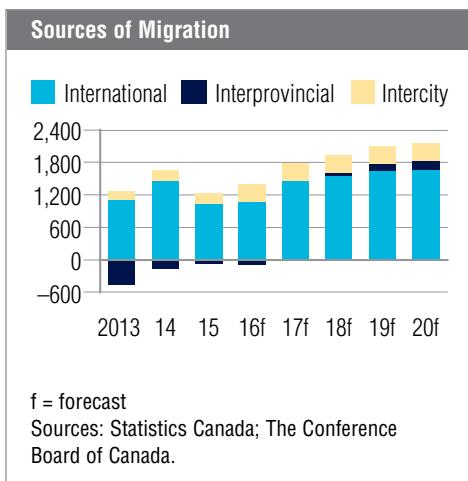
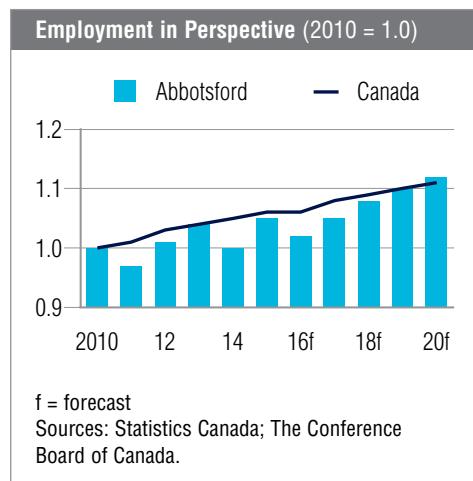
Higher-than-average precipitation could make up for the early snow melt and help minimize drought conditions, boosting primary and utilities sector output over the near term.



Source: The Conference Board of Canada.

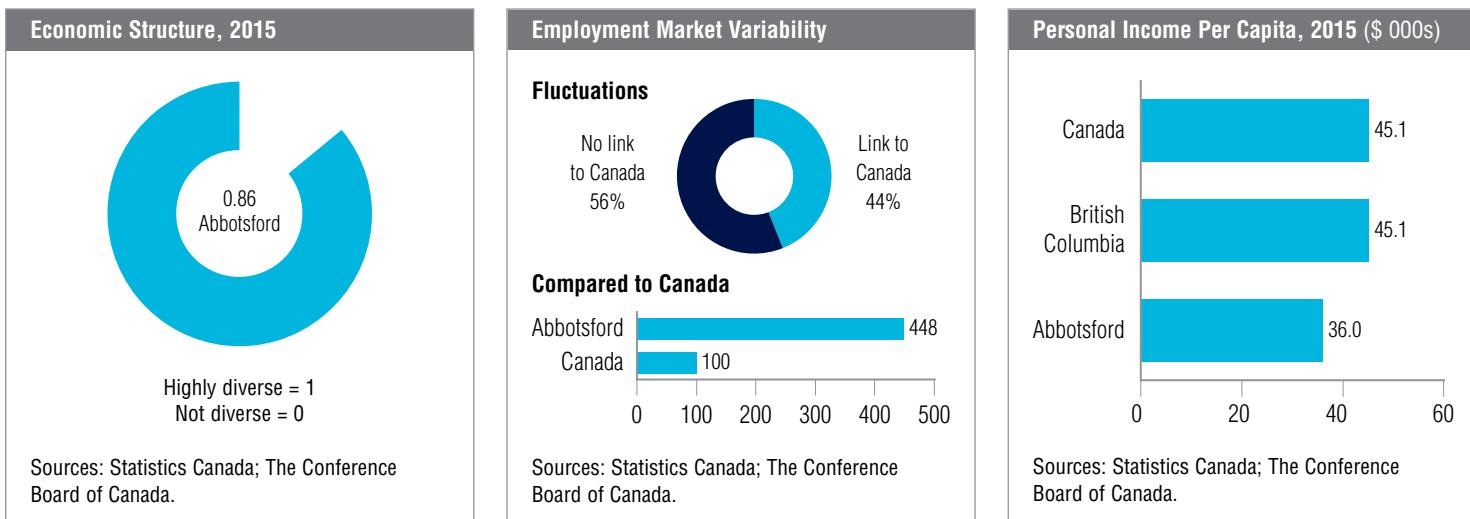


Source: The Conference Board of Canada.



Real Estate		Comparative Employment, 2015 (share of total employment)			
		Sector	Abbotsford	British Columbia	Canada
New housing market (2015)		Industrial	0.27	0.20	0.22
Absorption of single-detached and semi-detached units <i>(percentage change)</i>	257 25.4%	Office	0.17	0.24	0.25
Average price of absorbed single-detached units <i>(percentage change)</i>	\$572,363 1.7%	Transport and warehousing	0.07	0.06	0.05
Resale housing market (2015)		Wholesale and retail trade	0.15	0.15	0.15
Unit sales <i>(percentage change)</i>	20,055 33.5%	Personal services	0.14	0.15	0.13
Average price <i>(percentage change)</i>	\$577,507 11.5%	Non-commercial services	0.20	0.20	0.20
Apartment market (October 2015)		Total	1.00	1.00	1.00
Vacancy rate	0.9%				
Average two-bedroom rent	\$853				

Sources: CMHC Housing Time Series Database; Canadian Real Estate Association.



Construction, Commercial Real Estate, and Income Overview									
Building permits (\$ 000s)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	306,505	337,150	144,376	202,397	262,132	186,377	162,834	191,513	292,583
Residential	187,159	178,127	81,888	95,968	90,442	90,598	98,093	107,206	201,104
Non-residential	119,346	159,023	62,488	106,429	171,690	95,779	64,741	84,307	91,479
Industrial	19,984	20,929	20,778	15,142	15,757	15,348	12,556	36,311	27,161
Commercial	79,952	108,518	32,975	55,255	143,759	25,204	27,261	26,960	40,154
Public admin. & non-comm.	19,410	29,576	8,735	36,032	12,174	55,227	24,924	21,036	24,164
Office sector*									
No. of square feet (000s)	n.a.								
<i>percentage change</i>	n.a.								
Vacancy rate (%)	n.a.								
Employment (000s)	16	17	16	17	15	16	18	17	15
<i>percentage change</i>	-6.1	4.7	-8.2	9.5	-10.1	1.8	11.6	-4.8	-9.2
Bankruptcies									
Consumer	263	304	408	380	343	362	314	312	230
Business	9	14	10	9	6	3	3	2	7

*Information and cultural industries; finance, insurance, and real estate; business services; and public administration.

Sources: Statistics Canada; Industry Canada; CBRE; The Conference Board of Canada.

Construction, Commercial Real Estate, and Income Overview (cont'd)

Taxable income by sub-metropolitan area (2009)

Sub-metro area	Total taxable income (\$ 000s)	Total filers	Taxable income/filer (\$ 000s)	Employment income (% of taxable income)
Abbotsford	3,441,849	96,500	35.67	66
Mission	950,711	27,570	34.48	70

Sources: Canada Revenue Agency; The Conference Board of Canada.

Dominant Industries, 2015

Class*	Industry	Employees (000s)
4411–4543	Retail trade	10.7
2311–29	Construction	10.3
6111	Primary and secondary schools	5.0
7221–24	Food and beverage services	5.0
4841–42	Truck transportation	4.0
4111–91	Wholesale trade	3.4
6230	Nursing and res. care facilities	3.3
1100–29, 1151–52	Agriculture	3.3
6220	Hospitals	3.3
3111–22	Food, beverage, and tobacco product manufacturing	3.2

*North American Industrial Classification System

Source: Statistics Canada.

Sectoral Employment

	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Total employment (000s)	90	87	91	89	91	94	96	97
	3.1	-3.7	4.8	-2.6	2.6	3.0	1.8	1.8
Goods sector	23	25	25	26	27	27	27	28
	-3.2	7.1	1.4	3.2	3.4	0.7	1.6	1.5
Manufacturing	8.1	8.8	10.5	9.8	10.5	10.7	10.8	10.9
	-13.4	9.3	18.9	-6.9	7.3	1.9	1.4	1.3
Construction	9.3	10.9	10.1	11.0	11.4	11.3	11.6	11.7
	-4.2	17.0	-7.0	8.5	3.3	-0.3	1.9	1.4
Primary and utilities	5.7	5.0	4.4	5.1	4.9	4.9	5.0	5.1
	19.0	-12.4	-11.0	14.9	-4.0	0.4	1.4	1.9
Services sector	67	62	66	63	64	67	68	70
	5.4	-7.5	6.2	-4.8	2.3	4.0	1.9	1.9
Transportation and warehousing	7.4	6.1	6.5	7.1	6.4	6.7	6.8	6.8
	5.2	-18.4	7.8	9.2	-9.9	3.4	1.6	0.6
Information and cultural industries	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.4
	0.5	-0.2	0.0	-4.3	-6.0	1.8	0.0	0.4
Wholesale and retail trade	12.9	12.9	13.9	14.4	14.0	14.6	14.9	15.1
	-3.8	-0.4	7.4	3.8	-3.0	4.7	1.8	1.7
Finance, insurance, and real estate	4.5	3.9	3.1	3.1	3.3	3.3	3.4	3.4
	34.8	-14.4	-19.2	-2.2	7.8	1.2	0.7	1.2
Business services	7.8	8.0	6.8	7.7	7.7	7.8	8.0	8.1
	1.7	3.7	-15.6	13.9	-1.1	2.4	1.8	1.6
Personal services	13.6	12.0	12.5	11.9	12.4	12.7	12.9	13.2
	6.3	-11.7	3.8	-4.6	4.1	2.7	1.8	1.9
Non-commercial services	15.7	14.5	18.0	14.1	15.7	16.8	17.3	17.8
	6.7	-7.4	24.1	-22.0	12.0	6.8	2.7	3.2
Public administration	3.8	3.3	3.8	3.2	3.6	3.6	3.7	3.7
	15.9	-12.4	13.8	-15.0	10.8	1.6	0.9	0.9

f = forecast

First line of employment data is in thousands and second line is percentage change.

Sources: Statistics Canada; The Conference Board of Canada.

Insights. Understanding. Impact.



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PUBLICATION 8105

PRICE: \$3,030