
CONTEXT PAPER ON THE REGIONAL ECONOMY, DEMOGRAPHIC OUTLOOK AND LAND USE

EXECUTIVE SUMMARY

Technical Paper 2 to support the ***Discussion Paper*** for the
Next Regional Transportation Plan



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This *Context Paper on the Regional Economy, Demographic Outlook and Land Use* provides an overview of major population and land use drivers affecting growth and transportation in the Greater Toronto and Hamilton Area (GTHA) and the Greater Golden Horseshoe (GGH). These factors are important for population and employment forecasts which, in preparation of the 10-year legislated review of *The Big Move*, will provide the evidence-based justification for future transit investment in the region.

The GTHA has grown significantly since 2001

- For many years the GGH, and GTHA in particular, has been one of the fastest growing urban regions in North America. This growth is strongly influenced by migration patterns.
- However, over the last 10 years, the GTHA has experienced lower than the historical average net migration rates largely due to the pull of Western Canada and the oil boom. Migration to the GTHA is expected to return to historical average rates as a result of an improving Ontario economy driven by a lower Canadian Dollar and the growth in the U.S. economy.
- Although the *Growth Plan for the Greater Golden Horseshoe* (the *Growth Plan*) forecasts assumed higher rates of migration to the region than have occurred over the last decade, recent demographic trends indicate the GGH is on track to meet the 2031 *Growth Plan* forecast.
- Recent growth has included a high share of younger adults (20-34 years old). A large share of this cohort has located in the City of Toronto. Contrary to popular belief, this is in line with traditional demographic patterns.
- Older adults and families with children continue to locate outside of the City of Toronto, mainly due to

the availability of affordable family-oriented housing¹.

- Given the capacity of family-oriented housing in the regional municipalities, most of the population growth in the GTHA has gravitated outside of Toronto, notwithstanding the recent condo boom in downtown Toronto.

Increasing demand and rising prices have affected housing choice

- High demand relative to supply, together with low interest rates, have been driving housing prices up across the region since 2010. In part, this has led to an increase in the market share for apartment housing as some buyers turn to more affordable options.
- Although condominium development has been most visible in downtown Toronto, apartments have also been gaining popularity in the rest of the GTHA and Outer Ring municipalities.
- Since almost all the new land for family-oriented housing is located outside of the City of Toronto, and despite the boom of apartments in Toronto, the regional municipalities of the GTHA will continue to accommodate the majority of population growth.

Economic shifts following the 2009 recession are reflected in employment trends

- The rate of employment growth since the 2009 recession has been muted compared to previous periods. During this period there has been a significant transition away from manufacturing.

¹ Family-oriented housing refers to larger residential units which have historically been the housing type of choice for families. These units tend to be ground-oriented (i.e. having front door, proximate outdoor space and parking), such as single-detached, semi-detached and row housing types.

- Concurrently, since 2009, the share of employment in professional, technical and consumer services has increased. Because of the locational preferences of these sectors, the growth is driving the recent concentration of office construction in downtown Toronto.
- Offices are being used more intensely because of new technology, flexible layouts and shared workplace trends (open concept, telecommuting, hoteling, etc.).
- In contrast, industrial lands have seen employment densities drop as labour-intensive manufacturing activities decline and companies automate their operations.

The distribution of growth within the GGH is changing

- Since 2011, Toronto has attracted a greater share of new population and employment than had been forecast in 2006 for the *Growth Plan*. At the same time, growth in the rest of the GTHA and the GGH has generally been lower than forecast.
- The continued growth trend of office-based employment in central Toronto is expected to foster more high-density residential growth in the city.
- Much of the new housing in the rest of the region will continue to be of lower and mid-density form.
- Higher density residential development continues to be highly focused in downtown Toronto. Many of the Urban Growth Centres (UGCs) have also attracted some of this development, but not in amounts that make it likely that the planned Growth Plan targets of person and jobs will be reached by 2031. Planning expectations for employment development in many of the UGCs have also lagged behind as the market for new office development continues to focus on downtown Toronto and the small number of suburban employment areas that have

accommodated much of the new office development over the past 20 years. Established geographic demand patterns for higher density residential and employment development continue to be highly entrenched.

Regional Express Rail is likely to reinforce current residential and employment patterns given market trends

- In most areas, residential development in the vicinity of the Regional Express Rail (RER) network is occurring according to planning expectations, though at a slower pace in most of the areas planned for the highest densities, such as the UGCs. Improved service levels associated with the RER investment will stimulate higher density residential growth at a number of RER station locations.
- Office employment in the GTHA is concentrated in a limited number of locations, few of which have strong linkages to the GO Network. By far the most accessible office node is downtown Toronto around Union Station. Its importance as an employment node will only increase with the implementation of the RER.
- With a few exceptions, attracting high density employment uses large enough to encourage reverse commuting by the RER or other transit will be challenging. Most GO Station areas are low-scale and often industrial in nature, reflecting the historical relationship of rail to industrial uses and often do not have other attributes, such as highway access, that are key to attracting suburban office development