



# Toronto Not Spared by Global Economic Downturn

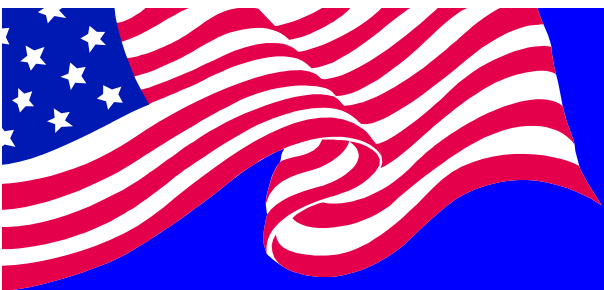
*Prosperity Implementation Update  
Economic Education Session for Members of Toronto Council  
Toronto, Ontario  
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Dr. Anne Golden, C.M.  
President & Chief Executive Officer  
[golden@conferenceboard.ca](mailto:golden@conferenceboard.ca)

# Global Economic Highlights

- The world economy expanded by 2.4 per cent in 2008 but growth will be negative in 2009
- The U.S. financial crisis and recession has rippled around the world
- Sustained but slower growth in emerging markets, led by China (7%) and India (6%), is barely blunting the impact of a U.S. slowdown
- Recession in Eastern Europe is adding to the problems in Western Europe

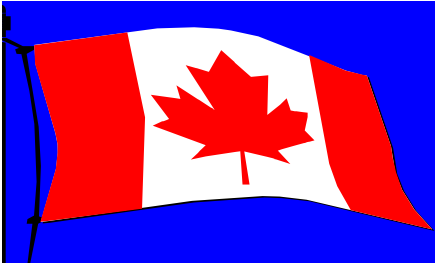




# U.S. Outlook

- U.S. economy is in deep recession (GDP to decline by 2.5%)
- Continued decline in average home prices
- Consumer confidence at its lowest ever, standing at 26 in March 2009 (it stood at 110 early in 2006)
- Consumer spending falls for 4 straight quarters (spend less as asset values fall); possibility that this quarter will be a little better
- Occasional good news is slowly starting to emerge – both new and existing home sales increased above expectations in February; retail sales up in January/February, but down in March – very volatile





# Canadian Outlook

- Canada dragged down by global recession and sharp drop in commodity prices
- Fiscal stimulus packages in Canada and the United States will pull us out of recession
- Employment will decline this year, as the unemployment rate peaks at just over 9.5 per cent in early 2010
- Consumer confidence has been rising from a low of 67.7 in December 2008 to 75.3 in April 2009 (compared to high of 104.4 in June 2006); consumer confidence in Canada has fallen  $\frac{1}{3}$ , compared with U.S.  $\frac{2}{3}$
- A recovery is in store for 2010, with GDP rebounding to 2.5 per cent





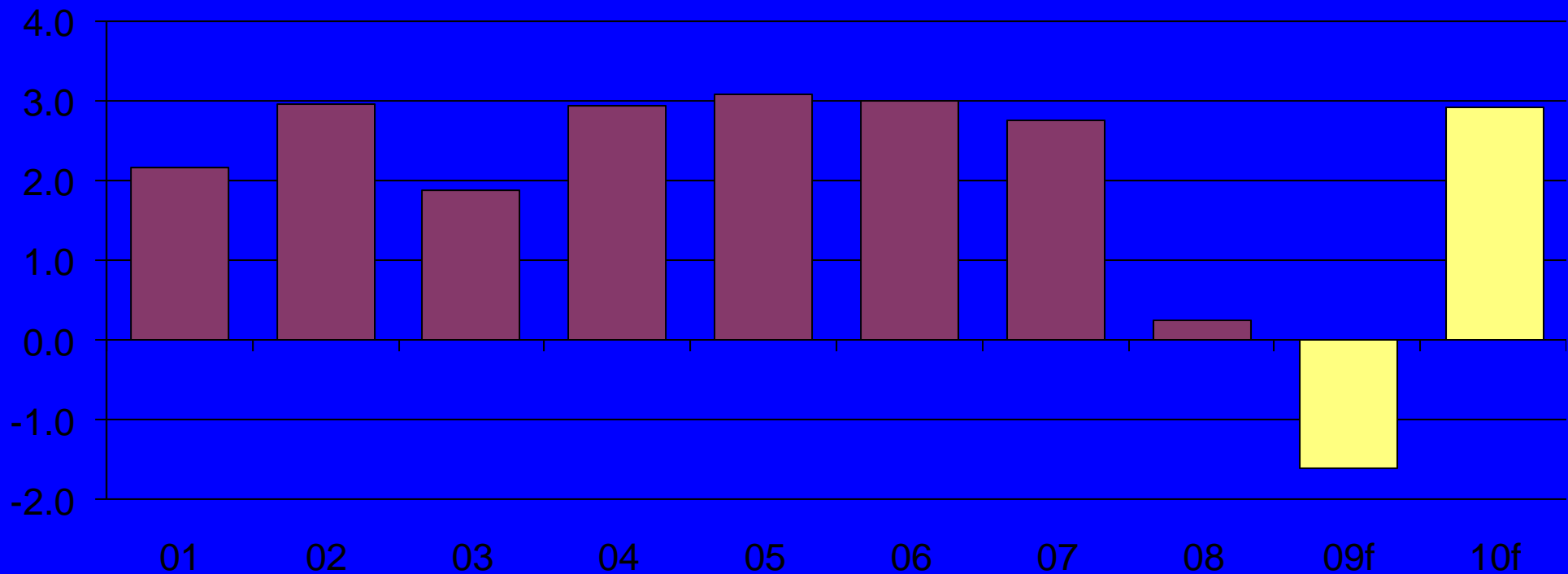
# Toronto (CMA) Outlook: Highlights

- Toronto's economy is set to fall by 1.6 per cent this year—the first decline since 1991
- The region's manufacturing sector continues to be hard hit by the global economic slowdown
- Housing starts will slump after a strong 2008
- Weak employment will lead to a jump in the unemployment rate this year, up to 8.3 per cent



# Real GDP Growth

## Toronto (CMA) (2001–10)



**\* Rebound in 2010 will reflect modest growth in manufacturing and strong non-residential construction with infrastructure money**

Source: The Conference Board of Canada.

# Toronto (CMA) Housing Outlook

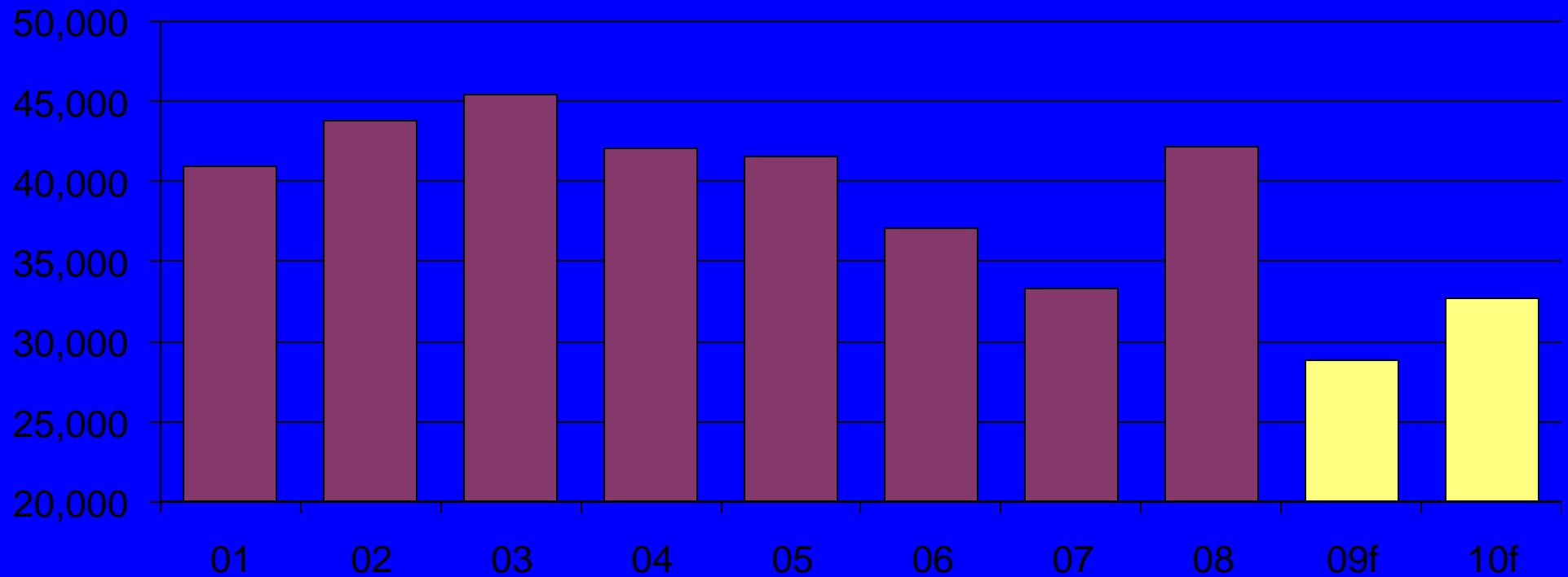
## Highlights

- Even though housing starts in Toronto are expected to decline, there is no bust in sight for the CMA's housing market
- Softer housing market activity will put a dent on house price inflation. Price declines are in the cards over the short term
- Affordability has worsened over the past few years, though it remains much better than in Vancouver, and competitive by global city standards
- The Bank of Canada has just reduced interest rates



# Housing Starts

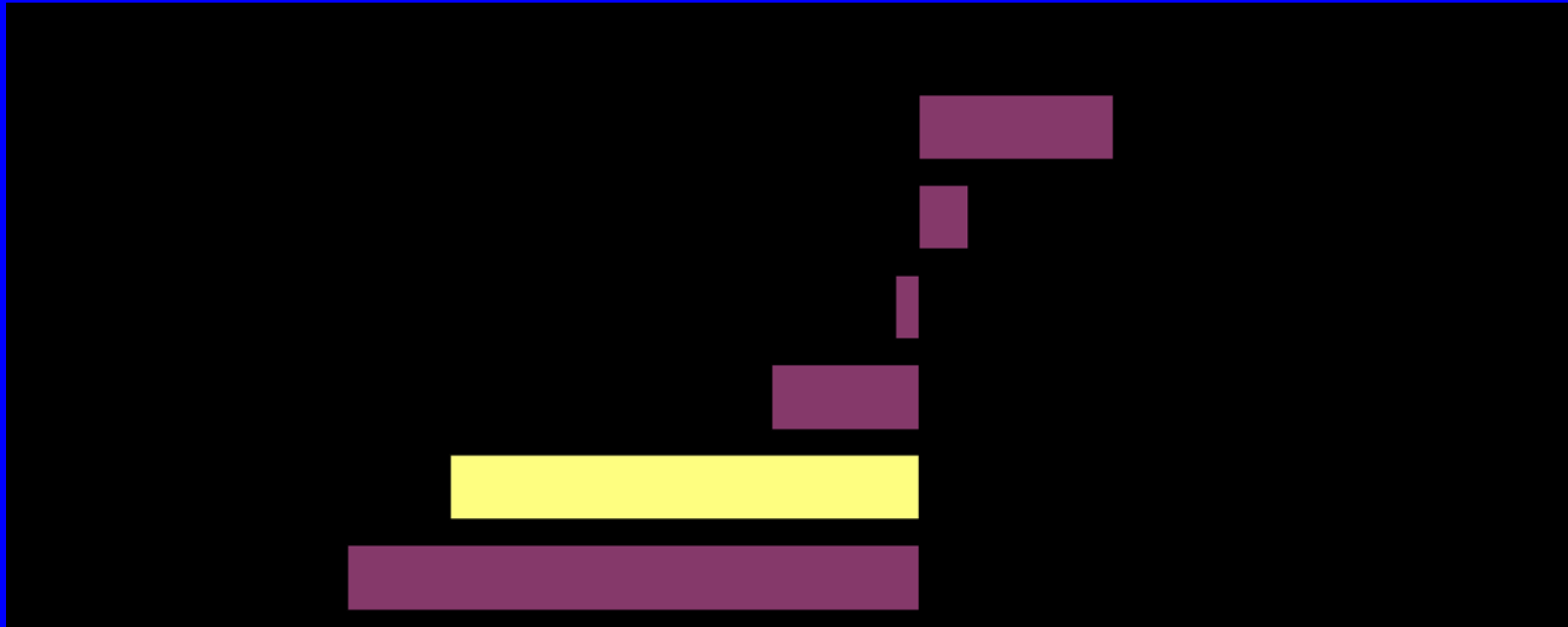
## Toronto (CMA) (2001–10)



Sources: The Conference Board of Canada; CMHC.

# Toronto (CMA) vs. East

## (Real GDP Growth, 2009)

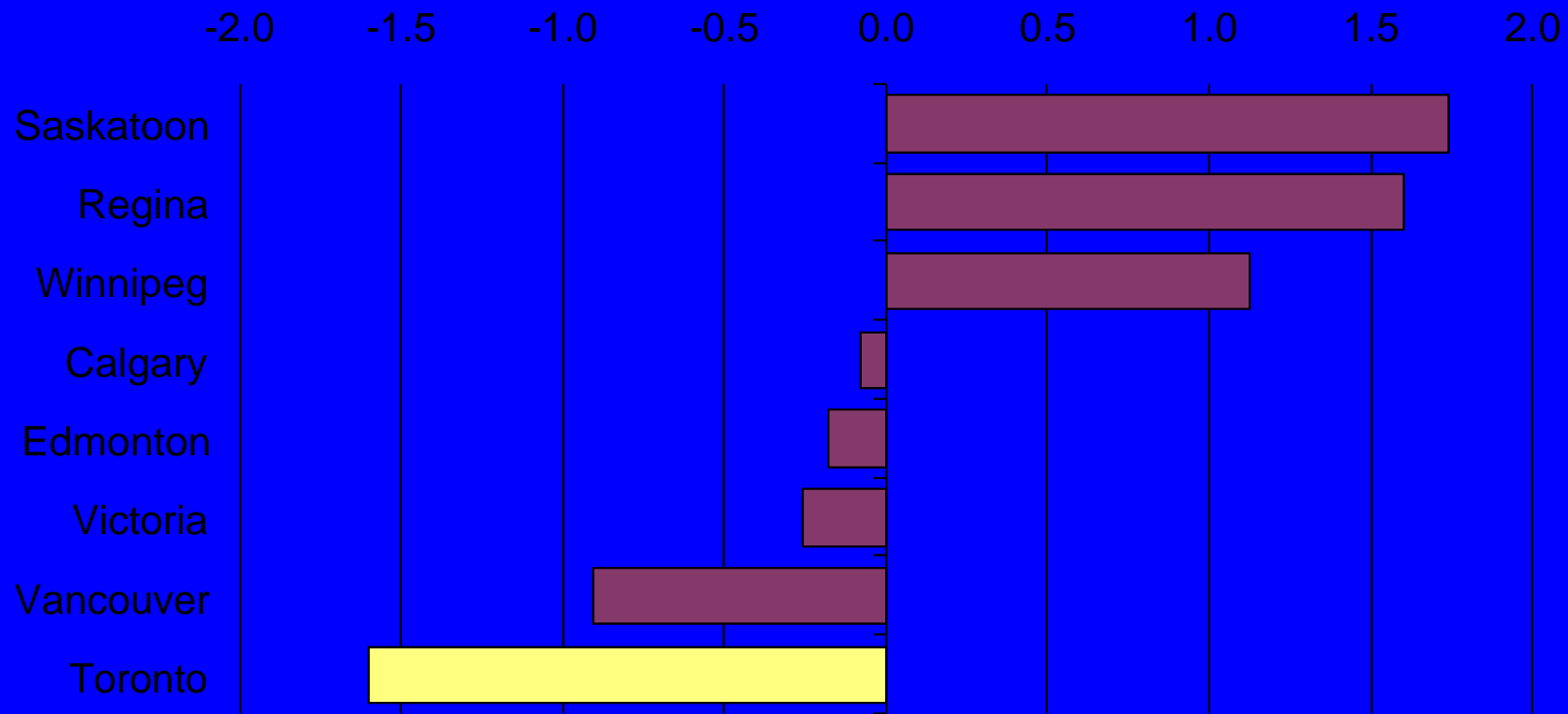


Source: The Conference Board of Canada.

Quebec City and Ottawa: reflects the fact that these cities are government towns.

Montreal, Toronto and Hamilton: manufacturing in these three cities account for more than 18% of GDP

# Toronto (CMA) vs. West (Real GDP Growth, 2009)



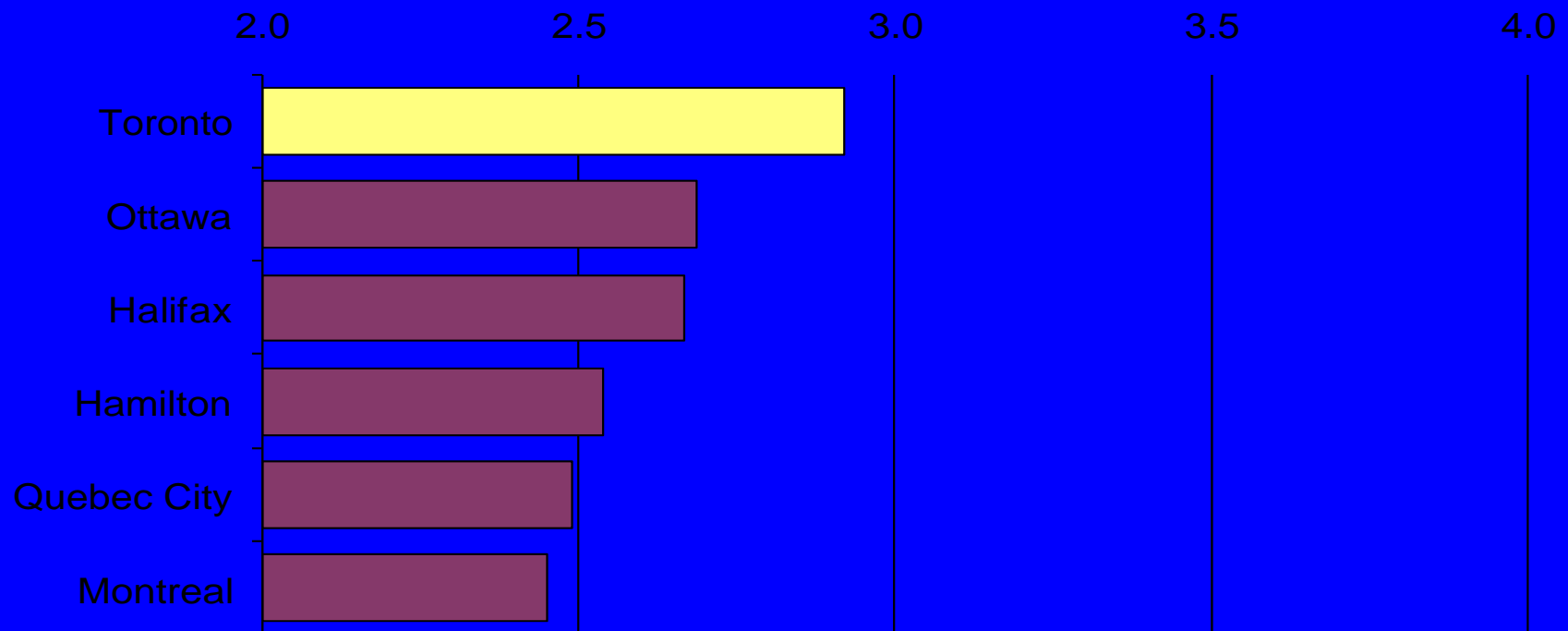
Source: The Conference Board of Canada.

Saskatoon, Regina, Winnipeg are now attracting people – net gains in migration.

Vancouver reflects completion of many Olympic-related projects.

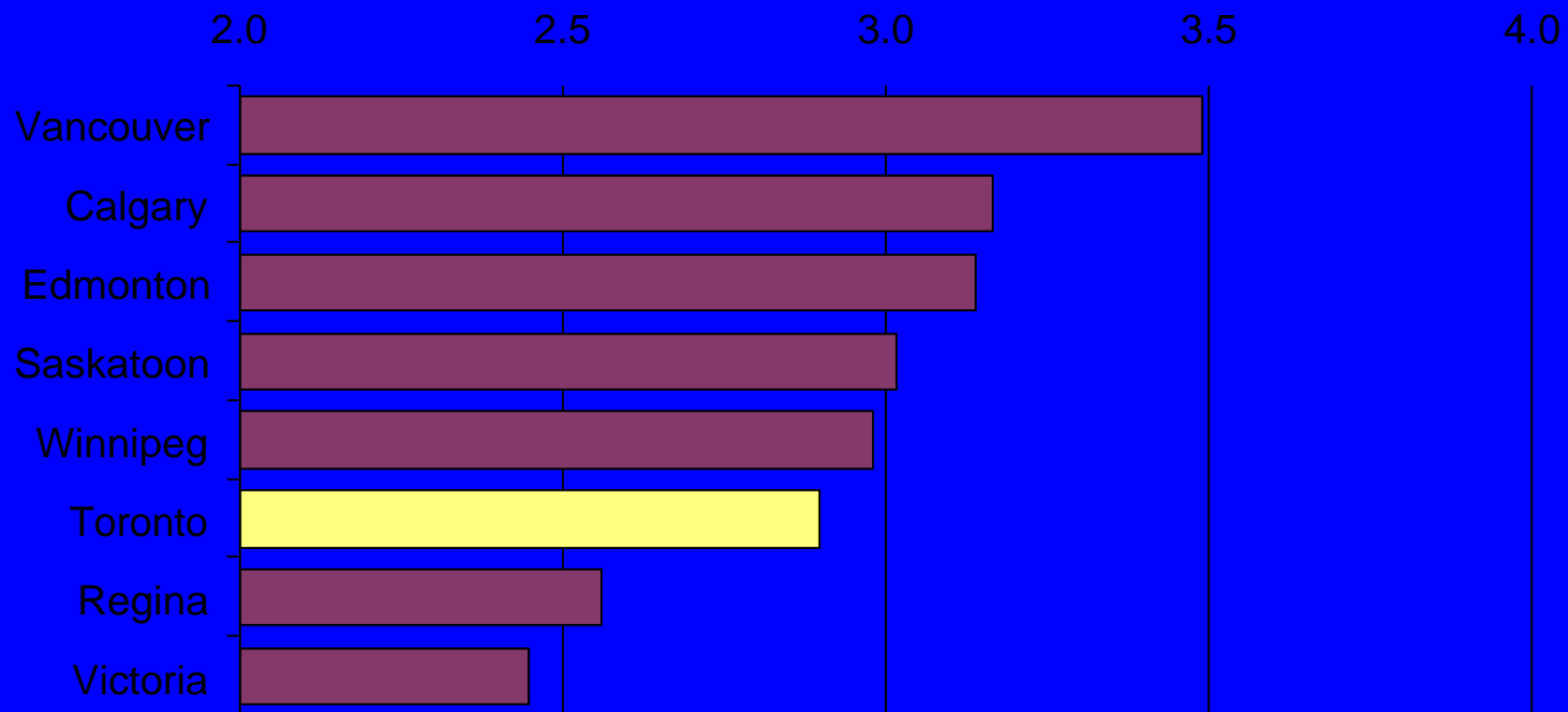
# Toronto (CMA) vs. East

## (Real GDP Growth and Manufacturing Comeback, 2010)



Source: The Conference Board of Canada.

# Toronto (CMA) vs. West (Real GDP Growth, 2010)



Source: The Conference Board of Canada.

Vancouver: Olympic year – tourism/retail sales will rocket



# The Importance of Toronto as a “Hub City”

- CBoC’s Hub Cities report showed that large city-regions must succeed for Canada to be economically successful. City-region growth spurs growth in all communities of the region.
- City of Toronto has to be financially healthy to be a player on the global scene.
- Economic downturn is putting pressure on residential property taxes, as housing starts are retreating.
- Also, efforts are being made by the City of Toronto to close the 416/905 non-residential tax gap.



# The Conference Board's City Magnets

- Report shows that Toronto CMA is a magnet for people – ranking number 2 in attraction to people (behind Calgary), despite comparatively lagging economic growth; also shows a large income disparity between the CMA's immigrant and non-immigrant populations.
- Report also shows that size matters, five of the top six most attractive CMAs have more than one million people.



# Toronto Board of Trade Study

- Toronto CMA is facing economic challenges but is buoyed by the fundamentals of a high quality of life
- CMA posted weak results on key growth-related measures: GDP, disposable income and productivity
- CMA has a well-educated population and scores high on both the share of foreign-born population and housing affordability



# Setting Priorities for Toronto

- There is work to be done on economic integration of immigrants.
- The GTA has a pressing need for infrastructure improvements/expansion. The issue will be execution.
- The Agenda for Prosperity provides relevant direction.



The Conference Board of Canada  
Insights You Can Count On

A hand is holding a crystal ball. Inside the crystal ball, a map of Canada is visible, with the word 'Visit us at' overlaid in yellow text. The background is a blue and white geometric pattern.

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