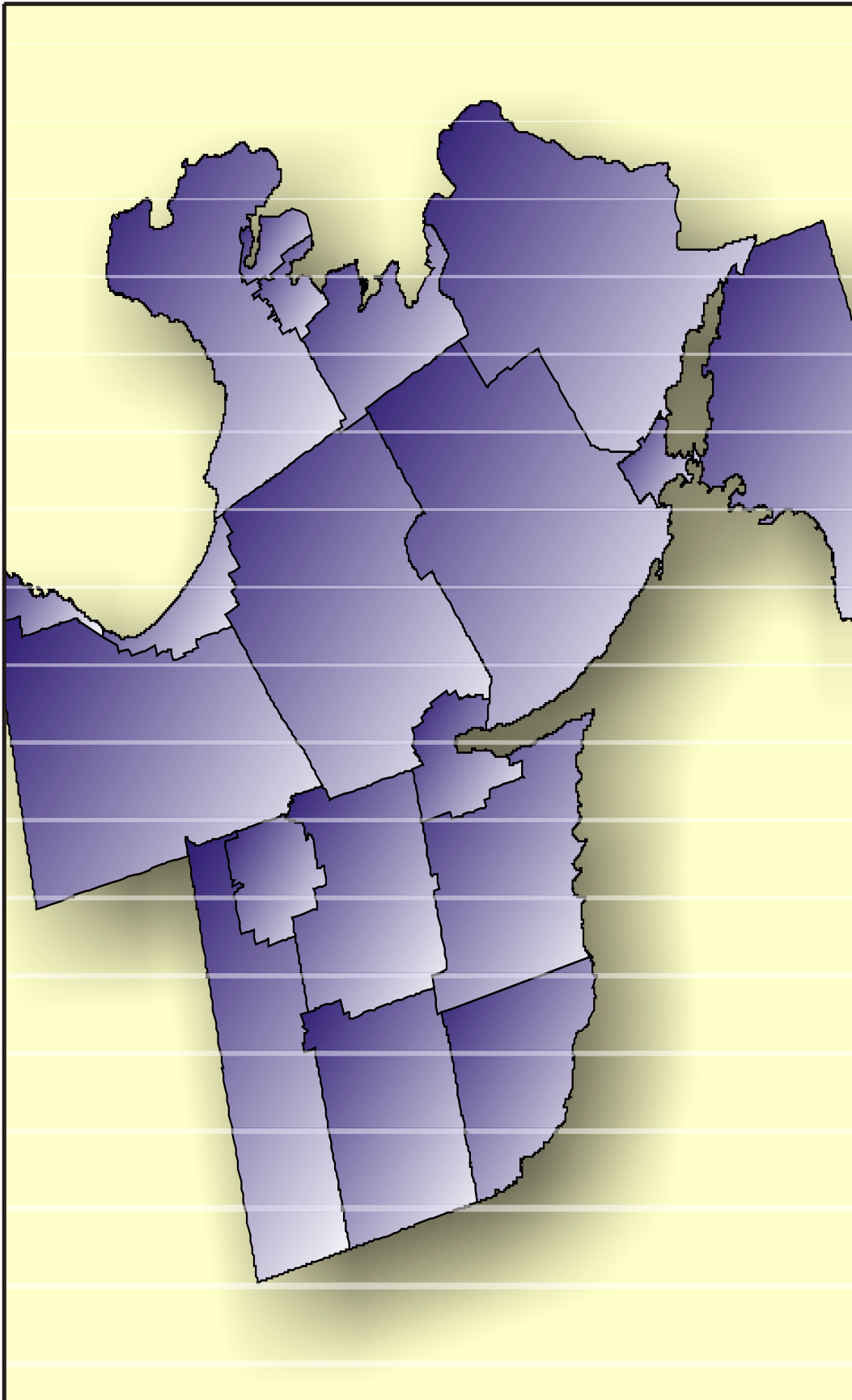


June  
2006



**Intergovernmental Action Plan  
for Simcoe, Barrie & Orillia**

*Existing Capacities Assessment  
Housing Market Pressures Report*



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## **Summary**

### ***Context for this Report***

The Province and municipalities in Simcoe County, as well as the Cities of Barrie and Orillia, recognize the need to plan for long-term population growth and a healthy environment. Since August of 2004, the Province has been in discussions with the municipalities in Simcoe. The purpose of these discussions was to determine how best to address common concerns in a cost effective and timely manner. Resulting from the discussion was the development of an ***Intergovernmental Action Plan*** (IGAP) for the County of Simcoe, and the Cities of Barrie and Orillia.

The four desired outcomes of the IGAP are:

1. A defined growth (assimilative) capacity of the Lake Simcoe and Nottawasaga River watersheds;
2. Development (servicing) certainty for intensification and approved growth;
3. Defined capacity for Barrie and area's additional growth; and,
4. Effective and sustainable municipal governance.

The purpose of the IGAP is to provide the affected municipalities with the proper tools to assist them in their planning and development decision-making. Upon completion of the IGAP, it is expected that the participating governments will have a basis for:

- A long-term urban structure plan for Simcoe County and the Cities of Barrie and Orillia.
- A sustainable infrastructure strategy for Simcoe, Barrie and Orillia.
- Development certainty for affected stakeholders.
- A suitable governance structure and/or service coordination mechanisms to manage future growth and development.

The Province's Strong Communities program includes developing long-range planning solutions for Central Ontario. Multiple interrelated initiatives are in-place, including, the Growth Plan for the Greater Golden Horseshoe, Planning Reform, Watershed-based Source Water Protection Planning, Golden Horseshoe Greenbelt, and the 10-Year Strategic Infrastructure Investment Plan.

Unique growth and development challenges exist in Simcoe County and the Cities of Barrie and Orillia (study area). South Simcoe and Barrie, in particular, are experiencing increased development pressure, and are expected to continue to have rapid growth. A number of the municipalities in the study area rely on inland water systems which have been demonstrated to be under strain (for example the Lake Simcoe watershed has known issues as a result of phosphorous loadings). Without intervening action, the available potable water and aquaculture of these watersheds are threatened.



Through their approved official plans, the municipalities in the study area make provision for a significant amount of growth. At the same time, several major developments are being proposed that involve the establishment of new urban settlement areas or the expansion of existing urban areas. Based on current conditions, there may be insufficient existing sewer and/or water capacity to accommodate approved development and/or planned land uses within existing settlement areas.

In order to accommodate planned growth, several major infrastructure municipal class environmental assessments are underway and/or nearing completion. However, these studies have not been undertaken in a comprehensive or coordinated fashion.

The municipalities in the study area are also under increasing administrative and financial capacity constraints.

By February 2005, the Province and the municipalities in the study area had agreed to partner in the IGAP, which has resulted in the commissioning of this study.

The partnership is made up of the following Provincial Ministries and municipalities:

Provincial Ministries include:

- Municipal Affairs and Housing
- Environment
- Public Infrastructure Renewal
- Natural Resources

Municipalities include:

- Simcoe County
- Township of Adjala-Tosorontio
- Town of Bradford West Gwillimbury
- City of Barrie
- Township of Clearview
- Town of Collingwood
- Township of Essa
- Town of Innisfil
- Town of Midland
- Town of New Tecumseth
- City of Orillia
- Township of Oro-Medonte
- Town of Penetanguishene
- Township of Ramara
- Township of Severn
- Township of Springwater
- Township of Tay
- Township of Tiny, and
- Town of Wasaga Beach

The partners want to further their common interests in:



- Protecting the environment, including the water quality and quantity of the Nottawasaga River and Lake Simcoe watersheds.
- Fiscally sustainable growth, through efficient, cost-effective development and land use patterns.
- Effective municipal governance and service delivery, through inter-governmental cooperation and coordination.

The IGAP proposes a four-phase approach to address the above-noted matters of common interest. Phase I of the IGAP is an analysis of assimilative capacity of the Nottawasaga River and Lake Simcoe watersheds by the Lake Simcoe Region (LSRCA) and Nottawasaga Valley (NVCA) Conservation Authorities. Phase II of the IGAP is an Existing Capacities Assessment, Phase III a Growth Potential Assessment and Phase IV an Implementation Assessment of the IGAP. Phases II - IV are being undertaken by Dillon Consulting in association with the Ainley Group, Clara Consulting, Bourrie & Associates, EDP Consulting, Enid Slack Consulting, Caldwell Consulting, Lapointe Consulting, TeraTrends and Will Dunning Inc.

This Housing Market Pressures Report is one component of the Phase II Existing Capacities Assessment (ECA) for the IGAP. The purpose of the ECA is to:

- Assemble a sound and defensible database on infrastructure and services.
- Determine existing capacity to accommodate approved development and growth.

The ECA includes a review of:

- Approved development and planned land use in settlement areas.
- Physical potential for intensification in settlement areas.
- Existing and planned water and sanitary sewage infrastructure.
- Natural and cultural heritage resources.
- Transportation facilities.
- Public service facilities.
- Economic indicators.
- Rural development potential.
- Short term housing market pressures.
- Longer term population and employment trends in the study area.

The results of the review are documented in seven foundation reports: this Housing Market Pressures Report and the following reports under separate cover: Communities Report, Resources Report, Infrastructure Assessment Report, Physical Intensification Potential Report, Rural Development Potential Report and Population and Employment Trends Report. The results of the review are synthesized with the results of the Assimilative Capacity Study in an Existing Capacities Assessment Report. The overall objective for the ECA is to provide a defensible foundation for Phases III – Growth Potentials Assessment and IV Implementation Assessment of the IGAP process.

### ***Purpose of this Report***

As part of the assessment of long-term housing demand for the Study Area, this Housing Market Pressures Report examines current housing demands for each of the component municipalities and develops forecasts of housing demand (by dwelling type) for the 2006 to 2009 period.

- A set of questions runs through this report: to what extent has housing activity in the Study Area been influenced by trends in the Greater Toronto Area; to what extent have higher house prices in the GTA pushed housing demand into Simcoe County; is the influence of the GTA likely to increase (or diminish) in future?
- An additional question is the extent to which demand for lifestyle units, vacation properties, and second residences has bolstered housing demand in Simcoe County, and the extent to which this will be a factor going forward.

The demand estimates developed in this report are short-term in nature (covering a period of just four years, which is the practical limit for an economics-driven forecast). Longer-term projections of housing are developed separately, using a demographics-based approach.

Market trends will be affected by overall economic conditions, especially including the influence of interest rates. The forecasts developed here assume that interest rates will increase slightly from current levels, and that very favourable housing affordability will support continuation of relatively strong housing activity.

### ***Current Housing Trends***

In this report, housing demand (past, present, and future) is measured primarily using data on issuance of building permits for new residential dwellings.

Housing demand has strengthened in Simcoe County during the past decade. In particular during the past five years (2001 to 2005) activity for new low-rise homes was 15% higher than during the prior five year period (1996 to 2000). Table 1 (on Page 6) provides a summary of indicators for low-rise housing activity, for four sub-areas of the Study Area. The Table shows that the strongest growth in activity has been in the north of the County<sup>1</sup>, where low-rise activity expanded by 21.6%, followed by the Georgian Bay area<sup>2</sup>, where the increase was 18.5%. Smaller increases were seen in the south<sup>3</sup> (14.0% growth) and the City of Barrie (12.4%).

The four areas are illustrated in the map below.

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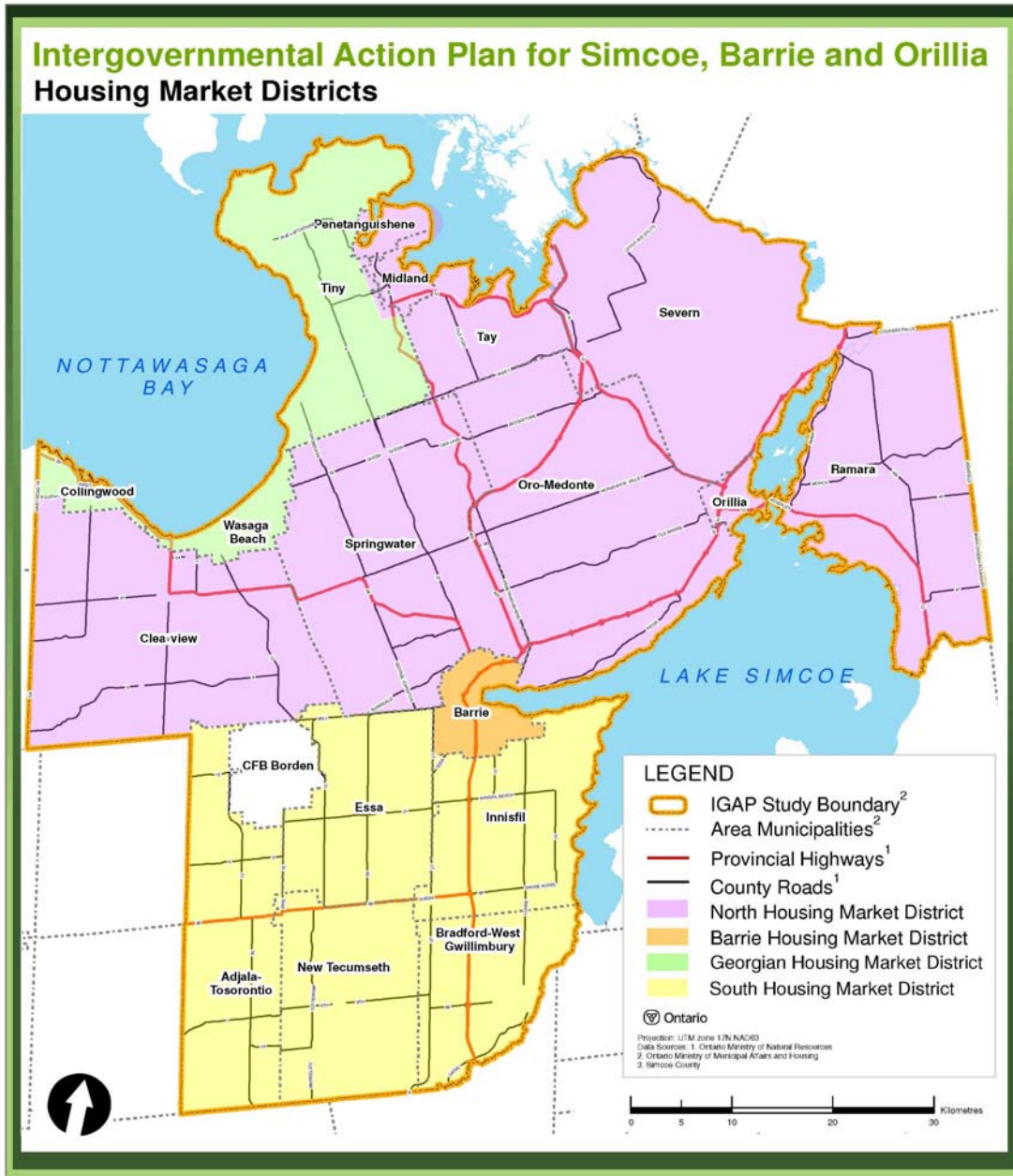
<sup>1</sup> This area includes nine municipalities: Clearview, Midland, Orillia, Oro-Medonte, Penetanguishene, Ramara, Severn, Springwater, and Tay. No data was reported for Ramara for 1996 and 1997. The analysis assumed that actual activity in Ramara was 51 units per year (the 1998-2000 average) for those years.

<sup>2</sup> Three municipalities, including Collingwood, Wasaga Beach, and Tiny Township.

<sup>3</sup> Five municipalities, including Adjala-Tosorontio, Bradford West Gwillimbury, Essa, Innisfil, and New Tecumseth.



Figure 1





Area	Average Low-Rise Permits (Units Per Year)				
	1996-2000		2001-2005		% Change in Number of Units
	Units	% of Simcoe	Units	% of Simcoe	
South	715	20.6%	815	20.3%	14.0%
Barrie	1,616	46.5%	1,816	45.2%	12.4%
Georgian Bay	511	14.7%	605	15.1%	18.5%
North	635 (1)	18.3%	772	19.3%	21.6%
Simcoe County	3,477 (1)		4,009		15.3%

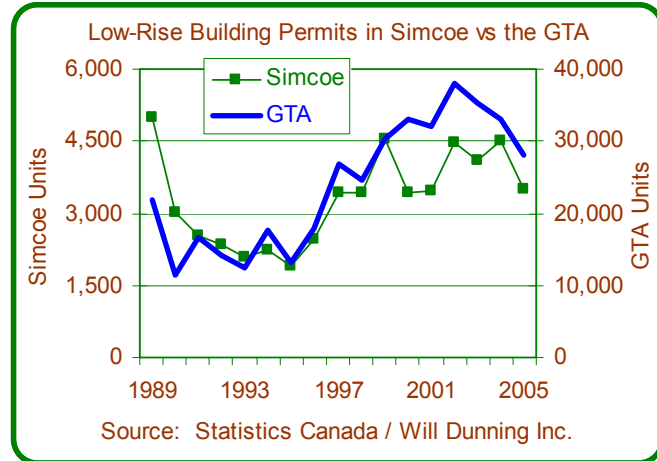
Source: Statistics Canada; analysis by Will Dunning Inc.  
 Note: (1) Simcoe County total varies from average of 3,456 using Statistics Canada data due to adjustment for missing data for Ramara.

Simcoe County is not unique in this regard, as virtually all areas of Canada have seen stronger housing activity. Thus, it is interesting and useful to compare housing trends in Simcoe County to other areas, especially the Greater Toronto Area. The next table repeats the data on low-rise activity in the four areas and adds data on low-rise activity in the GTA. Then, the last two columns of the table provide comparisons with the GTA - showing each area's low-rise activity as a percentage of the activity in the GTA for the two periods. In each of the four areas, the shares fell during the second period. This shows that the increases in activity in Simcoe were less than the increases seen in the GTA. The reductions in shares were greatest in Barrie and the south area.

Area	Average Low-Rise Permits Units Per Year		As % of the GTA	
	1996-2000	2001-2005	1996-2000	2001-2005
	South	715	815	2.71%
Barrie	1,616	1,816	6.10%	5.46%
Georgian Bay	511	605	1.92%	1.82%
North	635	772	2.40%	2.32%
Simcoe County	3,477	4,009	13.11%	12.05%
GTA	26,515	33,281		

Source: Statistics Canada; analysis by Will Dunning Inc.

Another view of the data is provided in the chart to the right, which shows annual data for Simcoe versus the GTA. In prior years, trends for Simcoe and the GTA moved in very similar ways. Most recently, however, growth in low-rise activity in Simcoe has not been as strong as in the GTA.



At the outset of this report, it was noted that a significant issue is the extent to which housing pressures in the GTA are pushing demand outward to surrounding areas, including Simcoe County. If that is occurring, we would expect that growth trends would be stronger in Simcoe County than in the GTA. Clearly, this has not occurred – the opposite has occurred. Further, we would expect that the impacts of the demand push would be greatest in the areas closest to the GTA. This also has not materialized: as was shown in Table 2 (above) Barrie and the southern areas have shown the (relatively) weakest demand trends in Simcoe.

An explanation for this can be found in changes in interest rates and housing affordability. In-migration by commuters is an important component of housing demand in Simcoe County, especially in the south and in Barrie, as households who work in the GTA move to Simcoe to take advantage of lower house prices, especially for single-detached homes (the average house price in Simcoe is one-third lower than for the GTA). However, it appears that demand by GTA-bound commuters is becoming a less significant component of Simcoe’s housing demand: in 1996, 22.5% of employed people who lived in Simcoe County had a workplace in a different Census Division (usually within the GTA); but, during 1996 to 2001, only 15% of growth in employment was due to people whose workplace is outside of Simcoe. With the low mortgage interest rates of the past decade, the gap in monthly housing costs for Simcoe versus the GTA is not as large as it was previously, and there is less economic incentive for GTA-bound commuters to live in Simcoe County.

A separate issue that could potentially cause demand to shift from the GTA into Simcoe County is lot supply. Available data on land inventories indicates there are considerable supplies for low-rise housing in the GTA, exceeding a decade’s worth of demand. Therefore, within the horizon of this forecast, lack of lot supply in the GTA will not push demand into Simcoe County. However, during the 2010s or even later, depletion of lot inventories in the GTA could become an increasingly significant factor that results in an outward push of demand. The timing of this effect will depend on the extent to which additional lands are designated for urban development.

A further issue is the extent of lot supply within Simcoe County. In some areas of the County (notably Barrie, Bradford West Gwillimbury, New Tecumseth, and Orillia), available lot inventories have become quite limited in recent times, which may have caused actual activity to fall short of market potential. It is estimated that if sufficient lot supplies had been available, activity might have been about 300 units per year higher during the 2001 to 2005 period. With this adjustment, low-rise activity in Simcoe would

have averaged 4,309 units per year during 2001 to 2005, which would have amounted to 12.95% of GTA activity, just slightly less than the 13.03% rate for 1996 to 2000.

The body of the report also provides data and interpretation for apartments. Apartments represented just 4% of Simcoe housing activity over the past ten years, and apartments have become even less prevalent during the past two years (just 3.2% in 2004 and 2.5% in 2005).

### ***Future Housing Demand***

Forecasts of future housing demand have been developed using an economic forecasting model. The forecasting system starts with two key variables that influence housing demand: job creation and housing affordability.

Very rapid growth of employment occurred during the second half of the 1990s and into the early years of this decade (in both Simcoe and the GTA), with employment growing considerably more rapidly than the adult population. This resulted in falling unemployment rates and rising employment rates (the percentage of adults who are employed). Very strong job growth resulted in rising levels of housing demand during that period.

During the past few years, however, employment growth has decelerated – during recent times employment has grown at about the same rate as the adult population (close to 3% per year in the Barrie area and 2.3% per year in the GTA). While these are very healthy (and sustainable) rates of growth, they are slower than was seen previously. For both Simcoe and the GTA, the forecasts assume that employment will continue to grow at about the same rate as the adult population during the 2006-2009 forecast period.

The slowdown in job creation that has already occurred can be expected to result in an incremental slowing of housing demand. As can be seen in the chart above, that slowdown has clearly begun in the GTA, as activity peaked in 2002 and has subsequently fallen by about one-quarter. The data for Simcoe, on the other hand, does not provide convincing evidence of a slowdown, although there was a large drop (22%) in 2005. But, since Simcoe did not show the same growth peak as did the GTA, a turning point would be less pronounced and more difficult to spot in Simcoe.

With regard to interest rates, increases have occurred since the summer of 2005 (a rise of three-quarters of a percentage point for five year mortgages, with larger increases for mortgages with shorter-terms as well as variable rate mortgages) can be expected to negatively affect housing demand. Further moderate increases in mortgage rates (one-half point) are assumed to occur by early 2007.

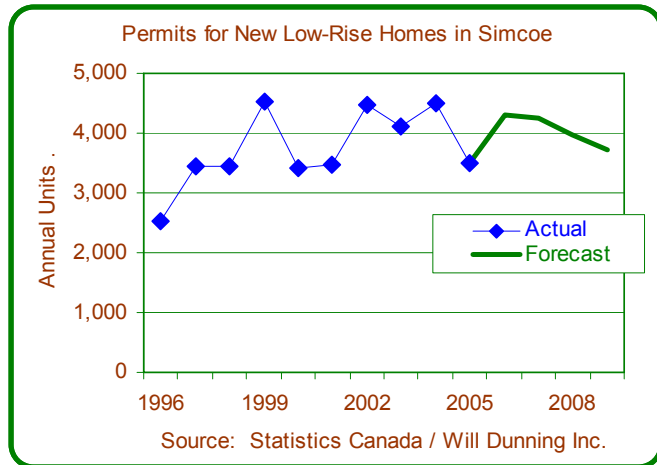
Forecasts of housing activity for 2006 to 2009 have been developed, for Simcoe and for the GTA. The forecasts use a sophisticated economic analysis model, which forecasts employment for the Study Area, and then forecasts components of housing market activity (resale market activity, resale market listings, price trends, and new housing activity).

For the GTA, the slowdown in low-rise activity that began after the 2002 peak is expected to continue. By 2009, low-rise activity would be 10% lower than in 2005, and one-third (34%) lower than in 2002.

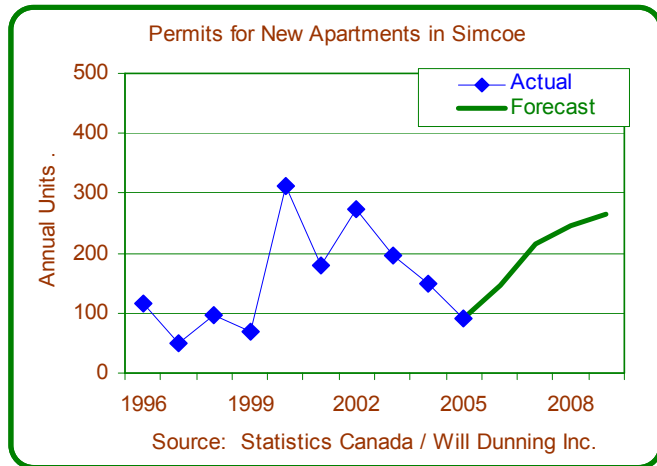
For the Study Area, forecasts were developed for each of the four sub-areas listed above, and then aggregated to totals for Simcoe County; the forecasts were also allocated to the individual municipalities, in order to provide demand estimates, by type of dwelling, for the 18 municipalities.

Housing activity was below potential during 2001 to 2005, due to lot supply constraints, by about 300 units per year. In response, upward adjustments were made to the technically-generated forecasts, to reflect what demand might be if there are no land constraints during the forecast period. In addition, forecasts were adjusted upwards for Oro-Medonte and Ramara, based on the opinion that housing demands have recently increased in these areas and that these expansions are sustainable.

For Simcoe County, the forecast of low-rise activity indicates that in 2006 there should be a rebound from the 2005 level. Activity would be slightly below figures seen during 2002 to 2004. In 2007, low-rise activity would be similar to or slightly below the 2006 level. Declines of about 7% are forecast for both 2008 and 2009. The anticipated tapering of activity during the forecast period is the consequence of the slower employment growth that has been seen in recent years, along with higher interest rates. During 2006 to 2009, average annual activity (4,061 low-rise units per year) would be 1% higher than during the 2001-2005 average, and 17% above the 1996 to 2000 average.



For apartments, activity is forecast to recover from the low levels seen during 2004 and 2005. Average activity during 2006-2009 (218 units per year) would be 23% higher than during 2001-2005 and 69% higher than during 1996-2000.



Combining the forecasts for the low-rise and apartment categories, activity would average 4,279 units per year during 2006 to 2009, 2% higher than during 2001 to 2005, and 7% higher than during 1996 to 2000.

The resort areas of Georgian Bay will see the largest increase of housing activity during 2006 to 2009, with a forecast rise of 10% as compared to 2001 to 2005. Activity in this area would be 30% higher than during 1996 to 2000. Continued economic growth and relatively high house prices in the GTA, combined with aging of the population, will facilitate increased movement by retired people and down-sizing empty nesters to these areas of Simcoe County.

In this scenario, Barrie would see a 2% increase compared to 2001 to 2005 and a 16% rise compared to 1996 to 2000.

The other two areas (the nine municipalities of the north and in the five municipalities of the south) would see essentially no change in 2006 to 2009 as compared to 2001 to 2005.

These projections are indications of potential market demand, and depend upon the availability of land supplies.

The forecasts of housing activity have been allocated to the 18 municipalities, as shown in the following table. The shares were generated based on actual shares of activity during 2001 to 2005, with specific adjustments for the presumed alleviation of land constraints and market expansions in Ramara and Oro-Medonte<sup>4</sup>.

The mix of activity by type (for all of Simcoe County) is forecast to shift slightly compared to the actual shares seen during 2001 to 2005:

- For singles, the share would fall slightly, to 82.4% versus the 83.1% share seen during the earlier period.
- The share for cottages would be unchanged at close to nil.
- The share for mobiles would remain at 0.7%.
- For double units, the share would rise to 2.8% from the prior 2.6%.
- The share for row units would fall slightly to 9.1% from 9.3%.
- The share for apartments would rise to 5.1% from 4.2%.

Over the forecast period, 83% of the expected demand is for single-detached housing (including mobile units plus the few units categorized as cottages); 3% of the demand is for double homes; 9% is for row homes; and 5% is for apartments.

Lifestyle units, vacation properties, and second residences are included in the forecast numbers, although current (and forecast) numbers for these categories are not known (because there is no consistent data collection for these sub-categories). While there is uncertainty, demand for these categories of activity is expected to maintain a relatively consistent share of total activity during the 2006 to 2009 forecast period.

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<sup>4</sup> The allocations are based on shares of activity by type by municipality within each of the four housing market areas. Additions were made for Barrie, Bradford West Gwillimbury, New Tecumseth, Oro-Medonte, Orillia, and Ramara.

**Table 3**  
**New Housing Activity by Municipality, By Dwelling Type**  
**Average Numbers of Dwelling Units per Year During 2006 to 2009**

Area	Single	Cottage	Mobile	Double	Row	Apartment	Total	Average During 2001-2005
Adjala-Tosorontio	87	0	0	0	0	0	87	96
Barrie	1,471	0	0	91	272	114	1,948	1,912
Bradford West Gwillimbury	200	0	0	11	8	0	219	192
Clearview	44	0	0	0	0	0	44	49
Collingwood	151	0	0	7	38	20	216	198
Essa	104	0	1	3	3	1	112	123
Innisfil	195	0	0	0	8	0	203	225
Midland	35	0	0	0	1	24	61	60
New Tecumseth	153	0	0	3	28	15	199	187
Orillia	96	0	0	0	13	31	140	121
Oro-Medonte	160	0	0	0	3	3	166	159
Penetanguishene	39	0	0	3	2	5	48	52
Ramara	99	0	0	0	0	0	100	86
Severn	83	1	13	0	3	0	99	111
Springwater	114	0	0	0	2	0	117	131
Tay	43	0	2	0	1	0	46	52
Tiny	137	0	0	0	0	0	137	125
Wasaga Beach	313	0	13	1	6	5	337	307
Total	3,525	2	29	118	387	218	4,279	4,187
% of Total	82.4%	0.0%	0.7%	2.8%	9.1%	5.1%	100.0%	
Source: Will Dunning Inc.								
Note: Totals may not add due to rounding								

### ***A Subsequent Revision to Data***

In this report housing demand has been measured using Statistics Canada data on issuance of residential building permits, which is an accepted standard data source for housing demand analysis. This data source has been used consistently for each of the component municipalities within the Simcoe County study area.

The building permit data is provided by the respective municipalities to Statistics Canada.

Subsequent to the completion of this analysis, the Township of Clearview has identified that the data it has reported to Statistics Canada has been inaccurate: the computer system that the Township uses to generate the reports sent to Statistics Canada does not count permits for which an assessment roll number has not been included in the electronic record. In June 2006, the Township of Clearview provided the consultant team with data on building permits that the Township considers more accurate.

This revised data has been analyzed by the consultant team, and the results of that analysis are provided in the Appendix to this report. The new analysis does not result in any substantive changes in the overall conclusions.



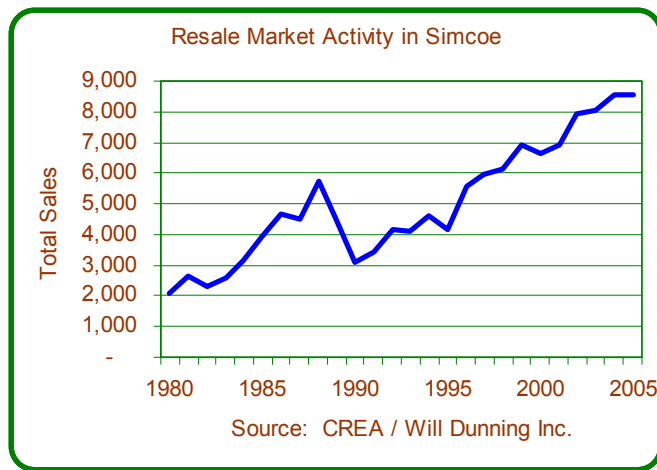
***Evolving Market Conditions in the Study Area***

Housing activity has expanded sharply in Simcoe County during the past decade. This section profiles growth in resale market activity and new homes activity in Simcoe County, and discusses economic factors that have contributed to the strong housing market. A later section compares trends in Simcoe County to those in the Greater Toronto Area, and finds that trends have been quite similar in the two areas.

***Resale Market Trends***

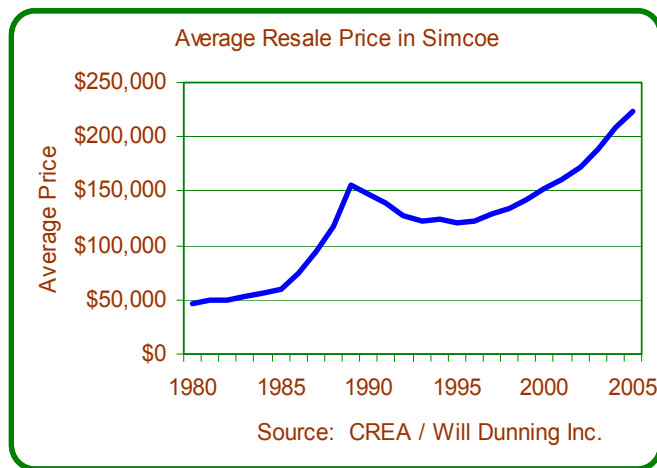
The Simcoe County resale market has expanded sharply during the past decade, with strong growth in sales and housing values.

Resale market activity has increased in eight of the past 10 years. The two years with reduced sales activity include a 4.6% drop in 2000 and a fractional decline of 0.2% in 2005. With sales of more than 8,500 units in both 2004 and 2005, current sales levels are almost double the average (4,666 units per year) that was seen over the entire period from 1980 to 1995.

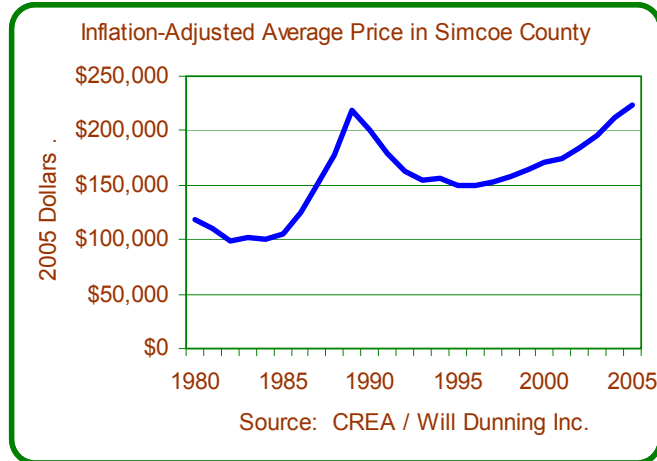


With sales during 2005 virtually identical to the level of 2004, the obvious question is whether the sales cycle has peaked. This is explored in the section on the housing market outlook.

Strong and rising sales volumes have contributed to rising house prices in Simcoe County, as can be seen in the chart to the right. During the past decade, the average price has increased at an average rate of 6.3% per year. Price growth has been even stronger during the past four years, at an average of 8.7% per year. Over the entire period of the dataset (from 1980 to 2005) the average price increased at an average rate of 6.5% per year.

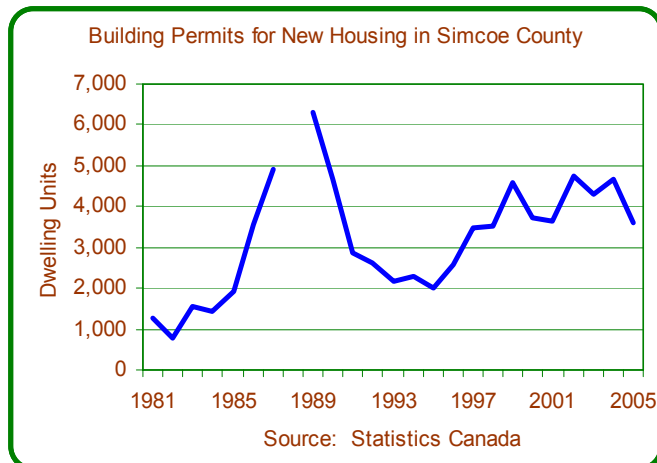


House price gains have been far in excess of the overall inflation rate during the past four years. The chart to the right shows the average resale price in Simcoe County after adjustment for inflation<sup>5</sup> (or in “real terms”). During 1995 to 2001, the inflation-adjusted price increased gradually; during the past four years, it has increased sharply – by a total of 28%. In 2005, the average “real” price is slightly above the previous record that was set in 1989 – at the height of a housing market bubble. There is no suggestion that current pricing represents a bubble, as home ownership remains highly affordable in Simcoe (this is discussed below).



**New Construction Market**

The market for new housing has also been very strong in Simcoe County in recent years. The chart to the right uses data on building permits for new dwellings to illustrate market trends<sup>6</sup>. It shows that new construction activity has been very strong since 1999. During 1999 to 2005 building permit issuance has averaged 4,181 units per year, double the levels seen during the mid-1990s. Recent volumes are below the peak levels seen during 1987 to 1990.



The data for 2005 shows a large drop in building permit activity (the reduced level of 3,592 units is 21% below the average seen during 2002 to 2004). It isn’t clear if this is a turning point in the market cycle or a temporary reduction (as was seen during 2000 and 2001).

In this chart, and others that follow, data cannot be shown for 1988, due to incompleteness of the available data.

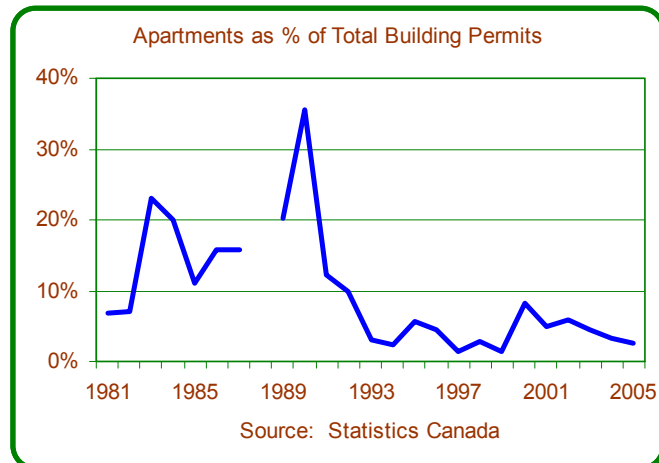
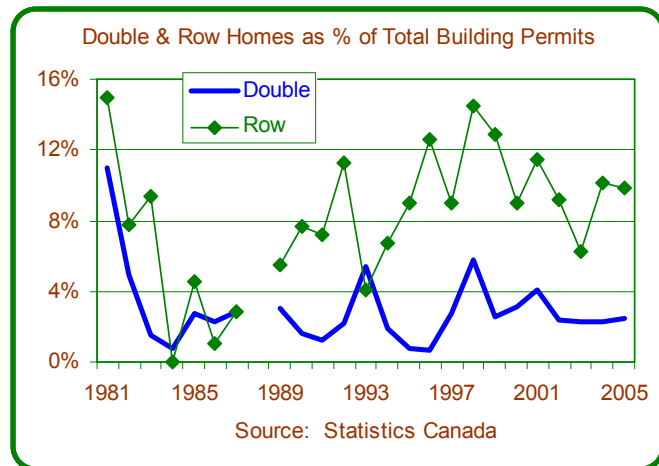
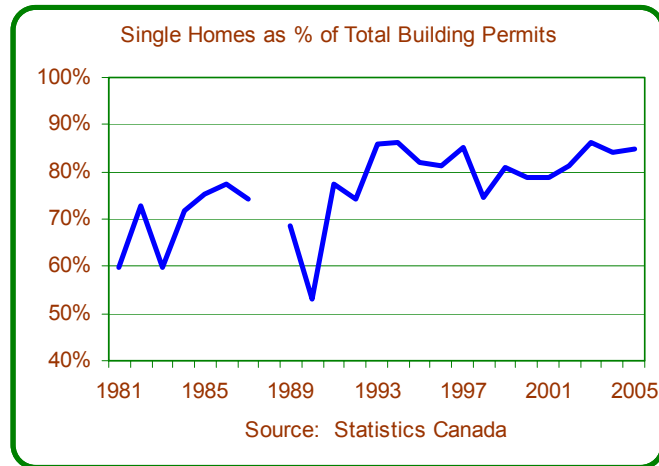
<sup>5</sup> Inflation-adjustment uses the Consumer Price Index (1992=100) for Toronto CMA.

<sup>6</sup> CMHC data on housing starts do not cover all of Simcoe County and the coverage of CMHC’s survey has not been consistent over time.

Demand Trends by Type of Dwelling

Looking at the activity by dwelling types:

- Single-family homes dominate the new homes market in Simcoe, as the share for this type has been at or above 80% since 1993. During the last three years, singles have accounted for 85% of new homes activity. The share was lower during 1981 to 1992: that can be attributed to high interest rates and poor housing affordability, which caused demand to shift to less expensive housing forms.
- Double unit homes (including semi-detached and duplex units) account for a small proportion of new home construction in Simcoe County, averaging just 2.8% over the entire period of the dataset and just 2.3% during 2003 to 2005.
- Row activity is more common, averaging 8.2% over the entire period of the dataset, and slightly higher (8.7%) during 2003 to 2005. Rows had a higher share during the late 1990s, but the lower interest rates of this decade have reduced the market share of row homes, as home buyers have been able to afford more expensive housing forms.
- The market share for apartments has been below 10% during every one of the past 14 years, and has averaged just 3.9% during the past 10 years. While there was an increased level of apartment activity during the early years of this decade, that increase has not been sustained, and the share has fallen to quite low levels.



The following table summarizes the data on residential building permits issued in Simcoe County. For two five-year periods, the table shows average annual volumes of activity, by type of dwelling, and then shows the shares for each dwelling type.

- Total activity was 16.8% higher during the 2001 to 2005 period than it was during 1996 to 2000.
- Single-detached dwellings expanded even more (21.0%) and therefore gained market share in the second period (rising to 83.1% of the total during 2001 to 2005 versus 80.2% during 1996 to 2000).
- Dwellings categorized as cottages or mobile accounted for negligible shares of activity during both periods.
- Activity did not expand for double homes and therefore the share for this type of dwelling fell during 2001 to 2005 (to just 2.6%, versus 3.1% during 1996 to 2000).
- Construction of row homes fell by 6.6% between the two periods, and therefore the market share fell sharply, to 9.3% during 2001 to 2005, from 11.6% during 1996 to 2000.
- Apartment activity expanded sharply (by 37.8%). However, apartment activity is limited in Simcoe, at an average of 178 units per year and a share of just 4.2% during 2001 to 2005. Moreover, as was seen above, most of the apartment activity occurred early in the period. By 2005, permits for new apartments fell to just 90 units (2.5% of total residential permits).
- The shift towards single detached homes and away from lower-cost low-rise options (doubles and rows) can be attributed to low interest rates: improved housing affordability has allowed an increased share of home buyers to exercise a preference for single-detached housing.

<i>Type of Dwelling</i>	<i>1996-2000</i>	<i>2001-2005</i>
<b>Number of Units</b>		
Single	2,874	3,478
Cottage	39	2
Mobile	17	30
Double	110	111
Row	416	389
Apartment	129	178
Total Residential	3,585	4,187
<b>Market Share - %</b>		
Single	80.2%	83.1%
Cottage	1.1%	0.0%
Mobile	0.5%	0.7%
Double	3.1%	2.6%
Row	11.6%	9.3%
Apartment	3.6%	4.2%
Total Residential	100.0%	100.0%
Source: Statistics Canada, Will Dunning Inc.		

***Economic Factors Affecting the Simcoe Housing Market***

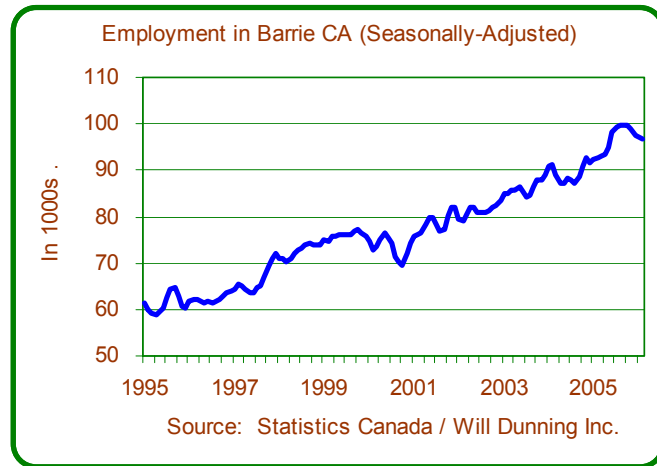
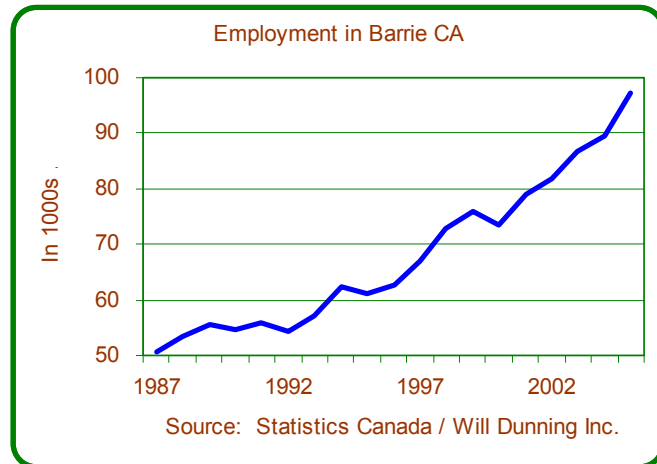
In analysis of housing markets two variables are most highly influential: the rate of job creation and housing affordability:

- Job creation creates potential demand for housing. For many people, the first housing choice after obtaining a job is a rental. Few people obtain a first job and immediately buy a home – it takes time to prepare for home ownership. Thus, job creation generally acts slowly on the home ownership housing market: the effects are felt over a period of several years rather than instantly.
- Once a person is in a position to buy a home, the level of housing affordability influences the choices that are made, including the type of housing and other characteristics. Improved affordability can also allow some people – especially long-term tenants – to access home ownership. In this regard, changes in affordability – for better or worse - can result in very rapid changes in housing market activity.

*Job Creation*

The chart to the right shows Statistics Canada estimates of employment for Barrie Census Agglomeration (“CA”, which includes the City of Barrie, Springwater Township and the Town of Innisfil)<sup>7</sup>. The data indicates that during the past 18 years Barrie CA has seen growth of employment in all but four years. Growth has been quite strong during the past five years, averaging almost 6% per year. The data indicates that strong growth has continued until the present, although, as is discussed in the next paragraph, there is some uncertainty about current conditions.

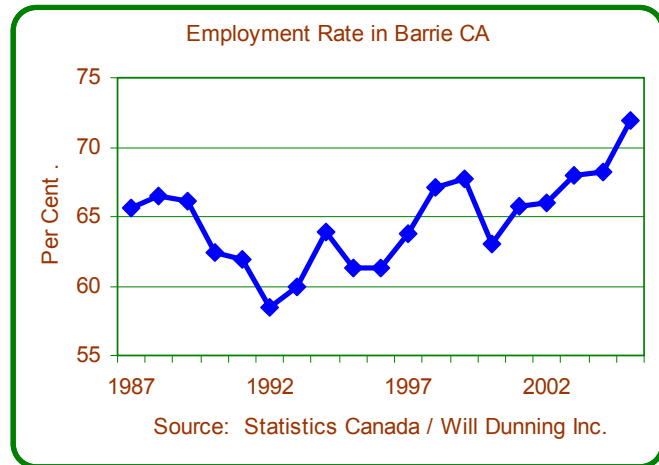
Statistics Canada generates the employment data through a monthly survey of households. Like all sample surveys, the Labour Force Survey has a margin of error. The sample for Barrie CA is small (about 250 households) and therefore there is a risk that the



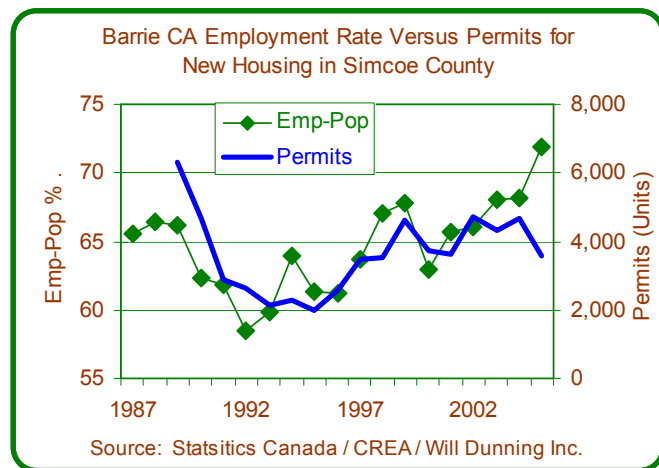
<sup>7</sup> Unfortunately, current employment data is not available for all of Simcoe County. As of the 2001 Census, Barrie CA represented 39.4% of the population for all of Simcoe County. Thus, the data for Barrie CA provides an imperfect proxy measure for the County.

data will be inaccurate at times. A closer examination of the data suggests that there have been several periods of unreliable data in recent years. The chart above shows monthly data, after seasonal-adjustment. It shows several sharp, but short-lived, movements away from the trends. This includes a dip in the spring of 2004 and a large rise in summer of 2005. These are, in all likelihood, “data artifacts” that occasionally result from surveys. Unfortunately, the last few data points appear to be one of those artifacts. This makes it difficult to draw conclusions on the current state of Barrie’s economy. The data covering 1996 to 2004 does appear to be more reliable: during that period job growth averaged 4.6% per year – still a very robust growth rate.

Another perspective on the employment situation is provided by the employment-to-population ratio<sup>8</sup>, or “employment rate”. The chart to the right shows that data. The data shows some irregularity which is in part the consequence of using data from a sample survey. The trend appears to be that the employment rate rose during the late 1990s, might have dipped early in this decade (if correct, this might be the consequence of the bursting of the stock market bubble), and then recovered during 2003 and 2004. During 2003 and 2004 the employment rate was at about the same level as 1998 and 1999, which leads to a conclusion that for the past five to six years employment has grown at about the same rate as the adult population. While this is a slowdown compared to the mid-to-late 1990s (when employment was growing more rapidly than the population and the employment rate was rising) it does signal a healthy economic situation. The last data point (for 2005), which shows a large increase in the employment rate, appears to be an artifact and is not necessarily accurate.



Economic growth has affected housing demand in the Barrie area. The chart to the right provides a sense of the relationship between economic conditions and housing demand: during a period with a low employment rate (the first half of the 1990s) housing activity fell; as the employment rate strengthened during the second half of the 1990s, housing activity expanded; more recently, with the employment rate generally flat but at a high level, housing activity has also been flat but at a high level.



The data for 2005 is an exception to those trends: while the reported employment rate

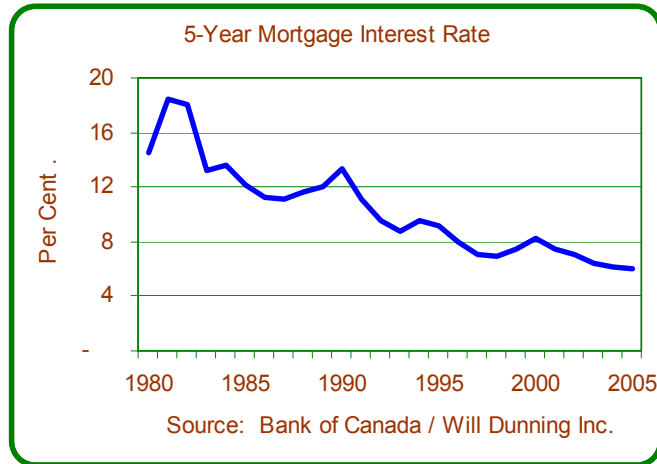
<sup>8</sup> The employment-to-population ratio is equal to employment of people aged 15 and over divided by the population of people aged 15 and over.



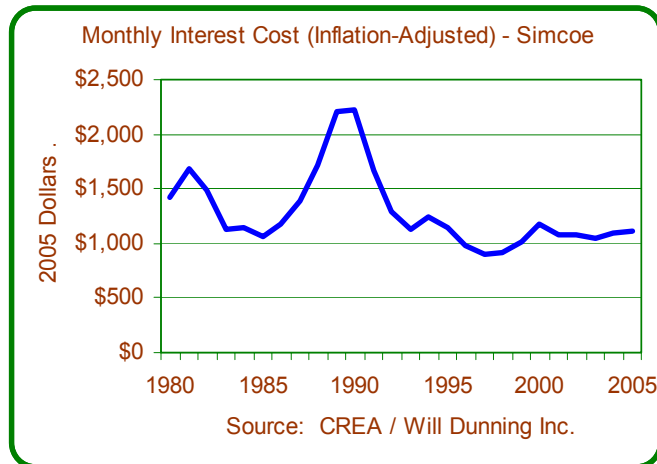
rose sharply in 2005, housing activity fell sharply. This combination suggests once again that the reported employment rate for 2005 is erroneous (most likely over-estimated).

Interest Rates and Affordability

Housing demand has also been stimulated by improved affordability of home ownership. As shown in the chart to the right, interest rates have fallen most of the time during the past 15 years. The average rate for 5-year mortgages was slightly below 6% in 2005, the lowest level in a generation. The “effective” reduction in interest rates is even greater than the chart suggests because rate discounting has become widespread in recent years – actual negotiated rates are often 1.25 percentage points (or even more) below advertised levels.



It was shown earlier that Simcoe house prices have increased sharply in recent years, and have risen substantially in “real” (or inflation-adjusted) terms. However, when the higher prices are combined with lower interest rates, monthly mortgage interest costs have changed very little during the past five years. Home ownership remains very affordable in Simcoe County. This has contributed to the sustained high levels of activity in the resale and new homes markets. It has also contributed to the sustained high market share for single-family homes.

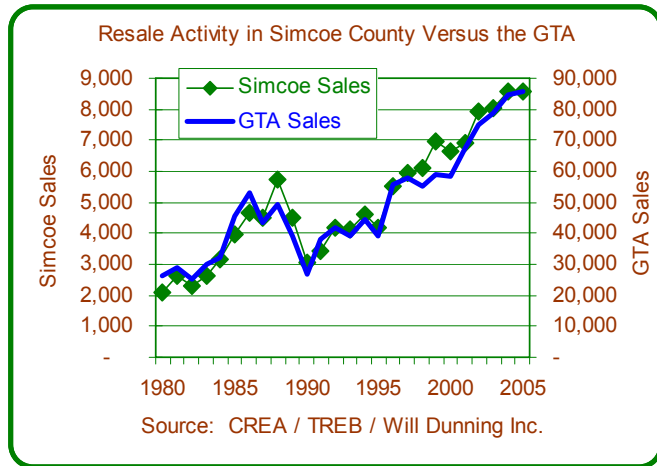


**Relationship to the Greater Toronto Area**

The strong housing market is hardly unique to Simcoe County. Housing demand is very strong in virtually all areas of Canada. This section compares housing trends in Simcoe County and the Greater Toronto Area. The primary reason for this comparison is to draw conclusions on whether demand pressures within the GTA have caused housing activity to shift to Simcoe. As is discussed below, the evidence indicates that this has not happened.

**Resale Market**

The chart to the right summarizes annual resale market activity for Simcoe County and the Greater Toronto Area. The trends in these two areas are remarkably similar. Throughout the 26 years of the dataset, the two areas have seen sales expand (and occasionally decline) by very similar amounts.

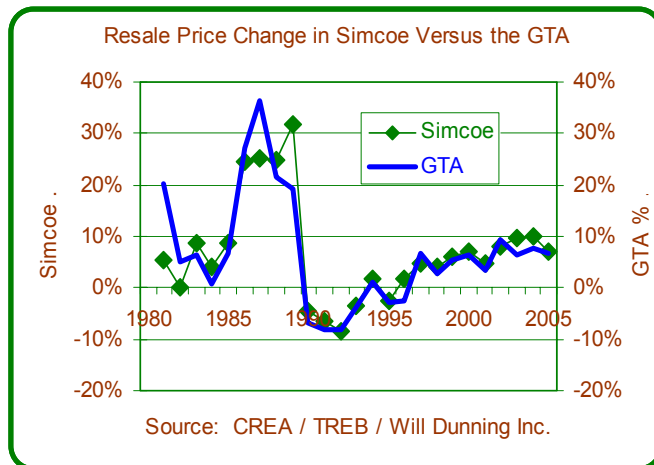


The initial interpretation of this similarity is that the two areas are responding to the same economic signals: they are subject to the same interest rates; it is also likely that the two areas see similar patterns of economic growth and job creation.

It is also possible that increased demand pressures in the GTA have at times caused housing activity to spill into Simcoe County. If that is the case, then we would expect that in high demand periods activity would rise more in Simcoe than in the GTA, and in low demand periods activity would fall more in Simcoe. Clearly that has not occurred.

A more nuanced expression of this is that Simcoe County tends to receive spillover housing demand from the GTA, but that the extent of spillover has not changed significantly in recent years.

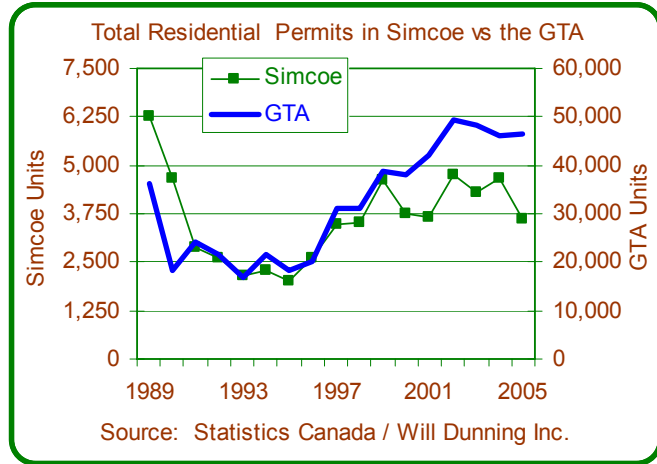
Price trends are also similar. The two areas show very similar cycles of price increases, with extremely rapid increases during the late 1980s, price declines during the early 1990s, a period of stabilization during the mid-1990s, moderate increases during the late 1990s, and strong increases during this decade. Over time, prices have tended to increase slightly more rapidly in Simcoe than in the GTA: over the entire 25 years of the dataset, prices



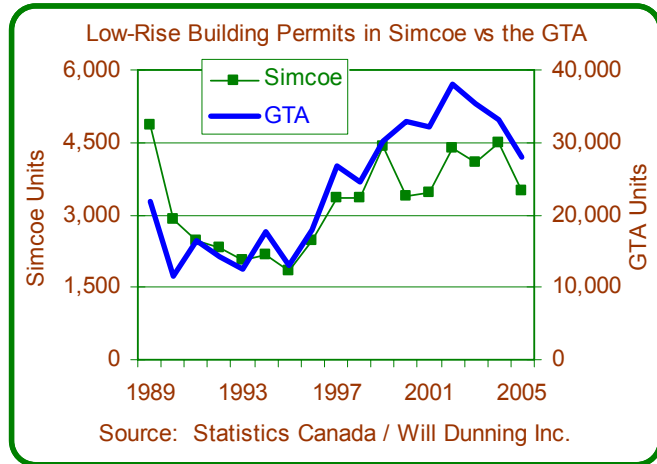
increased at an average rate of 6.5% per year in Simcoe County and 6.1% per year in the GTA; during the past 10 years, the average rates of increase have been 6.3% per year in Simcoe and 5.2% per year in the GTA<sup>9</sup>.

**New Construction Market**

Housing construction trends in Simcoe County and the GTA were very similar during the 1990s, as both areas experienced low volumes of construction during the first half of the decade, followed by strong growth during the second half. During this decade, however, trends have diverged, as the GTA saw further growth during 2001 and 2002 whereas activity did not expand further in Simcoe County. During this decade, the total new homes market in Simcoe has not kept up with the GTA.

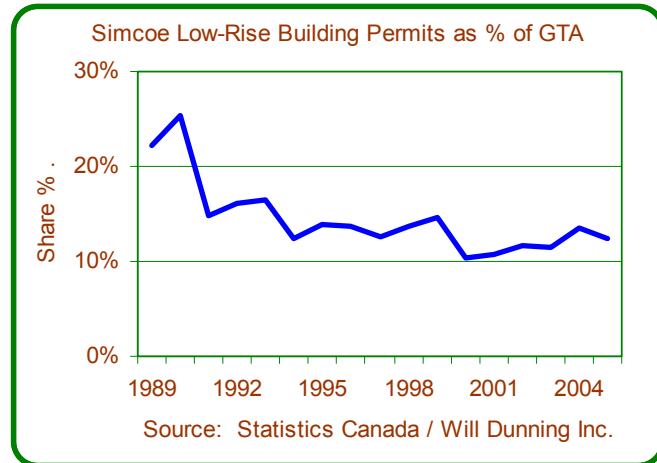


This divergence can be partly explained as the consequence of condominium apartment activity. The high-rise market has continued to expand in the GTA, while there is little apartment activity in Simcoe County. Therefore, the next chart compares activity for just low-rise homes. This chart also shows that during in this decade, activity in the GTA has been stronger compared to Simcoe. This chart also shows that activity slowed in the GTA during 2004 and 2005. As of 2004 and 2005, the trends for the GTA and Simcoe have moved closer together.



<sup>9</sup> The slightly slower rate of increase in the GTA appears to be partly due to a change in the mix of activity, as lower-priced housing forms (including condominium apartments) account for an increasing share of market activity, which is distorting the rate of increase of the average price. Controlling for this, the rate of increase in the GTA over the past 10 years appears to be about 5.6%, closer to the Simcoe rate of 6.3%.

Another view shows building permits (for low rise dwellings, in units) in Simcoe County, as a percentage of the total for the GTA. This chart shows that in this decade the Simcoe share is slightly lower than it was during the second half of the 1990s. Thus, while housing activity has been very strong in both areas during this decade, in proportional terms, activity has been stronger in the GTA than in Simcoe County.



**Reliance on Demand from Commuters**

Table 6 (Page 24) shows “place of work” data for Simcoe County and each of the 18 sub-market areas. For each of the areas it shows data for 1996 and 2001, indicating the extent to which the residents:

- Work within the community (“CSD”, or Census Subdivision) in which they live.
- Work within Simcoe County (the same “CD”, or Census Division) but within a community different than their own.
- Work in a Census Division other than Simcoe County.
- Work at home.
- Work outside of Canada.
- Do not have a regular place of work.

For all of Simcoe County, as of 2001:

- 33.3% work in the community where they live.
- 27.1% work in Simcoe County, but in a different community.
- 21.2% work in a different Census Division (most of these people work in the GTA). Not surprisingly, the importance of this component varies within the County. External commuting (outside of the County) percentages are very high in the southern municipalities, including Bradford West Gwillimbury (59.6%), New Tecumseth (42.1%), Adjala-Tosorontio (38.0%), and Innsfil (37.9%). Percentages are below the 21.2% average in all of the other municipalities. Barrie has a slightly below-average percentage of external commuting, at 19.7%.
- 7.7% work at home.
- 0.3% work outside of Canada.
- 10.5% don’t have a regular workplace address.

The table also shows the percentages as of 1996 and the changes that occurred between 1996 and 2001. For Simcoe County:

- There was a small drop (-1.3 percentage points) in the proportion that work in their community of residence.
- There was an increase of the same magnitude in the proportion who work elsewhere in Simcoe County.

- The proportion that work in a different Census Division dropped by -1.3 points.
- The proportion that work at home fell by -0.8 percentage points.
- The proportion that work outside of Canada did not change.
- The largest change was in the proportion who have no fixed workplace address, which rose by 2.1 percentage points.

The subsequent table (Page 25) provides another view of the data. It looks at total growth of employment in each area during 1996 to 2001, and the growth for each of the place of work categories. For Simcoe County, for example:

- Employment expanded by 35,620 during 1996 to 2001.
- Of this, 9,840 (or 28%) was due to increased employment for people who work within their community of residence (“CSD”).
- The number of people who work in Simcoe County, but in a different community, increased by 11,700, or 33% of the total increase.
- The number of people who work outside of Simcoe County expanded by 5,510, or 15% of the total increase.
- The number of people who work at home rose by 1,505, or 4% of the total increase.
- There was a negligible increase in the number of people who work outside of Canada.
- Employment of people with no fixed workplace address rose by 6,940, or 19% of the total increase in employment.

This view of the data indicates that Simcoe has continued to gain commuters (who live in Simcoe but work in the GTA), but, with only 15% of the employment growth coming from external commuters, this is a minor contributor to the growth of population (and therefore housing demand in the County).

There are, of course, variations across the County.

- In Bradford West Gwillimbury, 47% of employment growth has been for people who work outside of Simcoe. Even in Bradford West Gwillimbury the importance of external commuting fell slightly, from 61.8% in 1996 to 59.6% in 2001.
- In Innisfil and Barrie just over 20% of employment growth has been for commuters who work outside of the County. In Innisfil, the importance of external commuting fell (from 41.8% in 1996 to 37.9% in 2001). In Barrie, the importance of external commuting increased slightly (from 19.0% in 1996 to 19.7% in 2001).
- Clearview has the fourth highest impact of outbound commuters (15% of employment growth). Even so, the overall importance of external commuting is moderate (12.5% of employees commute outside of the County as of 2001).
- In the other 14 areas, the shares of growth for external commuters are 10% or less. This includes six areas for which the number of outbound commuters actually fell during 1996 to 2001: Adjala-Tosorontio, Collingwood, Essa, Midland, Tay, and Tiny).

Compared to other areas of the “outer ring” of the Greater Golden Horseshoe, Simcoe County has a slightly above-average reliance on commuters who work outside of their own Census Division. As the following table shows, for the 10 Counties and Regions of the outer ring, the average rate of external commuting is 17.9% as of 2001, versus the 21.2% for Simcoe County. Excluding Simcoe County, the average for the remaining nine Census Divisions is 17.2%. Out of 10 Census Divisions in the outer ring, Simcoe has the sixth highest percentage of external commuting.

<b>Table 5 Percentages of Employees Who Work in a Census Division Other Than Their Place of Residence In the Outer Ring of the GGH, 2001 Census Data</b>	
<i>County / Region</i>	<i>% External Commuters</i>
Brant County	21.0%
Dufferin County	39.8%
Haldimand-Norfolk Regional Municipality	28.9%
Niagara Regional Municipality	9.9%
Northumberland County	26.1%
Peterborough County	13.8%
Simcoe County	21.2%
Kawartha Lakes Division	35.8%
Waterloo Regional Municipality	11.8%
Wellington County	22.4%
Total - Outer Ring	17.9%
Excluding Simcoe County	17.2%
Source: Statistics Canada, 2001 Census Profiles; analysis by Will Dunning Inc.	

This profile indicates that in general growth in Simcoe County is moderately dependent on commuters who work outside of the County (and the vast majority of those commuters work in the GTA). However, during 1996 to 2001 it actually became less dependent on commuters.



**Table 6**  
**Data on Places of Work for Residents of Simcoe County, 1996 and 2001**

Place of Residence	Shares - 2001						Shares - 1996						Change (percentage points) 1996-2001					
	In CSD of residence	Same CD, different CSD	Different CD	At home	Outside Canada	No fixed workplace address	In CSD of residence	Same CD, different CSD	Different CD	At home	Outside Canada	No fixed workplace address	In CSD of residence	Same CD, different CSD	Different CD	At home	Outside Canada	No fixed workplace address
Adjala-Tosorontio	4.5%	35.6%	38.0%	10.4%	0.8%	10.6%	4.1%	28.7%	43.8%	14.6%	0.3%	8.6%	0.4%	6.9%	-5.8%	-4.1%	0.5%	2.0%
Barrie	50.6%	13.1%	19.7%	6.0%	0.2%	10.5%	56.4%	10.9%	19.0%	5.9%	0.2%	7.6%	-5.8%	2.1%	0.7%	0.1%	0.0%	2.9%
Bradford West Gwillimbury	17.5%	4.9%	59.6%	7.3%	0.0%	10.7%	17.6%	3.7%	61.8%	7.6%	0.1%	9.2%	-0.1%	1.2%	-2.1%	-0.3%	-0.1%	1.4%
Clearview	18.4%	46.2%	12.5%	12.9%	0.1%	9.8%	24.1%	38.5%	12.0%	15.7%	0.3%	9.3%	-5.7%	7.7%	0.5%	-2.8%	-0.1%	0.4%
Collingwood	63.1%	7.7%	11.8%	6.6%	0.1%	10.6%	60.2%	9.7%	15.9%	5.7%	0.5%	8.1%	2.9%	-2.0%	-4.1%	0.9%	-0.3%	2.4%
Essa	31.0%	36.4%	15.5%	6.8%	0.4%	10.0%	31.5%	32.1%	18.3%	10.6%	0.2%	7.0%	-0.4%	4.2%	-2.9%	-3.8%	0.1%	3.0%
Innisfil	12.8%	27.5%	37.9%	7.5%	0.2%	14.3%	10.8%	26.6%	41.8%	10.4%	0.1%	10.4%	2.0%	0.9%	-3.8%	-2.9%	0.0%	3.9%
Midland	58.0%	27.1%	3.7%	5.3%	0.4%	5.7%	65.4%	21.0%	4.2%	3.7%	0.2%	5.3%	-7.4%	6.1%	-0.5%	1.5%	0.2%	0.4%
New Tecumseth	34.7%	6.2%	42.1%	7.3%	0.3%	9.3%	30.1%	5.7%	48.0%	8.0%	0.1%	8.1%	4.6%	0.5%	-6.0%	-0.6%	0.2%	1.2%
Orillia	54.7%	25.6%	6.5%	4.8%	0.2%	8.2%	64.4%	14.7%	6.5%	6.0%	0.2%	8.2%	-9.7%	10.9%	-0.1%	-1.2%	0.0%	0.0%
Oro-Medonte	8.4%	57.6%	9.7%	12.2%	0.3%	11.7%	8.0%	60.6%	9.9%	12.4%	0.2%	8.8%	0.4%	-3.0%	-0.2%	-0.1%	0.1%	2.9%
Penetanguishene	35.7%	46.1%	3.6%	6.2%	0.0%	8.3%	44.6%	37.5%	3.5%	4.6%	0.3%	9.6%	-8.9%	8.6%	0.1%	1.5%	-0.3%	-1.3%
Ramara	12.5%	47.0%	16.6%	9.5%	1.0%	13.7%	12.2%	48.2%	18.2%	11.6%	0.0%	9.8%	0.3%	-1.2%	-1.6%	-2.1%	1.0%	3.9%
Severn	14.2%	53.5%	10.1%	11.2%	0.0%	10.8%	11.0%	56.0%	10.6%	13.2%	0.5%	8.4%	3.2%	-2.5%	-0.6%	-2.0%	-0.5%	2.4%
Springwater	12.3%	55.1%	9.6%	11.9%	0.5%	10.7%	11.7%	57.2%	10.2%	12.2%	0.2%	8.5%	0.7%	-2.2%	-0.6%	-0.3%	0.3%	2.2%
Tay	9.9%	65.5%	5.6%	10.0%	0.0%	8.9%	10.7%	67.6%	6.1%	6.8%	0.2%	8.7%	-0.9%	-2.0%	-0.5%	3.2%	-0.2%	0.2%
Tiny	8.2%	64.1%	5.3%	11.1%	0.2%	11.0%	8.7%	61.9%	7.5%	10.1%	0.0%	11.7%	-0.5%	2.2%	-2.2%	1.0%	0.2%	-0.7%
Wasaga Beach	20.8%	40.1%	17.7%	7.3%	0.5%	13.7%	20.8%	37.6%	22.5%	8.8%	0.6%	9.9%	0.0%	2.5%	-4.7%	-1.5%	-0.1%	3.8%
Simcoe County	33.3%	27.1%	21.2%	7.7%	0.3%	10.5%	34.6%	25.7%	22.5%	8.5%	0.2%	8.4%	-1.3%	1.3%	-1.3%	-0.8%	0.0%	2.1%

Source: Statistics Canada, 1996 and 2001 Census Profiles

Place of Residence	Change (in the number of employed people) 1996-2001							% of Employment Growth						
	In CSD of residence	Same CD, different CSD	Different CD	At home	Outside Canada	No fixed workplace address	Total	In CSD of residence	Same CD, different CSD	Different CD	At home	Outside Canada	No fixed workplace address	Total
Adjala-Tosorontio	50	575	-25	-130	30	170	670	7%	86%	-4%	-19%	4%	25%	100%
Barrie	5,565	2,820	3,295	945	35	2,720	15,380	36%	18%	21%	6%	0%	18%	100%
Bradford West Gwillimbury	300	215	825	95	-10	340	1,765	17%	12%	47%	5%	-1%	19%	100%
Clearview	-60	1,100	210	30	-5	165	1,440	-4%	76%	15%	2%	0%	11%	100%
Collingwood	790	-60	-160	125	-20	260	935	84%	-6%	-17%	13%	-2%	28%	100%
Essa	205	630	-115	-255	15	325	805	25%	78%	-14%	-32%	2%	40%	100%
Innisfil	615	930	705	-110	10	875	3,025	20%	31%	23%	-4%	0%	29%	100%
Midland	0	585	-5	135	15	70	800	0%	73%	-1%	17%	2%	9%	100%
New Tecumseth	1,260	195	220	85	30	340	2,130	59%	9%	10%	4%	1%	16%	100%
Orillia	100	1,775	130	-25	10	180	2,170	5%	82%	6%	-1%	0%	8%	100%
Oro-Medonte	170	700	140	190	10	425	1,635	10%	43%	9%	12%	1%	26%	100%
Penetanguishene	-60	550	25	85	-10	10	600	-10%	92%	4%	14%	-2%	2%	100%
Ramara	110	335	80	10	40	230	805	14%	42%	10%	1%	5%	29%	100%
Severn	275	365	65	10	-25	205	895	31%	41%	7%	1%	-3%	23%	100%
Springwater	140	245	25	65	25	240	740	19%	33%	3%	9%	3%	32%	100%
Tay	-120	-620	-70	75	-10	-60	-805	15%	77%	9%	-9%	1%	7%	100%
Tiny	35	495	-45	110	10	45	650	5%	76%	-7%	17%	2%	7%	100%
Wasaga Beach	410	875	195	95	5	395	1,975	21%	44%	10%	5%	0%	20%	100%
Simcoe County	9,840	11,700	5,510	1,505	125	6,940	35,620	28%	33%	15%	4%	0%	19%	100%

Source: Statistics Canada, 1996 and 2001 Census Profiles



***Conclusion - Market Pressures Have Not Caused a Relative Shift to Simcoe***

This review indicates that housing market cycles in Simcoe are similar to those in the GTA, but there is no evidence that pressures from the GTA are the entire cause of that similarity. More generally, Simcoe is subject to the same economic influences as the GTA, with the consequence that housing market cycles are quite similar.

While some housing demand flows out of the GTA into Simcoe (through commuters) the extent of that flow does not appear to have increased.

Movement of commuters (who work in the GTA) to Simcoe County is driven by housing affordability, as house prices in Simcoe are about one-third less than in the GTA. Continued growth of the Simcoe commuter market depends upon maintaining the economic incentive of low house prices.

Semi-detached and row housing account for small shares of housing activity in Simcoe County, as the commuter market is largely concerned with obtaining single-detached housing at significant discounts to GTA pricing. Expansion of demand for semi-detached and row housing depends upon the creation of moderate income jobs within the local communities.

Overall, housing activity in Simcoe seems to have diverged from patterns in the GTA in recent years, with housing demand in Simcoe weakening relative to the GTA.

## **Sub-Market Areas Within the Study Area**

This section review housing activity for the sub-market areas of Simcoe County, using data for the resale and new construction markets and identifies similarities and differences across the Study Area.

### **Resale Markets**

The Canadian Real Estate Association (“CREA”) provides summary statistics for four districts that are located within the study area. This section provides a review of resale market trends for the four districts. As is discussed below, each of the four areas follows the same general trends as does Simcoe County (and the GTA). However, there are variations across the four districts. The following table summarizes those differences.

- The first column of data illustrates how much sales have increased in recent times. It compares sales in 2004 and 2005 to average sales during the entire period from 1980 to 2005. For example, for Barrie district, sales averaged 2,558 units per year over the entire period; during 2004 and 2005 sales averaged 4,666 units per year; sales during the latter period were higher by a factor of 1.82. Sales have increased more rapidly in Barrie district than in the other districts. The northerly districts have seen the least amounts of increase in resale activity.
- The second and third columns of data summarize rates of price increases, showing the average rates of increase over, firstly, the entire period, and secondly, the past four years. This data indicates that prices have tended to increase slightly more rapidly in the northern areas of the County than in the Barrie district.

<i>District</i>	<i>Ratio of Annual Sales Rates in 2004/2005 Versus 1980-2005</i>	<i>Average Annual Price Increase</i>	
		<i>1980-2005</i>	<i>2001-2005</i>
Barrie District	1.82	6.4%	8.6%
Georgian Triangle	1.72	6.7%	8.0%
Midland-Penetang	1.58	6.7%	9.5%
Orillia District	1.40	6.5%	8.9%
Total	1.70	6.5%	8.7%

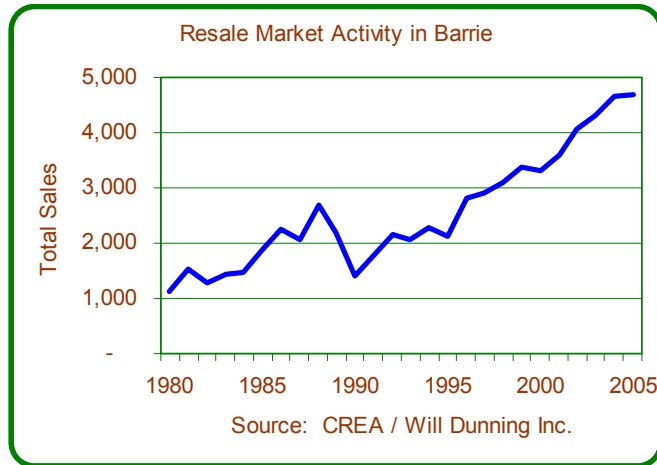
Source: Canadian Real Estate Association, Will Dunning Inc.

### **Barrie Resale Market**

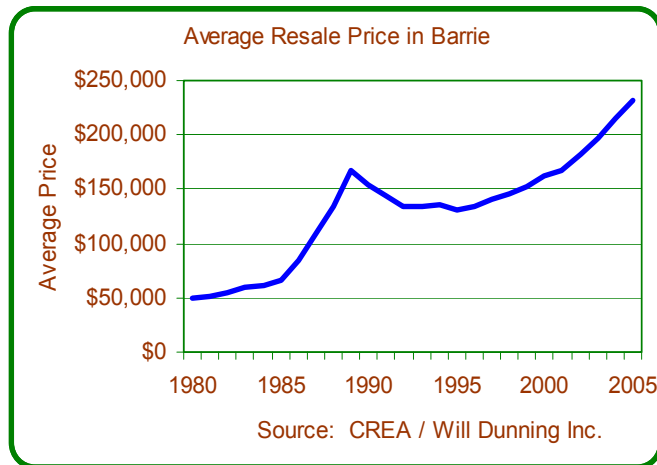
Trends for Barrie district<sup>10</sup> are very similar to those for Simcoe County, which is not surprising since Barrie is the most active market within the County, and accounts for over 50% of all sales.

<sup>10</sup> The Barrie real estate district includes the City of Barrie plus the Townships of Adjala-Tosorontio, Bradford West Gwillimbury, Clearview, Essa, Innisfil, and Oro-Medonte.

As in the County, Barrie's resale market activity has increased during the past decade, with increases recorded in nine out of the past ten years. With sales of more than 4,600 units in both 2004 and 2005, current sales levels are almost double the average (compared to the 2,558 units per year seen during the entire period, current sales are higher by a factor of 1.82 times). Barrie sales during 2005 were virtually identical to the level of 2004.



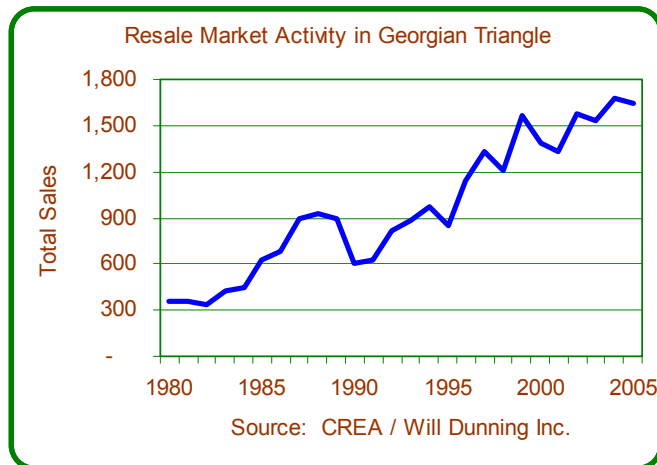
House prices in Barrie have increased sharply in recent years, as can be seen in the chart to the right. During the past decade, the average price has increased at an average rate of 5.8% per year, and during the past four years price growth has averaged of 8.6% per year.



During the past four years, Barrie's inflation-adjusted house price has increased by a total of 28% - the same as for Simcoe County.

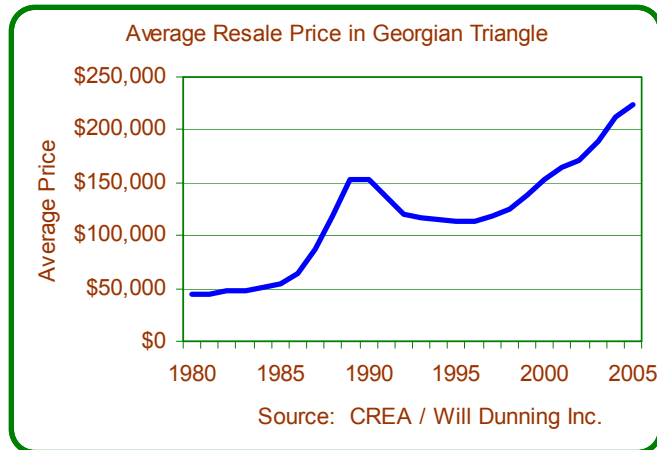
Georgian Triangle Resale Market

Resale activity in the Georgian Triangle district<sup>11</sup> increased through most of the 1990s, reaching a peak in 1999. There was further growth in 2004. Sales fell slightly in 2005. Sales during 2004 and 2005 (over 1,600 units each year) are 1.72 times higher compared to the average of 1980 to 2005 (965 units per year).



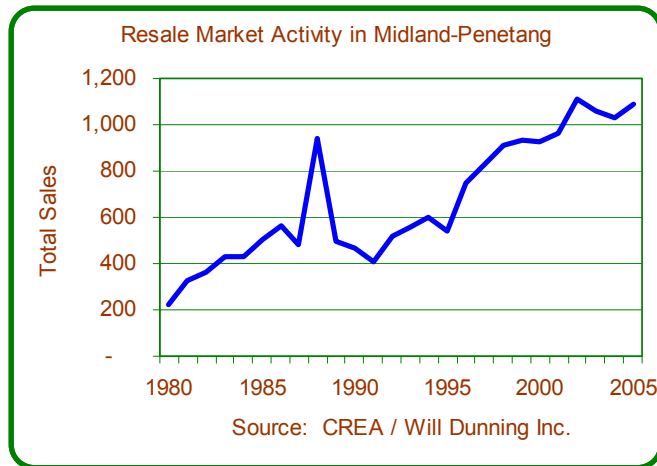
<sup>11</sup> The Georgian Triangle district includes some areas outside of Simcoe County. Areas within the County that are included are: the Towns of Collingwood and Wasaga Beach and the Townships of Clearview, Essa, Springwater, and Tiny. Areas outside of the County that are included are: Town of the Blue Mountains, Grey Highlands, Meaford, and Mulmur.

Price growth trends have been similar to Simcoe County's. Over the entire period of the dataset, the average price has increased at an average rate of 6.7% per year (comparable to the 6.5% rate for the County). During the past four years, the average rise of 8.0% per year has been slightly below the rate for the County (8.7%).

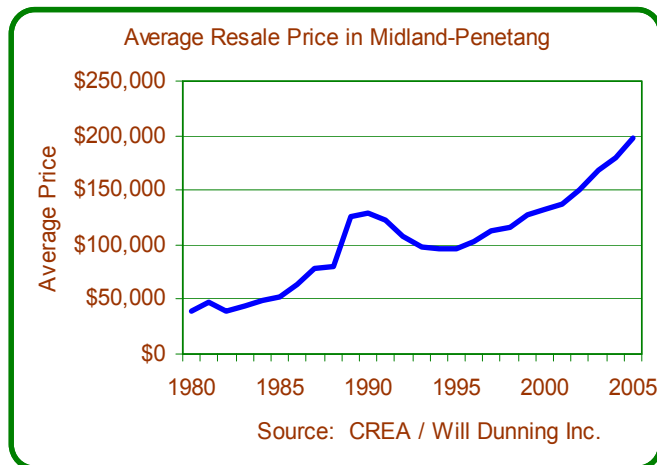


Midland-Penetang District

The Midland-Penetang district<sup>12</sup> saw very strong growth during the 1990s and a further increase in the early years of this decade. Sales during 2004 and 2005 (an average of 1,061 per year) are higher than the 1980 to 2005 average (671 sales per year) by a factor of 1.58.



Price trends in Midland-Penetang district are also similar to the County-wide pattern. Over the entire period of the dataset, the average price rose at an average rate of 6.7% per year. During the past four years, the average rate of increase has been 9.5% per year.



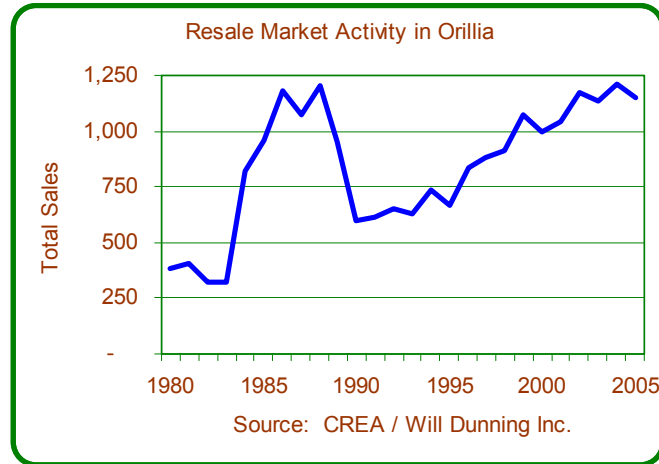
<sup>12</sup> The Midland-Penetang district includes some areas outside of the Simcoe County. Areas within the County that are included are: the Town of Midland and the Townships of Oro-Medonte, Penetanguishene, Springwater, Tay, and Tiny. One area outside of the County is included: Georgian Bay Township.



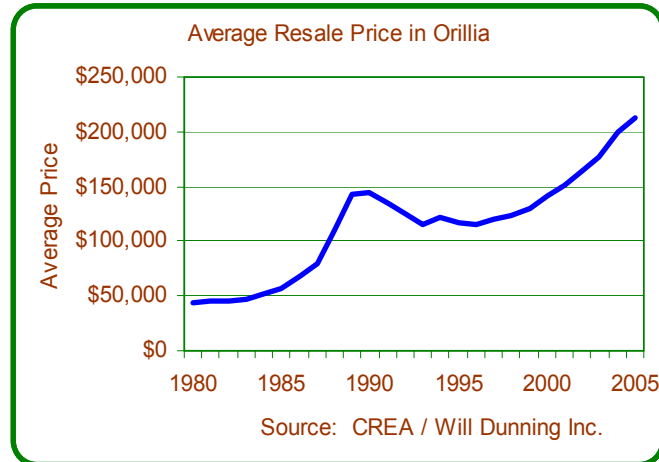


Orillia and District

Orillia and district<sup>13</sup> has also seen rising activity levels, although the amount of increase in this area is less than in others. Sales during 2004 and 2005 (an average of 1,182 per year) are higher than the 1980 to 2005 average (844 per year) by a factor of 1.44.



Price increases in Orillia district have been comparable to County-wide figures, as the average price increased by 6.5% per year during 1980 to 2005 and 8.9% per year during the past four years.



**New Construction Markets**

The following table summarizes new construction activity for the 18 sub-market areas within the study area. Most, but not all of the sub-market areas have seen increased construction of low-rise homes: 14 out of 18 areas saw higher construction during 2001 to 2005 than they did during 1996 to 2000. The largest increases were seen in Essa (115%), Tiny (85%), Ramara (69%), and Adjala-Tosorontio (63%). Only four of the 18 areas (Clearview, Innisfil, New Tecumseth, and Orillia) saw reduced activity.

The table also shows each area's activity relative to the GTA, for two periods: 1996 to 2000 and 2001 to 2006. Out of 18 areas, 8 saw their activity increase relative to the GTA and 10 saw their activity fall relative to the GTA. If housing market pressures were to drive housing activity out of the GTA into Simcoe County, the areas that might be

<sup>13</sup> Orillia and district is located entirely within Simcoe County, and includes: the City of Orillia and the Townships of Ramara and Severn.

expected to benefit the most would be Bradford West Gwillimbury, New Tecumseth, Innisfil, and Adjala-Tosorontio. Of these four areas:

- Only one (Adjala-Tosorontio) has seen a large increase in its activity relative to the GTA.
- Bradford West Gwillimbury is essentially unchanged.
- New Tecumseth and Innisfil have seen significant reductions in their low-rise activity relative to the GTA.
- In combination, the activity in these four areas was equal to 2.49% of GTA activity during 1996 to 2000, but the proportion has fallen to 2.09% during 2001 to 2005. On this basis, it seems that demand pressures have not inordinately pushed activity out of the GTA into neighbouring areas of Simcoe County.

Likewise, activity in Barrie has increased, but less rapidly than in the GTA, with the consequence that Barrie activity was equal to 6.10% of the GTA total during 1996 to 2000, but at a lower rate of 5.46% during 2001 to 2005.

The last column of the table provides a measure of the “intensity” of housing activity in each area. This is calculated as the average number of starts per year (during 2001 to 2005) per 1,000 people in the area (as of 2001). Out of the four areas with the greatest intensity, three (Wasaga Beach, Tiny, and Collingwood) would be considered leisure or recreational communities, where large shares of new housing are constructed as second residences, vacation properties, or retirement housing. Among the four areas of highest intensity, it is only Barrie where the activity is mainly driven by local economic conditions and/or demand from commuters. Among the four areas that are closest to the GTA, the intensity figures are below the County-wide average.

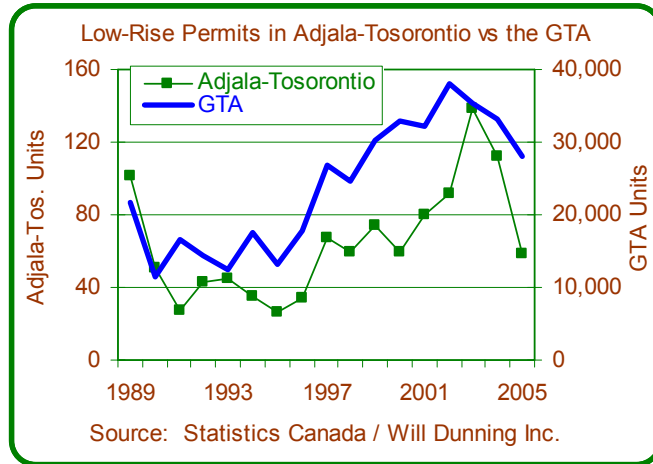
Market Area	Average Low-Rise Permits (Units) Per Year During ...		% Change	Low-Rise vs GTA During ...		Intensity of Activity
	1996-2000	2001-2005		1996-2000	2001-2005	
Adjala-Tosorontio	59	96	63.1%	0.22%	0.29%	9.5
Barrie	1,616	1,816	12.4%	6.10%	5.46%	17.5
Bradford West Gwillimbury	148	192	30.0%	0.56%	0.58%	8.6
Clearview	76	49	-35.6%	0.29%	0.15%	3.6
Collingwood	144	178	24.1%	0.54%	0.54%	11.1
Essa	57	123	115.0%	0.22%	0.37%	7.3
Innisfil	243	225	-7.3%	0.92%	0.68%	7.8
Midland	31	41	33.3%	0.12%	0.12%	2.5
New Tecumseth	208	179	-14.1%	0.79%	0.54%	6.8
Orillia	114	97	-14.9%	0.43%	0.29%	3.3
Oro-Medonte	108	157	46.1%	0.41%	0.47%	8.6
Penetanguishene	41	49	18.5%	0.15%	0.15%	5.8
Ramara	51	86	68.6%	0.19%	0.26%	10.0
Severn	76	111	46.1%	0.29%	0.33%	10.0
Springwater	93	131	41.0%	0.35%	0.39%	8.1
Tiny	67	125	84.9%	0.25%	0.37%	13.8
Tay	45	52	14.1%	0.17%	0.16%	5.7
Wasaga Beach	299	302	1.0%	1.13%	0.91%	24.3
Simcoe County	3,456	4,009	16.0%	13.03%	12.05%	10.6

Source: Statistics Canada, Will Dunning Inc.

Adjala-Tosorontio

Adjala-Tosorontio is almost exclusively a low-rise market, as just 2 apartment units have been constructed during the past decade and none have been started during the past five years.

Market trends for new low-rise homes in Adjala-Tosorontio are broadly similar to the GTA. On average, permits have been issued for 96 low-rise homes per year during the past five years. All of these are single units (including a very small number of mobile units).

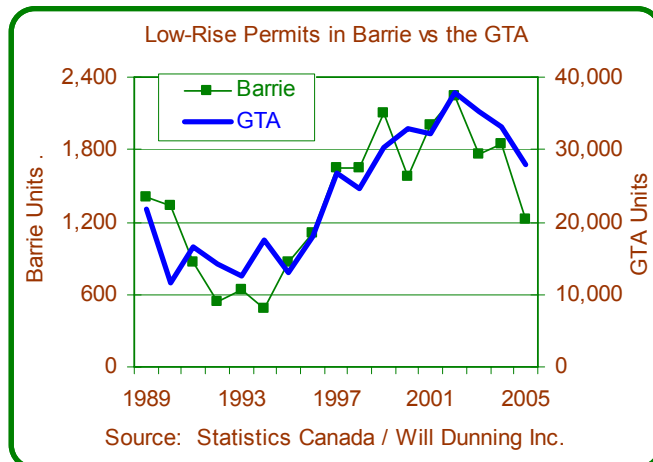


Barrie

Barrie is predominantly a low-rise market. Over the entire period of the dataset, 12% of new construction has been apartments. This share was boosted by very high apartment activity during 1989 and 1990. Excluding those two years, the apartment share is just 5%. Over the past five years the share has also been 5%. Barrie’s recent apartment activity was concentrated in the 2001 to 2003 period. There were no permits for new apartments in either 2004 or 2005. Apartment activity has been limited by high vacancy rates in the rental market (3% or higher during 2003 and 2004, and 2.1% in 2005), and by limited demand for condominium apartments.

The market cycle for new low-rise homes in Barrie has been remarkably similar to the cycle for the GTA. In both areas, activity peaked in 2002 and has subsequently fallen.

During the past five years, building permits have been issued for an average of 1,912 units per year. Of this, 76% has been for single-detached homes, 5% for double homes, 14% for row homes, and 5% for apartments.



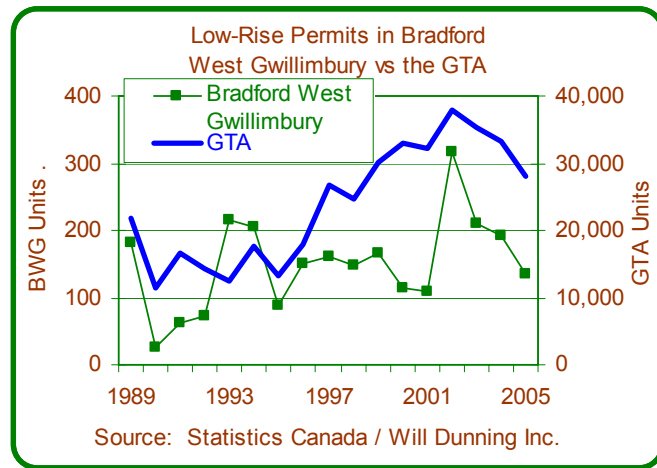
The lot supply has become constrained in Barrie. The current inventory of 1932 vacant lots is equal to about 1.3 years of demand (at the average rate of the past five years); the draft approved inventory (2,310 lots) adds just 1.6 years of supply. Similarly, the inventory of lots for semi-detached includes just 105 vacant lots (equivalent to 1.2 years

of demand) and 218 draft approved lots (a further 2.4 years). It is highly possible that lack of lot supplies has caused construction activity to fall short of market potential. A review of the data suggests that the reduction caused by the lack of lot supply is in the range of 200 units per year.

Bradford West Gwillimbury

In recent times new housing activity in Bradford West Gwillimbury has been exclusively low-rise. Apartment activity has been recorded only once during the past decade (1999, when permits were issued for 44 apartment units).

This area was slow to join the market upswing, as activity was relatively flat during the second half of the 1990s until 2001. A large increase occurred in 2002, with the consequence that over the past five years activity has been 30% higher than over the prior five years. Total activity of 192 units per year has been overwhelming single-detached (94%), with 2% in the double category and 4% in the row category.

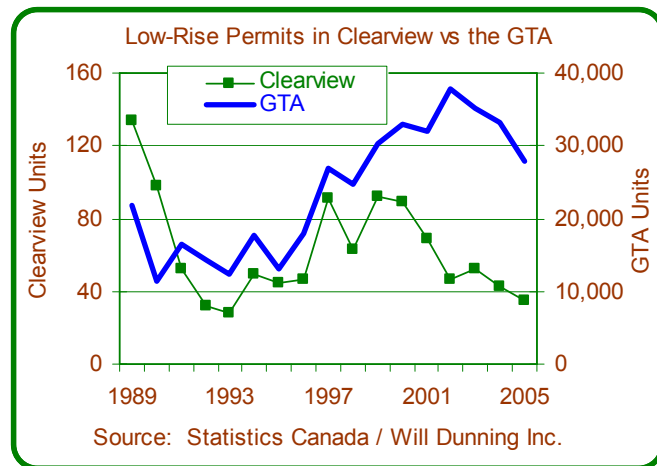


Bradford West Gwillimbury shows a constrained lot supply, with just 74 vacant lots for single detached homes and 117 draft approved lots (equivalent to 0.4 years and 0.65 years respectively, at the recent demand rate of 180 units per year). There are no inventories of vacant or draft approved lots for semi-detached homes. The analysis suggests that the lack of lots has reduced demand by about 50 units per year (including about 40 single-detached homes and 10 semi-detached homes).

Clearview

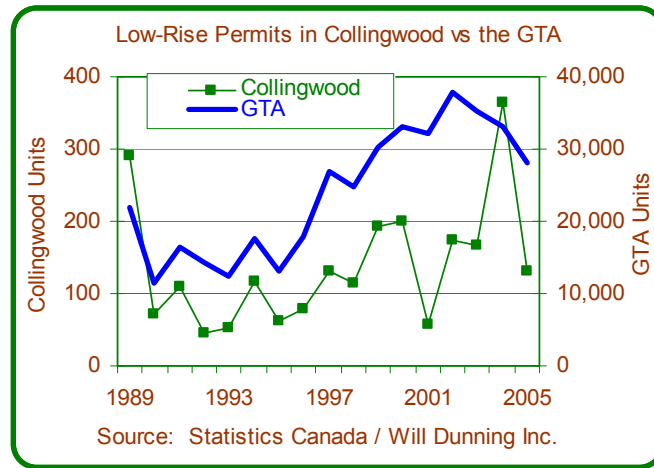
Clearview has had permits for just 5 apartment units during the past decade, and none during the past five years.

During the 1990s, market trends for new low-rise homes in Clearview were very similar to the GTA. During the past five years, however, there has been a sharp downturn in new homes activity in Clearview. On average, permits have been issued for 49 low-rise homes per year during the past five years. All of these were single-detached.



Collingwood

Collingwood is one of the few areas in Simcoe County that has seen significant volumes of apartment activity. During the entire period of the dataset, 22% of Collingwood building permit units have been for apartments. That, however, was influenced by a very high volume (417 units) in 1989. Excluding 1989, apartment activity has averaged 16 units per year, or 11% of total activity. During the past five years, the apartment activity has averaged 19 units per year (10% of the total).

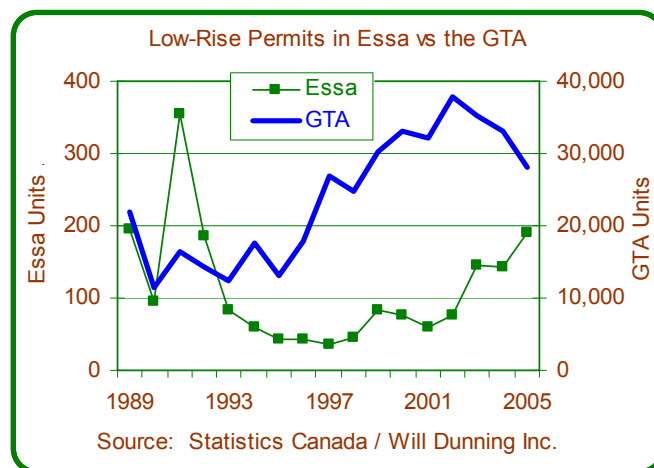


Total activity of 198 units per year during the past five years has been primarily single-detached (70%), but has also included 17% row homes and 3% double homes, in addition to the previously-noted 10% for apartments. Housing demand includes a combination of locally-generated housing requirements as well as demand from immigrating retirees and empty nesters, plus demand for second homes.

Essa

Essa sees very little apartment activity – just two units during the past five years – and is mainly a low-rise market.

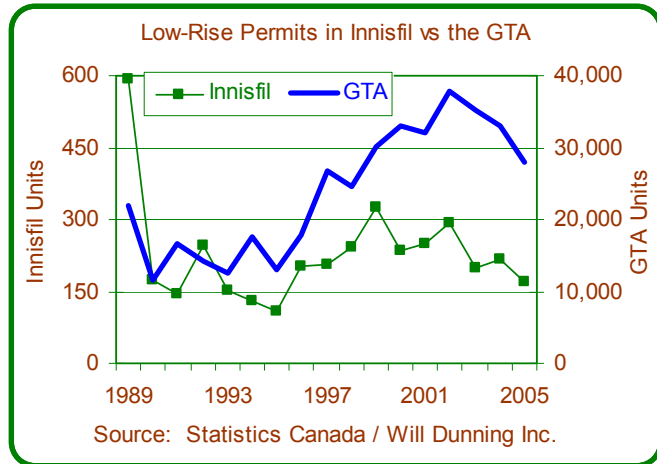
Essa saw some increase in new homes activity late in the 1990s, followed by larger growth during the pasty three years. Activity has averaged 123 units per year during the past five years, and 160 units per year during the last three years. 94% of activity is single-detached (including 1% mobile units); 2% is double homes, and 3% is row homes.



Innisfil

Innisfil is a low-rise market. Permits for new apartments have amounted to only two units in the entire period of the dataset (both in 1995).

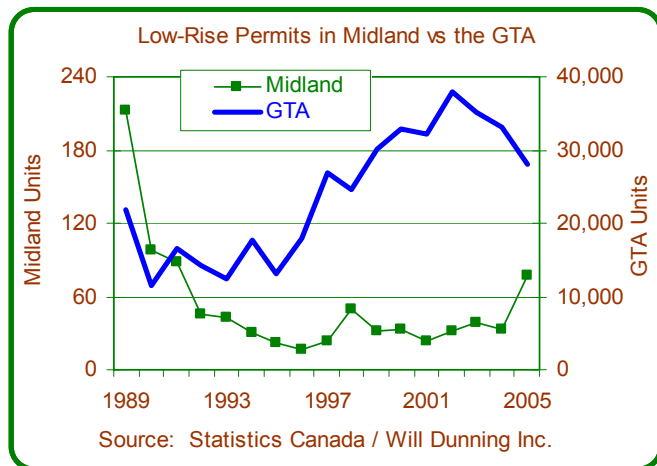
Innisfil is unusual in that its new housing activity peaked in 1999 and there has been a declining trend subsequently. During the past five years activity has averaged 225 units per year, which is 7% below the average of the prior five years. During 2001 to 2005, 96% of new homes have been single-detached and 4% have been row units.



Midland

A large share of Midland's new housing construction is apartments, with a 32% share during the past five years and a 26% share over the entire period of the dataset. However, these shares are based on low volumes of housing construction, and the total numbers of apartment units created have been modest. During the past five years, permits for apartments have averaged 19 units per year. A permit for a 55 unit building resulted in 2003 resulted in the start of a condominium building in 2004. A further 40 units were approved in 2004 but have not yet resulted in a construction start. There was virtually no apartment activity during 1996 to 2002 (just 5 units in 1998). Considering these details, it would be premature to conclude that apartment activity is in an upswing.

Low-rise activity is very weak in Midland, although there was a large increase in 2005. During the past five years, new low-rise activity in Midland has averaged just 41 units per year. On a proportional basis (starts per 1,000 people) Midland has the weakest low-rise market in Simcoe County, at a rate of just 2.5 starts per 1,000 people. This is less than one-quarter the rate for the County (10.6 starts per 1,000 people).

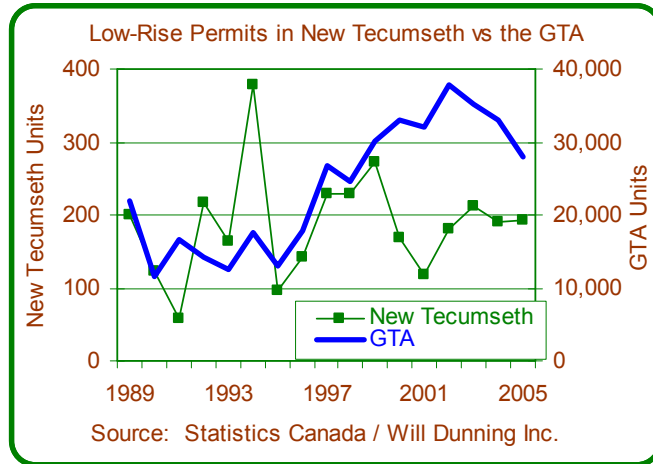




New Tecumseth

New Tecumseth see some apartment activity, as permits have been issued for 110 apartment units during the past decade, including 40 units during 2004 to 2005. Apartments have accounted for 4.3% of total residential permits over the past five years. Thus, New Tecumseth is largely a low-rise market.

Market trends in New Tecumseth are highly different compared to the GTA: while New Tecumseth is highly dependent on the commuter market, it also has its own strong base of jobs, and therefore its housing market cycle often diverges from the cycle in the GTA. During the past five years, permits have been issued for an average of 179 low-rise units per year. The majority of these (144 units per year) are for single-detached homes, but the figures also include 3 double units per year. At 31 units per year, row homes are a substantial minority of activity in New Tecumseth.

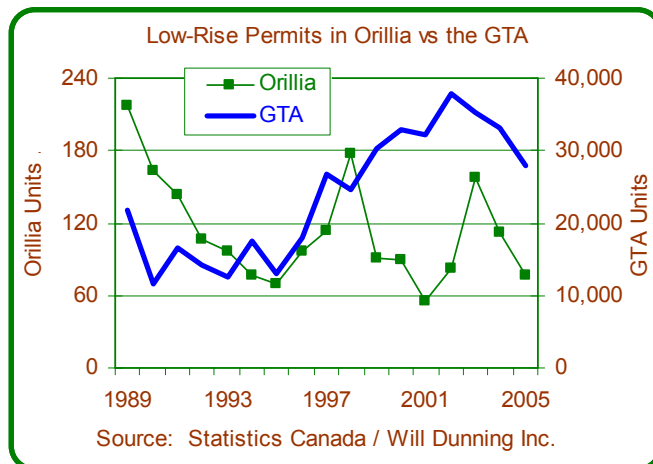


There are currently 133 vacant lots for single-detached homes in New Tecumseth, which is equivalent to 0.9 years of demand at the recent rate of 144 units per year. It is estimated that demand has been reduced by 25 units per year due to lot constraints.

Orillia

Within Simcoe County, Orillia has – on a proportional basis – the second greatest amount of apartment activity. Over the entire period of the dataset, apartments have accounted for 25% of unit approvals; during the past five years, the share for apartments is only slightly lower at 20%. During the past five years permits for apartments have averaged 25 units per year.

Overall, however, new housing activity is quite weak in Orillia. During the past five years, total activity has averaged 121 units per year, 3% below the average of 125 seen during the prior five year period. 68% of activity has been for single-detached homes, while 12% is for row homes and 20% is for apartments.





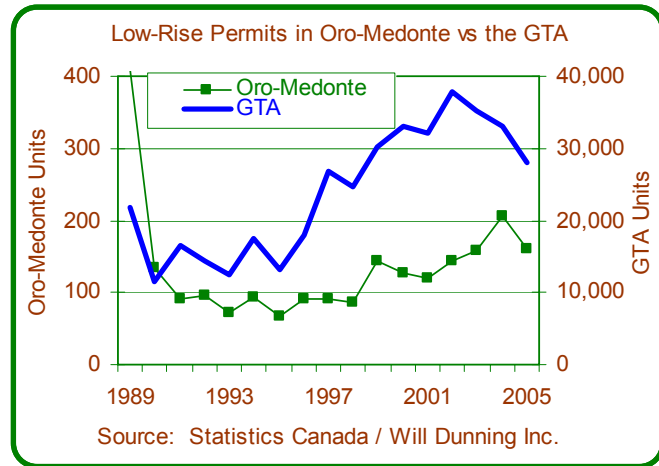
Orillia has just 22 vacant lots for single-detached homes, equivalent to 0.3 years of demand at the recent rate of 82 units per year. Land constraints are estimated to have reduced demand by 25 units per year.

Oro-Medonte

Oro-Medonte is primarily a low-rise area, as permits for apartments have amounted to 86 units during the past decade, for 6.1% of total permits. During the past five years, there have been only 10 units for apartments (in 2002).

New housing activity began to expand late in the 1990s. While activity might have peaked in 2004, it remains relatively strong.

Activity has averaged 159 units per year during the past five years. Of this, 97% is for single-detached units, 2% is for row homes, and 1% is for apartments.

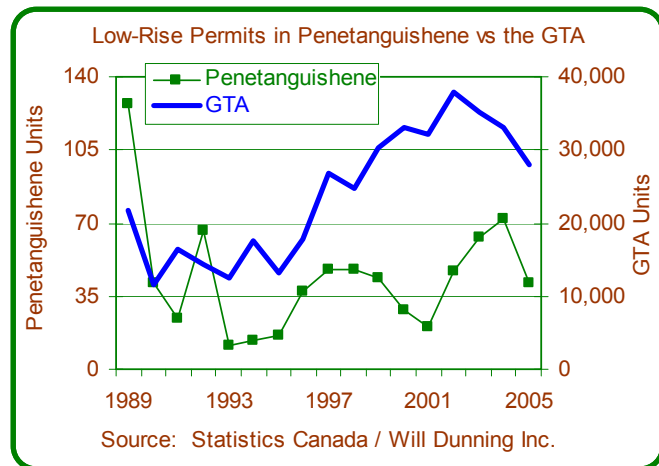


Penetanguishene

Penetanguishene sees modest volumes of new rentals, amounting to 7% of new housing units over the entire period of the dataset and over the past five years.

Penetanguishene had a period of strength during the late 1990s, followed by a few weak years early in this decade, then improved activity during 2002 to 2004. Over the past five years, activity has averaged 49 units per year, 19% higher than the 41 units average of the prior five years.

During the past five years, 84% of new homes activity has been for single-detached homes. Double units have accounted for 6% of activity, rows for 3% and apartments for 7%.

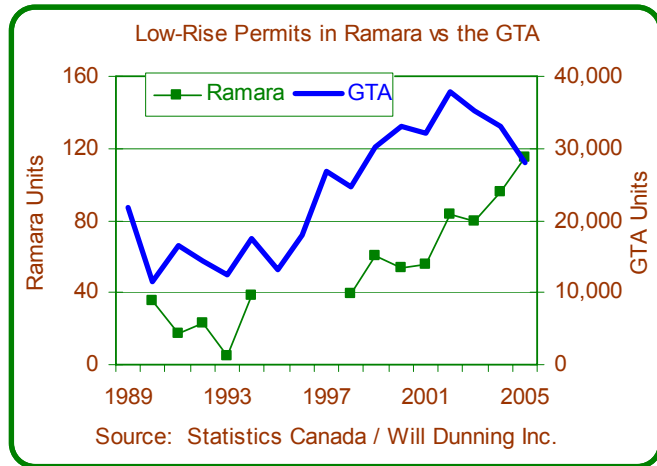


Ramara

Ramara is almost exclusively a low-rise market, as there has been only one unit of building permit approvals for apartments in all of the years of available data (in 2004).

Ramara has seen strong growth of housing activity during the past four years, which continued into 2005.

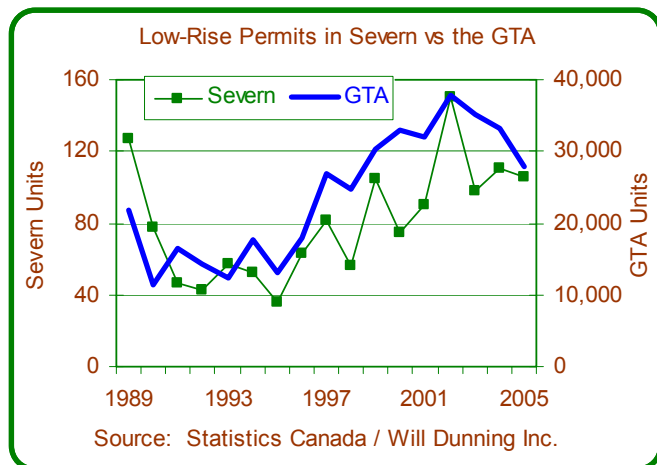
During the past five years, activity has averaged 86 units per year. Virtually all of this has been for single-detached units (apart from the one apartment unit in 2004).



Severn

Severn is exclusively a low-rise market, as no building permits have been issued for new apartments in the entire period of the dataset (since 1989).

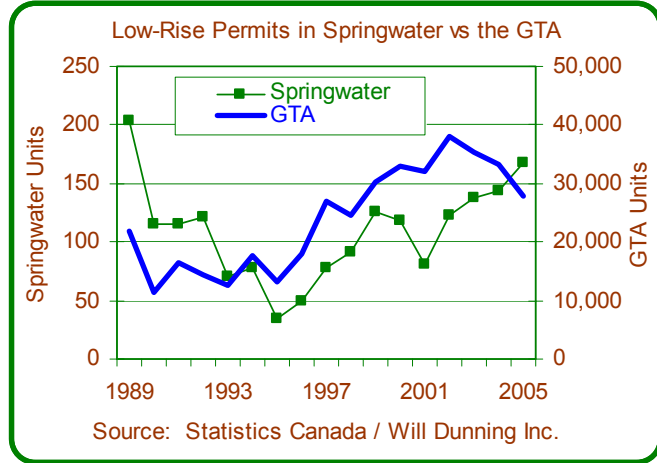
Severn has generally followed the same trend as the GTA, as activity increased during the second half of the 1990s into the early years of this decade. Activity peaked in 2002 (the same year as in the GTA) and has since fallen. Activity has averaged 111 units per year during the past five years. Of this, just 3% is for row units and the balance of 97% is for single-detached units – this includes a significant share for mobile units (13% of the total).



Springwater

The housing market in Springwater is almost entirely low-rise, as there has been a permit for only one apartment unit during the past five years.

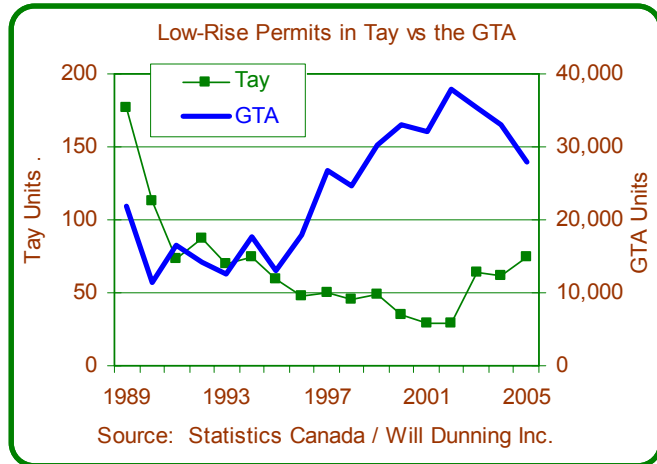
Activity has increased during the past decade and continued to increase during 2005, unlike many other areas. During the past five years, low-rise activity has averaged 131 units per year. The vast majority of activity (98%) is for single-detached homes. Row homes have accounted for 1.5% of activity and double homes have accounted for 0.3%.



Tay

Tay is exclusively a low-rise market, as no permits have been issued for new apartments in the entire period of the dataset.

New housing activity weakened in Tay during the 1990s and until 2002. During 2003 to 2005, activity has increased to an average of 67 units per year. On a proportional basis (units per thousand population) Tay has a weak housing market, at an average of 5.7 units per thousand during the past five years and 7.3 during the past three years. For all of Simcoe County, the average is 10.6 over the past five years.



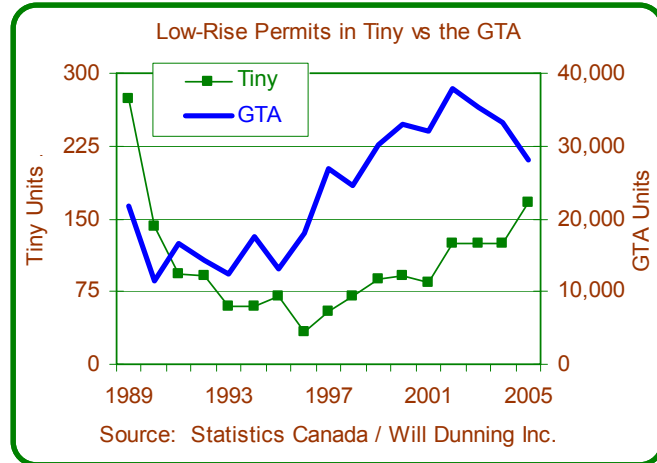
During the past five years, 98% of new units in Tay have been single-detached (including 5% mobile units) and 2% have been row homes.

Tiny

There has been no apartment activity in Tiny since 1996, and over the entire period of the dataset permits have been issued for just 14 apartment units - less than 1% of total housing activity.

Tiny saw growth in new homes activity late in the 1990s with further growth during this decade. Unlike many other areas, housing activity in Tiny continued to expand into 2005.

On a proportional basis (measured as new units per thousand of population) Tiny is one of the strongest housing markets in Simcoe County. Tiny Township has benefited from an expanding recreational/leisure element.

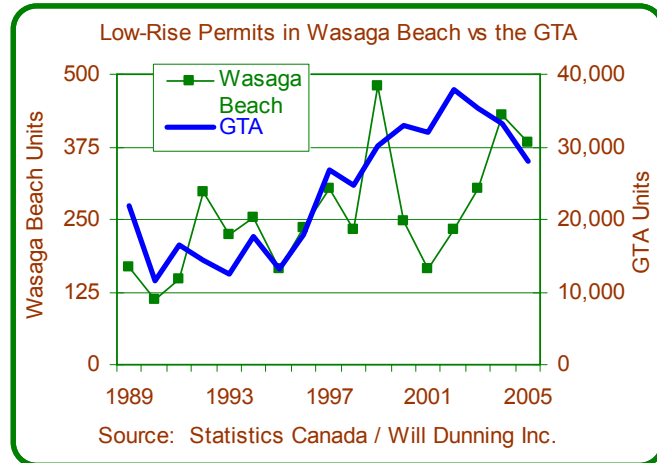


During the past five years 100% of the permits issued for new homes have been for single-detached homes (including a very small percentage that is classified as cottages).

Wasaga Beach

Wasaga Beach has seen a small amount of apartment construction during the past five years – a total of 22 units, including 20 units in 2002, representing just 1.4% of total activity over the period. Previous to that, there was even less apartment activity.

Wasaga Beach is a rapidly growing community. While growth appears to have slowed during 1999 to 2001, new housing activity has strengthened during the past three years. Thus, over the past five years, total activity (averaging 302 units per year) has been about the same as during the prior five years (average of 299 units per year). Activity during the past five years has included 96% single-detached units (of this 4% is mobile units). There have been small; shares for row homes (under 2%) and apartments (just over 1%).



**Conclusions**

Key trends identified in this section are:

- Several areas (especially Barrie and locales within the south) have seen housing activity reduced below potential levels by lot constraints.
- Georgian Bay communities are experiencing strong demand, due to in-movement by retirees and empty nesters combined with locally generated housing requirements.



- Throughout most of Simcoe County a large majority of housing demand is generated locally, as demand from commuters represents a minority of housing activity in most areas of the County.
- Demand is primarily for single-family housing, for both commuters and for locally-generated demand.
- While there is some demand for apartments, often as condominiums, that component of the market is not well established. The two prime target markets for condominium apartments (young childless singles and couples, and retirees/empty nesters) are demonstrating preferences for ground-oriented housing. There is some prospect of gradually increasing demand for apartments in the coming years, but single-family housing can be expected to maintain a very high market share for some years to come.
- Town housing has captured an increased market share, occasionally in bungalow form, as an alternative to apartments.

## Market Outlook - Greater Toronto Area

This section develops forecasts for the GTA housing market for 2006 to 2009, as part of the exploration of future housing demand in Simcoe County. There are two main reasons for exploring the GTA housing market outlook:

- Firstly, it provides an illustration of the evolution of economic conditions that will affect housing markets in the GTA, Simcoe County, and elsewhere.
- Secondly, since Simcoe's housing markets rely on demand from GTA-bound commuters, the GTA forecast provides some guidance on demand from commuters.

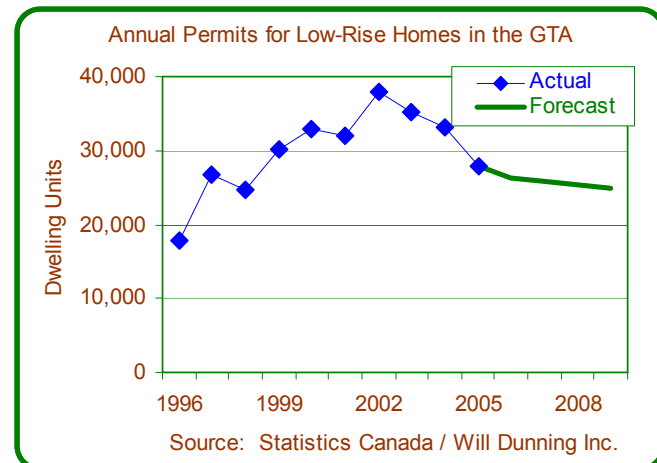
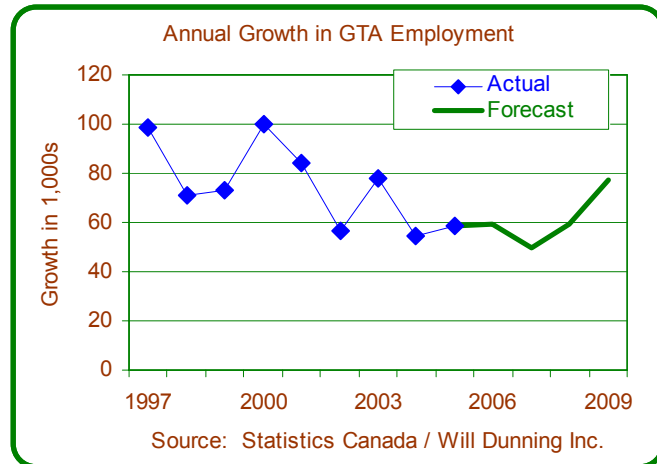
### Economic Pressures

The forecasts were developed using a multi-stage economic model that:

- Forecasts employment growth.
- Forecasts resale market activity as a function of the employment situation, as well as housing affordability (the combination of interest rates and houses prices).
- Forecasts sales of new homes (low-rise and apartment) as a function of employment growth, housing affordability, and resale market trends.
- The forecasts of new home sales are used to forecast housing construction (as measured by building permits).

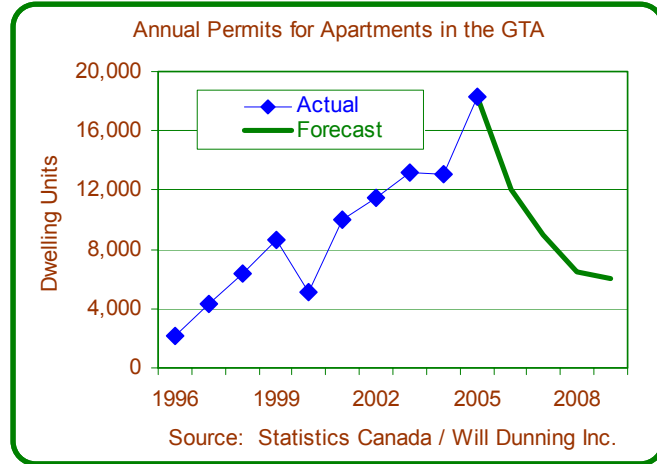
As can be seen in the chart to the right, employment growth in the GTA has been slower in recent years than during the late 1990s and the early years of this decade. At present, employment is growing at about the same rate as the population. The forecast indicates that this moderate rate of job creation is likely to continue: the strong Canadian dollar is negatively affecting export-oriented elements of the GTA economy (and will continue to do so). Recent increases in interest rates will also (slightly) dampen the economy. On the other hand, rising wealth (from a surging stock market and rapidly increasing house prices) is a positive factor that is offsetting the negative factors.

The slowdown in job creation has caused a turning point in the housing market cycle, as building permits for new low-rise homes in



the GTA peaked in 2002 and fell in each of the following three years. By 2005, the volume was 26% lower than in 2002. The forecast indicates that this slowing trend will continue, activity is forecast to fall slightly more during 2006 to 2009. By 2009, activity would be 10% lower than in 2005. Over the four years of the forecast period, low-rise permits would average just about 25,600 units per year. Of this, about 63% would be for single-detached homes, 14% would be semi-detached, and 23% would be for row units.

For apartments, there is a high degree of uncertainty about the outlook. As can be seen, activity has increased strongly in recent years, despite the slower pace of job creation. The forecast assumes that activity will slow during 2006 with further declines in 2007/2008 (due to recent over-building). Regardless of potential scenarios, the apartment forecast for the GTA has little relevance to Simcoe County - the low-rise market is much more relevant.



### ***Adequacy of the GTA Land Inventory***

A key issue for the future is the extent to which there is an adequate supply of residential land in the Greater Toronto Area. To the extent that there are future shortages in the GTA, housing demand would increasingly spill over into nearby areas, including Simcoe.

This section provides a preliminary exploration of data on the GTA land inventory. The point of this exercise is to assess whether land constraints in the GTA may cause housing activity to increasingly migrate outwards during the forecast horizon. As is discussed below, the conclusion is that this is very unlikely, and that it may be well into the 2010s before land issues in the GTA start to push increased amounts of housing demand towards areas like Simcoe County.

### ***2003 Lot Inventory Data***

The most recent comprehensive data on the lot inventory within the GTA is for January 1, 2003<sup>14</sup>. The following table summarizes that data. In the table, the inventory is separated into two categories:

- “Approved development plans” includes units in approved development plans, for which no building permits have been issued; applications waiting for site plan approval (where this is required) and/or plan of condominium approval where

<sup>14</sup> The Greater Toronto Area Residential Land Survey is a collaborative effort of regional and local municipalities in the GTA, the Urban Development Institute, Canada Mortgage and Housing Corporation, PMA Brethour Inc. and the Ministry of Municipal Affairs and Housing.



building permits have not been issued; and applications waiting for zoning amendments and plan of subdivision approvals.

- “Additional supply” includes applications where the local municipal councils have adopted the required official plan amendments (OPAs), but where final OPA approvals are still required from the regional approval authority.
- Lands designated for future development are not included in the data.

As shown below, this inventory amounted to just over 300,000 units as of January 1, 2003. Of this, about 44% is for apartments and the balance is for low-rise housing forms.

<i>Dwelling Type</i>	<i>Approved Development Plans</i>	<i>Additional Supply</i>	<i>Total</i>
Single-detached	71,432	44,286	115,718
Semi-detached	14,014	7,410	21,424
Row	23,652	9,981	33,633
Apartment and Other	93,146	38,978	132,124
<b>Total</b>	<b>202,244</b>	<b>100,655</b>	<b>302,899</b>
Source: 2003 Greater Toronto Area Residential Land Inventory Survey.			

This inventory has been reduced by housing activity during 2003 to 2005. The following table shows the extent of activity (measured by building permit issuance) and calculates how much of the 2003 inventory remains. It indicates that of the 302,899 units as of January 1, 2003, about 162,000 units might have remained at the end of 2005.

<i>Dwelling Type</i>	<i>Units as of January 1, 2003</i>	<i>Permits Issued</i>			<i>Remaining Unit Inventory End of 2005</i>
		<i>2003</i>	<i>2004</i>	<i>2005</i>	
Single-detached	115,718	22,265	21,968	16,392	55,093
Semi-detached	21,424	6,010	4,060	3,476	7,878
Row	33,633	6,984	7,093	8,108	11,448
Apartment and Other	132,124	13,160	13,046	18,348	87,570
<b>Total</b>	<b>302,899</b>	<b>48,419</b>	<b>46,167</b>	<b>46,324</b>	<b>161,989</b>
Source: 2003 Greater Toronto Area Residential Land Inventory Survey; Statistics Canada; calculations by Will Dunning Inc.					

The last step in this analysis is to calculate the duration of the remaining inventory. Two scenarios are shown:

- Based on average annual activity during 2003 to 2005.
- Based on the average annual demand forecast for 2006 to 2009.

This analysis suggests that low-rise inventories are close to depletion, although there is a more substantial supply for apartments. If correct, this data implies that housing demand would soon be forced to migrate away from the GTA.

<i>Dwelling Type</i>	<i>Remaining Inventory End of 2005</i>	<i>Calculations Based on ...</i>			
		<i>2003-2005 Actual Activity</i>		<i>Projected Demand</i>	
		<i>Annual Demand</i>	<i>Years of Inventory</i>	<i>Annual Demand</i>	<i>Years of Inventory</i>
Single-detached	55,093	20,208	2.7	16,111	3.4
Semi-detached	7,878	4,515	1.7	3,600	2.2
Row	11,448	7,395	1.5	5,896	1.9
Apartment and Other	87,570	14,851	5.9	8,387	10.4
<b>Total</b>	<b>161,989</b>	<b>46,970</b>	<b>3.4</b>	<b>33,993</b>	<b>4.8</b>

Source: 2003 Greater Toronto Area Residential Land Inventory Survey; Statistics Canada; calculations by Will Dunning Inc.

However, the data on land inventories and the calculations shown above do not consider the extent to which subsequent approvals have added to the supply, or consider lands that are designated for future development.

*Additional Information on GTA Land Inventories*

Anecdotal information indicates that supplies are greater than is indicated by the preceding data and analysis:

- A York Region staff report<sup>15</sup> indicates that the current supply of housing lands across York Region represents a potential supply of 130,080 units as of June 30, 2005. Of this, 52% is for single-detached units (implying about 67,600 units), 10% is for semi-detached (about 13,000 units), 19% is for row units (about 24,700 units), and 19% is for apartments (about 24,700 units). The report indicates that this supply will be sufficient for approximately the next 13 years. This includes a 12.2-year supply for single detached, a 10-year supply for semi-detached, and a 12.8-year supply for row house units. For apartments the land inventory is enough to satisfy demand for the next 18 years.
- A report prepared for Peel Region by Hemson Consulting<sup>16</sup> estimated that the unbuilt unit potential in the Region totaled 186,200 units. This includes 84,200 units for single and semi-detached homes, 26,800 row units, and 57,200 apartments. Based

<sup>15</sup> The Regional Municipality of York, Planning and Economic Development Committee. February 1, 2006. Report of the Commissioner of Planning and Development Services, York Region Vacant Residential Unit Supply Inventory.

<sup>16</sup> Northwest Brampton Urban Boundary Study, Region of Peel. Hemson Consulting Ltd. June 7, 2005

on actual activity over the past five years, I calculate that the inventory for single and semi-detached equates to almost 10 years of demand (based on average demand over the past five years of 8,485 units per year. Given that future demand could be lower than the average of the past five years, the duration of the inventory could be closer to 12 years). The row inventory equates to 16.4 years of demand (based on the past average of 1,632 units per year, and about 20 years if future demand is lower). The apartment inventory equates to 40 years of demand (based on 1,436 units per year). The total unit count equates to 16 years of demand (based on the past average of 11,554 units per year, and about 20 years if future demand is lower).

- A report for Halton Region by Hemson Consulting<sup>17</sup> estimated that as of 2002 there was a potential remaining supply of 113,700 units, including 63,500 units for single and semi-detached units, 26,600 units for row homes, and 23,400 units for apartments. Based on actual activity over the past five years, I calculate that the inventory for singles and semi-detached units equates to about 17 years of demand (based on the past average of 3,571 units per year); the row inventory equates to 20 years of demand (based on 1,321 units per year); and the apartment inventory equates to more than 60 years of demand (based on 372 units per year). The total unit count equates to about 22 years of demand (based on the past average of 5,266 units per year, and in excess of 25 years if future demand is lower).
- For Durham Region<sup>18</sup> potential units (in plans of subdivision or condominium) plus vacant lands amounts to 70,142 units for single detached housing and 36,855 units for other dwelling types. Based on an average of 3,476 single-detached units per year during the past five years, I estimate that the land inventory for that type equates to about 20 years of demand. For other types, for which activity has averaged 1,644 units per year, the inventory equates to about 22 years. The total unit count (106,997) equates to about 21 years of activity.

These estimates of remaining land inventories are to some degree speculative:

- They do not include lands that may be added through future approvals.
- They not necessarily indicate how much land will be ready for development when required (that is, with services installed, and available for purchase by builders).

With these caveats, and recognizing that this analysis is incomplete, the numbers suggest that it should be some time before long-term lot supply constraints emerge in the GTA. The GTA lot supply should not be an issue within the horizon of these forecasts (2006 to 2009), based on the available data. Lot supply may increasingly become an issue during the 2010s. However, to the extent that additional lands become available for development, the horizon for constraints will be further deferred.

### ***Conclusion – Implications for Simcoe County***

Earlier analysis of housing market trends has concluded that housing activity in Simcoe County follows trends similar to those in the GTA. This is largely because the respective housing markets are influenced by the same economic factors and growth cycles. To that extent, housing activity in the GTA is not a direct cause of activity in Simcoe.

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<sup>17</sup> The Adequacy of Urban Land Supply in Halton Region. Hemson Consulting Ltd. May 2002.

<sup>18</sup> Official Plan Review Recommended Directions Report for Population, Employment and Urban Land. Durham Region Planning Department. January 2006.

However, there is a degree to which activity in the GTA does directly cause housing activity in Simcoe, due to housing demand from people who commute to work in the GTA. They have been attracted to Simcoe by a combination of factors that includes lower housing prices: the average house price in Simcoe County (about \$223,000 in 2005) is one-third lower than in the GTA (about \$336,000 in 2005).

A review of the available data indicates that the influence of the GTA has not increased in recent times. The initial review of the data suggested that the GTA influence may actually have waned, as housing activity has not expanded as much in Simcoe as in the GTA. However, a more likely interpretation is that activity in Simcoe was constrained by lot supply shortages in key areas (Barrie, Bradford West Gwillimbury, New Tecumseth, and Orillia). If lot supplies had been available, housing activity in Simcoe would most likely have increased by about the same amount as in the GTA.

It is concluded, therefore, that the influence of the GTA has probably been relatively constant during the past half decade.

Looking forward, however, it is conceivable that the direct influence of the GTA could increase, because of, for example, rising house prices in the GTA or because lot shortages in the GTA force more buyers to buy outside of the GTA, in areas like Simcoe County. In such events, activity in Simcoe would rise relative to the GTA. However:

- To date, house price trends have been very similar in Simcoe and the GTA, and this is likely to continue. Therefore, price differentials continue to attract buyers to Simcoe, away from the GTA. But, the extent to which there is in-migration hasn't altered in favour of Simcoe during the past few years (if anything, it appears that there might be less in-migration at present). Price changes are unlikely to cause much change in this pattern in the mid-term future.
- The preliminary analysis of land inventory data indicates that within the GTA there are considerable inventories of lands for low-rise residential development, with the durations of inventories exceeding a decade. Future urban expansions within the GTA would extend that horizon. Land constraints should not cause any shifting of demand out of the GTA during the remainder of this decade, and there is some possibility that in the mid-term expanding land supplies within the GTA could reduce pressuring on outlying areas like Simcoe County
- However, land shortages in the GTA could potentially become an increasingly significant factor during the 2010s or later. The timing of this effect depends on the extent of new additions to inventories.

In conclusion, during the next few years, new homes activity in Simcoe County is likely to continue to show patterns similar to the GTA – partly because Simcoe is following the GTA, but more generally because it is influenced by the same economic factors.

Housing trends in Simcoe County will be determined mainly based on locally generated demand, which will be highly influenced by job creation within the County and is dependent on the availability of affordable, market-appropriate housing choices. During the horizon of this forecast, demand by in-migrating retirees is expected to be a significant element of Simcoe housing demand, because high housing values and strong demand make it easy for people to down-size out of the GTA.

## Market Outlook – Simcoe County

This section develops forecasts of housing activity for Simcoe County and component municipalities. The results are presented in a top-down format, with results for the entire County presented first, then results for four aggregated areas, and then the forecasts are allocated to the individual municipalities. The process used was to develop separate forecasts for four aggregated areas, which were combined to generate total forecasts for the County. The four aggregated areas are:

- The City of Barrie.
- A Georgian Bay area, which combines Collingwood, Tiny, and Wasaga Beach.
- A South area, which combines Adjala-Tosorontio, Bradford West Gwillimbury, Essa, Innisfil, and New Tecumseth.
- A North area, which combines Clearview, Midland, Orillia, Oro-Medonte, Penetanguishene, Ramara, Severn, Springwater, and Tay.

These forecasts have been developed using a multi-stage model that is similar to (but not identical to) that employed for the GTA. The forecasting model:

- Forecasts employment growth (for Barrie Census Agglomeration only, since employment data is not available for the entire County).
- Forecasts resale market activity as a function of the employment situation, as well as housing affordability (the combination of interest rates and houses prices).
- Forecasts construction of new homes (as measured by building permits) as a function of employment growth, housing affordability, and resale market trends.

The following table summarizes key elements of the forecasts for Simcoe County. Results are discussed in individual sections, below.

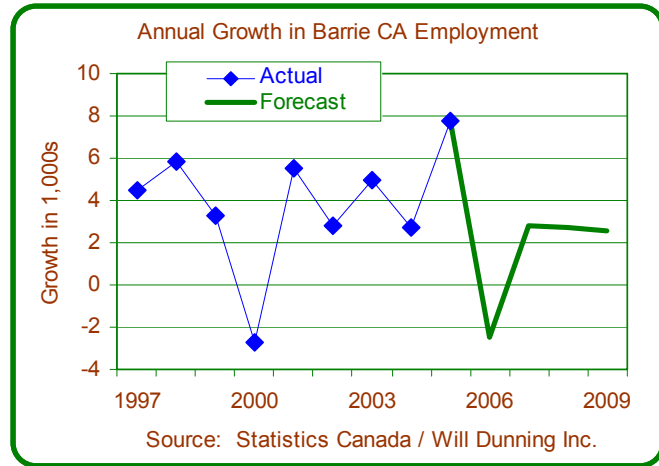
Year	Barrie CA Employment (In 1,000s)	Resale Activity (Units)	Average Resale Price	Change in Price (%)	Building Permits Issued (Units)		
					Low-Rise (1,2)	Apartment	Total
1996	62.5	5,544	\$123,007		2,478	115	2,629
1997	67.0	5,965	\$128,894	4.8%	3,412	51	3,499
1998	72.8	6,125	\$134,208	4.1%	3,442	98	3,540
1999	76.1	6,946	\$142,412	6.1%	4,531	70	4,601
2000	73.4	6,625	\$152,502	7.1%	3,418	311	3,729
2001	78.9	6,929	\$159,820	4.8%	3,468	180	3,648
2002	81.7	7,925	\$172,672	8.0%	4,468	274	4,742
2003	86.6	8,033	\$189,384	9.7%	4,107	196	4,303
2004	89.4	8,578	\$208,313	10.0%	4,500	149	4,649
2005	97.1	8,565	\$223,299	7.2%	3,502	90	3,592
<i>Forecasts</i>							
2006	94.6	8,583	\$235,921	5.7%	4,316	146	4,462
2007	97.4	8,873	\$252,753	7.1%	4,241	216	4,457
2008	100.1	8,878	\$269,410	6.6%	3,978	245	4,223
2009	102.7	8,873	\$285,424	5.9%	3,711	264	3,975
Source: Statistics Canada, Canadian Real Estate Association; forecasts by Will Dunning Inc.							
Note: (1) Low-rise includes dwellings classified as single, double, row, cottage, mobile. (2) Figures include 36 unit per year adjustments for Ramara for 1996 and 1997.							

The forecasts do suggest that there will be some tapering of activity during the forecast period. However, these housing forecasts for Simcoe County are relatively strong, especially in comparison to the trends expected for the GTA. For example, during the past five years, low-rise activity in Simcoe County was equal to 12.0% of the GTA level; during the forecast period, Simcoe activity is equal to 15.6% of the GTA level.

**Employment**

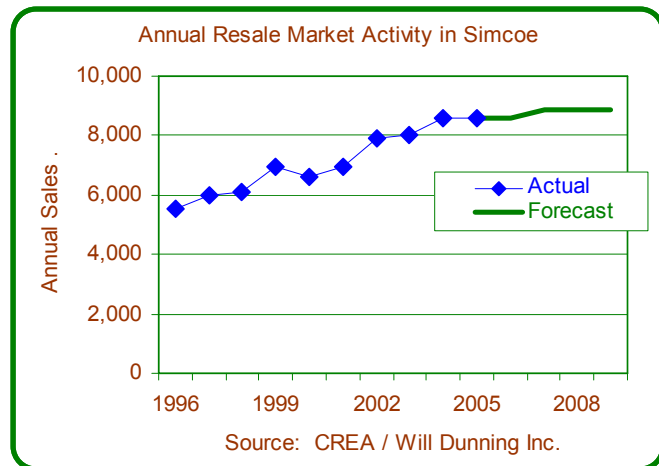
Employment data is available for just the Barrie CA, and not for all of Simcoe County.

Employment in Barrie CA is forecast to rise at the same rate as the adult population (an average of about 2.8% per year over the forecast period). For 2006, the forecast shows a reduction of employment. This is a correction from what appears to be an over-statement in the data for 2005. In reality, employment will continue to expand in Barrie, notwithstanding what might be indicated by the data.



**Resale Market Activity**

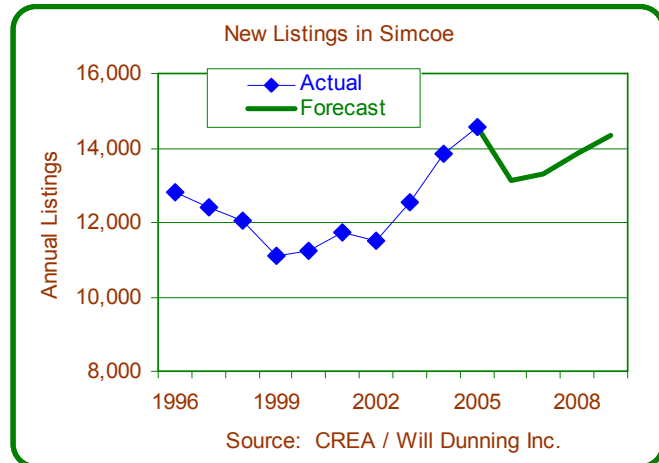
Resale activity in Simcoe (measured by the number of residential units sold) has increased strongly during the past decade, although the figure for 2005 was virtually identical to the 2004 total. This left a question of whether the resale market in Simcoe has peaked. The forecast indicates that activity will be similar in 2006, then rise by about 3% during 2007. This would be followed by a stable level of activity during 2008 and 2009.



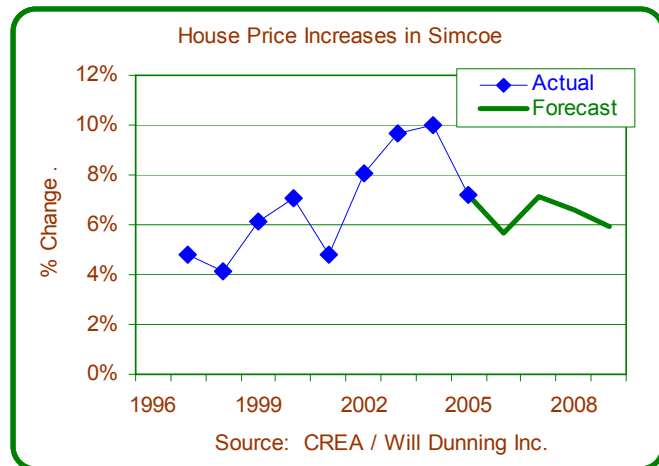
Growth in sales during the past decade has been partly due to rapid growth in the population and in the number of existing homes in the area. During the past two years and for the forecast period sales are expected to expand, but the rate of growth is lower than the rate of population growth. On that basis, it can be said that the resale market will weaken slightly during the forecast period.



The number of (new) listings on the resale market jumped sharply during 2004 and 2005. The volume of listings is forecast to be lower than during the last two years, but higher than during 1996 to 2003, and the numbers of listings are expected to increase each year during 2007 to 2009. The rise will be partly due to growth in the number of existing homes in the area (due to on-going completions of new homes) but also due to the relative slowdown in sales growth, which will result in longer listing periods. This increased volume of listings will contribute to the slight slowdown in price growth. It also means that builders of new homes will face more competition from the resale market, which will reduce demand for new homes.

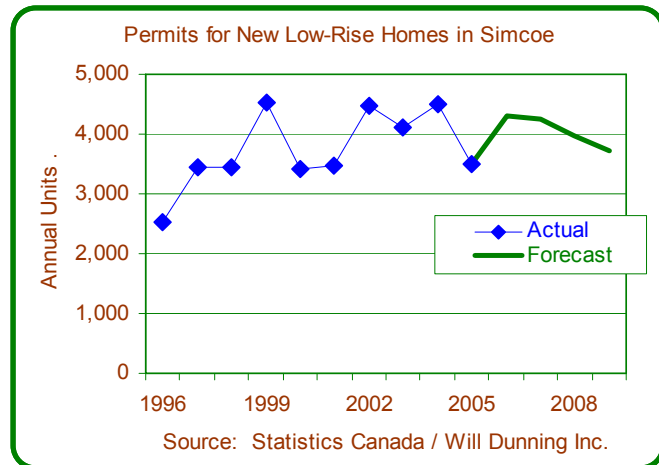


House price growth is forecast to average 6.3% per year during the forecast period. While lower than the rates of increase seen during 2002 to 2005, this is very strong. In total, the average price would increase by 28% during the four years. In combination with slightly increased mortgage interest rates, this will result in reduced housing affordability, which will tend to dampen housing activity.



**New Homes Activity**

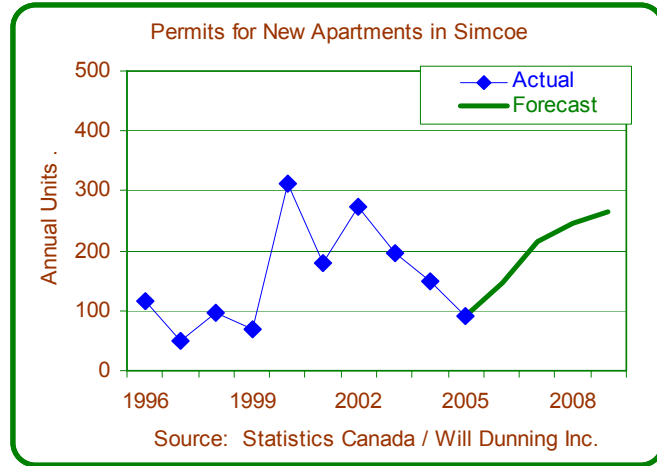
Construction of new low-rise homes fell in 2005. And, in general, in the past few years new homes activity in Simcoe County has not been as high as might be expected (based on economic conditions as well as based on the stronger growth of new homes activity in the GTA). The analysis indicates that in 2006 activity should recover from the drop seen in 2005, although it would be slightly lower than during 2002 to 2004. Activity would be similar in



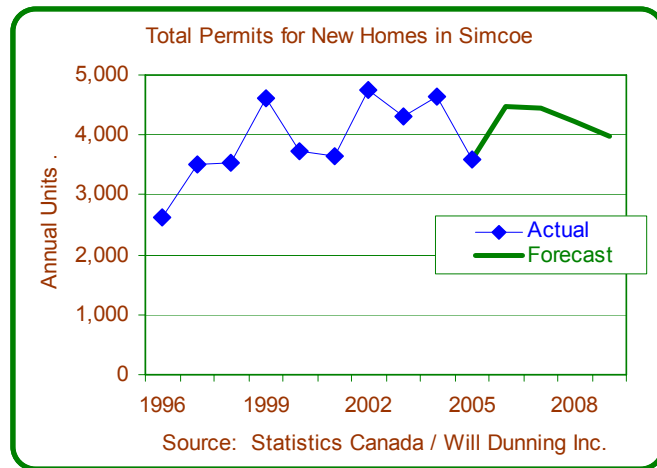


2007 and then fall by about 7% in both 2008 and 2009. Over the four years of the forecast period, low-rise activity would average 4,061 units per year, which would be 1% lower than during 2001 to 2005 (when the average was just over 4,000 units per year).

Apartment activity is forecast to improve in each year of the forecast period. Given the historic low levels of apartment activity in Simcoe, it is difficult to develop reliable forecasts. The forecasts that have been generated here indicate that apartment activity will remain insubstantial, at an average of just 218 units per year, and 5.1% of total new homes activity over the 2006-2009 forecast period. The apartment activity would be evenly split between rentals and condominiums.



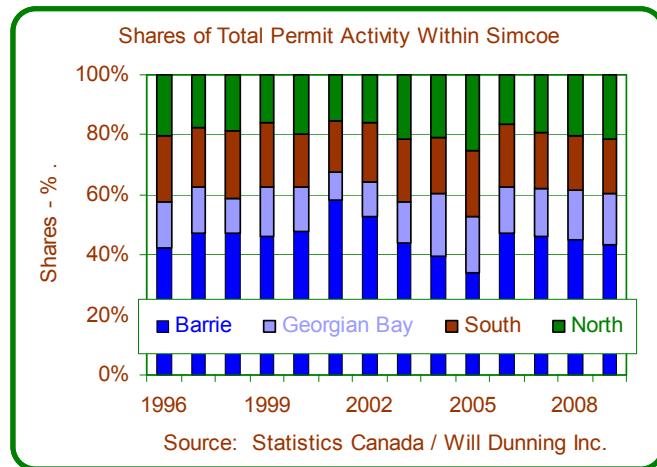
In total, residential building permits in Simcoe County are forecast to average 4,279 units per year during 2006-2009. This would be 2% higher than during 2001-2005 and 19% higher than during 1996-2000



Average annual activity during 2006-2009 would include:

- 3,525 single-detached units.
- A few units categorized as cottages.
- 29 mobile units.
- 118 double units.
- 387 row units.
- 218 apartment units.

The chart to the right shows the market shares for each of the four areas, from 1996 to 2009. Shifts in market shares for each of the four areas are discussed in more detail below.



**Market Outlook - Sub-Market Areas within Simcoe County**

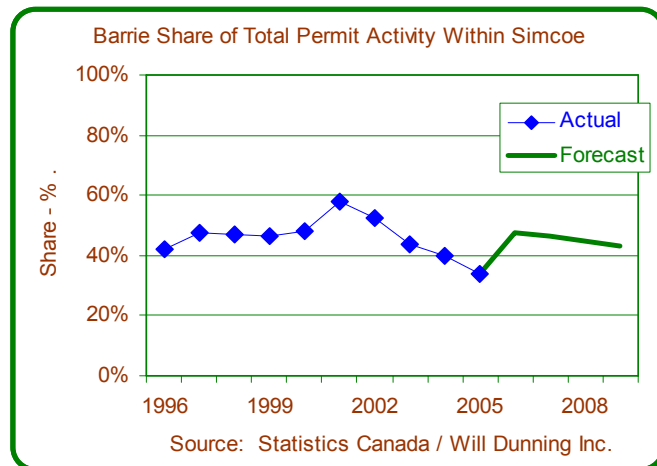
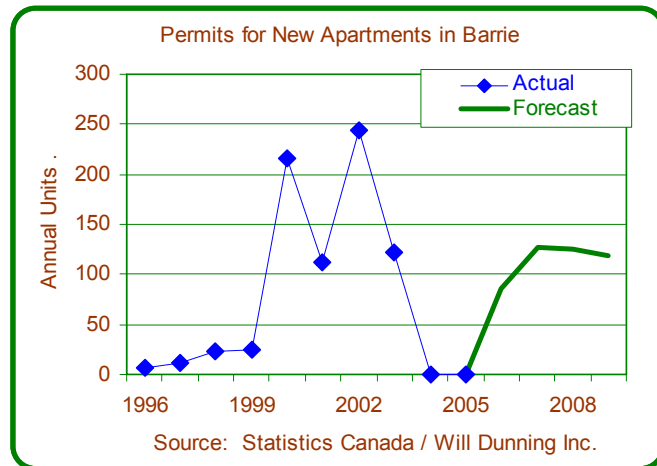
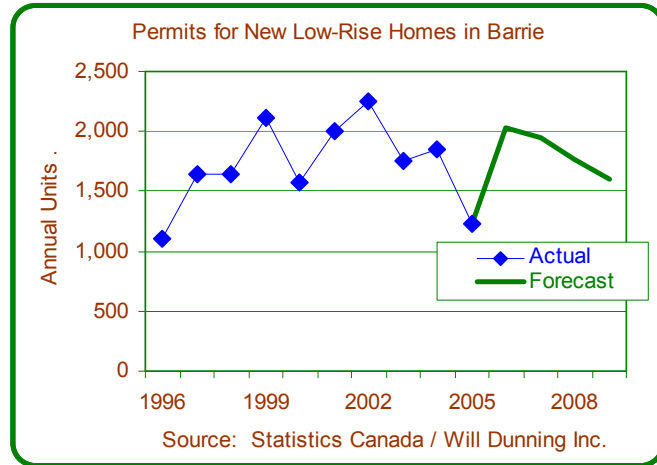
This section summarizes the forecasts of new housing activity that were developed for the four aggregated areas.

The City of Barrie

Low-rise activity slumped in 2005, which accounts for most of the drop that was seen for the County. Because activity has been constrained by lack of lot supply, the forecasts were raised from the levels indicated by the technical forecasts, to reflect the potential level of demand in the absence of land constraints<sup>19</sup>. The forecast indicates that activity will rebound in 2006, to slightly above the 2003/2004 levels. But, there would be a small reduction during 2007 with larger drops during 2008 and 2009. During 2006-2009, low-rise activity would average 1,834 units per year, slightly above the 2001-2005 average of 1,816 units per year). Activity would be 13% higher than during 1996-2000. Activity during 2006-2009 would include averages of 1,471 single-detached units, 91 double units, and 272 row units per year.

Following two years with no apartment activity, moderate levels of construction are forecast. Over the four year forecast period, apartment activity is forecast to average 114 units per year, which would be 20% higher than the average during 2001 to 2005.

Total activity is forecast to average 1,948 units per year during the forecast period, which would be 2% higher than the average of 1,912 seen during 2001 to 2005. It would be 16% higher than the average seen during 1996 to 2000 (1,672 units per year).



<sup>19</sup> Adjustments were 200 units for 2006, 180 for 2007, 160 for 2008, and 140 for 2009.

Barrie's share of Simcoe' total activity fell during 2002 to 2005. The forecast indicates that the share should be slightly higher than it was during 2004 and 2005. For 2005-2009, Barrie's share of Simcoe new homes activity is forecast at 45.5%, fractionally below the 45.7% seen during 2001- 2005 and the 46.6% during 1996-2000.

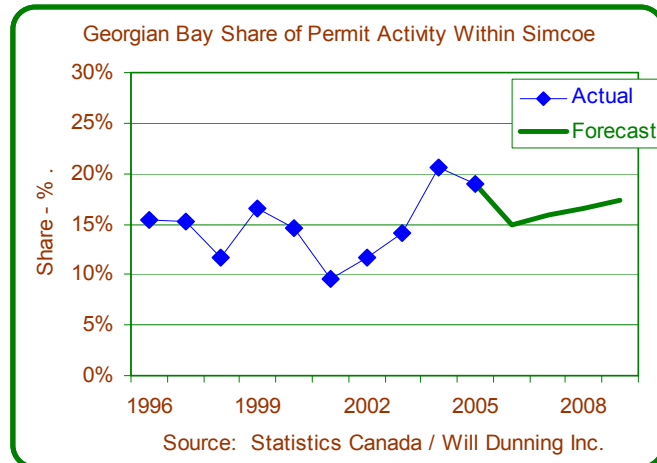
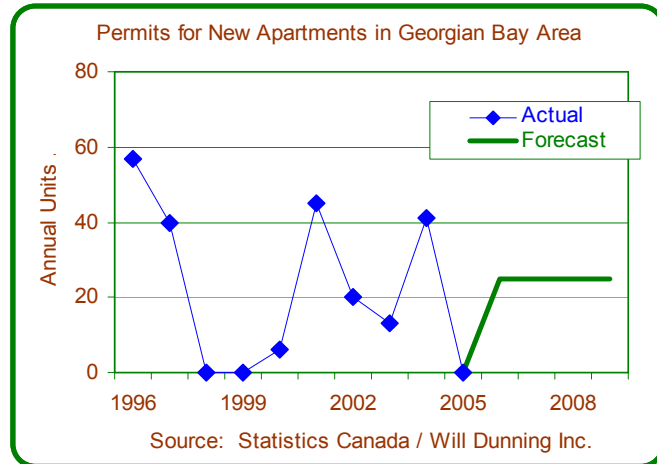
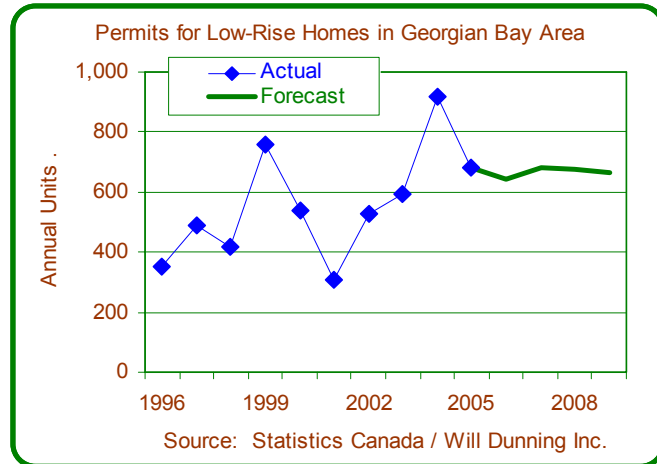
Georgian Bay Area

This area combines Collingwood, Tiny, and Wasaga Beach.

During the past decade, there has been a rising trend for low-rise housing activity in the Georgian Bay area (with considerable year-to-year variation). The forecast indicates that activity will remain at a relatively high level. During 2006 to 2009, low-rise activity is forecast to average 665 units per year, which would be 10% above the average seen during 2001-2005 and 30% higher than during 1996-2000. Starts during 2006-2009 would include 601 units per year of singles, 13 units of mobile homes, 7 double units, and 44 row units.

For apartments, limited volumes have been seen in recent years. The forecast suggests that this is unlikely to change. The technical analysis suggests that apartment activity would average 13 units per year during the forecast period. This has been judgmentally altered to a level of 25 units per year, similar to the 24 units per year average seen during 2001-2005, and above the 21 units per year average during 1996-2000.

Total activity is forecast to average 690 units per year during 2006-2009, 10% higher than during 2001-2005 (629 units per year) and 30% higher than during 1996-2000.



The Georgian Bay area received an unusually high share of Simcoe's new housing activity during 2004 and 2005. During the forecast period, the share is forecast to be slightly below the 2004-2005 level, but above prior shares. The share is forecast at 16.1% for 2006-2009, above the 15.0% rate for 2001-2005 and 14.8% for 1996-2000. The Georgian Bay area is the only one of the four areas that is expected to significantly gain share during the forecast period.

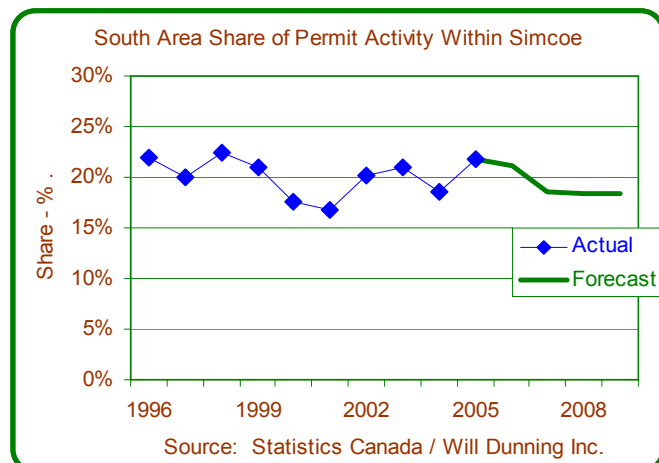
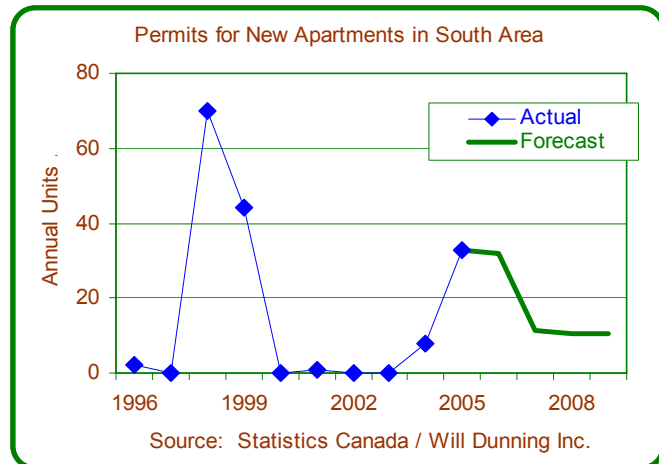
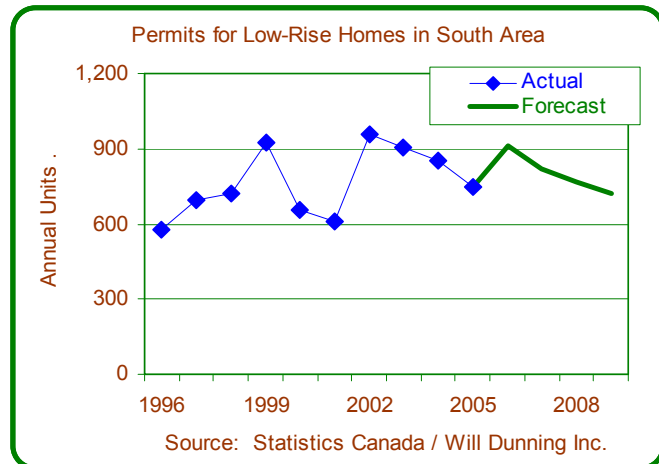
South Area

This area combines Adjala-Tosorontio, Bradford West Gwillimbury, Essa, Innisfil, and New Tecumseth.

Low-rise activity in the south area peaked in 2002 and fell each year during 2003 to 2005 (similar to the GTA). The analysis suggests that activity fell by more than was warranted during 2005. This can be related to constraints on lot supplies. Forecasts were raised by an average of 67.5 units per year, to reflect potential demand in the absence of supply constraints. The forecasts indicate that there would be a partial rebound during 2006. This would be followed by reductions during 2007-2009. Low-rise activity would average 804 units per year during 2006-2009, slightly lower than the 815 units per year average during 2001-2005 but 12% higher than during 1996-2000. Activity during 2006-2009 would include 739 single-detached units, 1 mobile unit, 16 double units, and 47 row units per year.

The south area sees negligible amounts of apartment activity (averaging just 8 units per year during 2001 to 2005). The forecast suggests that this could double to an average of 16 units per year during 2006-2009.

In total, new housing activity would average 820 units per year during



2006-2009, similar to the average of 2001-2005 (824 units per year), but 11% above the average for 1996-2000 (738 units per year).

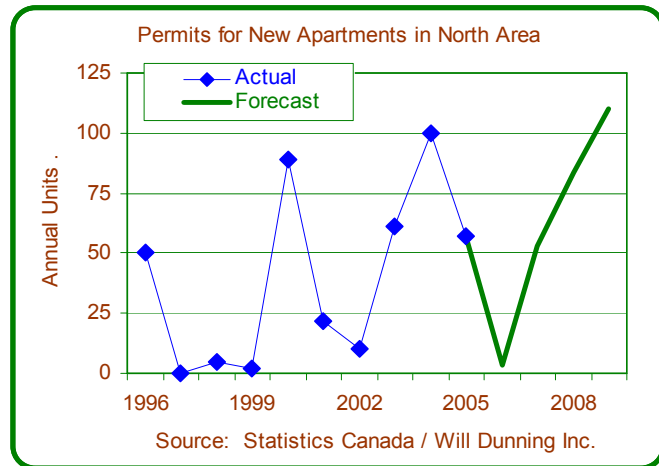
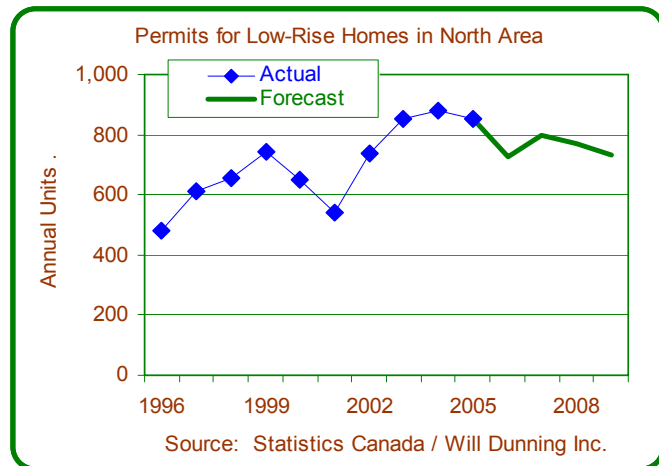
The south area has gradually lost market share during the past decade, from 20.6% during 1996-2000, to 19.7% during 2001-2005. The share is expected to fall slightly more, to 19.2% during 2006-2009.

North Area

This area combines Clearview, Midland, Orillia, Oro-Medonte, Penetanguishene, Ramara<sup>20</sup>, Severn, Springwater, and Tay.

Low-rise activity was strong during 2001-2005<sup>21</sup>. The technically-generated forecast indicates that activity would fall sharply in 2006, which appears to be unlikely based on recent trends. Adjustments have been made to those forecasts, adding a total of 270 units over the four year forecast period. This includes 90 units each for Orillia, Oro-Medonte, and Ramara. Low-rise activity is forecast to average 758 units per year during 2006-2009, which would be 2% lower than the 772 units seen during 2001-2005 and 21% higher than the average of 628 units per year for 1996-2000. Low-rise activity would include 710 units per year of single-detached homes, 1 unit categorized as cottage, 17 mobile units, 4 double units, and 26 row units.

The north area has seen sporadic apartment activity (generally condominium) during the past decade. Activity is forecast to average 63 units per year during 2006-2009, which would be 25% higher than during 2001-2005 and 114% higher than 1996-2000.

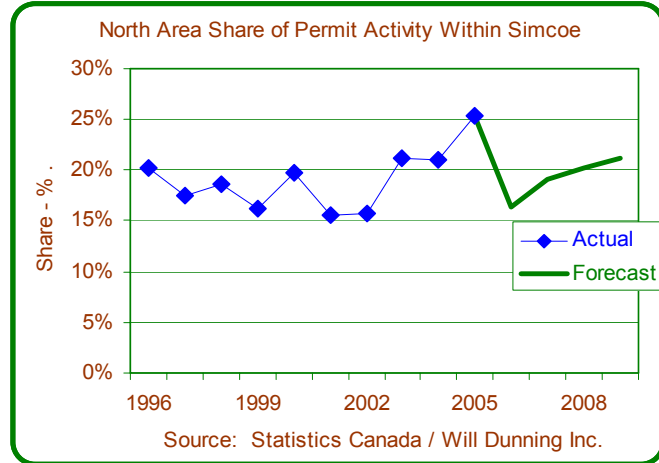


<sup>20</sup> Data was not available for Ramara for 1995 to 1997. For the forecasting exercise, the north totals for low-rise activity were increased by 3 units per month for 1995 to 1997.

<sup>21</sup> Most of the increase occurred in Oro-Medonte and Ramara.



Total activity is forecast to average 821 units per year during the forecast period, virtually identical to the rate during 2001-2005 (822 units per year), but up 25% compared to 1996-2000 (658 units per year). The north area would receive 19.2% of Simcoe activity, down slightly from a 19.6% share during 2001-2005 and up from 18.3% during 1996-2000.



**Allocation of Forecasts to 18 Municipalities**

The analysis to this point has generated forecasts of new homes activity, by dwelling type, for each of four areas within Simcoe County. The next step in the analysis is to allocate these forecasts to the 18 municipalities of the Study Area.

These allocations are calculated on the basis of shares of actual activity during 2001-2005, with the addition of the adjustments made to the forecasts for individual municipalities. The results of the allocation exercise are provided in the following table.



<b>Table 14</b>								
<b>New Housing Activity by Municipality, By Dwelling Type</b>								
<b>Average Numbers of Dwelling Units per Year During 2006 to 2009</b>								
<i>Area</i>	<i>Single</i>	<i>Cottage</i>	<i>Mobile</i>	<i>Double</i>	<i>Row</i>	<i>Apartment</i>	<i>Total</i>	<i>Average During 2001-2005</i>
Adjala-Tosorontio	87	0	0	0	0	0	87	96
Barrie	1,471	0	0	91	272	114	1,948	1,912
Bradford West Gwillimbury	200	0	0	11	8	0	219	192
Clearview	44	0	0	0	0	0	44	49
Collingwood	151	0	0	7	38	20	216	198
Essa	104	0	1	3	3	1	112	123
Innisfil	195	0	0	0	8	0	203	225
Midland	35	0	0	0	1	24	61	60
New Tecumseth	153	0	0	3	28	15	199	187
Orillia	96	0	0	0	13	31	140	121
Oro-Medonte	160	0	0	0	3	3	166	159
Penetanguishene	39	0	0	3	2	5	48	52
Ramara	99	0	0	0	0	0	100	86
Severn	83	1	13	0	3	0	99	111
Springwater	114	0	0	0	2	0	117	131
Tay	43	0	2	0	1	0	46	52
Tiny	137	0	0	0	0	0	137	125
Wasaga Beach	313	0	13	1	6	5	337	307
<b>Total</b>	<b>3,525</b>	<b>2</b>	<b>29</b>	<b>118</b>	<b>387</b>	<b>218</b>	<b>4,279</b>	<b>4,187</b>
<b>% of Total</b>	<b>82.2%</b>	<b>0.0%</b>	<b>0.7%</b>	<b>2.6%</b>	<b>9.1%</b>	<b>5.4%</b>	<b>100.0%</b>	
Source: Will Dunning Inc.								
Note: Totals may not add due to rounding								



## ***Recreational/Leisure Demand for Housing***

Within some of the municipalities of the Study Area significant components of housing demand are for retirement lifestyle units, vacation properties, and second residences for people whose primary residences are elsewhere. The extent to which such activity is already occurring and possible evolutions in these demands are essential components for understanding current housing market activity and in projecting future requirements.

Data on building permit has been used in the interpretation (and forecasting) of total residential construction in each of the municipalities of the Study Area. This activity includes lifestyle units, vacation properties, and second residences, as well as activity that we might label “indigenous”. Unfortunately, that data does not discriminate between these two components of demand. The data does provide a clear hint that in some areas there is significant activity for lifestyle units, vacation properties, and second residences: the estimates of “intensity” of activity (in Table 9, on Page 32) showed that activity in Wasaga Beach, Tiny Township, and Collingwood, is higher than might be expected purely on the basis of current population. It is reasonable to expect that the “excess” activity in these areas is due to strong demand for lifestyle units, vacation properties, and second residences.

In the absence of a central source of data, the municipalities were canvassed for data and opinions on the extent of activity for lifestyle units and vacation properties. The responses are summarized as follows:

- Bradford West Gwillimbury indicated that there is no activity for lifestyle units and vacation properties.
- Collingwood does not collect information on seasonal dwellings. The opinion was expressed that there are some second residences but they do not constitute a high percentage of activity; there is a lot of retirees moving in.
- For Oro-Medonte, the opinion was expressed that construction of seasonal dwellings is falling relative to development for year round occupation.
- In Penetanguishene, hard data is not available. The opinion expressed is that there is not very much development of leisure properties or second residences. There is some waterfront condominium development that is occupied part-year, but for subdivision development the vast majority is for year round occupation. There is some in-movement of empty nesters and retirees, but also by working professionals who work at home.
- In Ramara, out of 427 building permits issued for dwellings during 2000 to 2005, 175 (41%) were for seasonal dwellings. The Township does not distinguish between "permanent lifestyle units" and other residential dwellings, and does not express an opinion on the extent to which the 427 approved dwellings has included lifestyle units.
- In Severn, 548 dwellings have been constructed in the past five years. Of these, 101 units (18%) were lifestyle units and 107 units (20%) were recreational units. In combination, these account for 38% of activity over the past five years.
- Tay does not have hard data, and expresses the opinion that of recent development a large majority is year round, that Tay is no longer part of cottage country, and that the development areas that are being opened are unlikely to attract seasonal residents.



- Tiny no longer counts seasonal dwellings, but provided data indicating that during the 1990s seasonal dwellings accounted for about 40% more activity than did single-detached homes.
- For Wasaga Beach recreational and retirement housing are substantial components of activity. As a rule of thumb, the division of activity is one-third each for young families, retiring in-migrants, and pre-retirement empty nesters (some of whom are in-migrants). Second residences (people whose primary residence is elsewhere) is a declining percentage of activity and may currently be less than 10% of total activity.

The forecasts that were developed for each of the 18 municipalities were based on the building permit data that includes all dwellings. Thus, the forecasts implicitly incorporate forecasts of lifestyle units, vacation properties, and second residences within the totals.

Across the Study Area, the demand forecasts are strongest for the areas (Wasaga Beach, Collingwood, and Tiny Township) where these demands are focused. There is a question of whether those components of activity might diverge from the levels that are implicitly included in the forecasts. Within the time horizon of the forecasts (2006 to 2009) the divergence for these categories is not expected to be large. Demand for these categories responds to the same economic signals as does traditional (or “indigenous”) housing demand, although the demand cycles for lifestyle units, vacation properties, and second residences may be more volatile – these demands are more “discretionary” and therefore have a tendency to expand more during periods of economic strength and contract more during periods of economic weakness. With the economic environment over the next four years expected to be not much different than it has been for the past four years, demand for lifestyle units, vacation properties, and second residences should be expected to maintain a relatively consistent share of total activity.

Looking farther ahead, it is possible that the aging of the population (in particular an increasing numbers of retirements) will result in increased demand for adult lifestyle housing within Simcoe. Even then, the amounts of activity will be highly conditional on economic and housing market conditions (especially including the ability of GTA residents to extract equity from their homes and to buy retirement residences for substantially lower prices).

## Appendix – A Subsequent Revision of Data

As was noted in the Summary section of this report (at page 11), subsequent to the completion of this report, the Township of Clearview provided revised data on housing demand (building permits issued for construction of new residential units). This Appendix shows the revised data and analyzes the consequences of the data.

Table A-1 illustrates the changes in the data:

- It shows the originally-reported data on building permits for Simcoe County and Clearview Township, for a ten year period covering 1996 to 2005.
- It then calculates the numbers for the County excluding Clearview.
- Then, it shows the revised numbers for Clearview Township, as reported by the Township in June 2006.
- The final column of Table A-1 shows activity in Clearview Township as a percentage of the rest of Simcoe County.
- The data shows that Clearview Township's shares of annual activity versus the rest of the County have ranged from 1.46% to 4.24%. During the 10 year period, the share has averaged 2.47%, ranging from 3.00% during 1996 to 2000 and 2.02% during 2001 to 2005.

Year	<i>Units Created Simcoe County</i>	<i>Original Data for Clearview</i>	<i>Rest of Simcoe (Excluding Clearview)</i>	<i>Clearview Revised Data</i>	<i>Revised Clearview as % of Rest of Simcoe County</i>
1996	2,593	47	2,546	63	2.47%
1997	3,463	91	3,372	101	3.00%
1998	3,540	63	3,477	79	2.27%
1999	4,601	92	4,509	130	2.88%
2000	3,729	94	3,635	154	4.24%
2001	3,648	69	3,579	93	2.60%
2002	4,742	47	4,695	76	1.62%
2003	4,303	52	4,251	62	1.46%
2004	4,649	43	4,606	72	1.56%
2005	3,592	35	3,557	115	3.23%
1996-2000	3,585	77	3,508	105	3.00%
2001-2005	4,187	49	4,138	84	2.02%
Total Period	3,886	63	3,823	95	2.47%

Source: Statistics Canada, Clearview Township; calculations by Will Dunning Inc.

Clearview Township has also indicated that new housing activity has been constrained due to shortages of serviced lots. This may explain some or all of the reduction in the

Township's market share during 2001 to 2005. The Township expects that the recent and on-going alleviation of servicing constraints will result in increased demand.

In response to the revised data on actual housing demand and the anticipation that demand may increase in future due to increased availability of serviced lots, three housing demand scenarios have been developed. These three scenarios assume that:

- In the "Low" scenario, the share in Clearview remains at the same level seen during 2001 to 2005 (2.02% of the "rest of Simcoe activity").
- In the "Medium" scenario, Clearview's share is at the average level for the entire 1996 to 2005 period (2.47%).
- In the "High" scenario, Clearview's share is at the average of the 1995 to 2000 period (3.00%).

As is shown in Table A-2, in these scenarios, projections of annual housing demand in Clearview Township (for 2006 to 2009) range from 86 units per year to 127 units per year, which is substantially higher than the original demand estimate of 44 units per year.

<i>Projected 2006- 2009</i>	<i>Simcoe County Original Preojection</i>	<i>Clearview Original Projection</i>	<i>Rest of Simcoe County</i>	<i>Clearview as % of Rest of Simcoe</i>	<i>Clearview Projected Units</i>
Low	4,279	44	4,235	2.02%	86
Medium	4,279	44	4,235	2.47%	105
High	4,279	44	4,235	3.00%	127

Source: Statistics Canada, Clearview Township; calculations by Will Dunning Inc.

The final step in this analysis is to adjust the total demand projections for Simcoe County to reflect potentially larger demand figures for Clearview Township. The results of that analysis are shown in Table A-3. The table indicates that as opposed to the original demand projection of 4,279 units per year during 2006 to 2009, the revised estimated range from 4,321 units (1.0% above the original estimates) to 4,362 units (1.9% above the original estimates).

<i>Scenario</i>	<i>Original Simcoe County Total</i>	<i>Revised Simcoe County Total</i>	<i>% Change</i>
Low	4,279	4,321	1.0%
Medium	4,279	4,340	1.4%
High	4,279	4,362	1.9%

Source: Statistics Canada, Clearview Township; calculations by Will Dunning Inc.