



REGIONAL ECONOMIC OUTLOOK

Kingston-Pembroke

This regional economic outlook is presented by the Greater Kingston Chamber of Commerce, in partnership with the Credit Unions of Ontario and the Ontario Chamber of Commerce.

➤ The Kingston labour market will post a 2.1% job gain in 2013 while the rest of the region sees no change.

➤ The Kingston-Pembroke region's unemployment rate will rise to 7% in 2014 before falling back to 6.6% in 2015.

Kingston-Pembroke includes the Kingston metropolitan area and the Frontenac townships, the counties of Lennox and Addington, Hastings and Renfrew, and Prince Edward. It has a population of more than 460,000, of which more than one-third resides in the Kingston metropolitan area.

This region is comprised of two different economies, the service-oriented Kingston metropolitan area and the more goods-oriented rest of the region. Kingston's economy is heavily driven by the education, public administration, health, and accommodation-food industries whereas the rest of the region is more concentrated in agriculture, manufacturing, and transportation-warehousing industries.

Economic conditions in the Kingston-Pembroke region improved modestly in 2013 over the previous year with more employment growth, particularly in full-time, with housing activity and non-residential investment spending holding up. However, there was a sharp fall in public sector building permits following two above-average years. Population growth remained stuck at a low pace in the region at just above zero due to lower net migration and natural increase.

The distinction between the Kingston metro area and the rest of the region is evident in recent data. The Kingston labour market will post a 2.1 percent job gain in 2013 while the rest of the region sees no change. Kingston's housing market activity is outperforming the rest of the region as well as more residential construction starts. In addition, population growth in the Kingston was about 0.8 percent on positive net migration and natural increase, while a slight contraction occurred in the rest of the region, according to the latest Statistics Canada data.

The weaker performance in the region outside of Kingston reflects its industry makeup and the struggling manufacturing sector. The region's manufacturing footprint has shrunk over the past decade, reflecting a broader industry trend evident in other Ontario regions. It also reflects the challenges faced in most parts of rural Ontario and Canada with its relatively narrow economic base and concentration in slow growing or declining industries. Its younger residents are increasingly drawn to larger urban centres leaving a relatively older population.

Several large construction projects are under way or scheduled to start. The \$20-

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\$30 million Empire Court complex in Kingston, an \$11 million school in Stirling, a \$19 million office building for Kingston Hydro, a \$9 million Holiday Inn Express in Pembroke and the ongoing \$6.5 million reconstruction of Princess Street in downtown Kingston will create construction jobs. Call centres in Trenton and in Belleville are proposed. These developments will bolster the economic base.

Following a small gain in 2013, total employment is forecast to edge lower in 2014 and to hold steady near recent levels through 2015. However, sluggishness will persist through 2015. A downward trend in the labour force participation rate is expected to keep the unemployment rate just under seven percent. These economic conditions will generate downside trends in business investment in the region.

Population growth is expected to remain low in 2014 and 2015. Net migration at just under 1,000 persons per year and negative natural increase highlight the population forecast. Until the region generates more job growth or becomes more attractive for non-employment migration, low population growth will prevail.

Housing market activity will largely reflect economic conditions and population growth. Low mortgage rates are expected during the forecast and will underpin housing sales and housing prices. Housing sales are forecast sliding lower while the average MLS® sale price holds near current levels. A modest decline in new housing construction appears in the cards.

The forecasts presented are for the entire Kingston-Pembroke Economic Region, and as stated above, the Kingston metropolitan area's economic base has outperformed the region as a whole. This trend is generally expected to continue, though the penitentiary's closing will likely somewhat reduce the outperformance gap.

REGIONAL ECONOMIC OUTLOOK

Kingston-Pembroke

	2011	2012	2013	2014	2015
Labour Force (Thousands)	234.5	229.8	230.0	229.0	228.0
% change	5.9	-2.0	0.1	-0.4	-0.4
Employment (Thousands)	217.4	213.0	216.0	213.0	213.0
% change	6.9	-2.0	1.4	-1.4	0.0
Unemployment Rate (%)	7.3	7.3	6.6	7.0	6.6
Housing Sales (Units)	7,461	7,685	7,200	7,000	6,900
% change	0.6	3.0	-6.3	-2.8	-1.4
Housing Prices (\$ Average)	234,511	240,440	247,000	249,000	250,000
% change	4.2	2.5	2.7	0.8	0.4
Residential Building Permit (Units)	2,066	1,928	1,975	1,800	1,750
% change	-5.7	-6.7	2.4	-8.9	-2.8
Private Non-Res Building Permits (\$ million)	159	173	180	165	150
% change	-35.1	9.0	4.2	-8.3	-9.1
Public Non-Res Building Permits (\$ million)	176	126	75	65	85
% change	217.7	-28.3	-40.6	-13.3	30.8
Population (Thousands)	461.2	462.0	463.0	464.0	464.9
% change	0.2	0.2	0.2	0.2	0.2
Net Migration	1,128	1,001	1,000	950	900

Source: Statistics Canada, CREA, Central 1 Credit Union forecasts.

Summary of Ontario

Slow growth will continue in most Ontario economic regions (as defined by Statistics Canada) into 2014, with some improvement expected in 2015. External and domestic economic conditions will not be conducive to a significant growth upturn in the near term.

The disparate economic performance among Ontario's major regions shows few signs of abating in the next two years.

Toronto, in particular, and the Kitchener-Waterloo-Barrie region will continue to set the pace and lead other regions in overall economic growth. These regions have an industry mix more oriented to growth industries and less dependent on industries facing more difficult market conditions, such as the auto manufacturing or natural resource-based regions.

The external economic backdrop in which these regions operate is not particularly robust and until this improves most regions will continue to grow at a subpar pace, or possibly remain stalled. An upshift in U.S. economic growth is critical but that will not be of sufficient magnitude until after 2015. Another important and helpful factor will be a lower Canadian dollar, which is likely through 2015.

Low interest rates will facilitate growth in the domestic economy and in investment spending, but the lack of growth in most regions' exports constrains these areas. As a consequence, growth in consumer spending, housing sales, housing construction, and business investment will be minimal until the economic spark occurs. Restricted spending by the provincial and federal governments and tighter federal mortgage insurance criteria will slow down each region's economy.

Growth and performance variations exist within regions due to economic base differences between the region's metropolitan area and the rest of the region. A couple of examples are the Kingston metropolitan area in the Kingston-Pembroke region and Thunder Bay in the Northwest region. In both cases, the metropolitan area's economy is more diversified into service industries and less dependent on sluggish or declining export-oriented industries. In general, rural economies underperform their urbanized counterparts.

Learn more about Ontario's 2014 economic outlook at www.occ.ca/advocacy/economic-outlook-2014

EMPLOYMENT (000s)

Ontario Summary

ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	709.2	715.0	705.0	711.0	720.0
Kingston-Pembroke	217.4	213.0	216.0	213.0	213.0
Kitchener-Waterloo-Barrie	689.9	687.0	703.5	715.0	725.0
London	324.8	328.0	327.5	329.8	333.1
Muskoka-Kawarthas	176.9	172.7	169.5	172.5	175.8
Northeast	262.2	255.8	253.8	254.8	257.3
Northwest	98.7	101.3	102.0	103.1	104.1
Ottawa	681.5	697.6	687.0	694.0	699.0
Stratford-Bruce Peninsula	157.7	152.6	150.3	151.1	152.1
Toronto	3,118.3	3,164.3	3,287.7	3,347.4	3,417.7
Windsor-Sarnia	294.8	296.4	292.9	293.8	296.8
Ontario	6,731.3	6,783.7	6,887.4	6,986.6	7,099.9

Source: Statistics Canada, Central 1 Credit Union forecasts.



EMPLOYMENT, GROWTH RATE (%)

Ontario Summary

ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	2.3	0.8	-1.4	0.9	1.3
Kingston-Pembroke	6.9	-2.0	1.4	-1.4	0.0
Kitchener-Waterloo-Barrie	4.1	-0.4	2.4	1.6	1.4
London	0.0	1.0	-0.2	0.7	1.0
Muskoka-Kawarthas	1.9	-2.4	-1.9	1.8	1.9
Northeast	2.8	-2.4	-0.8	0.4	1.0
Northwest	-1.4	2.6	0.7	1.1	0.9
Ottawa	0.4	2.4	-1.5	1.0	0.7
Stratford-Bruce Peninsula	5.6	-3.2	-1.5	0.5	0.7
Toronto	1.4	1.5	3.9	1.8	2.1
Windsor-Sarnia	0.3	0.5	-1.2	0.3	1.0
Ontario	1.8	0.8	1.5	1.4	1.6

Source: Statistics Canada, Central 1 Credit Union forecasts.

LABOUR FORCE (000s)

Ontario Summary

ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	763.8	770.2	759.0	765.0	771.0
Kingston-Pembroke	234.5	229.8	230.0	229.0	228.0
Kitchener-Waterloo-Barrie	743.3	735.3	755.9	767.0	776.0
London	355.3	356.2	356.3	358.2	360.3
Muskoka-Kawarthas	193.5	186.7	184.8	187.0	190.0
Northeast	284.3	276.0	273.0	273.5	275.4
Northwest	106.6	108.6	109.1	110.1	110.9
Ottawa	727.2	745.5	735.0	742.0	746.0
Stratford-Bruce Peninsula	166.6	159.8	159.6	160.4	161.4
Toronto	3,403.1	3,463.2	3,570.6	3,620.6	3,670.9
Windsor-Sarnia	323.7	325.8	321.2	322.3	324.9
Ontario	7,301.7	7,357.2	7,455.2	7,531.7	7,616.1

Source: Statistics Canada, Central 1 Credit Union forecasts.

UNEMPLOYMENT RATE (%)

Ontario Summary

ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	7.1	7.2	7.1	7.1	6.6
Kingston-Pembroke	7.3	7.3	6.6	7.0	6.6
Kitchener-Waterloo-Barrie	7.2	6.6	6.9	6.8	6.6
London	8.6	7.9	8.1	7.9	7.6
Muskoka-Kawarthas	8.6	7.5	8.3	7.8	7.5
Northeast	7.8	7.3	7.0	6.9	6.6
Northwest	7.4	6.7	6.5	6.3	6.2
Ottawa	6.3	6.4	6.5	6.5	6.3
Stratford-Bruce Peninsula	5.3	4.5	5.8	5.8	5.8
Toronto	8.4	8.6	7.9	7.5	7.5
Windsor-Sarnia	8.9	9.0	8.8	8.8	8.7
Ontario	7.8	7.8	7.6	7.2	6.8

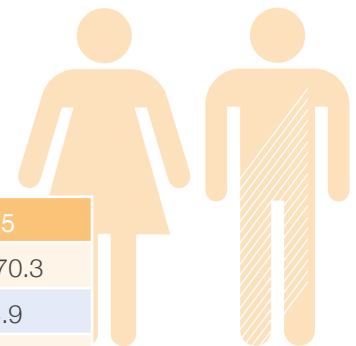
Source: Statistics Canada, Central 1 Credit Union forecasts.

POPULATION (000s)

Ontario Summary

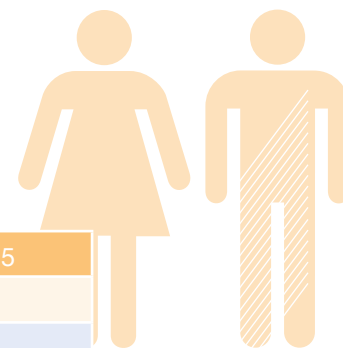
ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	1,430.4	1,439.8	1,449.9	1,460.1	1,470.3
Kingston-Pembroke	461.2	462.0	463.0	464.0	464.9
Kitchener-Waterloo-Barrie	1,272.0	1,286.5	1,299.3	1,313.6	1,326.8
London	659.1	663.6	667.0	670.7	675.2
Muskoka-Kawarthas	379.3	380.0	380.4	381.2	381.9
Northeast	564.3	562.2	560.2	558.3	556.9
Northwest	241.1	241.0	241.2	241.6	241.9
Ottawa	1,277.8	1,290.2	1,301.8	1,313.5	1,326.6
Stratford-Bruce Peninsula	301.8	301.6	301.5	301.4	301.4
Toronto	6,135.2	6,235.5	6,329.8	6,423.6	6,521.1
Windsor-Sarnia	644.0	643.5	643.4	642.3	642.4
Ontario	13,366.3	13,505.9	13,627.6	13,754.5	13,883.4

Source: Statistics Canada, Central 1 Credit Union forecasts. Note: As of July 1.



POPULATION, GROWTH RATE (%)

Ontario Summary



ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	0.7	0.7	0.7	0.7	0.7
Kingston-Pembroke	0.2	0.2	0.2	0.2	0.2
Kitchener-Waterloo-Barrie	1.2	1.1	1.0	1.1	1.0
London	0.7	0.7	0.5	0.6	0.7
Muskoka-Kawarthas	0.2	0.2	0.1	0.2	0.2
Northeast	-0.3	-0.4	-0.4	-0.3	-0.3
Northwest	0.1	0.0	0.1	0.1	0.2
Ottawa	1.0	1.0	0.9	0.9	1.0
Stratford-Bruce Peninsula	0.0	-0.1	0.0	0.0	0.0
Toronto	1.7	1.6	1.5	1.5	1.5
Windsor-Sarnia	-0.1	-0.1	0.0	-0.2	0.0
Ontario	1.1	1.0	0.9	0.9	0.9

Source: Statistics Canada, Central 1 Credit Union forecasts. Note: As of July 1.

NET MIGRATION

Ontario Summary

ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	7,965	7,839	8,000	8,200	8,200
Kingston-Pembroke	1,128	1,001	1,000	950	900
Kitchener-Waterloo-Barrie	10,338	10,021	9,000	9,700	9,500
London	3,040	2,966	2,300	2,490	2,840
Muskoka-Kawarthas	1,945	1,846	1,500	1,500	1,600
Northeast	-1,337	-1,587	-1,430	-1,200	-700
Northwest	-346	-502	-340	-190	-140
Ottawa	8,605	8,454	8,000	8,300	8,700
Stratford-Bruce Peninsula	-125	-208	-100	-50	-30
Toronto	65,486	65,553	59,000	59,000	63,400
Windsor-Sarnia	-1,320	-1,375	-1,680	-1,980	-1,200
Ontario	95,379	94,008	85,250	86,720	93,070

Source: Statistics Canada, Central 1 Credit Union forecasts. Note: As of July 1.

HOUSING SALES RATE (UNITS)

Ontario Summary

ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	21,701	20,572	21,000	20,500	20,600
Kingston-Pembroke	7,461	7,685	7,200	7,000	6,900
Kitchener-Waterloo-Barrie	19,733	19,977	20,700	20,500	20,800
London	9,902	9,787	9,700	9,800	10,000
Muskoka-Kawarthas	8,179	8,439	8,600	8,500	8,700
Northeast	6,631	6,515	6,120	6,270	6,540
Northwest	2,076	2,056	2,080	2,100	2,150
Ottawa	17,153	17,184	16,500	16,300	16,700
Stratford-Bruce Peninsula	3,628	3,806	3,690	3,740	3,820
Toronto	97,559	93,765	95,200	96,600	102,100
Windsor-Sarnia	7,738	7,834	8,070	8,210	8,530
Ontario	201,761	197,620	198,860	199,520	206,840

Source: CREA, Central 1 Credit Union forecasts. Note: MLS residential.

HOUSING PRICES (AVERAGE PRICE \$)

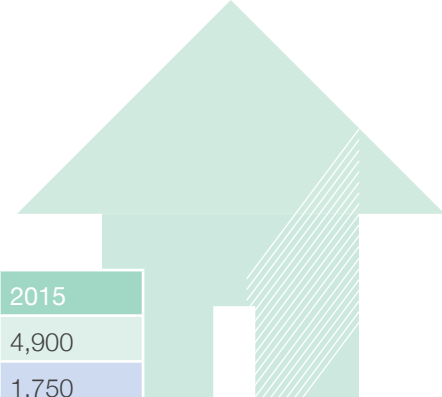
Ontario Summary

ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	295,254	314,450	331,500	338,000	343,000
Kingston-Pembroke	234,511	240,440	247,000	249,000	250,000
Kitchener-Waterloo-Barrie	289,863	301,329	316,000	320,000	322,000
London	230,253	237,516	244,600	251,000	256,900
Muskoka-Kawarthas	286,782	292,001	299,000	302,000	308,000
Northeast	200,457	209,857	214,500	223,500	232,350
Northwest	164,393	182,447	193,400	199,100	204,500
Ottawa	319,950	327,656	336,000	339,000	341,000
Stratford-Bruce Peninsula	217,614	219,790	226,380	236,660	244,750
Toronto	470,550	504,377	530,100	554,500	577,700
Windsor-Sarnia	166,639	172,177	177,300	180,500	183,400
Ontario	365,018	384,455	403,378	418,683	434,507

Source: CREA, Central 1 Credit Union forecasts. Note: MLS residential.

RESIDENTIAL BUILDING PERMITS (UNITS)

Ontario Summary



ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	5,279	5,416	4,500	4,700	4,900
Kingston-Pembroke	2,066	1,928	1,975	1,800	1,750
Kitchener-Waterloo-Barrie	7,829	6,325	7,000	7,200	7,400
London	2,243	3,121	2,910	2,940	3,100
Muskoka-Kawarthas	1,608	1,737	1,780	1,750	1,800
Northeast	1,604	1,484	1,490	1,550	1,700
Northwest	596	429	520	510	490
Ottawa	7,998	8,211	6,800	7,200	7,800
Stratford-Bruce Peninsula	1,148	1,079	1,100	1,110	1,120
Toronto	33,815	38,841	37,500	37,900	39,500
Windsor-Sarnia	1,188	1,313	1,540	1,420	1,600
ONTARIO	65,374	69,884	67,115	68,080	71,160

Source: CREA, Central 1 Credit Union forecasts. Note: MLS residential.

PRIVATE NON-RESIDENTIAL BUILDING PERMITS (\$ MILLION)

Ontario Summary

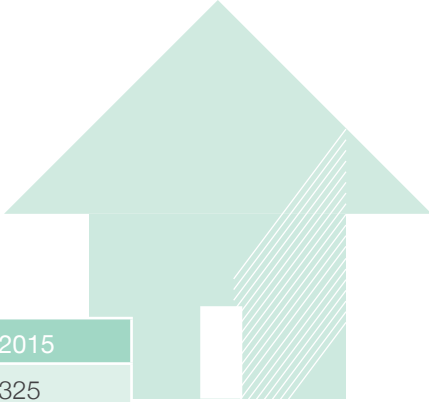
ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	480	918	910	650	675
Kingston-Pembroke	159	173	180	165	150
Kitchener-Waterloo-Barrie	905	669	700	750	775
London	378	341	380	400	440
Muskoka-Kawarthas	114	118	80	90	100
Northeast	264	266	350	330	350
Northwest	110	131	120	140	140
Ottawa	797	1,031	911	900	1,000
Stratford-Bruce Peninsula	193	241	220	260	270
Toronto	3,536	4,324	4,500	4,700	4,900
Windsor-Sarnia	348	353	240	260	270
ONTARIO	6,487	7,535	7,680	7,745	8,070

Source: CREA, Central 1 Credit Union forecasts. Note: MLS residential.

PUBLIC NON-RESIDENTIAL BUILDING PERMITS

(\$ MILLION)

Ontario Summary



ECONOMIC REGION	2011	2012	2013	2014	2015
Hamilton-Niagara Peninsula	263	573	317	300	325
Kingston-Pembroke	176	126	75	65	85
Kitchener-Waterloo-Barrie	497	318	250	450	500
London	687	133	105	90	90
Muskoka-Kawarthas	24	52	41	30	32
Northeast	165	92	100	100	100
Northwest	31	117	100	80	90
Ottawa	234	253	226	300	325
Stratford-Bruce Peninsula	34	20	40	20	20
Toronto	2,446	1,671	1,370	1,470	1,500
Windsor-Sarnia	63	245	130	120	160
ONTARIO	4,621	3,600	2,754	3,025	3,227

Source: CREA, Central 1 Credit Union forecasts. Note: MLS residential.

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