The Construction Industry Driving Economic Recovery

Independent Real Estate Intelligence

March 22, 2022

AltusGroup

BILD

The Construction Industry Driving Economic Recovery

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EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by BILD to undertake an analysis of the size and scale of construction sector ('the sector') and its importance to the economy of Ontario and the Greater Toronto Area (GTA).

The construction sector (the 'sector') studied in this report includes new residential construction, non-residential construction, commercial construction and repair construction activities. The economic impacts of the sector are estimated using metrics including construction investment, housing starts, real Gross Domestic Product (GDP), employment, labour income, government tax revenues and municipal fees and charges.

Summary

The construction industry is a major contributor to economic growth in Ontario and the GTA. The sector is estimated to have contributed over **$60 billion** to overall economic activity in the GTA alone in 2021, through direct spending and the knock-on benefits to the rest of the economy including the impact of the additional consumer spending that came from those employed by the sector. This economic activity helped support over **235,000 person-years of employment** in the region in the same year and **$17 billion in wages, salaries and employee benefits**.

Direct Construction Investment

Over the 2010-2021 period, total residential and non-residential construction investment in Ontario trended upwards from $53 billion to $62 billion. Roughly half of the construction activity in Ontario occurred in the GTA during this period. Construction spending accounted for almost 8% of GDP in both Ontario and the GTA in 2021. **Construction investment in the GTA accounts for approximately 1.4% of all GDP Canada-wide.**

Total construction spending was a pillar of strength for the economy over the last five years and through the pandemic, growing by an average of 3.1% per year between 2016 and 2021 in Ontario, almost double the overall growth rate in GDP. The construction industry was the 4th largest sector in Ontario, and the 7th fastest growing sector (out of 24) during this time.

The residential construction sector accounted for three quarters of this investment activity over this time, with roughly equal amounts of investment occurring in residential renovation and new homebuilding. Housing starts hit a record high level in 2021, largely driven by apartment construction.

Job Creation by the Construction Sector

The construction sector employs 534,000 people across Ontario, including 235,000 people who live in the GTA are employed by the construction industry.

The hourly wage rates in the GTA construction industry are the highest among compared to those in other CMAs across Canada. The average hourly wage for the construction sector in the GTA has gone up by 10% in the last five years.

The number of people employed by the construction sector and living in the GTA fell between 2016 and 2021, while the number of construction workers living in other parts of Ontario, particularly outside of the Greater Golden Horseshoe has risen.

The decline in available resident construction labour supply in the GTA has contributed to labour shortage issues in the sector. While the number of construction workers in the GTA have fallen, housing starts have increased, but not at the same rate as they have in other parts of Ontario where the number of construction workers has increased more significantly. The construction sector in Ontario has seen a significant increase in job vacancies in the past year, with a higher-than-average job vacancy rate when compared to other economic sectors.

Overall Economic Impact of the Construction Sector

Statistics Canada’s input-output models were used to estimate the impact construction investment had on the overall economy in the GTA in 2021. The economic benefits from the sector include the direct spending made by the sector; the economic benefits to its suppliers; and the knock-on benefits to the rest of the economy that comes from the consumer spending by those employed by the industry.

The table below summarizes the current contributions of the construction sector to the economy of the Greater Toronto Area, based on 2021 activity. The estimates in the table below include the value of the entire construction sector, including residential construction, non-residential construction, repair construction and engineering construction.

Figure 1

Metric	Greater Toronto Area
Construction Sector GDP	$29.6 billion
Employment in Construction Sector	235,000 person-years
Economic Activity	$60.8 billion
Labour Earnings	$16.9 billion

Every new homebuilt in the region supports 2.5 person-years of employment, approximately $130,000 dollars in wages, salaries and employee benefits, and contributes $330,000 dollars to GDP.

Annual residential and non-residential construction activity generates significant tax revenue for all levels of government, as summarized in the table below:

Figure 2

Level of Government	Revenues – Construction Activity in Greater Toronto Area
Federal Tax Revenue (estimated based on 2021 activity)	• $2.13 billion in federal income tax • $833 million in CPP premiums • $220 million in EI premiums
Provincial Tax Revenue (estimated based on 2021 activity)	• $793 million in provincial income tax • $165 million in employee health tax;
Municipal Fees and Charges (based on actual revenues over 2016-2019 period)	• $1.9 billion per year in development charges • $216 million per year in parkland cash-in-lieu revenues;

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1 INTRODUCTION

1.1 BACKGROUND

Altus Group Economic Consulting was retained by BILD to undertake an analysis of the significance of the construction sector to Ontario's economy as well as the local economies of its major municipalities.

The construction sector (the 'sector') studied in this report includes new residential construction, non-residential construction, commercial construction, repair construction activities, land development and other supporting industries (consultants, material suppliers, insurance, legal etc.). The report will study the overall economic impact of the 'sector' on the national, provincial and local economies.

1.2 OVERVIEW

The study will be based on quantifying the economic impacts from the sector by using metrics including housing starts, construction investment, gross domestic product (GDP), employment, wages, tax revenues and municipal fees and charges for the Province of Ontario, as well as the major municipalities or regional areas within the Greater Toronto Area (GTA).

1.3 APPROACH

1.3.1 Methodology

This section provides details around the data sources and calculations used in this study. The data presented in this report were obtained from the following sources:

- **Statistics Canada:** Data on provincial Gross Domestic Product (GDP) by sector, GDP growth rates by sector, contribution of provincial construction sector GDP to national GDP, investment by the sector and employment data are sourced from Canada's national statistical agency.
- **Ontario's Economic Accounts:** The Ministry of Finance provides quarterly GDP which fed into our estimate of Ontario GDP in 2021.

- **Canada Mortgage and Housing Corporation (CMHC):** Data for housing starts were collected from the CMHC Housing Market Information Portal.
- **Other Sources:** Taxation and other revenue data was collected from the Canada Revenue Agency (CRA), Ministry of Municipal Affairs and Housing's annual Municipal Financial Information Return data, other government agencies and third-party data sources.

The report analyzes the economic contribution of the sector to the provincial and local economies and quantifies the impact using several economic parameters, including:

- **Gross Domestic Product (GDP):** The report studies the estimated annual contribution of the sector to provincial real and nominal GDP, the growth rate of GDP by sector, contribution of the provincial sector GDP to the national GDP, a comparison of the size of the sector with other industries and an analysis of the change in the size and scale of the sector over time.
- **Construction Investment:** The report studies the estimated annual contribution of the sector to the provincial economy by analyzing the total value of residential and non-residential investment spending, the growth rate of investment spending by the sector, a comparison of the size of investment made by the sector in Ontario and the GTA over time and relative to other provinces and census metropolitan areas (CMAs) in Canada. This data tracks all the dollars invested in construction activity, including hard and soft costs. This is a key input into the calculation of GDP.
- **Employment:** The number of jobs generated by the sector, a comparison of employment opportunities in the sector with other sectors and an analysis of the change in the employment landscape in the sector over time is provided to determine the economic impact of the sector.
- **Labour Income:** Analysis and comparison of labour income and hourly wage rates by various trades and professions within the construction industry in some Ontario CMAs, relative to other CMAs in Quebec, British Columbia and Alberta.

- **Government Tax Revenues:** Tax revenues generated by the sector at the federal (GST, carbon taxes, income taxes), provincial (payroll taxes, corporate taxes, income taxes) and municipal (property taxes, levies, utility revenue) levels.
- **Municipal Charges on New Housing:** An estimate of municipal charges on new housing developments generated for municipalities, including development charges, parkland cash-in-lieu, etc.

1.3.2 Municipalities Studied

The study will be based on quantifying economic impacts across Ontario, as well as the major municipalities or regions within the Greater Toronto Area (GTA). Depending on the data availability for each metric to be studied, our analysis will be broken down (where possible) by region, metropolitan area, or lower-tier municipality

1.3.3 Context Behind Economic Analysis

The report presents an economic analysis on the residential and non-residential construction sector in Ontario. These measures are estimated using the Input-Output Model of the Canadian Economy, which is maintained by Statistics Canada.

The economic impact of the sector on Ontario's economy will be influenced by:

- The **direct** impact of the sector on GDP, wages and salaries, employment and gross output produced in the economy;
- The **indirect** impact of the sector on GDP, wages and salaries, employment and gross output, from the demand for materials and services generated by the direct round of activities; and
- In addition to the direct and indirect economic production impacts, many economists point to a third round of "**induced**" economic impacts from an economic event. This third round of impacts acknowledges that the increased production in the direct and indirect rounds will itself spur further positive knock-on economic benefits through the labour income it creates that ultimately stimulates further economic activity through personal consumption. For example, people directly employed (such as construction workers)

will spend part of their income on consumption items such as food, rent or recreation, thus further supporting the economy.

1.4 CAVEAT

Data for Gross Domestic Product (GDP) by sector at the municipal or Census Metropolitan Area (CMA) level was not available by Statistics Canada. Therefore, GDP data by sector for the GTA municipalities studied in this report was approximated by data for the Toronto CMA, produced by the City of Toronto for the years 1998-2018. Data for employment generated from the sector was collected from the Statistics Canada Labour Force Survey.

This analysis was prepared on the basis of the information and assumptions set forth in the text. However, it is not possible to fully document all factors or account for all the changes that may occur in the future.

As of the release date for this report, Canada and the global community are experiencing unprecedented measures undertaken by various levels of government to curtail the health-related impacts of the COVID-19 pandemic. The duration of this event is not known.

This report relies on information from a variety of secondary sources. While every effort is made to ensure the accuracy of the data, we cannot guarantee the complete accuracy of the information used in this report from these secondary sources.

This report has been prepared solely for the purposes outlines herein and is not to be relied upon or used for any other purposes or by any other party without the prior written authorization of Altus Group Limited.

2 SIZE OF CONSTRUCTION SECTOR IN ONTARIO

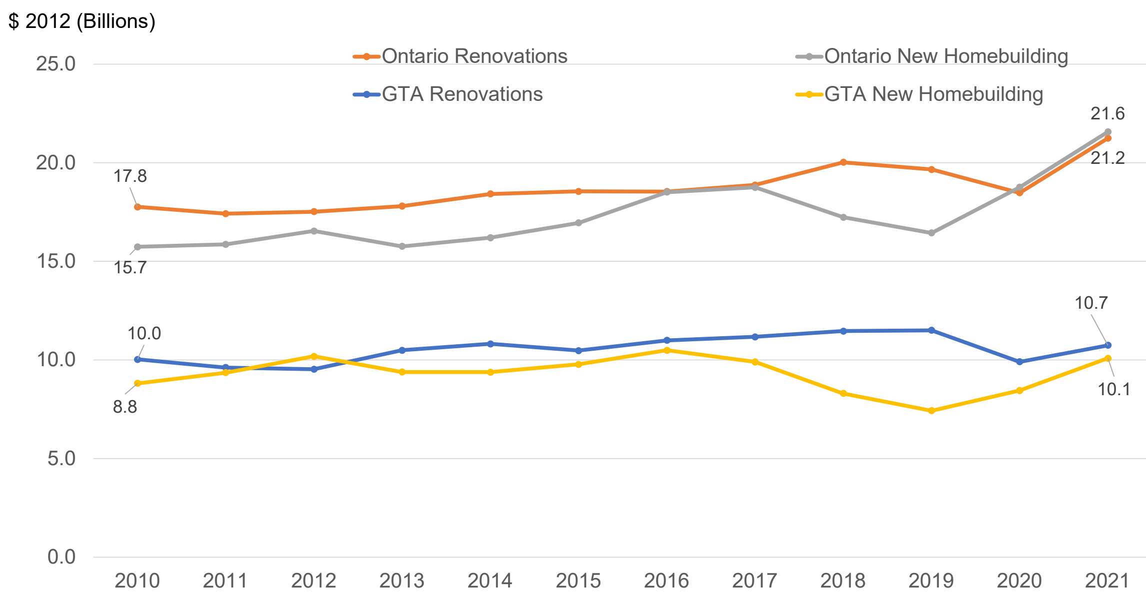
This section provides an overview of investment dollars produced by the sector in Ontario and the GTA, in relation to other regions in Canada.

Real construction investment represents the total dollars spent on an annual basis on the renovation, conversion and new construction of residential and non-residential properties by all sectors of the economy (households, the business sector and governments). Both hard and fixed construction costs are included in investment. Total dollars invested is indexed to 2012 dollars to strip away the impact of higher costs of inputs on spending by the sector.

2.1 RESIDENTIAL CONSTRUCTION INVESTMENT IN ONTARIO AND THE GTA

Figure 3 shows the total dollars spent in Ontario and the GTA on residential construction broken down by renovations (including conversions) and new homebuilding from 2010 to 2021.

Figure 3 **Residential Construction Investment by Type of Work, Ontario and GTA, 2010-2021**



Source: Altus Economic Consulting, based on Statistics Canada, Table 34-10-0175-01

Investment in renovation and new homebuilding has been on an upward trend since 2010. Total annual real investment in residential construction reached $42.8 billion in 2021 in Ontario, up 28% from $33.5 billion in 2010.

While investment was roughly equally split between renovations and new home construction in 2021, renovations have contributed slightly more to economic activity in the five-year period between 2016 and 2021.

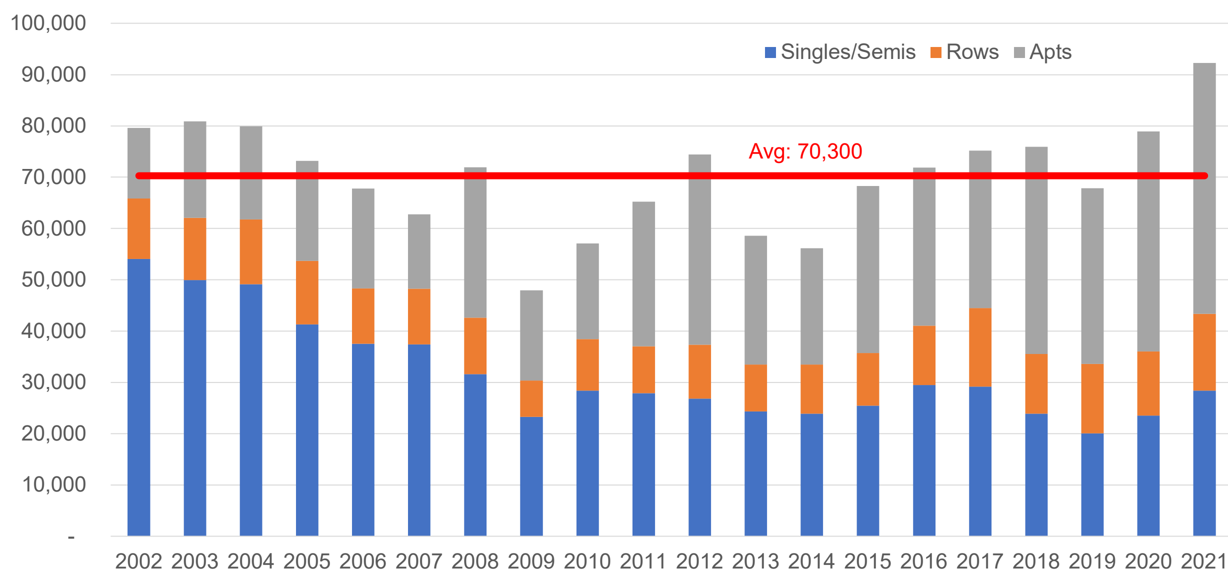
Residential investment totalled $20.8 billion in the GTA in 2021, up only 11% from $18.8 billion in 2020. As the increase in activity in the GTA (+11%) has not kept pace with the increase seen Ontario-wide (+28%), the GTA's share of residential investment has fallen from 56.2% in 2010 to 48.6% in 2021.

The $20.8 billion of activity in 2021 includes $10.7 billion in renovations and $10.1 billion in new homebuilding.

Figure 4 shows housing starts by dwelling type in Ontario between 2002 and 2021. This figure shows that the increase in new home construction in recent years has been driven by apartment construction. Over the 20-year period, the average number of housing starts was 70,300 – this average has been exceeded in five of the past six years, with over 50% of units built being apartments.

Figure 4

Housing Starts, Ontario, 2002-2021



Source: Altus Economic Consulting, based on CMHC Housing Start Data 2002-2021

Figure 5 illustrates housing starts by major municipality in the GTA.[1] Trends in housing starts by municipality are a good indication of how spending by the sector has been spread across the GTA.

Figure 5 **Average Annual Housing Starts, Ontario Municipalities, 2002-2021**

Time Period	Toronto	Peel	Halton	York	Durham	Simcoe	Total
			Total Units				
Last 20 Years (2002-2021)	16,410	7,258	4,247	8,620	3,849	2,828	43,213
Last 5 Years (2017-2021)	19,138	5,675	4,042	7,071	4,257	3,153	43,335
			Apartments				
Last 20 Years (2002-2021)	14,330	1,892	958	2,555	560	438	20,733
Last 5 Years (2017-2021)	17,630	2,861	1,604	3,693	1,285	780	27,853
			Apartments Share of Total Starts				
Last 20 Years (2002-2021)	87	26	23	30	15	15	48
Last 5 Years (2017-2021)	92	50	40	52	30	25	64

Source: Altus Group Economic Consulting, based on CMHC Starts Data

There has been some uneven growth by municipality:

- Housing starts have been above their long-run average in the City of Toronto, Simcoe County, and Durham Region in the last five years;
  - There were almost 18,000 new housing starts in the City of Toronto per year between 2017 to 2021, up from an average of 16,400 housing starts per year over the 20-year period;
  - There were almost 4,200 new housing starts in Durham Region, higher than the 20-year long-term average of 3,850 units;
  - Simcoe County has seen an average of 3,150 new housing starts over the past five years, up from 2,830 per year over the entire 20-year period;
- The weakness in homebuilding in the GTA compared to the rest of Ontario has been largely driven by York Region, Peel Region and Halton Region, where in each case average annual housing starts

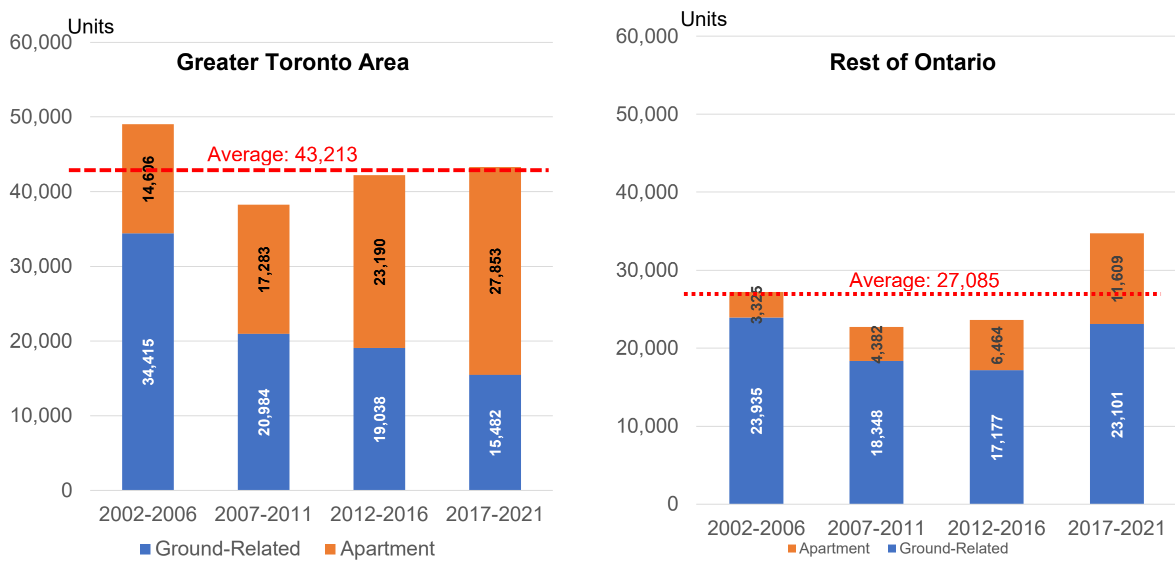
[1] City of Toronto, York Region, Halton Region, Peel Region, Durham Region and Simcoe County (including Orillia and Barrie).

over the past five years have been trending below their long-run average.

Over the last 15 years, the number of annual housing starts in the GTA has averaged approximately 41,000 units per year, with the average over the past five years being 43,300 units per year. The mix of housing being newly built in the GTA has significantly shifted towards apartment units. In the 2002-2006 period, nearly 70% of housing starts in the GTA were ground-related housing units (single-detached, semi-detached, townhouse). Over the most recent five-year period (2017-2021), ground-related housing units made up just 36% of housing starts in the GTA.

Figure 6

Average Annual Housing Starts, Greater Toronto Area and Rest of Ontario, 2002-2021



Source: Altus Economic Consulting, based on CMHC data

By comparison, while housing starts in the GTA have held steady near long-term averages, the amount of housing being constructed outside of the GTA has increased. An average of 34,700 housing units were started between 2017 and 2021, up from a range of 22,700 to 27,300 in the three previous five-year periods. The housing mix in the Rest of Ontario has shifted towards apartments as well, but ground-related housing starts still comprise nearly 67% of all housing starts outside of the GTA.

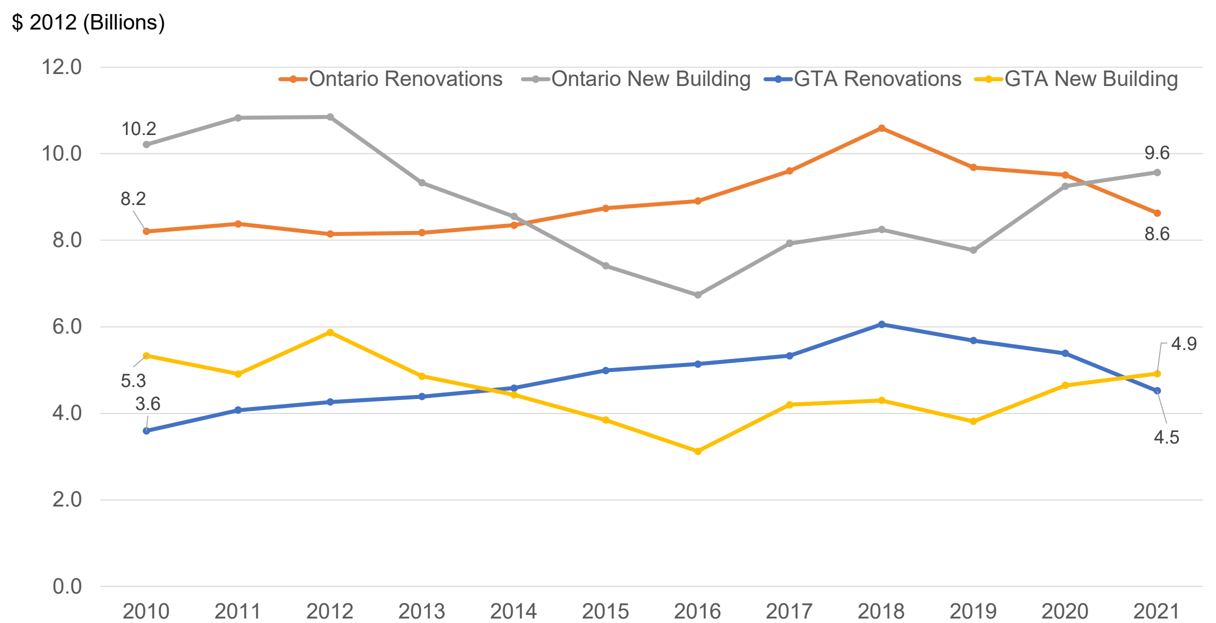
The 34,700 average annual housing starts in the Rest of Ontario is roughly 80% of the number of starts in the GTA, after ranging only from 55-59% over the previous three five-year periods.

As will be seen later in this report, the stagnant amount of housing starts in the GTA and the significant increase in housing starts outside the GTA correlates to the change in available resident construction sector labour supply in each of these regions.

2.2 NON-RESIDENTIAL SPENDING IN ONTARIO AND THE GTA

Total annual spending on non-residential construction broken out by renovations and new building for Ontario and the GTA is shown in Figure 7.

Figure 7 **Non-Residential Construction Investment by Type of Work, Ontario and GTA, 2010-2021**



Source: Altus Economic Consulting, based on Statistics Canada, Table 34-10-0175-01

Real non-residential investment totalled $19 billion in 2021 in Ontario, almost equally split between renovations and new building. Total spending has been unchanged since 2010.

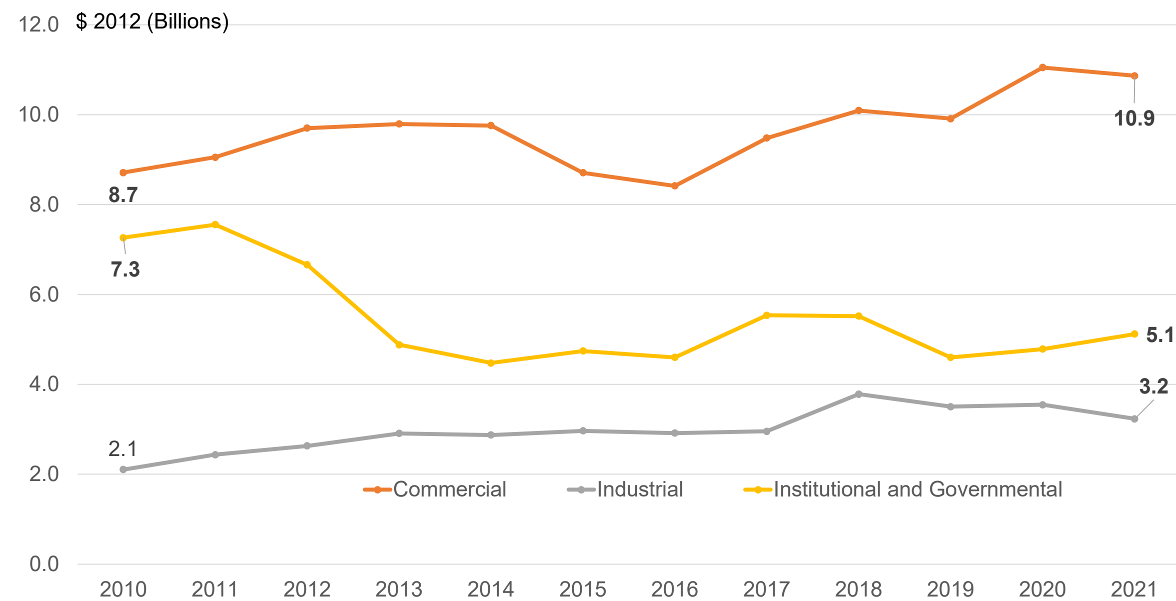
Total investment in non-residential building totalled $9.4 billion in the GTA, accounting for over half of all spending in Ontario. Investment in non-residential investment has been stable at this rate per year over the last 11 years.

2.2.1 Non-Residential Investment by Type of Structure

Figure 8 provides a breakdown of non-residential investment by type of structure in Ontario since 2010. The amount of commercial investment has increased from $8.7 billion in 2010 to $10.9 billion in 2021, an increase of approximately 25%. Institutional and governmental investment has fallen from $7.3 billion in 2010 to $5.1 billion in 2021 and has been below $6.0 billion each year since 2013. Industrial investment has steadily increased from $2.1 billion in 2010 to $3.2 billion in 2021.

Figure 8

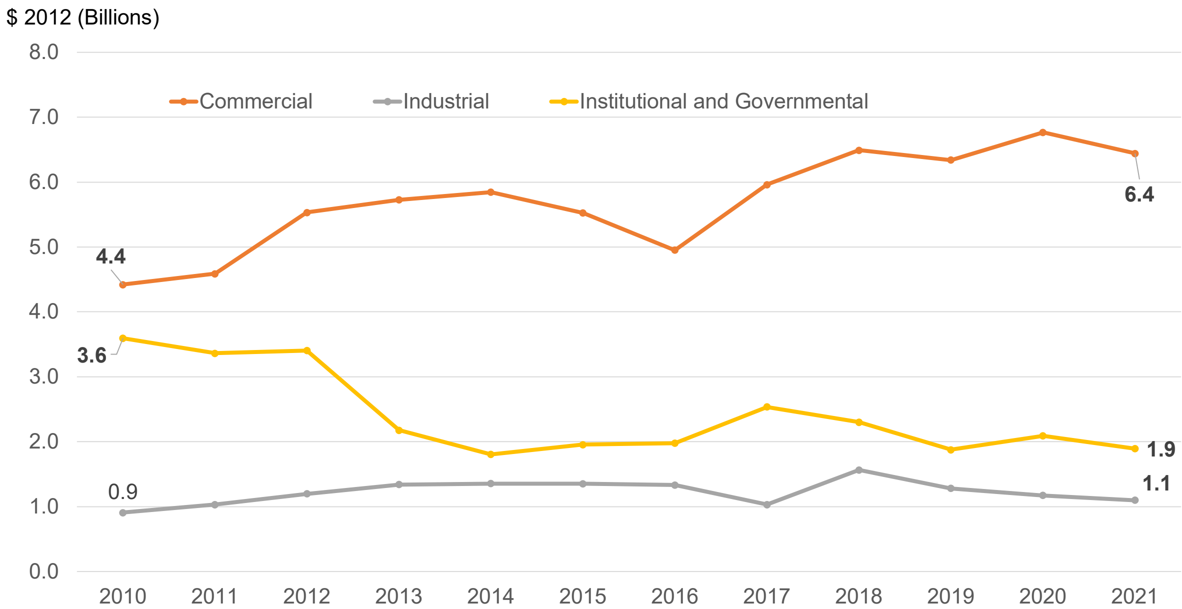
Non-Residential Construction Investment by Type of Work, Ontario, 2010-2021



Source: Altus Economic Consulting, based on Statistics Canada, Table 34-10-0175-01

Figure 9 provides a breakdown of non-residential investment by type of structure in GTA since 2010. The amount of commercial investment has increased from $4.4 billion in 2010 to $6.4 billion in 2021, an increase of approximately 45%. Institutional and governmental investment fell from $3.6 billion in 2010 to $1.9 billion in 2021. Industrial investment was stable between 2010 and 2021.

Figure 9 **Non-Residential Construction Investment by Type of Structure, GTA, 2010-2021**



Source: Altus Economic Consulting, based on Statistics Canada, Table 34-10-0175-01

2.3 COMPARISON OF CONSTRUCTION SPENDING BY PROVINCE

Figure 10 highlights real total construction (combined residential and non-residential) spending by province and some key census metropolitan areas (CMAs) in Canada. Combined, residential and non-residential construction real spending in Ontario totalled $61 billion in 2021, up from $52 billion in 2011, accounting for 40% of all construction spending in Canada (up from 36% in 2011).

Within Ontario, over the past five years (2016-2021), construction spending increased by an average of 3.0% per year. However, the bulk of this spending growth has occurred outside the Toronto CMA, where construction spending was almost unchanged (growth of just 0.1% per year), while spending in the Oshawa CMA and Rest of Greater Golden Horseshoe grew by 4.9% and 4.6%, respectively.

Figure 10 **Construction Spending By Province and Select CMAs, 2011-2021**

	2011		2021		Avg. Annual Change	
	Construction Spending	Share of National Spending	Construction Spending	Share of National Spending	2011-2016	2016-2021
	Dollars (billions)	*Percent*	*Dollars (billions)*	*Percent*	*Percent Change*	
Ontario	**52**	**35.9**	**61**	**40.2**	**0.1%**	**3.0%**
Toronto	27	18.3	29	18.9	1.3%	0.1%
Oshawa	1	0.8	2	1.0	0.8%	4.9%
Rest of GGH	8	5.8	10	6.9	**-0.2%**	**4.6%**
Newfoundland	**2**	**1.4**	**1**	**0.7**	**-7.5%**	**-6.1%**
Nova Scotia	**3**	**1.9**	**3**	**2.0**	**-2.0%**	**4.6%**
New Brunwsick	**2**	**1.5**	**2**	**1.5**	**-3.1%**	**3.6%**
Quebec	**28**	**19.2**	**34**	**22.6**	**-2.1%**	**6.3%**
Montréal	15	10.0	18	12.0	-1.5%	5.9%
Manitoba	**3**	**2.2**	**5**	**3.3**	**6.5%**	**2.2%**
Winnipeg	2	1.5	3	2.3	8.6%	0.9%
Sakatchewan	**4**	**3.0**	**3**	**2.0**	**-0.3%**	**-6.7%**
Alberta	21	14.1	17	11.5	**2.3%**	**-5.5%**
Edmonton	7	4.5	5	3.5	3.3%	-7.1%
Calgary	8	5.5	8	5.4	2.7%	-2.3%
British Columbia	**17**	**11.4**	**23**	**15.3**	**4.7%**	**2.0%**
Vancouver	10	7.1	12	8.2	5.0%	-1.3%

Source: Altus Economic Consulting, Based on Statistics Canada. Table: 34-10-0175-01

3 ECONOMIC OVERVIEW OF THE CONSTRUCTION SECTOR

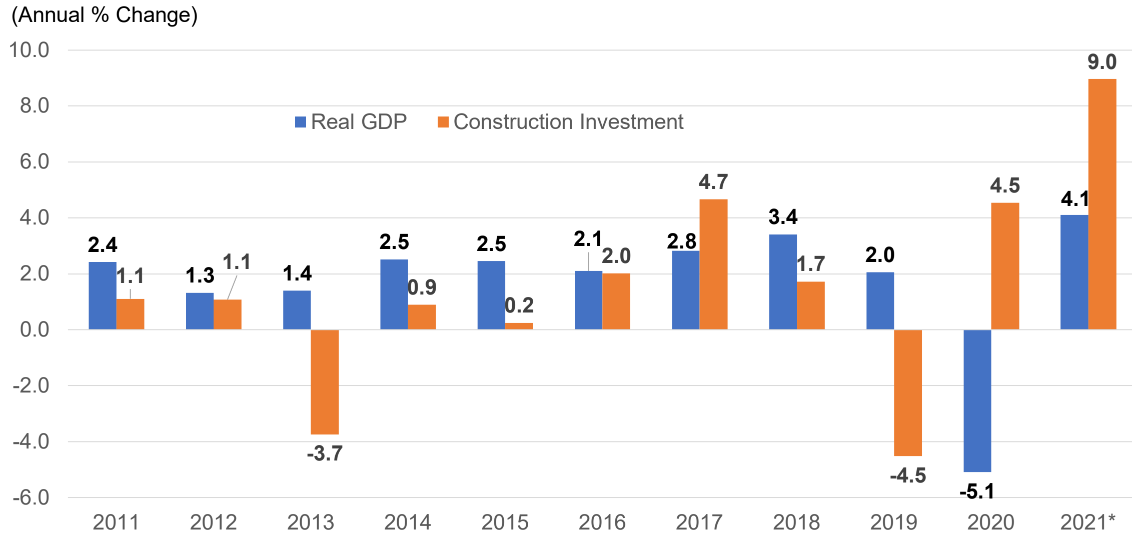
This section looks at the sector's performance relative to the rest of the economy in Ontario and the GTA.

3.1 GROSS DOMESTIC PRODUCT

3.1.1 Gross Domestic Product by Expenditure

Figure 11 looks at the performance of the sector relative to overall economic activity in Ontario by comparing growth rates in real GDP to real construction investment.

Figure 11 **Real GDP and Residential and Non-Residential Investment Growth, Ontario, 2011- 2021**



Source: Altus Economic Consulting, based on Statistics Canada. Table 34-10-0175-01; 36-10-0222-01
*Real GDP growth in Ontario is estimated using a tracking from the Ontario Economic Accounts Quarterly data.

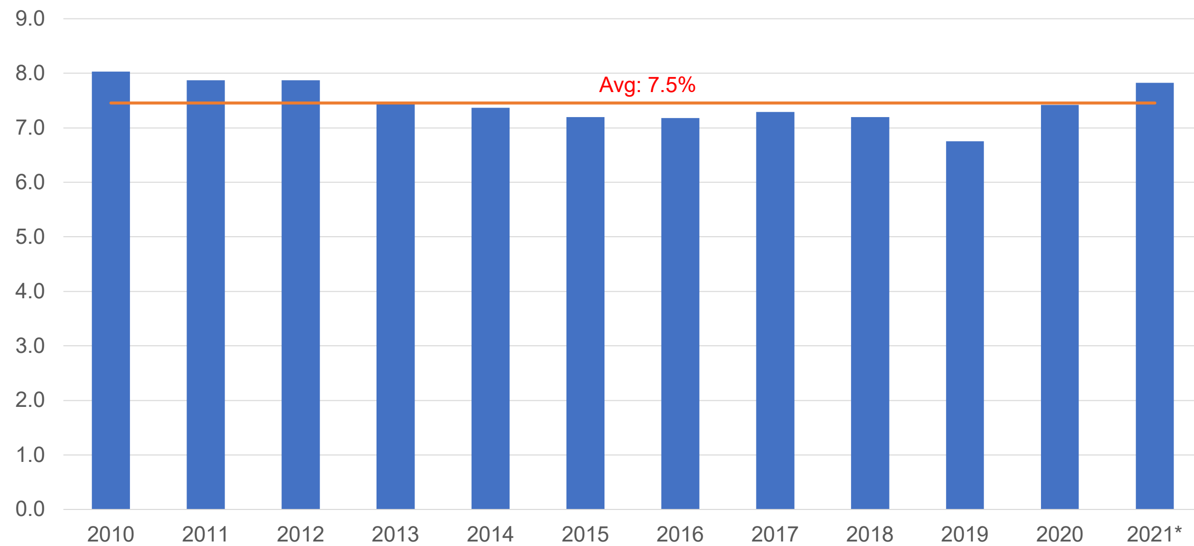
Spending by the sector increased faster than overall economic activity in each of the past two years, after an extended period of underperformance:

- While real GDP contracted by 5.1% in 2020, construction activity remained a pillar of strength for the economy growing by 4.5%;
- The Ontario Government estimates that real GDP grew by 4.1% in 2021. Construction investment was up 9.0%, leading Ontario's economic recovery; and

- The last two years puts the five-year growth rate in construction investment a 3.1% per year between 2017 and 2016, almost twice the pace of the overall economy.

Spending by the sector is expected to reach 7.8% of GDP in 2021, but overall the construction sector has consistently represented 7-8% of the overall Ontario economy. Total construction spending in the GTA total $30 billion in 2021, accounts for 1.4% of all GDP Canada-wide.

Figure 12 **Real Residential and Non-Residential Investment as a % of GDP, Ontario, 2010-2021**



Source: Altus Economic Consulting, based Statistics Canada. Table: 36-10-0222-01 and 34-10-0175-01
*Real GDP growth in Ontario is estimated using a tracking from the Ontario Economic Accounts Quarterly data.

3.1.2 Gross Domestic Product by Industry

This section breaks down the sector's performance relative to other industries in Ontario. While the discussion in the previous section of the report focused on total spending by the sector, the data in this section includes the following activities:

- Construct, repair or renovate residential buildings;
- Construct, repair or renovate business and commercial buildings;
- Construct repair or renovate industrial buildings;
- Perform engineering works; and
- Subdivide and develop land.

The data excludes services related to construction activity such as architecture, interior design and consulting fees.

Figure 13 **Gross Domestic Product by Industry, Ontario**

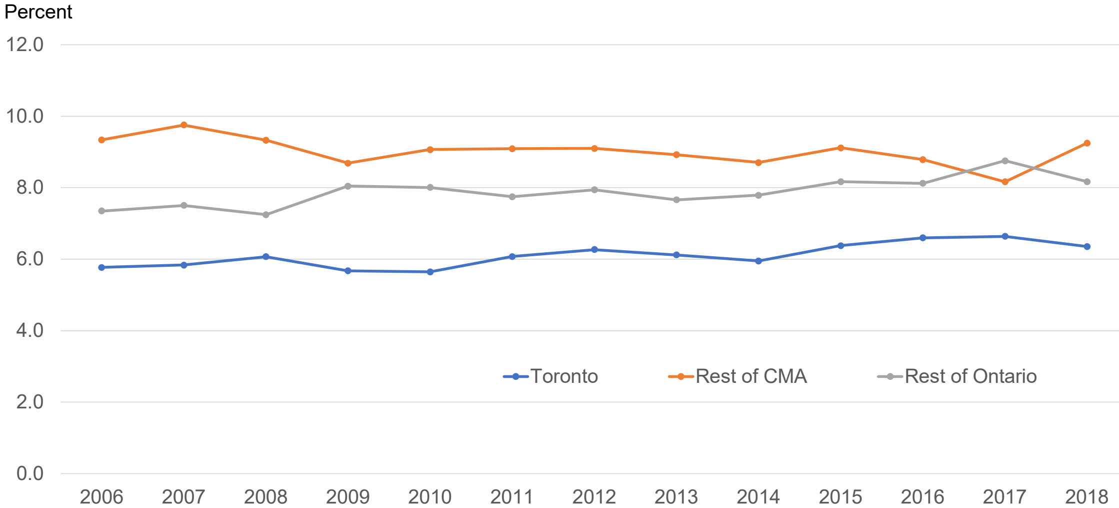
	Billions of $ 2012	*% of Total GDP*	*Average Annual % Change*	
	2020	2020	2015-2020	1997-2020
Real estate and rental and leasing	98.9	13.9	2.3	6.5
Manufacturing	78.4	11.0	-1.5	-0.6
Finance and insurance	77.4	10.9	4.6	9.0
Construction	**53.8**	**7.5**	**2.4**	**7.1**
Residential	22.2	3.1	3.6	8.6
Non-Residential	10.3	1.4	3.6	3.6
Engineering	9.7	1.4	-1.4	5.9
Professional, scientific and technical services	53.4	7.5	3.7	8.8
Public administration	52.3	7.3	1.7	5.2
Wholesale	48.0	6.7	1.7	8.1
Health	47.6	6.7	0.9	4.0
Education	40.0	5.6	0.0	4.1
Retail	35.2	4.9	1.9	6.5
Information and cultural industries	30.6	4.3	3.8	9.3
Transportation and w arehousing	22.2	3.1	-3.7	2.0
Administrative	20.9	2.9	-1.6	5.4
Utilities	13.3	1.9	0.4	0.2
Other services	11.8	1.7	-2.8	2.6
Repair	11.6	1.6	2.8	9.2
Accommodation and food services	9.9	1.4	-6.8	0.8
Agriculture	9.1	1.3	4.4	7.9
Mining	6.3	0.9	-3.4	-1.7
Arts, entertainment and recreation	3.4	0.5	-10.3	-4.0
Cannabis	3.0	0.4	21.2	20.0

Source: Altus Economic Consulting, Based on Statistics Canada. Table 36-10-0434-03

Figure 13 compares the sector's growth to other industries in Ontario. The construction sector is the 4th largest industrial sector in Ontario (out of 24), with $53.8 billion or 7.5% of total GDP. The construction sector was the 7th fastest growing industry between 2015 and 2020, largely driven by growth in the residential construction sub-sector.

Figure 14 shows the contribution of the construction industry, including services related to design/build for the City of Toronto, the rest of the Toronto CMA and the rest of Ontario, over the 2006-2018 period.

Figure 14 **Total Contributions from Design and Construction, by Percentage of Total GDP, 2006-2018**



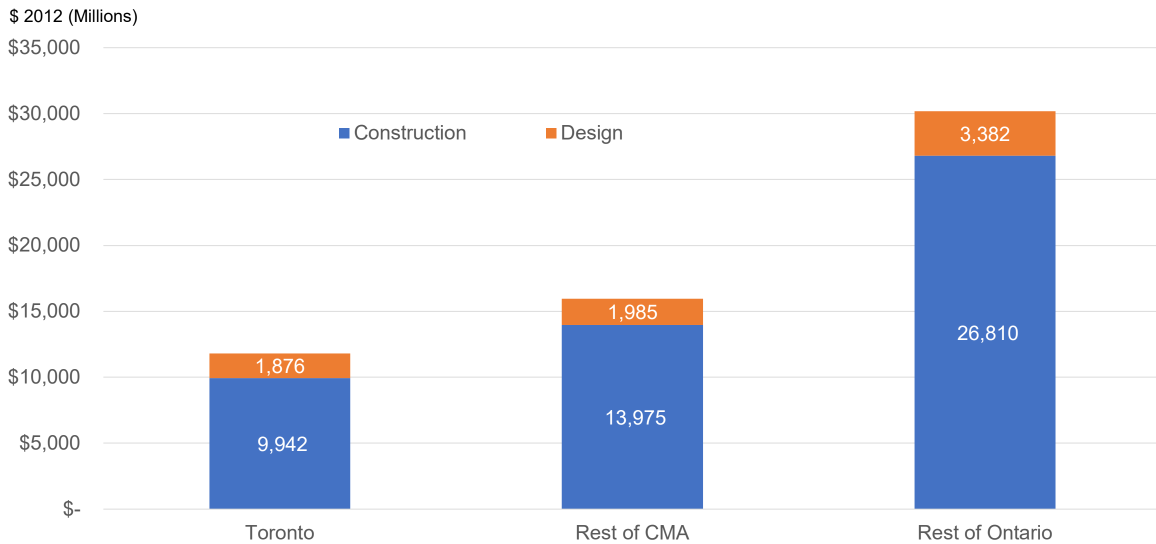
Note: Design includes related construction activity such as Architectural Services
Source: Altus Group Economic Consulting based on Statistics Canada and City of Toronto Data

The construction industry made up 7.8% of GDP in the Toronto CMA in 2018. Broken out by key region the construction industry accounted for:

- 6.4% of real GDP in the City of Toronto in 2018;
- approximately 9.2% in the rest of the Toronto CMA; and
- 8.2% in the rest of Ontario.

Figure 15 shows how the sector's GDP was divided by region within Ontario in 2018. The sector's GDP totaled almost $12 billion in the City of Toronto, $16 billion in the rest of the Toronto CMA and $31 billion in the rest of Ontario.

Figure 15 **GDP Contribution, Construction and Design, 2018**



Note: Design includes related construction activity such as Architectural Services
Source: Altus Group Economic Consulting based on Statistics Canada and City of Toronto Data

3.2 EMPLOYMENT

This section looks at the sector's contribution to Ontario's job market and labour income. The construction sector in Ontario is an important contributor to the provincial economy and the ongoing residential and non-residential building construction and land development create billions of dollars of economic output and GDP, thousands of jobs and billions of dollars of wages and other earnings.

3.2.1 Employment by Industry, Ontario

Ontario's construction sector creates and supports thousands of jobs, across a variety of construction trades, including carpenters, crane operators, cement finishers, electricians, labourers, plumbers, bricklayers, roofers, among many others.

Figure 16 **Employment by Industry, Ontario**

	Jobs (000s)	% of Total Jobs in Ontario	Average Annual Change (000s)	
	2021	2021	2016-2021	2006-2021
Wholesale and retail trade	1,069.1	14.5	10.0	3.5
Health care and social assistance	918.7	12.5	17.9	19.2
Manufacturing	776.2	10.5	3.8	(14.8)
Professional, scientific and technical services	738.5	10.0	30.2	19.1
Finance, insurance, real estate, rental and leasing	625.3	8.5	15.7	10.2
Educational services	546.3	7.4	10.4	6.8
Construction	534.0	7.2	5.9	8.7
Public administration	405.6	5.5	11.1	6.2
Transportation and w arehousing	372.9	5.1	9.0	5.1
Accommodation and food services	356.3	4.8	(17.0)	(1.0)
Information, culture and recreation	303.8	4.1	(0.9)	(0.8)
Business, building and other support services	287.3	3.9	(7.0)	(0.3)
Other services (except public administration)	276.1	3.7	1.2	1.0
Agriculture	67.4	0.9	(2.2)	(1.9)
Utilities	53.2	0.7	0.9	0.3
Forestry, fishing, mining, quarrying, oil and gas	35.8	0.5	(0.1)	(0.2)

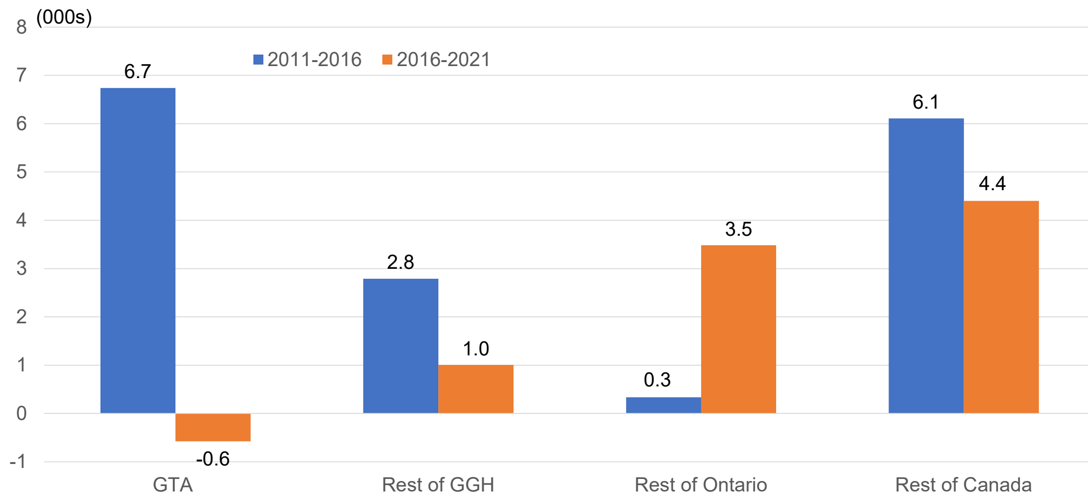
Source: Altus Economic Consulting, Based on Statistics Canada. Table 36-10-0434-03

Figure 16 highlights the number and growth of jobs by industry in Ontario. As of 2021, the construction sector employed 534,000 persons, accounting for 7.2% of all jobs in Ontario, making it the seventh-largest employment sector in the Province. The sector created an average of 8,700 per year over the 2006-2021 period, however the pace of job creation slowed in the last five years, with an average of only 5,900 jobs added per year since 2016.

3.2.2 Where Construction Workers are Living

Figure 17 provides the breakdown the change in the resident population employed in the construction industry for those living in the GTA, the rest of the Greater Golden Horseshoe (GGH) and the rest of Ontario.

Figure 17 **Change in Resident Population Employed in the Construction Sector, as Living with Major Regions in Ontario, 2011-2021**



Source: Altus Group Economic Consulting based on Statistics Canada and City of Toronto Data

The data shows that the number of people employed in the construction industry living in the GTA fell by an average of 600 people per year between 2016-2021, after accounting for most of the construction job gains in Ontario in the prior five-year period.

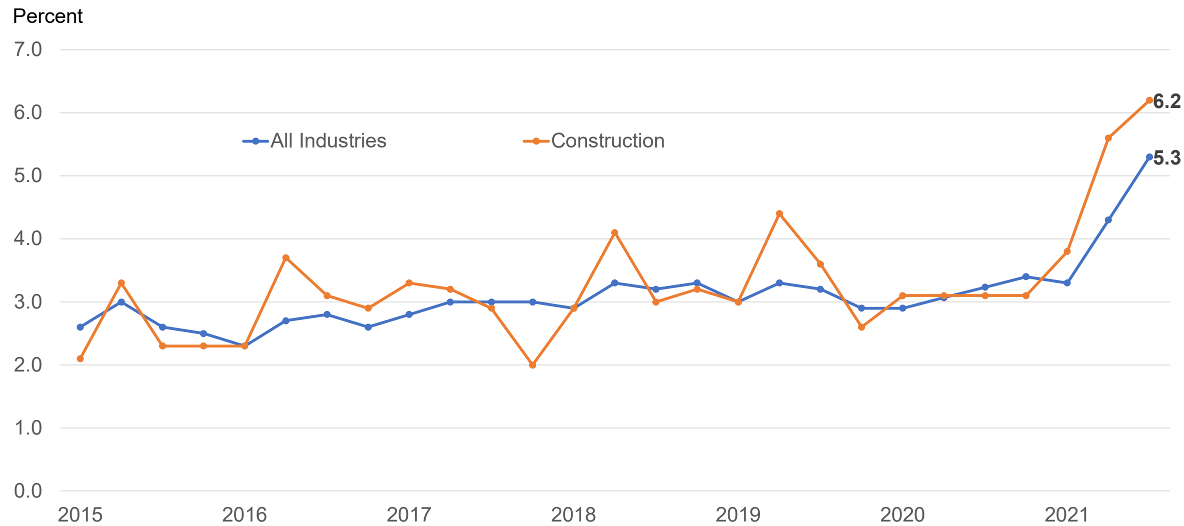
The Rest of the GGH area also saw a significant reduction in the number of residents working in the construction industry, and combined with the declines seen in the GTA, the GGH as-a-whole saw growth of just 400 persons per year.

By comparison, the area of Ontario outside of the GGH saw its resident population working in the construction industry grow by an annual average of 3,500 persons, or roughly 9-times higher than the growth seen in the GGH.

3.2.3 Rapid Escalation in Job Vacancies

Job creation has slowed in the last five years at the Provincial level and within the GTA. However, that is largely due to labour shortages (not enough people to fill the jobs available in Ontario). Figure 18 shows the percent of jobs that remained vacant in Ontario in 2021 for all industries and the construction sector. The construction sector had an above average job vacancy rate in Ontario, relative to other sectors in the province., with 6.2% of jobs in the sector vacant at the end of 2021, significantly higher than the long-term averages that were in the 2-4% range up until early 2021.

Figure 18 **Job Vacancy Rate, Ontario, All Industries and the Construction Sector, Quarterly 2015-2021**

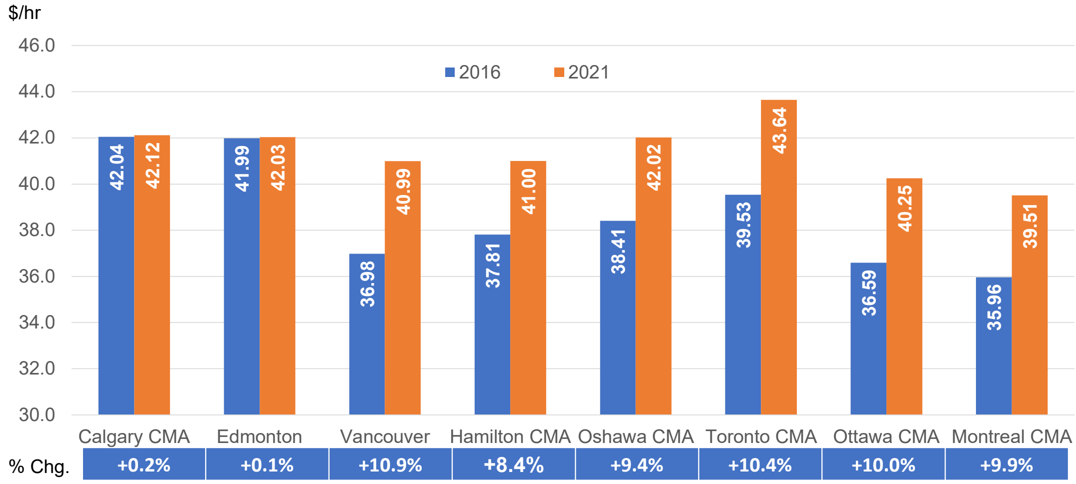


Note: Data was missing for 2020 Q2 and Q3. Trends were interpolated to fill in this data gap.
Source: Altus Group Economic Consulting based on Statistics Canada. Table: 14-10-03-2601

3.3 CONSTRUCTION WAGES

Figure 19 illustrates average hourly wage rates in the construction sector by major CMA in Canada for 2016 and 2021. The Toronto and Oshawa CMAs pay the highest wages across Canada. The average hourly wage for the sector was roughly $44 in Toronto and $42 in Oshawa in 2021, almost 10% higher than wages in 2016. The wage rate for all trades is highest in the Toronto CMA, compared to other CMAs in Canada **(**Figure 20**)**.

Figure 19 **Average Hourly Wage Rate by CMA for Construction Trades, 2016-2021**

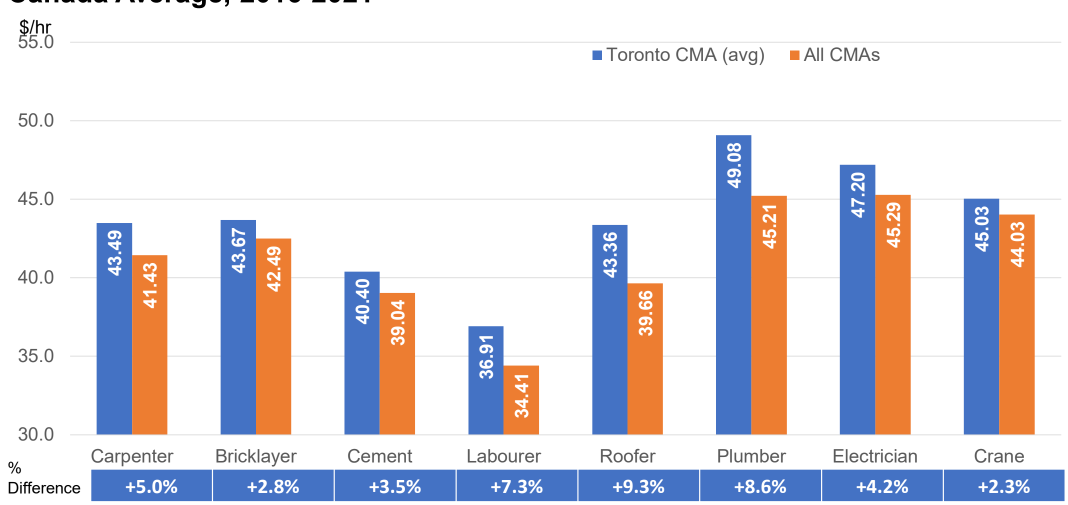


Note: Hourly rate reflects average wage for carpenters, crane operators, cement finishers, electricians, labourers, plumber, bricklayer, and roofers

Source: Statistics Canada, Table 18-10-0139-01

When the Toronto CMA wage rates are broken down by construction trade, the wage rates in the Toronto CMA are higher than all other selected CMAs, with wage rate premium for trades employed in the Toronto CMA being 2.3% to 8.6% higher than the all-CMA average.

Figure 20 **Average Hourly Wage Rate by Construction Trade, Toronto CMA and All of Canada Average, 2016-2021**



Source: Statistics Canada, Table 18-10-0139-01

4 TOTAL ECONOMIC IMPACTS OF THE CONSTRUCTION INDUSTRY

This section looks at the sector's contribution to overall economic activity in Ontario and the GTA. In addition to the sector's direct spending and job creation, construction spending also contributes to knock-on benefits through the consumer spending generated by those employed in the sector and at its suppliers.

In summary, every new house started in 2021 is estimated to generate 2.5 person-years of employment, $130,000 in labour income, and contribute $330,000 to GDP.

4.1 THE SECTOR GENERATED OVER $60 BILLION IN ECONOMIC ACTIVITY FOR THE GTA

The construction sector generated a total of $60.8 billion in economic activity for the Greater Toronto Area in 2021, including $36.7 billion from residential construction and $24.1 billion from non-residential construction.

Figure 21 Total Economic Activity, Residential and Non-Residential Buildings Construction Sector *
Greater Toronto Area, 2021

($2021,millions)	Impacts to the Ontario Economy				Impacts to the Rest of Canada	Total Impacts Across Canada
	Direct	Indirect	Induced	Total		
Industrial Construction Investment	2,240	1,200	980	**4,420**	380	4,800
Commercial Construction Investment	2,710	1,460	1,190	**5,360**	460	5,820
Other Non-Residential Construction Investment	1,180	630	520	**2,330**	200	2,530
Retrofit and Other ICI Construction Investment **	6,050	3,250	2,650	**11,950**	1,040	12,990
Total Non-Residential Construction	12,180	6,540	5,340	**24,060**	2,080	26,140
Single Family Housing Construction	6,760	4,240	2,450	**13,450**	1,450	14,900
Condominium Apartment Construction	7,940	4,980	2,880	**15,800**	1,710	17,510
Purpose Built Rental Construction	1,290	810	470	**2,570**	280	2,850
Residential Renovation and Repair	2,480	1,330	1,080	**4,890**	420	5,310
Total Residential Construction	18,470	11,360	6,880	**36,710**	3,860	40,570
Grand Total	30,650	17,900	12,220	**60,770**	5,940	66,710

* Data are for buildings construction only, excluding civil infrastructure such as roads, transit, pipelines etc., All numbers are rounded

** Retrofit construction on existing buildings including, fit-outs, TIs, site preparation and other construction investment

Notes: GTA approximated by Toronto CMA and Oshawa CMA combined

Source: Altus Group Economic Consulting based on Statistics Canada data

4.2 THE SECTOR GENERATED NEARLY 235,000 PERSON-YEARS OF EMPLOYMENT IN THE GTA

The construction sector generated almost 235,000 person-years of employment in the Greater Toronto Area, including those directly employed in the construction industry (113,630 person-years), those indirectly employed by businesses that provide materials and supplies to the construction sector (69,250 person-years), and those jobs generated by spending generated through income earnings in the direct and indirect rounds of activity (52,050 person-years).

Figure 22 **Jobs Created, Residential and Non-Residential Buildings Construction Sector ***
Greater Toronto Area, 2021

(persons years of employment)	Impacts to the Ontario Economy				Impacts to the Rest of Canada	Total Impacts Across Canada
	Direct	Indirect	Induced	Total		
Industrial Construction Investment	9,090	5,070	4,410	**18,570**	1,470	20,040
Commercial Construction Investment	11,010	6,140	5,350	**22,500**	1,770	24,270
Other Non-Residential Construction Investment	4,780	2,670	2,320	**9,770**	770	10,540
Retrofit and Other ICI Construction Investment **	24,560	13,700	11,920	**50,180**	3,960	54,140
Total Non-Residential Construction	49,440	27,580	24,000	**101,020**	7,970	108,990
Single Family Housing Construction	23,290	15,470	9,990	**48,750**	4,820	53,570
Condominium Apartment Construction	27,360	18,180	11,740	**57,280**	5,670	62,950
Purpose Built Rental Construction	4,450	2,950	1,910	**9,310**	920	10,230
Residential Renovation and Repair	9,090	5,070	4,410	**18,570**	1,470	20,040
Total Residential Construction	64,190	41,670	28,050	**133,910**	12,880	146,790
Grand Total Economic Activity	113,630	69,250	52,050	**234,930**	20,850	255,780

* Data are for buildings construction only, excluding civil infrastructure such as roads, transit, pipelines etc., All numbers are rounded
** Retrofit construction on existing buildings including, fit-outs, TIs, site preparation and other construction investment

Notes: GTA approximated by Toronto CMA and Oshawa CMA combined
Source: Altus Group Economic Consulting based on Statistics Canada data

4.3 THE JOBS CREATED GENERATED $17 BILLION IN WAGES, SALARIES AND BENEFITS

The jobs supported by the construction sector generate a total of nearly $17 billion in wages, salaries and benefits, with approximately $9.3 billion generated through the residential construction sector and the other $7.6 billion generated through non-residential construction.

Figure 23

Labour Earnings Generated, Residential and Non-Residential Buildings Construction Sector *
Greater Toronto Area, 2021

($2021, millions)	Impacts to the Ontario Economy: Direct	Indirect	Induced	Total	Impacts to the Rest of Canada	Total Impacts Across Canada
Industrial Construction Investment	780	370	250	**1,400**	100	1,500
Commercial Construction Investment	950	440	300	**1,690**	120	1,810
Other Non-Residential Construction Investment	410	190	130	**730**	50	780
Retrofit and Other ICI Construction Investment **	2,120	990	670	**3,780**	260	4,040
Total Non-Residential Construction	4,260	1,990	1,350	**7,600**	530	8,130
Single Family Housing Construction	1,690	1,080	560	**3,330**	320	3,650
Condominium Apartment Construction	1,980	1,270	660	**3,910**	380	4,290
Purpose Built Rental Construction	320	210	110	**640**	60	700
Residential Renovation and Repair	780	370	250	**1,400**	100	1,500
Total Residential Construction	4,770	2,930	1,580	**9,280**	860	10,140
Grand Total	9,030	4,920	2,930	**16,880**	1,390	18,270

* Data are for buildings construction only, excluding civil infrastructure such as roads, transit, pipelines etc., All numbers are rounded
** Retrofit construction on existing buildings including, fit-outs, TIs, site preparation and other construction investment
Notes: GTA approximated by Toronto CMA and Oshawa CMA combined
Source: Altus Group Economic Consulting based on Statistics Canada data

4.4 THE SECTOR IN THE GTA GENERATED $30 BILLION IN GDP

In 2021, the construction sector contributed nearly $30 billion to Ontario's economy, including $17.8 billion from residential construction and $11.9 billion from non-residential construction.

Figure 24 **Total GDP Generated, Residential and Non-Residential Buildings Construction Sector ***

Greater Toronto Area, 2021

($2021, millions)	Impacts to the Ontario Economy: Direct	Indirect	Induced	Total	Impacts to the Rest of Canada	Total Impacts Across Canada
Industrial Construction Investment	1,090	570	530	**2,190**	180	2,370
Commercial Construction Investment	1,320	690	640	**2,650**	210	2,860
Other Non-Residential Construction Investment	570	300	280	**1,150**	90	1,240
Retrofit and Other ICI Construction Investment **	2,930	1,540	1,420	**5,890**	470	6,360
Total Non-Residential Construction	5,910	3,100	2,870	**11,880**	950	12,830
Single Family Housing Construction	3,130	1,950	1,360	**6,440**	660	7,100
Condominium Apartment Construction	3,680	2,300	1,600	**7,580**	780	8,360
Purpose Built Rental Construction	600	370	260	**1,230**	130	1,360
Residential Renovation and Repair	1,250	660	600	**2,510**	200	2,710
Total Residential Construction	8,660	5,280	3,820	**17,760**	1,770	19,530
Grand Total Economic Activity	14,570	8,380	6,690	**29,640**	2,720	32,360

* Data are for buildings construction only, excluding civil infrastructure such as roads, transit, pipelines etc., All numbers are rounded

** Retrofit construction on existing buildings including, fit-outs, TIs, site preparation and other construction investment

Notes: GTA approximated by Toronto CMA and Oshawa CMA combined

Source: Altus Group Economic Consulting based on Statistics Canada data

5 TAX REVENUES

The construction of new homes and non-residential buildings generates significant tax revenues for all levels of government. This section presents estimates of government revenues generated by Ontario's construction sector for the federal government, the provincial government and municipal governments.

The information for income generated by the sector is used from Statistics Canada average weekly earnings for all employees (including overtime) for 2020-2021.

5.1 FEDERAL TAX REVENUES

Based on the estimated amount of construction sector employment and income generated for 2021, for jobs generated directly in the construction sector, indirectly in the businesses that supply materials and services to the construction industry, and the induced spending from income earned through the direct and indirect rounds of impact generate significant tax revenues for the federal government.

Accounting for federal taxes such as the Federal income tax, Canada Pension Plan (CPP) and Employment Insurance (EI) shows that total federal taxes generated by the construction sector each year in Ontario amounts to an estimated $3.2 billion per year, including:

- $2.13 billion per year in federal income tax;
- $833 million per year in Canada Pension Plan premiums; and
- $220 million per year in Employment Insurance premiums.

Beyond the federal tax revenues generated through construction sector employment, the construction and sale of new homes would generate a substantial amount of HST revenue for the federal government (net of available rebates).

5.2 PROVINCIAL TAX REVENUES

Based on the estimated amount of construction sector employment and income generated for 2021, for jobs generated directly in the construction sector, indirectly in the businesses that supply materials and services to the construction industry, and the induced spending from income earned through the direct and indirect rounds of impact generate significant tax revenues for the provincial government, including:

- $793 million per year in income taxes;
- $165 million in Employee Health Tax.

Beyond the provincial tax revenues generated through construction sector employment, the construction and sale of new homes would generate a substantial amount of HST revenue for the provincial government (net of available rebates) and generate significant revenues through the Provincial Land Transfer Tax.

5.3 MUNICIPAL TAXES AND FEE REVENUES

5.3.1 Property Taxes

Over the 2016-2019 period, GTA municipalities collected an average of between $7.6 billion in residential property tax revenues per year. The year-to-year property tax revenue increases would be partly owing to general assessment value increases, on-going property tax increases through annual budget processes, and new development which add to municipal property assessment base.

Figure 25

Residential Property Tax Revenues, 2016-2019, by Upper-Tier Municipality (including Lower-Tier Municipalities)

Municipality/Region	2016	2017	2018	2019
	Dollars (000,000)			
Toronto	2,494	2,601	2,700	2,825
York	1,316	1,387	1,453	1,541
Peel	1,374	1,446	1,521	1,592
Halton	586	615	647	679
Durham	745	783	819	857
Simcoe	530	561	592	630
Total	7,046	7,392	7,731	8,124

Source: Altus Group Economic Consulting based on MMAH Financial Information Returns

The municipalities with the greatest increases in property tax revenues over the 2016-2019 period correlates with those that have seen the greatest amount of new housing construction (as % of existing):

1) East Gwillimbury – increase in residential property tax revenues of 46%;
2) Milton – increase of 40%;
3) New Tecumseth – increase of 34%;
4) Adjala-Tosorontio – increase of 29%;
5) Springwater – increase of 28%.

Over the 2016-2019 period, GTA municipalities collected an average of $2.8 billion in non-residential property tax revenues per year.

Figure 26

Non-Residential Property Tax Revenues, 2016-2019, by Upper-Tier Municipality (including Lower-Tier Municipalities)

Municipality/Region	2016	2017	2018	2019
	Dollars (000,000)			
Toronto	1,469	1,492	1,536	1,562
York	275	287	298	312
Peel	495	511	532	550
Halton	158	162	167	173
Durham	164	164	165	167
Simcoe	112	112	118	122
Total	2,673	2,729	2,816	2,887

Source: Altus Group Economic Consulting based on MMAH Financial Information Returns

The residential sector's share of property tax revenues in the study municipalities increased from 72.5% in 2016 to 73.8% in 2019, meaning that municipalities are increasingly reliant on the property tax revenues generated by the residential sector.

Figure 27 **Residential and Non-Residential Property Tax Revenues, 2016-2019, by Upper-Tier Municipality (including Lower-Tier Municipalities)**

	Residential				Residential Property Tax Revenues as % of Total			
	2016	2017	2018	2019	2016	2017	2018	2019
Municipality/Region	*Dollars (000,000)*				*Percent*			
Toronto	2,494	2,601	2,700	2,825	62.9%	63.5%	63.7%	64.4%
York	1,316	1,387	1,453	1,541	82.7%	82.9%	83.0%	83.2%
Peel	1,374	1,446	1,521	1,592	73.5%	73.9%	74.1%	74.3%
Halton	586	615	647	679	78.8%	79.2%	79.4%	79.7%
Durham	745	783	819	857	81.9%	82.7%	83.2%	83.7%
Simcoe	530	561	592	630	82.6%	83.3%	83.4%	83.8%
Total	7,046	7,392	7,731	8,124	72.5%	73.0%	73.3%	73.8%

	Non-Residential				Non-Residential Property Tax Revenues as % of Total			
	2016	2017	2018	2019	2016	2017	2018	2019
Municipality/Region	*Dollars (000,000)*				*Percent*			
Toronto	1,469	1,492	1,536	1,562	37.1%	36.5%	36.3%	35.6%
York	275	287	298	312	17.3%	17.1%	17.0%	16.8%
Peel	495	511	532	550	26.5%	26.1%	25.9%	25.7%
Halton	158	162	167	173	21.2%	20.8%	20.6%	20.3%
Durham	164	164	165	167	18.1%	17.3%	16.8%	16.3%
Simcoe	112	112	118	122	17.4%	16.7%	16.6%	16.2%
Total	2,673	2,729	2,816	2,887	27.5%	27.0%	26.7%	26.2%

Source: Altus Group Economic Consulting based on MMAH Financial Information Returns

These declines are seen in all municipalities. However, the City of Toronto's reliance on the non-residential sector for property tax revenues is disproportionately high compared to elsewhere in the GTA. As of 2019, 35.6% of the City's property tax revenues came from the non-residential sector. This is significantly higher than the GTA-wide average which is 26.2%. If this GTA-wide average excluded Toronto, the remaining parts of the GTA average 19.9% - the City's 35.6% share of property taxes from the non-residential sector is almost double that of the rest of the GTA.

5.3.2 Development Charges

Over the 2016-2019 period, the GTA municipalities have seen a total of $7.5 billion in DC revenues, equating to an average of $1.9 billion per year.

Figure 28 **Development Charge Revenues, 2016-2019, Residential & Non-Residential, Greater Toronto Area**

Municipality/Region	2016	2017	2018	2019	Total 2016-2019	Share
			Dollars (000,000)			*Percent*
Toronto	173	246	778	462	1,659	22.2%
York	494	500	779	305	2,079	27.8%
Peel	450	358	377	407	1,591	21.2%
Halton	347	280	219	168	1,014	13.5%
Durham	123	168	219	159	669	8.9%
Simcoe	131	149	98	99	477	6.4%
Total	1,717	1,701	2,470	1,601	7,489	100.0%

Note: includes all revenues from upper-tier and lower-tier municipalities within each region. Simcoe includes all lower-tier municipalities within Simcoe County, as well as Barrie and Orillia

Source: Altus Group Economic Consulting based on MMAH Financial Information Return data

Of the total $1.9 billion average cumulative revenues collected by the municipalities being studied, Toronto collected 22.2% of total revenues, while York Region collected 27.8%.

It is noted that the revenues may include revenues generated from pre-payment agreements or proceeds from DC-related debentures and as such may be somewhat overstated relative to actual amounts paid under 'standard' DC payments.

The figure below shows the current development charge rates for both single-detached units (SDU) and 2-bedroom apartment units in all municipalities in the Greater Toronto Area. DC rates range from $19,700 per SDU in Orillia to $127,200 in the City of Vaughan (combined with the rates imposed by York Region).

Figure 29 **Current Development Charge Rates, Greater Toronto Area Municipalities, Ranked by DC Rates per SDU**

		Single-Detached			2-Bedroom Apartment		
	Upper-Tier	Lower-Tier / Single-Tier	Upper-Tier	Total	Lower-Tier / Single-Tier	Upper-Tier	Total
		Dollars per Unit					
Vaughan	York Region	61,215	66,004	127,219	37,333	38,611	75,944
Markham	York Region	42,938	66,004	108,942	25,716	38,611	64,327
East Gwillimbury	York Region	39,302	66,004	105,306	23,292	38,611	61,903
Caledon	Peel Region	41,992	61,662	103,654	24,397	45,217	69,613
Brampton	Peel Region	39,993	62,336	102,329	24,044	45,217	69,261
Mississauga	Peel Region	39,217	62,336	101,553	26,730	45,217	71,947
King	York Region	35,532	66,004	101,536	22,314	38,611	60,925
Newmarket	York Region	30,680	66,004	96,684	18,213	38,611	56,824
Aurora	York Region	29,761	66,004	95,765	17,979	38,611	56,590
City of Toronto		93,978	n.a.	93,978	55,012	n.a.	55,012
Whitchurch-Stouffville	York Region	24,099	66,004	90,103	15,687	38,611	54,298
New Tecumseth	Simcoe County	74,403	14,444	88,847	53,493	7,745	61,238
Richmond Hill	York Region	22,108	66,004	88,112	15,078	38,611	53,689
Oakville	Halton Region	39,970	45,614	85,584	21,480	15,101	36,581
Georgina	York Region	17,842	66,004	83,846	12,406	38,611	51,017
Whitby	Durham Region	39,970	35,050	75,020	16,780	20,401	37,181
Barrie		67,125	n.a.	67,125	37,589	n.a.	37,589
Milton	Halton Region	21,233	45,614	66,847	9,826	15,101	24,927
Ajax	Durham Region	29,158	35,050	64,208	14,028	20,401	34,429
Oshawa	Durham Region	28,960	35,050	64,010	18,224	20,401	38,625
Halton Hills	Halton Region	17,812	45,614	63,426	8,702	15,101	23,803
Burlington	Halton Region	13,112	45,614	58,726	6,670	15,101	21,771
Clarington	Durham Region	22,126	35,050	57,176	11,780	20,401	32,181
Pickering	Durham Region	21,687	35,050	56,737	13,702	20,401	34,103
Brock	Durham Region	21,218	35,050	56,268	12,561	20,401	32,962
Scugog	Durham Region	17,918	35,050	52,968	9,954	20,401	30,355
Innisfil	Simcoe County	38,254	14,444	52,698	22,573	7,745	30,318
Uxbridge	Durham Region	16,170	35,050	51,220	8,084	20,401	28,485
Clearview	Simcoe County	35,904	14,444	50,348	20,644	7,745	28,389
BWG	Simcoe County	30,310	14,444	44,754	15,537	7,745	23,282
Wasaga Beach	Simcoe County	29,304	14,444	43,748	16,692	7,745	24,437
Collingwood	Simcoe County	21,328	14,444	35,772	12,812	7,745	20,557
Severn	Simcoe County	19,924	14,444	34,368	12,888	7,745	20,633
Tay	Simcoe County	18,931	14,444	33,375	14,984	7,745	22,729
Midland	Simcoe County	17,634	14,444	32,078	11,655	7,745	19,400
Penetanguishene	Simcoe County	16,037	14,444	30,481	10,903	7,745	18,648
Essa	Simcoe County	15,480	14,444	29,924	9,398	7,745	17,143
Springwater	Simcoe County	13,172	14,444	27,616	7,460	7,745	15,205
Oro-Medonte	Simcoe County	12,804	14,444	27,248	7,496	7,745	15,241
Adjala-Tosorontio	Simcoe County	11,163	14,444	25,607	6,273	7,745	14,018
Ramara	Simcoe County	7,740	14,444	22,184	6,014	7,745	13,759
Tiny	Simcoe County	7,277	14,444	21,721	4,807	7,745	12,552
Orillia		19,686	n.a.	19,686	13,815	n.a.	13,815

Source: Altus Group Economic Consulting based on municipal DC by-laws and pamphlets

5.3.3 Parkland Cash-in-Lieu

Over the 2016-2019 period, the GTA municipalities have seen a total of $863 million in parkland cash-in-lieu revenues, equating to an average of $216 million per year. This amount excludes the value of land conveyed to municipalities via dedication, which would be more prevalent in suburban municipalities, and especially in municipalities more oriented towards greenfield development where parkland dedication requirements are less onerous than for high-density development.

Figure 30 **Parkland Cash-in-Lieu Revenues, 2016-2019, Residential & Non-Residential, Greater Toronto Area**

Municipality/Region	2016	2017	2018	2019	Total 2016-2019	Share
			Dollars (000,000)			*Percent*
Toronto	88	78	205	105	475	55.1%
York	46	39	65	26	177	20.5%
Peel	19	17	47	48	130	15.0%
Halton	8	6	4	28	46	5.3%
Durham	3	2	3	1	9	1.0%
Simcoe	5	2	11	8	26	3.1%
Total	170	144	333	215	863	100.0%

Note: for York, Peel, Halton, Durham includes all revenues from lower-tier municipalities within each region. Simcoe includes all lower-tier municipalities within Simcoe County, as well as Barrie and Orillia

Source: Altus Group Economic Consulting based on MMAH Financial Information Return data

5.3.4 Municipal Land Transfer Tax

The City of Toronto is the only municipality in Ontario with the authority to levy a municipal land transfer tax (MLTT), which is imposed on all real estate transactions, including the purchase of new homes and resale homes.

Over the 2009-2019 period, the City has raised $5.45 billion in MLTT revenues, or an average of approximately $495 million per year, with the City receiving more than $700 million in each of 2017, 2018 and 2019. The funds generated through the MLTT would include a mix of MLTT through sales of existing properties as well as new home sales, so the exact amount of revenue generated by new housing construction is not readily available.

6 SUMMARY AND CONCLUSIONS

This section of the report summarizes the findings regarding the economic performance and economic impact of the residential construction sector, and its contribution to the Provincial economy, as well as the revenues the sector and its associated activity generates for all levels of government.

The table below summarizes the current contributions of the construction sector to Ontario's economy. The estimates in the table below include the value of the entire construction sector, including residential construction, non-residential construction, repair construction and engineering construction.

Figure 31

Metric	Greater Toronto Area
Construction Sector GDP	$29.6 billion
Employment in Construction Sector	235,000 person-years
Economic Activity	$60.8 billion
Labour Earnings	$16.9 billion

In 2021, labour income for construction-related trades were higher in Ontario census metropolitan areas than in other major centres in Canada.

The construction of a single-detached home is estimated to contribute $330,000 to GDP, generate labour income of approximately $130,000 and generate 2.5 person-years of employment.

Annual residential and non-residential construction activity generates significant tax revenue for all levels of government, as summarized in the table below:

Figure 32

Level of Government	Revenues – Construction Activity in Greater Toronto Area
Federal Tax Revenue (estimated based on 2021 activity)	• $2.13 billion in federal income tax; • $833 million in CPP premiums; • $220 million in EI premiums;
Provincial Tax Revenue (estimated based on 2021 activity)	• $793 million in provincial income tax; • $165 million in employee health tax;
Municipal Fees and Charges (based on actual revenues over 2016-2019 period)	• $1.9 billion per year in development charges; • $216 million per year in parkland cash-in-lieu revenues;