



CITY OF WINNIPEG

POPULATION, HOUSING AND ECONOMIC FORECAST

Disclaimer: The 2016 City of Winnipeg Population, Housing and Economic Forecast strives to provide accurate information gathered from a variety of sources, but makes no representation or guarantee on the reliability and accuracy of such information.

CONTENTS

Contents.....	1
Introduction	3
Purpose	3
The Capital Region and Winnipeg Census Metropolitan Area.....	3
Executive Summary.....	4
Short-term Forecast Uncertainties	4
Key Facts and Figures.....	4
Methodology.....	5
The 2016 Forecast.....	6
Demography Trends.....	6
Introduction	6
Population Forecast Summary.....	6
Population Forecast for CMA, City of Winnipeg and Rest of CMA	7
Population Growth Rate	9
Births, Deaths and the Natural Rate of Increase	10
Migration.....	11
Age Distribution	13
Housing	18
Introduction	18
Housing Growth	19
Housing Starts	21
Economy.....	22
Introduction	22
Gross Domestic Product.....	22
Consumer Price Index	23
Labour Market	24
Conclusion.....	27
Appendix: Data Tables	28
Total Population for CMA, Winnipeg and Rest of CMA	28
Households and Housing Starts in City of Winnipeg.....	29

Economic Indicators for CMA	30
Bibliography	31
Figure 1: 2016 Population Forecast	7
Figure 2: Annual Population Growth Rate (%)	9
Figure 3: Annual Births and Deaths (CMA)	10
Figure 4: Annual Natural Increase (CMA)	10
Figure 5: Components of Immigration (CMA).....	11
Figure 6: Annual Net Migration (CMA)	12
Figure 7: 2006 Age Group Distribution (CMA)	13
Figure 8: 2016 Age Group Distribution (CMA)	14
Figure 9: 2026 Age Group Distribution (CMA)	14
Figure 10: 2036 Age Group Distribution (CMA)	15
Figure 11: Total Population Growth in Age Groups: 2015 to 2040 (CMA)	16
Figure 12: Average Age in Winnipeg CMA	17
Figure 13: Winnipeg Population Growth and Housing Starts.....	18
Figure 14: Household Forecast (City of Winnipeg)	19
Figure 15: City of Winnipeg Household Growth Rate (%).....	20
Figure 16: City of Winnipeg Household Growth (Total per Year)	20
Figure 17: City of Winnipeg Singles and Multi Starts.....	21
Figure 18: City of Winnipeg Total Annual Starts	22
Figure 19: Annual Per Cent Growth in GDP (CMA)	23
Figure 20: Consumer Price Index (CMA)	24
Figure 21: Unemployment Rate (CMA).....	25
Figure 22: Employment (CMA).....	25
Figure 23: Personal Income Per Capita (CMA).....	26

INTRODUCTION

Purpose

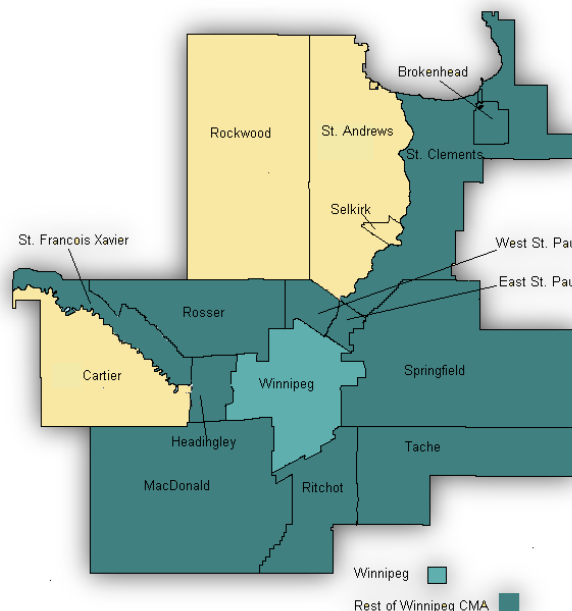
The 2016 City of Winnipeg Population, Housing and Economic Forecast was created to serve as a reference document to support the City of Winnipeg in planning of the city. The aim of this report is to provide a common basis from which decisions can be made. By monitoring and reporting on the economic region and its environment, decision makers are kept informed of opportunities and threats that may exist in the region. This report provides base information to commence the next OurWinnipeg review.

The Capital Region and Winnipeg Census Metropolitan Area

Statistics Canada and The Conference Board of Canada often provide information based on Census Metropolitan Areas (CMA). The CMA includes the core city and any neighbouring municipalities where 50% or more of the labour force works in the core city.

In the following pages there will be reference to Winnipeg's CMA. The map below shows the Capital Region, with Winnipeg CMA highlighted in green. Winnipeg CMA includes the rural municipalities of:

- Ritchot
- Taché
- Springfield
- East St. Paul
- West St. Paul
- Rosser
- St. Francois Xavier
- Headingley
- St. Clements
- Brokenhead First Nation
- MacDonald



EXECUTIVE SUMMARY

The population of the City of Winnipeg is expected to increase from around 718,400 individuals in 2015 to around 922,600 by 2040, an increase of over 200,000 people. Population growth will be mainly driven by continued international immigration. These individuals will continue to seek housing, maintaining current growth in housing demand; however, aging baby boomers and changing affordability will result in more multiple dwellings being built than single-detached. Over the forecast horizon, the annual growth in the Winnipeg real Gross Domestic Product (GDP growth adjusted for inflation) will be maintained around 2.1%.

Short-term Forecast Uncertainties

- Federal Budget Announcement on March 22, 2016
 - The impact of infrastructure investment spending locally is anticipated to have positive effects on real economic growth.
- Federal Immigration Policy change announced on March 8, 2016
 - The Minister of Immigration announced changes to the country's immigration policy, increasing two out of the three permanent resident categories: family and refugee. The new national target is 300,000 immigrants per year, up from the 250,000 range. Correspondingly, there may be an increase in the total immigration figures for Winnipeg.

Key Facts and Figures

- 2015 Population of City of Winnipeg: 718,400.
- 2040 Population of City of Winnipeg: 922,600.
- 2040 Population of the City of Winnipeg Census Metropolitan Area: 1,055,500.
- 2034/35 Population of the City of Winnipeg Census Metropolitan Area exceeds 1,000,000 for the first time.
- Average annual population growth for the City of Winnipeg over the next 25 years is approximately 8,200 people per year.
- Population outside of the City of Winnipeg but within the CMA is growing at double the rate within the City of Winnipeg: 2% outside the City, versus 1% inside.
- Net migration to average approximately 7,600 per year from 2015 to 2040.
- Immigration has changed the age distribution of the City.
- From 2015 to 2040, the 15-24 and 25-34 age groups will increase by 17% and 10% respectively, whereas the 75+ age group will increase by 140%, resulting in an increase in average age in the Winnipeg CMA from around 39 to approximately 43.
- The number of households is expected to increase by around 32% or approximately 100,000, to a total of 391,100 in 2040.
- Single-detached dwelling annual starts will decrease while multiple dwellings will increase, with the annual total remaining around 4,000 per year.
- Real GDP (RGDP) expected to grow by around 2.1% per year.

- CPI expected to grow by around 2.0% per year.
- Unemployment rate expected to decrease to around 4.8%.
- Personal income, per capita, expected to double over the 25 year forecast horizon from \$40,000 to \$80,000.

METHODOLOGY

The City of Winnipeg purchases forecasts from the Conference Board of Canada, which is widely considered the foremost independent, evidence-based, not-for-profit applied research organization. The Conference Board of Canada is funded exclusively through fee for service in the private and public sectors and does not lobby for specific interests.¹ The Conference Board of Canada forecasts population in concert with their Winnipeg macroeconomic model. The model forecasts the relationship between the labour market and potential real economic growth, and is consistent with population and labour supply.

The forecast from The Conference Board of Canada forms the basis of our long-term outlook for the Census Metropolitan Area (CMA), the City of Winnipeg and the rest of the CMA. The 2016 forecast is based on the *Long-term Population Housing and Economic Forecast for Winnipeg*, presented to the City of Winnipeg in October 2015. The original report is included as an appendix to this report.

Information Sources

Please see the bibliography for a complete list of information sources.

Conference Board of Canada Forecast of Winnipeg CMA

- Analyzes the economy and forecasts growth using econometric model.
- Estimates job creation and labour market needs.
- Estimates net migration components (international, interprovincial, and intraprovincial)
- Factors in estimates of “natural increase” (births minus deaths) using Statistics Canada model.

City of Winnipeg Forecast

- City of Winnipeg population and housing forecast data is derived based on CMA data.
- Split between City of Winnipeg and Rest of CMA is derived based on regression analysis of historic trends of population and housing growth rates.

¹ <http://www.conferenceboard.ca/about-cboc/default.aspx>

THE 2016 FORECAST

Demography Trends

Introduction

Demographic trends influence the long-term outlook of both the supply and demand of an economy and are also a major focus of municipal planning. For example, the growth in population and changing age structure are major determinants of the labour force, a major component of the supply-side of the economy. This labour force is the core of shaping the potential output of an economy. At the same time, the amount of people and their age influences the types of purchasing decisions, or overall domestic demand. From the perspective of the City of Winnipeg, the overall size and structure of the demography can influence major policy decisions, from long-term planning of housing developments, to nearly all City services, like recreation, transit, ambulance and others. As a result, most analyses begin with a thorough examination of the major trends that are present within a population. This section contains the current forecast which includes a study of the significance for the City of Winnipeg.

Population Forecast Summary

Population growth in the City of Winnipeg has been influenced by three trends: the natural increase, immigration and interprovincial migration. In turn, these trends are influencing patterns of where population growth is expected to occur within the Winnipeg Census Metropolitan Area (CMA). This section provides this analysis.

The natural increase of a population is simply the difference between total births and total deaths. This value is largely influenced by average total number of children being born per woman (known as the fertility rate), and on the other end, the average life expectancy. From a national perspective, this peaked around 4 children per woman in the early 1960's, then declined to around 1.5 children per woman by the early 1980's – where it is now.² While this value has been declining, due to the recent influx of immigration, the natural increase has been and is anticipated to continue increasing the near term to around 3,500 by 2022.

Immigration is recognized as playing a key role in population growth³ and indeed, immigration has been, and continues to be, the largest single contributor to population growth in Winnipeg. There are several ways an individual or family can immigrate, either as a temporary or permanent resident. Within the permanent resident category, there are three immigration classes: economic, family and refugee. The largest class driving immigration is the economic class, and this is mostly influenced by the Manitoba Provincial Nominee Program (75% of all permanent residents into Manitoba in 2014) which introduces skilled workers and business immigrants into the Province and City of Winnipeg.⁴

² <http://www.statcan.gc.ca/pub/11-630-x/11-630-x2014002-eng.htm>

³ <http://www.statcan.gc.ca/pub/11-630-x/11-630-x2014001-eng.htm>

⁴ http://www.gov.mb.ca/labour/immigration/pdf/mb_imm_facts_rep_2014.pdf

The nominee program helps speed up immigration by selecting skilled workers who have the intention of becoming permanent residents. Introduced in the late 1990s, the nominee program has been increasing the number of individuals, to where it recently resulted in over 13,000 in 2014.⁵

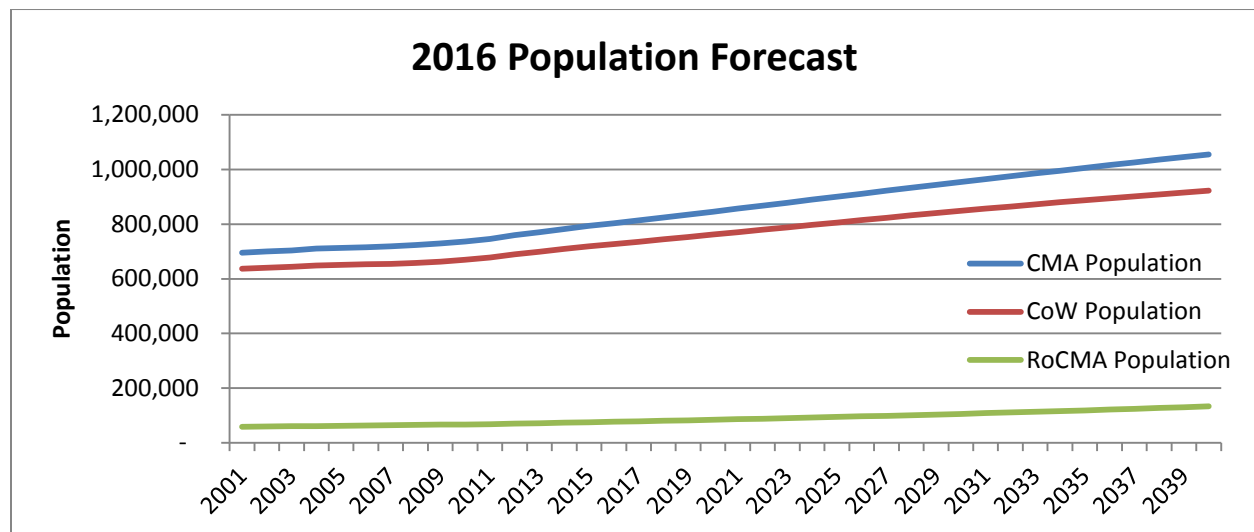
At the same time, interprovincial migration, people moving to or from Winnipeg, is expected to trend in Winnipeg’s favour. While still remaining a net loss for Winnipeg, according to The Conference Board of Canada, in the short-term this will improve, largely motivated by expectations of labourers who sought employment in the oil industry or elsewhere and will be either moving for the first time, or returning, to Winnipeg.⁶

Another population trend has been occurring: the difference in the rate of growth within the City of Winnipeg versus the rest of the Winnipeg CMA. In fact, the rest of the CMA is growing at over double the rate of the City of Winnipeg (0.86% average annual growth from 2001 to 2015 in the City of Winnipeg versus 1.78% in the rest of the CMA). As a consequence, the model used to forecast the share of population growth between the City of Winnipeg and the rest of the CMA assumes this divergence.

Population Forecast for CMA, City of Winnipeg and Rest of CMA

Figure 1: 2016 Population Forecast illustrates the absolute amount of population growth over the recent history of the City of Winnipeg and forecasted horizon.

Figure 1: 2016 Population Forecast



Source: CANSIM, The Conference Board of Canada, City of Winnipeg analysis

Winnipeg CMA is expected to grow from approximately 793,400 people in 2015 to approximately 1,055,500 in 2040. This is an increase of approximately 262,100 people, or 33%. The average annual growth is expected to trend around 10,500 people per year.

⁵ Immigration Levels: http://www.gov.mb.ca/labour/immigration/pdf/mb_imm_facts_rep_2014.pdf

⁶ CBOC Long-Term Population, Housing and Economic Forecast for Winnipeg, October 2015, Page 3.

The City of Winnipeg expected to grow from approximately 718,400 people in 2015 to approximately 922,600 in 2040. This is an increase of approximately 204,200 people, or 28%. The average annual growth in City of Winnipeg is expected to trend around 8,200 people per year.

Outside of the City of Winnipeg but within the Winnipeg CMA is expected to grow from approximately 75,100 people in 2015 to approximately 132,900 in 2040. This is an increase of approximately 57,800 people, or 77%. The average annual growth outside of the City of Winnipeg is expected to trend around 2,300 people per year.

The reader should note the significant difference in the percentage growth of the Rest of CMA compared to the City of Winnipeg. This can be explained by two facts: first, the Rest of the CMA is growing at a much faster rate than the City of Winnipeg. Indeed, for the past decade the rate of growth has been approximately double outside of the City of Winnipeg, and this trend is expected to continue. Second, these are percent changes so even though the City of Winnipeg is expected to grow by almost 3.5 times more than outside the City, on a percentage basis this is smaller. The reader can see these figures below in Table 1: Expected Population Growth.

Table 1: Expected Population Growth

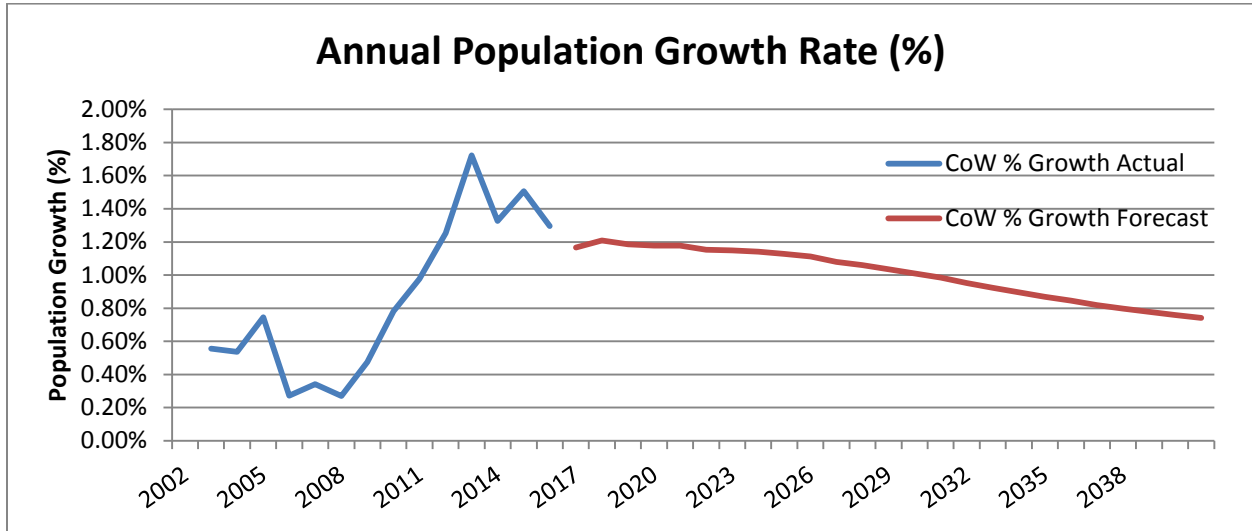
	Expected Population Growth	
	Over Next	
	10 Years (2015-2025)	25 Years (2015-2040)
Winnipeg CMA	107,100	262,100
City of Winnipeg	87,800	204,200
Rest of CMA	19,200	57,800

Source: The Conference Board of Canada, City of Winnipeg.

Population Growth Rate

Figure 2: Annual Population Growth Rate (%) illustrates the average annual growth of the population in the City of Winnipeg from the recent history (2001 to 2015) and over the forecast horizon (2016 to 2040).

Figure 2: Annual Population Growth Rate (%)



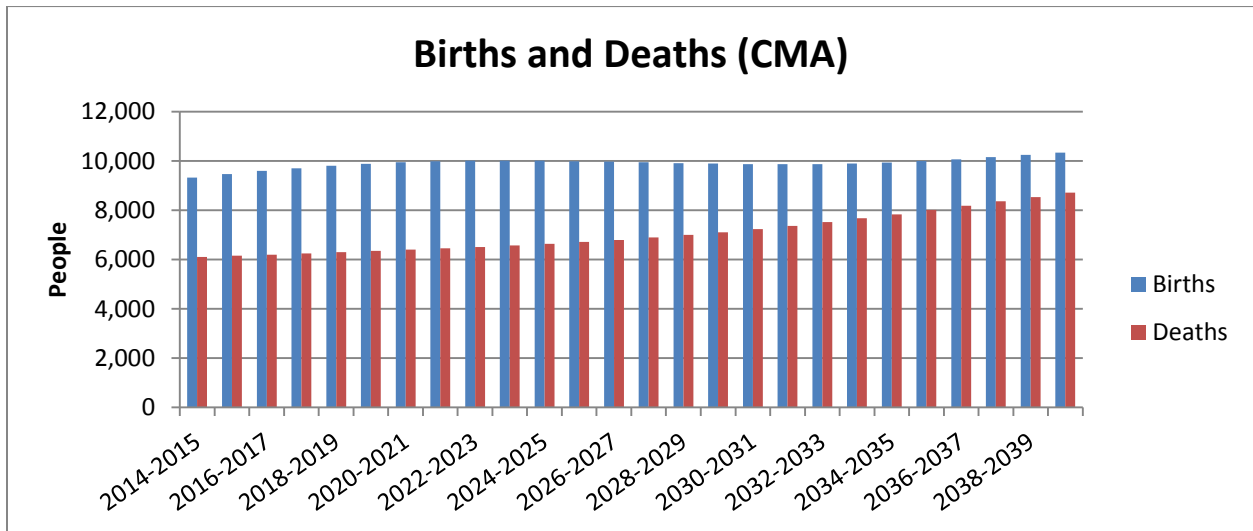
Source: CANSIM, The Conference Board of Canada, City of Winnipeg regression analysis

The rate of growth in the population has increased significantly through the 2000s to present: from a low of 0.28% per year (2005) to a peak of 1.73% per year (2012). The forecast horizon projects this rate of growth to gradually decline from approximately 1.2% currently to around 0.75% in 2040.

Births, Deaths and the Natural Rate of Increase

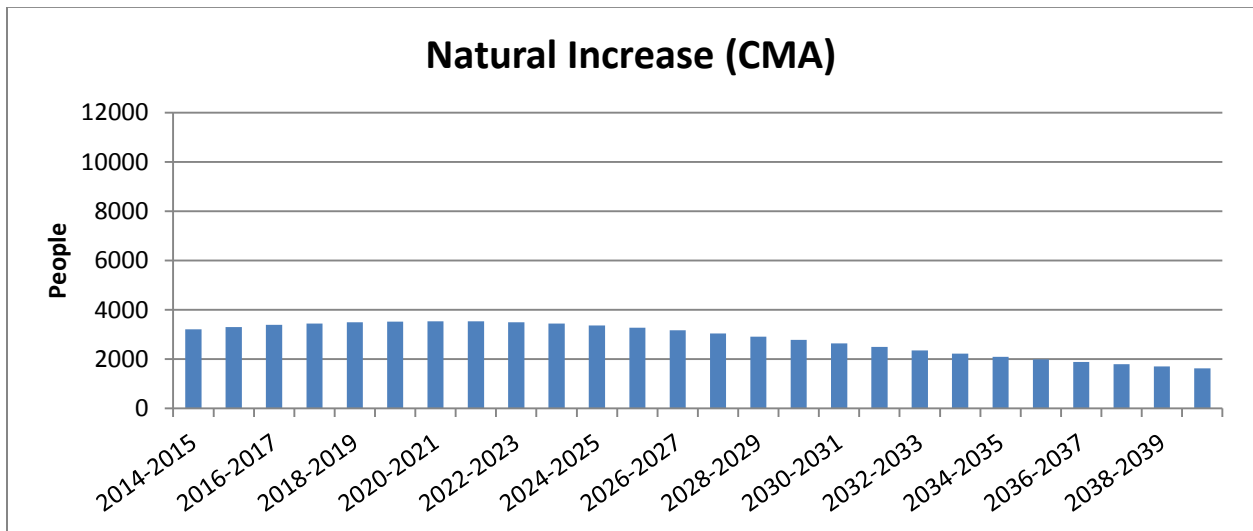
Figures 3 and 4 illustrate the projected pattern of births and deaths and consequential natural rate of increase (births minus deaths). Figure 3: Annual Births and Deaths (CMA) illustrates these aspects separately, while the Figure 4: Annual Natural Increase (CMA) is the net growth, calculated by subtracting deaths from births.

Figure 3: Annual Births and Deaths (CMA)



Source: The Conference Board of Canada

Figure 4: Annual Natural Increase (CMA)



Source: The Conference Board of Canada

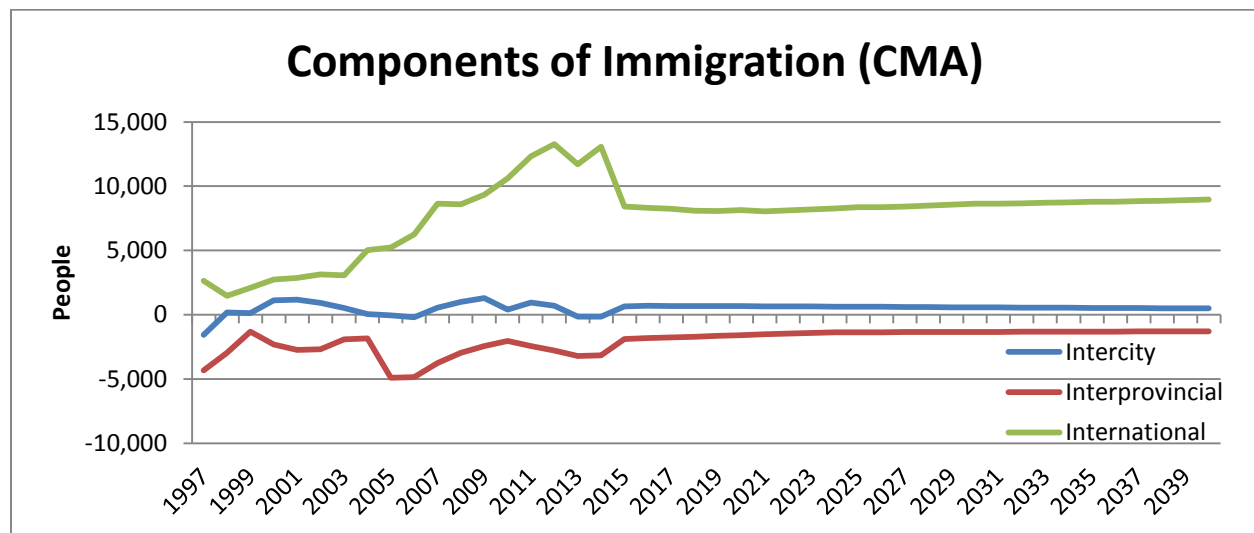
Total births and deaths will continue to rise over the projected horizon. The fertility rate – the number of children born to the average woman over her lifetime – peaked at almost 4 children per woman, in

1966. Since then, this number has been falling to where it is now, leading to a slowdown in overall natural population growth.⁷ This figure is not anticipated to increase. The overall natural increase will decline from a forecasted high of approximately 3,500 in 2021 to 1,500 by the end of the forecast in 2040.

Migration

Figure 5: Components of Immigration (CMA) provides an illustration of the year over year net immigration values for intercity, interprovincial and international sources from 2015 to 2040. Net migration is the difference between in and out migration, and a positive value means that Winnipeg is receiving more migrants than those leaving the city. Historically, the Winnipeg CMA has netted more international migrants than from any other component of immigration. This is in contrast to interprovincial migration, which has historically been a major source of population loss: more people tend to leave Manitoba for other provinces than return. However according to The Conference Board of Canada, over the forecast horizon this is expected to change particularly as the relative strength of the Winnipeg economy draws individuals, and this is reflected below. This chart demonstrates that it is important to not only attract population, but to retain it. The Conference Board of Canada forecasts that retention over time will improve in the City of Winnipeg.

Figure 5: Components of Immigration (CMA)



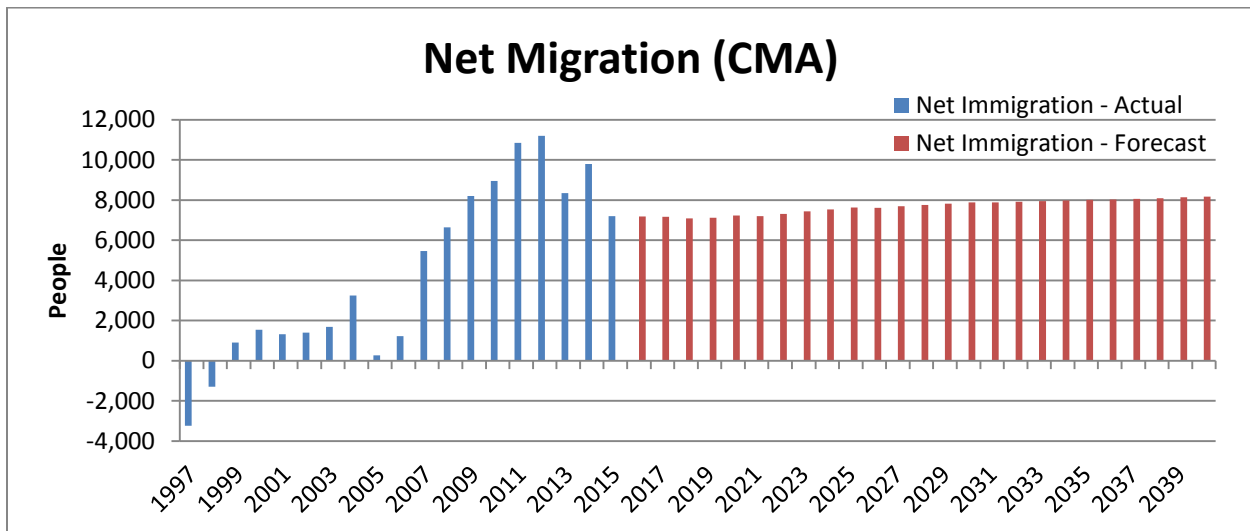
Source: CANSIM, The Conference Board of Canada

On a total net migration basis, Figure 6: Annual Net Migration (CMA) illustrates the net effect of the above components of migration together. As illustrated below, over the course of Winnipeg’s recent history, from the late 1980’s to mid-2000’s, Winnipeg has either lost or yielded only a small amount of immigration. In fact, from 1987 to 1998, the Winnipeg CMA lost approximately 17,000 individuals. The introduction of the Manitoba Provincial Nominee Program in 1997 significantly changed this pattern. 1999 saw the first positive net migration figure of around 900 in nearly a decade, and since then has

⁷ <http://www.statcan.gc.ca/pub/11-630-x/11-630-x2014002-eng.htm>

steadily increased to a peak of around 11,000 in 2012. Cumulatively, from 1999 to 2015 the Winnipeg CMA has seen approximately 88,000 net migrants. As illustrated in Figure 6: Annual Net Migration (CMA) this figure is forecasted to stabilize in the range of 7,000 to 8,000 people net migrants per year.

Figure 6: Annual Net Migration (CMA)



Source: The Conference Board of Canada

All three aspects of net migration move in Winnipeg’s favour over the forecast horizon: net international immigration is expected to increase from approximately 8,300 to 9,000, while net migration (interprovincial plus intercity), improves from an annual loss of approximately 1,200 to an annual loss of approximately 800. In the next two years, interprovincial migration losses are expected to drop to below 2,000 (from peak losses of 5,000 people per year in 2005 and 2006). Because of declining fertility rates, the federal government sets the total number of immigrants to Canada between 260,000 and 285,000 per year, and is this expected to rise to around 340,000 per year by 2040. Indeed, there have been recent announcements of an increase in immigration targets.⁸

Not only will Winnipeg attract people from other provinces, Winnipeg is expected to continue to attract people from within Manitoba, where workers are expected to migrate to the city to take advantage of the better employment opportunities. As services-producing industries continue to increase, reliance on primary industries declines, more and more people are expected to move to the city, and therefore, intercity migration is projected to climb from a historic average of 440 per year, to over 700.

On the whole, low unemployment rates will continue to attract labour to the city, providing individuals with better choices, flexibility in the job market, and greater bargaining power.

Strong immigration has had an impact on Winnipeg’s ethnic structure. Visible minorities accounted for 21.4% of the population of Winnipeg in 2011, up from 16.3% in 2006. The Philippines ranked as the

⁸ <http://news.gc.ca/web/article-en.do?nid=1041829>

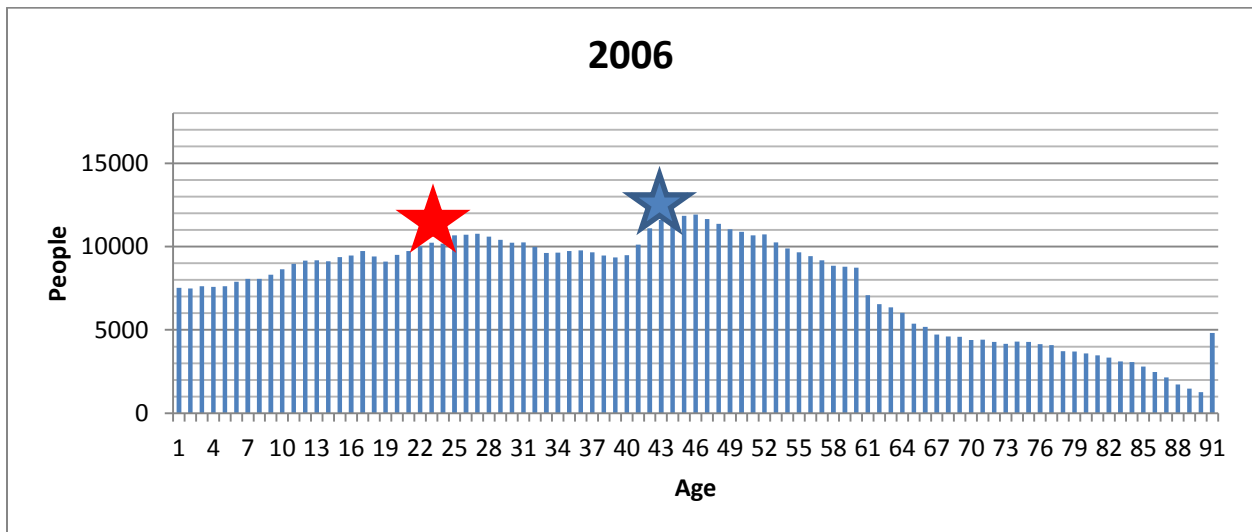
area's top immigration source, and correspondingly, is the largest visible minority community, comprising over 56,000 individuals in 2011, up by 20,000 from 2006.

Age Distribution

The following four figures (Figures 7 to 10) illustrate the changing distribution of population age within the Winnipeg CMA, which when examined over time, tells a story about the impact of baby boomers and international immigration. The first figure starts in 2006 and the last figure ends in 2036.

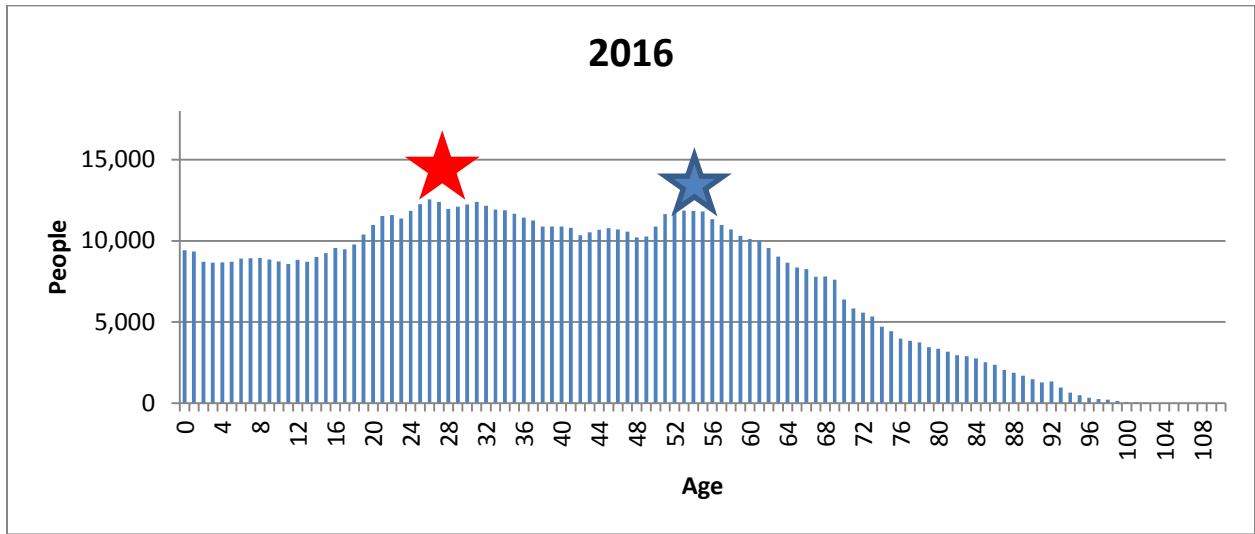
There are two distinct waves, which are highlighted by the blue and red stars. The blue star points to the “baby-boomer” generation, and the red star points to the Gen X and Gen Y generations. As the baby-boomer generation gets older, the average age of Winnipeg’s population is expected to gently rise (See: Figure 12: Average Age in Winnipeg CMA). Baby-boomers account for about a quarter (25%) of the population, and are just starting to enter retirement, changing the needs and requirements placed on the City of Winnipeg and the economy as a whole.

Figure 7: 2006 Age Group Distribution (CMA)



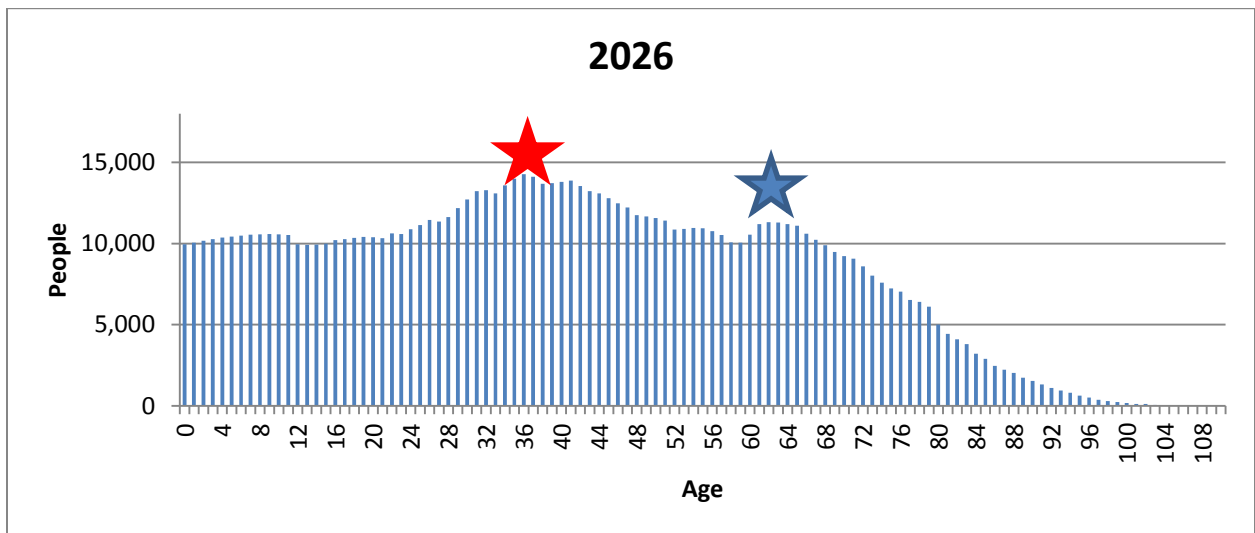
Source: The Conference Board of Canada

Figure 8: 2016 Age Group Distribution (CMA)



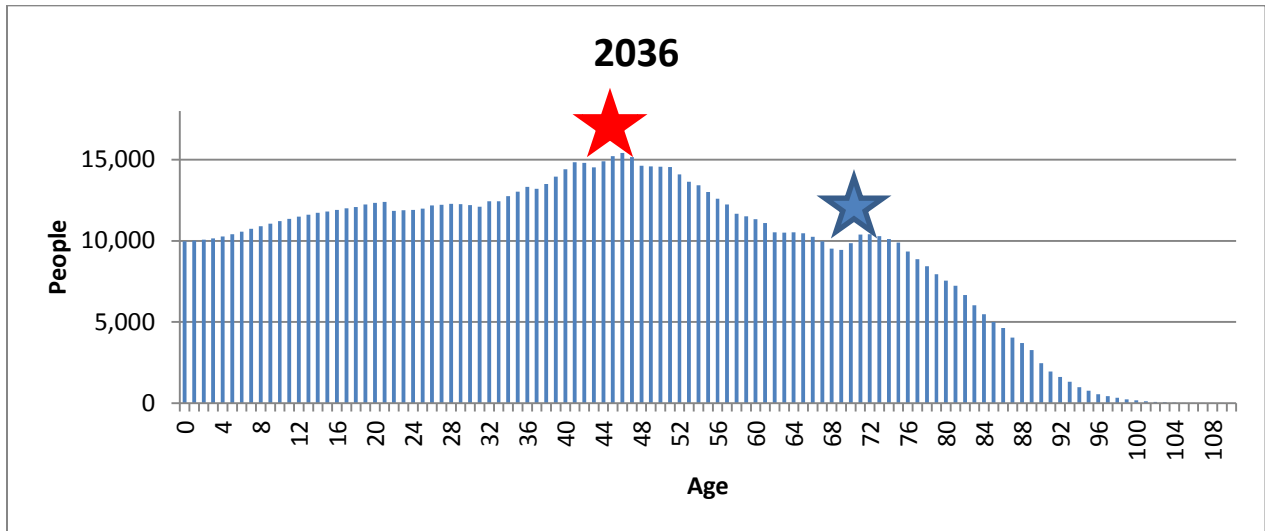
Source: The Conference Board of Canada

Figure 9: 2026 Age Group Distribution (CMA)



Source: The Conference Board of Canada

Figure 10: 2036 Age Group Distribution (CMA)



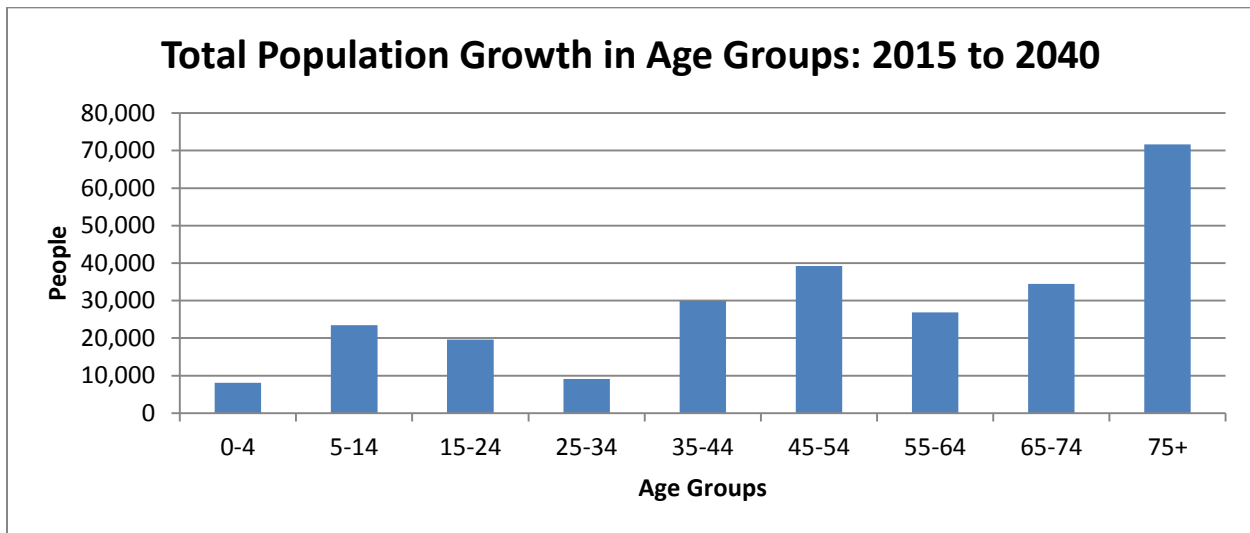
Source: The Conference Board of Canada

Over the period of the forecast horizon several patterns emerge through the various age groups. Each group will change but not in the same way. Figure 11: Total Population Growth in Age Groups: 2015 to 2040 (CMA) and Table 2: Population Growth in Age Groups (CMA) provide a detailed summary of the absolute and percent change over time.

As illustrated in Figure 11, the different age groups are expected to change in different ways from 2015 to 2040. In total, the eldest group, 75 to 110 years old (75+) is expected to increase in size by 139%, or 71,600 individuals. In terms of per cent change, the smallest change is expected to occur in the 25-34 age group: it is forecast to increase by only 8% or 9,100 individuals.

Also, these patterns change in different ways over the years from 2015 to 2040. For example, from 2015 to 2023, there is expected to be a significant decrease in the number of 15-24 year olds: by nearly 5,000. After 2023, this cohort will increase, but only by 19,600 in 2040. Similarly, the 45-54 age group is expected to decrease by almost 500 people from 2015 to 2023, but then to increase until 2040. These details are provided below in Table 2: Population Growth in Age Groups (CMA).

Figure 11: Total Population Growth in Age Groups: 2015 to 2040 (CMA)



Source: The Conference Board of Canada

Table 2: Population Growth in Age Groups (CMA)

	0-4	5-14	15-24	25-34	35-44	45-54	55-64	65-74	75+
2015-23	6,700	11,000	-5,000	7,100	21,700	-500	9,800	21,600	13,200
%	15%	13%	-5%	6%	20%	0%	10%	33%	26%
2015-32	6,700	23,000	6,500	0	36,000	22,500	8,000	37,400	42,300
%	15%	26%	6%	0%	33%	20%	8%	58%	82%
2015-40	8,100	23,400	19,600	9,100	29,900	39,300	26,900	34,400	71,600
%	19%	27%	18%	8%	28%	35%	27%	53%	139%

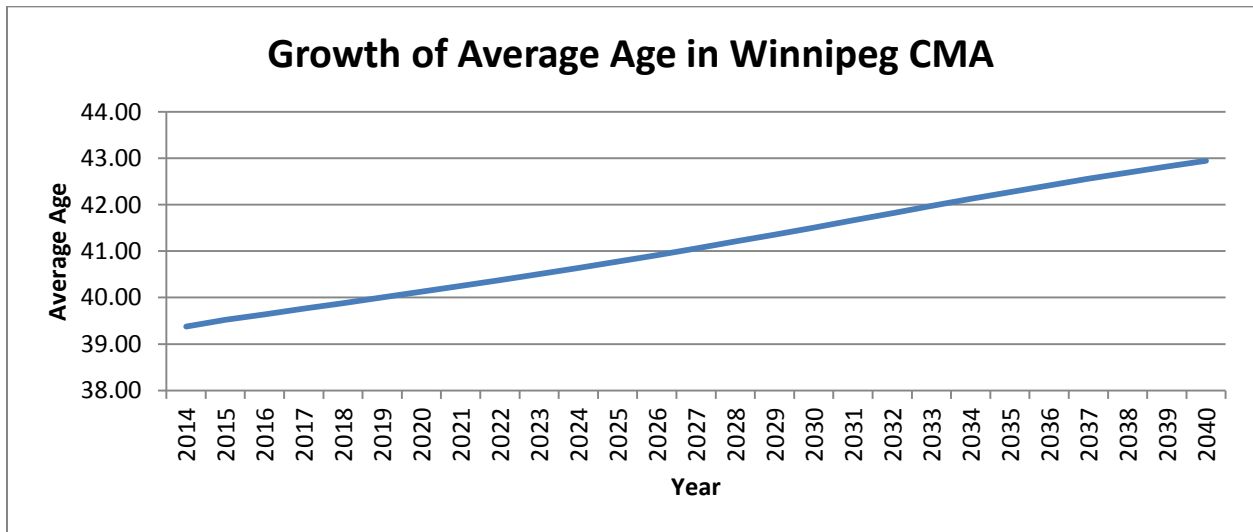
Source: The Conference Board of Canada

It is important to consider the impact changes in the distribution of the population can have on the services demanded within the City of Winnipeg. For example, younger age groups, particularly from 0 to 14, place demands on very specific types of public infrastructure, like playgrounds and pools, while older age groups place different demands, like public gardens. Similarly, older generations will place more demand on the City of Winnipeg with respect to emergency or ambulatory services – it is significant that this is the age group that is expected to increase by the largest amount.

Also significant is the change with respect to the share of baby-boomers within the population: in the recent past there were major concerns this share of population would become too large relative to the others, placing too much burden on a smaller and smaller share. To a degree this concern has been alleviated due to the increase and anticipated increase in the share of population aged 25-45, which has been caused by immigration. On the whole, though, the overall age of the population is becoming older,

as illustrated in Figure 12: Average Age in Winnipeg CMA. By taking all individuals into account, the overall age of Winnipeg is expected to gently increase from just over 39 in 2015 to around 43 by 2040.

Figure 12: Average Age in Winnipeg CMA



Source: The Conference Board of Canada

Housing

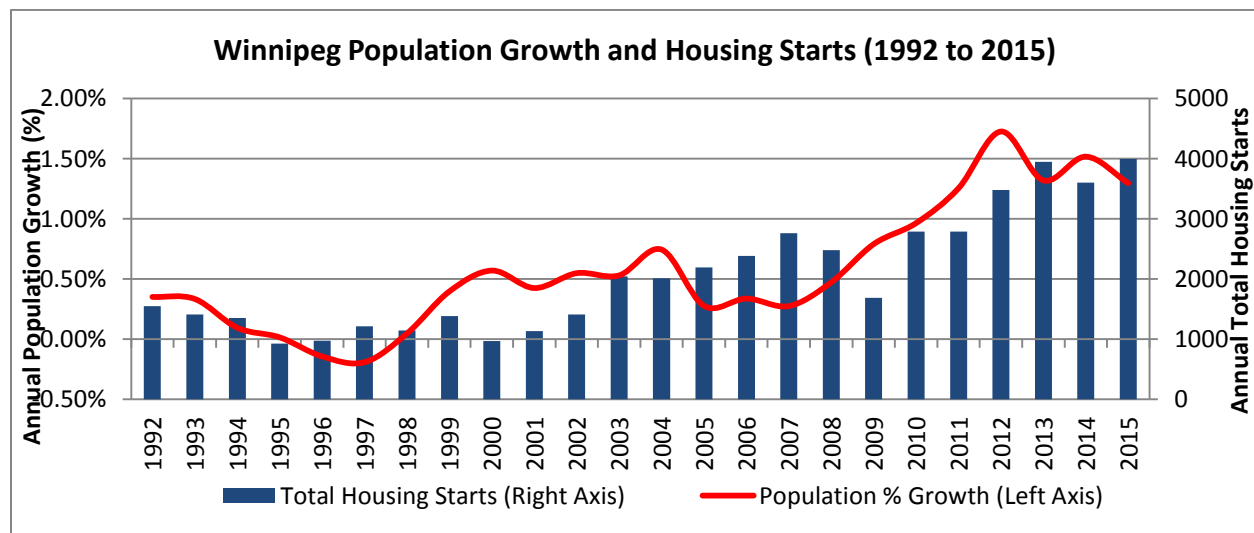
Introduction

One of the most important financial decisions a Winnipegger can make is whether to purchase and own a house. For younger individuals, homeownership may be a financial challenge, tying up a larger share of disposable income. For older Winnipeggers, ownership of a home is viewed as an implicit source of income; equity held in reserve that may be liquidated and used as income.

From the perspective of the City of Winnipeg, changes in numbers and types of homes affect both sides of the municipal budget. For example, new homes and new neighborhoods will result in an increase in demand for municipal services, like road infrastructure, sewer, water, and overall general municipal planning, given changing geographical requirements. Existing homes also face changes – changes in demand and supply for services over time, like new requirements for sewer and water. At the same time, houses, and the property they exist upon, are the single largest and arguably most important source of revenue for the City of Winnipeg.

Given the significance housing has on both the citizenry of Winnipeg, and the impact it has on the City of Winnipeg, it is crucial to examine and understand the trends that exist within our City. It is important to maintain awareness of these trends so that policy can be shaped to align with both the economy of Winnipeg, and the ever-changing demands for services.

Figure 13: Winnipeg Population Growth and Housing Starts



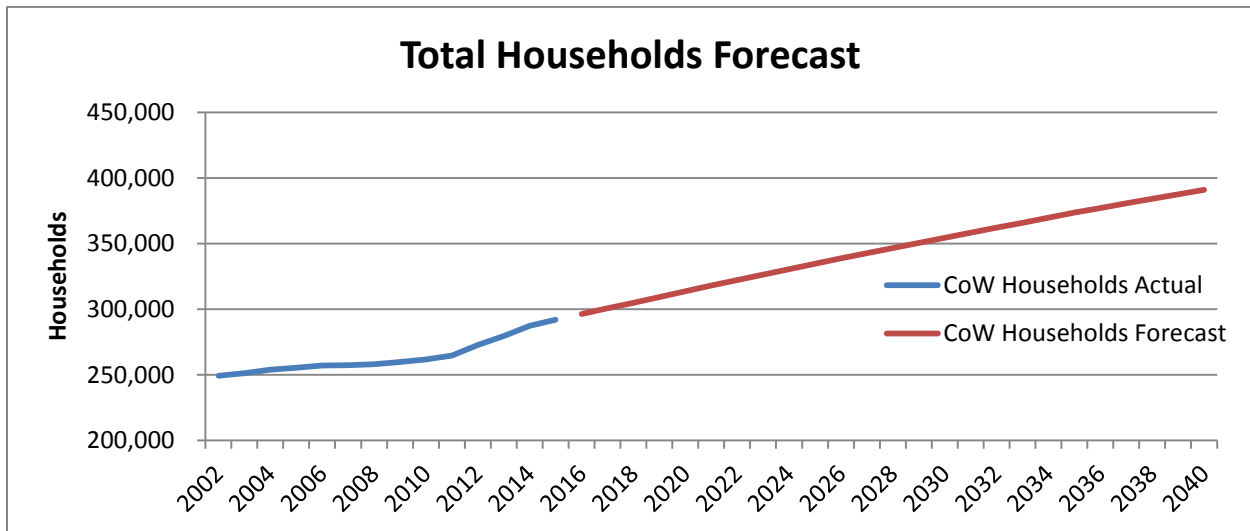
Source: Statistics Canada, CMHC

As population increases in our city, as does the demand for dwelling types, which is collectively referred to as housing or households. Therefore it is important to separate the number of households into dwelling types: singles, or individual separate households, and multiples (apartments, duplexes, row housing). This is significant because it will inform planners on the amount and type of demands to be placed with respect to land and services, and where these dwellings may be constructed in the future.

Housing Growth

Figure 14: Household Forecast (City of Winnipeg) illustrates the overall total growth in households within the City of Winnipeg. Housing is defined as any type of dwelling unit, which includes both single detached, and multiples.

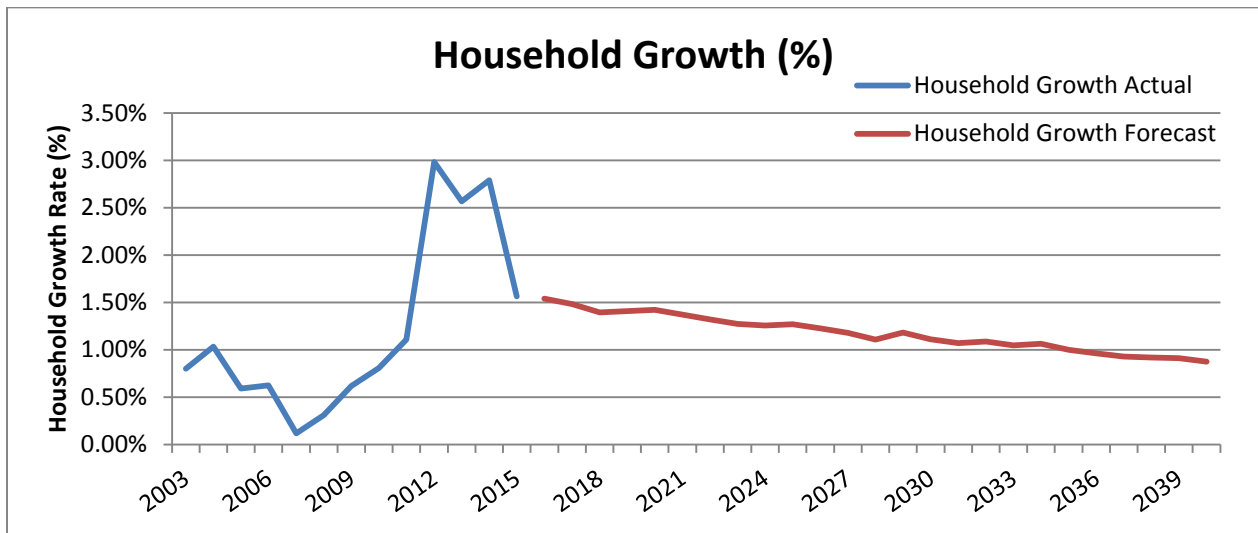
Figure 14: Household Forecast (City of Winnipeg)



Source: The Conference Board of Canada

From 2002 to 2015, the number of households in the City of Winnipeg has increased from around 249,000 to around 291,900, or by 17%. Over the forecast horizon to 2040, the number of households is expected to increase by around 32% or approximately 100,000 units to 391,100. This growth is based on the change in population growth and therefore demand for housing. As illustrated by Figure 15: City of Winnipeg Household Growth Rate (%), the annual rate of growth averaged 0.6% per year from 2002 to 2010, and from 2010 to present this growth rate has been around 2.2% per year. Over the forecast horizon, this rate of growth is not expected to be maintained: from 2016 to 2040 the rate of growth is expected to decline from around 1.5% per year to around 0.9% per year.

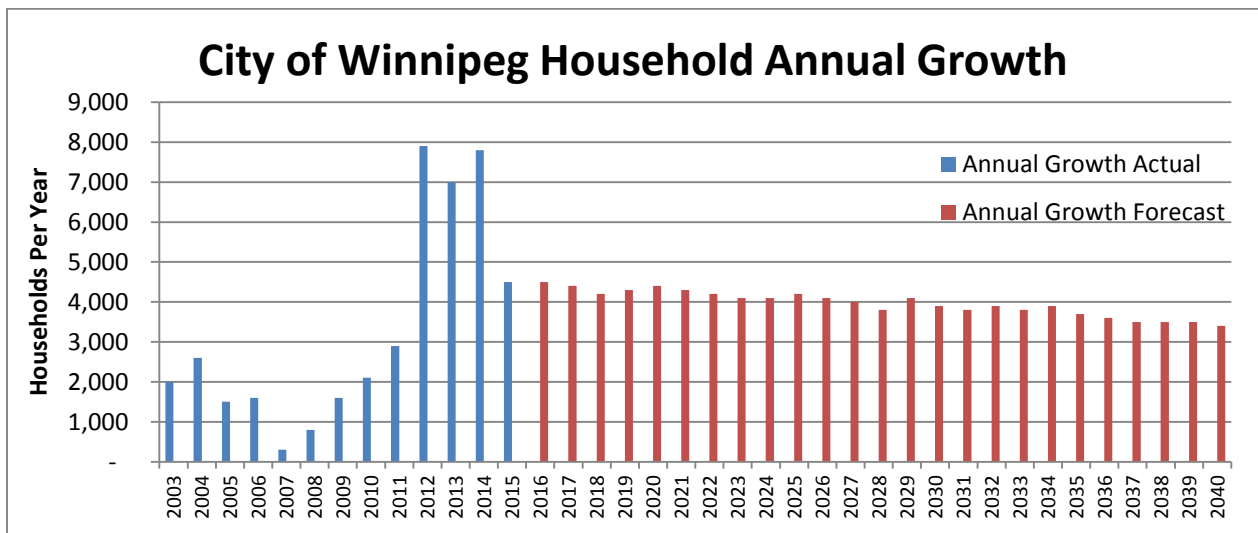
Figure 15: City of Winnipeg Household Growth Rate (%)



Source: The Conference Board of Canada

This pattern can also be illustrated in absolute terms as well: Figure 16: City of Winnipeg Household Growth (Total per Year). From 2003 to 2015, there was a significant change in the annual increase in number of households from around 2,000 units per year to a peak of almost 8,000. This rate of growth is not expected to be maintained; the total annual household growth rate is forecasted to decline from around 4,500 units per year to around 3,500 per year in 2040.

Figure 16: City of Winnipeg Household Growth (Total per Year)



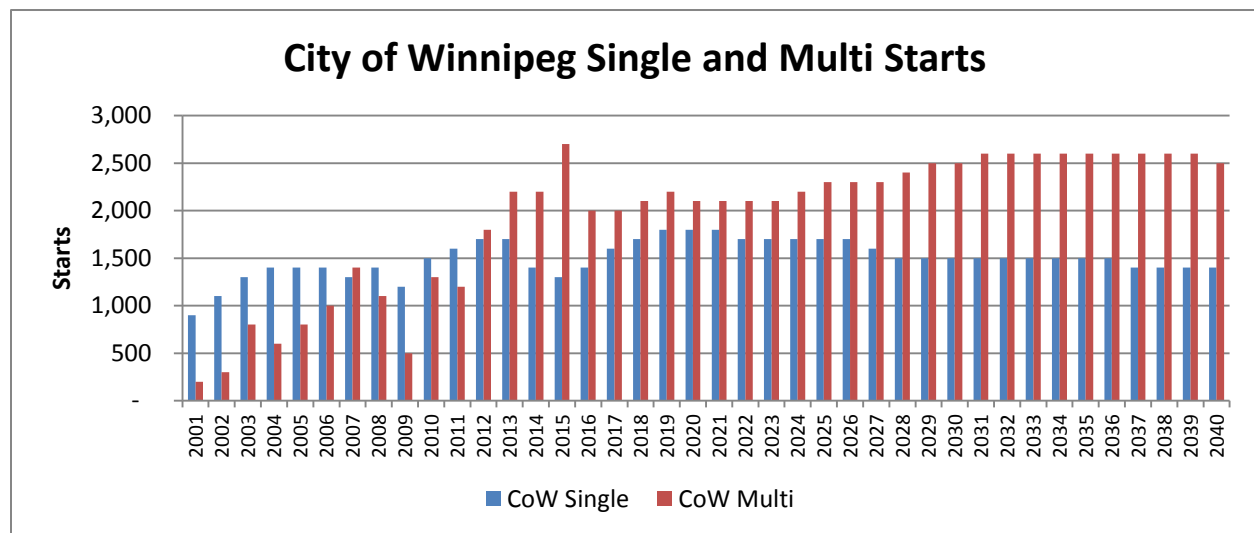
Source: The Conference Board of Canada

Housing Starts

Winnipeg’s housing market has begun a transformation which is changing the type of housing expected to be constructed, or started. Primarily, aging baby boomers and reduced housing affordability of single-family dwellings has, and will, increase the demand for multi-family units. This can be illustrated by the recent history and forecasted horizon in Figure 17: City of Winnipeg Singles and Multi Starts. Beginning in 2013, the number of multi-unit starts exceeded the number of single-unit starts, and in the past few years has been exceptionally high. In 2015 the number of multiple units started was around 2,700 versus under 1,300 for singles.

Over the short run, the number of multiples started is expected to decline to around 2,000, however over the long run it is expected to increase to around 2,500 per year. Moreover, the number of multiples constructed per year is expected to increase each year from around 2,000 in 2017 to 2,500 in 2040, whereas the number of singles is expected to decrease.

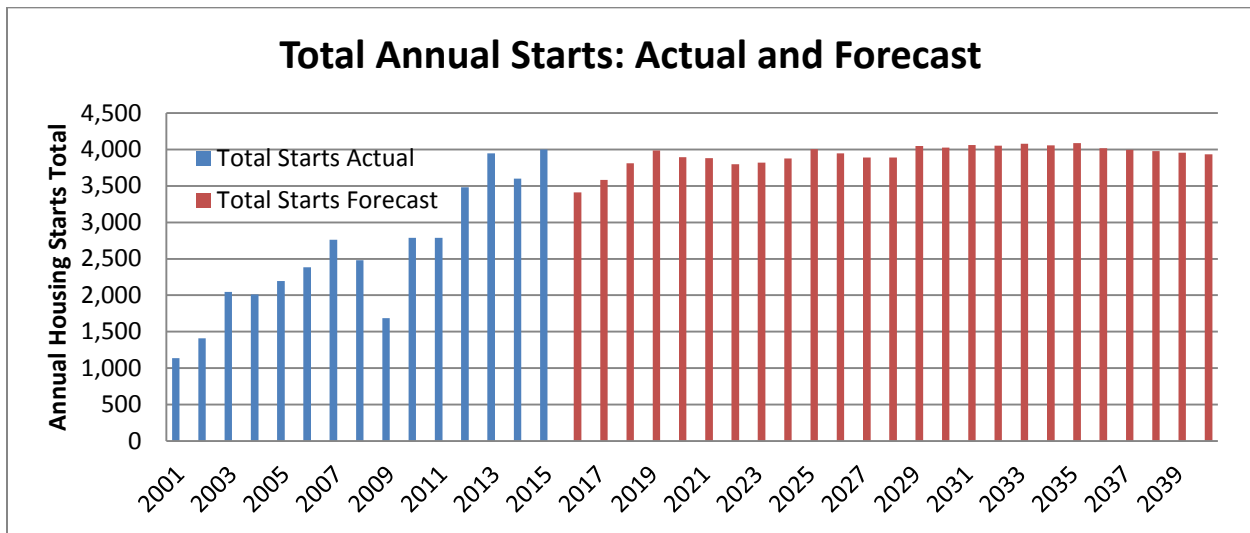
Figure 17: City of Winnipeg Singles and Multi Starts



Source: CMHC, The Conference Board of Canada

Taken together, the number of total housing starts in the City of Winnipeg is expected to maintain an annual rate of around 4,000 units per year. As illustrated by Figure 18: City of Winnipeg Total Annual Starts, this is expected to remain fairly flat over the forecast horizon. Cumulatively, the number of multiples started is expected to reach around 60,000 by 2040, and for singles, around 40,000.

Figure 18: City of Winnipeg Total Annual Starts



Source: CMHC, The Conference Board of Canada

Economy

Introduction

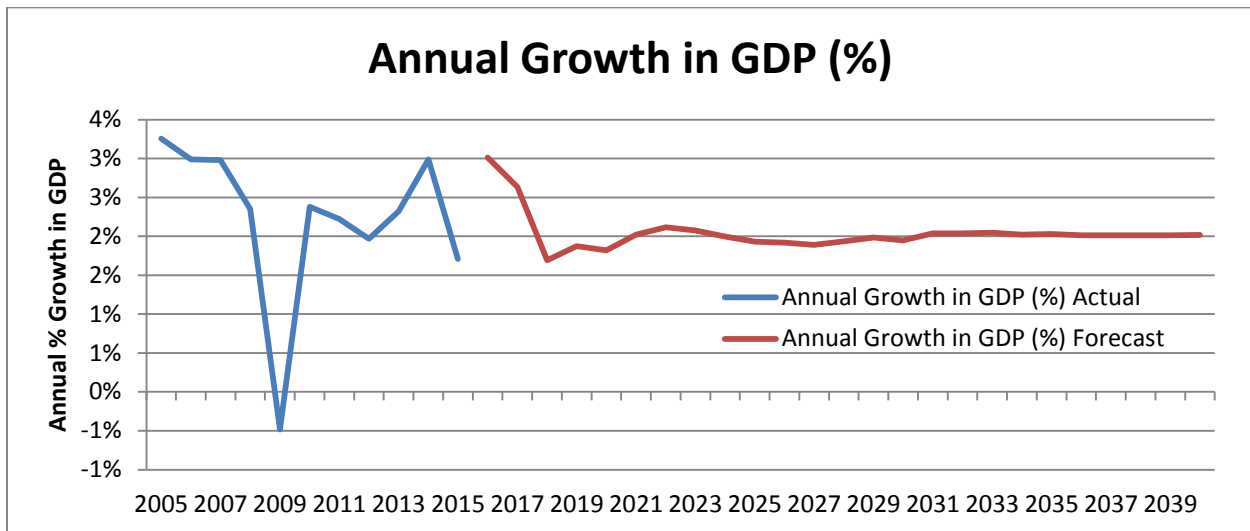
This section will provide forecasts about the Winnipeg CMA economy, focusing on gross domestic product (GDP), inflation, unemployment, and income patterns.

The Winnipeg CMA is expected to have a healthy economy over the forecast horizon to 2040 because of diversity in manufacturing, strong construction activity, and an expanding services sector – and all of this should result in strong employment growth.

Gross Domestic Product

Gross Domestic Product is the monetary measure of the value of all goods and services produced over a period of time in an economy. It is the sum of all consumption, investment, government spending, and the net difference between exports and imports. The maximum gross domestic product an economy can achieve is called the natural gross domestic product, or the production possibilities frontier. When an economy is producing at or close to its natural GDP, unemployment will fall and inflation will begin to rise. As illustrated in Figure 19: Annual Per Cent Growth in GDP (CMA), GDP is expected to grow by an average annual compound growth rate of 2.1% from 2015 to 2040, and unemployment and inflation will continue to fall and rise, respectively. These are considered healthy signs of an economy.

Figure 19: Annual Per Cent Growth in GDP (CMA)



Source: The Conference Board of Canada

Over the short-run, real GDP is expected to be very strong, growing around 2.6% given the considerable amount of construction activity. Over the long-run, real GDP is expected to grow by an average annual compound growth rate of 2.1% from 2015 to 2040. This will be driven by strong diversity, featuring manufacturing, construction and service sector, resulting in strong long-term employment and income growth. Provincial mining and electricity-generating potential will lead to further megaprojects being developed over the next decade which will directly benefit Winnipeg’s economy. Stable provincial and municipal spending commitments to upgrade infrastructure (hospitals, sewage, roads) will support Winnipeg’s growth. As a consequence of strong employment and income growth, local domestic demand, consumer spending and retail sales will continue remaining healthy.

Consumer Price Index

The consumer price index is the most familiar measure of general price change in an economy. Simply, it represents the price change of a typical consumer basket of goods over a period of time. This change in price may increase, which is known as inflation, or decrease, which is known as deflation. Changes in prices over time can impact both consumers as well as planners at the City of Winnipeg. For example, if a consumer anticipates a decrease in price of a certain good or service, the individual may defer purchasing until that expected decrease occurs. Similarly, price changes can impact salary negotiations between employees and employers, such as occurs at the City of Winnipeg. Depending on how significant actual or expected changes are, it can adversely impact an economy. For example, in the early 1980’s, annual CPI reached peaks of 12% change per year – this meant that the price of consumer goods and services increased by 12% from one year to the next.⁹ Recognizing this impact, since February 1991, the Bank of Canada has targeted annual consumer price index inflation between 1% and 3% per year through use of monetary policy.¹⁰ Since then, annual inflation of the consumer price index has

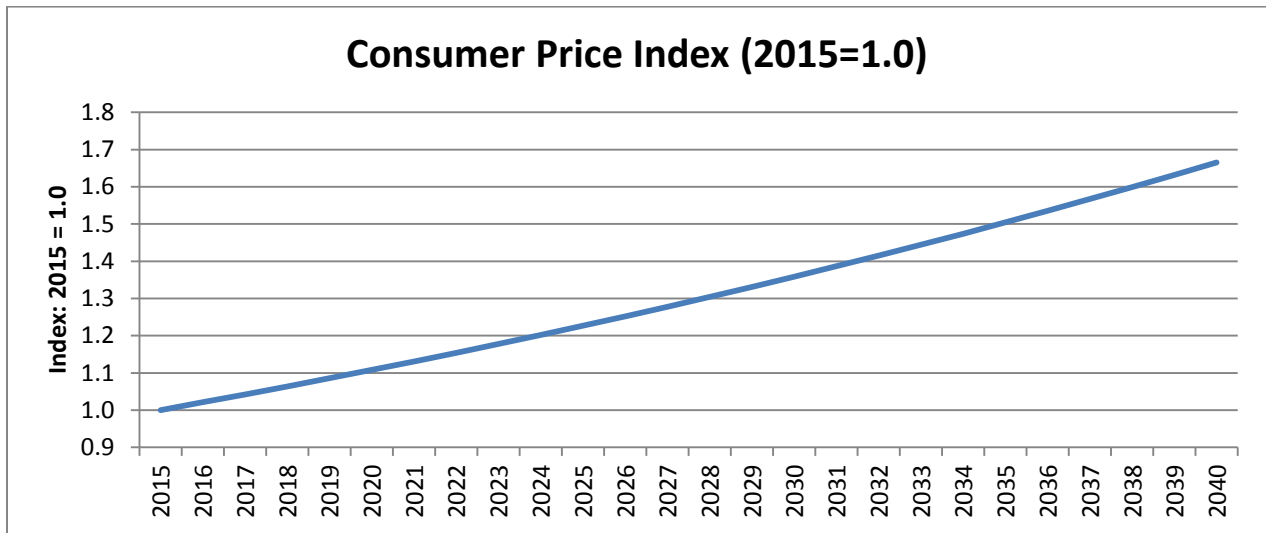
⁹ <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ46b-eng.htm>

¹⁰ <http://www.bankofcanada.ca/rates/indicators/key-variables/inflation-control-target/>

largely remained within these targets. The readers will note that the inflation targeting regime is up for review in 2016.

Over the forecast horizon, annual CPI change is expected to remain around 2% per year. As illustrated by Figure 20: Consumer Price Index (CMA), with prices of consumer goods and services compounding at a rate of around 2% per year, an item worth \$1.00 in 2015 will cost just under \$1.70 in 2040.

Figure 20: Consumer Price Index (CMA)

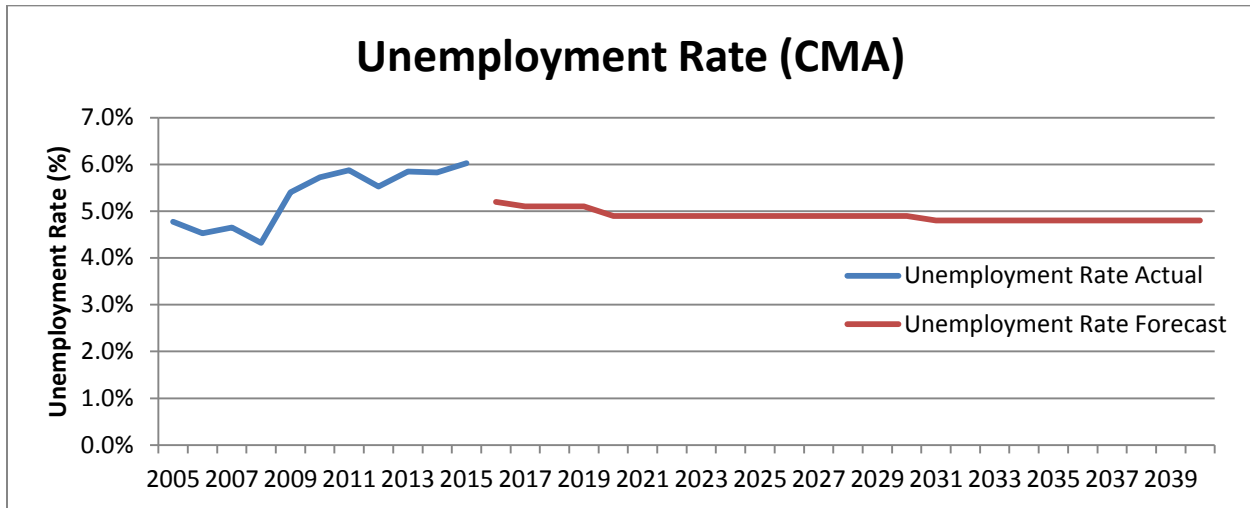


Source: The Conference Board of Canada

Labour Market

Statistics related to employment are among the most watched indicators of an economy. There are two ways to look at the labour market: employment and unemployment. The definitions for employment and unemployment are somewhat complex, but generally refer to an individual who did paid or unpaid work, over a period of time, at a business, self-employment, or household-owned operation. Unemployment is not just the reverse; rather, it is defined as not employed and also seeking employment. The unemployment rate is expected to remain low, declining from around 5.4 to 4.8 over the forecast horizon.

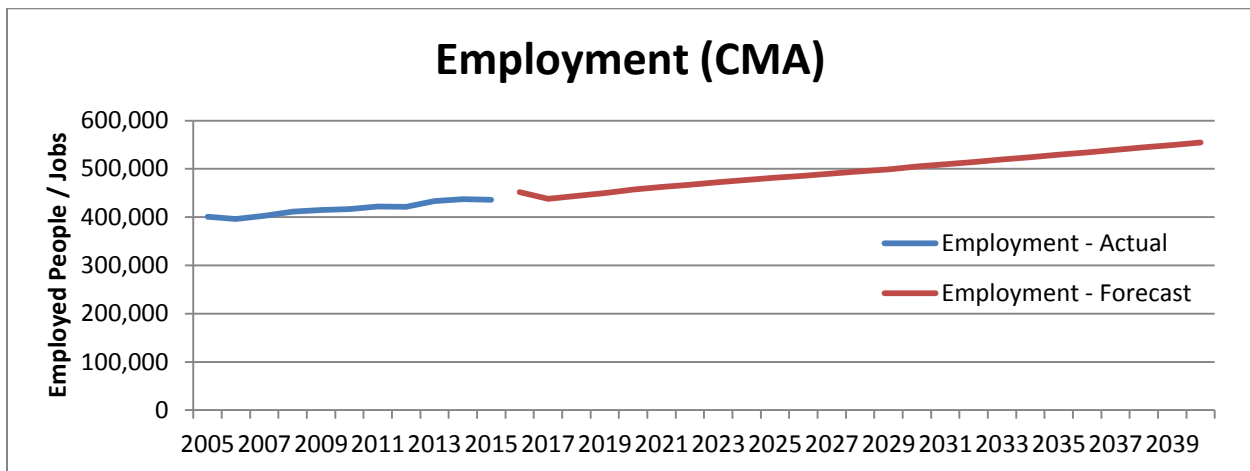
Figure 21: Unemployment Rate (CMA)



Source: The Conference Board of Canada

Historically, the Winnipeg CMA has had a low unemployment rate relative to other Census Metropolitan Areas across Canada. In fact, since November 2005, Winnipeg has exceeded the national unemployment rate for only one month, which briefly occurred in February 2015.¹¹ Matching this fact has been a consistent growth in the number of employed individuals in Winnipeg. As illustrated by Figure 22: Employment (CMA) below, the Winnipeg CMA has increased the number of employed individuals, or jobs, by almost 35,000. Given the confidence in the economy, the consistently low unemployment rate, this rate of growth is expected to continue for the forecast horizon, resulting in almost 120,000 new jobs from 2015 to 2040.

Figure 22: Employment (CMA)

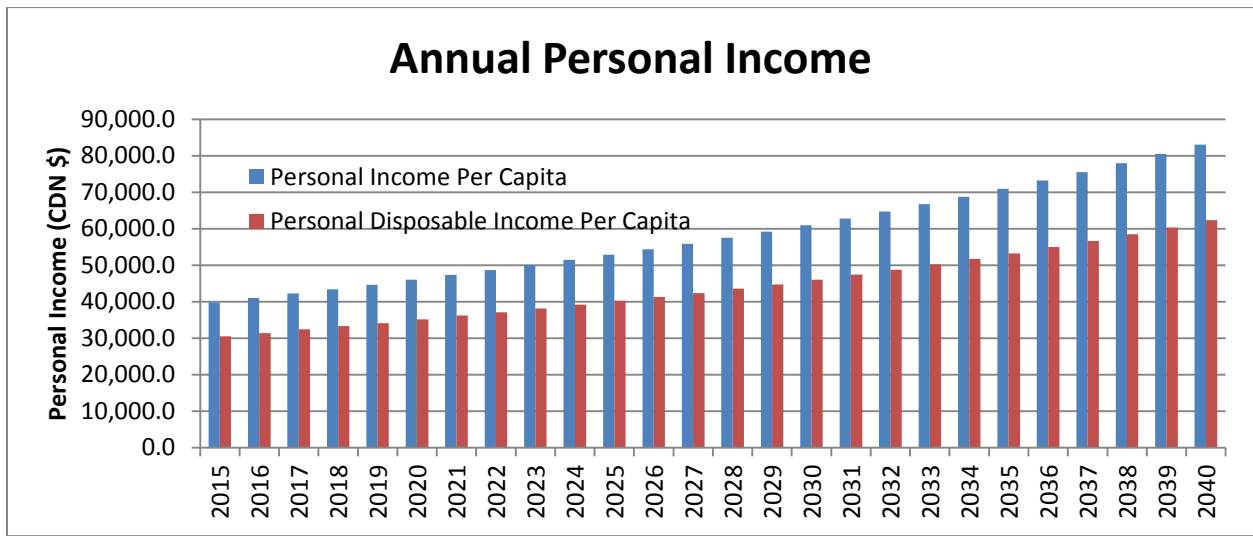


Source: The Conference Board of Canada

¹¹ Source: CANSIM Table 282-0135 Labour force survey estimates (LFS), by census metropolitan area based on 2011 Census boundaries, 3-month moving average, seasonally adjusted and unadjusted, monthly

As a consequence of the growth in the Winnipeg CMA economy (as measure by GDP), the low unemployment rate expectations, and finally the consistent employment growth, income on a per capita basis is expected to rise. As illustrated in Figure 23: Personal Income Per Capita (CMA), personal income per capita is expected to double, from around \$40,000 per person, to around \$80,000 per person in 2040. Similarly, disposable income is expected to increase at an almost identical rate, growing from around \$30,000 in 2015 to around \$60,000.

Figure 23: Personal Income Per Capita (CMA)



Source: The Conference Board of Canada

CONCLUSION

The population of the City of Winnipeg is expected to increase from around 718,400 individuals in 2015 to around 922,600 by 2040. Population growth will be driven largely by continued international immigration. These individuals will continue to seek housing, maintaining the current growth in housing demand; however the aging baby boomers and changing affordability of dwellings will result in more multiple dwellings being built than single-detached. Over the forecast horizon, the annual growth in the Winnipeg real Gross Domestic Product (GDP growth adjusted for inflation) will be maintained around 2.1%, resulting in strong employment and a doubling of per capita gross and disposable income.

APPENDIX: DATA TABLES

Total Population for CMA, Winnipeg and Rest of CMA

Year	Winnipeg CMA	Change	City of Winnipeg	Change	Rest of CMA	Change
2011	746,100		677,800		68,200	
2012	759,600	13,500	689,500	11,700	70,100	1,900
2013	770,300	10,700	698,600	9,100	71,700	1,600
2014	782,600	12,300	709,200	10,600	73,400	1,700
2015	793,400	10,800	718,400	9,200	75,100	1,700
2016	803,500	10,100	726,700	8,300	76,800	1,700
2017	814,100	10,600	735,500	8,800	78,600	1,800
2018	824,600	10,500	744,200	8,700	80,400	1,800
2019	835,300	10,700	753,000	8,800	82,300	1,900
2020	846,000	10,700	761,900	8,900	84,200	1,900
2021	856,800	10,800	770,700	8,800	86,100	1,900
2022	867,600	10,800	779,500	8,800	88,100	2,000
2023	878,500	10,900	788,400	8,900	90,100	2,000
2024	889,500	11,000	797,300	8,900	92,200	2,100
2025	900,500	11,000	806,200	8,900	94,300	2,100
2026	911,400	10,900	814,900	8,700	96,500	2,200
2027	922,200	10,800	823,500	8,600	98,800	2,300
2028	933,100	10,900	832,000	8,500	101,000	2,200
2029	943,800	10,700	840,400	8,400	103,400	2,400
2030	954,500	10,700	848,700	8,300	105,800	2,400
2031	965,000	10,500	856,800	8,100	108,200	2,400
2032	975,400	10,400	864,700	7,900	110,700	2,500
2033	985,700	10,300	872,400	7,700	113,300	2,600
2034	995,900	10,200	880,000	7,600	115,900	2,600
2035	1,006,000	10,100	887,400	7,400	118,600	2,700
2036	1,016,000	10,000	894,700	7,300	121,300	2,700
2037	1,025,900	9,900	901,800	7,100	124,100	2,800
2038	1,035,800	9,900	908,900	7,100	127,000	2,900
2039	1,045,700	9,900	915,800	6,900	129,900	2,900
2040	1,055,500	9,800	922,600	6,800	132,900	3,000

Households and Housing Starts in City of Winnipeg

Year	Households	Singles	Multiples
2011	264,700	1,600	1,200
2012	272,600	1,700	1,800
2013	279,600	1,700	2,200
2014	287,400	1,400	2,200
2015	291,900	1,300	2,700
2016	296,400	1,400	2,000
2017	300,800	1,600	2,000
2018	305,000	1,700	2,100
2019	309,300	1,800	2,200
2020	313,700	1,800	2,100
2021	318,000	1,800	2,100
2022	322,200	1,700	2,100
2023	326,300	1,700	2,100
2024	330,400	1,700	2,200
2025	334,600	1,700	2,300
2026	338,700	1,700	2,300
2027	342,700	1,600	2,300
2028	346,500	1,500	2,400
2029	350,600	1,500	2,500
2030	354,500	1,500	2,500
2031	358,300	1,500	2,600
2032	362,200	1,500	2,600
2033	366,000	1,500	2,600
2034	369,900	1,500	2,600
2035	373,600	1,500	2,600
2036	377,200	1,500	2,600
2037	380,700	1,400	2,600
2038	384,200	1,400	2,600
2039	387,700	1,400	2,600
2040	391,100	1,400	2,500

Economic Indicators for CMA

Year	Gross Domestic Product (%)	Population Growth (%)	Unemployment Rate (%)	Consumer Price Index (%)
2015	2.5	1.3	5.4	1.0
2016	3.0	1.3	5.2	2.2
2017	2.6	1.3	5.1	2.0
2018	1.7	1.3	5.1	2.0
2019	1.9	1.3	5.1	2.1
2020	1.8	1.3	4.9	2.1
2021	2.0	1.3	4.9	2.1
2022	2.1	1.3	4.9	2.1
2023	2.1	1.3	4.9	2.1
2024	2.0	1.2	4.9	2.1
2025	1.9	1.2	4.9	2.1
2026	1.9	1.2	4.9	2.1
2027	1.9	1.2	4.9	2.1
2028	1.9	1.2	4.9	2.1
2029	2.0	1.2	4.9	2.1
2030	1.9	1.1	4.9	2.1
2031	2.0	1.1	4.8	2.1
2032	2.0	1.1	4.8	2.1
2033	2.0	1.1	4.8	2.1
2034	2.0	1.0	4.8	2.1
2035	2.0	1.0	4.8	2.1
2036	2.0	1.0	4.8	2.1
2037	2.0	1.0	4.8	2.1
2038	2.0	1.0	4.8	2.1
2039	2.0	0.9	4.8	2.1
2040	2.0	0.9	4.8	2.1

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