

A photograph of a person from the waist down, wearing a brown wool coat and dark blue leather leggings. The person is holding a white surgical mask by its top strap. The background is a blurred outdoor setting. A semi-transparent dark grey horizontal band is overlaid across the middle of the image, containing the title text.

THE TOWN OF WASAGA BEACH  
**ECONOMIC IMPACT  
AND FORECAST REPORT**

Economic Development Office - January 2021

# PREFACE

The forecasts and data included in this report is presented with an element of uncertainty as situations concerning the impacts of the novel coronavirus pandemic continue to evolve. What is outlined in this report is based on the best data and expert opinion that we have available today.

The purpose of this report is to provide contextual information to support informed decision-making. The information provided is not intended to undermine or be prioritized over directives issued by the Premier of Ontario or local health officials.

The Economic Development Department will continue to monitor behaviors, data, and outcomes in the months ahead to determine the depth and duration of the pandemic impacts on the local economy.

# ACKNOWLEDGEMENTS

This report was prepared by the Economic Development Office of the Town of Wasaga Beach.

Cover Photo by [Kaique Rocha](#) from [Pexels](#)

Support was provided from OMAFRA through the EMSI Analyst program. However, please note that the views in this publication do not necessarily reflect those of the Ministry.

In addition, please view section 8.0 of this report for a full list of references and resources that were used in the development of this report.

## TABLE OF CONTENTS

1.0 Executive Summary.....	4
2.0 Background .....	5
4.0 Global Projections.....	7
5.0 National and Provincial.....	9
Gross Domestic Product .....	9
Hardest Hit Industries.....	10
Labour Force and Employment .....	11
Tourism Industry.....	13
Housing Market .....	15
Inflation.....	19
Supply Chains.....	19
Business Confidence .....	21
6.0 Simcoe County and Wasaga Beach.....	22
Labour Force, Employment and Industries .....	22
Tourism Industry.....	25
Housing Market .....	27
Wasaga Beach Socio-Economic Profile Summary .....	28
Local Conclusions.....	30
7.0 Conclusion – A Path to Recovery .....	34
8.0 References .....	35

## 1.0 EXECUTIVE SUMMARY

The year 2020 brought many challenges to the forefront due to the global pandemic that effected the entire world. Lockdowns which have been used to curb the spread of the novel coronavirus (COVID-19) pandemic has led to significant economic disruption. The lack of historical comparison makes forecasting outcomes and the extent of the damage from this pandemic difficult to interpret. Much still remains uncertain. In particular, what is unknown is the length and effects of the 'second wave' and associated Provincial shutdown as well as the efficiency, efficacy, and timing of the new COVID-19 vaccination roll-out.

This report seeks to document what the impact of the pandemic has been since the last Wasaga Beach Economic Impact Report in April, 2020. This Report also seeks to document what we can expect from the economy moving forward. The report will provide a summary of key macroeconomic and microeconomic trends that have been predicted to impact the world. The information provided in this report has been based on the most updated data and forecasts available. This report summarizes findings from local, provincial and national reports used to communicate the state of the economy and the forecasts that we can expect. This report aims to provide data and insight to inform local planning targeted at rebuilding the economy.

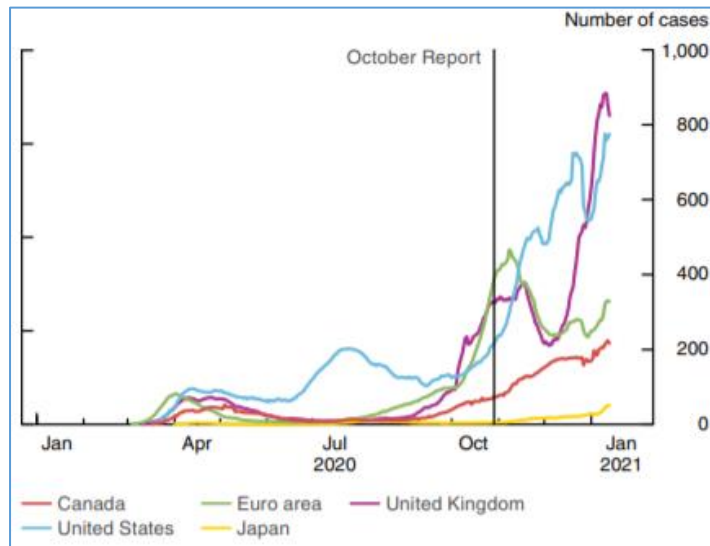
## 2.0 BACKGROUND

The Town of Wasaga Beach produced an Economic Impact Report in May of 2020. This Economic Impact report provided a brief synopsis of macroeconomic and microeconomic disruption that impacted the world up to the end of April, 2020. At the time of this Economic Impact Report, the ‘first wave’ of the COVID-19 pandemic in Canada was underway, as illustrated in Figure 1.

Since that time, the first wave of COVID-19 cases in the pandemic flattened. In light of this, many restrictions were lifted and the economy began to show aspects of recovery. COVID-19 cases then began to rise again in the fall of 2020, which resulted in a ‘second wave’ of COVID-19 cases in the global pandemic. In addition, variants of COVID-19 have been discovered globally and are proving to have a higher level of contagion (Centers for Disease Control and Prevention, 2021).

On December 9, 2020, authorization was given for the first vaccine in Canada for the prevention of COVID-19 and by the beginning of January 2021, over 400,000 vaccines have been distributed in Canada (Government of Canada, 2020).

FIGURE 1: DAILY NEW CASES PER MILLION PEOPLE, 7-DAY MOVING AVERAGE



SOURCES: UNITED NATIONS VIA HAVOR ANALYTICS, WORLD HEALTH ORGANIZATION AND BANK OF CANADA CALCULATIONS

In an effort to curb the second wave of the pandemic and buy time for further vaccine distribution, the Ontario Government announced its *Keeping Ontario Safe and Open Framework* in early November. The new framework categorized the public health unit regions into one of five zone types. Each of the zones were labeled with a colour. The colour would have associated health guidelines that businesses and organizations would have to follow. Depending on the number of COVID-19 cases that a unit had, their zone would be assigned one of these five colours. Between November 3<sup>rd</sup> and December 26<sup>th</sup> 2020, Simcoe County remained in the Yellow and Red Zones until the announcement on December 21<sup>st</sup>. The Government of Ontario then announced increased COVID-19 restrictions would result in Province-wide Shutdown beginning on Saturday December 26<sup>th</sup>, 2020 (Government of Ontario, 2020). On January 12<sup>th</sup>, 2021 a declaration of emergency was made for all of Ontario and a Stay-At-Home Order was issued (Government of Ontario, 2021). At the time of this report, Ontario remains in Shutdown, under the emergency declaration and under the Stay-At-Home Order.



As we enter 2021, the pandemic continues to spread. By early January, the number of confirmed infections worldwide exceeded 80 million, with over 1 million deaths (World Health Organization, 2020).

At this time, many available forecasts and projections were last completed at the end of 2020 quarter three. The forecasts produced in the last quarter of 2020 may not take into account new variables which have been recently introduced. These new variables include the second wave shutdown in Ontario, the COVID-19 vaccine efficacy and roll-out, the January 12<sup>th</sup> emergency order, the COVID-19 variants and any of the newly announced Government funding that was recently introduced. These variables have likely not been considered in some of the forecasts that are available at this time.

This report rests on the assumption that physical distancing and enhanced workplace safety standards will continue into 2021 and will then normalize as the vaccine coverage expands and treatments improve and that local transmission will be brought to low levels everywhere by 2022 and there will be no need for further shutdowns. Vaccines have been developed at a record rate. However, it will take time to monitor their efficacy, scale up production and distribute the necessary doses nationally and internationally (World Economic Outlook, 2020).

## 4.0 GLOBAL PROJECTIONS

The International Monetary Association (IMF) refers to the shutdowns in 2020 as “The Great Lockdown”. The months following the initial global shutdowns offered an indication of how difficult the economic rebuilding and recovery would be. During May and June, many countries reopened from the Great Lockdown, and the global economy started to rebound from the damage that arose earlier in the spring of 2020.

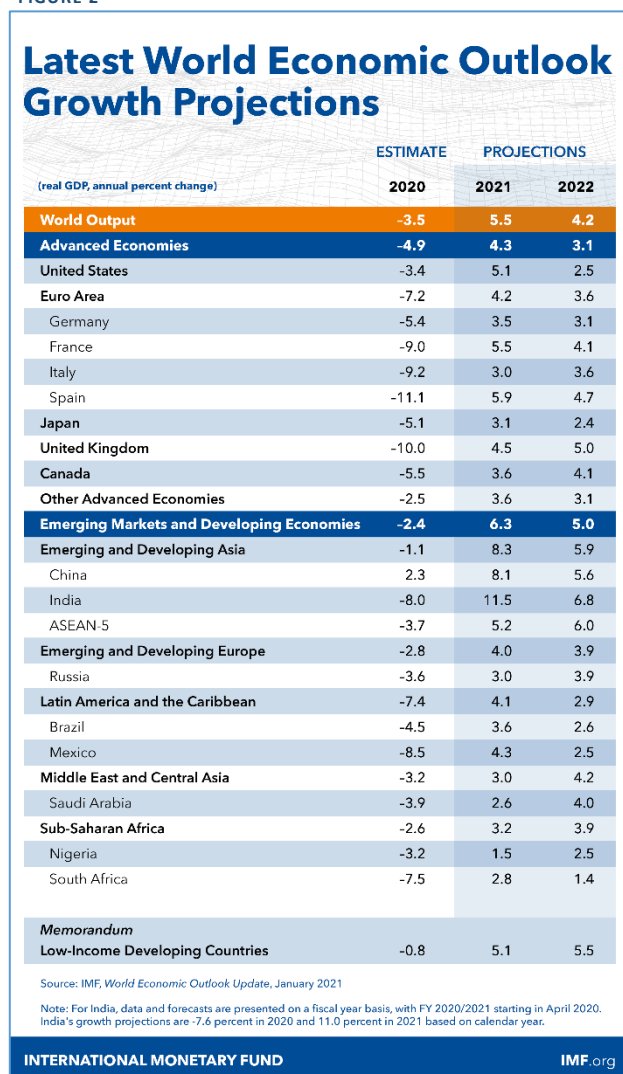
Gross Domestic Product (GDP) is the measure of all economic output, both goods and services, expressed in dollars. Changes in GDP are tracked to measure the health of the economy. Normally GDP grows steadily, which reflects a growing population and increasing economic activity.

The 2020 second quarter global GDP delivered positive results. As economies reopened and released limitations on spending, overall activity normalized faster than anticipated, as reported in the June 2020 IMF *World Economic Outlook* (IMF, 2020).

With COVID-19 cases accelerating again, many countries have paused reopening efforts, and some are reestablishing lockdowns. The global economy’s long climb back to pre-pandemic levels of activity will be prone to setbacks (IMF, 2020).

In the most updated *January 2021 Economic Outlook* report, IMF estimated that the global economy contracted by 3.5% in 2020 and that that the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022 (IMF, 2021). This projection reflects the combined effect of two challenging factors. The first factor being the better than anticipated 2020 second and third quarter GDP, and the second factor being the negative effects of social distancing and shutdowns in the second half of the year. Economic recovery began to take root in the third quarter of 2020 and it is expected to strengthen gradually over 2021. The recovery is likely to be affected by the continuation of social distancing and additional shutdowns (IMF, 2020).

FIGURE 2



This year is forecasted to be a recovery period in all advanced economies. However after an anticipated rebound in 2021, the IMF's forecast suggests slow GDP growth for the next few years. This suggests that both advanced and emerging market and developing economies will only modestly progress toward the 2020-2025 path of economic activity projected before the COVID-19 pandemic (IMF, 2020).

These developments generally suggest that the worst may be over for now, but nothing is certain while the pandemic worsens and further restrictions are enforced.



GROSS DOMESTIC PRODUCT

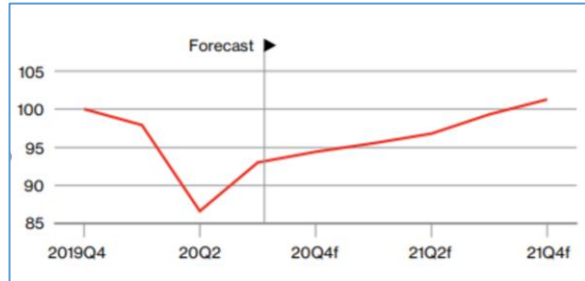
CANADA

Canada’s economy rebounded in recent months following the economic nose-dive caused by the COVID-19 shutdown in March and April. At its low in April, real GDP was at 82% of February’s pre-pandemic level (The Conference Board of Canada, Canada's Two-Year Outlook Summary, 2020).

As health restrictions began to lift in May, the recovery began to set in. Statistics Canada estimates that July’s economic activity was at 94% of February levels. However, a gap remains to be closed before Canada’s economy is “back to normal”. While economic activity is fully restored in some sectors, many will not see a return to normal until a vaccine is available to the wider population.

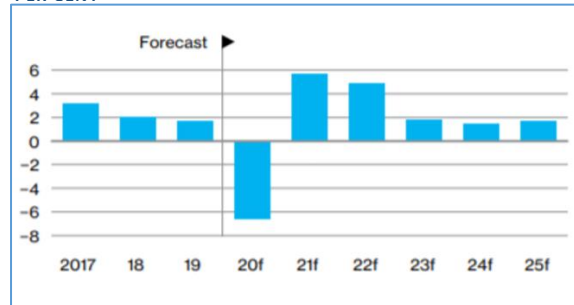
The rise in the number of COVID-19 cases has continued to disturb Canada’s recovery. It is important to note that it was expected by the Conference Board of Canada in their September 2020 *Canada’s Two-Year Outlook Summary* that the health measures and testing currently in place should prevent another full shutdown of economic activity, but they expected that localized

FIGURE 3: INDEX OF CANADA’S REAL GDP BY QUARTER, 2019Q4 = 100



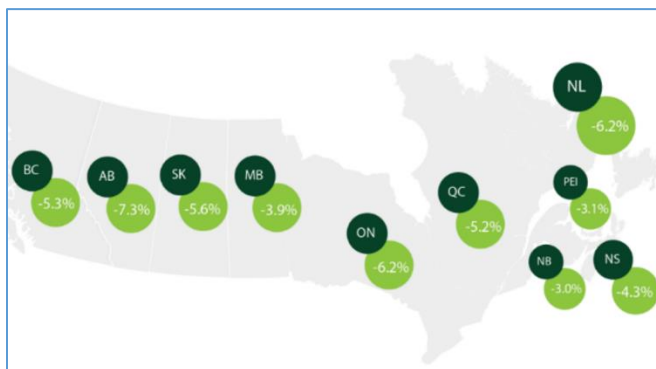
F = FORECAST  
SOURCES: THE CONFERENCE BOARD OF CANADA, STATISTICS CANADA

FIGURE 4: FULL RECOVERY DELAYED CANADIAN REAL GDP GROWTH, PER CENT



F = FORECAST  
SOURCES: THE CONFERENCE BOARD OF CANADA, STATISTICS CANADA

FIGURE 5: PROVINCIAL REAL GDP GROWTH FORECAST (2020)



SOURCES: TD ECONOMICS, FORECAST AS OF DECEMBER 2020

or regional shutdowns would continue to flatten the path of recovery. Tightened health restrictions may effect this forecast. Once the vaccine is widely available, most domestic-driven industries will recover within Canada (The Conference Board of Canada, Canada's Two-Year Outlook Summary, 2020).

Overall, IMF has estimated that real Canadian GDP will shrink by 5.5% in 2020. This is an improvement from what was

expected in the fall outlooks, which called for shrink of 6.6% this year. The IMF is projecting that the Canadian economy will grow 3.6% in 2021 and 4.1% in 2022 (IMF, 2021).

## ONTARIO

Ontario’s economy experienced a more challenging trek through the pandemic compared to other provinces this year. Important factors in this was the auto sector shutdowns that occurred earlier in the year, the slow re-opening after the first wave of shutdowns, and the beginning of the second wave shutdowns (The Conference Board of Canada, Canada's Two-Year Outlook Summary, 2020).

Ontario is also experiencing additional challenges which began in the final quarter of 2020 as activity in regions accounting for over 40% of total GDP is effected by renewed shutdown measures that are anticipated to last through to February, if not longer, as determined by health officials and the Premier. In Toronto-Dominion (TD) Banks most recent Provincial Economic Forecast from December 2020, it anticipates that Ontario will see a 5.6% rebound in 2021, followed by a 4.1% gain in 2022. Based off of this trajectory and those forecasted for Canada as a whole, we can expect a positive gain for Ontario as well going into 2023 (TD Economics, Provincial Economic Forecast, 2020).

## HARDEST HIT INDUSTRIES

It is important to note that although all sectors have been effected by the pandemic, several areas have been impacted more than others. These sectors include hospitality, manufacturing, retail trade, arts, entertainment, recreation and wholesale trade.

The impact of the pandemic continues to be uneven across industries. The recent lockdowns are expected to again cause the

FIGURE 6:

Ontario Economic Forecasts			
[ Annual average % change, unless otherwise noted ]			
	2020	2021	2022
Real GDP	-6.2	5.6	4.1
Nominal GDP	-4.9	7.2	6.3

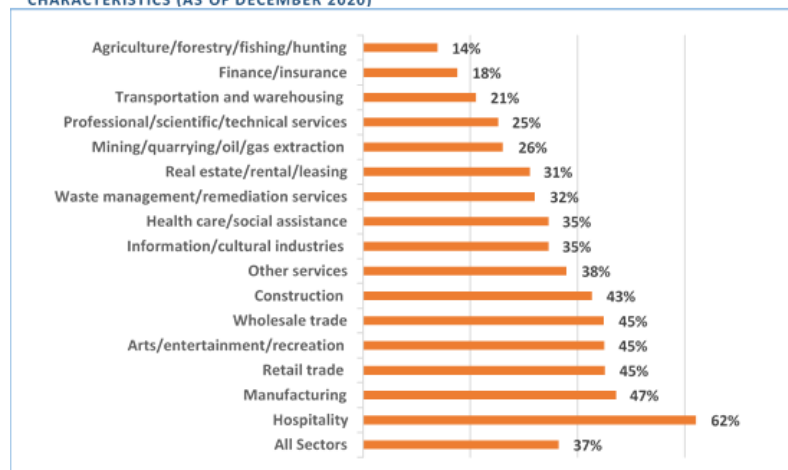
SOURCES: STATISTICS CANADA, CMHC, CREA, FORECAST BY TD ECONOMICS

\*NOMINAL GDP - IS A MEASURE OF THE VALUE OF ALL FINAL GOODS AND SERVICES PRODUCED WITHIN A COUNTRY'S BORDERS AT CURRENT MARKET PRICES. IT TAKES PRICE CHANGES, MONEY SUPPLY, INFLATION, AND CHANGING INTEREST RATES INTO ACCOUNT WHEN CALCULATING A COUNTRY'S GROSS DOMESTIC PRODUCT.

REAL GDP - A MEASURE OF A COUNTRY'S OUTPUT IN TERMS OF THE VALUE OF ITS GOODS AND SERVICES, ITS INVESTMENTS, ITS GOVERNMENT SPENDING, AND ITS EXPORTS. REAL GDP TAKES NOMINAL GDP AND ADJUSTS FOR INFLATION OR DEFLATION BY COMPARING AND CONVERTING PRICES TO A BASE YEAR'S PRICES. BY ADJUSTING FOR PRICE CHANGES, THE FINAL NUMBER WON'T REFLECT FALSE INCREASES OR DECREASES IN GDP DUE TO FLUCTUATION IN PRICES, AND IT IS A MORE ACCURATE REPRESENTATION OF A COUNTRY'S ECONOMIC ACTIVITY" (MASTERCLASS, 2020).

FIGURE 7:

CANADA – PERCENTAGE OF LAYOFFS SINCE THE START OF THE COVID-19 PANDEMIC, BY CHARACTERISTICS (AS OF DECEMBER 2020)

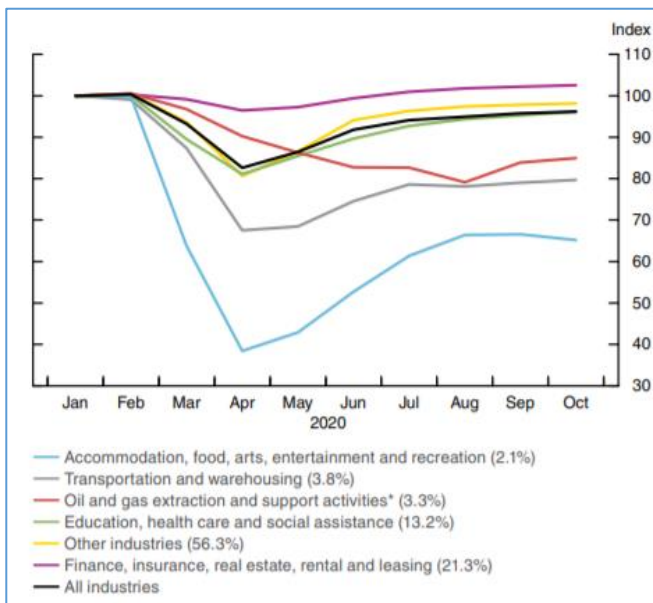


SOURCES: STATISTICS CANADA, TABLE 33-10-0279-01 LAYOFFS SINCE THE START OF THE COVID-19 PANDEMIC, BY BUSINESS CHARACTERISTICS

most challenges to workers and businesses in the high-contact services industries such as hospitality and retail trade. (The Bank of Canada, 2021).

The construction and manufacturing sectors accounted for many of the new hires and re-hires this fall. Notably, manufacturing has nearly returned to pre-pandemic levels. We can expect that job recovery will broaden to other sectors as restrictions ease over the next year and continue to improve in the next two years (RBC Bank, 2020).

**FIGURE 8: HARDEST-HIT SECTORS CONTINUE TO STRUGGLE**  
**REAL GDP BY INDUSTRY, SELECTED INDUSTRIES, INDEX: JANUARY 2020 = 100, MONTHLY DATA**



NOTE: THE NUMBERS IN PARENTHESES REPRESENT THE ESTIMATED NOMINAL SHARES OF TOTAL GDP BY INDUSTRY.

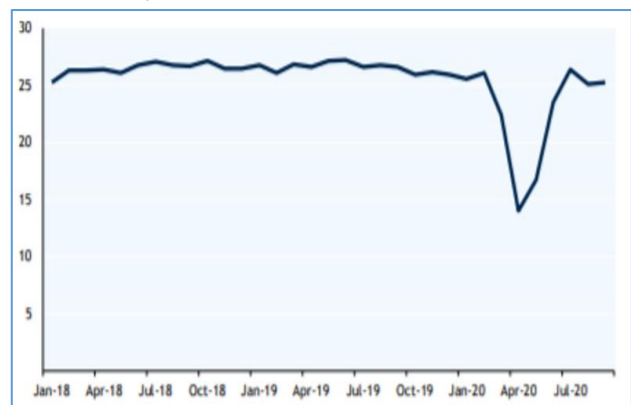
\* SUPPORT ACTIVITIES INCLUDE THOSE FOR THE MINING INDUSTRY.

SOURCES: STATISTICS CANADA AND BANK OF CANADA CALCULATIONS LAST OBSERVATION: OCTOBER 2020

Section 5.4 and 6.2 of this report will take a closer look at current state and forecasts for the Tourism industry which includes accommodation, food, arts, entertainment and recreation.

**FIGURE 9: ONTARIO MANUFACTURING SECTOR HAS NEARLY FULLY RECOVERED**

**MONTHLY MANUFACTURING SALES, SEASONALLY-ADJUSTED, BILLIONS OF C\$**



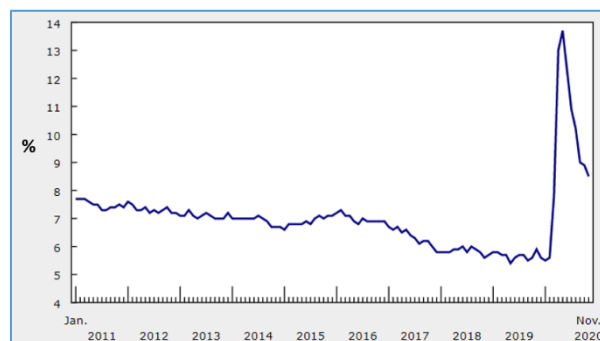
SOURCES: STATISTICS CANADA, RBC ECONOMICS

## LABOUR FORCE AND EMPLOYMENT

### CANADA

In Canada, the unemployment rate in February 2020 (pre-pandemic) was 5.6%. Following this, unemployment rose to its highest in May, reaching 13.7%. The unemployment rate fell to 8.5% in November. This is a large improvement from where the unemployment rate was in

**FIGURE 10: CANADA'S UNEMPLOYMENT RATE – 2011 TO 2020**



SOURCES: STATISTICS CANADA, TABLE 14-10-0287-01

February (Statistics Canada, Labour Force Survey, 2020).

As shown in the figure 11, TD Economics forecasts this improving trend will continue into 2021 and 2022. With the unemployment rate gradually returning to pre-pandemic levels.

FIGURE 11:

Canadian Economic Outlook																		
<i>Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated</i>																		
	2020				2021				2022				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	20F	21F	22F	20F	21F	22F
<b>Labour Force</b>	-3.3	-17.1	21.7	4.0	0.8	2.2	1.4	1.5	1.0	0.9	0.9	0.9	-1.2	2.9	1.2	0.4	1.5	0.9
<b>Employment</b>	-5.8	-38.4	39.2	10.0	2.1	6.7	4.3	2.8	1.6	1.4	1.5	1.3	-5.2	5.4	2.4	-2.9	4.0	1.5
<b>Change in Empl. ('000s)</b>	-282	-2147	1440	439	97	305	200	133	75	69	71	65	-988	971	454	-550	734	280
<b>Unemployment Rate (%)</b>	6.3	13.0	10.0	8.8	8.5	7.5	6.8	6.5	6.4	6.3	6.1	6.0	9.5	7.3	6.2	--	--	--

F= FORECAST BY TD ECONOMICS AS AT DECEMBER 2020

SOURCES: STATISTICS CANADA, BANK OF CANADA, CANADA MORTGAGE AND HOUSING CORPORATION, HAVER ANALYTICS, TD ECONOMICS

## ONTARIO

Ontario's job market has been on the mend since the summer. It maintained positive momentum into the late stages of 2020 despite the effects from the second wave (TD Economics, Canadian Economic Outlook, 2020).

Figure 12 shows the total employment figures for Ontario from January to November 2020. It also shows the month-by-month changes in employment and, using February as the baseline, compares the difference from pre-pandemic levels. April was the lowest point in employment for Ontario. There was job growth from May until October, and by November numbers were 2% lower than the employment number in February (Workforce Development Board, Impact of the COVID-19 Pandemic, Lockdown and Aftermath on the Ontario Labour Market, 2020).

It can be expected that the second wave shutdown in Ontario will negatively impact this growth, however, similar to the recovery demonstrated in the past year following the first shutdown, we should see immediate growth once again following a second reopening of the province from the second wave of the pandemic.

FIGURE 12: CHANGES IN TOTAL EMPLOYMENT IN ONTARIO (IN 000'S) JANUARY TO NOVEMBER 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
TOTAL (number)	7,453.9	7,466.9	7,030.1	6,409.2	6,456.7	6,883.1	6,991.1	7,136.4	7,252.4	7,282.6	7,319.6
% Change from previous month		0.2%	-5.8%	-8.8%	0.7%	6.6%	1.6%	2.1%	1.6%	0.4%	0.5%
% difference from February			-5.8%	-14.2%	-13.5%	-7.8%	-6.4%	-4.4%	-2.9%	-2.5%	-2%

SOURCES: STATISTICS CANADA, TABLE 14-10-0022-01

TD Bank forecasts that the unemployment rate for Ontario will gradually improve this year and into 2022, returning to an unemployment rate of 5.9% by the end of 2022, similar to that of pre-pandemic rate of 5.5% in February (TD Economics, Provincial Economic Forecast, 2020).

FIGURE 13:

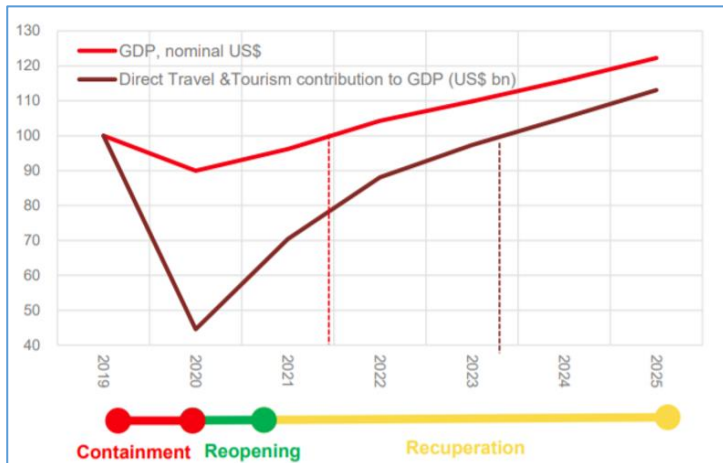
<b>Ontario Economic Forecasts</b>			
[ Annual average % change, unless otherwise noted ]			
	2020	2021	2022
Employment	-5.0	5.7	2.9
Unemployment Rate (%)	9.6	7.5	5.9

SOURCES: STATISTICS CANADA, CMHC, CREA, FORECAST BY TD ECONOMICS

## TOURISM INDUSTRY

The tourism sector is expected to take longer to recover than others. In Destination Canada’s *Visitor Demand Forecast Update* they explained that the Travel and Tourism industry will follow two recovery phases: reopening and recuperation. Figure 14 compares the tourism sector GDP contributions to overall economic GDP throughout the path to recovery. This forecast has the assumptions that the second COVID-19 wave will lead to travel restrictions lifted no later than April

FIGURE 14: TOURISM RECOVERY TO LAG BEHIND OTHER CANADA ECONOMIC SECTORS



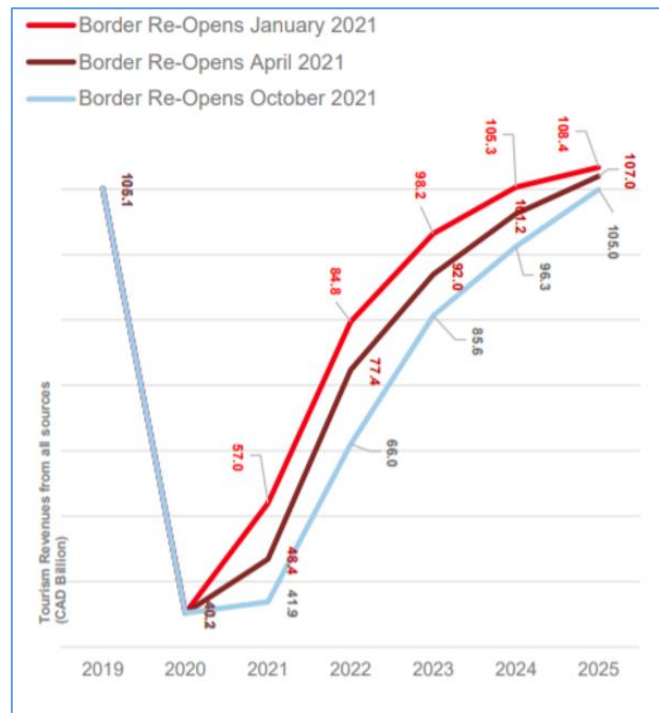
SOURCES: TOURISM ECONOMICS (JULY 31, 2020), DESTINATION CANADA

2021, that public and safety measures to manage COVID-19 will be sufficient to prevent a return to a full containment phase, that the pandemic to run its course by Mid-2022, and that a vaccine or effective treatment to be widely available by mid-2022 (Destination Canada, 2020).

In the scenario that the border re-opens in April 2021, Destination Canada forecasts that tourism revenue is to reach \$48.4 billion in 2021 and to recover to pre-pandemic levels by 2025. However should the border re-open in October 2021, recovery to 2019 levels are not expected until 2026 (Destination Canada, 2020).

The recovery of international travel will depend on when the Canadian border can re-open and the effectiveness of measures to control importation of COVID-19 through international travel. As stated above the recovery to 2019 levels are forecasted to occur by 2025 and 2026, depending on COVID-19 containment scenarios. The distribution of a vaccine may accelerate this process

FIGURE 15: FORECASTED TOTAL TOURISM REVENUES UNDER THREE BORDER RE-OPENING SCENARIOS



SOURCES: DESTINATION CANADA

FIGURE 16:

Border re-opening	Rev. in 2021 (\$B)	Loss in 2021 vs 2019	Return to 2019 level
Jan 2021	57	-46%	2024
Apr 2021	48	-54%	2025
Oct 2021	42	-60%	2026

SOURCES: DC RESEARCH, DESTINATION CANADA

Destination Canada predicts that the domestic market is expected to recover by 2022 under both scenarios if COVID-19 remains under control following the second wave. With travel restrictions in place, redirecting outbound expenditures toward domestic travel will lower losses incurred from the loss of international visitors.

In comparison, a report completed by the Conference Board of Canada for Tourism HR

Canada reports that during 2019 the combined tourism and associated non-tourism demand in Canada amounted to just over \$261 billion. Of that, approximately \$105 billion came from domestic and international tourists, with the balance coming from non-tourism (local) sources.



Figure 17 shows the actual and projected Tourism Sector revenues for the tourism sector between 2019 to 2025 and projects that the combined revenues for the sector are projected to rebound to 2019 levels by 2023. Some industries, like accommodation, are projected to take an extra year.

In summary, we expect the domestic market to recover by 2022 if COVID -19 remains under control following the second wave. However, unfortunately the international market for this industry is estimated to not see recovery until at least 2024.

FIGURE 17: TOURISM AND ASSOCIATED NON-TOURISM DEMAND IN CANADA (\$ MILLIONS)

	2019	2020	2021
Transportation*	113,590	63,787	100,346
Air transportation	27,470	11,987	23,484
Rail transportation	443	195	382
Other transportation	85,677	51,605	76,481
Accommodation	17,400	7,320	14,871
Food and beverage services	80,742	43,958	68,813
Recreation and entertainment	23,371	12,948	19,781
Travel services	4,916	1,538	4,151
Other (Non-tourism industries)*	21,187	8,579	16,839
TOTAL DEMAND*	261,206	138,131	224,801

	2022	2023	2024	2025
Transportation*	108,594	114,317	116,312	117,733
Air transportation	25,823	27,516	28,153	28,508
Rail transportation	409	441	455	464
Other transportation	82,362	86,360	87,704	88,761
Accommodation	16,068	17,244	17,723	17,984
Food and beverage services	77,928	81,379	82,498	83,388
Recreation and entertainment	22,433	23,512	23,909	24,216
Travel services	4,575	4,920	5,067	5,146
Other (Non-tourism industries)*	20,130	21,281	21,714	21,994
TOTAL DEMAND*	249,727	262,653	267,223	270,461

SOURCES: THE CONFERENCE BOARD OF CANADA

## HOUSING MARKET

At the beginning the pandemic, the Canadian and Ontario housing market experienced a large drop during March and April. However, the housing market activity has bounced back.

Since hitting the spring low, Canadian sales were up 230% through August. The housing market achieved a "V-Shaped" recovery, as sales were up 20% above pre-pandemic levels by August 2020. Every province in Canada has

FIGURE 18: ONTARIO HOUSING MARKET REACHED RECORD LEVELS HOME RESALES, THOUSAND UNITS; SEASONALLY-ADJUSTED ANNUALIZED

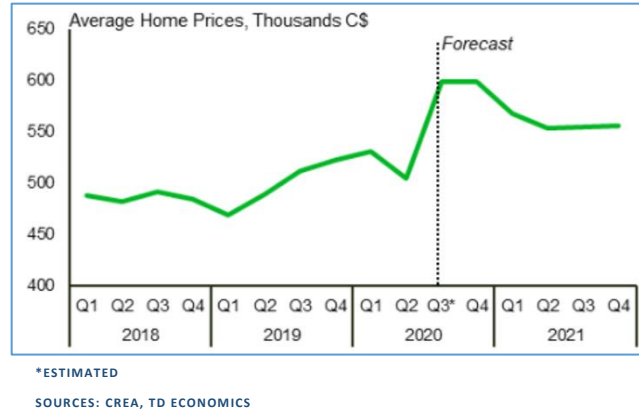


SOURCES: CANADIAN REAL ESTATE ASSOCIATION, RBC ECONOMICS

recorded a substantial comeback in sales (TD Economics, Canadian Housing Forecast Update, 2020).

Sales are forecast to ease back to more typical levels throughout 2021. Should there be a more normal spring market in 2021, the year as a whole is expected to see more home sales than 2020. National home sales are forecast to rise by 7.2% to around 584,000 units next year. All provinces except Ontario are forecast to see increased sales activity in 2021 (Canadian Real Estate Association, 2020).

CANADIAN HOME PRICES LIKELY TO PULL BACK, BUT REMAIN ELEVATED



The Canadian Real Estate Association stated in their December quarterly forecast that “Ontario has seen strong demand for several years, particularly outside of Toronto, which has eroded active supply in the province.

This shortage is expected to limit sales activity in 2021. The strength of demand, particularly for larger single-family properties, will drive the average price higher as potential buyers compete for the most desirable properties” (Taken from Canadian Real Estate Association, 2020). In Ontario home sales are forecasted to contract in 2021 by 3.3% to about 221,000 units next year but the average price per unit is forecasted to increase by 16.3%.

In addition, average Canadian prices have rapidly increased after also experiencing a large drop in April and are again back to growing at an annual

FIGURE 19: CREA RESIDENTIAL MARKET FORECAST:

Sales activity forecast	2019	2019 annual percentage change	2020 projected	2020 annual percentage change	2021 forecast	2021 annual percentage change
Canada	489,873	6.6	544,413	11.1	583,635	7.2
British Columbia	77,343	-1.5	90,250	16.7	106,442	17.9
Alberta	53,154	-0.2	53,056	-0.2	62,475	17.8
Saskatchewan	11,214	1.1	13,849	23.5	14,898	7.6
Manitoba	14,692	8.5	16,584	12.9	17,150	3.4
Ontario	209,483	9.0	228,665	9.2	221,220	-3.3
Quebec	96,639	11.8	111,198	15.1	125,676	13.0
New Brunswick	9,427	13.4	10,370	10.0	12,384	19.4
Nova Scotia	12,313	5.3	13,304	8.7	15,753	3.9
Prince Edward Island	1,925	-6.8	2,100	9.1	2,120	1.0
Newfoundland and Labrador	4,086	9.6	4,337	6.1	4,768	9.9

Average price forecast	2019	2019 annual percentage change	2020 projected	2020 annual percentage change	2021 forecast	2021 annual percentage change
Canada	502,811	2.4	568,758	13.1	620,404	9.1
British Columbia	703,118	-1.0	778,012	10.7	780,276	0.3
Alberta	376,797	-2.4	391,957	4.0	420,837	7.4
Saskatchewan	275,931	-0.5	283,349	2.7	293,629	3.6
Manitoba	289,656	0.1	302,440	4.4	306,260	1.3
Ontario	604,883	6.3	708,377	17.1	823,656	16.3
Quebec	316,571	3.7	358,754	13.3	407,469	13.6
New Brunswick	177,854	2.6	196,320	10.4	207,434	5.7
Nova Scotia	255,246	8.1	288,907	13.2	318,748	10.3
Prince Edward Island	237,647	11.8	282,688	19.0	287,197	1.6
Newfoundland and Labrador	240,978	-3.1	244,710	1.5	251,684	2.9

SOURCE: CANADIAN REAL ESTATE ASSOCIATION

pace as they were pre-pandemic. In addition, there was positive annual price growth in every province the month of August. TD Bank Economics stated that “With respect to Canadian home prices, we foresee much of the same, with some easing taking place from an unsustainable third quarter gain that was the strongest since at least the late 1980s. However, unlike sales, an immediate fourth quarter pullback is unlikely. In fact, another (modest) gain could be in the cards. This is largely a function of extreme market tightness heading into the fourth quarter, and the shift in sales towards larger, more expensive units in Toronto and Vancouver, as well in as other areas like Montreal” (Taken from TD Economics, Canadian Housing Forecast Update, 2020).

Similar to TD Bank Economic, the Canadian Real Estate Association forecasts that after the fourth quarter of 2020, Canadian prices will likely drop through the first half of 2021 by around 7%, before increasing again later this year.

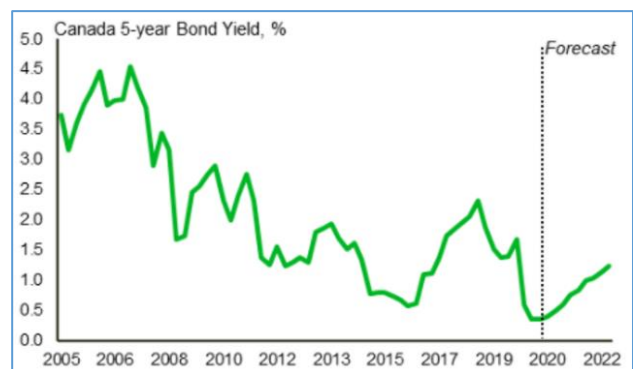
These developments in the housing market have occurred at a time when the economy contracted in the first half of 2020 and when the Canadian unemployment rate was high. In TD Bank Economics’ most recent Canadian Housing forecast they explained several reasons that would cause this occurrence. This quote outlines the explanation and was taken from TD Bank’s most recent Economic Forecast:

**“Significant pent-up demand lifted sales:** There were only 85k units sold across Canada in the second quarter during the typically busy spring selling season, due to the uncertainty caused by the pandemic. However, fundamentals such as population and employment as well as the level of mortgage rates suggest that sales "should" have been between 125k and 140k units. As such, markets had significant ground to make up after April.

**The job loss skew:** Job losses during the pandemic have been disproportionately skewed towards younger, low-wage workers who are less likely to be in the market for ownership housing. And these losses have mostly occurred in industries where homeownership rates are relatively low, lessening a potential source of selling pressure...

**Rock bottom interest rates:** The Canadian 5-year bond yield is currently near historic lows and is likely to stay sub 1% through next year. In tandem, 5-year fixed mortgage rates have dipped below 2% to record lows. In their latest interest rate decision, the Bank of Canada committed to holding the policy rate at the effective lower bound until economic slack is absorbed, such that their target of 2 percent inflation is ‘sustainably

FIGURE 21: HISTORICALLY LOW BOND YIELDS SUPPORTING DEMAND, BUT LIKELY TO GRIND SLIGHTLY HIGHER MOVING FORWARD



SOURCES: CREA, TD ECONOMICS

achieved'. This implies lower rates for much longer.

**Government programs have backstopped household incomes:** The CERB and now expanded EI and other support programs have provided significant support to household incomes, so much so that aggregate income posted a record increase in the second quarter, despite historic job losses. In our view, this factor is likely playing a larger role in stemming a steep rise in supply on the market owing to increased financial stress, rather than boosting sales.

**Supply has also come back:** Homes cannot be purchased if they are not listed, so its vitally important that listings have also recorded a heroic rebound from extremely depressed levels.

**Other supportive developments:** Firstly, population growth in Canada has slowed sharply post-pandemic but not quite to the extent that we had anticipated in June. Also, instead of travelling during the traditional July/August vacation periods, people stayed home on account of the pandemic. This gave them more opportunities for buying and selling, which they likely took advantage of. We've seen this play out in renovation spending, where homeowners took the opportunity caused by being at home to upgrade their house" (Taken from TD Economics, Canadian Housing Forecast Update, 2020).

Also important to note, home sales have been supported by a shift in preferences towards larger units like detached housing. This move away from lower valued condos towards more expensive detached units has also boosted prices. This shift may be taking place due to those needing additional space for working from home, and to escape the density and COVID-19 risk of condos. It's unknown if this trend towards detached housing will continue. However, once the vaccine is widely distributed, it's possible that interest in condos will increase once again due to the affordability and the attraction that the city has (TD Economics, Canadian Housing Forecast Update, 2020).

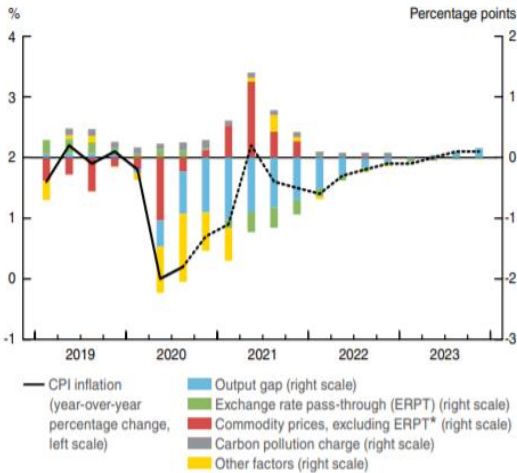
## INFLATION

Inflation, in the most basic description, is a rise in price levels. Economists believe inflation results when the supply of money is greater than the demand for money. Inflation is viewed positively

when it helps boost consumer demand and consumption, resulting in economic growth (Investopedia, 2020). The inflation-control target range for the Government and the Bank of Canada remains at the midpoint of 2% (The Bank of Canada, 2021).

**FIGURE 22: APART FROM A TEMPORARY SPIKE, INFLATION REMAINS BELOW 2 PERCENT UNTIL 2023**

**CONTRIBUTION TO THE DEVIATION OF INFLATION FROM 2 PERCENT, QUARTERLY DATA**



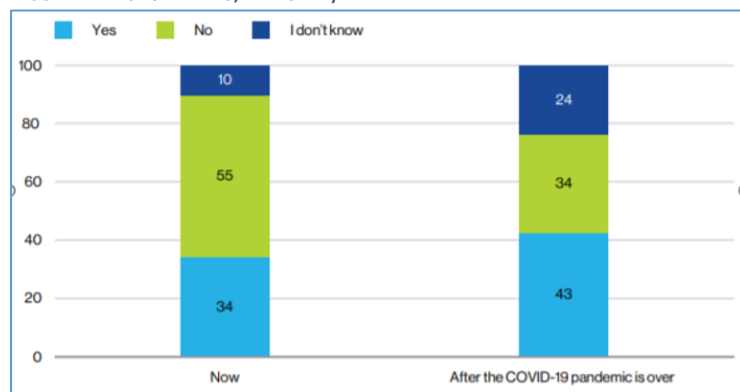
The Bank of Canada reports in the *Monetary Policy Report* that inflation is projected to return sustainably to 2% in 2023. After inflation was held down for the year of 2020, it is expected to return to 2% in the second quarter of 2021 due to pressures of the increase in gasoline prices. As this pressure is lowered, inflation is expected to fall back to the lower range of about 1% (The Bank of Canada, 2021).

## SUPPLY CHAINS

Once pandemic restrictions began to ease after the first wave of COVID-19, organizations started to think about new strategies to improve supply chain resiliency for future shocks. In the October *Global Commerce Centre survey*, it appeared many Canadian organizations are already re-evaluating their supply chains and choice of suppliers (The Conference Board of Canada, *Bringing Them Home: Reshoring Supply Chains Is Not a Panacea*, 2020).

**FIGURE 23: BUSINESS LEADERS PLAN TO SOURCE MORE INPUTS FROM LOCAL SUPPLIERS POST-PANDEMIC**

**IS YOUR ORGANIZATION SOURCING MORE INPUTS FROM LOCAL SUPPLIERS DUE TO COVID-19? NOW VERSUS AFTER THE PANDEMIC IS OVER (SHARE OF SURVEY RESPONDENTS, PER CENT)**



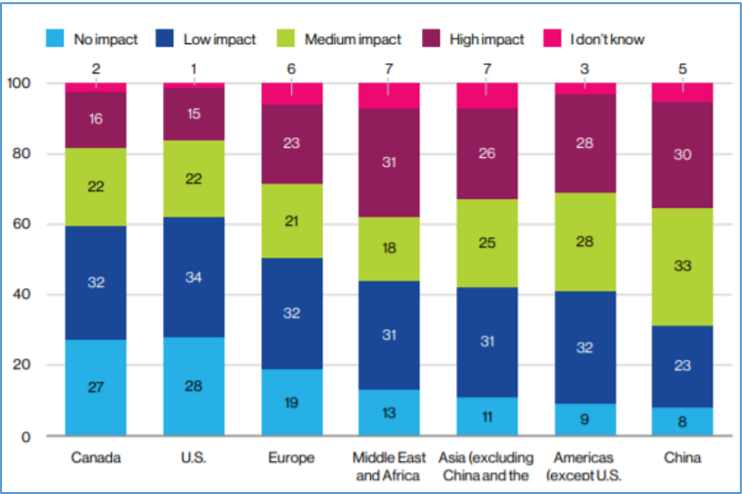
When responding to the Global Commerce Centre’s recent trade survey, many organizations said they had shifted their supply chains toward domestic suppliers during the pandemic. In addition, a larger share of survey respondents said that they are planning to source more inputs from local suppliers after the pandemic is over. Each industry was effected differently by the supply chain shock. Health care services for instance was one of the most effected industries. High-value services, such as professional, financial, and information technology services, were among the least effected (The Conference Board of Canada, Bringing Them Home: Reshoring Supply Chains Is Not a Panacea, 2020).

“The COVID-19 pandemic hit during an already uneasy trade climate, with recent trade wars encouraging companies to look at reshoring their activities and shifting supply chains... Results from the Global Commerce Centre’s recent trade survey suggest that many organizations have been forced by the pandemic to readjust their supply chains towards more domestic suppliers. More than one-third of respondents (34 per cent) said that the COVID-19 global supply chain disruptions prompted their organizations to source more inputs from local suppliers” (Taken from The Conference Board of Canada, Bringing Them Home: Reshoring Supply Chains Is Not a Panacea, 2020).

The shift in these organizations might not be temporary. A large share of respondents said that they were planning to source more inputs from local suppliers after the pandemic is over. 50% of large and medium-sized organization respondents said that they are planning to source more inputs from local suppliers after the pandemic is over. This means that more organizations are now planning to bring their supply chains closer to home as part of a strategy to prepare for future global supply chain shocks (The Conference Board of Canada, 2020).

FIGURE 24: COVID-19 CONTAINMENT MEASURES MOST DISRUPTIVE IN SOURCING INPUTS FROM CHINA

TO WHAT EXTENT HAS YOUR ORGANIZATION EXPERIENCED DISRUPTIONS IN SOURCING INPUTS DUE TO COVID-19? (EXTENT OF IMPACT BY SOURCE COUNTRY, PER CENT OF RESPONDENTS BY EXTENT OF IMPACT)



NOTE: SUMS MAY NOT ADD TO 100 DUE TO ROUNDING  
SOURCE: CONFERENCE BOARD OF CANADA; COVID-19 TRADE SURVEY; N = 561

Results from the Global Commerce Centre’s survey suggest that the pandemic has encouraged many Canadian organizations to re-evaluate their supply chains and source more inputs from local suppliers. But as said by the Conference Board of Canada, sourcing more inputs domestically is not a cure-all to supply chain



shocks, as domestic suppliers were also victims to the recent disruptions caused by the pandemic. (The Conference Board of Canada, 2020).

## BUSINESS CONFIDENCE

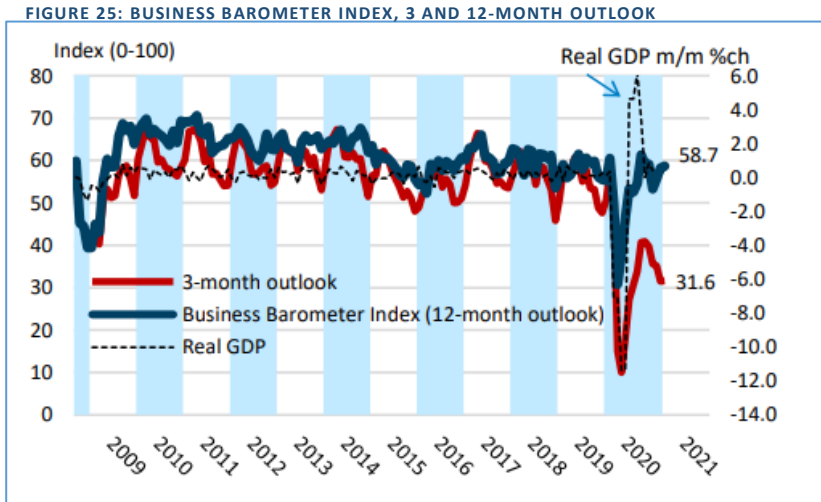
The unpredictability of the pandemic has left consumers and businesses pessimistic over the outcomes.

The Canadian Federation of Independent Businesses (CFIB) *Business Barometer Index* registered at 58.7 points in January 2021. In March of 2020 it had a record low of 30.8. The more immediate index, based on a 3-month outlook, remained at an index

of 31.6. The difference between these two indexes is at a gap only seen during March and April of 2020 (Canadian Federation of Independent Business, 2021).

In addition, the Ontario Chamber of Commerce (OCC) conducted business surveys throughout 2020. In the October survey, only 21% of survey respondents expressed confidence in Ontario’s economic outlook, down 2% from September, and dipping to its lowest level since 2011 (Ontario Chamber of Commerce, 2021).

Based off of this survey, Daniel Safayeni, Director of Policy of the Ontario Chamber of Commerce stated that, “The current health and economic crises have had a considerable negative impact on our economy. Only 21 percent of businesses are confident in Ontario’s economic outlook—a historic low—reflecting the stark reality in which businesses continue to grapple with the financial and logistical challenges of operating under a pandemic,” says Rocco Rossi, President and CEO of the Ontario Chamber of Commerce. (Taken from Ontario Chamber of Commerce, *Business Confidence Reaches Historic Lows; Recovery Needs to Focus on Hardest Hit*, 2021”).



SOURCE: THE CANADIAN FEDERATION OF INDEPENDENT BUSINESSES

## 6.0 SIMCOE COUNTY AND WASAGA BEACH

### LABOUR FORCE, EMPLOYMENT AND INDUSTRIES

Wasaga Beach is within Ontario's Kitchener-Waterloo-Barrie Economic Region (ER) and the nearest most relevant Census Metropolitan Area (CMA) is the Barrie CMA. An ER is a grouping created as a standard geographic unit for analysis. The ER is effectively the most localized unit that Statistics Canada collects labour force data which is relevant to the Town of Wasaga Beach during the times of COVID-19. In the case of CMAs, the only one in Simcoe and Muskoka is the Barrie CMA. This CMA will provide valuable information for the area.

Between March and July 2020, the ER of Kitchener-Waterloo-Barrie saw its unemployment rate double from 6.2% to 12.8%. By September the ER saw unemployment decline to 10% (McSweeney & Associates, 2020).

Between March and July 2020, the COVID-19 Pandemic had the strongest negative impact on the following industries in the ER:

1. Transportation and warehousing (40% decline in employment)
2. Agriculture (34% decline in employment),
3. Educational services (28% decline in employment),
4. Accommodation and food services (26% decline in employment)

Between September 2019 and September 2020, total employment declined by 6.0% in the ER. Not all sectors declined in employment over the past year. The following industries had the largest year over year gains in employment:

1. Other services (except public administration) (16.2% growth in employment)
2. Manufacturing (9.2% growth in employment)
3. Utilities (5.9% growth in employment)
4. Professional, scientific and technical services (5.1% growth in employment)

FIGURE 27: UNEMPLOYMENT RATE, THREE-MONTH MOVING AVERAGE, BARRIE CMA, TORONTO CMA AND THE REST OF ONTARIO, JANUARY TO AUGUST 2020

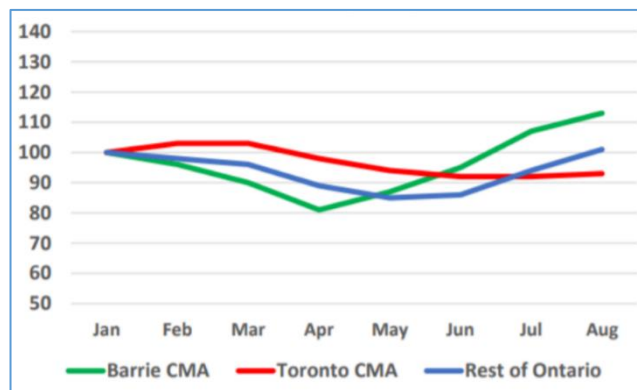
	Jan	Feb	Mar	Apr	May	June	July	Aug
Barrie CMA	5.0%	4.4%	5.8%	9.4%	12.0%	10.9%	9.6%	9.0%
Toronto CMA	5.0%	5.0%	6.0%	8.0%	11.6%	13.8%	15.0%	14.3%
Rest of Ontario	5.2%	5.5%	6.7%	8.7%	11.1%	11.6%	10.9%	10.1%

SOURCES: STATISTICS CANADA, TABLE 14-10-0095-01 AND TABLE 14-10-0293-01, SIMCOE MUSKOKA WORKFORCE DEVELOPMENT BOARD

In the Simcoe Muskoka Workforce Development Board’s (SMWDB) *Impact of COVID-19 on the Local Labour Market* report, the average unemployment rate for the Toronto CMA was below the overall Ontario average, then by May it was higher and opened up a 4% gap in July and August. In the first months of the pandemic, the Barrie CMA rate followed that of the Toronto CMA up until May, afterwards dropping off while the Toronto CMA rate continued to rise. The Barrie CMA rate has been below that of the rest of Ontario through June, July and August (Simcoe Muskoka Workforce Development Board, 2020).

Manufacturing is one of the top five employment industries for Wasaga Beach due to residents commuting to manufacturing jobs outside of the community, such as the Honda Plant in Alliston. The Barrie CMA experienced the largest proportionate drop in manufacturing employment (19% decline from January), and it bottomed out in April. Since then it has had the greatest employment gains, and surpassed its January employment level by June (Simcoe Muskoka Workforce Development Board, *Impact of COVID-19 on the Local Labour Market*, 2020).

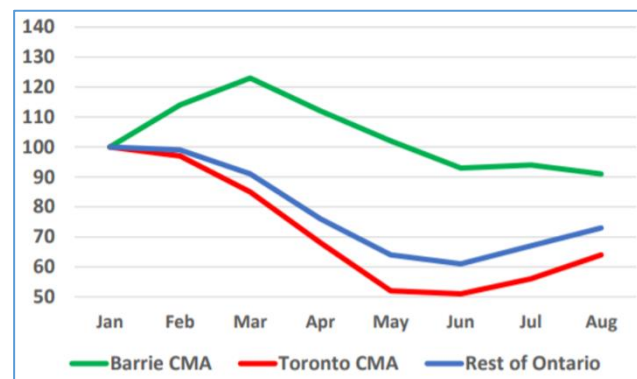
FIGURE 28: NUMBER OF EMPLOYED, THREE-MONTH MOVING AVERAGE, MANUFACTURING INDUSTRY, BARRIE CMA, TORONTO CMA AND THE REST OF ONTARIO, JANUARY TO AUGUST 2020



SOURCES: STATISTICS CANADA, TABLE 14-10-0091-01 AND TABLE 14-10-0097-01, SIMCOE MUSKOKA WORKFORCE DEVELOPMENT BOARD

Tourism is a very important industry for Wasaga Beach, as 20% of residents are employed by tourism-related industries which include retail trade, accommodation and food services. The Accommodation and Food Services sector has been greatly impacted by the pandemic. In SMWDB’s *Impact of COVID-19 on the Local Labour Market* report, there was a drop by June of almost 50% in employment from the January figure in the Toronto CMA, and a drop of almost 40% in the rest of Ontario. The data for the Barrie CMA indicates a drop in employment of only 7% however this seems quite unlikely

FIGURE 30: NUMBER OF EMPLOYED, THREE-MONTH MOVING AVERAGE, ACCOMMODATION AND FOOD SERVICES INDUSTRY, BARRIE CMA, TORONTO CMA AND THE REST OF ONTARIO, JANUARY TO AUGUST 2020

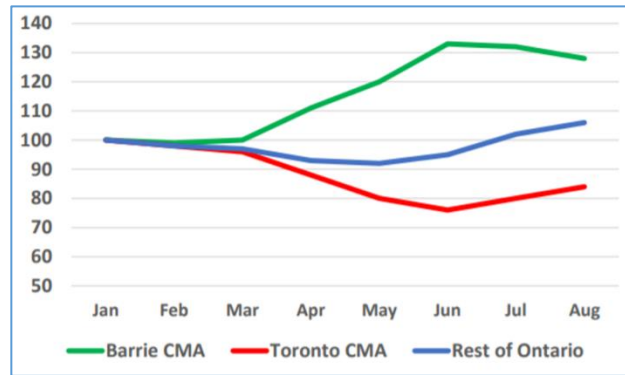


SOURCES: STATISTICS CANADA, TABLE 14-10-0091-01 AND TABLE 14-10-0097-01, SIMCOE MUSKOKA WORKFORCE DEVELOPMENT BOARD

knowing the impact that the pandemic has had on this sector (Simcoe Muskoka Workforce Development Board, 2020).

The Construction sector is also an important employment industry in Wasaga Beach. The data from SMWDB shows that the variation grows between the Barrie figures and Toronto CMA and the rest of Ontario. While the employment numbers for the rest of Ontario dropped, they recovered and surpassed their January level, a trajectory to expect, as construction activity grows during the summer. For the Barrie CMA, the employment growth is significant. Toronto CMA, meanwhile, had a drop in employment and its August employment numbers were still 16% below their January level (Simcoe Muskoka Workforce Development Board, 2020).

FIGURE 29: NUMBER OF EMPLOYED, THREE-MONTH MOVING AVERAGE, CONSTRUCTION INDUSTRY, BARRIE CMA, TORONTO CMA AND THE REST OF ONTARIO, JANUARY TO AUGUST 2020



SOURCES: STATISTICS CANADA, TABLE 14-10-0091-01 AND TABLE 14-10-0097-01, SIMCOE MUSKOKA WORKFORCE DEVELOPMENT BOARD

Overall employment dropped considerably since the beginning of the year. The month of April was the lowest point in employment. Despite the growth in employment for May, June and July, the August figures were still 4.4% lower than the employment number in February 2020 (Workforce Development Board, 2020). Employment numbers continued to grow in September through to November and stood at -2.2%. At this time, this is the most recent data available on Statistics Canada. Considering the shutdown that began in December, we can expect that this number will shrink again as it did earlier in the year after the first lockdown. However, we can also expect that it will again recover similar to months after the first shutdown and follow the projections for the Ontario workforce as discussed in section 5.2 of this report for Ontario.

## TOURISM INDUSTRY

Simcoe County and Wasaga Beach fall within the Regional Tourism Organization 7 (RTO7) catchment area. RTO7 conducted a survey with Abacus Data called *COVID-19 and Travel Impact Study Wave 2*. This survey included 2,000 residents deemed ‘travelers’ under the screening criteria from November 9<sup>th</sup> to the 21<sup>st</sup> 2020. Within this survey they discovered that the growing fears of COVID-19 are likely to keep many travelers away, but not all of them (Abacus Data, 2020).

Since the first wave of the virus, comfort levels for travel have declined, although close to half of those surveyed are interested in making a trip within their region in the next 6 months. Travelling within province still remains the likely choice for people should they choose to book a trip. At the time of this survey less than 1 in 4 were comfortable travelling to another province, and comfort travelling to the United States has declined as well (Abacus Data, 2020).

FIGURE 32:

### TRAVEL HABITS SHIFTING TO MORE LOCAL TRAVEL

Traveler Type	More likely to be travelling... (much/somewhat more likely)	Within their own region	To other ON regions	Less likely/definitely won't be travelling to the US this summer/fall
US Frequent travelers (those who went to the US at least a few times last year)	33%	31%	71%	Less likely/definitely won't be travelling to the US this summer/fall + 11 pts from Wave 1
Int'l Frequent travelers (those who travelled int'l at least a few times last year)	39%	34%	62%	Less likely/definitely won't be travelling int'l this summer/fall
Other Prov. Frequent travelers (those who travelled out of province at least a few times last year)	35%	32%	50%	Less likely/definitely won't be travelling to another province int'l this summer/fall + 10 pts from Wave 1
Snowbirds	22%	13%	86%	Less likely/definitely won't be travelling to the US + 85% Less likely/definitely won't be travelling to int'l by

Thinking about the upcoming summer and fall, compared to your travel habits last year, are you more or less likely to choose the following travel destinations this summer

SOURCES: RTO7, ABACUS DATA

Respondents who commonly travelled to further destinations will be travelling closer to home this winter. Among those who never took a trip within their own region last summer, 12% say they are likely to try it out this winter. For those who never took a trip elsewhere in the province, 14% will likely do so this summer. The survey found that snowbirds (travelers who migrates to warmer areas in the winter months) do not seem interested in traveling more than usual to a destination in Ontario however a majority say they are less likely or definitely not booking to a warm destination either (Abacus Data, 2020).

FIGURE 31:

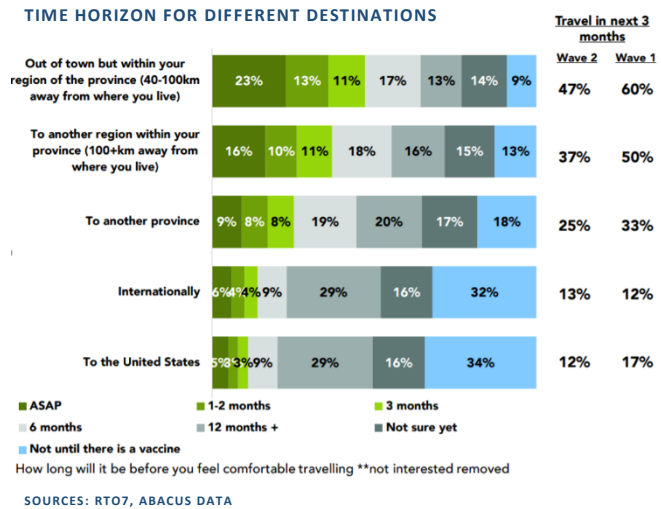
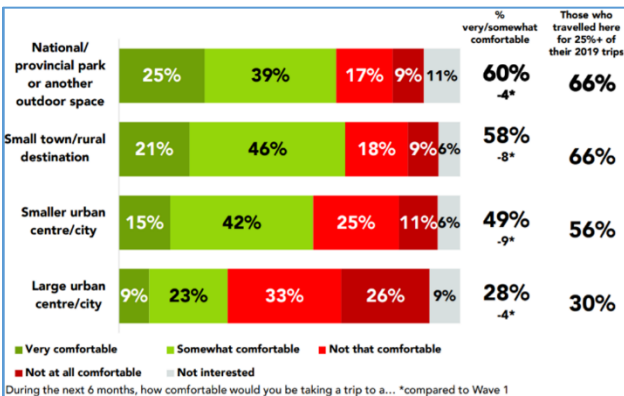


FIGURE 33: LESS DENSE DESTINATIONS SEEN AS MORE POPULAR



SOURCES: RTO7, ABACUS DATA

Ontario travelers are more comfortable with places that offer more space, and less crowds. This type of location increases comfort slightly, except for locations in large urban centers. Among those who travel to large urban centers for 50% or more of their 2019 trips, only 28% are comfortable travelling to an urban center in the next 6 months. This is expected due to the density and COVID-19 risk of areas like cities (Abacus Data, 2020).

In Destination Canada’s *November Visitor Demand Update*, they discussed the growing need to target Canadian travelers to encourage travel in Canada until international travel recovers.

Canadians normally spend more on travel abroad, about \$40 billion, than international travelers spend in Canada, about \$23 billion.

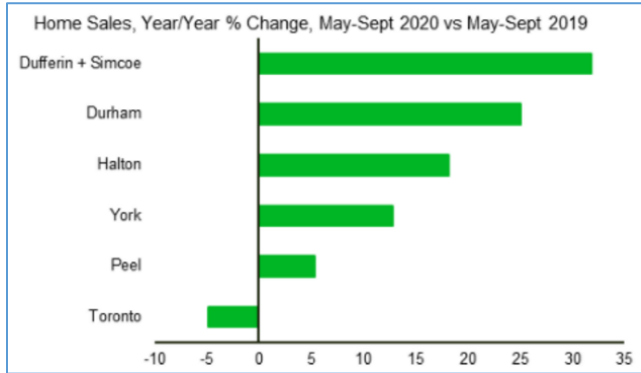
In 2020, a limited amount of these resources were being circulated in Canada, likely due to limited international travel, limited confidence in travel and the uncertainty on the economic situation. An opportunity in this industry would be targeting these would-be Canadian travelers. Destination Canada explained that if the industry could convert 10-12% of these Canadian expenditures, it could net an additional \$4 billion to \$5 billion for the tourism industry. In addition, this amount could be higher if Canadians spend as much as they tend to on abroad trips. Next year, the tourism industry will be working towards converting Canadians to domestic travelers in 2021 to encourage domestic travel. This is an important move because the tourism industry will need this support while international travel is on standby. However, based off of the data provided in *RTO7’s COVID-19 and Travel Impact Study Wave 2*, more work will need to be done to increase consumer confidence level before mass domestic travel will be embraced.



## HOUSING MARKET

Simcoe County has become a destination of choice for Toronto’s pandemic migration. The average price of a Simcoe County home in March, before the pandemic, was \$569,000. As of October, that average has increased to \$707,743 (Bruineman, 2020).

**FIGURE 34: HOMEBUYERS ARE FLOCKING TO THE SUBURBS IN THE**  
Home Sales, Year/Year % Change, May-Sept 2020 vs May-Sept 2019



SOURCES: TREB, TD ECONOMICS

Commuter cities around the GTA, such as Simcoe County, have seen home sales rise sharply since April, however the home sales have dropped in Toronto. As discussed in section 5.4 of this report this can be explained by the shift in interest to detached housing from condo city living. This is likely due to those working from home, needing additional space, and the desire to escape

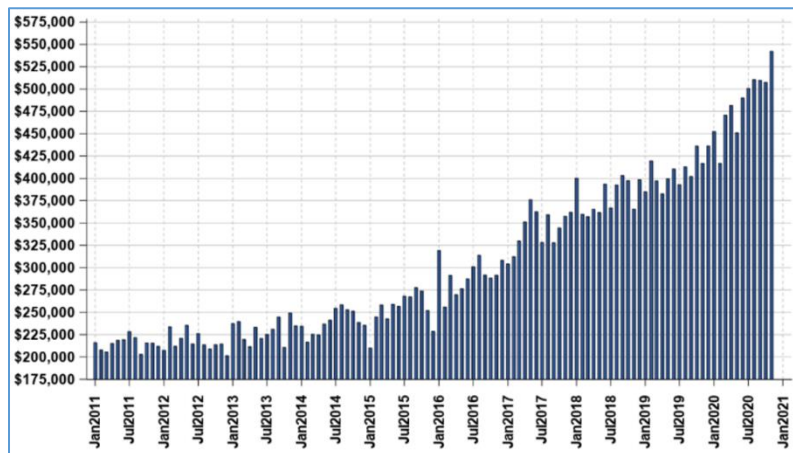
the COVID-19 risk of cities. It's unknown if this trend towards detached housing will continue. However, once the vaccine is widely distributed, it's possible that interest in condos will increase once again due to the affordability and the attraction that the city has (TD Economics, Canadian Housing Forecast Update, 2020).

On a year-to-date basis, home sales in Simcoe County totaled a record 1,114 units over the first 11 months of the year. This was an increase of 11.6% from the same period in 2019 (CREA, Simcoe & District Real Estate Board, 2020).

“As was the case, and continues to be, with many other markets in Southern Ontario we set a new sales record for the month of

November,” said Prue Steiner, President of the Simcoe & District Real Estate Board. “One advantage of our housing market is the strength to which new listings have returned to the market. This has prevented overall supply levels from falling to record lows and is helping to keep the market from tightening even further” (CREA, Simcoe & District Real Estate Board, 2020).

**FIGURE 35: RESIDENTIAL AVERAGE PRICE IN SIMCOE COUNTY**



SOURCES: THE CANADIAN REAL ESTATE ASSOCIATION

The MLS® Home Price Index (HPI) tracks price trends using average and median price measures. The overall MLS® HPI composite benchmark price for Simcoe County was \$439,800, rising 21.2% in November 2020 compared to November 2019. The dollar value of all home sales in November 2020 was \$53.1 million, a gain of 72.3% from the same month in 2019. This was also a new record for the month of November (CREA, Simcoe & District Real Estate Board, 2020).

In Simcoe County, the Canadian Real Estate Association reports that there were 116 new residential listings in November 2020. Increasing significantly by 56.8% from the end of November 2019. This was the largest number of new listings added in the month of November in five years (CREA, Simcoe & District Real Estate Board, 2020).

Simcoe County can expect to experience the same trends forecasted for the Canada and Ontario Housing market. Sales will likely remain hot but slightly down in volumes for 2021. In addition, as average Simcoe County prices have also rapidly increased, we will likely see a small drop in the first half of 2021 before increasing again later this year.

When looking at Royal LePage Locations North *Collingwood and Wasaga Beach Real Estate Market Snapshot: 2020 in Review*, real estate sales by percentage in Wasaga Beach have surpassed those in Collingwood. By comparison to other municipalities, in Wasaga Beach, average days on the market decreased to 39 days for single family homes which is down 24% from 2019. The average sale price in Wasaga Beach went up to \$555,176 which is a 24% increase from 2019. In addition there is a significant decrease in home sales less than \$400,000 which is a reflection in the increase in value. Supply in Wasaga Beach is still high when available new home sales are factored in (Royal LePage Locations North, 2021).

## WASAGA BEACH SOCIO-ECONOMIC PROFILE SUMMARY

Wasaga Beach is a vibrant and rapidly growing municipality in Ontario with over 21,000 residents, and 16,000 seasonal and part-time residents. Three commercial areas support the town, as well as shops, restaurants and offices throughout the community. In the summer months, 1.6 million visitors visit the community and are supported by our businesses. Wasaga Beach is home to three elementary schools, a community health center, and a municipal transit system that connects residents both to Collingwood and Barrie.

Wasaga Beach is situated within Simcoe County’s manufacturing and agriculture ecosystem and Tech Hub of the north. As well, Wasaga Beach is within Ontario’s Kitchener-Waterloo-Barrie Economic Region (ER) and the nearest most relevant Census Metropolitan Area (CMA) is the Barrie CMA.

The top five largest industries in Wasaga Beach by number of jobs is: full-service restaurants and limited-service eating places, building finishing contractors, offices of real estate agents and brokers, residential and nonresidential building construction and finally building equipment contractors.



SOURCES: MCSWEENEY AND ASSOCIATES, TOWN OF WASAGA BEACH

Wasaga Beach’s resident labour force commutes primarily within Simcoe County: Collingwood, Barrie, Clearview, etc., and to a lesser extent, the Greater Toronto Area. A total of 70% of workers commute to another community for work and the other 30% work within Wasaga Beach.

The top five employment industries are retail trade, accommodation and food services, public administration, healthcare and social assistance, and finally manufacturing. Looking at the industry employment of residents of Wasaga Beach from the most recent tax files, shows that over 20% of residents are employed by tourism-related industries.

Wasaga Beach is estimated to have a labour force of 8,680 persons the age of 15 and older, however, businesses have access to the wider labour pool of Simcoe County, as shown by the commuting flows, which is a 256,765- person labour force.

**FIGURE 37: KEY LABOUR FORCE STATISTICS BY GENDER, WASAGA BEACH, 2016**

	Wasaga Beach	Simcoe County	Ontario
Population aged 15+	17,950	392,180	11,038,440
In the labour force	8,680	256,765	7,141,675
Employed	7,940	238,930	6,612,150
Unemployed	740	17,835	529,525
Not in the labour force	9,270	135,415	3,896,765
Participation rate	48.4	65.5	64.7
Employment rate	44.2	60.9	59.9
Unemployment rate	8.5	6.9	7.4

SOURCES: MCSWEENEY AND ASSOCIATES, TOWN OF WASAGA BEACH, STATISTICS CANADA, CENSUS PROFILE 2016

Before the pandemic, the Town of Wasaga Beach was experiencing a higher unemployment rate and much lower employment and participation rates compared to Simcoe County and Ontario.

In Wasaga Beach, approximately 87% of households are owner-occupied, while 13% are renters. The average value of dwellings is \$349,604. The average shelter cost for owned dwellings is \$1066. The average monthly rent costs is \$1,117. 52.3% of tenants spend more than 30% of their income on shelter costs

## LOCAL CONCLUSIONS

Wasaga Beach's local economy will follow much of the forecasts that have been projected for Canada, Ontario and Simcoe County. Unfortunately, the pandemic has made it difficult to determine the exact path to recovery. Based on our conclusions of the data that we have outlined in this report and projections from experts in the field, we may anticipate that our community will expect the following:

### WHAT WE MAY ANTICIPATE FOR WASAGA BEACH IN THE UPCOMING YEAR

#### *Government COVID-19 Response:*

We may anticipate that...

- ❖ The public health restrictions enforced by the government will remain in place until at least the spring.
- ❖ Continued difficulties with government production, sourcing and distribution of vaccines. We do anticipate a vaccination ramp up beginning March 2021.
- ❖ That the vaccine roll-out will continue into this year allowing for reduced health restrictions.
- ❖ Accelerated messaging from all levels of government to educate the public on safety protocols and vaccination awareness.
- ❖ Continued financial supports from governments for various sectors of the economy that have been negatively impacted by the pandemic.
- ❖ Continued effort from governments to make supports for businesses operating under COVID-19 with the goal to make them more equitable.
- ❖ Continued financial and program support from the government to assist minority groups that have been disproportionality impacted from the pandemic.
- ❖ Certain sectors of the economy being supported by the government that were less impacted by COVID-19 in order to benefit Canadian exports and on-shoring, for example manufacturing, construction, agriculture and mining.

### ***Housing Market:***

We may anticipate that...

- ❖ Continued strength in home sales for our area and an increase in value due to reduced supply.
- ❖ Continued high demand for detached dwellings within our community, as purchasers are drawn to the affordability and attraction of detached family dwellings.
- ❖ With the influx in new residents, there will be an increased need for urban amenities such as transit, trails, parks, and recreation facilities.

### ***Labour Force and Employment:***

We may anticipate that...

- ❖ There will be challenges filling the seasonal employment demand within the tourism sector as some local workers have transferred their interests to other industries due to recent shutdowns in this sector.
- ❖ Emerging and stable industries like manufacturing will develop job opportunities in Simcoe County which may be able to support our local labour force.
- ❖ The job market will favor employers over workers due to an available labour pool.
- ❖ Continued challenges for small businesses looking for low wage workers if programs like Canada Emergency Response Benefit (CERB) remain available.

### ***Industries:***

We may anticipate that...

- ❖ Health restrictions will ease before the summer season and for loosened restrictions throughout the summer months.
- ❖ We anticipate limited trade with international countries, in particular the United States, and more interest in developing and supporting onshore goods and services.
- ❖ Closures of a small portion of operations and the restructuring of others.
- ❖ Continued health restrictions on retailers, food establishments, and local tourism operators until the end of 2021 quarter two.
- ❖ Increased interest from a wide range of investors due our unique beachside amenities, and access to markets and labour.

### ***Consumer Behavior:***

We may anticipate that...

- ❖ There will a continued stifling on demand for international travel in 2021, however Domestic Travel will see an increase.
- ❖ Our community will be a desirable location for domestic travelers due to our offer of more space, fewer crowds, outdoor activity and proximity to the Greater Toronto and Hamilton Area.
- ❖ Demand for consumer spending incentives by both the government and business operators.
- ❖ Continued consumer demand for affordable experiences and socializing. These activities would serve to satisfy mental burnout and social deprivation.

## **WHAT WE MAY ANTICIPATE FOR WASAGA BEACH OVER THE NEXT 1 TO 3 YEARS**

### ***Government COVID-19 Response:***

We may anticipate that...

- ❖ The vaccine roll-out to be complete and health restrictions will be lifted.
- ❖ Government Programs that help the mass workforce return to work will be completed.
- ❖ Government Programs that support the creative economy and tourism sectors will continue.

### ***Housing Market:***

We may anticipate that...

- ❖ The housing market home sales will remain above the current average and home values will remain competitive.
- ❖ More local development which will allow more supply in our market to satisfy the demand.

### ***Labour Force and Employment:***

We may anticipate that...

- ❖ Employment numbers in the sectors of retail trade, accommodation and food services to begin to see recovery in 2021 with the return of domestic travel and a full recovery when international travel returns by 2026.
- ❖ A more diversified and skilled labour force. This may open opportunities for new investment in Wasaga Beach.



### ***Industries:***

We may anticipate that...

- ❖ The domestic market for tourism will fully recover in 2022 and we will not likely see a recovery in the international market until at least 2024.

### ***Consumer Behavior:***

We may anticipate that...

- ❖ Due to our expectation of the vaccination roll-out, consumer confidence levels will rise and that consumer spending may resemble pre-pandemic spending.

## 7.0 CONCLUSION – A PATH TO RECOVERY

While economic activity is fully restored in some sectors, many will not see a recovery until a vaccine is available to the wider public, both in Canada and globally. With the promise of a vaccine being widely distributed to Canadians by the end of 2021, most domestic-driven industries will recover in the short-term. However, until the vaccine is available globally, it will keep internationally-dependent industries suppressed, further hurting sectors like transportation, tourism, and arts and culture. The arrival of the second wave of COVID-19, the second shutdown and the rise in the number of COVID-19 cases is expected to continue to disrupt Canada's recovery.

The year 2021 promises better days moving forward. Recovery from the pandemic began as soon as we entered it, however it will take time to catch up to where we were pre-pandemic. We will need to re-build before we can recover, however the re-build will not be identical to how it was pre-pandemic. We need to think about and accommodate a hyper local and hyper connected approach on the march down the path to recovery. Based off of the most up-to-date forecasts and projections available for us today, the economy will recover as time continues for the next few years. It appears as though we can now see the light at the end of the COVID-19 tunnel.

## 8.0 REFERENCES

- Abacus Data. (2020, November). COVID-19 & TRAVEL IMPACT STUDY WAVE 2. Retrieved January 10, 2021, from <https://rto7.ca/Documents/Public/COVID-19-Resource-Page/SWOTC-COVID-and-Travel-REPORT-Wave-2-TC.aspx>
- Bank of Canada. (2021, January 20). Monetary Policy Report - January 2021. Retrieved January 25, 2021, from <https://www.bankofcanada.ca/wp-content/uploads/2021/01/mpr-2021-01-20.pdf>
- Bruineman, M. (2020, November 21). Simcoe County becoming final destination for much of Toronto's exodus. Retrieved January 10, 2021, from <https://www.orilliamatters.com/midland-news/simcoe-county-becoming-final-destination-for-much-of-torontos-exodus-2884511>
- Business Development Bank of Canada. (2020, December). Onward and upward: Leaving 2020 behind. Retrieved January 8, 2021, from <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/publications/monthly-economic-letter/2012>
- Canadian Federation Of Independent Business, C. F. (2021, January). Business Barometer, January 2021. Retrieved January 28, 2021, from <https://www.cfib-fcei.ca/en/research/economic-indicators/business-barometer-january-2021>
- Centers for Disease Control and Prevention. (2021, February 2). New Variants of the Virus that Causes COVID-19. Retrieved February 2, 2021, from <https://www.cdc.gov/coronavirus/2019-ncov/transmission/variant.html>
- CREA Canadian Real Estate Association. (2020, December). Simcoe & District Real Estate Board. Retrieved January 10, 2021, from <https://creastats.crea.ca/board/simc>
- Destination Canada. (2020, November). Visitor Demand Forecast Update (November 2020). Retrieved January 9, 2021, from <https://www.destinationcanada.com/en/coronavirus-updates/covid-19-research>
- Government of Canada, P. H. (2020, December 31). Vaccines and treatments for COVID-19: Vaccine rollout. Retrieved January 5, 2021, from <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/prevention-risks/covid-19-vaccine-treatment/vaccine-rollout.html>
- Government of Ontario. (2020, December 23). COVID-19 response framework: Keeping Ontario safe and open. Retrieved January 9, 2021, from <https://www.ontario.ca/page/covid-19-response-framework-keeping-ontario-safe-and-open>
- Government of Ontario. (2021). 19 public health measures and restrictions. Retrieved January 20, 2021, from <https://covid-19.ontario.ca/zones-and-restrictions?gclid=CjwKCAiAxp-ABhALEiwAXm6lyRULmhYs6q6y7kPQwDx7zL82Qe5Ue-JJ6zD9Di1gBmB0i51Awl6LgBoCBioQAvD BwE>
- IMF - International Monetary Association. (2020, October 01). World Economic Outlook, October 2020: A Long and Difficult Ascent. Retrieved January 11, 2021, from <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>
- IMF - International Monetary Association. (2021, January 26). World Economic Outlook, January 2020: A Long and Difficult Ascent. Retrieved January 11, 2021, from <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>
- Investopedia. Ross, S. (2020, October 15). When Is Inflation Good for the Economy? Retrieved from <https://www.investopedia.com/ask/answers/111414/how-can-inflation-be-good-economy.asp>
- MasterClass. (2020, November 08). Economics 101: What Is the Difference Between Real GDP and Nominal GDP? - 2021. Retrieved January 21, 2021, from <https://www.masterclass.com/articles/economics-101-what-is-the-difference-between-real-gdp-and-nominal-gdp#how-is-nominal-gdp-calculated>

- McSweeney & Associates. (November, 2020). *Socio-Economic Profile of the Town of Wasaga Beach* (pp. 1-41, Rep.).
- Ontario Chamber of Commerce. (2021, January 28). Business Confidence Reaches Historic Lows; Recovery Needs to Focus on Hardest Hit. Retrieved from <https://occ.ca/mediareleases/business-confidence-reaches-historic-lows-recovery-needs-to-focus-on-hardest-hit/>
- Royal LePage Locations North. (2021). Collingwood and Wasaga Beach Real Estate Market Snapshot: 2020. Retrieved February 2, 2021, from <https://gregweeks.ca/collingwood-wasaga-beach-real-estate-market-report-third-quarter-2020/>
- Simcoe Muskoka Workforce Development Board. (2020). Impact of the COVID-19 Pandemic, Lockdown and aftermath on the Ontario Labour Market (pp. 1-41, Rep.).
- Simcoe Muskoka Workforce Development Board. (2020, September). IMPACT OF COVID-19 ON THE LOCAL LABOUR MARKET. Retrieved January 10, 2021, from [https://ac8601ff-534c-4122-8324-5815fb02789f.filesusr.com/ugd/503c95\\_f82439c014e94a739f7acfe06ccd472d.pdf](https://ac8601ff-534c-4122-8324-5815fb02789f.filesusr.com/ugd/503c95_f82439c014e94a739f7acfe06ccd472d.pdf)
- Statistics Canada. (2020, December 04). Labour Force Survey, November 2020. Retrieved January 9, 2021, from <https://www150.statcan.gc.ca/n1/daily-quotidien/201204/dq201204a-eng.htm>
- TD Economics, & Sondhi, R. (2020, October 8). Canadian Housing Forecast Update. Retrieved January 8, 2021, from <https://economics.td.com/ca-housing-update>
- TD Economics, Caranci, B., Burleton, D., Sondhi, R., & Abdelrahman, O. (2020, December 15). Provincial Economic Forecast. Retrieved January 8, 2021, from <https://economics.td.com/provincial-economic-forecast>
- TD Economics. (2020, December). Canadian Economic Outlook. Retrieved January 11, 2021, from <https://economics.td.com/domains/economics.td.com/documents/reports/qef/2020-dec/5-ca-outlook.htm>
- The Conference Board of Canada. (2020, October 20). Bringing Them Home: Reshoring Supply Chains Is Not a Panacea. Retrieved January 10, 2021, from <https://www.conferenceboard.ca/e-library/abstract.aspx?did=10827>
- The Conference Board of Canada. (2020, October 26). Canada's Two-Year Outlook Summary. Retrieved January 5, 2021, from [https://www.conferenceboard.ca/docs/default-source/pdf\\_downloads/se\\_canadian-two-year-outlook\\_sept2020.pdf](https://www.conferenceboard.ca/docs/default-source/pdf_downloads/se_canadian-two-year-outlook_sept2020.pdf)
- The Conference Board of Canada. (2020, September 14). Briefing: COVID-19 Impact on Tourism Sector Presented for: Tourism HR Canada. Retrieved from [http://tourismhr.ca/wp-content/uploads/Tourism\\_HR\\_Canada\\_Conference\\_Board\\_of\\_Canada\\_COVID-19\\_Impact\\_on\\_Tourism\\_Sector\\_Employment\\_and\\_Revenues.pdf](http://tourismhr.ca/wp-content/uploads/Tourism_HR_Canada_Conference_Board_of_Canada_COVID-19_Impact_on_Tourism_Sector_Employment_and_Revenues.pdf)
- Tourism HR Canada. (n.d.). COVID-19 Impact on Tourism Employment to 2025. Retrieved January 9, 2021, from [https://tourismhr.ca/labour-market-information/covid-19-impact-on-tourism-employment-to-2025/#\\_ftn4](https://tourismhr.ca/labour-market-information/covid-19-impact-on-tourism-employment-to-2025/#_ftn4)
- Workforce Development Board. (2020, September 10). IMPACT OF THE COVID-19 PANDEMIC, LOCKDOWN AND AFTERMATH ON THE ONTARIO LABOUR MARKET. Retrieved January 11, 2021, from [https://ac8601ff-534c-4122-8324-5815fb02789f.filesusr.com/ugd/503c95\\_80eb56b432144566b9bbeff24b7b683c.pdf](https://ac8601ff-534c-4122-8324-5815fb02789f.filesusr.com/ugd/503c95_80eb56b432144566b9bbeff24b7b683c.pdf)
- World Economic Outlook, October 2020: A Long and Difficult Ascent. (2020, October 01). Retrieved January 5, 2021, from <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>
- World Health Organization. (December, 2020). Weekly epidemiological update - 29 December 2020. 1-17. Retrieved January 04, 2021, from <https://www.who.int/publications/m/item/weekly-epidemiological-update---29-december-2020>.