

*Re: 8.3.2*

**Economic Profile of  
Halifax Regional Municipality**

**Chart Book**

**September 7, 2005**

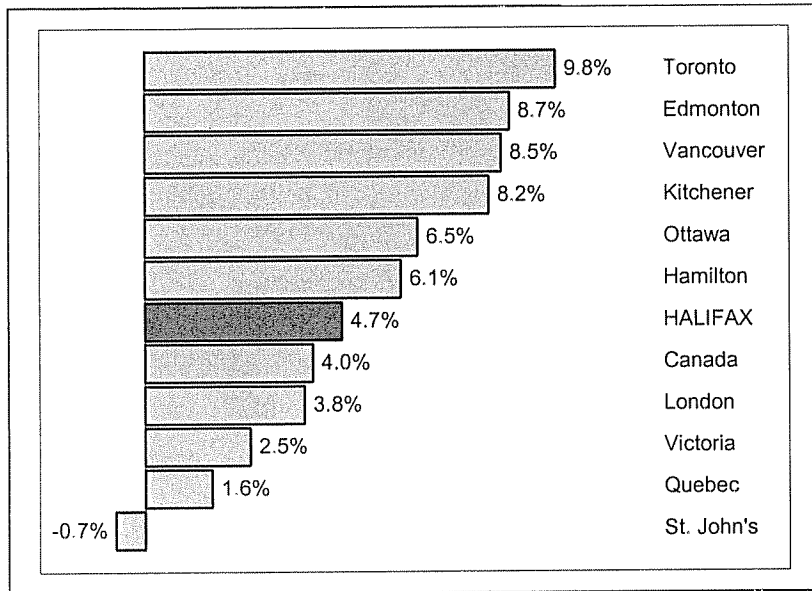
## TABLE OF CONTENTS

<b>PEOPLE</b> .....	<b>3</b>
Population Growth .....	3
Population by Age - Halifax .....	3
Net Youth Migration.....	3
Migration Estimates by Type of Migration, Halifax: 1997- 2004.....	4
Immigration – Immigrant Status by Period of Immigration, 2001 .....	4
<b>LABOUR FORCE</b> .....	<b>5</b>
Employment Growth.....	5
Unemployment Rate, 2004 .....	5
Labour Force Growth, 2004, % .....	5
Government Jobs, CMA: 1994-2003 .....	6
Employment by Settlement Areas .....	6
Percent of Total Employment Within the Largest Employment Centres .....	7
<b>CREATIVE COMMUNITY</b> .....	<b>7</b>
Talent in Canadian Cities.....	7
Mosaic Index.....	8
<b>INCOME</b> .....	<b>8</b>
Average Earnings, 2003.....	8
Average Weekly Wages: 1991-2002 .....	9
Average Weekly Earnings, by Industry, 2000: Nova Scotia .....	9
<b>COST OF LIVING</b> .....	<b>10</b>
Housing Prices, 2002 .....	10
<b>INVESTMENT</b> .....	<b>10</b>
Non-residential Construction Investment Halifax, 2004 .....	10
Per Capita Investment, by CMA 2000-03.....	11
Value of Building Permits – by Census Metropolitan Area (CMA) .....	11
Value of Building Permits – by Atlantic Provinces.....	12
Investment in Non-Residential Construction.....	12
<b>BUSINESS CLIMATE</b> .....	<b>12</b>
Local business climate .....	12
Local business climate vs. five years ago .....	13
Local business climate five years from today.....	13
Workforce Quality .....	13
Workforce Availability .....	13
Air Access.....	14

Energy/Utilities .....	14
Phone/Internet/Broadband .....	14
<b>EMPLOYMENT BY SECTOR.....</b>	<b>15</b>
Employment by Industry, Halifax.....	15
Defence Personnel .....	15
Employment by Sector - HRM, 2003 .....	16
<b>GDP MEASURE.....</b>	<b>16</b>
Sector (GDP), Halifax and Nova Scotia .....	16
GDP Per Capita, CMA – 2002.....	17
<b>SECTOR ANALYSIS.....</b>	<b>17</b>
HRM Location Quotient (LQ) and Wages.....	17
Location Quotients by Industry, Halifax CMA, 1999, 2004 .....	18
Computer & Related Services Industry, 1996-2001 .....	18
Evolving Industrial Structure.....	19
Shift-Share Analysis, Annual Compound Employment Growth,.....	19
Halifax, CMA (1999-2004) .....	19
Carvalho Classification.....	20
Retention Targets.....	21
Emerging Industries .....	22

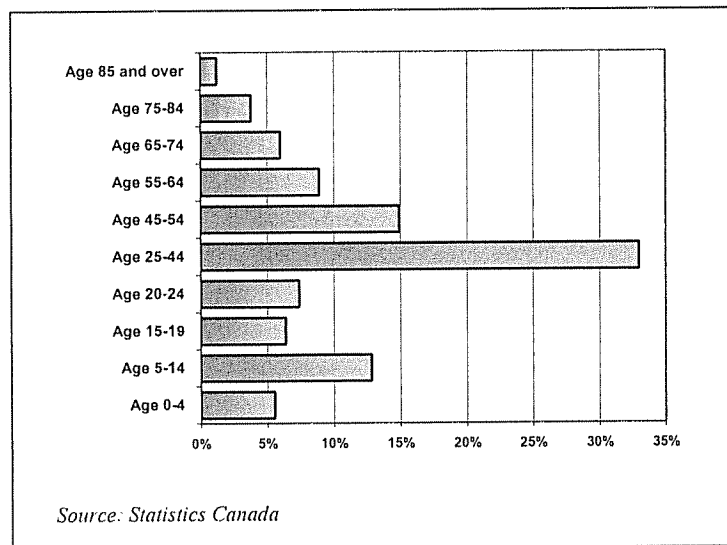
## PEOPLE

### Population Growth 1996-2001, % Source: Statistics Canada



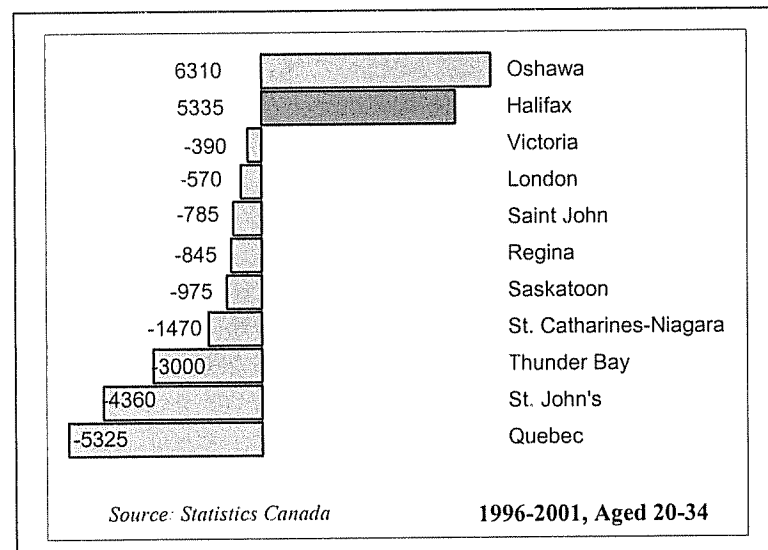
At the end of 2004, the population in Halifax Regional Municipality reached 381,711. HRM is the largest city in Atlantic Canada, and accounts for 40% of Nova Scotia's population. From the period between 1996 and 2001, HRM experienced a growth of 4.7%, just above the Canadian average. This growth could not prevent a small provincial decline. With plans to accommodate 100,000 more residents by 2028, HRM is expecting significant growth that should create economic prosperity for our province as a whole.

### Population by Age - Halifax



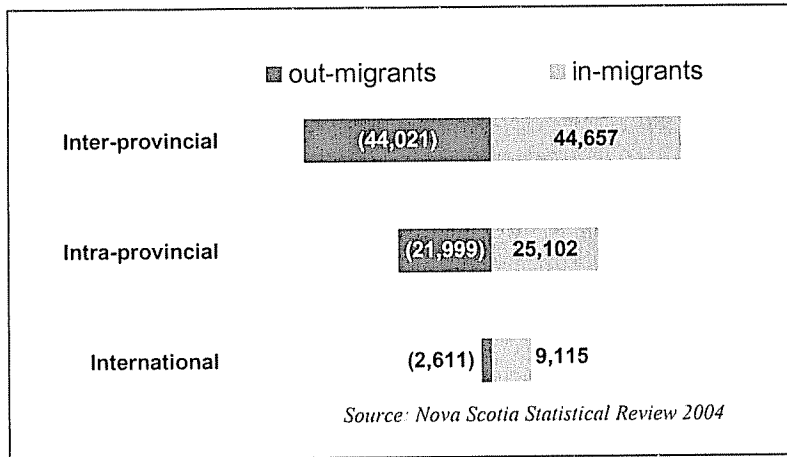
More than 30% of HRM's population is between the ages of 25 and 44, closely followed by people in the 45 to 54 age group. The median age of our population is rapidly increasing, while birth rates have remained fairly low. It is expected that the number of Nova Scotians aged 15 and younger will shrink by nearly 20% over the next two decades. Without action, HRM could be looking at a serious labour force shortfall in future.

### Net Youth Migration



Unlike our benchmark cities (London, Québec, Regina, St. John's, and Victoria), HRM has been able to generate positive net youth migration. This runs counter to the common perception that we are losing our youth. HRM is a top destination for well-educated younger workers. This demographic is increasingly choosing quality of place over other criteria when they look for a place to live. However, a thick labour market with a rich menu of employment opportunities continues to be important.

## Migration Estimates by Type of Migration, Halifax: 1997- 2004



More than two-thirds of net migration (the main source of population growth) to HRM comes from immigration. Counter to popular perceptions, less than one-third of HRM's population growth in recent years comes net movement from other parts of Nova Scotia. While the numbers moving from other provinces are large, we continue to lose almost as many people as we gain. Despite modest success, retention of labour is a growing issue.

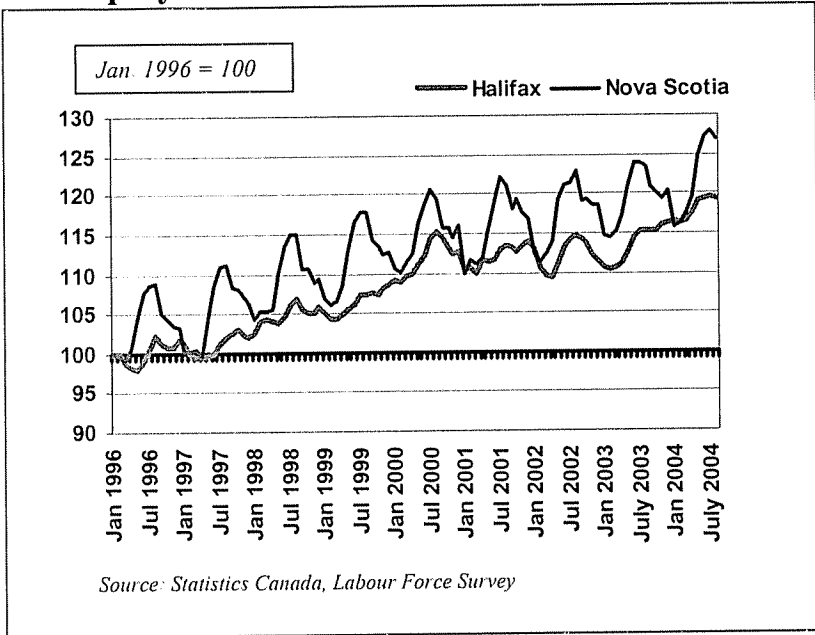
## Immigration – Immigrant Status by Period of Immigration, 2001

Area	Total population	Canadian-born population	Foreign-born population	Immigrated before 1991	Immigrated between 1991-2001
Canada	29,639,030	23,991,905	5,448,480	3,617,800	1,830,680
	100.0%	80.9%	18.4%	12.2%	6.2%
Nova Scotia	897,570	853,655	41,315	31,030	10,290
	100.0%	95.1%	4.6%	3.5%	1.1%
Halifax	355,945	329,610	24,390	16,880	7,505
	100.0%	92.6%	6.9%	4.7%	2.1%

[Source: Statistics Canada, Census 2001 Data released January 21, 2003]

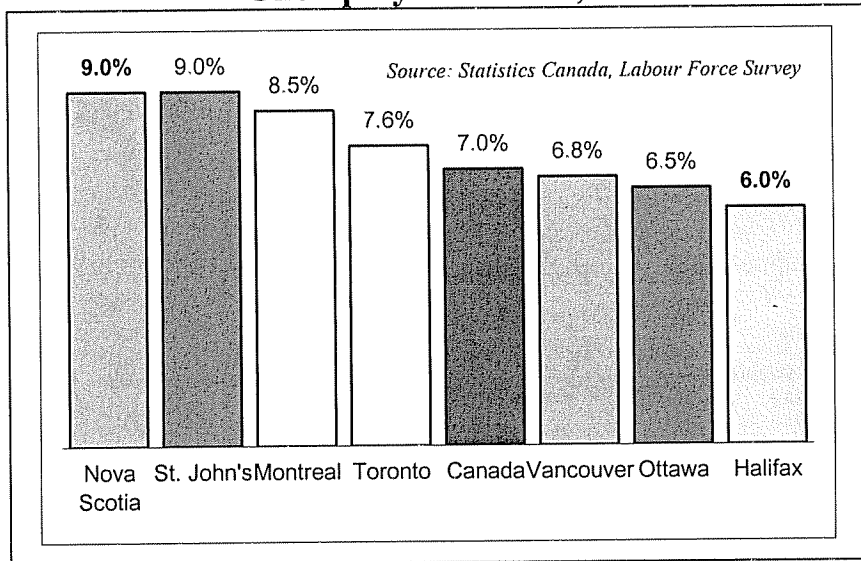
From the period between 1991 to 2001, a total of 27,051 people immigrated to Nova Scotia. Of these immigrants, only 10,290 still remained in Nova Scotia at the end of 2001, a mere 38% of those who originally came. Out of the immigrants that stayed in the province, 73% of them chose to settle in HRM. As an urban centre, HRM is a strong magnet for immigrants looking to settle in the province. However, research shows that most immigrants are still more inclined to settling in MTV (Montreal, Toronto, or Vancouver) – where there are larger groups of settlers from their countries of origin. Over the next couple of years, HRM will have to take a more active role in attracting and retaining immigrants.

## LABOUR FORCE Employment Growth



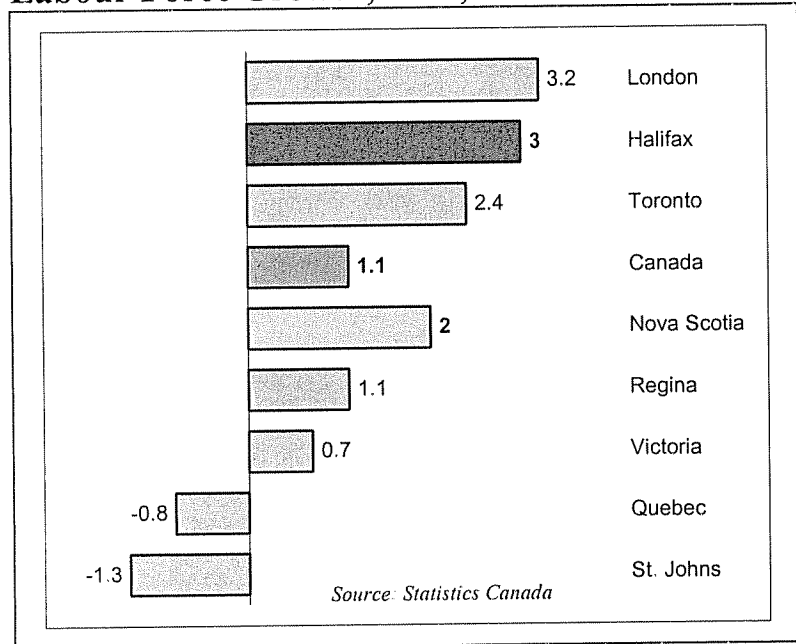
Since January 1996, both Halifax and Nova Scotia have been experiencing steady job growth. HRM's employment levels show far less seasonal variation than the province. Human Resources and Skills Development Canada (HRSDC) projects that between 2003 and 2008, employment growth in the province will reach approximately 5.1% while population growth continues to be flat. This will tighten labour markets in future. HRM will account for a large part of provincial employment growth. In 2003 where 44.6% of employment growth in the province was from HRM.

## Unemployment Rate, 2004



At the end of 2004, the unemployment rate reached 9.0% in Nova Scotia, and 6.0% in HRM. HRM's unemployment rate is the lowest in the Atlantic Region, and 1 percentage point below the national average. As well, participation rate at the end of 2004 ended at 70.4%, which is among the highest in the country, and the highest among Atlantic Canadian communities.

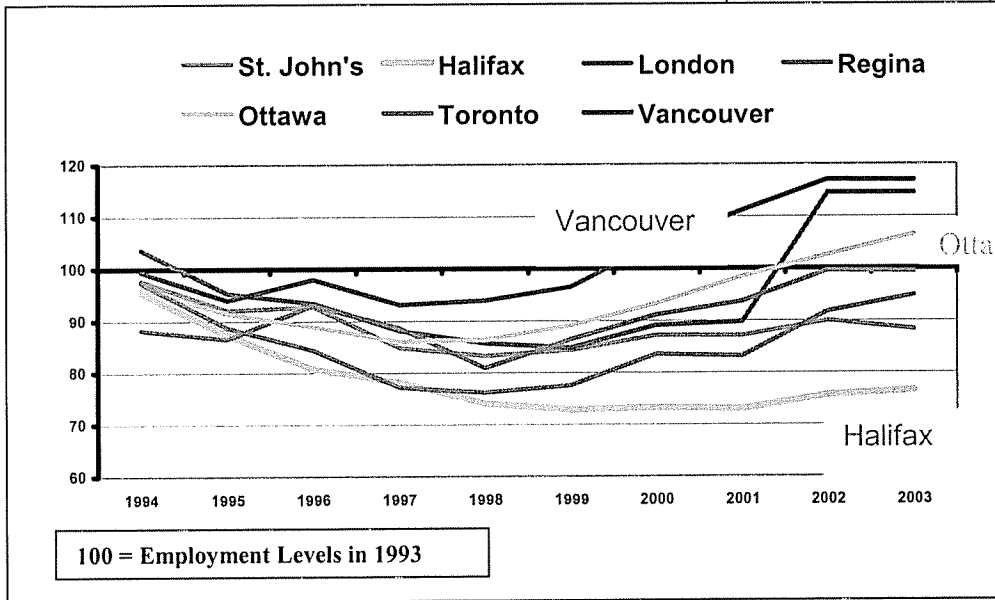
## Labour Force Growth, 2004, %



Nova Scotia's labour force reached 489,700 at the end of 2004. It grew by 2% in 2004, and a big part of that boost came from HRM's 3% labour force increase. HRM's labour force totaled 207,600 in 2004, which accounts for 42% of the provincial total. Labour demand is expected to reach 50,000 people in various occupations in Nova Scotia over the next 4 years, including 20,000 new jobs and 30,000 replacements for people retiring or leaving the labour force for other reasons.

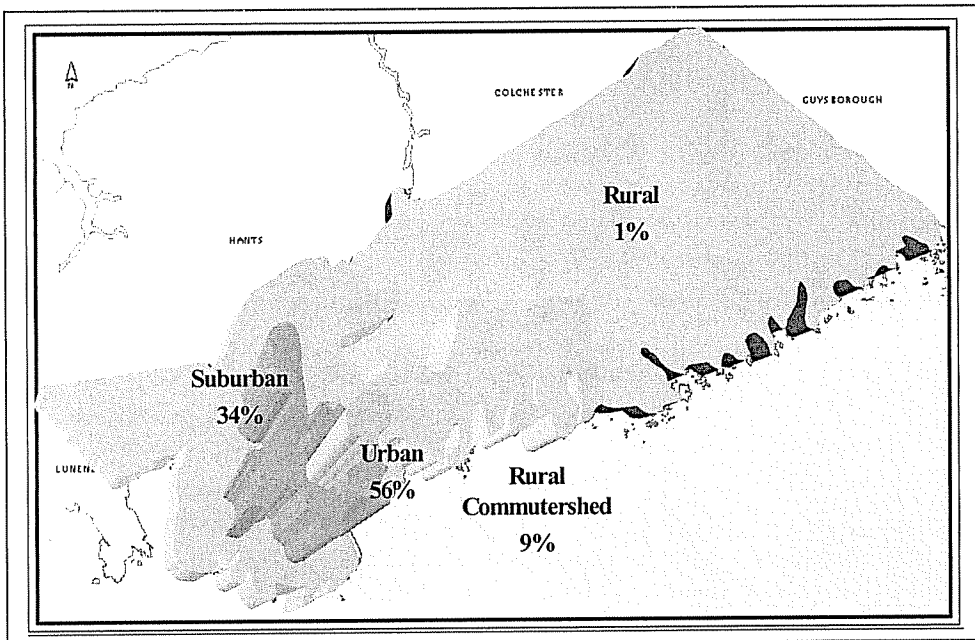
# Government Jobs Index, CMA: 1994-2003

Source: Statistics Canada



HRM has lost about 6,000 federal jobs since the early 1990s, about 4,000 of those in defence. Most cities began to rebuild federal presence after 1998. HRM was the only exception. Several cities, including Vancouver, St. John's and Ottawa actually have a larger federal presence now than before major employment reductions began to occur in the early 1990s.

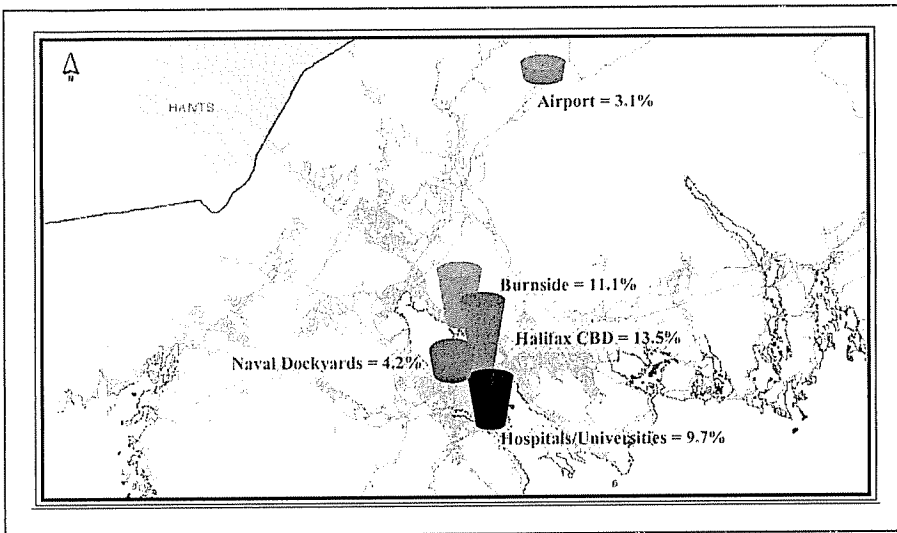
## Employment by Settlement Areas



Most of HRM's jobs (56%) are in the urban core. The urban core and suburban areas account for 90% of all employment in the region.

Almost 70% of employment in HRM is within 5km of city hall, compared to an average of 38% for other major Canadian cities.

## Percent of Total Employment Within the Largest Employment Centres



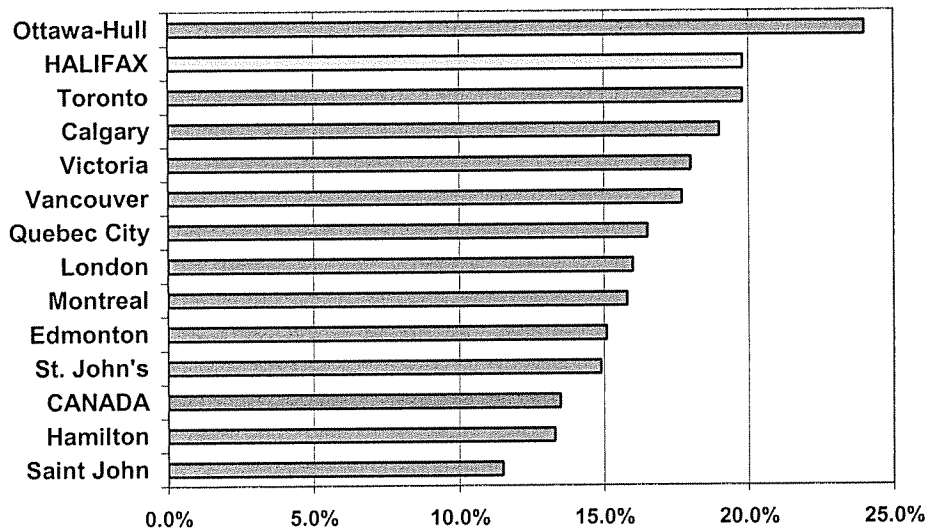
This map focuses on the top five employment locations...

- The airport (3% of total jobs in HRM)
- The naval dockyard (4%)
- The hospital/university area (10%)
- Burnside (11%)
- Halifax Central Business District (14% of total, but 58% of office employment).

(Bayers Lake: 2550;  
Woodside & NS & Dartmouth  
General: 4100)

## CREATIVE COMMUNITY Talent in Canadian Cities

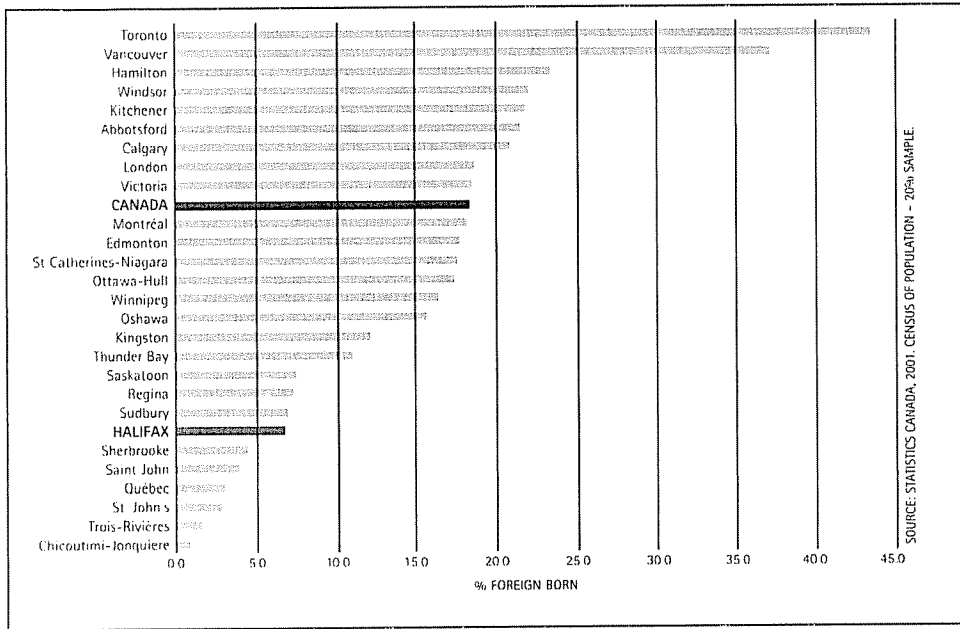
Source: *Competing on Creativity: Placing Canada's Cities in North American Context*



Creativity is a key aspect in economic growth. Different cities are in intense competition to attract and retain a highly skilled workforce who would develop innovative solutions to aid in a region's economic prosperity. HRM is among the top cities in the country at attracting and holding talent.



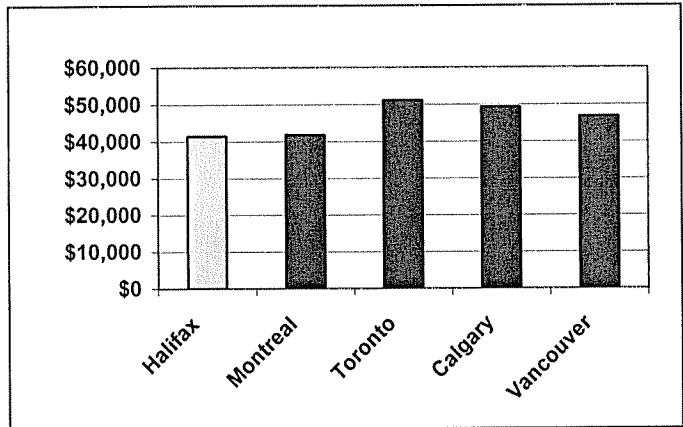
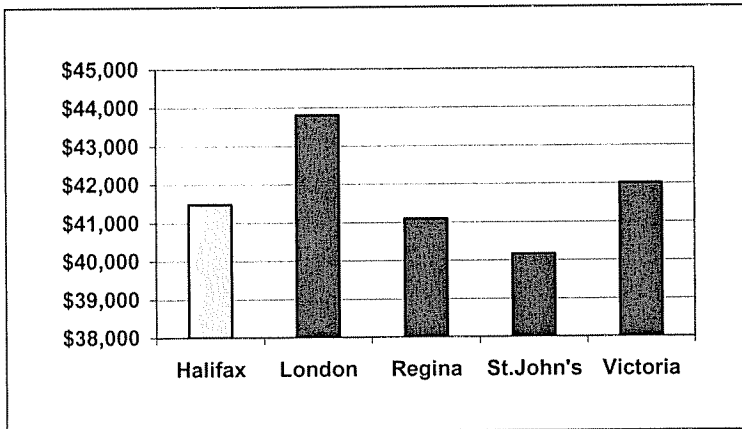
# Mosaic Index



Mosaic index measures the percentage of the population that is foreign-born. It is widely believed that there is a strong correlation between creativity, technology, talent, and diversity. The cities that are able to offer a rich quality of life, and a diverse cultural setting will be able to attract and retain the creative class. HRM's mosaic index is well below the national average at 6%. However, strategies and plans are in development targeting improvement in our region's diversity.

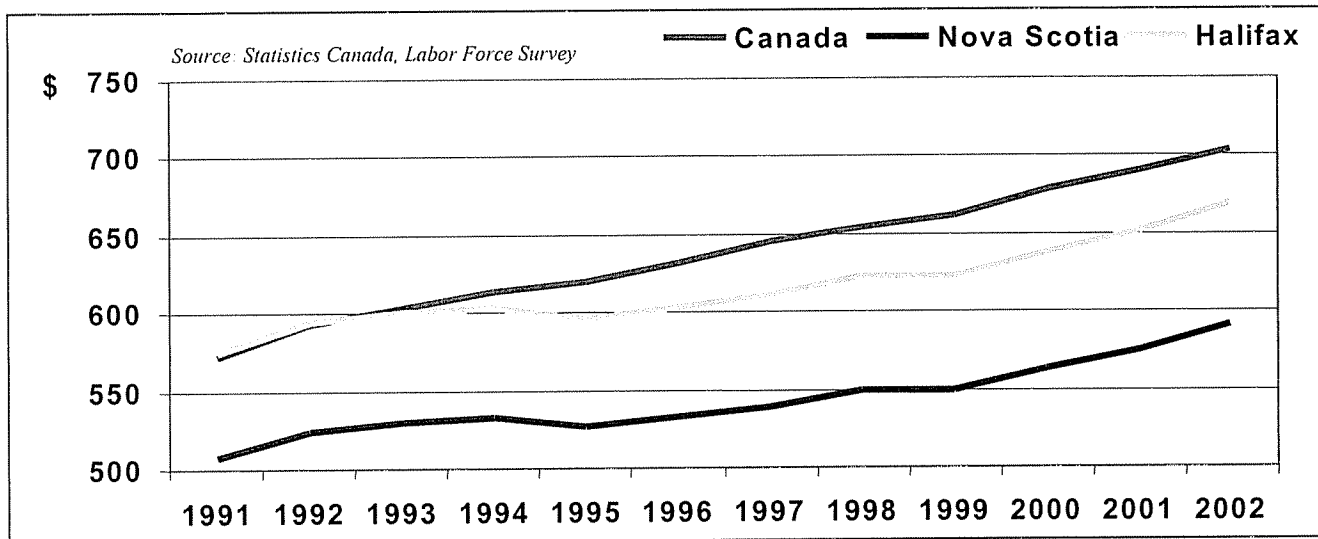
# INCOME Average Earnings, 2003

Source: Statistics Canada



Average earnings in Halifax for the year 2003 reached \$41,481 – which is about the same as that of Montreal. Canada Customs & Revenue Agency reported the 2001 average income per all tax filers in Nova Scotia was \$26,899, in comparison HRM being the most populated region of the province reported about \$31,821.

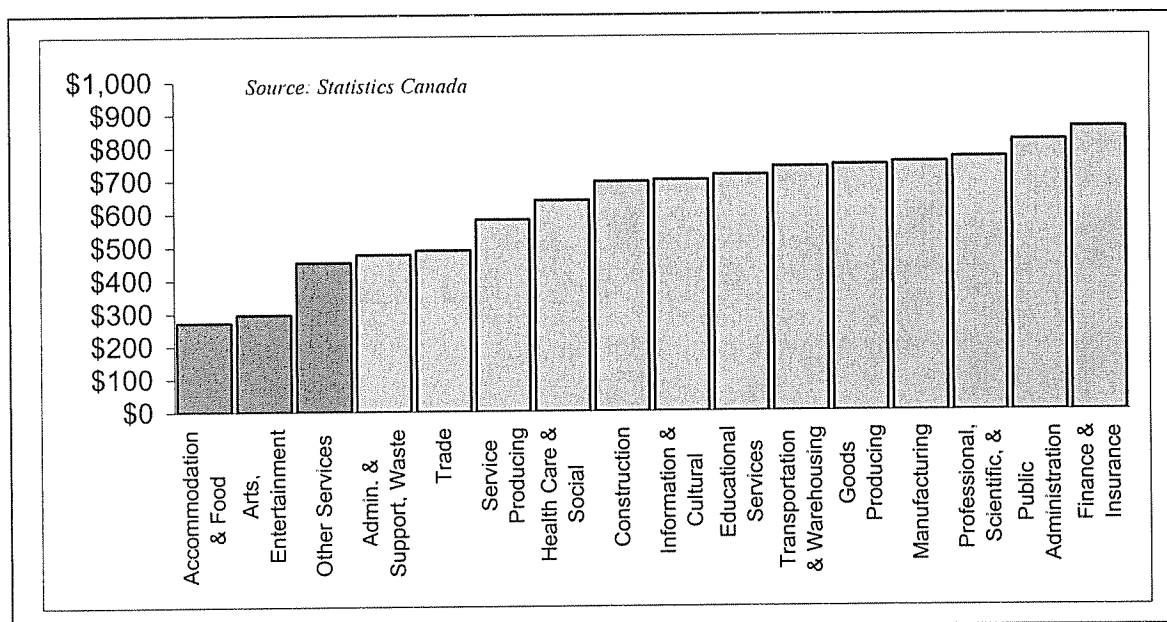
## Average Weekly Wages: 1991-2002



After tracking national levels for years, average weekly wages in HRM dipped below the national average in the early 1990s. This relates to a combination of cuts in high wage federal jobs and high employment growth in low wage sectors in the late 1990s and early 2000s.

## Average Weekly Earnings, by Industry, 2000: Nova Scotia

(All Employees)

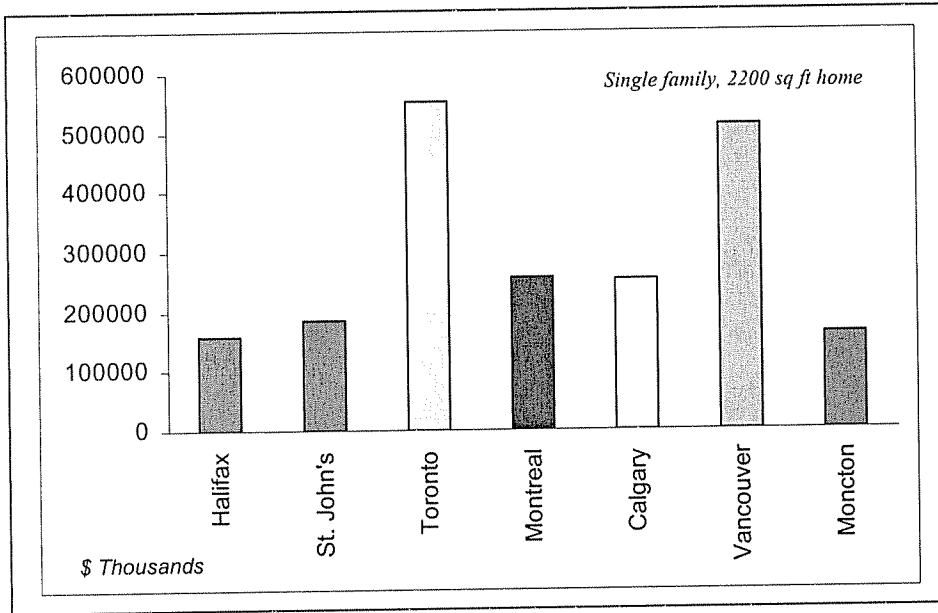


The three lowest industries in terms of average weekly earnings in Nova Scotia are the Accommodation & Food, Arts, Entertainment & Recreation, and Other Services (excluding Public Administration). These have also been the most rapidly growing sectors of the economy in HRM. While the top three wage industries are in Professional, Scientific & Technical, Public Administration, and Finance & Insurance. The latter two have been shirking in recent years. Public sector cuts removed \$500 million in yearly spending on goods and services from HRM's economy.

## COST OF LIVING

### Housing Prices, 2002

Source: Coldwell Banker, 2002



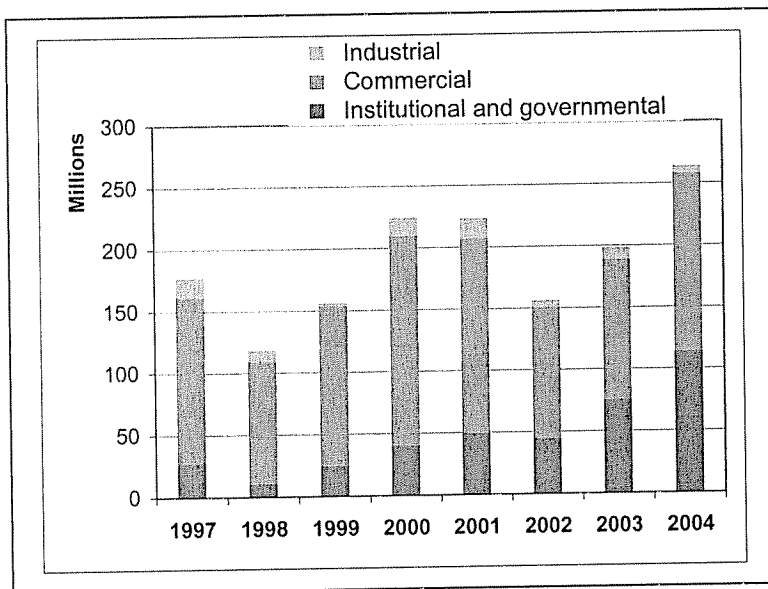
Atlantic Canada has the best Housing Affordability Index in Canada. In addition, our region also has lower utility and insurance costs. HRM and Nova Scotia have a lower cost of living than other Atlantic Canadian urban centres. Competitive living cost are an important factor in attracting investment and retaining labour.

## INVESTMENT

### Non-residential Construction Investment Halifax, 2004

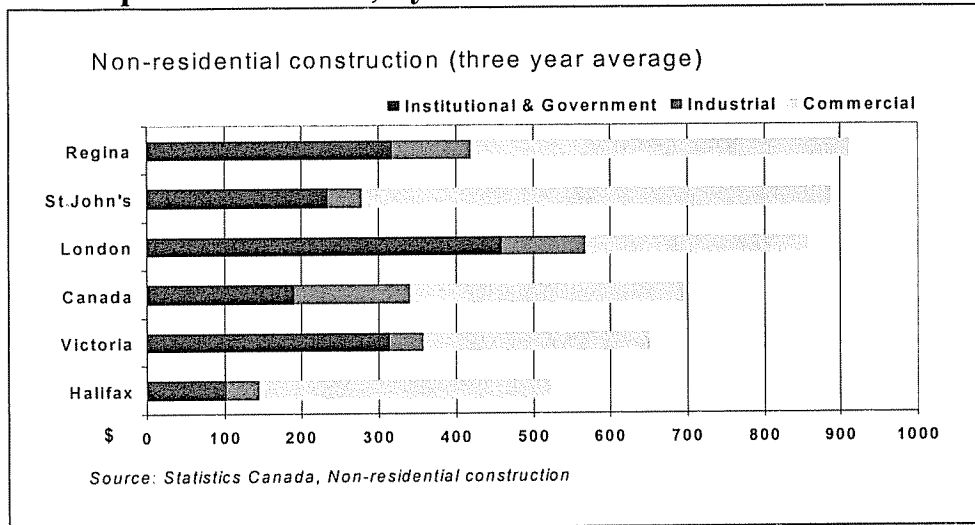
Seasonally adjusted, 1997 constant dollars

Source: Statistics Canada



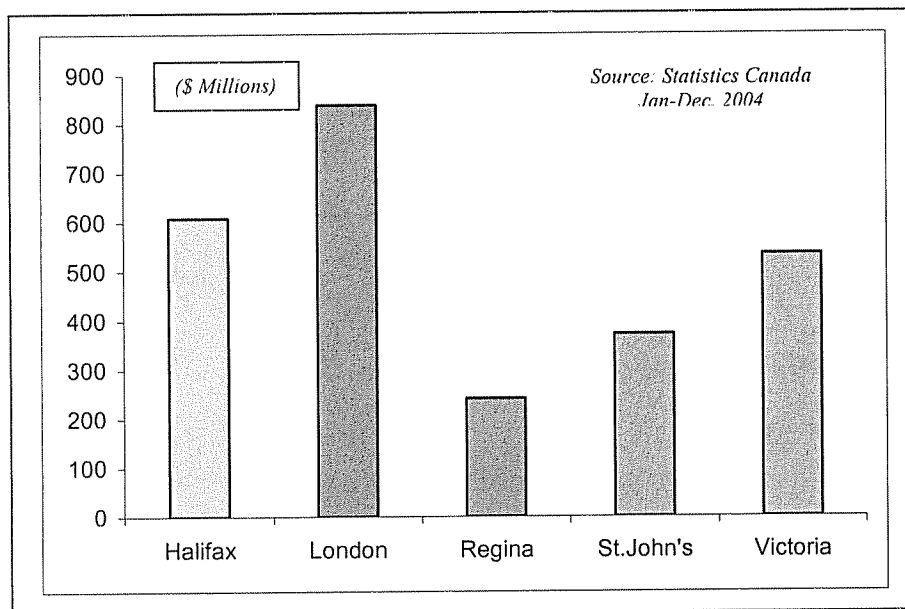
In 2004, Halifax experienced an increase in the absolute level of non-residential investment. This increase was largely due to an increase in the level of institutional and governmental investment in our community, Harbour solutions and the NS Community College account for the bulk of this jump.

## Per Capita Investment, by CMA 2000-03



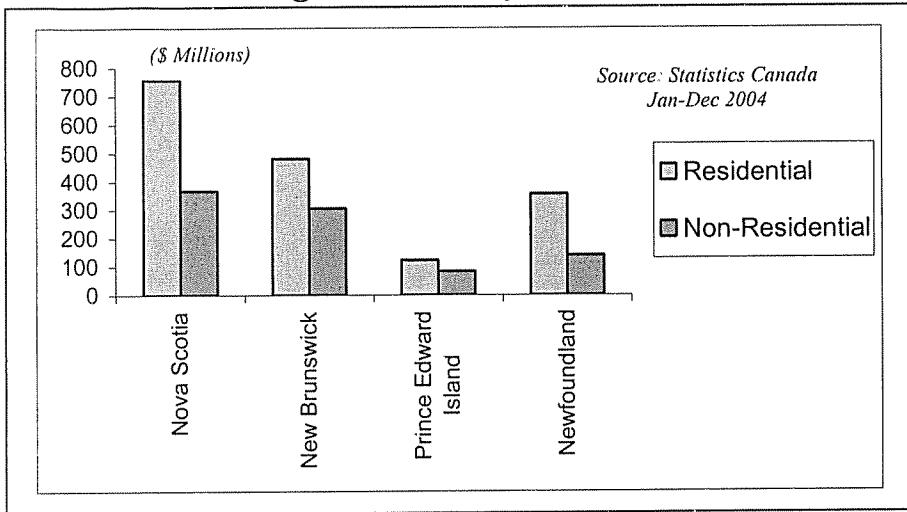
Halifax lags well behind other Canadian cities of a similar size in per capita investment. Commercial investment is strong in all markets and industrial investment is a steady contributor. The main difference between HRM and other regions is the low level of institutional and governmental investment in HRM. This shows up in low levels of spending on cultural and recreational amenities as well as under funding of traditional infrastructure like roads and public buildings.

## Value of Building Permits – by Census Metropolitan Area (CMA)



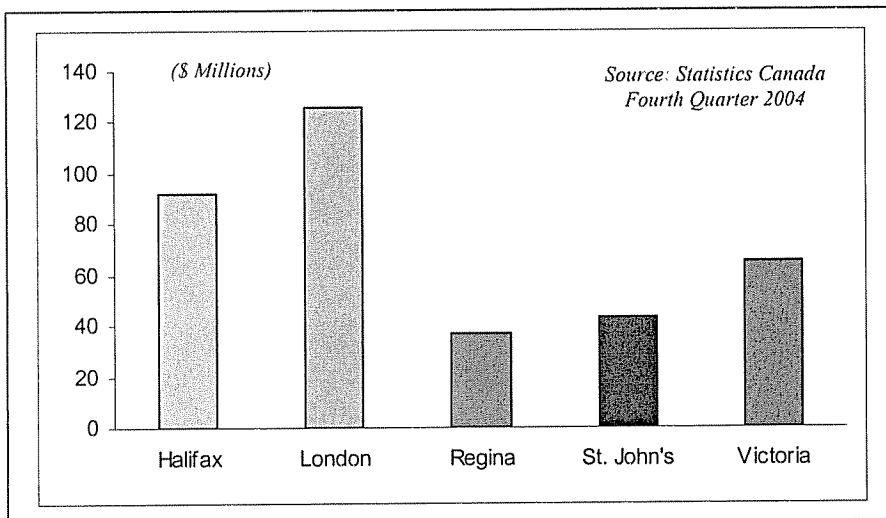
Demand for new homes increased across the country in 2004. In HRM the value of building permits totaled, \$608.6 million, this was an increase of about 7.1% from the previous year. Reports show that there were strong advances in both single- and multi-family dwelling components. In addition, the value of building permits in HRM accounted for 54% of construction that took place in Nova Scotia.

## Value of Building Permits – by Atlantic Provinces



Looking at residential and non-residential building permits, the province had a total of \$1,126.7 million – leading the other three Atlantic Provinces by at least \$340 million.

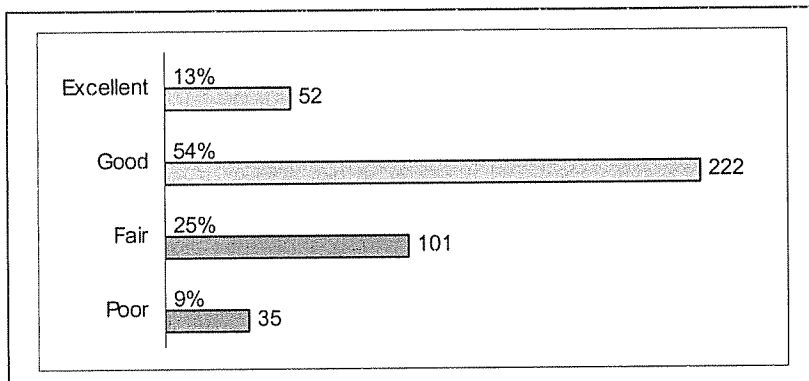
## Investment in Non-Residential Construction



Projects in HRM accelerating non-residential construction activities include the Halifax International Airport expansion, and the Imperial Oil refinery in Dartmouth. Worth noting, Nova Scotia posted the strongest increase in industrial investment at the end of the 4<sup>th</sup> quarter of 2004, ahead of all other census metropolitan areas. Spending fell off this pace in 2005.

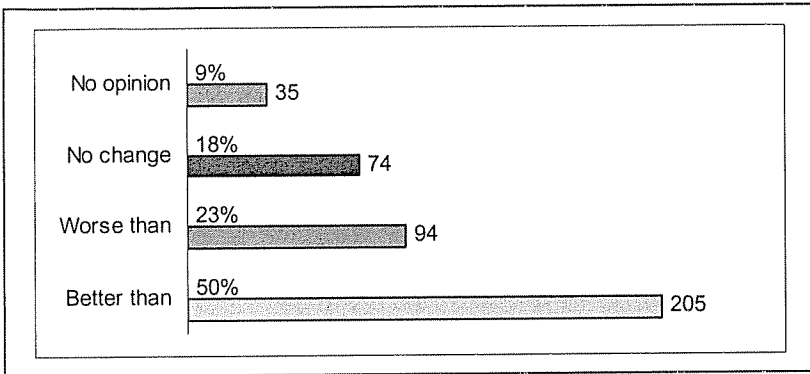
## BUSINESS CLIMATE

### Local business climate



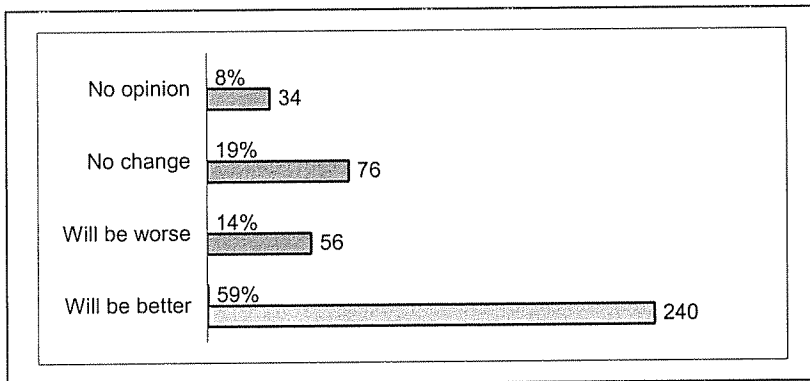
Companies feel good about the overall business climate in HRM. Businesses with a positive attitude, invest more, higher workers, and enter into international relationships more often. This data is drawn from Greater Halifax Partnership's business retention and expansion initiative that visited 800 HRM businesses in a year.

## Local business climate vs. five years ago



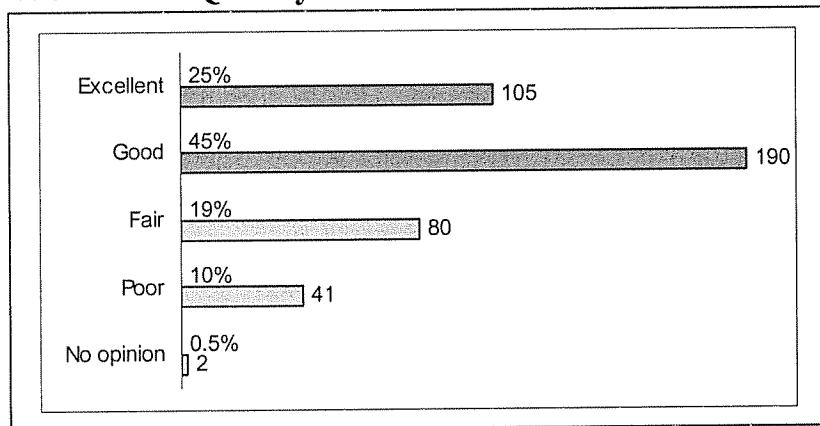
Half of companies surveyed felt that HRM's business climate is better than it was five years ago.

## Local business climate five years from today



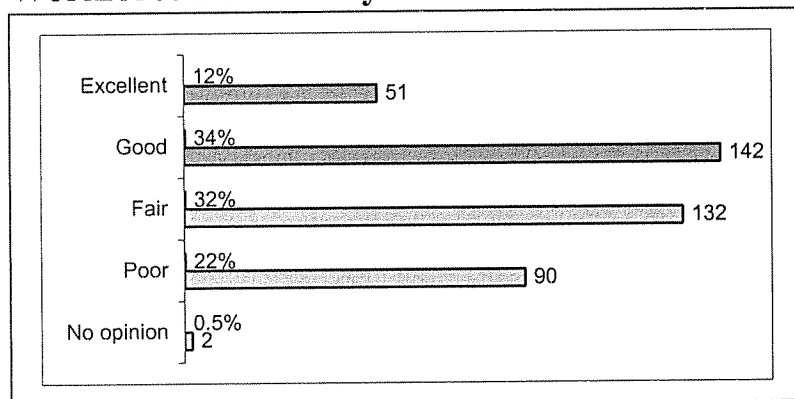
Almost 60% of companies feel the business climate of HRM will improve in the future.

## Workforce Quality



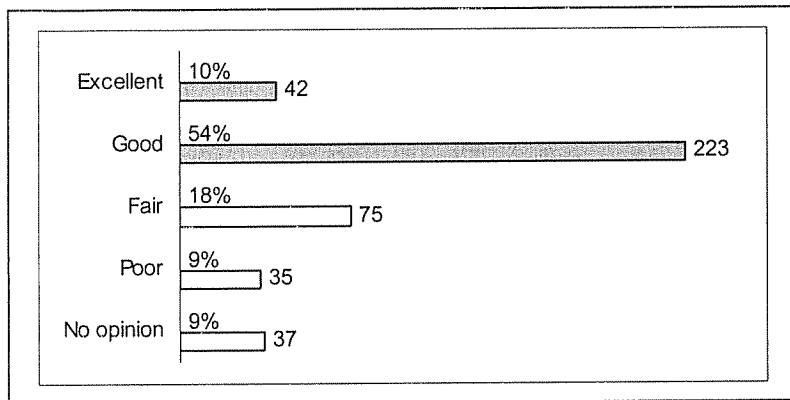
70.57% of companies believe that the Workforce Quality is either 'Excellent' or 'Good' in HRM. Sixty-three percent of the working-age population has a trade, college, or university degree, the highest rate in Canada.

## Workforce Availability



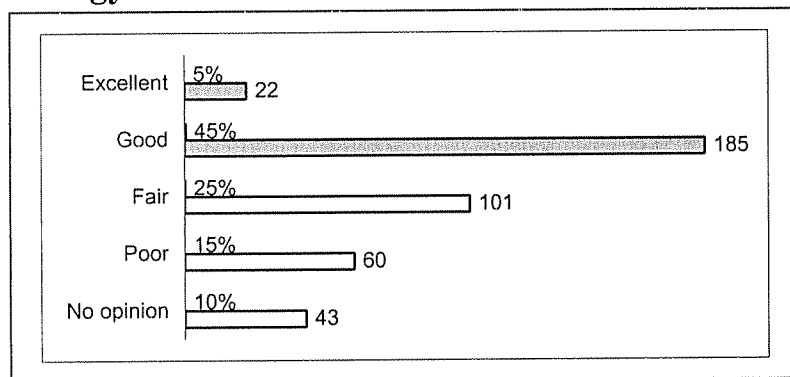
Job tenure in Halifax is among the highest in Canada. Our Workforce Availability also gets top marks. HRM's rich labour pool draws on Atlantic Canada's deepest immigrant community, other parts of the province, other Atlantic Canadian communities.

## Air Access



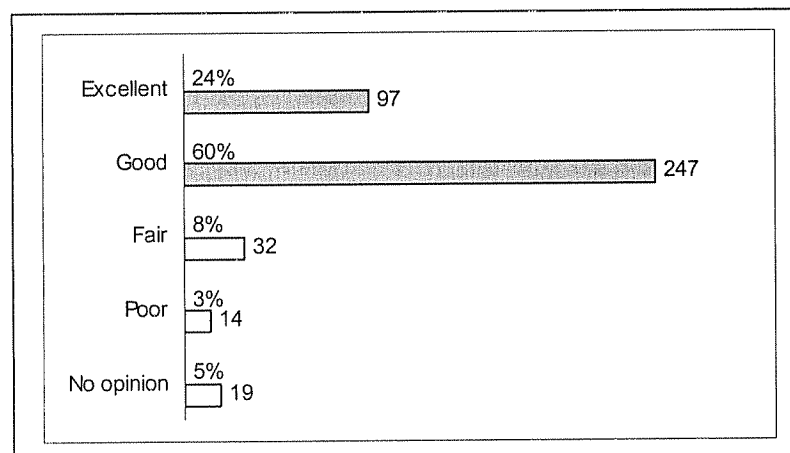
60% of business people surveyed believed air access was either Good or Excellent. As one of Canada's fastest growing airports, Halifax International Airport serves over 3.2 million passengers annually, and has direct flights to numerous international destinations.

## Energy/Utilities



Majority of companies believe that Energy/Utilities are either 'Good' or 'Excellent.' Over the next couple of years, we should see natural gas as an energy source increase across the province.

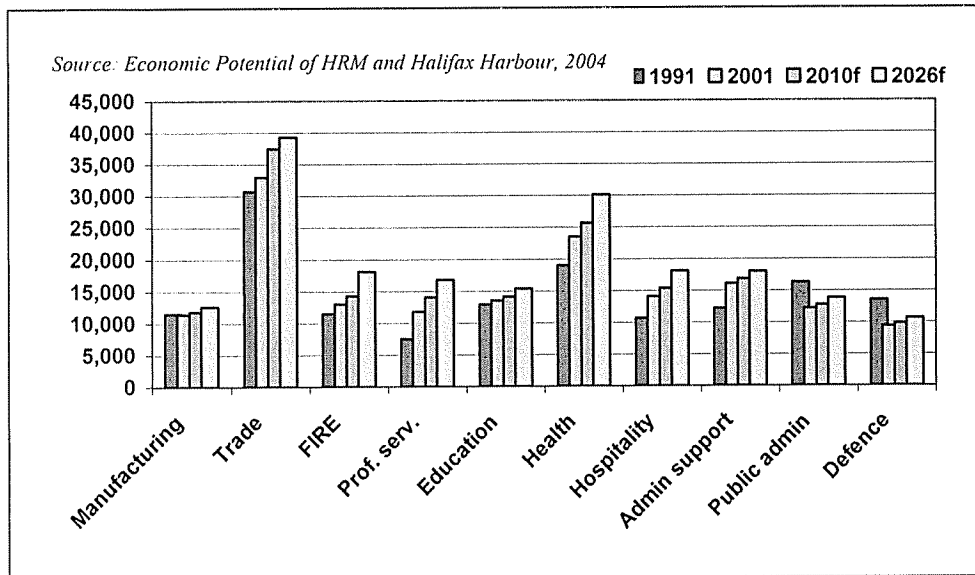
## Phone/Internet/Broadband



In terms of Phone/internet/broadband, HRM has numerous service providers, creating healthy competition, and offering customers more choices. Nova Scotia has numerous fiber optic rings around the province, and also is known for the most 'widely deployed province-wide broadband network in Canada.'

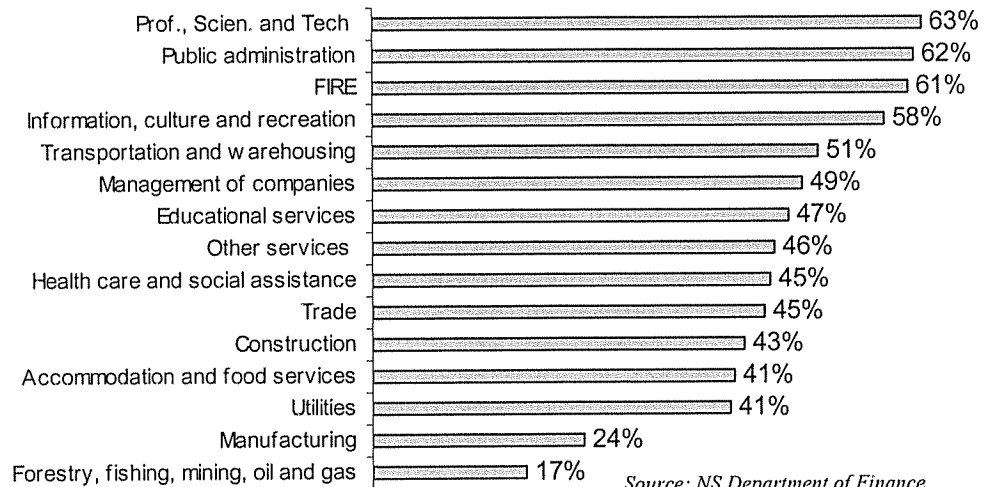
## EMPLOYMENT BY SECTOR

### Employment by Industry, Halifax



According to the report entitled *Economic Potential of HRM and Halifax Harbour, 2004* four sectors to watch for in HRM over the next couple of years will be Trade, Finance, Insurance, and Real Estate and Leasing (FIRE). Growth projections for these four sectors appear to be strong going into 2010 and 2026.

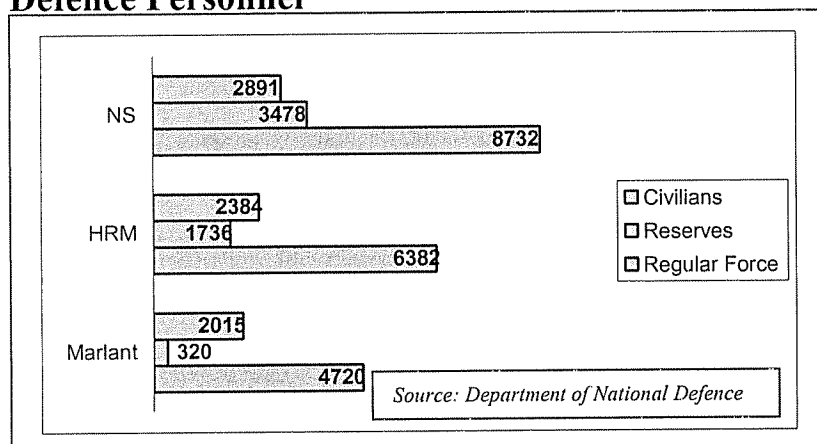
### Employment by Sector (GDP) Halifax, 2003



Source: NS Department of Finance

HRM contributes heavily to the provincial economy, accounting for 45% of Nova Scotia's GDP. The Professional, Scientific, and Technical Services Industry generate 63% of provincial GDP in HRM. The presence of the Navy accounts for much of the concentration of public administration in HRM. Manufacturing and natural resources are less concentrated in HRM.

### Defence Personnel



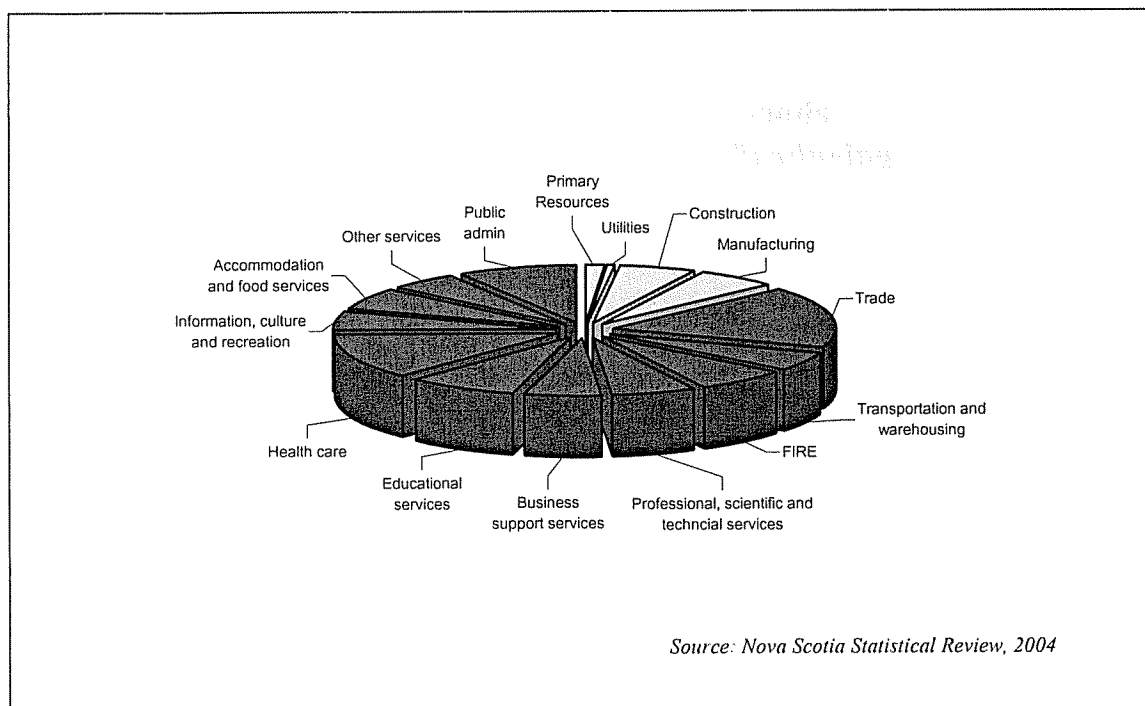
Source: Department of National Defence

DND has just under 10,000 civilian and military personnel in HRM. This is down by about 4,000 from the early 1990s.

DND's current payroll of \$650 million translates almost directly into spending in HRM on goods and services.

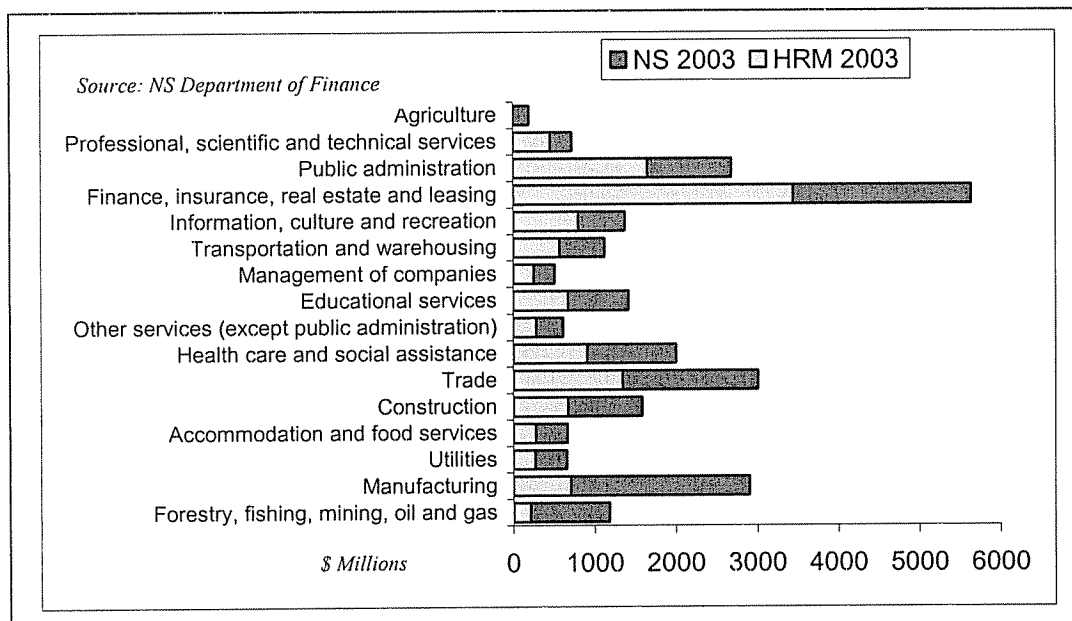


## Employment by Sector - HRM, 2003



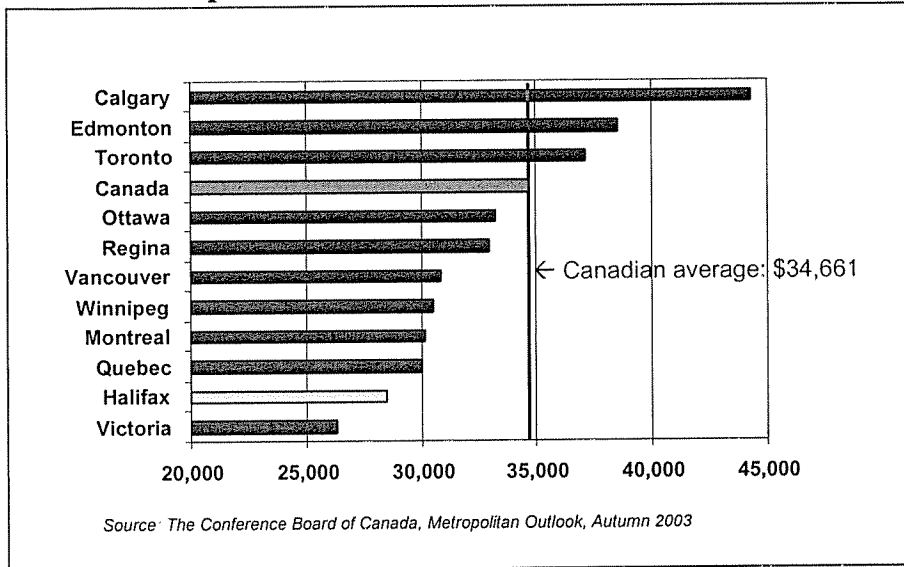
Total employment in Nova Scotia in 2003 was 193,900. Nova Scotia's workforce is 78% Service-producing, and 22% Goods-producing, while HRM is 87% Service-producing, and 13% Goods-producing. In this sense, HRM is able to complement NS with a service-based, knowledge intensive economy. Knowledge is recognized as a driver of productivity and economic growth. Knowledge intensive economies tend to be the most dynamic in output and employment growth. Therefore, investments in research and development, education and training are important to achieving productivity gains.

## GDP MEASURE Sector (GDP), Halifax and Nova Scotia



Finance, insurance, real estate and leasing (FIRE) sector, contributed greatly to the provincial economy. Much of this was concentrated in HRM.

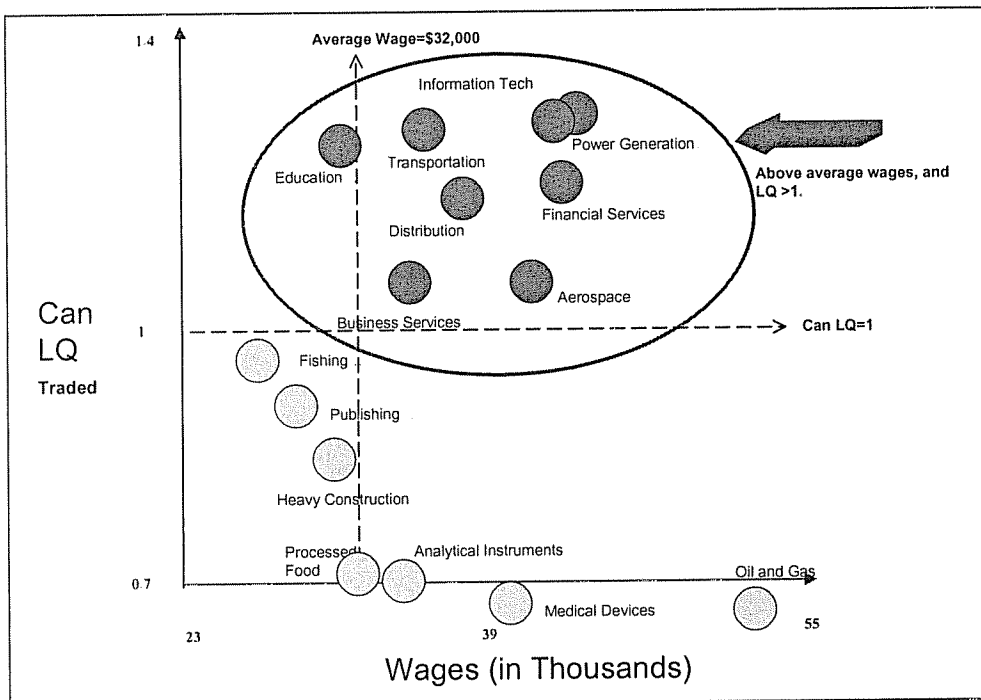
## GDP Per Capita, CMA – 2002



Gross Domestic Product per person is lower in HRM than many Canadian Cities. Some of this reflects the absence of a large manufacturing or resource base. HRM's economy is heavily focused on service industries. Moving toward the national average will require growth in high wage, high output service sector.

## SECTOR ANALYSIS

### HRM Location Quotient (LQ) and Wages

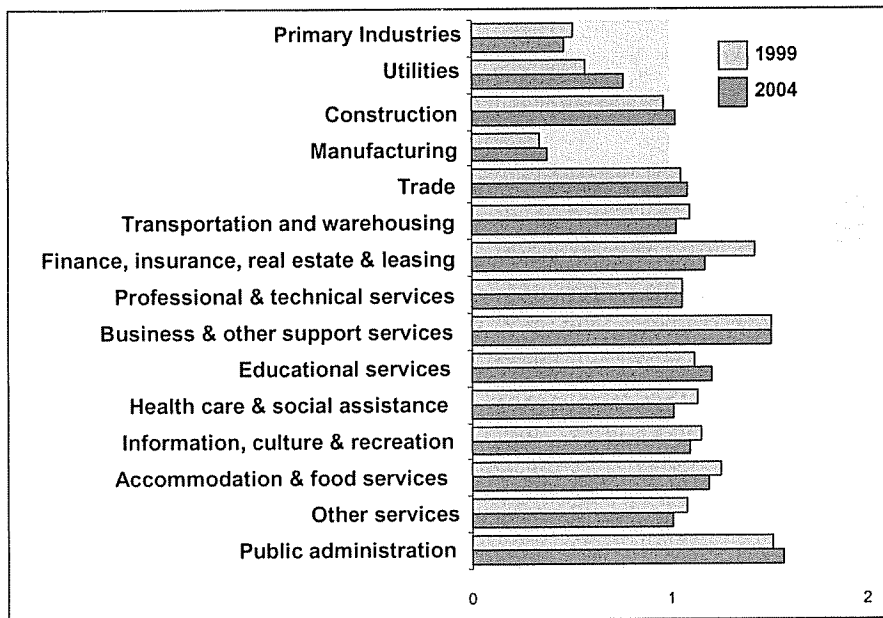


Source: Institute for Canadian Competitiveness & Prosperity, 2004

Industries can be classified based on their relative concentration in the local economy as indicated by location quotients and their recent growth performance. In the chart on the left, industries that HRM has a distinct advantage are all within the red circle, as they are industries with above average wages, and a relative concentration in HRM.

If a place has a location quotient (LQ) greater than 1, it signals local competitive advantages that have caused these industries to become more concentrated in the local economy than elsewhere.

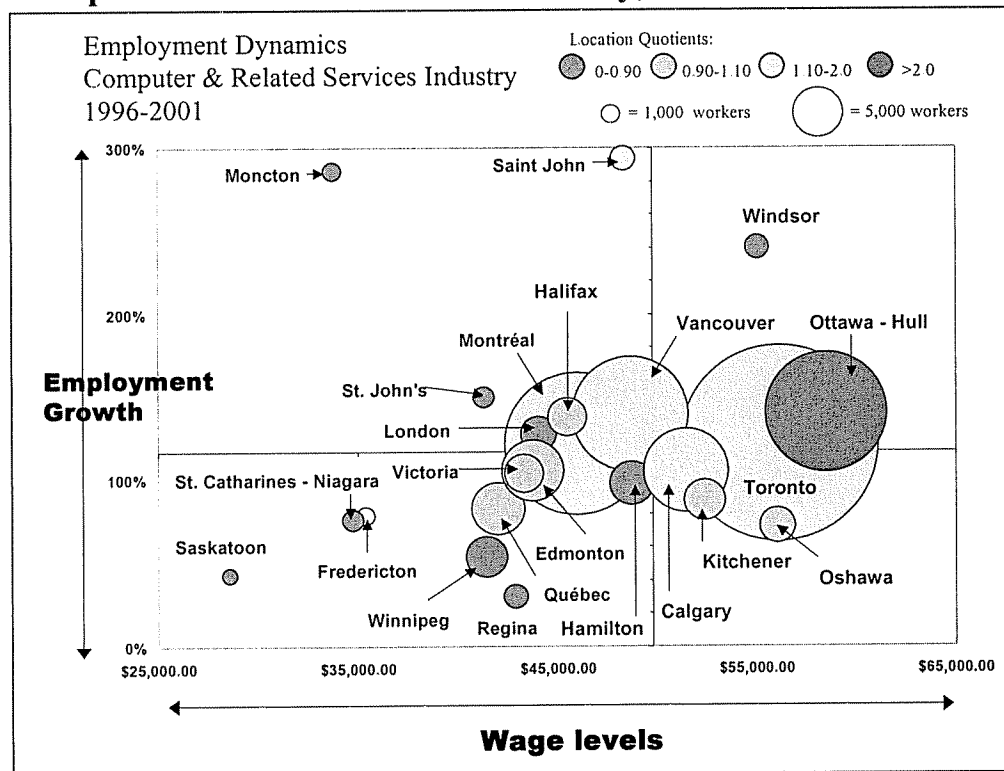
## Location Quotients by Industry, Halifax CMA, 1999, 2004



HRM has a high concentration and a comparative advantage (LQ>1) in most service sector occupations.

Source: Statistics Canada, Labour Force Historical Review, 2004: Cat. No. 71F0004XCB

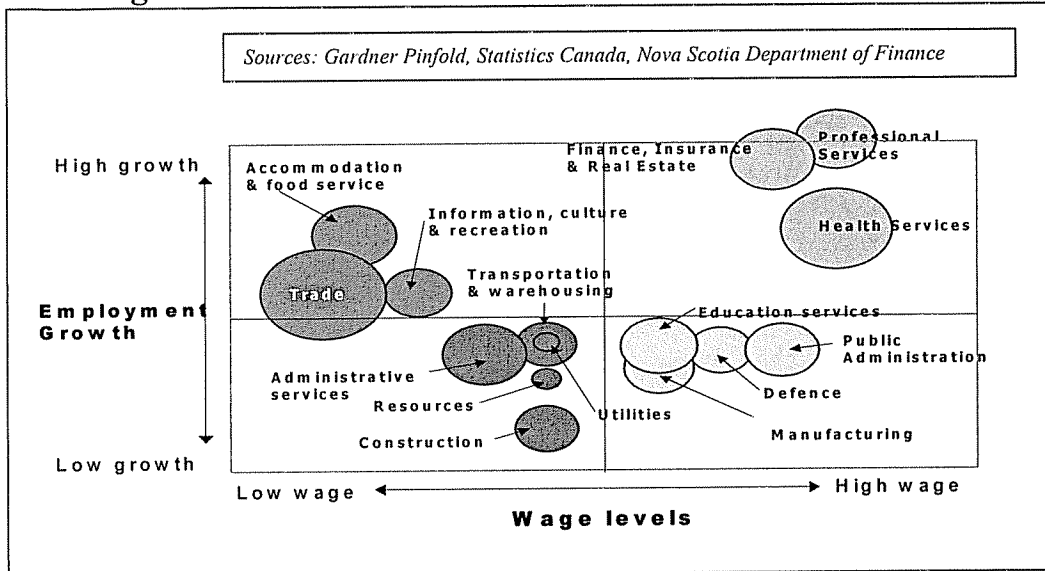
## Computer & Related Services Industry, 1996-2001



Source: Statistics Canada, 1996 and 2001 Censuses: Cat. No. 97F0012XCB2001047

Taking a closer look at an industry – the Computer & Related Services Industry, Halifax has an LQ that is greater than 1. Moreover, our region has experienced good employment growth in this sector from the period between 1996-2001. Average wages were above \$45,000. This shows that we have a competitive advantage over urban areas like Regina, London, and Hamilton. We are in tough competition with big centres like Toronto and Ottawa.

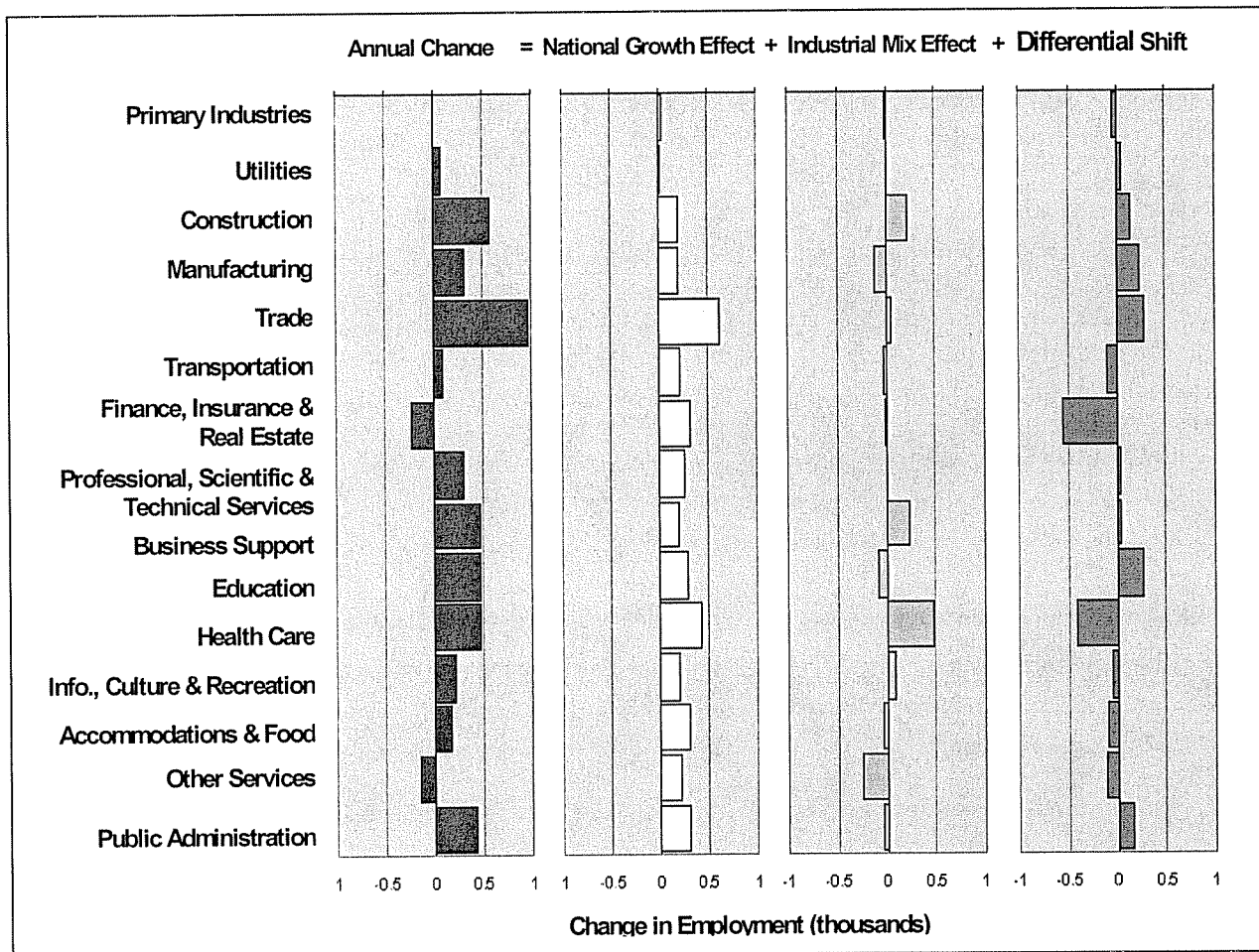
# Evolving Industrial Structure



If better job and higher incomes are a growth objective, HRM's growth will have to focus on high wage high growth sectors. After tracking national average income for many years, HRM dipped below average in the early 1990s and has remained there. High employment growth in low wage sectors moves us away from the national average.

## Shift-Share Analysis, Annual Compound Employment Growth, Halifax, CMA (1999-2004)

Source: Statistics Canada, Labour Force Historical Review, 2004: Cat. No. 71F0004XCB



Shift-share analysis can be used to describe the competitiveness of a region's industries and is widely used to describe changes in regional industry structure. Shift-share analysis enables a dissection of local employment growth into components that can be explained by trends in the national economy; the industry mix or local competitiveness factors. While employment growth can be further dissected into other factors, the differential shift or local competitiveness effect is a commonly used indicator of competitiveness.

Recent industry growth performance, meanwhile, indicates how competitive advantages may be changing. Whether or not an industry is gaining competitive share is probably more indicative of that industry's local growth potential than whether local employment in that industry is increasing or decreasing in absolute terms.

A more detailed analysis is provided in the following paragraphs where industries are classified into **Expanding industries**, **Retention targets**, and **Emerging Industries**. The methodology utilized to guide this analysis; the Carvalho model is summarized below. Data based on the 3-digit Standard Industrial Classification (SIC) was used in order to facilitate comparisons over the last two census periods. The analysis does not include primary industries, construction, utilities, retail and wholesale trade as well as personal services. The results are not intended to be definitive as various issues with the time period and other limitations of the data must be taken into account.

## Carvalho Classification

Source: Statistics Canada, 1996 and 2001 Censuses, Cat. No. 97F0012XCB2001047

Growth Prospects	Classification	Location Quotient	Industrial Mix Effect	Differential Shift Effect
High	12. Driving	> 1.25	Positive	Positive
	11. Accelerating	0.75 – 1.25	Positive	Positive
	10. Rising	< 0.75	Positive	Positive
Medium	9. Evolving	> 1.25	Negative	Positive
	8. Transitional	0.75 – 1.25	Negative	Positive
	7. Moderate	< 0.75	Negative	Positive
	6. Promising	> 1.25	Positive	Negative
	5. Yielding	0.75 – 1.25	Positive	Negative
	4. Modest	< 0.75	Positive	Negative
Low	3. Challenging	> 1.25	Negative	Negative
	2. Vulnerable	0.75 – 1.25	Negative	Negative
	1. Marginal	< 0.75	Negative	Negative

Expanding industries employ a greater share of workers and have been growing faster in HRM than in Canada as a whole. Strategies targeted towards this classification of industries often involve preserving capacity through enhancing factors that contribute to their competitiveness, promoting diversification and encouraging synergies with other industries. Between 1996 and 2001, some examples of expanding industries in HRM included the customer contact centre, film, air transport and chocolate candy industries.

### Expanding Industries (1996-2001)

(#) Carvalho classification	
779 Other business services (12)	108 Sugar and sugar confectionery industries (9)
692 Direct sellers (12)	113 Brewery products industry (9)
451 Air transport industries (12)	284 Combined publishing and printing industries (9)
961 Motion picture, audio and video production and distribution (12)	397 Sign and display industry (9)
963 Theatrical and other staged entertainment services (12)	861 Hospitals (9)
302 Fabricated structural metal products industries (11)	731-733 Insurance industries (9)
328 Boatbuilding and repair industry (11)	859 Other educational services (8)
775 Architectural, engineering and other scientific and technical services (11)	

Retention targets are often the historic drivers of a local economy. They are highly concentrated relative to the national average but are declining national or declining or growing at a slower rate locally. Typically, these industries are higher priorities for retention strategies. Within HRM examples of retention targets include defense services, telecommunications and federal government services.

### Retention Targets

(#) Carvalho classification	
811 Defense services (3)	481 Telecommunication broadcasting industries (2)
853 University education (3)	701-709 Deposit accepting intermediary industries (2)
812-817 Other federal government service industries (3)	361 Refined petroleum products industries (2)
458 Other transportation industries (3)	321 Aircraft and aircraft parts industry (5)
455 Service industries incidental to water transport (3)	452 Service industries incidental to air transport (5)
327 Shipbuilding and repair industry (3)	454 Water transport industries (9)
482 Telecommunication carriers industry (3)	911 Hotels, motels and tourist courts (8)

Emerging industries do not have an extremely high concentration in a local area, but are growing nationally and even faster locally. These are industries in which the local area has a growing competitive advantage. Accelerating industries in HRM include computer and related services, medical and other health laboratories, and investment companies.

## Emerging Industries

<b>(#) Carvalho classification</b>	
772 Computer and related services <b>(11)</b>	071 Crude petroleum and natural gas industries <b>(7)</b>
868 Medical and other health laboratories <b>(11)</b>	852 Post-secondary non-university education <b>(7)</b>
741-749 Other financial intermediary industries <b>(11)</b>	283 Publishing industries <b>(7)</b>
721-729 Investment intermediary industries <b>(10)</b>	281 Commercial printing industries <b>(7)</b>
863 Non-institutional health services <b>(10)</b>	308 Machine shop industry <b>(7)</b>
335 Communication and other electronic equipment industries <b>(10)</b>	107 Bakery products industries <b>(7)</b>
091 Service industries incidental to crude petroleum and natural gas <b>(10)</b>	259 Other wood industries <b>(7)</b>
169 Other plastic products industries <b>(10)</b>	969 Other amusement and recreational services <b>(8)</b>
261 Household furniture industries <b>(10)</b>	