



THE HALIFAX INDEX 2015

An economic gut check with insights for action

PRESENTED BY:

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THE HALIFAX INDEX 2015

An economic gut check with insights for action

AUTHORED BY FRED MORLEY AND RYAN MACLEOD
with contributions from Peter Moreira

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GOLD PARTNER MESSAGE

The *Chronicle Herald* is very proud to be the gold sponsor of this year's *Halifax Index*. We have the privilege to support many initiatives throughout Nova Scotia. Few carry the importance of those that support economic understanding and development. *The Halifax Index* fits this bill perfectly.

The *Halifax Index* is an excellent private-sector complement to *The oneNS Report*, released in early 2014. It is a measurement of the progress our economy is making in tackling the tough challenges around economic and population growth.

At *The Chronicle Herald*, we are doing our part to contribute to this new economy. It is no secret that our business has been challenged by the slow economy and changes in consumer preferences. However, our situation is far from dire. Not unlike most businesses, we have our problems, but we are working through them and, in several cases, turning challenges into game-changing opportunities.

We are committed to keeping our business Nova Scotian owned and independent. We are doing the heavy lifting and making big strides in understanding

audience preferences and the fragmented media landscape. We are hiring young, bright Nova Scotians and putting them to work answering the hard questions around big data, social media and consumer behaviour.

We have made tangible investments in rural Nova Scotia through the growth of our community newspaper network. We are actively exporting our homegrown digital platforms to large news organizations around the world. We are working with local universities and colleges to establish comprehensive internship programs. We are investing in Nova Scotian start-ups. We have grown our staff complement significantly over the past five years.

All this is not to boast, although we are incredibly proud, but to point out that it is up to us, you and me, to grow our economy. The solutions to our problems do not rest with government. We all must do our part to make Nova Scotia more prosperous and welcoming.

Hopefully by next year's *Halifax Index*, we will all have done a little bit more to accomplish these goals.



Mark Lever

President and CEO
The Chronicle Herald

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Visit halifaxindex.com to download a copy of the 2015 *Halifax Index*.

INTRODUCTION

PRIVATE SECTOR RESPONSE TO ONE NOVA SCOTIA: IT'S TIME FOR A GAME CHANGER

There's been a lot of criticism around the province that government, business and organizations have not responded to observations in the *oneNS report* that Nova Scotia is being crippled by bad attitudes. Sure there are gatekeepers out there who believe steady as she goes is just fine; they resist both change and growth. There are activist pessimists that see little potential in the economy of our city, our province and our region and who blame others for our problems. We also tend to simultaneously point to government as both the problem and the solution.

However, these negative attitudes do not reflect the majority or the reality that in a growth environment everyone wins. Negativity also breeds negativity. Worst of all, there is often a sense that these bad attitudes are just part of who we are, so why even try to change? Unfortunately, extremes like these tend to grab attention and suck all the air out of serious discussions about where we need to go and what we need to do. Fortunately, negative attitudes don't square with the optimistic nature of most business leaders in Halifax.

The attitudes we project as a community are up to each of us. We decide as individuals what attitudes we adopt and promote. About eight years ago the Halifax Partnership undertook a study to assess attitudes toward growth in Halifax. The prevailing wisdom was that the community was resistant to development in the Regional Centre, the area encompassing the Halifax peninsula and Dartmouth within the perimeter of the circumferential highway. Not so. The survey found that only 4% of people thought growth was bad. Very quickly, a broader and balanced discussion about the virtues of downtown development began to occur and the results are before us: there are building cranes everywhere. Sometimes the right attitudes and the right approaches are right in front of us, we just have not been paying attention.

GAME-CHANGER ATTITUDES: FOCUS ON AND CELEBRATE SUCCESS

We're a couple of years away from the last winter Olympics where Canada's Own the Podium (OTP) program generated winning results. OTP focused significant resources on our best athletes competing in sports where Canada has a competitive advantage. This is also a good prescription for business and community growth. For example, for OTP, the goal was very clear: finish on the podium. Significant investments were made where they generated the best return on investment, not where there was massive public chatter or effective lobbying. When Canada took home a medal, all of the athletes celebrated and the whole country cheered. No one on the team said, "I guess that means fewer medals for the rest of us." No one accused a gold medal winner of being a show-off for finishing first, second or third.

As a city and a province, we have to invest in setting and achieving clear goals and celebrating our successes. Business-recognition programs, such as those sponsored by *Atlantic Business Magazine* and *Progress*, help greatly, but this must become personal. While the entrepreneurs at Golnstant, and Radian6 have become heroes to a new generation of Halifax entrepreneurs, we also need to celebrate the world leadership of companies head officed in Halifax like Emera and Clearwater, not beat them up. We need to celebrate game-changer civic investments like the new library and the convention centre. We need to celebrate every business and community success regardless of how small or how big.

GAME-CHANGER ATTITUDES: BUSINESS HELPING BUSINESS AND OUR ECONOMY GROW

"Research indicates most Nova Scotians expect the government to take the lead in creating jobs and restoring economic confidence. Only the occasional employer said the business community could or should step in. Considering the private sector generates jobs, exports, and economic activity, this suggests a disconnect."

This quote from the oneNS Coalition identifies one of the challenges surrounding implementation of recommendations in the oneNS Commission's report. We in Nova Scotia simultaneously criticize government and point to it as a solution to our challenges. So how do we create effective and sustained change in such a climate?

We have heard over and over that Nova Scotians have a bad attitude. But what if we thought about this differently? It may not be that our attitudes have to change. It may be that some of the attitudes we need most are already there; they simply have to rise to the surface.

Perhaps we have good attitudes to amplify. They are present when we are at our best – when we trust each other and work together with a clear goal and purpose like we did with the Ships Start Here campaign. The right attitudes are there when we pay it forward by extending our networks to students, young professionals and immigrants through the Connector Program. We did that so well, in fact, this Halifax program is now expanding around the world. The right attitudes are there when we collectively say “thanks” to Boston each year for their help after the Halifax Explosion. The right attitudes are there when we proudly welcome tourists, when we extend trust, when we open our hearts and even our homes to people we don't know.

Yes, some attitudes must change. Attitude change must come from our business community. Successful business communities don't talk about or rely on government much; they invest in each other and in their community. They put energy and money into growth and partnerships. They work with each other; they mentor, they invest, and they pay it forward. They understand that what they share comes back to them – many times over.

The change we need is within us and it is not dramatic. It simply involves a decision to behave like we do when

we are at our very best. That's when, by all accounts, our culture and attitude are the envy of the world.

Groundbreaking research on Nova Scotia's entrepreneurial ecosystem by Dr. Ellen Farrell at Saint Mary's University provides direction on how business engagement could look. Her work describes the complex nature of our entrepreneurial ecosystem, which has unique features. One is the lack of strong connections between entrepreneurial companies; another is the disconnect between big companies and local entrepreneurs. Now this is something we can work on.

What would this look like? Perhaps not too different from what good businesses do today. Halifax Partnership research has demonstrated that Halifax head offices, often large companies, buy local more than most other businesses. Those firms headquartered here tend to hire and train locally, often recent graduates from our universities and colleges. Some of our larger companies have the capacity to prototype products invented and developed by local entrepreneurs. How do we encourage more of this?

Businesses in Halifax are very aware of the challenges and goals outlined in the oneNS Commission report. Their economic future depends on how well the economy of Halifax performs. That's why close to 125 companies invest in the Halifax Partnership. They know that what is good for Halifax's future is good for business. Now other companies need to step up.

Halifax's business community is ready to do more. Leadership groups have formed across the city with a self-appointed mandate to identify issues that individual leaders and their organizations can work on to improve our economy.

There is one big distinction between this effort and earlier initiatives: leaders have stopped talking about what government should do and have shifted their

attention to increasing private sector leadership, engagement and investment in economic growth.

The annual *Halifax Index* is the vital gut check on Halifax's economic and social progress that identifies challenges and opportunities businesses can take action on individually and in partnership with others.

A head and regional office business response could contain several elements. These include:

- We will drive business to hundreds of SMEs in Nova Scotia through our supply chain.
- We will directly or indirectly maintain and create good employment opportunities. We will be an employer of choice and a training ground for good people who want to work and build careers in our province.
- We will invest in research and development related to new technology and new energy opportunities.
- We will contribute to an improved quality of life in Nova Scotia through our corporate social responsibility activities.

- We will partner with organizations committed to growing our province.
- We will pay our share of corporate tax – a reflection of our commitment to support health, education, social programs, and our collective quality of life.
- We will maintain and expand our Halifax presence as we increase our global presence.
- We will expand our international and export presence, and share our experience and networks with Nova Scotia companies that wish to follow us into our markets.
- We will work to secure similar commitments to the future of our province from other Nova Scotia companies.

For many major businesses in Halifax, none of this is new. Many companies are doing much of this now. Celebrating success is one thing; showing others how success can be achieved is another. The former demonstrates success by example; the latter mentors other businesses along a successful path. One is a celebration, the other is leadership. We need more of both in Halifax.



Fred Morley

Executive Vice-President and Chief Economist
Halifax Partnership

KEY FINDINGS

The 2015 *Halifax Index* benchmarks Halifax's progress against five other cities (St. John's, Quebec City, London, Regina, and Victoria) chosen for their similar size and economic structure. It enables us to understand whether Halifax is achieving growth, how that growth compares to other cities, and what needs to be done to achieve even better results.

Partners in the Halifax success story know that progress must be measured by more than simple economic growth. We are focused on broader economic development, a term that measures growth as well as improvement in the economic circumstances of individuals, the quality of life they enjoy, and the sustainability of the environment and fiscal stability of the community.

The Halifax Index has four sections – People, Economy, Quality of Place, and Sustainability –

that reflect a wide-angled view of what economic and community progress looks like. It is not meant to be a pass/fail exercise or to point fingers, but rather to provide deep insight into the community and allow for course corrections as Halifax moves along the path towards attaining its vision of becoming a truly international city.

A number of key trends have emerged and provide insight into the inner workings of the economy, the community, and the long-term success of the region.

PEOPLE

- Halifax's population grew by 1.1% from 2013 to 2014, to over 414,000. Growth was on par with the national average and third among benchmark cities.
- Population growth in 2013 was stronger than reported in last year's Halifax Index after Statistics Canada released revised estimates. Growth in 2013 was actually 0.8%, twice the initially reported rate and consistent with the long-term average for the city.
- Population growth was supported by improvements in both out-of-province and international migration to Halifax, which contributed to faster-than-usual growth of over 2,600 people in the 25-39 age group. Nevertheless, higher growth in the 40+ age group of 2,900 people underscores the continued importance of attracting and retaining young people to balance an aging population.
- University enrolment in Halifax reached its highest level yet during the 2013-14 school year, driven particularly by another year of significant growth in international students, which now account for 17% of enrolments. Enrolment growth was fastest in science, mathematics, engineering, and commerce programs. Community college enrolments remained steady in 2014-15.
- Halifax had relatively slow overall employment growth in 2014 of 0.4%, lower than most benchmark cities. However, increases were concentrated in full-time jobs with growth of 1.2%, the fastest among benchmark cities.

Key Opportunity:

The influx of students from abroad and other provinces each year continues to represent one of Halifax's, and Nova Scotia's, greatest opportunities for population attraction and retention. Policy should increasingly focus on creating opportunities for recent graduates, both domestic and international, to enter the local labour force. Recent provincial policy changes are a good start.

ECONOMY

- Halifax's GDP grew by 2.6% to \$18.9 billion in 2014, second only to Regina among benchmark cities, boosted by the first (mostly) full year of natural gas production at the Deep Panuke project. GDP per capita grew by 1.5% to \$45,700 in 2014, tied with Regina for the fastest growth among benchmark cities.
- The Halifax housing market continued to slide in 2014 as apartment starts returned to average levels after a three-year boom. Construction is expected to continue to favour apartment starts for the foreseeable future as the market for single-detached homes remains below historical levels. Early indications point to a rebound in 2015.
- Residential building permit values grew on par with the national average in 2014, despite the slide in housing starts, boosted by continuing growth in renovation investment. Non-residential building permit values remained steady.
- The Halifax Gateway has been expanding and diversifying in recent years. Of particular note, the Halifax Stanfield International Airport had a record year for both passenger and cargo movements in 2014 boosted by the strength of live-lobster exports to Asian markets.
- Business confidence saw a slight pickup in 2015 following two years of moderate decline. About 80% of businesses are optimistic about their current economic prospects in Halifax, although most only moderately so.

Key Opportunity:

Investment in R&D and innovation is a key driver of economic growth and opportunities. In Halifax where R&D investment is led by the academic sector, efforts are underway to increase collaboration between universities, the private sector, and government when it comes to product commercialization and development, including the announcement of the new Halifax Ocean Innovation Centre and the new Volta Labs space at the former central library. Increasing development of partnerships like these will drive innovation and productivity growth for years to come.

QUALITY OF PLACE

- Total and violent crime rates continued to fall in 2013, both down 30% over the previous five years and at their lowest levels on record. While crime overall is on par with the national average, violent crime remains somewhat above the national average.
- Halifax's per capita personal income grew by 2.3% in 2014, third fastest among benchmark cities and outpacing increases in the cost of living. The first data from the Canadian Income Survey showed that 16% of Halifax residents lived in low income households in 2012, the third highest among the six benchmark cities.
- Perceptions of physical and mental health picked up in 2013. In both categories, the percentage of Halifax residents reporting "very good" or "excellent" health was above the national average. Halifax residents also reported higher levels of activity during leisure time and lower smoking rates than the national average.
- Halifax had the highest reported life satisfaction among benchmark cities in 2013. However, it had only the fourth highest percentage of residents reporting a strong sense of belonging to their local community.
- Employment in arts, culture, recreation, and sport dipped a little in 2014 but remained high compared to historical levels, at 8,500. This accounts for the second highest percentage of total employment among benchmark cities.
- The new Halifax Central Library is an example of how cities can successfully invest in expanding their social capital. The library opened to the public on Saturday, December 13, 2014, to an estimated 12,000 visitors. In the first six weeks of operation, 272,000 visitors borrowed more than 167,700 items – while populating and invigorating the Regional Centre. This compares to 400,000 visits to the old library in an average year.

Key Opportunity:

Living affordability has perhaps the single-largest impact on quality of life. It affects our ability to attract students, young professionals, and immigrants as well as determining the standard of living available to Halifax families. The cost of living and the average level of income are the two sides of the affordability coin. Any strategy to enhance living affordability must include both cost-control and income-growth strategies.

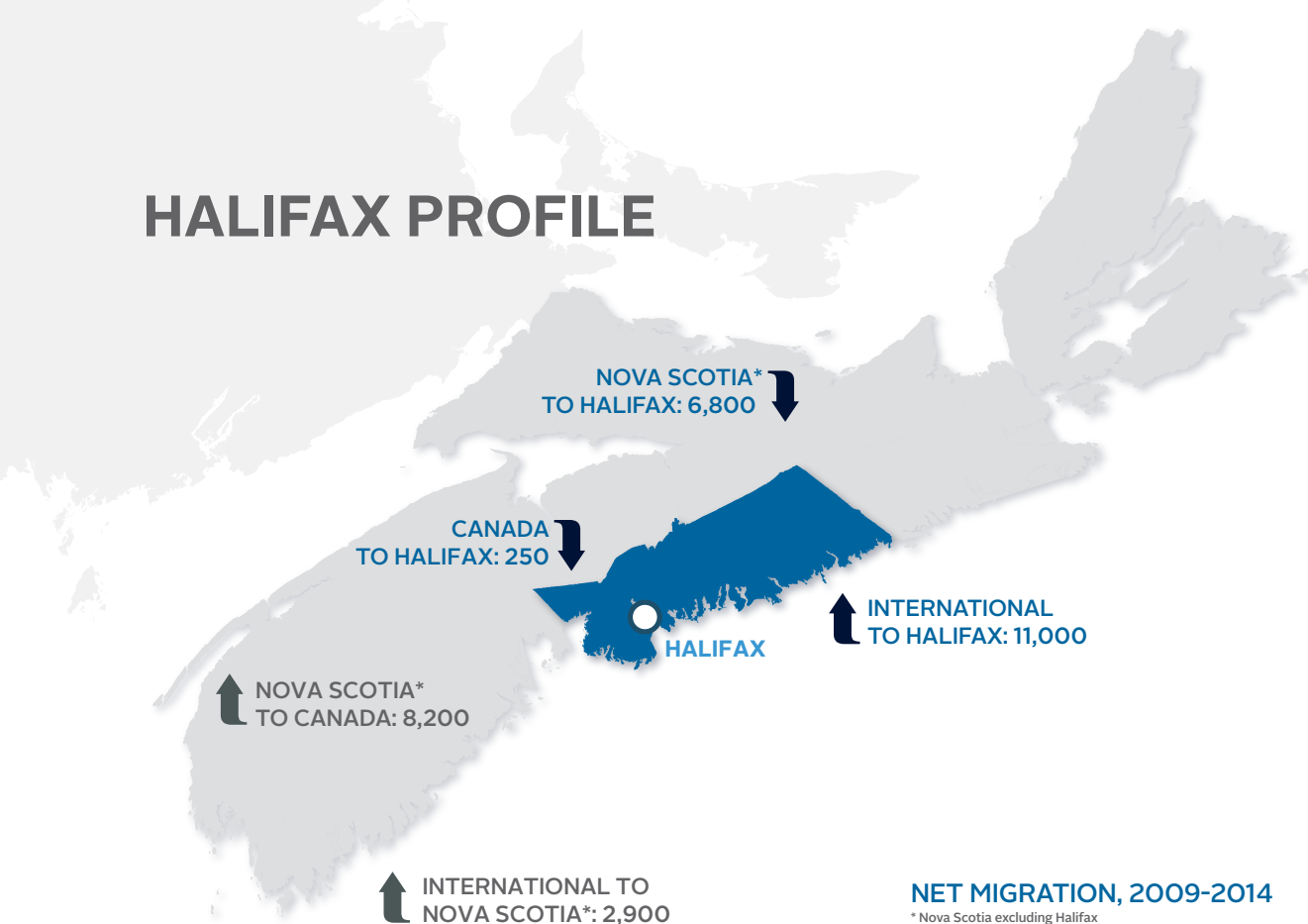
SUSTAINABILITY

- Recent trends in housing construction and building permits indicate that investors and developers are betting on renewed growth in the Regional Centre. Booming apartment starts over the past three years have been concentrated on the peninsula and in Dartmouth, while major projects like the Halifax Central Library and the Nova Centre are driving the value of building permits in the downtown.
- Public transit ridership remained unchanged in 2014-15, despite an increase in service hours. The city's plan to overhaul the transit system aims to build a simpler and more efficient system moving forward.
- Halifax residential and commercial waste levels remained steady at historic lows in 2014-15. The proportion of waste diverted from landfills through recycling and composting picked up slightly to 62%, one of the highest rates in the country.
- The municipality's fiscal health remains in excellent shape. Municipal revenue and expenditure grew by a modest 2.5% in 2014-15. The overall tax burden as a share of GDP decreased slightly in real terms.

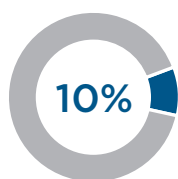
Key Opportunity:

Increased density of development in the Regional Centre is critical to ensure both the environmental and fiscal sustainability of Halifax. Ongoing work on the municipality's Centre Plan and Halifax Transit's Moving Forward Together Plan will have significant impacts on development and livability in the Regional Centre moving forward. The Centre Plan will also serve to increase the clarity and fairness of development rules while contributing to the sustainability and quality of life in Halifax as a whole.

HALIFAX PROFILE

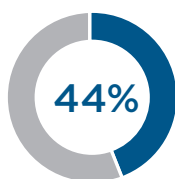


LAND AREA



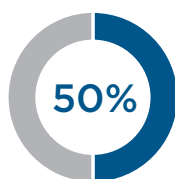
5,490 km²

POPULATION



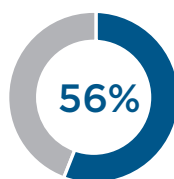
414,398

EMPLOYMENT



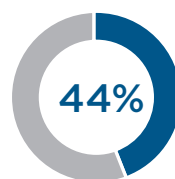
223,300

GROSS DOMESTIC PRODUCT



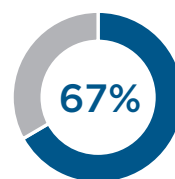
\$19.0 billion

MAJOR PROJECT SPENDING



\$1.5 billion

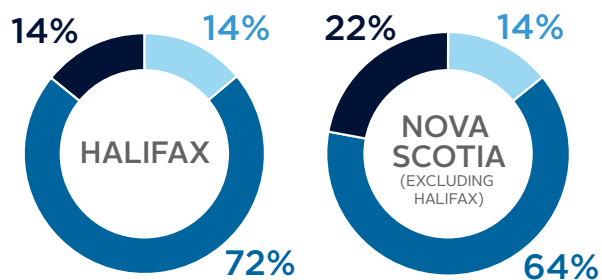
POST-SECONDARY STUDENTS



36,877

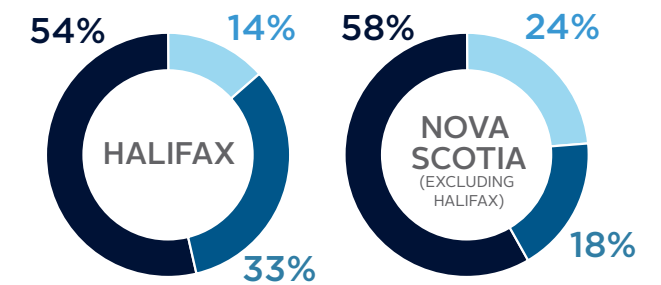
Halifax Nova Scotia excluding Halifax

AGE DISTRIBUTION



0-14 15-64 65+

EMPLOYMENT BY SELECT SECTORS



goods professional services other services



PEOPLE

Population attraction and retention is more important than ever. Between 2001 and 2014, net migration from all sources accounted for 75% of Halifax's population growth.

KEY INDICATORS

POPULATION

- Population estimates
- Components of growth
- Migration by source

EDUCATION

- University and college enrolment
- International and inter-provincial enrolment
- Programs of study

LABOUR FORCE

- Labour force population
- Employment
- Unemployment and participation rates
- Outcomes by age group

WORKFORCE STABILITY

- Registered claims
- Time-loss claims
- Weeks of short-term disability

POPULATION

WHY IS THIS IMPORTANT?

A growing population is as important to a community as blood is to a person. Lose too many people from your community and you are in trouble. Strong population growth drives the economic health of a region. It supports business as more people consume more goods and services and it ensures a robust labour force. A growing population also contributes more tax revenues for government to spend on new and improved services without increasing the tax rates. In Halifax, international immigration has accounted for over half of the city's population growth since 2000.

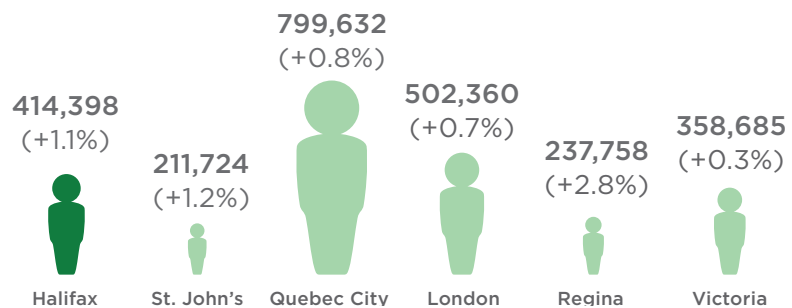
HOW ARE WE DOING?

In last year's *Halifax Index*, population growth was reported as weak with lower than normal immigration in 2013 and a large spike in out-migration to other provinces. The picture, however, was not as bleak as originally reported. Revised population growth figures released this year by Statistics Canada indicate growth of 0.8% in 2013 and not 0.4% as initially reported. The improvement was primarily due to much lower out-migration to other provinces than first estimated.

Taking that revision into account, Halifax's population growth has been steady over the past seven years and more or less on par with the Canadian average. The population exceeded 414,000 in 2014, growing by 1.1% over 2013 – one of the strong performers in Canada's non-resource economies in 2014, and third among benchmark cities. Population growth continues to be driven primarily by migration, both international and from other parts of the province. Importantly, 2014 was the first year since 2011 that Halifax attracted more migrants from other provinces than it lost, if only by a small amount.

POPULATION ESTIMATES AND ANNUAL GROWTH, 2014

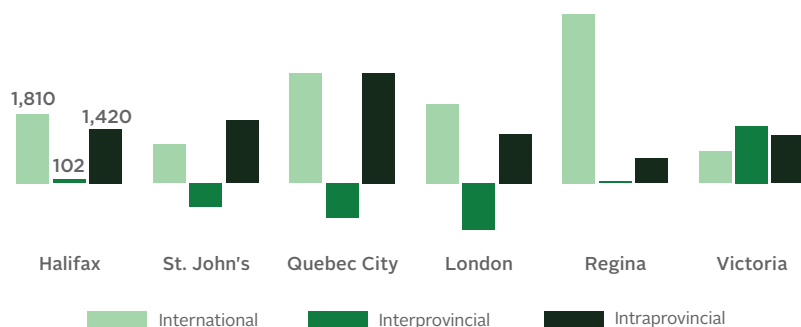
SOURCE: STATISTICS CANADA



While overall growth in 2014 was positive, the age make-up underscores the continued aging of the population. Of the 4,400 person net increase in Halifax last year, 2,400 were age 65 and older. Encouragingly, the working-age population also saw a sizable net increase, but there was no net gain in those under the age of 15.

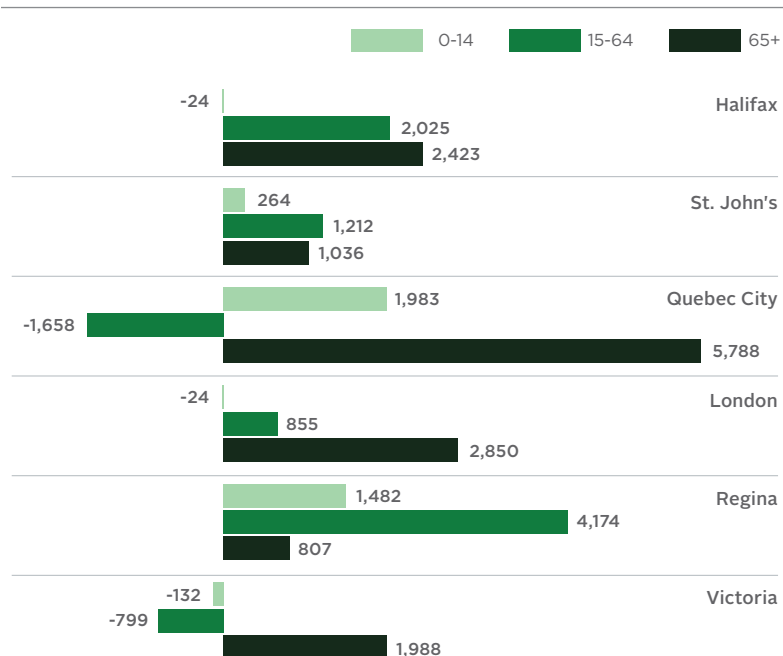
SOURCE OF NET MIGRATION, 2013-2014

SOURCE: STATISTICS CANADA



POPULATION CHANGE BY AGE GROUP, 2013-2014

SOURCE: STATISTICS CANADA

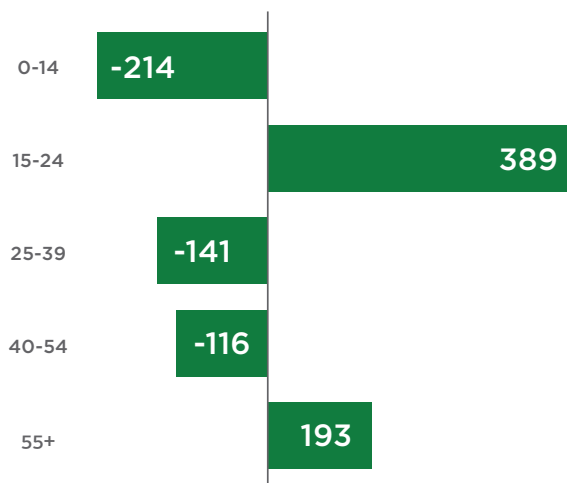


The trend in population age and natural growth highlights the continued and growing importance of migration and population retention to ensuring sustainable growth.

As a consequence of the aging population, the city's natural population growth – the number of births minus the number of deaths – has declined in each of the last four years. In 2014, Halifax experienced the lowest natural growth since 2002 (the earliest year for which there is data). Natural growth will likely continue to decline in the years to come as an aging population leads to a growing annual number of deaths.

NET INTERPROVINCIAL MIGRATION BY AGE GROUP, 2013-2014, HALIFAX

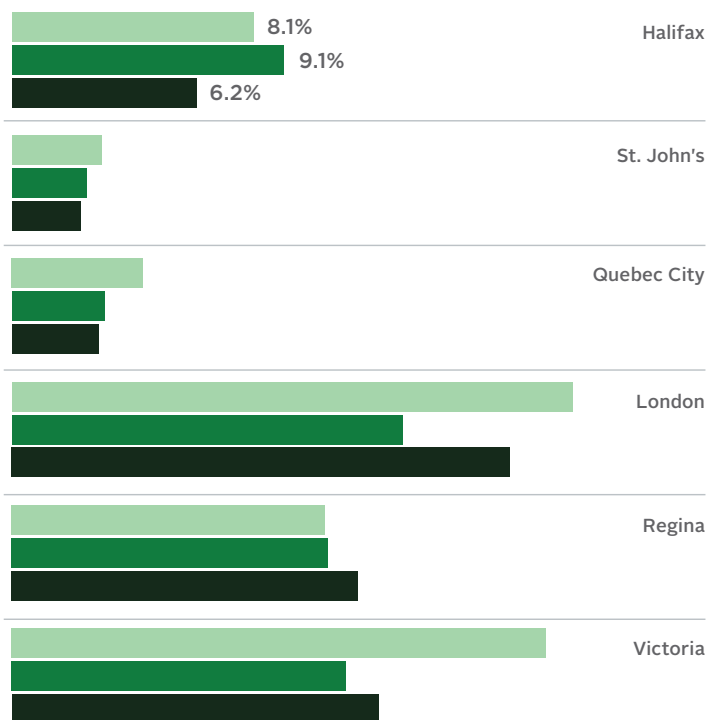
SOURCE: STATISTICS CANADA



The trend in population age and natural growth highlights the continued and growing importance of migration and population retention to ensuring sustainable growth. Efforts to retain post-secondary graduates continue to be the most promising opportunity in this regard. Halifax is a magnet for students. In 2014, those 15 to 24 represented the largest group of in-migrants from out of province and accounted for three-quarters of all migrants from other parts of Nova Scotia.

IMMIGRANTS, VISIBLE MINORITIES AND NON-OFFICIAL FIRST LANGUAGE AS A SHARE OF TOTAL POPULATION, 2011

SOURCE: NATIONAL HOUSEHOLD SURVEY

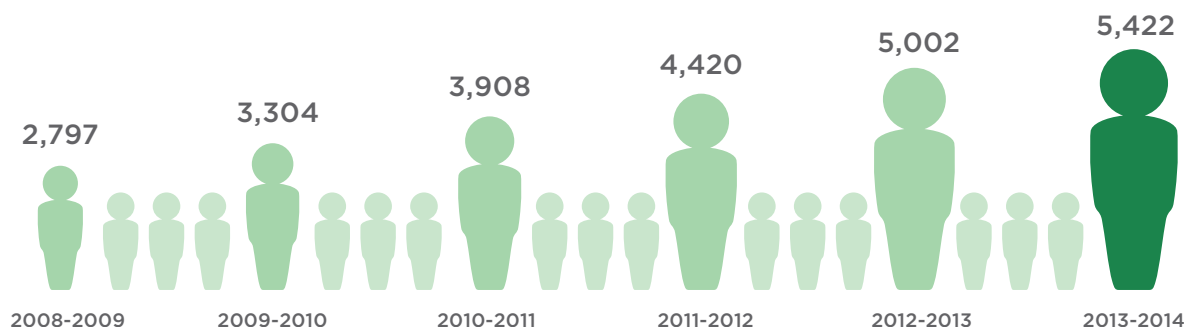


The number of international students studying in Halifax grew to its highest level ever in the 2013-14 school year, roughly doubling in five years. However, retaining those students after graduation continues to be a struggle. Some initiatives are underway to address this issue, such as the province's Graduate to Opportunity program, which provides a payroll rebate to employers who hire recent post-secondary graduates. Still, all players in this space must increase their efforts if we are to have a lasting impact. This includes government, the post-secondary sector and, most importantly, private business. See the special analysis on youth retention at the end of this section for more insight into this issue.

■ immigrants
■ visible minority
■ non-official first language

INTERNATIONAL STUDENTS STUDYING AT HALIFAX UNIVERSITIES

SOURCE: MARITIME PROVINCES HIGHER EDUCATION COMMISSION



EDUCATION

WHY IS THIS IMPORTANT?

Over the last decade the world has quickly transitioned to a knowledge-based economy and Halifax along with it. Now over 75% of new jobs require post-secondary education. Strong educational institutions and an educated population are a source of innovation and the foundation for a productive workforce with better labour market outcomes. Last year in Nova Scotia, the unemployment rate for those with post-secondary education was only 6% compared to 13% for those without. Studies have also shown that a better-educated population is associated with other positive outcomes, such as lower crime rates and greater community engagement.

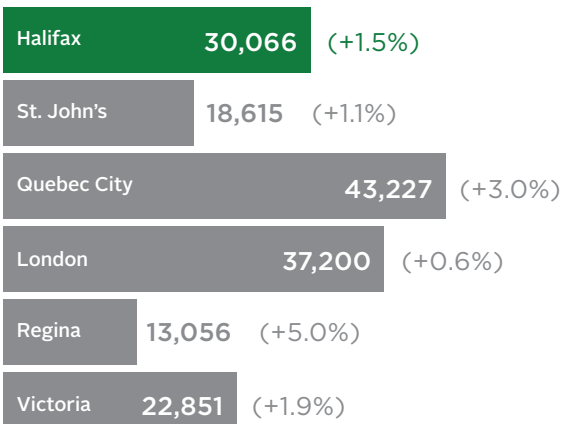
HOW ARE WE DOING?

Halifax's post-secondary education sector continues to produce a highly educated workforce. University enrolment reached its highest level on record during the 2013-14 school year, with over 31,000 students now registered at the city's six universities. Enrolment growth continues to be fastest in the science, mathematics, and engineering, followed by commerce and health professions.

The student body at Halifax universities is becoming increasingly diverse; the number of international and out-of-province students both reached their highest level yet during the 2013-14 school year. The number of Nova Scotia-born students studying in Halifax universities has steadily declined, however, reflecting decreases in the province's student-age population. These students now account for less than half of total enrolment.

UNIVERSITY ENROLMENT, 2012

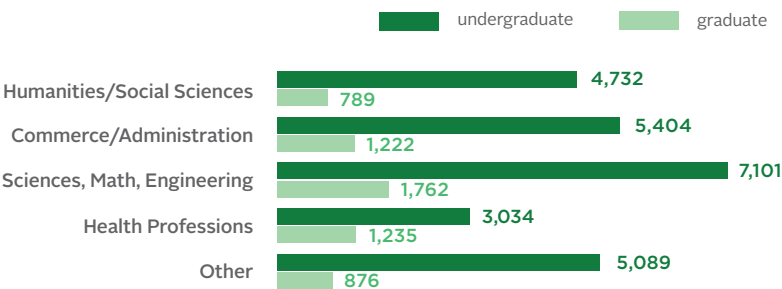
SOURCE: ASSOCIATION OF UNIVERSITIES AND COLLEGES OF CANADA, UNIVERSITY OF REGINA, UNIVERSITY OF VICTORIA



NOTE: Universities with smaller campuses in Quebec City and Victoria were excluded, as the data did not allow separation from the main campuses in Montreal and Vancouver

HALIFAX UNIVERSITY ENROLMENTS BY MAJOR PROGRAM OF STUDY, 2013-14

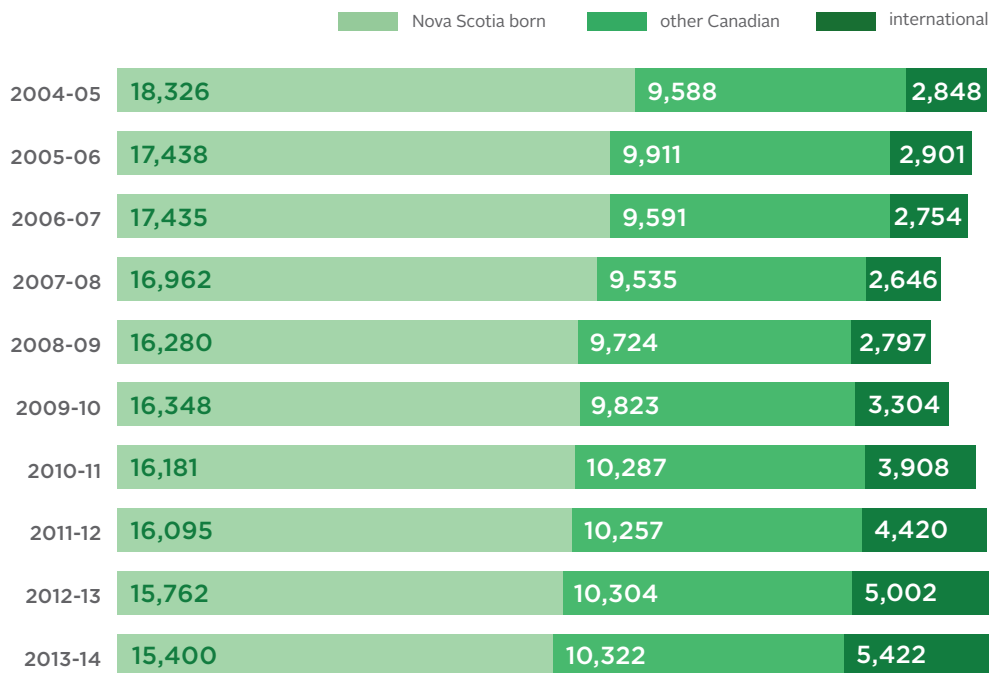
SOURCE: MARITIME PROVINCES HIGHER EDUCATION COMMISSION



Halifax's post-secondary education sector continues to produce a highly educated workforce. University enrolment reached its highest level on record during the 2013-14 school year, with over 31,000 students.

HALIFAX UNIVERSITY ENROLMENTS BY STUDENT ORIGIN, 2004-2014

SOURCE: MARITIME PROVINCES HIGHER EDUCATION COMMISSION



Nova Scotia Community College (NSCC) enrolments in Halifax also reached their highest level during the 2014-15 academic year exceeding 4,600 students. In total, NSCC has almost 11,000 students enrolled across the province this year, with another 2,000 expected to come to the college during the same period through off-cycle and continuous-intake programs.

NSCC continues to support the growing and expanding needs of the local labour market. Through its 13 campuses across the province and flexible learning options, NSCC offers a range of programs essential to emerging opportunities in shipbuilding, ocean technology, oil and gas, construction, and IT – industries that are expected to grow over the next decade.

LABOUR FORCE

WHY IS THIS IMPORTANT?

The labour market is where the population and the economy intersect. A talented, growing labour force is critical to business success – more important than taxes and regulations combined. Conversely, a weak labour market, characterized by high unemployment rates or weak attachment to the workforce, drives out-migration. An efficient labour market is always a balance between good availability of labour and growth in good jobs.

HOW ARE WE DOING?

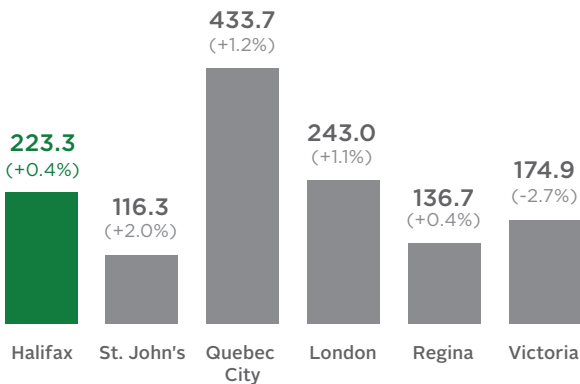
Halifax's labour force and employment saw slow growth in 2014 as significant population growth was offset by sliding participation rates. At 0.4%, Halifax had the third fastest employment growth among benchmark cities, behind St. John's and Quebec City. Halifax's labour force remained unchanged from 2013. On a positive note, the city's employment growth was concentrated in full-time jobs, which grew by 1.3%, the fastest growth among benchmark cities and well above the national average.

Across Canada, participation rates have been sliding as more baby boomers reach retirement age. In Halifax, participation has declined slightly in each of the last five years, from a peak of 71% in 2009 to 69% in 2014. During that time, the number of people over the age of 65 increased by more than 11,000 while those 65 or older who were working increased by 2,300. During that same time, Halifax's participation rate was also being squeezed at the other end of the age spectrum as labour force participation among the 15-to-24 age group fell by 4.8%. This likely reflects an increasing number of years spent in school; enrolment in graduate-level programs and an increase in the average length of time to complete a bachelor's degree.

The unemployment rate in Halifax fell to 6.1% in 2014, the lowest level since before the 2009

EMPLOYMENT LEVEL AND ANNUAL GROWTH, 2014, 000s

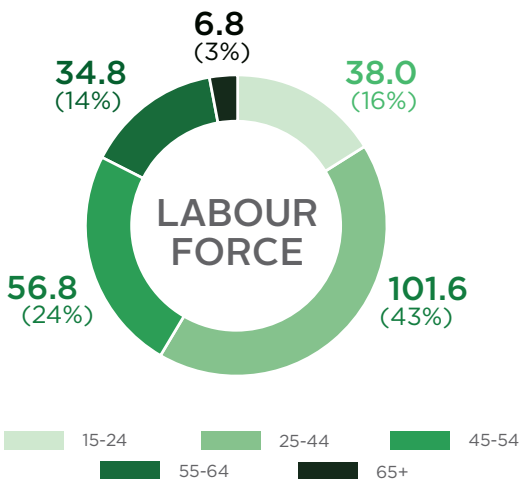
SOURCE: STATISTICS CANADA



Across Canada, participation rates have been sliding as more baby boomers reach retirement age.

LABOUR FORCE LEVEL AND SHARE BY AGE, 2014, 000s

SOURCE: STATISTICS CANADA



recession. Though this is the second highest unemployment rate among benchmark cities, it remains below the national average of 6.9% and that of larger cities like Toronto and Montreal. As well, even though Halifax youth continue to struggle with an unemployment rate of 13%, that rate was down from 15% the prior year.

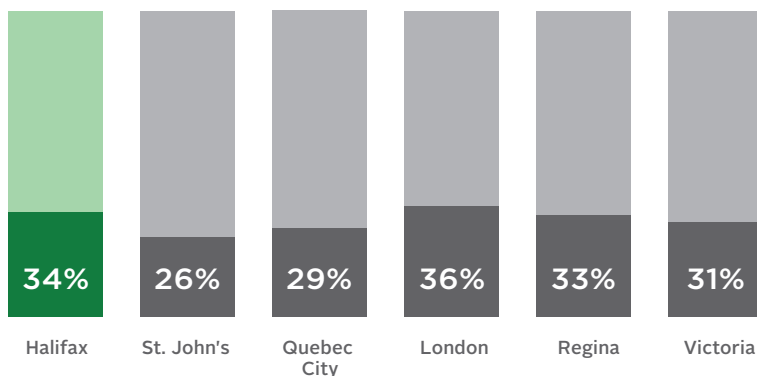
UNEMPLOYMENT RATE, 2014

SOURCE: STATISTICS CANADA



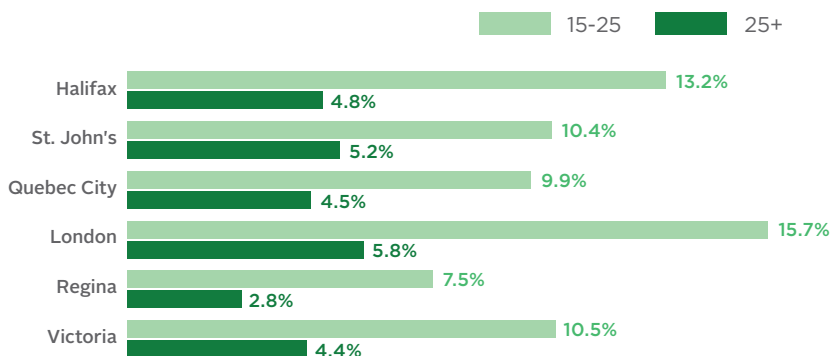
UNEMPLOYED YOUTH (15-24) AS A SHARE OF TOTAL UNEMPLOYED, 2014

SOURCE: STATISTICS CANADA



UNEMPLOYMENT RATE FOR SELECT AGE GROUPS, 2014

SOURCE: STATISTICS CANADA



WORKPLACE SAFETY

WHY IS THIS IMPORTANT?

Safer workplaces with effective return-to-work programs are fundamentals for the workforce. The quality-of-life impacts that workplace injuries have on individuals and their families are obvious. From an economic perspective, time lost to injury contributes to lower productivity and competitiveness. Building a strong, vibrant safety culture is a long-term pursuit. The Workers' Compensation Board of Nova Scotia (WCB) and its partners are committed to achieving their vision of Nova Scotia as the safest place to work in Canada. Ultimately, we all share the responsibility of ensuring the safest work environment possible.

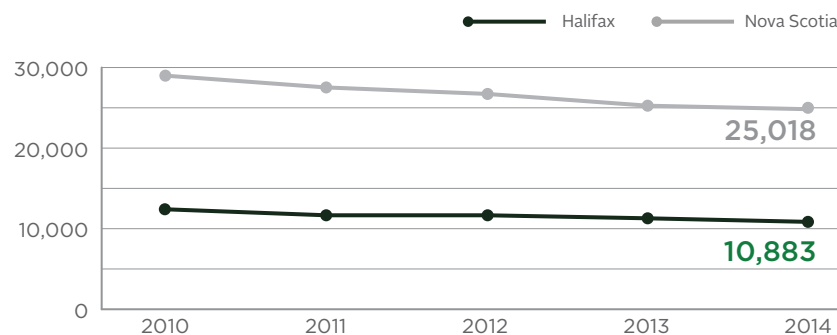
HOW ARE WE DOING?

There continue to be improvements made in reducing the number of people hurt on the job and in the amount of time spent off the job due to injury. In particular, Halifax continues to see declines in the number of registered and time-loss injury claims. There were 2,395 time-loss claims registered in 2014 compared to 2,857 in 2010. In 2014, the injury rate in Nova Scotia dropped to 1.82 per 100

covered workers – the lowest level on record. From 2013 to 2014, the number of people hurt seriously enough to lose time from work fell from 6,034 to 5,953 – the lowest number in the last decade. While one fatality is still too many, in 2013, there were 17 workplace fatalities; in 2014, there were five. At the end of the day, these are metrics. Workplace-injury prevention is about people, families and communities. When it comes to safety, it's important to only do something if you can do it safely.

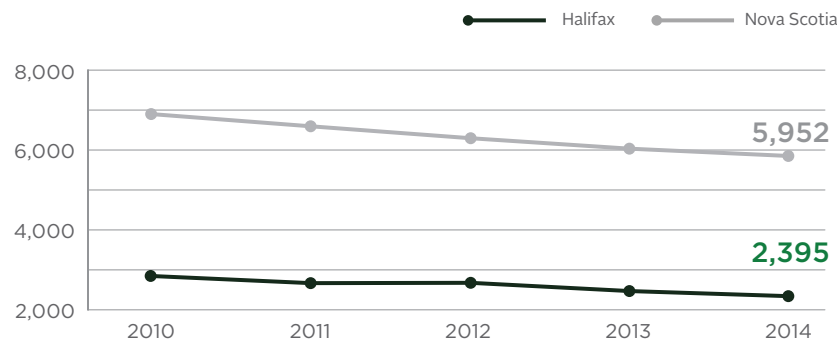
REGISTERED INJURY CLAIMS

SOURCE: WORKERS' COMPENSATION BOARD OF NOVA SCOTIA



TIME LOSS INJURY CLAIMS

SOURCE: WORKERS' COMPENSATION BOARD OF NOVA SCOTIA



WHAT'S NEW AT THE WORKERS' COMPENSATION BOARD?

The conversation is changing in many industries when it comes to workplace safety. To ensure continued progress, the Workers' Compensation Board (WCB) is modernizing its business processes to become more efficient and more relevant in today's digital world, responding to demands for clarity, simplicity and common sense. Earlier this year, the WCB introduced an online employer-registration option and enhanced their website to be compatible with mobile devices. It also started accepting credit card payment for companies requiring special protection and writing plain language claim decisions that are easier to understand.

TIME LOSS INJURY CLAIMS BY INDUSTRY, 2014

SOURCE: WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

	HALIFAX	NOVA SCOTIA
Health/Social Services	572	1,587
Retail Trade	293	615
Construction	244	498
Government Services	206	533
Accommodation/Food/Beverages	189	389
Transportation/Storage	178	321
Wholesale Trade	158	312
Manufacturing	157	725
Communication/Utilities	129	244
Other Services	109	193
Educational Services	69	198
Business Services	63	102
Real Estate/Insurance Agents	21	36
Fishing/Trapping	2	113
Logging/Forestry	2	21
Agriculture/Related Services	1	50
Finance/Insurance	1	1
Mining/Quarries/Oil Wells	1	13

SPECIAL ANALYSIS: WHO IS RESPONSIBLE FOR YOUTH RETENTION?

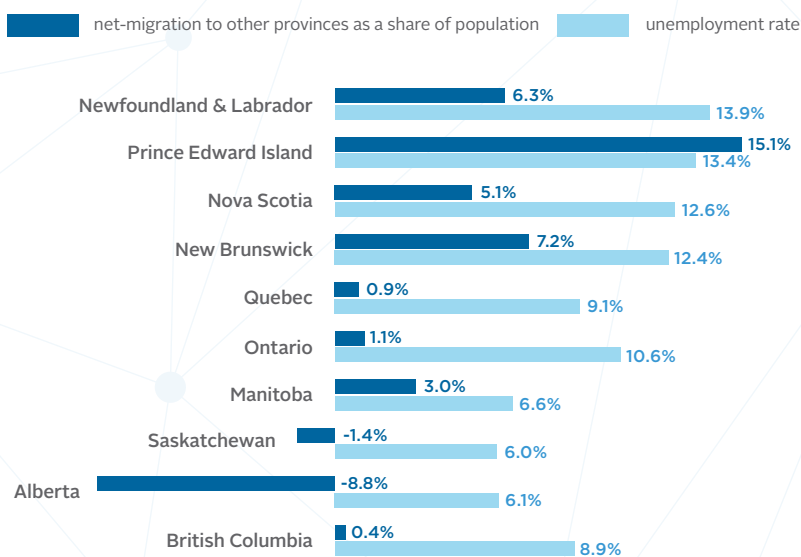
Youth retention is not a new concern in Nova Scotia, but it has come under renewed scrutiny in the wake of the oneNS report. And for good reason.

On average, 1,300 people between the ages of 20 and 29 leave the province each year on net. It's an exodus that hurts us economically. An estimated \$1.2 billion in lifetime after-tax income is lost each year, and an estimated \$46.4 million in future annual taxes is also lost. Out-migration makes the labour pool shallower, affecting the quality and cost of labour for business. Nova Scotia's workforce is forecast to decline by 100,000 workers, or 20%, by 2036. Though youth out-migration is a less extreme problem in Halifax, where the median age in 2011 was 40 compared to 44 for the province as a whole, youth retention is as important in the city as it is anywhere in the province. Indeed, Halifax represents the province's best hope to grow its young population, as youth from all over the province and country are attracted to the Atlantic region's largest urban centre to study and work.

Why is youth retention such a struggle? Youth are leaving because of a lack of entry-level career opportunities here and the relative abundance of opportunities in Western Canada. Last year, the unemployment rate among Nova Scotians age 20-29 was 12%. In the Prairie Provinces, it was 6%.

INTERPROVINCIAL OUT-MIGRATION AND AVERAGE ANNUAL UNEMPLOYMENT RATES FOR 20-29 YEAR OLDS, 2009-2014

SOURCE: STATISTICS CANADA



Halifax represents the province's best hope to grow its young population, as youth from all over the province and country are attracted to the Atlantic region's largest urban centre to study and work.

Among those that are working, a large number are underemployed, working in jobs for which they are overqualified. Statistics Canada estimates that in Nova Scotia, 42% of employed university degree holders between the age of 25 and 34 are working in jobs that don't require a university degree.

As the province's demographics continue to shift from a working-age population to retirees, impacts will be felt across all sectors and walks of life. Considerable strain will be put on the businesses, the labour market, taxpayers, and provincial finances. To date, Nova Scotians have largely looked to government for solutions. The oneNS Coalition recently noted that while government has a role to play, the private sector must play a pivotal role as well.

WHO IS AFFECTED?

To understand who should be involved in solving the problem of youth out-migration, it is important to understand who stands to gain from keeping youth here. The short answer is: everyone. Retaining our up-and-coming talent is a problem that will directly affect all Nova Scotians and one that requires cooperative action from all sectors to resolve.

For business, a declining population means a struggle to grow their enterprise as experienced labour and customers are in shorter supply, putting upward pressure on labour costs. According to the Partnership's SmartBusiness interviews, 41% of Halifax businesses interviewed consider workforce availability a top issue for their business and one that is growing in importance. For employees, fewer young workers means more work and longer hours to offset staff shortages. For consumers, it means longer wait times and reduced levels of service – from the hospital to the checkout line – due to fewer staff.

Even those not in business or the workforce will be affected. For current and future retirees, youth

labour market struggles and out-migration will mean difficulty financing retirement. A 2012 BMO study found that a third of baby boomers planned to sell their homes to fund their retirement. However, the Halifax housing market has softened over the past four years amid stalled growth in full-time employment and declining numbers of young workers looking to buy their first home.

In short, youth out-migration presents a long-term quality of life and fiscal sustainability problem for all Nova Scotians.

Retaining our up-and-coming talent is a problem that will directly affect all Nova Scotians and one that requires cooperative action from all sectors to resolve.

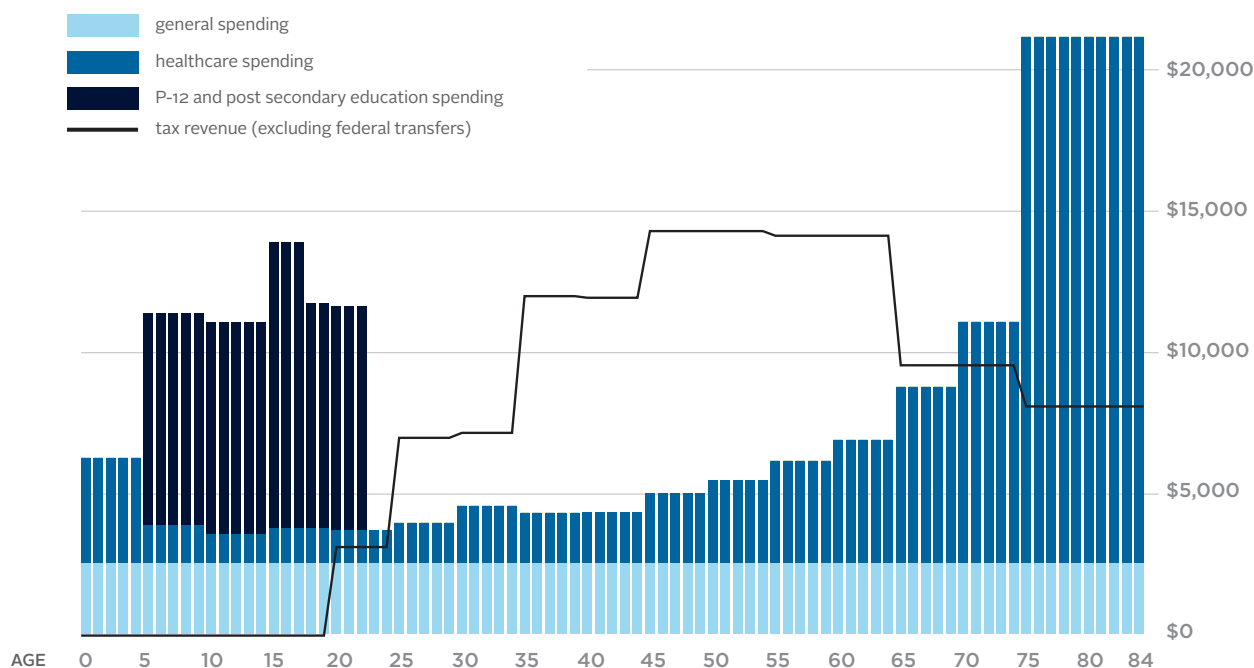
THE PUBLIC COST OF OUT-MIGRATION

Though it should come as no surprise that youth out-migration causes problems for local businesses and government revenues, research conducted at the Halifax Partnership has attempted to attach a dollar figure to those impacts.

Up until the age that an individual joins the labour force, they contribute very little in tax revenue but a disproportionately large amount is spent on their education and early-life healthcare. In Nova Scotia, the province spends approximately \$250,000 on an average individual by the age of 25, representing a large public investment. Once an individual joins the labour force, the trend reverses. With earned income comes considerable contributions to provincial government revenues in income, sales, and other taxes. At the same time, government spending on a young, healthy individual no longer in school is relatively little.

AVERAGE PROVINCIAL GOVERNMENT SPENDING ON AND TAX REVENUE GENERATED BY A UNIVERSITY GRADUATE IN NOVA SCOTIA

SOURCE: STATISTICS CANADA, 2011 NATIONAL HOUSEHOLD SURVEY, HALIFAX PARTNERSHIP CALCULATIONS



Importantly, the age at which Nova Scotians are most likely to migrate to other provinces is in their 20's, right when the public would have started getting a return on the substantial investment made in their education. The Partnership estimates that for each person in their early 20's that leaves Nova Scotia, the province loses an average of \$34,600 in future revenues that person would have paid during the course of their life, over and above what the government may have provided to them in services. For individuals with a university degree, that number is even higher – \$80,000 in foregone net revenue.

Over the past 20 years in Nova Scotia, an average of 1,300 people between the ages of 20 and 29 has left on-net each year. The taxes they would have paid less the provincial government services they would have incurred if they had stayed add up to a total of \$46.4 million in foregone future government net-revenues leaving the province each year. Those 1,300 people would have earned, and spent, \$1.2 billion in after-tax income over the course of their life in Nova Scotia.

The policy implications of this research are significant. The take-home message is that while youth-retention

spending today may represent a fiscal challenge for government, the long-run budgetary consequences of failing to act dwarf up front investment requirements. Successful, well-targeted youth-retention programming today will pay for itself in the long-run.

WHO CAN MAKE A DIFFERENCE?

Despite the common default position that government should fix the problem, it is the private sector that can make the most significant difference and gain the biggest benefit through increases in incomes and subsequent spending. Nevertheless, other players, including government, educational institutions, students and parents should get involved.

Private sector businesses – As the generators of jobs and economic activity, private sector businesses have the largest potential to make a difference by hiring and training young workers. Research from the Canadian Federation of Independent Business shows that Atlantic Canadian SMEs spend even less on employee training than their counterparts in other provinces – about 33% less per employee in Nova Scotia compared to the national average. Yet evidence shows that training pays off. Employers who hire and train workers with the specific skills they need reap significant returns in increased worker productivity. Employers must also be more engaged with the education sector, making their

While youth-retention spending today may represent a fiscal challenge for government, the long-run budgetary consequences of failing to act dwarf up front investment requirements. Successful, well-targeted youth-retention programming today will pay for itself in the long-run.

labour demands known to colleges and universities and increasing their participation in cooperative education programs.

Government – While it is business that ultimately generates jobs and economic activity, it is important to note that they, too, are constrained by economic realities. In our own Business Confidence Survey, 30% of businesses noted that their business would need to perform better before they could consider hiring an additional recent graduate. Thus, government must play an important role in creating the right environment, incentives, and assistance for business to maximize their use of available young workers. The province has already started to enter this space with programs like Graduate to Opportunity and START, which provide financial incentives for employers to hire recent post-secondary graduates and apprentices.

However, government should be more heavily invested in this space. Currently, the province is spending just under \$16 million per year on youth retention. To put that number into context, the province spent just under \$50 million per year on the Graduate Retention Rebate before it was cut. While cutting the rebate, which proved an unsuccessful program, was the right move, a significant portion of those funds could be redistributed to other efforts without a net loss in revenue. It is important that government expenditures be well-targeted. Spending needs to be concentrated specifically on creating opportunities for those that are at the highest risk of leaving.

Education sector – Students at both the secondary and post-secondary levels should get youth-friendly labour market information, including labour market outcomes of program graduates. Currently, much of our labour force planning is left up to high school students and their parents who make education and career decisions based on anecdotes and family experience and largely without information on labour

force demands and occupational outcomes. While some information resources exist, like the province's career education portal (www.careers.novascotia.ca), parents and students may not always be aware of them.

While college and apprenticeships offer significant life-time returns and often a more direct route to the workforce, the common attitude persists that a university education represents the better choice. This is not true for everyone or every career. Information on the post-completion labour market outcomes of students and apprentices from all forms of post-secondary education should be made available to high school students so that they can make an informed decision.

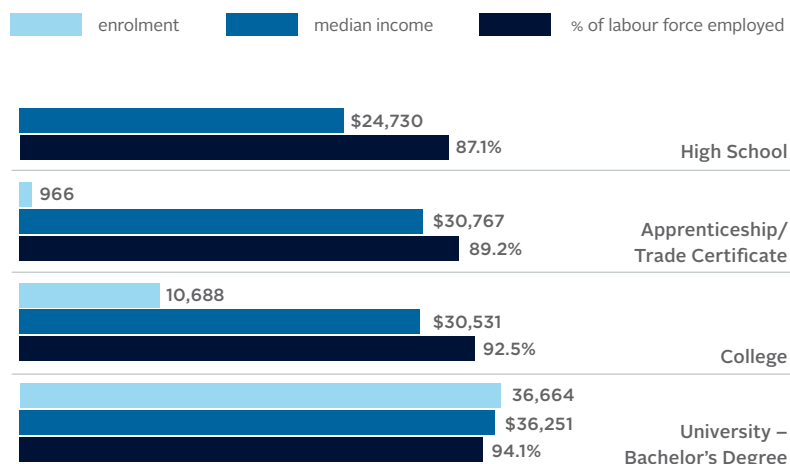
The education sector should also connect with Nova Scotia businesses on two fronts. First, educational programming decisions need to be based on information from the private sector about future labour demands and identified skill gaps. NSCC has historically connected with industry associations to provide specific training programs when needs could be identified, but universities have been either less aware of, or responsive to, private sector skill demands.

Second, the education sector should continue to work with

businesses and non-profits to find increased opportunities for students to gain relevant work experience while in school, through cooperative programs and summer employment opportunities. The evidence is in, co-op programs work. Efforts should be made to make cooperative programs available to students in all programs, wherever possible.

ENROLMENT IN POST-SECONDARY AND LABOUR MARKET OUTCOMES FOR DEGREE OR CERTIFICATE HOLDERS IN THE NOVA SCOTIA LABOUR FORCE, 2011

SOURCE: STATISTICS CANADA, NATIONAL HOUSEHOLD SURVEY 2011



WHERE HAVE THERE BEEN SUCCESSES SO FAR?

Some government and private sector initiatives are seeing success. Many businesses are already actively involved in creating opportunities for young workers. RBC, EY, ADP, SimplyCast, Citco and lots of other companies hire new grads because they understand the value young talent brings to their companies. Time + Space Media, a local media agency, has a staff with more than 50% of workers under 30 years old, including multiple co-op positions. BOYNECLARKE LLP is supporting student start-ups with its Innovative Ideas Competition.

The Nova Scotia government has already begun work in this area with programs like the Graduate to Opportunity program, which provides a two-year wage subsidy to qualifying employers who hire a worker that graduated from school within the previous year. Initial evidence suggests this approach is effective. Seventeen per cent of businesses in our survey

reported that government financial incentives would enable them to hire a recent graduate.

For apprentices, the Province's START program offers financial assistance to employers who hire unemployed apprentices. Nevertheless, apprentices often need to look outside the province for opportunities to work the required hours to complete their apprenticeship. Reforms to harmonize the provinces' apprenticeship programs and certification requirements are helping to remove barriers to apprentices returning home.

The university community in Halifax has started ramping up its focus on the development of youth entrepreneurship. Dalhousie's Starting Lean Initiative has created a space for student entrepreneurs and their 100K Competition is making \$100,000 in funding available to winning student start-ups. The Sobeys School of Business at Saint Mary's launched *The Startup 100* program this year, which brought together youth, entrepreneurs, mentors, and community leaders to create 100 youth-driven entrepreneurial ventures in 50 communities throughout the province in 100 days.

Programs like these are beginning to address the problem of youth out-migration but the problem won't be solved overnight and will require an investment in the short-term to yield big gains in the future. It is of critical importance that all parties involved realize that investment in youth retention requires a long-term commitment to be successful. Investments made today mean a stronger Nova Scotia tomorrow.



ECONOMY

Universities account for 40% of R&D spending in Nova Scotia. More collaboration between the public, private and academic communities would be a boon to the research and innovation culture in the province.

KEY INDICATORS

GROSS DOMESTIC PRODUCT (GDP)

- GDP growth
- GDP per capita
- Research and development

COMMERCIAL SPACE

- Inventory of office space
- Vacancy rates

KEY SECTORS

- Employment by sector
- Public and private sector employment
- Wages by industry

GATEWAY MOVEMENT

- People and cargo movement through Halifax Stanfield International Airport and Port of Halifax
- Total air and boat movements

CONSUMER BEHAVIOR

- Retail sales
- Housing starts and sales
- Housing prices

BUSINESS CONFIDENCE

- Business Confidence Index
- Rating of Halifax as a place to do business
- Optimism of current economic prospects

CONSTRUCTION

- Value of building permits
- Total capital investment
- Construction employment

GROSS DOMESTIC PRODUCT

WHY IS THIS IMPORTANT?

GDP is a measure of the amount of goods and services an economy produces in a given year. It measures the amount of consumption (about 70% of GDP in Halifax), business investment, government spending, and the difference between exports and imports. Economic growth fluctuates depending on things like consumer demand, business confidence, levels of government restraint, and aggressiveness of local businesses in export markets.

GDP per capita is an important measure of productivity and living standards – how much “stuff” the average person produces and has to live on. Growth in GDP is important. If GDP growth doesn’t keep pace with population growth, our standard of living will decline. That’s why so many economic watchers are so focused on our dismal performance in output per worker – our productivity. An economy that doesn’t invest in productivity-enhancing measures such as investment in education and labour, technology, and R&D will ultimately see living standards decline.

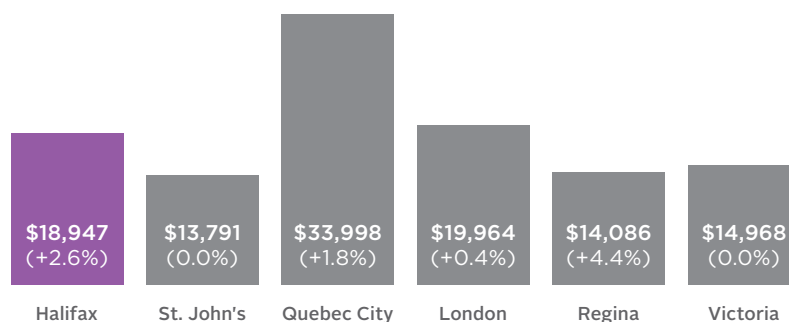
HOW ARE WE DOING?

According to The Conference Board of Canada, real GDP in Halifax grew by 2.6% in 2014 to \$18.9 billion, the second highest growth among benchmark cities and above the national average. Growth was supported by strong

natural gas exports, which grew during the first (mostly) full year of production at the Deep Panuke natural gas project. Halifax was tied with Regina among benchmark cities for the fastest growth in GDP per capita, which reached \$45,700.

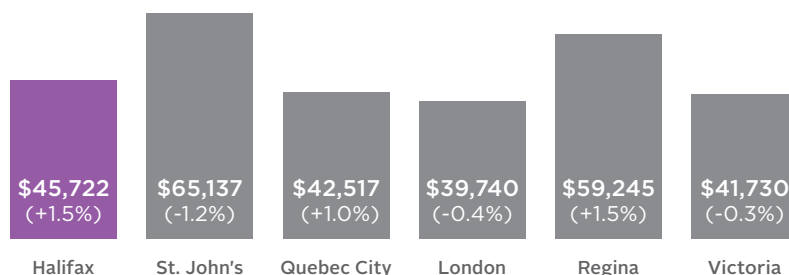
REAL GDP LEVEL AND ANNUAL GROWTH 2014, CMAs, \$2007 CHAINED MILLIONS

SOURCE: CONFERENCE BOARD OF CANADA



REAL GDP PER CAPITA LEVEL AND ANNUAL GROWTH 2014, CMAs, \$2007 CHAINED DOLLARS

SOURCE: CONFERENCE BOARD OF CANADA



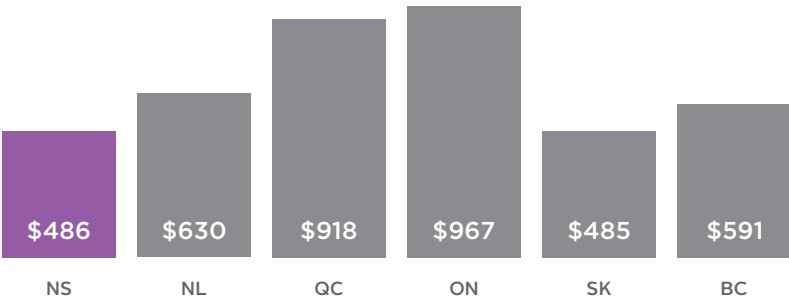
In its winter outlook, the Conference Board forecast strong, broad-based growth of 3.0% in real GDP this year, led by the beginning of work on the \$25 billion shipbuilding contract at the Halifax Shipyard. However, recent downgrades in the estimated recoverable reserves at Deep Panuke may lead to a softening of that forecast in the Conference Board’s next outlook.

Overall R&D spending in Nova Scotia declined for the third straight year in 2012, with the per capita level of funding among the lowest in the country. The decline is due primarily to reduced R&D funding by business and the federal government. The higher education sector continues to be the largest funder of R&D spending in the province, accounting for 40% of total expenditures. Much of this is concentrated in the science, medical and engineering faculties at Dalhousie University. Partnerships are already being made between the educational sector and business to increase research and innovation. Dalhousie's new Nova Scotia Product Design and Development Centre provides development and prototyping services to local companies. With more than 20 projects currently on the go, the Centre has helped to position Dalhousie as the third most business-research-focused university in Canada.

The Waterfront Development Corporation has purchased land at the former Canadian Coast Guard site in Dartmouth to establish a new Ocean Innovation Centre. The Centre will work with government, industry, and the higher education sector to drive investment, commercialization, and exports in the city's growing ocean tech sector.

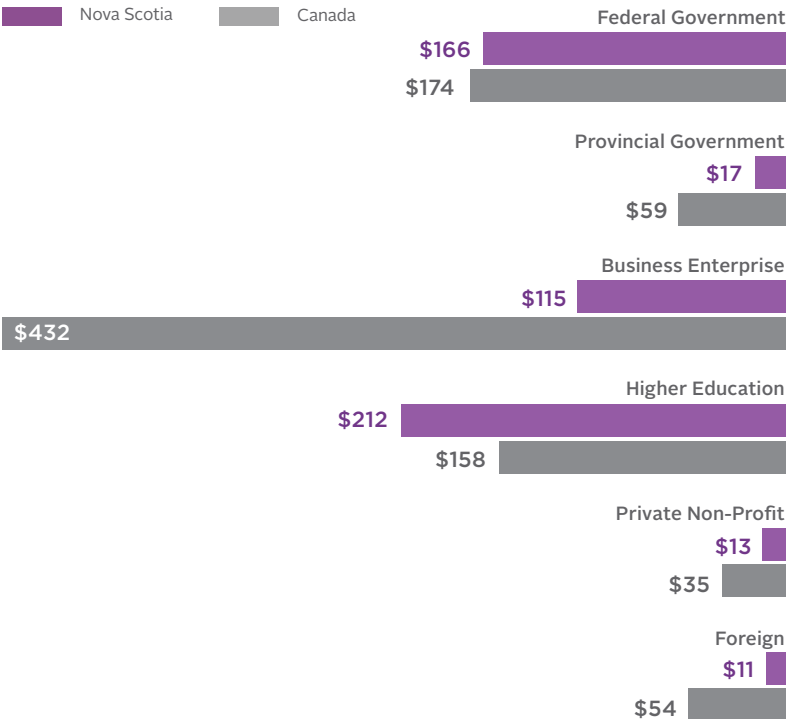
R&D EXPENDITURE PER CAPITA, 2012

SOURCE: STATISTICS CANADA



R&D EXPENDITURE PER CAPITA BY SOURCE, NOVA SCOTIA AND CANADA, 2012

SOURCE: STATISTICS CANADA



KEY SECTORS

WHY IS THIS IMPORTANT?

Economic diversity propels growth. An economy with a narrow economic base will be subject to the ebb and flow of only a few industries. Resource economies are notoriously boom and bust depending on the pressures on world commodity prices. Halifax, and similarly structured economies like Toronto, don't have all of their eggs in one basket and generally produce moderate but steady growth over the long term.

HOW ARE WE DOING?

The Halifax economy is well diversified across numerous industries with no single dominant industry. The Conference Board of Canada rates Halifax very highly for its level of economic diversity, equivalent to Toronto.

There are some industries that Halifax is more invested in compared to other cities across the country. Employment in Halifax is more focused in the services sector than the average Canadian city, consistent with its role as a services hub for the Atlantic region. Within the services sector, there are a few industries more concentrated in Halifax than in the average city, including healthcare; retail and wholesale trade; public administration; and information, cultural, and recreational industries. Within the goods sector, Halifax's industries are proportionally similar to the average Canadian

city. Manufacturing is the lone exception, which is proportionally much smaller, but is poised for significant growth over the next few years as work ramps up at the Halifax Shipyard.

EMPLOYMENT BY SECTOR, HALIFAX

SOURCE: STATISTICS CANADA

	2014 (000s)	ANNUAL GROWTH
Total Employed	223.3	1,100
Goods-producing Sector	30.8	1,100
Agriculture	-	N/A
Forestry, Fishing, Mining, Quarrying, Oil & Gas	2.0	-300
Utilities	1.9	-400
Construction	15.9	1,000
Manufacturing	10.6	600
Services-producing Sector	192.5	-100
Trade	36.4	1,600
Transportation & Warehousing	10.4	600
Finance, Insurance, Real Estate & Leasing	14.6	900
Professional, Scientific & Technical Services	19.0	-200
Business, Building & Other Support Services	11.1	-1,100
Educational Services	17.4	-300
Health Care & Social Assistance	31.8	-1,200
Information, Culture & Recreation	12.3	1,600
Accommodation & Food Services	15.0	-200
Other Services	8.7	-900
Public Administration	15.8	-900

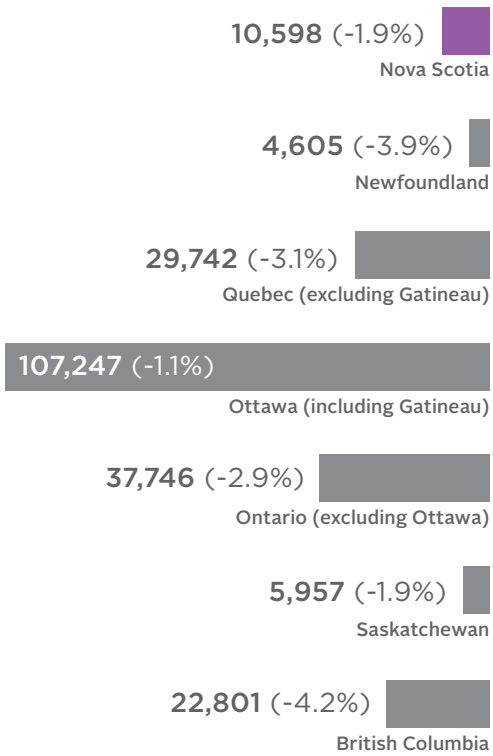
In 2014, employment gains in the city were led by the retail and wholesale trade, and information, culture, and recreation industries (both +1,600 jobs), followed by construction (+1,000) and finance, insurance, real estate, and leasing (+900).

Several sectors of Halifax's economy are poised for growth that could reach to the end of the decade and beyond. Halifax's financial services sector is expected to grow in 2015 and beyond, with the announcement that RBC will expand its service centre in Bedford, adding 150 jobs this year and upward of 500 jobs over the next 10 years. The most recent federal budget recommitted the Government of Canada to the construction of six Harry DeWolf-class offshore patrol vessels as part of a 25-year commitment to naval ship construction. Halifax's technology start-up community is the most vibrant in the region and is beginning to lead both economic growth and attitude shift regionally.

Government is playing a smaller role in the Halifax economy than in past years. Federal government employment in Nova Scotia continued to decline in 2014, though by a much smaller amount than in 2013. In total, federal civilian employment in the province has declined by 1,500 jobs since budget cutbacks began in 2011. Federal employment is no longer tracked at the city level, but it is likely that federal employment in Halifax is at the lowest level since before World War II. Successive governments have also reduced provincial employment in Halifax. Most of the new jobs created in Halifax in the last decade have been by business. This trend will continue.

**FEDERAL PUBLIC SERVICE EMPLOYMENT LEVEL
AND ANNUAL CHANGE, 2014**

SOURCE: TREASURY BOARD OF CANADA



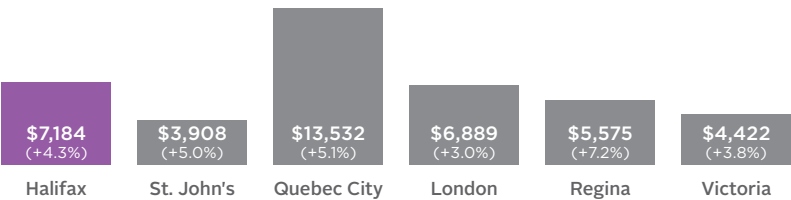
CONSUMER BEHAVIOUR

WHY IS THIS IMPORTANT?

Consumer spending can represent up to 70% of GDP in the Halifax economy, making it the main driver of how well our economy does from year to year. Healthy growth in retail sales is a driver and an indicator of growth in local business. Simply put, if consumers aren't spending then business will have no one to sell to. Housing markets are important to watch closely, as they account for a large portion of business for the construction industry and because of the importance of adequate and affordable housing. Housing represents the single largest purchase that most people will ever make.

RETAIL SALES LEVEL AND ANNUAL GROWTH 2014, CMAs, \$ MILLIONS

SOURCE: CONFERENCE BOARD OF CANADA



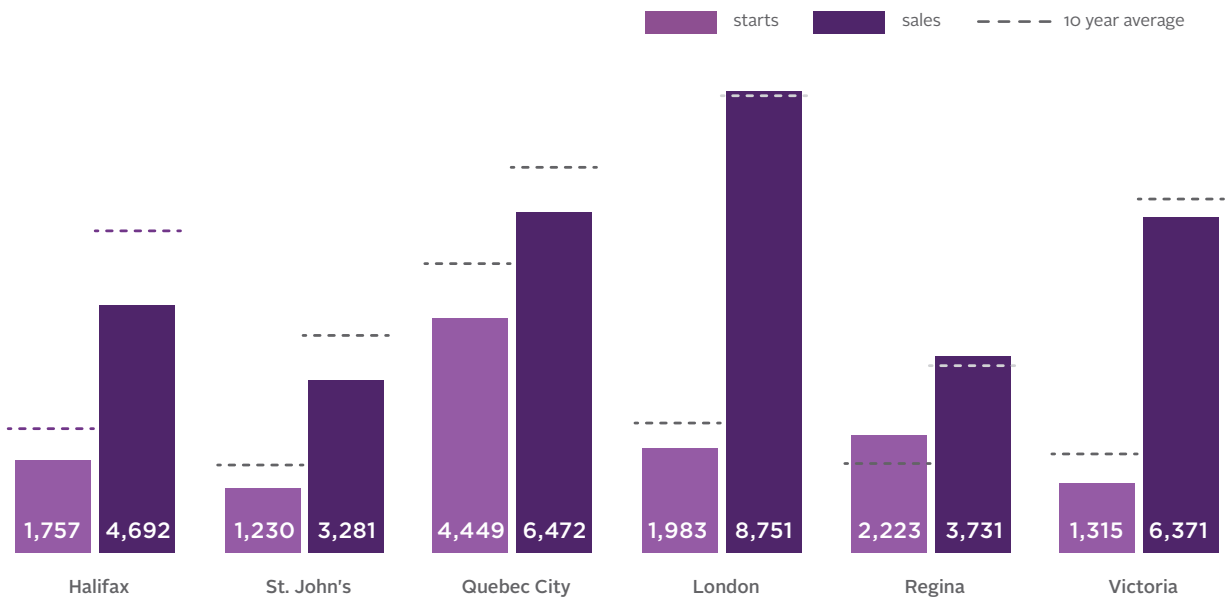
HOW ARE WE DOING?

Halifax's retail spending grew by 4.3% in 2014, to \$7.2 billion. This was the fourth fastest growth among benchmark cities and just below the Canadian average of 4.6%. While retail sales were supported by increased motor vehicle sales, growth was hampered by reduced spending on electronics, appliances and building materials.

The housing market in Halifax continued to cool in 2014 with housing starts dropping to under 1,800, the lowest level since the 2009 recession. Though this is concerning, it is important to note that starts

HOUSING STARTS AND RESIDENTIAL SALES, CMAs

SOURCE: CANADIAN MORTGAGE AND HOUSING CORPORATION



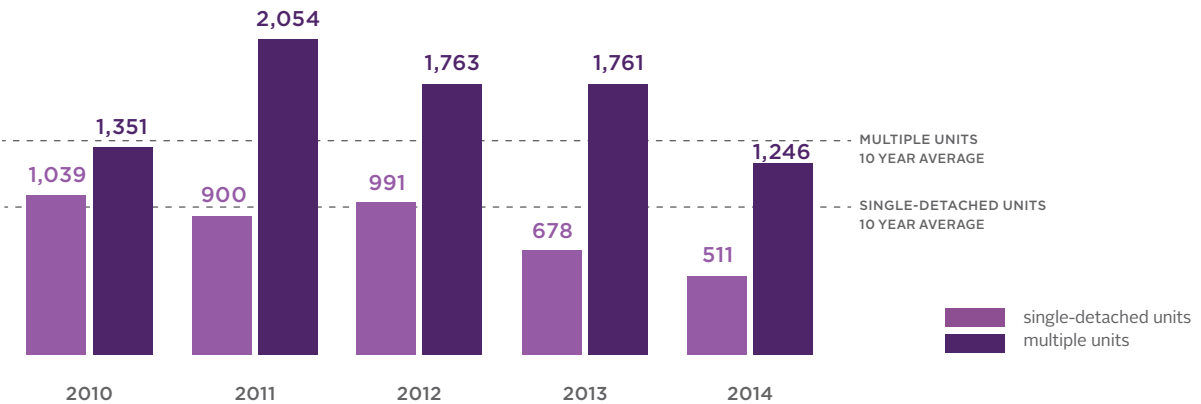
declined in all benchmark cities in 2014. A recent report by the Bank of Montreal noted that the Canadian housing market has become a tale of two extremes, with two cities in particular – Toronto and Vancouver – showing very strong growth while the rest of the country is slowing. Over the past five years, Halifax's new housing construction has been dominated by a surge in multiple-unit starts, apartments and condos, while single-detached housing starts have been well below their historical average. This is reflective of a nationwide trend, attributed to aging baby boomers looking to downsize in their retirement, but the trend has been more pronounced in relatively older Halifax. However, multiple-unit starts returned to average levels in 2014, contributing to the overall decline. Overall starts in Halifax are expected to remain low, though somewhat improved in 2015.

Tax measures introduced in this year's federal budget will help the relatively affluent increase savings. However, taking money out of circulation and into savings doesn't do much to assist overall consumer spending in the short to medium term amid continued economic uncertainty.

While housing starts are expected to pick up in 2015, government measures like the assessment cap, lack of stimulus in spring budgets, and continuing demographic pressures will limit the rebound. Solid employment and population gains should help with retail sales, while good employment gains in major sectors should pump overall retail activity. While debt levels are a concern, historically low interest rates will continue to pump up the contribution of consumers to the Halifax economy.

HALIFAX HOUSING SINGLE-DETACHED AND MULTIPLE-UNIT STARTS

SOURCE: CANADIAN MORTGAGE AND HOUSING CORPORATION



CONSTRUCTION

WHY IS THIS IMPORTANT?

Building construction accounts for roughly half of all investment spending and 10% of overall economic activity. Building permits and capital investment are strong indicators of how positively business feels about the economy. Confident businesses invest in new technology and equipment, and in the construction of new buildings. Conversely, businesses that are pessimistic about the future will reduce investment and look to consolidate or even downsize their operations. Significant regulatory barriers tilt business attitudes further to the negative because of additional cost and time pressures.

HOW ARE WE DOING?

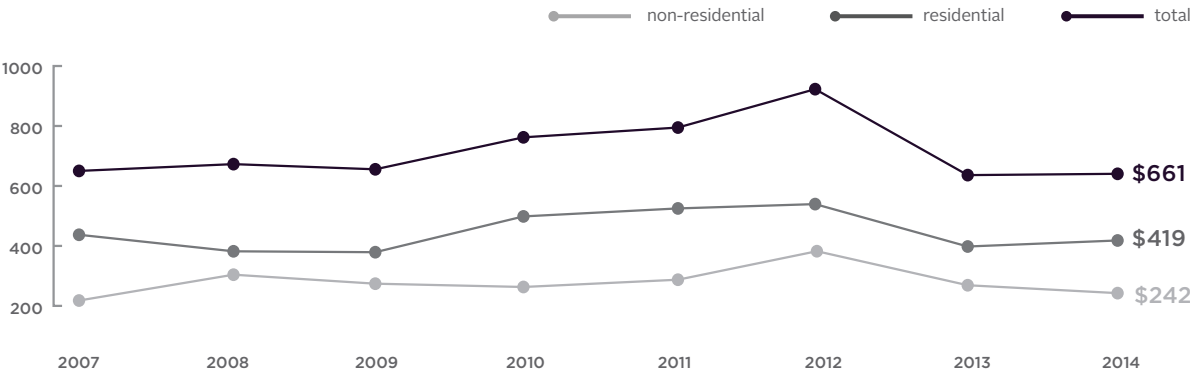
Overall construction activity in Halifax remains strong, supported by record levels of major project investment. Construction sector employment reached its highest level on record in 2014. Building permit values in Halifax grew by a modest 3.2%, the middle of the pack among benchmark cities. Growth was driven by the increased value of residential permits, while the value of non-residential permits remained unchanged.

Though the new residential construction market in the city has slowed significantly and residential permit values are low compared to their peak in 2012, provincial-level data shows that spending on housing renovations, which accounts for over 60% of total residential investment spending, has continued growing at a steady pace.

Overall investment in non-residential construction in Halifax softened in 2014 as work wrapped up on a number of commercial buildings. However, construction in 2014 was also supported by major projects not captured in the building permits data, including work at Halifax's Port Authority's Richmond Terminals updating storage capacity and loading berths. Engineering work like this will continue to support the construction sector in 2015, including upgrades to the MacDonald Bridge.

There have been a high number of building cranes in the Regional Center for several years now, a good indication that the showroom of the city is bouncing back nicely, thanks to better civic policy, low interest rates and active (mostly local) developers. However,

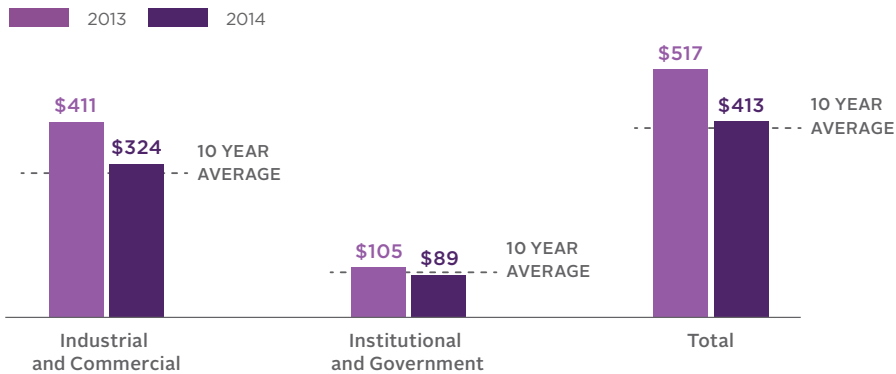
VALUE OF BUILDING PERMITS, HALIFAX, ANNUAL SUM, SEASONALLY ADJUSTED (MILLIONS)
SOURCE: STATISTICS CANADA



Halifax, unlike most of our benchmark cities, still lacks the ability to incent important and needed development, and to retain and attract businesses and residents to the Regional Centre. It's uncertain whether the current pace can be continued in the medium and long term without necessary changes beginning with increasing the flexibility of Nova Scotia municipal legislation.

INVESTMENT IN NON-RESIDENTIAL BUILDING CONSTRUCTION, HALIFAX (MILLIONS)

SOURCE: STATISTICS CANADA



COMMERCIAL SPACE

WHY IS THIS IMPORTANT?

An adequate supply of office and retail space ensures that there is space to accommodate growth as well as shifting business and consumer patterns at a competitive price. Vacancy rates – the ratio of vacant space to the total amount of space – are indicators of business demand for space. This provides signals to the commercial real estate sector on price and an indication of future demand to developers. Vacancy rates are also a leading indicator of business activity. Declining vacancy rates suggest business is growing and increasing the demand for commercial space.

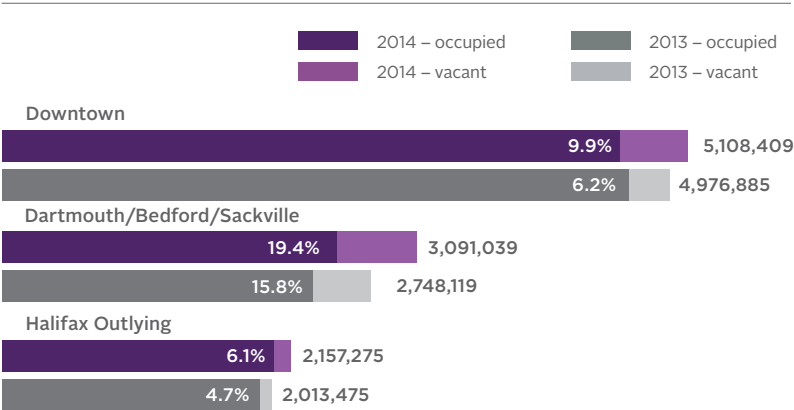
HOW ARE WE DOING?

Office inventory across all of Halifax increased by over 618,000 sq. ft. in 2014, an increase of 6.3%, as work wrapped up on a number of new and expanded commercial buildings. The downtown accounted for only 21% of the added inventory, with 55% in other parts of Dartmouth, Bedford, and Sackville. The new inventory has pushed up vacancy rates in all parts of the city, most significantly in Dartmouth, Bedford, and Sackville, where the combined vacancy rate has reached 19.4%.

Nevertheless, the addition of new inventory to the downtown after a prolonged period of little to no growth in the office

TOTAL SUPPLY OF OFFICE SPACE INVENTORY AND VACANCY RATE BY REGION (SQ. FT.), HALIFAX

SOURCE: ALTUS GROUP



HRM BUSINESS PARK SALES

SOURCE: HRM PLANNING AND INFRASTRUCTURE

YEAR	ACREAGE SOLD	GROSS SALES REVENUE
2012-13	346.3	\$21,678,205
2013-14	35.8	\$7,155,389
2014-15	17.7	\$4,325,856

space market here is a welcome change. Many of the new developments completed in 2014 and those currently under construction are mixed use, with residential, commercial, and retail elements. This adds to the resurgence of downtown developments in recent years, including apartment and condo starts and major projects like the Halifax Central Library. This is a positive sign that investors and developers in Halifax are betting on a pattern of people and business moving back to the downtown.

The municipality owns six business and industrial parks, providing serviced building lots to companies looking to expand in, or relocate to, Halifax. In 2014-15, 17.7 acres were sold, including five lots in Burnside Business Park, and one each in the City of Lakes and Bayers Lake Business Parks, generating over \$4 million in revenue for the municipality.

GATEWAY MOVEMENT

WHY IS THIS IMPORTANT?

People and cargo moving through the Halifax Gateway are both a vital part of the local economy and an indicator of how well we are positioning ourselves as an attractive city and international trade hub. More air passengers are an indication that people find Halifax an attractive place to visit and do business. Ocean-cargo movements are not only an indicator of the strength of the local economy, but also a stronger world economy. Movements of people and cargo through the Gateway are a key indicator of our success in this regard.

HOW ARE WE DOING?

The Halifax Gateway has been expanding and diversifying in recent years, both in terms of its capabilities and the destinations its cargo travels to. The Gateway includes a number of pieces of transportation infrastructure and activities in the Halifax region, including the Port of Halifax, Halifax Stanfield International Airport (HSIA), Halifax Logistics Park, CN and the Port of Sheet Harbour.

Nova Scotia's export destinations are diversifying and that has been reflected in the movement of cargo through Halifax. While continued sluggishness in exports to the United States since the recession has created challenges for the Halifax Gateway, exports to other regions have been on the rise, especially to Asian countries, which now account for four of the top ten destinations for Nova Scotia products.

Increasing exports to Asian destinations boosted the HSIA's annual cargo movements to 32,000 metric tonnes in 2014, the highest ever. Lobster export growth, in particular, has been so strong that Korean Air Cargo has established a weekly flight to HSIA, transporting 40-50 tonnes of live lobster each trip. In addition to its record cargo numbers, the airport also had a record year for passenger movements in 2014, welcoming 3.7 million passengers.

Growth in the renewable energy sector in rural areas across the province has been a boost to the Port of Sheet Harbour. One of their main customers, Northern Fibre Terminal Inc., processes hardwood chips onsite and exports them to manufacturing operations around the world. The port has also played a key role in the proliferation of the province's wind energy industry because of its large, dockside laydown area for accommodating wind-turbine blades. The blades can't be stacked and are too large to be handled at regular port facilities.

Looking ahead, the Comprehensive Economic and Trade Agreement with Europe is poised to open up new opportunities for the Halifax Gateway and operations that move goods between Europe and North America like CN's Autoport in Eastern Passage. Autoport, which is one of North America's largest vehicle-processing and trans-shipment facilities, handles nearly 185,000 European-made vehicles per year on their way to markets across the continent.

TOTAL PEOPLE, PLANE/CRUISE MOVEMENT AND CARGO MOVEMENT THROUGH HALIFAX GATEWAY
SOURCE: PORT OF HALIFAX, HALIFAX STANFIELD INTERNATIONAL AIRPORT

YEAR	AIR PASSENGERS (EN/DEPLANED)	CRUISE PASSENGERS	PLANE MOVEMENTS	CRUISE SHIPS	PORT CARGO	TEUs	AIR CARGO
2013	3,585,864	252,121	80,091	134	8,608,044	442,173	29,500
2014	3,663,039	217,305	78,254	134	7,831,883	400,063	32,000

BUSINESS CONFIDENCE

WHY IS THIS IMPORTANT?

Confident businesses and confident communities grow faster. Sustained economic growth and improved living standards don't happen without investment in new technologies and infrastructure, and businesses won't invest if they don't feel good about the future. When businesses believe the future is bright, they take risks and innovate, producing technologies and new ways of doing business. When businesses feel pessimistic, attitudes turn toxic and innovation craters.

HOW ARE WE DOING?

Business confidence in Halifax saw a modest increase in early 2015,

according to the Partnership's Business Confidence Index. Confidence has been sliding since its peak in the spring of 2012, following the announcement that the Halifax Shipyard had won the federal shipbuilding contract. The Index is a measure of business confidence regarding current and future economic prospects and ranges from -100 to 100, where positive numbers indicate positive feedback and expectations. The Index is currently at 21.1.

The slight pick-up in confidence was not felt across the whole city. While confidence increased in Dartmouth and outlying parts of the municipality, confidence among

businesses located on the peninsula continued to slide. While confidence fell somewhat among businesses established for 10 years or more, confidence among newer businesses saw a significant pick up.

Business optimism around the current economic environment in the city remained steady with 81% reporting they were "extremely" or "moderately" optimistic. The rating of Halifax as a place to do business dipped slightly. Sixty-one percent of businesses believe Halifax is an "average" place to do business (down 5%), while 15% believe it is "above average" (up 1%), and 20% believe it is "below average" (up 3%).

BUSINESS CONFIDENCE INDEX, HALIFAX

SOURCE: GREATER HALIFAX PARTNERSHIP BUSINESS CONFIDENCE SURVEY.

YEAR	GENERAL	REGIONS			AGE OF BUSINESS	
	Overall	Halifax	Dartmouth	Other HRM	New (<10 years)	Established (10+ years)
Spring 2012	25.6	26.1	29.9	20.2	38.5	20.2
Spring 2013	24.5	25.2	25.3	22.6	29.1	22.5
Spring 2014	20.2	20.0	21.7	18.6	13.9	20.8
Spring 2015	21.1	19.2	24.6	20.2	22.4	19.6

NOTE: Index ranges from 100 to -100. A score of zero would be considered neither positive or negative.

RATING OF HRM AS A PLACE TO DO BUSINESS AND OPTIMISM OF CURRENT ECONOMIC PROSPECTS FOR BUSINESS IN HALIFAX

SOURCE: GREATER HALIFAX PARTNERSHIP BUSINESS CONFIDENCE SURVEY.

YEAR	RATING OF HALIFAX AS A PLACE TO DO BUSINESS				OPTIMISM OF CURRENT ECONOMIC PROSPECTS FOR BUSINESS IN HALIFAX				
	Above Average	Just Average	Below Average	Don't Know /No Answer	Extremely Optimistic	Moderately Optimistic	Not Very Optimistic	Not at all Optimistic	Don't Know /No Answer
Spring 2012	15%	64%	16%	5%	12%	74%	10%	2%	2%
Spring 2013	19%	59%	18%	4%	10%	77%	11%	1%	1%
Spring 2014	14%	66%	17%	4%	10%	71%	13%	4%	2%
Spring 2015	15%	61%	20%	4%	11%	70%	15%	3%	2%

SPECIAL ANALYSIS: HALIFAX'S START-UP COMMUNITY

By Peter Moreira

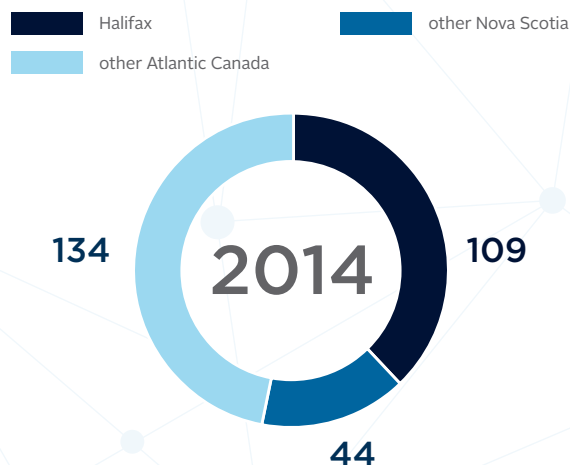
Co-founder, Entrevestor

Though it's a young cluster, the start-up community in Halifax is a thriving, growing segment of the economy that is contributing to exports, attracting investment and creating employment. The city is also home to key components of the regional start-up ecosystem, many of which aid companies far beyond Atlantic Canada.

Some 109 start-ups are based in Halifax, according to the Entrevestor databank, and most are young companies. More than half the high-growth companies are less than four years old, whereas fewer than a quarter were founded before 2010.

ATLANTIC CANADIAN START-UPS BY LOCATION, 2014

SOURCE: ENTREVESTOR

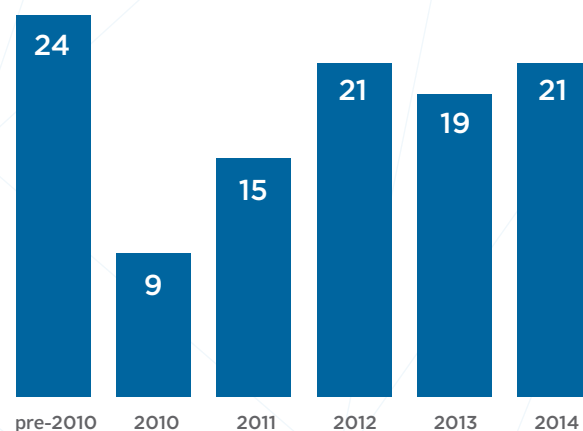


WHAT IS A START-UP?

Entrevestor defines a start-up as a company that is locally owned; commercializing proprietary technology; and producing a product for a global market. Age is not a factor in defining a start-up. For the purposes of this analysis, we're using "start-up" and "high-growth company" synonymously.

HALIFAX START-UPS BY YEAR IN WHICH THEY WERE FOUNDED, 2014

SOURCE: ENTREVESTOR



Entrevestor's research has shown that almost four-fifths of the revenue of Atlantic Canadian start-ups comes from outside the region, aiding in the development of export markets. Though the ITC segment dominates the Halifax community (59% of the

start-ups are IT companies), there is actually a lower concentration of ITC companies than in the Atlantic Canadian community overall (64%). The reason is that Halifax has a disproportionately large biotech sector. There are 23 biotech start-ups based in Halifax – half of the total for the region.

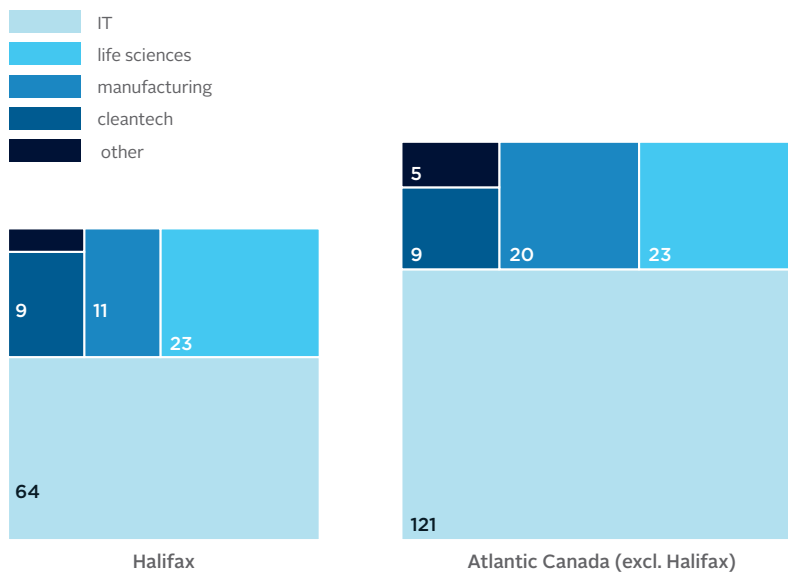
These companies are drawing private investment to Halifax and using that capital to create high-paying jobs. Last year, Halifax-based start-ups attracted more than \$26 million in equity investment, about half of it from venture capital investors. With this and previous funding, these companies have developed a workforce of about 1,000 people. Research from Entrevestor and others shows that the average pay at Atlantic Canadian start-ups is more than \$50,000.

More than 400 people also work at local start-ups that have been bought by multinational companies, meaning the start-up community has directly created about 1,400 jobs in the Halifax area. In addition, research by Enrico Moretti of the University of California at Berkley shows that each “innovation” tech job creates five indirect jobs due to professional services, taxes and individual spending. That means the start-up sector is responsible for about 7,000 jobs in the region.

The ecosystem that has produced this success is largely regional,

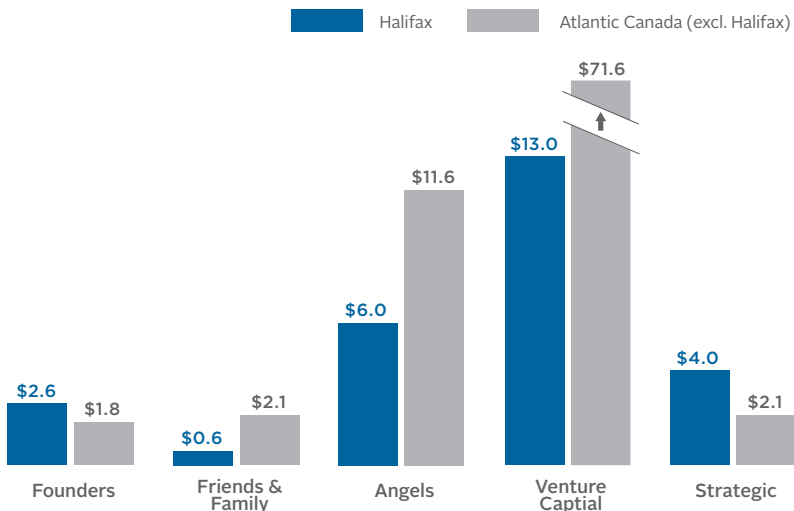
START-UPS BY SECTOR, HALIFAX AND ATLANTIC CANADA (EXCL. HALIFAX), 2014

SOURCE: ENTREVESTOR



SOURCES OF EQUITY FUNDING IN 2014, BY LOCATION OF START-UP, \$ MILLIONS

SOURCE: ENTREVESTOR



not local. Halifax's start-ups have benefitted from such groups as PropelICT, an accelerator and mentorship network that began in New Brunswick. Conversely, there are institutions based in Halifax that benefit start-ups throughout the region and beyond. The biotech segment is strong in Halifax largely because of the medical facilities in the city, namely Dalhousie University's medical school and the Capital District Health Authority. It means BioNova, the provincial biotech association, has grown in Halifax and assists life sciences from across the region. Innovacorp, the provincial innovation agency, is headquartered in Halifax and working at assisting a range of Canadian start-ups through its partnership with Disruption Corp. of Washington, D.C.

So what's needed to enhance the success of the start-up segment? Some obvious answers would be greater access to capital or research funding. But even more than this the start-ups in Halifax and Atlantic Canada need to improve their proficiency in sales. Though revenues are increasing overall, there are still a range of start-ups that have no revenue or weak revenue. This has to improve if this exciting economic segment is to fulfill its promise.

NOTABLE HALIFAX START-UPS

BLUELIGHT ANALYTIC INC.

CEO: Colin Deacon

Sector: Medical Technology

BlueLight's main product is CheckMARC, the world's only independent and accurate measurement system for testing the amount of light dentists use for curing the resin in their patients' dental fillings.

www.curingresin.com

SIMPLYCAST.COM

CEO: Saeed El-Darahali

Sector: Multi-channel marketing

SimplyCast has developed a platform that allows users to communicate simultaneously through a range of channels, such as email, fax, and Twitter. Last year, it introduced its 360 Automation Manager, which allows incredible ease of use in these campaigns. www.simplycast.com

TRULEAF SUSTAINABLE AGRICULTURE LTD.

CEO: Gregg Curwin

Sector: Indoor agriculture

TruLeaf has developed a system that allows vegetables local to a region to be grown indoors under LED lights using renewable energy and minimal water and fertilizer.

www.truleaf.ca

CARBONCURE TECHNOLOGIES INC.

CEO: Robert Niven

Sector: Green building products

CarbonCure has developed a process for curing concrete blocks by injecting waste carbon into them rather than baking them, thereby seriously reducing the CO₂ emissions in the manufacturing of concrete products. The company is now working on a similar ready-mix product.

www.carboncure.com

B4CHECKIN, INC.

CEO: Saar Fabrikant

Sector: Software for hotels

B4Checkin has developed a suite of cloud-based software solutions that allow hotels and hotel chains to carry out online reservations, check-ins, feedback, and other functions.

www.b4checkin.com

Peter Moreira is the co-founder of Entrevestor, the news service for Atlantic Canadian start-ups that unites and informs the investment community. Entrevestor compiles data each year on Atlantic Canadian start-ups. This year, it identified 287 start-ups in the region, and 150 of them responded to their survey. For more information, visit www.entrevestor.com

QUALITY OF PLACE

Health and social outcomes are directly linked to economic outcomes. They contribute to quality of life, attract investment, and allow the population to live up to its creative and productive potential.

KEY INDICATORS

SAFETY

- Total and violent crime indices
- Incidence of traffic collision
- Crime and fire stats

AFFORDABILITY

- Personal income per capita
- Inter-city price differentials
- Percentage of people in low-income households

HEALTH

- Perceived physical and mental health
- Activity levels
- Smoking rates

COMMUNITY

- Value of building permits
- Total capital investment

ARTS, CULTURE, AND RECREATION

- Employment and wages in arts, culture, and recreation
- Use of programs in arts, culture, and recreation

SAFETY

WHY IS THIS IMPORTANT?

Safety and security top the list of quality-of-life factors for businesses and residents. In this respect, crime and traffic accident rates are important indicators of quality of life and of the social capital of our community. Perceptions of safety have a direct impact on our ability to attract and retain people and business, and affect the bottom line of all sectors from retail to technology.

HOW ARE WE DOING?

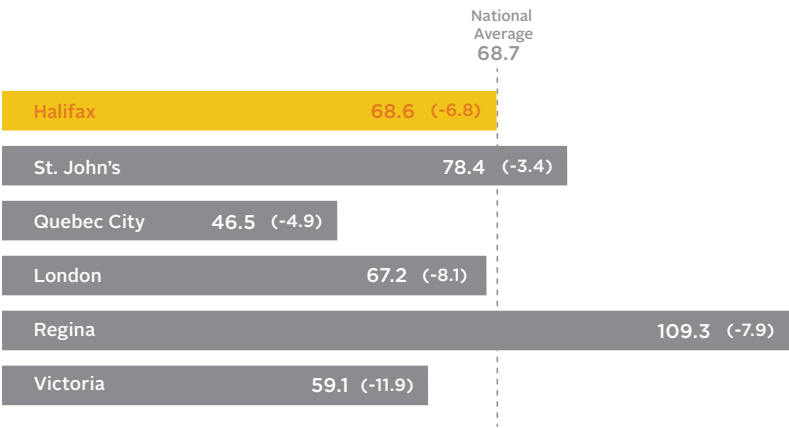
The latest indicators show that Halifax is continuing to become a safer city. Statistics Canada's Total Crime Severity Index (TCSI), which measures the incidence and severity of crime over time and across cities, shows that the level of crime in Halifax has improved in eight of the last nine years. The 49% reduction since 2004 brought Halifax's TCSI to its lowest level ever in 2013. This puts Halifax's TCSI in the middle of the pack among benchmark cities and equal to the Canadian average.

Violent crime rates and severity in Halifax have also improved significantly, though they remain somewhat higher than the Canadian average according to the Violent Crime Severity Index (VCSI). Halifax's VCSI has fallen by 45% since it peaked in 2006. Nevertheless, there is still work to be done to bring the city in line with benchmark cities.

The latest indicators show that Halifax is continuing to become a safer city.

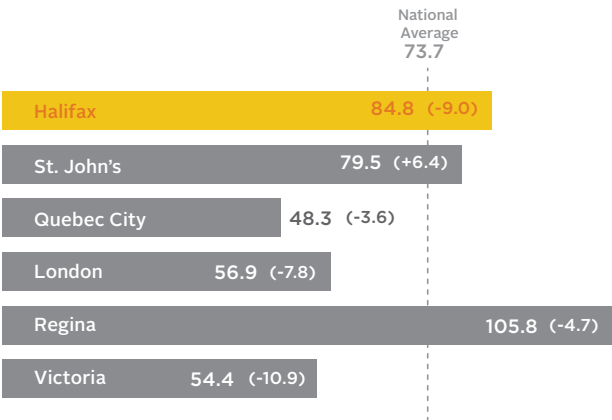
TOTAL CRIME SEVERITY INDEX LEVEL AND ANNUAL CHANGE, CMAs, 2013

SOURCE: STATISTICS CANADA



VIOLENT CRIME SEVERITY INDEX LEVEL AND ANNUAL CHANGE, CMAs, 2013

SOURCE: STATISTICS CANADA





Several factors can account for decreasing crime rates. Both the Halifax Regional Police (HRP) and the RCMP are committed to increasing their capacity for crime prevention and proactive policing, to reduce the number of criminal or violent acts before they happen. HRP's downtown assault strategy has involved deploying highly visible teams of officers throughout the downtown to curb late-night violence and both agencies have made use of predictive analytics like the Comstat model to identify and respond to trends.

Halifax Regional Fire and Emergency responded to just under 9,600 incidents in 2014, almost 14% fewer than in 2013. Average response times remained steady, with 83% of first-unit responders to urban incidents arriving within five minutes and 89% of first-unit responders to rural incidents arriving within 10 minutes.

INCIDENCE OF CRIME BY CATEGORY, HRM

SOURCE: HALIFAX REGIONAL POLICE

	Person Crime	Property Crime	Criminal Other	Federal	Provincial	Traffic Criminal	Traffic Collision	Traffic Fatalities	Traffic Injured
2013	2,874	11,125	7,153	1,294	44,497	2,285	8,560	19	896
2014	2,725	10,951	7,633	1,365	40,700	2,618	7,333	12	733

AFFORDABILITY

WHY IS THIS IMPORTANT?

Affordable living is tremendously important to the social and economic health of a community and has perhaps the single largest impact on quality of life. A lack of affordable housing limits our ability to attract students to our universities, cuts into our ability to attract and hold young professionals, and impacts the quality of life of aging baby boomers. Lack of affordability contributes to expensive urban sprawl, resulting in longer commutes, less family time, and increased costs to our city, families and our environment. For some, high housing costs and low income can mean an inability to pay for basic necessities like food, clothing and shelter. For others, it means more time commuting and less time with family and friends.

HOW ARE WE DOING?

There are two sides to the affordability coin: income and costs. A city with a high cost of living can still be relatively affordable if there are also higher-than-average incomes. Compared to other cities across the country, Halifax is a city of average affordability, with per capita incomes and price levels both around the national average.

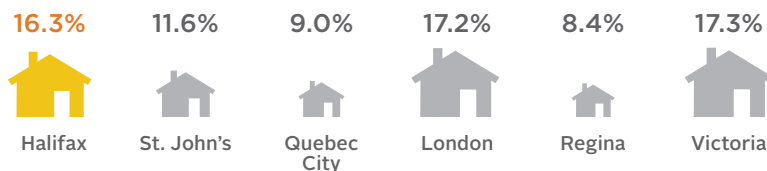
Personal income per capita in Halifax was \$42,121 in 2014, slightly above the national average and fourth highest among benchmark cities. Growth of 2.3% over 2013 ranked third among benchmark cities and just below the national average of 2.6%.

According to Statistics Canada's inter-city index of price differentials, which compares the cost of a basket of goods and services purchased by the average household in 11 cities across the country, Halifax's overall price level is almost exactly average. Halifax's shelter costs are somewhat lower than non-Atlantic Canadian cities, but the cost of other goods like food and clothing are somewhat higher.

However, there are some at the low end of the income spectrum that are struggling. The first data from Statistics Canada's new Canadian

PERCENT OF PERSONS IN LOW INCOME, MARKET BASKET MEASURE (2011 BASE), CMAs, 2012

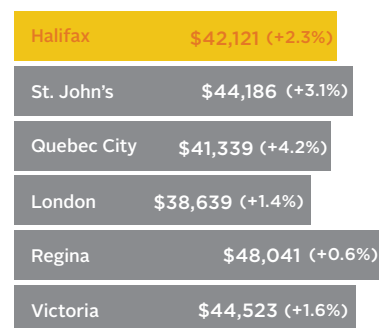
SOURCE: STATISTICS CANADA



PERSONAL INCOME PER CAPITA AND ANNUAL GROWTH, CMAs, 2014

SOURCE:

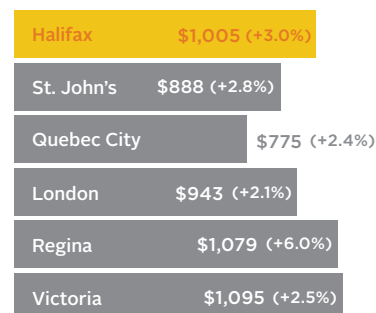
CONFERENCE BOARD OF CANADA



Income Survey shows that 16% of people in Halifax lived on a low income in 2012, the third highest among benchmark cities and above the Canadian average of 13%. Though this new survey data is not yet comparable to older data, previous surveys had shown that this number was decreasing since 2009.

AVERAGE MONTHLY RENT FOR TWO-BEDROOM APARTMENTS, CMAs, 2013

SOURCE: CANADIAN MORTGAGE AND HOUSING CORPORATION



HEALTH

WHY IS THIS IMPORTANT?

The state of both physical and mental health in a community has far reaching implications. Most obvious is the impact it has on quality of life and healthcare costs, as healthy individuals are more likely to live longer and maintain mobility and independence late into their lives. Healthy individuals are more able to participate in their communities. From an economic perspective, a healthy community means a more productive workforce. In addition, enhanced job opportunities and low unemployment rates drive better health outcomes.

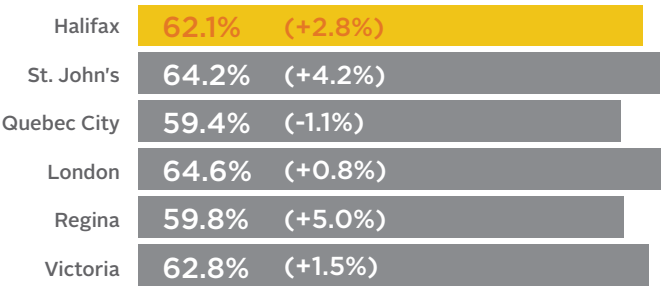
HOW ARE WE DOING?

Perceptions of both physical and mental health in Halifax improved in 2013. The percentage of the population that reported “excellent” or “very good” physical health grew by 2.8 points to 62.1%. Though this is only the fourth highest among benchmark cities, it is higher than the national average of 59.4%. As well, 73.1% of the population reported “excellent” or “very good” mental health in 2013, an improvement of 1.1 points. While this is relatively low among benchmark cities, it is higher than the national average of 71.1%.

Halifax residents report quite a good performance when it comes to healthy habits and lifestyles. Sixty-three percent of Halifax

PERCEIVED HEALTH, VERY GOOD OR EXCELLENT, CMAs, 2012

SOURCE: STATISTICS CANADA

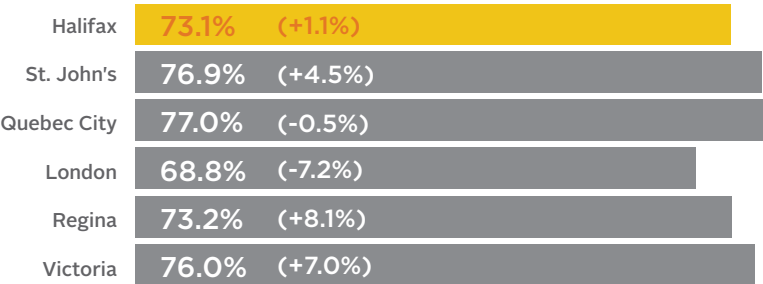


residents reported “moderate” or “higher” activity levels during leisure time in 2013, second only to Victoria (71%) and well-above the Canadian average of 55%. Reported activity levels in the city have steadily risen since 2007, when only 49% of respondents reported they were active during leisure time. Halifax also had a lower rate of smoking compared to the national average, with 18.2% of residents reporting that they were a current smoker. This was the third lowest among benchmark cities.

When it comes to accessing healthcare services, Halifax performs well compared to the national average, but performance has been sliding. 88.2% of Halifax residents report that they have a family doctor, third highest among benchmark cities and above the national average of 84.5%. This represents a decline compared to the mid-2000s when that number was between 94% and 96% despite an increase in the number of physicians per capita.

PERCEIVED MENTAL HEALTH, VERY GOOD OR EXCELLENT, CMAs, 2012

SOURCE: STATISTICS CANADA



COMMUNITY

WHY IS THIS IMPORTANT?

The quality and quantity of relationships formed within communities – what is called social capital – are both important for their own sake and for helping to build vibrant and sustainable communities. A sense of belonging and life satisfaction are important indicators that people are happy where they live and provide a good read of whether they will stay over the long term. Charitable contributions and rates of volunteerism are two indicators of people giving back to their community.

HOW ARE WE DOING?

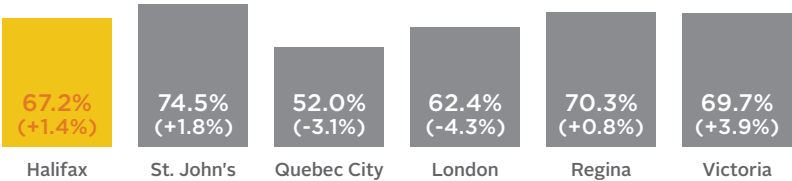
In 2013, 67.2% of residents reported a “somewhat strong” or “very strong” sense of belonging to their local community, up 1.4 percentage points from the year before. While slightly higher than the national average, Halifax is lagging behind three of five comparator cities. Nevertheless, residents seem very happy when it comes to overall life satisfaction; 93.4% reported that they were “satisfied” or “very satisfied” with life in 2013. Though a slight decline from the year before, this was the highest percentage reported among benchmark cities.

When it comes to giving back to their community, Halifax residents are generous. In 2013, 23.4% of tax filers claimed charitable contributions and made a median contribution of \$320. However, Nova Scotians are most generous when it comes to their time. According to research by the Community Sector Council of Nova Scotia

According to research by the Community Sector Council of Nova Scotia (CSC), 450,000 residents volunteer a collective total of 50 million hours each year, which is worth \$1.8 billion of services to the economy. This makes Nova Scotia the province with the most volunteer hours per capita.

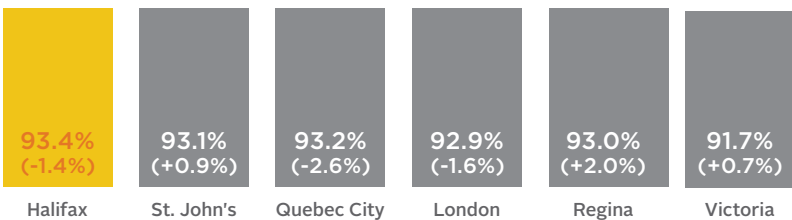
SENSE OF BELONGING TO LOCAL COMMUNITY, SOMEWHAT OR VERY STRONG, CMAs, 2013

SOURCE: STATISTICS CANADA



PERCENTAGE (AGED 12+) SATISFIED OR VERY SATISFIED WITH LIFE, CMAs, 2013

SOURCE: STATISTICS CANADA



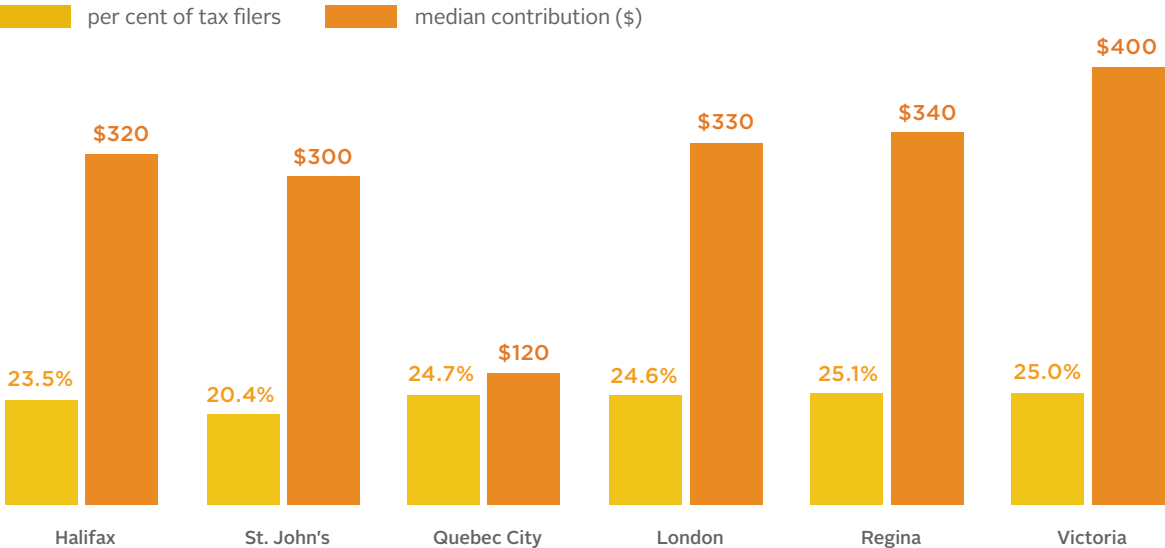
(CSC), 450,000 residents volunteer a collective total of 50 million hours each year, which is worth \$1.8 billion of services to the economy. This makes Nova Scotia the province with the most volunteer hours per capita. The CSC also estimates that there are over 6,200 non-profit and volunteer organizations in the province, and the non-profits employ 36,000 people – 7% of the province's workforce.

The city seems to be turning a corner on community identity, a sense of belonging that adds up to higher levels of social capital. The Regional Centre, with construction activity like King's Wharf and new structures like the library and the convention centre, is once again becoming a source of pride. After 15 years, the city has also established its new brand. We are now called Halifax.

We are welcoming newcomers with more open arms. Engage Nova Scotia's Share Thanksgiving involving 135 families coming together for a communal meal was among the most successful in the country. The Partnership's Connector Program involves over 750 business leaders volunteering to connect newcomers and local and international graduates in our city. This approach has spread from Halifax to over 20 communities in four countries. Every fall the city hosts an event for international students studying in Halifax. Last year over 300 students attended. We appear to be working harder to build the social capital of our community.

**PERCENTAGE OF TAX FILERS WHO CLAIM CHARITABLE CONTRIBUTIONS
AND MEDIAN ANNUAL CONTRIBUTION, CMAs, 2013**

SOURCE: STATISTICS CANADA



ARTS, CULTURE AND RECREATION

WHY IS THIS IMPORTANT?

Arts, culture, and recreation are the heart of a vibrant community. Arts and culture organizations are both employers of creative artists and producers of art and culture that reflect our region's diversity and quality of life. A strong creative community and a variety of recreational activities are important to promoting a healthy lifestyle and making the city an attractive place to live and work.

HOW ARE WE DOING?

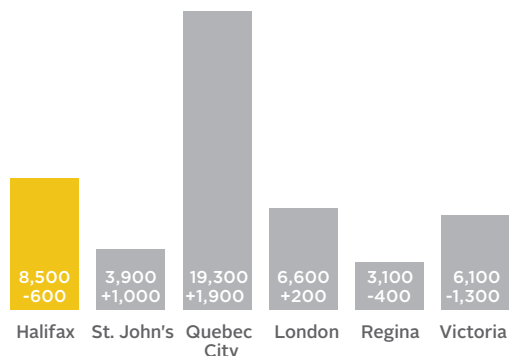
Though difficult to quantifiably measure art and culture, employment and wage data give an indication of the health of the local arts community. In 2014, 8,500 people were employed in arts, culture, recreation, and sport occupations in Halifax. Though this represents a decline compared to 2013, Halifax has the second highest share of its labour force employed in the arts among benchmark cities at 3.8%, behind Quebec City at 4.5%. Average hourly wages in the sector grew by 4.4% in 2014 to \$22.52, outpacing growth in the all-occupation group, which had an average of 3.3%.

The opening of the new Halifax Central Library has resulted in a record year for Halifax Public Libraries and a rethinking of libraries as an important public space in the city. In-person visits to Halifax's 14 public libraries climbed by a whopping 21% to almost 2.9 million visits last year, the highest number in eight years despite the 3.5 month gap between the closure of the Spring Garden Memorial Library and the opening of the new Halifax Central Library. The new library provided a big boost to the number of visits, with 582,000 visits in its first 3.5 months. Even online visits to the library website saw a big jump of almost 11% to 1.9 million visits in the last year.

Importantly, the way the public interacts with its public libraries is changing. Libraries are no longer just a space for information gathering but an important public space and a source of community pride. For example, meeting room bookings have climbed by 28% in the last year to over 6,000 across the system and attendance at program offerings has climbed to over 159,000, the highest year on record for both.

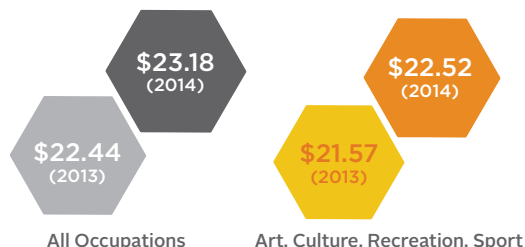
EMPLOYMENT IN ARTS, CULTURE, RECREATION, AND SPORT, CMAs, 2014

SOURCE: STATISTICS CANADA



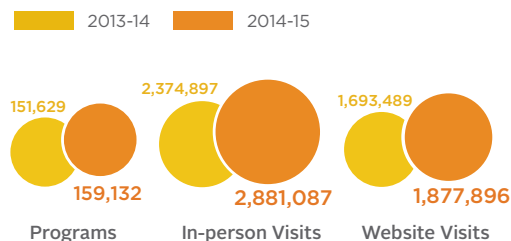
FULL-TIME HOURLY WAGES IN ART, CULTURE, RECREATION, AND SPORT OCCUPATIONS, NOVA SCOTIA

SOURCE: STATISTICS CANADA



LIBRARY PROGRAMMING ATTENDANCE AND VISITS, HRM

SOURCE: HALIFAX REGIONAL LIBRARY





SUSTAINABILITY

Denser, well-designed cities enjoy environmental and fiscal benefits because they are less dependent on motor vehicles and make more efficient use of existing infrastructure.

KEY INDICATORS

DENSITY

- Regional Centre population and dwelling counts
- Regional Centre housing starts
- Value of building permits in Regional Centre

TRANSPORTATION

- Mode of transportation to work
- Public transit usage and availability

ENVIRONMENTAL

- Waste disposal and diversion
- Air and drinking-water quality
- Greenhouse gas emissions per capita

MUNICIPAL FISCAL SUSTAINABILITY

- Revenues
- Commercial tax per property

DENSITY

WHY IS THIS IMPORTANT?

In an urban setting, density and environmental and fiscal sustainability go hand in hand. Increasing density improves health outcomes of individuals, reduces dependency on automobiles, and reduces commutes thereby increasing family time. Densification reduces the need for costly new infrastructure like roads, sewers and parks while keeping tax rates down. In addition, research tells us that better-planned cities are also the best way to achieve environmental targets.

HOW ARE WE DOING?

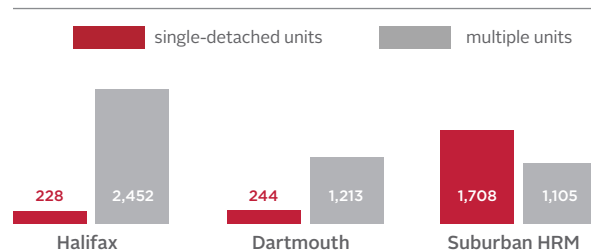
Following a period of slumped population growth in the Regional Centre, the 2011 Census of Canada showed growth of 1,832 people over the previous five years. Since then, development in the Regional Centre has taken off, supported by HRM by Design, a shift in new housing demand toward apartments and condos, historically low interest rates, and a demonstrated preference for urban living among young professionals and baby boomers.

Major project activity in the Regional Centre has been booming over the past several years. Many of the earliest projects were residential developments, including the now completed 20 VIC and the Trillium and ongoing work at King's Wharf. Indeed, the surge in apartment and condo development has strongly favoured downtown Halifax and Dartmouth, accounting for 77% of multiple-unit starts in the past three years and 60% of starts overall. Work also continues on a number of major commercial developments, most notably The Nova Centre. Work has wrapped up on the new Halifax Central Library and TD and RBC's office expansions.

Moving forward, there are a few key developments to pay attention to. The redevelopment of the Cogswell interchange will transform the face of Halifax's downtown over the course of the next decade. It will unlock the potential of 16 acres of land in the heart of the city while reconnecting north, central and downtown Halifax. Attention should also be paid

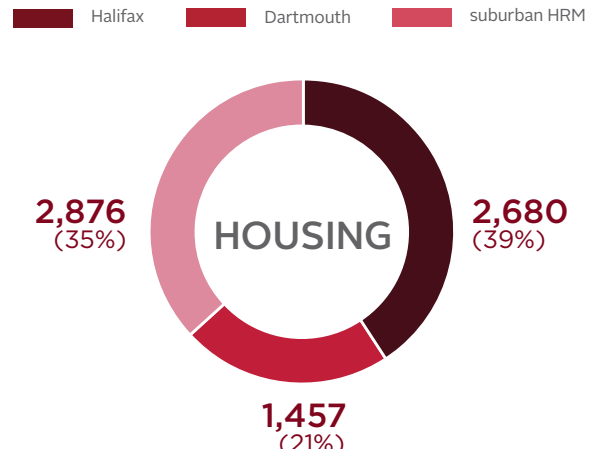
SINGLE-DETACHED AND MULTIPLE STARTS BY HRM SUBMARKET, 2012-2014

SOURCE: CANADA MORTGAGE AND HOUSING CORPORATION



TOTAL HOUSING STARTS AND SHARES BY HRM SUBMARKET, 2012-2014

SOURCE: CANADA MORTGAGE AND HOUSING CORPORATION



to the ongoing development of the Centre Plan. The Centre Plan will create an updated and unified municipal planning strategy and land-use by-laws for the Regional Centre. The final version of the plan will be reviewed by the Regional Council in 2016 and is being overseen by the Community Design Advisory Committee that delivered the new regional plan for Halifax last year. Now that centre growth is back on track we need to think more about service standards and transit solutions consistent with greater density.

TRANSPORTATION

WHY IS THIS IMPORTANT?

Use of public and active transportation is important to a healthy, environmentally friendly community. Fewer cars on the road mean lower levels of carbon emissions, and less congestion reduces commute times. Physically active modes of transportation like walking and biking are associated with all kinds of physical and mental health benefits, including lower rates of obesity and heart disease and improved mood. Median commute times and the mode of transportation that people use to get to work are indicators of how Halifax is doing on density and environmental outcomes.

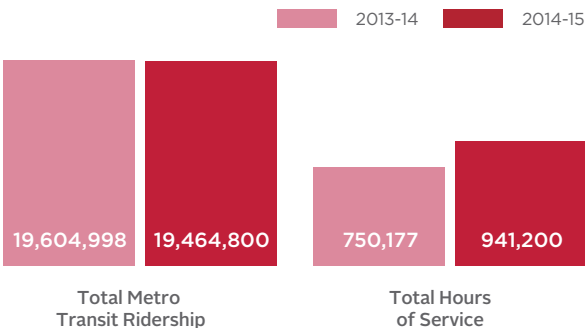
HOW ARE WE DOING?

When it comes to transportation, Halifax residents are less dependent on cars than residents in all but one benchmark city. Data from the 2011 National Household Survey shows that Halifax had the highest proportion among benchmark cities of residents who commuted to work on public transit and the second highest proportion who walked or cycled, behind only Victoria. In all, 22% of Halifax residents report taking public transit (12.5%), walking (8.5%), or biking (1.1%) to work. Among residents of the Regional Centre, that number climbs to a whopping 46% compared to only about 20% nationally.

Increasing public transportation ridership remains a priority for the city; however, growth under the current system has been slow. Despite increasing public transit service hours by 54% since the 2008-09 fiscal year, public transit ridership has remained virtually unchanged since then. To address this problem, Halifax Transit launched a public

TRANSIT PASSENGER VOLUME & HOURS OF SERVICE, HALIFAX

SOURCE: HRM - METRO TRANSIT



consultation process in late 2013. Following on that, the Regional Council approved a study to overhaul the entire transit system. The first draft of the new Moving Forward Together Plan was released earlier this year.

The new plan aims to make the transit network simpler and more efficient by moving to a transfer-based network with more resources allocated to high-ridership routes and services. A second round of public consultation following the release of the draft plan wrapped up in April. The final plan will be reviewed by the Regional Council in the fall and implemented in 2016. In addition, other changes are en route for Halifax Transit, including the opening of the new Lacewood Terminal this summer, the use of Automated Vehicle Location to enable passengers to track a bus's location in real time, and the introduction of an audiovisual system to announce upcoming stops.

ENVIRONMENT

WHY IS THIS IMPORTANT?

Environmental outcomes have a direct effect on quality-of-life outcomes. Environmental quality is of central importance to a healthy, productive population. In the long term, environmental outcomes are also tied directly to economic outcomes affecting our supply of natural resources and the attractiveness of our region. Achievement of environmental goals is a cornerstone of truly sustainable progress.

HOW ARE WE DOING?

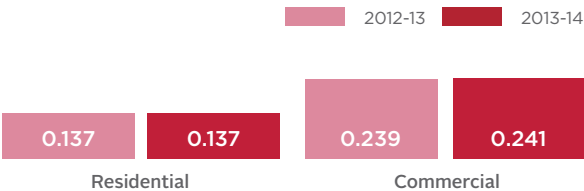
Waste levels in Halifax remained virtually unchanged in 2013-14 and at a historic low, with residential waste per capita of 0.14 tonnes and commercial waste per capita of 0.24 tonnes. Both have declined steadily over the longer-term and are well below the national average. Halifax's success in this area is due in part to the city's successful recycling and composting programs, with 62% of all waste diverted away from landfills, one of the highest rates in the country.

When it comes to drinking water and air quality, Halifax compares favourably to benchmark cities. In its last drinking-water report card in 2011, Ecojustice gave water quality in Nova Scotia a grade of A-, the second highest grade in the country. Air quality in the city remains high, as measured by the concentration of ambient ozone and fine particulate matter in the air, which were both low among benchmark cities and well below Environment Canada's acceptable standards.

Nova Scotia continues to reduce its greenhouse gas emissions. The latest data from 2013 show that emissions have declined to their lowest level since the 1980s, at 18.3 CO₂ equivalent mega tonnes, or 9.4% below 1990 levels. This puts Nova Scotia among the biggest emissions reducers in the country and brings the level of emissions per capita now comfortably below the national average. Most of the province's success in this regard has been due to increased use of renewable energy, especially wind power, which now accounts for close to 10% of all energy produced in the province.

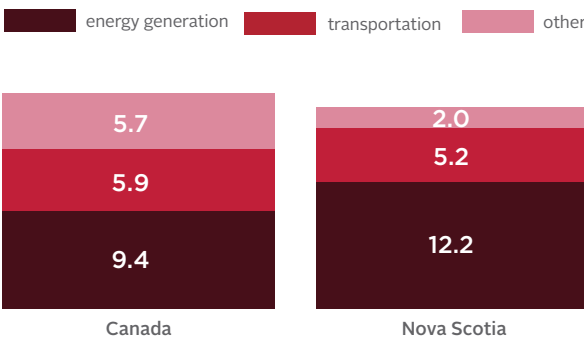
TONNES OF WASTE PER CAPITA, HALIFAX

SOURCE: HRM - TRANSPORTATION AND PUBLIC WORKS



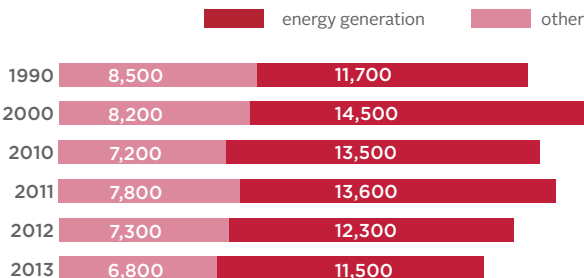
GREENHOUSE GAS EMISSIONS PER CAPITA BY SOURCE, TONNES OF CO₂ EQUIVALENT, 2013

SOURCE: ENVIRONMENT CANADA



GREENHOUSE GAS EMISSIONS, KILOTONNES OF CO₂ EQUIVALENT, NOVA SCOTIA

SOURCE: ENVIRONMENT CANADA



MUNICIPAL FISCAL SUSTAINABILITY

WHY IS THIS IMPORTANT?

Fiscal sustainability is vital to the long-term viability of a city. Revenue growth is critical for local government to be able to build the infrastructure and provide the increasing service levels needed to support a growing population. It's also important to ensure that revenue growth is balanced with growth in household incomes and business activity. Otherwise, the burden placed on households and business can become too large, reducing standards of living and the level of investment. Indeed, several towns in Nova Scotia have found their costs outstripping revenues and as a result have dissolved.

HOW ARE WE DOING?

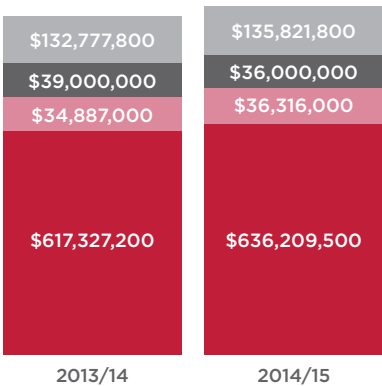
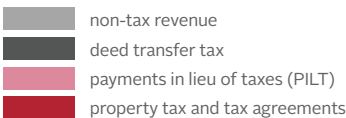
Municipal revenues and expenditures grew by a modest 2.5% to \$844 million in 2014-15. While overall residential and resource property tax revenue grew by 3.0%, tax per dwelling increased by only 1.3%, a softening of a longer-term increase reflecting increases in residential assessment values. On the commercial side, commercial tax and tax agreement revenue grew by 3.7%. The revenue split between residential and commercial taxes remained unchanged. Overall, revenue and expenditure growth remained well within the increase of 4.6% in nominal GDP, ensuring that the overall tax burden decreased slightly in real terms.

KPMG's Competitive Alternatives 2014 found that Halifax's effective business property tax rates (taxes paid as a share of profits), at 4.6%, was middle of the pack compared to available benchmark cities, as well as Montreal, Toronto, and Vancouver. The effective income tax rate, including both federal and provincial, was the highest among those cities, however, at 16.4%, this left Halifax with the second highest overall effective tax rate in the group, behind Vancouver.

The province's Capped Assessment Program (CAP) is in need of reform, according to a recent report released by the Union of Nova Scotia Municipalities (UNSM). The CAP, which places a limit on the annual growth in residential property value assessments to the growth in the Consumer Price Index, was introduced in 2005 to address the problem of rapidly increased property tax bills stemming from a booming housing market at the time. However, UNSM's report has shown that the CAP has unintended and adverse consequences. It creates inequality in the property tax burden, providing the largest benefits to long-time and high-value homeowners, while putting upward pressure on property tax rates to recoup foregone revenue and shifting a disproportionate share of the burden onto new home buyers and owners of lower-valued property. Instead of the CAP, most urban centres prefer adjusting property tax rates in times of rapid housing price increases to keep the residential tax burden in check.

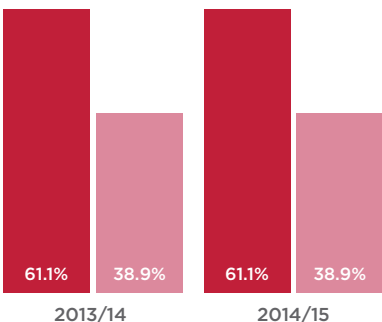
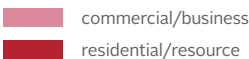
TOTAL REVENUES BY SOURCE, HRM

SOURCE:
HRM TAXATION AND FISCAL POLICY



RESIDENTIAL AND COMMERCIAL TAX SPLIT, HRM (GENERAL, PROVINCIAL, & TRANSIT)

SOURCE:
HRM TAXATION AND FISCAL POLICY



NOTES

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