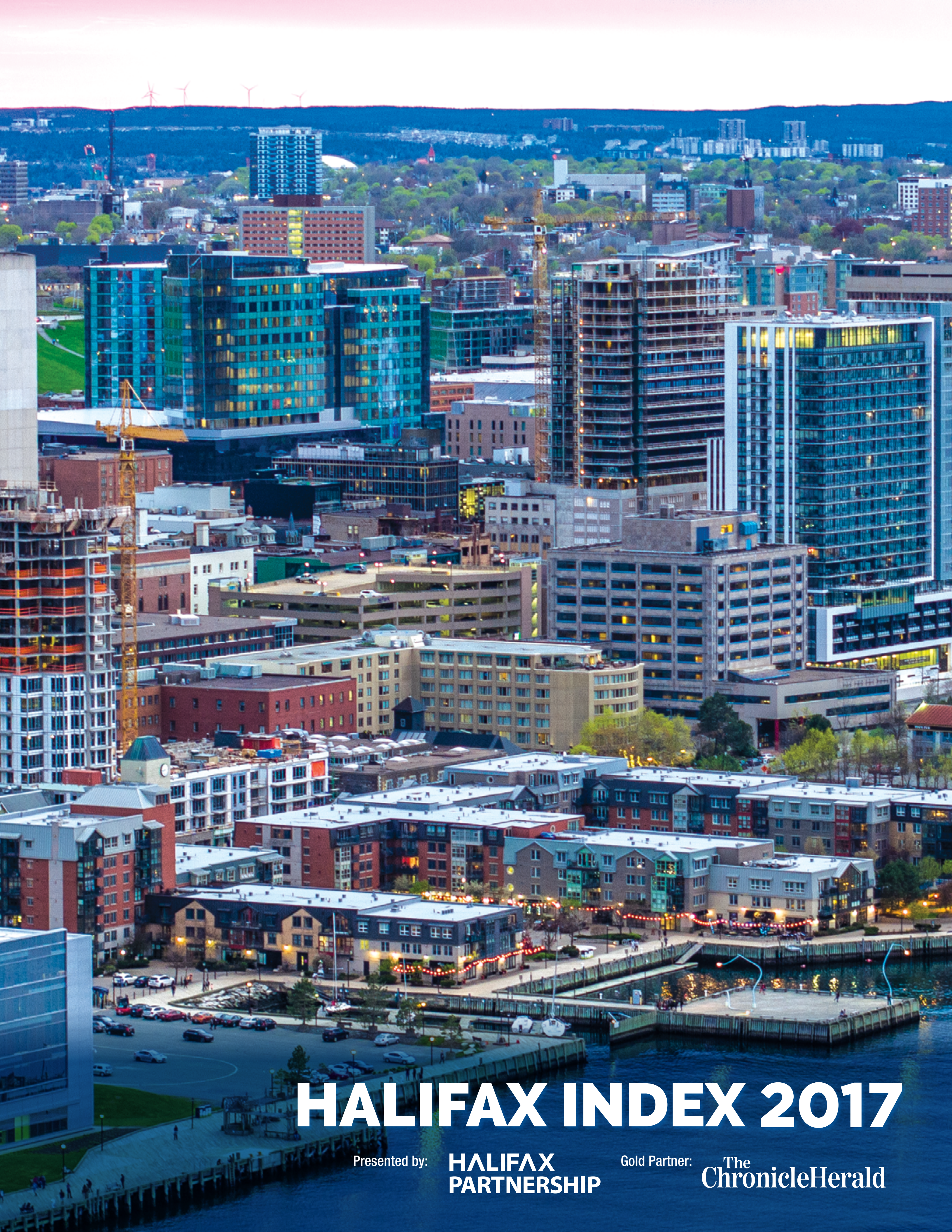

HALIFAX INDEX 2017

Presented by: HALIFAX PARTNERSHIP

Gold Partner: The ChronicleHerald

THE HALIFAX INDEX 2017

AUTHORED BY:

J.K. MacAdam, Economist, Halifax Partnership

PRESENTED BY:

HALIFAX PARTNERSHIP
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GOLD PARTNER MESSAGE

Whenever you're taking the road less travelled, carving out a new space or venturing into the unknown, it can be easy to lose sight of where you started and how far you've come.

That's why initiatives like the *Halifax Index* are so important. They help us to stay connected to progress and, even when we're feeling we haven't gone far enough, remind us of the distance we've covered.

In last year's *Index*, I wrote about the need to look at the challenges ahead of all of us as an adventure, as an opportunity for innovation, reinvention and creativity. I also reflected on the importance of this for legacy businesses, such as *The Chronicle Herald*. I urged all of us to take the kinds of actions that tangibly move us forward.

With strong results in business and production growth, attraction and retention of new talent, a record tourism season, and expansion into new export markets, it's clear we are rising to the challenge.

The past year has also brought incredible changes to our business. While many people assumed that a legacy business like ours couldn't reinvent itself, we were bullish enough to believe it was possible. With the creation of the SaltWire Network, we acquired 28 daily and weekly newspaper brands along with their related websites, expanding from the *Herald's* seven publications to a total of 35 across the now Atlantic Canada-wide network.

This move is significant in our industry, and it serves as a case study of what is possible when you are willing to move through the unknowns, the discomfort, and the risk to make it happen.

Whether you're an entrepreneur, an employee in an organization, a government representative, or the owner of a large company, we all need to remember that nothing changes if nothing changes. If we want a better, brighter, more prosperous future, everything we want is on the other side of change.

We've all covered a lot of ground over the past year. The results in this year's Index speak for themselves. Let me be one of the first to acknowledge our collective progress and celebrate the bold moves that brought us here. And, of course, let's all use this momentum to continue to go the distance the future calls for.

Mark Lever
President and CEO, The Halifax Herald Limited

TABLE OF CONTENTS

Visit **HalifaxIndex.com** to download a copy of the 2017 *Halifax Index*.

INTRODUCTION

The *Halifax Index* presents an annual overview of the state of Nova Scotia's capital city. It also serves as the city's report card on our progress toward the goals set out in the *Halifax Economic Growth Plan 2016-21*. Now one year into the plan, this report marks the first opportunity to assess whether we are indeed growing as planned.

The long-term vision laid out in the *Growth Plan* is Halifax in the year 2031 with a population of 550,000 and a gross domestic product (GDP) of $30 billion (in 2007 dollars). These are aggressive targets, what some might refer to as "stretch goals": they are aspirations, not predictions.

Beneath these top-line figures are interim goals for population and GDP in 2021 (470,000 and $22.5 billion, respectively) and a longer set of more detailed indicators. The checklist on page 8 lists these indicators and offers an early look at our progress in reaching them.

As would be expected with any report card, there are some very encouraging results and some areas that highlight a need for further attention.

The headline increase in population (up 2%) is a very positive sign, as are the changes in several population subcategories such as the reduction in the number of youth moving out of province and the increase in immigration. Labour force growth is less impressive, however, reflecting our aging population and the movement of the Baby Boomer generation into retirement.

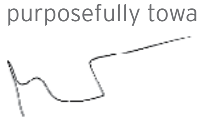
Growth in GDP was not as robust as population growth, and public perception about why Halifax is a great place to live and work has not yet shifted to the desired extent.

As any parent knows, a straight-A report card is rare. We acknowledge the Bs and Cs as areas where more work may be needed and recognize that a less-than-perfect mark in the first year does not preclude success in the long term.

As in other years, the *Index* continues to track Halifax's vital signs across four major themes: people, economy, quality of place and sustainability. As well, last year's special analysis on rural Halifax is now a standard part of the document, ensuring we have a more complete overview of our community.

Two special topics are featured in the 2017 *Index*. The first looks at immigration, specifically the new Atlantic Immigration Pilot (AIP) program. Increased immigration will be essential in addressing looming demographic challenges, and helping businesses capitalize on the opportunities presented by the AIP will be a top priority for the Halifax Partnership this year. Last November, the provincial government passed legislation that granted Halifax greater flexibility in how it sets commercial property tax rates. We examine these new powers in the second special topic and consider how it could help attain key policy objectives.

As we mark Canada's 150th birthday and the 100th anniversary of the Halifax Explosion, 2017 is an important year to reflect on our history, take pride in what our city has become and stride confidently and purposefully towards an even brighter future.



Ian Munro
Chief Economist, Halifax Partnership

HALIFAX ECONOMIC GROWTH PLAN 2016-21 CHECKLIST

Year 1 Key Indicators				
All indicators are measured for the Halifax Census Metropolitan Area unless indicated otherwise				
Goal	**Measurement**	**Baseline**	**2016**	**Progress Report***
Promote & Maximize Growth	**Grow Halifax's GDP to $22.5 Billion** Source: Conference Board of Canada - Winter Publications	**$18,300 million**	**$18,579 million**	**Progressing**
	• Increase average annual income growth Source: Conference Board of Canada - Winter Publications	1.2%	1.5%	Unchanged
	• Increase the total number of jobs Source: Statistics Canada - Cansim Table: 282 - 0129	224,100	226,000	Improving
	• Increase the share of full-time work Source: Statistics Canada - Cansim Table: 282 - 0129	83%	82%	Worsening
	• Increase the share of businesses that consider Halifax an above-average place to do business Source: HP Business Confidence Survey	15.0%	23.0%	Improving
	• Reduce commercial vacancy rates in the downtown Source: Cushman & Wakefield Atlantic	14.3%	15.1%	Worsening
	• Increase the commercial property tax base Source: HRM Taxation and Fiscal Policy	$7.8 billion	$8.2 billion	Improving
Attract & Retain Talent	**Grow Halifax's Labour Force to 271,000** Source: Statistics Canada - Cansim Table: 282 - 0129	**239,100**	**240,700**	**Progressing**
	• Increase Halifax's overall population growth Source: Statistics Canada - Cansim Table: 051 - 0056	1.0%	2.0%	Improving
	• Increase net interprovincial migration of youth ages 20-29 to Nova Scotia Source: Statistics Canada - Cansim Table 051 - 0057	-1,300	-1,001	Improving
	• Grow the international student body… Source: Maritime Provinces Higher Education Commission	5,832	6,045	Improving
	- …and the gross share that transition into permanent residency Source: Maritime Provinces Higher Education Commission	3.4%	5.8%	Improving
	• Increase net international immigration to Halifax Source: Statistics Canada - Cansim Table 051 - 0057	2,085	6,150	Improving
Make Halifax a Better Place to Live & Work	**Grow Halifax's Population to 470,000** Source: Statistics Canada - Cansim Table: 051 - 0056	**417,847**	**425,871**	**On Track**
	• Increase the share of Nova Scotians who have a strong or somewhat strong sense of belonging to their community Source: City Matters Survey 2017	73.8%	76.4%	Improving
	• Raise the mean score on quality of life indicators Source: City Matters Survey	7.7	7.2	Worsening
	- Good place to raise a family Source: City Matters Survey	7.7	7.8	Unchanged
	- Outdoor recreational facilities Source: City Matters Survey	7.3	6.8	Worsening
	- Indoor recreational facilities Source: City Matters Survey	7.2	6.8	Worsening
	- Housing affordability Source: City Matters Survey	6.1	5.7	Worsening
	- Arts and cultural events Source: City Matters Survey	7.4	6.8	Worsening
	- City is easy to get around Source: City Matters Survey	6.6	5.9	Worsening
	- % who feel mostly safe Source: City Matters Survey	61.0%	80.0%	Improving
	• Increase library programming attendance… Source: Halifax Regional Library	209,772	213,576	Unchanged
	-…and in-person visits Source: Halifax Regional Library	3,595,902	3,613,986	Unchanged

*Growth Plan metrics with a specific numerical target for the year 2021—GDP, Labour Force and Population Growth—are categorized as "On Track" if the current growth path would lead to the target being reached or exceeded, "Progressing" if there is substantial positive growth, albeit not enough to reach the target, or "Not Progressing" if there is negligible or negative growth.

All other items are assessed in terms of annual growth, but without specific targets. The status of "Improving" denotes substantial improvement, while "Unchanged" indicates that the most recent data are not considered to be substantially changed from the prior year, and "Worsening" means there has been non-negligible deterioration.

KEY FINDINGS

The *Halifax Index* benchmarks Halifax's progress against six other cities (St. John's, Quebec City, Kitchener-Cambridge-Waterloo (KCW), London, Regina, and Victoria) chosen for their comparable size and structure. Kitchener-Cambridge-Waterloo has been added to the list given both its size and the fact that, like Halifax, it has a vibrant and growing technology sector.

The 2017 *Index* contains its four traditional sections — People, Economy, Quality of Place, Sustainability — as well as the now standard Rural Analysis, and two special topics: The Need for Immigration and Halifax's Commercial Tax System.

PEOPLE

- Halifax had a phenomenal year for population growth, growing by 2% from 418,000 to 426,000 over the July 2015–July 2016 period. This growth rate was double that of the prior year and the fastest growth in decades. Halifax's growth rate was higher than the national average and second among benchmark cities (note that these figures come from Statistics Canada's population estimates, and not the 2016 Census).

- Population gains have been driven by immigration, including the landing of Syrian refugees in the winter of 2016. Halifax's net international migration was 7,000 compared to net natural growth of just under 1,200 people. Halifax's interprovincial out-migration decreased significantly compared to 2015, improving by more than 700, and intra-provincial migration remains stable at approximately 1,300.

ECONOMY

- 2016 was a steady year for Halifax's GDP growth with the Conference Board of Canada (CBoC) estimating the city's real GDP grew by 2.2% in 2016 to $18.6 billion—13th out of Canada's 28 largest cities. Growth was led by manufacturing, construction, transportation, and warehousing, and the finance, insurance, and real estate (FIRE) industry, supported by major projects.

- Business confidence increased in 2016 to an all-time high, according to the Partnership's Business Confidence Index.

QUALITY OF PLACE

- The total crime rate decreased in 2015 by 4.6% and is now less than half its peak level in the mid-2000s.

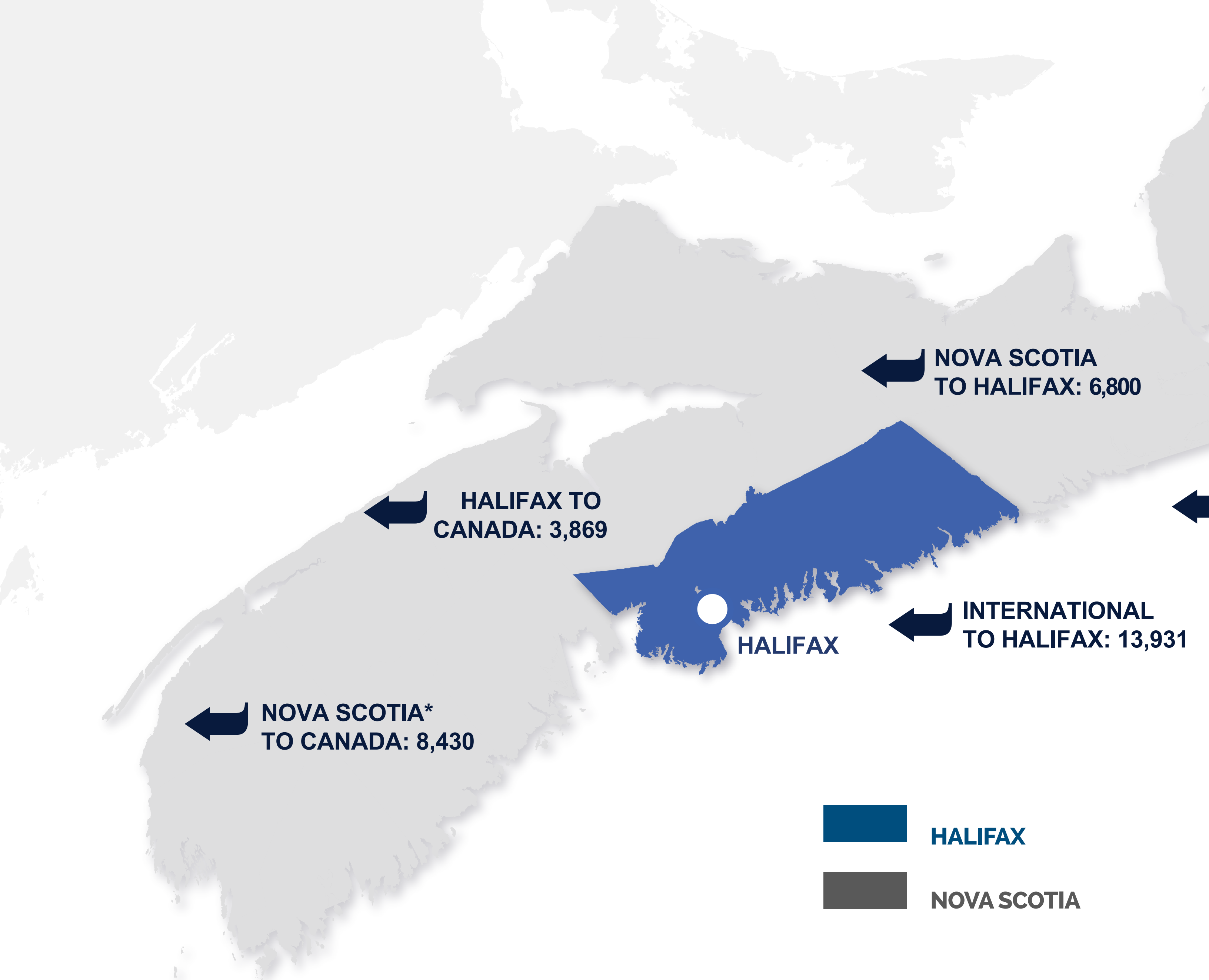
- Halifax had the second lowest price growth for two-bedroom residences among benchmark cities with rent increasing by 1.4% to $1,063 per month.

SUSTAINABILITY

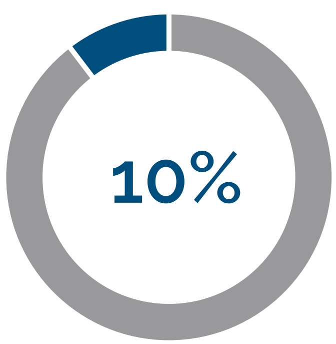
- The Regional Centre had 36.1% of all housing starts from 2012 to 2016, while suburban Halifax had 35.8% of housing starts.

- The municipality continues to reduce its debt, with debt decreasing by $5 million during the last fiscal year to $251 million.

HALIFAX PROFILE

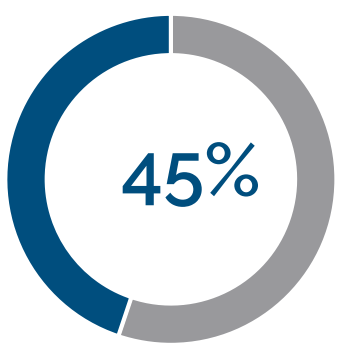


Land Area



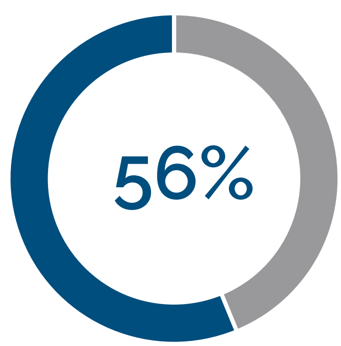
5,490 km²

Population



425,871

Gross Domestic Product (GDP)

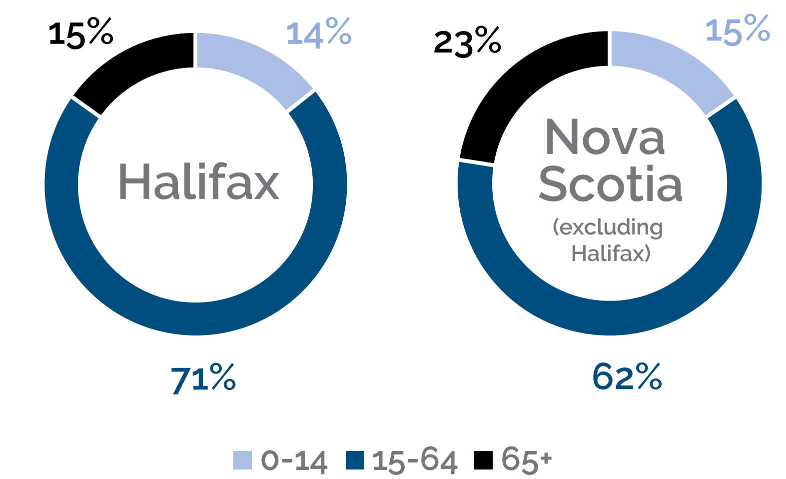


$18.6 Billion

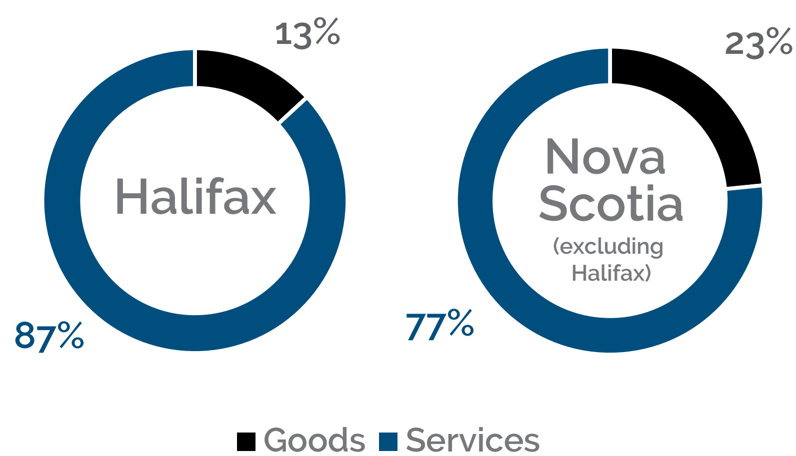
INTERNATIONAL TO NOVA SCOTIA*: 3,173

* Nova Scotia excluding Halifax

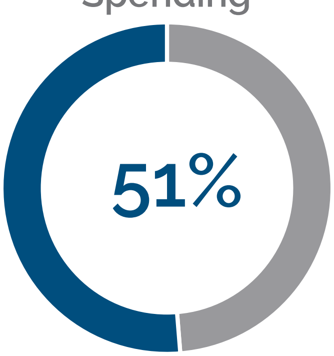
Age Distribution



Employment by Sector

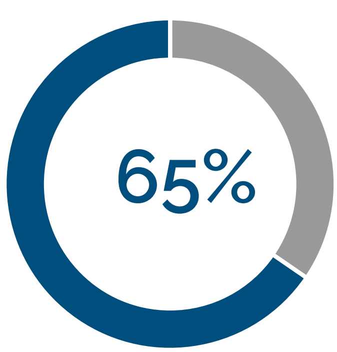


Major Project Spending



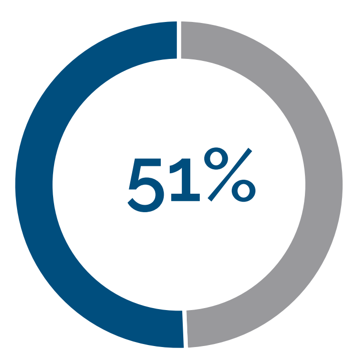
$2.0 Billion

Post-Secondary Students



35,508

Employment



226,100

PEOPLE

Population attraction and retention is the backbone of Halifax's economic prosperity. Halifax had a record year for population growth in 2016, growing by 2%.

Key Indicators

POPULATION

- Population estimates
- Population growth by age
- Migration by source

LABOUR FORCE

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

EDUCATION

- Post-secondary education attainment
- University and college enrolment
- International and out-of-province enrolment
- Programs of study

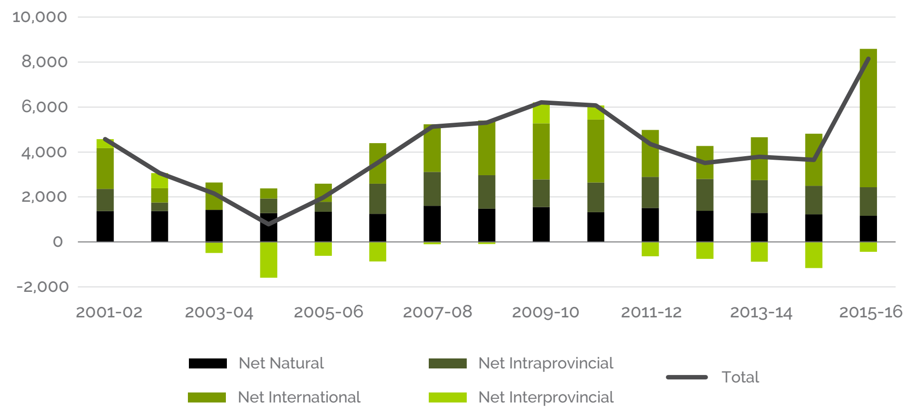
WORKPLACE SAFETY

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

POPULATION

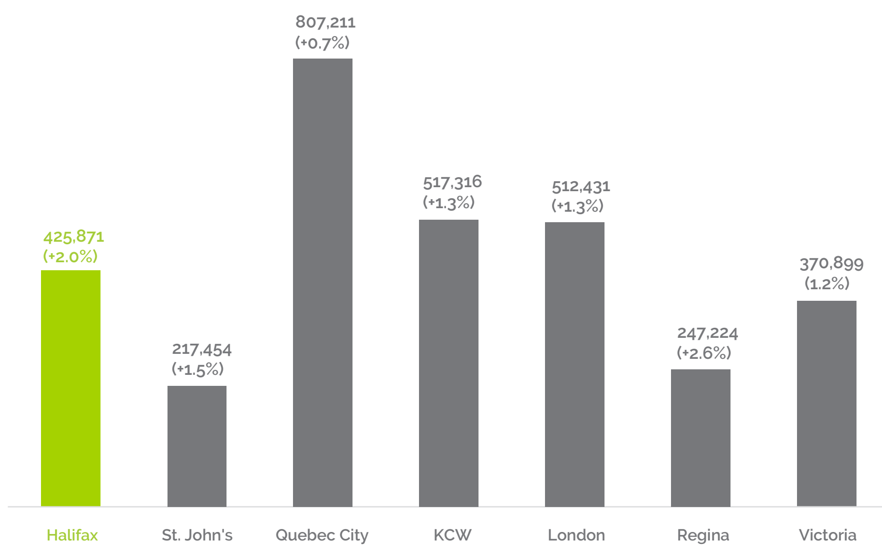
2016 was a noteworthy year for population growth. Halifax experienced a 2% jump from 418,000 to 426,000 over the July 2015 to July 2016 period—a rate double that of the previous year and the largest in decades. Halifax's growth rate was higher than the national average and second among benchmark cities (Regina grew the fastest at 2.6%). Immigration was the main driver of Halifax's increased population growth, including the substantial number of refugees. Each benchmark city had stronger population growth in 2015-16 compared to 2014-15 due to significant increases in international immigration.

Historical Population Growth and Source, Halifax



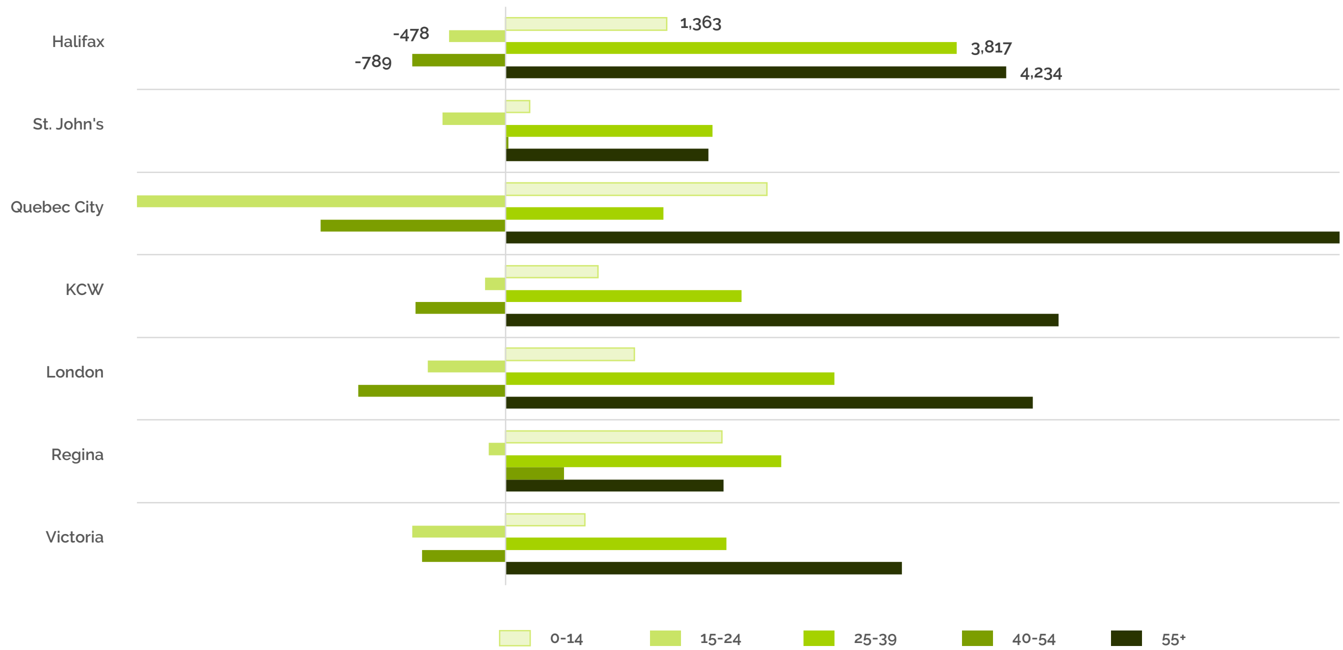
Source: Statistics Canada - Population Estimates

Population Estimates and Annual Growth, Census Metropolitan Area (CMAs) 2016



Source: Statistics Canada - Population Estimates

Population Change by Age Group, 2015-2016



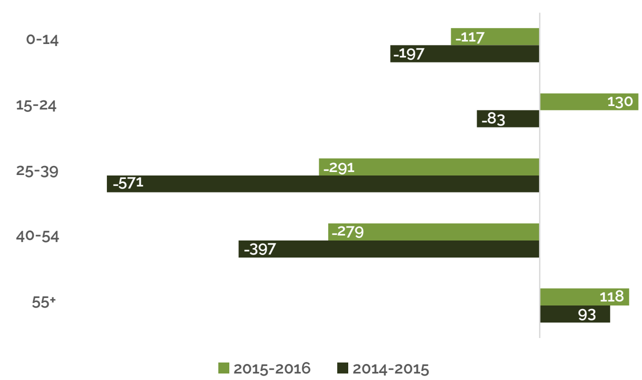
Source: Statistics Canada - Population Estimates

The "Population Change by Age Group" chart shows substantial population increases in the 0-14, 25-39, and 55+ age groups compared to 2014-15. The most significant growth was in the 55+ age category, which has been the trend in years prior—a trend that is forecast to continue as the Baby Boomers continue to age. The second largest increase was in the 25-39 group, which rose by more than 3,800 people, significantly eclipsing the 2,560 increase during the previous year. This can be attributed to the enhanced efforts to attract economic-class workers.

The aging workforce and increasing number of retiring Baby Boomers continued to limit Halifax's labour market growth. While Halifax's working-age population increased, the participation rate saw a continued decline, which limited the city's labour force growth to 0.7% in 2016.

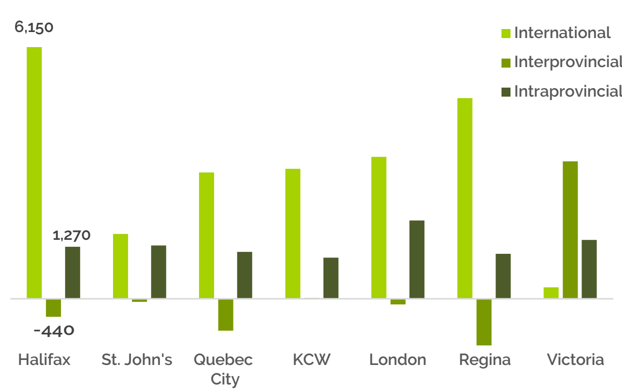
Halifax's natural population growth—the number of births minus the number of deaths—declined for the fourth consecutive year, reaching its lowest level in the new millennium. This is due to a six-year decrease in birth rates combined with a higher number of deaths among elderly residents. Together, these rates reinforce that population growth must come from immigration.

Net Interprovincial Migration by Age Group, Halifax, 2016



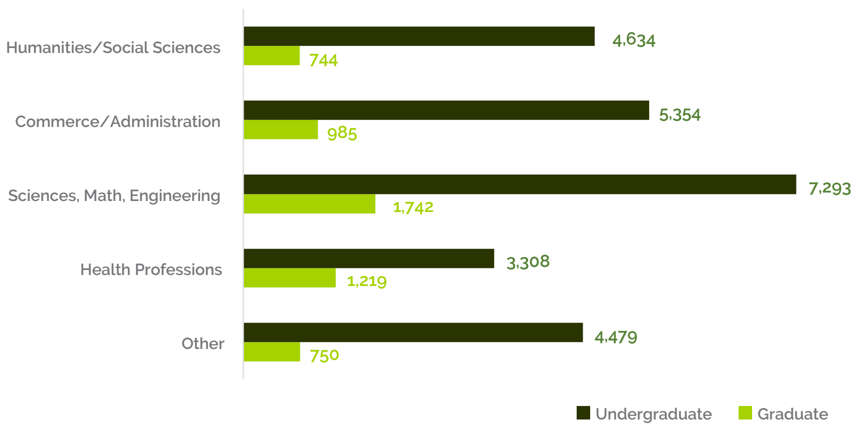
Source: Statistics Canada - Component of Population Growth

Source of Net Migration, 2015-2016



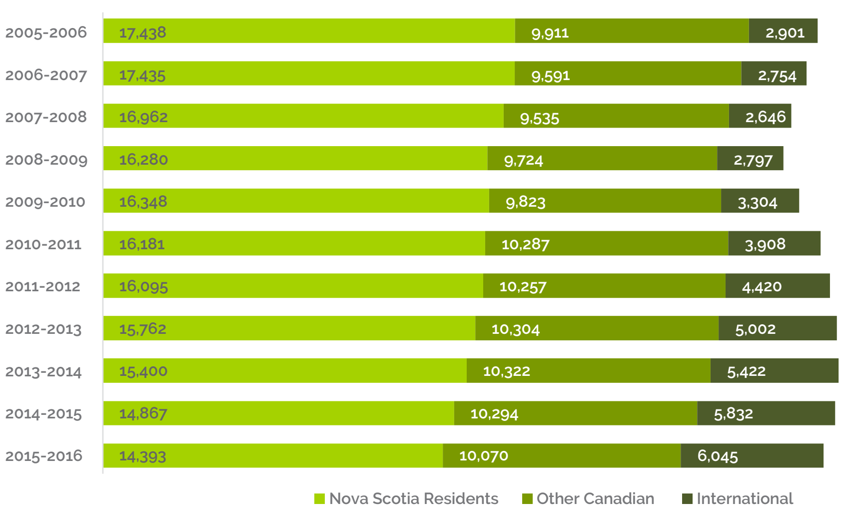
Source: Statistics Canada - Component of Population

Halifax University Enrolments by Program, 2015-2016



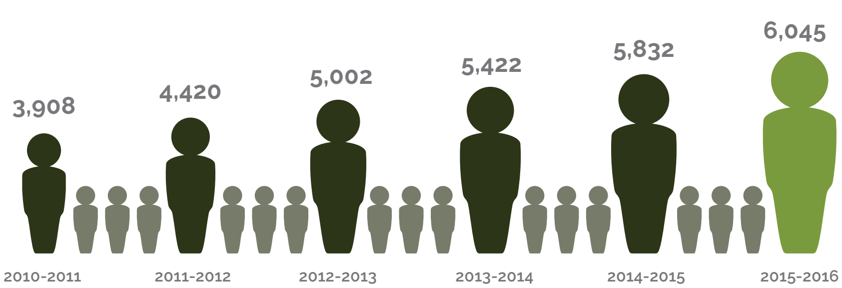
Source: Maritime Provinces Higher Education Commission

Halifax University Enrolments by Student Origin, 2005-2016



Source: Maritime Provinces Higher Education Commission

International Students Studying in Halifax



Source: Maritime Provinces Higher Education Commission

1 http://occupations.esdc.gc.ca/sppc-cops/l.3bd.2t.1ilshtml@-eng.jsp?lid=64&fid=50&lang=en

2 Cansim 282-0004

EDUCATION

About 71% of projected employment growth from 2015–24 is expected to be in high-skilled occupations that require post-secondary education.[1] Strong educational institutions and an educated population are significant drivers of innovation and work force productivity. Last year in Nova Scotia, the unemployment rate for those aged 25–54 with a university degree was 3.6% compared to 10.7% among those in the same age group with only a high school education.[2]

Halifax has one of the highest post-secondary education attainment rates in the country with 70% of those aged 25–64 having at least some post-secondary education and 37% of this age group having attained a university degree or certificate.

Post-secondary enrolments declined overall for the second straight year in Halifax. International enrolments continued to increase, but not fast enough to make up for the decreasing number of local students. This downward trend is likely to endure as high school enrolment in Nova Scotia continues to decline significantly.

Halifax universities have seen an average decrease of more than 350 Nova Scotia-born students per year over the last five years. These decreases have largely been countered by an increase in enrolment from international students, while the number of out-of-province students has remained reasonably steady. International student enrolment should continue to increase as a result of Nova Scotia's new immigration programs.

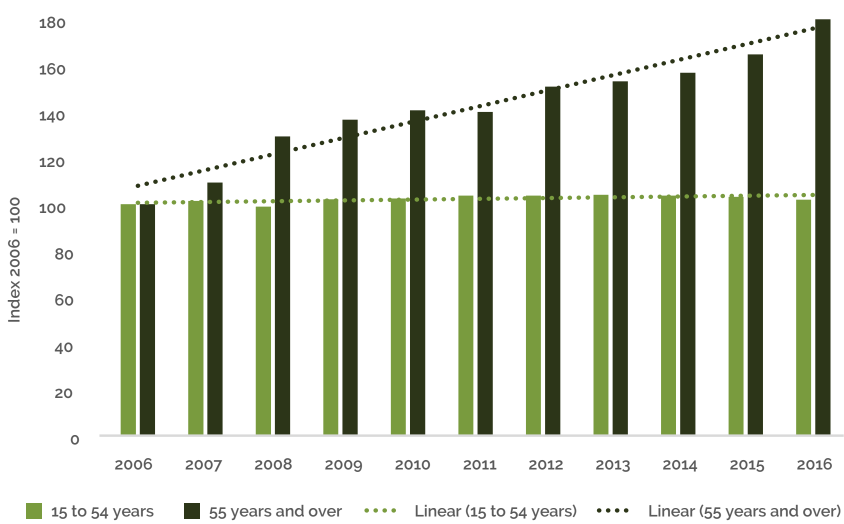
Nova Scotia Community College enrolment levels held steady again in 2016, with just under 5,000 students attending its three Halifax campuses, and just over 11,000 attending throughout the province.

LABOUR FORCE

The number of retiring Baby Boomers continues to grow, hindering the growth of Halifax's labour force. The city's labour force grew by a modest 0.7% in 2016, on par with the national average of 0.8% and in the middle of the pack among benchmark cities. Halifax's working-age population is growing, but the increasing retirement rate continues to reduce labour force participation rates. Employment in Halifax grew by 0.9%, ranking second among benchmark cities and just above the Canadian average of 0.7%.

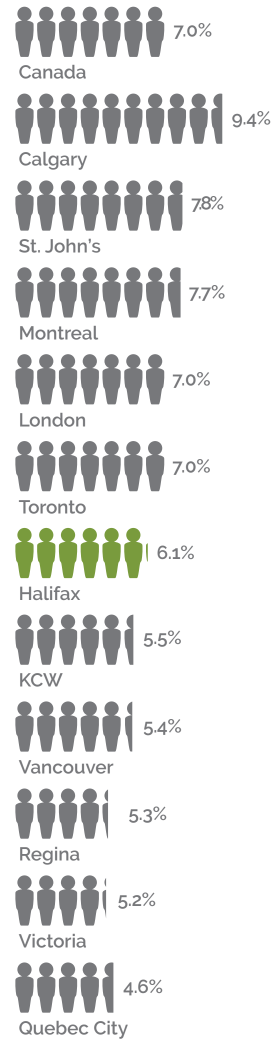
Halifax's labour force is aging significantly. Over the past 10 years, the number of seniors aged 65+ in the labour force has more than tripled in size from 2,800 to 9,000. During the same period, youth aged 15-24 in the labour force decreased by 7%. From 2006 to 2016, the number of workers aged 15-54 years increased by just over 2%, while the 55+ age group increased by 80%. The recent rise in youth unemployment and increase in workers aged 55+ in the labour force suggest that seniors are putting off retirement and staying in the workforce longer.

Indexed Labour Force by Age Group, 2006 to 2016, Halifax

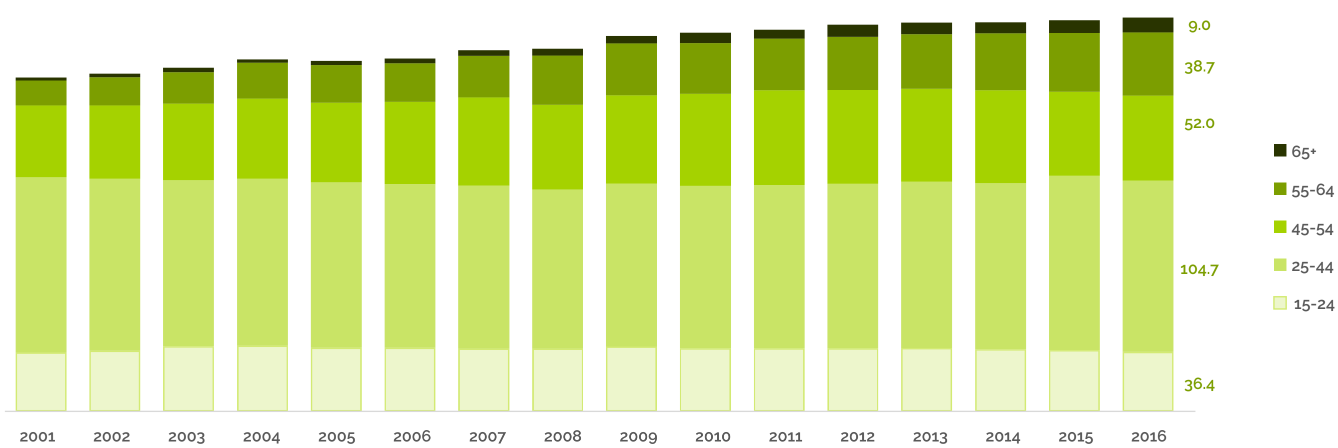


Source: Statistics Canada

Unemployment Rate 2016



Labour Force by Age Group, Halifax, 000s

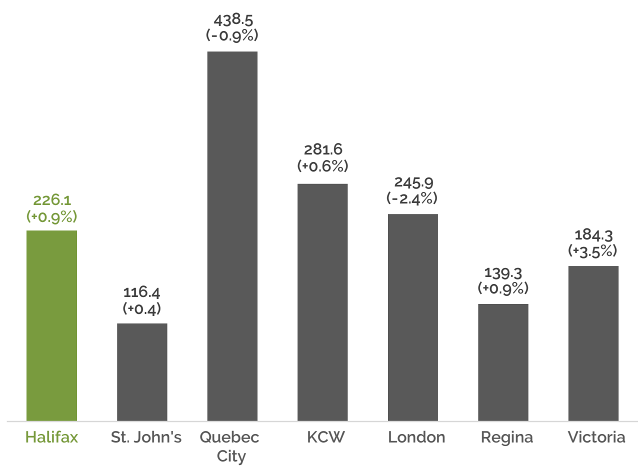


Source: Statistics Canada - Labour Force Survey

There were positive gains in overall employment growth, but they were concentrated in part-time work. Last year saw a net loss of 500 full-time jobs and a gain of 2,500 part-time jobs. This was the first net loss of full-time jobs since 2010.

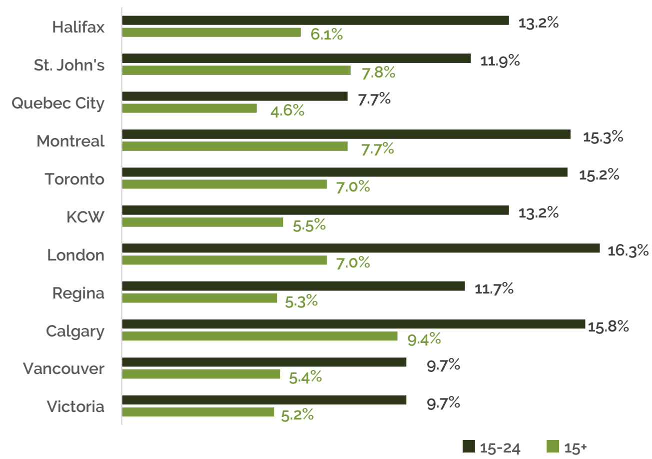
The unemployment rate decreased slightly from 6.3% to 6.1%. This was due to the significant increase in part-time employment and slow labour force growth. Halifax's unemployment rate was below the national average of 7.0%, but higher than most benchmark cities. The city's youth unemployment rate (aged 15-24) increased to 13.2%, up from 12% in 2015, which was the lowest rate since 2007. In 2016, Halifax had the second highest youth unemployment rate among benchmark cities; however, it was below larger centres including Calgary (15.8%), Montreal (15.3%) and Toronto (15.2%), cities to which unemployed youth typically migrate in search of work.

Employment Level and Annual Growth, 2016, 000s



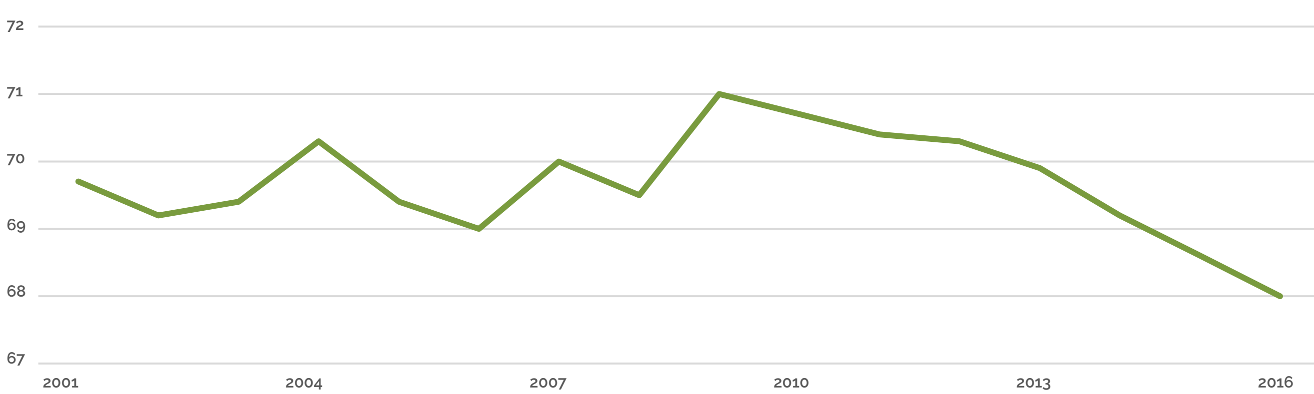
Source: Statistics Canada - Labour Force Survey

Youth Unemployment Rate vs Overall Unemployment Rate, 2016



Source: Statistics Canada - Labour Force Survey

Labour Force Participation Rate, Halifax, Percent



Source: Statistics Canada - Labour Force Survey

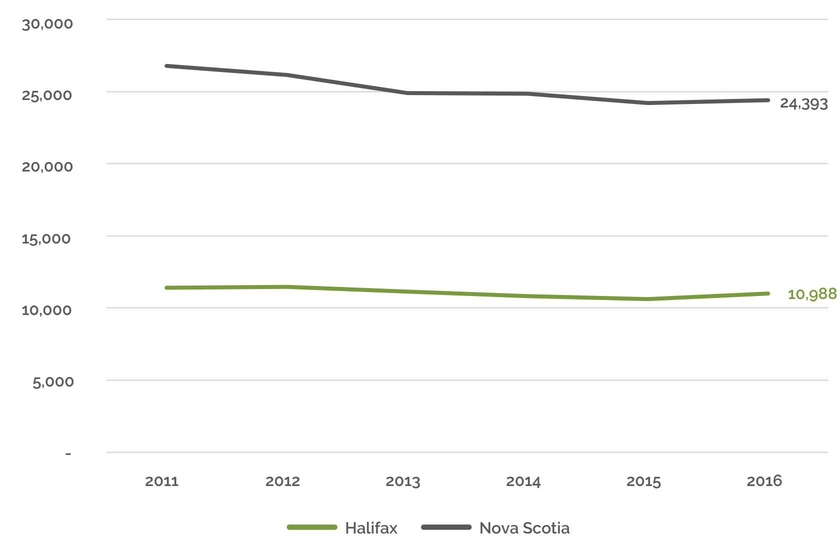
WORKFORCE SAFETY

Overall, Halifax and Nova Scotia are making important progress on workplace safety. Last year, the injury rate in Nova Scotia dropped to 1.74 per 100 covered workers, the lowest it has been since the Workers' Compensation Board (WCB) started measuring time-loss injuries this way. In Halifax, there were 2,519 time-loss claims in 2016, up 57 claims compared to the 2,462 time-loss claims in 2015.

The number of people injured seriously enough to lose time from work in Nova Scotia dropped from 5,999 compensable claims in 2015 to 5,846 in 2016. However, those who were injured were off work longer. The average claim duration increased to 110 days in 2016. The issues with claim durations are complex, and they are not unique to Nova Scotia. Other Atlantic provinces are experiencing a similar trend.

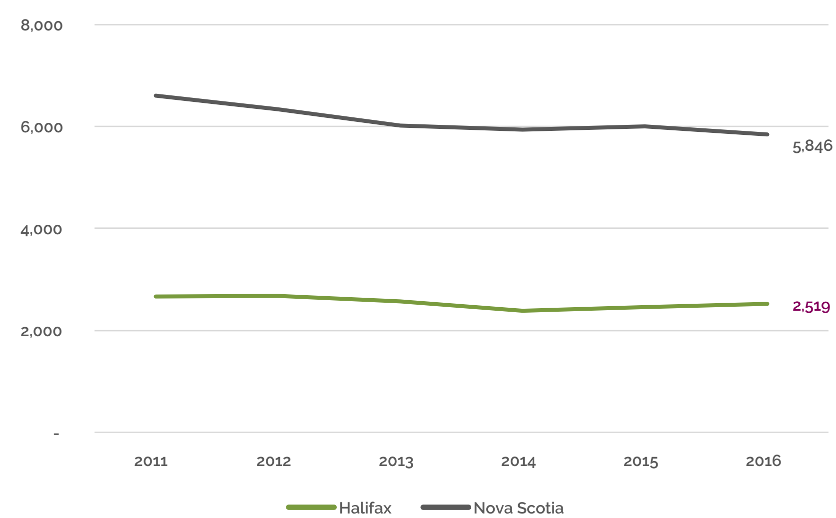
There are many signs of cultural progress when it comes to safety in Nova Scotia. There is more media coverage about safety. More employers have safety committees in place. Fewer people believe workplace injuries are inevitable. More fishermen and women are wearing personal flotation devices and coming home safely. However, worker injury in the healthcare sector, particularly long-term care, remains stubbornly high and is the focus of a five-year multi-stakeholder action plan being driven by several partners in industry and government.

Registered Injury Claims



Source: Workers' Compensation Board of Nova Scotia

Time-Loss Injury Claims



Source: Workers' Compensation Board of Nova Scotia

To respond to the changing needs of customers, WCB Nova Scotia is revitalizing its procedures and systems through a comprehensive modernization that will result in streamlined processes, faster decisions, and more consistent service. The transformation so far includes online registration for employers, the expansion of direct deposit, and an enhanced self-service phone system. In 2017, this work will evolve further to include the addition of online service channels and the groundwork for the wholesale replacement of the WCB's core assessment and claims systems.

Time-Loss Injury Claims by Industry, 2016		
	Halifax	Nova Scotia
Health/Social Services	640	1,680
Retail Trade	321	649
Construction	292	523
Accommodation/Food/Beverages	217	384
Government Services	198	514
Transportation/Storage	193	316
Manufacturing	153	627
Wholesale Trade	123	276
Communication/Utilities	100	176
Other Services	85	176
Educational Services	71	170
Business Services	65	109
Real Estate/Insurance Agents	45	68
Mining/Quarries/Oil Wells	7	22
Fishing/Trapping	4	90
Logging/Forestry	4	21
Finance/Insurance	1	2
Agriculture/Related Services	0	41
Unknown	0	1

Source: Workers' Compensation Board of Nova Scotia

SPECIAL ANALYSIS: The Need for Immigration

The Atlantic Immigration Pilot (AIP) is a new program designed to attract up to 2,000 additional immigrants to Atlantic Canada in 2017. The focus of the AIP is to improve the process for skilled immigrants and international graduates who want to live in any of the four Atlantic provinces. To qualify, participants must receive a job offer from a designated Atlantic employer. A Labour Market Impact Assessment is not required.

The AIP has three streams, two for skilled workers (Atlantic High-Skilled Program and Atlantic Intermediate-Skilled Program) and one for international graduates (Atlantic International Graduate Program). Workers looking to enter via the work streams must have worked for at least one year (1,560 hours total or 30 hours per week). The work must be from within the last three years and can be full-time, non-continuous or part-time as long as it is in one occupation and paid. Workers who apply must be either high-skilled workers (work experience at NOC skill level 0, A, or B) or intermediate-skilled workers with work experience at NOC skill level C.[3] Both streams require applicants to have attained a Canadian secondary or post-secondary certificate, diploma, or degree or foreign credential and Education Credential Assessment (ECA).[4]

WHY IS THIS IMPORTANT?

In 2016, Nova Scotia had a record year for immigration. The cap on the Express Entry Program, the federal system for managing permanent residence applications, was permanently increased by 350 to 1,350 immigrants. This was then filled. For 2017, Nova Scotia's immigration cap has been increased by 800 applicants, New Brunswick's by 640, Newfoundland and Labrador's by 440, and Prince Edward Island's by 120. If other provinces do not meet their quota for the AIP, Nova Scotia becomes eligible to pick up these unused openings and attract even more new skilled immigrants.

Increasing international migration by 7,000 new permanent residents each year is the second goal of the One Nova Scotia report, Now or Never: An Urgent Call to Action for Nova Scotians. This is an ambitious target. In the 18 years prior to 2015, the province had a net permanent migration of 2,150 people on average. If the Express Entry and the AIP allotments are reached, this would account for more than one-third of Nova Scotia's goal for total immigration. The AIP is even more impactful as candidates can also bring their families.

Halifax will be doing everything it can to ensure it attracts a significant share of the immigrants coming into Atlantic Canada via the new AIP. Over the past five years, Halifax has accounted for 81.4% of Nova Scotia's international migration. In 2016, the city nearly tripled its international immigration, from 2,320 in 2015 to 6,150 last year. Some of this growth was due to the increase in Syrian refugees and the addition of new economic immigration streams. Overall, migration accounted for 7,000 new Halifax residents, with 6,150 immigrants arriving from other countries and 1,270 newcomers arriving intra-provincially, coupled with a loss of 440 people to other Canadian provinces. This is a significant population bump when compared to the natural growth of only 1,170 people, the lowest in over 15 years. Halifax must build on current momentum and continue to increase immigration. If our record population growth is to be sustained, immigration must be the driver.

Nearly half (48%) of City Matters survey respondents support or strongly support efforts to substantially increase immigration to Halifax, with 30% declaring themselves neutral and 18% opposed. In terms of assessing the job that the people and government of Halifax are doing in welcoming new immigrants and helping them to integrate, 57% said excellent or good, 22% said fair, and 5% said poor (16% said don't know or had no answer).

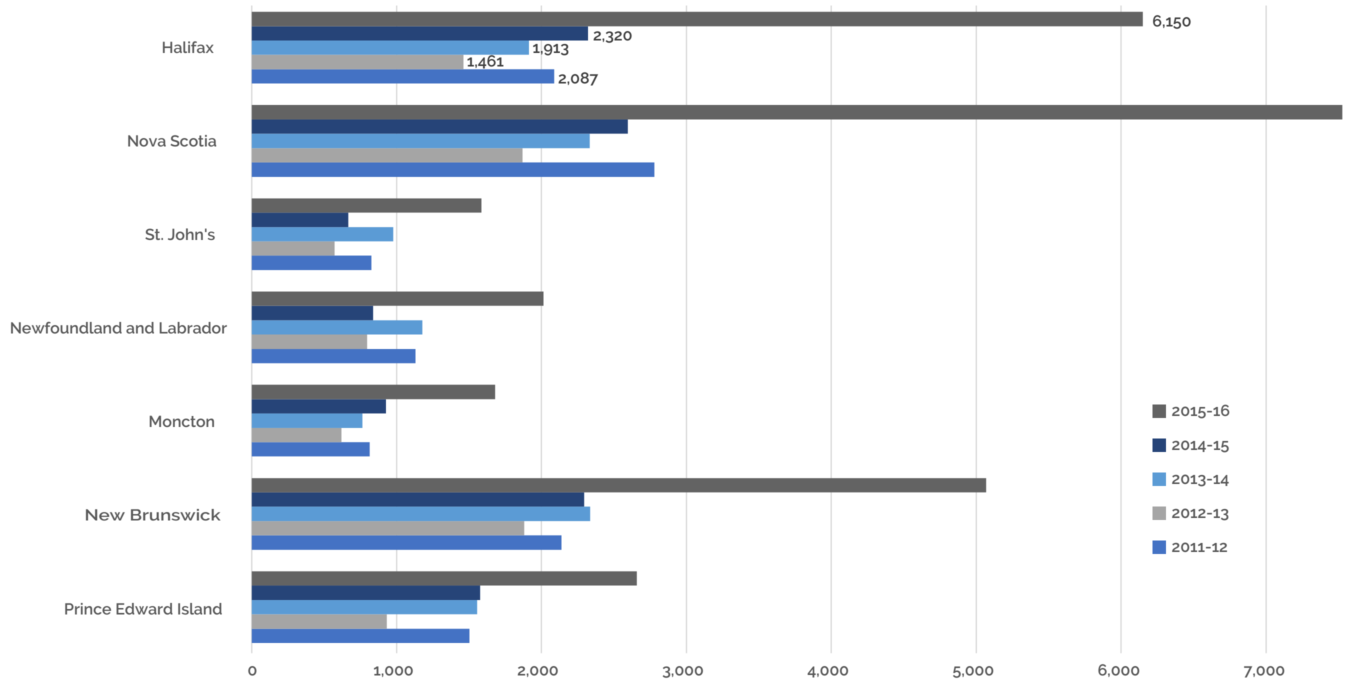
BUSINESS COMPETITIVENESS

For businesses to remain competitive and innovative, they must employ top talent in their field. It is not uncommon for a local economy to face talent shortages in high-skill occupations, which in turn slows productivity growth. The AIP creates a fast track for professional workers in addition to the Nova Scotia Demand: Express Entry, which selects highly skilled individuals who wish to live in Nova Scotia permanently. The additional 800 highly educated and skilled immigrants provided by the AIP will mean that over 2,100 trained workers could become part of Nova Scotia's workforce next year.

3 The NOC code groups are as follows: "0" is composed of management jobs, "A" is composed of professional jobs that typically require a university degree such as a doctor or dentist, "B" is composed of technical jobs and skilled trades that typically require a college diploma, and "C" is composed of intermediate jobs, typically requiring a high school diploma or job-specific training

4 International graduates require a minimum of a two-year degree, diploma, or certificate from a recognized publicly-funded institution in an Atlantic province. They need to have been a full-time student in Canada for a minimum of two years, lived in one of the Atlantic provinces for at least 16 months during the two years prior to graduation, and have the visa or permit needed to work, study, or train in Canada

Provincial and CMA Five-Year Net-International Immigration Trend



Source: Statistics Canada - Components of Population Growth

Most of these immigrants will work in Halifax, the province's economic hub. The new Atlantic High-Skilled Program creates new opportunities to accelerate the process for local businesses to hire skilled talent, such as software engineers, tradespeople, computer programmers, and doctors. It will help grow these sectors and aligns with Halifax's value proposition to further develop the IT and ocean sectors.

WHAT THIS MEANS FOR ATLANTIC CANADA

As shown in the chart above, each of the four Atlantic provinces experienced a jump in immigration last year. Nova Scotia, New Brunswick, and Newfoundland and Labrador saw their net immigration either double or triple. Prince Edward Island's immigration grew by approximately 70%.

Each of the Atlantic provinces experienced slow population growth over the past five years, with a total growth rate of 0.5%. Prince Edward Island grew the most, at 2.5%; however, given the Island's small size, this growth accounts for only 3,600 people.

HOW HALIFAX WILL BENEFIT

Halifax currently welcomes the largest number of immigrants in Atlantic Canada. According to CBRE's 2016 Canadian Tech Talent Scorecard, Halifax has seen 50% growth in the number of tech occupations between 2010 and 2015. To keep up with this demand, Halifax businesses will need to utilize tools like the AIP to attract the talent they need.[5] During this period, 2,138 mathematics and computer and information science students graduated from universities in Halifax, which is significantly less than the approximate 6,000 jobs added in the tech industry that required these skills. This suggests that Halifax schools are not producing enough graduates in the IT sector to match the growth of the industry. Using the AIP and Express Entry programs is an efficient way for IT employers to access the talent they need.

Without increasing immigration, population growth for both Halifax and Nova Scotia will stagnate as the population continues to age. Immigration is necessary to ensure the province's youth do not face an overwhelming tax burden as the number of elderly people in Nova Scotia rises. Overall, increasing immigration will benefit the economy and enhance the city's cultural diversity. Having additional

5 CBRE 2016 Scoring Canadian Tech Talent https://researchgateway.cbre.com/Layouts/GKCSearch/DownloadHelper.ashx

ECONOMY

Major projects have been a key driver in Halifax's economic growth in recent years. In 2016, major project spending in Halifax increased to $2 billion.

Key Indicators

GROSS DOMESTIC PRODUCT

- GDP growth
- GDP per capita

CONSTRUCTION

- Value of building permits
- Total capital investment
- Residential starts and sales
- Office inventory and vacancies

KEY INDUSTRIES

- Employment by sector
- Wages by industry

GATEWAY MOVEMENT

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

BUSINESS CONFIDENCE

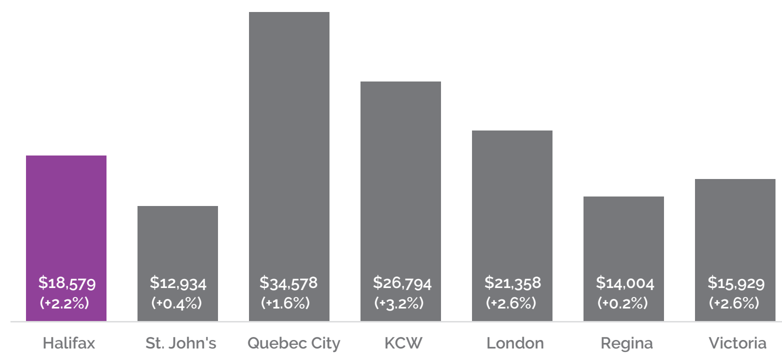
- Retail sales
- Consumer prices
- Personal incomes
- Business Confidence Index
- Rating of Halifax as a place to do business
- Optimism of current and future economic prospects

GROSS DOMESTIC PRODUCT

Halifax had another strong year for GDP growth in 2016. The Conference Board of Canada (CBoC) estimated the city's real GDP grew to $18.6 billion in 2016, an increase of 2.2%.[6] Although Halifax's GDP growth was better than the national average (1.3%), it was the third lowest growth among benchmark cities in GDP per capita (0.3%).

GDP growth in Halifax was propelled by the manufacturing sector, which grew by 5% largely due to production ramping up with the National Shipbuilding Procurement Strategy. Also, Halifax has not been deeply affected by the slow rebound in oil prices due to its diversified economy.

Real GDP Level and Annual Growth, 2016, CMAs



Source: Conference Board of Canada - Metropolitan Outlook

Moving into 2017, the CBoC predicts GDP growth of 2.4%, putting Halifax in third place among the top 13 CMAs. Growth will be led by manufacturing, construction, transportation and warehousing, and the finance, insurance and real estate (FIRE) sector. Work at the Halifax Shipyard to build new vessels for the Royal Canadian Navy is one of the main drivers for growth in the manufacturing sector.

KEY INDUSTRIES

Halifax's economy is diversified in contrast to other Canadian cities that are highly dependent on a single sector, such as Calgary and energy. Halifax is the service hub of Atlantic Canada and its employment is weighted more on service industries than the Canadian average. The largest industries by a significant margin are healthcare and social assistance, retail, and wholesale trade. This is typical for most cities, but Halifax's healthcare sector is proportionally larger as its hospitals, such as the IWK Health Centre and the QEII, service the larger Atlantic region.

Recently, growth has been focused in scientific and technical services (+4,500 jobs since 2012); healthcare and social assistance (+2,300 jobs since 2012); FIRE (+1,700 jobs since 2012); educational services (+1,600 jobs since 2012); and construction (+1,500 jobs since 2012). Though manufacturing declined during this period (-1,200 jobs), it is forecasted

6 http://www.conferenceboard.ca/e-library/abstract.aspx?did=8578

to increase in the coming years due to work at the Halifax Shipyard, where operations related to the federal shipbuilding contract are expected to peak in the early 2020s.

Halifax is known as Canada's Ocean City, and most of Nova Scotia's 35,000 ocean sector workers are based here. The majority of Halifax's manufacturing employment is focused on shipbuilding, seafood processing and packaging, and electronic equipment for ocean navigation and sensors. Nova Scotia is seeing significant growth in its lobster and seafood exports, much of which flows through Halifax Gateway facilities, such as the Port of Halifax and Halifax Stanfield.

This trend should continue due to infrastructure developments, such as the $5 million investment in new cargo space at Halifax Stanfield and $91 million for two infrastructure improvement projects for the South End Terminal and Richmond Terminal. The Comprehensive Economic and Trade Agreement (CETA) with the European Union will also create new trade opportunities for Halifax.

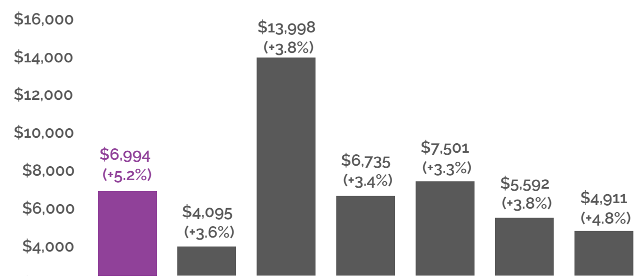
Employment by Sector, 2016		
	2016 (000s)	ANNUAL GROWTH
Total Employed	226.1	2,000
Goods-producing Sector	29.7	400
Agriculture	x	N/A
Forestry, Fishing, Mining, Quarrying, Oil and Gas	2.7	600
Utilities	1.9	- 100
Construction	15.6	700
Manufacturing	9.3	- 400
Services-producing Sector	196.5	1,700
Trade	33.6	400
Transportation and Warehousing	11.4	600
Finance, Insurance and Real Estate	16.4	300
Professional, Scientific and Technical Services	20.2	200
Business, Building and Other Support Services	10.5	- 200
Educational Services	19.9	1,900
Healthcare and Social Assistance	34.6	1,300
Information, Culture and Recreation	8.8	- 1,800
Accommodation and Food Services	15.5	- 900
Other Services	9.2	800
Public administration	16.2	- 900

Source: Statistics Canada – Cansim Table 282-0131

CONSUMER MARKETS

Retail spending in Halifax grew significantly in 2016. Sales grew by 5.2% compared to negative growth of -0.2% in 2015. This places Halifax first among benchmark cities and well above the Canadian average of 3.8%. The main driver for the rise in retail growth rates was the increase in gasoline prices from 2015 to 2016. Motor vehicle and parts sales increased by 10.6% followed by an increase of 9.8% in building material sales and a 6.1% increase in furniture and home furnishing sales. The latter two figures may be linked to home renovation activity as the middle-aged population enjoys rising disposable income or when residents make improvements to their homes before attempting to sell. Both instances could be happening in Halifax as the population is aging and seniors are beginning to downsize to smaller homes, condominiums, or apartments.

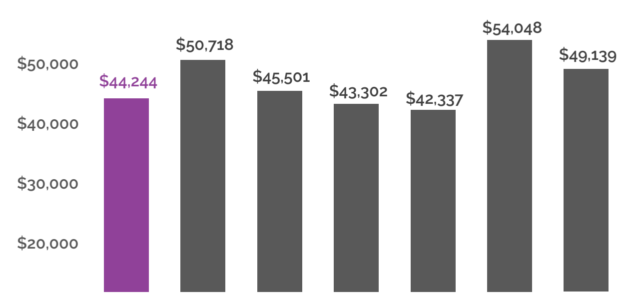
Retail Sales Level and Annual Growth, 2016, CMAs, $ Millions



Source: Conference Board of Canada - Metropolitan Outlook

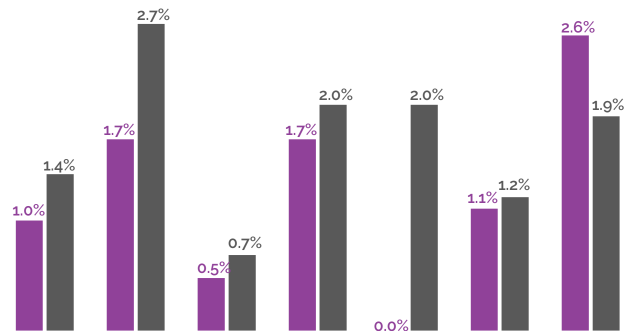
Per capita personal income increased by only 1% in 2016, to $44,200. This increase was lower than the Canadian average increase of 1.6%. Halifax placed near the bottom among benchmark cities on this measure. St. John's and Regina have larger natural resource economies, which typically produce jobs with higher salaries.

Per Capita Income, 2016



Source: Conference Board of Canada - Metropolitan Outlook

Growth in Personal Income Per Capita and the Consumer Price Index, 2016, CMAs, Percentage



Source: Conference Board of Canada - Metropolitan Outlook

CONSTRUCTION

The construction sector in Halifax saw a decline in activity in 2016 compared to 2015, but performed above the 10-year average. Annual major project spending in the city, as measured by the Atlantic Provinces Economic Council's major projects inventory, reached a record high of $2 billion in 2016. This figure is forecasted to decrease slightly to $1.98 billion in 2017.

On the residential side, housing construction declined from 2,600 to 2,300 total starts, although this remains above the 10-year average. Compared to 2015 numbers, multi-unit developments decreased by approximately 450 and single-detached units increased by 150. In spite of the increase in single-unit homes in 2016, it is still well below the 10-year average; conversely, multi-unit starts remain above the 10-year average. The resale market for single-detached housing saw an increase of about 550 sales from 2015 to 2016.

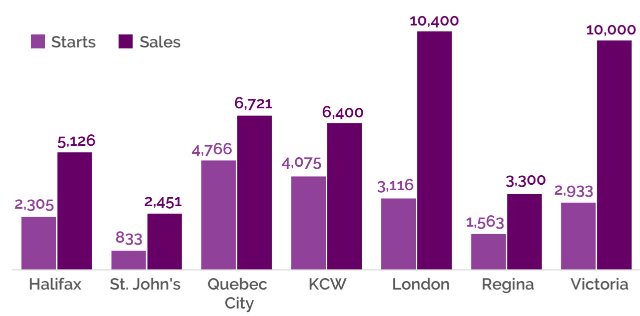
Multi-unit starts continue to grow, aligning with the Centre Plan as most of these units are being built in the city core. Interestingly, from 2011 to 2016, the number of households in the regional centre grew six times faster than the population. One of the reasons for this may be that students, young professionals and seniors are moving into smaller units in the city core.

One of the main reasons for the shift in construction from single-unit dwellings to multi-unit developments is demographic. Many Baby Boomers, with children no longer at home, are looking to downsize. Selling their house also allows them to help finance their retirement. This trend can be seen across the country, but it is more pronounced in Halifax where the population is older on average than the rest of the country.

Construction activity decreased on the non-residential side compared to 2015 due to the completion of several major projects. Investment in industrial and commercial real estate shrank by 24%, reflecting the near completion of the Nova Centre and the Big Lift. There are several non-residential projects under construction in 2017 that include The Queen's Marque (a mixed-used property that includes rental residences and a boutique hotel), IKEA, and Cabela's.

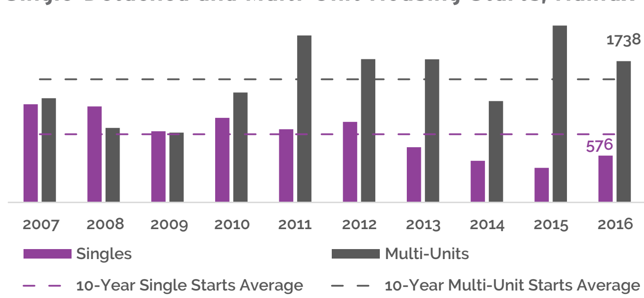
Total office space in the Halifax Regional Municipality (HRM) increased by 1.1% in 2016, with 137,251 square feet of new inventory entering the market. Office vacancy increased by 3.2 percentage points to 17.5% in downtown Halifax, while inventory remained unchanged. This reflects companies leaving the downtown core for business and industrial parks in Dartmouth and Bedford. Currently, there are 300,000 square feet of office space under construction in downtown Halifax, the majority of which is in the Nova Centre. From a buyer's perspective, businesses have an ample selection of Class A real estate, especially in downtown Halifax, which has a Class A vacancy rate of 20.3%.

Housing Starts and Resales, 2016, CMAs



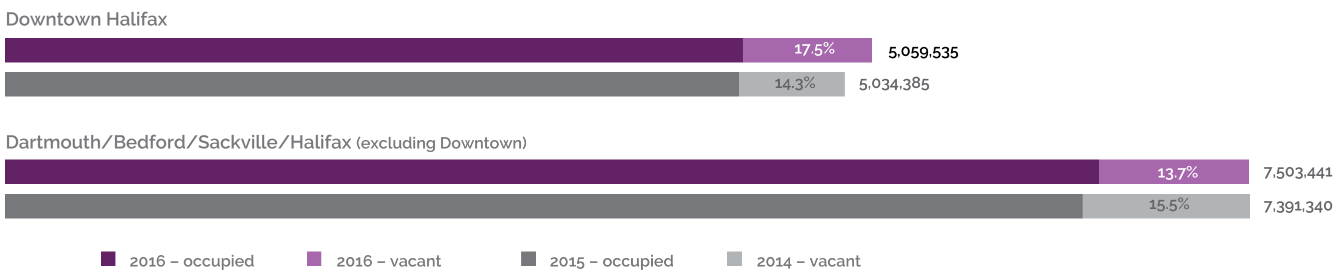
Source: Canada Mortgage and Housing Corporation - Housing Now

Single-Detached and Multi-Unit Housing Starts, Halifax



Source: Canada Mortgage and Housing Corporation - Housing Now

Total Supply of Office and Industrial Space Inventory by Region (Sq. Ft.), Halifax

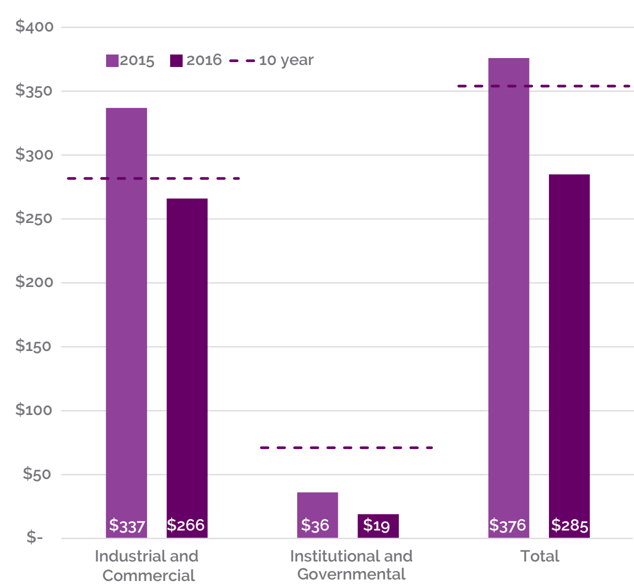


Source: CBRE

Value of Building Permits, Halifax, $ Millions

Source: Statistics Canada - Cansim 026-0006

Investment in Non-Residential Building Construction Halifax, $ Millions



Source: Statistics Canada- Cansim 026-0016

HALIFAX GATEWAY

The Halifax Gateway includes transportation infrastructure, such as the Port of Halifax, Halifax Stanfield, Halifax Logistics Park, CN's auto port and rail infrastructure, and the Port of Sheet Harbour.

2016 was the most successful year to date for the Port of Halifax and Halifax Stanfield. Cargo volumes at the former, as measured by the number of 20-foot equivalent units (TEUs) of containerized cargo, increased by 9.2%, three times as fast as in 2015. The Halifax Port Authority has launched a significant master planning exercise that will pave the way for the arrival of ultra-class containerized vessels that hold over 10,000 TEUs. This will allow the Port to support large-scale industrial mega projects and dock larger cruise vessels, which will foster increased growth over the next five to 10 years.[7] Although there were five fewer cruise ships arriving in the Port of Halifax last year over the previous year, there was significant growth in cruise passengers, 7.2%, thanks to the arrival of larger cruise ships, such as Quantum Class ships.

Halifax Stanfield recorded its busiest year ever with just under four million passengers in 2016. There was a 7.4% increase in domestic ridership and an increase in total ridership by 5.6%, although international passenger numbers declined by 4.2% compared to 2015. Preliminary cargo volume numbers indicate that it was a record year for air cargo, with more than 33,000 metric tonnes shipped. The airport added a $5 million cargo pad specifically to meet increasing international demand for Nova Scotia lobster. This will significantly increase cargo exports; each plane is expected to generate $1 million in exports for the province per flight.[8] Lobster exports to China and South Korea have been a major driver of record-high cargo

7 http://www.portofhalifax.ca/2016/11/18/halifax-port-authority-preparing-next-stage-global-shipping/
8 https://halifaxstanfield.ca/2016/12/lobster-worth-millions-takes-flight-holidays/

movements for the airport for the past three years. CETA will further pave the way to ship even more Nova Scotia seafood to the European market.

The Halifax Gateway has continued to grow over the past three years. The investments mentioned here and the low Canadian dollar make the Port of Halifax and Halifax Stanfield attractive shipping destinations.

Total People, Plane/Cruise Movement and Cargo Movement Through Halifax Gateway							
Year	Air Passengers (En/Deplaned)	Cruise Passengers	Plane Movements	Cruise Ships	Port Cargo	TEUs	Air Cargo
2015	3,702,705	222,309	82,478	141	7,569,286	418,359	32,000
2016	3,908,799	238,217	84,972	136	8,272,345	480,722	33,329

Source: Statistics Canada, Port of Halifax, Halifax Stanfield

BUSINESS CONFIDENCE

Business confidence in Halifax hit an all-time high in the Halifax Partnership's latest Business Confidence Index (BCI). The BCI measures respondents' confidence in current and future economic prospects in Halifax. It ranges from -100 to 100. The BCI is currently at 29.1 after last year's record 28.1.

Overall, Halifax businesses are confident about current and future economic opportunities. Out of 300 businesses surveyed, 88% stated that they were either extremely (10%) or moderately optimistic (78%) about their economic prospects. The share of businesses that rated Halifax as an above-average place to do business decreased slightly (from 26% in 2016 to 23% in 2017), while more people rated the city as average (from 55% in 2016 to 60% in 2017) or below average (from 17% in 2016 to 12% in 2017).

Business confidence rings true in businesses' responses regarding labour. Out of the 300 businesses, 180 (60%) intend to hire additional staff in the next year. Twenty-two percent of respondents had recruited immigrants to their workplace over the past two years with 87% of those describing the recruiting process as completely or mostly favourable and 76% saying their experience retaining immigrants was completely or mostly favourable. However, 61% of companies stated that they will not make major investments in facilities or equipment, and 85% said they will not make a major investment in R&D. It is good news that companies are feeling confident and are planning to hire additional workers, but weak investment levels in capital equipment and R&D are not good signs in terms of expectations for innovation and productivity growth.

Business Confidence Index, Halifax						
Year	General	Regions			Age of Business	
	Overall	Halifax	Dartmouth	Other HRM	New (<10 Years)	Established (10+Years)
Spring 2013	24.5	25.2	25.4	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
Spring 2016	28.1	26.9	36.7	20.2	34.0	26.7
Spring 2017	29.1	27.3	32.9	27.5	29.2	28.8

Source: Halifax Partnership Business Confidence Index Spring 2017

Rating of Halifax as a Place to do Business and Optimism of Current Economic Prospects									
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 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%
Spring 2016	26%	55%	17%	5%	13%	69%	13%	2%	2%
Spring 2017	23%	60%	12%	4%	10%	78%	8%	2%	1%

Source: Halifax Partnership Business Confidence Index Spring 2017

ANALYSIS: Rural Halifax

Last year's Index contained a special analysis entitled "A Rural Halifax Profile." This is now a standard part of the document.

We are currently in year two of *Halifax's Economic Growth Plan 2016-21*. The plan identifies quality of life as one of the core components of the city's value proposition due in part to the unique "big city" amenities and "small town" feel afforded residents. There are few cities in Canada that can match the rural-urban lifestyle that Halifax offers.

However, rural Halifax communities face a major challenge: they can be overshadowed by an emphasis on the urban core. In reality, Halifax has the largest rural share of total population (19.8%) among cities with a population above 250,000, with a distant second place going to St. Catharines-Niagara (11.3%).

Rural and urban parts of Halifax are characterized by different types of businesses. Rural businesses largely fall under professional services, other services, and construction sectors, apart from the Eastern Rural area, which has a large agriculture, fishing and forestry sector as seen in the graph below. With approximately 45–60% of rural businesses in professional or other services, access to broadband communications networks is crucial.

Related concerns have been voiced by business owners. The Partnership's April 2017 SmartBusiness Quarterly Report noted that 39% of Halifax business owners listed internet/broadband as a top-three issue for their operation. This is up significantly since April 2015, when internet/broadband was considered a concern by only 11% of business owners.

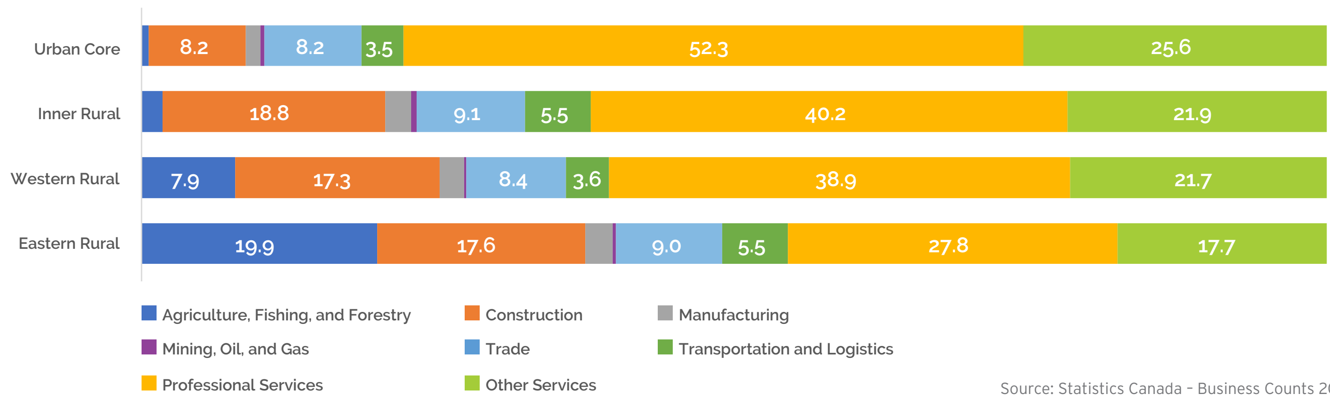
Many rural regions do not have access to broadband internet services. Within Halifax's boundaries, four communities will receive $300,000 for the installation of new towers and extension of fibre cables. The approved communities in Halifax were Watt Section, Harrigan Cove, Moser River and Goffs-Devon, with funding announced for 17 other rural communities across Nova Scotia. Additional Federal funding has been provided through the Connect to Innovate program.

Total and Rural Population for Select CMAs, 2016

	Population (000's)	Rural population (000's)	Rural share of total (%)
Toronto	5,928.0	121.2	2.0
Montreal	4,099.0	130.0	3.2
Vancouver	2,463.0	46.7	1.9
Calgary	1,392.6	39.9	2.9
Ottawa - Gatineau	1,323.8	145.5	11.0
Edmonton	1,321.4	108.8	8.2
Quebec	800.3	71.7	9.0
Winnipeg	778.5	52.3	6.7
Hamilton	747.6	43.2	5.8
Kitchener - Cambridge - Waterloo	523.9	22.9	4.4
London	494.1	43.5	8.8
St. Catharines - Niagara	406.1	46.0	11.3
Halifax	403.4	80.0	19.8
Oshawa	379.9	21.3	5.6
Victoria	367.8	22.8	6.2
Windsor	329.1	27.1	8.2
Saskatoon	295.1	24.1	8.2

2016 Census of Population

Business Location Share by Industry, 2016, Percent of Total



Source: Statistics Canada - Business Counts 2016

This program mainly focuses on building backbone infrastructure, as well as last mile connections to homes and businesses in rural and remote communities. Communities in rural Halifax have already applied and successful applications will be announced this summer.

Rural communities must often get creative to create local economic opportunities as they do not have the amenities that the urban core does. For instance, the Musquodoboit Harbour & Area Chamber of Commerce & Civil Affairs worked with the community to establish a Visioning Action Plan. This will enable all members of the community to work together towards a cohesive plan which takes into account new economic opportunities, street scaping, planning, recreation, and more. The Nova Scotia Nature Trust has raised $7 million to protect islands between Clam Harbour and Mushaboom Harbour, and the Wild Island Tourism Advancement Partnership (WITAP) has been working to create a sustainable tourism industry along the area from Musquodoboit Harbour to Sherbrooke by promoting the area while preserving the land. To date, the Nova Scotia Nature Trust has protected 80% of this land, totaling over 7,000 acres. Thanks to the efforts of WITAP Local Chambers of Commerce and other community groups, 100 Wild Islands will foster opportunities for tourism companies and entrepreneurs.

Blasting has begun at the Moose River Gold Mines and 140 workers have been hired as part of the Touquoy Gold Project. It is hoped hundreds more will be hired to work on four upcoming projects. The first two projects are expected to yield 720,000 ounces of gold, and if all four projects are successful, the company expects to extract 1.2 million ounces of gold in total.

Resource Capital Gold Corp. is re-opening the Dufferin gold mine near Sheet Harbour and it owns the nearby Tangier and Forest Hill gold mines. The Dufferin Mine has completed a preliminary economic assessment that projects 216,050 ounces will be recovered over the anticipated 10-year life of the mine. A preliminary economic assessment is expected to be completed for both the Tangier and Forest Hill gold mines in 2017.

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 their creative potential.

Key Indicators

SAFETY

- Total violent crime indices
- Incidence of traffic collisions
- Crime statistics

COMMUNITY

- Municipal voter turnout
- Federal voter turnout

AFFORDABILITY

- Personal income per capita
- Low income immobility rates
- Low income entry rates

ARTS, CULTURE AND RECREATION

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

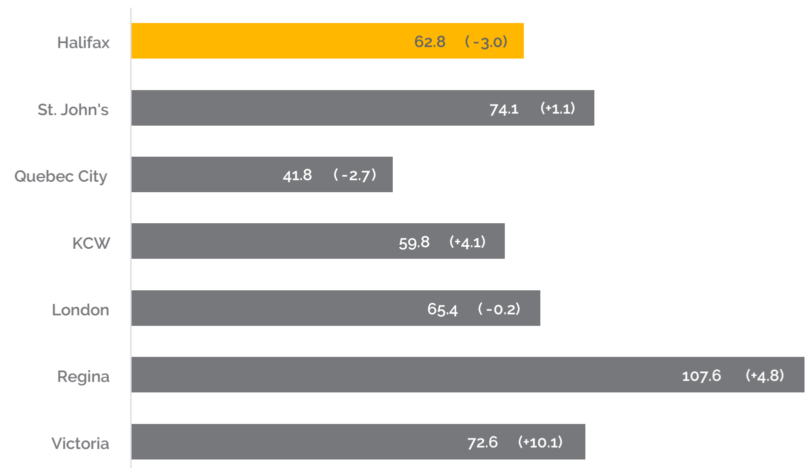
HEALTH

- Nova Scotia average hospital wait times

SAFETY

Statistics Canada's most recent Total Crime Severity Index (TCSI), which measures the incidence and severity of crime over time and across cities, has again dropped for Halifax. The TCSI decreased in Halifax for the seventh straight year in 2015, dropping 4.5% last year and 53.4% since Halifax's peak TCSI in 2004. Halifax's score is lower than the Canadian average and third lowest among benchmark cities.

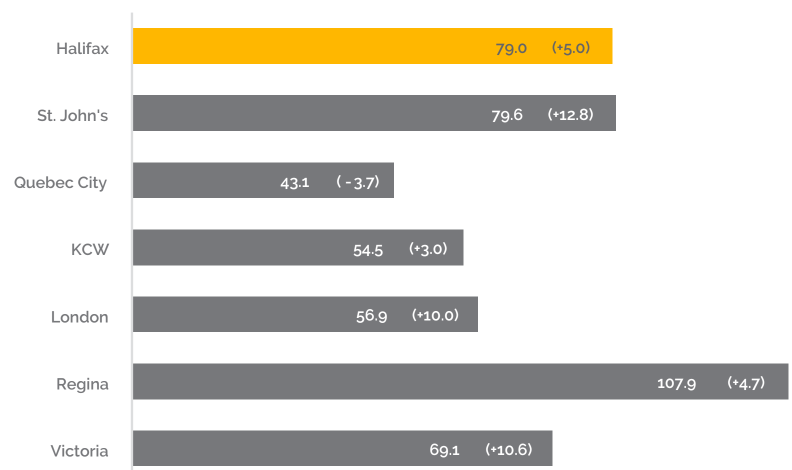
Total Crime Severity Index Level and Annual Change, CMAs, 2015



Source: Statistics Canada - Crime Severity Index

Halifax's Violent Crime Severity Index (VCSI) increased by the largest increment since 2011, by 6.9%. However, the VCSI remains 48.9% lower than its peak in 2006. Halifax remains second highest among benchmark cities. The three cities with the lowest VCSI scores are under 60, compared to Halifax's 79.

Violent Crime Severity Index Level and Annual Changes, CMAs, 2015



Source: Statistics Canada - Crime Severity Index

Incidence of Crime, by Category, HRM									
Year	Person Crime	Property Crime	Criminal Other	Federal	Provincial	Traffic Criminal	Traffic Collision	Traffic Fatalities	Traffic Injured
2015	2,693	9,602	7,331	1,104	38,743	2,827	8,075	19	733
2016	2,532	9,699	7,108	1,100	40,855	2,558	8,562	7	786

Source: HRM - Halifax Regional Police

Data from the Halifax Regional Police on the incidence of crime show in detail how Halifax's overall crime rate is decreasing. Personal crime and other criminal offences decreased for the second straight year, while property crime increased by about 100 cases. The number of traffic collisions increased by about 500. However, there were seven traffic fatalities, the lowest in the past 10 years.

The City Matters survey asked respondents how safe they felt in certain scenarios. When asked if they felt safe in their own neighbourhoods, 80% said they felt very or mostly safe, 45% said they felt very or mostly safe taking public transit home after 10:00 p.m., and 40% said they felt very or mostly safe walking alone at night in downtown Halifax. Three-quarters of respondents said yes when asked if there are areas of Halifax they avoid for safety reasons.

AFFORDABILITY

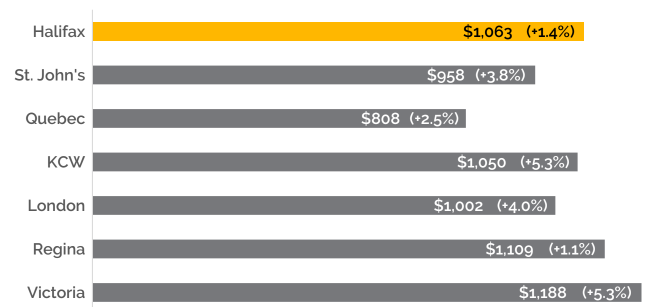
Affordability is a function of income and cost. If a city generally offers high wages, high housing or rental costs may be considered affordable. On the other hand, if incomes are low, relatively low living costs may not be affordable. Halifax lands in the middle of the benchmark cities, on par with Kitchener-Cambridge-Waterloo in third place. Halifax's per capita income was $44,244 last year, falling below the Canadian average and ranking among the lowest of the benchmark cities. Annual growth was also lower than the national average and among the lowest of benchmark cities.

The average monthly rent in Halifax increased slightly by 1.4% in 2016, the slowest price growth of all benchmark cities, except for Regina. Halifax's average rent for a two-bedroom residence remains third highest at $1,063 as vacancy rates are low at 2.6%. In the past year, Halifax's population increased by a record 2%, with the majority of growth coming from immigration. This growth has the potential to keep vacancies low.

The City Matters survey asked respondents to rate the cost of food and groceries in Halifax for most residents. Just over half (52%) gave a rating of affordable or somewhat affordable, while 46% said not very or not at all affordable. Additionally, 27% of respondents said they were not able to afford the food to feed themselves or their family in the way they would like and 20% said they sometimes have to choose between food and other life necessities.

More than half (54%) of respondents said that Halifax's urban development policies do not place enough emphasis on providing affordable places for individuals and families to live.

Average Monthly Rent for Two-Bedroom Apartments, CMAs, 2016

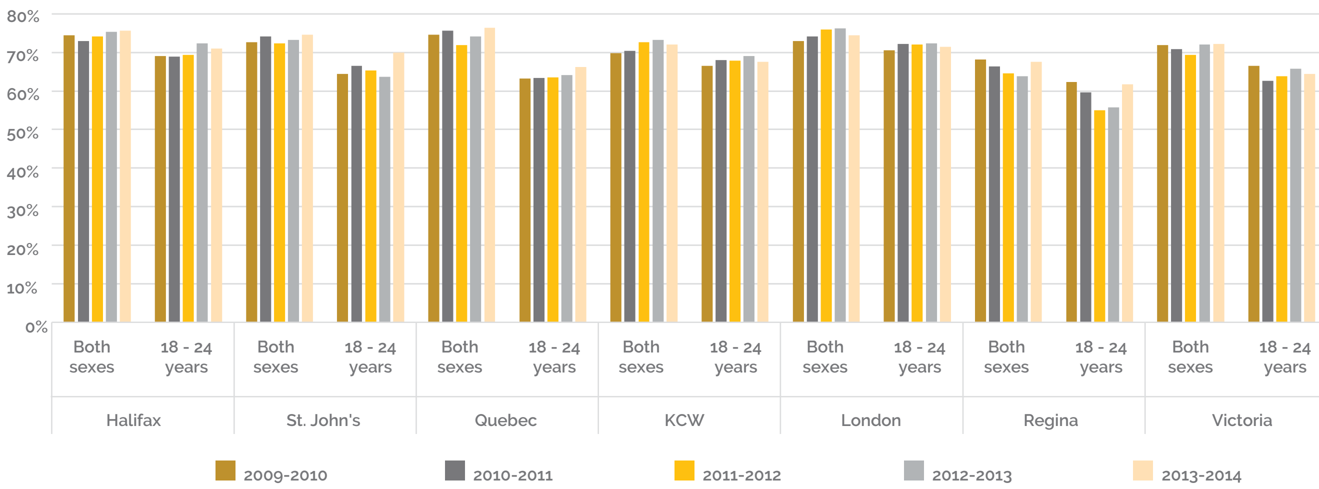


Source: Canada Mortgage and Housing Corporation

In 2015, new Cansim datasets measuring low income metrics were established. One measurement, the low-income entry rate, is the percentage of tax filers who reported low income in the second year but not the first year. Another measurement, the low-income immobility rate, is the proportion of tax filers who continued to stay in the low income category in the second year.

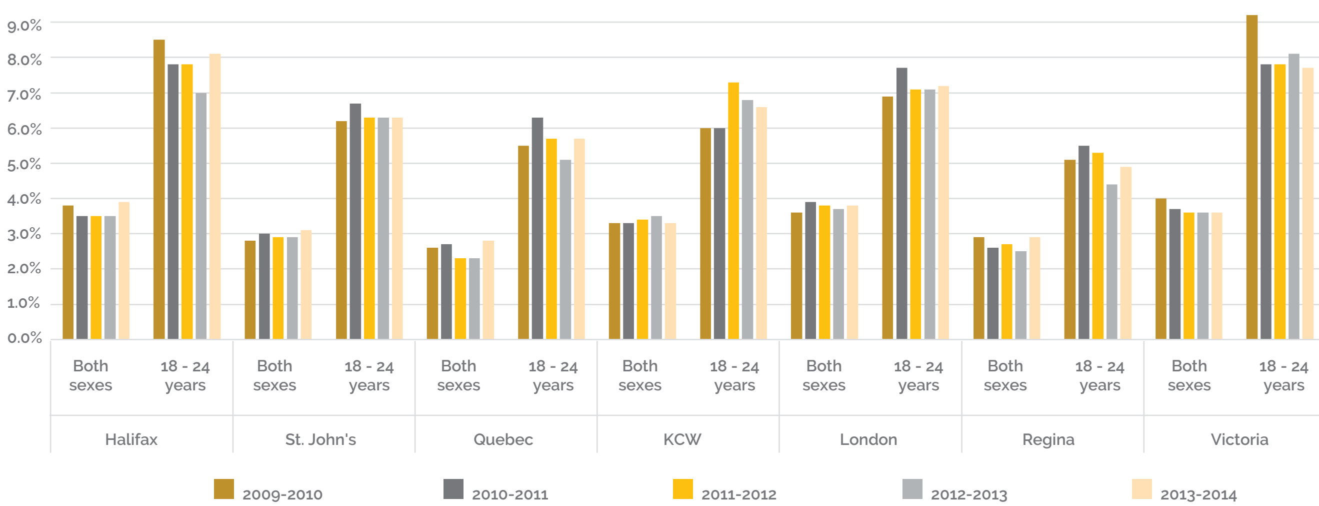
Halifax youth aged 18–24 had the second highest low-income entry rate among benchmark cities. The rate for the 18–24 age cohort is double the rate for tax filers overall, which is the same for all benchmark cities. A similar gap occurs when youth unemployment and overall unemployment are compared.

Low-Income Immobility Rates, 2009-2014



Source: Statistics Canada - Taxfiler data

Low-Income Entry Rates, 2009-2014



Source: Statistics Canada - Taxfiler data

Youth often struggle to enter the workforce after school and typically face challenges such as underemployment and the precariousness of the "gig" economy. Compared to benchmark cities, Halifax has the second highest low-income entry rate, behind Victoria. However, both Halifax and Victoria saw a lower percentage of youth falling into this category in 2014 than they did in 2009.

Halifax tied for last place for the low-income immobility rate at 75% compared to the average of 72%. Halifax's 18–24 age group also experienced higher-than-average immobility rates, with a rate of 70% compared to the benchmark figure of 66%.

HEALTH

Many Haligonians and Nova Scotians are struggling to find a family doctor. Only 86% of Nova Scotians and 80% of Halifax residents have a family physician.

The province is working to increase the number of family physicians as wait times escalate and many general practitioners approach retirement. To help address the issue, the Nova Scotia Health Authority (NSHA) has put in place a physician recruitment service, which includes signing bonuses, reduced overhead and opportunities to take over a successful practice.

In 2017, the Nova Scotia government awarded a contract to design and construct state-of-the-art operating rooms and interventional suites at the Halifax Infirmary. These renovations will include two new operating rooms, one with specialized equipment and features that allow for the use of advanced diagnostic imaging equipment. The renovations are expected to be completed in the fall of 2020.

There are ongoing renovations occurring at the Dartmouth General Hospital, costing between $132 million and $138 million. These renovations will create four additional operating rooms and provide for another 48 beds.

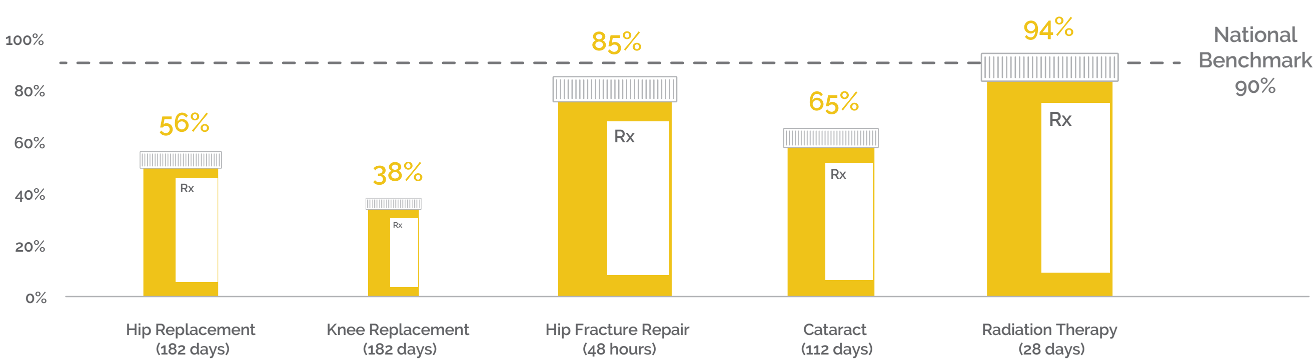
The Centennial and Victoria buildings at the Victoria General (VG) Hospital will be taken out of service in 2020 and demolished in 2022. The VG has been plagued with issues such as heating problems, rodents, bedbugs, floods, and sanitation concerns that have resulted in hundreds of surgeries being cancelled. At the VG site, the Nova Scotia Cancer Centre is continuing as planned. Currently, the VG is home to 1,200 research projects.[9]

According to its annual report, the Health Authority received $26,700,000 in research grants and contracts during the 2015–16 fiscal year. ACOA's Atlantic Innovation Fund (AIF) has invested $8.6 million in four large commercialization projects since 2011 and another $7.3 million in the NSHA. One of the projects that received funding is InStride, a smartphone app that allows people to monitor their walking patterns and share it with a clinical care team. This app is being used pre- and post-surgery, as well as during the physiotherapy portion of recovery. The research team is working with Halifax's Kinduct Technologies to develop an online physiotherapy platform. NSHA is also investing research money to help prevent mental illness in children, which has been on the rise for the last five years. Children aged one to 21 are eligible to participate in the research project, which will observe participants for five years or longer to identify what factors best predict and prevent mental illness.

In addition to the work the NSHA is doing in mental health, the Mental Health Foundation of Nova Scotia is increasing awareness and support for mental health through various initiatives. Since 2006, the Foundation has provided more than $3 million in funding through its grant program. In 2016 alone, the grants impacted an estimated 39,000 individuals directly and 200,000 indirectly.

The Canadian Institute for Health Information (CIHI) releases annual statistics measuring each provinces' wait times for surgeries and procedures against a benchmark, which is measured in length of wait time in either days or hours. The goal is for 90% of patients' wait times to be equal to or lower than the benchmark wait times. The way to read this is, if the procedure is scoring 90% or better in the graph below, it is meeting or outperforming the national benchmark. Unfortunately for Nova Scotia, the only procedure meeting the national benchmark is radiation therapy, but all procedures have shown significant improvement over the past five years with wait times improving by at least 5% in each category. When the data are reviewed by each hospital region, the only benchmarks available for NSHA Central (Halifax) are hip replacement and knee replacement, both of which have longer wait times than the provincial average.

2016 (April to September) Wait Times for Assorted Procedures in Nova Scotia Compared to National Benchmark



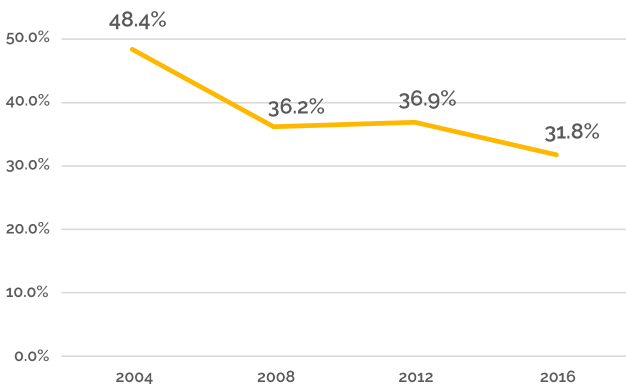
Source: Canadian Institute for Health Information

9 http://atlantic.ctvnews.ca/n-s-unveils-plan-for-trouble-plagued-victoria-general-hospital-1.2868976

COMMUNITY

Turnout among Halifax voters in the October 2016 municipal election showed a significant decrease compared to 2012. Only 32% of Haligonians voted compared to 37% in 2012. Municipal voter turnout is typically far lower than for federal and provincial elections.

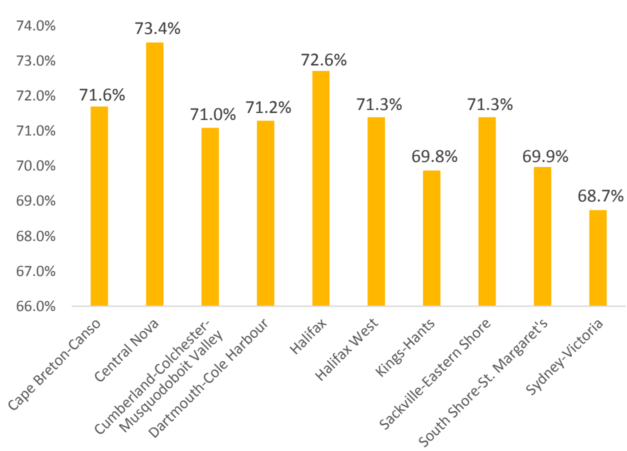
Voter Turnout, Municipal Election



Source: The Chronicle Herald and others

For the 2015 federal election, the average voter turnout across electoral districts in Nova Scotia was 70.8%. The four Halifax-area ridings were among the top five in the province in terms of voter turnout.

Voter Turnout, Federal Election by Electoral District, 2015



Source: Elections Canada - Results by Riding

ARTS, CULTURE, AND RECREATION

In earlier times, a city's advantages were largely defined in physical terms, such as proximity to shipping lanes and railroads, and access to raw materials, or by cost factors like cheap energy and inexpensive labour. As the world hurtles towards a knowledge-based economy, the most important attribute a city can have is an abundant pool of skilled and talented workers, and for any city that wants to attract and retain such people, artistic, cultural, and recreational assets are crucial.

Residents looking for local, national, and international live music have a number of venues to visit in Halifax, such as Neptune Theatre and the Rebecca Cohn Auditorium. Halifax is also home to Nocturne: Art at Night, Pride Week, the TD Jazz Fest, Halifax Pop Explosion, HalCon, and the Busker Festival. The upcoming completion of the Nova Centre will grow Halifax's capacity for new and expanding cultural events. There are also many local amenities to enjoy with 100 coffee shops, 60 bars, 15 microbreweries, three rural wineries, and a cidery.

Despite the many cultural opportunities that Halifax boasts, employment in the arts and culture sector decreased for the second year in a row, with 300 jobs lost. Wages in this sector suffered, decreasing by $3 per hour in contrast to the $0.70 wage bump experienced by all other sectors.

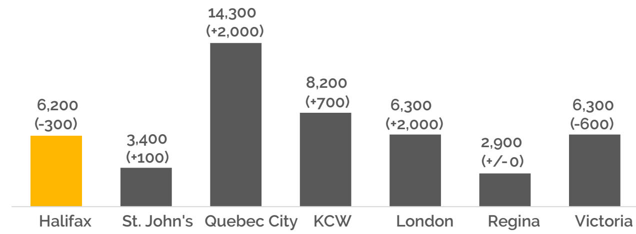
Halifax is a city that prides itself as culturally diverse and accepting. We embrace our roots as a major part of Canada's immigration history with one in five Canadians having entered the country through Pier 21 between 1928 and 1971.

Halifax is also home to the Nova Scotia College of Art and Design (NSCAD), one of the top art colleges in Canada, and the Halifax Central Library, which has won the Governor General's Medal in Architecture—the only Governor General's medal winner in this category in Atlantic Canada.

Halifax Public Libraries are projected to surpass last year's record visits and program attendance. In 2016–17, it is anticipated that 213,968 people will take part in library programs, 3,637,816 will visit in person, and 2,091,678 visitors will access the library online. The new Halifax Central Library continues to be the driver for growth in program attendance and in-person visits. Its location, design, and services are attractive to all members of the community.

The $40 million Dartmouth Multi-Pad will open in time for the minor hockey season this year. It boasts three NHL-size rinks, an Olympic-size rink, 22 locker rooms, and four additional locker rooms to support the existing All-Weather Sports Fields on the premises. Sports and Entertainment Atlantic has proposed a 5,000 to 7,000 seat pop-up stadium with the goal of hosting a Halifax pro soccer franchise for the 2018 season.

Employment in Arts, Culture, Recreation and Sport, CMAs, 2016



Source: Statistics Canada - Labour Force Survey

MQO PRESENTS: CITY MATTERS SURVEY

In collaboration with MQO Research, the Halifax Chamber of Commerce and the United Way, the City Matters survey, last conducted in late 2014, was reprised in the winter of 2017.

This survey sought Halifax residents' views on a variety of topics, including perceived quality of life, municipal services and transportation, community safety and inclusiveness, economic prospects, and poverty.

Findings across several topics are summarized to the right. Additionally, where applicable, specific City Matters findings are referenced in other sections of the *Index*.

In considering the results, note that respondents to the 2017 survey were a different demographic (older) as compared to respondents to the 2014 survey.

QUALITY OF LIFE

When asked to rate the overall quality of life in Halifax on a scale of 1 (very poor) to 10 (excellent), 77% of respondents gave an answer of 7 or higher (as compared to 84% in 2014). The mean score in 2017 was 7.2, down from 7.7 in 2014.

Scores for a variety of aspects of quality of life are presented to the right.

City Matters Survey Results

	2014 Mean Score	2017 Mean Score
Overall quality of life	7.7	7.2
Good place to raise a family	7.7	7.8
Restaurants and cafés	8.1	7.6
Welcoming neighbourhoods	NA	7.1
Opportunities for residents to get involved in their community	NA	7.0
Outdoor recreational facilities	7.3	6.8
Indoor recreational facilities	7.2	6.8
Arts and cultural events	7.4	6.8
Commute time from home to work	NA	6.6
City is easy to get around (traffic disruptions and navigation)	6.6	5.9
Availability of affordable housing	6.1	5.7

Source: MQO Research - City Matters Survey 2017

MUNICIPAL SERVICES

Respondents were asked their opinions on various municipal services. The lowest mean score of 5.1 went to road maintenance, while the highest went to garbage collection at 7.7. In between were snow clearing (6.3), recreation facilities (6.9), water services (7.0), green spaces (7.1), and police services (7.4). The 2014 results were similar.

Several questions were asked about transit services. When asked if buses stopped close to where respondents lived and worked, 50% gave a top-three score (8, 9, or 10). When asked about transit affordability, only 39% gave a top-three score. Top-three figures dropped to 28% when asked whether buses run on schedules that are convenient and 24% when asked whether buses arrive frequently with short wait times. Unlike many other questions, the responses to these transit questions showed significant regional variation. The mean score for "buses stop close to where you live and work" was over 7 for both Dartmouth and Halifax (that is, the area that once was the City of Halifax prior to amalgamation), but only 5.6 for respondents from other parts of the HRM. Questions on schedule convenience and frequency of arrivals/length of wait times garnered a mean score greater than 6 from Dartmouth residents but residents in Halifax and those in other parts of the HRM were just above 5.

COMMUNITY

Several questions were posed about the nature of the local community.

Respondents were asked how tolerant and inclusive they felt Halifax was toward different groups of people, using a scale from 1 (highly intolerant and exclusive) to 10 (highly tolerant and inclusive). In 2017, 52% gave a top-three answer for the LGBTQ+ community, 49% for people for non-Christian religions, and 45% for immigrants. The corresponding figures in 2014 were 54%, 45%, and 39% respectively.

When asked to rate Halifax as a place where women are respected and treated equally, 56% said the city was excellent or good, 30% said fair and 9% said poor. Of particular note: 17% of male respondents rated the city excellent in this area compared with only 5% of women, and 5% of men said poor in contrast to 12% of female respondents.

DEVELOPMENT

The city's policies were believed to favour development by 31% of respondents and to inhibit development by 19%; 24% said neither favour nor inhibit, and 26% said don't know or had no answer.

In terms of heritage preservation, 16% said policies placed too much emphasis on preservation, while 25% said too little; 34% said the balance was right, and 25% said don't know or had no answer.

As for green space and nature preservation, only 4% thought there was too much emphasis while 33% said not enough; 39% thought the balance was right, and 23% said don't know or had no answer.

SPECIAL ANALYSIS: Halifax's Commercial Tax System

Authored by Paul Jacob, Economist, Halifax Partnership

POLICY CHANGES AND THE POTENTIAL IMPACTS ON BUSINESS

As part of an ongoing review of the Halifax Regional Municipality Charter, the city and Regional Council are taking the opportunity to update many of Halifax's policies. Part of this review concerns how the commercial property tax system affects existing businesses.

Over the past few years, businesses and business advocates, including the Partnership, have identified several issues with our commercial tax system, including fairness, volatility, consistency with city planning and the relationship with municipal operating costs. Improving this system could positively impact economic growth, but changes also present potential risks.

On November 10, 2015, Regional Council directed the Mayor to write a letter to the Department of Municipal Affairs requesting a wider array of tax powers. In response, the Minister for Municipal Affairs introduced Bill 177 and Bill 52, Acts to Amend Chapter 39 of the Acts of 2008, the Halifax Regional Municipality Charter. While Bill 177 granted powers for specific commercial properties, Bill 52 granted more substantial and general commercial taxation powers. By November 10, 2016, both bills had undergone third reading and received royal assent into law.

Requested Powers by Halifax Councillors	
Requested Powers	**Granted**
Base Charge per Dwelling	No
Base Charge per Property	No
Categories/Size of Business	No
Frontage Size	Yes
Graduating Rates	Yes
Infrequent Assessment	No
Maximum Charge	Yes
Minimum Charge	No
Regional Rates	Yes
Size of Property	Yes
Size of Structure	Yes
Surtax	No
Tax Averaging	No

What these new powers will mean for residents and businesses of Halifax is an unresolved but critical question. Much depends not only on what powers the city has, but on how they will be used.

NEW TAXATION POWERS

When Bill 52 passed, it granted the municipality the ability to implement several new tax powers. While the city originally sought these powers for both residential and commercial properties, the new act only grants these powers for commercial properties. Now the Municipality can charge taxes based on:

- Different rate systems for designated geographic areas (regional rates)
- A square foot or square metre basis for either the size of the building (size of structure) or footprint of the property (size of property)
- The amount of property adjacent to a roadway (frontage size)
- A set maximum amount per property (maximum charge) or different rates on property values exceeding a base amount (graduating rates)

TAX FAIRNESS

Businesses have often argued that taxes should be allocated based on a company's ability to pay, meaning different taxes for small and large businesses. There is not a clear correlation though between the ability to pay and property ownership. In theory, this could be accomplished using graduating rates that mimic a progressive tax. However, in practice this is a more challenging task.

Graduating rates based on total assessment, frontage, size of property and/or size of building would not effectively distinguish between large and small businesses. This approach would impose higher rates on larger buildings, but a larger building does not mean a larger business. Many small businesses operate out of large spaces, such as tall office towers. Manufacturers tend to need larger industrial space given the nature of their operations. Further, it would be relatively easy for a larger business to change its commercial footprint to adapt to a new tax system—to substitute away from higher taxes. They could split their operations into several smaller buildings, or even split their business into several smaller business operations.

Tackling tax fairness is not an impossible task, but property taxes may be the wrong tool to address equity issues. Property taxes are only one part of the tax bill that businesses pay. A better means of addressing equity issues may be via the province's corporate income tax system.

TAX VOLATILITY

Addressing tax volatility involves ensuring that changes in how much tax a business owes are predictable and gradual, but this does not fully address the issue.

Business owners are concerned about the volatility introduced when a nearby area is developed. Building an expensive new development can sharply increase the assessments of nearby properties. This puts pressure on existing business owners to sell; they must pay higher taxes from the increase in their assessment, but can only capitalize on the higher property value when they sell the property. It also hurts tenant businesses who see the higher taxes passed down to them in the form of rent increases but do not immediately see the gains from greater density or commercial traffic. The new tax powers given to HRM do not provide the city with effective tools for addressing this issue since they do not distinguish between changes in assessment values over time. This leaves the municipality with blunt instruments for addressing volatility.

It may be helpful to use tax averaging: businesses would pay taxes based on the average assessment over a set number of years. If a property had a sudden change in its assessment, the taxes owing on that change would be collected more gradually. However, Bill 177 only allows for this approach, which shifts volatility to the municipality to be used on a case-by-case basis, not in a broad-based way.

CITY PLANNING

One of the growing concerns among business advocates is that the development and occupancy of new commercial properties does not align with the city's overall plans for growth. While the city is looking to promote urban and main corridor density for its important economic benefits, many office and commercial property occupants are opting to move to business parks where land is less expensive. This trend discourages more intense use of economic resources and often requires costly expansion to municipal services.

Regional rates are one tool for addressing this issue—setting lower overall rates for specific regions to encourage dense use of existing service areas. Still, the revenue must be made up somewhere. To finance lower rates in specific regions, overall rates elsewhere must be higher. However, the increased densification will also promote higher property values and economic activity. Therefore, one should consider this tool a trade-off, to some extent, between lower overall tax rates and higher economic activity. This approach has its limitations. Municipal property taxes are only a small share of a company's total tax bill, and it may take a substantial difference in rates to sufficiently motivate businesses. How this could be applied in Halifax is an unanswered question that requires further study before implementation.

OPERATING COSTS

A chief concern with any tax system is whether it is affordable. The municipality relies on property taxes to finance, often essential, services. While the city has been supportive of overall economic growth, new businesses and residences drive costs. Accordingly, the tax system should not discourage growth, but should share in some of that growth's benefits. Achieving this balance is made more difficult with the city's limited tax tools.

Looking at the array of tools now available to the city, a tax based on frontage could help align the cost of new development with the need for additional revenue. Street frontage typically scales with a city's major cost drivers. The longer the road, the more pavement it needs, the more drainage it needs, and so on. Therefore, it would make sense that those responsible for driving costs up for the city should be the ones who pay for that cost.

Unfortunately, the benefits to the business do not scale with frontage size. A business typically does not care if its storefront is 40 feet or 400 feet, and businesses in office towers do not have any street frontage at all. This can lead to very peculiar incentives, such as businesses on corners being significantly less profitable than those with only one side facing a street. It comes at a heavy cost to retail establishments who require frontage, compared to office space, which can be stacked. The benefits of aligning costs and revenues may be outweighed by the drawbacks and peculiarities it causes in business location selection.

The suite of new tools does not provide many new ways for the municipality to align cost drivers to revenues, but property taxes loosely accomplish this goal. As Halifax grows, the city's growing property values will provide revenue. It will be important for tax policy to keep operating costs in mind, but the tax tools that address this should be weighed against detrimental outcomes they create.

CONTEXT FROM OTHER CITIES

Even with new powers, Halifax is a city with a small toolbox. Ontario and Saskatchewan provide a broad suite of approved powers to their municipalities and let each city select which tax powers to apply. There also have been calls from mayors across Canada, most recently Calgary Mayor Naheed Nenshi, to allow municipalities greater leeway in shaping their tax structure. Councillors in Toronto advocate for even more advanced tools, such as sales taxes, income taxes, or highway tolls. Municipal tax systems are vast and diverse, which has allowed cities to serve as lessons for others. For example:

Graduating Rates

The City of Toronto has used graduating rates on certain properties since 2008, applying a small rate differential for the first $1 million of the property's assessed value. This was implemented primarily to help smaller businesses. However, there is no real connection between small buildings and small businesses, as discussed. For this reason, municipalities such as Brantford, Hamilton, Niagara, Muskoka, and the Peel Region have rejected or opted out of adopting this sort of reform. Most cite the inability to target small businesses.

Assessment Caps

Toronto has had a 5% cap on commercial tax increases since 2006. However, since 2009 it has been trying to phase out this policy. While well intentioned, caps on property tax increases can have very problematic results, as is the case in Toronto. If the cap is too low to keep up with the long-term rate of assessment inflation, properties become permanently stuck under the cap. This revenue needs to come from somewhere, leading overall rates to rise and punishing all taxpayers. It also locks owners into their properties so they cannot expand or change facilities without breaking their cap.

Tax Averaging

The Province of Saskatchewan provides all cities with a tax-averaging tool to phase in a share of their property taxes over a period up to four years. Regina has used the tool since 1997. This is also available to municipalities throughout Ontario, though it is not widely used there.

Regional Rates

The City of Ottawa uses regional rates, not to promote density, but to better align property taxes with transportation services. Geographic areas are assigned a level of public transit service and all homes and businesses in that area have a transportation levy (a higher tax rate) applied to reflect that level of service.

Frontage Size

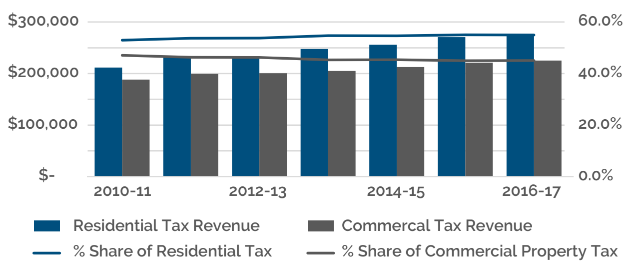
Winnipeg and Stratford, Prince Edward Island, levy property taxes for water and sewer services based on the frontage of a property, though it is a very tiny share of the property tax system. In Glovertown, Newfoundland and Labrador, a frontage-based tax is used to discourage vacant land from taking up space.

Current Commercial Tax Trends

Before implementing new powers, it is crucial to understand what results the current system has led to. A shift towards increased downtown development has slowed municipal cost growth while maintaining high growth in the assessment base. Unfortunately, the current tax system also includes a soft-cap on residential assessments. As discussed previously, assessment caps create pressure to raise revenue from other sources. Normally, this would mean that the commercial sector would need to generate a larger and larger share of the municipality's revenues.

To insulate the commercial sector from residential tax pressures—and in response to lower cost growth—commercial rates have been lowered. These rates have been reduced gradually to maintain a consistent share of total tax revenues coming from commercial properties. Over the past few years, the commercial tax share has stayed fairly stable, from roughly 47% of total revenues in 2010–11 to 45% in 2016–17. This share is similar to larger municipalities in Canada, such as Toronto (46%) or Vancouver (43%), but higher than Western municipalities, such as Saskatoon (30%) or Calgary (30%).

Residential and Commercial Taxes in HRM ($000s)



Source: Halifax Municipal Budget - Operating Book

DEVELOPMENT AND COMMERCIAL TAXATION

Changes in commercial (and residential) development have impacted two critical factors of municipal fiscal sustainability: assessment values and infrastructure costs. Halifax's most recent development cycle is different than previous ones. Following amalgamation in 1996, most of the city's commercial development was focused where land was cheap, outside of the city's denser Regional Centre. According to the 2012 *Halifax Index*, only 16% of its new dwellings, and 4% of its new office space were added to the Regional Centre between 2006 and 2011. Despite being home to 25.4% of Halifax's population, the area was not attracting the level of development one would expect.

Over the next few years, this trend in development changed significantly. In 2011, the Economic Strategy and HRM-by-Design focused on making it easier for developers to build downtown. By 2012, 45% of building permits were in the Regional Centre, up from 31% over the past five years. By 2014, the city was experiencing a renaissance of its urban areas, as is evident today.

So, what does this have to do with taxes? If the city's tax base grows while it controls its costs, it can lower tax rates and still afford to service infrastructure. This is exactly what happened as development shifted towards the Regional Centre. New developments bring increasing assessment values as developers improve the value of the land. This creates a larger tax base for the municipality to draw upon and decreases the burden on existing taxpayers. The graph shows the growth rate of total commercial assessments across the city, which grew rapidly between 2008 and 2016, by an average of 6.8% per year.

Development into new suburbs and unserviced areas requires costly expansion to the city as it paves new roads and builds new water/sewage pipes. However, expansions within serviced areas, such as the Regional Centre, are less costly. As development shifted towards the Regional Centre, we saw a decline in the growth rate of municipal costs. Annual cost growth was reduced from 5.7% in 2008–09 to 2.5% in 2016–17. This has allowed the Municipality to gradually lower commercial property tax rates while experiencing net growth in its commercial tax revenue.

Growth Rate Comparisons, Commercial Property Taxes

	1yr Lag Tax Rate (Urban Comm)	Tax Base Growth (Class 2 Comm Assessment)	Tax Revenue Growth (Comm, BO, & Tax Agr)	Expenditure Growth (Operating Budget)
2008-09	3.63	11.1%	3.9%	5.7%
2009-10	3.73	9.3%	5.8%	2.5%
2010-11	3.71	4.7%	1.2%	3.3%
2011-12	3.84	6.3%	5.3%	4.4%
2012-13	3.80	6.7%	1.2%	4.1%
2013-14	3.61	6.1%	2.5%	4.3%
2014-15	3.55	6.5%	3.7%	2.5%
2015-16	3.40	6.0%	4.3%	2.9%
2016-17	3.36	4.8%	1.8%	2.5%

Source: Halifax Municipal Budget - Operating Book

CONCLUSION

Halifax has an expanded—but still limited—suite of property tax powers. While caution is advisable in implementing new powers, they present a few possible approaches to address the economic concerns expressed by the business community. More broadly, cities across Canada are beginning to experiment with new tax tools. Diverse approaches create a laboratory for success; cities can learn from each other's successes and shortcomings. Looking at Halifax's current situation, the city is well positioned to investigate new approaches. In the face of construction, increased density, and manageable cost growth, the city is becoming more fiscally sustainable. Halifax can afford to take a greater role in its economic future.

SUSTAINABILITY

Denser cities that are well-designed enjoy environmental and fiscal benefits due to shorter commute times and a more efficient use of existing infrastructure.

Key Indicators

DENSITY

- Regional Centre population and dwelling counts
- Regional Centre population starts

TRANSPORTATION

- Transit passenger volume
- Transit hours of service

ENVIRONMENTAL

- Waste diversion and tonnes of waste per capita
- Cost of composting, recycling, and waste disposal

MUNICIPAL FISCAL SUSTAINABILITY

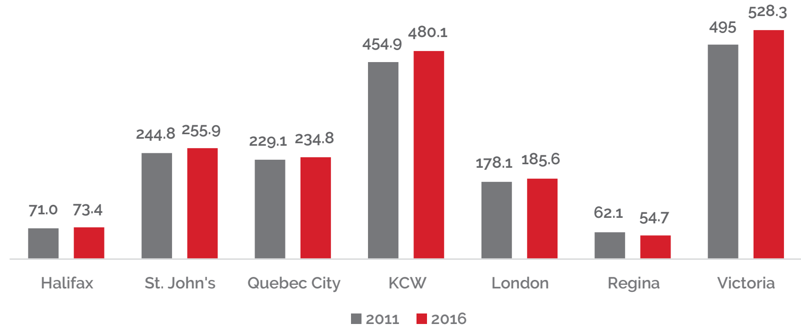
- Revenues
- Expenditures
- Commercial tax per property

DENSITY

Data from the 2016 census show that population density has increased slightly since 2011 in Halifax, rising by 2.4 people per square kilometre. Halifax's density of 73.4 people per square kilometre is the second lowest, after Regina, among benchmark cities

Beyond the population density statistic for all of HRM, another interesting perspective is how density is changing within the municipality.

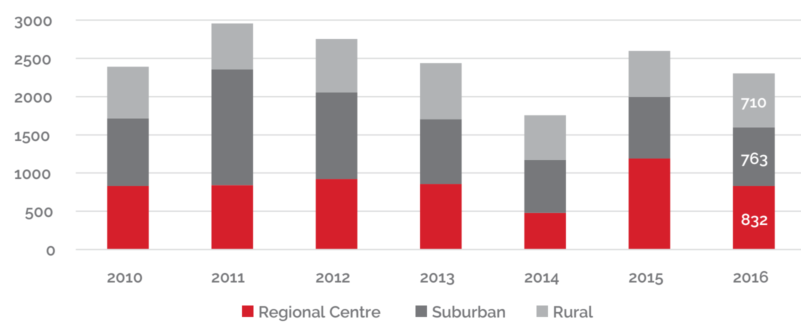
Population Density per Sq.km., 2016 Census



Source: Census of Canada - Population & Dwelling Counts

From 2015 to 2016, the share of housing starts grew in the Regional Centre from 34.7% to 36.1% and in rural areas from 28.2% to 30.8%, while the share of housing starts in suburban areas fell from 37.1% to 33.1%.

Total Housing Starts and Shares by HRM Sub-Region, 2010-2016

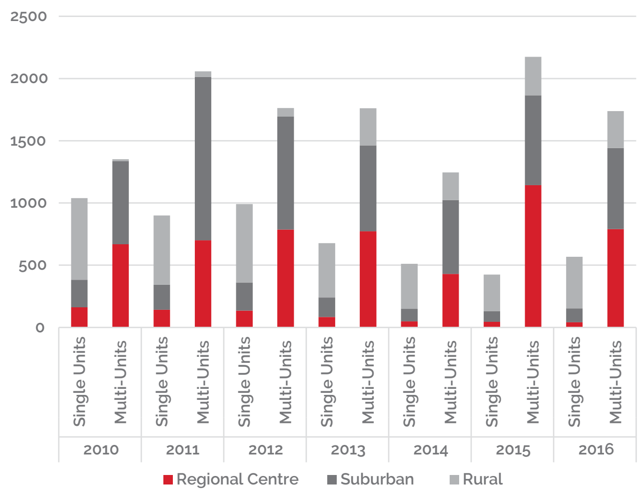


Source: Canada Mortgage and Housing Corporation

Since 2010, the number of multi-unit housing starts has increased and the number of single-unit starts has decreased. Multi-unit housing starts have accounted for about 73.2% of all residential development during the past five years.

Over the past two years, the Regional Centre has seen more multi-unit starts, compared to Suburban Halifax, which aligns with the Centre Plan. The majority of these starts are in the South and North Ends of the Halifax Peninsula. In 2016, 45.5% of all multi-unit starts were in the Regional Centre, down from a seven-year peak share of 52.6% in 2015. Also noteworthy is how the rural portion of multi-unit starts has grown over the past four years.

Total Housing Starts and Shares by HRM Sub-Region, 2010-2016

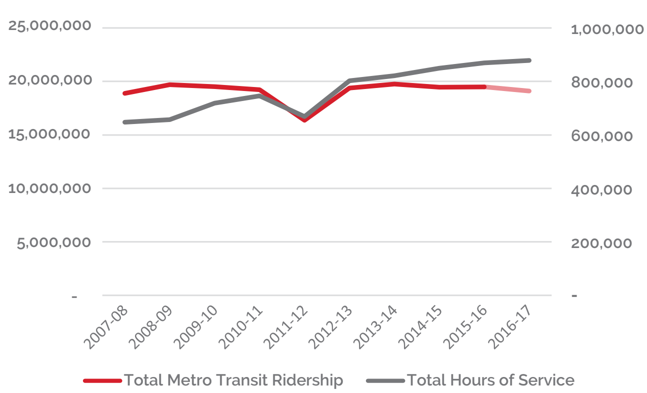


Source: Canada Mortgage and Housing Corporation

TRANSPORTATION

Total hours of transit service have increased for the fifth straight year to 878,500 hours. Weekday ridership (including the ferries) decreased by about 2% from 2014-15 to 2015-16. However, ferry ridership increased by about 2,500 per weekday in 2015-16 due to construction work on the Angus L. Macdonald Bridge for The Big Lift upgrade. The estimated ridership number for 2016-17 sits at about 19.1 million rides. Since 2007-08, ridership has increased slightly by 1.2% compared to a 35.7% increase in hours of service. This is shown in the graph below and suggests that the additional routes and hours were not distributed to areas with significant passenger usage.

Transit Passenger Volume & Hours of Service



Source: Halifax Transit

*Light red line represents the estimation of 2015-16 ridership

When asked to rate various means of encouraging the use of public transit, 56% of City Matters respondents gave top-three scores to having more frequent buses with shorter wait time, 54% and 53%, respectively, gave top-three scores to more conveniently located bus routes and more conveniently timed bus routes and 48% gave high scores to cheaper bus passes and 12% on higher gasoline prices.

As for encouraging biking, 43% gave top-three scores to an expanded network of bike lanes and bike-friendly streets and 39% gave top-three scores to more courteous drivers. Better workplace bike facilities, allowing cyclists to ride on sidewalks, and higher gasoline prices were at 32%, 27%, and 12% respectively.

As part of Halifax Transit's Moving Forward Together initiative, GPS devices have been installed in buses. A free smartphone app is available that allows riders to track buses in real time, a solution to complaints that arrival times are inconsistent with bus schedules. Announcements describing the location of each stop are another new feature, increasing accessibility and reducing the number of riders exiting at an incorrect stop, particularly passengers who are unfamiliar with the area. In 2017-18, Halifax Transit will eliminate and realign low-ridership routes, add new express routes, and make minor changes to several routes.

Halifax Transit will also benefit from the new Canada Infrastructure Bank. The federal government announced a new $3.4 billion Private Transit Infrastructure Fund, $32.2 million of which is allocated for Nova Scotia municipalities. As per the city's multi-year financial strategy, Halifax Transit will receive an increase in funding to $115.4 million in 2017-18 and to $115.9 million in 2018-19.

ENVIRONMENT

Per capita solid waste in Halifax from residential and commercial sources declined in 2015-16. The latest data show a new record low of 0.12 tonnes per capita in annual residential waste and 0.23 tonnes in annual commercial waste, moving the city closer to its goal of 0.3 tonnes per capita by 2019. Both streams of waste have been decreasing over the past decade and remain among the lowest in Canada.

The continual decrease in waste is due in part to successful recycling and compost programs that have declined in cost over the past five years. In Halifax, 61% of all waste is diverted away from landfills. This is one of the highest diversion rates in the country; Halifax is targeting a 63% diversion rate for 2016–17 and 65% by 2019.

Waste Diversion and Tonnes of Waste Per Capita, Halifax

Year	Diversion rate	Waste per capita	
		Residential	Commercial
2007-08	56%	0.152	0.270
2008-09	59%	0.146	0.267
2009-10	60%	0.141	0.259
2010-11	61%	0.148	0.244
2011-12	61%	0.144	0.252
2012-13	61%	0.137	0.239
2013-14	61%	0.137	0.241
2014-15	61%	0.130	0.235

Source: HRM - Transportation and Public Works

The city continues to make strides in reducing the cost per tonne of composting, recycling, and waste disposal. Recycling costs are forecasted to decrease by $6 per tonne, while composting costs are projected to remain steady at $162 for 2015–16 and drop to $160 for 2016–17. Waste disposal costs decreased significantly in 2014–15 from $192 to $170. Cost data for waste disposal for 2015–16 and 2016–17 are not yet available.

Cost of Composting, Recycling and Waste Disposal Per Tonne, Halifax

Year	Composting	Recycling	Waste Disposal
2007-08	$123.98	$119.70	$165.13
2008-09	$120.59	$121.95	$178.91
2009-10	$148.58	$108.58	$179.99
2010-11	$153.22	$111.35	$190.01
2011-12	$168.62	$115.41	$193.64
2012-13	$166.42	$116.01	$191.11
2013-14	$161.75	$123.00	$192.00
2014-15	$160.89	$125.00	$170.00
2015-16	$162.00	$119.00	TBD
2016-17	$160.00	$119.00	TBD

Source: HRM - Transportation and Public Works

By 2030, the Province of Nova Scotia aims to reduce sulphur dioxide emissions from electricity generation by 86% (from levels recorded in 2001). According to Canadian Ambient Air Quality Standards, Halifax's air management threshold and management-level results ranked "yellow," which means they are continuing to take action to prevent air quality deterioration, and their results are close to being "green," indicating they are below all air quality thresholds and management will focus on ways to keep clean areas clean.

Nova Scotia continues to make progress in reducing greenhouse gas emissions. Data from 2014 show the province is on track to reach a 24% reduction of 1990 levels by 2020, far above the initial target of 10%. A renewable electricity plan has been implemented to help move away from carbon-based electricity. The goal of the program is to have 40% of electricity supplied by renewable energy sources. In 2015, nearly 27% of all Nova Scotia electricity was supplied by renewable sources, putting the province behind schedule on reaching its goal of having 40% of all the province's electricity supplied by renewable sources by 2020.

MUNICIPAL FISCAL SUSTAINABILITY

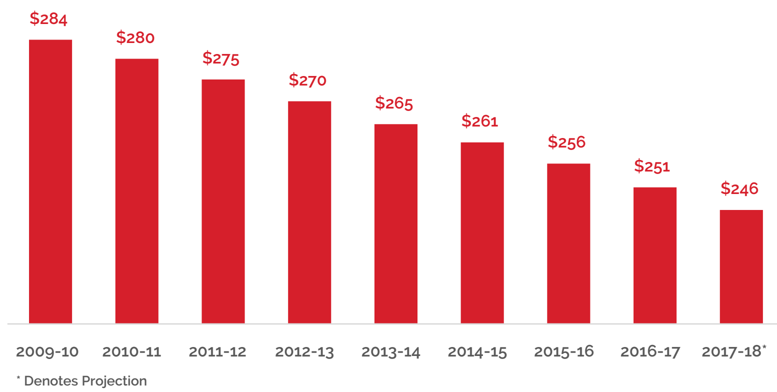
In fiscal 2016–17, municipal revenues and expenditures grew by a modest 0.4%. This is far below the previous five-year average of 3.7%. The split between residential and commercial tax revenues remained relatively unchanged at 55% and 45% respectively. The average property tax paid by a single-family home decreased by 3.3% to $1,841. On the commercial side, the average tax paid by business increased by 1.8% to $44,800, much less than the 3.8% faced by companies the previous year. For both residential and commercial, growth in taxes paid was proportional to the increases in residential income and commercial revenue, keeping the tax burden the same. Property taxes as a percentage of GDP remained steady at 3.3%.

The municipality's capital budget for 2017–18 is about $10 million less than 2016–17. This year's capital budget includes an additional $7 million to be spent on transit and $5 million on parks and playgrounds. The municipality is taking fewer funds from their reserves with reserve funding expenditure decreasing by $22 million and projected to decrease by another $8 million in 2018–19.

Some of the major projects that are approved for 2017-18 are the Dartmouth Sportsplex revitalization ($14.7 million), Dartmouth Multi-pad arena ($7.7 million), and additional LED streetlights ($4.5 million).

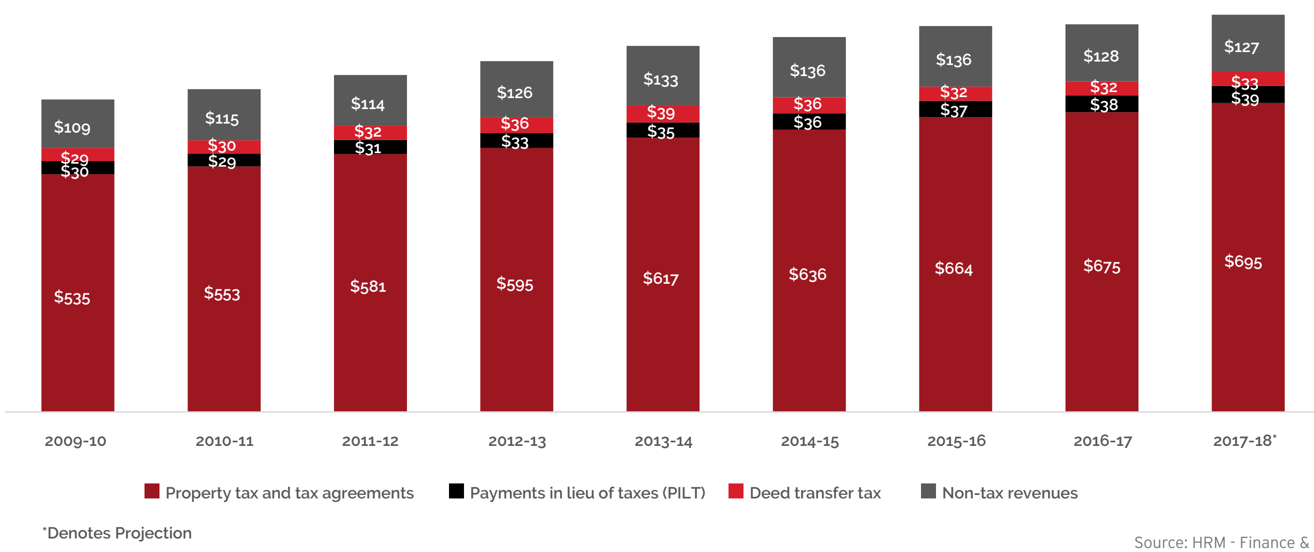
The municipality has made significant strides in its debt-reduction strategy. Municipal debt peaked in 1998-99 at just under $350 million. Apart from 2008-09 to 2009-10, municipal debt has decreased every year, and the increase in 2008-09 to 2009-10 was due to the recession. The municipality has successfully reduced its debt by 30% since 1998-99, which makes Halifax's debt level one of the lowest municipal per capita debts in the country.

Tax Support Debt, HRM, $ Millions



Source: HRM - Finance & ICT

Total Revenues by Source, HRM, $ Millions



Source: HRM - Finance & ICT

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