

**MUNICIPALITY OF
CHATHAM-KENT
GROWTH ANALYSIS, 2006-2031**

Final

OCTOBER 13, 2009



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 **Planning for growth**

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1. INTRODUCTION

1. INTRODUCTION

1.1 Terms of Reference

Watson & Associates Economists Ltd. (W&A) was retained in June 2009 by the Municipality of Chatham-Kent to prepare an update of the long-term population, housing and employment growth forecast for the Municipality. This report builds on previous long-term growth forecast analyses previously carried out by W&A¹ in 2007 and LaPointe Consulting Inc.² in 2003. The results of this analysis are intended to guide decision making and policy development specifically related to growth management, urban land needs, master plans and fiscal planning which requires a comprehensive assessment of long-term population and employment growth. This revised growth forecast will also be subsequently used as a basis to allocate population, housing and employment growth by settlement area.

1.2 Report Structure

This report has been summarized into the following chapters:

1. Introduction;
2. Approach and Methodology;
3. Population, Housing and Demographics;
4. Economics and Socio-economics;
5. Population and Housing Forecast;
6. Employment Forecast;
7. Comparison with Existing Growth Forecasts; and
8. Conclusions.

¹ 2008 Municipality of Chatham-Kent Development Charges Background Study. December 19, 2008. Note growth forecast last updated in November 2007.

² Chatham-Kent Demographic and Housing Trends and Projections Final Report. Prepared by Lapointe Consulting Inc. for the Municipality of Chatham-Kent. August 2003.

2. APPROACH AND METHODOLOGY

2. APPROACH AND METHODOLOGY

2.1 Population and Household Forecast Methodology

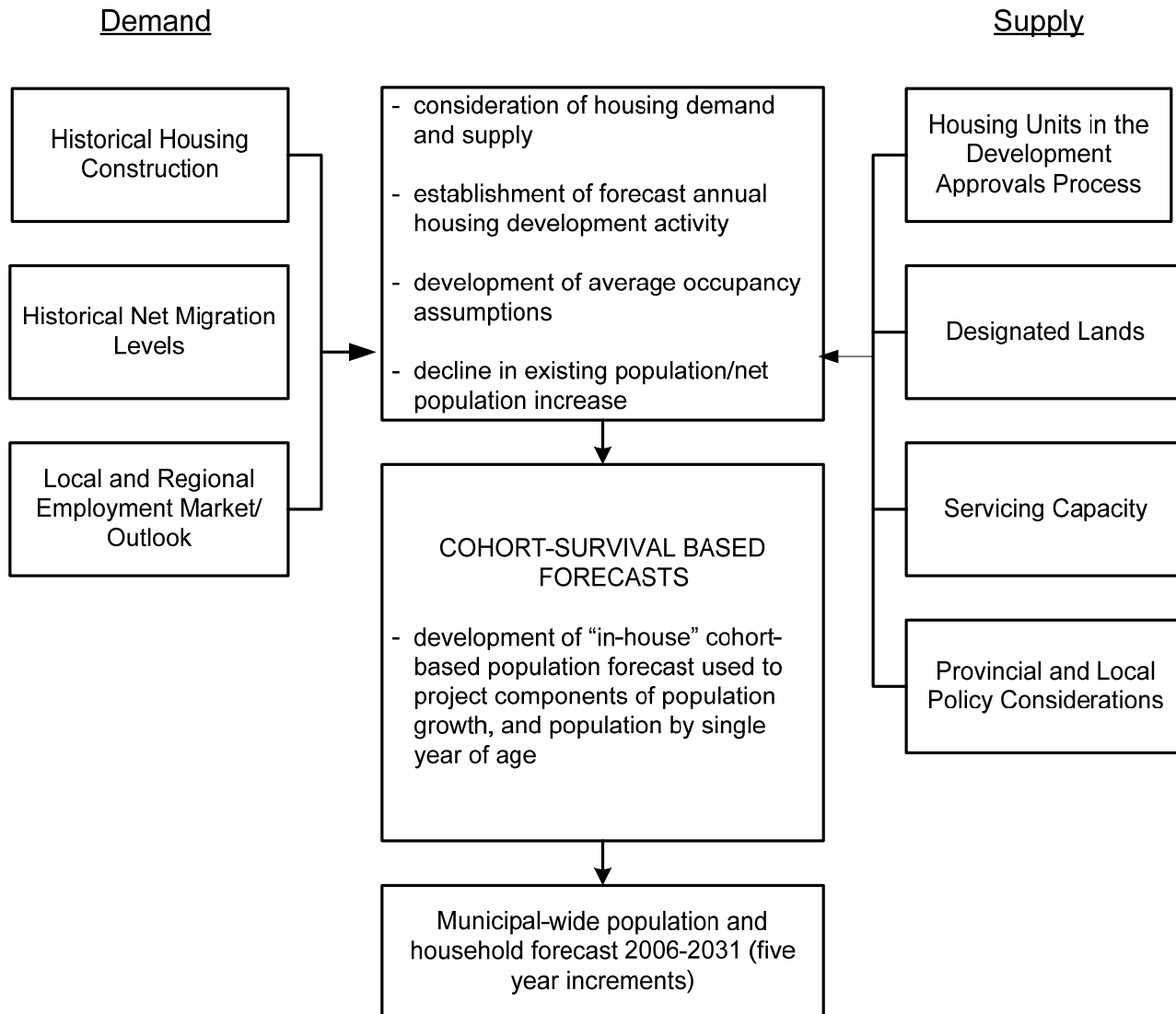
The population and household forecast methodology is based on a combined approach, using W&A's in-house cohort-survival and housing market-based growth forecasting methodologies. The following provides a discussion on each of the above-mentioned approaches to residential growth forecasting.

- i) ***Housing Market Forecast Methodology*** - This "bottom-up" approach focuses on the rate of historical housing construction in the municipality and surrounding area, adjusted to incorporate factors such as servicing constraints and units in the development process. The population is then forecast by developing assumptions on average household size by unit type, taking into consideration the higher average occupancy of new units, and the decline in persons per unit over time within existing households. The housing market model approach is recognized in the Province's 1995 "Projection Methodology Guidelines," as the "Simpler Methodology."¹
- ii) ***Cohort-Survival Forecast Methodology*** - This "top-down" approach uses, as its base, five-year population age groups by sex and ages each group over time, taking into consideration age-specific death rates and age-specific fertility rates for the female population in the appropriate years (to generate new births). To this total, an estimated rate of net migration is added (in-migration to the municipality less out-migration, by age group).

Forecast population and housing growth is provided in five-year increments from 2006 to 2031. The attached schematic diagram (Figure 2-1) graphically illustrates the residential growth forecast methodology.

¹ Projection Methodology Guideline: A Guide to Projecting Population, Housing Need, Employment and Related Land Requirements, 1995.

**Figure 2-1
Municipality of Chatham-Kent
Population and Housing
Forecast Methodology**



2.2 Employment Forecast Methodology

The employment forecast is largely based on the activity rate method, which is defined as the number of local jobs in a municipality divided by the resident population. The forecast is based on full-time and part-time employment by place of work, using historical Census data (1996 to 2006) as a base. W&A also reviewed the municipality's 2004 and 2007 business directories to gain insights with respect to recent employment trends by sub-sector.

The most current Provincially-accepted approach to forecasting employment was developed in the last decade to reflect the broader types of employment in local municipalities. In 1995, as part of a *Planning Act* review, the Province published a document entitled "Projection Methodology Guideline: A Guide to Projecting Population, Housing Need, Employment and Related Land Requirements" to be used in forecasting population and employment for planning purposes. The employment categories set out in that document are employed as the basis for this forecast, as follows:

- **Employment Lands Employment (Basic Jobs)** – "jobs that have traditionally been called 'industrial' and are found in specifically designated industrial or business parks." This would include a portion of office commercial employment.
- **Population-Related Employment (Non-Basic Jobs)** – jobs that provide direct services to meet the personal needs of the population, located in commercial and office areas, in residential areas (i.e. local plazas, schools) and, increasingly, in industrial areas (dependent, in part, on zoning provisions). Population-related employment is also further sub-divided into **commercial** and **institutional** employment.
- **Primary and Home-Based Employment** – agriculture and resource-based employment, as well as home-based workers.

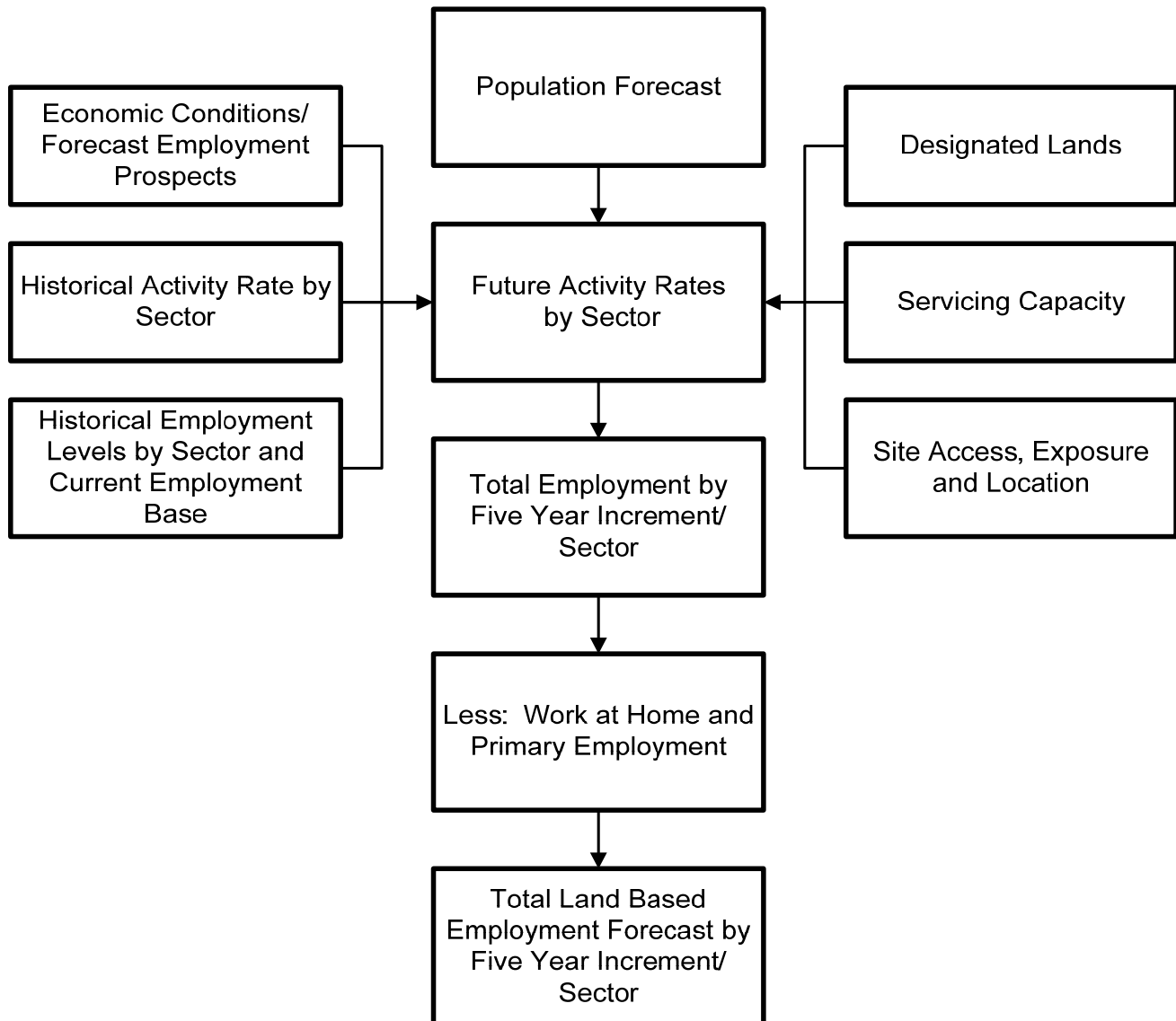
When forecasting long-term employment, it is important to understand how growth in the above three employment categories will be impacted by forecast population growth for the municipality. Population-related employment (i.e. retail, schools, service, commercial) is generally automatically attracted to locations convenient to local residents. Typically, as the population grows the demand for population-related employment also increases to service the needs of the local community. Forecast commercial and institutional activity rates have been based on historical activity rate and employment trends, as well as future commercial and institutional employment prospects within a local and regional context. Similar to population-related employment, home-based employment is also anticipated to generally increase in direct proportion to population growth.

Industrial and primary employment (basic employment), on the other hand, is not closely linked to population growth and tends to be more influenced by broader market conditions (i.e. regional economic conditions, economic competitiveness, transportation access, distance to employment markets), as well as local site characteristics, such as servicing, highway access and exposure, site size/configuration, physical conditions and site location. As a result, industrial employment is not necessarily anticipated to increase in direct proportion to population growth and has been based on the following key economic indicators:

- Historical industrial employment growth rates;
- Recent job closures and layoffs in the industrial employment sector from 2000 to 2009;
- Future trends in industrial employment by sub-sector; and
- Available serviced and serviceable industrial land supply.

Based on the analysis identified above, industrial activity rates are then calculated for the purposes of illustrating industrial employment to population growth ratios within the municipality from 2006 to 2031. For each major employment sector (i.e. primary, industrial, commercial, institutional) plus work at home, forecast activity rates are used to generate employment growth in five-year increments from 2006 to 2031. Figure 2-2 illustrates this approach graphically.

Figure 2-2
Schematic Approach to Non-Residential Forecasting Method



3. POPULATION, HOUSING AND DEMOGRAPHICS

3. POPULATION, HOUSING AND DEMOGRAPHICS

3.1 Introduction

The purpose of this demographic review is to examine recent housing and population growth trends for the Municipality of Chatham-Kent within a broader Provincial context. Specific attention is given to general housing market trends related to housing form (i.e. density), housing prices and annual construction activity. This analysis is used as a basis to explore how current and future demographic trends will influence future housing and population growth throughout Chatham-Kent over the next 20+ years. Note that the historical period investigated varies depending on data availability.

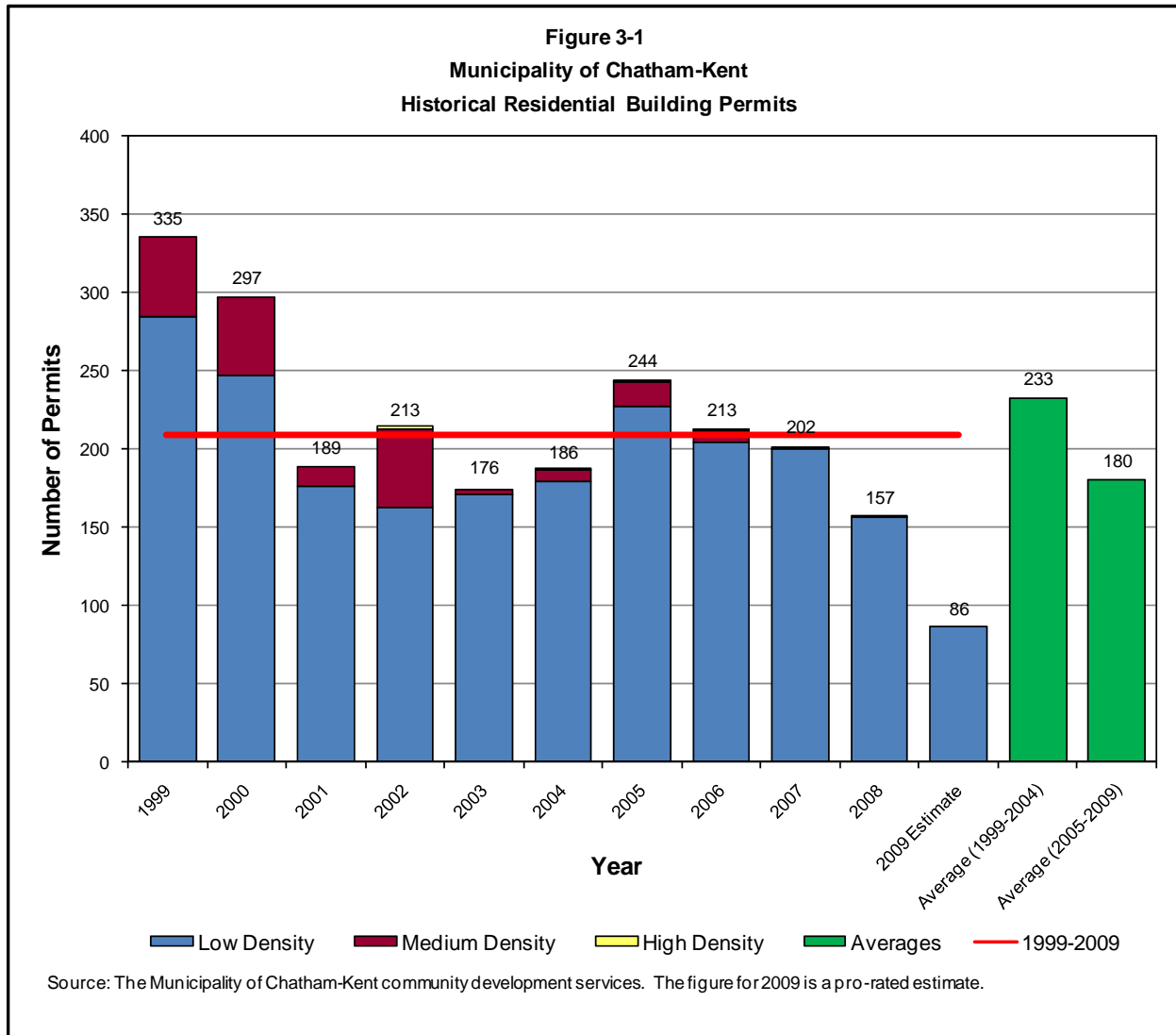
3.2 Housing

The following section explores housing growth trends for Chatham-Kent over the past decade. In several cases, additional analysis has also been provided for Ontario for comparative purposes. This review is based on various data sources from Statistics Canada, the Municipality of Chatham-Kent and the Canada Mortgage and Housing Corporation (CMHC).

3.2.1 *Building Permits by Unit Type, 1999-2009*

Figure 3-1 summarizes building permits based on Municipality of Chatham-Kent data by unit type for new dwellings from 1999 to 2009. Key observations include:

- Over the period 1999-2009 Chatham-Kent has averaged just over 200 residential permits per year of which 91.1% were identified as low-density dwellings, while the remaining 9% of building permits were identified as medium and high density (8.7% and 0.2% respectively);
- Building permit activity in 2006-2009 period has tapered off considerably in comparison to the 2005 period;
- 2009 building permits have been estimated based on data available to date as of June 2009;
- Based on discussions with municipal staff, local realtors and the Chamber of Commerce recent housing demand has improved during the past month; and
- Annual building permits are anticipated to be slightly above estimated 2009 levels in 2010 followed by gradual recovery during the post 2010 period.



3.2.2 Housing Growth 1996-2009

Table 3-1 summarizes housing growth for the Municipality of Chatham-Kent over the 1996 to 2006 Census periods. A short-term 2009 housing estimate has also been provided based on recent building permit activity. During this past 13 years, Chatham-Kent's housing stock grew at an annual rate of 0.4%, which is anticipated to be well below the Ontario average. Over the latest 2001 to 2006 Census period, the Municipality of Chatham-Kent added a total of approximately 1,575 new housing units to its base, or approximately 315 units annually based on Census data. However, recent housing construction levels have declined significantly over the past two years as a result of the current global economic downturn.

**Table 3-1
Municipality of Chatham-Kent
Permanent Housing Growth, 1996 to 2009**

	Municipality of Chatham-Kent	Province of Ontario
1996	41,315	3,924,510
2001	42,090	4,219,410
2006	43,665	4,554,251
2009 Est.	44,237	N/A
Average Annual Housing Growth		
1996-2001	155	58,980
2001-2006	315	66,968
2006-2009	114	N/A
Average Annual Growth Rate		
1996-2001	0.4%	1.5%
2001-2006	0.7%	1.5%
2006-2009	0.4%	N/A
1996-2009	0.4%	N/A

Source: 1996 to 2006 Statistics Canada Census data.

3.2.3 Housing Mix By Unit Type, 1991-2009

Table 3-2 summarizes historical housing trends for the Municipality of Chatham-Kent and the Province of Ontario by housing type (i.e. density) from 1991 to 2006. Key observations include:

- Over the past 13 years, housing construction has been weighted towards low-density dwellings at approximately 80%;
- The Municipality of Chatham-Kent's recent building permit data indicates that the percentage of low-density housing may moderately increase over the short term (i.e. 2011 Census); and
- Over the long-term, it is expected that housing growth in Chatham-Kent will continue to be weighted towards low density housing forms. While the population in Chatham-Kent is aging, housing preferences are not anticipated to significantly shift towards higher density forms of living (i.e. townhomes and apartments). Given the diversity of the "baby-boom" population with respect to age, mobility, income and lifestyle, an increase in proportionate demand for higher density housing forms is not expected to occur until the latter portion of the forecast period (i.e. post-2021), as this age group reaches 75+ years of age.

**Table 3-2
Municipality of Chatham-Kent
Households By Density (1991-2009)**

Municipality of Chatham-Kent										
Density	Number of Households					Percentage				
	1991	1996	2001	2006	2009 Est.	1991	1996	2001	2006	2009 Est.
Low Density ¹	31,000	32,570	33,265	34,600	35,160	77.6%	78.8%	79.0%	79.2%	79.5%
Medium Density ²	1,940	2,370	2,410	2,165	2,175	4.9%	5.7%	5.7%	5.0%	4.9%
High Density ³	6,150	5,980	5,790	6,670	6,672	15.4%	14.5%	13.8%	15.3%	15.1%
Other ⁴	850	395	625	230	230	2.1%	1.0%	1.5%	0.5%	0.5%
Total	39,940	41,315	42,090	43,665	44,237	100.0%	100.0%	100.0%	100.0%	100.0%
Ontario										
Density	Number of Households					Percentage				
	1991	1996	2001	2006	2009 Est.	1991	1996	2001	2006	2009 Est.
Low Density ¹	2,321,050	2,463,410	2,710,570	2,815,585	N/A	63.8%	62.8%	64.2%	61.8%	N/A
Medium Density ²	308,325	373,290	399,595	515,905	N/A	8.5%	9.5%	9.5%	11.3%	N/A
High Density ³	972,415	1,059,870	1,084,340	1,199,370	N/A	26.7%	27.0%	25.7%	26.3%	N/A
Other ⁴	36,575	27,950	24,900	24,165	N/A	1.0%	0.7%	0.6%	0.5%	N/A
Total	3,638,365	3,924,520	4,219,405	4,555,025	N/A	100.0%	100.0%	100.0%	100.0%	N/A

Statistics Canada: 1991, 1996, 2001 and 2006 Census Profiles

2009 estimated based on yearly building permit data

1. Single and Semi-detached
2. Townhomes and Apartments in Duplex
3. Triplexes and Apartments
4. Movable Dwellings and other detached

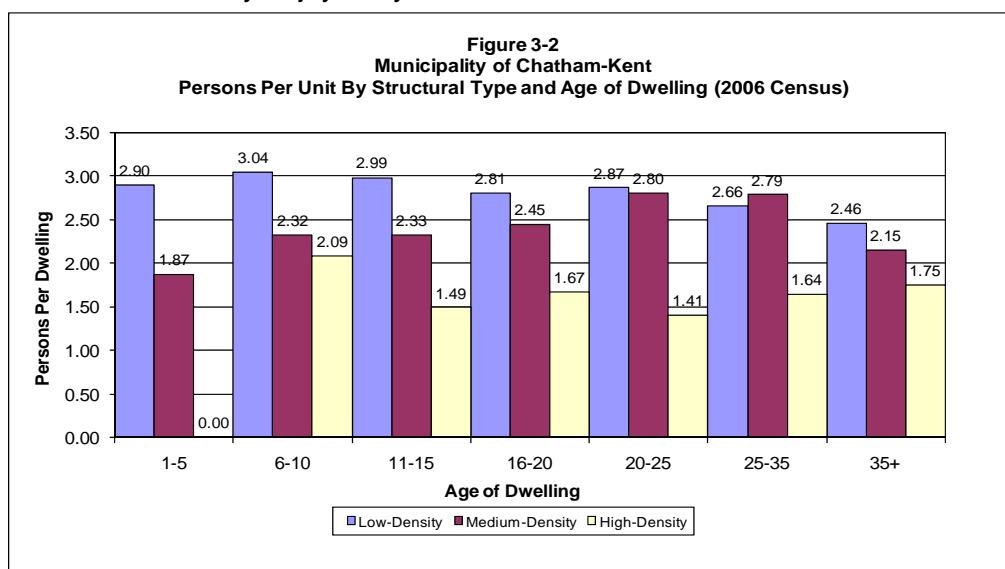
3.2.4 Housing Occupancy, 2006

Figure 3-2 shows the average number of persons per dwelling unit (PPU) for the Municipality of Chatham-Kent by housing type (i.e. low, medium and high density) and by age (i.e. dwellings aged 1-5 years to 35+ years). Based on 2006 Census data, the average PPU for newer units in Chatham-Kent aged 1-20 years is:

- Low Density – 3.10
- Medium Density – 2.55
- High Density – 1.89

Generally, it is observed that for new housing units, housing occupancy levels tend to increase in the short term (i.e. 1-20 years) as new home buyers form families, followed by a decline over the medium term (i.e. 20-30 years) as children age and leave home. This is then followed by a period of stabilization over the long term (i.e. 35+ years) as older units are regenerated by new families. The result of this pattern is that more recently constructed housing units (particularly those constructed during the past decade) typically have a higher PPU average in comparison to older units (i.e. more than 20 years).

As Chatham-Kent's existing housing stock ages, the population base in its current households will continue to gradually decline over time. This demographic trend will be a critical factor for many of the municipality's smaller communities, which may not experience a high level of new housing development, as compared to the municipality's larger urban settlement areas. In order to stabilize the current population within these smaller communities, Chatham-Kent will need to continue to make efforts to attract and accommodate a supply of new housing opportunities to ensure that both its larger and smaller communities remain vibrant and continue to offer the quality of life that is currently enjoyed by local residents.



Source: 2006 Census custom tabulation.

Note: PPU trends for high density for dwellings aged 1-5 years are not available due to insufficient data.

3.3 Population

The following section explores population growth trends for the Municipality of Chatham-Kent over the past two decades. An analysis of historical population by major age group is also provided. This review is based on various Statistics Canada data sources.

3.3.1 *Historical Population Growth, 1991-2009*

Table 3-4 summarizes the historical population growth for the Municipality of Chatham-Kent and the Province of Ontario over the 1991 to 2006 Census periods. Similar to the historical housing trends analysis, a 2009 population estimate has been provided based on recent housing construction and housing occupancy trends since 2006. During the 1991 to 2001 period, Chatham-Kent has experienced negative population growth at an annual rate of -0.2%, which is much lower than the Ontario average (approx. 1.5%). Since 2001, Chatham-Kent has been experiencing positive population growth, however, recent population growth levels since 2006 appear to have slowed. Between mid-2006 to mid-2009, it is anticipated that the population grew by 827 persons or approximately 0.25% annually.

Table 3-4
Municipality of Chatham-Kent
Historic Population Growth, 1991 to 2009

	Municipality of Chatham-Kent	Province of Ontario
1991	109,943	10,084,885
1996	109,650	10,753,573
2001	107,709	11,410,045
2006	108,589	12,160,282
2009 Est.	109,416	N/A
Incremental Population Growth		
1991-1996	-293	668,688
1996-2001	-1,941	656,472
2001-2006	880	750,237
2006-2009	827	N/A
Average Annual Growth Rate		
1991-1996	-0.05%	1.29%
1996-2001	-0.36%	1.19%
2001-2006	0.16%	1.28%
2006-2009	0.25%	N/A
1991-2009	-0.03%	N/A

Source: 1991 to 2006 Census.

3.3.2 Historical Population by Age, 1996-2009

Table 3-5 summarizes historical trends in population structure over the past 13 years.¹ Based on this analysis, the following observations have been made:

- In 2009, it is estimated that the 0-19 age cohort accounted for 24% (or 27,655 persons) of the total population. Proportionately the population share has decreased from 28% of the same cohort in 1996;
- Chatham-Kent's working age population (20-54) also declined slightly from 49% to 46% over the same time period. In particular:
 - The 20-34 age cohort, which comprised 18% of the estimated population in 2009, has decreased in percentage share from 21% in 1996;
 - The 35-44 age group has dropped from 16 to 12% over the same period; and
 - 45-54 year olds accounted for 16% of the estimated 2009 population, up from 12% in 1996.
- The 55-74 cohort, which comprised an estimated 24,408 persons in 2009, increased by 4 percentage points over the 1996 to 2009 period, from 17% to 20% of the total population; and
- The 75+ age cohort is estimated at 8,993 persons in 2009 or 8% of the total population, which is moderately higher than its population share of 6% in 1996.

Comparatively, Chatham-Kent's 55+ population is larger in proportion and has increased at a slightly faster rate than the Ontario average. This trend in the 55+ age group is expected to continue as the "baby-boom" population (born 1946 to 1964) continues to age over the next 20+ years. The senior population of Chatham-Kent is growing at a slightly faster rate than the Province, which will require specific forms of housing and facilities to address this demographic group. This demographic trend has been, and will continue to be, further accelerated by Chatham-Kent's attractiveness to empty-nesters and seniors as a retirement destination.

¹ Note: population figures have been upwardly adjusted to account for the net Census undercount of approximately 4%.

Table 3-5
Municipality of Chatham-Kent
Historical Census Population by Selected Age-Cohort¹

Municipality of Chatham-Kent								
Cohort	1996 Total	2001 Total	2006 Total	2009 Est. Total	1996 % Total	2001 %Total	2006 %Total	2009 Est. %Total
0-19	31,945	30,387	28,483	27,655	28%	27%	25%	24%
20-34	23,153	20,476	19,990	20,602	21%	18%	18%	18%
35-44	17,635	18,254	15,768	14,026	16%	16%	14%	12%
45-54	13,843	15,587	17,548	18,110	12%	14%	16%	16%
55-74	19,049	19,473	22,593	24,408	17%	17%	20%	21%
75+	7,007	7,725	8,551	8,993	6%	7%	8%	8%
Total	112,632	111,902	112,933	113,793	100%	100%	100%	100%
Province of Ontario								
Cohort	1996 Total	2001 Total	2006 Total	2009 Est. Total	1996 % Total	2001 %Total	2006 %Total	2009 Est. %Total
0-19	2,912,220	3,002,165	3,043,910		27%	26%	25%	
20-34	2,420,525	2,276,915	2,332,915		23%	20%	19%	
35-44	1,779,165	1,959,510	1,916,400	N/A	17%	17%	16%	N/A
45-54	1,367,760	1,635,275	1,861,375		13%	14%	15%	
55-74	1,733,250	1,882,165	2,224,690		16%	16%	18%	
75+	540,630	654,000	781,000		5%	6%	6%	
Total	10,753,550	11,410,030	12,160,290	N/A	100%	100%	100%	N/A

Source: Statistics Canada 1986-2001 Census.

1. Includes net Census Undercount of approximately 4%.

As of 2009, the 55+ population in Chatham-Kent represents approximately 29% of the Municipality's population base. This percentage is forecast to increase considerably to approximately 36% by 2031. Given the diversity of the 55+ population with respect to age, health, mobility, income and housing preferences, future housing demands in Chatham-Kent within this broad demographic group are anticipated to vary considerably. Based on our review of population growth trends throughout Southern Ontario, two broad but distinct housing markets are emerging within this age group, including:

1. Active Adults/Young Seniors (55-74 Years of Age)

Key characteristics include:

- Typically empty-nesters and younger seniors (generally within the 55 to 74 age group);
- Housing preferences towards specific residential communities, which may be geared to adult lifestyle or recreational development;

- Typically have higher average disposable income (as compared to the 75+ age group);
- Housing demand from within this demographic/market group will be generated from both existing and new residents (i.e. in-migration); and
- The greatest housing impact is anticipated to occur over the short to medium term (i.e. next 5 to 15 years), as the first wave of the “baby-boom” population approaches retirement age to 75 years old.

2. Older seniors/Dependant Retirees (75+ Years of Age)

Key characteristics include:

- Older seniors (i.e. average 75+);
- Generally living on lower fixed-incomes compared to the 55 to 74 age group;
- Many residents will age-in-place; however, a portion will also require assisted living or full-time care (i.e. seniors’ housing);
- An increasing number of permanent residents living in the rural areas of Chatham-Kent will look to the urban areas of Chatham-Kent as a place for retirement given the amenities and services that these communities provide (i.e. access to available commercial and community services such as local shopping, health care facilities, community centres, places of worship, etc.). A portion of these rural residents will also require assisted living or full-time care;
- Demand within this demographic/market group will be primarily driven from the aging of the local population base, as opposed to in-migration;
- Community services, design and density will directly support or inhibit the lifestyles of these older adults; and
- Demand for this demographic group is anticipated to be greatest during the post-2021 period, as an increasing percentage of the population base reaches 75+ years of age.

3.3.3 Historical Net Migration, 1986-2009

Table 3-6 summarizes the overall net migration levels over the past 23-year period from 1986 to 2009. The results of this analysis indicate the following:

- The 23-year total net out-migration for the Municipality of Chatham-Kent was approximately 1,415 persons (i.e. 1,415 more people leaving the Municipality than entering); and
- Over the period of 2001-2006, the out-migration trend of the previous two Census periods was reversed, with positive net migration of approximately 1,134 persons;
- Over the 2006-2009 period, the trend of positive net migration is forecast to continue at approximately 751 persons; and

Table 3-6
Municipality of Chatham-Kent
Historical Net Migration 1986-2009^{1,2}

Time Period	Start Population	Total Births	Total Deaths	Calculated Population	Actual Population	Calculated Net Migration
1986-1991	109,690	7,732	4,902	112,520	113,287	767
1991-1996	113,287	7,357	5,530	115,114	112,632	-2,482
1996-2001	112,632	6,364	5,510	113,486	111,902	-1,584
2001-2006	111,902	5,543	5,646	111,799	112,933	1,134
2006-2009	112,933	3,670	3,560	113,042	113,793	751
1986-2009 Total		30,666	25,148			-1,415

1. Adjusted for Migrant Births and Deaths.

2. Population figures are adjusted for the Census population undercount of approximately 4%. The Census undercount represents the net number of persons missed in the base population during Census enumeration. The net Census undercount typically ranges between 3 to 4%.

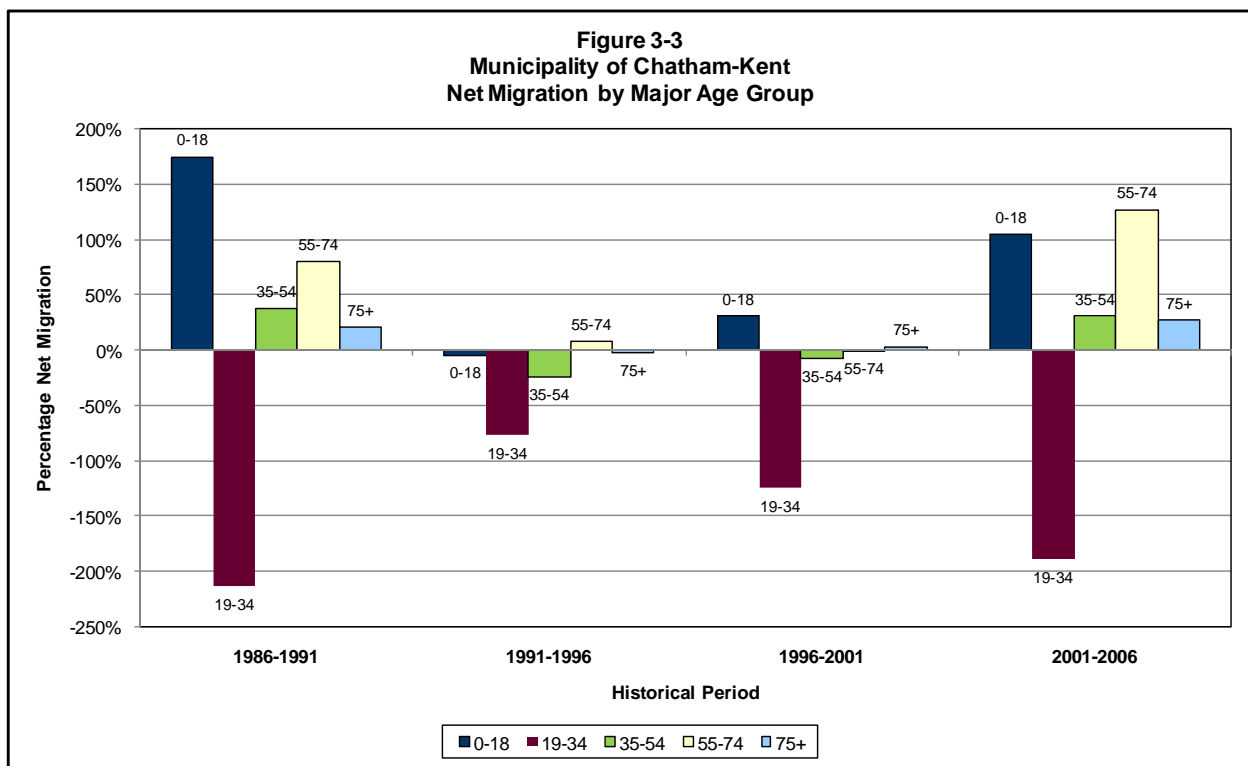
Source: Watson & Associates Economists Ltd. Estimate, August 2009: Based on Statistics Canada Census Population and Registrar General Births/Deaths. 2005 and 2006 data from Service Ontario, Summary of Births, Deaths, Marriages and Stillbirths by Place of Occurrence.

- Based on historical net migration trends by age, the 2006 to 2009 net migration estimates suggest that net migration in the 55+ population age group has increased, and net out-migration in the 0-54 age group has decreased from 2001 to 2006.¹

¹ Historical net migration trends by age are based on the Municipality of Chatham-Kent Population, Household and Employment Forecast Update Final Report, June 26, 2006. Actual 2001-2006 net migration data by age has not been calculated as part of this update.

Figure 3-3 summarizes total net migration trends for Chatham-Kent's permanent population base by age. This analysis indicates the following:

- Over the past 15 years, the percentage of net in-migration in the 0-18 age category has increased;
- During this same time period, the percentage of net out-migration in the 19-34 age group increased;
- Over the 1991 to 2006 period, the 35-54 age category experienced a shift from net out-migration to net in-migration; and
- Over the entire 20-year period, net migration levels in the 55+ age group were positive, which is expected to continue over the forecast period.



4. ECONOMICS AND SOCIO-ECONOMICS

4. ECONOMICS AND SOCIO-ECONOMICS

4.1 Employment Trends, 1996-2009

The following section provides a brief overview of historical economic and socio-economic trends within the Municipality of Chatham-Kent with a broader Provincial context. This review is intended to provide insight with respect to the future economic outlook for the Region and identify key evolving trends within the Municipality's economic and socio-economic base.

Table 4-1 summarizes employment trends for the Municipality of Chatham-Kent over the 1996-2006 Census periods. Again, a 2009 employment estimate has been provided based on 2006 to 2009 non-residential building permit activity and recent job closures/layoffs as provided by the Municipality of Chatham-Kent. During this 13 year period:

- Employment in the municipality declined at an annual rate of -0.4%, as opposed to the Provincial average employment growth rate, which is expected to have experienced a positive growth rate over this period; and
- During the 2001-2006 period, Chatham's employment base experienced a moderate increase; however, these recent gains are expected to have been offset over the past three years as a result of several job closures and layoffs largely in the manufacturing sector.

Table 4-1
Municipality of Chatham-Kent
Employment Growth, 1996-2009

	Census Year				Incremental Growth			Average Annual Growth Rate				Total Growth
	1996	2001	2006	2009 Est.	96-01	01-06	06-09	96-01	01-06	06-09	96-09	1996-2009
Municipality of Chatham-Kent	48,920	47,440	48,650	46,691	-1,480	1,210	-1,959	-0.6%	0.5%	-1.4%	-0.4%	-2,229
Ontario	4,735,715	5,252,745	5,570,870	N/A	517,030	318,125	N/A	2.1%	1.2%	N/A	N/A	N/A

Source: 1996, 2001 and 2006 Census employment.

4.2 Employment Activity Rate, 1996-2009

An employment activity rate is defined as the number of local jobs in a municipality divided by the resident population. Table 4-2 summarizes the Municipality's historic employment activity rates. An increasing employment activity rate indicates that the local employment base is increasing at a faster rate than the local population. On the other hand, a declining activity rate indicates the opposite trend. The type of work activity (i.e. full-time versus part-time) and employment by sector are also critical in understanding employment trends for the Municipality of Chatham-Kent. These topics are addressed in sections 4.3 and 4.4 respectively.

Table 4-2 provides a summary of historical (i.e. jobs per population) activity rates (1996, 2001, 2006 and 2009) for Chatham-Kent and Ontario. Based on this information the following observations can be made:

- The Municipality of Chatham-Kent's total estimated employment activity rate for 2009 is 0.42 which is slightly lower than the total 2006 employment activity rate for Ontario as a whole (0.46);
- Employment in Chatham-Kent decreased over the 1996-2009 period, while the population increased slightly over the same period. These two effects resulted in a slight decrease in the employment activity rate from 1996 to 2009;
- The employment activity rate in Chatham-Kent has decreased by approximately 2 percentage points over the past 13 years. Comparatively, the employment activity rate for Ontario has increased in the most recent period, from 0.44 in 1996 to 0.46 in 2006.

Table 4-2
Municipality of Chatham-Kent
Population, Employment and Activity Rate 1996-2009

	Population	Employment	Employment Activity Rate
Municipality of Chatham-Kent			
1996	109,650	48,920	44.6%
2001	107,709	47,440	44.0%
2006	108,589	48,650	44.8%
2009 Est.	109,416	46,390	42.4%
Ontario			
1996	10,753,573	4,735,725	44.0%
2001	11,410,045	5,252,735	46.0%
2006	12,160,282	5,570,870	45.8%
2009 Est.	N/A	N/A	N/A

Source: 1996 to 2006 Census.

4.3 Full-time Employment, 1996-2009

Table 4-3 summarizes full-time versus part-time employment. During the 1996 to 2006 Census period:

- Full-time employment has seen a significant drop from 76% to 57% over the 1996 to 2009 period; however,

- The ratio of full-time employment has somewhat stabilized over the 2001-2009 period at 57 to 60.

Table 4-3
Municipality of Chatham-Kent
Full Time Versus Part Time Employment 1996-2009

	Full Time	Part Time	Did Not Work in Census Period	Total Employment	% Full Time
1996	37,015	10,905	1,005	48,920	76%
2001	28,520	18,060	850	47,440	60%
2006	29,195	18,270	1,190	48,650	60%
2009 Est.	26,280	19,110	1,000	46,390	57%

Source: Population and employment data taken from 1996, 2001, 2006 Census.

4.4 Employment by Sector, 1996-2009

Tables 4-4 a and b summarize employment growth by major sector for Chatham-Kent and the Province of Ontario for 1996, 2001, 2006 and 2009. During this period:

- Primary employment (i.e. agricultural and resource-based jobs) accounts for approximately 4% of the 2009 employment base in Chatham-Kent which is well above the provincial average;
- Industrial employment has declined to 32% of the employment base over the 13 year period. While most municipalities across Southern Ontario have experienced substantial decreases in industrial employment growth due to job losses in the manufacturing sector, Chatham-Kent has been hit especially hard given its relatively high proportion of employees in the industrial sector, many of whom are directly or indirectly tied to the automotive sector;
- Commercial and population-related employment has steadily increased over the 1996 to 2009 period, and its share of the employment base has increased substantially over the past several years to 36% due to recent losses in the industrial sector;
- A slightly larger portion of the employment base works at home in Chatham-Kent (9%) in comparison to the Province (8%); and
- There is a lower percentage of institutional workers in Chatham-Kent compared to the Ontario average.

Table 4-4a
Municipality of Chatham-Kent
Historical Employment by Sector 1996-2009

Employment Sector	1996		2001		2006		2009 Estimate	
	Employment	% of	Employment	% of	Employment	% of	Employment	% of
Primary ¹	1,760	3.4%	1,650	3.2%	1,900	3.6%	1,887	4.1%
Work at Home ²	5,065	9.7%	4,885	9.6%	4,105	7.8%	4,136	8.9%
Industrial	18,845	36.2%	17,350	34.0%	17,613	33.4%	15,022	32.4%
Commercial/Population-Related ³	14,220	27.3%	15,085	29.6%	16,243	30.8%	16,481	35.5%
Institutional/Population-Related ³	9,030	17.3%	8,470	16.6%	8,790	16.7%	8,864	19.1%
Total	48,920	93.9%	47,440	93.0%	48,650	92.4%	46,390	100.0%

Source: 1996, 2001 and 2006 Census employment.

1. Primary employment is generally related to agriculture and resource based industries.

2. Work at Home-Persons whose job is located in the same building as their place of residence, persons who live and work on the same farm, building superintendents and teleworkers who spend most of their work week working at home.

3. Commercial/Population-Related employment is generally related to commercial and service industries. Population-Related Employment also includes the institutional sector.

Table 4-4b
Province of Ontario
Historical Employment by Sector 1996-2009

Employment Sector	1996		2001		2006		2009 Estimate	
	Employment	% of Employment	Employment	% of Employment	Employment	% of Employment	Employment	% of Employment
Primary ¹	75,650	1.6%	59,945	1.1%	67,850	1.2%	N/A	N/A
Work at Home ²	362,550	7.7%	406,235	7.7%	436,400	7.8%		
Industrial	1,480,785	31.3%	1,588,253	30.2%	1,564,225	28.1%		
Commercial/Population-Related ³	1,766,640	37.3%	2,128,813	40.5%	2,274,755	40.8%		
Institutional/Population-Related ³	1,050,090	22.2%	1,069,500	20.4%	1,227,640	22.0%		
Total	4,735,715	100.0%	5,252,745	100.0%	5,570,870	100.0%		

Source: 1996, 2001 and 2006 Census employment.

1. Primary employment is generally related to agriculture and resource based industries.

2. Work at Home-Persons whose job is located in the same building as their place of residence, persons who live and work on the same farm, building superintendents and teleworkers who spend most of their work week working at home.

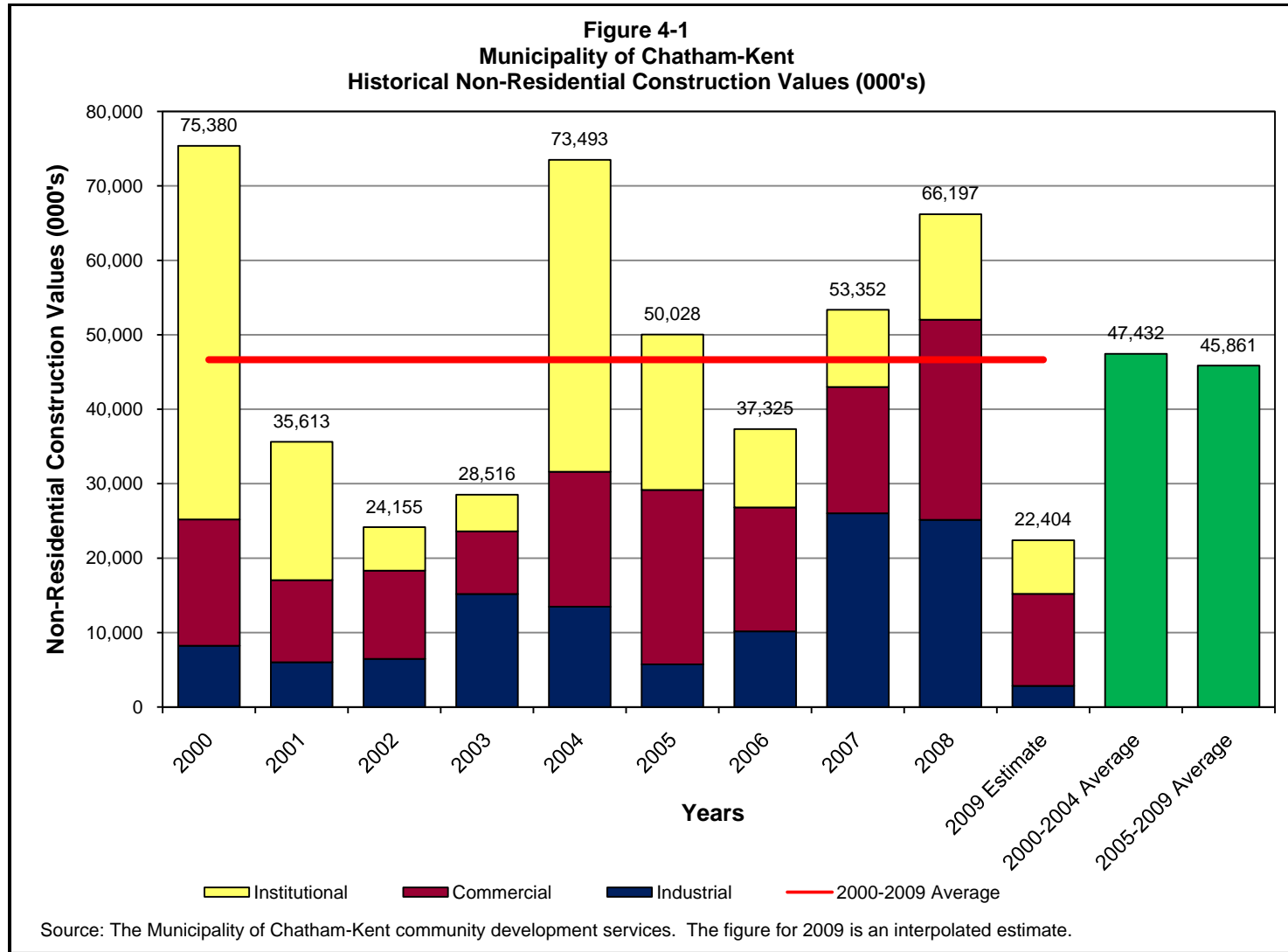
3. Commercial/Population-Related employment is generally related to commercial and service industries. Population-Related Employment also includes the institutional sector.

4.5 Non-Residential Construction Activity, 2000-2009

Figure 4-1 illustrates non-residential construction value by type from 2000-2009 for the Municipality.

Key observations include:

- Between 2005-2009 average construction values were slightly below the preceding 2000-2004 period;
- Between 2000-2004 and 2005-2009 industrial as a percent of the construction value rose from 20.8% to 30.5%;



- In the same period, commercial as a percent of the construction value grew from 28.0% to 42.0%;
- Institutional construction values fell from 51.2% as a percent of the construction value to 27.5%;
- Based on information provided from the Municipality of Chatham-Kent, the value of construction for industrial, institutional and commercial development for 2009 is projected to be well below the recent 2004 to 2009 average at approximately \$22,404,000¹; and
- Based on discussions with local commercial/industrial realtors, the demand for small office commercial space (i.e. 7,000 to 15,000 sq.ft.) has been reasonably strong, however, the industrial market remains relatively weak.

4.6 Household Income, 1996-2009

Table 4-6 summarizes average household income growth for Chatham-Kent from 1996 to 2009. During this 13-year growth period:

- Households within Chatham-Kent have an average annual income of \$67,500 versus \$88,600 for the Province of Ontario; and
- The Municipality's average household income grew at an annual rate of 2.7%, which is a positive sign, but still below the Province of Ontario's growth rate of 3.8%.

Table 4-6
Municipality of Chatham-Kent
Average Household Income Growth, 1996-2009

Municipality	Census Year				Total Growth			Average Annual Growth Rate			
	1996	2001	2006	2009	96-01	01-06	06-09	96-01	01-06	06-09	96-09
Municipality of Chatham-Kent	\$47,874	\$55,482	\$62,169	\$67,521	\$7,608	\$6,687	\$5,352	3.0%	2.3%	2.8%	2.7%
Province of Ontario	\$54,291	\$66,836	\$77,967	\$88,645	\$12,545	\$11,131	\$10,678	4.2%	3.1%	4.4%	3.8%

Source: 1996, 2001 and 2006 Census Profile

2009 Income data derived from the Financial Post Markets Canadian Demographics, 2009.

¹ Estimated based on 2009 data from January to June 2009.

5. POPULATION AND HOUSING FORECAST

5. POPULATION AND HOUSING FORECAST

This Chapter provides a long-term population and housing growth outlook for the Municipality of Chatham-Kent to 2031. The forecast builds on the previous growth forecasts developed for the Municipality and further expands on recent demographic and economic trends outlined in Chapter 3 and 4. Forecast population and housing growth is provided in five-year increments from 2006 to 2031.

5.1 Forecast Housing Growth

Key considerations in establishing the updated housing forecast for Chatham-Kent include:

- Recent historical residential building permits;
- 2006 Census population and housing data¹;
- Discussions with municipal staff, local realtors, the Chatham-Kent Home Builders Association and the Chatham-Kent Chamber of Commerce regarding recent housing trends and the short-term outlook for the housing market;
- A review of active housing units in the development approvals process;
- The impacts of an aging population base on long-term housing needs;
- Chatham-Kent's attractiveness as a retirement destination; and
- Recent employment trends and the medium- to long-term economic outlook for Chatham-Kent and surrounding area.

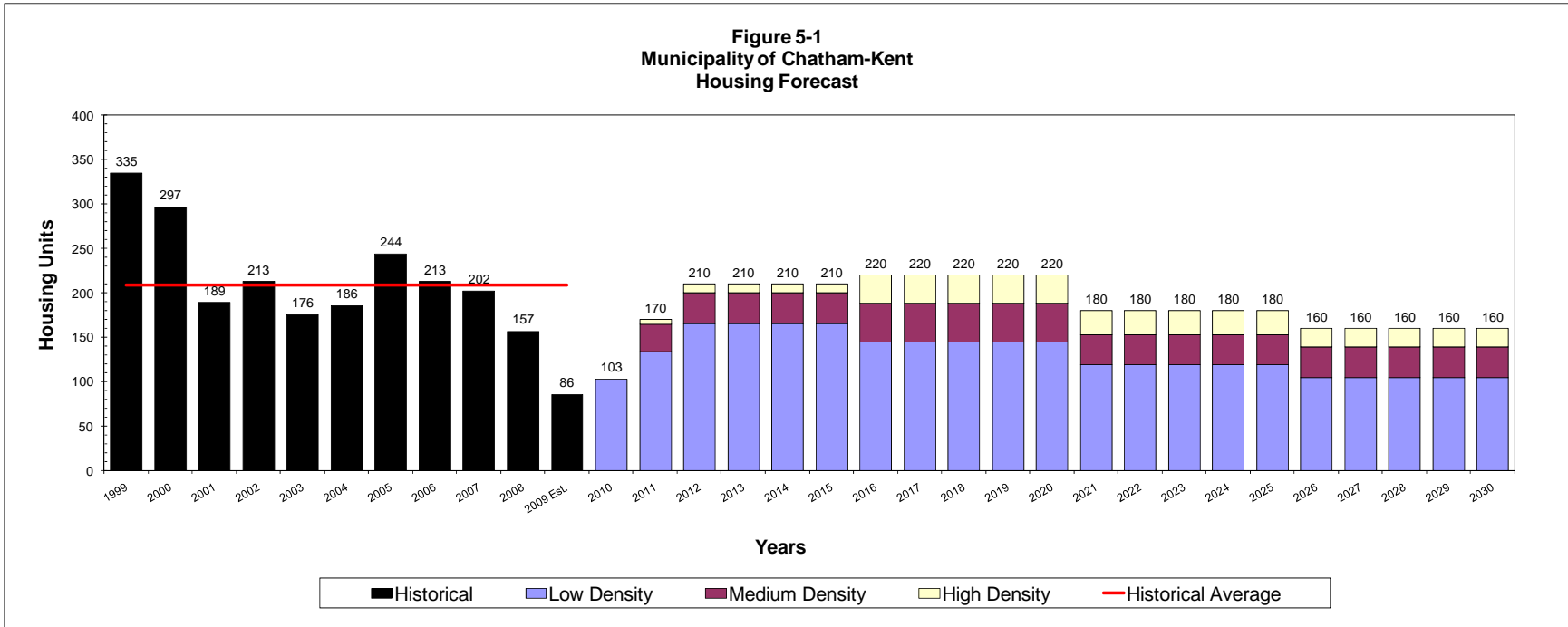
Table 5-1 and Figure 5-1 provide a summary of expected housing growth for the Municipality of Chatham-Kent from 2009 to 2031 by dwelling type (i.e. low, medium and high-density) based on the housing market forecast approach described in Section 2. Over the 22-year forecast period, the Municipality's total number of households is forecast to increase from 44,240 in 2009 to 48,240 in 2031, a total increase of approximately 4,000 units. Figure 5-1 graphically illustrates forecast annual housing growth for the Municipality of Chatham-Kent over the 2009 to 2031 period against historical building permit activity over the past 10-year period (1999-2008).

¹ Refer to Appendix A for a review of historic population trends in new housing units vs. existing dwellings.

**Table 5-1
Municipality of Chatham-Kent
Residential Growth Forecast Summary**

Year	Households				
	Singles & Semi's (Low Density)	Townhomes (Medium Density)	Apartments (High Density)	Other	Total
<i>Mid 1991</i>	31,000	1,940	6,150	850	39,940
<i>Mid 1996</i>	32,570	2,370	5,980	395	41,315
<i>Mid 2001</i>	33,265	2,410	5,790	625	42,090
<i>Mid 2006</i>	34,600	2,165	6,670	230	43,665
<i>Mid 2009</i>	35,160	2,175	6,672	230	44,237
<i>Mid 2011</i>	35,349	2,175	6,672	230	44,426
<i>Mid 2016</i>	36,147	2,342	6,717	230	45,436
<i>Mid 2021</i>	36,872	2,557	6,877	230	46,536
<i>Mid 2031</i>	37,992	2,897	7,117	230	48,236
Mid 1991 - Mid 1996	1,570	430	-170	-455	1,375
Mid 1996 - Mid 2001	695	40	-190	230	775
Mid 2001 - Mid 2006	1,335	-245	880	-395	1,575
Mid 2006 - Mid 2009	560	10	2	0	572
Mid 2009 - Mid 2011	189	0	0	0	189
Mid 2009 - Mid 2016	987	167	45	0	1,199
Mid 2009 - Mid 2021	1,712	382	205	0	2,299
Mid 2009 - Mid 2031	2,832	722	445	0	3,999

Source: Watson & Associates Economists Ltd., September, 2009



Source: Historical building permits 1999-2008 provided by the Municipality of Chatham-Kent Building Development. 2009 building permits have been estimated based on January to June 2009 monthly data. Forecast provided by Watson & Associates Economists Ltd.

Over the next 22 years, annual housing growth is forecast to average approximately 182 households per year. This forecast is moderately below historical building permit activity over the past 10 years, which averaged 221 units annually from 1999 to 2008 (see section 3.2.1 for more details).

With regard to housing by unit type, low-density households (i.e. single-detached and semi-detached units) are expected to represent 71% of total new construction over the forecast period. Medium- and high-density households are forecast to comprise the remaining 18% and 11% of the new housing stock, respectively. The percentage of new housing by type is expected to gradually shift towards medium- and high-density housing units as the “baby-boom” population continues to age.

5.2 Forecast Population

This section provides a detailed analysis of population growth for the Municipality of Chatham-Kent based on the forecast methodology outlined in Section 2. Table 5-2 summarizes forecast population and corresponding housing growth for the Municipality of Chatham-Kent in five-year increments from 2006 to 2031. By 2021 and 2031, the Municipality is anticipated to reach a population of 116,200 and 118,100, respectively.¹ This represents a total increase in population from 2009 to 2031 of approximately 3,900 and an annual growth rate of 0.17% over the 22-year period from mid-2009 to mid-2031.²

Slower economic growth is the primary reason why forecast population growth is anticipated to slow in comparison to historical trends. In light of the above, there are a number of factors which suggest that Chatham-Kent will experience moderate population growth over the medium and long term. These include:

1. The current economic slowdown has impacted a broad range of employment sectors (i.e. manufacturing, financial, energy, tourism, etc.) on an international level, not just the local/regional Chatham-Kent manufacturing sector. Many local residents of working age population (including young adults) may experience difficulties gaining meaningful employment both locally as well as across other regions of the Province and Country over the short term. For this reason, the absolute number of out-migrants in the 19 to 54 category (especially those in the 19-34 age group) is expected to slow in the short term. This trend was experienced during the 1991 to 2006 period, as demonstrated in Section 3.3.3. During the previous recession in the early 1990's, the number of out-migrants was actually lower for the 19 to 34 age group when compared to the more robust economic period of 2001 to 2006.

¹ Population forecast includes a Census undercount of approximately 4%.

² Total population growth between 2009 and 2031 including the net Census undercount.

**Table 5-2
Municipality of Chatham-Kent
Residential Growth Forecast Summary**

Year	Population (Excluding Census Undercount)	Population (Including Census Undercount) ¹	Total Housing Units	Person Per Unit (PPU) ¹
<i>Mid 1991</i>	109,943	114,341	39,940	2.75
<i>Mid 1996</i>	109,650	114,036	41,315	2.65
<i>Mid 2001</i>	107,709	112,017	42,090	2.56
<i>Mid 2006</i>	108,589	112,933	43,665	2.49
<i>Mid 2009</i>	109,400	113,800	44,237	2.47
<i>Mid 2011</i>	109,400	113,800	44,426	2.46
<i>Mid 2016</i>	110,700	115,100	45,436	2.44
<i>Mid 2021</i>	111,800	116,200	46,536	2.40
<i>Mid 2031</i>	113,600	118,100	48,236	2.36
Mid 1991 - Mid 1996	-293	-305	1,375	
Mid 1996 - Mid 2001	-1,941	-2,019	775	
Mid 2001 - Mid 2006	880	915	1,575	
Mid 2006 - Mid 2009	811	867	572	
Mid 2009 - Mid 2011	0	0	189	
Mid 2009 - Mid 2016	1,300	1,300	1,199	
Mid 2009 - Mid 2021	2,400	2,400	2,299	
Mid 2009 - Mid 2031	4,200	4,300	3,999	

Source: Watson & Associates Economists Ltd., September, 2009

1. Person per unit forecast derived from total population (excluding net Census undercount divided by total housing units).

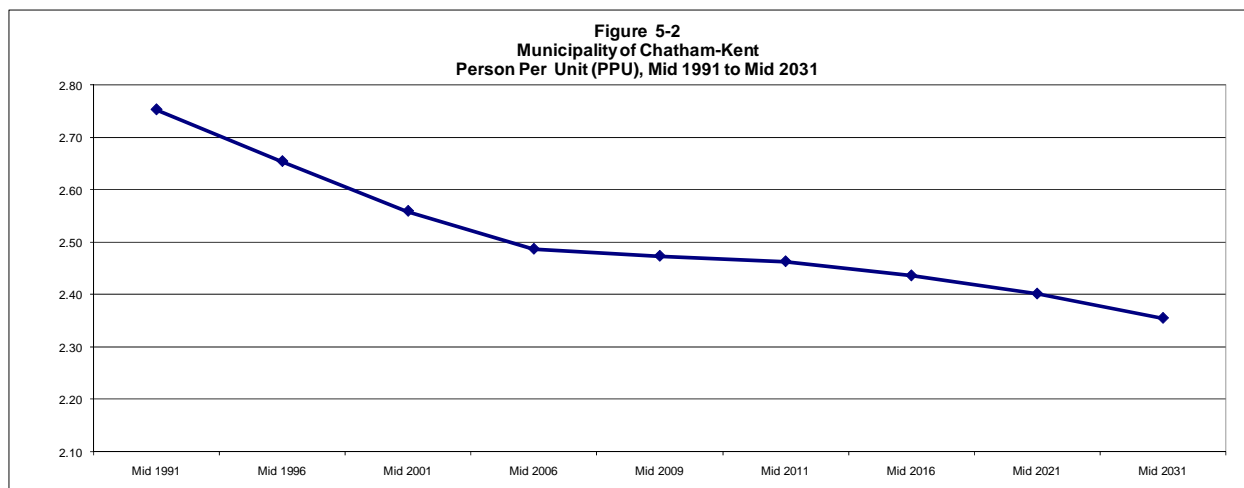
Census Undercount: The Census Undercount is the net number of persons missed in the base population during Census enumeration. The net Census undercount typically ranges between 3 to 4%.

- Opportunities for affordably priced, low-density housing, combined with a relatively milder climate, good access to the U.S. border and access to the rural country-side offer an attractive quality of life which is especially appealing to those entering into their retirement years. Chatham-Kent's attractiveness to retirees and empty-nesters is anticipated to be one of the key drivers of population growth from 2009 to 2021. Over the post-2021 period, demand for new low-density housing is anticipated to slow from the 55+ age group as a larger percentage of the population reaches the 75+ age group.
- Over the longer term, the local and regional economy will continue to experience a number of boom and bust cycles. While future economic bust cycles are likely to occur, it is unreasonable to expect that the current slowdown in annual housing growth will continue over the entire 2009 to 2031 forecast period.

Forecast housing occupancy (i.e. persons per unit or PPU), has been based on W&A's housing market forecast as described in Section 2. This approach provides a direct correlation between population and housing based on a comprehensive examination of the Municipality's existing stock by age and dwelling type (refer to Appendix B for a breakdown of Chatham-Kent's average persons per housing unit by dwelling age and type, as per the 2006 Census).

Over the forecast period, the average occupancy of existing households is expected to steadily decline, largely as a result of the Municipality's aging population base. In turn, this is anticipated to result in a decline of the average number of persons in existing households (i.e. units built as

of 2009), as well as new units constructed from 2009 onwards. As a result, the Municipality's average occupancy levels are forecast to decline from 2.47 in 2009 to 2.36 in 2031. Figure 5-2 graphically summarizes historical and forecast PPU levels from mid-1991 to mid-2031.



As demonstrated, PPU levels are expected to stabilize over the next several years, followed by a continued downward trend over the next 20 years. It is anticipated that PPU levels will gradually stabilize during the post 2031 period. Comparatively, housing occupancy levels are forecast to decline at a slightly faster rate in Chatham-Kent relative to other municipalities in Southern Central Ontario, due to a slightly higher percentage of 65+ population. It is important to note that due to the anticipated decline in average ppu levels, a moderate level of new housing demand would be expected even in the absence of population growth.

Economic conditions are also believed to have a significant influence with respect to this PPU trend, which may result in irregular housing occupancy patterns in both existing and newly constructed households. During the 1996-2006 period, the more bullish Chatham housing market (i.e. increased housing construction) is believed to have resulted in an increased number of young adults/first-time homebuyers entering the real estate market. During the post 2006 to 2011 period, average levels of new housing construction has slowed in comparison to the 1996 to 2006 period. Recent residential building permit activity to mid 2009 (as outlined in Section 3.2) reaffirms this trend. During the 2006 to 2011 period, it is anticipated that the number of young adults/first-time homebuyers entering the housing market will slow in relation to the previous two Census periods. Given the current weakness in the local economy and continued uncertainty regarding regional economic conditions, many of these young adults will continue living with parents or renting rather than purchasing new homes. This potential trend is anticipated to result in a more gradual decline in the population of existing households during the 2006 to 2011 period. As the economy gradually recovers during the post 2011 period, the population decline in households is anticipated to gradually increase and will be further exacerbated by the aging of the “baby-boom” population.

Household occupancy has a major impact on the correlation between future housing and associated net population growth. Due to the identified long-term population decline in existing households, population growth levels are anticipated to be slow in light of relatively strong forecast housing growth.

5.3 Forecast Population by Age

The City's population has been categorized into the following major cohorts: children (age 0-18), adults (age 19-54), empty-nesters/seniors (age 55-74), and older seniors (age 75+). Each of these cohort groups represent key demographic sectors of the Chatham-Kent population. Forecast growth trends within each of these cohort groups will have a significant impact on the demand for municipal services, such as schools, recreation facilities, hospitals, health care, retirement homes, etc.

Table 5-3 summarizes the population growth forecast for the Municipality of Chatham-Kent in terms of population age structure according to the major population cohorts identified above. The results of this analysis indicate the following key observations:

- The percentage of Chatham-Kent's children (0-18) is forecast to decline from 22.8% to 21.8%;
- The percentage of adults (19-54) is also forecast to gradually decline from 47.8% to 42.1%:
 - The 19-34 age cohort, which comprised 19.6% of the population in 2009 is forecast to decrease in percentage share to 18.0% in 2031; and
 - The 35-54 age group will also decrease considerably from 28.2% to 24.1% over the same period;
- The percentages of empty-nesters/seniors (age 55-74) and older seniors (age 75+) are forecast to increase considerably over the forecast period from 21.4% to 23.7%, and 7.9% to 12.5% respectively; and
- In terms of absolute population, the municipality's empty-nesters/seniors (55-74) and older seniors (i.e. 75+) are forecast to increase over the 2009-2031 projection period by a total of 9,260 persons.

The significant rate of increase in the municipality's major cohorts which comprise the 55+ age group is largely a result of the aging of the "baby-boom" population over the forecast period. As

identified in Table 5-3, this population group will represent over one-third of Chatham-Kent's population by 2031.

Table 5-3
Chatham-Kent
Forecast Population by Age, 2001-2031

	0-18	19-34	35-54	55-74	75+	Total
2001	28,742	22,121	33,841	19,473	7,725	111,902
2006	26,813	21,660	33,316	22,593	8,551	112,933
2009	25,966	22,291	32,136	24,408	8,993	113,793
2011	25,229	23,115	30,925	25,421	9,107	113,798
2021	25,144	23,598	26,037	30,715	10,730	116,225
2031	25,712	21,256	28,511	27,941	14,721	118,141
2009-2031	-254	-1,035	-3,624	3,533	5,728	4,348
2001	25.7%	19.8%	30.2%	17.4%	6.9%	100.0%
2006	23.7%	19.2%	29.5%	20.0%	7.6%	100.0%
2009	22.8%	19.6%	28.2%	21.4%	7.9%	100.0%
2011	22.2%	20.3%	27.2%	22.3%	8.0%	100.0%
2021	21.6%	20.3%	22.4%	26.4%	9.2%	100.0%
2031	21.8%	18.0%	24.1%	23.7%	12.5%	100.0%
2009-2031	-1.1%	-1.6%	-4.1%	2.2%	4.6%	

Source: Watson & Associates Economists Ltd.

Note: Population figures include the Census undercount of approximately 4%.

Census Undercount: The Census Undercount represents the net number of persons missed in the base population during Census enumeration. The net Census undercount typically ranges between 3 to 4%.

6. EMPLOYMENT FORECAST

6. EMPLOYMENT FORECAST

6.1 Forecast Employment Growth, 2009-2031

As indicated in Section 2, the employment forecast is largely based on the activity rate method, which is defined as the number of jobs in the municipality divided by the number of residents. In forecasting long-term employment trends for the Municipality, the following employment indicators were considered:

- Historical Census employment growth for the Municipality of Chatham-Kent and Ontario (1996-2006);
- Historical non-residential building permit activity by employment sector (2000-2009);
- Recent job losses (i.e. plant closures, layoffs, etc.) from 2000 to 2009;
- Recent non-residential site plan activity in the commercial sector; and
- Interviews with local realtors and developers, municipal staff the Chatham-Kent Chamber of Commerce, the Chatham-Kent Home Builders Association and the Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

Table 6-1 summarizes the employment forecast growth totals in accordance with the population forecast summarized in Chapter 5. It also allocates the employment forecast by major sector.

Over the forecast period to 2031, all employment sectors, except the primary and industrial sectors, are anticipated to experience steady employment growth. The following observations have been made:

1. Primary

- Primary industries (i.e. agriculture and other resource-based employment) comprise a relatively small proportion of Chatham-Kent's employment base (approximately 4% in 2006), but represent an important component of the Region's current and future economy. While the recent global and regional economic downturn has negatively impacted all of Chatham-Kent's major employment sectors, the primary sector has shown considerable resilience over the past several years. This sector is anticipated to experience a moderate employment increase of approximately 300 new jobs over the 2009 to 2031 forecast period.

**TABLE 6-1
MUNICIPALITY OF CHATHAM-KENT
EMPLOYMENT FORECAST, 2009-2031**

Period	Population (Excluding Census Undercount)	Population (Including Census Undercount) ¹	Employment						Total Activity Rate ¹	
			Primary	Work at Home	Industrial	Commercial/ Population Related	Institutional	Total		
1996	109,650	114,036	1,760	5,065	18,845	14,220	9,030	48,920	0.446	
2001	107,709	112,017	1,650	4,885	17,350	15,085	8,470	47,440	0.440	
2006	108,589	112,933	1,900	4,105	17,613	16,243	8,790	48,650	0.448	
Mid 2009	109,416	113,793	1,887	4,136	15,022	16,481	8,864	46,390	0.424	
Mid 2011	109,421	113,798	1,887	4,136	14,104	16,670	8,923	45,720	0.418	
Mid 2016	110,684	115,111	2,019	4,295	14,267	17,266	9,114	46,961	0.424	
Mid 2021	111,754	116,225	2,095	4,392	14,405	17,595	9,247	47,734	0.427	
Mid 2031	113,597	118,141	2,186	4,522	14,642	18,079	9,457	48,886	0.430	
Incremental Change										
1996 - 2001	-1,941	-2,019	-110	-180	-1,495	865	-560	-1,480	-0.006	
2001 - 2006	880	915	250	-780	263	1,158	320	1,210	0.008	
2006 - Mid 2009	827	860	-13	31	-2,591	239	74	-2,260	-0.024	
Mid 2009 - Mid 2011	5	5	0	0	-918	189	59	-670	-0.006	
Mid 2009 - Mid 2016	1,267	1,318	132	159	-755	785	250	571	0.000	
Mid 2009 - Mid 2021	2,338	2,432	208	256	-617	1,114	383	1,344	0.003	
Mid 2009 - Mid 2031	4,181	4,348	299	386	-380	1,598	593	2,496	0.006	
Annual Average										
1996 - 2001	-388	-404	-22	-36	-299	173	-112	-296	-0.0011	
2001 - 2006	176	183	50	-156	53	232	64	242	0.0015	
2006 - Mid 2009	276	287	-4	10	-864	80	25	-753	-0.0080	
Mid 2009 - Mid 2011	3	3	0	0	-459	95	30	-335	-0.0031	
Mid 2009 - Mid 2016	181	188	19	23	-108	112	36	82	0.0000	
Mid 2009 - Mid 2021	195	203	17	21	-51	93	32	112	0.0003	
Mid 2009 - Mid 2031	190	198	14	18	-17	73	27	113	0.0003	

Source: Watson & Associates Economists Ltd., September, 2009

1. Population Includes a Census Undercount of approximately 4%.

2. Total Activity Rate = Employment/Population (Excluding Census Undercount)

Census Undercount: The Census Undercount is the net number of persons missed in the base population during Census enumeration. The net Census undercount typically ranges between 3 to 4%.

2. Work at home

- This component of the employment base is expected to experience moderate growth largely due to the shifting employment base (from goods to service-producing employment) and growth in the 55+ population age group. Of this age group, a large proportion may choose to retire from their traditional jobs and work from home on a full- or part-time basis across a wide range of existing and emerging employment sectors. Based on recent discussions with municipal staff, the number of small businesses in the area is steadily growing due to recent layoffs in the manufacturing sector. Many of these small businesses are anticipated to be home-based.

3. Industrial

- The industrial sector in Chatham-Kent has been hit particularly hard as a result of the current global and regional economic downturn. Based on our review of recent industrial job losses, the 2009 industrial employment base in Chatham-Kent is estimated at approximately 15,000 employees, down by roughly 2,600 jobs since 2006. Recent job losses have been weighed against recent new industrial construction activity over the 2005 to 2008 period, which has been rather minimal.
- Over the next few years it is anticipated that the industrial sector will continue to shed more jobs as the local economy continues to feel the impacts of the recent economic challenges largely related to the auto-manufacturing sector.
- Over the medium-term forecast period (i.e. 2011 to 2016) the industrial sector is forecast to stabilize as the manufacturing sector gradually recovers. Based on discussions with local stakeholder groups in Chatham-Kent, economic conditions related to the auto-manufacturing economy appears to be slightly improving which should begin to have a positive, but gradual, impact on local economic conditions.
- Over the longer-term forecast period (i.e. post 2016) the industrial employment sector is expected to experience a moderate increase largely driven by growth in the construction, wholesale trade and warehousing/logistics sectors.
- One of the key competitive advantages of Chatham-Kent is the availability of vacant, competitively priced, serviced or serviceable employment land located along the Highway 401 corridor.

4. Commercial and Population-related Business

- Based on our review of recent commercial building permit activity, recent commercial site plan activity and discussions with local commercial realtors, population-related employment (i.e. retail, accommodation/food and business services) has gradually increased over the past several years.
- While the office commercial sector has recently been sluggish, recent demand for small office space (i.e. 7,000 to 15,000 sq. ft.) has gradually improved in recent months.
- As of 2009, the commercial/population base is estimated at 16,480, an increase of 240 employees since 2006.
- As previously mentioned, the Chatham-Kent employment base is gradually shifting from a goods-producing to service-producing economy. As the Municipality's population continues to gradually grow, a steady increase in population-related employment (i.e. service sector and retail) is expected.
- The former Municipality of Chatham serves as a retail and commercial service hub to a number of urban and rural settlements in the surrounding area. As such, a gradual shift in the share of urban vs. rural commercial employment is expected as the percentage of population continues to shift to the urban areas of Chatham-Kent.

5. Institutional

- Over the medium- and long-term forecast period, the Municipality of Chatham-Kent is expected to experience moderate employment growth in the institutional sector.
- As previously indicated in Chapter 3, the population of Chatham-Kent is aging; therefore, the need for health care services is anticipated to grow over the forecast period.
- Conversely, there will be a gradual reduction in demand for educational services as the population base continues to age.
- It is predicted that the former impact will dominate (i.e. growth in health care services), thus, institutional employment will continue to grow steadily over the long term.

- Over the next 22 years (i.e. 2009 to 2031) the institutional sector is forecast to increase by approximately 590 employees from 8,960 to 9,460.

In total, the Municipality of Chatham-Kent is forecast to add approximately 2,500 jobs to its employment base over the 2009 to 2031 forecast period. However, it is important to note that a higher proportion of new jobs in Chatham-Kent will be part-time jobs in the service sector economy. Such jobs typically provide lower wage rates and fewer spin-off job opportunities when compared to the industrial sector. On a more positive note, Chatham-Kent's commercial office and business service sector (i.e. finance, insurance, real estate, professional and scientific services, etc.) has experienced steady growth since 2001. This employment sector is often associated with a high percentage of full-time "knowledge-based" jobs which typically provide competitive wages and a higher degree of economic spin-off opportunities, when compared to the retail and accommodation and food sector. This highlights the importance of attracting and retaining local employment growth in these sectors, especially in light of a potentially weaker manufacturing economy.

7. POPULATION AND EMPLOYMENT GROWTH – COMPARATIVE ANALYSIS

7. POPULATION AND EMPLOYMENT GROWTH - COMPARATIVE ANALYSIS

This Chapter provides a comparative analysis of the revised 2009 population and employment forecast for Chatham-Kent with the most recent growth forecasts prepared for the Municipality since 2001. This review includes a comparative analysis of base population, population growth rates, housing growth rates, housing occupancy trends (i.e. persons per unit or ppu) and employment growth.

7.1 Population Growth

Figure 7-1 summarizes the 2009 revised population forecast for Chatham-Kent against the most recent population projections for the Municipality since 2003. Comparatively, the 2009 W&A population forecast is lower than the 2008 W&A DC growth forecast by approximately 2,800 persons by the year 2021. This forecast population decrease is largely due to two factors:

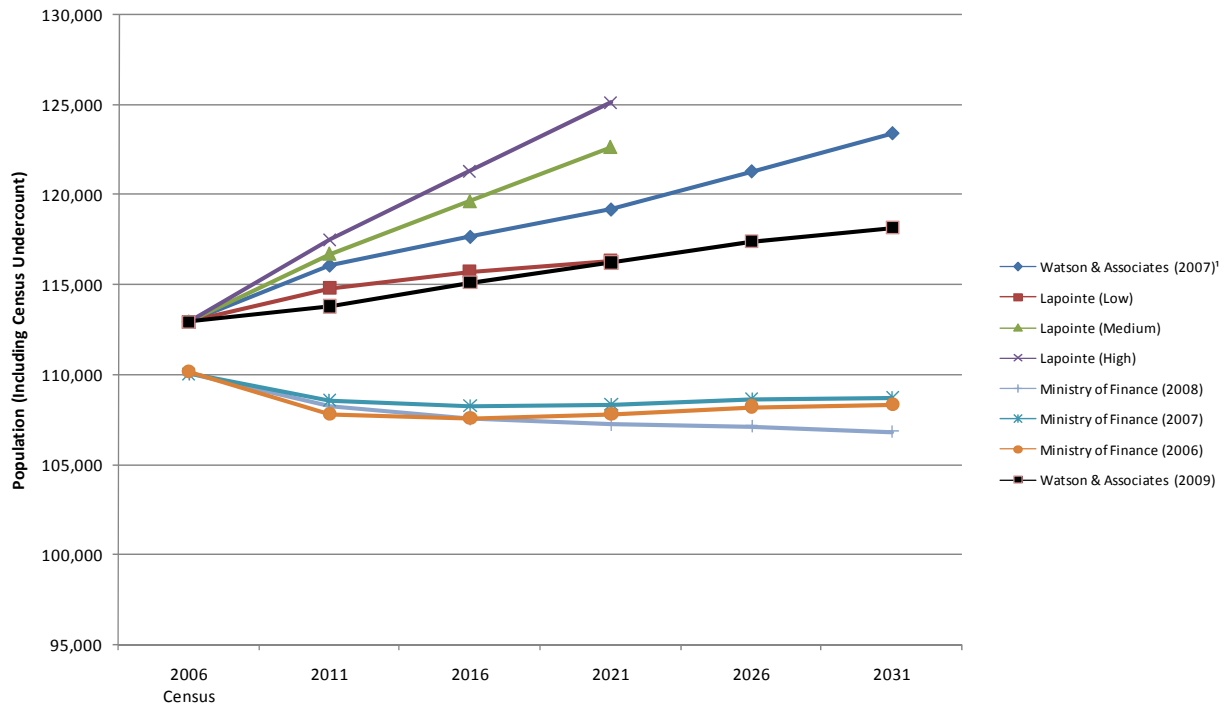
1. A lower annual housing forecast reflective of recent housing trends and a more modest short- to medium-term employment growth outlook for the Municipality; and
2. A slightly more aggressive long-term decline in average household size, as a result of the Municipality's aging population.

Table 7-1a compares the 2009 W&A forecast with each of the recent population forecasts prepared for Chatham-Kent since 2003 by Lapointe Consulting and the Ministry of Finance (MOF).¹ Tables 7-1b and 7-1c compare housing growth and PPU trends between two W&A forecasts and the Lapointe growth scenarios.

With respect to population growth, the 2009 W&A growth scenario is lower than all of the Lapointe growth forecast scenarios from 2006 to 2016, but is anticipated to fall generally in line with the Lapointe "Low" forecast by 2021. It is important to note that while the 2009 W&A population growth forecast from 2009 to 2021 is generally consistent with the 2003 Lapointe "Low" forecast, the level of incremental housing growth is considerably higher under the 2009 W&A forecast. This is due to a more aggressive decline in the occupancy of existing households assumed by W&A over the 2006 to 2021 period when compared to Lapointe. Accordingly, the 2009 W&A population forecast requires more new housing units to generate a generally comparable amount of population growth.

¹ Note: MOF does not provide a housing forecast for Chatham-Kent.

**FIGURE 7-1
COMPARISON OF POPULATION FORECASTS FOR THE MUNICIPALITY OF
CHATHAM-KENT**



1. forecast has been extrapolated to 2031.

Table 7-1a
Municipality of Chatham-Kent
Comparative Population Growth, 2006-2031

Period	Watson & Associates (2007)	Watson & Associates (2009)	Lapointe 2003 (Low)	Lapointe 2003 (Medium)	Lapointe 2003 (High)
2006	112,900	112,900	113,000	113,000	113,000
2021	119,100	116,200	116,300	122,600	125,100
2031	123,400	118,100	N/A	N/A	N/A
2006-2021	6,200	3,300	3,300	9,600	12,100
2006-2031	10,500	5,200	N/A	N/A	N/A
2006-2021	413	220	220	640	807
2006-2031	420	208	N/A	N/A	N/A

Period	Ministry of Finance (2006)	Ministry of Finance (2007)	Ministry of Finance (2008)
2006	110,100	110,000	110,000
2021	107,800	108,300	107,200
2031	108,300	108,700	106,800
2006-2021	-2,300	-1,700	-2,800
2006-2031	-1,800	-1,300	-3,200
2006-2021	-153	-113	-187
2006-2031	-72	-52	-128

Source: Watson & Associates Economists Ltd., Lapointe Consulting Inc. and Ministry of Finance.

Table 7-1b
Municipality of Chatham-Kent
Comparative Housing Growth, 2006-2031

Period	Watson & Associates (2007)	Watson & Associates (2009)	Lapointe 2003 (Low)	Lapointe 2003 (Medium)	Lapointe 2003 (High)
2006	43,670	43,670	43,670	43,670	43,670
2021	47,870	46,540	45,720	48,240	49,260
2031	50,390	48,240	N/A	N/A	N/A
2006-2021	4,200	2,870	2,050	4,570	5,590
2006-2031	6,720	4,570	N/A	N/A	N/A
2006-2021	280	191	137	305	373
2006-2031	269	183	N/A	N/A	N/A

Source: Watson & Associates Economists Ltd. and Lapointe Consulting Inc.

Table 7-1c
Municipality of Chatham-Kent
Comparative PPU Trends, 2006-2031

Period	Watson & Associates (2007)	Watson & Associates (2009)	Lapointe 2003 (Low)	Lapointe 2003 (Medium)	Lapointe 2003 (High)
2006	2.59	2.59	2.59	2.59	2.59
2021	2.49	2.50	2.54	2.54	2.54
2031	2.45	2.45	N/A	N/A	N/A

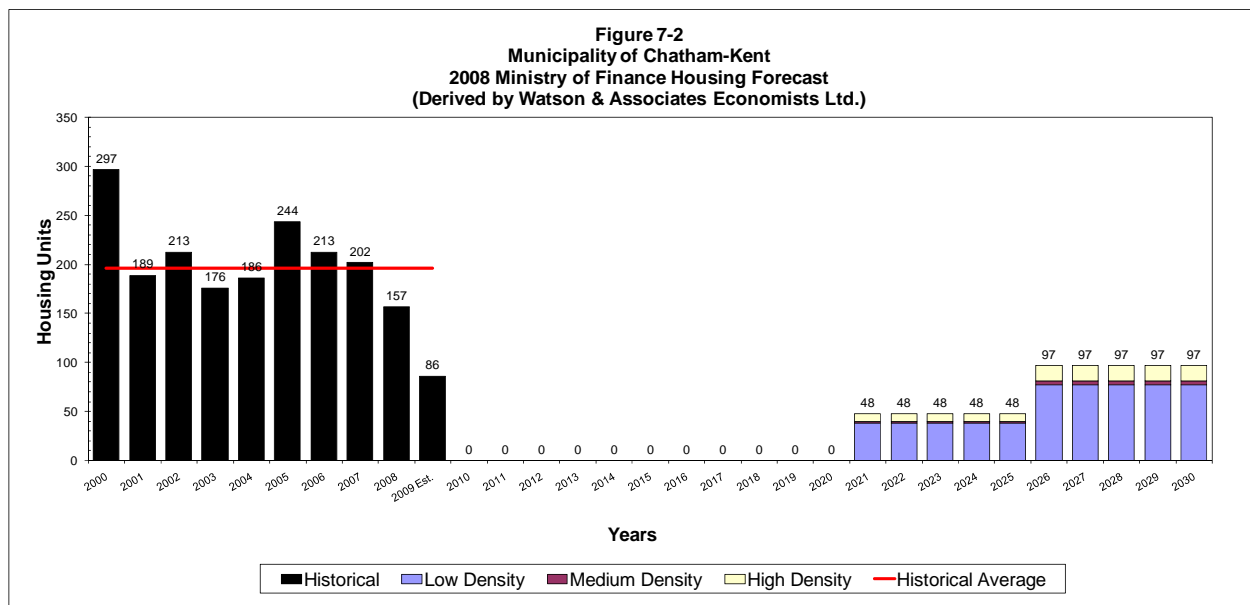
Source: Watson & Associates Economists Ltd. and Lapointe Consulting Inc.

Note: Persons Per Unit (PPU) calculations were derived from Population Including the Census Undercount of approximately 4%.

Census Undercount: The Census Undercount represents the net number of persons missed in the base population during Census enumeration. The net Census undercount typically ranges between 3 to 4%.

The 2009 W&A population forecast is moderately higher than all of the most recent Ministry of Finance (MOF) growth projections for Chatham-Kent. All of the most recent MOF growth projections for Chatham-Kent anticipate declining population from 2006 to 2021. It is our opinion that, while the forecast population growth rate for Chatham-Kent will be moderate, a declining population over the long term is unlikely, based on our analysis outlined in Chapter 6. Population trends in Chatham-Kent have been positive since the 2001 Census and do not appear to have declined even in the last several years as result of the current economic downturn. As identified in Chapter 5, annual housing construction has recently fallen well below historical averages. Over the short term, housing activity is anticipated to gradually recover to historical levels, followed by a gradual decrease as the municipality's population continues to age during the post 2021 period. The aging population is expected to be one of the key drivers of the future Chatham-Kent housing market over the 2009 to 2021 forecast period.

Figure 7-2 illustrates the resulting housing forecast which would occur based on the 2007 MOF population forecast. Under this growth scenario new housing construction in Chatham-Kent would average approximately 37 new units per year. This represents a long-term average rate of new housing construction which is well below the average experienced by the Municipality during the current recession. What is most concerning is that the 2007 MOF forecast implicitly assumes no new housing growth in Chatham-Kent from 2010 to 2015.



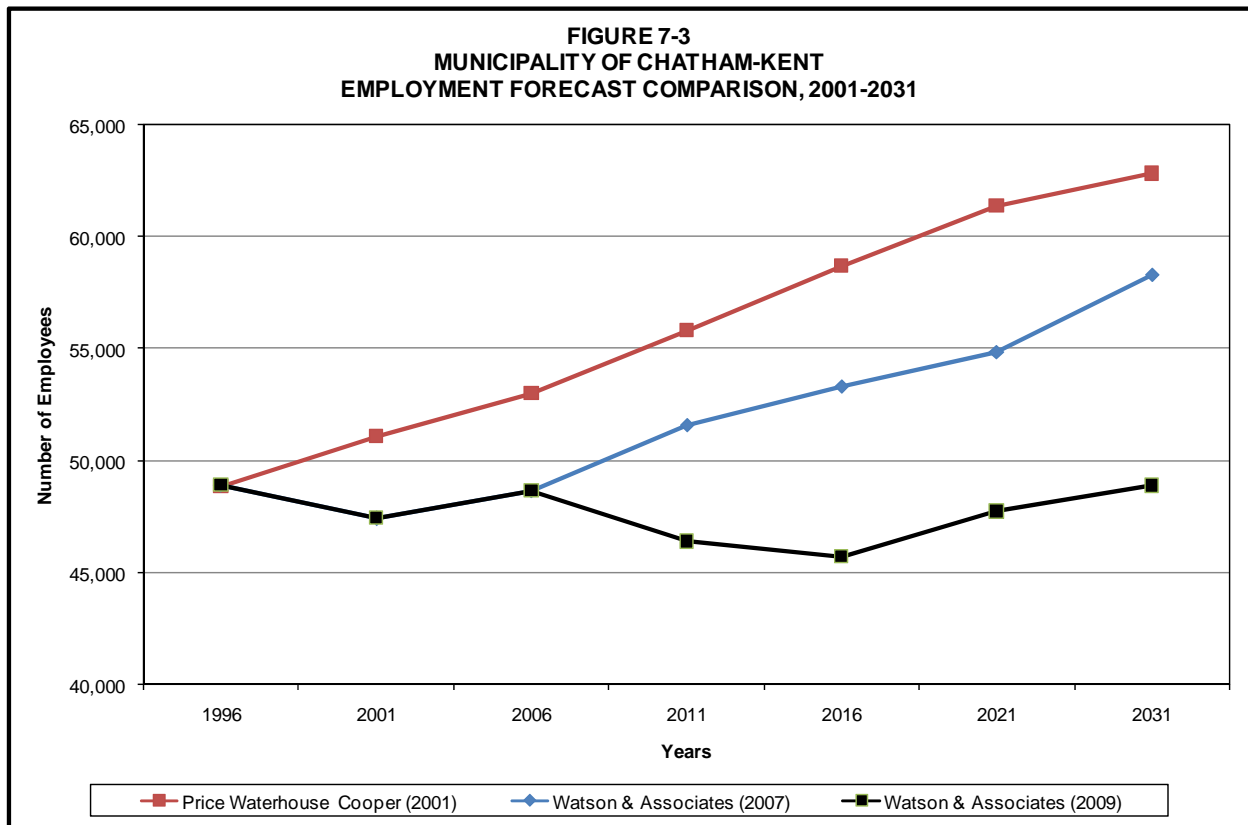
Notwithstanding the regional and global challenges associated with future economic growth, the local economy has historically experienced a number of boom and bust cycles. Over the next

22 years, it is foreseeable that the local economy will continue to experience periods of both economic growth and contraction.

7.2 Comparative Employment Growth Trends

Employment projections were not prepared as part of the recent 2003 growth projections developed by Lapointe Consulting Inc. or the 2005 through 2007 MOF population forecasts. However, in 2001 an employment forecast was prepared for the Municipality as part of an Employment Land Need Analysis prepared by PriceWaterHouseCoopers (PWC).

Figure 7-3 summarizes the 2009 W&A employment forecast against the 2007 W&A DC employment forecast and the 2001 PWC analysis from 2001 to 2031. The 2009 W&A employment forecast is well below both the 2001 PWC and 2007 W&A employment growth scenarios.



8. CONCLUSIONS

8. CONCLUSIONS

Key observations and findings of this report include:

- Chatham-Kent is continuing to age at a slightly faster rate than the Province and this trend will affect population growth for the Municipality through 2031;
- Due to the continued aging of the population, the average persons per unit (PPU) is projected to fall from 2.47 in 2009 to 2.36 in 2031;
- As a result of the Municipality's declining PPU levels, long-term population growth is anticipated to be moderate in light of steady forecast average annual housing growth;
- Employment in Chatham-Kent is expected to grow by approximately 2,500 jobs from 2009 to 2031;
- The 2009 W&A employment forecast is significantly lower than the 2007 DC and 2001 PWC employment forecast largely due to the recent job losses and challenges which have been experienced within the manufacturing sector over the past several years;
- It is anticipated that Chatham-Kent's industrial sector will continue to struggle over the short term, followed by a slow recovery period during the post 2011 period;
- Commercial and institutional employment growth is also expected to be lower in comparison to the 2007 DC growth forecast as a result of relatively lower population growth in the 2009 forecast; however, the Municipality is expected to experience steady employment growth in those sectors over the long term.
- The employment activity rate is forecast to fall moderately in the short term; however, over the long-term period (i.e. 2031) the Municipality's employment activity rate is forecast to remain relatively consistent with the current ratio of 42 to 43%.

APPENDIX A

**HISTORICAL HOUSING OCCUPANCY PATTERNS,
1996 TO 2006**

**SCHEDULE A-1
MUNICIPALITY OF CHATHAM-KENT
5-YEAR HISTORICAL GROWTH FORECAST
MID 1996 TO MID 2001**

		POPULATION
Mid 1996 Population		109,650
Occupants of New Housing Units, Mid 1996 to Mid 2001	<i>Units (2)</i>	775
	<i>multiplied by persons per unit (3)</i>	3.277
	<i>gross population increase</i>	2,540
Decline in Housing Unit Occupancy, Mid 1996 to Mid 2001	<i>Units (4)</i>	41,315
	<i>multiplied by ppu decline rate (5)</i>	-0.1085
	<i>total decline in population</i>	-4,481
Mid 2001 Population		107,709
<i>Net Population Increase, Mid 1996 to Mid 2001</i>		-1,941

(1) Mid 1996 Population based on:

1996 Statistics Canada Census Profile

(2) Residential units constructed, Mid 1996 to Mid 2001

(3) Average number of persons per unit (ppu) is assumed to be:

Structural Type	Persons Per Unit ¹	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi's (Low Density)</i>	3.024	119.4%	3.610
<i>Townhomes (Medium Density)</i>	2.107	5.2%	0.109
<i>Apartments (High Density)</i>	1.800	-24.5%	-0.441
Total		100.0%	3.277

¹ Persons per unit based on adjusted Statistics Canada Custom 2001 Census database.

² Based on mx of housing units constructed from 1996 to 2001.

(4) 2001 households taken from StatsCan Census.

(5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.

**SCHEDULE A-2
MUNICIPALITY OF CHATHAM-KENT
5-YEAR HISTORICAL GROWTH FORECAST
MID 2001 TO MID 2006**

		POPULATION
Mid 2001 Population		107,709
Occupants of New Housing Units, Mid 2001 to Mid 2006	<i>Units (2)</i>	1,575
	<i>multiplied by persons per unit (3)</i>	2.605
	<i>gross population increase</i>	4,102
Decline in Housing Unit Occupancy, Mid 2001 to Mid 2006	<i>Units (4)</i>	42,090
	<i>multiplied by ppu decline rate (5)</i>	-0.0766
	<i>total decline in population</i>	-3,222
Mid 2006 Population		108,589
<i>Net Population Increase, Mid 2001 to Mid 2006</i>		880

(1) Mid 2001 Population based on:

2001 Statistics Canada Census Profile

(2) Residential units constructed, Mid 2001 to Mid 2006

(3) Average number of persons per unit (ppu) is assumed to be:

Structural Type	Persons Per Unit ¹	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi's (Low Density)</i>	2.899	59.7%	1.730
<i>Townhomes (Medium Density)</i>	1.870	-15.6%	-0.291
<i>Apartments (High Density)</i>	2.086	55.9%	1.165
Total		100.0%	2.605

¹ Persons per unit based on adjusted Statistics Canada Custom 2006 Census database.

² Based on mix of housing units constructed from 2001 to 2006.

(4) 2006 households taken from StatsCan Census.

(5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.



APPENDIX B

PERSONS PER UNIT BY DWELLING AGE AND TYPE

SCHEDULE B-1

**MUNICIPALITY OF CHATHAM-KENT
PERSONS PER UNIT BY AGE AND TYPE OF DWELLING
(2006 CENSUS)**

Age of Dwelling	LOW DENSITY - Single and Semi-Detached						Adjusted PPU ¹	20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	-	1.870	3.110	-	2.899	2.83	
6-10	-	2.000	1.833	3.199	4.708	3.042	2.97	
11-15	-	-	1.756	3.243	3.417	2.985	2.93	
16-20	-	-	1.857	2.973	-	2.808	2.77	2.88
20-25	-	1.545	2.060	3.035	4.000	2.867	2.85	
25-35	-	1.722	1.860	2.769	3.844	2.660	2.65	
35+	-	1.479	1.914	2.670	3.608	2.458	2.45	
Total	1.895	1.558	1.903	2.789	3.857	2.591		

Age of Dwelling	MEDIUM DENSITY - Rows and Apartment in Duplex						Adjusted PPU ¹	20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	-	1.692	-	-	1.870	1.82	
6-10	-	-	2.375	-	-	2.320	2.25	
11-15	-	-	1.850	3.000	-	2.325	2.28	
16-20	-	-	2.103	3.000	-	2.448	2.41	2.19
20-25	-	-	2.133	3.375	-	2.805	2.78	
25-35	-	-	2.038	3.393	-	2.786	2.77	
35+	-	1.314	2.022	2.725	-	2.155	2.15	
Total	-	1.306	2.033	3.006	-	2.353		

Age of Dwelling	HIGH DENSITY - Apartments < > 5 Storeys						Adjusted PPU ¹	20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	-	-	-	-	-	-	
6-10	-	-	1.692	2.857	-	2.086	2.09	
11-15	-	1.100	1.667	-	-	1.490	1.49	
16-20	-	1.188	1.711	3.182	-	1.671	1.67	1.31
20-25	-	1.180	1.481	2.091	-	1.408	1.41	
25-35	1.385	1.153	1.811	2.900	-	1.641	1.64	
35+	1.278	1.279	1.815	2.842	-	1.750	1.75	
Total	1.186	1.215	1.771	2.870	-	1.682		

Age of Dwelling	ALL DENSITY TYPES						Adjusted PPU ¹	20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	-	1.898	3.123	-	2.802		
6-10	-	1.750	1.910	3.168	4.708	2.926		
11-15	-	1.214	1.750	3.226	3.417	2.705		
16-20	-	1.302	1.871	2.983	-	2.557		
20-25	-	1.206	1.807	3.027	4.000	2.495		
25-35	1.533	1.212	1.847	2.793	3.694	2.378		
35+	1.667	1.358	1.905	2.676	3.614	2.365		
Total	1.431	1.315	1.882	2.798	3.839	2.440		

1. The Census PPU has been adjusted to account for the downward PPU trend which has been recently experienced in both new and older units, largely due to the aging of the population

Note: Does not include Statistics Canada data classified as 'Other' - Value of 135

Note: Does not include institutional population