PROVINCIAL ECONOMIC FORECAST

TD Economics

December 20, 2016

PROVINCIAL OUTLOOK CLOUDED BY HEIGHTENED UNCERTAINTY

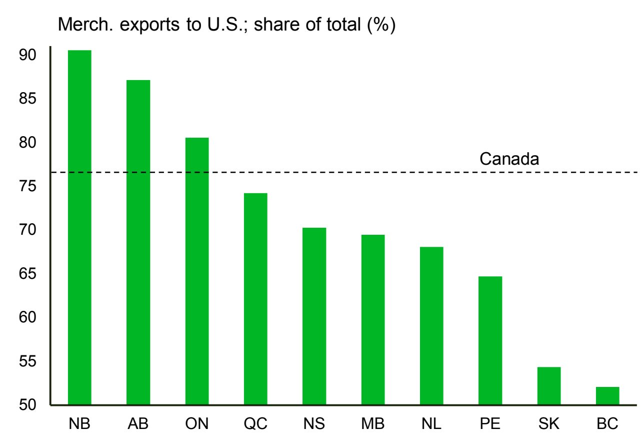
Highlights

- Canada's regional economies have been performing largely as we had anticipated since our September Provincial Economic Forecast, leaving intact our expectations for a narrowing in the gap between provincial performances.
- This year's top performing economies, B.C. and Ontario, are expected to lose some momentum thanks to a cooling in the housing market, while Alberta and Saskatchewan head to the top of the leaderboard. But, this will be bittersweet, as the job markets in these oil-producing economies are expected to remain soft, leaving unemployment rates historically elevated.
- While our underlying forecast remains largely unchanged, a number of recent events have added a great deal of uncertainty to the outlook. Chief among them include the potential for policy changes related to the new incoming U.S. administration, as well as several Canadian federal initiatives including: new housing market regulations, a national carbon price plan, and approval of pipeline projects.

Canada's regional economies have been performing largely as we had anticipated since our September Provincial Economic Forecast, leaving our expectations for a narrowing in the gap between provincial performances intact. On a welcome note, recent data indicate that real activity in the Alberta and Saskatchewan economies has stabilized amid an uptick in crude oil prices. This reinforces our view that these economies will embark on a gradual recovery over the next two years. Meanwhile, another year of rapid growth in nation-leading Ontario and B.C. this year still looks set to ratchet down a notch, in line with activity in the housing sector.

We have held our baseline view steady despite a string of key developments in recent months that have added layers of uncertainty around the projections. Chief among them include the potential for a dramatic shift in U.S. government policies related to the incoming administration; recent announcements by the Canadian federal government of additional regulations aimed at reducing risk in regional housing markets; the unveiling of a carbon price plan; and the approval of major pipeline projects. While assumptions surrounding federal housing regulations have been embedded into our provincial forecasts, we await more clarity on the U.S. policy path to incorporate those impacts. The latter developments, while potentially material, represent uncertainties beyond the next 1-2 years.

CHART 1: PROVINCIAL EXPORTS TO U.S.



Source: Statistics Canada, TD Economics.

Risks of newly-implemented U.S. policies not spread evenly across Canada

As President-elect Trump prepares to take over the White House, he inherits an economy that has been showing solid momentum following a disappointing first half in 2016. Provincial

Beata Caranci, VP & Chief Economist, 416-982-8067
Michael Dolega, Director & Senior Economist, 416-983-0500
Dina Ignjatovic, Economist, 416-982-2555

goods exports have been somewhat restrained in recent months, but this improving U.S. demand picture augurs well for a near-term pick-up in manufacturing sectors. Tourism industries are also expected to enjoy another good year in 2017.

The Trump campaign platform, featuring both substantial tax cuts and infrastructure spending, clearly presents an upside risk to our U.S. growth forecast that currently sits at around 2% per year in 2017-18. Stronger U.S. spending would have positive knock-on effects to provincial export performances. But, as noted in a recent report, we suspect that both the amount of stimulus and its economic impacts could fall short of the lofty expectations set by investors and analysts.

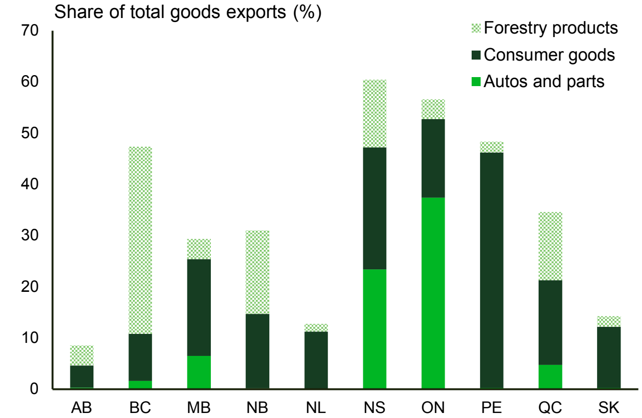
One promise that will likely materialize will be Trump's commitment to approve the Keystone XL pipeline. This would naturally benefit the western region of Canada over the longer haul by increasing export capacity for Alberta oil. It would support both the Alberta and Saskatchewan energy industries by reducing the backlog, boosting related manufacturing, and lowering the discount on Canadian oil prices. However, it remains unclear how quickly the President-elect would move on this commitment.

There are some key downside risks around Canadian provincial economies as well, the most obvious of which is non-energy trade. A great deal of protectionist rhetoric was a big part of the presidential campaign, which could be harmful to Canada's manufacturing and exporting regions should such policies be enacted. While the anti-trade remarks were not necessarily directed at Canada, any renegotiation of the North American Free Trade Agreement would impact trade with the largest foreign market for each province's exports (Chart 1). Based on export intensity, Ontario, Quebec, Nova Scotia and PEI stand to be most negatively impacted by protectionist measures undertaken in the United States (Chart 2).

The first test of the Trump administration's stance on trade with Canada may come from a decision on the Softwood Lumber Agreement. The 1-year stand-still period recently expired and the lumber-producing regions most impacted by the outcome are B.C. and Quebec.

A more immediate concern in Canada surrounds the rise in yields in relation to movements underway stateside. Even before the U.S. election, upward pressure on global bond yields was occurring. Post-election, rising inflation expectations sent the 10-year U.S. Treasury yield up dramatically, taking Canadian yields along for the ride.

CHART 2: SHARE OF EXPORTS EXPOSED TO U.S. CONSUMER



Source: Statistics Canada, TD Economics.

Since late October, Canada's 5-year government bond yield, a proxy for longer-term mortgage rates, has increased by 45 basis points. While less than half of the increase has been passed through to mortgage rates, we expect further gradual increases in lending rates over the next two years, which will act to take some steam out of regional housing markets.

Impact of new mortgage regulations casts more uncertainty

This leads to another area of elevated uncertainty: housing. Along with the prospect for a gradual uptick in mortgage rates, a number of developments are likely to work to cool housing markets over the forecast horizon. These include further tightening in insured mortgage lending rules, higher capital rules on financial institutions and B.C.'s recent implementation of taxes aimed at foreign investment. The changes afoot reinforce our long-held view of a soft landing both nationally and in the two markets of Toronto and Vancouver. While we're comfortable with this thesis of an orderly slowdown, predicting the timing and extent of any slowdown (amid these numerous moving parts) is no easy feat.

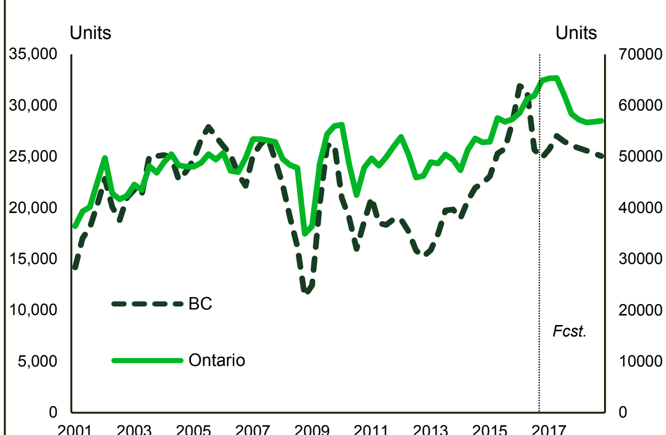
The impact of the foreign buyer tax in Vancouver since its implementation has been sizeable, with high-end sales in the city cooling sharply in recent months. Meanwhile, with some of the foreign investment likely flowing east, sales and prices in the Toronto market have climbed even higher. Of note, momentum in the Prairie Provinces has picked up in recent months; however, there is some indication that these gains will not have staying power. In Alberta and Saskatchewan in particular, unemployment is historically elevated, making consumers more sensitive to changes in mortgage rules and interest rates.

Despite the upward adjustment to our rate forecast, we have elected to upgrade our forecast of sales and prices in the Toronto and Ontario markets in 2017. The upgrade reflects the more robust momentum heading into the year, which is still likely to break but probably not until the second half of 2017 and into 2018. Of note, there appears to be some flow-through of foreign funds into the Ontario market, perhaps diverted from its western counterpart due to their targeted policy measures. This may reflect a push of foreigners parking funds ahead of speculation that China may consider implementing more stringent capital controls sometime in the New Year. Despite prospects for weaker sales down the road, limited supply will keep the market quite tight allowing for further price gains– albeit to a lesser extent – over the next two years.

We expect the declines in Vancouver's existing sales to moderate going forward, as the impact of the tax wanes and healthy demand fundamentals, such as immigration, remain strong. But, ultimately, the region will face tighter financial conditions like the rest of the country, and this will maintain a speed bump for activity. This was a critical piece that was absent from the equation in recent years as mortgage rates fell. At the same time, the residential construction boom that has taken place this year should shift demand towards the new home market – particularly amongst first-time buyers given the land transfer tax exemption on new homes under $750,000 and recently announced interest-free downpayment loans up to $37,500. But, given that the pace of homebuilding is unsustainable, it sets the stage for some retracement in activity over the next two years.

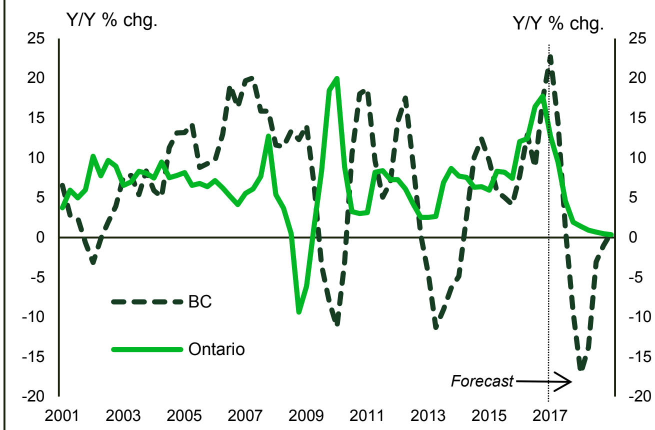
Elsewhere, our outlook for housing markets has not

CHART 3: EXISTING HOME SALES



Source: CREA, TD Economics.

CHART 4: AVERAGE HOME PRICES



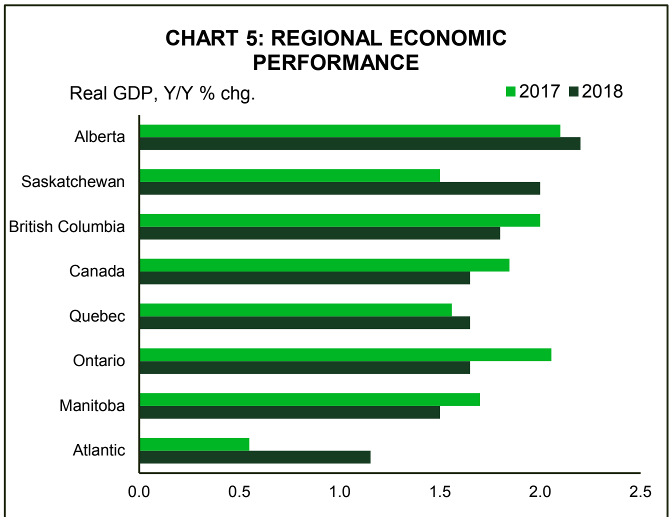
Source: CREA, TD Economics.

changed materially, with sales in Nova Scotia and Quebec still expected to outperform. However, risks surrounding interest rates and mortgage rule changes will impact all provincial markets.

Climate change and new pipelines adds uncertainty to medium-term outlook

Another area of uncertainty relates to the impact of the Canadian government's efforts to rein in carbon emissions. Trump's view on climate change is starkly different from the Canadian federal government, as he has indicated that he would pull out of the Paris deal and support America's energy industry. Meanwhile, Prime Minister Trudeau recently unveiled a nationwide carbon tax set to begin implementation in 2018, alongside a number of provincial climate change plans. The details on the provincial and federal plans are still quite scarce, but the difference in policies between Canadian provinces and the U.S. could create a more uneven playing field for large emitters in Canada such as the oil industry. As we argue in a recent report, provincial governments will have to ensure the policies they enact will not hinder the competitiveness of its emitting industries.

Perhaps providing some consolation to the western oil patch is the fact that the Trudeau government has given the green light for two pipeline projects to go ahead – Line 3 from Alberta to Wisconsin, and Trans Mountain from Alberta to B.C.'s coast – which would not only increase market access for Canadian oil and help to reduce the price differential, but could also provide an economic boost for the three westernmost provinces where the pipelines would run through. Despite federal approval, these pipelines could still face some legal battles before actually going ahead given



Source: Statistics Canada, Forecast by TD Economics as at December 2016.

a great deal of opposition, but it does provide some upside to our forecast in these regions.

Overall, these recent events have added a wider band of uncertainty around our baseline forecast, with housing and emerging Trump-Congressional policies the most potentially impactful in the 2017-18 forecast horizon. We continue to expect housing-related weakness to take some steam out of the B.C. and Ontario economies, while a gradual recovery in commodity prices and a nascent recovery in investment push Alberta and Saskatchewan to the top of the leaderboard by 2018. Meanwhile, the remaining provinces are expected to settle close to their longer-term cruising speeds in the 1-1.5% range.

Cooler housing market to only put a modest dent in B.C. and Ontario expansions

Ontario and B.C. have been the clear outperformers this year, with a pace of expansion expected to clock in at around 2.5-3% – the third straight year well ahead of the national average. This pace is unsustainable for these economies, where our estimate of long-term expansion is closer to the 1.5-2% range. As we've discussed, a gradual downshift in tailwind from housing activity will take some steam from these economies over the next two years, but momentum is not expected to peter out completely. These provinces should still occupy the upper end of the growth leaderboard in 2017-18.

Federal-provincial government stimulus will add to growth over the next two years – especially in B.C. where the government will likely redeploy surpluses in new tax cuts and spending increases. Still, the consumer will remain the biggest part of the growth story. Consumer spending has been fairly robust in recent years, and despite expectations for a slight deceleration, it should still advance at a decent clip over the forecast horizon. The benefit of past home price appreciation has created positive wealth effects. This will continue to drive consumer spending activity in these provinces, particularly in Vancouver where the main source of softness in sales has been concentrated in the high-end of the market, where the propensity to consume is not as great. Moreover, first-time home buyers – which should account for more sales in B.C. – tend to spend more on goods as they furnish their houses. As such, consumers will continue to prop up growth.

Manufacturing and exports are also expected to be overall growth-supportive, although the planned closure of a GM auto plant in Oshawa will deliver a setback to Ontario manufacturing in 2017. The good news is that the Detroit Three automakers were able to hammer out a deal with the labour union, which contained investment commitments in some Canadian auto plants. This suggests that further plant closures are unlikely over the near-to-medium term; however, additional capacity is not expected.

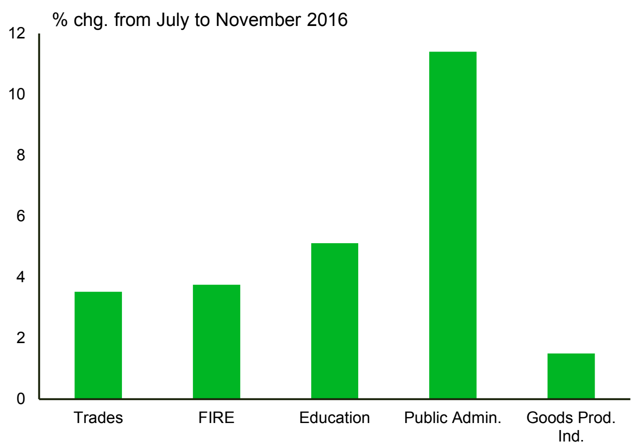
Uncertainty surrounding U.S. trade and tax policies will likely weigh on investment spending in B.C. and Ontario, although we still see scope for a ramp up industrial construction investment in light of rising export activity and low vacancy rates. With no new Softwood Lumber Agreement reached as of yet, potential duties applied to lumber exports presents some downside risk to the outlook for British Columbia. But, any tariffs implemented are unlikely to derail the province's lumber industry, as it is a key source of supply for the U.S., where new home construction is expected to rise steadily over the next two years.

Construction to pick up in Manitoba and Quebec

Manitoba's economy is expected to enjoy another year of 2% growth in 2016, placing it on track to retain its third place ranking for a second year in a row. Manufacturing has regained much of the ground lost earlier this year, thanks in large part to the food and transportation equipment industries, while wholesale trade has bounced back only slightly from the sharp drop seen mid-year.

Going forward, Manitoba's economy will continue to be supported by ongoing strength in non-residential construction, with public spending on infrastructure is expected to remain growth-supportive over the next two years. Residential construction is also likely to shift into expansion mode in 2017 and 2018, putting an end to a three-year string of

CHART 6: QUEBEC EMPLOYMENT GROWTH



Source: Haver Analytics, Statistics Canada, TD Economics.

declines.

In November, Manitoba joined the New West Partnership Trade Agreement – a deal with Saskatchewan, Alberta and B.C. designed to enhance trade, investment and mobility between these provinces. This is unlikely to provide a significant boost to near-term economic fortunes, but should make it easier to do business with the Western provinces. All told, economic growth in Manitoba is expected to remain healthy, albeit slowing slightly as it heads toward its longer term pace.

In Quebec, while manufacturing has flattened out following a second quarter bounce, retail sales have been a bright spot in recent months, up by over 4% so far this year. Employment has also gained some momentum, with the economy adding over 70k jobs between July and November, helping to drive the unemployment rate down to a record low of 6.2%. Much of the job creation has been in the services sector, with trade, finance, insurance and real estate (FIRE), education and public administration all posting sizable gains (Chart 6). Employment in these industries had all been trending down over the second half of last year and into 2016 and has now recouped much of the ground lost. Still, with the exception of FIRE, employment in these industries is elevated relative to historical norms.

Going forward, we expect growth in the province to be propelled by manufacturing and export related industries, as demand remains healthy Stateside. This should lead to an uptick in industrial construction investment, which will complement increased construction activity in the residential market. Public infrastructure spending will likely be another area of strength thanks to the provincial government's fiscal surplus position. Meanwhile, the unemployment rate is expected to remain at historically low levels as an uptick in economic activity supports healthy job growth and changing demographics lead to lower labour force participation.

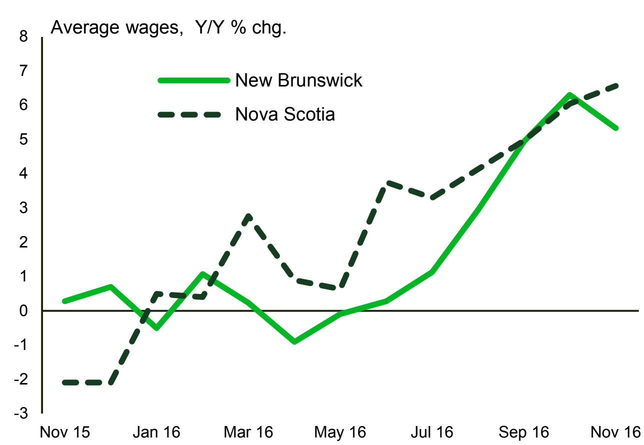
Tourism a bright spot for Maritime Provinces

The Maritime Provinces have been benefiting from the weak Canadian dollar, as increased travelers from both the U.S. and Canada have given tourism industries a boost. The retail sector has also been quite healthy across all three provinces, which, in addition to more tourists, has been aided by rising wages. New Brunswick and Nova Scotia in particular have led the country with exceptionally strong wage growth this year (Chart 7). These trends are generally expected to continue going forward; however, each province will have other idiosyncratic factors influencing growth.

Weak potash prices will continue to dampen production and exports in New Brunswick, with the potash mine closure this year weighing on growth in 2017. However, construction is expected to be a bright spot, with housing starts set to rise by 24% next year and non-residential construction to be lifted by the major refurbishment of a deteriorating wharf. The net effect will be a slight acceleration in growth from 0.5% this year to just shy of 1% over the 2017-18 period.

In Nova Scotia, manufacturing has been an area of strength thanks to the shipbuilding contract, and this should help keep the sector humming at a solid pace throughout the forecast horizon. A bounce back in housing starts will also be supportive for growth; however, a winding down of some non-residential projects is expected to leave overall construction flat to down next year. All told, economic growth in the province is expected to hold fairly steady at around 1.5% through 2018.

CHART 7: WAGE GROWTH IN NEW BRUNSWICK AND NOVA SCOTIA



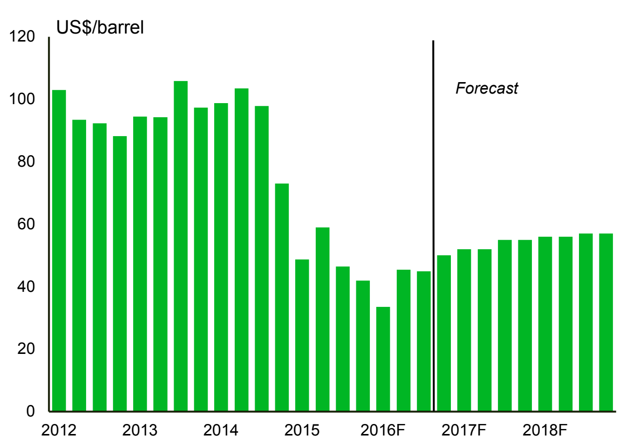
Source: Haver Analytics, Statistics Canada, TD Economics.

PEI's economy has been fairly healthy, with agricultural commodities giving exports a lift – particularly potatoes and fisheries which have been buoyed by higher prices. Potato production has increased as well thanks to high yields, driving up growth in one of PEI's key industries. Construction has also been on the rise – both residential and non-residential – which should remain supportive to the economy next year. In 2018, however, the housing market is expected to lose some steam alongside a fall in sales, prices and new home starts. All told, we expect economic growth in PEI to decelerate to 1.4% by 2018.

Oil-producing regions see light at the end of the tunnel

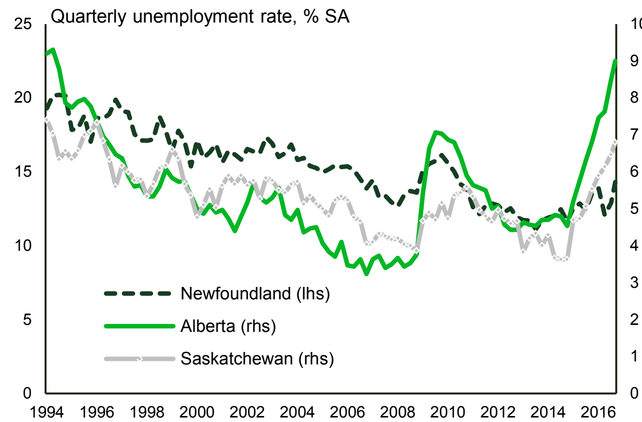
The recent uptick in oil prices to above US$50 per barrel – spurred by a coordinated production-cut agreement between OPEC and some non-OPEC members – certainly bodes well for Canada's oil-producing regions. While the recent deal presents some upside for oil prices, a supply side response from U.S. shale producers could provide some offset, putting a ceiling on prices. We continue to expect the WTI benchmark to remain in the US$50-60 per barrel range throughout the forecast horizon (Chart 8). While a WTI price below US$60 per barrel is alone unlikely to stimulate a surge in investment in the sector, there have been some encouraging signs that an upswing is taking hold. Two expansion projects in Alberta that had been shelved when oil prices initially plunged are set to be revived, with the producers citing lower costs as the main reason for the reversals. Hence, productivity gains and lower costs could lead to higher capital spending than we had expected given the current price environment. The announced pipeline approvals also pose some upside potential for investment, production and overall economic growth down the road, but commencement on these projects would likely only begin towards the end of next year at the earliest.

CHART 8: CRUDE OIL PRICES



Source: Haver Analytics; Forecast by TD Economics as at December 2016.

CHART 9: UNEMPLOYMENT RATES IN OIL-PRODUCING PROVINCES



Source: Haver Analytics, Statistics Canada, TD Economics. Q4 2016 data point is monthly data for November 2016.

Either way, further declines in investment are unlikely following the massive cut backs seen over the last two years, and even a stabilization at current levels would be supportive for growth. Moreover, a bounce back from the wildfire induced shutdowns in Alberta, as well as new oil projects coming online in Alberta and Newfoundland & Labrador this year and next point to increased oil production in Canada throughout the forecast period. Output in Saskatchewan is expected to continue falling through 2018.

While there is light at the end of the tunnel for these provinces, it will take some time to filter through to the job market. Employment is a lagging indicator, and conditions in the oil-producing regions appear to have deteriorated in recent months, with the unemployment rate shooting up in all three provinces. Newfoundland & Labrador's is the highest in the country, while Alberta's is currently sitting at the highest level seen since 1994, and Saskatchewan's is at a 17-year high (Chart 9). While the former two provinces have experienced job losses, the recent uptick in Saskatchewan's unemployment rate has been largely due to a rise in the labour force.

Despite the persistent low oil price environment, it appears as though the worst is in the rear-view mirror for Alberta and Saskatchewan. Alberta's economy will be supported by reconstruction efforts in Fort McMurray, as well as the rise in oil production and growth in associated industries. The province is expected to top the leaderboard in 2017 and 2018, with growth above 2%. That said, in level terms, economic activity will still fall short of 2014 levels when oil prices began their descent. The recovery should lead to some job creation, however, helping to bring the unemployment rate down to a still-elevated 7.9% by 2018.

In Saskatchewan, the potash industry continues to struggle with low prices, resulting in the announcement of production cuts and layoffs in the sector, scheduled for 2017. Agriculture seems to be the only bright spot within the commodity spectrum, thanks to a good harvest that has pushed production higher. Elsewhere, manufacturing has gained some momentum – driven in large part by food manufacturing – a trend that should continue going forward.

While the recovery in Saskatchewan will be more muted than in Alberta given that the contraction was not as deep, the pace of growth in the province will close in on Alberta's in 2018, as rising commodity prices help economic activity advance by 2%. The improvement in economic conditions should be supportive of job growth, helping to drive the unemployment rate down to 6% by 2018.

The recession in Newfoundland and Labrador will continue for another year, but not due entirely to the oil sector. In fact, rising oil output from the new Hebron project and production at the new nickel processing facility will be supportive of growth in the province over the coming years. However, the completion of these projects, as well as the Muskrat Falls project, mean that capital investment and non-residential construction will be in decline, weighing on overall growth. What's more, rising taxes and lower government spending will exacerbate the weakness elsewhere, leaving the overall economy in contraction in 2017. Ongoing increases in oil production combined with an uptick in residential construction should help move the economy into recovery mode in 2018. That said, job growth will be slow to come back, with the unemployment rate expected to remain stubbornly high.

Bottom Line

A number of events that have taken place in recent months has led to increased risks surrounding the regional forecast – both on the upside and downside. New housing market regulations and emerging fiscal policies in the U.S. present near-term uncertainty, while climate change policies and pipeline approvals present risk over the medium term.

Despite this heightened uncertainty, our underlying forecast remains largely unchanged. This year's top performing economies of B.C. and Ontario are expected to lose some momentum thanks to a cooling in the housing market, while Alberta and Saskatchewan head to the top of the leaderboard. But, this will be bittersweet, as the job markets in these oil-producing economies are expected to remain soft, leaving unemployment rates historically high.

SUMMARY TABLES

REAL GROSS DOMESTIC PRODUCT (GDP) Annual average per cent change					
	2014	2015E	2016F	2017F	2018F
CANADA	2.6	0.9	1.4	1.8	1.7
N. & L.	-1.0	-2.0	-0.6	-1.2	0.8
P.E.I.	1.5	1.3	1.7	1.5	1.4
N.S.	0.8	1.0	1.5	1.4	1.5
N.B.	-0.1	2.3	0.6	0.8	0.9
Québec	1.3	1.2	1.6	1.6	1.7
Ontario	2.7	2.5	2.6	2.1	1.7
Manitoba	1.5	2.2	2.1	1.7	1.5
Sask.	2.4	-1.3	-0.5	1.5	2.0
Alberta	5.0	-3.6	-2.8	2.1	2.3
B.C.	3.3	3.3	3.3	2.0	1.8

E|F: Forecast by TD Economics as at December 2016.
Source: Statistics Canada / haver Analytics

NOMINAL GROSS DOMESTIC PRODUCT (GDP) Annual average per cent change					
	2014	2015E	2016F	2017F	2018F
CANADA	4.5	0.2	1.9	3.6	3.5
N. & L.	-1.3	-11.5	-2.0	-0.1	2.8
P.E.I.	3.5	3.9	2.7	2.5	3.5
N.S.	1.7	2.4	2.5	2.8	3.1
N.B.	1.0	2.9	1.5	2.8	2.9
Québec	1.9	2.6	2.3	3.0	3.3
Ontario	4.7	4.9	4.3	4.0	3.7
Manitoba	2.5	3.1	2.8	3.2	3.6
Sask.	1.3	-5.7	-0.5	3.2	4.0
Alberta	8.9	-12.5	-5.1	4.1	4.0
B.C.	5.2	3.8	4.4	3.4	3.0

E|F: Forecast by TD Economics as at December 2016.
Source: Statistics Canada / haver Analytics

EMPLOYMENT Annual average per cent change					
	2014	2015	2016F	2017F	2018F
CANADA	0.6	0.9	0.7	0.8	0.5
N. & L.	-1.9	-1.0	-1.2	-1.4	0.4
P.E.I.	-0.4	-1.1	-2.3	0.1	0.1
N.S.	-1.1	0.1	-0.5	0.3	0.1
N.B.	-0.2	-0.4	-0.3	0.2	0.0
Québec	-0.1	1.0	0.8	0.9	0.5
Ontario	0.8	0.7	1.1	1.1	0.7
Manitoba	0.1	1.5	-0.4	0.6	0.5
Sask.	1.0	0.5	-0.8	0.9	0.6
Alberta	2.2	1.2	-1.6	0.3	1.0
B.C.	0.6	1.3	3.0	1.0	0.3

E|F: Forecast by TD Economics as at December 2016.
Source: Statistics Canada / haver Analytics

UNEMPLOYMENT RATE Annual, per cent					
	2014	2015	2016F	2017F	2018F
CANADA	6.9	6.9	7.0	6.9	6.9
N. & L.	11.9	12.8	13.3	13.9	13.5
P.E.I.	10.6	10.4	10.8	10.8	10.7
N.S.	9.0	8.6	8.4	8.1	8.1
N.B.	9.9	9.8	9.7	9.8	9.8
Québec	7.7	7.6	7.1	6.5	6.4
Ontario	7.3	6.8	6.6	6.5	6.5
Manitoba	5.4	5.6	6.1	6.0	5.8
Sask.	3.8	5.0	6.3	6.3	6.0
Alberta	4.7	6.0	8.1	8.4	7.9
B.C.	6.1	6.2	6.0	6.1	6.2

E|F: Forecast by TD Economics as at December 2016.
Source: Statistics Canada / haver Analytics

CONSUMER PRICE INDEX (CPI) Annual average per cent change					
	2014	2015	2016F	2017F	2018F
CANADA	1.9	1.1	1.6	2.1	1.9
N. & L.	1.9	0.4	2.6	2.9	2.1
P.E.I.	1.6	-0.6	1.1	1.9	2.1
N.S.	1.7	0.4	1.3	2.2	2.0
N.B.	1.5	0.5	2.3	2.5	1.9
Québec	1.4	1.1	0.8	1.5	1.7
Ontario	2.3	1.2	1.8	2.2	2.0
Manitoba	1.8	1.2	1.4	2.1	2.1
Sask.	2.4	1.6	1.3	2.1	2.1
Alberta	2.6	1.2	1.3	2.2	2.5
B.C.	1.0	1.1	1.9	1.8	1.5

E|F: Forecast by TD Economics as at December 2016.
Source: Statistics Canada / haver Analytics

RETAIL TRADE Annual average per cent change					
	2014	2015	2016F	2017F	2018F
CANADA	4.6	1.7	3.4	3.9	3.8
N. & L.	3.4	0.2	1.5	2.6	2.8
P.E.I.	3.3	2.3	6.2	4.0	3.3
N.S.	2.3	-0.6	3.8	3.4	3.2
N.B.	3.8	2.4	3.2	2.4	2.8
Québec	1.7	0.5	4.4	3.5	3.6
Ontario	5.0	4.2	5.0	4.3	3.9
Manitoba	4.3	1.5	5.0	3.9	4.6
Sask.	4.6	-3.5	1.0	3.7	4.6
Alberta	7.5	-4.6	-1.8	2.6	3.2
B.C.	5.6	6.0	6.4	5.0	4.3

E|F: Forecast by TD Economics as at December 2016.
Source: Statistics Canada / haver Analytics

HOUSING STARTS Thousands of units	2014	2015	2016F	2017F	2018F
CANADA	189.2	193.6	196.3	189.5	177.9
N. & L.	2.2	1.8	1.6	1.4	1.5
P.E.I.	0.5	0.5	0.6	0.6	0.6
N.S.	3.0	3.9	3.6	3.7	3.9
N.B.	2.3	1.9	1.8	1.7	2.1
Québec	39.3	36.8	37.7	38.5	41.8
Ontario	58.6	68.8	73.8	73.4	63.9
Manitoba	6.2	5.6	5.4	5.8	6.1
Sask.	8.3	5.2	4.8	4.5	4.6
Alberta	40.5	37.5	24.6	23.3	23.0
B.C.	28.3	31.5	42.5	36.6	30.5

F: Forecast by TD Economics as at December 2016.
Source: CMHC / haver2 Analytics

HOUSING STARTS Per cent change	2014	2015	2016F	2017F	2018F
CANADA	0.7	2.3	1.4	-3.5	-6.1
N. & L.	-23.6	-19.0	-12.4	-9.8	9.6
P.E.I.	-19.3	5.0	2.9	5.8	5.5
N.S.	-21.9	27.2	-6.0	0.5	6.6
N.B.	-18.9	-15.2	-6.1	-9.5	24.2
Québec	4.5	-6.3	2.3	2.2	8.4
Ontario	-3.8	17.5	7.2	-0.5	-13.0
Manitoba	-17.6	-9.3	-2.9	6.1	4.8
Sask.	0.2	-37.2	-8.3	-4.8	1.5
Alberta	12.4	-7.4	-34.6	-5.1	-1.3
B.C.	4.5	11.4	34.9	-13.8	-16.7

F: Forecast by TD Economics as at December 2016.
Source: CMHC / haver2 Analytics

EXISTING HOME SALES Thousands of units	2014	2015	2016F	2017F	2018F
CANADA	480.3	506.4	538.1	523.6	497.7
N. & L.	4.1	4.3	4.3	3.9	3.9
P.E.I.	1.4	1.7	2.0	1.9	1.9
N.S.	8.9	9.2	9.7	10.2	10.5
N.B.	6.3	6.7	7.1	7.4	7.2
Québec	111.8	122.7	132.1	135.8	123.4
Ontario	205.0	224.6	246.6	251.2	227.7
Manitoba	13.8	14.0	14.8	14.6	14.8
Sask.	13.9	12.4	11.9	12.1	12.4
Alberta	71.8	56.5	52.9	52.3	52.5
B.C.	84.0	102.5	114.0	105.4	101.8

F: Forecast by TD Economics as at December 2016.
Source: Canadian Real Estate Association

EXISTING HOME SALES Per cent change	2014	2015	2016F	2017F	2018F
CANADA	5.2	5.4	6.3	-2.7	-4.9
N. & L.	-4.7	3.7	0.2	-8.7	-0.7
P.E.I.	-3.2	20.8	20.5	-3.9	-0.9
N.S.	-2.3	2.8	5.8	5.3	2.4
N.B.	-0.1	6.5	6.1	4.5	-2.3
Québec	57.0	9.8	7.6	2.9	-9.2
Ontario	3.9	9.5	9.8	1.9	-9.4
Manitoba	0.3	1.7	5.3	-0.8	0.8
Sask.	2.4	-10.8	-3.8	1.7	2.1
Alberta	8.6	-21.3	-6.3	-1.1	0.3
B.C.	15.2	22.0	11.2	-7.5	-3.4

F: Forecast by TD Economics as at December 2016.
Source: Canadian Real Estate Association

AVERAGE EXISTING HOME PRICE Thousands of C$	2014	2015	2016F	2017F	2018F
CANADA	407.3	441.2	487.2	488.4	489.5
N. & L.	284.4	276.2	258.6	252.3	244.8
P.E.I.	165.4	164.1	181.4	182.5	177.1
N.S.	213.3	217.8	218.9	223.1	223.3
N.B.	161.0	159.2	162.0	160.4	159.3
Québec	271.4	275.4	283.4	292.0	299.5
Ontario	429.5	461.6	529.4	566.5	571.3
Manitoba	264.7	268.2	276.3	282.4	286.5
Sask.	297.9	296.1	292.1	285.7	292.8
Alberta	399.9	391.5	392.2	392.2	394.6
B.C.	570.4	637.2	679.8	616.9	625.8

F: Forecast by TD Economics as at December 2016.
Source: Canadian Real Estate Association

AVERAGE EXISTING HOME PRICE Per cent change	2014	2015	2016F	2017F	2018F
CANADA	6.7	8.3	10.4	0.3	0.2
N. & L.	0.2	-2.9	-6.4	-2.4	-3.0
P.E.I.	6.6	-0.8	10.6	0.6	-3.0
N.S.	-0.7	2.1	0.5	1.9	0.1
N.B.	-0.2	-1.1	1.7	-0.9	-0.7
Québec	1.4	1.5	2.9	3.0	2.6
Ontario	7.0	7.5	14.7	7.0	0.9
Manitoba	1.5	1.3	3.0	2.2	1.5
Sask.	3.6	-0.6	-1.4	-2.2	2.5
Alberta	5.2	-2.1	0.2	0.0	0.6
B.C.	6.1	11.7	6.7	-9.2	1.4

F: Forecast by TD Economics as at December 2016.
Source: Canadian Real Estate Association

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