



# Canadian CityTrends

A monthly tracking of current economic trends and key issues in major cities across Canada.

## Measuring the urban-rural income gap

June 2005

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### Current trend highlights

▲ Canada's job market was much stronger than expected in April, with 29,000 new jobs and a decline in the unemployment rate to a cyclical low of 6.8%. Year-over-year, though, national job growth dropped from 1.6% to 1.3%. Sixty percent of census metropolitan areas reported stronger annual job growth than the national average. Only Hamilton (down 0.6%), Abbotsford (down 1%), Edmonton (down 1.8%) and Saguenay (down 5.5%) showed weaker job growth than a year ago. The strongest job growth was in Saskatoon at 9.3%.

▲ Quebec's regional labour markets are showing opposing trends. Employment in the Saguenay was down in April from a year ago and was below the national average in Montreal, but Trois-Rivières (9.1%) and Quebec city (7.6%) ranked second and third, respectively, among all the cities we track. Quebec City's job growth was weak in 2004 but is much better now, driven by a recovery in business and other services.

▲ Saguenay is under-represented in manufacturing and construction jobs, while Trois-Rivières has the same proportion as the provincial average. Manufacturing suffered in 2004 and job growth in Trois-Rivières was negative. Manufacturing is now stabilizing in the city and employment is rebounding. In contrast, Saguenay is over-represented in health and education jobs. Now that the 2004 spending boom in health and education is running its course, Saguenay employment growth is slowing. The unemployment rates in these regions are the worst and second worst in our survey.

▲ Strong job creation in Saskatoon and Kitchener is taking place with unemployment rates below the national average. Saskatoon has the sixth lowest unemployment rate and is joined by a host of other western cities with very tight labour markets, led by Calgary with an unemployment rate of 3.7%, down from 4.4% in March.

▲ Toronto retail sales growth was generally unchanged in April at just above 3%. Sales improved in Montreal to 7.7% year-over-year from 5.5% in March. Vancouver posted a sharp turnaround to 3.6% annual sales growth from -0.1% in March. British Columbia's economy is very healthy and we expect west coast retailers to be very pleased with year-over-year sales comparisons in 2005.

▲ West coast housing markets are also healthy, but high prices have contributed to poor affordability. MLS prices were up 17.9% year-over-year in Victoria and 10.8% in Vancouver, but there is almost a \$50,000 difference between Vancouver and Victoria prices. With lower prices, Victoria sales are up 15%, while Vancouver's are down 5%. April housing starts were down year-over-year in both cities even though buyers continue to clamour for more supply.

▲ House price and sales growth was stronger in Calgary than Edmonton in April even though Calgary prices are higher and have really picked up, while Edmonton's price growth has slowed. In both cities, starts are back at or above recent peaks seen last fall. Housing starts were also strong in Halifax, Regina and Winnipeg but were below year-ago levels in one-half of the 27 cities we follow. Nationally, we expect about 8% fewer housing starts this year compared to last.

## Measuring the urban-rural income gap

One way of looking at the role cities play in regional economic activity is to compare the distribution of income between urban and rural areas. Cities tend to be magnets for jobs, both high-paying and lower-paying ones, but they also attract unemployed people looking for work. It is often argued that cities bear a greater burden of providing social services for the unemployed, homeless and working poor than outlying regions and rural areas. However, people living in cities also have a clear income advantage over people living in rural areas.

The chart below compiles family income data from the 2001 Census and splits each province's median level out by census metropolitan area (CMA) versus the rest of the province using population weights. The city income advantage varies by province but is present across the country.

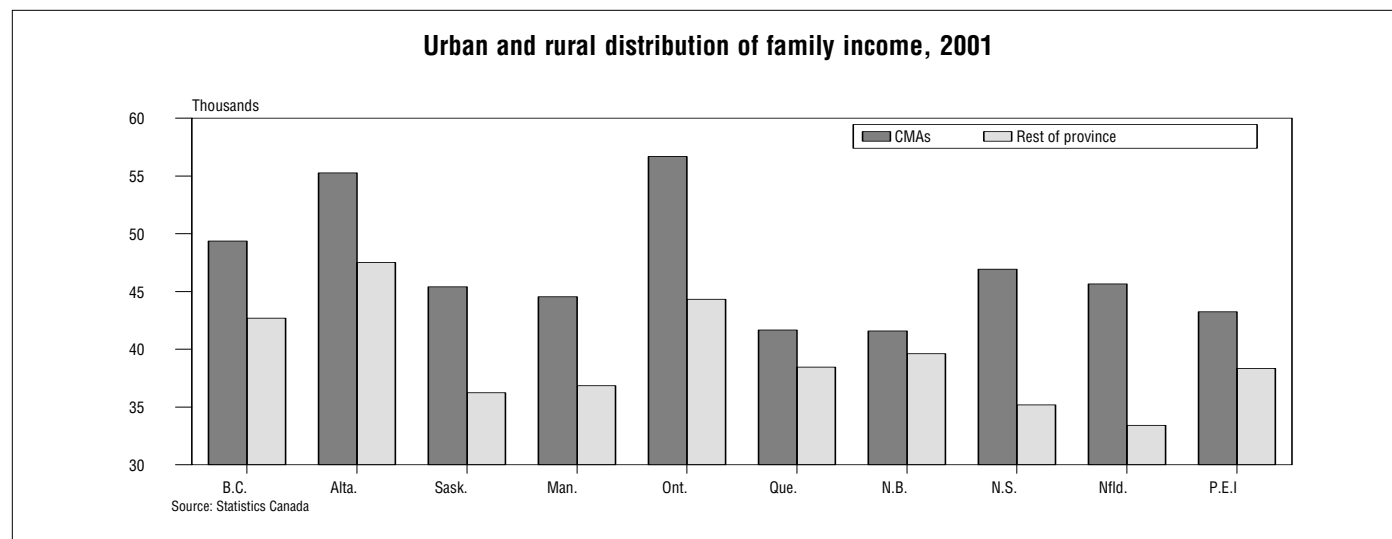
In 2001, Ontario had the highest median family income and also the highest CMA median income. The presence of high-income Toronto and Ottawa certainly helps to pull Ontario's average up. Hamilton and Kitchener were also high-income cities, but none beat out Oshawa with Canada's highest median family income among CMAs at nearly \$63,000. Also, as the most populous province many of Ontario's smaller centres have now become large enough to be considered CMAs in their own right and are, therefore, removed from the 'rest of province' total, dragging the rural median down. Hence, Ontario had the largest gap between CMA and rural median family income of \$12,345. Ontario is Canada's most urbanized province with 75% of families living in a city.

The size of Ontario's rural-urban income gap was closely followed by Newfoundland at \$12,268. Median family income in St. John's is \$45,675 and in the rest of Newfoundland and Labrador is a much lower \$33,407. The urban-rural gap in Nova Scotia, at \$11,745, is not far behind. In fact, in percentage terms both Nova Scotia and

Newfoundland show larger urban-rural income gaps than Ontario. These provinces exemplify the notion that the bulk of economic value is created in the big population centres, particularly now that the fisheries have faced so many years of challenging times. Curiously, the gap is much smaller in Prince Edward Island and New Brunswick. Prince Edward Island's activity related to tourism and agriculture spreads well beyond Charlottetown. In New Brunswick, many smaller centres like Moncton and Fredericton are classified as 'census agglomerations', not CMAs and, therefore, help bring rural median income up. As a result, New Brunswick is Canada's least urbanized province with only 17% living in a CMA.

Although Ontario had the highest urban income, Alberta had the highest rural median family income in Canada at \$47,500. Only Calgary and Edmonton are CMAs, but other cities such as Fort McMurray have many very high income earners due to the tremendous volume of work taking place in the oil sands. The 2001 median income of a two-earner family in the Fort McMurray region was \$96,310, 148% of the Alberta average even though at that point crude oil prices were trending down from \$US30 to \$US20 per barrel.

Both Alberta and British Columbia showed nearly identical rates of urbanization, with 65% living in cities. In both provinces, urban dwellers' incomes were 116% higher than rural dwellers. Median family income was \$3,000 higher in Vancouver than in Victoria, but Vancouver's income was only about 85% of incomes in Calgary and Toronto. Saskatchewan's urban-rural split was 40%-60%, while Manitoba's was exactly reversed with 60% living in cities. In both provinces, the median income of city families was about 125% those of rural families. In Manitoba, rural incomes were higher and urban incomes were lower, so the absolute gap was a bit smaller than Saskatchewan's \$9,154.



# Current economic indicators

Latest month available, year-over-year % change unless otherwise indicated  
 Cities are ranked in descending order by population size

Census metropolitan area	Job growth Apr-05	Jobless rate Apr-05 (Level)	Res. permits** Mar-05	Non-res. permits** Mar-05	MLS** prices Apr-05	MLS sales Apr-05	Housing starts Apr-05	Downtown office vac (%) Dec-04	CPI Apr-05	Consumer bnkrpts** Mar-05	Business bnkrpts** Mar-05	Retail sales Mar-05 (Est.)
Toronto	0.4	7.4	-4.3	34.9	6.6	-4.6	6.3	11.0	1.9	-2.3	-6.9	3.1
Montréal	0.9	8.3	-11.1	-11.8	7.0	8.9	-8.6	13.5	2.3	-5.5	-23.5	7.7
Vancouver	3.4	6.3	-10.4	91.8	10.8	-4.9	-45.6	9.8	2.0	-3.2	-20.8	3.6
Ottawa-Gatineau	2.7	6.9	-27.7	78.8	5.1	-3.3	-9.4	4.6	2.4	-12.2	-2.4	na
Calgary	0.6	3.7	3.2	192.1	11.1	26.4	9.8	7.7	2.1	-6.2	-9.5	na
Edmonton	-1.8	4.7	20.3	88.0	6.6	1.4	71.2	8.1	2.3	-20.2	5.0	na
Quebec	7.6	6.2	11.5	-42.7	8.9	10.3	22.8	na	2.4	1.5	-5.1	na
Hamilton	-0.6	5.6	9.6	-2.5	5.3	-9.1	23.6	na	na	-22.3	-4.4	na
Winnipeg	0.4	5.1	-3.8	-12.9	9.9	3.2	26.3	na	3.3	10.1	-24.1	na
London	0.9	7.0	-5.1	-28.6	6.3	-1.7	5.2	na	na	1.6	-32.4	na
Kitchener	6.7	6.2	-1.5	-29.1	4.6	-11.4*	1.1	na	na	-16.3	na	na
St. Catharines-Niagara	5.6	8.0	-12.8	-28.1	14.0	-13.5	-5.9	na	na	-2.8	36.4	na
Halifax	2.4	6.5	-22.0	26.7	8.2	-3.7	109.6	8.4	2.7	13.2	23.1	na
Windsor	0.9	8.2	-34.3	33.3	4.5	-6.4	-61.5	na	na	9.6	0.0	na
Victoria	2.4	4.9	30.1	68.6	17.9	15.3	-14.2	6.6	2.4	2.9	30.0	na
Oshawa	2.9	7.5	-2.9	26.1	na	na	-26.6	na	na	-6.2	-15.0	na
Saskatoon	9.3	5.3	6.0	178.5	8.6	2.9	-57.9	13.7	3.2	-3.2	-20.5	na
Regina	0.5	4.6	-26.9	115.4	8.3	-15.5	42.6	5.9	2.9	-19.9	-32.3	na
St. John's	3.4	9.1	-18.2	313.2	9.5	-13.4	-35.7	na	3.4	18.1	25.0	na
Sherbrooke	1.6	7.9	-3.1	-45.4	na	na	31.9	na	na	-28.5	-55.6	na
Greater Sudbury	1.4	7.5	21.6	432.7	6.3	-14.5	-14.8	na	na	-12.4	na	na
Abbotsford	-1.0	5.8	-19.5	649.5	na	na	-2.1	na	na	na	na	na
Kingston	6.5	7.0	-39.9	-22.0	na	na	-27.5	na	na	-8.6	0.0	na
Saguenay	-5.5	9.4	-15.1	63.5	5.2	-16.9	14.3	na	na	na	na	na
Trois-Rivières	9.1	10.6	-6.2	192.8	6.9	-10.4	-31.4	na	na	-12.2	40.0	na
Saint John	4.0	7.0	44.8	24.4	5.1	10.4	11.1	na	2.8	-28.2	-80.0	na
Thunder Bay	1.5	8.1	6.9	155.4	7.1	-13.5	na	na	1.8	-2.2	0.0	na
Canada	1.3	6.8	-6.1	35.1	8.5*	-7.1*	-1.3	na	2.4	-3.2	-8.1	5.7

\* March data  
 \*\* Three-month trend

Source: Statistics Canada, Industry Canada, Canada Mortgage and Housing Corporation, Colliers International, Canadian Real Estate Association

## City trends chart view

