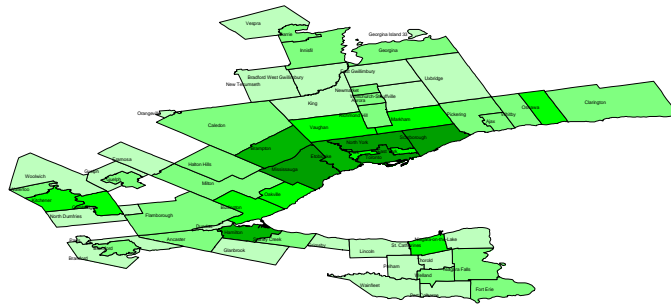


***Executive Summary***

**The Growing Importance of the Golden Horseshoe**



June 2001



## ***Executive Summary***

# **The Growing Importance of the Golden Horseshoe**

## **Recent Growth Trends in the Golden Horseshoe**

The relative economic importance of the Golden Horseshoe to both Ontario and Canada has long been recognized. Only recently appreciated, however, is the extent to which the area is growing so much more rapidly than the rest of the country.

Historically the Golden Horseshoe has been defined as the four Census Metropolitan Areas (CMAs) wrapped around the western end of Lake Ontario, including the CMAs of Oshawa, Toronto, Hamilton and St. Catharines-Niagara. Over the last two decades, however, four other metropolitan areas close to the original four – including the Barrie Census Agglomeration (CA) to the north of Toronto, the Guelph CA and Kitchener CMA to the west of Toronto, and the Brantford CA to the south west of Hamilton – have, like the original four, witnessed significant population growth and spatial expansion. The growth has been so extensive in the area that the suburbs of one metropolitan area now abut the suburbs of neighboring metropolitan areas.

As of 2001, the Golden Horseshoe defined to include all eight of the metropolitan areas listed above has reached a total population of 7.4 million people. Thus 23.7 percent of Canada's population – and 61.8 percent of Ontario's population -- now lives in the Golden Horseshoe, a metropolitan region covering just 1.5 percent of Ontario's land mass.

Between 1991 and 2000 the Golden Horseshoe accounted for 30.8 percent of Canada's job growth and 37.0 percent of its population growth. It accounted for 74.0 percent of Ontario's employment growth and 81.0 percent of its population growth.

## **Population Trends Within the Golden Horseshoe**

The growth of population in the Golden Horseshoe in the 1990s occurred primarily within the Greater Toronto Area itself and across the regions and counties to the north, west and south of the GTA. Growth in the counties to the east and northeast of the GTA, and in the easternmost region within the GTA, Durham, was minimal.

The bias in growth toward the north, west and south sections of the Golden Horseshoe can be attributed to several factors: free trade rapidly expanded the amount of trade occurring between Canada and the United States during the 1990s; the north, west and south sections of the Golden Horseshoe are closer to US markets than are those in the east and northeast sections; the QEW and Highways 401, 410 and 427 connect these regions directly to the US border through Windsor and Niagara; the mid-western-most section of Highway 407 was built before either the eastern-most or western-most sections; and Pearson Airport is located in the western portion of the GTA.



Given that the Halton portion of Highway 407 is slated for opening in the summer of 2001, given that the Durham portion of Highway 7 will not open for several years, and given that traffic congestion within the GTA is mounting each year, thus raising the cost of transporting goods through the GTA in tandem, it is likely that the concentration of new jobs and new residents in the north, west and south sections of the Golden Horseshoe will continue for some time.

### **Strengthening Trade Ties Between Canada and the United States**

Since Canada and the United States entered their free trade agreements a decade ago merchandise trade between the two nations has grown substantially.

Ontario has benefited more than any other province from this increased trade with the US.

Within Ontario the Golden Horseshoe has been the major beneficiary of these trade trends.

### **Trade Among Metropolitan Areas**

As a result of the liberalization of trade policies on a global scale the movement of goods and services around the globe is less impacted today by artificial cost differences created by nations using tariff and other trade policies, and more by real cost differences reflecting relative wage rates and accessibility to markets, skills and reliable transportation.

Ironically, globalization no longer reflects nations competing with nations, or states and provinces competing with provinces and states. Global trade in the 21<sup>st</sup> Century increasingly involves one metropolitan area competing with other metropolitan areas, competition that -- as often as not -- occurs among metropolitan areas within the same country.

The relentless concentration of production, jobs and population in metropolitan agglomerations defines the most significant spatial trend underway in the United States and Canada at this time. As of 2001 some 45 percent of the population of the United States and Canada lives in one of the 25 metropolitan areas in these two countries with populations of 2 million persons or more.

### **The Golden Horseshoe as an International Metropolitan Area**

The Golden Horseshoe might properly be viewed as one single metropolitan agglomeration including the eight metropolitan areas on the Canadian side and the two metropolitan areas just across the Niagara River on the US side. Like the eight metropolitan areas on the Canadian side, the suburbs of the Buffalo-Niagara Falls and Rochester metropolitan areas have gradually connected such that they, too, can be seen as forming one single metropolitan area on the US side of the border. Buffalo-Niagara Falls accounts for just over 1.1 million people and Rochester for just under 1.1 million. Between them, therefore, these two metropolitan areas are home to 2.2 million people.



Seen in this light – as a bi-national metropolitan agglomeration -- the total population of the Golden Horseshoe is estimated at 9.6 million people as of 2001, 7.4 million in Canada and 2.2 million in the United States.

The Golden Horseshoe so defined is the third most populated metropolitan area in the US and Canada. The 9.6 million people residing in the Golden Horseshoe as of 2001 places it well ahead of metropolitan areas more widely recognized as centres of significant population concentration such as Chicago (9.0 million people), Washington (7.5 million) and San Francisco (7.0 million).

Furthermore, the pace of population growth achieved in the Golden Horseshoe over the last decade – at an annual gain of almost 110,000 people – was exceeded in the US and Canada only by the Los Angeles metropolitan area which expanded at an annual pace of 152,000. The Golden Horseshoe grew faster than the metropolitan areas of either Dallas (95,000 per year), Atlanta (93,000 per year) or Phoenix (86,000 per year), city regions topping any list of urbanized areas gripped by rapid economic expansion.

### **Transportation in the Golden Horseshoe**

The Golden Horseshoe, internationally defined, consists of one node of 5.2 million people in the GTA directly across Lake Ontario from another node of 2.2 million people connected by a corridor which itself is a population node of 2.1 million people. A unique and challenging feature of this international zone is that it *is* shaped like a horseshoe. As a result, the section of Lake Ontario separating the Toronto portion from the Buffalo-Rochester portion poses significant challenges to the transportation of goods and people throughout the area.

This configuration has had an impact on the concentration of traffic flows through the Niagara area. Ontario trade with the US grew from \$142 billion in 1991 to an estimated \$325 billion in 2000 measured in constant 1992 Canadian dollars – or by 129 percent. Over the same period Niagara truck crossings grew from 709,500 in 1991 to 1.2 million in 2001 – or by 76 percent. Future truck traffic on the four bridges will tend to follow the future growth in trade between Ontario and the United States. Niagara's truck traffic will increase from 1.2 million per year currently to at least 2.7 million per year -- and possibly to 3.6 million per year – by 2021.

The number of passenger vehicles crossing the four bridges in Niagara in 2000 totaled 14.4 million. The number of people involved was obviously higher. The total number of passenger vehicles crossing the Niagara River has held steady at between 14 and 15 million per year since 1994. Demographic and economic trends favor increased passenger travel in the future, and could lead to as much as a doubling of tourism-related Niagara River crossings over the next two decades.

Based on past trends we estimate that the number of rush-hour trips in the Greater Toronto Area has now reached about 2.5 million per day, up from 2.0 million a decade ago. And we project rush-hour trips in the GTA will grow to 3.6 million by 2021 as the pace of job creation (50 percent) outpaces that of the population (40 percent) in the GTA.



This growth in commuter traffic will lead to even more congestion in the GTA raising serious questions about its capacity to sustain the current volume of goods movement through the area, let alone increase that volume.

## **Implications for the Future**

Due to the stresses and strains of rapid growth in the Golden Horseshoe over the last decade a number of changes have either been made, or have been proposed, to increase the capacity of the area's transportation infrastructure. Much of this expansion, however, is many years away. And it is not clear whether – even if all these infrastructure plans are carried forward -- congestion will improve, stay the same or worsen given the magnitude of the growth now anticipated.

In light of this uncertainty, as businesses seek new commercial and industrial locations within Canada and Ontario over the next several decades, it seems reasonable to expect that they will increasingly favor sites to the north, west and south of the GTA. This bias will occur because businesses will increasingly seek to avoid the rising costs posed by the potential inevitability of growing traffic bottlenecks throughout the GTA.

Between 2001 and 2021 the Centre for Spatial Economics projects that the Ontario portion of the Golden Horseshoe will grow from 7.4 million people to 9.7 million people. Our base-case projections call for the GTA to grow from 5.2 million to 6.9 million over that period – or by more than one-third – and for the rest of the Golden Horseshoe to grow from 2.2 million to 2.7 million – or by almost one-quarter.

The risk to these projections – given the congestive implications posed by so much growth within the GTA itself – is not that the Golden Horseshoe will grow less than currently foreseen, but that the GTA will grow less and the rest of the Golden Horseshoe will grow more.

Indeed, it may well be the case that the growth in jobs and people now expected for the Golden Horseshoe over the next two decades would be better facilitated in a more time and cost effective way if future infrastructure commitments in the area were positioned to strengthen the bias toward growth in the regions and counties to the north, west and south of the GTA.

The Golden Horseshoe has become the major engine of economic growth for both Canada and Ontario. Keeping it competitive, therefore, is not only important to the people and businesses of the Golden Horseshoe, but to the people and businesses of the entire province and country, as well.

