

LOCATIONAL DATA

BRITISH COLUMBIA ECONOMIC OVERVIEW

The data provided below describes the general condition of the British Columbia economy at this time. The statistics used are the latest data available on each segment of the economy as at May 7, 2010.

British Columbia has come through an unprecedented global economic downturn. However, business and consumer confidence remains high and B.C. is expected to be among the country's leaders in economic growth in the year ahead. The introduction of the Harmonized Sales Tax at 12% (effective July 1, 2010) and a commitment by the Government to spend \$4 billion over three years on transportation investments and \$5.3 billion to over 850 accelerated capital projects across B.C. are all initiatives to strengthen the economy.

CONSUMER PRICE INDEX	Mar-09 to Mar-10	5-year Avg.
B.C.	0.5%	1.4%
Canada	1.4%	1.7%
LABOUR FORCE	Mar-10	10-year Avg.
Unemployment Rate (B.C.)	7.9%	6.6%
Unemployment Rate (Canada)	8.2%	7.1%
OTHER	May 7-10	10-year Avg.
Bank of Canada	0.25%	3.09%
Prime Rate (Royal Bank)	2.25%	4.78%
5-year Closed (Royal Bank)	6.25%	6.65%
U.S.\$ per Cdn.\$	\$0.936	\$0.792

BC Economic Trends

- **Population:** British Columbia is the westernmost province in Canada, strategically situated on the Pacific Rim, comprising 13% of Canada's total population and 10% of Canada's total land area. After Ontario and Quebec, it is the third most populous province, with 4,494,232 residents as of January 1, 2010. In 2009, B.C.'s total population increased 74,258 persons, up 1.7% from 2008. This is the third fastest provincial growth rate, behind Nunavut and Alberta.
- **Migration:** The net migration to B.C. in all of 2009 was 44,710 persons; of this total, 37,211 (83.2%) were international immigrants and 7,499 (16.8%) inter-provincial migrants.

Over the last five years, net migration averaged 53,631 persons, comprised of an average 43,735 international immigrants and 9,896 inter-provincial migrants.

- **Employment:** As of January 1, 2010, 2,259,400 persons were employed in British Columbia. Over 80.2% employed British Columbians work in the service-producing sector, including health care and education (18.7%), trade (16.3%), accommodation and food (7.6%) and professional (7.5%). 19.8% are employed in the goods-producing sector, including construction (8.6%), manufacturing (7.2%), forestry and mining (1.7%) and agriculture (1.5%).
- **Tourism:** The tourism sector faced challenges in 2009 as the global economic downturn effects spread and several major cruise lines announced that they would no longer be stopping in Vancouver. Room revenues were \$1.73 billion, down 12.31% from 2008. The five-year average is \$1.834 billion. The outlook for 2010 is that the tourism sector will continue to be negatively affected by the global economic downturn but offset by the 2010 Winter Olympics and the opening of the Vancouver Convention & Exhibition Centre, with 180 events booked to date.
- **Trade:** The total value of B.C. exports to all countries for 2009 was \$25.7 billion; the average for the past five years has been \$31.6 billion. British Columbia is more diversified than the nation as an exporter, given its West Coast proximity to major importing countries. While Canada sent some 83.8% of its exports to the U.S. in 2009, only 49.9% of B.C.'s exports went to the U.S.
- **Retail:** Retail sales in B.C. for 2009 totalled approximately \$53.52 billion, down 5.5% from 2008. Total retail sales has averaged \$53.98 billion over the last five years.
- **Interest Rates:** The Bank of Canada target overnight rate has been at a historical low since April, 2009. The target overnight rate is expected to remain at its current 0.25% level until the end of the second quarter of 2010, at which time it is anticipated to be increased, conditional on the outlook for inflation. Financial institutions and the bond market have already reacted to this pending increase as the five-year fixed mortgage rates have been increased from 5.85% to 6.25%. Borrowing capacity will be impacted by these increased mortgage rates and the new mortgage qualification rules effective April 19, 2010. The pending introduction of the H.S.T. in July, 2010 is also anticipated to have a slowing effect on the real estate market, compounding the impact of higher interest rates.
- **Housing Starts:** In 2009, the total housing starts in Vancouver C.M.A. were 8,339, less than half the five-year average of 17,788. 2009's housing starts have been greatly affected by the economic slowdown. Among immigrants coming to B.C., about 91% settle in Vancouver C.M.A. The lower-than-average starts in 2009 are inadequate for the approximate 40,000 new immigrants to this region, or 18,000 to 20,000 required annual housing starts to meet demand, resulting in increasing pressure on housing prices.

- **Major Projects:** As of the fourth quarter of 2009, the capital cost of all major projects currently under construction in B.C. is estimated at a total cost of \$60.7 billion. Included in this figure are the projects commencing construction during the fourth quarter, an estimated \$869 million.

Municipality	Project	Est. Cost (\$ mill)
Abbotsford	McCallum Road Interchange	\$25
Burnaby	Luma Condominiums	\$20
Cloverdale	Cloverdale Fairground Redevelopment	\$60
New Westminster	The Brewery District Development	\$40
Vancouver	V6A Condominium Development	\$35
Total Mainland/Southwest		\$180
Total Vancouver Island/Coast		\$545
Thompson/Okanagan		\$107
Other Regions		\$37
Total		\$869

The capital cost of proposed projects that are in preliminary stages, but have not yet been approved for construction, is estimated at \$107.1 billion.

Sources: Statistic Canada, Statistics B.C., Bank of Canada, Royal Bank of Canada, C.M.H.C., Tourism British Columbia, and Industry Canada.