

## LOCATIONAL DATA

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### 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 October 12, 2010.

British Columbia's economy shrank 2.3% in 2009, as the Province felt the effects of the unprecedented global economic downturn. During the first quarter of 2010, there were many positive economic signs in British Columbia but economists suggest it is too early to say the economy is back on the path to steady growth. Some analysts are predicting a recession in the United States, and with financial markets in some European countries showing considerable stress, the global economic situation remains uncertain. 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.

<b>CONSUMER PRICE INDEX</b>	Aug-09 to Aug-10	5-year Avg.
B.C.	1.5%	1.4%
Canada	1.7%	1.6%
<b>LABOUR FORCE</b>	Sep-10	10-year Avg.
Unemployment Rate (B.C.)	7.5%	6.6%
Unemployment Rate (Canada)	8.0%	7.1%
<b>OTHER</b>	Oct 12-10	10-year Avg.
Bank of Canada	1.00%	2.87%
Prime Rate (Royal Bank)	3.00%	4.58%
5-year Closed (Royal Bank)	5.29%	6.54%
U.S.\$ per Cdn.\$	\$0.966	\$0.804

### 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 4,530,960 residents as of July 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.

- **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%).

B.C. Components of Population Change

- **Migration:** As of July 1, 2010, the net migration to British Columbia for 2010 was 26,066 persons. The net migration for this year should be higher than 2009 and closer to the five-year average. The projected net migration for 2010, approximately 52,000 persons, translates into a demand for an estimated 28,000 households.

	International Immigrants	Inter- Provincial Migrants	Total Net Migration
2009 Total	37,211 (83%)	7,499 (17%)	44,710
5-yr avg	43,735 (82%)	9,896 (18%)	53,631
Q1-2, 2010	22,462 (86%)	3,604 (14%)	26,066
5-yr Q1-2 avg	22,454 (84%)	4,359 (16%)	26,814

- **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. During the first quarter of 2010, room revenues totalled \$501,047,000, up 19.3% over the five-year average. This figure was buoyed by the Vancouver's 2010 Winter Olympics held in February, 2010. The outlook for 2010 is that the tourism sector will continue to be negatively affected but tempered by the opening of the expanded Vancouver Convention and Exhibition Centre.
- **Trade:** The total value of B.C. exports to all countries for the second quarter of 2010 was \$7.704 billion; the average for the second quarter the past five years has been \$8.159 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. The total value of B.C. exports for 2009 was \$25.7 billion, below the five-year average of \$31.6 billion.
- **Retail:** Retail sales in B.C. for the first half of 2010 totalled approximately \$28.90 billion, up 10.5% from the first half of 2009. Total retail sales have averaged \$27.273 billion over the first half year for the last five years. 2009 retail sales totalled \$53.52 billion, down 5.5% from 2008 and down 0.9% from \$53.98 billion averaged over the last five years.
- **Interest Rates:** On September 8, 2010, the Bank of Canada raised the target overnight rate to 1.00%. Financial institutions and the bond market have already reacted to this increase as the five-year fixed mortgage rates have been increased. Borrowing capacity will be impacted by these increased mortgage rates and the new mortgage qualification rules effective April 19, 2010. The introduction of the H.S.T. on July 1, 2010 is also anticipated to have a slowing effect on the real estate market, compounding the impact of higher interest rates.

- **Housing Starts:** Although the first six months of 2010 saw an increase in housing starts for both B.C. and Vancouver C.M.A., this total falls short of the five-year averages. About 87% of immigrants to B.C. settle in the Vancouver C.M.A.. This estimated 45,000 new immigrants trigger demand for 18,000 to 20,000 new households, which provides continued pressure on both rental and housing prices. The estimated new housing starts for 2010 will fall short in the Vancouver C.M.A.. The rest of B.C. reflects a more balanced supply/demand situation for housing.

	<b>Housing Starts</b>		
	Total	2010	
	2009	Q-2	Yr-to-Date
Vancouver C.M.A.	8,339	3,683	6,881
5-yr Avg	17,788	3,566	7,424
B.C.	16,077	7,052	12,876
4-yr avg	31,509	7,525	13,906

- **Major Projects:** As of the second quarter of 2010, the capital cost of all major projects currently under construction in B.C. is estimated at a total cost of \$62.8 billion. Included in this figure are the 28 major projects commencing construction during the second quarter, an estimated \$3.131 billion.

<b>Municipality</b>	<b>Projects commencing Apr-Jun 2010</b>	<b>Est. Cost (\$ mill)</b>
	<u>Greater than \$100 Million</u>	
Saanich	Mount View Heights Campus of Care	\$100
Abbotsford	Abbotsford Airport Expansion	\$100
Surrey	RCMP E Division Headquarter relocation project	\$966
Surrey	Guildford Town Centre Expansion	\$250
Mackenzie Region	Mt. Milligan Copper/Gold Mine	\$917
All other	23 projects	\$798
<b>Total</b>	<b>All 28 projects commencing Apr-Jun 2010</b>	<b>\$3,131</b>

The total capital cost of proposed projects that are in preliminary stages, but have not yet been approved for construction, is estimated at \$111.5 billion. The capital cost of 49 new projects proposed in the second quarter of 2010 was approximately \$4.991 billion. The larger projects are listed below.

<b>Municipality</b>	<b>New Proposed Projects Apr-Jun 2010</b>	<b>Est. Cost (\$ mill)</b>
	<u>Greater than \$100 Million</u>	
Maple Ridge	Maple Ridge Industrial Park	\$250
Sechelt	Jervis Inlet Resort and Spa	\$220
Vancouver	The Vancouver Pavilion – 500 W Georgia St	\$100
Vancouver	Burrard Development	\$1,000
Vancouver	Supportive Housing	\$225
Kamloops	Afton-Ajax Copper/gold Project	\$500
Alice Arm	Kitsault Mine Project	\$641
Chetwynd	Clean Methanol Plant	\$1,000
All other	41 projects	\$1,055
<b>Total</b>	<b>All 49 proposed projects in BC Apr-Jun 2010</b>	<b>\$4,991 billion</b>

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