

Future Business Environment of the Sunshine Coast



October 21, 2014
Ravens Cry Theatre

Future Business Environment of the Sunshine Coast

Agenda

Welcome

Shelley McDade, CEO
Sunshine Coast Credit Union

Sunshine Coast's Vital Signs 2014

Catharine Esson, Board Secretary
Sunshine Coast Community Foundation

Future Business Environment
of the Sunshine Coast

Helmut Pastrick, Chief Economist
Central 1

Q&A



Sunshine Coast
CREDIT UNION

Together, we enrich lives.

Sunshine Coast Vital Signs 2014

Catharine Esson

Board Secretary & Co-Manager, Vital Signs
Sunshine Coast Community Foundation



Vital Signs 2014

Thank you to Funding Partners:

- Sunshine Coast Credit Union
- Coast Group
- Coast Reporter
- Sunshine Coast Regional District



Sources of Data

- Census, National Household Survey, BC Stats and ministries
- Local governments, Vancouver Coastal Health, Worksafe BC
- RCMP, Volunteer Fire Departments, SC Emergency Program
- Real Estate Board, Ferry Commission
- SC Community Services, PH Seniors Housing Society
- Kidsport (SC), Breakfast for Kids, SC Food Bank
- Coastal Invasive Species Committee
- Local event organizations
- Agricultural Area Plan Background Report
- Housing on the Sunshine Coast Report
- McCreary Report
- Human Early Learning Partnership
- Community Foundations of Canada





Our Community

- 46% of population 55 or older in 2013 (42% in 2010)
- Elderly and child dependency ratio 85% in 2022
(2012 = 69% ; BC in 2022 = 59%)
- Aboriginal population - more young people,
fewer older people than overall population



Learning

- SD 46 statistics, including graduation rates and class sizes
- Changes in public library use
- Kindergartener readiness down





Environment

- Average water use declined from 2008 to 2013
- Decline in disposal & diversion rates from 2010 to 2013
- 5th best RD in per capita disposal rate (2012)
- Endangered and invasive species remain a concern



Health and Wellness

- Sunshine Coast healthy (4th best RD)
- Kids' vaccination rates high and vaccine preventable disease low
- High rate of kids in gov't care (1.64%)
- Alcohol and tobacco use among teens



Food Security



- <20% of ALR actively farmed
- Farm numbers and size down; little revenue
- Most farmers have other paid work
- SC Food Bank's per bag food cost increased by 50% from 2010 to 2013



Arts and Culture

- Very high rates of employment in arts, culture, recreation and sport
- Attendance at events continues to be strong





Safety

- Crime rates low and declining
- Significant volunteer contribution

Low Income



- 5th best RD on BC Stats Index of Human Hardship
- 13% classified as low income (BC = 16.4%)
- Older residents tend to be better off than younger residents



Housing / Economic Health

- Affordability of housing continues as a concern
 - Homes predominantly single detached, owned
 - Average monthly shelter cost \$986 for renters and \$979 for owners
- Cautious optimism on economic front, mixed indicators such as retail sales and value of building permits

Vital Signs 2014

Report and expanded indicator data tables at
www.sccfoundation.com/vitalsigns



Future Business Environment of the Sunshine Coast 2014

Helmut Pastrick

Chief Economist

Central 1 Credit Union



Sunshine Coast
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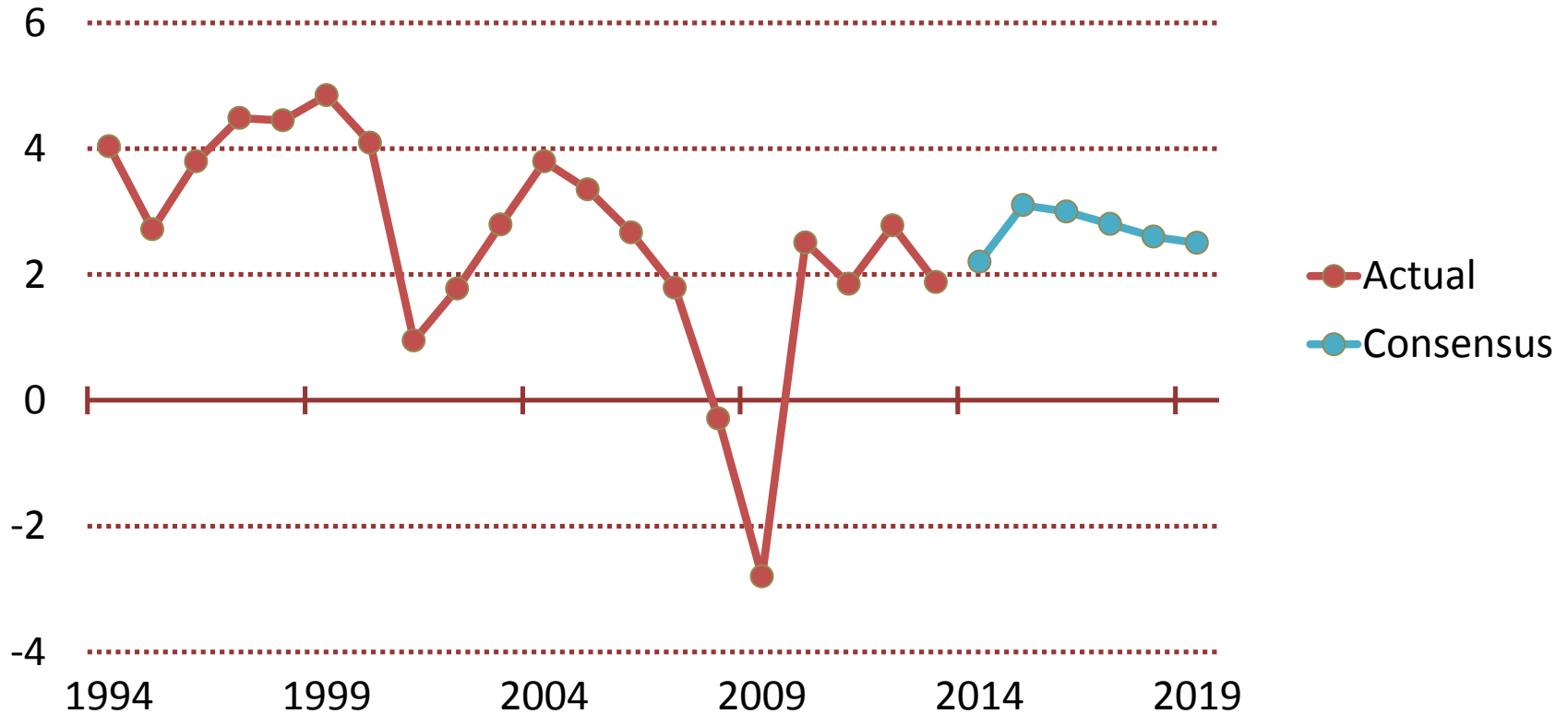
Outline:

- Macro economic conditions and forecasts
- Canada's economic forecast
- Interest rate and currency forecasts
- B.C. economic trends and conditions
- Sunshine Coast population and economic trends
- Sunshine Coast forecasts
- Summary

Several more years of expansion expected

Economic Growth: U.S.

Per cent change in real GDP, annually

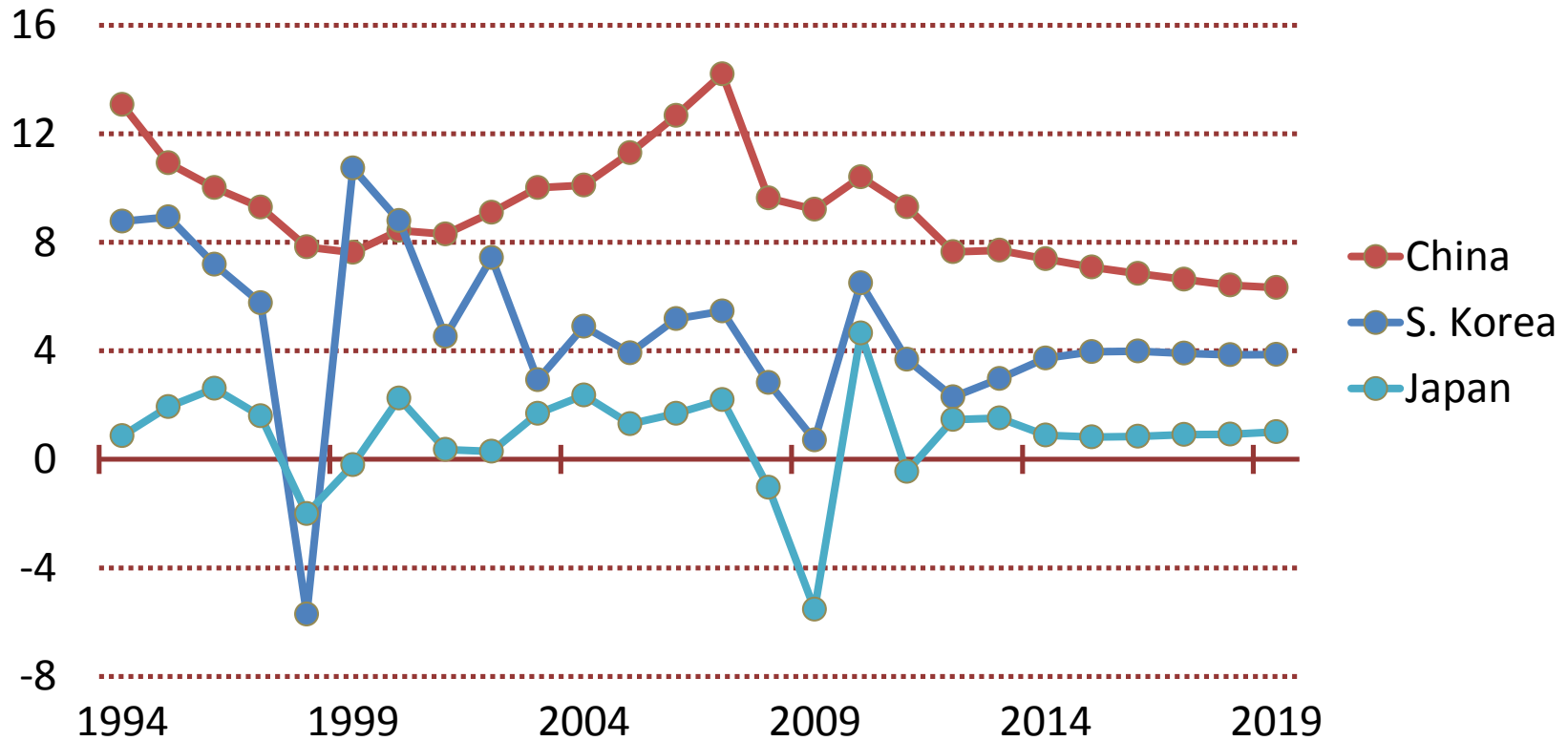


Source: U.S. BEA, Consensus Forecasts. Forecast: 2014 - 2019.

China's growth easing, still low in Japan

Economic Growth: China, Japan, and South Korea

Per cent change in real GDP, quarterly



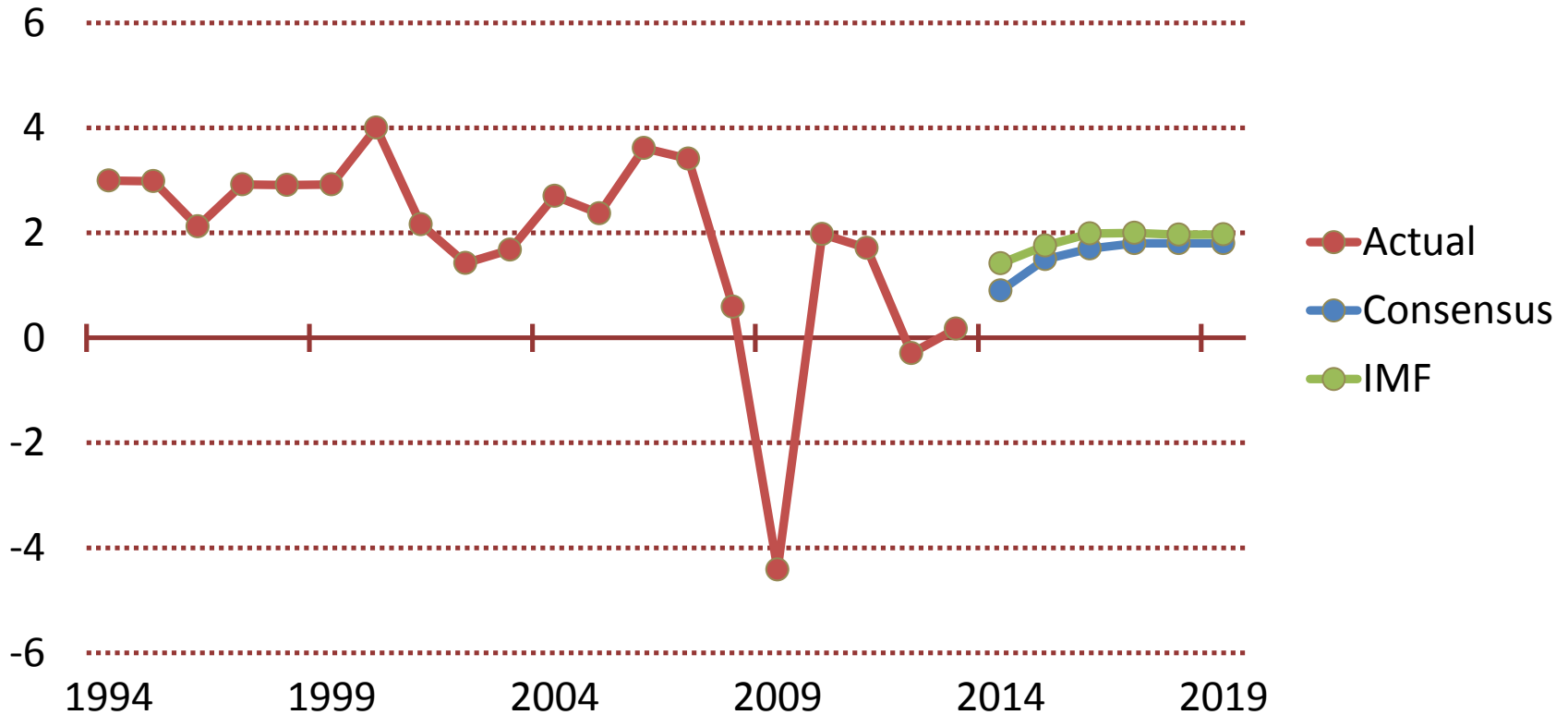
Source: IMF WEO October 2014.

Forecast: 2014 - 2019

Moderate recovery ahead; downside risks

Economic Growth: European Union

Per cent change in real GDP, annually



Source: Eurostat, Consensus Forecasts, IMF.

Forecast: 2014 - 2019

Below-average growth to continue in 2014, more robust profile after 2016

Economic Growth: Canada

Per cent change in real GDP, annually

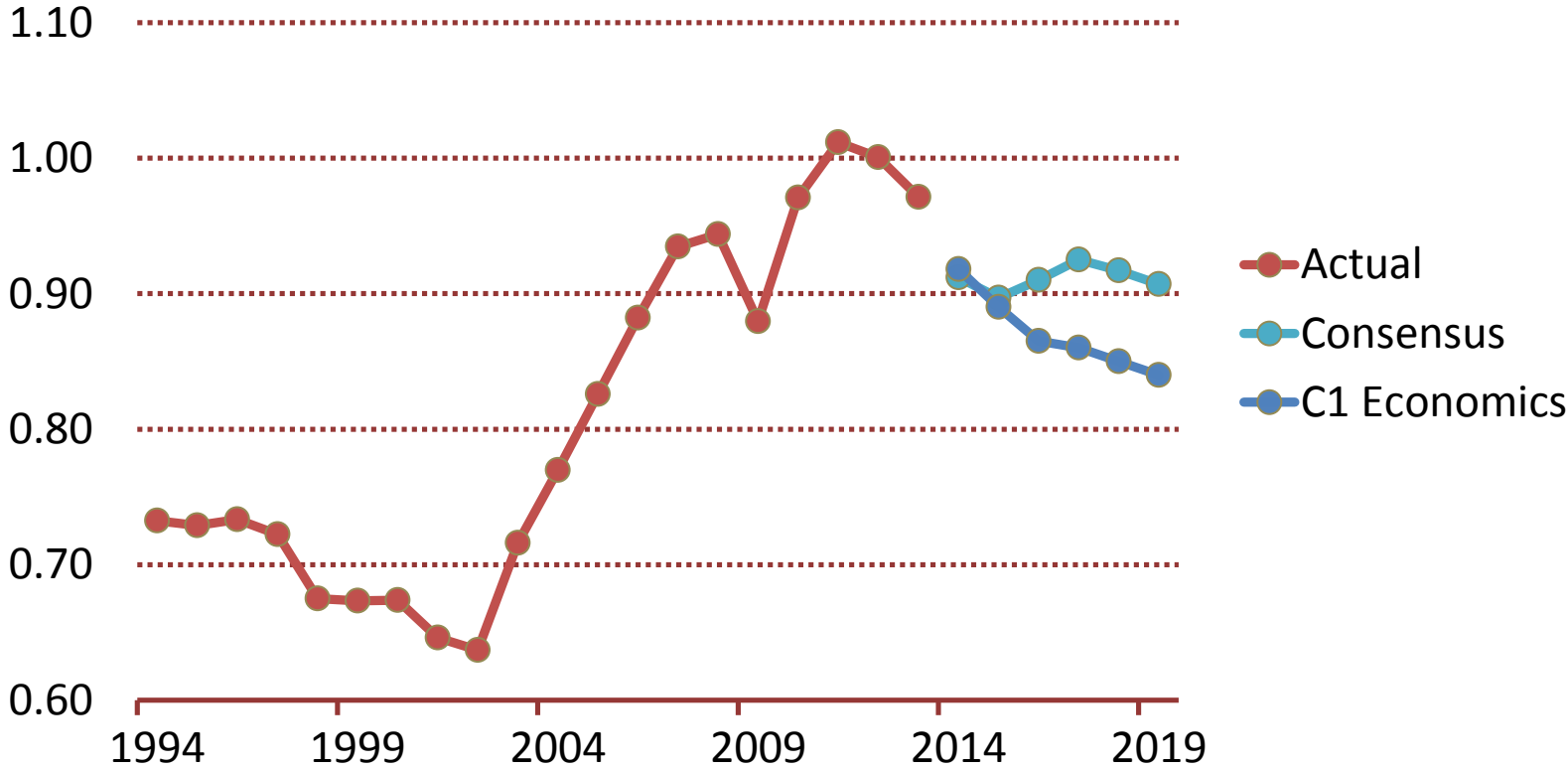


Source: Statistics Canada, Consensus Forecasts, IMF, C1CU. Forecast: 2014 - 2019.

Divergent views on Canadian dollar

U.S.-Canada Exchange Rate, Actual and Forecast

USD per CAD dollar

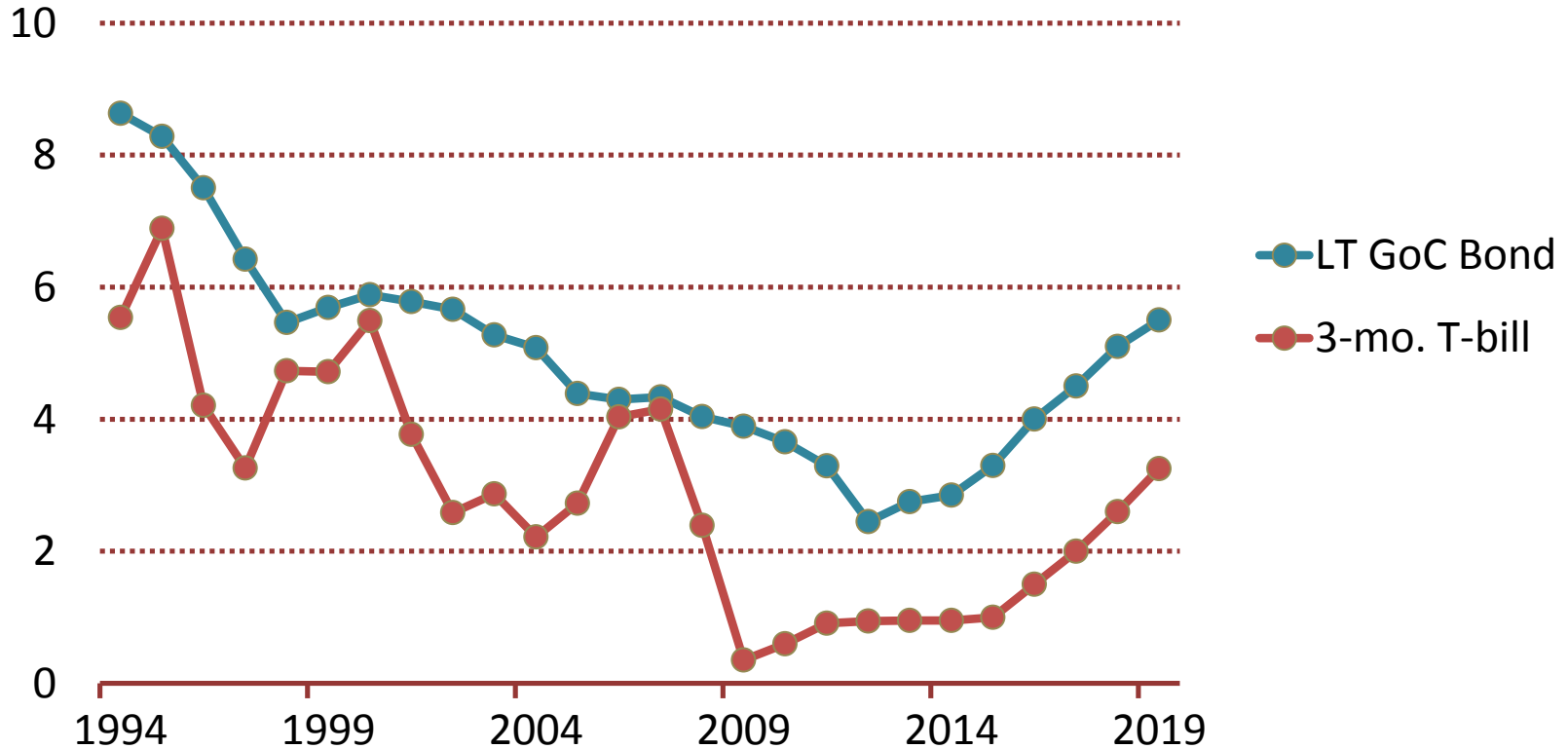


Source: BoC, Consensus Forecasts, C1CU. Note: Annual average. Latest actual: 2013.

BoC begins raising rates in Q4-2015, risk is for later increase

Interest Rates, Actual and Forecast 2014-2019: Canada

Per cent

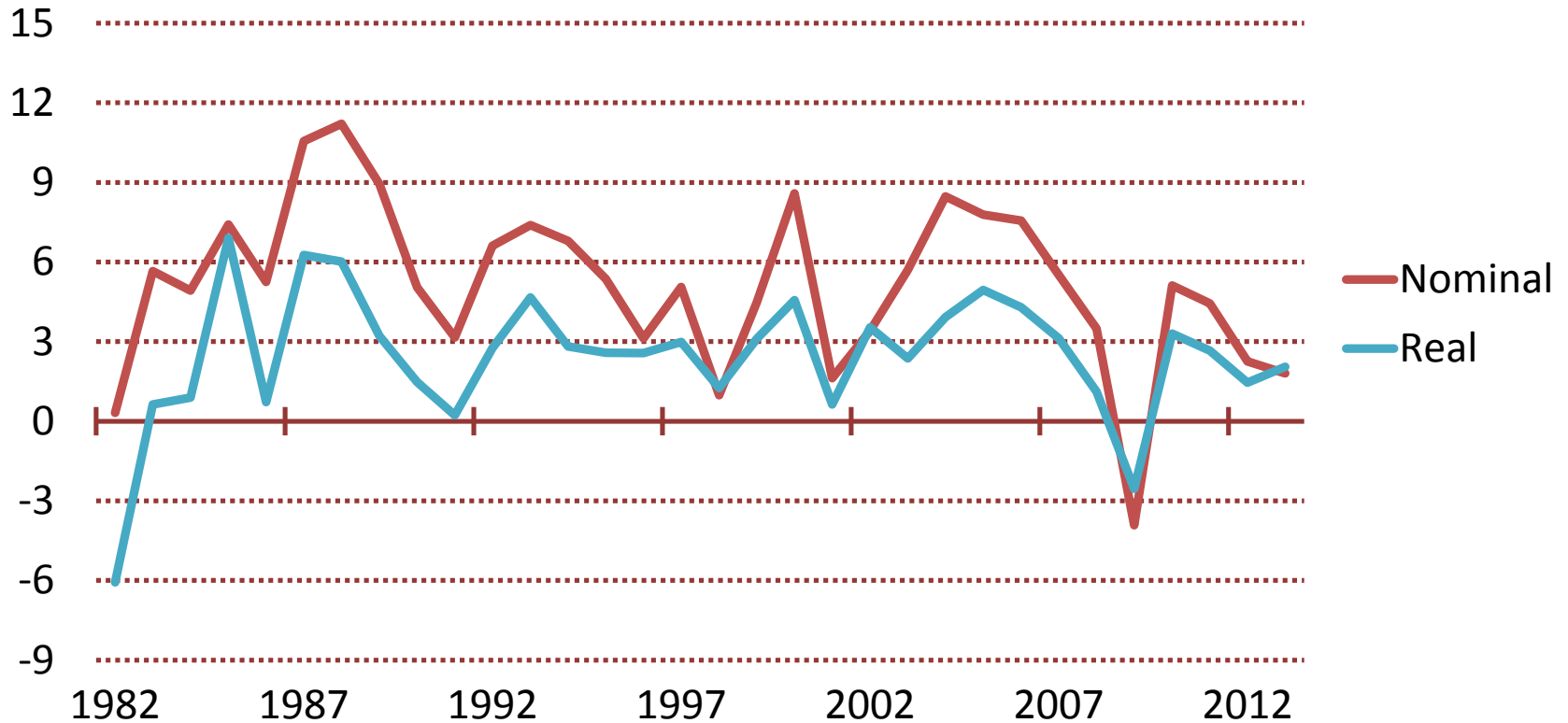


Source: Bank of Canada, C1 Economics. Note: Annual average. Latest actual: 2013.

Below-average growth last two years

Economic Growth: British Columbia

Per cent change in GDP



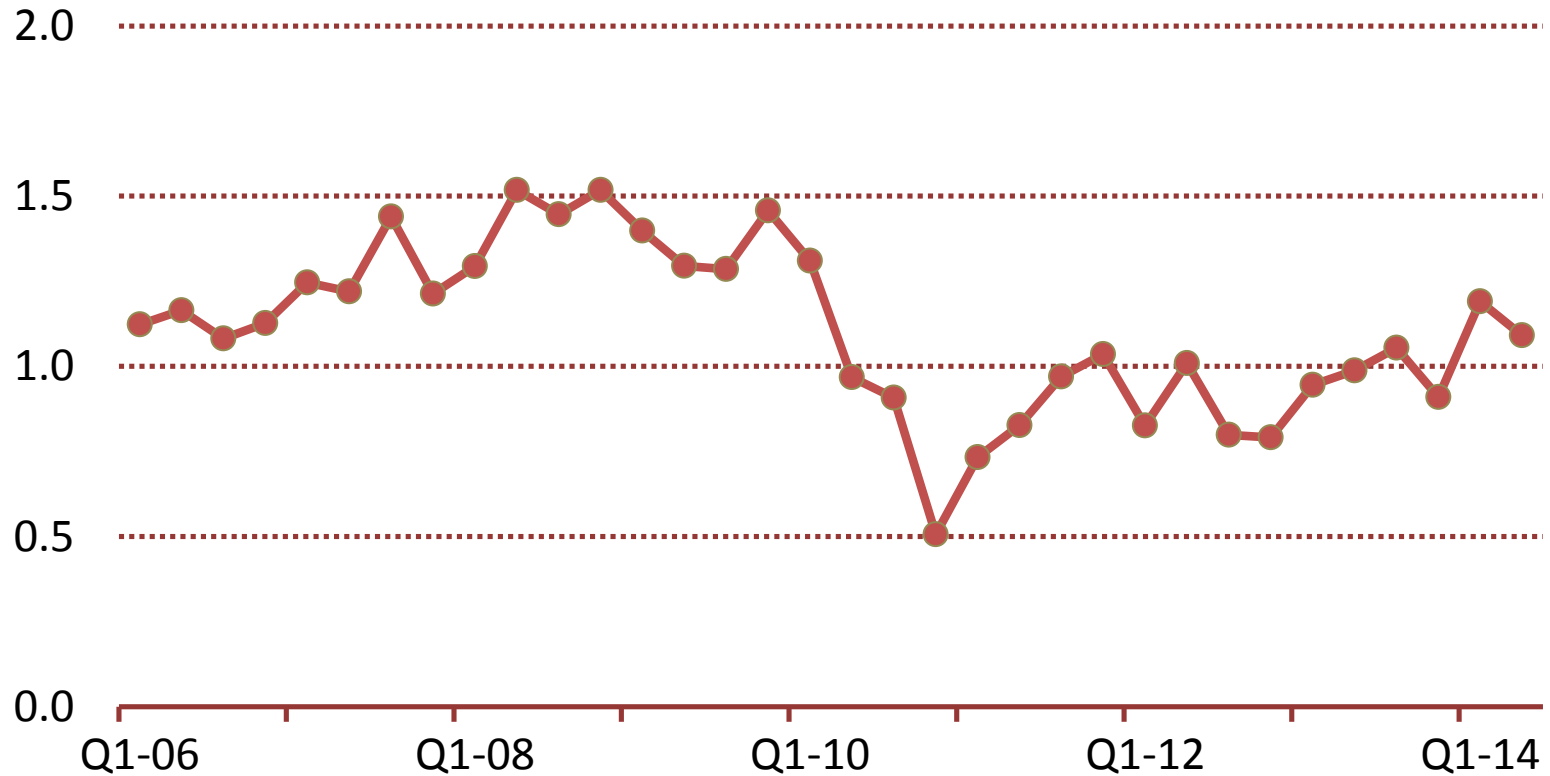
Source: Statistics Canada.

Latest: 2013

Population growth rising?

Population Growth, Quarterly: British Columbia

Per cent change at annual rate



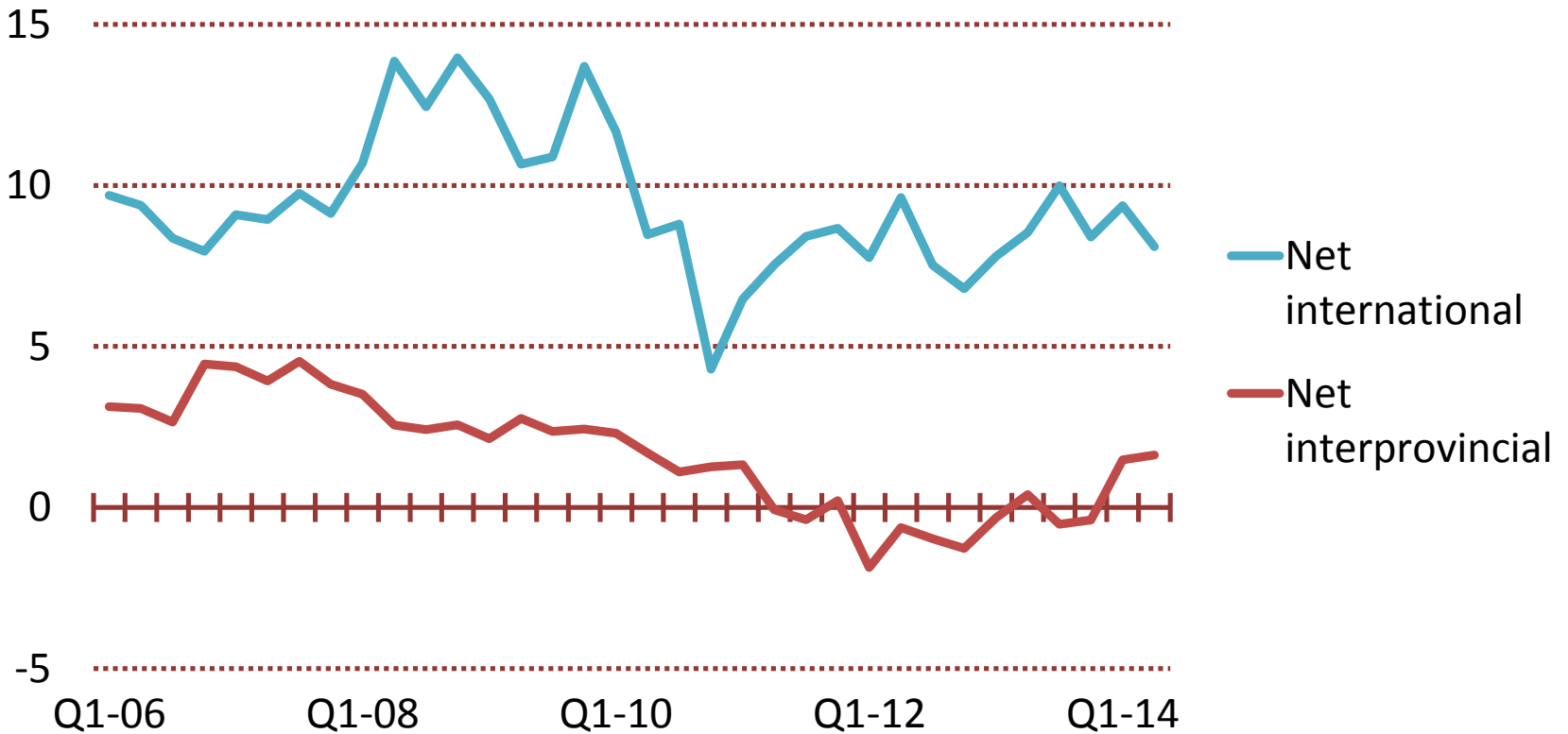
Source: Statistics Canada, Central 1Credit Union.

Latest: Q2-14

Interprovincial turning up

Net Migration by Type, Quarterly: British Columbia

Persons - thousands



Source: Statistics Canada, C1CU. Note: Seasonally adjusted. Latest: Q2-14

Range-bound since early 2012; breaking out?

Employment: British Columbia

Persons - millions



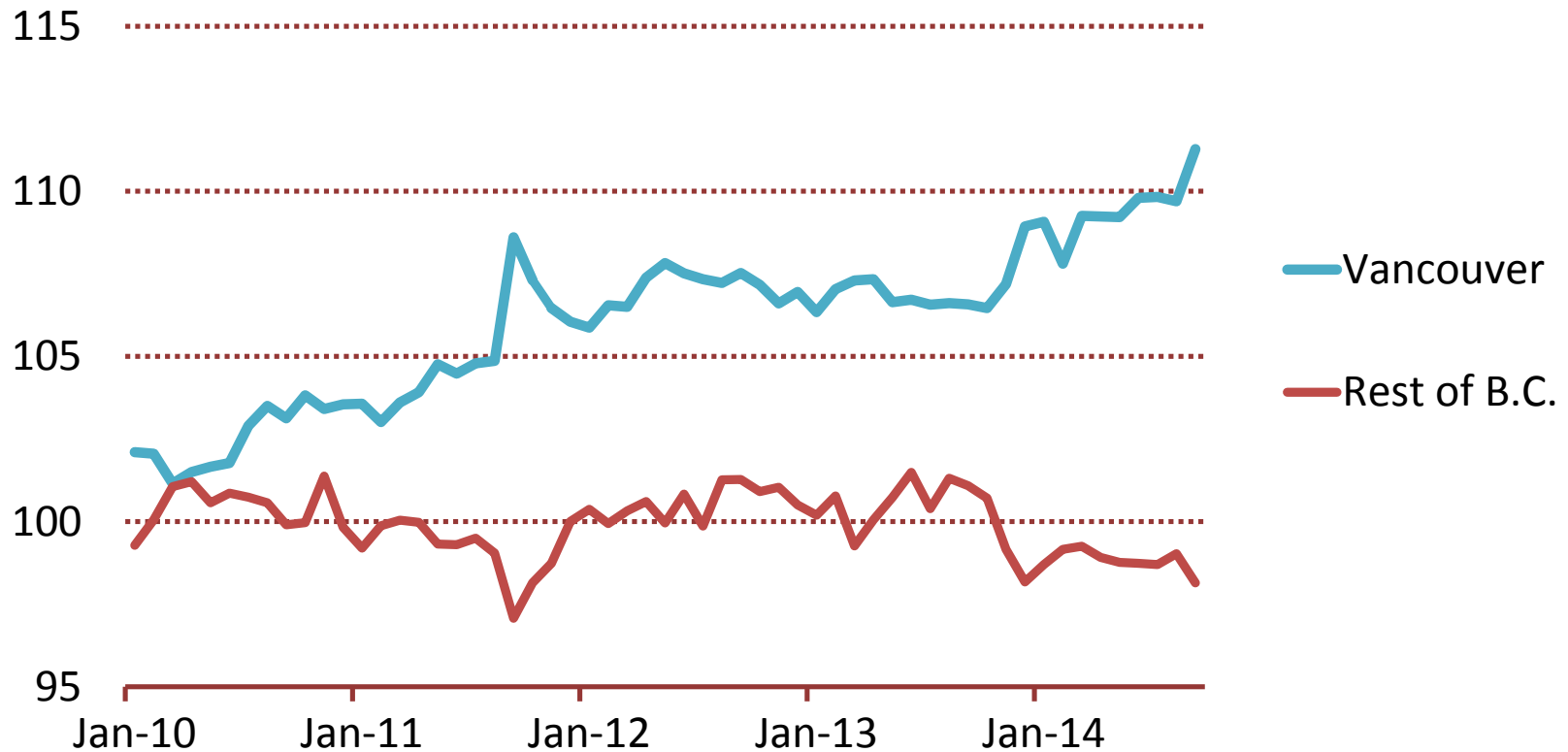
Source: Statistics Canada. Note: Seasonally adjusted.

Latest: Sep-14

Recent upshift in Vancouver

Employment Trends: Vancouver CMA and Rest of B.C.

2007=100

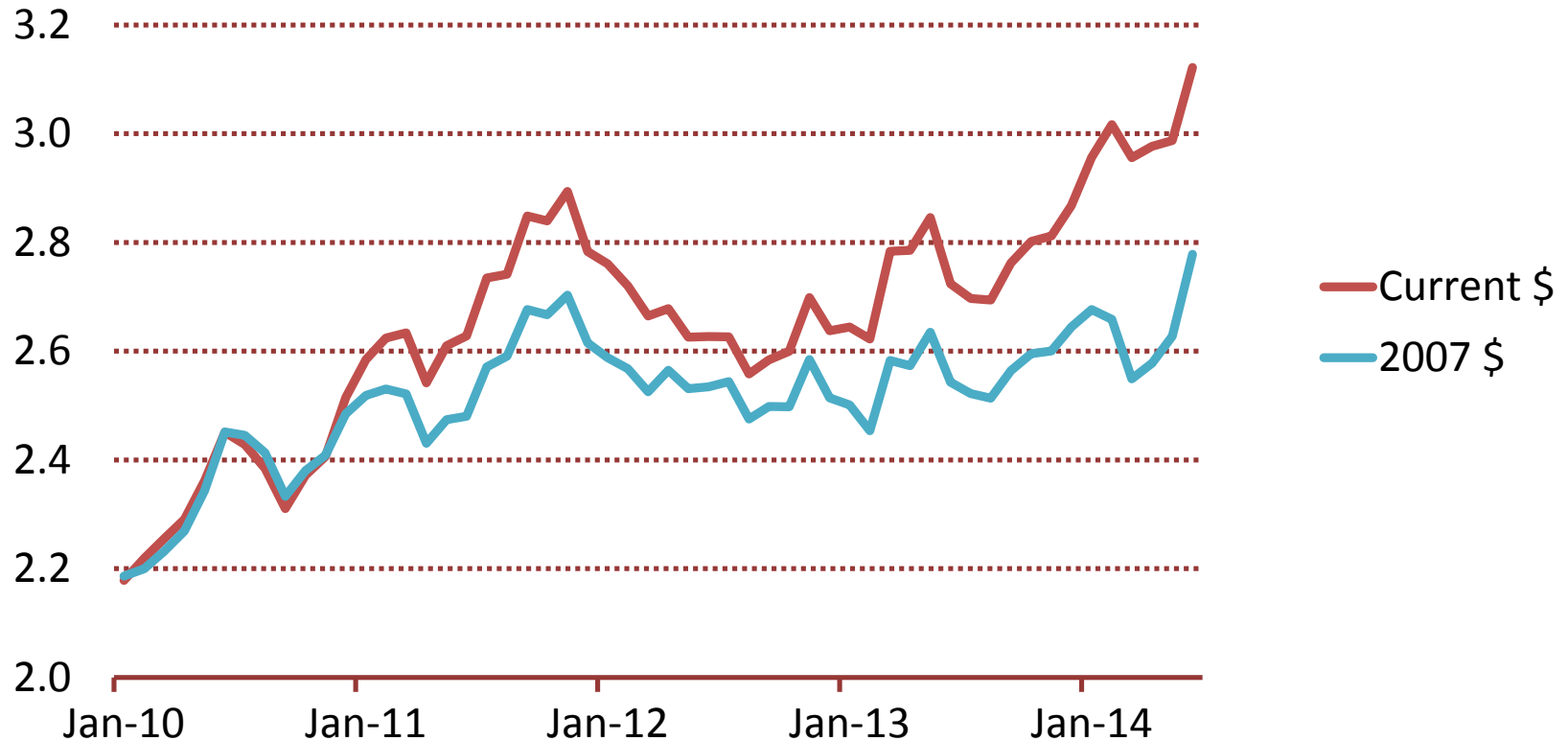


Source: Statistics Canada, C1CU. Note: Seasonally adjusted. Latest: Sep-14

Prices up recently, underlying trend little changed

International Goods Exports: British Columbia

Dollars - billions

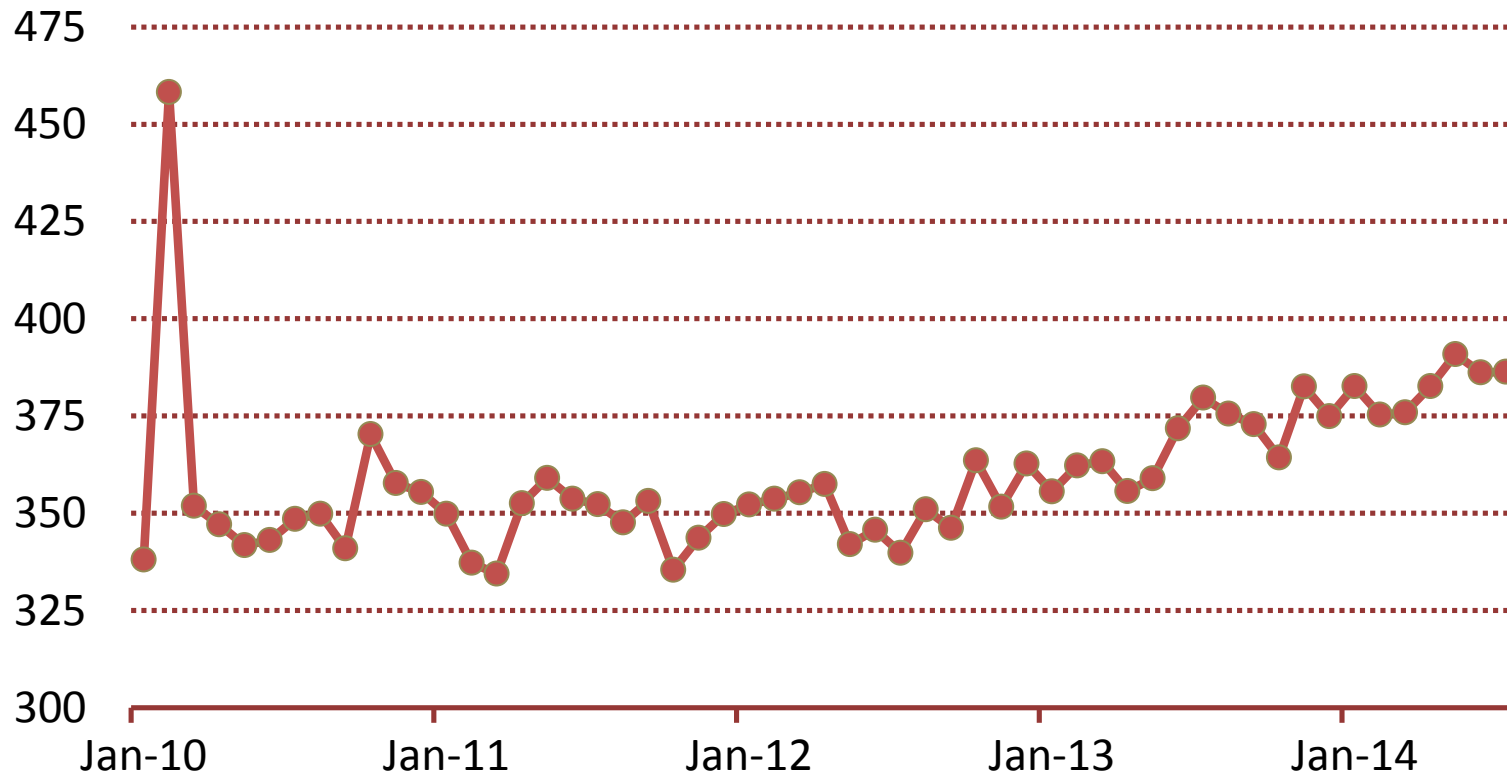


Source: Statistics Canada, C1CU. Note: Seasonally adjusted 3 mo. average. Latest: Jul-14

Modest uptrend developing

International Tourist Entries: British Columbia

Person - millions



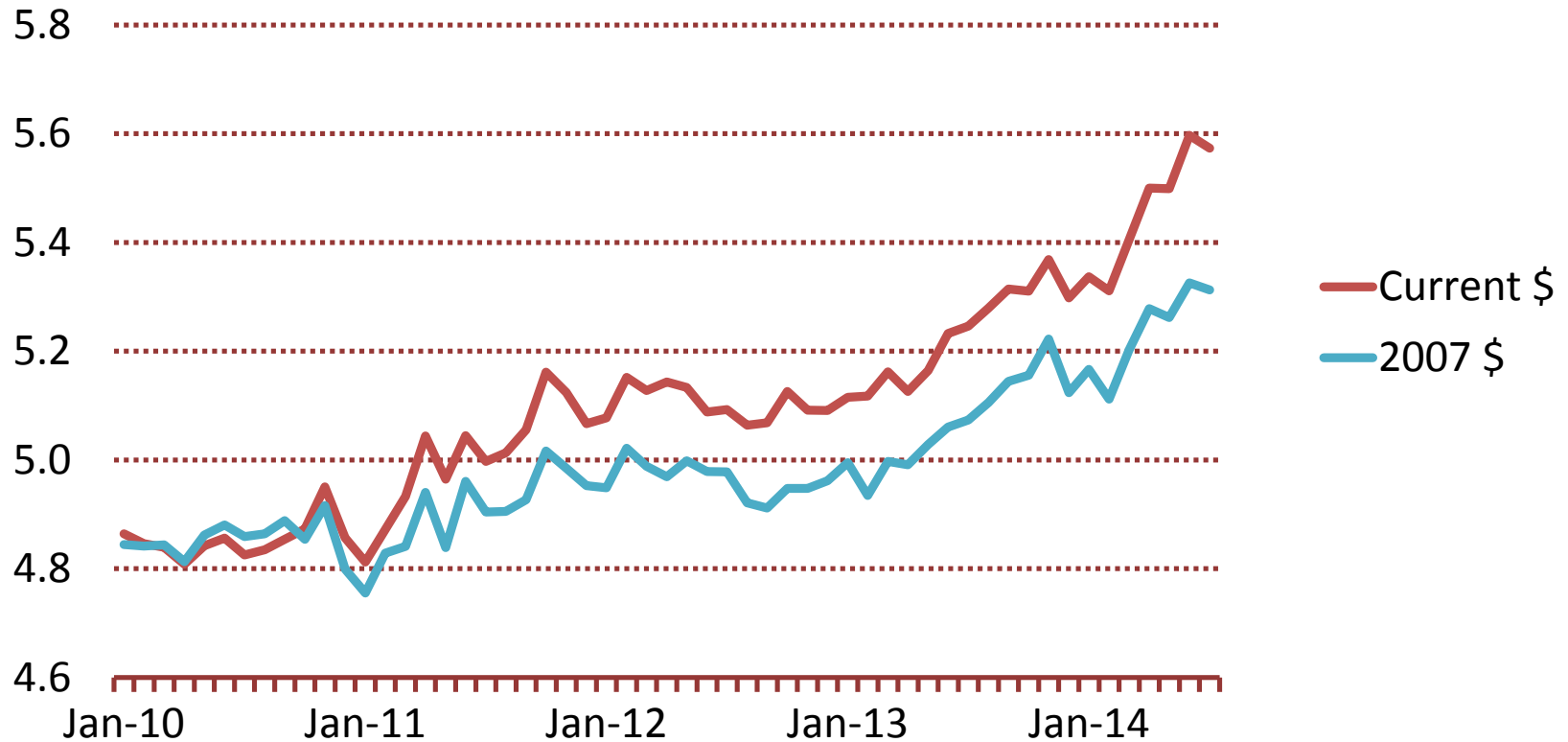
Source: Statistics Canada. Note: Seasonally adjusted.

Latest: Jul-14

Uptrend revives

Retail Sales: British Columbia

Dollars - billions



Source: Statistics Canada, C1CU. Note: Seasonally adjusted. Latest: Jul-14

Sales up this year

MLS Residential Sales: British Columbia

Units - thousands



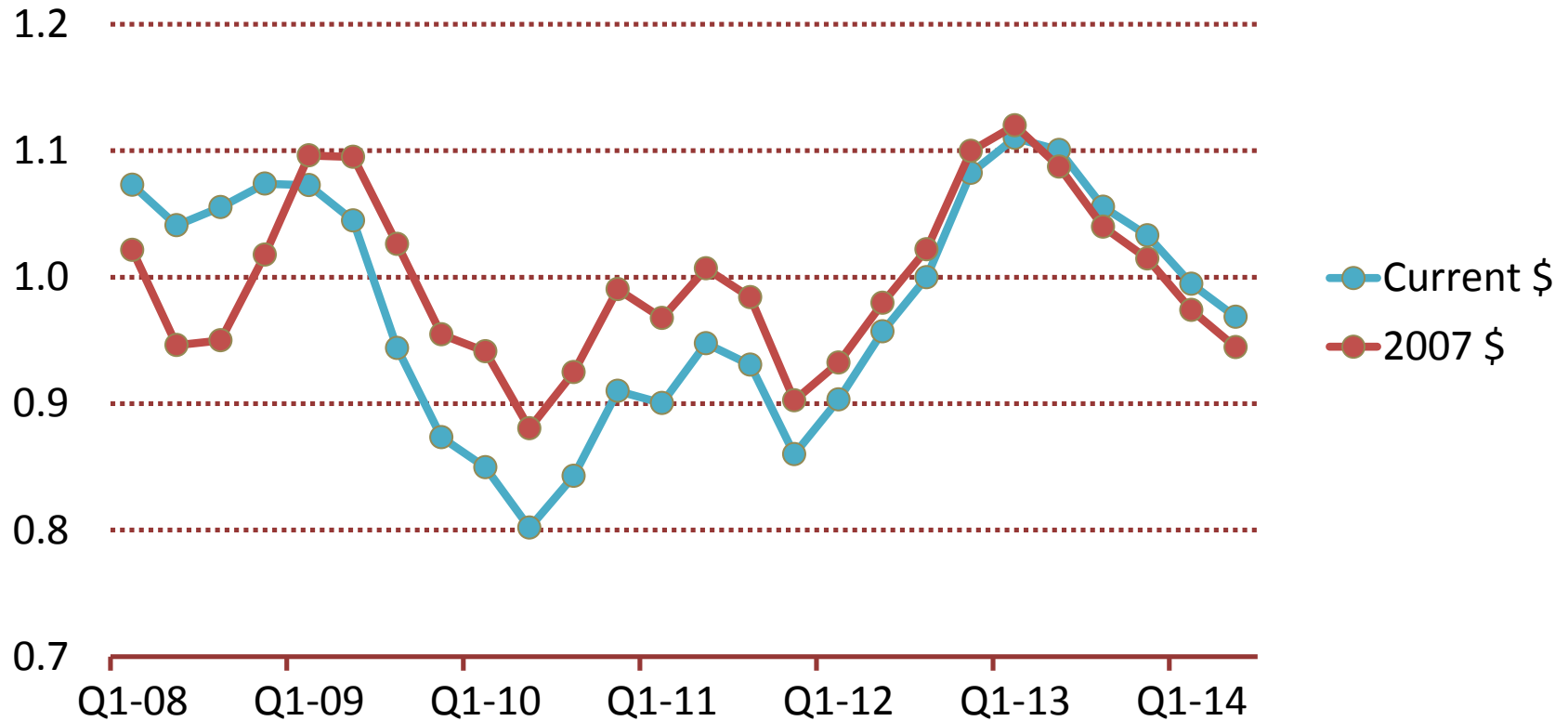
Source: CREA. Note: Seasonally adjusted.

Latest: Aug-14

Downtrend since 2013

Private Building Construction Investment: British Columbia

Dollars - billions



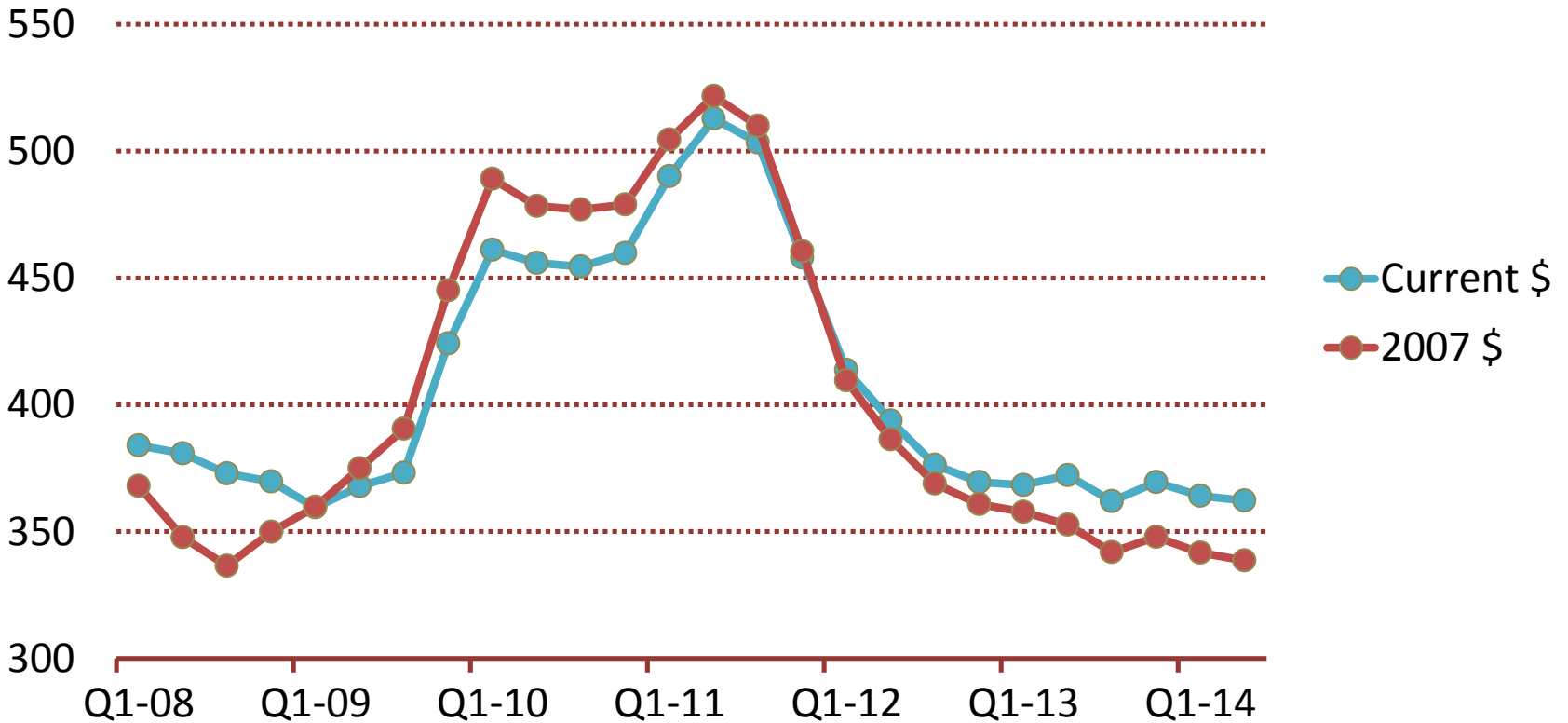
Source: Statistics Canada. Note Seasonally adjusted.

Latest: Q2-14

Declining spending

Government Building Construction Investment: B.C.

Dollars - millions



Source: Statistics Canada. Note Seasonally adjusted.

Latest: Q2-14

Moderate growth in 2014, momentum builds in 2015 & 2016

Economic and Housing Forecasts: British Columbia

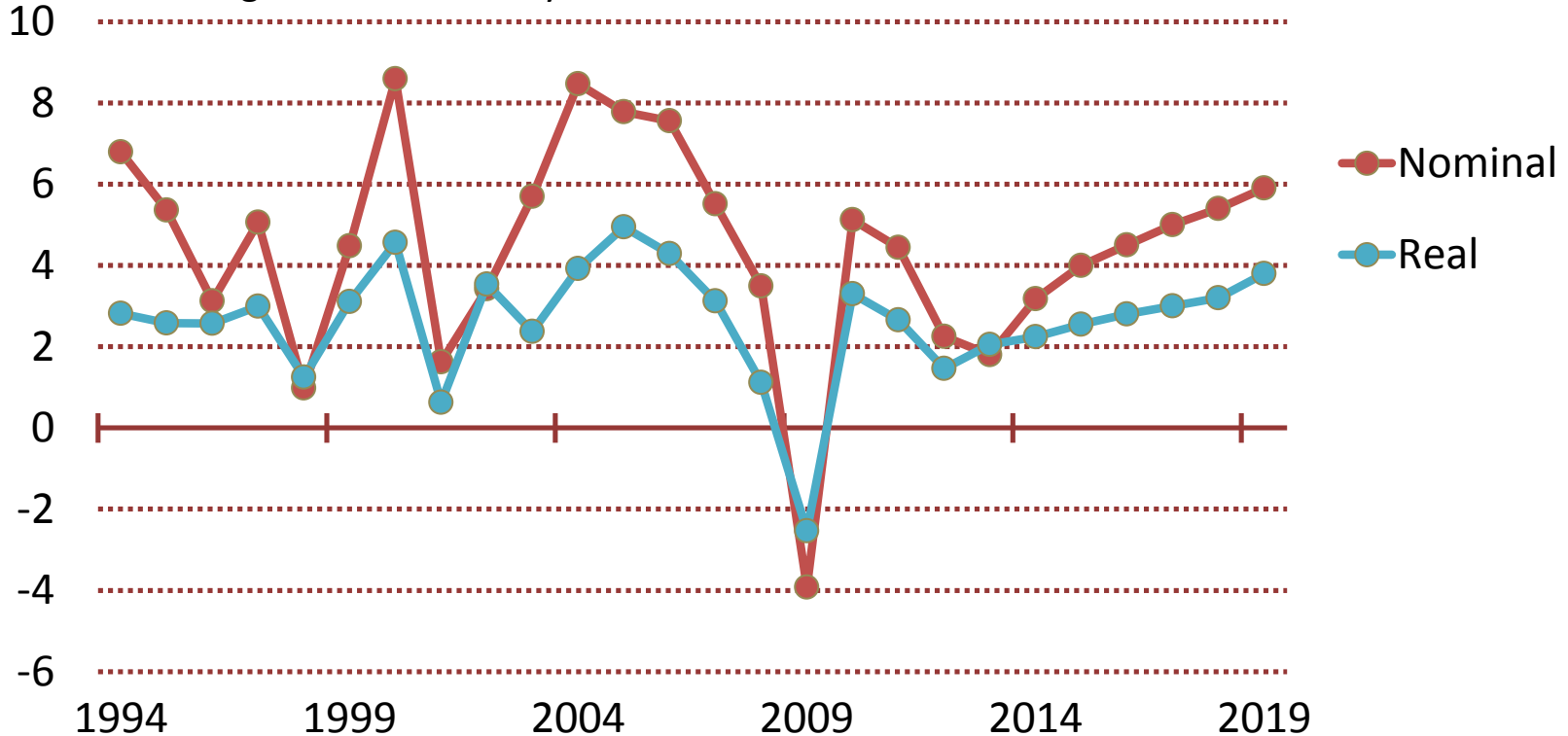
| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|-------|------|------|------|------|
| Real GDP, % chg. | 1.5 | 1.8 | 2.2 | 2.5 | 2.8 |
| Nominal GDP, % chg. | 2.3 | 2.5 | 3.3 | 4.0 | 4.5 |
| Employment, % chg. | 1.7 | -0.2 | 0.7 | 1.1 | 1.3 |
| Unemployment rate, % | 6.7 | 6.6 | 6.3 | 6.0 | 5.7 |
| Population, % chg. | 1.0 | 0.9 | 1.1 | 1.1 | 1.2 |
| Housing sales, % chg. | -11.4 | 7.8 | 14.0 | 5.0 | 5.0 |
| Housing price, % chg. | -8.3 | 4.4 | 6.5 | 4.0 | 4.0 |

Source: Statistics Canada, CREA, Central 1 Credit Union.

More robust growth after 2017

Economic Growth: British Columbia

Per cent change in GDP, annually

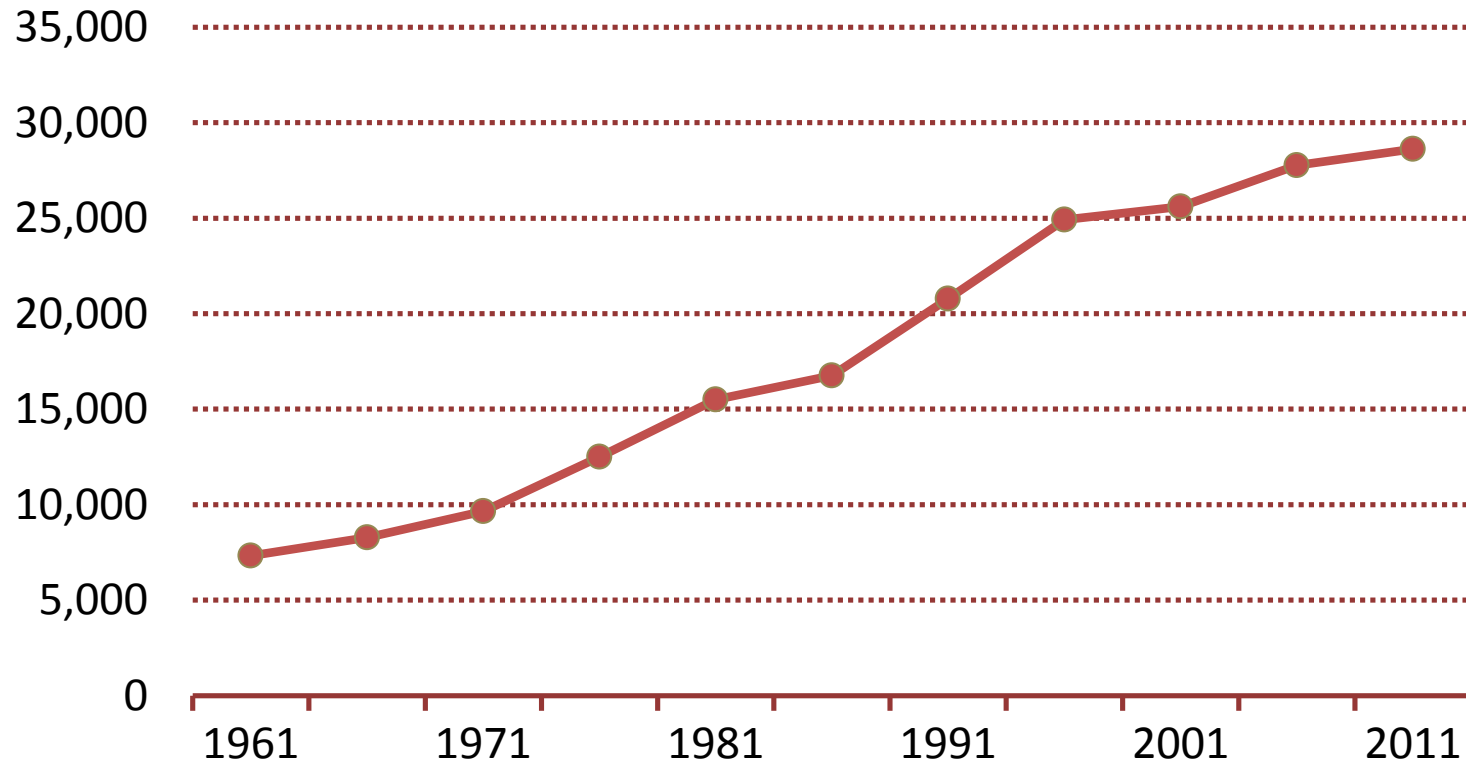


Source: Statistics Canada, Central 1 Credit Union. Forecast: 2014 - 2019.

Strong growth trend subsides

Population: Sunshine Coast Regional District

Persons

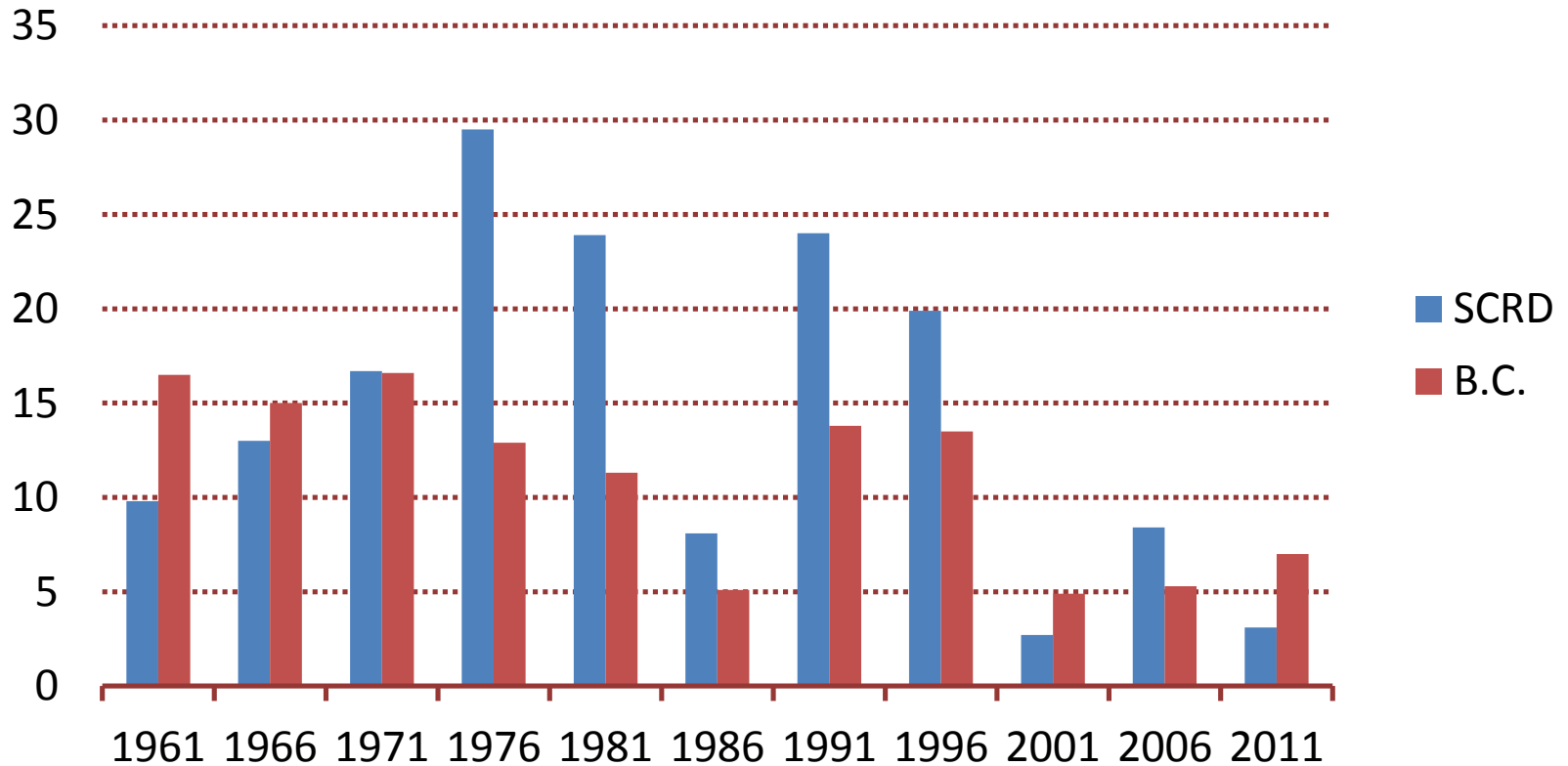


Source: Census of Canada.

SCRD no longer growing faster than B.C.

Population Growth: SCRD and B.C.

Per cent

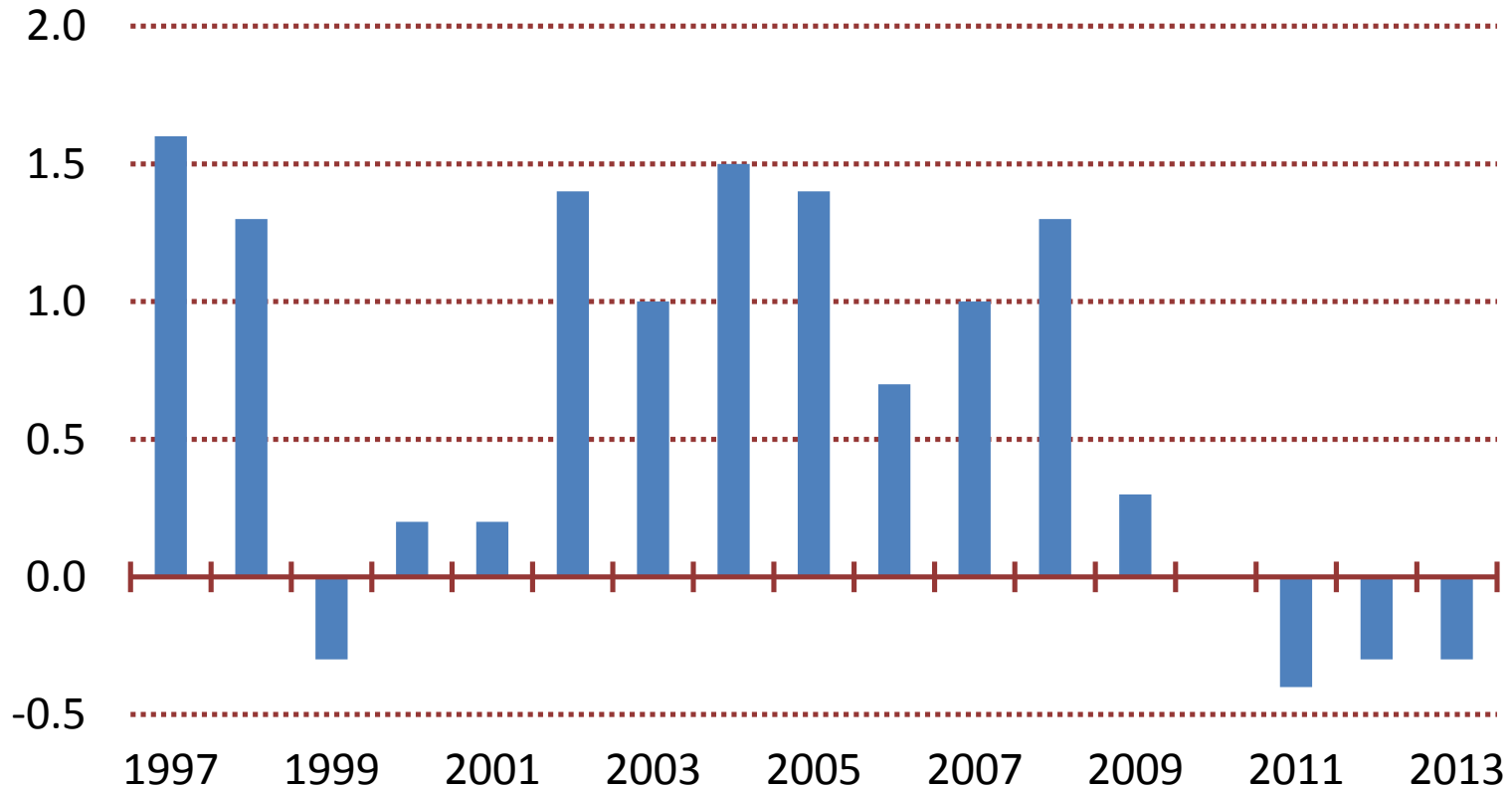


Source: Census of Canada, Central 1 Credit Union.

Recent declines

Population Growth: Sunshine Coast Regional District

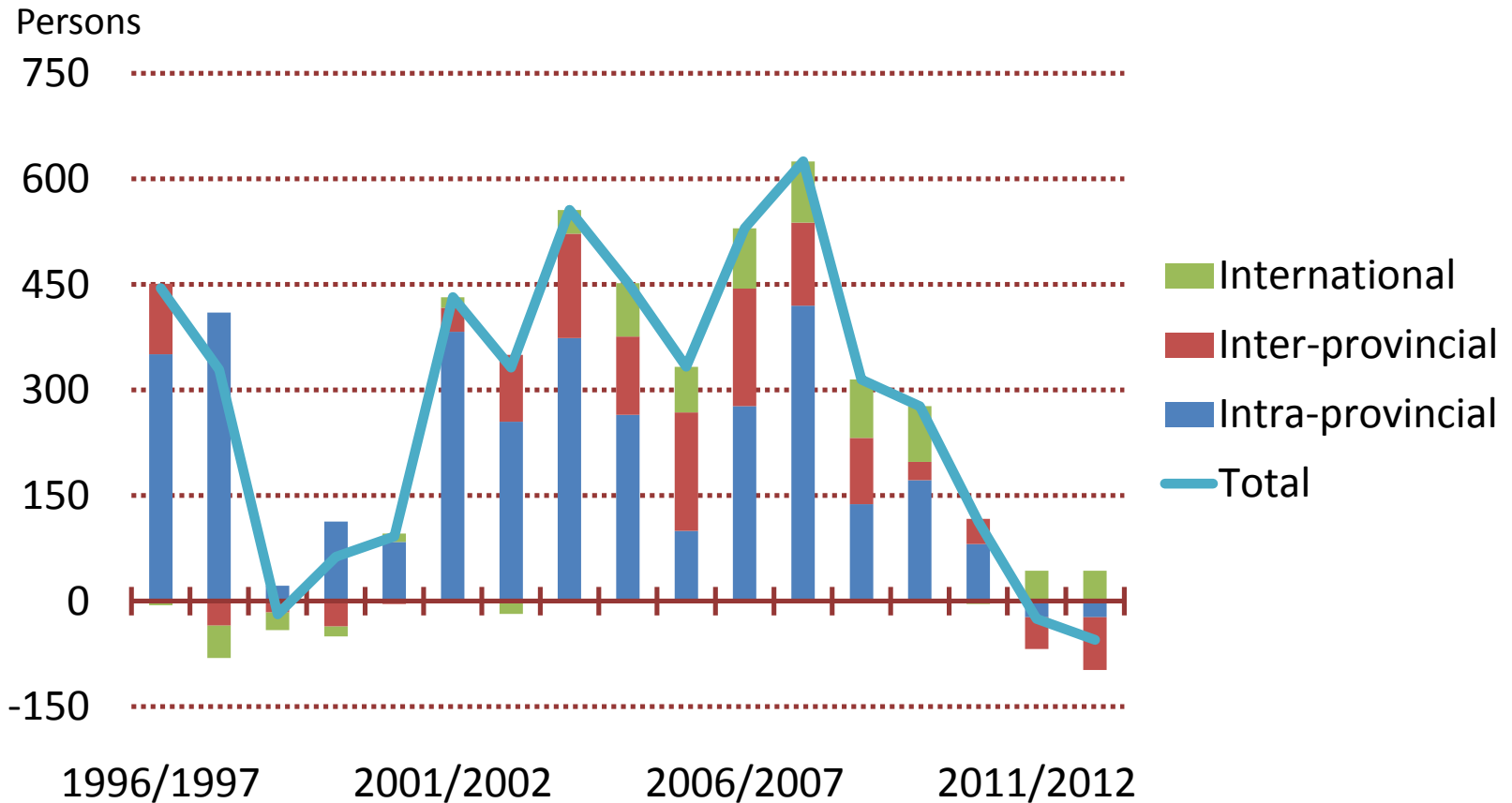
Per cent



Source: Statistics Canada, Central 1 Credit Union. Note: Year ending July 1.

Large migration drop-off since the recession

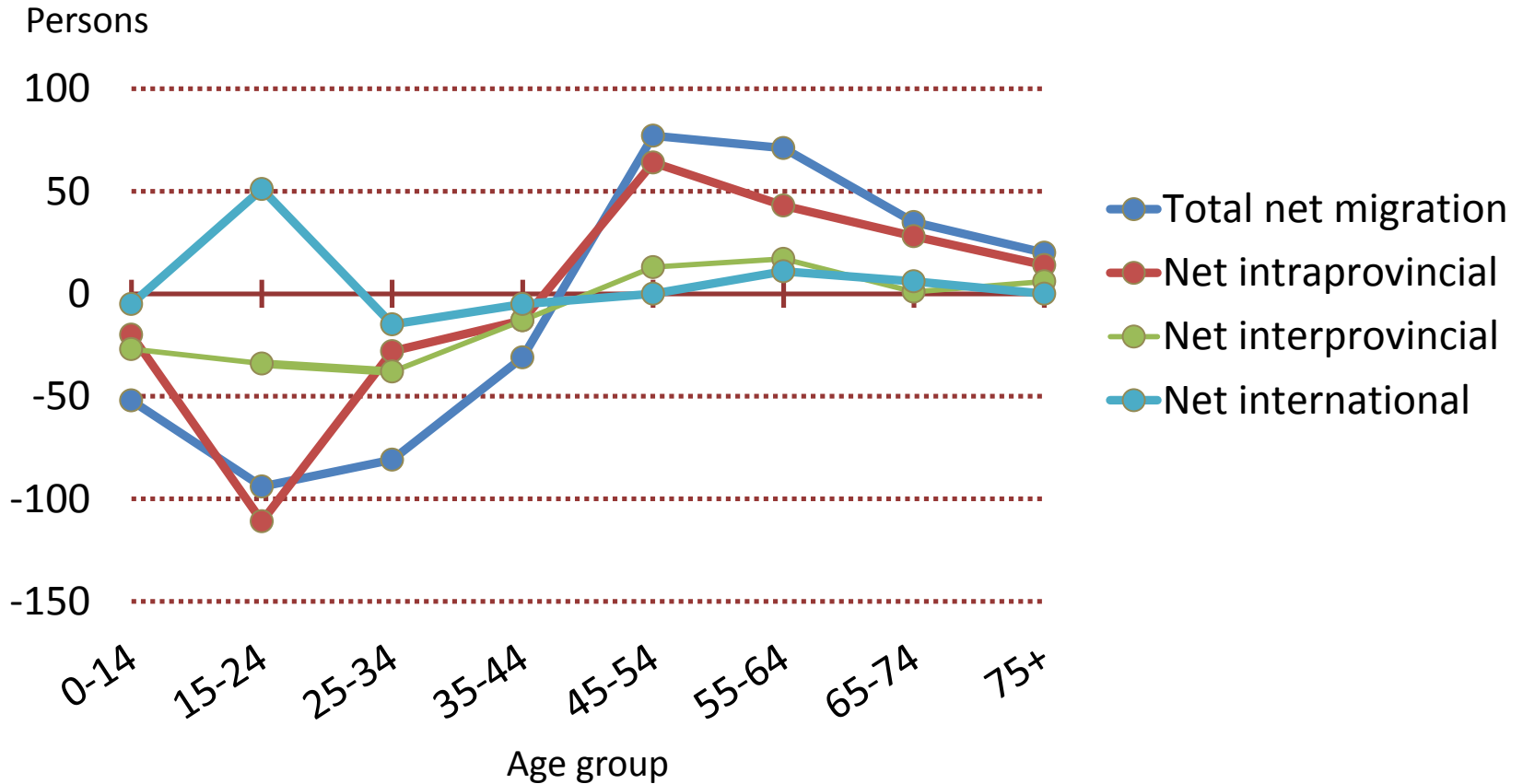
Migration Components: Sunshine Coast Regional District



Source: Statistics Canada, Central 1 Credit Union. Latest: 2012/2013

Outflow of younger age groups

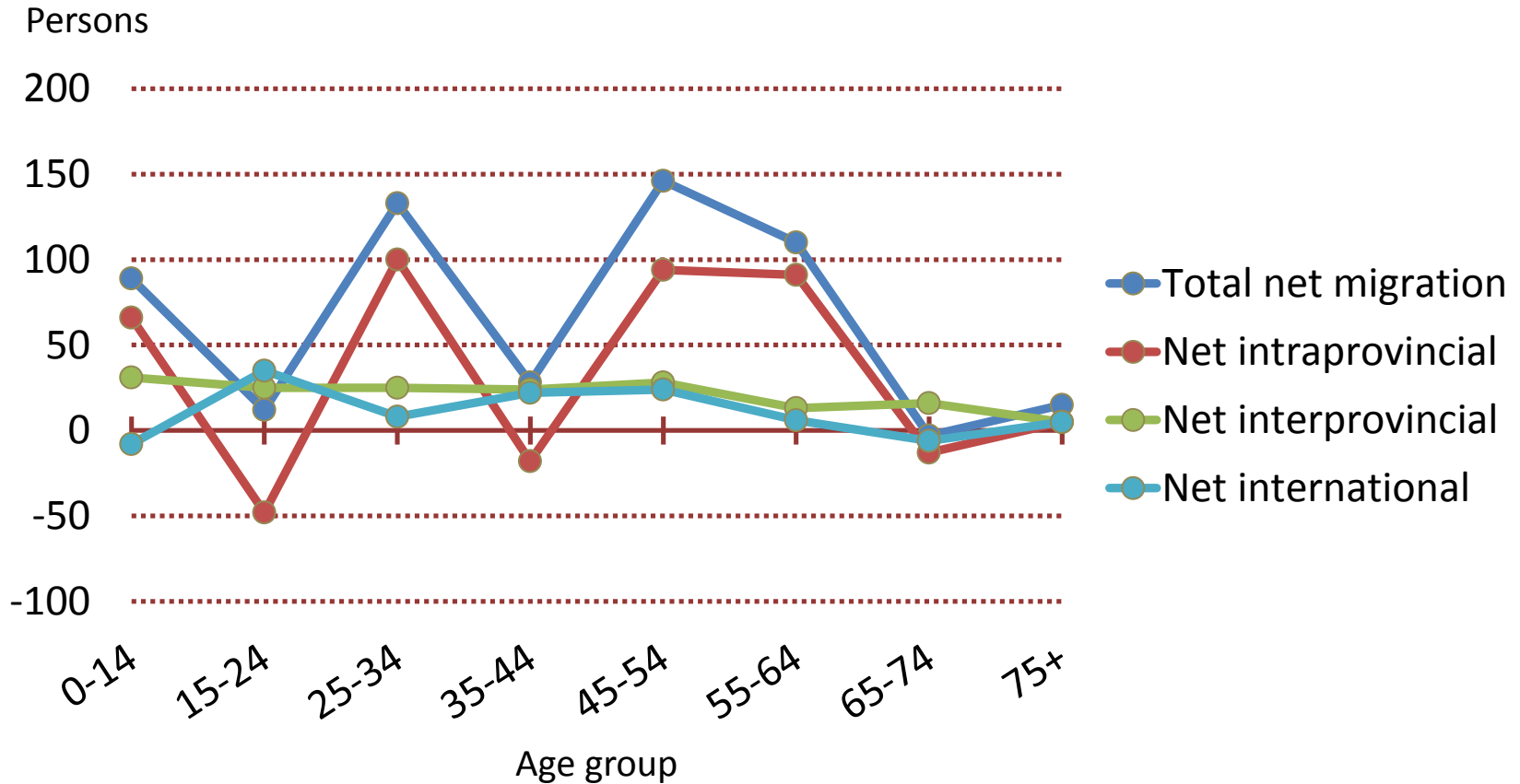
Net Migration Age Distribution 2013: SCRD



Source: Statistics Canada, Central 1 Credit Union.

In better economic times, as in 2007, net inflows in most age groups

Net Migration Age Distribution 2007: SCRD

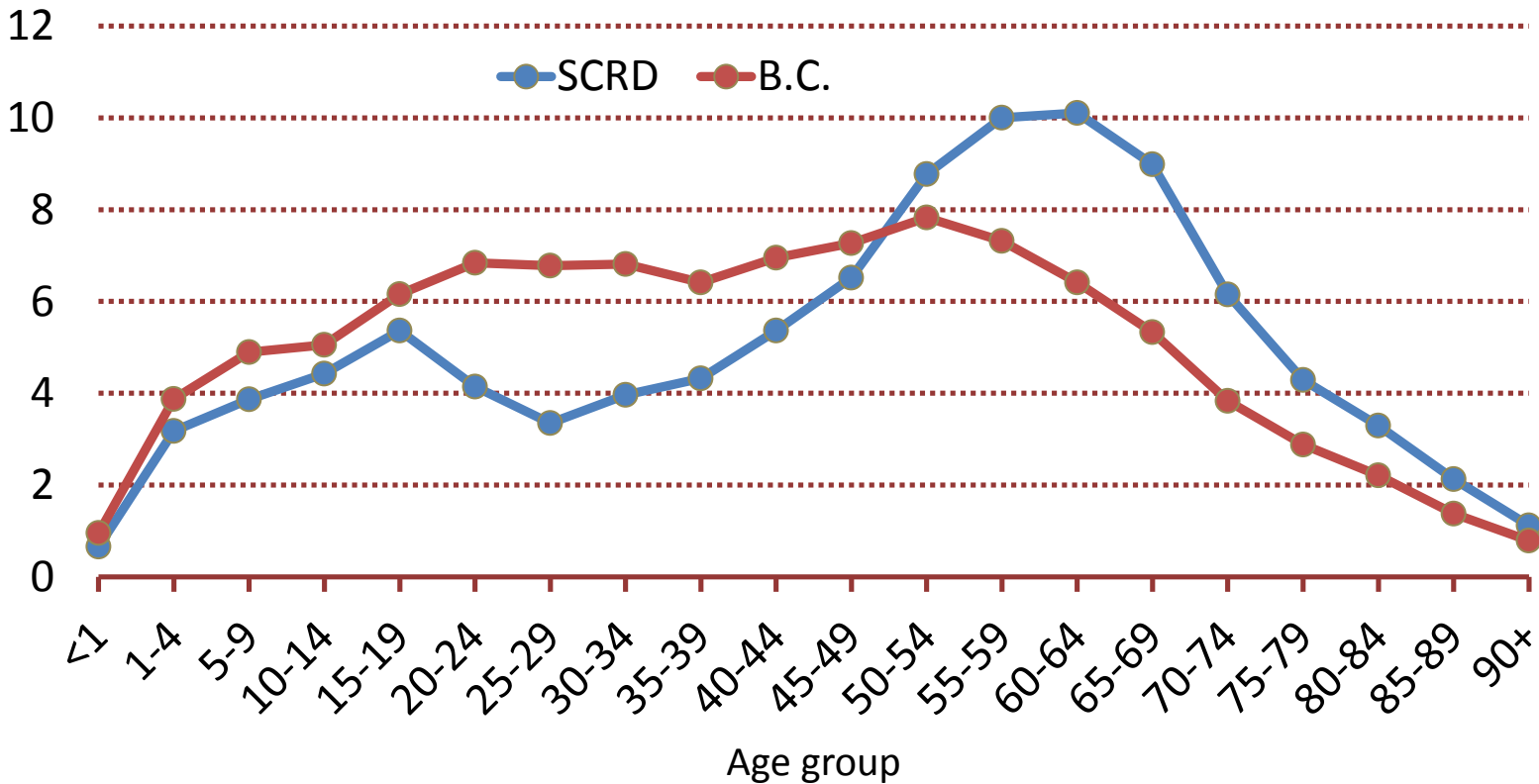


Source: Statistics Canada, Central 1 Credit Union.

Older population in the SCRD

Population Age Distribution 2013: SCRD and B.C.

Per cent of total

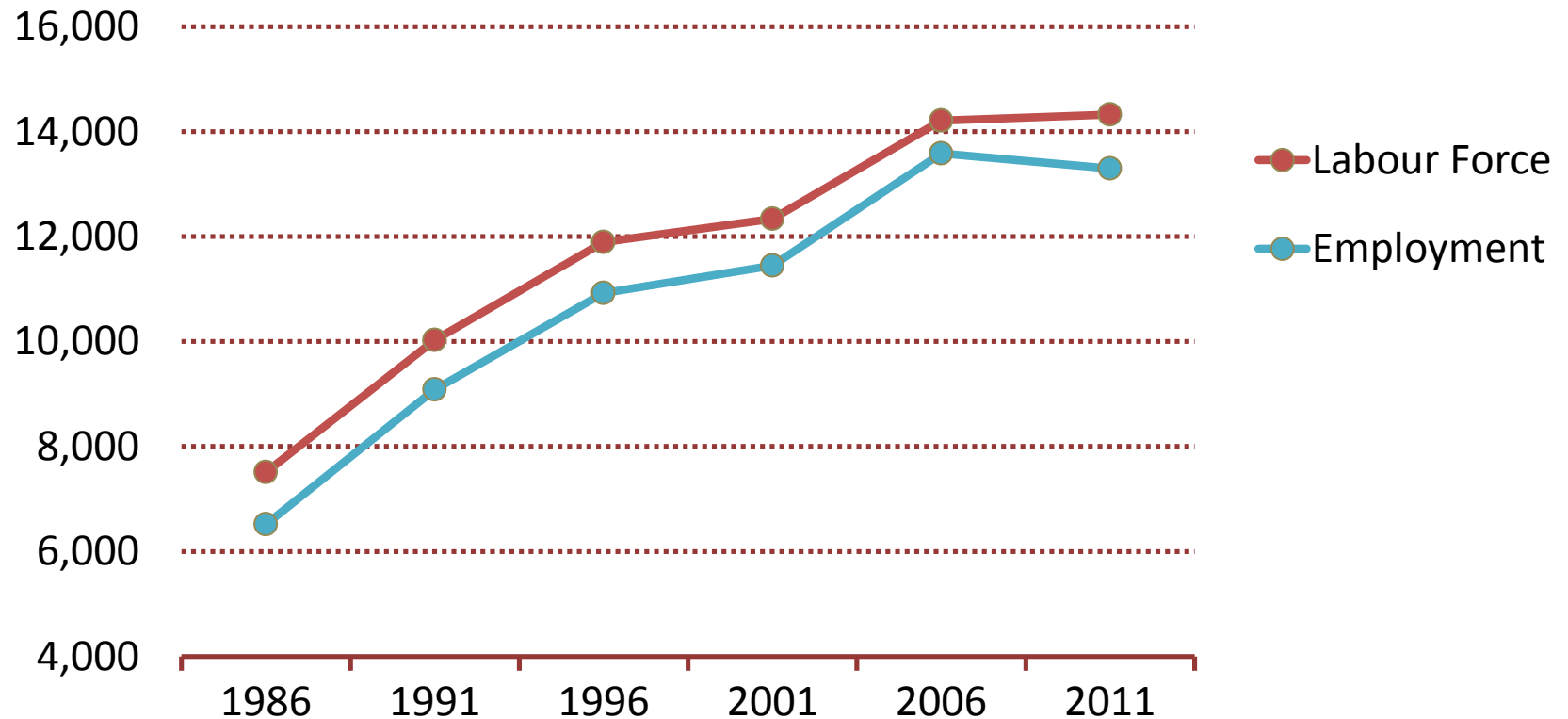


Source: BC Stats.

Use 2011 data with caution

Labour Market: Sunshine Coast Regional District

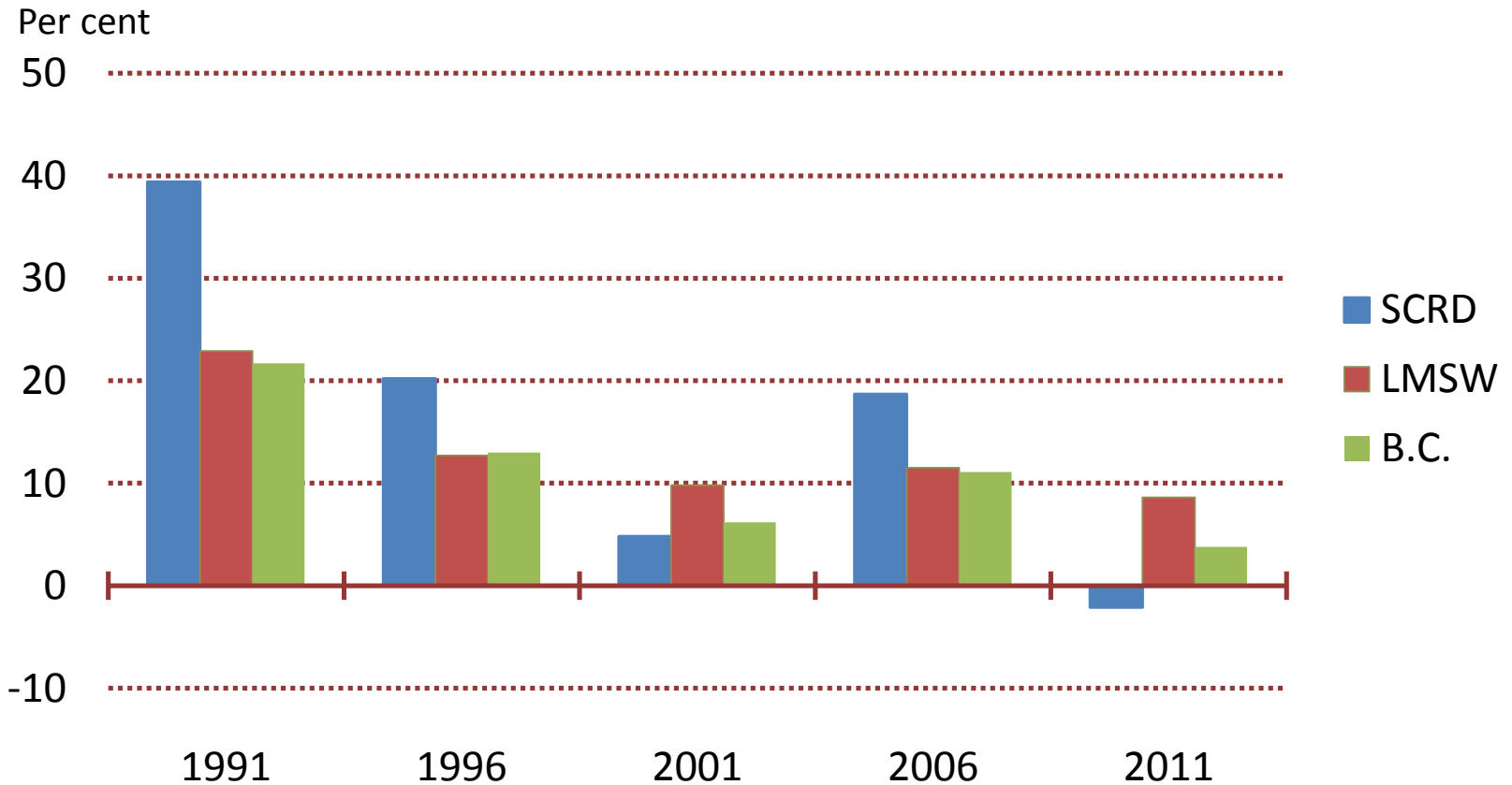
Persons



Source: Census of Canada.

2011 result is suspect

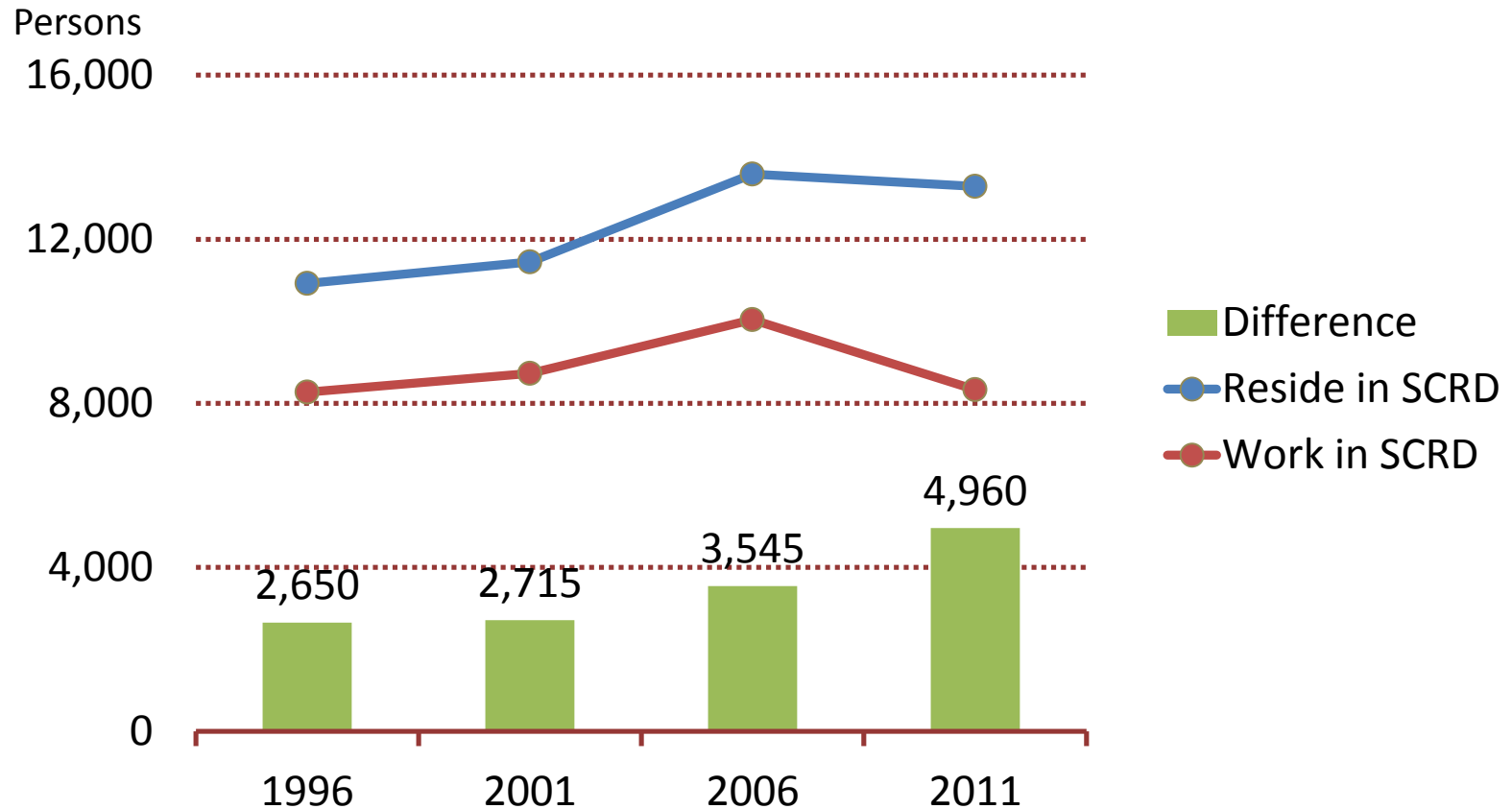
Employment Growth: Selected Areas



Source: Census of Canada, Central 1 Credit Union. Note: 5 years to end of period.
Employment based on place of residence.

Caution on 2011 decline in place of work

Employed by Place of Residence and Place of Work: SCRD

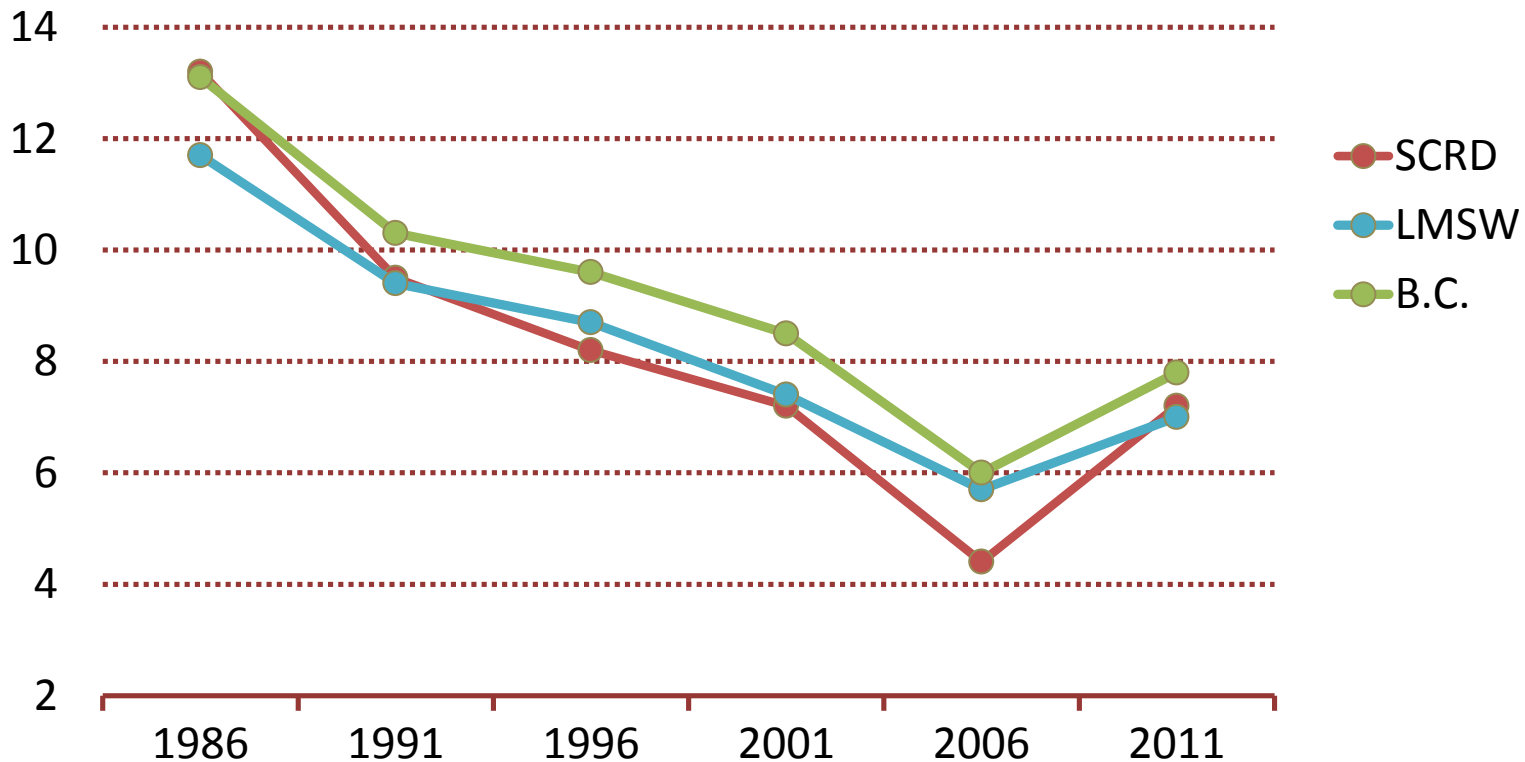


Source: Statistics Canada custom tabulations.

Higher unemployment rates in 2011

Unemployment Rates: Selected Areas

Per cent of labour force

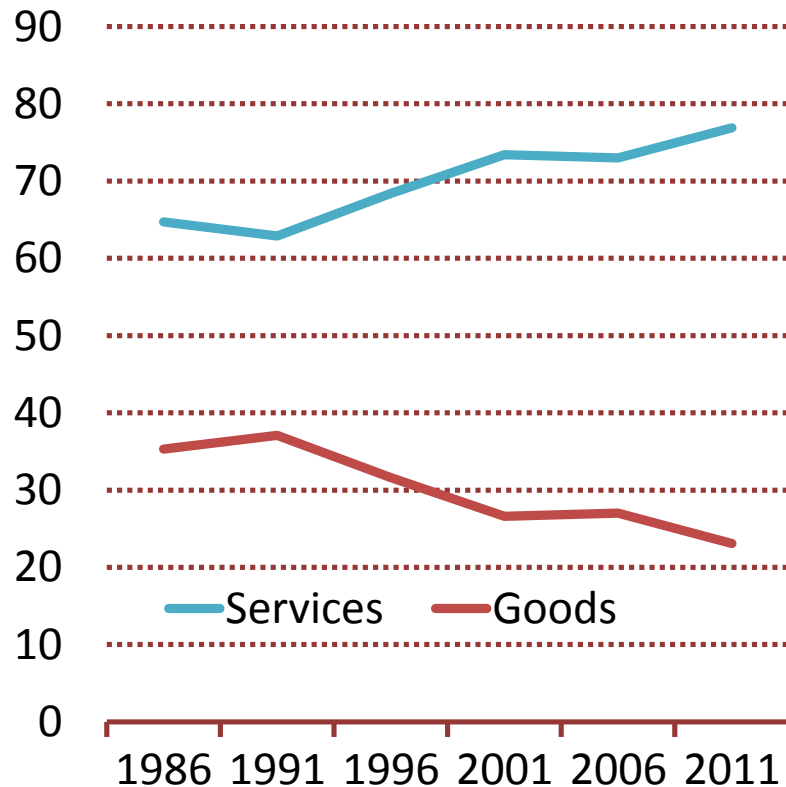


Source: Census of Canada. Note: Based on place of residence.

Declining role for resources and manufacturing

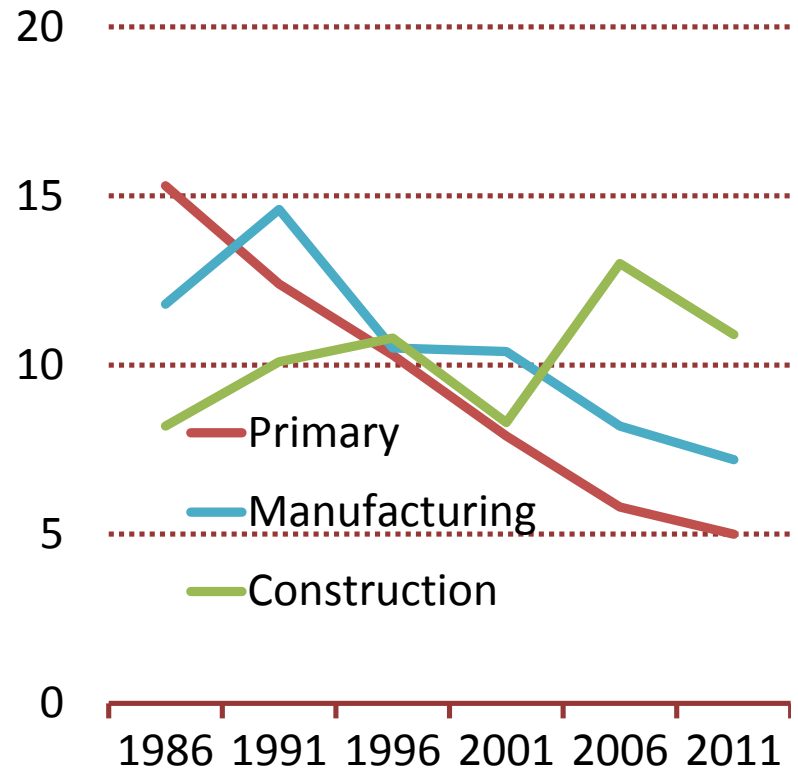
Industry Composition: SCRD

Per cent of total employment



Goods Employment by Type

Per cent of total employment

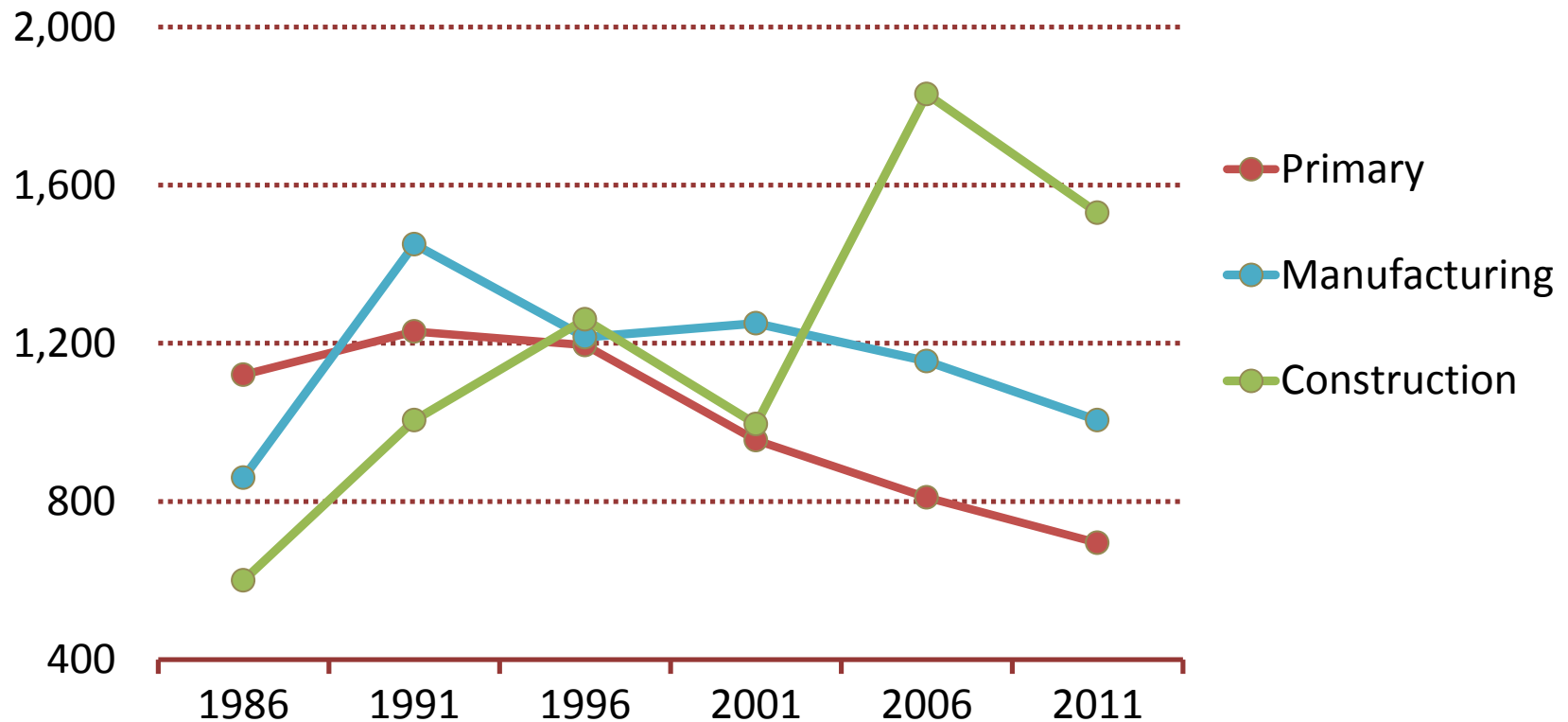


Source: Statistics Canada. Note: Based on place of residence.

Ongoing declines in resources and manufacturing

Employment in Goods Industries: SCRD

Persons

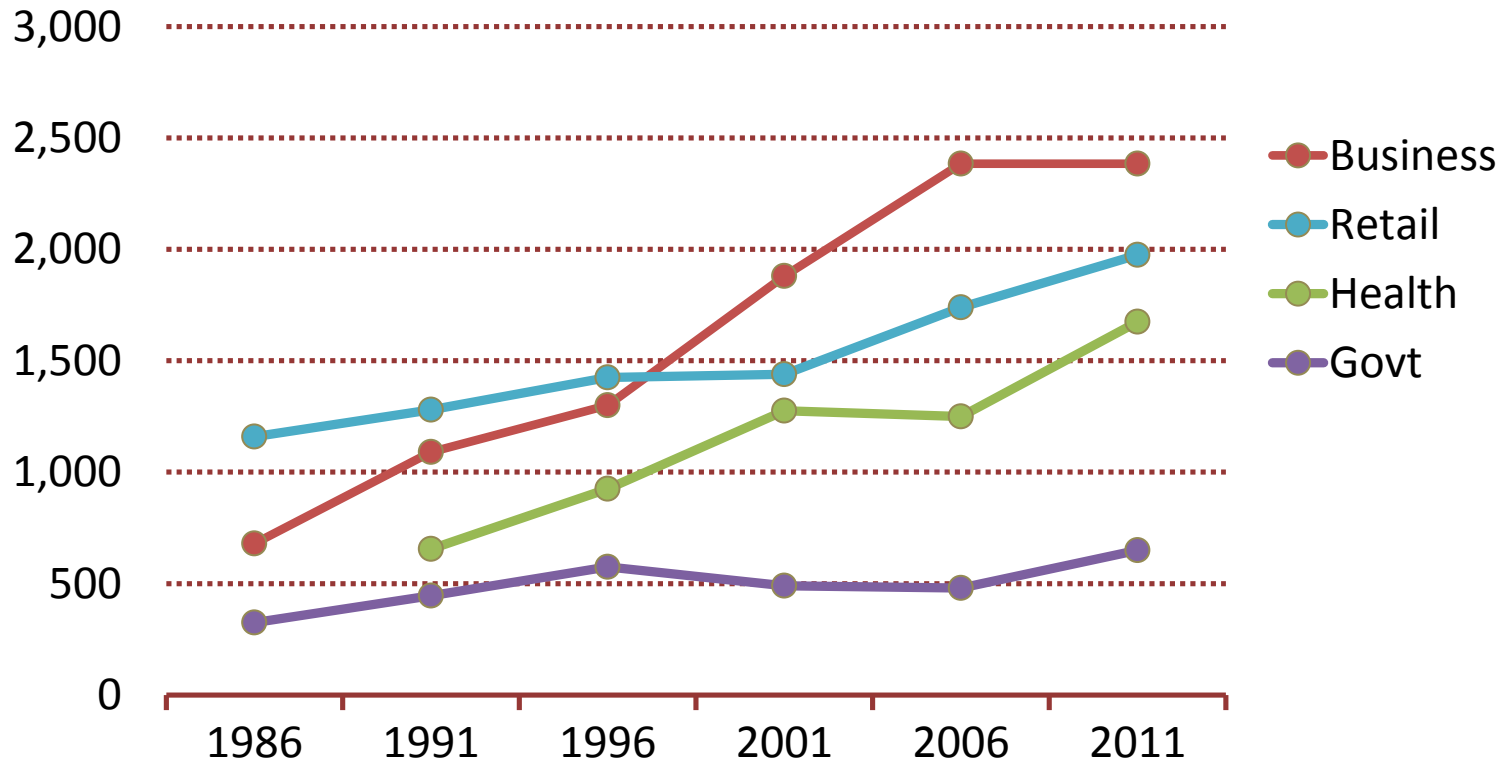


Source: Census of Canada. Note: Based on place of residence.

Uptrend in most sectors

Employment in Selected Service Industries: SCRD

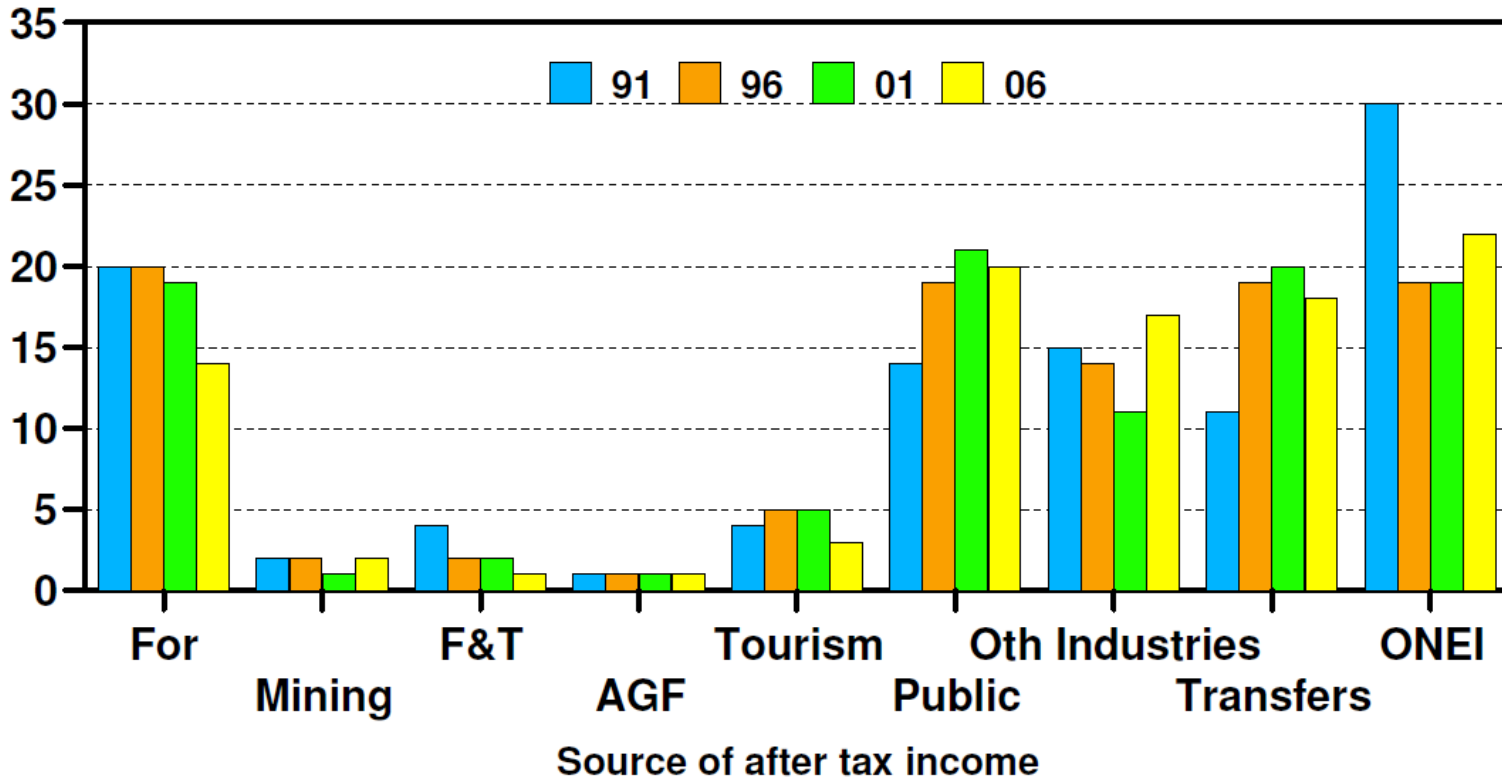
Persons



Source: Census of Canada. Note: Based on place of residence.

Economic Dependencies, 1991 to 2006, Sunshine Coast

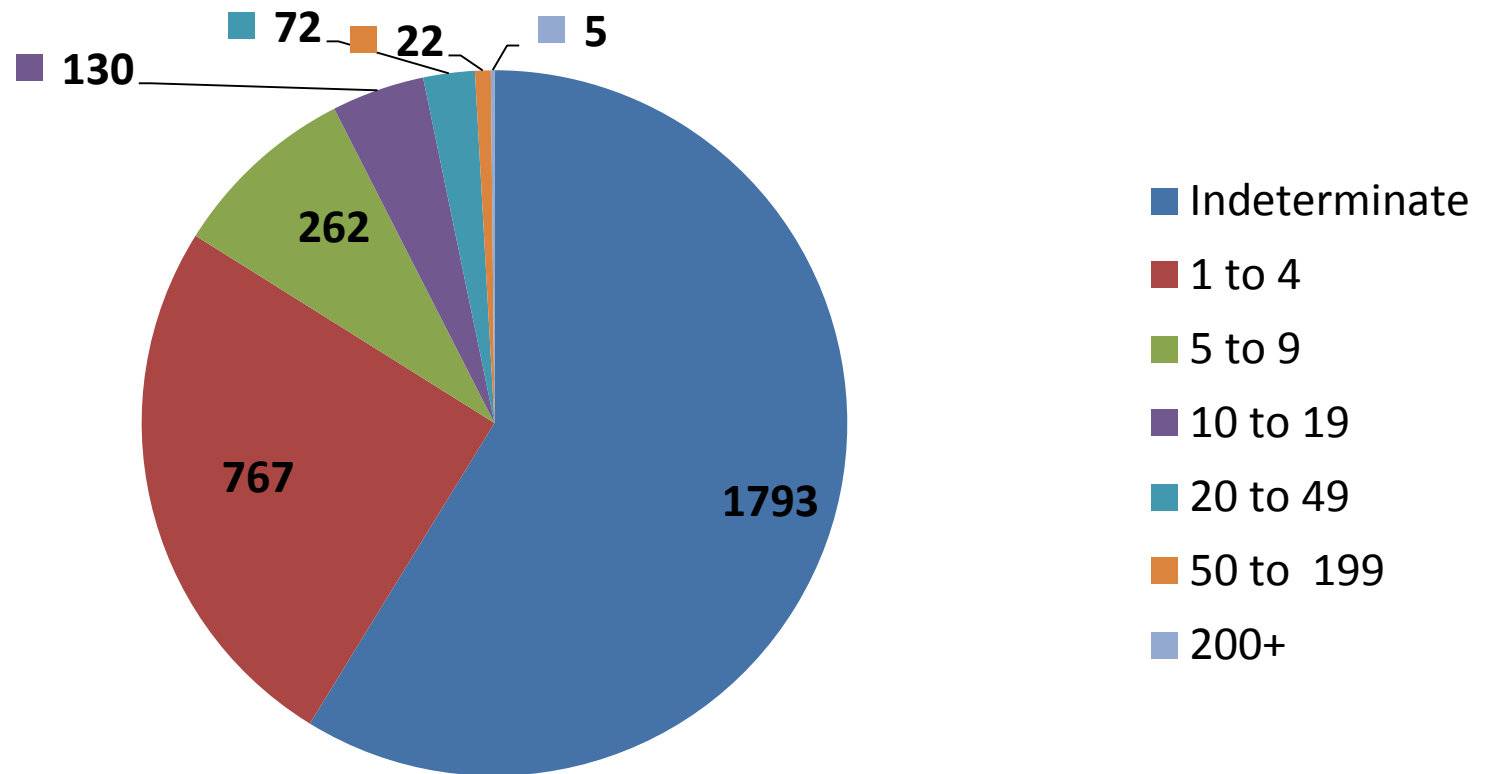
Per cent of income



Source: BC STATS, BC Local Area Economic Dependencies - 2006.

Small Businesses Dominate

Business Locations by Employment Size: SCRD

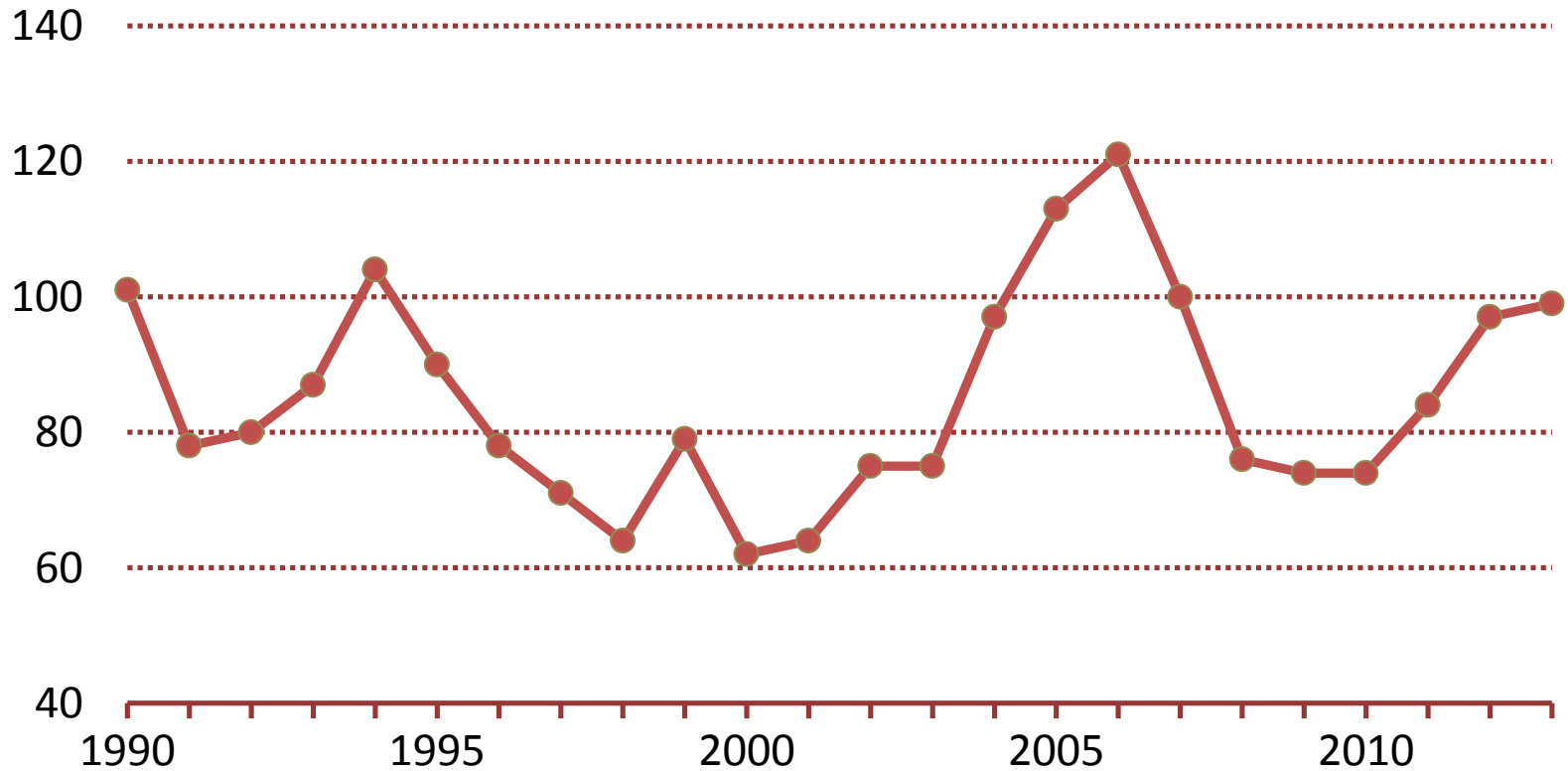


Source: Statistics Canada, Central 1 Credit Union.

Positive trend since recession low

Business Incorporations: SCRD

Number



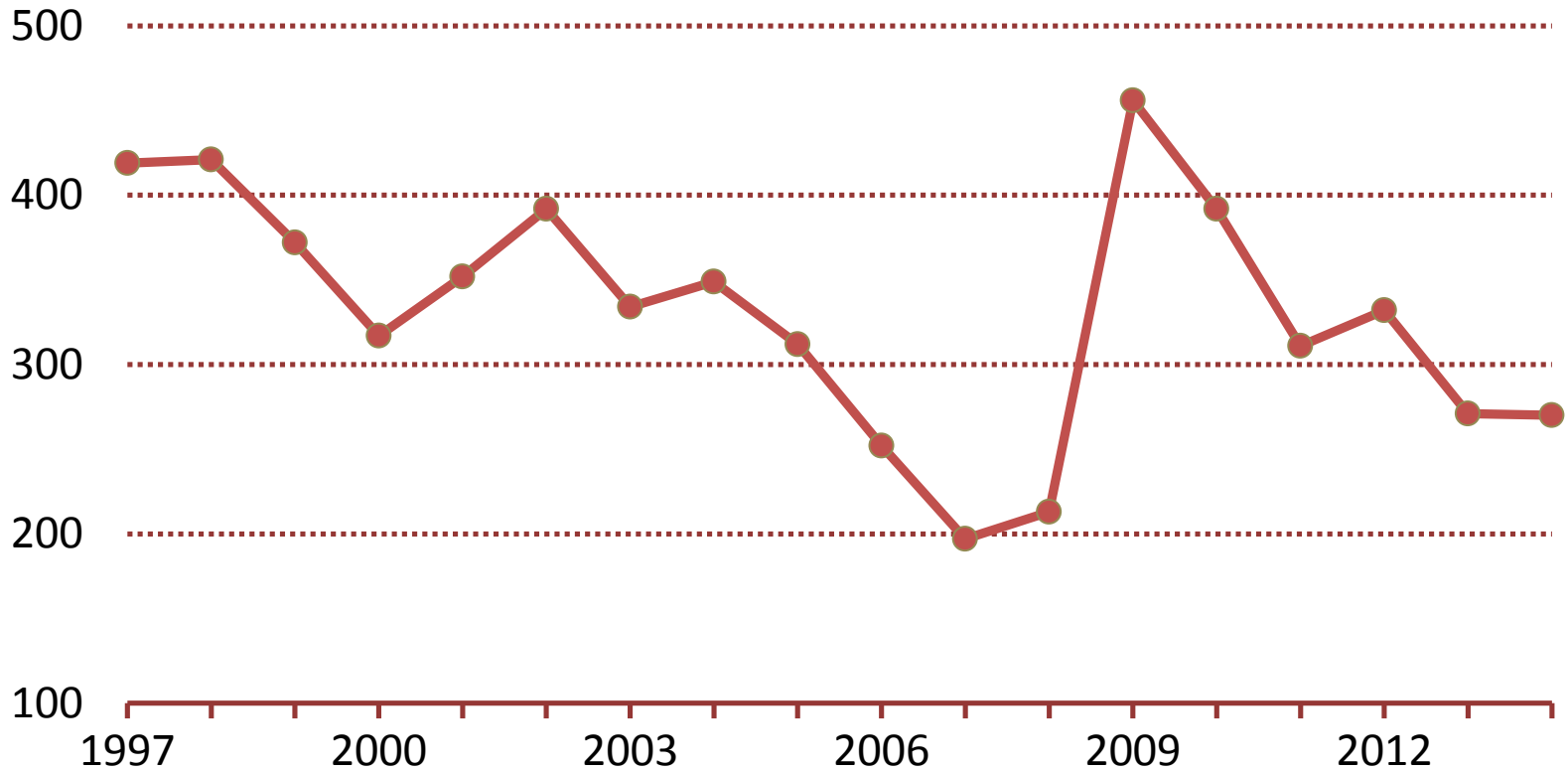
Source: BC Stats.

Latest: 2013

Lower unemployment last two years?

E.I. Beneficiaries: Sunshine Coast Regional District

Persons

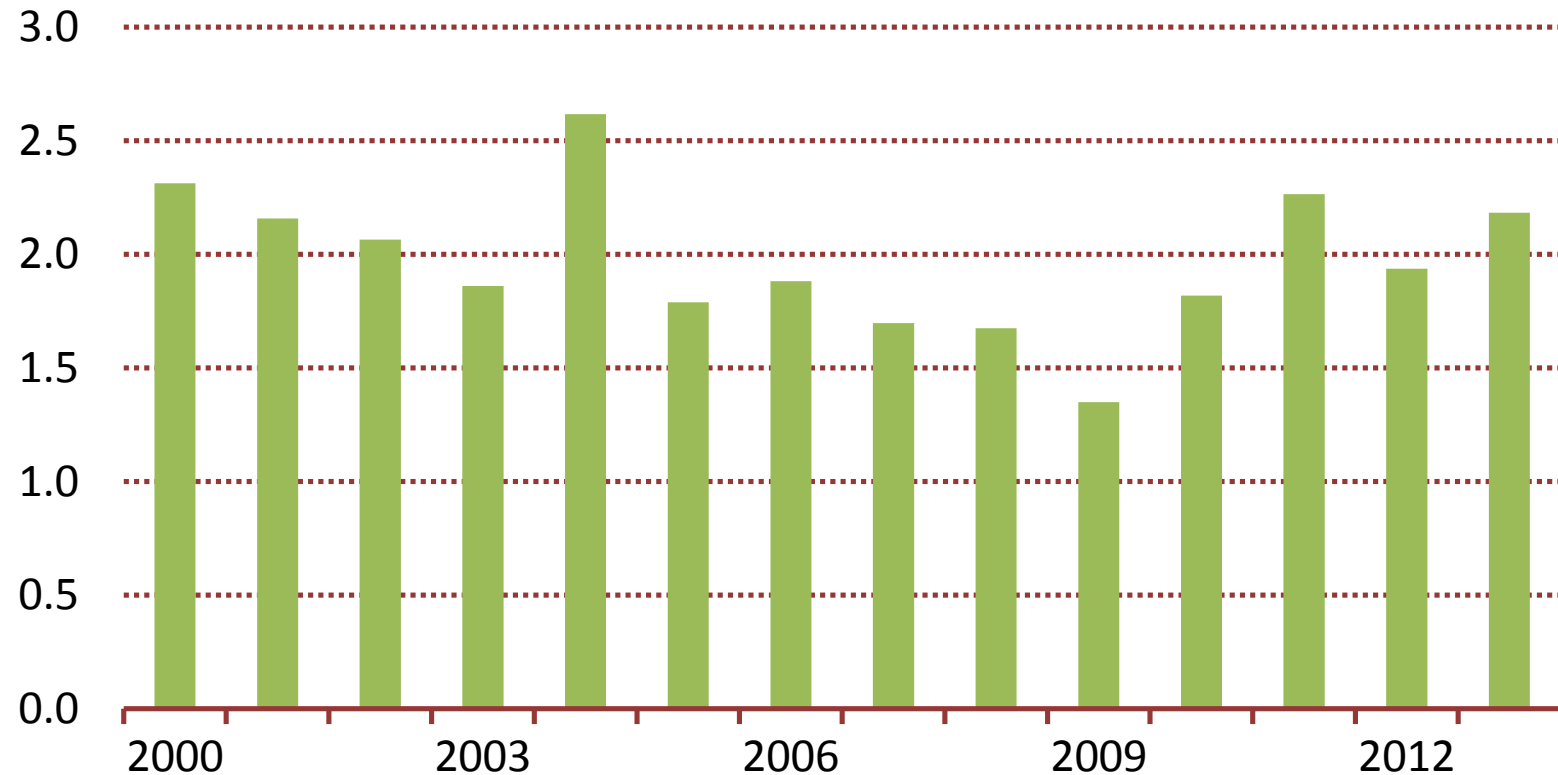


Source: Statistics Canada. Note: Regular benefits. Latest: 12 month average to July 2014

2013 harvest at above average level

Timber Harvest: Sunshine Coast Forest District

Cubic metres- millions



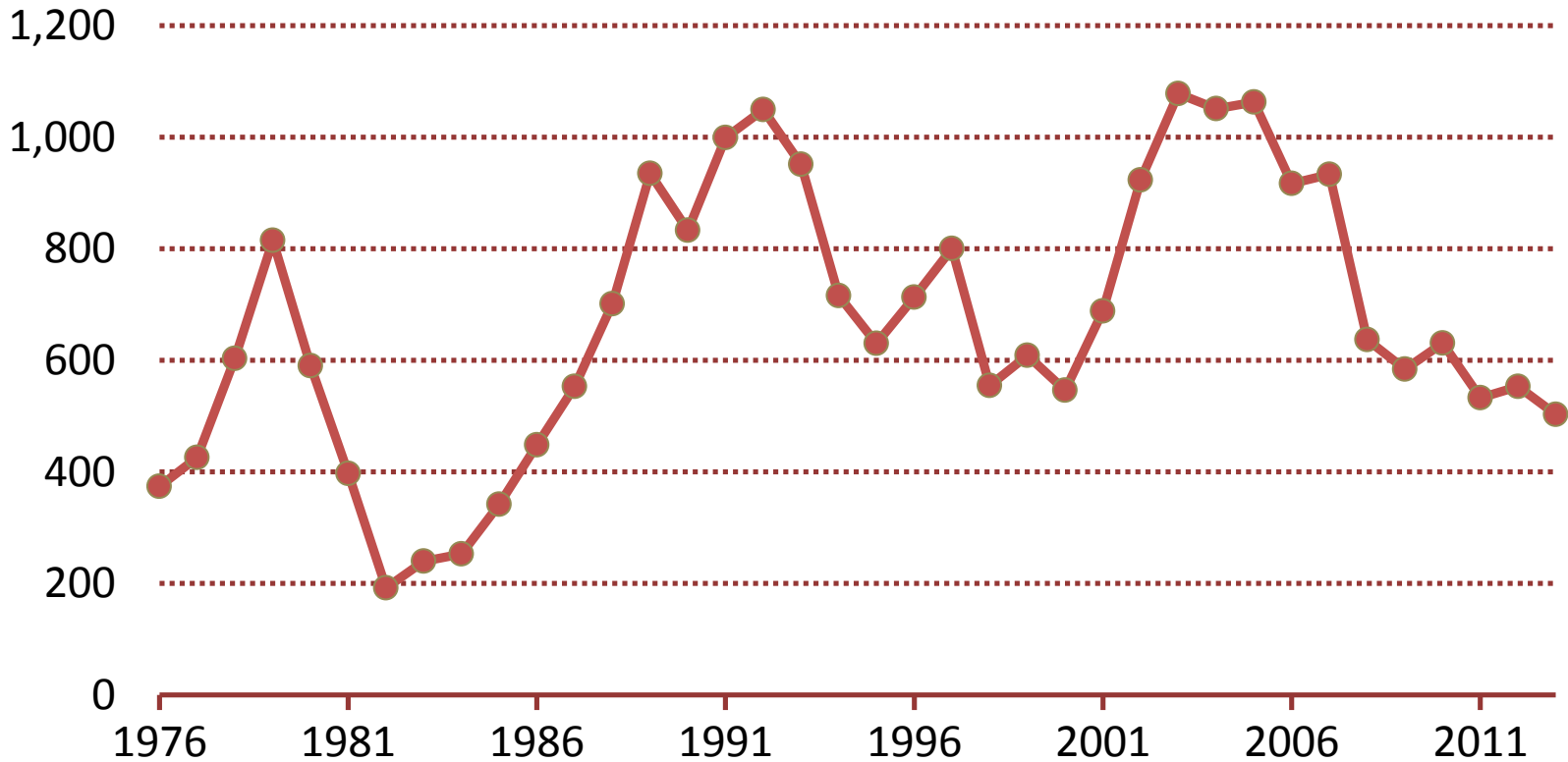
Source: Ministry of Forests, Lands, and Natural Resources.

Latest: 2013

Housing sales below recession low

Residential Sales: Sunshine Coast Regional District

Units



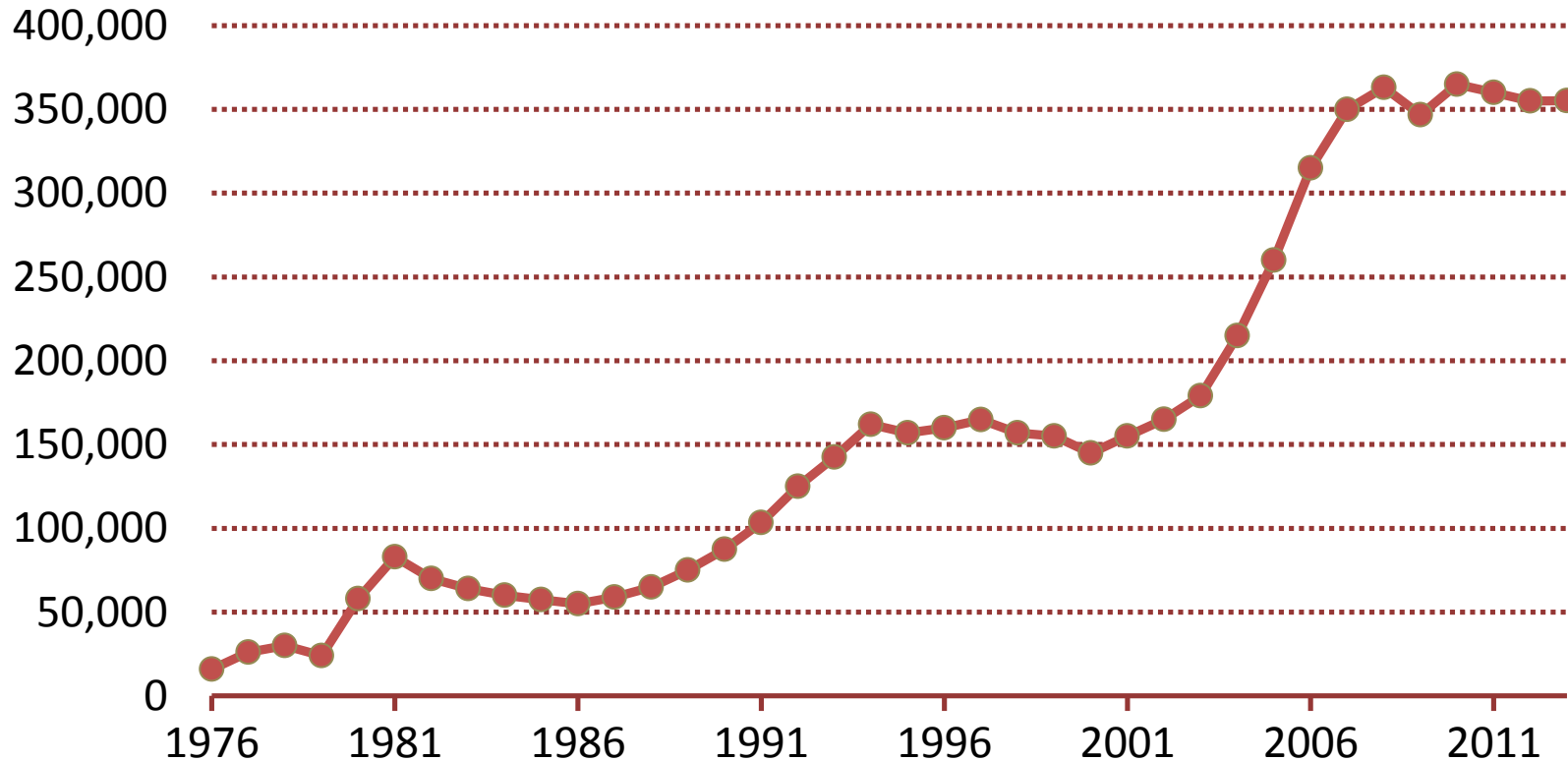
Source: Landcor Data Corp. Note: Arm's length transactions only.

Latest: 2013

Little change in median price since 2008

Median Residential Sale Price: Sunshine Coast RD

Dollars

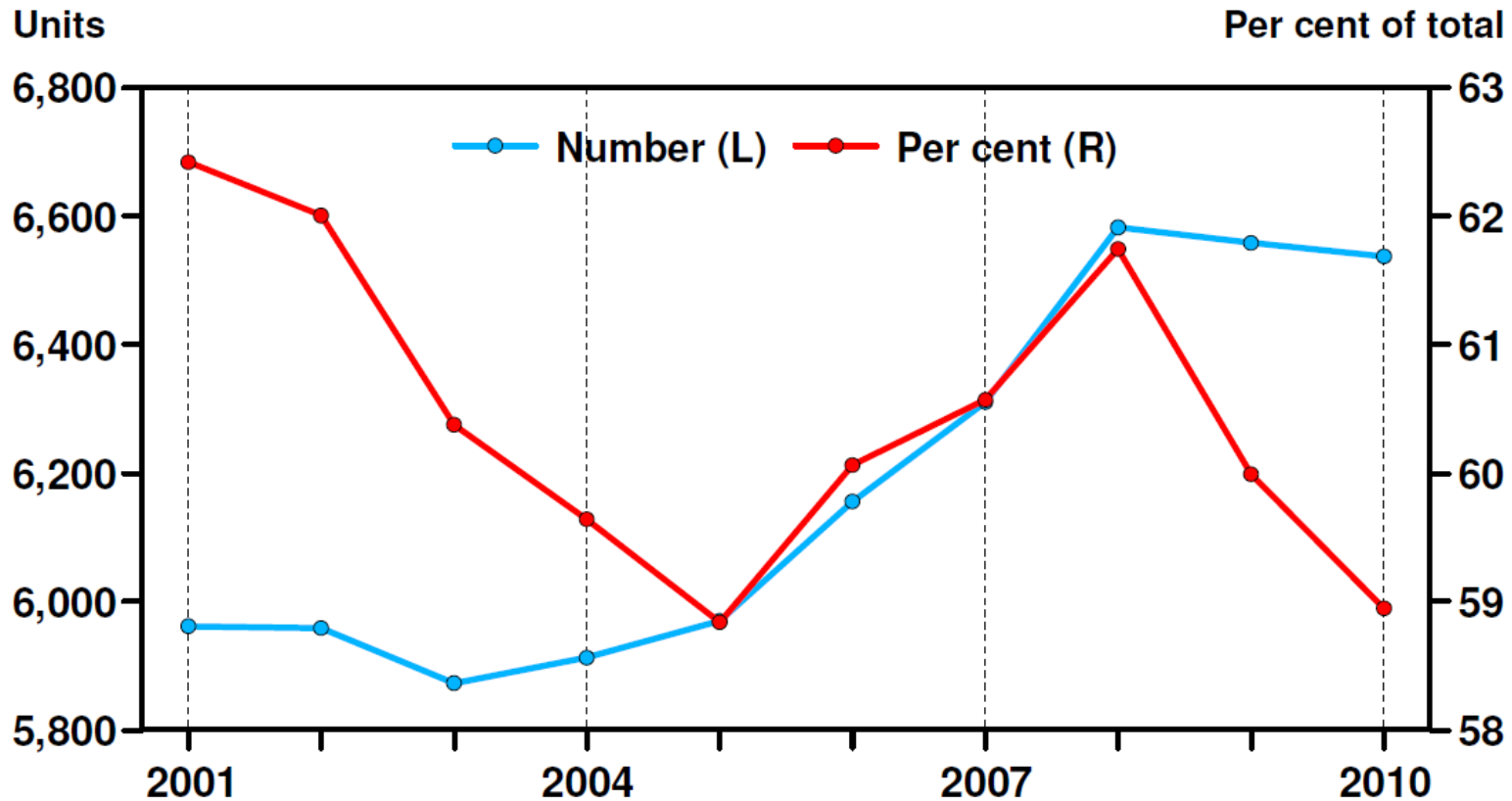


Source: Landcor Data Corp. Note: Arm's length transactions only.

Latest: 2013

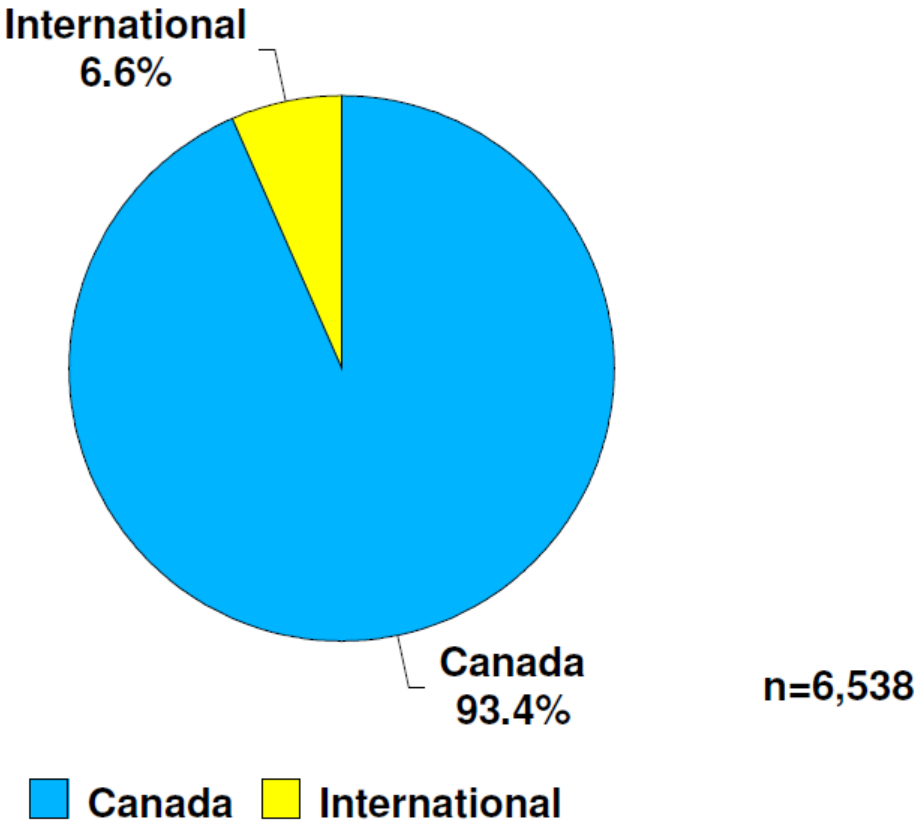


External Ownership of Residential Sunshine Coast 2001-2010



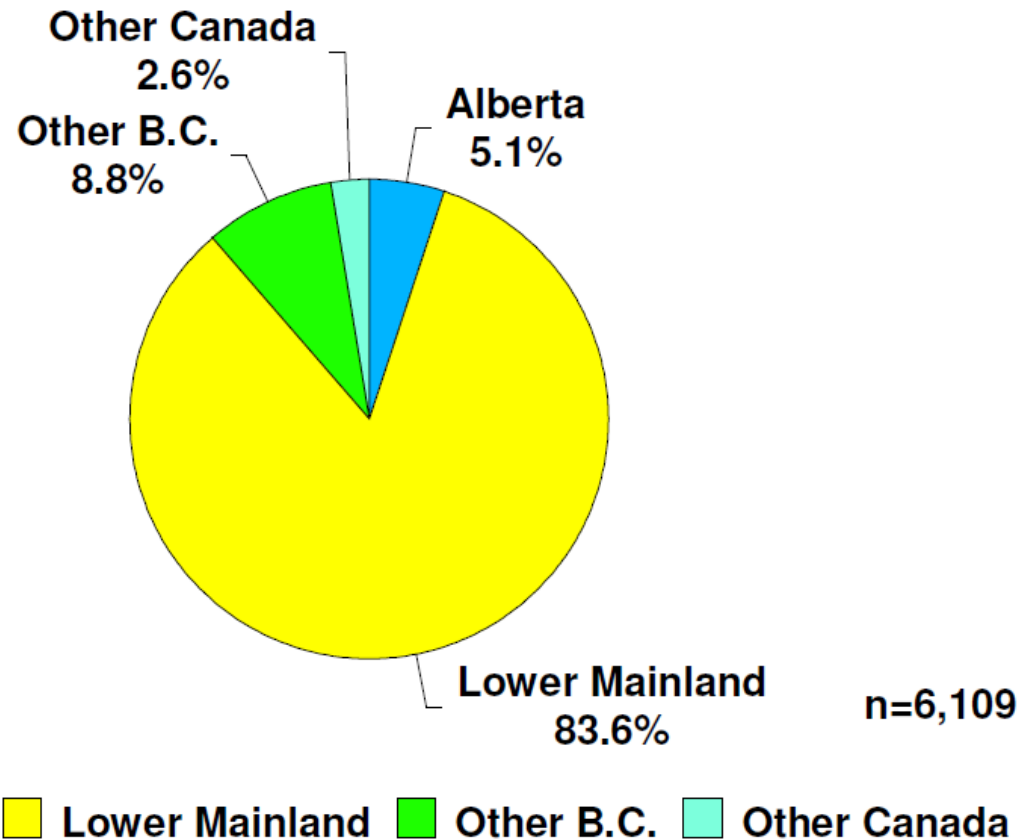
Source: Landcor Data Corp., Central 1 Credit Union.

External Ownership of Residential by Origin Sunshine Coast 2010



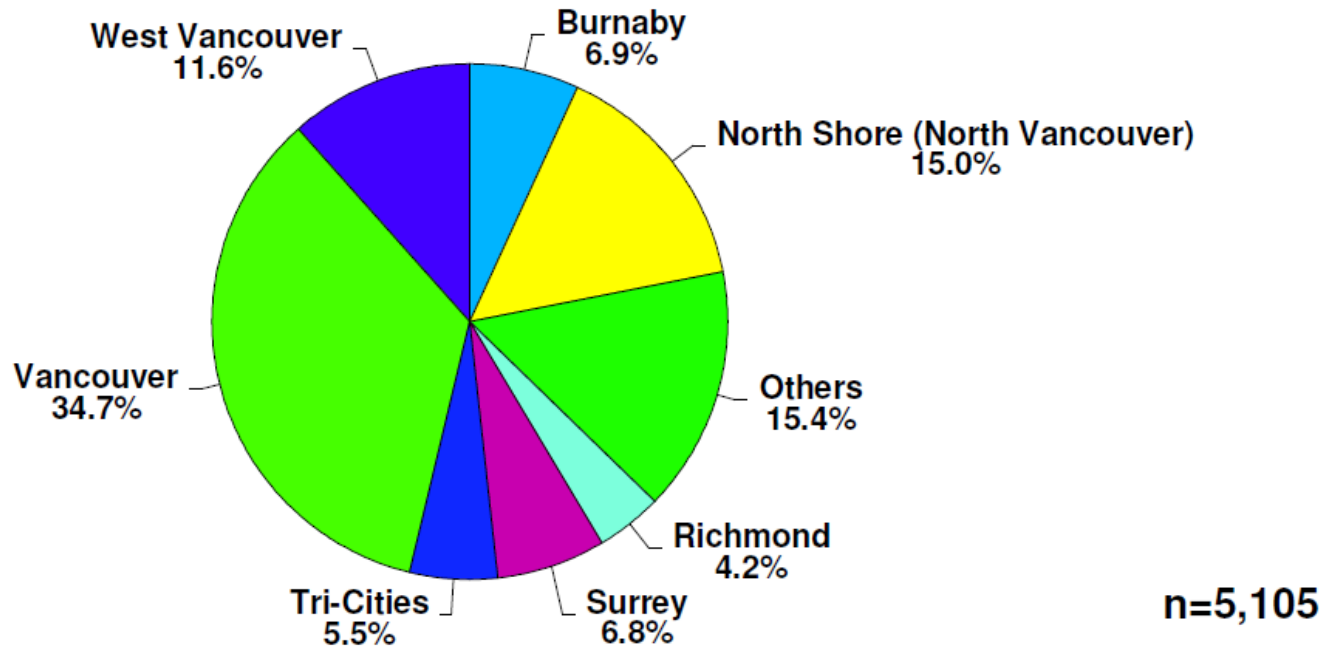
Source: Landcor Data Corp, Central 1 Credit Union.

Canadian External Ownership of Residential Sunshine Coast 2010



Source: Landcor Data Corp, Central 1 Credit Union.

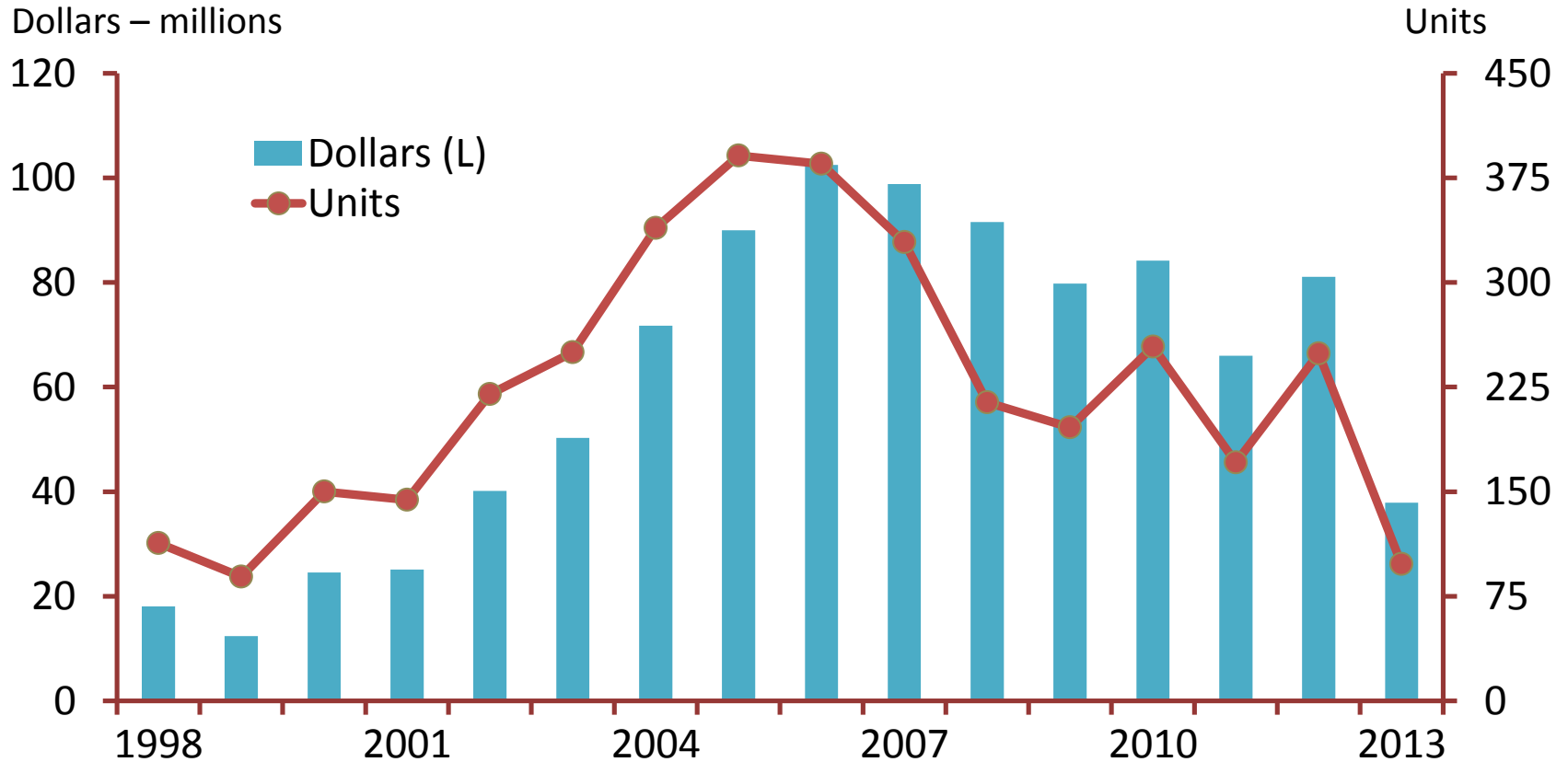
Lower Mainland External Ownership of Residential 2010



Source: Landcor Data Corp, Central 1 Credit Union.

Less residential construction; large drop in 2013

Residential Building Permits: Sunshine Coast Regional District



Source: Statistics Canada.

Temporary spike in 2013

Non-residential Building Permits by Type: SCRD

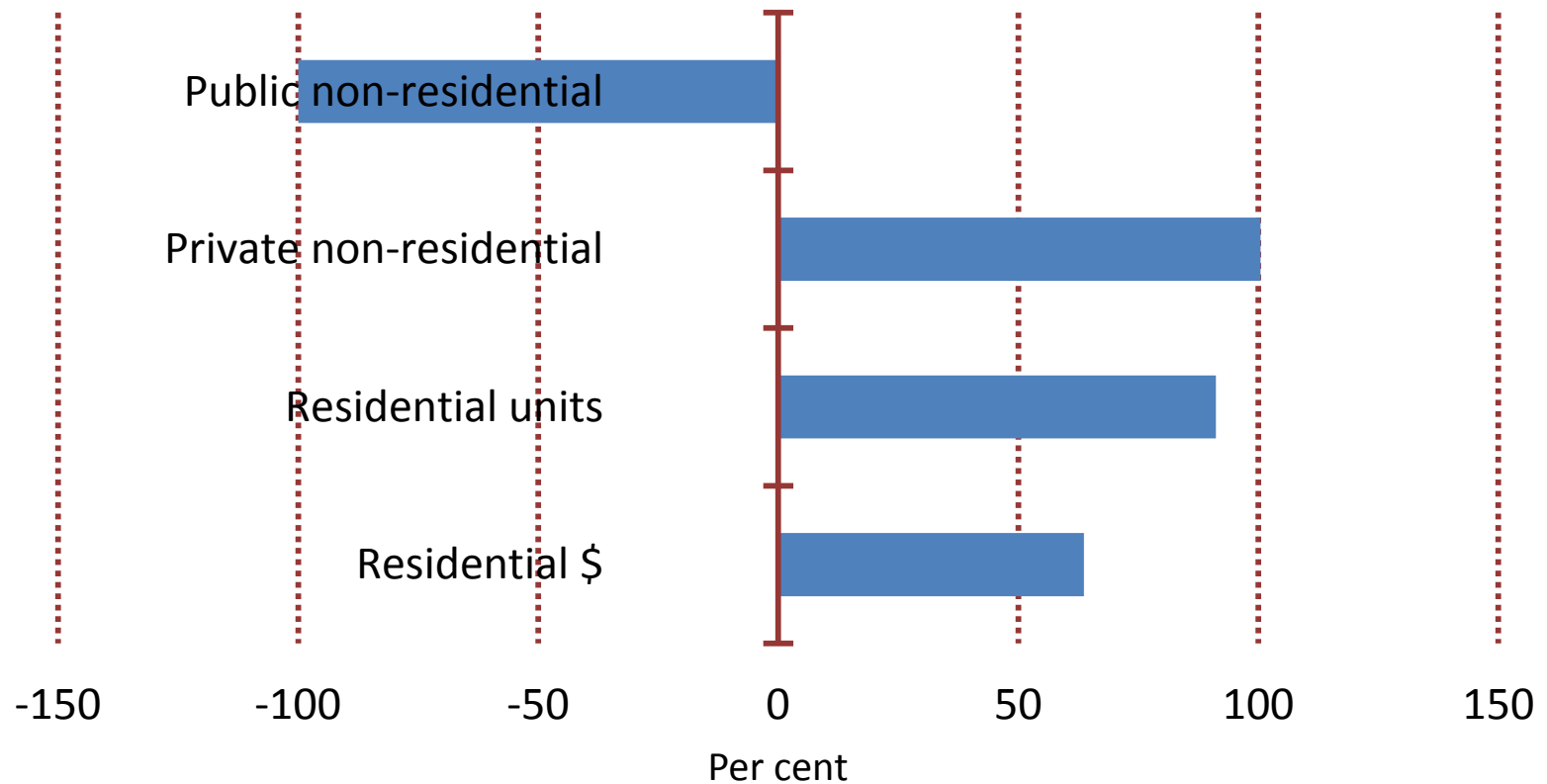
Dollars – millions



Source: Statistics Canada.

Large gains so far this year

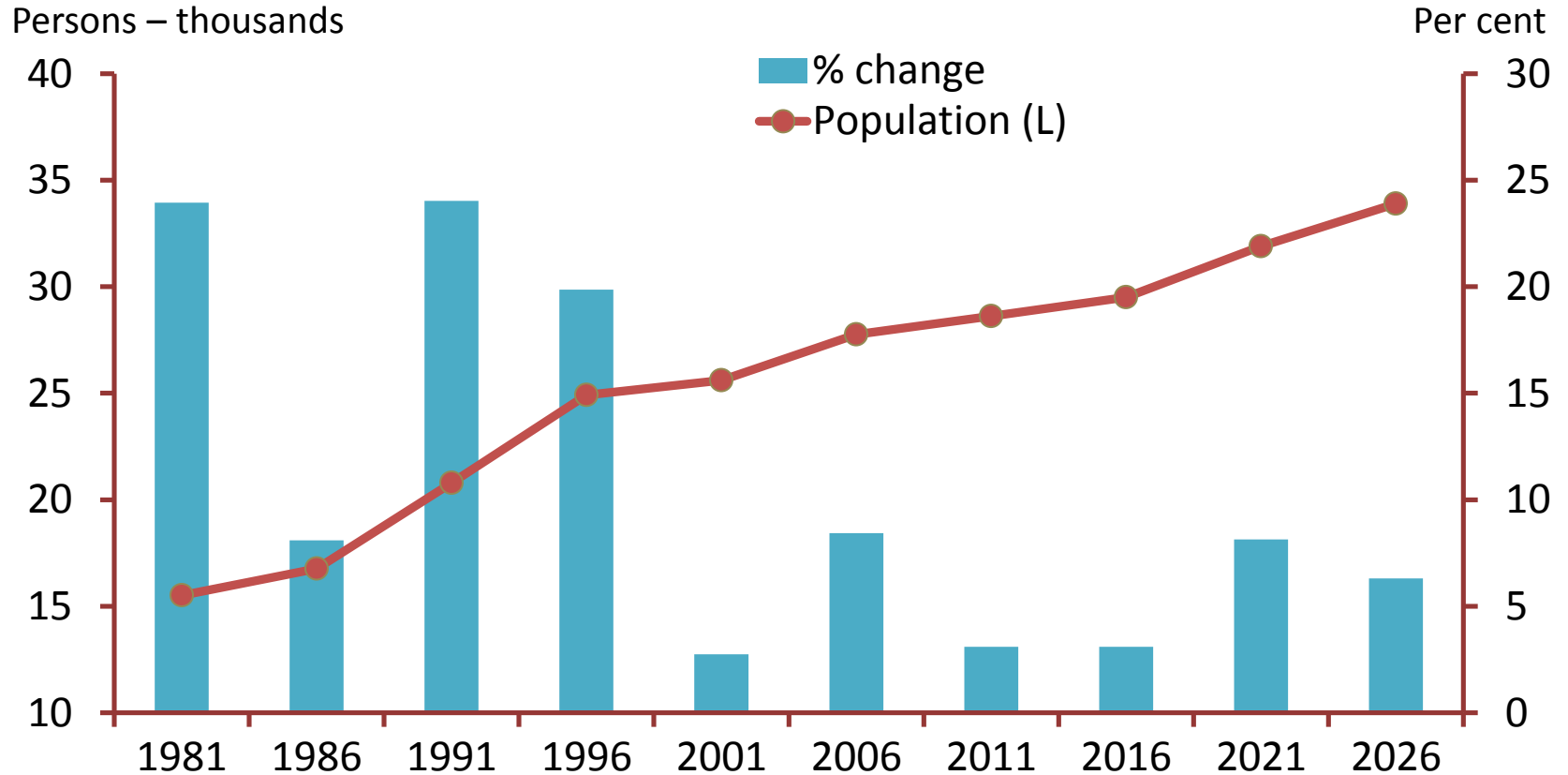
Building Permits by Type Year-to-date 2014/2013: SCRD



Source: BC Stats, Central 1 Credit Union. Note: Year-to-date Jan. to Aug.

Growth pick up after 2016

Population Forecast: Sunshine Coast Regional District

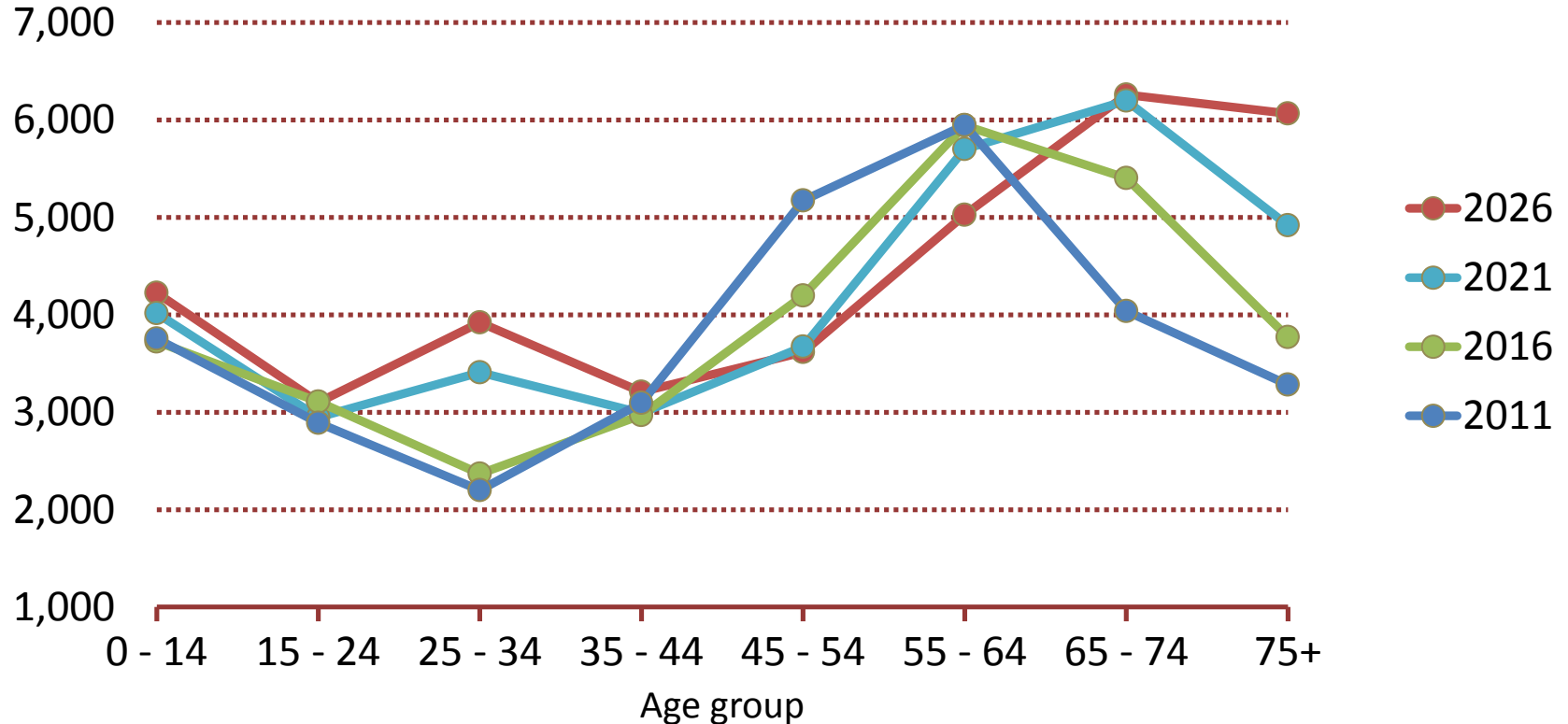


Source: Statistics Canada, Central 1 Credit Union.

Aging population; 35% are 65 and over in 2026

Projected Population Age Distribution: SCRD

Persons



Source: BC Stats, Central 1 Credit Union.

Summary

- U.S. economy poised to gain momentum; expansion extends a few more years
- Weak Europe and slower China
- Canada's economy follows U.S.; export-led assisted by lower CAD
- Interest rates at low point; heading higher led by long-term yields; U.S. Fed begins raising mid-2015
- B.C. economy in moderate growth phase; more robust growth after 2016

Summary

- Sunshine Coast population growth and economy slower since 2008-09 recession
- Recent declining population and migration outflow
- Use 2011 NHS (long form Census) results with caution
- Economy less driven by resources and manufacturing; more service-oriented economy
- Uneven economic indicators last three years
- Low levels of housing market activity

Summary

- Economic trends and conditions change little in the near term; medium and longer term outlook more positive; communities can prepare today for tomorrow's upturn
- External drivers largely determine region's performance
- Improved macro-economy will help lift resource industries
- Faster growing B.C. and Metro Vancouver economies to have positive spinoffs for the Sunshine Coast
- Higher population growth follows improved economy
- Population aging presents opportunities and challenges

Reports & Presentations:

www.sccfoundation.com/vitalsigns

www.sunshineccu.com/whatsnew

Questions:

administration@sunshineccu.net



Sunshine Coast
CREDIT UNION

Together, we enrich lives.