Sunshine Coast Regional Economic Review and Outlook

Central 1 Economics
Fall 2018

For more information contact:

Bryan Yu, Deputy Chief Economist

byu@central1.com

Macroeconomic environment

The broad-based stronger cyclical global economic recovery underway since late 2016 will extend through 2018, and beyond, until significant imbalances emerge prompting tighter monetary conditions or a trade or geopolitical crisis erupts causing severe disruptions in financial markets and the economy. The stage is set for more central banks to normalize interest rates and for recent firming in commodity prices to continue, causing inflation pressures to build in conjunction with tighter labour markets.

The decades long decline in bond yields ended in 2016, coinciding with the synchronized global cyclical recovery. Bond yields will trend higher with improving growth and inflation expectations and pushed up by rising short rates engineered by central banks. The pace of rate normalization will remain gradual in its early stages and quicken when excess capacity in the economy is absorbed, shifting central banks into a monetary tightening phase. Differing initial conditions and growth prospects across countries will vary the timing of central bank moves.

Global growth last year was estimated at 3.7 per cent by the International Monetary Fund (IMF) in its latest World Economic Outlook report[1] and is projected to edge up to 3.9 per cent in 2018 and 2019, easing to 3.8 per cent in 2020. Forecasts by other organizations portray a similar growth profile. A rebound in investment and trade along with favourable financing conditions, improved business and consumer confidence, and the dissipating impact of the earlier oil price collapse were important drivers of the uptick in global growth. A continuation of these conditions is foreseen, along with expansionary fiscal policy in some countries, notably the U.S., supporting this growth phase.

Trade policy tops the risk parade with the new U.S. administration threatening and imposing tariffs on its trading partners, including Canada, Europe and others. The U.S. currently in a trade war with China, levying tariffs on goods valued at $50 billion. China has retaliated in kind. The U.S. has threatened tariffs on an additional $200 billion, which would trigger further retaliation. U.S. has also imposed aluminum and steel tariffs on its trade partners, including Canada. The value of Canadian goods affected by these tariffs is about $16 billion, and Canada has responded with its own tariffs on the identical goods plus other consumer products in retaliation.

U.S. trade policies, if implemented to their fullest, will disrupt global supply chains, lead to higher prices, reduced consumer choice, invite retaliation, and prompt a trade war. Trade flows would decline, investment drop, and financial markets fall, resulting in slower global economic growth, with some economies falling into recession.

U.S. economy receives a boost

The nine-year economic expansion phase in the U.S. since the Great Financial Crisis received a boost with the new Tax Cuts and Job Act (TCJA) and a US$300 billion budget spending deal. These measures will raise economic growth in 2018 and 2019 to almost 3.0 per cent and 2.4 per cent, respectively. Forecasts for 2020 have growth slowing to around two per cent. This fiscal stimulus comes when the labour market is close to full employment and generating annual wage gains of three per cent. While some additional labour supply can come from higher participation rates, wage pressures are bound to increase. Fiscal stimulus at this stage of the business cycle is unprecedented and untimely.

The U.S. economic expansion phase would have extended without the fiscal stimulus because there were no material imbalances in the economy and considerable consumer pent-up demand exists. In addition, the recovery in oil prices lifted production and investment spending, which will be an ongoing source of growth.

U.S. bond yields were already heading higher because of higher growth and inflation expectations.

The pace of Federal Reserve rate normalization is picking up with two more quarter-point increases before yearend, for a total of four increases in 2018. The latest Fed dot plot shows three more quarter-point moves in 2019 followed by two

[1] http://www.imf.org/en/publications/weo

moves in 2020 putting the fed funds rate at 3.4 per cent[2]. Rate increases beyond this level will be to quell inflation and no longer to normalize rates.

Rising interest rates and a faster economic growth usually results in a rising U.S. dollar (USD) but not on this occasion. The trade-weighted USD has declined around eight to ten per cent since late 2016, depending on the measure. Several reasons are possible, among them improving growth prospects in other main economies such as Europe and Japan lifting those currencies. Rising commodity prices are usually negative for the U.S. economy and USD. The U.S. trade deficit has increased in 2017 and the TCJA will increase the deficit. Policy uncertainty and unpredictability with the new U.S. administration could negatively affect investor sentiment. Most forecasters see the USD weakening further.

Canada plods along

With stronger U.S. growth, rising commodity prices, and no recession on the horizon, growth prospects for Canada's economy should be bright. However, economic growth in 2018 is widely expected to slow to around two per cent from three per cent in 2017 despite a second quarter acceleration. A main reason for this slowdown is the end of the rebound from the oil recession, which hit business investment, personal consumption, and energy exports. During 2017, these components rebounded strongly contributing to higher overall growth. Another factor behind slower growth in 2018 is an unwinding of the motor vehicle inventory buildup during 2017.

Beyond 2018, economic growth is seen around two per cent in 2019, slowing to less than two per cent in 2020 partly due to labour supply and productivity constraints. Another factor contributing to slower growth is impact of higher interest rates on consumption and ownership housing, and with the latter, the added factor of past regulatory tightening. Offsetting growth drivers of business investment and exports are not expected to be of sufficient strength to generate overall growth well above two per cent, notwithstanding the low Canadian dollar (CAD) and U.S. growth prospects.

Canada's housing market is adjusting to recent regulatory changes tightening mortgage credit availability, the B-20 guidelines effective Jan. 1, 2018 and prior measures imposed by federal regulators. In addition, two provinces – B.C. and Ontario - previously enacted measures to tax foreign buyers and speculators, along with expansion of rent controls in Ontario, among other measures. The impact of these measures resulted in fewer sales and a highly variable monthly sales pattern with a temporary negative impact on home prices. National MLS® residential sales edged up in March 2018, possibly the first sign the adjustment to B-20 guidelines is ending, after a sharp fall from the sales build-up to December to avoid the new guidelines.

Interest Rate Outlook

Canada's central bank, the Bank of Canada (BoC), is following in the Fed's rate normalization phase, but with a time lag determined by domestic conditions. For example, the BoC cut rates during the oil recession while the Fed was raising rates. Since then, the faster growing economy prompted the BoC to raise rates on three occasions from mid-2017 onward, the last quarter-point increase came in Jan. 2018.

Going forward, the BoC will continue to lag the Fed and respond with one more quarter-point increases in 2018 and possibly another two each in 2019 and in 2020. However, risk is more on the downside than upside due to trade tensions and likely weaker than expected non-energy export and investment growth.

Domestic long-term bond yields will rise during the forecast period with the 10-year Government of Canada yield up to around 3.75 per cent by the end of 2020. The entire yield curve will shift higher in reaction to central bank rate increases, to firmer inflation expectations, and to rising U.S. yields. The slope of the yield curve will flatten later in the forecast, but in the interim, the slope could increase slightly, and temporarily, from its range-bound position.

Inflation is creeping up in the overall and core measures. The Consumer Price Index (CPI) advanced at a slower pace in 2017 due to some temporary factors but has gained traction in recent months. Expectations are for CPI to increase more than two per cent in 2018 due to minimum wage increases, firmer commodity prices, and tighter labour markets. With the

[2] https://www.federalreserve.gov/newsevents/pressreleases/monetary20180321b.htm

BoC's output gap and other measures indicating the economy is at or near full capacity, rising cost-push inflation is increasingly likely.

Canada's labour market is approaching full employment leading to increasing wage pressures. Most recent data put the unemployment rate below six per cent, among the lowest rate since the early 1970s. While more labour supply can come from increased participation rates, this is limited without structural change to support more women into the labour force, for example.

A 'soft-landing' for the housing market outlook is the likely scenario. The combination of rising mortgage rates, higher prices, and tighter credit conditions will squeeze more first-time buyers out of the market and limit the ability of some existing homeowners to sell. Most home sales are turnover in the existing housing stock by domestic homeowners who are downsizing, upsizing, changing job location, or reacting to a change in household circumstances. Some home sales occur from new entrants to the ownership housing market – renters, new households, migration, and new construction - or are investors.

The soft-landing scenario will play out over the next few years, probably beyond this forecast. The number of annual home sales declines steadily while prices hold up, possibly increase at times. A mild price correction is possible during the cycle's end phase. This is the ideal scenario for policymakers and housing market participants and agents.

A recession is the alternative scenario. Housing recessions are usually driven by economic recessions and can be quite severe depending on the cause. Occasionally, housing recessions are caused by policy intervention, but the measures announced to date are not sufficient to generate a recession. Housing recessions can result in a large drop in unit sales and prices on the order of 50 per cent and 25 per cent, respectively, or even greater. With no economic recession in the forecast, this scenario would play out in the event of unexpected developments or a geopolitical crisis.

British Columbia Economic Outlook

British Columbia's high growth phase is likely in the rear-view mirror, but the province will continue to experience moderate expansion through 2020 underpinned by consumer demand rotation towards business and public-sector investment later in the decade. After a scintillating performance in 2017, in which real gross domestic product expanded 3.9 per cent, the economy is forecast to expand 2.9 per cent this year, before averaging 2.6 per cent and 2.8 per cent in 2019 and 2020, respectively. This will mark more than ten years of continuous economic expansion in the provincial economy.

The contribution of the housing market to growth wanes, as federal and provincial policy changes slow housing transactions and temper the building cycle - although a broad correction is not forecast. Offsetting this downdraft is an increase in public-sector investment in affordable housing which will maintain elevated construction activity.

Forecast economic momentum adds to B.C.'s robust growth path in recent years. After a solid 3.2 per cent gain in 2016, the labour market churned out another huge jobs' performance in 2017 with a 3.7 per cent gain - or 87,000 mostly full-time positions - to far outpace nearly all other provinces. The unemployment rate slipped below five per cent to the lowest level since 2008 contributing to rising wages, as hiring outpaced labour force growth, which topped out on cresting of labour force participation rates, and strong, but still insufficient population growth.

Strong labour market performance, alongside rising population, drove the highest growth in retail spending since 1994 at 9.6 per cent, up from 7.4 per cent the prior year.

Exports surged on higher commodity prices and strengthening global growth, contributing to income flows into the province and job gains, although momentum eased by year end. International goods exports rose 13 per cent, the strongest since 2011, largely to energy sales and prices. After price adjustments, real growth is estimated near five per cent. Forestry was a mild drag due to wildfire impacts and U.S. tariffs, although the latter was in part offset by a high price environment. Dovetailing with these gains was acceleration in the manufacturing cycle.

Service-sector export growth was positive, extending a trend in place since 2008. Service sector exports have grown to about 40 per cent of total exports compared to 35 per cent in the mid-2000s, owing to a combination of a weaker commodity cycle and growth in tourism, motion picture, and professional and high-tech services activity. Growth decelerated in tourism remained, but the sector continued to perform well.

Housing was surprisingly strong through 2017, despite tightening of federal mortgage insurance policy to stem debt accumulation and introduction of a foreign buyer tax in Metro Vancouver in mid-2016. While the tax curtailed demand for higher-end product in affected markets, housing across the province experienced strong sales as robust labour markets and low interest rates underpinned demand and price momentum continued under declining active listings. Builders kept their foot on the gas, lifting housing starts to a record high of 43,600 units. However, recently implemented B-20 measures and new provincial housing policies cut sharply into the early-2018 sales flow.

Consumer demand will continue to benefit from strong employment trends, cuts to MSP premiums and wage hikes, although housing and interest rates drag on related purchases. Growth rotates toward non-residential investment later in the decade.

The housing market will be a drag as the federal government policy measures to address debt accumulation, and provincial government measures dovetail to lower sales transactions and slow new home construction. Demand side measures are likely to slow price growth, particularly for detached homes in the Lower Mainland market, but only a mild correction of 5- 10 per cent is forecast. Resale and new home inventory remain exceptionally low and strength in the economy signal high demand. While residential investment growth wanes, levels remain high with government investment in affordable housing construction filling in some of the gap. Renovation spending growth slows with moderation in the sales cycle.

Real exports will continue to rise but decelerate from a four per cent pace to 3.0 per cent in 2018, with growth averaging below three per cent in 2019 and 2020. Maturation of the global growth cycle and rise in the Canadian dollar back into the 80 U.S. cent range dampens growth in exports of goods and services. International trade disputes, including NAFTA and a rift between China and the U.S., as well as frayed relations with Alberta related to Kinder Morgan, are negative risks to both exports and investment.

Government current expenditures are forecast to expand two per cent this year, following higher provincial and federal program expenditures in 2017 that lifted expenditures by nearly three per cent. Mild gains of 1.3 are forecast in both through 2019 and 2020.

A rotation towards capital investment is forecast as rising export demand, high capacity utilization, and higher corporate profits trigger increased investment spending on the part of firms, while public sector spending also picks up due to infrastructure spending and federal stimulus. Investment intentions rose in 2017 with a sharp 20 per cent increase in building permit volume and organizations reporting higher capital expenditure, which will largely contribute to growth in in 2018 and 2019 data as construction builds out. Machinery and equipment investment also rises as companies re-invest in existing facilities, expand and increasingly look to increase productivity due to tightening labour markets, higher payroll taxes, and rising wages. Major projects that contribute to sharp engineering construction gains during the forecast period include expected transportation initiatives, such as Skytrain expansion, Patullo Bridge replacement, and potential for mining investment.

A relatively bright outlook for the economy means further hiring, although employment growth is forecast to slip from 2017’s 3.7 per cent gain to 1.1 per cent this year and average 1.6 per cent in 2019 and 1.3 per cent in 2020. A deepening labour shortage, which sees unemployment trend towards four per cent, will drive higher wage growth. While this could induce increased labour force participation, less interprovincial migration and aging demographics will have employers investing in productivity enhancing capital.

B.C.’s housing cycle slows over the forecast period as federal and provincial policy measures and higher interest rates crimp purchasing activity, particularly in the higher priced markets in Vancouver and Victoria. That said, strength in the economy means sales volumes are likely to slow, but prices will generally remain firm, particularly for apartment and townhomes, which have been trending in sellers’ territory. Sellers will sit on the sidelines rather than cut prices. B.C.’s average home value is forecast to show a negligible gain of two per cent this year, but partly reflect sharper sales declines in higher priced urban markets. Housing starts will take a cue from the resale market and slowdown is anticipated, but annual starts will continue to trend near a robust 40,000 units per year due in part to social housing investments.

Macroeconomic Outlook

Forecast Table						
B.C.	2015	2016	2017	2018	2019	2020
GDP at market prices	4.0	4.8	6.6	4.8	4.9	5.0
Real GDP, expenditure-based	3.5	3.5	3.9	2.9	2.6	2.8
Household consumption	3.7	3.2	3.5	2.7	3.4	3.1
Government expenditure	2.5	2.5	2.8	2.0	1.3	1.3
Government capital formation	-4.0	5.6	4.8	6.3	3.3	-4.8
Business capital formation	-2.4	3.8	2.3	3.5	2.5	2.7
Residential structures	10.1	15.0	3.4	2.5	-1.1	-0.2
Machinery and equipment	-8.2	7.4	3.6	4.1	8.6	5.3
Non-residential structures	-14.2	-15.7	0.6	4.4	5.3	6.0
Final domestic demand	2.0	3.2	3.2	2.9	2.8	2.4
Exports	2.8	1.9	4.5	3.0	2.9	3.7
Imports	-0.1	1.0	2.9	2.7	3.3	3.0
Net exports, $2007 bil.	-8.0	-7.2	-5.9	-5.7	-6.4	-5.8
Employment	1.2	3.2	3.7	1.1	1.6	1.3
Unemployment rate (%)	6.2	6.0	5.1	5.1	5.0	5.0
Personal income	6.0	4.7	5.6	6.0	5.2	5.2
Disposable income	5.8	5.6	6.2	6.3	5.3	5.6
Net operating surplus: Corporations	-1.9	9.8	8.9	1.9	5.1	5.1
CPI	1.1	1.9	2.1	2.6	2.0	2.1
Retail sales	6.9	7.4	9.5	4.3	5.0	4.9
Housing starts, 000s	31.4	41.8	43.5	41.7	39.8	38.5
Population growth, %	1.0	1.3	1.3	1.2	1.1	1.1
Key External Economic Forecasts						
U.S. real GDP, % chg.	2.9	1.5	2.3	3.0	2.4	1.8
Canada real GDP, % chg.	0.9	1.5	3.0	2.0	1.8	1.7
European Union real GDP, % chg.	2.0	1.8	2.4	2.1	1.9	1.6
China real GDP, % chg.	6.9	6.7	6.9	6.6	6.4	6.2
Japan real GDP, % chg.	1.1	1.0	1.7	1.2	1.1	0.9
Canada 3-month t-bill, %	0.50	0.50	0.69	1.35	1.75	2.15
Canada GoC long-term bond, %	2.02	1.80	2.28	2.50	2.85	3.20
U.S.-Canada exchange rate, cents/dollar	78.2	75.4	77.1	77.8	78.4	80
Crude oil WTI, US$ per barrel	49	43	51	66	64	62
Henry Hub, US$ mmbtu	2.63	2.52	2.99	2.90	2.95	3.10

Sunshine Coast Regional District

The Sunshine Coast Regional District is anchored by the District Municipalities of Sechelt and Gibsons, and various Electoral Areas, which include:

- Electoral Area A: Egmont and Pender Harbour
- Electoral Area B: Halfmoon Bay
- Electoral Area D: Roberts Creek
- Electoral Area E: Elphinstone
- Electoral Area F: West Howe Sound
- Sechelt Indian Government District

Forecast Summary

The Sunshine Coast regional economy is reliant on a combination of resource-sector activity and consumer-oriented demand. However, there remains a long-term shift away from the former as aquaculture has eased and challenging global trends for paper and pulp products have become a significant drag for local area operations. Protectionist sentiment will remain a short-term drag on the goods-producing sector. Tourism activity remains elevated due to a favourable Canadian dollar but growth has peaked.

In contrast, the consumer demand profile will remain positive. Population continues to trend higher, with growth of about one per cent per year going forward. New inflows of retirees and younger households will more than offset natural declines from the older age cohort. Acceleration in boomer retirements will provide a lift to regional migration inflows. Retirees bring with them stable disposable incomes, and low debt loads, which will circulate through the consumer economy. Sectors catering to population growth, namely health care, retail and other services will outperform

Employment is forecast to climb more than four per cent from 2016 through 2021, with a five per cent increase from 2021 through 2026. Employment growth will outpace labour force expansion keeping the unemployment rate at about 4.4 per cent.

Housing markets will continue to operate at a high level with elevated home sales near 1,000 units per year on average through 2031. That said the current upward cycle in the housing market eases through the end of the decade. The median home value reaches $590,000 by 2021, which is 20 per cent above 2016 levels. Growth tracks about 2-3% per year thereafter.

The Sunshine Coast housing market has typically had a large share of non-local owners, reflecting recreational demand factors and part-time housing. This share is likely to decline as retirees transition to the region full-time.

The SCRD's long-term economic outlook is mildly positive and cues off of the global and provincial outlooks, the structure of the local economy, and retiree willingness and motivations for relocating to the area. The region's unemployment rate is forest to decline to below 4.5 in the mid 2020's. Labour scarcity will become a greater issue with the aging population.

Long-Term Economic Forecast - Sunshine Coast Regional District							
	2001	2006	2011	2016a	2021	2026	2031
Labour Force	12,335	14,210	14,325	14,400	14,900	15,500	16,000
% change	3.7	15.2	0.8	0.5	3.5	4.0	3.2
Employment[1.]	11,445	13,585	13,295	13,420	14,000	14,700	15,200
% change	4.8	18.7	-2.1	0.9	4.3	5.0	3.4
Unemployment Rate (%)	7.2	4.4	7.2	6.8	6.0	5.2	5.0
Participation Rate (%)	59.1	60.5	58.7	55.7	54.0	53.0	52.0
Source: Statistics Canada, Central 1 Credit Union. Forecast commences 2021. 1. Place of residence.							

Long-Term Population and Housing Forecast- Sunshine Coast Regional District							
	2001	2006	2011	2016a	2021	2026	2031
Population	25,599	27,759	28,619	29,970	31,500	33,000	34,500
% change	2.7	8.4	3.1	4.7	5.1	4.8	4.5
Annual Housing Transactions (3-year centred average)	719	974	572	987	900	1,000	1,100
% change	0.9	35.4	-41.2	72.5	-8.8	11.1	10.0
Detached Median Price ($)	167,000	359,000	392,000	489,450	590,000	650,000	730,000
% change	-2.3	115.0	9.2	24.9	20.5	10.2	12.3
Source: Statistics Canada, Landcor Data Corp., Central 1 Credit Union. Forecast commences 2021							

Population Trends

As of Census day (July 1) 2016, the total population in the Sunshine Coast Regional District reached 29,970 persons, up 4.7 per cent from 2011. While population accelerated over the latest 5-year census period, growth was below the provincial gain of 5.6 per cent over the same period. Census data is not adjusted for undercount.

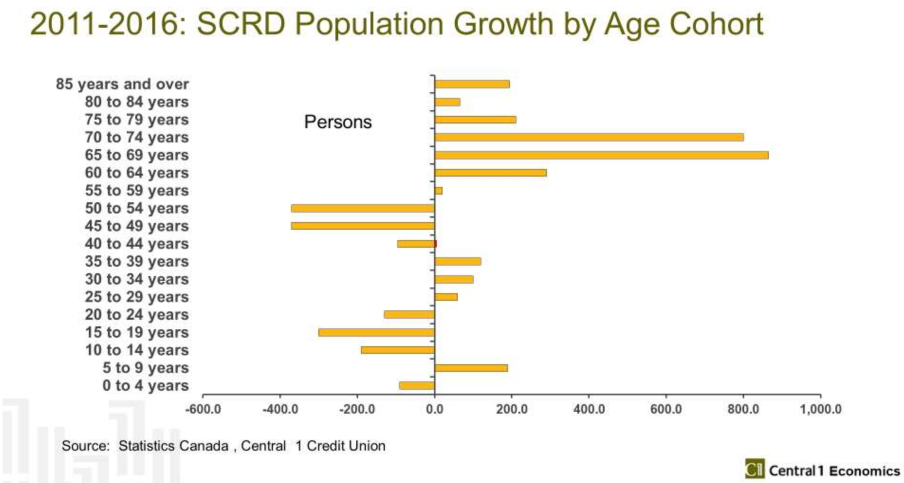
Table 1: Census 2016 Population

Name	Type	2016 Population	2011 Population	chg. (persons)	chg. (%)	2016 Occupied Private Dwelling	% Share of population 65+	Median Age
Sunshine Coast		29,970	28,619	1,351	4.7	13,995	29.6	54.9
Gibsons	T	4,605	4,437	168	3.8	2,221	31.3	54.8
Sechelt	DM	10,216	9,291	925	10.0	4,855	33.8	56.6
Sunshine Coast A	RDA	2,624	2,678	-54	-2.0	1,381	37.0	60.5
Sunshine Coast B	RDA	2,726	2,675	51	1.9	1,247	27.0	55.0
Sunshine Coast D	RDA	3,421	3,244	177	5.5	1,508	23.2	50.7
Sunshine Coast E	RDA	3,664	3,482	182	5.2	1,549	21.3	50.6
Sunshine Coast F	RDA	2,043	2,015	28	1.4	942	27.0	54.5
Vancouver	CMA	2,463,431	2,313,328	150,103	6.5	960,894	15.7	40.9
British Columbia		4,648,055	4,400,057	247,998	5.6	1,881,969	18.3	43.0

Source: Statistics Canada, note: does not adjust for Census undercount

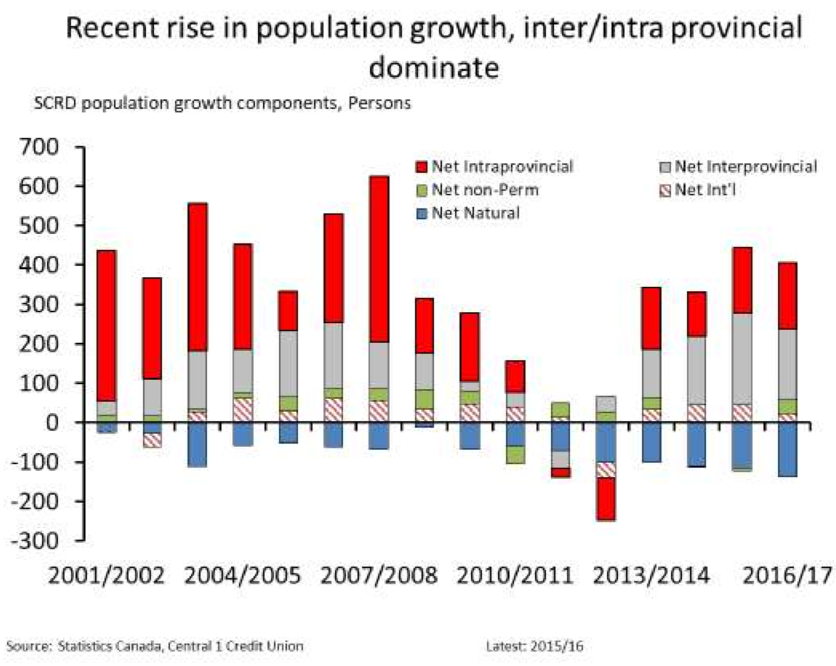
Growth in the Sechelt District Municipality has far outpaced other local areas adding 10 per cent, or more than 900 persons from 2011 through 2016, with Gibsons at a mild 3.8 per cent. As the primary hub, growth in Sechelt likely reflects retirees and semi-retirees moving to the region and to where the amenities are.

Lower population growth in the broader SCRD partly reflects the demographic characteristics. The median age of the region’s population is 54.9 years, compared to 43 years for the province as a whole. Nearly 30 per cent of the population was above the age of 65 on census day, compared to 18 per cent provincially. This underscores the region’s status as a retirement community. Census shows the strongest growth in 65 to 74 age cohort.



Intercensal quarterly population estimates provides some additional information on the drivers of population change and pace of growth. However, the estimates have yet to incorporate Census 2016 and is based on 2011 Census information. Census 2016 will not be incorporated until late-2018. Quarterly population estimates rely on administrative migration data, provincial vital statistics and other information.

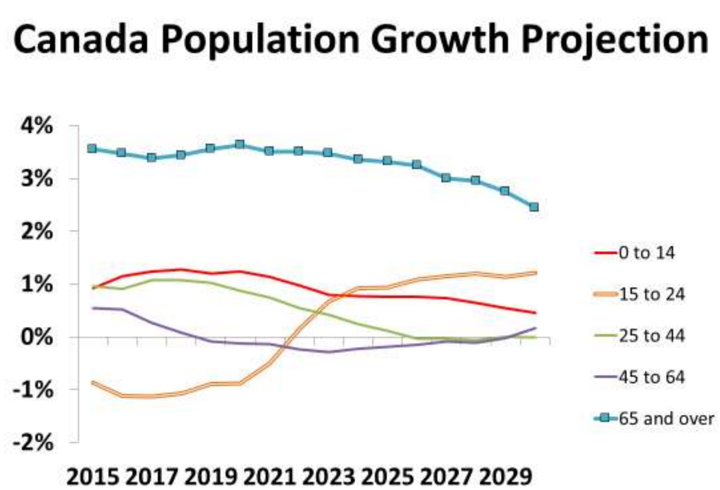
Growth in the SCRD is almost entirely due to inflows from other regions of British Columbia and other provinces. Inflows from within B.C. are less than levels observed pre-2007/08, but net inflows from other provinces is high. Due to a high proportion of seniors and retirees, natural growth (births-deaths) is negative and a drag on population growth.



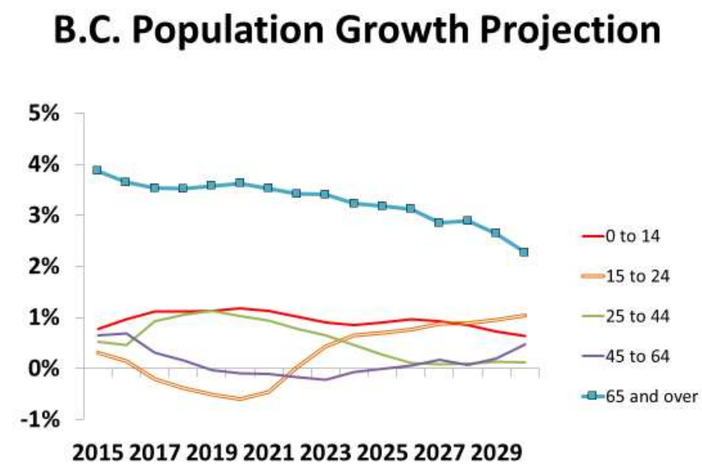
The following table underscores the importance of the retiree and semi-retiree age cohorts to population growth, and by extension, economic activity. Net migration is led by those in the 45-64 age cohort and those 65 and over. That said, a growing number of 25-44 year olds are relocating to the region, which is also lifting those in the 0-14 cohort, which likely represent their children. Relative affordability, increased remote employment, and local economic opportunities are likely behind these trends.

Combined net intra and interprovincial migration							
Age group	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
0-14	51	-37	13	30	63	67	57
15-24	-145	-140	-124	-93	-90	-85	-90
25-44	-41	-79	-54	61	12	86	66
45-64	195	142	63	205	203	250	240
65+	51	48	36	75	92	78	71
all	111	-66	-66	278	280	396	344
Source: Statistics Canada, Central 1 Credit Union							

Population growth trends are expected to remain favourable for the SCRD. Using Statistics Canada's long-term growth projections and the average of its six medium-strength growth scenarios, Canada's retiree age cohort will outpace all of the segments expanding at a robust 3.5 per cent pace until peak growth in about 2022 before decelerating but remaining at a high pace. Similarly this pattern holds for B.C. although the growth for those aged 65 and over is relatively stronger, owing to higher inflows of people to the province from other provinces.



Source: Statistics Canada, Central 1 Credit Union (average growth of medium growth projections)

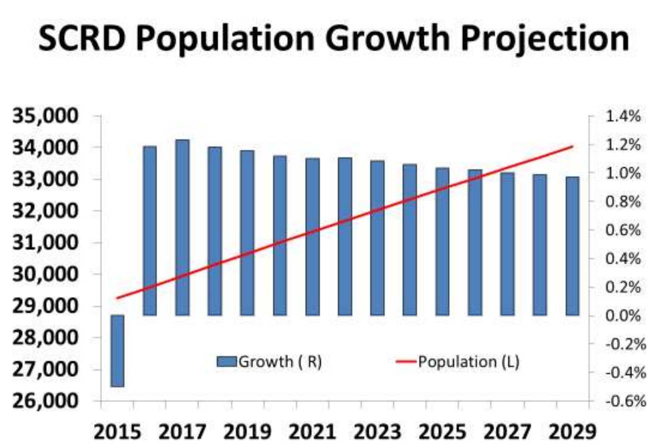


Source: Statistics Canada, Central 1 Credit Union (average growth of medium growth projections)

B.C. Stats generates long-term population projections based on its P.E.O.P.L.E. model for the province and its regional areas, providing a tool for planning. The model is based on demographic change of age cohorts and historical fertility, and projections of fertility, mortality and migration[3]. This is one possible scenario for the future size and age structure of the population.

Based on the current projections, the Sunshine Coast regional population is projected to grow 16 per cent from 2016 through 2030. This marks a 1.1 per cent average annual growth rate. This would mark an acceleration observed in Census 2011-2016 period of 0.9 per cent. Total population is projected to grow by nearly 4,800 persons over the period.

BC Stats projects population growth to peak in the late 2000s at an annual rate of 1.2 per cent before trending to less than one per cent by 2028. Projections largely smooth out cyclical migration fluctuations, which is reflected in the stable population growth trend. During periods of broader economic weakness, regional population is flat to negative as older households hold off on retirement decisions, before trending higher during cyclical expansion periods.



Source: Statistics Canada, Central 1 Credit Union (average growth of medium growth projections)

---

[3] http://www.bcstats.gov.bc.ca/Files/37ba7f54-8836-4a21-8adb-604fc63cb2d9/PopulationExtrapolationforOrganizationalPlanningwithLessErrorPEOPLE.pdf

An aging population both of the local population and inflows from external markets means a rising number and share of seniors in the market. The population aged 65 and higher is projected to climb by 4,370 persons through 2030, up nearly 50 per cent from 2016. The share of population aged 65 and up climbs from about 30 per cent to 38 per cent by 2030. Most of this is at the expense of those in the 45 to 64 age cohort who are moving into an older age cohort. The share of youth (aged 15 to 24) edges up from about 8.3 per cent to 8.8 per cent. A rising population and share of individuals in the prime working age group (25 to 44).

Applying the B.C. Stats model output as a baseline, the population growth through 2030 ranges from 3,500 persons under a cautious average annual growth rate of 0.8 per cent growth rate, to 5,400 persons assuming a stronger 1.2 per cent annual gain. Again, cyclical factors impact growth of individual years. Total population climbs 11 – 18 per cent, dependent on scenario. Intra-year growth depends on the state of the economic cycle

2016 Labour Market Snapshot and Trends

Similar to other small-to-medium sized urban markets, labour market information in the Sunshine Coast is in short supply. Statistics Canada estimate monthly labour force data for the large metro areas and broad economic regions, and annually for census agglomerations. The Sunshine Coast is included in the Lower Mainland-Southwest but has little to no impact on the figures given the region is dominated by the Vancouver and Abbotsford-Mission metro areas.

Assessment of the labour market and broader economy is based on data from the Census and various data sources including employment insurance, business counts, and income data.

Labour Market Scan

Census 2016 provides a snapshot and trends of key industries that drive the regional economy.

In 2016, there were 25,860 persons of working age in the SCRD, with only 14,400 persons in the labour force. Labour force participation is low, reflecting the region's high median age and retiree community. Labour force participation was 55.7 per cent, compared to 63.9 per cent provincially.

The employed labour force was 13,415 persons leading to an unemployment rate of 6.8 per cent which is not significantly different than the provincial average during the year of 6.7 per cent. The employed workforce can be stratified into those working at home, outside Canada, having no fixed workplace address and those with a usual place of work.

SCRD regional employment peaked in 2006 at 13,585 and has since eased slightly. A decline from since 2006 reflects various fators, including a broader economic lull following the 2007/08 financial crisis as well as methodology given use of a voluntary National Household Survey, rather than Long-form Census in 2011. The regional labour force was largely unchanged during the period. Retirements in the existing workforce was just barely offset by entrants of prime age workers. Labour force participation as a per cent of the working age population has continued to trend lower owing to demographic factors.

Labour Market Trend - Sunshine Coast Regional District

	1986	1991	1996	2001	2006	2011	2016a
Labour Force	7,510	10,030	11,895	12,335	14,210	14,325	14,400
% change	n.a.	33.6	18.6	3.7	15.2	0.8	0.5

Employment[1.]	6,515	9,085	10,925	11,445	13,585	13,295	13,420
% change	n.a.	39.4	20.2	4.8	18.7	-2.1	0.9
Unemployment Rate (%)	13.2	9.5	8.2	7.2	4.4	7.2	6.8
Participation Rate (%)	67.5	60.8	60.4	59.1	60.5	58.7	55.7
Source: Statistics Canada, Central 1 Credit Union. Statistics Canada Census Profiles 1. Place of residence.							

Based on region of resident labour force (not employment), 77 per cent of the Sunshine Coast RD are in services-producing industries. This is lower than the 82.9 per cent share observed in the Vancouver CMA, but higher than B.C. excluding the Vancouver CMA (75.6 per cent).

This reflects a greater industry share of agriculture, forestry, fishing and hunting which made up nearly four per cent of the labour force, and a higher than average share of construction workers (10 per cent). The latter is cyclical, reflecting not only local housing market conditions, but potentially a strong housing construction cycle in the Vancouver CMA area which could draw workers.

Nonetheless, the trend is towards a service dominated economy. Due to one-year change in methodology in 2011, it is more relevant to compare 2016 to 2006 census information. The services share of the labour force has risen from 71 per cent in 2006 to 77 per cent in 2016. While partly due to declines in the construction sector, due to cyclical factors, and manufacturing, the increase in service share reflects growth in areas like health care, professional services, and trade. This trend will likely continue as growth is driven by population growth and aging demographics.

Particularly, retail trade and profession, scientific and technical service employment have disproportionately high shares of local area employment when compared to the province as a whole.

Labour Force by Industry								
					2006-16 Change		Share of Total LF	
	2001	2006	2011*	2016	Person	Per Ce	2006	2016
Total Labour Force population aged 15 years and over	12,335	14,215	14,325	14,400	185	1.3	100	100
Industry Not applicable	285	160	350	200	40	25.0	1	1
All industry categories	12,045	14,050	13,975	14,200	150	1.1	99	99
Goods	**3,240**	**3,920**	**3,315**	**3,100**	**-820**	**-20.9**	**28**	**22**
Agriculture; forestry; fishing and hunting	845	640	465	565	-75	-11.7	5	4
Mining; quarrying; and oil and gas extraction	110	170	230	150	-20	-11.8	1	1
Utilities	40	125	85	50	-75	-60.0	1	0
Construction	995	1,830	1,530	1,420	-410	-22.4	13	10
Manufacturing	1,250	1,155	1,005	915	-240	-20.8	8	6
Services	**8,805**	**10,130**	**10,650**	**11,105**	**975**	**9.6**	**71**	**77**
Wholesale trade	190	240	340	295	55	22.9	2	2
Retail trade	1,440	1,740	1,975	1,840	100	5.7	12	13
Transportation and warehousing	610	640	790	765	125	19.5	5	5
Information and cultural industries	275	355	330	360	5	1.4	2	3
Finance and insurance	360	370	335	380	10	2.7	3	3
Real estate and rental and leasing	210	410	310	280	-130	-31.7	3	2
Professional; scientific and technical services	680	940	860	1,175	235	25.0	7	8
Management of companies and enterprises		40	0	10	-30	-75.0	0	0
Administrative and support; waste management and remediation services	550	640	650	800	160	25.0	5	6
Educational services	720	985	765	995	10	1.0	7	7
Health care and social assistance	1,275	1,250	1,675	1,440	190	15.2	9	10
Arts; entertainment and recreation	435	425	580	420	-5	-1.2	3	3
Accommodation and food services	900	880	880	1,145	265	30.1	6	8
Other services (except public administration)	670	735	510	635	-100	-13.6	5	4
Public administration	490	480	650	565	85	17.7	3	4
Source: Statistics Canada Census Profiles, * National Household Survey								

An interesting shift in the data occurred in the 2001-2006 period which saw a large pick up in employed workers with no fixed address, which generally continued over the remainder of the decade, with another increase in 2016. This is an expanding group in the community and may reflect contract construction workers, independent professionals, and others that travel both in and outside the region. Some construction workers likely fall into this category along with business support/security personnel, transportation, salespersons, and others. It is likely that some of these workers actually work in the SCRD but do not go from home to the same workplace location at the beginning of each shift. The extent of these persons working in the SCRD may skew the place of work results.

Similarly, the number working from home jumped from 1991-2006, and has continued to trend higher over the past decade. The internet has allowed for far greater flexibility for employees and independent professionals to work remotely from home.

In contrast, after a peak in 2006 at 9,070 persons, the number with a usual place of work has declined to 8,610 persons in 2016. It is difficult to assess the reason behind this, although retirements, and shifting to a work from home or consulting may also be a contributor.

Employed by Place of Work Status, Sunshine Coast RD, 1991 - 2016						
	1991	1996	2001	2006	2011	2016
Total employed labour force 15 and over	9,085	10,925	11,445	13,585	13,290	13,420
Usual place of work	7,625	7,870	7,870	9,070	8,920	8,610
Within Sunshine Coast CD	6,805	6,795	6,815	7,645	7,825	7,550
Outside Sunshine Coast CD	820	1,075	1,055	1,425	1,090	1,060
At home	1,115	1,270	1,680	2,040	1,900	2,130
Outside Canada	30	10	40	85	80	85
No fixed workplace address	315	1,770	1,855	2,400	2,390	2,590
Source: Census of Canada. Notes: CSD - census sub-division, CD - census division. * a small portion in other provinces. 2011 is National Household Survey						

The share of the labour force employed at a usual place of work has continued to trend lower and declined to 64 per cent in 2016, down from 67 per cent in 2006 and 72 per cent in 1996. The majority, roughly 88 per cent of these individuals worked in the local Regional District although some of the individuals may commute within communities within the RD. This share is little changed from 2011. Of those working outside the region, most (84 per cent) commute to the Vancouver CMA, with the remainder generally working elsewhere in B.C.

Examining the workforce with a usual place of work provides some insights on commuting patterns by industry. For the most part, employees work locally within the SCRD with a few caveats. In the mining and utilities sectors, about half of employed individuals with a usual place of work do so in the local region, with the remainder in other parts of B.C. and Canada. Other industries with lower ratios include construction at 80 per cent, professional/scientific/technical (PST) services at 67 per cent, and education at 82 per cent. These trends reflect need for resource and to a lesser extent construction workers to follow major project construction. Meanwhile, the significant share of PST workers likely reflects improvements in technology which allows remote worker, and high professionals who can commute to work on an irregular basis.

It is also informative to understand the group of individuals with no fixed address given the increased share of workforce in recent decades. Not surprisingly, the industry with the highest share of these workers was construction, in which there were 880, or more than 70 per cent of the sector. This includes independent contractors and trade workers who work from site to site on an as needed basis. Other sectors with a large share include transportation and warehousing (36 per cent), and administrative and support, waste management and remediation (405 workers making up 63 per cent of the industry). A substantial share of transportation and warehousing workers (240 workers or 36 per cent) also had no fixed work address, but likely reflects couriers, truckers, bus drivers, and water transporter etc.

The combination of individuals working from home, those with a usual place work, and assuming those with no fixed workplace address are generally local, point to a generally local labour market that supports demand in the region. That said, a low labour force participation rate and higher median age means substantial “external” income via government, investment and pension flows that drive consumer spending.

Employed workforce by Industry				
	Total employed	**Employed with a fixed work address**	**No fixed workplace address**	**% with no fixed work address**
Industry	11,195	8,605	2,590	23.1%
Agriculture, forestry, fishing and hunting	415	245	170	41.0%
Mining, quarrying, and oil and gas extraction	105	80	25	23.8%
Utilities	40	30	10	25.0%
Construction	1,225	345	880	71.8%
Manufacturing	750	705	45	6.0%
Wholesale trade	170	145	25	14.7%
Retail trade	1,660	1,580	80	4.8%
Transportation and warehousing	665	425	240	36.1%
Information and cultural industries	210	165	45	21.4%
Finance and insurance	310	280	30	9.7%
Real estate and rental and leasing	200	175	25	12.5%
Professional, scientific and technical services	540	445	95	17.6%
Management of companies and enterprises	0	0	0	
Administrative and support, waste manageme	640	235	405	63.3%
Educational services	835	700	135	16.2%
Health care and social assistance	1,275	1,160	115	9.0%
Arts, entertainment and recreation	225	195	30	13.3%
Accommodation and food services	950	885	65	6.8%
Other services (except public administration)	470	350	120	25.5%
Public administration	500	465	35	7.0%
Source: Statistics Canada, note excludes those working at home and abroad				

Employment Insurance Counts

High frequency employment data is unavailable for the region, with the SCRD included within the broader Lower Mainland-Southwest Labour Force Survey estimates. Similar to markets across the province counts have trend lower since peaking during the period of the Great Financial Crisis (GFC) in 2008/09. Total beneficiary counts declined to pre-GFC levels.

Business Counts and Formations

While census statistics provide a more complete snapshot of the region's economic and employment structure it is constructive to examine the state of business formations. The Business Register from Statistics Canada maintains an up-to-date list of all active businesses in Canada that have a corporate income tax account. The Business Register provides more timely information on business-sector expansion in regional areas. The Business Register provides a comparative snapshot of net entry and exit of firms and other organization units.

Business Register data is available from 2014 onwards.[4] According to the Register, there were 4,462 businesses in the region in December 2017. This was ten per cent higher than in 2014. However, most of this growth occurred in businesses without employees (up 14 per cent), with negligible change among businesses with hired help. Business establishments without employees on the payroll may include part-time employees, contract workers, family members, or owner operated (self-employed). Firms without employees were largely concentrated in construction, real estate/rental/leasing, and professional, scientific and technical service industries.

[4] A change in methodology allows only data comparisons after 2014

The number of businesses with employees was 1,248 locations in 2017 which was up 1.4 per cent from 2014. The highest concentration of businesses (not necessarily employees), were in the construction, professional services, healthcare, retail trade, and real estate/rental/leasing industries.

For the most part, small enterprise make up the vast majority of businesses in the SCRD. Businesses with 1 to 4 employees made up 58 per cent of all business counts, with the total business with fewer than ten employees representing 80 per cent of total business with employers. This is not equivalent to number of employees, given there are a handful of large employers.

Business counts have generally held stable across sectors, with an increase in retail shops, largely with 1-4 employees, as well as growth in professional, scientific and technical services firms. The increased number of businesses in the professional and technical service industry is important. This suggests that in the information age, where professionals can be located anywhere and still be linked instantaneously to their clients via the internet; regions such as the SCRD can be competitive in a knowledge-based economy. Small-scale consultants searching for a natural setting could find the SCRD to be a good fit for their companies.

There have been some shifts among larger employers in recent years likely due to closure or downsizing of operations although some mid-sized employers have expanded. The largest business locations are those associated with government, particularly school board, hospitals, and local government. Outside of government, the largest employer is Paper Excellence's Howe Sound Pulp and Paper operation. However, total employment count slipped from above 500 workers to the 200-499 person range, following closure of the paper operations in 2015.

In addition to the business count snapshot, the flow of incorporations provides a signal of economic momentum through business formations. Incorporations have followed a cyclical upswing since 2010. Total incorporations reached 139 businesses in 2016, which was a record, high with 2017 still strong at 121 businesses.

Sunshine Coast RD Business Counts

2014

	Status		**Employee range**							
Region	Without employees	Total, with employees	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500 +
Sunshine Coast	2,810	1,231	739	261	130	72	19	5	3	2
Gibsons	851	400	231	84	47	26	8	3	0	1
Sechelt	963	471	276	102	51	29	8	2	3	0
Sunshine Coast A	213	110	61	25	14	10	0	0	0	0
Sunshine Coast B	262	72	53	14	3	1	1	0	0	0
Sunshine Coast D	377	113	83	19	8	2	1	0	0	0
Sunshine Coast E	44	30	11	12	4	3	0	0	0	0
Sunshine Coast F	58	20	11	3	3	1	1	0	0	1

2017

	Status		**Employee range**							
Region	Without employees	Total, with employees	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500 +
Sunshine Coast	3,214	1,248	736	260	159	72	10	7	3	1
Gibsons	258	104	61	19	17	4	2	1	0	0
Sechelt	1,108	500	291	106	61	30	5	5	2	0
Sunshine Coast A	316	113	62	28	13	10	0	0	0	0
Sunshine Coast B	284	88	68	14	4	2	0	0	0	0
Sunshine Coast D	443	109	79	17	9	3	1	0	0	0
Sunshine Coast E	277	98	65	17	13	3	0	0	0	0
Sunshine Coast F	528	236	110	59	42	20	2	1	1	1

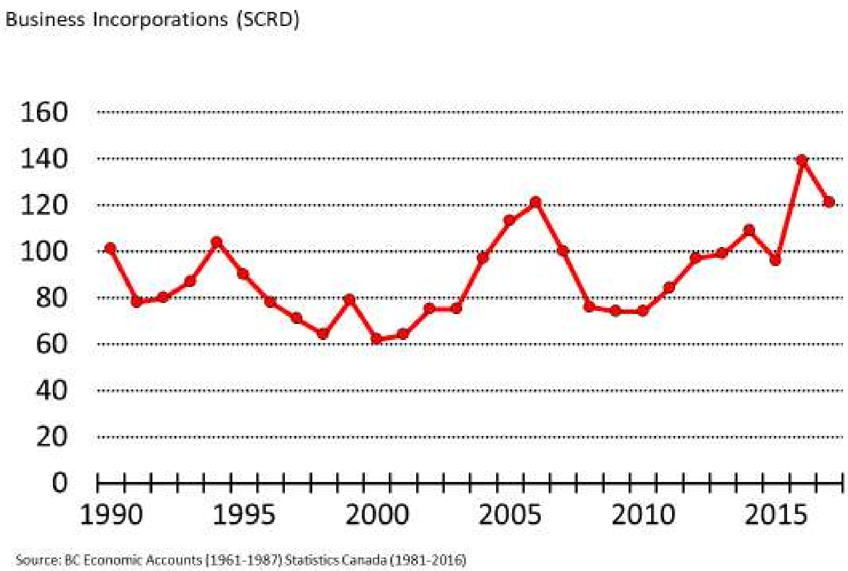
Sunshine Coast RD Business Counts (with Employees) by Industry and Employee Count									
2017									
		Employee range							
Region	Total, with employees	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500 +
Total	1,248	736	260	159	72	10	7	3	1
Unclassified	90	71	15	3	1	0	0	0	0
Sub-total, classified	1,158	665	245	156	71	10	7	3	1
Agriculture, forestry, fishing and	65	50	8	3	4	0	0	0	0
Mining, quarrying, and oil and gas	5	1	0	2	1	1	0	0	0
Utilities	4	3	0	0	1	0	0	0	0
Construction	164	97	36	25	6	0	0	0	0
Manufacturing	42	26	6	4	5	0	0	1	0
Wholesale trade	26	16	8	2	0	0	0	0	0
Retail trade	171	65	54	38	9	2	3	0	0
Transportation and warehousing	33	19	6	8	0	0	0	0	0
Information and cultural industries	24	14	1	5	4	0	0	0	0
Finance and insurance	26	12	5	8	0	1	0	0	0
Real estate and rental and leasing	48	34	11	2	1	0	0	0	0
Professional, scientific and	135	116	11	4	3	0	1	0	0
Management of companies and	5	3	1	0	1	0	0	0	0
Administrative and support, waste management and remediation	59	35	15	4	4	1	0	0	0
Educational services	13	8	2	1	1	0	0	0	1
Health care and social assistance	105	63	16	14	7	2	2	1	0
Arts, entertainment and recreation	33	24	7	1	1	0	0	0	0
Accommodation and food	92	17	29	26	18	2	0	0	0
Other services (except public	96	60	25	9	2	0	0	0	0
Public administration	12	2	4	0	3	1	1	1	0

Sunshine Regional Economic Development lists the regions major employers as[5]:

Sector	Company	Product/Service	Employees (FTE)
Health Care	Vancouver Coastal Health Authority	Hospital and health care	610
Education	School District 46	Public school board	500
Forest Products	Howe Sound Pulp & Paper	Kraft pulp	325
Transportation	BC Ferries	Ferry service (2 terminals)	275
Government	Sunshine Coast Regional District	Regional government	250
Retail	IGA	Groceries (3 stores)	200
Health Care	Good Samaritan Society – Christenson Village	Assisted living and care facility	90
Banking	Sunshine Coast Credit Union	Banking	75
Mining	Lehigh Materials	Gravel extraction	60
Retail	Extra Foods	Grocery and gas bar	80
Forestry	Terminal Forest Products	Logs, fuels, lumber	100

5 http://gibsonsanddistrict.ca/industries/leading-employers/

SCRD New Business Formation



Key Industry Trends

Forestry

According to the Ministry of Forest and Range, nine mills operated in the SCRD in 2016 producing pulp and paper, wood chips, and log homes. The competitive edge of the SCRD forestry industry has waned since 1996, particularly from 2001 to 2006. Logging and wood processing activities are down considerably though pulp and paper manufacturing remains significant. Recent challenges facing the industry was the closure of the paper manufacturing component of Howe Sound Pulp and Paper which affected 180 workers.

The Sunshine Coast Timber Supply Area (TSA) covers about 1,560,926 hectares on the southwest coast of British Columbia. The productive forest land base is 425,863 hectares with about 224,984 hectares (14% of the total area) considered available for timber production and harvesting under current management practices.[6]. The area includes the Powell River RD and the Sunshine Coast RD.

The results of Forest Ministry timber supply analysis concluded that a harvest level of 1,363,000 cubic metres per year (13% higher than the current AAC) can be maintained for more than 100 years. The current Annual Allowable Cut (AAC) is 1,204,808.

The absolute timber harvest level in the Sunshine Coast Forest District area has followed the broad economic cycle. In the early 2000s, harvest levels fluctuated above 2 million dry cubic metres annually and declined to about 1.8 million dry cubic metres in the second half of the decade, corresponding to the weak U.S. housing market and declining pulp production. Harvests plunged in 2009, reflecting the impacts of economic recession, but rebounded through the 2012-2013 period before trending lower again. Weaker pulp and paper demand were likely drags on activity following closure of the paper operations at Howe Sound despite strong demand for lumber. Estimated 2017 harvest declined to the lowest level since 2009 to 1,556,423 dry cubic metres. This likely caused downward pressure on regional resource employment in the region, although data is not available.

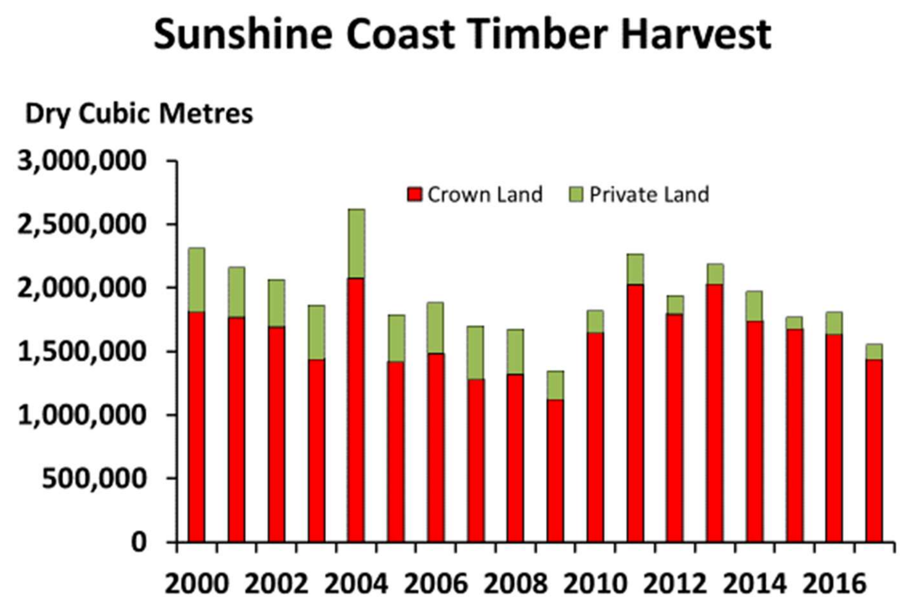
In 2016, the total employed workforce with a usual place of work was 140 persons in forestry and logging. However, the sector may include a significant number of contractors. Total employed individuals in the agriculture, forestry, fishing and hunting was 415 persons in 2016, with 245 with a fixed workplace address. Further breakdown in unavailable, and workers without of a fixed address are likely spread out among sectors, particularly in the fishing and aquaculture industries.

[6] https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/sunshine_coast_tsa_public_discussion_paper.pdf

Annual harvest volume (in m³) in Sunshine Coast Forest District*				
Year	**Crown Land**	**Federal Land**	**Private Land**	**Total Harvest**
2000	1,809,101.2	1,131.0	501,929.3	2,312,161.5
2001	1,768,683.7	0.0	388,310.1	2,156,993.8
2002	1,690,131.2	1,892.0	373,308.3	2,065,331.5
2003	1,435,883.8	246.1	425,026.7	1,861,156.6
2004	2,076,788.4	0.0	540,304.7	2,617,093.1
2005	1,417,861.4	0.0	370,316.7	1,788,178.1
2006	1,483,171.8	0.0	398,174.4	1,881,346.2
2007	1,279,056.3	0.0	418,576.4	1,697,632.6
2008	1,319,300.0	0.0	356,130.7	1,675,430.7
2009	1,121,020.0	0.0	227,886.6	1,348,906.6
2010	1,644,404.1	0.0	174,319.8	1,818,723.9
2011	2,025,356.9	0.0	238,623.7	2,263,980.6
2012	1,792,381.9	18.3	144,274.8	1,936,675.0
2013	2,030,438.6	0.0	152,407.3	2,182,845.9
2014	1,738,975.0	0.0	231,055.7	1,970,030.7
2015	1,675,261.0	0.0	93,158.5	1,768,419.5
2016	1,631,831.6	0.0	173,289.3	1,805,121.0
2017	1,436,596.6	0.0	119,260.5	1,556,423.4

** source: HBS, volume scaled with waste, reject and Christmas tree volume excluded.*

Ministry of Forests, Lands and Natural Resource Operations



Source: Ministry of Forests, Lands and Natural Resource Operations, Central 1 Credit Union Latest: 2017

Pulp and Paper

The pulp and paper sector provides significant regional employment in the SCRD but has seen weaker prospects in recent years. There were 375 persons working in the paper manufacturing (including pulp) sector in 2016. The Howe Sound pulp and Paper mill complex at Port Mellon is one of the largest employers in the region. Formerly owned jointly by Canadian company Canfor Co. and Oji Paper Co. of Japan, the operations were purchased by Paper Excellence BV, the Netherlands based unit of Indonesia's Sinar Mas[7]. The firm closed its newsprint paper operations in 2015 due to weak market conditions for paper. The complex has pulp production capacity of 343,000 tonnes of northern bleached softwood pulp.

Provincially, dollar-volume pulp and paper exports rose 12 per cent in 2017 to $4.42 billion which was the highest since 2008, due almost entirely to increased pulp exports. Growth in prices was the primary driver of growth[8].

Catalyst Paper produces both paper and pulp at its Powel River operations and is a source of demand for wood fibre. However, existing operations faces headwinds from U.S. trade protectionist measures. The U.S. Department of Commerce imposed preliminary anti-dumping duties on uncoated groundwater paper from Canada which is used in newspapers, directories, catalogues and books. Preliminary duties on Catalyst exports to the U.S. were set at 22.16 per cent[9]. Unlike lumber, which has seen prices rise in lockstep with softwood lumber tariffs due to housing demand in the U.S., paper demand could be curtailed by the rising prices. Higher prices for newsprint and other paper could generate

---

[7] http://www.canada.com/vancouversun/news/business/story.html?id=5bc38d97-1c27-45b7-806c-b58b86a942b3&k=83415

[8] http://www.rbc.com/economics/economic-reports/pdf/other-reports/cpm.pdf

[9] https://enforcement.trade.gov/download/factsheets/factsheet-canada-uncoated-groundwood-paper-ad-prelim-031318.pdf

demand destruction in the U.S. for publishers. This will impact demand for pulp production, although some excess mechanical pulp could be exported to paper producers abroad.

The outlook for the pulp and newsprint market is mixed. For pulp, the main storyline is emerging markets, which are increasing the demand for and supply of pulp. That said, demand growth has slowed since 2012 relative to strong pace during the prior decade. Paper and board production in China has slowed from nearly 11 per cent annual growth om 2002-2012 to about 3% .[10] China is likely moving toward a more mature stage in economic development, and like western nations, could see a cresting of paper demand particularly given advances in technology.

Short-term uncertainties continue for the pulp and paper sector due to U.S. protectionism measures on the latter, which influence demand for the former. Medium term prospects are stable with growth in emerging markets, although cyclical factors such as recession could cause great harm to operations. This depends on ability of local operations to withstand a long-term price decline due to technological change or to an increase in supply from lower cost producers in Latin America and elsewhere? B.C. and Canada's pulp industry is littered with examples of unprofitable mill closures in the past two decades. Recent investments in the mill are positive for its longer term viability and no closure is expected in this ten year forecast.

Fishing and Aquaculture

The fishing and aquaculture industry includes commercial fishing, sport fishing, and seafood manufacturing activities. Employment figures are not specifically available for this sector since it is aggregated with agriculture and logging. To further cloud the matter, commercial fishing is one of those activities for which there is no fixed place of work. There were only 30 persons employed in the sector with a fixed work address in 2016.

Provincially, exports of fish products reached $1.264 billion in 2017, which was similar to 2016 but has climbed from an average of $900 million from 2008 through 2014.

The latest BC Stats assessment of the fisheries and aquaculture sector was compiled in 2012 based on 2011 data. As a share of nominal GDP, fishing and aquaculture was 0.4 per cent of total output in 2011 or $860.7 million. Excluding sport fishing, this share is 0.2 per cent of GDP or $500.7 million. Of this, aquaculture made up $182.2 million, fish processing was $183 million, with commercial or capture fishing at $135.5 million.

Examining only capture fishery (commercial fishing) aquaculture (which reflects farm-raising aquatic animals and plants), and fish and seafood-processing (canning, salting, drying etc) show mixed real performance from 2000 to 2011. Aquaculture, which includes establishments engaged in farm-raising finfish, shellfish or other aquatic animals or plants, is spread around coastal regions of the province. Real GDP in capture fishery declined 30 per cent, while aquaculture output rose 48 percent. Real fish processing was unchanged. Growth in the broad fisheries and aquaculture sector was driven mostly by sport fishing. [11]

Major aquaculture operations in the SCRD include Greig Seafood, a Norway-based global aquaculture giant. The company has eight farm sites in Sechelt, producing Atlantic, Coho, and Chinook salmon. Target Marine Hatcheries near Grey Creek produces Coho, Chinook, Atlantic salmon and Sturgeon. The SCRD also contains some shellfish production and processing operations. The primary shellfish species harvested are oysters and clams, which are destined for markets in the USA, Canada, and Asia.

B.C. Stats estimated that provincial employment in capture fishery, aquaculture and fish processing of 5,500 persons in 2011, with the trend declining from 2000 by more than 30 per cent. Capture or commercial fishing declined sharply from 2000 by more than 60 per cent to 1,400 persons, while aquaculture employment was steady at 1,700 persons. Fish processing had risen to a high of 4,600 person in 2004 but has since declined to 2,400 persons. There is little information available about how recent performance. While demand from export markets will likely rise with global growth, the job

[10] RISI. https://www.prnewswire.com/news-releases/long-term-outlook-for-pulp-imports-into-china-is-mixed-as-paper-production-slows-sharply-300186151.html

[11] http://www.bcstats.gov.bc.ca/Files/0c4250f8-e4ee-45b9-b1fa-247ae1a98590/BritishColumbiasFisheriesandAquacultureSector2012Edition.pdf

growth outlook for the next ten years is generally weak to poor under current circumstances and increased efficiency. On the positive side, there is increasing demand for seafood products due to a growing world population but how and whether the SCRD can maintain or capture a larger share of this growth is quite uncertain. This forecast assumes no material change in employment levels.

Mining

Activity in this sector in the SCRD is highlighted by Lehigh Hanson Material's concrete aggregates mine in Sechel, which is one of the largest in Canada. Other smaller quarries are in the vicinity. The Construction Aggregate site has been operating since the late 1980s and has a life span of another 40 years or so. Its product is shipped to the lower mainland and to the Pacific Coast of the U.S.

There is modest opportunity for job growth in the mining sector which makes up a small share of regional employment. In 2016 there were 105 persons employed in the mining and oil and gas sector, 80 of which had a fixed workplace address. That said not all of these were local mines, with a fair share working at projects elsewhere in the province. The *Major Projects Inventory* compiled quarterly for the B.C. government currently includes one mine in the region.

The McNab Aggregate Mine proposed by Burnco Rock Products Ltd. Is a sand and gravel pit and processing plant located on the northwest shore of Howe Sound in the McNab Valley with a maximum production volume of 1.5 million tonnes/year with an economic life of 16 years. An environmental assessment certificate has been issued as of March 2018. A marine loading facility, maintenance building, small craft dock and electrical substation will be included in the project. There is a strong chance this project will move forward, although timing is uncertain.

The controversial project is the Sechelt Carbonate Mine Project by Pan Pacific Aggregates Ltd. which proposed development of a large carbonate rock mine with a production capacity of up to 6 million tonnes/year is no longer active but faced local opposition for its large mining footprint and its delivery method of the product to the coast. There has been no advancement of the project. As of May 2016, the Environmental Assessment Office has considered the project withdrawn from the Environment Assessment process due to lack of updates.

The mining sector outlook will be largely dependent on demand from the U.S., combined with environment impact and ability to meet regulations. With respects to the former, the U.S. is on a positive growth cycle. Housing has room to grow given housing starts are below demographically required levels. Non-residential investment in structures is on the rise and trending more than four per cent year-over-year. Demand for construction aggregates depends more on high rises, engineering construction and other non-residential investment. The current environment points to growth in demand for the sector, and could trigger construction of the McNab mine if conditions are sufficient.

Tourism

Tourism is not specific industry classification but rather a combination of several industries such as accommodation, food, transportation, retail, arts and culture, and recreation. Previous studies have associated tourism with about 3% of the income although this is likely higher at the current time due to the economic cycle.

Based on place of work data and an industry definition by Statistics Canada which includes industries such as accommodations, travel transportation, sightseeing services, etc. , tourism employment was in the range of 800 to 1,000 persons in 2016. This has risen in recent years[12].

Unfortunately, room revenue estimates for the Sunshine Coast is no longer published by BC Stats. Nonetheless, stronger tourism flows in recent years to the province from both international markets and other provinces undoubtedly boosted activity in the SCRD. A relatively low Canadian dollar also provided an incentive for local provincial residents to remain in

[12] https://www.ic.gc.ca/eic/site/061.nsf/vwapj/SMEPTIC-PPMEITC_2015_eng.pdf/$file/SMEPTIC-PPMEITC_2015_eng.pdf

the province rather than travelling abroad or to the U.S. Tourists to the SCRD come largely from the Lower Mainland and the rest of BC.

Room revenue information for Parksville and Tofino could provide a proxy for the Sunshine Coast suggests accelerated growth in tourist visits in 2014 through 2016. Parksville room revenues rose nearly 13 per cent in both 2015 and 2016, with Tofino revenue up 21 per cent in 2015 and 12 per cent in 2016. Aligning with trends growth trends in available international tourism inflow statistics.

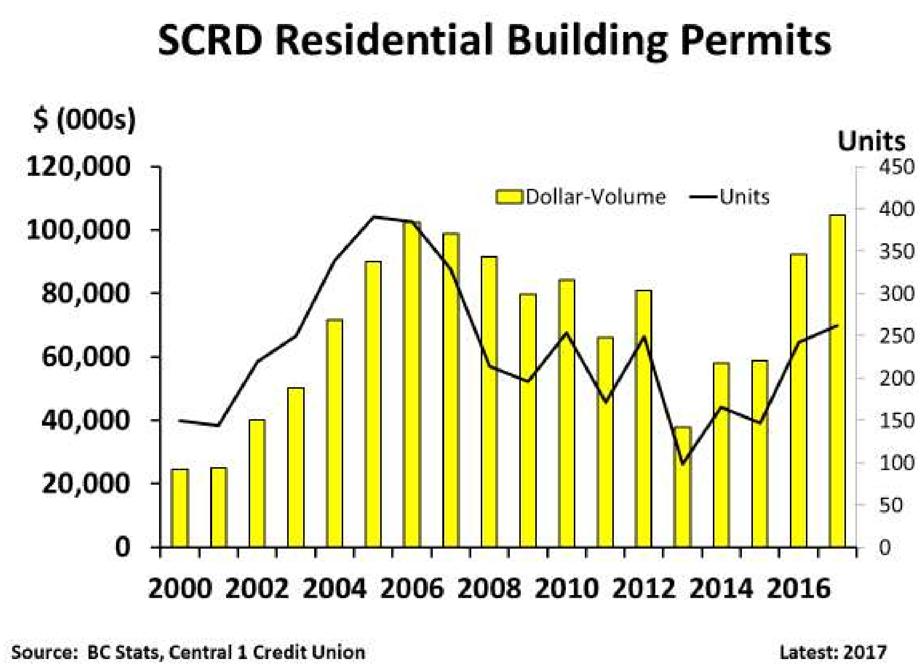
Room revenue data may also understate actual tourist visits due to the large proportion of residential property owned by individuals residing outside the SCRD. Seasonal owners would not be captured in the room revenue statistics, nor would rentals of these units to tourists.

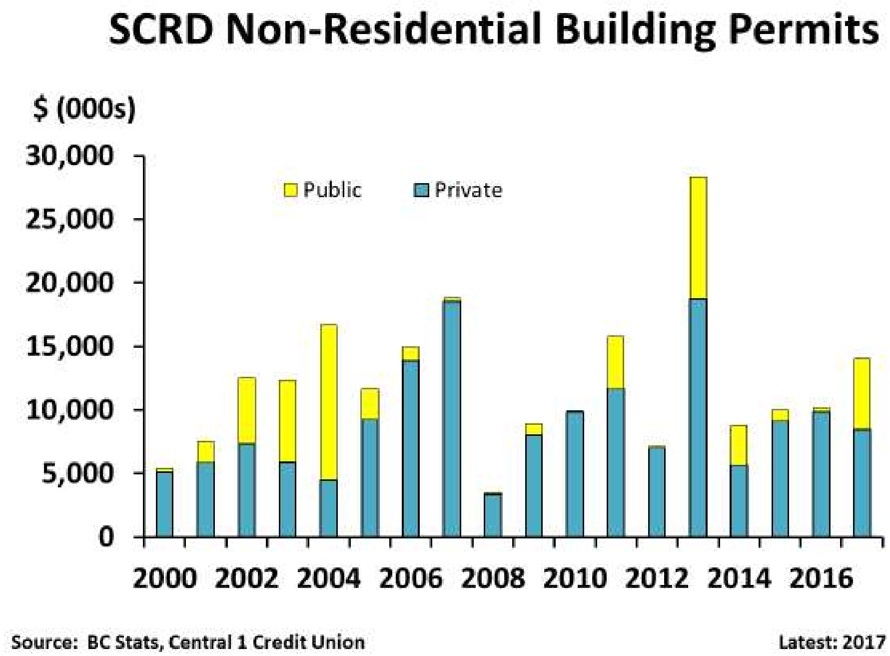
Key factors affecting the tourism outlook are access, costs of transportation and accommodation, energy prices, the exchange rate, political events, the economic cycle, and the number, quality, and service level of tourist facilities. The SCRD has scenic and environmental advantages and is in reasonable proximity to a major metropolitan area. However, tourist offerings in the SCRD are small-scale and not well known outside the lower mainland region or province. There is no high-profile attraction that can attract large numbers and serve as an anchor for businesses to develop or expand.

Tourism is currently above its long-term growth trend, and a move back to 1% growth in associated sectors is expected.

Construction

The primary driver of construction activity is the economic and real estate cycle. The SCRD residential construction cycle is observable in building permit data. Residential activity peaked in 2005/06 and declined through 2009, reflecting the U.S. housing market crash and recession. Units and dollar-volume activity was range-bound before slumping again in 2013. Activity has since rebounded but real activity is still well below previous cycle peaks. Building permits cover both new units and renovation activity. The bulk of residential permit volume occurs outside Sechelt and Gibsons.





Non-residential building activity also surged during the economic upswing and has shown a moderate revival since 2008, albeit with significant fluctuations. The strongest performance was in 2013 owing to a increase in Sechelt. Private sector investment in commercial real estate usually lags the recovery in residential building and the general economy.

In 2016 there were 1,420 persons in the labour force associated with the construction industry. This is a higher proportion than observed province-wide. Of this number, there were 1,225 persons employed (excluding those working from home or abroad). The majority (72 per cent) of construction workers in the region had no fixed workplace address in 2016, reflecting the nature of the industry and site work for contractors and trade workers. More than half of the individuals with no fixed place address are likely at SCRD sites.

Business count information provides additional context for the regional construction sector. In 2017 there were a total of 658 construction businesses registered in the region. Of these, 494 had no employees, with 164 with employees. Of businesses with employees, 60 per cent or 97 businesses had fewer than five employees. About 20 per cent had 5 – 9 employees, and 15 per cent had 10-19 employees.

The number of businesses has grown significantly since 2014, when there were 588 counted, with 422 without employees. Almost all of the gain reflects growth in the number of independent contractors and trades given the number of employers was essentially unchanged. There has also been a shift in size among employers. Firms have increased in employees since 2014 with growth in firms with 10-19 workers coming at the expense of declines in firms with 1-4 employees.

Professional, Scientific, and Technical Services (PST)

This sector comprises legal services, accounting and related services, architectural, engineering and related services, surveying and mapping services, design services, management, scientific and technical consulting services, scientific research and development services, and advertising services. Most of the services are largely dependent on human capital.

Excluding individuals working from home or abroad, there were 540 PST workers employed in the region. Close to 85 per cent of these individuals had a fixed workplace address, most of which are employed locally. That said, individuals in hi-tech fields are generally employed outside the region, which could reflect remote workers. The relatively high component of persons working outside the SCRD and in Metro Vancouver speaks to the location attributes of the SCRD such as a high quality of life and relatively lower housing costs. Transportation is an issue but today's technology and more flexible work arrangements can mitigate some of this negative aspect.

The business register recorded 572 PST businesses in 2017, up from 491 in 2014. Most of these businesses are likely self-employed individuals. Of the 2017 count, 437 had no employees, while 135 had employees. The number with staff was up from 125 businesses in 2014. Like most sectors, the PST sector is dominated by small businesses. Of those with workers, 116 had 1-4 employees, 11 had 5-9 employees, with various medium-sized employers.

Employment growth will be a function of prime age population growth and business formation as well in the LM-SW region. Ongoing out-sourcing among businesses will boost this sector's growth. Average long-term growth is about 2-3% per annum

Transportation and Warehousing

This sector comprises establishments primarily engaged in transporting passengers and goods, warehousing and storing goods, and providing services to these establishments. The modes of transportation are road (trucking, transit and ground passenger), rail, water, air and pipeline. National post office and courier establishments, which also transport goods, are included in this sector. BC Ferries is a significant employer in the region, with about 275 full-time equivalents noted by the SCRD.

In 2016 there were 665 persons employed in the transportation and warehousing sector but more than a third did not have a fixed workplace address. This could reflect the nature of goods transportation such as trucking, as well as air transport, and other support services.

Of the 425 persons with a fixed workplace address, the water transportation sector dominates the figures with 185 persons largely working locally. This is tied to BC Ferry operations. Air travel only makes up a very small percentage of travelers to the area, and the majority of the access by air is via float plane companies that fly into Sechelt Inlet where there are two landing docks. The District of Sechelt Airport is very small and can only accommodate smaller aircraft because of its runway length. Airport expansion possibilities seem to be on the backburner at the current time despite being discussed for decades.[13]

Issues facing this sector are transportation costs not only ferry fares but also energy and gasoline prices. Energy prices are seen on a long term upward trend in the next ten years, albeit with come cyclical movement along the way, while carbon taxes are a further impediment to costs. Higher energy prices will restrain some demand growth and prompt businesses to seek operating efficiencies.

The warehousing sector is small in the SCRD with only 10 persons with a usual place of work employed in the sector with many goods shipped in from Metro Vancouver and then distributed to retailers.

Retail Trade

This sector comprises store and non-store retailers and is one of the largest employers in the SCRD. They typically sell merchandise to the general public for personal or household consumption, but some also serve business and institutional clients. Non-store retailers sell their merchandise and services at non-fixed point of sale locations via the internet, broadcasting and publishing channels, and by other means.

In 2016, there were 1,660 persons employed in the retail trade sector. Almost all had a fixed workplace address in the local region. The main employers were food and beverage stores (620 persons), health and personal care stores (235 persons), general merchandisers (120 persons), and building material suppliers (155 persons). The Business Register recorded 318 retail business locations in December 2017 with 171 having employees. Of those with employees, 65 had 1-4 employees. Nearly all retail businesses had fewer than 20 employees (92 per cent).

---

[13] http://www.thelocalweekly.ca/no-airport-expansion-anytime-soon/

Future employment growth will depend on population and demographic change, tourism, non-resident homeownership, technological change (internet and e-commerce), and economic/income growth. Long-term growth is put at 3 to 5% per year.

Health and Social Services

The regional health industry is one of growth, observed in a large gain in the industry labour force from 2006 through 2016 of 15 per cent. Total employment in the sector was 1,275 persons in 2016, with more than 90 per cent with a fixed workplace address. For these individuals, most are local, although about 15 per cent work elsewhere in B.C. Growth in the sector saw one time increase following expansion of St. Mary's Hospital.

Growth in this sector will be determined by the population growth profile and demographic change, both positive drivers. An aging population and increased retiree inflows will drive increased public health funding. A longer growth trend of 1 to 2% per year is expected. Public health funding will grow over time in response to a variety of cost increases and some service expansions in the context of regionalization of specialized services to the larger centres in the province. Expansion of in health and social services generally follows population growth as well from the aging population shift. The demand for private health services is increasing and will increase from relatively affluent baby-boom retirees.

Income Drivers

Demographics are a key factor influencing income drivers, and by extension spending in the region. Data from the Canada Revenue Agency show a relatively high proportion of non-employment income in the Sunshine Coast Region[14]

Income tax filing data from 2015 confirms expectations that the Sunshine Coast Regional District economy is driven in large part by external retirement income, rather than from local employment. CRA data shows a relatively low share of regional income from employment. As a share of total income, about 46 per cent was from employment income. This compared to 61 per cent share provincially, albeit led by shares near 63 per cent in the Lower Mainland.

Pension income makes up a much larger share of SCRD income share than in other regions at 27 per cent. Higher concentration is in the Sechelt and Sunshine Coast Electoral Districts A and B reflecting a larger retiree segment and inflows. In comparison to other markets, pension share is well above that in the Lower Mainland areas where it ranged from 11 per cent in the Vancouver CMA and 13 per cent in the Abbotsford-Mission CMA.

Pension share of income in in the SCRD is comparable to areas like Grand Forks, Oliver, Powell River, Courtenay and Ladysmith. Various factors contribute to high concentrations. While areas like those in the SCRD, some Island and Okanagan communities, attract high retiree demand, elevated concentration in some other markets reflect outflows of younger residents. Prime age workers leave, while long-term residents remain. Higher concentration of pension income is in Parksville at 39 per cent, and Keremeos at 37 per cent, and Osoyoos at 34 per cent.

Relative to 2010, growth in pension share in the SCRD has outpaced the rest of the province. The 2015 share of 27 per cent was up from 21 per cent in 2010. On a dollar-volume basis, pension income was up nearly 75 per cent over the period, compared to a 70 per cent increase for B.C. as a whole. Aggregate income from all sources rose 40 per cent in the SCRD which was comparable to the B.C. gain. Pension growth outperformed a rise in employment income over the period.

A takeaway from the high share of retiree and related income, which given age composition within the region and inflows from other areas is stability in consumer demand. A growing number of retirees in the region will continue to support and drive higher demand for retail goods and services, restaurant meals. Meanwhile, this segment will also support the government services sector, particularly for the healthcare sector. A strong base income from retirement earnings dampens the impacts of cyclical tourism fluctuations and housing cycles on the economy.

[14] https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/income-statistics-gst-hst-statistics/individual-tax-statistics-area-itsa/individual-tax-statistics-area-itsa-2017-edition-2015-tax-year.html#toc2

Share of total income by source, Selected Regions (2015)						
Region	Employment Income	Pension Income	Investment Income	Self-Employment Income	Social Benefit Payments	Other Income
Gibsons	49.6%	26.5%	10.9%	5.9%	3.4%	3.7%
Sechelt	44.1%	29.7%	12.3%	6.0%	3.8%	4.0%
Sunshine Coast A	36.4%	29.9%	19.7%	6.4%	3.7%	3.9%
Sunshine Coast B	43.3%	27.7%	13.3%	7.5%	3.2%	5.1%
Sunshine Coast D	46.2%	19.4%	19.3%	8.1%	2.6%	4.4%
Sunshine Coast E	58.0%	20.9%	7.2%	5.5%	4.4%	3.9%
Sunshine Coast F	47.9%	24.1%	13.1%	7.8%	2.6%	4.6%
Sechelt (Part)	37.0%	38.3%	13.5%	2.7%	3.9%	4.6%
All SCRD	46.1%	26.6%	13.2%	6.4%	3.5%	4.1%
Kelowna CMA	55.6%	18.0%	15.0%	4.4%	3.2%	3.8%
Abbotsford-Mission CMA	63.8%	13.6%	9.4%	5.5%	5.2%	2.5%
Vancouver CMA	63.3%	11.1%	14.4%	4.9%	3.2%	3.1%
Victoria CMA	55.9%	20.2%	13.6%	4.1%	2.6%	3.6%
Salmon Arm CA	51.3%	23.3%	13.8%	4.1%	4.2%	3.3%
Parksville CA	35.3%	39.0%	14.1%	4.0%	2.8%	4.7%
Osoyoos	39.0%	33.8%	13.1%	4.7%	4.7%	4.7%
Oliver	45.7%	28.6%	12.3%	4.8%	5.4%	3.2%
Summerland	47.5%	24.4%	16.3%	4.8%	3.3%	3.8%
Vernon CA	53.9%	21.7%	12.9%	3.7%	4.0%	3.8%
Nanaimo CA	56.0%	22.1%	10.1%	4.0%	4.3%	3.6%
Total Prov/Terr	60.9%	14.9%	12.8%	4.6%	3.6%	3.3%

Source: Canada Revenue Agency, Central 1 Credit Union, 2015 data (released in 2017)

Income by Source ($ millions) – 2015 tax year						
	SCRD			B.C.		
	Total	Employment	Pension	Total	Employment	Pension
2010	814	438	174	125,458	83,610	15,473
2015	1,142	527	304	175,767	107,118	26,132
% change	40.3%	20.3%	74.4%	40.1%	28.1%	68.9%

Source: CRA, Central 1 Credit Union

Housing Market

Recent trends

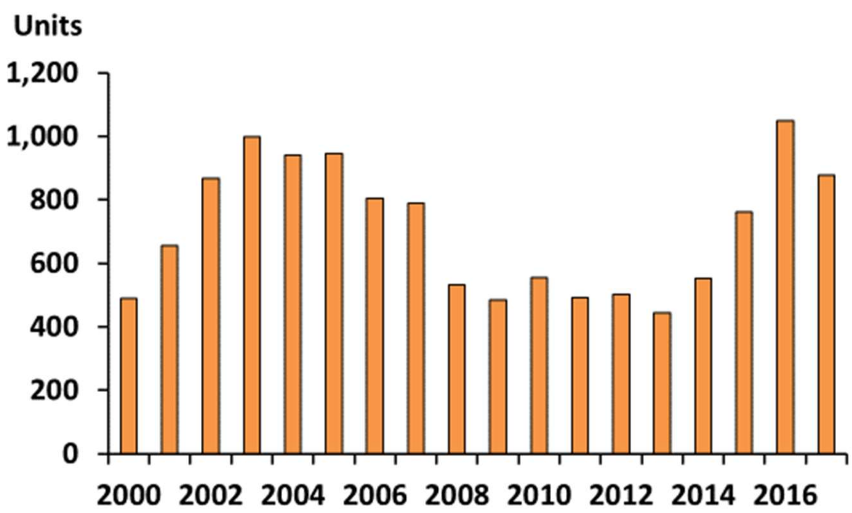
Housing market activity in the SCRD typically lags the Vancouver CMA housing cycle and the broader real estate cycle, reflecting the region's draw as a recreational and retiree market. Housing cycles are driven by low interest rates and strong economic fundamentals, which drive housing prices. Upcycles are opportune time for some households to divest and transition into retirement. Higher prices also induce household priced out of larger urban markets to smaller affordable markets.

Similar to the broader market, the SCRD has experienced four distinct housing market cycles since the 1970s which align with the broader regional cycle owing largely to changes in the macro-economic environment. The last housing market cycle peaked in 2003-2005 which was followed by U.S. recession and broader global financial crisis. Following a decline in sales flow by about half from 2005 through 2009, activity was range-bound at a low level through 2013.

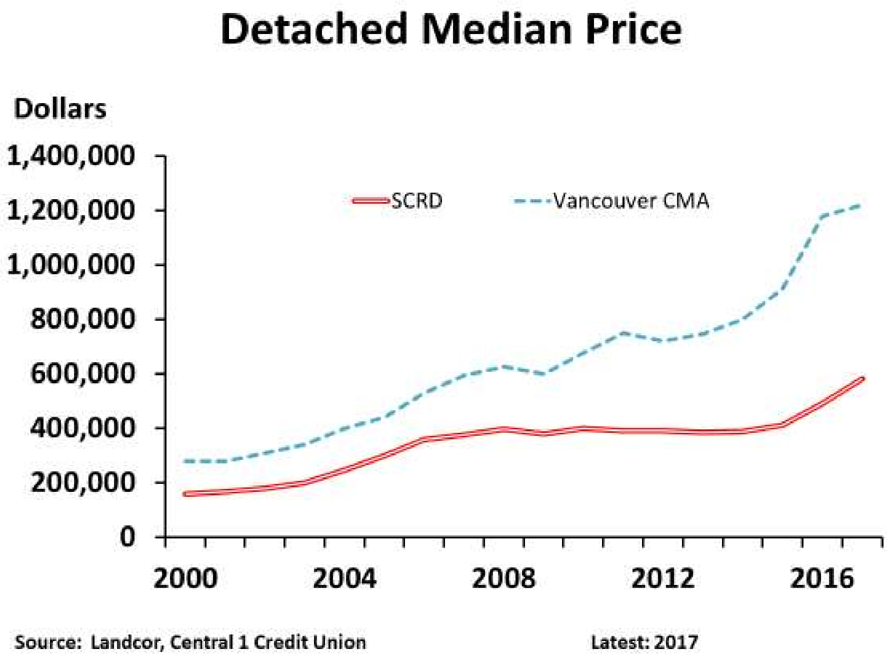
Activity picked up sharply thereafter following the oil crash, as interest rates declined further, economic growth in B.C. and Vancouver soared, the Canadian dollar weakened, and Vancouver area home prices surged. 2016 marked a high-water mark for the current cycle, with record 1,049 resale transactions in the region. Sales dipped in 2017 to 879 units but remained relatively high. Median home values have followed the demand increase, rising about 18 per cent for two consecutive years after holding range-bound from 2008-2015. Home price appreciation in larger urban markets, particularly the Vancouver metro area, allows for households to bid more for properties when they relocate. The median home value reached $509,000 in 2017 up from $365,000 in 2015. Detached home values rose at a slightly stronger pace over the two years to reach $582,000 in 2017. Construction trends have followed this growth pattern, owing both to new home construction and renovations.

Residential Resale Activity						
	Unit Sales			Median Price		
	Total	Detached	Condo Apartment	Total	Detached	Condo Apartment
2000	490	378	13	144,000	157,750	80,000
2001	656	491	30	154,000	167,000	110,100
2002	869	657	35	165,000	179,000	112,000
2003	998	724	35	179,000	199,500	134,954
2004	942	664	50	217,000	247,500	154,500
2005	945	685	34	262,000	299,000	156,500
2006	807	544	47	316,000	359,000	200,000
2007	789	561	43	345,000	375,000	229,000
2008	532	381	27	362,750	396,199	220,000
2009	484	346	34	345,000	380,000	237,500
2010	556	378	35	361,500	400,000	222,518
2011	493	360	29	352,000	392,000	235,000
2012	503	369	26	350,000	390,000	251,000
2013	444	341	27	345,000	385,000	227,000
2014	553	419	27	355,000	387,500	219,000
2015	763	563	47	365,000	410,000	209,000
2016	1,049	766	76	430,000	489,450	246,250
2017	879	609	82	509,000	582,000	356,250
Source: Landcor						

SCRD Annual Resale Transactions



Source: Landcor, Central 1 Credit Union Latest: 2017



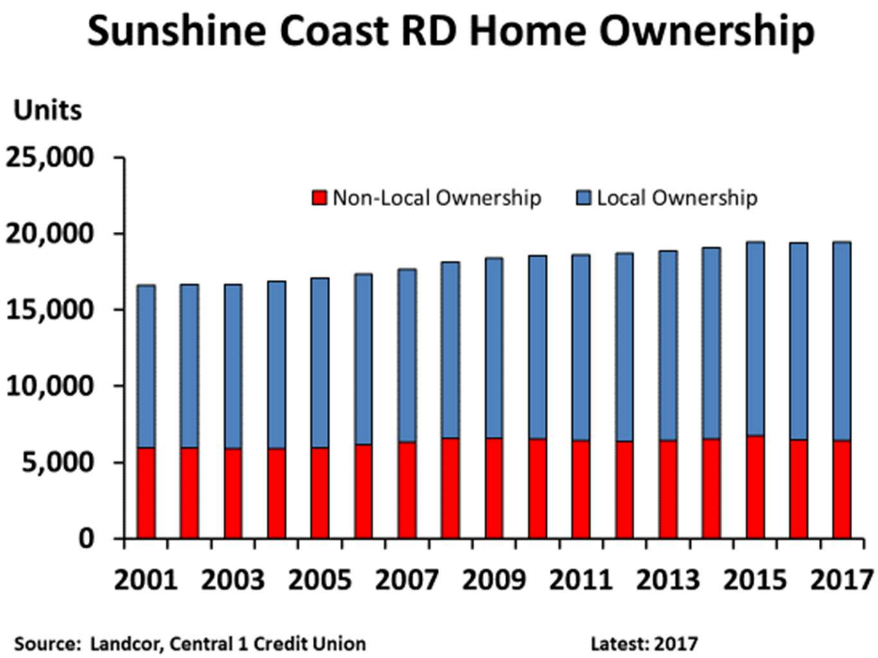
Like other markets, the current housing upcycle has peaked. The current cycle is being curtailed by tighter credit conditions, namely higher mortgage rates, and more stringent mortgage lending criteria for federally regulated financial institutions. Provincial government housing market policy has also added to uncertainty with hikes to the foreign buyer tax, proposed speculation tax, school tax hikes on high-valued properties, and other measures. Mortgage rates are normalizing and will rise at a measured pace over the forecast period.

Short-to-medium term home sales will reflect economic conditions, but longer-term sales volume will owe largely to population inflows and size, as well as the size of the housing stock. Using a three-year average as a metric, home sales in 2021 are expected to come in around 900 units, with a trend up toward 1,000 sales by 2026. This builds in slower sales over the coming years. The detached median home value is forecast at $590,000 in 2021, reflecting much the appreciation from the current economic cycle already priced in. Values continue to rise at a pace of about 2-3 per cent per year through the 2020s.

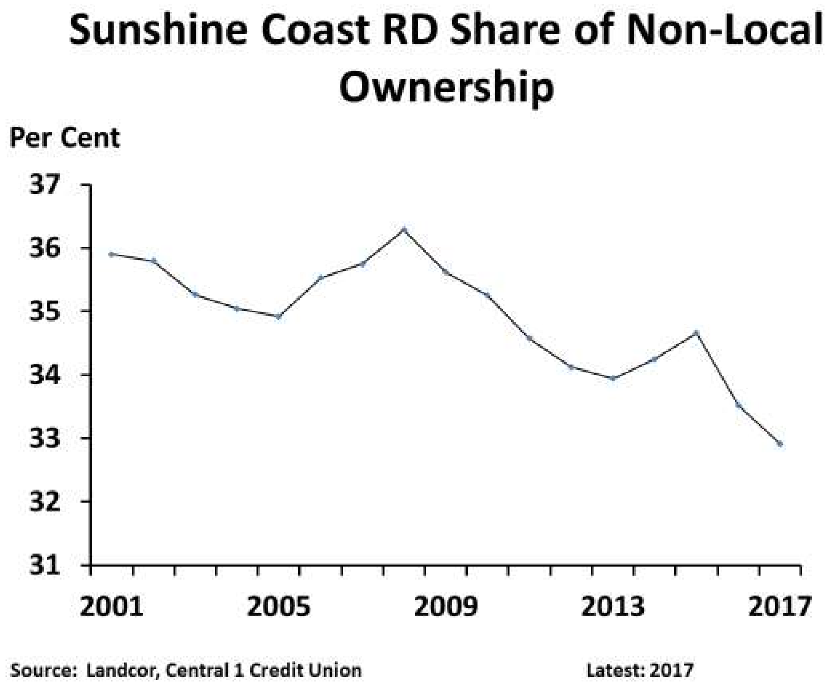
Role of non-local homeownership in the SCRD

Significant non-local ownership of residential real estate has long been a characteristic of the Sunshine Coast Regional District housing market. The region is attractive as a secondary and recreational housing market given proximity to Metro Vancouver. Examining only owned accommodations, and using mailing addresses as a proxy, it is estimated that about 33 per cent of these residences are owned by persons residing outside the region. The share of non-local owners peaked at about 36 per cent in 2009. A decline in trend has reflected a two per cent decline in the number of non-local owners since 2009. This suggests that the housing market has shifted to a higher share of locals. The overall owned housing stock has expanded by six per cent since 2009, all a result of local owner-occupiers. The region is attracting more permanent migrants to the area, while some owners, previously classified as non-local have moved to the area on a permanent basis post-retirement.

In 2017, the number of units associated with non-local owners was estimated to be 6,405 units or 33 per cent of the stock. Non-local owners are predominantly from Canada. The Lower Mainland region comprised 82 per cent of total ownership. Other parts of B.C. (6.8 per cent) and Alberta (3.9 per cent) were also significant sources of ownership. Among international markets, the U.S.A. was the primary source of non-local buyers at 3.7 per cent of the total stock.



Non-local ownership by Source		
	Units	**% Share of Total Combined**
Lower Mainland	5,272	82
Other BC	438	7
Alberta	250	4
Other Canada	133	2
Total	**6,093**	**95**
Europe	51	1
USA	235	4
Asia & Pacific	21	0
Others	5	0
Total	312	5
Total Non-Local	**6,405**	**100**



This data is not available for other areas of the province, but Census 2016 provides comparative data on the number of units that are "occupied by usual residents" relative to the stock of private dwellings. Those which are not occupied by usual residents include vacant unoccupied units, those occupied by foreign or temporary residents. Generally, a high ratio of "occupied" to private dwellings reflects a housing market driven by locals, with a low ratio reflecting recreation-oriented areas or commodity driven markets.

As of the 2016 Census, there were 13,995 units classified as being occupied by usual residents, relative to a total stock of 17,379 dwellings in the Sunshine Coast RD, representing a "occupied" to private dwelling ratio of 80.5 per cent in 2016, compared to a provincial ratio of 91.2 per cent. This was the sixth lowest among B.C.'s regional districts, above areas including in the Kootenay, Columbia-Shuswap and Squamish-Lillooet, all areas that typically attract part-time or recreational owners. In 2006, the ratio was slightly lower at 80 per cent. This seems to contradict Landcor information, which exhibited an opposite trend, in non-local ownership, but note this includes the rental market.