

The Future Business Environment of the Sunshine Coast 2011-2021

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**Report prepared by:
Central 1 Credit Union - Economics Department
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Summary

The Sunshine Coast's economic growth is influenced by external forces in an increasingly interconnected global economy since it is a small open economy and also to specific local factors. The region's economic structure evolves under these forces becoming more service oriented and less dependent on natural resources.

Non-employment sources of income account for more than 40% of total income, with pension income the largest source, reflecting the demographic makeup of the region. Another strong feature of the region is the large difference between employed by place of residence and employed by place of work suggesting a substantial mobile or commuter segment.

Detailed analysis of the region's economy reveals its resource-oriented industries are shrinking in relative and absolute terms while some service industries are growing. Despite this growth, most private service industries are at the low end of industry concentration ratios.

The private sector is generally populated by smaller enterprises with the majority of businesses in the SCRD having no employees and firms with employees are generally small. The strongest gains in net business formation during the decade were in the construction and professional/scientific/technical service industries.

Current economic indicators point to some improvement in the local economy. Unemployment is down. Business incorporations, residential and non-residential building permits, timber harvest, and room revenue data are up in 2010 compared to 2009.

The global economy is in the mid-cycle phase of an economic expansion, which is entering its third year following the 2008-09 recession. The cyclical expansion is becoming sustainable, notwithstanding the current minor slowdown, with higher job growth and rising incomes. There is considerable upside growth potential in the U.S. economy in the next ten years following further job and income growth along with improved household balance sheets to generate a release of pent-up demand for housing and consumer durables. A robust growth phase is foreseen within the next four to six years.

Domestic interest rates are moving higher at a moderate pace in 2011 and 2012 followed by rates

in the normal range until 2014. The Bank of Canada tightens rate to above normal levels during the cycle resurgence. Deposit rates and mortgage rates follow a similar path. The Canadian dollar is seen coming off its highs against the U.S. dollar mainly due to U.S. dollar appreciation.

B.C.'s economic growth is moderate through to 2014 followed by a pickup to about 3.5% annual growth between 2015 and 2018 after which it subsides to less than 3% per year. The U.S. business cycle plays a major role in B.C.'s growth profile while increasing trade to China helps keep up B.C.'s trend growth rate.

The SCRD's industry growth leaders in the next ten years are construction, real estate, retail trade, and professional/technical services. Below-average growth is forecast in logging, agriculture, aquaculture, health, education, and public administration. Moderate growth industries are transportation, high tech, finance/insurance, administrative/support/waste management, tourism, utilities, and the pulp-paper sector.

The SCRD's long-term economic outlook is mildly positive. The current slow growth period will be followed by more robust growth in tandem with the B.C. and U.S. economic cycles. The region's high unemployment rate is forecast to decline to below 4% in 2016 and remain low in the next five years.

Population growth in the SCRD was high and outpaced B.C. by a wide margin the 1970s, late 1980s and early 1990s, and post-2001. These high growth periods occurred during a robust economy and housing market and by a weaker economic environment during low growth periods. Migration will continue to be the main source of growth and will remain driven by demographics and the business and housing cycles.

Total population is projected to top 36,000 persons in 2021, up 20% from 2010. The SCRD's high quality of life and proximity to Metro Vancouver's aging population will lift net migration along with growth in professionals able to work remotely. The aged 65 plus group will account for 30% of the population or 11,000 persons in 2021, up from 20% and 5,800 persons in 2006.

The vast majority of residents in the Sunshine Coast are homeowners. There is a large share of external ownership suggesting a large contingent of recreation or second vacation homes. Current housing market conditions are on the weak side with moder-

ate sales activity in the midst of a plentiful supply of units on the market resulting in flat-to-down pricing.

The housing forecast sees a rising market by 2013 with a cyclical peak reached around 2016 followed by a mild market adjustment phase. By 2021, the median home price is projected to reach \$567,000, up from \$368,300 in 2010 for a 4% average annual growth rate

Report Objective

The purpose of this research is to determine the most likely economic and demographic conditions in the Sunshine Coast Regional District (SCRD) during the next ten years.

Report Outline

The report begins with a broad view of the region's economy followed by an industry analysis. Trends and developments in the SCR D's economy and industries are identified helping to shape the region's economic forecast. A macro-economic forecast is used to shape the business cycle and feed into the B.C., lower mainland, and SCR D forecasts.

Next, the region's population and demographics are examined and forecast. Overall population growth and migration forecasts are influenced by the economic forecast as well as non-economic factors such as the aging of the population and the quality of life motivation. Population projections by age-cohort are presented as well.

Housing market activity and trends since 1976 are presented along with an analysis of current conditions. The housing stock by local and non-local ownership reveals a prominent feature of the SCR D market. Housing forecasts of sales and prices through to 2021 are made.

Location and Features

The SCR D is part of the Lower Mainland-Southwest economic region (LM-SW) of British Columbia located on the eastern shore of the Strait of Georgia and to the northwest of Metro Vancouver. The SCR D is accessed by water and air only since no roads connect it with the rest of the province. From Vancouver, BC ferries is a 40 minute trip from Horseshoe Bay to Gibsons and at the northern end of the region, BC ferries travel from Earl's Cove to Saltery Bay.

The majority of the SCR D is sparsely populated and concentrated along the coast in Gibsons, Roberts Creek, Sechelt, Halfmoon Bay, Secret Cove, and Pender Harbour. The 2006 Census reported a total population of 27,759 persons in a land area of 3,778.08 km² for a density of 7.35 persons per km².

Data Sources

Data from the Census of Canada, Statistics Canada, B.C. Stats, Landcor Data Corp, the Real Estate Board of Greater Vancouver, and others were utilized. This provides the base of quantitative information to analyze the region's economic and labour market performance and prospects moving forward. A key challenge in regional economic analysis is the availability of data. Information published at the provincial and large metro area level is often not available for areas such as the SCR D or is compiled infrequently with significant time lags.

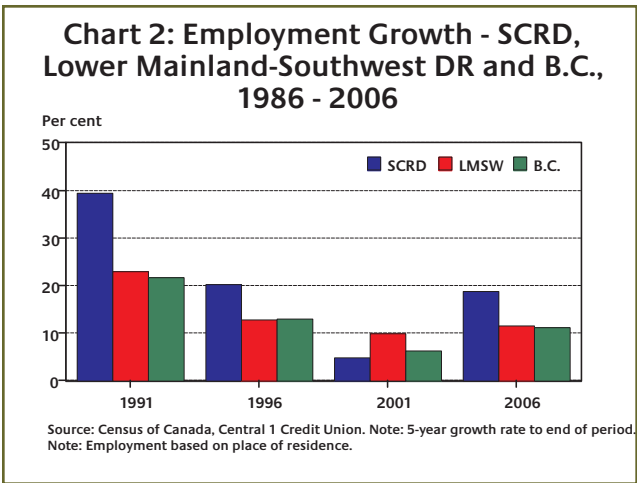
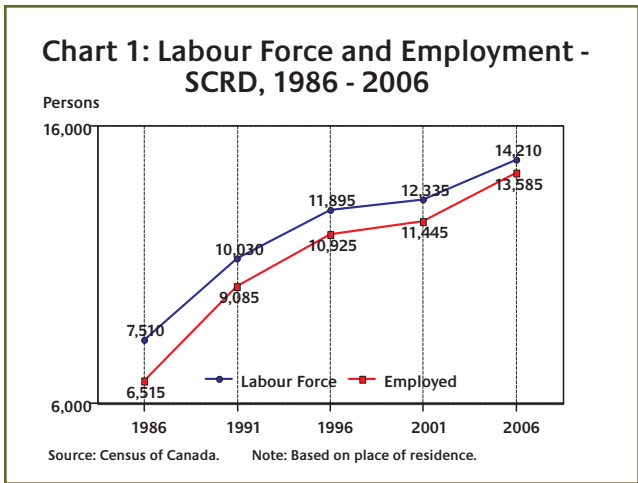
Regional Economy

The SCR D's regional economy is evolving along well-established trends in the context of its own natural resource endowment and geographic situation while mirroring some broader provincial, national, and global trends. The SCR D economy, though somewhat physically isolated, is integrated into the LM-SW region economy.

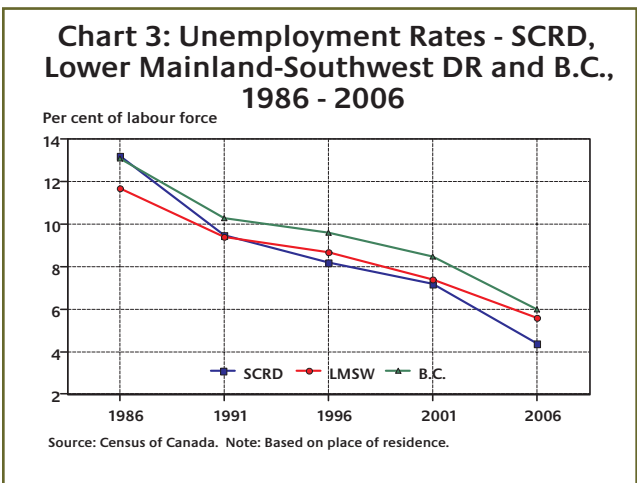
Changes in the SCR D economy over time are similar to those observed in many other regions with a similar makeup as well as changes at the provincial level. The region's economic makeup and trends are documented in the following sections which helps set the stage for the ten-year economic forecast.

Long-term Economic Performance

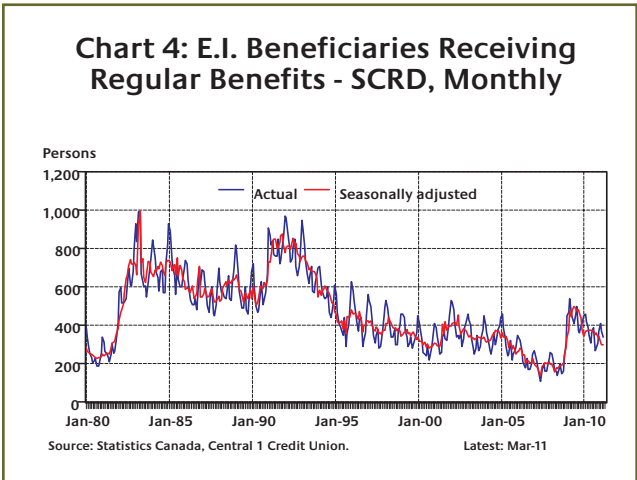
The SCR D's economic growth ebbs and flows with external trends and developments and also to specific local factors. Total employed in the SCR D based on census data more than doubled between 1986 and 2006 with a growth surge in the late 1980s to early 1990s followed by a relative lull in the late 1990s. The economy picked up once again in the first half of the new millennium only to stall in the latter half when the global financial crisis and economic recession emerged. Growth in employed persons residing in the SCR D outpaced the LM-SW region and B.C. since 1986 except during 1996 – 2001.



The SCRD's unemployment rate was consistently below the LM-SW and B.C. since 1991 according to Census data. An alternative, and more timely, measure of unemployment available since 1980 is the Employment Insurance (E.I.) beneficiaries count. Although claims may expire before employment is gained, E.I. figures provide a reliable indication of major swings in the labour market. Regional unemployment was high in the early 1980s following the 1981/82 global economic recession and declined in the late 1980s. Another global economic recession in the early 1990s caused a large increase in regional unemployment. The most recent unemployment increase prompted by the 2008/09 recession will be discussed in more detail later in the report.



A small open economy such as the SCRD is heavily influenced by external forces in an increasingly interconnected global economy. The region's economic structure evolves under these forces is becoming more service oriented and less dependent on natural resources. The region's economic makeup is examined next.



Economic Structure and Base

Technology and global industry forces are changing the economies of advanced or industrialized regions away from goods towards service-producing activities and the SCRD is part of that change. In the SCRD, the proportion of the labour force in goods-producing industries declined to 27.0% in 2006 from 35.3% in 1986 according to census data. Service-producing industries expanded their share to 73.0% in 2006 from 64.7% in 1986. The presence of the construction in the goods industry in the SCRD masks a stronger shift away from goods production.

Primary industries – agriculture, forestry and logging, fishing, hunting, mining, and others – have declined to a small share of the economy. In 1986, primary industries accounted for 15.3% of the labour force and shrank to 5.8% by 2006. This long term decline is evident in other jurisdictions as well.

Manufacturing, which is largely forest related, declined to 8.2% of the labour force in 2006 from

11.8% in 1986 and from a high of 14.6% in 1991. This decline is larger than in LM-SW manufacturing and reflects the SCRD's narrow manufacturing base and inability to expand into new activities.

The construction industry is highly cyclical and skews the results for the overall goods industries share. Construction activity was at a cycle high during the 2006 Census and at relative cycle lows in 2001 and 1986. Census data are only a snapshot in time and are influenced by cyclical and other factors.

The services sector expansion was led by business, personal, finance and real estate, health, education, and retail trade services with government and accommodation-food services lagging. Most service industries grew considerably between 1986 and 2006.

Another method to track changes in the economy is to examine sources of income. A convenient summary is provided from the study, British Columbia Local Area Economic Dependencies: 2006 produced for BC Stats. This study utilized census data from 1991 to 2006 along with other data to identify and quantify sources of income supporting local economies in B.C. The information for the Sunshine Coast shows a declining dependency on forestry and related manufacturing and on the fishing sector with little or no growth in tourism. A rising income share from the public sector, which includes health, education, public safety, and government administration, is present. The remaining industries also show growth but this is heavily influenced by the active construction sector around the 2006 Census. A small share of income from high tech and film production is reported in 2006.

The remaining sources of income come from government transfer payments and other non-employment income from various investment assets. In the SCRD, these two sources account for more than 40% of

Chart 5: Industry Composition of Labour Force - SCRD, 1986 - 2006

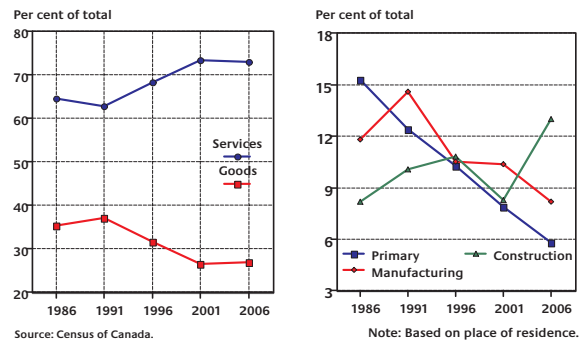
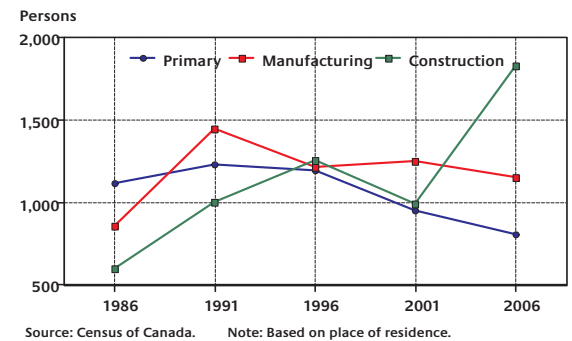


Chart 6: Employment in Selected Industries - SCRD, 1986 - 2006



total income, well above the LM-SW and BC averages. Pension income is the largest source in this category and reflects the demographic makeup of the SCRD.

The labour force, employment, and income data presented thus far are based on place of residence, which is appropriate for most analysis except when there is a substantial mobile or commuter element in the economy. Custom census tabulations were obtained from Statistic Canada quantifying the number of employed by place of work.

Table 1: Income Dependency Changes SCRD 1991 to 2006, (percent of total)

Year	Forestry	Mining	Fish & Tr	Ag & Food	Tourism	Public	Other	Transfers	ONEI
1991	20	2	4	1	4	14	15	11	30
1996	20	2	2	1	5	19	14	19	19
2001	19	1	2	1	5	21	11	20	19
2006	14	2	1	1	3	20	17	18	22

Source: British Columbia Local Area Economic Dependencies - 2006.

Notes: After-tax incomes. Forestry includes related manufacturing, Mining, oil & gas & related processing, Agriculture & food processing, Other is all other basic industries, ONEI is other non-employment income. Based on place of residence data.

Table 2: Employed by Place of Work Status, Sunshine Coast RD, 1991 - 2006

	1991	1996	2001	2006
Total employed labour force 15 and over	9,085	10,925	11,445	13,585
Usual place of work	7,625	7,870	7,870	9,070
In CSD of residence	3,555	3,400	3,420	3,490
In different CSD	4,070	4,465	4,450	5,575
In same CD	3,250	3,395	3,395	4,155
At home	1,115	1,270	1,680	2,040
Outside Canada	30	10	40	85
No fixed workplace address	315	1,770	1,855	2,400
In different CSD and CD*	820	1,070	1,055	1,420

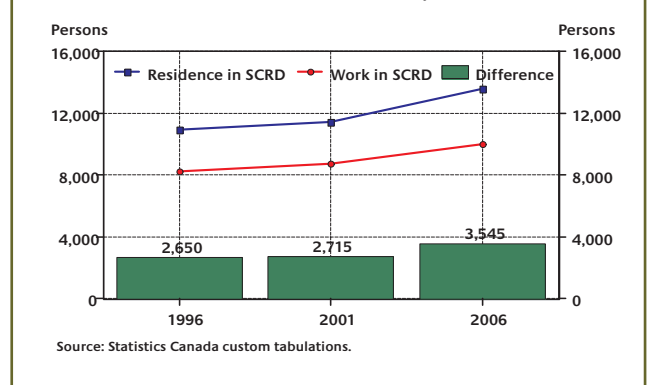
Source: Census of Canada. Notes: CSD - census sub-division, CD - census division.
 * a small portion in other provinces.

In the SCRD, there is a growing difference between employed by place of residence and employed by place of work since 1996. For example, in 1996 the number of employed persons living in the SCRD was 10,925 persons compared to 8,275 persons working in the SCRD for a difference of 2,650 persons. By 2006, there were 13,585 employed persons living in the SCRD and 10,040 persons working in the SCRD yielding a difference of 3,545 persons. This suggests a growing proportion of SCRD residents are commuting outside the region for employment purposes, generating a flow of external income for the local economy.

One caveat with the data is the large component of employed persons living in the SCRD with no fixed workplace address. In Census 2006, 2,400 persons living in the SCRD cited this as pertaining to their work situation. This proportion (17.7%) of total employed is higher than the LM-SW and B.C. proportions. 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.

Place of work data provides a clearer perspective on the makeup of the SCRD economy than place of residence data, with the exception of the caveat above. Of course, place of residence data in the midst of a substantial commuter element also skews the results. An examination of both data sets was undertaken and mostly yielded similar results in identifying the broad economic trends in the SCRD.

Chart 7: Employed by Place of Residence and Place of Work - SCRD, 1996 - 2006



The standard analysis technique of a local economy is the location quotient and shift-share methods. Location quotient is one of the most widely used measures of specialization and industrial concentration of a local economy.

The location quotient takes the relative size of any sector (usually by employment) and compares it with equivalent rate in a reference economy (usually the provincial level). This calculates how closely the local economy mirrors the structure of the provincial economy and in which sectors the local economy is more or less specialized. Typically, this is the primary tool used to identify where clusters may exist in the local economy and to identify the import and export sectors in the local economy, as a part of an economic base analysis.

Shift-share analysis assesses the performance of the sectors of a local economy—typically measured by employment growth—relative to a larger reference economy. This is a relatively simple and effective way to measure the competitiveness of both individual sectors and the local economy. Specifically, shift-share analysis calculates how much of the employment growth experienced by a local economy can be accounted for by the economy's mix of sectors, because different sectors grow at different rates; by the reference economy growth rate since there are similar forces at work; and by local factors since its economy may possess a competitive advantage in certain sectors. If a local area's employment in a sector is growing at a faster rate than the reference employment growth in that sector would suggest, the local economy is assumed to possess a competitive advantage in that sector.

The reference base most often chosen is the province but since the SCRD is more integrated with the LM-SW region than with B.C., it is chosen as the reference base in this study. Both reference base data sets were examined and the LM-SW yielded slightly better results than B.C.

Data from three census periods spanning 1996 to 2006 were compiled. One data complication is the shift to the NAICS industry classification in the 2001 Census from the SIC industry classification previously used distorting some industry comparisons, especially in some service industries.

A comparison of 1996 and 2001 Census place of work data suggests that growth in the reference economic region compensated for an unfavourable industry mix in the SCRD during the latter half of the 1990s. While the SCRD gained 455 employed persons during this period, broader regional growth suggested a gain of 736 persons for the SCRD. The area's larger proportion of construction, logging and forestry industries employment which underwent unfavourable conditions during the period was a negative factor. Local-area effects were largely neutral at the aggregate level, although the local environment for educational services was particularly weak, which is possibly due to public funding issues at the time as well as newly emerging growth in private education services in Vancouver. The strongest industry performers with the highest local growth effects were other services and health services. Business services were another outperformer from a low base. Overall, the local economy's performance during 1996 to 2001 was poor.

In contrast, local area and broader regional factors drove growth from 2001 to 2006. The SCRD's industry mix did not provide a significant contribution to growth. Total employment gained between census periods was 1,275 persons, with 774 jobs associated with general conditions in the regional economy and 460 jobs attributed to local-area effects or local competitive advantages.

The largest local-area effect was observed in industries related to construction, real estate and related services, and retail trade. Since the economy, migration, and housing markets observed a cyclical upturn during the period, the out-sized growth in those domestic industries affected the results. The SCRD attracted in-migrants, retirees and recreational buyers contributing to the significant increase in real estate

related, retail trade, and other services employment.

The SCRD economy's cyclical upturn in the mid-2000s also affected the industry specialization or concentration results with the construction, real estate, and retail trade industries at high location quotient values. The forest logging sector remains a source of specialization relative to the LM-SW though on a shrinking basis since 1996.

At the low end of industry concentrations are mostly private service industries such as transportation, wholesale trade, finance and insurance, information, communications, and cultural and business services. During 1996 to 2006, these industries remained at low location quotient values, though the information, communications, and cultural industry gained. Shift-share analysis also identified this industry growing from local comparative advantage factors.

Not surprisingly, this analysis of the SCRD economy reveals the same broad trends in the initial scan of labour force changes by industry since 1986 but with some additional insights. Its resource-oriented industries are shrinking in relative and absolute terms while some service industries are growing. The causes behind these trends and their future outlook are examined later in the report.

Private Businesses in the SCRD

While census statistics provide a more complete snapshot of the region's economic and employment structure, it is less timely. The Business Register from Statistics Canada maintains an up-to-date list of all active businesses in Canada that have a corporate income tax account¹. The Business Register provides more timely information on business-sector expansion in regional areas.

According to the Business Register, there were 2,801 businesses in the SCRD as of December 2010. The highest concentration of businesses (not necessarily employees), were in the construction, professional services, retail trade, and real estate/rental/leasing industries.

The SCRD's private sector is generally populated by smaller enterprises, with the majority of businesses in the SCRD – 1,598 or 57.1% - having no employees. This is higher than the proportions observed at the

¹ <http://www.statcan.gc.ca/cgi-bin/imdb/p2SV.pl?Function=getSurvey&SDDS=1105&lang=en&db=imdb&adm=8&dis=2>

regional (54.0) and provincial (52.5%) levels. 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.

Of firms with employees, SCRD businesses are generally smaller. Nearly 64% of these firms employ less than five employees and approximately 82% employ less than ten. In contrast, the corresponding estimates at the provincial level are 57% and 77%, respectively.

Net business formation has increased at a stronger pace in the SCRD than observed at the provincial level. While the business count methodology was modified slightly in 2008, the impact on trend was modest. From 2000 through 2010, the number of businesses in the SCRD grew by 30%, while the corresponding provincial figure was slightly below 28%. However, net growth was generally captured in the first half of the decade, despite incorporations peaking during the 2005 through 2007 period.

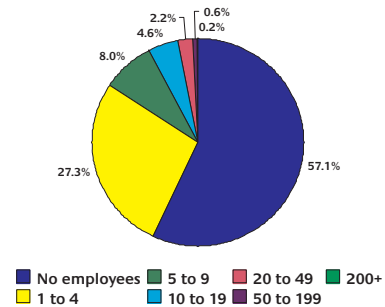
The strongest gains in net business formation during the decade were observed in the construction industry, which added 142 registered businesses (+35%), and professional/scientific/technical service industries, which saw a gain of 160 businesses over the period (+78%). This is largely consistent with employment trends observed between census periods of 2001 and 2006.

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.

Recent Labour Market Trends - Employment Insurance Claims

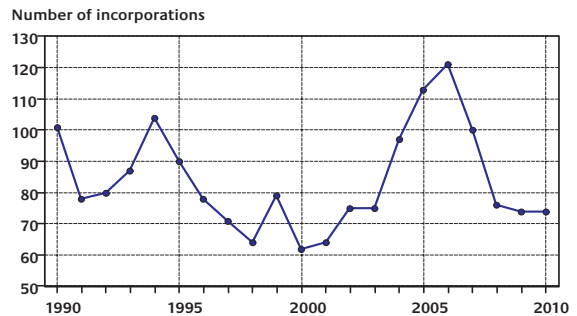
More recent data on employment in the SCRD than from the last census does not exist, however data on local unemployment is available from HRDC using Employment Insurance (E.I.) claims data. This data is not strictly comparable to the unemployment mea-

Chart 8: Number of Employees by Business - SCRD, 2010



Source: B.C. Stats Central 1 Credit Union

Chart 9: Business Incorporations - SCRD, 1990 - 2010



Source: B.C. Stats.

sure used in the census understating actual unemployment since some unemployed do not receive E.I. HRDC is unable to supply new claimants and expired claims data at the local level, which is helpful to understanding the movement in total claimants.

Despite this limitation, trends in the number of E.I. recipients are useful for revealing broad trends in unemployment. A strong positive correlation between E.I. recipients and the provincial unemployment rate is present and is likely also present for the SCRD labour market. Thus, insights can be extracted from local E.I. information.

During this economic recovery, SCRD's E.I. count dropped sharply in late 2009 and early 2010 suggesting a substantial improvement in the region's economy. This is a positive sign though the magnitude of the drop in late 2009 could be due more to the expiration of benefits rather than to more job opportunities. Comparing E.I. trends in the SCRD and to the LM-SW and B.C. reveals a close similarity until late-2009.

The limited number of other current economic indicators for the SCRД point to some improvement in the local economy. Business incorporations, residential and non-residential building permits, timber harvest, and room revenue data are up in 2010 compared to 2009. No doubt, more job opportunities became available and contributed to the decline in E.I. counts.

However, the SCRД's sharp decline was not matched in the LM-SW or B.C. leaving the claims expiration factor on the table. E.I. regular benefits extend for a period ranging from 14 to 45 weeks and after the sharp claims run-up in late 2008 expiration would set in by late 2009 and early 2010.

E.I. counts are generally declining from 2010 through to March 2011, similar to the LM-SW and B.C. Monthly labour market information for those larger areas indicates moderate improvement though their unemployment rates remain high. Unemployment in the SCRД is lower but also high particularly when unmeasured unemployment is considered.

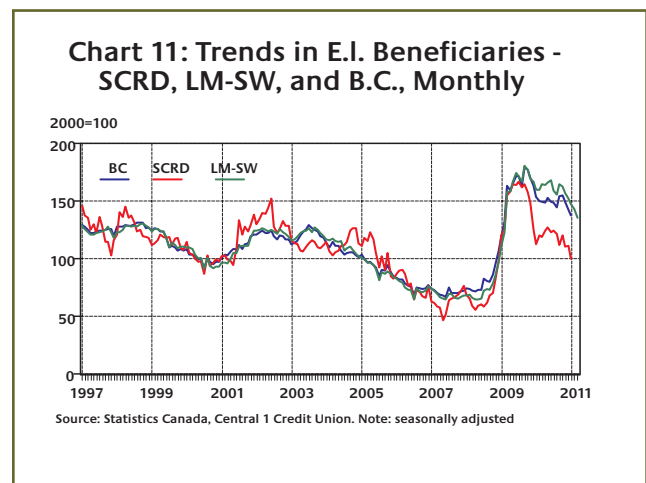
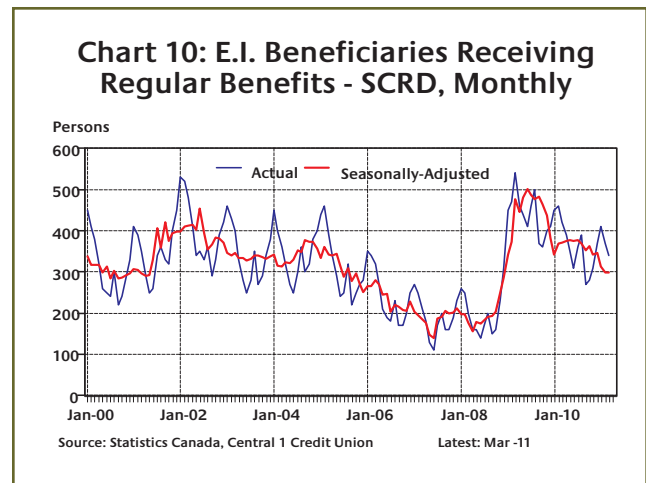
Economic Outlook

The economic outlook needs to be divided into two time frames – short-to-medium term and long-term and into two geographic segments with a global and regional scope and the local SCRД.

Notwithstanding the presence of the business cycle, economic forecasters have a difficult time predicting cycle turning points beyond a five-year horizon since recessions are often due to non-economic events such as geo-political events, policy missteps, or natural disasters. Within a five-year period it is possible to reasonably anticipate the cycle but not with a great deal of timing precision. Consequently, most long term forecasts are driven by demographic considerations influencing labour supply combined with assumptions about labour productivity. More sophisticated models use growth in the capital stock as well.

Macro-economic Setting

The global economy is in the mid-cycle phase of an economic expansion, which is entering its third year following the 2008-09 recession. The cyclical expansion is becoming sustainable, notwithstanding the current minor slowdown, with higher job growth and rising incomes. There are considerable headwinds which include high private debt levels, high public fis-



cal deficits and rapidly rising public debt, heightened concern over sovereign debt in Euro zone peripheral countries, high commodity prices, large current account imbalances, cost-push inflation in some countries, and still restrictive financial conditions and government spending in other countries. Policymakers have much to contend with but a muddle-through outcome is likely. Economic growth is the normal state of affairs with recessions occurring less than 20% of the time.

Key cyclical patterns are generally sustainable economic growth with higher inflation and an upward trend in interest rates. There is considerable upside growth potential in the U.S. economy since its consumer and housing sector plunged into a substantial recession and it is only a matter of time following further job and income growth along with improved household balance sheets and less excess housing inventory for conditions to generate a release of pent-up demand for housing and consumer durables. When, not if, this happens, U.S. economic growth will surge into the 4% plus area for two to four years with a likely start date after 2013 and before 2017.

Long-term trends are faster growth in emerging market countries than in developed countries, increased demand for commodities from emerging countries, and fiscal challenges in those countries with aging demographics, large entitlement programs, and slowing labour force growth.

The long-term economic forecasts in Table 3 are from a survey of forecasters by Consensus Economics. Forecasters see a growth pickup in the U.S. before it slows due to demographic considerations particularly in 2017-21. Canada's growth expectations are similar though without a growth rate pickup, which in this opinion is a shortcoming. These forecasts are presented as reference only. The B.C. economic forecast incorporates a stronger cyclical component in the U.S. forecast than the consensus.

Interest rates are moving higher in Canada though at a moderate pace in 2011 and 2012 followed by rates in the normal range until 2014. Thereafter, rates move above normal levels when economic growth is fastest and the Bank of Canada needs to tighten monetary conditions for about one to two years. Bond yields, deposit rates and mortgage rates follow a similar path. The Canadian dollar is seen coming off its highs against the U.S. dollar mainly due to U.S. dollar appreciation when its economy is growing more robustly and U.S. interest rates are rising.

B.C.'s long-term forecast incorporates a stronger cyclical pickup in the U.S. economy than the consensus view. U.S. economic growth approaches 4% in 2015 and remains elevated until 2018 but thereafter growth slips to less than 3% per year. Canada's growth profile is on similar cyclical path though less robust, partly due to the high currency hurting the trade sector.

The growth rate profile for B.C.'s economy is moderate through to 2014 followed by a pickup to about 3.5% annual growth between 2015 and 2018 after which it subsides to less than 3% per year. The U.S. business cycle plays a major role in B.C.'s growth profile while increasing trade to China helps keep up B.C.'s trend growth rate. A long term decline in the Canadian dollar also assists trend growth.

Population growth in B.C. subsides modestly in the next three years due to less interprovincial migration while Alberta's economy regains its growth lead over B.C. In the later years, interprovincial migration increases with the aging population and a larger inflow of retirees.

The housing market cycle rises to a peak in sales and housing construction during 2015 to 2017 following mostly moderate activity since 2010. Housing prices, though, rise to new highs by the end of 2021 and climb almost every year except during the anticipated cycle decline after 2017.

Table 3: Long-Term Economic Forecasts - GDP % change over previous year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017-21
U.S.	1.9	0.0	-2.6	2.9	2.9	3.3	3.3	3.4	3.0	2.7	2.5
Canada	2.2	0.5	-2.5	3.1	2.9	2.7	2.7	2.6	2.5	2.4	2.3
Japan	2.3	-1.2	-6.3	3.9	0.3	2.7	1.5	1.3	1.4	1.4	1.1
China	13.0	9.0	9.1	10.3	9.3	8.9	8.7	8.4	8.1	7.7	7.0
India	9.0	6.8	8.0	8.5	8.2	8.5	8.4	8.5	8.4	8.9	8.5
Euro zone	2.8	0.3	-4.0	1.7	1.7	1.7	1.7	1.8	1.7	1.6	1.4

Source: Consensus Economics. Note: 2017-21 is annual average.

Table 4: Interest Rate and Exchange Rate Long-Term Economic Forecasts

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017-21
3 Month T-Bill Rate (%)	4.15	2.39	0.35	0.50	1.13	2.35	3.20	3.95	4.85	4.70	4.40
10 Year Gov. Bond (%)	4.33	4.04	3.89	3.20	3.50	4.35	5.20	5.75	6.35	6.30	6.16
Exchange Rate (\$US)	0.930	0.938	0.876	0.971	1.031	1.020	1.000	0.980	0.971	0.966	0.952

Source: Statistics Canada, Central 1 Credit Union. Note: 2017-21 is annual average.

Table 5: B.C. Long-Term Economic Forecasts

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017-21
Real GDP - % chg.	3.0	0.2	-1.8	3.6	2.6	3.0	2.6	2.6	3.6	3.3	2.8
Nominal GDP - % chg.	5.4	2.9	-3.4	5.6	5.2	4.8	4.4	4.7	6.6	5.8	5.3
Employment - % chg.	3.5	2.0	-2.1	1.7	1.0	2.0	2.8	2.7	3.3	2.5	1.4
Unemployment Rate - %	4.3	4.6	7.7	7.6	7.8	7.5	6.7	5.8	4.5	3.7	4.2
Population - % chg.	1.6	1.7	1.7	1.6	1.6	1.4	1.4	1.5	1.6	1.6	1.7
Housing Starts (000s)	39.2	34.3	16.1	26.4	25.9	27.4	27.7	30.5	35.4	37.5	37.3
CPI - % chg.	1.8	2.1	0.0	1.3	2.5	1.6	1.8	2.2	2.5	2.5	2.2
Personal Income - % chg.	6.3	3.7	-0.1	3.4	3.5	3.7	4.0	4.8	6.1	6.5	5.5

Source: Statistics Canada, Central 1 Credit Union. Note: 2017-21 is annual average.

SCRD Industry Analysis and Economic Outlook

The region’s industries are examined for key trends and developments followed by the economic outlook for the SCRCD.

Industry Analysis

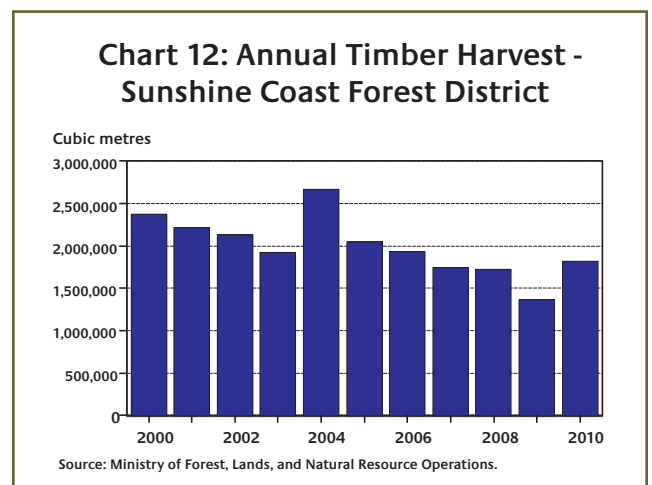
Forestry

The competitive edge of the SCRCD 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 a significant economic activity.

The Sunshine Coast Timber Supply Area (TSA) covers about 1,555,100 hectares on the southwest coast of British Columbia. About 224,000 hectares (14% of the total area) are considered available for timber production and harvesting under current management practices. It includes the Powell River RD and the Sunshine Coast RD.

The results of Forest Ministry timber supply analysis concluded the current Annual Allowable Cut (AAC) of 1,140,000 cubic metres per year can be maintained for 250 years. As well, the analysis shows that a harvest level of 1,233,000 cubic metres per year (8% higher than the current AAC) can also be maintained for 250 years (maximum even-flow). With either approach, a harvest level of 95,000 cubic metres per year can be maintained for 40 years in forests dominated by alder.

Over the course of the past decade, the absolute timber harvest level in the Sunshine Coast Forest District area has followed a general downward trend. 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, corresponding to the weak U.S. housing market and declining pulp production. Harvests plunged in 2009, reflecting the impacts of economic recession, but likely rebounded somewhat in the second half of the year.

According to the Ministry of Forest and Range, seven mills operated in the SCRCD in 2010 producing pulp and paper, wood chips, and log homes. Since the 2002 permanent closure of the Bayside Sawmills Ltd. in Port Mellon, the number of mills operating in the SCRCD has remained constant.

The Small Business Forest Enterprise Program is allocated about 14% of the total AAC. There are some woodlot operations and they have been allocated a small (1%) portion of the total AAC. A woodlot licence is an agreement entered into under the Forest Act allowing for small-scale forestry to be practiced in a described area (Crown and private) on a sustained yield basis.

Pulp and Paper

The pulp and paper sector provides significant regional employment in the SCRD. The Howe Sound pulp and Paper mill complex at Port Mellon is one of the largest employers in the region. The firm employs approximately 500 workers and has production capacity of 400,000 tonnes of northern bleached softwood pulp and 230,000 tonnes of mechanical paper. 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 Mas². The firm has embarked on an aggressive expansion strategy in Canada, purchasing idle mills in Mackenzie, B.C. as well as Prince Albert, Saskatchewan. The purchase by Paper Excellence will open up new sources of demand by manufacturers of high-quality paper in Asia. Anecdotal evidence suggests that employment at the mill has increased since the sale.

The Port Mellon mill produces high quality kraft pulp and mechanical paper. Kraft pulp is sold to customers around the world. Newsprint is designed to meet the stringent requirements of the Japanese presses. The mill is an industry leader in environmental protection and underwent a \$1.3 billion modernization and expansion project in the 1990s. More recently, it received \$6-million funding by the Government of Canada to improve its environmental performance under the Pulp and Paper Green Transformation Program for its Evaporator Capacity Increase Project. This project will allow the mill to improve its environmental performance by increasing its energy efficiency and production of renewable energy. The mill plans a series of upgrades to its evaporator to redirect more steam for the production of electricity and to reduce its reliance on natural gas and greenhouse gas emissions. The upgrades are also expected to produce an excess of 8,200 megawatt-hours of electrical power, which the mill plans to sell to BC Hydro.

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. On the demand side, China is the lead story with paper production up nearly 15% through to April 2011 over the same period last year. China's growing demand for pulp to satisfy its paper production

² <http://www.canada.com/vancouver/news/business/story.html?id=5bc38d97-1c27-45b7-806c-b58b86a942b3&k=83415>

needs is a big reason behind the record high NBSK price this April. Since pulp is traded in US dollars, that currency's depreciation also contributes to higher pulp prices in the past few years. Nonetheless, the pulp market's rebound from the last recession is due largely to market fundamentals.

Pulp, like most commodities, is a cyclical industry. While the demand from China and other markets should expand over time, particularly when the U.S. and European economies return to more normal activity levels, another recession for either industry specific reasons or a macro event such as in 2008 is likely in the next ten years. A pulp industry recession is the more likely outcome and would result from fast supply growth overtaking demand causing lower prices. Several large pulp mills in Latin America are expected to appear within the next ten years along with some additional new capacity in China.

Prices are likely to remain elevated in the short term before moderating later in the year as more supply comes on stream. The NBSK looks to decline into 2012 at least judging by the futures market which sees prices edging lower into 2013, presumably due to more supply coming on stream. Beyond 2013, it would be prudent to build in a complete price cycle which means another recession – at least for the pulp industry.

The implications for the Port Mellon pulp and paper mill and the SCRD economy are generally positive. While pulp prices and demand will go through another cycle in the next ten years, the important consideration is how will this mill fare? Is it an efficient operation able 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. Place of

residence (POR) and place of work (POW) data reveals a difference of about 300 employed persons for the entire primary sector.

As part of the primary industries, which declined in local specialization and competitive advantage between 1996 and 2006, fishing is the weak link while aquaculture expanded at least in the earlier part of that period.

Aquaculture, which includes establishments engaged in farm-raising finfish, shellfish or other aquatic animals or plants, is spread around coastal regions of the province. Based on employment survey results from 2003, finfish and shellfish aquaculture accounted for 1,730 person-years of employment. The 125 person-years of aquaculture employment estimated in the Sunshine Coast were split almost evenly between finfish and shellfish.³ Given industry growth, aquaculture employment likely grew as well. B.C. Stats estimated that provincial aquaculture employment rose to 2,100 jobs (note: not FTEs) in 2005⁴. However, growth in aquaculture employment was much lower than growth in related GDP, as the industry is not as labour-intensive as others.

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.

Fisheries and aquaculture is a relatively small industry in B.C., and accounted for only 0.6% of total GDP, or \$798 million in 2005.⁵ Of this amount, aquaculture generated \$274 million, while fish processing made up \$173 million. Commercial fishing comprised \$103 million.

While the aquaculture industry remains small, it has been a growth industry. According to B.C. Stats, indexed GDP in the sector has increased by a factor of nearly 100 from 1984 to 2005. Even with a salmon

³ <http://www.env.gov.bc.ca/omfd/fishstats/aqua/employ-03.html>

⁴ http://www.bcstats.gov.bc.ca/data/bus_stat/busind/fish/BC-Fisheries-Aquaculture-Sector-2007.pdf

⁵ http://www.bcstats.gov.bc.ca/data/bus_stat/busind/fish/BC-Fisheries-Aquaculture-Sector-2007.pdf

moratorium in place from 1995 to 2002, growth was still strong, and further accelerated once the moratorium was removed.

The outlook for this sector is affected by several factors including the market for seafood products, local costs of production and the high Canadian dollar, land use conflicts between aquaculture operators and other users of this resource, regulations governing aquaculture, First Nations considerations, and sport fishing issues. Declining salmon runs are an overarching concern. Ongoing research and innovation in aquaculture is required and to that end the Deep Bay Marine Field Station on Vancouver Island is nearing completion with the goal of supporting sustainable shellfish aquaculture development and preservation of coastal ecosystems.

The job growth outlook for the next ten years is generally weak to poor under current circumstances. 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.

Agriculture

Agriculture is a small industry in the SCRD with 96 farms on 867 ha., according to the 2006 Census of Agriculture. The average farm size is about 9 ha. or 20 acres. Gross farm receipts were \$2.6 million in 2006. There are no dominant crops or animal types produced. It is a small and diverse sector.

The SCRD specialization in agriculture is low and likely not expanding. Future expansion opportunities are tapping into the local food or 10 mile diet consumer movement and into the agri-tourism market.

Mining

Activity in this sector in the SCRD is highlighted by Construction Aggregate's open pit sand and gravel mine in Sechelt – the largest in North America. 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.

This sector is an area of specialization for the Sunshine Coast and a source of job growth. The geological potential of the SCRD is considerable and there is potential to develop new aggregate mines. Two proposed projects are listed on the Major Projects Inventory compiled quarterly for the B.C. government.

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 production capacity of 1 to 1.6 million tonnes/year. A marine loading facility, maintenance building, small craft dock and electrical substation will be included in the project. It is slated to start construction in Nov. 2011 at a cost of \$60 million and finish Sept. 2012. However, this project is in the pre-application stage at the Environmental Assessment Office and its commencement dates are not certain.

A controversial project is the Sechelt Carbonate Mine Project by Pan Pacific Aggregates Ltd. who proposes development of a large carbonate rock mine with a production capacity of up to 6 million tonnes/year. This project has been on the books for several years and faces considerable local opposition for its large mining footprint and its delivery method of the product to the coast.

Other projects are possible but all hinge on meeting environmental regulations, overcoming local opposition, and favourable market conditions. Since most, if not all, of the new supply would be exported to the U.S., the demand for construction aggregates depends on the state of that economy and its construction activity. The level of residential and non-residential construction spending in the U.S. Pacific States is low and not expected to post a significant gain until after 2012. A sustained cycle upswing is not likely until after 2015 when non-residential construction kicks into a higher gear. Residential construction will increase first but since there is a large wood component to that type of construction, the demand for aggregates is larger from non-residential and engineering construction activity.

The ten year forecast sees no mining job growth in the next couple of years but some new job growth when the U.S. economy is on a sufficiently strong cyclical upswing after 2014. More robust construction activity in B.C. is helpful but a healthier U.S. market is what is required to bring on new supply of construction aggregates.

Tourism

Tourism is not a specific industry classification but rather a combination of several industries such as accommodation, food, transportation, retail, arts, culture, and recreation. The Local Area Economic Dependency study identified tourism generating about 3% of the income in the Sunshine Coast, down from 4 to 5% in previous Censuses. An estimated 600 to 800 persons were employed in tourism in the SCRD using place of work data. Other than retail trade, the main industries in tourism did not record local growth between 2001 and 2006 with accommodation and food coming in the most negative. The majority of workers in retail serve the domestic market.

This negative trend likely changed since the 2006 Census. Room revenues, which include lodgings such as hotels, motels, vacation rentals and fishing lodges, rose at a faster pace in the second half of the first decade in the SCRD. While large seasonally-adjusted quarterly declines were observed in the first quarters of 2009 and 2010, annual year-over-year revenues growth has been positive growing 10% in 2010 following 11% the previous year. Revenues in the region have grown at faster pace than the province as a whole over the last decade. Tourists to the SCRD come largely from the Lower Mainland and the rest of BC.

The stock of available rooms in the SCRD has increased since declining to near 400 in 2006/07. At the beginning of the last decade, the stock was closer to 500 units. Declines reflected a drop in hotel rooms in 2002 and a subsequent decline in motel rooms in 2004. Recent gains in room counts were led by the miscellaneous component, which include guest ranches, bed and breakfasts and houseboats. It should be noted that there are significant limitations in this data, in particular, properties with three or fewer rooms, such as smaller bed and breakfast operations are not captured. An internet search yielded more than 60 bed and breakfast establishments in the region.

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.

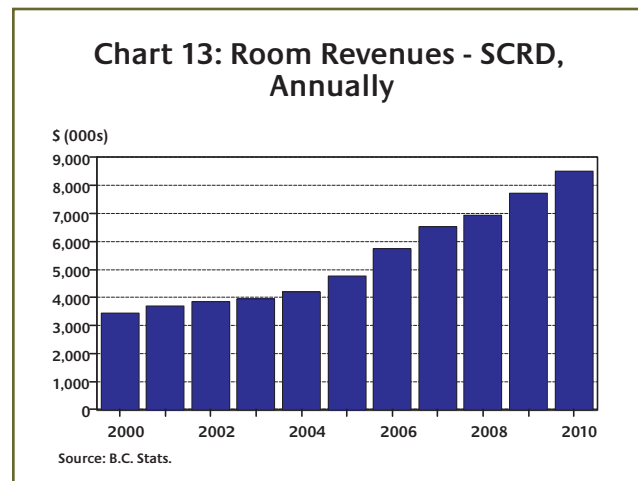
Key factors affecting the tourism outlook are access, costs of transportation and accommodation,

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.

Major proposed projects include the Jervis Inlet Resort and Spa and the Seaside Park Resort. The Jervis Inlet project is a \$220 million luxury ocean front resort, spa, villas, and marina development on 136 acres and a 44 acre waterfront lease located at Foley Point at the entrance of the Princes Louisa Sound. Its proposed 2011 start date is likely delayed and needs the market to improve. Development permits are in place.

The Seaside Park Resort by Columbia National Investments is a very preliminary proposal for up to 3 marinas, 1,000 units on a 125 ha parcel near Port Mellon. A more robust market for vacation property is necessary to commence the project into the development permit and assessment stage. Timing is after 2015 and possibly 2020.

Tourism in the SCRD is likely to remain on a modest long-term growth path pulled along by broader regional growth. Should a significant facility or venue open in the next ten years, it would boost local



growth above the long term trend. Job growth about 1 to 2% per year is expected.

Construction

The economic and real estate cycles are the dominant force in determining construction activity. The cycle upswing post-2001 until 2008 is evident in residential building permits. A cycle low was reached in 2009 and a moderate upswing is underway since.

Non-residential building activity also surged during the economic upswing and has shown a moderate revival since 2008. Private sector investment in commercial real estate usually lags the recovery in residential building and the general economy. The 2010 commercial permits were mostly issued in Electoral Area F, which includes Gambier and Keats Islands.

The cycle high in 2006 compared to the cycle low in 2001 results in a high job growth rate and a high industry concentration measure of 1.907 in 2006. Averaging these two data points could reveal the longer term trend value however these cycles exist and will continue.

Not surprisingly, construction has a high percentage of employed at no fixed workplace address which was about two-thirds of total in the last two censuses. It is not known how many of these construction workers were at SCRD job sites but it is likely more than one-half. Using place of residence data instead, a similar high industry concentration and job growth result prevailed between 2001 and 2006.

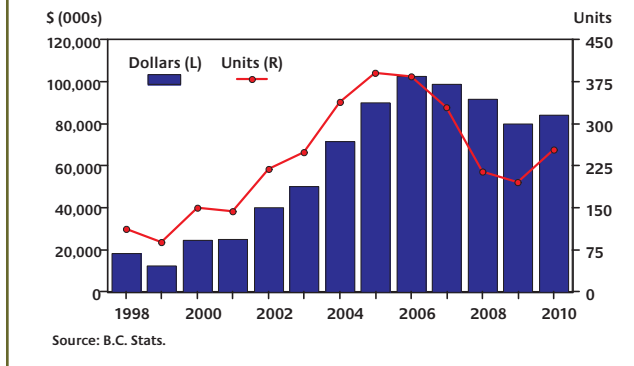
The Business Register records 544 business locations in the SCRD with 360 having no employees as of Dec. 2010. The remaining are almost all small businesses with less than 20 employees.

Table 6: Room Revenue

	Revenues (\$000s)	Change	# of Rooms
2000	3,461	**	510
2001	3,699	6.9%	496
2002	3,858	4.3%	464
2003	3,951	2.4%	476
2004	4,199	6.3%	414
2005	4,773	13.7%	447
2006	5,743	20.3%	406
2007	6,543	13.9%	390
2008	6,948	6.2%	441
2009	7,732	11.3%	466
2010	8,522	10.2%	462

Source: BC Stats, Central 1 Credit Union

Chart 14: Residential Building Permits - SCRD, Annually



The employment outlook incorporates the cycle but its timing of a cycle is always imprecise. The long-term trend forecast is growth in the 4 to 8% per year range.

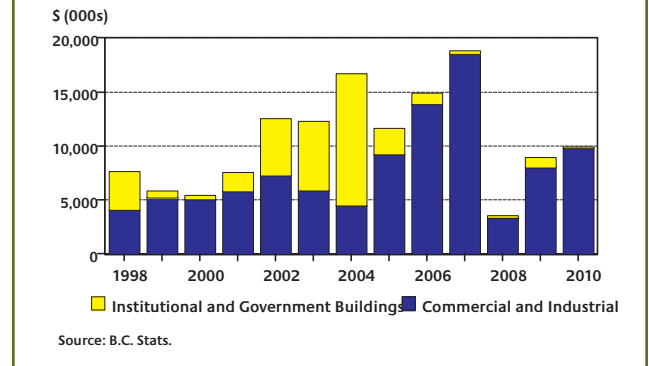
Real Estate, Rental, and Leasing

Real estate dominates this industry group and at the time of the 2006 Census, the real estate cycle was at a high point, which greatly influences the data. For example, the location quotient in 2006 was 1.40 while in 2001 it was 0.79 when the cycle was at a low point. Total employment growth was 205 persons or 121% between 2001 and 2006 Censuses, with local conditions contributing 171 jobs. There was a small jobs decline between 1996 and 2001. Averaging these two data points could reveal the longer term trend value but nonetheless, the real estate cycle is a fact of economic life and will influence future employment.

This sector is driven by population and household growth, the economic cycle, and the demand for secondary homes. A prominent feature of the SCRD real estate market is the large proportion of owners residing outside the SCRD. According to data from Landcor Data Corp. using the BC Assessment roll, more than 50% of the owned properties were held by non-SCRD residents.

The real estate activity is currently at the lower part of the cycle but up from the recession bottom. The outlook is for the cycle to rise and peak sometime in the next five years and decline to a higher cycle low. The long-term trend will be rising with anticipated population and income growth and the aging demographic shift favouring greater demand for secondary vacation homes.

Chart 15: Non-Residential Permits by Type - SCRD, Annually



Major potential residential developments are limited but the Sechelt Plateau Residential Community by Columbia National Investments Ltd. appears on the Major Project Inventory. It proposes a residential development on an 879 ha parcel near Sechelt on Dakota Ridge including a 36-hole golf course, parkland, community centre, commercial and retail components. This ambitious plan awaits a more robust market and various approvals.

The long term employment forecast for this sector is about 3 to 5% per year and with a large cyclical swing, whose timing is uncertain but certainly will occur.

Finance and Insurance

Modest growth occurred in this industry during the past decade resulting in a low industry concentration in the SCRD but with some local growth. Of the 370 employed persons residing in the SCRD at the 2006 Census, 295 persons worked in the SCRD, implying a 20% commuter component. This industry serves the domestic market and is driven by population, housing, and business growth along with product and technological changes in the financial services.

The Business Register as of Dec. 2010 captured 70 locations with no employees, 20 with less than 20 employees, 2 with 20 to 49 employees, and 1 with 50 to 199 employees.

The outlook for overall job growth in this sector is 1 to 2% per year driven by local population and business growth as well any new innovations, product offerings, or productivity enhancements.

Professional, Scientific, and Technical Services

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.

Substantial employment growth in this sector since 1996 has occurred in the SCRD. Nonetheless, its degree of specialization is well below the LM-SW at 0.76 and 0.67 location quotients on a place of residence and place of work basis, respectively. The proportion of employed residing but potentially not working in the SCRD was 32% in the 2006 Census, up from 27% in the prior Census. Local conditions contributed 48 of the 140 jobs gained between the 2001 and 2006 Censuses on a place of work basis.

The Business Register as of Dec. 2010 recorded 230 business locations (unique physical production units) in the SCRD with no employees, another 133 locations having less than 20 employees each and 1 location with 20 to 49 employees.

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.

Employment growth will be a function of population and business growth locally as well in the LM-SW region. Ongoing out-sourcing among businesses will boost this sector's growth. Long-term job growth is projected at 3 to 6% per year.

Administrative, Support, and Waste Management Services

This sector comprises various administration activities, security, cleaning buildings, and other services to a variety of businesses and, in some cases, to households. Waste management services involve the collection, treatment, and disposal of waste material, the operation of material recovery facilities, and the remediation of polluted sites.

Local specialization in this industry is moderately less than in the LM-SW region but local job growth

was substantial accounting for 88 of the total 125 jobs added between the 2001 and 2006 Censuses. The place of residence and place of work difference is large with an estimated 51% potentially working outside the SCRD. However, some of these activities involve workers with no fixed workplace address such as building cleaners and security personnel.

According to the Business Register Dec. 2010, the number of business locations in the SCRD with no employees totaled 75 with another 55 locations having less than 20 employees each and 2 locations with 20 to 49 employees.

The employment outlook is driven by business and population growth and is pegged at 2 to 4% per year in the ten year forecast.

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.

A low degree of specialization in the industry exists locally with little change in total employment during the past ten years. About one-half of the employed do not have a fixed address for their place of work and the main form of employment is in water transportation. 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.

According to the Major Projects Inventory construction has commenced on the airport that includes terminal upgrades, extending the runway to 1,200 m, 12 new hangars and a light industrial area at a cost of \$15 million slated to finish in 2011. This will improve access to the area and facilitate economic growth.

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 some cyclical movement along the way. Higher carbon taxes are a

possibility as well. Higher energy prices will restrain some demand growth and prompt businesses to seek operating efficiencies.

In addition to the airport expansion, the SCRD would benefit from additional marina and harbour redevelopment and expansion to support and enhance its tourism and sport fishing sectors. Should another large aggregate mine site emerge, its shipping needs would spur some development.

The warehousing sector is small in the SCRD with many goods shipped in from Metro Vancouver and then distributed to retailers.

Some components of transportation are tied to local population growth, e.g. transit, while business growth is another factor. The long term employment trend was slightly positive since 1996 and the ten-year projection is for a modest trend increase aided by population growth, the airport expansion, and a probability of additional water-based facilities appearing.

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. The Business Register recorded 266 retail business locations with 86 having no employees as of Dec. 2010.

A high concentration of this industry exists in the SCRD with a location quotient of 1.27 relative to the LM-SW and job growth due to local conditions of 154 out of 250 persons by place of work between the 2001 and 2006 Censuses. The difference between place of residence and place of work employed is small at 8.5% in 2006 suggesting it serves the domestic market almost exclusively. Its job growth performance between 1996 and 2001 was less robust.

There are a couple of reasons for high concentration of retail activities in the SCRD economy. Tourists demand some retail services during visits and probably a larger influence is the substantial presence of vacation or secondary homeowners who have

permanent residence elsewhere, typically in Metro Vancouver. Their influx into the SCRD causes retail activity to be higher than what could be supported by the local population.

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 6% per year.

Wholesale Trade

Wholesalers primarily sell merchandise to retailers, and business and institutional clients and this is a small sector in the SCRD. The degree of concentration is one of the lowest of any industry at 0.25 in 2006 by place of work and reflects the dominance of the LM-SW whose wholesalers can serve the SCRD through same-day shipping. The difference between place of residence and place of work employed was 42% in 2006. The Business Register has 74 business locations for this sector with 34 having no employees, 39 with less than 20, and 1 with 20 to 49 employees.

Employment growth is minimal in the past several years and there is nothing on the horizon to suggest a material change. At some point due to higher transportation costs and a local population sufficiently large a larger wholesaling presence will emerge.

Utilities

In employment terms, the utilities sector in the SCRD is very small and encompasses electric, gas, water, sewer systems and treatment facilities. By place of residence, there were 125 persons employed in the 2006 Census while only 35 persons mentioned the SCRD as their place of work. Population growth is usually its main driver.

A number of small energy projects are on the Major Project Inventory list: Box Canyon Hydroelectric Project, the NI Hydro Holding Corp. project 30 km north of Sechelt, Phantom Lake Hydropower Project, Jervis Inlet Hydro Project, and the Stlixwim Renewable Energy Initiative.

These projects are in the early stages and none are close to receiving the necessary go-ahead from BC Hydro or the Environmental Assessment Office. BC Hydro's Clean Energy Call of 2008 issued approvals to a couple of those projects. It is not clear when

and if these projects will proceed due to substantial environmental and community concerns.

A water treatment plant is proposed for the Sechelt area and the site has received approval from the Agricultural Land Commission. Its construction schedule or cost is not known. The construction job impact will be larger than the operating job impact.

Utility facilities are capital intensive with a low labour content. The long term employment forecast tracks population growth with some uplift from some of the proposed projects.

Health and Social Services

This industry's employment growth stagnated between 2001 and 2006 following a significant expansion in the previous five-year period. The degree of specialization for this sector is usually around one since it follows population growth. Local conditions subtracted from total job growth, whether measured by place of residence or place of work data.

A significant expansion at St. Mary's Hospital is underway which includes renovations to the existing facility, expanding ambulatory and emergency care, special care, and acute care. Phase 1 expansion is expected to complete in Spring 2012, with phase 2 renovations to complete in Dec 2012. The project cost is \$44 million. When complete, it will increase acute care beds to 63 from 41.

Employment will see a one-time increase as a result of the hospital expansion and a longer term growth trend of 1 to 2% per year. 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 health and social services generally follows population growth as well as the aging population shift. The demand for private health services is increasing and will increase from relatively affluent baby-boom retirees.

Education Services

Similar to health, the SCRD's specialization in the education industry is close to one but unlike health saw a large increase due to local growth between 2001 and 2006 at 120 persons out of a total 190. In the previous five year period the situation was reversed with a job loss of 148 persons due to local factors.

Longer term data from 1986 on the sector's labour force residing in the SCRD reveals large swings between every census since. The school-age population peaked in the late 1990s and is on a declining trend. This trend will remain in place until after 2020, though the elementary age school population will be increasing while the high school population is declining.

A growing demand for retraining due to job or career turnover, technological change, and lifelong learning points to more post-secondary education – both private and public. The SCRD's smaller population base could limit the establishment of new facilities and demand could be satisfied in Metro Vancouver facilities.

Employment growth is flat to negative through to 2015 and expected to grow somewhat thereafter.

Public Administration

Little to no employment growth in the government sector in the past decade is largely due to provincial government downsizing. Local government employment likely increased, though specific data are not available. The concentration of government employment in the SCRD is in less than one which is fairly typical for similar areas. About 20% of public administration workers live in the SCRD but work elsewhere or have no fixed workplace.

The outlook is mixed depending on the level of government. Local government employment will increase roughly with the rate of population growth while provincial and federal employment is dependent on budgetary and policy decisions. The current fiscal situation in the federal and provincial government suggests job reductions lie ahead, especially at the federal level. However since the number of federal government jobs in the SCRD are limited, cutbacks will be few if any. Long term job growth is roughly pegged to the rate of population growth.

High Technology

The sector is an amalgam of several industries often categorized into manufacturing and services. In the SCRD, high tech is services-based in areas such as computer services, telecommunications, internet, software development, consulting, and the like. No employment estimates of high tech are made in the report due to lack of detailed industry data but it

is probably on the order of 250 persons. High tech emerged as a significant force in the past 20 years driven by technological change. No doubt future employment growth will depend on further technological change but less in the next ten years than in the prior ten years.

Economic Outlook – Sunshine Coast RD

The SCRD's long-term economic outlook is mildly positive. Its slow recovery from the 2008-09 recession will linger another year or two followed by a more robust growth period. In the five year period ending 2016, employment growth is forecast at roughly 18% with most of this growth in the later years. This robust growth phase extends into the next five-year period but subsides as 2021 approaches. The region's high unemployment rate is forecast to decline to below 4% in 2016 and remain low in the next five years. Labour scarcity will become a greater issue with the aging population.

The timing of the expected growth resurgence is subject to some uncertainty and may occur later than assumed in this forecast but the resurgence is not uncertain. When the U.S. economy enters its robust growth phase, it is a rising tide that lifts all economies as when it falls into recession dragging down nearby and interconnected economies. Local factors are also at play during the next ten years.

Industries with above-average forecast growth in the SCRD are construction, real estate, professional/technical services, and retail trade. Industries with below-average forecast growth are logging, agriculture, aquaculture, health, education, and public administration. Moderate growth industries are transportation, high tech, finance/insurance, administrative/support/waste management, tourism, utilities, and the pulp-paper sector.

Population and Demographics

This section presents local population and demographic information and forecasts.

Population

Population growth in the SCRD was high and out-paced B.C. by a wide margin the 1970s, late 1980s and early 1990s, and post 2001. These high growth periods occurred during a robust economy and housing market and by a weaker economic environment during low growth periods, further highlighting the interconnectedness of the SCRD with broader economic forces.

The most recent census counts available are those compiled in 2006. At that time, the population observed in the Sunshine Coast Regional District numbered 27,759 individuals, which was 8.4% higher than that observed in 2001. Intra-period growth in the regional district outpaced benchmark provincial growth which increased 5.3% over the same period.

Within the regional district, growth was strongest in Electoral Area A (Egmont/Pender Harbour) which observed a 10.5% gain in the population level, while Electoral Area F (West Howe Sound) was 13.4% higher. Population growth in the Town of Gibsons was 7.1% while Sechelt DM recorded a higher 8.7% growth over the same time horizon.

Post Census Estimates

Post-2006 Census population estimates are compiled by both Statistics Canada and B.C. Stats. While the methods vary, annual growth rates between the two are consistent. Both data sources are used in this report, but due to more granular estimates at the

Table 7: Long-Term Economic Forecast - Sunshine Coast Regional District

	1986	1991	1996	2001	2006	2011	2016	2021
Labour Force	7,510	10,030	11,895	12,335	14,210	15,570	17,715	19,625
% change	n.a.	33.6	18.6	3.7	15.2	9.6	13.8	10.8
Employment ¹	6,515	9,085	10,925	11,445	13,585	14,495	17,095	18,800
% change	n.a.	39.4	20.2	4.8	18.7	6.7	17.9	10.0
Unemployment Rate (%)	13.2	9.5	8.2	7.2	4.4	6.9	3.5	4.2

Source: Statistics Canada, Central 1 Credit Union. Forecast commences 2011. 1. Place of residence.

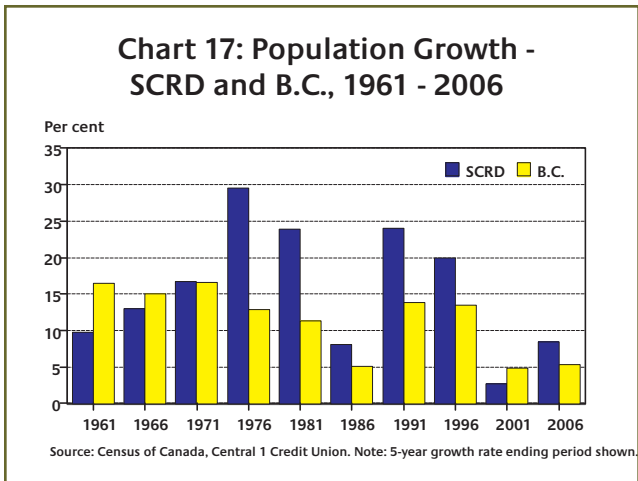
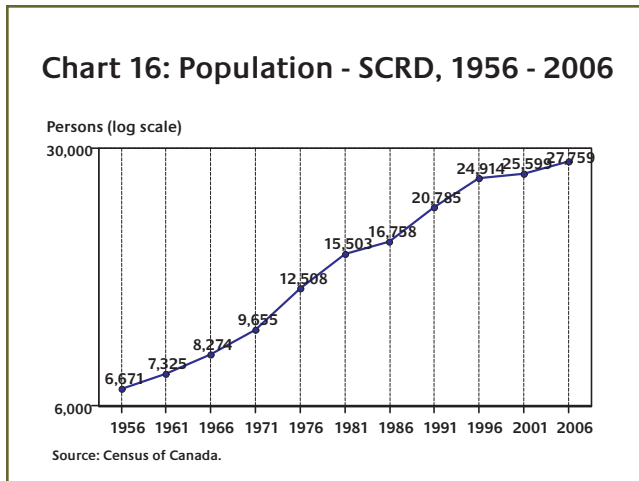


Table 8: Sunshine Coast Population Estimates

Year	Total	Town of Gibsons	Sechelt DM	Sechelt I.G.D.	Unincorporated Areas
2000	25,924	**	**	**	**
2001	25,920	**	**	**	**
2002	26,109	**	**	**	**
2003	26,400	**	**	**	**
2004	26,593	**	**	**	**
2005	27,341	**	**	**	**
2006	27,959	4,212	8,501	827	14,419
2007	28,592	4,336	8,767	814	14,675
2008	29,201	4,361	9,016	815	15,009
2009	29,589	4,453	9,176	832	15,128
2010	29,984	4,416	9,496	828	15,244

Source: B.C. Stats, Central 1 Credit Union

sub-regional district level, B.C. Stats estimates are generally referenced.

According to the BC Stats Generalized Estimation System (GES) model⁶, estimated population growth in the SCRD was moderately stronger than that observed at the provincial level. As of July 1, 2010, SCRD's population was estimated to reach 29,984 individuals, representing a 7.2% increase from 2006. Estimated growth at the provincial level was 6.8% over the same period. Annual growth was strongest from 2005 through 2008, and hovered in a range of 2.1% to 2.8%.

⁶ The Generalized Estimation System (GES) estimates sub-provincial population estimates using administrative data sources. These include residential electrical connections as at July 1 and health care registrants as of July 1. <http://www.bcstats.gov.bc.ca/pubs/bcbi/bcbi0911.pdf>

In the post-recession period, estimated population growth slowed to 1.3% in 2009 and 2010, suggesting that external economic conditions can negatively impact net-inflows of migrants to the region. Slow population growth was also observed early in the millennium during the previous period of weak economic growth.

Regional population growth during the period was driven by a significant increase in the District Municipality of Sechelt, which rose by 11.7% from 2006. Growth in the Town of Gibsons was more modest at 4.8% while the gain in the combined unincorporated area was estimated at 5.7%.

Recent growth trends have had a modest impact on the geographic distribution of the region's population. The Sechelt DM inched closer to 32% of the

region's population in 2010, up from closer to 30% circa 1997 to 2005. The Town of Gibsons hovered at 14.7% in 2010, down slightly from the previous year, while unincorporated areas represented just below 51% of total regional population.

Demographic Profile

The population base in the SCRD region is significantly older than most other regions in the province and in fact the country as a whole with slightly larger share of women than men in the population. In 2010, the Sunshine Coast ranked among the top ten oldest census divisions in Canada. The estimated median age in the region reached 50.4, which compared to a median of 40.8 at the provincial level. Among B.C. census divisions, only the Okanagan-Similkameen region recorded a higher estimated median age at 51.1.

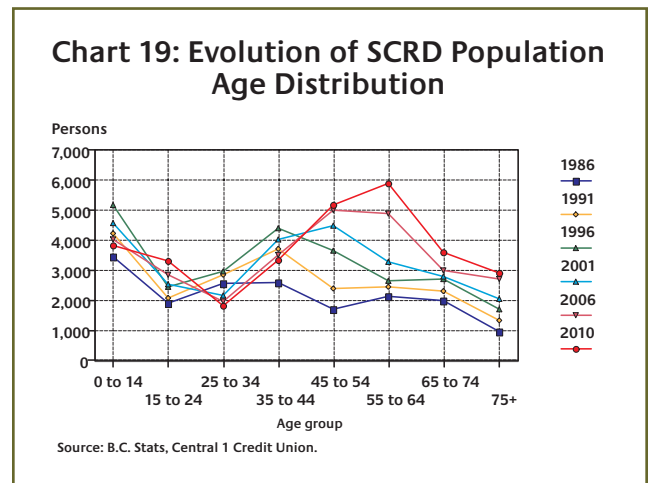
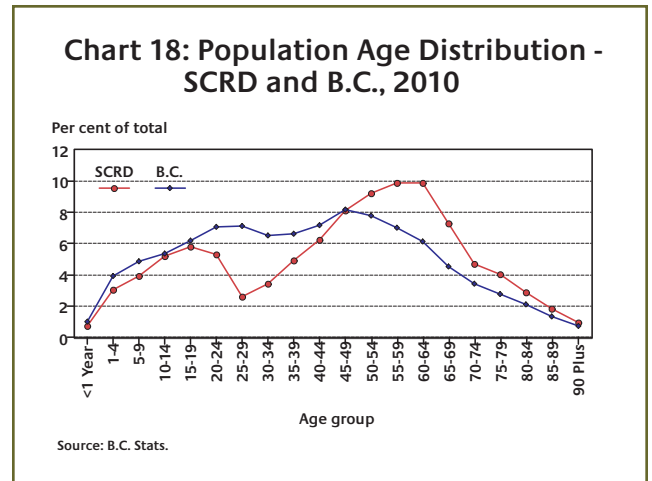
Population distribution estimates compiled from B.C. Stats provides a more complete picture of the region's age profile. The SCRD population is largely skewed to an older age cohort, with the 55 to 64 age group making up nearly 20% of the regional population. The corresponding figure at the provincial level is 13%.

The evolution of the region's age profile since the mid-1980s has shown declining individuals in the 15 to 34 age cohort, both as a proportion of the total population and in absolute terms. This reflects the natural aging in the population, but more importantly an influx of older individuals to the region and an outflow of working age individuals.

Components of population growth in the SCRD entirely reflect a net inflow of individuals from outside the region, according to Statistics Canada. Natural population increase - births minus deaths - has been negative since 1997/98. Since 1996/97, net-migratory gains to the SCRD have been driven by positive intra- and inter- provincial net-migration. Gains from other regions in British Columbia were particularly strong from 2001/02 through to the recession.

BC Stats Population Projection

Long-term population projections by regional district are constructed by BC Stats and will be considered the benchmark levels for the purpose of this report. Under current projections, population in the SCRD is expected to rise at an average rate of 0.9% from 2010



through 2025. Annual growth is projected to be near 1% from 2011 through 2016, before drifting lower towards 0.8% over the latter years.

BC Stats projects the SCRD to lag provincial gains by a significant margin. While B.C.'s population is projected to rise by 21% between 2010 and 2025, representing average annual growth of 1.3%, the SCRD is projected to expand by 15% over the same period. Relatively weaker population growth in the SCRD reflects a conservative long-term net-migration projection significantly lower than actual net-migration observed over the last decade.

Natural increases are projected to remain negative, and draw down the population by about 100 individuals annually through 2020. Declines will accelerate from 2020 through 2025, reflecting the aging population and naturally higher mortality associated with a more elderly population. Over this time span, the median age in the SCRD is projected to reach a peak of 52.3 years of age in 2025, up from 50.4 in 2010.

Chart 20: Migration Components, Sunshine Coast RD, Annual

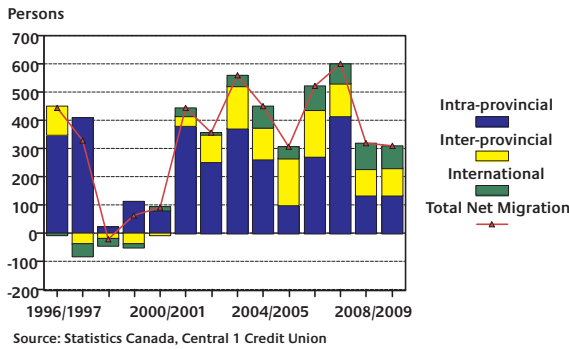
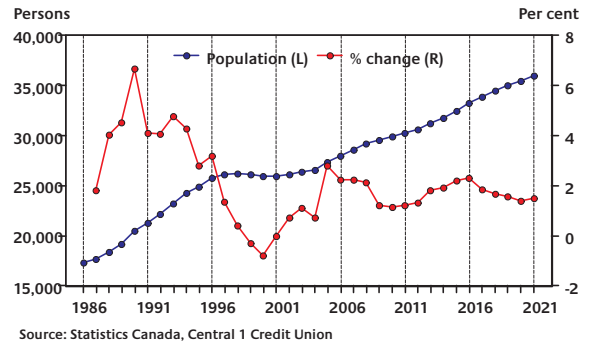


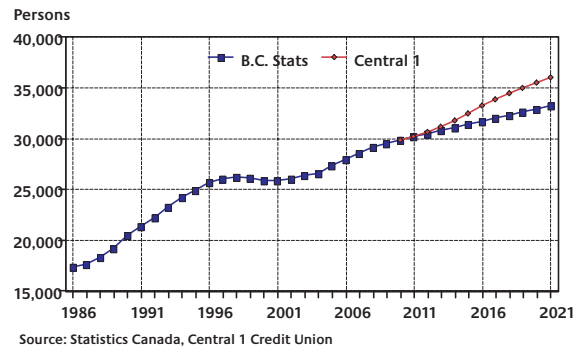
Chart 21: Population Projection - SCRCD, Annually



Central 1 Population Forecast

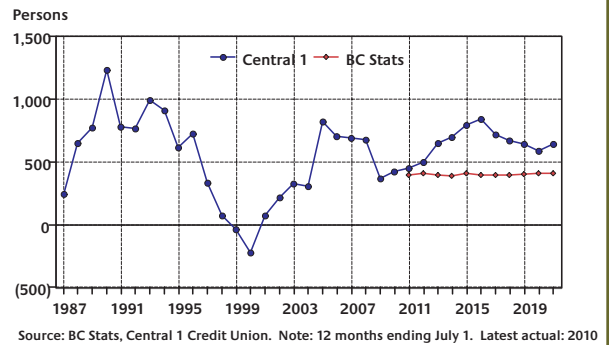
While birth and death rates change slowly over time, migration is more volatile and driven by demographics and varies over the business cycle. B.C. Stats net-migration projection from 2010 through 2021 averages only 400 net entrants to the region. Central 1 considers this to under-estimate what is likely to occur given the continued expansion and aging of the province’s population. From 1986 through to 2009, net-migration averaged 520 persons per year with a strong cycle related to economic performance. During economic upswings, net migration averaged 600 to 800 persons per year exceeding 1,000 persons in 1990.

Chart 22: Comparison of Population Projections, SCRCD, Annual



A number of factors are expected to push net-migration above BC Stats projection. The main factor is the projected economic cycle. Also the baby-boom population has yet to peak among retirees, which will continue to add to the number of persons settling in the area. Normally an aging population means less mobility and lower migration rates, but for a local area that attracts such age cohorts, migration flows improve. The SCRCD’s high quality of life and proximity to Metro Vancouver’s aging population will lift net migration. Further, small professional service-based businesses that can work remotely from their client’s locations, i.e. consulting, advisory will be attracted by the quality of life and natural environment.

Chart 23: Net Migration Projections - SCRCD, 1987 - 2021



Total population is projected to top 36,000 persons in 2021, up 20% from B.C. Stats 2010 estimate of 29,892 persons. The population would be larger in 2021 by about 3,000 persons relative to the BC Stats projection, which calls for an 11% gain over the same period.

Forecast population growth rises to 2.3% in 2016 from 1.2% in 2010 and subsides to 1.4% in 2020. The highest growth rates are seen occurring 2013 to 2018. The net migration and population forecasts are driven largely by the economic cycle forecast and should the actual timing of the cycle stray from forecast so too would the population forecast. The likely timing error is for the economic resurgence to occur later than forecast.

The age distribution of the population shifts to older age groups throughout the forecast with age 65 plus accounting for 30% of the population or 11,000 persons in 2021, up from 20% and 5,800 persons in 2006.

Housing Market Analysis and Outlook

The vast majority of residents in the Sunshine Coast Regional Districts are homeowners. According to the 2006 census, only 19.3% of households in the region rented, which was substantially lower than the provincial renter proportion of 30.4%. The converse is that ownership rates are high in the region, which reflects the relatively low proportion of younger-aged individuals (which are more prone to rent), and the large retiree population.

Updated homeownership rates will not be available until the release of the next census and Canada Mortgage and Housing Corporation does not conduct an annual rental market survey for the region. The remainder of this section focuses on the owned residential housing stock and related market trends.

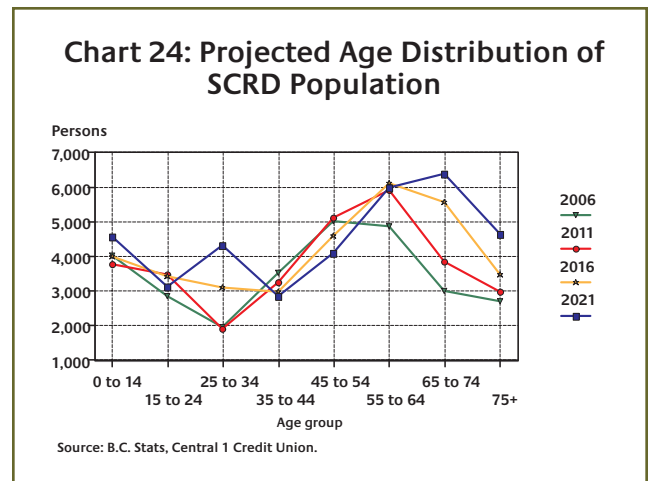
Housing Stock Growth

A growing population base necessitates growth in the housing stock. Data relating to new home starts in the SCRDC is not readily available as Canada Mortgage and Housing Corporation does not enumerate markets in urban centres below 10,000 population. However, growth in the new home activity can be observed through building permits and B.C. Assessment information.

Building permits in the SCRDC followed an upward trend from 2000 through to 2006, peaking at an annual permit value of \$24.5 million. Peak permits in local markets were generally consistent with data

	Includes Raw Land	Excludes Raw Land
Total Stock (units)	12,006	11,091
Proportion of Total ¹		
Town of Gibsons	14%	14%
Sechelt, DM	33%	33%
Sechelt Rural	51%	50%

¹ Table excludes Sechelt Indian Govt District (SD46) due to small counts. Source: Landcor Data Corp.



at the regional district level, reflecting broad-based demand for housing in the region. Absolute permit volumes were highest in the aggregate unincorporated localities. This reflects the fact that the region’s population is largely located outside the Town of Gibsons and DM of Sechelt.

Based on residential assessment data obtained from Landcor Data Corporation, the owned residential housing stock (excluding raw land) in the SCRDC grew by 1,540 units to 11,091 units from 2001 through 2010 for a 16% gain. Relative to the existing ownership stock in 2001, the largest gain was observed in the DM of Sechelt, which recorded a 24% expansion in the stock while the Town of Gibsons observed a gain of 19% and the Sechelt rural area recorded an increase of 11%.

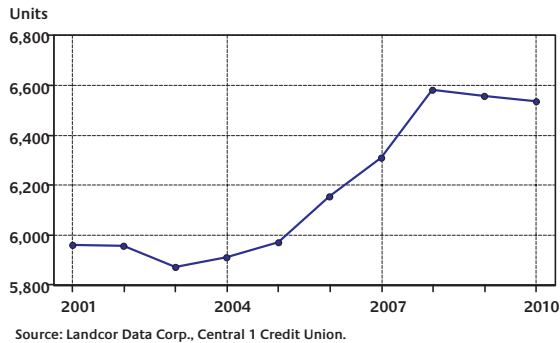
The region’s owned housing stock is dominated by single-detached units (76% in 2010) but multiple-unit dwellings which include apartment, townhomes and condominiums, were the primary source of growth since 2001. Owned multiple-family residential units rose 46% from 2001 through 2010 to reach 1,005 units. Nearly all of these new multiple-family units were added to the DM of Sechelt and Town of Gibsons.

Growth in multiple-unit housing as a share of the market likely reflects a number of factors including demand for low maintenance recreational housing from outside buyers, demand for lower maintenance retiree housing, and a lower cost alternative to single-detached houses.

External Ownership

The sizeable share of external ownership is a significant characteristic of the SCRDC market and points

Chart 25: External Ownership of Housing in SCR D, 2001 - 2010



to a large contingent of recreational home activity. Trends in external ownership can be observed through an analysis of assessment data.

For the purposes of this report, an estimate of external buyers is constructed by examining property records that have a different property owner record than the actual property itself. If there is a difference and city of the owner address is also different, then it is considered non-local. Based on this definition, the number of external residences grew by 576 units from 2001 through 2011, representing an increase of 8%, which was less than the growth in the overall owned housing stock in the region.

Coupled with estimates of the owned residential stock (including raw land), it can be estimated that that roughly 54% of the housing stock was owned by non-local individuals in 2010. Based on a decade of data, this proportion has remained relatively stable, but has edged lower in recent years.

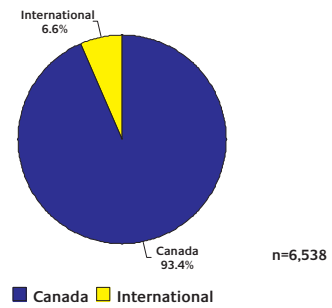
External ownership of residential real estate in the SCR D can be traced to a Canadian mailing address 93% of the instances, with the vast majority located in Metro Vancouver. Metro Vancouver made up 78% of the SCR D's non-local ownership – with ownership concentrated in the City of Vancouver, the North Shore and West Vancouver.

Residents in other parts of B.C. made up 8.2% of non-local ownership, while Alberta residents made up 4.8% and U.S. residents 5.2%.

Local Trends

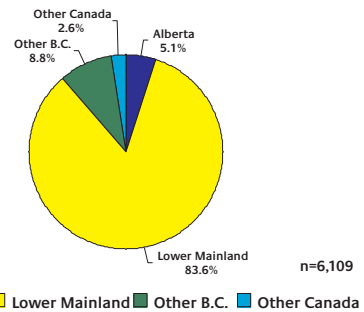
For housing market purposes, the SCR D can be disaggregated into four regions which correspond to assessment jurisdiction areas, the District of Sechelt, Town of Gibsons, Sechelt Indian Government District,

Chart 26: External Ownership of SCR D Housing by Location, 2010



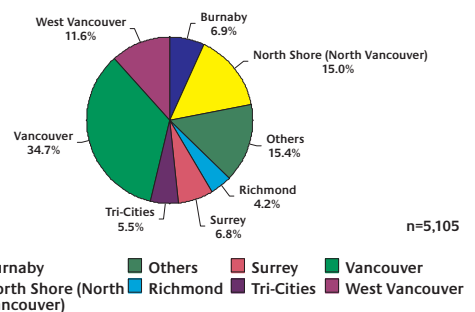
Source: Landcor Data Corp, Central 1 Credit Union.

Chart 27: Canadian External Ownership of SCR D Housing, 2010



Source: Landcor Data Corp, Central 1 Credit Union.

Chart 28: Lower Mainland External Ownership of SCR D Housing, 2010



Source: Landcor Data Corp, Central 1 Credit Union.

and Sechelt Rural. In 2010, approximately 32% of the owned residential housing stock was located in the District Municipality of Sechelt, with 14% located in Gibsons. Approximately 50% was spread across localities in the rural Sechelt region of the district.

Based on data at the jurisdiction level (Sechelt Indian Government District excluded due to lack of data), median price levels in rural Sechelt rose at the strongest pace over the last decade, and were up 168%

Chart 29: Residential Sales - SCRD, 1976 - 2010

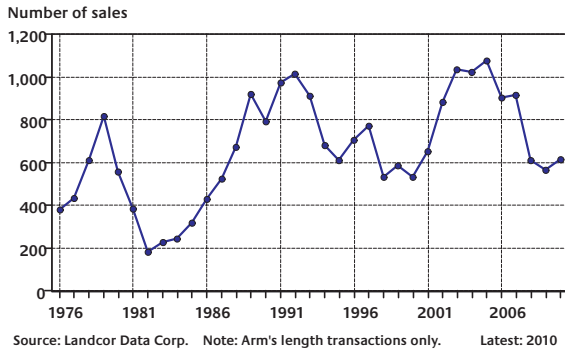


Chart 30: Residential Median Sales Price - SCRD, 1976 - 2010

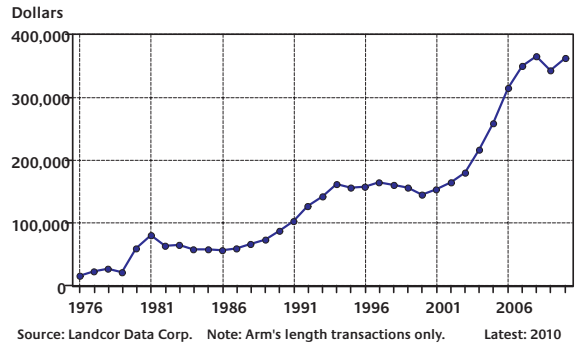


Chart 31: MLS Residential Sales - Sunshine Coast, Monthly

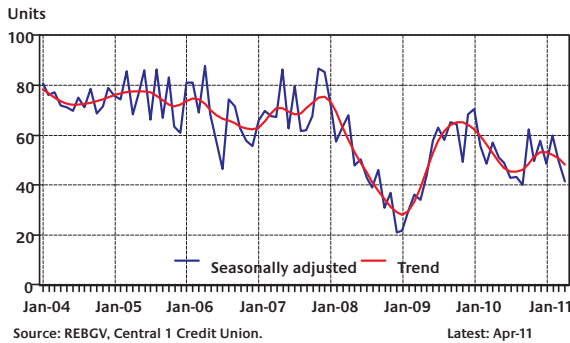
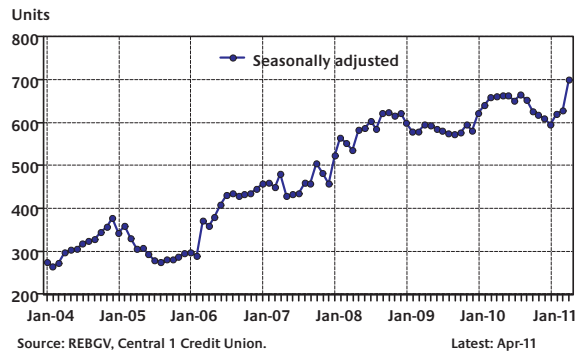


Chart 32: MLS Residential Active Listings - Sunshine Coast, Monthly



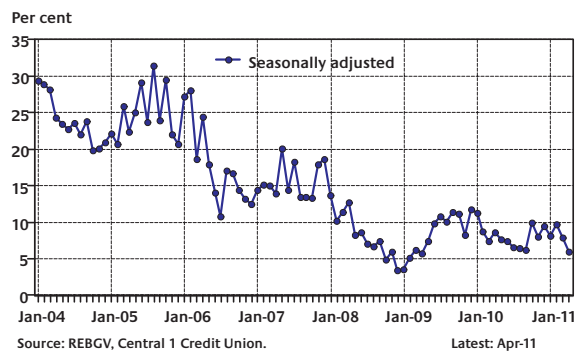
from 2000 to 2010. Corresponding figures in the DM of Sechelt was 147%, while growth in the median transaction price in Gibsons was 132%.

Housing Market Trends

Housing market trends in the SCRD have closely followed provincial trends over the past three decades. In the most recent decade, total residential sales in the SCRD surged from 2000 to 2003, before reaching a cycle peak of 1,094 transactions in 2005. Strong demand for property in the region resulting from favourable mortgage rates and stronger population gains placed upward pressure on housing prices since 2000. In fact, the median home price in the SCRD grew at a quicker pace than the province as a whole over the past decade.

Following the 2005 peak and through to early-2008, the SCRD housing market remained healthy. Sales activity plunged in 2008 through mid-2009 reflecting the cuts in demand for secondary and retirement properties, coinciding with declining sales in the Lower Mainland and the subsequent recession. With

Chart 33: MLS Residential Sales-to-active Listings Ratio - Sunshine Coast, Monthly



listings outpacing sales activity, the market sunk into buyers' market condition, where it continues to languish due to elevated inventory.

Sales rebounded in the second half of 2009 along with the rest of the province due to sharp cuts to interest rates, bargain-hunting, and an economic recovery but fell during the first half of 2010. While second-half 2010 sales have risen, activity remains well shy of pre-recession levels.

Buyers' market conditions in the SCRD have stunted any upward price pressure. During the recession, the median annual price in the SCRD fell 4.9% in 2009. However, price levels have rebounded and have remained flat over the past two years with moderate downside pressure.

Housing Forecast

Annual residential transactions in the region will reflect the size and growth of the housing stock and cyclical factors such as the strength in the underlying economy, mortgage rates and demand for recreational real estate. Housing cycles are a basic characteristic of housing markets but it is difficult to predict a cycle turning point.

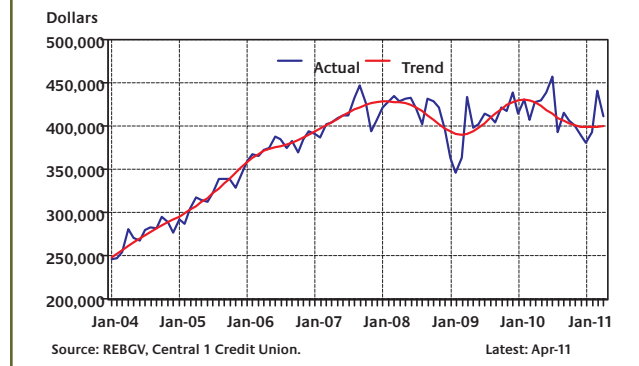
Nonetheless, the underlying trend for housing sales will be positive over this coming decade. Given that the market is currently in a trough reflecting a post-recession lull in demand, we expect a rising market to take hold by 2013 with a cyclical peak reached around 2016. It is foreseeable that the cycle peak will observe sales above 1,300 units. Following this cycle peak will be an inevitable downturn which will push sales below projected levels by the end of the decade. This decline is a normal market adjustment phase to balance supply and demand and not a severe downturn brought about by an economic recession.

The long-term trend in the median price of homes sold in the SCRD is characterized by sustained periods of growth followed by periods of stagnation or modest declines. The median home price from 1980 through 2010 increased at a compound rate of approximately 6.2% per year, with gains concentrated from 1988 through 1994 and 2000 through 2007.

Over the course of this next decade, we expect the median price level to follow the shape of the sales trajectory. Given that sales remain in a cyclical lull, and are expected to remain low until 2013, price gains are expected to remain muted until about mid-decade. As the economy recovers, homeowners ramp up demand for recreational or secondary housing and retirees will be in a better position to transition to retirement housing. Sales will outpace the growth in inventory and new supply bidding up price levels in the region. This should lead to stronger price growth from 2015 onwards.

Compound price growth this decade is expected to be below the long-term average given weaker activity

Chart 34: MLS Benchmark House Price - Sunshine Coast, Monthly



in the first half of the decade. By 2021, the median home price is projected to reach \$567,000, up from \$368,300 in 2010. This represents a 4% average annual growth rate. Through to 2015, price levels are forecast to grow by roughly 1.5% annually to \$397,000, before accelerating in the second half of the decade, with an average annual growth rate of 6%.

Median residential price growth could be further dampened as higher prices yield a larger proportion of apartment and other multiple-family units being built.

Healthy population gains in the SCRD and continued housing price appreciation in Metro Vancouver will contribute to an expansion of the housing stock over the next decade.

A simple model relating the residential housing stock to population levels and Metro Vancouver home prices suggests that the owned housing stock could rise by 28% from 2010 through 2020, given population projections and annual growth in Metro Vancouver price levels of 4.5%. The latter is a conservative projection set below the long-run compound growth rate observed since 1980. This would yield a housing stock of approximately 14,000 units and translates into a gain of about 2,900 additional owned housing units in the region.

Consistent with trends observed over the last decade, growth in the locally-owned and occupied housing stock is expected to outpace non-local ownership. This will reflect the permanent relocation of retirees to the region as well as growth in the number of small-businesses setting up in the region. Nonetheless, non-local ownership as a share of the owned housing stock will remain relatively steady with a modest downward trend.

Appendix (tables 10 - 17, charts 35 - 39)

Table 10 - Industry Composition of Labour Force, Sunshine Coast RD, 1986 - 2006					
	1986	1991	1996	2001	2006
Total experienced labour force 15 years and over	7,310	9,945	11,615	12,045	14,050
Agriculture and other resource-based industries	1,120	1,230	1,195	955	810
Construction	600	1,005	1,260	995	1,830
Manufacturing	860	1,450	1,215	1,250	1,155
Wholesale trade	n.a.	285	365	190	240
Retail trade	1,160	1,280	1,425	1,440	1,740
Finance and real estate	290	395	565	570	780
Health care and social services	n.a.	655	925	1,275	1,250
Educational services	n.a.	580	815	720	985
Accommodation and food	n.a.	830	955	900	880
Business services	680	1,090	1,300	1,880	2,385
Other services	2,270	690	1,010	1,380	1,515
Government services	325	445	575	490	480
Goods industries	2,580	3,685	3,670	3,200	3,795
Services industries	4,730	6,260	7,945	8,845	10,255
Per cent of total labour force					
Goods industries share	35.3	37.1	31.6	26.6	27.0
Primary industries share	15.3	12.4	10.3	7.9	5.8
Construction industry share	8.2	10.1	10.8	8.3	13.0
Manufacturing industry share	11.8	14.6	10.5	10.4	8.2
Services industries share	64.7	62.9	68.4	73.4	73.0

Source: Census of Canada. Note: Based on place of residence. n.a. not available

Table 11: Place of Work Activity by Industry

	Census Year		Change	% Change
	2001	2006		
Total	8,730	10,040	1,310	15.0%
Agriculture, forestry, fishing and hunting	500	350	-150	-30.0%
Mining and oil and gas extraction	65	95	30	46.2%
Utilities	20	35	15	75.0%
Construction	320	640	320	100.0%
Manufacturing	1,040	985	-55	-5.3%
Wholesale trade	120	140	20	16.7%
Retail trade	1,355	1,600	245	18.1%
Transportation and warehousing	325	325	0	0.0%
Information and cultural industries	155	235	80	51.6%
Finance and insurance	265	295	30	11.3%
Real estate and rental and leasing	170	375	205	120.6%
Professional, scientific and technical services	495	635	140	28.3%
Management of companies and enterprises	0	40	40	n.a.
Administrative and support, waste management and remediation services	195	315	120	61.5%
Educational services	575	765	190	33.0%
Health care and social assistance	1,020	1,060	40	3.9%
Arts, entertainment and recreation	405	390	-15	-3.7%
Accommodation and food services	790	805	15	1.9%
Other services (except public administration)	530	560	30	5.7%
Public administration	380	385	5	1.3%

Source: Statistics Canada. Note: Fixed workplace address.

Table 12: Components of Employment Growth and Industry Specialization, Sunshine Coast RD, 1996 to 2001

SIC Industry	Sources of growth (number of persons)				2001 Location Quotient
	Regional share	Industry mix	Local growth	Total growth	
Total - Industry	736	-258	-23	455	1.000
Agricultural and related service industries	10	9	36	55	1.127
Fishing and trapping	9	-41	17	-15	13.055
Logging and forestry	36	-97	-15	-75	13.193
Mining (including milling) quarrying and oil industries	10	-37	-13	-40	3.886
Manufacturing	89	-49	-0	40	1.158
Construction	39	-106	-78	-145	1.180
Transportation and storage	32	1	-58	-25	0.835
Communication and other utility industries	11	-4	-16	-10	0.397
Wholesale trade and industries	24	-8	-42	-25	0.465
Retail trade	114	-25	5	95	1.240
Finance and insurance	22	-1	-51	-30	0.529
Real estate operator and insurance agent industries	17	-26	-27	-35	0.701
Business services	34	84	87	205	0.627
Government services	34	-38	-1	-5	0.940
Education services	57	47	-148	-45	0.864
Health and social services	67	54	129	250	1.065
Accommodation, food and beverage service industries	71	-11	-10	50	1.155
Other services	58	-13	165	210	1.217

Source: Statistics Canada, Central 1 Credit Union. Notes: 1. Based on place of work and work activity in 1995 and 2000. 2. SIC 1980 industry definition. 3. Regional reference base is lower mainland

Table 13: Components of Employment Growth and Industry Specialization, Sunshine Coast RD, 2001 to 2006

NAICS Industry	Sources of growth (number of persons)				2006 Location Quotient
	Regional share	Industry mix	Local growth	Total growth	
Total - Industry	774	41	460	1,275	1.000
Agriculture, forestry, fishing and hunting	44	-36	-159	-150	1.081
Mining and oil and gas extraction	6	54	-36	25	2.384
Utilities	2	-4	17	15	0.678
Construction	28	86	205	320	1.907
Manufacturing	92	-78	-70	-55	1.019
Wholesale trade	11	3	6	20	0.252
Retail trade	120	-24	154	250	1.344
Transportation and warehousing	29	-42	8	-5	0.637
Information and cultural industries	13	-24	96	85	0.715
Finance and insurance	23	-14	26	35	0.566
Real estate and rental and leasing	15	18	171	205	1.395
Professional, scientific and technical services	44	48	48	140	0.670
Management of companies and enterprises	0	0	0	0	1.411
Admin., waste management and remediation services	17	20	88	125	0.878
Educational services	51	19	120	190	0.982
Health care and social assistance	91	-26	-25	40	1.032
Arts, entertainment and recreation	36	19	-70	-15	1.679
Accommodation and food services	70	19	-74	15	0.949
Other services (except public administration)	47	27	-44	30	0.969
Public administration	34	-27	-1	5	0.859

Source: Statistics Canada, Central 1 Credit Union. Notes: 1. Based on place of work and work activity in 2000 and 2005. 2. NAICS 2002 industry definition. 3. Regional reference base is lower mainland

Table 14: Registered Businesses - Sunshine Coast RD (2010)

Sector	Employee Size Range							All Sizes
	0	1 to 4	5 to 9	10 to 19	20 to 49	50 to 199	200 plus	
Total, All Industries	1,598	764	225	129	63	17	5	2,801
Agriculture, Forestry, Fishing & Hunting	130	49	9	3	3	1	-	195
Mining & Oil & Gas Extraction	4	3	1	1	1	1	-	11
Utilities	4	3	-	-	-	-	-	7
Construction	360	130	35	17	1	1	-	544
Manufacturing (31-33)	49	36	8	4	3	-	1	101
Wholesale Trade	34	20	16	3	1	-	-	74
Retail Trade (44-45)	86	83	55	29	9	3	1	266
Transportation & Warehousing (48-49)	47	27	8	9	1	-	-	92
Information & Cultural Industries	25	11	2	7	1	1	-	47
Finance & Insurance	70	12	6	2	2	1	-	93
Real Estate & Rental & Leasing	191	48	5	2	2	-	-	248
Professional, Scientific & Technical Services	230	111	19	3	1	-	-	364
Management of Companies & Enterprises	66	7	-	2	-	-	-	75
Admin. & Support, Waste Mgmt. & Remedtn.	75	39	8	8	2	-	-	132
Educational Services	17	11	-	3	1	-	1	33
Health Care & Social Assistance	43	47	15	10	10	3	1	129
Arts, Entertainment & Recreation	42	16	3	-	3	-	-	64
Accommodation & Food Services	44	25	20	19	19	3	-	130
Other Services (excl. Public Administration)	81	83	14	7	1	1	-	187
Public Administration	-	3	1	-	2	2	1	9

Source: Statistics Canada Business Register, BC Stats, Central 1 Credit Union

Table 15: Annual harvest volume (in m³) in Sunshine Coast Forest District*

Year	Crown Land	Federal Land	Private Land	Total Harvest
2000	1,876,191	1,131	501,970	2,379,292
2001	1,831,540		388,300	2,219,840
2002	1,761,255	1,892	373,304	2,136,451
2003	1,497,309	246	425,008	1,922,563
2004	2,134,214		540,286	2,674,500
2005	1,680,094		370,308	2,050,402
2006	1,536,556		398,173	1,934,729
2007	1,328,407		418,520	1,746,927
2008	1,366,952		356,111	1,723,064
2009	1,143,532		227,865	1,371,397
2010	1,643,834		174,199	1,818,034

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

Ministry of Forests, Lands and Natural Resource Operations

Table 16: Sunshine Coast Timber Supply Area Mills

COMPANY	DIVISION	LOCATION	ESTIMATED CAPACITY
Sunshine Coast RD			
Terminal Forest Products Ltd.	Chipping Operations	Langdale Dryland Sort	91,000 BDUs
Suncoast Lumber and Milling	Lumber Operations	Sechelt	9 million bd feet
West Coast Log Homes	Log Home Operations	Gibsons	9 million bd feet
Goat Lake Forest Products	Lumber Operations	Lang Bay	
Howe Sound Pulp & Paper Ltd.	Pulp and Paper Operations	Port Mellon	656,000 tonnes
Howe Sound Pulp & Paper Ltd.	Pulp and Paper Operations	Port Mellon	242,000 tonnes
Pacific Fibre	Chipping Operations	Port Mellon	168,000 BDUs
Powell River RD			
Goat Lake Forest Products	Shake and Shingle Operations	Powell River	58,000 squares
Catalyst Paper	Pulp and Paper Operations - Powell River	Powell River	347,000 tonnes
Catalyst Paper	Pulp and Paper Operations - Powell River	Powell River	437,000 tonnes

Source: Ministry of Forests, Lands and Natural Resource Operations, C1CU. BDU: Bone dry units

Table 17: Sunshine Coast Regional District Population Growth Components

Year	Natural Increase			International			Interprovincial			Intraprovincial		
	Births	Deaths	Net	Immig.	Emig.	Net ¹	In	Out	Net	In	Out	Net
1996/1997	259	250	9	14	19	-6	277	177	100	1486	1135	351
1997/1998	242	211	31	11	37	-46	236	271	-35	1543	1133	410
1998/1999	214	249	-35	16	38	-25	255	271	-16	1152	1130	22
1999/2000	233	234	-1	27	39	-14	247	283	-36	1243	1130	113
2000/2001	222	250	-28	46	35	12	225	229	-4	1203	1119	84
2001/2002	184	204	-20	44	38	28	285	251	34	1533	1150	383
2002/2003	184	212	-28	25	38	8	325	230	95	1386	1131	255
2003/2004	162	273	-111	24	19	40	330	182	148	1435	1061	374
2004/2005	182	241	-59	42	9	75	316	205	111	1360	1095	265
2005/2006	196	242	-46	27	15	40	341	173	168	1196	1096	100
2006/2007	204	266	-62	42	12	84	333	166	167	1374	1101	273
2007/2008	212	272	-60	36	8	71	290	174	116	1463	1047	416
2008/2009	215	270	-55	59	17	91	275	181	94	1067	932	135
2009/2010	215	270	-55	61	17	76	321	222	99	1067	932	135

Source: Statistics Canada. ¹ Net International Migration also includes non-permanent residents, returning emigrant and net temporary abroad Data for year ending June 30.

Chart 35: E.I. Beneficiaries and Unemployment Rate Relationship - B.C., Monthly

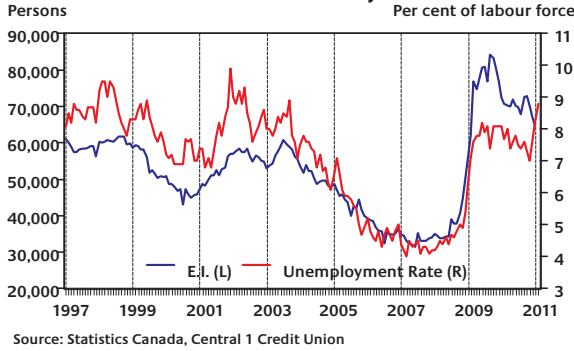


Chart 36: Comparison of SCR D and B.C. Residential Sales Trends

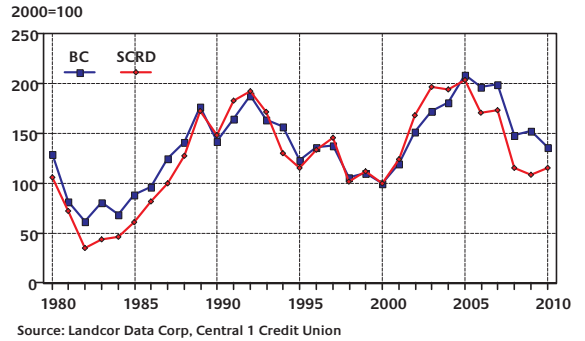


Chart 37: Dwelling Type Composition of Residential Sales - SCR D, 1976 - 2010

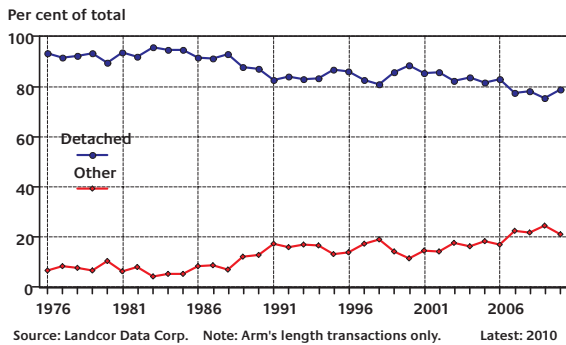


Chart 38: Residential Transactions by New and Resale - SCR D, Annually

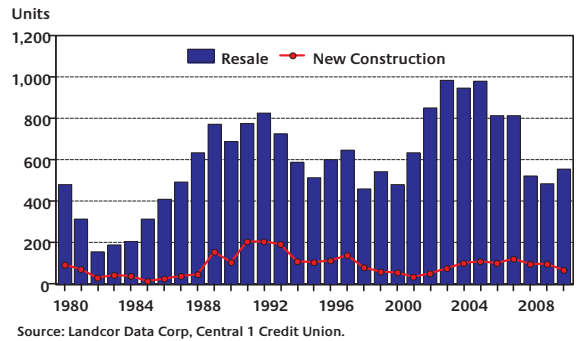
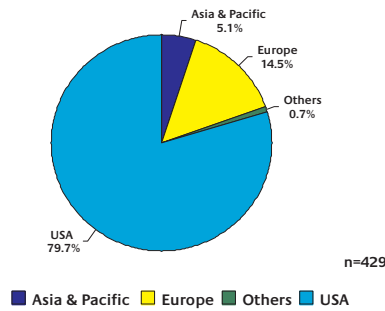


Chart 39: International External Ownership of SCR D Housing, 2010



Source: Landcor Data Corp, Central 1 Credit Union