



# Metro Vancouver/Mainland-Southwest Economic Outlook 2009-2011

## Highlights

Metro Vancouver’s real Gross Domestic Product (GDP) for 2009 is forecast to decline by about 2.1%, following a slight contraction in 2008. This is by far the worst and perhaps the only recession since 1982. The downturn is likely the result of the financial crisis that began in the U.S. subprime mortgage market in mid-2007 and subsequently spread to virtually every market and economy in the world.

Local real GDP is forecast to expand by a robust 3.9% in 2010, with contributions from all major classes of spending. The staging of the 2010 Winter Olympics is projected to bring an additional \$800 million in travel-related export spending to the Mainland-Southwest Development Region (DR). That accounts for about 0.8% of forecast growth in real GDP for the year. Real GDP is projected to expand by a further 3.4% in 2011, with all major classes of spending adding to output, except for a higher trade deficit.

The population of the Mainland-Southwest DR will continue to grow almost unabated, largely on the strength of net international in-migration. Labour market conditions began to rebound in the second quarter of 2009 and a fairly

robust recovery in employment is forecast through 2011. Local housing markets are heading for substantial gains in volume, prices and construction through 2011. Meanwhile, a slowdown in non-residential construction is unfolding.

The economic outlook for the Fraser Valley Regional District (RD) through 2011 is similar to Metro Vancouver’s, except on a smaller, less robust scale. The outlook for the Squamish-Lillooet RD is for modest economic growth through 2011, with a notable boost from travel export spending during the 2010 Winter Olympics. The outlook for the Sunshine Coast RD through 2011 is generally positive, with forecast population growth well above the long-term average.

The main external assumptions behind this forecast are a return to growth in B.C.’s economy by early 2010 and continuing low interest rates. Provincial real GDP growth is expected to be below average through 2011 following a notable recession in 2009, but a double-dip recession is not expected. Job and income growth will commence with the economic recovery and gain momentum in 2011. The yield curve of federal government treasury yields is expected to remain near all-time record lows in 2010, followed by some moderate increases in 2011.

Mainland/Southwest Development Region: Forecast Summary					
	2007	2008	2009	2010	2011
Population, % Change	1.8	1.5	1.7	1.6	1.7
Employment, % Change	3.7	1.9	-0.9	2.4	3.3
Unemployment Rate, %	4.0	4.2	7.3	6.5	5.6
Housing Unit Sales*, % Change	0.9	-23.9	10.0	19.3	-8.7
Housing Average Sale Price*, % Change	12.2	6.0	-3.0	7.0	8.2
Housing Unit Starts**, % Change	8.5	-6.3	-60.8	50.6	29.7
Non-Residential Building Permits, % Change	-7.4	-0.5	-32.0	4.7	5.6

Sources: Statistics Canada, B.C. Stats, Landcor Data Corporation, Central 1 Credit Union.  
 \* All arm’s-length, single property, cash sales of improved residential on less than 2 acres.  
 \*\* Urban areas of at least 10,000 population.

## Current Economic Conditions

Metro Vancouver’s real economy expanded slightly in the third quarter of 2009, according to Central 1 Credit Union’s Coincident Economic Index (CEI). The region’s CEI recorded a 1.2% increase at a seasonally adjusted annual rate (SAAR). The increase resulted from growth in housing sales, seaborne cargo volume and



**Key External Factors**

	2007	2008	2009	2010	2011
B.C. Real GDP, % Chg.	2.9	0.0	-3.4	2.4	2.8
B.C. GDP Deflator, % Chg.	2.2	3.3	-0.6	1.7	2.6
B.C. Nominal GDP, % Chg.	5.1	3.3	-4.0	4.1	5.5
B.C. Unemployment Rate, %	4.2	4.6	7.8	7.5	7.0
CA 3-Month T-Bill, %	4.2	2.4	0.4	0.6	2.5
CA 10-Year GoC, %	4.3	4.0	3.4	3.8	4.8

Sources: Statistics Canada, Central 1 Credit Union.

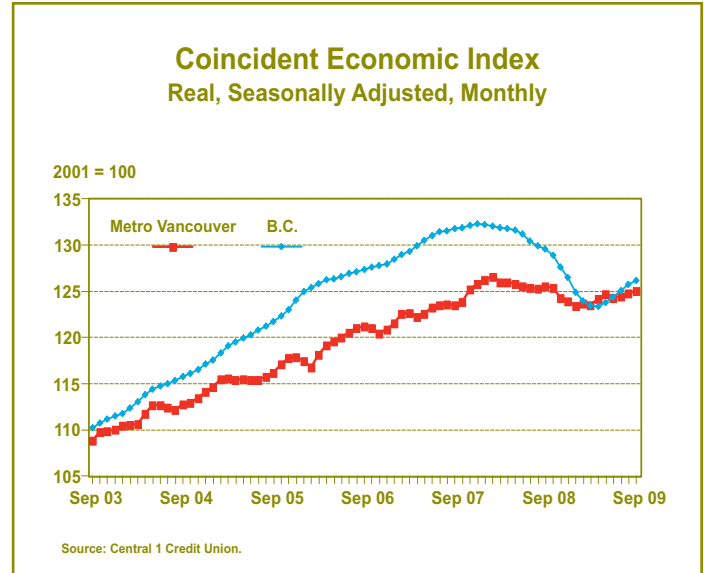
retail sales. Gains in these indicators were partly offset by declines in housing construction, non-residential building construction and international traveler entries. Meanwhile, total employment was unchanged from the second quarter.

The CEI for Metro Vancouver bottomed out in the first quarter of 2009 with a fourth straight quarter-over-quarter decline and has since increased for two consecutive quarters. The index suggests the region’s economic recession lasted for almost one year, from March 2008 through January 2009. The loss in real economic output during that time is estimated at 2.5%, based on the peak-to-trough change in the CEI. That suggests the metropolitan economy weathered the latest recession better than the province overall.

**Population**

The population of the Mainland-Southwest DR continues to grow, largely on the strength of net international immigration. The region’s population totalled about 2.61 million in mid-2008, according to the latest estimates from B.C. Stats. The population is forecast to grow by 43,775 persons (1.65%) per year on average over the three years ending July 1, 2011. That’s up from estimated average annual growth of about 38,266 persons (1.51%) per year during the previous three years.

Population growth will continue to be almost entirely due to net international in-migration, which is forecast to average 39,485 persons per year over the three years ending in mid-2011. Net natural increase (births minus deaths) is forecast to average 4,467 persons per year. Meanwhile, net in-migration from other provinces is forecast to average 1,833 persons annually, more



than offset by an annual average of 2,010 net out-migrants to other regions of B.C.

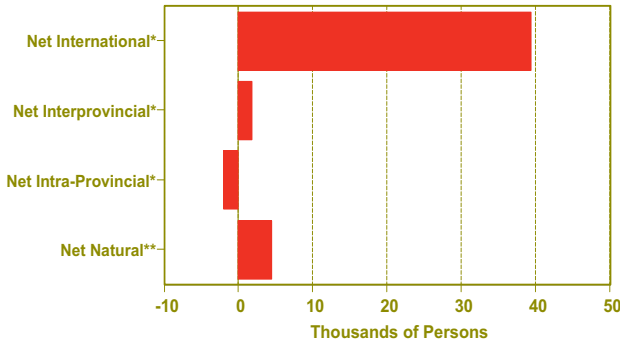
Most migrants’ motives for moving are a combination of push and pull factors, including the relative attractiveness of health care, employment, investment, taxation, education, political tolerance, government stability, climate and other amenities.

International immigrants to the region over the five years ending in 2007 were predominantly born in Asia, especially China, Southern Asia, India, Eastern Asia, Southeast Asia and the Philippines. Recent immigrants born in Europe are a far distant second in volume and are predominantly from Eastern Europe and the United Kingdom. The origins of the region’s total immigrant population are similar in distribution to those of recent immigrants, except that Northern Europe used to be a significant source.

Population: Mainland/Southwest Development Region					
Thousands of Persons	2007	2008	2009	2010	2011
Total Development Region	2,575.0	2,614.5	2,658.4	2,700.4	2,745.8
% Change	1.8	1.5	1.7	1.6	1.7
Metro Vancouver Regional District	2,232.0	2,271.2	2,309.6	2,346.4	2,386.3
% Change	1.9	1.8	1.7	1.6	1.7
Fraser Valley Regional District	271.6	276.3	280.7	284.9	289.4
% Change	1.8	1.7	1.6	1.5	1.6
Squamish-Lillooet Regional District	37.2	37.8	38.3	38.8	39.3
% Change	1.5	1.7	1.3	1.2	1.3
Sunshine Coast Regional District	28.6	29.2	29.8	30.3	30.8
% Change	2.2	2.2	2.0	1.8	1.6

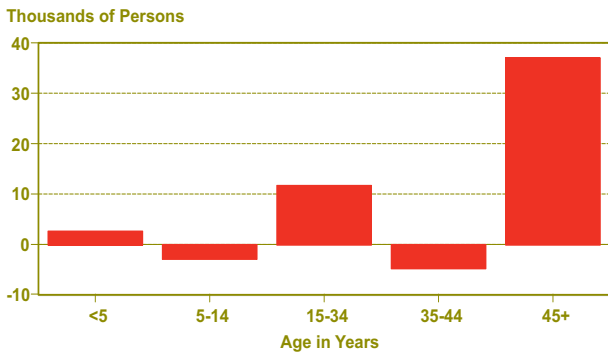
Sources: Statistics Canada, B.C. Stats, Central 1 Credit Union.

**Population Forecast by Source Component**  
**Average Annual Change, 2009 thru 2011**  
**Mainland/Southwest Region**



Source: B.C. Stats and Central 1 Credit Union. Notes: \* migration, \*\* births minus deaths.

**Population Forecast by Age Group**  
**Average Annual Change, 2009 thru 2011**  
**Mainland/Southwest Region**



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

Overall population growth is expected to remain fairly stable throughout the forecast horizon, although a slight deceleration is anticipated in 2010. Growth does vary substantially by age group, due mostly to the impact of the baby boom and subsequent bust and echo generations, as well as an increasing expected lifespan. Over the three years ending mid-2011, population growth in the Mainland-Southwest region will be almost entirely among persons aged over 45 years and, to a lesser extent, those aged 15 to 34 years and those aged less than five years. Other age groups will shrink.

Nearly 87% of the Mainland-Southwest’s total population lives in the Metro Vancouver RD, where population growth is forecast to average 38,360 persons (1.66%) per year over

the forecast horizon. The population of the Fraser Valley RD makes up 10.5% of the region’s total and is forecast to grow by an average of 4,396 persons (1.57%) per year.

The population of the Squamish-Lillooet RD is just 1.4% of the Mainland-Southwest’s total and is forecast to grow at an annual average of 485 persons (1.27%) over the forecast horizon. The Sunshine Coast RD is only 1.1% of the regional total and growth is forecast to average 535 persons (1.8%) per year.

**Labour Market**

Labour market conditions in the Mainland-Southwest DR deteriorated markedly over the 12 months ending in March 2009, but they began to rebound in the second quarter before flat-lining in the third quarter. The outlook is for a fairly robust recovery in employment and a declining unemployment rate through 2011.

Total employment in the Mainland-Southwest region will average about 1.41 million working persons in 2009, down 13,100 (0.9%) from 2008. The average level of employment is forecast to grow by 33,400 persons (2.4%) in 2010 and a robust 47,400 (3.3%) in 2011. Employment growth has averaged 2.3% per year since 1996, so 2011 is expected to see well-above-average job growth.

Job creation through 2011 is forecast to be led by professional/business service, construction, health/welfare service and retail/wholesale trade industries. Most other industries are expected to generate some job growth through 2011, except for primary resource industries, where employment is forecast to remain more or less level.

Not surprisingly, 80% of forecast job growth in the Mainland-Southwest region through 2011 is located in the Metro Vancouver RD. Another 8.5% of forecast job growth is located in the Abbotsford Census Metropolitan Area (CMA) and Chilliwack Census Agglomeration (CA). The rest of the development region is forecast to generate 9.2% of regional job growth.

Local unemployment soared from mid-2008 to mid-2009 but levelled off in the third quarter. Unemployment in the Mainland-Southwest region will average about 110,300 persons in 2009, up 47,400 (75%) from 2008. The average level of unemployment is forecast to fall by 10,900 persons

per year through 2011, as employment growth exceeds labour force growth. The region's unemployment rate will average 7.3% of the labour force in 2009, falling to 6.5% in 2010 and 5.6% in 2011. The record-low unemployment rate of 4.0% in 2007 is not expected to return for at least several years.

## Housing Market

Mainland-Southwest housing markets are heading for substantial gains in volume, prices and construction through 2011. The remarkable turnaround from a near free-fall in 2008 to the strongest sales resurgence on record in 2009 and 2010 is driven by the macro economic recovery, low mortgage rates, and in some cases housing prices. Higher housing prices and mortgage rates will lead to a slowdown in unit sales in 2011.

Labour Market: Mainland/Southwest Development Region					
	2007	2008	2009	2010	2011
Source Population 000s	2,161.0	2,211.2	2,259.7	2,297.0	2,337.0
% Change	2.0	2.3	2.2	1.7	1.7
Labour Force 000s	1,450.2	1,481.3	1,515.5	1,538.0	1,574.5
% Change	3.2	2.1	2.3	1.5	2.4
Participation Rate %	67.1	67.0	67.1	67.0	67.4
Employment 000s	1,392.2	1,418.3	1,405.2	1,438.6	1,486.0
% Change	3.7	1.9	-0.9	2.4	3.3
Unemployment 000s	58.0	62.9	110.3	99.4	88.5
% Change	-7.2	8.4	75.4	-9.9	-10.9
Unemployment Rate %	4.0	4.2	7.3	6.5	5.6
Vancouver Census Metropolitan Area					
Employment 000s	1,222.7	1,241.6	1,232.5	1,259.1	1,297.2
% Change	3.0	1.5	-0.7	2.2	3.0
Unemployment Rate %	4.0	4.3	7.2	6.5	5.7
Participation Rate %	67.1	66.7	66.9	66.7	67.0
Abbotsford Census Metropolitan Area					
Employment 000s	84.8	88.0	86.2	88.3	91.2
% Change	3.0	3.8	-2.0	2.4	3.3
Unemployment Rate %	4.3	4.9	8.0	7.1	6.0
Participation Rate %	67.3	69.2	69.0	69.3	70.0
Chilliwack Census Area					
Employment 000s	34.5	37.5	36.8	37.6	38.7
% Change	26.4	8.7	-1.8	2.2	2.9
Unemployment Rate %	3.6	5.3	8.1	7.3	6.2
Participation Rate %	56.8	61.5	61.2	61.1	61.5
Rest of Development Region					
Employment 000s	50.2	51.2	49.7	53.6	58.9
% Change	9.1	2.0	-3.0	8.0	9.8
Unemployment Rate %	4.0	2.1	4.3	2.3	1.0
Participation Rate %	76.5	74.6	74.7	74.5	76.2

Sources: Statistics Canada, Central 1 Credit Union.

Housing sales in the region totalled 57,300 dwelling units in 2008, down 18,000 (24%) from 2007. Sales will total about 63,100 units in 2009, a gain of 5,800 (10%) from 2008. Sales are forecast to rise another 19.3% to 75,200 units in 2010 before dropping back 8.7% to 68,700 units in 2011. The sales upturn is driven primarily by markets in Metro Vancouver in 2009, with the rest of the region seeing sales growth surge in 2010.

The average sale price of housing units in the Mainland-Southwest region was \$503,000 in 2008, up 6% from 2007. Sale prices will average about \$488,000 in 2009, a year-over-year drop of only 3% from 2008. Average sale prices are forecast to rise 7% to \$522,000 in 2010 and a further 8.2% to \$565,000 in 2011. Once again, Metro Vancouver leads the rest of the region on the sale price rebound.

A large contraction in housing starts hit all areas of the Mainland-Southwest in 2009 as a result of the sharp correction in resale housing markets in 2008 and credit rationing in 2009. The recovery in housing construction once again begins in Metro Vancouver, with a 50% jump forecast for 2010 and a further 30% rise in 2011. Other regional districts see housing starts rebound later next year.

The timing of two government programs will affect residential construction in 2010. With the impending Harmonized Sales Tax (HST) expected to come into force on July 1, some construction will be accelerated to beat that deadline. The federal home renovation tax credit has stimulated renovation and improvement

Housing Market: Mainland/Southwest Development Region					
	2007	2008	2009	2010	2011
Total Unit Sales* 000s	75.3	57.3	63.1	75.2	68.7
% Change	0.9	-23.9	10.0	19.3	-8.7
Average Sale Price* \$000s	474.3	502.9	487.7	521.9	564.6
% Change	12.2	6.0	-3.0	7.0	8.2
Housing Starts** 000s	23.4	21.9	8.6	13.0	16.8
% Change	8.5	-6.3	-60.8	50.6	29.7
Metro Vancouver Regional District					
Total Unit Sales* 000s	63.5	48.8	55.4	65.4	59.3
% Change	0.3	-23.1	13.5	18.1	-9.3
Average Sale Price* \$000s	498.5	528.8	506.7	545.4	590.8
% Change	12.3	6.1	-4.2	7.6	8.3
Housing Starts** 000s	20.7	19.6	7.8	11.7	15.2
% Change	10.9	-5.5	-60.2	50.0	29.9
Fraser Valley Regional District					
Total Unit Sales* 000s	9.2	6.6	5.8	7.5	7.0
% Change	2.0	-28.7	-12.0	29.3	-6.7
Average Sale Price* \$000s	302.1	317.0	312.1	327.6	357.0
% Change	11.1	4.9	-1.5	5.0	9.0
Housing Starts**	2,440	2,064	720	1,100	1,400
% Change	0.6	-15.4	-65.1	52.8	27.3
Squamish-Lillooet Regional District					
Total Unit Sales* 000s	1.7	1.3	1.3	1.6	1.7
% Change	20.4	-21.4	-1.3	20.8	5.1
Average Sale Price* \$000s	550.9	523.3	520.0	540.0	575.0
% Change	10.0	-5.0	-0.6	3.8	6.5
Housing Starts**	240	284	80	150	200
% Change	-47.7	18.3	-71.8	87.5	33.3
Sunshine Coast Regional District					
Total Unit Sales*	935	630	580	768	776
% Change	0.2	-32.6	-7.9	32.5	1.0
Average Sale Price* \$000s	393.9	399.3	352.2	377.1	413.6
% Change	14.2	1.4	-11.8	7.1	9.7

Sources: Statistics Canada, Landcor Data Corporation, Central 1 Credit Union.

\* All arm's-length, single property, cash sales of improved residential on less than 2 acres.

\*\* Urban areas of at least 10,000 population.

spending through 2009, but will expire in February 2010. Real spending on renovation through 2011 is forecast to remain on par with spending in 2009.

## Non-Residential Construction

The latest Major Projects Inventory (MPI) compiled by the B.C. Ministry of Economic Development reflects a slowdown in non-residential construction in the Mainland-Southwest DR. From the first to second quarters of 2009, the estimated total capital costs of major projects proposed but not yet under construction fell \$3.6 billion (12%). Meanwhile, projects on hold increased \$687 million quarter-over-quarter and are up \$2.4 billion (95%) year-over-year.

The slowdown in non-residential construction will likely last into 2011. Private-sector investment will account for the decline, while public-sector investment increases on the strength of stimulus spending. The types of non-residential projects expected to see lower construction over the next two years are rapid transit, mines, offices, retail premises, warehouses, sports facilities, airports, resorts and hotels. Meanwhile, higher spending on bridges and roads is forecast.

Vacancy rates in commercial and industrial buildings began to rise in late 2008 following five years of steady declines and this trend continued through late 2009. With vacancy rates rising and the economy weak, private-sector non-residential building construction slowed sharply in 2009. The outlook is for a very slow recovery in commercial and industrial building construction through 2011.

Non-Residential Building Permits: Mainland/Southwest Development Region					
Millions of Dollars	2007	2008	2009	2010	2011
Total Development Region	2,509.7	2,496.0	1,698.1	1,777.4	1,876.7
% Change	-7.4	-0.5	-32.0	4.7	5.6
Metro Vancouver RD	2,250.6	2,206.3	1,473.1	1,557.7	1,639.8
% Change	-5.2	-2.0	-33.2	5.7	5.3
Commercial	1,730.6	1,710.1	1,002.2	1,050.6	1,119.8
% Change	3.8	-1.2	-41.4	4.8	6.6
Government/Institutional	395.8	372.0	371.8	397.1	395.0
% Change	-26.1	-6.0	-0.1	6.8	-0.5
Industrial	124.2	124.2	99.1	110.0	125.0
% Change	-28.0	-0.0	-20.2	11.0	13.6
Fraser Valley RD	178.7	242.1	171.0	166.8	174.5
% Change	-33.7	35.5	-29.4	-2.5	4.6
Squamish-Lillooet RD	61.6	44.1	46.1	43.8	50.0
% Change	21.0	-28.4	4.5	-5.0	14.0
Sunshine Coast RD	18.9	3.5	7.9	9.1	12.5
% Change	26.6	-81.3	123.5	14.9	37.8

Sources: Statistics Canada, Central 1 Credit Union.

Non-residential building permits issued in the Mainland-Southwest DR in 2009 will total about \$1.7 billion, down 32% from 2008. Such permits are forecast to edge up only 4.7% in 2010 and 5.6% in 2011. This slow growth is driven by the Metro Vancouver and Fraser Valley markets. The small and irregular markets for non-residential building construction in the Squamish-Lillooet and Sunshine Coast RDs make them difficult to forecast.

**Metro Vancouver Regional District**

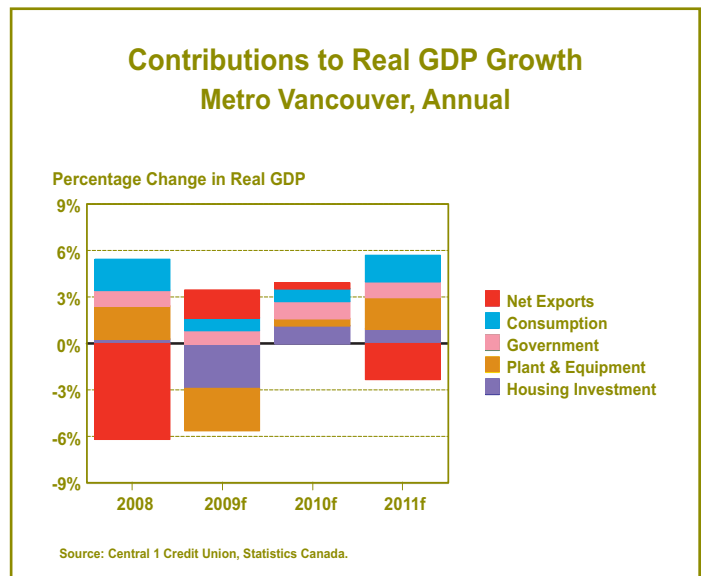
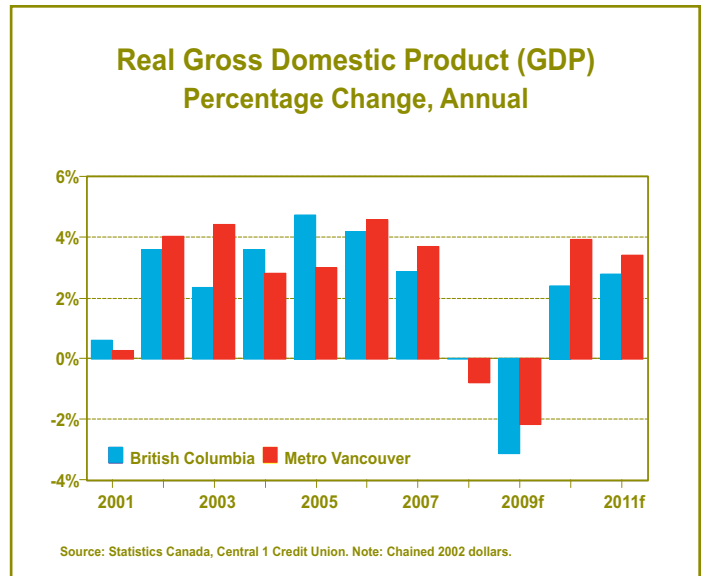
The local recession appears to have ended in the second quarter of 2009 after four straight quarterly declines. Year-over-year performance is down in 2009 despite rebounds in existing home sales, retail sales and international trade. In the absence of adequate data, we believe this is the first recession suffered by Greater Vancouver since 1982. Real GDP is forecast to resume growing in 2010 and continue expanding in 2011.

Metro Vancouver’s real Gross Domestic Product (GDP) is forecast to decline 2.1% in 2009, following a slight contraction in 2008. Sharp year-over-year declines in residential investment and business investment in plant and equipment subtracted 5.6% from real GDP in 2009. This was partly offset by a decline in the region’s trade deficit with the rest of the world, which added 1.8% to real GDP. Other offsets were government spending and personal consumption, each adding about 0.85% to real GDP.

New housing construction plunged 60% in 2009 in real terms, following the rapid decline in the resale housing market in 2008. Lower new construction spending was partly offset by continued growth in renovation spending, assisted by a federal tax credit. Acquisition costs on existing home sales also increased as resale markets will have almost fully rebounded by the end of 2009.

Business spending on plant and equipment dropped about 13% in real terms in 2009, as both domestic and international demand softened. Spending on machinery and equipment fell 14%, while non-residential construction spending was down 10%. Construction of heavy engineering projects, commercial and industrial buildings all declined.

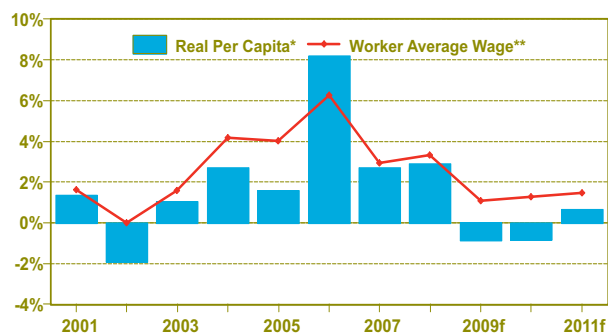
Consumer spending, normally a mainstay of GDP growth, continued to slow in 2009, rising only 1.1% in real terms compared to growth of 2.6% last year and 5.1% in 2007. The propensity of households to spend



on consumption ebbed in light of slower income growth and lower balance sheet net worth. Growth in aggregate personal income and average labour income per worker will have slowed to about 1% this year, from 4% to 5% in 2008.

Governments stepped in with stimulus spending in B.C. in 2009 despite sharply lower revenues. Investment spending on plant and equipment increased 11% in real terms from 2008, while spending on current goods and services continued to rise at around 2.5% annually. Meanwhile, weak domestic demand caused spending on imports to drop faster than export sales, reducing the region’s trade deficit by about 7% from 2008.

### Income Measures, Metro Vancouver Percentage Change, Annual



Source: Statistics Canada, Central 1 Credit Union.

\* Real personal disposable income per person. \*\* Labour income per employed person.

Metro Vancouver's real Gross Domestic Product (GDP) is forecast to expand by a robust 3.9% in 2010, with contributions from all major classes of spending. Higher residential investment leads the way, adding 1.2% to output. Increased government spending adds a further 1.1% to real GDP, equally split between investment and current goods and services. Continued modest growth in personal consumption adds a further 0.8% to aggregate output, while a return to modest growth in business investment on plant and equipment adds a further 0.5%. Finally, travel export spending related to the Olympic Games will shrink the region's trade deficit, which adds 0.4% to real GDP in 2010.

The 2010 Winter Olympics are forecast to bring an additional \$800 million in real travel-related export spending to the Mainland-Southwest DR in 2010. This would have been 20% higher had the global economy not been recovering from recession. Olympics-induced travel spending is allocated mainly to accommodation/food services (56%) but also to transportation services (15%), retail trade (15%) and miscellaneous services (14%). The regional allocation is estimated at 85% in Metro Vancouver and 15% in the Sea-to-Sky corridor. Thus, the Olympics are forecast to add approximately 0.8% to Metro Vancouver's real GDP in 2010.

In 2011, Metro Vancouver's real Gross Domestic Product (GDP) is forecast to expand by a further 3.4%, with all major classes of spending adding to output, aside from a higher trade deficit. A return to robust growth in business investment on plant and equipment adds 2% to

### Metro Vancouver: Forecast Summary

	2007	2008	2009	2010	2011
<b>Gross Domestic Expenditures (\$2002 Millions)</b>					
Real GDP	78,275	77,682	76,021	79,006	81,706
% Change	3.7	-0.8	-2.1	3.9	3.4
Consumer Expenditures	58,758	60,313	60,963	61,576	62,885
% Change	5.1	2.6	1.1	1.0	2.1
Residential Investment	7,106	7,353	5,085	5,970	6,740
% Change	5.3	3.5	-30.8	17.4	12.9
Plant & Equipment Investment	9,850	11,516	9,443	9,798	11,400
% Change	2.3	16.9	-18.0	3.8	16.3
Government Investment	2,091	2,475	2,759	3,230	3,612
% Change	1.2	18.4	11.4	17.1	11.8
Government G&S Expenditures	15,749	16,152	16,534	16,921	17,355
% Change	2.0	2.6	2.4	2.3	2.6
Net Exports & Residual	-15,280	-20,127	-18,763	-18,488	-20,285
<b>Income Components (\$ Millions)</b>					
Personal Income	81,452	85,490	86,030	88,508	92,206
% Change	6.7	5.0	0.6	2.9	4.2
Labour Income	55,363	58,145	58,281	60,265	63,078
% Change	6.1	5.0	0.2	3.4	4.7
Non-Labour Income	26,089	27,345	27,749	28,243	29,128
% Change	7.9	4.8	1.5	1.8	3.1
Disposable Income	61,836	65,989	66,846	68,560	71,416
% Change	6.3	6.7	1.3	2.6	4.2
Annual Average Wage \$000s	45.3	46.8	47.3	47.9	48.6
% Change	3.0	3.4	1.0	1.2	1.6
<b>Labour Market</b>					
Participation Rate %	67.1	66.7	66.9	66.7	67.0
Labour Force 000s	1,274	1,297	1,328	1,347	1,376
% Change	2.6	1.8	2.4	1.4	2.2
Employment 000s	1,223	1,242	1,233	1,259	1,297
% Change	3.0	1.5	-0.7	2.2	3.0
Unemployment Rate %	4.0	4.3	7.2	6.5	5.7
Real GDP/Employee \$000s	58.5	57.3	56.4	57.4	57.6
% Change	0.4	-2.1	-1.4	1.7	0.4
<b>Other Indicators</b>					
Population 000s	2,232	2,271	2,310	2,346	2,386
% Change	1.9	1.8	1.7	1.6	1.7
CPI (2002=100)	110.2	112.4	113.0	115.1	117.1
% Change	2.0	2.0	0.5	1.9	1.7
Retail Sales (\$ Millions)	25,343	25,291	24,081	24,829	25,981
% Change	5.1	-0.2	-4.8	3.1	4.6

Sources: Statistics Canada, B.C. Stats, Central 1 Credit Union.

Residential Investment (\$2002 Millions): Metro Vancouver					
	2007	2008	2009	2010	2011
Total Residential Investment	7,106	7,353	5,085	5,970	6,740
% Change	5.3	3.5	-30.8	17.4	12.9
Apartments	1,470	1,773	704	1,050	1,365
% Change	16.6	20.7	-60.3	49.1	30.0
Other New Dwellings	2,402	2,263	897	1,338	1,741
% Change	-1.5	-5.8	-60.3	49.1	30.1
Renovations	2,420	2,520	2,631	2,637	2,628
% Change	6.8	4.1	4.4	0.2	-0.3
Total Acquisition Costs	757	726	779	871	931
% Change	3.4	-4.1	7.3	11.8	6.9
Other Residential Construction	58	72	74	75	76
% Change	12.9	25.1	2.5	1.3	1.6
Housing Market: Metro Vancouver					
Total Unit Sales* 000s	63.5	48.8	55.4	65.4	59.3
% Change	0.3	-23.1	13.5	18.1	-9.3
Average Sale Price* \$000s	498	529	507	545	591
% Change	12.3	6.1	-4.2	7.6	8.3
MLS Unit Sales** 000s	39.0	25.1	36.8	45.0	40.0
% Change	6.9	-35.5	46.3	22.3	-11.1
MLS Average Sales Price** \$000s	571	594	588	636	690
% Change	11.9	4.0	-1.1	8.3	8.5
Housing Starts*** 000s	20.7	19.6	7.8	11.7	15.2
% Change	10.9	-5.5	-60.3	50.0	30.8

Sources: Statistics Canada, Landcor Data Corporation, Canadian Real Estate Association, Central 1 Credit Union.

\* All arm's-length, single property, cash sales of improved residential on less than 2 acres.

\*\* Multiple Listing Service (MLS) sales in the Real Estate Board of Greater Vancouver's area.

aggregate output. Growth in consumer spending begins to pick up, adding 1.7% to real GDP. Government spending and residential investment continue to grow in 2011, each adding 1% to real GDP. At the same time, the region's trade deficit with the rest of the world will increase as stronger domestic demand causes imports to grow faster than exports, subtracting 2.3% from real GDP.

## Industries

Growth in **construction** activity is forecast to add close to \$1 billion to Metro Vancouver's real GDP and 11,300 jobs over the next two years (2010 and 2011). Forecast growth is spread fairly evenly over the two years. New housing construction and spending on acquiring existing housing will pick up in 2010 and growth will remain robust in 2011.

Non-Residential Investment (\$2002 Millions): Metro Vancouver					
	2007	2008	2009	2010	2011
Total Non-Residential Investment	11,941	13,991	12,202	13,028	15,012
% Change	2.1	17.2	-12.8	6.8	15.2
Total Engineering Construction	1,984	2,573	2,286	2,771	3,159
% Change	1.7	29.7	-11.1	21.2	14.0
Total Building Construction	1,839	2,206	2,027	2,068	2,279
% Change	-7.6	20.0	-8.1	2.0	10.2
Industrial Construction	323	434	338	330	385
% Change	-8.9	34.6	-22.3	-2.2	16.7
Commercial Construction	774	931	769	774	843
% Change	-9.4	20.4	-17.4	0.6	9.0
Inst. & Gov't Construction	743	841	920	964	1,051
% Change	-5.0	13.2	9.4	4.7	9.0
Total Machinery & Equipment	8,119	9,212	7,889	8,188	9,574
% Change	4.7	13.5	-14.4	3.8	16.9
Non-Residential Building Permits (\$ Millions): Metro Vancouver					
Total	2,250.6	2,206.3	1,473.1	1,557.7	1,639.8
% Change	-5.2	-2.0	-33.2	5.7	5.3
Commercial	1,730.6	1,710.1	1,002.2	1,050.6	1,119.8
% Change	3.8	-1.2	-41.4	4.8	6.6
Government/Institutional	395.8	372.0	371.8	397.1	395.0
% Change	-26.1	-6.0	-0.1	6.8	-0.5
Industrial	124.2	124.2	99.1	110.0	125.0
% Change	-28.0	-0.0	-20.2	11.0	13.6

Sources: Statistics Canada, Central 1 Credit Union.

Little growth in renovation spending is forecast through 2011, as this year's tax credit pulled forward spending from the future. Construction of heavy engineering projects will see steady growth through 2011, while construction of commercial, industrial and government buildings edges up in 2010 and accelerates in 2011.

**Professional and business service** industries are also forecast to expand through 2011, adding \$750 million to real GDP and 11,200 jobs. Growth is forecast to be slower in 2010 and faster in 2011. Rising residential investment, business investment and domestic demand will drive growth in these industries.

**Manufacturing** industries are expected to increase output over the next two years, adding almost \$700 million to Metro Vancouver's real GDP. However, employment growth will be less robust as jobs decline by 2,800 in 2010 before rising by 4,300 in 2011. Building products, including lumber, will respond to growing construction

GDP by Industry (\$2002 Millions): Metro Vancouver					
	2007	2008	2009	2010	2011
Total	78,275	77,682	76,021	79,006	81,706
% Change	3.4	-0.6	-2.1	3.9	3.4
Agriculture	289	331	344	340	343
% Change	-11.4	14.6	4.0	-1.4	1.0
Other Primary	1,333	689	1,131	1,115	1,127
% Change	-12.9	-48.3	64.1	-1.4	1.0
Manufacturing	8,385	7,953	7,680	7,971	8,370
% Change	-0.9	-5.2	-3.4	3.8	5.0
Construction	4,276	4,468	3,803	4,299	4,788
% Change	-0.4	4.5	-14.9	13.1	11.4
Utilities	1,771	1,794	1,779	1,821	1,870
% Change	34.5	1.3	-0.8	2.3	2.7
Transportation & Warehousing	5,841	5,512	5,293	5,532	5,646
% Change	9.3	-5.6	-4.0	4.5	2.1
Trade	9,419	9,334	9,174	9,489	9,732
% Change	4.1	-0.9	-1.7	3.4	2.6
FIRE	11,286	12,208	11,948	12,236	12,604
% Change	2.1	8.2	-2.1	2.4	3.0
Professional, Scientific & Managerial	8,300	8,439	8,007	8,317	8,754
% Change	5.9	1.7	-5.1	3.9	5.3
Accom. & Food Services	2,378	2,233	2,184	2,444	2,280
% Change	4.3	-6.1	-2.2	11.9	-6.7
Education Services	4,465	4,857	4,896	4,941	5,009
% Change	1.0	8.8	0.8	0.9	1.4
Health & Welfare Services	4,674	4,619	4,785	4,950	5,124
% Change	-0.1	-1.2	3.6	3.5	3.5
Other Services	5,587	5,257	5,050	5,253	5,430
% Change	8.8	-5.9	-3.9	4.0	3.4
Government Services	3,531	3,401	3,500	3,598	3,703
% Change	1.7	-3.7	2.9	2.8	2.9

Sources: Statistics Canada, Central 1 Credit Union.

activity, both local and farther afield. Food production will grow on accelerating domestic and international demand. Machinery and equipment manufacturing will rise along with business investment, mostly in 2011, while production of miscellaneous consumer goods will grow along with consumer spending, again more robustly in 2011.

Forecast growth in **finance/insurance/real estate service (FIRE)** industries adds about \$650 million to real GDP and 4,100 net new jobs through 2011. This growth

is a function of the accelerating recovery in real estate markets specifically and domestic demand in general. Roughly half the output of this sector is from the value of owner-occupied housing, that is, owners as landlords renting to themselves.

**Retail and wholesale trade** accounts for over 12% of GDP, but growth has been slowed sharply by the financial crisis and global economic recession of 2008-09. Even with dampened growth expectations, these industries are forecast to add \$560 million to real GDP and 7,000 jobs over the next two years. Growth will actually be more robust in 2010 than 2011, largely due to the boost from the Winter Olympics.

So-called **“other services”** include information, recreation, repair and personal service industries as well as various membership organizations and associations. Forecast growth in these industries will add \$380 million to Greater Vancouver’s real GDP and 5,600 jobs over the next two years. Growth is slightly more robust in 2010 than 2011 due to the marginal boost to some of these industries during the Olympics.

The largely publicly-funded industries of **health/social services, public administration and education services** are forecast to continue expanding through 2011. This will add \$655 million to real GDP and 16,200 net new jobs, more or less evenly distributed over the two years. Health-care spending will grow much more quickly than education spending due to the aging population.

**Transportation services** will receive a boost in activity from the Winter Olympics and, together with **warehousing services**, will also expand on the strength of accelerating demand. These industries are forecast to add \$350 million to real GDP and 3,000 jobs over the next two years in Greater Vancouver. GDP growth will be stronger in 2010 than 2011, while employment growth will accelerate through 2011.

Employment by Industry (000s): Metro Vancouver					
	2007	2008	2009	2010	2011
Total	1,223	1,242	1,233	1,259	1,297
% Change	3.0	1.5	-0.7	2.2	3.0
Agriculture	9	10	8	8	8
% Change	-11.0	7.9	-20.5	1.9	5.9
Other Primary	8	4	6	6	6
% Change	-1.2	-45.0	42.1	-4.6	0.7
Manufacturing	110	107	91	88	93
% Change	5.3	-3.2	-14.8	-3.1	4.9
Construction	94	105	99	104	110
% Change	9.7	12.5	-6.0	5.5	5.6
Utilities	6	8	7	7	8
% Change	48.6	45.5	-19.3	12.5	4.9
Transportation & Warehousing	76	73	67	68	70
% Change	12.0	-4.1	-8.2	1.8	2.7
Trade	191	187	201	205	208
% Change	-0.2	-2.5	7.6	2.1	1.4
FIRE	90	99	93	94	97
% Change	2.7	9.8	-6.3	1.5	2.9
Professional, Scientific & Managerial	171	175	174	177	185
% Change	2.6	2.2	-0.6	1.9	4.5
Accom. & Food Services	90	86	85	88	89
% Change	3.3	-4.1	-1.0	2.8	1.0
Education Services	90	99	99	101	104
% Change	-2.6	9.4	0.4	1.9	3.2
Health & Welfare Services	117	115	130	135	140
% Change	1.2	-1.8	12.9	3.5	3.8
Other Services	126	130	126	130	132
% Change	2.8	2.9	-3.1	2.9	1.6
Government Services	45	45	48	49	49
% Change	3.5	-0.4	7.1	1.8	1.4

Sources: Statistics Canada, Central 1 Credit Union.

**Accommodation and food service** industries will receive a substantial boost from the Olympics in 2010, but will falter in 2011 without that stimulus. Growth in these industries has been doused by years of declining U.S. tourist traffic, as well as the slowdown in discretionary travel and consumption spending caused by the financial crisis and economic recession. These industries are forecast to add \$260 million in real GDP and 2,300 new jobs to Greater Vancouver in 2010, but subtract \$164 million from real GDP in 2011, while adding only 900 new jobs.

**Utility industries** are a small but steadily growing component of the local economy that is forecast to add \$90 million to real GDP and 1,100 net new jobs through 2011. **Primary resource industries** are a very small part of the metropolitan economy and the outlook is for lower real GDP in 2010, which will not be fully recovered in 2011. Agriculture is expected to see modest job growth over the next two years.

### Fraser Valley Regional District

This region's economic outlook through 2011 is similar to Metro Vancouver's, except on a smaller, less robust scale. Employment growth is forecast to average about 2.8% per year, slightly above the long-term average. The unemployment rate is forecast to decline to 6% of the labour force in 2011 from 8% in 2009. The housing market will recover with rising sales volume, prices and new construction. Population growth will remain fairly steady at around 1.55% per year. Non-residential building construction will continue to drop in 2010 before a modest rebound begins in 2011.

### Squamish-Lillooet Regional District

The outlook for this region is for modest economic growth through 2011, with a notable boost from travel export spending during the Olympics. Population growth is forecast at around 1.3% per year, on par with the long-term average. Rising sales volume, prices and new construction will drive recovery of the housing market. Non-residential building construction will edge down in 2010 before rebounding in 2011.

### Sunshine Coast Regional District

This region's economic outlook through 2011 is generally positive. Population growth is forecast to average 1.7% per year, well above the long-term average. The housing market will recover with rising sales volume and prices. Non-residential building construction is forecast to continue growing through 2011.

**Fraser Valley Regional District: Forecast Summary**

	2007	2008	2009	2010	2011
<b>Labour Market*</b>					
Employment 000s	119.3	125.5	123.0	125.9	129.9
% Change	8.9	5.2	-2.0	2.3	3.2
Unemployment Rate %	4.0	5.0	8.0	7.1	6.0
Participation Rate %	61.3	63.4	61.1	61.9	63.2
<b>Housing Market</b>					
Total Unit Sales**	9,232	6,580	5,792	7,491	6,991
% Change	2.0	-28.7	-12.0	29.3	-6.7
Average Sale Price** \$000s	302.1	317.0	312.1	327.6	357.0
% Change	11.1	4.9	-1.5	5.0	9.0
Housing Starts***	2,440	2,064	720	1,100	1,400
% Change	0.6	-15.4	-65.1	52.8	27.3
<b>Other Indicators</b>					
Population 000s	271.6	276.3	280.7	284.9	289.4
% Change	1.8	1.7	1.6	1.5	1.6
Non-Residential Building Permits \$Millions	178.7	242.1	171.0	166.8	174.5
% Change	-33.7	35.5	-29.4	-2.5	4.6

Sources: Statistics Canada, B.C. Stats, Landcor Data Corporation, Central 1 Credit Union.

\* Abbotsford CMA and Chilliwack CA.

\*\* All arm's-length, single property, cash sales of improved residential on less than 2 acres.

\*\*\* Urban areas of at least 10,000 population.

**Squamish-Lillooet Regional District: Forecast Summary**

	2007	2008	2009	2010	2011
Population 000s	37.2	37.8	38.3	38.8	39.3
% Change	1.5	1.7	1.3	1.2	1.3
Total Housing Unit Sales*	1,675	1,317	1,300	1,570	1,650
% Change	20.4	-21.4	-1.3	20.8	5.1
Average Housing Sale Price* \$000s	550.9	523.3	520.0	540.0	575.0
% Change	10.0	-5.0	-0.6	3.8	6.5
Housing Unit Starts**	240	284	80	150	200
% Change	-47.7	18.3	-71.8	87.5	33.3
Non-Residential Building Permits \$Millions	61.6	44.1	46.1	43.8	50.0
% Change	21.0	-28.4	4.5	-5.0	14.0

Sources: Statistics Canada, B.C. Stats, Landcor Data Corporation, Central 1 Credit Union.

\* All arm's-length, single property, cash sales of improved residential on less than 2 acres.

\*\* Urban areas of at least 10,000 population.

### Sunshine Coast Regional District: Forecast Summary

	2007	2008	2009	2010	2011
Population 000s	28.6	29.2	29.8	30.3	30.8
% Change	2.2	2.2	2.0	1.8	1.6
Total Housing Unit Sales*	935	630	580	768	776
% Change	0.2	-32.6	-7.9	32.5	1.0
Average Housing Sale Price* \$000s	393.9	399.3	352.2	377.1	413.6
% Change	14.2	1.4	-11.8	7.1	9.7
Non-Residential Building Permits \$Millions	18.9	3.5	7.9	9.1	12.5
% Change	26.6	-81.3	123.5	14.9	37.8

Sources: Statistics Canada, B.C. Stats, Landcor Data Corporation, Central 1 Credit Union.

\* All arm's-length, single property, cash sales of improved residential on less than 2 acres.

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