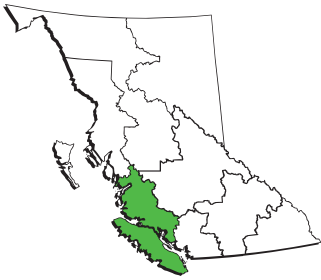


2013 Regional Check-Up

LIVE
WORK
INVEST
IN BC

Vancouver Island/Coast Development Region



The Vancouver Island/Coast Development Region (VICDR) consists of Vancouver Island and the central portion of the BC mainland coast, from Powell River to just north of Ocean Falls and Bella Coola – an area encompassing 84,231 km², or 9.1% of BC's total land base. The Development Region has the second largest population after the Mainland/Southwest, with 788,756 residents in 2012.¹ Last year's population growth rate of 0.3% was the region's lowest since 2001. It matched that of the Thompson-Okanagan and ranked third in the province after the Northeast (2.2%) and Mainland/Southwest (1.4%).

Most of the VICDR's population is concentrated along the southeast coast of Vancouver Island, between Victoria and Comox, while the rest of the region remains sparsely populated and largely undeveloped. In 2012, the Capital, Cowichan, Nanaimo, and Comox-Strathcona Regional Districts attracted 98% of all new residents. In contrast, population declined in both the Alberni-Clayquot and Mount Waddington Regional Districts.

The VICDR's economy reflects its varied settlement pattern: the more populous areas exhibit economic diversification, while the less populated areas remain primarily resource dependent. Since 2004, construction has been the largest goods sector employer, stimulated by the VICDR's attraction as a retirement destination. Mining, forestry, fisheries, and related manufacturing remain important in the mid and north-Island and mainland coast, but are employing less people than in the past. Trade, health care and social assistance, education, and tourism are major employers throughout the VICDR, while public administration is the largest employer in the Capital Regional District.

¹ Statistics Canada, *Population Estimates as of July 1st*, CANSIM Table 051-0049. Note: Population numbers are based on preliminary data; these estimates are revised each year as more accurate data becomes available.

In 2012, the VICDR continued to struggle with the on-going effects of the recent recession. Population growth - the stimulus for much of the region's recent economic growth - hit a new ten-year low. Housing starts and residential building permits declined (4.1%)² for the second consecutive year as did property re-sales (5.6%).³ Both were 40% below their 2008 to 2009 highs. Further, the inventory value of major capital projects proposed, under construction, or on hold dropped to a five-year low.⁴ Tourism continued to slump, with room revenue and hotel occupancy down 1.8% and 0.4% respectively.⁵ One of the few positives last year was the forest industry. Resurgence in US lumber demand, combined with growing demand for lumber and pulp from Asia stimulated mill investments and production. This included Western Forest Products' Ladysmith mill and Harmac in Esquimalt.

WORK Indicators

Job Creation

Job creation provides insight into a region's economic health and shifts in its economy. After losing ground in 2011, the VICDR perked up slightly last year adding 2,400 jobs. Apart from the Nechako where employment declined (-9.2%), the VICDR's job gain (0.7%) was the smallest in the province, which averaged 1.7% overall. All of the region's job creation (4,100 new jobs) occurred in the Victoria Census Metropolitan Area (CMA).⁶ This partially reversed the losses recorded by the CMA in 2011, as well as offset the 2012 losses sustained elsewhere in the region (-1,700 jobs).

Table 1-1: Employment, Vancouver Island/Coast Development Region, 2007 to 2012⁷

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Job Creation (000) | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|-------------------|
| | | | | | | | 5-Year 2007-12 | 1-Year 2011-12 |
| TOTAL EMPLOYMENT (000) | 373.9 | 389.3 | 377.0 | 383.8 | 367.1 | 369.5 | -4.4 | 2.4 |
| Goods-Producing Sector (000) | 69.0 | 70.8 | 65.8 | 67.2 | 62.6 | 59.7 | -9.3 | -2.9 |
| Agriculture | 3.7 | 3.6 | 5.3 | 5.1 | 3.7 | 3.6 | -0.1 | -0.1 |
| Forestry, fishing, mining, oil and gas | 9.8 | 7.7 | 7.2 | 5.5 | 7.9 | 8.2 | -1.6 | 0.3 |
| Utilities | 1.6 | - | 1.7 | - | - | 1.6 | 0.0 | n/a |
| Construction | 35.2 | 38.6 | 33.1 | 35.8 | 31.7 | 27.7 | -7.5 | -4.0 |
| Manufacturing | 18.7 | 19.7 | 18.5 | 19.7 | 18.1 | 18.8 | 0.1 | 0.7 |
| Services-Producing Sector (000) | 304.8 | 318.6 | 311.2 | 316.6 | 304.5 | 309.8 | 5.0 | 5.3 |
| Trade | 65.1 | 61.8 | 64.6 | 63.4 | 58.0 | 60.2 | -4.9 | 2.2 |
| Transportation & warehousing | 15.4 | 18.8 | 15.2 | 13.8 | 14.9 | 15.6 | 0.2 | 0.7 |
| Finance, insurance, real estate & leasing | 23.1 | 18.6 | 20.2 | 22.1 | 18.0 | 18.7 | -4.4 | 0.7 |
| Professional, scientific & technical services | 22.0 | 28.2 | 23.1 | 26.7 | 28.3 | 26.6 | 4.6 | -1.7 |
| Business, building & other support services | 15.8 | 16.5 | 16.5 | 15.2 | 16.7 | 16.8 | 1.0 | 0.1 |
| Educational services | 25.7 | 22.4 | 25.5 | 28.2 | 24.4 | 27.4 | 1.7 | 3.0 |
| Health care & social assistance | 52.0 | 52.7 | 47.0 | 59.3 | 52.1 | 57.1 | 5.1 | 5.0 |
| Information, culture & recreation | 16.8 | 15.6 | 17.2 | 14.0 | 16.7 | 15.9 | -0.9 | -0.8 |
| Accommodation & food services | 31.2 | 35.4 | 32.5 | 27.9 | 31.4 | 27.3 | -3.9 | -4.1 |
| Other services | 13.1 | 17.7 | 18.7 | 16.3 | 15.4 | 16.6 | 3.5 | 1.2 |
| Public administration | 24.5 | 30.9 | 30.7 | 29.7 | 28.7 | 27.6 | 3.1 | -1.1 |

Source: Statistics Canada, Labour Force Survey Historical Review

² Average of VICDR urban centres, Canada Mortgage and Housing, *Housing Now: BC Region*, First Quarter 2012.

³ BC Real Estate Association.

⁴ BC Ministry of Jobs, Tourism and Skills Training, *Major Projects Inventory*, December 2012

⁵ BC Ministry of Jobs, Tourism and Skills Training.

⁶ Statistics Canada only provides a sub-regional labour market breakdown for the Victoria CMA and the Vancouver Island Coast Development Region as a whole. No data is available on a Regional District basis.

⁷ Industries with "-" are estimated to have less than 1,500 employed at that particular point in time, thus the numbers presented in the table may not add up to total sector figures, and job creation statistics can not be calculated.

In 2012, the service sector was entirely responsible for the VICDR's employment growth, adding 5,300 jobs. This increase helped make up for the 2,900 jobs lost in the region's goods producing sector. The largest increases were in health care and social assistance (5,000 new jobs), education (3,000 new jobs), trade (2,200 new jobs), and other services (1,200 new jobs). Job gains in trade recouped approximately half of the losses this industry sustained in 2011, whereas gains in other services were slightly higher. This growth may signal market corrections and possibly an increase in demand for these services.

Last year's job gains in health care and education were partial reversals of losses sustained in 2011, but these gains were likely the result of survey anomalies, including contractual changes.⁸ Small gains were also reported in transportation/warehousing (700 new jobs), finance/insurance/real estate services (700 new jobs), and business services (100 new jobs).

Job gains in the aforementioned industries masked the loss of 7,700 jobs in accommodation and food services (-4,100 jobs), professional/scientific/technical services (-1,700 jobs), federal, local and regional public administration (-1,100 jobs), and information/recreation services (-800 jobs). Apart from professional/technical services, these losses can be attributed to the region's continued decline in tourism, as well as government spending restraint. Jobs lost in professional/technical services were in legal, management and other services (-4,300 jobs), which outstripped gains in architecture, engineering, and computer design services (2,700 new jobs), an increase that may foreshadow renewed development activity in this sector.

Job cuts in construction (-4,000 jobs) primarily accounted for the last year's decline in goods sector employment, although reduced employment in mining (-1,300 jobs) was also reported. These losses offset job creation in non-durable manufacturing, particularly in the Victoria CMA (1,600 new jobs) that helped compensate for manufacturing job losses elsewhere (-900 jobs). Job increases were also reported in utilities (1,600 new jobs), as well as forestry and logging (1,200 new jobs).

Unemployment Rate

The unemployment rate is another important measure of regional economic health, as it reveals the balance between job supply and a region's available labour force. Last year, the VICDR's unemployment rate fell from a high of 6.7% in February, to a low of 5.4% in November. This resulted in an annual average of 6%, which was the second lowest in the province after the Northeast (4.1%). It also represented a 1.7 percentage point (ppt) reduction from 2011, which was the largest one-year decrease among all Development Regions. Within the VICDR, unemployment was lowest in the Nanaimo (5%) and Victoria (5.4%) areas, and higher elsewhere.

Table 1-2: Unemployment Rate, Vancouver Island/Coast Development Region, 2007 to 2012

| Region | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Percentage Point (ppt) Change | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------------|-----------------|
| | | | | | | | 5-Year 2007-12 | 1-Year 2011-12 |
| Vancouver Island/Coast | 4.3% | 4.4% | 7.3% | 6.3% | 7.7% | 6.0% | 1.7 ppt | -1.7 ppt |
| British Columbia | 4.3% | 4.6% | 7.7% | 7.6% | 7.5% | 6.7% | 2.4 ppt | -0.8 ppt |

Source: Statistics Canada

⁸ Job shifts between employers for example from a public employer to a private contractor or temporary contracts that are subject to renewal. Stats Canada reports that job loss data is based on the industry or occupation held in the previous year by people who are unemployed. The Vancouver Island Health Authority confirms that employment in health care has increased steadily since 2008 in response to growing demand.

While job creation contributed to this improvement, a reduction in the VICDR's total labour force (-4,500 people) was also a factor. This decline included people opting out of the labour force (7,400 people), either for retirement or other reasons.

Youth unemployment in the VICDR also declined last year, dropping 2.4 ppt to reach 10.2%. Again, this was the second lowest rate in the province after the Northeast (7.2%), and the largest overall reduction recorded. In addition, the VICDR was also only one of three Development Regions to reduce youth unemployment. The others include the Thompson-Okanagan (-1.3 ppt) and Mainland/Southwest (-0.5 ppt). This reduction was aided by a 13% decline in the VICDR's youth labour force when compared to 2011 figures, which points to young workers moving in search of job opportunities.

Table 1-3: Youth (age 19 to 24 years) Unemployment Rate, Vancouver Island/Coast Development Region, 2007 to 2012

| Region | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Percentage Point (ppt) Change | |
|-------------------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------------------------|-----------------|
| | | | | | | | 5-Year 2007-12 | 1-Year 2011-12 |
| Vancouver Island/Coast | 5.1% | 6.0% | 12.4% | 10.6% | 12.6% | 10.2% | 5.1 ppt | -2.4 ppt |
| British Columbia | 6.1% | 6.8% | 11.1% | 11.3% | 11.5% | 10.9% | 4.8 ppt | -0.6 ppt |

Source: Statistics Canada, Labour Force Survey, Custom Table

INVEST Indicators

Business and Investment Activity

Capital investment in non-residential structures and machinery and equipment fuels economic growth; it enables BC to remain competitive with producers in other provinces and boosts productivity and job creation. In recent years, BC's private sector has generally accounted for approximately 90% of total capital investment, with the public sector providing the rest.

In 2012, capital investment activity in BC fell short of initial forecasts. Preliminary estimates show that last year's non-residential investment grew by only 6.8%, to reach \$20 billion; this was less than half of the predicted growth rate of 14.8%.⁹ Investment in machinery and equipment grew by 9.6% during the same period, reaching \$11.9 billion, slightly ahead of a predicted 8.3% increase. Slower economic growth, lower exports, and fears of the US fiscal cliff have been suggested as reasons for this underperformance.

Despite moderated overall investment growth, venture capital investment—a small but dynamic element of private sector investment—surged in 2012. Venture capital is defined as financial capital provided to startup companies (usually in the IT sector) in either the inception phase or a period of early growth, and is generally characterized by high risk. A report to the Canadian Venture Capital and Private Equity Association shows that venture capital investment in BC rose 71% in the second quarter of 2012, compared with the same quarter of 2011.¹⁰

⁹ 2012: Public and Private Intentions in Canada – 2012, statistics Canada – Catalogue no. 61-205-X <http://www.statcan.gc.ca/pub/61-205-x/61-205-x2012000-eng.pdf> text table 2; *Public and Private Intentions in Canada – 2013*, text table 2. <http://www.statcan.gc.ca/pub/61-205-x/61-205-x2013000-eng.pdf> Note that these are preliminary estimates for 2012, as of March 2013.

¹⁰ Thomson Reuters, *Canada's Venture Capital Market in 2Q 2012*, prepared for the Canadian Venture Capital and Private Equity Association <http://canadavc.com/files/Q22012EnglishOverview.pdf>

In 2012, capital investment and development of infrastructure in the VICDR were weakened by financial insecurity, low population growth, and a decline in tourism. According to the *BC Major Projects Inventory*, the total value of projects proposed, under construction, and on hold was down 4.4% from 2011. Also, new project proposals dropped to a fraction of what they have been over the past five years (6) and were valued at 83% below their pre-recession peak.¹¹

In contrast, both the number and value of new projects starting construction rebounded, increasing in both quantity and value - from 4 to 17, and \$266 million to \$1.8 billion respectively. These new construction projects include \$1.2 billion in mixed residential and residential developments in the Victoria CMA, and \$632 million in industrial, commercial, and public sector projects principally located elsewhere on the Island.

At year end, the total value of projects proposed, under construction, or on hold was \$28.1 billion - a 19% decrease from December 2011. Proposed projects were also down 11% from \$19.1 to \$16.9 billion, the majority of which (76%) were non-residential/commercial developments, mostly outside the Victoria CMA (73%). More than half (55%) were power generating or upgrade projects. The remainder were primarily education, civic, or transportation facilities (40%), with industrial and mining projects making up the balance (5%). The backlog of projects on hold at year end had also dropped dramatically in value, from \$7.1 billion in 2011, to \$0.8 billion in 2012.

The majority of projects under construction were residential or mixed residential/commercial, including a number of large multi-phase projects within the Victoria CMA (84%). The largest projects were the \$2 billion Westhills Green, the \$1.2 billion Bear Mountain neighbourhoods in Langford, and the newly started \$1 billion Capital City neighbourhood in Colwood that will be built over the next several years. The two largest non-residential projects were \$607 million in upgrades and replacements at CFB Esquimalt and a \$155 million marine helicopter facility.

Outside Victoria, residential/commercial development made up about half of the projects under construction, for a total of 9 projects valued at \$847 million. Non-residential projects under construction totalled \$784 million. The two largest projects were the \$300 million Cape Scott Wind Farm and \$200 million Kokish River independent power project.

Incorporations and Bankruptcies

Business incorporations and bankruptcies are principal indicators of commercial success or failure, both of which have a direct bearing on entrepreneurial and investor confidence. In 2012, business incorporations in the VICDR declined for the third consecutive year. This was not surprising given the combination of a sluggish local economy, fiscal uncertainty, and low population growth. However, this decline differed from much of the province as the VICDR was only one of three Development Regions to see a decrease last year; the others being the Northeast (-0.9%) and Kootenay (-0.3%). In contrast, the Nechako (32.3%), Cariboo (8.6%), and Thompson-Okanagan (4.6%) saw increases, while the remaining Development Regions experienced no change.

¹¹ BC Ministry of Jobs, Tourism and Skills Training, *Major Projects Inventory 2012*.

Table 1-4: Business Incorporations and Bankruptcies, Vancouver Island/Coast Development Region, 2007 to 2012

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Percentage Change | |
|-------------------------|-------|-------|-------|-------|-------|-------|-------------------|----------------|
| | | | | | | | 5-Year 2007-12 | 1-Year 2011-12 |
| Business Incorporations | 3,983 | 3,645 | 3,159 | 3,411 | 3,335 | 3,327 | -16.5% | -0.2% |
| Business Bankruptcies | 65 | 92 | 49 | 40 | 34 | 23 | -64.6% | -32.4% |

Source: BC Stats and Office of the Superintendent of Bankruptcy Canada

Despite a tepid economy, the number of business bankruptcies in the VICDR declined for the fourth consecutive year. Only the Nechako (from 1 to 0 bankruptcies) and Cariboo (33.3% improvement) fared better, with the remaining region's seeing either no change or increases in business failures. After four difficult years, this suggests that the VICDR's businesses are either well-entrenched or resilient, and have successfully adapted to changing economic circumstances.

LIVE Indicators

Educational Attainment

Educational attainment is associated with long-term, increased labour productivity and a growth in disposable incomes. The percentage of the VICDR's population aged 25 to 54 with post secondary accreditation increased by 1.6 ppt last year, reaching a five year high of 65.6%. This gain was the third highest after the Cariboo (4.5 ppt) and Northeast (4.3 ppt). The VICDR continues to have the second-highest educational attainment level after the Mainland/Southwest (69%).

Table 1-5: Percent of Labour Force Age 25 to 54 With a Post-Secondary Certificate/ Diploma or Higher, Vancouver Island/Coast Development Region, 2007 to 2012

| Region | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Percentage Point Change | |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------|----------------|
| | | | | | | | 5-Year 2007-12 | 1-Year 2011-12 |
| Vancouver Island/Coast | 59.8% | 62.3% | 62.0% | 64.1% | 64.0% | 65.6% | 5.8 ppt | 1.6 ppt |
| British Columbia | 61.7% | 62.6% | 63.0% | 64.4% | 65.9% | 66.6% | 4.9 ppt | 0.7 ppt |

Source: Statistics Canada, Labour Force Survey, Custom Table.

Last year's increase was due to a growth in people with post-secondary certification or university accreditation (3,700 and 800, respectively) and an overall decrease in the total labour force. This increase in educational attainment is likely a reflection the region's many industries' growing need for well-educated workers. In 2012, unemployment for those with post-secondary certification declined (-2.2 ppt). While it increased for university graduates, the increase was marginal (0.2 ppt). It also suggests that those leaving the workforce - by either relocating elsewhere or withdrawing from the job market - may have had less education.

Dependency on the Social Safety Net

Regardless of the strength of the economy, there is always a fairly consistent percentage of the population who are dependent on income assistance for reasons of health or the inability to work.

Between 2011 and 2012, dependence on social assistance in the VICDR declined by 0.1 ppt to reach 2%. This very small improvement reflects lower unemployment, a result of both increased job creation and labour force losses. The region's 0.1 ppt decrease tied that of the Northeast and was the lowest in the province, which averaged 0.3 ppt decline. The VICDR's dependency rate of 2% was 0.3 ppt higher than the provincial average. Matched by the Thompson-Okanagan and Nechako, it ranked fourth among the Development Regions, behind the Northeast (1.1%), Mainland/Southwest (1.5%), and Kootenay (1.8%). This result is not surprising given the VICDR's sluggish economy and lackluster job creation in 2012.

Table 1-6: Basic Income Assistance Recipients as a Percent of the Population, Age 19 to 64, Vancouver Island/Coast Development Region, 2007 to 2012¹²

| Region | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Percentage Point (ppt) Change | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------------------------|-----------------|
| | | | | | | | 5-Year 2007-12 | 1-Year 2011-12 |
| Capital | 1.1 | 1.1 | 1.4 | 1.4 | 1.4 | 1.3 | 0.2 ppt | -0.1 ppt |
| Cowichan Valley | 1.7 | 1.6 | 2.1 | 2.2 | 2.1 | 2.0 | 0.3 ppt | -0.1 ppt |
| Nanaimo | 2.0 | 2.1 | 3.1 | 3.0 | 3.1 | 2.8 | 0.8 ppt | -0.3 ppt |
| Alberni-Clayoquot | 3.1 | 3.6 | 4.6 | 4.6 | 4.4 | 4.1 | 1.0 ppt | -0.3 ppt |
| Comox-Strathcona | 1.5 | 1.6 | 2.4 | 2.4 | 2.3 | 2.1 | 0.6 ppt | -0.2 ppt |
| Powell River | 2.1 | 2.2 | 3.4 | 3.4 | 3.7 | 3.4 | 1.3 ppt | -0.3 ppt |
| Mount Waddington | 1.9 | 2.5 | 3.3 | 4.1 | 3.9 | 3.1 | 1.2 ppt | -0.8 ppt |
| Central Coast | - | - | - | - | 2.8 | - | - | - |
| Development Region Total | 1.5 | 1.6 | 2.1 | 2.1 | 2.1 | 2.0 | 0.5 ppt | -0.1 ppt |
| British Columbia | 1.4 | 1.5 | 1.9 | 2.0 | 2.0 | 1.7 | 0.3 ppt | -0.3 ppt |

Source: BC Stats

Within the VICDR, social assistance dependency rates fell in all Regional Districts.¹³ The largest decline (-0.8 ppt) was in Mount Waddington Regional District, which experienced a 2.2% population loss last year. This decline likely included some assistance recipients who chose to seek opportunities elsewhere. Regional Districts in the mid-Island, as well as Powell River, benefitted from job gains in forestry, and recorded higher decreases than the VICDR's overall average. Both the Capital and Cowichan Valley Regional Districts showed the smallest improvement (-0.1 ppt), but also recorded the lowest dependency rates in the VICDR.

¹² Rates are as of September for each year. Data unavailable for years prior to 2008. These figures include those on Temporary Assistance, but exclude those on Continuous Assistance (Disabled or with persistent multiple barriers to employment), Children in the Home of a Relative, and OAS/Seniors and aboriginal people living on reserve.

¹³ The only except is the Coast Regional District for which the sample size was too small to report on.

Consumer Bankruptcies

Consumer bankruptcy is linked to economic trends (wages, unemployment, and savings rates) and offers information on the outcome of today's borrowing practices in the context of credit market developments. It also provides timely insight into personal financial solvency, in light of BC's high debt to income ratio.

Bankruptcy rates have risen steadily throughout Canada since the recession of 1982, although BC's rate is generally lower than the national average.¹⁴ According to the Office of the Superintendent of Bankruptcy, the top ten reasons for consumer bankruptcy are over-extension of credit (22%), seasonal employment (15%), job loss (13%), medical problems (11%), relationship breakdown (10%), money mismanagement (9%), failed business (9%), failure to pay taxes (4%), gambling (2%), and inadequate pension (1.4%).

In 2012, the VICDR saw a decline in personal bankruptcies (-9.5%) for the third consecutive year; out of the five Development Regions that also reported declines, it ranked third after the Nechako (-30.8%) and Cariboo (-11%). However, the region's bankruptcy rate of 2.5 was 0.5 higher than the provincial average, and ranked sixth out of all Development Regions.

Table 1-7: Annual Consumer Bankruptcy Rates per 1,000 Population Aged 18 Years and Older, Vancouver Island/Coast Development Region, 2007 to 2012

| Region | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Percentage Change | |
|-------------------------|------------|------------|------------|------------|------------|------------|-------------------|----------------|
| | | | | | | | 5-Year 2007-12 | 1-Year 2011-12 |
| Vancouver Island/Coast | 2.3 | 2.4 | 3.6 | 3.1 | 2.7 | 2.5 | 7.4% | -9.5% |
| British Columbia | 1.9 | 2.1 | 2.9 | 2.6 | 2.2 | 2.0 | 3.9% | -7.2% |

Source: Office of the Superintendent of Bankruptcy Canada and Statistics Canada

The VICDR's consumer bankruptcy rate has been consistently higher than the provincial average, and its five-year average rate, along with that of the Thompson-Okanagan (3.3 per 1,000 persons), is the second-highest after the Cariboo (3.9 per 1,000 persons). The reasons for this are unclear. High real estate values in both the VICDR and Thompson-Okanagan, combined with reduced employment in high paying resource industries, may be contributing factors.

Conclusions

2012 was another difficult year for the VICDR. Population growth, which has been a major economic catalyst in the region for many years, dipped to an eleven year low. Tourism continued to slump for the fifth consecutive year, resulting in job losses in accommodation and food services and other related industries.¹⁵ Business incorporations declined, and housing starts and resales dropped for the second and fifth consecutive year respectively. The inventory value of major capital projects proposed, under-construction, or on hold also reached a five year low. Not surprisingly, construction, which has been the largest goods-sector employer in the VICDR since 2004, and the professional, scientific and technical services industry reported job losses last year.

¹⁴ Office of the Superintendent of Bankruptcy Canada.

¹⁵ eg., information/culture and recreation.

On the positive side, business and consumer bankruptcies decreased, and dependence on social assistance declined, albeit marginally. Overall, employment grew slightly, thanks entirely to job gains in the service sector. Unemployment, particularly for youth, declined as a result – however, this decrease was aided by a reduction in the labour force, of which retirement, withdrawal from the job market, and relocation were all contributing factors. The VICDR did add 4,500 people with post-secondary credentials to its labour force, which, together with a smaller labour force, pushed educational attainment to its highest recorded level. Further, both the number and value of new major capital projects starting construction increased, which signalled an easing of over-supplied residential inventories in the Victoria CMA.

Predictions for 2013, point to a similar pattern. Provincial real GDP, employment, and housing starts are forecast to be lower, even though exports, particularly in lumber, are set to increase.¹⁶ Population growth in the VICDR is expected to remain low. The region should benefit from improvements in the forestry sector and increased stability in the manufacturing industries. However fiscal constraints on government spending, and weak tourism demand (due to the high Canadian dollar and competition from other parts of BC and the US) are foreseen to dampen economic growth and job creation. Although a modest increase in housing sales is predicted as a result of the elimination of HST, deferred retirement and reduced demand for recreation properties will continue to stunt real estate sales. All of these factors point to a challenging year for the VICDR.

Glossary of Definitions

- **Business establishments:** Production entity or group of entities that produces goods or services, does not cross provincial boundaries, and provides data on value of output and input costs to the government.
- **Job creation:** Change in number of employed individuals between two given years.
- **Social safety net:** Transfers to unemployed individuals and families from the federal and provincial governments under the auspices of the Income Assistance and Employment Insurance programs.
- **Unemployment rate:** Share of employable labour force looking for work but unable to find it.

¹⁶ RBC Economics, *Provincial Outlook*, March 2013.