

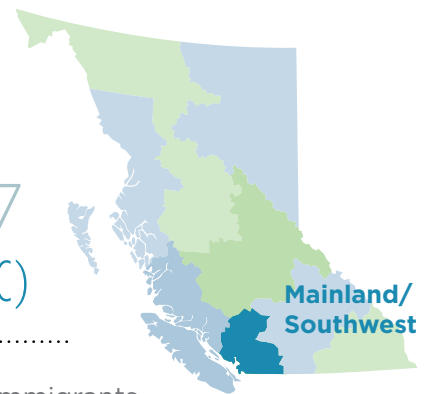
REGIONAL CHECK-UP 2017

Mainland/Southwest Development Region



CPABC Regional Check-Up 2017

Mainland/Southwest Development Region (Southwest BC)



HIGHLIGHTS

Population:
2.9 million



International immigrants
accounted for **54%** of the
46,463 new residents

FORECAST



Growing
service sector

+



Highly educated
workforce

+



Continued
immigration

=



Bright spot
in BC

WORK



New Jobs: +69,100



Record job growth
due to **vibrant**
service sector

Job Gains...



+24,700

Trade



+13,500

Information, Culture
& Recreation



+11,000

Finance, Insurance,
Real Estate & Leasing

Unemployment:
5.9% < 6.0%

Southwest
BC

BC

Youth Unemployment:
7.9% < 8.7%

Southwest
BC

BC

= 71% of jobs created

INVEST



Capital Investment:

+2.0% to
\$72.5 billion



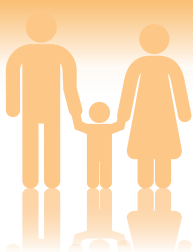
~65% of major projects
in Southwest BC were
commercial & residential

**Business
Bankruptcies:**

-3.1% to
94 reports

Data from Q3 2016.
Increases/decreases are
in comparison to Q3 2015.

LIVE



Educational Attainment:



71.4% of labour force has
a post-secondary
certificate/diploma or higher
(-1.0 ppt)

39% of full-time labour force has
at least a bachelor's degree

Consumer Insolvencies:

Personal Bankruptcies:

0.9 per 1,000
adults or

-25.0%

Consumer Proposals:

1.5 per 1,000
adults or

0%

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Executive Summary

British Columbia led the country in economic growth in 2016, posting a real GDP growth rate of 3.3%.¹ Continued in-migration and unprecedented activity in Southwest BC's housing market were major drivers. This boosted employment in construction and industries related to the housing market such as finance, insurance, and real estate, not to mention many indirect jobs throughout the service sector.

Looking at our indicators for the Mainland/Southwest (Southwest BC), the population in this development region grew in 2016, with a corresponding increase of 65,500 persons in the labour force. With 69,100 newly created jobs in Southwest BC, most of these new workers found employment.

Unemployment in Southwest BC declined to 5.5% in 2016, the lowest rate in the province. Among young workers aged 19 to 24 years, there was a sharp dip in unemployment from 10.3% in 2015 to 7.9% in 2016.

The value of BC's non-residential building investment peaked at the end of the first quarter of 2016 (Q1 2016), reaching \$1.51 billion, and declined to \$1.46 billion by the end of 2016. This was due primarily to a slowdown in industrial and institutional investment.

Altogether, there were 465 major projects in Southwest BC in Q3 2016. Of these, 240 projects valued at \$34.9 billion were proposed, while 189 valued at \$33.14 billion were under construction. Sixteen projects valued at \$1.5 billion were completed in Q3 2016, a huge increase over Q3 2015. The number of projects on hold in Southwest BC grew by 3.5% to 20 projects valued at \$2.9 billion.

Between 2015 and 2016, the number of business bankruptcies in Southwest BC declined by three to 94 reports.

In 2016, 71.4% of Southwest BC's labour force aged 25 to 54 had achieved at least a post-secondary certificate or diploma. This was a one percentage point (ppt) decrease from 2015, but a 2.9 ppt increase over 2011. University education not only confers higher incomes to workers, but enhances the likelihood of full-time employment. Workers with a university degree represented 35% of Southwest BC's full-time employed labour force in 2011, and 39% in 2016.

Southwest BC's consumer insolvency rate peaked at 3.3 insolvencies per 1,000 adults in 2010, but has been on a declining trend since, reaching 2.4 in 2016.

Altogether, this year's indicators demonstrate that Southwest BC was a good place to live, work, and invest in 2016.

Looking at the remainder of this year, BC's real GDP growth is expected to slow to 2.4% in 2017.² The foreign buyers' tax implemented in summer 2016 did cool down the housing market, with sales down significantly in the first quarter of 2017. However, it is expected that housing activity will remain active, as residential construction and resales are expected to grow in 2017.

¹ Estimate, TD Economics, Provincial Economic Forecast, March 27, 2017.

² Estimate, TD Economics, Provincial Economic Forecast, March 27, 2017.

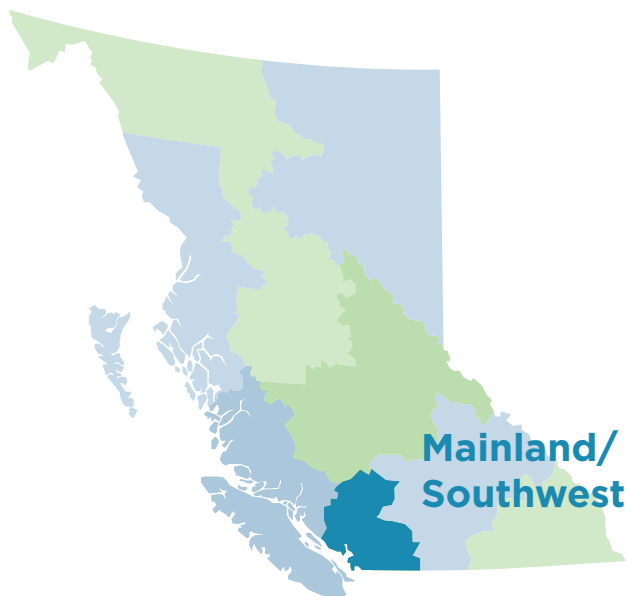
This will continue to encourage employment growth in construction and in various service-sector industries such as finance, real estate, insurance, and leasing, as well as the business, building, and other support services industries. In addition, our relatively low Canadian dollar compared to the US dollar should continue to bolster the tourism and film industries in the province. This, along with a growing tech sector, will continue to drive employment demand in the service sector.

Southwest BC's economy should continue to grow in 2017, having diversified its economy and seen inroads in technology, information and culture, transportation, and the manufacturing of products such as textiles and machinery.

The region possesses a well-developed service sector that appears to exist in isolation from the rest of the province. However, the provincial economy is strongly linked to the fortunes of the resource sector. Any protectionist policies that constrain BC's exports into the US would have a negative impact on our economy.

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The Mainland/Southwest Development Region (Southwest BC) includes the Metro Vancouver, Sunshine Coast, Squamish-Lillooet, and Fraser Valley regional districts,

with a total land area of 36,303 km². In 2016, there were 2.93 million people living in Southwest BC, making up approximately 62% of the provincial population.³

With its strong economy and large population base, Southwest BC has enjoyed positive population growth every year for more than a decade. In 2016, the total number of residents grew by 46,463 people, at a rate of 1.6%. This was an increase from 2015, which saw a population growth rate of 1.2%. International migration and natural increase comprised the largest components of the region's population growth in 2016, with the former making up 54% and the latter 22% of the new residents.⁴ Although there was a slight uptick in international migration to Southwest BC, the trend has been one of decline over the past six years.

The Canadian economy faltered in the first two quarters of 2016 as a result of the Alberta wildfires and a slump in exports. By the third quarter, Canadian export values were recovering, Alberta began rebuilding, and consumer demand swelled. Although the improvements were not enough to offset the losses incurred earlier in 2016, Canada's economy is trending positive. The country's estimated GDP growth rate for 2016 was 1.4%, up from 0.9% in 2015.⁵ Between 2015 and 2016, 133,300 new jobs were created in Canada, with approximately 60% of this gain in part-time jobs.⁶

With a GDP growth rate of 3.3%, BC was one of Canada's top performers in 2016,⁷ surpassing the national economic growth rate for the sixth year in a row.

The weak Canadian dollar benefited the province's manufacturing industry and exports in 2016. The value of BC exports rose by almost 10%, with solid wood products, natural gas, and coal taking the lead in growth. Activity in the retail, wholesale, and household services industries was fuelled by an unprecedented housing boom, rising in-migration, and consumer demand.

2016 also saw the greatest spike in BC's employment growth in at least a decade, with the number of jobs increasing by 73,300, or 3.2%. Approximately two-thirds of these new jobs were part-time, and most were in the service sector.

³ Statistics Canada, Census 2016.

⁴ Statistics Canada, Estimates of population by economic region, sex and age group for July 1, based on the Standard Geographical Classification 2011, Annual, CANSIM Table 051-0059.

⁵ Estimate, TD Economics, Provincial Economic Forecast, March 27, 2017.

⁶ Statistics Canada, CANSIM Tables 282-0002 and 282-0022. Last modified: 2017-01-06.

⁷ Estimate, TD Economics, Provincial Economic Forecast, March 27, 2017.

In 2016, Southwest BC again enjoyed the benefits of its geographical advantage, ongoing in-migration, and industrial and commercial expansion. The white-hot real estate market impacted the economy, stimulating employment growth in related industries — finance, insurance, and real estate, as well as business, building, and other support services — with many more indirect and induced jobs created throughout the service sector. In-migration boosted Southwest BC's consumer demand and employment in retail, while the gains made in relation to the region's housing market encouraged homeowners to spend more.

Last year's strong economy translated into impressive employment gains in Southwest BC; the region accounted for the majority of provincial employment growth in 2016, with a net gain of 69,100 jobs. The greatest absolute increases took place in the service industries, with the trade; information, culture and recreation; and finance, insurance, real estate, and leasing industries leading employment growth.

A rise in exports, swelling consumer demand, brisk residential and non-residential construction activity, and renewed growth in Southwest BC's television and film industry – as well as in an array of other services – all contributed to this growth. On the other hand, increases in professional and scientific services lagged after five successive years of strong growth.

Altogether, Southwest BC's economic climate in 2016 was buoyant despite languishing worldwide oil prices, depressed resource commodity prices in the first half of the year, and political developments in the region's two biggest export markets — Western Europe and the US.

The region continues to profit from its connectedness with the Asian market, its growing high-technology sector, and the subsequent opportunities for trade and the dissemination of ideas. However, the expansion of Southwest BC's high-technology sector appears to be hobbled by a growing talent gap and the need to invest in company growth, as evidenced by lacklustre job creation in the professional, scientific, and technical services industry in 2016.

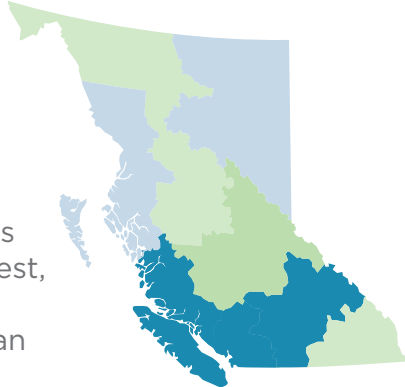
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Comparison between Development Regions

DEMOGRAPHICS

90% of BC's residents live in Mainland/Southwest, Vancouver Island/Coast, and Thompson-Okanagan

Population in BC: 4,751,612 residents or



+1.2%

Mainland/Southwest (+1.6%)
Vancouver Island/Coast (+1.3%)
Thompson-Okanagan (+0.7%)
Northeast (+0.3%)
Kootenay (+0.2%)
Cariboo (-0.8%)
Northwest BC* (-1.3%)

FORECAST



Uncertainty over commodity prices

+



Potential international trade policy changes

+



Slower housing market

=

Cautious optimism for BC's economy in 2017

WORK



New Jobs in BC:
+73,300

Greatest job increase in **at least 10 years**

~ 94% of new jobs created in Mainland/Southwest



Unemployment in BC: **-0.2% to 6.0%**

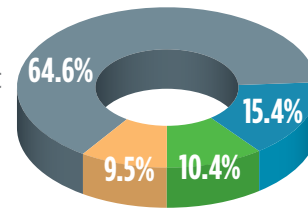


Youth Unemployment in BC:
-1.2% to 8.7%

Youth unemployment is highest in Kootenay, Northwest BC, and Northeast, due to job cuts

Total Jobs in BC: 2.3 million

Mainland/Southwest



Vancouver Island/Coast

Other Thompson-Okanagan

Unemployment Rate across BC:

	2015	2016	Change
Northeast	5.9%	9.7%	+3.8%
Kootenay	7.4%	8.0%	+0.6%
Thompson-Okanagan	6.4%	7.8%	+1.4%
Northwest BC*	7.0%	7.7%	+0.7%
Cariboo	7.0%	7.4%	+0.4%
Vancouver Island/Coast	6.3%	5.8%	-0.5%
Mainland/Southwest	6.0%	5.5%	-0.5%
BC	6.2%	6.0%	-0.2%

*Northwest BC is made up of the Nechako and North Coast development regions.

Source: CPABC Regional Check-Up 2017. All numbers are from 2016. Increases/decreases are in comparison to 2015 data.

WORK Indicators

Job Creation

Southwest BC experienced impressive job creation in 2016. The region saw a gain of 69,100 new jobs, an increase of 4.7% over 2015, reaching 1.54 million employed. This was more than triple the increase experienced in 2015. Over 90% of these new jobs were generated in Southwest BC's vibrant service sector.



In Southwest BC's goods sector, total employment increased by 5,400 to 272,600 jobs, with only the construction and manufacturing industries showing positive gains. Construction employment grew by 7,700 jobs, the largest increase in five years. This expansion was driven primarily by activity in the residential and non-residential commercial sector.⁸

While Southwest BC's manufacturing industry grew by 700 jobs in 2016, it was a small increase compared to the dramatic gains made in this industry over the past four years. This reflects the decline in provincial manufacturing shipments experienced in 2016.⁹ There was no change in agriculture employment in 2016, while the number of jobs in the resources and utilities industries declined by 2,200 and 800 jobs respectively.

A spike of 63,800 new service sector jobs in Southwest BC brought the total to 1.27 million service sector jobs in 2016. This is the largest job gain experienced in this sector for Southwest BC in the past decade.

The trade industry accounted for a large share of employment growth in the service sector, growing by 24,700 jobs, or 11%, in one year. Retailers in BC saw sales increase by 6.4% in 2016, as housing activity and tourism activity surged.

The number of non-resident travellers entering or leaving BC increased by 10.8% in 2016; these travellers were a major source of retail revenue, especially with a weak Canadian dollar.¹⁰ Wholesale revenues in BC also climbed by 7.2%, an indicator of increased economic activity and employment demand.

Employment in the Southwest BC information, culture, and recreation industry expanded by 13,500 jobs in 2016, its largest increase in at least a decade. Growth in movie and television production contributed to this increase. After a slump in 2013, film and television production activity recovered and the industry saw its highest production volume in 2014/2015 and 2015/2016.¹¹ This growth was concentrated primarily in Southwest BC due to a combination of a provincial tax break, a depreciating Canadian dollar, and the region's reputation as a Hollywood alternative for filmmaking and production.¹²

⁸ Statistics Canada, Investment in non-residential building construction, by type of building, province and census metropolitan area, CANSIM Table 026-0016, February 16, 2017. Investments in non-residential building construction exclude engineering construction (such as for highways, sewers, bridges, and oil and gas pipelines).

⁹ BC Stats, BC Manufacturing Sales (Shipments) by Industry 2016.

¹⁰ BC Stats, Annual Retail Sales 2016.

¹¹ Canadian Media Producers Association in collaboration with the Association Québécoise de la production médiatique, the Department of Canadian Heritage and Telefilm Canada, Profile 2016: Economic Report on the Screen-based Media Production Industry in Canada, 2016.

¹² Ian Bailey, BC Film Industry Booming, but Insiders Warning It May Not Last, *The Globe and Mail*, May 16, 2015.

Employment in the finance, insurance, real estate, and leasing industry rose by 11,000 jobs. Additionally, the number of jobs in the business, building, and other support services industry rose by 7,300.

This increase was a testament to the strength of the region's real estate and non-residential investment activity, driven by solid economic growth and an inflow of international and interprovincial immigrants.

Other service industries in Southwest BC saw smaller job gains. Health care and social assistance employment continued its upward trajectory, with 4,400 new jobs. Employment in other services (a catch-all definition that encompasses many smaller or new businesses) and public administration increased by 2,600 and 2,200 jobs respectively.

Surprisingly, employment in the professional, scientific, and technical services industry increased by only 1,500 jobs in Southwest BC, after five successive years of

strong growth. And the number of new jobs in the transportation and warehousing industry was 1,200.

Some of Southwest BC's service industries lost jobs in 2016. This includes the accommodation and food services and educational services industries, which experienced a collective loss of 4,700 jobs.

Two of Southwest BC's principal labour markets are the Vancouver Census Metropolitan Area (CMA) and the Abbotsford/Mission CMA. In 2016, the Vancouver CMA accounted for most of the job growth in Southwest BC, with 60,700 new jobs created, primarily in the service sector. The Abbotsford/Mission CMA saw a slight increase of 3,000 jobs in the goods sector; however, this gain was completely offset by a loss of 3,000 jobs in the service sector.

Table 1-1: Employment, Mainland/Southwest Development Region, 2011 to 2016¹³

							Job Creation (000)	
	2011	2012	2013	2014	2015	2016	5-Year 2011-16	1-Year 2015-16
TOTAL EMPLOYMENT (000)	1,387.5	1,413.7	1,418.2	1,446.9	1,468.2	1,537.3	+149.8	+69.1
Goods-Producing Sector (000)	250.5	257.0	252.2	262.2	267.0	272.6	+22.1	+5.4
Agriculture	12.3	12.1	14.1	12.5	11.4	11.4	-0.9	0.0
Forestry, fishing, mining, oil and gas	11.2	8.4	11.2	11.4	11.7	9.5	-1.7	-2.2
Utilities	6.8	7.7	6.9	8.9	9.2	8.4	+1.6	-0.8
Construction	121.3	119.4	121.8	124.6	122.6	130.3	+9.0	+7.7
Manufacturing	98.7	109.3	98.1	104.9	112.3	113.0	+14.3	+0.7
Services-Producing Sector (000)	1,137.0	1,156.7	1,166.0	1,184.7	1,200.9	1,264.7	+127.7	+63.8
Trade	219.6	213.8	228.2	227.0	223.2	247.9	+28.3	+24.7
Transportation & warehousing	80.9	89.6	88.1	94.7	96.0	97.2	+16.3	+1.2
Finance, insurance, real estate & leasing	100.1	97.8	100.7	101.2	91.1	102.1	+2.0	+11.0
Professional, scientific & technical services	123.2	117.8	128.0	130.9	138.3	139.8	+16.6	+1.5
Business, building & other support services	61.2	62.8	64.0	61.7	65.1	72.4	+11.2	+7.3
Educational services	101.7	105.0	105.3	107.5	108.0	106.3	+4.6	-1.7
Health care & social assistance	146.2	156.5	155.2	155.1	171.5	175.9	+29.7	+4.4
Information, culture & recreation	74.4	77.3	73.7	73.7	79.1	92.6	+18.2	+13.5
Accommodation & food services	112.7	111.1	105.8	111.3	109.3	106.3	-6.4	-3.0
Other services	58.8	69.3	62.0	63.2	63.8	66.4	+7.6	+2.6
Public administration	58.2	55.8	54.9	58.4	55.5	57.7	-0.5	+2.2

Source: Statistics Canada, Labour Force Survey Historical Review

Unemployment Rate

The unemployment rate is the share of the labour force that is unemployed, but actively seeking employment and willing to work. In 2016, Southwest BC's unemployment rate declined by 0.5 percentage points (ppt) to 5.5%. The provincial average rate also reversed its trend last year, declining to 6.0%.

The Southwest BC labour force grew by 65,500 in 2016. The majority, or 98%, of these new workers were employed, while the number of unemployed workers declined by 3,600 people. Slightly over half of the new workers were employed in full-time positions. Another sign of last year's buoyant labour market was that for

the first time since 2007, the population not in the labour force fell, declining by 25,700 people.

With an unemployment rate of 5.5%, Southwest BC enjoyed the lowest incidence of unemployment in the province in 2016. The Vancouver Island/Coast Development Region ranked second with a rate of 5.8%. Northeast BC had the highest unemployment rate, rising from 5.9% in 2015 to 9.7% in 2016.

See our summary infographic for regional comparisons.

Table 1-2: Unemployment Rate, Mainland/Southwest Development Region, 2011 to 2016

Region	2011	2012	2013	2014	2015	2016	Percentage Point (ppt) Change	
							5-Year 2011-16	1-Year 2015-16
Mainland/Southwest	7.4	6.9	6.7	6.0	6.0	5.5	-1.9 ppt	-0.5 ppt
British Columbia	7.5	6.8	6.6	6.1	6.2	6.0	-1.5 ppt	-0.2 ppt

Source: Statistics Canada

Southwest BC's young workers (aged 19 to 24 years) saw their unemployment rate dip significantly. The rate decreased from 10.3% in 2015 to 7.9% in 2016, achieving the lowest level in at least six years. Within the region, this labour force cohort grew by 17,100, with most workers finding employment in the service sector. In BC overall, youth unemployment dipped to 8.7%.

The youth unemployment rate increased in all other development regions in 2016. The Thompson-Okanagan Development Region's youth unemployment rate ranked second lowest after Southwest BC at 8.2%. At 18.6%, the highest youth unemployment rate was in the Kootenay Development Region.

See our summary infographic for regional comparisons.

Table 1-3: Youth (Age 19 to 24 Years) Unemployment Rate, Mainland/Southwest Development Region, 2011 to 2016

Region	2011	2012	2013	2014	2015	2016	Percentage Point (ppt) Change	
							5-Year 2011-16	1-Year 2015-16
Mainland/Southwest	11.8	11.5	11.1	9.3	10.3	7.9	-3.9 ppt	-2.4 ppt
British Columbia	11.8	11.3	10.7	9.2	9.9	8.7	-3.1 ppt	-1.2 ppt

Source: Statistics Canada, Labour Force Survey, Custom Table

INVEST Indicators

Business and Investment Activity

Investment in Non-Residential Construction



Capital investment in industrial, commercial, and institutional infrastructure boosts long-term labour productivity, economic growth, and job creation.

At the national level, sustained low oil prices and ongoing investor uncertainty suppressed Canadian capital investment in 2016. Non-residential building construction in Canada dipped by 1.2% to \$12.3 billion between Q4 2015 and Q4 2016. Industrial and commercial investment saw declines of 5.9% and 1.7% respectively, while institutional investment rose by 2.4%. The downturn in Canadian industrial and commercial investment reflects 2016's significant slowdown in the resource-based economies of Alberta, Saskatchewan, Nova Scotia, and Newfoundland.

In BC, non-residential building investment grew during the first two quarters of 2016 (current dollars, seasonally adjusted), then fell off in the latter half of the year. The net result was a 1.9% decline in non-residential building construction between the fourth quarter of 2015 and the fourth quarter of 2016 to \$1.407 billion.¹³

BC's industrial and institutional investment declined by 5.2% and 11.2% respectively during this period, while commercial investment grew by 2.9%.

In 2016, non-residential investment in Southwest BC was similar to the provincial trend. Between the fourth quarters of 2015 and 2016, non-residential capital

investment in the Vancouver CMA declined by 8.7% to \$864 million.¹⁴ While commercial investment grew during this period, it was more than offset by a decline in industrial and institutional investment.

Solid job growth, a buoyant real estate market, and significant gains in retail sales all contributed to a strong economy in Southwest BC and encouraged investment in the commercial sector. However, a dampened world economy, declining energy spending in Western Canada, and uncertainty about US policy and tax changes under a new administration suppressed industrial capital investment.

Venture Capital

Venture capital market activity, although it only captures high-risk investors (a small share of total capital investment), is a timely indicator of the investment climate in any given year.¹⁵ In 2016, there were 71 major venture capital deals completed in BC with a total value of \$431 million.¹⁶ BC's venture capital deals represented 13.5% of those in Canada, a smaller share than in 2015. Overall, Canada saw a large increase in venture capital deals in 2016, mostly in Ontario and Quebec. Of the top 10 Canadian venture capital deals last year, only one was in BC — an \$87 million deal with Zymeworks, a biotherapeutics company.

¹³ Preliminary estimate. Statistics Canada, Investment in non-residential building construction, by type of building, province and census metropolitan area, CANSIM Table 026-0016, February 16, 2017. Excludes engineering construction (such as for highways, sewers, bridges and oil and gas pipelines).

¹⁴ Ibid.

¹⁵ Venture capital investors include private sector, government, corporate, institutions and various funds.

¹⁶ Canadian Venture Capital and Private Equity Association, 2015 Canadian Venture Capital Market Overview.

Inventory of Major Capital Investment Projects

Information from the BC government's Major Project Inventory confirms that the inventory of capital investment in Southwest BC rose by a small margin in 2016. Between Q3 2015 and Q3 2016, the total value of Southwest BC's major projects — including those proposed, underway, completed, or on hold — rose to \$72.5 billion, a one-year increase of approximately \$1.5 billion, or 2%.¹⁷

Altogether, there were 465 major projects in Southwest BC in Q3 2016. Of these, 240 projects valued at \$34.9 billion were proposed, which was a 9.4% increase in the number of projects over Q3 2015. The number of projects under construction — 189 projects valued at \$33.14 billion — declined by 7.9% from Q3 2015. And 16 projects valued at \$1.5 billion were completed in Q3 2016. This was a 345% increase in the number of completions between Q3 2015 and Q3 2016.

The number of projects on hold in Southwest BC increased by 3.5% to 20 projects valued at \$2.9 billion during the same period. Altogether, 65% of Southwest BC's projects in Q3 2016 were commercial and residential.

The largest major projects that were undertaken in the region during the first three quarters of 2016 include the following:

- **498 Drake Street condominiums, Vancouver**, Wall Financial Corporation (\$45 million) — start first quarter 2016, finish fourth quarter 2018;
- **The Creek condominiums, Vancouver**, Concert Properties Ltd. (\$100 million) — start second quarter 2016, completion unknown;
- **Narrows Inlet Hydro Project, Sechelt**, BluEarth Renewables (\$210 million) — start second quarter 2016, finish fourth quarter 2018;
- **Lower Lynn interchange improvement project, North Vancouver**, Ministry of Transportation and Infrastructure (\$150 million) — start third quarter 2016, finish second quarter 2021;
- **Bremner Trio Small Hydro Project, Harrison Hot Springs**, Bremner Trio Hydro Corporation (\$90 million) — start third quarter 2016, finish second quarter 2018; and
- **Town Centre residences, Vancouver**, Wesgroup Properties (\$40 million) — start third quarter 2016, finish 2018.

In 2017, investor uncertainty could be elevated by rising protectionism in the US. However, at this time it is not clear how the new US administration's policy decisions and the new BC government will affect BC's investment climate.

¹⁷ BC Ministry of Jobs, Tourism and Skills Training, BC Major Projects Inventory, September 2016. This is data for capital investments that exceed \$20 million in value. Includes residential and commercial, transportation and warehousing, mining, utilities, manufacturing, public and other services. These numbers are not comparable with those from Investment in non-residential building construction, by type of building, province and census metropolitan area, cited earlier.

Bankruptcies

The trend in the number of business bankruptcies is an indicator of investment and market conditions for entrepreneurs. While there is a wide array of reasons for business failure, poor profitability during difficult economic times is most commonly cited.

The one-year and five-year trends in Southwest BC's business bankruptcies show favourable results. Between 2015 and 2016, the number of business bankruptcies in the region declined by three (or 3.1%) to 94 reported bankruptcies.

During the past five years, the same indicator fell by 13%. With the exception of 2013, this was the lowest level of bankruptcies in the past decade.¹⁸

In total, business bankruptcies in BC declined by 22.4% to 149 over the past five years. A declining trend in

business bankruptcies suggests a more stable business environment with fewer turnovers, and may also point to a more mature market for entrepreneurs.

In absolute terms, the Vancouver Island/Coast Development Region experienced the greatest decrease in business bankruptcies between 2015 and 2016, whereas the Thompson-Okanagan Development Region saw the largest rise in business bankruptcies over the same period.

In the other development regions, the absolute changes in business bankruptcies were minimal, and comparing these in percentage terms with the foregoing does not provide meaningful results.

See our summary infographic for regional comparisons.

Table 1-4: Business Bankruptcies, Mainland/Southwest Development Region, 2011 to 2016

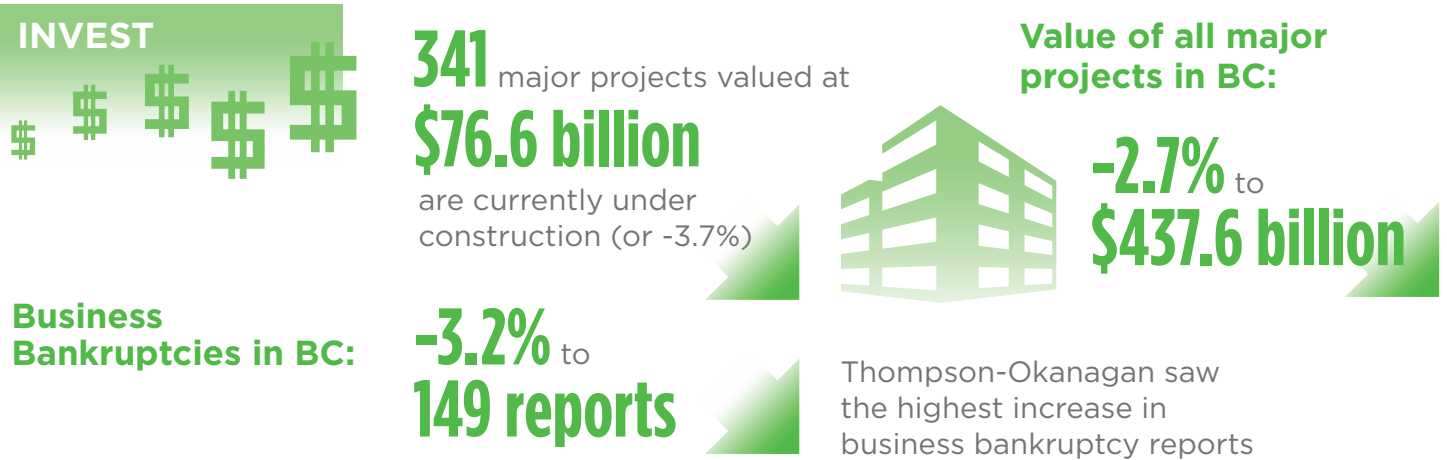
	2011	2012	2013	2014	2015	2016	Percentage Change	
							5-Year 2011-16	1-Year 2015-16
Mainland/Southwest	108	108	86	130	97	94	-13.0%	-3.1%
British Columbia	192	198	189	200	154	149	-22.4%	-3.2%

Source: Office of the Superintendent of Bankruptcy Canada

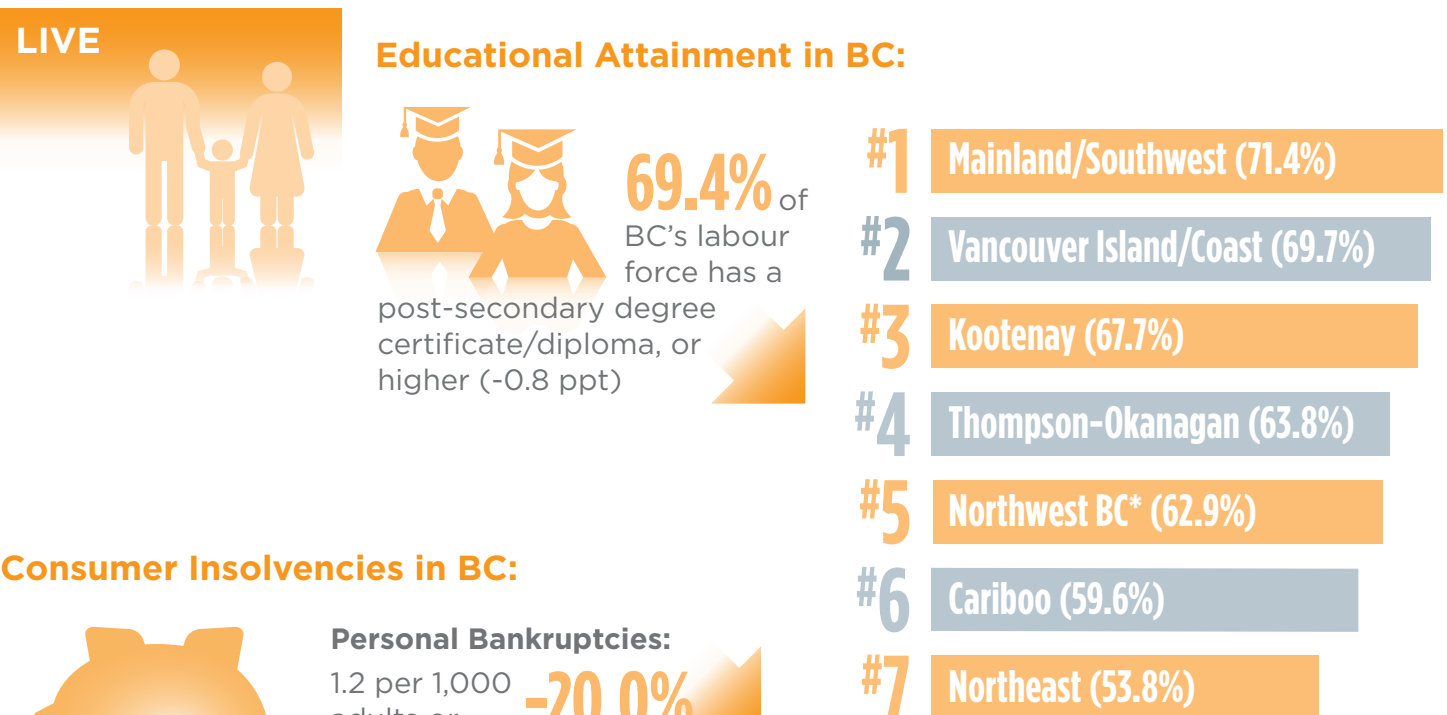
¹⁸ Changes in 2009 to the federal Bankruptcy and Insolvency Act made proposals a more appealing insolvency choice to bankruptcy. This decreased the number of bankruptcies in BC and across Canada in subsequent years.

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Comparison between Development Regions



Note: Major projects data is based on Q3 2016. +/- are in comparison to Q3 2015 data.



Consumer Insolvencies in BC:



Personal Bankruptcies:

1.2 per 1,000 adults or **-20.0%**

Consumer Proposals:

1.6 per 1,000 adults or **+6.7%**

The Northeast saw the largest increase in the number of consumer insolvencies

*Northwest BC is made up of the Nechako and North Coast development regions.

Source: CPABC Regional Check-Up 2017. All numbers are from 2016. Increases/decreases are in comparison to 2015 data.

LIVE Indicators

Educational Attainment

More than ever, acquiring post-secondary or specialized education is an essential step in being employable and achieving a good quality of life.



The BC government predicts that by 2020, 78% of new jobs will require some kind of post-secondary education.¹⁹ Given the rate of technological acceleration, workers today are not only required to obtain post-secondary education before they enter the labour market, they are also expected to continuously upgrade their skills throughout their careers. This will be discussed further in our *BC Check-Up* focus piece in September 2017.

In 2016, 71.4% of Southwest BC's labour force aged 25 to 54 had achieved at least a post-secondary certificate or diploma. This was a one percentage point (ppt) decrease from 2015, but a 2.9 ppt increase over 2011.

Statistics Canada data appears to confirm that a university education confers greater benefits in the urban workforce of Southwest BC. In fact, the proportion of workers with a university degree represented 39% of Southwest BC's full-time employed labour force in 2016, compared to 35% in 2011 or five years ago.²⁰

At 71.4%, Southwest BC's educational attainment rate was the highest in the province in 2016. This is followed by the Vancouver Island/Coast Development Region, with 69.7%. Northeast BC, with a rate of 53.8%, was the lowest in the province. On the positive side, however, this metric has increased by 5.3 ppt in Northeast BC during the past five years.

See our summary infographic for regional comparisons.

Table 1-5: Percent of Labour Force Age 25 to 54 with a Post-Secondary Certificate/Diploma or Higher, Mainland/Southwest Development Region, 2011 to 2016

Region	2011	2012	2013	2014	2015	2016	Percentage Point (ppt) Change	
							5-Year 2011-16	1-Year 2015-16
Mainland/Southwest	68.5%	68.9%	70.9%	70.1%	72.4%	71.4%	+2.9 ppt	-1.0 ppt
British Columbia	65.9%	66.5%	67.9%	68.1%	70.2%	69.4%	+3.5 ppt	-0.8 ppt

Source: Statistics Canada, Labour Force Survey, Custom Table

¹⁹ Government of British Columbia 2025 Labour Market Outlook.

²⁰ Statistics Canada, custom data run February 2017.

Consumer Insolvencies

The consumer insolvency rate is defined as the number of personal insolvencies per 1,000 adults (aged 18 or older). This indicator includes both personal bankruptcies and consumer proposals.

Indebted individuals often choose consumer proposals as a less drastic alternative to bankruptcy. As a result, they can repay part of their debt and keep their assets as long as they can continue to make payments on any loans secured by those assets, such as a residential mortgage.

In the wake of the global financial crisis in 2008, Southwest BC's unemployment rate spiked in 2009, and with it, the number of personal insolvencies.²¹ This indicator peaked at 3.3 insolvencies per 1,000 adults in

2010, but has been on a declining trend since, reaching 2.4 per 1,000 adults in 2016. This was an 11.1% decline from 2015.

Southwest BC ranked second to the Kootenay Development Region last year, which saw its consumer insolvency rate decline by 12.9% to 2.7 per 1,000 adults. A sharp increase in the Northeast and Nechako development regions' insolvency rates, up 85.7% and 35.3% respectively to 3.9 and 2.3 per 1,000 adults, underscores the personal costs of rising unemployment in our province's resource-based economies in 2016.

See our summary infographic for regional comparisons.

Table 1-6: Annual Consumer Insolvency Rate per 1,000 Population Aged 18 Years and Older, Mainland/Southwest Development Region, 2011 to 2016

								Percentage Point (ppt) Change	
	Rate	2011	2012	2013	2014	2015	2016	5-Year 2011-16	1-Year 2015-16
Mainland/ Southwest	Insolvency	2.9	2.8	2.9	2.7	2.7	2.4	-17.2%	-11.1%
	Bankruptcy	1.9	1.8	1.7	1.4	1.2	0.9	-52.6%	-25.0%
	Proposal	0.9	1.0	1.2	1.3	1.5	1.5	+66.7%	0.0%
BC	Insolvency	3.2	3.2	3.2	3.0	3.0	2.8	-12.5%	-6.7%

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

²¹ Office of the Superintendent of Bankruptcy Canada, Insolvency Statistics in Canada, Fourth Quarter 2016, Table 5, Insolvencies Filed by Consumers by ER

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CPABC *Regional Check-Up – Mainland/Southwest*

As leaders in analyzing and validating information, CPAs are often called upon to provide independent, fair, and objective information to assist in decision-making. It's with this goal in mind that the Chartered Professional Accountants of British Columbia prepare the CPABC *Regional Check-Up* and *BC Check-Up* reports each year. It is our hope that the reports will make a positive public policy contribution to the province by stimulating debate and discussion about how to make BC a better place in which to live, work, and invest.

The CPABC *Regional Check-Up* and *BC Check-Up* reports, as well as related information, are available online at bccheckup.com.

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Opinions expressed in the CPABC *Regional Check-Up – Mainland/Southwest* do not necessarily reflect those of individual chartered professional accountants.

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