

# GROW

## QUARTERLY ECONOMIC HIGHLIGHTS



ECONOMIC  
DEVELOPMENT  
WINNIPEG INC.

### IN THIS ISSUE

- 1 Economic Indicator Highlights
- 2 Trends in 2010
- 3 Select City Comparisons
- 4 Labour Force Data
- 5 Real Estate & Building Data
- 6 Other Indicators

Higher  
Farther  
Greener  
Faster  
Stronger  
Smarter  
Better  
Closer  
Brighter  
Richer

## ECONOMIC INDICATOR HIGHLIGHTS

### Winnipeg (Metropolitan Area) 3rd Quarter 2010

	Q3 2010	% Change from Q3 2009	2010 Outlook* (% Change from 2009)
Population**	742,400		1.3
Employment	400,200	1.1	1.4
Unemployment Rate (%)	5.7	0.6	0.4
Gross Domestic Product at Basic Prices (Annual Millions \$2002)*	25,600	2.4	2.4
Retail Sales (Annual \$ Millions)*	9,856	5.2	5.2
Personal Disposable Income Per Capita (Annual \$)*	29,883	2.0	2.0
Consumer Price Index (2002=100)	114.6	0.7	1.1
Total Building Permits Value (\$ Millions)	812.5	26.7	
Average Residential Detached Housing Price (\$)	226,207	10.2	
Housing Starts	2,602	73.1	

**Note:** \* Conference Board of Canada's annual projections. Subject to adjustments in subsequent projections.  
\*\*2009 CMA population from Statistics Canada.

**Source:** The Conference Board of Canada, Statistics Canada, Canada Mortgage and Housing Corporation (CMHC) and WinnipegREALTORS®

# TRENDS IN 2010

## CANADA

Global economic activity dropped during the third quarter of 2010. The long process of addressing oversized debt and deficits in several developed economies including the United States, Europe and Japan, and the task of rebuilding the global financial system has impacted global economic growth. Canada managed to escape the worst of the international financial crisis, despite its stable banking system and economy, Canada's economy will be impacted where export growth is expected to decline in 2011. The Conference Board of Canada in their latest Metropolitan Outlook report, forecasts real GDP growth for Canada in 2011 to remain below 3%. Their previous forecast of Canada's GDP growth in 2010 was 3.6%.

Statistics Canada reported real GDP growth improved by 0.3% in the third quarter of 2010 following a 0.6% gain in the previous quarter. Final domestic demand advanced 0.9% as business investments in facilities and equipment increased. An increase in consumer spending also contributed to the growth in final domestic demand. A drop in Canadian exports (-1.3%) has affected GDP growth. Expressed as an annualized rate, Canada's real GDP grew 1.0% in the third quarter, after a 2.3% growth rate in the second quarter.

By the third quarter, recovery of the U.S. economy had lost some of its momentum. Several challenges remain including a high unemployment rate (9.4% in January 2011) and slow job growth, affecting the sustainability of gains in consumer spending. The U.S. is also confronted with historically low activity within its housing market, plus high debt and deficits among the U.S. federal government, state and local governments. As the U.S. economy and financial sector continue to struggle, U.S. investors are looking north to Canada for opportunities, due to its stable economy and relatively low interest rate.

By the end of the third quarter, the Canadian dollar was trading around 96 cents to the U.S. dollar (as of January 2011, the dollar averaged 98 cents). The world price of oil was around \$80 (WTI, US\$/barrel) and the price of natural gas dropped to its first quarter value of \$3.87 (US\$/mmbtu). The dollar value of various commodities improved in the third quarter, including gold, copper, silver, zinc, pulp and newsprint, due to increased demand from the emerging economies of China, India, and Brazil, which is good news for Canada.

Late in the third quarter, the Bank of Canada increased the overnight rate to 1.0% from 0.75% set in July. The prime rate rose to 3.0% in September, Canada benchmark 10-year bonds yield averaged 2.74% at the end of the third quarter and three-month treasury bills averaged near 0.9%. Canada's inflation rate was 1.6% during the third quarter.

National employment increased in the third quarter by 1.8% from the same period last year, while Canada's labour force grew by 1.3%. The national unemployment rate rose slightly from the previous quarter to 8.1%.

## WINNIPEG

In their latest Metropolitan Outlook for 2010, the Conference Board of Canada forecasted real GDP growth in Winnipeg of 2.4%. Winnipeg has a stable economy that continues to perform well despite global economic and financial challenges. The Conference Board forecasts Winnipeg's GDP growth will slow in 2011 to 2.2%, but improve again in 2012 (2.7%).

By the end of the third quarter, Winnipeg's employment situation continued to post positive numbers with employment growth of over 4,000 jobs and a labour force that has grown by almost 2%. In the third quarter, Winnipeg's average unemployment rate was 5.7%, which is 2.4 percentage points above the national average (8.1%).

Winnipeg's overall building permit values advanced by 26.7% in the third quarter from the same period last year. Growth in building permit values was led by residential construction where permit values rose by 57%. By the third quarter of 2010, single-family housing starts were up 40% and total housing starts improved by 73%. Year over year performance of non-residential building permit values was down by 11% in the third quarter.

In 2010, Winnipeg's real estate market was one of the most successful in Canada. In a year over year comparison, WinnipegREALTORS® reported the number of homes sold by the end of the third quarter had improved by just under 1%. In contrast, the dollar value of home sales advanced by 10%. For the second straight year, new sales and dollar value records were set within the month of September, outperforming the same month in the previous year. In addition, home listings within the MLS database for September 2010 were up over September 2009 (6%), while conversions of new listings to sales were quite similar to the previous year. Winnipeg's average house prices continued to climb, reaching \$226,000 in the third quarter of 2010.

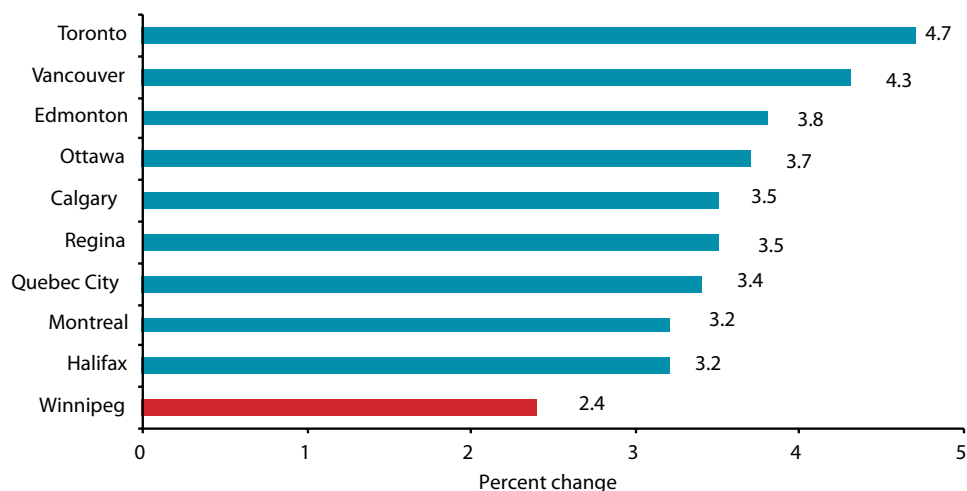
Statistics Canada reported year-to-date retail sales in Manitoba fell by 1% in the third quarter. Preliminary reports for Manitoba's retail sales in October 2010 show a drop of 1.2% from September. The Conference Board of Canada, in their latest Metropolitan Outlook report, forecast overall retail sales in 2010 to improve from the previous year by 6.5% in Manitoba and 5.2% in Winnipeg.

The Manitoba Bureau of Statistics reported Manitoba's year-to-date exports dropped 7% in the third quarter of 2010. Manitoba's exports haven't rebounded to pre-2009 levels, but are slowly improving. Exports to the U.S. are still in decline to most areas of the country with the exception of the eastern U.S. states, where exports grew by 16% in the third quarter. The strongest growth in Manitoba exports was to countries in South East Asia, the Middle East and Mexico. Manitoba's manufacturing shipments continue to struggle into the third quarter of 2010, dropping 5% from the same time period last year.

# SELECT CITY COMPARISONS

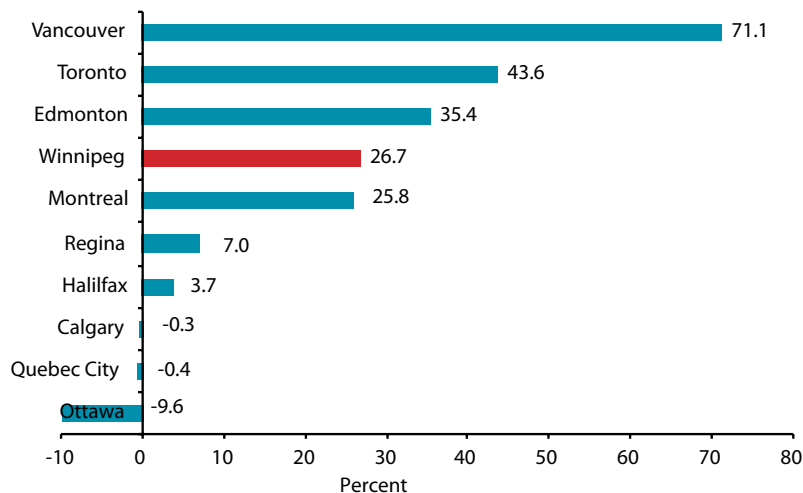
## Projected Real Gross Domestic Product Annual Percent Change 2009 - 2010 Select Metropolitan Areas

Source: Conference Board of Canada –  
Metropolitan Outlook Autumn 2010



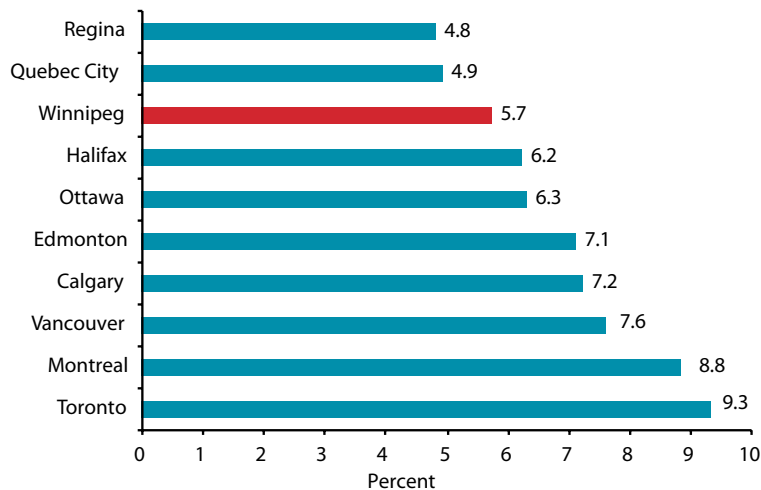
## Building Permit Values Annual Percent Change 2009 - 2010 Select Metropolitan Areas

Source: Conference Board of Canada –  
Metropolitan Outlook Autumn 2010



## Unemployment Rate Select Metropolitan Areas Q3 2010

Source: Statistics Canada



# LABOUR FORCE INDICATORS

(3RD QUARTER YEAR-TO-DATE)

<b>WINNIPEG</b>	<b>Q3 2010 YTD</b>	<b>Q3 2009 YTD</b>	<b>% CHANGE YTD</b>
Population 15 years plus (000)	600.0	591.1	1.6
Labour Force (000)	424.5	417.2	1.8
Employment (000)	400.2	396.0	1.1
Unemployment (000)	24.3	21.2	14.6
Not in Labour Force (000)	176.0	173.9	1.2
Unemployment Rate*	5.7	5.1	0.6*
Participation Rate*	70.7	70.6	0.1*
Employment Rate*	66.6	67.0	-0.4

<b>Manitoba</b>	<b>Q3 2010 YTD</b>	<b>Q3 2009 YTD</b>	<b>% Change YTD</b>
Population 15 years plus (000)	934.6	920.9	1.5
Labour Force (000)	653.3	639.5	2.2
Employment (000)	618.0	607.3	1.8
Unemployment (000)	35.3	32.2	9.5
Not in Labour Force (000)	281.4	281.4	0.0
Unemployment Rate*	5.5	5.0	0.5*
Participation Rate*	69.9	69.4	0.5*
Employment Rate*	66.1	65.9	0.2*

<b>Canada</b>	<b>Q3 2010 YTD</b>	<b>Q3 2009 YTD</b>	<b>% Change YTD</b>
Population 15 years plus (000)	27,664.9	27,258.1	1.5
Labour Force (000)	18,593.4	18,355.7	1.3
Employment (000)	17,088.6	16,792.9	1.8
Unemployment (000)	1,504.8	1,502.8	0.1
Not in Labour Force (000)	9,071.5	8,902.4	1.9
Unemployment Rate*	8.1	8.2	-0.1
Participation Rate*	67.2	67.3	-0.1*
Employment Rate*	61.8	61.8	0.0*

Source: Statistics Canada

\* rate change only

# REAL ESTATE INDICATORS

(3RD QUARTER YEAR-TO-DATE)

## BUILDING PERMIT VALUES (\$000s)

Winnipeg	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Total Residential & Non-Residential	\$812,645	\$641,231	26.7
Residential	\$566,645	\$353,598	57.4
Non-Residential	\$255,837	\$287,633	-11.1
Industrial	\$24,778	\$29,097	-14.8
Commercial	\$155,601	\$178,975	-13.1
Institutional & Governmental	\$75,458	\$79,561	-5.2

Source: Statistics Canada

## HOUSING MARKET ACTIVITY

Canada	Q3 2010 YTD	Q3 2009 YTD	% Change YTD
MLS Average House Price	\$337,909	\$308,980	9.4
<b>Winnipeg</b>			
MLS Average Detached Sale Price	\$226,207	\$205,215	10.2
MLS Residential Unit Sales	9,805	9,747	0.6
MLS Dollar Volume (\$ millions)	\$2,180	\$1,970	10.7
Single-Family Housing Starts	1,479	1,053	40.5
Total Housing Starts	2,604	1,504	73.1

Source: Statistics Canada, Winnipeg REALTORS®, Canada Mortgage & Housing Corporation

## OFFICE SPACE

Class A Average (Downtown) Net Rent	\$16.89	\$16.85	0.2
Overall Vacancy*	6.2%	7.5%	-1.3
Class B Average Net Rent	\$13.22	\$13.33	-0.8
Overall Vacancy*	10.7%	10.5%	0.2
Class C Average Net Rent	\$9.39	\$9.08	3.4
Overall Vacancy*	10.1%	5.2%	.9
Total Office Space			
Average Rent	\$11.98	\$12.47	-3.9
Average Overall Vacancy*	9.5%	7.6%	1.9

Source: Cushman & Wakefield

\* rate change only

# OTHER INDICATORS

(3RD QUARTER YEAR-TO-DATE)

## MANUFACTURING SHIPMENTS (\$Millions)

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Canada	\$398,284.9	\$363,940.4	9.4
Manitoba	\$10,636.3	\$11,180.4	-4.9

Source: Statistics Canada

## RETAIL TRADE (\$ millions)

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Canada	\$319,802.7	\$304,090.3	5.2
Manitoba	\$11,544.2	\$10,868.9	6.2

Source: Statistics Canada

## MERCHANDISE EXPORTS (\$Millions)

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Canada	\$299,699	\$274,154	9.3
Manitoba	\$7,362	\$8,155	-9.7

Source: Statistics Canada (balance of payments basis) Manitoba Bureau of Statistics

## AVERAGE WEEKLY EARNINGS

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Canada	\$849	\$821	3.3
Manitoba	\$782	\$770	1.7

Source: Statistics Canada

## BANKRUPTCIES - WINNIPEG CMA

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Consumers	971	1,233	-21.2
Businesses	19	20	-5.0

Source: Industry Canada

## CONSUMER PRICE INDEX

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Canada – All Items	116.1	114.3	1.6
Winnipeg – All Items	114.6	113.8	0.7

Source: Statistics Canada

## AIRPORT STATISTICS

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Total Passenger Volumes	2,574,426	2,585,397	-0.4

Source: Winnipeg Airports Authority

## FINANCIAL (YTD Average)

	Q3 2010 YTD	Q3 2009 YTD	% CHANGE YTD
Prime Rate	2.4%	2.4%	0.0
Exchange Rate (CDN\$ in US\$)	\$1.04	\$1.17	-14.5
Canada 10-year Benchmark Bond	3.2%	3.2%	0.0

Source: Bank of Canada

## CREDIT RATING - CITY OF WINNIPEG

Standard & Poor's	AA
Moody's Investor Services	Aa1

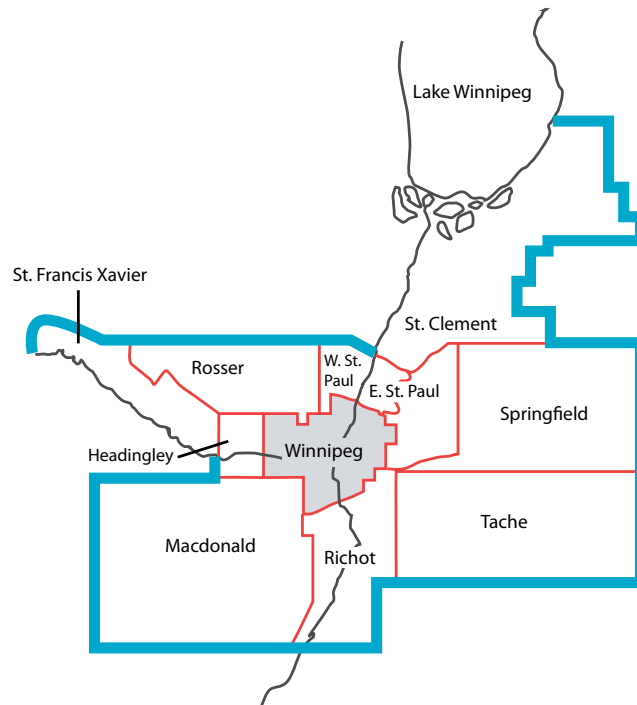
# WINNIPEG CMA



Census Metropolitan Area (CMA) refers to the municipalities assigned by Statistics Canada on the basis of labour market and commuting criteria, comparable to the U.S. Metropolitan Statistical Area (MSA). The Winnipeg CMA is comprised of the city of Winnipeg plus 10 adjacent municipalities. The city of Winnipeg represents a significant majority of the economic activity and over 90% of the population in the CMA.

Winnipeg lies in the heart of Canada and at the geographic centre of North America. Winnipeg has the most diverse economy of major cities in Canada. Winnipeg is an economic hub, a major trade and transportation centre, an arts and culture centre, and a city of creativity and diversity.

Key industries include: transportation and distribution, aerospace, agri-business, financial services, life sciences, information and communications technology, tourism, energy and environment, advanced manufacturing.



## ECONOMIC DEVELOPMENT WINNIPEG INC.

Led by a private sector board, Economic Development Winnipeg Inc. is an arm's-length organization focused on economic development and tourism development. Economic Development Winnipeg Inc. is strategically focused on being a leader in stimulating economic growth for the city of Winnipeg.

### Economic Development Winnipeg Inc.

300-259 Portage Avenue  
Winnipeg, MB R3B 2A9  
204.954.1997  
wpginfo@economicdevelopmentwinnipeg.com  
www.economicdevelopmentwinnipeg.com

Disclaimer: Economic Development Winnipeg Inc. endeavours to provide accurate information gathered from a variety of sources, but makes no representation or guarantee as to the reliability and accuracy of such information.