

# GROW

## WINNIPEG'S QUARTERLY ECONOMIC HIGHLIGHTS



### IN THIS ISSUE

- 1 Economic Indicator Highlights
- 2 Trends in 2010
- 3 Select City Comparisons
- 4 Labour Force Indicators
- 5 Real Estate Indicators
- 6 Other Indicators
- 7 Winnipeg CMA

Higher  
Farther  
Greener  
Faster  
Stronger  
Smarter

## ECONOMIC INDICATOR HIGHLIGHTS

### Winnipeg (Metropolitan Area) 4th Quarter 2010

	Q4 2010	% Change from Q4 2009	2010 Outlook* (% Change from 2009)
Population**	753,600		1.5
Employment	401,900	1.5	1.9
Unemployment Rate (%)	5.7	0.2	0.3
Gross Domestic Product at Basic Prices (Annual Millions \$2002)*	25,368	1.3	1.3
Retail Sales (Annual \$ Millions)*	9,854	6.2	6.2
Personal Disposable Income Per Capita (Annual \$)*	29,527	2.5	2.5
Consumer Price Index (2002=100)	114.8	0.8	0.7
Total Building Permits Value (\$ Millions)	1,096.6	18.0	
Average Residential Detached Housing Price (\$)	228,486	10.2	
Housing Starts	3,244	59.6	

**Note:** \* Conference Board of Canada's annual projections. Subject to adjustments in subsequent projections.  
\*\*2010 CMA population from Statistics Canada.

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

## CANADA

The momentum the Canadian economy experienced at the beginning of 2010 from strong consumer and business demand for goods and services, a buoyant housing market and government stimulus spending had dissipated by the end of the second quarter. Economic growth slowed in the second half 2010 and is not expected to improve into 2011. In their Winter 2011 Metropolitan Outlook, the Conference Board of Canada projects real GDP growth for Canada in 2010 of 3.0% and slower growth in 2011 of 2.5%. Elements affecting economic growth in 2011 include reduced consumer spending, lower residential investments and government stimulus spending, which will peak in 2011.

According to Statistics Canada, real gross domestic product (GDP) grew in 2010 by 3.1% after declining 2.5% in 2009. Within the fourth quarter, real GDP grew by 0.8% due to high demand for exports and final domestic demand advanced 1.2% as consumer spending increased.

During the fourth quarter, the value of the Canadian dollar was close to par with the U.S. dollar and at times equaled or exceeded its value. A strong dollar along with a weak U.S. economy has created a challenging environment for domestic exporters. However, despite these challenges, Canadian merchandise exports in 2010 improved 10% over the previous year, although not achieving the same level of activity witnessed prior to 2009. The value of merchandise exports in 2010 was 17% below the value recorded in 2008.

Despite its current economic woes, the U.S. retains an AAA credit rating from Standard & Poor's and its position as the world's largest economy. Challenges of the U.S. economy in 2010 going into 2011 include a housing market still struggling to recover, high unemployment rate (8.8% in March 2011), high debt and deficits, and lack of a comprehensive strategy to address the deficit issue, which now exceeds 10% of GDP.

At the end of 2010, the world price of oil averaged \$79 (WTI, US\$/barrel); currently the WTO price of oil averages around \$109 WTI, US\$/barrel. The price of natural gas has been stable since the fourth quarter of 2010 and into 2011, averaging \$4 (US\$/mmbtu).

In the fourth quarter, the Bank of Canada's overnight rate of 1.0% remains unchanged from September 2010 (and continues at this rate as of April 12, 2011). The prime rate was 3.0% at the end of the fourth quarter, unchanged since September 2010. Canada benchmark 10-year bonds yield were 3.2% at the end of the fourth quarter and 23-month treasury bills averaged near 0.12%. Canada's inflation rate was 1.8% for 2010.

Overall, national employment improved 1.8% in 2010, while Canada's labour force grew by 1.3%. The national unemployment rate dropped to 8.0% in 2010 from 8.3% in 2009.

## WINNIPEG

In their Winter 2011 Metropolitan Outlook, the Conference Board of Canada adjusted their projected real GDP growth for Winnipeg in 2010 to 1.3%, down from their previous report. This is an improvement from a decline of 0.3% in GDP growth in 2009, but falls short of the achievements witnessed in the past decade. The Conference Board forecasts stronger GDP growth in 2011 of 2.0%.

In 2010, Winnipeg's labour force grew by 2% and employment improved by 1.5% over the previous year. Winnipeg's employment situation continues to surpass the national average with a average unemployment rate of 5.7% versus 8.0% at the national level. Areas of employment growth in 2010 included goods producing industries, construction, utilities, personal and business services, and wholesale and retail trade.

Winnipeg's overall building permit values in 2010 improved 18% from the previous year. The strongest growth occurred within the residential market where building permit values grew 36% from 2009 and exceeded \$1.0 billion. This is reflected in Winnipeg's total housing starts in 2010, which improved by 60% over 2009. Non-residential building permits grew on average 4% (industrial and government) in 2010 with the exception of commercial permits, which dropped 14%.

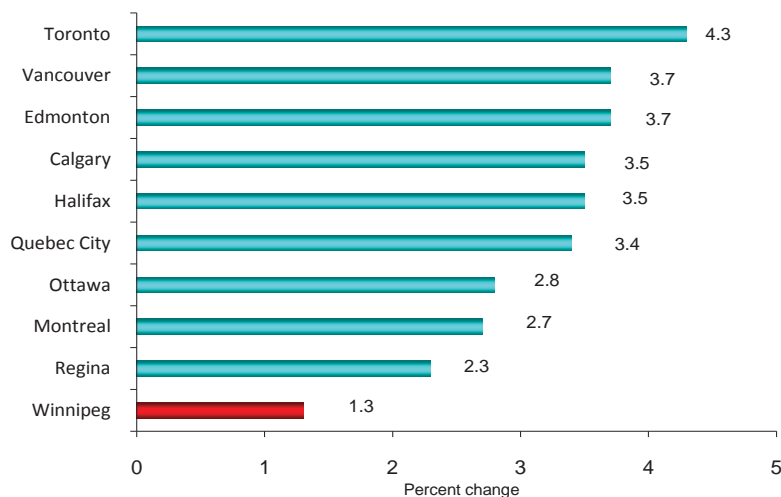
Real estate sales and prices hit record levels in 2010 after a string of successful years. For the fourth consecutive year, over \$2 billion in home sales was achieved in Winnipeg and in 2010, dollar volumes reached a record of \$2.7 billion. Total unit sales in 2010 improved slightly by 0.5% and the average price of a Winnipeg home increased by 10% over the previous year. The conversion of listings to sales in 2010 fell below 70% for the first time since 2001.

Manitoba's overall retail sales grew 7% in 2010 after declining 0.4% in 2009. According to Statistics Canada, Manitoba's 2010 retail sales improved in December by 41% over January. At the end of 2010, Manitoba's retail sales were valued at \$15.9 billion. Winnipeg's retail sales in 2010 improved by 6.2% and were valued at \$9.9 billion.

The Manitoba Bureau of Statistics reported that during the fourth quarter of 2010 Manitoba's exports grew 12% over 2009. Overall, exports in 2010 dropped 3% from the previous year. Fewer exports were mainly due to a slow U.S. economy and the high value of the Canadian dollar. Although Manitoba's exports to the U.S. have not yet recovered to pre-2009 levels, demand from key overseas markets has been high. In 2010, growth in overseas exports was led by Southeast Asian countries, the Middle East and Mexico. Leading commodities for export in 2010 include metals (particularly nickel), petroleum products and pork. Manitoba's manufacturing shipments posted a decline of 19% in 2010; however, the Conference Board is forecasting Winnipeg's overall manufacturing output in 2011 to improve by 3%.

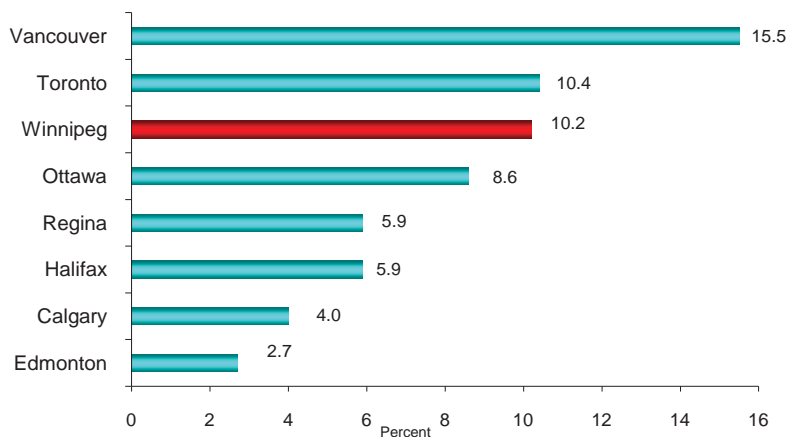
# SELECT CITY COMPARISONS

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



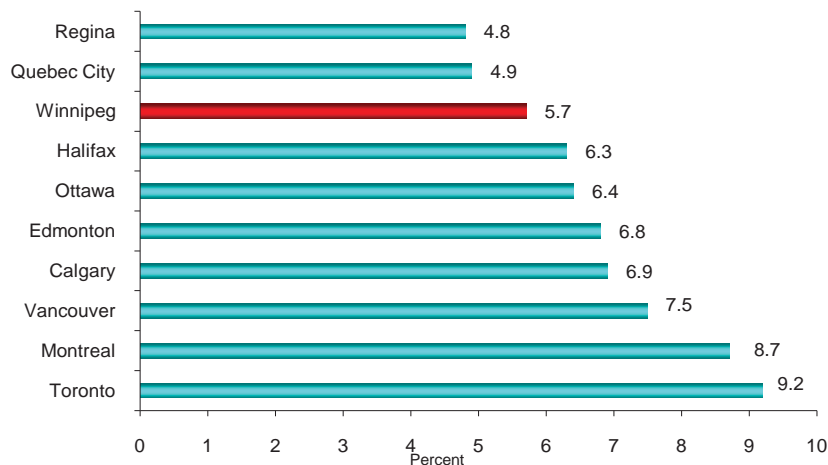
Source: Conference Board of Canada – Metropolitan Outlook Autumn 2010

## Average House Prices Annual Percent Change 2009 - 2010 Select Metropolitan Areas



Source: Conference Board of Canada – Metropolitan Outlook Autumn 2010

## Unemployment Rate Select Metropolitan Areas Q4 2010



Source: Statistics Canada

# LABOUR FORCE INDICATORS

(4TH QUARTER YEAR-TO-DATE)

<b>WINNIPEG</b>	<b>Q4 2010 YTD</b>	<b>Q4 2009 YTD</b>	<b>% CHANGE YTD</b>
Population 15 years plus (000)	602.8	592.3	1.8
Labour Force (000)	426.1	417.9	2.0
Employment (000)	401.9	396.1	1.5
Unemployment (000)	24.2	21.8	11.0
Not in Labour Force (000)	176.8	174.4	1.3
Unemployment Rate*	5.7	5.2	0.5*
Participation Rate*	70.7	70.6	0.5*
Employment Rate*	66.7	66.9	-0.2*

<b>Manitoba</b>	<b>Q4 2010 YTD</b>	<b>Q4 2009 YTD</b>	<b>% Change YTD</b>
Population 15 years plus (000)	936.8	922.6	1.5
Labour Force (000)	654.1	640.1	2.2
Employment (000)	619.2	607.0	2.0
Unemployment (000)	34.9	33.2	5.3
Not in Labour Force (000)	282.7	282.5	0.1
Unemployment Rate*	5.4	5.2	0.4*
Participation Rate*	69.8	69.4	0.4*
Employment Rate*	66.1	65.8	0.3*

<b>Canada</b>	<b>Q4 2010 YTD</b>	<b>Q4 2009 YTD</b>	<b>% Change YTD</b>
Population 15 years plus (000)	27,709.0	27,309.2	1.5
Labour Force (000)	18,604.3	18,372.5	1.3
Employment (000)	17,115.3	16,806.4	1.8
Unemployment (000)	1,489.0	1,521.2	-2.1
Not in Labour Force (000)	9,104.7	8,936.6	1.9
Unemployment Rate*	8.0	8.3	-0.3*
Participation Rate*	67.2	67.3	-0.1*
Employment Rate*	61.8	61.7	0.1*

Source: Statistics Canada

\* rate change only

# REAL ESTATE INDICATORS

(4TH QUARTER YEAR-TO-DATE)

## BUILDING PERMIT VALUES (\$000s)

Winnipeg	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Total Residential & Non-Residential	\$1,096,643	\$929,568	18.0
Residential	\$733,800	\$539,077	36.1
Non-Residential	\$362,843	\$390,491	-7.1
Industrial	\$42,749	\$41,212	3.7
Commercial	\$214,087	\$247,522	-13.5
Institutional & Governmental	\$106,007	\$101,757	4.2

Source: Statistics Canada

## HOUSING MARKET ACTIVITY

Canada	Q4 2010 YTD	Q4 2009 YTD	% Change YTD
MLS Average House Price	\$338,653	\$317,112	6.8
<b>Winnipeg</b>			
MLS Average Detached Sale Price	\$228,486	\$207,270	10.2
MLS Residential Unit Sales	12,236	12,182	0.4
MLS Dollar Volume (\$ millions)	\$2,730	\$2,470	10.5
Single-Family Housing Starts	1,921	1,505	27.6
Total Housing Starts	3,244	2,033	59.6

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

## OFFICE SPACE

Class A Average (Downtown) Net Rent	\$16.85	\$16.89	-0.2
Overall Vacancy*	6.7%	5.6%	1.1*
Class B Average Net Rent	\$13.14	\$12.94	1.5
Overall Vacancy*	10.3%	10.8%	-0.5*
Class C Average Net Rent	\$9.70	\$9.11	6.5
Overall Vacancy*	10.4%	8.4%	2.0*
<b>Total Office Space</b>			
Average Rent	\$12.18	\$11.66	4.5
Average Overall Vacancy*	9.6%	8.7%	0.9*

Source: Cushman & Wakefield

\* rate change only

# OTHER INDICATORS

(4TH QUARTER YEAR-TO-DATE)

## MANUFACTURING SHIPMENTS (\$Millions)

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Canada	\$534,715.1	\$490,743.2	9.0
Manitoba	\$14,366.1	\$14,622.2	-1.8

Source: Statistics Canada

## RETAIL TRADE (\$Millions)

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Canada	\$436,429.7	\$415,413.4	5.1
Manitoba	\$15,738.5	\$14,915.0	5.5

Source: Statistics Canada

## MERCHANDISE EXPORTS (\$Millions)

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Canada	\$405,472	\$369,529	9.7
Manitoba	\$10,250	\$10,567	-3.0

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

## AVERAGE WEEKLY EARNINGS

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Canada	\$853	\$824	3.5
Manitoba	\$786	\$771	1.9

Source: Statistics Canada

## BANKRUPTCIES - WINNIPEG CMA

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Consumers	1,301	1,614	-19.4
Businesses	26	24	8.3

Source: Industry Canada

## CONSUMER PRICE INDEX

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Canada – All Items	116.5	114.4	1.8
Winnipeg – All Items	114.8	113.9	0.8

Source: Statistics Canada

## AIRPORT STATISTICS

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Total Passenger Volumes	3,369,355	3,379,443	-0.3

Source: Winnipeg Airports Authority

## FINANCIAL (YTD Average)

	Q4 2010 YTD	Q4 2009 YTD	% CHANGE YTD
Prime Rate	2.6%	2.4%	0.2*
Exchange Rate (CDN\$ in US\$)	\$1.03	\$1.14	-9.6
Canada 10-year Benchmark Bond	3.2%	3.9%	-0.1*

\*rate change

Source: Bank of Canada

## CREDIT RATING - CITY OF WINNIPEG

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

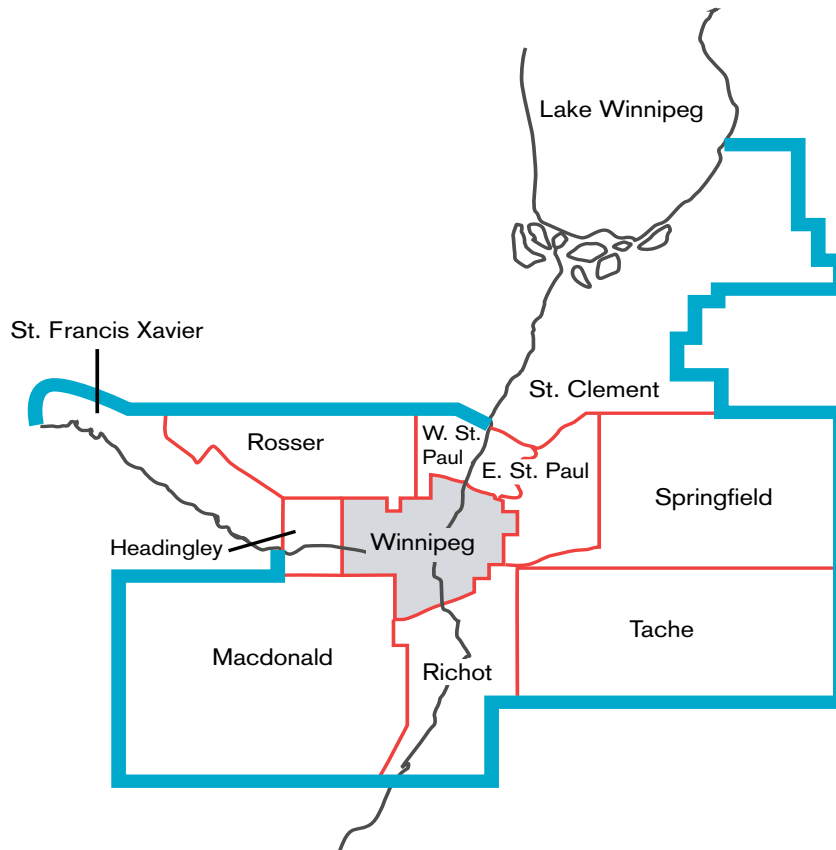
# WINNIPEG CMA



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



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