

# GROW

## WINNIPEG'S QUARTERLY ECONOMIC HIGHLIGHTS



ECONOMIC  
DEVELOPMENT  
WINNIPEG INC.

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Higher  
Farther  
Greener  
Faster  
Stronger  
Smarter  
Better  
Closer  
Brighter  
Richer

## ECONOMIC INDICATOR HIGHLIGHTS

### Winnipeg (Metropolitan Area) 2nd Quarter 2011

	Q2 2011	% Change from Q2 2010	2011 Outlook* (% Change from 2010)
Population**	753,600	-	1.5
Employment	408,800	2.7	0.2
Unemployment Rate (%)	5.6	0.0	-0.1
Gross Domestic Product at Basic Prices (Annual Millions \$2002)*	\$26,230	2.0	2.0
Retail Sales (Annual \$ Millions)*	\$10,030	3.1	3.1
Personal Disposable Income Per Capita (Annual \$)*	\$29,848	1.6	1.6
Consumer Price Index (2002=100)	117.7	2.8	3.1
Total Building Permits Value (\$ Millions)	\$579,823	9.7	-
Average Residential Detached Housing Price (\$)	\$237,304	5.6	-
Housing Starts	1,375	-3.1	-

**Note:** \* Conference Board of Canada's annual projections. Subject to adjustments in subsequent projections.

\*\*Statistics Canada Annual Estimates. CMA Population

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

# TRENDS IN 2011

## CANADA

The Conference Board of Canada, in their Autumn 2011 Metropolitan Outlook, forecast real GDP growth in Canada of 2.5% in 2011. The combined effects of restrained government and household spending will ensure GDP growth remains below 2010 (3.2%). The public sector's contribution to economic growth will largely disappear in 2011 as the recovering public sector is now better positioned. Federal and provincial governments are now turning their attention to addressing their fiscal positions. Among Canadian households, many are being cautious about their spending due to concerns with the economy such as slowing employment growth, high food and energy prices and less favourable tax returns. The fiscal restraint occurring in 2011 will continue to impact economic growth into 2012 where the Conference Board projects GDP growth will improve slightly at 2.6%.

According to Statistics Canada, Canada's real GDP declined 0.1% in the second quarter, following a 0.9% increase in the first quarter. This was the first time since the second quarter of 2009 that Statistics Canada reported negative GDP growth on a quarterly basis. The decline was largely attributed to a drop in exports (-2.1%) in particular energy exports. Business investment in plant and equipment increased 3.7% during the second quarter. Consumer spending on goods and services increased 0.4%, after remaining unchanged in the first quarter and expenditures on durable goods rose 0.4%. Expressed at an annualized rate, real GDP in the second quarter declined 0.4%, after expanding 3.6% in the first quarter.

The Canadian business sector has experienced growth in private capital investment suggesting business leaders are optimistic about demand for their goods and services. While investment levels are below pre-recession levels they continue to expand over the past year. Even though industrial and commercial capacity usage remains low, businesses have taken advantage of the strong dollar to invest heavily in largely imported retooling. Moreover, high energy and mineral prices are boosting resource sector exploration and mine development.

The world price of oil averaged around \$95 (WTI, US\$/barrel) during the second quarter down 11% from quarter one. Currently the WTI price of oil averages around \$97 (WTI, US\$/barrel). The price of natural gas averaged \$4.37 (US\$/mmbtu) during the second quarter; currently valued around \$3.62. Among other commodities, the market value of all precious and non-precious metals and minerals increased in the second quarter.

The Bank of Canada's overnight rate of 1.0% remains unchanged since the third quarter of 2010 to the present day. The prime rate of 3.0% from September 2010 also remains unchanged and Canada's inflation rate increased to 3.0%.

The national unemployment rate dropped to 7.6% in the second quarter, national employment grew by 1.4% and the labour force improved by 0.8%. Statistics Canada currently reports the national unemployment rate at 7.3%.

## WINNIPEG

In its Autumn 2011 Metropolitan Outlook, the Conference Board of Canada continues to forecast Winnipeg's real GDP growth in 2011 at 2.0%. Since the global downturn in 2009, Winnipeg's economy has remained stable making modest gains in economic and job growth in part due a stable services sector which helped offset losses in the goods sector. The Conference Board forecasts Winnipeg's economic growth to improve in the coming years with average growth of 2.6% between 2012 and 2015.

According to Statistics Canada, Winnipeg's employment and labour force grew by 2.7% by the end of the second quarter. Winnipeg's unemployment rate remains unchanged from the previous quarter (5.6%). As of October 2011, Winnipeg's unemployment rate stands at 5.7%. Winnipeg's manufacturing sector continues to recover slowly following a decline in output last year. The Conference Board forecasts overall employment growth in Winnipeg for 2011 of 0.2% primarily due to losses in the service sector. The number of bankruptcies filed by Winnipeg businesses in the second quarter declined by 23% and personal bankruptcies dropped 22%. Statistics Canada reported Winnipeg's consumer price index rose 2.8% in the second quarter.

Retail sales remain strong in Manitoba and Winnipeg as Manitoba's second quarter sales improved 3.3% from the past year. The Conference Board of Canada predicts Winnipeg's retail sales will grow by 3.1% in 2011.

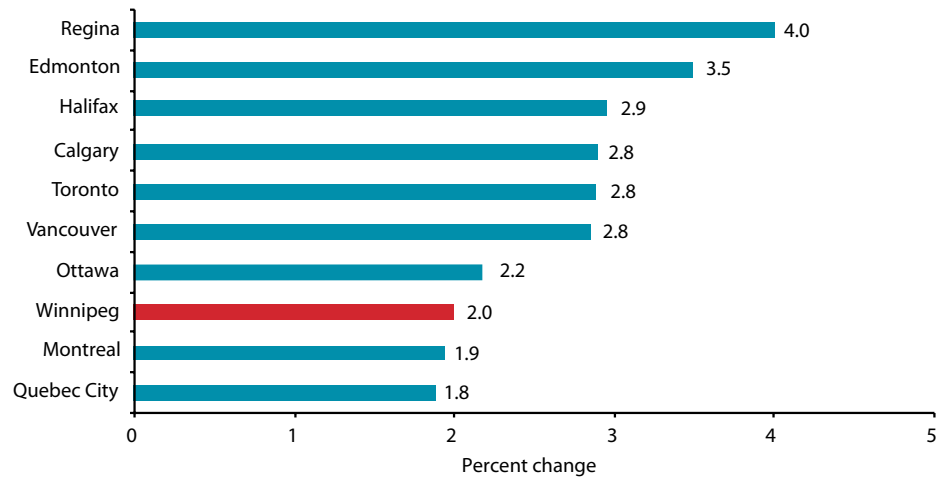
The value of residential and non-residential building permits issued in Winnipeg continues to surpass the Canadian average with growth of 10% during the second quarter of 2011. Building permit values grew in all market areas with the exception of government related construction. Winnipeg's residential building permits values advanced by 14% during the second quarter from the same period in 2010. New housing starts have exceeded 3,000 units in three of the past four years with 2011 expected to repeat this trend.

WinnipegREALTORS reported the number of homes sold year-to-date as of June 2011 were up 3% while dollar volume improved 7% from the same period last year. MLS listings of over 10,000 by the end of the second quarter remained unchanged from 2010. The average cost of a home in Winnipeg grew 6% to over \$237,300.

The Manitoba Bureau of Statistics reported Manitoba's exports grew 21.1% within the second quarter of 2011. Year-to-date, 2011 exports rose 12.6% over 2010. The strongest demand continues to come from Asia, in particular South Korea, Russia and China. Exports to the United States, which accounts for 60% of Manitoba's exports, grew 3.6% in the second quarter. Commodity exports for petroleum oil products, electrical energy, nickel and various agricultural commodities (both grain and livestock) grew in the second quarter. Manitoba's year-to-date manufacturing shipments advanced 8% over 2010.

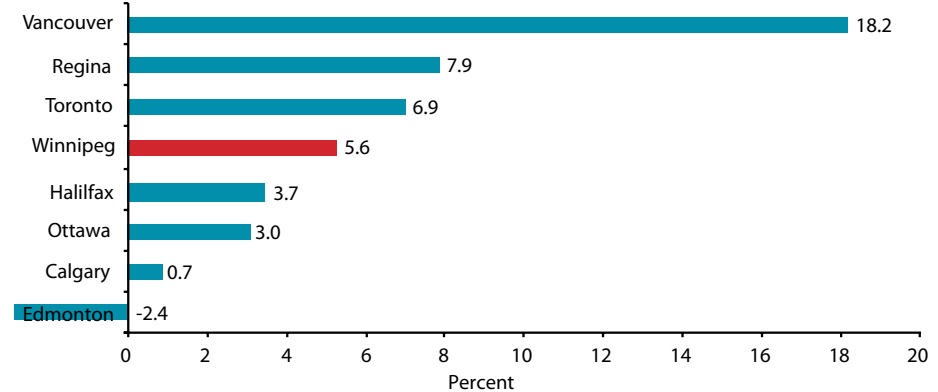
# SELECT CITY COMPARISONS

**Projected Real Gross Domestic Product**  
Annual Percent Change  
2010 - 2011  
Select Metropolitan Areas



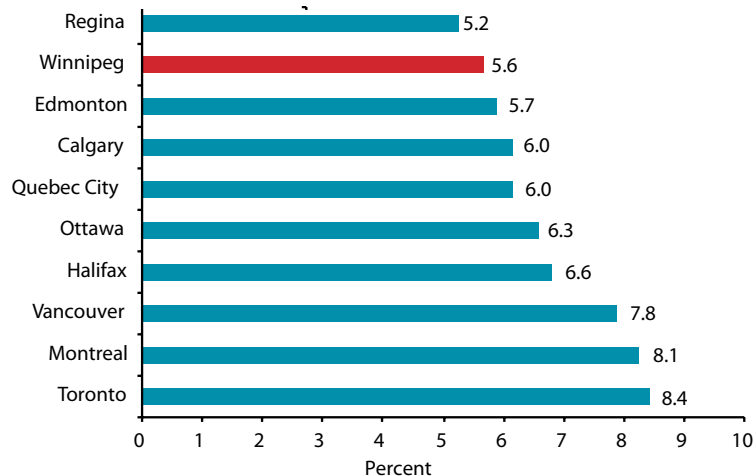
Source: Conference Board of Canada –  
Metropolitan Outlook Autumn 2011

**Average House Prices**  
Annual Percent Change  
2010 - 2011  
Select Metropolitan Areas



Source: CREA, MLS, Conference Board of Canada

**Unemployment Rate**  
Select Metropolitan Areas  
Q2 2011



Source: Statistics Canada

# LABOUR FORCE INDICATORS

(1ST QUARTER YEAR-TO-DATE)

<b>WINNIPEG</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Population 15 years plus (000)	620.9	599.2	3.6
Labour Force (000)	433.1	421.6	2.7
Not in Labour Force (000)	187.8	177.6	5.8
Employment (000)	408.8	398.0	2.7
Unemployment (000)	24.3	23.6	3.0
Participation Rate*	69.8	70.4	-0.6
Unemployment Rate*	5.6	5.6	0.0
Employment Rate*	65.8	66.4	-0.6

<b>Manitoba</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% Change YTD</b>
Population (000)	950.4	932.5	1.9
Labour Force (000)	659.3	650.7	1.3
Not in Labour Force (000)	291.2	281.8	3.3
Employment (000)	624.4	616.0	1.4
Full-time Employment (000)	502.9	495.7	1.5
Part-time Employment (000)	121.5	120.4	0.9
Unemployment (000)	34.9	34.8	0.3
Participation Rate*	69.4	69.8	-0.4
Unemployment Rate*	5.3	5.3	0.0
Employment Rate*	65.7	66.1	-0.4

<b>Canada</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% Change YTD</b>
Population (000)	27,906.0	27,610.0	1.1
Labour Force (000)	18,687.2	18,539.6	0.8
Not in Labour Force (000)	9,218.8	9,070.4	1.6
Employment (000)	17,267.4	17,031.9	1.4
Full-time Employment (000)	13,928.3	13,771.8	1.1
Part-time Employment (000)	3,339.2	3,260.1	2.4
Unemployment (000)	1,419.8	1,507.7	-5.8
Participation Rate*	66.9	67.2	-0.3
Unemployment Rate*	7.6	8.1	-0.5
Employment Rate*	61.9	61.7	0.2

Source: Statistics Canada | \* rate change only

# REAL ESTATE INDICATORS

(1ST QUARTER YEAR-TO-DATE)

## BUILDING PERMIT VALUES (\$000s)

<b>Winnipeg</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Total Residential & Non-Residential	\$579,823	\$528,779	9.7
Residential	\$422,760	\$372,074	13.6
Non-Residential	\$157,063	\$156,705	0.2
Industrial	\$17,349	\$10,013	73.3
Commercial	\$98,492	\$93,728	5.1
Institutional & Governmental	\$41,222	\$52,964	-22.2

Source: Statistics Canada

## HOUSING MARKET ACTIVITY

<b>Canada</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% Change YTD</b>
MLS Average House Price	\$365,769	\$340,159	7.5
<b>Winnipeg</b>			
MLS Average Detached Sale Price	\$237,304	\$224,620	5.6
MLS Residential Unit Sales	6,660	6,452	3.2
MLS Dollar Volume (\$ millions)	\$1,560	\$1,450	7.6
Single-Family Housing Starts	2,684	889	201.9
Total Housing Starts	1,375	1,419	-3.1

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

## OFFICE SPACE

	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% Change YTD</b>
Class A Average (Downtown) Net Rent	\$16.95	\$16.87	0.5
Overall Vacancy*	5.4%	5.9%	-0.5
Class B Average Net Rent	\$13.20	\$12.90	2.3
Overall Vacancy*	10.6%	10.5%	0.1
Class C Average Net Rent	\$9.92	\$9.01	10.1
Overall Vacancy*	10.0%	9.4%	0.6
Total Office Space			
Average Rent	\$12.35	\$11.84	4.3
Average Overall Vacancy*	9.2%	9.0%	0.2

Source: Cushman & Wakefield

\* rate change only

# OTHER INDICATORS

(1ST QUARTER YEAR-TO-DATE)

<b>MANUFACTURING SHIPMENTS (\$Millions)</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Canada	\$278,518,887	\$260,943,375	6.7
Manitoba	\$7,613,050	\$7,043,219	8.1

Source: Statistics Canada

<b>RETAIL TRADE (\$ millions)</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Canada	\$214,898,611	\$208,067,682	3.3
Manitoba	\$7,739,713	\$7,423,151	4.3

Source: Statistics Canada

<b>MERCHANDISE EXPORTS (\$Millions)</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Canada	\$221,639	\$198,941	11.4
Manitoba	\$5,847	\$5,114	14.3

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

<b>AVERAGE WEEKLY EARNINGS</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Canada	\$872	\$844	3.3
Manitoba	\$807	\$778	3.7

Source: Statistics Canada

<b>BANKRUPTCIES - WINNIPEG CMA</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Consumers	520	665	-21.8
Businesses	10	13	-23.1

Source: Industry Canada

<b>CONSUMER PRICE INDEX</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Canada – All Items	119.3	115.8	3.0
Winnipeg – All Items	117.7	114.5	2.8

Source: Statistics Canada

<b>AIRPORT STATISTICS</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Total Passenger Volumes	1,655,092	1,689,146	-2.0

Source: Winnipeg Airports Authority

<b>FINANCIAL (YTD Average)</b>	<b>Q2 2011 YTD</b>	<b>Q2 2010 YTD</b>	<b>% CHANGE YTD</b>
Prime Rate (%)	3.0%	2.3%	0.7
Exchange Rate (CDN\$ in US\$)	\$1.02	\$0.97	5.2
Canada 10-year Benchmark Bond (%)	3.2%	3.4%	-0.2

Source: Bank of Canada

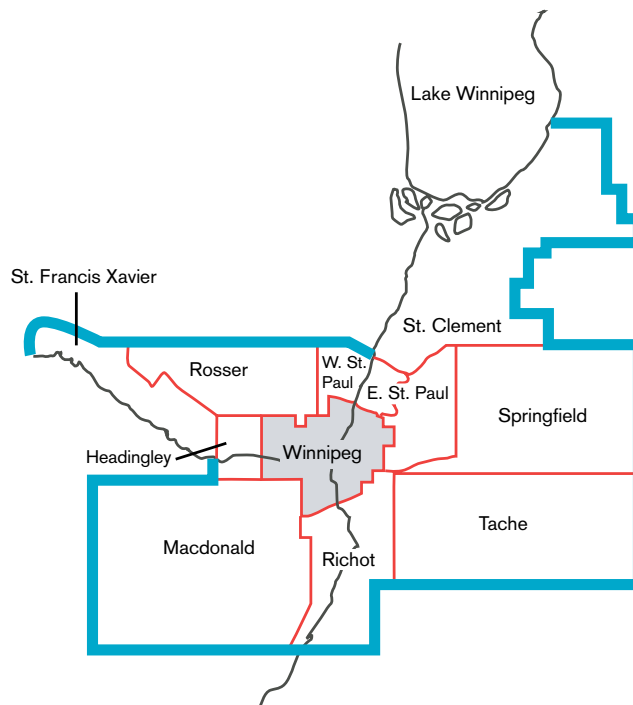
<b>CREDIT RATING - CITY OF WINNIPEG</b>	<b>Q2 2011 YTD</b>
Standard & Poor's	AA
Moody's Investor Services	Aa1

# 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 and cultural industries.



## ECONOMIC DEVELOPMENT WINNIPEG INC.

Economic Development Winnipeg Inc. is a not-for-profit organization that leads and facilitates investment, partnership, capacity building, tourism and the management of market information. Led by a private sector board with core funding from the City of Winnipeg and Province of Manitoba, Economic Development Winnipeg Inc. promotes Winnipeg as an ideal place to live, work, invest and visit.

### **Economic Development Winnipeg Inc.**

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

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