

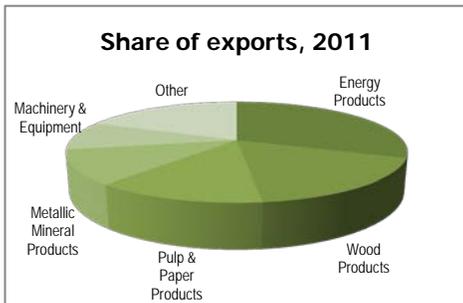


May 2012



Strong resource commodity-based export growth indicates that the momentum building in Northern BC's economy is set to continue. Export statistics published by BC Stats¹ reveal that BC's commodity exports increased annually in both 2010 and 2011, following a brief recessionary decline in 2009. This trend continued into the first quarter of 2012, with year-to-date exports up 1.5% at the end of March.

Natural resource commodities produced in the Northern part of the province led the 14.0% increase in the value of BC's exports in 2011. Energy products (largely coal) and wood products (largely lumber) accounted for 49.2% and 14.6% of the increase, respectively, followed by metallic mineral products and pulp & paper products (9.0% and 5.9% of the increase in exports). By value of exports, these commodity groups were up 25.0%, 11.7%, 11.6%, and 6.0%, respectively and combined, made up 71.9%



of the province's total exports in 2011.

In 2011, BC's three largest export partners were the United States, China and Japan, with commodities made up largely of energy and forest products. Despite moderate increases over the past two years, the United States' share of BC exports declined from 61.3% to 42.7% between 2006 and 2011; however, in terms of commodity distribution, this market is still the most diverse of BC's export markets. China's share of exports increased from 4.4% in 2006 to 14.9% in 2011, with the value of exports growing at an annual average of 27.6% over this period. Since 2006, both the value and proportion of exports headed for Japan has remained relatively stable (14.1% in 2006 and 14.2% in 2011).

Strong demand for BC's export commodities has been supported by enhancements in transportation infrastructure throughout Northern BC, improving access to global markets. Major developments include:

- Provincial government investments in highway infrastructure throughout the North are improving the safety and efficiency of BC's road network and supporting Prince George's role as a service and supply hub;
- CN Rail is improving its infrastructure and increasing cargo capacity along the Northwest Transportation Corridor, on which Prince George is a key hub. CN has expanded its intermodal facility in the city and upgraded its rail system between Prince George and Prince Rupert;

- The Port of Prince Rupert, the closest North American port to Asia, is currently undergoing construction to double the capacity at its Ridley terminal with plans underway to expand the Fairview container terminal;

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- The Prince George Airport (YXS) has the third longest runway in Canada, with international cargo capability; multiple investments at the airport including a new crossdock facility and common fuel storage will support trans-pacific refueling and ground handling services for cargo.

Transformation and innovation within the forest sector and the continued expansion of the mining industry are creating the conditions for continued economic growth across Northern BC. Strong markets for Northern BC's abundant natural resources, the further strengthening of new and existing international trade relationships, and continued investment in key transportation infrastructure throughout the north will solidify Northern BC's position in the global economy, creating new opportunities for growth and diversification in Prince George and communities throughout the region.

¹ International trade statistics are available at: <http://www.bcstats.gov.bc.ca/StatisticsBySubject/ExportsImports/Data.aspx>.

ECONOMIC UPDATE

Economic Statistics

Employment

49,100 persons were employed in Prince George in April, down 0.2% from March but remaining stable at the average level over the past three months. The labour force decreased by 0.2% and the number of unemployed persons declined by 2.6%; the unemployment rate was reduced by 0.2% to 7.2%. In BC, the number of persons employed and those in the labour force increased by 0.9% and 0.1%, respectively. Subsequently, the number of unemployed persons declined by 10.7% and the unemployment rate decreased 0.8% (to 6.2%). Across Canada, the number of employed persons and those in the labour force increased by 0.3% and 0.4%, respectively; the number of unemployed persons increased by 1.1% and the unemployment rate increased 0.1% (to 7.3%). Prince George's working age population was unchanged last month, and the employment rate decreased 0.1% (to 69.1%); the employment rate increased 0.5% (to 60.9%) in BC and 0.1% (to 61.9%) in Canada.

(Source: Statistics Canada Labour Force Survey)

Real Estate

91 single family homes were sold in the city in April, 24 more than in the same month in 2011, with an average price of \$251,274. Year-to-date, the average house price was up 1.0% compared to the first four months of 2011; unit sales were up 21.3%, reflecting a much higher level of activity compared to last year. Comparatively, the year-to-date average house price in BC was



down 6.8%; unit sales were down 9.7%. In Canada, the average price was up 0.8% and units were up 6.4%.

(Source: BC Northern Real Estate Board; Canadian Real Estate Association)



Housing Construction

There were 23 housing starts in Prince George in April, 10 more than in the same month last year. Year-to-date starts were down 29.6% at the end of April, compared to 2011, although market housing starts were up 111.1%.² Comparatively, starts were up 9.8% and 22.6%, in BC and Canada, respectively, at the end of April. There were 10 residential units completed in the city (9 single family dwellings and 1 multiple unit), 1 fewer than in April of last year. 120 housing units were under construction last month (109 single family and 11 multiple dwelling units); 29.4% fewer than in the same month in 2011.

(Source: Canada Mortgage and Housing Corporation)

Building Permits

The City of Prince George issued 45 building permits valued at \$35.8M in April, more than ten times the value issued in the same month last year. Industrial building permits accounted for 75.4% of the total value of permits issued in the city last month, with a new BC Hydro building making up 92.5% of the category. Commercial permits made up 17.0% of the value of permits issued;

² The recently completed 36-unit senior's housing development, Elizabeth Fry Place, was started in the first quarter of 2011.

projects include a new Honda dealership, medical offices and a variety of tenant improvements throughout the city. Residential permits made up most of the remainder of permits issued last month, with 18 single family dwellings making up 71.9% of this category. Year-to-date, the value of permits issued by the City was up 197.7% at the end of April, and the number of permits issued was up 44.2%. Comparatively, permits were up 21.9% in BC and 7.6% across Canada at the end of March.

(Source: City of Prince George; Statistics Canada)

Business Licenses

The City of Prince George issued 135 business licenses in April (37 new licenses³ and 98 renewals). 2 of the new licenses issued were a result of businesses changing location.

(Source: City of Prince George)

Airport Passenger Volumes

35,855 passengers passed through the Prince George airport in April, 10.6% more than in April 2011. Year-to-date passenger traffic through the airport was up 7.2% compared to the first four months of last year. Comparatively, traffic through the Vancouver airport was up 5.0% at the end of April.

(Source: Prince George Airport Authority; Vancouver Airport Authority)



³ New business licenses are issued when a new business is established, when a business is re-established after not operating for a period of time and when a business changes ownership or relocates.