

Comox Valley Regional Economic Development Strategic Plan Update

Appendix B: Economic Analysis



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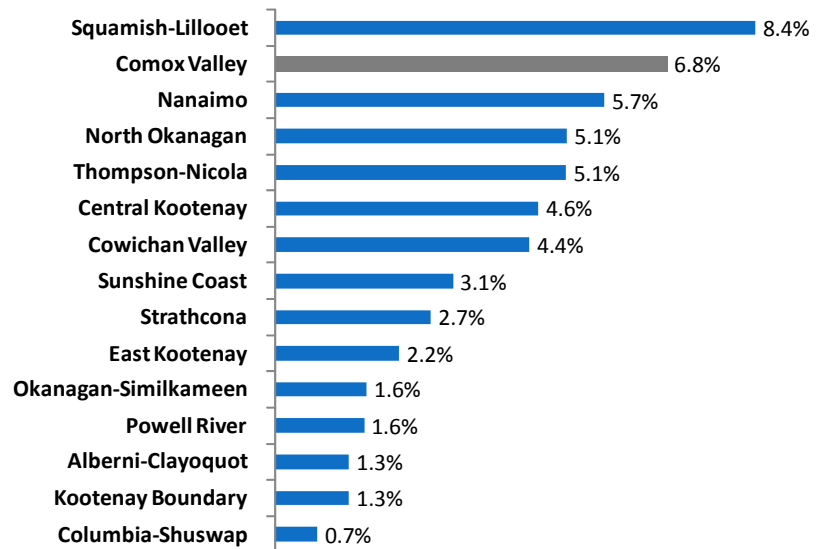
Appendix B: Economic Analysis

The economic analysis of the Comox Valley provides insight into current economic conditions, how the regional economy and demographics are trending over time, and areas of relative strength and weakness compared to other areas of BC. The results of the analysis are summarized in Chapter 3.

Population

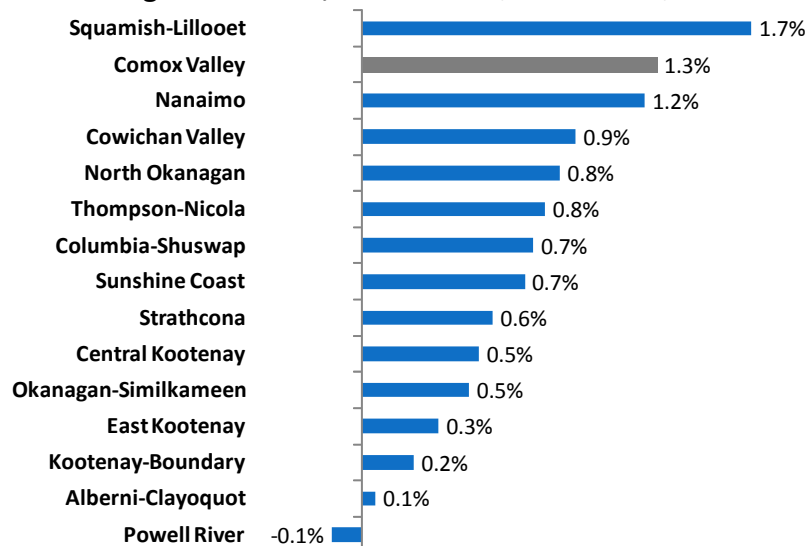
Compared to other non-metropolitan regional districts in the southern half of BC, the Comox Valley ranks 2nd in total population growth from the 2006 Census to the 2011 Census.

Population Growth Rate by Regional District, 2006 - 2011 (Source: Statistics Canada Census)



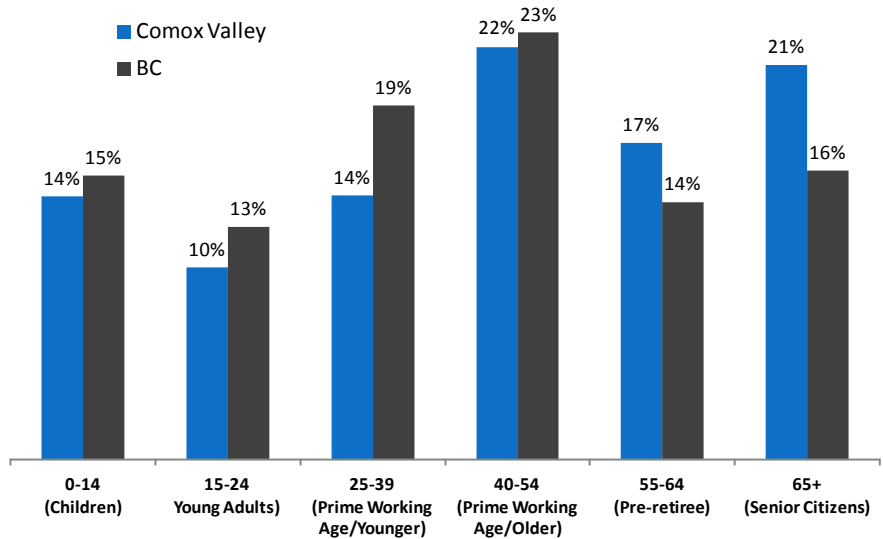
The faster rate of growth is projected to continue for the next few decades. Based on its current age profile and migration trends, the Comox Valley is projected to grow by 1.3% per year through 2036, reaching a total population of about 88,500.

Projected Annual Average Population Growth by Regional District, 2011 - 2036 (Source: BC Stats)



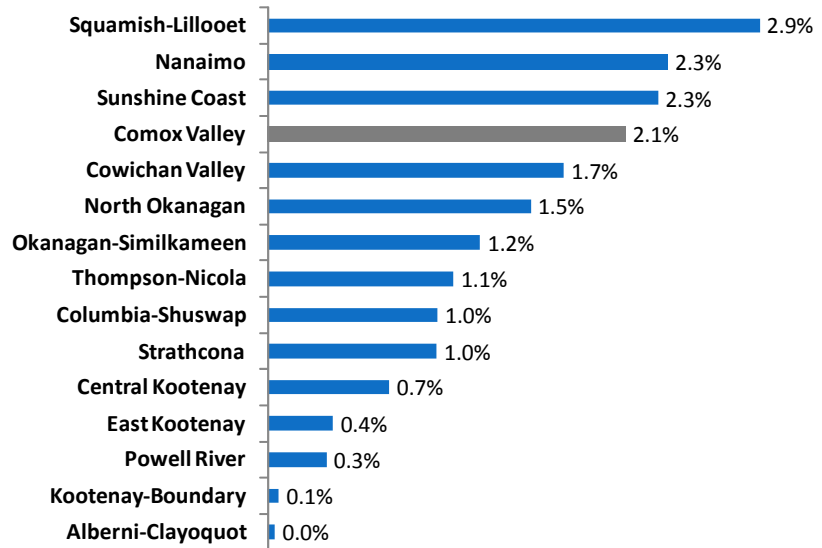
The Comox Valley's age profile is somewhat older than the BC average (but fairly typical for Vancouver Island). There are fewer Comox Valley residents at each age group up to age 54, but more in the 55-64 range (pre-retirees) and more senior citizens.

Population Distribution by Age, 2011
(Source: Statistics Canada Census)



Labour force statistics from the 2011 Census are not available as of this analysis, but trends in the prime working age population of 25 to 54-year-olds is a reasonable proxy as people in that age range are much more likely to be involved in the labour force than residents either younger or older.

Estimated Annual Average Growth in 25-54 Age Range by Regional District, 1986 - 2011 (Source: BC Stats)

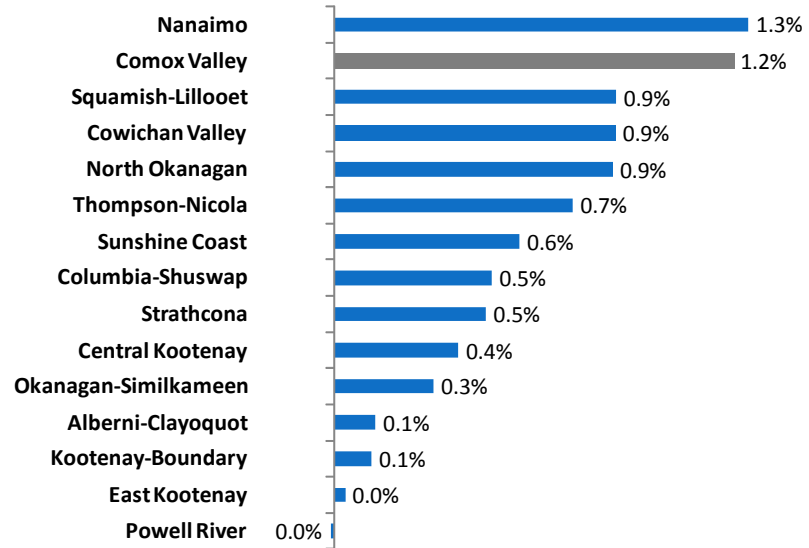


Over the 25-year period from 1986 to 2011, the Comox Valley's population of prime working-age adults grew by average of 2.1% per year. This ranked fourth among the group of southern BC regional districts (not including the metro areas).

Looking to the future, the Comox Valley is projected to continue to have strong growth in the prime working-age population, averaging 1.2% per year and ranking behind only the Regional District of Nanaimo in growth rate.

Evidence of continued workforce growth is a very positive sign for the Comox Valley economy, but the projected growth requires strong net migration of this key demographic group. Both retaining young adults and attracting young adults from elsewhere.

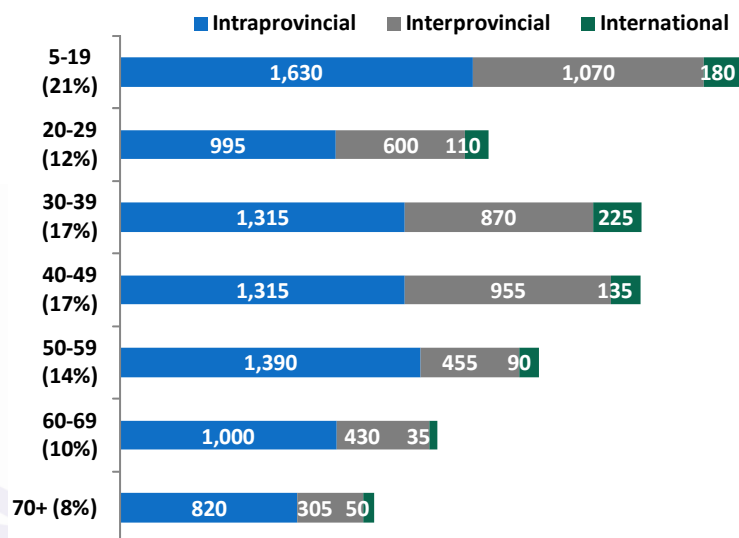
Projected Annual Average Growth in 25-54 Age Range by Regional District, 2011 - 2036 (Source: BC Stats)



Migration data from the 2011 Census is not available during the preparation of this report, but 2006 Census data provides some indication of the types of people that were migrating to the Comox Valley in the 2001 to 2006 period. As of the 2006 Census, 30% of the population of the Courtenay Census Agglomeration (which includes all of the Comox Valley except for Area C) had moved to the area in the previous five years (not including children under age 5 who had yet to be born for the 2001 Census).

These new residents were distributed fairly evenly by age, as shown in the chart to the right. Among the adult population, new residents were most likely to be in their 30s (17% of all migrants) or 40s (also 17%). There were slightly fewer new residents in their 50s (14%) followed by those in their 20s (12%) and 60s (10%). More than 20% of new residents were under the age of 20, most of whom presumably arrived with their parents.

Migrants to Courtenay CA in Previous 5 Years by Age and Previous Location, 2006 (Source: Statistics Canada Census)



Income

The older age profile of the Comox Valley is reflected in the sources of personal income. In 2009 (the most recent year available), 58% of personal income reported on income tax filings in the Comox Valley was from employment or self-employment compared to 69% in BC.

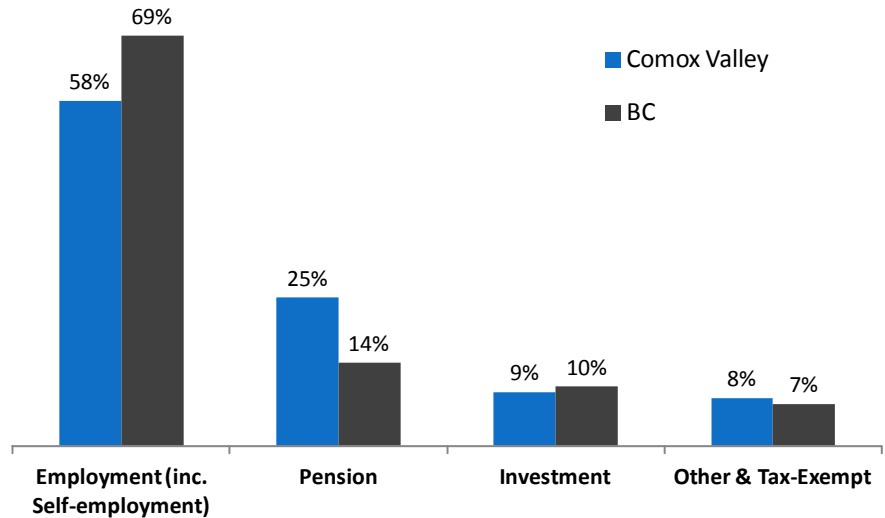
Pensions are a much more important source of income in the Comox Valley, accounting for 25% of the total compared to only 14% provincially.

Average employment incomes are relatively low in the Comox Valley with an average of \$30,500 in 2009. The BC average for that year was \$36,900.

The Valley's lower incomes are based largely on the mix of industries that make up the local economy, as well as the seasonal nature of much of that employment (these statistics include everyone who reported any employment income on their income tax return, even if only a small amount from part-time or short-term employment).

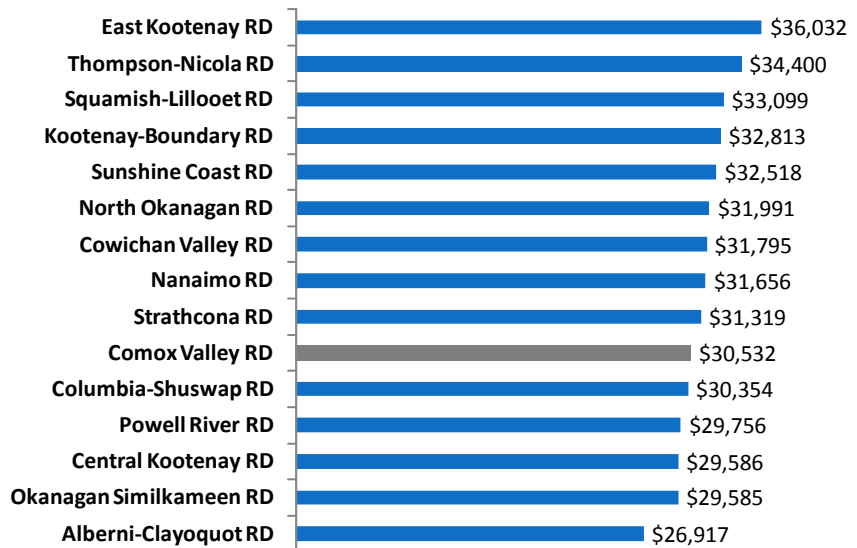
Income by Source, 2009

(Source: Canada Revenue Agency)



Average Employment Income, 2009

(Source: Canada Revenue Agency)



Average pension incomes in the Comox Valley are higher than any of the comparison group of regional districts shown to the right (and 2nd in BC behind only the Capital RD). This is generally attributed to the high percentage of retired military personnel in the Valley, as well as its popularity as a retirement destination.

As shown in Table 3 below, pensions are the only income category in the Comox Valley that is higher than the provincial average. Employment incomes were 17% lower as of 2009.

Average Pension Income, 2009

(Source: Canada Revenue Agency)

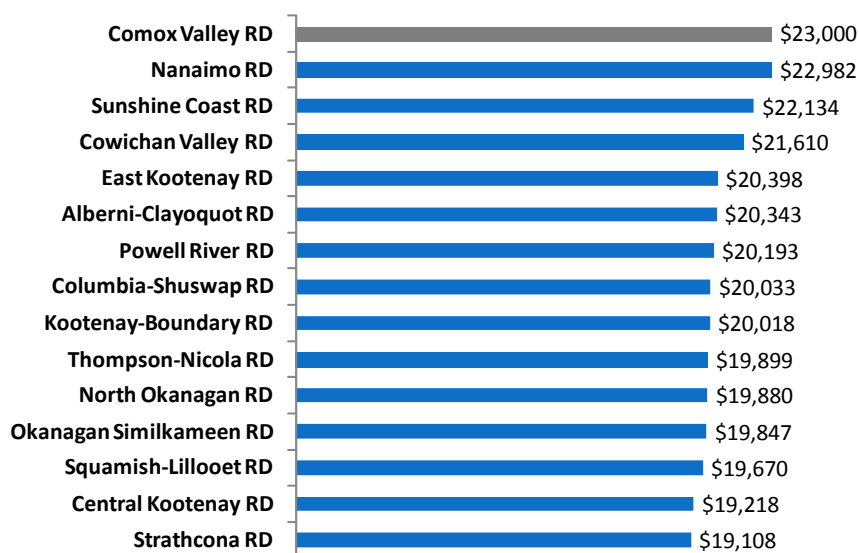


Table 3. Average Personal Income by Source, Comox Valley, 2009

Source	Comox Valley Average	Compared to BC	Rank Among 29 RDs
Employment	\$30,532	17% lower	21st
Pension	\$23,000	15% higher	2nd
Investment	\$7,877	21% lower	17th
Self Employment	\$10,610	11% lower	7th
Other	\$5,520	2% lower	20th
Tax-Exempt	\$6,209	2% lower	10th
Total	\$36,920	7% lower	12th

Source: Canada Revenue Agency

Industry Sectors

Table 4 shows the leading employment sectors in the Comox Valley as of the last Census in 2006 (updated results from the 2011 Census are not released until mid-2013). The employment figures have undoubtedly changed since 2006 but the general structure of a regional economy evolves relatively slowly over time so there is still value in reviewing the situation at that time. Note these are jobs with a fixed place of work in the Comox Valley and do not include local residents whose jobs have no fixed place of work, which is relatively common in sectors like construction.

The far right column shows the relative size of each sector in the Comox Valley compared to BC. Values higher than 1 indicate the sector is relatively larger in the Comox Valley so by that measure the public administration sector, including 19 Wing Comox, is the largest sector on a relative basis.

Other sectors that are relatively stronger include retail trade and health care, reflecting the Comox Valley's role as a regional service centre for the north and central Island, and the resource-based sector including agriculture, forestry and fishing. Despite the relative strength in resource-based employment, manufacturing was just over one-third the size locally as the provincial sector.

The Comox Valley is not a regional distribution centre, as shown by the much smaller employer shares for transportation and warehousing and wholesale trade and many of the advanced services sectors are also relatively smaller, including professional, scientific and technical services, finance and insurance and information and cultural industries.

Table 4. Jobs with Fixed Place of Work in the Comox Valley, by Sector, 2006

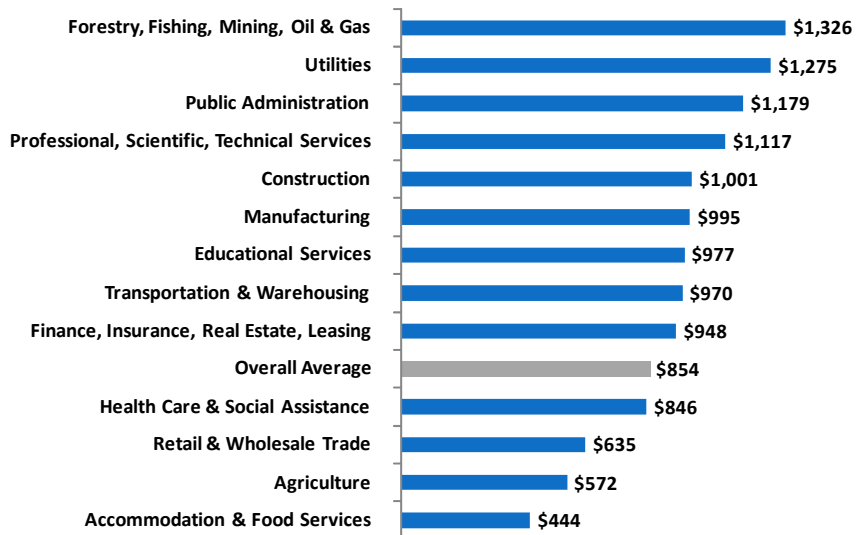
Sector (with NAICS code)	CVRD-based Jobs	CVRD Relative to BC
44-45 Retail trade	3,775	1.42
62 Health care and social assistance	2,925	1.29
91 Public administration	2,205	1.89
72 Accommodation and food services	1,945	1.03
61 Educational services	1,610	1.01
54 Professional, scientific and technical services	1,165	0.70
81 Other services (except public administration)	1,040	0.95
23 Construction	965	1.19
11 Agriculture, forestry, fishing and hunting	920	1.52
52 Finance and insurance	745	0.80
31-33 Manufacturing	740	0.37
53 Real estate and rental and leasing	630	1.19
48-49 Transportation and warehousing	620	0.67
71 Arts, entertainment and recreation	550	1.11
56 Administrative and support, waste management and remediation services	480	0.67
41 Wholesale trade	405	0.43
51 Information and cultural industries	270	0.49
22 Utilities	65	0.59
21 Mining and oil and gas extraction	35	0.22
Total	21,105	1.00

Source: Statistics Canada Census

Comparing the largest industries in the Comox Valley to average weekly wages by industry shows why Valley employment incomes are lower than average. The four lowest-paying sectors in the chart to the right are all relatively larger in the Comox Valley compared to BC overall. Some of the higher-paying sectors, including mining (which is the highest-paying of all the resource-based sectors), utilities, professional and scientific services and manufacturing are all relatively under-represented in the Comox Valley.

Average Weekly Wages by Sector in BC, 2012

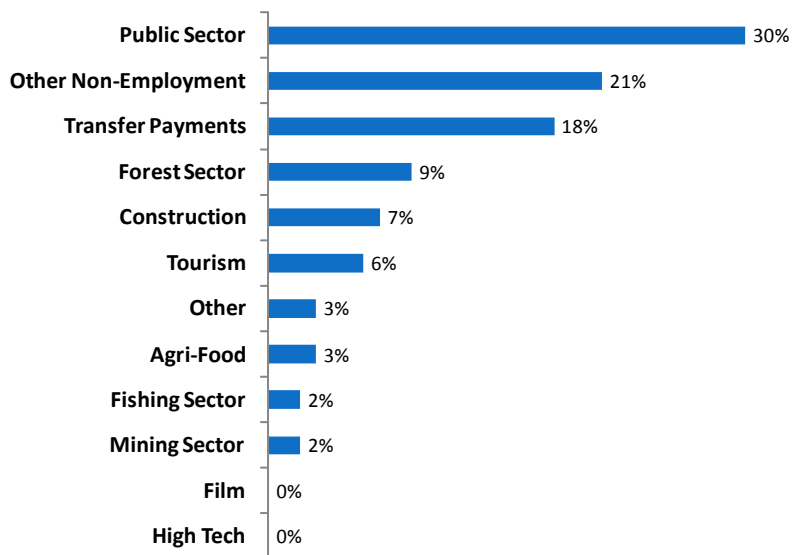
(Source: Statistics Canada Labour Force Survey)



BC Stats calculates income dependencies for local areas throughout the province, including the Comox Valley. Income dependencies show the "economic base" industries that are ultimately responsible for generating local income. The theory is that these industries are selling beyond the local area and earning income that supports their local supplier industries as well as the population-serving industries that provide goods and services to their employees. The public sector is considered an economic base sector because health care, education, defense and other government functions are funded by senior levels of government. There are also income dependencies for government transfer payments and other non-employment income (e.g., pensions and investments) that help to support local population-serving industries.

Income Dependencies, Comox Valley, 2006

(Source: BC Stats)

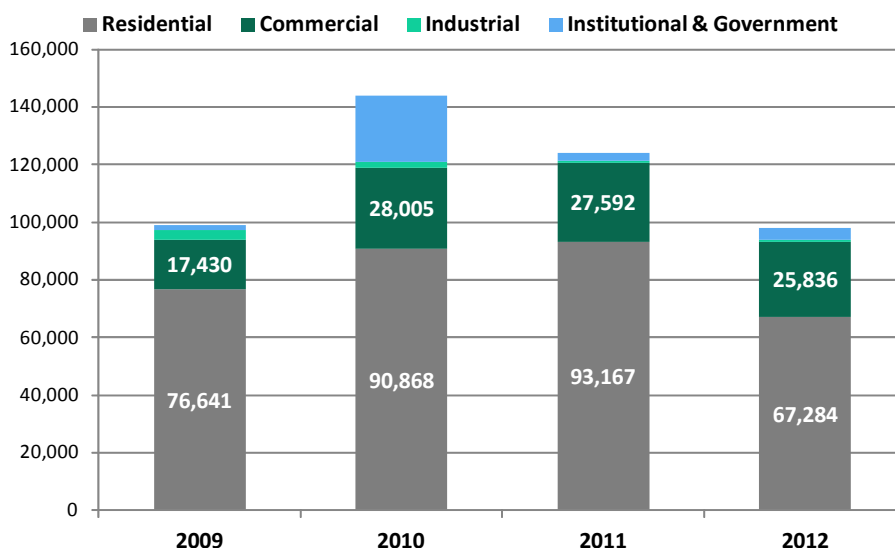


The chart shows that the public sector is the most important source of income in the Comox Valley, driven largely by the presence of 19 Wing Comox, followed by non-employment sources. Only about 30% of income in the Valley is reliant on local private sector industries.

Construction and Development

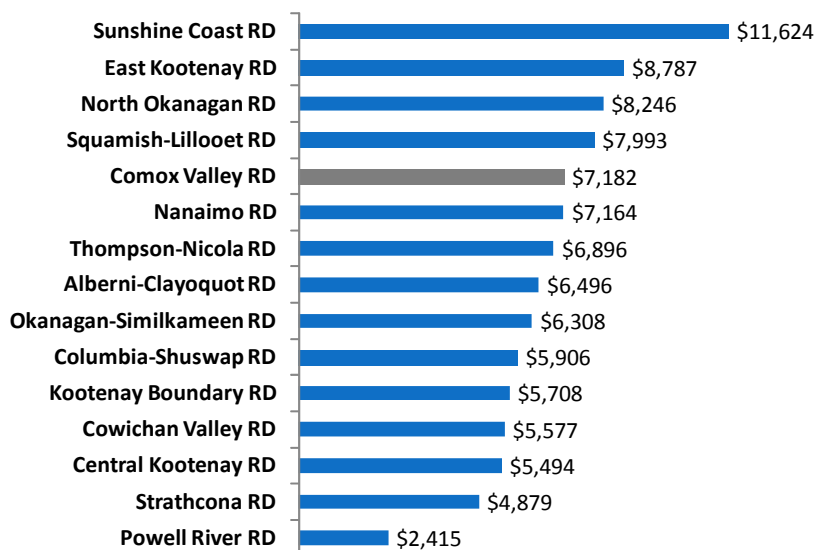
Total building permit values in the Comox Valley declined for the second straight year in 2012 with the largest decline occurring in residential permits. Commercial permit values have been relatively consistent, in the range of \$25-28 million per year for the last three years while industrial and institutional permits are highly variable from year to year depending on single large projects.

Building Permit Values by Type, Comox Valley RD
(\$000s) (Source: BC Stats)



Relative to other non-metro regions in southern BC, the Comox Valley ranks 5th out of 15 in total building permit values per capita over the 2009 to 2012 period. It ranks 1st among the 5 regional districts on Vancouver Island.

Total Building Permit Values Per Capita, 2009-2012
(Source: BC Stats, using 2011 population estimates)



Housing Prices

The median sale price for single family homes was \$335,000 in the Comox Valley in 2012, somewhat higher than the median Island-wide (except for Greater Victoria).

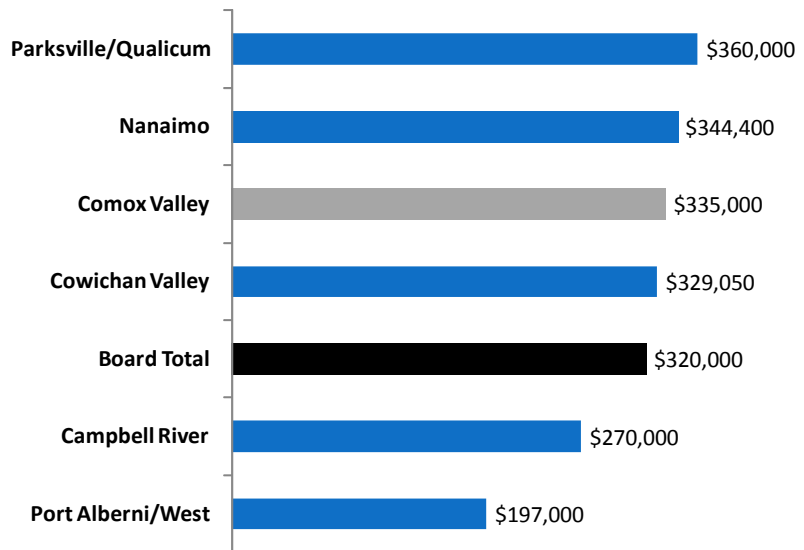
Median housing prices dropped throughout the Island except in the Parksville/Qualicum area, which was up 2%, and the Comox Valley, with no change.

Over the last five years, however, the Comox Valley has clearly had the greatest increase in median single family housing prices. This is an indication of economic recovery from the 2008-2009 recession and consistent with continued population growth.

Housing affordability is a concern in the Comox Valley but it is important to note that not all housing is as expensive as the regional median noted above. Average sale prices in 2012 ranged from \$187,000 for an apartment condominium to \$488,000 for a single family home on the water. Single family home values also vary by location within the Comox Valley, with average sale prices in central Courtenay and Cumberland averaging about \$275,000.

Median Single Family Home Price, 2012

(Source: Vancouver Island Real Estate Board)



Change in Median Single Family Home Price, 2007-2012

(Source: Vancouver Island Real Estate Board)

