

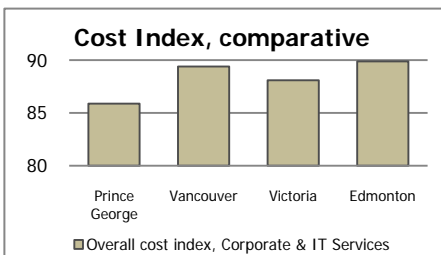


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Prince George is becoming increasingly well-known as a preferred place to locate corporate service-based businesses. From the perspective of both business overhead costs and cost of living for employees, the city has a significant advantage over many major cities in Western Canada.

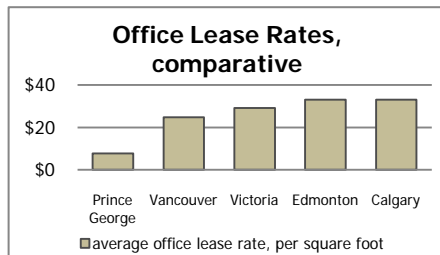
KPMG's Competitive Alternatives 2010 found Prince George much more competitive from a cost perspective than other major Western Canadian cities. The city's overall cost index for Corporate & IT Services, based on twenty-six location-sensitive cost factors, was 3.5, 2.2 and 4.0 points lower than Vancouver, Victoria and Edmonton, respectively.



On average, total annual operating costs in Prince George were found to be 5.9% lower than the other cities examined,¹ yielding net after-tax profits of 20.7%, compared to between 18.2% and 19.3% in competing locations.

As labour costs do not differ significantly among locations, Prince George offers the greatest cost advantage for facility lease

rates, with rates at less than one-third of rates in Vancouver and less than one-quarter of those in Alberta's major centres.



Currently, Prince George offers a wide variety of office location options, with an office vacancy rate of 12.7% and more than 189,000 square feet of commercial office space available for lease in the downtown core. The City's downtown revitalization plans present a unique opportunity for the business community to be involved in shaping the new identity of Prince George's city centre.

Prince George, as a place to live, is also significantly more affordable than other major centres across British Columbia. While Vancouver and Victoria ranked first and second across Canada as the most expensive cities to buy a home in 2010, the average price of a residential home in the city was \$240,667, far less than half the cost of an average dwelling in the Greater Vancouver region. The cost for rental accommodations in the city is also quite reasonable; averaging \$678/month, rental

rates are more than twenty percent lower than the next lowest rates in Kelowna.²

Alongside relatively lower cost of living, the average labour force income in Prince George is one of the highest among other major cities across BC and is higher than the provincial average, leaving residents with a relatively high level of discretionary income. This makes it easier for residents to pursue desired recreational activities and achieve a work-life balance that contributes to a high quality of life.

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Quality of life for employees has made the city progressively more attractive to the corporate community, attracting investment and new jobs to Prince George. Telus and Fortis BC are just two of the companies that have recently chosen to expand operations in Prince George, investing nearly \$8M combined, creating more than 200 jobs in the downtown core.

Opportunities exist for many other businesses to expand or relocate operations in Prince George as the city further develops its reputation as a preferred place to live, play, work and invest.

¹ KPMG Competitive Alternatives 2010.

² Canadian Real Estate Association; BC Northern Real Estate Board; Canada Mortgage & Housing Corp.



Economic Statistics

Employment

There were 47,200 persons employed in Prince George in April. The number of persons employed and those in the labour force was relatively unchanged from the previous month, leaving the number of unemployed persons unchanged for the second month in a row. The unemployment rate also remained stable at 5.8%. The number of persons employed in BC and across Canada increased slightly, by 0.4% and 0.3%, respectively; the number in the labour force increased 0.1% in BC and 0.3% in Canada. As a result, the number of unemployed persons decreased by 2.7% in BC and 0.8% in Canada; the provincial and national unemployment rates declined by 0.2% and 0.1% (to 7.9% and 7.6%, respectively). Prince George's working age population was unchanged for the fourth consecutive month, and the employment rate decreased 0.1% to 66.4% in April; employment rates increased 0.2% and 0.1% in BC and Canada (to 60.3% and 61.9%, respectively).

(Source: Statistics Canada Labour Force Survey)

Real Estate

There were 67 single family homes sold in Prince George in April, 8 fewer than in April 2010, with an average price of \$242,472 (0.2% lower than in the same month last year). Year-to-date, the average price of a single family home was down 0.7% compared to the first four months of last year; unit sales were down 10.7%. Comparatively, average prices were up 15.5% and 7.9% in BC and Canada,



respectively, year-to-date; slower sales activity resulted in unit sales being down 1.3% and 9.1%, respectively, as of the end of April.

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

Housing Construction

There were 13 housing starts in Prince George in April (all single family dwelling units), compared to 19 starts (10 single and 9 multiple dwelling units) in the same month last year. Despite slower activity over the past two months, year-to-date starts were up 45.9% at the end of April, compared to the first four months of 2010.



Comparatively, housing starts were down 5.2% and 6.9%, respectively, in BC and across Canada for the same period. There were 11 residential units completed in the city in April (all single family units), 1 more than in the same month in 2010, and there were 170 housing units under construction (98 single family and 72 multiple dwelling units); 11 fewer than in April 2010.

(Source: Canada Mortgage and Housing Corporation)

Building Permits

The City of Prince George issued 34 building permits valued at \$3.3M in April, down 32.6% compared to the same month last year. Residential building permits accounted for 60.9% of the total value of permits issued in the city, with permits for 8 new single family dwellings making up the majority of the value of this category. Commercial and Industrial building permits

accounted for 32.9% and 6.0% of the permits issued in April, respectively. Institutional permits accounted for the remainder. Year-to-date, the value of permits issued in the city was down 39.5% at the end of April. Comparatively, permits were down 7.3% provincially and up 3.7% nationally at the end of March.

(Source: City of Prince George; Statistics Canada)

Business Licenses

The City of Prince George issued 221 business licenses in March (42 new licenses³ and 179 renewals). 10 of the new licenses issued were a result of existing business changing location. The number of permits issued last month was down 34.6% over the same month in 2010.

(Source: City of Prince George)

Airport Passenger Volumes

32,408 passengers passed through the Prince George airport in April, 6.3% fewer than in April 2010. Year-to-date, passenger traffic through the airport was down 0.8% compared to the first four months of last year. Comparatively, traffic through the Vancouver airport was up 0.1%, year-to-date, at the end of March.

(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.