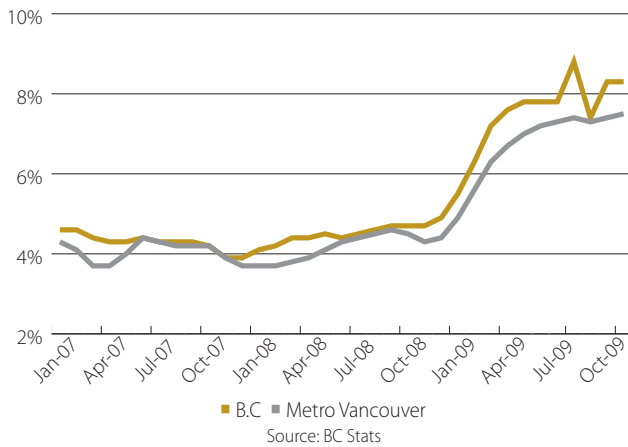


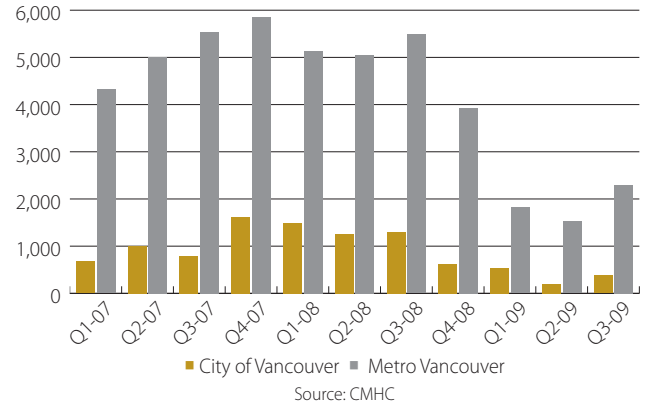
## OVERALL

- The Vancouver economy showed some positive signs through Q3, but this is being tempered with cautious optimism about the future
- Unemployment is still creeping up; many industries have avoided laying off staff by not filling vacancies, lingering uncertainty on job front
- Large number of arrivals in digital media show Vancouver has become a destination of choice; but arts cuts and competitive incentives elsewhere for film and gaming creating concern across creative industries
- Mining sector doing well, forestry and transportation are still down
- Tourism still down but, as in many other sectors, fundamentals are in place for a recovery if consumer confidence rebounds

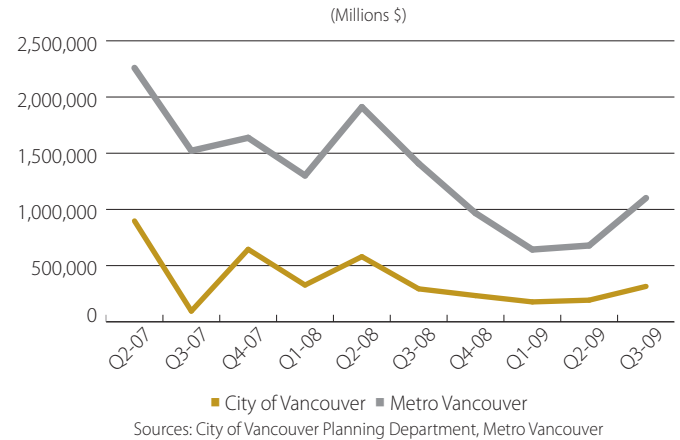
### Unemployment Rate



### Housing Starts



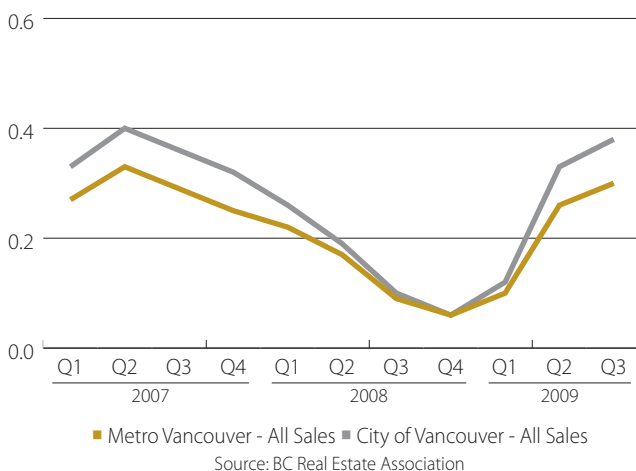
### Building Permit Values



## HOUSING AND CONSTRUCTION

- Recent activity in construction up from lows of early 2009, employment still down 17% from 2008 peak
- Strength is primarily in residential segment, with smaller projects and renovations accounting for much of the increase in permits and activity
- Many major projects are nearing completion, with few coming online; financing issues still affecting sector, and provincial spending on infrastructure is slowing
- Many projects in city of Vancouver appear to be waiting until after Olympics due to concerns about construction delays and uncertainty about market prices

### Sales-to-Active Listings Ratio



## RESOURCES

- The forest industry is still down, though prices and volumes have gone up about 10% from previous rock bottom levels
- Mining is doing well, with strong prices for copper, gold and coal
- Several major mine projects proceeding, employment returning; HST has created a positive investment climate that is expected to boost BC-based investment

## FREIGHT/CARGO

- Volumes have increased slightly from previously low levels, but long road to full recovery expected
- Strong dollar and weak forest sector having an impact; resource exports (metals, grain) recovering faster than imports

### Port Metro Vancouver

TEU	Cargo in Tonnes	% Change y/y
Q1 - 2008	582,097	6.34%
Q2 - 2008	641,293	2.49%
Q3 - 2009	678,316	0.38%
Q4 - 2009	590,401	-8.70%
<b>Total - 2008</b>	<b>2,492,107</b>	<b>-0.14%</b>
Q1 - 2009	494,342	-15.08%
Q2 - 2009	549,860	-14.26%
Q3 - 2009	562,942	-17.01%

Source: Port Metro Vancouver

## Vancouver Airport (Cargo)

Quarter	Cargo in Tonnes	% Change y/y
Q1 - 2008	51,348	2.57%
Q2 - 2008	53,729	-0.3%
Q3 - 2008	56,556	-11.6%
Q4 - 2008	49,680	-14.8%
<b>Total - 2008</b>	<b>203,993</b>	<b>-10.3%</b>
Q1 - 2009	44,028	-14.26%
Q2 - 2009	43,979	-18.15%
Q3 - 2009	54,677	-3.32%

Source: YVR International Airport

## FILM

- 2009 has been a good year overall, but current activity down by roughly 1/3 and considerable concern about activity in 2010
- High dollar expected to hurt activity; incentives from Ontario and Quebec creating major competitive pressures
- Downturn has also hurt small- and medium-sized productions; challenging environment for broadcasters

## ARTS &amp; CULTURE

- Large organizations like the Arts Club are doing well on subscriptions, Christmas shows are being well-attended
- Impact of provincial funding cuts: organizations are downsizing shows, running deficits, leaving open positions vacant; uncertainty about 2010 budgets
- Less work for related professionals like design; human resources drain possible, with many cultural workers looking at Toronto and Quebec as more favorable climate

## TOURISM

- Tourism volumes down slightly (~10%) and yields down more significantly (~20%) as heavy discounts offered
- September saw first increase over previous year's numbers, raising hopes of potential recovery if confidence returns in step with heightened Olympic profile
- Overseas markets down significantly, except from small segments like France (more direct flights)
- Approved destination status from China will boost future numbers significantly

## Total Passengers at Vancouver Airport

Quarter	YVR Passengers	% Change y/y
Q1-2008	4,309,543	9.9%
Q2-2008	4,587,652	6.0%
Q3-2008	5,132,040	-1.4%
Q4 - 2008	3,823,224	-5.3%
<b>Total 2008</b>	<b>17,852,459</b>	<b>2.0%</b>
Q1 - 2009	3,846,794	-10.7%
Q2-2009	3,985,599	-13.1%
Q3-2009	4,675,802	-8.9%

Source: YVR International Airport

## Quarterly Overnight Visitors

Quarter	Overnight Visitors	% Change y/y
Q1 - 2008	1,629,173	1.73%
Q2 - 2008	2,190,122	-1.52%
Q3 - 2008	3,077,954	-4.71%
Q4 - 2008	1,731,854	-6.74%
<b>Total 2008</b>	<b>8,629,103</b>	<b>-3.18%</b>
Q1 - 2009	1,467,412	-9.93%
Q2 - 2009	2,020,620	-7.74%
Q3 - 2009	2,958,454	-3.88%

Source: Tourism BC

## HIGH TECH

- Sector is steady in terms of employment, activity, some VC activity returning: "cautious optimism"
- Recent arrivals in digital media are creating buoyant mood in that segment

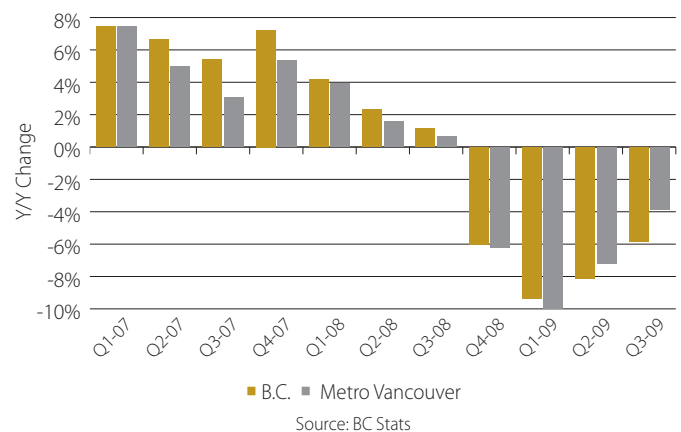
## OTHER KEY SECTORS

- Architects report activity levels rising, largely in residential sector; city of Vancouver activity is mainly small projects
- International education sector has steadied somewhat; Mexican visa issues have been offset by new Saudi scholarship, with more interest in post-secondary and vocational streams

## NEIGHBORHOODS

- Downtown experienced big upturn in latter half of Q3, as Granville construction finished and Olympic store opened at The Bay
- Value-oriented hotels, restaurants, and retail continue to do better than high-end segments; some restaurants and retailers have responded with lower price points
- Some retail store closures being felt in neighborhoods outside downtown core
- Strathcona manufacturing has been hard-hit, with some layoffs

## Retail Sales



## COMINGS &amp; GOINGS

## New Companies/Expansions in Vancouver Q3-2009

- Digital Domain: award-winning visual effects firm
- Prime Focus: Winnipeg-based visual effects firm moving headquarters to Vancouver
- Kerner: Visual effects firm partnering with Emily Carr to establish 3D cinema research studio
- 6/5 Productions: digital media and animation studio