

ECONOMIC BASE ANALYSIS

SEPTEMBER 2019



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION

Table of Contents

Introduction	5
About this Report	5
1. Document Review – Common Threads Analysis	7
1.1 Summary of Findings	8
1.2 Appendix Background Document Review	13
1.2.1 Innovation Ecosystem in BC’s Interior Region: Asset Inventory	13
1.2.2 COEDC Visioning Session – September 2018.....	13
1.2.3 COEDC Workforce Session – October 2018.....	14
1.2.4 RDCO Regional Growth Strategy: Priority Projects Plan, 2017	14
1.2.5 YouthfulCities Urban Work Index, 2019	15
1.2.6 Central Okanagan Economic Development Commission 2019 Operational Plan	15
1.2.7 Growing in the Okanagan, 2020 Labour Market Outlook	16
1.2.8 An Economic Opportunities to 2020 Strategy for the Central Okanagan Region	17
1.2.9 COEDC Manufacturing / Aerospace Sector Profile	17
1.2.10 COEDC Animation / Film / Digital Media Sector Profile	18
1.2.11 COEDC Agriculture/Viticulture Sector Profile.....	18
1.2.12 Central Okanagan Economic Profile for Agriculture, July 2017	18
1.2.13 Kelowna Agriculture Plan, 2017	19
1.2.14 Central Okanagan Small Scale Food Processing Study 2015	19
1.2.15 City of West Kelowna Westbank Centre Agriculture Plan	20
1.2.16 District of West Kelowna Agriculture Plan, 2011	20
1.2.17 City of Kelowna Agricultural Land Use Inventory, 2014	21
1.2.18 BC Ministry of Agriculture First Nations Agriculture Needs Assessment	22
1.2.19 Central Okanagan Aerospace Core Competencies, 2017	22
1.2.20 Central Okanagan Aerospace Regional Asset Map, 2017	24
1.2.21 Economic Impact of the Okanagan Tech Sector, 2017	24
1.2.22 UBCO 2040, Shaping UBC Okanagan’s Future	25
1.2.23 COEDC Health Sector Profile, 2018	25
1.2.24 COEDC Information and Communications Technology Sector Profile, 2018	26
1.2.25 City of West Kelowna Official Community Plan, 2011	26
1.2.26 District of Peachland Official Community Plan, 2018	26
1.2.27 District of Lake Country Official Community Plan	27

1.2.28	Kelowna 2030 Greening our Future, Official Community Plan, 2011.....	27
1.2.29	West Kelowna Economic Development and Tourism Strategy	28
1.2.30	Westbank First Nation Economic Development Commission Strategic Plan 2016-2019	28
1.2.31	Interior Health Quick Facts	29
1.2.32	Techstars Report 2017.....	29
2.	Economic Baseline Analysis.....	31
2.1	Data Sources.....	31
2.2	Summary of Findings	32
	Demographic Characteristics.....	32
	Labour Force Profile	33
	Business Environment and Structure	33
2.3	Demographic Characteristics.....	34
2.3.1	Population	34
2.3.2	Population by Age Groups.....	35
2.3.3	Dwelling Trends	35
2.3.4	Aboriginal Population.....	39
2.3.5	Immigration and Ethnic Diversity	39
2.3.6	Income Levels	41
2.3.7	Educational Profile	42
2.4	Labour Force Profile	43
2.4.1	Labour Force Status.....	43
2.4.2	Labour Force Mobility by Age.....	44
2.4.3	Labour Force by Industry.....	44
2.4.4	Commuting Patterns	49
2.4.5	Labour Force by Occupation.....	51
2.5	Business Environment and Structure	52
2.5.1	Notes on Data.....	52
2.5.2	Interpreting the Data.....	53
2.5.3	Key Business Characteristics.....	53
2.6	Synergies with Sector Profiles	58
3.	Economic and Demographic Trends and Prospects for the Central Okanagan	61
3.1	Introduction.....	61
3.2	Notes on Data.....	61
3.3	Summary of Findings	61

3.4	Population Trends in Central Okanagan.....	62
3.5	The Economy of Central Okanagan	63
3.6	Recent and Future Sources of Central Okanagan Population Growth.....	67
3.7	Employment by Detailed Industry for Central Okanagan	68
3.8	Employment Projections for Central Okanagan.....	70

Introduction

The Economic Base Analysis serves as the basis of the Central Okanagan Economic Development Commission's Moving Forward to 2025 strategy. This report includes a review of background studies, the Economic Base Analysis and Economic Forecasts, and Local Impacts of Market Trends. The report focuses on relevant socio-economic indicators – demographics, income, workforce, and business climate for the Central Okanagan. These findings will be tested and affirmed through a community engagement process to identify the opportunities and priorities of the region.

About this Report

The approach employed in the completion of this report involved the following sections:

Section I – Background Review

- A review of the Regional District of Central Okanagan's existing planning documents and policies to determine the level of support and strategies relevant to economic growth.

Section II – Baseline Analysis

- A sector overview and baseline analysis including an assessment of current labour force, employment, and business trends in the Regional District of Central Okanagan's to identify existing and emerging areas of economic opportunity.

Section III – Economic and Demographic Trends and Prospects for the Central Okanagan

- A review of past trends in population and economic growth in Central Okanagan Regional District, to identify the key industries driving growth in the Region and assessment of the prospects for growth in the area over the next 5 to 10 years.

SECTION ONE



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION

1. Document Review – Common Threads Analysis

A detailed review of all relevant municipal reports and policy documents was conducted. Documents reviewed include:

- Innovation Ecosystem in BC's Interior Region: Asset Inventory
- COEDC Visioning Session – Sept. 2018
- COEDC Workforce Session
- RDCO Regional Growth Strategy: Priority Projects Plan, 2017
- YouthfulCities Urban Work Index, 2019
- Central Okanagan Economic Development Commission 2019 Operational Plan
- Growing in the Okanagan, 2020 Labour Market Outlook
- An Economic Opportunities to 2020 Strategy for the Central Okanagan Region
- COEDC Manufacturing / Aerospace Sector Profile
- COEDC Animation / Film / Digital Media Sector Profile
- COEDC Agriculture/Viticulture Sector Profile
- Central Okanagan Economic Profile for Agriculture, July 2017
- Kelowna Agriculture Plan, 2017
- Central Okanagan Small Scale Food Processing Study 2015
- City of West Kelowna Westbank Centre Agriculture Plan
- District of West Kelowna Agriculture Plan, 2011
- City of Kelowna Agricultural Land Use Inventory, 2014
- BC Ministry of Agriculture First Nations Agriculture Needs Assessment
- Central Okanagan Aerospace Core Competencies, 2017
- Central Okanagan Aerospace Regional Asset Map, 2017
- Economic Impact of the Okanagan Tech Sector, 2017
- UBCO 2040, Shaping UBC Okanagan's Future
- COEDC Health Sector Profile
- COEDC Information and Communications Technology Sector Profile
- City of West Kelowna Official Community Plan, 2011
- District of Peachland Official Community Plan, 2018
- District of Lake Country Official Community Plan
- Kelowna 2030 Greening our Future, Official Community Plan, 2011

- West Kelowna Economic Development and Tourism Strategy
- Westbank First Nation Economic Development Strategic Plan 2016-2019
- Interior Health Quick Facts
- Techstars Report 2017

1.1 Summary of Findings

The reviewed policies and documents have been analyzed comparatively to uncover areas of thematic overlap. The policies have been catalogued according to common themes to observe patterns – in essence, to find the “common threads” among them.

The following observations are important, as they highlight themes that are strongly represented in the current policy framework internally, and where there is alignment with external policies in areas of importance. Further, it allows the identification of gaps that exist where key themes and areas of importance do not currently have prominence in the municipal policy framework. If these gaps represent key objectives or priorities that are identified through the research and community engagement process, they heighten awareness for further examination to ensure effective alignment with future priorities.

The common threads identified among the policies and documents examined above include:

- **Agri-Tourism** – Marketing and product development assistance aimed at supporting agri-tourism and value-added agriculture businesses to enhance the suite of experiences aimed at local and inbound visitors.
- **Business Planning and Support** – Assisting current businesses and entrepreneurs with barriers to entry including business planning, financial and regulatory support.
- **Cluster Development**—Investment attraction and business retention and enhancement initiatives are focused on identified sectors including Aerospace, Agriculture, Emerging Industries, Growth Stage Businesses and Manufacturing
- **Information Sharing** – Ensuring current resources are widely available across the region and development of a central hub of information. The COEDC can play this role as a connector and leverage their existing relationships
- **Intensification and Value Add Agriculture**— Focus on increasing outputs from decreasing agricultural land base
- **Labour Market Information**—For businesses to continue to grow, especially in the tech-enabled sector, accurate labour market information must be generated and shared so that labour demand is met with appropriately trained supply
- **Land/Policy Planning** – Protection of the Agricultural Land Reserve (ALR) and innovative planning of the areas where urban growth abuts agricultural areas combined with a regional land planning framework that ensure adequate employment lands
- **Opportunity Promotion** – Central Okanagan has a vibrant entrepreneurial, tech and aerospace sectors that are not widely known outside the community

- **Specialty Crop Development** – Adapt to changing consumer demands for organic, speciality food products
- **Succession Planning** – providing succession planning tools/toolbox for business so that they can pass on operations to the next generation or make available for sale. This is also especially prevalent within the agriculture sector.
- **Workforce Development**—ageing demographics will pose a labour force challenge in the coming years if steps are not taken to attract and retain workers and ensure programming aligns with a business need
- **Viticulture & Craft Beverage Cluster**—There is an existing viticulture industry which is being complemented by emerging craft beer and cider industries
- **Youth Retention**—Central Okanagan has a strong network of educational institutions and entrepreneurial community that must be retained

The figure below presents a common threads matrix, showing the association between each theme relative to the documents it has been identified in via a series of check marks. A single check mark (✓) indicates the document has some content relating to the theme, but it is not a primary focus of the document, while a double check mark (✓✓) indicates there is a primary focus on the theme.

Figure 1: Common Threads Analysis

Common Themes	Cluster Develop	Viticulture/Craft Beverage Cluster	Youth Retention	Workforce Development	Business Planning & Support	Intensification and Value Added Ag	Specialty Crop Develop.	Succession Planning	Information Sharing	Labour Market Intelligence	Land/Policy Planning	Agri-Tourism	Opportunity Promotion
Innovation Ecosystem in BC's Interior Region: Asset Inventory	✓✓	✓				✓	✓		✓✓				
COEDC Visioning Session – Sept. 2018				✓	✓✓				✓✓		✓	✓	✓
COEDC Workforce Session			✓✓	✓✓	✓			✓✓	✓✓	✓✓			✓✓
RDCO Regional Growth Strategy: Priority Projects Plan, 2017											✓✓		
YouthfulCities Urban Work Index, 2019			✓✓	✓✓									✓
Central Okanagan Economic Development Commission 2019 Operational Plan	✓		✓✓	✓✓	✓			✓	✓✓	✓		✓	
Growing in the Okanagan, 2020 Labour Market Outlook			✓✓	✓✓				✓✓	✓✓	✓✓			✓
An Economic Opportunities to 2020 Strategy for the Central Okanagan Region	✓		✓	✓									✓
COEDC Manufacturing / Aerospace Sector Profile	✓✓			✓	✓✓				✓	✓			
COEDC Animation / Film / Digital Media Sector Profile	✓✓		✓	✓	✓✓					✓			✓✓
COEDC Agriculture/Viticulture Sector Profile	✓✓	✓✓			✓✓	✓	✓				✓✓		
Central Okanagan Economic Profile for Agriculture 2017		✓✓	✓	✓	✓✓	✓✓	✓✓	✓✓			✓✓	✓	
City of Kelowna Agriculture Plan 2017		✓✓	✓	✓	✓	✓✓	✓✓	✓✓			✓✓	✓	
Central Okanagan Small Scale Food Processing Study 2015	✓✓	✓✓	✓	✓	✓	✓	✓✓		✓✓				

Common Themes	Cluster Develop	Viticulture/Craft Beverage Cluster	Youth Retention	Workforce Development	Business Planning & Support	Intensification and Value Added Ag	Specialty Crop Develop.	Succession Planning	Information Sharing	Labour Market Intelligence	Land/Policy Planning	Agri-Tourism	Opportunity Promotion
City of West Kelowna Westbank Centre Agriculture Plan		✓				✓✓	✓✓				✓✓		
District of West Kelowna Agriculture Plan 2011	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓	✓✓	✓		
City of Kelowna Agricultural Land Use Inventory, 2014		✓				✓✓	✓		✓	✓	✓✓	✓	
BC Ministry of Agriculture First Nations Agriculture Needs Assessment		✓		✓✓	✓✓	✓✓	✓✓		✓	✓		✓✓	
Central Okanagan Aerospace Core Competencies, 2017	✓			✓✓					✓	✓✓			
Central Okanagan Aerospace Regional Asset Map, 2017	✓✓			✓✓					✓✓				
Economic Impact of the Okanagan Tech Sector, 2017	✓✓		✓✓	✓✓	✓			✓	✓✓	✓✓			✓
UBCO 2040, Shaping UBC Okanagan's Future	✓		✓✓	✓✓	✓					✓			✓
COEDC Health Sector Profile, 2018	✓✓		✓	✓					✓	✓			✓✓
COEDC Information and Communications Technology Sector Profile, 2018	✓✓		✓✓		✓✓			✓	✓	✓			✓✓
City of West Kelowna Official Community Plan, 2011	✓	✓				✓✓	✓✓				✓✓	✓✓	
District of Peachland Official Community Plan, 2018	✓	✓✓				✓✓	✓✓				✓✓	✓✓	
District of Lake Country Official Community Plan	✓	✓✓				✓✓	✓✓				✓✓	✓✓	
Kelowna 2030 Greening our Future, Official Community Plan, 2011	✓	✓				✓✓	✓✓				✓✓	✓✓	
West Kelowna Economic Development and Tourism Strategy		✓✓			✓	✓					✓✓	✓	

Common Themes	Cluster Develop	Viticulture/Craft Beverage Cluster	Youth Retention	Workforce Development	Business Planning & Support	Intensification and Value Added Ag	Specialty Crop Develop.	Succession Planning	Information Sharing	Labour Market Intelligence	Land/Policy Planning	Agri-Tourism	Opportunity Promotion
Westbank First Nation Economic Development Commission Strategic Plan 2016-2019					✓✓		✓✓		✓✓				
Interior Health Quick Facts	✓		✓	✓✓									
Techstars Report 2017	✓✓		✓	✓✓	✓✓				✓✓	✓			✓



1.2 Appendix Background Document Review

1.2.1 Innovation Ecosystem in BC's Interior Region: Asset Inventory

Purpose: This report looks at the entirety of BC's Interior and maps out assets from the post-secondary, industry, personnel, support systems and infrastructure that make up the innovation ecosystem. The scope of the report extends beyond the Regional District of Central Okanagan and agriculture, but it does demonstrate how the Region fits into the larger network. The interconnectivity among the three universities, six colleges, federal research institutes and industry in the BC's Interior make the region attractive to talent and entrepreneurs.

Key Takeaways & Economic Considerations:

- The economic base of the Interior Region is diverse including agriculture/viticulture, manufacturing, primary industries, health, clean tech, ICT and others.
- UBC Okanagan and Okanagan College are part of a larger network of universities and colleges engaged in applied research including University of Northern British Columbia and Thompson Rivers University
- Extensive research funds flow into the region through both the postsecondary research network including research chairs and federal research centres.
- Federal research institutions including the Agriculture and Agri-foods Canada Pacific Agricultural Research Centre in Summerland and the Dominion Radio Astrophysical Observatory in Penticton are nearby and are vital pieces of research infrastructure
- The entrepreneurial climate and diverse talent base are supported by public and private accelerators and incubators
- Natural beauty, research infrastructure and connectivity are strong features for talent attraction
- The Interior Region and its abundance of smaller university campuses and colleges lend themselves to nimble, applied research and direct connection with industry partners

1.2.2 COEDC Visioning Session – September 2018

Purpose: A visioning session was held with the COEDC staff and Advisory Board on September 27, 2018, to inform the COEDC on the opportunities as seen by a variety of stakeholder groups including elected officials, industry, local and regional government staff and partner organizations. The visioning session brought together responses in terms of immediate and medium-term opportunities.

Key Takeaways & Economic Considerations:

- Increasing the brand awareness of the RDCO/COEDC both nationally and internationally would facilitate market entry and leverage a strong Canadian brand
- Tourism as a four-season driver of economic development and investment can be further leveraged and developed
- There are opportunities with access to capital and SME's potentially for sale (especially agriculture) that could be further explored



- Partner organizations play a key role in ensuring the real impacts of policy changes are communicated to decision-makers and an ongoing feedback loop exists
- Talent and workforce attraction will become a challenge if the public policy cannot address the housing and infrastructure needs
- Government (elected officials and staff) play a key role in developing messaging and marketing about the positive business climate and economic opportunity available in the Region

1.2.3 COEDC Workforce Session – October 2018

Purpose: A facilitated session was held with the COEDC staff and Advisory Council on October 25, 2018, to inform the COEDC on workforce attraction and retention opportunities as seen by a variety of stakeholder groups including elected officials, industry, local and regional government staff and partner organizations. This session was preceded by a visioning session which was conducted to ascertain the economic development opportunities in the Region.

Key Takeaways and Economic Considerations:

- Labour market challenges are not well understood, the extent of labour challenges (current/future) are underappreciated
- Entrepreneurs are generally not HR experts and therefore require resources/access to resources and best practices to understand their obligations and employees' requirements
- Labour market information must be shared widely if it is to be acted upon
- To minimize the impact of labour shortage, COEDC could look at leading efficient tech implementation and technologies
- There are underutilized labour pools that can be harnessed
- There is a need for storytelling and innovative message delivery about opportunities/careers available in the RDCO
- Recruitment efforts should go beyond the usual quality of life messaging to focus on high tech, high skill and sophisticated career opportunities
- Recruitment efforts should go beyond posting available jobs locally and look to international recruitment
- UBCO and Okanagan College bring students from across Canada and the world to RDCO. There needs to be a focus on how to retain these graduates, promote their connections to the community and provide employment pathways once they graduate.

1.2.4 RDCO Regional Growth Strategy: Priority Projects Plan, 2017

Purpose: The Regional Growth Strategy Priority Projects Plan is a five-year plan that prioritizes actions from the Regional Growth Strategy (RGS) which encompasses all of the municipal service areas including development and growth. The document is designed to provide a focused implementation of the RGS based on consultation with RDCO staff, the RGS Steering Committee and other municipal and community partners. The Priority Projects Plan looks to ongoing projects and policies, emerging trends and issues and gaps for regional cooperation.



Key Takeaways and Economic Considerations:

- Regional coordination of services has proved successful in several service areas including solid waste management, emergency operations
- COEDC effectively provides economic development services for the region
- Regional land use planning can help to ensure availability and suitability of employment lands
- Regional agriculture planning has not been undertaken in several years with some local municipalities undertaking this on their own
- COEDC's Agricultural Support Officer provides effective services to assist farm operators and agriculture businesses
- Housing affordability is being affected by tourism (short term rental) which can increase longer term rental supply
- Housing affordability may become greatly impacted due to foreign buyers' restrictions in Vancouver pushing demand into other markets
- The report recommends Regional Planning Labs to share best practices
- The report recommends the development of a Regional Agriculture Strategy that identifies resources, trends, gaps and opportunities along the agricultural value chain.
- The report recommends an employment land inventory as the precursor to an employment lands strategy

1.2.5 YouthfulCities Urban Work Index, 2019

Purpose: YouthfulCities is an organization focused on youth engagement among 15-29-year old's to leverage their knowledge towards innovations to address issues in cities. The inaugural Urban Work Index ranked 21 cities across 48 indicators.

Key Takeaways & Economic Considerations:

- Ageing demographic requires that cities find ways to engage youth in their future
- 87% of youth (15-29 years) live in cities
- Four themes for urban work and that cities must address to engage youth include education, entrepreneurship, affordability and employment
- Edmonton, Montreal and Ottawa were the top three ranked cities according to YouthfulCities Index
- Kelowna was ranked 14 ahead of Vancouver, Halifax and Winnipeg among others

1.2.6 Central Okanagan Economic Development Commission 2019 Operational Plan

Purpose: The COEDC 2019 Operational Plan outlines the opportunities and challenges that the Commission will be addressing through its programming and actions. The actions are categorized under the programming streams of Business Retention & Enhancement, Investment Attraction and Coordination & Connection. The plan represents one aspect of the regular reporting that the COEDC



provides to the RDCO Board and is publicly available.

Key Takeaways & Economic Considerations:

- Business Retention and Enhancement (BR+E) efforts require a focus on worker retention and upcoming labour force challenges due to retirement rates
- A key feature of the Business Retention and Enhancement efforts will include one-on-one consultation and providing referrals and networking to resources
- BR+E will narrow in on some key sectors including aerospace, agriculture, emerging industries (cannabis, tech-enabled), growth stage businesses and manufacturing
- Understanding the labour market including sharing of labour market information, identifying skills training and occupation gaps and working with employers and post-secondary to address these issues is critical
- Young professionals must continue to be engaged, including UBCO and Okanagan College to ensure their talent is retained
- COEDC should dedicate resources to businesses that are ready to scale-up or export and provide assistance and referrals
- Investment attraction efforts should leverage an economic base analysis and existing work being done by the COEDC in the agriculture asset inventory
- Acceleration of existing tech-enabled firms and entrepreneur attraction are key aspects of developing the Central Okanagan region as a tech hub and attractive investment locale
- The COEDC is the catalyst, conduit and connector for economic development
- COEDC is the central resource facilitating connections between industry, government, B2B and community

1.2.7 Growing in the Okanagan, 2020 Labour Market Outlook

Purpose: This regional Labour Market Study encompasses the Central Okanagan Region as well as several neighbouring regional districts. The study focuses on labour market conditions, supply and demand assessments as well as workforce development programs for recruitment, retention and training of the workforce required for regional prosperity.

Key Takeaways & Economic Considerations:

- Occupation groups that are growing will mostly (two-thirds) require some postsecondary education that the current labour force does not necessarily fit the requirements to fill these positions.
- Medium term (six-year) employment growth is predicted which will require new workers to be recruited or encouraged to enter the labour force
- Despite the strong projected need for workers, employers have not identified workforce attraction as a priority. This may require a shift in thinking among employers.
- Workforce development is a regional issue that extends beyond municipal borders



- Growth in high-tech sectors will be dependent on the ability to train and recruit high-skilled workers to the region

1.2.8 An Economic Opportunities to 2020 Strategy for the Central Okanagan Region

Purpose: This economic development strategy was developed in 2014 to provide a framework to guide the COEDC's actions.

Key Takeaways & Economic Considerations:

- The region has strong existing advanced manufacturing, agriculture and tourism sectors
- Strong educational and research network to support idea generation and innovation in the tech sector
- Central Okanagan has the core infrastructure necessary for economic growth including broadband, highway system and growing airport
- Quality of life/lifestyle features of Central Okanagan are attractive and provide an opportunity for talent/entrepreneur attraction

1.2.9 COEDC Manufacturing / Aerospace Sector Profile

Purpose: The profile provides an overview of the existing assets and scope of the manufacturing and aerospace sector within the Region. The profile highlights the number and size of firms, occupations they employ, and the competitive advantage of the region in these sectors.

Key Takeaways & Economic Considerations:

- Central Okanagan was ranked most cost-competitive region in the Pacific by KPMG in 2016
- The dry climate is ideal for fibreglass, composite and wood manufacturing
- Well established manufacturing sector which encompasses agri-food, plastics, wood, aerospace and more
- Fabricated metal, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber and beverages are anticipated to be growing industries
- Emerging aerospace cluster, supported by the Digital Technology Supercluster initiative by the Government of Canada
- Canadian Federation of Independent Business ranked Kelowna the best place to open a small business in 2018
- The manufacturing sector includes over 600 firms, employing over 5760 people in the Region
- The region is home to 18% of all aerospace companies within BC
- Kelowna International Airport is the 10th busiest in Canada



- Strong support network for the sector including the Digital Learning Factory for Advanced Composites, a joint partnership between UBCO and industry to advance composites for aerospace development

1.2.10 COEDC Animation / Film / Digital Media Sector Profile

Purpose: This profile highlights this sector's impact on the local economy as well as the competitive advantages that help position this sector for continued growth

Key Takeaways & Economic Considerations:

- BC Out of Zone Regional + Distance tax credits are among the most attractive for film shooting in North America
- Available tax credits for R&D, investment capital, film & TV production, interactive digital media, international business and registered specialist labour
- Established Okanagan Film Commission which provides sector support and marketing
- Over 200 firms in the Region employing 2450 people
- Post-secondary programming at both Okanagan College and the Landmark Technology Centre to support the sector and provide a talent pipeline

1.2.11 COEDC Agriculture/Viticulture Sector Profile

Purpose: This sector profile highlights the impact and opportunities for growth within the Region.

Key Takeaways & Economic Considerations:

- Tree fruits including apples, cherries, plums, peaches and apricots are prevalent in the Region
- The region contains 84% of total vineyard acreage in BC
- Soil, topography and hot, sunny and dry climate are ideal for many agriculture products
- Agricultural Land Reserve protects the prime agricultural area and makes up 9% of the Region's overall area
- 2370 people employed within farms, support activities for farms and beverage manufacturing
- Strong pest management programs contribute to the competitive advantage of the Region
- Proximity to Summerland Federal Research Institute is a key asset for the Region

1.2.12 Central Okanagan Economic Profile for Agriculture, July 2017

Purpose: The Profile for Agriculture outlined some of the global shifts occurring in agriculture as well as how those changes were also taking place locally.

Key Takeaways & Economic Considerations:

- More agricultural production is derived from smaller agricultural areas
- The concentration of exports to a limited number of countries



- An increasing number of agricultural importers
- Changing consumer tastes, more diversity of products and not just traditional commodities
- The national trend toward farm consolidation
- More specialty crops being grown due to changing consumer tastes
- Increasing age of farmers and lack of succession planning
- Exponential growth in cherry exports to China following the 2014 trade deal gained access to Mainland
- The high cost of land is a barrier to entry for new farmers
- Ongoing labour challenges associated with seasonality

1.2.13 Kelowna Agriculture Plan, 2017

Purpose: The Kelowna Agriculture Plan provides recommendations for how the City of Kelowna can protect agricultural land and promote local agricultural through a combination of policy levers, marketing initiatives and regulation & enforcement. The report highlighted key themes that would require actionable items for the community to achieve the vision of the Agriculture Plan, *Kelowna is a resilient, diverse, and innovative agricultural community that celebrates farming and values farmland and food producers as integral to our healthy food system, economy, and culture.*

Key Takeaways & Economic Considerations:

- Strengthening of local policies and regulations to protect agriculture is required
- Stewarding natural resources and the environment for food production
- Increasing awareness of local agriculture and access to local food
- Fostering and sustaining farm business and farmland
- Kelowna has seen a 14% decrease in the Agricultural Land Reserve since 1973
- Strong public support for preserving farmland
- Create ‘buffers’ either by planning policy or by law in vulnerable areas where residential/commercial, and agriculture uses are in proximity— ‘edge-planning’ where rural meets urban
- Agri-tourism was identified as an area of opportunity that was not currently being exploited
- Need for support infrastructure including cold storage, processing and distribution for smaller operations
- Sterile Insect Release program is seen as a success and opportunity to leverage success

1.2.14 Central Okanagan Small Scale Food Processing Study 2015

Purpose: Conducted by the Community Futures Development Corporation of Central Okanagan, this report looked at small scale food processing in terms of the landscape at the time as well as challenges and opportunities for growth in the sector.



Key Takeaways & Economic Considerations:

- Although 1600 kitchens identified in Central Okanagan, access still poses a major problem
- A freight/shipping sharing mechanism could provide an opportunity for small processors
- Exceptional products but lack of marketing savvy limiting growth
- A platform for interaction/collaboration among processors would be beneficial
- Financing specific to the food processing sector is required due to the long lead time from startup to profitability
- A centralized location for processing information related to food processing, the regulation required, best practices should be developed as currently, this information is disparate
- Food processing start-up is complex undertaken with regulations, finance requirements. A start-up guide with checklist and industry contacts would be beneficial

1.2.15 City of West Kelowna Westbank Centre Agriculture Plan

Purpose: The study was commissioned to investigate preferred options for bringing 44 hectares of privately held land within the Agricultural Land Reserve back into cultivation. The land had been underutilized but was seen to have high economic and agricultural potential.

Key Takeaways & Economic Considerations:

- The agricultural plan provides recommendations on how once active agricultural lands can be brought back into productivity
- The Westbank Centre could serve as an example for other underutilized agricultural lands that have not adapted to changing market trends
- The region enjoys mild winters and springs, with long, hot summers. Irrigation and water servicing required for greater productivity
- High demand for local food and diverse base of crops that can be grown lends itself to a variety of options. Some infrastructure would be required to enable the growth of the site
- Cider production, cherry production and mixed production sited as the most feasible scenarios for developing the site
- Recommendation of a food hub within the Westbank Centre to:
 - Centralize production
 - Centralized marketing/branding
 - Provide education resources on local food

1.2.16 District of West Kelowna Agriculture Plan, 2011

Purpose: The plan was developed to identify how the District can support the continued viability of farming through land protection, water infrastructure and regulatory environment.



Key Takeaways & Economic Considerations:

- Some challenges with RU-zoned land being treed, sloped and lacking the piped-water infrastructure
- Water is of vital concern for residents due to the inadequacy of precipitation and lack of knowledge around groundwater health
- Agriculture is a heavy user of water but is efficient
- Approximately equal hectares used for pasture and forage than with major tree fruits (apples, cherries, plums, pears)
- One of BC's largest nurseries
- Need to educate the non-farming community about the impact, challenges of agricultural production to increase understanding and value of agriculture and local food
- Farming and non-farming land uses are often nearby, and there is potential for conflict in these areas
- Fostering urban agriculture/community gardens as an opportunity to increase awareness and appreciation for the agriculture industry
- The region has a rich agricultural heritage that is not currently being exploited for tourism potential (Gellatly Nut Farm and Allison Farmhouse-heritage sites)
- Agriculture contributes more net taxes to municipality than industrial but not well known
- More intensive agriculture should be encouraged, especially those areas with renewable water supplies (Westbank and Lakeview Heights)
- Development of an agricultural learning centre should be explored with a partnership with UBC Okanagan, Okanagan College, etc. to develop mentorship for new farmers
- Continued pressure to remove land from the Agricultural Reserve and A1 zoning for other uses, especially smaller parcels that cannot sustain large scale operations
- Investigation of agricultural amenity bonusing for residential density development projects
- Meeting seasonal farm labour needs continues to pose challenges
- Succession planning is required as two-thirds of the farming population is expected to retire within five years, and the average age of Okanagan farmer is 57

1.2.17 City of Kelowna Agricultural Land Use Inventory, 2014

Purpose: The Land Use Inventory was conducted to look at the Agriculture Land Reserve and other agriculturally assessed lands to develop a baseline for how much land was being used for agriculture, how much land was unavailable for agriculture and how much land had agricultural potential.

Key Takeaways & Economic Considerations:

- Significant support for agriculture industry through UBC, Okanagan College, Summerland Research and Development Centre as well as industry associations (BC Tree Fruits, BC Cherry Growers, BC Livestock Producers, Farm to Table program and Certified Organic Associations)



- Lots of agricultural development potential with some limiting factors:
 - High input costs (land, labour, water)
 - Fragmented land with small parcels, roads through agricultural lands
 - Some invasive species and the threat of damage from wildlife
- Urban expansion creates the potential for conflict with farms and farm practices
- Water management concern for the City of Kelowna
- The growing interest in farm gate sales, organic farming and farmer's markets provide an opportunity for agricultural development
- Tree fruits make up 41% of the cultivated land in the ALR while forage & pasture make up 37% and vines 9%
- The agricultural land base is relatively fixed so agriculture growth would likely occur as a result of new commodity types or intensification

1.2.18 BC Ministry of Agriculture First Nations Agriculture Needs Assessment

Purpose: The Needs Assessment was conducted to identify the agricultural activities that First Nations were currently involved in as well as activities that they would like to pursue. The goal of the assessment was to identify the resources and actions required to support agricultural development.

Key Takeaways & Economic Considerations:

- First Nations participation in personal and small-scale gardens and canning operations, smoking of meat and fish and other food preservation techniques
- Low participation in the dominant agriculture crops in the region including tree fruits
- First Nations had access to land and labour but lack equipment, business management skills and knowledge of commercial food processing techniques
- Interest expressed in pursuing chicken farming, fruits and vegetable and greenhouse development
- Strong interest in pursuing agriculture as an economic development driver, skills development, youth engagement and community sustainability
- Funding, business planning and crop/livestock production knowledge required to enable growth

1.2.19 Central Okanagan Aerospace Core Competencies, 2017

Purpose: This document looks at the aerospace sector in the Central Okanagan as a recognized driver of economic development. With 30 companies within the Region ranging from small to the largest private employer, KF Aerospace, the sector represents a significant contributor to the regions economy.

Key Takeaways & Economic Considerations:

- The aerospace sector requires collaboration among industry, government and education in order to adapt to industry 4.0 practices that are the future of the sector and to compete globally



- Canada's Innovation Agenda identified aerospace as a driving sector in future economic development and growth
- The aerospace sector is globally competitive with Canada being a smaller market and relatively low investment when compared to other leading countries
- Projected increases in air travel over the next 20 years to require 40,000 new vehicles and result in an investment of \$5.9 trillion (USD)
- Demand for the largest passenger aircraft is shifting to smaller and mid-size aircraft to service more destinations
- Aerospace manufacturing for passenger travel is expected to be driven by greener, leaner and lower cost aircraft
- Composites and research and development will continue to play an increasing role in achieving better efficiency and lower cost flights
- Industry 4.0, digitization of the manufacturing, supply chain and customer facing aspects of the aerospace industry are transforming the sector
- The industry is facing a skilled worker shortage as pilots are required in the short term as well as trades within the industry being required in the medium term due to pending retirements
- Aerospace industry is acutely affected by political factors and international trade factors due to the global nature of sales
- BC has approximately 170 aerospace companies and generates approx. \$2.4 billion in revenue annually and supports 8,000 jobs
- BC's location advantage includes its proximity to Boeing in Washington and Asia Pacific markets
- The Kelowna International Airport (YLW) is the primary driver of the growth of this sector as the 11th busiest airport in Canada
- YLW has identified the development of an aerospace campus as part of their vision going forward
- KF Aerospace is widely considered the anchor of the industry due to its size and high levels of employment
- The Learning Factory for Advanced Composites is a collaboration between UBC, the Composites Research Network and Avcorp to develop commercial production of composite aircraft components
- Aerospace industry in the region is dominated by small employers, many of whom operate in niche areas
- Region is impacted by global shortage of pilots
- Smaller firms lack marketing budgets and personnel to drive sales growth
- Development of a cluster and collaborative eco-system could help small firms and the relatively small sector compete with major global competitors
- YLW serves as a multi-modal hub and is actively pursuing opportunities to create and build the cluster as part of their growth strategy



- YLW has the largest amount of available land for development in close proximity among BC's largest airports
- Recommendations include development of an industry lead association, development of a cluster mentality, sector marketing support and networking support and collaboration in the development of the aerospace campus

1.2.20 Central Okanagan Aerospace Regional Asset Map, 2017

Purpose: The Regional Asset Map provides an overview of the infrastructure, organizations and research and development institutions that will continue to make the sector a key driver in the local economy

Key Takeaways & Economic Considerations:

- The inventory highlights the Kelowna International Airport (YLW) as a key component to the continued development of the sector
- Educational assets in the Region include the Air-Hart Aviation Flight School, Okanagan College's Aviation Diploma program, Okanagan Mountain Helicopter Flight School & Charter as well as KF Aerospace which provides training to the RCAF
- R&D is facilitated by the Composites Research Network, the Materials and Manufacturing Research Institute, the Survive and Thrive Applied Research Initiative and the Learning Factory, which is developing partnership between UBC, AvCorp and Boeing

1.2.21 Economic Impact of the Okanagan Tech Sector, 2017

Purpose: This annual study is commissioned by Accelerate Okanagan in partnership with the COEDC to understand the growing tech sector in the Central Okanagan in order to assist businesses, inform policy and share information

Key Takeaways & Economic Considerations:

- The economic impact of the tech sector is estimated to be \$1.67 billion annually in both direct and indirect impact
- Central Okanagan's tech sector businesses are getting younger with 64% of firms being less than five years old compared with 60% in the 2016 survey
- The tech sectors revenues average revenues continue to grow with an average of \$1.28 million in 2017, a 7% increase from the previous year
- Tech businesses reported a lower proportion of male employees from 72% to 61% and a slight increase in workers under 35 years old from 52% to 55% from 2016
- 77% of businesses indicated plans to increase their workforce in the next year compared with 67% in 2016
- Lifestyle, climate and commute time were identified as the top three advantages for workers



- Locational disadvantages identified included lack of talent, distance to clients, small client base, travel costs and cost of living
- The estimated tech workforce in the Region was 12,474 which represented a 64% growth since 2015

1.2.22 UBCO 2040, Shaping UBC Okanagan's Future

Purpose: This strategic vision for the UBCO is based on UBC's strategic plan to 2040. UBCO draws from UBC's vision and strategy in the strategic vision and objectives for the Okanagan Campus based upon its strengths.

Key Takeaways & Economic Considerations:

- Goal of 18,000 students enrolled by 2040 in the campus
- The economic impact is estimated to be \$4.8B if successful implementation of the plan
- Aim for research funding to grow from \$21.9 million in 2017/18 to \$100 million annually by 2040
- UBCO is envisioned to have 1 million additional square feet of space
- Also envisioned are greater connections to colleges, global connections to ensure learning and work integration

1.2.23 COEDC Health Sector Profile, 2018

Purpose: This document provides an overview of the sector in the COEDC Region highlighting the sectors employment, wage and other assets in the Region.

Key Takeaways & Economic Considerations:

- Sector is broken down into the publicly funded health care services offered by the Interior Health Authority and non-profit and for-profit healthcare businesses and research and development
- 8% of the total workforce in the region is employed in the healthcare sector with 4,775 in hospitals, 4,250 in ambulatory services, and 2,215 in nursing and residential facilities
- There are 44 medical facilities in the region
- Kelowna General Hospital serves as a training facility for UBC's Medical School
- UBCO is the site of the Centre for Heart, Lung & Vascular Health
- Well-developed talent pipeline exists for the sector including a practical nursing program at Okanagan College
- BC and the Central Okanagan have the lowest provincial income tax for individuals earning up to \$121,000.



1.2.24 COEDC Information and Communications Technology Sector Profile, 2018

Purpose: This document provides an overview of the ICT sector in the COEDC Region highlighting the sectors employment, wage and other assets in the Region.

Key Takeaways & Economic Considerations:

- The economic impact of the sector is \$1.67 billion annually in the Central Okanagan
- Sector benefits from the Digital Technology Supercluster funding
- There are 693 tech-enabled firms in the region, with employment of 12,471 persons
- The COEDC Region was named the most Cost Competitive Region for business in the Pacific by KPMG in 2016

1.2.25 City of West Kelowna Official Community Plan, 2011

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the municipality. The document serves as the guiding document for community planning and land management within the City of West Kelowna as it manages growth.

Key Takeaways & Economic Considerations:

- The Official Community Plan was undertaken in 2009 due to the recent incorporation of the City of West Kelowna
- Population projections for the City of Kelowna show the city increasing from 30,892 in 2011 to 48,714 by 2034
- Economic stability objectives of the OCP include fostering a diverse economy, support the unique character of the community, balanced development of employment and housing, encourage sustainable tourism
- Economic sustainability policies of the OCP include encouraging new commercial and residential development in the Westbank and Boucherie Centres, support business parks within Corridor GMDs to attract high-tech investment, development of pedestrian oriented neighbourhoods and support for the Economic Development Commission
- Other policies of the OCP include support for affordable housing, support for agricultural landowners with agri-business development and increased local food production through diversification and specialty crop development

1.2.26 District of Peachland Official Community Plan, 2018

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the District of Peachland. The document serves as the guiding document for community planning and land management within Peachland.



Key Takeaways & Economic Considerations:

- Guiding values for the OCP include quality of life, quality of built environment, economic development, neighbourliness, functionality and community identity
- Development permits area guidelines consider economic development to represent vibrant neighbourhoods and economic vitality
- Economic development objectives include alignment with Peachland's natural assets, supportive of an entrepreneurial culture, support for tourism and focus on downtown revitalization
- Economic development policies within the OCP include support for the diversification of home-based businesses, niche market opportunities, pursuing professional industries and partnerships with the province and the RDCO

1.2.27 District of Lake Country Official Community Plan

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the District of Lake Country. The document serves as the guiding document for community planning and land management within the District of Lake Country.

Key Takeaways & Economic Considerations:

- The population projections for Lake Country indicate a projected average growth rate of 2.4% annually from 2016-2036
- The population projections indicate that Lake Country's population will reach 22,791 by 2036
- Lake Country was the fastest growing municipality within British Columbia in 2014-2015
- The unemployment rate in Lake Country was 7.5% in 2016 compared with a provincial rate of 6.7%
- Lake Country had a higher median personal income than the province in 2015 of \$36,839 compared with \$33,012 respectively
- More Lake Country residents work in Kelowna (33%) compared with 22% in Lake Country
- Economic development objectives of the Lake Country OCP include increasing local employment, ensuring supply of commercial and industrial development, provide support for agriculturists
- Economic development strategic policies of the Lake Country OCP include a focus on agricultural products, tourism, retail outlets and the service industry, a focus on Main Street employment opportunities, enhanced technical infrastructure to support home-based businesses and exploring opportunities for short-term rentals and provision of incentives for new business

1.2.28 Kelowna 2030 Greening our Future, Official Community Plan, 2011

Purpose: The Official Community Plan (OCP) lays out the long-term vision for the City of Kelowna. The document serves as the guiding document for land management, community planning and growth management within the City of Kelowna.

Key Takeaways & Economic Considerations:

- Populations projections for the City of Kelowna cite a 1.51% annual growth rate and a total population projection of an additional 45,485 people by 2030



- By 2030, Kelowna's population is expected to be 161,701
- The population of Kelowna is expected to age with the oldest age group (65+ years) increasing from 19.5% of the population in 2006 to 25.6% by 2030
- The housing distribution in Kelowna is expected to shift from 61% Single family/two unit and 39% multiple unit to 43% single family/two unit and 57% multiple unit
- Twenty-year land requirement for industrial land indicate an additional 64-80 ha of new industrial land
- The economic development objectives contained within the Kelowna OCP include sustainability including business retention and expansion efforts, partnership with the COEDC, encouraging a positive investment climate and attraction of a skilled workforce

1.2.29 West Kelowna Economic Development and Tourism Strategy

Purpose: This strategy for the District of West Kelowna was developed to support the operational and strategic goals for West Kelowna and it's relationship to the COEDC, Thompson Okanagan Tourism Association and other partners.

Key Takeaways and Economic Considerations:

- West Kelowna has a growing population with approx. 13% growth from 2011 to 2016
- The number of business licenses have remained stable year over year
- Goals of the strategy include encouraging population growth, encouraging investment activity, business support, communication improvement and continued improvement and collaboration among regional partners
- Partnerships include Westside Wine Trail, COEDC, Okanagan College, Destination BC, Westbank First Nation and others
- BR&E objectives include feasibility of a collaborative workspace, cluster expansion (aviation & manufacturing) and agri-tourism development
- Investment attraction objectives include marketing of the Westbank Centre, resident relocation, work with commercial real estate, support foreign investment
- Tourism marketing goals within the strategy include supporting the Westside Farmloop, offering information regarding Hiking and Biking and the Westside Wine Trail

1.2.30 Westbank First Nation Economic Development Commission Strategic Plan 2016-2019

Purpose: The strategic plan serves as the guiding document for the Economic Development Commissioners and incorporates the Westbank First Nation Government Strategic Plan and Community Plans.

Key Takeaways and Economic Considerations:



- Objectives of the plan include building relationship between WFN and Council, strengthening of communications between the EDC and business associations and collecting data and business intelligence
- Time and effort of the EDC is allotted with approx. 40% towards business retention, 22.5% business facilitation, 22.5% advisory role to Council and 15% business attraction
- The COEDC is listed as a key partner in regards to business facilitation

1.2.31 Interior Health Quick Facts

Purpose: Interior Health Authority covers over 215,000 square kilometres and produces an infographic and reports that highlight the impact of the Interior Health Authority

Key Takeaways and Economic Considerations:

- Interior Health Authority covers 60 municipalities and 54 First Nations communities
- Interior Health manages 4 Regional hospitals, 16 community hospitals and 24 health care centres
- There are over 20,000 Interior Health workers including 1500 physicians

1.2.32 Techstars Report 2017

Purpose: Provides an assessment of the Region using the Techstars model to measure start-up community readiness in the technology sector

Key Takeaways and Economic Considerations:

- Techstars creates the ecosystem for start-ups to thrive
- Built on the philosophy that economic development through organic development is more effective than top-down
- Start-up Communities go through seven stages of maturity
- Central Okanagan was rated at the level three maturity
 - Talent primary area of need
 - Culture slightly underdeveloped component
 - Density and capital are trailing areas of focus

SECTION TWO



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION



2. Economic Baseline Analysis

This section of the report presents an overview of the socio-economic, labour force and industry composition in the Regional District of Central Okanagan. The baseline analysis illustrates the current nature and composition of jobs, employment growth and industry composition in the community and contributions to economic growth. Central Okanagan is presented in comparison to the Province of British Columbia.

The Economic Baseline Analysis complements the research completed by the COEDC in collaboration with MDB Insight to date and includes insights from the Q1 2019 Economic Indicators Report and 2018 Central Okanagan Economic Profile. The Economic Baseline Analysis is intended as a complementary document that communicates the strengths and opportunities of the Central Okanagan region to promote the area in efforts to drive economic growth.

As part of the study, the Location Quotient (LQ) and Shift-Share Analysis was studied to determine sectors of strength and regional economic drivers for Central Okanagan. The definition of these methods is provided below.

Location Quotient (LQ) - A Location Quotient (LQ) analysis provides information on the concentration of jobs or industries in a community of interest relative to an over-arching area, usually the province or nation. It can reveal what makes a region “unique.” An LQ of 1.0 indicates employment/industry concentration in the community is on par with the larger comparison area. LQ greater than 1.0 indicates that the community has proportionately more workers/industries than the larger comparison area employed in a specific industry sector. An LQ significantly less than 1.0 may indicate an opportunity to develop employment or business opportunities in the local area to meet area demand.

Shift-Share Analysis - Shift-share is a standard regional analysis method that attempts to determine how much of regional job growth can be attributed to national trends and how much is due to unique regional factors. The shift-share analysis helps answer why employment is growing or declining in the regional industry. The shift-share analysis is split into three components: (1) industrial mix effect, (2) national growth effect, and (3) regional competitive effect. Also, a time frame (start year and end year) is required to perform shift-share analysis, since shift share deals with job growth over time.

2.1 Data Sources

Results are derived from the following sources:

- Statistics Canada, Census Profile, 2016
- Statistics Canada, Census Profile, 2011
- Statistics Canada, National Household Survey, 2018
- Statistics Canada, Canadian Business Counts, December 2018
- BC Stats, 2019
- Invest Kelowna, 2019
- The Canadian Real Estate Association, 2019
- Canada Mortgage and Housing Corporation (CMHC), 2019

The latest available data sets at the time of the development of this strategy were used to obtain demographic, labour force and business information. The data for the total population is available for



2018, the data for which was obtained through BC Stats. The Statistics Canada, 2016 Census of Population is the latest and most widely dataset available and was used to find information for population by age groups, dwelling trends, aboriginal population, immigration and ethnic diversity, income, education, labour force by industry and occupation and commuting patterns. The CMHC data was used to determine housing construction activity in 2019. The total number of registered businesses in Central Okanagan for 2018 was determined using the Canadian Business Counts.

2.2 Summary of Findings

Demographic Characteristics

- **Population Levels and Growth Trends:** The Regional District of Central Okanagan (RDCO) with a population of 208,864 people, accounted for 4% of British Columbia's population in 2018. The Central Okanagan's population grew by 35% (net increase of 54,379 people) from 154,473 people in 2001 to 208,852 people in 2018.
- **Population Projections:** As per the Sub-Provincial Population Projections (P.E.O.P.L.E), 2017, BC Stats, the Central Okanagan growth is projected to increase to approximately 236,411 people by 2028. This relates to net growth of 27,559 people (13% increase) from the current population (208,852 people in 2018).
- **Population by Age Groups:** In 2016, the Regional District of Central Okanagan had a median age of 45.5 years compared to the median age of 43 years in British Columbia. Central Okanagan's median age increased from 43.4 years in 2006 to 45.5 years in 2016, suggesting that the population is ageing.
- **Dwelling Trends:** Central Okanagan's existing housing stock is predominately comprised of single detached dwelling (i.e.): low-density units. Central Okanagan has a higher proportion of low-density housing units and homeownership compared to the Province. Residential building permits grew by 12% from \$768,882 in 2017 to \$860,679 in 2018.
- **Aboriginal Population:** In 2016, approximately 11,375 people (6% of the total population) identified an aboriginal identity with the majority as First Nations (North American Indian) and Métis.
- **Immigration and Ethnic Diversity:** Central Okanagan had a lower proportion of immigrants at 15% compared to the province at 28%. From 2011 to 2016, Central Okanagan attracted only 2% of immigrants compared to the Province with immigration levels at 4%. This indicates that Central Okanagan may have difficulty attracting recent immigrants. This may present a challenge as immigrants are a good source of both skilled and unskilled labour for a community.
- **Income Levels:** Median household income in Central Okanagan in 2015 was \$71,127 compared to \$69,995 in the Province. Median household income grew by 20%, an increase of \$11,671 from 2010 to 2015. This compares to the median income growth of \$9,662 in the Province.
- **Educational Profile:** In 2016, 15% of the population aged 15 years and over in Central Okanagan had no certificate, diploma or degree. For the people with a secondary (high) school diploma or equivalency certificate, Central Okanagan's share of the labour at 31% is higher than the Province.



Central Okanagan has a lower proportion of the population with a university certificate, diploma or degree at bachelor level or above at 18% compared to the Province at 25%.

Labour Force Profile

- **Labour Force Status:** As of March 2019, Central Okanagan has a lower unemployment rate at 4.1% compared to the Province at 4.7%.
- **Labour Force by Industry:** In 2016, Central Okanagan's labour force was concentrated in health care and social assistance, retail trade, construction and accommodation and food services. Labour force by industry in Central Okanagan grew by 7,725 people; 8% growth from 2011 to 2016. Comparatively, the Province of British Columbia saw 5% growth for the same period.
- **Employment Location Quotient (LQ):** The construction sector with an LQ of 1.32 is a competitive sector. The sector is one of the top employing and growing industry sectors for Central Okanagan, employing 11% of the total labour force. Accommodation and food services with an LQ of 1.1 provides opportunities for continued employment growth.
- **Labour Force by Occupation:** The labour force by occupations shows that sales and services occupations rank the highest in Central Okanagan, accounting for 26% (26,765 occupations) of total occupations. Central Okanagan also has a similar percentage of trades, transport and equipment operators and related occupations at 16% (16,575 occupations) compared to Province at 15%.
- **Commuting Patterns:** The majority of Central Okanagan's workforce commute within the Region. The majority live and work in the City of Kelowna.

Business Environment and Structure

- **Key Business Characteristics:** As of December 2018, approximately 26,768 businesses were registered in Central Okanagan. Of the 26,768 businesses, the majority were sole- proprietorships (18,421 businesses – 69% of total businesses). Approximately 4,374 businesses employed between 1 to 4 employees while 1,674 businesses employed between 5 to 9 employees. Central Okanagan is also a centre for large business establishments, with approximately 121 businesses employing at least 100 employees.
- **Business Counts by Industry:** The sectors with the highest proportion of business establishments in 2018 include real estate and rental and leasing, construction, professional, scientific and technical services, other services (except public administration) and finance and insurance.
- **Business Counts Location Quotient (LQ):** Construction businesses with an LQ of 1.21 is a competitive industry for Central Okanagan. Sectors with businesses on par with business in the Province include finance and insurance and accommodation and food services. Opportunities exist for building investment in these sectors to ensure continued economic growth.

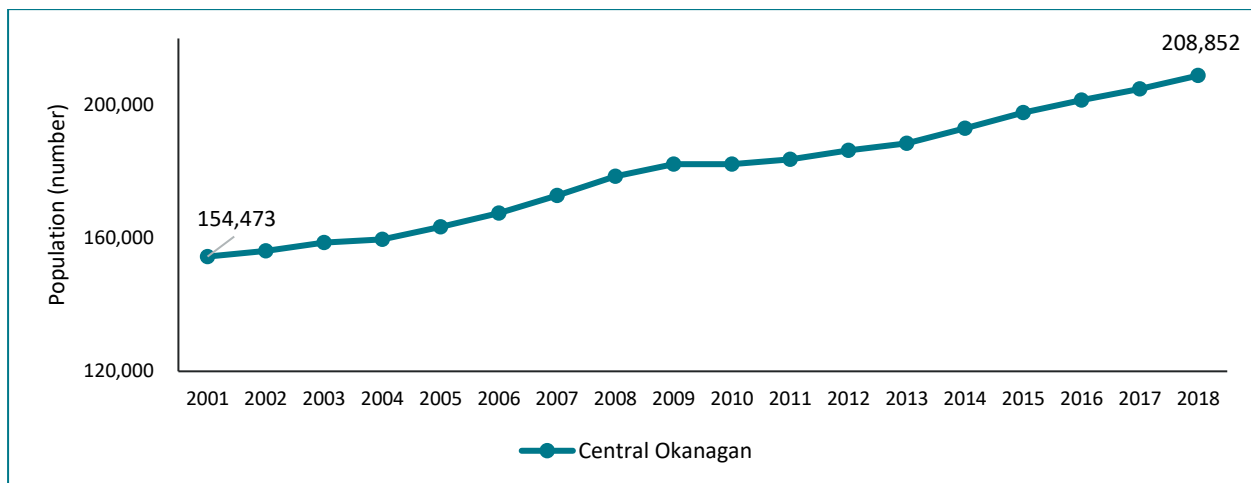


2.3 Demographic Characteristics

2.3.1 Population

The Regional District of Central Okanagan (RDCO) with a population of 208,864 people, accounted for 4% of British Columbia's population in 2018. As shown in Figure 2 and Figure 3, the Central Okanagan's population grew by 35% (net increase of 54,379 people) from 154,473 people in 2001 to 208,852 people in 2018.

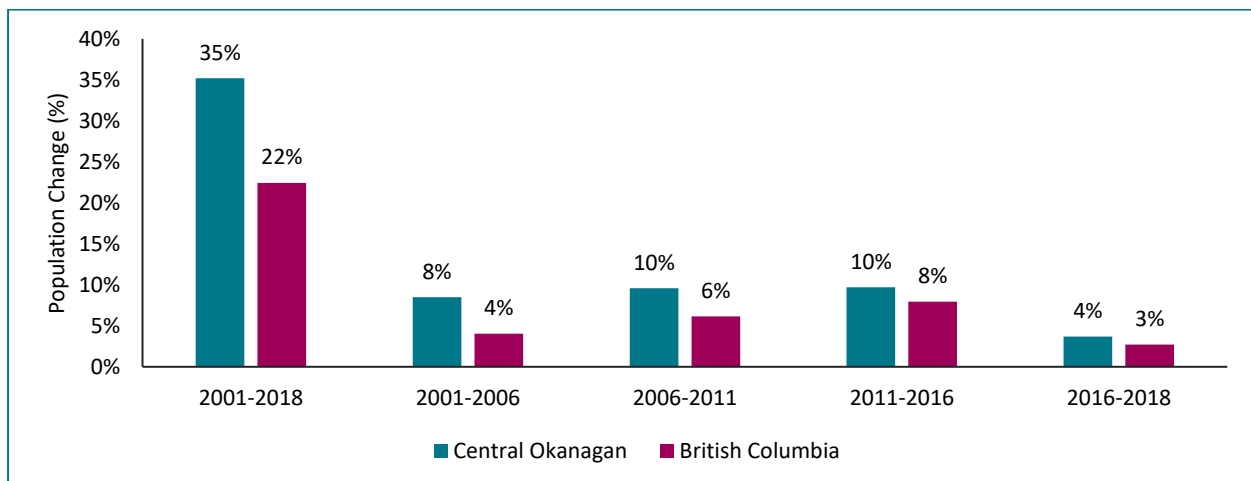
Figure 2: Population, Central Okanagan, 2001-2018



Source: BC Stats, Population Estimates, 2001-2018.

As shown in Figure 3, Central Okanagan's population increased at a faster rate than the Province of British Columbia between 2001 and 2018. From 2016 to 2018, Central Okanagan's population grew by 4% (an increase of 7,429 people).

Figure 3: Population Change, Central Okanagan, 2001-2016



Source: BC Stats, Population Estimates, 2001-2018.



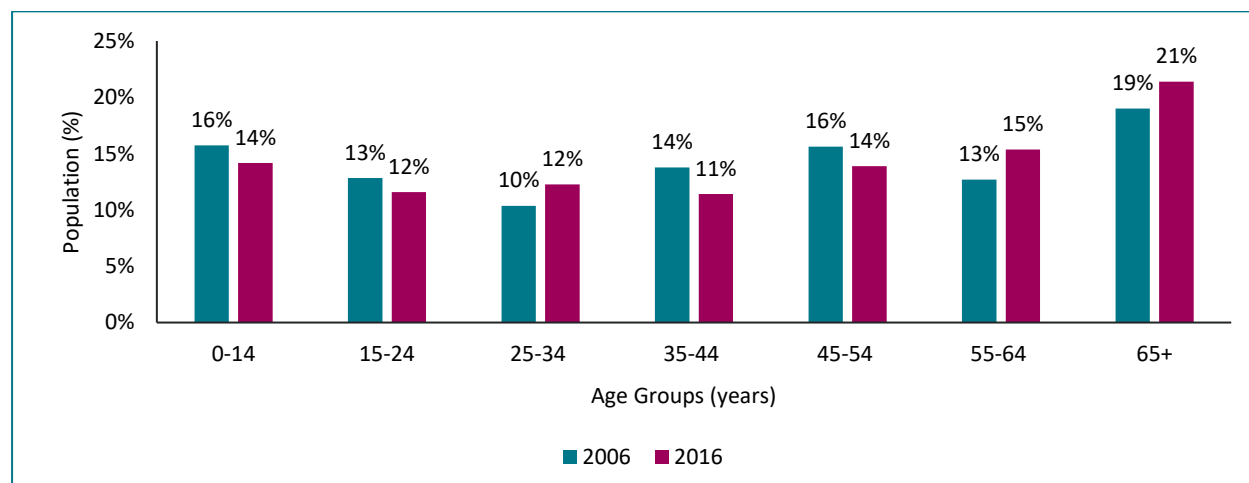
As per the Sub-Provincial Population Projections (P.E.O.P.L.E), 2017, BC Stats, the Central Okanagan growth is projected to increase to approximately 236,411 people by 2028. This relates to net growth of 27,559 people (13% increase) from the current population (208,852 people in 2018). While population growth presents opportunities for continued economic growth, the Region needs to ensure that enough infrastructure is in place to meet the current and future demands of population increase.

2.3.2 Population by Age Groups

In 2016, the Regional District of Central Okanagan had a median age of 45.5 years compared to median age of 43 years in British Columbia. Central Okanagan's median age increased from 43.4 years in 2006 to 45.5 years in 2016, suggesting that the population is ageing.

As shown in Figure 4, residents 65 years and above represent the largest percentage of the population in 2016 at 21%. Consistent with the increasing median age, this age group had increased from 19% in 2006 to 21% in 2016. Central Okanagan is witnessing a decrease in the percentage of children (0-14) and youth (15-24) in the population. Also, the lower proportion of core workforce (35-44) at 11% is important to monitor, as it may indicate a future skills shortage. Central Okanagan needs to ensure an adequate pool of skilled workers is available to replace the retiring workforce in the next 5-15 years. It can be understood that the increase in the 25-34 age group does indicate opportunities for increased labour force participation.

Figure 4: Age of the Population by Broad Age Groups (%), Central Okanagan, 2006 & 2016



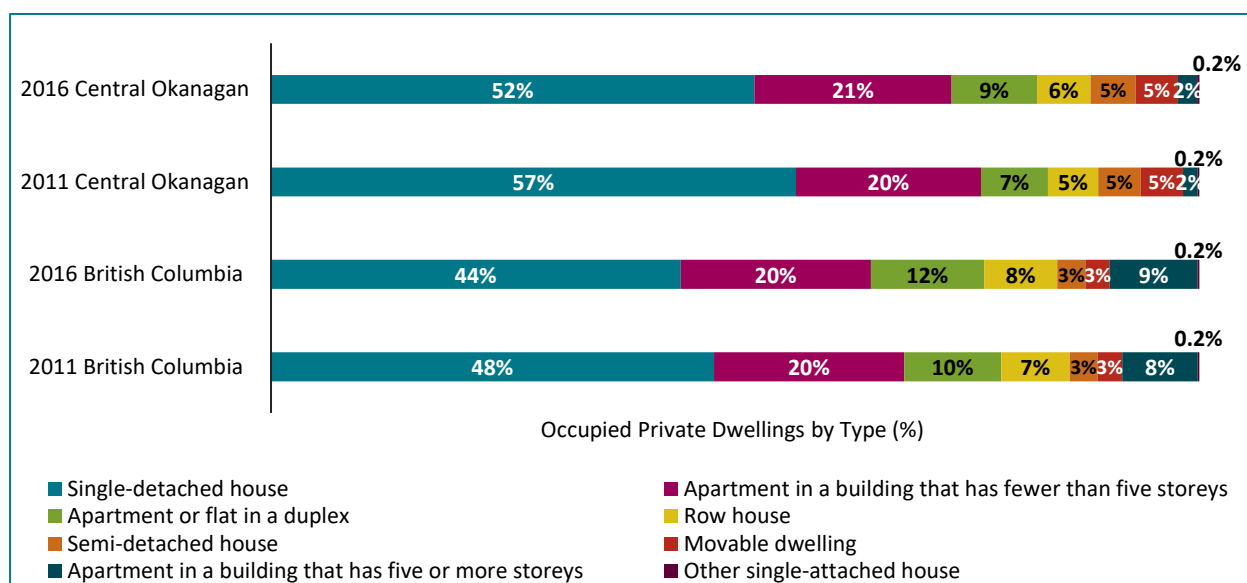
Source: Statistics Canada, 2016 Census of Population. Statistics Canada; 2006 Census of Population.

2.3.3 Dwelling Trends

As per the 2016 statistics, Central Okanagan comprised of approximately 81,383 private dwellings. Of these, approximately 59,665 (73%) were owned dwellings while 21,700 (27%) were rented dwellings. As shown in Figure 5, Central Okanagan's existing housing stock is predominately comprised of single detached dwelling (i.e.): low-density units. Central Okanagan has a higher proportion of low-density housing units and homeownership compared to the Province. Apartment buildings that have five or more storeys at 2% are comparatively lower than the Province at 9%.



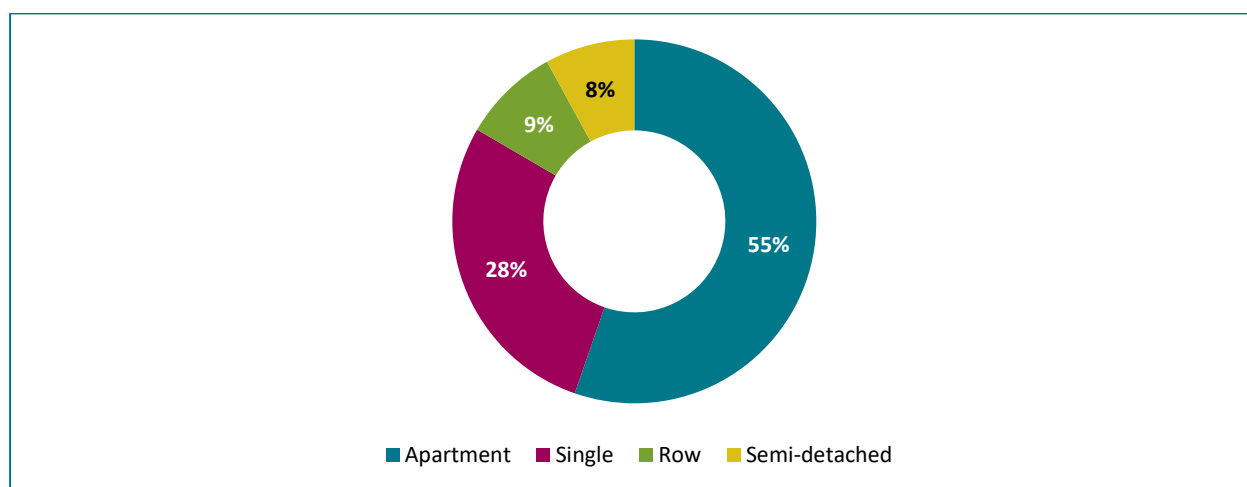
Figure 5: Occupied Private Dwellings by Type, Central Okanagan and BC, 2016



Source: Statistics Canada, 2016 Census of Population.

Recent trends show that housing starts in (new residential construction projects) in Kelowna CMA (Central Okanagan) are predominantly new apartment buildings. As of April 2019, 55% of all housing starts in Kelowna CMA (Central Okanagan) were apartments.

Figure 6: Housing Starts, Kelowna CMA, YTD 2019



Source: Canada Mortgage and Housing Corporation (CMHC) ©2019. Data for Kelowna CMA (Central Okanagan)

A higher proportion of low-density style development patterns has implications for municipal servicing. It is important that a municipality offers a wide range of housing options for a broad range of income groups. To attract the working-age population necessary to support a broad range of employment opportunities requires a diversity of housing stock.

Residential building permits grew by 12% from \$768,882 in 2017 to \$860,679 in 2018. A general increase in building permits might indicate a need for more homes. A rise in building permits specifically for



single-family homes can indicate that more citizens have accumulated enough finances to afford their residences.

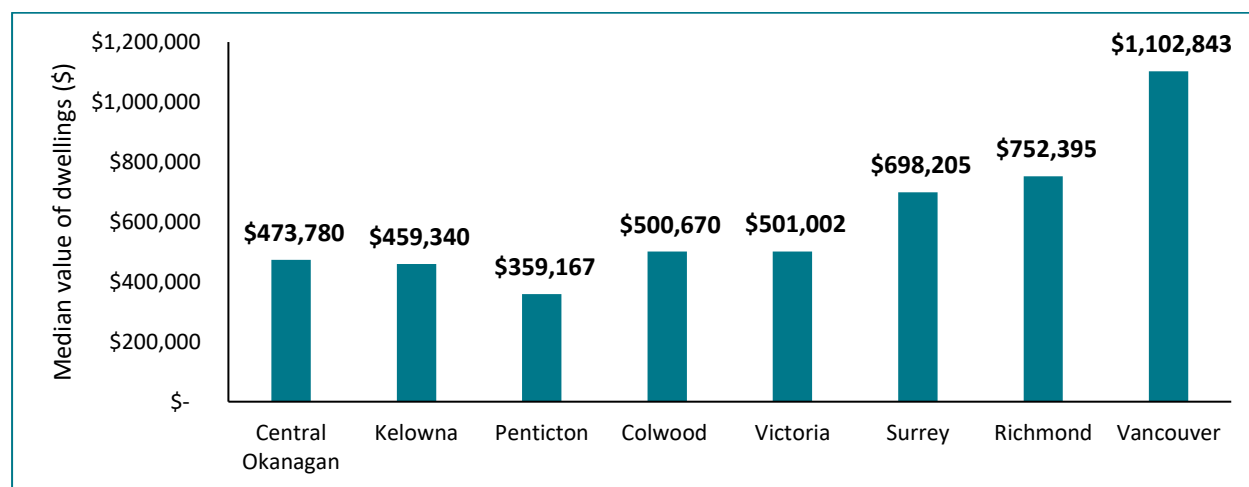
Comparative Dwelling Trends

The median value of dwellings, housing costs and rental rates in Kelowna were compared to comparator communities, namely, Colwood, Penticton, Richmond, Surrey, Vancouver and Victoria to provide a benchmark that Central Okanagan can compare itself to. The dwelling trends and costs are important indicators to consider in the attraction of graduates, young families, professional and creative individuals and business growth and investment.

Median value of dwellings (\$)

As shown in Figure 7, the Central Okanagan and relatedly the City of Kelowna show a lower median housing value compared to Colwood, Victoria, Surrey, Richmond and Vancouver. Dwellings in Colwood and Victoria cost \$40K more than dwellings in Kelowna while dwellings in Surrey and Richmond cost between \$238K to \$293K more than dwellings in Kelowna. Despite the housing market changes, dwelling prices in the City of Vancouver is still significantly higher than the surrounding region.

Figure 7: Median value of dwellings (\$), 2016



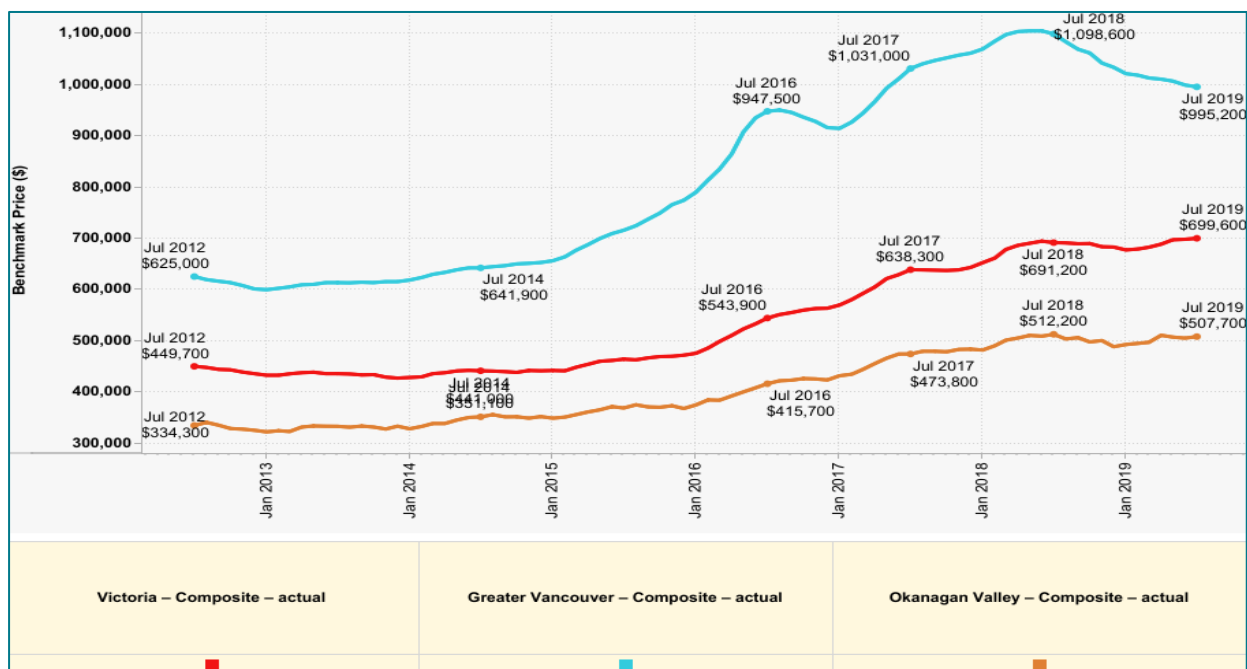
Source: Statistics Canada, 2016 Census of Population.

Housing Costs

As per The Canadian Real Estate Association Statistics (Figure 8), Okanagan Valley showed a lower housing price of \$507,700 in 2019 compared to \$699,600 in Victoria and \$995,200 in Greater Vancouver. Similar to comparable communities, housing prices in the Okanagan Valley has increased over the years. From 2012 to 2019, housing price has increased by \$173,400 (52%) in Okanagan Valley. Comparatively, Victoria saw housing price increases of \$249,900 (56%) while Greater Vancouver saw increase of \$370,200 (59%). Thus, Okanagan Valley is still an affordable alternative compared to Victoria and Greater Vancouver. This is an important consideration in the attraction of young families and professional and creative individuals.



Figure 8: Benchmark Price Performance over Time, 2012-2019



Source: The Canadian Real Estate Association.

Rental Rates

Studying rental rates provided by the CMHC Rental Market Survey (Figure 9) showed that private apartments in Kelowna had an average rent of \$1,117 in 2018. Comparing this to Vancouver and Richmond with average rents of \$1,478 and \$1,323 respectively, Kelowna is considered affordable. Residential rental rates in Kelowna is similar to rates in Victoria, Colwood and Surrey. Similar to housing prices, residential rental rates in Kelowna has increased recently by 26% (increase of \$227) from 2015 rates. This rate of increase is comparable to increasing rents in Vancouver, Victoria and Surrey.

Figure 9: Average Rents (\$) of Private Apartments, 2015-2018

Private Apartment Average Rents (\$)	Year (month of October)				Rent Increase from 2015-2018		Rent Difference (\$) Compared to Kelowna (2018)
	2015	2016	2017	2018	\$	%	
Kelowna	\$890	\$968	\$1,033	\$1,117	\$227	26%	
Vancouver	\$1,233	\$1,324	\$1,389	\$1,478	\$245	20%	\$361
Richmond	\$1,152	\$1,211	\$1,261	\$1,323	\$171	15%	\$206
Victoria	\$941	\$997	\$1,064	\$1,166	\$225	24%	\$49
Colwood	\$1,058	\$1,052	\$992	\$1,127	\$69	7%	\$10
Surrey	\$874	\$940	\$1,005	\$1,079	\$205	23%	-\$38
Penticton	\$764	\$800	\$838	\$950	\$186	24%	-\$167

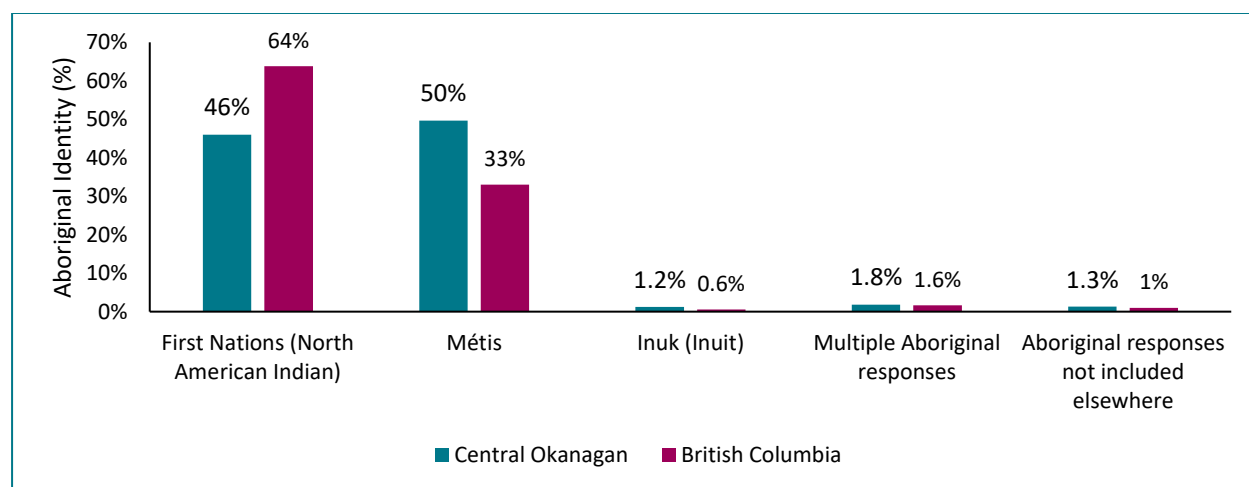
Source: CMHC Rental Market Survey. Data shown includes average total rents of Bachelor, 1 Bedroom, 2 Bedroom and 3+ Bedroom apartments.



2.3.4 Aboriginal Population

Studying the Aboriginal population in the Central Okanagan, it was determined that in 2016, approximately 11,375 people (6% of the total population) identified an aboriginal identity. As shown in Figure 10, of the 11,375 aboriginal persons, the majority identified as First Nations (North American Indian) and Métis. Approximately 5,235 people identified as First Nations (North American Indian) and 5,650 identified as Métis.

Figure 10: Aboriginal Identity, Central Okanagan and BC, 2016



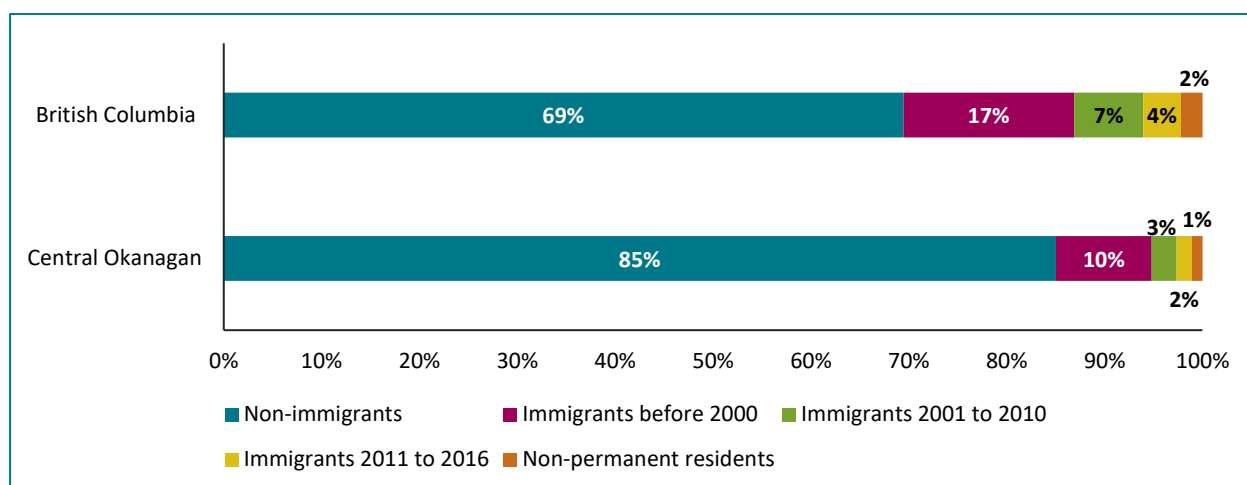
Source: Statistics Canada, 2016 Census of Population.

2.3.5 Immigration and Ethnic Diversity

In 2016, Central Okanagan had a larger proportion of non-immigrants in its population. Neither Central Okanagan nor British Columbia had significant levels of non-permanent resident populations. Central Okanagan had a lower proportion of immigrants at 15% compared to the province at 28%. From 2011 to 2016, Central Okanagan attracted only 2% of immigrants compared to the Province with immigration levels at 4%. This indicates that Central Okanagan may have difficulty attracting recent immigrants. This may present a challenge as immigrants are a good source of both skilled and unskilled labour for a community.



Figure 11: Migration Levels, Central Okanagan and BC, 2016

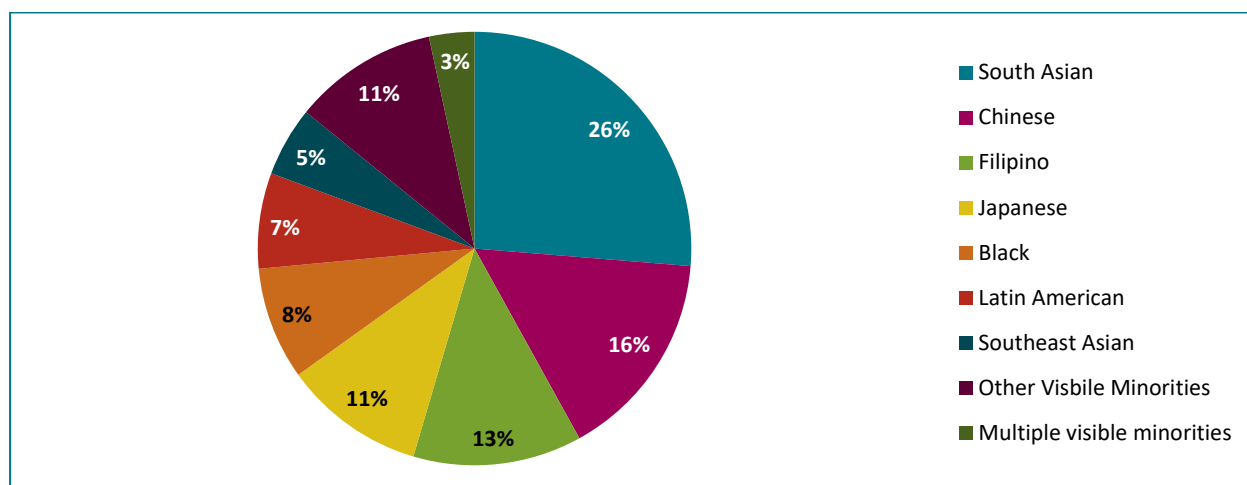


Source: Statistics Canada, 2016 Census of Population.

The ethnic diversity of Central Okanagan is another way of understanding the composition of communities. The Visible minority refers to whether a person belongs to a visible minority group as defined by the Employment Equity Act. Visible minorities are defined as "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour."

Approximately 14,930 people identified themselves as a visible minority in the Central Okanagan region. The South Asian population is the largest minority group in Central Okanagan at 26%. The South Asian population include East Indian, Pakistani and Sri Lankan. Other majority visible minorities include Chinese, Filipino and Japanese.

Figure 12: Visible minority, Central Okanagan and BC, 2016



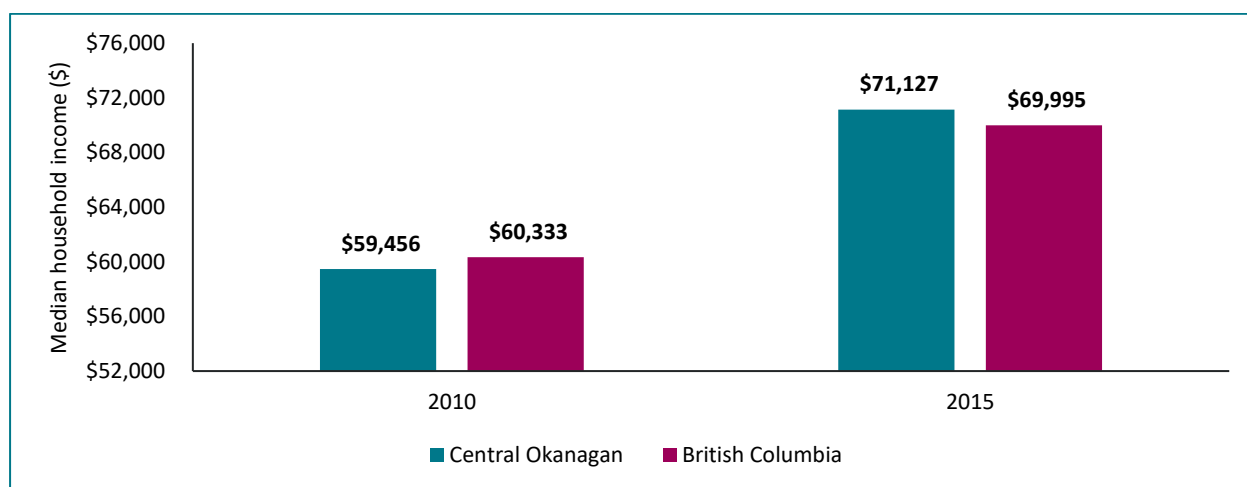
Source: Statistics Canada, 2016 Census of Population. The other visible minority percentage includes West Asian, Korean, Arab, and Visible minority. i.e. These groups were pooled together for easy representation in the figure.



2.3.6 Income Levels

The median income of a specified group is the amount that divides the income distribution of that group into two halves, i.e., the incomes of half of the units in that group are below the median, while those of the other half are above the median. For the 2016 Census, the reference period is the calendar year 2015 for all income variables. Median household income in Central Okanagan in 2015 was \$71,127 compared to \$69,995 in the Province. Median household income grew by 20%, an increase of \$11,671 from 2010 to 2015. This compares to the median income growth of \$9,662 in the Province.

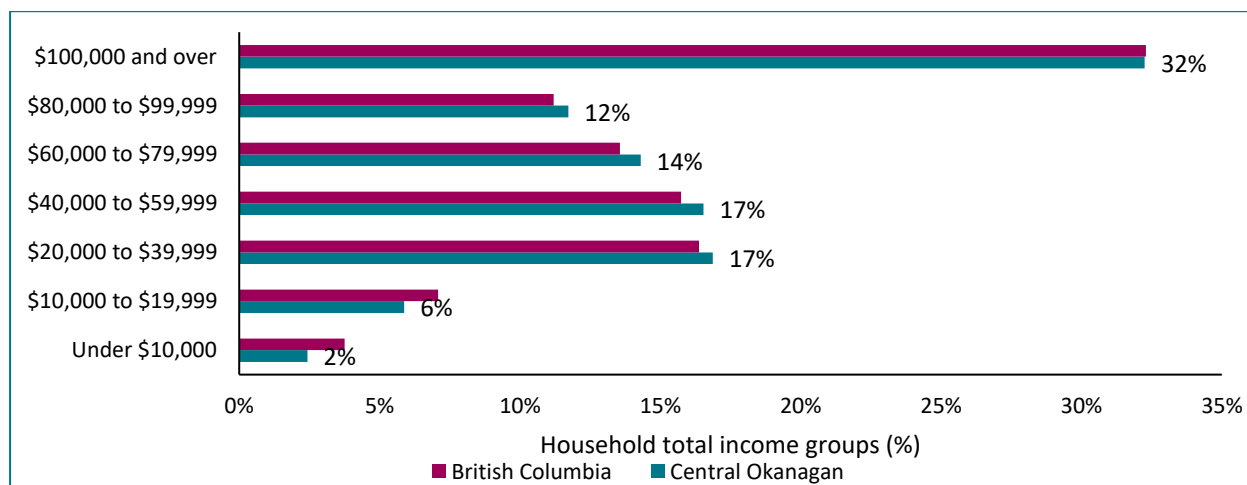
Figure 13: Median Household Income (\$), Central Okanagan and BC, 2010 & 2015



Source: Statistics Canada, 2016 Census of Population. The reference period is the calendar year 2015 for all income variables.

In terms of the individual income distribution, Figure 14, shows that Central Okanagan follows the broader provincial trend for most income brackets. The presence of high-income earners (\$100,000 and over) in Central Okanagan at 32% raises the income profile of the Region.

Figure 14: Household Total Household Income Groups, Central Okanagan and BC, 2015



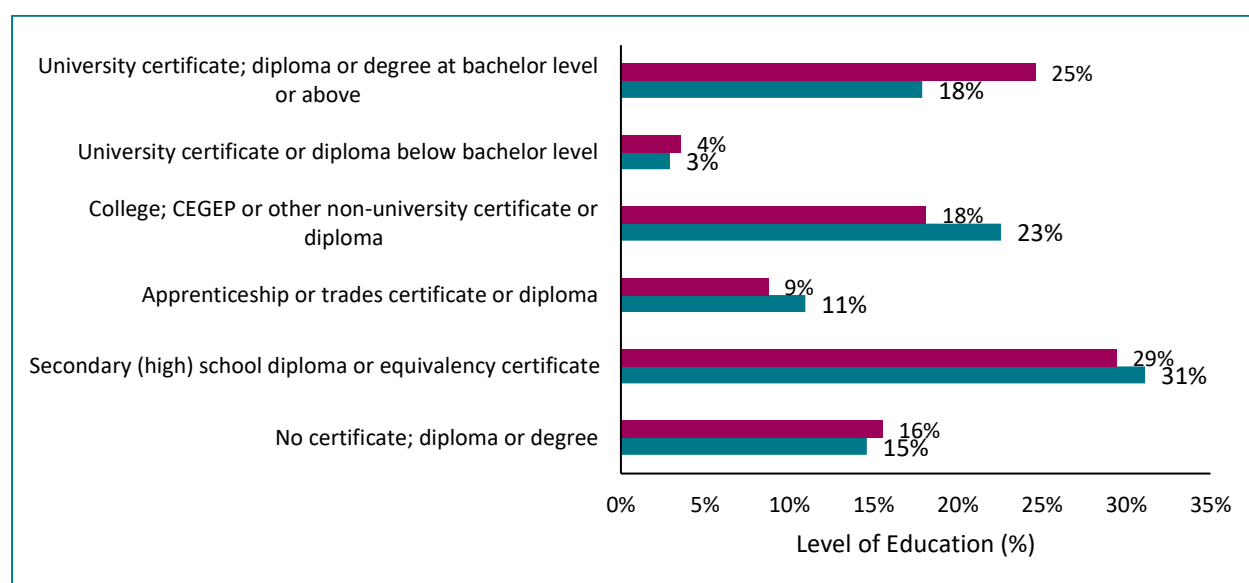
Source: Statistics Canada, 2016 Census of Population. The reference period is the calendar year 2015 for all income variables.



2.3.7 Educational Profile

It was determined that in 2016, 15% of the population aged 15 years and over in Central Okanagan had no certificate, diploma or degree. For the people with a secondary (high) school diploma or equivalency certificate, Central Okanagan's share of the labour at 31% is higher than the Province. The share of people with college, CEGEP or non-university diploma or degree is also higher than the Province. Central Okanagan has a lower proportion of the population with a university certificate, diploma or degree at bachelor level or above at 18% compared to the Province at 25%.

Figure 15: Educational Attainment, Central Okanagan and BC, 2016



Source: Statistics Canada, 2016 Census of Population.

Figure 16 shows the major fields of study for Central Okanagan's population with a postsecondary certificate; diploma or degree. Most of the Region's population have an education related to architecture; engineering; and related technologies, business; management and public administration and health and related fields.



Figure 16: Postsecondary certificate; diploma or degree by Field of Study, Central Okanagan and BC, 2016

Classification of Instructional Programs (CIP) 2016 for the population aged 15 years and over	Central Okanagan	% of Total	British Columbia	% of Total
Total - Postsecondary certificate; diploma or degree	88,505	100%	2,130,185	100%
Architecture; engineering; and related technologies	19,475	22%	427,670	20%
Business; management and public administration	18,450	21%	426,460	20%
Health and related fields	16,195	18%	322,715	15%
Social and behavioral sciences and law	7,590	9%	245,990	12%
Education	6,480	7%	144,100	7%
Personal; protective and transportation services	6,360	7%	122,855	6%
Humanities	3,635	4%	124,600	6%
Visual and performing arts; and communications technologies	3,275	4%	98,735	5%
Physical and life sciences and technologies	2,835	3%	86,425	4%
Mathematics; computer and information sciences	2,380	3%	80,070	4%
Agriculture; natural resources and conservation	1,830	2%	50,210	2%
Other	-	0%	355	0%

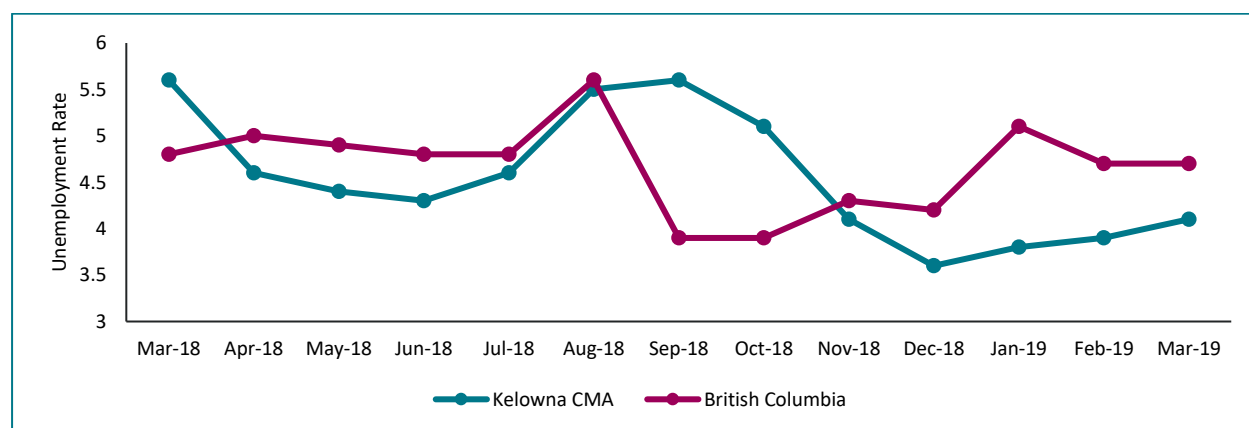
Source: Statistics Canada, 2016 Census of Population.

2.4 Labour Force Profile

2.4.1 Labour Force Status

The labour force profile shows that Kelowna CMA (Central Okanagan) participation in the labour force (Figure 18), has been growing since November 2018 to a high of 64.8% in March 2019. As of March 2019, Kelowna CMA (Central Okanagan) has a lower unemployment rate at 4.1% compared to the Province at 4.7%. Although the unemployment rate has been increasing in recent months, the increasing participation rate shows that people are either employed or actively looking for jobs.

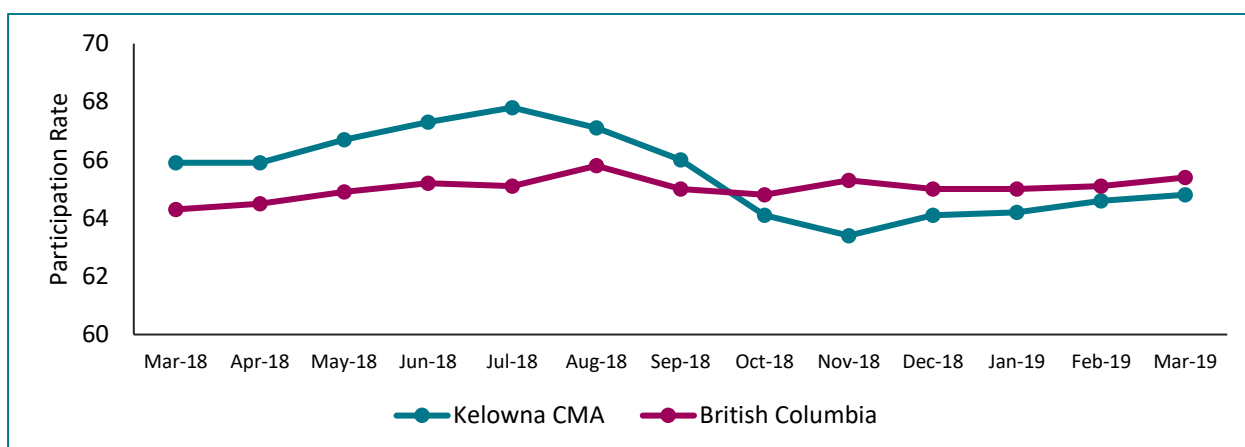
Figure 17: Unemployment Rate Trends, Kelowna CMA (Central Okanagan) and BC, 2018-2019



Source: Statistics Canada, CANSIM 282-0128 and CANSIM 282-0001. Data for Kelowna CMA (Central Okanagan)



Figure 18: Participation Rate Trends, Kelowna CMA (Central Okanagan) and BC, 2018-2019



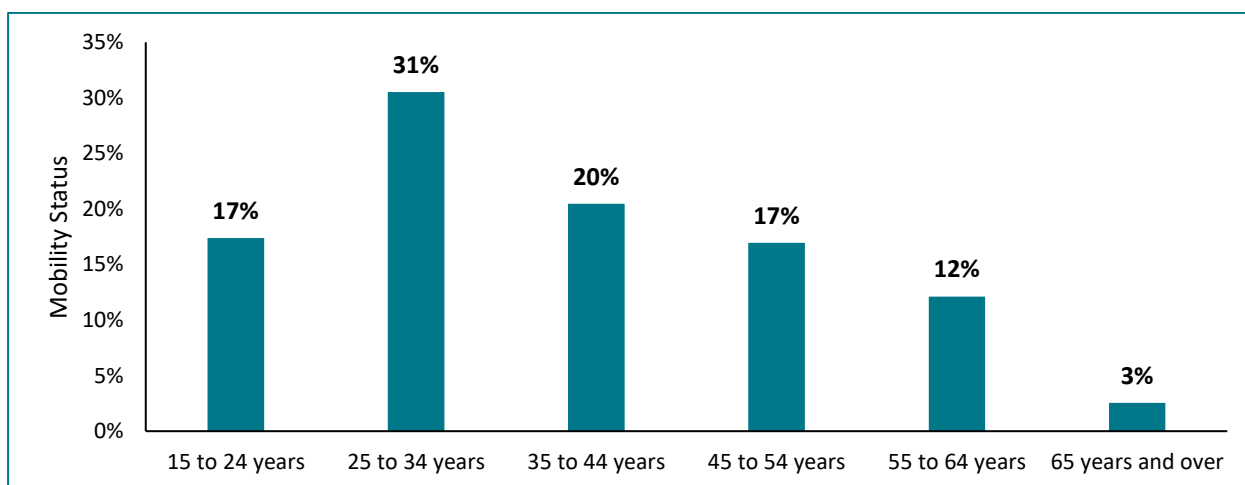
Source: Statistics Canada, CANSIM 282-0128 and CANSIM 282-0001. Data for Kelowna CMA (Central Okanagan)

2.4.2 Labour Force Mobility by Age

The mobility status of the labour force compared to their Place of residence 5 years ago was studied by broad age groups. Approximately 52,230 people (50%) of Central Okanagan's labour force moved to the region within the last five years. These include non-migrants and internal migrants. Internal migrants include intraprovincial and interprovincial migrants.

As shown in Figure 19, of the 52,230 people, the majority of movers; 31% were between the ages of 25 to 34 years. Approximately 17% were between the ages of 15 to 24 years. This is given considering that Central Okanagan is home to post-secondary educational institutions.

Figure 19: Labour Force Mobility by Broad Age Groups - Place of residence 5 years ago, Central Okanagan, 2016



Source: Statistics Canada, 2016 Census of Population.

2.4.3 Labour Force by Industry

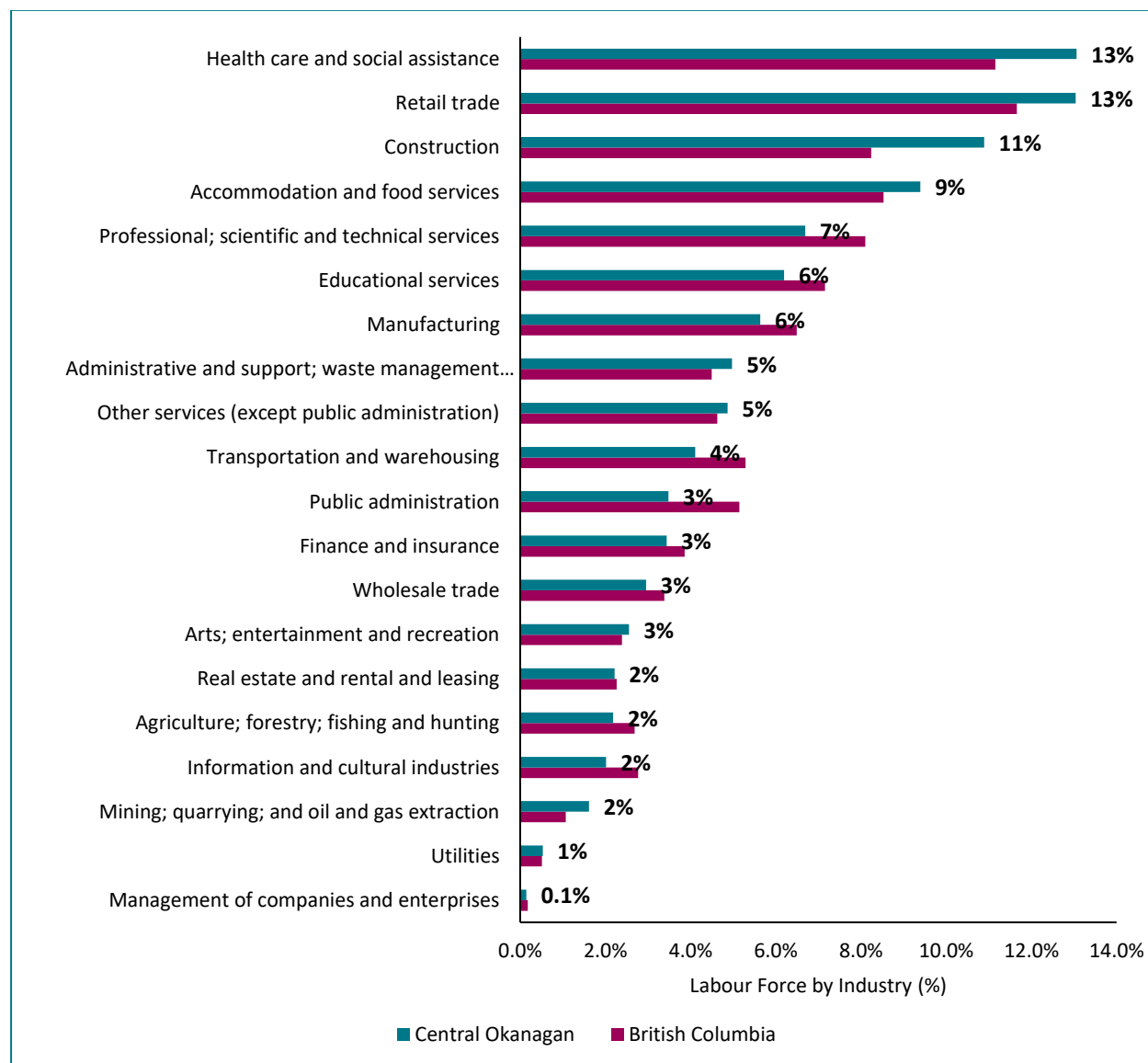
Figure 20 shows the percentage of employed labour force by industry in Central Okanagan and



comparative rates in British Columbia in 2016. The labour force by Industry analysis for Central Okanagan shows that employment is centred in the following industry sectors:

- Health care and social assistance – 13,365 people (13% of the total labour force)
- Retail trade – 13,340 people (13% of the total labour force)
- Construction – 11,145 people (11% of the total labour force)
- Accommodation and food services – 9,610 people (9% of the total labour force)

Figure 20: Employed Labour Force by Industry (%), Central Okanagan & BC, 2016



Source: Statistics Canada, 2016 Census of Population.

Figure 21 shows that labour force by industry in Central Okanagan grew by 7,725 people or 8% growth from 2011 to 2016. Comparatively, the Province of British Columbia saw 5% growth for the same period. The following sectors showed the largest growth in terms of net employment:



- Accommodation and food services – the net growth of 2,465 people
- Health care and social assistance – the net growth of 1,325 people
- Construction – the net growth of 1,145 people

Sectors that sawed the largest decline in employment numbers for the same period were:

- Public administration – a decline of 825 people
- Wholesale trade – a decline of 685 people
- Real estate and rental and leasing – a decline of 200 people

The decline in public administration labour force may be due to the closing or consolidation of a number of regional service departments into lower mainland service. Compared to Figure 16, the top employment sectors in Central Okanagan have shown growth from 2011 to 2016.

Figure 21: Employed Labour Force by Industry (%), Central Okanagan, 2016

Total labour force population aged 15 years and over by industry - (NAICS) 2007	Year		Labour Force Change 2011-2016	
	2011	2016	Net Change	% Change
All industries	94,570	102,295	7,725	8%
Agriculture; forestry; fishing and hunting	1,885	2,235	350	19%
Mining; quarrying; and oil and gas extraction	805	1,650	845	105%
Utilities	575	540	(35)	-6%
Construction	10,000	11,145	1,145	11%
Manufacturing	5,460	5,765	305	6%
Wholesale trade	3,710	3,025	(685)	-18%
Retail trade	12,770	13,340	570	4%
Transportation and warehousing	3,375	4,205	830	25%
Information and cultural industries	2,225	2,065	(160)	-7%
Finance and insurance	3,325	3,515	190	6%
Real estate and rental and leasing	2,465	2,265	(200)	-8%
Professional; scientific and technical services	6,510	6,845	335	5%
Management of companies and enterprises	45	150	105	233%
Administrative and support; waste management and remediation services	4,465	5,085	620	14%
Educational services	5,825	6,335	510	9%
Health care and social assistance	12,040	13,365	1,325	11%
Arts; entertainment and recreation	2,465	2,615	150	6%
Accommodation and food services	7,145	9,610	2,465	34%
Other services (except public administration)	5,085	4,980	(105)	-2%
Public administration	4,385	3,560	(825)	-19%

Source: Statistics Canada, 2016 Census of Population.

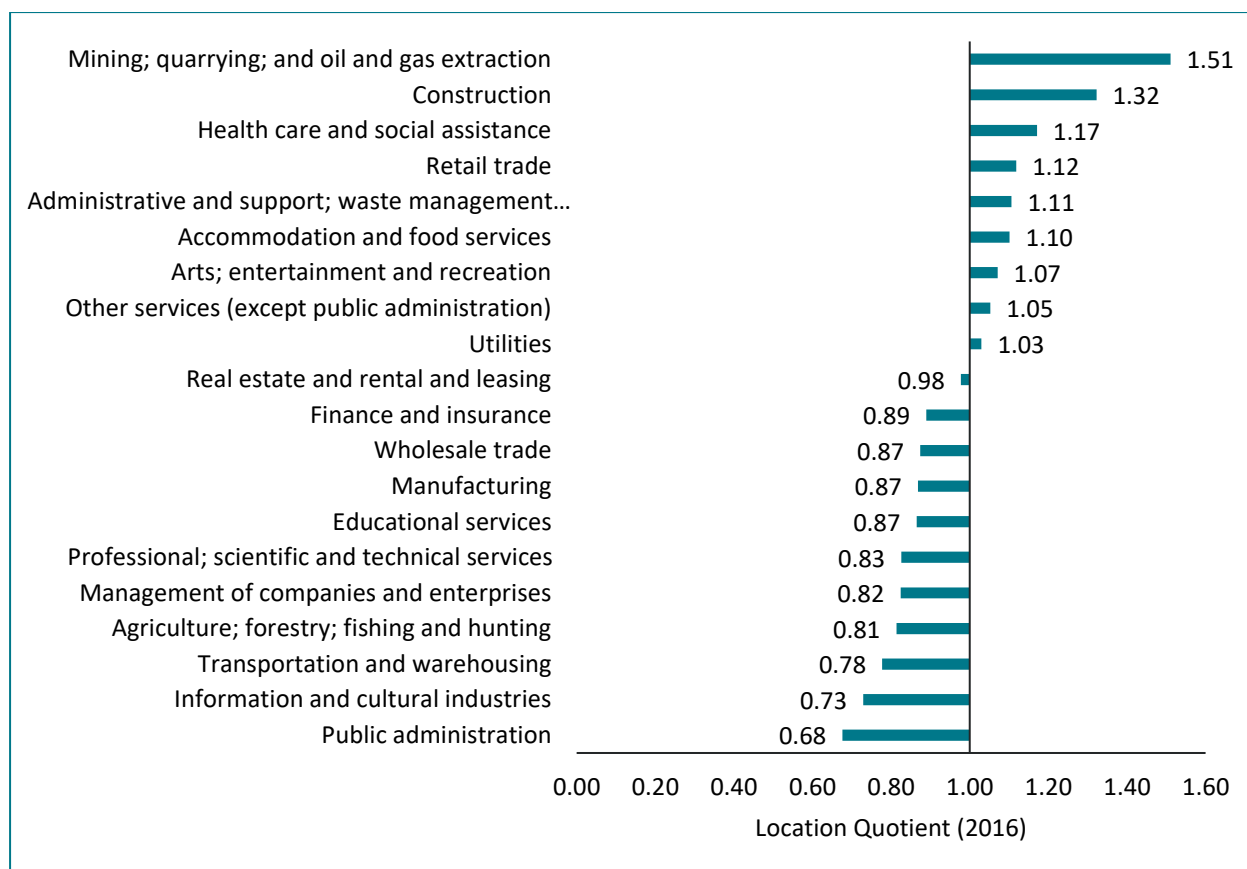
While the percentage of the labour force and employment growth by industry sector is important to analyze, the labour force location quotient identifies which industries have a competitively higher proportion of labour force than the province. An LQ score of 1.25 or greater shows that the community has a high labour force concentration compared to the province. An LQ score between 0.75 and 1.25 represents a labour force concentration that is on par with the province (1.0 represents perfect parity),



and a score below 0.75 represents a low labour force concentration in a sector. Based on the above considerations, the following observations emerge (Figure 22):

- The construction sector with an LQ of 1.32 indicates that labour force is highly concentrated in Central Okanagan compared to the Province. This sector accounts for 11% of the total labour force and is one of the top growing industry sectors for Central Okanagan (Figure 20 and Figure 21).
- The Mining; quarrying; and oil and gas extraction with an LQ of 1.51 indicates high labour force concentration in Central Okanagan compared to the Province. As shown in Figure 16, the sector accounts for only 2% of the total labour force.
- Sectors with moderate labour force concentration include health care and social assistance, retail trade, administrative and support; waste management and remediation services and accommodation and food services.
- Accommodation and food services account for 9% of the Central Okanagan's labour force and is a growth sector for Central Okanagan (Figure 20 and Figure 21). Accommodation and food services with an LQ of 1.1 indicates labour force concentration on par with the province.
- Sectors with low labour force concentration compared to the province include public administration and information and cultural industries.

Figure 22: Employment Location Quotient (LQ) Analysis, Central Okanagan, 2016



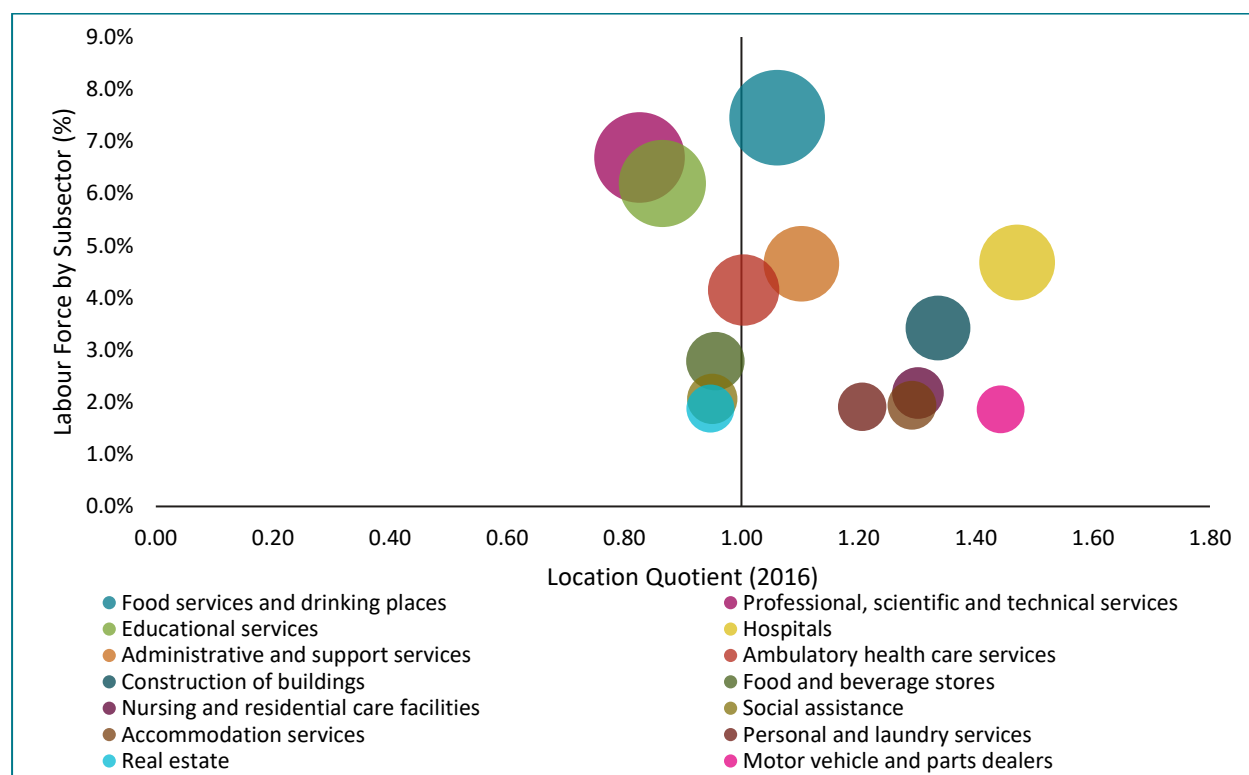
Source: Statistics Canada, 2016 Census of Population.



A deeper analysis of the labour force was conducted at the sub-sector level. The top 15 industrial subsectors for Central Okanagan by their proportion of labour force was identified and their relative Location Quotients (LQ's) was studied, to understand competitive areas of strength for the Central Okanagan. The results of this analysis are shown in Figure 19 and described below:

- The industry sub-sector *food services and drinking places* account for the majority of the Central Okanagan's labour force with 7,625 employees (7.5% of the total labour force). The sector shows an LQ of 1.06, indicating labour force concentration on par with the province.
- The industry sub-sector *professional, scientific and technical services* is the second highest labour force contributor with has 6,845 employees (6.7% of the total labour force). The sector shows an LQ of 0.83, indicating labour force concentration below average compared to the province.
- The industry sub-sector *educational services* have a labour force of 6,335 people (6.2% of the total labour force). The sector shows an LQ of 0.86, indicating labour force concentration below average compared to the province.
- The industry sub-sector *speciality trade contractors* have a labour force of 6,320 people (6.2% of the total labour force). The sector shows an LQ of 1.28, indicating a high labour force concentration compared to the province.
- The industry sub-sector *hospitals* have a labour force of 4,785 people (4.7% of the total labour force). The sector shows an LQ of 1.47, indicating a high labour force concentration compared to the province.

Figure 23: Concentration and Percentage Employment for Top 15 Industrial Subsectors, Central Okanagan, 2016



Source: Statistics Canada, 2016 Census of Population.



2.4.4 Commuting Patterns

While the labour force by industry data provides information on the type of industry where Central Okanagan's population are employed, it does not indicate if the labour force is employed in industries within Central Okanagan or if they commute outside the Region to work. The commuting patterns are important in this regard as it indicates where Central Okanagan's labour force live and work.

Workforce commuting patterns provides a representation of the movement of labour in and out of a community. The 2016 Statistics Canada, Commuting Flow from Geography of Residence to Geography of Work for the Employed Labour Force provides a representation of the movement of labour in and out of Central Okanagan.

The data as shown in Figure 24 is interpreted as follows. Labour Flow Patterns by industry compares the number of jobs held by local residents, who commute outside the community to work (indicated as A in the table) with the number of jobs held by non-residents working in the community (indicated as B in the table). When interpreting the table, if (C-B) is positive, it indicates a community is a net importer of workers; more people commute into the community to work in it than leave it. Conversely, if (C-B) is negative, it indicates a community is a net exporter of workers; more people leave the community to work than enter it for work.

As illustrated in the table, approximately 76,090 residents of Central Okanagan, work in Central Okanagan's industrial sectors. The majority of residents perform jobs in in Central Okanagan's health care and social assistance, retail trade and accommodation and food services.

Approximately 6,380 Central Okanagan residents work outside Central Okanagan (A). Most of the residents' travel to communities outside Central Okanagan to work in their mining, quarrying, and oil and gas extraction, health care and social assistance and construction sectors, among others.

Comparing the labour force population and the commuting flow data, the following inference can be made. While the labour force data shows 1,650 people are employed in the mining; quarrying; and oil and gas extraction, only 260 residents work locally in Central Okanagan's mining; quarrying; and oil and gas extraction. Approximately 930 residents commute outside Central Okanagan to work in mining; quarrying; and oil and gas extraction sector of other communities.

Central Okanagan attracts approximately 4,020 people from outside communities to work in its industrial sectors (B). Retail trade, health care and social assistance and accommodation and food services are the top three sectors that attract the greatest number of people.

Considering the net flow of labour, it can be understood that Central Okanagan is a net exporter of workers. While commuter outflow accounts for 6,380 residents, commuter inflow represents 4,020 people. Thus, Central Okanagan net exports 2,360 people. As identified above, the mining, quarrying, and oil and gas extraction accounts for the majority of worker export.

The pattern of export support anecdotal evidence that workers choose to live in Central Okanagan, possibly due quality of life it affords, regardless of where they may choose to work. In terms of individual sectors, educational services are a net importer of workers supporting evidence that educational institutions including UBCO and Okanagan College are economic drivers for Central Okanagan, providing jobs that employs its residents and attracts workers from nearby communities.



Figure 24: Net Export (-)/Net Import (+) of Labour by Industry, 2016

Industry	Resident working IN Central Okanagan	Central Okanagan resident 'working outside' Central Okanagan (A)	Non-residents 'working in' Central Okanagan (B)	Net Import (+) (or) Net Export (-)
Total	76,090	6,380	4,020	-2,360
Educational services	5,525	195	390	195
Arts, entertainment and recreation	2,045	120	155	35
Transportation and warehousing	2,525	215	245	30
Information and cultural industries	1,735	55	80	25
Other services (except public administration)	3,990	175	190	15
Agriculture, forestry, fishing and hunting	1,640	140	140	0
Wholesale trade	2,345	175	165	-10
Professional, scientific and technical services	5,785	285	275	-10
Utilities	345	70	40	-30
Management of companies and enterprises	125	30	-	-30
Admin & support, waste mgmt. & remediation services	2,485	180	145	-35
Real estate and rental and leasing	1,830	100	50	-50
Retail trade	11,620	535	475	-60
Public administration	2,895	300	240	-60
Finance and insurance	3,100	195	90	-105
Accommodation and food services	8,005	535	400	-135
Manufacturing	4,480	470	280	-190
Health care and social assistance	11,405	810	430	-380
Construction	3,955	785	320	-465
Mining, quarrying, and oil and gas extraction	260	930	20	-910

Source: Statistics Canada, 2016 Census of Population.

Figure 25 shows where residents of Central Okanagan work. As shown in Figure 20, the majority of Central Okanagan's residents work in Central Okanagan (76,090 residents – 93% of commuting workforce). The remaining 7% (6,380 residents) of Central Okanagan residents travel outside to work. The majority travel to work in North Okanagan, Okanagan-Similkameen and Alberta.

Figure 25: Place of Work for Residents of Central Okanagan, 2016

Communities	Number of Residents	% of total
Central Okanagan	76,090	92%
North Okanagan	1,525	2%
Okanagan-Similkameen	1,050	1.3%
Alberta	1,000	1.2%
Division No. 16	635	0.8%
Greater Vancouver	410	0.5%
Kootenay Boundary	155	0.2%
Division No. 6	140	0.2%



Communities	Number of Residents	% of total
Thompson-Nicola	140	0.2%
Division No. 11	110	0.1%
Rest of Communities	1,215	1.5%
Commuting workforce of Central Okanagan	82,470	100%

Source: Statistics Canada, 2016 Census of Population. Rest of communities include Columbia-Shuswap, Ontario, Fraser Valley, Saskatchewan, Capital and Peace River, among others.

Figure 26 shows the commuting patterns of workers who commute to Central Okanagan to work. Central Okanagan attracts approximately 4,020 people from other communities. The majority of the non-residents who work in the Region are from North Okanagan (1,550 people – 39% of total) followed by Okanagan-Similkameen. Residents of Greater Vancouver and Alberta also travel to Central Okanagan to work.

Figure 26: Place of Residence for Workers who Commute to Central Okanagan to Work, 2016

Communities	Number of Non-residents	% of total
North Okanagan	1,550	39%
Okanagan-Similkameen	835	21%
Greater Vancouver	270	7%
Alberta	245	6%
Division No. 6	155	4%
Columbia-Shuswap	105	3%
Ontario	100	2%
Kootenay Boundary	95	2%
Rest of Communities	665	17%
Non-residents 'working in' Central Okanagan (B)	4,020	100%

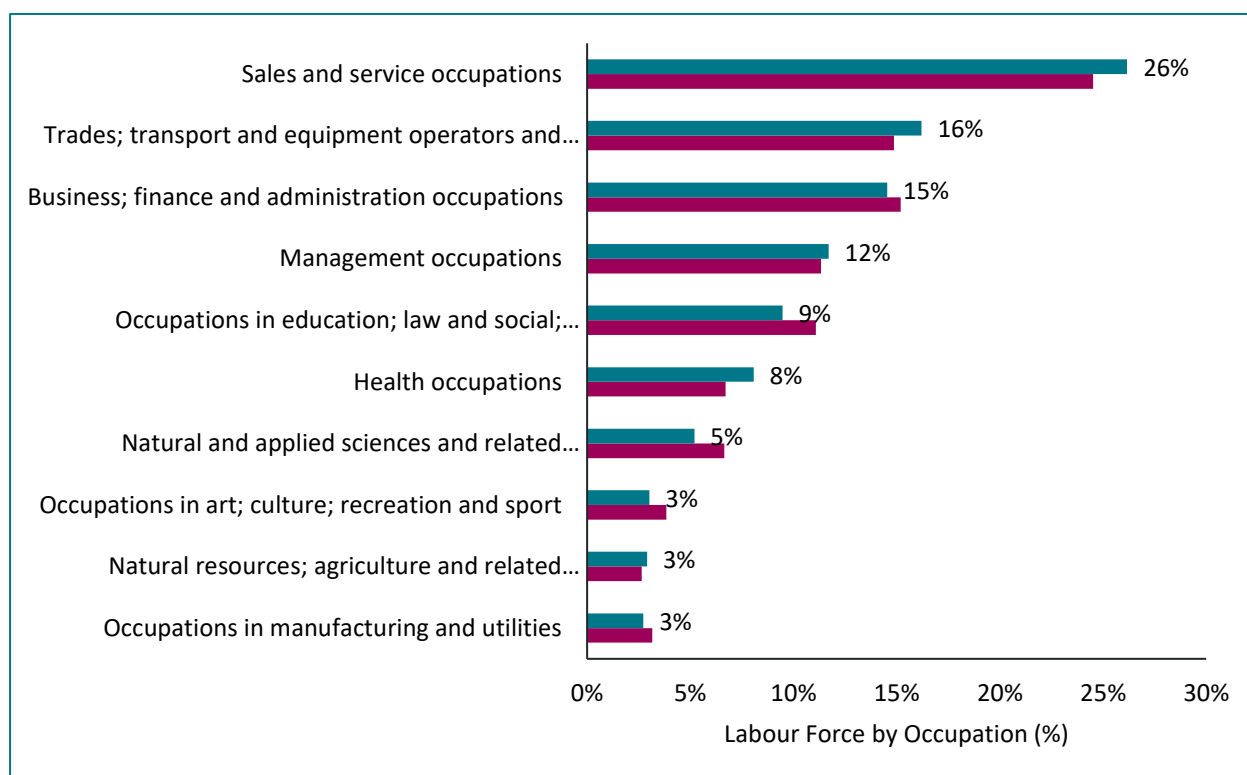
Source: Statistics Canada, 2016 Census of Population. Rest of communities include residents of Thompson-Nicola, Division No. 11, Central Kootenay, Saskatchewan, Fraser Valley, Cariboo and Division No. 11, among others.

2.4.5 Labour Force by Occupation

The labour force by occupations shows that sales and services occupations rank the highest in Central Okanagan, accounting for 26% (26,765 occupations) of total occupations. Sales and services occupations are also the top occupation sectors in the Province. Central Okanagan also has a similar percentage of trades, transport and equipment operators and related occupations at 16% (16,575 occupations) compared to Province at 15%. Occupations in education; law and social; community and government services are lower in Central Okanagan at 9% (9,685 occupations) compared to the Province at 11%.



Figure 27: Labour Force by Occupation (%), Central Okanagan, 2016



Source: Statistics Canada, 2016 Census of Population.

2.5 Business Environment and Structure

A business characteristics assessment was completed to study the number and type of businesses in the Central Okanagan. Specifically, businesses in Central Okanagan were profiled total employee number, size of business establishments by employees and businesses by industry.

2.5.1 Notes on Data

Statistics Canada's Canadian Business Counts Data provides a record of business establishments by industry and size. This data is collected from the Canada Revenue Agency (CRA). The business data collected for Central Okanagan include all local businesses that meet at least one of the three following criteria:

- Have an employee workforce for which they submit payroll remittances to CRA; or
- Have a minimum of \$30,000 in annual sales revenue; or
- Are incorporated under a federal or provincial act and have filed a federal corporate income tax form within the past three years.

The Canadian Business Counts Data records business counts by "Total," "Indeterminate" and "Subtotal" categories. The establishments in the "Indeterminate" category include the self-employed (i.e. those who do not maintain an employee payroll but may have a workforce consisting of contracted workers, family members or business owners). It should be noted that the Canadian Business Counts Data uses



the CRA as a primary resource in establishment counts; therefore, businesses without a business number or indicating annual sales less than \$30,000 are not included. The population of these small, unincorporated businesses is thought to be in the range of 600,000 in all of Canada.

2.5.2 Interpreting the Data

Canadian business counts are compiled from the Business Register, Statistics Canada's central listing of Canadian businesses. There are some considerations when analyzing and interpreting the data.

- As changes to the Business Register's methodology or business industrial classification strategies can bring about increases or decreases in the number of active businesses, it is important to study the data as a percentage of total businesses rather than focus on absolute numbers.
- As mentioned above the "Indeterminate" category of businesses include contracted workers, family members or business owners who list the businesses as belonging to an industrial sector, and this may show high business numbers for an industry.

Statistics Canada also specifies that the business counts are based on the statistical concept of "location"—that is, each operating location is separately counted, including cases where one business comprises multiple locations. For example, a retail business with ten stores represents ten businesses in the Canadian business counts.

2.5.3 Key Business Characteristics

A detailed review of the business counts data was studied using the Canadian Business Counts. As of December 2018, approximately 26,768 businesses were registered in Central Okanagan. Figure 28 shows the businesses in Central Okanagan by employees. Of the 26,768 businesses, the majority were sole- proprietorships (18,421 businesses – 69% of total businesses). Approximately 4,374 businesses employed between 1 to 4 employees while 1,674 businesses employed between 5 to 9 employees. Central Okanagan is also a centre for large business establishments, with approximately 121 businesses employing at least 100 employees.

Figure 28: Businesses by Employees, Central Okanagan, 2018

Total Businesses	Without employees	Businesses with Employees							
		1-4	5-9	10-19	20-49	50-99	100-199	200-499	500 +
26,768	18,421	4,374	1,674	1,235	727	216	73	39	9
% of Total	69%	16%	6%	5%	3%	1%	0.3%	0.1%	0.0%

Source: Canadian Business Counts, 2018

The following sectors exhibited the highest proportion of business establishments in 2018:

- Real estate and rental and leasing – 5,509 businesses (21% of total businesses)
- Construction – 4,132 businesses (15% of total businesses)
- Professional, scientific and technical services – 3,095 businesses (12% of total businesses)
- Other services (except public administration) – 2,025 businesses (8% of total businesses)
- Finance and insurance – 1,977 businesses (7% of total businesses)

These include sole-proprietorships and businesses with employees. Figure 29 shows the proportion of businesses by industry sectors.



Figure 29: Businesses by Industry, Central Okanagan, 2018

Businesses by Industry NAICS	Total	% of Total
Total Businesses	26,768	100%
Real estate and rental and leasing	5,509	21%
Construction	4,132	15%
Professional, scientific and technical services	3,095	12%
Other services (except public administration)	2,025	8%
Finance and insurance	1,977	7%
Health care and social assistance	1,846	7%
Retail trade	1,751	7%
Administrative and support, waste management and remediation services	1,147	4%
Accommodation and food services	892	3%
Transportation and warehousing	839	3%
Agriculture, forestry, fishing and hunting	772	3%
Wholesale trade	630	2%
Manufacturing	609	2%
Arts, entertainment and recreation	422	2%
Educational services	348	1.3%
Information and cultural industries	314	1.2%
Management of companies and enterprises	264	1%
Mining and oil and gas extraction	145	0.5%
Utilities	34	0.1%
Public administration	17	0.1%

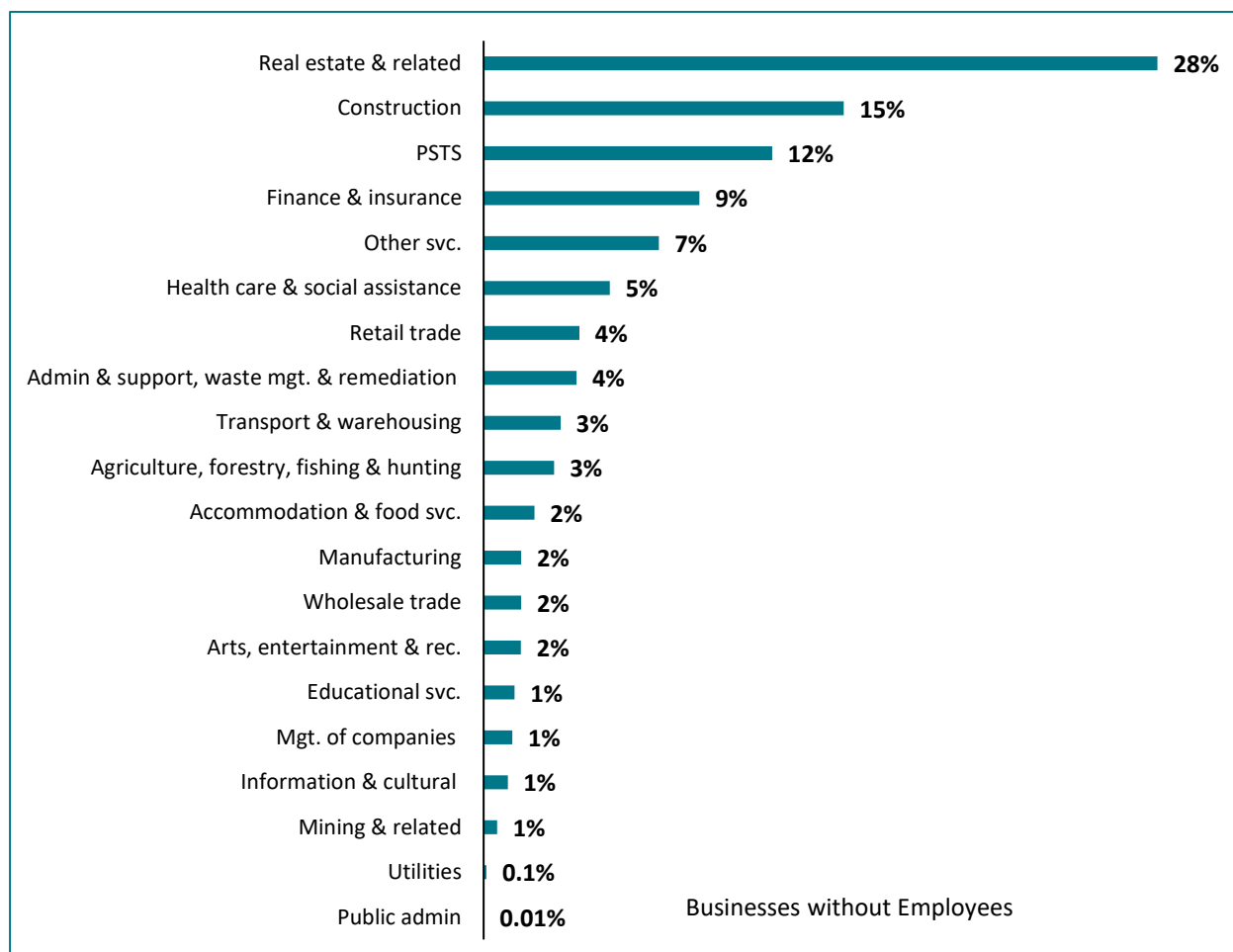
Source: Canadian Business Counts, 2018

Analyzing sole-proprietorships (Figure 30), showed that industry sectors with the highest number of sole-proprietorships in 2018 remain consistent with the highest business establishment proportions in real estate and rental and leasing. The sectors with the highest sole proprietorships in 2018 were:

- Real estate and rental and leasing – 5,089 businesses (28% of total businesses)
- Construction – 2,719 businesses (15% of total businesses)
- Professional, scientific and technical services – 2,178 businesses (12% of total businesses)
- Finance and insurance – 1,629 businesses (9% of total businesses)



Figure 30: Businesses without Employees by Industry, Central Okanagan, 2018



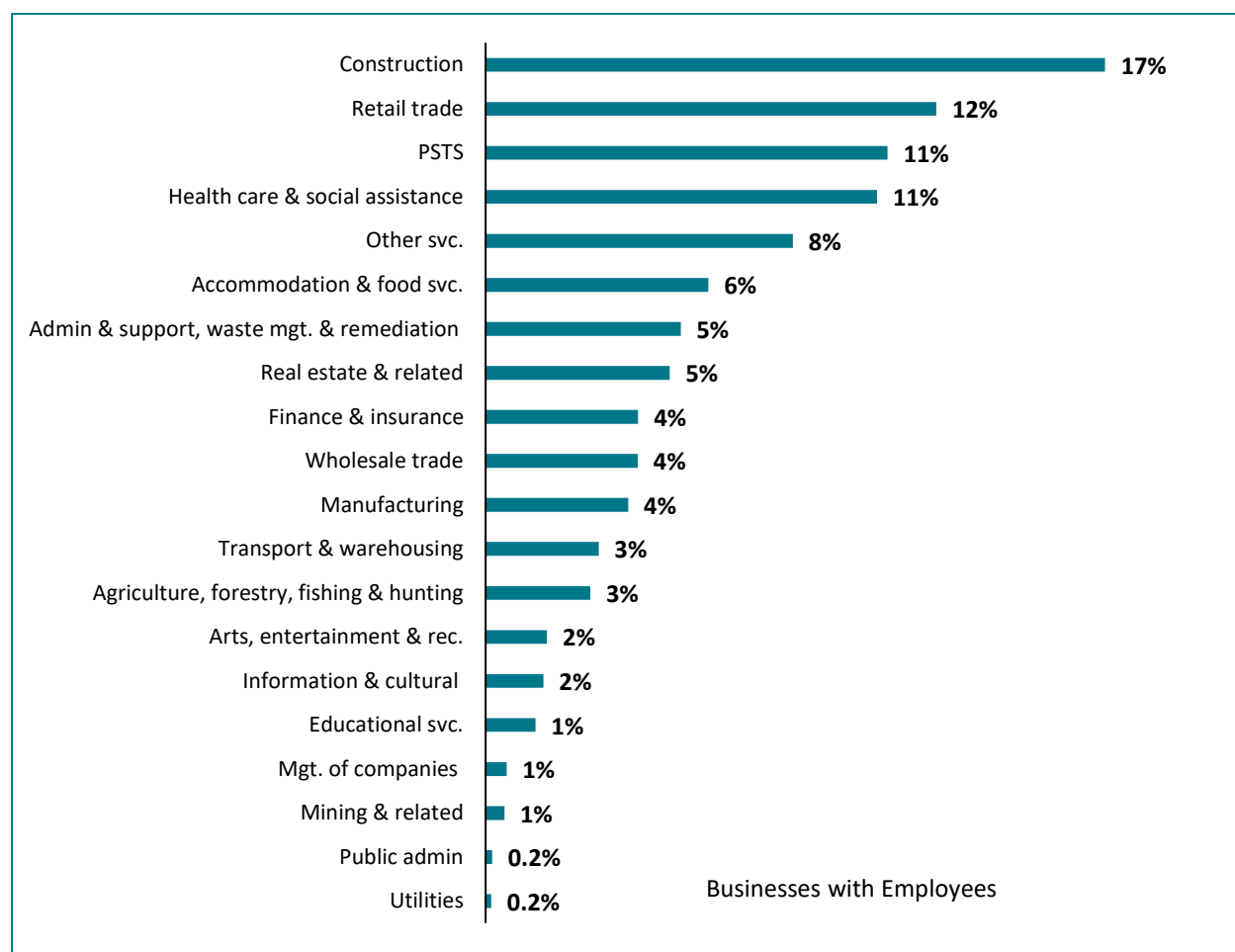
Source: Canadian Business Counts, 2018

Analyzing businesses with employees (Figure 27), it was determined that top industry sectors in 2018 were:

- Construction – 1,413 businesses (17% of total businesses)
- Retail trade – 1,028 businesses (12% of total businesses)
- Professional, scientific and technical services – 917 businesses (11% of total businesses)
- Health care and social assistance – 893 businesses (11% of total businesses)



Figure 31: Businesses with Employees by Industry, Central Okanagan, 2018



Source: Canadian Business Counts, 2018

As shown in Figure 28, business establishments in Central Okanagan are characterized by sole-proprietorships and small enterprises that employ less than ten people. The industries with the highest number of establishments employing fewer than ten people were:

- Construction – 1,124 businesses
- Professional, scientific and technical services – 797 businesses
- Health care and social assistance – 716 businesses
- Retail trade – 619 businesses

It is also important to note the small number of medium and large firms in the municipality's economy. Small firms are generally the major source of new products and ideas, while mid-size and large business are typically more export-oriented and generate higher operating surpluses. A healthy mix of small, medium and large firms ensures that a community can capitalize on innovation and entrepreneurship opportunities and at the same time attract and grow investment.



Figure 32: Total Businesses with Employees by Employee Range, Central Okanagan, 2018

Industry NAICS	Total Businesses with Employees	Employee Range							
		1-4	5-9	10-19	20-49	50-99	100-199	200-499	500 +
Total	8,347	4,374	1,674	1,235	727	216	73	39	9
Agriculture, forestry, fishing and hunting	239	120	45	39	19	9	5	1	1
Mining and oil and gas extraction	43	23	8	4	8	0	0	0	0
Utilities	13	5	0	3	2	3	0	0	0
Construction	1,413	843	281	163	97	20	8	1	0
Manufacturing	325	117	71	65	49	12	4	7	0
Wholesale trade	347	140	95	67	34	10	0	1	0
Retail trade	1,028	341	278	250	104	37	12	6	0
Transportation and warehousing	258	137	42	34	32	8	2	2	1
Information and cultural industries	132	60	25	16	21	6	2	2	0
Finance and insurance	348	191	58	65	23	8	3	0	0
Real estate and rental and leasing	420	318	51	27	15	7	2	0	0
Professional, scientific and technical services	917	686	111	65	40	11	2	2	0
Management of companies and enterprises	48	28	5	8	4	1	0	0	2
Administrative and support, waste management and remediation services	445	221	110	59	34	14	4	3	0
Educational services	114	47	25	22	12	3	1	2	2
Health care and social assistance	893	558	158	104	42	19	7	4	1
Arts, entertainment and recreation	140	51	32	20	23	7	4	3	0
Accommodation and food services	508	86	102	140	129	34	13	3	1
Other services (except public administration)	701	399	175	83	36	6	2	0	0
Public administration	15	3	2	1	3	1	2	2	1

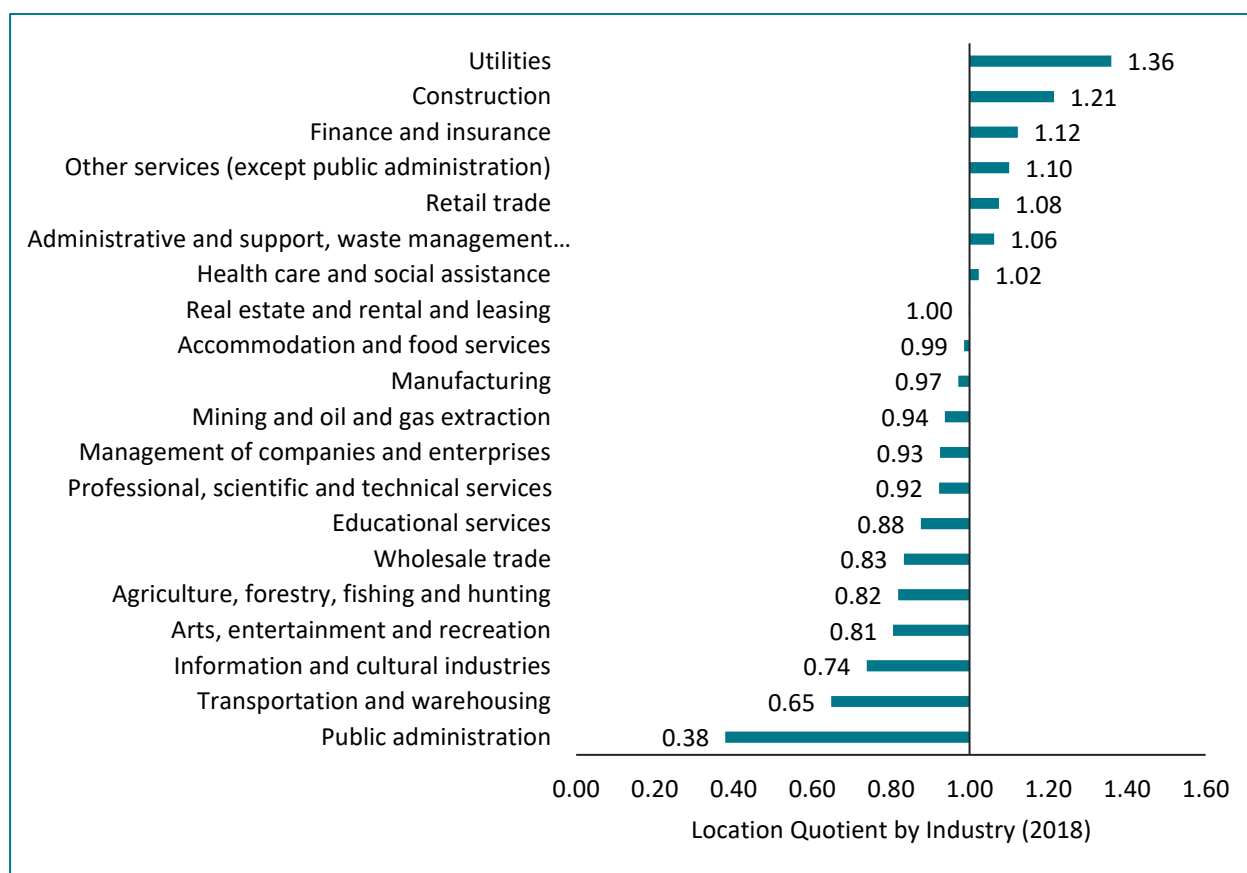
Source: Canadian Business Counts, 2018

The location quotients analysis for the business sector in Central Okanagan compared to the average British Columbia community of business provides the following insights:

- Utilities and Construction businesses with an LQ of 1.36 and 1.21, respectively are competitive industries for Central Okanagan. The construction sector is a top employer for the region and is a sector of competitive strength. Although the “utilities” sector shows a high concentration of businesses compared to the province, it accounts for only 0.1% of total businesses in Central Okanagan and employs only 1% of the total labour force (Figure 16).
- Sectors with businesses on par with business in the Province include finance and insurance and accommodation and food services. Opportunities exist for building investment in these sectors to ensure continued economic growth. Emerging sectors such as the FIRE sector is gaining national and global prominence, considering the demand for new technology-based business models.
- Sectors with low business concentration compared to the Province include public administration, transportation and warehousing and information and cultural industries



Figure 33: Location Quotient (LQ) Analysis by Businesses, Central Okanagan, 2018



Source: Canadian Business Counts, 2018

2.6 Synergies with Sector Profiles

The COEDC has also undertaken studies that focus on specific sectors, namely, Agriculture/Viticulture, Manufacturing/Aerospace, Health, Animation/Film/Digital Media and Information and Communications Technology. A critical component of the baseline analysis was to identify synergies with the sector profiles.

Agriculture/Viticulture: The baseline analysis identified that employment in the agriculture sector has grown from 2011 to 2016. Although employment in the sector is trailing the provincial employment in this sector the LQ of 0.81 shows opportunities for growth. In addition, the sector is a regional driver for Central Okanagan, approximately 211 jobs in the sector is specifically due to the competitive strength of the Region. The sector accounts for approximately 772 businesses (3% of total businesses). The Agriculture/Viticulture Sector Profile identified that agriculture is a sector of strength for the region. The Region has many high-quality farm operations with a diverse offering of products including 84% of the total vineyard acreage of BC. A key priority of the 2019 Central Okanagan Economic Development Commission is to focus on agriculture, agri-food, and emerging industries including cannabis. As per the 2018 Canadian Business Counts, Central Okanagan is home to eight (8) Cannabis businesses, all of which are indoor production.



Manufacturing: The baseline analysis identified that employment in the sector has grown from 2011 to 2016. Although employment in the sector is trailing the provincial employment in the sector, the LQ of 0.87 shows opportunities for growth. In addition, the sector is a regional driver for Central Okanagan, approximately 115 jobs in the sector is specifically due to the competitive strength of the Region. The sector accounts for approximately 609 businesses (2% of total businesses). The Manufacturing/Aerospace Sector Profile identified that Central Okanagan has a growing segment of well-established and new aerospace companies and suppliers. The profile anticipates that fabricated metal, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber and beverages will be growth industries for the Region.

Health: The baseline analysis identified that employment in the Health care and social assistance sector has grown from 2011 to 2016. With an LQ of 1.17, the concentration of employment in this sector is higher than the provincial average. The sector is also a regional driver for Central Okanagan; approximately 165 jobs in the sector are specifically due to the competitive strength of the Region. The sector accounts for approximately 1,846 businesses (7% of total businesses). The Health Sector Profile identified that Central Okanagan employs 8% of the Region's workforce. Approximately 44 medical facilities provide diverse and specialized care. Partnerships with the tech sector have resulted in new technology applications in the health field including QHR Technologies electronic medical record platform. Competitive Advantages include state of the art hospital facilities KGH in Kelowna.

Animation/Film/Digital Media and Information and Communications Technology¹: As per the Animation/Film/Digital Media Sector Profile, Central Okanagan has over 200 animation, film, and digital media firms (including independent contractors) employing 2,450 people. The baseline analysis identified that employment in the professional, scientific and technical services and arts, entertainment and recreation has grown from 2011 to 2016 while employment in Information and cultural industries declined for the same time period.

The information and cultural industries sector include components of the creative economy such as telecommunications, data processing and the motion picture and sound recording industries. The creative economy intersects culture, technology, economy and social aspects and is becoming increasingly important for economic growth and development. The low LQ of the information and cultural industries sector and the declining employment should be monitored to ensure that Central Okanagan can capitalize on existing growth opportunities, including tech-enabled firms, post-secondary R&D and support, dark fibre network, the Digital Technology Supercluster and the Cascadia Innovation Corridor.

¹ The Animation/Film/Digital Media Sector Profile and Information and Communications Technology Sector Profile was studied in tandem as the baseline analysis completed at the 2-digit NAICS has overlaps with industry sectors.

SECTION THREE



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION



3. Economic and Demographic Trends and Prospects for the Central Okanagan

3.1 Introduction

This section of the report reviews past trends in population and economic growth in Central Okanagan Regional District (RDCO), identifies the key industries driving growth in the Region and assesses the prospects for growth in the area over the next 5 to 10 years.

3.2 Notes on Data

The Economic and Demographic Trends and Prospects for Central Okanagan data are based on Statistics Canada's post-censal population estimates and employ in-house calculations by *metroeconomics*. The economic baseline analysis for population uses BC Stats data. As such, population numbers have slight variation with respect to total numbers.

3.3 Summary of Findings

- As per Statistics Canada's post-censal population estimates, since 2001 the population of Central Okanagan has increased faster than that of British Columbia.
- In 2016, Kelowna's population of 127,380 accounted for 65% of the Region's total population of 194,882 (based on Census counts not adjusted for the undercount).
- The age and gender distribution of the population of Central Okanagan is a very close match to that of the province. The Region's population has slightly higher shares among persons aged 54 and over and slightly lower shares among persons 53 and under, especially among persons 28 to 45.
- Total employment in Central Okanagan reached a peak of 102,000 in 2018, up by 30,000 from 72,000 in 2001. The path from then to now has been less than steady, however: steady gains from 2001 to 2010 were followed by slow declines from 2010 to 2016 then by major gains in each of 2017 and 2018.
- The Region's unemployment rate of 4.8% in 2018 was among the lowest achieved in British Columbia last year suggesting the labour market is currently tight in the Central Okanagan area.
- Employers in Central Okanagan provided 409 jobs for every 1,000 residents in 2016 which is close to the province-wide average of 421.
- Long term historical trends reveal the traditional economic base jobs are rapidly declining while service industries jobs – whether serving local residents or visitors – are rapidly increasing
- Central Okanagan's population will reach 281,000 in 2031 compared to 212,316 in 2018 (on a post-censal population basis) driven primarily by population growth induced employment growth and the Baby Boomer retirement phenomenon.
- Employment will grow in total by 9,900 between 2019 and 2024 and by 11,050 between 2024 and 2029 for a total of 20,950 new jobs over the next decade.

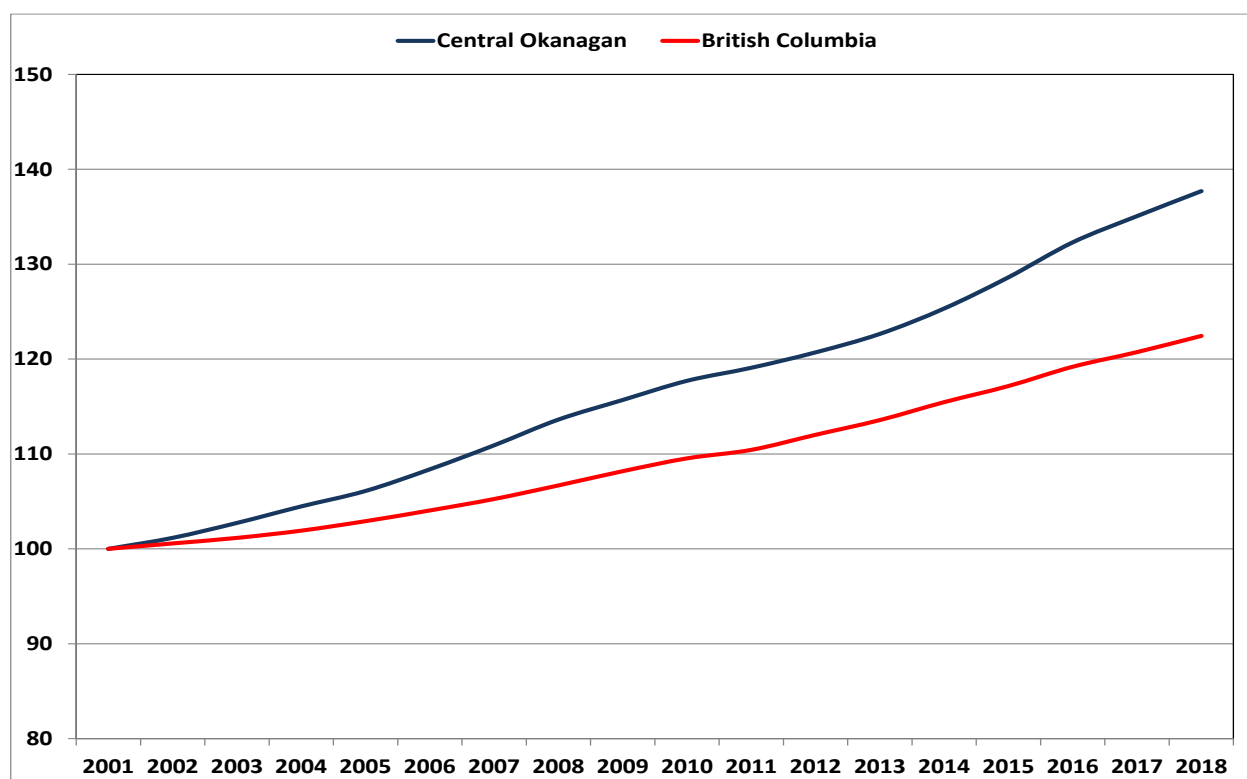


- The largest gain among the 18 major industries over the 2019 to 2029 span will occur in health care and social assistance (4,700).
- The significant long-term erosion of employment in manufacturing and agriculture in the past is now over. The goods-producing sectors are not about to undergo major employment reversals; however; rather the levels that currently exist are expected simply to hold steady in the years ahead. In contrast, the economy of Central Okanagan will continue to witness significant gains in service sector jobs across a wide range of services.

3.4 Population Trends in Central Okanagan

Since 2001 the population of Central Okanagan has increased faster than that of British Columbia (as illustrated in Figure 34). The Region's population grew from 154,190 in 2001 to 212,316 in 2018 (or by 38 percent) while the province's population grew from 4.08 million to 4.99 million (or by 22 percent) according to Statistics Canada's post-censal population estimates².

Figure 34: Total Population of Central Okanagan and British Columbia. Annual Data 2001 to 2018 as Indices with 2001 = 100



Source: Statistics Canada and *metroeconomics*

In 2016 Kelowna's population of 127,380 accounted for 65 percent of the Region's total population of 194,882 (based on Census counts not adjusted for the undercount). West Kelowna's population of

² The post-censal population estimates adjust the Census counts of the population for the estimated undercount of the Census and shift the day of estimation from mid-May (when the Census was taken) to July 1st. The undercount in 2016 is estimated at 4.47 percent for the Central Okanagan Regional District and 4.35 percent for British Columbia as a whole.

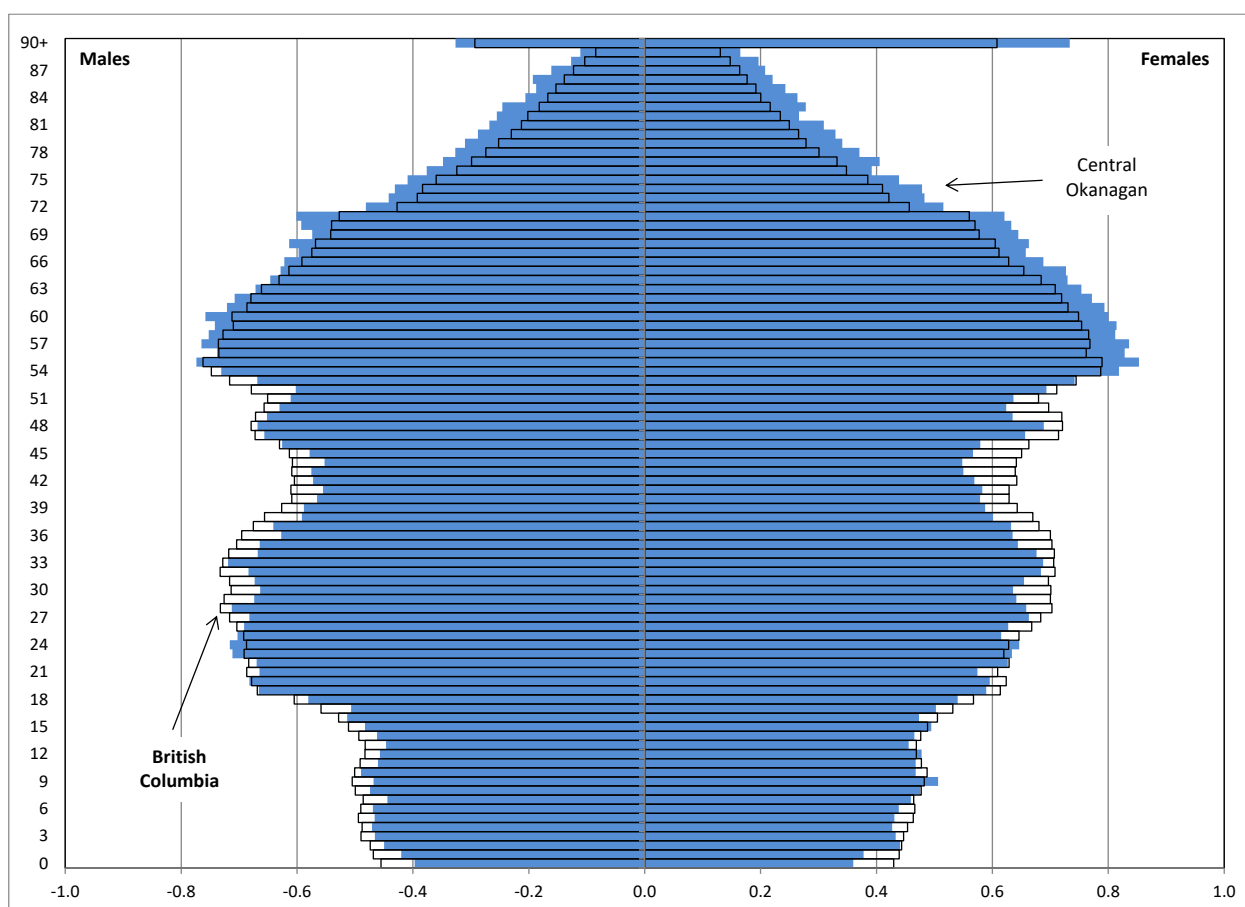


32,655 accounted for 17 percent, Lake County's 12,922 for 7 percent and Peachland's 5,428 for 3 percent. The remaining 16,497 or 8 percent of the Region's population is scattered throughout the remainder of the Region.

The age and gender distribution of the population of Central Okanagan is a very close match to that of the province as a whole (Figure 30, based on post-censal estimates). The Region's population has slightly higher shares among persons aged 54 and over and slightly lower shares among persons 53 and under, especially among persons 28 to 45. But the differences are minor.

The dominance of the Post War Baby Boomers – aged 52 to 72 years in 2018 – within the total is unmistakable for both areas.

Figure 35: Population of Central Okanagan (Blue Bars) and British Columbia (Clear Bars). Single Year Age Groups and Gender as of 2018



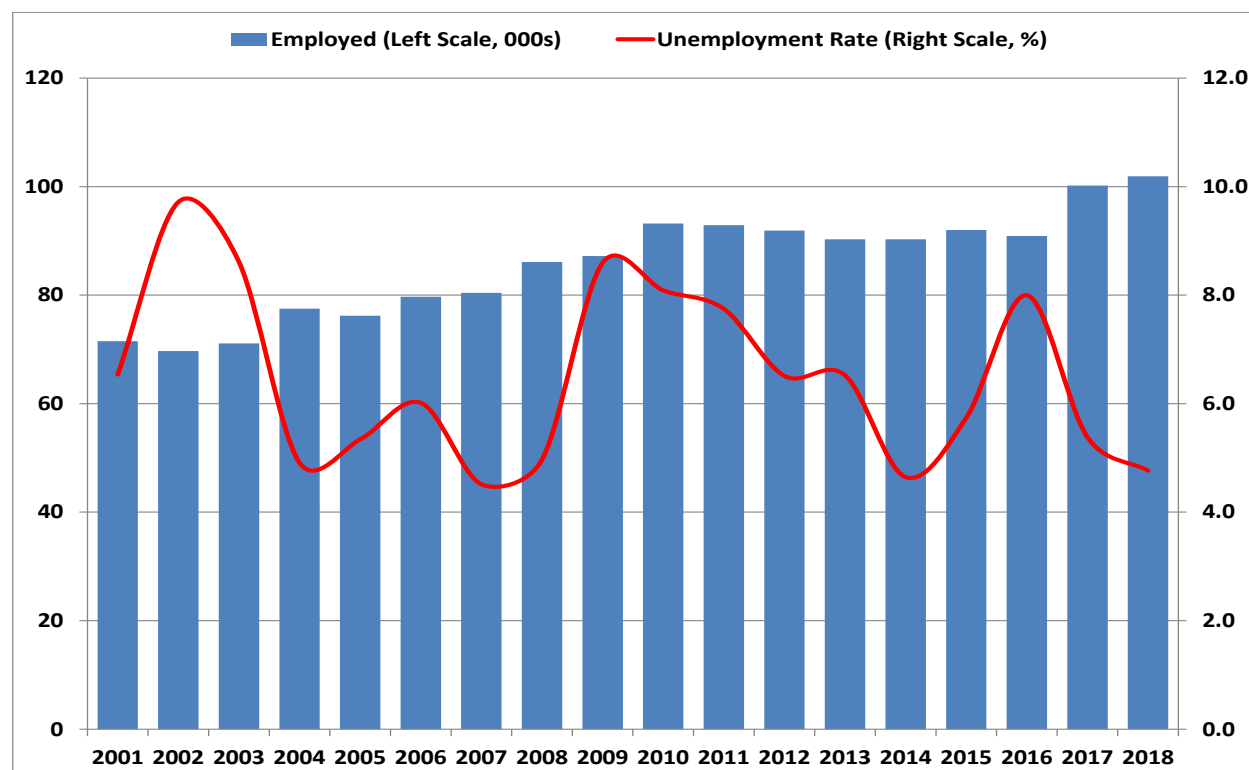
Source: Statistics Canada and *metroeconomics*

3.5 The Economy of Central Okanagan



Figure 36 illustrates the path of Central Okanagan's total employment and unemployment rate³ on an annual basis over the period from 2001 to 2018.

Figure 36: Central Okanagan Employment (Blue Bars, 000s, Left Scale) Unemployment Rate (Red Line, %, Right Scale)



Source: Statistics Canada

Total employment in Central Okanagan reached a peak of 102,000 in 2018, up by 30,000 from 72,000 in 2001. The path from then to now has been less than steady, however: steady gains from 2001 to 2010 were followed by slow declines from 2010 to 2016 then by major gains in each of 2017 and 2018. The Region's unemployment rate of 4.8 percent in 2018 was among the lowest achieved in British Columbia last year suggesting the labour market is currently tight in the Central Okanagan area.

Within the Region, the major employment locations in 2016 were Kelowna (64,555), West Kelowna (7,325) and Lake Country (2,780). The rest of the 4,980 jobs were scattered throughout the Region.

Figure 37 compares the numbers of jobs provided in 2016 by employers by industry in Central Okanagan (on a place of work basis) to the number provided by employers by industry across the entire province. Figure 37 also calculates for each area the number of jobs by industry per 1,000 residents (a ratio referred to as the activity rate). Employers in Central Okanagan provided 409 jobs for every 1,000 residents in 2016 which is close to the province-wide average of 421.

³ The unemployment rate is the number of unemployed people as a percentage of the labour force (employed and unemployed) www150.statcan.gc.ca/n1/daily-quotidien/190208/dq190208a-eng.htm.



Figure 37: Employment by Place-of-Work in Central Okanagan and British Columbia in 2016. Economic Base and Community Base Employment in Central Okanagan

	Central Okanagan		British Columbia		CO-BC	Central Okanagan	
	Number	Per 1,000	Number	Per 1,000	Difference	EB	CB
Total population	194,882		4,648,055				
Total employment by place-of-work	79,640	409	1,959,070	421		11,411	68,229
Agriculture, other primary	1,750	9	43,150	9	0	1,750	0
Mining, oil and gas	265	1	15,185	3	-2	265	0
Utilities	385	2	10,305	2	0	0	385
Construction	4,260	22	79,140	17	5	942	3,318
Manufacturing	4,765	24	138,910	30	-5	4,765	0
Wholesale trade	2,500	13	70,415	15	-2	0	2,500
Retail trade	11,990	62	256,990	55	6	1,215	10,775
Transportation, warehousing	2,750	14	85,840	18	-4	0	2,750
Information, culture	1,805	9	52,860	11	-2	0	1,805
Finance, insurance	5,045	26	133,115	29	-3	0	5,045
Professional, scientific, technical services	6,015	31	171,270	37	-6	0	6,015
Other business services	2,740	14	66,675	14	0	0	2,740
Education	5,875	30	152,630	33	-3	0	5,875
Health, social services	11,805	61	242,630	52	8	1,632	10,173
Arts, entertainment, recreation	2,160	11	47,195	10	1	181	1,979
Accommodation, food	8,270	42	185,210	40	3	505	7,765
Other services	4,145	21	95,140	20	1	156	3,989
Government	3,115	16	112,410	24	-8	0	3,115

Source: Statistics Canada and *metroeconomics*

The economic activities occurring in any community can be divided into those that are *export-based* and those that are *community-based*.

- Export-based (economic base) industries produce goods that are shipped to markets outside the community (agriculture, forestry, fishing and manufacturing); they provide services to visitors to, or temporary residents of, the community (hotels, tourism attractors, specialized hospitals, colleges and universities); or they provide services to businesses outside the community (specialized financial, professional, scientific and technical services).
- Community-based (population serving) industries produce services that primarily meet the needs of the residents in the community (retail, medical, primary and secondary education, and personal and government services).

In a somewhat isolated community such as Central Okanagan, population growth will typically occur only if employment within the community's export base is expanding.⁴ In the absence of high unemployment *export-based* employment expansion leads to the recruitment of workers from outside the community, workers who, in many cases, bring with them spouses and other dependents. Every new export-based job means a population gain of at least one, and possibly two or more people. This population growth, in turn, drives growth in the demand for *community-based* activities such as retail, education, health, recreation, etc. The growth in these population serving jobs, in turn, leads to further

⁴ The export-based industries in an area as a group are often referred to as the economic base of the area. The terms *export-based* industries and *economic-base* industries are used interchangeably throughout this report as they refer to the same concept.



recruitment from outside of the area and to additional population growth.

Based on the activity rates in Central Okanagan relative to the activity rates of the average community within BC (Figure 37) indicates the following:

- Employers provided a total of 79,640 jobs in Central Okanagan in 2016.
- The number of economic base jobs in Central Okanagan totalled 11,411. Thus, 14 percent of all the jobs in Central Okanagan are economic base jobs.
- Central Okanagan's 11,144 economic base jobs are partially accounted for by the traditional providers: manufacturing (4,765) and agriculture, forestry, fishing and hunting (1,750). These two sectors account for 57 percent of the area's economic base jobs.
- The Region's remaining economic base jobs are accounted for by exportable service industries with strong representation in health care and social assistance (1,632), retail trade (1,215), construction (942), accommodation and food (505) and construction (180).

The strong service sector representation within the Region's economic base reflects its role as a centre for the provision of such services not only to those living in the Region but also to those living in nearby communities.⁵

Long term historical trends (Figure 38) reveal the traditional economic base jobs are rapidly declining while service industries jobs – whether serving residents or visitors – are rapidly increasing:

- Between 2001 and 2016 the number of jobs provided by employers in Central Okanagan across all industries grew from 59, 475 to 79,640 or by 20,165.
- Manufacturing employment fell from 6,605 in 2001 to 4,765 in 2016 (down 1,840).
- Agriculture and other primary employment fell from 1,890 to 1,750 over that span (down 140).
- In contrast, health and social services employment grew from 7,465 to 11,805 (up 4,340); retail trade from 8,440 to 11,990 (up 3,550); accommodation and food from 5,660 to 8,270 (up 2,610); professional, scientific and technical services from 3,550 to 6,015 (up 2,465); and education from 3,855 to 5,875 (up 2,020).

This transformation of the area's industrial profile away from goods to services is projected to continue over the next decade and beyond for several reasons.

⁵ The decomposition of jobs within a service industry into its export and community base components is achieved by comparing the local area ratio of jobs to 1,000 people for any given industry to that ratio province-wide. For example, drawing on Figure 30, there are 61 health and social service workers per 1,000 District residents compared to 52 province-wide. The difference of 8 (rounded) represents workers in that industry in the District exceeding the local needs of the average community. Therefore these 8 per 1,000 are most likely providing such services to people residing in nearby communities. That means 1,632 of those employed in the industry in the District (or about 8 times 195 thousand people) are serving non-residents (i.e. exporting those services).



Figure 38: Employment by Place-of-Work by Industry in Central Okanagan 2001 to 2016

Employed by Industry	Number				Change			
	2001	2006	2011	2016	01-06	06-11	11-16	01-16
	59,475	69,775	73,510	79,640	10,300	3,735	6,130	20,165
Agriculture, forestry	1,890	1,905	1,420	1,750	15	-485	330	-140
Mining, oil and gas	115	155	240	265	40	85	25	150
Utilities	370	430	510	385	60	80	-125	15
Construction	2,295	4,560	3,830	4,260	2,265	-730	430	1,965
Manufacturing	6,605	6,305	4,560	4,765	-300	-1,745	205	-1,840
Wholesale trade	2,320	2,740	2,765	2,500	420	25	-265	180
Retail trade	8,440	10,025	11,245	11,990	1,585	1,220	745	3,550
Transportation, warehousing	2,055	2,450	2,295	2,750	395	-155	455	695
Information, culture	1,810	1,195	1,855	1,805	-615	660	-50	-5
Finance, insurance	4,240	5,120	5,060	5,045	880	-60	-15	805
Professional, scientific, technical services	3,550	4,960	5,525	6,015	1,410	565	490	2,465
Other business services	1,820	2,780	2,265	2,740	960	-515	475	920
Education	3,855	4,295	5,090	5,875	440	795	785	2,020
Health, social services	7,465	8,425	10,440	11,805	960	2,015	1,365	4,340
Arts, entertainment, recreation	1,415	1,590	2,010	2,160	175	420	150	745
Accommodation, food	5,660	6,880	6,120	8,270	1,220	-760	2,150	2,610
Other services	3,310	3,740	4,485	4,145	430	745	-340	835
Government	2,260	2,220	3,795	3,115	-40	1,575	-680	855

Source: Statistics Canada and *metroeconomics*

The Baby Boom Generation as of 2016 spanned the ages from 50 to 70; those that survive to 2031 by that year will be 65 to 85 years old. Over that span, most of the currently working Boomers will retire. As they do, they will need to be replaced by younger people not now living in Central Okanagan, people who will be attracted there by the availability of Boomer-vacated positions. This phenomenon is not unique to Central Okanagan; it will be in play BC-wide and Canada-wide over this span and will necessitate major increases in annual rates of immigration over that time.

Central Okanagan's population boost from the in-migration of Baby-Boomer-replacements will, in turn, create the need for more community base (population serving) jobs. As those jobs, too, are filled by new migrants the population of Central Okanagan will grow even more.

metroeconomics projects Central Okanagan's population will reach 281,000 in 2031 compared to 212,316 in 2018 (on a post-censal population basis) driven primarily by population growth induced employment growth and the Baby Boomer retirement phenomenon.

3.6 Recent and Future Sources of Central Okanagan Population Growth

Recently released post-censal population estimates at the Census Division (CD) level – Central Okanagan is Census Division 5935 according to Statistics Canada – indicate the population of the Region grew at an average annual rate of 4,162 between 2016 and 2018, up slightly from an annual rate of 4,076 between 2011 and 2016.



The sources of 2011 to 2016 annual growth pace of 4,076 were as follows:

- Births averaged 1,656 per year and deaths 1,650 per year; thus, the net natural change in population averaged 6 persons per year (births minus deaths).
- Net migration from all sources averaged 4,071 per year
- Within that 4,071 per year average net inter-provincial migration averaged 1,580 per year, net intra-provincial migration averaged 1,411, and net-international migration averaged 302.

Thus, the key factors explaining the Region's rapid population growth over the 2011 to 2016 span were net in-migration from other provinces in Canada and from other communities in BC.

To reach the 281,000 projected population totals for 2031 cited above the Region's population will need to grow at an annual rate averaging about 5,300 per year.

Over that span deaths will outnumber births by about 350 per year. That means net in-migration will need to average about 5,650 per year for the 281,000-population total to be achieved, a number that should be readily achieved given that national net immigration flows will increase significantly over this span to meet the country's requirements for Boomer replacements.

3.7 Employment by Detailed Industry for Central Okanagan

The 2016 Census provides information regarding the 79,640 jobs provided by employers in Central Okanagan not only for the 18 major industries listed in Figure 34 (at the 2-digit NAICS⁶ level) but also for each of 303 detailed industries (at the 4-digit level).

Space here does not permit a tabulation of information for all 303 industries (the accompanying Excel file contains the details). Instead, Figure 39 lists the 75 industries from among the 303 accounting for the greatest number of employees in Central Okanagan in 2016.

Key information revealed by this tabulation includes the following:

- The top 75 industries collectively account for 80 percent of all the jobs provided.
- Among the 303 industries full-service restaurants and limited service eating places (NAICS 7225) account for the greatest number of employees in the Region (6,180).
- Hospitals (6220) rank second with 4,320 employees.
- Elementary and secondary schools (6111) rank third with 3,215 employees.
- Nursing and residential care facilities (6230) rank fourth with 1,970 employees.
- Grocery stores (4451) rank fifth with 1,905 employees.

These top 5 industries collectively account for 22 percent of all the employees in the Region.

⁶ NAICS refers to the North American Industrial Classification system.



Figure 39: Employment by Place-of-Work by Industry for Central Okanagan. Estimated for 2019 and Projected for 2024 and 2029

Rank	NAICS Code	Detailed industries	Number	Cumulative	
				Number	Percent
		Total all 303 industries	79,465	79,465	
1	7225	Full-service restaurants and limited service eating places	6,180	6,180	7.8
2	6220	Hospitals (6221 to 6223)	4,320	10,500	13.2
3	6111	Elementary and secondary schools	3,215	13,715	17.3
4	6230	Nursing and residential care facilities (6231 to 6239)	1,970	15,685	19.7
5	4451	Grocery stores	1,905	17,590	22.1
6	7211	Traveller accommodation	1,575	19,165	24.1
7	6113	Universities	1,320	20,485	25.8
8	9130	Local, municipal and regional public administration (9131 and 9139)	1,305	21,790	27.4
9	8121	Personal care services	1,220	23,010	29.0
10	4461	Health and personal care stores	1,215	24,225	30.5
11	7139	Other amusement and recreation industries	1,215	25,440	32.0
12	5221	Depository credit intermediation	1,160	26,600	33.5
13	2361	Residential building construction	1,150	27,750	34.9
14	5415	Computer systems design and related services	1,150	28,900	36.4
15	5412	Accounting, tax preparation, bookkeeping and payroll services	1,130	30,030	37.8
16	1110	Farms	1,125	31,155	39.2
17	5617	Services to buildings and dwellings	1,100	32,255	40.6
18	6213	Offices of other health practitioners	1,010	33,265	41.9
19	5413	Architectural, engineering and related services	1,005	34,270	43.1
20	9112	Other federal government public administration	1,005	35,275	44.4
21	4411	Automobile dealers	1,000	36,275	45.6
22	6211	Offices of physicians	925	37,200	46.8
23	6241	Individual and family services	925	38,125	48.0
24	4481	Clothing stores	920	39,045	49.1
25	2382	Building equipment contractors	915	39,960	50.3
26	8111	Automotive repair and maintenance	890	40,850	51.4
27	4441	Building material and supplies dealers	865	41,715	52.5
28	5312	Offices of real estate agents and brokers	850	42,565	53.6
29	6212	Offices of dentists	840	43,405	54.6
30	5416	Management, scientific and technical consulting services	820	44,225	55.7
31	5411	Legal services	745	44,970	56.6
32	4529	Other general merchandise stores	710	45,680	57.5
33	4521	Department stores	690	46,370	58.4
34	6244	Child day-care services	690	47,060	59.2
35	5242	Agencies, brokerages and other insurance related activities	675	47,735	60.1
36	2383	Building finishing contractors	665	48,400	60.9
37	4511	Sporting goods, hobby and musical instrument stores	665	49,065	61.7
38	6112	Community colleges and C.E.G.E.P.s	645	49,710	62.6
39	9120	Provincial and territorial public administration (9121 to 9129)	605	50,315	63.3
40	4881	Support activities for air transportation	600	50,915	64.1
41	3121	Beverage manufacturing	585	51,500	64.8
42	6116	Other schools and instruction	540	52,040	65.5
43	5171	Wired telecommunications carriers	460	52,500	66.1
44	5313	Activities related to real estate	445	52,945	66.6
45	5239	Other financial investment activities	435	53,380	67.2
46	5241	Insurance carriers	430	53,810	67.7
47	2381	Foundation, structure, and building exterior contractors	420	54,230	68.2
48	5616	Investigation and security services	420	54,650	68.8
49	3211	Sawmills and wood preservation	415	55,065	69.3
50	4413	Automotive parts, accessories and tire stores	415	55,480	69.8
51	8131	Religious organizations	415	55,895	70.3
52	5419	Other professional, scientific and technical services	410	56,305	70.9
53	3371	Household and institutional furniture and kitchen cabinet manufacturing	405	56,710	71.4
54	4431	Electronics and appliance stores	395	57,105	71.9
55	4163	Lumber, millwork, hardware and other building supplies merchant wholesalers	375	57,480	72.3
56	5418	Advertising, public relations, and related services	365	57,845	72.8
57	4841	General freight trucking	360	58,205	73.2
58	6214	Out-patient care centres	355	58,560	73.7
59	4453	Beer, wine and liquor stores	350	58,910	74.1
60	4539	Other miscellaneous store retailers	335	59,245	74.6
61	7132	Gambling industries	330	59,575	75.0
62	4412	Other motor vehicle dealers	320	59,895	75.4
63	5121	Motion picture and video industries	310	60,205	75.8
64	5311	Lessors of real estate	310	60,515	76.2
65	4452	Specialty food stores	305	60,820	76.5
66	2362	Non-residential building construction	300	61,120	76.9
67	4422	Home furnishings stores	300	61,420	77.3
68	4471	Gasoline stations	300	61,720	77.7
69	8129	Other personal services	300	62,020	78.0
70	3399	Other miscellaneous manufacturing	295	62,315	78.4
71	5414	Specialized design services	290	62,605	78.8
72	2389	Other specialty trade contractors	285	62,890	79.1
73	5191	Other information services	285	63,175	79.5
74	4131	Food merchant wholesalers	280	63,455	79.9
75	4911	Postal service	280	63,735	80.2

Source: Statistics Canada and *metroeconomics*



The next five industries with the greatest number of employees include:

- Traveller accommodation (7211) with 1,575 employees.
- Universities (6113) with 1,320 employees.
- Local, municipal and regional public administration (9130) with 1,305 employees.
- Personal care services (8121) with 1,220 employees.
- Health and personal care stores (4461) with 1,215 employees.

The top 10 industries collectively account for 31 percent of all the employees in the Region.

3.8 Employment Projections for Central Okanagan

Figure 40 tabulates the level of employment by major industry (2-digit NAICS) estimated for 2019 and projected for 2024 and 2029 for Central Okanagan. Behind these projections are projections for each of the 303 individual industries for each year from 2019 to 2029. The detailed projections are provided in an accompanying Microsoft Excel spreadsheet file.

Figure 40 indicates the following:

- Employment will grow in total by 9,900 between 2019 and 2024 and by 11,050 between 2024 and 2029 for a total of 20,950 new jobs over the next decade.
- The largest gain among the 18 major industries over the 2019 to 2029 span will occur in health care and social assistance (4,700).
- Other major gains will occur in accommodation and food services (3,160), retail trade (2,290), educational services (1,670), professional, scientific and technical services (1,540), finance and insurance (1,260) construction (1,210), transportation and warehousing (1,070), other personal services (990) and other business services (810).
- Modest or no gains are expected for mining and oil and gas (0), utilities (up 30), agriculture and forestry (up 100) and manufacturing (up 150).
- The remaining industries will achieve gains of 190 to 710.

The industrial trends projected here represent changes to both economic base and community base jobs in Central Okanagan.



Figure 40: Employment by Place-of-Work by Industry for Central Okanagan. Estimated for 2019 and Projected for 2024 and 2029

	Number			Change		Change 19-29	
	2019	2024	2029	19-24	24-29	Number	Rank
Major industries							
Total all industries	81,680	91,580	102,630	9,900	11,050	20,950	---
Agriculture, forestry	1,750	1,800	1,850	50	50	100	16
Mining, oil and gas	260	260	260	0	0	0	18
Utilities	390	400	420	10	20	30	17
Construction	4,380	4,960	5,590	580	630	1,210	7
Manufacturing	4,760	4,840	4,910	80	70	150	15
Wholesale trade	2,530	2,620	2,720	90	100	190	14
Retail trade	12,240	13,350	14,530	1,110	1,180	2,290	3
Transportation, warehousing	2,850	3,350	3,920	500	570	1,070	8
Information, culture	1,850	2,080	2,320	230	240	470	13
Finance, insurance	5,180	5,780	6,440	600	660	1,260	6
Professional, scientific, technical services	6,170	6,910	7,710	740	800	1,540	5
Other business services	2,820	3,200	3,630	380	430	810	10
Education	6,040	6,830	7,710	790	880	1,670	4
Health, social services	12,240	14,420	16,940	2,180	2,520	4,700	1
Arts, entertainment, recreation	2,230	2,560	2,940	330	380	710	11
Accommodation, food	8,560	10,030	11,720	1,470	1,690	3,160	2
Other services	4,250	4,720	5,240	470	520	990	9
Government	3,180	3,470	3,780	290	310	600	12

Source: Statistics Canada and *metroeconomics*

The projections in Figure 40 suggest the significant long-term erosion of employment in manufacturing and agriculture in the past (illustrated in Figure 38) is now over. The goods-producing sectors are not about to undergo major employment reversals; however, rather the levels that currently exist are expected simply to hold steady in the years ahead. In contrast, the economy of Central Okanagan will continue to witness significant gains in service sector jobs across a wide range of services.

