

WINNIPEG ECONOMIC HIGHLIGHTS

2016 Annual Review



ECONOMIC INDICATOR HIGHLIGHTS

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Winnipeg (Census Metropolitan Area)

	2016	% Change from 2015
Population (Annual)	811,900	2.2
Employment	425,000	0.2
Unemployment Rate (%)	6.5	0.5
Real GDP at Basic Prices (Annual \$ Millions) *	\$37,628	2.3
Retail Sales (Annual \$ Millions) *	\$11,970	5.7
Personal Disposable Income Per Capita (Annual) *	\$35,204	0.6
Consumer Price Index (2002=100)	128.1	1.5
Total Building Permit Values (\$ Millions)	\$2,001	25.4
Average Residential House Price (Single-Family Detached)	\$302,727	10.1
Total Housing Starts	4,054	-7.9

*Conference Board of Canada annual projections. Subject to adjustment in subsequent projections.
Sources: Statistics Canada, Conference Board of Canada, WinnipegREALTORS®

OVERVIEW

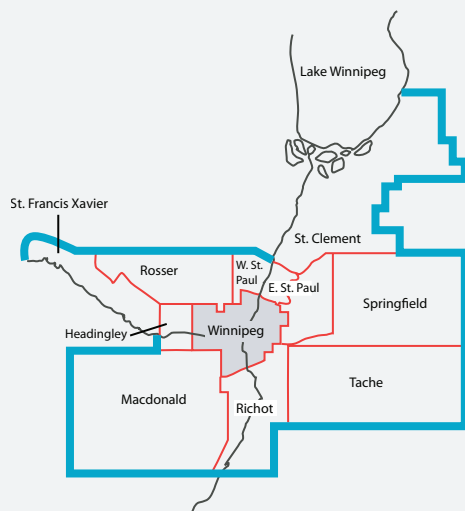
Steady growth in Winnipeg's diverse economy throughout 2016 has resulted in an eighth consecutive year of expansion. Winnipeg's real gross domestic product (GDP) grew 2.3 per cent compared to 2015. Job growth was stable overall due to strong gains in various industries despite losses in other areas. Investments in new construction posted gains in 2016; residential and nonresidential building permit values increased over the previous year. Winnipeg's office market showed signs of improvement through declining vacancies and rising average rents. Winnipeg and Manitoba's retail sales generated moderate growth in 2016, and the province's average weekly earnings kept pace with the national average.

WINNIPEG CMA

Census metropolitan area (CMA) refers to the municipalities assigned by Statistics Canada on the basis of labour market and commuting criteria, comparable to the U.S. metropolitan statistical area (MSA). The Winnipeg CMA is comprised of the city of Winnipeg plus 10 adjacent municipalities. The city of Winnipeg represents a significant majority of the economic activity and over 90 per cent of the population in the CMA.

Winnipeg is located in the heart of Canada at the geographic centre of North America and has the most diverse economy of all major cities in Canada. Winnipeg is an economic hub, a major trade and transportation centre, an arts and culture centre, and a city of creativity and diversity.

Key industries include advanced manufacturing; aerospace; agribusiness; creative industries; energy and environment; financial services; information, communications and technology (ICT); life sciences; tourism; and transportation and distribution.



ECONOMIC GROWTH

According to the Conference Board of Canada in its Winter 2017 Metropolitan Outlook, Winnipeg's real GDP grew 2.3 per cent in 2016 compared to 2015. Winnipeg achieved the third-strongest economic growth among major metropolitan areas in Western Canada. Nationally, Winnipeg outperformed the national average of 1.3 per cent, ranking fifth among Canada's largest metropolitan areas. In 2016, Winnipeg extended its record of consecutive real GDP growth to eight years due to output growth in the following key areas of the local economy: primary industries and utilities (4.6 per cent); transportation and warehousing (4.2 per cent); finance, insurance and real estate (2.8 per cent); wholesale and retail trade (3.1 per cent); and business services (2.3 per cent). Winnipeg is forecasted to achieve comparable economic growth in 2017 (currently projected at 2.4 per cent).

LABOUR MARKET

Winnipeg experienced steady job growth in 2016. The overall number of those employed grew 0.2 per cent from the previous year. Despite moderate job losses in some key areas of the economy, including manufacturing and transportation/warehousing, employment gains were realized in other industries which help keep the overall employment picture positive. Industries posting the largest job gains in 2016 included primary industries and utilities (19 per cent), information and culture (8.8 per cent), construction (6.1 per cent) and business services (2.6 per cent). Winnipeg's unemployment rate edged up to 6.5 per cent in 2016 from six per cent in 2015. Nationally, employment grew 0.7 per cent, and the unemployment rate stood at seven per cent.

INVESTMENT AND CONSTRUCTION

After a soft construction market in 2015, building construction activity recovered in 2016. Building permit values grew 25.4 per cent to over \$2 billion, the second-strongest growth rate among major cities in Canada. Growth of building permit values was led by the industrial market, where values advanced by more than 250 per cent compared to 2015; also significant was the solid growth of commercial building permit values (50.8 per cent). Selected high-profile investments in Winnipeg during 2016 include:

- » True North Square in downtown Winnipeg (valued at \$400 million)
- » GE Aviation's upgrade of its engine-testing facility, extending its strategic value from strictly cold-weather testing to include a wider range of tests (valued at \$26 million)
- » The 385,000-square-foot Outlet Collection of Winnipeg mall (valued at \$200 million)
- » Osborne Place (a 32,000-square-foot office building)
- » The Qualico Training Centre's massive 120,000-square-foot sports training complex and performance centre (valued at \$26 million)

- » The Skilled Trades and Technology Centre located on the main campus of Red River College (valued at \$60 million)
- » The University of Winnipeg's downtown student residence complex (valued at \$27 million)

According to Cushman & Wakefield, Winnipeg's office market experienced declining vacancy rates and increasing rental rates in Class A and B office buildings. Class C properties posted lower rental rates in 2016 relative to the previous year. The overall office vacancy rate in 2016 was 7.4 per cent, down 1.5 percentage points from 2015. Overall, the average rental rate was \$13.36, an increase of 1.1 per cent compared to 2015.

The residential market posted more moderate gains in 2016. Building permit values grew 2.4 per cent compared to 2015. WinnipegREALTORS® reports that total dollar volume generated from MLS home sales increased seven per cent to \$3.8 billion in 2016, and residential unit sales improved six per cent. The average selling price of a single-family detached home in Winnipeg continues to rise, up 10.1 per cent to \$302,727 in 2016, and yet Winnipeg still ranks as Canada's most affordable major metropolitan area to buy a home. Winnipeg is one of only two major cities in Canada where average residential prices remain in the \$300,000 range.

PRODUCTION AND EXPORTS

Manitoba's merchandise exports totaled \$13.4 billion in 2016, a drop of 2.1 per cent from the previous year. Import demand from Manitoba was strongest in Southeast Asia, most notably South Korea, where provincial exports increased 122 per cent compared to 2015. Exports to the United States, which accounted for 68 per cent of all exports, were down 3.6 per cent (or \$9.2 billion) from 2015.

Close to one-half of all exports were destined for the Midwest (47.3 per cent); however, export growth was strongest to the Southern United States (31.9 per cent). Nationally, merchandise exports were down 0.9 per cent compared to 2015. The dollar value of exports from most provinces declined in 2016, and the regions most impacted were those most dependent on the energy sector. Manitoba's manufacturing shipments experienced an increase of 1.2 per cent in 2016, as the sector continues to recover. The Conference Board of Canada is forecasting Winnipeg's manufacturing output to grow by two per cent in 2017.

OTHER INDICATORS

According to the Conference Board of Canada, retail sales recorded growth of 5.7 per cent in Winnipeg and 5.3 per cent in Manitoba during 2016. Statistics Canada's tracking reveals Manitoba's retail trade experienced moderate growth of 4.6 per cent during 2016, whereas retail sales rose 3.7 per cent nationally. According to Statistics Canada, Winnipeg's consumer price index—which measures the change in cost of living—rose 1.5 per cent in 2016 compared to 2015. Nationally, the consumer price index grew 1.8 per cent.

Manitoba's average weekly earnings across all industries increased one per cent to \$889 in 2016 compared to 2015, ranking Manitoba sixth for earnings growth among all provinces. Nationally, average weekly earnings increased 0.5 per cent to \$956.



**ECONOMIC
DEVELOPMENT
WINNIPEG**

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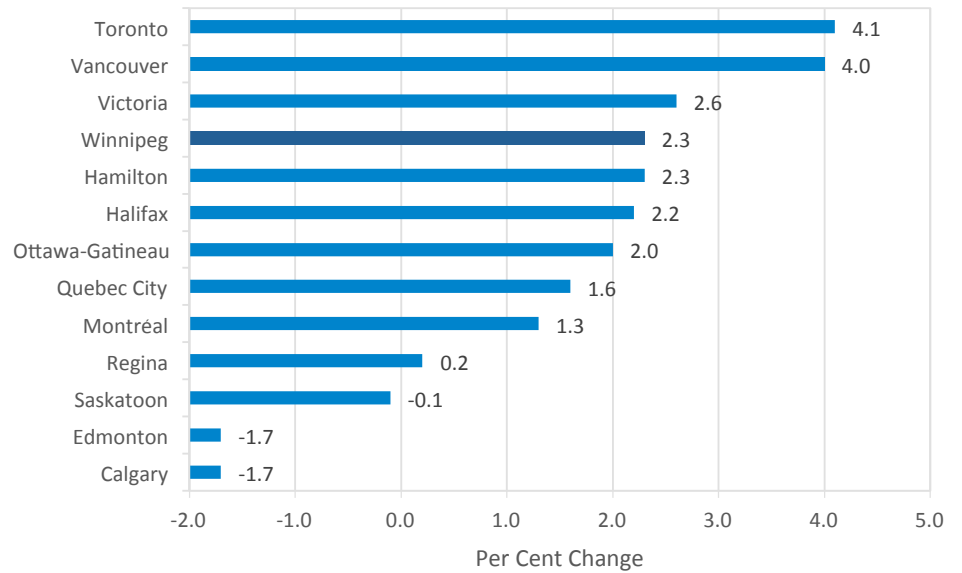
Disclaimer: Economic Development Winnipeg Inc. endeavours to provide accurate information gathered from a variety of sources but makes no representation or guarantee as to the reliability and accuracy of such information.

Economic Development Winnipeg Inc. (EDW) is the lead economic development agency for Winnipeg. EDW facilitates investment promotion and attraction, capacity building, tourism attraction and the management of market data. By utilizing competitive intelligence and by fostering relationships with industry leaders, government officials and community stakeholders, EDW evaluates potential opportunities and innovation drivers to develop key industries and define opportunities for future economic growth. EDW also supports targeted sector, community and social development, and promotes Winnipeg's diverse economy and high quality of life.

SELECT CITY COMPARISONS

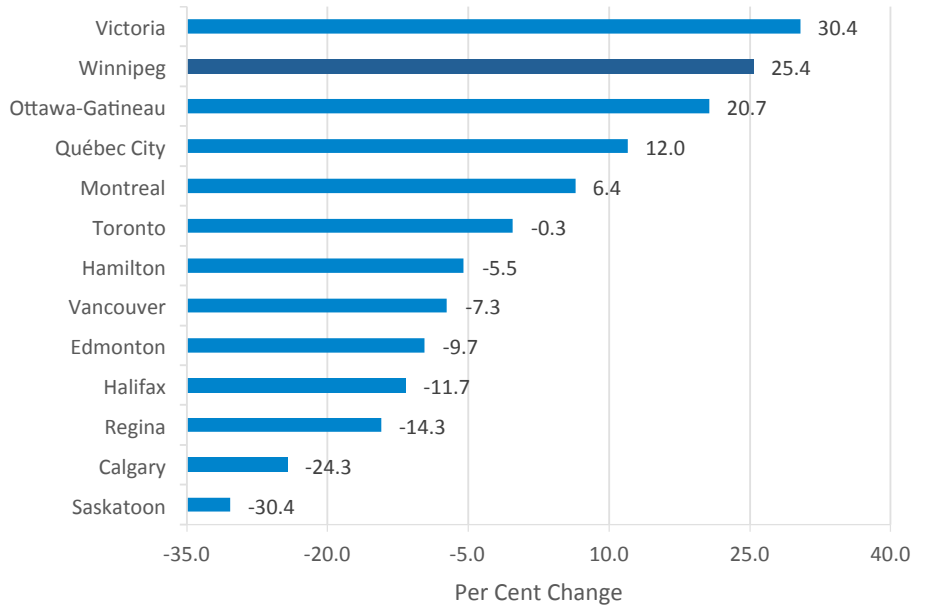
Projected Real Gross Domestic Product Annual Per Cent Change 2015-2016 Selected Metropolitan Areas

SOURCE: CONFERENCE BOARD OF CANADA, WINTER 2017



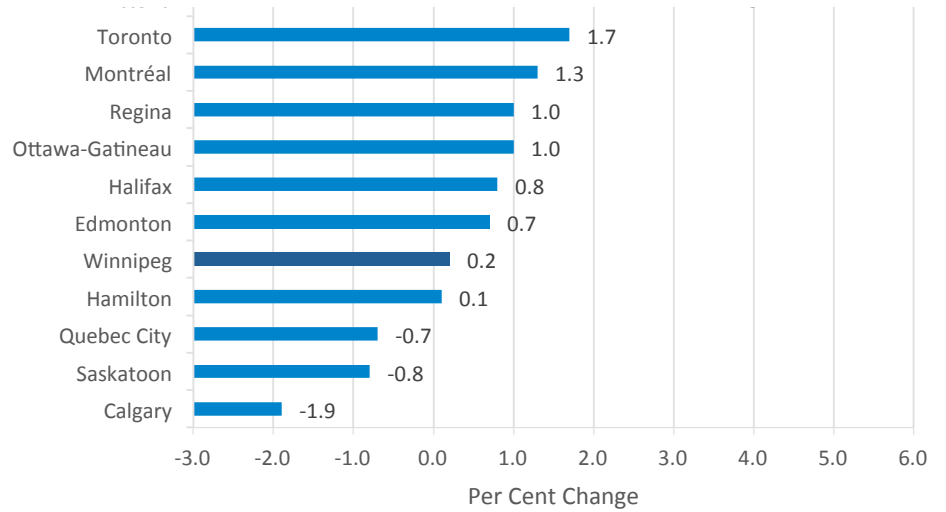
Building Permit Values Total Residential & Nonresidential Annual Per Cent Change 2015-2016 Selected Metropolitan Areas

SOURCE: STATISTICS CANADA



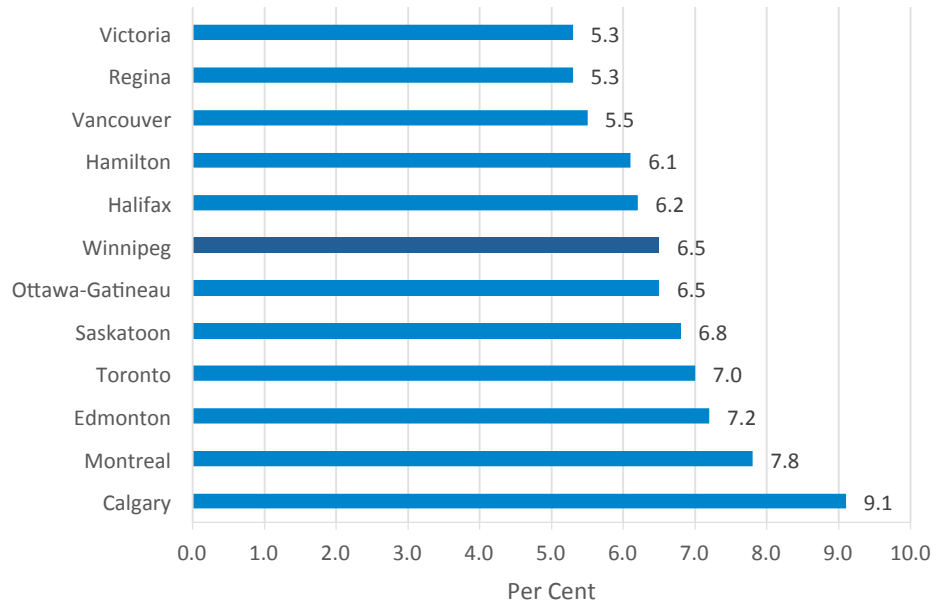
**Employment Growth
Annual Per Cent Change
2015-2016
Selected Metropolitan Areas**

SOURCE: STATISTICS CANADA



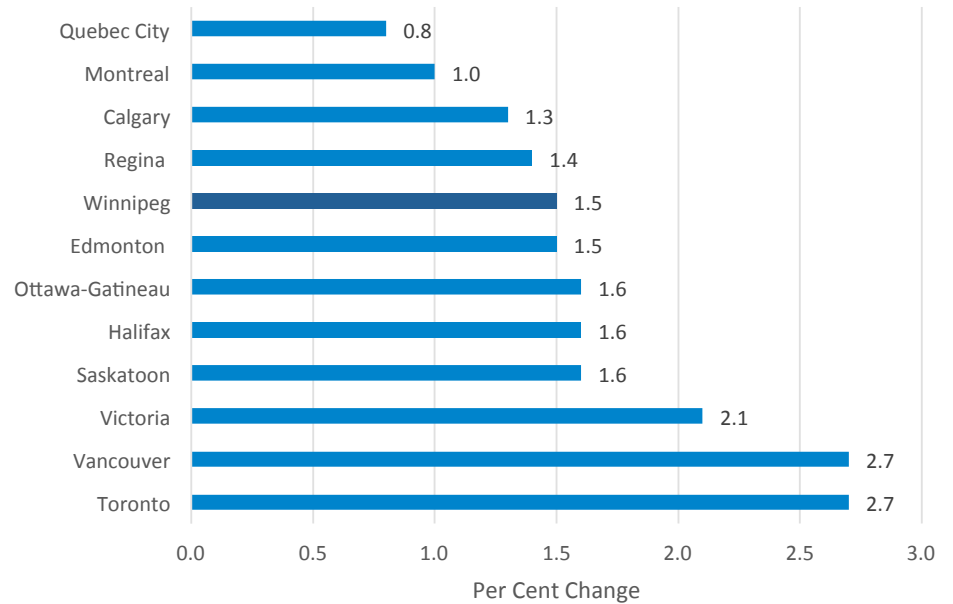
**Average Unemployment
Rate 2016
Selected Metropolitan Areas**

SOURCE: STATISTICS CANADA



**Consumer Price Index
Annual Per Cent Change
2015-2016
Selected Metropolitan Areas**

SOURCE: STATISTICS CANADA



LABOUR FORCE INDICATORS

WINNIPEG	2016	2015	% CHANGE
Population – 15 Years or Older (000)	662.2	652.3	1.5
Labour Force (000)	454.4	451.0	0.8
Employment (000)	425.0	424.0	0.2
Unemployment (000)	29.5	27.0	9.1
Not in Labour Force (000)	207.9	201.3	3.2
			POINT CHANGE
Unemployment Rate (%)	6.5	6.0	0.5
Participation Rate (%)	68.6	69.1	-0.5
Employment Rate (%)	64.2	65.0	-0.8

MANITOBA	2016	2015	% CHANGE
Population – 15 Years or Older (000)	999.1	987.2	1.2
Labour Force (000)	674.8	674.2	0.1
Employment (000)	633.4	636.3	-0.5
Full-time Employment (000)	510.7	514.7	-0.8
Part-time Employment (000)	122.7	121.7	0.8
Unemployment (000)	41.5	37.9	9.5
Not in Labour Force (000)	324.2	313.0	3.6
			POINT CHANGE
Unemployment Rate (%)	6.2	5.6	0.6
Participation Rate (%)	67.5	68.3	-0.8
Employment Rate (%)	63.4	64.5	-1.1

Canada	2016	2015	% Change
Population – 15 Years or Older (000)	29,587.0	29,279.8	1.0
Labour Force (000)	19,443.0	19,280.5	0.8
Employment (000)	18,083.1	17,949.2	0.7
Full-time Employment (000)	14,610.9	14,559.6	0.4
Part-time Employment (000)	3,472.2	3,389.6	2.4
Unemployment (000)	1,359.9	1,331.3	2.1
Not in Labour Force (000)	10,144.1	9,999.3	1.4
			POINT CHANGE
Unemployment Rate (%)	7.0	6.9	0.1
Participation Rate (%)	65.7	65.9	-0.2
Employment Rate (%)	61.1	61.3	-0.2

SOURCE: STATISTICS CANADA

REAL ESTATE INDICATORS

Building Permit Values: Winnipeg (\$ Millions)	2016	2015	% Change
Total Residential and Nonresidential	\$2,001.4	\$1,596.0	25.4
Residential	\$997.4	\$974.0	2.4
Single-Family	\$611.0	\$512.0	19.3
Multi-Family	\$386.3	\$462.0	-16.4
Nonresidential	\$1,004.0	\$622.0	61.4
Industrial	\$191.7	\$51.1	274.9
Commercial	\$588.7	\$390.1	50.8
Institutional and Governmental	\$224.2	\$180.8	24.0

SOURCE: STATISTICS CANADA

Housing Activity: Winnipeg Residential Market	2016	2015	% Change
MLS Average Residential Price (Single-Family Detached)	\$302,727	274,933	10.1
MLS Residential Unit Sales	13,632	12,897	5.7
MLS Dollar Volume (\$ Millions)	\$3,766	\$3,507	7.4

SOURCE: STATISTICS CANADA, WINNIPEGREALTORS®

Winnipeg Office Market: Net Rental Rate	2016	2015	% Change
Class A Office Space (Downtown)	\$20.26	\$19.93	1.7
Class B Office Space	\$14.51	\$14.08	3.1
Class C Office Space	\$11.09	\$11.18	-0.8
Total	\$13.36	\$13.22	1.1

Winnipeg Office Market: Overall Vacancy Rate (%)	2016	2015	Point Change
Class A Office Space (Downtown)	4.6	4.8	-0.2
Class B Office Space	7.0	9.1	-2.1
Class C Office Space	9.5	11.0	-1.5
Total	7.4	8.9	-1.5

SOURCE: CUSHMAN & WAKEFIELD

OTHER INDICATORS

Manufacturing Shipments (\$ Millions)	2016	2015	% Change
Canada	\$51,219.1	\$50,693.6	1.0
Manitoba	\$1,446.8	\$1,429.7	1.2

SOURCE: STATISTICS CANADA

Retail Trade (\$ Millions)	2016	2015	% Change
Canada	\$44,379.4	\$42,781.9	3.7
Manitoba	\$1,595.2	\$1,524.8	4.6

SOURCE: STATISTICS CANADA

Merchandise Exports (\$ Millions)	2016	2015	% Change
Canada	\$521,371.8	\$524,940.3	-0.7
Manitoba	\$13,437.2	\$13,723.7	-2.1

SOURCE: STATISTICS CANADA (BALANCE OF PAYMENTS BASIS), MANITOBA BUREAU OF STATISTICS

Winnipeg Bankruptcies	2016	2015	% Change
Consumers	913	774	18.0
Businesses	12	11	9.1

SOURCE: INDUSTRY CANADA

Average Weekly Earnings	2016	2015	% Change
Canada	\$956	\$952	0.5
Manitoba	\$889	\$880	1.0

SOURCE: STATISTICS CANADA

Consumer Price Index	2016	2015	% Change
Canada - All Items	128.4	126.6	1.8
Winnipeg - All Items	128.1	126.6	1.5

SOURCE: STATISTICS CANADA

Financial (YTD Average)	2016	2015	% Change
Exchange Rate (\$CAD in \$USD)	0.76	0.78	-2.6
			POINT CHANGE
Prime Rate (%)	2.7	2.8	-0.1
10-Year Benchmark Bond Yield (%)	1.3	1.5	-0.2

SOURCE: BANK OF CANADA

Airport Passenger Volumes	2016	2015	% Change
Total Enplaned and Deplaned Passengers	4,016,643	3,778,036	6.3

SOURCE: WINNIPEG AIRPORTS AUTHORITY

Credit Rating - Winnipeg	2016
Standard & Poor's	AA
Moody's Investors Services	Aa2