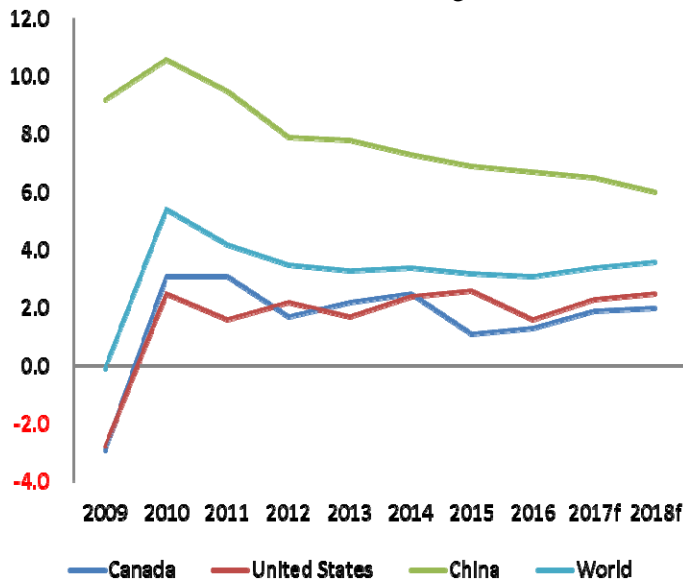


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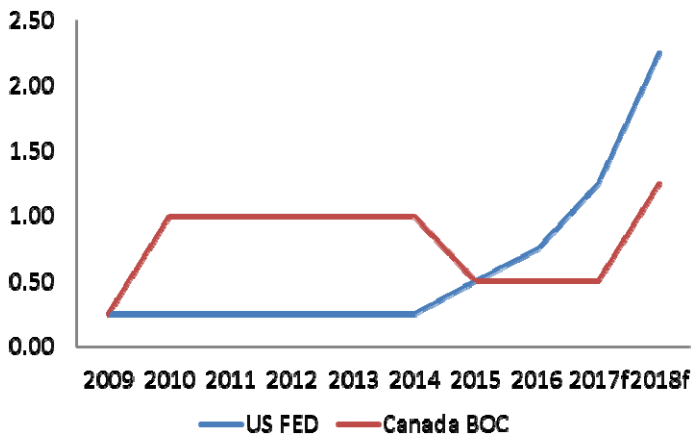
Macroeconomic Indicators & Forecast

1) Global Growth – Real GDP % Change¹



- Overall, the GDP growth outlook for advanced economies has improved for 2017 and 2018, reflecting stronger activity in the latter half of 2016.
- In 2016 Canada registered GDP growth of 1.3% as oil and other commodity prices continued their rebound.
- The new U.S. administration’s proposed economic and trade policies present a range of possible outcomes for future global GDP growth.
- The U.S. economy is expected to improve and grow by 2.3% and 2.5% in 2017 and 2018, aided by government infrastructure spending and rising domestic debt. Canada’s GDP growth projections for 2017 and 2018 are 1.9% and 2.0%, respectively.
- China’s economy is expected to expand by 6.5% and 6% in 2017 and 2018 while the forecasted world GDP growth is 3.4% and 3.6% over the same period.

2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year-End²

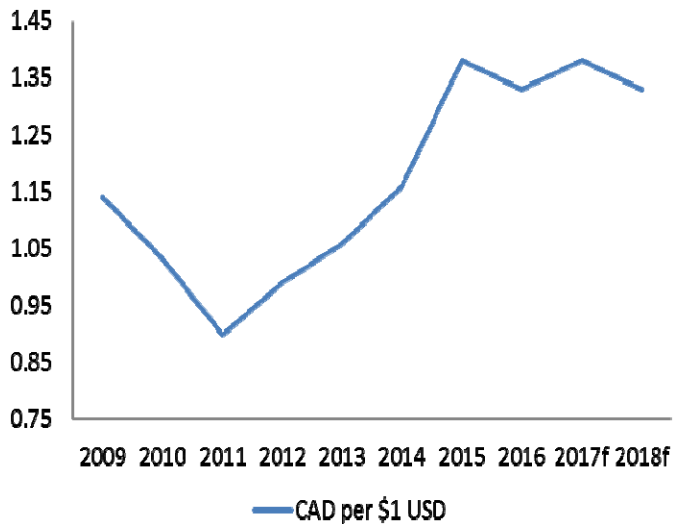


- The U.S. Federal Reserve interest rate was increased to 0.75% at the end of 2016, spurred by confidence in the country’s continued economic recovery.
- Forecasted U.S. rates have been revised upward dramatically since the outcome of the federal election, to 1.25% in 2017 and 2.25% in 2018. This corresponds with the Fed’s policies to combat excessive inflation that a proposed substantial fiscal stimulus program could cause.
- Reflecting lower than anticipated inflation in the 4th quarter and continued uncertainty about the global outlook, the Bank of Canada maintained its overnight target rate at 0.5%. This rate is expected to be maintained throughout 2017 and phased up to 1.25% by the end of 2018.

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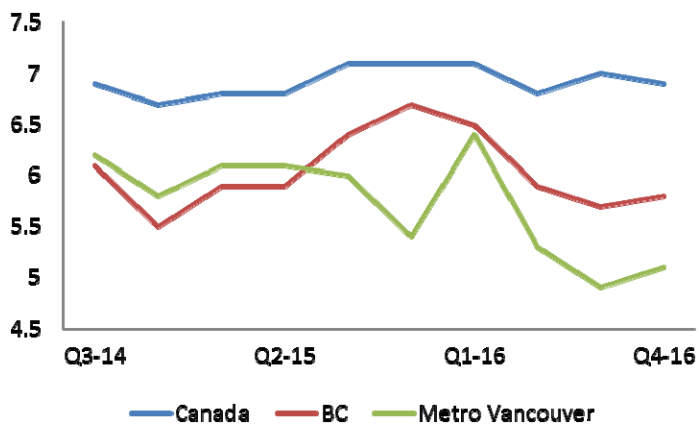
3) Exchange Rates – USD/CAD at Year-End³



- It's predicted that the incoming U.S. administration's economic agenda will further appreciate its currency against the Canadian dollar, pushing it up to 1.38 CAD per \$1 USD in 2017.
- Longer term projections remain stable over current levels, with the exchange rate anticipated to close 2018 at 1.3 CAD per \$1 USD.
- A relatively weaker Canadian dollar could continue to benefit domestic exporters of goods and services, as well as sectors closely associated with exchange rate fluctuations, such as film, technology and tourism.

Regional & Local Economic Activity Indicators

4) Unemployment⁴

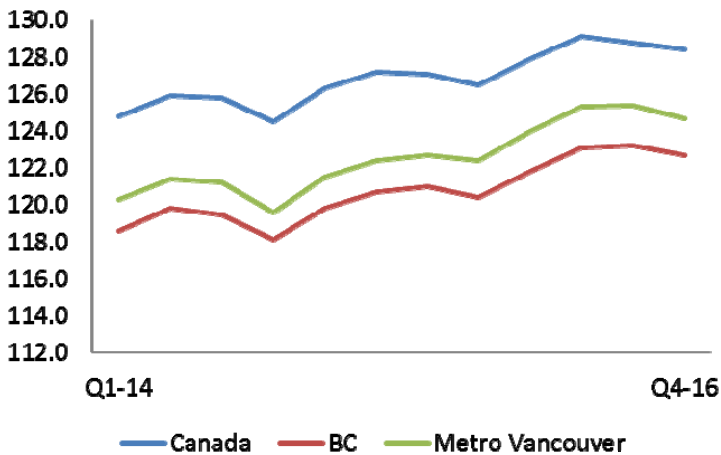


- 2016 saw employment gains throughout Metro Vancouver, B.C., and Canada.
- At year end, Canada's unemployment rate had increased by 3% over the previous year, ending at 6.9%.
- Despite seeing slight increases to unemployment towards the end of 2016, the overall unemployment rate had dropped year over year by 6.5% in B.C. and by 5.6% in Metro Vancouver.
- At year end, the unemployment rate was a low 5.8% in B.C. and 5.1% in Metro Vancouver.
- The employment gains in the Metro Vancouver region helped maintain B.C. as the province with the lowest unemployment rate in 2016.

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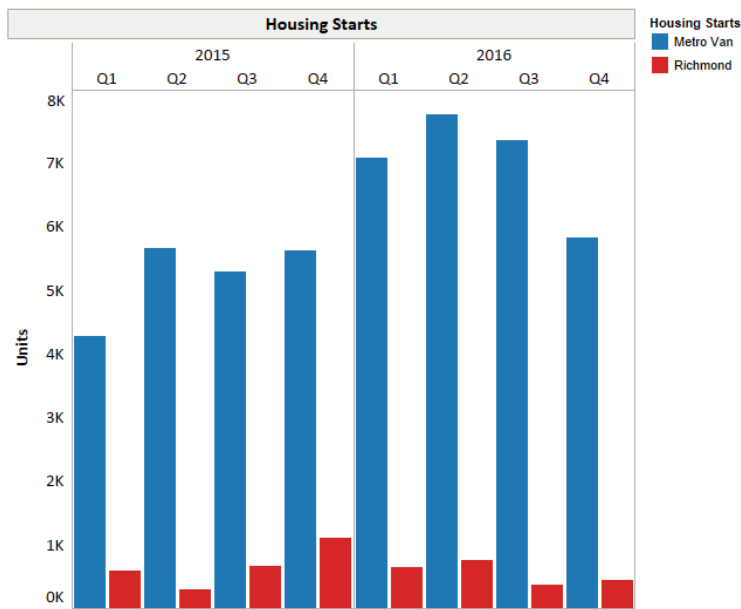
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5) Consumer Price Index (CPI – 2002=100)



- The price of oil rose in the last quarter of 2016 as OPEC countries agreed to cut back on supply, leading to rising costs for energy and consumer goods.
- The corresponding increases in the Consumer Price Index were balanced by lower costs of groceries and other goods.
- Overall, the annual inflation rate for 2016 rose by 1.5% in Canada, 1.9% in B.C. and 1.9% in Metro Vancouver.

6) Housing Starts⁵



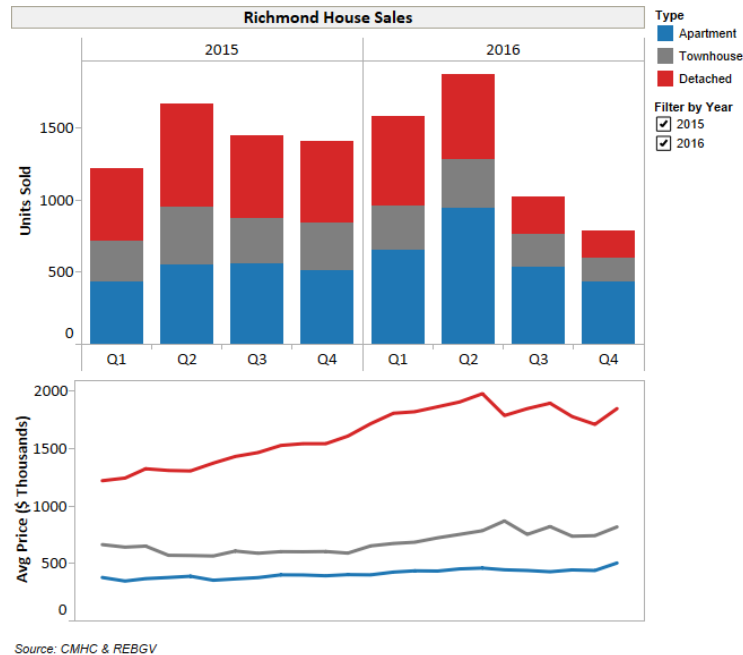
Source: City of Richmond

- 2016 was a very strong year for housing starts in the region; Metro Vancouver registered 28,016 housing starts – a 34% increase over 2015.
- Richmond housing starts cooled off in the second half of 2016 after a historically high surge of new home construction in 2015 and the first part of 2016.
- 2,215 housing starts occurred in Richmond throughout 2016, which is a decline of 20% over 2015 levels. Despite the decline (attributed to market adjustments as a result of the 15% Provincial foreign ownership tax), Richmond had the fourth largest number of starts out of Metro Vancouver communities.

Quarterly Report and Forecast – Q4-2016

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7) Richmond House Sales and Prices⁶



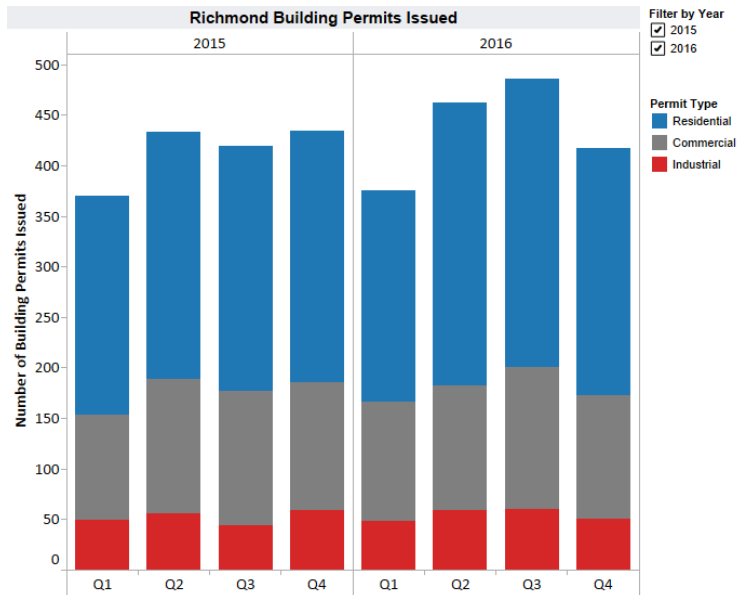
Source: CMHC & REBGV

- Home sales continued to drop throughout Richmond and Metro Vancouver in Q4 2016 following the implementation of a 15% foreign home buyer tax introduced in B.C. last August.
- The greatest impact was seen in the detached and townhouse categories, where the volume of home sales dropped by 30% and 23% over the previous year. Meanwhile, the number of apartment sales increased by 24% year over year, buoyed by high sales volumes in the first half of 2016.
- Despite dropping initially following the foreign home buyer tax implementation, the average price of detached homes and townhouses continued to bounce back in Q4, ending the year very close to Q3 prices. Apartment prices showed the greatest signs of recovery from the market adjustment and surpassed Q3 prices by 17.8%.
- Average home prices at the end of 2016 were \$1,847,000 for a detached home, \$818,000 for a townhouse and \$504,000 for an apartment. This represents an overall year over year increase of 14.9% for detached homes, 38.6% for townhouses, and 25.1% for apartments.

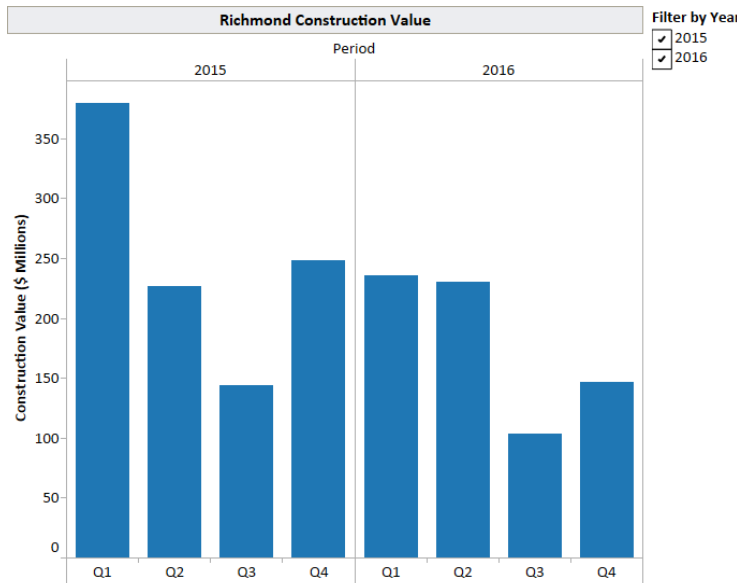
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8) Building Permits – Richmond⁷



Source: City of Richmond



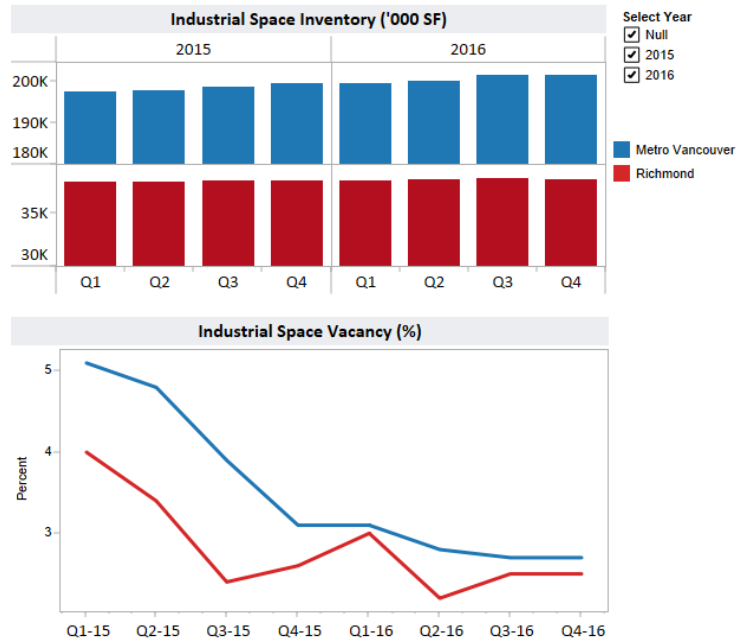
Source: City of Richmond

- The number of building permits issued in Richmond throughout Q4 2016 decreased by 3.9% over the same period last year. Industrial building permits saw the biggest decline at 15.3%.
- Throughout 2016, however, building permit activity increased across all categories - by an average of 5.1%.
- Residential drove this increase as new multi-family projects in the City Centre continue to move along the development cycle.
- The number of residential building permits issued was up by 7% in 2016 over the previous year while commercial permits increased by 1.6% and industrial permits were up overall by 4.3%.
- The total building permit value of new construction in 2016 was approximately \$715 million, the third highest year in Richmond's history.

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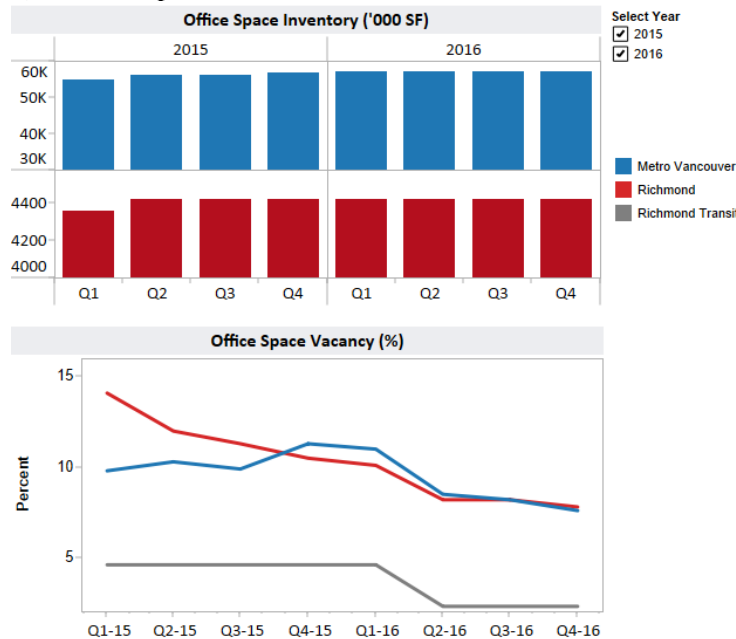
9) Commercial Space⁸ a) Industrial Space



Source: Cushman & Wakefield

- Despite a net addition of 81,000 square feet of industrial space in Richmond over the same period last year, high absorption has kept the vacancy rate at a low 2.5%.
- With a region-wide vacancy rate of just 2.7%, Metro Vancouver faces an acute shortage of industrial space and a difficulty in accommodating large users.
- Film productions benefiting from a low Canadian dollar and government incentives, as well as other non-industrial uses (such as indoor recreation) are absorbing a fair amount of space throughout Metro Vancouver.

b) Office Space



Source: Cushman & Wakefield

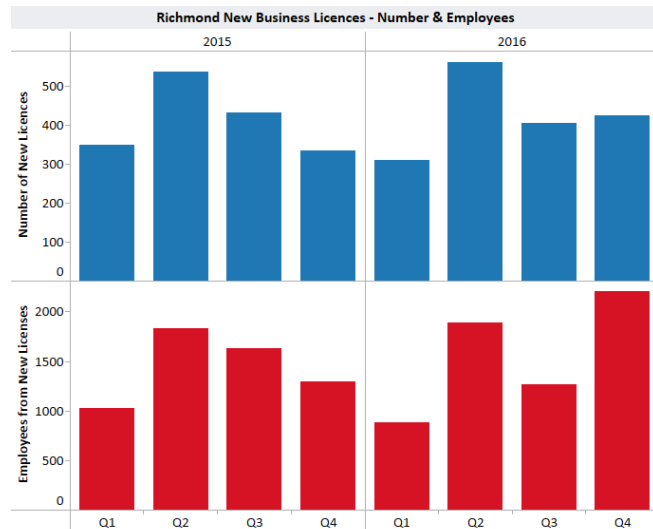
- Richmond’s office vacancy rate continued its steady decline, ending 2016 at 8.2%, a decrease of 2.7 percentage points over the same period last year.
- Despite multiple projects currently in the proposal stage, there has been no significant new non-stratified office space added in Richmond since 2008.
- Metro Vancouver saw office inventory increase only slightly, by 0.1%, in Q4 2016 over Q4 2015. The regional office vacancy rate dropped to 7.6% from 11.3% over this same period.
- Demand for office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts.
- At 2.3%, Richmond’s transit-oriented vacancy rate is the lowest of Metro Vancouver communities and well below the overall Metro Vancouver rate of 13.6%.

Quarterly Report and Forecast – Q4-2016

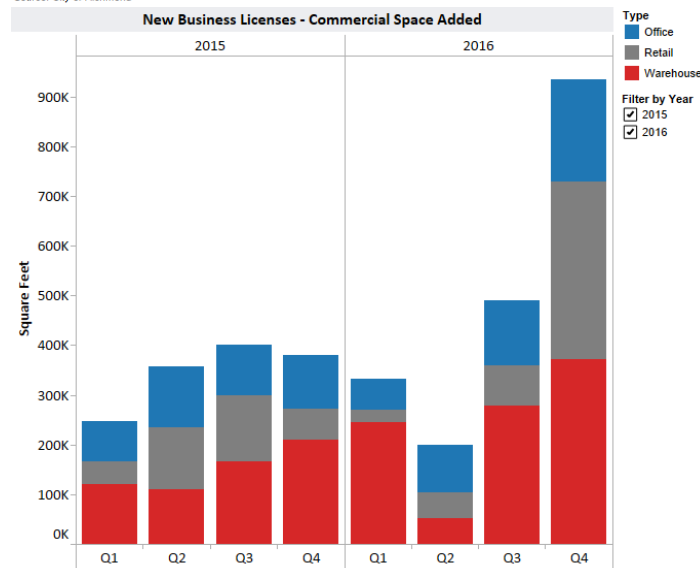
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10) Business Growth – Richmond⁹

a) Total Valid Business Licenses & New Business Licenses Issued



Source: City of Richmond



Source: City of Richmond

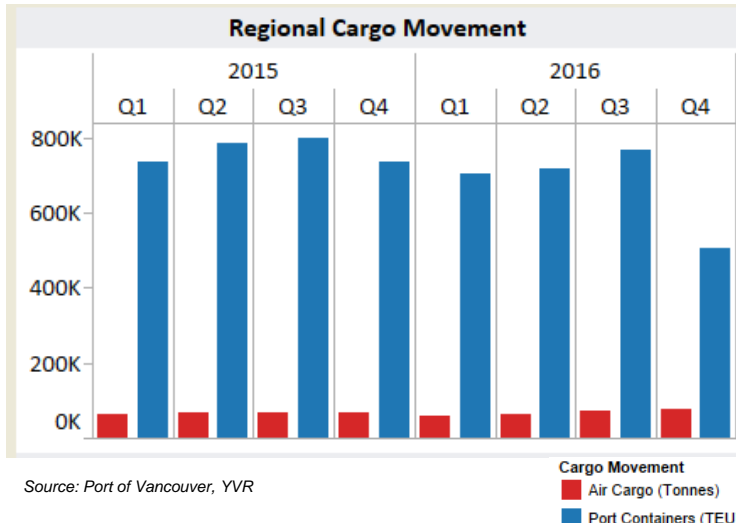
- 1,695 new City of Richmond business licenses were issued throughout 2016, an increase of 2.9% over 2015.
- The addition of 6,238 local jobs and almost 2 million square feet of commercial space absorption were attributed to these new businesses.
- Almost half of commercial space absorption was tied to the industrial sector.
- 948,000 square feet of industrial space was tied to new business license activity throughout 2016 while 513,000 square feet of retail and 497,000 square feet of office space was absorbed.
- The last quarter of 2016 saw a spike in retail space absorption and new jobs added due to the opening of “The Central at Garden City,” a shopping center anchored by Walmart.
- Large warehouse and distribution space continues to be in high demand as Richmond expands its role as a logistics center for regional and export markets.
- In 2016, there were a total of 13,253 valid business licenses issued in Richmond. This number is down by 8.3% over 2015 levels.

Quarterly Report and Forecast – Q4-2016

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11) Goods and People Movement

a. Regional Cargo Movement¹⁰



**December 2016 Port Container figures are not yet available; Q4 data for 2016 includes October and November only.*

- The second half of 2016 was strong for air cargo volumes at YVR, with a 9.8% increase in Q4 2016 over the same period last year. Overall, annual figures increased by 0.3% over 2015 levels.
- Container movement at the Port of Vancouver dropped by 1% in October and November over the same period last year, the fourth consecutive period registering a decline in port activity. Overall year-to-date cargo movements were down by 4.9% over 2015 levels.
- Local cargo activity reflects a slowing down of global trade overall partly due to increasing political uncertainty and a tightening of trade liberalization policy.

b. Airport Passengers¹¹

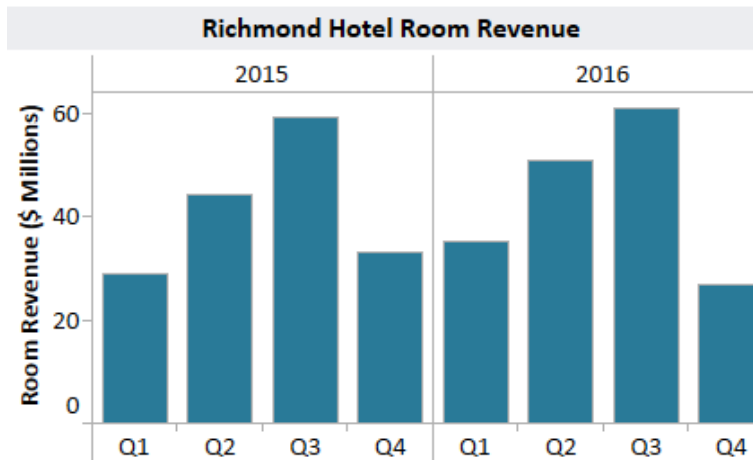


- 2016 ended strongly for Vancouver International Airport (YVR), with 15% more passengers than in the last quarter of 2015.
- Overall 22.3 million passengers flew through YVR in 2016, surpassing a record breaking 2015 by nearly 11%.
- New international airlines and routes are leading this growth. Recent service has been added to Brisbane (Australia), Dublin (Ireland), and New Delhi (India).
- YVR continues to expand its route offerings to China, with recent additions to Nanjing, Xiamen, Zhengzhou and Hangzhou.

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c. Richmond Hotel Room Revenue¹²



Source: City of Richmond

**December 2016 hotel room revenue figures are not yet available; Q4 data for 2016 includes October and November only.*

- The tourism industry continues to benefit from a weaker Canadian dollar, and has so far climbed by 11.9% year-to-date over 2015, as measured by total room revenue for Richmond hotels.
- \$174 million dollars of hotel room revenue was earned in Richmond from January through to the end of November, 2016.
- Richmond's hotel occupancy rate closed at 74% in November, and 83% overall year to date - this is the highest in B.C. and continues to be among the highest in Canada. The YTD occupancy rate for Richmond accommodation providers grew by 2.7 percentage points over the same period (January – November) last year.

List of Sources (last accessed November 7, 2016)

- ¹ International Monetary Fund, World Economic Outlook (September 2016)
- ² US Federal Reserve, Bank of Canada and Royal Bank Research
- ³ Bank of Canada, Monetary Policy Report (September 2016)
- ⁴ Statistics Canada
- ⁵ BC Statistics
- ⁶ Real Estate Board of Greater Vancouver
- ⁷ City of Richmond Building Permits
- ⁸ Cushman & Wakefield Office and Industrial Market Beat Reports
- ⁹ City of Richmond Business Licenses
- ¹⁰ Port of Vancouver Monthly Cargo Statistics
- ¹¹ YVR Monthly Statistics
- ¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC

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Macroeconomic Indicators & Forecast

1) Real GDP - % Change	2015	2016	Change	2017f	2018f
Canada	1.1	1.3	18.2%	1.9	2.0
United States	2.6	1.6	-38.5%	2.3	2.5
China	6.9	6.7	-2.9%	6.5	6.0
World	3.2	3.1	-3.1%	3.4	3.6
2) Interest Rates (at YE)	2015	2016	Change	2017f	2018f
Bank of Canada	0.50	0.5	0.0%	0.50	1.25
US FED	0.50	0.75	50.0%	1.25	2.25
3) Exchange Rate (at YE)	2015	2016	Change	2017f	2018f
CAD per \$1 USD	1.38	1.33	-3.6%	1.38	1.33

Regional and Local Market Indicators

4) Unemployment (%)	Q4-2016	Q3-2016	Change	Q4-2015	Change	
Canada	6.9	7	-1.4%	7.1	-2.8%	
BC	5.8	5.7	1.8%	6.7	-13.4%	
Metro Vancouver	5.1	4.9	4.1%	6.4	-20.3%	
5) CPI (2002=100)	Q4-2016	Q3-2016	Change	Q4-2015	Change	
Canada	128.4	128.8	-0.3%	126.5	1.5%	
BC	122.7	123.2	-0.4%	120.4	1.9%	
Metro Vancouver	124.7	125.4	-0.6%	122.4	1.9%	
6) Housing Starts (Units)	Q4-2016	Q4-2015	Change	YTD-2016	YTD-2015	Change
Starts - Metro Vancouver	5818	5627	3.4%	28016	20863	34.3%
Starts - Richmond	450	1106	-59.3%	2215	2657	-16.6%
7) Richmond Residential Sales Activity	Q4-2016	Q4-2015	Change	YTD-2016	YTD-2015	Change
Sales - Detached	185	563	-67.1%	1660	2367	-29.9%
Sales - Townhouse	170	332	-48.8%	1043	1361	-23.4%
Sales - Apartment	431	512	-15.8%	2560	2058	24.4%
Sales Total/Average Change	786	1407	-44.1%	5263	5786	-9.0%
Average Price - Detached (\$ at QE)	1847000	1240000	49.0%	n/a	n/a	n/a
Average Price - Townhouse (\$ at QE)	818000	548000	49.3%	n/a	n/a	n/a
Average Price - Apartment (\$ at QE)	504000	341000	47.8%	n/a	n/a	n/a

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8) Richmond Building Permits	Q4-2016	Q4-2015	Change	YTD-2016	YTD-2015	Change
Building Permits - Residential	244	248	-1.6%	1,018	951	7.0%
Building Permits - Commercial	123	127	-3.1%	505	497	1.6%
Building Permits - Industrial	50	59	-15.3%	217	208	4.3%
Building Permits Total	417	434	-3.9%	1,740	1656	5.1%
Construction Value (\$ million)	146.7	248.5	-41.0%	715.8	998.0	-28.3%

Regional and Local Market Indicators (continued)

9) Commercial Space (at QE)	Richmond			Metro Vancouver		
	Q4-2016	Q4-2015	Change	Q4-2016	Q4-2015	Change
Office Vacancy (%)	7.8	10.5	-25.7%	7.6	11.3	-32.7%
Transit Oriented Office Vacancy (%)	2.3	4.6	-50.0%	13.6	11.2	21.4%
Office Inventory (000 sf)	4419	4419	0.0%	56956	56897	0.1%
Industrial Vacancy (%)	2.5	2.6	-3.8%	2.7	3.1	-12.9%
Industrial Inventory (000 sf)	37994	37913	0.2%	201413	199380	1.0%
10) Richmond Business Growth	Q4-2016	Q4-2015	Change	YTD-2016	YTD-2015	Change
Total Valid Business Licenses	n/a	n/a	n/a	13,253	14351	-8.3%
New Licenses - Number Issued	423	334	26.6%	1695	1647	2.9%
New Licenses - Employees	2200	1295	69.9%	6238	5779	7.9%
New Licenses - Office Added (sf)	206,502	108,652	90.1%	496689	415,267	19.6%
New Licenses - Retail Added (sf)	356,333	62,458	470.5%	513112	366,298	40.1%
New Licenses - Industrial Added (sf)	372,830	209,873	77.6%	948197	604,871	56.8%
Total Space Added (sf) / Average Change	935,665	380,983	145.6%	1,957,998	1,386,436	41.2%
11) Goods & People Movement	Q4-2016	Q4-2015	Change	YTD-2016	YTD-2015	Change
YVR Air Cargo (tones)	74707	68018	9.8%	268191	267471	0.3%
PMV Container Movement (TEUs)*	505193	510090	-1.0%	2691150	2828857	-4.9%
YVR Passengers (million)	5.3	4.6	15.2%	22.3	20.1	10.9%
Richmond Hotel Room Revenue (\$ million)*	26.8	22.9	17.0%	173.8	155.3	11.9%

* -Hotel Room Revenue and PMV Container Movement data to November only

Notes:

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- a) Q indicates quarter-end
- b) YTD indicates year to date

List of Sources:

- 1) *International Monetary Fund, World Economic Outlook April, 2016)*
- 2) *US Federal Reserve, Bank of Canada and Royal Bank Research*
- 3) *Bank of Canada*
- 4) *Statistics Canada*
- 6) *CMHC*
- 7) *Real Estate Board of Greater Vancouver*
- 8) *City of Richmond Building Permits*
Cushman & Wakefield Office and Industrial Market Beat
- 9) *Reports*
- 10) *City of Richmond Business Licenses*
- 11) *YVR & PMV Monthly Cargo Statistics*
YVR Monthly Statistics
City of Richmond Additional Hotel Room Tax Ledger