
DEMOGRAPHY & DEMAND: MANAGING GROWTH AND CHANGE IN THE REAL ESTATE INDUSTRY

The Context for BC and its Regions

Sponsored by the Real Estate Institute of BC

April 2007

URBAN FUTURES
Strategic Research to Manage Change

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Executive Summary

Trends in Canadian demographic growth and change are inevitably pushing Canada towards a period of tighter labour markets relative to the experience of the past two and half decades. The pervasiveness of demographic change, and the magnitude of its potential impact on the Canadian economy, has already become apparent in many provinces as well as in specific sectors within the economy: one consequence is seen in the national unemployment rate, which fell to a 30-year low of 6.3 percent in 2006.

During the mid 1970's the most typical Canadian was 15 years of age, in the midst of high school, with only foggy visions of what they wanted to do once they entered the labour force. Thirty years later, as the leading edge of the post World War II baby boom generation approaches the age of 60 (with fuzzy visions of what they are going to do in retirement), both BC and Alberta reported unemployment rates that were at their lowest points in over three decades (4.8 and 3.4 percent respectively).

Within this context of a growing and changing population, this report considers the potential impacts that labour force change will have on the real estate sector in the province of British Columbia over the next two and half decades. It begins with an overview of how changing demography has, and will continue to, transform the composition of Canadian labour markets. Such change will not only alter the composition of the people working in the real estate sector, population change will also be the predominant driver to growth and change in the demand for real estate services over the coming decades. Together, the changing labour supply and demand perspectives paint a picture of the magnitude of change BC's real estate industry will have to manage over the coming decades.

I. Historical Change in BC's Real Estate Industry

In 2001, there were roughly 52,220 people working in activities related to real estate in the province of BC, 32,620 in the conveyance of real estate and 19,580 in real estate development activities. The single largest age group in each of these sectors consisted of people between the ages of 45 and 54, accounting for 32 percent of people working in the conveyance sector and 33 percent of the development sector. When combined with the older age groups, people over the age of 45 accounted for 59 percent of those working in the conveyance and 54 percent of those in the development sector in BC in 2001. In simply considering the age composition of people working in the industry, issues with respect to the retirement of a large segment of the industry's workforce become prominent. However, given the labour force's inherent mobility, it is necessary to consider changing labour patterns nationally as a backdrop to broad changes within the province and specifically within the real estate industry.

II. National and Provincial Demographic Change

Over the past two and a half decades Canada's population grew by 30 percent, going from 24.8 to 32.5 million residents. Over this period our national population also changed considerably, going from roughly one-third being between the ages of 16 and 35 in 1981 to roughly one-third being between the ages of 40 and 59 today.

The Canadian population is expected to grow by another 6.9 million residents over the coming decades, growing to 39.4 million people by 2031. This 21 percent growth would be associated with average annual growth rates in the range of 0.8 percent which, when considered against historical population growth that average 1.1 percent per annum, would be considered relatively slow.

While growth may be more tempered, change will be more prominent. By 2031 the most significant growth in both absolute and relative terms would be in the population aged 65 years of age and older. Between 2006 and 2031, the 65 and over population is projected to grow by 109 percent – 5.2 times the growth projected for the Canadian population as a whole. The working aged population (those aged 20 to 64) is projected to expand much more slowly, growing by 11 percent, while the school aged population (those under the age of 20) is expected to remain relatively constant between 2006 and 2031.

The past two decades saw a similar pattern of growth and change in BC, with the provincial population growing by 54 percent, increasing from 2.8 million in 1981, passing the three million mark by the mid-1980's, the four million mark by 2000, and reaching 4.30 million today. Between 2006 and 2031 annual growth is projected to average 1.1 percent, which would result in BC's population growing by 30 percent and reaching 5.6 million residents by 2031. The 65 plus population would grow by 126 percent by 2031 – 4.2 times the rate projected for the population as a whole and seven times the rate of the working aged population. The school aged population, by contrast, is projected to grow by four percent, slightly more than at the national level.

III. National and Provincial Labour Force Change

Given a significantly aging population, by 2031, the Canadian labour force is projected grow by 13 percent, adding 2.35 million participants. Annual growth would average 0.5 percent, much slower than what has been experienced over the past two and half decades and below the 1.1 percent annual growth that is projected for Canada's total population. On an age specific basis, the greatest absolute growth in the labour force would be the additional 850,000 participants aged 55 to 64, as the large bulge of the Canadian baby boom generation ages into this pre-retirement stage of the lifecycle.

In British Columbia, the labour force is expected to expand faster than at the national level, growing by 20 percent by 2031, as 474,400 million new participants are added. While the pattern of an aging provincial labour force will in many respects mirror the pattern seen at the national level, 56 percent of the growth in BC's labour force will come from the under-55 population, compared to 44 percent for Canada as a whole.

IV. Changing Housing Demand

Population growth and change in the province will also lead to growing and changing housing markets. Net housing occupancy demand in British Columbia is projected to go from 1.74 million households in 2006 to 2.49 million households by 2031 – a 43 percent increase. Given the strong preference for owner occupancy as we age, demand for owner occupied housing is expected to increase more rapidly (49 percent) than rental accommodation (32 percent). Furthermore, as average annual growth in occupancy demand will be more than 30,000 units each year, the level and composition of growth in demand will remain relatively consistent over the coming three decades. From a demographic perspective, given the projected demand for owner occupied accommodation, the demand for real estate services in BC should be expected to grow by upwards of 43 percent between 2006 and 2031.

V. Projected Change in BC's Real Estate Industry

Based on historical patterns of retirement within the real estate conveyance sector, a total of 14,930 people would retire from this sector by 2031. Similarly, the development sector would see a total net

loss of 10,795 people by 2031. Demographic change within the industry would require both the conveyance and development sectors to recruit significantly more people each year between 2006 and 2031 than they did between 1991 and 2001. However, the coming decades would require this level of recruitment just to *replace* those who retire and maintain the current size of the workforce. Any net growth in demand for real estate services would require levels of recruitment far beyond the levels that have been seen historically.

Based on projected growth in the housing market, the conveyance sector would grow from 41,506 today (2006) to 60,515 people by 2031 in order to fulfill potential demand. Considered alongside with the pattern of retirement expected for this sector, total recruitment would need to be in the range of 1,360 people each year: for every person recruited into this sector to fulfill demand from growth in the industry, another would have to be recruited in order to replace someone who retires. This level of recruitment would be almost six times the 1991 to 2001 average of 232 people per year.

The context for the development sector would be similar with the number of development sector jobs increasing to 32,695 by 2031. Total recruitment into the development sector would therefore need to be in the range of 855 people each year to fulfill potential demand and replace those workers who retire – 640 more people each year than were recruited between 1991 and 2001.

VI. Regional Changes in BC's Real Estate Industry

Given the unique demography of British Columbia's major regions, the unique age composition of their respective labour forces, and the differential pattern of growth and change projected for each region, it is clear that issues relating to managing future changes, both on the demand and the supply side of the real estate industry, will continue in the future and will not be uniformly distributed throughout the province.

While all regions are projected to grow over the coming two and a half decades, some regions –like the Okanagan (35 percent growth) and the Lower Mainland (34 percent) – will grow faster than others – like the North (nine percent) and the Kootenays (15 percent). Change, in the form of an aging population, will also become a more prominent theme in the future, and will characterize the Kootenays' and the North's populations much more than it will the Okanagan's, for example. Furthermore, while these changes will impact the demand side of the real estate industries in these regions, they will have implications for the supply side as well, as retirement will result in workforce attrition in all of British Columbia regions, with some regions, such as the Kootenays, being impacted more than others.

Introduction

Trends in Canada's demography are inevitably pushing the country towards a period of tighter labour markets relative to the experience of the past three decades. The pervasiveness of demographic change, and the magnitude of its potential impact on the Canadian economy, has already become apparent in Canada's western provinces, as well as in specific sectors throughout the economy, with British Columbia, Alberta, Saskatchewan, and Manitoba all having unemployment rates below five percent in 2006. Considering Canada's demography, this situation perhaps should have been expected. During the 1970's, the most typical Canadian was 15 years of age, in the midst of high school, with only foggy visions of what they wanted to do once they entered the labour force; thirty years later both British Columbia and Alberta reported unemployment rates that were also at their lowest points in over three decades.

While the most typical Canadian in 2006 was 43 years old, potentially contemplating early retirement and Freedom 55, the leading edge of the boom generation who turned 60 in 2006 were contemplating foggy visions of what they are going to do in retirement. Clearly, labour related issues are rooted in demography, and while Canada has enjoyed three decades of relative labour force abundance, historical, and projected, changes in Canada's population point to future labour challenges.

As a simple indication of the potential magnitude of the labour challenges we may face, there were only 9.04 million people between the ages of 20 and 39 in 2006 to replace the ten million boomers (Canada's demographic wedge) as it ages into retirement over the next two decades. In addition, there are even fewer people in the preceding generation, with only 7.75 million people under the age of 20 to take their places. Given the picture of Canada's demography, with its ever-shrinking base, the demographic equation for the coming decades is fewer young people, a doubling of the retired population, and constrained labour markets.

Given this context, this report considers the potential impacts that labour force change will have on the real estate sector in the province of British Columbia over the next three decades. It begins with an overview of how changing demography has, and will continue to, transform Canadian labour markets, change expected in the province of BC's labour market and implications for the real estate industry throughout the province.

While influencing the age composition of the people working within the real estate sector, population growth – and changes in its underlying composition – will also be the predominant driver to growth and change in the demand for real estate services over the coming decades. Given the demographic driver to housing demand, a forecast of growth in demand for real estate services in the province of BC over the next three decades is also presented. Finally, the Appendix considers both the supply and demand dimensions for five broad regions throughout the province. Together, these perspectives paint a picture of the real estate industry in the province of BC and how it will need to manage future growth and change.

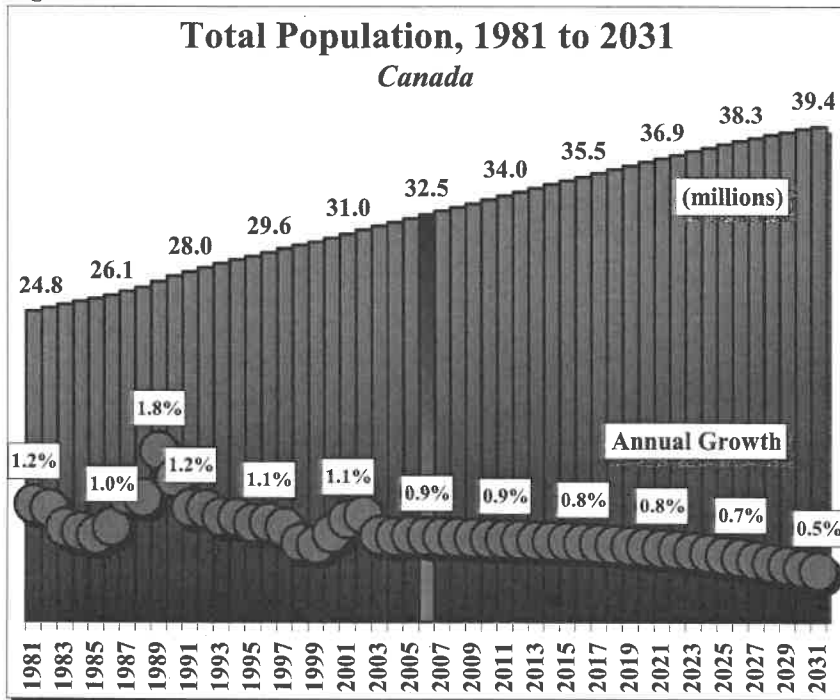
I. The Demographic Context for Change

As one would expect, labour supply is strongly linked to its demography and its change over time. In Canada, the 1960's and 1970's were periods of relatively abundant labour, as the large bulk of the post World War II baby boom generation was entering the peak working stages of the lifecycle. The coming 25 years, by contrast, will see the most typical Canadians (currently in their early to mid 40's) go from a period where an average of 88 percent of the them are active in the labour force to one 25 years from now when an average of only 18 percent of them are participating.

Another important factor to recognize is that people, and therefore workers, are highly mobile. The extent of this mobility is reflected in the pattern of BC's inter-provincial migration that resulted in rapid population growth during the early 1990's (as people from other provinces – specifically Alberta and Ontario – migrated westward), and the late 1990's when the flow moved in the opposite direction towards the strong economies of Alberta and Ontario. In recognizing the demographic ties, and the inherent mobility, of labour, an outlook for how the national population and labour force would grow and change over the coming two and a half decades is the first component to consider in exploring the aspects of change for the real estate industry in British Columbia and its regions.

A. The National Picture of Changing Demography

Figure 1



Over the past two and a half decades Canada added 7.7 million new residents (a 30 percent increase), as its population grew from 24.8 to 32.5 million residents (Figure 1). Population growth over this period saw two cycles of expansion. Beginning with the late-1980's, Canada experienced a surge in population due to immigration, with annual growth rates increasing to 1.8 percent between 1989 and 1990. From this peak annual growth declined, falling to under one percent per annum before the second cycle of growth began in early 2000, albeit towards a peak that would be significantly lower than that seen in the late 1980's. By 2006 national population growth was estimated to have fallen back to just under the one percent mark.

Given trends in natality, mortality, and international migration, Canada is expected to grow by an additional 6.9 million residents (21 percent) between 2006 and 2031, reaching 39.4 million residents by 2031. Average annual growth rates would be in the range of 0.9 percent in the near-term and 0.5 percent over the longer-term which, when considered against historical population growth that ranged between 0.9 and 1.8 percent per year, would be considered relatively conservative. Low and declining fertility rates and the bulk of Canadian females being outside the high fertility stage of the lifecycle will contribute to the relatively slow growth projected in the future.

Figure 2

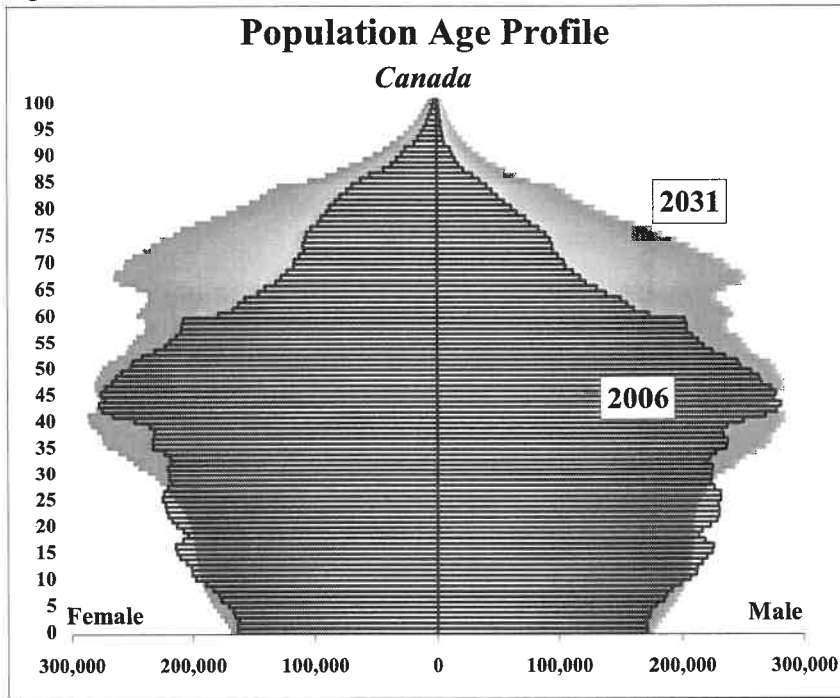
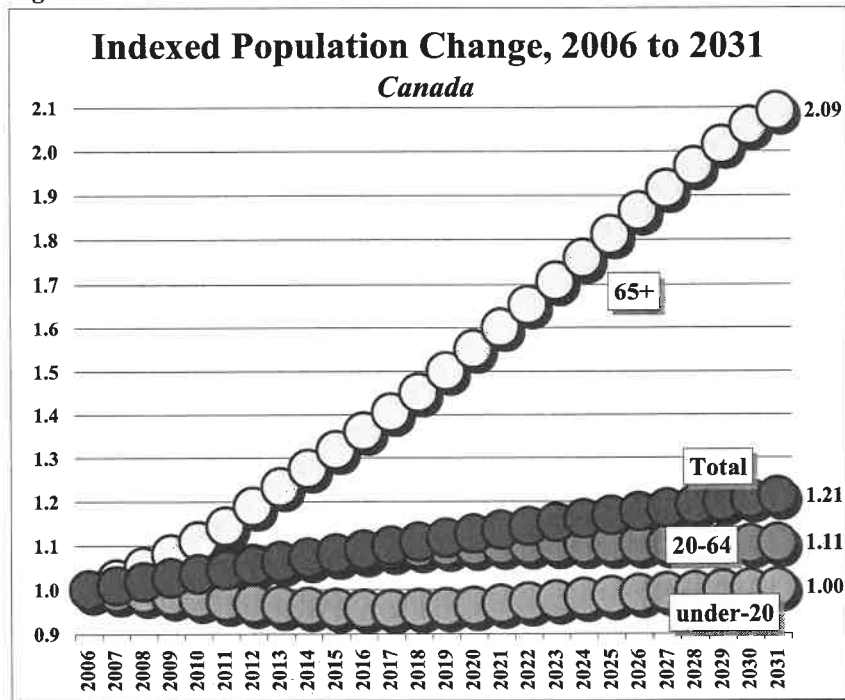


Figure 3



narrows of the base of our age profile will pose. Issues of managing change in our labour force will certainly characterize many sectors of our economy over the coming decades.

While growing relatively slowly in terms of total size, aging will lead to changes in the composition of the Canadian population that will be much more dramatic. Figure 2 shows that while the population under the age of 25 is projected to contract slightly between 2006 and 2031, the over-45 population would expand significantly, largely driven by the aging of the post-World War II baby boom generation. It will be this upward shift in Canada's age profile, relative to its diminishing base, that will result in significant changes to the composition of our labour force in the coming years.

By 2031 the most significant growth in both absolute and relative terms would be in the population aged 65 years of age and older (Figure 3). Between 2006 and 2031, the 65 and over population is projected to grow by 109 percent – 5.2 times the rate projected for the Canadian population as a whole (21 percent). The working-aged population – those aged 20 to 64 – is projected to expand much more slowly, growing by only eleven percent (half that projected for the total population), which means that the retired population would grow at almost ten times the rate of the working-aged population. The school-aged population (those under the age of 20) is expected to only just remain constant over the projection period, again the consequence of low and declining natality rates.

In considering this picture of change it is easy recognize the challenges that significant growth in the number of retirees relative to a

B. The British Columbia Context

Figure 4

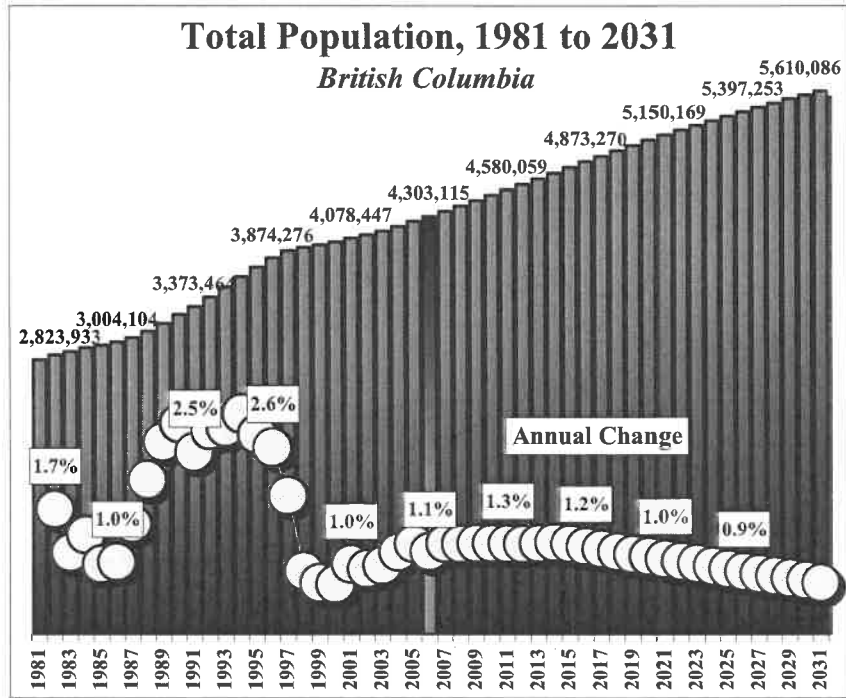
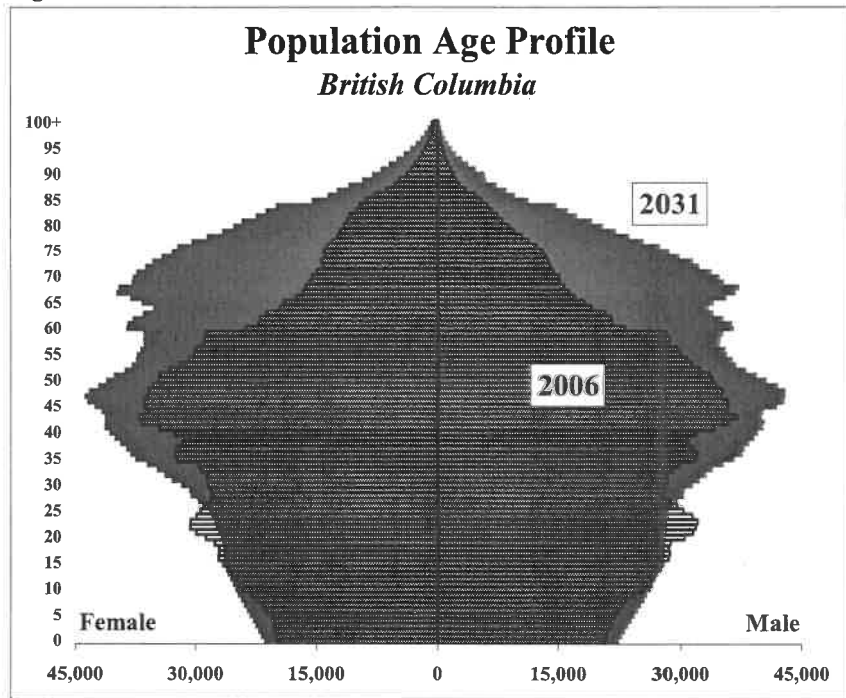


Figure 5



million by 2011, 5.15 million by 2021, and 5.61 million by 2031.

Between 1981 and 2006 British Columbia's population added an average of 59,200 people each year, growing from 2.82 million in 1981, passing the three million mark by 1986, the four million mark as we welcomed the new millennium, and finally reaching 4.30 million today. Over this period the population grew by 52 percent, an average of 1.7 percent per year, compared to 1.1 percent at the national level (Figure 4).

The late 1980's and early 1990's represented a period of rapid population expansion in BC, characterized by a robust provincial economy, economic restructuring in both Alberta and Ontario, and the influence of the political (and economic) restructuring in Asia. Collectively, economic and political factors both domestically and internationally, attracted a large number of migrants to the province over this period.

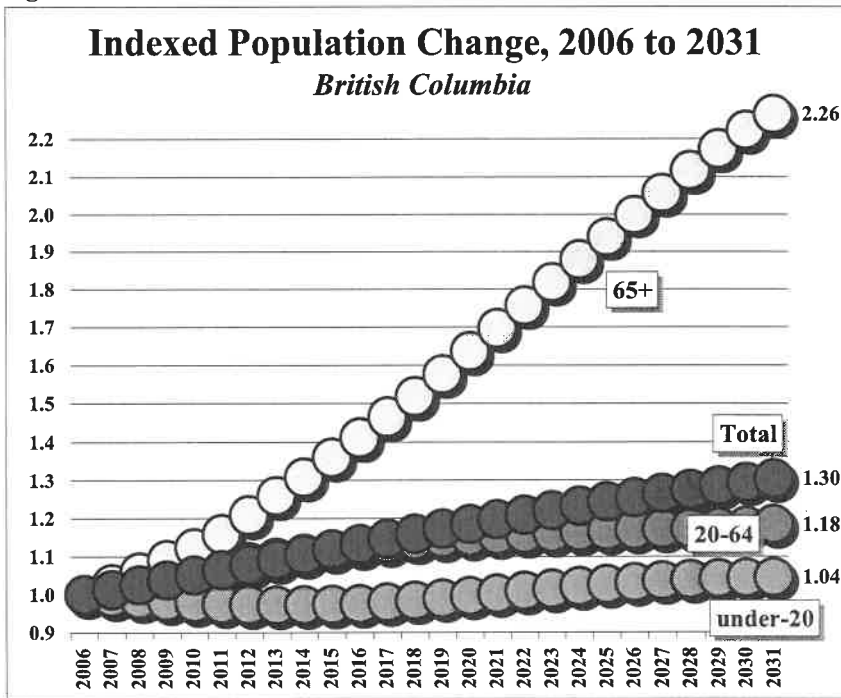
The high levels of growth of the early 1990's did not continue through the late 1990's: the 1997 to 2006 period was characterized by annual growth that fell to its lowest level in two and a half decades. In fact, 1999 to 2000 represented the slowest growth in recent history when the provincial population grew by only 0.7 percent.

Between 2006 and 2031 annual growth is projected to average 1.1 percent, with the province adding an average of 52,400 new residents each year. This projected growth would see BC's population grow by a total of 30 percent, reaching 4.58

British Columbia's current population age profile, with roughly one-third of its population between the ages of 40 and 59, resembles that seen at the national level and in many other countries that experienced a significant increase in natality rates with the end of the Second World War (Figure 5).

As at the national level, time will see the boom generation age into empty nests and retirement, resulting in the 65-plus population experiencing the greatest relative and absolute growth between 2006 and 2031, while the under-20 population would remain relatively constant.

Figure 6



years will have significant implications for anything with a strong lifecycle-related pattern, such as visits to the doctor, the demand for bi-focal lenses or, in the context of this report, labour force participation and housing occupancy demand. The following section outlines the lifecycle of labour force participation and its implications given our changing demography.

More specifically, projections for BC's population show a 65-plus population that would grow by 126 percent by 2031, 4.2 times the rate projected for the population as a whole (30 percent), and seven times the rate of the working-aged population (18 percent, Figure 6). For every senior in the province in 2006 there would be 2.26 by 2036.

The school-aged population in the province is projected to grow slightly faster than at the national level (four percent in BC versus one percent nationally), in part a consequence of a 20 to 64 population that is expected to grow slightly faster provincially (18 versus 11 percent nationally) due to migration.

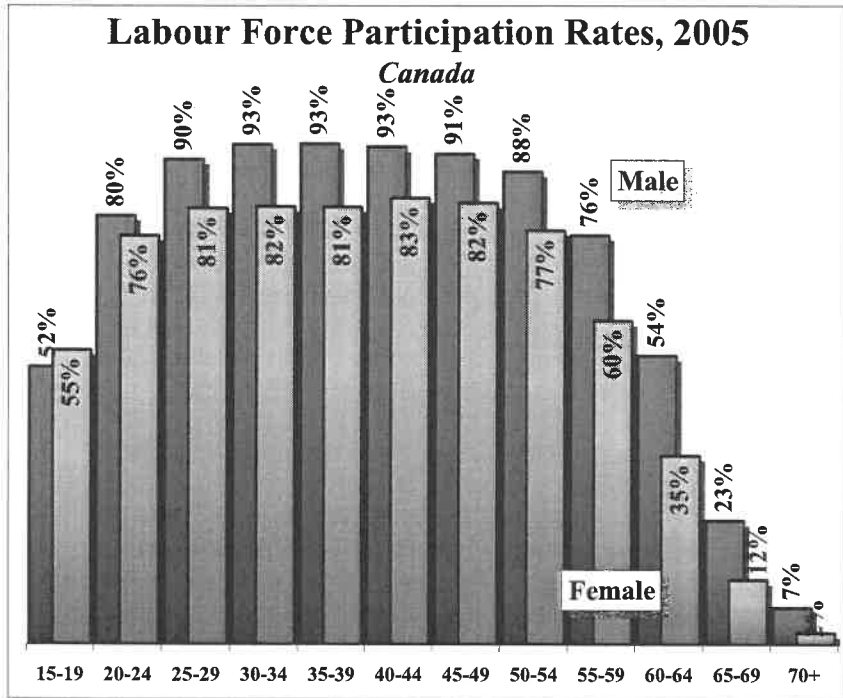
Be it national or provincial in scale, population change over the next 25

II. Labour Force Growth and Change

The first step in forecasting future labour force change is to consider the lifecycle characteristics of labour force participation. From this lifecycle basis, how changing lifestyles have influenced traditional concepts of retirement, and how they may be expected to change in the coming decades, can be used alongside the age specific population projections to project the size and composition of future labour supply.

A. The Pattern of Labour Force Participation

Figure 7



Data from Statistics Canada's Labour Force Survey clearly show the distinct lifecycle pattern of labour force participation (Figure 7). Younger age groups are characterized by significant increases in the percentage of people participating in the workforce as we exit school and begin participating in the labour force. Over this range of the lifecycle participation grows from just over 50 percent for individuals aged 15 to 19 years, to between 81 and 90 percent for those between the ages of 25 and 29 participating.

From these significant increases, rates plateau through the prime working ages of the lifecycle, where upwards of 81 (female) to 93 (male) percent of people actively participate in the labour force.

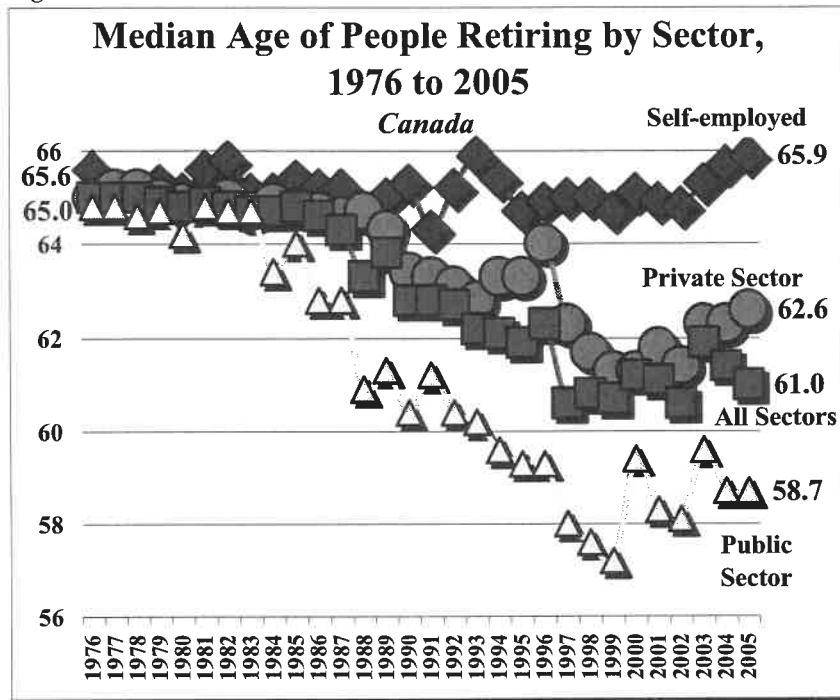
While declining labour force participation begins at the age of 50, more dramatic declines characterize the 55-plus population. These later stages of the lifecycle are accompanied by a steady decline in participation rates, as the empty-nester (or pre-retirement) milestones see rates fall into the 60 to 76 percent range by age 60, and further to between 12 and 23 percent for the 65 to 69 population as mandatory retirement is approached, and to two to seven percent in the 70-plus age group (Figure 7).

Just as the aging of the boom generation into the working stage of the lifecycle saw the labour force grow much more rapidly than total population during the 1960's and 1970's, so too will it have a significant impact in the coming years, as the boom generation ages into the stages of the lifecycle where labour force participation declines.

B. Changing Retirement Patterns

In addition to the lifecycle of labour force participation, other factors that need to be considered are trends in retirement and changing lifestyles. Consider the median age of retirement (the age at which one-half of the people retiring during the year are younger and one-half are older): from 1976 into the mid-1980's, the median age of people retiring declined only marginally, from 65.0 years of age in

Figure 8



1976 to 64.6 a decade later (Figure 8). From this point however, the median age of retirees dropped significantly for over a decade, falling to under 61 years of age by the late 1990's. The past five years have seen the median retirement age stabilize, ranging narrowly between 61.9 years in 2003 and the 60.6 in 2002. It would appear that the increase in 2003 did not reflect a fundamental change in the pattern of retirement, but rather was simply a statistical blip similar to that which occurred in 1996.

Two general conclusions emerge from these data: the first is that changing lifestyles have resulted in significant declines in the median age of retirement since 1976, and the second is that these declines appeared to have reached their

minimum threshold by 1999.

That said, within this general pattern of retirement lie significant differences in retirement by sector of work.¹ The public sector (ranging from government officials to nurses, school teachers, fire fighters and police officers) has essentially led the way in terms of declines in the median age of retirees. The median age of retirement from the public sector remained relatively constant until the early 1980's, when it began a rapid decline from 64.8 years to a median age of 57.2 by 1999, ten percent below its level 15 years earlier. Since 1999 the median age of retirement in the public sector has moved up slightly, to 58.7.

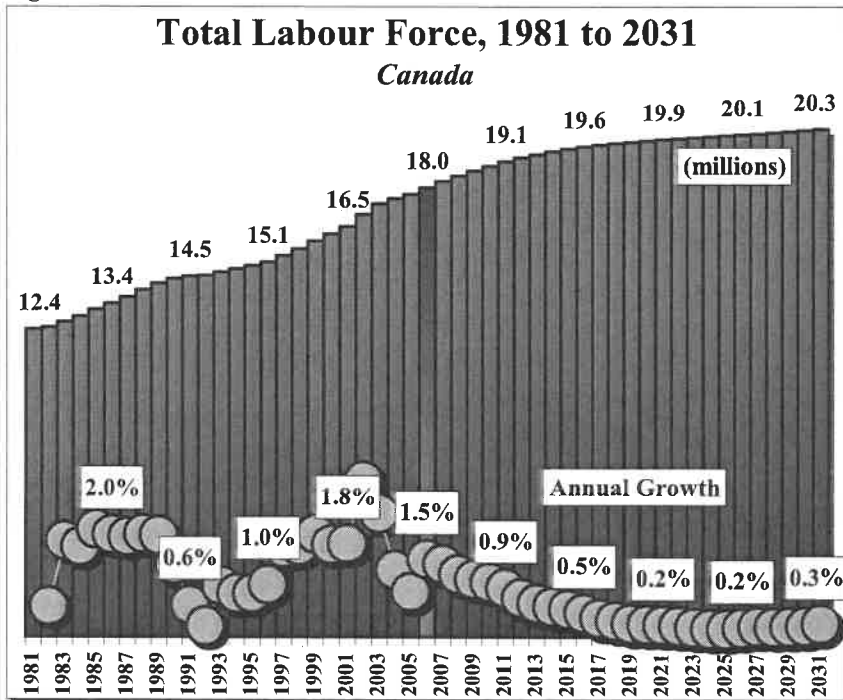
The median age at retirement for people employed in the private sector has generally followed the direction of change seen in the public sector, albeit of a much smaller magnitude. The median age of private sector retirees declined slightly from 65.2 to the 64.2 between 1976 and 1989, before declining to a low of 61.3 in the 1999, edging upwards slightly to 62.6 by 2005.

Contrasting the retirement patterns seen in the public and private sectors has been the retirement pattern of self-employed workers. Between 1981 and 2005, the median age of retirement of the self-employed has remained largely unchanged from the 65 years of age range. While a slight increase has also been seen since 2000, the reality for those who are self-employed is that they are either having so much fun working that they remain in the labour force for between 3.3 and 7.2 years longer than their counterparts in the private and public sectors, respectively, or that they are compelled to keep working while workers in other sectors enjoy the early retirement lifestyles afforded them through employer-sponsored retirement plans.

¹ A note of caution here, however: when examining sector-specific data, variance above that which is embodied in the aggregate retirement data should be expected, given the smaller number of interviews used to generate the data.

C. Growth and Change in Canada's Labour Force, 2006 to 2031

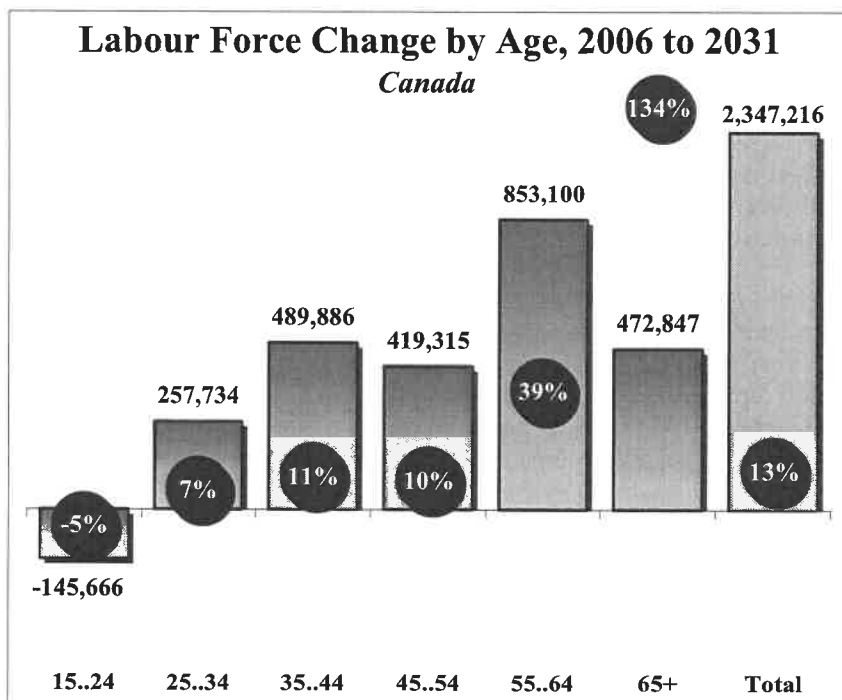
Figure 9



Bases on what are expected to be relatively constant participation of the 15 to 40 population and continued increased of those over the age of 40 in the labour force, changing demography would see the Canadian labour force grow by 13 percent between 2006 and 2031, going from 17.0 million to 20.3 million (Figure 9). Annual growth would average 0.5 percent, much slower than what has been experienced over the past two and a half decades (1.5 percent average annual growth), and below the 0.8 percent annual growth that is projected for Canada's population. By the end of 2031 labour force growth is projected to be in the range of 0.3 percent, rivaling growth rates seen during the national recession of the early 1990's.

While a slowly growing labour force will be one challenge that we will have to manage, a rapidly *changing* labour force, in terms of its demographic composition, will be another. Between 2006 and 2031 the greatest absolute growth in the labour force would be the 853,000-person growth in the 55 to 64 year old segment of the labour force (Figure 10). This growth will be driven by the aging of the

Figure 10



large bulge of the baby boom generation into this pre- and full-retirement stage of the lifecycle. Similarly, it would be the aging of the boom out of the under-55 year old age groups (where they are today) which would result in relatively slow growth in the number of labour force participants between the ages of 25 and 34, 35 and 44, and 45 and 54 which are expected to grow by seven percent (257,700 additional participants), eleven percent (489,900), and ten percent (419,300), respectively.

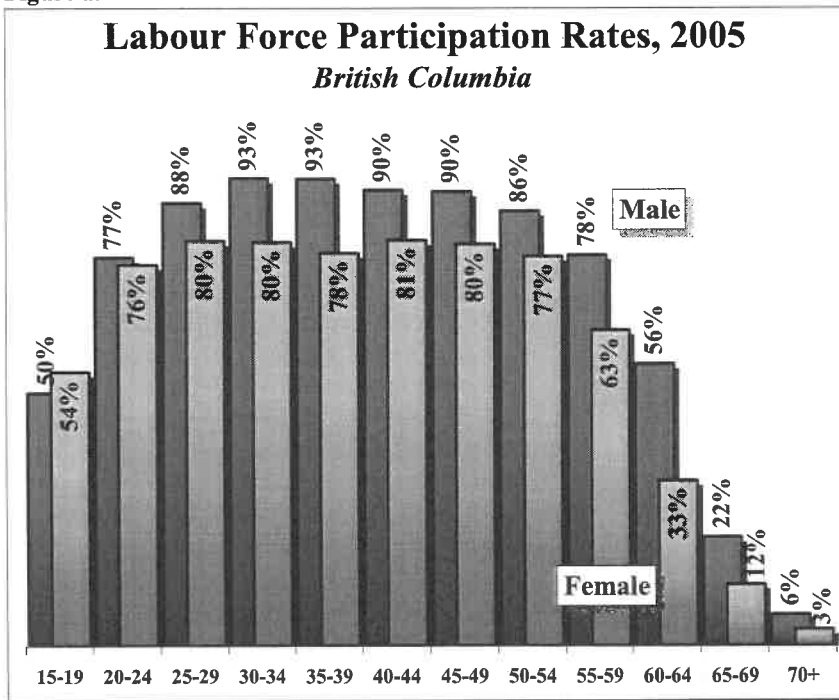
The two other age groups that warrant mention are the oldest and youngest segments of our labour force. The number of participants aged 65 and over is projected to

grow the most on a relative basis (134 percent, adding 472,800 participants) as this segment of the population has historically formed a small proportion of the labour force.

The segment of the labour force aged 15 to 24, by contrast, is projected to see an absolute decline. The five percent (145,700-person) decline in the number of labour force participants between the ages of 15 and 24 would be due in part to the further declines in fertility rates that are expected, and also in part to a continuation relatively stable participation rates as young adults spend more time in post-secondary schooling.

D. Growth and Change in BC's Labour Force, 2006 to 2031

Figure 11



As in Canada as a whole, labour force participation rates in the youngest age group (15 to 19) tend to be relatively low in BC, ranging between 50 and 54 percent in 2005 (Figure 11). From here they increase significantly into the 76 and 77 percent range in the 20 to 34 age group, and then further to 80 percent for females and 88 percent for males in the 25 to 29 age group.

Through the prime working stage of the lifecycle labour force participation rates range between 80 percent and 93 percent, declining to between 77 percent (females) and 86 percent (males) in the 50 to 54 age group.

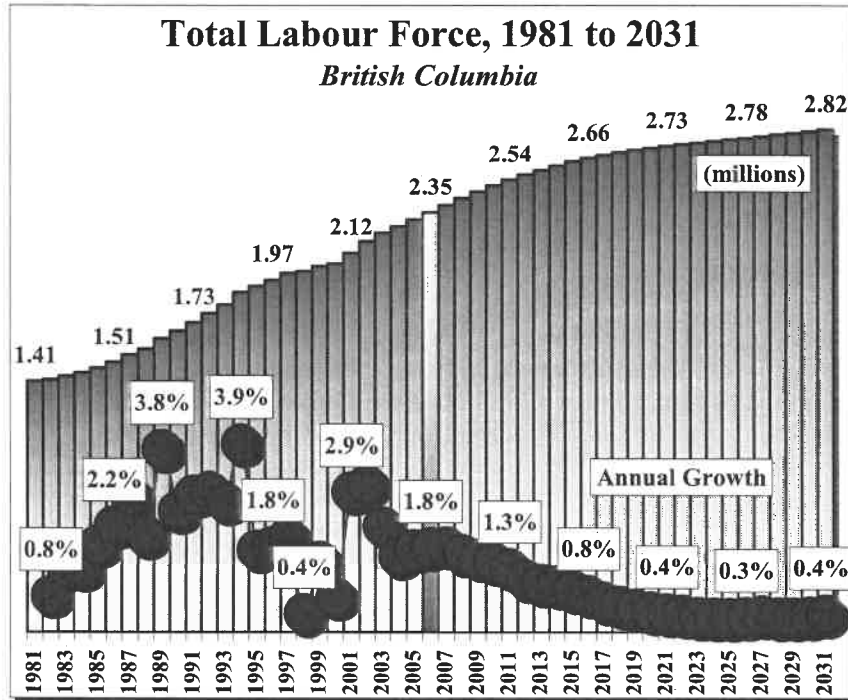
Retirement becoming a possibility for many is reflected in significant declines in participation rates in the 55 to 69 group (falling to between

63 percent and 78 percent), and further to between 33 and 56 percent in the 60 to 64 age group. Predictably, rates are lowest in the 70-plus age groups, where only three percent of females and six percent of males are active in the labour force.

While exhibiting the same general pattern of a slowly growing labour force in the coming decades, BC's labour force is projected to grow more rapidly than the national average, growing by 20 percent, versus the 13 percent growth projected for Canada as a whole. Figure 12 shows changing demography and participation would see BC's labour force grow from 2.35 million today to 2.82 million by 2031, adding 470,000 new participants. Historically BC's labour force grew more rapidly, with future additions to the labour would averaging 18,800 per year compared to the 37,600 added annually over past two and a half decades.

Compared to Canada as a whole, more rapid growth in BC's labour force will be driven by a population that is projected to grow by 30 percent between 2006 and 2031 relative to the 20 percent growth projected nationally. More specifically, while a growing population will play a part in the

Figure 12



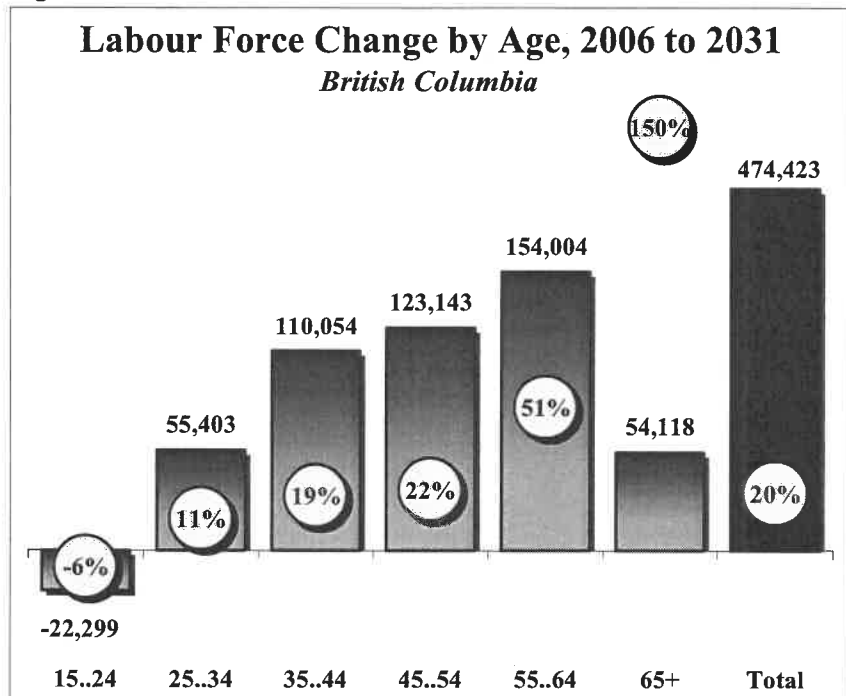
differential rates of labour force growth, BC's labour force will also expand more rapidly due to the age composition of this growth, as young labour force migrants from other provinces and other countries are expected to continue to characterize the migration flow into the province.

Over the coming decades the age specific pattern of labour force growth in BC would generally mirror that seen at the national level, as the number of participants over the age of 55 plus would grow more rapidly than the average, while those under the age of 55 would experience slower growth (Figure 13).

percent growth), while the 65 plus age bracket would add 54,100 participants (a 150 percent increase). Where this pattern differs most from the national level is in the magnitude of growth in the labour force under the age of 55. At the national level these age groups would account for 44 percent of total growth in Canada's labour force, whereas they would account for 56 percent of the growth in the

provincial labour force. Of the under 55 labour force, the greatest growth would be seen in the 45 to 54 age group, as they add over 123,100 people (22 percent growth), followed by those aged 35 to 44 (110,000 additional participants, 19 percent), and those aged 25 to 34 (55,400, eleven percent).

Figure 13



Offsetting these additions would be a decline in the youngest segment of the labour force as the 15 to 24 age group would have 22,300 fewer participants in 2031 versus 2006, equivalent to a six percent decline. Again, more rapid population growth will contribute to faster labour force growth in the province, and the composition of this growth will result in a slightly younger labour force in BC than what is expected nationally.

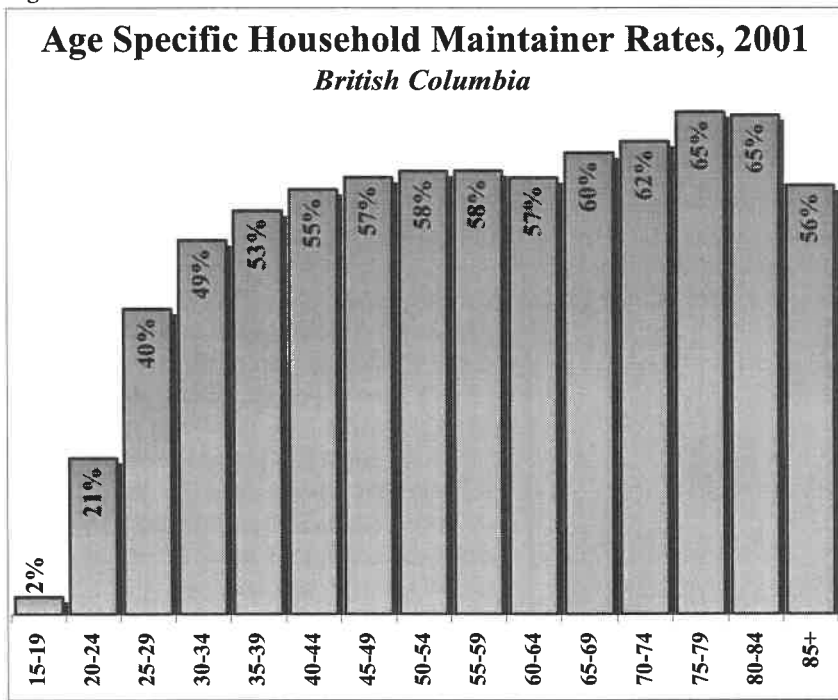
III. Population Growth and Changing Housing Demand

Before considering the potential changes that demography would bring to the face of people working in the real estate industry, it necessary to consider how demography will drive additional demand for real estate services in the province. This section considers how changing demography in the province will impact housing occupancy demand before specific projections of real estate related occupations are presented.

A. The Lifecycle Pattern of Housing Demand

The connection between housing demand and population growth and change is made by examining the percentage of people in each age group that are *household maintainers*. In the Census questionnaire used to gather data on housing, each group of people living together in a dwelling unit (a household) are asked to indicate the age (and other attributes) of the person they consider to be primarily responsible for the financial support of the household. This person is referred to as the (primary) household maintainer: the percentage of people in each age group who are household maintainers is

Figure 14



referred to as the *household maintainer rate*.

There is a strong relationship between age and the propensity to be a household maintainer (Figure 14). The 2001 Census data for British Columbia show that only two percent of the people in the 15 to 19 age group were household maintainers, with the vast majority of people in this age group, and all of those in the 0 to 14 age group, living in households maintained by someone else (typically one or both of their parents). A greater percentage of people in the 20 to 24 age group have left the parental home to establish their own households, with 21 percent of the people in this age group being household maintainers. There is also a significant increase in the rate as people move into the following

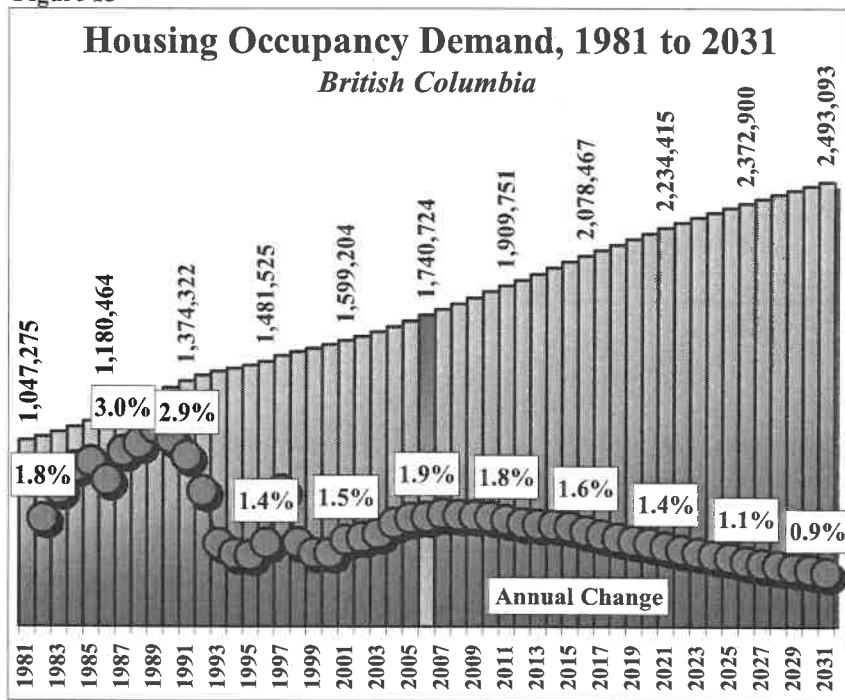
age groups, with 40 percent of the people in the 25 to 29 age group, and almost one-half (49 percent) in the 30 to 34 age group, being household maintainers, each corresponding to the family formation and labour force entry stages of the lifecycle.

In the 35 to 85 plus age groups, more than half of the people are household maintainers, with the share increasing from 53 percent in the 35 to 39 age group to 65 percent in the 75 to 79 and 80 to 84 age groups. From this peak rates decline to 56 percent in the 85 and older age group when a shift is seen from maintaining private households towards collective forms of dwellings such as seniors' care facilities.

When combined with a profile of an aging population, the pattern of household maintainer rates increasing with age has implications for housing demand. As an example, consider 1,000 people between the ages of 15 and 19: only 20 would be households maintainers, given the 20 percent maintainer rate. Five years later, when these 1,000 people had aged into the 20 to 24 age group, they would maintain 220 households, and, in another five years, when they aged into the 25 to 29 age group, they would maintain 410. Over a ten-year period, the occupancy demand from the same 1,000 people would have increased by over 2,000 percent, from 20 units to 410 units. This is what happened in the late 1960's and 1970's as the post World War II baby boom generation moved out of their parents' homes and into their own: between 1966 and 1976, the number of households in British Columbia grew at almost twice the rate of the population (52 percent compared to 31 percent).

B. Housing Growth and Change in BC, 2006 to 2031

Figure 15



The result of combining the age specific lifecycle pattern of housing occupancy with projected demographic change results in net housing occupancy demand in British Columbia growing from 1.74 million households in 2006 to 2.49 million by 2031 (Figure 15). With total housing occupancy demand projected to grow by 43 percent over this period there would need to be over 752,000 more dwelling units added to the housing stock in the province to accommodate the 1.26 million-person growth in population.

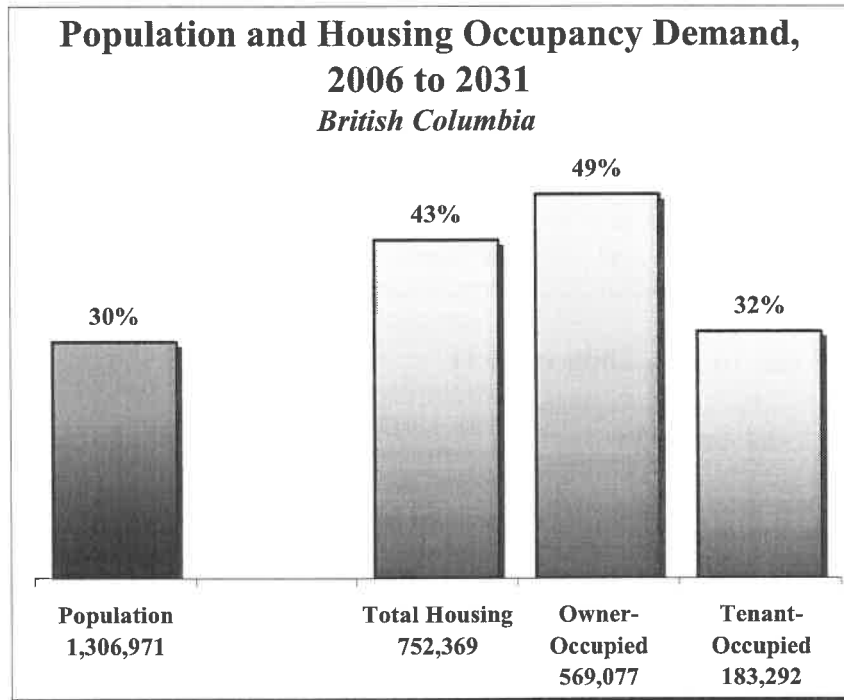
The reason that growth in the demand for housing will exceed that of total population (43 percent growth in demand versus 30 percent growth in total population) is that the 45 and older age groups – those with the highest household

maintainer rates – will grow much faster than the overall population.

Much like the pattern of growth expected for the province's population, annual growth in housing demand is expected to be more moderate between 2006 and 2031 than it has been historically. From current growth in the range of 1.9 percent, longer-term projections are for annual demand to fall to under one percent by the end of 2031.

Not surprisingly, given the strong preference for owner-occupancy as we age, demand for owner-occupied housing will increase faster than demand for rental accommodation, again considering the lifecycle pattern of maintaining a home in different forms of tenure. Between 2006 and 2031, demand for owner-occupied accommodation would increase by 49 percent (569,000 units) versus 32 percent for rentals (183,000 units, Figure 16). Of the 752,000 net additional units between 2006 and 2031, the demand for owner-occupied accommodation would account for three-quarters of this. The demand for rental accommodation will grow more slowly than that of owner-occupancy due mainly to the slower

Figure 16



growth projected for the under-45 population (and in particular for the 20 to 35 age groups) where the propensity to maintain rental accommodation is greatest.

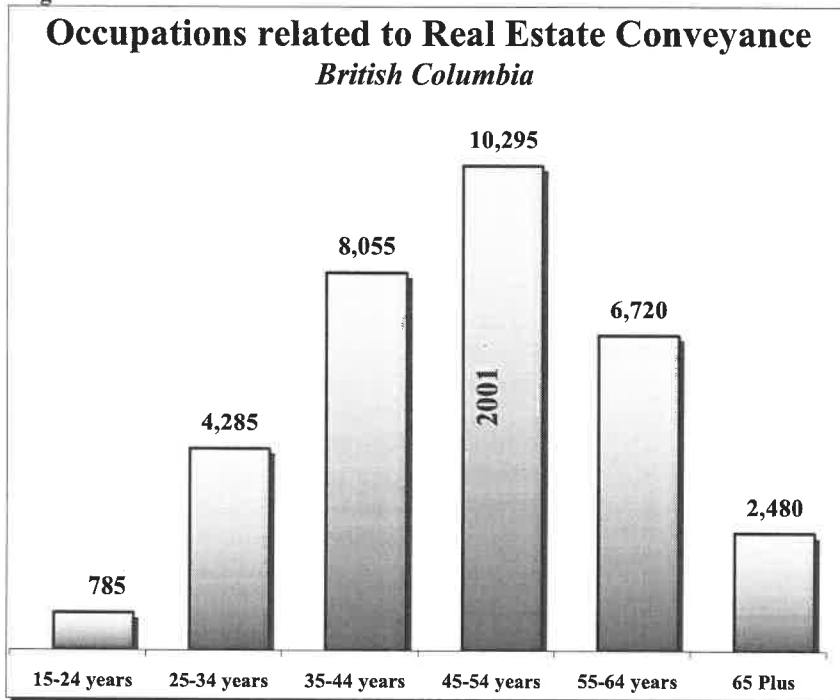
From a demographic perspective, all other things remaining equal, the demand for real estate services in BC should be expected to grow by between 30 and 49 percent between 2006 and 2031. The level and composition of growth in demand will be relatively consistent, with average annual growth of roughly 25,000 net additional units demanded each year. Of this total, approximately three-quarters will be owned units and one-quarter will be rental, with an average of 25,000 new owner occupied units needing to come to the market each year in the province to fulfill potential demand.

IV. Historical Change in BC's Real Estate Occupations, 1991 to 2001

Several challenges exist when trying to consider growth and change in the real estate industry. While many sources exist to track *growth*, few exist that consider details of its demographic *change* over time. Given the breadth of activities related to real estate transactions, it is also difficult to paint a comprehensive picture of the industry as a whole. The Canadian Census provides the most comprehensive data of national and provincial labour markets, outlining the number of workers in various industries and their particular demographic characteristics, every five years. While providing a good snapshot of particular sectors of the real estate industry, such as real estate appraisers, agents and salespersons, or property administrators, the Census does not provide a complete overview of the entire real estate industry.

For the purposes of this analysis, occupations related to the real estate industry have been divided into two broad sectors, the *conveyance* of real estate, or those concerned with administration and intermediation related to property transactions (such as real estate agents, salespersons or appraisers) and those involved in real estate *development* (such as homebuilders and construction managers). Although certain parts of each sector are inevitably missed due to the Census classification of industry activities, these broad sectors provide a good context for the industry as a whole and allow us to assess how demography has changed the industry in past, and could do so over the coming decades. A detailed list of each industry classification has been included in the Appendix.

Figure 17



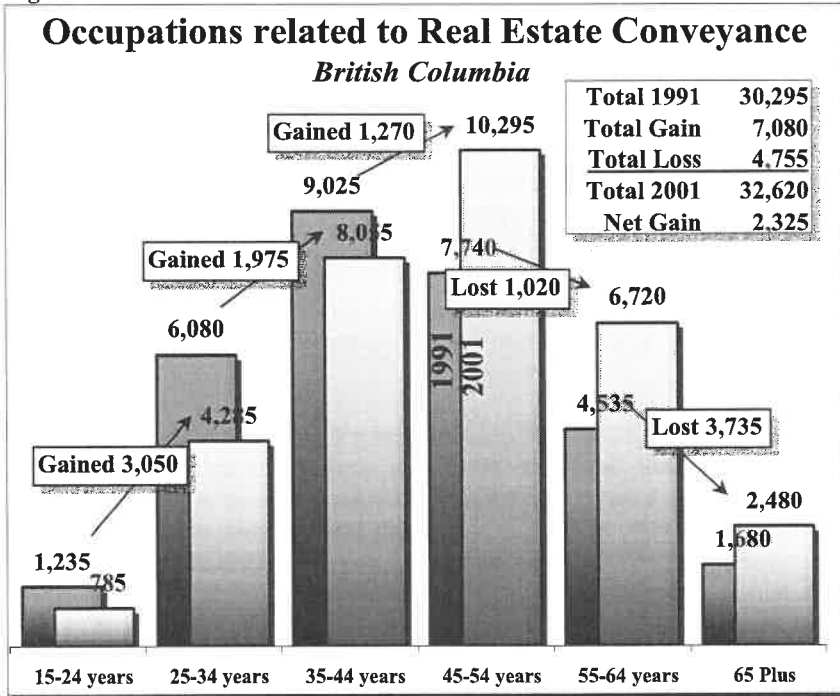
A. The Real Estate Intermediation and Administration Sector

The Census showed that in 2001 there were 33,500 people working in activities related to real estate conveyance in the province of BC. Much like BC's population as a whole, the profile of people working in these occupations exhibits the typical Post World War II Baby Boom profile (Figure 17).

The single largest age group consisted of the 10,585 people between the ages of 45 and 54, which accounted for 32 percent of all people working in the sector. When combined with those between the ages of 55 and 64 and 65 and

older, people over the age of 45 accounted for almost 60 percent of those working in real estate conveyance occupations in the province in 2001. Over the next decade, as those currently between the ages of 55 and 64 reach the traditional retirement milestone, the industry will undergo significant demographic change: 60 percent of the sector will be presented with the opportunity to retire over the next decade.

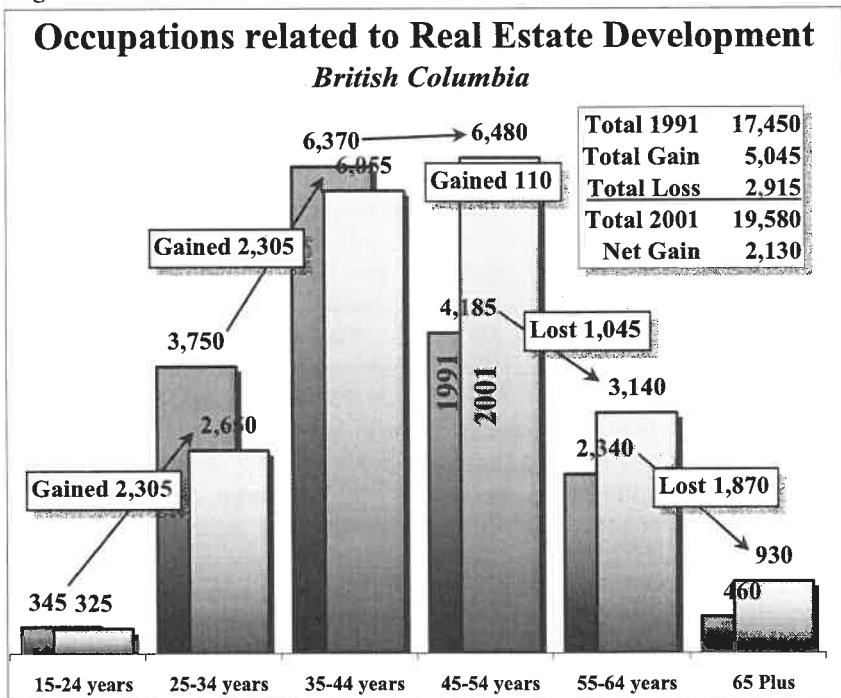
Figure 18



and 54 and 3,795 (79 percent) were over the age of 55 in 1991.

With respect to changes in composition, Figure 18 also shows that in 1991 30 percent of people working in the sector were between the ages of 35 and 44 (the largest ten-year age cohort), and that the 45 and older age groups accounted for only 46 percent of people in the sector. By 2001 the largest group had become those between the ages of 45 and 54, with those over the age of 45 comprising almost 60 percent of the industry.

Figure 19



Just as time, and birthdays, saw 1991's largest age group (those between 35 and 44) become 2001's 45 to 54 year olds, the coming decades will see the large 45 to 54 year old age group become 2011's 55 to 64 and 2021's 65-plus, age groups that are typically characterized more by thoughts of retirement than those of recruitment.

B. The Real Estate Development Sector

The net gain of 2,130 people working in real estate development between 1991 and 2001 (12 percent growth) comprised 5,045 people moving into the sector and 2,915

retiring (Figure 19). As with the conveyance sector, the majority of new people in the development sector were in the younger age groups, with 98 percent of new recruits being under the age of 35, and retirement from the sector occurring in the 55 and older age groups.

The pattern of change in real estate development activities between 1991 and 2001 was also one dominated by the 45 to 54 age group which represented one-third of those working in the sector in 2001, a significant increase over the 24 percent they represented in 1991. Fifty-four percent of people working in real estate development activities were 45 years of age or older in 2001. Again, aging will have a significant impact on the development sector as upwards of one third of the industry will have the opportunity to consider early retirement between 2001 and 2011 and full retirement over the following decade.

V. Future Growth and Change in Real Estate Occupations

The composition of real estate occupations presented in the first section, along with projections of future levels of potential growth in housing occupancy demand form the two components required to assess the degree to which the real estate industry would grow and change in the coming decades. The general picture of a changing labour supply at both the national and provincial level provides the context for the external environment within which the real estate industry will have to function in order to manage this change, and indicate that the real estate industry is not alone in needing to manage the challenges of an aging workforce.

A. Changes to the Existing Workforce

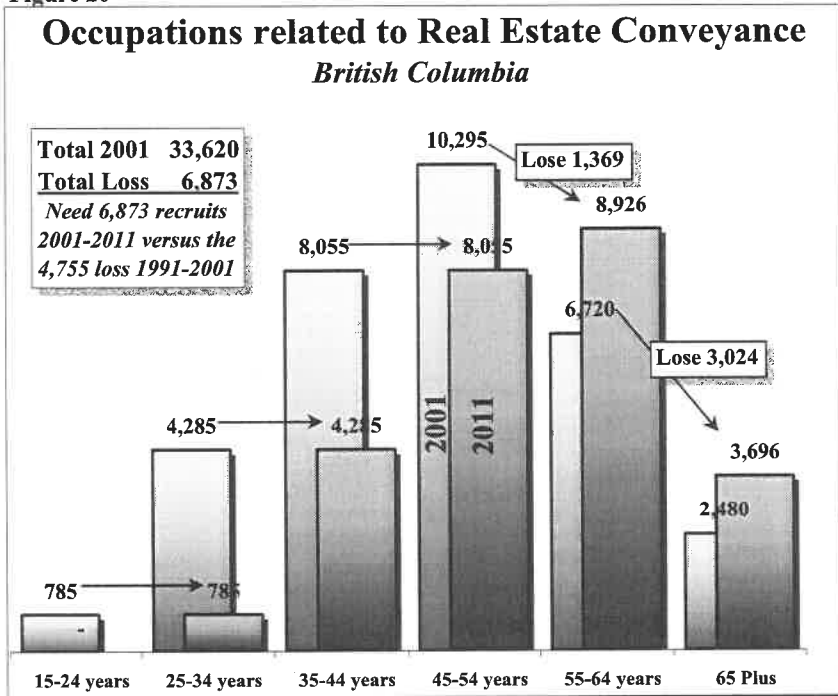
Without any specific data on people's intentions to leave real estate related occupations in the province in the coming years, the pattern of change seen in the first section of this report (1991 to 2001) provides a good baseline of possible retirement rates for 2001's workforce in the coming years. The

1991 to 2001 period represents a good period over which to assess the pattern of retirement as it generally represents on full cycle of rapid and slow growth in the BC economy; a pattern generally reflected within the real estate sector.

With most of the retirement between 1991 and 2001 typically occurring in the older age groups, the 14 percent retirement rate seen as those aged 45 to 54 aged into the 55 to 64 group would result in 1,418 of 2001's 45 to 54 workforce retiring over the next decade. Similarly, retirement for the 55 to 64 year olds as they age into the 65 plus age group would result 5,612 people retiring from the 55 plus age groups between 2001 and 2011 (Figure 20).

Therefore, given the age specific pattern of retirement seen between

Figure 20



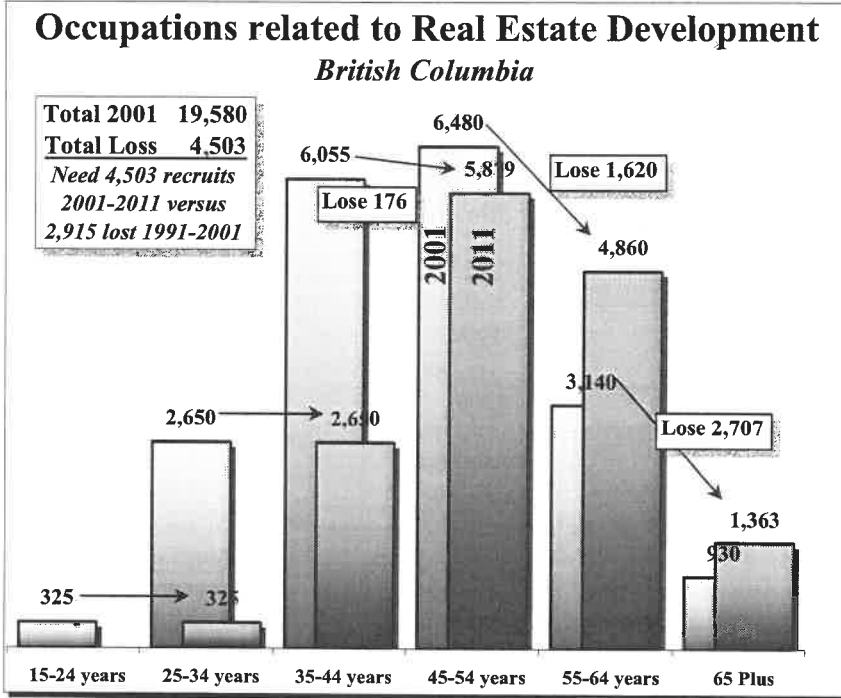
1991 and 2001, by 2011 the real estate conveyance sector would see 7,030 of its 2001 workforce retire. As a baseline, this number of new people would need to be recruited into the sector by 2011 just to maintain the size of 2001's workforce. Compared to the 1991 to 2001 period, which saw roughly 7,245 new people brought into the sector, recruitment would have to almost equal that which took place over the past decade, but again, in this case it would be just to fill positions left vacant through retirement.

Holding this age specific retirement pattern constant for the following decade (2011 to 2021 period), an additional 6,735 retirees would be seen from the sector. By 2021, 2001's 45 to 54 cohort (composed of 10,585 people) would have entered the 65 plus age bracket, which is associated with high rates of retirement. Therefore, between 2001 and 2021 the aging of people working within the

sector in 2001 would result in almost 14,000 people needing to be recruited into the sector to take the place of those retiring. Again, this level of recruitment would only serve to maintain the size of the 2001 workforce and does not account for any new positions that would be required due to growth in demand within the sector.

In considering the age and retirement profile of those in the real estate development sector, the age specific pattern of retirement would result in a total net loss of 4,503 people between 2001 and 2011 (Figure 21). Between 1991 and 2001 the development sector was able to recruit 5,045 people, 2,915 of whom filled positions vacated through retirement. Unlike the past decade, the recruitment of

Figure 21



almost the same number of people into this sector over the next decade would be needed just to fill retirement positions. During the 2011 to 2021 period retirement would require an additional 4,503 recruits just to fill the positions left by retirees.

Given these historical patterns of retirement, demographic change would require both the conveyance and development sectors to recruit almost as many people each year between 2001 and 2021 as they did each year over the preceding decade. However, the 2001 to 2021 period would require this level of recruitment just to maintain the current size of the workforce; any net growth in either of the two sectors would require levels of recruitment beyond what has been

seen historically.

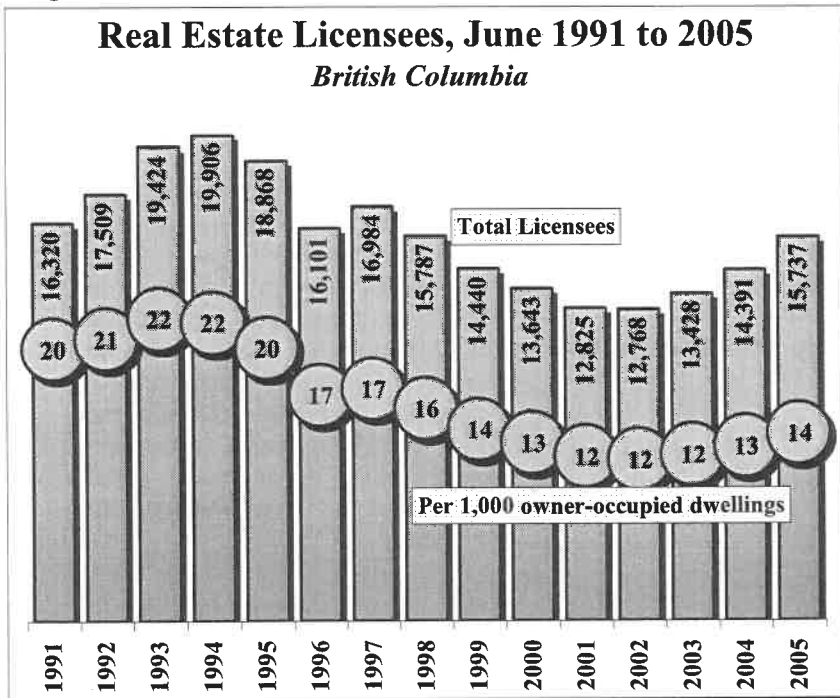
The patterns of retirement within the real estate sector will certainly change in the coming years; tightening labour markets will give the opportunity for many within the industry to work past traditional retirement milestones. However, with many other sectors characterized by the same changes in demography, competition from other sectors for a reliable and motivated workforce will also be more significant than has been seen in the past.

B. Growth in Demand for Real Estate Services

As detailed throughout the previous sections, the past decade has seen occupations related to real estate (both conveyance and development) grow from 48,540 in 1991 to 53,080 by 2001 (nine percent growth). Over the same period the total owner-occupied housing stock grew from 811,500 to 1,056,800 (30 percent growth). The pattern of change within both the conveyance and development sectors shows a strong tie to the pattern of change in housing demand and broader economic activity within the province over the past decade.

As a further indication of drivers to change within the industry, the historical number of real estate

Figure 22



licensees in the province of BC is also strongly correlated to economic activity (see the Appendix for a listing of the Real Estate Council's licensing categories). The rapid expansion of economic activity and population growth during the early 1990's was reflected in significant growth in the number of licensees in the province, growing from 16,320 in 1991 to just under 20,000 by 1994 (Figure 22). The 22 percent growth in the number of licensees over this period was matched by annual population growth which peaked at 3.0 percent in 1994 (refer to Figure 4).

The period of falling growth rates following the peak in the early 1990's were matched by a decline in the number of real estate licensees over the following seven years,

which fell to 12,768 by 2002. The timing of this corresponds to the slow rate of population growth and household formation that characterized the late 1990's in the province.

Since the Census count in 2001, more robust annual population growth has been seen in the province, increasing significantly from the lows seen in the early 2000's. Since 2001 the total number of real estate licensees in the province has also grown, increasing to 15,737, or by 23 percent between 2002 and 2005. Interestingly, relative to the estimated size of the dwelling stock, the total number of licensees per 1,000 dwelling units in the province is still 37 percent below that seen during the early-1990's peak when there were 22 licensees per 1,000 owned dwelling units (1993 and 1994) versus the 14 per 1,000 seen in 2005.

Currently available data permits projection of future demand for the two broad groups of real estate related occupations outlined previously, those involved with the sale and conveyance of property and those involved in property development. In order to prepare such projections, it is necessary to have projections of the activities that employment is generally dependant upon. The appropriateness of an indicator will depend upon the time frame under consideration: for example, in the short run, changes in interest rates and property sales will provide an indicator of the level of demand for people involved in sales and conveyancing. In the longer run, however, more fundamental measures of demand must be used as the independent variable.

For the conveyance occupations, the independent variable for projecting occupational demand was the projected total number of owner-occupied dwellings.. Thus the ratio used to project the demand for people in conveyancing occupations is the number of people in these occupations per 1000 owner occupied dwellings in the province or region under consideration.

With most conveyancing activities linked to sales of homes and apartments for owner occupancy, the projected stock of owner occupied units captures the dominance of this tenure type in conveyancing activities. The total number of people in these occupations will include the relatively small number of

people engaged in conveyancing of ICI type properties: as much of the ICI activity will move with population growth, which is one of the underlying drivers of the demand for owner occupied residences, this ratio will also reflect the changing demand for ICI sales and conveyancing activities. Finally, the use of the stock of owner occupied properties will reflect both the turnover of units within the existing stock and, as the ratio is per 1000 such dwellings, will capture the expansion of the housing stock as the region's population changes and grows.

According to the 1991 Census there were 30,295 people in British Columbia in conveyancing occupations and 815,220 owner occupied dwelling units, for a ratio of 37.2 people per 1000 owner occupied dwellings. By the time of the 2001 Census the ratio had fallen to 30.9 jobs per 1,000 owner occupied dwellings in the province. This reflects the pattern of real estate activity in the province, with 1991 being a fairly good year in terms of sales activity, above the low levels of the 1982 to 1987 recession, although below the 1992 to 1994 boom in real estate transactions. From 1995 on, the market slowed, reaching a low point in 2000 before beginning to pick up in 2001, with every year thereafter better than the one before.

Thus the 2001 Census ratio may be considered a low point, 1991 a relatively high point, and the average of the two, 34.0 real estate conveyance jobs per 1,000 owner occupied dwellings the average over an economic cycle. The most recent census (2006) will clearly mark another high point, at least equal to 1991 in terms of this ratio: one waits in anticipation of the 2006 Census results to give an empirical measure to this assumption (due out in late 2007, early 2008). In term of projection, therefore, with 2006 expected to move back towards the peak experienced over the 1991 to 2001 decade, the long run trend is expected to move towards a long run average of 34.0 per 1000. Certainly there will be cycles of higher and lower ratios around this long run average, but for occupational demand projections this will provides an empirical baseline.

Development related occupations followed a similar pattern of pattern of change over the 1991 to 2001 inter-censal period, just as housing starts and building permits did. Given the broader role played in the development of property (including for example, rental accommodation), the base for the projection ratio was the total number of occupied dwellings. In 1991, according to the Census, there where 17,450 people in development occupations, and 1.28 million occupied dwelling units, for a ratio of 13.7 development related occupations per 1,000 occupied dwellings. The 2001 Census indicated that there were 19,580 people with development occupations, and 1.60 million occupied for a ratio of 12.2 jobs per 1,000 occupied units. The average over the past decade was 13.0 per 1,000 occupied units. Again, 2006 will undoubtedly be well above this average, with the longer run expected to move back towards the long run average.

By applying these trended ratios of occupations per 1,000 occupied dwelling units to annual projections of future housing occupancy demand (both owner-occupied and total occupied dwellings) it is possible to produce long run estimates of the number of people that would be required to satisfy potential growth in demand in real estate conveyance and development occupations.

With the estimated number of jobs that would be supported in each of the two real estate sectors it is possible to estimate the total number of people that would need to be added to each sector to accommodate projected growth in the province. All other things being equal, when combined with the demographic change anticipated for the industry's current workforce over the same period, it is possible to gauge the magnitude of overall recruitment that would have to occur within each of the two sectors. These data and approach has been applied to each of the regions considered through this report, with the provincial context represented by the sum of all of the underlying regions. The specific regional projections have been included in the appendix to the report.

Figure 23

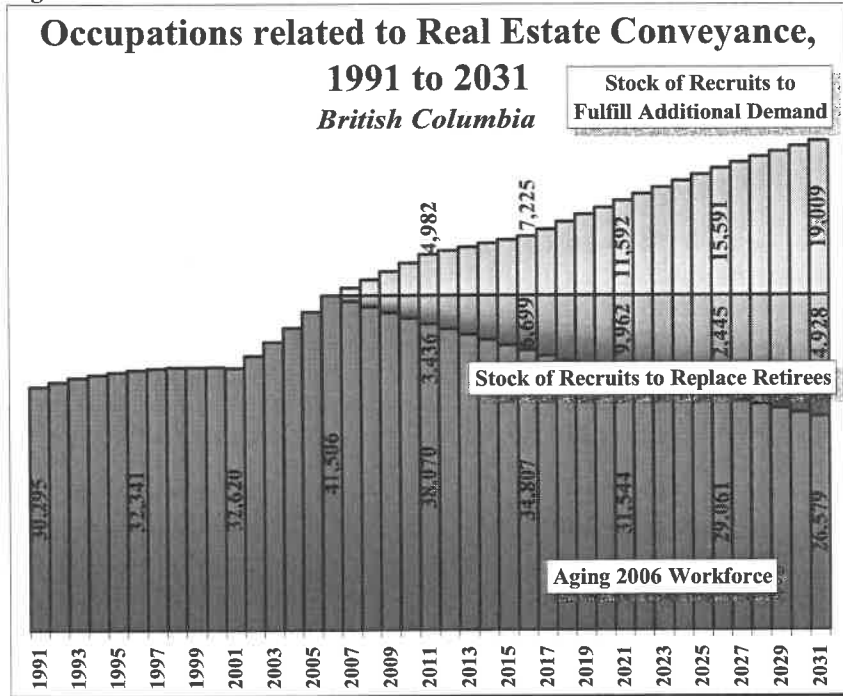
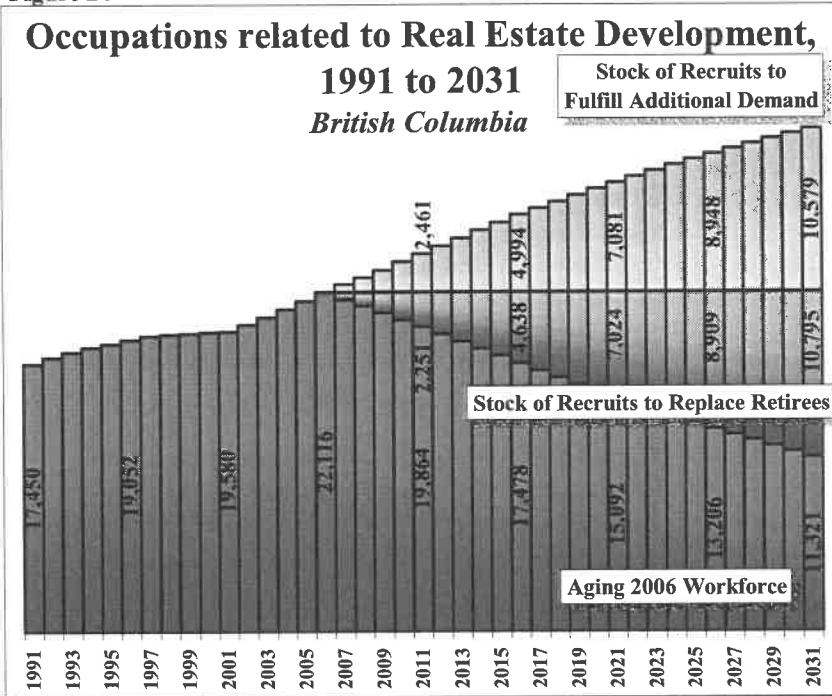


Figure 23 shows that over the next decade the number of real estate conveyance occupations would have to grow from 41,506 today to 46,488 by 2011, 53,098 by 2021, and 60,515 by 2031 in order to fulfill potential demand generated by growth and change in the housing market. Over the next two decades this sector would need to grow by an annual average 760 people to accommodate net additional demand.

Similarly, the number of occupations related to real estate development would have to increase from the current (2006) 22,116, to 24,577 by 2011, 29,197 by 2021, and 32,695 by 2031. This overall growth of 48 percent would require an additional 423 jobs per year, on average, over the course of the projection period (Figure 24).

Figure 24



This all said, net growth in these sectors is only one aspect of change that will have to be managed; the aging and retirement of people currently working in these sectors will compound the number of people that would have to be recruited each year.

With an average of 597 people retiring from the real estate conveyance sector each year between 2006 and 2031, total recruitment into the sector would need to be in the range of 1,357 people each year: for every person recruited into this sector to fulfill demand from the industry growing, another would have to be recruited in order to replace someone who retires. When compared to average annual net recruitment between 1991

and 2001 of 233 people, issues with respect to managing both industry growth and its demographic change due to aging and retirement become apparent.

For the real estate development sector, the next two and half decades would see these occupations

grow by an average of 423 people per year to fulfill net additional demand on the sector. With estimated retirement of 432 people annually, total recruitment for this sector would be in the range of 855 people each year between 2006 and 2031 (Figure 24). Historically, this sector recruited an average of 213 people per year, implying that for every person the industry was able to recruit in the past, four persons would need to be recruited in the coming decades to accommodate both growth and change within the sector.

VI. Further Considerations

To this point the analysis of a growing and changing real estate industry has focused on how demography will change the industry both internally with respect to the supply of workers and externally with respect to how it could drive housing demand and net growth within the industry. Although demography can be used to characterize the magnitude of change the industry may have to manage over the coming decades, several other factors should also be considered in looking forward. Below are some reflections on other issues that will certainly influence the supply of, and demand for, people working in the industry in the coming years.

● Changing Technology

The past decade has seen fundamental changes in the technologies used to go about finding and transacting in real estate. The internet has simultaneously made it easier for consumers to become better informed about real estate markets in general, and more specifically about the process through which transactions typically occur. For people working within the industry, it has allowed more efficient targeting of specific niche markets. Interestingly, the preceding decade of technological change has seemed to do little to change the size of the industry, with the average number of real estate professionals per 1,000 dwelling units in the province changing more due to overall economic activity than underlying changes in technology.

While the coming decades will certainly be characterized by more technological innovation, if recent history is any indication, they will probably do little to change the total size of the industry. What new innovations will do is continue to change the nature of the process through which real estate transactions are completed. Consumers will continue to become more informed, requiring the industry to continue to specialize with respect to the range of skills used to engage consumers. As new elements are incorporated into the process of real estate transactions, specialization will also see the low value added elements of real estate transactions taken over by technology.

● Changing 65-plus Lifestyles

Aging and retiring populations, two pension households, increasing life expectancies, downsizing and recreation and retirement properties will also have an impact on the real estate sector. Two pension households and leveraging of equity built in their primary residences will see many of the boom generation become citizens of many communities, holding their primary residences in the provinces major metropolitan regions, and secondary residences in smaller recreation based communities. This will lead the industry towards becoming more spatially integrated as agents and brokers in larger communities work together with representatives in the smaller communities to find, negotiate and broker a greater diversity of transactions.

● Changing Younger Generations

Given Canada's below the replacement birth rate, without immigration the size of the population under the age of 55 would decline over the coming years. Immigration will see a greater cultural, ancestral, and linguistic diversity in Canada's younger population as compared to previous generations. This diversity will create both challenges and opportunities for the industry.

● **Changing 20 to 29 Lifestyles**

The 188 percent increase in the number of kids 25 to 29 living at home in BC between 1991 and 2001 (representing one fifth of all 25 to 29 year olds) and the 55 percent of the 20 to 24 year olds living in the parental home (in 2001) will continue to change housing markets throughout the province. Kids remaining at home for longer periods of time for post secondary education will continue to push off the first time home buyer stage of the lifecycle. An older, potentially wiser (and potentially co-financed by parents seeking investment opportunities) consumer, may see more people skip over the traditional rental stage of the lifecycle.

● **Continued Decentralization**

The process of decentralization of workplaces in major metropolitan regions away from historical downtown cores will continue to see growing prominence of commercial activity in suburban locations. While these trends are commonly associated with only Vancouver and Victoria, decentralization of office, shopping and other commercial activities has also been seen in smaller regions throughout the province such as Kelowna, Nanaimo and Kamloops. This trend will continue to diversify the nature of transactions that have typically characterized smaller towns.

● **More Complex Forms of Ownership**

Increasing real estate prices will inevitably lead to more complex forms of ownership emerging for both commercial and residential real estate. From more complex vehicles for the boom generation to liberate equity from their homes, to facilitating shared ownership for younger generations to get into the market, the financing aspect of real estate will provide many opportunities for the most nimble in the industry.

Appendix to:

**DEMOGRAPHY & DEMAND:
MANAGING GROWTH AND CHANGE
IN THE REAL ESTATE INDUSTRY**

Regions in British Columbia

A-1. Growth and Change in the Real Estate Industry in the Lower Mainland

The Lower Mainland of British Columbia is located in the southwestern-most corner of the province, comprising the Greater Vancouver (15), Fraser Valley (9), and Squamish-Lillooet (31) Regional Districts.

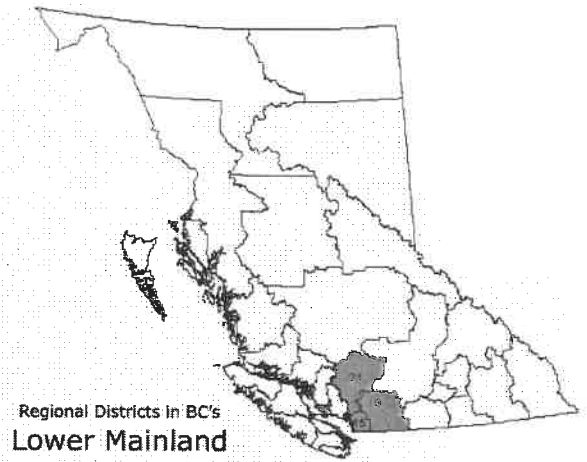
The Lower Mainland is the most populous region in the province, being home to 2.5 million, or 58 percent, of the province's 4.3 million residents. While population growth has been robust in the past two decades, more recent years have seen a departure from the two to three percent annual growth rates of the late 1980's and early 1990's, falling under one percent in early 2000, increasing slightly to 1.3 percent by 2006.

As with other regions in BC and Canada, the leading edge of the post World War II baby boom generation turned 60 in 2006 and is just beginning to reach the retirement stage of the lifecycle. In light of this, it should be expected that aging will become the dominant theme of future changes in the regional population, and by extension will have significant implications on the region's future labour force and employment.

Between 1991 and 2001 employment in the region grew by 20 percent, from 986,000 to 1.19 million jobs. The service base of the region's economy is clearly shown in the composition of employment, with sales and service-based occupations accounting for at 26 percent of all occupations in the region in 2001 (310,000 people). This was followed by business, finance, and administration-related occupations (19 percent, 227,000), followed by trades, transport, and related occupations (13 percent, 150,000) and management occupations (12 percent, 137,000).

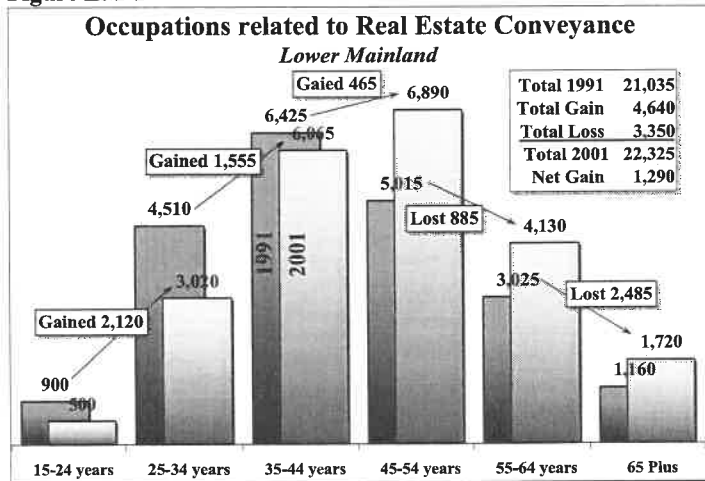
The remaining occupational sectors accounted for significantly smaller shares of jobs in the region: social science, education, government service and religion (seven percent, 86,000 jobs); natural and applied science (seven percent, 80,000); health (five percent, 61,000); occupations related to processing, manufacturing, and utilities (five percent, 58,000); art, culture, recreation, and sport (four percent, 46,000); and occupations related to primary industry (three percent, 30,000).

Occupations in the real estate sector as a whole grew from 32,175 in 1991 to 34,775 in 2001 (a 2,600-person, eight percent increase), which was slower than the growth seen in all occupations in the region over the same period (20 percent). As a share of all occupations in the region, occupations in real estate increased conveyance and development declined from 3.3 percent in 1991 to 2.9 percent by 2001.



1. Growth and Change in the Real Estate Industry

Figure LM-1



In the Lower Mainland there were more people between the ages of 35 and 44 (6,425) in real estate conveyance occupations than there were in any other age group, accounting for 31 percent of the industry in 1991. A decade later, the most typical worker in this sector was between the ages of 45 and 54 (6,890), accounting for 31 percent of all people working in this sector in 2001. [Figure LM-1]

While recruitment characterized the younger age groups, resulting in net additions of 4,140 workers to 1991's 15 to 24, 25 to 34, and 35 to 44 workers (growing by 136 percent, 35 percent, and seven percent,

respectively) by 2001, retirement resulted in 3,350 people in the older age groups leaving the industry between 1991 and 2001. As such, relative to the 21,035 people working in real estate conveyance occupations in the Lower Mainland in 1991, recruitment and retirement patterns resulted in a net gain of 1,290 people into this industry by 2001 (a six percent increase), bringing the total number of occupations in the field to 22,325.

Figure LM-2



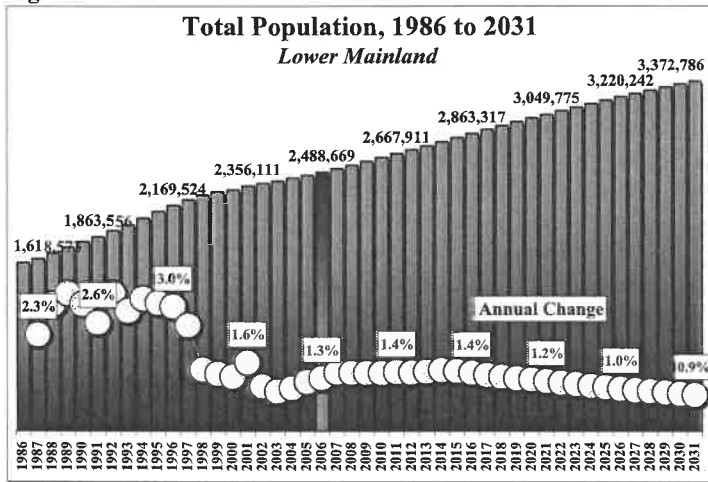
In the real estate development sector was also dominated by people between the ages of 35 and 44 in 1991 (4,050), making up 36 percent of the industry. Interestingly, while retirement impacted this cohort in a relatively small way between 1991 and 2001, strong recruitment to the 25 to 34 cohort between 1991 and 2001 saw it become the largest age group by 2001 (where there were 4,020 workers aged 35 to 44, compared to 3,980 in the 45 to 54 group). [Figure LM-2]

Between 1991 and 2001 the real estate development sector grew, with the loss of 1,950 workers in the older age groups being

more than offset by the 3,260 workers recruited in the younger age groups. Consequently, there was a net gain of 1,310 people working in this sector, with 12,450 people working in real estate development occupations in the Lower Mainland in 2001, up from 11,140 in 1991 (an eleven percent increase).

2. Demographic Context for Change within the Real Estate Sector

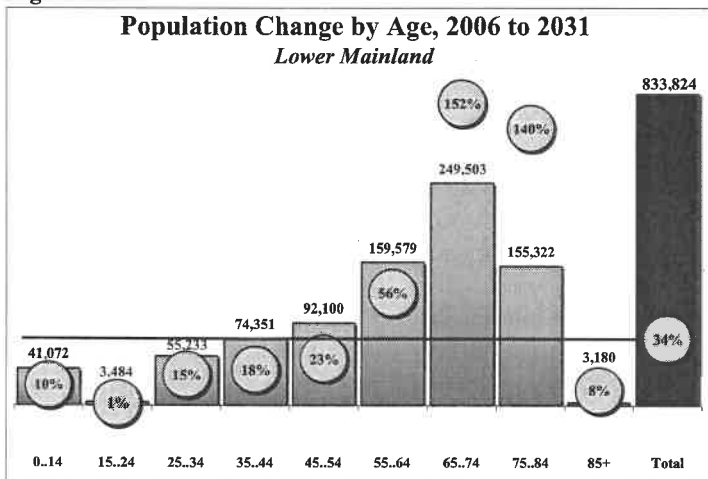
Figure LM-3



Over the past twenty years the Lower Mainland's population added 870,000 residents (a 54 percent increase), growing to 2.49 million by 2006. Relatively high growth rates were seen during the late 1980's and early 1990's as a result of the strength of the region's (and the province's) economy, which attracted large inflows of immigrants and interprovincial migrants to the region. Annual population growth tapered off during the economic downturn of the late 1990's – hitting an historical low of 0.9 percent in 2003 – but has since rebounded, currently sitting at 1.3 percent. [Figure LM-3]

As relatively low and declining birth rates will continue to exert downward pressure on the contribution of natural increase to population growth in the Lower Mainland, migrants will serve as the primary driver to population growth in the region in the coming decades. By 2031 BC Statistics projects that the region's population will be 34 percent greater in size than in 2006, reaching 3.37 million residents. Annual growth rates are expected to climb to 1.4 percent by 2011 where they would stabilize to 2016, before declining to under one percent by 2031. Annual additions to the population would average slightly less than 35,000 people per year.

Figure LM-4

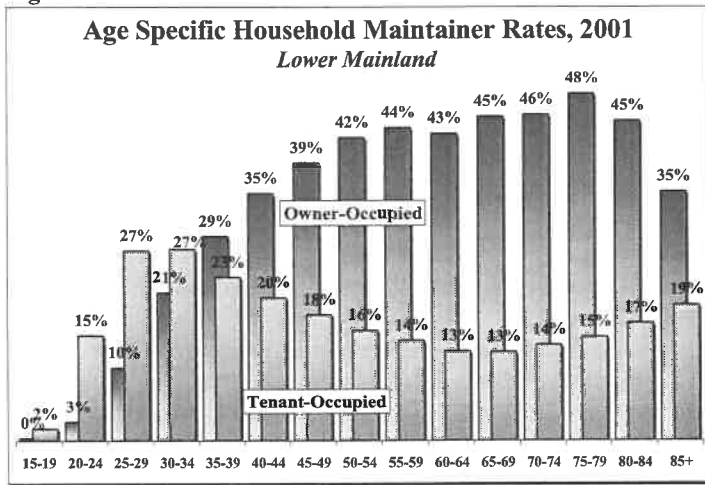


Much of the 870,000-person growth in the Lower Mainland's population that is expected over the coming two and a half decades will be seen in the 55 to 64, 65 to 74, and 75 to 84 year old age groups, increasing by 160,000 people (56 percent growth), 250,000 people (152 percent growth), and 155,000 people (140 percent), respectively, as members of the baby boom cohort into these older age groups. [Figure LM-4]

Conversely, below average growth is expected for the under 55 age groups. Of these groups, the 45 to 54 age groups would see the most growth (92,000 people, 23 percent), followed by the 35 to 44 group (74,000 people, 18 percent), and the 25 to 34 group (55,000 people, 15 percent). The number of people under the age of 15 would grow by ten percent and 41,000 residents, while the 15 to 24 age group would remain virtually unchanged over the period, growing by one percent while adding 3,500 people.

3. Population Growth and Housing Demand

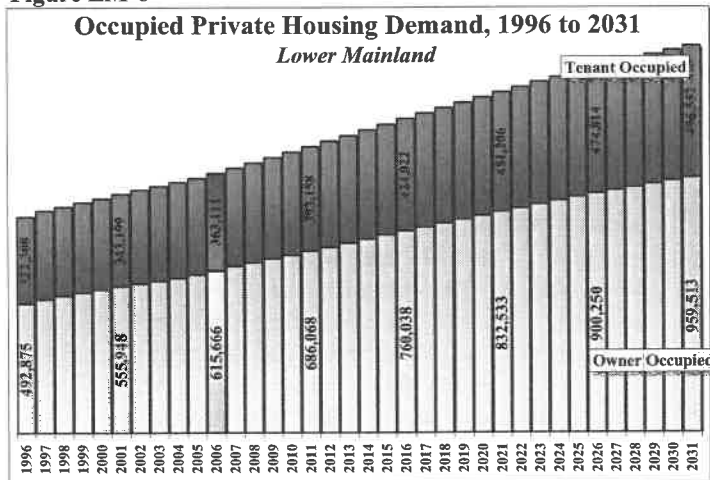
Figure LM-5



As with all regions in the province, the pattern of maintaining a household in owner- and tenant-occupied dwellings differs considerably over the course of the lifecycle. Tenant-occupied household rates tend to characterize the younger age groups, (peaking at 27 percent in the 25 to 29 and 30 to 34 groups), with rates declining through the prime working stages of the lifecycle before beginning to increase again in the older age groups. Tenant occupancy increases back to 19 percent of people aged 85 plus in the Lower Mainland maintaining this type of dwelling. [Figure LM-5]

Owner-occupied maintainer rates by contrast are generally higher than tenant-occupied rates in all but the housing entry stage of the lifecycle. People in the 75 to 79 age group had the greatest propensity to maintain an owner-occupied home in 2001 (48 percent), with owner-occupied rates declining in the oldest age groups as people move towards tenancy or non-private accommodation such as seniors' homes.

Figure LM-6



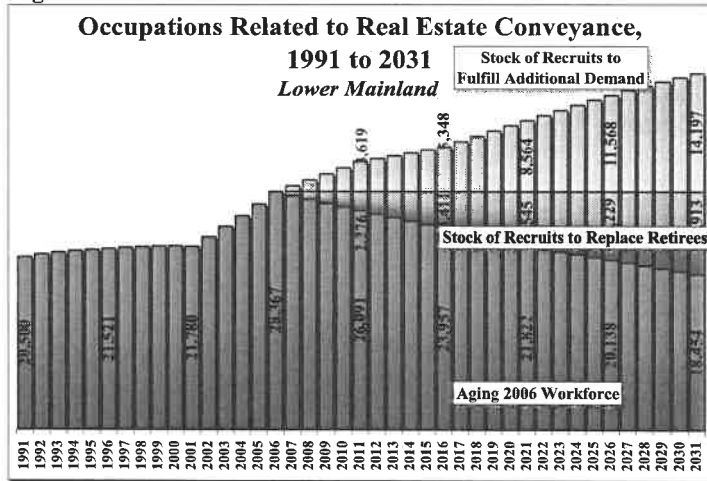
Relating these age specific occupancy patterns back to the population projection results in a projection of net housing occupancy demand, which, in turn, can be used as an indication of the level of demand the real estate industry will see in the coming decades. Population growth and change projected for the Lower Mainland would see demand for owner-occupied housing grow to 959,513 units by 2031, an increase of 56 percent over 2006's 615,666 units. On average, demand for owner-occupied housing would grow by 13,750 units per year. While in absolute number terms this would represent faster growth than was seen historically (as an additional 12,280 units

were demanded each year between 1996 and 2006), on a relative basis this would represent slower growth, at 1.8 percent per year in the future versus 2.2 percent in the past. [Figure LM-6]

Demand for tenant-occupied housing is projected grow to 496,552 units by 2031, an increase of 37 percent over 2006's 363,111 units. On average, demand for tenant-occupied housing would grow by more than 5,300 units per year, representing just under 30 percent of additional housing demand in the region. [Figure LM-6]

4. Projected Recruitment and Retirement in the Real Estate Industry

Figure LM-7

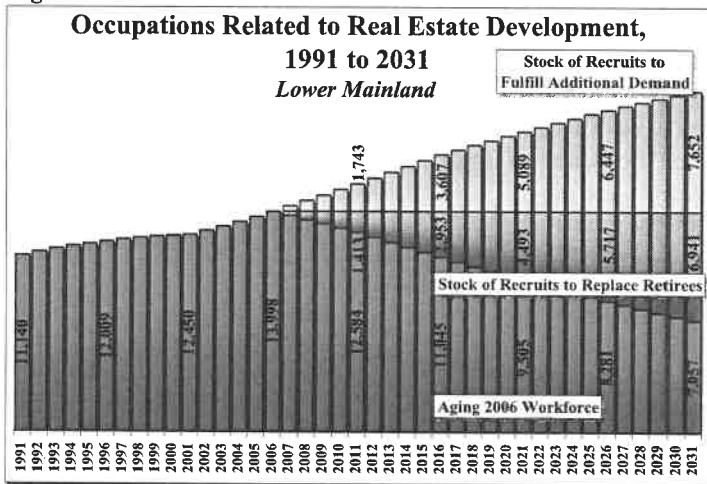


Based on the pattern of recruitment into, and retirement from, the real estate conveyance and development sectors that occurred between 1991 and 2001 (see Figures LM-1 and LM-2), Figures LM-7 and LM-8 show the implications for the current stock of people working in each sector in the coming 25 years and the number of people that would need to be recruited to fulfill retirements and net increases in demand for real estate services in each sector.

From the current (2006) stock of people in the industry, retirement would see the number of employees in real estate conveyance fall from 28,367 in 2006 to

18,454 by 2031 (a 35 percent decline). In order to maintain the size of this sector's workforce at its 2006 level, an average of 397 recruits would be needed each year to replace retirees. Furthermore, in order to meet projected growth in real estate services over the 2006 to 2031 period, with an estimated 40 conveyance occupations per 1,000 owned dwellings in the region, an 568 additional workers would be needed on average each year (for a total of 965 workers recruited annually). This would see the number of workers in this sector grow from 28,367 in 2006 to 36,931 in 2021 and to 42,564 in 2031 (an overall increase of 50 percent). [Figure LM-7]

Figure LM-8



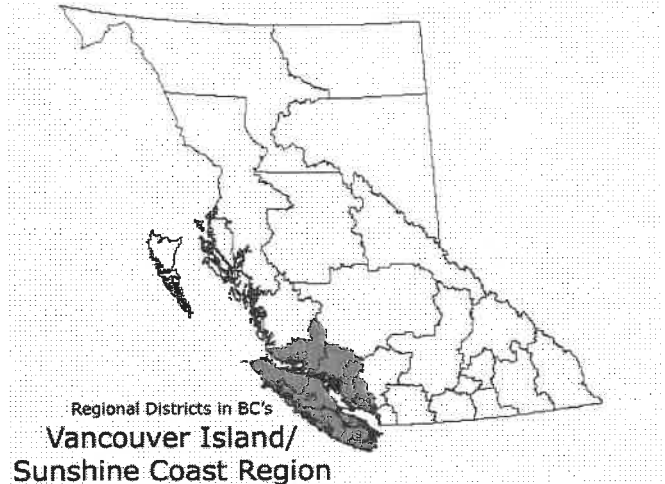
In the real estate development sector, the aging and retirement of 2006's workforce would see the number of employees in the sector fall by 6,941, from 13,998 in 2006 to 7,057 by 2031 (a 50 percent decline). An average of 278 workers would be needed each year to 2031 to fill spaces left by those who retire. In addition to these recruits, in order to meet the growing demand in the real estate development sector over the 2006 to 2031 period, an additional 306 recruits would be required each year, assuming an average of 22 development occupations per 1,000 dwelling units. Adding an average of 584 people per year would result in the total workforce in the sector growing from 13,998

in 2006 to 19,087 in 2021 and to 21,650 in 2031, a total increase of 55 percent. [Figure LM-8]

A-2. Growth and Change in the Real Estate Industry in the Vancouver Island/ Sunshine Coast Region

Covering the whole of Vancouver Island and a portion of the province's mainland, the Vancouver Island/Sunshine Coast region comprises the following Regional Districts (see map): Capital (17); Alberni-Clayoquot (23); Comox-Strathcona (25); Cowichan Valley (19); Mount Waddington (43); Nanaimo (21); Sunshine Coast (29); and Powell River (27).

This region of the province currently (2006) accounts for 18.1 percent (780,100 people) of the province's 4.3 million residents. Historical population change in the Vancouver Island/Sunshine Coast region mirrored the pattern seen in other regions of the province over the past two decades, with relatively robust growth in the late 1980's and early 1990's being followed by a distinct slowing through the rest of the 1990's. A return to more robust growth has characterized the post-2002 period. As has been the case over the past two decades, low and declining birth rates will see population growth and change in this region largely depend on migration, which will in turn be strongly influenced by the strength of the region's economy and labour market.



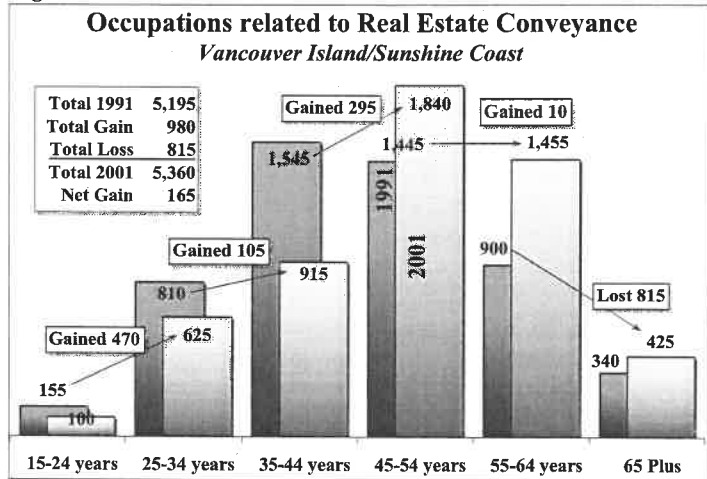
In terms of its economy, 314,200 residents had regular occupations in the Vancouver Island/Sunshine Coast region in 1991; by 2001 this had grown by 13 percent to 353,900. The largest share of occupations in 2001 in the region was seen in the sales and services sector at 28 percent (97,900), with occupations in business, finance, and administration coming in a distant second at 16 percent (57,500). While trades and transport occupations represented 13 percent (46,400) of all occupations, and management accounted for an eleven percent share (37,200), all remaining sectors fell below ten percent. Occupations in social science, education, government, and religion (eight percent, 27,000) was followed by natural and applied science occupations (21,800) and health occupations (21,200, both with a six percent share), occupations unique to primary industry (five percent, 17,900), occupations unique to processing and manufacturing (four percent, 14,600) and finally occupations in art, culture, recreation, and sport (four percent, 12,400 jobs).

The greatest absolute growth between 1991 and 2001 was also in sales and service based occupations which grew by 9,000 additional people or 10 percent. Conversely, occupations in art, culture, recreation and sport grew the most on a relative basis (by 58 percent). Declines were seen in trades and transport occupations (an eight percent decrease), and in occupations unique to primary industry (a nine percent decline) and manufacturing (a one percent decline).

Occupations in the real estate sector as a whole grew from 8,215 in 1991 to 8,260 in 2001 (a 45-person, 0.5 percent increase), which was significantly slower than the growth seen in all occupations in the region (13 percent).

1. Growth and Change in the Real Estate Industry

Figure VISC-1

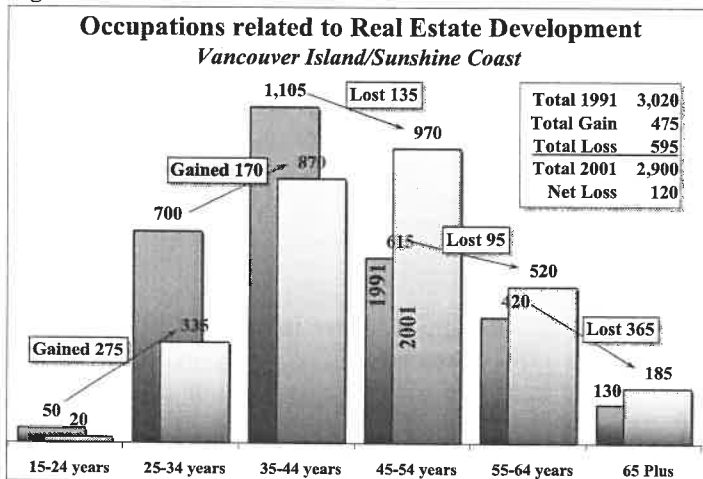


The most typical worker in real estate conveyance occupations in 1991 was between the ages of 35 and 44, an age group that accounted for 30 percent (1,545 people) of the sector's workforce. By 2001, the most typical employee in this sector was ten years older, with the 45 to 54 group accounting for 34 percent (1,840 people) of all workers. [Figure VISC-1]

Between 1991 and 2001, 980 people were recruited into this sector, with recruitment being concentrated in the 15 to 24, 25 to 34, 35 to 44, and 45 to 54 age cohorts (which grew by growing by 303 percent, 13 percent, 19 percent, and one respectively).

Retirement patterns resulted in 815 people in the oldest age group leaving the industry between 1991 and 2001. As a result, of the 5,195 people working in real estate conveyance occupations in the Vancouver Island/Sunshine Coast region in 1991, recruitment and retirement patterns resulted in a net gain of 165 people into this industry by 2001 (a four percent increase), bringing the total number of people working in this field to 5,360.

Figure VISC-2

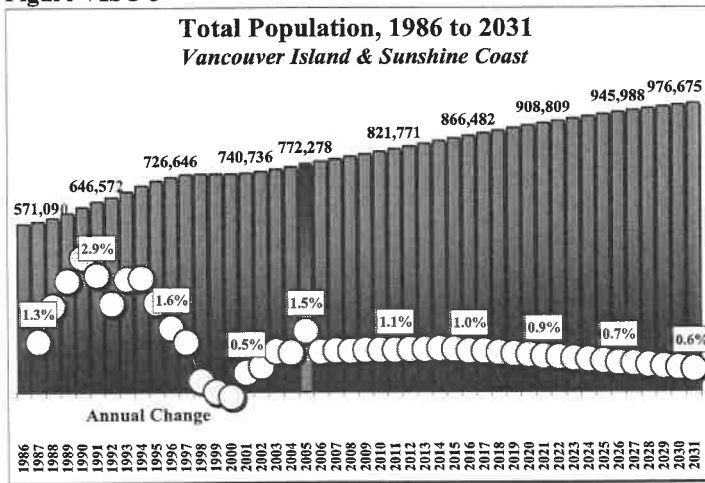


Similarly, there were also more people between the ages of 35 and 44 in the real estate development sector (1,105) than there were in any other age group, accounting for 37 percent of the industry in 1991. Interestingly, while 1991's 35 to 44 cohort declined in size between 1991 and 2001 as it aged into the 45 to 54 age group, it was still the largest age group by 2001, accounting for 33 percent of 2001's workforce (with 970 people). Retirement and attrition from this sector began relatively early, with 1991's 35 to 44, 45 to 54, and 55 plus age groups losing 595 people collectively by 2001. This compared to the relatively low recruitment seen in the younger age groups,

with only 475 people entering this sector between 1991 and 2001. Overall, the sector lost 120 workers over the past decade, declining from 3,020 in 1991 to 2,900 in 2001. [Figure VISC-2]

2. Demographic Context for Change within the Real Estate Sector

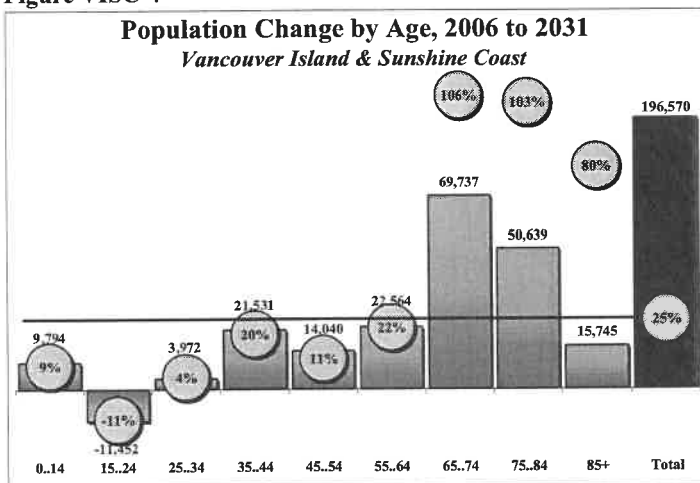
Figure VISC-3



The past two decades has seen the Vancouver Island/Sunshine Coast region's population grow by 201,200 residents (a 35 percent increase) to 772,300 people by 2006. As in other regions of the province, relatively high growth rates were seen during the late 1980's and early 1990's as a result of the strength of the region's (and the province's) economy. Annual population growth tapered off during the economic downturn of the late 1990's – falling to -0.1 percent in 2000 – but has begun to increase again, reaching 1.5 percent today. [Figure VISC-3]

By 2031 BC Statistics projects that the region's population will grow by 25 percent, reaching 976,700 residents (196,600 additional people). Annual growth rates are projected to decline from 1.5 percent today to a long-term range between 1.1 percent (in the near-term) and 0.6 percent by 2031. Annual additions to the population would average slightly more than 7,860 people per year.

Figure VISC-4

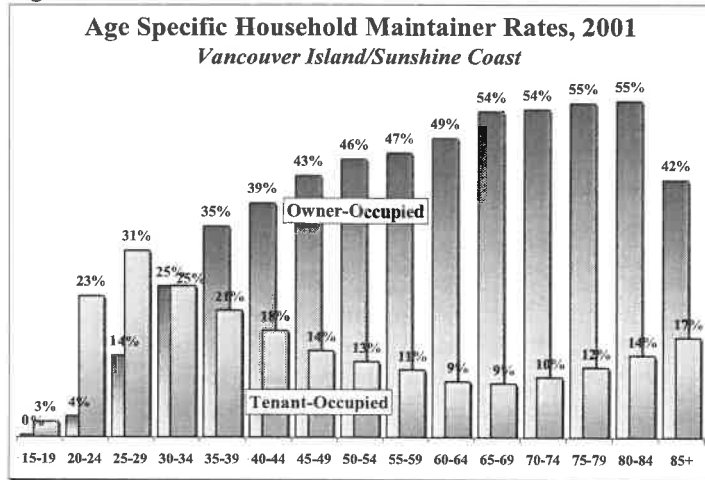


Much of the growth in the region's population that is projected for the 2006 to 2031 period will be accounted for by the 65 to 74 and 75 to 84 year old age groups, which would add 69,700 people (106 percent growth) and 50,600 people (103 percent growth), respectively, as members of the baby boom cohort age into these older age brackets. The 85 plus population would grow by 80 percent (15,700 additional people). [Figure VISC-4]

All of the age groups under the age of 65 would experience below-average growth. The 55 to 64 age group would grow by 22 percent, as it adds 22,600 people, followed by the 35 to 44 group (20 percent, 21,500) and the 45 to 54 group (eleven percent, 14,000). While the under-15 group would increase by nine percent (9,800 additional people) and the 25 to 34 group is projected to grow by only four percent (4,000), the 15 to 24 group is projected to decline by eleven percent between 2006 and 2031, losing 11,500 people due to migration to other regions of the province.

3. Population Growth and Housing Demand

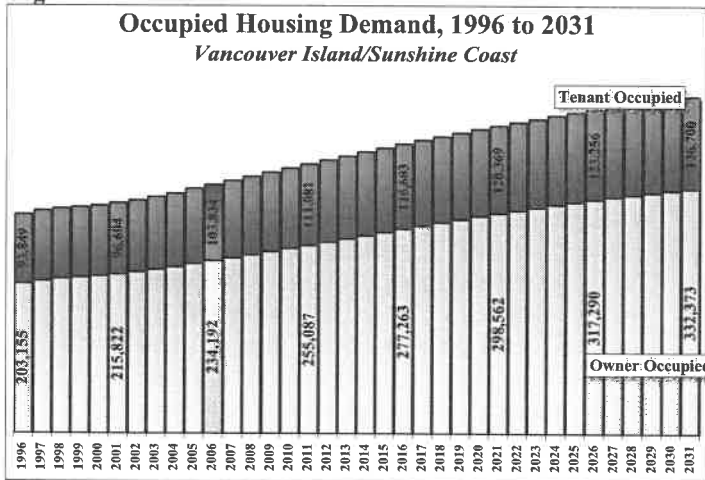
Figure VISC-5



The age specific patterns of household maintainership differ considerably between owner-occupied dwellings and tenant-occupied dwellings in the Vancouver Island/Sunshine Coast region. With respect to the tenant occupancy, rates increase in the older age groups (to 17 percent of people aged 85 plus maintaining a household in this type of dwelling in 2001), but are highest in the youngest age groups, peaking at 31 percent in the 25 to 29 age group. [Figure VISC-5]

owner-occupied rates increasing up to the 80 to 84 age group, where the propensity to maintain this type of household reaches a high of 55 percent). A decline in owner-occupied rates is seen in the 85 plus population as rental housing becomes more appealing, along with nursing homes and car facilities.

Figure VISC-6



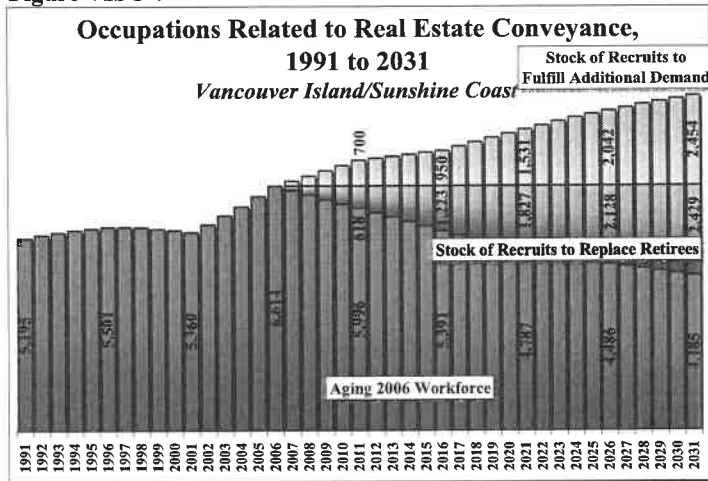
Relating these age specific occupancy patterns back to the population projection results in a projection of net housing occupancy demand that can be used as an indication of the level of demand the real estate industry will see in the coming decades. By 2031 demand for owner-occupied housing in the region is projected to reach 332,373 units, an increase of 42 percent over 2006's 234,192 units. On average, demand for owner-occupied housing in the Vancouver Island/Sunshine Coast Region would grow by over 3,900 units annually. [Figure VISC-6]

With respect to tenant-occupied housing, demand for rental accommodation is projected to reach 126,700 units by 2031, an increase of 22 percent over the 103,834 units today (2006). Over the coming 25 years, demand for tenant-occupied housing would grow, on average, by just over 900 units per year. Over this period rental accommodation would represent just under 20 percent of net additional housing demand seen in the region. [Figure VISC-6]

4. Projected Recruitment and Retirement in the Real Estate Industry

Given the pattern of recruitment and retirement that was seen between 1991 and 2001 for the real estate conveyance sector and the real estate development sector (Figures VISC-1 and VISC-2), Figures VISC-7 and VISC-8 show the aging and retirement of the current stock of people working in each sector along with the number of people that would need to be recruited to fulfill retirements and net increases in demand for real estate services over the coming 25 years.

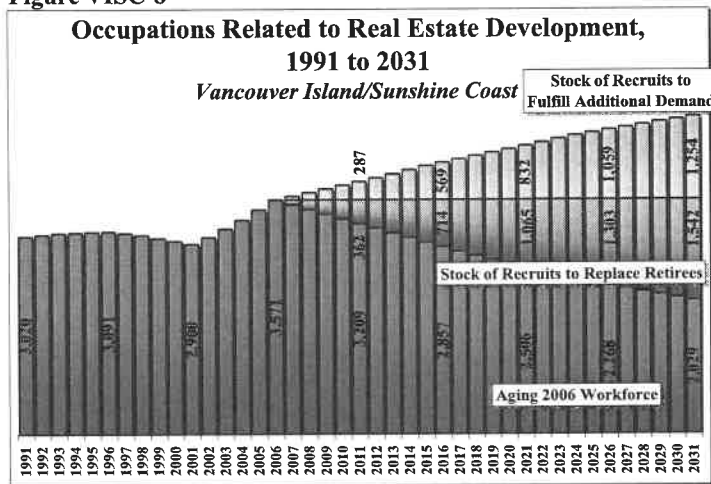
Figure VISC-7



From the 6,614 people in working in the real estate conveyance sector in 2006, aging and retirement would see the number of employees fall to 4,787 by 2021 and further to 4,185 by 2031 (an overall 37 percent decline). In order to maintain the size of this sector's workforce in the region, 97 people would need to be recruited each year to 2031 to replace retiring workers. Furthermore, maintaining the ratio of 25 conveyance occupations per 1,000 owned dwellings seen in the region, in order to meet the projected growth in demand for real estate services over the next two and a half decades an average of 98 additional people would need to be recruited. Combined, an average of

195 people would need to be recruited to the sector each year. Recruitment of this magnitude would see the sector grow to 9,068 workers by 2031, a 37 percent increase. [Figure VISC-7]

Figure VISC-8



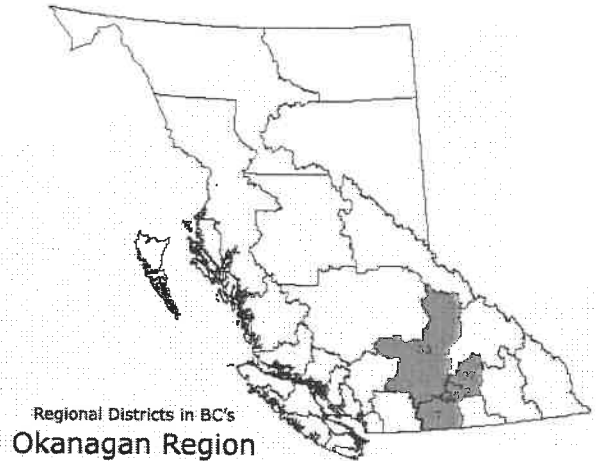
Similarly, in the development sector, the aging and retirement of 2006's workforce would see the number of employees in the sector fall by 1,542 by 2031, from 3,571 workers in 2006 to 2,209 by 2031 (a 43 percent decline). Given this, an average of 62 workers would need to be recruited each year to 2031 in order to fill spaces left by retirees. In addition to these new recruits, with an average of 13 development jobs per 1,000 occupied dwellings, in order to meet the growing demand for real estate services in the future an additional 50 recruits would be required each year. Adding an average of 112 people per year would result in the total workforce in the sector growing to 4,825 by

2031, a 35 percent increase. [Figure VISC-8]

A-3. Growth and Change in the Real Estate Industry in the Okanagan Region

British Columbia's Okanagan region is located in the south-central part of the province, comprising the Central Okanagan (35), North Okanagan (37), Okanagan-Similkameen (7), and Thompson-Nicola (33) Regional Districts (see map).

Home to 10.9 percent of the province's population (467,000 residents) in 2006, annual population growth over the past two decades has resembled the rolling hills that characterize the region's landscape, rising in the late 1980's and early 1990's before slowing to almost a no growth by early 2000. As with many other regions in the southern part of the province, growth has more recently has picked up, and currently stands at 1.4 percent.



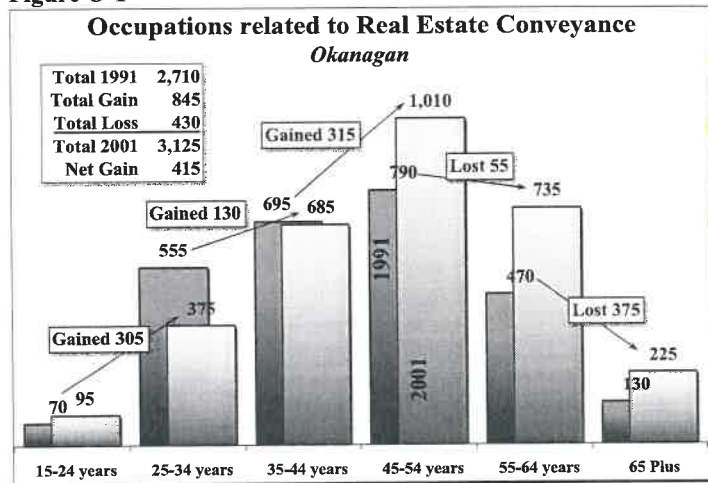
In 2001 there were 202,000 people working in the region, up 21 percent from the 167,000 in 1991. Sales and service-based occupations accounted for the largest share of all occupations, at 28 percent (56,000). Business, finance, and administration-related occupations accounted for 16 percent (31,700), as did occupations in the trades and transport sector (31,400). The remaining occupations were allocated as follows: management (ten percent, 20,000); occupations unique to primary industry (seven percent, 13,800); those in social science, education, government service and religion (six percent, 12,800); health (six percent, 11,600); occupations unique to processing, manufacturing, and utilities (six percent, 11,600); natural and applied sciences (four percent, 8,400); and occupations in art, culture, recreation, and sport (two percent, 4,400).

Between 1991 and 2001 the greatest share of the 35,100-occupation increase was seen in the sales and service sector, which grew by 10,200 people (22 percent growth). The natural and applied sciences sector, in adding 2,750, experienced the greatest relative increase, at 49 percent. The only decline was seen in occupations unique to primary industry, which lost 115 people, a one percent decline.

Occupations in the real estate sector as a whole grew from 4,360 in 1991 to 5,095 in 2001 (a 735-person, 17 percent increase), which was slightly slower than the growth seen in all occupations in the region (21 percent). As a share of all occupations, occupations in real estate remained virtually unchanged, increasing marginally from 2.5 to 2.6 percent over the period.

1. Growth and Change in the Real Estate Industry

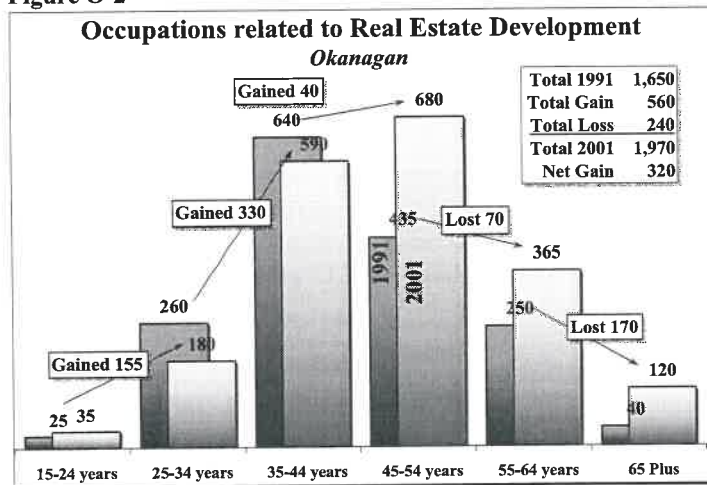
Figure O-1



The most typical worker in real estate conveyance occupations in the Okanagan was slightly older than their counterparts elsewhere in British Columbia in 1991, with there being 790 people between the ages of 45 and 54 (accounting for 29 percent of the sector's workforce). By 2001 the most typical worker was again in the 45 to 54 age group, with this cohort accounting for 32 percent (1,010 workers) of the 3,125-person workforce. [Figure O-1]

Recruitment in the younger age groups resulted in total additions of 845 people to the 1991 cohorts aged 15 to 24, 25 to 34, and 35 to 44 (growing by 435 percent, 23 percent, and 45 percent, respectively) by 2001. In addition, retirement in the older age groups resulted in a loss of 430 people between 1991 and 2001. Compared to the 2,710 people working in real estate conveyance occupations in the region in 1991, patterns of recruitment and retirement resulted in a net gain of 415 people into this sector by 2001 (a 15 percent increase), bringing the total number of occupations in this field to 3,125.

Figure O-2



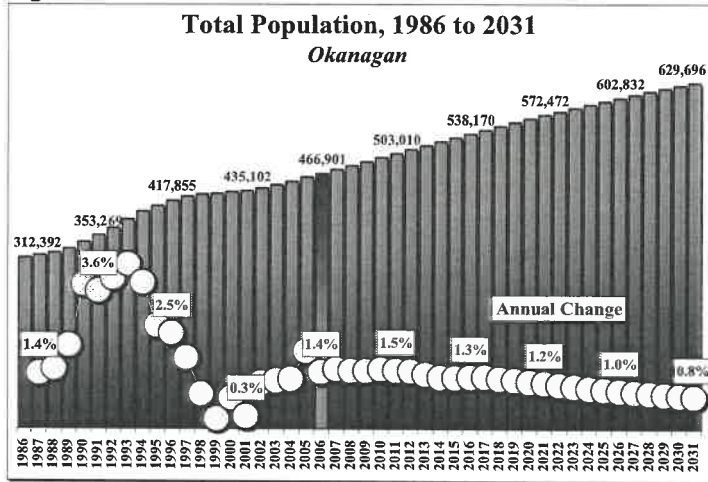
In the real estate development sector there were more people between the ages of 35 and 44 (640) than there were in any other age group, comprising 39 percent of the industry total in 1991. Ten years later, the most typical worker in this sector had aged into the 45 to 54 age group, comprising 680 people (35 percent of 2001's workforce). [Figure O-2]

Between 1991 and 2001 this sector lost 240 people from the older age groups due to retirement. This outflow was more than compensated for, however, as strong recruitment in the younger age groups saw 560 join the workforce. Overall, recruitment

and retirement resulted in this sector increasing from 1,650 people in 1991 to 1,970 in 2001, a 19 percent increase.

2. Demographic Context for Change within the Real Estate Sector

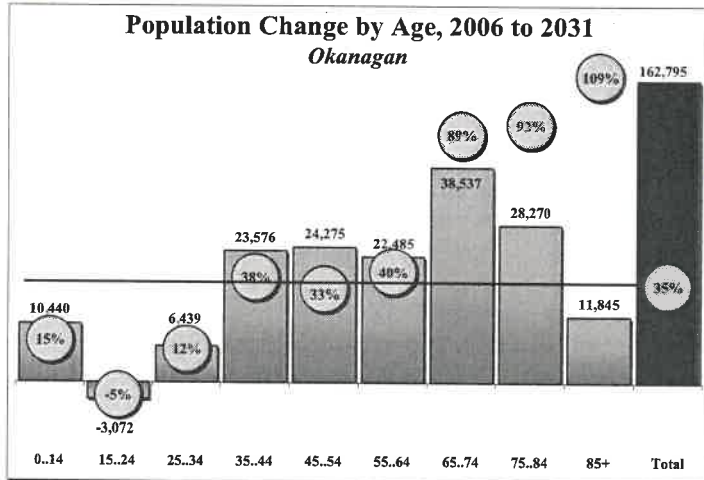
Figure O-3



Since 1986 the Okanagan has added 154,500 residents, growing by almost 50 percent. Growing from 312,400 to 466,900 residents was characterized by relatively high growth rates in the early 1990's, and a significant decline in growth rates through the remainder of the decade. More recently growth rates have increased back into the 1.5 percent range. Population growth in the Okanagan has been influenced by British Columbia's economic cycles, with relatively large outflows of people during the recession years in the 1990's and stronger inflows during the relatively robust times in the early 1990's and 2000's. [Figure O-3]

As with the rest of the province, migration will be the primary driver to population growth in the region in the years ahead. Over the next two and a half decades BC Statistics projects the Okanagan to add an additional 162,800 residents, a 35 percent increase that would see its total population grow to 629,700 by 2031. The annual rate of growth would go from the current 1.4 percent, to a high of 1.5 percent in 2011, before declining to the 0.8 percent range by 2031. On an annual basis the region would add an average of 6,500 people to its population over the period.

Figure O-4

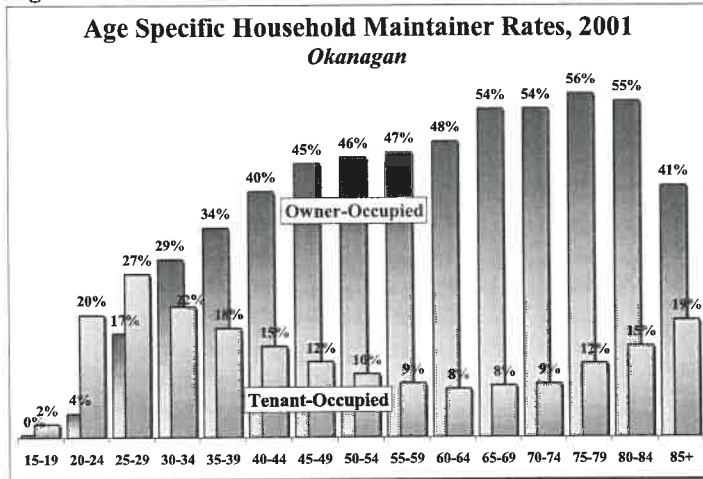


With the exception of the 3,100-person (five percent) decline in the number of 15 to 24 year olds, all age groups are expected to grow over the coming 25 years. The 65 to 74 age group would grow the most in absolute terms, adding 38,500 people (an 89 percent increase). While the 85 plus population would only add 11,800 people by 2031, these additions would translate to a 109 percent increase over the number of people over the age of 85 seen in 2006. The 75 to 84 group would also experience significant growth, adding 28,300 people (a 92 percent increase). Each of the 35 to 44, 45 to 54, and 55 to 64 age groups would increase by approximately the same number of people,

adding 23,600, 24,300, and 22,500 people, respectively. The 25 to 34 age group and the under 15 group would experience significantly below average growth, increasing by 12 percent (6,400 additional people) and 15 percent (10,400 additional people), respectively. Clearly, while the region will experience population growth over the next 25 years, population change will become an increasingly significant issue with respect to both demand for real estate services and their supply. [Figure O-4]

3. Population Growth and Housing Demand

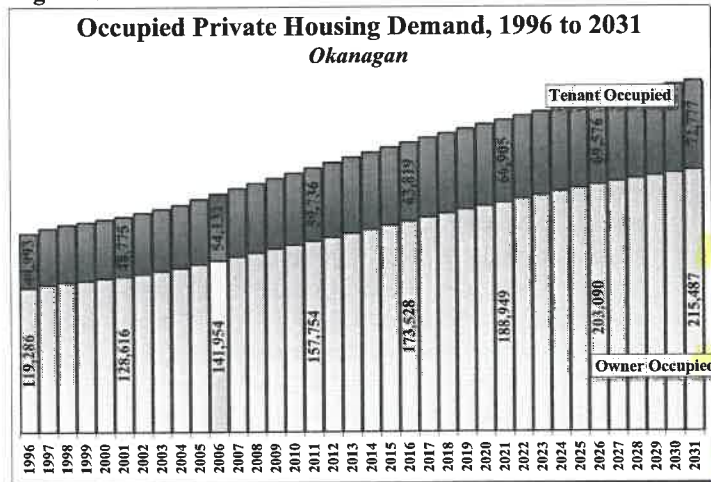
Figure O-5



The age specific patterns of owner- and tenant-occupied household maintainership vary predictably over the lifecycle in the Okanagan (as in the other regions of the province). In the younger age groups rental housing is more prominent, with tenant-occupied household maintainer rates peaking at 27 percent in the 25 to 29 age group. The lowest propensity to maintain households in rental units is seen in the 55 to 74 age groups (between eight and nine percent), while rates increase again through the older age groups, reaching 19 percent in the 85 plus group. [Figure O-5]

Owner-occupied household maintainer rates are generally higher than tenant-occupied rates in all but the under-30 population, where tenant occupancy predominates. In 2001, people in the 75 to 79 age group had the greatest propensity to maintain an owner-occupied household (56 percent), with rates increasing over the lifecycle from relatively low levels in the youngest age groups. Owner-occupied household maintainer rates decline in the oldest age groups as older residents move towards rental housing, or other forms of non-private accommodation such as care homes.

Figure O-6



Relating these age specific occupancy patterns back to the population projection results in a projection of net housing occupancy demand which can be used as an indication of the level of demand the real estate industry could see in the coming decades. Between 2006 and 2031 demand for owner-occupied housing is projected to increase by 73,533 units (a 52 percent increase), going from 141,954 units to 215,487 over the period. Increases would average over 2,900 units per year to 2031 and the annual rate of change would average 1.7 percent (this would compare to the previous ten year period when growth averaged almost 2,300 units and 1.8 percent

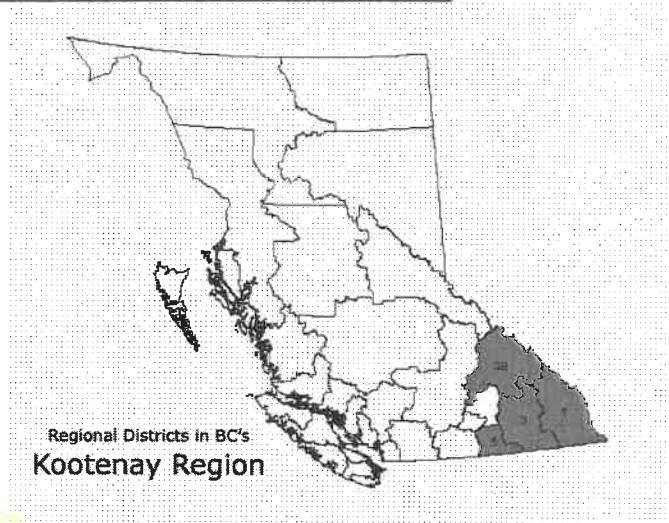
per year). Compared to 1996 to 2006, the coming two and half decades will see these larger incremental increases as the post-World War II baby boom generation ages into the groups associated with high propensities to maintain owner-occupied dwellings. [Figure O-6]

Population growth and change in the Okanagan would see demand for tenant-occupied housing grow to 72,777 units by 2031, an increase of 34 percent over the 54,132 units rented today. On average, demand for tenant-occupied housing would grow by 746 units per year, representing 20 percent of additional housing demand in the Okanagan region in the future. [Figure O-6]

A-4. Growth and Change in the Real Estate Industry in the Kootenay Region

Located in the southeastern-most corner of the province, BC's Kootenay region encompasses the East Kootenay (1), Central Kootenay (3), Kootenay Boundary (5), and Columbia-Shuswap (38) Regional Districts (refer to map).

As with other resource regions of the province, population growth in the Kootenays has historically been tied to the economic fortunes of the province, with relatively high rates of growth in the early- to mid-1990s and a shrinking population through 2001 with a turn-down in the resource cycle. More recently a return to positive growth has been seen, in part drive by stronger commodities markets.



The past decade has seen the Kootenay region lose younger residents to out-migration as stronger economic activity in other parts of the province and Alberta has drawn many young labour force migrants from the Kootenays. However, as the baby boom generation begins to reach retirement, aging of the region's existing residents will come to increasingly characterize issues of community change, which in many communities will become increasingly challenging in the face of slowly growing or declining younger populations.

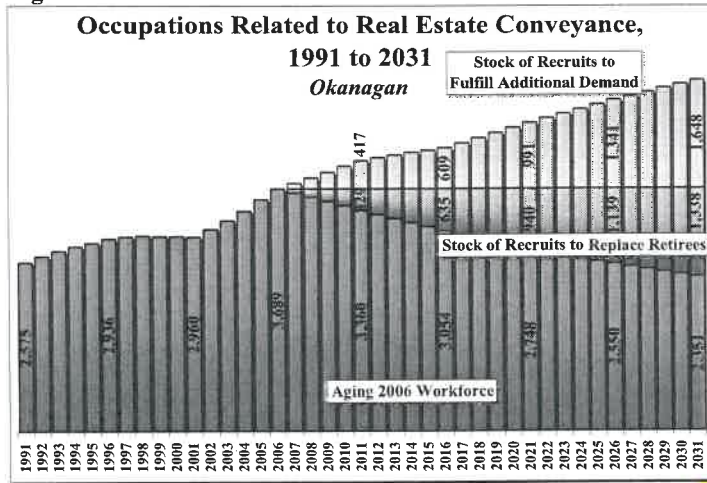
In terms of its economy, of the 96,800 people working in the region in 2001, 26 percent (25,500 people) were in sales and service-based occupations. With relatively strong ties to natural resources, a relatively high proportion of people (19 percent) were working in occupations related to trades, transport and equipment operation (18,850 people) in 2001. The remaining occupations include: management occupations (ten percent, 9,220); business, finance, and administration (13 percent, 12,545); natural and applied sciences (five percent, 4,640); health (five percent, 4,925); social science, education, government service and religion (six percent, 5,615); art, culture, recreation and sport (two percent, 2,040); occupations unique to primary industry (eight percent, 7,395); and occupations unique to processing, manufacturing and utilities (six percent, 6,020).

Between 1991 and 2001 the occupational sector that saw the greatest relative growth was natural and applied sciences (37 percent), followed by management occupations (28 percent) and occupations in art, culture and recreation (27 percent). In addition, two occupational categories declined over this period: those unique to primary industry (which experienced an eight percent decline) and those unique to processing and manufacturing (a six percent decline). On an absolute basis, the sector to add the greatest number of jobs was Sales and Service based occupations which grew by 10,230, representing 30 percent of the total growth in the region between 1991 and 2001.

Occupations in the real estate sector as a whole grew from 1,350 in 1991 to 1,925 in 2001 (a 575-person, or 43 percent increase), which was significantly faster than the growth seen in all occupations in the region (13 percent). As a result, real estate occupations as a share of all occupations increased from 1.6 to 2.0 percent over the period.

4. Projected Recruitment and Retirement in the Real Estate Industry

Figure O-7



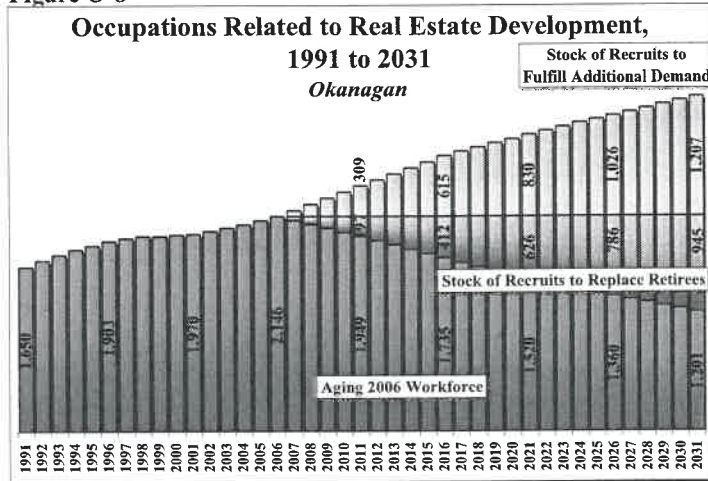
Figures O-7 and O-8 show the implications of the aging and retirement of the current stock of people working in the real estate conveyance and development sectors in the Okanagan (refer to Figures O-1 and O-2). Additionally, they show the number of people that would need to be recruited each year to fulfill net increases in demand for real estate services between 2006 and 2031.

With 3,689 workers in the real estate conveyance sector in 2006, aging and retirement would see the number of people in this sector fall to 2,351 by 2031 (a 36 percent decline). In order to maintain the size of this sector's workforce at its 2006 level, 54

people would have to be recruited each year on average to replace the retirees.

Furthermore, in order to meet projected growth demand for in real estate services over the 2006 to 2031 period, an additional 66 workers would have to be recruited, assuming the ratio of 24 conveyance jobs per 1,000 owned dwellings seen in the region is maintained. Therefore, total annual recruitment of 120 workers would be required in order to fill spots both left by retiring workers and those created through increased demand for real estate services. This would see the number of real estate conveyance occupations increase from 3,689 in 2006 to 5,337 by 2031, a 45 percent increase. [Figure O-7]

Figure O-8

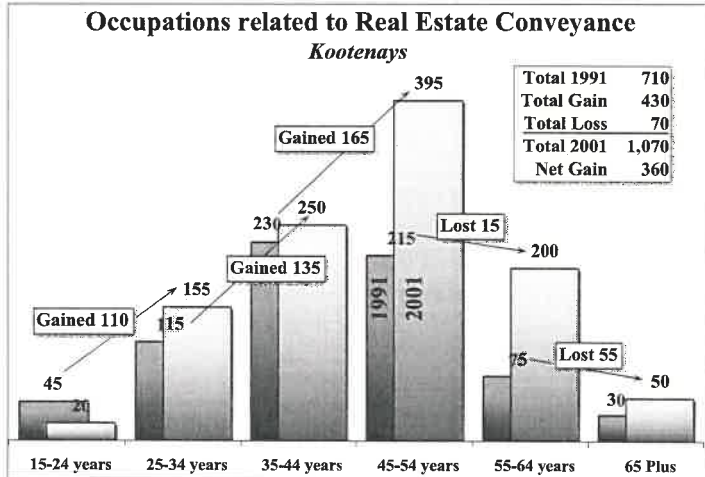


While differing in magnitude, aging and retirement in the real estate development sector would see 2006's workforce decline from 2,146 people in 2006 to 1,201 in 2031 (a 44 percent decrease). Based on this pattern of retirement, an average 38 workers would need to be recruited each year to 2031 to fill spaces left by retirees. In addition to these new recruits, growing demand for development related jobs over the coming 25 years would require the recruitment of an additional 48 people annually (given an average of 15 development related jobs per 1,000 owned dwellings). Adding an average of 86 people per year would result in the total workforce in the sector growing from

2,146 in 2006 to 3,353 in 2031, a 56 percent increase. [Figure O-8]

1. Growth and Change in the Real Estate Industry

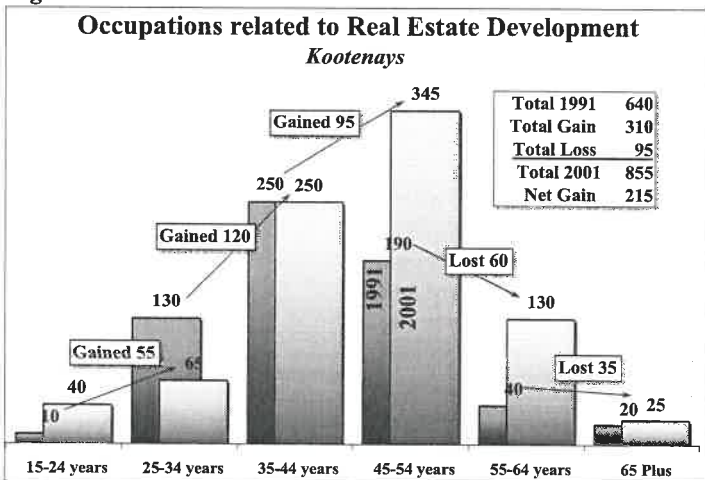
Figure K-1



While the real estate sector grew over the past decade, it also changed considerably. The most typical person working in real estate conveyance type occupations in the Kootenays in 1991 was between the ages of 35 and 44. With 230 people in this age group in 1991, it represented 32 percent of all people working in the sector. A decade later (2001) the most typical worker was, not surprisingly, between the ages of 45 and 54, with this age group now comprising 37 percent of the workforce related to real estate conveyance (395 individuals). [Figure K-1]

Between 1991 and 2001 net recruitment to this sector resulted in the addition of 430 people to the under 55 age groups, with 1991's 15 to 24, 25 to 34, and 35 to 44 cohorts growing by 244 percent, 117 percent, and 72 percent, respectively. However, each of 1991's 45 plus cohorts experienced net losses through attrition and retirement between 1991 and 2001 as people left the sector. Each of the 45 plus cohorts saw between seven and 52 percent of people retire, with a total loss of 70 people from the sector. These changes saw the total number of workers in real estate conveyance occupations grow by 360 workers, from 710 in 1991 to 1,070 in 2001 (51 percent growth).

Figure K-2

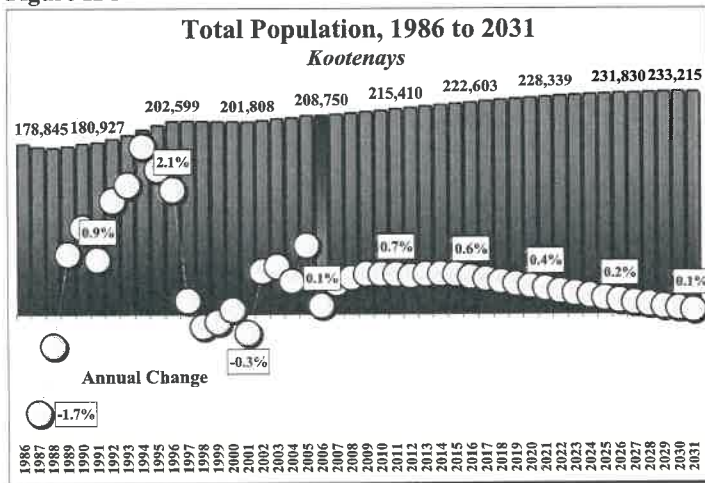


As in the conveyance sector, the most typical person working in occupations related to real estate development in 1991 was between the ages of 35 and 44, with this age group comprising 39 percent of all people working in this sector (250 people). Ten years later (2001) the most typical worker had aged into the 45 to 54 group, with there being 345 people in this cohort, 40 percent of all workers in development related occupations. [Figure K-2]

While there was a net loss of workers in the 45 plus age groups between 1991 and 2001 – 32 percent of 1991's 45 to 54 year olds (60 people) and 58 percent of 1991's 55 plus cohort (35 people) retiring over this period – the younger age groups all saw net gains over the period. Specifically, 1991's 15 to 24 cohort grew by 55 people, the 25 to 34 cohort grew by 120 additional workers, and the 35 to 44 group added 95 people. Overall this pattern of change resulted in a 215-person net increase in the number of people working in occupations related to real estate development between 1991 and 2001.

2. Demographic Context for Change within the Real Estate Sector

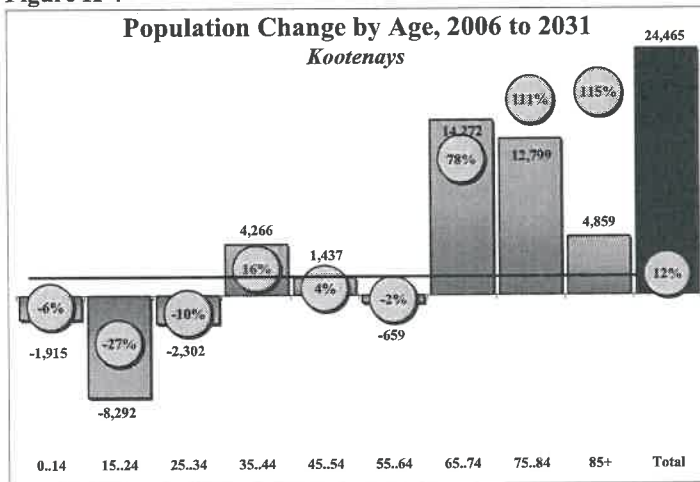
Figure K-3



Over the past two decades the Kootenay region added 29,905 people, a 17 percent increase which saw its resident population grow from 178,845 residents in 1986 to 208,750 in 2006. The region recovered from a short period of population decline in the mid-1980s, as annual growth rates grew into the 2.8 percent range by 1994 before again falling back into negative territory in 1998. From the decline of 0.3 percent in 2001 the Kootenays' population is estimated to have grown each year since, albeit at a relatively slow pace. [Figure K-3]

to grow, but it will do at a much slower pace than has been seen historically, as low birth rates and the declining contribution of natural increase (the number of births each year net of the number of deaths) will see net migration to the region serve as the primary driver to future growth. While annual population change will reach 0.7 percent in the near-term, it is expected to decline thereafter, falling to just 0.1 percent by 2031. This long-range pattern of change would see the Kootenays' population grow from its current (2006) population of 208,750 to 233,215 in 25 years, an increase of 24,465 residents (a 12 percent increase).

Figure K-4



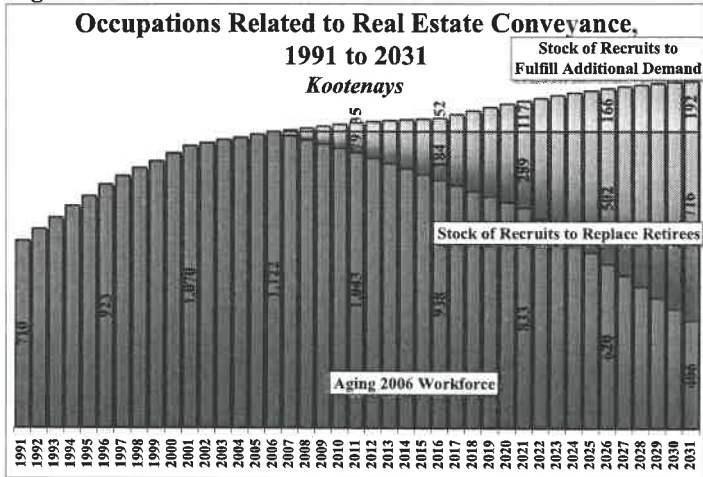
The 24,465-person increase expected for the Kootenays by 2031 would be driven almost exclusively by growth in the older age groups (Figure K-4). The greatest absolute increase is projected to be in the 65 to 74 group, which would grow by 14,272 people. The 75 to 84 age group would also see a significant increase (of 12,799 people), followed by the 85 plus group (4,859 additional residents) and the 35 to 44 group (4,266). The only other age group that is expected to grow between 2006 and 2031 is the 45 to 54 cohort, which would see additions of 1,437 people. It is clear that aging will be the dominant theme that will characterize the Kootenays in the coming

years as aging, low birth rates and out-migration in the younger age groups would see all of the cohorts under the age of 35 decline in size. The greatest absolute decline would be in the 15 to 24 group, which would lose 8,292 people, followed by the 2,302-person decrease in the number of 25 to 34 year olds and the 1,915-person decline in the population under the age of 15. [Figure K-4]

percent growth over the coming 25 years, the demand for rental accommodation is not only expected to grow more slowly than for owned accommodation, but also more slowly than demand for rental accommodation has grown historically. [Figure K-6]

4. Projected Recruitment and Retirement in the Real Estate Industry

Figure K-7



Given the pattern of recruitment and retirement that was seen between 1991 and 2001 for the real estate conveyance and the development sectors (as seen in Figures K-1 and K-2), Figures K-7 and K-8 show the aging and retirement of the current stock of people working in each sector along with the number of people that would need to be recruited to fulfill retirements and potential net growth in demand over the next two and a half decades.

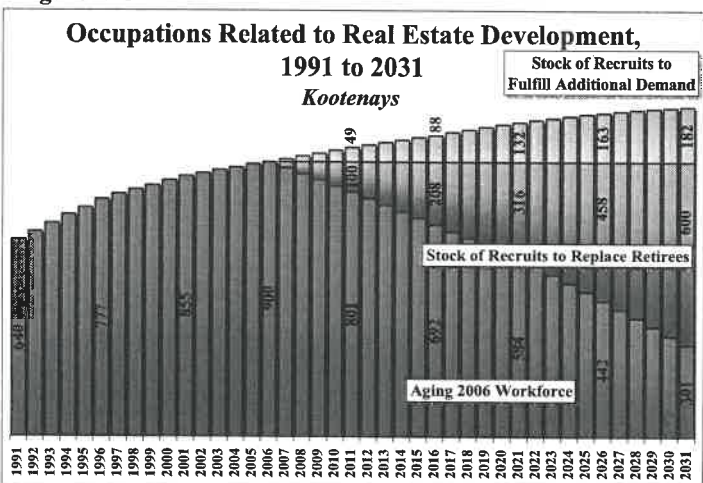
Of today's 1,122 workers in occupations related to real estate conveyance in the Kootenay region, patterns of aging and

retirement would see this number decline to only 406 by 2031 (a 64 percent decline). In order to just maintain the size of this sector's workforce at its current level, an average of 29 recruits would be needed each year to match the retirement of workers. Between 1991 and 2001 an average of 36 recruits were added to this sector annually.

Given a growing and changing population and their housing needs, in order to meet the projected growth in the real estate market over the next 25 years, a further eight recruits would be required each year assuming a ratio of 17 conveyance occupations per 1,000 owned dwellings seen in the region. Overall, a total of 37 additional workers would be required each year to fill both potential retirements and additional demand that would arise from a growing and changing population. This would see the sector grow from 1,122 workers in 2006 to 1,239 by 2021 and further to 1,314 by 2031, a 192-worker, or 17 percent, increase. [Figure K-7]

In a similar vein, the current profile of people in the development sector combined with aging and retirement would result in the workforce declining from 2006's 900 individuals to 301 by 2031, a 67 percent decrease. Given this pattern of change, an average of 24 workers would need to be recruited each year over the next 25 years in order to fill the spaces left by worker attrition. With

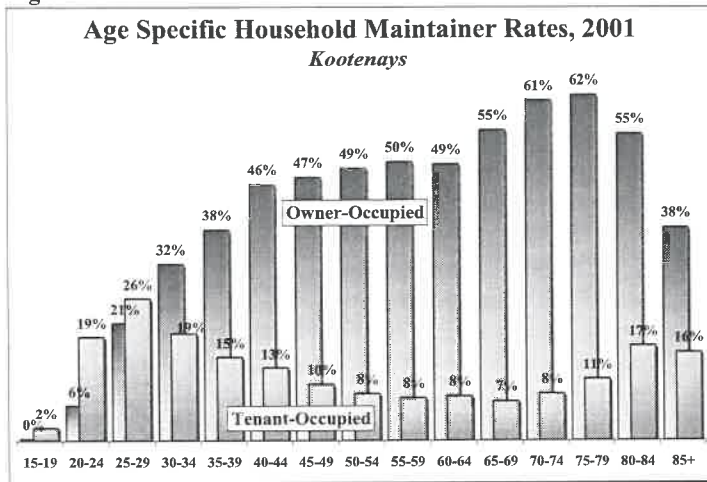
Figure K-8



the demand for development occupations expected to continue to grow, a further seven workers would need to be recruited each year to keep up with additional demand (maintaining 13 development occupations per 1,000 owned dwelling units), for a total of 31 additional workers each year to 2031. Growth of this magnitude would see the sector go from 900 workers in 2006 to 1,032 in 2021, and finally to 1,082 by 2031, a 20 percent increase (182 net additional people). [Figure K-8]

3. Population Growth and Housing Demand

Figure K-5



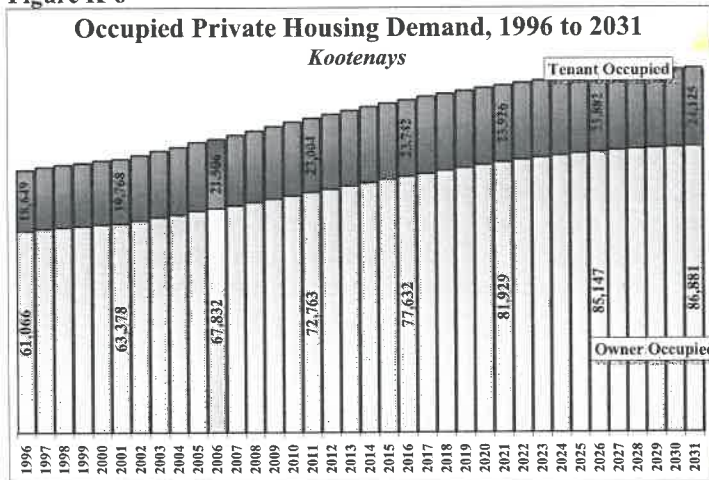
There is distinct age-related pattern of maintaining a household in the Kootenays. Tenant-occupancy is relatively prominent in the younger age groups, with the most likely renters being between the ages of 25 and 29 where almost a quarter of people in this age group maintain rental accommodation. The propensity to maintain rental accommodation steadily declines from the 25 to 29 age group through to a low of seven percent in the 65 to 69 age group as the prominence of owner occupancy grows. From low rental maintainer rates during the family rearing stage of the lifecycle, rates increase through the older age groups to peak at 17 percent of the 80 to 84 population

maintaining rental accommodation. [Figure K-5]

Not surprisingly, the propensity to maintain an owner-occupied household increase quickly through the period of the lifecycle characterized by labour force entry and early family formation. From the significant growth over each five year age group during this stage of the lifecycle, rates level out between the ages of 40 and 64 where 50 percent of people in the Kootenays maintain owner occupied accommodation. Owner occupied maintainer rates continue to increase, albeit much more slowly than in the younger age groups, peaking at 62 percent for the 75 to 79 age group before declining for the 85 plus age group, as older residents move towards rental accommodation or to other forms of housing such as nursing homes and care facilities.

In order to develop a projection of future housing demand in the region, the age specific maintainer rates were combined with BC Statistics age specific population projections for the Kootenays to determine the impact that demography alone would have on future housing demand. This projection provides a benchmark indication of the level of future demand the real estate industry might anticipate in the coming decades.

Figure K-6

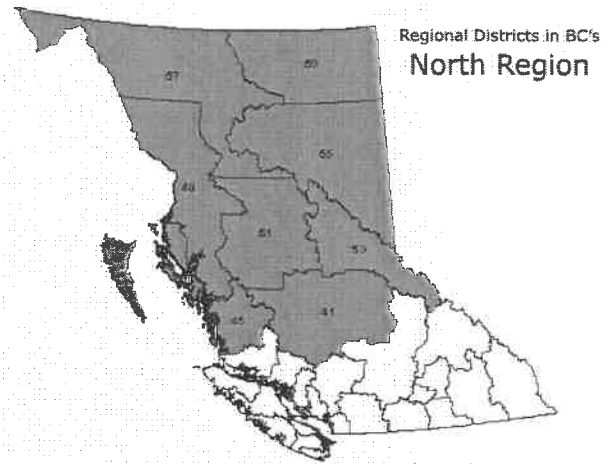


Owner-occupied housing demand in the Kootenay region is projected to increase from 67,832 units in 2006 to 81,929 by 2021 and further to 86,881 by 2031. Over the next 25 years this represents an increase of 19,049 units, or a 37 percent increase over today. Net additional owner-occupancy demand would therefore average 762 units per year, a 13 percent increase above the 677 units averaged over the 1996 to 2006 period. [Figure K-6]

On the tenant-occupied side, units maintained in rental occupancy would increase to 24,125 units by 2031, 2,619 more than the 21,506 today. Representing 12

A-5. Growth and Change in the Real Estate Industry in the North Region

In terms of area, the North region of the province represents the largest geographic area of the five considered in this research. The North region includes the following Regional Districts: Stikine (57), Northern Rockies (59), Peace River (55), Fraser-Fort George (53), Cariboo (41), Central Coast (45), Bulkley-Nechako (51), Kitimat-Stikine (49), and Skeena-Queen Charlotte (47).



With only 360,000 people residing in the North region, the North accounted for 8.3 percent of BC's total population in 2006. Given a relatively small population base and strong ties to the resource base, it is not surprising that the region has experienced variable rates of population change over the past two decades. Annual rates of growth increased between 1986 and 1996, fell into negative territory between 1998 and 2001, before rebounding in the past few years. In the coming years like many other regions throughout the province the North will continue to be challenged to retain its younger workers. Additionally, volatile commodity markets will continue to strongly influence economic activity within the region.

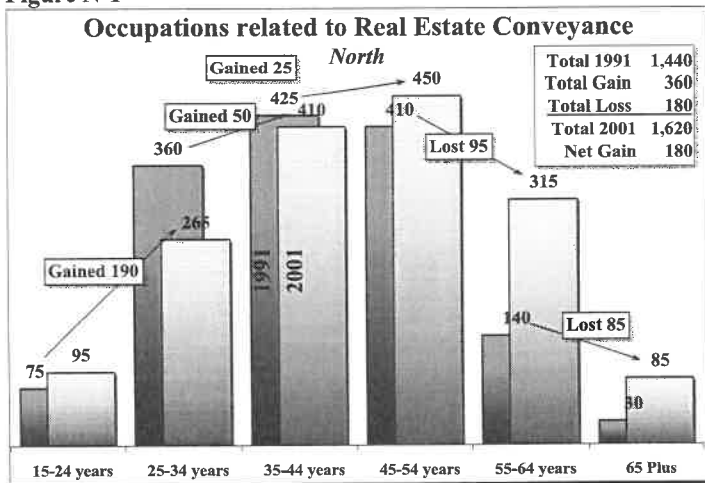
With respect to its economy, between 1991 and 2001 the North added 7,300 jobs, growing by four percent. Of the 176,000 residents with occupations in 2001, the largest share was seen in the sales and service sector which accounted for 43,000, or 24 percent of all occupations. Given the resource focus of activity in the region, trades, transport, and related occupations were close behind (34,000, 19 percent), followed by occupations in business, finance, and administration (25,000, a 14 percent share). Occupations unique to primary industry and processing, manufacturing, and utilities accounted for nine percent each (15,400 and 15,100, respectively), followed by management positions (14,600, eight percent), occupations in social science, education, government, and religion (11,500, seven percent), natural and applied science positions (8,900, five percent), health (7,000, four percent), and occupations in art, culture, recreation, and sport (2,500, one percent).

Between 1991 and 2001 the sales and service sector saw the greatest increase in the number of occupations, at 4,100 (accounting for 56 percent of the total increase in the region over the period) while the largest relative increase was seen in natural and applied sciences, which grew by 30 percent. Two sectors experienced declines between 1991 and 2001: trades and transport occupations (a 2,200-person, six percent decrease) and occupations unique to primary industry (a 3,200, 17 percent drop).

Occupations in the real estate sector as a whole grew from 2,440 in 1991 to 3,025 in 2001 (a 585-person, 24 percent increase), which was six times as fast as the growth seen in all occupations in the region (four percent). As a result, real estate occupations as a share of all occupations grew from 1.4 to 1.7 percent over the period.

1. Growth and Change in the Real Estate Industry

Figure N-1

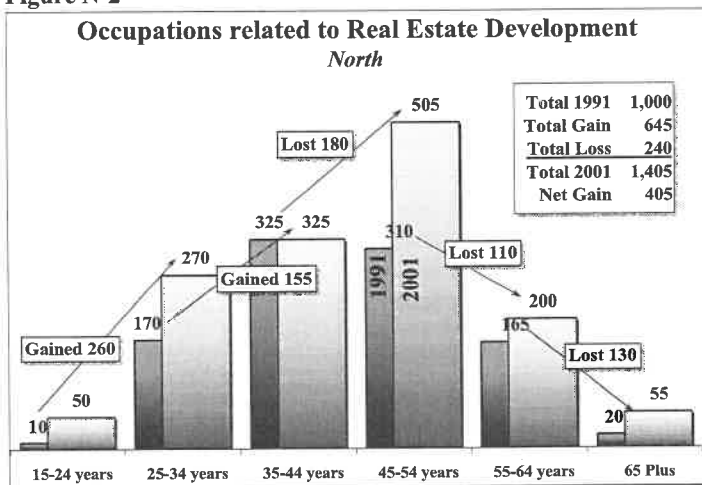


The most typical worker in the real estate conveyance sector in the North region was between the ages of 35 and 44 in 1991 (425 people, or 30 percent of the sector total). By 2001 those workers has aged, becoming 2001's 45 to 54 year olds. By 2001 there were 450 workers between 45 and 54, accounting for 28 percent of the sector's workforce. [Figure N-1]

Between 1991 and 2001 there were 360 people recruited into the sector, with 1991's 15 to 24, 25 to 34, and 35 to 44 age cohorts each growing by 253 percent, 14 percent, and six percent, respectively. Attrition and retirement however saw 180 workers leave

this sector over the same period, all of which was seen in the over 55 age groups. Therefore, compared to the 1,440 people working in real estate conveyance occupations in BC's North region in 1991, recruitment and retirement patterns resulted in a net gain of 180 people into this industry by 2001 (a 13 percent increase), bringing the total number of occupations in this field to 1,620.

Figure N-2

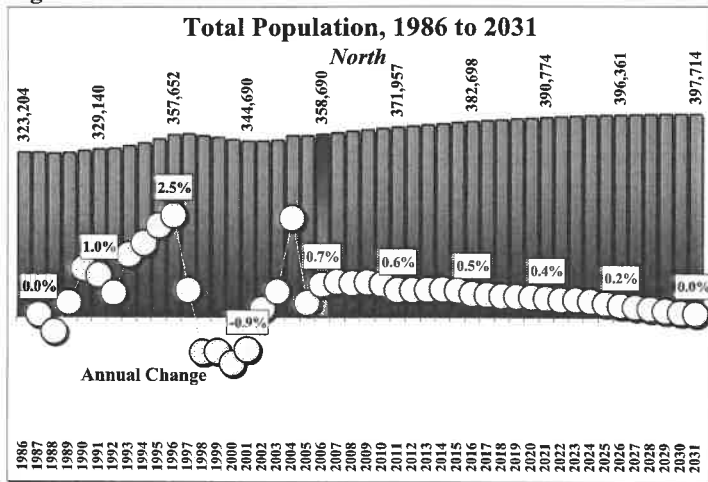


In real estate development occupations in 1991 there were also more people between the ages of 35 and 44 (325) than in any other age group (accounting for 33 percent of the sector's total in 1991). Aging of these workers combined with strong recruitment between 1991 and 2001 resulted in the most typical worker in this sector being 10 years older (between the ages of 45 and 54) by 2001, but also in this age group accounting for a greater share of the workforce (36 percent, 505 workers) by 2001. [Figure N-2]

Between 1991 and 2001 recruitment outweighed retirement, with a total of 645 workers in the under-55 age groups being recruited into the sector and only 240 in the 55-plus groups leaving. A net gain of 405 workers into development occupations resulted in this sector growing from 1,000 in 1991 to 1,405 by 2001, a 41 percent increase.

2. Demographic Context for Change within the Real Estate Sector

Figure N-3

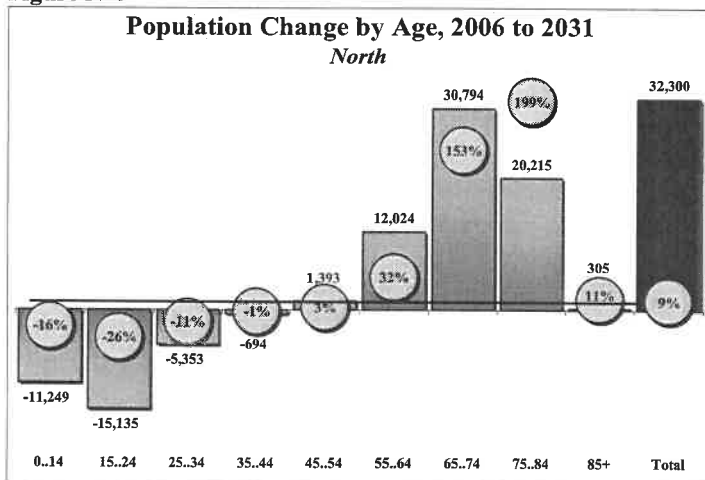


Over the past two decades the resident population of the North grew from 323,000 to 359,000 residents by 2006, a 35,500-person, or eleven percent, increase. Annual change in the region's population ranged between positive rates in the 1989 to 1997 and 2002 to 2006 periods and negative rates in the late 1980's and 1990's. Fluctuations in annual growth were largely due to changes in the resources industries, upon which the North's economy is strongly tied. [Figure N-3]

North's population to grow by 32,500 residents between 2006 and 2031, bringing the region's total population to 398,000 (a nine percent increase). Annual growth rates are expected to fall slightly from the current 0.7 percent range to 0.5 percent by 2016 and further to 2031, when the population is expected to experience little growth. Over the next 25 years annual additions to the population are expected to average almost 1,300 people.

While out-migration will be the primary concern in the North with respect to future population change, BC Statistics projects the

Figure N-4



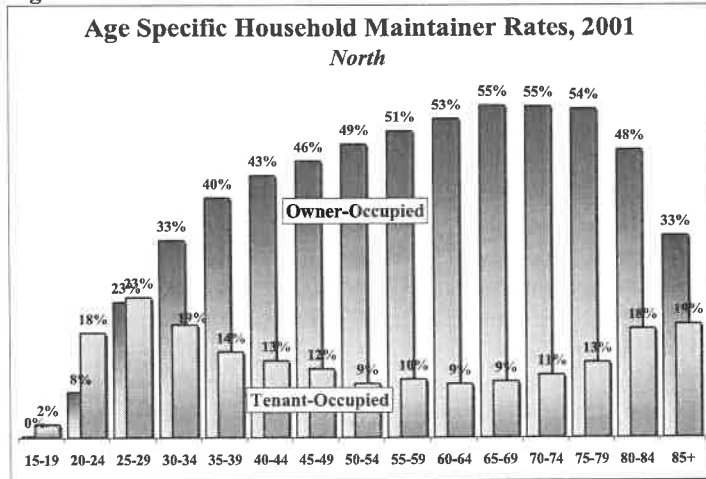
All of the growth in the region is expected to be seen in the 45 plus age groups, with the 65 to 74 group seeing the greatest absolute growth (30,800 people, or 153 percent increase) and the 75 to 84 age group seeing the greatest relative increase (199 percent or 20,200 additional people). The 55 to 64 group would add 12,000 additional people (growing by 32 percent), the 45 to 54 group would add 1,400 people (a three percent increase), and the 85 plus group would add 300 people (eleven percent). [Figure N-4]

45 population is projected to decline between 2006 and 2031, with the bulk of this decline being seen in the 15 to 24 age group (losing 15,100 people, or a 26 percent decline) and in the under-15 group (which would lose 11,200 people, a 16 percent loss). The 25 to 34 and 35 to 44 age groups would also decline, albeit at slower rates, losing 5,350 people (eleven percent) and 700 people (one percent), respectively by 2031.

Due partly to below the replacement level birth rates but mostly due to out-migration of the younger population, all of the under-

3. Population Growth and Housing Demand

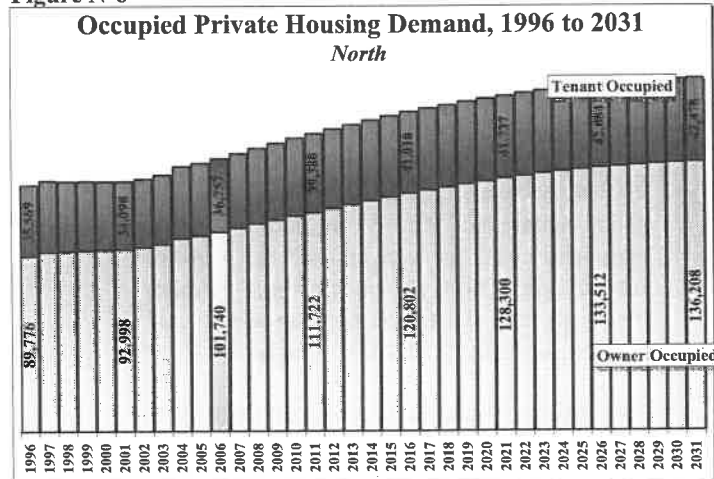
Figure N-5



As with other regions of the province, the age specific patterns of owner-occupied and tenant-occupied household maintainership differ considerably in the North. In 2001, tenant-occupied household maintainer rates displayed the typical U-shaped pattern, with rates being highest in the 25 to 29 age group, declining to under ten percent in the 50 to 69 age groups, before increasing for the eldest segment of the population (to 19 percent of the 85 plus age group maintaining rental accommodation). [Figure N-5]

Owner-occupied household maintainer rates are generally higher than tenant-occupied rates in all but the under-30 population, where tenant occupancy predominates. Owner-occupied rates increase over the course of the lifecycle, with people in the 65 to 69 being the most likely to maintain owned accommodation. While rates generally increase into the 75 to 79 age group, they decline thereafter, as some older residents begin to move towards rental accommodation or other forms of non-private accommodation such as nursing home and care facilities.

Figure N-6



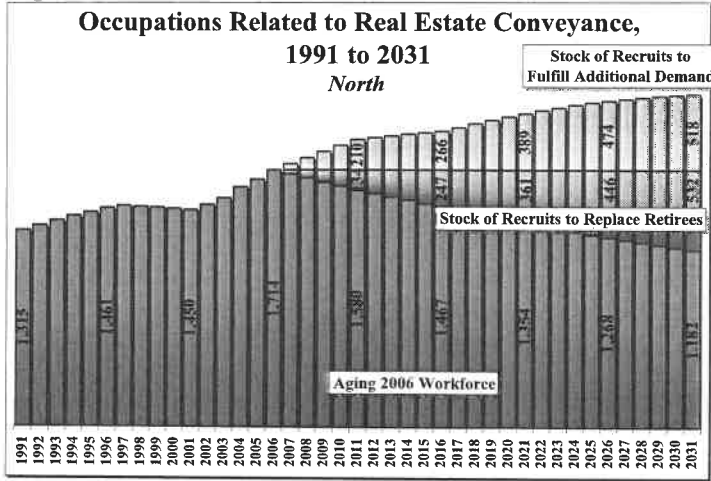
Relating these age specific occupancy patterns back to the population projection results in a projection of net housing occupancy demand that can be used as an indication of the level of demand the real estate industry will see in the coming decades. Population growth and change would see demand for owner-occupied housing reach 136,208 units by 2031, an increase of 34 percent (34,468 units) over 2006's 101,740 units. This would result in annual growth that would average 1.2 percent, versus 1.3 percent historically. Additionally, demand for owner-occupied housing would grow by an average of almost 1,380 units per year. Note that while

region's population is expected to stop growing by 2031, the changing age composition would see the demand for owner-occupied housing continue to increase over the course of the projection period. [Figure N-6]

With respect to tenant accommodation, total occupancy demand is expected to grow from 36,757 units today to 42,478 by 2031. This represents 16 percent growth (compared to the 34 percent growth projected for owned accommodation) as 5,721 new rental units are demanded throughout the northern regions of the province. [Figure N-6]

4. Projected Recruitment and Retirement in the Real Estate Industry

Figure N-7

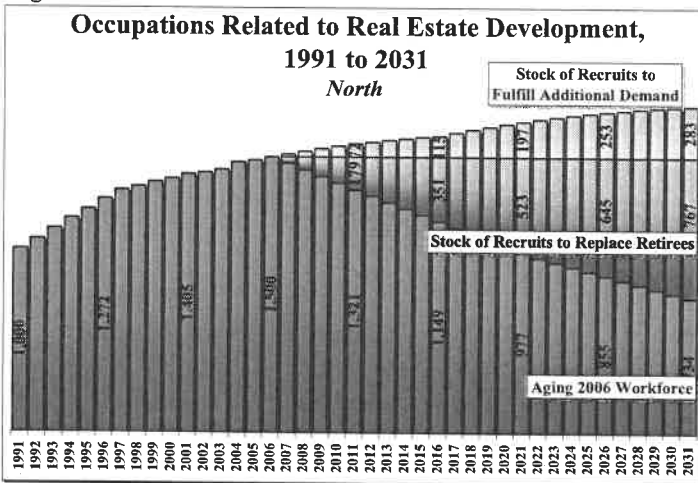


Based on the 1991 to 2001 patterns of recruitment and retirement in the real estate conveyance and development sectors (refer to Figures N-1 and N-2), Figures N-7 and N-8 show how the aging and retirement of the current stock of people working in each sector, the number of people that would need to be recruited to fulfill retirements, and the number of people needed to meet the net increases in demand for real estate services over the next 25 years.

From the 1,714 people working in occupations related to real estate conveyance in 2006, retirement patterns would see the number of employees in this sector decline to

1,182 by 2031 (a 31 percent decline). In order to maintain the size of this sector's workforce at its 2006 level, an average of 21 recruits would be needed each year to fill spots left vacant by attrition and retirement. On top of this, assuming the ratio of 17 conveyance occupations per 1,000 owned dwelling units is maintained in the future, an additional 21 people would need to be recruited each year to 2031 in order to meet the projected growth in demand for real estate services. Overall, 42 people would need to be recruited each year between 2006 to 2031, taking this sector's workforce from 1,714 in 2006 to 2,232 by 2031, a 518-person, or 30 percent, increase. [Figure N-7]

Figure N-8



In the real estate development sector, aging and retirement would see the number of employees in the sector fall from 1,500 in 2006 to 734 by 2031, a 51 percent decline. Based on this, an average of 31 workers would need to be recruited each year just to maintain the size of the sector's workforce at its 2006 level. If increases in demand for real estate services are also considered, a further eleven people would need to be recruited each year if the ratio of 15 development related occupations per 1,000 owned dwelling units is maintained in the coming years. Overall, this indicates that a total of 42 recruits would be needed annually over the coming two and a half decades.

This would see this sector's workforce increase from 1,500 people in 2006 to 1,783 in 2031, a 283-person, or 19 percent, increase. [Figure N-8]

Data Sources

- Historical and projected populations were compiled from BC Statistics PEOPLE 32 series of projections for Regional Districts in British Columbia. Projections were compiled on an age and sex specific basis for each of the regions considered in the report.
- Housing data was taken from the 1996 and 2001 Census of Canada. Age and tenure specific household maintainer data were also aggregated into the geographies presented in the report from Regional Districts in the province of BC.
- Occupational data was compiled from the 1991 and 2001 Census of Canada. Age and occupation classifications for the conveyance and development sectors were compiled from a custom tabulation of employment by occupation from each Census period for Regional Districts in the province. The occupations within each sector are as follows:

Census Labour Force Classifications	
Real Estate Conveyance	
A301	Branch manager, real estate sales District sales manager, real estate Managing director, real estate sales Real estate brokerage manager Real estate sales manager or district manager Sales manager, real estate
B15	Real estate appraiser
B314	Property administrators
G61	Insurance Agents and Brokers
G62	Real Estate Agents and Salespersons
Real Estate Development	
A016	President, residential construction company
A371	Building construction superintendent General contractor, construction, except home builders Renovations construction manager, except home building
A372	Construction home builder Home building manager Lowrise residential home builder Owner, home building business Owner-manager, home builder
C031	Building construction engineer
C051	Architect, industrial and commercial building Architect, residential buildings Building architect Commercial building architect Industrial building architect
C054	Canada land surveyor (CLS) Commissioned land surveyor Land surveyor Professional land surveyor Quebec land surveyor (QLS)
C151	Residential building technologist