

Final Report

Okanagan Valley Industrial Land Strategy

September, 2008

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Executive Summary

To maintain and enhance the Okanagan Valley's competitive position and reap the benefits that economic growth affords the region, it is essential that local and regional stakeholders improve the level of understanding and collaboration around the issues of industrial lands planning. This includes a heightened appreciation for the importance of industrial jobs in terms of creating greater individual wealth and the need to enhance the opportunities to attract future investment attraction through the provision of an adequate supply of quality industrial lands in the locations best suited to the wide range of business and employment opportunities. To this end, municipalities must bring a better balance to the assessment ratio between residential and industrial development across the Region. Municipalities should support industrial employment growth given its impact to sustain and increase the local economy over the longer term.

The Okanagan Valley Economic Development Society (OVEDS) secured funding to undertake a detailed look at a set of trends and challenges, and identify approaches and strategies as a means of proactively addressing emerging concerns around the supply of industrial land. By building on the results of the 2007 Industrial Lands Inventory Project, the resulting Industrial Land Strategy examines issues from both a municipal and regional perspective, ensuring that OVEDS members have both a cooperative vision of a shared direction, and a specific understanding of their local realities and opportunities.

More generally, the overall intent of the Industrial Land Strategy is to provide local economic development officials with the information and tools to understand and address mid-to-long-term industrial land use needs and to be more fully aware of future risks and opportunities associated with industrial land development in the Okanagan Valley.

Heightened Levels of Employment Growth Predicted

The rate of employment growth (4.4%) associated with the goods producing sectors in the Okanagan valley will have a direct implication on the demand and supply of industrial land in the Region over the next twenty years. Without an adequate and well located supply of industrial land the Region will not be able to realize on its economic growth potential and will begin to lose out on opportunities to drive new business and industry investment and the creation of new tax assessment.

While it can't be known what percentage of this new employment will come from existing vs. new business investment, it is anticipated that over the period 2006-2011, employment associated with the good producing industries in the region result in an additional 10,430 jobs, with a significant portion of these coming from the manufacturing sector. This fact alone has implications as to the type of land that is required to accommodate these business operations.

By comparison, employment in the service producing industries is expected to increase by only 2.7% over the same time period resulting in a further 24,440 jobs. Giving consideration to the impact that this growth will have on the demand for industrial land, it is important to note the anticipated increase in employment attributed to transportation services, particularly as it relates to both truck and air are likely to be accommodated in part, on industrial land. In addition, some businesses such as elements of the tech sector may prefer office accommodation in a business park setting rather than a traditional office block or downtown as way to offset operational costs, or because their business operation is simply not conducive to a downtown or office block setting. The value of the jobs being created by the goods producing vs. service sectors is also a consideration, as many jobs in the service sector will be of a lower wage.

Current Supply of Industrial Land Insufficient to Meet Demand

Based on the results of a high level demand analysis the Okanagan Valley will be required to provide industrial land for 8,330 new jobs created over the period 2006-2011. Based on this projection, the total amount of new industrial land required over the five year period will be approximately 778 acres (**315 hectares**). If consideration is given to the need to provide for industrial land over a longer period in order to ensure a more stable and balanced economy, the level of demand increases to 1556 acres in 10 years.

Having confirmed the potential to drive new industrial growth and investment in the Okanagan Valley and the likely demand for industrial land in the short to medium term, consideration must also be given to the feasibility of accommodating this demand within the context of the current inventory of vacant industrial land. To this end, the report relies on information provided by BC Assessment, with input from OVEDS and the municipalities to ascertain:

- The current inventory of vacant land in both urban and rural areas of the Region;
- An average parcel size of available industrial land;
- The average cost per acre of vacant industrial land based on transaction details vs. the current assessed value of vacant industrial land;
- The average cost per acre of industrial land over the previous 5 and previous 10 years

Based on this information the current inventory of industrial land in the Region's municipalities is **120 acres**. A further **50 acres** are available in the Region's rural District areas. It must be acknowledged that much of these lands are in the form of small parcels and in locations that are not considered attractive to industry. These results demonstrate the current inability of the Region to absorb the current demand for industrial land both in the short term and the longer term.

By not addressing this issue in a timely fashion, the Okanagan Valley will limit its efforts to drive new business investment and further enhance the local and regional economies through the creation of higher paying jobs and increased level of municipal tax assessment.

1 Introduction

The Okanagan Valley Economic Development Society (OVEDS), an association of economic development interests from the Okanagan, has undertaken a long-term regional Industrial Land Strategy. With the population of the Okanagan Valley projected to increase 13.4% by 2016¹, this puts an increased demand on the available land supply, while at the same time increasing the size of the regional labour force. This growth has the potential to create conflict over land use, and to undermine the long-term economic and social sustainability of the communities in the Region.

OVEDS has secured funding to undertake a detailed look at a set of trends and challenges, and identify approaches and strategies as a means of proactively addressing emerging concerns. By building on the results of the 2007 Industrial Lands Inventory Project, the proposed Industrial Land Strategy will examine issues from both a municipal and regional perspective, and ensure that OVEDS members have both a cooperative vision of a shared direction, and a specific understanding of their local realities and opportunities.

1.1 Project Methodology

The intent of the Industrial Land Strategy is to provide local economic development officials with the information and tools to understand and address mid-to-long-term industrial land use needs and to be more fully aware of future risks and opportunities associated with industrial land development in the Okanagan Valley (referred to herein as “the Region”).

The proposed Strategy is based on a data-based trend analysis providing projections and insight for future supply and demand of industrial land and a review of current investment attraction efforts in order to develop an action-based set of recommendations and tactics for addressing mid-to-long term industrial land needs.

More specifically, the Industrial Land Strategy includes the following elements:

- An analysis of the present and future demand for industrial land in the Okanagan Valley
- An identification of market and strategic trends in the development of and/or redevelopment of industrial lands
- An examination of the role of industrial land development in both local and regional economies, with a particular emphasis on employment and employment lands
- An identification of key factors that will affect or drive regional and local industry in the future
- A set of recommendations to assist area communities in ensuring that adequate and appropriate industrial land is available for future economic development opportunities and job creation needs
- A discussion of the historic and projected population and employment growth is provided in Appendix A;

1.2 Why an Industrial Land Strategy

The provision of industrial land is important primarily because of the role that it plays in accommodating employment growth. Industrial lands are often referred to as employment lands. Today, industrial lands accommodate wide range of uses, including traditional activities such as manufacturing, distribution and warehousing, as well as many other forms of activities such as research and development, professional offices, and business services. The provision of industrial land/employment lands is undoubtedly one of

¹ Population Projections - Regional Districts, August 2007. www.bcstats.gov.on.ca

the most significant levers available to ensure strong economic growth in a region and maintain a heightened quality of life for residents. The provision of employment land also contributes to a better live-work relationship with fewer residents needing to commute to job opportunities outside the community or leave the community altogether to seek employment opportunities elsewhere. In addition, it provides a greater diversity in the land base, allowing flexibility in responding to economic change and opportunity and enables a municipality to derive its tax base across a broad range of land use types. Because it plays such a large role in any economic development strategy, the availability of well-located, affordable and serviced employment land is important to a region's future economic prosperity and competitiveness; its ability to continue to provide and attract high quality jobs and generate new wealth and investment; as well as its long-term fiscal sustainability.

For the purpose of this report, the Okanagan Valley's current industrial land supply is defined as land in the Industrial classification within the regional districts of Central Okanagan, North Okanagan and Okanagan-Similkameen as determined by the British Columbia Assessment Office. In validating the current inventory of vacant industrial land, input has been received from the Okanagan Valley Economic Development Society and municipalities in the region.

2 Regional Demand for Industrial Land

Traditionally, the approach to the provision of employment and economic growth has been to both protect and maximize the amount of available vacant land. Through the maximization of large parcels of raw land, municipalities are able to capture the attention of investors seeking large expansive industrial facilities. Industrial land practices also suggest that the provision of large land supplies contribute to the stability of land prices. Stable land costs in turn help to foster strong municipal cost competitiveness and encourage future growth of the region's industrial tax assessment.

The section that follows examines the short to medium term industrial land needs in the Okanagan Valley. A review of the demand for industrial land will help to determine the amount of land the Region will need to accommodate in the short to medium term. It should be noted that in completing this analysis we have taken a high level and conservative approach to ascertaining the level of demand for industrial land in the Valley. The lack of current population and employment forecasts for the region limits the level of detailed analysis that is possible.

In order to determine the demand for industrial land the following two methods are typically used: absorption-based method and the employment based method.

2.1 Absorption-based Method

In determining the industrial land requirements for the Okanagan Region, this report cannot employ the absorption-based method, as the detailed historical absorption data is not available at the regional level and would not provide an accurate understanding of land demand. Instead, this study uses the employment-based method to address the short term industrial land needs for the Valley.

The absorption-based method reviews industrial development trends on a historical basis. This method is best used for comparison purposes for industrial land use analysis. Through the collection of absorption data as an economic indicator, the need for future industrial land can be assessed. On a typical basis, historic absorption rates can be used to design medium and long term planning. A caveat associated with the utilization of absorption rates for long range forecasting is that it fails to recognize the broader economic changes that may occur both inside and outside of the community or region under examination. In addition to absorption data, the use of building permit statistics as an indicator of economic growth and potential demand for industrial land can also be used.

2.2 Employment-based Method

The employment-based method would typically utilize a total employment growth forecast model, to determine the number of jobs that need to be created or accommodated on employment land. This method uses an activity-rate based approach, which applies an activity-rate to a future population forecast.

2.2.1 Industrial-Based Employment

Employment that would typically be accommodated on industrial lands includes manufacturing, construction, transportation and warehousing.

The Province of British Columbia has provided projections for the growth in employment from 2006 to 2011 for both the goods producing and servicing producing sectors of the Okanagan Valley (see table 1). Assuming that jobs created in the Utilities, Construction and Manufacturing sectors will be located on industrial land this suggests the need to accommodate 8300 new jobs.

Table 1

Okanagan College Region: Projected Annual Growth in Employment Demand 2006-2011
A Comparison between Industries

	Avg Annual % Chg Over 5 Years				Avg Annual % Chg Over 5 Years		
	Estimated Employment				Estimated Employment		
<u>Goods Producing Ind</u>	2006	2011	2006 to 2011	<u>Service Producing Ind.</u>	2006	2011	2006 to 2011
Agriculture	6,180	7,970	5.8	Trade - Wholesale	6,340	7,270	2.9
Forestry	2,370	2,490	1.0	Trade - Retail	25,010	27,310	1.8
Fishing, Hunting&Trapping	40	40	-2.6	Trans - Rail	410	470	2.8
Oil & Gas	940	1,060	2.4	Trans - Truck	3,090	3,620	3.4
Mining (Non Oil & Gas)	940	1,030	2.0	Trans - Water	100	110	3.9
Utilities	860	960	2.3	Trans - Other	3,790	4,360	3.0
Construction	19,150	22,830	3.8	Finance, Insur. & R.E.	10,080	10,620	1.1
Mfg - Beverages	990	1,340	6.9	Business: Low Tech	12,330	13,600	2.1
Mfg - Fish Products	10	10	1.0	Business: High Tech	6,040	6,950	3.0
Mfg - Food (Non-Fish)	930	1,160	5.0	Education	11,680	12,340	1.1
Mfg - Wood from Sawmills	2,880	2,850	-0.2	Health Services	16,640	17,940	1.6
Mfg - Wood (Non-Sawmill)	2,010	2,050	0.4	Communications	6,320	7,090	2.5
Mfg - Paper Products	220	180	-3.0	Accom & Fd Services.	15,950	18,800	3.6
Mfg - Primary Metal	310	360	3.2	Services - Other	12,500	13,330	1.3
Mfg - Other	9,530	13,450	8.2	Government	6,150	6,630	1.6
Total Goods Producing	47,350	57,780	4.4	Total Service Producing	136,410	150,420	2.1
				Total, all Industries	183,770	208,210	2.7

Source: British Columbia Regional Projection Model: <http://www.bcstats.gov.bc.ca/DATA/lss/repm/Okanagan.pdf>

2.2.2 Employment Land Job Density

In order to determine the industrial land required to accommodate this increase in employment, an industrial employment density of 12 employees per an acre was utilized². A density figure of 12 is consistent with the approach taken by other communities and is considered a standard indicator in the development of long-range planning.

2.2.3 Expansion Land Potential

Since there is the potential for existing employers to have the capacity to expand operations and add further employment to the community, without absorbing any additional land, a 10% adjustment factor has been applied. In addition, the 10% adjustment figure also considers that new businesses have the potential to establish in the community and may inhabit vacant industrial land that has been previously built, although it has been suggested through discussions with economic development professionals that due to the lack of vacant industrial land many industries may have already maximized their operations on their existing properties and are likely to look to alternative locations to meet their expansion needs.

2.2.4 Market Contingency

For the purposes of this analysis, we have applied an allocation of land, 25% above normal requirements.. This enables municipalities to react to various economic development opportunities that may arise at any time. Although it is customary to assign a 25% allocation of land, it is in fact discretionary and will often depend on the type of business or industrial growth that is anticipated. In some communities this factor may be as high as 50% based on the type of development activity that is anticipated. It is, however, suggested that municipalities maintain this figure to respond to any anticipated growth.

² Based on a review of a select number of industrial land strategies and discussions with planning professionals

2.2.5 Employment Land Demand

Based on this approach, the Okanagan Region will be required to provide industrial land for 8,330 new jobs created over the period 2006-2011. By assuming a density figure of 12 employees per an acre, a 10% adjustment factor and a 25% contingency adjustment for future economic growth opportunities the total amount of new industrial land that is likely to be required over this five year is approximately 778 acres (**315 hectares**). If consideration is given to the need to provide for industrial land over a longer period in order to ensure a more stable and balanced economy, the level of demand increases to 1556 acres in 10 years.

3 Regional Supply of Industrial Land

Having confirmed the potential to drive new industrial growth and investment in the Okanagan Region and the likely demand for industrial land in the short to medium term, consideration must be given to the feasibility of accommodating this demand within the context of the current inventory of vacant industrial land. To this end, we have relied on information provided by BC Assessment, with input from OVEDS and the municipalities to ascertain:

- The current inventory of vacant land in both urban and rural areas of the Region;
- An average parcel size of available industrial land;
- The average cost per acre of vacant industrial land based on transaction details vs. the current assessed value of vacant industrial land;
- The average cost per acre of industrial land over the previous 5 and previous 10 years

The following section provides an understanding of the current inventory of vacant industrial land in the Okanagan Region by each of its regional districts³. It should be noted that the total includes both serviced and un-serviced vacant industrial land in both urban and rural settings. While servicing is assumed to be provided in some urban areas, this cannot be verified at this time nor can the quality of the individual parcels. The inventory does not include lands that may be considered underutilized. As required, the verification of the inventory was undertaken by OVEDS with input from municipal planning staff.

Based on the information provided by BC Assessment in August 2007, the current inventory of industrial land in the Region's municipalities is **120 acres**. A further **50 acres** are available in the Region's rural District areas. The average parcel size based on provided information is approximately 1.8 acres. What this demonstrates is the inability of the Region to absorb the current demand for industrial land both in the short term and the longer term.

Of these 120 acres, there is approximately 63 acres of vacant industrial land in Okanagan Similkameen region mainly in Oliver and Osoyoos and a further 38 acres available in the rural parts of the district. (See table 2)

In the Central Okanagan there are only 37 acres of vacant industrial land with 35 acres located with the district's urban areas and 2 acres located in the rural area.

North Okanagan has the least amount of vacant industrial land with 33 acres, the greater portion 25 acres, is within the municipal boundaries.

³ An August 2007 vacant land inventory for the Okanagan valley was provided by BC Assessment. This information was subsequently modified by OVEDS and various local municipalities to reflect an accurate accounting of the vacant land inventory.

Table 2

Vacant Land Inventory: Urban vs. Rural Vacant Industrial Land:
Okanagan Valley

Total	Total Inventory of Vacant Industrial/Acre
Regional District of Okanagan - Similkameen	102.18
Urban	63.33
Rural	38.85
Regional District of North Okanagan	32.46
Urban	25.06
Rural	7.4
Regional District of Central Okanagan	36.68
Urban	34.53
Rural	2.15
Okanagan Valley: Total	171.32

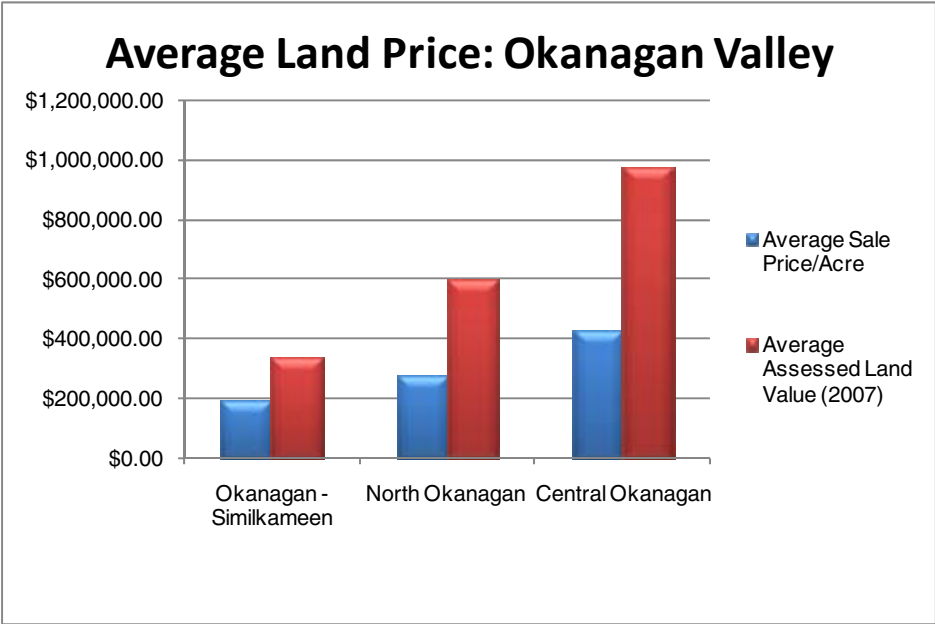
Source: BC Assessment, 2007

Figure 1 provides an indication of the range in average cost for vacant industrial land in each of the three regional districts within the Okanagan Valley over the last 35 years. This is based on the transaction information provided by BC Assessment as well as the current assessed value of an acre of industrial land. Taking into account that some portions of the region have no industrial land, this provides a reasonable proxy for understanding how the cost of land varies across the Region. As noted there is considerable variance across the Okanagan Valley. These variances can be attributed to the quality and location of industrial land, availability of supply and size of parcel and level of servicing, particularly water and sewer.

As anticipated, the highest cost and value per acre of industrial land is in the Central Okanagan area followed by Okanagan Similkameen. Discussions with economic development staff from across the Region suggests that they are seeing current vacant industrial land sales that are closer to or in excess of current assessed value. . However, an accurate understanding of current land values for industrial land is difficult due to the lack of inventory in many communities and the lack of current transaction information.

Figure 1

Average Industrial Lands Price



Source: BC Assessment, 2007

Table 3 illustrates the costs per an acre of industrial land (based on available transaction history) over a five and ten year time frame. What is particularly important is the rapid escalation of cost in the last 5 years, particularly in Central Okanagan. Given the predominance of small business operations in the Region, these costs coupled with the lack of availability of industrial land should be viewed as limiting the potential for expansion and growth and a deterrent to new business investment activity.

Table 3

Cost/Acres: Okanagan Valley

	Cost/Acre	
	5 year	10 year
Regional District of Okanagan - Similkameen	\$47,220.00	\$22,582.29
Regional District of Central Okanagan	\$1,740,358.40	\$871,179.20
Regional District of North Okanagan	\$211,200.00	\$38,466.67

Source: BC Assessment, 2007

Appendix C provides additional industrial land inventory and cost information as it pertains to each of the regions with the Okanagan Region.

The following discussion provides a level of insight and understanding into the land supply at the local level and the challenges confronting the various regions in their efforts to drive new business investment.

3.1 North Okanagan Regional District

3.1.1 Supply of Vacant Land

The North Okanagan Regional District has approximately 32.5 acres of vacant industrial land. The main urban areas of Vernon and Enderby have an inventory of 4.31 acres and 15.05 acres respectively. The average parcel size of vacant industrial land is 1.9 acres.

In discussion with economic development staff from the North Okanagan it was suggested that current economic development activity has been constrained due to the lack of industrial land. As a result, there is a perception that business and investment attraction efforts are not producing the necessary results. In particular, the area is unable to respond to the increasing demand for professional office space and could accommodate a broader range of business and professional service for residents.

The lack of serviced industrial land also limits the area's ability to expand and/or attract transportation and warehousing operations that would support trade and exporting opportunities to the US and lower mainland.

The concept of investment readiness to respond to new business and investment was cited as a growing consideration. Not just in terms of available land to attract new investment, but also the ability of the district to attract the employee to sustain and grow the existing the existing base of businesses.

3.2 Central Okanagan Regional District

3.2.1 Supply of Vacant Land

The current inventory of vacant industrial land in Central Okanagan is limited to 36.7 acres. Available information suggests that the City of Kelowna has approximately 34.5 acres of available industrial land with the remaining 2.2 acres being located in the Central Okanagan Rural area. The average parcel size in the Central Okanagan is 1.06 acres.

In discussion with economic development representatives from Central Okanagan, it was suggested that it has become difficult to attract industry to the area given the cost and availability of industrial land. As a result, focus has shifted from business attraction to business retention. While activity in the aviation and tourism sectors is growing, growth in the manufacturing sector is seen as weak.

While there are opportunities to provide additional industrial land in the vicinity of Kelowna, it will require the collaboration between the city and the District of Lake Country. To date, outstanding issues at the political and staff level remain unresolved.

The Westbank First Nations is also in possession of the second largest stock of industrial land in Kelowna, located within the Westside Electoral Area. Much of this industrial land is located along the north side of Highway 97 and could have the potential for industrial/employment uses.

3.3 Okanagan- Similkameen Regional District

3.3.1 Supply of Vacant Land

The current inventory of vacant industrial land in Okanagan Similkameen is approximately 102.18 acres. The major urban areas of Summerland and Penticton currently have an inventory of only 11.25 acres and

4.47 acres respectively. The smaller communities of Princeton and Osoyoos have an inventory of 41.5 acres. The average parcel size in the Central Okanagan is 2.46 acres.

In discussion with economic development staff from the area, it was suggested that many communities within the district are constrained in their development due the restrictions associated with developing the Agricultural Land Reserves and the bordering with First Nations lands.

As with the situation in the Central Okanagan, the proximity and viability of the First Nation's land for business and industrial development, particularly in this part of the Region could be an opportunity to collaborate to increase the supply of industrial/employment land in the future.

4 Strategic Framework

In today's fast paced economy, municipalities, like businesses are facing new challenges to the way they do business. Heightened competition for new business investment, shifting demographics, an aging workforce and fundamental shifts in the provincial/municipal relationships challenge a community's ability to sustain growth and attract and retain local employment. Accordingly, many communities are seeking ways to capitalize on their advantage in a way that maintains their quality of life yet strengthens and sustains their community in a rapidly changing environment. This requires a balanced approach to growth and investment giving consideration to the needs and opportunities associated with the expansion of local business, while at the same time having a solid understanding of the investment opportunities that exist within a local and regional marketplace.

British Columbia's economy is expected to outperform the Canadian average and grow at a healthy rate over the short term, in spite of the growing challenges such as weakened U.S. economy, the high Canadian dollar, and labour shortages⁴. Although Vancouver and other large urban centers have attracted much of the investment coming into the Province, The Okanagan and Vancouver Island are also growing at significant rates and are attracting investment.

Today, the Okanagan Valley⁵ is recognized as an international destination that attracts businesses, tourists, and residents from around the globe. Okanagan has historically been a draw for the agriculture fruit and the wood products industry, and visitors for recreational tourism (i.e. camping, swimming) Industrial growth in the region has grown to include new emerging sectors such as wine, aerospace and advanced manufacturing the regional economy is diversified.

4.1 Local and Regional Context

The reports that direct economic development and employment growth in the region include:

- *The Okanagan Investment Attraction Strategy (2005),*
- *The Okanagan Sustainable Prosperity Strategy (2004)*
- *A Strategy to Achieve Green Sustainable Economic Development in the Okanagan and Similkameen Valleys (2003)*

These reports provide an indication of the targeted business and investment attraction and growth that is being championed at a regional and local level and the issues associated with economic growth. They also provide insight into the type of land and location requirements that are required in the Region. It should be noted however, that none of these reports dealt directly with the location, quality and long term availability of industrial land as part of the needed infrastructure for advancing economic growth.

In addition to these reports, a select number of local reports have also been reviewed to gain a more thorough understanding of the issues impacting individual communities.

A more detailed review of these reports is provided in Appendix A.

⁴ http://www2.news.gov.bc.ca/news_releases_2005-2009/2007FIN0031-001592.htm

⁵ Okanagan Valley is defined as North Okanagan, Central Okanagan and Okanagan-Similkameen

4.2 Summary of Findings

- While a regional economic development strategy has been prepared, many communities do not see the value for their own communities. Only a select few of the communities have prepared a long range strategy for economic growth that includes planning for employment.
- Many communities have shifted their economic development programming from investment attraction to business retention and expansion as a result of having little or no land to promote for industrial use.
- A consistent message emerged from each of the economic development offices that there continues to be opportunity to attract small and medium light manufacturing operations as well as business and professional services to the region.
- Land values for industrial land continue to be lower in the Okanagan Valley than industrial lands in the Lower Mainland which support local efforts to drive new investment attraction.
- The average parcel size of industrial land in the Okanagan Valley is small providing little flexibility to accommodate the growth of existing industries or the attraction of new business and industrial investment.
- Based on the projected employment growth resulting from the goods producing sector, the Region can expect a net increase of 8,300 new jobs in the Region in the short term. The industrial land required to accommodate this increase is approximately 778 net developable acres. Based on this demand, the current inventory of available industrial land is insufficient to accommodate projected demand in the short to medium term based on anticipated employment growth.
- Several background reports have suggested that there is a considerable variability in industrial land bylaws across the region, in addition to the variances in land costs and availability. Together, this is contributing to an industrial land pattern that may not provide optimum locations for industrial activities.
- While communities have been focused on densification and infill opportunities, more effort needs to be directed at re-use and redevelopment of older industrial sites. Consideration should be given the identification of underutilized properties that may also be suited for industrial development.
- As highway use increases with expanded development, pressure will grow on municipalities to preserve the integrity of the corridor for commercial/industrial activity as a primary component of the Region's competitive position.
- To this end, access management plans are required to help preserve the integrity of the District's highway corridor. This is particularly relevant for those areas along both Highway 97 and 3, where congestion in the summer months conflicts with the movement of goods and services through the Region.
- Agriculture, urban development and the preservation of natural areas setting the stage for competition between land use activity in the Region.
- The topography of the Region, land ownership patterns and lands designated Agriculture Land Reserve have contributed to a shortage of developable land and made it difficult for many communities to expand their industrial lands.

- The aging demographics and resulting labour shortage in the Region will have a direct impact on the ability of communities to maximize future investment attraction and employment opportunities.
- The rate of growth and lack of developable land is having an impact on housing prices in the region pushing much of the housing stock beyond the reach of many residents. This in turn is impacting local employers in their efforts to attract and retain needed employees to the Region. This may limit the opportunities for expansion of existing business and industry operations over the longer term.
- Manufacturing operations run the gambit of small proprietor run businesses to international operations suggesting the ability to sustain a broad manufacturing base but also the need to provide a varied industrial land base.
- Local manufacturing firms are planning for growth and recent business surveys reveal that half of these companies will require new sites to accommodate growth.
- The lack of industrial land supply has meant that some communities in the region have restricted employment uses in their industrial and business parks to a narrow band of businesses.
- There is significant development pressure on First Nations land to accommodate proposals for hotels, golf courses, casinos etc., however, there needs to be a greater level of cooperation and collaboration on the most appropriate uses as well as discussions on how best to service the new development opportunities.
- While Okanagan-Similkameen has the largest inventory of industrial land in the region, there are physical constraints that limit the development of these lands. Penticton is constrained by the presence of two lakes and the Penticton Indian reserve. Osoyoos and Summerland face similar constraints.
- Parcel size and location of available industrial land is limiting the ability of communities to maximize investment attraction and employment opportunities.

5 Industrial Land Strategy

In order to maintain and enhance the competitive position of the Okanagan Region and enable the Region to reap the benefits and opportunities associated with increased investment attraction opportunities such as a higher standard of living and increased tax assessment, it is essential that there is improved understanding, coordination and collaboration association with the provision of industrial land.

While the assessment undertaken in conjunction with this report suggests that there is a diminishing supply of available and shovel ready industrial land, there is also a larger issue in that there is not sufficient information collected and shared among the regional stakeholders as to the quality of the available inventory, the current level of servicing or the availability of servicing, or the range of parcels that may be underutilized.

The recommendations that follow are intended to be proactive and address the need for consistent designations and descriptions for various industrial/employment uses, as well as the better collection of region-wide employment lands information. The recommendations are also intended to address the current insufficient supply of available industrial land the following actions are recommended.

5.1 Recommendations

1. Prepare a detailed regional industrial land use plan that identifies the industrial lands that are to be designated and brought on stream in the short, medium and long term. This will allow the Region to better respond to the current demand for industrial land but also plan for the types of jobs that the region can anticipate and will need for long-term prosperity and where these jobs should be located.
 - a. Encourage the designation of strategic employment areas as well as the opportunities to support these areas through needed infrastructure investment, policy tools and/or real estate management. This should include minimizing the opportunity for conflicting land uses, pre-zoning for industrial uses and enabling a greater range of more intensive uses that reflect the changing market demand in the Region.
2. Regional planning efforts should be undertaken and policies adopted that continually see an inventory of new industrial land coming on stream and ready for immediate sale. In some jurisdictions this means planning for the supply of industrial land that is 10, 15 and sometimes 20 years into the future. This will allow the Region to better respond to long term market changes and ensure that employment planning is up to date and in line with the direction of the regional economy.
 - a. Encourage the designation of industrial/employment precincts in proximity to the Region's international airports and the University of BC-Okanagan campus.
 - b. Encourage the designation of industrial land that capitalizes on the rail access and CN/CP operations in the Region.

- c. Encourage the designation of industrial lands that provide for high quality sites in proximity to the Region's highway network.
 - d. Encourage the use of consistent designations and descriptions for industrial uses.
 - e. Encourage the re-development and rehabilitation of existing brownfield sites.
 - f. Encourage the development or re-development of underutilized industrial land.
3. Encourage the municipalities to develop official plan policies and zoning by-law provisions that provide for more compact and well designed industrial areas. This could include facilitating more a transit supportive built form and the reduction in the amount of required surface parking associated with some forms of development. In addition, consideration should be given to providing for a wider range of employment uses on industrial lands. This could include opportunities to introduce office type uses better suited to industrial/business parks than downtown and commercial style development.
4. Investigate the opportunities to develop tools and financial incentives that support a better quality urban development and re-development of derelict or underutilized areas of a community and focuses investment based on strategic priorities. This could include the development of community improvement plans similar to the approach taken in Ontario where financial incentives and tax incremental financing.
5. Undertake the necessary feasibility studies to advance the development of future industrial/employment land that support the development of both the local and regional economy. This includes the requirements associated with the extension of services to future industrial land, the introduction of mixed used development that integrates live work arrangements as a way to support the growth of small business entrepreneurs, and the concept of a mixed use development that integrates retail as well as office and residential development.
6. Collaboration is required between the Province, the Regional Districts and local municipalities to ensure that the infrastructure is provided to support the future development of industrial land and ensure the long term competitiveness of the Region. This includes highway improvements, as well as water, sewer and telecommunication requirements.
7. Initiate discussions with First Nations as to the opportunities for the development of industrial/employment land on First Nations lands, particularly those lands that benefit from highway accessibility. This could include cost sharing in the form of shared servicing agreements as well as joint marketing efforts geared to investment attraction and enhanced employment opportunities.

8. Develop and maintain a database of available industrial land with input from municipalities and stakeholders that enables the monitoring of industrial demand and supply. Currently there are a number of challenges that make the collection of regional wide information on industrial lands difficult. Property assessment data is not designed for the purposes of a macro-regional analysis. A major limitation is the lack of consistent terminology between the municipalities and the assessment data itself.
 - a. Work with the municipalities and stakeholders to develop a consistent and shared database of existing and planned employment areas, and their attributes – parcel size, servicing constraints and timing and transportation access etc.

Appendix A

Current Strategic Framework

Current Strategic Framework

In today's fast paced economy, municipalities, like businesses are facing new challenges to the way they do business. Heightened competition for new business investment, shifting demographics, an aging workforce and fundamental shifts in the provincial/municipal relationships challenge a community's ability to sustain growth and attract and retain local employment. Accordingly, many communities are seeking ways to capitalize on their advantage in a way that maintains their quality of life yet strengthens and sustains their community in a rapidly changing environment. This requires a balanced approach to growth and investment giving consideration to the needs and opportunities associated with the expansion of local business, while at the same time having a solid understanding of the investment opportunities that exist within a local and regional marketplace.

British Columbia's economy is expected to outperform the Canadian average and grow at a healthy rate over the short term, in spite of the growing challenges such as weakened U.S. economy, the high Canadian dollar, and labour shortages⁶. Although Vancouver and other large urban centers have attracted much attention, it is the regional districts within the Province with their growing communities that have found the means and developed strategies to increase business growth with population growth.

Today, the Okanagan Valley⁷ is recognized as an international destination that attracts businesses, tourists, and residents from around the globe. Renowned for its natural beauty, the Okanagan Valley, is located in the south central region of the province and is characterized by a long fertile valley and surrounded by the Rocky Mountains. Okanagan has historically been a draw for the agriculture (fruit and wine) and the wood products industry, and visitors for recreational tourism (i.e. camping, swimming, and hiking). Industrial growth in the region has also grown to include new emerging sectors such as aerospace and advanced manufacturing providing further opportunities to diversify the regional economy.

- **Okanagan Investment Attraction Strategy (2005)**

In 2005, the Okanagan Economic Development Council in association with economic development organizations located in the Vernon to Osoyoos region of the Okanagan Valley undertook the development of an investment attraction strategy for the region. Confronted with the reality of a single economic region and the desire to avoid competition with each other for investment opportunities, communities from across the region undertook the development of a joint economic development program that would benefit the whole region as well as the participating communities.

The report acknowledged the challenge for the economic development community in developing the strategy was to gain a thorough understanding of the strengths and weakness of the region for focused investment attraction, identify a preferred target client and then launch an effective and compelling marketing program to attract new business investment.

The work completed at that time included industry and economic research, a review of work completed as part of earlier studies, interviews with the business community and a series of focus group sessions, target sector selection, the development of a marketing plan and preliminary brand development.

⁶ http://www2.news.gov.bc.ca/news_releases_2005-2009/2007FIN0031-001592.htm

⁷ Okanagan Valley is defined as North Okanagan, Central Okanagan and Okanagan-Similkameen

It was also noted that the prescribed investment attraction activities and efforts put forth in the report stemmed in part from the work prepared by the Okanagan Partnership as part of the 2003 Okanagan Sustainable Prosperity Strategy.

The selection of target sectors for the purposes of advancing the investment attraction effort was undertaken in cooperation with a project steering committee and gave consideration to factors such as industry growth, employment growth, income potential and sustainability over the longer term.

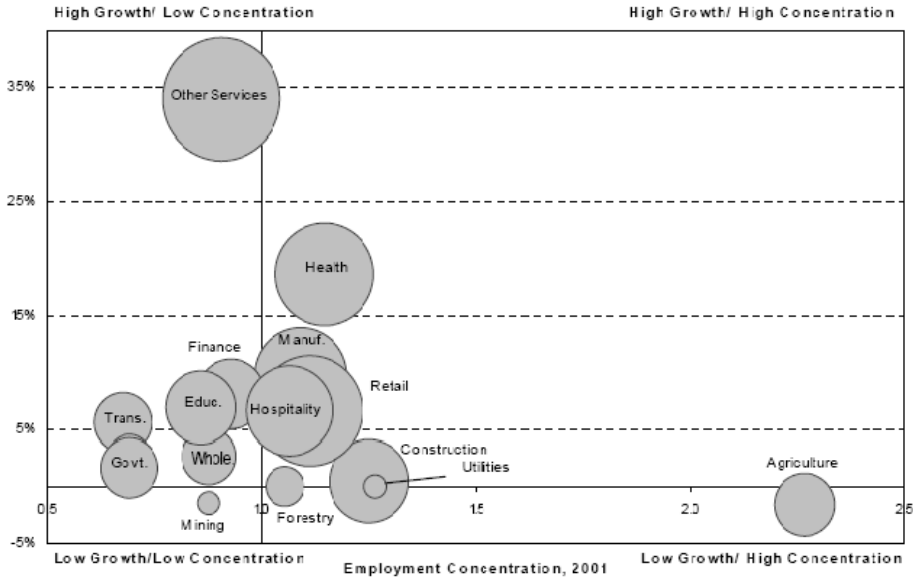
The industry sectors in the region considered to demonstrate a favourable competitive position, (figure 1) included:

- Health;
- Manufacturing;
- Retail; and
- Hospitality

The Okanagan Valley was also seen as having competitive advantages in construction, utilities and agriculture. However, the report suggests that between 1991 and 2001 there has been of little or job growth in these sectors.

The figure below provides a historic understanding of the performance of Okanagan’s major sectors based on employment growth, the percentage share of the total labour force compared to the Province as a whole, and the percentage share of the total regional labour force.

Figure A-1 - Growth and Concentration by Major Industry in Okanagan Valley, 2001⁸



In selecting the appropriate target sectors for the investment attraction strategy, consideration was given to the industry clusters identified as part of the Sustainable Prosperity Strategy and the ongoing efforts of the Okanagan Partnership to support development of these key sectors.

⁸ Okanagan Investment Strategy, July 2005

The results of the analysis identified 3 target sectors considered appropriate for targeted investment attraction efforts and best suited to the competitive advantages that positioned the Okanagan Valley for new business investment. These include:

1. **Value-added Wood Manufacturing** (includes: furniture and fixtures, modular homes and engineered wood products)
 - Key locational attributes include:
 - Access and proximity to US markets in California, Colorado and Texas
 - Major transportation cost advantages
 - Access to primary mill material
 - Cost of land and labour is less than that of Lower Mainland
 - Experienced labour force
 - Wood species availability, particularly Douglas Fir and old growth
 - Delivered wood costs
 - Proximity of service providers
 - Business climate
 - Industry clustering

2. **Aviation** (includes aircraft and terminal servicing and air equipment manufacturing, service and overhaul)
 - Key locational attributes include:
 - Strong base of existing companies in repair, maintenance and overhaul
 - Strong base of existing companies in avionics manufacturing
 - Competitive costs for land and lease rates
 - Competitive labour force costs when compared to the US
 - Lower labour rates than that of Lower Mainland
 - Proximity to Boeing in Everett, WA
 - Local assembly reduces shipping costs
 - Land availability next to water access or airports
 - Kelowna Flightcraft is a major player in Canadian MRO
 - Aerospace education and training commitments made by BCIT, UBC-O and Okanagan College

3. **Metal Manufacturing** (includes: recreation equipment, transportation equipment and equipment manufacturing)
 - Key locational attributes include:
 - Access to the US markets
 - Lower labour costs than that of Lower Mainland and Alberta
 - Proximity of service providers
 - Competitive site costs
 - Availability of skilled labour
 - Good transportation network and access to markets
 - Availability of raw material

As a final step, the three industries were evaluated on the basis of local competitive advantage, growth potential, job quality and quantity as well as a variety of community development criteria. The two top-ranked sectors for a regional investment attraction and promotional effort were concluded to be *Engineered Wood Products*, and *Aviation*.

The report's recommendations included a number of regional initiatives identified as opportunities for the municipalities to collaborate driven by the commonalities they all share – the advancement of the region's industry clusters.

One recommendation that is important in the context of an industrial land strategy is the need for a clear and overarching long term regional planning strategy. Such a strategy would integrate a land use and policy position as it relates to the provision and sustainability of land, water, air and transportation infrastructure in the region.

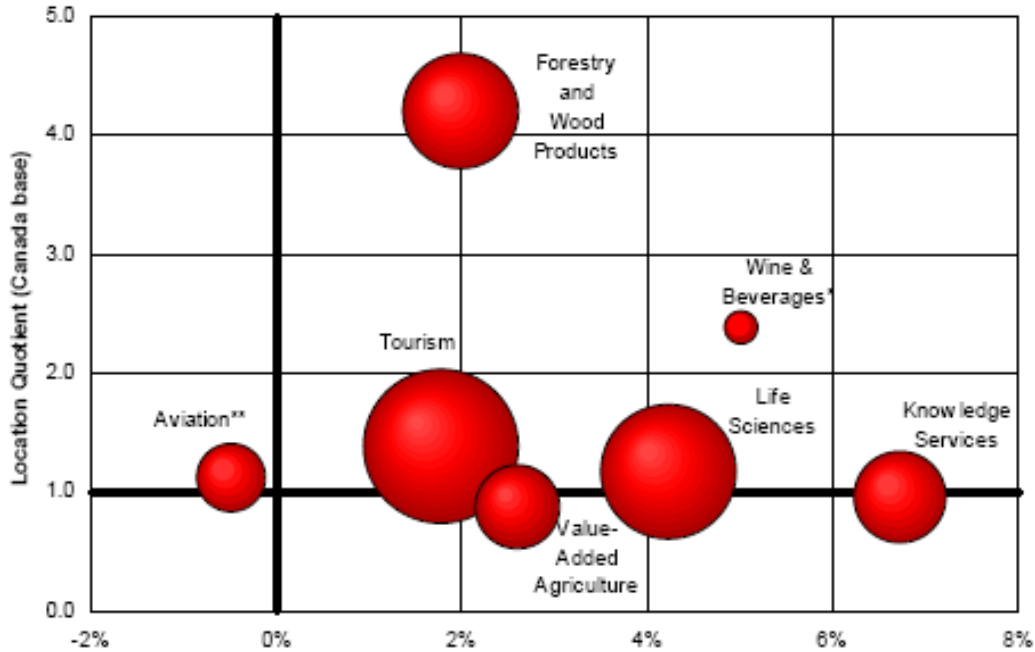
- **Okanagan Sustainable Prosperity Strategy (2004)**

In 2004, the Okanagan Partnership comprising regional leaders from across the Okanagan collaborated on the development of the Okanagan Sustainable Prosperity Strategy. The first of its kind for the Okanagan Valley, the strategy was intended to provide the basis on which the region would experience long term economic prosperity while preserving the high quality of life that has inspired so many people to move to and remain in the Valley.

The study outlined the region's economic portfolio and isolated seven clusters for driving growth in the Okanagan region (Figure 2). They included:

- Tourism
- Wine and Beverages
- Forestry and Wood Products
- Knowledge Services
- Value-Added Agriculture
- Aviation
- Life Sciences

Figure A-2 – Okanagan Industry Clusters Average Annual Growth Rate (1995-2002)⁹



* Only wine and beverage manufacturing included, not distribution and retail. Growth rate for wine and beverages is from 1996–2002.

** Aviation includes all repair and maintenance, all air services, and all rental and leasing services.

The strategy was developed on the basis of four principles for building a high performing economy. They included:

- **Thinking Regionally** – providing a high quality of life requires a community to look and act more regionally when discussing and responding to issues of employment growth, provision of housing, transportation infrastructure and the protection of water and air quality. Globalization also requires a community to understand how it can best create specialized advantages for business and industry attraction and retention.
- **A Focus on Clusters** – the presence of industry clusters in a region contributes a greater degree of economic wealth to a community and an important source of overall competitiveness in a region. By focussing on ways to increase the connections and communications within key industry sectors, enables a community to bolster its industry competitiveness.
- **Creating Advantage** – the strategy focuses on developing new ways to create greater advantage by strengthening the region’s economic foundations and their responsiveness to industry needs. As these foundations are strengthened, clusters become more competitive and in turn are able to attract more investment and talent to a region. A key consideration in the formulation of these economic foundations is physical infrastructure.

⁹ Source: Okanagan Sustainable Prosperity Strategy Final Report, ICF Consulting, June 2004

- **Working Collaboratively** – by fostering a collaborative culture within a region communities are able to enhance their competitive advantage over other regions. This includes flexible institutional relationships and making broader investments in the region’s basic infrastructure.

Cluster groups or networks were formed around each target sectors mentioned earlier, which then worked collaboratively to develop a series of implementing actions and monitoring activities to ensure the successful implementation of Okanagan Sustainable Prosperity Strategy.

- **A Strategy to Achieve Green Sustainable Economic Development in the Okanagan and Similkameen Valleys (2003)**

The Central Okanagan Regional District, North Okanagan Regional District, Regional District of Okanagan Similkameen, and the Government of Canada completed a Strategy to Achieve Green Sustainable Economic Development in 2003. At the time, the purpose of the project was to identify ways that the three regional districts could collaborate to achieve development that protects the environment while at the same time conserve land, air and water and protect the region’s long term liveability.

The report examined economic, demographic, and environmental conditions in the Okanagan and Similkameen Valleys (the OSV), and outlined a strategy for achieving a more sustainable and environmentally sound form of economic development.

From the perspective of an Industrial Land Strategy for the region there are several key findings considered relevant. These include:

- Population in the Okanagan Valley is expected to approach 500,000 in the next 30 years at the present growth rate of about 2 percent per year;
- The median age of the population is advancing, and the aging population will become a dominant consideration in economic development planning and the provision of services in coming decades;
- Employment income in the OSV is nearly 15 percent lower than in the rest of British Columbia, and the unemployment rate is higher;
- The greatest percentage of OSV’s labour force works in retail trade, manufacturing, health and social services, accommodation, and construction; and
- Major environmental issues are associated with economic activity and land development, and include water supply and quality, air quality, urban sprawl, and loss of biodiversity.

One of the more important considerations in the report was the fact that the region is aging at a faster rate than elsewhere in the province. The report notes that as a population ages, the dependency ratio increases and the proportion of earners decreases. This results in a lower participation rate in the labour force and fewer employees available to a prospective employer. While retired people generally bring money into the region in the form of pensions and investments, they also place higher demands on

certain services, especially medical care. Supporting other services, such as schools, recreation services, may also become more difficult in an economy driven by an older population.¹⁰

The report goes on to say that the impact of an aging population is likely to:

- Result in a shift in occupational structure toward the service sector, creating more difficulties for employers in the recruitment of staff and possibly contributing to the business or industry relocating or looking elsewhere for their business investment.
- Place pressure on recreational resources and public transportation services resulting in demands for expanded municipal services and employment.
- Impact the local job market as retirees compete for part-time employment in the service sector with the younger cohorts (e.g. high school and college students)
- Result in a significant portion of the population being less receptive to economic development initiatives if they see them as being a threat to their retirement lifestyle.

As part of the economic development program, a survey was undertaken of people and organizations in the project area that expressed interest in the economic development and sustainability of the region. In addition respondents were asked to give examples of existing businesses in the project area that they considered green and sustainable. Several of these businesses would have a direct impact on the nature and demand for (employment) industrial land in the OVS and Okanagan Valley. They include:

- Agricultural processing (e.g., wine, fruit juices, and other products)
- Light industry, including manufacturing using wood
- Avionics and aircraft repair and maintenance
- Technology industries, including call centres
- Consulting and related knowledge-based services.

In addition to the foregoing, a select number of provincial government reports were also reviewed where they provided insight into the growth of the provincial economy and implications for the Okanagan Valley region. In particular, our review focused on:

- Manufacturing – Driving into the Future. A Report to the BC Competition Council, 2006
- Regional Governance Review – Okanagan Similkameen Valley, 2008

Based on our review of these background documents, it is clear that the region, while somewhat constrained by the recent rapid rate of population growth, has the potential to drive significant economic growth in the future. While the questions of what type of growth and where, is still a point of debate, the underlying conditions needed to support the continued expansion of the Okanagan Valley economy seems clear – the attraction and retention of a skilled workforce, investment in transportation and communication infrastructure and the ongoing supply of adequate serviced employment/industrial land in locations that ensure long term sustainability of the region's growth sectors.

¹⁰ Westland Resource Group, [A Strategy for Attaining Green Sustainable Economic Development](#). 2003

Appendix B

Population + Employment Context

Population + Employment Context

- Regional Population Growth

Over the last decade (1996-2006) the Okanagan Valley witnessed a 12.3 percent increase in population, with the past five years seeing the most significant growth. The current population of 319,052 residents is distributed into the three regional districts. North Okanagan comprises 77,301 residents or 24.2% of the total population while Central Okanagan has 162,276 residents and 50.9% of the Valley's population. A further 79,475 residents (24.9%) reside in Okanagan Similkameen. The population of the Okanagan Valley represent 7.7% of British Columbia's total population.

In reviewing the historic population growth rates, the most significant increases in the region were experienced in the Central Okanagan (18.8%) as compared to a 12.3% rate of growth for the region. The City of Kelowna with a population of 106,707 is the largest community in Central Okanagan and continues to be one of the fastest growing cities in British Columbia.

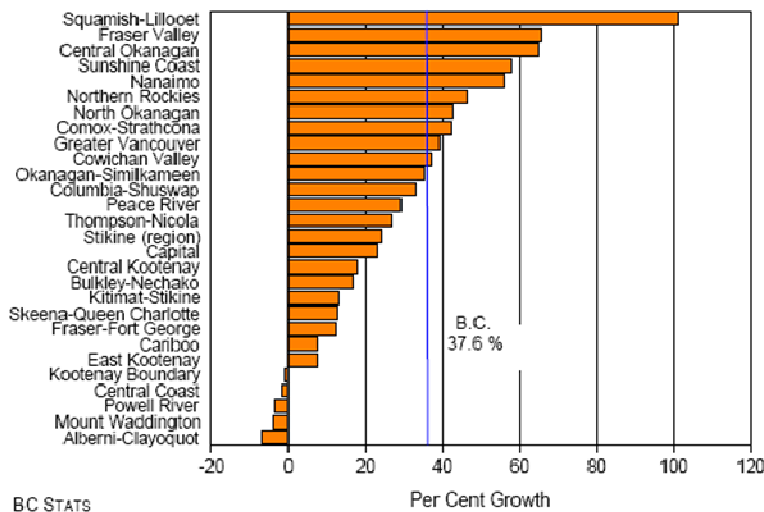
Table B-1 Population Change in Okanagan Valley 1996-2006

	1996	2001	2006	population change (%)
North Okanagan (Regional District)	71,607	73,227	77,301	7.9
Central Okanagan (Regional District)	136,541	147,739	162,276	18.8
Okanagan-Simikameen (Regional District)	75,933	76,635	79,475	4.7
Total Population	284,081	297,601	319,052	12.3

Source: Statistics Canada 1996, 2001, 2006

Looking ahead to 2031, the Province has predicted that the Okanagan Valley will experience one of the highest growth rates in province, second only to the Squamish-Lillooet and Fraser Valley regions (see table B-2). It is anticipated that the historic pattern and distribution of growth in the Valley will continue with the bulk of the population being initially attracted to the Central Okanagan area.

Table B-2 Regional District Population Growth 2001-2031



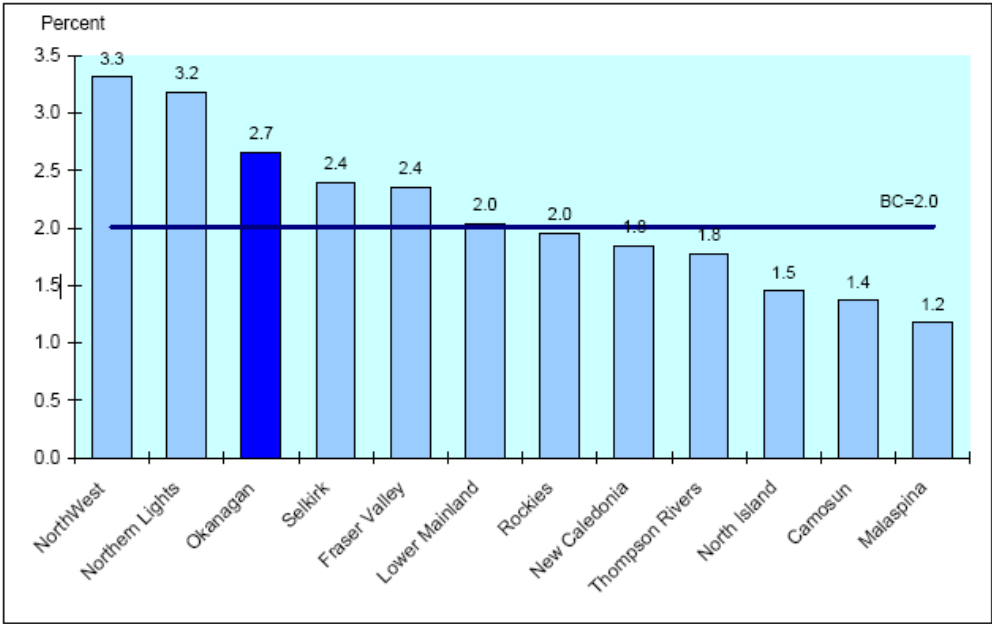
Source: www.bcstats.gov.bc.ca/data/pop/pop/Project/P31BCIntro.pdf

As land within the Central Okanagan becomes more of a premium however, it is reasonable to assume that the rates of population growth in both the North Okanagan and Okanagan-Similkameen are likely to increase, especially in those areas that are focused around recreational and leisure activity (e.g. boating, sailing, golfing etc).

- **Regional Employment Growth**

In addition to the population projections, the Province has also prepared employment projections for the regional district of Okanagan for the period 2006-2011. Table B-3 provides an indication of the projected rate of employment growth for the Okanagan Valley region relative to other areas of the Province. The rate of employment growth is consistent with the expected population growth in the region. However, it does put pressure on the Region to be able to accommodate both the rate and type of growth that is likely to result in the future.

Table B-3 Projected Annual Growth in Employment Demand 2006-2011



Source: British Columbia Regional Projection Model: <http://www.bcstats.gov.bc.ca/DATA/lss/repm/Okanagan.pdf>

Sectors within the goods producing sector are expected to experience a higher rate of growth than the service producing industries. In particular, manufacturing (other), beverage manufacturing, agriculture and food manufacturing (non-fish) are expected to see the greatest increases in employment.

The rate of employment growth (4.4%) associated with the goods producing sectors in particular will have a direct implication on the demand and supply of industrial land in the region over the next twenty years. Without an adequate and well located supply of industrial land the region will not be able to realize on its economic growth potential and begin to lose out on opportunities to drive new business and industry investment as well as new tax assessment.

A primary consideration in undertaking an industrial land strategy for the Okanagan Valley region is the assumption that there is an insufficient supply of industrial land in the region to accommodate current and

anticipated economic growth of the region and that increasingly industrial land is under pressure for alternative uses to industry.

In our review of projected population and employment growth in the Okanagan Valley it is clear that the province is anticipating significant economic growth to occur well into the future, with much of that growth continuing to be focused on the Central Okanagan District. Notwithstanding, the Okanagan-Similkameen Regional District's population is also projected to grow to 114,000 persons by 2026¹¹ an increase of 43%.

The rapid population growth is also expected to result in a high rate of employment growth in the region. While it can't be known what percentage of this new employment will come from existing vs. new business investment, it is anticipated that over the period 2006-2011, employment associated with the good producing industries in the region will increase a further 4.4 % resulting in an additional 8,300 jobs, with a significant portion of these coming from the manufacturing sector. This fact alone has implications as to the type of land that is required to accommodate these business operations.

By comparison, employment in the service producing industries is expected to increase by 2.7% over the same time resulting in a further 24,440 jobs. Giving consideration to the impact that this growth will have on the demand for industrial land, it is important to note the anticipated increase in employment attributed to transportation services, particularly as it relates to both truck and air are likely to be accommodated in part, on industrial land. In addition, some businesses such as elements of the tech sector may prefer office accommodation in a business park setting rather than a traditional office block or downtown as way to offset operational costs, or because their business operation is simply not conducive to a downtown or office block setting.

Taken together with the demand likely to result from the employment growth in the goods producing sectors, this suggests an immediate need to provide for suitable industrial land across the region in conjunction with a wide range of employment uses and industry targets.

- **Regional Business + Industry Profile**

A further consideration in understanding the region's pattern of employment growth, thus the implications for future employment/industrial supply and demand is the pattern of business and industry growth. For this purpose, a review of 2007 Statistics Canada's Canadian Business Pattern Data was completed. This information provides a record of the total number of local business establishments by industry and size and affords an understanding of whether a local or regional economy is dominated by SMEs (small and medium sized enterprises), or whether it is able to accommodate larger scale business and industrial operations. A discussion at the district level is included in a later portion of the report.

In 2007, there were a total of 43,640 businesses in the Okanagan Valley¹² region. Of these, almost 34% could be considered sole proprietorships or self employed ("indeterminants" category). Construction, Real Estate and Rental and Leasing and Professional Scientific and Technical Services dominate this category of business establishment.

The remaining balance of businesses in the region is concentrated in Construction, Retail, Professional Scientific and Technical Services and Health Care and Social Assistance.

¹¹ <http://www.rdos.bc.ca/>

¹² Okanagan Valley is defined as North Okanagan, Central Okanagan and Okanagan-Similkameen

Table B-4

Business by Size and Industry - Okanagan Valley										
2007										
	Indeterminant	Subtotal	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500+
All Industries	14837	13966	8298	2387	1590	1126	343	150	51	21
11 - Agriculture, Forestry, Fishing and Hunting	1032	997	753	123	65	38	13	4	0	1
21 - Mining, Quarrying, and Oil and Gas Extraction	60	61	41	6	6	8	0	0	0	0
22 - Utilities	31	34	22	1	4	5	2	0	0	0
23 - Construction	2853	2301	1490	367	229	159	39	10	4	3
31-33 - Manufacturing	448	660	304	117	85	87	31	25	10	1
41 - Wholesale Trade	570	614	342	115	82	58	13	3	1	0
44-45 - Retail Trade	937	1649	733	372	277	166	65	24	12	0
48-49 - Transportation and Warehousing	661	504	335	66	49	39	7	4	3	1
51 - Information and Cultural Industries	122	120	63	16	16	11	11	3	0	0
52 - Finance and Insurance	838	580	334	100	70	54	11	10	1	0
53 - Real Estate and Rental and Leasing	2363	723	503	80	67	49	12	7	5	0
54 - Professional, Scientific and Technical Services	1740	1240	866	186	109	64	11	3	0	1
55 - Management of Companies and Enterprises	745	246	165	33	24	9	5	4	3	3
56 - Administrative and Support, Waste Management and Remediation Services	628	686	426	126	70	41	16	7	0	0
61 - Educational Services	139	137	80	32	9	7	3	2	0	4
62 - Health Care and Social Assistance	178	1240	703	270	142	84	21	13	3	4
71 - Arts, Entertainment and Recreation	205	251	133	39	25	30	12	9	2	1
72 - Accommodation and Food Services	448	876	305	153	165	171	62	15	4	1
81 - Other Services (except Public Administration)	838	999	694	175	86	36	4	4	0	0
91 - Public Administration	1	48	6	10	10	10	5	3	3	1

Source: Canadian Business Patterns Data, June 2007

It is also important to note that an overwhelming number of businesses (76.5%) have less than 10 employees. This is of particular importance when considering the demand for industrial land and type and range of parcel sizes that need to be provided for in any industrial or business park setting.

Business and industries with in excess of 50 employees are concentrated in the retail, accommodation and food services, food services and manufacturing.

Assuming a continued pattern of growth, the sectors represented in Table B-4 will, individually, drive a limited demand for industrial/employment land in the region. When consideration is given to them full range of business operations likely to locate on industrial land e.g. Construction, Manufacturing, Transportation and Warehousing, and Professional, Scientific and Technical Services, the demand for suitable industrial land becomes much more significant.

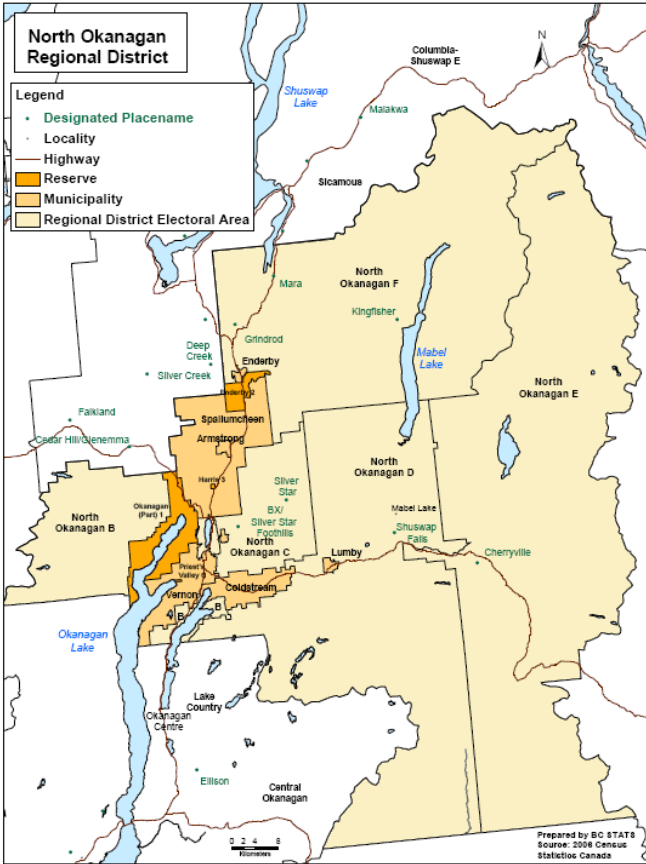
The discussion that follows provides a more detailed understanding of the population and employment growth characteristics for each of the districts within the Region as well as a current industry and business profile. This will assist to further inform the current need for industrial land.

North Okanagan Regional District

- Local Population Growth

North Okanagan has a current population of 81,932¹³ (2007) with its major population centres comprised of the City of Armstrong, District of Spallumcheen, City of Enderby, Lumby, District of Coldstream and City of Vernon.

Figure B-1 North Okanagan Regional District



Net migration to this region of the Okanagan appears to have recovered from a substantial drop in the late 1990s and the early part of the 21st century. While the significant inflow of migrants has contributed to strong overall growth in the North Okanagan over the last twenty years the structure of the population has shifted in recent years, as the population has aged. Between 1986 and 2006, the region's median age increased by almost 10 years, compared with a provincial gain of only 7 years.

Already older in the mid 1980s, by 2006 the median age was over 4 years older than the provincial median and elderly dependency ratios have been rising in recent years. Despite the effect of negative natural increase, growth in the last three years has been relatively strong, due to substantial net inflows of migrants to the area.

The net inflow of migrants is expected to result in steady growth despite the increasingly negative natural increase. By 2036, the North Okanagan District is expected to increase its population by almost 23,000 people. The aging trend is expected to continue and by 2031 it is expected

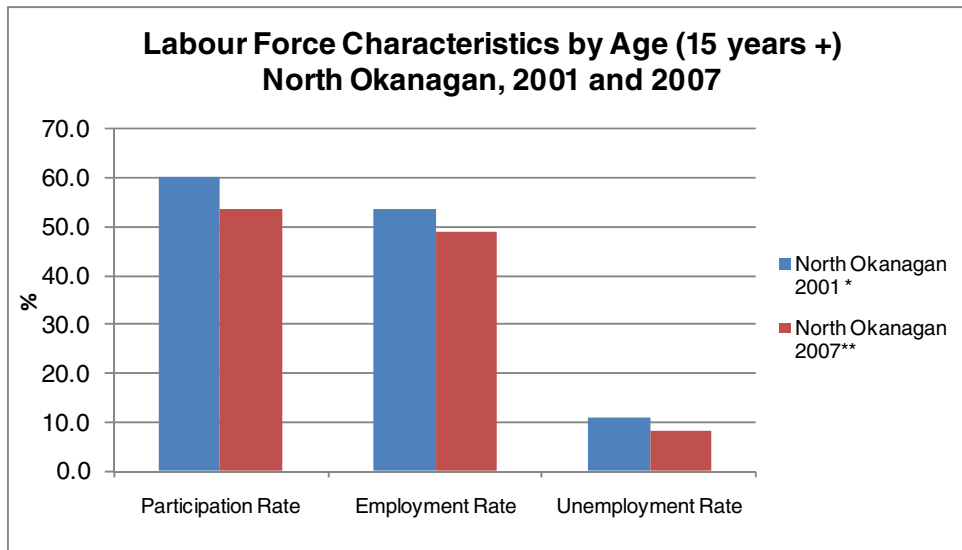
that the North Okanagan will likely have over 7.5 dependents for every 10 people of working age and most of these dependents will be seniors.

- Local Employment Growth

Table B-5 illustrates North Okanagan's participation, employment and unemployment rates from 2001 to 2007. While North Okanagan's participation rate decreased from 60.2 to 53.6 over the last 6 years, the region's unemployment rate (15 years +) also decreased by 2.5 percent from 10.8 to 8.3 in 2007. This could suggest that an increasing number of people have left the workforce as they are in excess of 65 years of age, or that they have left the district for employment opportunities in other parts of the region or province. A decreasing participation rate however, does suggest a shrinking labour force pool on which to attract new business and industrial investment.

¹³ BC Stats, Ministry of Labour and Citizens Services. [BC STATS. Projections - PEOPLE 32](#)

Table B-5



Source: Statistics Canada, 2001 & Manifold Data Mining Services, 2007

• **Local Labour Force Concentration**

The main economic drivers of the North Okanagan Regional District have historically been agriculture, forestry and tourism. Agricultural activities in this region have been dominated by cattle and other animal ranching but tree fruit, haymaking and vegetable farming are also present within the district.

In its 2006 Regional Industrial Growth Strategy, North Okanagan identified manufacturing as a major player in the local economy, generating a significant number of direct jobs, supporting spinoff businesses and payrolls, and contributing to the local tax base. The report also suggested that a diverse range of products were being produced by companies in the district with dominant manufacturing sectors including forest products, metal fabrication, food and beverage, transportation and machinery.

Census data from 2001 suggested that Retail Trade, Manufacturing and Health Care and Social Assistance sectors' employs the largest proportion of residents in North Okanagan district. By comparison, in 2007, Manifold Data Mining reported the largest proportion of the population was now employed in Retail Trade, Health Care and Social Assistance, Agriculture and Forestry and Accommodation and Food Services.

A labour force analysis using location quotients was completed comparing the labour force performance of the North Okanagan and the Province of British Columbia in 2001 and 2007 (Table B-6). The analysis is based on 2 digit North American Industrial Classification Codes (NAICS). A more detailed analysis is not possible at this time, given the availability of current census information.

The resulting LQ analysis confirmed that in 2007, North Okanagan has a relatively high concentration of its local labour force in the following sectors:

- Agriculture, Forestry, Fishing and Hunting (LQ 2.70)
- Health Care and Social Assistance (LQ 1.19)
- Accommodation and Food Services (LQ 1.18)
- Construction (LQ 1.13)

- Retail Trade (LQ 1.10)

It is also worth noting that the performance in each of these sectors has improved relative to the provincial performance over the last 6 years, with the exception being Construction,

In contrast, Manufacturing and Arts, Entertainment and Recreation sector have seen a significant drop in the concentration of labour force activity in the district relative to growth at the provincial level over the same time period. In 2001, the manufacturing sector boasted a total labour force of 4,265 employees, which subsequently dropped to 3,284 employees by 2007. The Arts, Entertainment and Recreation sector lost 437 employees during the same reference period. This has resulted in fewer people being employed in these sectors in recent years.

Table B-6

Location Quotients for 2-Digit NAICS Industries in North Okanagan, 2001, 2007

Industry (NAICS)	2007	Classification	2001	Classification
11 - Agriculture, Forestry, Fishing and Hunting	2.70	High	1.99	High
62 - Health Care and Social Assistance	1.19	High	1.17	High
72 - Accommodation and Food Services	1.18	High	0.94	Med
23 - Construction	1.13	Med	1.29	Med
44-45 - Retail Trade	1.10	Med	1.06	Med
81 - Other Services (except Public Administration)	1.04	Med	0.93	Med
53 - Real Estate and Rental and Leasing	1.04	Med	0.81	Med
91 - Public Administration	1.00	Med	0.54	Med
31-33 - Manufacturing	0.99	Med	1.27	High
56 - Administrative and Support, Waste Management and Remediation Services	0.92	Med	0.95	Med
22 - Utilities	0.91	Med	2.10	High
21 - Mining and Oil and Gas Extraction	0.82	Med	0.83	Med
61 - Educational Services	0.78	Med	0.92	Med
71 - Arts, Entertainment and Recreation	0.77	Med	1.31	High
52 - Finance and Insurance	0.70	low	0.79	Med
41 - Wholesale Trade	0.68	low	0.95	Med
55 - Management of Companies and Enterprises	0.65	low	1.06	Med
48-49 - Transportation and Warehousing	0.63	low	0.72	low
51 - Information and Cultural Industries	0.52	low	0.49	low
54 - Professional, Scientific and Technical Services	0.50	low	0.55	low

Source: Statistics Canada: 2001 & Manifold Mining Data 2007

- **Local Business and Industry Profile**

A business industry profile for the North Okanagan (Table B-7) reveals that there are slightly more sole proprietorships or the self employed (“indeterminants” category) businesses operating in district, than businesses with 1-4 employees or greater.

As of 2007, 51.5% of all businesses operating in the district were sole proprietors which much of that concentrated in Construction, Real Estate and Rental and Leasing. Those businesses with 1-4 employees or greater are concentrated in construction, retail, health care and agriculture. The small scale of business operations, (i.e. 60% of all businesses have less than 5 employees and only 3.5% of all businesses have more than 50 employees), which suggests that demand for industrial land in the district will be limited and the locational requirements likely to be small in scale.

Table B-7

Business by Size - North Okanagan (Regional District) 2007										
	Indeterminant	Subtotal	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500+
All Industries	3591	3388	2046	580	392	244	83	26	12	5
11 - Agriculture, Forestry, Fishing and Hunting	449	293	208	46	19	13	6	1	0	0
21 - Mining, Quarring, and Oil and Gas Extraction	17	13	9	3	1	0	0	0	0	0
22 - Utilities	9	10	8	0	1	1	0	0	0	0
23 - Construction	637	546	361	87	54	33	7	2	0	2
31-33 - Manufacturing	129	156	70	25	26	17	10	4	4	0
41 - Wholesale Trade	120	142	79	26	22	12	3	0	0	0
44-45 - Retail Trade	192	399	173	90	76	32	19	5	4	0
48-49 - Transportation and Warehousing	205	160	106	24	16	11	1	2	0	0
51 - Information and Cultural Industries	24	24	13	2	4	1	4	0	0	0
52 - Finance and Insurance	186	116	69	19	12	13	3	0	0	0
53 - Real Estate and Rental and Leasing	524	170	121	22	13	10	2	1	1	0
54 - Professional, Scientific and Technical Services	361	283	196	48	23	12	3	1	0	0
55 - Management of Companies and Enterprises	174	52	40	4	4	0	2	1	1	0
Management and Remediation Services	124	149	100	23	17	7	1	1	0	0
61 - Educational Services	35	23	16	4	1	1	0	0	0	1
62 - Health Care and Social Assistance	44	317	190	56	36	28	4	2	0	1
71 - Arts, Entertainment and Recreation	43	71	34	16	5	7	6	2	0	1
72 - Accommodation and Food Services	105	200	65	42	42	36	11	3	1	0
81 - Other Services (except Public Administration)	213	250	188	40	17	5	0	0	0	0
91 - Public Administration	0	14	0	3	3	5	1	1	1	0

Source: Statistics Canada, Canadian Business Patterns Data, 2007

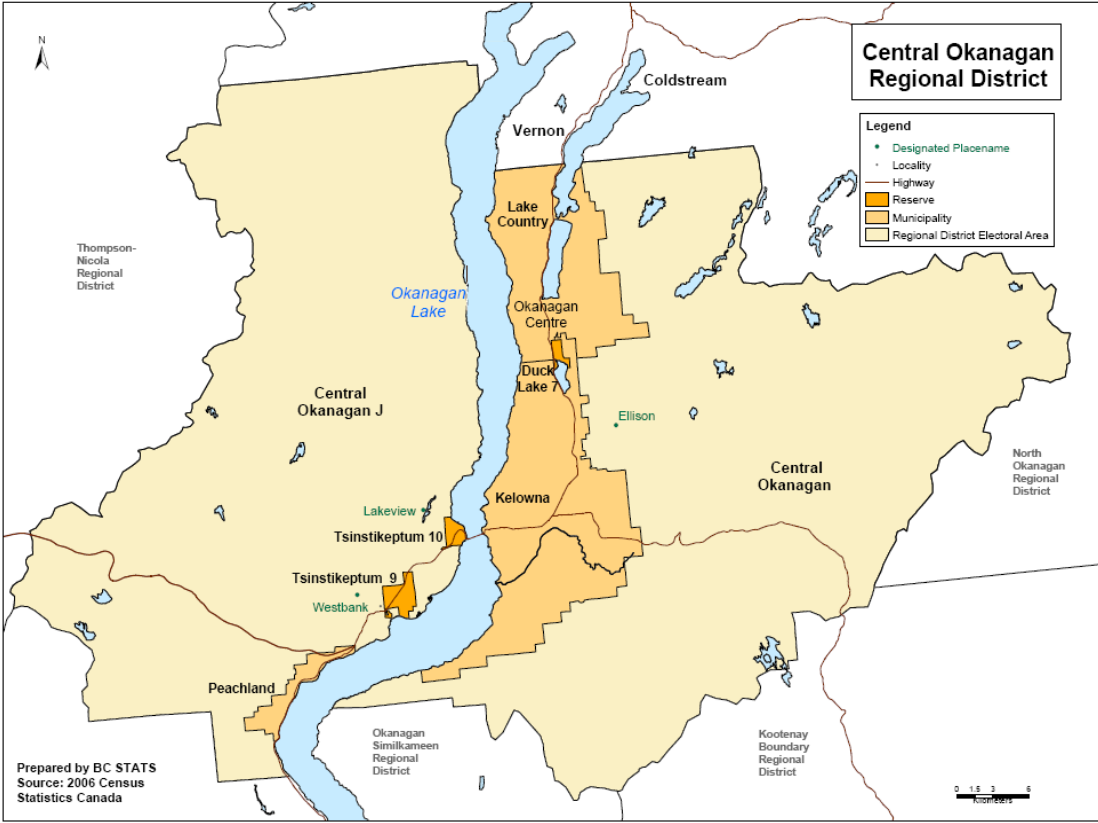
Central Okanagan Regional District

- Local Population Growth

The regional district of the Central Okanagan is located along the shores of Okanagan Lake. With a 2007 population of 173,173¹⁴, it is the most densely populated district within the Okanagan Valley. The district is comprised of five major population centres: the City of Kelowna, the District of Peachland, the District of Lake Country, the Central Okanagan East Electoral Area (formerly Joe Rich-Ellison).

¹⁴ BC Stats, Ministry of Labour and Citizens Services. [BC STATS. Projections - PEOPLE 32](#)

Figure B-2 Central Okanagan Region



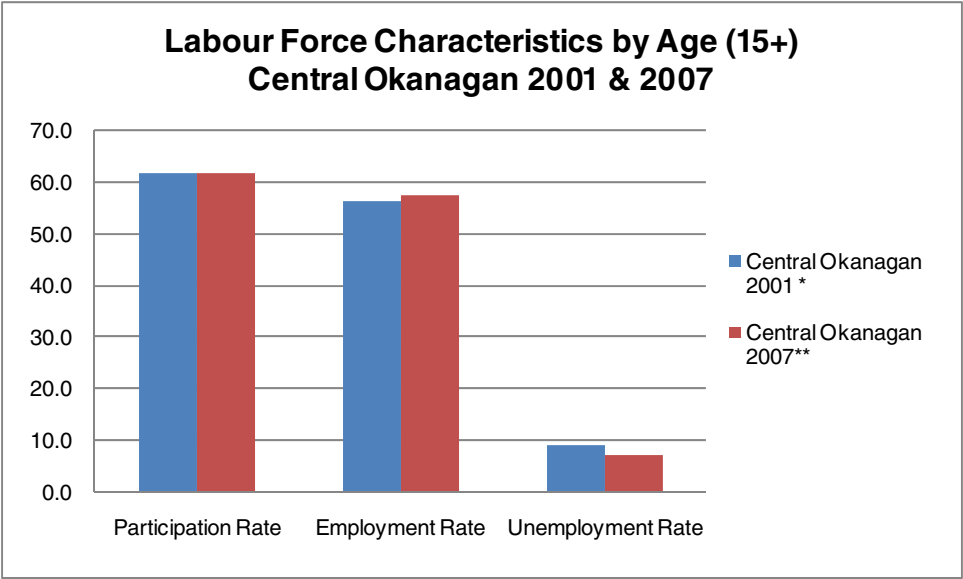
The high inflows of interprovincial migrants have also contributed to the population of this area almost doubling in the last 25 years. The district had one of the highest rates of growth in the province through the early to mid 1990s. While the population is aging, it is doing so at a rate that is slower than the province as a whole, adding only 6 years to its median age since the mid 1980s. The Central Okanagan district has had an older average age than the provincial population through much of the last twenty years, partly due to a large retirement population. By 2006 the district's median age was approximately 2.5 years older than the provincial median. Despite the reduction in natural increase, the district is expected to add almost 75,000 to its population by 2036. The population is expected to age and, by the end of the projection period there will likely be 7 dependents for every 10 people of working age with most of these dependents being seniors.

As with the North Okanagan district, the aging of the Central Okanagan population will place increasing pressure on local businesses to recruit from outside the region in its attraction of its workforce and likely deter some business operations from locating or expanding in the Okanagan Valley region.

- **Local Employment Growth**

Table B-8 demonstrates Central Okanagan Regional District's labour force characteristics for those aged 15 and over. While Central Okanagan has the largest employed labour force within the Okanagan Valley region, with 85,784 employed residents, it also has the lowest unemployment rate of those aged 15 years and older in 2007 at 7.2 percent. Central Okanagan's participation rate virtually remained the same from 2001 to 2007, with a rate of 62.0 in 2001 and 61.9 in 2007. The region's employment rate increased slightly from its 2001 level of 56.5 to an employment rate of 57.4 in 2007.

Table B-8



Source: Statistics Canada, 2001 & Manifold Data Mining Services, 2007

• **Local Labour Force Concentration**

Farmland used for grape production has increased by 222 hectares between 2001-2006, which highlights the growing importance and success of grape growing and the wine industry in this area and with it related employment growth. In the past five years, the largest growth in employment in the district has been experienced in Construction (+87%), Agriculture (+77.3%) and forestry, mining, oil and gas (+40.4%)¹⁵. Agricultural production and related support activities coupled with the popularity of the region for tourism and as a destination for retirees should ensure continued growth for this region.

The local economy of the Central Okanagan is considered relatively diverse with agriculture, forestry and tourism all playing an important role in the district’s economic growth. More recently, improved transportation linkages with the lower mainland, primarily air and road, have attracted a range of secondary and tertiary manufacturing operations.

The 2001 census data suggested that Retail Trade followed by Health Care and Social Assistance, Manufacturing and Accommodation and Food Service sectors employed the largest proportion of residents in Central Okanagan district. This pattern of local employment remains consistent in 2007 as reported by Manifold Data Mining.

A labour force comparison using location quotients was completed comparing the labour force concentration of the Central Okanagan to the performance of the Province of British Columbia in 2001 and 2007 (Table B-9). A more detailed sector analysis is not possible at this time, given the availability of current census information.

The resulting LQ analysis confirmed that in 2007, Central Okanagan has a relatively high concentration of its local labour force in the following sectors:

¹⁵ Regional District of Central Okanagan, 2007 Economic Profile RDCO, August 2007

- Construction (LQ 1.27)
- Utilities (LQ 1.19)
- Retail Trade (LQ 1.16)
- Health Care (LQ 1.13)

It is also worth noting that the relative performance in each of these sectors has remained consistent or improved relative to the provincial performance over the last 6 years. In fact, most of the Central Okanagan’s industry sectors have maintained a consistent rate of employment concentration relative to labour force growth at the provincial level.

Of particular interest is the slight improvement in the district’s labour force concentration in the manufacturing sector over the 2001-2007 period, further substantiating the claim that manufacturing operations continue to be attracted to the area.

Table B-9

Location Quotients for 2-Digit NAICS Industries in Central Okanagan, 2001, 2007

Industry (NAICS)	2007	Classification	2001	Classification
23 - Construction	1.27	High	1.27	High
22 - Utilities	1.19	High	1.02	High
44-45 - Retail Trade	1.16	High	1.14	High
62 - Health Care and Social Assistance	1.13	High	1.13	High
81 - Other Services (except Public Administration)	1.12	High	1.09	Med
53 - Real Estate and Rental and Leasing	1.10	Med	1.10	Med
71 - Arts, Entertainment and Recreation	1.10	Med	1.11	High
72 - Accommodation and Food Services	1.09	Med	1.08	Med
31-33 - Manufacturing	1.08	Med	1.07	Med
52 - Finance and Insurance	1.03	Med	1.03	Med
56 - Administrative and Support, Waste Management and Remediation Services	0.99	Med	1.01	Med
41 - Wholesale Trade	0.95	Med	0.96	Med
11 - Agriculture, Forestry, Fishing and Hunting	0.94	Med	0.92	Med
51 - Information and Cultural Industries	0.89	Med	0.89	Med
61 - Educational Services	0.83	Med	0.86	Med
54 - Professional, Scientific and Technical Services	0.81	Med	0.84	Med
21 - Mining and Oil and Gas Extraction	0.70	low	0.85	Med
48-49 - Transportation and Warehousing	0.70	low	0.69	low
55 - Management of Companies and Enterprises	0.63	low	1.11	High
91 - Public Administration	0.62	low	0.62	low

Source: Statistics Canada: 2001 & Manifold Mining Data 2007

• **Local Business & Industry Profile**

As with the North Okanagan district, a reporting of the total number of local business establishments by industry and size was obtained for the Central Okanagan district through the collection of 2007 Canadian Business Patterns Data.

According to this information, local business establishments in the Central Okanagan are dominated by a significant number of sole-proprietor businesses as well as small business operations. Approximately 57% of all business establishments in the Central Okanagan have less than 5 employees. A full 75% of all business establishments have less than 10 employees.

Table B-10

Business by Size - Central Okanagan (Regional District) 2007										
All Industries	2007									
	Indeterminant	Subtotal	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500+
	8402	7530	4339	1283	886	690	200	89	31	12
11 - Agriculture, Forestry, Fishing and Hunting	318	333	250	37	24	14	5	2	0	1
21 - Mining, Quarring, and Oil and Gas Extraction	32	40	28	2	4	6	0	0	0	0
22 - Utilities	16	13	6	0	2	3	2	0	0	0
23 - Construction	1746	1383	871	219	147	113	24	7	1	1
31-33 - Manufacturing	215	353	163	69	39	48	12	16	5	1
41 - Wholesale Trade	366	379	205	77	48	39	8	1	1	0
44-45 - Retail Trade	521	856	366	198	142	95	36	13	6	0
48-49 - Transportation and Warehousing	330	233	146	26	26	23	6	2	3	1
51 - Information and Cultural Industries	75	66	35	10	4	9	5	3	0	0
52 - Finance and Insurance	492	353	202	58	45	35	7	5	1	0
53 - Real Estate and Rental and Leasing	1380	403	273	38	41	33	9	5	4	0
54 - Professional, Scientific and Technical Services	1082	752	527	104	67	45	7	2	0	0
55 - Management of Companies and Enterprises	443	156	96	26	17	8	2	3	2	2
56 - Administrative and Support, Waste Management and Remediation Services	404	397	235	78	38	28	13	5	0	0
61 - Educational Services	72	81	44	21	7	5	2	0	0	2
62 - Health Care and Social Assistance	104	663	371	145	81	42	12	7	3	2
71 - Arts, Entertainment and Recreation	113	119	63	14	11	18	6	5	2	0
72 - Accommodation and Food Services	226	421	130	61	83	96	37	11	2	1
81 - Other Services (except Public Administration)	466	511	327	95	55	28	4	2	0	0
91 - Public Administration	1	18	1	5	5	2	3	0	1	1

Source: Statistics Canada: Canadian Business Patterns Data, June 2007

As observed in other districts within the region, the highest concentration of local business establishments is located within the Construction sector, followed by Retail Trade and Professional, Scientific and Technical Service firms.

It is worth noting however, that the most significant concentration of Manufacturing and Transportation and Warehousing operations in the Region are located in the Central Okanagan suggesting the greatest demand for industrial land has historically been in this area of the Region.

Okanagan - Similkameen Regional District

- Local Population Growth

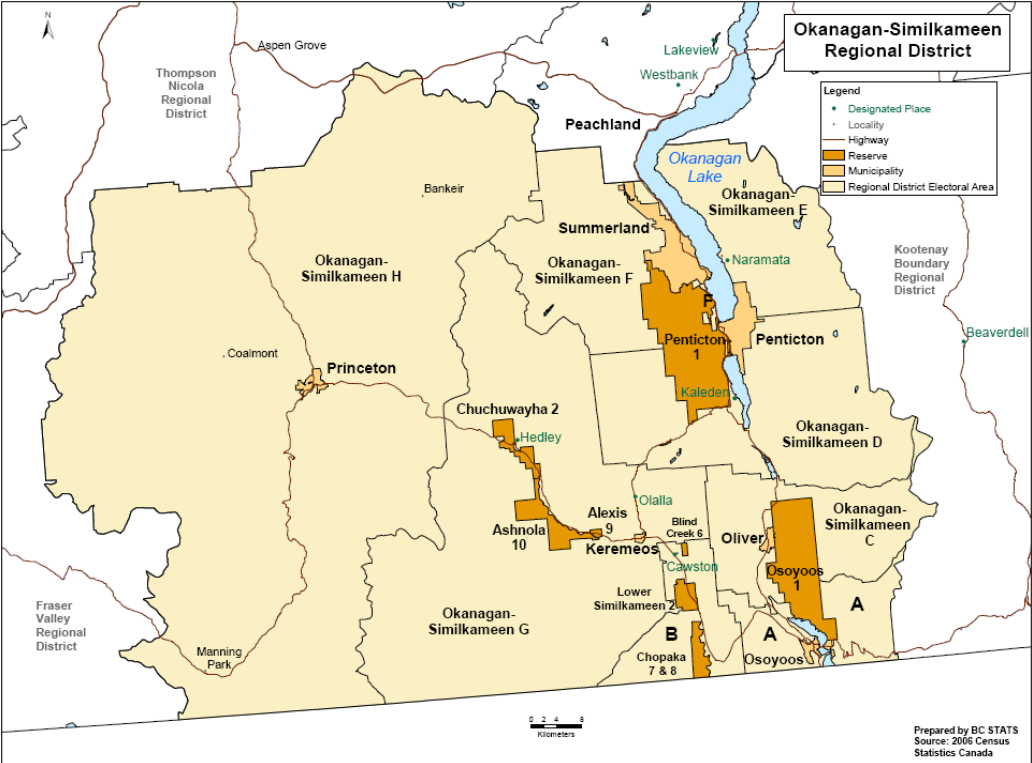
The Okanagan Similkameen Regional District is located just north of the US border, with Manning Park to the west, Peachland to the north, and Anarchist Mountain to the east. The district has an area of 10,400 km² and its major population centres includes the municipalities of Penticton, Summerland, Osoyoos, Oliver, Princeton, and Keremeos.

Like the rest of the Okanagan, this region experienced tremendous growth in the 1990's due to very high net migration of people from outside the region. The pleasant climate of this area makes it a popular place to retire, which has in turn which contributed to a population that is aging faster than the Province as a whole. By 2006, the population in this region was more than 9 years older than British Columbia as a whole. The elderly dependency ratio has been increasing and is now over twice that of the province as a whole.

Despite the aging of the population the Okanagan-Similkameen Regional District's population is projected to grow by 46% (36,100 additional people) from 78,100 in 1996 to 114,000 by 2026¹⁶. However, the Province has estimated that there will likely be about 9 dependents for every 10 people of working age and most of these dependents will be seniors.

¹⁶ <http://www.rdos.bc.ca/>

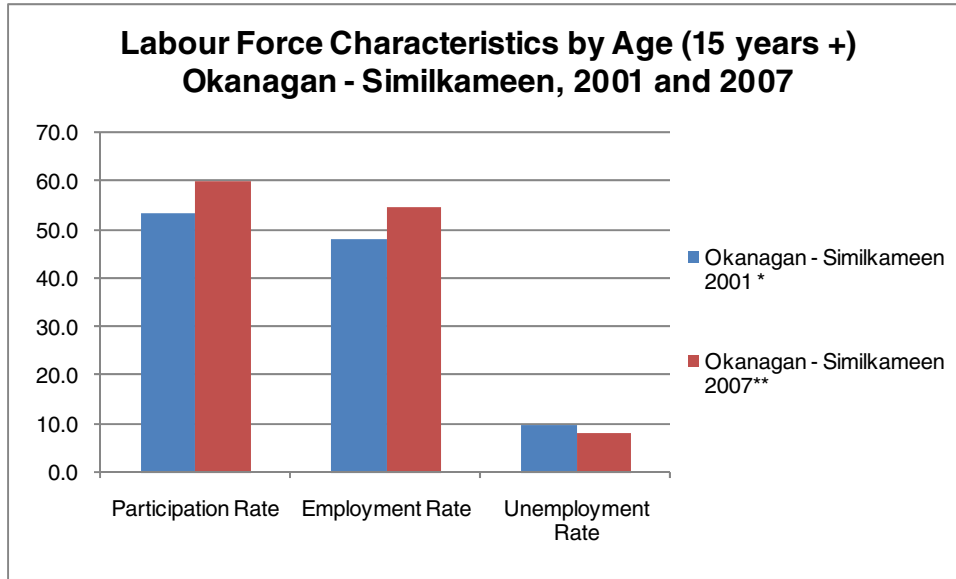
Figure B-3 Okanagan Similkameen Regional District



- Local Employment Growth

In 2007, the Okanagan-Similkameen regional district boasted a total labour force population 15 years and older of 41, 574, which is an increase of 7,429 from its 2001 levels. Similar to provincial levels, the region’s unemployment rate is equal to 8.4 percent, just 0.1 percent than the British Columbia average of 8.3. Table B-11 below illustrates Okanagan – Similkameen’s labour force characteristics for those aged 15 years, during the reference period from 2001 to 2007.

Figure B-11



Source: Statistics Canada, 2001 & Manifold Data Mining Services, 2007

Both the participation and employment rate of Okanagan – Similkameen grew from 2001 to 2007. In 2001, Okanagan – Similkameen’s participation rate grew from 53.5 to 60.0. During this same reference period, the employment rate grew by 6.8 percent to 55.0 percent in 2007.

- **Local Labour Force Concentration**

Historically, the main economic drivers of the Okanagan-Similkameen district have been agriculture, tourism, forestry and mining. The area’s temperate climate, range of recreational opportunities and diverse industry continue to attract many people to the area.

The 2001 census data suggested that Retail Trade followed by Health Care and Social Assistance, Accommodation and Food Service and Manufacturing sectors employed the largest proportion of residents in Okanagan Similkameen district. By comparison, in 2007, Manifold Data reported the largest proportion of the population was employed in Retail Trade followed by Manufacturing, Health Care and Social Assistance and Construction.

A labour force comparison using location quotients (LQ’s) was completed comparing the labour force concentration of the Okanagan Similkameen district to the performance of the Province of British Columbia in 2001 and 2007 (Table B-12). A more detailed sector analysis is not possible at this time, given the availability of current census information.

The resulting LQ analysis confirmed that in 2007, Okanagan Similkameen has a relatively high concentration of its local labour force in the following sectors:

- Utilities (LQ 1.89)
- Agriculture, Forestry (LQ 1.83)
- Arts, Entertainment + Recreation (LQ 1.36)

- Construction (LQ 1.33)
- Manufacturing (LQ 1.27)
- Health Care (LQ 1.13)
- Retail (LQ 1.07)

It is also worth noting that the relative performance of the Manufacturing and Construction sectors has improved as has the performance of the Arts, Entertainment and Recreation sector. The district has experienced a drop in the level of employment associated with its agriculture and Forestry and retail sectors.

As with the Central Okanagan, the improvement in the district's labour force concentration in the manufacturing sector over the 2001-2007 period, further substantiates the claim that manufacturing operations continue to be attracted to benefits afforded by the area.

Table B-12

Location Quotients for 2-Digit NAICS Industries in Okanagan-Similkameen, 2001, 2007

Industry (NAICS)	2007	Classification	2001	Classification
22 - Utilities	1.89	High	0.98	Med
11 - Agriculture, Forestry, Fishing and Hunting	1.83	High	2.73	High
55 - Management of Companies and Enterprises	1.68	High	0.44	low
71 - Arts, Entertainment and Recreation	1.36	High	0.80	Med
23 - Construction	1.33	High	1.16	High
31-33 - Manufacturing	1.27	High	0.95	Med
62 - Health Care and Social Assistance	1.13	High	1.18	High
44-45 - Retail Trade	1.07	Med	1.12	High
81 - Other Services (except Public Administration)	0.99	Med	1.09	Med
41 - Wholesale Trade	0.96	High	0.64	Med
72 - Accommodation and Food Services	0.95	Med	1.15	Med
61 - Educational Services	0.94	Med	0.79	Med
56 - Administrative and Support, Waste Management and Remediation Services	0.92	Med	0.93	Med
52 - Finance and Insurance	0.87	Med	0.71	low
53 - Real Estate and Rental and Leasing	0.85	Med	1.00	Med
21 - Mining and Oil and Gas Extraction	0.84	Med	1.01	Med
48-49 - Transportation and Warehousing	0.72	low	0.60	low
91 - Public Administration	0.55	low	1.00	Med
54 - Professional, Scientific and Technical Services	0.55	low	0.51	low
51 - Information and Cultural Industries	0.47	low	0.49	low

Source: Statistics Canada: 2001 & Manifold Mining Data 2007

• **Local Business & Industry Profile**

As with the other areas of the Okanagan Valley, a reporting of the total number of local business establishments by industry and size was obtained for the Okanagan Similkameen district through the collection of 2007 Canadian Business Patterns Data.

According to this information, local business establishments in the Okanagan Similkameen are dominated by small business operations. Approximately 63% of all business establishments in the Central Okanagan have less than 5 employees. A full 80% of all business establishments have less than 10 employees.

The following table provides an understanding of the total number of business establishments in the Okanagan-Similkameen district in 2007.

Table B-13

Business by Size - Okanagan-Similkameen (Regional District) 2007										
	2007									
	Indeterminant	Subtotal	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500+
All Industries	2844	3048	1913	524	312	192	60	35	8	4
11 - Agriculture, Forestry, Fishing and Hunting	265	371	295	40	22	11	2	1	0	0
21 - Mining, Quarring, and Oil and Gas Extraction	11	8	4	1	1	2	0	0	0	0
22 - Utilities	6	11	8	1	1	1	0	0	0	0
23 - Construction	470	372	258	61	28	13	8	1	3	0
31-33 - Manufacturing	104	151	71	23	20	22	9	5	1	0
41 - Wholesale Trade	84	93	58	12	12	7	2	2	0	0
44-45 - Retail Trade	224	394	194	84	59	39	10	6	2	0
48-49 - Transportation and Warehousing	126	111	83	16	7	5	0	0	0	0
51 - Information and Cultural Industries	23	30	15	4	8	1	2	0	0	0
52 - Finance and Insurance	160	111	63	23	13	6	1	5	0	0
53 - Real Estate and Rental and Leasing	459	150	109	20	13	6	1	1	0	0
54 - Professional, Scientific and Technical Services	297	205	143	34	19	7	1	0	0	1
55 - Management of Companies and Enterprises	128	38	29	3	3	1	1	0	0	1
56 - Administrative and Support, Waste Management and Remediation Services	100	140	91	25	15	6	2	1	0	0
61 - Educational Services	32	33	20	7	1	1	1	2	0	1
62 - Health Care and Social Assistance	30	260	142	69	25	14	5	4	0	1
71 - Arts, Entertainment and Recreation	49	61	36	9	9	5	0	2	0	0
72 - Accommodation and Food Services	117	255	110	50	40	39	14	1	1	0
81 - Other Services (except Public Administration)	159	238	179	40	14	3	0	2	0	0
91 - Public Administration	0	16	5	2	2	3	1	2	1	0

Source: Canadian Business Patterns Data, June 2007

Despite this characterization the range of manufacturing operations present in Okanagan Similkameen is significant. Approximately 53% of current business operations have more than 10 employees. This is important consideration, as it suggests the region has the labour force to sustain a larger scale of manufacturing operations. It also provides an indicator of the range and type of land parcels that should be provided for in and industrial/business park setting.

Having considered population and employment growth opportunities as well the characterization of the current business base in the various regional districts, the discussion that follows looks more particularly at the situation affecting the current inventory of industrial land.

Appendix C

Regional Land Inventory

Regional Land Inventory

A key consideration to determining the Region’s competitiveness is an understanding of current land availability and costs. Based on the lack of transaction information, the report has relied on assessment information provided from BC Assessment. It should be noted that typically land values are often higher than assessment values. A further consideration will be the availability of services and accessibility to key infrastructure such as highways or airports.

- **Vacant Industrial Land Values – North Okanagan**

Based on the information provided by BC Assessment, the current average assessed value for an acre of industrial land in the North Okanagan in 2007 was \$596,394. These figures also suggest that the Town of Spallumcheen has the highest assessed value per acre of vacant industrial land within the regional district, while the City of Enderby has the lowest assessed value at \$176, 672.

According to BC Assessment, the Town of Spallumcheen was the only community in the North Okanagan to have sold any industrial land over the period 2002 to 2007. The average cost per acre over this period was \$211,200 as compared to \$105,600 over a 10 year period.

Table C-1

Vacant Land Inventory: Regional District of North Okanagan

Regional District of North Okanagan	Inventory of Vacant Industrial/Acre
Armstrong	0.00
District of Coldstream	0.00
Enderby, City of	15.05
Lumby, Village of	0.00
Salmon Arm Rural	7.40
Spallumcheen, Town of	5.70
Vernon, City of	4.31
Vernon Rural	0.00
Total	32.46

Source: BC Assessment, 2007

Table C-2

Average Assessed Land: Regional District of North Okanagan

Regional District of North Okanagan	Average Assessed Land
Armstrong	\$340,800.00
District of Coldstream	\$1,000,654.42
Enderby, City of	\$176,672.22
Lumby, Village of	\$491,845.05
Salmon Arm Rural	\$277,483.33
Spallumcheen, Town of	\$1,241,287.97
Vernon, City of	\$714,733.55
Vernon Rural	\$527,682.86
Total	\$596,394.92

Source: BC Assessment, 2007

Table C-3

Regional District of North Okanagan	Cost/Acre	
	5 year	10 year
Armstrong	n/a	n/a
District of Coldstream	n/a	n/a
Enderby, City of	n/a	n/a
Lumby, Village of	n/a	n/a
Salmon Arm Rural	n/a	\$6,300.00
Spallumcheen, Town of	\$211,200.00	\$105,600.00
Vernon, City of	n/a	\$3,500.00
Vernon Rural	n/a	n/a
Average Cost/Acre North Okanagan	\$211,200.00	\$38,466.67
Percentage Increase Over a 5 year Period	81.79%	n/a

Source: BC Assessment, 2007

- Vacant Industrial Land Values – Central Okanagan**

According to BC Assessment the current average assessed value per acre of industrial land in Central Okanagan is approximately \$976,898. Central Okanagan Rural has recorded the highest value per acre at \$1,192,800.

Over the ten year period 1997-2007, the City of Kelowna is the only jurisdiction to have recorded the sale of industrial lands. Based on this information, the 2007 average cost/acre was \$1,740, 258 as compared to \$871, 179 over the longer period.

Table C-4

Vacant Land Inventory: Regional District of Central Okanagan

Regional District of Central Okanagan	Inventory of Vacant Industrial/Acre
Central Okanagan Rural	2.15
Kelowna, City of	34.53
Lake Country, District of	0.00
Peachland, District of	0.00
Total	36.68

Source: BC Assessment, 2007

Table C-5

Average Assessed Land: Regional District of Central Okanagan

Regional District of Central Okanagan	Average Assessed Land
Central Okanagan Rural	\$1,192,800.00
Kelowna, City of	\$1,516,043.72
Lake Country, District of	\$873,082.35
Peachland, District of	\$325,666.67
Total	\$976,898.18

Source: BC Assessment, 2007

Table C-6

Cost/Acres: Industrial Land Regional District of Central Okanagan

Regional District of Central Okanagan	Cost/Acre	
	5 year	10 year
Central Okanagan Rural	n/a	n/a
Kelowna, City of	1,740,358.40	\$871,179.20
Lake Country, District of	n/a	n/a
Peachland, District of	n/a	n/a
Average Cost/Acre	\$1,740,358.40	\$871,179.20
Percentage Increase Over a 5 year Period	49.94%	n/a

Source: BC Assessment, 2007

- **Vacant Industrial Land Values – Okanagan Similkameen**

Based on the information provided by BC Assessment, the current average assessed value for an acre of industrial land in Okanagan Similkameen in 2007 was \$345,513. Penticton has recorded the highest value at \$904,714.

Based on the BC Assessment information the average cost per acre of industrial land in Okanagan Similkameen based on transaction information was \$47,220 as compared to \$22,582 over the last 10 years.

Table C-7

Vacant Land Inventory: District of Okanagan - Similkameen

Regional District of Okanagan - Similkameen	Inventory of Vacant Industrial (Acre)
Keremos, Village of	1.40
Oliver, Town of	5.30
Oliver Rural	38.79
Osoyoos, Town of	4.47
Penticton Rural	0.00
Penticton, City of	3.80
Princeton Rural	0.06
Princeton, Town of	37.11
Summerland, District of	11.25
	102.18

Source: BC Assessment, 2007

Table C-8

Average Assessed Land: Regional District of Okanagan - Similkameen

Regional District of Central Okanagan	Average Assessed Land
Keremeos, Village of	\$246,681.25
Oliver, Town of	\$391,522.22
Oliver Rural	\$347,762.84
Osoyoos, Town of	\$368,245.45
Penticton Rural	\$189,427.14
Penticton, City of	\$904,714.01
Princeton Rural	\$32,472.78
Princeton, Town of	\$102,912.73
Summerland, District of	\$525,884.51
Total	\$345,513.66

Source: BC Assessment, 2007

Table C-9

Cost/Acres: Industrial Land District of Okanagan - Similkameen

Regional District of Okanagan - Similkameen	Cost/Acre	
	5 year	10 year
Keremeos, Village of	\$32,800	\$16,400
Oliver, Town of	\$13,000	\$15,500
Oliver Rural	n/a	n/a
Osoyoos, Town of	\$53,900	\$28,950
Penticton Rural	n/a	n/a
Penticton, City of	\$135,400	\$67,700
Princeton Rural	\$1,000	\$500
Princeton, Town of	n/a	\$3,026
Summerland, District of	n/a	\$26,000
Average Annual Cost/ Acre	\$47,220.00	\$22,582.29
Percentage Increase Over a 5 year Period	52.18%	n/a

Source: BC Assessment, 2007