

D.1 TRADITIONAL AND EMERGING ECONOMIC ENGINES OF THE COMMUNITY – Margaret Wittgens & Molly O’Neill

The Squamish economy was founded on agriculture, forestry and mining. Although these primary industries continue to play a prominent role in the local economy, in recent years Squamish has adopted a strategy of economic diversification. Local reliance on the forest and other traditional resource extraction is being replaced by a growing services sector. Economic dependence on the land has shifted its focus to showcasing and exploring the natural environment and capitalizing on the District’s geographic position between the world-class resort of Whistler and the big-city amenities found in Vancouver.

Economic Sectors

Tourism has now surpassed the area’s traditional economic sectors as employment generators and socio-economic drivers. The District’s unique and radically diverse environment has helped bolster Squamish’s reputation as the “Outdoor Recreation Capital of Canada” where the activities visitors can enjoy include climbing, windsurfing, hiking, camping, bird watching, fishing, and golfing. Internationally recognized as a premier climbing destination, Squamish attracts approximately 25,000 climbers every year, which is estimated to contribute \$20 million to the local economy. The growing importance of tourism to the Squamish economy is illustrated by the share of income it provides for the community: between 1991 and 2001 income stemming from Tourism has risen from 14% to 29%. Ecotourism activities, such as outdoor recreation and sightseeing, account for the majority of trips to Squamish by visitors (>80%).

Implications: Squamish, particularly its downtown, would benefit from the addition of shops and amenities that cater to the outdoor market (e.g. outdoor recreational supply stores, tour operators) as this sector grows.

The forest industry is the most important industrial sector in Squamish. A 2002 study of the impacts of the forestry industry on the local economy estimated that forestry-related jobs both direct and indirect represent up to 46% of employment in Squamish and contributes \$137 million dollars annually to wages, salaries and benefits in the region. However, Squamish employment in forestry has dropped recently, the woodfibre pulp mill has experienced frequent shutdowns, and logging crews have been reduced.

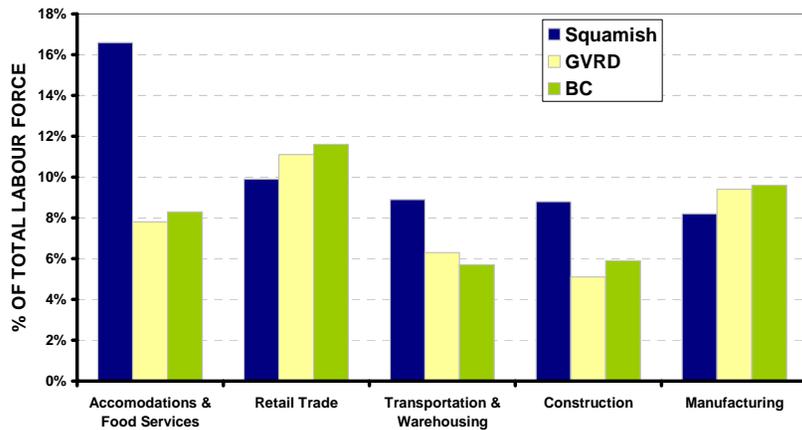
Implications: Continued use of Squamish harbour as an active seaport is fundamental to the forest and tourism industry. A balance must be struck to accommodate the demands of this industry as well as recreational water activities.

Squamish also has an active marina and deep-sea port. Log handling facilities in the Squamish Estuary have been an integral part of the forest industry in the Squamish Forest District since the beginning of logging. Squamish's location on the lower coast and availability of the rail line offers unique advantages to local logging companies. A recent transfer of 71 acres between the downtown and waterfront offers strong potential for economic growth. The development will include residential, retail, and recreational components.

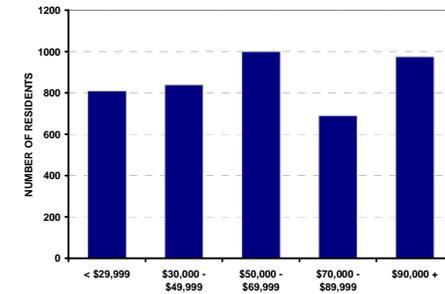
Employment

At 7.3%, the unemployment in Squamish is lower than the provincial average of 8.5%. The median household income of \$57,058 is 21% higher than the provincial average and 14% higher than the Greater Vancouver average according to the 2001 Canada Census.

Relative to provincial averages and the GVRD, Squamish residents are significantly more reliant on jobs in the food and accommodations industry, pointing again to the importance of Tourism to this community. The high proportion of jobs in the food and accommodation industry is at least partially attributable to Squamish residents commuting to Whistler.



A significant proportion of Squamish residents do not work in the District of Squamish. Approximately 28% of Squamish residents (over 2000 people) regularly commute to work outside the District of Squamish.



Implications: The elevated levels of income in Squamish suggests that local business may profit from developing goods and services that target a higher-end market.

Implications: The high level of commuting out of Squamish contributes to 'leakage' to regional employment and retail centers and results in a loss of local revenues. An estimate of 50-75¢ of every disposable dollar is spent outside of the community.

Emerging Economic Factors

A number of new economic forces at play in Squamish will significantly affect the local economy in the coming years and warrant highlighting.

2010 Olympics

Squamish's equidistant location between the two centres of Olympic activity in 2010 is expected to benefit the local economy. Squamish will host overflow visitors for Whistler-based events, provide training space for athletes, and offer tourist attractions of its own. Potentially Sea to Sky University will offer its campus facilities for use during the Olympics.

Retail Trends

A recent public opinion survey revealed that approximately 9 in 10 people shop outside for Squamish, most commonly for clothing and non-household items. Noteworthy is the result that the number one reason residents leave Squamish to go shopping is for a greater selection of goods (71%) and lower prices was ranked second.

Commercial development along the highway in Squamish has been significant in recent years and is expected to continue with proposed factory outlet and other "big-box" developments. The highway development is characterized by large-scale retail, as well as national and international chain stores.

Conversely, the retail market in the Squamish downtown core in the last few years has been waning. Recent reports on the Squamish downtown have found that the commercial offerings lack a strong retail mix, and new development has slowed. Increasingly, potential customers passing through town on their way to Whistler or Vancouver, are finding their retail and food needs met along the highway. The effect is atrophy of downtown commerce.

The imminent arrival of Wal-Mart has proved to be complex and controversial. Some praise the new jobs and the addition of a convenient and low-priced retail choice. Others lament the economic, social and environmental threats posed by Wal-Mart including loss of revenues to Wal-Mart headquarters.

Sea to Sky University

Sea to Sky University (SSU) will be Canada's first private, secular and not-for-profit university. Opening in September 2006, the University will initially enrol 200-400 students but is projected to grow to a maximum of 1200 students. Eventually SSU will bring \$271 million in capital

Implications: Proposed hotel and convention facilities closer to downtown may draw economic activity to the local economy, helping Squamish to capitalize on the Olympics. Because the Olympics is only a two week event, investment in additional facilities should be limited to those which will have longer term benefit for Squamish.

Implications: An increase in retail diversity—particularly the addition of a clothing store, greater concentration of local-serving retail and services, the addition of an anchor store, or an entertainment venue such as a movie theatre (top mention as a needed service in town) may draw more customers downtown.

Implications: Greater retail choice in Squamish may keep more of the local residents' shopping dollars in the community and stem leakage to Vancouver.

Implications: In order to coexist with large format retailers, the downtown merchants must take advantage of regional draws and offer goods and services that complement rather than compete with large-scale retailers like Wal-Mart.

investment to Squamish. SSU operations will create 150 permanent jobs in its initial phases and eventually will generate 362 jobs when full enrolment has been achieved.

Sea to Sky Highway

Significant improvements along the Sea to Sky Highway will increase access to Whistler and Vancouver for drivers. Conversely, direct access to Squamish will also be improved which will support its status as a tourist destination. Improvements to highway exits and intersections at key recreation spots will maximize the economic benefit of the corridor improvements to Squamish.

Challenges

The arrival of Wal-Mart signals an intensification of big-box retailing which will significantly affect the dynamics of the local economy and shift retail focus away from the downtown. Simultaneously, the Squamish community is faced with a number of exciting opportunities for growth and development stemming from a growing tourism industry centered on outdoor recreation as well as the 2010 Olympics and the Sea to Sky University. Stakeholders in the local economy must act strategically in order to ensure the continued health of locally-owned businesses and the core commercial area.

This strategy may involve:

- Attracting an anchor store or entertainment venue at the commercial centre.
- Protecting and developing a strong retail and service mix downtown.
- Enhancing the aesthetics of the downtown as a vital public space to bolster local business.
- Fostering strong linkages between the highway commercial areas and other commercial areas, including the artisan district and waterfront.
- Capturing the commuter market by adjusting local business hours to accommodate residents returning after 5pm.

Currently, community specific economic information for Squamish is largely limited to labour force and income data available through Statistics Canada and BC Stats. The District of Squamish recently initiated both a retail/consumer analysis as well as a community accommodations study to better understand local economic opportunities and trends. The results of this research will be available in early 2005 and will help the community develop strategies for a balanced economy.

Implications: The benefits could bypass the downtown economy due to the University's distance from the downtown and proximity to large-scale retail along the highway.

D.2 REAL ESTATE DEVELOPMENT TRENDS TRADITIONAL AND EMERGING (by Lisa Brideau and Myles Mackenzie)

Real Estate in the context of the regional market: The Squamish real estate market is currently experiencing a boom. This new strength is largely a result of the expanding Vancouver real estate market and Squamish’s diversifying economy. A high demand for housing in the Lower Mainland and record low mortgage rates over the past five years have led to an increase in the number of home-buyers competing for housing stock in the GVRD, which has driven home-buyers outside the region. The nearby communities of Pemberton and Whistler were partial recipients of this influx of home-buyers, however, Squamish did not feel the effects until 2000. Squamish is now fulfilling two kinds of buyer demand, that for small town detached homes, and more recently that of resort-destination housing.

Median Selling Prices for Attached, Detached, and Apartment Homes in Squamish

A hot real estate market: Housing price increases, which were modest through the 1990’s, have shown rapid growth in the early 2000’s. In the past year this growth has been especially dramatic. In 1994 the benchmark price for a single family detached home was \$193,000, in 2003 it was \$278,000 and in 2004 it rose to \$322,000. This significant jump raises concerns over the current and future affordability of Squamish. With the expansion of the Sea to Sky Highway, the rebranding of Squamish as the “outdoor recreation capital of Canada”, the Olympics in Whistler and Vancouver, and the Sea to Sky University, the desirability of Squamish is only going to increase. The number and scale of proposed commercial developments in Squamish, including a Walmart and a big box outlet mall, also reflect the active nature of the market.

Table 1: Benchmark Prices by Housing Type, Squamish

	July 03	July 04	% Change
Detached	\$277,667	\$321,503	16%
Attached	\$196,188	\$264,357	35%
Apartment	\$97,721	\$161,924	66%

Benchmark Prices for Single Family Detached Houses in Squamish and Greater Vancouver

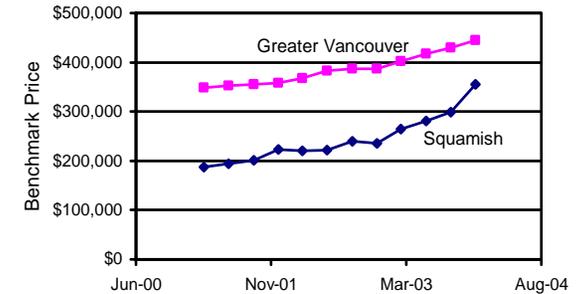


Figure 1: The gap between Squamish and Greater Vancouver benchmark (detached) house prices remained fairly constant until late 2002. Squamish prices have been closing the gap for the past two years and looks to be continuing to do so.

Median Selling Prices for Attached, Detached, and Apartment Homes in Squamish

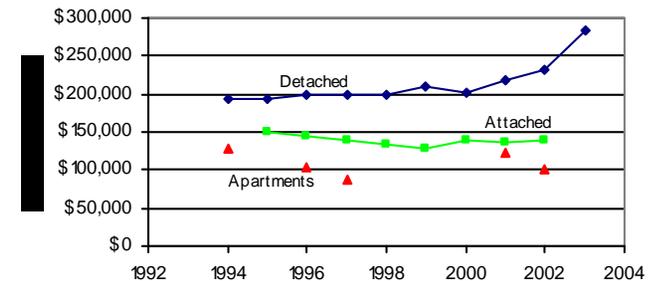


Figure 2: The majority of Squamish’s realty market consists of detached homes, often there is insufficient activity in apartment sales to compute a median selling price. The market for detached homes started to take off in 2000 and has continued for four years.

Building Permit Trends: Building permit values in Squamish this year have reached a nine year high, driven by booming residential construction. This increase in residential construction reflects a closing of the gap between existing housing stock and the new demand for Squamish homes as well as a supportive atmosphere for development. The current housing permits include a mix of detached, attached, and apartments, however, indications are that the predominate housing form (detached) will continue to make up the majority of realized developments. This appears to be a response to home-buyer demand for detached homes in a small town rather than for higher density living arrangements.

Housing Stock and Settlement Patterns: In Squamish’s principle communities of Brackendale, Garibaldi Estates, Garibaldi Highlands, and Valleycliffe, the predominant housing type is detached (61%¹). The primary characteristic of these neighbourhoods is their separation from each other, the downtown, and the highway commercial strips. These settlements are serving as a model for future housing construction plans such as Sea to Sky University’s 960 market housing units. Significant construction will have to be maintained for Squamish to accommodate the anticipated population growth.

Table 2: Current MLS listings for Pemberton, Whistler, and Squamish by housing type.

	Pemberton		Whistler		Squamish	
	Units for sale	Percentage of Total	Units for sale	Percentage of Total	Units for sale	Percentage of Total
Detached	2	100%	38	29%	113	62%
Attached	0	0%	35	26%	48	26%
Apartment	0	0%	59	45%	21	11%

Rental Housing: Squamish’s diversifying economy is pushing employment growth and improving demand for rental housing. Vacancy rates which had seen highs of 12 percent in the late 1990’s have dropped to current lows of less than 3 percent.

Affordability: The dramatic increase in Squamish housing prices over the past five years has made Squamish generally less affordable. In the current market a potential buyer would need a household income of \$135,000 to afford a detached home²; median household income in the 2001 census was \$63,579.

¹ From 2001 Census data for Squamish DM.

² Income calculated using the Squamish July 2004 benchmark price for detached home and the Canadamortgage.com calculator with a 10% down payment, 6.25% interest rate, 25 year amortization.

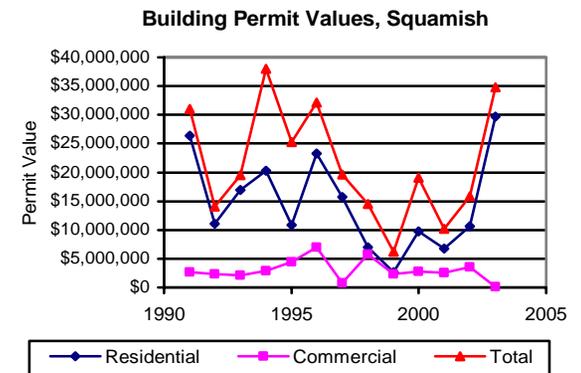


Figure 3: Permit value fluctuations in Squamish over 14 years show the recent upswing from a stagnated period. Note that total value also includes industrial and government & institutional permit values which are not shown.

Future Trends in Squamish Real Estate Market

- Single family housing will be the predominant type of residential development
- Residential and commercial development will continue to occur in areas outside of downtown
- Housing prices will continue to approach those of Greater Vancouver