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INTRODUCTION

The City of Kelowna’s 2014 Community Trends Report examines current trends from four key areas: our people, our homes, our economy and our environment. The report briefly discusses the implications of these trends for our community. This inaugural report is designed to assist with identification of key priorities and decision-making. It will also provide the community with a resource for basic statistical and demographic data that can be used as the foundation for organizational and program planning and development, policy analysis and community development.

Wherever possible, the information provided in this document refers to the city of Kelowna. Some data, however, is only available for the Kelowna Census Metropolitan Area (CMA), which includes the entire Central Okanagan Regional District from Peachland to Lake Country.

EXECUTIVE SUMMARY

Kelowna's population is approximately 122,000, slightly lower than forecasted. The percentage of seniors (age 65+) will continue to increase over the coming years. As the rate of natural population increase is expected to continue to decline, population growth in Kelowna will continue to rely on migration, particularly those moving here from other parts of B.C. The City of Kelowna is focused on creating vibrant urban centers with a diverse range of housing options to help meet our changing demographics. Changes in anticipated population growth and composition will also be incorporated into broader strategies as part of the next Official Community Plan update, scheduled to begin in 2018.

Nearly 96 per cent of Kelowna residents feel they have a 'good' or 'very good' quality of life, while listing transportation and growth management among the top issues facing the City. As a contributor to quality of life, the crime rate and crime severity are declining. Recognizing safety is a priority for residents, a new police services building will be built downtown to give the RCMP the support system and efficiencies they need to keep Kelowna neighbourhoods, business areas and downtown safe well into the future

The overall picture of the local economy appears to be positive, with economic measures showing modest improvements in performance, evidence of recovery from the economic downturn. However, meeting the

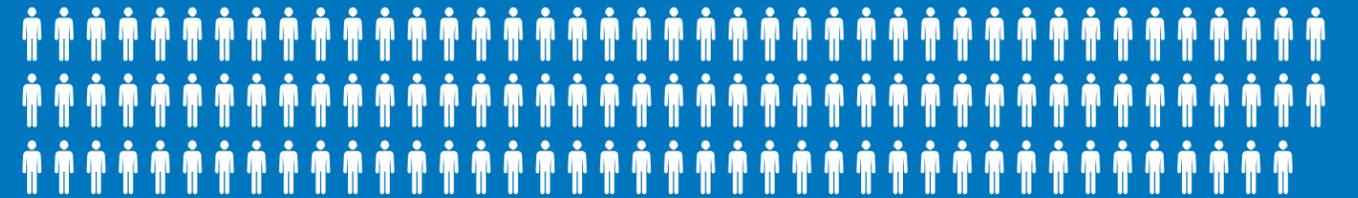
labour market requirements of local employers will need to be addressed to sustain economic growth in the long term. In 2014, Council approved a new Innovation Centre in the downtown that will play a key role in fostering innovation and growth in the region, driving the creation of new jobs and helping build economic prosperity and diversity.

Kelowna's ownership housing market has remained relatively steady and is forecast to return to moderate growth over the next two years in a balanced market. The rental market, however, is constrained with a decreased vacancy rate and increased rental costs. The City continues to pursue partnership opportunities with both private and public sectors, and to offer financial incentives to encourage the development of rental housing.

While early in the measurement process, data suggests that Kelowna residents are making changes for the betterment of the environment. Over the past few years Kelowna has experienced reductions in greenhouse gas (GHG) emissions, energy and water consumption and increases in more sustainable transportation choices. The expansion of the transit and active transportation networks, and the development of a Pedestrian and Cycling Master Plan (currently underway), will provide opportunities for residents to reduce automobile dependency and GHG's.

POPULATION 122,000

 = 1,000



AVERAGE PEOPLE PER HOUSEHOLD 2.29



VISIBLE MINORITY 7.9%

56.8% HAVE SOME POST SECONDARY EDUCATION



MEDIAN AGE 42

TRANSPORTATION



MEDIAN HOUSEHOLD INCOME \$60,360

82%



11.1%



AVERAGE ANNUAL UNEMPLOYMENT RATE 6.9%

6.2%



AVERAGE HOME SALE PRICE \$398,175

HOUSING PREFERENCE



63%



27.4%



8%



OUR PEOPLE

Population

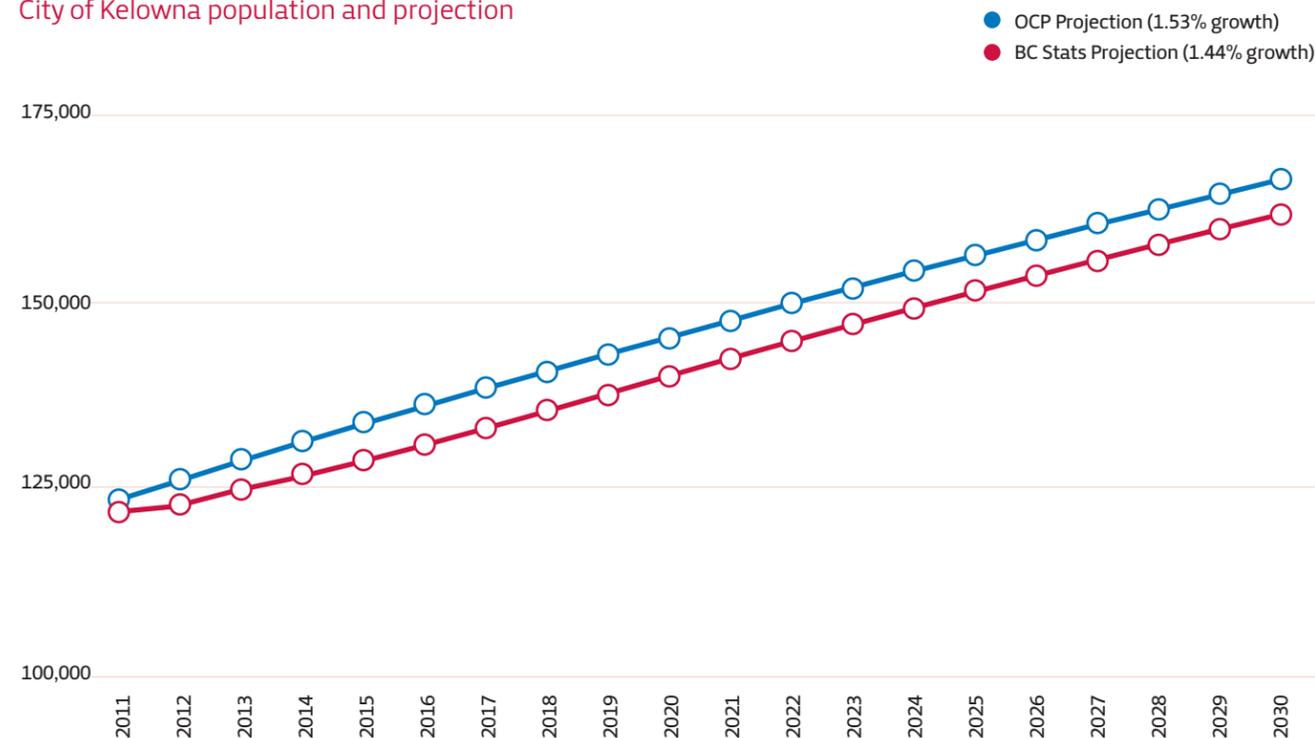
Kelowna's estimated population for 2014 is approximately 122,000ⁱ. Population growth has slowed compared to that anticipated in the 2030 Official Community Plan (OCP); however, growth to 2030 is still projected to be higher than the 1.19 per cent expected for the province.

The population of the entire Kelowna Central Metropolitan Area (CMA) is also expected to age over the next 15 years as the percentage of working-age residents shrinks (age 20-64) and percentage of seniors (age 65+) grows from 19.9 per cent in 2014 to 25.5 per cent in 2030ⁱⁱ. This trend is expected throughout the province; however, not to the same degree as the Kelowna CMA.

While visible minorities represent a small proportion of Kelowna's population when compared to the provincial average, this sector of the population has increased substantially from 4.5 per cent in 2001 to 7.9 per cent in 2011. The largest visible minority groups are South Asian and Chinese.ⁱⁱⁱ

When examining the factors affecting growth, Kelowna's population increases will heavily rely on migration¹ for population increases as the rate of natural increase declines. From 2012-2013 the Kelowna CMA growth has been primarily due to intraprovincial migration.

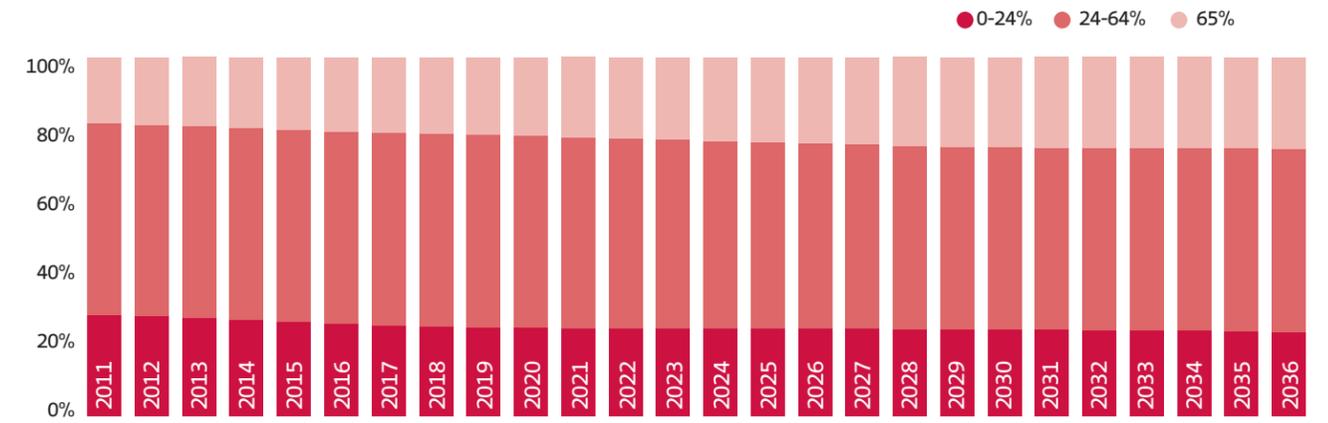
City of Kelowna population and projection



Source: 2030 OCP and BC Stats

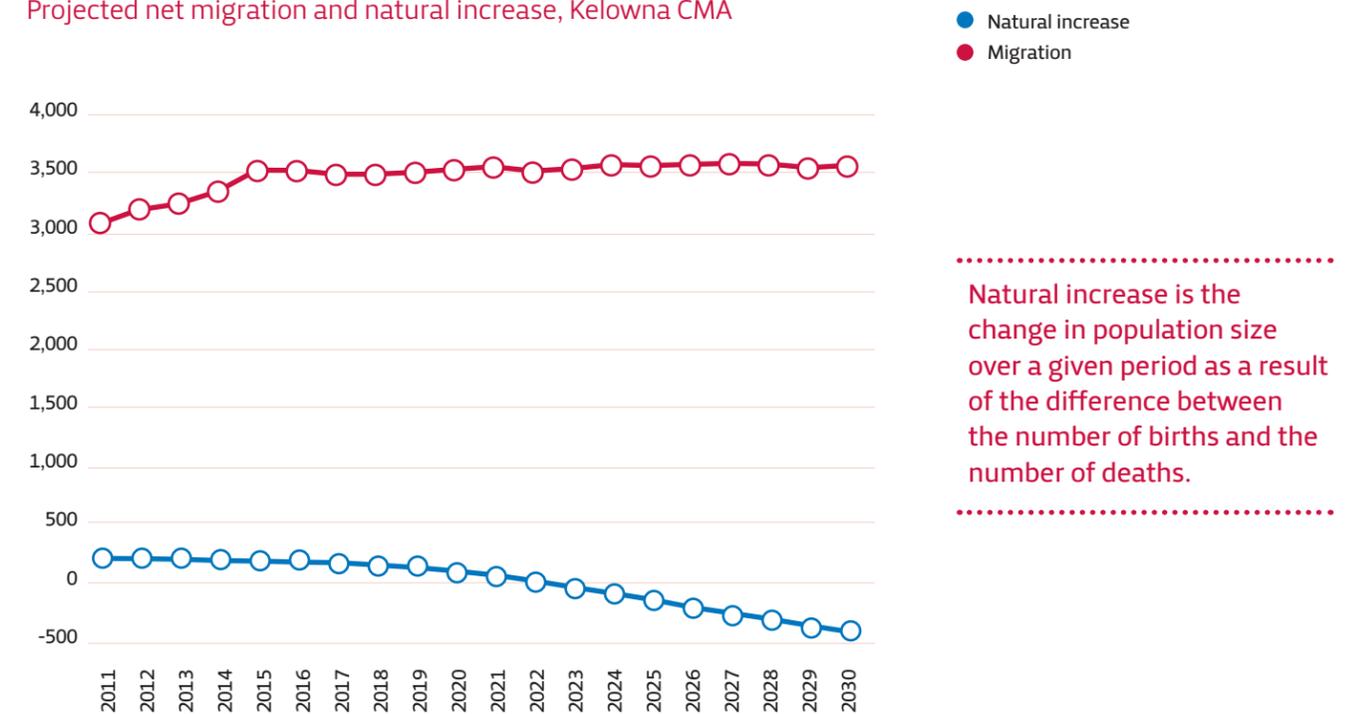
¹ Migration is made up of interprovincial, intraprovincial and international migration.

Projected age distribution, Kelowna CMA



Source: BC Stats

Projected net migration and natural increase, Kelowna CMA



Natural increase is the change in population size over a given period as a result of the difference between the number of births and the number of deaths.

Source: Province of British Columbia, BC Stats, P.E.O.P.L.E. Projection Model Projection 33

Quality of life

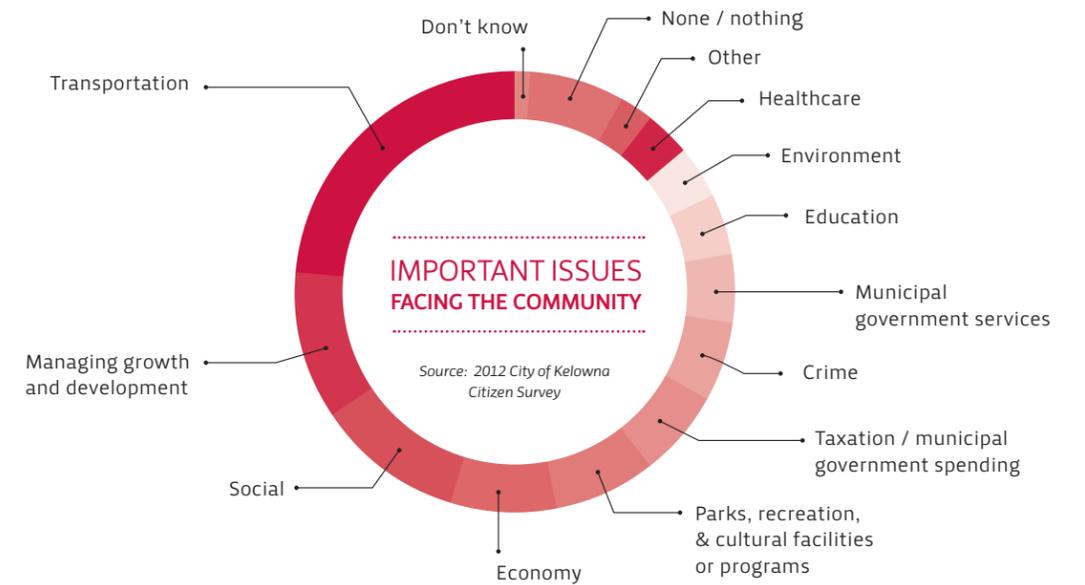
For the first time, the 2012 Citizen Survey asked residents about their quality of life. Of those surveyed, 96 per cent claimed their quality of life in Kelowna was either good or very good. Nearly three quarters of the respondents claimed their quality of life had improved, and one of the top reasons given for this perception was new and improved parks and green space. Economic factors topped the list for reasons for those with declining quality of life.^{iv}



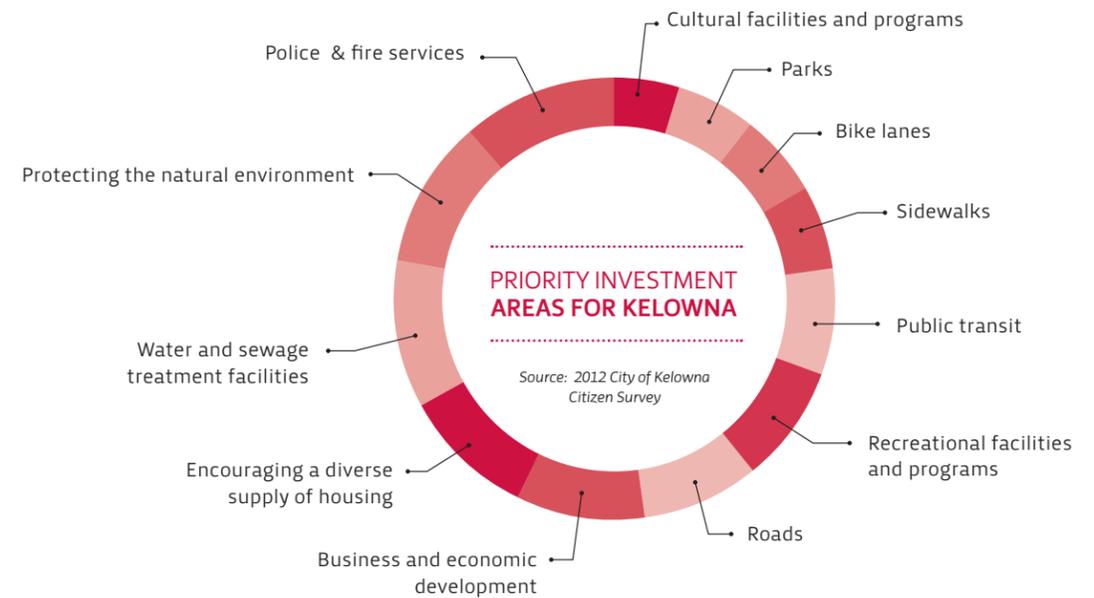
Issues & priorities

Residents view transportation and managing growth and development as two of the top issues in Kelowna. When asked where investment should be made, roads ranked sixth, while police and fire services and protecting the natural environment topped the list.

Issues facing Kelowna



Community investment

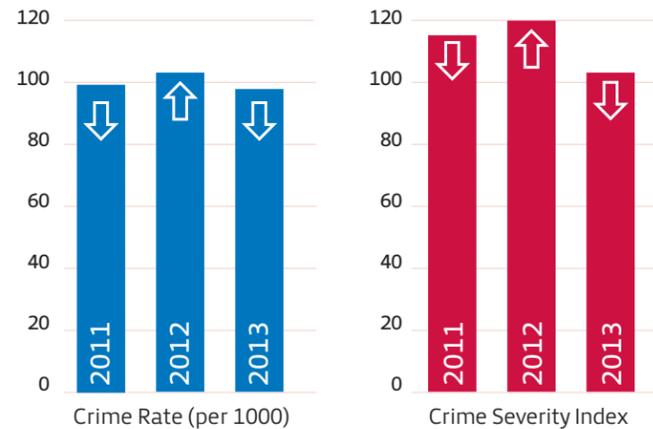




Crime

In 2013 in Kelowna, there were 98 crimes (criminal code offenses) reported per 1,000 people, a decrease over the past two years.^v This decrease is consistent with the overall trend of declining crime rates observed in B.C. and across Canada. The crime severity index, which tracks the severity of police-reported crimes, has also been on the decline.

Crime rates

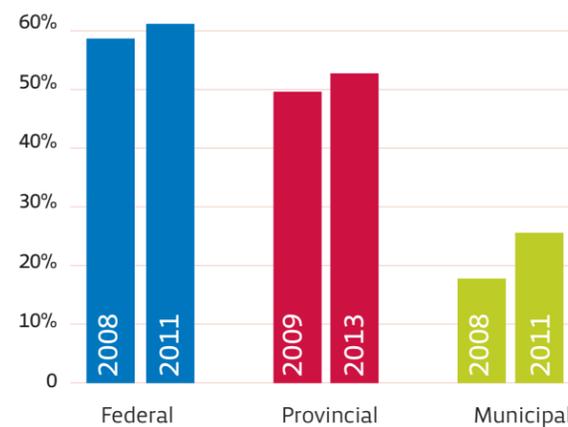


Source: RCMP (Crime Rate) and Statistics Canada CANSIM table 252-0089: Crime severity index and weighted clearance rates, by police service, British Columbia

Engagement

One way to measure citizen engagement is through voter turnout. Voter turnout in Kelowna is much higher for federal and provincial elections than for municipal elections. Over the most recent two election cycles, all levels of government have witnessed an increase in voter turnout. The City of Kelowna continues to provide new opportunities to encourage more voters during municipal elections.

Voter participation



Source: Elections Canada, Elections BC and the City of Kelowna



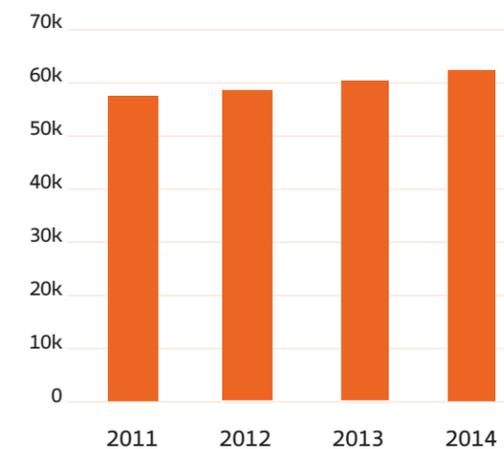
OUR ECONOMY

Income

It is estimated that median household income rose 7.8 per cent from 2011 to \$60,360 in 2014, which is consistent with provincial trends. Income growth in Kelowna has kept pace with growth of the living wage which is estimated at \$18.42 per hour.^{vi} Nearly 30 per cent of the income received in Kelowna in 2010 was from retirement pensions, investment income and government transfer payments. This is far above that of B.C.'s total of 24.7 per cent. This is a trend that we expect to continue, and to expand, as the population continues to age.^{vii}

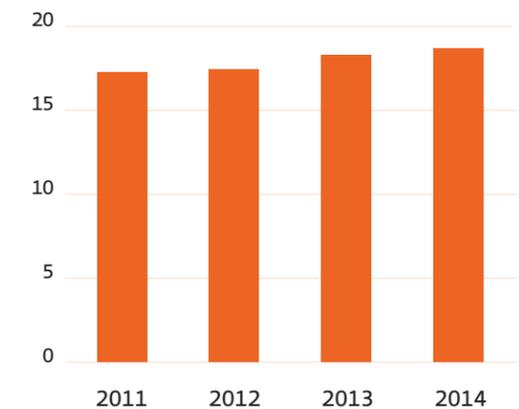
.....
Living Wage is defined as wage required for each adult of a two parent, two child household to be out of extreme poverty and meet its basic needs.
.....

Median income \$/year



Source: Environics Based on National Household Survey and Regional District of Central Okanagan

Living wage \$/hour

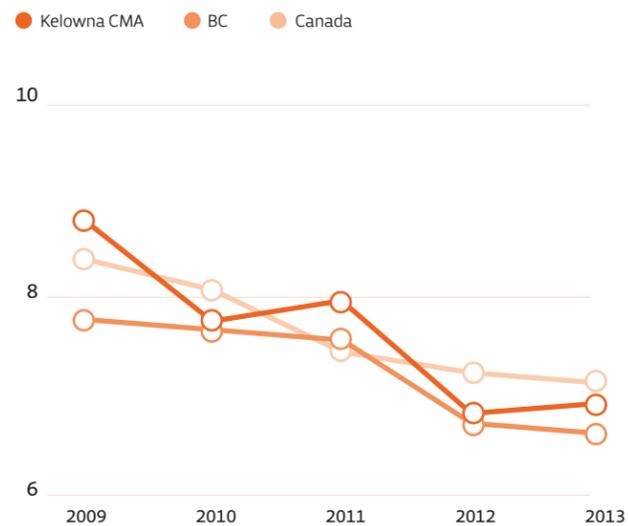


Source: Environics Based on National Household Survey and Regional District of Central Okanagan

Employment

Like B.C., the Kelowna CMA has experienced a decline in the annual average unemployment rate since 2009 to 6.9 per cent in 2013.^{viii} While still slightly higher than the B.C. average, the unemployment rate remains less than the annual Canadian average. The labour force participation rate has dropped in recent years and is expected to continue to decline as the population continues to age. Related to this, attracting and retaining employees is one challenge identified by employers in the region.^x

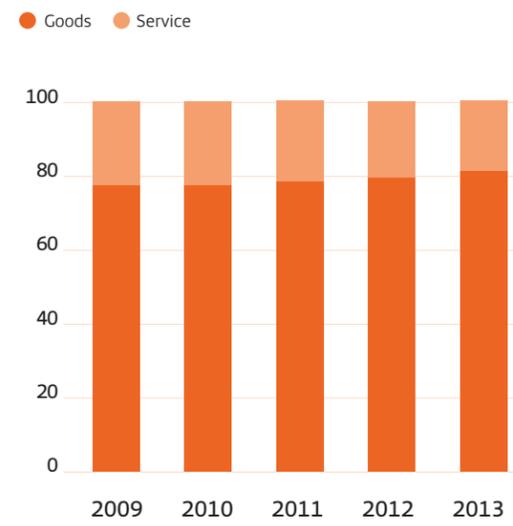
Unemployment rate



Source: Statistics Canada, Labour Force Survey Estimates, Cansim Table 282-0110

Kelowna CMA's labour force is dominated by the service sector (e.g. trades, transportation, finance, educational, health care) and over the past three years the percentage of people employed in this sector has continued to grow. While the service sector labour force is high, it is not unusual when compared to the rest of B.C. or Canada. Within specific labour force sectors, data over the past five years has not provided reliable trends.

Per cent employed by sector

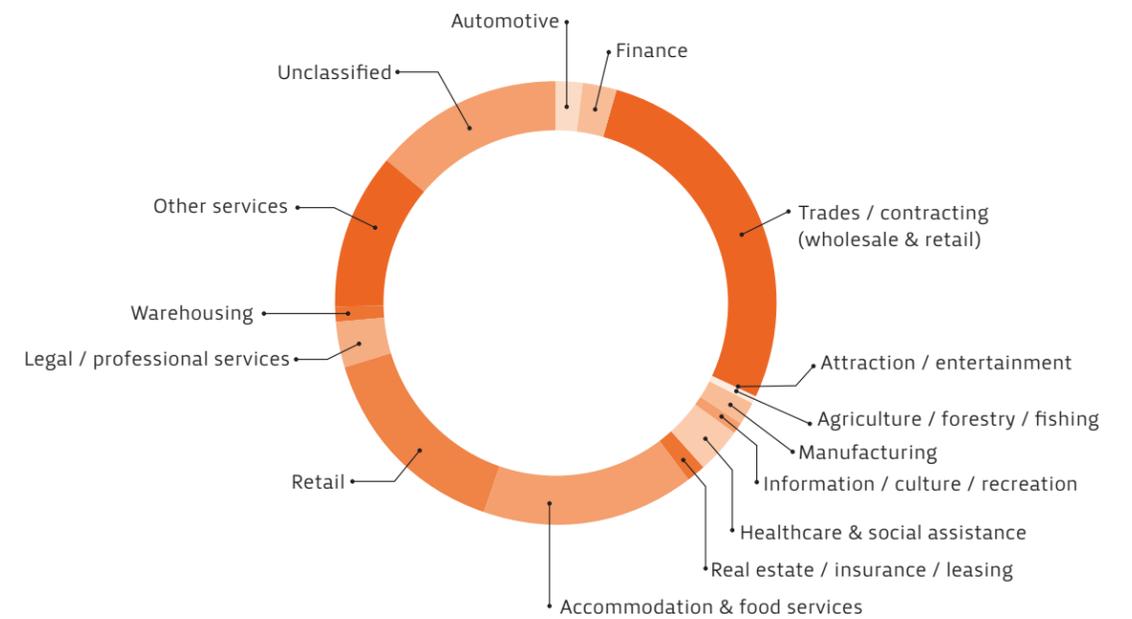


Source: Statistics Canada Table 282-0112 Labour force survey estimates (LFS), employment by census metropolitan area based on 2006 census boundaries and North American Industry Classification System (NAICS), annual

Business

In 2013, the City of Kelowna issued 9,197 business licenses showing a 0.6 per cent increase over the previous year; however, still down from the 9,300 licenses issued in 2007. This is consistent with the recession of the mid-2000s and the slow economic recovery that has been experienced throughout the country. Of the business licenses issued, trades/contracting dominate followed by the retail sector. Kelowna is a city of small business with approximately 87 per cent employing fewer than 20 employees.^{xi}

2013 business licenses



Source: City of Kelowna

Travel

Like other areas of the economy, Kelowna International Airport (YLW) is also experiencing growth. Passengers traveling through YLW have continued to increase between 2011 and 2013 by over four per cent between 2012 and 2013 alone. This trend is on track to exceed the medium forecast scenario of 1.6 million passengers by 2015.^{xii} New routes include San Francisco and increased connections to Fort McMurray.

Airport passengers



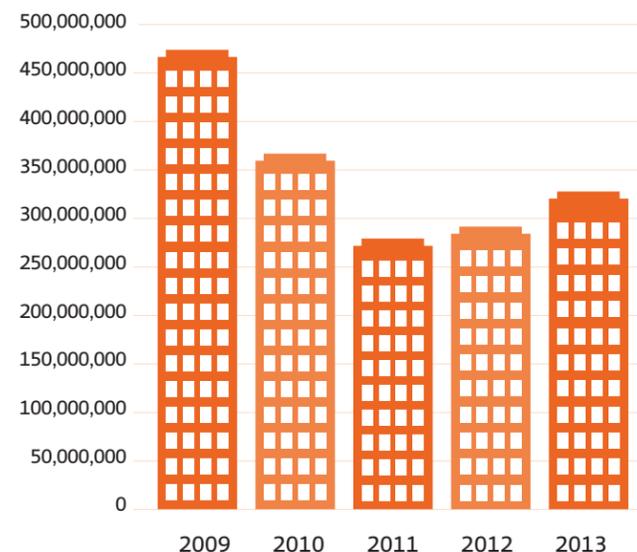
Source: City of Kelowna



Building permits

Moderate economic recovery since 2011 is seen in the value of all building permits issued at City Hall, where value has increased by 22 per cent between 2011 and 2013.

Value of building permits



Education

The post-secondary education industry has also become a major contributor to the local economy. In 2013, over 19,000 people attended UBC Okanagan and the Kelowna campus of Okanagan College. Together, both institutions employ over 1,625 staff. ^{xiv}

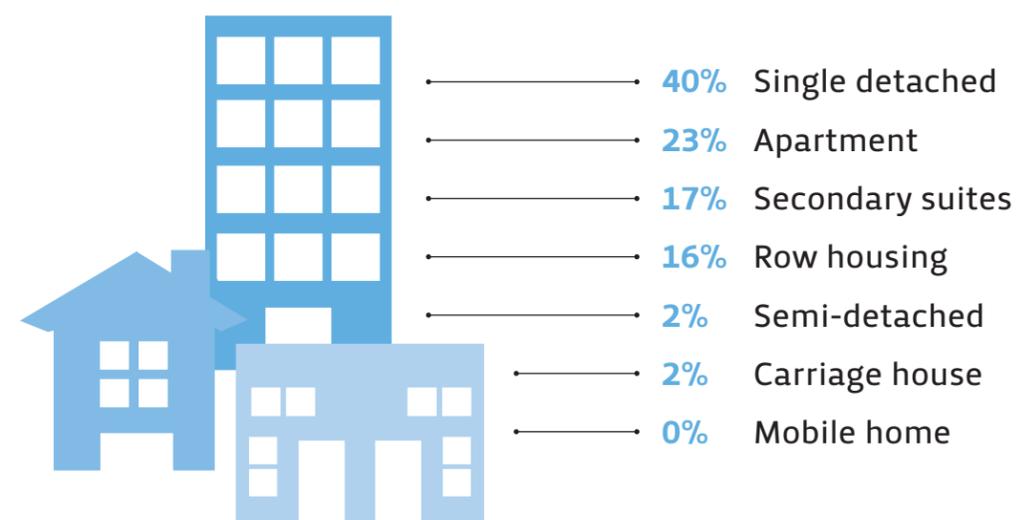


OUR HOMES

Housing Activity

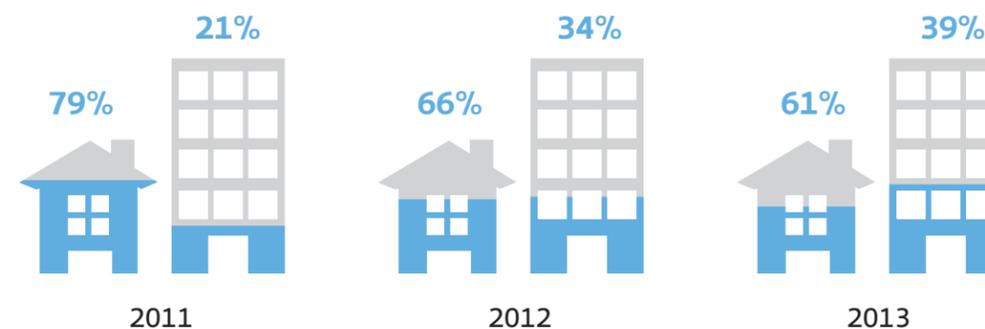
The number of residential building permits issued by the City of Kelowna has continued to increase since 2011, with permits for 721 units issued in 2013, up almost 30 per cent from 2012. While a substantial increase, building permit issuances have not met the 25-year historical average of approximately 1,200 units annually. Since 2011, the proportion of new multi-unit housing has steadily increased. Partial building permit information for 2014 suggests that the positive annual growth is continuing.

2013 Kelowna development by unit type

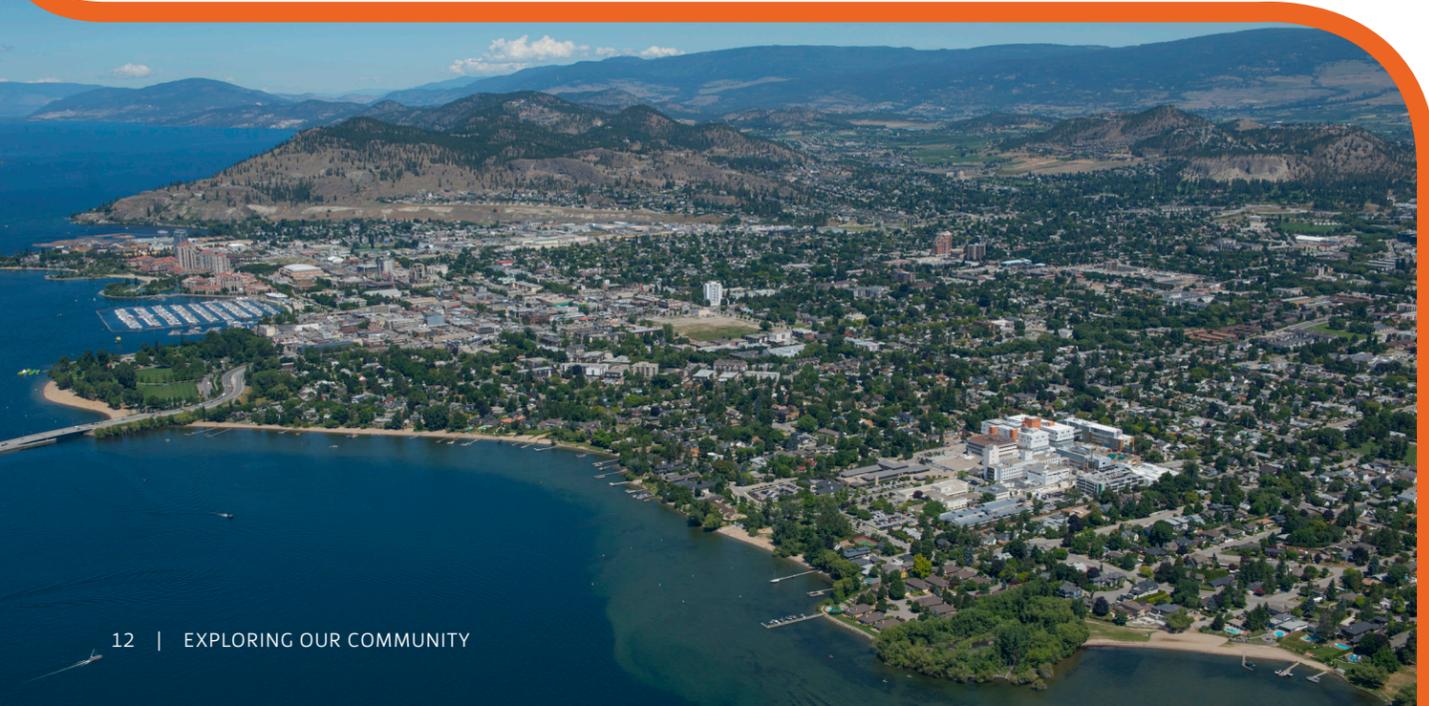


Source: City of Kelowna Annual Developments Stats Report

Building permit issuances by type



Source: City of Kelowna Annual Development Stats Report





Ownership housing

Similar to other communities, the housing ownership market in the Kelowna CMA has shown two consecutive years of price moderation with declining average home sale prices to \$398,175 in 2013. However, sales activity is increasing in the area, suggesting a slightly stronger market for 2014, consistent with Canadian Mortgage and Housing Corporation (CMHC) forecasts of a 1.7 per cent increase in sales value in 2014 and a 2.0 per cent increase in 2015.^{xv}

The median multiple affordability index, a standard used internationally to assess housing affordability, has also improved over the past two years, indicating that home ownership is becoming more affordable. Despite the improvement, housing affordability still remains a challenge.

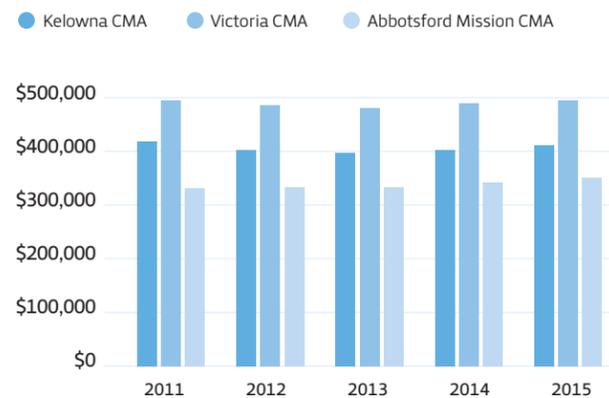
Rental housing

Indicators are pointing to a constrained rental market in Kelowna, as vacancy rates decline. In response, the monthly cost of an average two-bedroom unit is increasing - going up four per cent since 2012. In response, vacancy rates have declined in recent years. To address this, the City has multiple policies that encourage the development of rental housing, including tax incentives and rental housing grants.

Affordability can be measured using the median multiple affordability index which is defined as the median price of a home divided by the median household income in that market.

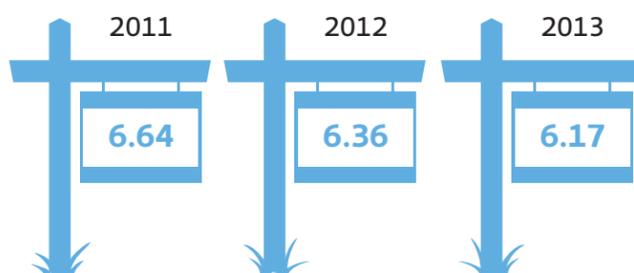
Source: Demographia Canadian Housing Affordability - 2014 Edition, <http://viableopposition.blogspot.ca/2014/03/demographia-canadian-housing.html>

Average home sales prices and forecast



Source: CMHC Housing Market Outlook BC Highlights Fourth Quarter, 2012, 2013

Median multiple affordability index



Source: Based on Environics National Household Survey Data and CMHC Home Sales Analysis

Average rent and vacancy rate for a 2 bedroom apartment



Source: CMHC Rental Market Survey - Kelowna CSD - Fall 2013. Data represents units in purpose-built private rental structures with three or more self-contained units, and may be townhouses or apartments.

OUR ENVIRONMENT

Greenhouse gases

Kelowna's greenhouse gas (GHG) emissions have decreased 2.4 per cent between 2007 and 2010 while the proportional distribution of sources maintained relatively constant over the period. Over the same period, population increased 7.7 per cent. Despite trending in the right direction, Kelowna will need to make significant gains to reach its Official Community Plan target of 33 per cent reduction below 2007 levels by 2020. The biggest contributor to emissions is the on-road transportation sector accounting for nearly two-thirds of all emissions.

GHG emissions in tonnes

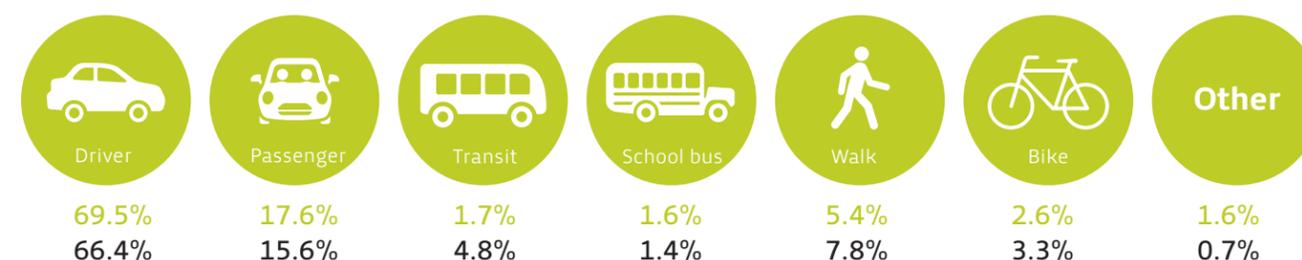


Source: Province of BC, Community Energy and Emissions Inventory

Active transportation

In recent years, gains have been made in the transportation sector. Between 2007 and 2013, there has been more than a three per cent switch in modes from the automobile to more sustainable transportation alternatives, such as transit, cycling and walking. Investments in Bus Rapid Transit Infrastructure, changes to parking rates and expansion of active transportation corridors are further evidence of the City's commitment to reducing automobile dependency.

Transportation choice



Source: 2007 and 2013 Central Okanagan Household Travel Survey

Utilities

Kelowna's average household electrical energy consumption has been declining since 2011. A trend cannot yet be determined for average household gas consumption; however, 2013 numbers are lower than 2011. Local utility providers have offered and continue to offer incentives to reduce home energy consumption.

Kelowna's household water consumption varies significantly throughout the year, and peak summertime use can be in excess of triple winter water consumption. On a per capita basis, average water consumption dropped over 4.4 per cent to 375 litres/person/day in 2013.

Consumption is still above the B.C. average and far above the Canadian average.^{xvi} While the trend appears to be on the right track, more data will be required as weather can be a major factor in the amount of water consumed annually. With the introduction of water meters in the late 1990's, City of Kelowna was able to reduce residential water consumption by 40 per cent. In 2012, the City of Kelowna introduced irrigation and landscaping standards in an effort to curb irrigation water consumption in peak summer months.

Energy consumption



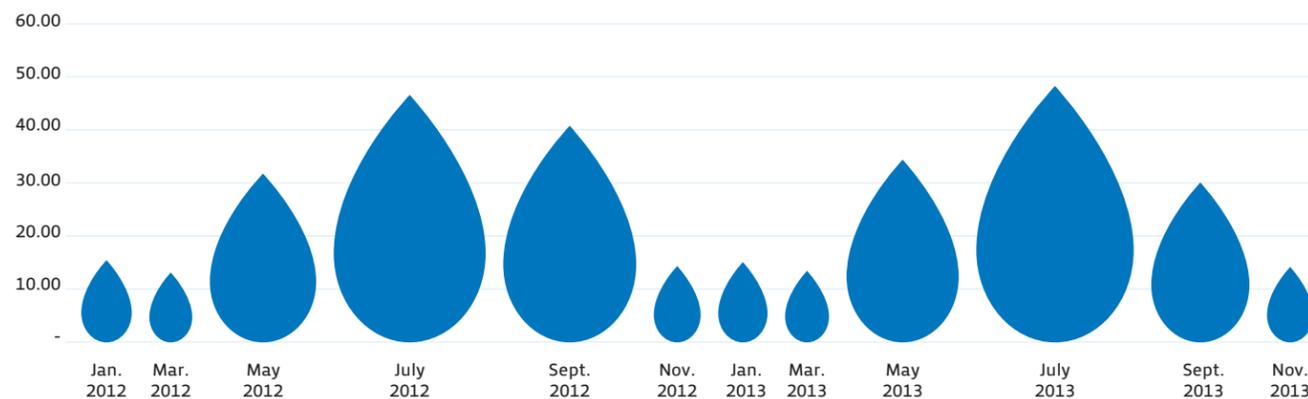
2010 73.2 HwH
2011 78.4 HwH
2012 74.0 HwH
2013 74.7 HwH



2010 12,031 GJ
2011 12,147 GJ
2012 11,875 GJ
2013 11,108 GJ

Source: Corix, Fortis Electric, Fortis Gas

Monthly household water consumption for the City water utility (cubic metres)



Source: City of Kelowna Water Utility, Population and household data from Environics Analytics

Notes

- i Based on the OCP growth rate applied to the 2011 Census population
- ii Based on BC Statistics P.E.O.P.L.E Analysis for the Kelowna CMA
- iii Statistics Canada, 2011 National Household Survey, Kelowna Focus on Geography series www12.statcan.gc.ca/nhs-enm/2011/as-sa/fogs-spg/Pages/FOGcfm?lang=E&level=4&GeoCode=5935010
- iv City of Kelowna, 2011 Citizen's Survey, <http://www.kelowna.ca/CityPage/Docs/PDFs//Council/Meetings/Council%20Meetings%202012/2012-04-16/Item%206.2%20-%202012%20Citizen%20Survey.pdf>
- v City of Kelowna Police Services, 2014
- vi Central Okanagan Regional District, http://www.regionaldistrict.com/media/126462/COKLivingWage_Jul14.pdf
- vii Statistics Canada, 2011 National Household Survey, Kelowna Focus on Geography Series <http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/fogs-spg/Pages/FOGcfm?lang=E&level=4&GeoCode=5935010>
- viii Statistics Canada, Labour force survey estimates (LFS), by sex and detailed age group, Cansim Table 282-0002
- ix Statistics Canada, Labour force survey estimates (LFS), by sex and detailed age group Cansim Table 282-0002
- x Growing in the Okanagan: 2020 Labour Market Outlook. http://www.investkelowna.com/sites/default/files/uploads/growingintheokanagan_labourmarket2020.pdf
- xi BC Statistics, 'British Columbia Business Counts by Employee Size and Census Subdivision, 2013
- xii City of Kelowna, Kelowna International 25 Year Master Plan, <http://www.kelowna.ca/CityPage/Docs/PDFs%5CKelowna%20International%20Airport%5C2025%20Airport%20Master%20Plan.pdf>
- xiii UBC Okanagan enrolment information was obtained from the University of British Columbia 2013 Annual Report on Enrolment: Okanagan Campus. Enrolment data for Okanagan College was obtained from the Okanagan College Kelowna Community Trends Report.
- xiv UBC employs 1,028 staff as of July 31, 2014. <http://ok.ubc.ca/about/facts.html>. Okanagan College employs 667 staff. Both UBCO and OC figures include permanent and temporary staff and faculty.
- xv CMHC Housing Market Outlook BC Region Highlights, First Quarter 2014,
- xvi Province of British Columbia, Living Water Smart: British Columbia's Water Plan, <http://livingwatersmart.ca/didyouknow.html>



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