

Yukon Economic Overview

Recent Performance and 2011 Outlook

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Overview

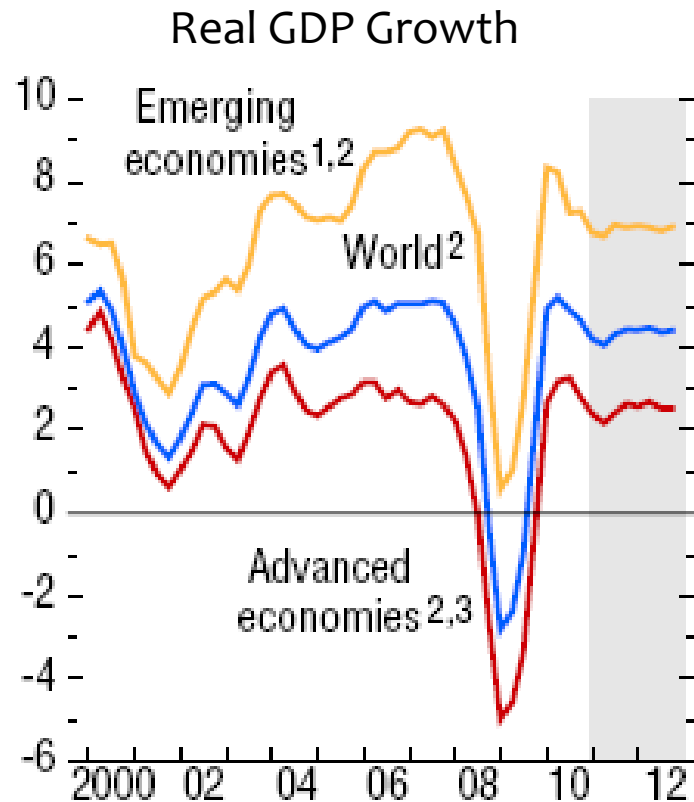
- * Recent economic performance
- * The Yukon Economy in 2011
- * Potential Implications for Housing

The Yukon Economy now

- * Record mineral exploration spending
- * New producing mines
- * Continued high level of construction activity
- * Tourism visitation rebound

Recent Performance

- * Economic growth in emerging economies have outpaced world and advanced economies for well over a decade.
- * Increasing levels of consumption in emerging economies.
- * Driving demand for commodities.

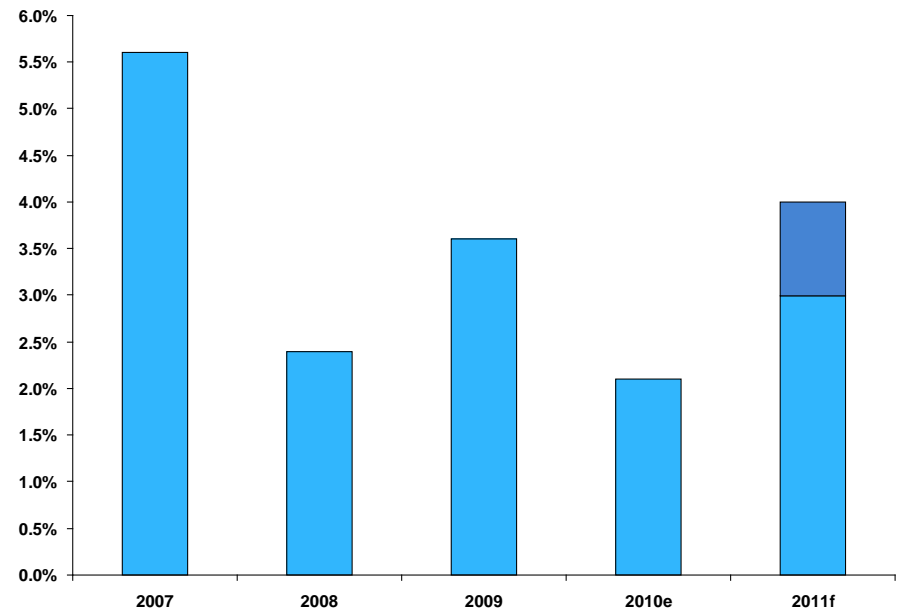


Source: IMF World Economic Outlook April 2011

Recent Performance

- * Yukon has had a sustained period of economic growth since 2004.
- * Three mines have commenced production since 2007.
- * Population, employment, trade and other indicators generally 'up' over the period.

Yukon GDP – Annual Growth Rate

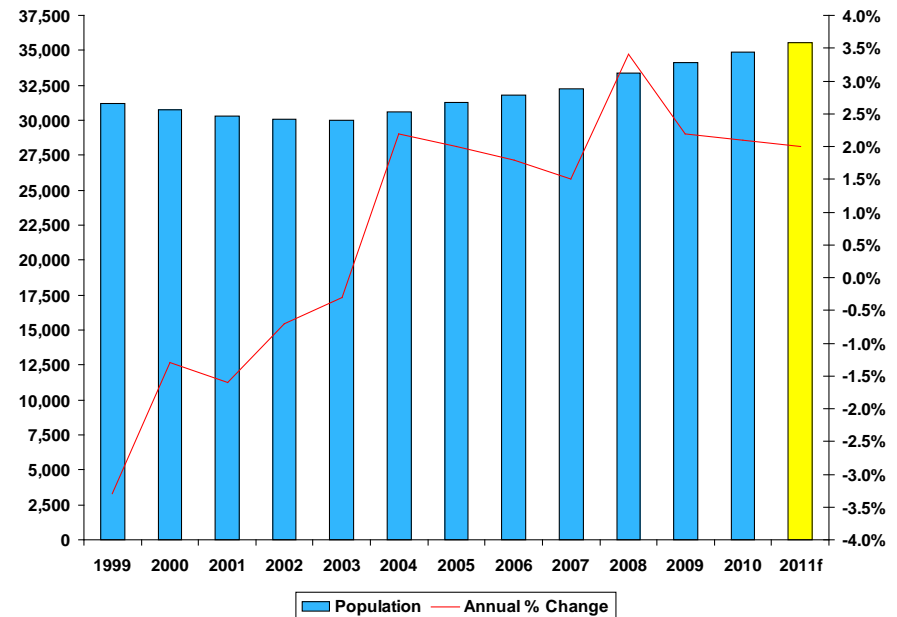


Source: Yukon Bureau of Statistics; Statistics Canada; Department of Economic Development; Conference Board of Canada

Recent Performance

- * Yukon's annual average population grew to 34,847 in 2010.
- * Seventh consecutive year of growth
- * Growth was recorded in eight communities in 2010.
- * Whitehorse accounted for 85% of the total increase of 723

Annual Average Yukon Population

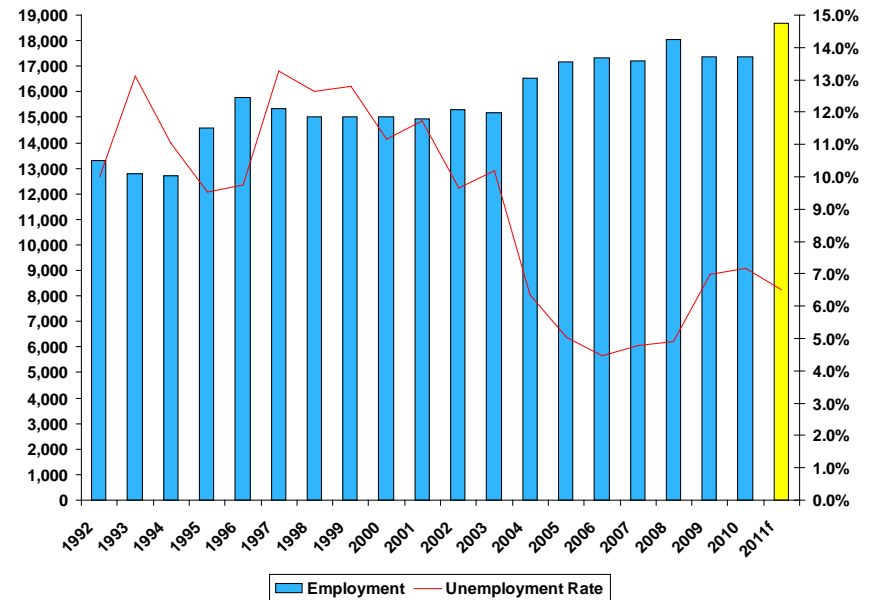


Source: Yukon Bureau of Statistics; Department of Health & Social Services; Department of Economic Development;

Recent Performance

- * Yukon's average unemployment rate of 7.2% for 2010 was below the national average of 8%, and amongst the lowest of all the provinces and territories.
- * Resource development and construction related activity offered opportunities for employment.

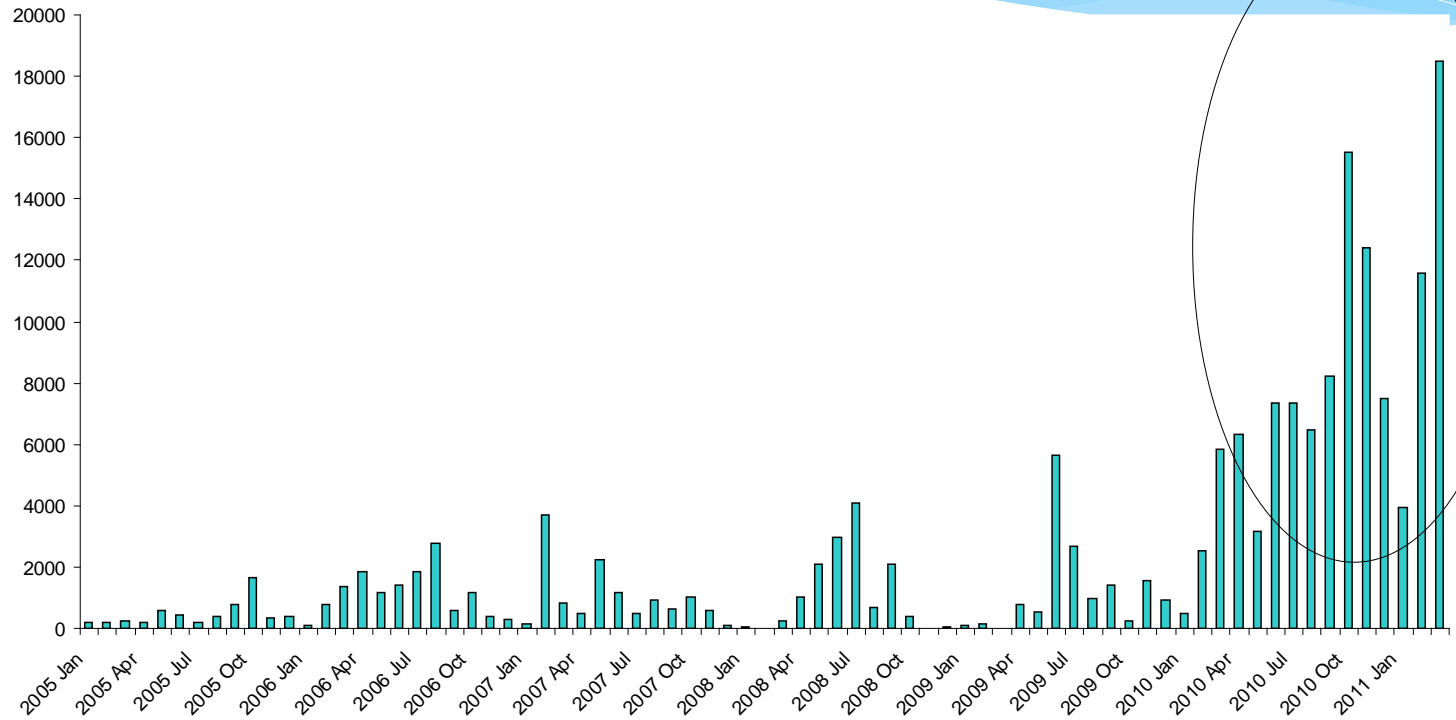
Annual Average Yukon Employment



Source: Yukon Bureau of Statistics; Statistics Canada, Department of Economic Development;

Recent Performance

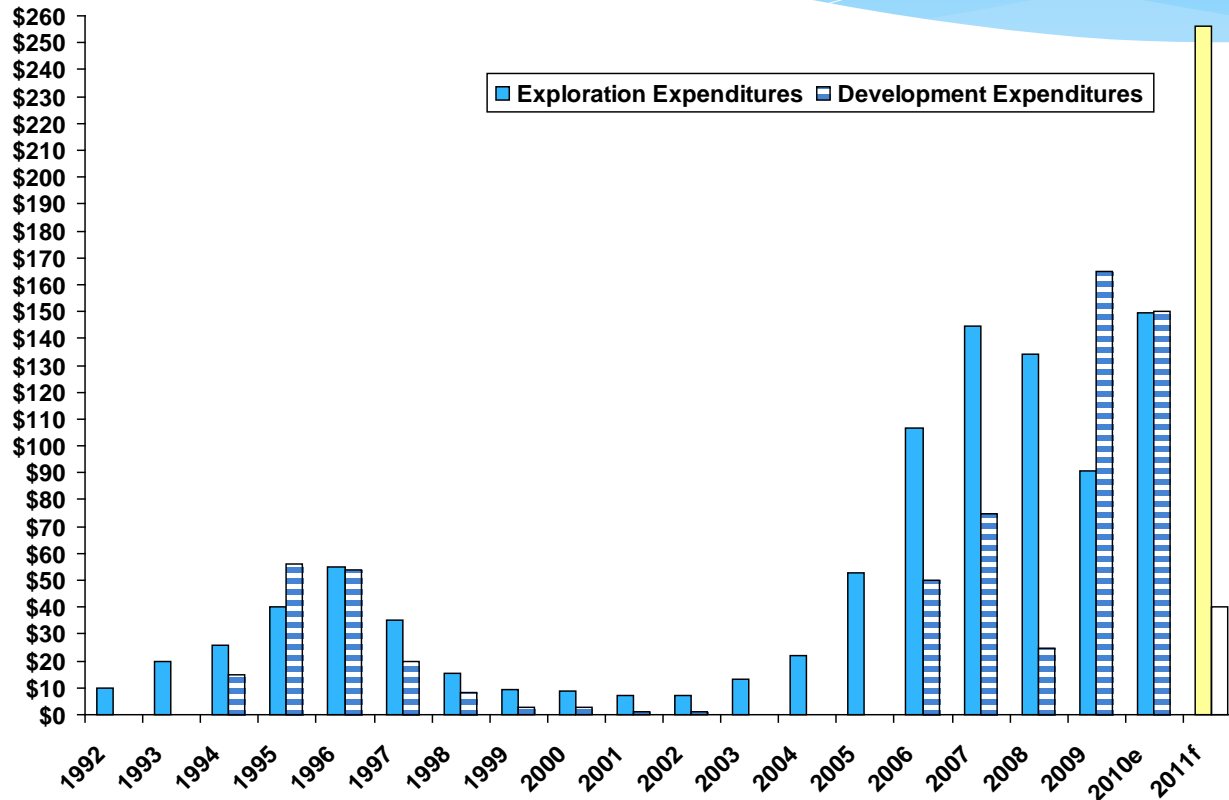
Yukon Quartz Claims Staked



Source: Energy, Mines, and Resources

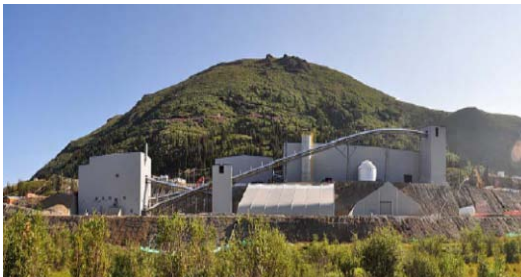
Recent Performance

Yukon Mineral Exploration and Mine Development Expenditures (\$ millions)



Source: Natural Resources Canada; Department of Energy, Mines & Resources; Department of Economic Development

Recent Performance



New Direct Mining Jobs Since 2007

Bellekeno Mine: 120

Minto Mine: 280

Wolverine Mine: 330

Total Direct
Employment:
700-750
persons

Recent Performance

Indirect Economic Impacts of Mining

- * Growth in small and medium sized business:
 - * Recent service sector growth includes mineral assay preparation labs, engineering and environmental services and transportation services.
- * Strong flow of benefits from mining to other sectors, such as accommodation and food services.



Acme Labs: Assay Sample Preparation

Recent Performance

Construction and Infrastructure Development

Federal Stimulus

- Whitehorse Correctional Centre
- Whitehorse Public Safety Building
- Mayo B Hydro Generation and Transmission Line
- Affordable Housing Initiatives
- Erik Nielsen Whitehorse International Airport

Mine Construction

- Wolverine Mine
- Bellekeno Mine

Mayo B Penstock Construction: August 2010

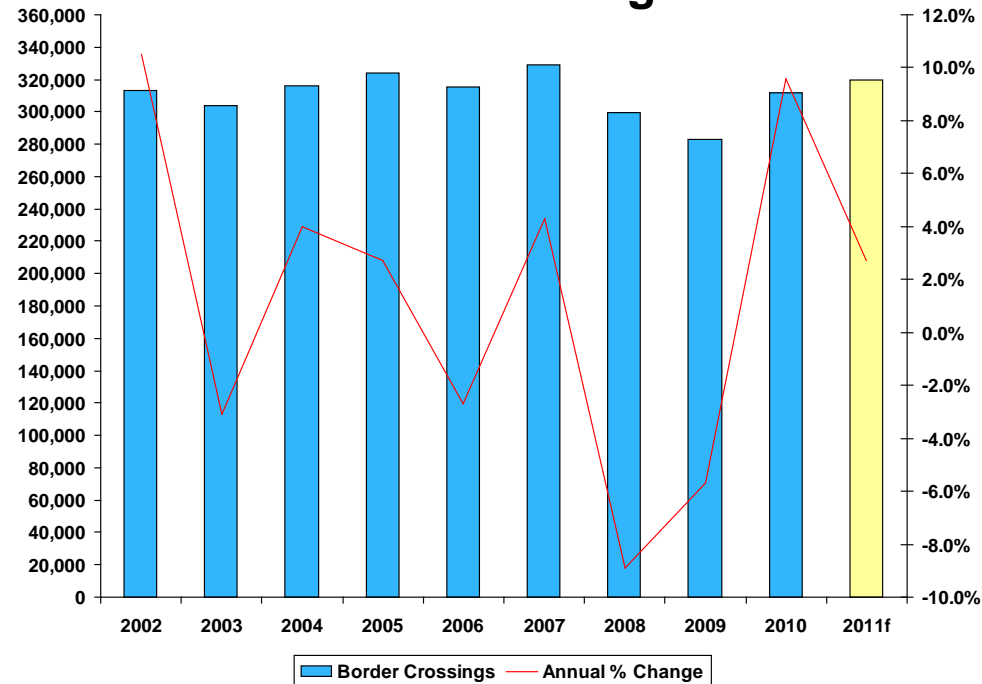


Recent Performance

- * Increased tourism visitation in 2010.
- * Rebound from declines in 2008 and 2009.



Annual Yukon International Border Crossings



The Yukon Economy in 2011

- * Key economic trends expected in 2011:
 - * Record levels of exploration spending.
 - * New mineral production contributing to economic growth.
 - * Strong tourism visitation.
 - * Permitted construction will decline but construction activity will remain high due to project carry-over.
 - * New mining projects advancing through permitting and feasibility.
 - * Growth in SME's - creating jobs, opportunities.

The Yukon Economy in 2011

* Mining:

- * 2011 is expected to be a record year for exploration spending.
- * New mineral production.
 - * 2011 value of production is forecast at approximately \$560 million.
- * In 2011, the picture will become clearer on Yukon's next mineral producers.
- * Advanced exploration projects have the potential to move ahead rapidly: Kinross, Kaminak or ATAC.



Yukon Zinc: Wolverine Mine Site

The Yukon Economy in 2011

* Tourism

- * The recovery in visitation in 2010 is expected to continue into 2011.
- * While risk factors exist, current expectations are for a second consecutive year of visitation growth.
 - * Border crossings are forecast to increase to 320,000 in 2011.



The Yukon Economy in 2011

* Construction

- * Construction activity expected to be strong due to a number of carry-over projects.
- * Non-residential expenditures are expected to fall.
- * New projects, include a new Air North hangar, new hospital facilities in Watson Lake and Dawson City, and a new Whitehorse Ambulance Dispatch.
- * Residential construction will likely follow 2010 trends

Lewes Blvd. Entrance



New FH Collins High School

The Yukon Economy in 2011

- * Real GDP growth forecast of 3-4% for 2011.
 - * Higher mineral production
 - * Higher mineral exploration expenditures
 - * Increased tourism spending
- * The Conference Board of Canada is forecasting 3.9% real GDP growth for 2011.



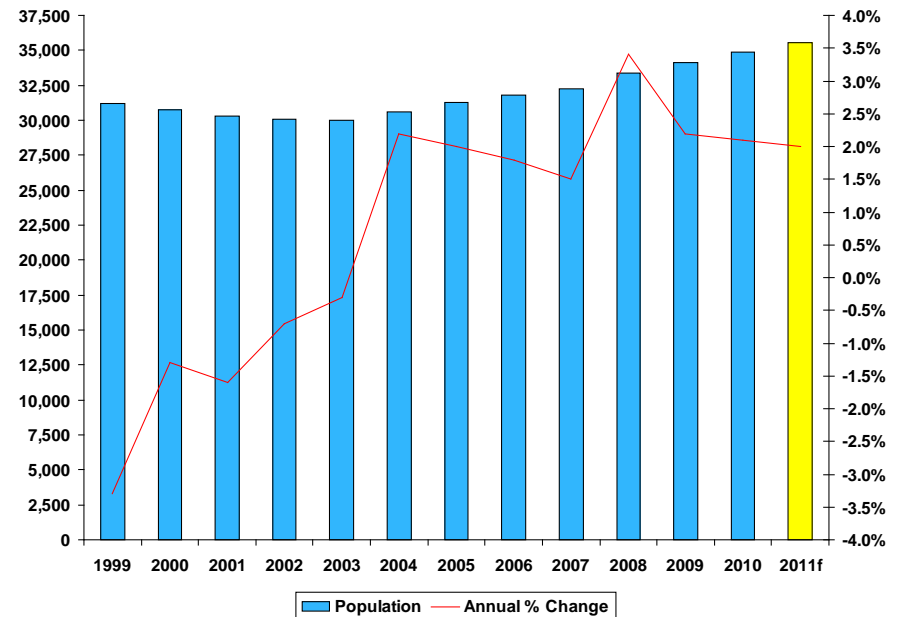
The Yukon Economy in 2011

- * Population, Employment, Retail – Current forecasts:
 - * Population growth of 2% in 2011, similar to the 2.1% growth recorded in 2010.
 - * Labour force and employment growth of 4.8% and 7.5% respectively.
 - * Unemployment rate is expected to decline to 6.5%.
 - * Retail sales is expected to increase by 9%.
 - * 9.8% growth in 2010.

Potential Implications for Housing Demand

- * Strong economic activity contributing to population growth.
- * Population is expected to grow for the eighth year in a row
- * Population growth has averaged 2.3% growth for the 2004-2010 period.
- * Population growth concentrated in Whitehorse:
 - * Increase of over 18% since 2003

Annual Average Yukon Population

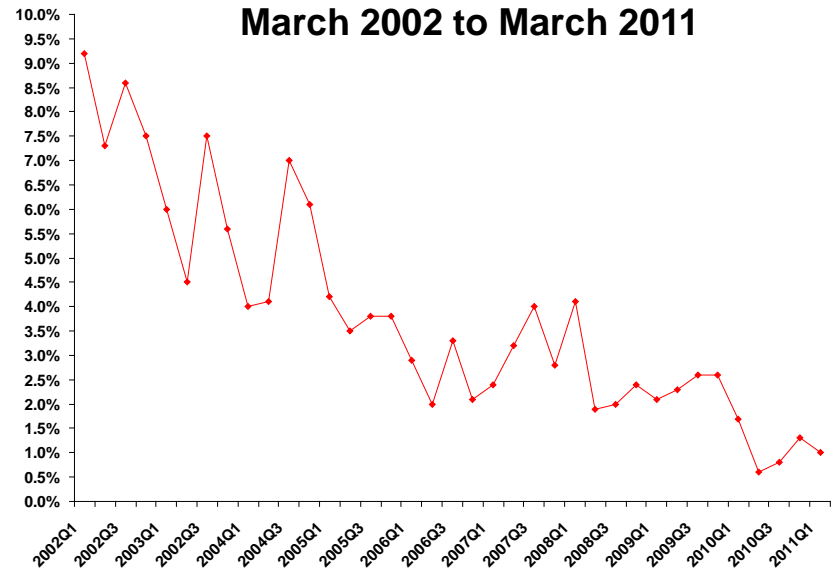


Source: Yukon Bureau of Statistics; Yukon Department of Health & Social Services; Department of Economic Development;

Potential Implications for Housing Demand

- * Pressure on the Whitehorse housing market is being observed through low, and falling, vacancy rates.
- * Vacancy Rates are the lowest since the late 1980s.
 - * The vacancy rate was 1.0% in March 2011
- * With the exception of March 2008, the vacancy rate has been 4.0% or below since June 2005.

**Whitehorse Vacancy Rate –
March 2002 to March 2011**

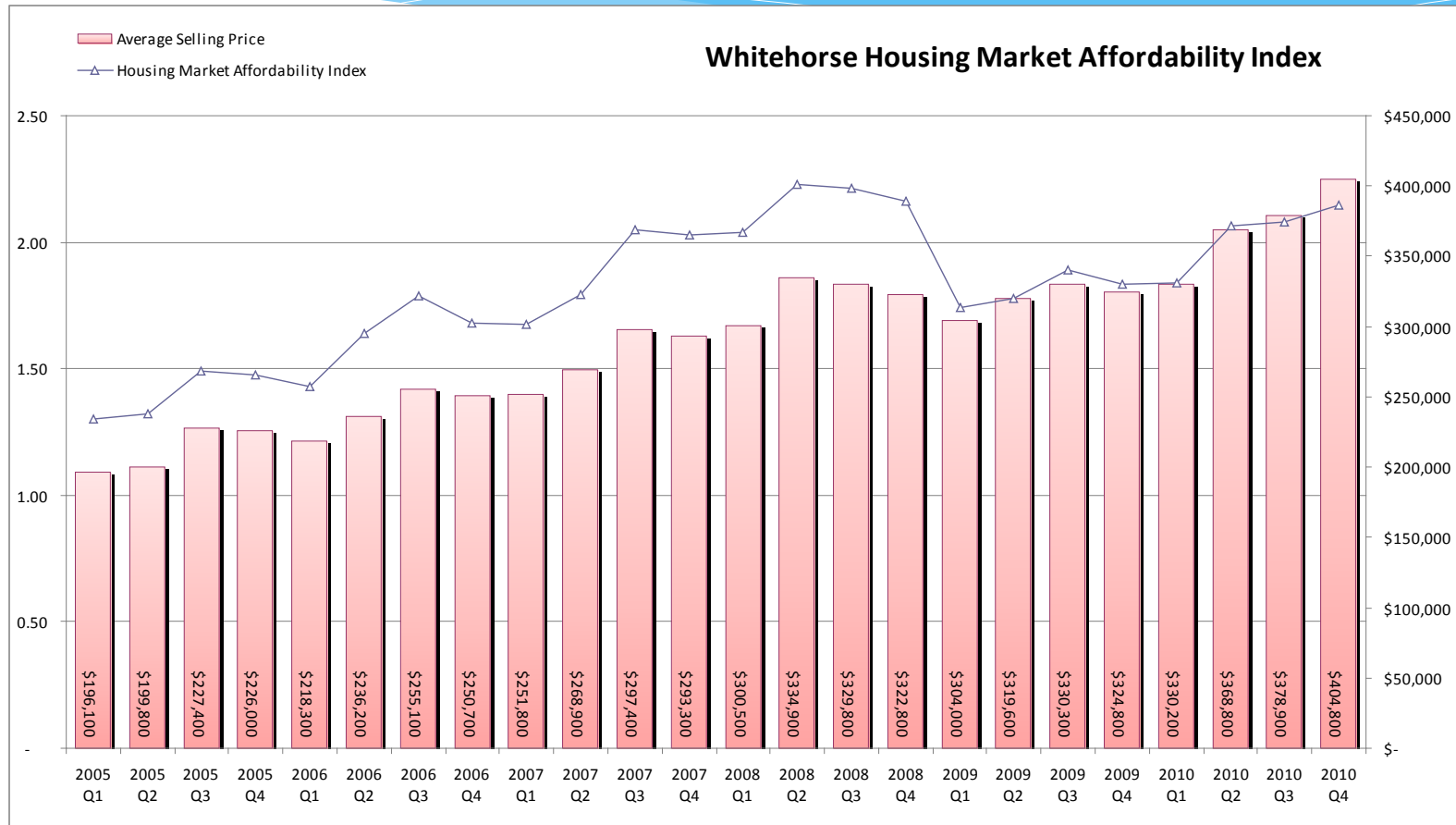


Source: Yukon Bureau of Statistics

Potential Implications for Housing Demand

- * Reasonable assumption that population growth will continue in the near and medium term as opportunities for economic growth exist.
- * In the absence of the development of one of the larger mining projects (Selwyn, Casino) Yukon's population is expected to post steady growth with low likelihood of significant population spikes.
- * Beyond population growth, there are other factors which can impact the demand for housing: timely access to building lots; cost of building versus cost of renting, and availability of adequate local rental accommodations.

Housing Affordability Index



Source: Department of Economic Development

Thank You