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Press Release

KELOWNA RANKS THIRD IN PACIFIC REGION IN COST COMPETITIVENESS

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Kelowna is the third least costly place to conduct business in the Pacific Northwest according to **KPMG's *Competitive Alternatives Study: KPMG's Guide to International Business Location 2008***, released last week. The Okanagan communities of Penticton and Vernon are least expensive, making the Okanagan competitive for new business investment. For example, compared to Vancouver, Kelowna holds a 5.2% cost advantage.

Ranking for the North American Pacific Northwest region is as follows:

<u>City</u>	<u>Overall Result*</u>
Penticton	97.5
Vernon	98.1
Kelowna	99.0
Kamloops	99.8
Spokane	99.8
Prince George	100.1
Nanaimo	100.2
Campbell River	100.3
Duncan	100.5
Boise	100.5
Courtenay	100.6
Abbotsford	101.3
Victoria	101.4
Chilliwack	101.6
Riverside-San Bernardino CA	102.0
Portland	102.2
Vancouver	104.2
San Diego	104.6
Las Vegas	105.5
Seattle	105.5
San Jose	110.0
Anchorage	112.8
Honolulu	115.0

*Business costs are expressed as an index, with the US being assigned the baseline index of 100.0. A cost index of less than 100 indicates lower costs than the US. A cost index greater than 100 indicates higher costs than the US

The study is a guide to comparing business locations in North America, Europe and the Asia Pacific Region and measures the combined impact of 27 significant cost components that are most likely to vary by location. The research covered 136 cities in ten countries including, Australia, Canada, France, Germany, Italy, Japan, Mexico, the Netherlands, the UK and the US. More than 2,000 business scenarios were examined, involving up to 50,000 data items. The basis for the analysis is a 10 year planning horizon for after tax cost of a start-up operation across 12 industries.

Robert Fine, Executive Director for the Economic Development Commission, is pleased with the results. "The 2008 study will continue to be a positive tool in marketing the Central Okanagan to investors in the United States and Europe," says Fine. He will continue to use the data to develop customized information packages for investment inquiries by international firms and those seeking investment opportunities from overseas. "The study allows businesses to see real comparative data that support Kelowna as one of the most cost competitive places in the Pacific Region of North America, and in terms of software development, the seventh most competitive location in the 135 cities studied. With the exception of Mexico, the Okanagan is the most cost competitive location in the study".

From a technology perspective, the results will bode well for a new investment attraction strategy that the Economic Development Commission and the Okanagan Science and Technology Council will roll out later this year.

In the past three KPMG studies, Kelowna's competitiveness has slipped in the study from number five in 2004 to number 59 in 2008. This has been driven by increased wage rates and the shift in the value of the Canadian dollar that increased in value by over 17% since the last study.

To access copies of the full report, please go to www.competitivealternatives.com

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