

ECONOMIC UPDATE

INITIATIVES PRINCE GEORGE

March 2011



Labour Force Survey estimates recently released by Statistics Canada reveal that 2010 was a strong year for employment growth across a variety of industries in Prince George. An analysis reveals that many sectors also fared considerably well over the duration of the recession in 2008-09, pointing toward underlying strength and diversification of the economy.

Increasing 10.9% year-over-year in 2010, the employment level in the city made up all ground lost during the recession and grew to surpass pre-recession levels.¹ Relative employment stability during the recession and the subsequent growth in 2010 can be attributed to the ability of many sectors to maintain or expand employment levels in order to compensate for declines in other sectors.

Total employment in primary industries declined over the duration of the recession in 2008-09, and increased only slightly in 2010. However, the declines were not distributed across all primary resource sectors and some significant changes in the composition of primary sector employment occurred over this period. Growth in employment in *Mining and Oil & Gas* activities helped to minimize the impact of negative growth in *Forestry & Logging* and *Agriculture* over this period.

¹ The recession's impact on employment in Prince George was most noticeable in 2009. In 2008, employment declined 1.0% year-over-year while in 2009 the decline was more significant at 8.1%. In 2010, the employment level in the city was 6.9% higher (3,200 persons) than the average over the 2003-07 period.

Compared to the level of employment averaged over 2003-07, employment in *Mining and Oil & Gas* was 225.0% (900 persons) higher in 2010, having doubled, on average, each year in 2008 and 2009. In contrast, employment in *Forestry & Logging* was 55.6% lower (1,000 persons) in 2010 following an average decline of 18.3% annually over the recession, a decline which continued in 2010.

Secondary industry employment changed very little overall during the recession, due to significant growth in *Construction* employment which offset a sizeable decline in *Manufacturing* jobs. *Construction* employment was 33.6% (900 persons) higher in 2008-09 than it had been over the previous five years, whereas employment in *Manufacturing* declined considerably; the average employment level in 2008-09 was 17.2% lower than it had been over 2003-07 (4,800 persons compared to 5,700).

As *Manufacturing* employment remained relatively unchanged from 2008-09 levels in 2010, it was continued growth in the *Construction* sector that led the increase in secondary sector employment into 2010.² This reflects continued strong activity in major capital projects in the city and region.

² Although the *Manufacturing* sector has been slower to rebound, the current level of employment in this sector is not likely reflective of a permanent change in the local economy. Fueled by new capital investments to increase productivity and production capacity, as well as the growth of new export markets, this sector is expected to increase levels of employment to pre-recession levels throughout 2011, in both Prince George and the surrounding region.

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Employment in most tertiary sectors in Prince George was relatively unchanged³ in 2008-09, compared to pre-recession levels. However, growth in *Health Care & Social Assistance* and *Accommodation & Food Services* led tertiary sector employment to increase by 900 persons (2.5%) overall during the recession. The only tertiary sectors to experience relatively significant declines in 2008-09 were *Transportation & Warehousing* and *Public Administration* (400 and 500 persons, respectively). Both of these sectors recovered either to or near pre-recession employment levels in 2010.

Other tertiary sectors that experienced strong growth in 2010 included the *Retail Trade*, *Educational Services* and *Other Services* sectors, with 24.4%, 22.6% and 56.8% more persons employed in 2010 than averaged over 2008-09.

Prince George's strong recovery in 2010 following a brief recessionary period in 2008-09 can be attributed to a broad range of sectors, which reflects the diversification and strength of the economy overall.

³ A sector is considered to have been relatively unchanged if the difference between the average level of employment over the 2003-07 and 2008-09 periods was +/- 100 persons.



Economic Statistics

Employment

There were 48,200 persons employed in Prince George in February; the level of employment was 7.6% higher than in the same month last year and 11.3% higher than in February 2009. Compared to the previous month, employment declined slightly (1.6%; 800 persons), although the decline was moderated by a 2.1% decline in the labour force (1,100 persons). As a result, the number of unemployed persons declined by 300 (9.4%) and the unemployment rate decreased 0.4% to 5.7%. The number of persons employed and in the labour force in BC increased by 0.4% and 1.1%, respectively. Across Canada, both employment and the labour force increased by 0.1%. Consequently, the number of unemployed persons increased by 8.6% in BC and declined by 0.1% in Canada; the provincial unemployment rate increased 0.6% (to 8.8%) and the rate was unchanged at 7.8% in Canada. Prince George's working age population was unchanged last month, and the employment rate decreased 1.1% to 67.8%; the employment rate increased 0.2% (to 60.1%) in BC and was unchanged at 61.8% in Canada.

(Source: Statistics Canada Labour Force Survey)

Real Estate

There were 41 single family homes sold in Prince George in February, 11 fewer than in February 2010, with an average price of \$235,622 (12.9% higher than in January and 4.7% lower than in the same month last year). Year-to-date, the average price of a single family home was down 9.8% compared to the first two months of last year. Comparatively, average prices were up 15.6% and 7.1% in BC and Canada, respectively, year-to-date; unit sales were down 0.3% provincially and 6.2% nationally as of the end of February.

(Source: BC Northern Real Estate Board; Canadian Real Estate Association)

Housing Construction

There were 39 housing starts in Prince George in February (3 single family and 36 multiple dwelling units), compared to 6 starts in the same month last year. Year-to-date starts were up 290.0% over the first two months of 2010. Comparatively, housing starts were up 5.1% in BC and down 6.7% across Canada for the same period. There were 25 residential units completed in the city in February (5 single family units and 20 multiple dwelling units), 14 more than in the same month in 2010, and there were 182 housing units under construction (108 single family and 74 multiple dwelling units); 5.8% more than in February 2010.

(Source: Canada Mortgage and Housing Corporation)



Building Permits

The City of Prince George issued 20 building permits valued at \$2.8M in February, down 73.2% compared to the same month last year. Commercial building permits accounted for 70.5% of the total value of permits issued in the city, with three major permits for projects in the downtown core⁴ making up nearly three-quarters of the value of this category. Major permits issued for projects in the downtown over the first

⁴ Interior renovations to the 6th Avenue Telus building (\$0.97M); improvements to the Northern Health Authority offices on Victoria Street (\$0.3M); and renovations to the 5th Avenue Bowladrome (\$0.2M).

two months of this year total more than \$6.7M, compared to just over \$0.5M in the same period last year. Residential building permits accounted for the remainder of permits issued in February; 3 new single family dwelling made up 94.1% of this category. Year-to-date, the value of permits issued in the city was down 33.3% at the end of February. Comparatively, permits were down 13.6% provincially and 4.0% nationally at the end of January.

(Source: City of Prince George; Statistics Canada)

Business Licenses

The City of Prince George issued 249 business licenses in February (40 new licenses⁵ and 209 renewals). 7 of the new licenses issued were a result of existing business changing location. The number of permits issued last month was down 17.3% over the same month in 2010.

(Source: City of Prince George)

Airport Passenger Volumes

31,387 passengers passed through the Prince George airport in February, 11.2% more than in February 2010. Year-to-date, passenger traffic through the airport was up 2.3% compared to the first two months of last year. Comparatively, traffic through the Vancouver airport was up 3.0% in January.

(Source: Prince George Airport Authority; Vancouver Airport Authority)



⁵ New business licenses are issued when a new business is established, when a business is re-established after not operating for a period of time and when a business changes ownership or relocates.