

## ECONOMIC UPDATE

October 2010



Bioenergy commercial and applied research projects in the Prince George region are having a positive impact on both the environment and the economy, establishing Prince George's reputation of as a centre of excellence for forest-based biomass energy solutions.

For its campus bioenergy project, the University of Northern British Columbia (UNBC) was recently recognized by the Association for the Advancement of Sustainability in Higher Education (AASHE) for the #1 Campus Sustainability Project in North America. The bioenergy project was selected alongside a project at Harvard University as 'Best Campus Case Study' for its ability to connect teaching and research to campus operations, while serving as a model for communities and other campuses.

UNBC's bioenergy project currently consists of two components for heating buildings and providing hot water on campus: a \$0.5M wood pellet system, the first university owned and operated biomass heating system in Canada, and a biomass gasification system currently under construction. The \$15.7M gasification facility is set to be complete by early 2011 and will create more than 140 jobs for local contractors over the construction period.

The university's bioenergy systems will have multiple benefits for the area. Sourcing fuel from the local forest industry, either in the form of wood pellets or residue from sawmill operations, the systems extract greater value from each tree harvested in the region. The gasification system is expected

to offset an estimated 85% of current natural gas consumption on campus; this increased value will remain largely in the region.<sup>1</sup> In addition, the systems produce such low emissions that there is no adverse impact on the environment due to the addition of particulates into the airshed.<sup>2</sup>

The City of Prince George is also planning a wood-fibre based district energy system that will provide green energy to buildings in downtown Prince George. The proposed \$14.1M Downtown District Energy System (DDES) will create a significant number of jobs over the duration of construction, and have long-term benefits for the city, including: improving air quality by reducing particulate emissions by 100 tonnes/yr;<sup>3</sup> helping meet the City's greenhouse gas reduction goals by reducing GHG emissions by 1900 tonnes/yr; assisting with energy security and stability and keeping energy-related funds in the community; and helping to position Prince George as a leader in bioenergy application.

In addition to the local benefits of bioenergy systems in Prince George, the expansion of the bioenergy sector is creating significant opportunities for companies in the region.

<sup>1</sup> It is estimated that only 10% of funds spent on natural gas heat stays in a community, whereas 70% of expenditures on biomass heat are retained in the community (<http://www.greenheatinitiative.com/>).

<sup>2</sup> Since starting operations in May 2009, UNBC's wood pellet system has produced incredibly low particulate emissions that have reached natural gas levels.

<sup>3</sup> A result of improved particulate control at Lakeland Mills and eliminating the need to truck biomass residue from the mill to off-site locations.

Pinnacle Pellet Inc. is the largest single producer of wood pellets in North America, operating five pellet plants across BC with a production capacity of 760,000 tonnes annually. The company is expected to complete the construction of its sixth plant before the end of the year. The \$30M plant, located in Burns Lake, will produce another 400,000 tonnes of wood pellets annually, to be exported to European and Asian markets. The new facility will create more than 20 full-time jobs on-site and about 50 more indirect jobs. Pinnacle's expansion continues to augment the pellet-producing capacity in the region, adding to recent investments including the \$24M expansion of Pacific BioEnergy's wood pellet production facilities in Prince George, which will see annual production at the plant double when construction is complete at the end of 2010.

Del-Tech Energy is another local company seeing significant growth as a result of bioenergy sector operations. The company is a leader in biomass-fueled energy systems, providing a complete package in design, engineering, fabrication, installation, electrical design, and controls. Del-Tech has designed and installed the \$1.3M biomass heating system for the acclaimed Baldy Hughes Addiction Treatment Centre in Prince George.

Jobs created for bioenergy activities in the region, whether local or export-related, will continue to augment traditional forest sector activities. Direct jobs in construction and manufacturing, and indirect jobs in service and supply activities, will benefit the economy and the communities in the region.

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## Economic Statistics

### Employment

Employment in Prince George was stable in September, increasing by 0.2% (100 persons). Comparatively, employment levels were relatively unchanged in BC and across Canada. The level of employment in the city was higher than in any month over the last five years, which is reflective of current record levels for the size of the labour force and the working-age population, at least since the beginning of 2006. Last month's increase in employment, combined with a stable labour force, led the number of unemployed persons to decline by 2.2% (100 persons) and the unemployment rate to decrease 0.2% to 8.5%. Comparatively, the provincial labour force increased by 0.2% and the number of unemployed persons increased by 3.5%; across Canada, the labour force declined by 0.1% and the number of unemployed persons declined by 1.2%. As a result, the unemployment rate increased 0.2% (to 7.5%) in BC and decreased 0.1% (to 8.0%) in Canada. Prince George's employment rate increased 0.1% to 70.6% in September; rates declined 0.1% in both BC and Canada.

(Source: Statistics Canada Labour Force Survey)



### Real Estate

926 properties worth \$200M changed hands in the City of Prince George in the first nine months of the year, compared to 934 properties worth \$204.8M in the same period last year. There were 73 single family

homes sold in Prince George in September, 2 more than in September 2009, with an average price of \$237,900 (0.5% lower than in the same month last year). The year-to-date average price of a single family home in the city was up 4.6% compared to the first nine months of last year; year-to-date unit sales were down 1.3%. Comparatively, year-to-date average prices were up 9.4% and 7.3%, respectively, in BC and Canada at the end of September; unit sales were down 6.8% provincially and 0.4% nationally over the same period last year.

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

### Housing Construction

There were 32 housing starts in Prince George in September (18 single family and 14 multiple dwelling units), 21 more than in the same month last year. Year-to-date, starts were up 63.1% over the first nine months of 2009; single family units were up 69.9% and multiples were up 46.7% at the end of September. Comparatively, year-to-date starts were up 90.9% and 39.7%, respectively, in BC and Canada. There were 25 residential units completed in the city in September (all single family units), 36 fewer than in the same month in 2009, and there were 230 housing units under construction (143 single family and 87 multiple dwelling units); 10.0% more than in September 2009.

(Source: Canada Mortgage and Housing Corporation)

### Building Permits

The City of Prince George issued 75 building permits valued at \$10.4M in September, down 32.3% compared to the same month last year; the year-to-date value of permits was up 121.8% over the first nine months of 2009. Comparatively, year-to-date permits were up 35.2% provincially and 31.5% nationally at the end of August. Residential building permits accounted for 63.7% of the total value of permits issued in the city last month, largely as a result of

permits for new construction (8 new single family dwellings and 30 new rental units for seniors). The Commercial category accounted for 26.3% of total permits in September; a \$1.8M permit for interior renovations at the Ramada Hotel made up 66.2% of this category. The Industrial category accounted for most of the remainder of permits issued for the month, with the first phase of the modernization at Lakeland Mills and an addition to Canfor's PG Pulp building making up this category.

(Source: City of Prince George; Statistics Canada)



### Business Licenses

The City of Prince George issued 65 business licenses in September (22 renewals and 43 new licenses).

(Source: City of Prince George)

### Airport Passenger Volumes

60,828 passengers passed through the Prince George airport in August and September, 1.2% more than in the same period last year; year-to-date traffic was up 4.6% at the end of September compared to the first nine months of 2009. Comparatively, traffic through the Vancouver airport was up 3.0% year-to-date, at the end of August.

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