



# INITIATIVES PRINCE GEORGE

## ECONOMIC UPDATE

August 2011



British Columbia's export activity was quite robust over the first half of 2011,<sup>1</sup> adding momentum to the relatively strong recovery in international shipments throughout 2010 and boding well for continued growth well into 2012 and beyond.

Between January and June of this year, the value of BC's total exports increased by 13.7% compared to the first six months of 2010. Year-over-year exports to China accounted for the largest proportion of the overall increase, with 43.7% of the total increased value of exports destined for the Chinese market.

Exports to China were up 52.4% year-to-date at the end of June, increasing China's share of total BC exports from 11.4% over the first half of 2010 to 15.3% over the same period in 2011. For the whole of 2010, China accounted for 14.0% of BC's total exports, up significantly from only 3.9% in 2005; China's proportion of total exports grew steadily between 2005 and 2010 as export values increased at an annual average of 26.5% over that time period.

Export increases to a number of other Asian countries have also been a factor in the growth in BC exports this year. South Korea and Japan accounted for 16.6% and 11.2% of the total increase in the value of the province's exports. For the whole of 2010, exports to these countries were up 13.5% and 21.3%, respectively.

The growth in trade activity with Asian countries is a sharp contrast to changes in trade activity with the United States. Over the first half of the year, the value of BC's exports to the US was stable, increasing at 0.1% compared to 2010. However, given the overall growth in the province's exports, the share of total exports destined for the US market declined from 48.4% in the first six months of 2010 to 42.6% this year.

The decline in the proportion of total exports attributed to the United States reflects the continuation of a trend occurring since the US share of BC's exports peaked at 69.8% in 2001. For the whole of 2010, the share of total exports destined for the US was only 45.9%, despite a slight rebound from 2009 levels. While the US continues to maintain its position as BC's largest export market, this illustrates the province's reduced dependence on the United States in light of stronger ties to other, growing markets.

Natural resource commodities produced in the Northern part of the province have led the increase in BC's exports in 2011. Solid wood and pulp & paper products accounted for 29.9% of the increased value of exports in the first half of the year, while energy products (specifically coal) and metallic minerals products accounted for 35.5% and 10.8%, respectively. These year-to-date increases mirror strong growth in the export of these commodities in 2010.

The growth in resource commodity exports in 2011 has been shared among BC's three

largest export destinations: the United States, Japan and China. China accounted for most of the growth in exports of solid wood and pulp & paper products, more than making up for a continued decline in shipments of these products to the US.

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Japan accounted for 76.8% of the growth in metallic mineral products exports, and while shipments of energy products to China and Japan were relatively flat, the value of coal shipments to the United States in the first six months of the year was nearly double the value in the same period last year.

The province's strong resource commodity-based export growth indicates that the momentum building in the Northern BC economy is set to continue. The revitalization of the forest sector and the continued expansion of the mining industry across Northern BC are creating the conditions for continued economic growth and development for Prince George and communities throughout the North. The further strengthening of international trade relationships will solidify Prince George's position as a knowledge-based resource economy, connected to the world.

<sup>1</sup> International trade statistics are available from [http://www.bcstats.gov.bc.ca/data/bus\\_stat/trade.asp](http://www.bcstats.gov.bc.ca/data/bus_stat/trade.asp)



## Economic Statistics

### Employment

There were 49,600 persons employed in Prince George in July, up 700 persons (1.4%) from the previous month and reaching the highest level in at least five years. The number of persons engaged in the labour force also increased (1,000 persons; 1.9%). As the number of labour force entrants was higher than the increase in employment, the number of unemployed persons increased by 12.9% and the unemployment rate rose slightly to 6.6%. In BC, the number of persons employed and in the labour force increased by 0.2% and 0.3%, respectively; with a larger increase in the labour force relative to employment, the number of unemployed persons increased by 1.0%. Across Canada, employment remained unchanged while the labour force declined by 0.2%, leading unemployment to decrease by 2.6%. As a result, the provincial unemployment rate was unchanged at 7.3% and the national rate declined by 0.2% (to 7.2%). Prince George's working age population was unchanged again last month, and the employment rate increased 1.0% to 69.8%; the employment rate increased 0.1% in BC and decreased 0.1% in Canada (to 60.1% and 61.9%, respectively).

*(Source: Statistics Canada Labour Force Survey)*

### Real Estate

July was a relatively strong month for home sales activity in Prince George. There were 82 single family homes sold in the city last month, 26 more than in July 2010, with an average price of \$241,096 (8.4% higher than in the same month last year). Year-to-date, the average price of a single family



home was up 0.3% compared to the first seven months of 2010; unit sales were down 1.8%. Comparatively, average prices were up 15.3% and 8.3% in BC and Canada, respectively, year-to-date; unit sales were up 1.0% in BC and down 1.6% across Canada, as of the end of July.

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

### Housing Construction

There were 9 housing starts in Prince George in July (8 single family dwellings and 1 apartment unit), compared to 18 starts (all single dwelling units) in the same month last year. Year-to-date starts at the end of July were down 5.2%, relative to the first seven months of 2010. Comparatively,



housing starts were up 4.4% in BC and down 0.8% across Canada for the same period. There were 4 residential units completed in the city in July (all single family units), 1 more than in the same month in 2010, and there were 188 housing units under construction (115 single family and 73 multiple dwelling units); 20 fewer than in July 2010.

*(Source: Canada Mortgage and Housing Corporation)*

### Building Permits

The City of Prince George issued 72 building permits valued at \$16.8M in July, down 67.1% compared to the same month last year. Institutional building permits accounted for 69.2% of the total value of permits issued in the city, due almost entirely to the \$11M permit issued for the Kordyban Lodge being built in conjunction

with the BC Cancer Agency's Centre for the North. Residential permits accounted for 28.1% of the value of permits issued last month, with permits for 15 single family dwellings making up the majority of the category. Commercial building permits accounted for the remaining 2.8% of the permits issued. Year-to-date, the value of permits issued in the city was down 50.8% at the end of July. Comparatively, permits were up 1.1% provincially and down 1.3% nationally at the end of June.

*(Source: City of Prince George; Statistics Canada)*

### Business Licenses

The City of Prince George issued 70 business licenses in July (33 new licenses<sup>2</sup> and 37 renewals). 5 of the new licenses issued were a result of existing business changing location.

*(Source: City of Prince George)*

### Airport Passenger Volumes

30,487 passengers passed through the Prince George airport in July, 2.6% more than in July 2010. Year-to-date, passenger traffic through the airport was down 0.5% compared to the first seven months of last year. Comparatively, traffic through the Vancouver airport was up 0.6%, year-to-date, at the end of June.

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



<sup>2</sup> 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.