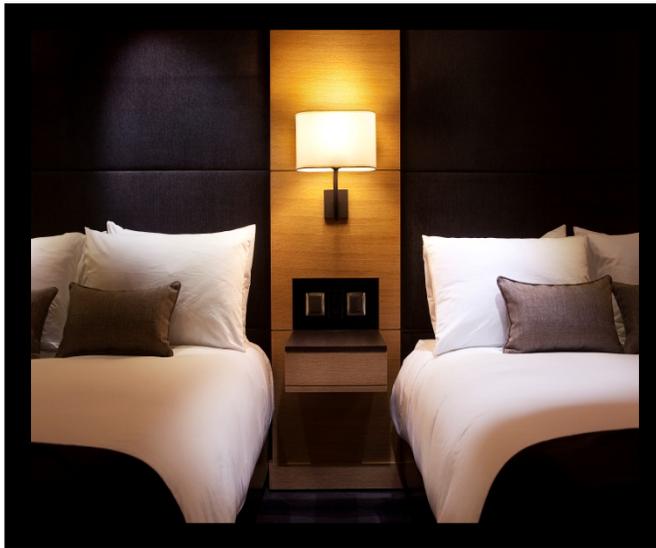


December 2014

Accommodation and Food Services Industry Contribution to the Local Economy

Northern BC is one of the fastest growing regions in Canada, with economic opportunities across a variety of sectors driving investment, population growth and demand for skilled labour and professionals. The accommodation and food services sector has already posted strong growth in recent years, growing 3.6% in 2012 and 3.1% 2013. The plummeting Canadian dollar and accelerating US economy will boost cross-border travel activity. The recent activity in the tourism sector supports this notion, with real GDP in the tourism sector up 1.5% in 2013¹.

Tourism already plays a considerable role in the Prince George economy; together the accommodation and food services and tourism sectors provide employment for 6,300 people, which makes up approximately 13% of the total employment in the city. Businesses in these industries make up 5% of the total business locations in Prince George. The number of businesses has increased by an average of 1.5% during 2009-2013².



The growth in these sectors is indicative of the overall growth in the Prince George economy, but also suggests an increase in visitors to the city. Additional visitor traffic into the city has been reflected in increases in airport passenger volumes and hotel occupancy rates in recent years. The Prince George International Airport served 426,709 passengers in 2013, an increase of 1.9% over 2012³.

Tourism is an important target sector for economic growth and diversification in the Prince George region. The sector attracts investment from outside the region to the economy, supporting growth in service-producing businesses and employment. In 2012, the tourism industry in BC generated \$13.5 billion in revenue, a 2.5% increase from 2011 and a 40.5% increase over 2002. The tourism industry in BC employed 127,300 people in 2012, up slightly over 2011 (0.6%), and up 14.8% over 2002⁴.

The 2015 Canada Winter Games will be the catalyst for stimulating sustained growth in the tourism industry in Prince George and the region, enhancing northern BC's share of provincial tourism activity. The northern BC tourism region is the largest tourism region in BC; the area covers 569,000 km² of the province, and has more than 60 provincial, national and marine parks offering access to globally unique ecosystems and priceless cultural heritage treasures⁴.

With less than 60 days remaining until Prince George and the region hosts the nation, planning activities and investments leading up to the 2015 Games are supporting improvements to Prince George's tourism offering, and the exposure from the event will continue to build the city's reputation as a preferred tourist destination. This improved profile will be critical to increasing the value of the tourism sector in the local and regional economy and contributing to the growth of the economy overall.

¹ TD Canada Trust

² Statistics Canada

³ Prince George Airport Authority

⁴ Destination BC

Economic Statistics

Employment

The number of people employed in Prince George increased marginally from 51,000 in October 2014 to 51,100 in November 2014. There was a slight decrease in the number of people in the workforce, from 53,600 in October to 53,500 in November. The unemployment rate further decreased from 5.2% in September and 4.9% in October to 4.5% in November 2014. In BC, the number of full time jobs rose by 1,000 in November 2014; part-time jobs also increased by 3,300, which resulted in an overall gain of 4,200 jobs during November. As a result, the unemployment rate in BC dropped to 5.8% in November compared to 6.1% in October. The number of people employed in the public sector in BC increased substantially by 15,400. The number of people employed in the self-employed category rose by 8,100, while employment in the private sector fell by 19,300. Employment rates in BC and across Canada were 59.8% and 61.6%, respectively, while Prince George was significantly higher than both at 72.4%. Prince George remained below the provincial (5.8%) and national (6.6%) unemployment rates at 4.5%.

(Source: Statistics Canada Labour Force Survey)

Real Estate

36 newly constructed single detached houses were sold in October 2014 at an average price of \$422,858 in Prince George. This was in comparison to 41 houses sold at an average price of \$428,806 in October 2013. Home sales in northern BC totaled 394 units in October 2014, up 2% compared to October 2013. Home sales year-to-date are still running at their highest level in seven years in northern BC. The average home price in northern BC in October was \$278,730, up 16.7% on a year-over-year basis. The total value of properties sold in northern BC was \$110 million in October 2014, up by 14.3% on a year-over-year basis. National home sales were down 0.7% between September and October 2014, and the average price rose by 7.1% on a year-over-year basis in October⁵.

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

Housing Construction

There were 23 housing starts in Prince George during October 2014 (16 single family dwellings and 7 multiple dwellings) and 118 housing starts year-to-date. A total of 7 single-detached residential houses were completed in October 2014. Comparatively, the total number of housing starts in BC during October 2014 went down by 2.6% compared to October 2013⁵.

(Source: Canada Mortgage and Housing Corporation)

Building Permits

The City of Prince George issued 86 building permits valued at \$6.9 million in November 2014. The value of new duplex permits issued was \$422,665 and permits issued for new single family detached units were \$4.1 million during November 2014.

(Source: City of Prince George; Statistics Canada)

Business Licenses

The City of Prince George received 26 new business license applications and 6 renewal applications in October 2014. The City approved 60 new and renewal applications for business licenses in October 2014⁵.

(Source: City of Prince George)

Airport Passenger Volumes

36,551 passengers moved through the Prince George International Airport in November 2014, which is 2.8% higher than in November 2013. Year-to-date traffic is up by 3.8% and surpassed 400,000 passengers. Traffic through the Vancouver International Airport was up 7.0% for the month of October 2014, in comparison to October 2013. Year-to-date passenger traffic through the Vancouver Airport remained significantly up by 8.0%².

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

⁵ November statistics were unavailable at the time of publication released

⁶ November Vancouver air traffic statistics were unavailable at the time of publication released