

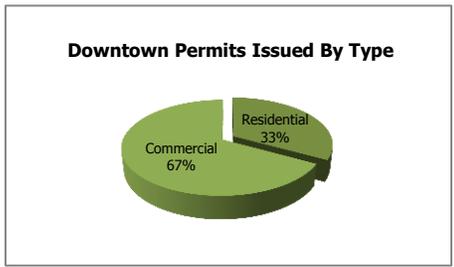


July 2013



Commercial construction activity in downtown Prince George over the first six months of 2013 far exceeded the level of activity over the same period in 2012. The total value of commercial building permits issued in the downtown to the end of June was more than double the value issued over the first six months of 2012.

Building permits issued for the Central Business District provide a mix of both residential and commercial construction activities. Residential construction accounted for more than a third (33%) of permits issued in the first two quarters of the year. Commercial permits accounted for the remaining permits issued (67%).



Building permits for downtown commercial improvements made up a considerable portion of the city-wide commercial building permits issued between January and June. In the Central Business District, the City issued commercial building permits totaling \$3.62M in the first six months of 2013. In comparison, \$1.56M in downtown commercial permits were issued during the same period last year. The number of permits issued to date remained unchanged

from June 2012; the downtown saw 6 commercial building permits issued.

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This marks an increase of 132.9% in commercial building permit values in the first two quarters of 2013 in contrast to the first six months last year. In the second quarter specifically, building permit values increased a full 244% in the downtown. The value per permit issued in the downtown increased an average of 132.9% in the first half of 2013. Downtown projects were located at 770 Brunswick Street, 1335 7th Avenue, 1302 7th Avenue, 1440 2nd Avenue, 550 Victoria Street and 280 Victoria Street.

Year-to-date commercial building permits issued in the rest of the city posted gains in 2013. Compared to the first six months of last year, 12 more commercial permits were issued; this marks a 25.0% increase in year-to-date construction activity over this time last year. The industrial and institutional sectors maintained last year's growth, mirroring previous permits issued.

In 2012, the Central Business District also saw an exceptional number of residential building permits² issued in the first two quarters. As a result, year-to-date

residential permits in the downtown decreased in 2013. The City issued 10 residential permits in the first half of 2012 in comparison to 3 as of June 2013. The residential permits issued included one new single-family dwelling and one new multi-family dwelling permit.

The construction sector is one of the largest sectors of the Prince George economy. Since 2012, 14 more businesses have become engaged in the construction sector. Currently, there are 800 businesses in construction (13.4% of total businesses) and 4700 persons employed in the sector (9.3%). In June of this year, provincial employment in the construction sector was estimated at almost 189,500 persons, totaling 8.2% of BC employment.

To continue the momentum of downtown revitalization, the Downtown Business Improvement Association (DBIA) is currently offering monetary assistance to downtown businesses as incentive to improve their building's physical appearance. The Façade Improvement Program provides a 25% reimbursement grant up to a maximum of \$5,000 for businesses with one street-facing side and \$10,000 for corner lot businesses. To apply, applicants must submit designs and cost estimates for the project to the DBIA's Project Review Committee. With less than two years until the 2015 Canada Winter Games, a business's façade can make a large difference in foot traffic counts during an event that will draw thousands of visitors into the downtown core.

ECONOMIC UPDATE

Economic Statistics

Employment

48,300 persons were employed in Prince George in June, up 1,700 persons (1.0%) from the previous month. As of June 2013, Prince George's unemployment rate had fallen to 3.8%, the lowest in all of British Columbia. This is in contrast to an unemployment rate of 4.5% in May 2013 and 6.9% in June 2012. In comparison, the Cariboo region's unemployment rate fell by 2.8% in the same time period to 5.0%. June unemployment rates were 6.3% and 7.1% across BC and Canada, respectively. In BC, the number of persons employed increased by 0.9% and those in the labour force decreased by 0.1%. Subsequently, the number of unemployed persons declined by 13.5%. Across Canada, the number of employed persons increased 1.0%, while the labour force increased by 0.5%. The number of unemployed persons decreased by 7.0%. Employment rates in BC and across Canada were 60.2% and 63.2%, respectively.

(Source: Statistics Canada Labour Force Survey)

Real Estate

636 properties worth \$158.7M changed hands in Prince George over the first six months of the year, compared with 659 properties worth \$154.7M during the same period in 2012. Although sales numbers are down 3.5%, value per property sold is up 6.3%. 442 single family dwellings were sold between January and June, with an average price of \$252,960, a 3.2% increase over last year's average price of \$245,098. The area north of Prince George, commonly known as



"the Hart," made the largest gains between 2012 and 2013. Average single family dwelling prices in this area grew 13.5%. The number of single family dwellings sold in the Prince George region to date remains relatively unchanged from last year. Comparatively, the year-to-date average price in BC was down 0.4%; units were down 7.8%. In Canada, the average price was up 4.8% and units sales were down 6.9%.

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

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Housing Construction

There were 65 housing starts in Prince George last month. This is up from just 18 in June 2012, marking a 261.1% year-to-date increase. Year-to-date housing starts increased by two residences. Comparatively, starts were down 11.8% and 16.8%, in BC and Canada, respectively, at the end of June. There were 17 residential units completed in the city in May, 6 more than in the same month last year. 142 housing units (with 110 single family dwellings) were under construction in May, 9.0% fewer than in the same month in 2012.

(Source: Canada Mortgage and Housing Corporation)

Building Permits

The City of Prince George issued 64 building permits valued at \$6.3M in June. The comparative value of permits issued in June 2012 was \$21.8M, with the Kin Centre enhancement project contributing \$13M. Year-to-date commercial building permits are up 25.0% as compared to this time last year. A commercial building permit for Wholesale Sports accounted for 23.6% of the total value of permits issued in the city

last month, worth \$1.5M. Other commercial permits issued included projects such as City Gate McDonald's and Reitman's renovations. These projects accounted for 20.1% and 9.7% of overall commercial building permit values for June 2013. Residential permits made up 54.3% of the value of permits issued, with 9 new single family dwelling building permits issued. New multifamily dwelling are also up in 2013; the value of permits issued in June 2013 has increased 45.6% as compared to June of last year. Comparatively, the value of permits was down 11.5% in BC overall and up 4.2% across Canada at the end of May.

(Source: City of Prince George; Statistics Canada)

Business Licenses

The City of Prince George issued 93 business licenses in June (39 new and 54 renewals). Three licenses were a result of businesses changing ownership or business names.

(Source: City of Prince George)



Airport Passenger Volumes

34,373 passengers moved through the Prince George Airport in June, 2.9% more than in June 2012. Year-to-date passenger traffic through the airport was up 1.1% compared to the first six months of 2012. Traffic through the Vancouver International Airport was also up 4.3% for the month of June, in contrast to June 2012. Year-to-date passenger traffic through the airport remained relatively unchanged.

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