



May 2013



The Prince George economy grew at nearly double the rate of the BC economy over the past three years, according to a recent report released by the Conference Board of Canada. Prince George was one of 46 communities profiled in the Conference Board's *Economic History of Canada's Mid-Sized Cities*.¹ The report found that over the 2010 to 2012 period, the city's economy experienced average annual growth of 4.7%, compared to 2.4% across BC.²

The Conference Board utilized the provincial economic accounts and annual employment trends in individual census agglomerations to develop estimates of GDP for each of the mid-sized cities profiled in the report. The methodology considered differences in places of work and residence, and included adjusted calculations for a number of factors including economic activity in the forestry and mining sectors.

Among the communities profiled in the study, Prince George experienced the eighth highest rate of economic growth in 2010 and 2011, and the sixth highest rate of growth in 2012. The expansion of the economy reflected the continuation of a very strong period of economic activity beginning in 2005, only briefly interrupted by contraction in 2008-2009.

¹ The complete report can be obtained at <http://www.conferenceboard.ca/products/publications.aspx>.

² 4.8%, 5.1% and 4.3%, respectively, each year, compared to 3.0%, 2.6% and 1.7% across BC. Provincial GDP figures are sourced from Statistics Canada CANSIM table 379-0030.

It is not surprising that Prince George exceeded the province's rate of growth over the past three years; three of the seven sectors that had above-average growth across BC during the 2010-2012 period are among the largest sectors in the Prince George economy. The *Wholesale & Retail Trade*, *Manufacturing* and *Construction* sectors in Prince George all experienced above-average growth in employment (11.9%, 6.7% and 10.3%, respectively, averaged annually) over the three-year period.

... the Prince George economy experienced average annual growth of 4.7%, compared to 2.4% across BC.

Over the first four months of 2013, the economic indicators for Prince George followed the trends exhibited across BC. However, despite a slightly slower start to the year, the indicators suggest a relatively stronger position for the city's economy.

The pace of housing resale activity was moderated over the first four months of the year by a lower number of units sold, although while the number of units sold across BC was down by 13.9%, the number in Prince George was down only 7.6%; housing prices were down 3.1% across the province but up by 1.6% in the city, compared to the same period last year. At the end of April, the number of single family dwellings listed for sale was up 15.7%

relative to last year, which should support an increase in the number of homes sold in the city during the summer months.

As would be expected due to seasonal factors, late winter and spring were relatively slower for housing starts in Prince George. Year-to-date starts were down 26.3% in the city in April, compared to last year, and down 9.1% across BC. However, as there were permits issued for 13 new single family dwellings over the past two months, and site preparations are currently underway for a number of single family and multiple family developments, it is anticipated that starts will come into line with the projected increase for this year.

At the end of March,³ the value of building permits issued year-to-date in Prince George was up 14.3% while the value issued across the province was down 14.7%. The construction season is just getting underway in the city; permit values are likely to continue to be strong over the second and third quarters of the year, driven by both commercial and residential investments.

The city's role as the service and supply hub for one of the fastest-growing regions in Canada will continue to be augmented by robust economic activity and investments across all sectors. These investments will support both the expansion of the business community as well as the continued growth of the city's population in 2013 and in years to come.

³ There is a one-month lag in the permit statistics for BC, so the year-to-date comparison is for March.



Economic Statistics

Employment

Alongside relatively stable employment, downward trends were seen in the labour force and the number of unemployed persons last month - locally, provincially and nationally. 46,000 persons were employed in Prince George in April, down 0.9% from the previous month.⁴ The labour force declined by 2.0% so the number of unemployed persons decreased considerably (21.4%), leading the unemployment rate to decrease 1.1% (to 4.6%); the city maintains one of the lowest unemployment rates in the country. Across BC, the number of employed persons increased by 0.4%; those in the labour force decreased by 0.2%. This led the number of unemployed persons to decrease by 8.3% and the unemployment rate to decrease 0.6% (to 6.4%). Across Canada, the number of employed persons increased by 0.1% while the labour force was relatively unchanged; the number of unemployed persons decreased by 0.9% and the unemployment rate remained stable at 7.2%. Prince George's working age population was unchanged last month; the employment rate decreased 0.5% (to 65.1%). The employment rate increased 0.1% in BC and was unchanged across Canada (60.1% and 61.8%, respectively).

(Source: Statistics Canada Labour Force Survey)

Real Estate

71 single family homes were sold in the city in April, 20 fewer than in the same month last year, with an average price of \$268,918. Year-to-date, the number of homes sold in the city was down 7.6% over the same period last year; the average price was up 1.6%. Compared to the first four months of last year, the average days on the market were down almost 25.0%, year-to-date. Comparatively, the year-to-date

⁴ Monthly employment figures are influenced by seasonal factors; month-over-month comparisons should be viewed with this in mind.

number of single family homes sold in BC was down 13.9% at the end of April; the average price was down 3.1%. Across Canada, units were down 9.8% and the average price was up 1.1%.

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



Housing Construction

There were 12 housing starts in Prince George in April (8 single family and 4 multiple dwelling units), 11 fewer than in April 2012. Year-to-date, the number of housing starts was down 26.3% compared to the first four months of last year. 6 residential units were completed in the city (all single family dwellings), 3 fewer than in the same month last year. 164 housing units were under construction, 36.7% more than in April 2012. Year-to-date housing starts were down 9.1% and 22.7%, respectively, in BC and Canada, at the end of April.

(Source: Canada Mortgage and Housing Corporation)

Building Permits

The City of Prince George issued 70 building permits valued at \$20.8M in March and April. The value of permits issued was down 52.5% compared to the same two months last year;⁵ the number of permits issued was down 27.8%. Commercial permits accounted for 73.9% of the total value of building permits issued; permits included a

⁵ The \$25.0M permit for the new BC Hydro operations centre was issued in April 2012.

\$3.5M renovation for Real Canadian Superstore, a \$2.4M renovation at the Coast Inn of the North and a \$4.0M permit for the construction of the new Northern Toyota Dealership. Residential permits made up 25.5% of building permits issued in March and April; Institutional permits made up the remainder. Year-to-date at the end of March, building permits were up 14.3% in Prince George and down 14.7% in BC and 6.6% across Canada.⁶

(Source: City of Prince George; Statistics Canada)

Business Licenses

235 business licenses were issued in the city in April (37 new⁷ and 198 renewals). 5 of the new business licenses were a result of businesses changing locations.

(Source: City of Prince George)



Airport Passenger Volumes

37,292 passengers moved through the Prince George airport in April, 4.0% more than in the same month in 2012. Year-to-date, passenger traffic was up 0.7% compared to the first four months of last year. Comparatively, year-to-date traffic through Vancouver's airport was down 1.4% at the end of April.

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

⁶ April building permit statistics for BC and Canada were unavailable at the time of publication; consequently, there is a one-month lag in the year-to-date comparison.

⁷ 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.