

## B.C. Regional Economic Outlooks 2019 - 2021

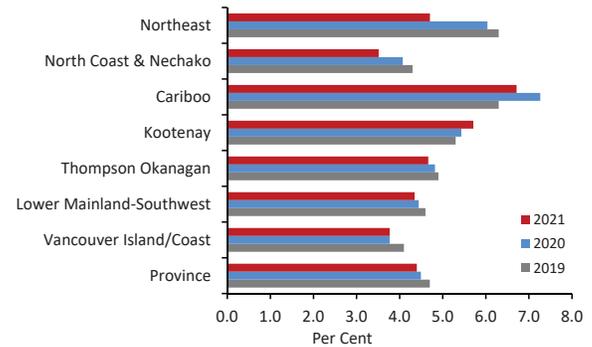
### HIGHLIGHTS

- Modest economic growth expected for B.C. but expansion skewed to larger urban markets
- Southwest B.C. to benefit from growth in technology sector, elevated immigration and high levels of building construction. Unemployment remains low.
- Vancouver Island and Okanagan population and economies to benefit from retiree demand and affordability seeking households
- Construction of major projects such as LNG Canada’s Kitimat liquefaction plant to drive local area economies, and support job growth across B.C.
- Severe forestry downturn to limit growth in B.C. communities, particularly impacting northern interior markets
- Housing sector momentum rising in larger urban markets, lifting prices

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Unemployment rate by region



Source: Statistics Canada, Central 1 Credit Union

### Summary

British Columbia’s economy is forecast to grow by 2.8 per cent this year, broadly outpacing its provincial peers, before easing back to two per cent in 2021. Driving this growth is investment in the burgeoning technology sector in Vancouver and the surrounding Southwest quadrant of B.C. and major project investments highlighted by the buildout of LNG Canada’s \$40 billion natural gas liquefaction plant, the associated Coastal Gaslink Pipeline in the North Coast region and public-sector investments. Population growth will also remain elevated due to high federal immigration targets and demand for skilled workers in the province which will support consumer and housing demand, while helping to meet labour market needs. In contrast, communities across the province are grappling with a crisis in the forestry sector. Poor market conditions, lack of long-term timber availability due to the mountain pine beetle epidemic of the 1990s, and high input costs have led to mills being shuttered across the province, while production at others have been curtailed significantly. Mining conditions have also weakened with uncertainty in global economic conditions.

Added to this economic mix is an increased ageing demographic which is driving demand for services and increasing home sales in parts of B.C. as well as external macro-economic conditions and trends which can significantly affect economic growth trajectory.

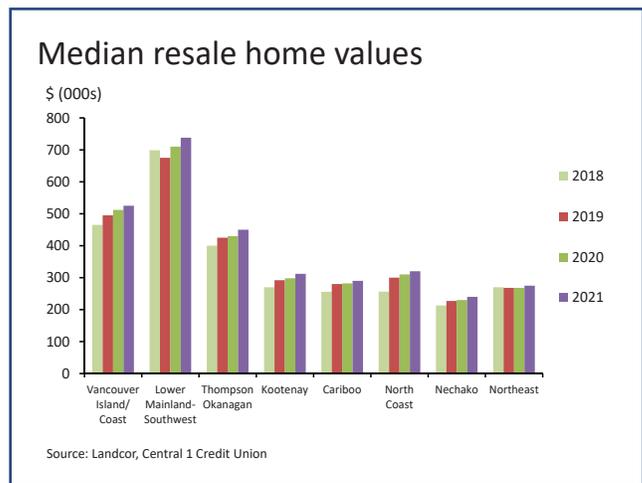
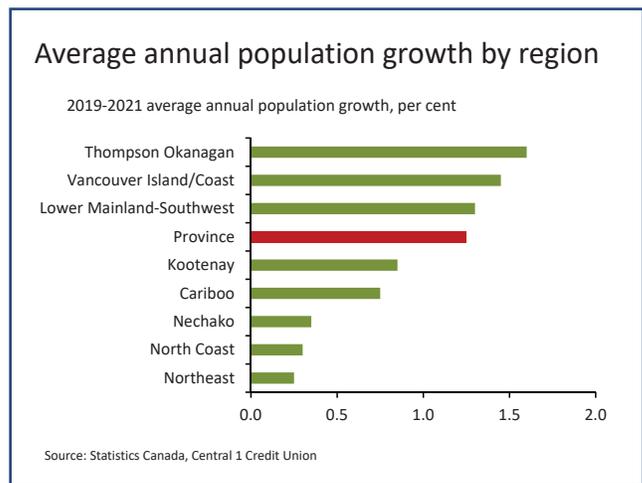
These themes will shape divergent regional economic performances. An absence of economic growth data

(i.e. gross domestic product) at a sub-provincial level, means economic performance will be reflected in labour market and housing market trends.

B.C.'s Southwest will remain the strongest performer as Vancouver and the rest of the Lower Mainland Southwest will continue to benefit from strong population growth trends, a growing technology sector, elevated construction trends and – specific to Vancouver Island – aging demographics. A flow of retirees to the region will continue to underpin consumer demand. These areas will however grapple with tight labour markets as the unemployment rates trend near four per cent. Resale housing market conditions continue to tighten with firming demand and listings in short supply. Robust price growth is expected to emerge through 2021 and far outpace general inflation.

Interior B.C. markets will face more challenging economic circumstances due to the combination of forestry sector job losses, challenging coal and energy markets and still subdued investment in mining. Labour markets and local incomes will partly be supported by local workers being employed on the major projects in the Northwest. That said, population growth will remain weak in the absence of local employment opportunities. Forestry woes in the Thompson-Okanagan are offset in part by strong population growth in prior years which continues to support consumer demand, population growth due inflows of retirees and demand from prime age workers seeking opportunities to capitalize on the region's growth.

The North Coast of B.C. will experience a boom in economic conditions tied to construction of LNG Canada's natural gas liquefaction plant. However, much of this will be concentrated in the Kitimat- Terrace corridor. The local labour market is not able to meet labour demand, even with increased training for the local population. Much of the labour will come from other parts of B.C. such as the Cariboo and Thompson-Okanagan, although the region will benefit from local area spending. The Nechako will evolve more like the rest of the interior given significant forestry exposure.



## Vancouver Island

The Vancouver Island economy will see modest economic growth momentum through 2021, driven largely by rising population growth, steady service sector employment and a more active housing market. However, growth will be constrained by a resource sector drag and labour market challenges emanating from an aging population.

Following five consecutive years of employment gains, hiring took a step back in 2019 owing mostly to a dip in employment outside Victoria. Erasing most of the 2018 increase, average employment slipped 2.1 per cent last year on lower full-time employment. While wary of volatility in regional data, employment fell in the following sectors: retail and wholesale trade; health-care and forestry, which is experiencing a downturn. Public administration employment increased due to provincial government hiring - although gains from a federal election year may have accounted for some of the rise. Provincial government hiring is expected to slow following robust increases over the last couple of years.

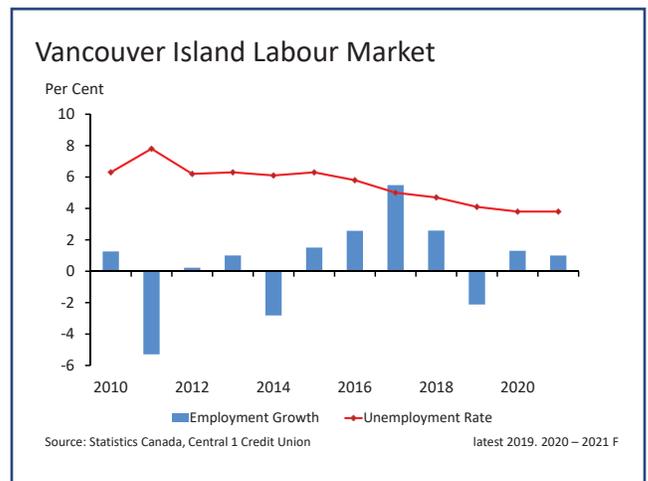
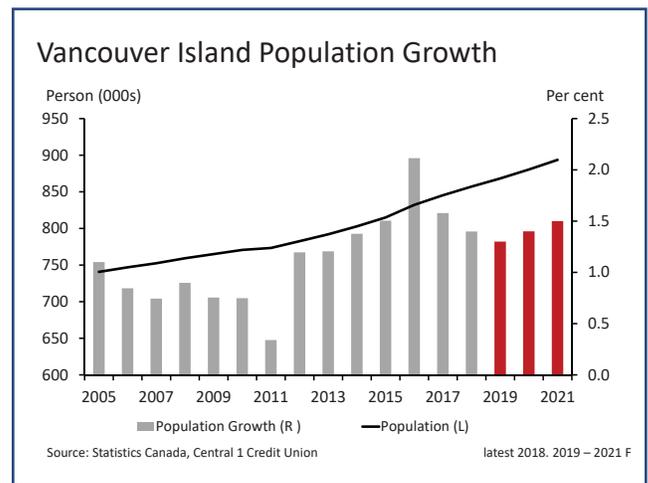
There were also signs of moderation in 2019 housing, tourism and forestry economic data.

**Housing:** Resale home sales fell for a third consecutive year as federal and provincial policies weighed on activity, while housing starts also edged back, particularly in Victoria.

**Tourism:** Tourism is robust but growth has slowed with fewer visitors from China. Hotel occupancy rates crested above previous cycle highs in 2007, propelled by a low Canadian dollar and general attractiveness of Canada as a tourist destination.

**Forestry:** This remains a considerable area of weakness impacting rural regions. Coastal forestry workers have been on strike since mid-year, causing downstream impacts on contractors and other businesses amidst a period of weak sectoral conditions. Teal-Jones announced in September that it would halt its coastal harvesting activity at Honeymoon Bay on Vancouver Island amidst weak market conditions, which is expected to persist through the forecast period.

There are a handful of sizeable non-residential projects underway on the Island, albeit with many near completion. These include the Camosun College Centre for Life Sciences, Nanaimo Sewage Plant upgrades and various retail commercial complexes. These have contributed to what has been upward momentum in non-residential permits in recent years,



with Nanaimo leading the way in 2019. Like much of the economy, rising population and demographics are driving upward momentum in building construction.

Despite a hiring lull, economic conditions remain stable and most signs point to a continuation of a tight labour market. Average unemployment trended lower to four per cent of the labour force in the region, and near three per cent in Victoria. An aging workforce and a rising tide of retirements has held back labour force growth resulting in employers scrounging for workers or making do with fewer workers if need be. This tight labour market is constraining business growth on the island and adds to costs.

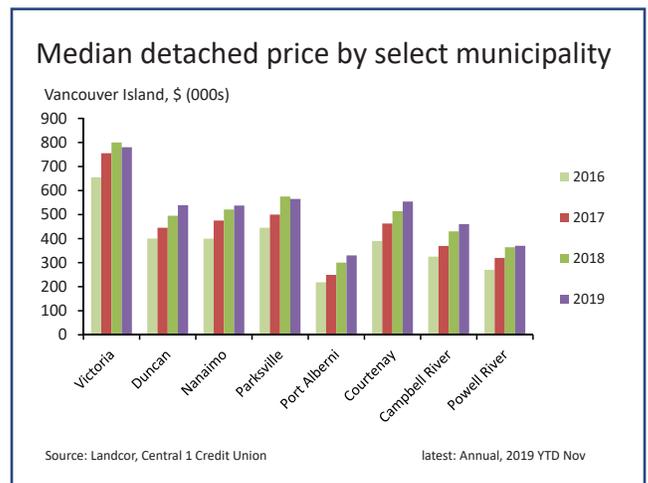
Vancouver Island population growth has averaged about 1.5 per cent in recent years, driven entirely by migration. Population expansion will remain a principal driver of economic activity, both as a source of consumer demand and by creating a supply of workers. That said, the contribution of interprovincial migration has declined as weakness in Alberta's economy stemmed the tide of high-powered oil and gas wealth to the region. Partial offsets have included relocations from the Metro Vancouver areas and from international destinations. The latter includes an influx of non-

permanent residents, such as those on work permits and students.

Growth will continue, driven by retiree demand and relocations by affordability seekers. These trends are apparent in migration flows by age cohorts, which are skewed to the 45-64 age range, and to a lesser extent prime age workers. Stronger population growth has been experienced in Victoria's suburbs and in municipalities including Ladysmith, Cumberland and Campbell River. On the other side of the ledger, more resource intensive communities are shrinking.

The economic outlook remains positive over the forecast period. Service-sector hiring is forecast to lift overall employment growth by about one per cent annually, through 2021. The region is benefitting from a burgeoning technology sector and demand for services related to an aging and growing population. However, employers need to focus on improving productivity and will continue to face the constraints of a tight labour market.

Housing market conditions remain firm on Vancouver Island. While the drag of federal and provincial policy measures hampered resale demand, contributing to both to a slip in home values and new home construction in Victoria, the combination of in-migration, a tight labour market and low inventory will support rising values. Home sales are on the rise, specifically in smaller urban markets in the central and north Island reflecting demand from retiree and lifestyle buyers. Sales-to-active listing ratios are pointing to sellers' markets conditions. Resale home sales are forecast to increase 6.3 per cent this year and 3.3 per cent in 2021. The median home value on the Island climbs 3.4 per cent this year to \$512,000 with a further gain of nearly three per cent rate in 2021.



<b>Vancouver Island/Coast</b>	2017	2018	2019	2020	2021
Labour Force (000s)	407.0	416.0	405.0	408.6	412.7
% ch.	4.6	2.2	-2.6	0.9	1.0
Total Employment (000s)	386.6	396.6	388.2	393.2	397.2
% ch.	5.5	2.6	-2.1	1.3	1.0
Full-Time Employment (000s)	293.6	303.7	294.0	297.0	301.0
% ch.	4.8	3.4	-3.2	1.0	1.3
Part-Time Employment (000s)	93.0	92.9	94.1	96.2	96.2
% ch.	7.8	-0.1	1.3	2.3	-0.1
Unemployment Rate	5.0	4.7	4.1	3.8	3.8
Residential Resale Transactions	18,785	15,427	14,400	15,300	15,800
% ch.	-8.3	-17.9	-6.7	6.3	3.3
Median Resale Price	424,000	465,000	495,000	512,000	525,000
% ch.	10.1	9.7	6.5	3.4	2.5
Population (000s)	845.3	857.1	868.3	880.4	893.6
% ch.	1.6	1.4	1.3	1.4	1.5
<b>Victoria CMA</b>	2017	2018	2019	2020	2021
Labour Force (000s)	199.9	203.9	202.0	204.7	206.5
% ch.	2.8	2.0	-0.9	1.3	0.9
Total Employment (000s)	192.2	195.8	195.1	197.5	199.5
% ch.	4.3	1.9	-0.4	1.2	1.0
Full-Time Employment (000s)	146.3	151.8	150.3	152.3	153.7
% ch.	3.1	3.8	-1.0	1.3	0.9
Part-Time Employment (000s)	45.9	44.0	44.9	45.2	45.8
% ch.	8.3	-4.1	2.0	0.7	1.3
Unemployment Rate	3.9	4.0	3.4	3.5	3.4
Residential Permits (\$ millions.)	954	1,149	803	840	850
% ch.	27.0	20.5	-30.1	4.6	1.2
Non-Residential Permits (\$ millions.)	372	262	230	225	240
% ch.	36.2	-29.6	-12.3	-2.2	6.7
Population (000s)	391	396	401	406	412
% ch.	1.5	1.3	1.3	1.4	1.5
<b>Select Resale Housing Markets</b>	2017	2018	2019	2020	2021
Victoria Residential Transactions	7,426	5,932	5,950	6,600	7,100
% ch.	-14.5	-20.1	0.3	10.9	7.6
Victoria Median Price	557,250	607,250	620,000	650,000	670,000
% ch.	9.3	9.0	2.1	4.8	3.0
Nanaimo Residential Transactions	2,968	2,452	2,100	2,200	2,300
% ch.	-5.6	-17.4	-14.4	4.8	4.5
Nanaimo Median Price	405,000	435,250	450,000	460,000	470,000
% ch.	16.9	7.5	3.4	2.2	2.2
Campbell River Residential Transactions	1,117	918	830	850	900
% ch.	-2.5	-17.8	-9.6	2.4	5.9
Campbell River Median Price	330,500	390,000	407,000	418,000	425,000
% ch.	16.1	18.0	4.4	2.7	1.7

Sources: Statistics Canada, Landcor, CREA, Central 1

## Lower Mainland - Southwest

Analysis of various economic conditions in the region gives some mixed messages but points to the economy remaining on track for steady expansion into 2020, driven by growth in the services and technology sectors, rising population, increased housing sales volume and elevated construction trends.

Labour market conditions in the Lower Mainland-Southwest remained tight throughout most of 2019. Average annual employment growth was a stellar 3.6 per cent, although net gains at year-end had narrowed considerably to about 1.8 per cent on a December to December basis largely on third quarter weakness. Nevertheless, conditions were strong with gains in full-time employment and an unemployment rate trending near 4.5 per cent for most of the year. The labour market was robust in most areas, with Metro Vancouver and Abbotsford-Mission showing similar patterns. Hiring momentum in the services sector (e.g. trade, public administration, professional/technical services and education) were key drivers.

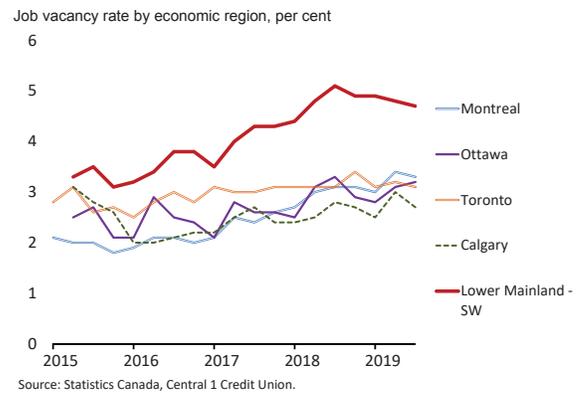
While the slowdown in hiring in the second half of year is worth pause, this may very well reflect the challenge of finding workers in the region. Plenty of jobs are going unfilled and the region's job vacancy rate among the highest in Canada's larger urban areas. This reflects a mis-match of skills in the labour market and a general shortage of bodies to fill positions.

The following trends are also evident in the Lower Mainland-Southwest region:

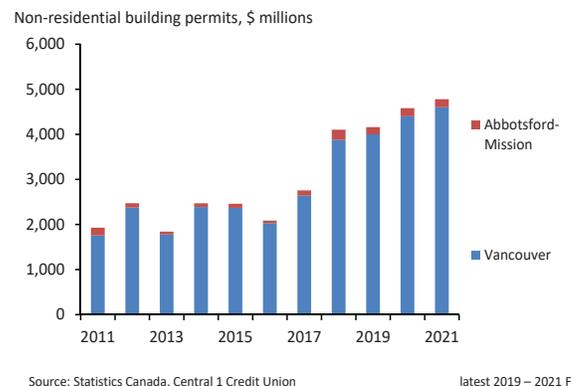
- home sales have nearly recovered to levels observe prior to introduction of federal stress tests in 2018 driven by lower interest rates, lower prices and strong labour market;
- retail sales declined in 2019 for the first time since in decade, driven by fewer motor vehicle sales;
- elevated tourism flows and TV and film activity have persisted thanks in part to a low Canadian dollar, but levels have crested and tourist inflows from China have slipped;
- trade through the regional port has flattened, owing to a combination of factors such restrictions by China on some Canadian agricultural products; and
- CN rail strikes, weak forestry markets and geo-political issues have weighed on economic growth.

Vancouver is increasingly advocated as being a 'tech hub' and - when it comes to statistics - a decent proxy

### Job market among tightest in Canada



### Non-residential construction to lift growth



for tech sector growth is the number of workers in the computer system design and related services industries. While still relatively small as a share of B.C.'s workforce at one per cent, these companies are concentrated in the Lower Mainland and the sector has been one of the fastest growing segments of the broader economy. Since 2014, employment in this narrow sector has increased 57 per cent, driven by the Lower Mainland. This does not include the rise in technology workers across industries. Growth has helped offset weaker demand for professional services that historically served the resource sectors .

Amazon's not quite HQ2 expansion adds to the momentum of the region as a thriving tech hub. The cancellation of HQ2 in New York has provided dividends to other regional Amazon hubs as positions have been re-allocated. For Vancouver, this has meant a significant planned expansion in research and development operations with plans to reach a 5,000 strong workforce. The company will absorb the entirety of the downtown Canada Post building redevelopment and its over 1 million square feet of office space. More recently, Mastercard announced a \$500 million cybersecurity hub for Vancouver, with modest support from the federal government. Recent years have seen

Microsoft increase its presence, while firms such as Tile and Grammarly are entering the regional space. Clustering bodes well for further snowballing of firms to the region, as well as income growth as domestic companies.

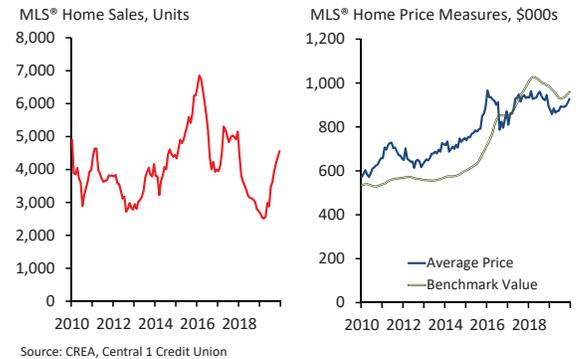
Office vacancy rates in Vancouver continue to slide with levels falling to 2.4 per cent in Q3 according to CBRE, with suburban rates at 5.2 per cent. Downtown Vancouver vacancy was second lowest in North America, behind only Toronto. Demand for space is rippling throughout the Lower Mainland region. The regional vacancy rate of 3.8 per cent compares to a national rate of 11 per cent and rates of around 20 per cent in Calgary and Edmonton.<sup>1</sup>

The region will also count on strong population gains to underpin growth, extending recent performance. Population expanded by more than 45,000 persons, lifted by international migration and non-permanent residents. High national immigration targets, the need for workers across sectors and international demand for education promises to keep the inflow of new residents at lofty levels, although the uplift in non-permanent residents is expected to moderate. Rising consumer demand, rebound in retail sales and firming housing demand will emerge.

The region is amidst a building boom that will support the labour market over the forecast period, reflecting a year of strong new home starts and a tight commercial real estate market. Housing starts reached a record high in 2019 amidst elevated rental starts and strong growth in condominium apartments. Non-residential building permits in the Vancouver CMA was tracking growth of more than 10 per cent gain near year-end. Similarly, Abbotsford-Mission posted growth of 35 per cent. Strong growth in commercial and industrial building have led the way, although public projects have been a key driver in Abbotsford-Mission. Major projects currently underway include the Brentwood Town Centre redevelopment, various office towers in the downtown Vancouver core including redevelopment of the Canada Post building. Hospital construction includes B.C. Children's and Women's Hospital redevelopment, Royal Columbian Hospital in New Westminster and a slew of school-related construction reflecting public sector investments. The build cycle is not finished, and it will continue to prop up growth going forward. A sampling of major projects slated to start in 2020/21 include the Broadway Subway line extension, construction of the new St. Paul's Hospital and numerous commercial office towers dotting the region.

<sup>1</sup> [http://cbre.vo.llnwd.net/grgservices/secure/Canada\\_Quarterly\\_Statistics\\_Q3\\_2019\\_oq01.pdf?e=1579300830&h=b29a6444f0a97411c9f5a090c1b7b7f0](http://cbre.vo.llnwd.net/grgservices/secure/Canada_Quarterly_Statistics_Q3_2019_oq01.pdf?e=1579300830&h=b29a6444f0a97411c9f5a090c1b7b7f0)

## Resale housing market picks up



Average employment growth is forecast at 1.6 per cent this year with a 1.4 per cent gain in 2021. Population growth will provide the necessary labour to meet the needs of the economy, but the unemployment rate remains low near 4.3 per cent.

Rising housing market momentum is forecast to continue as the market rebounds following the policy induced downturn in 2018. Strength in the labour market, population growth and improved affordability are supporting rising sales. At the same time, supply of homes for sale are dwindling as higher sales draw down existing inventories and new listings remain low. Resale home sales are forecast to rise 20 per cent this year. Tight supply conditions mean a surge in price levels are now expected, with an increase in the median value of five per cent to \$710,000 and another four per cent increase in 2021. Demand will favour apartment and townhome markets which are relatively more affordable. Metro Vancouver price growth will exceed the broader region.

Housing starts are forecast to pull back sharply this year but remain high after a record 2019 performance. This reflects the nature of buildout time in multi-family construction. Elevated construction in 2019 reflected a period of strong pre-sale activity in the one to three-year period preceding. Weaker sell through of new projects in 2019, despite rising populations, will lead to fewer housing starts going forward and could trigger further supply constraints in the years ahead and a spike in home prices. Renters will continue to face a challenging market. Vacancy rates trend near one per cent, with rent hikes averaging near five per cent despite more restrictive rent controls. There is some relief in sight with more than 10,000 rental units under construction which will add to supply, but much of this will be quickly absorbed by rising populations and above inflation rent trends will continue.

<b>Lower Mainland Southwest</b>	2017	2018	2019	2020	2021
Labour Force (000s)	1,663.0	1,680.2	1,745.2	1,769.6	1,792.6
% ch.	2.2	1.0	3.9	1.4	1.3
Total Employment (000s)	1,586.5	1,607.4	1,664.4	1,691.0	1,714.7
% ch.	3.2	1.3	3.5	1.6	1.4
Full-Time Employment (000s)	1,260.1	1,274.8	1,312.1	1,335.0	1,362.0
% ch.	3.6	1.2	2.9	1.7	2.0
Part-Time Employment (000s)	326.4	332.5	352.2	356.0	352.7
% ch.	1.8	1.9	5.9	1.1	-0.9
Unemployment Rate	4.6	4.3	4.6	4.4	4.3
Residential Resale Transactions	58,077	42,828	39,900	48,500	50,500
% ch.	-13.3	-26.3	-6.8	21.6	4.1
Median Resale Price	642,500	698,800	675,000	710,000	738,000
% ch.	7.1	8.8	-3.4	5.2	3.9
Population (000s)	3,004.8	3,049.9	3,095.7	3,139.0	3,176.7
% ch.	1.2	1.5	1.5	1.4	1.2
<b>Vancouver CMA</b>	2017	2018	2019	2020	2021
Labour Force (000s)	1,469.5	1,490.8	1,544.8	1,570.0	1,590.0
% ch.	2.2	1.4	3.6	1.6	1.3
Total Employment (000s)	1,400.9	1,425.7	1,474.0	1,499.0	1,520.0
% ch.	3.1	1.8	3.4	1.7	1.4
Full-Time Employment (000s)	1,116.2	1,136.1	1,166.4	1,188.0	1,215.0
% ch.	3.5	1.8	2.7	1.9	2.3
Part-Time Employment (000s)	284.7	289.6	307.7	311.0	305.0
% ch.	1.6	1.7	6.3	1.1	-1.9
Unemployment Rate	4.7	4.4	4.6	4.5	4.4
Residential Permits (\$ millions.)	6,830	8,449	7,500	7,300	7,800
% ch.	10.8	23.7	-11.2	-2.7	6.8
Non-Residential Permits (\$ millions.)	2,639	3,876	4,000	4,400	4,600
% ch.	30.1	46.9	3.2	10.0	4.5
Population (000s)	2,611	2,650	2,690	2,727	2,764
% ch.	1.1	1.5	1.5	1.4	1.4
<b>Abbotsford-Mission CMA</b>	2017	2018	2019	2020	2021
Labour Force (000s)	98.8	100.8	105.8	107.8	109.5
% ch.	1.3	2.0	5.0	1.9	1.6
Total Employment (000s)	93.4	96.3	100.3	101.8	103.5
% ch.	2.5	3.1	4.2	1.5	1.7
Full-Time Employment (000s)	73.6	74.2	78.2	80.0	81.5
% ch.	1.8	0.8	5.4	2.3	1.9
Part-Time Employment (000s)	19.8	22.1	22.1	21.8	22.0
% ch.	5.3	11.6	0.0	-1.4	0.9
Unemployment Rate	5.5	4.5	5.2	5.6	5.5
Residential Permits (\$ millions.)	357	307	448	400	420
% ch.	89.2	-14.1	45.9	-10.7	5.0
Non-Residential Permits (\$ millions.)	117	227	160	165	170
% ch.	105.5	94.3	-29.4	3.1	3.0
Population (000s)	193	196	199	202	205
% ch.	2.3	1.4	1.6	1.4	1.6
<b>Select Resale Housing Markets</b>	2017	2018	2019	2020	2021
Abbotsford-Mission Residential Transactions	4,340	3,213	2,950	3,200	3,400
% ch.	-13.5	-26.0	-8.2	8.5	6.3
Abbotsford-Mission Median Price	517,250	580,000	570,000	582,000	595,000
% ch.	10.1	12.1	-1.7	2.1	2.2
Vancouver Residential Transactions	47,576	35,040	33,000	40,200	40,000
% ch.	-13.6	-26.3	-5.8	21.8	-0.5
Vancouver Median Price	698,800	745,000	715,000	755,000	785,000
% ch.	3.5	6.6	-4.0	5.6	4.0
Chilliwack Residential Transactions	3,355	2,481	2,200	2,325	2,400
% ch.	-5.7	-26.1	-11.3	5.7	3.2
Chilliwack Median Price	430,000	490,000	492,000	493,000	500,000
% ch.	16.2	14.0	0.4	0.2	1.4

Sources: Statistics Canada, Landcor, CREA, Central 1

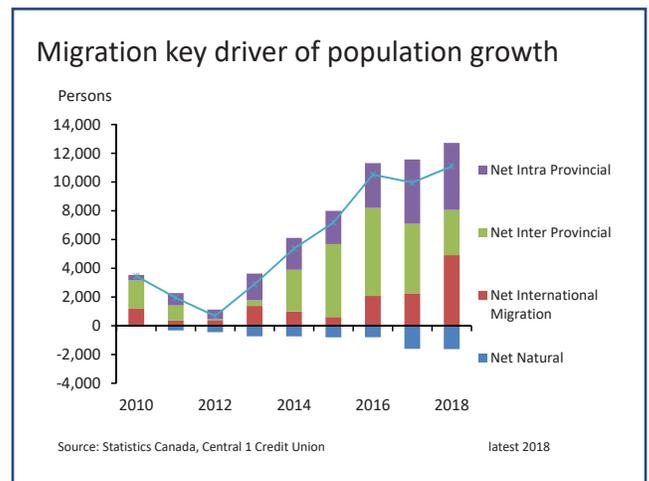
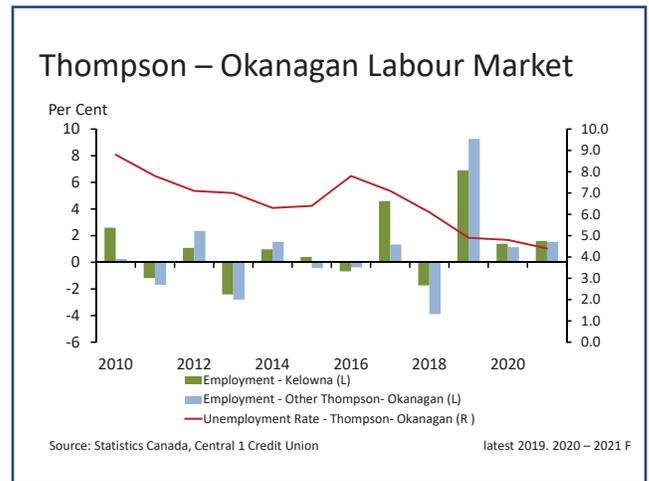
## Thompson-Okanagan

There are many factors supporting ongoing economic growth in the Thompson-Okanagan. A key driver in recent years is a strong flow of people into the region which continues to support demand for consumer and commercial services, while tourism flows are supported by a low Canadian dollar.

The 2019 Labour Force Survey employment estimates for the region point to an almost unbelievably strong 6.8 per cent, or a gain of more than 17,000 persons. However, this likely owes in part to a statistical sampling variability. Indeed, estimates for employment growth outside Kelowna were an even higher 9.3 per cent. As a result, a partial reversion in employment estimates would not surprise this year. That said, labour market data does suggest real growth in the regional employment and economy, including growth in payroll. The region's jobless rate plunged below five per cent, with Kelowna trending near four per cent. Tight labour market conditions are supported by a low number of individuals receiving employment insurance benefits which is consistent with low unemployment, as well as rising job vacancies and an elevated job vacancy rate of 4.6 per cent.

Regional economic growth remains people powered. A wave of migration has blanketed the region with population growth averaging about 1.7 per cent over the past few years, marking annual growth of above 10,000 persons. Expansion of the labour force suggests further gains in 2019. The entirety of the gains have owed to net inflows from other regions, as deaths have outnumbered births due to an aging demographics. Like other regions, decelerating interprovincial flows to Alberta have been offset by gains from other regions. A rebound in interprovincial inflows is likely in 2019 as weakening economic conditions east of the Rockies has driven an increase to B.C. The Thompson-Okanagan has remained a favoured destination given the solid economic growth profile of Kelowna which is attracting residents from across the province. Communities in the region have attracted retirees and households in search of more affordable housing. Improved technology and internet access have enabled smaller communities to compete for residents. Areas including Kelowna, Kamloops and Salmon Arm have driven population growth. Gains in other areas have been constrained by aging demographics and a weaker resource profile.

Employment benefits have also accrued to the region from major project construction, including those outside the region. Considering that headline employment



figures reflect worker place of residence rather than actual place of work, the recent spike in employment likely reflects employment opportunities outside the region, with workers from the Thompson-Okanagan region working on large capital investments in northern B.C. such as the Site C Dam in Fort St. John and LNG Canada's liquefied natural gas plant in Kitimat. The bulk of the workforce in these projects originate from other areas of the province.

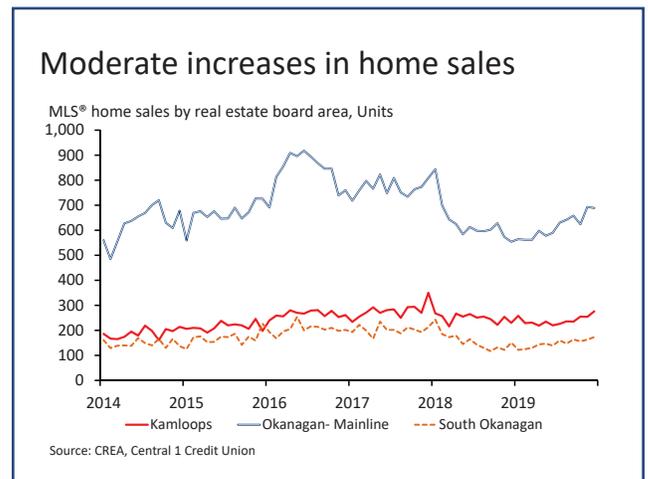
Additionally, a number of major projects are underway within the region, supporting the local economy and construction sector. These include government investment in healthcare such as the \$417 million Royal Inland Hospital Patient Care Tower in Kamloops, the \$312 million Penticton Hospital Redevelopment and smaller investments in Kelowna. Going forward, the Kelowna international airport also announced spending of \$70 million over the next three years to expand the terminal. Construction on long-term resorts and infrastructure continue. A modest number of major projects are set for near-term construction including the BC Lottery Corporation head office in Kamloops, a handful of schools and other highway construction.

In contrast, the resource sector has taken a hit as a result of the B.C.'s forestry sector crisis. The downturn led to closures of the Canfor Vavenby mill near Clearwater and the West Fraser Chasm mill near Clinton. Tolko announced a closure of its Kelowna mill in September. While forestry market conditions will improve, there is no clear turnaround in B.C. because the issues are structural i.e. long-term timber supply is constrained by the long-lasting impacts of the mid-1990s mountain pine beetle epidemic which are hitting home now and recent years' wildfires. The impacts of sawmill closures are still working through the local economy as downstream sector become impacted and employment insurance benefits expire.

Wine country – buoyed by in recent years by increased exports to China – hit a rough patch last year as export volumes and dollar sales rolled back, particularly in relation to Chinese shipments. This may reflect geo-political tensions between Canada and China, although wildfires in prior years may have also affected quality of yield. The sector will remain a source of growth for the region given long-term demand from Asian markets, despite this recent slowdown.

Regional employment growth rolls back to 1.4 per cent this year with a similar gain in 2021. Forestry sector weakness will offset growth in services industries, with the average unemployment rate holding near five per cent.

Like other regions of the province, Thompson-Okanagan's housing cycle has taken a breather, with policy factors and slowdown in demand from Alberta buyers offsetting organic growth from population expansion. Both resale transactions and housing starts fell in 2019. Resale transaction are forecast to rise eight per cent this year, while median home values post modest growth under two per cent before picking up steam into 2021 with a near five per cent increase.



<b>Thompson-Okanagan</b>	2017	2018	2019	2020	2021
Labour Force (000s)	279.6	271.9	286.9	290.6	294.0
% ch.	3.8	-2.8	5.5	1.3	1.2
Total Employment (000s)	259.7	255.2	272.8	276.6	281.0
% ch.	4.6	-1.7	6.9	1.4	1.6
Full-Time Employment (000s)	196.8	196.3	207.9	211.0	215.0
% ch.	4.0	-0.3	5.9	1.5	1.9
Part-Time Employment (000s)	62.9	58.9	64.9	65.6	66.0
% ch.	6.4	-6.4	10.2	1.1	0.6
Unemployment Rate	7.1	6.1	4.9	4.8	4.4
Residential Resale Transactions	15,181	12,733	11,900	12,900	13,400
% ch.	-3.6	-16.1	-6.5	8.4	3.9
Median Resale Price	380,000	400,000	425,000	430,000	450,000
% ch.	7.0	5.3	6.3	1.2	4.7
Population (000s)	578.9	588.1	598.1	607.7	617.4
% ch.	1.8	1.6	1.7	1.6	1.6
<b>Kelowna CMA</b>	2017	2018	2019	2020	2021
Labour Force (000s)	105.9	107.0	109.8	112.0	114.3
% ch.	7.2	1.0	2.6	2.0	2.1
Total Employment (000s)	100.2	101.9	105.3	107.2	109.0
% ch.	10.2	1.7	3.3	1.8	1.7
Full-Time Employment (000s)	74.8	78.2	80.3	82.0	83.5
% ch.	8.4	4.5	2.7	2.1	1.8
Part-Time Employment (000s)	25.4	23.7	25.0	25.2	25.5
% ch.	15.5	-6.7	5.5	0.8	1.2
Unemployment Rate	5.4	4.8	4.1	4.3	4.6
Residential Permits (\$ millions.)	769	860	795	810	850
% ch.	23.7	11.8	-7.5	1.9	4.9
Non-Residential Permits (\$ millions.)	181	268	345	345	320
% ch.	8.2	48.4	28.6	0.0	-7.2
Population (000s)	208	212	216	219	223
% ch.	2.1	1.9	1.7	1.4	1.6
<b>Select Resale Housing Markets</b>	2017	2018	2019	2020	2021
Kelowna Residential Transactions	5,610	4,454	4,200	4,450	4,650
% ch.	-13.1	-20.6	-5.7	6.0	4.5
Kelowna Median Price	480,000	528,000	525,000	527,000	545,000
% ch.	10.3	10.0	-0.6	0.4	3.4
Kamloops Residential Transactions	2,629	2,371	2,300	2,350	2,450
% ch.	6.4	-9.8	-3.0	2.2	4.3
Kamloops Median Price	365,000	385,000	419,000	430,000	440,000
% ch.	7.4	5.5	8.8	2.6	2.3
Vernon Residential Transactions	1,868	1,576	1,420	1,475	1,550
% ch.	0.8	-15.6	-9.9	3.9	5.1
Vernon Median Price	372,000	385,250	418,000	420,000	430,000
% ch.	4.8	3.6	8.5	0.5	2.4

Sources: Statistics Canada, Landcor, CREA, Central 1

## Kootenay

Challenges emanating from the weakening coal market and forestry downturn are impacting the Kootenay region, while a downturn in the Alberta economy is likely negative for the recreational market.

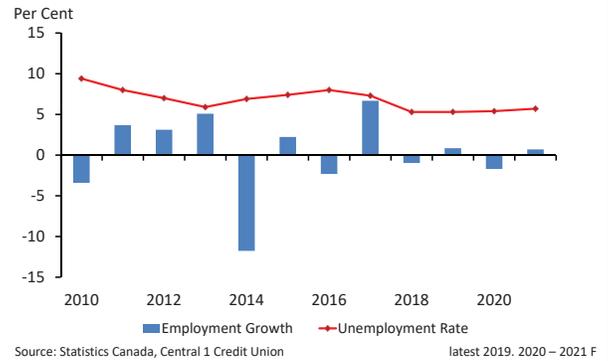
Labour market conditions were generally mixed through 2019. Employment edged higher following a pullback in 2018, but the trend deteriorated sharply as the year progressed. That said, significant data fluctuations are normal in smaller markets due to sampling variability. Unemployment remains steady with the jobless rate trending lower through the year, while there was little upward pressure in employment insurance counts into the fourth quarter.

Despite the steady labour market conditions, economic trends are mixed. Weak commodity markets are biting which will likely weigh on employment data going forward. Forestry woes sweeping the province have been more modest in the region owing to a timber base that was less affected by the mountain pine beetle epidemic, although poor market conditions are a constraint. More pressing for the Kootenay region was the sharp and swift downturn in global coal prices in late-2019. Excess supply in Australia, slower steel demand and global trade uncertainty pushed coking coal prices to fall to a three-year low in 2019, cutting the average price by nearly 13 per cent in 2019. While levelling out, softness is anticipated for 2020 and 2021.<sup>2</sup> Low prices are hurting North American operations, highlighted in B.C. by Teck Resources warning of cost reductions at its Elk Valley operations in October which will likely impact employment. Sectoral improvement will require improved demand for steel in Europe and clear improvement in macro-economic conditions in China and other Asian markets. Major export markets for B.C. coal are Japan, South Korea and other Asian countries.

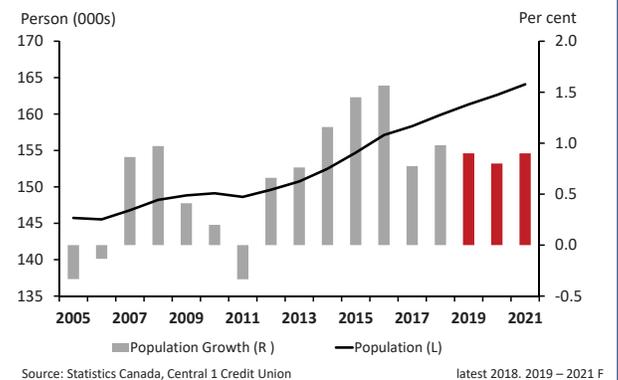
On the bright side, tourism has held up on an elevated flow of American visitors with a low Canadian dollar and relative calm on the wildfire front provided a boost. This is offsetting weakness emanating from Alberta which is suffering from a downturn in the economy. Housing starts in both Cranbrook and Nelson rose sharply in 2019 but owed in large part to jump in rental housing starts. Resale housing transactions are

<sup>2</sup> Australian Government, Department of Industry, Innovation and Science. Resources and Energy Quarterly, December 2019. <https://publications.industry.gov.au/publications/resourcesandenergyquarterlydecember2019/documents/Resources-and-Energy-Quarterly-December-2019-Met-Coal.pdf>

## Kootenay Labour Market



## Kootenay population growth



forecast to rise a modest four per cent this year and three per cent in 2021 which will underperform the province.

There are also high expectations for cannabis as a source of potential economic growth with transition of the region's gray (underground) cannabis economy to a legal industry.<sup>3</sup> The province has allocated \$675,000 to the Cannabis Business Transition Initiative to help formalize the current small-scale cannabis producers into the legal recreational marijuana space. The province estimates that 2,500 small scale producers currently operate in the region.<sup>4</sup>

There is little in the way of major project construction in the Kootenay as ski resorts with long and ongoing build out periods are leading new developments. The \$19 million Kootenay Boundary Regional Hospital upgrade set for completion in mid-2020 is a notable project that's currently underway. A proposed gypsum mine near the Canal Flats and the \$370 million NWP

<sup>3</sup> <https://mjbizdaily.com/british-columbia-unveils-ca676000-program-to-aid-cannabis-entrepreneurs-pivot-to-legal-market/>

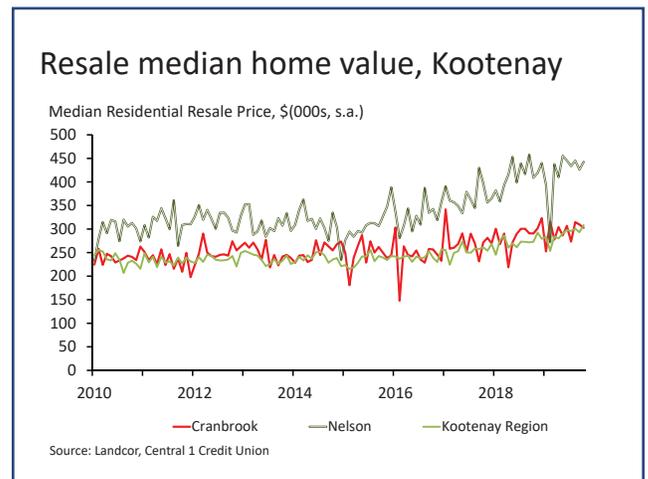
<sup>4</sup> <https://news.gov.bc.ca/releases/2019SDPR0127-002177>

Canada open pit coal mine near Sparwood were projected to begin construction in 2019 but remain in the environmental assessment/consultation stage. Low coal prices are an impediment to projects moving forward, although conditions will improve as global growth mends.

Weaker commodity sector conditions point to negative employment growth this year, with average employment forecast to decline two per cent and only minimal gains in 2021. Demographic factors will limit growth in the unemployment rate despite weak hiring conditions.

Population growth in the Kootenay trends below the provincial performance, having averaged annual gains of about one per cent in recent years. A sharp slowdown in interprovincial migration, like other regions, likely reflects fewer inflows from neighbouring Alberta. The decline in Albertan inflows has particularly hit mixed employment growth trends in the Kootenay in recent years but this has been lifted by inflows from other regions like the Lower Mainland. The region is diverse, which is evident in differences in municipal growth trends. The East Kootenay region which is anchored by Cranbrook, Elkford, Fernie and Invermere has experienced mildly stronger population gains which also reflects movements within the region. Population growth is forecast to trend slow to 0.8 per cent annually given economic challenges, although the region will continue to draw lifestyle migrants.

The loss of economic momentum and weaker economic conditions in Alberta - which historically been a key source of housing demand - has resulted in relatively flat home sales through 2019 despite a declining mortgage rate environment. Price levels have continued to climb, supported by low inventories. Weaker economic conditions are expected to moderate price growth following a strong gain of eight per cent in 2019 to two per cent in 2020 and with a four per cent increase in 2021.



<b>Kootenay</b>	2017	2018	2019	2020	2021
Labour Force (000s)	77.6	75.2	75.8	74.7	75.4
% ch.	5.9	-3.1	0.8	-1.5	1.0
Total Employment (000s)	71.9	71.2	71.8	70.6	71.1
% ch.	6.7	-1.0	0.8	-1.7	0.7
Full-Time Employment (000s)	53.7	53.7	54.5	53.9	54.5
% ch.	9.4	0.0	1.5	-1.1	1.1
Part-Time Employment (000s)	18.2	17.5	17.3	16.7	16.6
% ch.	-0.5	-3.8	-1.1	-3.4	-0.6
Unemployment Rate	7.3	5.3	5.3	5.4	5.7
Residential Resale Transactions	3,780	3,765	3,550	3,650	3,700
% ch.	12.5	-0.4	-5.7	2.8	1.4
Median Resale Price	255,000	270,000	292,000	298,000	312,000
% ch.	6.3	5.9	8.1	2.1	4.7
Population (000s)	158.3	159.9	161.3	162.6	164.1
% ch.	0.8	1.0	0.9	0.8	0.9
<b>Select Resale Housing Markets</b>	2017	2018	2019	2020	2021
Cranbrook Residential Transactions	480	513	505	515	530
% ch.	-1.4	6.9	-1.6	2.0	2.9
Cranbrook Median Price	269,500	295,000	300,000	310,000	318,000
% ch.	7.8	9.5	1.7	3.3	2.6
Nelson Residential Transactions	351	304	295	300	300
% ch.	-6.6	-13.4	-3.0	1.7	0.0
Nelson Median Price	365,000	420,000	440,000	455,000	460,000
% ch.	11.1	15.1	4.8	3.4	1.1

Sources: Statistics Canada, Landcor, CREA, Central 1

## Cariboo

The Cariboo region, like much of the northern B.C., is experiencing weaker economic conditions into 2020. While buoyed by employment opportunities related to major project construction in both the northwest and northeast quadrants of the province, the economy is facing a severe downturn in the forestry sector and general weakness in commodities.

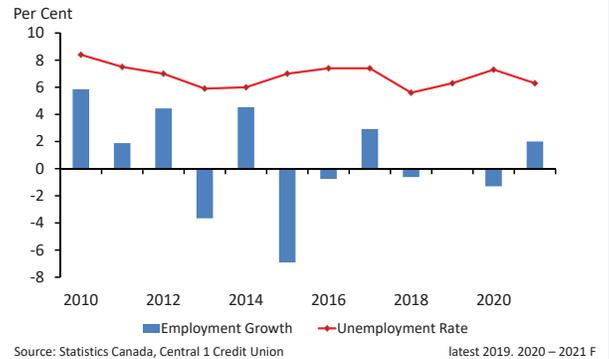
Average employment declined through the second half of 2019, driving the unemployment rate to the highest level since mid-2017. While topline annual employment was relatively unchanged, there has been clear deterioration in sectors such as manufacturing which is likely being influenced by shift reductions and sawmill closures in various municipalities. Employment insurance counts in Williams Lake have nearly doubled from a year ago, with Quesnel up 20 per cent, directly reflecting the forestry sector challenges. Prince George has seen a more modest increase, reflecting a more diversified local economy.

Sawmill production in the province declined about 20 per cent in 2019, with communities in the Cariboo hit hard. Low prices, lack of timber availability and rising costs have hammered the sector. Mill closures have included operations in Mackenzie and Quesnel, while there have been shift reductions at numerous mills. This will only get worse. The region was the hardest hit by the Mountain Pine Beetle epidemic during the 1990s which killed more than 50 per cent of pine in the region. Beetle-killed timber is at the end of its commercial viability, meaning less supply for mills going forward. Recent years' wildfires also reduced potential timber supply. Downstream industries dependent on sawmill residual and the trucking industry will face further challenges going forward.

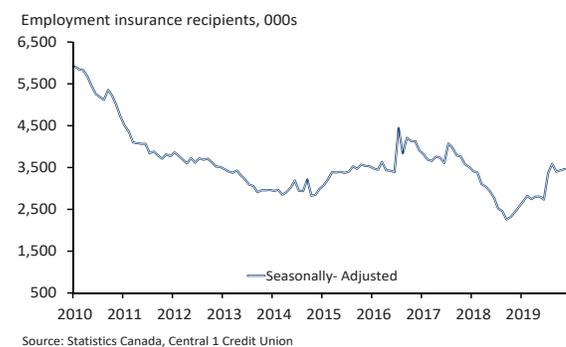
Major project construction is providing some offset to the forestry downturn and will continue to support the labour market. Work on the Site C dam in the northeast and LNG Canada's major liquefaction plant and associate TC Coastal Gaslink pipeline are employing residents from across B.C. as local labour markets are insufficient to meet the required demand for workers. With work camps in place in these regions, incomes are flowing back to communities across the interior.

The Kelly Road High School replacement in Prince George and roadwork projects are a few other major notable projects under construction in the region. Further investments are soon expected to break ground, including significant upgrades to the GR Baker Memorial Hospital in Quesnel and the redevelopment of the Cariboo Memorial Hospital in Williams Lake,

### Cariboo Labour Market



### Rising trend in employment insurance



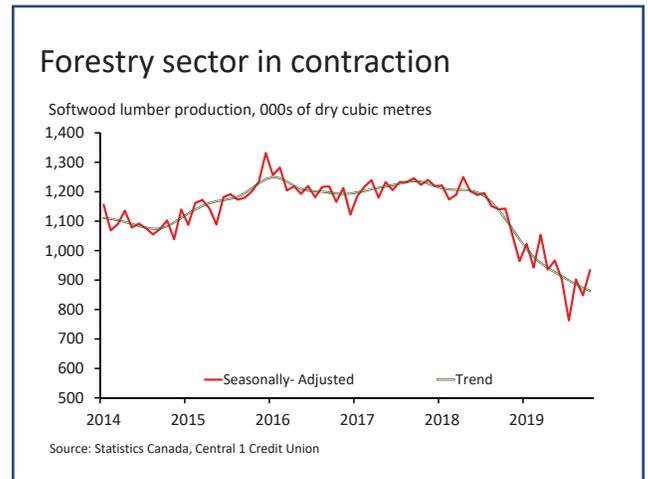
which entails a large capital investment of \$218 million. These projects reflect the need to invest in aging infrastructure, particularly as the population ages, and there is hope that construction can offset some resource sector employment losses.

Net economic conditions are expected to slow due to recent forestry sector woes, particularly given the lack of momentum in resource sectors like mining. Deteriorating economic conditions will be observed in both minimal employment gains and slower population growth. The former is forecast to contract 1.3 per cent this year before showing some growth in 2021 as major project construction provides more a boost.

Population growth in recent years has come in near one per cent, marking net gains of about 1,500 persons per annum. Recent year gains have come from international inflows, with new residents likely attracted by resource sector opportunities, demand from international students and affordable housing. Strong international inflows to Canada will continue to support population growth in the region but flows from within Canada to the region is expected to stagnate. Within the Cariboo, Prince George's population will lead economic and population growth reflecting its

role as the region's main trading and services hub. It will continue to draw in residents from outlying communities due to population aging and weaker resource sector activity.

Resale housing market activity is forecast to hold range-bound over the forecast period, lagging improvements in the province as a whole as weaker economic trends weigh. Market conditions slowed through most of 2019 with declining sales-to-inventory ratios and a slip in housing starts. Growth in home values are forecast to slip to about one per cent this year and a near three per cent gain in 2021. Growth is led by Prince George, although declining values are a risk in forestry dependent areas.



<b>Cariboo</b>	2017	2018	2019	2020	2021
Labour Force (000s)	87.5	85.4	86.0	85.8	86.7
% ch.	2.9	-2.4	0.7	-0.2	1.0
Total Employment (000s)	81.1	80.6	80.6	79.6	81.2
% ch.	2.9	-0.6	0.0	-1.2	2.0
Full-Time Employment (000s)	64.5	64.5	65.5	65.0	66.5
% ch.	3.5	0.0	1.6	-0.8	2.3
Part-Time Employment (000s)	16.6	16.2	15.1	14.6	14.7
% ch.	0.6	-2.4	-6.8	-3.4	0.7
Unemployment Rate	7.4	5.6	6.3	7.3	6.3
Residential Resale Transactions	2,925	2,850	2,725	2,790	2,900
% ch.	9.6	-2.6	-4.4	2.4	3.9
Median Resale Price	239,900	255,700	280,000	282,000	290,000
% ch.	6.6	6.6	9.5	0.7	2.8
Population (000s)	164.9	166.2	167.5	168.7	170.0
% ch.	1.1	0.8	0.8	0.7	0.8
<b>Select Resale Housing Markets</b>	2017	2018	2019	2020	2021
Prince George Residential Transactions	1,707	1,575	1,600	1,600	1,650
% ch.	11.5	-7.7	1.6	0.0	3.1
Prince George Median Price	267,500	290,000	318,000	321,000	328,000
% ch.	4.9	8.4	9.7	0.9	2.2
Williams Lake Residential Transactions	678	696	630	615	625
% ch.	8.5	2.7	-9.5	-2.4	1.6
Williams Lake Median Price	218,000	225,250	240,000	242,000	248,000
% ch.	6.3	3.3	6.5	0.8	2.5

Sources: Statistics Canada, Landcor, CREA, Central 1

## North Coast and Nechako

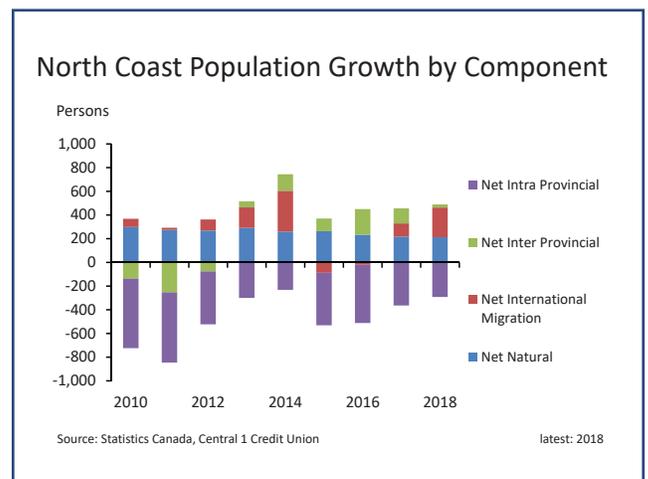
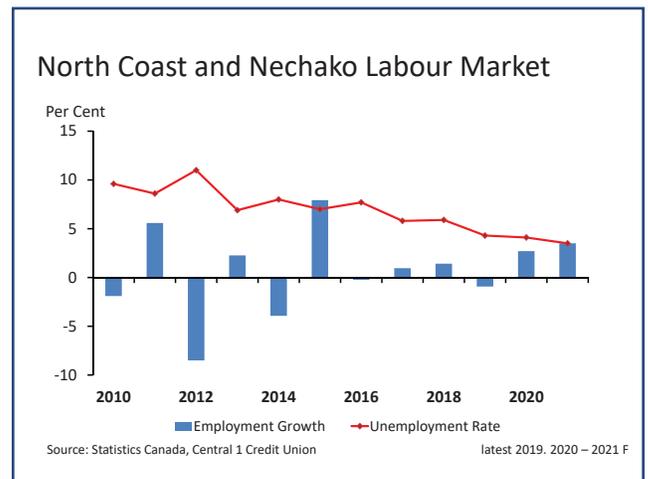
Business is booming in the North Coast and Nechako region due to ongoing construction of LNG Canada's natural gas liquefaction project, which is the single largest private sector investment in Canada's history. That said, gains have been concentrated in the Kitimat/Terrace region, with more modest conditions elsewhere in the region which spans an area of Prince Rupert all the way east through Smithers and Fort St. James. Like other parts of the interior, forestry woes are weighing on communities in the broader region.

Labour market conditions in the North Coast and Nechako are tight despite little traction in employment according to Labour Force Survey estimates. Average employment was essentially unchanged in 2019, following two years of gains although the unemployment rate declined sharply to about four per cent. When it comes to Labour Force Survey estimates in small markets, caution is warranted given limited sample of households, large geographic but sparsely populated areas. Volatility is the norm rather than exception. Industry data suggests contraction in resource and manufacturing jobs in 2019, while construction, accommodation/foods services and healthcare were primary offsets which is consistent with these regional themes. Employment insurance counts continued to decline in the North Coast but have risen sharply in the Nechako area. Job vacancies have surged in the North Coast, reflecting a need for workers.

Not surprisingly the big story in the region – and accounting prominently in B.C.'s moderate economic growth prospects – is advancement of LNG Canada's \$40 billion mega project in the Kitimat (inclusive of the Coastal Gaslink Pipeline). Currently under construction is Cedar Valley Lodge, the facility which will house workers at the site as construction continues to 2024. It will accommodate 7,000 people on rotational shifts, with 4,500 workers on site at any one time and is due to be open in spring of 2020, with full completion by 2021.

The construction cycle of the Lodge and the LNG export terminal is a massive boon to Kitimat and nearby Terrace (despite many workers being sourced from other parts of the province) as a portion of income will flow into local amenities and housing demand. Local labour markets are buoyed by this demand, while workforce training of residents will also expand the labour force. Construction of the Coastal Gaslink Pipeline will also wind east south of Houston, providing construction jobs along the way.

Economic activity in other areas of the region has come in at a more modest pace. Prince Rupert



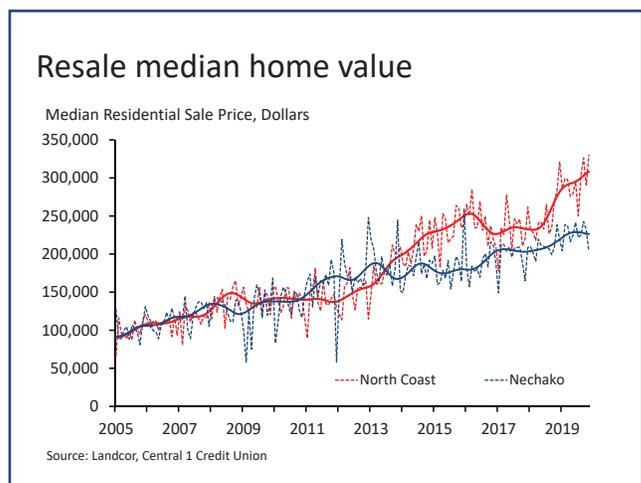
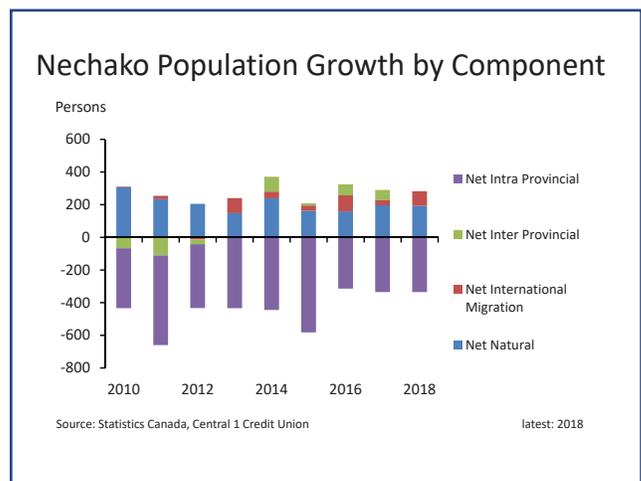
continues to experience strong port activity with a double-digit growth in container volumes and tonnage up 12 per cent through the year despite disruptions from the CN rail work stoppage. Further gains can be expected as the port continues to expand although there are some medium-term risks given the downturn in the forestry sector and weak coal markets. The Fairview Terminal is expanding and looks to increase capacity from 1.35 million TEUs to 1.8 million by 2022 with its \$200 million, creating interim construction jobs and long-term income.

While the economic conditions are stronger in the North Coast region, communities in the Nechako have been hit by the forestry downturn. Conifex shuttered its Fort St. James plant mid-year, with silver lining being a sale to Hampton Lumber Mills. Recently, the B.C. government approved a transfer of a forest license to the firm, contingent on a new mill being built within 36 months although this helps little in the short term. Curtailments of shifts have been seen across the region, including in Vanderhoof, Houston and Fraser Lake. Forestry remains a weak link for the region over the forecast period given supply constraints impacting the sector.

Currently there are a number of major projects proposed for the North Coast highlighted by proposed LNG plants. That said, these are unlikely over the next five year horizon. More realistic investments include a proposed Mills Memorial Hospital for Terrace and Stuart Lake Hospital replacement.

Mixed economic conditions point to flat headline employment growth in early 2020 but stronger momentum thereafter driven by Kitimat/Terrace. Forestry and other mining will be a drag, but we expect this to be offset by a surge in hiring associated with LNG which could potentially hire former forestry workers as their hiring ramps up through the forecast period, although skills retraining may be required. Average employment climbs 2.7 per cent this year and 3.5 per cent in 2021 owing in part to expansion of the labour force and higher labour force participation. The unemployment rate hovers closer to four per cent.

Resale home values will continue to march higher. North Coast values, which have surged on increased rental demand and speculative activity rise three per cent this year after a 17 per cent increase in 2019. Nechako values increase relatively slower pace of 1.3 per cent 2020, with modest improvement thereafter.



<b>North Coast &amp; Nechako</b>	2017	2018	2019	2020	2021
Labour Force (000s)	45.1	45.8	44.6	45.7	47.0
% ch.	-0.9	1.6	-2.6	2.5	2.9
Total Employment (000s)	42.5	43.1	42.7	43.9	45.4
% ch.	1.0	1.4	-0.9	2.7	3.5
Full-Time Employment (000s)	34.6	34.1	32.5	33.4	34.5
% ch.	4.5	-1.4	-4.7	2.8	3.3
Part-Time Employment (000s)	7.8	8.9	10.2	10.5	10.9
% ch.	-13.3	14.1	14.6	2.5	4.2
Unemployment Rate	5.8	5.9	4.3	4.1	3.5
<b>North Coast</b>					
Residential Resale Transactions	671	956	840	870	925
% ch.	2.3	42.5	-12.1	3.6	6.3
Median Resale Price	241,000	256,250	300,000	310,000	320,000
% ch.	-0.4	6.3	17.1	3.3	3.2
Population (000s)	58.1	58.1	58.4	58.6	58.7
% ch.	0.2	0.2	0.4	0.4	0.2
<b>Nechako</b>					
Residential Resale Transactions	492	524	500	520	550
% ch.	15.8	6.5	-4.6	4.0	5.8
Median Resale Price	207,750	213,000	227,000	230,000	240,000
% ch.	10.5	2.5	6.6	1.3	4.3
Population (000s)	40.2	40.4	40.6	40.8	40.9
% ch.	-0.1	0.6	0.4	0.4	0.3
<b>Select Resale Housing Markets</b>					
Prince Rupert Residential Transactions	221	181	210	225	220
% ch.	7.3	-18.1	16.0	7.1	-2.2
Prince Rupert Median Price	257,000	292,500	295,000	305,000	315,000
% ch.	0.2	13.8	0.9	3.4	3.3
Terrace Residential Transactions	188	271	250	245	245
% ch.	11.9	44.1	-7.7	-2.0	0.0
Terrace Median Price	285,000	310,000	348,000	370,000	385,000
% ch.	4.0	8.8	12.3	6.3	4.1

Sources: Statistics Canada, Landcor, CREA, Central 1

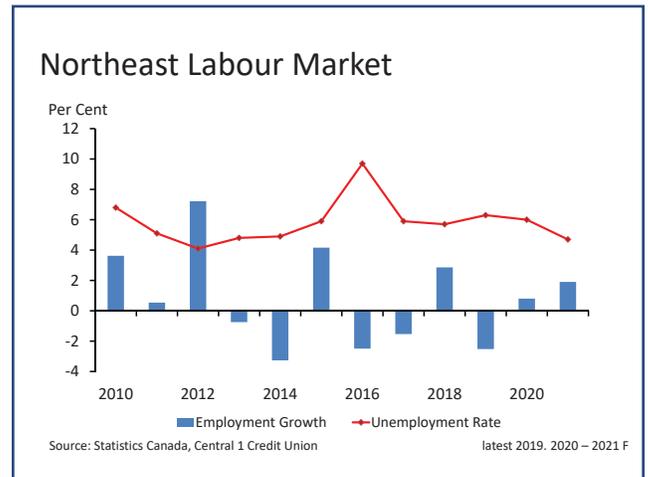
## Northeast B.C.

Regional economic conditions in B.C.'s northeast were soft in 2019 as subdued commodity market investment, weakening forestry and flat employment weighed on labour and housing markets. Weak resource market conditions will continue to hamper growth in 2020 before prospects improve.

Headline employment data pointed to a reversal in employment growth following 2018 gains. Average employment declined 2.5 per cent in 2019 albeit with some upward momentum late in the year. The only positive story was relatively steady full-time employment levels as part-time employment pulled back sharply. Average unemployment rose to 6.3 per cent of the labour force, from 5.7 per cent in 2018. Caution is warranted in areas with relatively smaller populations and geographic reach like the Northeast. Indeed there are some signs that the labour market is stronger than headlines suggest. Labour force participation rates remain firm at 75 per cent, while there has been no discernible increase in the number of employment insurance recipients in the region which is encouraging, although forestry sector influences are still reverberating.

Economic drivers in the northeast are mixed. Currently, build out of the Site C dam continues to provide economic benefits for the region. According to BC Hydro, there were more than 3,900 construction and non-construction contractors working on the site in November, which was up by a third from same-month 2018. While only 20 per cent are from the Peace region and the remainder being filled by mobile workers from other parts of B.C. Many of these individuals are not captured in the Labour Force Survey estimates but do contribute to the local consumer demand.

At the same time, key industries remain in subdued. Investment interest remained low in the oil and gas space with land right sales plunging in 2019. Only 20,000 hectares were disposed of by the government, with total tender bonus at a \$14.7 million and down 77 per cent from an already weak year of \$64.1 million in sales 2018. This was the lowest on record. Drilling rigs in B.C. continued to decline in 2019. There is little in the near-term to drive a sectoral improvement. Natural gas prices remain low, while an increase in B.C. natural gas demand will likely require a sectoral rebound in Alberta oil production and investment which is not forthcoming. Longer-term completion of LNG Canada's export terminal will boost natural gas drilling in the region and investment, although this will lift the economy in 2021 and after. Work on the Coastal Gaslink Pipeline will modestly support employment.



Like other regions, forestry has been hit by the broad market downturn. While less impacted by the mountain pine beetle epidemic than other regions in B.C., the Northeast has not been immune to the downturn. Louisiana-Pacific OSB mill in Fort St. John shut down its operation in June citing slumping demand and high wood costs. The firm reportedly employed 190 people and had capacity of 800 million square feet. Louisiana Pacific's Dawson Creek plant is in better shape, with the plant receiving \$4.5 million in funding in early 2019 to convert to SmartSide Lap Siding production, generating higher value production. Curtailments have also occurred at Canfor's Chetwynd and Fort St. John operations, alongside similar decisions by other firms in the region. Timber harvest activity has declined sharply. Improved market conditions could lift the region given less MPB effects, but recent closures suggest lower manufacturing capacity in the future and fewer available jobs. Affected workers will likely transition into projects like Site C and possibly the buildout of LNG Canada's liquefaction plant and pipelines, although skills are not entirely transferable.

Adding to the parade of negative news has been a weakening coal market which is curtailing exploration and hampering expansion plans for new mines. Conuma operations are stable but low prices will bite into operations. The U.S. - China Phase 1 trade deal will support global market conditions for steel which will stabilize the coal outlook

Not surprisingly, challenging conditions in key economic sectors will hamper labour market performance and be a deterrent in attracting potential newcomers. Average employment is forecast to be unchanged in 2020 following a 2020 contraction before rising thereafter as economic activity improves. The unemployment rate trends near six per cent and dips to near five per cent in 2021.

Population growth is forecast to remain flat, as net outflows to other parts of the province are offset by

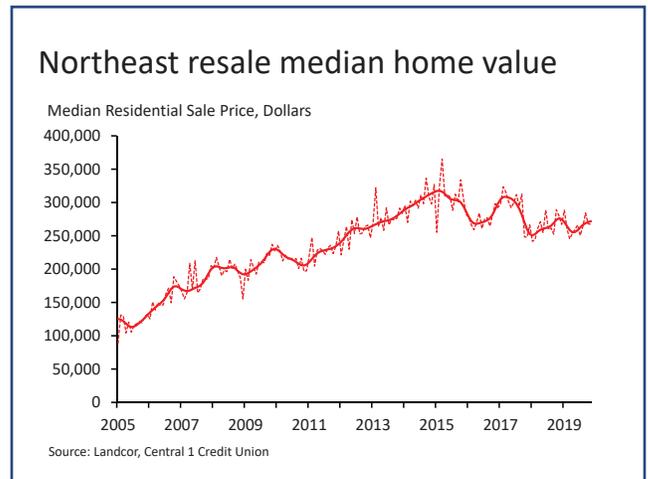
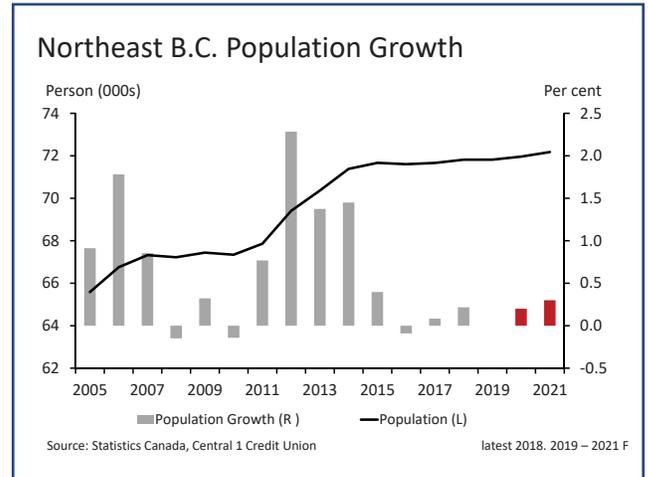
positive contribution for births and modest international immigration. Stronger economic prospects, job and education opportunities for younger residents outside the northeast have consistent driven net interprovincial and intraprovincial losses in recent years which will continue. Statistics Canada estimated net losses of more than 1,000 persons annually to other regions of B.C. and Canada. Population in the Northeast is forecast to remain unchanged this year, with mild uptick of 0.2 per cent in 2020 and 2021.

Sluggish sales conditions have generated downward pressure on home values in recent years. The median resale value in the Northeast came in at \$301,000 during the first five months was essentially unchanged in 2019 at \$268,000. Broadly, the housing market remains weak. Housing sales-to-listings conditions in the northeast, proxied by the Northern Lights real estate board region, and the B.C. Northern board area point to prevalence of a buyers' market. The median value is forecast to hold near \$270,000 through 2021 with upside later in the forecast as higher investment lifts the housing market

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Northeast	2017	2018	2019	2020	2021
Labour Force (000s)	41.0	42.0	41.2	41.4	42.0
% ch.	-5.3	2.4	-1.9	0.5	1.5
Total Employment (000s)	38.5	39.6	38.6	38.9	40.0
% ch.	-1.5	2.9	-2.5	0.8	2.8
Full-Time Employment (000s)	31.3	32.3	32.1	32.4	33.3
% ch.	-1.9	3.2	-0.6	0.9	2.8
Part-Time Employment (000s)	7.3	7.3	6.5	6.5	6.7
% ch.	1.4	0.0	-11.0	-0.0	3.1
Unemployment Rate	5.9	5.7	6.3	6.0	4.8
Residential Resale Transactions	702	823	775	810	870
% ch.	25.1	17.2	-5.8	4.5	7.4
Median Resale Price	292,500	270,000	268,000	268,000	275,000
% ch.	4.5	-7.7	-0.7	0.0	2.6
Population (000s)	71.7	71.8	71.8	72.0	72.2
% ch.	0.1	0.2	0.0	0.2	0.3
Select Resale Housing Markets	2017	2018	2019	2020	2021
Dawson Creek Residential Transactions	231	236	220	225	240
% ch.	50.0	2.2	-6.8	2.3	6.7
Dawson Creek Median Price	260,000	270,000	268,000	268,000	271,000
% ch.	4.0	3.8	-0.7	0.0	1.1
Fort St. John Residential Transactions	327	387	395	420	450
% ch.	12.0	18.3	2.1	6.3	7.1
Fort St. John Median Price	343,000	330,000	314,000	315,000	325,000
% ch.	0.6	-3.8	-4.8	0.3	3.2

Sources: Statistics Canada, Landcor, CREA, Central 1

## Terms

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**Employment (persons, 000s) % ch.**

	2017	2018	2019	2020	2021
Province	3.7	1.1	2.6	1.4	1.3
Vancouver Island/Coast	5.5	2.6	-2.1	1.3	1.0
Lower Mainland-Southwest	3.2	1.3	3.5	1.6	1.4
Thompson Okanagan	4.6	-1.7	6.9	1.4	1.2
Kootenay	6.7	-1.0	0.8	-1.7	0.7
Cariboo	2.9	-0.6	0.0	-1.2	1.6
North Coast & Nechako	1.0	1.4	-0.9	2.7	3.5
Northeast	-1.5	2.9	-2.5	0.8	1.9

**Labour Force (persons, 000s) % ch.**

	2017	2018	2019	2020	2021
Province	2.7	0.6	2.6	1.2	1.2
Vancouver Island/Coast	4.6	2.2	-2.6	0.9	1.0
Lower Mainland-Southwest	2.2	1.0	3.9	1.4	1.3
Thompson Okanagan	3.8	-2.8	5.5	1.3	1.0
Kootenay	5.9	-3.1	0.8	-1.5	1.0
Cariboo	2.9	-2.4	0.7	-0.2	1.0
North Coast & Nechako	-0.9	1.6	-2.6	2.5	2.9
Northeast	-5.3	2.4	-1.9	0.5	0.5

**Unemployment Rate, %**

	2017	2018	2019	2020	2021
Province	5.1	4.7	4.7	4.5	4.4
Vancouver Island/Coast	5.0	4.7	4.1	3.8	3.8
Lower Mainland-Southwest	4.6	4.3	4.6	4.4	4.3
Thompson Okanagan	7.1	6.1	4.9	4.8	4.7
Kootenay	7.3	5.3	5.3	5.4	5.7
Cariboo	7.4	5.6	6.3	7.3	6.7
North Coast & Nechako	5.8	5.9	4.3	4.1	3.5
Northeast	5.9	5.7	6.3	6.0	4.7

**Employment (persons, 000s)**

	2017	2018	2019	2020	2021
Province	2,466.8	2,493.6	2,559.0	2,594.8	2,628.6
Vancouver Island/Coast	386.6	396.6	388.2	393.2	397.2
Lower Mainland-Southwest	1,586.5	1,607.4	1,664.4	1,691.0	1,714.7
Thompson Okanagan	259.7	255.2	272.8	276.6	279.9
Kootenay	71.9	71.2	71.8	70.6	71.1
Cariboo	81.1	80.6	80.6	79.6	80.9
North Coast & Nechako	42.5	43.1	42.7	43.9	45.4
Northeast	38.5	39.6	38.6	38.9	39.6

Source: Statistics Canada, Central 1 Credit Union

Population (persons, 000s) % ch.					
	2017	2018	2019	2020	2021
Province	1.3	1.4	1.4	1.3	1.2
Vancouver Island/Coast	1.6	1.4	1.3	1.4	1.5
Lower Mainland-Southwest	1.2	1.5	1.5	1.4	1.2
Thompson Okanagan	1.8	1.6	1.7	1.6	1.6
Kootenay	0.8	1.0	0.9	0.8	0.9
Cariboo	1.1	0.8	0.8	0.7	0.8
North Coast	0.2	0.2	0.4	0.4	0.2
Nechako	-0.1	0.6	0.4	0.4	0.3
Northeast	0.1	0.2	0.0	0.2	0.3

Population (persons, 000s)					
	2017	2018	2019	2020	2021
Province	4,922.2	4,991.7	5,061.6	5,127.4	5,188.9
Vancouver Island/Coast	845.3	857.1	868.3	880.4	893.6
Lower Mainland-Southwest	3,004.8	3,049.9	3,095.7	3,139.0	3,176.7
Thompson Okanagan	578.9	588.1	598.1	607.7	617.4
Kootenay	158.3	159.9	161.3	162.6	164.1
Cariboo	164.9	166.2	167.5	168.7	170.0
North Coast	58.1	58.1	58.4	58.6	58.7
Nechako	40.2	40.4	40.6	40.8	40.9
Northeast	71.7	71.8	71.8	72.0	72.2

Source: Statistics Canada, Central 1 Credit Union

### Residential Resale Transaction, Units

	2017	2018	2019	2020	2021
Province	100,619	79,907	74,540	85,340	88,645
Vancouver Island/Coast	18,785	15,427	14,400	15,300	15,800
Lower Mainland-Southwest	58,077	42,828	39,900	48,500	50,500
Thompson Okanagan	15,181	12,733	11,900	12,900	13,400
Kootenay	3,780	3,765	3,500	3,650	3,700
Cariboo	2,925	2,850	2,725	2,790	2,900
North Coast	671	956	840	870	925
Nechako	492	524	500	520	550
Northeast	702	823	775	810	870

### Residential Resale Transaction, Units, % ch.

Residential Sales% ch.	2017	2018	2019	2020	2021
Province	-8.9	-20.4	-6.7	14.5	3.9
Vancouver Island/Coast	-8.3	-17.5	-6.7	6.3	3.3
Lower Mainland-Southwest	-12.7	-26.2	-6.8	21.6	4.1
Thompson Okanagan	-3.8	-15.3	-6.5	8.4	3.9
Kootenay	12.5	-0.2	-7.0	4.3	1.4
Cariboo	9.9	-2.6	-4.4	2.4	3.9
North Coast	3.0	42.1	-12.1	3.6	6.3
Nechako	16.3	8.1	-4.6	4.0	5.8
Northeast	26.6	22.7	-5.8	4.5	7.4

### Residential Resale Median Price, \$

	2017	2018	2019	2020	2021
Province	500,000	538,000	542,000	560,000	580,000
Vancouver Island/Coast	424,000	465,000	495,000	512,000	525,000
Lower Mainland-Southwest	642,500	698,800	675,000	710,000	738,000
Thompson Okanagan	380,000	400,000	425,000	430,000	450,000
Kootenay	255,000	270,000	292,000	298,000	312,000
Cariboo	239,900	255,700	280,000	282,000	290,000
North Coast	241,000	256,250	300,000	310,000	320,000
Nechako	207,750	213,000	227,000	230,000	240,000
Northeast	292,500	270,000	268,000	268,000	275,000

### Residential Resale Median Price, % ch.

	2017	2018	2019	2020	2021
Province	8.1	7.0	0.7	3.3	3.6
Vancouver Island/Coast	9.8	10.1	6.5	3.4	2.5
Lower Mainland-Southwest	6.8	8.5	-3.4	5.2	3.9
Thompson Okanagan	7.0	5.3	6.3	1.2	4.7
Kootenay	6.1	6.1	8.1	2.1	4.7
Cariboo	5.3	6.7	9.5	0.7	2.8
North Coast	0.2	6.0	17.1	3.3	3.2
Nechako	10.1	3.2	6.6	1.3	4.3
Northeast	5.0	-5.3	-0.7	0.0	2.6

Source: Landcor, Central 1 Credit Union