

Community Futures British Columbia

BC REGIONS IN 2020

Welcome to the inaugural issue of the quarterly **Rural BC Economic Bulletin** from Community Futures British Columbia.

The Bulletin will highlight the latest data and economic trends for the regions covered by the Community Futures network, including the smallest rural communities and regions as well as mid-sized cities and larger regions. Everywhere except the Vancouver and Victoria metropolitan areas is included.

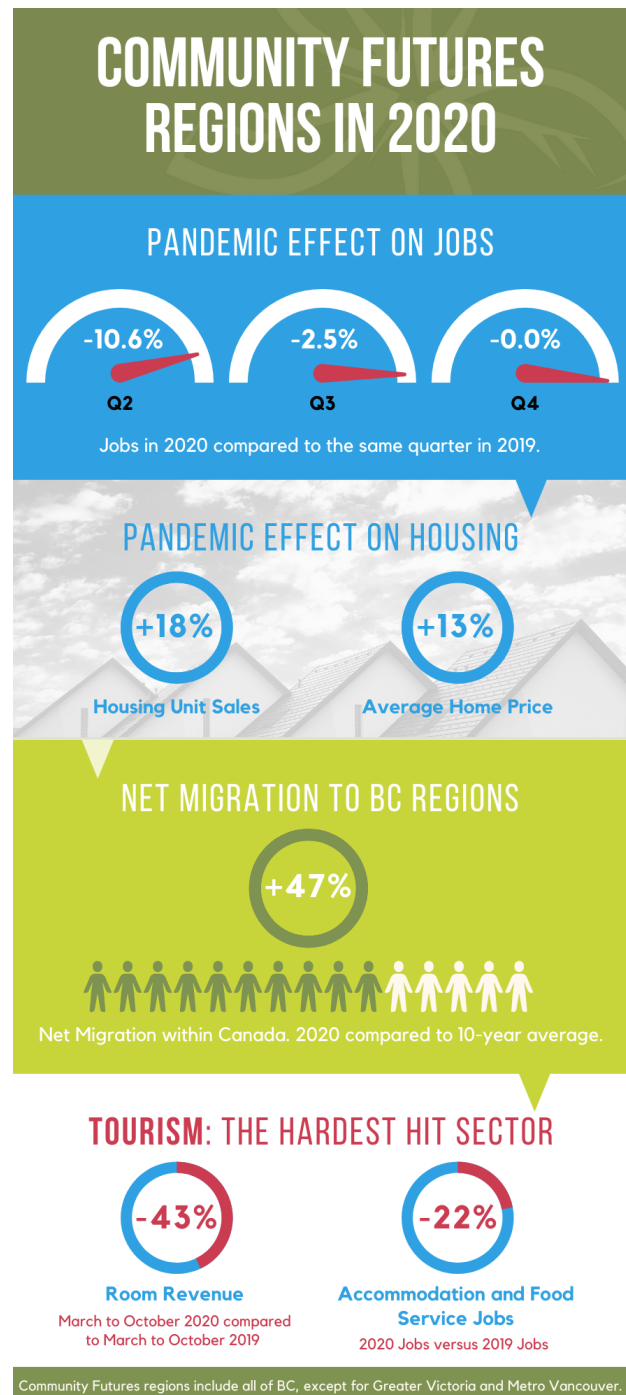
This first edition will review a variety of year-end statistics for 2020, with the inevitable focus on the impacts of the COVID-19 pandemic in different regions of the province.

Future issues will provide an updated summary of quarterly labour market statistics, highlight timely economic and demographic data, and occasionally take a deeper dive into economic development topics of interest.

JOBS IN THE YEAR OF COVID

The broad shape of the pandemic's impact on employment is well understood: a sharp initial decline, a summertime recovery, and then another hit from the virus's second wave. But the impacts have not been equally felt across all BC regions.

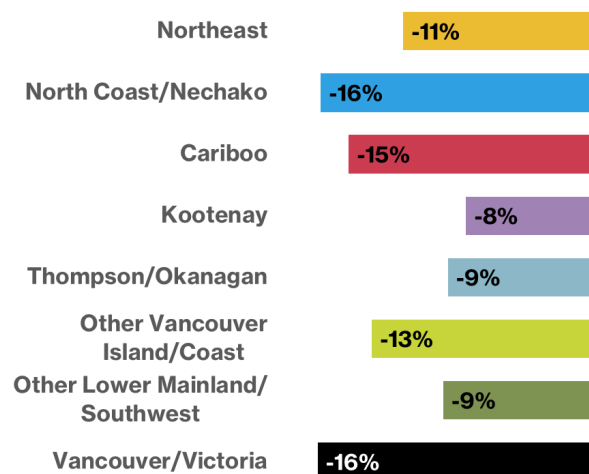
All regions experienced the sharpest employment decline in the first few months of the pandemic (April to June), when the most



severe restrictions on business and public activity were in place. Compared to the same period of 2019, employment fell by a significant amount, ranging from 8% (Kootenay region) to a high of 16% in North Coast/Nechako. It is notable that the employment impact in the Community Futures regions was less than in the Vancouver/Victoria metro areas.

IMMEDIATE EMPLOYMENT IMPACT

Q2 of 2020 (Apr to Jun) compared to Q2 of 2019

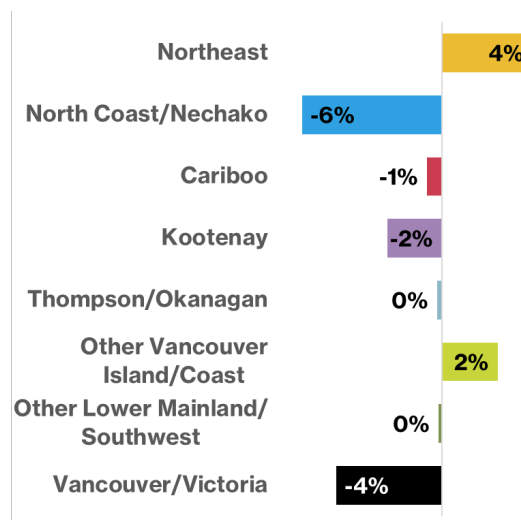


The provincial economy recovered well over the summer and fall as companies and institutions adapted to the new conditions. By the 4th quarter (October to December 2020), several rural regions had fully recovered their total employment compared to the end of 2019, and several even showed year-over-year growth.

The recovery was similarly stronger across almost all of the smaller regions compared to Vancouver/Victoria.

EMPLOYMENT RECOVERY BY YEAR END

Q4 of 2020 (Oct to Dec) compared to Q4 of 2019



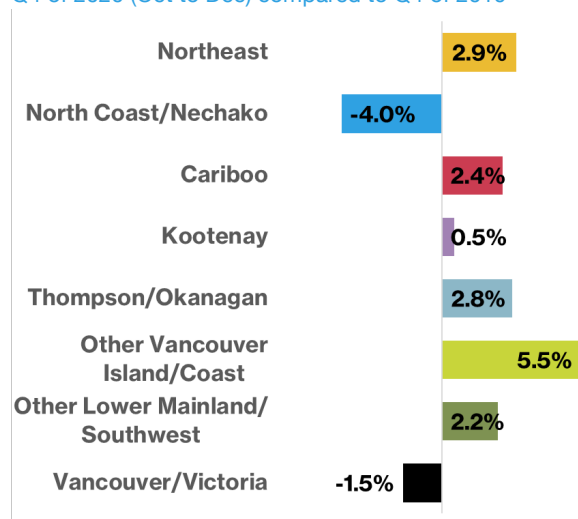
While 2020 brought unprecedented challenges, the combination of business ingenuity in adapting to new conditions and strong financial support from the federal and provincial governments helped sustain many businesses and jobs. The combined unemployment rate for the Community Futures regions declined to 7.7% in the 4th quarter from a high of 11.6% in Q2. But it remained significantly higher than the 5.2% rate at the end of 2019.

There is one silver lining to the elevated unemployment rate that should be noted. Rather than becoming discouraged and leaving the labour force entirely, the total labour force in Q4 of 2020 was 3% higher than the final quarter of 2019, compared to a 1.5% decline in Vancouver/Victoria.

This is important because sustaining and attracting an available workforce is a key issue in many parts of the province. The shrinking of the labour force in the large metropolitan regions makes their unemployment rate look better, but also indicates a reduction in their productive capacity.

CHANGE IN LABOUR FORCE SIZE

Q4 of 2020 (Oct to Dec) compared to Q4 of 2019

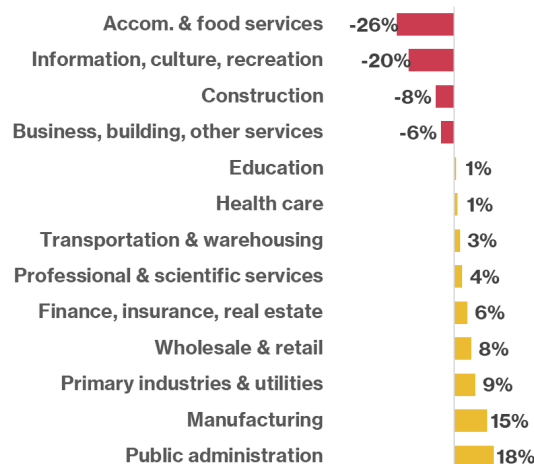


The industry sector that remained most impacted by the pandemic at the end of 2020 was accommodation and food services, which is highly dependent on tourism. Information, culture, and recreation is also tourism-reliant, but was also limited by restrictions on large groups gathering indoors for sport, recreation, and entertainment.

The pace of construction activity has been slowed by pandemic restrictions, while primary industries and manufacturing showed strong growth in most regions. Most services industries were able to adapt to the new conditions by the end of the year.

REGIONAL EMPLOYMENT BY SECTOR

Q4 of 2020 (Oct to Dec) compared to Q4 of 2019



Due to the limited sample size of the Labour Force Survey, sectoral employment data for smaller regions can be highly volatile from quarter to quarter. This newsletter will generally focus on trends over a longer period of time, or combine all regions into a single chart, as shown above.

However, it is worth commenting on North Coast/Nechako employment trends, which in many ways are opposite to most of the rest of the province. During 2020, construction jobs were up substantially (LNG Canada, Coastal GasLink pipeline) while construction was down elsewhere. But this is outweighed by the decline in primary industry and utilities employment (forestry, mining, agriculture), even though this sector showed resumed growth elsewhere in BC in 2020. Most services sectors were also down in North Coast/Nechako, except transportation and warehousing (Port of Prince Rupert).

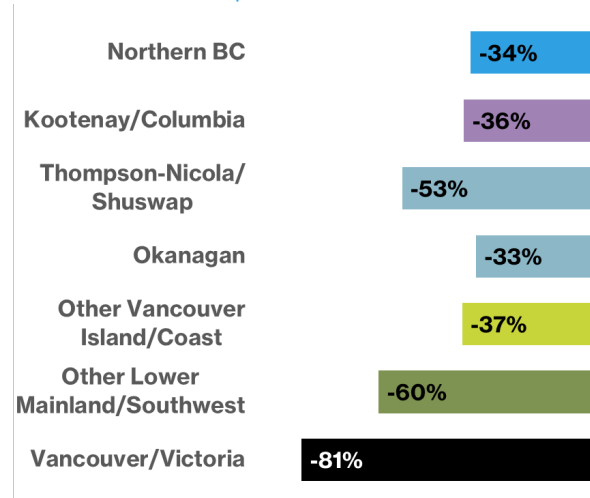
TOURISM

The employment statistics cited above show that tourism has been one of the hardest-hit economic activities in the province. This is further demonstrated by room revenue data for the BC communities that participate in the MRDT (Municipal and Regional District Tax) accommodation tax program.

The chart below shows how room revenue changed in the first eight months of the pandemic, from March through October of 2020, compared to the same period in 2019. The data includes only those communities that participated in the program throughout this period.

PANDEMIC IMPACT ON ROOM REVENUE

Mar to Oct, 2020 compared to Mar to Oct, 2019



The chart shows that even the smallest revenue loss was a massive 33% in the Okanagan and Cariboo regions, ranging up to 53% in the Thompson-Nicola/Shuswap area (both Kamloops and Sun Peaks were down more than 50%) and 60% in the “Other Lower Mainland/Southwest” region, which combines Squamish, Whistler, and the Fraser Valley.

The regions that are more reliant on international travel, such as Vancouver, Victoria, and Whistler, have been harder hit, while many areas of Vancouver Island, the

Okanagan, and the Kootenays were able to partly sustain their activity through increased visits by BC residents and other Canadians.

POPULATION GROWTH

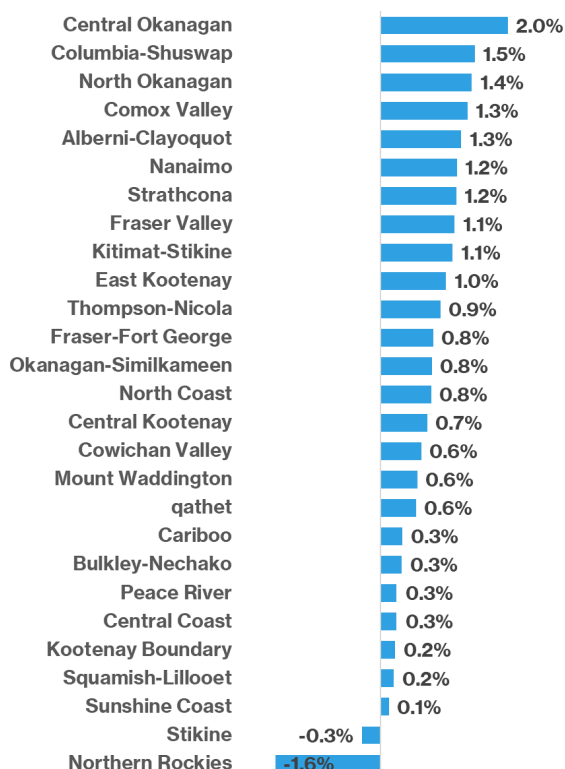
One of the most talked-about impacts of the pandemic from the point of view of smaller and rural communities is the possibility of attracting more home-based and remote workers who no longer need to work every day in an office in a larger centre. The rapid adoption of distance-working technologies, and the acceptance of more flexible and home-based schedules by employers, has made this a tantalizing possibility for many communities. To what degree this opportunity is realized, and by which communities and regions, remains to be seen.

Population estimates at a regional district level are released annually, effective July 1, by Statistics Canada. The latest estimates reflect only the first few months of the pandemic.

The chart below lists each of BC’s regional districts (plus the unincorporated Stikine region) according to its population growth rate from July 2019 to July 2020.

POPULATION GROWTH RATE IN 2020

July 1, 2020 estimate compared to July 1, 2019



Over the last decade, the fastest-growing regional districts in the province have been Central Okanagan, Squamish-Lillooet, Nanaimo, and Comox Valley, as well as the Fraser Valley and the Vancouver and Victoria metro areas.

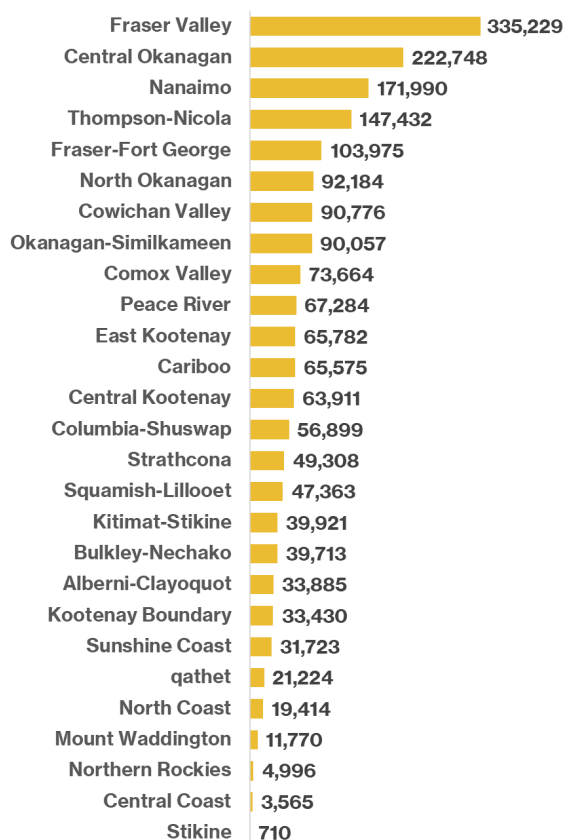
Even though some of the smaller and more remote regions will often have lower growth rates, adding to their population base remains critically important. The following table provides a different perspective on the latest data by comparing 2020 growth rates to each region's 10-year average rate. Those that outperformed their 10-year average can be said to be trending in a positive direction, even if their total growth rate remains modest.

Regional District	Growth Rates		
	10-yr Avg	2020	Difference
North Coast	0.0%	0.8%	0.8%
Kitimat-Stikine	0.3%	1.1%	0.8%
Mount Waddington	0.0%	0.6%	0.6%
Alberni-Clayoquot	0.7%	1.3%	0.6%
Columbia-Shuswap	1.0%	1.5%	0.5%
Bulkley-Nechako	-0.1%	0.3%	0.4%
Northern Rockies	-1.9%	-1.6%	0.3%
North Okanagan	1.1%	1.4%	0.3%
qathet	0.5%	0.6%	0.1%
Cariboo	0.3%	0.3%	0.1%
Strathcona	1.2%	1.2%	0.0%
Central Kootenay	0.8%	0.7%	0.0%
Comox Valley	1.4%	1.3%	-0.1%
Central Okanagan	2.1%	2.0%	-0.1%
Okanagan-Similkameen	1.0%	0.8%	-0.2%
Fraser-Fort George	1.0%	0.8%	-0.2%
East Kootenay	1.2%	1.0%	-0.2%
Thompson-Nicola	1.2%	0.9%	-0.3%
Kootenay Boundary	0.5%	0.2%	-0.3%
Nanaimo	1.5%	1.2%	-0.3%
Cowichan Valley	1.1%	0.6%	-0.5%
Fraser Valley	1.8%	1.1%	-0.6%
Central Coast	0.9%	0.3%	-0.6%
Peace River	0.9%	0.3%	-0.7%
Sunshine Coast	0.9%	0.1%	-0.8%
Stikine	1.1%	-0.3%	-1.3%
Squamish-Lillooet	1.9%	0.2%	-1.7%
Total Community			
Futures Regions	1.2%	1.0%	-0.2%

The table suggests that several regional districts that have recently ranked toward the bottom in annual growth rates significantly outperformed their recent average in 2020. North Coast and Kitimat-Stikine are showing signs of renewed growth with multiple major projects under development in those regions, while Mount Waddington and Alberni-Clayoquot on Vancouver Island are showing positive returns from their population attraction efforts.

POPULATION ESTIMATES

Effective July 1, 2020



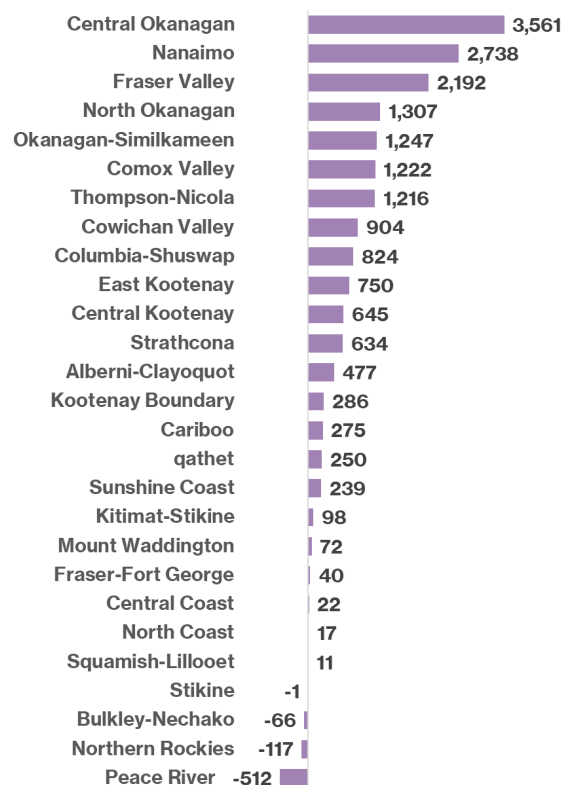
MIGRATION FLOWS IN CANADA

With low birth rates and an aging population, migration flows are the most important factor in determining long-run population growth in BC's regions. While the July 2020 numbers are too soon to see any significant migration impact from the pandemic, it is still useful to establish a baseline for migration patterns between regional districts and the rest of BC and Canada. We are setting aside international immigration flows, which are a relatively minor share of total growth in most non-metropolitan regions.

The following chart shows preliminary estimates of the net flow of people between each regional district and the rest of Canada, including the rest of BC, from July 1, 2019 to July 1, 2020.

NET INTRA-CANADA MIGRATION

Estimates for July 1, 2019 to July 1, 2020



A natural follow-up to the latest migration estimates is whether they are typical, or whether the 2020 numbers are higher or lower than the 10-year average.

Regional District	Net Intra-Canada Migration		
	10-yr Avg	2019-2020	Difference
Nanaimo	2,180	2,738	558
North Okanagan	797	1,307	511
East Kootenay	283	750	467
Central Okanagan	3,127	3,561	434
Comox Valley	789	1,222	433
Thompson-Nicola	794	1,216	423
Columbia-Shuswap	433	824	391
Central Kootenay	254	645	391
Okanagan-Similkameen	857	1,247	390
Cariboo	-112	275	387
Alberni-Clayoquot	133	477	344
Kitimat-Stikine	-163	98	261
Bulkley-Nechako	-315	-66	249
Cowichan Valley	715	904	189
Strathcona	448	634	186

Regional District	Net Intra-Canada Migration		
	10-yr Avg	2019-2020	Difference
qathet	96	250	154
North Coast	-101	17	118
Mount Waddington	-43	72	115
Fraser-Fort George	-66	40	106
Northern Rockies	-205	-117	88
Kootenay Boundary	199	286	87
Central Coast	-4	22	26
Sunshine Coast	214	239	25
Stikine	-22	-1	21
Peace River	-446	-512	-67
Fraser Valley	2,310	2,192	-118
Squamish-Lillooet	344	11	-333
Total Community Futures Regions	12,497	18,331	5,834

Over the last decade there was a net flow of about 12,500 people per year into BC regions (not including Greater Victoria and Metro Vancouver). That flow increased to 18,300 in the most recent year, 47% higher than the 10-year average.

Nearly every region (24 of 27) had higher net migration from elsewhere in Canada in the last year compared to their 10-year average. In some cases, like Northern Rockies and Bulkley-Nechako, net migration remained negative, but it was a lower net outflow in the most recent year.

Over the last decade the source of net migration to BC regions has been almost evenly split between “rest of BC” and “rest of Canada.” You might ask how it’s possible for BC to have a net inflow of migrants from itself, and the answer is Metro Vancouver. On average, **the last decade had a net flow of more than 8,000 people per year from Metro Vancouver to other BC regions**, which increased to more than 12,000 last year.

There has also been a steady flow from northern BC to other parts of the province,

which is likely related to retirement as well as the economic challenges in some of the north’s largest employment sectors in recent years (forestry, mine closures in some communities, slowdown in oil and gas).

For interprovincial migration, nearly every part of the province has had a positive inflow in the last decade, with the exception of the Northeast and Cariboo.

The next release of migration estimates will be effective July 1, 2021 and initial pandemic impacts on where people choose to live should start to reveal themselves.

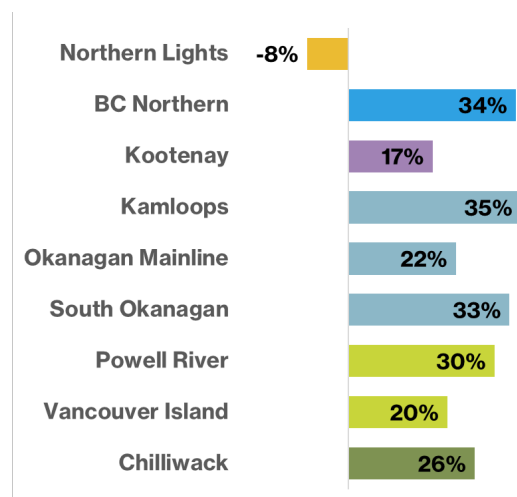
HOUSING

With strong population growth in most parts of the province, as well as significant media attention, the red-hot real estate market in late 2020 and early 2021 has been widely publicized. Regardless, annual trends are highlighted here.

In terms of unit sales, the regional real estate boards active in Community Futures regions registered an 18% increase in housing unit sales in 2020 compared to 2019. Note this does not include the Fraser Valley Real Estate Board, which also includes Surrey and other large Metro Vancouver municipalities.

GROWTH IN HOUSING UNIT SALES

Multiple Listing Service, 2020 compared to 2019

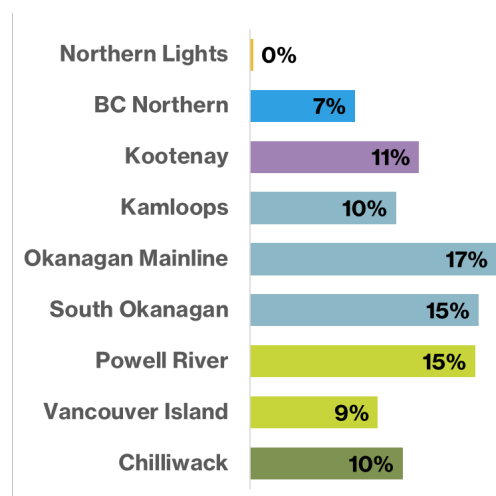


Housing unit sales in most regions increased between 20% and 35% in 2020, with the exception of the Northern Lights region in the Northeast. This is remarkable considering there were a few months in the spring when almost no activity was happening.

The home price growth shown here is an average across all housing types, including single-family homes, townhouses, apartments, and others.

GROWTH IN AVERAGE HOME PRICES

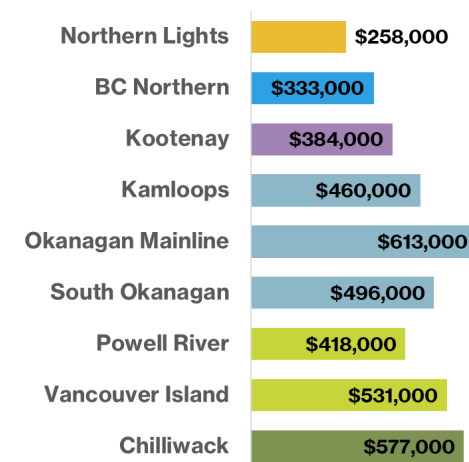
Multiple Listing Service, 2020 compared to 2019



Note that several of the real estate boards represented in this data have amalgamated, but market results are still reported by the BC Real Estate Association according to the former regional boundaries.

AVERAGE HOME PRICE, DECEMBER 2020

All housing types sold on Multiple Listing Service



CREDITS

This bulletin was prepared for Community Futures British Columbia by Vann Struth Consulting Group Inc.



Community Futures British Columbia is part of the Western Canada Business Service Network, supported by Western Economic Diversification Canada.



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