

## February 2015

### Contribution of Forest Products Sector to the Provincial and Local Economies

The BC Forest Products sector is a key economic contributor and is vital to the social fabric and economic sustainability of many communities throughout the province. This sector provides employment and economic opportunities and generates government revenue through its many activities. BC is one of the world leaders in sustainable stewardship and innovation in creating new wood-based products and market opportunities. A recently released report entitled "BC Forest Industry – An Economic Impact Study" by international consulting firm MNP shows the continuing importance of the Forest Products industry to the province of BC. According to the report, total BC forest industry revenue in 2013 was \$15.7 billion. Of this revenue, approximately 62% was generated in the interior region and 38% in the coast region<sup>1</sup>.



The economic impact of the industry in 2013 is estimated to have been:

- The BC forest industry contributes \$12 billion annually to the provincial GDP
- BC is the largest producer of softwood lumber in Canada (52%)
- 145,000 jobs in BC depend on forest industry
- One in 16 jobs in BC is tied to the forest industry, and 40% of BC's regional economies are dependent on forestry
- BC is the largest producer of bioenergy in North America
- 23% of all rail traffic in BC is forest products
- 8.5% of all cargo through Port Metro Vancouver is forest products

The BC Forest Products sector is heavily dependent on the transportation industry. The industry relies on the efficient movement of goods to and from every region of the province, through roadways and railways (resource roads, highways and railroad networks), waterways (barging and towing) and shipping and handling (terminals, break bulk and container carriers). Prince George is a major supply, service and transportation centre for forest products industry in the northern BC.

The Forestry sector is one of the major sectors in Prince George and provides employment and generates revenue for the city. Prince George is located in the centre of a vibrant, sustainable, globally competitive Forestry industry that provides enormous benefits to the local and regional economies. The Forestry sector in Prince George consists of a complete supply chain network made up of a number of separate, but inter-connected activities including planning, harvesting and forest management, wood engineered products, wood pellets, bio-refining, pulp and paper manufacturing and more. Prince George is also home to three pulp mills; together they have the capacity to produce 1.1 million tonnes of pulp annually which is exported to foreign markets.

The Prince George Forest Products sector is focused on product innovation and green, renewable energy, and value-added products, which is opening doors to new opportunities for the sector. The Prince George Forest Products sector has been, and will continue to be, a key economic driver of the economy.

<sup>1</sup> MNP Consulting

## Economic Statistics

### Employment

The number of people employed in Prince George decreased marginally from 50,700 in December 2014 to 50,200 in January 2015. There was also a slight decrease in the number of people in the workforce, from 52,800 in December 2014 to 52,500 in January 2015. Consequently, the unemployment rate remained unchanged at 4.2% in January 2015. In BC, the number of full time jobs rose by 12,800 in January 2015; while, part-time jobs decreased by 6,100, which resulted in an overall gain of 6,700 jobs during January. As a result, the unemployment rate in BC increased marginally to 5.6% in January compared to 5.4% in December. The number of people employed in the private sector in BC increased by 600. The number of people employed in the self-employed category increased by 16,100, while employment in the public sector fell by 10,100. Employment rates in BC and across Canada were 59.5% and 61.4%, respectively, while Prince George was significantly higher than both at 70.3%. Prince George remained below the provincial (5.6%) and national (6.6%) unemployment rates at 4.2% during January 2015.

*(Source: Statistics Canada Labour Force Survey)*

### Real Estate

40 newly constructed single detached houses were sold in Prince George during January 2015 at an average price of \$417,170. This was in comparison to 34 houses sold at an average price of \$446,776 in January 2014. Home sales in northern BC totaled 210 units in January 2015, down 8.3% compared to January 2014. The average home price in northern BC in December was \$254,168, up 4.6% on a year-over-year basis. The total value of properties sold in northern BC was \$55 million in December 2014, up by 19% on a year-over-year basis. National home sales were down 3.1% between December 2014 and January 2015, but the average price rose by 3.1% on a year-over-year basis in January.

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

### Housing Construction

There were 17 housing starts in Prince George during January 2015 (16 single family dwellings and one multiple dwelling) this is in comparison to 7 single family dwellings starts in January 2014. A total of 13 single-detached residential houses were completed in January 2015. Comparatively, the total number of housing starts in BC during January 2015 was down by 2.7% compared to January 2014.

*(Source: Canada Mortgage and Housing Corporation)*

### Building Permits

The City of Prince George issued 75 building permits valued at \$9.7 million in January 2015. The value of new commercial permits was \$2.7 million in January 2015. The value of new duplex permits issued was \$530,100 and permits issued for new single family detached units were \$3.8 million during December 2015.

*(Source: City of Prince George; Statistics Canada)*

### Business Licenses

The City of Prince George received 72 new business license applications and 782 renewal applications in January 2015.

*(Source: City of Prince George)*

### Airport Passenger Volumes

37,730 passengers moved through the Prince George International Airport in January 2014, which is 5.7% higher than in January 2014. Traffic through the Vancouver International Airport was up 6.6% for the month of December 2014, in comparison to December 2013. During 2014 passenger traffic through the Vancouver Airport remained significantly up by 7.7%<sup>2</sup>.

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

<sup>2</sup>January 2015 Vancouver air traffic statistics were unavailable at the time of publication released