

## July 2014

### Buying local builds the local economy

Several studies have highlighted the beneficial impact on the local economy of buying local goods and services. These studies have shown that when you buy from local businesses, the money you spend will be used to make purchases from other local businesses. This significantly strengthens the economic base of the community. Buying local also contributes to the following:

- 1) Reducing environmental impact: local purchases require less transportation and packaging
- 2) Supporting community development
- 3) Promoting entrepreneurship

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*... A 2013 civic economic study on BC retail stores and restaurants found that local businesses distributed an average of 2.6 times the amount of money locally compared to chains...*

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A recent study found that of every \$100 spent at local businesses, \$68 stays in the local economy compared to \$43 for every \$100 spent at chain stores<sup>1</sup>. Local businesses also employ and support local service providers. They use services provided by accountants, designers, construction contractors, lawyers, insurance brokers, and advertising agencies to help them in successfully running their business.

Local businesses also face many challenges; among them is a lack of resources, limited access to capital, capacity constraints, and a lack of awareness of the economic impact they have on the local economy.

Farmers' markets are a good example of how buying local goods contributes to the local economy. The amount of economic activity generated by farmers' markets is substantial and is estimated to be nearly \$170 million to the province. The number of farmers' markets grew by 62% during 2006-2012 and direct market sales rose by 147% during the same period in BC<sup>2</sup>.

Prince George has a large number of local businesses including bakeries, restaurants, cafés, grocery stores, specialty gift shops, professional services, clothing, and artisans among others. The Prince George Farmers' Market also contributes significantly to the local economy and downtown revitalization. The Prince George Farmers' Market attracts over 2,000 locals and tourists to downtown Prince George. The economic benefit of the Prince George Farmers' Markets, according to the study conducted by the BC Association of Farmers' Markets and UNBC, is nearly \$1.4 million. The study also suggests that every dollar spent at the market adds another \$0.50 to the local economy. Buying local products has a significant impact on and is an important part of the diversifying the local economy.

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<sup>1</sup> The Economic Impacts of Local Procurement by Anthony Pringle, May 2013

<sup>2</sup> University of Northern British Columbia and BC Association of Farmers' Markets

## Economic Statistics

### Employment

The number of people employed in Prince George increased substantially from 49,300 in May 2014 to 50,500 in June 2014. There was also significant growth in the number of people in the workforce, from 52,300 in May to 54,400 in June. The unemployment rate went down slightly from 5.5% in May to 5.4% in June. In BC, the number of full time jobs increased by 2,500 in June 2014, while part-time jobs grew by 4,200. As a result, the unemployment rate in BC went up marginally from 6.1% in May to 6.2% in June. The number of people employed in the public sector in BC fell significantly by 15,200 while increased by 14,100 in the private sector and by 7,800 in the self-employed. Employment rates in BC and across Canada were 59.2% and 61.4%, respectively, while Prince George was significantly higher than both at 71.5%. Prince George remained below the provincial (6.2%) and national (7.1%) unemployment rates at 5.4%.

*(Source: Statistics Canada Labour Force Survey)*

### Real Estate

37 newly constructed single detached houses were sold in June 2014 at an average price of \$430,179. This was in comparison to 34 houses sold at an average price of \$446,796 in June 2013. Home sales in northern BC totaled 522 units in June, up 25% compared to June 2013. The average home price in Northern BC in June was \$273,692, up 7% on a year-over-year basis. The total value of properties sold in northern BC was \$142.9 million in June 2014, up by 34% on a year-over-year basis. This was the highest June level on record, and just the fourth time in history that the dollar value of sales in a single month has topped the \$120 million mark. National home sales were up 0.8% between May and June 2014, and the average price rose by 6.9% on a year-over-year basis in June.

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

### Housing Construction

There were 17 housing starts in Prince George during June 2014 (15 single family dwellings and 2 apartments) and 58 housing starts year-to-date. A total of 37 single-detached residential houses and 14 apartments were completed in June 2014, which represents a 50% increase from previous year. Comparatively, the total number of housing starts in BC during June 2014 went down by 9.2% compared to June 2013.

*(Source: Canada Mortgage and Housing Corporation)*

### Building Permits

The City of Prince George issued 47 building permits valued at \$15.4 million in May 2014 compared to 48 building permits worth \$11.3 million in May 2013. The value of new commercial permits issued was \$3.1 million in May 2014 compared to \$1.3 million in May 2013 and industrial permits accounted for \$3.5 million in May 2014 in comparison to \$1.5 million in May 2013; the value of permits issued for new single family detached units was \$3.5 million during the month of May 2014, it was valued at \$3.1 million in May 2013<sup>5</sup>.

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

### Business Licenses

The City of Prince George received 49 new business license applications and 41 renewal applications in June 2014. The City approved 125 new and renewal applications for business licenses in June 2014.

*(Source: City of Prince George)*

### Airport Passenger Volumes

35,263 passengers moved through the Prince George International Airport in June 2014, which is 2.5% higher than in June 2013. Year-to-date traffic is up by 2.9%. Traffic through the Vancouver International Airport was up 0.8% for the month of May 2014, in comparison to May 2013. Year-to-date passenger traffic through the Vancouver Airport remained significantly up by 8.8%<sup>6</sup>.

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

<sup>5</sup> June building permit statistics were unavailable at the time of publication released

<sup>6</sup> June Vancouver air traffic statistics were unavailable at the time of publication released