

June 2014

Building permits as an economic indicator

Building permits are one of the leading economic indicators. Permit activity provides insight into current and future overall economic activity. If the number of building permits issued is rising, it bodes well for future economic growth. Industrial construction activity in Prince George over the first five months of 2014 far exceeded the level of activity over the same period in 2012 and 2013 (Figure 1). The total value of new industrial building permits issued to the end of May was more than double the value issued over the first five months of 2013. The same can be said for new residential building permits (Figure 2.)

... The total value of new industrial building permits issued in 2014 (year-to-date) was more than double the value issued over the same period in 2013...

Figure 1. Building permit value

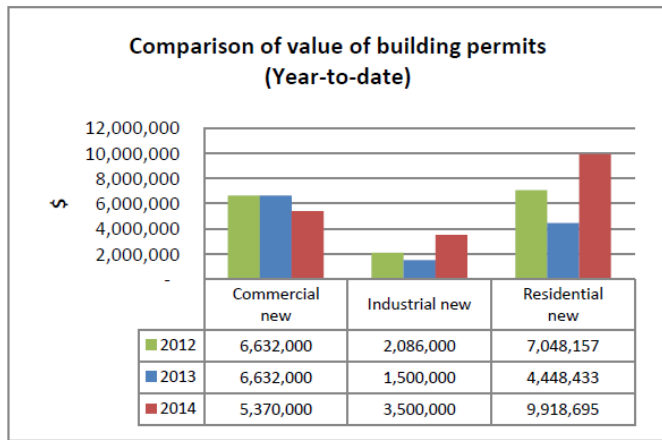
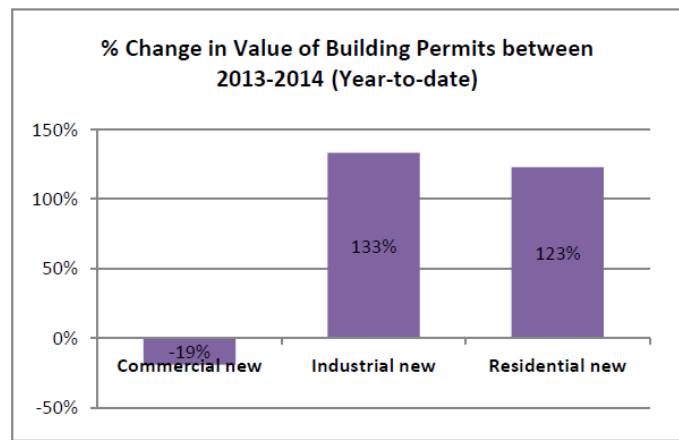


Figure 2. Percentage change in value of building permits



New residential construction is rebounding in 2014; residential permits accounted for 53 per cent of all permits issued during the first five months of 2014. Industrial and commercial permits shared 28 and 19 per cent of total permits issued respectively. During the same period in 2013, industrial and commercial permits accounted for 12 and 53 per cent respectively¹.

Construction is one of the major industries in Prince George; 4,700 people and 9.5 per cent of the local labour force is employed in this sector. A total of 35 new housing construction permits have been issued to date in 2014 compared to 13 in 2013 during the same time. Year-to-date, the number of commercial building permits issued remained unchanged from 2013.

During the first five months of 2014, the total value of permits² issued was \$18.7 million compared to \$12.5 million during the same period in 2013. Strong growth in building permits means high activity in the construction, real estate, engineering, and supply and service sectors indicating that 2014 is shaping up to be another strong year of growth in Prince George.

¹ City of Prince George

² new commercial, residential, and industrial

Economic Statistics

Employment

After three consecutive months of gains in the number of people employed in Prince George, numbers decreased by 900 in May 2014. There were 49,300 people employed in May in contrast to 50,200 people in April. There was a slight decline in the number of people in the workforce from 52,700 in April to 52,300 in May. The unemployment rate went from 4.7% in April to 5.5% in May. In BC, the number of full time jobs increased significantly by 9,200 while part-time jobs fell by 11,100 in May 2014. As a result, the unemployment rate went up from 5.8% in April to 6.1% in May. The number of people employed in the public sector in BC grew by 7,700 and decreased by 1,500 in the private sector, while the number of self-employed decreased substantially by 8,200. Employment rates in BC and across Canada were 59.5% and 61.5%, respectively, while Prince George was significantly higher than both at 69.8%. Prince George remained below the provincial (6.1%) and national (7.0%) unemployment rates at 5.5%.

(Source: Statistics Canada Labour Force Survey)

Real Estate

38 newly constructed single detached houses were sold in May 2014 at an average price of \$431,619. This was in comparison to 37 houses sold at an average price of \$439,804 in May 2013. Home sales in northern BC totaled 465 units in May compared to 401 units in April, up 8.9%. The average home price in April was \$261,204, up 5% on a year-over-year basis. The total value of properties sold in northern BC was \$121.5 million in April 2014, up 4% on a year-over-year basis. This was the highest May level on record, and just the third time in history that the dollar value of sales in a single month has topped the \$120 million mark. National home sales were up 5.9% between April and May 2014, and the average price rose by 7.1% on a year-over-year basis in May.

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

Housing Construction

There were 14 housing starts in Prince George during May 2014 (13 single family dwellings and an apartment) and 41 housing starts year-to-date. A total of 13 single-detached residential houses were completed in May 2014, which represents no change from previous year. The total number of housing starts in BC during May 2014 went up by 31.5% compared to May 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. The value of new commercial permits issued was \$3.1 million and industrial permits accounted for \$3.5 million; the value of permits issued for new single family detached units was \$3.5 million during the month of May.

(Source: City of Prince George; Statistics Canada)

Business Licenses

The City of Prince George received 61 new business license applications and 68 renewal applications in May 2014. The City approved 58 business licenses in May 2014.

(Source: City of Prince George)

Airport Passenger Volumes

37,306 passengers moved through the Prince George International Airport in May 2014, 5.1% higher than in May 2013. Year-to-date traffic is up by 2.9%. Traffic through the Vancouver International Airport was up 4% for the month of April 2014, in comparison to April 2013. Year-to-date passenger traffic through the Vancouver Airport remained significantly up by 4.2%⁴.

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

⁴May Vancouver air traffic statistics were unavailable at the time of publication