

State OF THE North REPORT

JANUARY 2020



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A Northern Perspective

The 2020 State of the North Report contains some startling new data regarding the health of the region, trends and growth into the future. This year, we asked our partners at MNP to shed light on the where the region is trending, focusing on the past, present and future. In response, we've included new data on the declining importance of natural resource industries to B.C. and rural populations over the past generation. In addition, we've forecast housing and population trends to 2040. Coupled with here-and-now economic data, the long-term outlook for the region is concerning.

The short-term outlook is, well, mixed at best. Construction of the Site C Dam and LNG Canada facility are generating a significant boost in economic activity in the north and B.C. as a whole, but are only partially mitigating the steep decline in employment and productivity underway in the interior forestry sector, which is expected to continue for some time.

The unemployment rate remains 1.1 per cent higher in Northern B.C. than the B.C. total, but still relatively low at 5.8 per cent overall, with improvements in the Northwest and North Central region in the first nine months of 2019 compared with 2018.

On a sector by sector basis, the short-term outlook for mining, oil and gas, tourism is up, while agriculture remains unknown and forestry is expected to continue to decline. Considering the challenges in our forest sector, we've expanded that section of the report this year to provide a more in-depth look at what's going on with Northern B.C.'s forests. B.C. softwood lumber exports show a sharp decline in the first nine months of 2019. We've also inventoried the list of mill closures and curtailments in the region to date, a reminder of how far-reaching the impacts have been.

Moving deeper into the report, new data on how natural resources contribute to B.C.'s economy overall, shows the steady decline of these sectors relative to B.C.'s economy over the past 20 years. For anyone who lives in Northern B.C., this shouldn't come as a surprise as the greatest declines have been in employment levels as industry has consolidated and adapted to new technologies that allow it to operate with fewer people, while still contributing significantly to overall provincial GDP.

As of 2016, all the natural resource industries combined employed as many people as B.C.'s high-tech sector, indicating the shift in the provincial economy to a more urban-diversified mode of operation. At the same time, the data shows Northern B.C.'s population has steadily declined over the same period – reinforcing the notion that our communities continue to be largely reliant on industry.

In terms of Northern B.C.'s business environment, the table on page 34 shows that most of our industries were declining or stable between 2015 and 2017, yet bankruptcies remain stable, construction activity is up, and housing starts in 2019 remained at more normalized levels. In the meantime, cost of living and affordability data today shows that retail salespersons, cashiers and food and beverage servers collect a median wage that remains below the living wage in all four regions of Northern B.C., shedding light on some of the challenges associated with attracting and retaining employees in those positions.

In the short term, the population in the region is expected to slowly increase after multiple years of decline. As well, Northern B.C. remains relatively younger than the population of B.C. as whole – good news in the immediate future as we undertake the development of major energy projects. But what do things look like in 2040?

For that, we asked MNP to dive into current housing stock and population trends on a region-by-region basis over the next 20 years. In all regions of Northern B.C., the percentage of homes in need of major repairs, and the percentage of homes built before 1980, exceed the provincial average, sometimes by a fair margin.

In terms of population, all four Northern B.C. regions show slight population increases between now and 2040. What's startling is the projected growth rate for B.C. overall versus each Northern B.C. region, where there's a clear disparity between what's expected to happen in the north versus the rest of the province, particularly in the Cariboo-Chilcotin/Lillooet and North Central Regions. As well, we're projected to get a fair bit older – with all four regions showing a seven per cent to 10 per cent increase in the number of residents over the age of 64 by 2040.

Our hope is that the data will inform decision making that helps build a stronger north. Certainly, this year's report shows there will be areas of growth and areas of decline in the short term. While longer-term we have significant housing and population challenges to contend with, not to mention, should the trend continue, a continued decline in the importance of our core industries relative to the provincial economic picture. The data poses difficult questions that need to be answered if our goal is to develop the economy in Northern B.C. over the long-term, and will require unprecedented leadership and collaboration from leaders at the local, provincial and federal levels to ensure the places we call home in Northern B.C. continue to hold opportunity for our children and grandchildren.

Joel McKay
Chief Executive Officer
Northern Development Initiative Trust

Where We Are



Northern Development Initiative Trust is an independent, non-profit corporation; a catalyst stimulating economic growth through investments in grassroots, community-led projects. The Trust was created on the premise that “the best economic development decisions for the North should be made in the North.”

The Trust serves more than 70 per cent of the province, from Lytton to Fort Nelson and from Valemount to Haida

Gwaii, including 39 incorporated communities, nine regional districts, one regional municipality and 88 First Nations communities.

The central and northern region of B.C. that Northern Development covers is broken into four service areas: the Northwest, Northeast, North Central and Cariboo-Chilcotin/Lillooet regions.

The Big Question

Where is Northern B.C.? or Why this Report Isn't Perfect

There was no simple place to begin in creating this report. As noted elsewhere, the question as to 'where' Northern B.C. begins is a constant debate. For the purposes of this report, and the Trust's ability to use its data to inform policy and programs, Northern B.C. is defined as the Trust's legislative service area, which stretches from Lytton to the Yukon Border and Valemount to Haida Gwaii, or roughly 75 per cent of the geographic area of B.C.

The geography made it difficult to find readily available data that could be measured year-over-year and compared from region to region or community to community. For example, the Trust's service regions differ from the Province of British Columbia's economic zones, and so in some cases economic zone data had to be split up to match the Trust's service regions. As well, a lot of the statistics available in urban centres and census metropolitan areas are simply not available in Northern B.C. due to the size of our communities and sparse population. Often that meant the data we really wanted simply wasn't available on a sub-regional level. As well, the statistics aren't stored in one place – readers will note that the data used to inform this report comes from many different sources that report data at different intervals and different times, which means some data is several months old or older at the time of this report's publication. What does this mean? In short, the report isn't perfect. Certainly, it's designed to provide a snapshot of the regional economy as it stands today and it has done that very well. Yet one of our learnings through this exercise is that there is a dearth of meaningful, readily available data about our regional economy. More resources and innovative new approaches to data gathering are needed in our region if we want to have a deeper understanding of our regional economy and, perhaps eventually, forecast its future.

Limitations

This report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or as a substitute for personalized, professional advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from Northern Development Initiative Trust and public sources, believed to be reliable. The accuracy and reliability of the

findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. As a result, we caution readers not to rely upon any findings or opinions expressed for business or investment decisions and disclaim any liability to any party who relies upon them as such. Before taking any particular course of action, readers should contact their own professional advisor to discuss matters in the context of their particular situation.

Throughout this report situational trends and future forecast is indicated wherever possible.



Up arrow: Suggests a strong and growing economic situation



Down arrow: Suggests a declining economic situation



Sideways arrow: Suggests a stable economic situation with little change



Question mark: Suggests that the economic situation is uncertain

The Big Picture





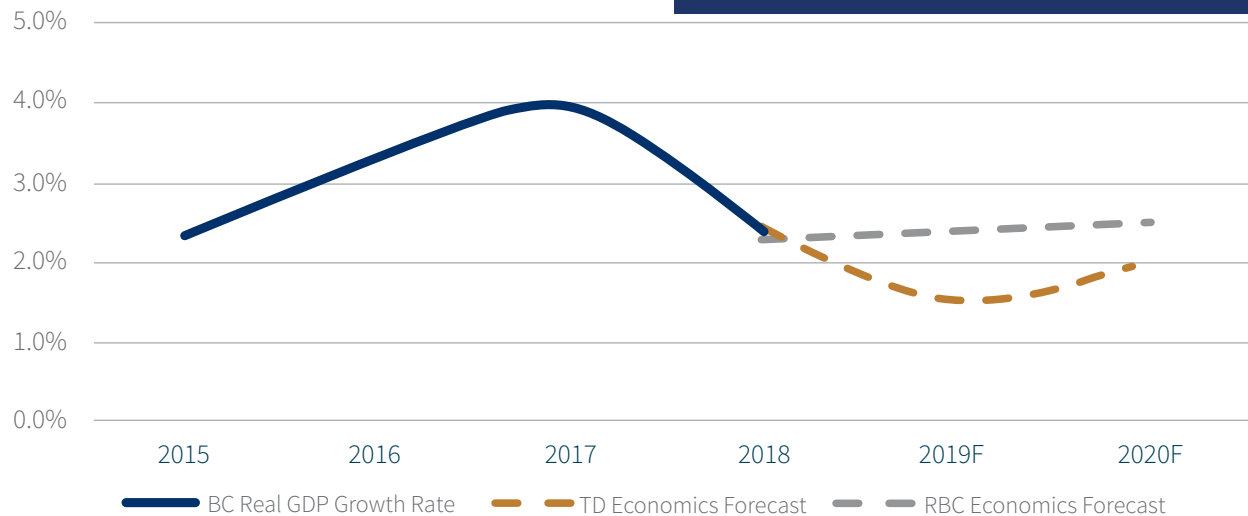
1. Macroeconomic Indicators

GDP

Gross domestic product (“GDP”)

Measures the value of final goods and services produced in the economy. Changes in GDP are the standard measure of economic growth.

B.C. Real GDP Growth Rate



Source: Statistics Canada, Table 379-0030, TD Economics, RBC Economics

After a strong start, Canadian economic growth slowed in the second half of 2018 and annual economic growth fell to 1.9 per cent from three per cent in 2017.¹ Much of the slowdown can be attributed to weakening global economic conditions due to escalating trade tensions, continued weakness in the energy sector and cooling of the domestic housing market.

Against the backdrop of slowing growth, the B.C. economy moderated in 2018 but remained one of the strongest in Canada due in part to major infrastructure projects in Northern B.C. In southern regions, slowdowns in the housing market as a result of changes to mortgage rules contributed to slower growth.

Weakness continued in the first nine months of 2019 as global economic activity continued to slow. This led the Bank of Canada to lower its growth projections for 2020 and 2021 in October 2019.² The outlook for B.C. has also been downgraded. In Northern B.C., economic growth remained low, but there were signs that the economy was improving. Declines in lumber prices that began in June 2018 led to curtailments at a number of mills in the fourth quarter and tourism was affected for the second year in a row by forest fires. On a more positive note, drilling activity in the oil and gas sector remained above 2016 levels for the second year in a row, and LNG Canada and its joint venture partners announced a positive final investment decision for a Liquefied Natural Gas (LNG) export facility in Kitimat.

¹ Statistics Canada, Table 36-10-0129-01

² Bank of Canada, Monetary Policy Report, October 2019.

Short Term Outlook

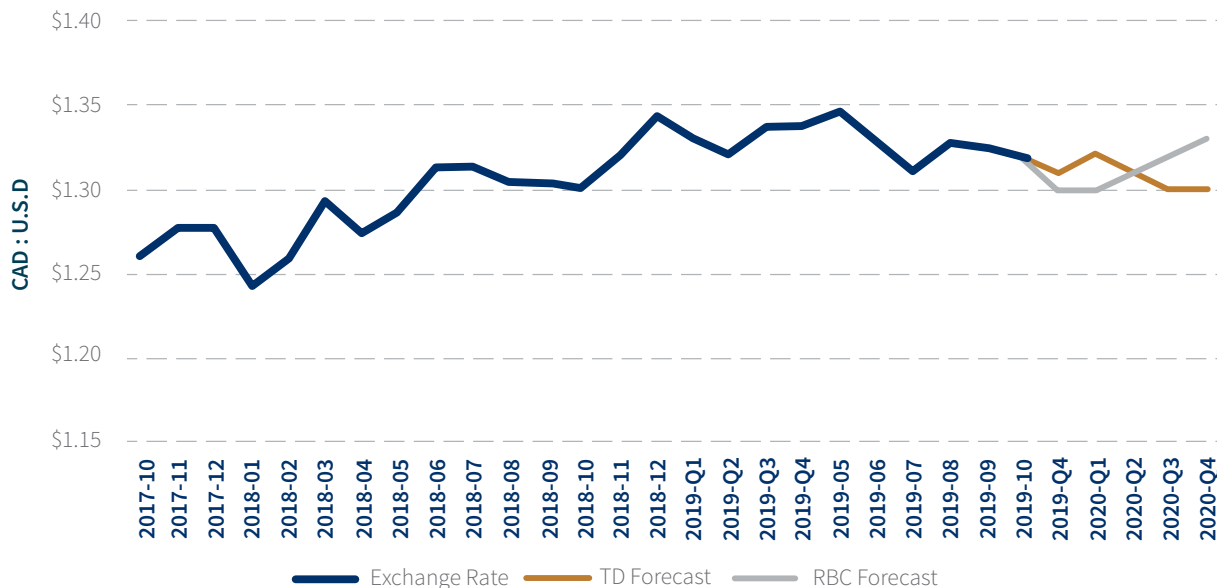
In Northern B.C. the outlook is mixed. There has been a steep decline in the forest sector due to deteriorating market conditions and fibre supply issues that have led to a number of mill closures and curtailments. Lumber prices are expected to remain low and the downturn in the forest sector is expected to continue.

After two years of historic wildfires, cooler wetter conditions in 2019 meant reduced fire activity and improvements in the outlook for tourism operators. The outlook for mining remains positive; however, commodity prices have weakened which is expected to lead to lower levels of exploration.

Construction of the Site C Dam and the LNG Canada facility are continuing and contributing to increased economic activity in the Northeast and Northwest regions. There is some indication that these projects have somewhat mitigated job losses in the forest sector in these regions.



Exchange Rates



The Canadian dollar declined in value, relative to the U.S. dollar, through 2018 and remained relatively stable through the first half of 2019.

Following the removal of tariffs on steel and aluminum exports to the U.S., the Canadian dollar regained value in June before declining again in August after an interest rate cut by the U.S. Federal Reserve.

The Federal Reserve cut interest rates three times in 2019, which reflects growing uncertainty around the global economic outlook. With inflation in-line with its two per cent target, the Bank of Canada has taken a neutral position and left its key policy rate unchanged to date; however, if global trade conflicts persist and the domestic housing market doesn't continue to rebound, a rate cut may occur in 2020.³

Against the backdrop of a slowing global economy and rising trade tensions, the outlook for the Canadian dollar is uncertain. As of October 2019, analysts expect the Canadian dollar to trade in the range of \$1.30 to \$1.33 Canadian per U.S. dollar (\$0.75 to \$0.76 U.S. per Canadian dollar) through the end of 2020.

The favourable exchange rate is expected to continue to support mining activity in Northern B.C., along with benefiting other sectors like tourism.

EXCHANGE RATE

TREND



FORECAST



³ RBC Economics. Financial Markets Monthly. November 2019.

Unemployment Rate

Unemployment Rate by Region

Region	2018	2019 (Jan-Sept)
Northeast	5.7%	6.9%
Kootenay	5.3%	5.7%
Thompson-Okanagan	6.1%	4.9%
Northwest	5.9%	4.4%
Cariboo-Chilcotin/Lillooet*	6.3%	7.0%
North Central	5.2%	4.9%
Vancouver Island and Coast	4.7%	4.0%
Lower Mainland-Southwest	4.3%	4.7%
British Columbia Total	4.7%	4.7%
Northern BC	5.7%	5.8%

Source: Statistics Canada, Statistics Canada. Table 282-0123 and Table 282-0134

*** Estimates for the Cariboo-Chilcotin/Lillooet region do not include Lillooet, Lytton, Logan Lake, Cache Creek, Clinton or Ashcroft.**

After decreasing in 2017, the unemployment rate in Northern B.C. declined further in 2018. Declines in the unemployment rate were accompanied by increases in employment levels in the Northeast, the Northwest and the North Central regions. In the Cariboo-Chilcotin/Lillooet region both employment levels and the size of the labour force declined.

In the first nine months of 2019 the unemployment rate increased as employment levels have declined in the Northeast and Cariboo-Chilcotin/Lillooet regions. In the Northeast employment levels dropped between March and June when mill closures were announced but have since increased, while in the Cariboo-Chilcotin/Lillooet region employment levels have continued to decline.

Overall, the unemployment rate is expected to remain at or near its 2019 level. Construction of the LNG Canada facility and accompanying infrastructure is expected to offset further job losses in the forest sector. Regionally, declines in the unemployment rate are expected in the Northeast as construction activity related to the Coastal Gas Link pipeline and Site C Dam proceed. Further declines are not anticipated in the Northwest or North Central regions as unemployment rates are relatively low and there may be modest increases in the unemployment rate in Cariboo-Chilcotin/Lillooet regions as the effects of the downturn in forestry ripple through the economy.

Rural areas tend to have higher unemployment rates than urban areas due to the higher dependence on seasonal employment such as forestry, fish processing and tourism. This is evident in a comparison of the unemployment rate in Prince George with that in the rural areas of Northern B.C. In Prince George the unemployment rate tends to be lower than in the region overall. In other areas of Northern B.C. unemployment rates and employment trends are similar to those in other regions of B.C. that have mainly rural populations.*

**Statistics Canada, "Understanding Rural Canada: Structures and Trends", available here: <http://www.statcan.gc.ca/pub/21f0016x/21f0016x1998001-eng.htm>*

UNEMPLOYMENT RATE

TREND



FORECAST



The unemployment rate provides an indication of overall economic conditions and the labour market in a region. Unemployment rates tend to increase during periods of weak economic performance and decline during periods of strong economic growth. However, changes in the unemployment rate may also result from people entering and leaving the labour force.

Consequently, it is important to look at overall employment levels in conjunction with the unemployment rate.

2. Infrastructure Investment and Business Environment

Major Projects

Region	Total Value (\$millions)*
Northwest	\$22,022
Northeast	\$17,464
North Central	\$74
Cariboo-Chilcotin/Lillooet	\$440
Total	\$40,000

Note: In the 2019 report, spending on the LNG Canada facility in B.C. was estimated at \$18 billion, that has been revised to \$21.6 billion.

Source: BC Stats Major Projects Inventory

Mining/Oil and Gas Infrastructure

The LNG Canada project is a liquefaction, storage and export terminal in Kitimat B.C. The project reached the one-year mark of its construction period in October 2019 and is expected to be completed by 2025.⁴ Current construction activities include dredging in the Kitimat Harbour and environmental offsetting programs in Minette Bay, Hospital Beach, Anderson Creek and along the Kitimat River. The project is expected to employ between 4,500 and 7,500 individuals during the peak construction phase between 2022 and 2024 and will create between 300 and 450 permanent jobs.⁵

Major projects related to the LNG Canada facility include:

- The LNG Canada Load Interconnection project will provide a double circuit transmission line connecting the Minette Substation to the LNG Canada facility in Kitimat. The project is currently under construction and expected to be completed by 2021.
- The Coastal GasLink pipeline will connect the Montney natural-gas region near Dawson Creek to the LNG Canada terminal in Kitimat. It is expected to employ between 2,000 and 2,500 people during the four-year construction period. Once in operation it will employ between 16 and 35 people.⁶

The Ridley Island Propane Export Terminal in Prince Rupert completed construction and the first shipment departed the terminal in May 2019.⁷ The facility requires 40 permanent employees and is expected to ship approximately 1.2 million tonnes of propane annually to Asia.⁸

4 JWN Energy. "LNG Canada ramping up as project marks one year of construction". Available here: <https://www.jwnenergy.com/article/2019/10/lng-canada-ramping-project-marks-one-year-construction/>

5 JW Energy. "LNG Canada megaproject begins to take shape". Available here: <https://www.jwnenergy.com/article/2019/11/lng-canada-megaproject-begins-take-shape/>

6 Coastal GasLink. Economic Benefits.

7 The Maritime Executive. "First Cargo Shipped from Ridley Island Propane Export Terminal". June 2, 2019

8 AltaGas. Ridley Island Propane Export Terminal.

Energy

The Site C Dam is being constructed by B.C. Hydro on the Peace River near Fort St. John. It will be the fourth largest hydroelectric dam in B.C. and provide 1,100 MW of capacity and produce 5,100 GWh of electricity per year.⁹ Construction began in 2015 and is expected to complete by 2024.¹⁰ As of September 2019 there were 4,790 total workers on the Site C project.¹¹

The Moose Lake Wind Farm, near Tumbler Ridge, commenced commercial operation in April 2019. The wind farm provides 15,000 kW of installed capacity.¹²

9 B.C. Hydro. Site C. Project Overview.

10 Ibid.

11 B.C. Hydro. Site C Employment by Month. September 2019.

12 Aeolis Wind. "Moose Lake Wind Farm Commences Commercial Operation April 1, 2019".

Industry Overviews



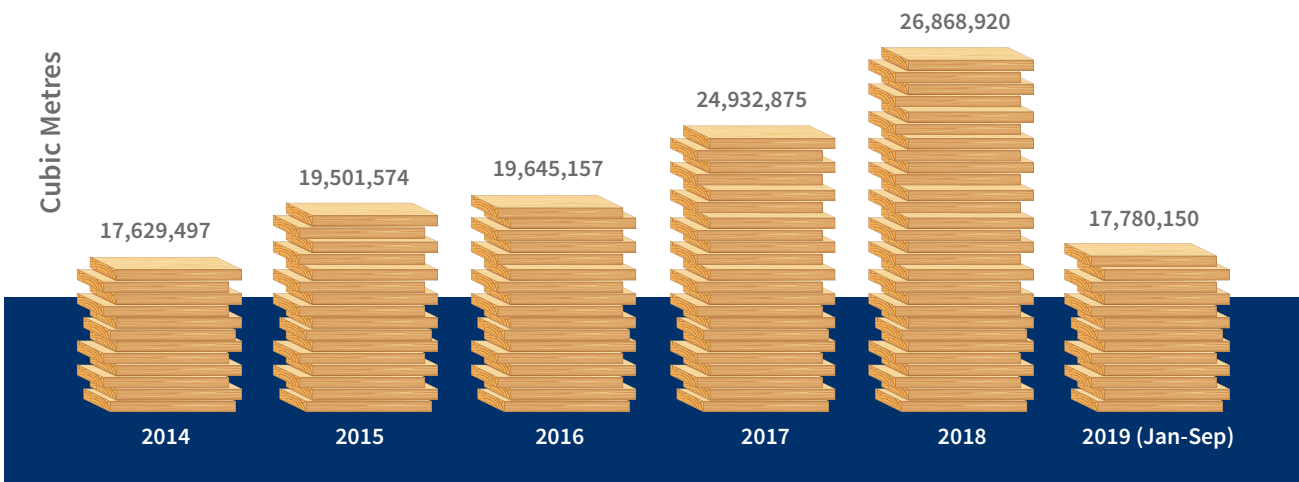
3. Industry Overviews

The economic base of a region is comprised of the industries that attract people to the region, drive employment, and support the retention of workers. In turn, workers and businesses within the economic base require supporting services, such as retail, public services, real estate, and support services for their businesses. These supporting industries are known as the local area market and are industries that exist to support the needs of residents and local businesses.

In Northern B.C. the economic base is comprised of goods-producing industries, and tourism. There are also several industries that fall into both the economic base and the local area market. These industries both attract workers from outside the region and support the local market. Included in this group of industries is construction, education, healthcare, energy, transportation, and professional, scientific and technical services.



















Forestry

Harvest Volumes in Northern B.C. (cubic metres)



Source: Ministry of Forests, Lands, Natural Resource Operations and Rural Development. Harvest Billing System

Log and Wood Pellet Cargo Volumes (metric tonnes)

	2014	2015	2016	2017	2018	2019 (Jan - Sep)
Containerized Shipments (Lumber, Pulp & paper and Logs)	 834,750	 773,580	 700,914	 Not Available	 Not Available	 Not Available
Logs	 351,861	 434,955	 454,461	 473,799	 515,381	 275,840
Wood Pellets	 511,742	 734,598	 896,257	 1,089,596	 1,227,210	 844,801

Source: Prince Rupert Port Authority

Timber Processing Facilities – Northern B.C.

	Facilities		Capacity		
	2014	2019	2014 (millions)	2019 (millions)	Share of B.C. Capacity, 2019
Lumber Mills	45	41	7,051	6,443	49%
Pulp and Paper Mills	7	7	2,350	2,289	36%
Pellet Mills	8	9	1,452	1,723	81%
Veneer, Plywood & Panel Mills	5	5	1,691	1,120	21%
Other*	10	19	Not available	Not available	11%

Source: Ministry of Forests, Lands and Natural Resource Operations, Major Timber Processing Facilities in B.C., 2017

**Log Home Mills are included in the 2019 counts but not in the 2014 counts*

Forest Sector Employment - Northern B.C. (2014, 2018, 2019*)

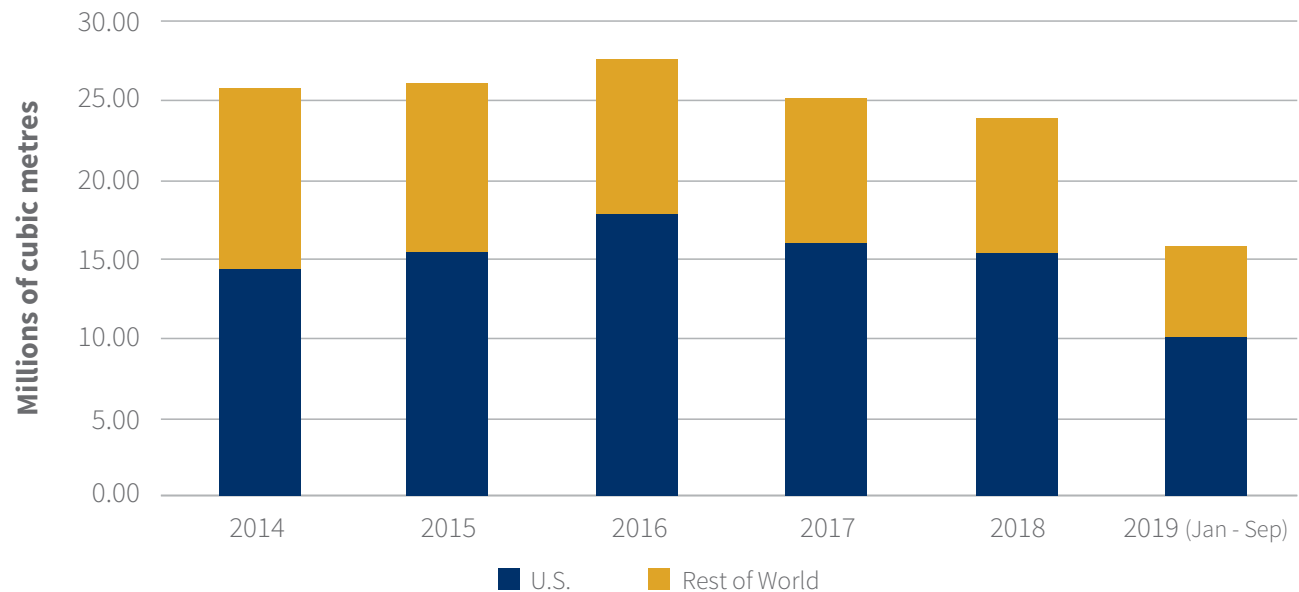
	Wood Product Manufacturing			Paper Manufacturing			Forest and Logging		
	2014	2018	2019 Preliminary Estimate*	2014	2018	2019 Preliminary Estimate*	2014	2018	2019 Preliminary Estimate*
Cariboo	5,000	5,100	4,300	2,600	2,800	2,800	4,300	3,500	3,300
Northeast	<1,500	<1,500	<1,500	<1,500	<1,500	<1,500	3,800	<1,500	<1,500
North-Coast and Nechako	1,600	2,200	2,000	<1,500	<1,500	<1,500	1,800	2,000	1,800

Source: Statistics Canada Labour Force Survey (2014, 2018)

* Please note that 2019 employment estimates are based on the announced job losses due to mill closures and curtailments and estimates of the associated job losses in the forestry and logging sector. They are preliminary only.

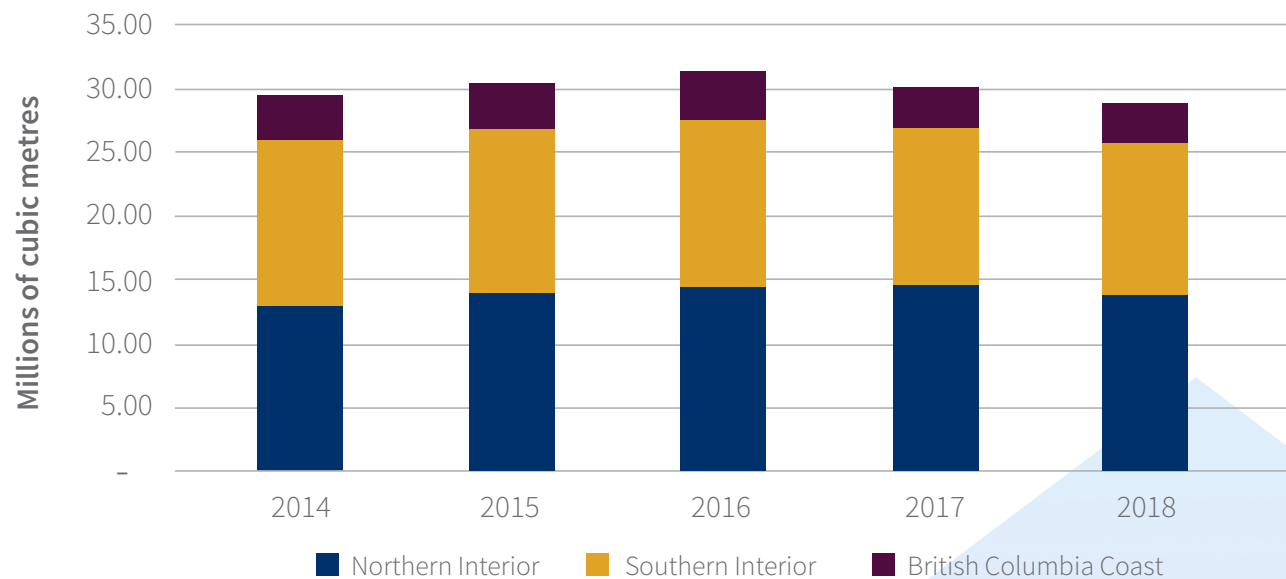
Please note data on employment was only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka Bar and Boothroyd are not included in these estimates.

B.C. Softwood Lumber Exports (Millions of Cubic Metres)



Source: BC Stats, Softwood Lumber Exports

B.C. Softwood Lumber Production (Millions of Cubic Metres)



Source: Statistics Canada Table: 16-10-0045-01

Mill Closures and Curtailments in Northern B.C. (2019)

Community	Operator	Type of Mill	Type of Closure	Capacity (millions of board feet)	Jobs Affected	Percentage of the Labour Force in the Community
100 Mile House	West Fraser	Lumber Mill	reduced shift	153	34	2%
Isle Pierre	Canfor	Lumber Mill	reduced shift	221	55	not available
Clinton/ Chasm	West Fraser	Lumber Mill	permanent	226	176	12%
Quesnel	Tolko	Lumber Mill	permanent	197	150	3%
Fort St James	Conifex	Lumber Mill	permanent	280	226	26%
Fort St John	Peace Valley/ Louisiana-Pacific	OSB	indefinite	727	190	2%
Mackenzie	Canfor	Lumber Mill	indefinite	320	200	9%
Mackenzie	East Fraser	Fiber Fingerjoint	indefinite	198	40	2%
100 Mile House	Norbord	Veneer/Plywood Mill/OSB	indefinite	668	160	11%
Fort St John	Canfor	Lumber Mill	temporary	292		
Smithers	West Fraser	Lumber Mill	temporary	259		
Chetwynd	West Fraser	Lumber Mill	temporary	311		
Chetwynd	Canfor	Lumber Mill	temporary	309		
Taylor	Canfor	Pulp Mill	temporary	211		
Mackenzie	Conifex	Lumber Mill	temporary	216		
Houston	Canfor	Lumber Mill	temporary	475		
Bear Lake	Canfor	Lumber Mill	temporary	229		
Prince George	Canfor	Lumber Mill/ Pulp&Paper/ Chip	temporary	2138		
Vanderhoof	Canfor	Lumber Mill	temporary	493		
Vanderhoof	Sinclair Group	Lumber Mill	temporary	240		
Fraser Lake	West Fraser	Lumber Mill	temporary	273		
Williams Lake	West Fraser	Lumber Mill	temporary	160		
Fort St James	Sinclair Group	Lumber Mill	temporary	125		

Source: CBC, Conifex, Prince George Citizen, Northern Review, Global News, WL Tribune

After a prolonged period of modest growth, B.C.'s forest sector experienced steep declines at the end of 2018 and into 2019. A strong supply response to record prices led to oversupply in the North American market and in June 2018 lumber prices began to fall.¹³

In 2019, prolonged winter conditions and lower than expected housing starts in the U.S. coupled with weak export demand from Japan have led to further price declines. As prices declined, softwood lumber tariffs on exports to the U.S., which were initially offset by elevated lumber prices, reduced profit margins to the point that many producers were unable to absorb the additional costs.

The quantity of softwood lumber exported from B.C. was down five per cent year-over-year in 2018 and was down a further six per cent year-over-year in the first half of 2019.¹⁴ Conditions have continued to deteriorate and in August 2019 year-over-year export quantities declined by 25 per cent.¹⁵

By mid July lumber prices had fallen by over 40 per cent from their 2016 peak levels.¹⁶ The deterioration in market conditions combined with timber supply constraints led to mill closures and production curtailments across the province. As of November 2019, more than 30 mills and 6,000 jobs in BC have been affected.^{17 18}

In Northern B.C. three mills have closed permanently, four mills have been curtailed indefinitely and two mills have reduced shifts resulting in a combined loss of approximately 1,230 jobs in wood product manufacturing. In addition, 15 mills have had temporary curtailments. The closure of mills and curtailments are expected to lead to additional job losses in harvesting and at businesses supplying goods and services to the mills.

The regions most affected by the mill closures and curtailments are the Cariboo-Chilcotin/Lillooet and North Central regions where all three of the permanent mill closures and three of the indefinite curtailments occurred. In the Cariboo-Chilcotin/Lillooet region approximately 520 wood product manufacturing jobs have been lost, 70 per cent of which were in the 100 Mile House area. In the North Central region approximately 300 wood product manufacturing jobs have been lost, 80 per cent of which were in Mackenzie.

Looking forward, lumber demand is expected to rise in the U.S.; however, increased supply from mills in Europe and the U.S. are expected to keep prices low.¹⁹ Pulp and paper markets are expected to improve as global inventories balance and prices slightly increase through 2020.²⁰ In Northern B.C., timber supply constraints, along with low prices are expected to lead to continued declines in production and employment.

Mill closures, indefinite curtailments and shift reductions are estimated to have reduced employment in wood product manufacturing in Northern B.C. by 15%.

Lumber mill capacity has been reduced by 14%.

**FOREST
PRODUCTION**

TREND



FORECAST



¹³ Wood Business. 2019 Lumber Market Outlook. Available here: <https://www.woodbusiness.ca/2019-lumber-market-outlook-5420/>

¹⁴ BC Stats. Exports Data

¹⁵ Ibid.

¹⁶ Central 1. Economic Commentary. Splintered Wood: Assessing the B.C. Forestry Sector Conditions. July 2019.

¹⁷ CB.C. Available here: <https://www.cb.c.ca/news/canada/british-columbia/forestry-industry-british-columbia-mills-shut-down-mackenzie-1.5334600>

¹⁸ CB.C. Available here: <https://www.cb.c.ca/news/canada/british-columbia/tolko-shutdowns-christmas-2019-1.5360649>

¹⁹ Canfor. 2019 Quarter Three Interim Report.

²⁰ Ibid

Factors Contributing to Downturn in the Forest Sector

There are a number of factors contributing to declines in B.C.'s forest industry.

Timber Supply Constraints

Since 2015 Allowable Annual Cuts (AAC) have been reduced in a number of areas. Those reductions were intended to bring harvest levels in line with historical levels, after past increases aimed at salvaging value from trees killed by the mountain pine beetle. In 2017 the AAC for the Prince George Timber Supply Area (TSA), the largest TSA in Northern B.C., was reduced by 33 per cent, bringing it below 1996 levels.²¹ In addition, forest fires in 2017 and 2018 burned approximately 2.5 million hectares of land, 40 per cent of which was part of the timber harvesting land base.²² The Cariboo-Chilcotin/Lillooet region was the region most impacted by the fires with live timber losses ranging from approximately six per cent in 100 Mile House TSA, to 13 per cent in the Quesnel TSA. Timber supply in the Cariboo-Chilcotin/Lillooet region had already been affected by the mountain pine beetle. A review of the impact of the 2018 fires on the timber supply found that both mid-term timber supply and long-term timber supply were affected and that a review of the AAC in the Quesnel TSA was warranted.²³ A decision on the Quesnel TSA AAC is expected in spring 2020.

Softwood Lumber Tariffs

In October 2016 the softwood lumber agreement with the U.S. expired. The following April the U.S. Department of Commerce implemented preliminary countervailing duties on Canadian softwood lumber and in June 2017, anti-dumping duties were added. In December 2017, final duties were set after the U.S. International Trade Commission ruled that softwood lumber imports from Canada have materially injured the U.S. domestic lumber industry. Since then shipments from Northern B.C. to the U.S. have had duties of between approximately 20 per cent and 24 per cent applied.

21 Ministry of Forest, Lands, Natural Resource Operations and Rural Development.
"Prince George Timber Supply Area, Rationale for Allowable Annual Cut (AAC) Determination." October 11, 2017.

22 Ministry of Forests, Lands, Natural Resources Operations and Rural Development.
"Impact of 2018 Fires on Forests and Timber Supply." April 2019

23 Ibid.

Southern Mountain Caribou Recovery

The Southern Mountain Caribou (SMC) population is listed as threatened under the federal Species at Risk Act and strategies are being developed to promote its recovery.²⁴ The SMC range includes areas of the Northeast, North Central and Northwest regions; however, the initial focus of recovery efforts will be on the Central Group which is located in the Northeast. In June 2019 the B.C. Government announced a moratorium on resource development in parts of the Northeast.²⁵ The moratorium will be in place until 2021, during which time the affected communities will be consulted about balancing caribou habitat recovery and resource development.

What the B.C. Government is Doing

In August 2019 the B.C. Government announced a \$69 million fund for interior forest workers, which will provide retirement funding, short-term work programs, wildfire prevention and community resiliency projects. The retirement funding program provides mill workers with up to \$75,000 to assist in making the transition to retirement, while forestry contractors in the interior are eligible to bid on short-term employment projects in communities directly impacted by the mill closures.

The B.C. Government also announced the B.C. Interior Forest Renewal strategy, aimed at increasing value-added production from the reduced timber supply. The government already announced it is changing building codes to allow for the construction of wood buildings up to 12 storeys, using fire-resistant engineered wood from B.C. mills.²⁶ From July to October, the B.C. Government held public engagement sessions including in-person talks and online feedback forms, the results of which are expected to be released by the end of 2019.²⁷

²⁴ Government of Canada, Species at Risk Registry. (Available here: http://www.registrelep.sararegistry.gc.ca/document/default_e.cfm?documentID=3202) (Accessed November 7, 2018)

²⁵ Global News. Available here: <https://globalnews.ca/news/5412666/moratorium-caribou-protection/>

²⁶ B.C. Government. Available here: <https://news.gov.B.C.ca/releases/2019PREM0033-000590>

²⁷ B.C. Government. Available here: <https://engage.gov.B.C.ca/interiorforestrenewal/>

Energy

Employment in the Utilities Sector

Region	Number of Employees
Cariboo	<1,500
Northeast	<1,500
North Coast-Nechako	<1,500

Source: Statistics Canada Labour Force Survey

Please note, data on employment was only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka Bar and Boothroyd are not included in these estimates.

Energy Facilities

Region	Independent Power Producers (IPPs)		
	Number	Capacity (MW)	Energy (GWh/yr)
Cariboo-Chilcotin/Lillooet	7	227	1,139
Northwest	10	1,244	4,857
Northeast	8	720	2,583
North Central	11	204	887
NORTHERN B.C. TOTAL	36	2,395	9,466

Source: B.C. Hydro

The energy sector in Northern B.C. includes large hydroelectric dams, biomass facilities and wind farms. B.C. Hydro operates two hydroelectric facilities in the Northeast region, the GM Shrum Generating Station and the Peace Canyon Generating Station, which together generate approximately 17,500 GWh/year, which is roughly 38 per cent of B.C. Hydro's total.²⁸ In addition, there are 36 Independent Power Producers in the Northern B.C. that produce 9,466 GWh/year. This includes nine biomass facilities, five wind farms, 19 hydroelectric dams and three other facilities.

Site C Dam, near Fort St. John, is currently under construction and is on-schedule for its expected completion in 2024. The dam will be the fourth largest in B.C. and provide 1,100 MW of capacity and produce 5,100 GWh of electricity per year.²⁹ As of September 2019 there were 4,790 total workers on the Site C project.³⁰

The Moose Lake Wind Project, near Tumbler Ridge, commenced commercial operation in April 2019. The wind farm provides 15,000 kW of installed capacity.³¹ Wind power overall accounts for approximately 8.5 per cent of generating capacity in Northern B.C.

²⁸ B.C. Hydro. Our Facilities.

²⁹ B.C. Hydro. Site C. Project Overview.

³⁰ B.C. Hydro. Site C Employment by Month. September 2019.

³¹ Aeolis Wind. "Moose Lake Wind Farm Commences Commercial Operation April 1, 2019".

ENERGY TREND

TREND

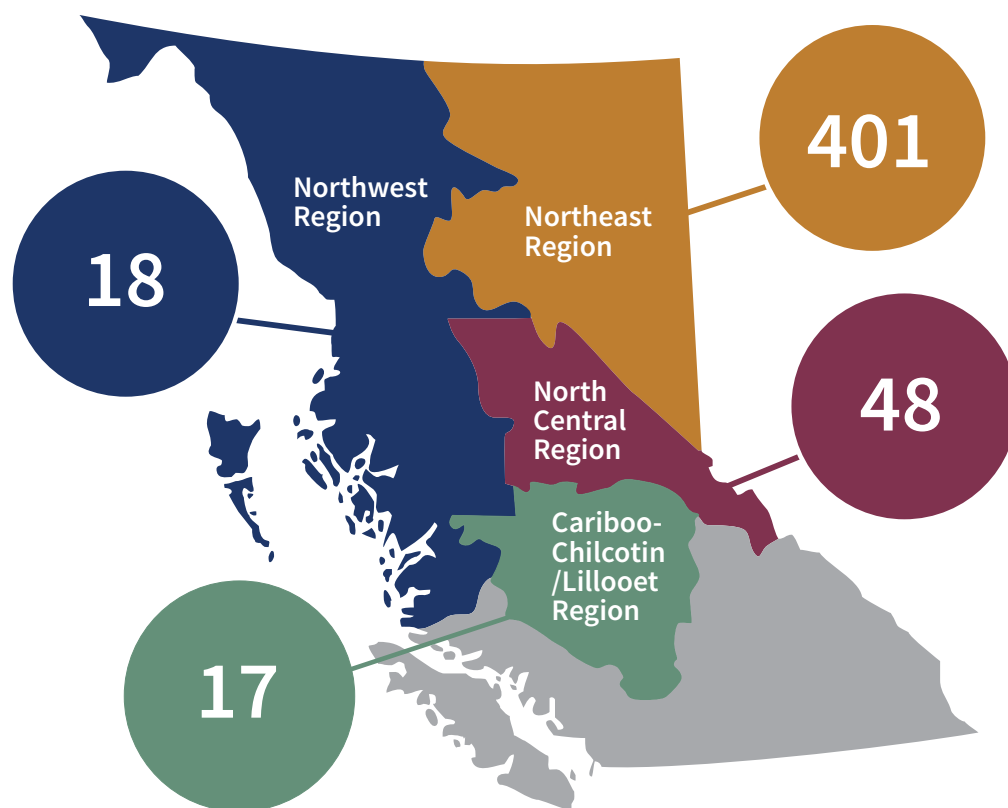


FORECAST



Mining

Businesses in Mining, Oil and Gas



Source: BC Stats Business Locations

Employment in the Mining, Oil & Gas Sector – Northern B.C.

Development Region	2014	2015	2016	2017	2018
Cariboo	2,500	1,900	2,500	2,100	1,700
Northeast	3,300	4,200	4,800	2,900	3,000
North Coast-Nechako	<1,500	<1,500	<1,500	<1,500	<1,500

Source: Statistics Canada Labour Force Survey

Mines in Operation

REGION	Coal	Metal (includes Gold, Copper, Silver, Zinc, Lead, Molybdenum)	Quarry (stone, sand, gravel, basalt)	Minerals (jade, gems, semi-precious stones)	Total
Northeast		4	1		5
Northwest		1			1
North Central	3			1	4
Cariboo-Chilcotin/Lillooet		3	2	8	13
TOTAL	3	8	3	9	23

Source: Government of B.C., Major Mines in British Columbia

Northern B.C. has significant metal and coal deposits, with metallurgical coal deposits concentrated in the Northeast region and precious metal deposits in the Northwest and Cariboo-Chilcotin/Lillooet regions. There are currently 11 coal and metal mines in operation in Northern B.C. as well as two in the permitting phase.

The Murray River mine near Tumbler Ridge is in the permitting stage and is expected to produce six million tonnes of metallurgical coal annually once fully operational.³² The Kemess Underground Project, north of Smithers, is in the permitting stage and is expected to produce 129,000 ounces of gold and 52 million pounds of copper annually over the first five years of operation.³³

In 2018 mineral and coal exploration expenditures increased for the second year in a row indicating a positive outlook for minerals. Approximately half of the exploration expenditure was in the Northwest region.³⁴

Metallurgical coal prices were strong in 2018 due to increased demand in China and India as well as global supply constraints linked to harsh winter conditions.³⁵ The elevated prices led to the re-opening of the Willow Creek mine in June and an increase in production. The value of B.C. coal exports grew by approximately 12 per cent and surpassed \$7 billion for the first time since 2011.³⁶

In 2019 increased supply from Russia and Colombia has led to price declines; however, going forward prices are expected to remain stable as demand from Asia grows.³⁷ There has also been increased investment in existing operations in Northern B.C. suggesting the outlook for coal remains positive.

MINING

TREND



FORECAST



³² HD Mining. Murray River Factsheet.

³³ Centerra Gold. Available here: <https://www.centerragold.com/operations/kemess/kemess-underground-project>

³⁴ EY. British Columbia Mineral and Coal Exploration Survey, 2018.

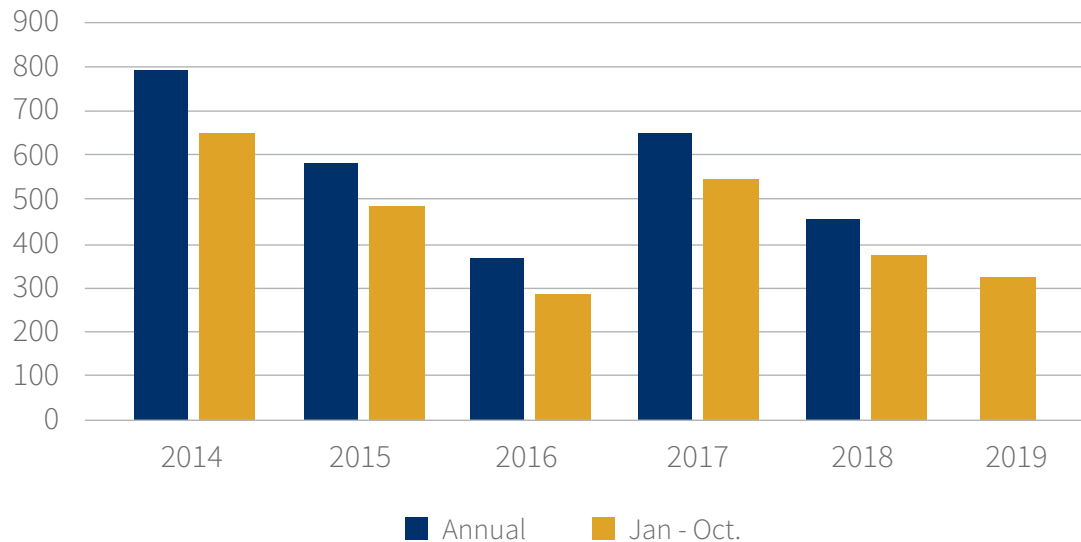
³⁵ APERC. Coal Report 2018.

³⁶ B.C. Government. Trade Data. Available here: <https://www2.gov.bc.ca/gov/content/data/statistics/business-industry-trade/trade/trade-data>

³⁷ British Columbia coal industry overview 2018

Oil and Gas

Wells Drilled



Source: B.C. Oil and Gas Commission, Number of Wells Drilled

Northern B.C.'s oil and gas reserves are found in the Northeast region near Dawson Creek and Fort St. John. Global commodity price declines led to decreased drilling activity between 2014 and 2016. Oil and gas prices improved in 2017 and drilling activity increased. However, since 2018 natural gas prices have trended down and drilling activity has slowed.³⁸

After declines in employment in 2017 there is some indication that employment levels are rising again. The increases are likely related to the opening of the Ridley Island propane export terminal and the development of the LNG Canada facility in Kitimat.

The LNG Canada facility is expected to transform the economy of northwestern B.C. Employment levels are forecast to grow by four per cent annually in 2019 and 2020 due to the terminal construction.³⁹ Once operational in 2025, the facility will employ between 300 and 450 people.⁴⁰

OIL & GAS

TREND



FORECAST



³⁸ PetroLMI. 2019 Oil and Gas Labour Market Update.

³⁹ Central 1, B.C. Regional Economic Outlooks 2018-2020.

⁴⁰ LNG Canada. Company Overview. Available here: https://www.lngcanada.ca/uploads/subpages/downloads/LNG-Canada-Project-Overview-2018_Web-Version-AWv4.pdf

LNG Canada Project Update

The LNG Canada project reached the one-year mark of its construction period in October 2019 and is expected to be completed by 2025.⁴¹ The project is expected to provide a significant boost to the economy of Northern B.C. through the addition of up to 7,500 jobs during the construction phase.⁴² Approximately 60 per cent of the \$36 billion of spending will occur in B.C., plus an additional \$6.2 billion for the 670 km Coastal GasLink pipeline that connects the Montney natural-gas region near Dawson Creek to the LNG Canada terminal in Kitimat.⁴³ As of June 2019, LNG Canada has granted over \$1 billion worth of contracts and procurement opportunities to B.C. companies, of which over \$500 million were to Northern B.C. businesses and First Nations companies.⁴⁴

41 LNG Canada. "LNG Canada ramping up as project marks one year of construction". Available here: www.lngcanada.ca/

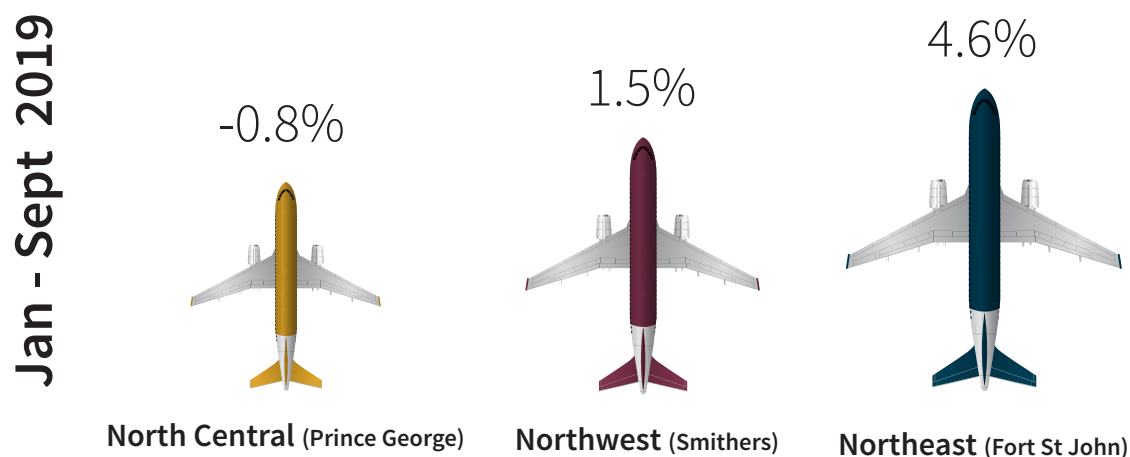
42 LNG Canada. "About LNG Canada". Available here: www.lngcanada.ca/

43 Terrace Standard. Available here: <https://www.terracestandard.com/news/lng-canada-cost-to-exceed-stated-40-billion-price-tag/>

44 JWN. "LNG Canada ramping up as project marks one year of construction". Available here: <https://www.jwnenergy.com/article/2019/10/lng-canada-ramping-project-marks-one-year-construction/>

Tourism

Change in Passenger Volumes at Regional Airports



Source: Destination B.C. Tourism Indicators

B.C. Ferries Traffic – year-over-year

	Port Hardy - Prince Rupert		Skidegate - Prince Rupert		Skidegate - Alliford Bay	
	Vehicles	Passengers	Vehicles	Passengers	Vehicles	Passengers
2018	-1.2%	-4.7%	4.9%	3.8%	8.9%	8.0%
Jan - Sept. 2018	0.1%	-5.1%	2.4%	1.9%	7.0%	5.5%
Jan - Sept. 2019	3.2%	1.7%	7.6%	5.1%	5.4%	4.4%

Source: B.C. Ferries Traffic Statistics

Tourism in Northern B.C. is centred around outdoor recreation and visits to friends and family. The region draws visitors from other parts of B.C., Canada, the U.S. and Europe for fishing, hiking, skiing, wildlife viewing and visits to historical and Indigenous cultural sites.

Indicators suggest that tourism in Northern B.C. declined in 2017 and 2018 due in part to the wildfires in the region that caused evacuations and closures of tourism businesses. In 2019 passenger volumes at regional airports and ferry traffic increased year-over-year. This is consistent with increased visitation and suggests that 2019 has been a better year for tourism businesses in the region.

TOURISM

TREND

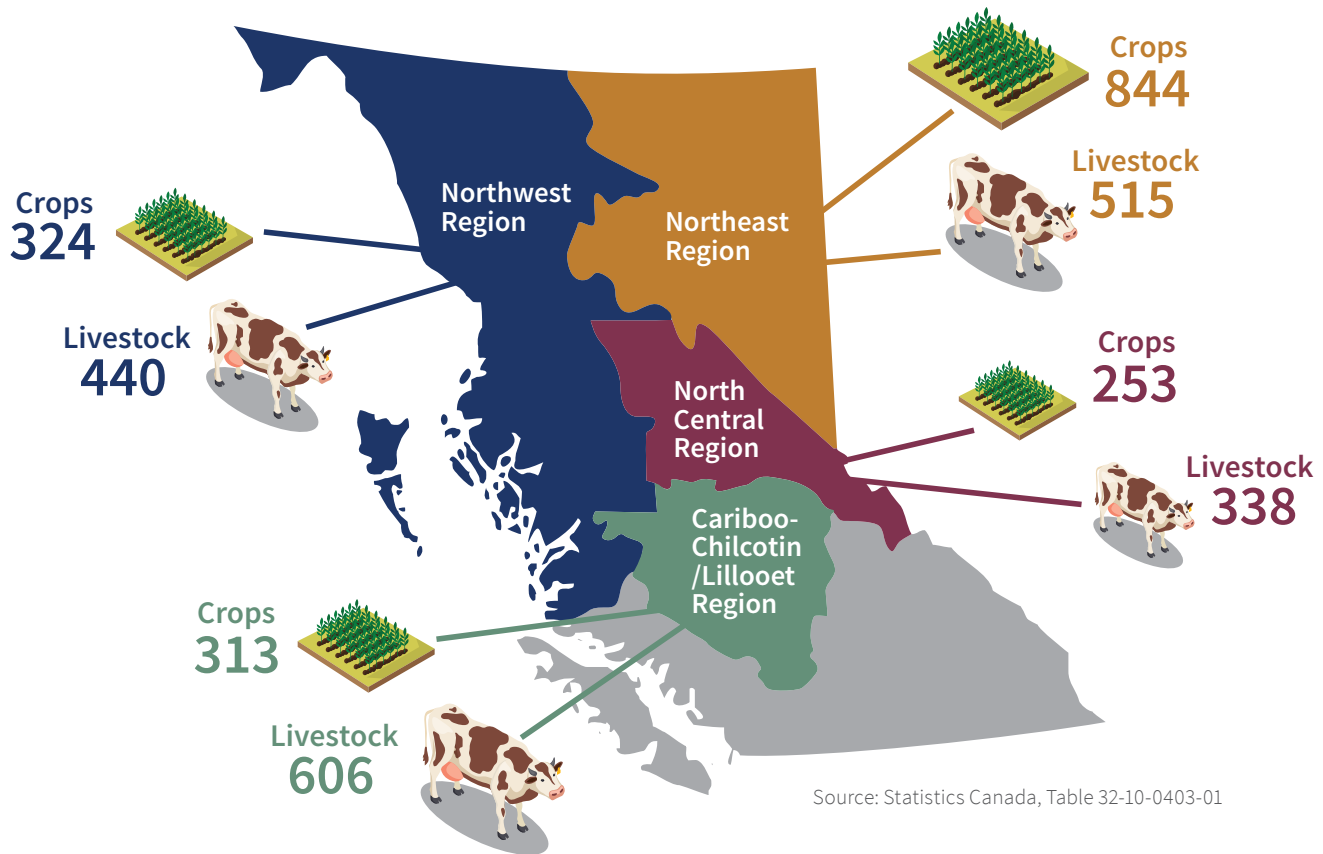


FORECAST



Agriculture

Number of Farms by Region (2016)



Agriculture production occurs across Northern B.C. and plays an important role in the economies of many communities in the region. There are approximately 1,900 farms producing livestock and over 1,700 farms engaged in crop production in the region.

The Northeast region is home to the majority of B.C.'s grain and oilseed production, with roughly 80 per cent of B.C.'s total acreage and export production.⁴⁵ Barley and oats are grown in the Cariboo-Chilcotin/Lillooet and Northwest regions, largely for livestock feed.

The Cariboo-Chilcotin/Lillooet region is B.C.'s primary cattle producing region due to the significant grazing range in the region. It is also home to sheep, poultry, hog and alpaca farms as well as cabbage, cauliflower and root vegetable production.⁴⁶

The agriculture industry accounts for a small percentage of overall employment in Northern B.C. and the majority of businesses do not have employees, which suggests most agricultural operations in Northern B.C. are small-scale family run farms.

AGRICULTURE

TREND



FORECAST

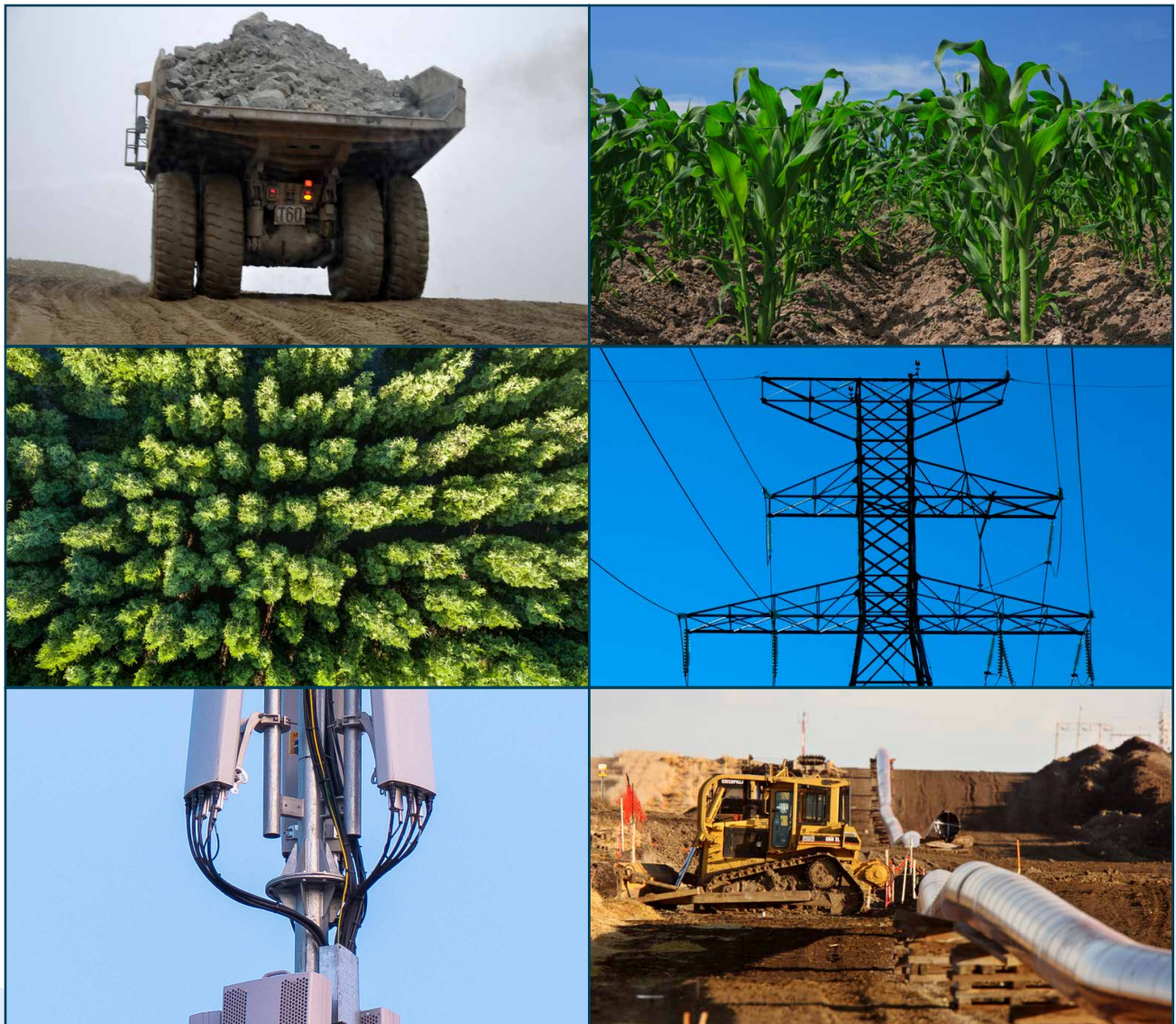


⁴⁵ Ministry of Agriculture. Available here: <https://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/animals-and-crops/crop-production/grains-oilseeds-pulse-crops>

⁴⁶ Ministry of Agriculture. Agricultural Regions.

How important is the natural resource sector to BC's economy?

In an effort to get a pulse on the industries that matter most to the economy in Northern B.C., Northern Development asked MNP to pull together some data that shows the total employment and GDP attributable to natural resource industries across B.C. – and track it over a 20-year period. We wanted to learn not only how important they are, but also how that importance has trended over the last generation. Lastly, we were curious to know how the population of rural and Northern B.C. has shifted over the same time period.

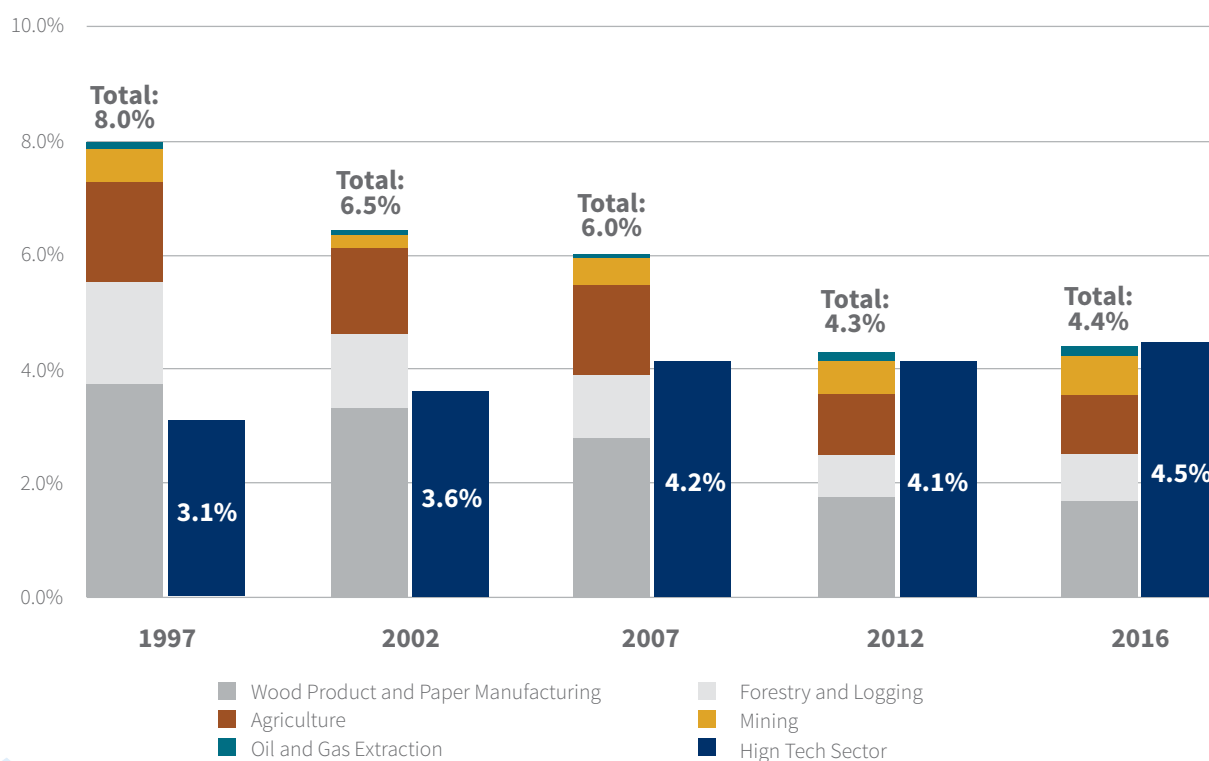


How Natural Resources' Contribution to B.C.'s Economy is Changing

Between 1997 and 2016, the percentage of employment in B.C. attributable to natural resource sectors has declined from 8.4 per cent to 4.4 per cent, while the percentage of employment in B.C. attributable to the high-tech sector has grown from 3.1 per cent to 4.5 per cent. Declines in natural

resource employment were driven by the wood product and paper manufacturing, agriculture and forestry and logging sectors. The percentage of employment attributable to the oil and gas extraction and mining sectors has remained relatively stable.

Percentage of Total Provincial Employment Attributable to Natural Resource Sectors, 1997-2016 (Table 1)



Source: Statistics Canada CANSIM Table 379-0030 (changed to Table: 36-10-0402-01), BC Stats - Business Industry and Trade - High Technology
Between 1997 and 2016 the percentage of B.C.'s GDP attributable to natural resource sectors has declined modestly while the percentage of B.C.'s

Table 1 displays the percentage of total employment in B.C. attributable to natural resource industries (wood and paper manufacturing, agriculture, forestry and logging, oil and gas extraction, mining) as well as the high-tech sector in B.C., which is primarily based in the Lower Mainland, as a comparison. Between 1997 and 2016, overall natural

resource employment shares have declined while high-tech has grown. Declines were driven by the wood product and paper manufacturing, agriculture and forestry and logging industries. The employment shares of the oil and gas extraction and mining industries have remained relatively stable, while the high-tech sector has grown from 3.1 per cent

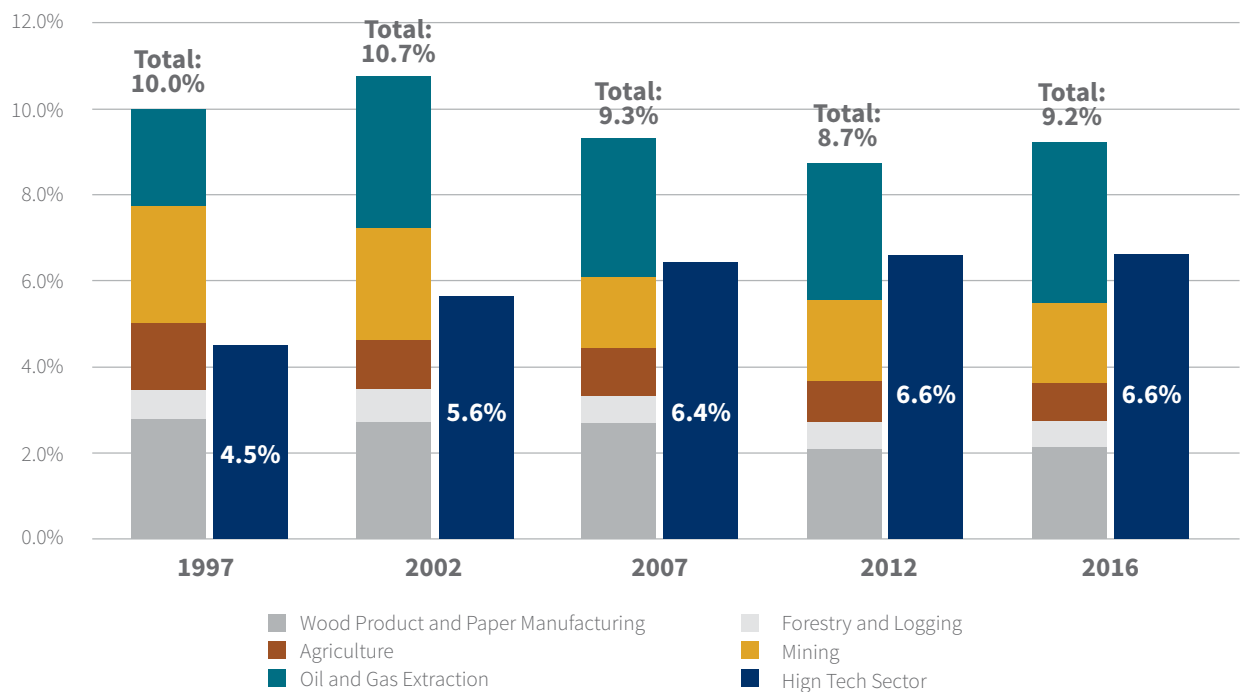
of provincial employment in 1996 to 4.5 per cent in 2016. The table highlights that among natural resource industries, wood product and paper manufacturing and forestry and logging account for the greatest number of jobs, followed by agriculture – while energy and mining account for a stable but relatively small amount of total natural resource employment.

By 2016, the high-tech sector in B.C. accounted for slightly more jobs than all the natural resource industries combined

– pointing to a significant shift in the provincial economy over a 19-year period. Most of the high-tech sector jobs are located in urban centres.

GDP attributable to the high-tech sector has grown. Declines were driven by the wood product and paper manufacturing, mining and agriculture sectors. The percentage of GDP attributable to the forestry and logging sector has remained relatively stable, while the percentage of GDP attributable to oil and gas extraction has grown.

Percentage of Total Provincial GDP Attributable to Natural Resource Sectors, 1997-2016 (Table 2)



Source: Statistics Canada Labour Force Survey, BC Stats - Business Industry and Trade - High Technology

Table 2 displays the percentage of total GDP in B.C. attributable to natural resource industries as well as the high-tech sector as a comparison. Between 1997 and 2016, overall natural resource GDP shares have declined modestly while high-tech has grown. Declines were driven by the wood product and paper manufacturing, mining and agriculture industries. The GDP share of the forestry and logging industry has remained relatively stable while the GDP share of the oil and gas extraction industry has grown. The high-tech sector has grown from 4.5 per cent of provincial GDP in 1997 to 6.6 per cent in 2016.

The table highlights that although overall employment in natural resource industries in B.C. has declined significantly

since 1997, those same industries still account for a significant, albeit declining, portion of provincial GDP. This points to the value of these industries as export sectors. That said, the continued value of these industries as contributors to GDP while employment has steadily declined, suggests B.C.'s natural resource industries have invested heavily in new technologies that improve efficiency and they now require fewer employees to generate a similar level of value. This is best shown by the oil and gas extraction industry, which accounts for less than half a per cent of natural resource industry employment in B.C. but generates more than three per cent of provincial GDP.



Regional Analysis: NORTHERN B.C.

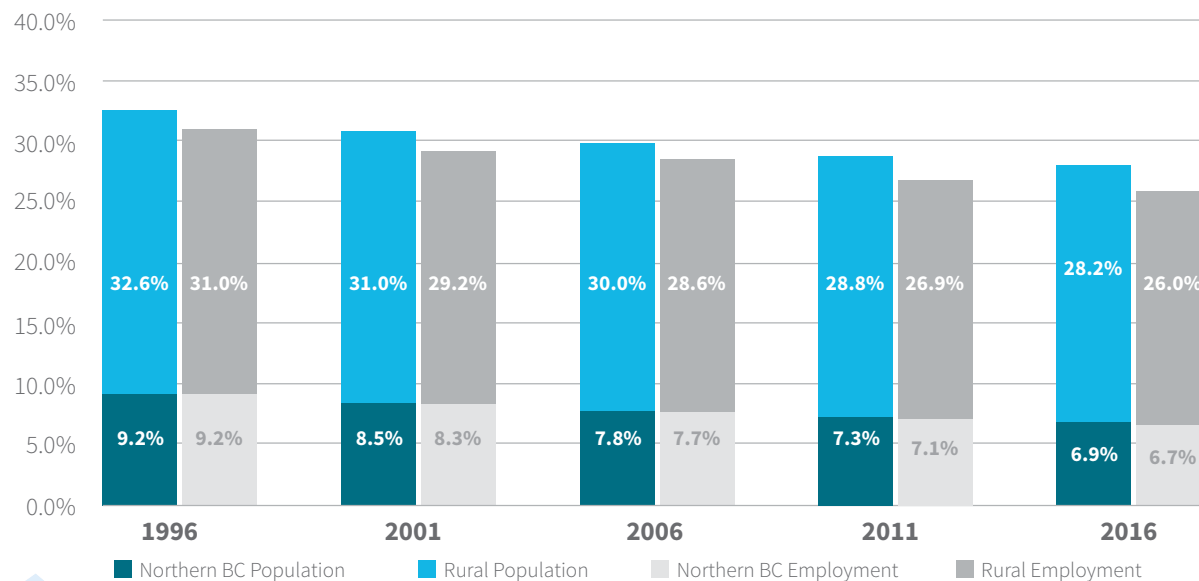


4. Regional Analysis

B.C.'s Rural Population and Rural Employment Over Time

Between 1996 and 2016 both the percentage of total provincial employment and the percentage of the total provincial population in rural areas and in Northern B.C. declined steadily. The percentage of employment in rural areas has declined faster than percentage of the population, which is linked to an overall decline in the size of the labour force in rural areas between 1996 and 2016. This reflects an overall decline in the population in rural areas between 1996 and 2016, combined with an increase in the number of individuals aged 65 and over.

Percentage of Employed Individuals and the Population that Live in Rural Areas, 1996-2016 (Table 3)



Source: Statistics Canada Census Profiles 1996, 2001, 2006, 2011, 2016

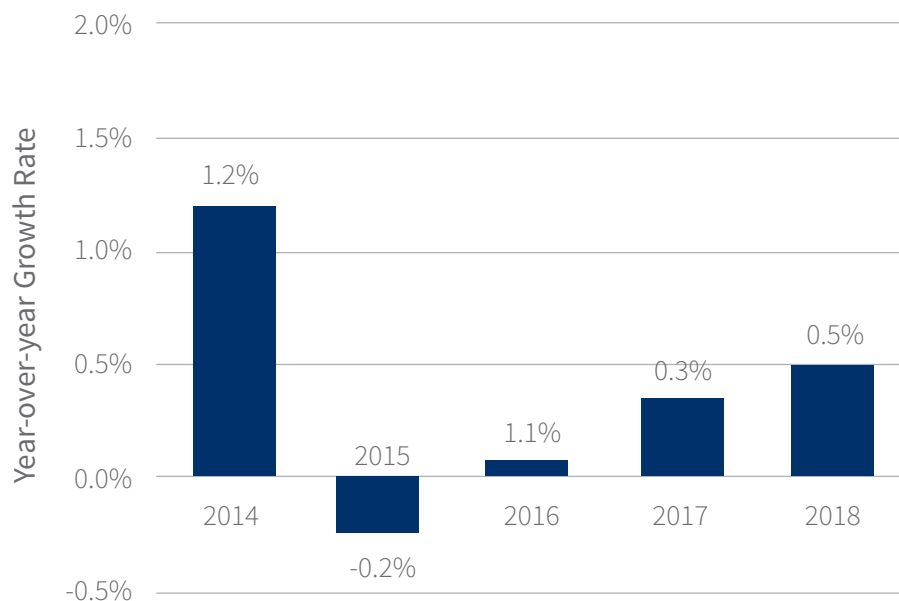
Table 3 displays the percentage of the total number of employed individuals and total population in B.C. that live in rural areas and in Northern B.C. The percentages of total provincial employment and population in rural areas and in Northern B.C. have declined steadily over the past 20 years. Additionally, employment shares have declined faster than population shares, which is linked to an overall decline in the size of Northern B.C.'s labour force between 1996 and 2016. This reflects an overall decline in the population of Northern B.C. between 1996 and 2016, combined with an increase in the number of individuals aged 65 and over.

This table indicates that the population of the region has declined while its core natural resource industries have become more efficient and employ fewer people.

Northern B.C.

Population

Northern B.C. Population Growth Year (2014-2018)

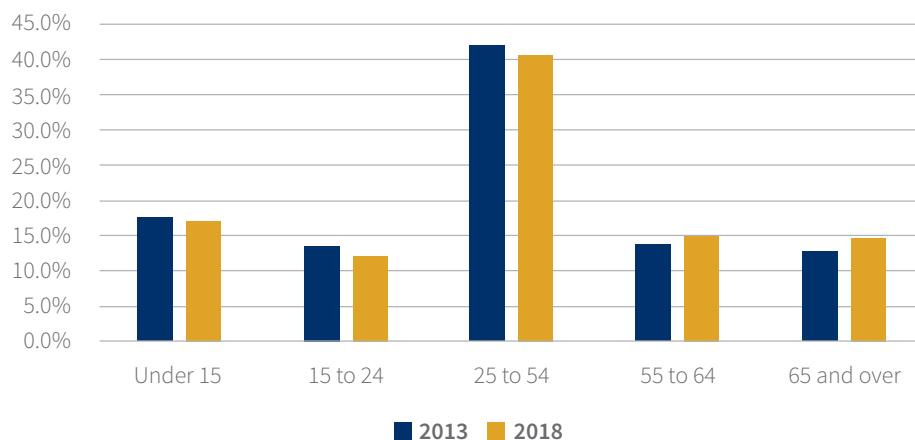


Source: BC Stats, Sub-Provincial Population Estimates

There are some indications that population levels in Northern B.C. have begun to increase after three years of relative stability. Estimated population levels increased in every region in Northern B.C. in 2018, led by the North Central region and Prince George in particular. This is consistent with the improving economic outlook as a result of construction of the LNG Canada facility and increased mining activity.

Note: BC Stats annually adjusts their historical population estimates. In 2019, the historical estimates were revised to show increased population levels in Northern B.C. for 2013-2017.

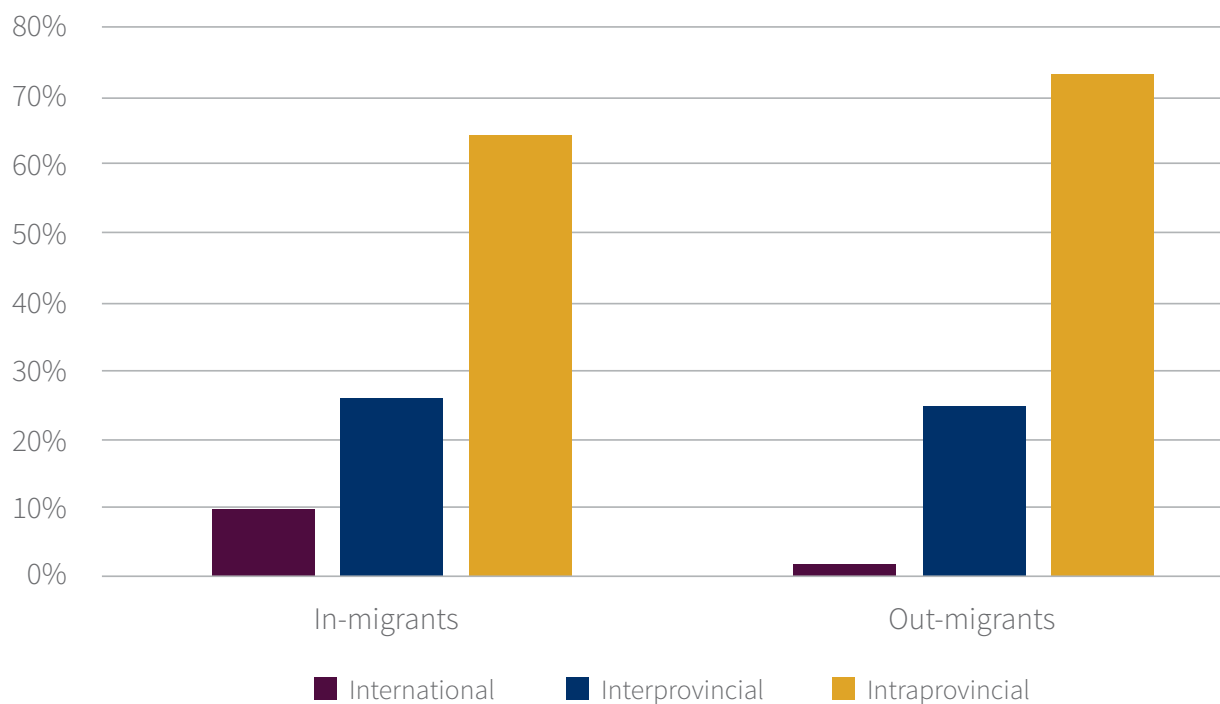
Population Age Distribution – Northern B.C.



Source: BC Stats, Sub-Provincial Population Estimates

The population of Northern B.C. remains relatively younger than the population of B.C. as a whole. However, there are indications Northern B.C.'s population is aging and will continue to age.

Average Share of Annual Migration by Source/Destination (2015/16 to 2017/2018)
Between 2016 and 2018 the number of international immigrants to Northern B.C.



Source: BC Stats, British Columbia Regional District Migration Components

Population growth rates reflect the economic health of a region. Growth in population occurs as people move in search of economic opportunities or for lifestyle factors.

Sustained population growth creates demand for services and housing which leads to expansion of these sectors.

B.C. increased but international immigration remains a relatively small component of population growth in Northern B.C. Approximately half of international immigrants to Northern B.C. settle in the North Central region. The Northeast accounts for the next highest share at 27 per cent followed by the Northwest at 17 per cent.

Intraprovincial migration accounts for the largest component of migration in the region. Between 2016 and 2018, the number of people leaving Northern B.C. to move to other parts of B.C. declined relative to the number of people from other parts of B.C. moving to Northern B.C. Similar trends are apparent in interprovincial migration which suggests that the outlook for the region is improving.

**NORTHERN B.C.
POPULATION**

TREND

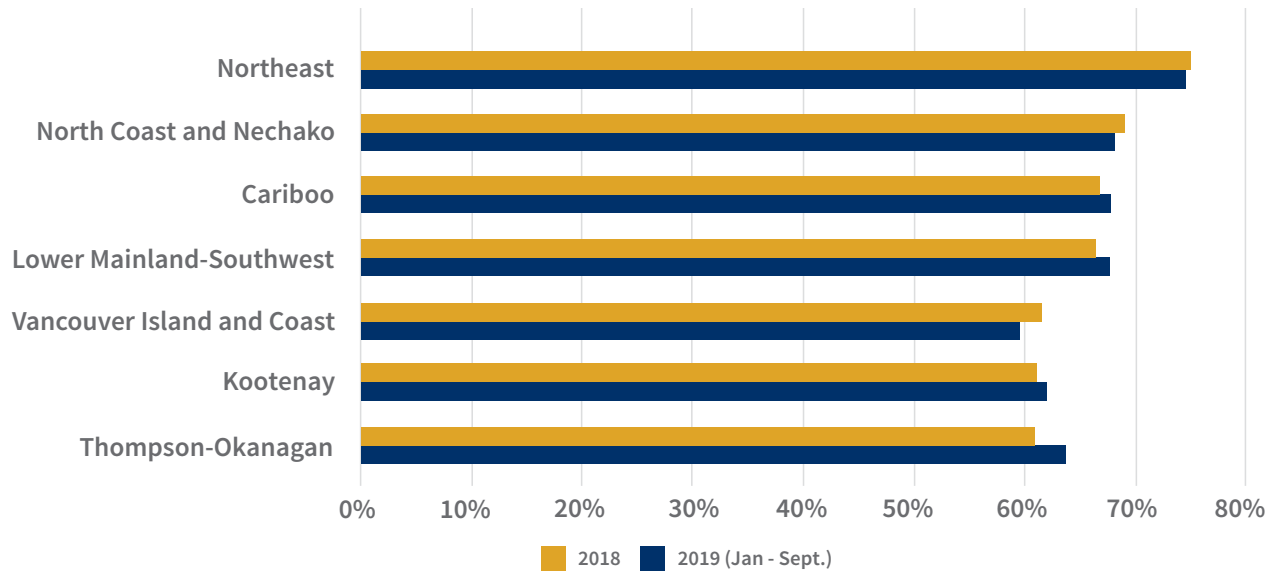


FORECAST



Labour Force and Employment

Labour Force Participation by Region



Source: Statistics Canada Labour Force Survey

Northern B.C. has the highest labour force participation rate in B.C., due in part to its relatively younger population. In 2018, labour force participation across Northern B.C. remained relatively stable, as a decline in the labour force and employment levels in the Cariboo-Chilcotin/Lillooet region was offset by an increase in the labour force and employment levels in the Northeast and Northwest regions.

Looking forward, employment levels and labour force participation rates are expected to remain at or near their 2019 levels. The LNG Canada facility and Site C Dam are expected to attract workers from other regions in B.C. and Canada, as well as provide employment to displaced B.C. forest sector workers, particularly in the skilled trades.

LABOUR FORCE

TREND



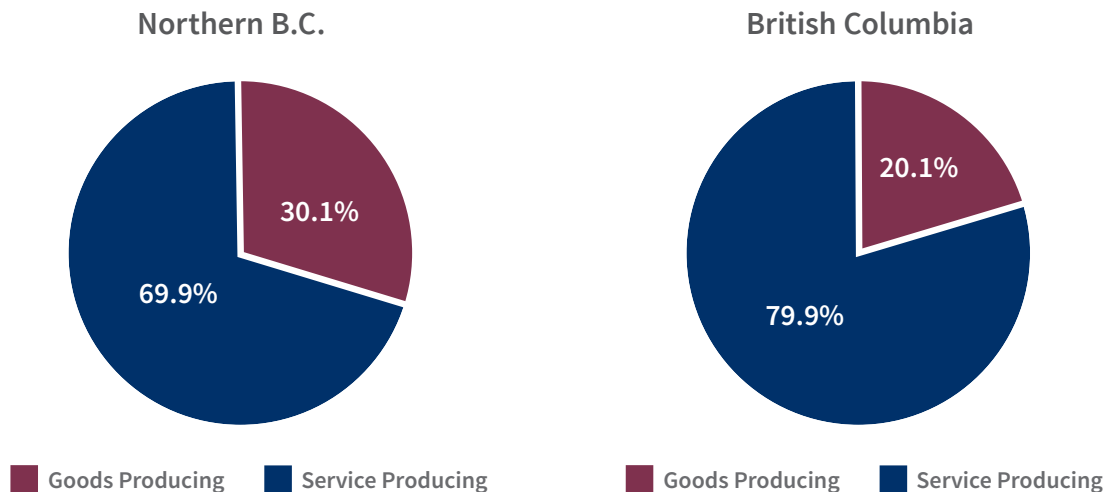
FORECAST



The labour force participation rate measures the share of the population 15 years and over that are in the labour force.

Regions with younger populations tend to have higher labour force participation rates while those with older populations have lower rates. Participation rates also tend to fall during recessions and rise during expansions.

Share of Employment by Sector (Northern B.C. and B.C. Total)



Northern B.C. accounts for approximately 6.5 per cent of employment in B.C. and that share has been falling since 2013. The decrease is linked to the struggling forest sector as well as declines in commodity prices between 2014 and 2017, which reduced mining activity.

In 2018, overall employment in Northern B.C. increased moderately due to growth in the service sector in the Northeast and Northwest regions and growth in the goods sector in the Cariboo-Chilcotin/Lillooet region.

There is some indication that growth in the Cariboo-Chilcotin/Lillooet region is linked to rebuilding after the wildfires, as construction employment increased significantly in the final months of 2018.

In the first nine months of 2019, employment levels remained relatively stable across Northern B.C., and are expected to remain at or near their 2019 level in the adjacent term. Declines in forest sector employment are expected to persist in the Cariboo-Chilcotin/Lillooet region, but will be partially offset by hiring in the Northwest and Northeast regions arising from construction of major projects and improvements in the outlook for mining.

EMPLOYMENT

TREND ↔

FORECAST ↔

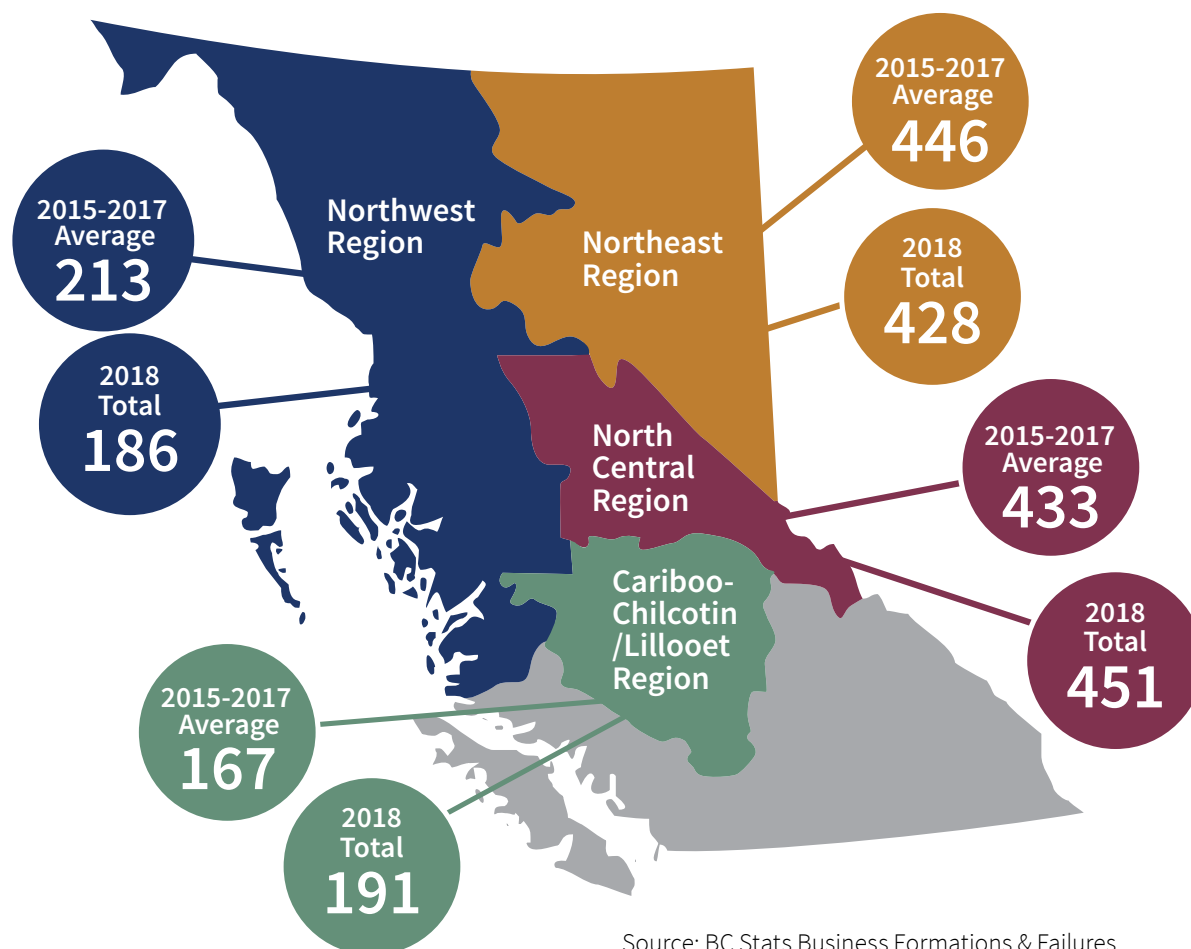
Business Environment

Number of Businesses with Employees – Northern B.C.

Industry	2018 Total	Growth Trend (2015 - 2017)	Share of businesses with less than 20 employees
Construction	1,898	↓	91%
Agriculture, Forestry, Fishing & Hunting	1,229	↓	90%
Mining, Oil & Gas Extraction	484	↔	86%
Manufacturing	390	↓	72%
Transportation & Warehousing	1,202	↓	92%
Retail Trade	1,557	↓	86%
Health Care & Social Assistance	1,111	↑	88%
Professional, Scientific & Technical Services	984	↓	94%
Accommodation & Food Services	907	↔	70%
Real Estate, Rental & Leasing	546	↔	94%
Administration, Support, Waste Management & Remediation	537	↓	89%
Wholesale Trade	491	↓	82%
Finance & Insurance	331	↔	87%
Arts, Entertainment & Recreation	206	↔	84%
Public Administration	141	↔	28%
Educational Services	136	↔	74%
Information & Cultural Services	145	↑	88%
Utilities	39	↑	87%
Management of Companies & Enterprises	43	↓	63%
Other Services (excl. Public Administration)	1,330	↓	95%
Total	13,707		87%
Trend Legend: Up = ↑ Down = ↓ Stable = ↔			

Source: BC Stats Business Location Counts

Incorporations – Northern B.C.



Source: BC Stats Business Formations & Failures

Business formations in Northern B.C. were stable in 2018 after declines between 2014 and 2017. The outlook for Northern B.C. is positive as major infrastructure investments and improvement in mining in the Northwest and Northeast region are expected lead to increased business activity in these regions. As the main service hub in Northern B.C., the North Central region is also expected to benefit from the investments in major infrastructure projects. In contrast, the outlook for the Cariboo-Chilcotin/Lillooet is uncertain as this region has been significantly impacted by mill closures and wildfires.

BUSINESS FORMATIONS

TREND



FORECAST



Bankruptcies - Northern B.C.

Northern B.C.			B.C. Total	
	2015-2017 Average	2018 Total	2015-2017 Average	2018 Total
Personal Bankruptcies	393	296	4,849	4,072
Business Bankruptcies	7	4	140	75

Source: Office of the Superintendent of Bankruptcy Canada

Bankruptcy trends also provide some evidence of improving economic conditions. Personal bankruptcies declined for the second straight year and remain below their three-year average, while business bankruptcies declined for the third straight-year and are also below their three-year average.

The overall number of businesses with employees was stable in 2018 after two years of declines. Year-over-year growth in 2018 was concentrated in the Health Care and Social Assistance, Wholesale Trade, Information and Cultural Industries, Utilities, and Management of Companies and Enterprises industries.

The Northwest region experienced the most significant business growth in 2018, due to growth in the Mining, Oil and Gas sector and Health Care and Social Assistance sector.

BANKRUPTCIES**TREND****FORECAST**

Construction Activity

Northern B.C. Building Permit Values – by type (\$000s)

	2018 (Jan - Aug)	2019 (Jan - Aug)
Residential	\$121,573	\$143,635
Industrial	\$56,429	\$55,316
Commercial	\$32,836	\$274,723
Institutional and Government	\$40,168	\$39,144

Source: Statistics Canada, Produced by BC Stats (www.B.C.stats.gov.B.C.ca)

Housing Starts by Region

	(Jan - Sept) 2018	(Jan - Sept) 2019	2017 Annual	2018 Annual
Cariboo-Chilcotin/Lillooet	96	81	114	114
North Central	342	247	272	427
Northeast	61	73	127	92
Northwest	88	63	38	174
Grand Total	587	464	551	807

Source: Canada Mortgage and Housing

Through the first nine months of 2019, the value of residential building permits was up nearly 20 per cent year-over-year across Northern B.C. There was also a significant increase in the value of commercial building permits while the value of industrial and institutional and government permits remained flat, year-over-year.

The substantial increase in commercial building permit values was almost entirely contained to the Northwest region and Kitimat in particular. There was also a significant increase in residential building permits in Kitimat reflecting the increased activity linked to the LNG Canada facility construction.

In the Northeast region the value of residential building permits grew significantly. Much of the growth was in Fort St. John which has experienced significant declines since 2015. Housing starts in Northern B.C. increased significantly in 2018, due to substantial year-over-year increases in Prince George, Terrace and Williams Lake, some of which may be linked to rebuilding after the wildfires. In the first nine months of 2019, housing starts returned to their historical levels in Williams Lake and Prince George, while they remain above their historical levels in Quesnel and Fort St. John.

Trends in residential building permits and housing starts suggest that economic conditions are improving in Northern B.C. and economic activity is expected to remain at or above its 2019 level.

BUILDING PERMITS & HOUSING STARTS

TREND



FORECAST



Building permit values are a measure of construction, and changes in building permits are often one of the first indications of changes in the surrounding economic conditions.

After a period of sustained expansion, declines in building permits may indicate the expansion is ending while growth in building permits after a contraction may indicate the economy is improving.

Building permits indicate construction intentions, while housing starts indicate construction activity.

Cost of Living and Affordability

The living wage in Northern B.C. is estimated to range from \$15.77 in the Cariboo region to \$20.61 in the Northwest region. Comparing the living wage to median wages in Northern B.C., most workers earn at least a living wage.

Home ownership in Northern B.C. remains affordable, especially in comparison to Vancouver and Victoria where affordability is a major concern. Even though housing prices have begun to climb in some communities in Northern B.C., most households spend less than 30 per cent of their income on shelter costs.

Living Wages

A living wage is the hourly wage rate that is required for a household to meet its basic needs and provide a basic level of economic security. Living wages are calculated based on a family of four in which both parents work full-time, one child is in full-time daycare and one child is in after school care. Costs used in the calculation include rental housing, transportation, food, clothing, child-care, medical expenses and other miscellaneous expenses. The calculation does not include retirement savings, debt servicing or costs associated with caring for elderly, disabled or seriously ill family members.

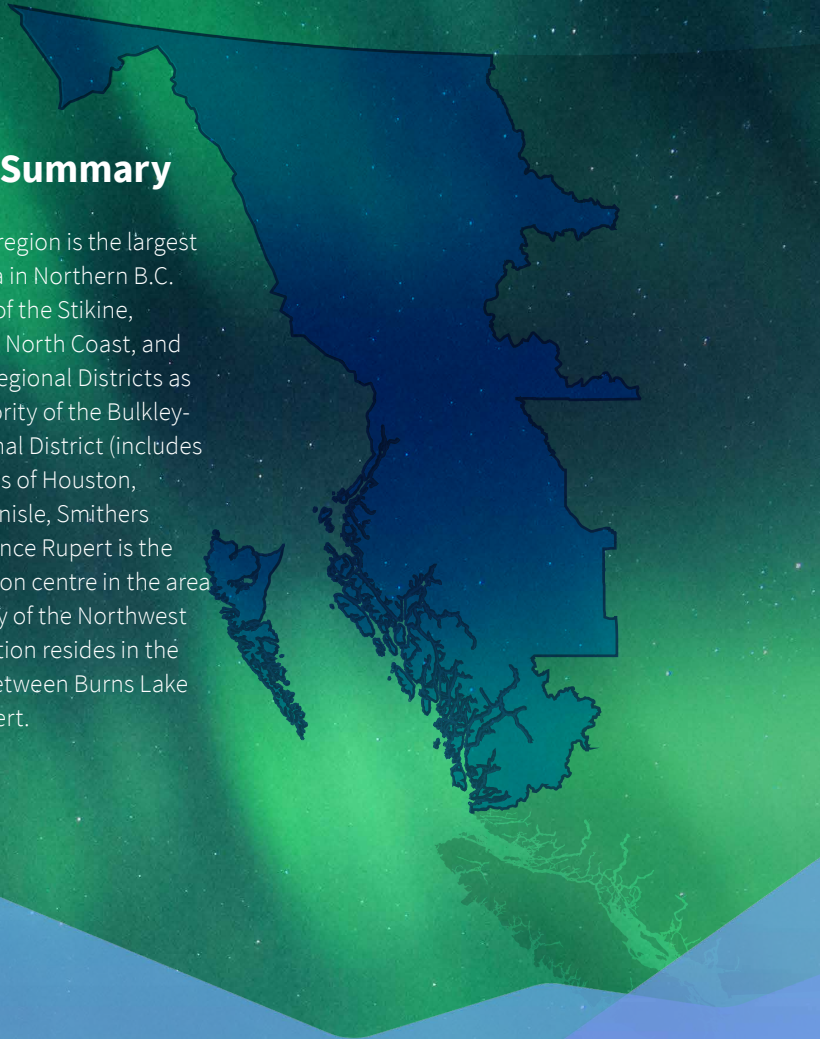
Source: Living Wage Canada, Canadian Living Wage Framework



Northwest REGION

Regional Summary

The Northwest region is the largest geographic area in Northern B.C. It is comprised of the Stikine, Kitimat- Stikine, North Coast, and Central Coast Regional Districts as well as the majority of the Bulkley- Nechako Regional District (includes the communities of Houston, Burns Lake, Granisle, Smithers and Telkwa). Prince Rupert is the largest population centre in the area and the majority of the Northwest region's population resides in the communities between Burns Lake and Prince Rupert.



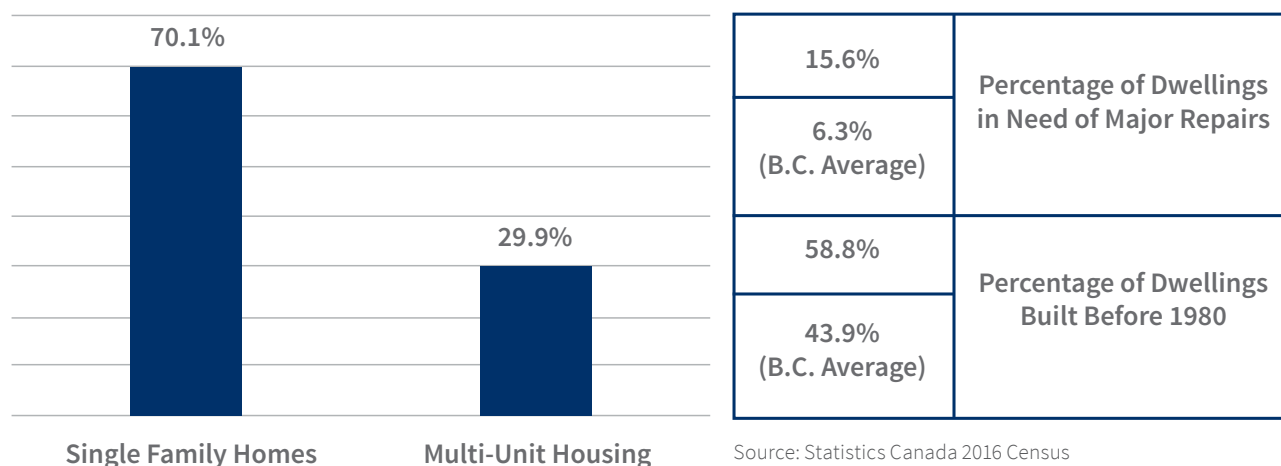
Population and Housing

Households by the Numbers (2016-2018)

194	Change in population (2018)
0.2%	Annual population growth rate (2016 - 2018)
4%	Percentage of migrants to the region from outside of Canada
2.5	Average household size
97%	Percentage of homes owned by Canadian residents
48%	Percentage of households in single family dwellings
74%	Percentage of households that own their home
9.3%	Percentage of owners spending more than 30% of their income on shelter
30.5%	Percentage of renters spending more than 30% of their income on shelter
4.7%	Rental property vacancy rate

Source: Statistics Canada 2016 Census, BC Stats Population Estimates, Canadian Mortgage and Housing Corporation

Housing Stock 2018 – Composition of Housing Stock

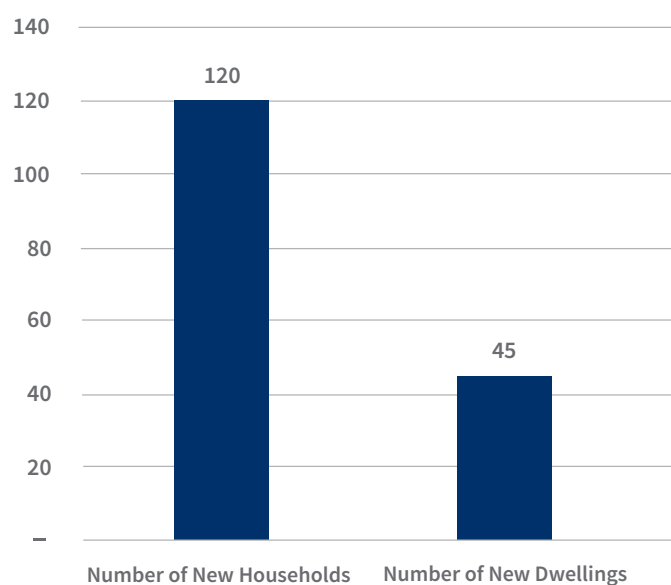


Source: Statistics Canada Table 46-10-0018-01 Residency ownership of residential properties by property type and period of construction, provinces of Nova Scotia, Ontario and British Columbia

The percentage of dwellings in need of major repairs is significantly higher than the provincial average and has remained roughly the same since 2011, while the age of the housing stock is also well above the provincial average. This suggests that there is need for a renewal of the housing stock to meet future demands.

Snapshot of Prince Rupert

New Households and New Dwellings, Prince Rupert (2016 – 2018)



Between 2016 and 2018 the number of households grew by approximately 120 while there were approximately 45 units added to the housing stock in Prince Rupert. Of these, roughly 50 per cent were single-family units while 40 per cent were apartments. Data was not available on the number of new dwellings in other communities in the Northwest region.

The LNG Canada facility near Kitimat will include temporary worker accommodations that will house 4,500 individuals at a time.⁴⁷ Once construction is complete, there will be an estimated 300 to 450 permanent jobs at the facility. There is also anticipated to be growth in employment at businesses providing goods and services to the facility. Consequently, there is expected to be a need for additional housing in region.

Source: BC Stats, Sub-Provincial Population Estimates and Canada Mortgage and Housing Corporation, Housing Completions for Centres 10,000+

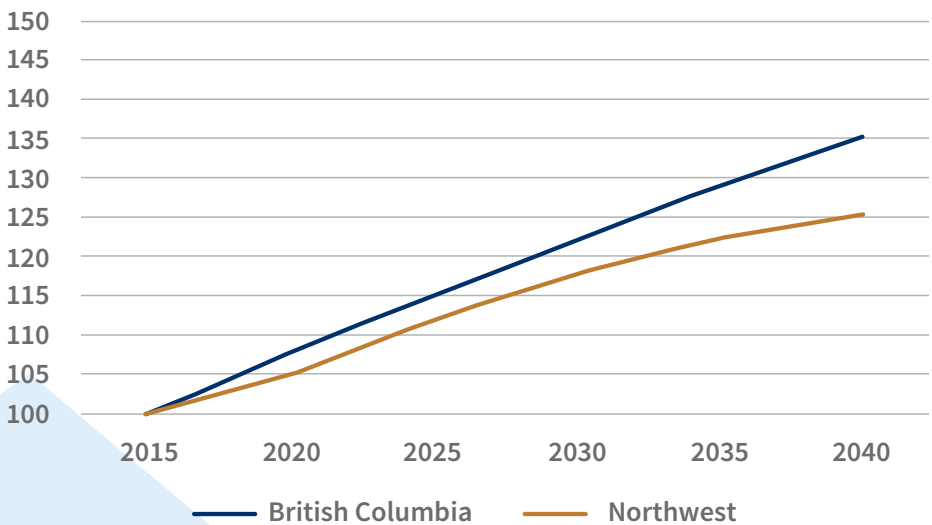
47 JGC Fluor B.C. LNG JV. "Modules for Cedar Valley Lodge begin arriving May 23". Available here: <https://fjvkkitimat.com/modules-for-cedar-valley-lodge-begin-arriving-may-23/>

Non-Market Housing (April 2019)

201	Number of homeless sheltered
381	Number of units of transitional supported and assisted living
505	Low-income families
216	Low-income seniors
216	Rental assistance in the private market

Source: B.C. Housing, Research and Corporate Planning Dept

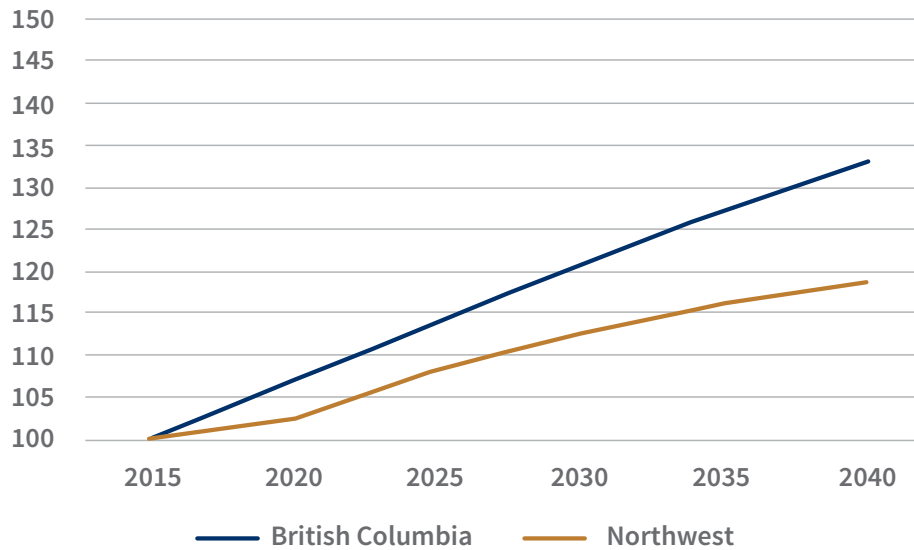
Projected Number of Households Index (2020-2040)



An index shows changes over time relative to a base value. It also allows comparisons of values of different magnitudes over time.

In the projected population and households indices, the vertical axis shows the growth rate and the gap between the regional index and provincial index shows how the relative size of the population or households is changing over time.

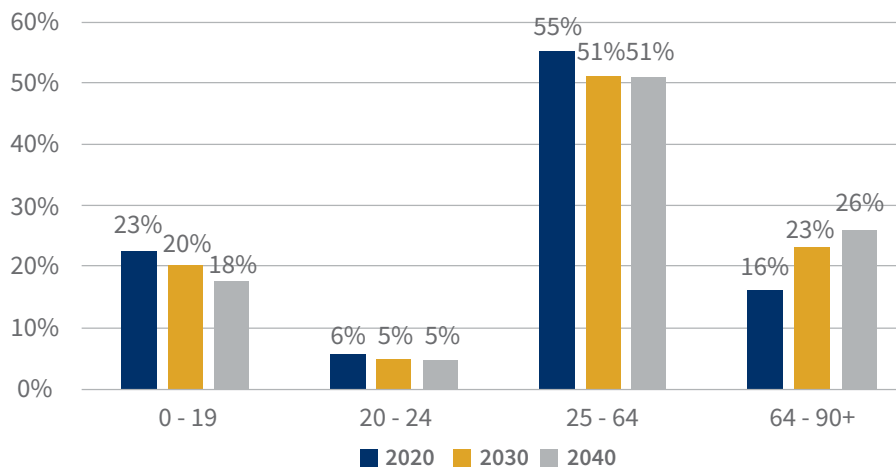
Projected Population Index (2020-2040)



Between 2020 and 2040 the population in the Northwest is projected to grow at an annual rate of 0.7 per cent, while the number of households is projected to grow slightly faster at 0.9 per cent. The provincial population and number of households are projected to grow at 1.1 per cent annually.

Source: BC Stats, Sub-Provincial Population Estimates and Projections

Projected Age Distribution (2020-2040)



The population in the Northwest is projected to age, with the percentage of the population aged 65 and over rising from 16 per cent in 2020 to 26 per cent by 2040. As a result, it is anticipated that there will be increased demand for smaller housing units in areas near to healthcare services for seniors like condominiums, row houses and semi-detached units in urban centres.

Source : BC Stats, Sub-Provincial Population Estimates

Employment

Employment in the Northwest region is largely dependent on forestry, mining, oil and gas, tourism and transportation. After decreasing in 2014, due to commodity price declines that affected mining and oil and gas, employment levels increased in 2015 and have remained stable through 2018, and into the first half of 2019.

Employment gains were largely in the mining, oil and gas, and construction industries, which is linked to the LNG Canada facility construction.

In the service sector, there were employment gains in the professional services and accommodation and food services sectors, which are both likely associated with increased employment in the mining, oil and gas industries.

The Northwest region was among the least affected by mill closures and curtailments in Northern B.C. The West Fraser mill in Smithers had a temporary curtailment during the summer, while the Canfor mill in Houston also had a temporary curtailment and then reduced their work week to four days in September.⁴⁸

Further declines in forest sector employment are anticipated to be offset by growth in employment due to the construction of the LNG Canada facility in Kitimat. In addition improvements in the outlook for minerals has led to increased investment in mining exploration in the region. Consequently, employment levels in the region are expected to rise in the near term.



Economic spillover effects from spending by construction workers working at the LNG facility in Kitimat are expected to be moderate as the majority of construction workers will be housed at a work camp near the site.

48 48 CB.C. Available here: <https://www.cb.c.ca/news/canada/british-columbia/tolko-shutdowns-christmas-2019-1.5360649>

Cost of Living and Affordability

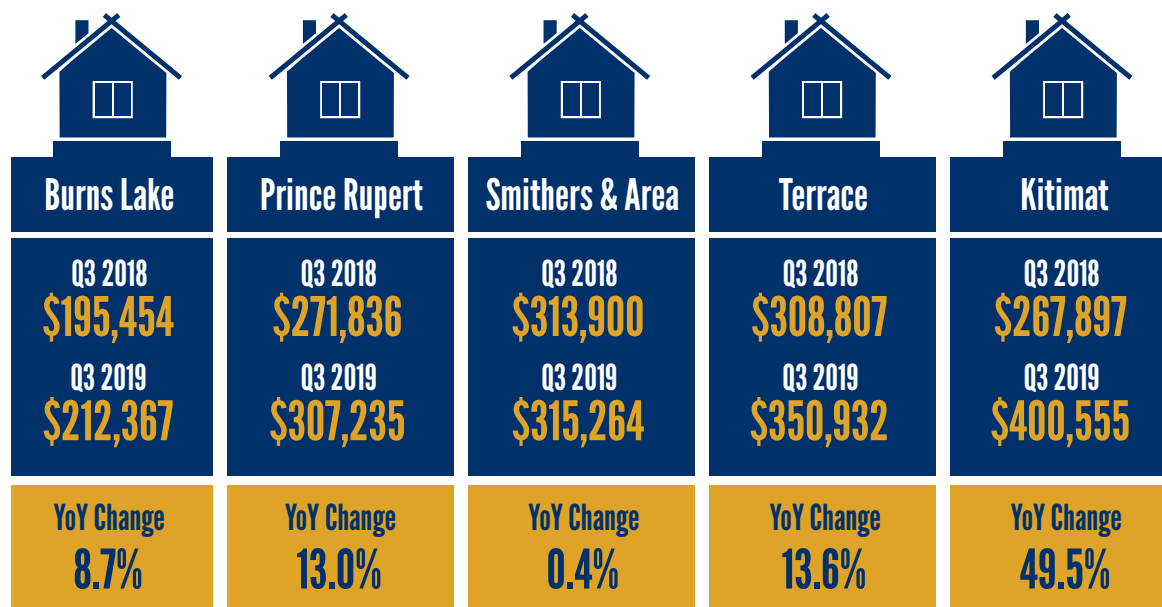
Median Wages for Select Occupations

Median Wage	
Goods-producing Industries	
Machine operators, mineral and metal processing	\$40.00
Welders and related machine operators	\$33.76
Heavy-duty equipment mechanics	\$36.00
Logging machinery operators	\$30.00
Heavy equipment operators (except crane)	\$32.00
Electricians (except industrial and power system)	\$29.00
Carpenters	\$27.76
Transport truck drivers	\$25.63
Construction trades helpers and labourers	\$20.00
Silviculture and forestry workers	\$23.00
Service Industries	
Registered nurses and registered psychiatric nurses	\$38.00
Elementary school and kindergarten teachers	\$36.55
Administrative assistants	\$22.00
Social and community service workers	\$20.00
Accounting technicians and bookkeepers	\$22.50
Home support workers, housekeepers and related occupations	\$18.25
Retail salespersons	\$14.00
Cashiers	\$13.85
Food and beverage servers	\$14.00
Living Wage - Terrace	\$18.17
Living Wage - Kitimat	\$20.61

Source: Government of Canada Job Bank and Living Wage Canada

Median wages in the Northwest are comparable to other regions in Northern B.C. Median wages in the goods sector and the majority of occupations in the service sector are above the living wages of \$18.17 and \$20.61, while median wages for those working in accommodation and food service, home support, and retail occupations are below the living wage. Compared with other regions of Northern B.C., wage rates in the Northwest region are higher for silviculture and forestry workers and heavy-duty mechanics, while they are generally similar in other selected occupations.

Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

Home prices rose across the Northwest region in 2018 and continued to rise in the first nine months of 2019. The Northwest region had the largest year-over-year gains in housing prices in Northern B.C., reflecting increased demand due to the increase in economic activity arising from the construction of the LNG Canada facility. In Kitimat housing prices rose by 50 per cent year-over-year, following a 20 per cent increase in the previous year. The median home price was also up by 13.6 per cent in Terrace, 13 per cent in Prince Rupert and 8.7 per cent in Burns Lake.

Despite the significant price increases, housing affordability in the Northwest region remains favourable due to the fact that the percentage of income required for housing remains below the Northern B.C. average (26.9 per cent) in Kitimat and Smithers 49. In Prince Rupert and Terrace, affordability has improved as the percentage of income required for housing has dropped to 28 per cent and 30 per cent respectively, from 33 per cent in previous years.

Further increases in home prices may reduce affordability in the short term.

Northeast

REGION

Regional Summary

The Northeast region is the second largest geographic area in Northern B.C. It is bordered by the Yukon Territory and Northwest Territories to the north, Alberta to the east, the Northwest region to the west and the North Central region to the south. It is comprised of the Northern Rockies and Peace River Regional Districts. Fort St. John is the largest community in the region and the majority of the Northeast's population resides in the south-eastern corner of the Peace River Regional District.



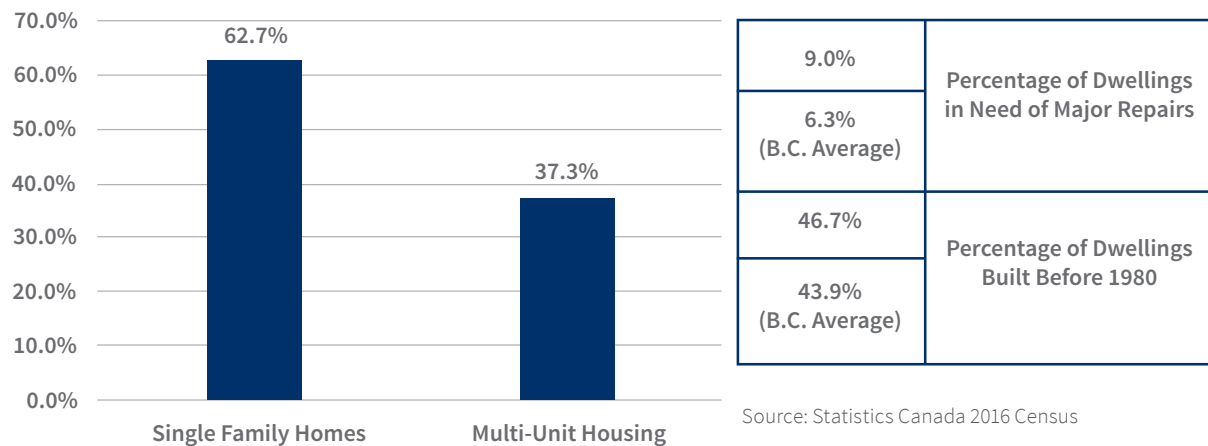
Population and Housing

Households by the Numbers (2016-2018)

153	Change in population (2018)
0.04%	Annual population growth rate (2016 - 2018)
20%	Percentage of migrants to the region from outside of Canada
2.5	Average household size
98%	Percentage of homes owned by Canadian residents
51%	Percentage of households in single family dwellings
71%	Percentage of households that own their home
11.3%	Percentage of owners spending more than 30% of their income on shelter
30.6%	Percentage of renters spending more than 30% of their income on shelter
13.6%	Rental property vacancy rate

Source: Statistics Canada 2016 Census, BC Stats Population Estimates, Canadian Mortgage and Housing Corporation Housing

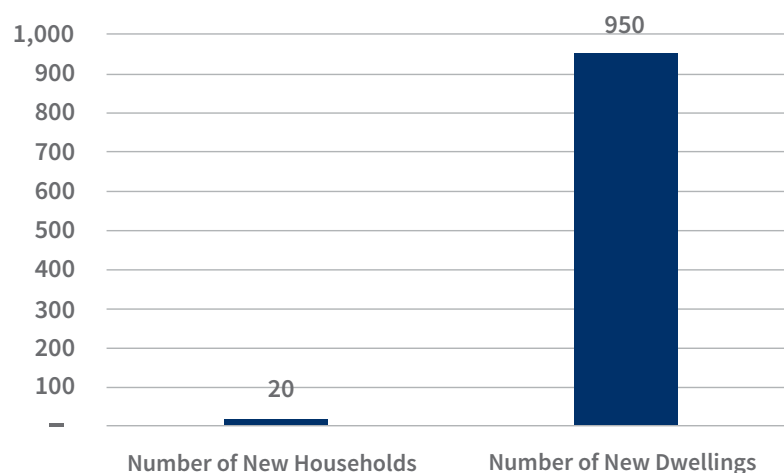
Stock 2018 – Composition of Housing Stock



Source: Statistics Canada Table 46-10-0018-01 Residency ownership of residential properties by property type and period of construction, provinces of Nova Scotia, Ontario and British Columbia

The percentage of dwellings in need of major repairs is slightly higher than the provincial average and the rate has increased since 2011. The age of the housing stock is also slightly above the provincial average but is lower than other regions in Northern B.C. This suggests that there is some need for housing renewal in the region, though it is not as urgent as other areas in Northern B.C.

New Households and New Dwellings (2016 - 2018)



Between 2016 and 2018 the number of households grew by approximately 20 while there were approximately 950 units added to the housing stock in the Northeast region. Of these, roughly 45 per cent were apartments while 20 per cent were single-family homes. This suggests that increases in housing demand due to increased employment opportunities has been met with increases in housing construction.

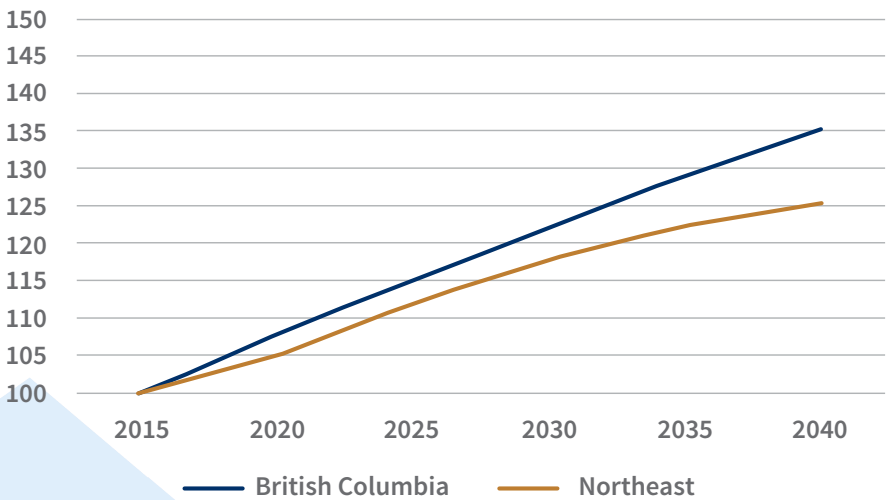
Source: BC Stats, Sub-Provincial Population Estimates and Canada Mortgage and Housing Corporation, Housing Completions for Centres 10,000+

Non-Market Housing (April 2019)

137	Number of homeless sheltered
149	Number of units of transitional supported and assisted living
290	Low-income families
163	Low-income seniors
245	Rental assistance in the private market

Source: B.C. Housing, Research and Corporate Planning Dept

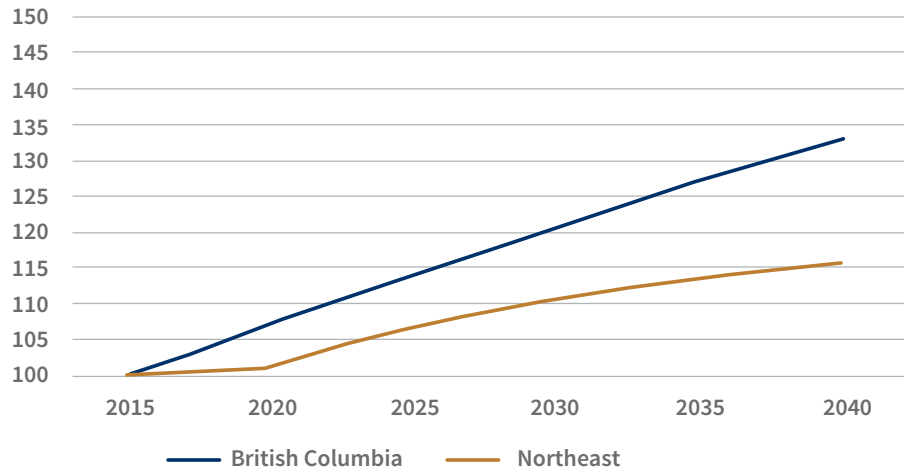
Projected Number of Households Index (2020-2040)



An index shows changes over time relative to a base value. It also allows comparisons of values of different magnitudes over time.

In the projected population and households indices, the vertical axis shows the growth rate and the gap between the regional index and provincial index shows how the relative size of the population or households is changing over time.

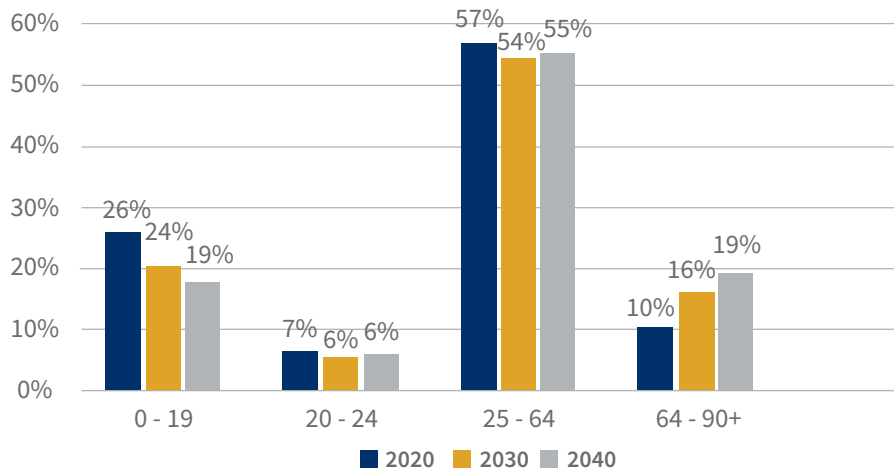
Projected Population Index (2020-2040)



Between 2020 and 2040 the population of the Northeast is projected to grow at an annual rate of 0.7 per cent, while the number of households is projected to grow slightly faster at 0.9 per cent. The provincial population and number of households are projected to grow at 1.1 per cent annually.

Source: BC Stats, Sub-Provincial Population Estimates and Projections

Projected Age Distribution (2020-2040)



The population is projected to age, with the percentage of the population aged 65 and over rising from 10 per cent in 2020 to 19 per cent by 2040. As a result, it is anticipated that there will be increased demand for smaller housing units in areas near healthcare and other services for seniors.

Source: BC Stats, Sub-Provincial Population Estimates

Employment in the Northeast region is linked to the mining, forestry and oil and gas sectors, which is reflected in the Northeast having the highest percentage of goods- sector employment in Northern B.C. After two years of declines, overall employment increased in the Northeast region in 2018 and remained relatively stable through the first nine months of 2019.

Growth in employment likely reflects increases in coal production and the reopening of mines in the region. Employment in forestry in the Northeast region was affected by temporary production curtailments at four lumber mills between June and August 2019 and the indefinite curtailment of the Louisiana Pacific Peace Valley OSB mill in Fort St. John.⁴⁹ However, indications are that increased construction activity related to Site C and the Coastal Gas Link pipeline combined with improvements in the outlook for mining that have led to increased hiring are mitigating the job losses in the forest sector. Consequently, employment levels are expected to remain at or above their 2019 levels in the near term.

EMPLOYMENT

TREND 

FORECAST 

49 CB.C. Available here: <https://www.cB.C.ca/news/canada/british-columbia/tolko-shutdowns-christmas-2019-1.5360649>

Cost of Living and Affordability

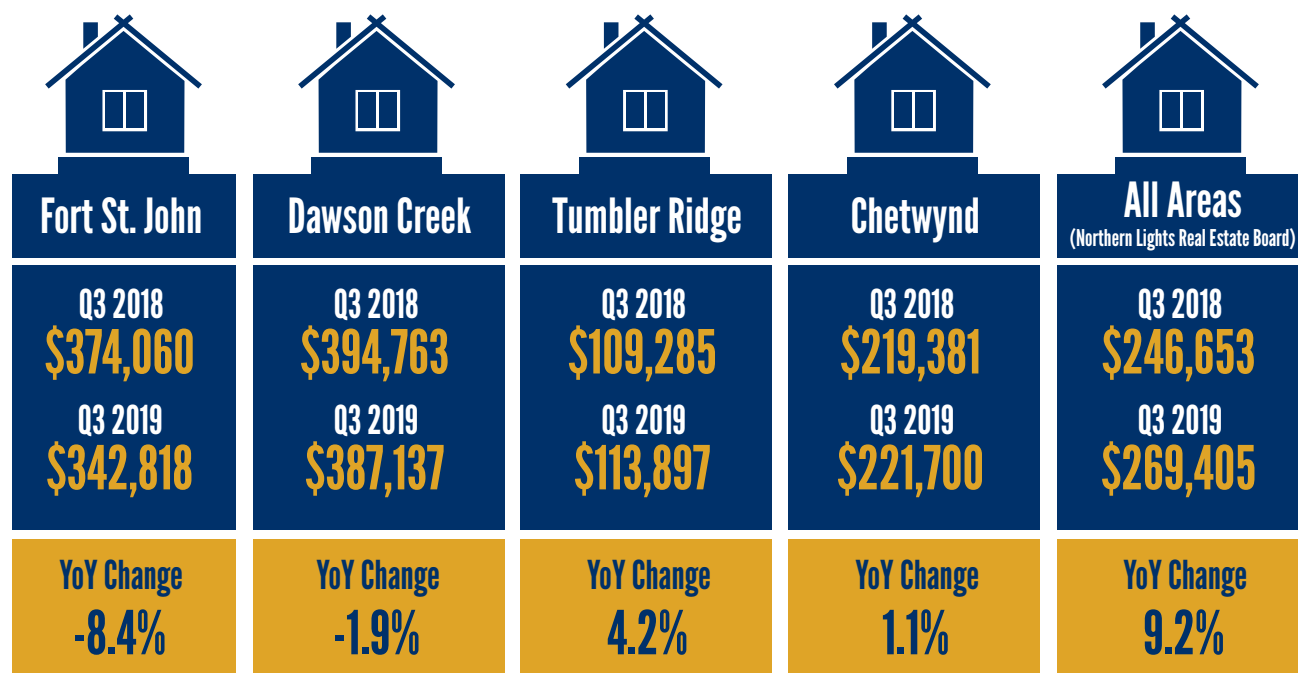
Median Wages for Select Occupations

Median Wage	
Goods-producing Industries	
Heavy equipment operators (except crane)	\$32.00
Heavy-duty equipment mechanics	\$34.00
Welders and related machine operators	\$28.00
Transport truck drivers	\$30.00
Electricians (except industrial and power system)	\$31.00
Carpenters	\$27.50
Oil and gas drilling, servicing and related labourers	\$24.00
Labourers in wood, pulp and paper processing	\$28.18
Construction trades helpers and labourers	\$22.00
Service Industries	
Registered nurses and registered psychiatric nurses	\$38.44
Elementary school and kindergarten teachers	\$33.65
Administrative assistants	\$20.00
Accounting technicians and bookkeepers	\$28.00
Social and community service workers	\$21.63
Home support workers, housekeepers and related occupations	\$19.23
Retail salespersons	\$14.00
Food and beverage servers	\$13.85
Cashiers	\$13.85
Living Wage	\$18.29

Source: Government of Canada Job Bank and Living Wage Canada

Median wages in the Northeast are generally higher than other regions in Northern B.C. Median wages in the goods sector and the majority of occupations in the service sector are above the living wage of \$18.29 while median wages for those working in food service and retail occupations are below the living wage. Compared with other regions of Northern B.C., wage rates in the Northeast region are higher for truck drivers, construction labourers, electricians, and registered nurses.

Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

Housing prices increased across the Northeast region as a whole in the first nine months of 2019, despite year-over-year declines in Fort St. John and Dawson Creek. Prices in Tumbler Ridge increased by 4.2 per cent year-over-year after a 23.7 per cent increase in the previous year following the reopening of coal mines in the area.

Affordability remains favourable in the region, as the percentage of housing income required for housing costs is 22.4 per cent in Fort St. John, the most expensive market in the Northeast region.⁵⁰ Prices are expected to increase as construction and mining activities draw workers to the region.

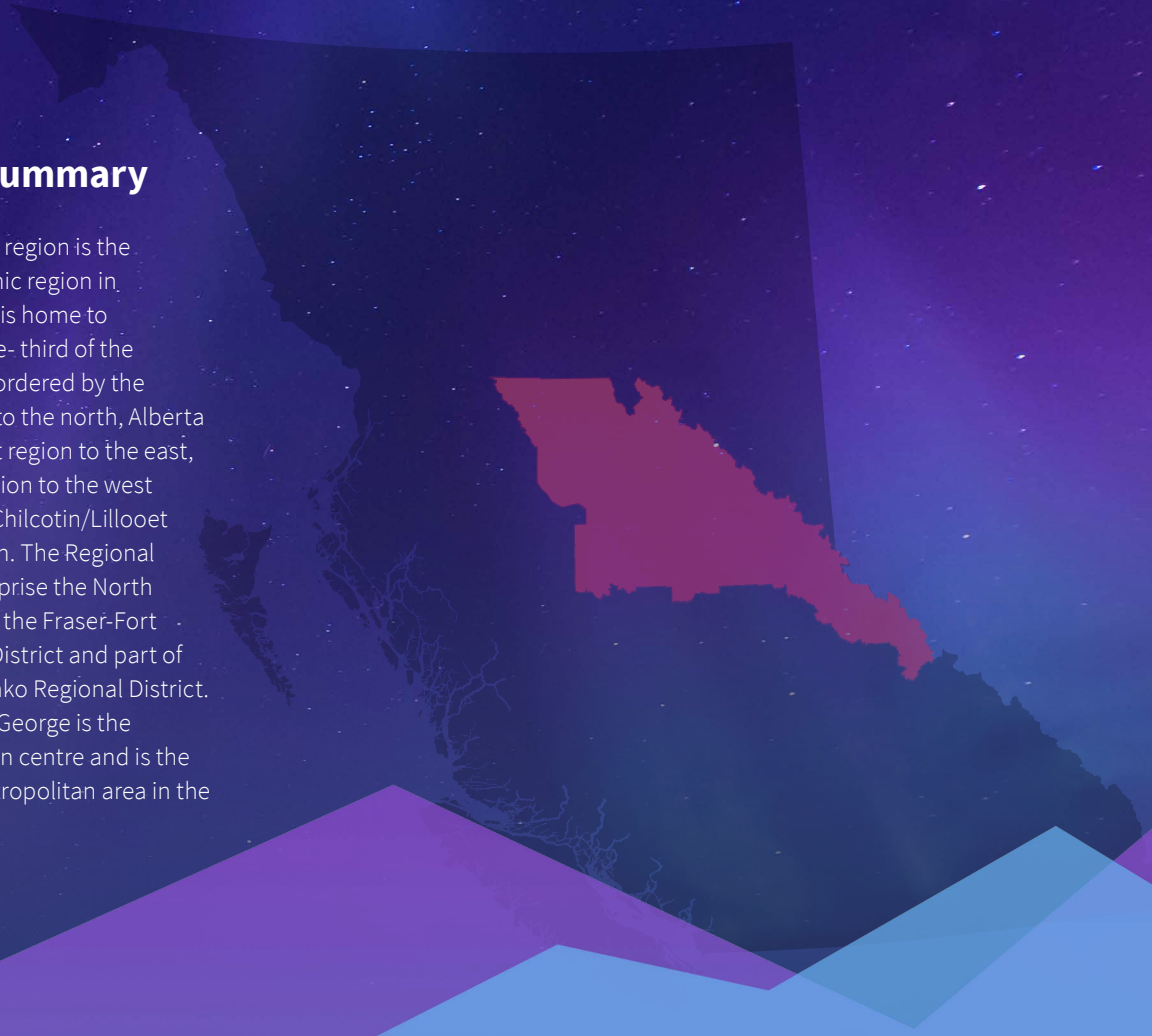
50 51 B.C. Northern Real Estate Board. Available here: <http://B.C.nreb.B.C.ca/2018%20Housing%20Affordability%20Indicators>

North Central

REGION

Regional Summary

The North Central region is the smallest geographic region in Northern B.C. but is home to approximately one- third of the population. It is bordered by the Northeast region to the north, Alberta and the Northeast region to the east, the Northwest region to the west and the Cariboo-Chilcotin/Lillooet region to the south. The Regional Districts that comprise the North Central region are the Fraser-Fort George Regional District and part of the Bulkley-Nechako Regional District. The city of Prince George is the region's population centre and is the eighth largest metropolitan area in the province.



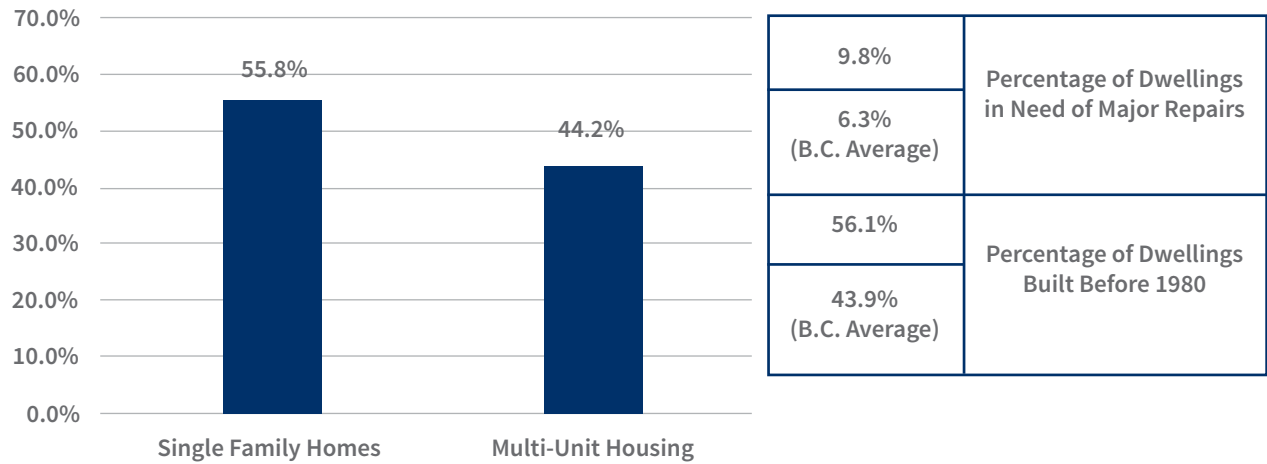
Population and Housing

Households by the Numbers (2016-2018)

1,025	Change in population (2018)
0.8%	Annual population growth rate (2016 - 2018)
16%	Percentage of migrants to the region from outside of Canada
2.4	Average household size
98%	Percentage of homes owned by Canadian residents
52%	Percentage of households in single family dwellings
74%	Percentage of households that own their home
10.2%	Percentage of owners spending more than 30% of their income on shelter
36.8%	Percentage of renters spending more than 30% of their income on shelter
3.9%	Rental property vacancy rate

Source: Statistics Canada 2016 Census, BC Stats Population Estimates, Canadian Mortgage and Housing Corporation

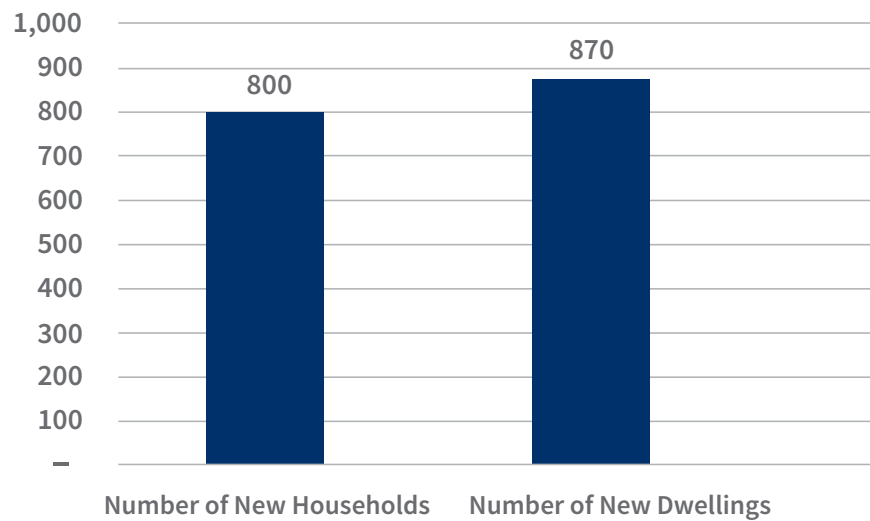
Housing Stock 2018 – Composition of Housing Stock



Source: Statistics Canada Table 46-10-0018-01 Residency ownership of residential properties by property type and period of construction, provinces of Nova Scotia, Ontario and British Columbia

The percentage of dwellings in need of major repairs is slightly higher than the provincial average and the rate has remained stable since 2011. The age of the housing stock is well above the provincial average. This suggests that there is some need for housing renewal in the region.

New Households and New Dwellings (2016 - 2018)



Between 2016 and 2018 the number of households grew by approximately 800 while there were approximately 870 units added to the housing stock in the North Central region. Of these, roughly 60 per cent were single-family homes while 30 per cent were apartments. This suggests that the construction of dwellings has kept pace with population growth in the region.

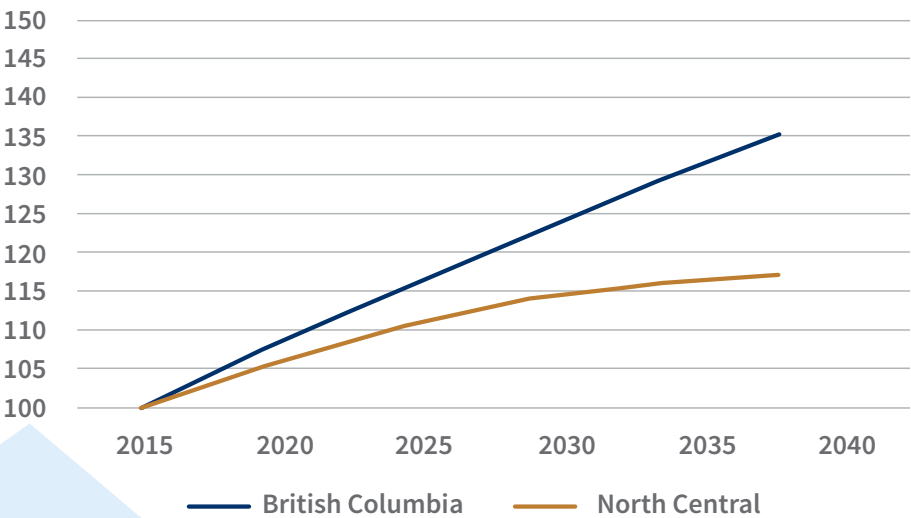
Source: BC Stats, Sub-Provincial Population Estimates and Canada Mortgage and Housing Corporation, Housing Completions for Centres 10,000+

Non-Market Housing (April 2019)

384	Number of homeless sheltered
492	Number of units of transitional supported and assisted living
531	Low-income families
375	Low-income seniors
593	Rental assistance in the private market

Source: B.C. Housing, Research and Corporate Planning Dept

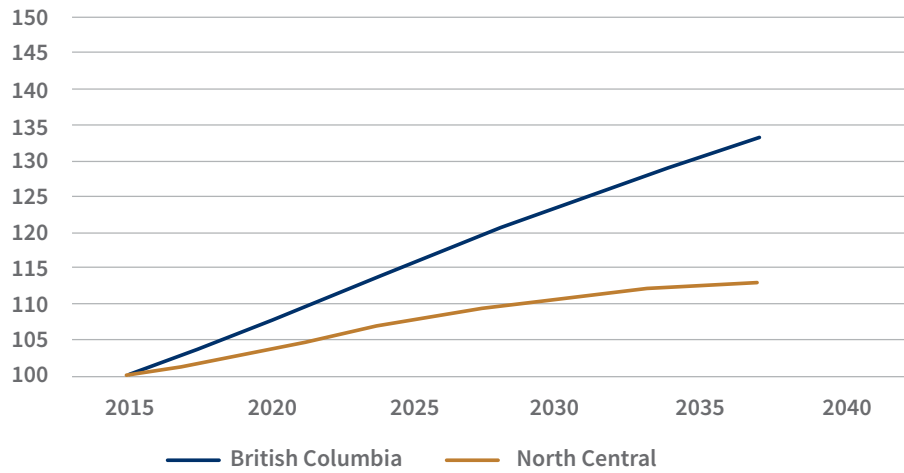
Projected Number of Households Index (2020-2040)



An index shows changes over time relative to a base value. It also allows comparisons of values of different magnitudes over time.

In the projected population and households indices, the vertical axis shows the growth rate and the gap between the regional index and provincial index shows how the relative size of the population or households is changing over time.

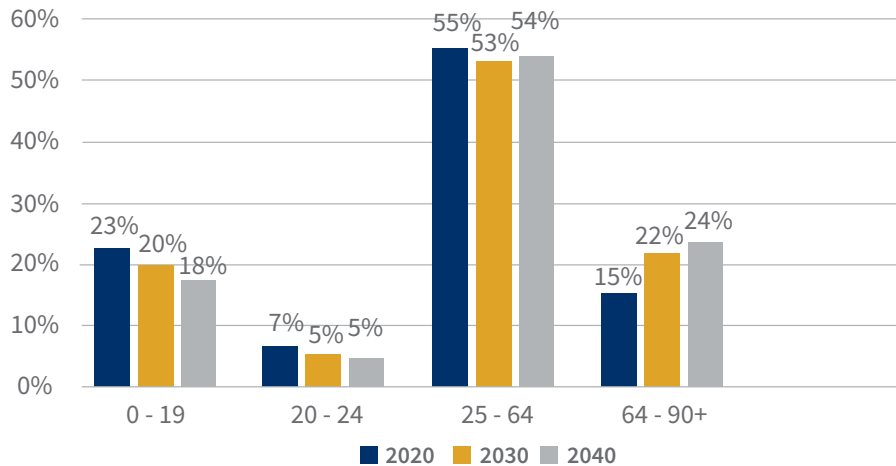
Projected Population Index 2020-2040



Between 2020 and 2040 the population in the North Central regions is projected to grow at an annual rate of 0.5 per cent, while the number of households is also projected to grow at 0.5 per cent. The provincial population and number of households are projected to grow at 1.1 per cent annually.

Source: BC Stats, Sub-Provincial Population Estimates and Projections

Projected Age Distribution (2020-2040)



The population is projected to age, with the percentage of the population aged 65 and over rising from 15 per cent in 2020 to 24 per cent by 2040. This suggests that there will be increased demand for smaller housing units such as condominiums, row houses and semi-detached units in areas near healthcare services for seniors.

Source: BC Stats, Sub-Provincial Population Estimates

Employment

The North Central region has the most diverse economy in Northern B.C., due to the presence of the region’s major city, Prince George, which is home to the University of Northern British Columbia, the University Hospital of Northern British Columbia and professional services firms.

Many of the communities surrounding Prince George are reliant on the forest sector for employment. A number of these communities were severely affected by the mill closures and curtailments in 2019. In Mackenzie both the Canfor and East Fraser Fiber mills were curtailed indefinitely, while the Canfor mill in Isle Pierre reduced shifts, leading to approximately 300 jobs affected across the three mills.⁵¹ There were also eight other mills that had temporary production curtailments during the summer.

The downturn in the forest sector is expected to lead to further job losses in harvesting and forestry related transportation. However, there is some indication that displaced forestry workers are finding employment in the mining sector and in jobs related to the construction of major projects. There has also been an increase in economic activity in Prince George due to spinoffs from the major projects in the Northwest. Consequently, employment levels in the North Central region are expected to remain stable in the near term.

EMPLOYMENT

TREND

FORECAST

51 CB.C. Available here: <https://www.cb.c.ca/news/canada/british-columbia/tolko-shutdowns-christmas-2019-1.5360649>

Cost of Living and Affordability

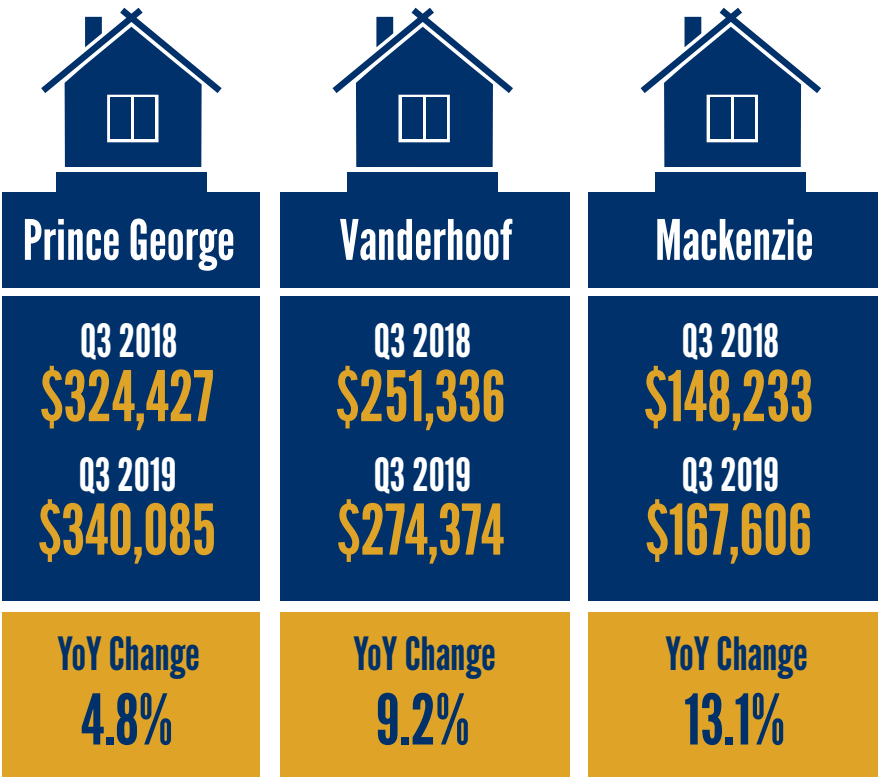
Median Wages for Select Occupations

Median Wage	
Goods-producing Industries	
Welders and related machine operators	\$35.00
Heavy-duty equipment mechanics	\$33.00
Transport truck drivers	\$26.00
Heavy-duty equipment operators (except crane)	\$30.00
Electricians (except industrial and power system)	\$31.00
Carpenters	\$25.00
Labourers in wood, pulp and paper processing	\$29.00
Construction trades helpers and labourers	\$22.00
Silviculture and forestry workers	\$20.40
Service Industries	
Registered nurses and registered psychiatric nurses	\$37.00
Elementary school and kindergarten teachers	\$31.79
Administrative assistants	\$23.40
Accounting technicians and bookkeepers	\$23.74
Social and community service workers	\$20.00
Home support workers, housekeepers and related occupations	\$17.85
Retail salespersons	\$14.00
Food and beverage servers	\$13.85
Living Wage	\$16.51

Source: Government of Canada Job Bank and Living Wage Canada

Median wages in the North Central region are comparable to other regions in Northern B.C. The region has a relatively low living wage, which is likely due to low housing costs and low transportation costs. Median wages for the food service and retail sectors are still below the living wage in the region. Compared with other regions in B.C., median wages for the selected occupations are within the same range as in other regions.

Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

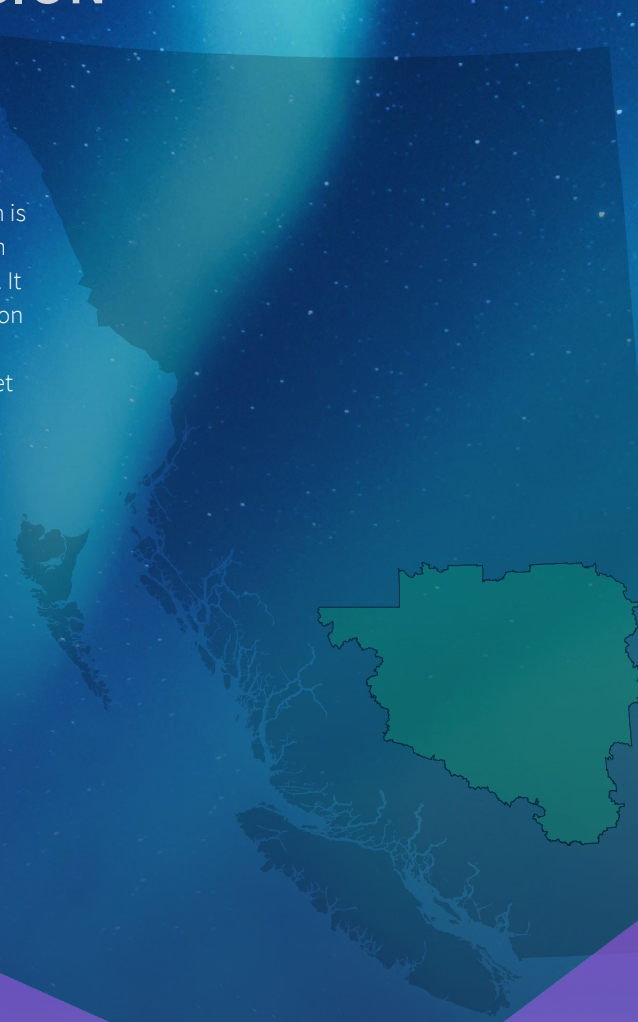
Housing prices continued to increase in Prince George in the first nine months of 2019, though growth has slowed compared with the same period in 2018. The diverse local economy and relative affordability makes Prince George an attractive location for households that have been priced out of the Lower Mainland. Housing prices in both Vanderhoof and Mackenzie also increased year-over-year.

Housing demand in Prince George is expected to remain strong due to increases in the population, while forest sector layoffs may lead to reduced prices in communities such as Mackenzie.

Cariboo-Chilcotin /Lillooet REGION

Regional Summary

The Cariboo-Chilcotin/Lillooet region is the most southern region in Northern B.C. and has the smallest population. It is bordered by the North Central region to the north, the Northwest region to the north-west, the Squamish-Lillooet Regional District to the south-west and the Thompson-Nicola Regional District to the south and east. It is comprised of the Cariboo Regional District and parts of the Thompson-Nicola and Squamish- Lillooet Regional Districts (Lillooet, Lytton, Logan Lake, Cache Creek, Ashcroft and Clinton). Williams Lake is the largest population centre in the region, followed by Quesnel.



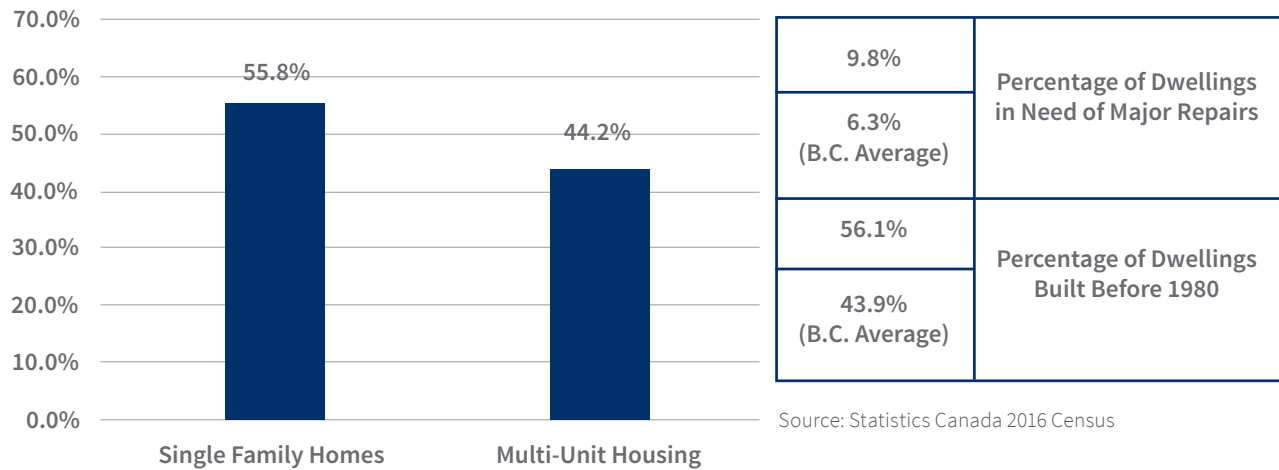
Population and Housing

Households by the Numbers (2016-2018)

358	Change in population (2018)
0.45%	Annual population growth rate (2016 - 2018)
4%	Percentage of migrants to the region from outside of Canada
2.3	Average household size
97%	Percentage of homes owned by Canadian residents
54%	Percentage of households in single family dwellings
78%	Percentage of households that own their home
10%	Percentage of owners spending more than 30% of their income on shelter
35.6%	Percentage of renters spending more than 30% of their income on shelter
3.6%	Rental property vacancy rate

Source: Statistics Canada 2016 Census, BC Stats Population Estimates, Canadian Mortgage and Housing Corporation

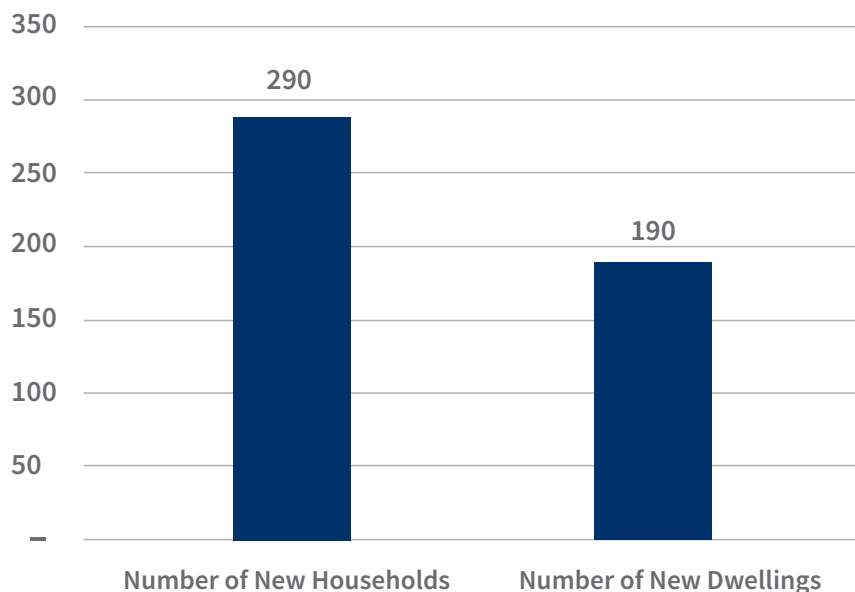
Housing Stock 2018 – Composition of Housing Stock



Source: Statistics Canada Table 46-10-0018-01 Residency ownership of residential properties by property type and period of construction, provinces of Nova Scotia, Ontario and British Columbia

The percentage of dwellings in need of major repairs is slightly higher than the provincial average though the rate has slightly declined since 2011. The age of the housing stock is well above the provincial average. This suggests that there is some need for housing renewal in the region.

New Households and New Dwellings (2016 - 2018)



Source: BC Stats, Sub-Provincial Population Estimates and Canada Mortgage and Housing Corporation, Housing Completions for Centres 10,000+

Between 2016 and 2018 the number of households grew by approximately 290 while there were approximately 190 units added to the housing stock in the Cariboo-Chilcotin/Lillooet region. Of these, roughly 90 per cent were single-family homes. The region was also significantly impacted by wildfires in 2017 and 2018 which destroyed a number of homes.

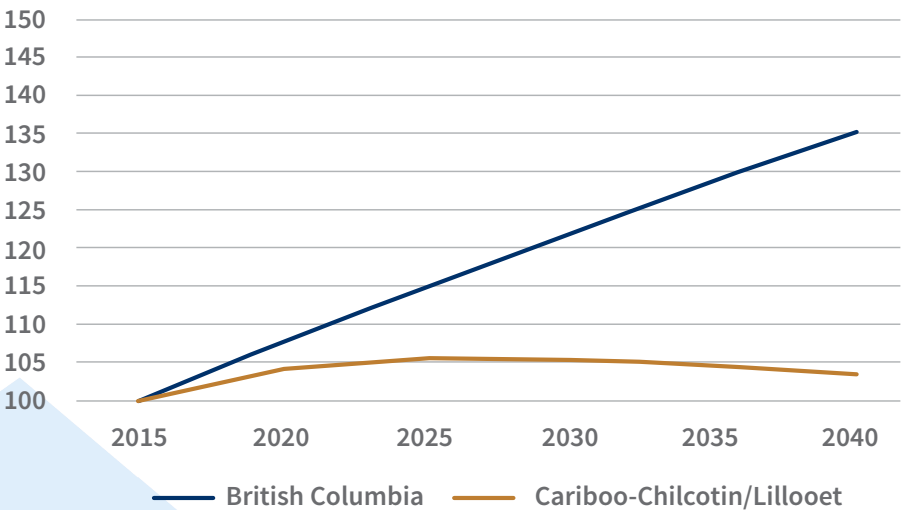
Consequently, there is some indication that there is a need for additional housing in the region; however, the 2019 layoffs in the forest sector may result in migration from the region that increases the supply of available housing.

Non-Market Housing (April 2019)

140	Number of homeless sheltered
184	Number of units of transitional supported and assisted living
173	Low-income families
188	Low-income seniors
287	Rental assistance in the private market

Source: B.C. Housing, Research and Corporate Planning Dept

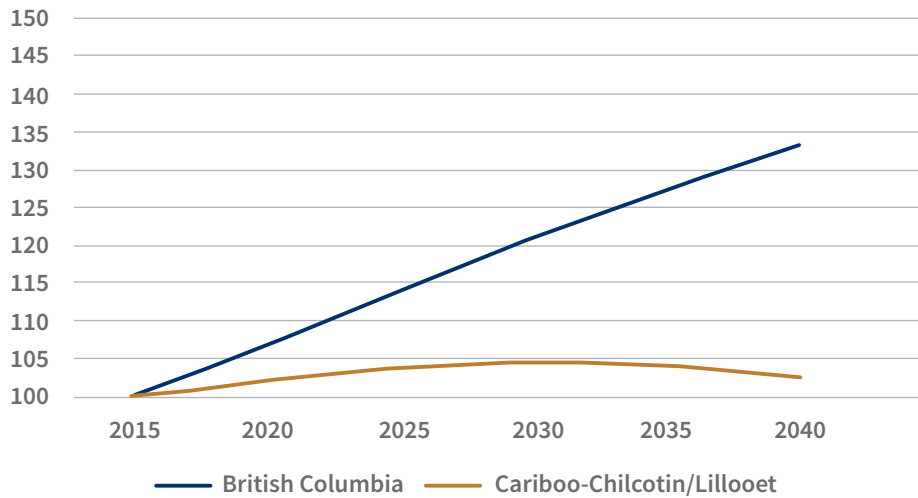
Projected Number of Households Index (2020-2040)



An index shows changes over time relative to a base value. It also allows comparisons of values of different magnitudes over time.

In the projected population and households indices, the vertical axis shows the growth rate and the gap between the regional index and provincial index shows how the relative size of the population or households is changing over time.

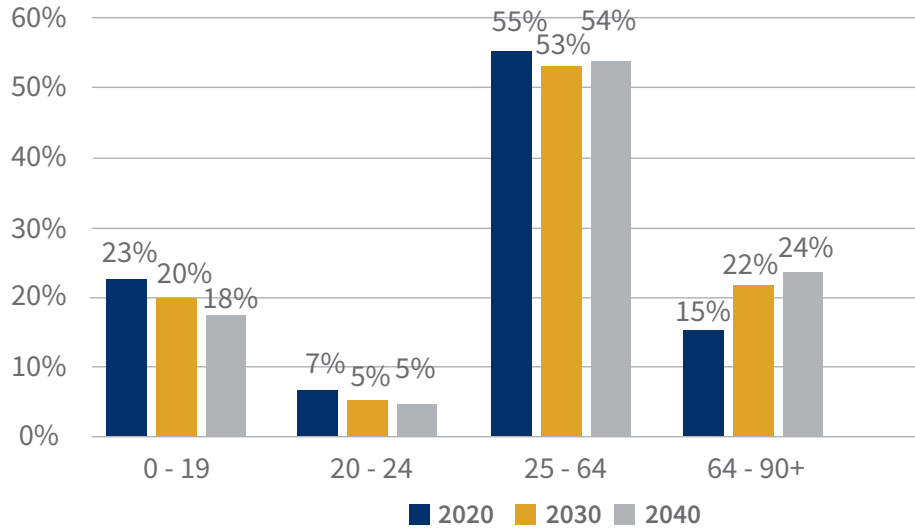
Projected Population Index (2020-2040)



Between 2020 and 2040 the population and number of households are projected to remain stable. The provincial population and number of households are projected to grow at 1.1 per cent annually.

Source: BC Stats, Sub-Provincial Population Estimates and Projections

Projected Age Distribution (2020-2040)



The population is projected to age, with the percentage of the population aged 65 and over rising from 23 per cent to 31 per cent by 2040. This suggests that there will be increased demand for smaller housing units in areas near healthcare facilities and other services for seniors.

Source: BC Stats, Sub-Provincial Population Estimates

Employment

Employment in the Cariboo-Chilcotin/Lillooet region is dependent on the agriculture and forest sectors. The region was significantly impacted by wildfires in 2017 and 2018, and mill closures and curtailments due to the downturn in the forest sector in 2019. Consequently, employment in both the agriculture and forest sectors has declined.

Over the spring and summer of 2019 over 500 jobs in wood product manufacturing were lost due to mill closures and curtailments. In the area around 100 Mile House and Clinton West Fraser closed one mill and reduced shifts at another, while Norbord indefinitely curtailed its OSB mill.⁵² In Quesnel Tolko closed its mill and in Williams Lake, the West Fraser mills had temporary production curtailments in June and September.

Further declines in forest sector employment are expected pending the outcome of the review of the Quesnel TSA, which is expected to be completed in spring 2020. The outlook for both mining and agriculture remains positive and employment in these sectors is expected to be stable in the near term.



52 CB.C. Available here: <https://www.cb.c.ca/news/canada/british-columbia/tolko-shutdowns-christmas-2019-1.5360649>

Cost of Living and Affordability

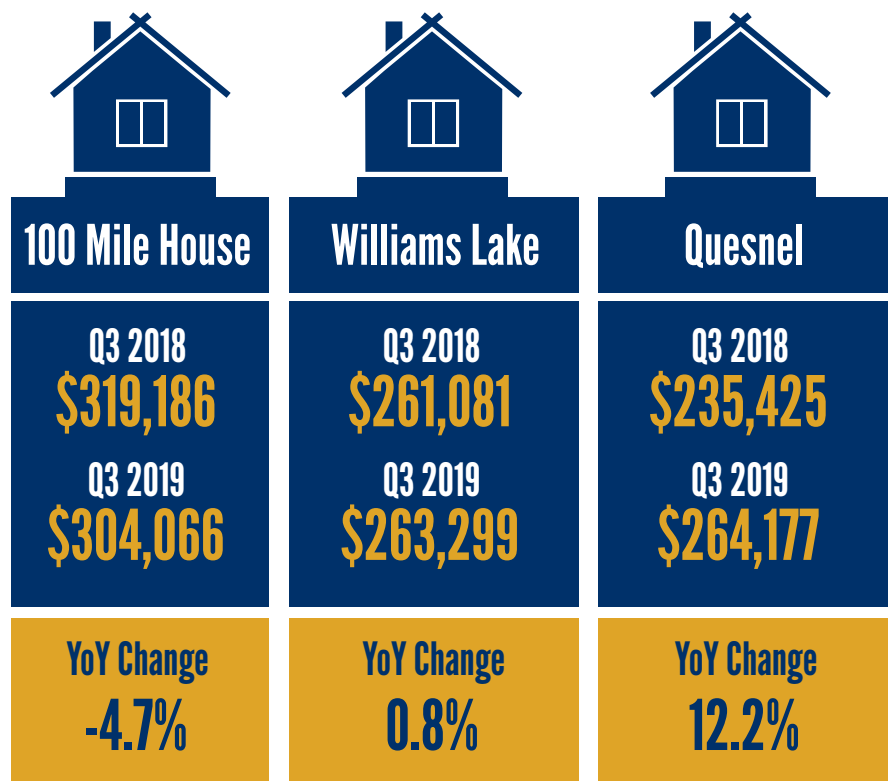
Median Wages for Select Occupations

Median Wage	
Goods-producing Industries	
Welders and related machine operators	\$35.00
Heavy-duty equipment mechanics	\$33.00
Heavy-duty equipment operators (except crane)	\$26.00
Electricians (except industrial and power system)	\$31.00
Carpenters	\$25.00
Transport truck drivers	\$30.00
Construction trades helpers and labourers	\$22.00
Silviculture and forestry workers	\$20.40
General farm workers	\$17.00
Service Industries	
Registered nurses and registered psychiatric nurses	\$37.00
Elementary school and kindergarten teachers	\$31.79
Administrative assistants	\$23.40
Accounting technicians and bookkeepers	\$23.74
Social and community service workers	\$20.00
Home support workers, housekeepers and related occupations	\$17.85
Retail salespersons	\$14.00
Cashiers	\$13.85
Food and beverage servers	\$13.85
Living Wage - Quesnel	\$16.51
Living Wage - Williams Lake	\$15.77

Source: Government of Canada Job Bank and Living Wage Canada

Median wages in the Cariboo-Chilcotin/Lillooet region are generally lower than other regions in Northern B.C. The living wage is \$15.77 in Williams Lake and \$16.51 in Quesnel. Median wages for goods sector employees and most service sector employees are above the living wage, while median wages for employees in the food service and retail sectors are below the living wage. Registered nurses, teachers and social workers all receive a lower wage than in other regions in Northern B.C.

Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

Housing prices continued to rise in the Cariboo-Chilcotin/Lillooet region, led by a 12.2 per cent year-over-year increase in Quesnel. In 100 Mile House, prices declined in 2019, which likely reflects the significant loss of employment in the forest sector.⁵³

Looking forward, housing prices are expected to decline in the near term as households affected by the downturn in the forest sector relocate to other regions in B.C. seeking employment opportunities.

53 B.C. Northern Real Estate Board. Available here: <http://B.C.nreb.B.C.ca/2018%20Housing%20Affordability%20Indicators>





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