

# Community Update: Q3 2021

## Economic Development Indicators

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## Highlights

- Average housing prices **fell by 2.0%** in Q3 2021 (\$382,522) relative to Q2 2021 (\$390,457) but were **16.7% higher** than in Q3 2020 (\$304,975).
- During Q3 2021, there were **22 housing units** sold, for a total of 96 properties in the year-to-date.
- During Q3 2021, the **unemployment rate increased by 0.3 percentage points** relative to Q2 2021, and has decreased by 1.1 percentage points relative to Q3 2020.
- The **total value of all building permits** issued in Q3 2021 **grew by 16.7%** as compared to Q3 2020.
  - The total value of all residential building permits **rose by 1256%** as compared to Q3 2020.
  - The total value of all industrial building permits **rose by 43.8%** as compared to Q3 2020.
  - The total value of all institutional building permits **rose by 834%** as compared to Q3 2020.
  - The total value of all commercial building permits in Q3 2021 **was \$0**.

**Table 1: Regional Labour Force and Local Real Estate Statistics**

	<b>Q4-2020</b>	<b>Q1-2021</b>	<b>Q2-2021</b>	<b>Q3-2021</b>
Not in Labour Force	25,200	20,700	21,300	23,500
Unemployment Rate*	5.50%	8.50%	7.60%	7.90%
Participation Rate*	63.30%	69.90%	69.10%	66.00%
Average Sale Price	\$341,405	\$367,416	\$390,457	\$382,522
Housing Units Sold	39	35	39	22
Building Permits	\$8,725,569	\$9,919,055	\$29,314,715	\$41,261,230
Airport Passengers	33,655	23,012	27,696	50,951

\* Denotes values for North-Coast Nechako

# What's Happening

British Columbia entered Step 3 of its Restart Plan on July 1st, and the provincial state of emergency ended. Additional safety precautions remained in place at worksites. In the Northern Health region, cases of COVID-19 were notably high through Q3 2021. As of October 2, 2021, cases in the Northern Health region accounted for 14.8% of all provincial cases despite having only 5.9% of British Columbia's population.<sup>1</sup>

On July 21, 2021 the nearly 950 members of the Unifor Local 2301 union issued a 72 hour strike notice to Rio Tinto, citing a backlog of more than 300 grievances.<sup>2</sup> Despite this strike, some workers were onsite at the smelting facility due to an essential services order by the B.C. Relations Board.<sup>3</sup> By August 2021, Skeena MLA Ellis Ross was urging the provincial government to intervene and citizens were rallying to 'save the northwest'.<sup>4,5</sup> Negotiations continued into September until an agreement was reached on September 25, 2021, ending the two-month ordeal.<sup>6</sup> The union voted to ratify the deal by majority on October 4, 2021.

As of August 31, 2021, 50.4% of the 670km CGL pipeline has been completed, with 36.4% of all construction activities along the route complete.<sup>7</sup> The CGL construction workforce grew by 39.8% from 3,403 workers in June 2021 to 4,758 workers in August 2021.<sup>8</sup> Tensions ran high at the CGL pipeline worksite outside of Houston in late September when protesters criticizing the project's respect and care for Indigenous archaeological sites, among other grievances, took control of the worksite.<sup>9,10</sup>

As of October 6 2021, the LNGC project has surpassed the 50% completion mark. LNGC and their contractors have awarded over \$3.5 billion in contracts and procurement to businesses in British Columbia, including over \$2.7 billion awarded to local and First Nations-owned businesses.<sup>11</sup>

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<sup>1</sup> <https://www.princegeorgecitizen.com/local-news/covid-count-remains-high-in-northern-bc-4480016>

<sup>2</sup> <https://www.cbc.ca/news/canada/british-columbia/rio-tinto-workers-strike-1.6116615>

<sup>3</sup> *Ibid.*

<sup>4</sup> <https://www.northernsentinel.com/news/skeena-mla-is-calling-on-b-c-to-intervene-in-rio-tinto-kitimat-strike/>

<sup>5</sup> <https://www.thestar.com/news/canada/2021/08/06/bc-citizens-rally-to-save-the-northwest-amidst-rio-tinto-kitimat-strike.html>

<sup>6</sup> <https://www.cbc.ca/news/canada/british-columbia/deal-ends-kitimat-smelter-strike-1.6191428>

<sup>7</sup>

<https://www.coastalgaslink.com/siteassets/pdfs/construction/updates/Coastal-GasLink-Construction-Update-September-22-2021.pdf>

<sup>8</sup> *Ibid.*

<sup>9</sup> <https://www.cbc.ca/news/canada/british-columbia/bc-coastal-gaslink-arrests-1.6195842>

<sup>10</sup> <https://thenarwhal.ca/wetsuweten-coastal-gaslink-explainer/>

<sup>11</sup> <https://www.lngcanada.ca/news/lng-canada-project-surpasses-50-completion/>

# Labour Force

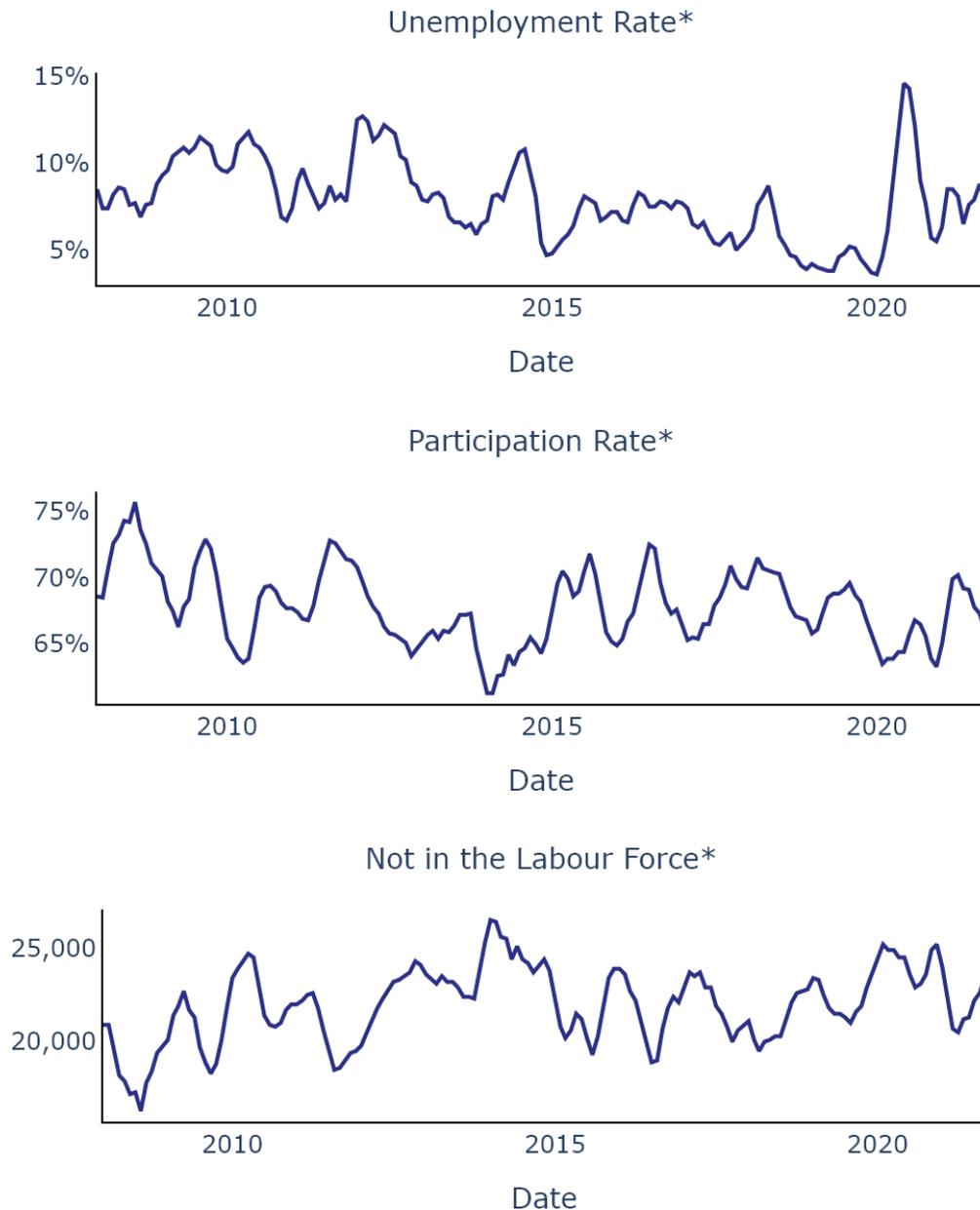
Figure 1 presents the statistics on the unemployment rate, participation rate, and individuals not in the labour force for the North Coast-Nechako region.

- The unemployment rate rose to 8.8% in August 2021 but fell back down to 7.9% at the end of Q3 2021, a 12.2% decrease relative to Q3 2020 (9%).
- The participation rate at the close of Q3 2021 was 66%, a 3.1 percentage point decrease from the previous quarter (69.1%) and 0.5 percentage points below the participation rate at the end of Q3 2020 (66.5%).
- There are approximately 23,500 people *not* in the labour force -- a 10.3% increase from the previous quarter (21,300) and a 1.7% increase relative to Q3 2020 (23,100).

Employment in the region fell during Q3 2021 from 44,000 at the close of Q2 2021 to 42,100 people employed in September 2021. Year-on-year, employment has increased by 0.96% to remain slightly above employment in Q3 2020 (41,700).

The number of people unemployed remained constant relative to Q2 2021, at 3,600 people. Relative to Q3 2020 (4,100) there has been a 12.2% decrease in unemployment.

**Figure 1: Labour Force Statistics, North Coast-Nechako, 2011 to 2021**



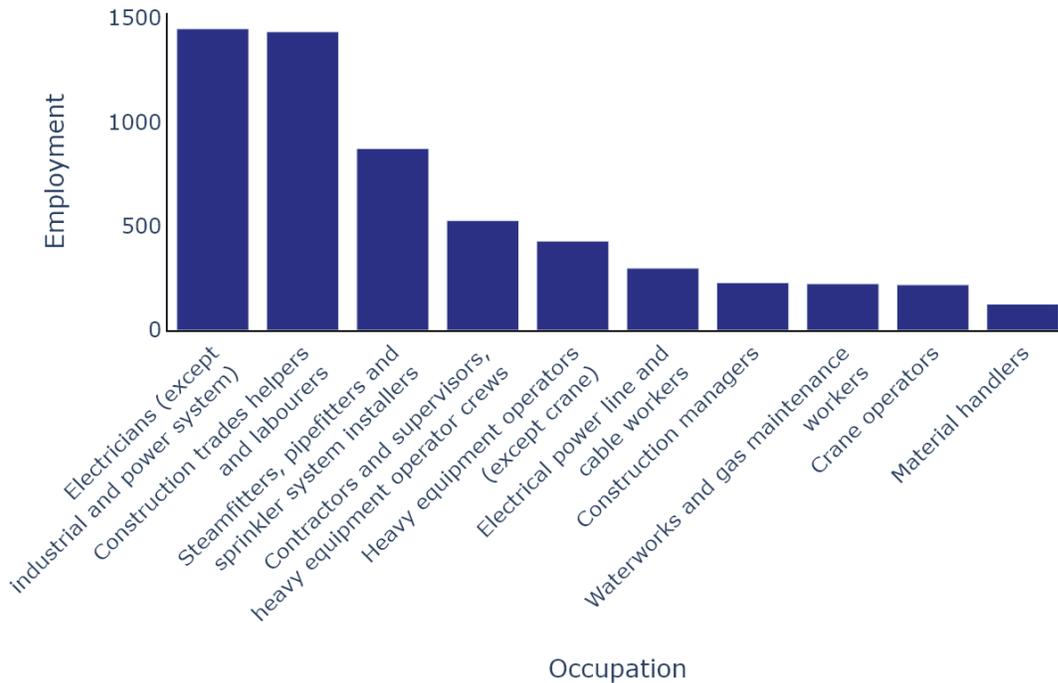
Source: Statistics Canada, Table: 14-10-0293-01

Figure 2 shows the ten highest demand occupations predicted to accompany peak construction of the LNGC and CGL projects. We have calculated projected LNG demand modelled on Statistics Canada Labour Force Survey, BC's Major Projects Inventory, and Statistics Canada Supply and Use tables.

We project that 7,675 jobs will be in demand by mid-2022, when construction activities are at their peak. We estimate that electricians will be the most in-demand trade, with demand for approximately 1,449 electricians by mid-2022. Construction trades helpers and labourers will be

also highly sought after, with a projected demand for 1,435 employees in these areas. Over 55% of the total workforce are expected to be made up of the top four demanded occupations: electricians, construction trades helpers and labourers, steamfitters and pipefitters, and contractors and supervisors.

**Figure 2: Projected LNG Labour Demand at Peak Construction by Occupation, North-West BC**



Source: Statistics Canada, BC's Major Projects Inventory, Big River Calculations

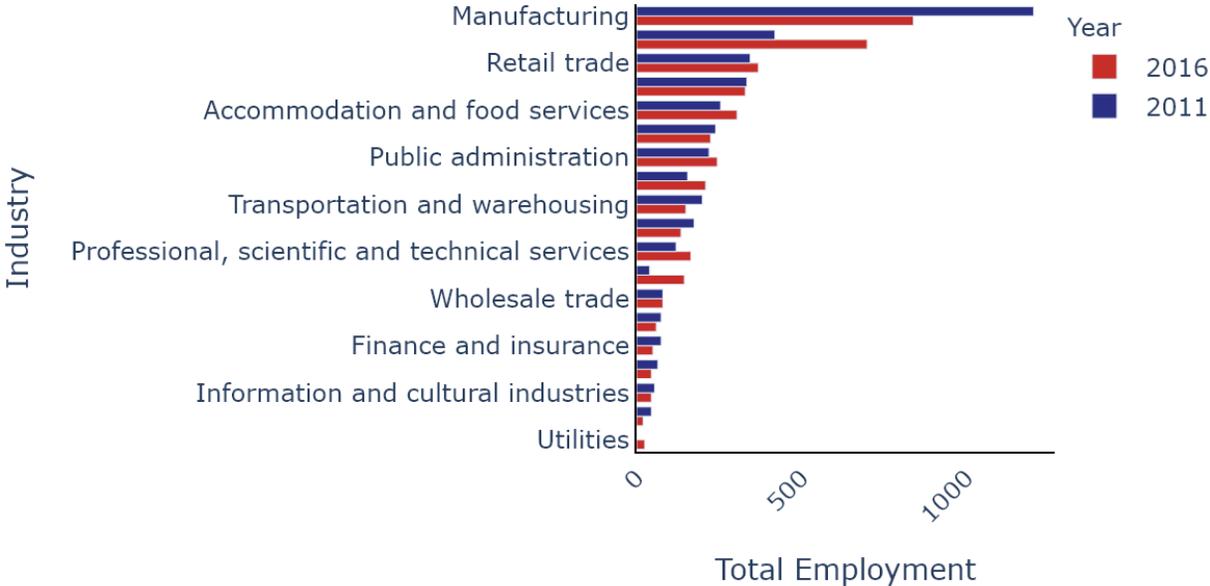
Figure 3 displays the differences in employment by sector between 2011 and 2016. As of 2016 manufacturing remains the largest employment sector in Kitimat, employing a total of 840 workers (20.3% of employed persons). In 2011, the manufacturing sector employed 1205 workers (29.2% of employed persons), suggesting that manufacturing has become less of an employment driver in Kitimat over time.

Between 2011 and 2016 in Kitimat, construction sector employment grew by 67%, from 420 workers to 700 workers. In 2016, construction employment amounted to 16.9% of total Kitimat employment, making construction the second-largest employment sector in Kitimat. Comparatively, in 2011, only 10.2% of Kitimat employment was in the construction sector.

Employment in the mining, quarrying, and oil and gas industries also showed tremendous growth: In 2011, these sectors employed 40 people collectively; in 2016, there were 145 people employed in this sector, a 260% increase—the largest of any sector.

Employment decreased by the most in the agriculture, forestry, fishing, and hunting sectors. These sectors collectively employed 20 people in 2016, while in 2011, 45 people were employed in these sectors, marking a decrease of 55.6%. Employment also declined substantially in the finance and insurance sector (-33.3% employment loss), the real estate and rental sector (-30.8% employment loss), and the manufacturing sector (-30.3% employment loss).

**Figure 3: Employment by Sector, Kitimat Census Subdivision**



Source: Statistics Canada - 2011 Census, 2016 Census

# Real Estate

Figure 4 presents the average quarterly home resale price in the District of Kitimat, including a one year moving average, from 2011 to 2021. In Q3 2021, the average housing sale price in Kitimat (\$382,522) was 2.8% lower than pre-pandemic prices in Q3 2019 (\$393,588) and 2.0% lower than the average sale price in Q2 2021 (\$390,457). The average sale price in Q3 2021 (\$382,522) was 25.4% above the average sale price in Q3 2020 (\$304,975).

The year-to-date average sale price for 2021 (\$380,238) is 10.7% higher than the 2020 year-to-date average sale price (\$343,569) for the same quarter. In Kitimat, the average housing sale price for 2021 is 8.1% lower than the average listing price, which is considerably tighter than at the close of 2020, when the average sale price was approximately 16.6% lower than the average listing price.

Year-on-year, housing prices are also rising in other parts of Northern BC. In Terrace, the average housing sale price in Q3 2021 (\$462,856) is 17.5% higher than in Q3 2020 (\$394,038). In Prince Rupert, the average sale price in Q3 2021 (\$444,346) is 26.5% higher than in Q3 2020 (\$351,302).

**Figure 4: Average Home Resale Price, Kitimat, 2011 - 2021**



Source: British Columbia Northern Real Estate Board, Big River Analytics Calculations

Figure 5 displays the volume of house sales in Kitimat over time. There were 22 recorded unit sales in Q3 2021, a 43.6% decrease from Q2 2021, when 39 units were sold. In 2020, there were a total of 90 units sold, yet up to the end of Q3 2021 there have already been 96 units sold. The lowest number of yearly units sold in a year was 60 in 2016, and the highest was 168, in 2018 with the final investment decision for LNG Canada. The relatively high sales in Kitimat occurred in conjunction with increasing the workforce on the LNGC and CGL projects. This suggests that the high activity may be driven by the activity of these projects, whether it be workers seeking long term accommodation or investors speculating further increases in housing prices.

**Figure 5: Housing Units Sold Per Quarter, Kitimat, 2011 - 2021**

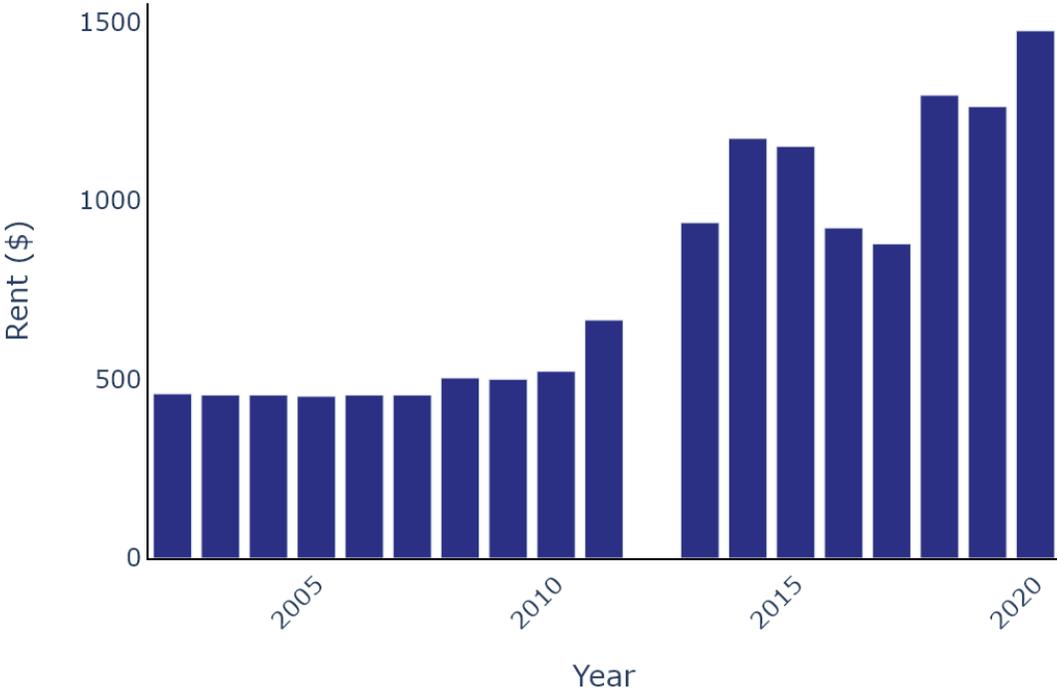


Source: British Columbia Northern Real Estate Board, Big River Analytics Calculations

# Rental Market

Figure 6 displays average monthly rents in Kitimat from 2002 to 2010, which have ranged from \$450 to \$550. Between 2013 and 2015, average rents increased, ranging from \$900 to \$1,150 likely due to the influx of workers for the smelter modernization project. Similarly, in anticipation of an influx of labour associated with the LNG Canada project, average rents increased to \$1,295 in December 2018 and then dropped slightly to \$1,263 as of December 2019. In 2020, average rents reached their highest level ever at \$1,475.

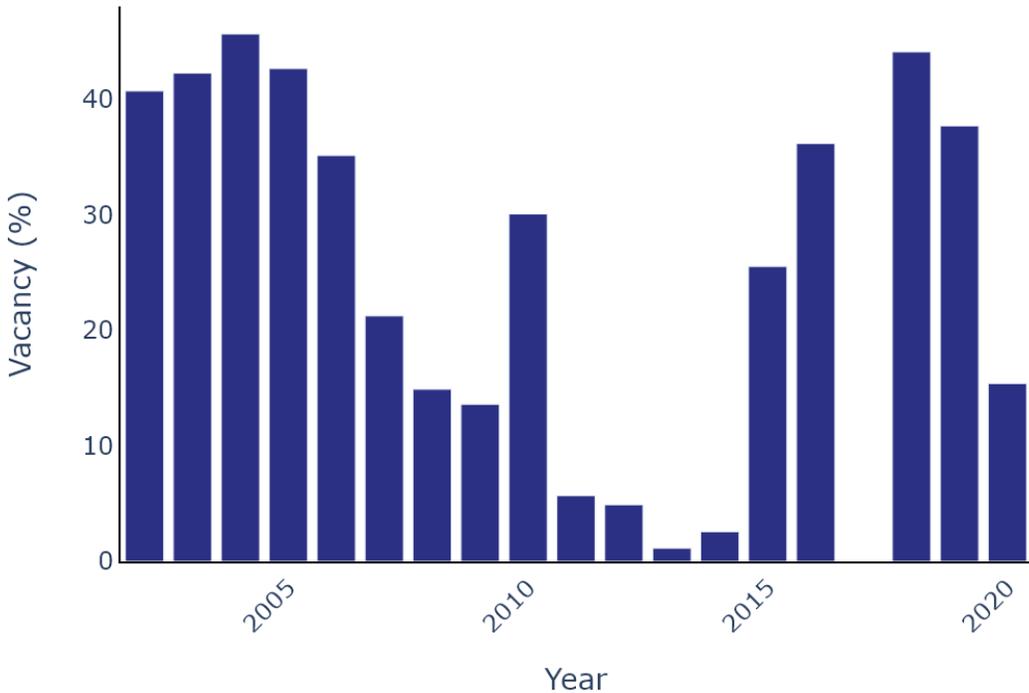
**Figure 6: Average Rent**



Source: Canadian Mortgage and Housing Corporation

Figure 7 provides data on vacancy rates over time. The vacancy rate peaked at 46% in 2004, and declined to a low of 1.1% in 2013. Since the smelter modernization project was completed in 2015, vacancy rates have returned to lower historical levels, ranging from 20% to 30%. In Q4 2020, Kitimat vacancy rates fell to 15.4%, the lowest rate recorded since 2014. Low Vacancy rates combined with high average rents indicates that there is increased demand for rentals in Kitimat as construction activities at LNG Canada continue to increase.

**Figure 7: Vacancy Rate**

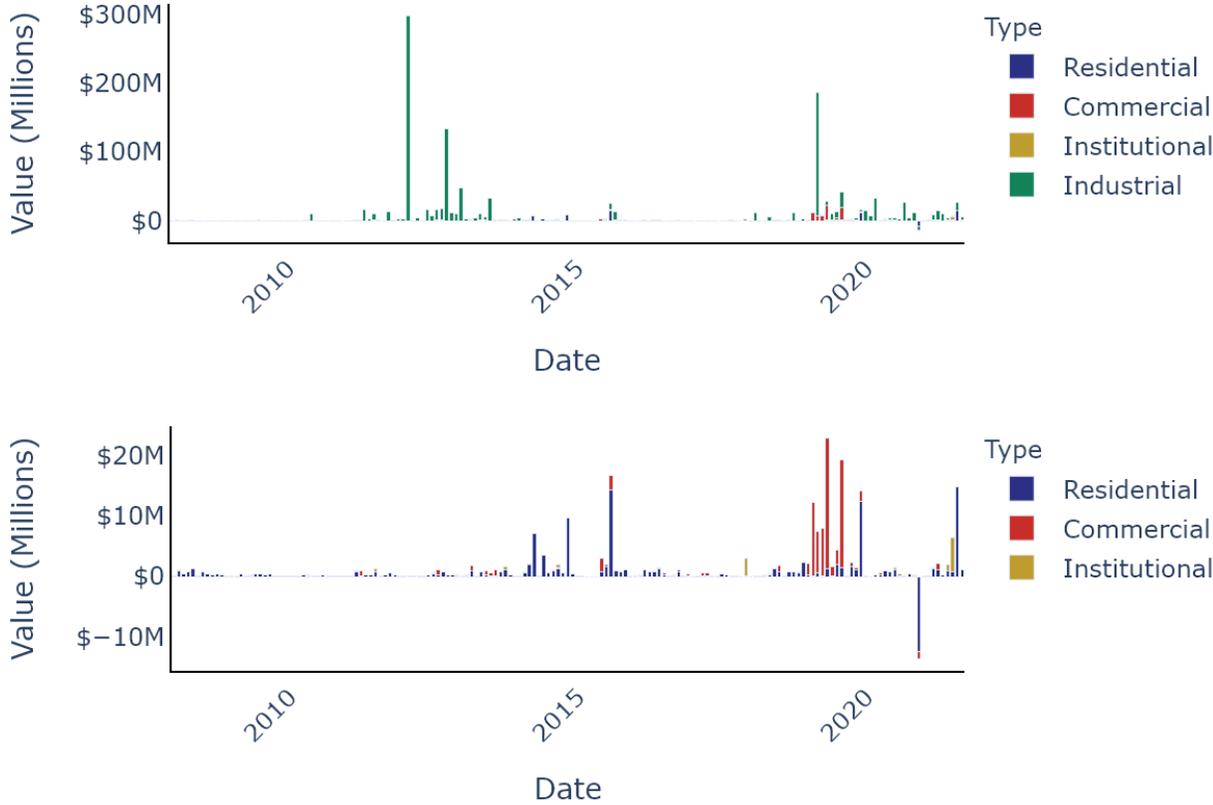


Source: Canadian Mortgage and Housing Corporation

# Economy

Figure 8 presents the values of building permits issued within the District of Kitimat from 2008 onward. The total values of all building permits issued in Q3 2021 was \$41,261,230, which is 40.8% higher than in Q2 2021 (\$29,314,715) and 16.7% higher than in Q3 2020 (\$35,357,571). In Q3 2021, the value of permits issued in the residential sector reached \$16,838,700, which is 655% greater than the value of those issued in Q2 2021 (\$2,230,800) and 1256% greater than the value of those issued in Q3 2020 (\$1,242,180). In the commercial sector, there were zero building permits issued in Q3 2021, in contrast with \$1,010,000 in Q2 2021. In the industrial sector, the value of permits issued was \$18,822,530, a 25.1% decrease as compared to Q2 2021 (\$25,133,598) and a 43.8% decrease as compared to Q3 2020 (\$33,491,074). The total value of institutional building permits rose by 496% from \$940,317 in Q2 2021 to \$5,600,000 and grew by 834% as compared to Q3 2020 (\$599,317).

**Figure 8: Building Permit Values (Quarterly)**

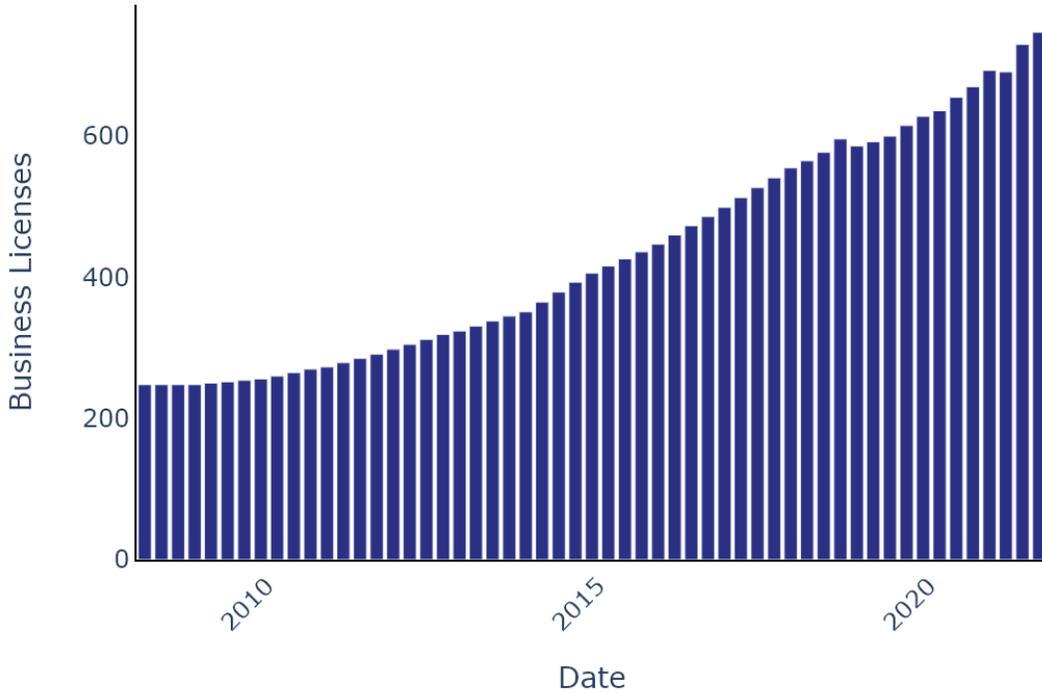


Source: District of Kitimat

# Active Business Licenses

Figure 9 presents the quarterly active business licences in the District of Kitimat from 2008 onward. The total number of active business licences in the District of Kitimat increased from 730 in Q2 2021 to 747 in Q3 2021. Year-over-year active business licenses have increased by 11.5% from Q3 2020 to Q3 2021, which is the same year-over-year increase reported in Q2 2021.

**Figure 9: Active Business Licences (Quarterly)**

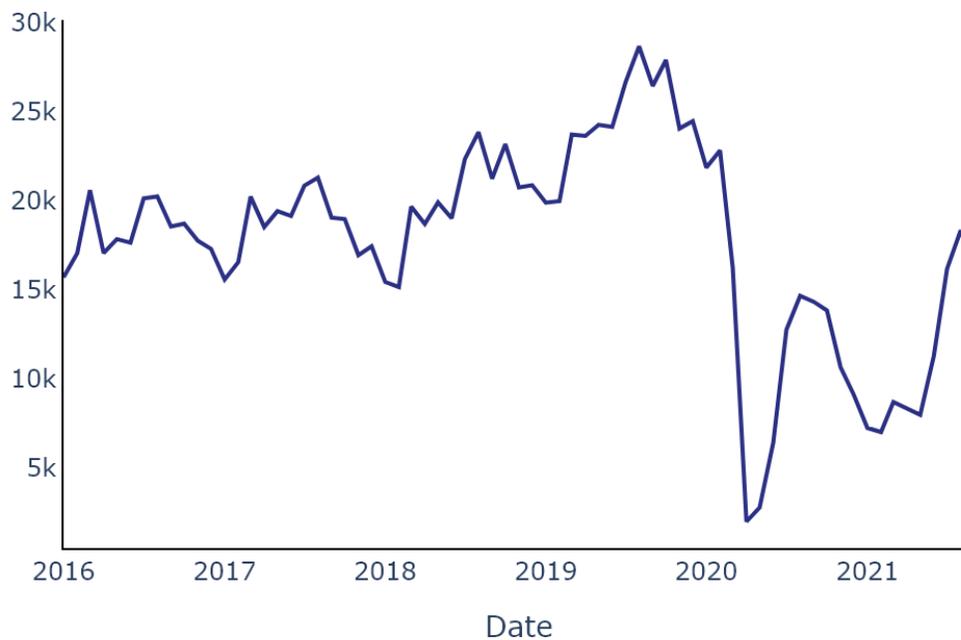


Source: District of Kitimat

# Airport

In Figure 10, we report the number of airport passengers travelling through the Northwest Regional Airport per month. In Q3 2021, there were a total of 50,951 passengers travelling through the Northwest Regional Airport, 243 passengers more than in Q1 2021 and Q2 2021 combined. As compared to Q2 2021 alone, Q3 2021 saw an 84% increase in travellers. Q3 2021 also saw an increase of 21.9% in passenger traffic relative to the previous year, Q3 2020. Nonetheless, compared to pre-pandemic levels, airport traffic remains low; in Q3 2019 there were 81,764 passengers while there were only 50,951 in Q3 2021, a 37.7% decrease.

**Figure 10: Monthly Airport Passengers**



Source: District of Kitimat