
2021
State of the
Nanaimo Economy



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Executive Summary

The 2021 State of the Nanaimo Economy (SOE) Report provides members of the public and investors with relevant data on the local economy. The report is produced annually by the City's internal economic development section. The first edition of the State of the Economy report reviewed 24 indicators pertaining to demographic, business, development activity, housing, real estate, labour market, income, and tourism. The 2021 annual State of the Nanaimo Economy report has been expanded to include gross domestic product, business incorporations, business and consumer bankruptcies, job postings, housing stock, and household spending. The preliminary economic impacts of the COVID-19 pandemic are also highlighted.

2020 Data Highlights

- Nanaimo reached the **100,000**-population milestone. There are indications from the real estate market that migration in Nanaimo has continued due to its relative affordability as well as the trend of remote working increasing the attractiveness of communities outside major population centres. International migrants make up a majority of the population growth in BC; this is expected to be somewhat sluggish over the next few years due to pandemic travel restrictions.
- The City of Nanaimo had 6,281 businesses representing **7%** growth in the last decade. Consumer and business bankruptcies were down, likely due to government financial support programs.
- Overall in 2020, new job postings in Nanaimo were **32.6%** below 2019; comparatively BC was down **31.3%** (Vicinity

Jobs Database). The downturn was sharper in Nanaimo at the start of the pandemic compared with BC. However, the recovery in Nanaimo was faster than BC leading to overall near similar results.

- In 2020, the labour force growth rate shrunk by **4.3%** year-over-year in Nanaimo, **1.9%** in BC, and **0.7%** on Vancouver Island. Labour force participation rates dipped in 2020 for all three geographies, likely due to discouraged workers. Nanaimo's labour force participation rate tends to be lower than BC and Canada but higher than the Vancouver Island Coast Region. This is a reflection of the older age structure of Nanaimo and the Island's population in relation to BC and Canada.
- Nanaimo's unemployment rate was **9.1%**, slightly higher than Vancouver Island (**8.6%**), and BC (**8.8%**) but lower than Canada (**9.5%**).
- Nanaimo's annual rate of growth in median, average, and per capita income is slightly higher than BC; however, Nanaimo is still below BC's average in all three categories of income. Retail expenditures in the City of Nanaimo for 2020 are estimated at **\$3.8 billion**.
- Despite a downward trend in housing starts in 2020, building permits were strong. At **\$243.1 million**, 2020 is the second largest year for building permit values in Nanaimo history. Within the last five years commercial building permit values were lowest in 2020.

- New housing starts dropped to **690** compared with **1,259** starts in 2019 (CMHC), which is a **45%** decrease. This is due largely to two factors; 2019 was an all-time record-breaking year for building activity, secondly due to the COVID pandemic some consumers may have postponed building decisions in light of financially uncertain times.
- The average price of a new single-family detached home increased by **11.6%** in Nanaimo, **4.2%** in Greater Victoria and declined by **9.1%** in Greater Vancouver and **5.9%** in BC.
- The price of an average single-family home in Nanaimo increased by **9.7%** to **\$616,588** in 2020. Sales volumes were up in every category of housing; single-family, condominiums, row housing and lots. At the time of publication, data for other geographies was not available for all of 2020.
- Overall average rent in Nanaimo increased by **7%** and vacancy dropped from **2%** to **1%**. The number of units in supply increased by **4%** year-over-year. Vacancy rate in Victoria increased from **1%** to **2.2%** and in Vancouver from **1.1%** to **2.6%**. The supply of units in Victoria increased by **5.3%** and in Vancouver by **2.2%**.
- Overall average rent for a two-bedroom apartment in Nanaimo increased by **8.6%**, in Greater Victoria by **4.1%** and Greater Vancouver by **2.5%**.
- Vacancy rate for senior independent living spaces increased by **1.1%** in 2020, leading to some relief in rental rates. There is a huge demand for affordable independent living spaces on Vancouver Island and in BC. The highest demand for senior

housing in BC is on Vancouver Island and the Coast region.

- The impact of the pandemic has been uneven across different sectors of the economy. Tourism, hospitality, and entertainment continued to struggle in 2020. In Nanaimo, average occupancy was down **40%** year-over-year leading to **46%** decline in revenue per available room. Similarly, BC Ferries passenger and vehicle volumes were down **42%** and **30%** respectively on lower mainland routes. Airport passenger volumes were down **65%** and Vancouver Island Conference Centre delegate days were down **81%**. This sector will likely be the last to recover, and not until global travel restrictions are lifted and majority of the population is vaccinated.
- In 2020, the City of Nanaimo issued four filming permits. All were small, one-day productions.

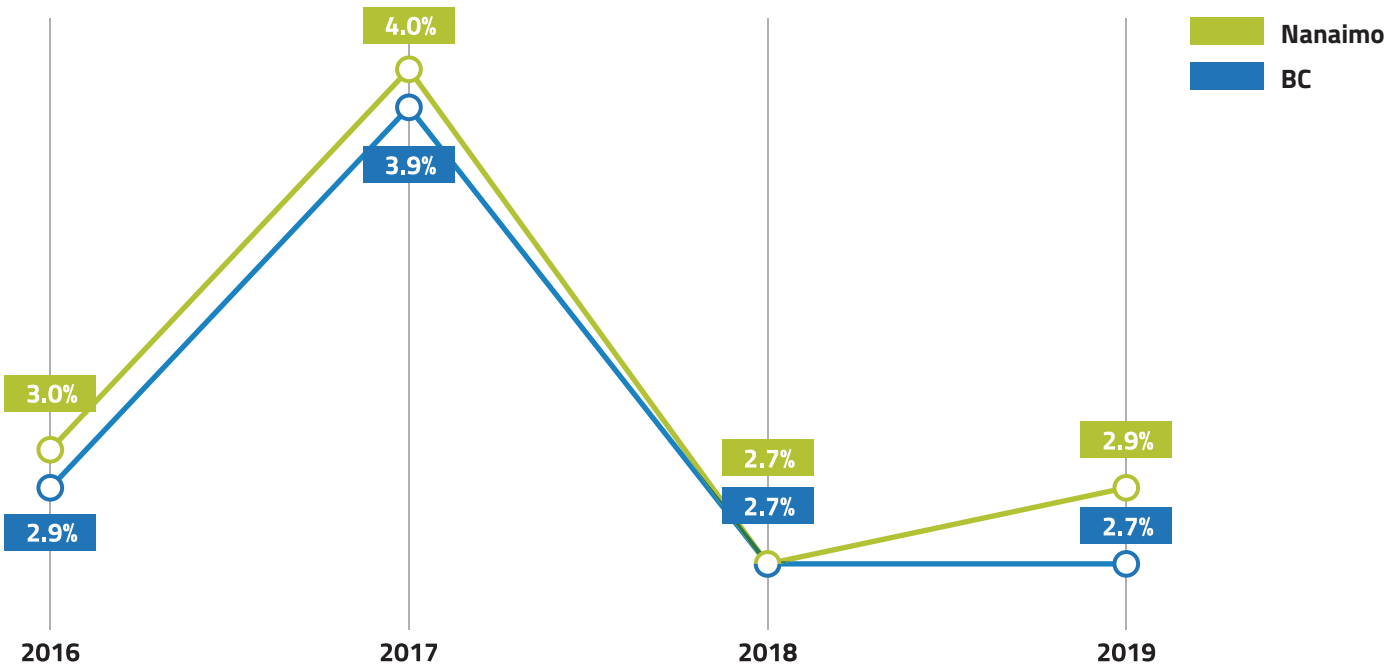
Economic Outlook

- BC's economy contracted by **-5.3%** in real Gross Domestic Product (GDP) in 2020, still lower than the nation at **-5.7%** and in the middle-of-the-pack in comparison to other provinces. The outlook for 2021 is much more encouraging barring unexpected turns in the pandemic situation. Strong capital investments and a rebound in major industrial sectors are expected to lead to real GDP growth of **5.1%** in 2021 and **4%** in 2022.
- This positive outlook is supported by the fact that even in the middle of the pandemic, work on major capital projects such as the Coastal GasLink pipeline, LNG Kitimat, and Site

C hydroelectric dam continued with minimal disruption. In addition, the adverse economic impacts of the second wave of infections have so far been less pronounced in BC compared to other provinces. Retail stores, restaurants, and most personal service businesses were permitted to remain open while the government took steps to impose capacity limits and prohibit social gatherings.

- The struggling forestry sector turned the corner in 2020 with wood product sales posting double-digit gains during the summer months and lumber prices rising **66%** year-to-date. A recent decision by the U.S. to reduce softwood lumber duties for most companies from **20.23%** to **8.9%** has also helped exports.
- Growth in existing home sales was strong but housing starts were down in comparison to 2019. Flattening in resale activity and price gains are expected in 2021 due to COVID related population decline. The largest component of BC's population growth is international immigration.
- BC's tourism sector is expected to start recovering in 2021 once traveling restrictions are eased and immunization reaches critical mass.
- The Province has plans to increase infrastructure and operational spending over the next few years. Provincial capital investment is up **8.8%** from 2019/20 and further increase is planned for 2021/22. A record budget deficit of **\$12.8 billion** is projected for 2020/21. Still, the BC government carries one of the lowest debt burdens in the country allowing for more flexibility in economic recovery.

GDP Growth Rates Index of GDP Growth (2016=100) Year-over-Year



	2016	2017	2018	2019	Average
Growth Rate - BC GDP	↑ 2.9%	↑ 3.9%	↑ 2.7%	↑ 2.7%	↑ 3.1%
Growth Rate - Nanaimo GDP	↑ 3.0%	↑ 4.0%	↑ 2.7%	↑ 2.9%	↑ 3.2%
Nanaimo GDP (millions chained 2012\$)	\$3,769	\$3,919	\$4,025	\$4,142	\$3,964
Nanaimo GDP as Share of BC	1.6%	1.6%	1.6%	1.6%	1.6%

Gross Domestic Product

The Gross Domestic Product (GDP)¹ measures the value of final goods and services produced in the economy. Changes in GDP are the standard measure of economic growth. Nanaimo’s estimates are derived from provincial measures of GDP using the share of employment by industry. GDP is useful in providing overall economic trends in conjunction with other indicators.

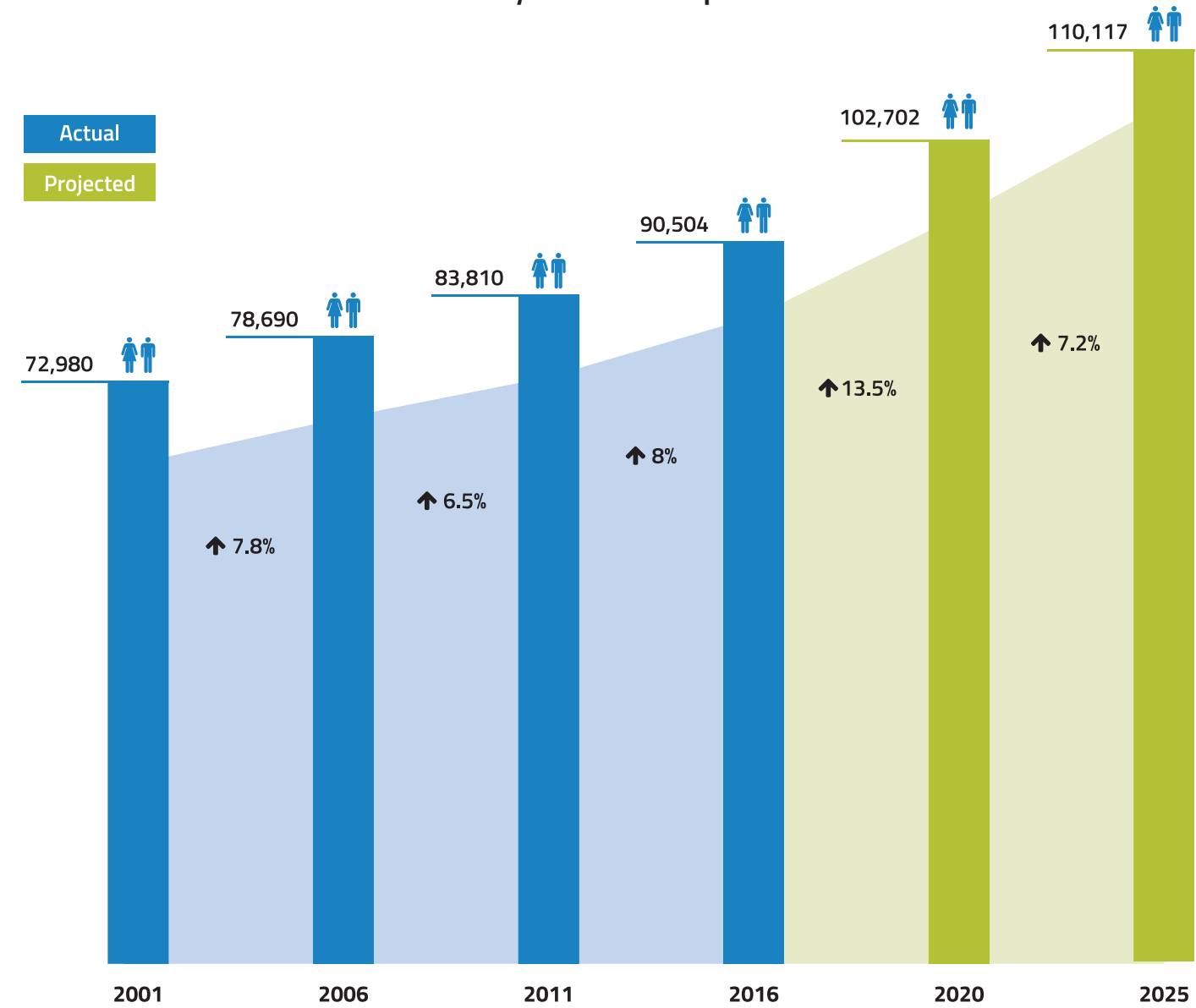
Since 2010, Nanaimo’s GDP has grown by **10%** to **\$4.1 billion**. The City of Nanaimo accounts for approximately **1.6%** of BC’s GDP. Growth in the GDP was primarily driven by the service producing sectors including health care, real estate rental and leasing, transportation and warehousing, and education services. In the goods producing sector, construction, manufacturing and activities related to oil and gas extraction have been the primary contributors to GDP growth. In recent years, relative to BC, Nanaimo’s GDP tended to grow at a similar rate.

*The City of Nanaimo accounts for approximately **1.6%** of BC’s GDP.*

¹GDP is a measure of the value-added associated with market-based production. It does not capture non-market production or any activity that takes place in the underground economy. GDP estimates have a number of weaknesses as a measure of economic welfare and are best used in conjunction with other indicators such as income and employment. Chained dollars is a method of adjusting real dollar amounts for inflation over time, to allow the comparison of figures from different years.

SOURCE: BC STATS, NANAIMO ECONOMIC DEVELOPMENT CALCULATIONS

City of Nanaimo Population



Population

The City of Nanaimo's population for 2020 is estimated at **102,702**. In the past five years, the average annual population growth rate was above **2%**. Moving forward, the average annual growth rate will drop to **1.4%** over the next five years. By 2025 the City's population is expected to increase by **7,415** persons.

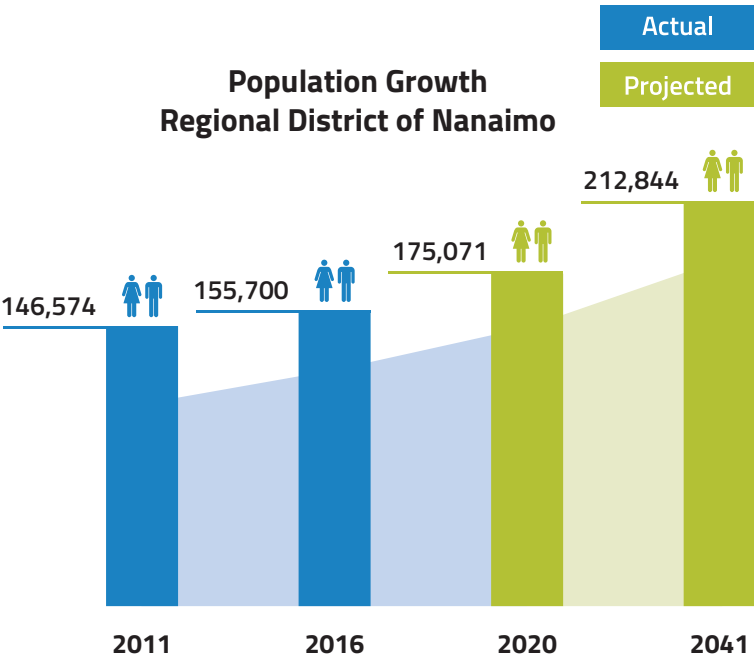
The Regional District of Nanaimo's (RDN) population for 2020 is estimated at **175,071**. The RDN's population is expected to increase by **9,728** persons by 2025, equating to an annual average growth rate of **1.1%**. The Vancouver Island Coast region (VIC) is projected to grow at **1%** annually and BC at **1.3%** annually over the next five years. Population growth will be slower over the next five years compared to the past five years. However, the City of Nanaimo is expected to outpace growth rate for Vancouver Island Coast (VIC) and the Province of BC.

Even during the pandemic, there are indications from the real estate market that migration in Nanaimo has continued due to its relative affordability as well as the trend of remote working increasing the attractiveness of communities outside the major population centres.

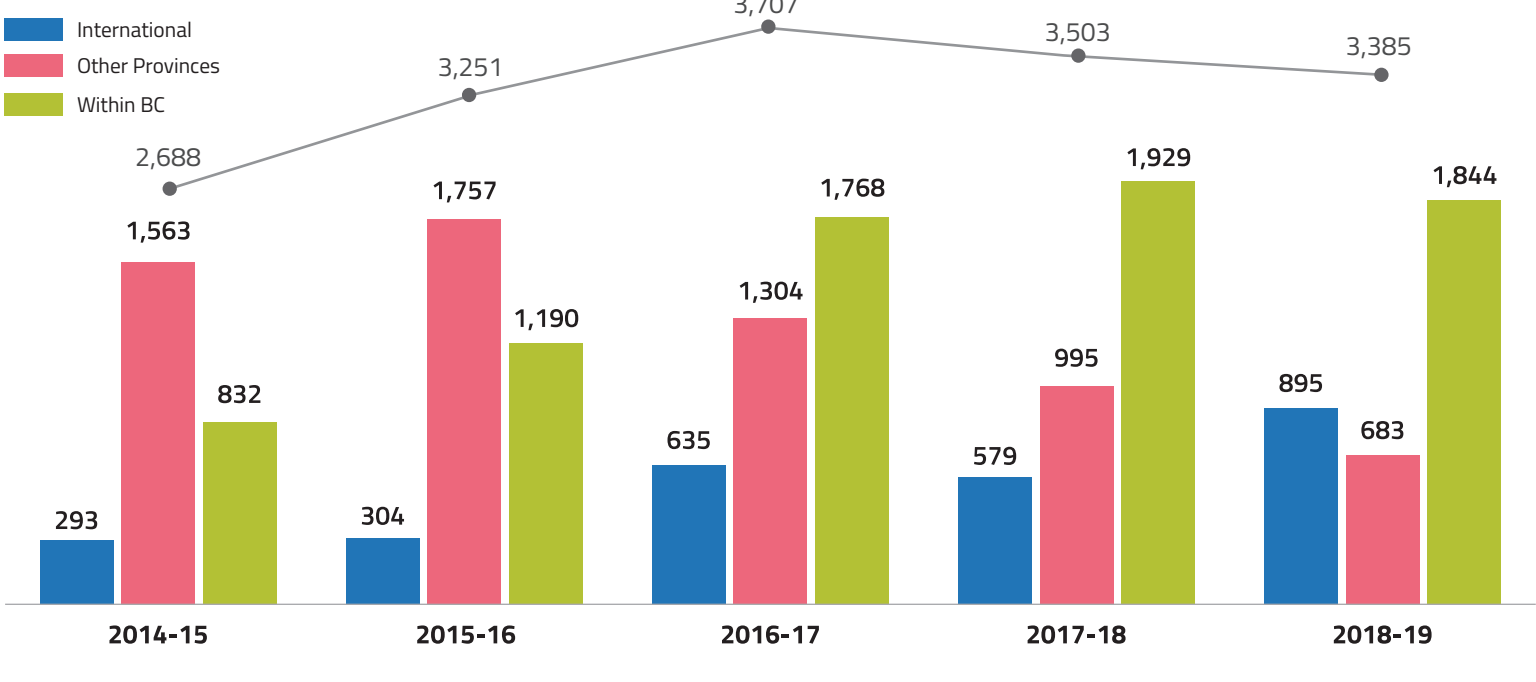
SOURCE: BC STATS (PEOPLE MODEL 2020), CENSUS CANADA

The City of Nanaimo's population for 2020 is estimated at 102,702.

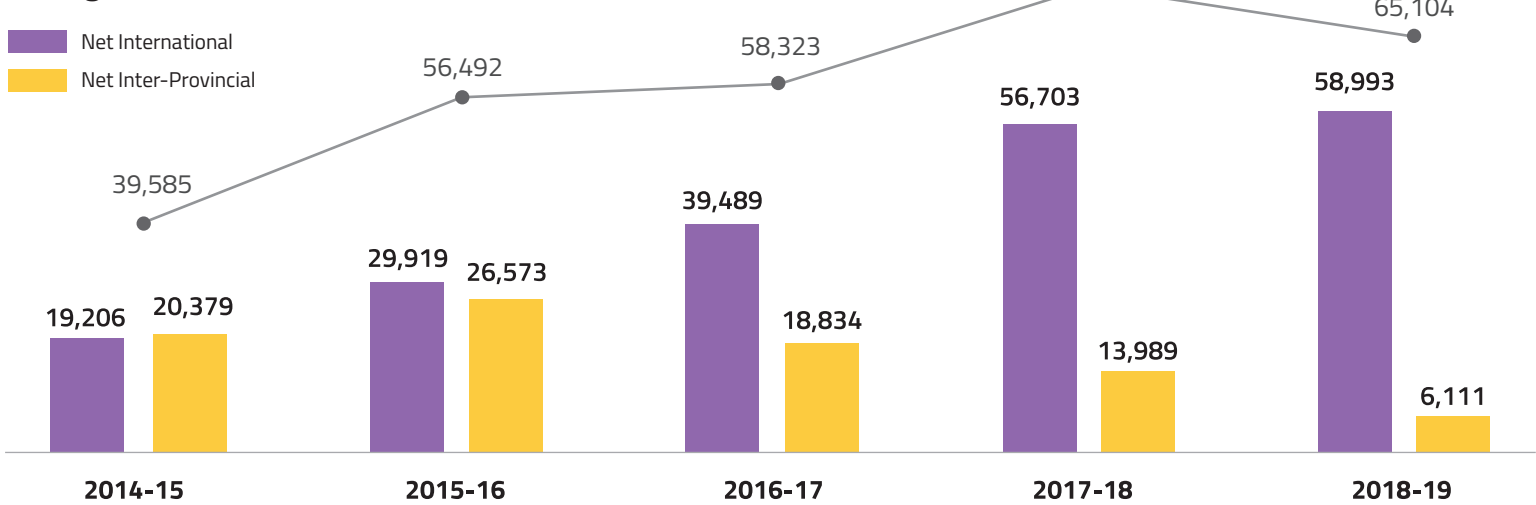
Population Growth
Regional District of Nanaimo



Origin of New Residents (RDN)



BC Migration



Migration

Population growth rate is driven by two factors: natural increase and migration. Nanaimo’s population growth has resulted from migration. People move to new areas for a variety of reasons, including employment opportunities and quality of life factors. There are three types of migrants: intra-provincial (within BC), inter-provincial (other provinces) and international immigrants (outside of Canada).

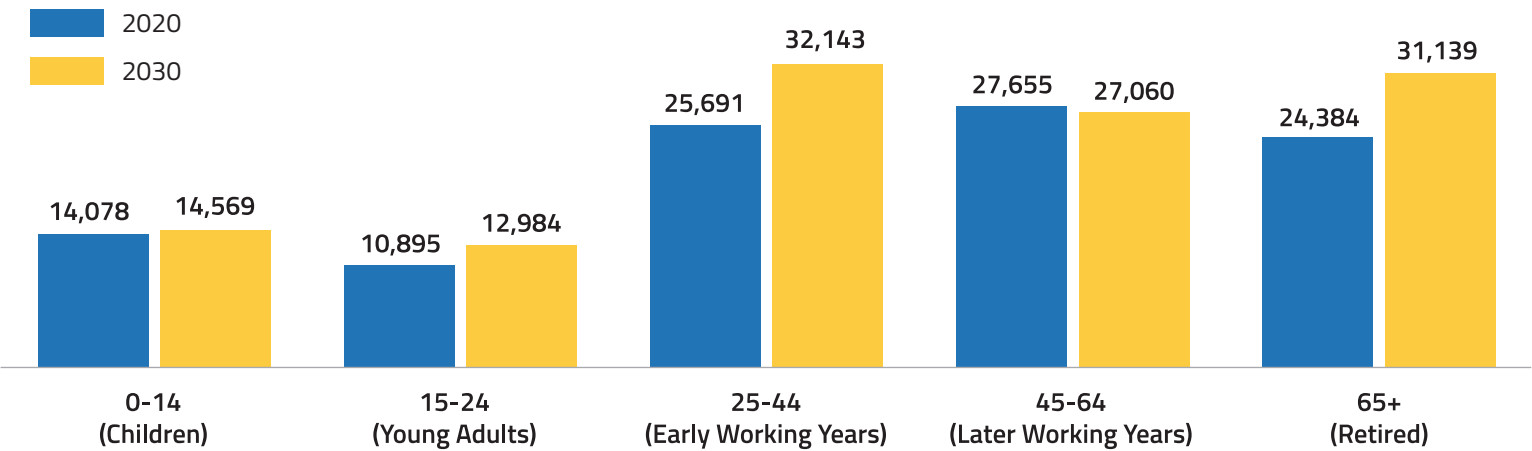
In the past five years on average over **3,300** net new residents have relocated to the RDN. Net migration to the Nanaimo region has been trending downwards after peaking in 2017 which is consistent with slower projected population growth over the next five years.

Migration from within BC to the RDN has been on the rise since 2015, with a slight dip in 2019. Migration from other provinces was highest in 2016 but has since been declining. International migration has been increasing in recent years, averaging over **700** new migrants in the past three years. The decline in net migrants to the Nanaimo region has mainly resulted from fewer people moving here from other provinces.

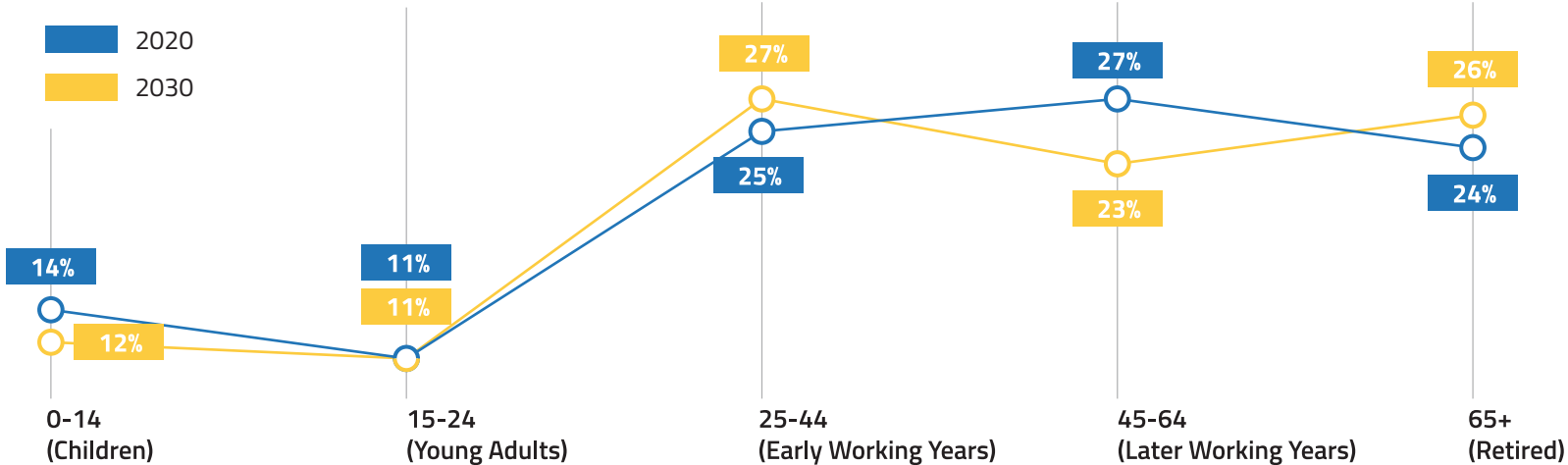
Net migration to BC had been on a steady increase with a slight dip in 2019. The majority of the growth in BC has occurred due to international migration while inter-provincial migration has been on a steady decline since 2016. Nanaimo captured **5.2%** of total migrants to BC in 2019, and the five-year average is **5.8%**.

SOURCE: BC STATS

Population by Age Breakdown (City of Nanaimo)



Age Breakdown by Percentage of Total Population (City of Nanaimo)



Age Breakdown

Children (0-14) represent **14%** of Nanaimo's total population in 2020. This segment of population will increase by **491** children by 2030, but decline by **2%** as a proportion of total population.

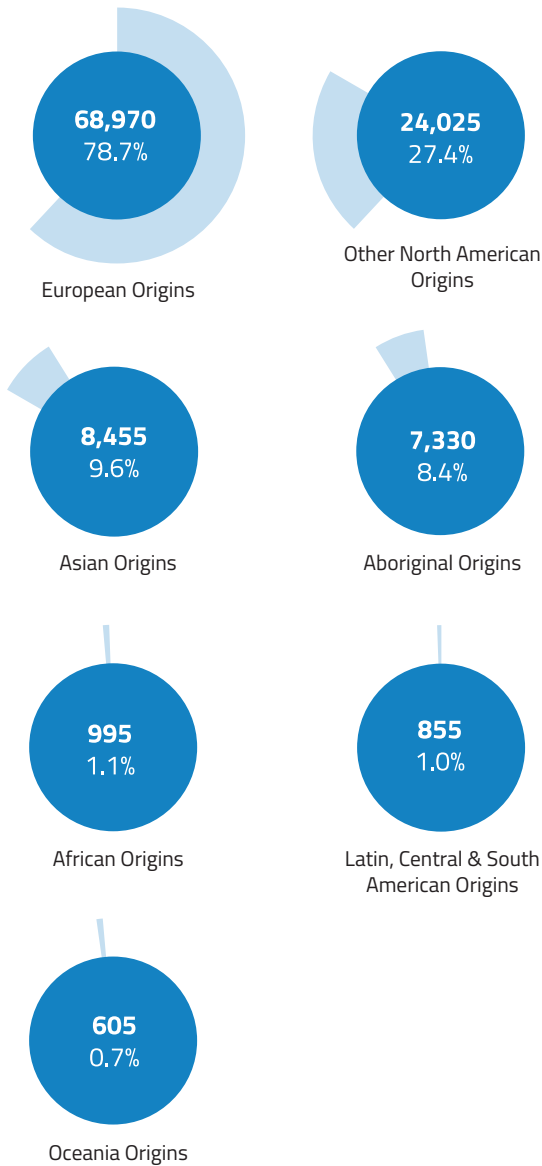
In 2020, **63% (64,240)** of Nanaimo's population was working age (15-64). Working age population is expected to increase by **7,947** persons by 2030 to represent **61%** of total population.

The 65+ category represented **24%** of total population in 2020 and is expected to grow by another **6,755** persons and represent **26%** of total population by 2030.

The largest growth over the next decade will occur in the 65+ age category at **27.7%**, but a close second is the 25-44 (early working years) age category projected to grow by **25.1%**. This trend is an indication of younger families moving to the Nanaimo region.

SOURCE: BC STATS

City of Nanaimo Ethnic Origins
(2016)



City of Nanaimo Visible Minorities

	2020	2025	% Change
Chinese	2,938	3,362	↑ 14%
Latin American	586	653	↑ 11%
Filipino	982	1,063	↑ 8%
Black	805	847	↑ 5%
Japanese	489	512	↑ 5%
Southeast Asian	866	892	↑ 3%
West Asian	201	202	0%
Arab	293	302	↑ 3%
South Asian	2,310	2,355	↑ 2%
Korean	408	404	↓ -1%
Visible Minority (not inc. elsewhere)	81	74	↓ -9%
Multiple	256	237	↓ -7%
Total	10,215	10,903	↑ 7%

PROJECTED

Diversity

The largest segment of resident in Nanaimo are of European origins, representing **79%** of the total population. At **27%**, the second highest group is Other North American Origins (excluding Aboriginal), and the third largest is Asian origins at **10%**. Aboriginal origins represent **8.4%** of the population. The largest population gains in the 2016 census were in the Asian (**2,790**) and European origins (**2,670**).

Visible Minorities represent **10%** of Nanaimo’s total population. As the overall population grows, Nanaimo is seeing greater diversity in its population. In 2020, Nanaimo’s visible minority population is estimated at **10,215**. The three largest minorities in Nanaimo are Chinese, South Asian, and Filipino representing **2.9%**, **2.3%** and **1.0%** of total population respectively. The total visible minority population is expected to increase by **7%** by 2025. The largest growth is expected to come from Chinese migrants (**424**), followed by Filipino (**81**) and Latin American (**67**).

BC’s visible minority population is at **31.1%**. The three largest minorities in BC are Chinese (**11.7%**), South Asian (**7.8%**), and Filipino (**3.6%**). Vancouver has the most diverse population in BC with visible minorities representing **48.9%** of the total population - with Chinese at **19.6%**, South Asian **12%** and Filipino at **5.1%**.

SOURCE: 2016 CENSUS, ESRI

Business Licenses by Industry Sector (City of Nanaimo 2020)

 Professional, Scientific, Technical	807	 Finance and Insurance	124
 Retail Trade	749	 Wholesale Trade	124
 Other Services (except Public Admin.)	657	 Education and Training	85
 Health Care and Social Assistance	639	 Information and Cultural	40
 Admin. + Support, Waste Mgmt. + Remed.	515	 Mgmt. of Companies/Enterprises	3
 Real Estate, Rental and Leasing	445	 Construction	1,232
 Accommodation and Food Services	314	 Manufacturing	157
 Arts, Entertainment and Recreation	207	 Agriculture, Forestry, Fishing and Hunting	12
 Transportation and Warehousing	169	 Utilities	2

 Goods Producing Sector

 Service Producing Sector

Business Licenses

In 2020, the City of Nanaimo had **6,281** licensed businesses. The largest number of business license were issued to the Construction sector, followed by the Professional, Scientific and Technical Services and Retail Sectors. The number of total businesses licenses increased by **7%** over the last decade.

Business licenses increased by **48**, representing **0.8%** growth over 2019. In 2020, the largest growth was in the Professional, Scientific and Technical Services sector **(+27)** and the largest decline was in the Accommodation and Food Services businesses **(-32)**, followed by Retail businesses **(-11)** . The declines likely reflect the beginning of the COVID-19 pandemic impacts on local businesses.

Home based businesses account for **37%** of total business licenses issued in the City of Nanaimo. **67%** of Nanaimo’s businesses are locally owned and operated. **3%** of Nanaimo businesses are franchise operations and **9.49%** are branch offices of larger companies headquartered elsewhere.

Note: business licenses represent all types of private businesses, sole proprietorships, partnerships and incorporated businesses.

SOURCE: CITY OF NANAIMO

Business Incorporations

	2015	2016	2017	2018	2019	Average 2017-2019
City of Nanaimo	528	567	576	566	606	583
Reg. District of Nanaimo (RDN)	747	788	800	785	817	801
Vancouver Island Coast (VIC)	3,526	4,210	4,410	4,313	4,330	4,351
Nanaimo as Share of VIC	15%	13%	13%	13%	14%	13%
Nanaimo as Share of RDN	71%	72%	72%	72%	74%	73%

Business Incorporations

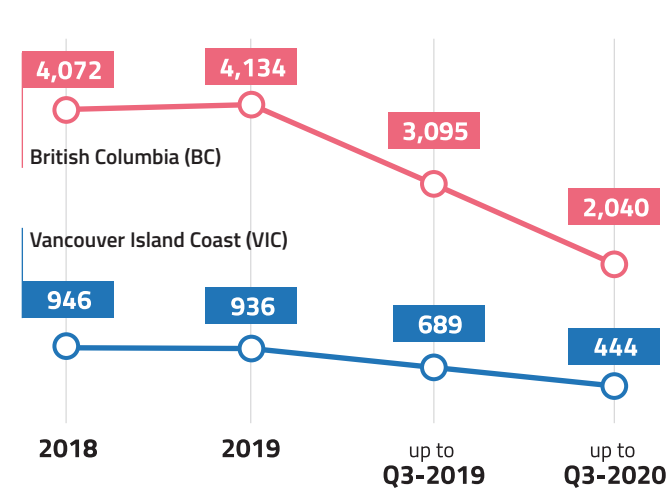
Incorporations are the number of new limited companies registered under the Business Corporations Act. Sole proprietorships or partnerships are not included.

In 2019, the City of Nanaimo had **606** new business incorporations, an increase of **7.1%** from 2018. During the same time period Vancouver Island growth was **0.4%**. Nanaimo accounted for **74%** of new incorporations in the RDN, and **13%** of Vancouver Island Coast region. The City of Nanaimo and the Regional District incorporations in 2019 were above the three-year average, while the Vancouver Island Coast region was below its three-year average.

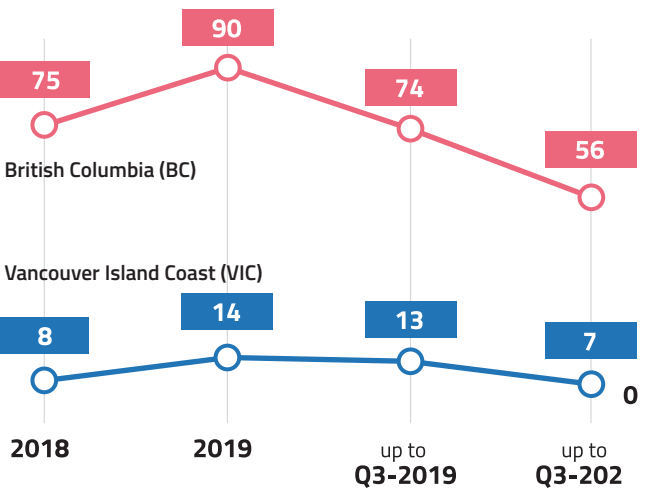
In 2019, consumer bankruptcies remained below their three-year average. In the first three quarters of 2020, consumer and business bankruptcies declined year-over-year on Vancouver Island by **35%** and **46%** respectively. This is consistent with trends observed across Canada and is likely due in part to government support measures like the Canadian Emergency Response Benefit (CERB) and the Canadian Emergency Wage Subsidy (CEWS), as well as mortgage deferral options. Not all the business closures are reflected in the business bankruptcy numbers as many businesses may close, but not declare bankruptcy. At the time of this publication the 2020 Q4 statistics were not yet available.

SOURCE: BC STATS, CITY OF NANAIMO, OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY OF CANADA

Consumer Bankruptcies



Business Bankruptcies



Businesses by Employee Size (City of Nanaimo)

	2009	2014	2019	10 Year Growth Rate (2009-19)
1-4	1,557	1,683	1,777	↑ 14.1%
5-9	679	682	720	↑ 6.0%
10-19	375	473	500	↑ 33.3%
20-49	235	291	300	↑ 27.7%
50-99	54	86	95	↑ 75.9%
100-199	24	34	37	↑ 52.2%
200-499	11	11	13	↑ 18.2%
500+	4	5	7	↑ 75.0%
Total:	2,939	3,265	3,449	Average: ↑ 17.4%

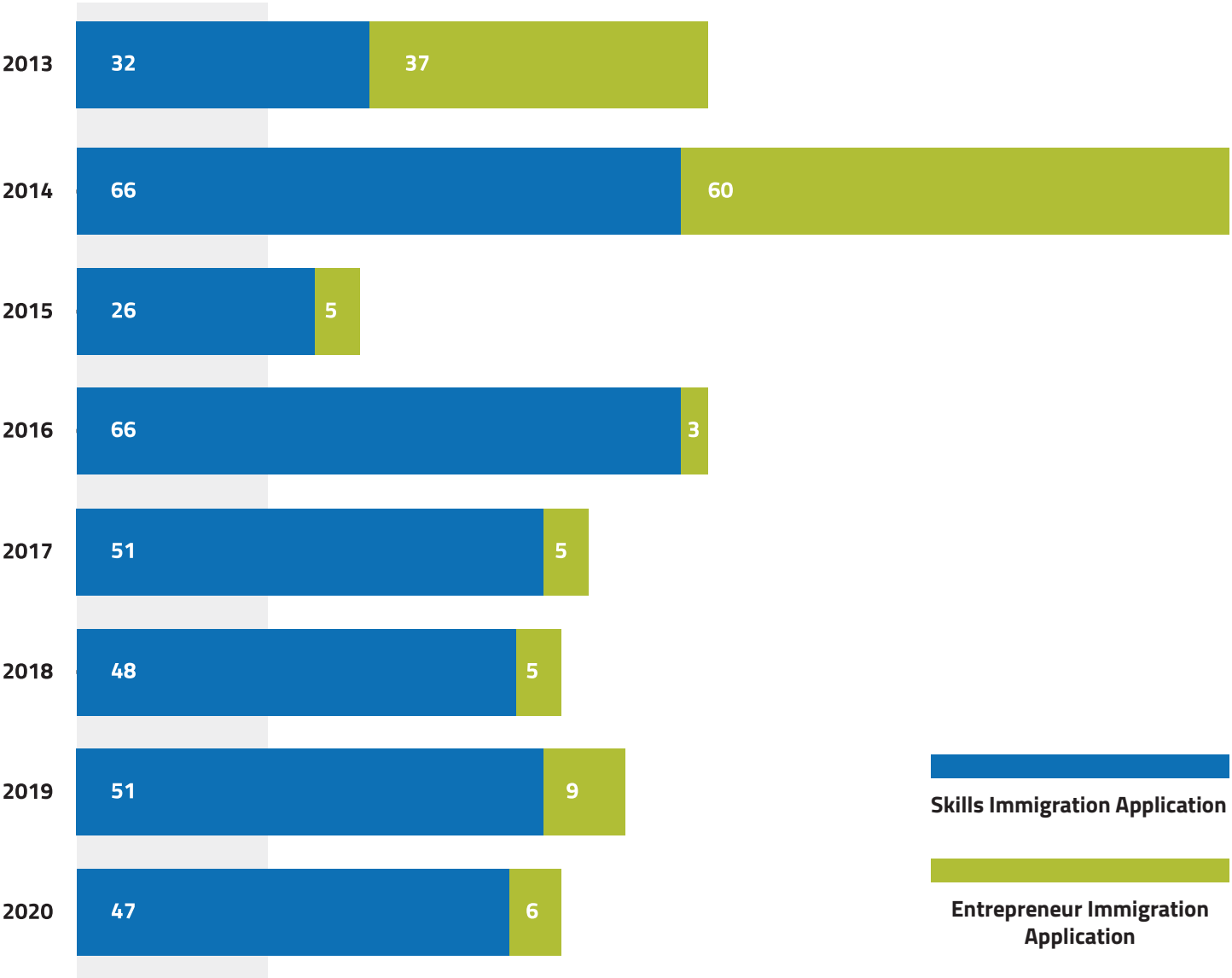
Size of Business

In 2019, the City of Nanaimo had **3,449** businesses with one or more employees. Over the past five years (2014-2019), the number of businesses with employees grew by **5.6%** compared to **11%** five years prior.

Tighter labour market conditions, and increasing real estate costs hampered businesses’ ability to expand HR capacity for five years prior to COVID-19. The number of businesses with no employees or sole proprietorship has increased by **10.3%** over the past five years.

SOURCE: BC STATS

Applications to the Provincial Nominee Program (City of Nanaimo)



The BC Provincial Nominee Program (BC PNP)

The BC Provincial Nominee Program (PNP) facilitates the immigration of skilled foreign workers, international students, and entrepreneurs. Prospective applicants are nominated for permanent residency through either the Skills Immigration stream or the Entrepreneur Immigration stream.

Applicants under the Skills Immigration stream are selected based on the skills, education and/or experience required for high-demand occupations in the province. There were **491** applicants for Nanaimo under this stream in the last eleven years, of which **80%** received nominations for permanent residency.

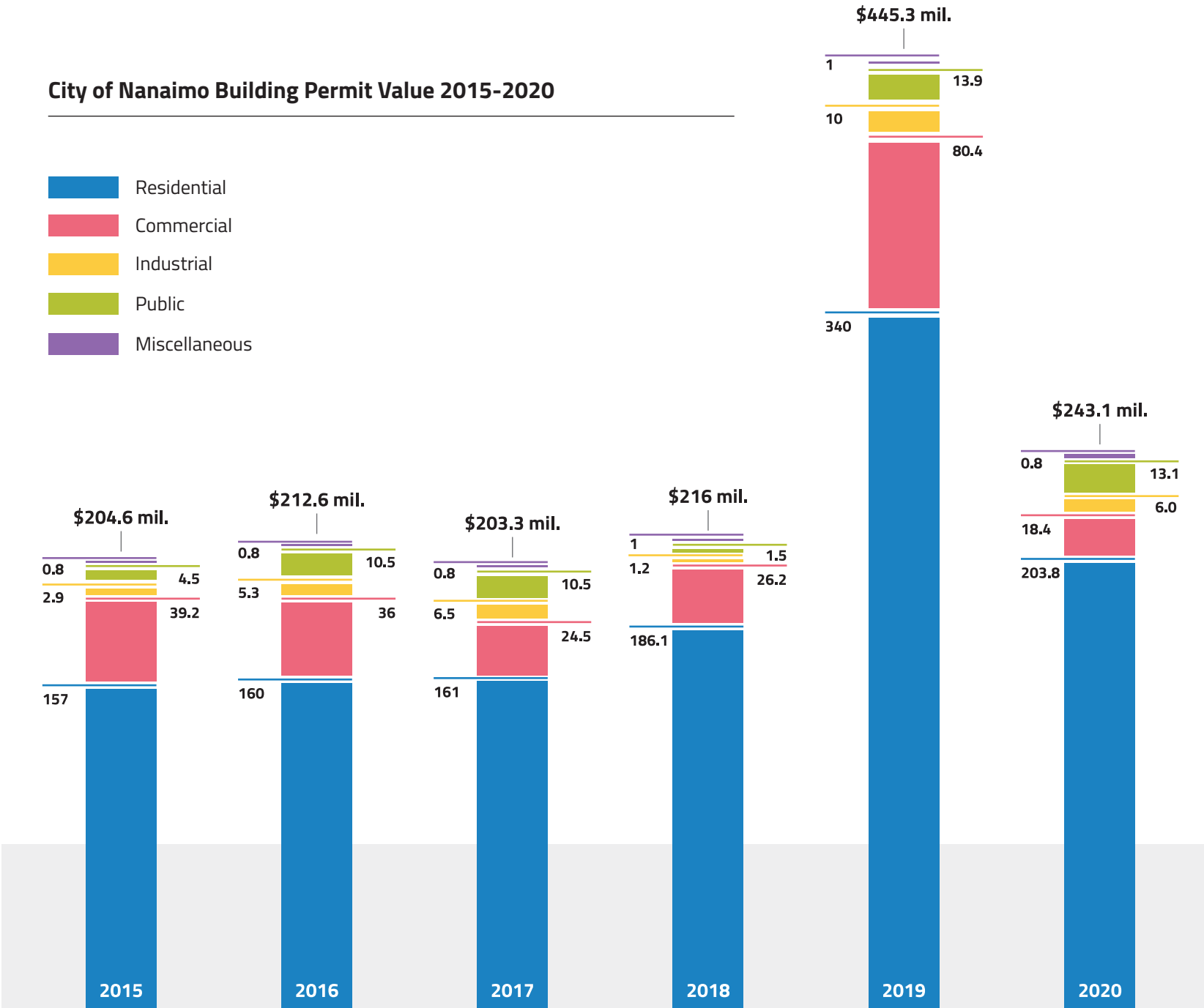
Nominees under the Entrepreneur Immigration stream are required to meet a determined financial investment amount (**\$200,000** investment), and demonstrate the ability to create job opportunities. There were **168** applicants for Nanaimo in the last eleven years of which **21%** received nominations and work permits. Over the past decade, **\$13.6 million** were invested and **55.2** new jobs were created in Nanaimo through the BC PNP Program.

Due to COVID-19 related border closures, it is expected that skilled and entrepreneurial immigration will decline through 2020 and into 2021. In 2020, applications for Nanaimo declined to **53** compared with **65** in 2019. For the most part applications to the program have been stable through the pandemic and in-person entrepreneur interviews were transitioned to virtual meetings. Nominations for occupations in severely affected sectors have been temporally suspended and this will be reviewed in consideration of economic recovery.

SOURCE: BC MINISTRY OF JOBS, TRADE AND TECHNOLOGY

City of Nanaimo Building Permit Value 2015-2020

- Residential
- Commercial
- Industrial
- Public
- Miscellaneous



Building Permits

At **\$243.1 million**, 2020 is the second largest year for building permit values in Nanaimo history. Residential permits accounted for **84%** of the total value of building permits, commercial for **7.6%**, and industrial and public combined for **7.9%**.

Non-residential building permit values accounted for approximately **15.4%** of the total value. In comparison to the past five years, commercial building permit values were lowest in 2020.

At \$243.1 million, 2020 is the second largest year for building permit values in Nanaimo's history.

SOURCE: CITY OF NANAIMO

2020 Major Projects over \$2 Million

Address	Description	Value
4735 Ledgerwood Road	Apartment Building – 120 units, 2 towers (4 & 5 storey)	\$19,166,498
6117 Uplands Drive	Apartment Building – 108 units, 5 storey	\$14,859,310
300 Howard Avenue – Bldg B	Apartment Building – 97 units, 4 storey	\$13,475,283
4800 Cedar Ridge Place – Bldg A	Apartment Building – 80 units, 4 storey	\$12,271,247
300 Howard Avenue – Bldg A	Apartment Building – 84 units, 4 storey	\$12,049,220
666 Fitzwilliam Street	No. 1 Fire Station – 1090 m ² , 3 storey	\$10,539,200
4800 Cedar Ridge Place – Bldg B	Apartment Building – 48 units, 3 storey	\$7,866,944
4800 Cedar Ridge Place – Bldg C	Apartment Building – 42 units, 3 storey	\$6,894,676
507 Milton Street	Two buildings: 1. Mixed-Use Building -14 residential + 3 commercial units, 3 storey; and 2. Multi-Family Building, - 4 units, 2 storey	\$4,600,000
1865 Boxwood Road	Two buildings: 1. Mini-Storage, pre-eng. storage building; and 2. Office and caretaker’s residence	\$2,600,000
1400 Wingrove Street	Mixed-Use Building- 12 residential units, 3 commercial units, 3 storey	\$2,500,000
1726 Kerrisdale Road	Two buildings: 1. Townhouse - 4 units, 3 storey; and 2. Townhouse - 5 units, 3 storey	\$2,300,000

Major Projects

In 2020 and 2019, there were 31 projects with a minimum value of **\$2 million** or more. In 2020, many of the larger projects were apartment buildings, some mixed-use projects, including the #1 Fire Station. The 2019 projects included multi-family dwellings, medical offices, apartments, condominiums, affordable housing and two hotel developments.

Marine Oil Spill Response Project (\$10 million)

The Western Canada Marine Response Corporation (WCMRC) began the construction of the Marine Oil Spill Response Centre in late September 2020 at the Nanaimo Port Authority’s Assembly Wharf. This centre will eventually include 15 vessels and hire 35 full-time staff across a head office and training centre. The **\$10 million** project will bolster response capabilities to potential future west coast fuel spills.

SOURCE: CITY OF NANAIMO



4745 Ledgerwood Road
20 APARTMENT BLDGS, 4 & 5 STOREYS,
120 UNITS – \$19.2 MILLION



301 Lambert Avenue
4-STOREY, 97-UNIT APARTMENT BLDNG
- \$13.5 MILLION (BLDNG A)

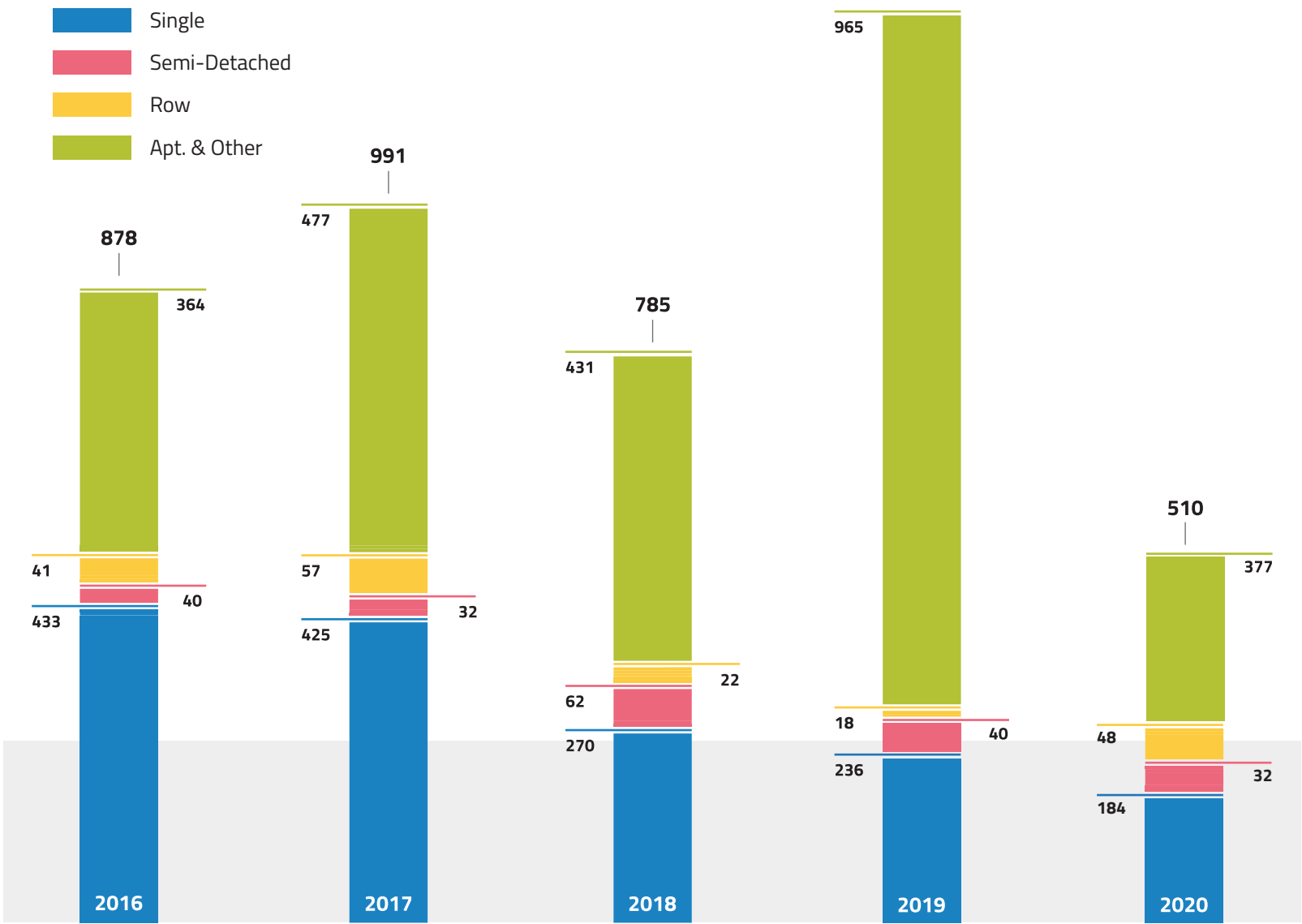


6117 Uplands Drive
5-STOREY, 108-UNIT APARTMENT
BLDNG - \$14.9 MILLION



4800 Cedar Ridge Place, Bldg A
4-STOREY, 80-UNIT APARTMENT BLDNG
(1 OF 3) - \$12.2 MILLION

City of Nanaimo Housing Starts by Type (2016-2020)



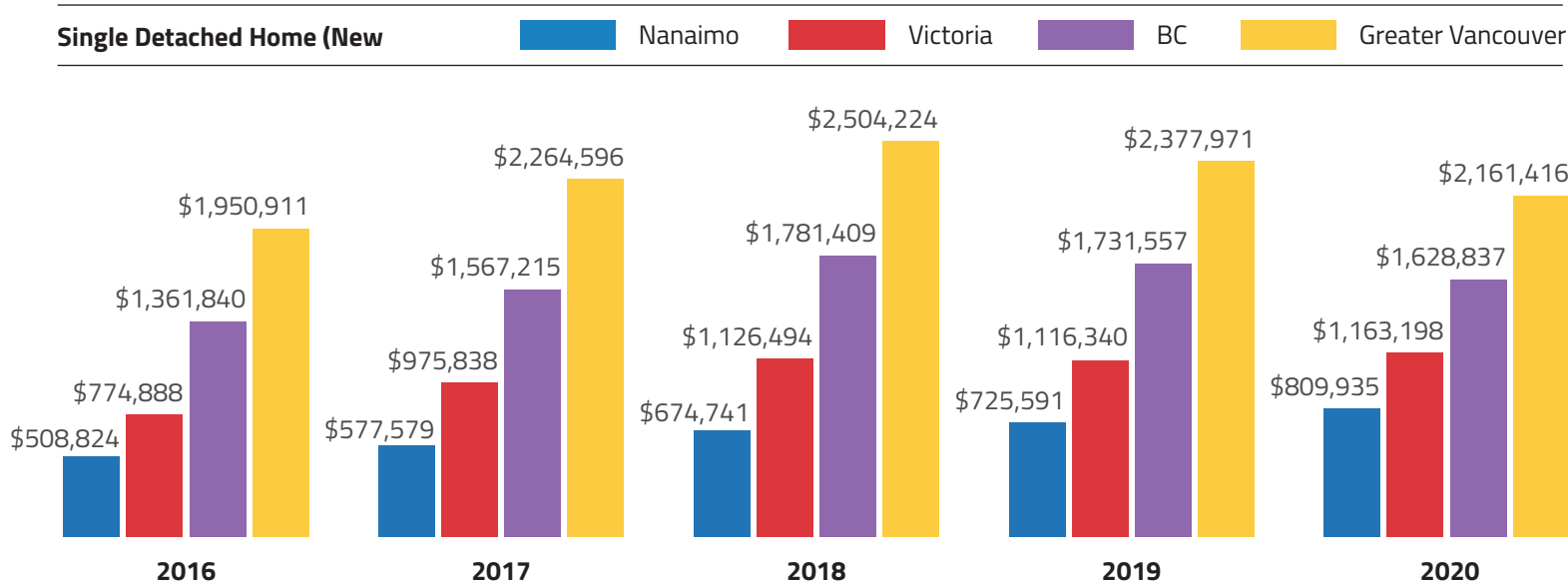
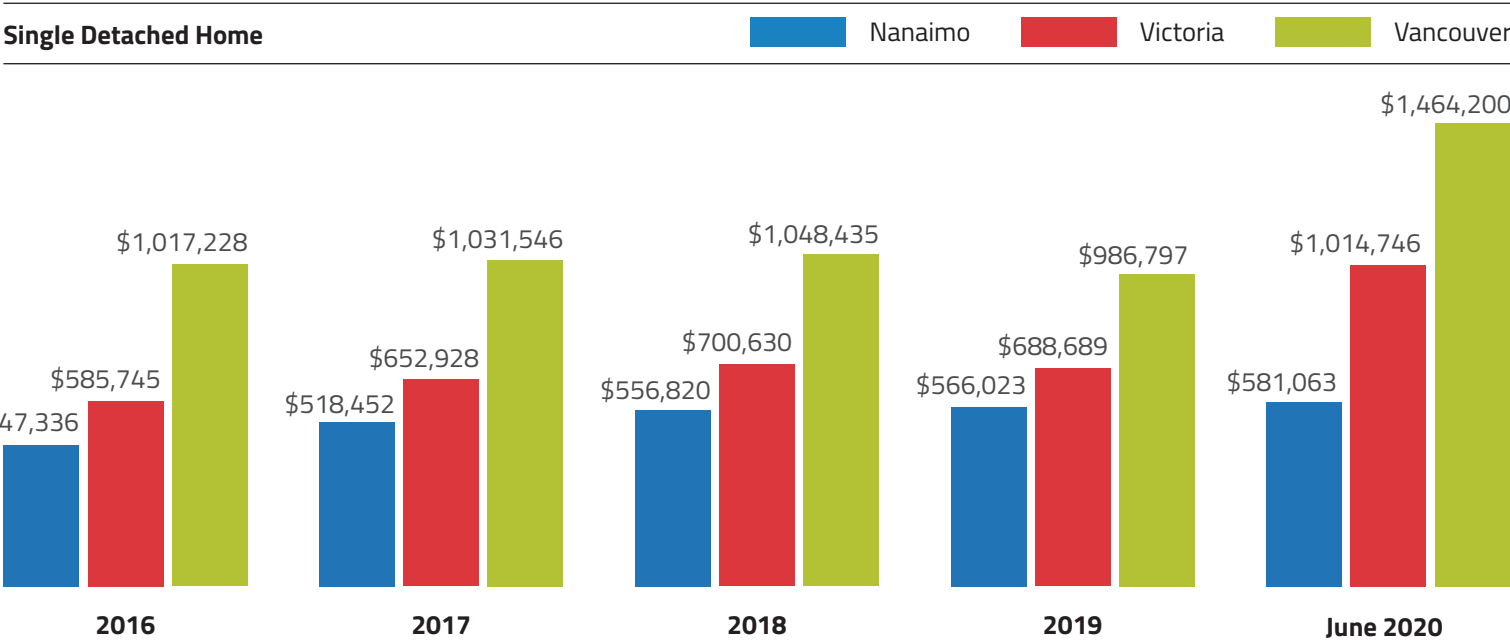
New Housing and Housing Stock

Housing starts, like building permits, are a leading indicator of economic activity. In 2020, new housing starts dropped by **45%**, to **690** compared with **1,259** starts in 2019. This is due largely to the COVID-19 pandemic as consumers postpone building decisions in light of financially uncertain times. The trend towards denser forms of housing continues due to overall rising real estate values.

Single-detached homes still make up a majority of the housing, representing **62%** of all built housing. As the city grows the mix of housing has been changing, with apartments and low/high rise buildings making up **35%** of all housing and other dwelling types making up **2%**.

SOURCE: CMHC, CITY OF NANAIMO, ESRI CANADA

Housing Stock 2020	
Houses	25,994
Single-Detached House	21,894
Semi-Detached House	2,041
Row House	2,059
Apt. Building Low/High Rise	14,777
Apt. Building, 5+ Storeys	1,326
Apt. Building, < 5 Storeys	7,667
Detached Duplex	5,784
Other Dwelling Types	916
Other Single-Att, House	86
Moveable Dwelling	830
Total Households	41,687



Housing Prices

The price of an average single-family home in Nanaimo increased by **9.7%** to **\$616,588** in 2020. Sales volumes were up in every category of housing; single family, condominiums, row housing and lots. At the time of publication, data for other geographies was not available for all of 2020. Prices for the month of June are reflected in the chart.

The average annual price of a single-family new house dropped by **9.1%** in Greater Vancouver and by **5.9%** in BC in 2020. The price for a similar new home increased by **11.6%** in Nanaimo and **4.2%** in Victoria.

Despite the drop in prices in Vancouver, the same brand new single family detached home in Nanaimo costs roughly one-third the price of Vancouver and less than three-quarters the price of Victoria.

Note: At the time of publication, data for all geographies was not available for all of 2020. June 2020 are average prices for the month of June only.

SOURCE: BC STATS, VANCOUVER ISLAND REAL ESTATE BOARD, REAL ESTATE BOARD OF GREATER VANCOUVER, CMHC

Nanaimo Average Rents, Vacancy & Units (October 2020)

	Rent		Vacancy Rate		Total Units	
	2019	2020	2019	2020	2019	2020
Private Apartments						
Bachelor/Studio	\$889	\$914	0.7%	0.0%	354	345
1 Bedroom	\$946	\$1,010	1.6%	1.4%	1,928	2,006
2 Bedroom	\$1,170	\$1,271	2.4%	0.8%	1,569	1,651
3+ Bedroom	\$1,306	\$1,361	**	0.0%	127	130
Average/Total	\$1,039	\$1,112	2.0%	1.0%	3,978	4,132

Comparison of Average Monthly Rent (2 Bedroom Apartment)

	Vancouver	Victoria	Nanaimo
Oct. 2019	\$1,748	\$1,448	\$1,170
Oct. 2020	\$1,792	\$1,507	\$1,271
% Change	↑ 2.5%	↑ 4.1%	↑ 8.6%

Rental Market

In 2020, **67%** of Nanaimo residents lived in owned housing, while **33%** occupied rental accommodations. Overall average rent in Nanaimo increased by **7%** and vacancy dropped from **2%** to **1%**. The number of units in supply increased by **154**, representing a **4%** increase year-over-year. Vacancy rates in Victoria increased from **1%** to **2.2%** and in Vancouver from **1.1%** to **2.6%**. The supply of units in Victoria increased by **5.3%** and in Vancouver by **2.2%**.

Average rent for a two-bedroom apartment in Nanaimo increased by **8.6%**, in Greater Victoria by **4.1%** and Greater Vancouver by **2.5%**.

SOURCE: CMHC

Seniors' Housing Average Rents & Vacancy Rates

Type	Average Rent		Vacancy Rate	
	2019	2020	2019	2020
Bachelor/Studio	\$2,502	\$1,621	2.4%	0.0%
1 Bedroom	\$3,019	\$3,092	2.2%	3.3%
2 Bedroom	\$4,075	\$4,132	2.1%	8.1%
Average/Total	\$3,038	\$2,963	2.2%	3.3%

Vacancy Rate



Seniors Housing

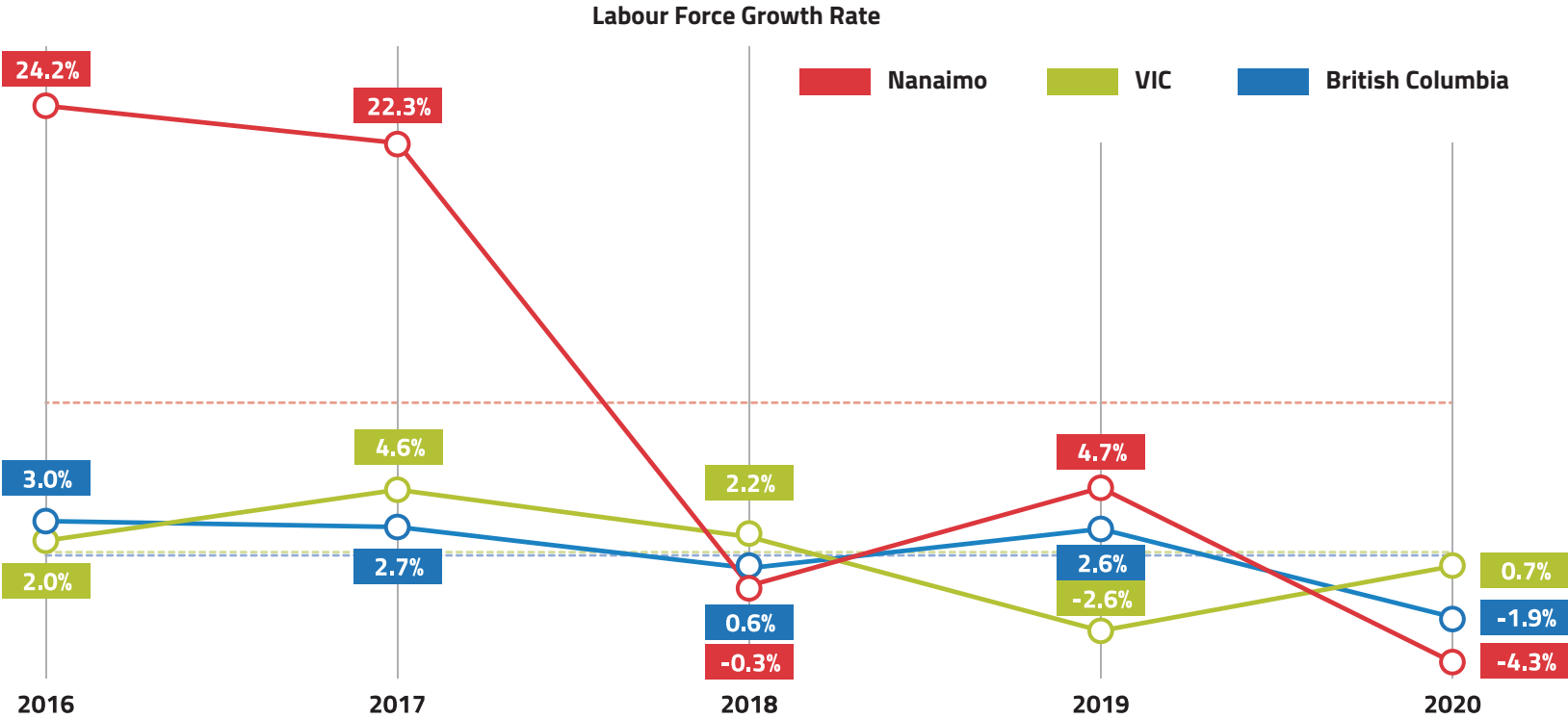
In 2020, the vacancy rate for senior living spaces increased by **1.1%** year-over-year, leading to some relief in rental rates. Average rent decreased by **2.5%** between 2019 and 2020. Due to high demand, there was zero vacancy in the lowest average rent category of bachelor/studio type senior spaces. Vacancy rates were higher in the more expensive living spaces. In the Central Vancouver Island area, which includes Nanaimo and Parksville, there were **2,831** units in supply in 2020.

British Columbia’s vacancy rate for independent living spaces increased by **0.9%** from **4.2%** to **5.1%** year-over-year in 2020. Compared to other regions reporting vacancy rates such as **7.6%** (Okanagan/Thompson/Shuswap region), Vancouver Island Coast had a much lower vacancy rate of **3.4%**. The average rent for an independent living space in British Columbia increased by **2.7%**, from **\$3,275** in 2019 to **\$3,364** in 2020. The Lower Mainland posted the highest average rents in BC at **\$3,722**.

Affordable independent living spaces continue to see high demand in British Columbia. There were an additional **664** spaces added across BC in 2020. The majority of new spaces were added in the Nanaimo and Parksville area. The demand is also strong in this region, **379** new residents were added to senior spaces between 2019 and 2020, the largest increase across British Columbia.

SOURCE: CMHC

The majority of affordable independent living spaces in BC were added in Nanaimo and Parksville.



	2016	2017	2018	2019	2020	Average
Nanaimo	24.2%	22.3%	-0.3%	4.7%	-4.3%	9.3%
Vancouver Island Coast (VIC)	2.0%	4.6%	2.2%	-2.6%	0.7%	1.4%
British Columbia (BC)	3.0%	2.7%	0.6%	2.6%	-1.9%	1.4%
Nanaimo Labour Force	52,800	64,600	64,400	52,800	64,500	62,740

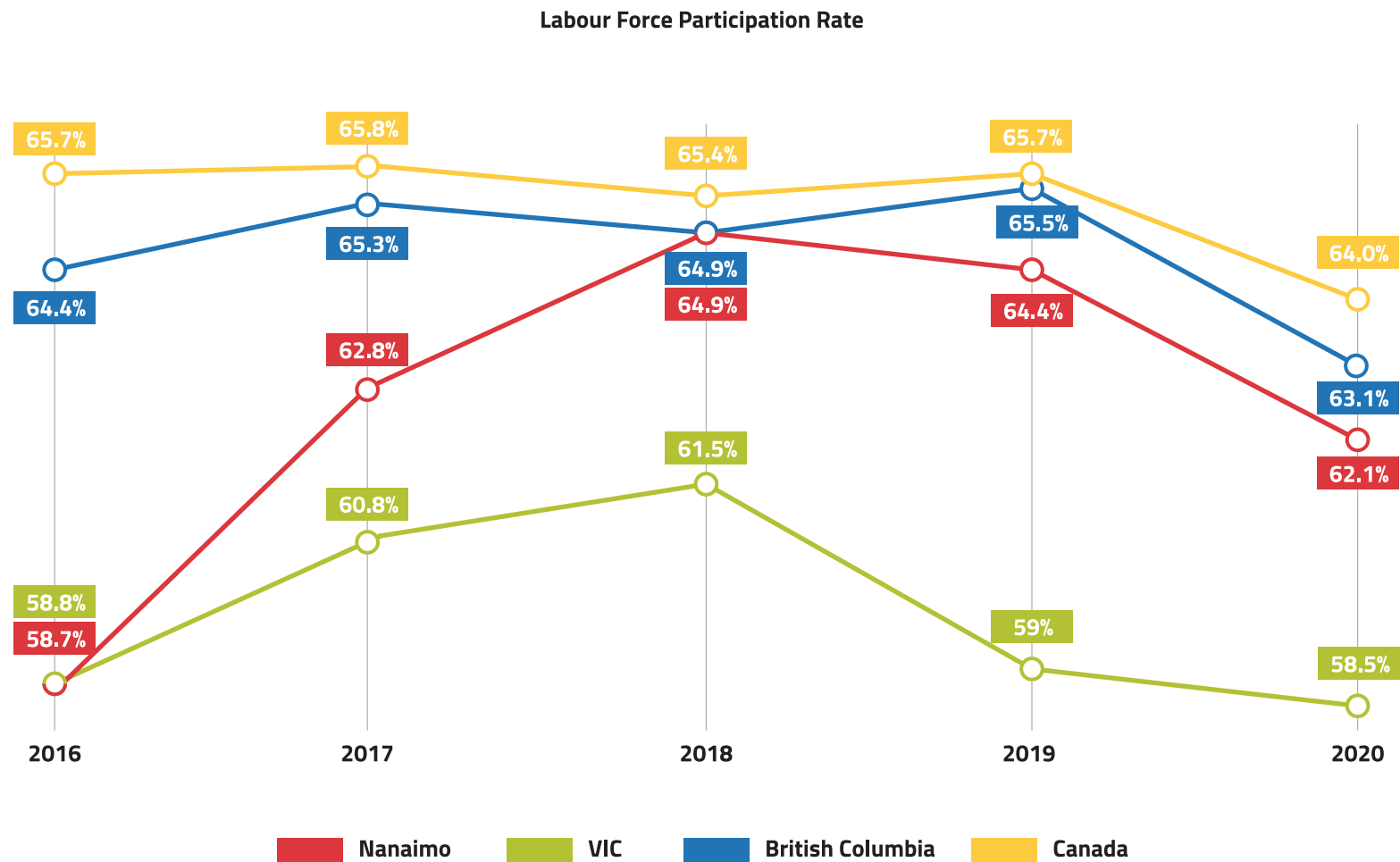
Labour Force

The labour force is composed of those 15 years of age and older who are either employed or actively seeking work. Changes in the labour force are the result of changes in population and economic opportunities. A growing economy attracts workers from other areas and induces people to enter the labour force. When the economy slows, people leave in search of opportunities elsewhere or withdraw from the labour force.

On average Nanaimo’s labour force grew by **9.3%** annually between 2016 and 2020, while the province and Vancouver Island Coast region grew at **1.4%**. Labour force growth rates in Nanaimo generally follow a similar pattern to that in the province as a whole, however tend to have greater variance. This variability likely stems in part from measurement error in the labour force survey due to small sample sizes. Generally, the five-year average growth rate is more accurate measure of labour force activity in Nanaimo due to the variability in the labour force survey.

In 2020, **64,500** people were in the labour force. The labour force growth rate shrunk by **4.3%** in Nanaimo, **1.9%** in BC, **0.7%** on Vancouver Island in 2020.

SOURCE: STATS CANADA



Labour Force Participation Rate

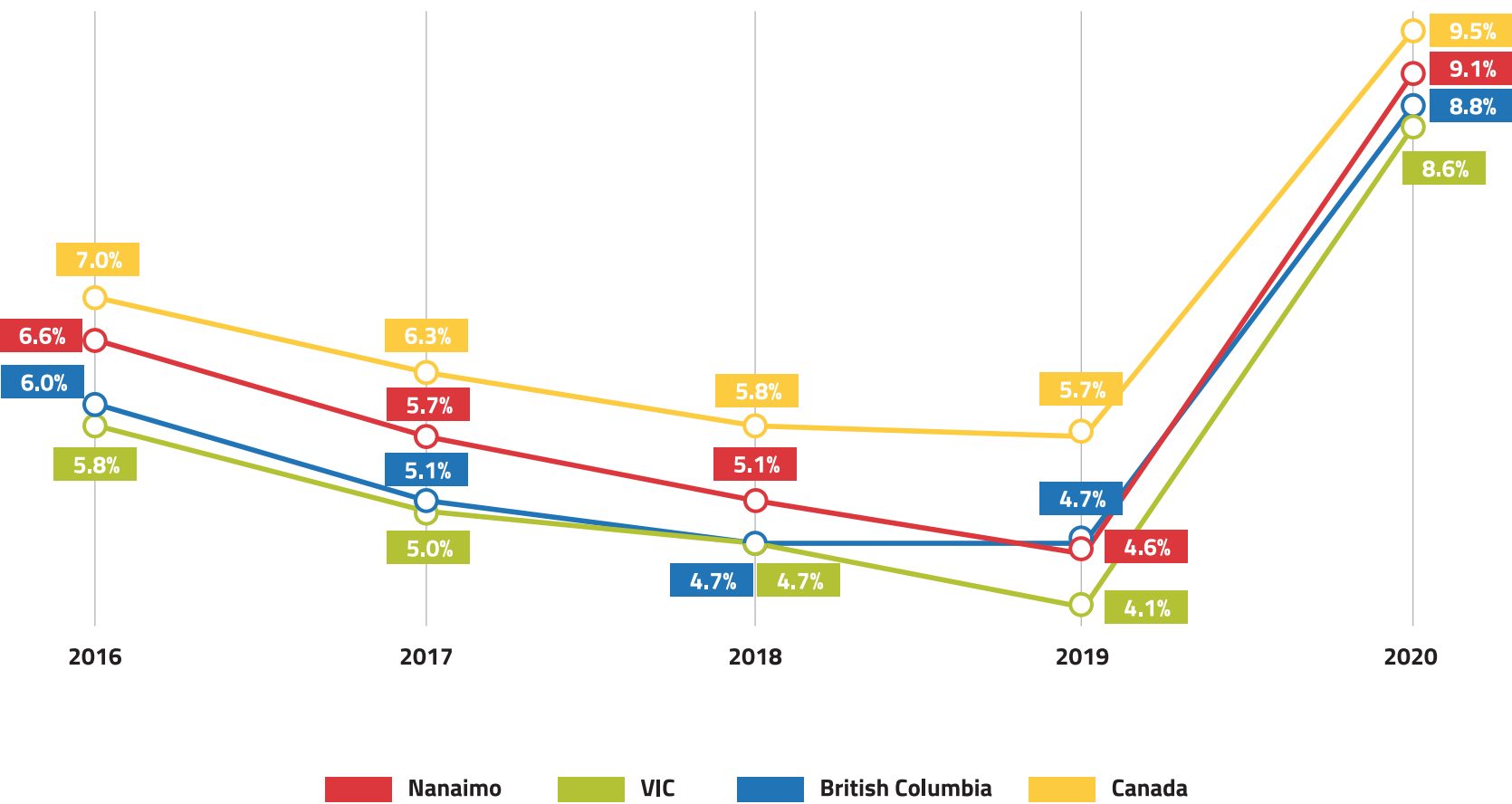
In 2020 labour force participation rates for all geographies dipped slightly compared to 2019.

Nanaimo's labour force participation rate tends to be lower than BC and Canada but higher than Vancouver Island Coast Region. This is a reflection of the older age structure of Nanaimo and the Island's population in relation to BC and Canada.

The labour force participation rate measures the labour force (employed & unemployed) relative to the size of the working age population. In other words, it is the share of the working age population that is working or looking for work. Regions with younger populations tend to have higher labour force participation rates, while those with older population have lower rates. Participation rates also tend to fall during recessions due to discouraged workers, and rise during expansions. The greater variability in Nanaimo's participation rate is likely due to the smaller sample size of the labour force survey.

SOURCE: STATS CANADA

Unemployment Rate Comparisons (Annual Averages)























Unemployment Rate

Due to COVID-19, unemployment rates were significantly higher in 2020. Nanaimo’s unemployment rate was **9.1%**, slightly higher than the Vancouver Island Coast region and BC, but lower than Canada.

Over the last five years, Nanaimo’s unemployment rate has been trending higher than VIC and BC although historically it has always been lower. An ideal unemployment rate for a healthy economy is between **4.5% to 5%**.

SOURCE: STATS CANADA

Percentage of Labour Force by Industry Sector (City of Nanaimo 2020)

 Health Care and Social Assistance	7,018 (14.8%)	 Information and Cultural	1,350 (2.8%)
 Retail Trade	7,015 (14.8%)	 Wholesale Trade	1,223 (2.6%)
 Accommodation and Food Services	4,105 (8.7%)	 Arts, Entertainment and Recreation	892 (1.9%)
 Educational Services	3,726 (6.9%)	 Real Estate, Rental and Leasing	817 (1.7%)
 Professional, Scientific, Technical	3,032 (6.4%)	 Mgmt. of Companies/Enterprises	18 (0.0%)
 Admin. + Support, Waste Mgmt. + Remed.	2,450 (5.2%)	 Construction	4,106 (8.7%)
 Public Administration	2,400 (5.1%)	 Manufacturing	2,060 (4.3%)
 Other Services (except Public Admin.)	2,207(4.7%)	 Agr., Forestry, Fishing and Hunting	997 (2.1%)
 Transportation and Warehousing	2,206 (4.7%)	 Mining, Oil, and Gas	416 (0.9%)
 Finance and Insurance	1,564 (3.3%)	 Utilities	232 (0.5%)

 **Goods Producing Sector**

 **Service Producing Sector**

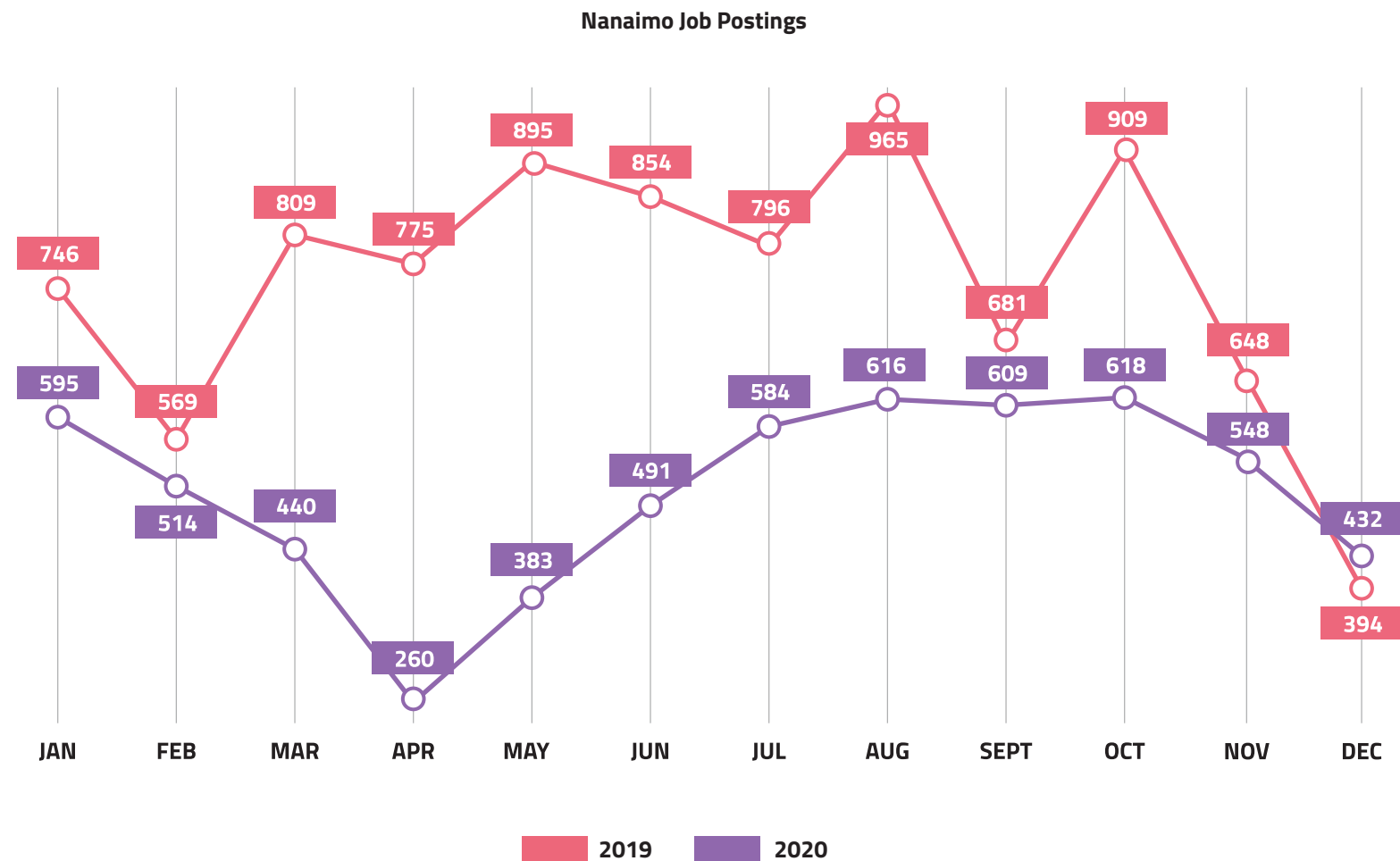
Employment by Industry Sector

The number of jobs in Nanaimo grew by **3.2%** between the 2011 and 2016 Census. During this period shifts in the economy led to the goods producing sector representing **17% (10% previously)** and the service sector representing **83% (90% previously)** of total jobs.

All industries in the goods producing sector represented positive growth with Manufacturing leading the charge at **45%**, followed by Agriculture/Forestry/Fishing/Hunting at **14%**, and Mining/Oil/Gas representing **8%** growth. Growth in the service sector was driven by growth in Healthcare, Professional/Scientific/Technical, and the Administration Support/Waste Management/Remediation Sectors. This growth was offset by significant losses in Wholesale Trade, Real Estate/Rental/Leasing and Public Administration.

In 2020, the greatest number of jobs are provided by Healthcare/ Social Assistance and the retail sector followed by Construction, Accommodation and Food Services and Educational Services.

SOURCE: ESRI CANADA

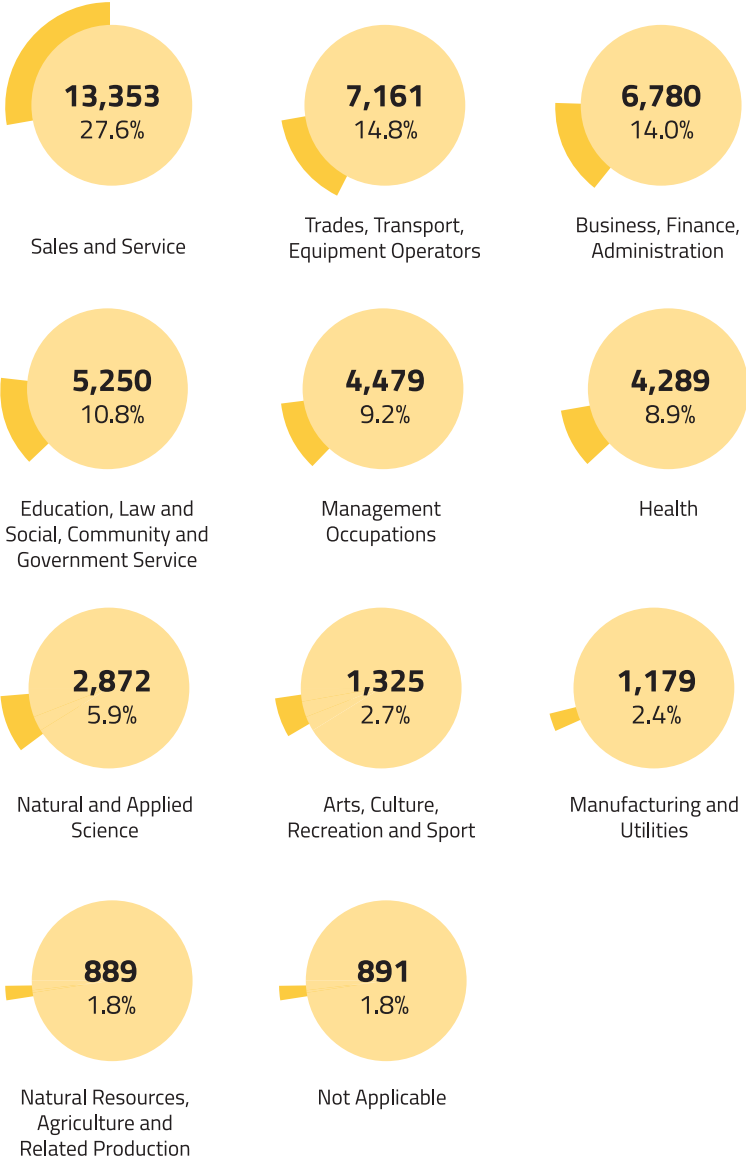






Job Postings







New job postings in Nanaimo were **32.6%** lower in 2020 compared to 2019. Comparatively, new job postings across BC decreased by **31.3%** in 2020. The downturn was sharper in Nanaimo at the start of the pandemic compared with BC. In a year-over-year comparison, job postings in March were down **45.6%**, in April **-66.5%**, and in May **-57.2%**.

However, the recovery in Nanaimo was faster than BC starting in September leading to overall near similar results for 2020.

SOURCE: ESRI CANADA



Workplace		
	Fixed Workplace	76.9%
	No Fixed Workplace	15.2%
	Work at Home	7.5%
	Work Outside of Canada	0.4%

Mode of Transportation		
	Drive to Work	78.6%
	Car Passenger	6.0%
	Public Transit	4.7%
	Walk	6.9%
	Cycle	1.7%
	Other Method	2.2%

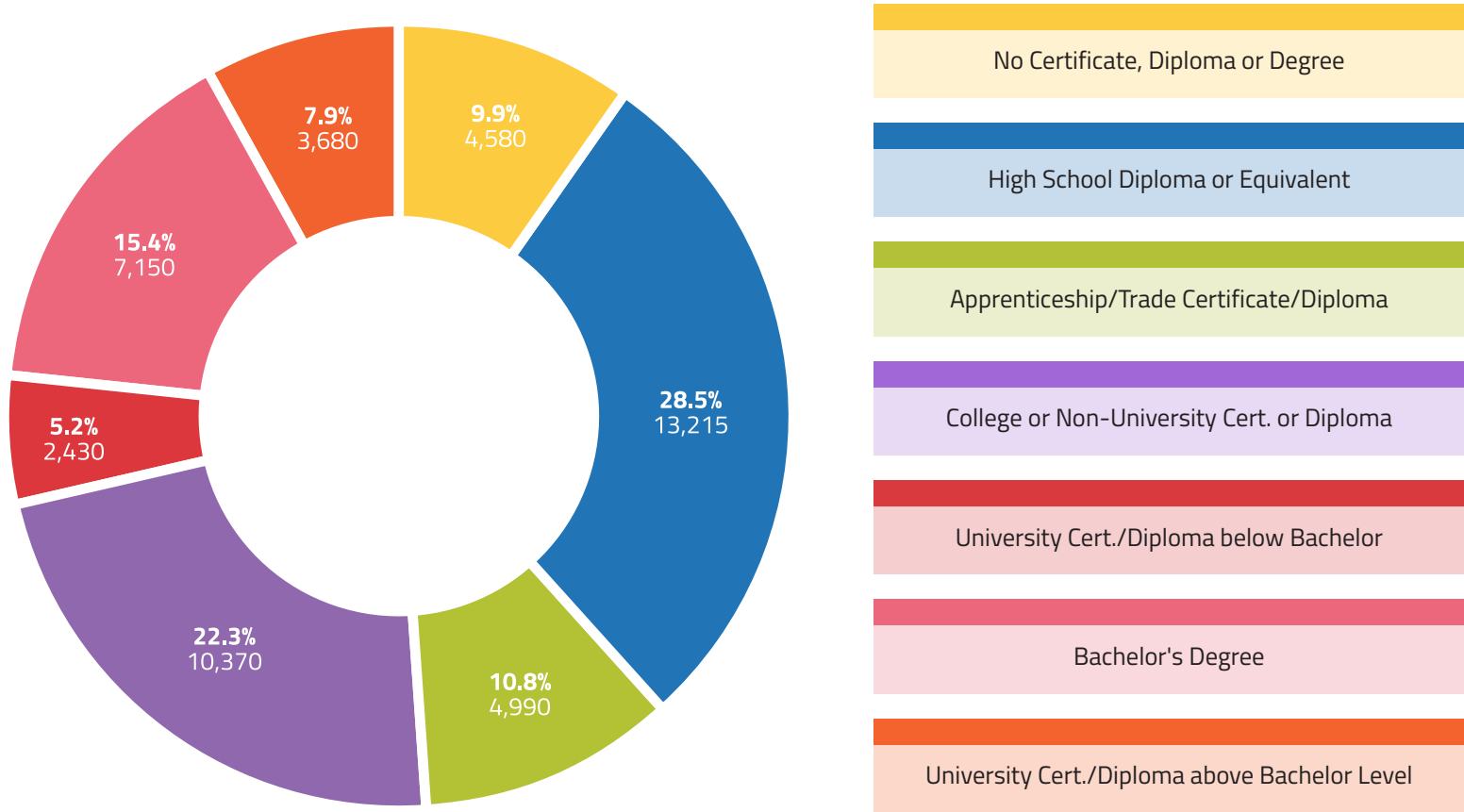
Labour Force: Occupation, Workplace, Transportation

Sales and service occupations made up **28%** of all jobs in Nanaimo in 2020. The three broad categories of Business/ Finance/ Administration, and Education/ Law/ Social, Community/Goveernment services and Management Occupations make up professional services, accounting for the largest number of occupations (**34%**) in Nanaimo. Labour force breakdown by occupation is useful in looking at the skills and talent of the labour pool and can be a beneficial indicator of employability in other sectors of the economy.

77% of the workforce have a fixed place of work, followed by **15.2%** who travel to different worksites. Approximately **8%** of the workforce work at home and nearly half a percent work outside of Canada. The vast majority (**78.6%**) of the workforce drive to work. Nearly **7%** of the workforce walks to work, **4.7%** use public transit and **1.7%** cycle to work.

SOURCE: ESRI CANADA

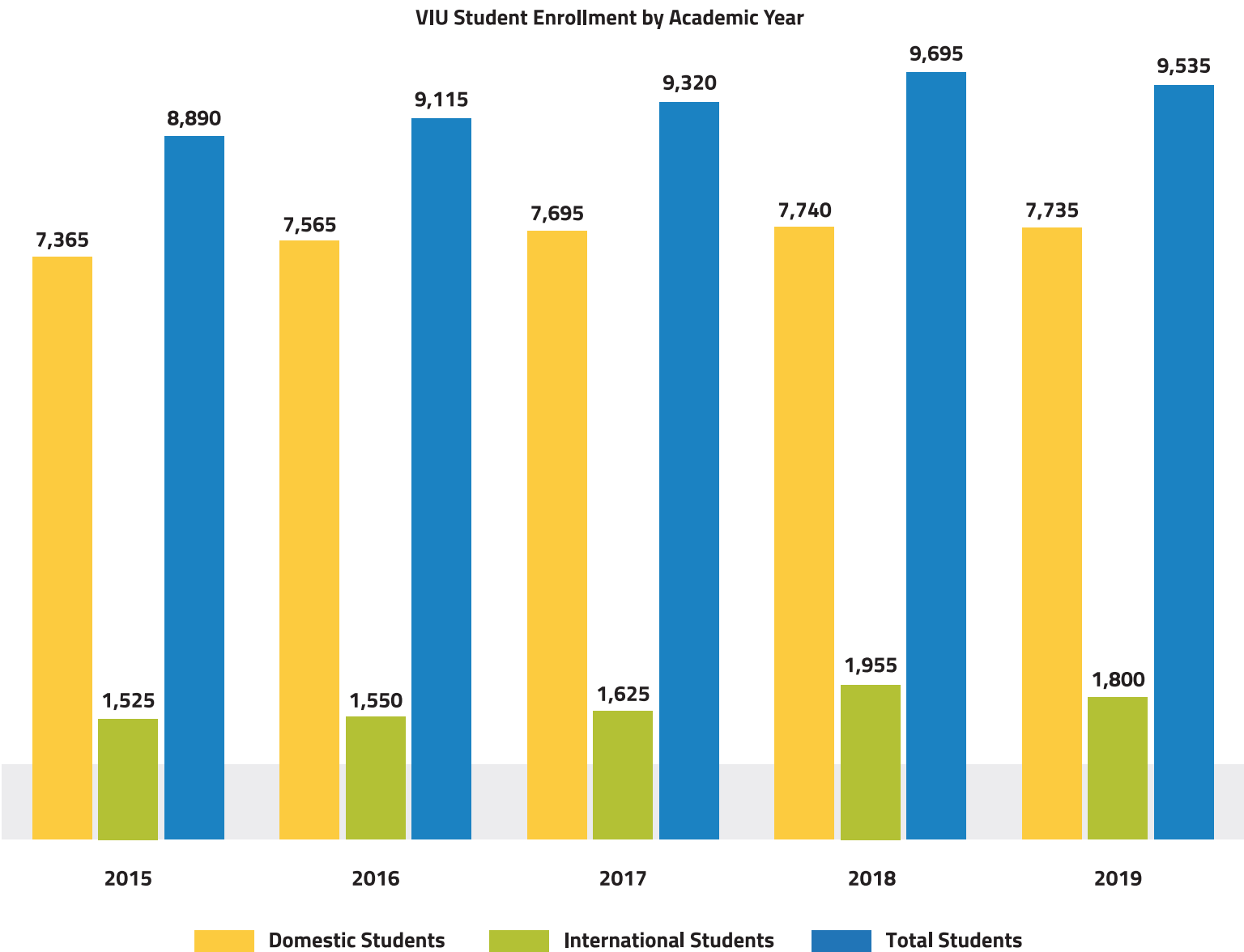
Educational Attainment (City of Nanaimo, Ages 25-64)



Labour Force by Education

When considering perhaps the most productive portion of the labour force (those between the ages of 25-64) Nanaimo has a higher proportion of high school graduates (**28.5%**) compared to BC (**26.5%**), but lower proportion of population holding post-secondary credentials. Nanaimo's portion of population with a bachelor's level of education or above is **23.3%** compared with BC's average of **29.9%**.

SOURCE: 2016 CENSUS



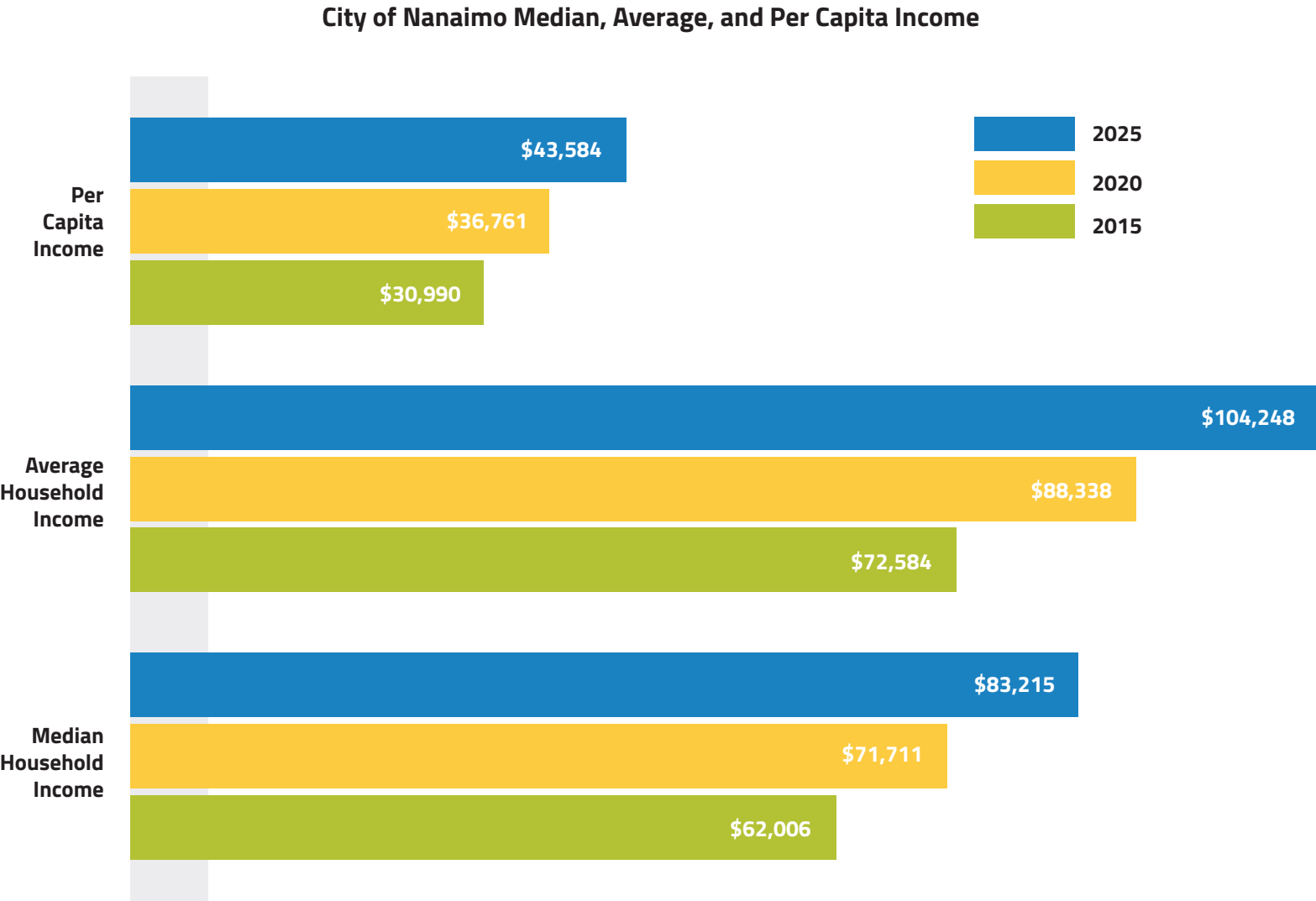
Vancouver Island University Enrollment

Student enrollment at Vancouver Island University (VIU) declined in 2019. International student enrollment dropped by **8%** while overall student enrollment decreased by **1.5%** in 2019 compared to 2018.

Although 2020 data was unavailable at the time of this publication, international enrollments are expected to significantly decline in 2020 due to COVID-19 related travel restrictions, decreased confidence in moving abroad to study and the move to virtual delivery of classes. Fewer international students will result in reduced demand for rental accommodation and reductions in demand for ESL tutoring services. International students pay considerably higher fees than domestic students which will lead to negative impacts on post-secondary budgets.

The number of businesses in the Education & Training services sector grew by **12%** between 2018 and 2019. Employment in the educational services sector in the City of Nanaimo is estimated at **3,276** in 2020.

SOURCE: MINISTRY OF ADVANCED EDUCATION AND TRAINING



Median, Average and Per Capita Income

In 2020, the median household income in the City of Nanaimo was **\$71,711**. This is a **15.7%** increase in the last five years. By 2025, Nanaimo’s median household income is projected at **\$83,215**, growth of **16%**. BC’s median household income was **\$83,693** in 2020 and is projected to grow by **13.8%** over the next five years.

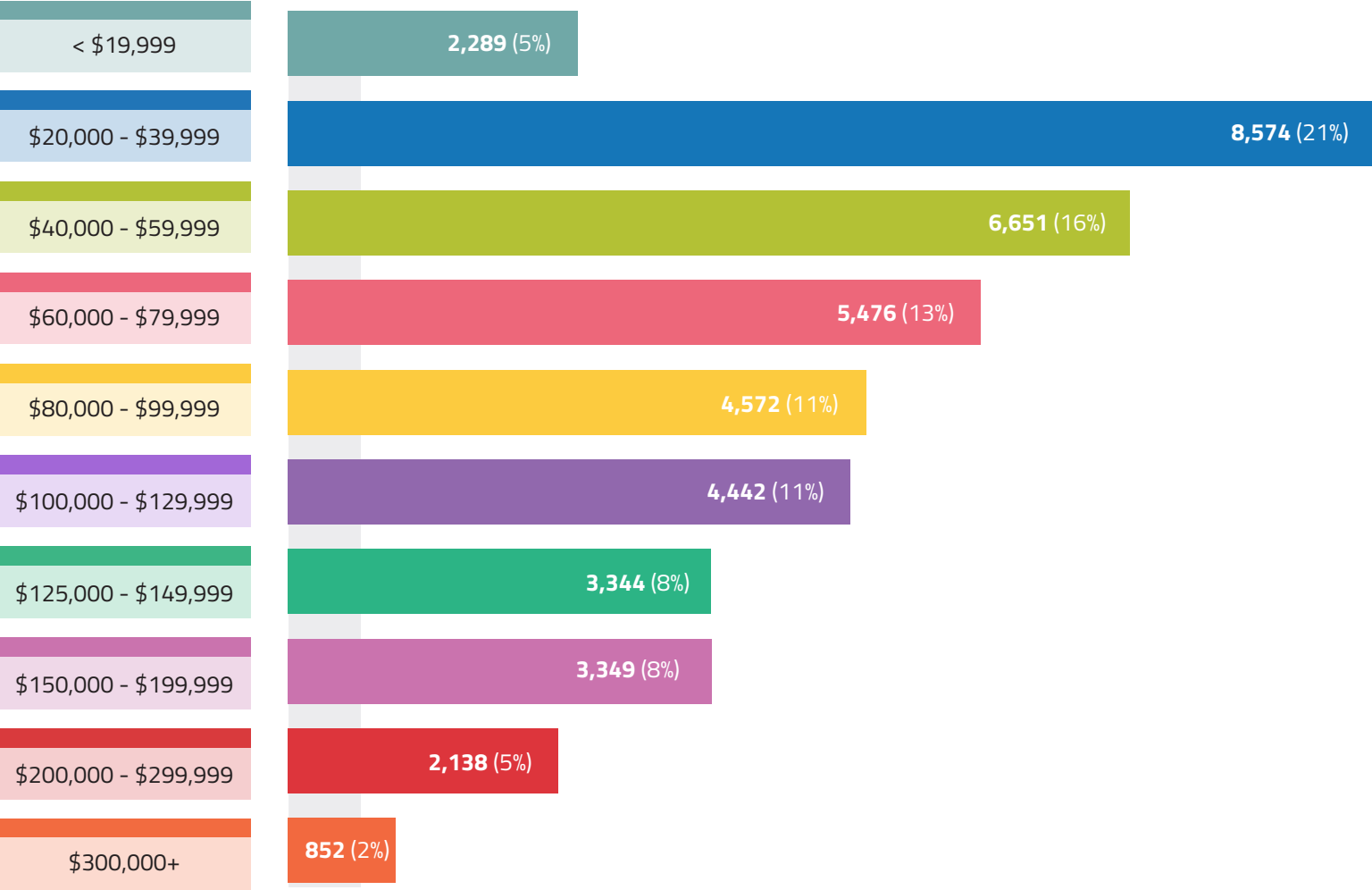
In 2020, the average household income in the City of Nanaimo was **\$88,338**, an increase of **21.7%** in the past five years. The average household income is projected to reach **\$104,248** by 2025, growth of **18%**. BC’s average income for 2020 was **\$106,682** and is projected to grow another **15.8%** to **\$123,545** by 2025.

Nanaimo’s per capita income in 2020 was **\$30,990**, this is an increase of **18.6%** in the past five years. Projected per capita income for 2025 is **\$43,584**, an increase of **18.6%**. BC’s per capita income was **\$35,127** in 2020 and will grow by another **15.1%** to reach **\$48,293** by 2025.

Nanaimo’s projected annual rate of growth in median (**3.2%**), average (**3.6%**) and per capita income (**3.7%**) is slightly higher than BC, however Nanaimo is still below BC’s average in all three categories.

SOURCE: ESRI CANADA

City of Nanaimo Household Income Distribution (2020)



NOTE: INCOME AXIS VALUES INTERVALS CHANGE AFTER \$100K

Income Distribution

The largest number of households in Nanaimo (**8,574** or **21%**) report household income between **\$20,000** and **\$39,999** per annum.

The second largest number of households (**6,651** or **16%**) report household income of **\$40,000** to **\$60,000** per annum.

14,125 households (**34%**) report annual income over **\$100,000** per annum. **2,990** households (**7%**) earned over **\$200,000** and **852** households (**2%**) earned over **\$300,000** per annum.

SOURCE: ESRI CANADA

2020 Nanaimo Consumer Expenditures

	Average Household Spend	Total Spend	Spending Potential Index
Food	\$12,907	\$538,088,716	106
Shelter	\$19,145	\$798,118,047	97
Household Operation	\$4,596	\$191,613,725	96
Household Furnishings and Equipment	\$3,828	\$159,604,576	108
Clothing	\$2,903	\$121,037,624	77
Transportation	\$10,673	\$444,925,437	74
Healthcare	\$4,904	\$204,473,238	117
Personal Care	\$1,795	\$74,851,968	86
Recreation	\$4,542	\$189,375,313	106

	Average Household Spend	Total Spend	Spending Potential Index
Reading and other Printed Materials	\$182	\$7,618,244	54
Education	\$1,545	\$64,439,318	108
Tobacco/Alcohol	\$3,921	\$163,480,155	109
Games of Chance	\$1,185	\$49,434,759	110
Misc. Expenses	\$1,179	\$74,175,791	89
Personal Taxes	\$11,720	\$488,599,142	68
Personal Insurance Payments and Pension	\$4,274	\$178,187,484	84
Gifts of Money and Contributions	\$2,648	\$110,420,573	117
Total	\$92,557	\$3,858,444,109	

Household Spending

The retail expenditures in the City of Nanaimo are estimated at **\$3.8 billion** in 2020. Average household and total spending by category are detailed in the table opposite. The spending potential index represents the amount spent in the area relative to the national average of 100. An index of 117 means that the area spends **17%** more than the national average on that good or service.

SOURCE: ESRI CANADA

Tourism Statistics

	2019	2020	Variance
Average Occupancy	73.6%	44.2%	↓ -40%
Average Daily Room Rate	\$146.25	\$131.17	↓ -10%
Revenue Per Available Room (RevPAR)	\$107.70	\$57.96	↓ -46%
BC Ferries Passengers (Nov. YTD)*	3,855,876	2,249,422	↓ -42%
BC Ferries Vehicles (Nov. YTD)*	1,498,348	1,051,547	↓ -30%
Nanaimo Airport Passengers	491,499	174,287	↓ -65%
Vancouver Island Conference Centre (Delegate Days)	24,364	4,729	↓ -81%

* Duke Point–Tswassen and Departure Bay–Horseshoe Bay

Tourism

The impact of the pandemic has been uneven across different sectors of the economy. While sectors such as manufacturing, and health began the sharp rebound after re-opening in mid-May, others like tourism, hospitality and entertainment continue to struggle.

The Tourism data presented here reflects the severe impact of the pandemic. This sector will likely be the last to recover, and not until global travel restrictions are lifted and majority of the population is vaccinated.

The average hotel occupancy rate in Nanaimo was **44.2%** in 2020, down **40%** from 2019. This was the main reason for revenue per available room dropping by **46%**. Room rates remained relatively strong.

Vehicle volumes on BC Ferries’ two routes to the lower mainland (Duke Point to Tsawwassen and Departure Bay to Horseshoe Bay) dropped by **30%** and passenger volumes dropped by **42%**.

Nanaimo Airport volumes in 2020 were down by **65%** over 2019. The Vancouver Island Conference Centre (VICC) delegate days dropped by **81%** in 2020 compared to 2019.

SOURCE: NANAIMO AIRPORT, BC FERRIES, VICC, NANAIMO HOTEL ASSOCIATION

COVID-19

- After a very strong 2019 in Nanaimo, the outlook for 2020 was slower growth compared to the previous three to four years, but of course, no one foresaw the global pandemic around the corner. The year started strong in January and February, but the shutdown of most economic activity, due to the pandemic, in March affected all sectors of the economy with significant immediate declines in employment until re-opening began in mid-May leading to slow recovery.
- The health and economic effects of the COVID-19 pandemic are being felt locally, regionally and around the world. However, from the number of COVID cases and the economy perspective, Vancouver Island is fairing better than expected. Locally and provincially, the impact of the pandemic has been uneven across different sectors of the economy. Sectors such as manufacturing and health began the sharp rebound after re-opening in mid-May while others, like tourism, hospitality and entertainment continue to struggle.
- Fiscal stimulus from the federal government to individuals and businesses such as Canadian Emergency Response Benefit (CERB), rent relief programs for businesses, infrastructure grants for local and indigenous governments have provided a much needed boost to the economy.
- The BC provincial government was in a much better fiscal position heading into the pandemic compared with many other provinces. The provincial governments large doses of fiscal stimulus helped combat the overall negative effects of the pandemic at the local and provincial level.

- Locally, programs such as the Digital Economy Restart, Recover and Reimagine Program (DER3) delivered by Innovation Island Technology Association and the Tourism Resiliency Program by Tourism Vancouver Island meant that businesses had one-on-one assistance at a very critical time. Senior levels of governments funded all these professional services programs.
- Supporting our local economy during this difficult time was a priority for Nanaimo City Council as well. This resulted in the City quickly responded by sharing information on individual and business relief programs, transitioning City services for residents and businesses to an online digital platform, providing additional grace periods for payment of property taxes, expanding the patio program for restaurants, and the one-time reduction in business license fees for liquor-primary operations to name a few.
- The City continues to invest in infrastructure to provide a boost to jobs and the local economy. Pedestrian and transportation improvements continue throughout the City to create a more connected community. The City has nearly **\$72 million** in water infrastructure projects planned for the next five years, including a **\$20 million** mid-town water supply upgrade scheduled to start in 2021.
- The City has partnered with BC Housing to provide a record number of affordable and supportive housing. New developments are proposed on six sites around the city. It includes three affordable rental buildings with approximately 125 homes for families and individuals. It also includes four

purpose built permanent supportive housing developments with approximately 190 homes for people experiencing or who are at risk of homelessness.

- Shortly after the pandemic started, the Mayor's Task Force on Recovery and Resiliency was formed. Work on the recommendations has commenced. The City's commitment to the business community continued with the completion of a new Economic Development Strategy to guide the future resiliency of the local economy. A larger financial investment into economic development is slated for 2021 to begin strategy implementation through a hybrid model.
- The economic development strategy focuses on six key areas: infrastructure, business development, skills development and talent attraction and retention, innovation and technology, social and environmental responsibility, and marketing.
- In 2020, City Council adopted the doughnut economic model as a vision and framework for all city initiatives and planning processes. The doughnut model challenges economies to meet and exceed "minimum global living standards" and equity, while "avoiding pushing beyond our ecological limits." The idea is that the doughnut represents the sweet spot – "the safe and just space for humanity" between a social foundation on the inner edge of the doughnut and an ecological ceiling on the outer edge. A "City portrait" will be created with measurable social and environmental indicators and targets so the City can track its progress over time.

COVID-19 Trends of Note

- Accelerated certain trends such as technology adaptation. Many businesses quickly adopted technology.
- "Necessity is the mother of invention" – many businesses quickly pivoted their business models, even if for short term. e.g. Distilleries making hand sanitizer, Harmac making pulp for medical masks and gowns.
- We will see more near shoring of supply-chains so economies can be more resilient in future crisis-situations.
- Trend towards supporting local businesses magnified.
- Many businesses now have a disaster recovery plan as part of normal operations plan.
- Greater move towards AI and automation, impacting lower paying jobs. A component of the workforce will need to look at re-education to meet the changing jobs of the future. Move towards more digital literacy.

Prepared for City of Nanaimo Economic Development

Amrit Manhas, Economic Development Officer

411 Dunsmuir Street, Nanaimo, BC V9R 5J6

250-755-4465 | www.investnanaimo.com

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