

DATE OF MEETING March 1, 2021

AUTHORED BY AMRIT MANHAS, ECONOMIC DEVELOPMENT OFFICER

**SUBJECT STATE OF THE NANAIMO ECONOMY**

## **OVERVIEW**

### **Purpose of Report:**

To provide Council with the State of the Nanaimo Economy annual report.

## **BACKGROUND**

One of the core services provided by the City's internal Economic Development Section is timely and relevant information on the state of the local economy. The various research publications and custom data products generated by the team provide insights into Nanaimo's economic and business conditions. These products are helpful in assisting new investors and existing businesses to make informed investment decisions. Data, information, and research is an essential economic development tool because it provides intelligence for strategic planning, communications, partnership development, marketing, attraction, and business development.

The first edition of the State of the Economy report (2020) reviewed 24 indicators pertaining to demographic, business, development activity, housing, real estate, labour market, income, and tourism. The second annual State of the Nanaimo Economy report (2021) has been expanded to include COVID-19 implications, gross domestic product, business incorporations, business and consumer bankruptcies, job postings, housing stock, household spending, and film activity. Where possible, the data points provide comparison to the previous year, five to ten years back, and five to ten years forward to analyse structural changes in economic and business conditions.

## **DISCUSSION**

The key messages contained in the 2021 State of the Nanaimo Economy include the following:

### **Impact of COVID-19**

- The health and economic effects of the COVID-19 pandemic are being felt locally, regionally, and around the world. However, both from the number of COVID cases and the economy perspective, the Island is fairing better than expected.
- 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 and Provincial Governments to individuals and businesses, and infrastructure grants to local and Indigenous governments have provided much needed boost to the economy.
- In 2020, average hotel occupancy was down 40% year-over-year. 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 the majority of the population is vaccinated.
- Supporting the local economy during this difficult time has been a key priority for local government as well. Various measures such as sharing information on individual and business relief programs, transitioning City services for residents and businesses to an on-line digital platform, providing additional grace period for payment of property taxes, one-time reduction in business licence fees for liquor primary operations, and the patio expansion program for restaurants were implemented. The City also continued to invest in building physical infrastructure and affordable housing projects to provide a boost to jobs and the local economy.
- 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.

### Key Indicators

- City of Nanaimo's Gross Domestic Product (GDP) for 2019 was \$4.1 billion. In the last decade Nanaimo's GDP has grown by 10%.
- In 2020, Nanaimo reached the 100,000 population milestone.
- Migration to the Nanaimo region has been strong due to relative affordability and the trend towards remote working being accelerated by COVID-19.
- In 2020, 6,281 businesses were licensed in the City of Nanaimo, representing growth of 7% over the last decade.
- Overall, in 2020, new job postings in Nanaimo were 32.6% below 2019; comparatively, BC was down 31.3% (Vicinity Jobs Database).
- Labour force growth rate shrunk by 4.3% in 2020. Labour force participation rate was down likely due to discouraged workers dropping from the labour force.
- Nanaimo's unemployment rate was 9.1%; slightly higher than Vancouver Island (8.6%), and BC (8.8%), but lower than Canada (9.5%).
- The average price of a **new** single family detached home increased by 11.6% in Nanaimo and 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.
- Overall average rent in Nanaimo increased by 7%, and vacancy dropped from 2% to 1%.
- Vacancy rate for seniors' independent living spaces increased by 1.1% in 2020, leading to some relief in rental rates. The highest demand for senior housing in BC is in the Vancouver Island region.
- BC's economy contracted by -5.3% in real GDP (growth domestic product) in 2020. 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, barring unexpected deterioration in the pandemic situation. |

### **SUMMARY POINTS**

- One of the core services provided by the City internal economic development section is timely and relevant information on the state of the local economy.
- The State of the Nanaimo Economy is an annual publication that provides data, analysis, and insight into Nanaimo's economic and business conditions.
- This year's report includes analysis of the COVID-19 pandemic on the local economy in addition to the annual economic indicators.

### **ATTACHMENTS**

ATTACHMENT A: State of the Nanaimo Economy |

**Submitted by:**

Bill Corsan  
Director, Community Development |

**Concurrence by:**

Dale Lindsay  
General Manager, Development Services |