

DATE OF MEETING April 22, 2024  
AUTHORED BY AMRIT MANHAS, ECONOMIC DEVELOPMENT OFFICER  
SUBJECT **2024 STATE OF THE NANAIMO ECONOMY REPORT**

## **OVERVIEW**

### **Purpose of Report:**

To provide Council with the 2024 State of the Nanaimo Economy annual report.

## **BACKGROUND**

One of the core services provided by the City's internal Economic Development function is timely and relevant information on the local economy. Through various research publications and customized data products, it offers valuable insights into Nanaimo's economic and business conditions. These resources are instrumental in guiding both new investors and existing businesses to make informed investment decisions. Data, information, and research serve as essential tools in economic development, providing intelligence for strategic planning, effective communication, partnership building, targeted marketing, attraction efforts, and fostering business growth.

This report reviews nearly 30 indicators including Gross Domestic Product (GDP), demographics, business, development activity, housing and real estate, labour force, income and tourism. 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 2024 State of the Nanaimo Economy include the following:

- *Nanaimo's Population boom continues surpassing 107,000 residents:* Over the past five years, an average of over 3,200 net new residents relocated to the RDN annually. Fifty-three percent of new migrants came from other parts of British Columbia, while 34% moved from other provinces, and 13% from other countries.
- *Younger demographics flocking to the City:* Projections show the largest growth over the next decade is in the 25-44 age category, increasing by 9,452 persons. Nanaimo's average and median age in the 2021 Census were younger compared to 2016.

- *Business Resilience, Nanaimo's diverse sectors weather economic shifts:* In 2023, the City of Nanaimo had 6,457 licensed businesses, nearly the same as 2022. Sectors like Accommodation and Food Services and Arts Entertainment, which were disproportionately affected by the pandemic, showed strong recovery.
- *Building Permit Values Remain Strong Despite higher Interest Rates:* In 2023, Nanaimo saw building permit values totaling \$364.7 million, showing an 11% dip from the previous year. Notably, residential permits hit their second-highest value ever recorded, with a 3% uptick, while commercial values experienced a remarkable 87% surge compared to the previous year.
- *Housing Starts: New housing units keep pace with population growth.* In 2023, 1,170 new housing units were introduced to the market, exceeding the threshold of 1155 identified by the housing needs assessment to accommodate population growth. New housing units declined by 15% in comparison to 2022.
- *Higher Density and varied housing forms:* The trend toward denser forms of housing continued with 78% of all new units being multi-unit dwellings.
- *Housing Prices: Modest decline in average housing prices and sales.* Bank of Canada increased its policy interest rate from 0.25% in March 2022 to 5.0% by July 2023. This rise in interest rates weakened the purchasing power of homebuyers and dampened demand, resulting in a modest decline in housing prices across most BC markets.

In 2023, the average annual price for a single-family home in Nanaimo dropped by 7.2% to \$827,617, still just below the historical high point. Similarly, condos/apartments experienced a 3.5% decrease, and row/townhouses saw a 3.3% decline in prices. Correspondingly, sales mirrored these trends with single-family homes witnessing an 11.1% drop, condo/apartment sales decreasing by 15%, while row/townhouse sales increased by 2.75%.

- *While slight improvement in Vacancy rate, rental rates continue to rise.* The average vacancy rate for rental apartments in Nanaimo saw a slight increase from 2.2% in 2022 to 2.7% in 2023 increasing available inventory.

Despite rent increases being capped at 2% for existing tenants in 2023, affordability for rental units continued to erode. In 2023 the average rent for a two-bedroom apartment surged by 9% (\$1681) in Nanaimo, 8.2% (\$1839) in Greater Victoria, and 8.9% (\$2181) in Greater Vancouver.

- *Labour Market: Labour force grows, as job postings decline.* In 2023, Nanaimo's labor force consisted of 68,400 individuals. Nanaimo's labor force growth rate over the year was 3.3%, Unemployment rates in Nanaimo inched up to 4.8% in 2023.

New job postings in Nanaimo saw a 9.6% decrease in 2023 compared to the previous year. This trend was reflected across British Columbia, with postings decreasing by 14.7%, and in the Vancouver Island Coast Region, where they declined by 12.2%.

- *University Enrollment: Vancouver Island University Enrollment Holds Steady.* Domestic student enrollment decreased by 1.6%, while international student enrollment saw a notable increase of 9.4% reaching pre-pandemic levels.
- *Income levels in Nanaimo continue to grow, but still lag BC averages.* In 2023, Nanaimo's estimated median household income was \$81,606, with an average household income of \$99,320. The per capita income in Nanaimo was \$42,034.
- Like the broader Canadian context, British Columbia faces several economic challenges in 2024, driven by a combination of factors including inflation, higher borrowing costs, and limited economic growth prospects. These challenges are expected to impact households, businesses, and governments across the province.
- GDP growth in BC is expected to experience a more pronounced downswing in 2024, with real GDP growth and employment growth falling below the rate of population growth. Real Gross Domestic Product (GDP) growth in BC is forecasted at 0.9% in 2023, 0.5% in 2024, and 2.2% in 2025.

### **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 2024 State of the Nanaimo Economy is an annual publication that provides data, analysis, and insight into Nanaimo's economic and business conditions.

### **ATTACHMENTS**

ATTACHMENT A: 2024 State of the Nanaimo Economy |

#### **Submitted by:**

Bill Corsan  
**Director, Corporate and Business  
Development** |

#### **Concurrence by:**

Laura Mercer  
**General Manager, Corporate Services** |