

DATE OF MEETING May 5, 2025

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SUBJECT **2025 STATE OF THE NANAIMO ECONOMY REPORT**

OVERVIEW

Purpose of Report:

To provide Council with the 2025 State of the Nanaimo Economy annual report.

BACKGROUND

One of the core services of the City's internal Economic Development function is providing timely and relevant information on the state of the local economy. Through research publications and tailored data products, it delivers valuable insights into Nanaimo's economic and business conditions. These resources empower both new investors and existing businesses to make informed decisions, supporting business retention, expansion and attraction.

Access to accurate data and analysis is crucial for strategic planning, strengthening partnerships, refining targeted marketing efforts and enhancing communication. By leveraging economic intelligence, the City promotes sustainable growth, guides investment strategies and fosters an inclusive, thriving business ecosystem.

The State of the Nanaimo Economy (SONE) report examines nearly 30 key indicators, including demographics, business activity, development trends, the real estate market, labour force, income, spending and tourism. Where possible, data is compared to figures from the previous year, five to ten years back and projects five to ten years ahead, offering a dynamic view of Nanaimo's evolving economic landscape. |

DISCUSSION

The key messages in the 2025 State of the Nanaimo Economy including the following:

Demographics

Population Growth Slowing Down: Nanaimo's population for 2024 is estimated at 110,591, with an expected annual growth rate of 1.7%, reaching 120,162 by 2029. The Regional District of Nanaimo (RDN) is also projected to grow from 187,541 in 2024, to 202,573 by 2029 (1.6% growth). Population growth for the City of Nanaimo, RDN and BC is projected to be slower over the coming five years compared to the past five years.

Age Distribution: Nanaimo's population is aging, with the 65+ age group rising from 24% to 25% by 2029. Simultaneously, the 25 – 44 age group is projected to grow by 3,403, driving demand for housing, childcare and employment opportunities.

Ethnic Diversity: The visible minority population grew from 11.8% in 2019 to 14.4% in 2024 and is expected to reach 15.2% by 2029. Indigenous residents make up 8.2% of Nanaimo's population with a notably young average age (32.8 years) compared to non-Indigenous residents (45 years).

More Homes, Fewer Residents per Household: There were 45,930 households in 2024, projected to grow by 8% to 49,618 by 2029. One-person households are on the rise, moving from 31.8% to 32.07%, with seniors living alone increasing from 12.7 to 14.26%. Average household size expected to decrease from 2.3 to 2.2 people by 2029.

Families: Census families are projected to grow by 7.8% over the next five years. Married couples will continue to be the most prevalent family type. Lone parent families, particularly those led by women are also on the rise.

Business and Labour Market

Business Growth: Nanaimo has 6,991 licensed businesses in 2024, an 8.3% increase from the previous year, driven largely by new regulations requiring short-term rentals to be licensed. Most businesses remain small, with 86% employing 1 – 19 workers. The top three sectors by business licenses are Construction, Healthcare and Accommodation and Food Services.

Business Bankruptcies: Business bankruptcies on Vancouver Island spiked in 2023 and remained high in 2024, reflecting ongoing financial strain post-pandemic.

Labour Force: Nanaimo's labour force contracted slightly to 67,700 in 2024 (down 1% from 2023). The unemployment rate remained stable at 4.7%, below BC's rate of 5.5% and Canada's at 6.4%.

Talent Retention and Gaps: Sales and Service roles dominate Nanaimo's workforce (27.8%) but there is lower representation in STEM and Finance. With a labour force replacement ratio of 0.70 in 2024, retirements are outpacing new workforce entrants, raising concerns and potential future labour shortages.

Housing and Development

Housing Market: Nanaimo's average single-family home price rose slightly by 1.46% to \$839,694 in 2024. Condo prices increased by 0.27%, while townhouses declined by 1.27%. Nanaimo continues to be far more affordable than Victoria and Vancouver.

Rental Market: In 2024, the average rent rose to \$1,558, reflecting a 6.3% increase from the previous year. The rental market expanded with the addition of 480 new units, a 9.7% increase in supply. Meanwhile, the vacancy rate saw a slight uptick from 2.7% to 2.9%. In 2024, 66% (30,305) of households were owner occupied and 34% (15,125) were rented.

Development and Permits: Building permit values fell sharply by 44% in 2024, totaling \$203.4 million, due to a significant slowdown in residential construction. Major projects included 34 developments valued at \$2 million or more for 2023 and 2024. Urban densification trends show single-detached homes declining to 59% of housing stock by 2029, while apartments are expected to rise to 38%.

Urban Densification: Smaller household sizes and affordability concerns are driving the need for more condos, rentals and accessible units, reinforcing the shift toward high-density living.

Income, Spending and Tourism

Income Growth: Nanaimo's median household income increased by 24.7% over the past five years, reaching \$87,987 in 2024. Projections show this figure growing to \$102,999 by 2029. High-income households (earning \$100k+) are projected to rise from 32.9% in 2019 to 51.6% by 2029.

Living Wage and Affordability: Nanaimo's living wage in 2024 was \$23.79/hour, the lowest of Vancouver Island communities review in 2024. However, rising income inequality presents a risk to workforce diversity, as affordability pressures may push out lower-income residents.

Consumer Spending: Nanaimo households spent 7% above the national average on housing and 5% more on household furnishings, pointing to a strong local retail and home improvement market. Discretionary spending remains high, reflecting economic stability but housing affordability remains a concern.

Tourism: Hotel occupancy rose to 62.8% in 2024. Short-term rentals saw strong gains, with RevPAR growing by 9.7%. Passenger traffic on the Hullo high-speed ferry exceeded 400,000 and conference bookings at the Vancouver Island Conference Centre increased by 15.4%.

SUMMARY POINTS

- The City of Nanaimo's Economic Development function provides timely and relevant data to support strategic decision making.
- The 2025 State of the Nanaimo Economy shows steady population growth and diversity, business expansion and rising incomes.
- Economic challenges include a contracting labour force, slowing residential development and affordability pressures.
- Key opportunities lie in workforce retention and attraction, growing high-wage sectors and supporting mixed-use, senior-friendly housing and high-density urban planning.

ATTACHMENTS

ATTACHMENT A: 2025 State of the Nanaimo Economy

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