

MID-YEAR UPDATE

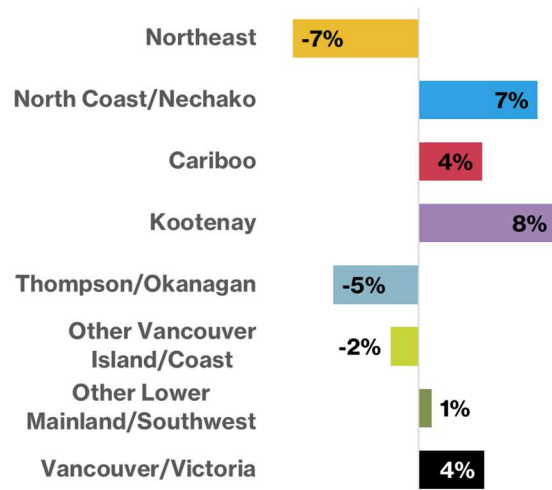
This issue of the **Rural BC Economic Bulletin** provides updates on economic trends in British Columbia regions served by the Community Futures network.

The economic recovery and lingering effects of the COVID-19 pandemic will continue to be a major theme moving forward. By the end of 2020, most Rural BC regions had recovered the jobs lost in the initial pandemic lockdown, but conditions have slowed so far in 2021.

As a group, Rural BC lost 7,000 jobs from the 4th quarter of 2020 to the 2nd quarter of 2021, which is a modest decline of 0.7%.


2021 EMPLOYMENT GROWTH TO DATE

Q2 2021 (Apr to Jun) compared to Q4 (Oct to Dec) 2020




RURAL BC MID-YEAR UPDATE


EMPLOYMENT TRENDS




935,200
Jobs in Q2 2021



+1.1%
One Quarter Change




+8.3%
One Year Change




-3.2%
Two Year Change

GENDER-BASED EMPLOYMENT RECOVERY




96.2%



97.3%

Q2 2021 compared to Q2 2019

INCORPORATIONS IN RURAL BC



New Business Incorporations compared to 10-year average.

Community Futures regions include all of BC, except for Greater Victoria and Metro Vancouver.

The results for individual regions vary considerably, from a high of +8% in the Kootenay region to a low of -7% in Northeast BC.¹

So far in 2021, Rural BC is lagging behind the 4% employment growth in the Vancouver/Victoria metro areas. But the large urban centres suffered greater job losses and a slower recovery last year, so this partly reflects the catching up process.

The general flatlining of growth in 2021 can be attributed to continued restrictions on public activities and cross-border travel, balanced by a recovering global economy that features strong demand and high prices for lumber and other resource commodities. Looking ahead, the easing of restrictions as vaccination rates climb, along with the resumption of international travel, should support strong growth over the last half of the year. A downside risk is the gradual unwinding of wage support programs may impact employment in some struggling industries.

SPRING 2021 IN CONTEXT

Regional employment numbers for spring 2021 (April to June) can be compared to the same time period in previous years in order to negate the impact of seasonal changes.

Spring 2020 was the depth of the early-pandemic lockdown and employment has grown substantially since then (by 8% across all of Rural BC, but as high as 16% in the North Coast/Nechako region and 13% in both Other Lower Mainland and the Cariboo). But how do

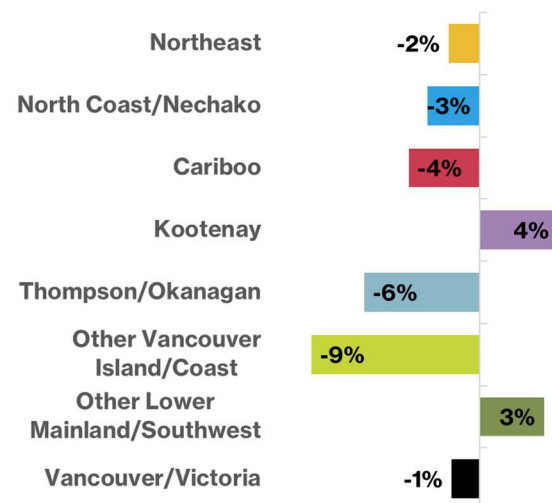
BC's regions compare to the pre-pandemic spring of 2019?

As a whole, employment in Rural BC remains 3% lower in spring 2021 than in the pre-pandemic spring of 2019. This is slightly worse than the provincial and national economies, both at -2% compared to two years ago.

As usual, these results vary widely across BC's rural regions.

REGIONAL EMPLOYMENT COMPARED TO PRE-PANDEMIC

Q2 2021 (Apr to Jun) compared to Q2 2019



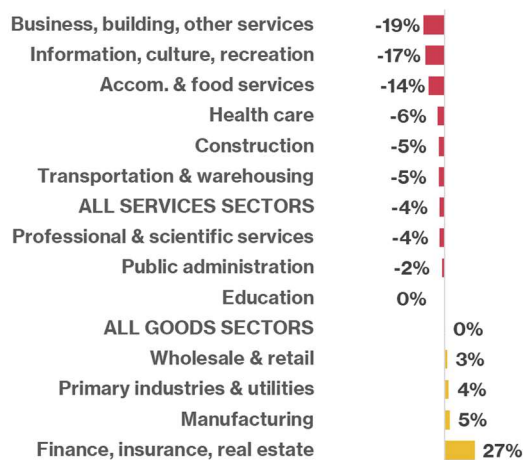
The Thompson/Okanagan and Vancouver Island/Coast regions have been hardest hit, due in part to continued restrictions on tourism. The Kootenay region leads the province at +4% growth while the Other Lower Mainland region (including Abbotsford/Mission and Squamish) is +3%, due in part to the boost in activity from former Metro Vancouver residents and workers seeking more space during the pandemic.

caution is advised in interpreting the results from a single point in time. It is better to consider trends over a longer time period, or evidence from multiple sources, before making any strong conclusions about changing conditions.

¹ The quarterly employment data is from Statistics Canada's Labour Force Survey, which is a monthly household survey with a limited sample size in each region. This creates a certain amount of random variation in the results over time, meaning that

RURAL BC EMPLOYMENT BY SECTOR COMPARED TO PRE-PANDEMIC

Q2 2021 (Apr to Jun) compared to Q2 2019



Among individual sectors, most have recovered to within 5%, plus or minus, of their level in the spring of 2019. The exceptions:

- Employment is up 27% in real estate and the closely related fields of finance and insurance, driven by elevated levels of housing market activity since the summer of 2020.
- Sectors that are heavily reliant on tourism remain depressed, including accommodation and food services (14% fewer jobs) and information, culture, and recreation (17% fewer). The latter sector also has many activities that rely on large, indoor gatherings (cultural performances, spectator sports, group fitness classes) that have been prohibited.
- Business, building and other services employment is down 19%. This sector includes a collection of industries that have been affected by the shift of many office-based workers to their homes, which has reduced or eliminated the need for office support services like cleaning and repair, travel arrangement,

employment services, commercial waste collection, office machinery repair, and so on. Working from home also reduces the demand for dry cleaning and various personal services that are also part of this sector.

The 6% decline in health care employment may seem odd in the midst of a public health crisis, but the sector includes much more than just hospitals and doctors. Many high-contact services have been affected by the pandemic, including dentists, physical and occupational therapists, home care services, nutritionists, podiatrists, and many more.

GENDER-BASED DIFFERENCES

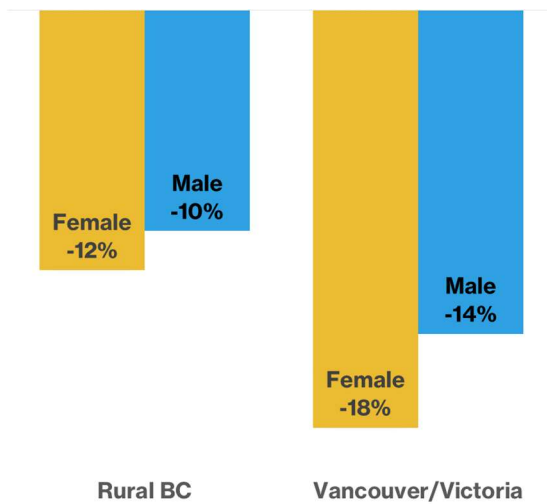
The initial pandemic shutdown and the gradual re-opening of the economy have had quite different impacts on different sectors of the economy, with tourism and high-contact industries most negatively affected.

The impacts have also varied for different demographic groups. Unfortunately, Statistics Canada does not release any demographic breakdown of Labour Force Survey results for individual rural regions, but we can calculate results for Rural BC as a whole and compare it to the Vancouver/Victoria metro regions.

The next chart compares the change in employment for men and women during the initial pandemic shutdown. To eliminate seasonal effects, the comparison is from the 2nd quarter (April to June) of 2019 to the 2nd quarter of 2020.

INITIAL PANDEMIC IMPACT ON FEMALE & MALE EMPLOYMENT

Q2 2020 (Apr to Jun) compared to Q2 2019



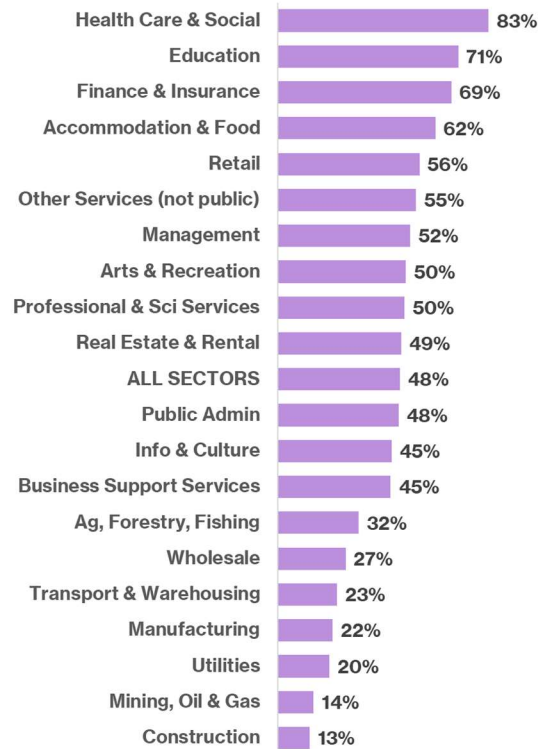
While the overall employment loss was considerably larger in the metro areas compared to Rural BC, in both regions the female loss of jobs was greater than the male loss of jobs.

There are several possible factors contributing to these differences, including women often being more affected by increased family responsibilities, particularly with younger children being out of school during this period. Women are also more heavily concentrated in public-facing services industries.

The next chart (based on comprehensive data from the last Census) shows that female employment in Rural BC is more heavily concentrated in high-contact sectors like health care and accommodation and food services.

FEMALE EMPLOYMENT SHARE BY SECTOR IN RURAL BC

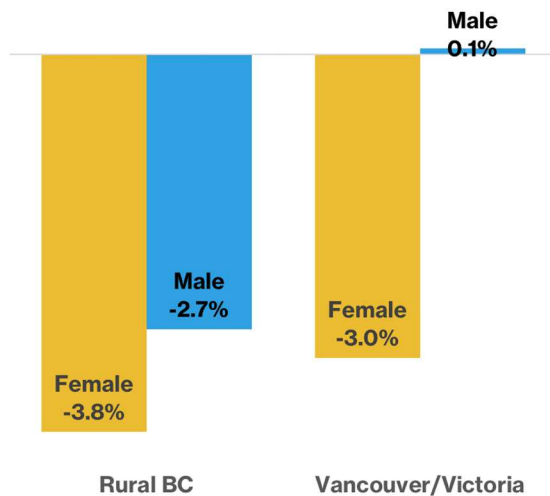
2016 Census



Male and female employment has recovered by roughly similar rates over the last year, but a comparison to the pre-pandemic spring of 2019 shows that female employment is still lagging behind male employment.

FEMALE & MALE EMPLOYMENT IN RURAL BC COMPARED TO PRE-PANDEMIC

Q2 2021 (Apr to Jun) compared to Q2 2019



Female employment in Rural BC in the 2nd quarter remains about 4% lower than pre-pandemic conditions, while male employment is 3% lower. The male/female gap is even more pronounced in the major metro areas, where male employment has now fully recovered but female employment remains 3% lower than pre-pandemic.

The next issue of the Rural BC bulletin will consider pandemic impacts and recovery for different age groups.

EMPLOYMENT INSURANCE

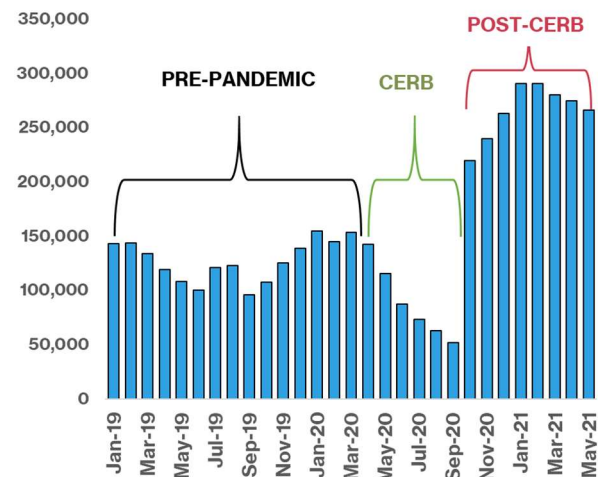
The number of Employment Insurance recipients in Rural BC provides additional insight on the regional impacts of the pandemic.

During the first six months of the pandemic, the federal Canada Emergency Response Benefit (CERB) provided generous financial support to impacted workers and displaced what would otherwise be regular Employment Insurance

recipients. The availability of CERB is clearly evident in the monthly counts of EI recipients.

MONTHLY EMPLOYMENT INSURANCE RECIPIENTS IN RURAL BC

Jan 2019 to May 2021, Statistics Canada



As of May 2021, the total number of recipients in Rural BC was 266,200. This is double the 10-year average from the pre-pandemic years of 2010 through 2019.

The disproportionate impact on women is also evident in this data. As of May 2021:

- Total female EI recipients in Rural BC was 143,600, **which is more than double (118% higher) than the 10-year average.**
- Total male EI recipients was 122,600, which is also elevated (80% higher than the 10-year average).
- **The last eight months, from October 2020 through May 2021, are the eight highest counts for female EI recipients in Rural BC this century.**
- The number of male EI recipients also reached record high levels for this century in early 2021, but only slightly

surpassed the level seen in early 2009 after the global financial crash.

The table below shows the total number of recipients in each regional district, as well as the share of recipients compared to the age 15+ population. Note these figures are higher than unemployment rates because they include ALL types of unemployment benefits, including maternity and parental leave, caregiver leave, and various self-employment, skills development, and job creation benefits.

EMPLOYMENT INSURANCE RECIPIENTS BY REGIONAL DISTRICT, MAY 2021

Statistics Canada

Regional District	Recipients	Per Working Age Population (15-64)
Squamish-Lillooet	12,160	31%
Stikine	200	30%
North Coast	4,040	25%
Central Coast	670	23%
Kitimat-Stikine	7,140	22%
Northern Rockies	840	21%
Peace River	10,480	20%
Bulkley-Nechako	6,230	19%
Columbia-Shuswap	9,360	19%
Alberni-Clayoquot	5,340	18%
Cariboo	9,970	18%
Fraser-Fort George	14,860	17%
Central Kootenay	9,000	16%
Okanagan-Similkameen	12,720	16%
East Kootenay	8,840	16%
Mount Waddington	1,550	16%
Strathcona	6,600	16%
Kootenay Boundary	4,370	15%
Central Okanagan	28,710	15%
North Okanagan	11,700	15%
Thompson-Nicola	18,630	15%
Fraser Valley	40,290	14%
Comox Valley	8,340	13%
Nanaimo	19,270	13%
Cowichan Valley	9,460	12%
qathet	2,250	12%
Sunshine Coast	3,070	11%
Total RURAL BC	266,090	16%

BUSINESS INCORPORATIONS

Despite the very challenging social and economic conditions in 2020, the number of new business incorporations increased by 1,500 in Rural BC, from 15,300 in 2019 to 16,800 in 2020.

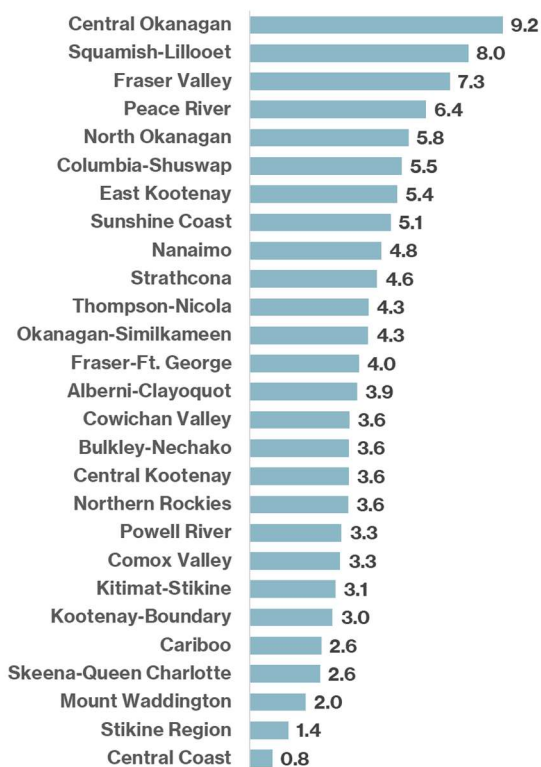
Possible explanations include the limits to social and recreational activities gave people more time to dream about and take the plunge into starting new businesses (or expanding an existing sole proprietorship or partnership into a corporation), or they felt the pressure of an uncertain employment future and decided to create a new option for themselves. Whatever the reason, the **number of incorporations in Rural BC in 2020 was 26% higher than the 10-year pre-pandemic average.**

Various factors influence the level of business incorporation by region, including population demographics (younger regions are typically more entrepreneurial), the size of the local market, access to professional and business support services, and entrepreneurial culture. The next chart compares the rural regional districts in BC by number of new incorporations per 1,000 population in 2020.

A cautionary note is this data is organized according to the location of the registered office, which may differ from the operating location and tends to favour larger centres.

BUSINESS INCORPORATIONS PER 1,000 RESIDENTS IN 2020

BC Stats



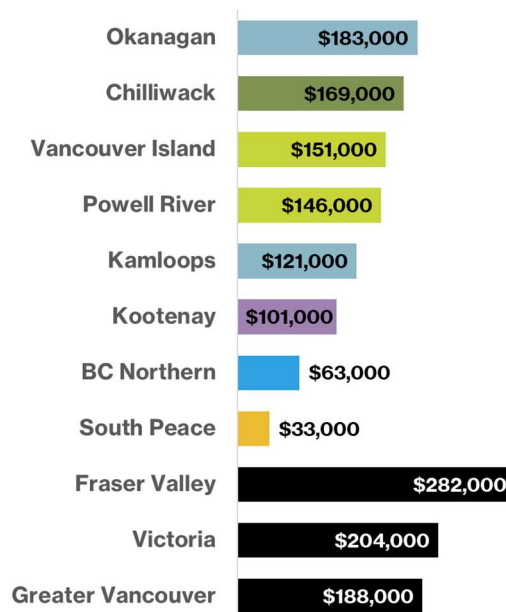
HOUSING

Overall trends in the housing market in 2021 have been widely publicized elsewhere – they include continued rapid escalation of housing prices and elevated levels of sales. Due to the initial freeze that the pandemic caused to real estate sales in the 2nd quarter of 2020, the year-to-date comparisons of 2021 to 2020 show huge increases, by 80% to 135% for unit sales in each region, and by 14% to 42% for average prices.

The following chart compares average prices so far in 2021 to average prices in the first half of pre-pandemic 2019. Rather than the typical reporting of percentage change, this chart shows changes in terms of dollars.

INCREASE IN AVERAGE HOME PRICES

Multiple Listing Service, First Half 2021 compared to First Half 2019



Prices have increased substantially throughout the province, although somewhat less in Rural BC compared to the three metro real estate regions shown on the bottom of the chart (the Fraser Valley region is a combination of Metro Vancouver communities like Surrey and Langley with “rural” communities like Abbotsford and Mission).

CREDITS

This bulletin was prepared by Vann Struth Consulting Group Inc.



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