



Mid-Year Community Update: June 2019

Highlights

- Average home resale price in Q2 2019 (\$391,625) increased by 4.0% from Q1 2019 (\$376,626), and by 16.0% from Q2 2018 (\$337,558).
- 50 dwellings sold in Q2 2019, up from 26 in Q1 2019, an increase of 92.3%.
- Unemployment is down by 2.7% from Q2 2018, and up by 0.8% from Q1 2019.
- Value of construction permits (YTD) up by 27.1% from June 2018.
 - Residential (49.9%), Industrial (\$0.4M up from \$0 in June 2018), Commercial (-46.2%), Institutional (27.1%).
- Passenger traffic (YTD) at the Northwest Regional Airport was 135,677 as of June 2019, up by 25.7% from June 2018.

Summary Table

| | Q2 2018 | Q1 2019 | Q2 2019 | Change (Q2 2018) |
|------------------------------------|-----------|-----------|-----------|------------------|
| Employed Labour Force ¹ | 43,200 | 42,800 | 43,300 | 0.2% |
| Unemployment Rate ¹ | 7.3% | 3.8% | 4.6% | -2.7% |
| Participation Rate ¹ | 70.0% | 67.1% | 68.7% | -1.3% |
| Average Resale Price | \$337,558 | \$376,626 | \$391,625 | 16.0% |
| Resale Units Sold | 70 | 26 | 50 | -28.6% |
| Construction Permits (YTD) | \$9.4M | \$5.6M | \$11.9M | 27.1% |
| Housing Starts (YTD) | 55 | 3 | N/A | N/A |
| Airport Passengers (YTD) | 107,968 | 63,608 | 135,677 | 25.7% |

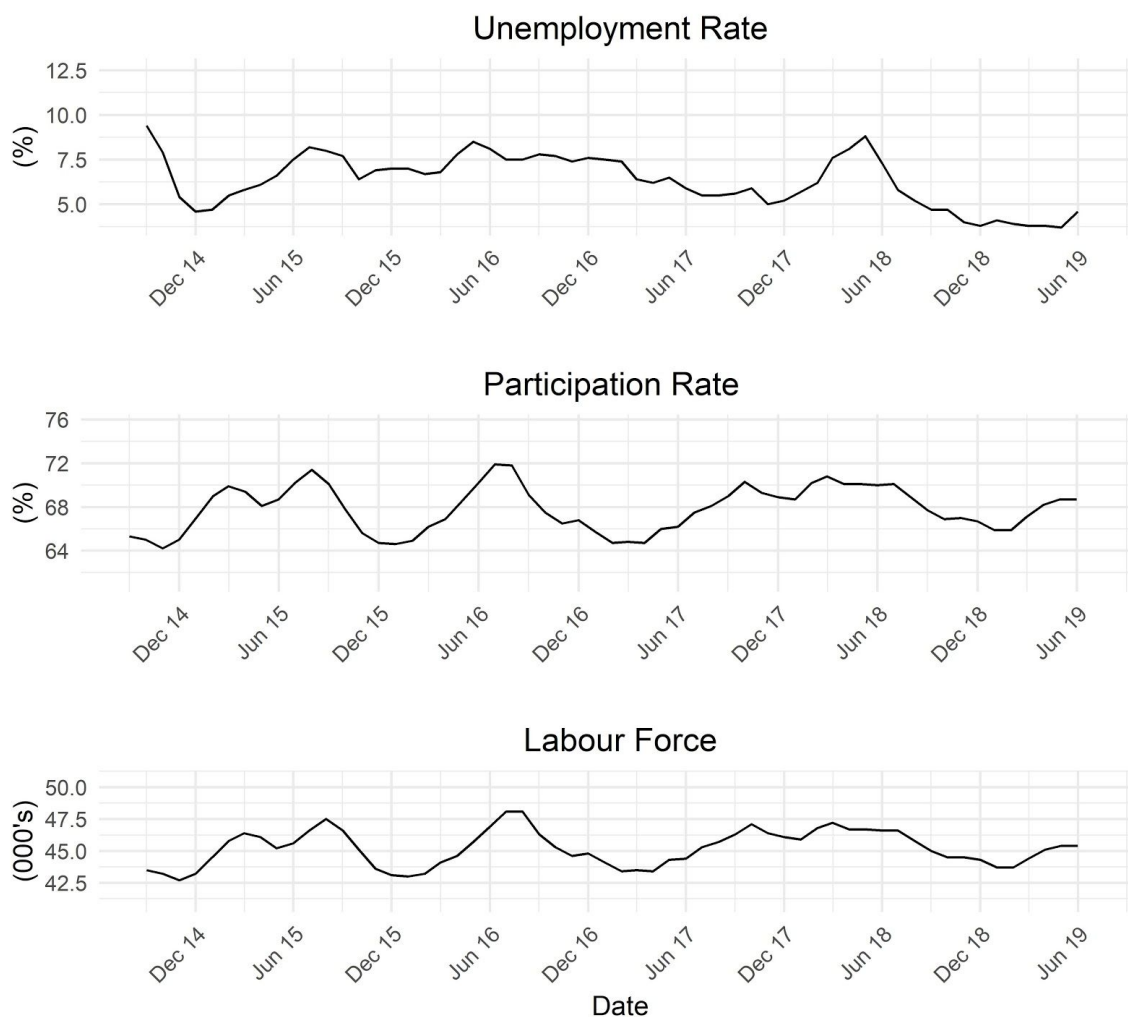
¹ Values for North-Coast/Nechako Region



Labour Force

Figure 1 presents labour force statistics for the North Coast/Nechako region. Notably, the unemployment rate is down by 2.7 percentage points from Q2 2018 (7.3%) to Q2 2019 (4.6%). The unemployment rate is markedly lower than the previous five years where the rate ranged between 5% and 10%. In Q2 2019, the participation rate (68.7%) is down slightly from Q2 2018 (70.0%). This is near the upper end of the typical range observed over the last five years of between 64% and 70%. The total labour force in Q2 2019 is down by 2.6% relative to Q2 2018. Full-time employment is down by 2.4% and part-time employment is up by 8.6% from Q2 2018. The active labour force in the region having decreased by 2.6% and the negligible 0.2% increase in employment suggest that the unemployment rate is down primarily due to individuals leaving the labour force. Increasing impacts from construction of the LNG Canada project are anticipated in the coming months.

Figure 1: Labour Force Statistics*, Monthly 3-Month Moving Averages, June 2014-2019



*All values are for the North Coast/Nechako region

Source: Statistics Canada, Table: 14-10-0293-01

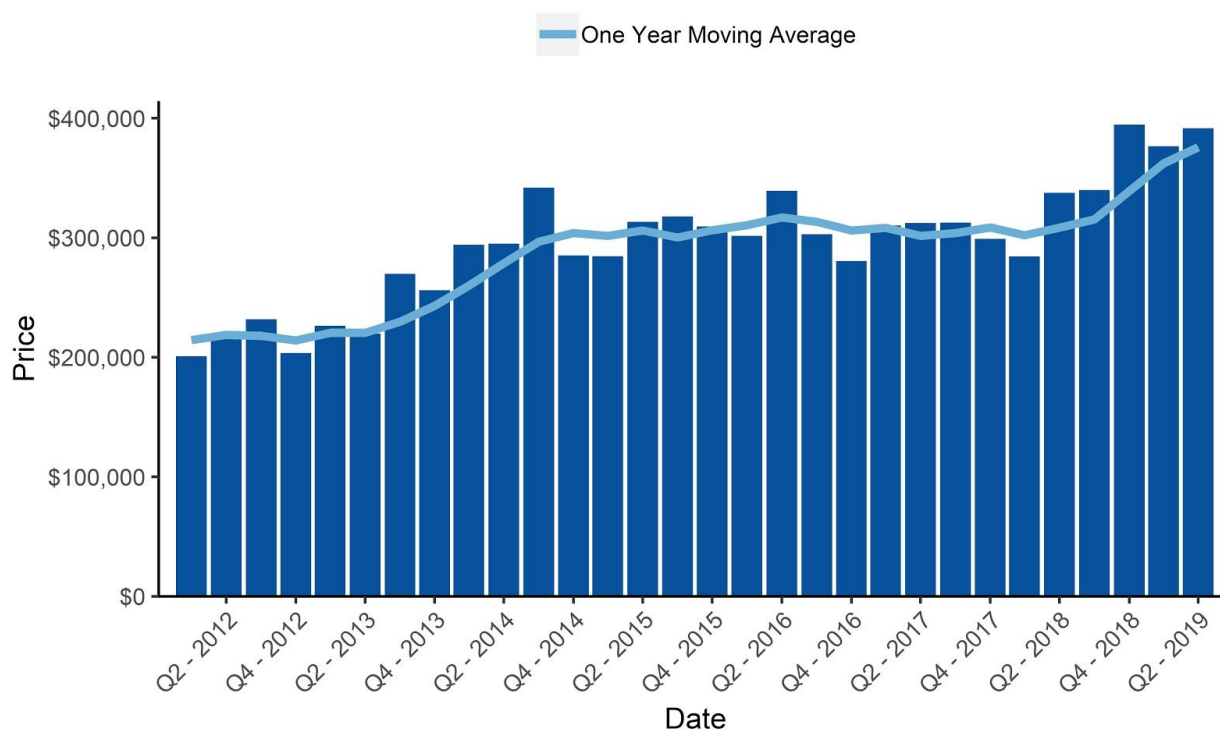


Real Estate

The real estate market appears to still be adjusting after the positive Final Investment Decision (FID) for the Kitimat-based LNG Canada facility announced in October 2018. In Terrace, resale prices for residential homes continue to increase, while the total units sold and number of housing starts have declined relative to the previous quarter. As of Q1 2019, housing starts are down, but were very high in Q4 2018. The number of housing units under construction is at a 20 year high.

Figure 2 presents the average quarterly residential home resale prices in Terrace. In Q2 2019, the average resale residential home price was \$391,625, a 16.0% increase over Q2 2018. This marks a continued increase in prices, although at a lower rate than the previous year-over-year comparison. In Q1 2019, the average resale price was \$376,626, a 32.4% increase over Q1 2018. Much of this change is attributable to the LNG Canada and CGL projects as Kitimat, where the LNG Canada terminal will be located, has experienced more substantial increases over the last year (57.9% increase from Q2 2018 to Q2 2019). In contrast, Prince Rupert, another regional centre more removed from construction activity, has not experienced substantial price increases over the same period (-3.3% from Q2 2018 to Q2 2019).

Figure 2: Average Quarterly Residential Home Resale Price, Terrace, Q1 2012 to Q2 2019

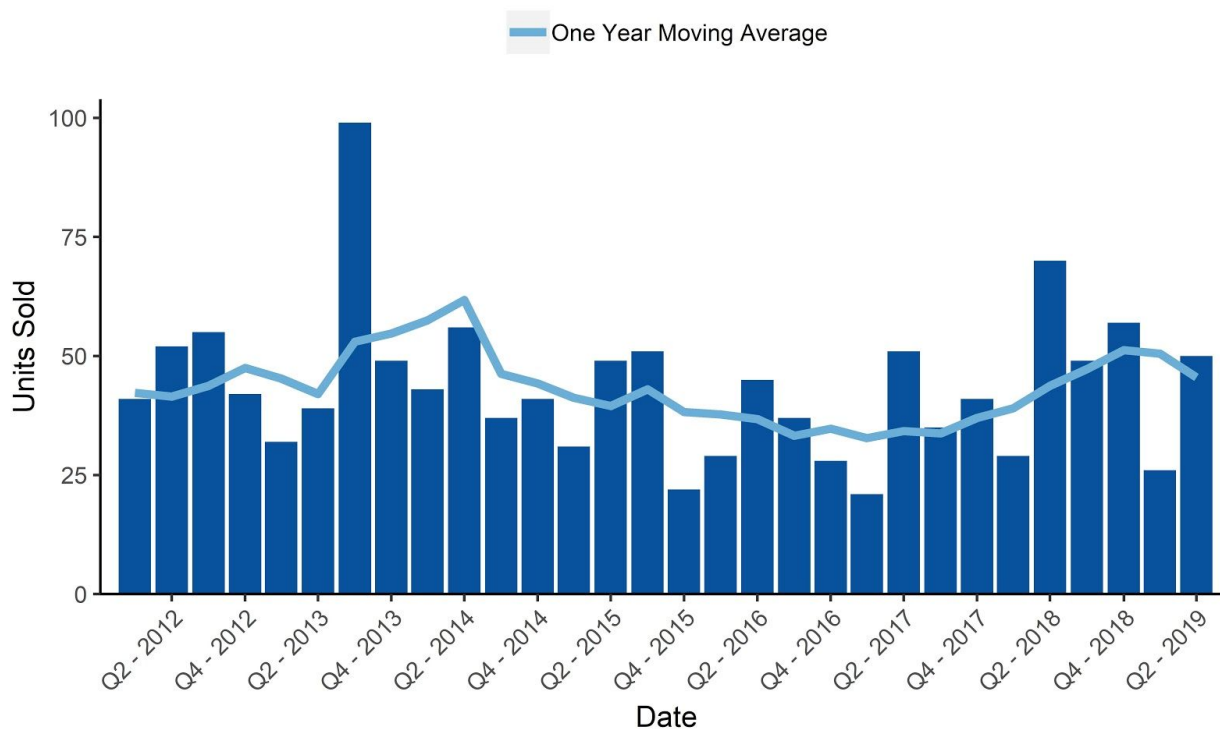


Source: BCNREB



Figure 3 presents the number of residential homes resold in Terrace quarterly from Q1 2012 to Q2 2019. After a relatively busy Q4 2018 (57 units sold, a 39.0% increase over Q4 2017) there have been relatively fewer sales in Q1 2019 (26 units sold, a 10.3% decrease from Q1 2018) and in Q2 2019 (50 units sold, a 28.6% decrease from Q2 2018). Year-to-date totals as of June 2019 (76 units sold) are down by 23.2% from June 2018 (99 units sold). Kitimat has experienced a similar but more pronounced pattern with a high relative volume of resale in Q4 2018 followed by a relatively slower Q1 and Q2 2019.

Figure 3: Quarterly Residential Home Resale Units Sold, Terrace, Q1 2012 to Q2 2019

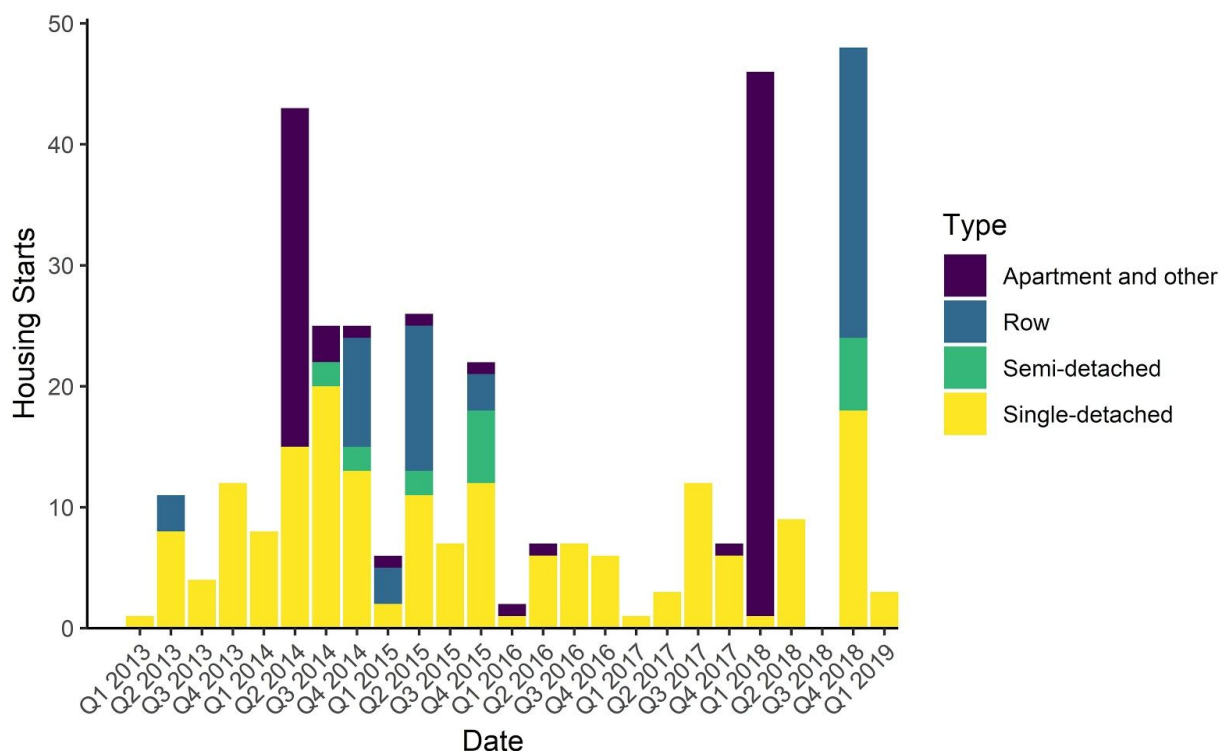


Source: BCNREB



The number of quarterly housing starts by type for Terrace are presented in Figure 4. In Q4 2018, the highest number of starts in a quarter (48) since Q1 2013 occurred. In Q4 2018 there were six semi-detached housing starts, eighteen single-detached housing starts, and twenty-four row housing starts, whereas in Q1 2019 there were just three single-detached housing starts.

Figure 4: Quarterly Housing Starts by Type, Terrace, Q1 2013 to Q1 2019²



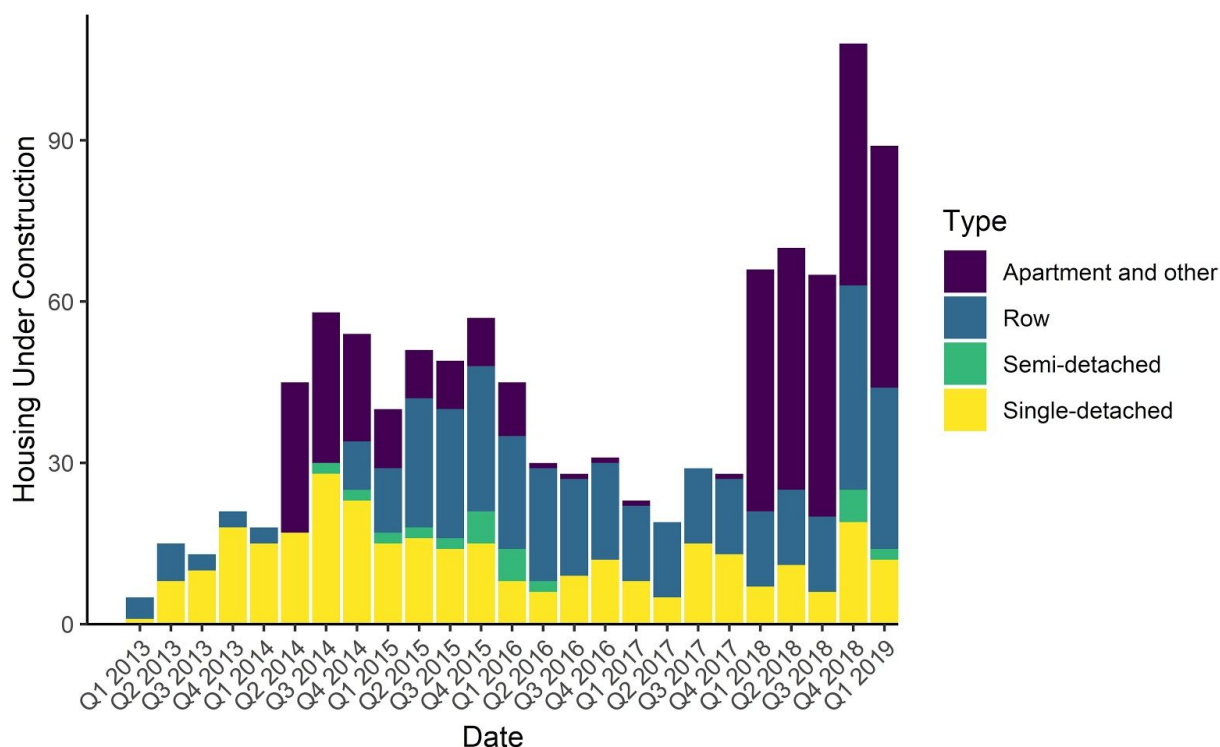
Source: Statistics Canada, Table 34-10-0138-01 Canada Mortgage and Housing Corporation, housing starts, under construction and completions in census agglomerations of 10,000 to 49,999

² Q2 2019 data is not available as of July 16, 2019.



Quarterly housing units under construction by type for Terrace are presented in Figure 5. The number of housing units under construction is at its highest level in the last 20 years. The peak occurred in Q4 2018 when there were 108 units under construction. As of Q1 2019, there are 89 units under construction – 45 apartment units, 30 row house units, 12 single-detached units, and 2 semi-detached units. Typical values for total housing units under construction in the last ten years are between 30 and 60.

Figure 5: Housing Under Construction by Type, Quarterly, Terrace, Q1 2013 to Q1 2019³



Source: Statistics Canada, Table 34-10-0138-01 Canada Mortgage and Housing Corporation, housing starts, under construction and completions in census agglomerations of 10,000 to 49,999

³ Q2 2019 data is not available as of July 16, 2019.

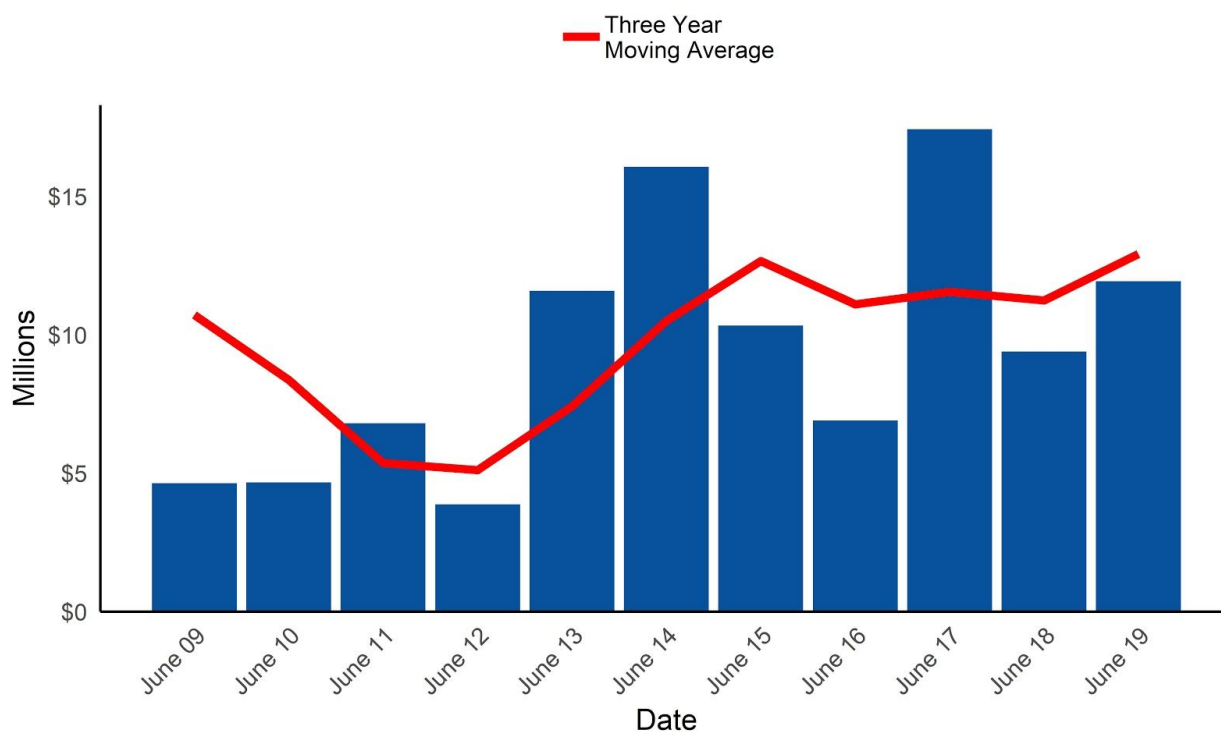


Economy

This section presents figures relating data on building permit values, the number of active businesses in Terrace, and passenger traffic at the Northwest Regional Airport. Year-to-date building permit values are higher relative to June 2018, the number of active businesses has decreased slightly from 2018, and passenger traffic at the airport is higher than any time in the last five years.

Total year-to-date building permit values for Terrace are presented in Figure 6. The three-year moving average has remained in the \$10M to \$13M range since June 2014. The YTD total for June 2019 is \$11.9M, which is 27.1% higher than the 2018 June YTD total of \$9.4M, and 31.5% lower than the June 2017 YTD total of \$17.4M.

Figure 6: Total Building Permit Values, YTD, Terrace, June 2009 to June 2019

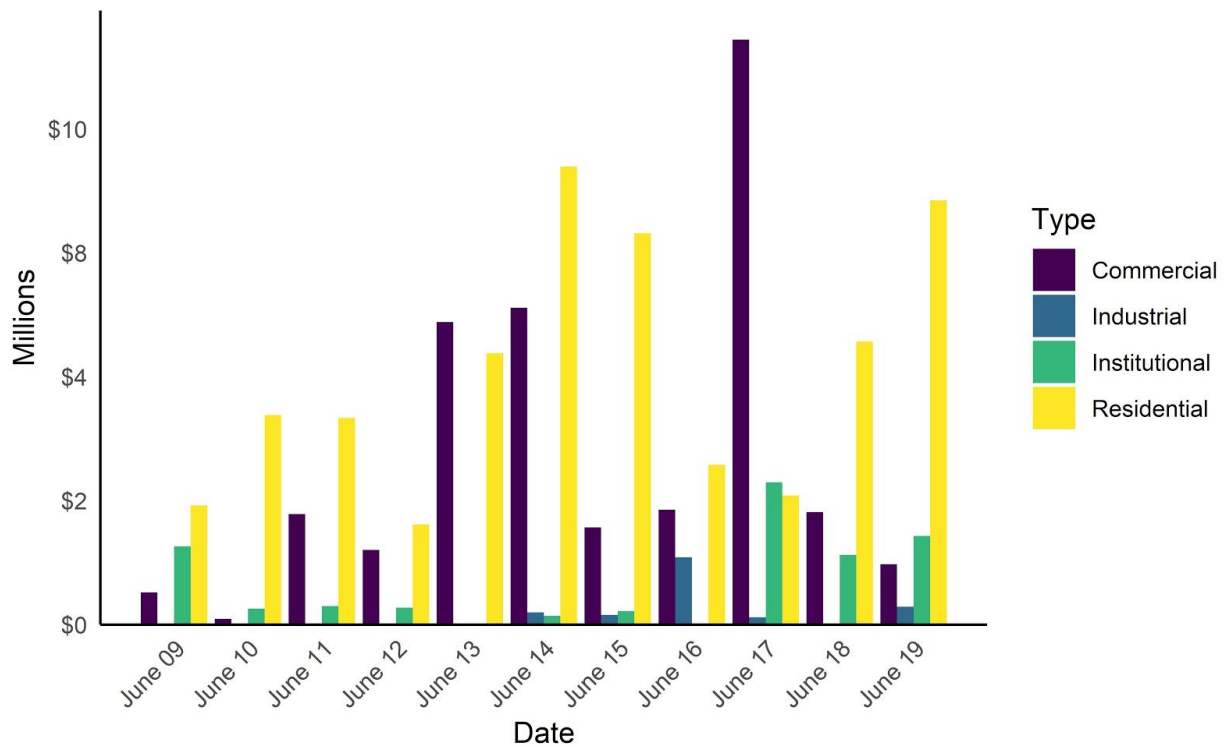


Source: City of Terrace, BC Stats



The year-to-date building permit values by permit type are shown in Figure 7. The June 2019 YTD total for commercial permits (\$1.2M) are down 46.2% relative to June 2018 (\$2.3M). Residential permits as of June 2019 (\$8.6M) are up by 49.9% over June 2018 (\$5.7M). Industrial permits (\$0.4M) are up from June 2018 (\$0) and institutional permits (\$1.8M) are up from June 2018 (\$1.4M) by 27.1%.

Figure 7: Building Permit Values by Type, YTD, Terrace, June 2009 to June 2019

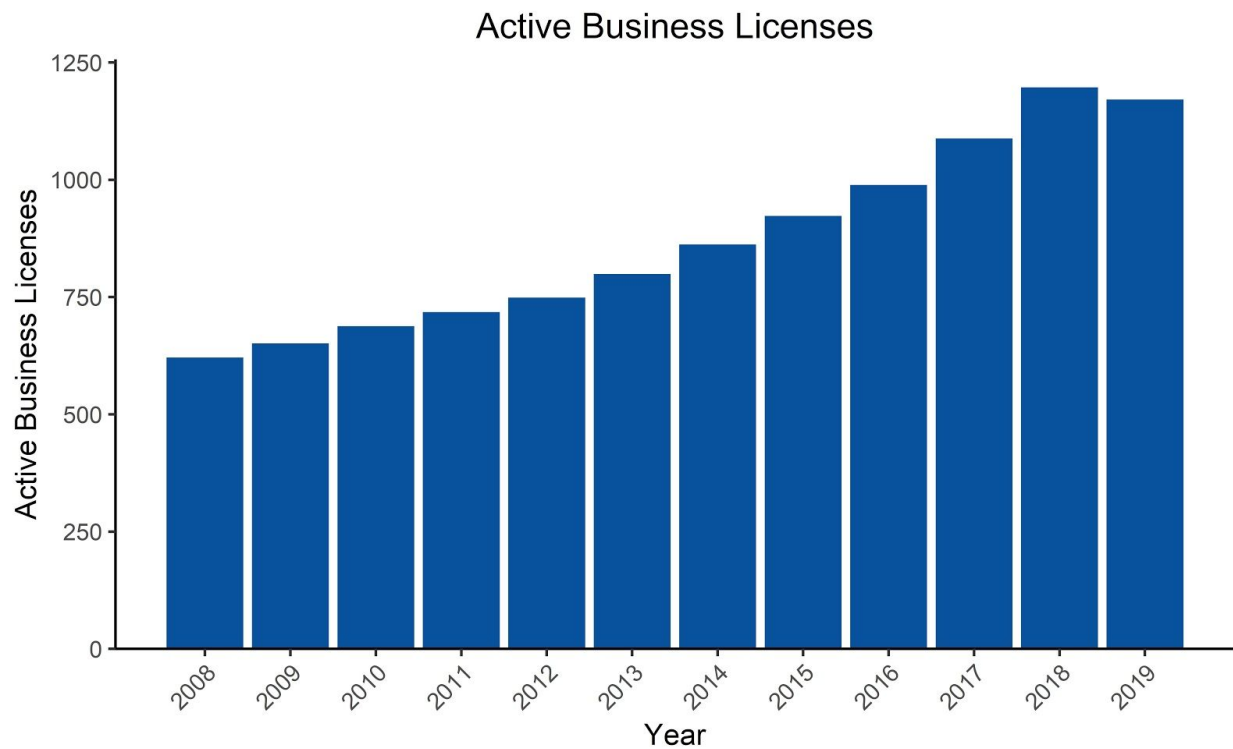


Source: City of Terrace, BC Stats



Active business licenses in Terrace are presented in Figure 8. As of July 9, 2019, there are 1,171 active businesses in Terrace, down 2.2% from 2018 and up 7.6% from 2017. Since 2008, the number of active businesses in Terrace has increased by 88.6%.

Figure 8: Active Business Licenses, Terrace, 2008 to 2019



Source: City of Terrace



Monthly passenger traffic at the Northwest Regional Airport is given in Figure 10. Passenger traffic so far in 2019 has been consistently higher than in 2018. The June 2019 YTD total (135,677) is 25.7% higher than the June 2018 YTD total (107,968), and 12.0% higher than the May 2014 YTD total (121,137).

Figure 10: Northwest Regional Airport Passenger Traffic, Monthly, 2014, 2018, 2019

