

INDICATORS

CPABC's *BC Check-Up* uses the selected economic indicators to evaluate BC as a place to **INVEST**.



BC Non-Residential Investment

How much did the private and public sectors invest in non-residential projects?



Residential Housing Starts

How many units began construction in 2021 across BC?



Major Project Activity

How much capital is allocated towards major projects across BC?



Real GDP per person

What was the overall GDP per person in BC?



BC Net Debt-to-GDP Ratio

What is the share of the provincial government's net debt to GDP?



Number of Active Businesses

How many businesses are active in BC?

PROVINCIAL SUMMARY

The 2020 recession hampered BC's investment climate, however, **since the low-point in the summer of 2020, BC's economy experienced one of the strongest recoveries in Canada.** In 2021, key investment indicators such as business activity, housing starts, and major project investment returned to or exceeded pre-pandemic levels. However, challenges remained, including a sustained decline in private non-residential investment, weakened GDP-per-person, and expanded government debt.

The number of businesses in operation was one of the clearest signs of BC's economic recovery. By May 2020, over one-in-ten businesses had ceased operations, but from May 2020 to November 2021, **the number of active businesses increased in 16 of 18 months to reach 152,048.** This was a total gain of over 20,000 businesses, and **exceeded pre-pandemic levels.** Business activity increased the most in media-related services (+8.7%), professional services (+7.0%), and food manufacturing (+5.1%).

Despite this overall improvement, some customer-facing industries were still below pre-pandemic levels. **One of the largest declines in business activity was in tourism,** where the 12,867 active businesses in 2022 remained 1.9% lower than in January 2020.

Housing activity also experienced a robust recovery as rising prices and demand attracted investors. **In 2021, 43,360 housing units began construction in BC, setting a new record.** This was slightly above the previous high set in 2019, and 24.3% more than in 2020. Attached units, such as condos, apartments, and townhomes, accounted for nearly four-fifths (78.4%) of all units started in 2021.

Another area for optimism was an increase in major projects with a capital cost of \$15 million or higher, which was largely driven by natural resource and infrastructure projects. **BC's inventory of major projects increased to \$394.3 billion in Q3 2021, a 6.4% annual increase.** Nearly a third of the major projects were under construction, the largest being the LNG Canada Facility (\$36.0 billion), the Site C Project (\$16.0 billion), and the Coastal GasLink Pipeline Project (\$6.2 billion).

While the overall investment picture was optimistic last year with residential and infrastructure investment above pre-pandemic levels, the same cannot be said about private non-residential building investment. In 2021, **private non-residential investment decreased to \$4.4 billion, compared to \$7.0 billion in 2019 and \$5.0 billion in 2020.**

In addition, GDP per person was slow to rebound, forecasted to be about \$53,600 in 2021. While this was up from \$51,518 in 2020, it was slightly below 2019, at \$53,983. While GDP per person is anticipated to surpass pre-pandemic levels in 2022, **the COVID-19 pandemic and resulting recession is expected to permanently reduce our provincial GDP outlook.** In addition, provincial net debt to GDP continued to increase and was forecasted to reach 22.8% in 2024-25 compared to 17.8% in 2021-22.

To better understand the economic landscape, CPABC surveyed its members who work on the front lines of business in BC. Their outlook for BC's economy was relatively optimistic, as **nearly three-quarters expect BC's economic performance to be average or good in 2022,** while 21% expect the economy to perform poorly. **CPAs were more optimistic about their own organization's prospects,** with 73% of respondents expecting things to improve in 2022 and just 7% expecting a decline. As we look to economic recovery, CPAs believe the top policy priorities for the provincial government should be: working with other levels of government to improve housing supply; increased investments in infrastructure projects; and additional skills training for BC workers.

PROVINCIAL SUMMARY



NON-RESIDENTIAL INVESTMENT*

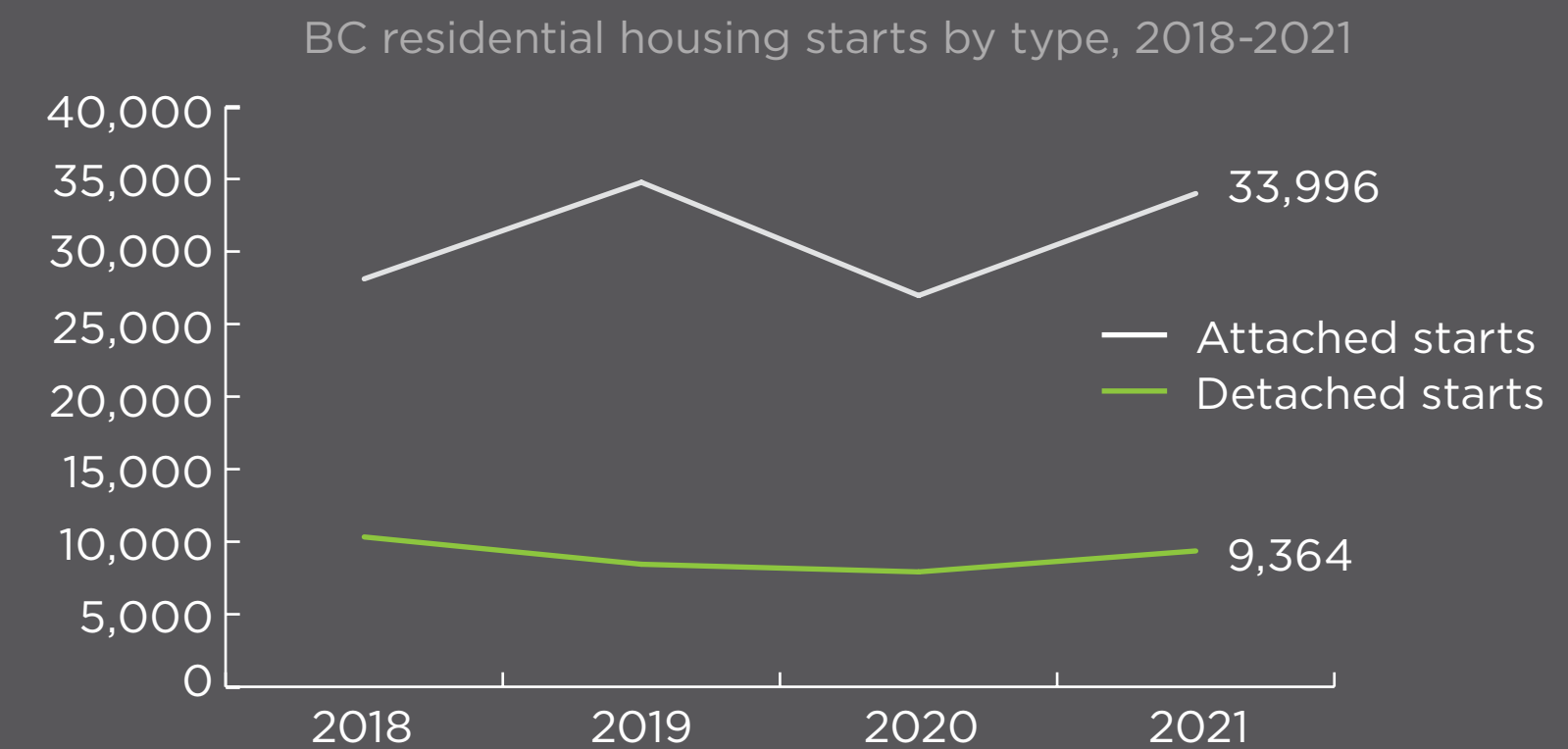
Private non-residential investment declined in 2021, while institutional and government investment saw an uptick. Private investment has declined by more than a third from 2019, compared to a 11.8% decrease in the public sector. Both remain above levels set five years ago.

	Value in 2021	One-year change (2020)	Two-year change (2019)	Five-Year change (2016)
Total private sector	\$4,364,482,112	-13.2%	-37.2%	13.0%
Industrial	\$740,141,478	-8.0%	-31.4%	17.0%
Commercial	\$3,624,340,634	-14.2%	-38.3%	12.2%
Institutional and government	\$1,701,616,554	9.5%	-11.8%	34.1%
Total private and public sector	\$6,066,098,666	-7.9%	-31.7%	18.2%



RESIDENTIAL HOUSING STARTS*

After a significant decline in 2020, housing starts increased in 2021. In fact, the 43,360 units started in 2021 showed a 1.5% gain compared to 2019, setting a new annual record. Nearly four in every five units started were attached.



MAJOR PROJECT ACTIVITY

Despite the COVID-19 pandemic, major capital project activity continued to rise in both 2020 and 2021. As of Q3 2021, the capital cost of BC's major projects was \$393.4 billion, with projects currently under construction making up about a third of the value.

MAJOR PROJECT HIGHLIGHTS (Q3 2021)

Total Major Projects: 969, \$393.4 billion (↑6.4%)

Started Construction Q3 2021: 25, \$3.8 billion

Largest: Burnaby Hospital Renewal, \$1.4 billion

New Proposals Q3 2021: 24, \$5.2 billion

Largest: Surrey Langley Skytrain, \$4.0 billion

*Non-residential investment data is inflation and seasonally adjusted.

*Housing starts for census population areas of 10,000 or greater population. "Attached starts" include units such as condos, apartments, and townhomes.

PROVINCIAL SUMMARY



REAL GDP PER PERSON

After falling by 4.6% in 2020, BC's inflation-adjusted GDP per person nearly returned to 2019 levels in 2021 and is expected to surpass them by 2022.

2019	\$53,983
2020	\$51,518 (↓4.6%)
2021F	\$53,623 (↑4.1%)
2022F	\$55,136 (↑2.8%)



BC NET DEBT-TO-GDP RATIO

Record levels of capital investment and significant deficit spending is forecast to increase net debt to GDP by five percentage points by 2024-25, an increase of \$4,724 per British Columbian compared to 2021-22.

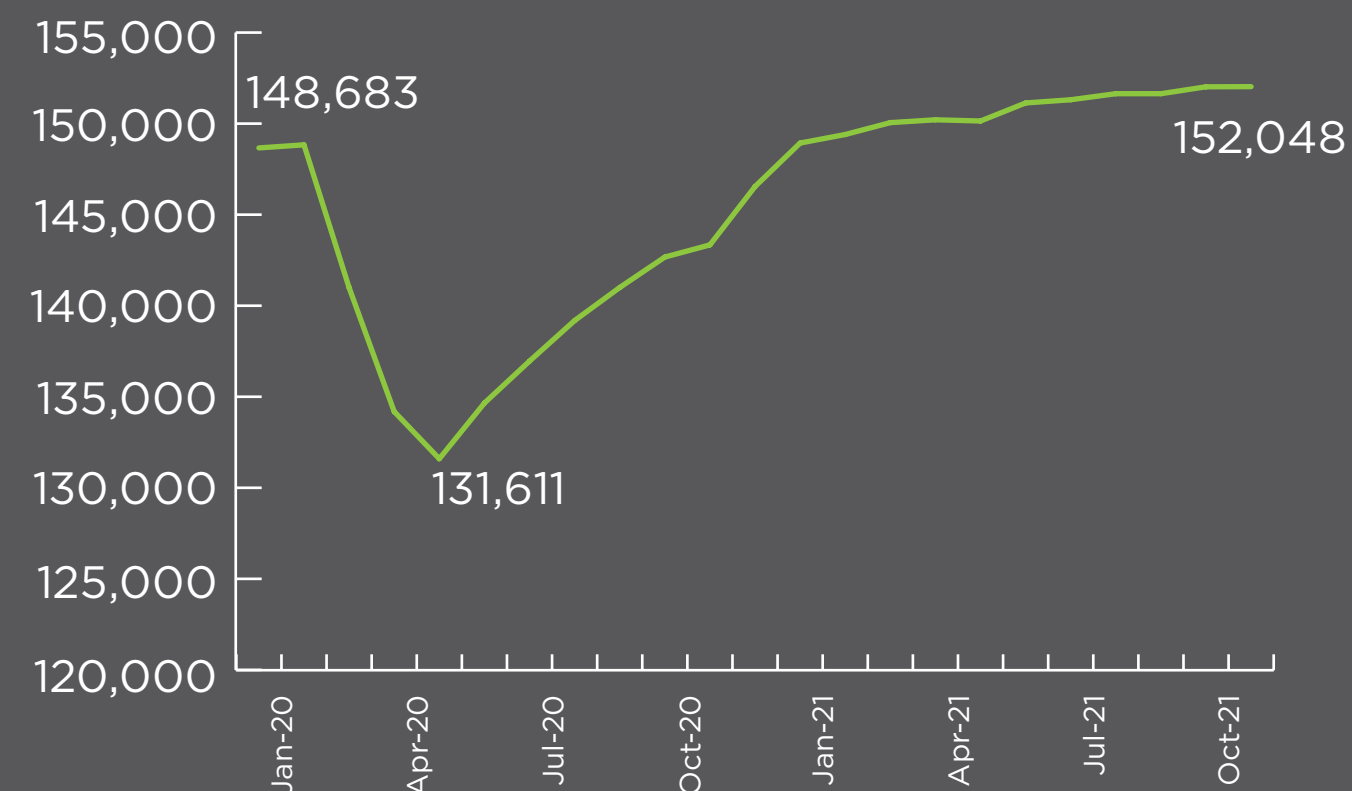
2021-22	17.8%
2022-23	20.0%
2023-24	21.8%
2024-25	22.8%



NUMBER OF ACTIVE BUSINESSES IN BC

By May 2020, over one in ten businesses ceased operations. Since then, the number of active businesses grew by over 20,000, though some industries have struggled to recoup losses.

Number of active businesses in BC, 2020-2021



ACTIVE BUSINESSES BY SECTOR*

The greatest business growth has been in media-related and professional services industries, while businesses relying on human interaction have continued to struggle.

LARGEST INCREASES*

INFORMATION AND CULTURE	+8.7%
PROFESSIONAL SERVICES*	+7.0%
FOOD MANUFACTURING	+5.1%

LARGEST DECREASES*

WHOLESALE TRADE	-3.0%
TOURISM INDUSTRY	-1.9%
OTHER SERVICES*	-0.5%

*F" refers to a forecast.

*Active business change November 2021 compared to January 2020. Excludes industries with under 500 businesses.

*Professional, scientific and technical services. Other services includes services such as personal and household services.



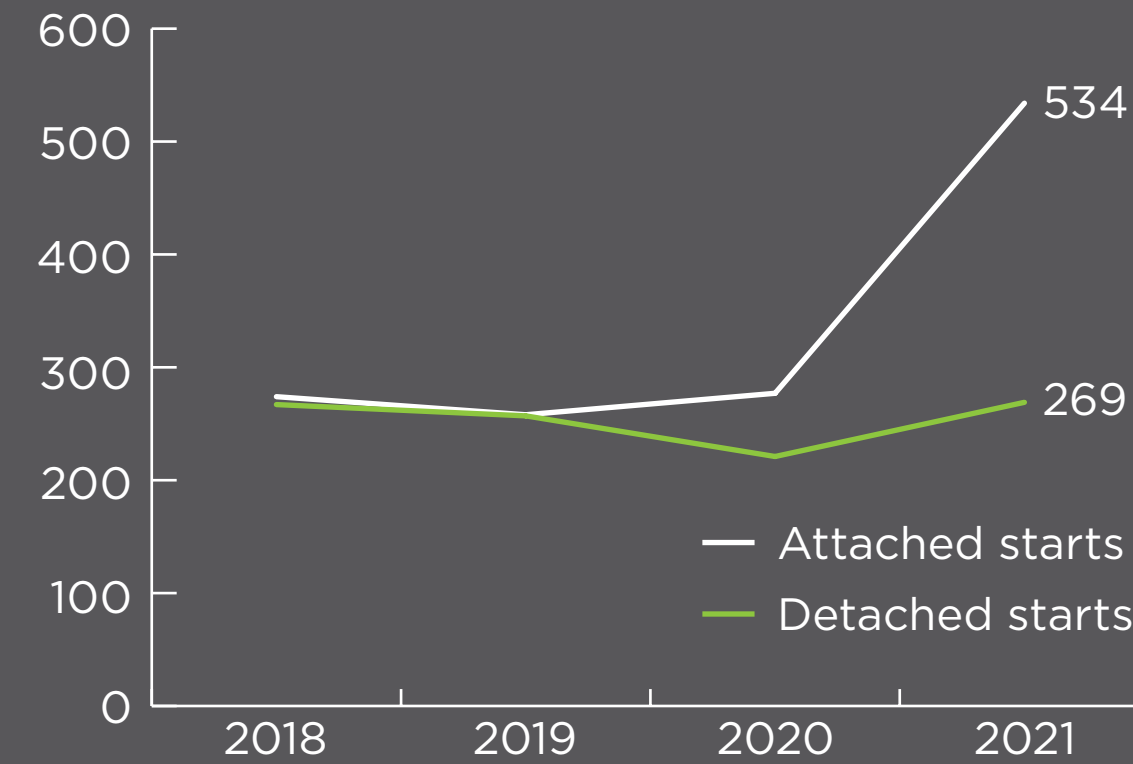
CARIBOO



RESIDENTIAL HOUSING STARTS

The 803 housing units started in 2021 showed a 61.2% increase compared to 2020. This was driven by large attached housing projects (i.e. condos and apartments) in Prince George and Quesnel.

Residential housing starts by type, 2018-2021



MAJOR PROJECT HIGHLIGHTS Q3 2021

The Trans Mountain Pipeline continued to be the largest project under construction. The \$900 million Cariboo Gold Project proposal began its application at the start of 2021.

Under Construction: 6 projects, \$4.7 billion

- Largest: Trans Mountain Pipeline Expansion, \$4.5 billion
- Started in 2021:
 - West Fraser Road Realignment, \$103 million
 - Highway 97 intersection upgrades, \$19 million

Proposed: 23 projects, \$11.8 billion

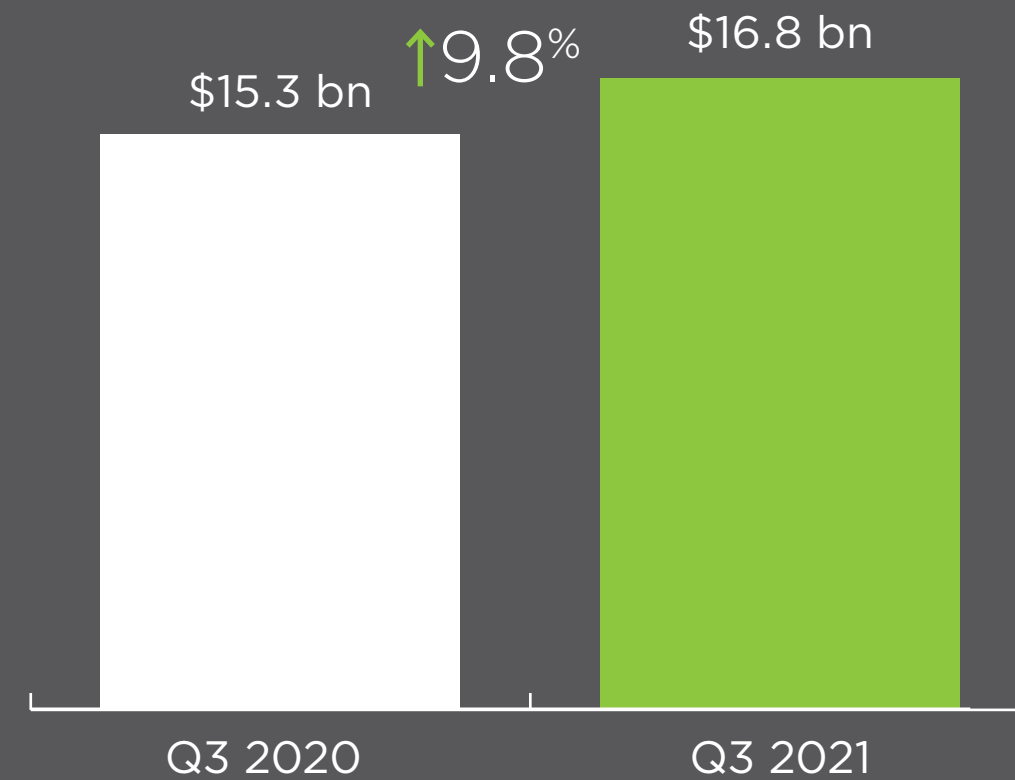
- New in 2021: Cariboo Gold Project, \$900 million



MAJOR PROJECT ACTIVITY

Total capital allocated to major capital projects in the Cariboo increased by nearly a tenth in Q3 2021 to \$16.8 billion. About a third (28.1%) was under construction.

Total major project activity Q3 2020-2021



*Changes compared to the same period of previous year. Housing start data only available for census areas of population 10,000 or higher in BC, which includes Prince George, Quesnel and Williams Lake. "Attached starts" include units such as condos, apartments, and townhomes. Major project activity refers to private and public projects with an estimated capital cost of \$15 million or higher.



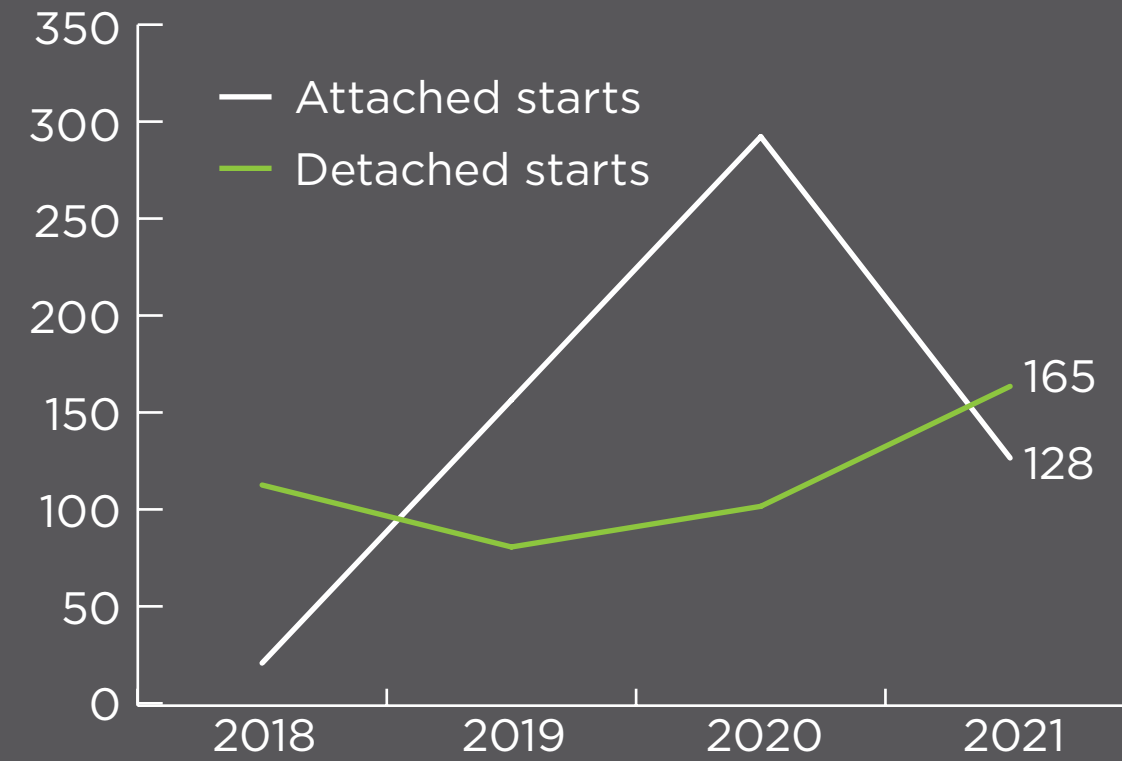
KOOTENAY



RESIDENTIAL HOUSING STARTS

Housing starts in the Kootenay declined by over a quarter in 2021 as the number of attached starts fell from the record set in 2020. However, the 293 total starts in 2021 still exceeded both 2018 and 2019.

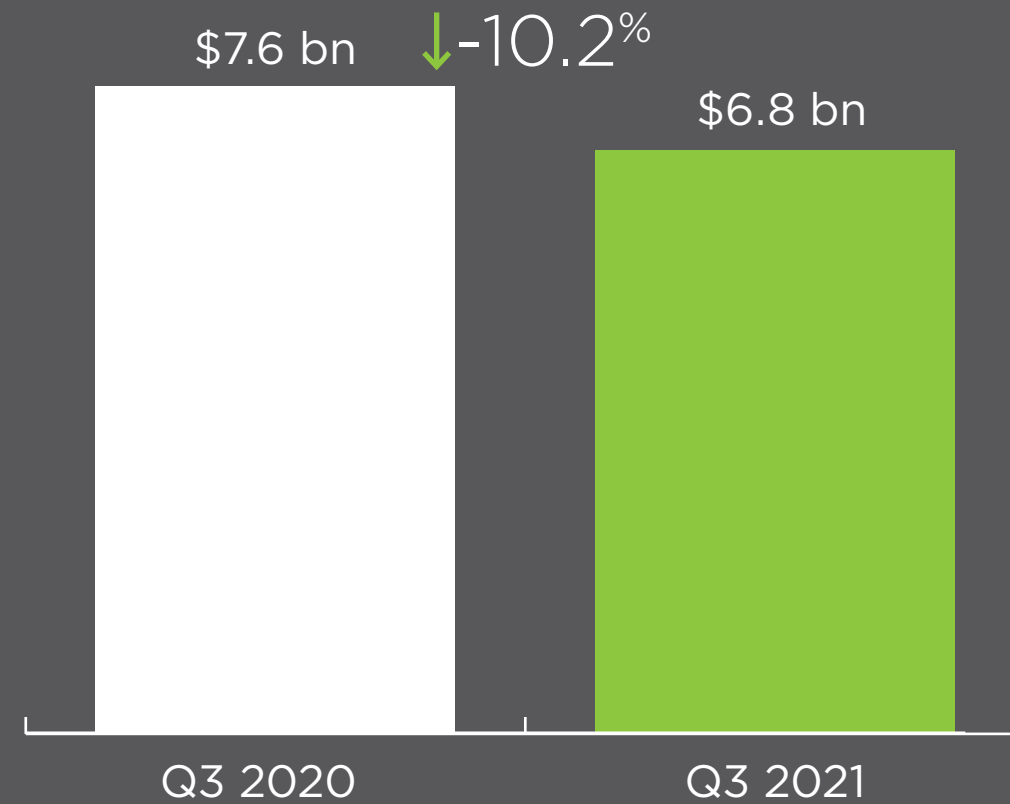
Residential housing starts by type, 2018-2021



MAJOR PROJECT ACTIVITY

Major projects declined by \$776 million in Q3 2021 compared to Q2 2021 as several projects finished construction. More than a third of the value (37.1%) was under construction.

Total major project activity Q3 2020-2021



MAJOR PROJECT HIGHLIGHTS Q3 2021

Two large and long-running projects wrapped up construction in 2021, the Panorama Mountain Village and Elk Water Treatment Facilities.

Under Construction: 18 projects, \$2.5 billion

- Largest:
- Wildstone Golf and Residential Development, \$750 million
- Inland Gas Upgrades, \$360 million

Proposed: 9 projects, \$2.6 billion

- Largest: Baldy Ridge Extension, \$1.6 billion

Completed in 2021:

- Elk Water Treatment Facilities, \$400 million
- Panorama Mountain Village, \$250 million

*Changes compared to the same period of previous year. Housing start data only available for census areas of population 10,000 or higher in BC, which includes Cranbrook and Nelson. "Attached starts" include units such as condos, apartments, and townhomes. Major project activity refers to private and public projects with an estimated capital cost of \$15 million or higher.



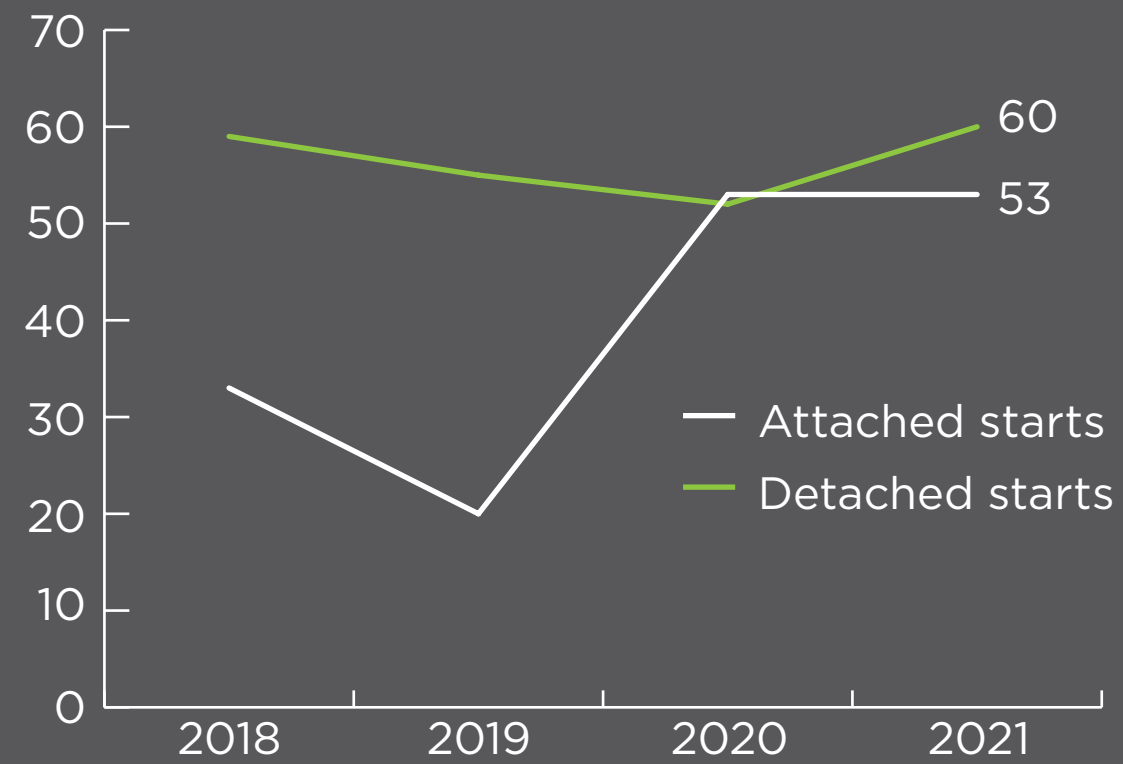
NORTHEAST BC



RESIDENTIAL HOUSING STARTS

The number of housing units started in Northeast BC rose to 113 in 2021, the highest level over the past several years. The growth was due to an increase in the number of detached starts.

Residential housing starts by type, 2018-2021



MAJOR PROJECT HIGHLIGHTS Q3 2021

Natural resources projects continue to dominate Northeast BC's major projects. The Site C project's estimated cost increased from \$10.7 billion to \$16.0 billion.

Under Construction: 11 projects, \$23.6 billion

- Largest: Site C, \$16.0 billion
- Started in 2021: Spruce Ridge Expansion Project, \$565 million

Proposed: 25 projects, \$14.7 billion

- Largest: Frontier NGL Plant and Pipeline, \$2.5 billion

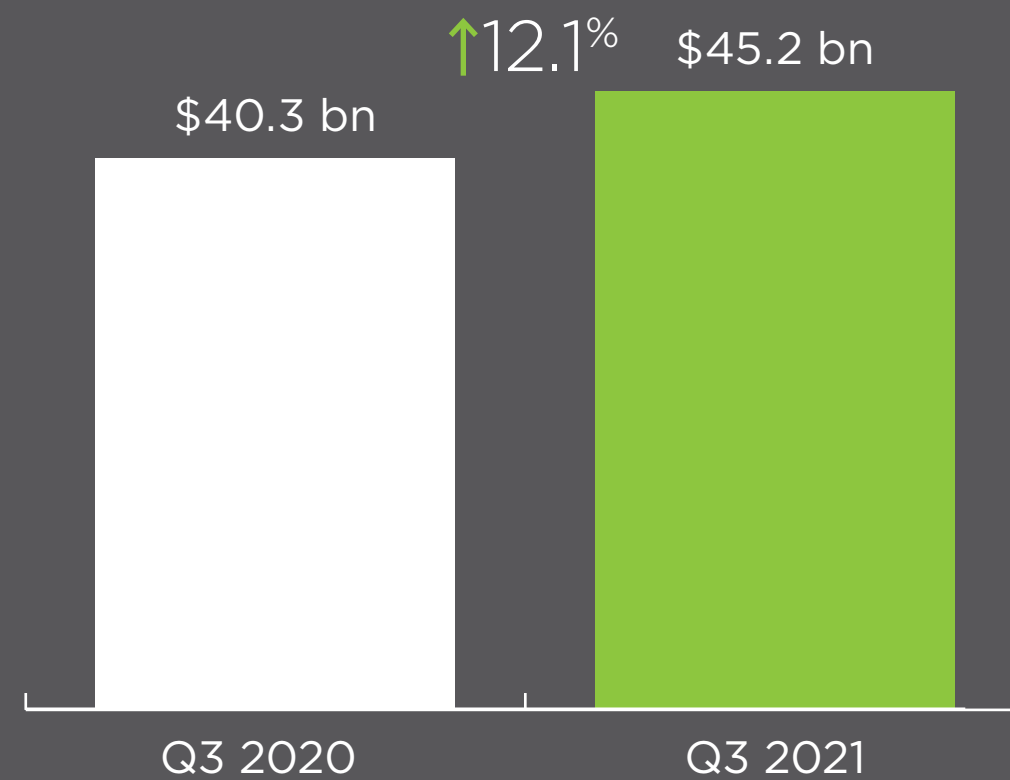
Completed in 2021: Peace Region Electricity Project, \$220 million



MAJOR PROJECT ACTIVITY

The \$45.2 billion allocated to major projects in Q3 2021 in Northeast BC was nearly \$5 billion more than in Q3 2020. More than half (52.1%) were under construction.

Total major project activity Q3 2020-2021



*Changes compared to the same period of previous year. Housing start data only available for census areas of population 10,000 or higher in BC, which includes Fort St. John and Dawson Creek. "Attached starts" include units such as condos, apartments, and townhomes. Major project activity refers to private and public projects with an estimated capital cost of \$15 million or higher.



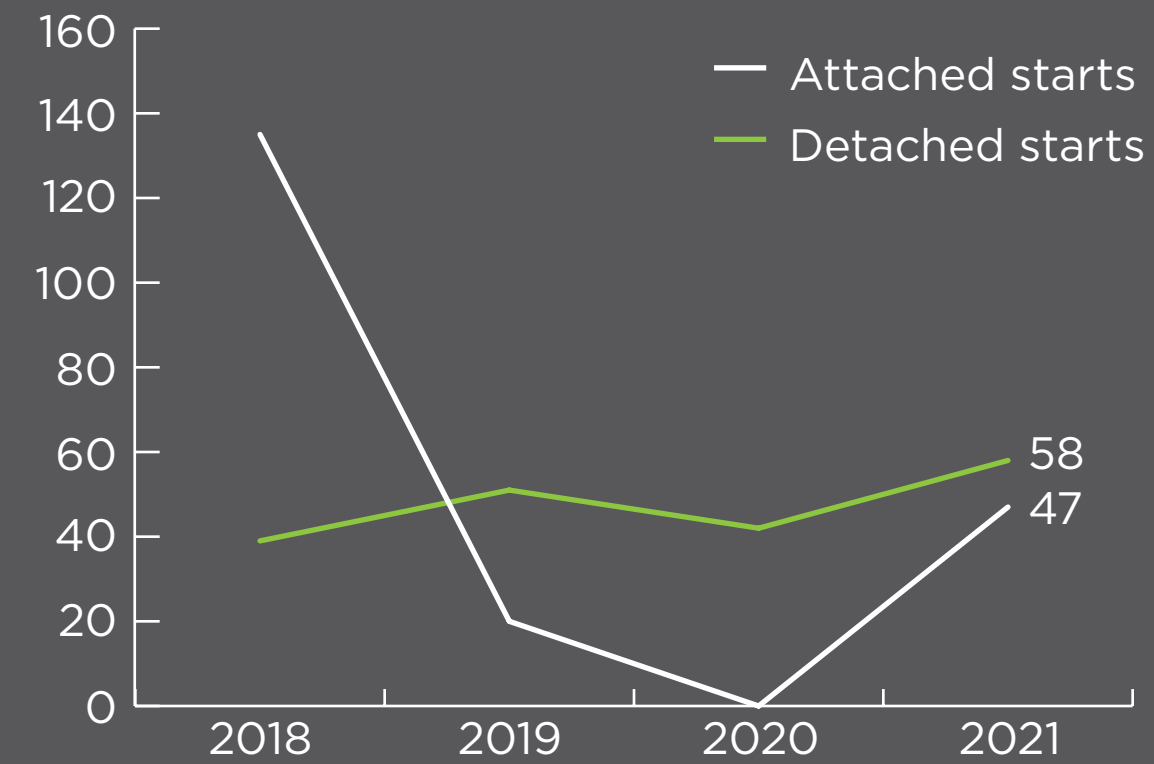
NORTHWEST BC



RESIDENTIAL HOUSING STARTS

The total number of housing starts in the population centers of Northwest BC* in 2021 was the highest since 2018. This growth was primarily due to a recovery in the number of attached units started.

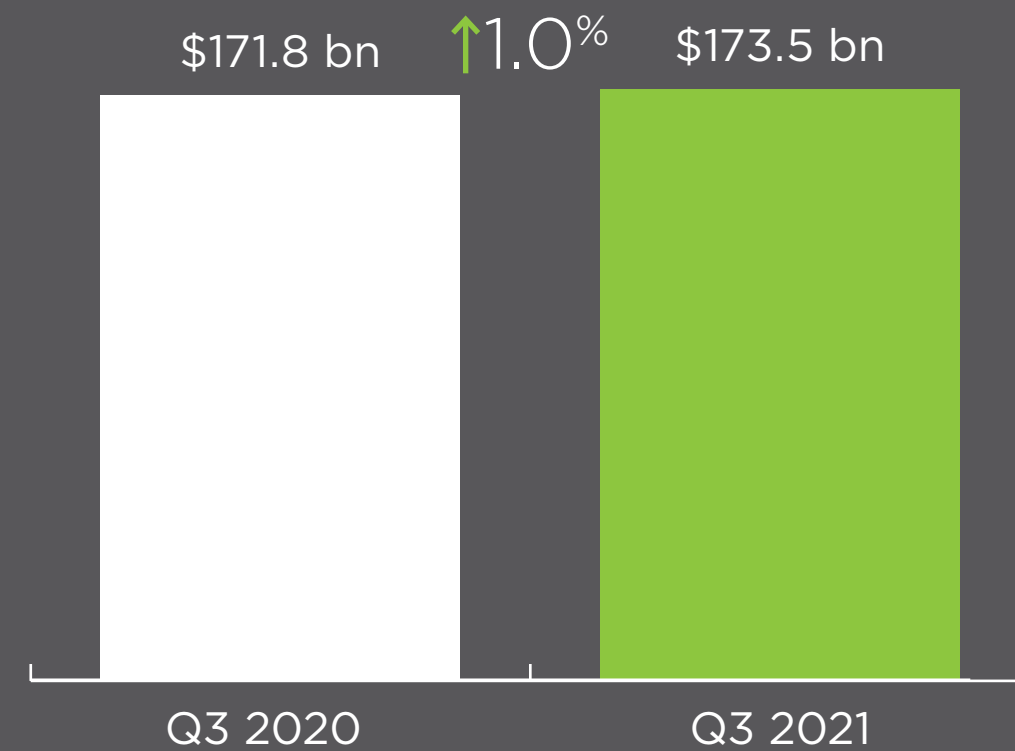
Residential housing starts by type, 2018-2021



MAJOR PROJECT ACTIVITY

Northwest BC's \$173.5 billion in major projects in Q3 2021 was the highest in BC, accounting for nearly half of all capital allocated for major projects.

Total major project activity Q3 2020-2021



MAJOR PROJECT HIGHLIGHTS Q3 2021

Northwest BC's strength in major project activity is due to natural resource activity in the region, led by the \$36.0 billion LNG Canada Facility.

Under Construction: 11 projects, \$37.8 billion

- Largest: LNG Canada Facility, \$36.0 billion
- Started in 2021:
 - Mills Memorial Hospital, \$623 million
 - Fairview Container Terminal Expansion, \$600 million

Proposed: 54 projects, \$121.4 billion

- New in 2021: Red Chris Mine Expansion, \$1.5 billion



*Northwest BC includes North Coast & Nechako.

*Changes compared to the same period of previous year. Housing start data only available for census areas of population 10,000 or higher in BC, which includes Prince Rupert and Terrace. "Attached starts" include units such as condos, apartments, and townhomes. Major project activity refers to private and public projects with an estimated capital cost of \$15 million or higher.



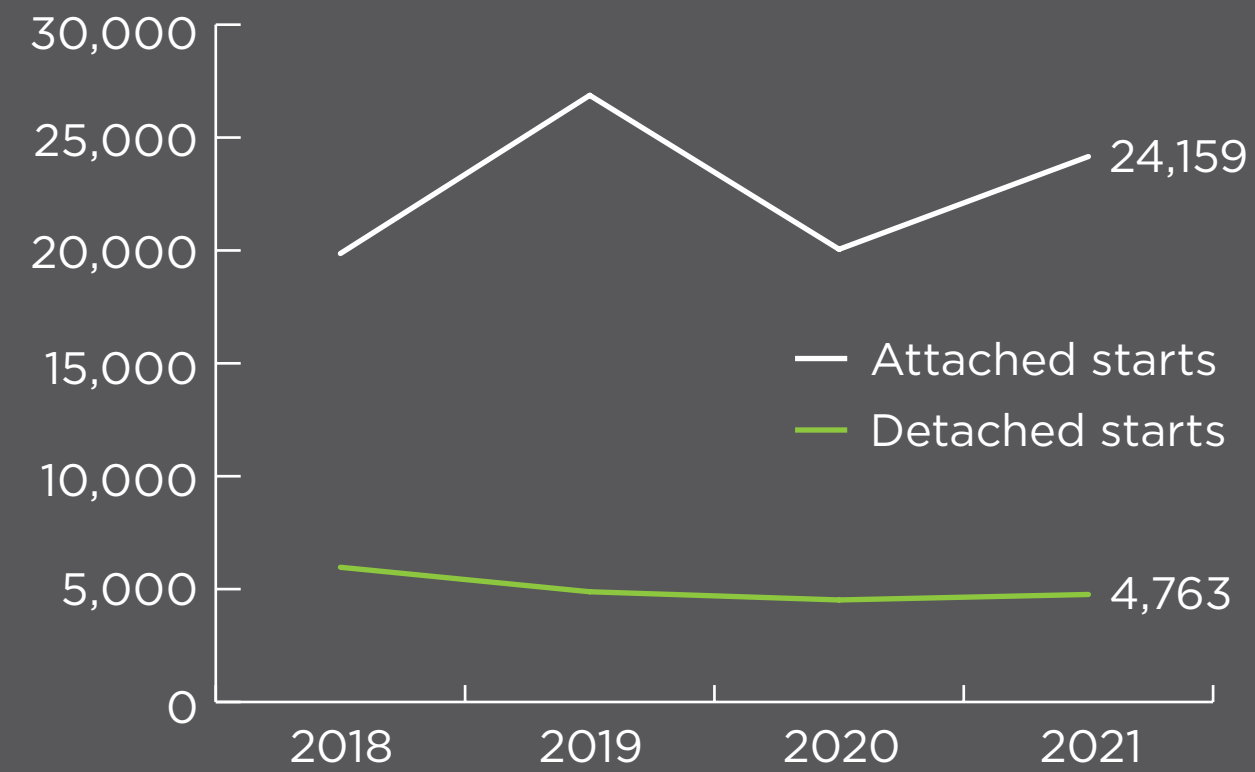
SOUTHWEST BC



RESIDENTIAL HOUSING STARTS

There were nearly 29,000 housing starts in 2021 across Southwest BC, nearly a fifth higher than in 2020 but below the record set in 2019. Attached units accounted for 83.5% of total starts.

Residential housing starts by type, 2018-2021



MAJOR PROJECT ACTIVITY

Capital allocated for major projects grew faster in Southwest BC than any other region, reaching \$101.4 billion in Q3 2021, nearly \$27 billion higher than in Q3 2020.

Total major project activity Q3 2020-2021



MAJOR PROJECT HIGHLIGHTS Q3 2021

The value of projects under construction increased by 41.9% annually as several major projects started in 2021, primarily related to residential and infrastructure developments.

Under Construction: 212 projects, \$43.1 billion

- Started in 2021:
- Lougheed Town Centre development, \$7.0 billion
- Broadway Subway Project, \$2.8 billion
- St. Paul's Hospital Replacement, \$2.2 billion

Proposed: 291, \$56.8 billion

- New Q3 2021: Surrey Langley Skytrain, \$4.0 billion

Completed in 2021:

- False Creek Central Condominium Development, \$1.0 billion
- Tsawwassen First Nation Mixed Use Development, \$1.0 billion



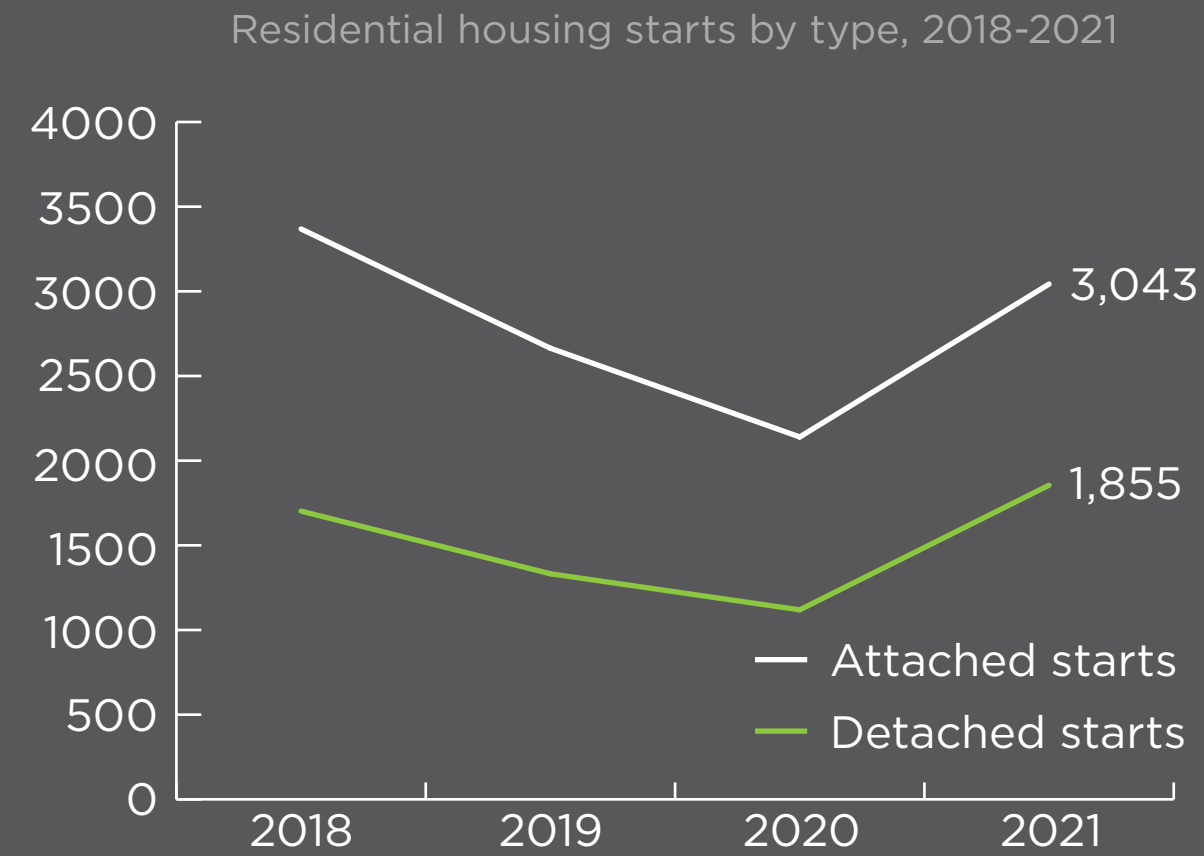
*Changes compared to the same period of previous year. "Attached starts" include units such as condos, apartments, and townhomes. Major project activity refers to private and public projects with an estimated capital cost of \$15 million or higher.



THOMPSON-OKANAGAN



RESIDENTIAL HOUSING STARTS
 After falling significantly the two years prior, the Thompson-Okanagan saw the number of housing starts jump by over 50% in 2021. Both attached and detached starts increased significantly in 2021.



MAJOR PROJECT ACTIVITY
 Major projects in the Thompson-Okanagan declined slightly in 2021. Still, the overall value for the region's major projects was nearly \$19 billion in Q3 2021, with almost two-thirds (63.2%) under construction, the highest proportion across BC.



MAJOR PROJECT HIGHLIGHTS Q3 2021

The region has very few natural resource projects compared to other BC regions, with residential and recreation projects making up the bulk of active construction.

Under Construction: 52 projects, \$12.0 billion

- Largest: Wilden Development, \$2.1 billion

Proposed: 38 projects, \$4.4 billion

- Largest:
- Monaco Mixed-Use Development, \$1 billion
- Shelter Bay Residential Neighborhood, \$1 billion
- New Q3 2021: Highway 1 Four-Laning, \$243 million

Completed in 2021:

- Lakestone Resort (\$1.0 billion)
- SEKID/SOMID Water Supply Project (\$86 million)
- Bernard Block Condominiums(\$60 million)



*Changes compared to the same period of previous year. "Attached starts" include units such as condos, apartments, and townhomes. Major project activity refers to private and public projects with an estimated capital cost of \$15 million or higher.

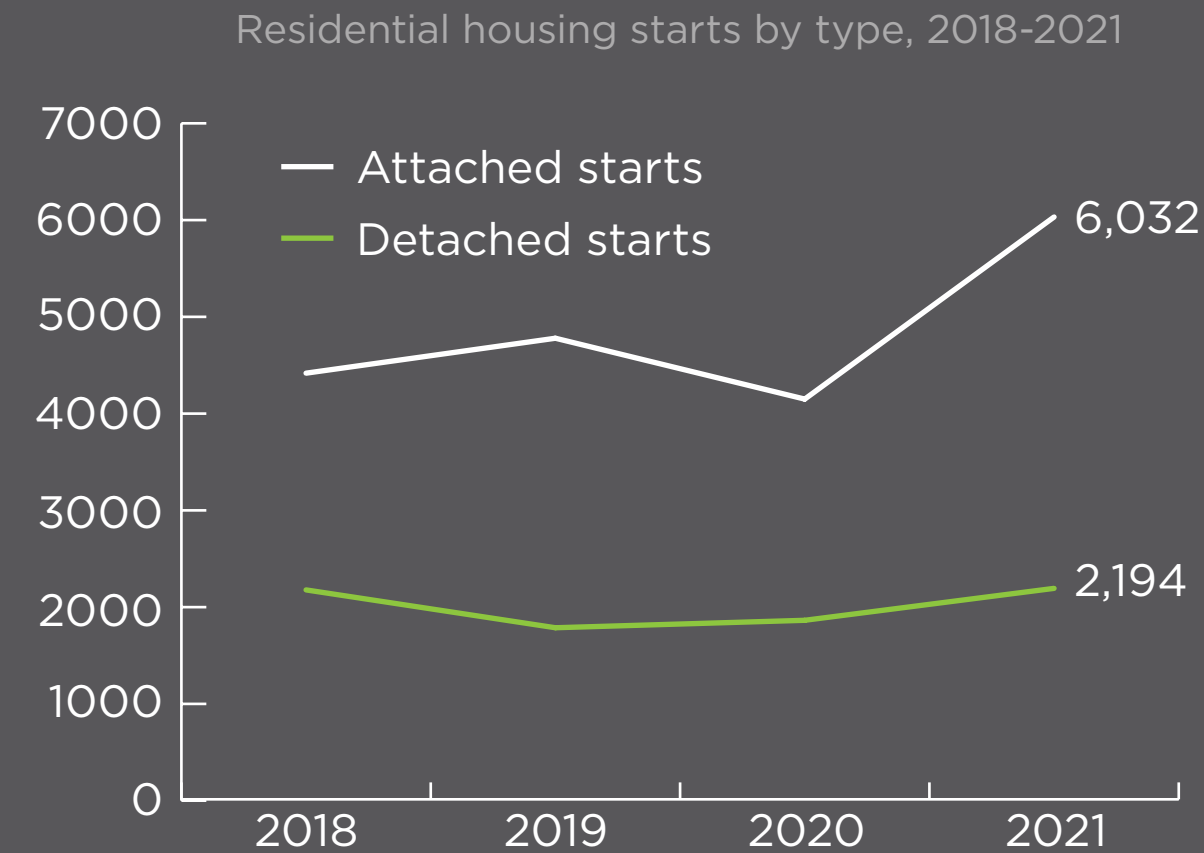


VANCOUVER ISLAND/COAST



RESIDENTIAL HOUSING STARTS

After a decline in 2020, the level of housing starts increased by over a third in 2021, reaching a record level in both Greater Victoria and the rest of the Island/Coast. This was due to rapid growth in attached starts.



MAJOR PROJECT ACTIVITY

Capital allocated for major projects across Vancouver Island/Coast stood at \$30.7 billion in Q3 2021, slightly below the level in Q3 2020. The decline was primarily due to several major projects completing construction.



MAJOR PROJECT HIGHLIGHTS Q3 2021

Greater Victoria

Total: 92 projects, \$13.9 billion

Under Construction: 34 projects, \$9.9 billion

Proposed: 51 projects, \$3.1 billion

Completed: Core Area Wastewater Management Project, \$765 million

Rest of the Island & Coast

Total: 56 projects, \$16.8 billion

Under Construction: 18 projects, \$924 million

• **Started Q3 2021:** Nanaimo Correctional Centre, \$167 million

Proposed: 29 projects, \$11.3 billion



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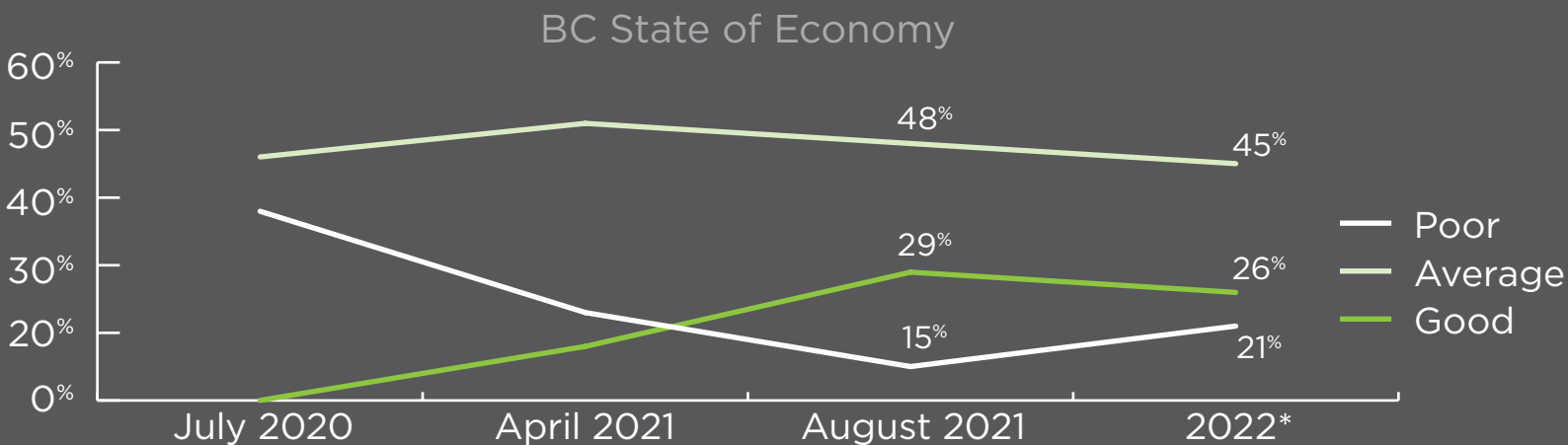
SURVEY RESULTS

On BC's Economic Outlook for 2022

Based on results from the *BC Check-Up: Invest* survey, BC CPAs indicate that...



While 71% expect BC's economy to be average or good in 2022, **this rating is six percentage points lower than last August**. Canada's economic outlook is similar to BC's.

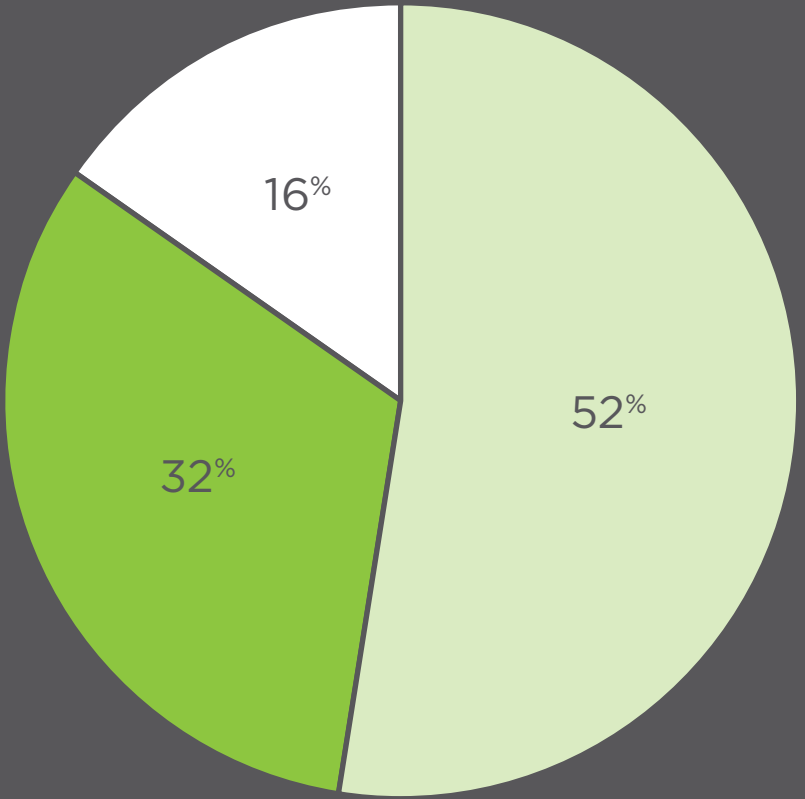


The **top challenges for BC businesses** in 2022 are expected to be the province's **tight labour and housing markets**.

- 1 Ability to attract labour (80%)
- 2 Housing prices (78%)
- 3 Labour compensation (75%)



Nearly a third (32%) expect **BC's regions to benefit from an increase in capital investment**, which is twice the number that expect a decrease.



- Increase
- Stay the same
- Decrease

*2022 is based on survey results from December 2021, n=908; Summer 2021 results: August 2021, n=889; Spring 2021 results: March and April 2021, n= 757. Summer 2020 results: July 2020, n = 563. Survey results may not sum to 100% due to exclusion of Don't Know/No Opinion responses and/or rounding.

SURVEY RESULTS

On BC's Economic Outlook for 2022

Based on results from the *BC Check-Up: Invest* survey, BC CPAs indicate that...



Nearly three-quarters (73%) of CPAs are confident in their organization's economic prospects in 2022.



BC's tight labour market and rising capital costs are the main deterrents for organizational investment in 2022.

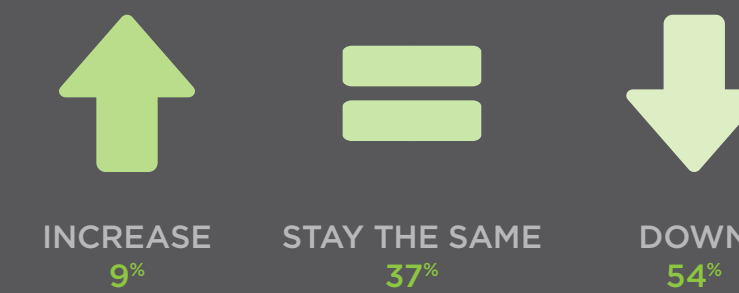
- 1 Shortage of qualified labour (57%)
- 2 Increasing labour costs (55%)
- 3 Rising cost of capital goods (35%)



Over half (56%) forecast their organization's capital expenditures will increase in 2022 compared to 2021.



Even after travel restrictions are lifted, 54% expect organizational travel to remain below pre-pandemic levels.



SURVEY RESULTS

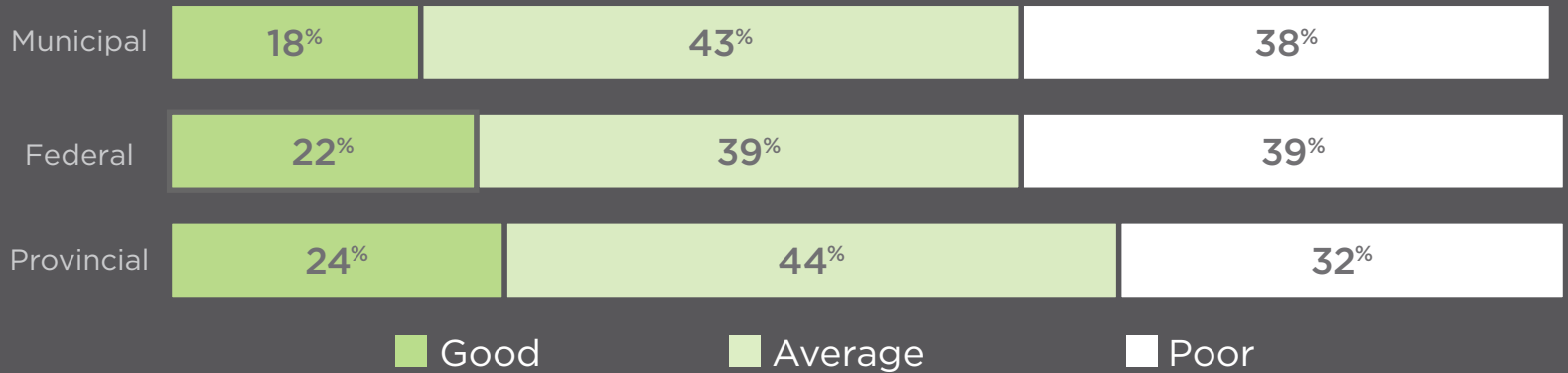
On BC's Government Priorities for 2022

Based on results from the *BC Check-Up: Invest* survey, BC CPAs indicate that...

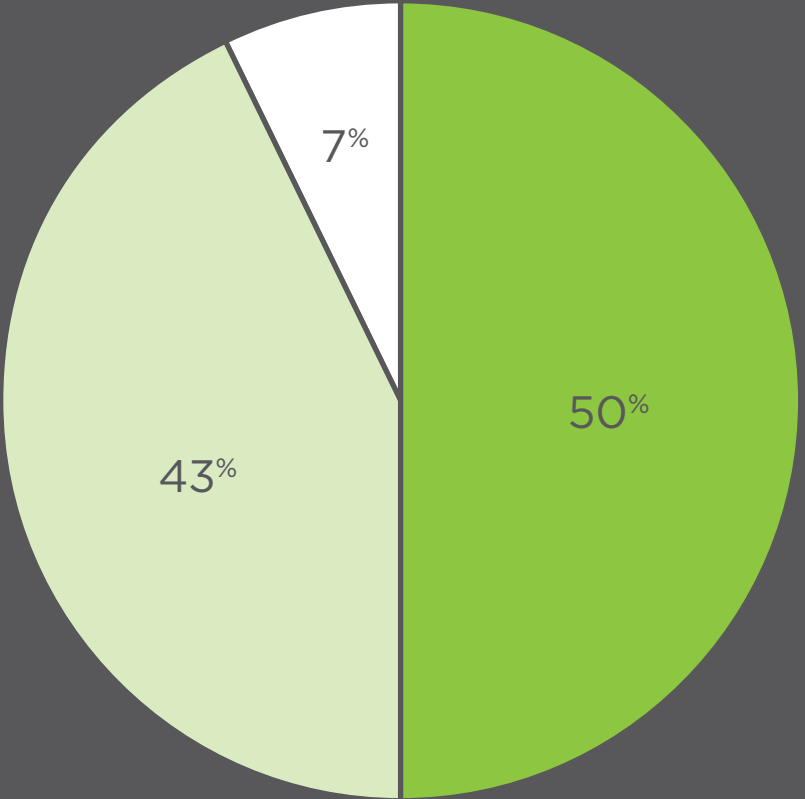


All levels of government could **provide better support for the business and investment climate in BC.**

Government Performance: Business Climate



With government debt on the rise, **the BC government should create a plan to return to a balanced budget.**



- Very Important
- Somewhat Important
- Not Important at all



The need to grow **housing supply is the highest priority** to improve BC's economic recovery.

- 1 Improve housing supply
- 2 Invest in infrastructure projects
- 3 Increase skills training opportunities

*Survey results may not sum to 100% due to exclusion of Don't Know/No Opinion responses and/or rounding. Survey results from December 2021, n=908

BC CHECK-UP 2022 INVEST

As leaders in developing, analyzing, and validating information, CPAs are often called upon to provide independent, fair, and objective information to assist in decision-making. It is our hope that *BC Check-Up* will make a positive public policy contribution to the province by stimulating discussion about how to make BC a better place in which to **WORK, INVEST,** and **LIVE.**

BC Check-Up is available online at bccheckup.com.

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The report is prepared by the Chartered Professional Accountants of British Columbia. Opinions expressed in the report do not necessarily reflect those of individual chartered professional accountants. Data is derived from Statistics Canada's *Labour Force Survey* and *Estimates for business openings and closures*, CMHC *Housing Market Information Portal*, BC Government *Major Projects Inventory* reports, and CPABC calculations.

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SURVEY DEMOGRAPHICS Who are they? 908 CPABC members **Where are they from?** Mainland/Southwest BC 67%

Vancouver Island/Coast 19% Thompson-Okanagan 7% Rest of BC 5% Outside of BC 1%

CPABC commissioned Leger to conduct a web-based survey of CPA members regarding their impressions on the current and future of the economy and their current workplace environment. A total of 908 surveys were completed between November 23 and December 7, which presents an overall response rate of 13%.