

Prince Edward Island Environmental Scan 2022

DEMOGRAPHICS

In 2021, **164,000** people lived in Prince Edward Island, an increase of 1.9% from 2020 to 2021. Prince Edward Island represents 0.4% of Canada's total population.

Average age of the **non-Indigenous** population in Prince Edward Island is **42.4** versus **30.4** in the **Indigenous population** (Census 2016).

The proportion of seniors aged 65+ is projected to increase from 20.2% in 2021 to 25.4% in 2031.



In 2021, individuals aged 55 and over accounted for 40.4% of the working-age population. By 2031, that proportion could reach 44.4%.

The proportion of youth (15-24) is projected to decline from 13.5% in 2021 to 12.6% in 2031.



Youth employment fell sharply during the pandemic as a greater proportion of this age group worked in industries hardest hit by COVID-19 restrictions. Recovery has been uneven through to 2021 with labour force participation of youth males at pre-pandemic levels and youth females, well below.

The **Indigenous** population comprises 2% of the Prince Edward Island population (2016 Census) and remains under-represented in the Island's labour market. There are 1,600 Indigenous people in the labour force, 1,400 of which are employed. The unemployment rate is notably higher amongst Indigenous people compared to the non-Indigenous working-age population.



In Prince Edward Island, approximately 96% of the population identified English as their **first language** (2016 Census) or the language spoken most often at home, while 3% of the population spoke French most often at home. Just under 1% identified a first language that was neither English nor French. (2016 Census)

In 2020-21, 8,600 **newcomers** arrived to Atlantic Canada along with 17,800 international students. The size of the newcomer labour force in Atlantic Canada was 29,000 in 2020, and 26,400 newcomers were employed. The labour market participation rate and employment rate for recent immigrants is notably higher than the rates for the population as a whole.



According to the 2017 Canadian Survey on Disability, there were 11,430 **persons with disabilities** aged 25 to 64 participating in the P.E.I. labour force. Persons with disabilities in P.E.I. were more likely to participate in the labour market than at the national level. Over one-third of survey participants with a long-term condition or disability reported experiencing temporary or permanent job loss, or reduced hours during the pandemic.

LABOUR MARKET CONDITIONS

In 2021...



Employment rebounded sharply (3.5%)



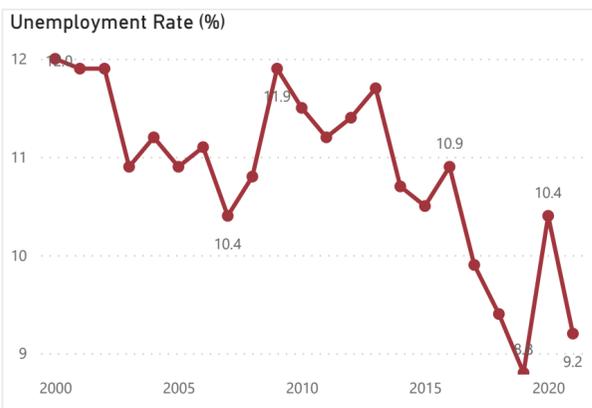
Unemployment declined significantly (-10.1%)



Participation Rate increased (64.7% to 65.1%)



Employment Rate rebounded (57.9% to 59.1%)



- The Island's labour force and employment bases reached record levels in 2021 and both surpassed their pre-pandemic 2019 levels. P.E.I. was one of only two provinces to record higher employment in 2021 relative to 2019, which indicates that economic recovery has gained momentum in the province (supported by growing vaccination rates and easing of public health restrictions).

- The number of persons unemployed on the Island declined by 10% in 2021 which helped correct for the COVID-19 induced surge in unemployment in 2020 (+17%). The Island's unemployment rate fell to 9.2% in 2021 and is just slightly above the all-time low of 8.8% in 2019.

ECONOMIC CONDITIONS

Prince Edward Island's Economic Drivers in 2021



Domestic demand.

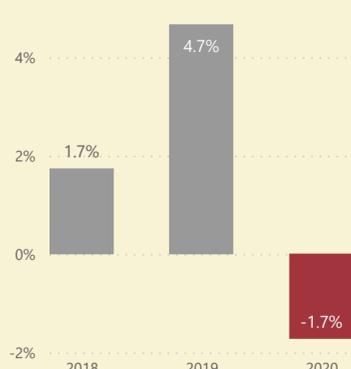


Capital investment (construction).



Exports.

GDP Growth Rate



Reviewing 2021...

- The Island's population base in 2021 rose by 1.9%, driven by international immigration and to a lesser degree net positive inter-provincial migration. This is the sixth consecutive year that P.E.I. led the country in population growth, which in turn supported strong domestic demand.

- Export values surged for processed food and fresh seafood products, as well as industrial machinery and manufactured goods— and complemented further with some post-pandemic rebound in aquaculture and aerospace-related exports.

- P.E.I. investment in building construction surged 54% in 2021 to reach a record \$1.2B. This was the fastest growth in the country and compares to 29% nationally. Investment in residential construction grew by 57% in 2021, and non-residential investment, 46%.

- The economy benefitted from implementation of the provincial government's 5-step Moving Forward plan for the Summer/Fall 2021 period, however, the full benefit was tempered by the emergence of the fourth wave and rising case counts in and around the region (and across the country) which kept public health measures in place.

- With respect to PEI's economic prospects moving forward, private sector forecasts show the local economy expanding by 2.9% in 2022, supported by recognizable drivers such as population growth, construction activity and significant easing of public health measures.

Risks to the Prince Edward Island Economy in 2022

- Degree and longevity of supply chain disruptions; inflationary pressures on major household budget items; and future interest rate increases (which can discourage spending and business investment, and increase household debt burden).

- The emergence of future waves of the pandemic is a lingering risk that can temper growth prospects. The current Omicron wave resulted in strict public health measures put into place at the beginning of 2022 to contain escalating case counts and rising number of COVID-19 related deaths. These measures would be phased out by April 2022.

PROVINCIAL ISSUES



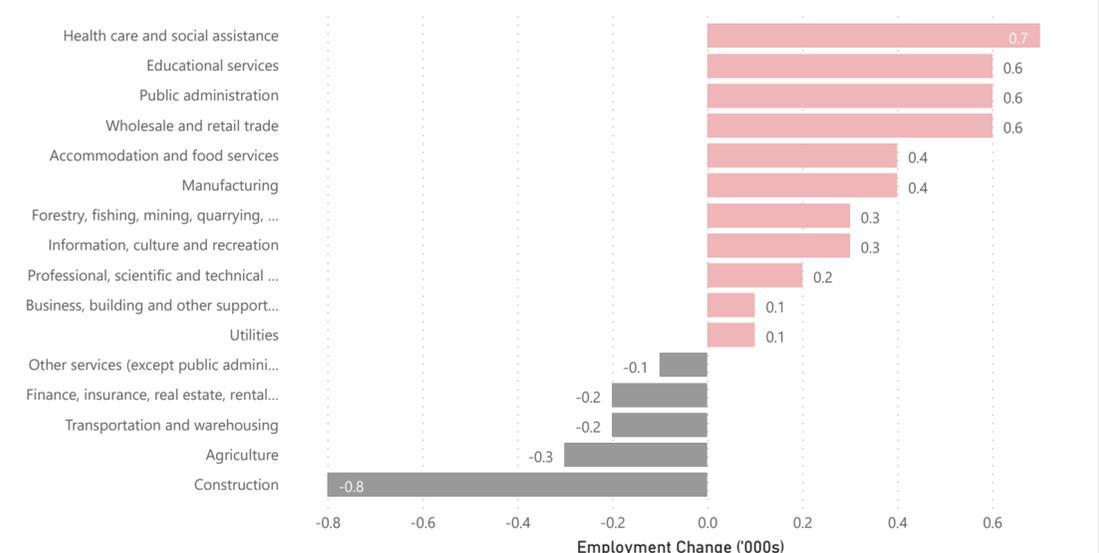
- The Atlantic Region is aging more rapidly than the rest of Canada and this has serious implications for the Island labour force. P.E.I. has led the country in population growth in recent years due to international immigration; however, the Island continues to have relatively low immigrant-retention rates.

- Labour shortage remains a chronic issue across the broad spectrum of skilled and unskilled occupations in the province – from health care professionals and construction workers to lower skilled fish plant workers and housekeepers.

- Rural communities continue to contend with high incidence of seasonal employment, which results in higher unemployment and Employment Insurance use. Compared to urban areas, rural wages and educational attainment tend to be lower and local job vacancies more challenging to fill.

INDUSTRY TRENDS

Employment Change by Industry (NAICS) in 2021



- The construction industry fared well throughout the pandemic and was robust in 2021, a trend that is expected to continue over the next couple of years - driven by strong residential and non-residential construction activity.

- Despite its slow recovery, the accommodation and food services industry managed to recoup some of its pandemic-induced losses during this 2021 tourist season thanks to the implementation of the provincial government's reopening plan for the summer and fall periods – although at reduced capacity. Recovery should escalate in the coming year due to booming tourism activity in response to the province's roll out of its transition plan to living with COVID-19.

- Both the retail (the Island's largest private-sector employer), and other household service industries, recovered in 2021, with employment near or on par with 2019 pre-pandemic levels. Continued growth in domestic demand should further support growth in these sectors throughout 2022.

- The Island's potato sector recently suffered a severe blow when in late November 2021, the Canadian Food Inspection Agency banned exports of seed and fresh potatoes to the U.S. upon detection of potato wart. At the time of writing, the trade embargo was just recently lifted for table stock potatoes, but remains in place for seed potatoes.