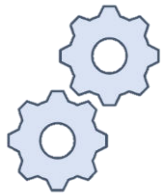


An in-depth look at the latest quarterly labour market trends

OCT - DEC 2023

Spotlight



Industries

Wholesale and retail trade

Employment

-5.3% (y/y)

10,700 (Q4)

Wholesale and retail trade employment has been on a declining trend since mid-2021. Employment in this industry in the most recent quarter is down by 5.3% year-over-year. The retail industry has been experiencing significant changes in recent years attributed to the rising trend in e-commerce / on-line shopping as well as industry seeking more productive operational methods (i.e. self-checkout machines, enhancing store/product layout, etc.) requiring fewer workers.



Economic Regions

Charlottetown

Employment

+9.8% (y/y)

49,900 (Q4)

Employment in the province's capital averaged 49,900 in the most recent quarter, which is the highest Q4 levels on record. The unemployment rate in Summerside averaged 5.9% in Q4 2023 which is just shy of its all-time low of 5.5% just a year ago, in Q4 2022. This compares to the pre-pandemic 2019 Q4 rate of 9.1%. The rural region of Prince Edward Island set Q4 record highs in its working-age population, labour force and employment levels in the most recent Q4 2023.

Key Indicators



Population

+4.2% (y/y)

146,700 (Q4)

Employment

+8.5% (y/y)

91,500 (Q4)

Unemployment Rate

+1.1pp (y/y)

7.5% (Q4)

Labour Force Participation Rate

+3.4pp (y/y)

67.3% (Q4)

Job Vacancy Rate

-1.2pp (y/y)

4.2% (Q3)

Weekly Wages

+3.5% (y/y)

\$1,081 (Q4)

Note: Y/Y is a year-over-year change; pp is a percentage point change; Q4 stands for the 4th quarter of the calendar year

Working-age population, labour force, and employment levels reached record highs in the most recent quarter. Since 2022, the Island's unemployment rate has remained at unusually low levels when compared to pre-pandemic quarterly periods. Following three-years of below-normal labour force participation in the province, the participation rate in Q4 2023 was the highest it has been since Q3 2018. The number of vacancies in Q3 eased following an uptick in the previous Q2 (which was the second highest quarterly level on record). Wage growth on the Island was robust throughout 2022, supported by labour shortage and elevated inflation. Wage growth has since eased in recent quarters which may be indicative of some cooling in the local labour market.

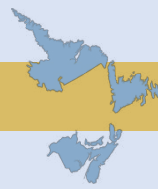
Feature Article

How the pandemic's impact altered the Island's labour market trajectory.

Sources: Unless stated otherwise, all data sourced from Statistics Canada's Job Vacancy and Wage Survey (JVWS) and Labour Force Survey (LFS).

Note: Quarterly LFS estimates are based on three-month average seasonally-adjusted data, except for sub-provincial regions where monthly data are unadjusted.



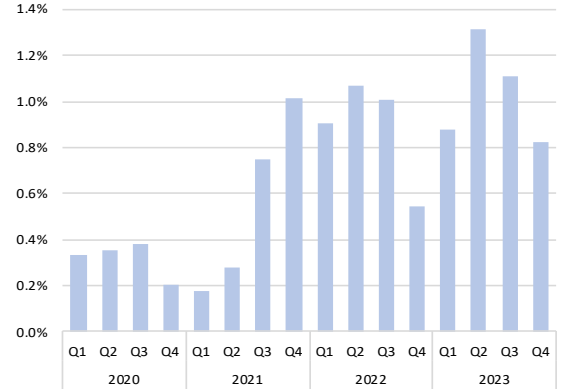


Recent Trends

Working Age Population

The Island’s working age population (ages 15 and over) totalled 146,700 in Q4 2023, which is 4.2% higher than it was the same quarter a year ago. This robust gain was the highest pace of Q4 growth in the history of the time series. As shown in the graph, growth in the Island’s working age population slowed during the pandemic, but accelerated at a robust pace since Q2 2021 due to strong immigration. Quarterly population growth was especially strong over the Q2 and Q3 2023 period.

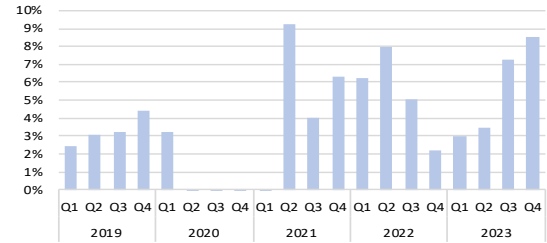
Prince Edward Island, Population, Both sexes, 15 years and over, Quarterly % Change



Employment

Employment in P.E.I. averaged 91,500 in Q4 2023 which represents the fourth consecutive quarter of record employment in the province. Following a period of stagnant growth throughout the pandemic year, recovery continued at a relatively consistent pace toward the end of 2022 when labour market conditions appeared to stabilize somewhat. However, this was short-lived as in the latter half of 2023, annual employment growth once again surged at a pace similar to that experienced during the post-pandemic recovery period. The majority of the year-over-year growth in Q4 2023 was attributed to more women securing employment – particularly those in the older worker group (55+ years).

Prince Edward Island, Employment, Both sexes, 15 years and over, Annual % Change



Unemployment

The unemployment rate in P.E.I. averaged 7.5% in Q4 2023 which remains unusually low for the province by historical standards. Between 2017 and 2019, prior to the pandemic, the Q4 unemployment rate averaged 9.5% by comparison. Three years since the pandemic, there continues to be an elevated number of people who remains out of the labour force, despite having had some form of labour market attachment just prior to the pandemic - the vast majority being older workers (55+ years). This has superficially resulted in abnormally low unemployment rate values.

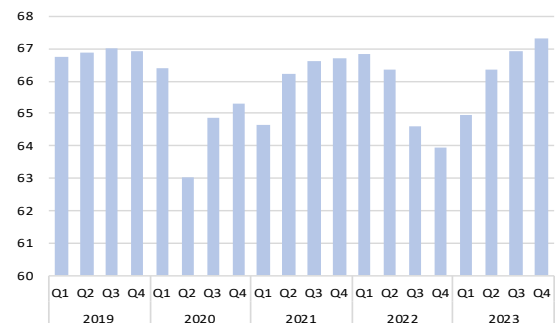
Prince Edward Island, Unemployment rate, Both sexes, 15 years and over, Average Value (%)

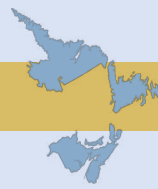


Labour Force Participation

P.E.I.’s participation rate increased for the fourth consecutive quarter in Q4 2023, to average 67.3%. This is the first time since the onset of Covid-19 that the Island’s participation rate exceeded the 67% milestone. Growth in the Island’s labour force has consistently outpaced population growth in recent quarters owing to a rising participation rate in the province. It is also worth noting that in December 2023, the Island’s participation rate was 67.4%, the third highest rate in the country (behind Alberta and Saskatchewan) and compares to 65.4% nationally. Furthermore, the participation rate for youth males in December 2023 was 74.4%, the highest in the country.

Prince Edward Island, Participation rate, Both sexes, 15 years and over, Average Value (%)





Age Groups

As can be observed in the graph, the unemployment rate for youths (persons aged 15-24 years) surged during the pandemic and took the longest to recuperate among the major age categories. Further, the youths age group saw an upward trending unemployment rate during the latter part of 2022, and currently remains on par with what it was in 2019, prior to the pandemic. Conversely, the unemployment rate trends for both older workers (55+ years of age) and the core-aged group (25-54 years) have been in decline, with both at or below pre-pandemic levels.

Sex

More older worker males are participating in the labour market relative to females. In 2019, prior to the pandemic, nearly 12,000 men in this age category were either employed or looking for work and this compares to about 10,000 women. Alternatively, This represents a gap of about 20% (meaning there were 20% more older worker males in the labour force than females). This gap widened after the onset of Covid-19, to 27% on average, over the 2020-2021 recovery period. In 2023, there were still proportionately more older worker men participating in the labour market than women, however the gap has shrunk modestly to 23%.

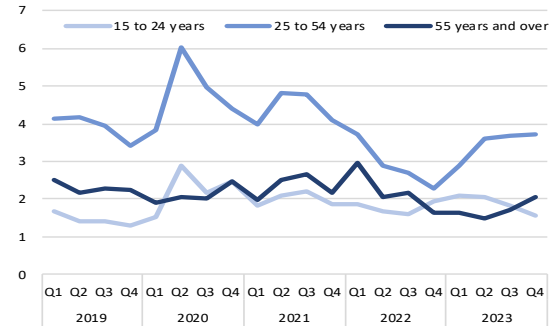
Wages

Prior to the pandemic, average weekly earnings in the province grew by a respectable pace, averaging 2.4% in 2019, for instance. Post-pandemic, growth in average weekly wages rose significantly in 2022, by 6.6%, which was in large part driven by wide-spread labour shortages. This seemingly strong growth in earnings was shadowed by 8.9% inflation in the same year – eroding consumer purchasing power. So far in the most recent quarter, average weekly earnings increased by 3% relative to the same period a year ago, and inflation, currently idling also at 3%, translates into little progress in restoring purchasing power to households.

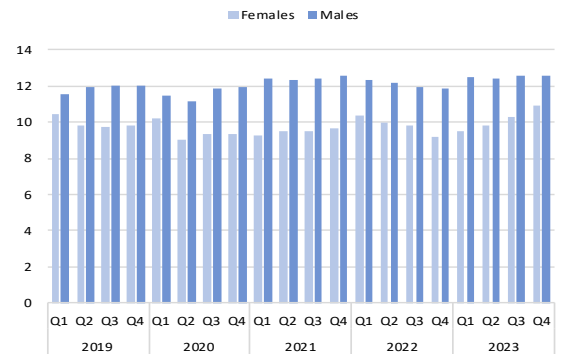
Hours Worked

Total hours by those employed in health occupations were up by 26% in 2024 compared to 2019 (just before the pandemic’s onset). With reference to the adjoining graph, the first three quarters of 2023 show that hours worked by women increased while the trend for men in the industry declined - following a period of respectable growth in 2022. Women account for the vast majority of workers in the health industry – equating to about 8 in every 10 health workers being women.

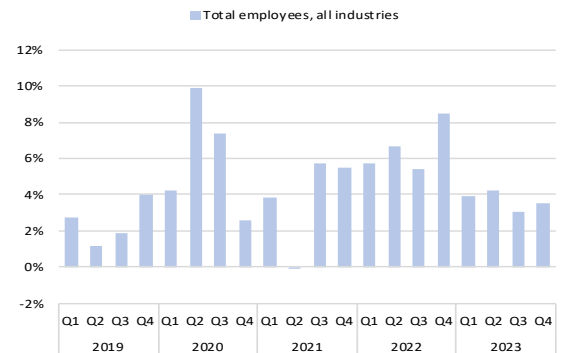
Prince Edward Island, Unemployment, Both sexes, Average Value (000s)



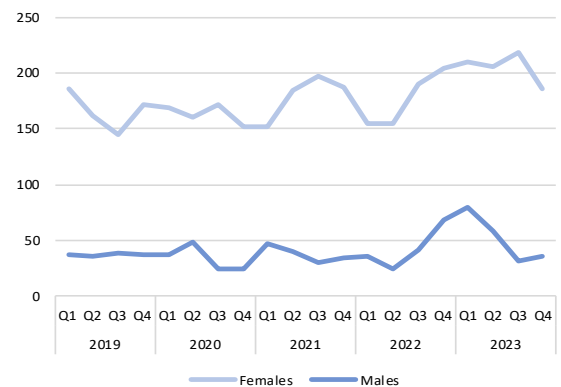
Prince Edward Island, Labour force, 55 years and over, Average Value (000s)



Prince Edward Island, Average weekly wage, Total employees, all industries, Annual % Change



Prince Edward Island, Health occupations, Total actual hours (main job), Average Value





Industries

Goods-producing Sector

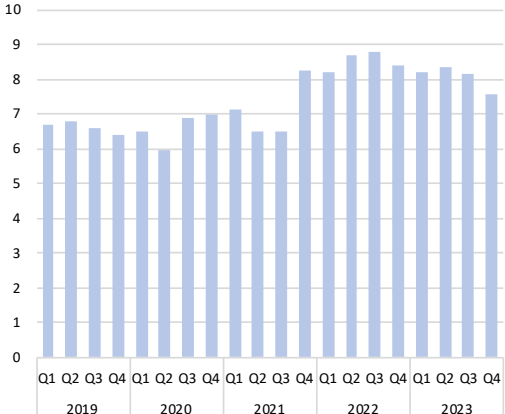
PEI’s construction industry recovered swiftly following the pandemic in 2020, with employment levels soaring in the latter half of 2021 before reaching a record high in early 2022. Although the number of jobs fell slightly by the second half of 2022, employment remained above the pre-pandemic level into the second half of 2023. By Q3 2023 employment was on the rise again and has reached a new record high in each of the past two consecutive quarters, topping out at 8,000 in Q4 2023. The industry has been supported over the past year by major projects associated with the Building Canada Fund; provincial capital investment; ongoing residential construction and development; and infrastructure upgrades. Although there were signs of a slowdown with housing starts and building permits slipping in the first half of 2023, this could be attributed to on-going labour shortages in the industry. Indeed, demand for new housing remains an urgent priority in the province.

Despite a slow decline since Q3 2022, employment in manufacturing remains well above pre-pandemic levels. Growing market demands for PEI’s food and aerospace manufacturing, as well as pharmaceutical products, has buoyed the province’s manufacturing industry in recent years. Recent completion of Canada’s first mRNA vaccine biomanufacturing centre in Charlottetown, pharmaceutical company BioVectra is expanding its presence in the province and expects to add a number of new positions in the near-term.

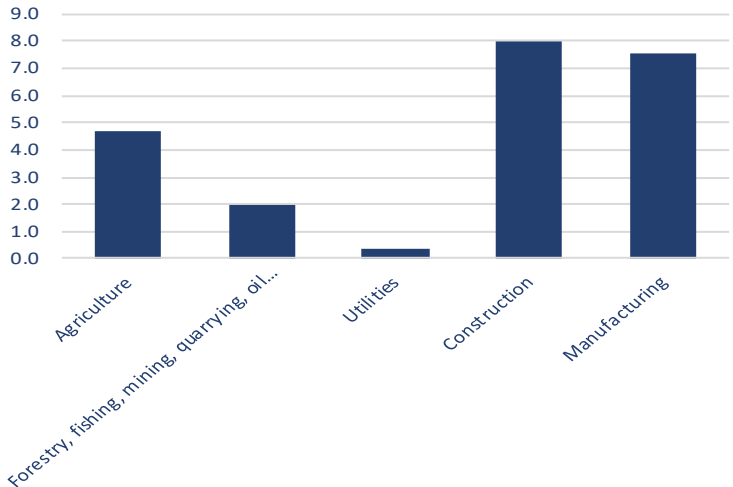
Employment, Prince Edward Island, Construction, Average Value (000s)



Employment, Prince Edward Island, Manufacturing, Average Value (000s)



Employment, Prince Edward Island, Average Value, Q4 2023 (000s)



Employment in the construction industry remains at a record high in Q4 2023.





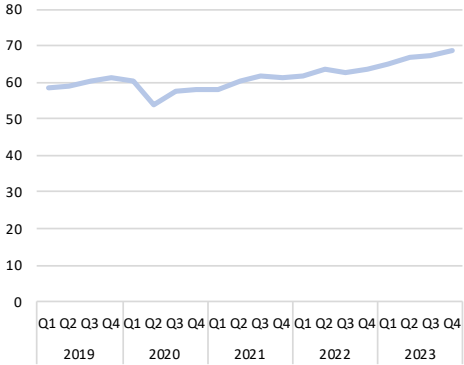
Services-producing Sector

Employment in PEI’s services-producing sector rose sharply in Q4 from the record high recorded in the previous quarter. Year-over-year, employment in this sector was up by 8.6% with the largest number of job gains concentrated in: accommodation and food services, health care and social assistance, and transportation and warehousing.

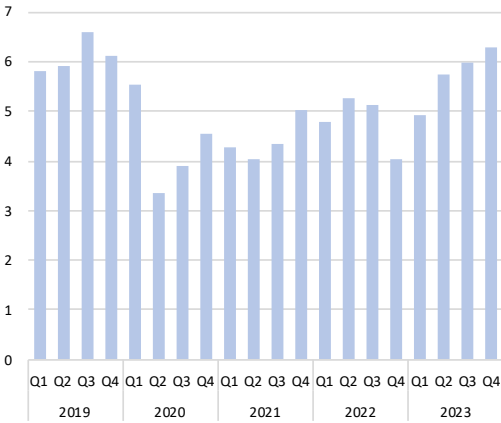
The accommodation and food services industry has fully recovered to pre-pandemic levels following its post-pandemic period. In the most recent quarter of 2023, employment levels in the industry expanded by 5.6% from the previous quarter and are up by over 50% year-over-year. Compared to last year, PEI has enjoyed strong tourism activity which has been a driver of growth for the industry.

Health care and social assistance employment growth was strong in the province year-over-year – in part reflecting government initiatives aimed at alleviating health care pressures and targeted recruitment campaigns and financial incentives to recruit and stabilise the workforce. The province continues to contend with considerable health care pressures due to the lack of staff and overcapacity issues, resulting in closures to emergency room services, clinics, etc. Growing health care needs, driven by an aging population and strong immigration, are expected to keep pressure on the Island’s health care system going forward.

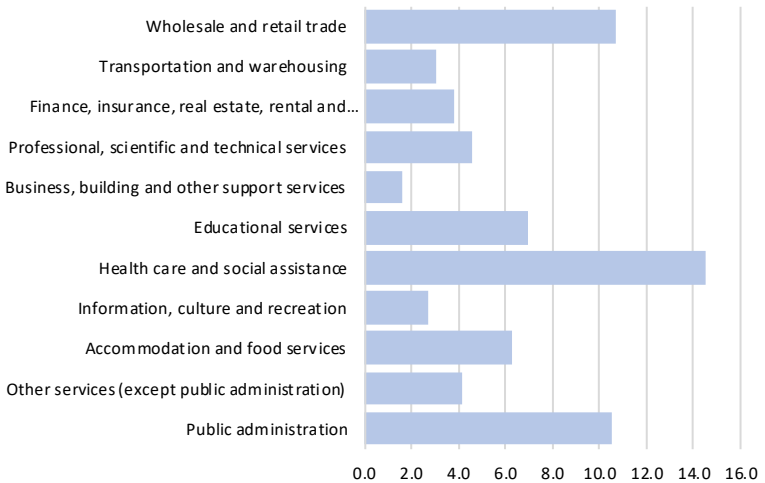
Employment, Prince Edward Island, Services-producing sector, Average Value (000s)



Employment, Prince Edward Island, Accommodation and food services, Average Value (000s)



Employment, Prince Edward Island, Average Value, Q4 2023 (000s)



The number of accommodation and food services jobs remain near record levels





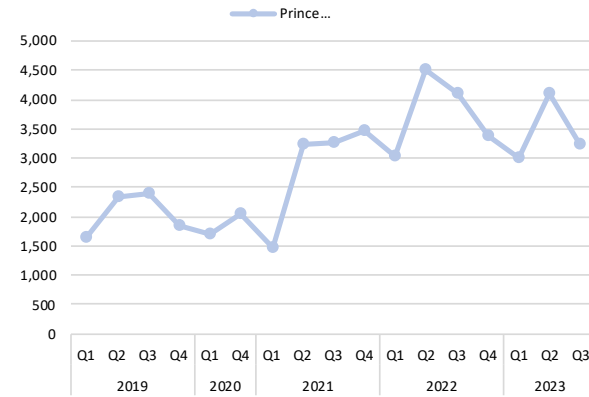
Job Vacancies

Labour market conditions in PEI tightened considerably since the pandemic with the province having experienced record high job vacancies. Although vacancies eased between the 2nd and 3rd quarters of 2023, they remain abnormally high compared to historical values. There were just over 3200 vacancies in PEI during the most recent quarter, which compares to pre-pandemic quarterly norms of around 2,000 (in 2019).

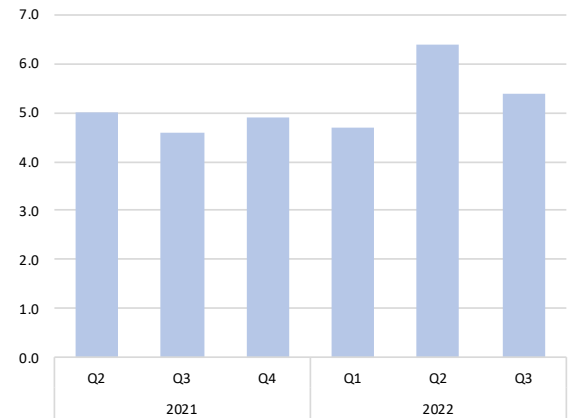
With above-average job vacancies in the province, the supply of workers available to fill these openings remains relatively low. For example, in Q4 2022, when the number of vacancies fell shy of its record level set earlier that year, the unemployment rate in the province was 6.4% (which is considerably lower than its pre-pandemic norm of around 10% for historic Q4 periods). Currently, in Q4 2023, the unemployment rate is 7.5%. The unemployment rate has been slowly creeping up since the beginning of 2023, which may suggest the beginning of some market loosening providing job vacancies continue its downward trend as is recently observed.

The job vacancy rate – which corresponds to the number of vacant positions as a proportion of total labour demand (the sum of filled and vacant positions) – was 4.2% in Q3 2023 and compares to pre-pandemic norms of around 3% (averaged over the 2017-19 period).

Prince Edward Island, Job vacancies, Average Value



Prince Edward Island, Job vacancy rate, Average Value (%)

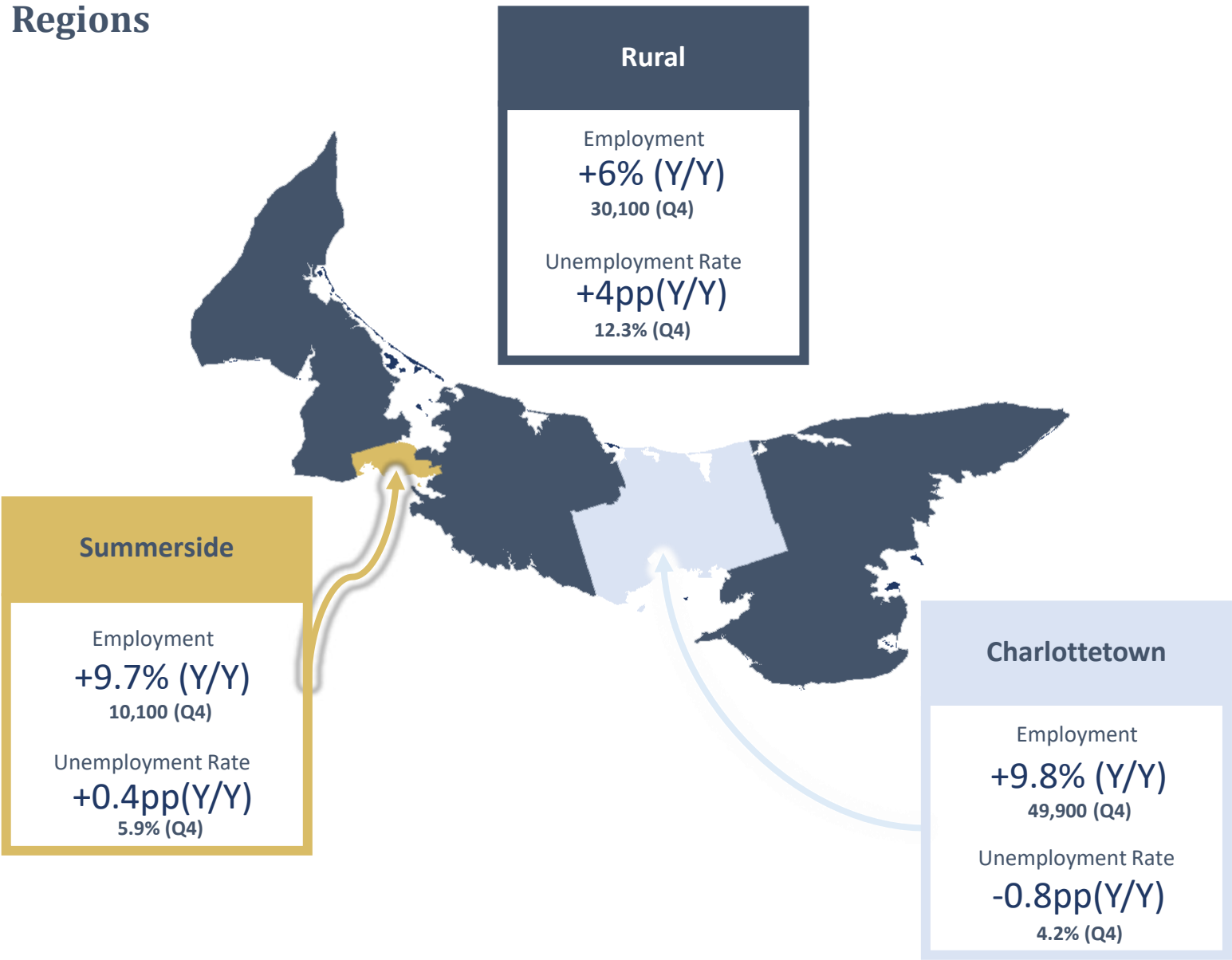


Job Vacancies by Occupation Group (1 Digit NOC)	Q3 2023	Yr/Yr Change
Management occupations	65	-27.8%
Business, finance and administration occupations	255	21.4%
Natural and applied sciences and related occupations	80	-46.7%
Health occupations	-	-100.0%
Occupations in education, law and social, community and government services	440	10.0%
Occupations in art, culture, recreation and sport	-	-100.0%
Sales and service occupations	895	-35.6%
Trades, transport and equipment operators and related occupations	380	-25.5%
Natural resources, agriculture and related production occupations	110	-69.4%
Occupations in manufacturing and utilities	380	-24.8%
Total employees, all occupations	3,240	-20.8%

The highest volume of job vacancies in Q3 2023 was in sales and service occupations.



Regions



Charlottetown: Charlottetown’s working-age population (15+) expanded by 4.9% in Q4 2023 which is the highest rate of Q4 growth since the province introduced its population action plan in 2016. The labour force and employment levels in the province’s capital averaged 52,100 and 49,900, respectively, in the most recent quarter, which is the highest Q4 levels on record for both indicators. The unemployment rate in Charlottetown was 4.2% in Q4 2023, the lowest Q4 rate on record.

Summerside: The labour force in this area also reached the highest Q4 level on record, at 10,700 in the most recent quarter. Labour force growth exceeded that for the 15+ population in Q4 2023 which resulted in Summerside’s participation rate rising 64% from the same quarter in 2022. The unemployment rate in this area averaged 5.9% in the most recent quarter which compares to pre-pandemic levels of about 7.5% (averaged over 2017-19).

Rural: The rural region of the Island also set Q4 records in its working-age population, labour force and employment levels in the most recent quarter. The rural 15+ population base increased by 3.2% in Q4 2023 from the same quarter a year ago, building off annualized growth of 3% experienced in the previous Q3 2023. It is interesting to note that prior to the province releasing its population action plan in 2016, the working-age population in rural P.E.I. was in steady decline since around the 2011 period. This trend reversed after 2016, with rural population growth expanding at a respectable pace.





Feature Article

P.E.I. Labour Market Knocked Off The Beaten Path!

The impact of the Covid-19 pandemic in 2020 continues to linger across the world economy three years after its initial impact. The pandemic-induced challenges have been far reaching and are well documented in social and economic respects. The purpose of this feature article focuses on how the pandemic knocked the P.E.I. labour market off of what could be described as a steadily growing and predictable pathway and onto a rough labour market terrain characterized by extraordinary labour shortages and unprecedented wage pressures.

The table below shows labour market growth under different lenses: historically, post-2009 recession to just before the pandemic; the three-year period prior to the pandemic; and the most recent three years. In the decade leading up to the pandemic, the Island’s working-age population and labour force levels grew at a consistent and respectable pace. It wasn’t until 2016 when the province experienced accelerated growth in most indicators driven primarily by implementation of the provincial population growth strategy.

P.E.I. Labour Market: Presenting Pre (2017-19) and Post-Pandemic (2021-23) Changes

	2010-19 Historical	2017-19 Pre Covid	2021-23 Post Covid
Population	1.3%	2.4%	3.0%
Labour force	1.2%	2.5%	3.8%
Employment	1.5%	3.1%	5.0%
Unemployment	-1.7%	-3.1%	-7.6%
Not in labour force	1.6%	2.2%	1.4%
Unemployment rate	-0.3	-0.6	-1.1
Participation rate	-0.1	0.1	0.5
Employment rate	0.1	0.4	1.2

Statistics Canada Table: 14-10-0327-01

The post-Covid 2021-23 period saw interesting growth patterns in the Island’s labour market indicators: in addition to even stronger growth in the provincial 15+ population base, both the labour force and employment accelerated considerably. Note that during the historical period, the growth differential between population and the labour

force was miniscule – which was also the case during the 2017-19 pre-Covid period. However, the post-Covid differential rose by a near 1 percentage point resulting in a considerable uptick in the province’s participation rate.

The pace of employment growth post-Covid accelerated considerably, having averaged 5% between 2021-23. Though this would have captured the recovery period in 2021 and 2022, of 4% and 5.4% respectively, it is worth noting that in 2023, employment grew even stronger, by 5.7%. This is the highest annual growth rate in the history of the time series for P.E.I.. As indicated in the table above, employment growth outpaced that of the labour force which means a contraction in the number of persons unemployed. In fact, the number of persons unemployed in the province in 2023 was unusually low by historical standards. The unemployment rate was 7.3% in 2023, the lowest on record by far. For perspective, during stronger economic times, such as the pre-Covid period 2017-19, the province’s unemployment rate would generally hover close to 10%.

Indeed, the Island labour market in 2023 is set on a course contending with strong demand for labour (evidenced by robust employment growth) coupled with a shrinking supply of available, unemployed workers. This is driving unfilled vacancies to levels never before seen in the province. The job vacancy rate—which corresponds to the number of vacant positions as a proportion of total labour demand (the sum of filled and unfilled positions)—was 5.7% in the second quarter of 2023, which is near double the pre-pandemic norm of around 3% (over the 2017-19 period).

A concerning consequence, or pothole if you will, on the current pathway is employer difficulty finding qualified labour to meet demand. Traditionally, Island employers who struggled to find local labour would rely on the Temporary Foreign Worker Program to fill vacancies. Prior to the pandemic, nearly 8 in 10 approved TFWs to P.E.I. were brought in to fill vacancies for two specific occupations: general farm workers, and fish and seafood plant workers. In 2023, this share dropped to 7 in 10 due to increased draw on the TFW program to fill a growing stock of job vacancies across other industries - notably: accommodation and food services (i.e. cooks, and

*Feature Article*

P.E.I. Labour Market Knocked Off The Beaten Path! (Continued)

food counter attendants); construction (i.e. trades helpers and labourers); and health care (i.e. nurse aides, orderlies and patient service associates).

Media reports about labour shortages were rampant, crossing nearly all industries throughout 2023: “P.E.I.’s health-care system ‘backed up and overburdened’¹; “P.E.I.’s workforce becomes a top election issue as labour shortage wears on”²; Atlantic Beef Products going to Brazil to find skilled workers³; Police force shortages mean rosy job prospects for P.E.I program grads⁴. Furthermore, the provincial government in 2022 introduced the Occupations in Demand stream for talent recruitment outside of Canada for targeted occupations where employers cannot fill vacancies locally - such as transport truck drivers; light duty cleaners; machine operators in food and beverage processing, to name a few.

A consistent and prolonged trek on such a rocky labour market pathway has led to demands for higher wages to help offset inflationary pressures in the economy. Prior to the pandemic, average weekly earnings in the province grew by a respectable pace, averaging 2.4% in 2019. Post-pandemic, growth in average weekly wages rose significantly in 2022, by 6.6%, which was largely driven by wide-spread labour shortages and inflationary pressures. For 2023, average weekly earnings rose by 3% relative to the same period a year ago, which is on par with inflation for 2023.

References:

1. P.E.I.’s health-care system ‘backed up and overburdened,’ consultant says in report | CBC News
2. P.E.I.’s workforce becomes a top election issue as labour shortage wears on | CBC News
3. Atlantic Beef Products going to Brazil to find skilled workers | CBC News
4. Police force shortages mean rosy job prospects for P.E.I program grads | CBC News



Appendix

Characteristic	Prince Edward Island			Canada		
	Estimate	Change		Estimate	Change	
	Latest Quarter Q4 2023	Vs. Previous Quarter	Vs. Quarter Year Prior	Latest Quarter Q4 2023	Vs. Previous Quarter	Vs. Quarter Year Prior
Population 15+ ('000)	146.7	0.8%	4.2%	32,877.4	0.8%	2.9%
Labour Force ('000)	98.8	1.5%	9.7%	21,542.6	0.7%	3.1%
Employment ('000)	91.5	1.4%	8.5%	20,304.2	0.4%	2.4%
Full-time Employment ('000)	78.5	1.8%	10.0%	16,635.9	0.3%	2.4%
Part-time Employment ('000)	13.0	-0.8%	0.5%	3,668.3	1.1%	2.2%
Unemployment ('000)	7.4	3.3%	27.7%	1,238.3	5.0%	16.2%
Unemployment Rate (%)	7.5	0.1pp	1.1pp	5.8	0.3pp	0.7pp
Participation Rate (%)	67.3	0.4pp	3.4pp	65.5	0.0pp	0.2pp
Employment Rate (%)	62.3	0.4pp	2.5pp	61.8	-0.2pp	-0.3pp
Employment ('000):						
15-24 years of age	14.8	3.0%	28.2%	2,683.2	-0.5%	1.7%
25-54 years of age	55.1	1.1%	3.5%	13,230.0	0.6%	2.6%
55 years and older	21.5	1.4%	10.4%	4,391.0	0.6%	2.3%
Females	43.9	1.9%	8.0%	9,635.6	0.3%	2.1%
Males	47.6	0.9%	8.9%	10,668.6	0.6%	2.7%
Goods-producing sector	22.6	-2.2%	8.0%	4,134.6	0.3%	0.7%
Agriculture	4.7	-2.8%	45.8%	251.0	-2.9%	-4.9%
Forestry, fishing, mining, oil and gas	2.0	15.4%	7.1%	330.2	0.3%	1.8%
Utilities	0.4	-8.3%	83.3%	154.0	-0.9%	2.0%
Construction	8.0	0.4%	11.6%	1,585.5	1.8%	0.3%
Manufacturing	7.6	-7.3%	-9.9%	1,814.0	-0.5%	1.6%
Services-producing sector	68.9	2.7%	8.6%	16,169.6	0.5%	2.8%
Wholesale and retail trade	10.7	3.6%	-5.3%	2,951.8	-1.7%	1.2%
Transportation and warehousing	3.1	19.5%	73.6%	1,056.6	2.4%	8.8%
Finance, insurance, real estate, and other	3.8	0.9%	36.9%	1,363.3	-2.6%	-1.9%
Professional, scientific and technical srv.	4.6	-4.2%	0.7%	1,914.6	2.3%	3.1%
Business, building and other s.s.	1.6	-2.0%	-38.5%	685.2	0.1%	-2.6%
Educational services	6.9	18.2%	14.3%	1,521.3	2.0%	4.0%
Health care and social assistance	14.5	0.5%	15.1%	2,707.1	1.0%	3.2%
Information, culture and recreation	2.7	-15.5%	-9.9%	855.1	1.9%	6.1%
Accommodation and food services	6.3	5.6%	56.2%	1,138.3	0.0%	3.8%
Other services (except public admin)	4.2	11.6%	10.6%	787.8	1.8%	8.4%
Public administration	10.5	-2.2%	-3.7%	1,188.3	1.0%	1.6%

Source: Statistics Canada - Labour Force Survey

Prepared by: Labour Market and Analysis Directorate, Service Canada - Atlantic Region, ATL-LMI-IMT-GD@servicecanada.gc.ca

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