



B.C. employment soars in December

The number of people employed in B.C. increased by 23,600 in December, for a total of some 2.072 million on a seasonally adjusted basis. The provincial unemployment rate fell to 6.8% from 7.6% in November, marking the lowest rate since May 2001. Employment growth in B.C. accelerated in the fourth quarter of 2003, following two years of moderate growth.

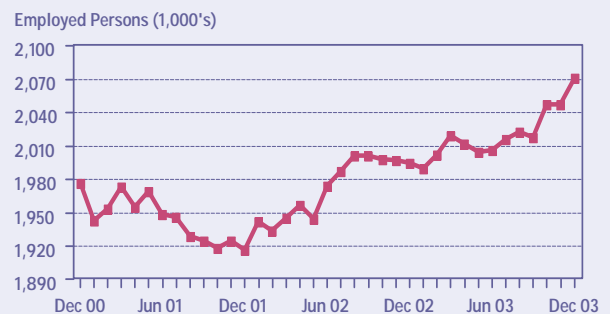
December saw a large increase in full-time employment and a small decrease in part-time workers, indicating that labour income rose as well. The private sector saw job gains, while self-employment continued to ebb and public sector employment remained stable.

Regionally, employment gains in December were greatest in Vancouver and on Vancouver Island. Employment also rose in most of B.C.'s major economic development regions, the exceptions being the Kootenay and North Coast-Nechako regions.

Regional unemployment rates are currently lowest in the Northeast and Mainland-Southwest regions and in metropolitan Vancouver and Victoria. Unemployment rates in these places currently range from 4.3% to 6.2% of the labour force. The highest jobless rates in B.C. are currently in the North Coast-Nechako, at 12.5%. Elsewhere in B.C., unemployment rates ranged from 7.3% to 9.2% in December.

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B.C. Employment (Seasonally Adjusted)



Source: Statistics Canada.

Unemployment rate lowest since May 2001

B.C. Unemployment Rate (Seas. Adj.)



Source: Statistics Canada.

Industries seeing significant job gains in December included health care services, construction and business administration and support services. Gains in these industries were partly offset by lower employment in primary resources and utilities.

Nationally, employment jumped in December by some 53,000 workers, following strong gains of 54,000 in November and 65,000 in October. Most job growth in December was full-time and located in Ontario, British Columbia and Alberta. The national unemployment rate edged down to 7.4% from 7.5% in November.

Job growth in 2004 in B.C. is expected to be moderate and uneven. Credit Union Central forecasts annual average employment will rise by 2% this year following a gain of 2.5% (48,600 workers) in 2003. B.C.'s unemployment rate is forecast to average about 8% in 2004, following last year's 8.2%.

Housing sales slip in December

Housing sales activity ended the year on a weaker note, but this did not prevent 2003 from being one of the busiest on record. In the Real Estate Board of Greater Vancouver (REBGV) and the Fraser Valley Real Estate Board (FVREB) areas, seasonally adjusted MLS® residential sales were down in December from November and the most recent months. These declines from the sales high-point in July, when three- and five-year mortgage rates were at their lows, are quite normal and not worrisome. In addition, the short and sharp run-up to the July high was technically not sustainable. Sales are coming back to their underlying trend.

Market conditions remained tight during December. The sales-to-listings balance eased a bit with lower sales, but all indicators are strongly in sellers' market territory, causing accelerating house prices. Prices are trending upward by about 15% across most markets and locations. By comparison, 12 months ago prices were rising by about 8%.

For the year as a whole, 2003 saw records set in unit sales, average prices, and total dollar sales volume in the REBGV. Unit sales reached 39,022, beating the previous record of 38,774 units set in 1992. The average sales price hit \$329,446, beating 1995's record of \$307,747. The average sales price for 2002 was \$301,472.

The FVREB saw its second highest annual sales ever, with 17,199 units sold in 2003. The record of 18,898 was set in 1992, coinciding with the launch of the 5% down (95% loan-to-value) mortgage and the Home Buyers Plan that allowed the down-payment to be withdrawn from RRSPs. In 2003, the FVREB's average sales price set another record at \$260,360, topping the previous high of \$241,954 in 2002.

Full-time employment up, part-time employment down

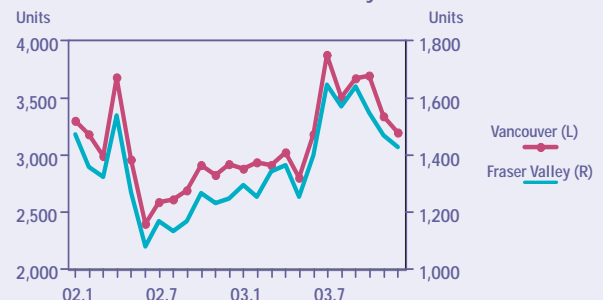
Employment, Full & Part Time, B.C.
Number of Workers, Seasonally Adjusted



Source: Statistics Canada.

Recent sales dip continues in December

Residential MLS Sales -
Greater Vancouver and Fraser Valley



Source: REBGV, FVREB, CUCBC. Latest: Dec.
Note: MLS - Multiple Listing Service. Data are seasonally adjusted.

What's in store for 2004? Our last housing forecast report, "**B.C. Real Estate and Construction Forecast 2003-2004**", issued in October, has sales rising 4%-6% in these two real estate board areas. In 2003, unit sales were up 11.8% and 13% in the REBGV and FVREB, respectively, from 2002. The 2004 forecast probably needs to be raised slightly to 6%-8%, which means unit sales of 41,500 units in the REBGV and 18,500 units in the FVREB.

Price increases show no signs of abating. Until listings from the existing stock increase significantly, and on a sustained basis, prices will continue escalating. The average sales price for 2003 was up 9.3% from 2002 in the REBGV. This year's forecast is put at 14%, which would push the average price to \$375,500. In the FVREB, price increases are more subdued, rising 7.6% in 2003, but a jump to 12% is forecast for 2004.

As long as mortgage rates stay near current levels and do not shoot up, housing sales will stay at these high levels and will be bolstered by a better performing local economy in 2004.

Housing starts in 2003 highest in six years

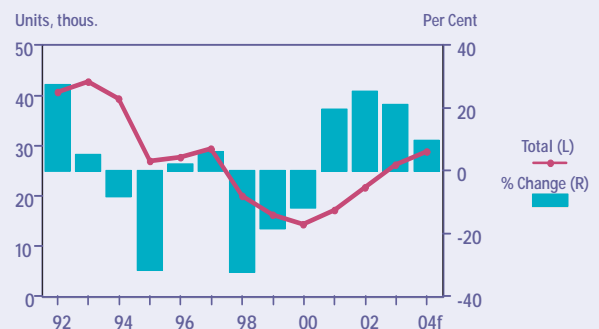
Housing starts were up over 20% in 2003 and at their highest level since 1997. An estimated 26,200 units were started, compared with 21,625 units in 2002 and to 29,351 units in 1997. The lowest mortgage rates in decades, some job resurgence in domestic sectors, and pent-up demand from the existing population are fuelling housing sales. Low inventories of new housing, resulting from depressed market conditions and building activity from 1998 to 2001, are another factor boosting construction.

December housing starts posted a small gain over November. Single-detached starts fell slightly, but higher multi-unit starts offset that decline and contributed to the overall gain.

Our forecast for 2004 calls for a 10% increase to nearly 29,000 units in all areas of B.C. Mortgage rates are expected to remain near current levels, with a drop in short-term rates and job growth in the 2% to 2.5% range. Should interprovincial migration stay positive, as seen in the preliminary third quarter 2003 figure, it will add to housing demand growth and this forecast will be low. Quite possibly, yearly starts could top 30,000 units.

Housing starts about 29,000 units in 2004

B.C. Housing Starts, Annually



Source: CMHC, CUCBC.

