



## Employment steady in April

The number of people employed in B.C. slipped by an insignificant -0.2% in April on a seasonally adjusted basis, according to Statistics Canada's latest household survey of the labour market. An estimated 2.038 million people were employed on average in April, down 3,200 from March. The provincial unemployment rate was lower at 7.7%, as the labour force declined by almost 6%, seasonally adjusted.

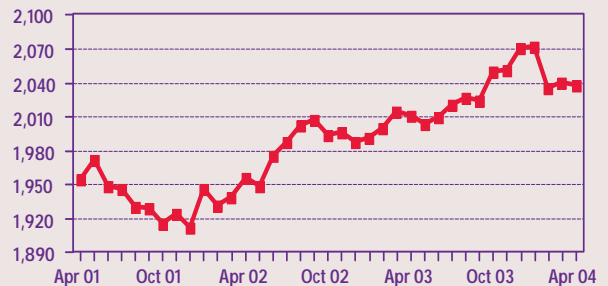
April's small change in employment was not statistically significant, since the results are based on a relatively small sample. The survey results suggest the latest seasonally adjusted dip in employment was the result of a rise in part-time jobs, which was more than offset by a drop in full-time work. The survey also suggests the decline in jobs was among private-sector employees while the self-employment and public-sector jobs increased.

Regionally, employment in April dipped in Greater Vancouver, the Cariboo region and the Northern regions. These small declines were partly offset by job gains in Greater Victoria and the Kootenay region. Employment was little changed elsewhere in B.C. in April.

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#### B.C. Employment (Seasonally Adjusted)

Employed Persons (1,000's)

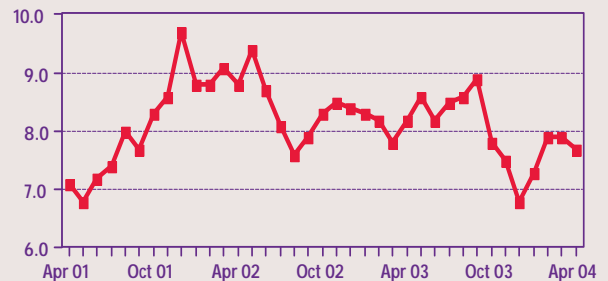


Source: Statistics Canada

### Unemployment rate lower

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

Percent of Labour Force



Source: Statistics Canada

Regional unemployment rates in April were lowest in Greater Victoria (4.4%), the Northeast (5%) and the Mainland-Southwest (7.2%), including Greater Vancouver (7.3%). The highest jobless rates in B.C. are currently found in the North Coast-Nechako (13.9%), the Cariboo (13.1%) and the Kootenay (11.2%). Elsewhere in B.C., unemployment rates ranged from 7.8% in the Thompson-Okanagan to 9.6% on Vancouver Island.

Labour force survey data indicate that the industries seeing significant job growth in April were agriculture, utilities, construction and transportation. Employment gains in these industries were more than offset by significant declines in retail and wholesale trade as well as in educational and cultural services.

Nationally, employment increased by a significant 49,600 workers in April, mainly due to strength in health-care and social services, personal services, financial and real estate services, business and building support services, and construction. Higher employment in those industries was partly offset by significant job declines in retail and wholesale trade, as well as educational services. A significant increase in self-employed workers was noted in April. The national unemployment rate was lower at 7.3%, as employment growth outpaced labour force growth.

Job growth in B.C. over the next two years is forecast to be moderate and uneven. Credit Union Central forecasts annual average employment will rise by 2.1% this year and a further 2.5% in 2005, following a gain of 2.5% (50,000 workers) in 2003. B.C.'s unemployment rate is forecast to average about 7.6% through 2005, following last year's 8.1%.

### Commercial and industrial construction climbing

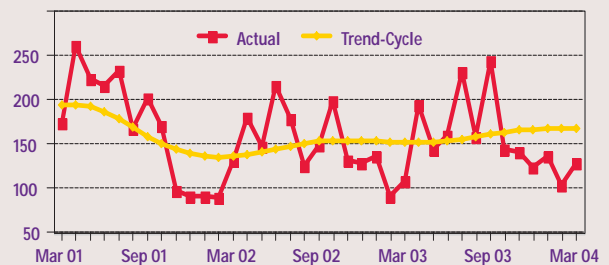
Investment in new, non-residential building in B.C. totalled \$129 million in March, up from \$103 million in February, owing mostly to seasonal patterns and irregular factors. Building permit values climbed \$17.2 million for commercial structures and \$18.4 million for government or institutional structures. Permits for industrial structures slipped \$9.5 million.

While the value of non-residential building permits is quite volatile from month to month, the trend has been on a modest rise since May 2003 and was steady in March. Permit values for commercial and industrial structures are on rising trends, while values for government and institutional structures are trending downward.

### Non-residential construction steady

#### Non-Residential Building Permits, B.C.

Millions of Dollars

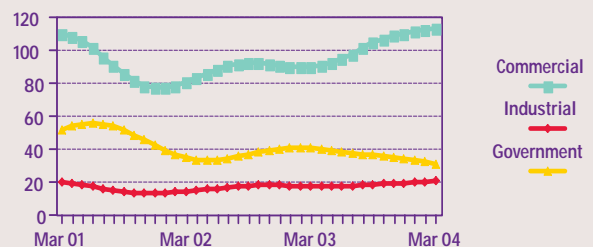


Source: Statistics Canada

### Commercial and industrial construction trending up

#### Non-Residential Building Permits by Type Trend-Cycle, British Columbia

Millions of Dollars



Source: Statistics Canada

Credit Union Central forecasts that conditions in new, non-residential construction markets will improve somewhat in 2004 from last year. Non-residential building permits are forecast to rise by about 9% this year. Industrial permits are expected to climb on the strength of investment by utilities, wood manufacturers and primary resource industries (excluding mining). Government and institutional permits will likely decline in 2004, given the balanced provincial budget and reported investment intentions.

### No end in sight to housing price rise

The latest monthly figures released by local real estate boards show a tight housing market and accelerating price increases, which naturally leads to the question: How much longer can this last? Certainly, in the short term, the figures point to higher price gains, since the supply-demand balance in the market is tight and not likely to change much in the next few months. Over the longer term, some moderation in the rate of price increases is expected as more supply comes onto the market.

MLS® housing sales in the Real Estate Board of Greater Vancouver (REBGV) stayed at a high level at over 3,750 units, seasonally adjusted, in April, up from 3,735 in March and 3,185 in February. The recent sales resurgence is likely partly driven by the January to March decline in mortgage rates. The rate increase in April – 45 basis points (bps) on a five-year closed-term posted rate — will have a small impact on May and June sales. Many buyers opt for shorter term rates such as the one-year rate, which moved up by a lesser 15 bps to a posted rate of 4.45%.

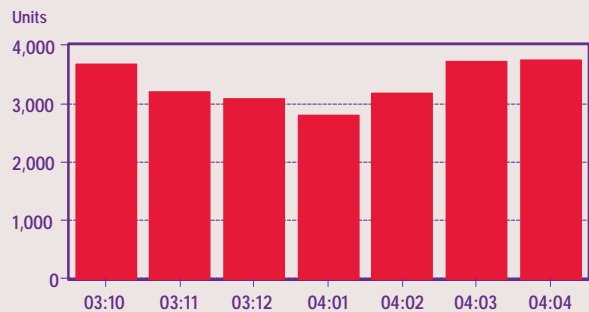
April's actual sales figure show impressive gains, such as a 32% year-over-year sales increase and a 16% year-to-date rise over last year. These percentage gains will ease in the second half of the year when the comparison base is much higher. Our expectation is that REBGV sales will close out the year with a 14% increase. Prices will increase by a greater amount.

One source of increased MLS sales is more new listings. In a supply-constrained market, more supply means more sales and that is beginning to occur. Unit listings in April was at their highest level since the upswing began, with seasonally adjusted listings hitting 4,885 units, up from 4,550 in February and 3,650 one year earlier. One source of these higher listings is new construction, particularly new apartments.

More supply is what this market needs to cool price increases. New construction is increasing at a good pace, but it takes time to bring this supply to market. The easier supply source is from the existing housing stock, but that is still growing at a slower pace than sales. Overall, the supply-demand balance remains tight and that is best seen in the sales-to-active listings ratio.

### April sales remain at higher level

MLS Housing Sales, Seasonally Adjusted,  
Real Estate Board of Greater Vancouver



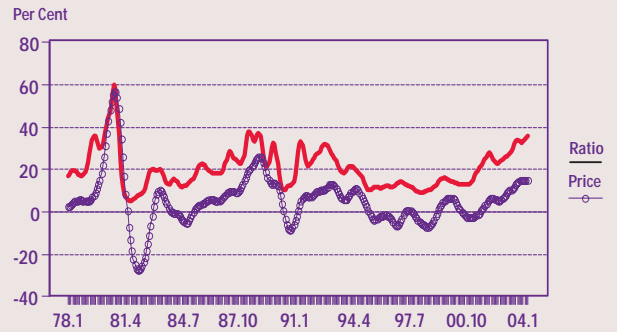
Source: REBGV, CUCBC. Note: Detached, attached, apartment units only.

Looking at the detached house market, the sales-to-active listings ratio was at a multi-year high of 37% in April, seasonally adjusted. Detached houses prices are rising at about a 20% pace, depending on the measure used. This is up from roughly 10% a year ago. A normal ratio where prices are neither increasing nor decreasing is considered to be about 20%, which this market last saw around mid-2001.

Since the supply-demand outlook is not expected to change much this year, price increases will continue to accelerate in the short-term, hitting 25% or more. For the year as a whole, the average sales price increase will easily top 15% and probably reach 17%.

### Prices will rise at double-digit rate until supply-demand balance eases

MLS Sales-to-Active Listings Ratio and House Price Changes, Vancouver



Source: REBGV, CUCBC. Note: Detached units only.

Latest: April 2004

