



## Jobs still near record high

The number of people employed in British Columbia in August remained near the all-time high reached in July, according to Statistics Canada's latest household survey of the labour market. An estimated 2.07 million people were employed in August, down by a barely significant 14,500 (-0.7%) from July. The provincial unemployment rate edged up to 7.7% as the labour force dipped by less than employment.

The Labour Force Survey (LFS) suggests August's small drop in employment was spread across private and public sector employees as well as the self-employed. August's survey also implies that full-time jobs declined while part-time work held steady. Slightly lower employment in retail and wholesale trade, professional, scientific and technical services, transportation and storage, and health and social services more than offset the slightly higher employment in finance, insurance and real estate services, construction and utilities.

Employment edged downward in all major regions of B.C., except for the Mainland-Southwest and Cariboo regions, where jobs held steady in August. Employment dipped in metropolitan Vancouver but was steady in Greater Victoria.

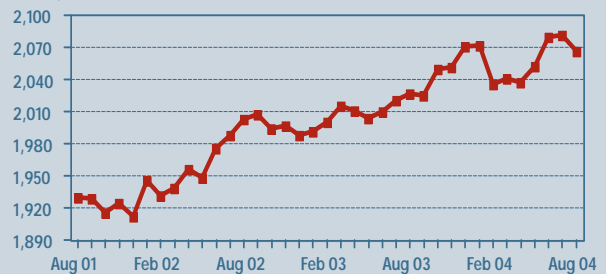
Regional unemployment rates in August were lowest in Greater Victoria at 5.3%, and in the Thompson-Okanagan, Mainland-Southwest and metropolitan Vancouver, each at about 7%. The highest jobless rate is currently found in the North Coast-Nechako region, at 12.1%.

Elsewhere in B.C., unemployment rates range around 8% to 9%.

### Employment remains near record high

B.C. Employment (Seasonally Adjusted)

Employed Persons (1,000's)



Source: Statistics Canada.

### Unemployment rate edges up

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

Percent of Labour Force



Source: Statistics Canada.

Nationally, employment inched downward by an insignificant 7,000 workers in August, resulting from less activity in educational services, manufacturing, and accommodation and food services. Lower employment in those sectors was largely offset by more jobs in finance, insurance and real estate services, information, culture and recreation services, health and social services, and utilities. Job losses among public-sector employees offset job gains in the private sector. The national unemployment rate stayed at 7.2% in August.

Job growth in B.C. is likely to remain fairly strong through 2005. Credit Union Central forecasts annual average employment will rise by 2.5% this year and a further 2.7% in 2005, following a gain of 2.5% (50,000 workers) last year. B.C.'s unemployment rate is forecast to average about 7.5% in 2004 and 7.1% in 2005, following last year's 8.1%.

### B.C.'s exports stay near three-year high

International exports of goods originating in B.C. held steady at \$2.86 billion in July, virtually unchanged from June. This follows a slight decline in June after four consecutive monthly gains and leaves export revenues near May's three-year high. Exports are now on track to grow in 2004 after declining for three consecutive years.

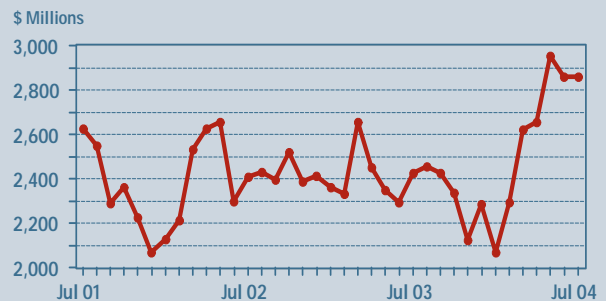
Export revenues for energy products and industrial goods and materials increased in July, by 8% and 13% respectively. These gains were offset by lower revenues for forest products and for all other goods exports, which decreased by 4.5% and 3.3% respectively.

Year-to-date revenues from B.C.-origin goods exports are up \$1.44 billion (8.5%) from the same period a year ago. By sector, year-to-date exports of forest products are up \$1.32 billion (18.8%), while industrial goods and materials exports have jumped \$582 million (25.2%). These year-to-date gains are partly offset by declines in energy exports of \$402 million (-13.5%) and in all other goods and materials of \$61 million (-1.3%).

Credit Union Central forecasts B.C.'s export revenues will rise by about 5.1% in 2004 and a further 2.6% in 2005, following three straight years of decline. This reflects improving American and Asian economies (Pacific Rim excluding Japan), rising commodity prices, and limited inflation in Canadian exchange rates.

### B.C.'s export revenues remain near a three-year high

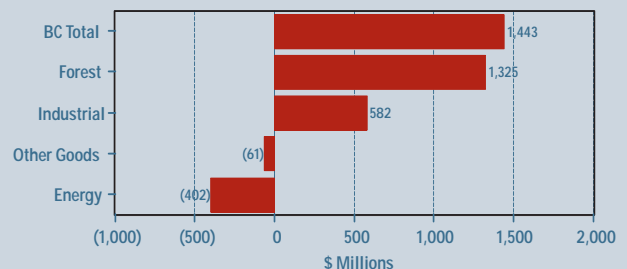
B.C. Origin International Exports of Goods



Source: Statistics Canada.

### Forest product and industrial goods exports up this year

B.C. Origin International Goods Export Revenue Jan.-Jul 2004 less Jan.-Jul 2003



Source: Statistics Canada.

### Non-residential building permits down from June peak

After June saw one of the highest months in years for non-residential building permit values, July's decline is not surprising. Actual permit values fell to \$176.3 million in July from \$293.1 million in June.

On a seasonally adjusted basis, July's decline was relatively less severe. Large monthly swings in non-residential permits are frequent, especially after an abnormal month like June. The underlying trend, which smoothes out those swings, is pointing modestly higher so far this year, but sustained weak results in the coming months would reverse it.

Just as the strength in June was in commercial and industrial permits, so was July's weakness. Government-institutional permit values rose for the second month to the highest level in almost one year, at \$70.5 million. Commercial permits in July fell by over one-half to \$79.0 million. That was after a 12-year monthly high set in June and therefore should not be seen as a market collapse.

Most of the provincial decline was in the Vancouver Census Metropolitan Area (CMA) or Greater Vancouver Regional District, with total non-residential permits falling to \$89.4 million from \$180.2 million in June. Commercial permits led the decline, with a near two-thirds drop to \$47.4 million. But that comes after commercial permit values in June that were at their highest level since January 2000.

Total non-residential permits are up 4.4% so far this year compared to the same period last year. The Vancouver CMA is up 35.6% on the same basis. Space demand conditions are gradually improving in the various commercial markets as the economy expands, especially in the Vancouver region. There is still a relatively high office vacancy rate and a low hotel occupancy rate, but recent trends are more favourable. Government building activity is expected to remain below last year's level.

Overall, non-residential permits are predicted to rise between 3% and 5% this year, with a larger gain expected next year.

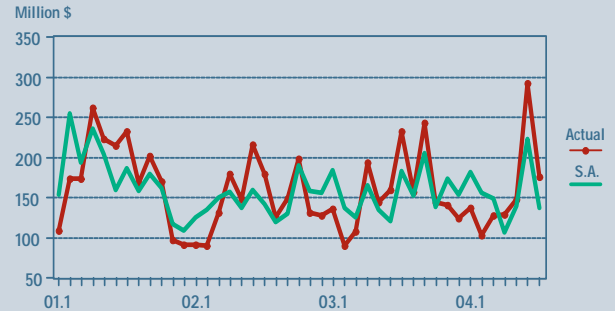
### Multi-unit housing starts surge

June saw a huge spike in residential building permits, caused mostly by builders advancing their projects to avoid higher development cost levies in Vancouver City as of July 1. Now, those permits are materializing into a surge in multi-unit housing starts, consisting mostly of apartments but also townhouses and other attached dwellings.

Multi-unit starts in urban B.C. climbed almost 70% in August from July, to 2,274 units. Activity nearly doubled in the Vancouver CMA, with August at 1,767 units compared to 932 in July. In Vancouver City, the comparison is even more dramatic, at 876 units in August versus 287 in July.

### July off June high

Non-residential building permits, B.C.



Source: Statistics Canada, CUCBC.

Latest: July 2004

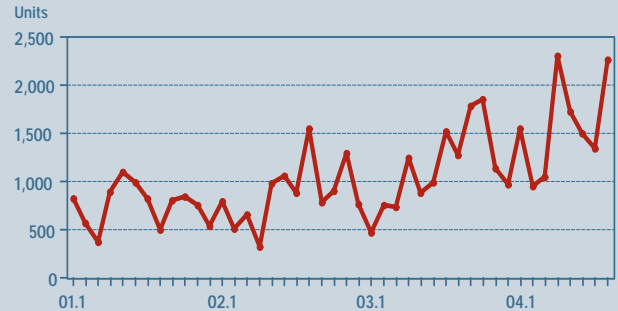
Single-detached dwelling activity is tame by comparison, with slightly fewer starts in August than in July. Actual and seasonally adjusted house starts were below July by about 100 and 50 units, respectively. The decline was much smaller in the Vancouver CMA. Single-detached starts continue their moderate upward trend, and will never match the gains seen in the multi-unit sector, owing to their higher costs.

Total housing starts have jumped 45% so far this year in urban B.C., with multi-units soaring 78% and single-detached units up only 6%. The Vancouver CMA is up over 50% in total housing starts. This pace will not continue once June's surge in multi-unit permits is over, but starts next month should also be high.

Total B.C. housing starts are forecast at 32,400 units, up nearly 25% from last year, and that estimate may be low. Current trends are pointing to an even higher annual total but, with some fallback expected once the permit surge is digested, the forecast will be fairly close. Nonetheless, starts could still exceed 33,000 units this year.

## Surging ahead

Multi-unit housing starts, Urban B.C.



Source: CMHC.

Latest: August 2004

