



## B.C. jobs up in December

The number of people working in British Columbia increased in December, according to Statistics Canada's latest household survey of the labour market. An estimated 2.1 million people were employed, up by an estimated 17,300 (+0.8%) from November. The provincial unemployment rate dropped to 6.1%, as the labour force grew by less than employment.

The Labour Force Survey (LFS) indicates full-time jobs increased sharply in December, while part-time jobs edged down. Employment growth was significant in business support services, health care, social services and agriculture. December's LFS suggests employment growth was concentrated among private- and public-sector employers, while self-employment declined.

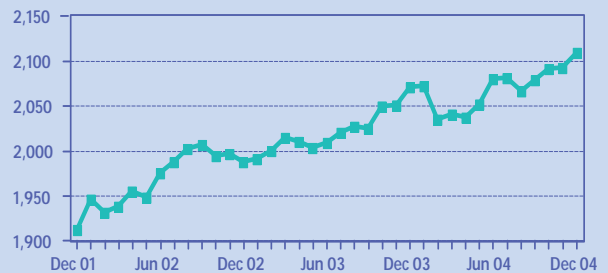
The December survey also suggests that employment rose in the Mainland-Southwest, Vancouver Island and North Coast-Nechako regions, while edging down slightly in the Thompson-Okanagan region. Unemployment rates were below 6% in the Northeast and Thompson-Okanagan regions, as well as in Greater Victoria. Elsewhere in B.C., unemployment rates ranged from 6% to 7%, except for the 8.6% seen in the North Coast-Nechako.

Nationally, employment increased in December by an estimated 33,500 workers.

### Employment rises in December

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

Employed Persons (1,000's)

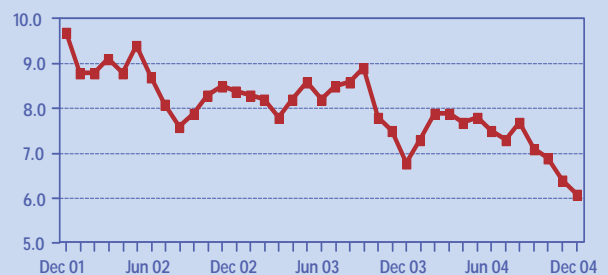


Source: Statistics Canada.

### Unemployment rate continues to fall

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

Percent of Labour Force



Source: Statistics Canada.

Full-time employment grew, while part-time employment declined. Job growth was concentrated in professional, scientific and technical services as well as education, accommodation and food services. Significant job growth also occurred in primary resource industries. Employment declined in wholesale trade. Self-employment dropped, while payroll employment rose. The national unemployment rate fell to 7% in December, as the labour force was little changed from November.

In 2004, an average of 2.07 million persons were employed in B.C., an increase of about 48,000 (+2.4%) from 2003. That follows a gain of 50,000 (+2.5%) in 2003, marking two consecutive years of fairly strong employment growth. Credit Union Central forecasts further job growth of 43,500 (+2.1%) this year. B.C.'s unemployment rate averaged 7.3% of the labour force in 2004, down from 8.1% in 2003. Central forecasts the unemployment rate will remain close to 7.3% in 2005, as labour force growth keeps pace with employment growth.

### Housing sales firm up

Lower mortgage rates are bringing more buyers into the housing market, judging by sales activity in December and November. Seasonally adjusted unit sales rose sharply in the Victoria Real Estate Board (REB) area during December and posted a more modest gain in the Fraser Valley REB. Sales in the Greater Vancouver REB were slightly lower than in November, but up from October and August.

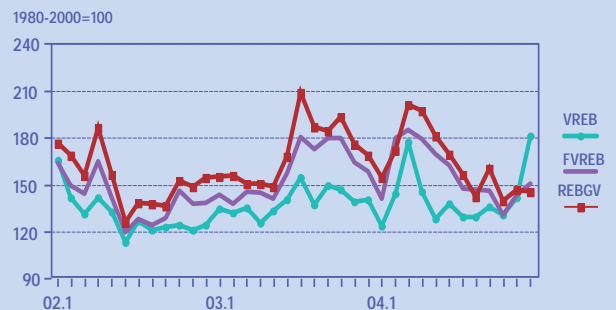
Housing sales are firming up after retreating from their March 2004 high, as mortgage rates rose one full percentage point between April and June. Now that rates are lower, with a five-year term posted rate of 6.05% versus 6.70% in July, more buyers are able to enter the market and prospective purchasers need not postpone over concerns of ever-rising rates. There is a good chance that mortgage rates will come down another quarter to one-half percentage point this year.

Another element contributing to the firming sales trend is the recent shift to more balanced market conditions from a tight sellers' market. There is more supply on the market relative to demand — sales-to-active listings ratios in the low 20s instead of the high 30s seen earlier in 2004 — and prices have levelled off, and even fallen a little by some measures. This encourages more prospective buyers to enter the market, as it is less frenzied and less prone to bidding wars. On the flip side, some purchasers might decide to hold off longer for prices to decline even more.

Based on previous market patterns and on expected demand conditions, housing prices are more likely to level out, with only minor declines. With sales firming, prices will also firm after a time lag, or at least not decline very much (5% or less). Lower mortgage rates and a still-growing job market, coupled with an increase in people moving to the region, will result in a substantial number of buyers in 2005.

### Housing sales finish year on firmer note

Residential MLS Sales - Greater Vancouver, Fraser Valley, and Victoria Real Estate Boards, Monthly



Source: REBGV, FVREB, VREB, CUCBC. Note: Seasonally adjusted data. Latest: Dec. 2004.

Our 2005 forecast calls for roughly a similar level of unit sales as in 2004, with only a slight increase of 5%. It is a close call and sales could end up slightly lower, but the conditions that would prompt either a large increase or decrease in sales do not appear to be present. As for housing prices, the market's downshift from a sellers' market will prevail for most, if not all, of 2005, and a price increase of less than 5% is expected. That compares to a price rise of about 10% to 15% in 2004, depending on the measure used and on the market area.

