



## Part-time jobs and labour force increase in B.C.

The total number of people employed in British Columbia rose in July, for the second straight month. Employment increased by about 10,000 workers after adjusting for seasonal effects. July's gain was driven by part-time work, as full-time jobs fell for the first time since last December. Despite the rise in jobs, the quality of employment was weakened by the shift to more part-time and less full-time work.

July's job gains were mostly among self-employed workers, although private-sector employment also increased. A net loss of jobs was seen for public-sector employees. Industries showing net job gains in July included professional, scientific and technical services, as well as public administration. Industries showing net job losses last month include business management, administration and support services.

B.C.'s unemployment rate in July was 8.6% of the labour force on a seasonally adjusted basis, up from 8.3% in June. The rise was due to higher participation in the labour force among adults, which outstripped the net gain in jobs. The jobless rate in B.C. has trended around 8.3% over the past 12 months.

Regionally, July's gains occurred mainly in the Greater Vancouver, Thompson-Okanagan and Cariboo regions. Total employment was little changed in the rest of B.C. Regional unemployment rates are currently highest in the Cariboo, North Coast, Nechako and Kootenay regions, ranging from 11% to 12% of the labour force.

### Employment up in July

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



Source: Statistics Canada.

### Unemployment rate up in July

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



Source: Statistics Canada.

Jobless rates are currently lowest in the Northeast, Mainland-Southwest, Vancouver Island and Thompson-Okanagan regions, in the 7% to 9% range.

Nationally, employment dipped in July by 13,000 jobs, mostly part-time, while the unemployment rate rose slightly to 7.8%. Employment declined in educational services, job growth was weak in the private sector, and youth employment slipped. In Alberta and Ontario, total employment and the unemployment rate were little changed in July. B.C.'s unemployment rate remains highest among all provinces east of Quebec.

Job growth through 2004 is expected to be moderate and uneven in B.C. Credit Union Central of British Columbia forecasts annual average employment will rise by 1.6% (31,600 jobs) this year and another 1.7% (34,100 jobs) in 2004. This follows a gain of 1.6% (31,000 jobs) in 2002. The B.C. unemployment rate is forecast to average about 8% through 2004, following last year's 8.5%.

### July sees record jump in housing sales

Record low mortgage rates brought out homebuyers in near-record numbers, causing a huge increase in July MLS® housing sales in the Real Estate Board of Greater Vancouver (REBGV) area. Seasonally adjusted sales soared to 3,880 units in July from 2,979 units in June, the largest month-to-month increase on record. July's seasonally adjusted level is the second highest on record, which was set in November 1989 at 3,945 units. The posted five-year closed term mortgage rate had dropped to 6.15% in May and 5.80% in June, but backed up slightly to 6.20% in July. These record low rates were behind July's huge sales increase.

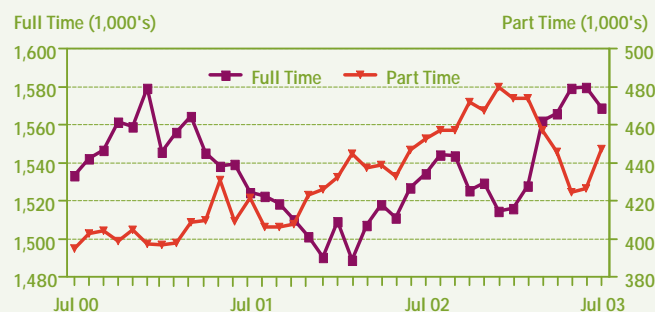
It is likely that the lower rates in June were the main reason for July's strong performance, since there is a time lag in the sales process. This lag of one to eight weeks between the decision to buy and the recorded sale is mainly the result of the time to remove the "subject-to" conditions in the sales agreement. In a very active market, the time lag is at the lower end of the range.

All three main forms of housing contributed to July's record gain. Seasonally adjusted detached housing sales jumped 28% from June, while apartment sales increased 17% and attached unit sales soared 31%.

Year-to-date sales gains turned positive for the first time this year, at 3%. Previously, the year-to-date comparisons were in negative territory, mainly because of the very high sales levels attained in the first few months of 2002, and not the result of weaker market conditions this year.

## Employment quality lower in July

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



Source: Statistics Canada.

## July sales soar

MLS Housing Sales, S.A., Real Estate Board of Greater Vancouver



Source: REBGV, CUCBC. Note: Seasonally adjusted; Detached, attached, & apartment units.

July's actual sales of 4,035 units are the fifth highest monthly total on record and are 51% higher than the same month last year. Large year-over-year percentage gains will prevail for the rest of the year, in contrast to the first half's performance.

Housing prices continue to head upward and at a faster pace. The Board's House Price Index (HPI) is showing double-digit percentage gains from a year ago, whereas last year the gains were mostly single-digit. More specifically, the detached home HPI for this July is up 10.5% from a year ago, compared to a 9.2% increase in July 2002. In January 2002, the detached HPI was up 5.9%. A similar pattern exists for the attached and apartment sectors, though apartment prices have seen more double-digit price increases than attached units.

More newly constructed units are coming onto the market. Year-to-date new listings are up 38% over the same period last year to 2,766 units, while resale or existing unit listings are down 6% to 26,666 units. On net, listings are down 3% thus far while sales are up 3%, and this imbalance is putting upward pressure on prices. Housing sales would be higher if there were more listings on the market.

August sales will probably come down from July's high, though a gain is possible. We forecast a decline to 3,500 units seasonally adjusted, or 3,475 actual units. On a year-over-year basis, that would represent a 40% gain. The slight back-up in mortgage rates in July may well spur potential buyers to act sooner, but the hotter-than-normal weather in July probably kept more potential buyers occupied with other activities.

In Central's BC Real Estate and Construction Forecast 2003-2004 report, we forecast a 4.4% increase in 2003 REBGV residential sales, but that will probably be low. A revised forecast of 7% or 37,350 units will be closer to the actual result and there is a fair chance that sales could rise 10% this year. Lower-than-expected interest rates are the main reason for revising our forecast upward.

### Non-residential building activity is lack-lustre

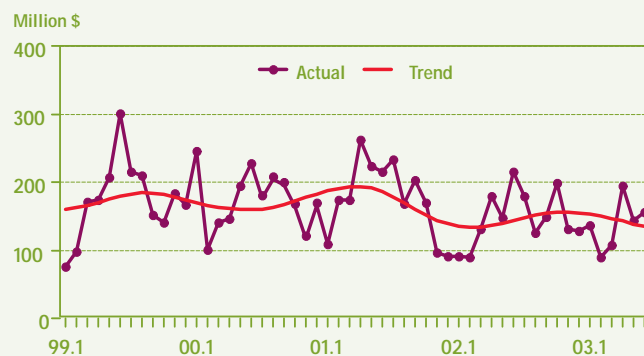
Investment in new non-residential buildings in B.C. rose about \$11 million to \$156.7 million in June from May, led by a \$10-million rise in government-institutional construction. Private-sector construction was up slightly, thanks to a \$3-million rise in industrial permits. The large commercial category saw a small decline.

B.C.'s investment opportunities for new private non-residential construction is limited, owing to excess capacity or high vacancy rates in the office and hotel sectors. Retail space demand is growing modestly, judging by the performance of retail sales. On a trended basis, non-residential permit values are slipping lower and June's small gain did not alter the trendline.

Our forecast of a 1.1% rise for 2003 in total non-residential building permits values is still achievable, but is at risk. Year-to-date performance is 3% below the first half of last year. All of that is because of the near-8% drop in commercial permits, since government permits are up 4% and industrial permits are almost 8% higher. Our current 2004 forecast calls for a 3% decline in total permits in B.C., owing to fewer government and commercial permits.

### Trending down

BC Non-Residential Building Permits, Monthly



Source: Statistics Canada, CUCBC.

Latest: June