



May sees another drop in part-time jobs

The number of people employed in British Columbia fell for the second month in a row in May, down 7,800 from April, after adjusting for seasonal effects. Total employment is now a mere 0.5% higher than it was at the start of the year and 3.1% higher than a year ago.

May's job losses mainly involved part-time workers, public-sector employees, employees in Greater Vancouver and those in service industries. The rising Canadian dollar, alarming media coverage of SARS in Toronto, and trying political relations with the U.S. are dampening international tourism and export growth in B.C.

The provincial unemployment rate rose to 8.6% of the labour force on a seasonally adjusted basis, up from 8.1% in April. The drop was mostly due to lower employment, but also reflected another increase in the labour force, of about 3,700 workers. B.C.'s jobless rate had previously been trending around 8% for the year.

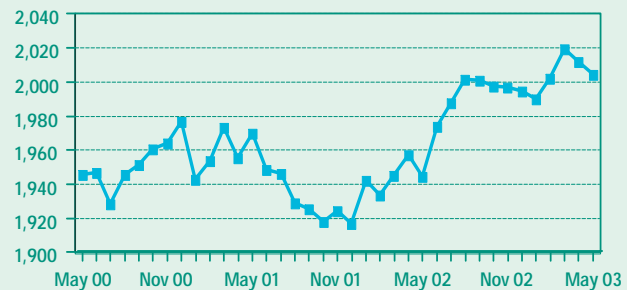
Full-time work increased in May, for the fourth consecutive month, rising by 13,300 workers, while part-time jobs fell by 21,100. May's net job loss was split among public-sector employees (-10,500) and private-sector employees (-1,700), while self-employed workers increased (+4,400).

Regionally, May's net job losses occurred mainly in Greater Vancouver, while employment growth stalled in the Cariboo, Vancouver Island and Northeast areas of the Province. Employment rose in the Mainland-Southwest region outside of Vancouver, and in the Thompson-Okanagan, Kootenay, and North Coast-Nechako areas.

Employment fell in May

B.C. Employment (Seasonally Adjusted)

Employed Persons (1,000's)



Source: Statistics Canada.

Regional unemployment rates are currently highest in the Kootenay (13.2%), Cariboo (12.6%), North Coast-Nechako (11.2%) and Thompson-Okanagan (10.2%) areas. Jobless rates are currently lowest in the Northeast (6.7%), Mainland-Southwest (7.2%) and Vancouver Island (8.4%) regions.

Industries showing net job losses in May included finance, real estate, insurance and leasing (-9,100 workers), retail and wholesale trade (-7,000), health care and social assistance (-3,600), and accommodation and food services (-1,500). These losses were partly offset by net gains in such industries as transportation and warehousing (+3,200), professional, scientific and technical services (+2,900), and management and administrative services (+2,900).

Job growth through 2004 is expected to be moderate by historical standards. Credit Union Central of B.C. forecasts annual average employment will rise by 2.2% (43,000 jobs) this year and another 2.4% (54,000 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%.

Housing sales dip in May

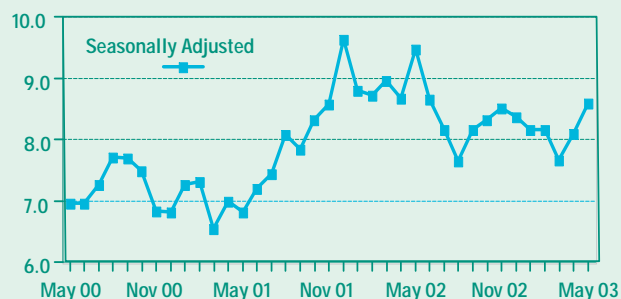
Housing sales during May dipped in the two largest real estate board areas in B.C., implying a similar performance at the provincial level. The drop in May could be a lagged response to the rise in mortgage rates in late March, when rates increased by one-quarter of a percentage point. May's declines of -5.5% in seasonally adjusted sales in Vancouver and -7.3% in the Fraser Valley are among the larger monthly changes.

Measured on a year-over-year basis, sales remained down by small margins in both real estate boards. Year-to-date, Vancouver sales are down 9% in Vancouver and about 6% in the Fraser Valley from the same period last year. The market saw a large surge toward the end of 2001, which carried over into early 2002 but ended when mortgage rates rose by over one-half of a percentage point. In the coming months, the year-ago base of comparison will be lower and allow for positive comparisons. This will be evident with the June data.

Unemployment rate nears 9%

B.C. Unemployment Rate

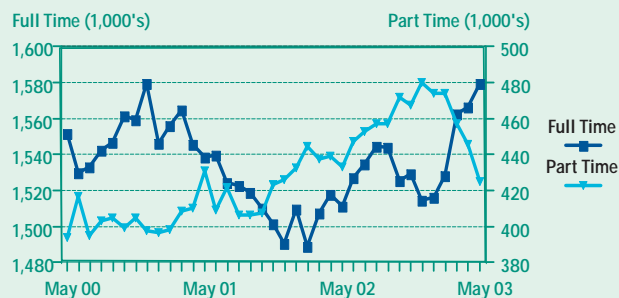
Percent of Labour Force



Source: Statistics Canada.

Full-time employment rising

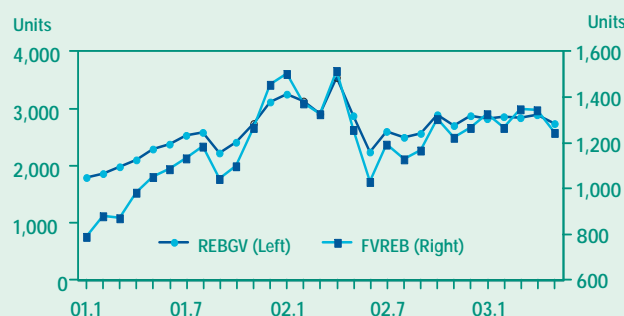
Employment, Full & Part Time, B.C. Number of Workers, Seasonally Adjusted



Source: Statistics Canada.

Housing sales dip in May

MLS Residential Sales, Seasonally Adjusted, Monthly, Real Estate Board of Greater Vancouver and Fraser Valley Real Estate Board



Source: REBGV, FVREB, CUCBC for seasonally adjusted data. Latest: May
Note: Detached, attached, and apartment sales only for REBGV.

Market conditions remain firmly in the sellers' camp, with higher prices in May and a sales-listings imbalance. Depending on the measurement, prices are up between 6% and 10% over last year. More listings are needed at these sales levels to bring price increases closer to the overall inflation rate. That may be starting to happen, with new listings up in the past two months, and more supply should be coming onto the market based on the performance of prices.

With recent mortgage rate declines (for example, the five-year rate falling to 6.15% from 6.85%), sales will recover from May's drop and post higher numbers in June and beyond. The trend will turn up fairly vigorously for the next few months and sales will finish the year up by about 8%.

Small rise in non-residential building permits

Building permits issued for non-residential structures in B.C. rose to \$192 million in April, up from \$108 million in March. The dollar value of permits increased for commercial, industrial and government structures.

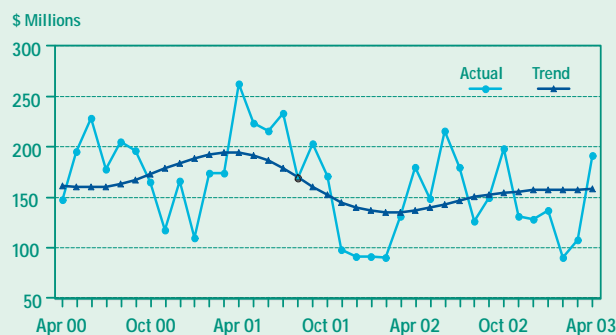
Month-to-month changes in building permits are usually quite irregular; adjustments for seasonal and idiosyncratic effects are needed to identify an underlying trend. On a trend-adjusted basis, non-residential building permit values are currently rising for industrial and government structures, but declining for commercial structures. Overall non-residential building permits have trended just above \$150 million per month since last November.

The biggest contributors to recent gains in non-residential building permits are government and institutional projects, with development of educational and health-care facilities a significant part of that. The downward trend in commercial construction permits is due to a slowdown in major office building developments, although localized retail and office developments continue to expand.

The outlook for investment in new, non-residential structures in 2003 is not strong, but modest growth is expected. With high office vacancy rates, low hotel occupancy rates, and excess capacity in resource and high-tech manufacturing, no large commitment of investment funds is likely this year. Once some of the excess capacity is worked off and prices or rents begin to rise, then capital spending on buildings will accelerate.

Non-residential building permits up in April

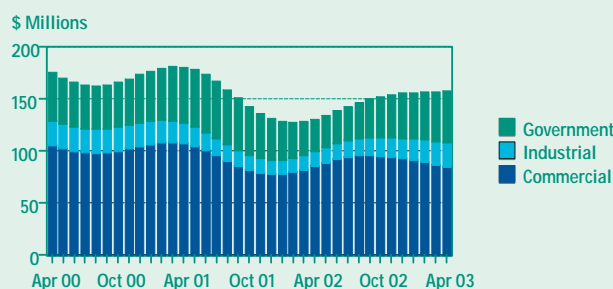
Non-residential Building Permits, Monthly, B.C.



Source: Statistics Canada, Credit Union Central of B.C.

Government and industrial permits trending up

Non-Residential Building Permits British Columbia, Monthly (Trends)



Source: Statistics Canada and Credit Union Central of B.C.