



April sees a drop in part-time employment

The number of people employed in British Columbia fell by 7,400 in April, after adjusting for seasonal effects. This follows strong gains in February and March when employment jumped by more than 29,000 jobs. April's drop mainly involved part-time work in goods-producing industries in Northern B.C.

The provincial unemployment rate in April was 8.1% of the labour force on a seasonally adjusted basis, up 0.4% from March. The drop was mostly due to lower employment, but also reflected a small increase in the labour force, of about 1,900 people. B.C.'s unemployment rate has been trending around 8% for the past five months.

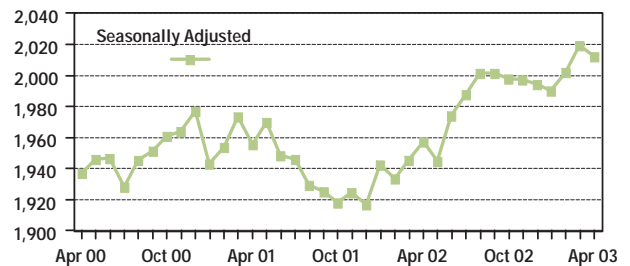
April's net job losses occurred mainly in the North Coast-Nechako and Northeast regions. Employment rose in the Mainland-Southwest, Vancouver Island, Thompson-Okanagan and Kootenay, while holding steady in the Cariboo.

Unemployment rates are currently highest in the Kootenay (15%), Cariboo (12.5%), North Coast-Nechako (10.9%) and Thompson-Okanagan (9.8%) regions. Jobless rates are currently lowest in the Northeast (7.2%), Mainland-Southwest (7.3%) and Vancouver Island (8.3%).

Small drop in April employment

B.C. Employment

Employed Persons (1,000's)

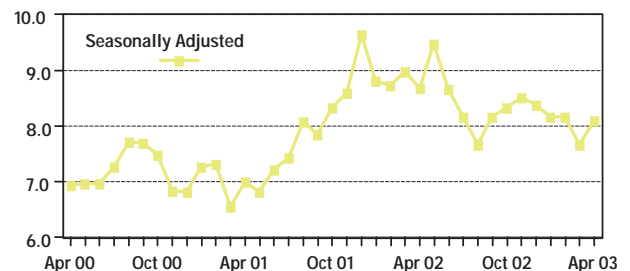


Source: Statistics Canada.

Unemployment rate around 8%

B.C. Unemployment Rate

Percent of Labour Force



Source: Statistics Canada.

Net job losses in April occurred in transportation and warehousing (-5,500), construction (-4,900), educational services (-4,200), agriculture (-4,000) and accommodation and food services (-2,700). Net gains in employment were seen in information, culture and recreation (6,000), retail and wholesale trade (3,000), health-care and social assistance (2,900) and business management and support services (2,700).

The quality of employment improved in April, for the third consecutive month, as full-time jobs rose by 4,000 while part-time jobs fell by 11,400. April's net job loss was split among the self-employed (-3,400), public-sector employees (-2,800) and private-sector employees (-1,200).

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%.

April housing sales steady, prices keep rising

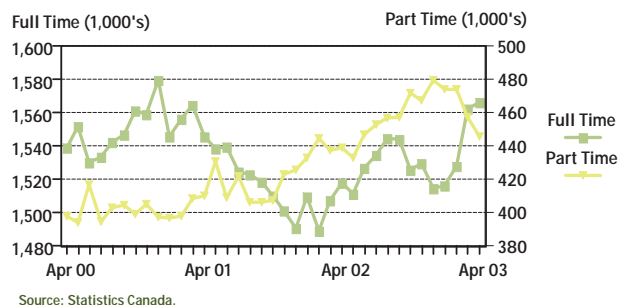
Housing sales held steady in April, with seasonally adjusted volume only slightly higher than in March and comparable to levels seen in the prior six months. April MLS® residential sales in the Real Estate Board of Greater Vancouver (REBGV) and in the Fraser Valley Real Estate Board (FVREB) areas were 2,910 units and 1,363 units, respectively, compared to 2,851 and 1,357 in March. Demand factors remain little changed, but limited listings are restraining sales volume.

Year-over-year comparisons are negative, owing to very high sales levels in 2002 and constrained sales this year. April's year-over-year percentage changes are -18% for the REBGV and -11% in the FVREB. Year-to-date comparisons are -11% in the REBGV and -7% in the FVREB. On the surface, these figures indicate a weakening market, but that is not the case.

Prices continue to rise, and that does not happen in a weakening market. Neither do rising sales-to-listings ratios, and both sales-to-new listings and sales-to-active listings are high, which is historically associated with a sellers' market. Prices are up about 8% over last year, according to the House Price Index for both real estate boards. A sellers' market has existed for about the past 18 months and there is every indication that it will prevail for many more months.

Employment quality improves

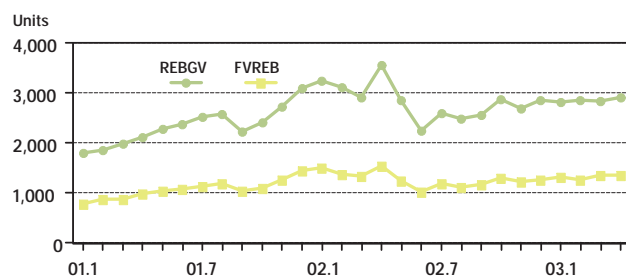
Employment, Full & Part Time, B.C. Number of Workers, Seasonally Adjusted



Source: Statistics Canada.

Housing sales volume steady

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: Apr.
Note: Detached, attached, and apartment sales only for REBGV.

The negative year-over-year comparisons will end by June, when the 2002 sales hump is no longer used as the base for comparison. Seasonally adjusted housing sales are expected to follow a similar trend path for the rest of the year. More listings are expected to come onto the market, which would allow sales volume to grow.

The 2003 forecast for the REBGV is for a 5% rise in sales, with an 8% increase in the average sales price. For the FVREB, a sales gain of 8% is foreseen, accompanied by a 10% price rise.

Housing construction expands

Rising prices and relatively low inventory levels are setting the stage for further gains in housing construction. The latest data show another solid month of housing starts during April, with a seasonally adjusted level of 2,115 units, or 25,400 units annually, in the urban centres of B.C. Further construction gains are expected in the coming months, since housing sales and prices will rise as a result of affordable mortgage rates, firming economic growth, and renewed consumer confidence.

Housing starts are rising in most B.C. centres, led by the larger population areas. Vancouver, Victoria, Kelowna and Abbotsford are seeing year-to-date gains topping 30%, while smaller population areas are not. Differing local economic conditions, population growth rates and levels of pent-up demand account for the variations in new housing starts.

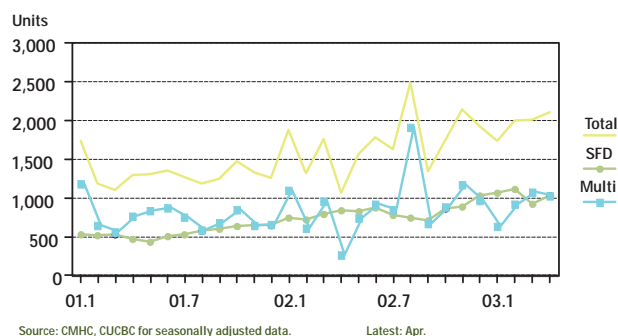
Credit Union Central is forecasting a 15% increase in B.C. housing starts this year, to 25,000 units from 21,624 last year. The forecast risk is for an under-prediction and a 20% gain is certainly feasible. We will be re-examining this forecast in the next issue of the Economic Analysis of British Columbia newsletter.

Small rise in non-residential building permits

Building permits issued for non-residential structures in B.C. rose to \$112 million in March, up from \$91 million in February. The value of permits increased for commercial and industrial structures and declined for government structures. Month-to-month changes in actual building permit values are usually irregular and trend adjustment is thus useful. Non-residential building permit values are currently trending upward for all types of structures except commercial buildings.

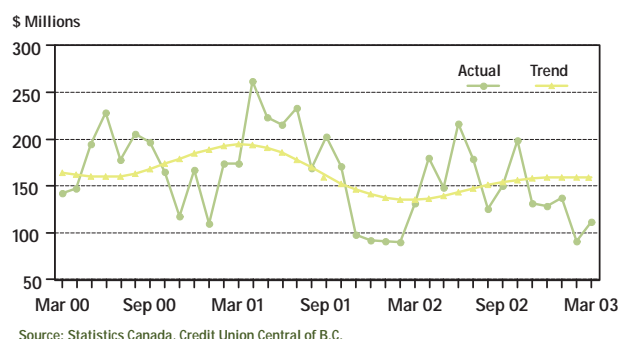
Housing starts on uptrend

Housing Starts by Type, Seasonally Adjusted, Monthly, Urban BC



Non-residential building permits up in March

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



The biggest contributor to the rising trend is currently 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.

Government and industrial permits trending up

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

