

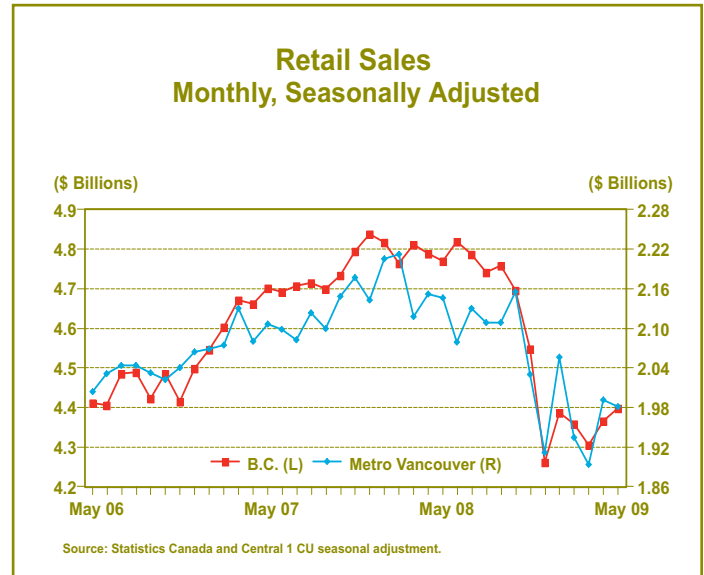
Retail sales in B.C. continued to rebound in May from the low reached in December last year, according to the latest estimates from Statistics Canada. Sales increased by an above-average 0.8%, month-over-month, seasonally adjusted, following a very robust 1.4% rise in April. While sales appear to be trending upward now, they remain well below levels of a year ago. Year-to-May sales in 2009 are 9.6% lower than in the same period last year.

Unlike the province overall, metro Vancouver saw retail sales edge down by a slight 0.5% in May, month-over-month, seasonally adjusted. However, that follows a very robust 5.2% rise in April. Year-to-May sales in metro Vancouver are down 8.9% from the same period in 2008.

While the financial crisis is largely past and a return to economic growth is on the horizon, many consumers and business continue to reduce their borrowing. The propensity to consume is down while the propensity to save is up. It will take some time yet for household wealth and employment to recover. Central 1 Credit Union forecasts retail sales in B.C. will drop 2.8% in 2009, the first year-over-year decline since 1998.

The estimated capital costs of **major construction projects** in British Columbia continued to increase in the first quarter despite headwinds from the latest financial crisis and global recession. The estimated capital cost of such major projects totalled \$186 billion as of the first quarter of 2009, according to the latest Major Projects Inventory (MPI) from the B.C. Ministry of Economic Development. That is up \$5 billion (3%) from the fourth quarter of 2008.

Most of the first quarter increase involved projects under construction. Proposed projects that have not yet begun construction edged down, while projects on hold increased. Central 1 Credit Union estimates capital spending on major projects currently under construction will total nearly \$11 billion in 2009.



Major projects are defined as those with an estimated capital cost of over \$15 million, or over \$20 million in the Lower Mainland. Estimated capital costs cover entire project schedules, which range from less than a year for typical light industrial developments to more than a decade for large-scale residential and resort developments.

Almost half of major projects currently under construction in B.C. are in the Lower Mainland-Southwest region, while a quarter are in the Thompson-Okanagan region. Almost all of the first quarter's growth in projects under construction occurred in the Lower Mainland-Southwest region. Growth in projects currently under construction in the first quarter was concentrated in highway, street and bridge construction.

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Major Projects Inventory, British Columbia, First Quarter 2009		Total Estimated Capital Cost (\$ Millions)			
Projects Status		Fourth Quarter 2008	First Quarter 2009	Change	% chg.
Proposed		105,447	102,687	-2,760	-3%
Construction started		59,782	63,179	3,397	6%
On hold		14,202	18,316	4,114	29%
Completed		1,294	1,389	95	7%
Project Status	Region	180,725	185,571	4,846	3%
Construction started	Mainland/Southwest	29,560	33,113	3,553	12%
	Thompson/Okanagan	16,435	16,416	-19	0%
	Vancouver Island/Coast	7,161	7,391	230	3%
	Kootenay	2,485	2,141	-344	-14%
	Cariboo	2,072	2,009	-63	-3%
	Northeast	1,128	1,157	29	3%
	North Coast	941	952	11	1%
	Nechako	0	0	0	
Proposed	Mainland/Southwest	30,937	29,038	-1,899	-6%
	North Coast	23,732	23,680	-52	0%
	Vancouver Island/Coast	21,655	19,126	-2,529	-12%
	Thompson/Okanagan	11,919	12,376	457	4%
	Northeast	9,630	11,375	1,745	18%
	Cariboo	3,497	3,000	-497	-14%
	Kootenay	2,926	2,941	15	1%
	Nechako	1,151	1,151	0	0%
Project Status	Structure Type				
Construction started	Buildings	23,602	24,397	795	3%
	Residential Buildings	12,276	12,053	-223	-2%
	Commercial and Institutional Buildings	9,397	9,275	-122	-1%
	Highway, Street and Bridge	4,397	7,073	2,676	61%
	Other Heavy and Civil Engineering	4,013	4,033	20	0%
	Power and Communication Line and Related Structures	3,604	3,675	71	2%
	Oil and Gas Pipeline and Related Structures	1,700	1,700	0	0%
	Water and Sewer Line and Related Structures	743	743	0	0%
	Industrial Building and Structure	50	230	180	360%
Proposed	Power and Communication Line and Related Structures	30,946	31,340	394	1%
	Buildings	21,260	19,432	-1,828	-9%
	Other Heavy and Civil Engineering	17,889	17,105	-784	-4%
	Oil and Gas Pipeline and Related Structures	10,475	10,545	70	1%
	Commercial and Institutional Buildings	7,730	8,639	909	12%
	Residential Buildings	6,398	5,957	-441	-7%
	Industrial Building and Structure	5,351	5,309	-42	-1%
	Water and Sewer Line and Related Structures	2,798	2,853	55	2%
	Highway, Street and Bridge	2,600	1,507	-1,093	-42%

Source: B.C. Ministry of Economic Development and CUCBC structure type classification.