

This week's releases of economic indicators for B.C. reveal some continued weakness: Unemployment continues to rise and non-residential building permits continue to fall.

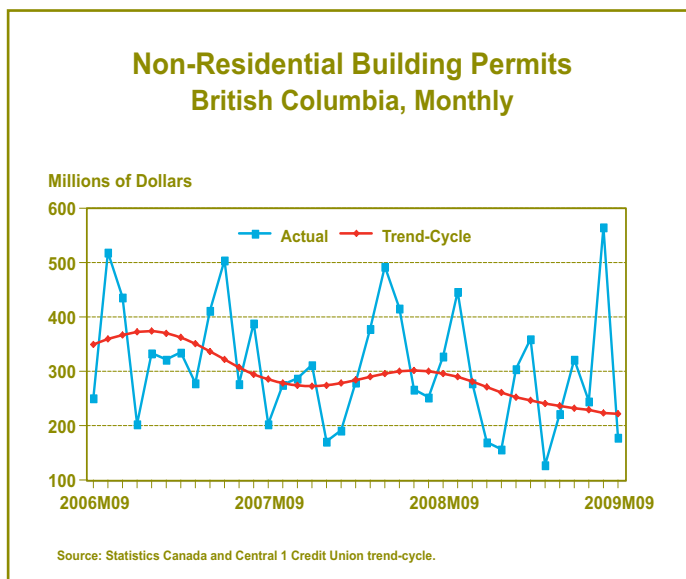
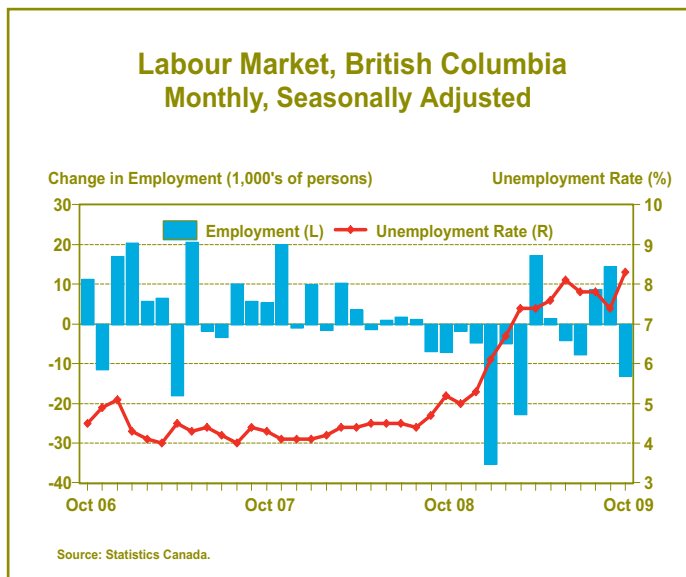
B.C.'s **labour market** gave back September's job growth in October and added labour force participants, driving up unemployment significantly. Total employment fell by about 12,900 persons, seasonally adjusted, all among part-time workers. B.C.'s unemployment rate jumped to 8.3% in October from 7.4% in September, according to the latest estimates from Statistics Canada.

Women aged 25 years and over, together with younger workers aged 15 to 24 years, accounted for all the net job loss in October. Men aged 25 years and over experienced significant job growth. Even so, the unemployment rate among adult women was 6.3% in October, lower than the 7.5% rate among adult men and far below the 15.8% rate among younger labour force participants.

Private- and public-sector employers accounted for all the net job loss in October, while self-employed workers increased. Industry-wise, job losses were concentrated in manufacturing industries.

Metro Vancouver saw a significant decline in employment in October, driving the area's unemployment rate up to 7.8% of the labour force. Regionally, seasonally adjusted employment has declined over the latest three months in the Vancouver Island and Cariboo areas. In contrast, the Thompson-Okanagan and North Coast areas have seen job growth over the past three months. Other development regions have seen little change in total employment.

Central 1 Credit Union expects labour market conditions to improve over the next few years, although short-term declines remain possible. The average level of employment is forecast to decline 2.5% in 2009, year-over-year, before rising 1.8% in 2010 and 2.5% in 2011. Meanwhile, the



unemployment rate is expected to average 7.8% this year, 7.5% in 2010 and 7% in 2011.

**Non-residential building permits** issued in B.C. fell back to normal in September following a surge in August, according to the latest estimates from Statistics



Canada. Permit values totalled \$180 million, down \$387 million (68%) month-over-month. Monthly swings of large magnitude are not uncommon, due to the indivisibility and irregular frequency of larger building projects. The surge in August was exceptionally large and was driven by expansive government fiscal policy to stimulate current economic weakness.

September's decline in permits was widespread, led by government/institutional buildings and further weakened by commercial and industrial buildings. Regionally, the decline was led by metro Vancouver and metro Kelowna. There was little month-over-month change in metro Abbotsford and metro Victoria.

The trend in non-residential building permits and investment spending remains slightly downward. In the first nine months of 2009, permits totalled \$2.49 billion in B.C., down \$293 million (10.5%) year-over-year. Year-to-September permits are down for private-sector buildings, but have risen for public-sector buildings. Regionally, year-to-September permits are up in metro Kelowna and Victoria, but down in metro Vancouver and Abbotsford.

So far in 2009, vacancy rates in private-sector non-residential buildings are generally rising and effective rents are generally ebbing. Building construction has been lagging the provincial economy through the 2008-09 recession. The outlook is for non-residential construction investment to decline 20% this year, led by lower costs and quantities. Commercial and industrial construction will decline, while government building increases.

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