



This week's releases of key indicators of B.C.'s economy were uniformly positive. International exports, non-residential building permits and housing starts all increased in the latest month. Growth rates remained modest and all of these indicators have far to go before regaining their pre-recession highs.

**International exports** of B.C.-origin goods increased in October following two straight monthly declines, according to the latest estimates from Statistics Canada. The 2008-09 global recession hammered international trade flows, which have been bouncing along a cyclical trough since January this year. However, the economy appears to be recovering and resumed export growth is likely in the near term.

B.C.-origin goods exported internationally totalled \$2.04 billion in October, seasonally adjusted, up 5.2% from September. Industrial goods and materials, mainly metallic ores and construction aggregates, led the month-over-month growth, followed by forest, agricultural and energy products. Most other major classes of exports saw modest growth in October.

Central 1 Credit Union forecasts the current dollar value of B.C.-origin exports, including goods and services, both international and interprovincial, will rise 3% in 2010, year-over-year, following a 15% plunge in 2009. Overall imports are also forecast to grow about 3% next year, after an 11% drop this year. The outlook is for B.C.'s overall trade deficit to remain close to this year's \$14.7 billion in 2010.

**Non-residential building permits** issued in B.C. edged up in October following a brief spike during the previous two months, according to the latest estimates from Statistics Canada. Permit values totalled \$191 million in October, up \$12 million (6.5%) from September. The small increase was led by permits for industrial and government/institutional buildings, largely offset by lower permit values for commercial buildings. Regionally, growth was led by the Vancouver and Abbotsford metropolitan areas, largely offset by lower values in the Victoria and Kelowna metropolitan areas.

Despite October's increase, the trend in non-residential building permits and investment spending remains slightly downward. In the first 10 months of 2009, permits totalled \$2.7 billion in B.C., down \$550 million (17%) year-over-year.



Year-to-October permits for private-sector buildings are down, but have risen for public-sector buildings. Regionally, year-to-October 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 drop 20% this year, led by lower costs and quantities. Commercial and industrial construction will decline, while government building increases.

**Housing starts** in B.C. in November continued their slow upward rebound from the cyclical low reached in May this year. According to the latest estimates from Canada Mortgage and Housing Corporation, construction began on 19,200 housing units at a seasonally adjusted annualized rate (SAAR), up 5.5% from October.

Central 1 Credit Union forecasts housing starts in B.C. will total around 15,000 units this year, down 57% from 2008 and marking the lowest level since 2000. Starts are forecast to rise 47% in 2010 (to 21,400 units) and a further 29% in 2011 (to 27,500 units).

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### Housing Starts, British Columbia Monthly, Seasonally Adjusted Annual Rate (SAAR)



