

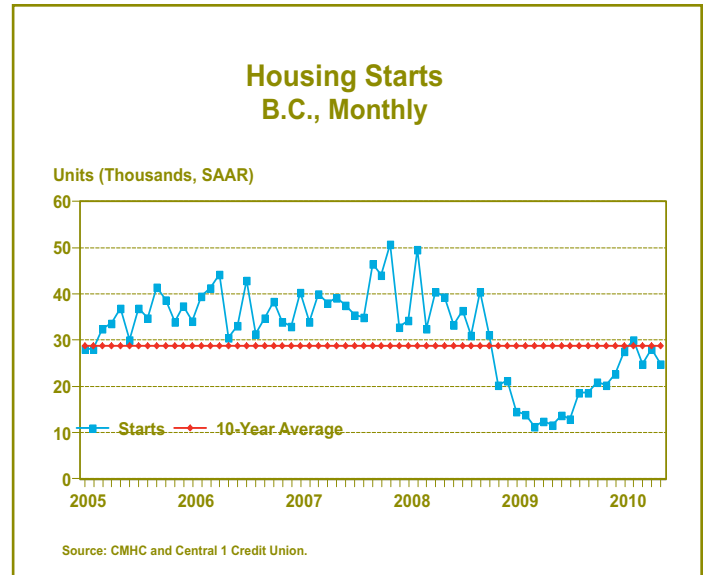
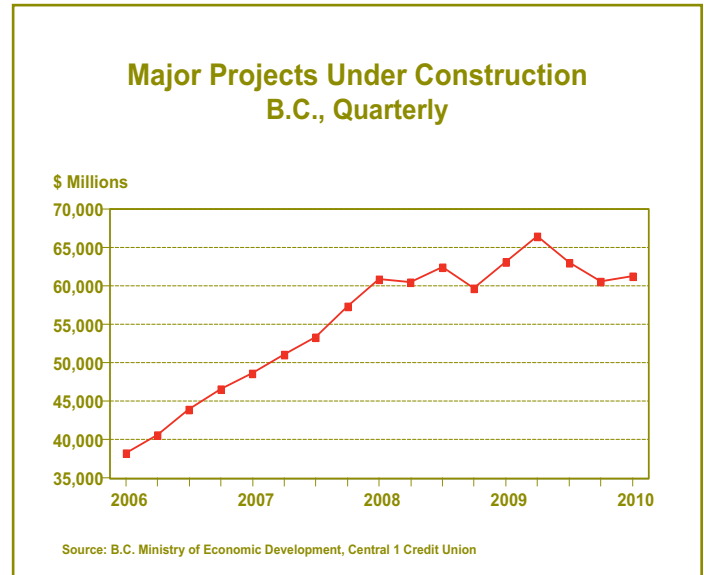
**Major Projects Under Construction Rise in Q1**

According to the most recent **Major Project Inventory** (MPI) compiled by the B.C. Ministry of Economic Development, estimated combined capital costs of major projects under construction reached \$61.3 billion in the first quarter of 2010, up 1% from the previous quarter (see Tables). The first quarter increase primarily reflected non-residential activity and government-related expenditures. The value of major projects under construction in the province has remained relatively flat since early 2008.

During the first quarter, work began on projects with a combined capital cost of \$1.28 billion. The most significant contributors included the \$366-million Copper Mountain mine near Princeton and the \$400-million Rainbow residential development in Whistler, which includes both market and non-market housing units. Government expenditure on new projects was also prevalent during the quarter, with \$100 million in social housing projects starting construction in Vancouver, and nearly \$150 million in highway improvements in the B.C. interior and northeast.

Meanwhile, projects valued at more than \$2.32 billion were completed during the first quarter, led by two well-publicized mixed-use projects in Vancouver, the Fairmont Pacific Rim Vancouver hotel and the Woodward's Building redevelopment. The Upper Harrison hydroelectric project, with a capital cost of \$263 million, was also completed.

A rise in the value of proposed projects during the quarter could bode well for future economic activity. Estimated capital costs of proposed major projects rose to \$111 billion, up 3% from the fourth quarter. The increase was led by plans related to commercial/institutional buildings, residential buildings, and power/communications systems. However, it can take years for projects to advance from the proposal to construction stage and some projects fail to proceed. A recent slow-down in housing demand and the potential impact on the pre-sale market for condominiums could delay the start of new residential projects moving forward. Proposed mixed-use projects, which often include a retail and residential component, fell 2% from the fourth quarter.



**Table for Major Project Inventory on Page 2**

**Housing Starts Drop (story continues on pg. 3)**

As further evidence that the housing market is cooling, seasonally adjusted **housing starts** in British Columbia fell to an annualized rate of 24,900 units in May, down 13%



# Major Projects Inventory, British Columbia, Estimated Capital Cost (\$ Millions)

Major Projects Inventory, British Columbia, Estimated Capital Cost (\$ Millions)								
Project Status	Type of Structure	Q1 2009	Q4 2009	Q1 2010	Q4 09 to Q1 10		Q1 09 to Q1 10	
					change	% Change	change	% Change
Proposed		102,687	107,762	111,368	3,606	3%	8,681	8%
Completed		1,389	4,125	2,324	-1,801	-44%	935	67%
On hold		18,316	19,348	18,478	-870	-4%	162	1%
Under Construction		63,179	60,672	61,297	625	1%	-1,882	-3%
Project Status	Type of Structure	Q1 2009	Q4 2009	Q1 2010	change	% Change	change	% Change
Proposed	Mixed Use Buildings	19,432	15,959	15,569	-390	-2%	-3,863	-20%
	Power and Communication Systems	31,340	37,921	40,332	2,411	6%	8,992	29%
	Commercial and Institutional Buildings	8,639	9,042	10,326	1,284	14%	1,687	20%
	Industrial Buildings and Structures	5,309	5,553	5,584	31	1%	275	5%
	Residential Buildings	5,957	6,195	6,754	559	9%	797	13%
	Other Heavy Engineering Structures	17,105	15,979	15,513	-466	-3%	-1,592	-9%
	Water and Sewer Systems	2,853	2,588	2,588	0	0%	-265	-9%
	Highways, Streets and Bridges	1,507	1,680	1,557	-123	-7%	50	3%
	Oil and Gas Systems	10,545	12,845	13,145	300	2%	2,600	25%
	Completed	Other Heavy Engineering Structures	0	0	20	20		20
Residential Buildings		317	234	259	25	11%	-58	-18%
Mixed Use Buildings		540	2,006	940	-1,066	-53%	400	74%
Power and Communication Systems		244	614	263	-351	-57%	19	8%
Highways, Streets and Bridges		0	1,010	205	-805	-80%	205	n.a
Commercial and Institutional Buildings		288	261	615	354	136%	327	114%
Water and Sewer Systems		0	0	22	22	n.a	22	n.a
Oil and Gas Systems		0	0	0	0	n.a	0	n.a
On hold	Residential Buildings	2,664	2,689	2,924	235	9%	260	10%
	Highways, Streets and Bridges	36	0	0	0	n.a	-36	-100%
	Industrial Buildings and Structures	200	100	100	0	0%	-100	-50%
	Oil and Gas Systems	0	0	0	0	n.a	0	n.a
	Other Heavy Engineering Structures	7,942	8,002	7,002	-1,000	-12%	-940	-12%
	Power and Communication Systems	2,555	2,555	2,555	0	0%	0	0%
	Commercial and Institutional Buildings	332	493	438	-55	-11%	106	32%
	Mixed Use Buildings	4,587	5,509	5,459	-50	-1%	872	19%
Under Construction	Oil and Gas Systems	1,700	2,000	2,100	100	5%	400	24%
	Water and Sewer Systems	743	799	777	-22	-3%	34	5%
	Industrial Buildings and Structures	230	352	352	0	0%	122	53%
	Highways, Streets and Bridges	7,073	5,400	6,205	805	15%	-868	-12%
	Mixed Use Buildings	24,397	25,332	24,752	-580	-2%	355	1%
	Power and Communication Systems	3,675	2,811	2,548	-263	-9%	-1,127	-31%
	Residential Buildings	12,053	11,047	11,110	63	1%	-943	-8%
	Commercial and Institutional Buildings	9,275	7,698	7,874	176	2%	-1,401	-15%
	Other Heavy Engineering Structures	4,033	5,233	5,579	346	7%	1,546	38%

Source: B.C. Ministry of Economic Development. Note: n.a.= not applicable.

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from April estimates. Declines were comparable in both the single-detached and multiple family market segments. In B.C.'s urban areas, single-detached starts fell 15% while multiple-family starts dropped 12%. Stronger declines were observed outside of the Vancouver CMA region, which fell by only 7%.

The key drag on the new home market remains the multiple-family sector. While single-detached starts have followed a recent downtrend, activity remains elevated and on par with pre-recession activity. Multiple-family starts have reached only 60% of levels averaged from 2005 to 2008, reflecting the time and planning complexity of larger projects, credit constraints, and uncertainty regarding the economic recovery. The recent downtrend in new home activity is expected to persist as the introduction of HST adds to the cost of higher-priced new homes, while supply in the resale market remains elevated. Central 1 Credit Union forecasts B.C. housing starts will reach 23,400 this year, up 55% from 2009. Year-to-date, B.C. housing starts have hovered slightly below the province's 10-year average of 28,700 units.

### International Exports Stay on Uptrend

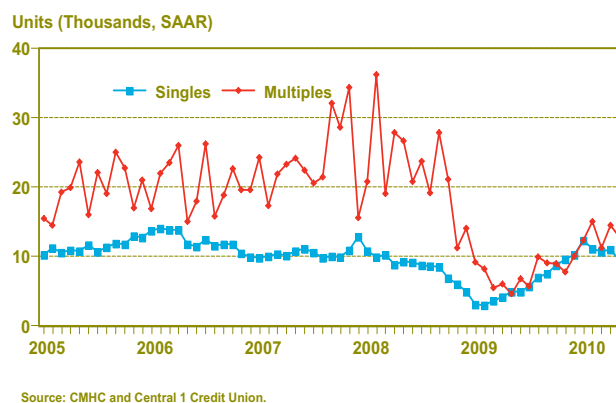
**Exports of B.C. origin goods to international markets** rose again in April following a strong March report. Seasonally adjusted current dollar export volumes rose 1.3% in April to reach \$2.35 billion. Exports have increased to the highest level since late 2008 in both current and inflation-adjusted dollars, as improvements in global demand benefit B.C. industries.

The energy and forestry product groups were the sole contributors to growth in April. Monthly energy related exports rose 9.2% on a seasonally adjusted basis while forestry exports advanced 1.7%. All other product groups were either flat or down during the month. Gains in energy exports were due to a rise in quantities produced, while forestry gains were price-driven.

While recent export activity is significantly improved from last year, it remains well below pre-recession levels. Central 1 Credit Union forecasts that 2010 current dollar export activity will rise by a modest 4.7% from last year, but still be 15% shy of the 2008 level.

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### Housing Starts - Urban Areas B.C., Monthly



### International Merchandise Exports B.C.-Origin, Monthly

