

Jobs Stay Flat in June

An estimated 2.3 million persons were employed on a seasonally adjusted basis during the reference week of June 13 to 19, according to Statistics Canada's latest Labour Force Survey. **Employment levels** remained flat during June, rising by a statistically insignificant 6,400 persons from May. Since the start of 2010, B.C. monthly employment estimates have fluctuated between 2.28 and 2.30 million.

A significant rise in the labour force and an increase in the number of unemployed persons also contributed to a higher estimated unemployment rate in June. The rate edged up by 0.3 percentage points to 7.8%, marking its second straight monthly rise after falling to 7.3% in April.

Among B.C. industries, the service-producing sector accounted for all the net job gains, rising by 13,200 or 0.7% from May. The most significant increases were recorded in health care and social assistance, which added 12,100 jobs or 4.5%. Relative to June 2009, employment in this sub-sector is up 9%. Finance, insurance, real estate and leasing also saw gains, rising by 11,000 jobs or 7.8% from May.

The employment uptrend in place since July 2009 remains generally intact, albeit with slower job growth in recent months. While higher employment is a sign the economy continues to recover, continued population and labour force expansion has kept the unemployment rate high in relation to pre-recession levels. Central 1 Credit Union expects B.C.'s unemployment rate to average 7.5% in 2010.

Housing Starts Edge Up in June

Seasonally adjusted housing starts in British Columbia rose 5.2% in June to an annualized pace of 26,200 units, in contrast to a slight national decline. Despite the monthly gain, total housing starts in B.C. remained low as multiple family housing has yet to recover fully from the collapse in 2009. In B.C.'s urban areas, single-detached housing starts rose 9.5% in June, while multiple-family housing starts were up 4%.

Housing starts have been on an uptrend through 2009, but are unlikely to record significant gains in the near-term. While single-detached starts remain elevated, a slight downtrend is expected in the quarters ahead. The combination of the HST's impact on higher-priced new

homes and higher resale inventory levels will likely slow demand in the single-detached market. Meanwhile, multiple-family activity will continue to be constrained by the time and planning complexity of larger projects, credit constraints, and uncertainty regarding the economic recovery.

Central 1 Credit Union forecasts B.C. housing starts will reach 23,400 this year, up 55% from 2009, but below the province's 10-year average of 27,300 units.

Building Permits Rebound in May

The **value of building permits** issued by local governments in British Columbia rebounded by 11.9% on a seasonally adjusted basis to \$754 million in May, partly reversing April's 23.1% decline. Non-residential building intentions led the advance, increasing 36.7%, and reflected a sharp uptick in institutional and governmental permit activity. Residential permits, which historically account for 65% of total permits, rose by a more modest 1.9% during the month.

Despite the increase, building intentions have stalled after an uptrend led by housing in 2009. While monthly permit activity can be volatile, residential and non-residential permit values have fluctuated near \$500 million and \$200 million in 2010. These levels are a significant improvement from the recession troughs, but well below activity seen in 2006-2008. Over the near-term, the combined impacts of uncertain economic conditions, elevated resale market housing inventory, and HST on new home purchases and renovations could temper residential building intentions.

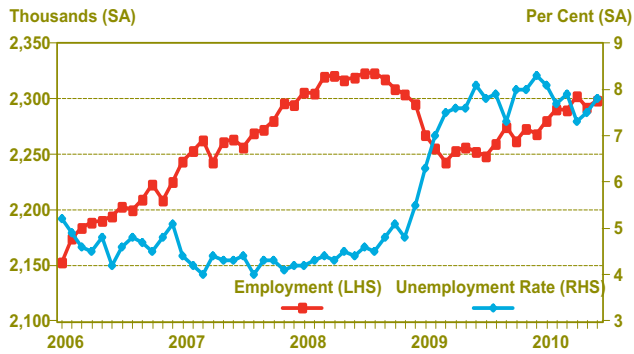
Among British Columbia's Census Metropolitan Areas (CMAs), Vancouver's permit values jumped 28.5% from April on a seasonally adjusted basis, while Abbotsford recorded a near doubling in building intentions. Victoria's permit values rose by 19% while Kelowna's fell 9% from April.

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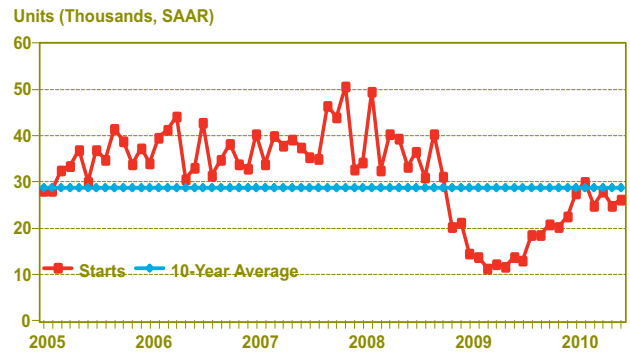


Labour Market B.C., Monthly



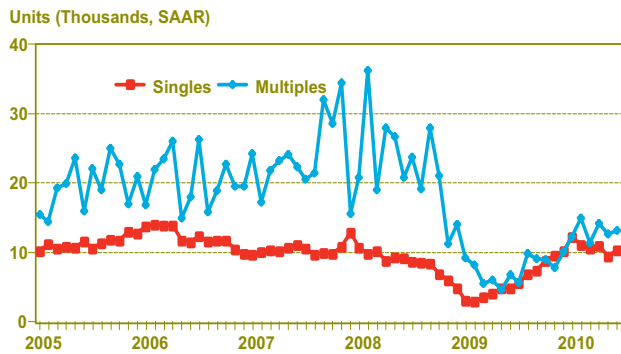
Source: Statistics Canada and Central 1 Credit Union.

Housing Starts B.C., Monthly



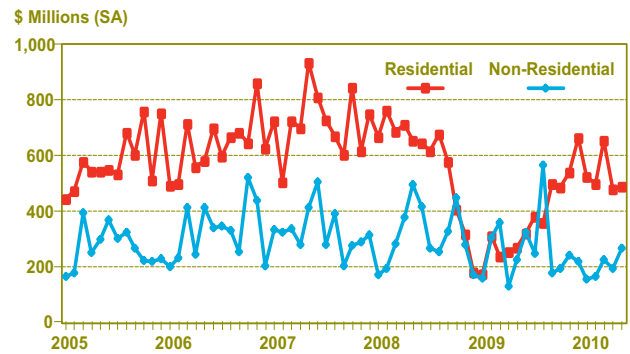
Source: CMHC and Central 1 Credit Union.

Housing Starts - Urban Areas B.C., Monthly



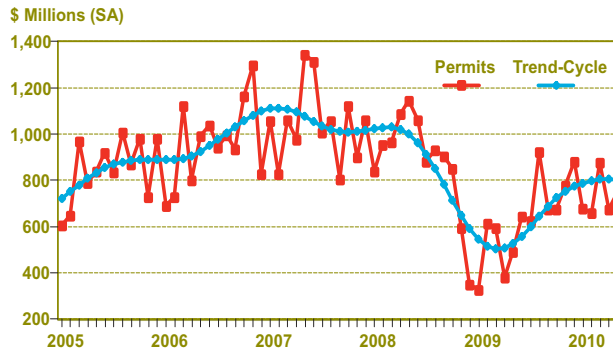
Source: CMHC and Central 1 Credit Union.

Building Permits Values B.C., Monthly



Source: Statistics Canada and Central 1 Credit Union.

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