

**B.C. Employment Flat For Second Month**

British Columbia’s employment level mirrored the national picture in October by remaining flat for a second consecutive month, according to Statistics Canada’s latest Labour Force Survey. Estimated seasonally-adjusted employment rose by a statistically insignificant 1,500 individuals during the month or 0.06% from September. While overall employment has rebounded to levels just shy of pre-recession peaks, employment growth has recently stalled. That said, full-time employment estimates have continued to trend higher suggesting that employers are shifting some part-time employees to full-time status. B.C.’s unemployment rate edged down slightly to 7.4% in October from 7.5% in the previous month.

Among B.C.’s goods producing sectors, estimated employment growth was most significant in the manufacturing sector which was up 7.3% from September, and 13% from last year. Meanwhile, significant service sector gains were observed in the transportation and warehousing sector and educational services. The most significant estimated employment declines were recorded in the forestry/fishing/mining/oil & gas which fell 10.6% from September and healthcare which declined 5.3%.

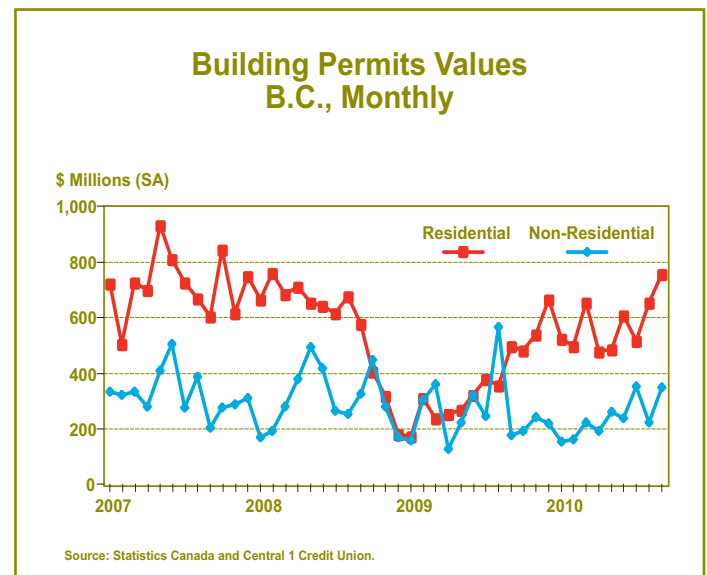
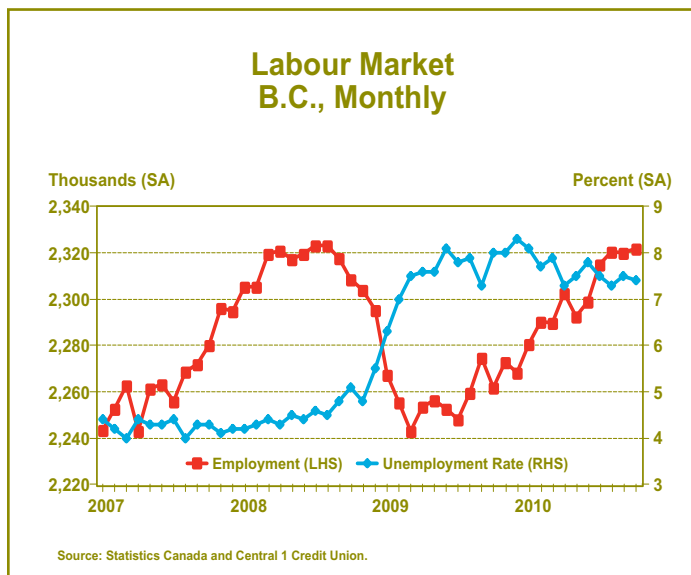
Deviations in employment trends by geographic region have also been observed. While Metro Vancouver employment continues to trend higher, and has surpassed pre-recession employment peaks, employment in the rest of the province has shown signs of contracting in recent months following a strong post-recession rebound.

Moving forward, a general upward trend in employment levels is expected to persist. However, gains will be moderate due to a slower growth profile in the economy. Average employment levels in 2011 are forecast to exceed 2010 by only 2.0%. While job growth will put downward pressure on the unemployment rate, it will remain elevated at 7.3% next year.

**Building Permits Up Sharply in September**

The value of building permits issued by local governments in British Columbia rose sharply in September by 26% to reach \$1.1 billion on a seasonally adjusted basis. This was the first month since June 2008 that permit values exceeded the \$1 billion mark.

Increased intentions to build were observed in both the residential and non-residential markets. Residential permits



rose 16% from August on increased multi-family permits. Based on data adapted from Statistics Canada, permit values for single-detached homes continued to trend lower in September, while multi-family permit values rose 28%.

In the non-residential sector, September permit values were up 55% from August, as industrial and commercial permits rebounded from sharp drop-offs during the previous month. On a year-to-date basis, non-residential permits remained 13% lower than the same period in 2009 reflecting elevated commercial vacancy rates and moderate economic growth.

### Business Confidence Jumps in October

According to this week's release of the CFIB Business Barometer® Index (BBI), small- and medium-sized business confidence in October rebounded by an unexpectedly strong 6.4 points to reach 70.0 on a scale of 0 to 100. This was the largest increase in the country, and suggests that relative to the last two months readings, more businesses are expecting a stronger business performance over the next year relative to those expecting a weaker one. While confidence has reverted back to July levels, it remains lower than 2004 to late 2007 levels when the economy was healthier.

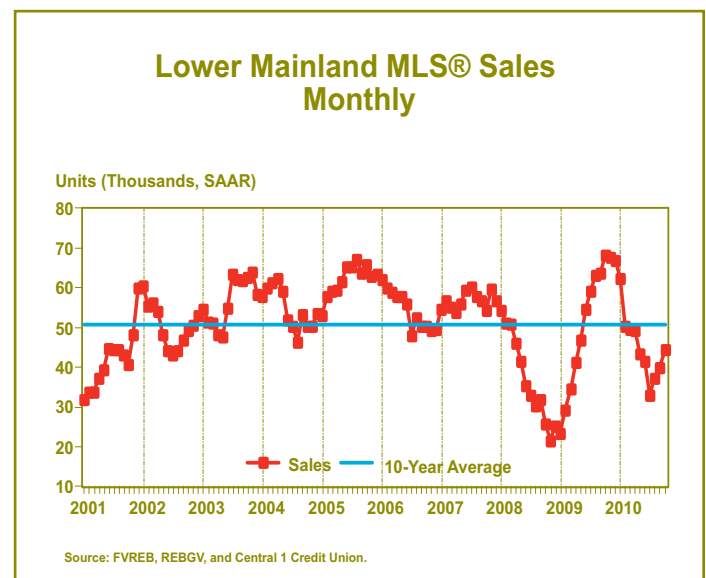
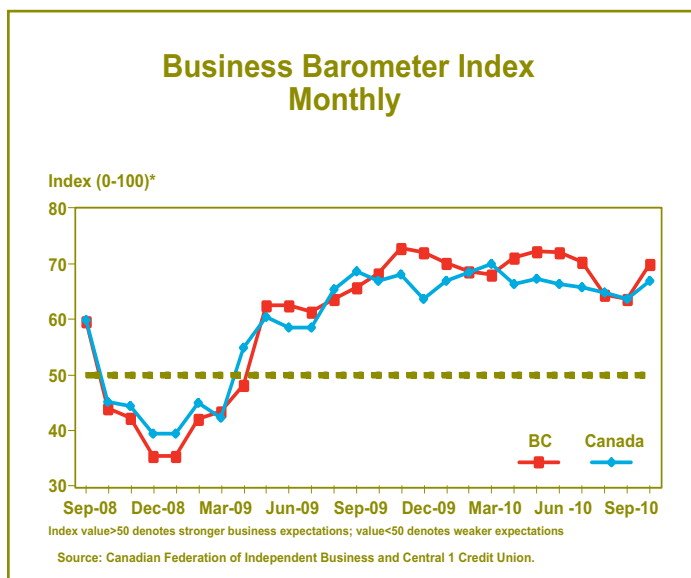
Given the substantial monthly increase in confidence, it would not be a surprise to see a modest retreat in November's BBI reading, reflecting Central 1's outlook for slower growth in the economy. B.C. growth is forecast to slow in 2011 to 2.5%, down from 3.1% in 2010, reflecting the global economic slowdown, wind-down of fiscal stimulus spending, and a weaker comparison to the 2010

Winter Olympic boost. In particular, a growth slowdown in the U.S. and a high Canadian dollar will likely weigh on export demand moving forward.

However, this will be offset by a stable domestic economy. Despite relatively low levels of activity, housing sales have shown signs of trending higher in recent months, and an upward trend in the resale and new home market is forecast over the next few years. In addition, while retail sales have declined over the summer months, improving housing markets should spur some additional spending. Proposed personal income tax cuts set to take effect in 2011 will also provide a boost to expectations for future consumer spending.

### Lower Mainland Housing Sales Up, Prices Stable

Residential home sales in B.C.'s Lower Mainland rose for the third consecutive month in October. Based on data released this week by the Fraser Valley Real Estate Board and the Real Estate Board of Greater Vancouver, seasonally-adjusted MLS® sales rose 10.9% from September in the combined Metro Vancouver and Abbotsford/Mission area. Monthly gains over the last three months have pushed sales activity back to May levels following a sharp drop during the summer months. While sales in the lower mainland have climbed higher, they remain at modest levels and continue to trend about 10% below the 10-year average. A gradual rise in sales activity is forecast through 2011 due to improvements in the economy and a continuation of low mortgage rates.



Increased sales activity alongside declines in the number of month-end listings have stabilized price levels in the lower mainland after receding 3% from April to August. According to the MLSLink® Housing Price Index (HPI)—which provides a more accurate estimate of relative prices by controlling quality characteristics of homes sold including square footage, number of bedrooms, and structure type—price levels in the lower mainland bottomed in August and have edged up slightly over the past two months.

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