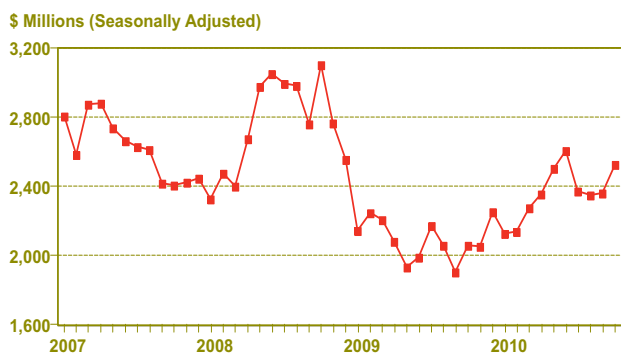
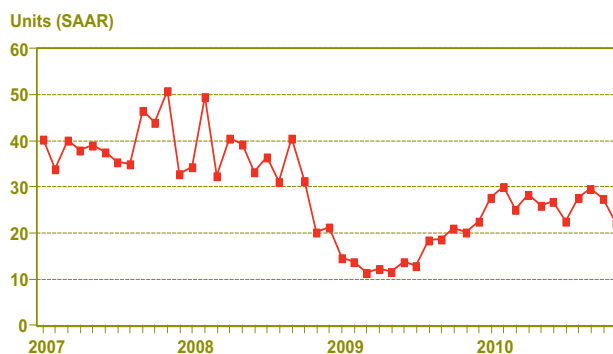


**International Merchandise Exports  
B.C.-Origin, Monthly**



Source: Statistics Canada and Central 1 Credit Union.

**Housing Starts  
B.C., Monthly**



Source: CMHC and Central 1 Credit Union.

**International Exports Rebound in October**

International exports originating from British Columbia rebounded in October following three months of flat or declining activity. Based on data adapted from Statistics Canada, current dollar exports rose to a seasonally-adjusted \$2.52 billion in October, up 6.8% from September.

Monthly gains were led by higher industrial goods and materials, and forestry product exports. Industrial goods and materials exports surged 37% after a sharp pull-back in September, primarily reflecting higher volumes shipped. Statistics Canada noted that national gains in this product grouping were led by strong gains in exports of precious metals and metal ores such as copper (and in which BC has significant mining activity).

Meanwhile, exports of forestry products rose 12% from September following three consecutive monthly declines. Machinery and equipment, and energy exports, which both fell 5%, provided an offset to these increases.

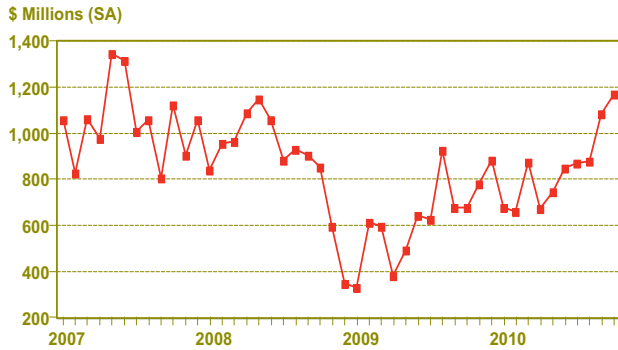
**Housing Starts Record Sharp Decline in November**

Seasonally-adjusted housing starts in British Columbia fell more than expected in November to an annualized rate of 22,100 units, down 19.6% from October. This marked a second consecutive monthly decline. In BC's combined urban areas, declines were driven primarily by the multi-family market where volatile month-to-month swings in activity are often observed. Apartment and row/duplex starts fell 27% to an annualized pace of 11,800 units. Meanwhile, single-detached starts, which have followed a downward trend since the beginning of the year, fell 9% from October.

Despite lower activity in November, housing starts are forecast to trend at a higher pace in 2011, particularly in the multiple-family sector. Low mortgage rates, along with higher employment, population and incomes are expected to push resale housing demand higher, driving up housing starts in the process. Annual housing starts are forecast to rise 6.4% in 2011 and a further 14% in 2012. Despite the increase, starts will remain well shy of pre-recession levels of 34,000 to 40,000 units.

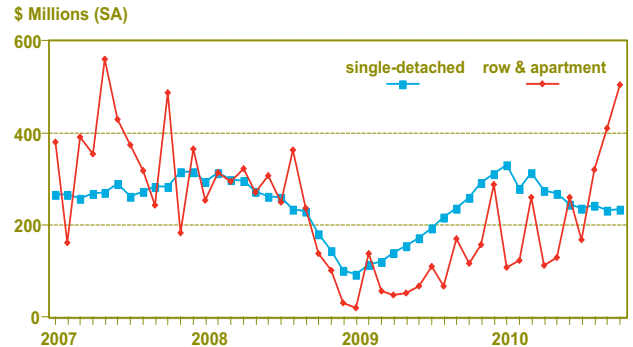


### Building Permits Values B.C., Monthly



Source: Statistics Canada and Central 1 Credit Union.

### Residential Building Permits Values B.C., Monthly



Source: Statistics Canada and Central 1 Credit Union.

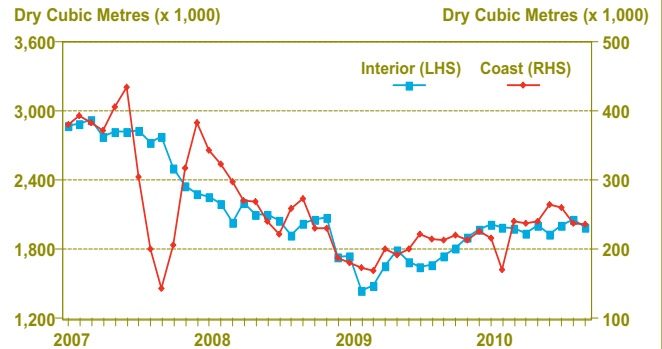
### Building Permits Increase Again in October

The value of building permits issued by local governments in British Columbia rose to nearly \$1.17 billion on a seasonally-adjusted basis in October: a 7.7% increase from September. This was the sixth consecutive monthly increase and the highest monthly figure since June 2007. Building intentions rose in both the residential and non-residential markets. Residential permits rose by 5.6% while non-residential permits increased by 12.5% from September.

In contrast to November's drop in housing starts, gains in October residential permits were driven by higher multi-family permits. Building permits for row and apartment units, rose 23% from September, and surged to the highest level since mid-2007. While multi-family permits are volatile on a monthly basis, a post-recession upward trend has persisted and accelerated in recent months. Increased multi-family permit activities bodes well for an increase in housing starts over the next couple of months, and higher residential investment over the construction phase of these new projects. In the single-detached market, permit volumes edged up in October but a moderate downward trend persists.

In the non-residential sector, permit volumes rose in all market segments. Industrial permits rose 31% from September, while commercial and institutional permits rose by 11.7% and 10.5%, respectively. On a year-to-date basis, non-residential permits remained 6% lower than the same period in 2009 reflecting

### Sawn Lumber Production B.C., Monthly



Source: Statistics Canada and Central 1 Credit Union.

elevated commercial vacancy rates and moderate economic growth.

### Lumber Production Dips in September

Sawn lumber production in British Columbia pulled back 2.9% in September to 2.23 million dry cubic metres on a seasonally-adjusted basis, following two consecutive monthly increases. Overall lumber production in the province has followed a slight upward trend in 2010 but remains low, fluctuating between 2.15 and 2.3 million dry cubic metres. While higher than the same period in 2010, production continues to trend at only 80% of the 15-year average, and well below levels reached from 2005-2007.

Based on data adapted from Statistics Canada, production declines were observed in all regions of BC. The central interior recorded a 4.5% decline from August, while the northern and southern interiors recorded declines of 2.9% and 2.8%. Coastal lumber production fell by a more moderate 0.8%, but this followed an 8% decline in August.

BC lumber production is expected to tread water over the near to medium term. While BC increasingly taps Asian markets as export destinations, provincial production still tracks closely with trends in the U.S. new home market. Housing starts and home prices in the US have turned lower in recent month, reflecting a continuation of weak labour market conditions, a high level of vacant homes, and uncertainties surrounding foreclosure sales.

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