



## Highlights

- Canadian labour market gains 231,000 jobs in June as third wave restrictions loosen
- B.C. outperforms most provincial peers, employment exceeds pre-pandemic levels
- Lower Mainland housing market takes a breather after recent frenzy

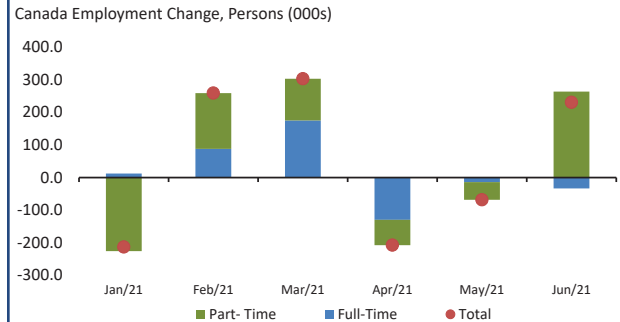
## National employment regains traction in June

Canada's labour market got back on track in June as third wave social and economic restrictions abated and activity resumed in a number of service industries. According to the latest Labour Force Survey (LFS) estimates, the Canadian economy gained 231,000 jobs in June (a 1.2 per cent gain from May) to reverse more than 80 per cent of losses recorded during the previous two months. Total employment remained 0.2 per cent below March levels, and 1.8 per cent lower than pre-pandemic February 2020 levels.

To varying extents among provinces, indoor dining and outdoor dining restrictions resumed, as did recreational activities and personal care services, driving re-hiring. Ontario's stay-at-home order was lifted, but indoor dining remained restricted as did other services.

June's employment rebound was entirely accounted for by an increase in part-time work (up eight per cent) as full-time work was largely unchanged. The latter has continued to underwhelm, sitting 2.2 per cent below pre-pandemic levels while part-time work has nearly fully recovered. Among industries, accommodations/food services rose 11.8 per cent and represented more than 40 per cent of the net increase. More broadly, service sectors gained ground with a 1.9 per cent monthly increase amidst re-openings and relaxed restrictions, with wholesale/retail trade up 78,000 persons or 2.9 per cent, and other private services rose 3.3 per cent (23,800 persons). In contrast, goods sectors shed jobs (-1.2 per cent) led by lower construction. Given industry drivers, it is not surprising that gains were led by younger people aged 15-24 where employment jumped 7.1 per cent, while growth for prime aged individuals rose 0.4 per cent.

## Canada employment rebounds in June as third wave restrictions loosened



Source: Statistics Canada, Central 1

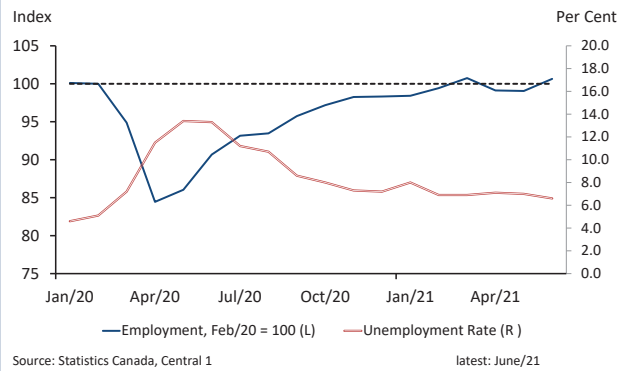
Among provinces, employment growth in B.C. and Ontario (at 1.6 per cent) trailed Nova Scotia (3.1 per cent) and Quebec (1.7 per cent).

June's jobs rebound outpaced labour force growth. While more individuals re-engaged with the labour market, the unemployment rate eased from 8.2 per cent to 7.8 per cent. That said, labour market slack persists. The unemployment rate was still two percentage points higher than before the pandemic, and employment to population ratio sat 1.7 per cent below at 60.1 per cent. Total hours worked in the economy remained four per cent below pre-pandemic levels. Further easing of restrictions will further lift employment in coming months.

## B.C. employment surges 1.6 per cent in June, unemployment rate lowest since pandemic commenced

B.C.'s labour market outperformed most of the country in June with a 1.6 per cent (42,100 person) monthly gain. The province moved through Stage 1 and 2 of the Restart plan, highlighted by re-opening of restaurant in-house dining and larger organized events, travel and other recreation. The labour market has fully recouped losses from the previous two months and exceeded pre-pandemic levels by 0.6 per cent. The latter marks the best performance among all Canadian provinces reflecting shallower economic restrictions from the pandemic, and solid performances in the commodities and technology sectors and robust housing market. However, full-time work has similarly lagged with levels 1.6 per cent lower than February 2020, while part-time work rose nine per cent. B.C.'s

## B.C. employment exceeds pre-pandemic level, labour market slack persist



unemployment fell to 6.6 per cent from 7.0 per cent in May and marked the lowest level since the pandemic began.

Metro Vancouver performance was consistent with employment growth of 1.5 per cent, although unemployment remained higher at 7.4 per cent of the labour force.

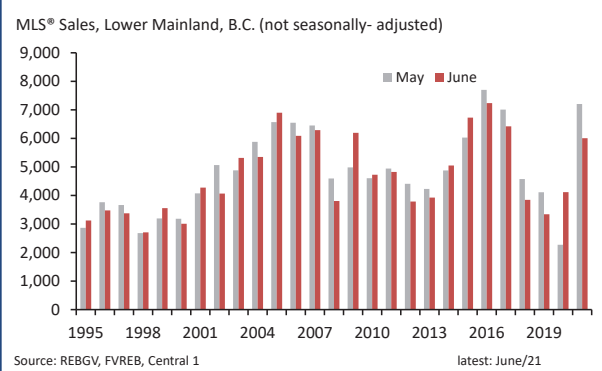
The latest industry data for June pointed to a strong gain in accommodation/foodservices (up 12 per cent) as dining restrictions were largely lifted. This contributed half of the net monthly increase. Significant gains were also recorded in finance/insurance/real estate (up 4.1 per cent), health care/social assistance (up 3.0 per cent), and business/building/other support (up 5.0 per cent). Gains align with broader re-openings of businesses and offices. A drop in resource employment and construction were partial offsets to services driven growth.

Constructive trends are expected going forward. The province entered Stage 3 of the Restart plan on July 1 which allowed for larger events, fairs and trade shows, re-openings of casinos, and normalization of fitness classes and gyms. We can expect this to drive direct hiring and planning for future events in the months to come, while domestic tourism will likely buoy the province given ongoing international travel restrictions.

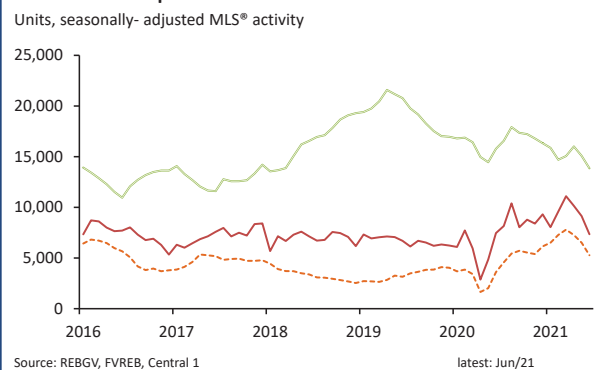
## Lower Mainland housing market slows in June as waning pandemic refocuses household attention

There were more signs of cooling housing momentum in the Lower Mainland after record highs in the winter and early spring. Regional MLS® sales spanning Metro Vancouver and Abbotsford- Mission (Lower Mainland) reached 6,007 units last month. While

## Lower Mainland MLS® sales return to a more normal pace in June



## Sales and listings decline, pointing to shift in household priorities



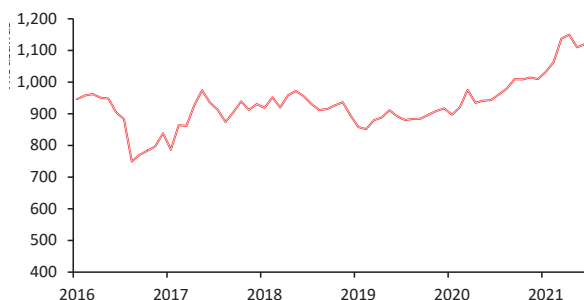
still up a lofty 46 per cent from a year ago, this is compared to a 217 per cent increase in May. Waning base year effects from a sharp decline in sales early in the pandemic contributed to slowing growth, but sales have retreated sharply from peak.

Our calculations for seasonally- adjusted sales point to a 20 per cent month-to-month decline and 30 per cent drop from peak March sales. That said, sales are by no means low, with levels in line with same-month sales observed in the mid-2000s and 2015- 2017.

Declining sales comes as little surprise given the recent frenzy due to low borrowing costs, pandemic driven demand for space, and “fear of missing out” amidst rising prices. Pull forward demand has likely been satiated, while affordability has further eroded amidst rapid price gains, contributing to buyer fatigue. Meanwhile, both buyers and sellers are likely taking a breather as social restrictions normalize and shift consumers away from housing and towards lost meetings with friends, travel and events. Along with lower sales were declines in both June new listing and month- end inventories.

## Price trend steadies following sharp run up

Lower Mainland average price \$000s, not seasonally - adjusted



Source: REBGV, FVREB, Central 1

latest: Jun/21

That said, market conditions remain tight. The sales-to-inventory ratio of 37 per cent fell to the lowest level since January but still favoured sellers. The average price rose 0.9 per cent m/m to \$1.12 million, reversing some of the May decline. That said, sales composition plays heavily into average prices, which were 19 per cent above year ago levels. Benchmark home prices suggest price levels are flattening with the composite up 0.4 per cent following average gains of two per cent monthly since February. Prices slowed across home types with detached prices unchanged and apartments up 0.4 per cent. Townhome prices were stronger at 1.2 per cent, reflecting high demand for lower priced ground-oriented homes. Peak market pricing may have been reached for this cycle, particularly for detached homes providing breathing room for buyers, although condo demand will likely be lifted by population growth and return of the non-permanent resident population and tourists once borders more fully open.

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