



Highlights

- B.C.'s total employment rose by 4,600 persons (or 0.2 per cent) from October;
- B.C.'s unemployment rate remained unchanged at 5.6 per cent compared to 6.0 per cent nationally;
- B.C. building permits surged in October to the highest level since March, driven by Northern B.C. hospital construction;
- Housing market continues Q4 pick up as buyers race to beat rate hikes

Steady B.C. employment growth continues through November

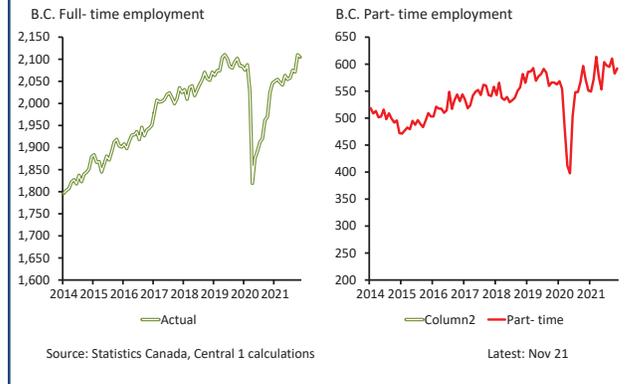
Bryan Yu, Chief Economist

B.C.'s labour market remained steady in November as the economy continued to add jobs but at a mild pace, while remaining relatively tight. Total employment rose by 4,600 persons (or 0.2 per cent) from October. While statistically insignificant, importantly, the trend remained positive. Relative to February 2020, employment is up 2.1 per cent compared to about one per cent nationally and B.C. had the strongest relative performance among provinces.

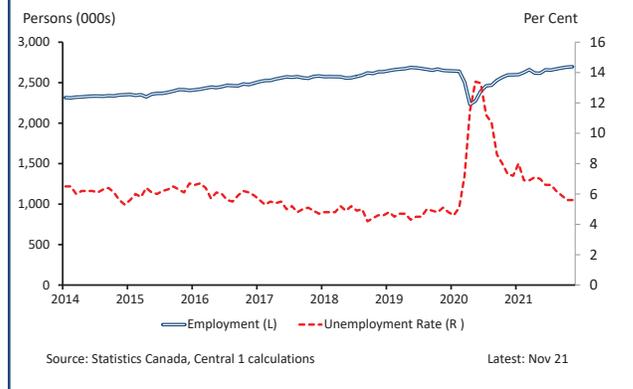
B.C.'s unemployment rate remained unchanged at 5.6 per cent compared to 6.0 per cent nationally which narrowed the gap considerably. Only Manitoba (5.1 per cent) and Saskatchewan (5.2 per cent) recorded lower rates.

While the headline numbers remained relatively solid, some of the underlying data was soft. November employment growth largely came in the part-time sector (1.6 per cent) as full time employment remained unchanged. Total hours worked in the province decelerated to 3.2 per cent year-over-year from eight per cent in October, while monthly hours slipped on a seasonally-adjusted basis suggesting slowing of momentum although availability of labour may be holding back hiring. Job vacancy data suggests B.C. is experiencing the tightest market among provinces.

Headline employment gains but driven by part-time work



Employment trends higher, unemployment rate plumbs to 5.6 per cent



On the industry front, goods-employment fell by one per cent (5,000 persons) with strong declines across sectors outside the manufacturing sector which gained nearly 9,000 jobs, while construction contracted by 9,500 persons. Services employment expanded 0.4 per cent (9,600 persons) lifted by hospitality (up 5,600 persons or 3.2 per cent), ongoing strength in the professional/scientific/technical services (up 7,900 persons or 3.3 per cent). In contrast public administration shed employees which was a key drag.

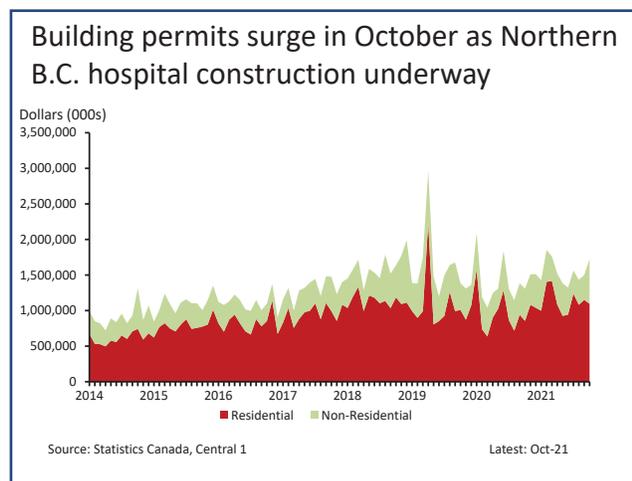
Economic recovery will continue to support employment through 2022 as the recovery and re-opening trends continue driven by international tourism and higher immigration. That said, uncertainty persists given the Omicron variant on restrictions to travel, while short-term employment could take a hit due the BC floods although rebuilding efforts will lift infrastructure related employment. Wage growth will likely pick up steam given labour market tightness.

Northern B.C. hospital construction buoys permit volume in October

Bryan Yu, Chief Economist

Perched on the back of government investment, B.C. building permits surged in October to the highest level since March. Total permits reached a seasonally-adjusted \$1.72 billion marking a 15 per cent increase from September and a 32 per cent increase from a year ago.

Non-residential activity was the big story for the month as permit volume rose 81 per cent from September to \$628.2 million and paused the broader downward trend during the pandemic. However, this marked a one-off gain associated with the upcoming Memorial Hospital Replacement in Terrace (\$254 million). Government building permits rose 530 per cent from September and 153 per cent from a year ago. Industrial permits also jumped 19 per cent from September but fell from a year ago, while commercial permits were relatively flat.



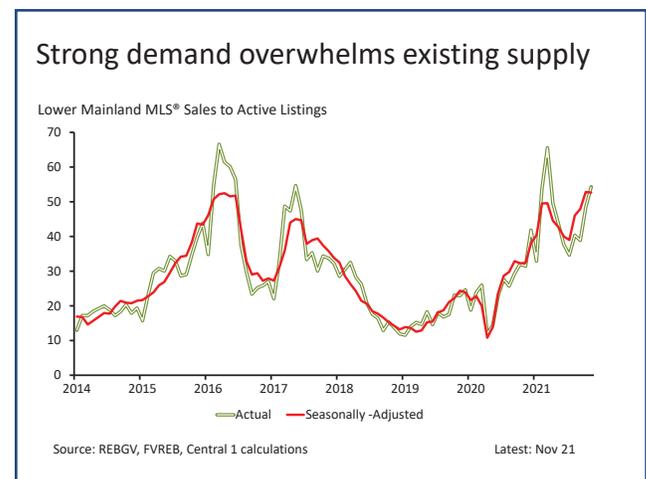
Meanwhile, residential permits pulled back but remained range-bound. Dollar-volume permits fell about five per cent from September on a 10 per cent dip in multi-family segment. This decline was driven by a 23 per cent drop in Metro Vancouver, while activity increased in B.C.'s other metro areas led by Abbotsford-Mission (226 per cent) and Kelowna (66 per cent). Fluctuations are normal given the size and scope of latter projects. Nevertheless, housing construction has remained well above year ago levels consistent with elevated housing starts across the province and renovations activity during the pandemic housing boom.

With the latest gains, year-to-date permits growth reached 11.4 per cent, with resident permits up nearly 18 per cent but offset by 3.2 per cent decline in non-residential activity. The latter continues to be constrained by business uncertainty. Total permits fell 10 per cent in Metro Vancouver but rose in other large urban markets. Permit volume in November likely softened amidst torrential rains during the second half of November and major floods impacting the Fraser Valley and regions across B.C., but a period of rebuilding will contribute to increases thereafter.

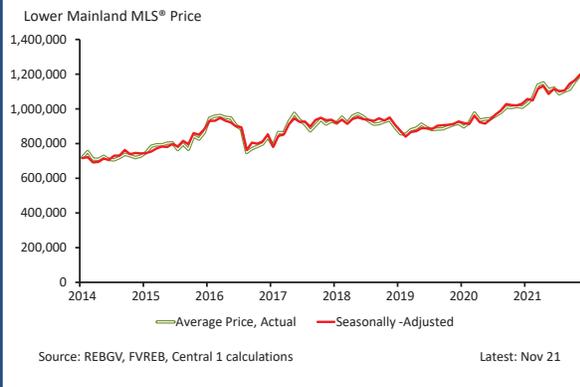
Housing market continues Q4 pick up as buyers race to beat rate hikes

Bryan Yu, Chief Economist

Lower Mainland housing demand looks to have accelerated in November. Buyers found themselves racing against the clock in advance of repricing of their pre-approved mortgage rates and future hikes, while more sellers chose to list to take advantage of high prices. MLS® home sales in the region spanning Metro Vancouver and Abbotsford-Mission reached 5,379 units marking a three per cent increase from same-month 2020. This marked the highest sales for the month of November on record. While the trend has eased since a Spring peak, record demand remains supported by the low-rate environment, rising immigration, return of investor demand and likely some fears of missing the chance at homeownership. Our calculation point to a seasonally-adjusted monthly sales gain of nearly four per cent.



Tight market lifts average price by 3% to record high



New listings fell 3.8 per cent year-over-year, but compared to a 28 per cent drop in October. Monthly new listings rose about 15 per cent.

Despite more additions to supply, inventory remained scarce as buyers largely absorbed the listings. Active listings edged higher but were 40 per cent below year ago levels. Sales-to-active listings remained heavily skewed to a sellers' market at more than 50 per cent contributing to further price acceleration. The average price rose nearly three per cent to \$1.19 million, marking a 17.7 per cent increase from a year ago. The benchmark home value rose 1.9 per cent from September and was 21 per cent above year ago levels. This was led by single-family home (up 27 per cent), with townhomes (up 24 per cent) and apartments (up 14 per cent) posting robust but more modest growth.

We expect the pace of demand to ease in 2022 due to affordability constraints caused by high prices and rising rates. That said, insufficient supply continues to support price growth, albeit this should decelerate. Prospective buyers are expected to be priced out of the market, and/or rotate demand to smaller home and more affordable apartment units.

For more information, contact economics@central1.com.