



Highlights

- Non-farm payroll counts trend higher in December
- B.C. small business confidence climbs in February but uncertainty persists
- B.C.'s purpose-built rental market vacancy rate fell to 1.4 per cent in 2021

Non-farm hiring up 0.3 per cent in December

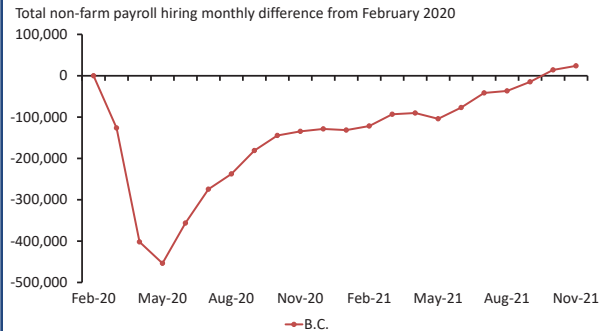
Edgard Navarrete, Regional Economist

British Columbia non-farm payroll employment continued to rise through December with an increase of 8,115 net jobs or 0.3 per cent to a seasonally-adjusted 2.388 million positions. Consistent with data from the Labour Force Survey (LFS), December data from the Survey of Employment and Payroll Hours (SEPH) did not capture the effects of increased public health restrictions to stem the growth of Omicron infections. While these measures are likely to slow January momentum, LFS employment remained positive given the relatively lighter touch of B.C. restrictions. Moreover, the province had already begun repealing some measures partway through February.

December's gains were driven by services sectors, accounting for 96 per cent of additional hiring. Among the largest sectors, hiring increased month-over-month in construction (up 0.5 per cent), education (up 1.3 per cent), and health care and social assistance (up 0.4 per cent). Hiring fell in retail and wholesale trade (down 0.4 per cent), manufacturing (down 0.8 per cent), professional, scientific and technical services (down 0.2 per cent), and accommodation and food services (down 0.5 per cent).

The largest month-over-month hiring growth rates occurred in mining, quarrying, and oil and gas extraction (up 4.7 per cent) and real estate rental and leasing (up 4.5 per cent). A hot rental market with many people moving the province has necessitated the need for growth in rental and leasing while increased demand for commodities and gas has lifted hiring in mining and related industries.

B.C. non-farm payroll employment continues upward trend in December



Source: Statistics Canada, Central 1

Latest: Dec-21

December's additional hiring marked seven consecutive months of net growth. Compared to pre-pandemic employment levels, British Columbia's non-payroll employment has fully recovered and surpassed those levels in December. Total non-farm payroll employment is up 32,043 workers (1.3 per cent) with both goods (up 16,067 workers), and services sector (up 10,842 workers).

In 2021, average total non-farm payroll hiring increased 6.9 per cent with both the goods (up 7.9 per cent) and services (up 6.6 per cent) sectors posting strong growth. Unlike other regions in Canada, British Columbia has been relatively unscathed during the pandemic with fewer rolling lockdowns and restrictions, allowing the economy to expand.

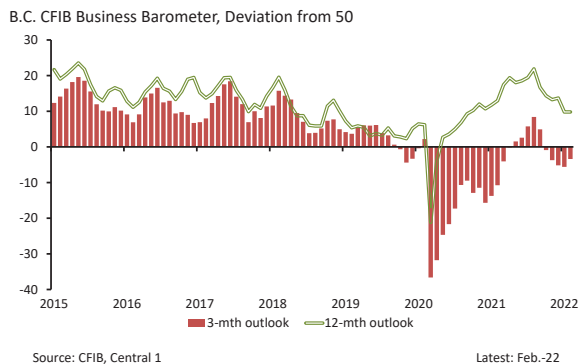
Average weekly earnings are up 0.4 per cent in December to \$1125.47. Fixed-weight index average weekly earnings increased 2.0 per cent month-over-month, and year-over-year increased 4.8 per cent. Both month-over-month and year-over-year increased substantially in December. Vacancies in highly skilled areas is driving wage growth.

B.C. short-term business outlook recovered in February

Ivy Ruan, Economics Research Associate

Small business confidence in British Columbia (B.C.) partly recovered in February but short-term expectations remained weak to start the year. The short-term outlook (three months) rose 1.8 points to 46.6 points but held below 50 points suggesting firms are still downbeat about current conditions amidst uncertainty around COVID-19, inflation, costs and higher interest

SMEs in B.C. picked up short-term confidence but still expected weaker performance



rates. That said, this ended a five-month slide in sentiment as firms looked to a reduction in restrictions. The long-term outlook (12 months) remained steady at 59.8 points but consistent with mild-to-modest growth prospects.

The index is measured on a scale of zero to 100 and any reading over 50 points means the majority of SMEs are expecting their business' performance to be stronger in the coming year. As expected, many SMEs anticipate stronger business performance over the longer term as warmer weather arrives, economic and social activity rebounds, and the worst of this pandemic will be behind them. That said, Russia's invasion of Ukraine adds uncertainty to international markets, which may shift the perspectives of business owners in the coming months.

Unlike other provinces, B.C. has not faced long periods of strict public health restrictions, so average capacity utilization rates have remained relatively stable. In February, this rate came in at 71 per cent, following 73 per cent in January.

More people moving to B.C. tightened the purpose-built rental market

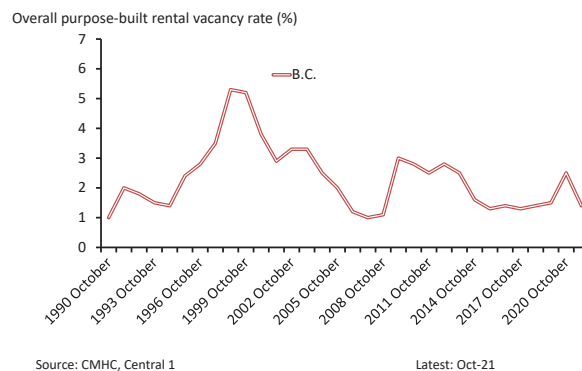
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The Canada Mortgage and Housing Corporation (CMHC) released its latest purpose-built rental market report data. According to the latest data, B.C.'s vacancy rate for all purpose-built townhome and apartment rental units fell in October 2021 to 1.4 per cent, down from 2.5 per cent in October 2020.

The monthly rent increased 2.8 per cent in October 2021 up from 2.5 per cent growth in October 2020¹.

¹ The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

B.C.'s rental market tightens in 2021



The lower vacancy rate and higher monthly rents in B.C. occurred despite continued purpose-built rental supply. In October 2021, the purpose-built rental supply increased 2.0 per cent to 197,140 marking an average annual climb of 2.0 per cent from 2018 to 2021. Unlike other regions of Canada that saw demand for rental wane as people moved to homeownership or returned to the family home, demand for rental in B.C. has increased as the province has welcomed more people. The influx of people into B.C. is likely due to increased job opportunities and fewer public health restrictions during the pandemic.

The purpose-built townhome and apartment turnover rate in B.C. fell to 13.0 per cent in October 2021, down from 13.4 per cent in October 2020. The turnover rate declined by the largest margin for bachelor units and one-bedroom units; housing types that typically attract single people and young couples.

Of the four metro areas in B.C., the overall purpose-built rental vacancy rate fell in all but one. The vacancy rate in Abbotsford-Mission increased to 1.5 per cent in October 2021, up from 0.6 per cent in October 2020. The other three metro areas saw their overall vacancy rates fall by an average 1.4 per cent in October 2021. Many new residents from both within and outside the province relocated to large urban markets.

With the economy set to continue to grow in 2022, the purpose-built rental market in B.C. will likely continue to tighten.

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