

**Highlights**

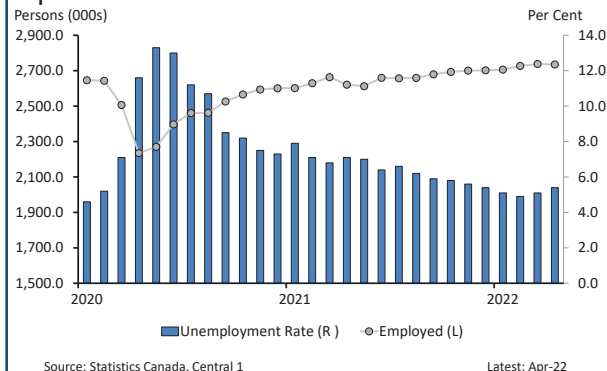
- Employment stalls in April, unemployment rate climbs to 5.4 per cent
- Goods exports remain elevated through March
- Housing slowdown evident in the Lower Mainland
- B.C. economy posted robust pandemic rebound in 2021

**B.C. employment holds steady in April but unemployment rate jumps***Bryan Yu, Chief Economist*

B.C.'s labour market softened in April as employment stalled and the province's unemployment rate rose to a four-month high. Total employment slipped by a negligible 2,000 persons (or 0.1 per cent) to a seasonally-adjusted 2.735 million persons. Like the national story, full-time employment slipped (6.9k) with a partial offset from part-time employment, suggesting a shift in hours worked extending the pattern from March and eroding hours worked. With April's flat performance, employment remained 3.5 per cent above February 2020 levels which is still the most robust recovery among provinces, but the gap narrowed. Metro Vancouver accounted for all of B.C.'s net decline in employment from March.

There were few noteworthy changes at the industry level. Goods-producing sector employment fell by 5.7k or 1.2 per cent but was within the margin of error, with no notable decline by sub-sector. Services-sector employment edged higher by 0.2 per cent. That said, transportation/warehousing employment fell by 5k person (3.2 per cent), alongside modest declines in healthcare/social assistance (4.8k or 1.2 per cent), and accommodations and foodservices (3.7k or 2.1 per cent). Business/building/support services were a highlight with a 5.8k gain or 6.3 per cent as more offices re-opened.

While total employment held steady, B.C.'s unemployment rate rose to 5.4 per cent from 5.1 per cent in March. This reflected both the slip in employment but also an expanding labour force due to higher participation rate and population growth. This is largely a positive development amidst increasing signs of labour scarcity

**Hiring stalls in April unemployment rate edges up**

in recent months as more individuals migrate to B.C. and others rejoin the labour market. B.C.'s average hourly wage rate slowed to a y/y pace of 2.4 per cent from 3.7 per cent in March, owing in part to shifting industry composition.

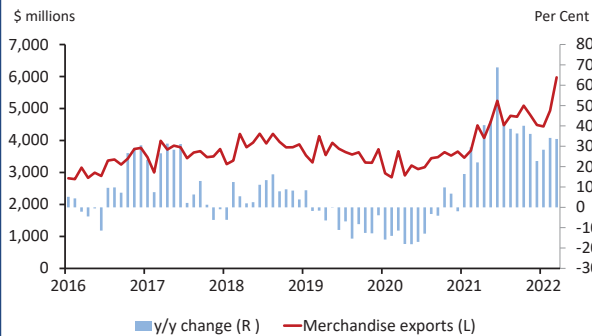
**B.C. exports remained strong through March***Ivy Ruan, Economics Research Associate*

Total international goods exports from B.C. reached \$5.97 billion in March, marking a year-over-year gain of 33.6 per cent, slightly lower than last month's 34.1 per cent increase. On a seasonally-adjusted basis, export sales barely changed from February.

Exports of energy products continued to lead the growth in total exports in B.C., having 99.3 per cent higher sales than March 2021. Despite volatile energy prices, March saw another hike in prices on average which was again the key factor contributing to the growth in energy exports. That said, on a seasonally-adjusted basis, energy exports in B.C. were 5.5 per cent lower than in February. Following last month's strong 10.2 per cent year-over-year rebound, forestry sales held steady, but year-over-year growth narrowed to 5.0 per cent growth in March and \$1.58 billion export sales. Metallic and non-metallic mineral products rose 18.4 per cent and metal ores and non-metallic minerals saw a 16.0 per cent gain, year-over-year.

Consistent with the national trend, imports in B.C. reported widespread increases in March. Total imports were at \$6.65 billion, up 23.3 per cent compared to March 2021. Consumer goods were the key contributor to the growth in B.C., seeing a 17.0 per cent year-over-year increase to \$1.79 billion. Recovery from

## B.C. exports continued robust momentum



pandemic-stimulated strong consumer spendings despite inflationary prices, bringing a progressive growth in consumer goods imports since the beginning of 2022. Motor vehicle and parts also gained another 6.6 per cent year-over-year.

During the first quarter of 2022, total exports were up 32.2 per cent and total imports grew by 22.4 per cent in B.C. The provincial trade deficit was down to \$1.64 billion compared to Q1 2021's \$2.26 billion.

## Declining sales and price points to softening Lower Mainland housing market

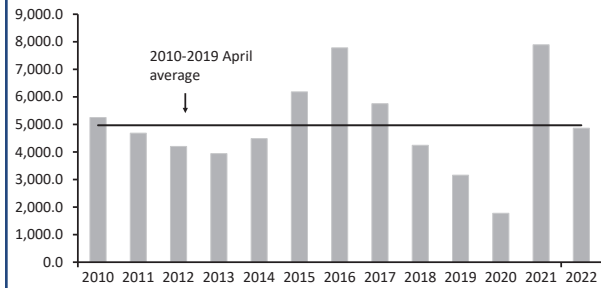
*Bryan Yu, Chief Economist*

The interest rate-driven slowdown in the housing market is picking up steam with a notable April sales slowdown. MLS® home sales in the Metro Vancouver/Abbotsford-Mission areas fell 38 per cent from a year ago to 4,864 units. That said, this reflected last year's record high as sales came in a touch lower than the same-month average observed from 2010-19. Seasonally-adjusted, our calculation shows a near nine per cent monthly decline from March.

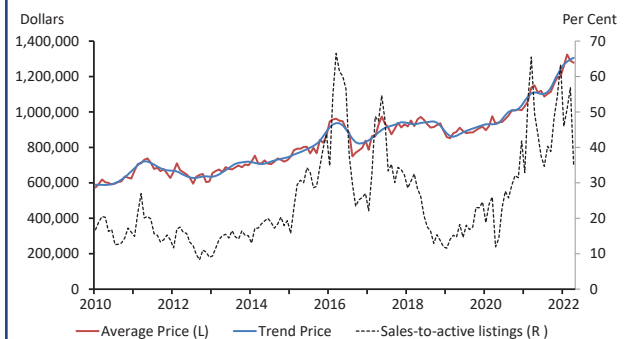
Declining sales aligns with rising mortgages, both fixed and variable. While the former has increased with rising bond yields, Bank of Canada hikes have lifted the latter by 75 basis points since the February to lift prime and variable rates. Since the pandemic commenced, Canadians have flocked to variable rate products reflecting the sizable gap to fixed and (now broken) promises of an extended period of near-zero rates. Expected rate hikes in coming quarters to temper inflation pressures have spooked interest-sensitive buyers. The latest sales data points to a more rapid cool-down in suburban markets with the Fraser Valley real estate board area posting a 45 per cent y/y sales decline, suggesting more interest rate sensitivity for purchases in more affordable areas.

## Housing momentum downshifts in April, sales slip below 10-year average

Lower Mainland MLS® sales, month of April



## Average price moderates, inventory shortage abates



Fewer sales contributed to a moderation in market conditions as month-end inventory rose and the sales-to-active listings ratio (SALR) eased to more normal levels. At 35 per cent, the SALR was the lowest since July and compared to more than 50 per cent in March. The quick climbdown points to a significant shift in market momentum and sentiment despite a level still aligned with a sellers' market.

The average price slipped for a second straight month by 0.9 per cent to \$1.277 million, led by the Fraser Valley real estate board area (-5.2 per cent) as Greater Vancouver increased. That said, with suburban areas leading the pandemic increase, it would not surprise that these areas are the first to cool. The quality-adjusted benchmark value rose 0.9 per cent, but at this point we are putting more stock in momentum of average prices as benchmark values are modeled estimates and may lag abrupt shifts in the market.

Going forward, we anticipate further declines in home sales on rising interest rates, with price level anticipated to decline up to 10 per cent from peak.

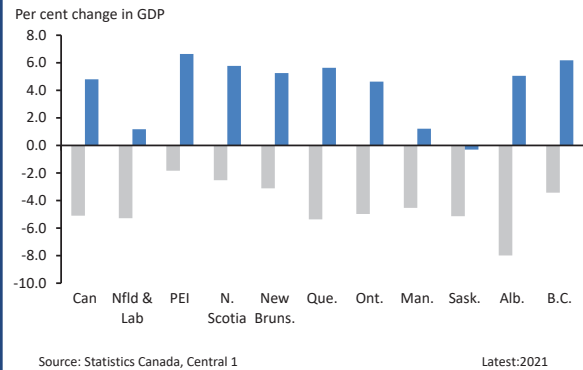
## B.C. economy rebounds from pandemic contraction, among provincial leaders in 2021

*Bryan Yu, Chief Economist*

Any doubt about the strength of B.C.'s pandemic economic performance should be mollified with the release of 2021 provincial industry gross domestic product data (GDP). After a shallower contraction than most other provinces in 2020, B.C. found itself near the top of the pack in 2021 with growth of 6.2 per cent as the economy bounced back following initial pandemic contraction. This compared to 4.8 per cent nationally and was the strongest pace of growth among larger provinces. B.C. growth was second only to Prince Edward Island (6.6 per cent). With the 2021 rebound, B.C. has expanded in 11 of the past 12 years.

Expansion was broad among industry sectors in 2021, with growth patterns that highlighted the ebb and flow of the pandemic contraction and recovery. Not surprisingly, public health needs continued to boost health care and social assistance which expanded 10.3 per cent. Meanwhile the hot housing market lifted real estate services by 11 per cent on huge gains in broker-related activity (up 33 per cent) as housing activity surged while the value of imputed rent also increased sharply. The construction sector grew a modest 3.6 per cent but residential construction outpaced with a 5.3 per cent increase, as non-residential activity eased. Retail (up 7.8 per cent) and wholesale (up 8.0 per cent) also jumped, reflecting strength in the consumer economy, and rebound in clothing sales and vehicle purchases. Accommodation and foodservices, which has been one of the main economic casualties of the pandemic rebounded 19 per cent in 2021 following a 32 per cent decline the prior year. That said, output was still down 20 per cent from 2019.

### B.C. GDP growth outperforms in 2021



The knowledge economy expanded at a rapid clip with professional/scientific/technical services jumping 8.2 per cent after mild dip in 2020. In the resource sector, mining, quarrying and natural gas/oil extraction rose 14 per cent on broad-based increases as a boost in prices contributed to commodity activity. Manufacturing partly rebounded with a 4.2 per cent expansion. Accommodation and foodservices output recovered by 19 per following the pandemic crush in 2020 but remained nearly 20 per cent below 2019 levels.

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