



Highlights

- Non-permanent residents' inflow led the population growth in B.C.
- Payroll in B.C. decreased slightly in July, wage growth comes in at 5.9 per cent year-on-year
- Both B.C. short- and long-term business confidence index rose in September while national confidence dropped

Robust population growth to B.C. driven by temporary residents, more B.C. residents go east

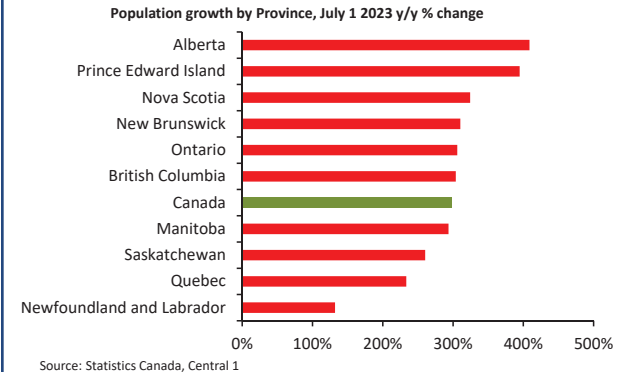
Bryan Yu, Chief Economist

B.C. may not be leading the country in population growth this year, that status has gone to Alberta, but like its peers across the country the region continues to add newcomers at a breathtaking pace. The provincial population grew by more than 52,300 persons during the second quarter to push estimated population to 5.519 million persons as of July 1. Over the past year, B.C.'s population has grown by 162,730 persons or 3.0 percent, marking the strongest year-over-year pace since 1994 when the province experienced a peak of inflows from Hong Kong.

The latest quarterly gain was owed again to international inflows. Net immigration, excluding the growth in non-permanent residents, reached 16,000 persons during the quarter, down from 21,810 persons in Q1. On a four-quarter basis, the count came in at 57,685 persons. This was overshadowed by non-permanent residents, which more than doubled the net inflows from the first quarter, resulting in a net increase of 37,307 persons and raising the four-quarter growth to 117,340 persons.

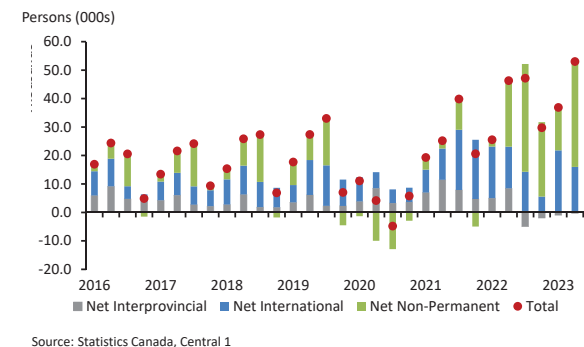
The increase in non-permanent residents represents a 40 per cent increase over the past year, and as the national picture reflects the inflow of work permit and study permit holders (97 per cent), with the remainder being asylum seekers. Over the past year, the increase in work permit holders rose by 76,930 people or 65 per cent, while study permits rose 21,350 persons or 18 per cent. Those with both work and study permits rose to 11,000 people or 39 per cent.

Strong population growth but lags peers



B.C. adds 50,000 people in Q2

B.C. Quarterly Population Growth



The federal government's commitment to maintaining annual permanent resident inflows between 450,000 and 500,000 people ensures that immigration will remain high. However, the public's increasing scrutiny of immigration, driven partly by its impact on housing affordability and its role in mitigating inflation through a larger labor force, raises the possibility of future policy measures aimed at restricting non-permanent flows. At least some residents are already voting with their feet, shuffling over the Rockies in search of higher pay and lower shelter costs. Net interprovincial migration remained negative for a fourth consecutive quarter, with a deficit of 300, although it showed signs of moderating compared to recent declines. Over the last four quarters, B.C. lost 8,300 people to other provinces, specifically Alberta, following a 26,000 person increase during the same period in 2022. In the absence of affordable homeownership and rental housing opportunities, this trend is likely to continue.

B.C. payroll showed modest decline in July

Eloho Ennah, Economic Analyst

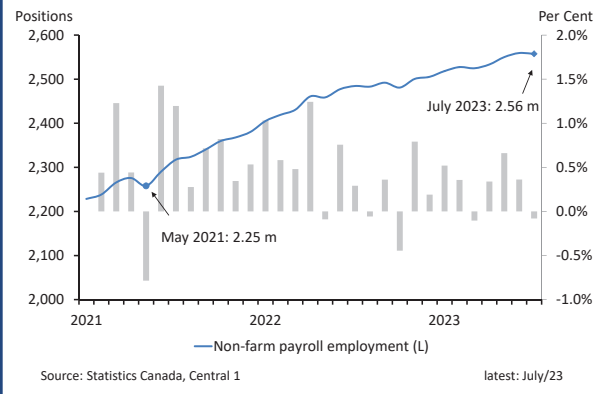
For the first time since March, B.C. employers recorded a slight decline in payrolls. The latest Survey of Employers, Payroll and Hours (SEPH) shows that payroll enrollment, which is the number of employees receiving pay and benefits from their employer, fell by 0.1 per cent in July, following an increase of 0.4 per cent in June. This decline translates to a loss of 2,029 positions in the month, reducing the province's total job count to 2.56 million positions. In July, results from the more widely covered Labour Force Survey indicated a 0.1 per cent decline (1,600 persons) in seasonally adjusted employment in B.C. The overall trend in employment growth in B.C. is still mostly positive. However, hiring in the province is slowing as monetary policy tightening works through the economy. As the labour market cools in response to elevated interest rates, the unemployment rate is expected to rise further in the coming months.

The seasonally adjusted job vacancy rate continued to fall in July and came in at 4.3 per cent, which also represents 109,150 unfilled positions, down from 4.5 per cent in June. This was the third consecutive month the job vacancy rate declined. With labour demand weakening and reverting to pre-pandemic levels, job vacancies are following suit.

A scan of the industries showed employment in the goods producing sector was unchanged while employment in the service producing sector dropped by 0.2 per cent, driving the monthly decline. On the goods producing side, employment in utilities fell 3.4 per cent (431 positions) while forestry, logging and support sub-sector saw a 0.1 per cent (22 positions) decline in employment. The manufacturing industry's employment increased by 0.3 per cent (448 positions). All other goods sub-sectors, namely construction, and mining, quarrying, and oil and gas extraction also recorded increases.

Within the service producing sectors, significant changes were observed in educational services, which recorded a drop of 1.5 per cent (2,728 positions) in employment while employment in health care and social assistance lessened by 0.5 per cent (1,650 positions). Employment also fell in trade (0.5 per cent or 1,812 positions), administrative and support, waste management and remediation services (0.8 per cent or 931 positions) and management of companies and enterprises (3.1 per cent or 670 positions). Notable employment increments were seen in finance and insurance (1.4 per cent or 1,381 positions), public

B.C. experiences a moderate decline in non-farm payrolls



administration (0.5 per cent or 759 positions), transportation and warehousing (0.3 per cent or 395 positions) and real estate and rental and leasing (0.7 per cent or 327 positions).

Month-over-month, seasonally adjusted average weekly earnings increased by 2.1 per cent, reaching \$1,230.44. This growth contributed to a year-over-year growth of 5.9 per cent, maintaining the upward trend. In July, B.C. was the province with the largest average wage growth on both a month-over-month and year-over-year basis.

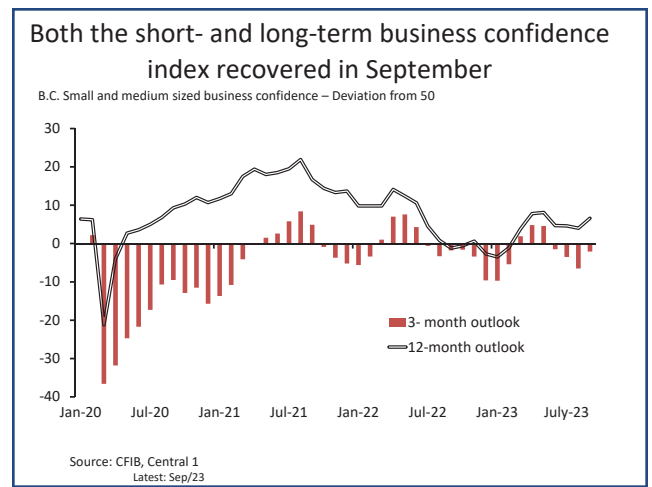
B.C. small business confidence rebounded in September

Ivy Ruan, Economic Analyst

The Business Barometer survey, released this week by the Canadian Federation of Independent Business, showed a rebound in confidence among small and medium-sized enterprises (SME) in B.C. The long-term index increased to 56.6 points, up from the 54.0 points recorded in August. Meanwhile, the short-term three-month index saw a significant jump to 47.9 points from 43.3 points in the previous month. However, it's important to note that both indices remain below the neutral benchmark of 50 points. Despite the monthly gain, B.C. continued to have one of the weakest short-term optimism readings among all provinces.

Regarding general business indicators, small businesses in B.C. reported their major cost constraints to be tax/regulatory costs amongst other expenses. A shortage of skilled labour continued to top the lists of limitations on sales or production growth for B.C. small businesses. Meanwhile, 36 per cent of B.C. small businesses regard themselves to be in good business health, while 20 per cent report otherwise. Moving gradually into the fall, 24 per cent of respondents reported plans to expand full-time staff yet 18 per cent of the businesses expected to see lower employment levels in the next 3 or 4 months.

On the national scale, long-term optimism tumbled by 6 points in September to 48.7 points, the lowest level since the pandemic. Meanwhile, the short-term forecast also dropped 2 points to 45.5 points, lowest reading in 2023. Fewer small businesses reported themselves to be in goods (31.4 per cent) and satisfactory (46.5 per cent) business situation in September compared to last month. Among business sectors, the retail sector reported one of the largest drops in confidence in both short-term (38.4 points) and long-term (42.3 points). Retail owners expected to experience more headwinds for the coming holiday shopping season as consumers might be forced to spend more cautiously.



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