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# Weekly economic Briefing

## Employment keeps rising in October

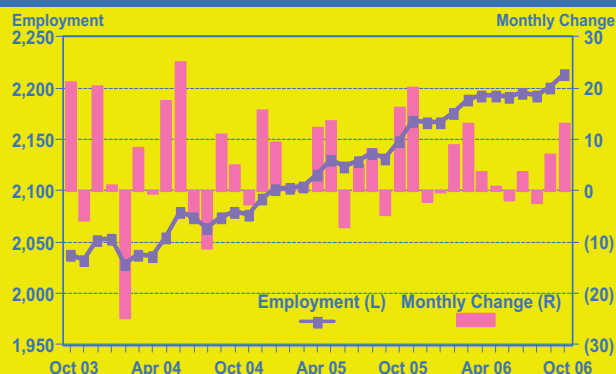
After several months with little growth, employment in British Columbia is resuming the upward trend that has added roughly 175,000 net new jobs over the last 36 months. Total employment increased in October for the second consecutive month, rising by 13,300 workers, according to Statistics Canada's latest Labour Force Survey (LFS) estimates. That is the highest monthly increase in jobs in the past 12 months.

B.C.'s unemployment rate edged down to 4.6% of the labour force in October, close to the 30-year low of 4.3% reached in June of this year. Such low unemployment rates indicate a condition of "full" employment. That is, unemployment is due largely to a mismatch between the attributes and requirements of workers and jobs rather than a shortage of employment opportunities.

The latest LFS estimates indicate October's job gain was largely in part-time work among women aged 25 years and over. Job gains were spread over a number of industries, none being particularly significant by itself. Regionally, employment growth was concentrated in the Thompson Okanagan and, to a lesser extent, the Northeast development regions.

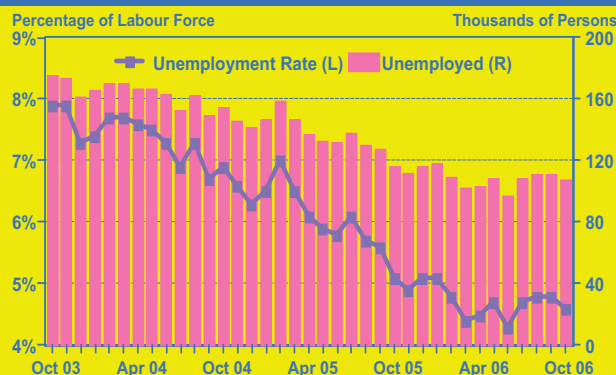
So far in 2006, the average level of employment in B.C. is 68,700 workers (3.2%) above the same period last year. That is on par with 3.3% growth in 2005, an 11-year high. Looking ahead,

**Employment, British Columbia**  
Monthly, Seasonally Adjusted (Persons x 1,000)



Source: Statistics Canada.

**Unemployment, British Columbia**  
Monthly, Seasonally Adjusted



Source: Statistics Canada.

Credit Union Central forecasts that the average level of employment in B.C. will increase by 3.2% this year from 2005, and a further 2.7% in 2007. B.C.'s unemployment rate is forecast to average just 4.4% of the labour force this year and only 3.6% in 2007, down from 5.9% in 2005.

**A little sales bounce in October**

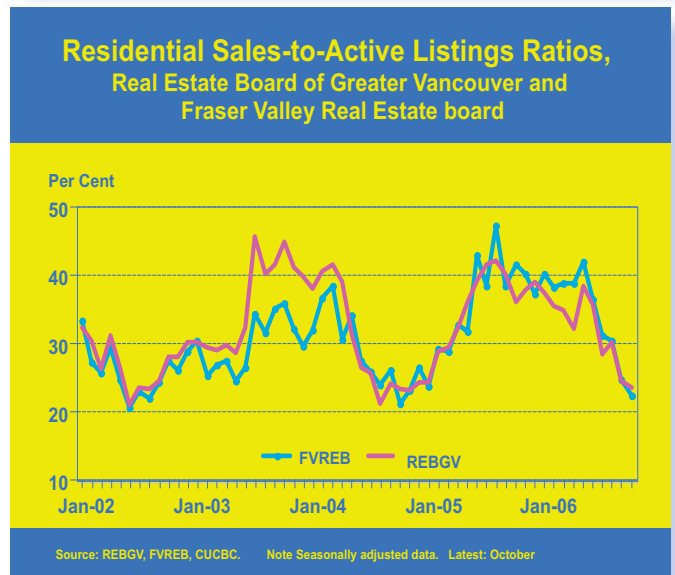
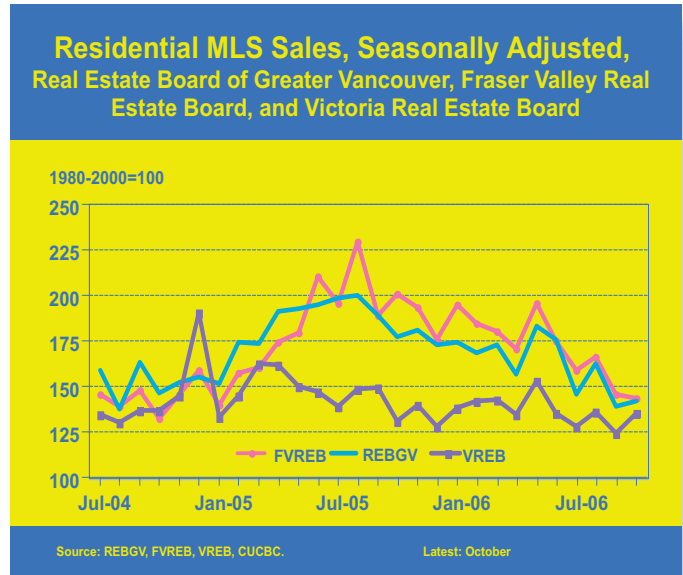
Housing sales during October livened up somewhat, with gains in the Vancouver and Victoria markets. Seasonally adjusted MLS® residential unit sales in the Real Estate Board of Greater Vancouver (REBGV) area inched upward to 2,707 units from 2,650 in September. The gain in the Victoria Real Estate Board (VREB) was considerably more robust, with seasonally adjusted sales jumping up to 616 units from 564 in September. Sales in the Fraser valley Real Estate Board (FVREB) slipped down to 1,297 units from 1,319 previously. While October sales were generally higher, expectations were for a more substantial increase.

Market conditions softened again in October, with the sales-to-active listings ratios falling to their 2004 lows due to declining sales. Sellers' market conditions are waning, and if current trends continue, a balanced market is fast approaching. Sales-to-active listings ratios in the low 20% range or less for a period of time do not indicate a seller's market. October's ratios were 24% and 22% in the REBGV and FVREB, respectively

Price trends are another key measure of market conditions and here the rate of increase is quickly slowing. The three-month smoothed annual rate of change had dropped to 7% in October for the Lower Mainland Housing Price Index from the 14% range in the previous two months. It was over 20% for most of the prior 12 months.

Mortgage rates were slightly lower in October, which probably lifted unit sales. Even lower mortgage rates are unlikely in the next couple of months, and only for longer terms, if at all. The Bank of Canada controls short rates and no rate change is expected there.

Sales for the year thus far are down 12% in the REBGV area, 8% in the FVREB, and 7% in the VREB. Year-to-date average sales prices, on the other hand, are up 21% in the FVREB, 20% in the REBGV, and 12% in the VREB.



Seasonality is stronger in November and will result in fewer actual sales than in October, even though seasonally adjusted sales are forecast to inch ahead. Actual November sales are put at 2,500 units in Vancouver, 1,150 units in the Fraser Valley, and 525 units in Victoria.

The 14-month long sales slide (17 months in Victoria) is a significant development, and if the slide continues, it portends weaker market conditions ahead. Housing prices are already reflecting the sales slowdown with a slower rate of increase, and over time they could stop increasing outright. Fewer housing starts are another consequence of this market shift. How this plays out depends on future demand and supply factors, but the current thinking expects a gradual market adjustment process. The soon-to-be released *Economic Analysis of British Columbia* report will discuss and present the housing outlook more fully.

