

ECONOMIC UPDATE

Mr Pip White of Carpe Data Research has provided BCCA with the Following Economic Update for the BC Construction Industry.

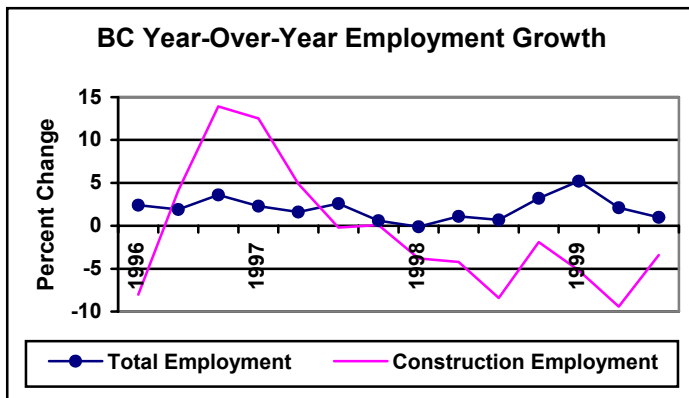


Figure 1: BC Year-Over-Year Employment Change (Quarterly data; same quarter previous year). Source: Statistics Canada.

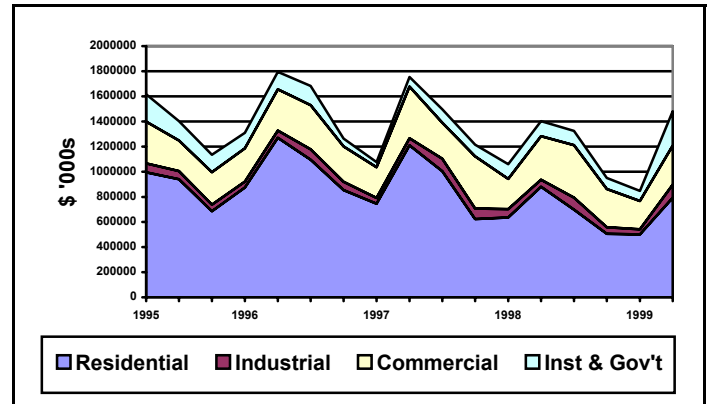


Figure 2: BC Quarterly Building Permits Data. Source: Statistics Canada

- Continued weakness in the BC Economy has resulted in further job losses in the construction sector.
- The construction sector has been losing jobs since the third quarter of 1997, while the economy as a whole has been adding jobs.
- A sputtering recovery in Asia and continued fiscal trouble for the provincial government has resulted in weaker economic growth for the province over the last couple of years.
- The weak economy has resulted in lower net migration to the province which has contributed to lower construction activity and a corresponding reduction in employment.
- A recovery in the BC economy will happen when there is a sustained recovery in Asia and more businesses invest in BC.

- Construction activity should begin to pick up as the economy enters an expansion phase.
- Second quarter building permit values showed a year-over-year increase for the first time in five quarters.
- Sharp increases in the industrial sector along with institutional and government spending led to the increased activity. If third quarter numbers show similar growth it may be a sign the business cycle is turning up and entering an expansion.
- The economies of the regions in BC have shown varied performance over the past several years.

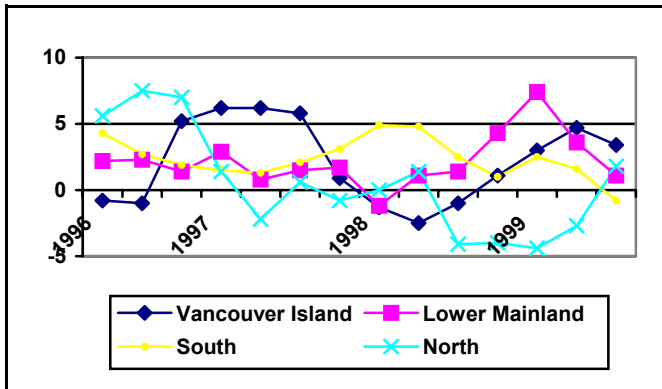


Figure 3: Regional Year-Over-Year Employment Change (Quarterly data; same quarter previous year). Source: Statistics Canada.

- Employment growth in the Lower mainland and the Southern Region has slowed indicating those regional economies may be nearing the peak of their cycles.

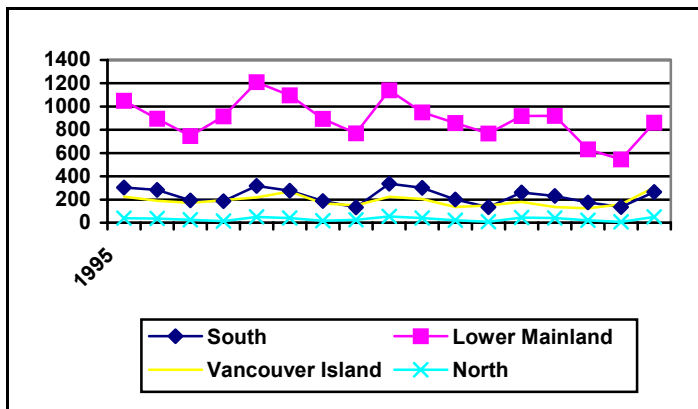


Figure 4: Regional Quarterly Building Permits Data.

Source: Statistics Canada

- Job growth in the Northern Region has finally turned positive after five quarters of job losses with expansion in the resource sectors.
- Job growth on the Island remains strong as the regional economy shows continued strength from tourism and forestry.
- Increased industrial and public sector construction caused a big jump in second quarter building permits in all regions.

- The second quarter increase reversed a downward trend in permit values in most regions.
- Lower migration to the province has resulted in fewer housing starts and lower residential permit values. The Island region bucked the trend showing the highest residential permit values in nearly two years in the second quarter.
- The highest level of industrial permits in nearly five years sparked the increase in the Lower Mainland Region. Construction of schools and health facilities fuelled the increases in other regions of the province.

BARRETT INQUIRY - UPDATE

As mentioned in the September BCCA Bulletin, Mr. Barrett is conducting a series of public hearings to gather information for the current Inquiry into the Quality of Condominium Construction. Members wishing to attend a public hearing on the issue can contact their Regional Association for dates and times. So far the list includes numerous hearings in the Vancouver, and Coquitlam, as well as one in Richmond, Victoria and Nanaimo. More dates and venues will be added in the future.

If you have access to the internet, a current list of the location, date and time of each hearing can be found at this website : www.sdes.gov.bc.ca