

BC Economy Outshines the Rest of Canada



BCREA Economist
Brendon Ogmundson

The amount of pessimism that has greeted 2016 is enough to make even an economist blush. Yes, equity markets are off to a historically bad start, while the loonie dives and oil prices struggle to find a floor.

Further, the Canadian economy is experiencing a rough patch and growth is slowing. But when viewed through the lens of the BC economy, the outlook is much brighter. In fact, a host of indicators point to significant momentum underlying our provincial economy.

In 2015, a key indicator for the single largest component of the provincial economy – consumer spending and retail sales – grew at the fastest pace in close to a decade. This growth largely reflected markedly improved labour market fundamentals.

In particular, employment growth, which has lagged far behind for several years, took off in the latter half of 2015, growing at more than a 2 per cent rate over the final six months of the year.

Moreover, the main driver of that growth was in full-time employment which led

to increased hours worked and close to a 4 per cent jump in average wages.

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With these numbers, it's no surprise that BC households were in a mood to spend – and not just on consumption goods. Bigger paycheques and confidence in the BC economy also contributed to the third highest year on record for provincial home sales.

The relative strength of the economy is acting as a magnet for interprovincial migration, pulling workers that are frustrated by rising unemployment in Alberta and elsewhere, back to BC in hope of finding a job.

Since 2013, BC has received a net inflow of more than 30,000 people

from other provinces, which helped to boost population growth and added to an already strong housing and consumer demand.

In fact, demand for housing is so high that the supply of re-sale and new housing in the province approached all-time lows last year.

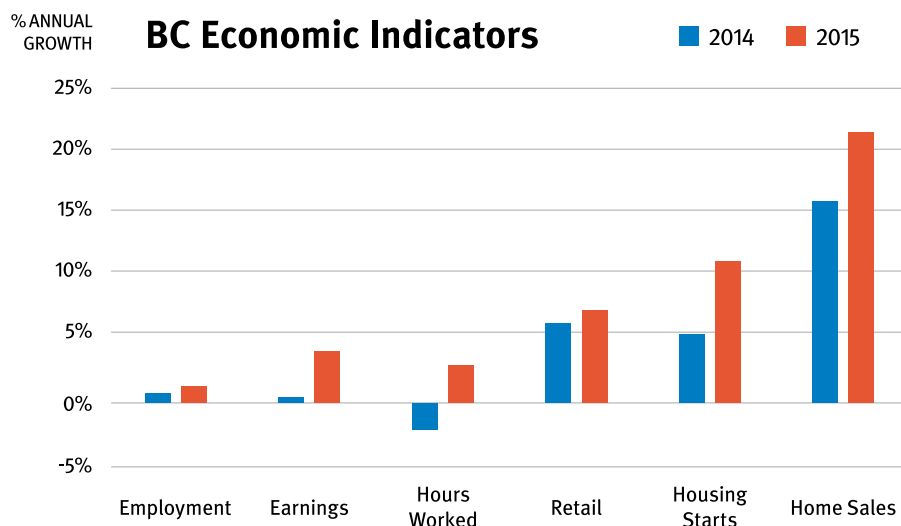
In response, developers broke ground on over 30,000 new housing units in 2015, the highest number of housing starts since 2008.

Although merchandise exports were hit by low commodity prices, tourism in the province was given a boost by the lower loonie and a resurgent US economy. Total overnight visitor arrivals from the US and other international locales were up close to 8 per cent last year, including a record-setting year for visitors to Vancouver.

All of this adds up to a refreshingly optimistic outlook for the BC economy in 2016.

The upswing in job growth to end the year should provide continued momentum for consumer spending and the housing market, while a strong US economy and low loonie will provide a boost to growth in exports.

BC's economy is expected to remain a growth leader in Canada, not just this year but for years to come.



SOURCE: STATISTICS CANADA, BCREA