



BRITISH COLUMBIA'S ECONOMY TO LEAD THE PACK IN 2015: RBC ECONOMICS

TORONTO, June 3, 2015 — British Columbia's economy is on an impressive upswing that is set to propel the province to the top of the growth rankings in 2015, according to the latest [RBC Economics Provincial Outlook](#) released today. RBC forecasts real GDP to grow by a solid 3.0 per cent in 2015, followed by 3.1 per cent in 2016.

"We've boosted British Columbia's growth forecast for this year and next based on strong consumer spending and hot housing activity," said Craig Wright, senior vice-president and chief economist, RBC. "In addition, lower gas prices seem to have more than offset any dampening of confidence resulting from disappointing labour market performance."

RBC says that housing activity shows no signs of abating; home resales in Q1 surged to the highest level since 2009, and, with inventory unable to keep pace with buyers' demand, average annual home price gains accelerated into the double digits. British Columbians are realizing the wealth effects of rising home valuations and increased purchasing power as a result of lower gasoline prices. RBC notes that this combination has likely spurred an upturn in consumer spending.

The Provincial Outlook indicates that consumer spending levels will remain firm through 2015, though the recent robust pace is unlikely to be sustained following a record number of new vehicle sales in the first quarter. British Columbia's domestic demand is being supported by positive demographic factors, including a growing number of Ontarians relocating to the province.

"Despite the recent erratic behaviour of the labour market, British Columbia remains an attractive destination with population growth in the province outpacing the national average for the first time since 2010," said Wright. "We believe the record drop of 29,000 jobs in April will be short-lived as recently there have been firmer wages and solid gains in hours worked, which point to sustained demand for labour. This will likely spur a turnaround in hiring in the coming months."

The province's international merchandise exports have performed respectably so far in 2015, buttressed by exposure to growing export markets and a more competitive Canadian dollar. In particular, demand for lumber drove both trading activity with the U.S. and exports to China and Japan. However, overall export gains were tempered by weak natural gas exports on account of anaemic prices.

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The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at rbc.com/economics/economic-reports/provincial-economic-forecasts.html.

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