



BRITISH COLUMBIA TO LEAD THE WAY FOR ECONOMIC GROWTH IN 2015: RBC ECONOMICS

TORONTO, September 22, 2015 — Fuelled by consumer spending and strong housing market activity, British Columbia's economy is expected to record a country-leading pace of growth in 2015, according to the latest [Provincial Outlook](#) released today by RBC Economics. RBC forecasts that real economic activity will expand by 2.9 per cent in 2015 and strengthen marginally to 3.1 per cent in 2016.

“Thanks to the strength of its consumers, British Columbia continues to maintain its position at the top of the provincial growth rankings in 2015,” said Craig Wright, senior vice-president and chief economist, RBC. “While softer growth prospects in Asia are tempering activity in some export-oriented sectors, domestic demand continues to benefit from rising housing valuations, low gasoline prices and relatively inexpensive borrowing costs.”

With low interest rates boosting resale activity in the already frothy Vancouver market, and with sellers holding the upper hand in the supply constrained market, home prices in August 2015 saw their biggest annual increase since 2010 at 12 per cent.

“Against this backdrop, homeowners in the province ramped up renovation activity and construction of new homes gathered speed with few signs that the housing boom will ease in the current low interest rate environment,” added Wright.

The spending binge of households showed no signs of abating in 2015, with retail sales advancing strongly by 7.6 per cent from year-ago levels. RBC noted that strengthening housing market activity and unseasonably warm weather earlier this year no doubt spurred demand for housing-related goods with a surge in sales at furniture stores accompanying a nearly 30 per cent increase in building material and garden equipment stores.

The warm-glow effects of rising housing wealth further extended to services, with spending at restaurants and bars continuing to climb in the first half of this year. A weaker Canadian dollar and sporting events such as the FIFA women's World Cup also played a hand in boosting sales in the province this year by shifting the tourism sector into high gear.

Firm domestic demand prevailed despite employment in the province hitting a slow patch so far this year, according to RBC.

“While private sector hiring took a step back in the first eight months of 2015, we still expect the labour market to gain traction in 2015, as hiring in health care and social assistance is helping to keep employment above year-ago levels,” said Wright. “These gains have been insufficient to move the needle downward on the unemployment rate, however.”

Entrants to the labour force outpaced job growth so far this year, despite population growth losing some steam. The net increase in the number of immigrants from abroad fell to the lowest number since records began in 1991 and was led by a sharp decline in the number of non-permanent residents locating to the province.

Impressive gains in nominal lumber exports to the U.S. are helping to keep merchandise exports marginally above year-ago levels. Anemic prices and softer demand from Asian markets for products such as copper and coal resulted in a lull in the value of shipments sent overseas and prompted the temporary closure of steelmaking coal mines in the province during the summer months. A bright spot remains at Port Metro Vancouver, however, where activity was up from a year-ago in the first half of 2015.

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.

For more information, please contact:

[Craig Wright](#), RBC Economics Research, 416-974-7457

[Laura Cooper](#), RBC Economics Research, 416-974-8593

[Romina Mari](#), Communications, RBC Capital Markets, 416-974-3558