



# ECONOMIC & LABOUR MARKET RESEARCH AND ANALYSIS PROJECT

**CANADA** ○ **ALBERTA** ○ **MEDICINE HAT & AREA**

Report No. 5  
October 2010

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This report provides labour market and economic information prepared for use by the Economic Development Alliance of Southeast Alberta, Alberta Employment and Immigration, City of Medicine Hat, The Community Foundation of Medicine Hat & South-eastern Alberta, and Medicine Hat District Chamber of Commerce. The report aims to provide economic and labour market information pertaining to Medicine Hat and area in specific, as well as provincial and national information, relevant to the area.

The information herein covers trends of data for the month of, or available in, October 2010.

# TABLE OF CONTENTS

ECONOMY .....	5
CANADA .....	5
OVERNIGHT INTEREST RATE: .....	6
CONSUMER PRICE INDEX: .....	6
HOUSING: .....	7
ALBERTA .....	7
ECONOMY: .....	7
HOUSING: .....	9
MEDICINE HAT AND AREA .....	11
ECONOMY: .....	12
HOUSING: .....	12
RENTAL: .....	15
BUILDING PERMITS: .....	15
LABOUR MARKET TRENDS, BASED ON LFS AND STATISTICS CANADA DATA.....	16
CANADA .....	16
ALBERTA .....	18
MEDICINE HAT AND AREA .....	19
JOB BANK ANALYSIS .....	23

## LIST OF TABLES

Table 1: Value of building permits - CANADA & ALBERTA .....	10
Table 2: Building permits for the month of September 2010 – CANADA and ALBERTA .....	10
Table 3: Medicine Hat Business Licenses .....	12
Table 4: Medicine Hat Real Estate Volume .....	13
Table 5: Market Absorption Survey: Average Unit selling Prices of all newly completed and unabsorbed single detached and semi detached dwellings, Medicine Hat .....	13
Table 6: Dwelling start, completions and newly completed and unabsorbed units, Medicine Hat .....	14
Table 7: Medicine Hat Housing Forecast - New Construction.....	14
Table 8: Medicine Hat Housing Forecast - Resale Market.....	14
Table 9: Starts & Completions by dwelling type - Medicine Hat.....	15
Table 10: Medicine Hat Issuance of Building permits .....	16
Table 11: Labour force Survey Statistics – CANADA – Seasonally adjusted.....	17
Table 12: Labour force Survey Statistics – ALBERTA- seasonally adjusted.....	18
Table 13: Labour force characteristics, unadjusted, Medicine Hat and Area .....	19
Table 14: Labour force characteristics – A comparison - unadjusted, 3 month moving average.....	20
Table 15: Employed by sector - GOODS and SERVICES - Medicine Hat, unadjusted 3 month moving average.....	22
Table 16: Job Bank top 20 positions for October 2010. N=851 .....	24
Table 17: Job Bank 20 most advertised occupations for October 2010. N=366.....	25

## LIST OF FIGURES

Figure 1: Total Employed, Medicine Hat, unadjusted 3-month moving average .....	21
Figure 2: Unemployment rate, Medicine Hat, unadjusted 3 month moving average .....	21
Figure 3: Employed by industry, Medicine Hat, unadjusted 3 month moving average, October 2010 .....	22
Figure 5: Employed by sector - GOODS and SERVICES - Medicine Hat, unadjusted 3 month moving average.....	23
Figure 6: Job Bank postings for Medicine Hat and area, October 2010 by Occupation (NOC): N= 851 .....	24

## ECONOMY

NATIONAL GROSS  
DOMESTIC  
PRODUCT  
INCREASES BY  
**0.3 %** IN AUGUST  
2010.

NATIONAL  
ECONOMY  
EXPECTED TO  
GROW AT AN  
ANNUALIZED RATE  
OF **1.8%**.

ECONOMY  
OPERATING **1.75%**  
BELOW POTENTIAL.

OVERNIGHT  
INTEREST RATE:  
**1.00%**.

CONSUMPTION AND  
INVESTMENT:  
DRIVING AGENTS  
OF GROWTH.

OUTPUT GAP TO  
CLOSE BY 2012 END  
(revised from end of  
2011).

In a dynamic economy, actions and activities at national and provincial levels have most certain effects at local and regional levels. This section provides information for economic activity at the national, provincial and local levels, for the month of October 2010.

### C A N A D A

National Gross Domestic Product increased in August by 0.3%, after a decline of 0.1% in July. The year over year GDP growth rate stood at 4.1% - the fastest pace of increase since March 2006.

Statistics Canada reported that Canada's real GDP increase of 0.3% was particularly due to oil and gas extraction which rebounded 1.5%, as well as to wholesale trade and manufacturing. Whereas the nation's manufacturing, retail, wholesale, construction all posted declines in July, all of the sectors edged up in August. Construction and real estate saw declines in July 2010; however, August 2010 saw construction reporting a gain of 0.4%, with all major components of residential, non residential building, engineering and repair work increasing. The residential resale market also picked up in August 2010, translating into a 5.8% increase in the output of real estate agents, according to Statistics Canada.

The current state of developments has given reason to expect the national economy to grow at an annualized pace of 1.8% in the third quarter of 2010. This would be in line with the expectations of the Bank of Canada. Additionally, the Bank also estimated that the economy was operating 1.75% below its potential as of the end of the third quarter of 2010.

The weaker global outlook, together with the economic and labour market dynamics in Canada has given the Bank of Canada reason to downward revise growth in 2010 and 2011 by almost 0.6 percentage points for both years (from 3.5% to 3.0% for 2010, and from 2.9% to 2.3% for 2011). This revision means that the output gap that was supposed to be closed by

the end of 2011 will be pushed out until the end of 2012, whose growth was revised up from 2.2% to 2.6%. The bank asserts the Canadian economy was performing 1.75% below its potential as of the third quarter, 2010. Furthermore, the Bank believes that there is considerable slack in the national economy to keep inflation contained.

### **OVERNIGHT INTEREST RATE:**

The Bank of Canada kept the overnight rate unchanged at 1.00% in October 2010. The current rate follows three consecutive hikes of 25 basis points each. The unchanged interest rate was vindicated by reference to the weaker global growth and softer domestic spending. The rate still remains historically low and is seen to be conducive to provide stimulus to the economy.

The overnight rate, and any subsequent changes to it, affects interest rates for products such as variable rate mortgages. An increase in this rate, by extension, would translate into reduced consumer spending, and business investment.

The Bank expects to endorse gradual hikes to keep inflation near its preferred two (2) per cent target. However, in light of the slowing momentum of the national economy and revised expectations of the global economy, the Bank will likely keep the overnight rate at 1.0% until there are strong indications of a sustained growing national and international economy.

### **CONSUMER PRICE INDEX:**

Consumer prices rose 2.4% in the 12 months to October, following a 0.2% increase in September 2010. This was the largest increase since October 2008. This is translated to the Canadian inflation being reported at 2.4%. Inflation rate refers to a general rise in prices measured against a standard level of purchasing power. The most well known measures of Inflation are the CPI which measures consumer prices, and the GDP deflator, which measures inflation in the whole of the domestic economy. Although the inflation rate was 2.4 % in October on a year-to-year basis, the month-over-month prices increased 0.4%.

NATIONAL  
INFLATION: 2.4%  
  
CORE RATE: 1.8%

The increase in October's overall rate was largely attributed to higher gasoline prices, which were 8.8% higher than a year earlier. Overall, prices increased in seven of the eight major components of the CPI, with clothing and footwear being the exception.

The core rate, which strips out volatile-priced items such as food and energy, and which the Bank of Canada uses to assess the impact of inflation on the economy rose to 1.8% in the 12 months to October 2010, which is *below, but not far* from the Bank's 2% target. On a month-to-month basis, the core index prior to seasonal adjustment rose 0.4% in October, after increasing 0.2% in September

NATIONAL  
HOUSING STARTS:  
- 9.2%.

### **HOUSING:**

Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data*, for October 2010 reports that Canadian housing starts fell 9.2% from the previous month, and 10.7% from same time last year, to an annualized pace of 167,900. This is the sixth consecutive monthly decline since April 2010. Nationally, there has been an almost corresponding decrease

in urban singles start decreasing 7.9% to 57,700 units from September 2010. This represents the *slowest* pace of growth since September 2009.

This decline does coincide with the beginning of the interest rate normalization process. *However* the rate of decline from month to month is increasing. The process itself may have been the cause of a consumer perception of higher interest rates, despite the fact that 3-year mortgage rates are at their lowest level. Despite the interest rate hikes, actual mortgage rates are at historic lows.

## A L B E R T A

This section provides information on the Provincial economy.

### **ECONOMY:**

ALBERTA CPI: 1.2%.

FISCAL UPDATE:  
NET  
CONTRIBUTION  
\$275 M TO DEFICIT

Alberta's October 2010 CPI rate rose 1.2%, following a 0.9% increase in September 2010. Higher prices were recorded for gasoline and natural gas, the purchase of passenger vehicles, and property taxes.

The average number of rigs drilling in Alberta stood at 260 in October 2010. This was an increase in activity of over 100% from October 2009 and 67.0% since January 2010.

The province's fiscal update, prompted by a high exchange rate, weakened oil prices and lower than expected tax receipts, downwards revised projections by \$475 million since the first quarter. A decrease in expenditures of \$225 million does offset the revised projections, but the major reason behind this change may be attributed to the re-profiling of the infrastructure spending.

The net effect is a contribution of further \$257million to the Alberta's deficit for 2010-11, bringing the deficit to \$5 billion.

The downward revisions to both tax revenues and oil royalties suggest a weaker economic outlook for the province for the imminent future.

Various factors contributed to the downwards revisions to the revenue projections; lower personal and corporate income taxes, non renewable resource revenues, lower projected crude oil revenues, and a large increase in drilling stimulus initiative.

That being said, the province of Alberta, as of October 2010 has sold a record \$1.91 billion worth of land. This strong figure may indicate that the future may see further investment into the energy industry. Much of this will be oil exploration.

Conference board of Canada, in its Provincial Outlook report released in October 2010 forecasts a continued growth for the province beginning in 2011. The province is anticipating creation of some 60,000 jobs in 2011, and some 66,000 in 2012. The positive forecasts may also translate into higher migration into the province. Driven by a rebound in drilling activity, real GDP in Alberta is expected to rise 3.6% for 2010, whereas economic growth for the province is forecasted to 2.8%. Real GDP for 2012 is predicted to advance 4.1%, and is being attributed to a probable strong service sector and a growing goods producing sector, complemented by an energized energy sector.

The petroleum services association of Canada released forecasts estimating 7915 wells being drilled in Alberta, representing a 5 % increase. The association said oil prices, that establish oil and gas activity, will be adequate to sustain the activity in the province. However, natural gas prices will remain low, and hence there doesn't seem an imminent turnaround for gas prices. Additionally, there is a forecasted 11% decrease in the conventional gas drilling due to the increased focus on shale gas drilling. In comparison to Alberta's forecasts, the forecasts for the other western provinces are: 700 wells for BC (1% increase), 3050 wells in Saskatchewan (16% increase), 550 wells in Manitoba (10% increase).

Alberta's all-party standing committee on the economy is conducting a review of the province's minimum wage policy to ensure that it meets the future needs of workers and employers. The recommended 25 cent increase may be imposed early 2011. It is speculated that the move will add to the hardships of small businesses.

A study by the Fraser Institute, *Measuring Labour Markets in Canada and the United States: 2010 Edition*, employing an index of Labour market performance<sup>1</sup> identified the province of Alberta topping the list of North American labour market performance over the period of 2005-2009. Although that is reassuring, what is important is the finding that the province was not fared well in terms of labour market flexibility, based on indicators pertaining to level of public sector employment, level of minimum wages, degree of unionization, and labour relations laws.

The study finds that public sector employment in Canadian provinces, including Alberta, is relatively higher, which, the report asserts, tends to result in higher costs, lower average quality, and lower productivity. The report further goes on to say that lower productivity is particularly a concern since public sector workers tend to receive a wage premium. Additionally, a senior economist at the institute states that, "high minimum wages have been shown to reduce

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<sup>1</sup> Labour market performance is a composite measure of labour market performance based on five equally weighted indicators: average total employment growth, average private sector employment growth, average unemployment rates, average duration of unemployment, and average labour productivity. The average was taken over the period of 2005-2009.

employment opportunities for young and low skilled workers and result in fewer fringe benefits and less on-the-job training.”

### **HOUSING:**

Reversing the slight changes in the positive trends experienced last month in housing starts, October housing starts in urban centers, reported by Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data* were down 14.9% from the previous month, and 20.95% from October 2009.

NATIONALLY  
HOUSING  
AFFORDABILITY  
DETERIORATED

RBC's quarterly report of September 2010 states its composite measure of housing affordability, which quantifies the affordability of home ownership and indicates deterioration in affordability by a number registering on a higher scale, rose for the fourth consecutive time. The increase in the affordability index of homeownership was experienced nationally. However, Alberta specific numbers were not being translated to

immediate gloom, where the measure stood below long term averages, indicating overall homeownership standing at affordable levels (RBC housing affordability measure fell 0.3percentage points for condominiums, but rose 0.1-1.4 percentage points for all other categories). The numbers are slight, but indicate little risk to the market and ties in the housing demand with provincial job market gains.

The province's housing starts, seasonally adjusted at annual rates<sup>2</sup>, stood at 21,200.

ALBERTA'S VALUE OF  
BUILDING PERMITS  
DECLINED: -0.3%

RESIDENTIAL: + 1.1%  
NON RESIDENTIAL: - 2.1%

### **BUILDING PERMITS:**

In September 2010, the value of Alberta's building permits fell 0.3% from the previous month to \$849.1 million.

The decline was completely in non-residential permits which fell by 2.1%, while residential permits increased by 1.1%.

Nationally, the value of building permits rose to 6.6 billion – an increase of 15.3%, which essentially made up for the previous two months of declines.

The value of building permits for Alberta has been declining for the *third* consecutive month, however, at a *decreasing rate*. Residential permits have increased, although incrementally.

<sup>2</sup> Monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months

However, in light of the sharp decline of 20% in the previous month, this incremental positive direction should bode well.

**TABLE 1: VALUE OF BUILDING PERMITS - CANADA & ALBERTA**

	SEPTEMBER 2010	AUGUST 2010	SEPT- AUGUST	AUGUST- JULY	JULY- JUNE	JUNE- MAY	MAY- APRIL	APRIL- MARCH
	thousands of dollars		percentage change					
<b>CANADA</b>								
Total	6,607,514	5,732,140	15.3	-9.5	-3.8	6.9	-8.2	5.9
Residential	3,861,700	3,565,447	8.3	2.6	-3.1	-4.0	-3.3	-8.3
Non – residential	2,745,814	2,166,693	26.7	-24.2	-4.7	23.8	-14.8	34.0
<b>ALBERTA</b>								
Total	849,064	851,618	-0.3	-11.2	-19.3	18.0	-12.4	14.3
Residential	486,742	481,590	1.1	-20.5	-0.4	-8.2	3.6	6.1
Non – residential	362,322	370,028	-2.1	4.7	-39.1	68.6	-32.4	26.6

Source: Statistics Canada, Building Permits, November 2010. Tables 1,2,3.

**TABLE 2: BUILDING PERMITS FOR THE MONTH OF SEPTEMBER 2010 – CANADA AND ALBERTA**

	Number of dwelling units			Estimated value of construction		
	Singles	Multiple	Total dwellings	Residential	Non-residential	Total
	units			thousands of dollars		
<b>CANADA</b>						
August	6,571	10,272	16,843	3,565,447	2,166,693	5,732,140
September	7,178	10,332	17,510	3,861,700	2,745,814	6,607,514
Cumulative Jan. to Sept. 2010	73,444	85,321	158,765	33,984,727	21,799,521	55,784,248
Cumulative Jan. to Sept. 2009	54,917	57,949	112,866	23,325,214	19,411,927	42,737,141
Monthly percentage change	9.24%	0.58%	3.96%	8.31%	26.73%	15.27%
Annual Jan-Sept change	34%	47%	41%	46%	12%	31%
<b>ALBERTA</b>						
August	1,062	882	1,944	481,590	370,028	851,618
September	1,135	838	1,973	486,742	362,322	849,064
Cumulative Jan. to Sept. 2010	13,490	6,567	20,057	5,386,920	3,518,410	8,905,330
Cumulative Jan. to Sept. 2009	9,731	5,002	14,733	3,579,247	3,887,472	7,466,719
Monthly percentage change	6.87%	-4.99%	1.49%	1.07%	-2.08%	-0.30%
Annual Jan-Sept change	39%	31%	36%	51%	-9%	19%

Source: Statistics Canada, Building Permits, November 2010. Table 5.

Market rankings for trades and occupations in Alberta, published by the construction sector council's *Construction looking forward, Alberta (2009-2017)* indicate that there will be limited availability of workers for predominantly all construction related trades and occupations and the publication asserts that employers will need to compete to attract additional and appropriate labour.

## POPULATION:

ALBERTA HAD AN INTERPROVINCIAL MIGRATION GAIN OF 2,820 IN THE SECOND QUARTER.

FIRST QUARTER FIGURE FOR ALBERTA WAS: 312

ALBERTA POPULATION: 3.72 MILLION

In the second quarter of 2010, from April – July, Alberta had a net interprovincial migration gain of 2,820 people. This was up from the small gain of 312 in the first quarter. The province had lost 2,200 since 2009. Interprovincial migration occurs primarily due to economic and social conditions. In Canada, interprovincial migration principally occurs due to job prospects. Hence, an increase in this number may rightly so be interpreted as an improvement as well as the perception of improvement in the economic dimension of the destination province.

Statistics Canada put Alberta's population in the second quarter at 3.72 million. With Alberta's median age of 35.8 (as opposed to the national average of 39.7), half this growth of 0.5% came from natural births.

A Pricewaterhouse-Coopers report, prepared for the government in June 2010, warned that Alberta's long-term future as a strong economic competitor may be in doubt, given that it lags other provinces in measurements of access to venture capital, innovation, productivity growth and university graduates.

## M E D I C I N E H A T A N D A R E A

Site construction for the Solar power project, believed to be the first of its kind in North America, is to begin by September 2011. Scheduled to be in operation in two years time, it will have the potential to produce 0.5% of the city's electricity, thereby reducing reliance on natural gas for its generation. Initially proposed to have 8 towers sites and produce 16 megawatts of electricity, the environmental concerns cut the numbers to 4 towers sites and produce 8 megawatts of electricity. The initial cost estimated at \$40-\$45 million has been revised to \$20-\$25 million. Since the initiation of the project in 2005, the price of wind power has come down, but the decline is not comparable to the decline in the price of natural gas – this trend may influence the long term view of energy prices.

Home expo trade show was held with an attendance of 7200 visitors. The participating vendors showed confidence in the local economy and indicated that the trend is moving upward and hence prompt optimism.

The city was ranked by Canadian federation of business as the 32nd entrepreneurial city out of a 100. Five out of the top 10 were Alberta cities.

The warmer temperatures have translated into good news for the construction industry, and by extension, the economy. It delayed the shutting of many local construction businesses for the season.

Medicine Hat saw a drop in EI claimants from the latest figures from Statistics Canada for September 2010. It has to be cautioned that this number represents active claimants, and does not account for those whose eligibility may have run out. The number for September stands at 770, which is a decrease of 41.7% from the previous year's figure of 1320. However, the province saw a reversal of the downward trend of the previous 10 months, with 48,530 people receiving EI benefits in September 2010 – an increase of 4.7%

Natural gas prices have been at a low level and are forecasted to be at that level for sometimes in the future. Although this may not be benefiting drilling, it will be having influence in the value added side, where natural gas is the raw material – translating into lower costs of production.

Medicine Hat police service expansion, coming at a cost of 17 million will see construction begin in late spring 2011.

### **ECONOMY:**

Business licenses issued in October 2010 dropped yet again after a month of reversals during August 2010, which saw the first rise after two previous consecutive drops.

**TABLE 3: MEDICINE HAT BUSINESS LICENSES**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	34	36	53	34	49	33	46	44	54	47	34
February	32	26	34	30	36	31	41	38	38	31	34
March	45	34	32	45	45	44	60	46	45	72	52
April	37	25	45	45	54	52	57	48	64	64	45
May	40	29	37	44	35	55	87	67	49	55	56
June	34	32	31	48	42	56	54	64	54	45	41
July	40	33	35	30	36	49	27	34	40	42	34
August	40	45	31	39	36	57	46	61	29	35	47
September	27	20	45	40	45	43	35	41	46	44	30
October	42	40	43	29	39	39	31	39	63	34	39
November	25	38	31	25	45	30	59	35	38	27	...
December	16	18	37	34	34	22	23	27	18	32	...
Total	412	376	454	443	496	511	566	544	538	528	412

Source: Month end statistics, Business Support Office, City of Medicine Hat – for October 2010

### **HOUSING:**

Local real estate sales were lower in October compared to same month last year. However, Medicine Hat Real Estate Board's president Jennifer McKenzie remains optimistic amid CMHC's forecasts of continued housing growth in the area.

It's a buyers' market in Medicine Hat's Real estate – sales have been flattening.

Both the number of sales and the dollar value associated with those sales dropped from the last month, and stood substantially lower than the previous year's levels (Table 4). There was a

16.7% decrease in the dollar value of sales from the previous month's activity, whereas an almost 30% decrease from October 2009's activity. Similarly, units sold for October 2010 were both lower on a monthly and annual basis of 5.4% and 22.6% respectively.

**TABLE 4: MEDICINE HAT REAL ESTATE VOLUME**

	October-09	September-10	October-10
<b>RESIDENTIAL</b>			
Single family house	26,391,800	22,926,650	16,437,500
Single family other	3,687,400	3,110,800	4,555,400
Residential other	494,900	762,500	761,000
<b>NON-RESIDENTIAL</b>			
Farms	220,000	217,000	408,000
Vacant land	88,500	262,800	75,000
Other	1,639,510	145,668	613,523
<b>VOLUME - DOLLAR VALUE OF UNITS SOLD</b>	<b>32,522,110</b>	<b>27,425,418</b>	<b>22,850,423</b>
<b>RESIDENTIAL</b>			
Single family house	100	81	67
Single family other	23	21	27
Residential other	3	3	3
<b>NON-RESIDENTIAL</b>			
Farms	1	1	1
Vacant land	3	3	2
Other	7	3	6
<b>SALES - NO. OF UNITS SOLD</b>	<b>137</b>	<b>112</b>	<b>106</b>
listings placed	252	313	229
Active listings at month's end	1110	1303	1206
Year volume until	296,598,772	262,818,265	285,668,689
Year sales until	1185	1039	1145
Year listings until	2982	2972	3201

Source: Medicine Hat Real Estate Board, Monthly Statistical report, October 2009, September-October 2010

**TABLE 5: MARKET ABSORPTION SURVEY: AVERAGE UNIT SELLING PRICES OF ALL NEWLY COMPLETED AND UNABSORBED SINGLE DETACHED AND SEMI DETACHED DWELLINGS, MEDICINE HAT**

	AUGUST		SEPTEMBER		OCTOBER	
	2009	2010	2009	2010	2009	2010
UNITS	127	72	135	67	127	79
AVERAGE PRICE	337,299	330,653	331,726	336,045	333,881	339,221

Source: Canada Mortgage and Housing Corporation: Monthly Housing Statistics for October 2010

**TABLE 6: DWELLING START, COMPLETIONS AND NEWLY COMPLETED AND UNABSORBED UNITS, MEDICINE HAT**

			DWELLING STARTS	COMPLETIONS	NEWLY COMPLETED AND UNABSORBED UNITS
OCTOBER	2009	Single detached / Semi	22	15	127
		Row. Apart and other	54	-	90
		TOTAL	76	15	217
	2010	Single detached / Semi	23	35	79
		Row. Apart and other	-	4	92
		TOTAL	23	39	171
JANUARY – OCTOBER	2009	Single detached /Semi	132		
		Row. Apart and other	125		
		TOTAL	257		
	2010	Single detached	222		
		Row. Apart and other	55		
		TOTAL	277		

Source: Canada Mortgage and Housing Corporation: Monthly Housing Statistics for October 2010

Table 6 and 7 below state the revised forecast of Canada Mortgage and Housing Corporation, for both new construction and resale market for Medicine Hat for 2010 and 2011. The revisions are all lower than earlier predicted in the second quarter by CMHC. This most certainly is attributed to the changing picture of the national housing market, with housing starts beginning to cool off since April 2010, coupled with the interest normalization process, and dynamics of the local economy.

**TABLE 7: MEDICINE HAT HOUSING FORECAST - NEW CONSTRUCTION**

Housing Starts	2009	2010(F*)	% chg 2009/2010	2011(F*)	% chg 2010/2011	YTD 2010	YTD 2009	% chg 2009/2010
Single-Detached	156	200	28.2	225	12.5	127	71	78.9
Multiple	131	125	-4.6	150	20.0	20	69	-71.0
Total	287	325	13.2	375	15.4	147	140	5.0

Source: Canada Mortgage and Housing Corporation: Housing Market Outlook – Prairie Region Highlights, third quarter, 2010

**TABLE 8: MEDICINE HAT HOUSING FORECAST - RESALE MARKET**

	2009	2010(F*)	% chg 2009/10	2011(F*)	% chg 2010/11	YTD 2010	YTD 2009	% chg 2009/2010
MLS sales	1,281	1,200	-6.3	1,250	4.2	646	626	3.2
MLS ave. price	251,310	247,000	-1.7	254,000	2.8	251,755	253,436	-0.7

Source: Housing Market Outlook – Prairie Region Highlights, third quarter, 2010

**TABLE 9: STARTS & COMPLETIONS BY DWELLING TYPE - MEDICINE HAT**

	STARTS					COMPLETIONS				
	SINGLES	SEMIS	ROW	APT & OTHER	TOTAL	SINGLES	SEMIS	ROW	APT & OTHER	TOTAL
Sep-08	41	4	0	16	61	59	4	4	0	67
Oct-08	20	12	0	0	32	32	10	7	48	97
Nov-08	24	0	0	0	24	28	8	3	193	232
Dec-08	15	0	50	0	65	29	0	0	0	29
Jan-09	14	0	4	4	22	23	12	0	0	35
Feb-09	7	2	4	0	13	19	2	0	0	21
Mar-09	8	0	0	47	55	15	12	4	8	39
Apr-09	9	0	0	0	9	30	4	50	0	84
May-09	17	0	0	8	25	26	4	4	20	54
Jun-09	16	0	0	0	16	22	0	0	0	22
Jul-09	9	0	4	0	13	13	2	0	0	15
Aug-09	12	2	0	0	14	18	2	0	0	20
Sep-09	14	0	0	0	14	20	6	0	0	26
Oct-09	22	0	54	0	76	13	2	0	0	15
Nov-09	15	0	0	0	15	7	0	0	0	7
Dec-09	13	2	0	0	15	19	2	4	0	25
Jan-10	11	0	4	0	15	14	0	0	0	14
Feb-10	16	2	0	0	18	8	0	0	0	8
Mar-10	21	2	0	0	23	14	0	0	0	14
Apr-10	34	2	0	0	36	19	2	0	0	21
May-10	20	2	4	0	26	20	0	0	0	20
Jun-10	25	0	4	0	29	15	0	0	28	43
Jul-10	22	0	0	0	22	24	4	12	14	54
Aug-10	23	0	3	0	26	33	2	0	20	55
Sep-10	19	0	0	40	59	9	0	0	0	9

Source: CMHC Housing Information monthly, Table A4-2, October 2008-October 2010

### **RENTAL:**

The latest numbers on Medicine Hat rental market from the Canadian Mortgage and Housing Corporation's Rental Market Report are those of spring 2010 and state that the city experienced the most change among centres outside Calgary and Edmonton in terms of higher vacancy rates. The vacancy rate across all unit types rose to 10.7% this April, an increase of 6.4% from last year.

### **BUILDING PERMITS:**

The number of building permits has remained flat in volume but has increased substantially in value since September 2010. The spike in October is in the section of *apartments* in the residential category and both *commercial and industrial* in the non residential category. Such

permits are not expected to be issued on a monthly basis and these exceptions can occur periodically.

**TABLE 10: MEDICINE HAT ISSUANCE OF BUILDING PERMITS**

	October-09		October-10		September-10		Current year to date		Previous year to date	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
<b>RESIDENTIAL</b>										
Houses	12	3,672,000	13	3,193,000	13	3,566,000	147	36,406,000	87	20,874,000
Duplexes			2	416,000	1	313,000	5	1,095,000	4	512,000
Tri & fourplexes			2	1,216,000	1	556,000	6	3,509,000	3	1,236,000
Apartments	1	1,540,000	1	2,040,000			2	9,540,000	5	13,080,000
Manufactured homes			1	108,000	2	274,000	22	2,320,000	4	405,000
<b>RESIDENTIAL ALTERATIONS</b>										
Garages	11	123,000	15	194,000	12	271,000	98	1,577,000	110	1,546,000
Alterations apartments	-				2	14,000	7	731,000	3	170,000
Alterations other	43	667,000	41	400,000	45	511,000	439	5,622,000	553	6,284,000
<b>NON- RESIDENTIAL NEW BUILDINGS</b>										
Commercial	2	161,000	3	1,373,000	1	20,000	11	9,379,000	11	8,239,000
Industrial			1	350,000			1	350,000	1	860,000
Institutional	2	195,000					2	1,067,000	4	466,000
<b>NON-RESIDENTIAL ALTERATIONS</b>										
Commercial	6	445,000	8	725,000	10	322,000	95	10,267,000	87	8,611,000
Industrial							2	21,000		
Institutional	2	375,000	2	10,000	1	45,000	15	4,045,000	19	18,187,000
<b>MISCELLANEOUS</b>										
<b>TOTAL</b>	<b>79</b>	<b>7,178,000</b>	<b>89</b>	<b>10,025,000</b>	<b>88</b>	<b>5,892,000</b>	<b>852</b>	<b>85,929,000</b>	<b>891</b>	<b>80,470,000</b>

Source: Month end statistics, Planning, building & development services department, City of Medicine Hat –October 2009, Sept-Oct 2010

## LABOUR MARKET TRENDS, BASED ON LFS<sup>3</sup> AND STATISTICS CANADA DATA

### C A N A D A

Employment at the national level remained flat, with an increase of 3000 jobs. Overall, it had risen by 2.2% in the 12 months to October 2010.

Since October 2009, 375,000 jobs have been created.

<sup>3</sup> The LFS is a household survey whose main objective is to divide the working-age population into three mutually exclusive classifications - the employed (including the self-employed), unemployed and not in the labour force. This survey is the official source for the unemployment rate and collects data on the socio-demographic characteristics of all those in the labour market.

Fewer people participated in the labour force, shrinking it by roughly the same magnitude as increases in jobs.

National full time employment gains in October 2010 were offset by the losses in part-time employment. Fulltime employment rose by 47,200, whereas parttime fell by 44,200.

The national unemployment rate edged down to 7.9% after hovering around the 8.0% level for the past 8 months.

Average hourly wages for employees increased by 2.1% in October compared with 12 months earlier.

CIBC reports from its employment quality index that the gains in employment quality are unsustainable. Despite employment regaining lost ground and churning out 330,000 jobs in the first nine months, the sectors responsible for much of this gain – the public sector and the construction industry – cannot keep pace.

Distribution of fulltime jobs has improved, with high paying jobs rising over low paying jobs.

Canada has more than regained the jobs lost in the recession, but the average time out of work remains at a 10-year high. This trend, if continued may have long term implications. The average duration of unemployment nationally was 19.4 weeks as of October 2010.

Full-time gains are outweighing part-time losses for three consecutive months. Paid jobs are increasing while self-employment is easing.

**TABLE 11: LABOUR FORCE SURVEY STATISTICS – CANADA – SEASONALLY ADJUSTED**

CANADA	September 2010	October 2010	Monthly change	Annual change	Monthly percent change	Annual percent change
in thousands (except rates)						
<b>15 years and over, both sexes</b>						
Population	27,809.6	<b>27,840.4</b>	30.8	407.3	0.1	1.5
Labour force	18,702.7	<b>18,698.4</b>	-4.3	319.1	0.0	1.7
Employment	17,209.7	<b>17,212.7</b>	3.0	375.2	0.0	2.2
Employment full-time	13,862.6	<b>13,909.8</b>	47.2	218.6	0.3	1.6
Employment part-time	3347.1	<b>3,302.9</b>	-44.2	156.5	-1.3	5.0
Unemployment	1493.0	<b>1,485.7</b>	-7.3	-56.0	-0.5	-3.6
Participation rate	67.3	<b>67.2</b>	-0.1	0.2	...	...
Unemployment rate	8.0	<b>7.9</b>	-0.1	-0.5	...	...
Employment rate	61.9	<b>61.8</b>	-0.1	0.4	...	...
Part-time rate	19.4	<b>19.2</b>	-0.2	0.5	...	...
<b>Youths, 15 to 24</b>						
Population	4409.3	<b>4,409.8</b>	0.5	10.7	0.0	0.2
Labour force	2821.0	<b>2,827.4</b>	6.4	17.0	0.2	0.6
Employment	2401.6	<b>2,402.7</b>	1.1	20.3	0.0	0.9
Employment full-time	1250.1	<b>1,251.1</b>	1.0	-44.6	0.1	-3.4
Employment part-time	1151.6	<b>1,151.5</b>	-0.1	64.8	0.0	6.0

CANADA	September 2010	October 2010	Monthly change	Annual change	Monthly percent change	Annual percent change
time						
Unemployment	419.4	<b>424.7</b>	5.3	-3.3	1.3	-0.8
Participation rate	64.0	<b>64.1</b>	0.1	0.2	...	...
Unemployment rate	14.9	<b>15.0</b>	0.1	-0.2	...	...
Employment rate	54.5	<b>54.5</b>	0.0	0.3	...	...
Part-time rate	48.0	<b>47.9</b>	-0.1	2.3	...	...

Source: Statistics Canada, Labour Force Survey Estimates, Table 1, November 2010

## ALBERTA

Alberta's employment rose by 0.8% from the previous month, adding 17,000 jobs, of which 3,000 were in the full time category.

Total gains over the previous 12 months stand at 2.3% with 46,000 jobs being created since October 2009. This is slightly over the national growth rate of 2.2%.

Alberta's unemployment rate dropped to 6.0%, from 6.2% in the previous month. The labour force for the province rose simultaneously with the drop in unemployment rate. The unemployment rate of the province was 7.2% 12 months ago.

ALBERTA'S  
EMPLOYMENT FLAT

LABOUR FORCE GREW

UNEMPLOYMENT RATE:

ATB notes, and quite appropriately, that among indicators of economic growth, attention should also be focused on the average length of unemployment. Analyzing this measure reveals the weaknesses in both the Canadian and Albertan job market. The average duration of unemployment for Alberta in 17.7 weeks.. Saskatchewan boasts the lowest duration of 13.5 weeks, whereas nationally, the duration is 19.4 weeks. The higher this figure, the higher the cost to the economy and the individual.

**TABLE 12: LABOUR FORCE SURVEY STATISTICS – ALBERTA- SEASONALLY ADJUSTED**

ALBERTA	Sept 2010	October 2010	Monthly change	Annual change	Monthly percent change	Annual percent change
in thousands (except rates)						
<b>15 years and over, both sexes</b>						
Population	2,939.7	<b>2,943.4</b>	3.7	56.3	0.1	2.0
Labour force	2,135.8	<b>2,150.8</b>	15.0	23.3	0.7	1.1
Employment	2,004.2	<b>2,021.2</b>	17.0	46.1	0.8	2.3
Employment full-time	1,652.2	<b>1,655.2</b>	3.0	26.7	0.2	1.6
Employment part-time	352.0	<b>366.0</b>	14.0	19.5	4.0	5.6
Unemployment	131.6	<b>129.5</b>	-2.1	-22.9	-1.6	-15.0
Participation rate	72.7	<b>73.1</b>	0.4	-0.6	...	...

ALBERTA	Sept 2010	October 2010	Monthly change	Annual change	Monthly percent change	Annual percent change
Unemployment rate	6.2	<b>6.0</b>	-0.2	-1.2	...	...
Employment rate	68.2	<b>68.7</b>	0.5	0.3	...	...
Part-time rate	17.6	<b>18.1</b>	0.5	0.6	...	...

Source: Statistics Canada, Labour Force Survey Estimates Table 3, 4-9, November 2010

After a year of layoffs and downsizing in the energy sector, signs are emerging that Alberta's oil patch is looking to start hiring as it comes out of the recession.

A report by the Petroleum Human Resources Council of Canada in June 2010 warned of an impending labour shortage manifesting as early as next year and said the industry could require 100,000 new workers by 2020. A combination of higher activity and demographic shifts will see thousands of skilled workers retiring over the next decade will contribute to the crunch, the report said.

A report released by the province, Aging population policy framework, presages the social and economic impacts of a retiring population, where by 2031, one in five Albertans will be retired.

"It is abundantly obvious that we will be suffering from a shortage of workers from the least skilled to the most skilled for many years to come," Minister of Employment and Immigration said in meeting convened by members of the business community calling for changes to the temporary foreign workers program.

According to the Conference Board's projections, Alberta's labour force will expand by just 1.5 per cent a year between 2011 and 2015, and barely one per cent a year between 2016 and 2020. That compares with average growth of more than three per cent between 2006 and 2010

A combination of provincial royalty incentives and economic growth has translated into higher rig counts. It shows drilling activity has increased, which is already fuelling renewed fears of job shortages in the energy sector.

## M E D I C I N E H A T A N D A R E A

Both the labour force and the employment level of Medicine Hat decreased in October 2010, almost by the same magnitude. Unemployment also decreased for the city and area.

MEDICINE HAT EMPLOYMENT: -1.67%

LABOUR FORCE: -2.1%

UNEMPLOYMENT RATE: 4.2%

**TABLE 13: LABOUR FORCE CHARACTERISTICS, UNADJUSTED, MEDICINE HAT AND AREA**

MEDICINE HAT*	October 2009	Sept 2010	October 2010	Monthly change	Annual change	Monthly percentage change	Annual percentage change
in thousands (except rates)							

MEDICINE HAT*	October 2009	Sept 2010	October 2010	Monthly change	Annual change	Monthly percentage change	Annual percentage change
in thousands (except rates)							
Population	60.0	<b>61.1</b>	61.2	0.1	1.2	0.16	2.0
Labour force	41.4	<b>43.9</b>	43.0	-0.9	1.6	-2.05	3.86
Employment	39.2	<b>41.8</b>	41.1	-0.7	1.9	-1.67	4.85
Unemployment	2.1	<b>2.2</b>	1.8	-0.4	-0.3	-18.18	-14.29
Not in labour force	18.7	<b>17.2</b>	18.2	1	-0.5	5.81	-2.67
Participation rate	69.0	<b>71.8</b>	70.3	-1.5	1.3	...	...
Unemployment rate	5.1	<b>5.0</b>	4.2	-0.8	-0.9	...	...
Employment rate	65.3	<b>68.4</b>	67.2	-1.2	1.9	...	...

\* Includes City of Medicine Hat, Cypress County Municipal District, and Town of Redcliff  
Source: Statistics Canada, labour force survey, Table 20 November 2010

October's drop in employment level comes after a string of 4 months' increase in employment.

Medicine Hat's labour market is doing particularly well at the regional level. Its participation and employment rate remain high, whereas the unemployment rate remains low at 4.2%

At all levels of governance, Medicine Hat boasts the lowest unemployment rate.

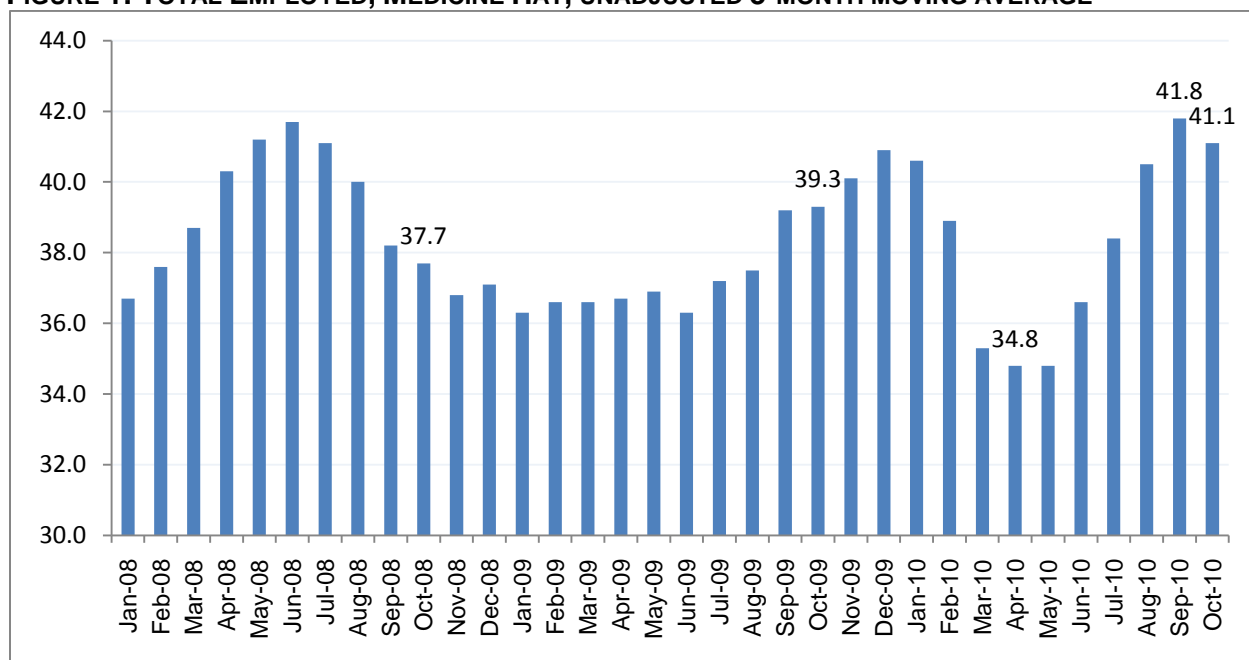
**TABLE 14: LABOUR FORCE CHARACTERISTICS – A COMPARISON - UNADJUSTED, 3 MONTH MOVING AVERAGE**

	Population	Labour force			P rate*	U rate*	E rate*
		Labour force	Employment	Unemployment			
in thousands (except rates)							
<b>CANADA</b>							
Oct 2009	27,397.7	18,459.0	16,963.7	1,495.2	67.4	8.1	61.9
Sept 2010	27,774.8	18,926.1	17,383.1	1,543.0	68.1	8.2	62.6
<b>Oct 2010</b>	<b>27,809.8</b>	<b>18,790.7</b>	<b>17,326.7</b>	<b>1,464.0</b>	<b>67.6</b>	<b>7.8</b>	<b>62.3</b>
<b>ALBERTA</b>							
Oct 2009	2,881.8	2,133.7	1,982.7	151.0	74.0	7.1	68.8
Sept 2010	2,934.9	2,157.1	2,016.3	140.7	73.5	6.5	68.7
<b>Oct 2010</b>	<b>2,939.7</b>	<b>2,146.1</b>	<b>2,011.8</b>	<b>134.4</b>	<b>73.0</b>	<b>6.3</b>	<b>68.4</b>
<b>LETHBRIDGE-MEDICINE HAT (CD1,2,3)</b>							
Oct 2009	213.0	146.1	136.5	9.6	68.6	6.6	64.1
Sept 2010	215.1	151.5	142.3	9.2	70.4	6.1	66.2
<b>Oct 2010</b>	<b>215.3</b>	<b>149.1</b>	<b>140.9</b>	<b>8.2</b>	<b>69.3</b>	<b>5.5</b>	<b>65.4</b>
<b>MEDICINE HAT</b>							
Oct 2009	60.1	41.1	39.3	1.8	68.4	4.4	65.4
Sept 2010	61.1	43.9	41.8	2.2	71.8	5.0	68.4
<b>Oct 2010</b>	<b>61.2</b>	<b>43.0</b>	<b>41.1</b>	<b>1.8</b>	<b>70.3</b>	<b>4.2</b>	<b>67.2</b>

\* P rate: Participation rate U rate: Unemployment rate E rate: Employment rate

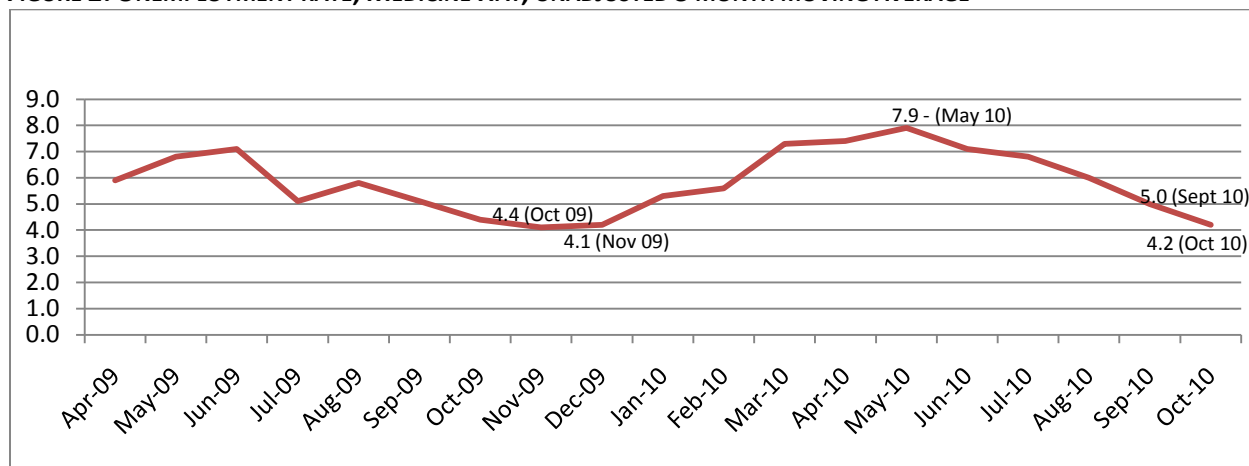
Source: Statistics Canada, labour force survey, Table 6-1, Table 20, November 2010

**FIGURE 1: TOTAL EMPLOYED, MEDICINE HAT, UNADJUSTED 3-MONTH MOVING AVERAGE**



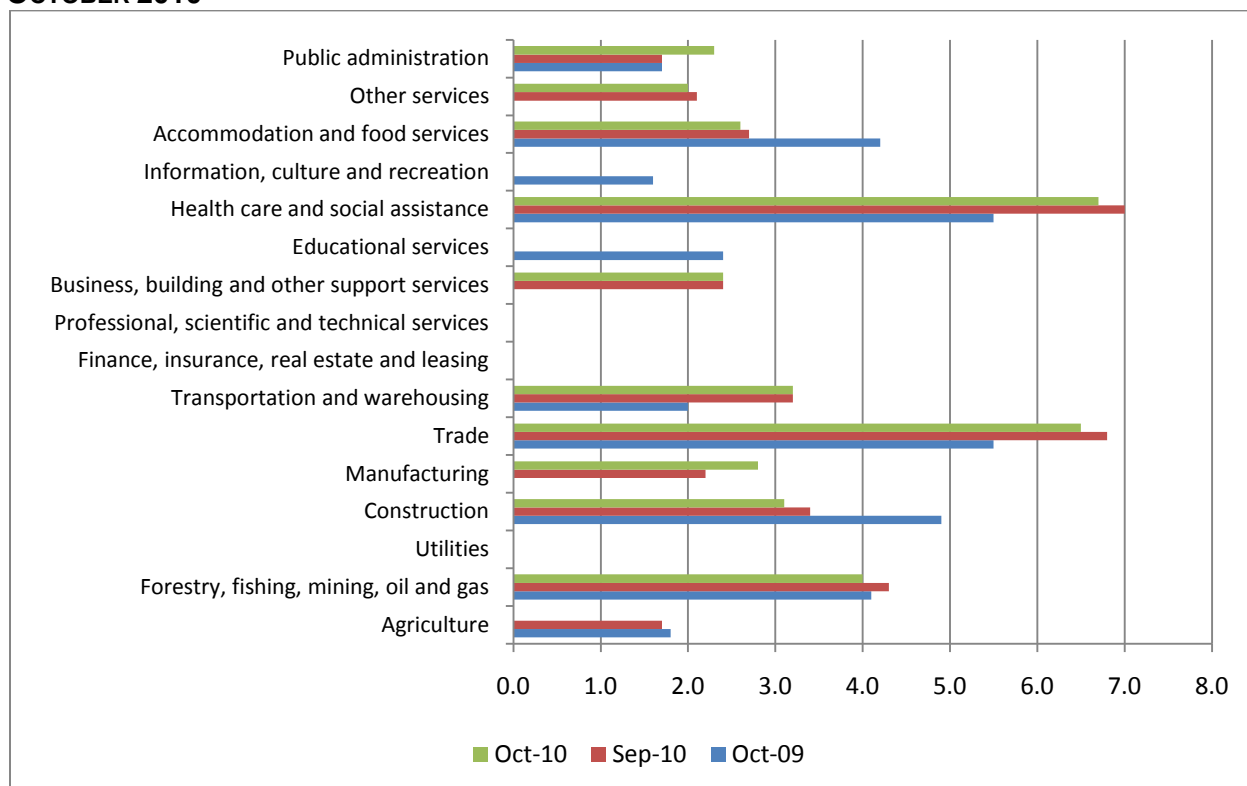
Source: Statistics Canada, Labour Force Survey, Custom tabulation, November 2010

**FIGURE 2: UNEMPLOYMENT RATE, MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE**



Source: Statistics Canada, Labour Force Survey, Custom tabulation, November 2010

**FIGURE 3: EMPLOYED BY INDUSTRY, MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE, OCTOBER 2010**



[Note: data absent for values below 1500]

Source: Statistics Canada, Labour Force Survey, Custom tabulation, November 2010

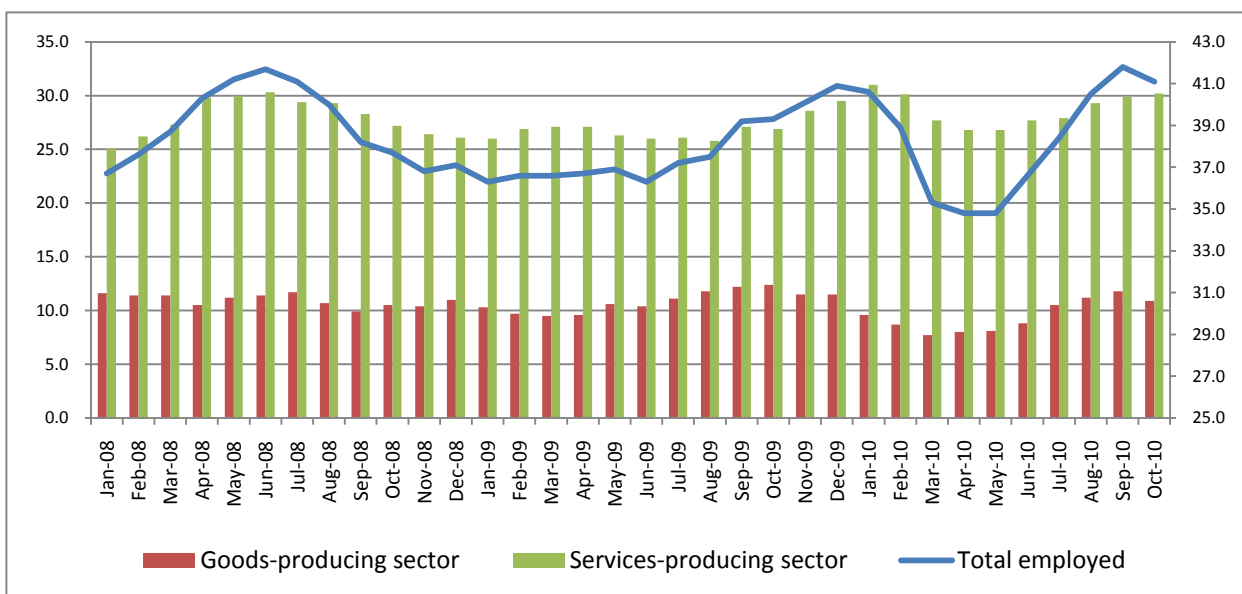
Medicine Hat and area's employed dropped for the first time after four consecutive rises. There was a simultaneous change in the spread of employment over the goods and services sector. The goods producing sector contracted both from the previous month (-7.6%) and year (-12.1%). The services producing sector increase 1.0% from the previous month, and 12.3% from the previous year.

**TABLE 15: EMPLOYED BY SECTOR - GOODS AND SERVICES - MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE**

Month	Total Employed	Goods producing sector	Services producing sector
October 2009	39.3	12.4	26.9
September 2010	41.8	11.8	29.9
October 2010	41.1	10.9	30.2
Change from previous month	-1.7%	-7.6%	1.0%
Change from previous year	4.6%	-12.1%	12.3%

Source: Statistics Canada, Labour Force Survey, Custom tabulation, November 2010

**FIGURE 4: EMPLOYED BY SECTOR - GOODS AND SERVICES - MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE**



[Goods-producing industries – LEFT SIDE SCALE: Agriculture, Forestry, Fishing and Hunting, Mining and Oil and Gas Extraction, Utilities, Construction, Manufacturing, Services-producing Industries.

Services-producing Industries – RIGHT SIDE SCALE: Wholesale Trade, Retail Trade, Transportation and Warehousing, Information and Cultural Industries, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific and Technical Services, Management of Companies and Enterprises, Administrative and Support, Waste Management and Remediation Services, Educational Services, Health Care and Social Assistance, Arts, Entertainment and Recreation, Accommodation and Food Services, Other Services - except Public Administration, Public Administration].

Source: Statistics Canada, Labour Force Survey November 2010, custom tabulation

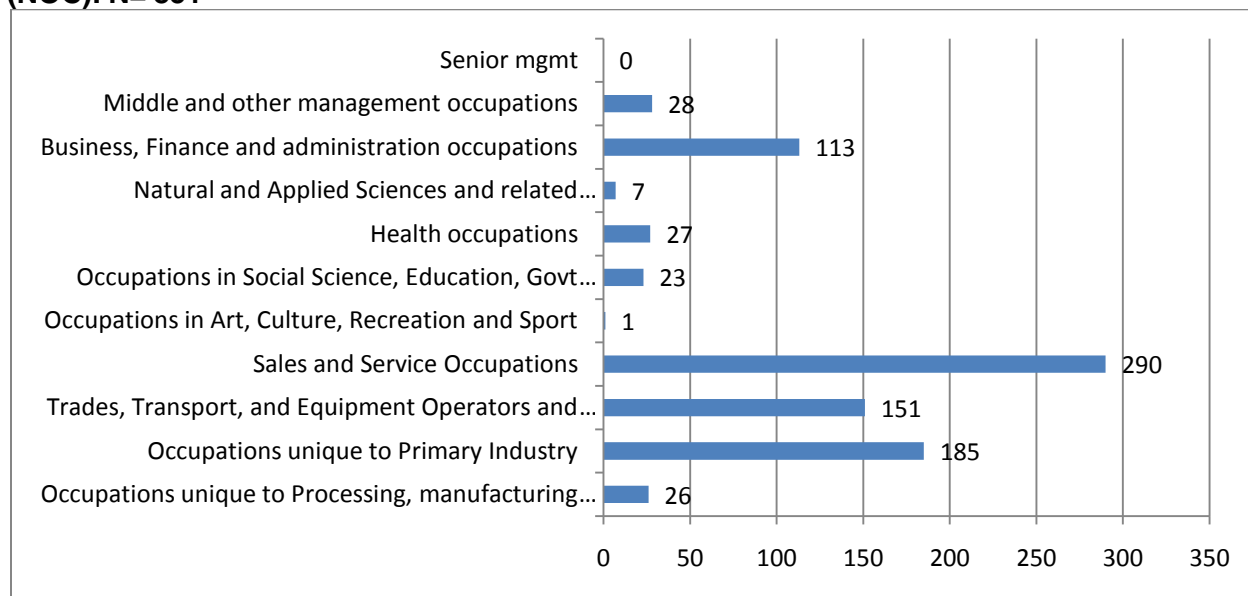
## JOB BANK ANALYSIS

For employment analysis, and for consistency in the analysis, Job Bank listings are used to get an estimate of the nature of labour demand in the Medicine Hat and area. It is appreciated that there are other media that advertise vacant positions and that not all vacancies see it to the job bank database. However, for consistency sake and for referencing with NOC coding, only data available through the Job bank is utilized.

For Medicine Hat and area, there were a total of 851 positions listed on the Job Bank in the month of October 2010, accounting for 366 job listings.

Sales and Services occupation (major group 62, NOC) dominated in the Job bank, accounting for 34% of the positions listed.

**FIGURE 5:JOB BANK POSTINGS FOR MEDICINE HAT AND AREA, OCTOBER 2010 BY OCCUPATION (NOC): N= 851**



Source: Job Bank analysis, for October 2010

9% of the positions listed on the Job bank for September 2010 accounted for Retail Salespersons and Sales Clerks (NOC 6421).

**TABLE 16: JOB BANK TOP 20 POSITIONS FOR OCTOBER 2010. N=851**

Occupation	NOC	POSITIONS
Retail Salespersons and Sales Clerks	6421	76
Harvesting Labourers	8611	64
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	56
Customer Service, Information and Related Clerks	1453	55
Construction Trades Helpers and Labourers	7611	45
General Farm Workers	8431	38
Oil and Gas Drilling, Servicing and Related Labourers	8615	37
Sales Representatives - Wholesale Trade (Non-Technical)	6411	36
Oil and Gas Well Drillers, Servicers, Testers and Related Workers	8232	33
Truck Drivers	7411	22
Food Service Supervisors	6212	20
Light Duty Cleaners	6661	18
Cooks	6242	16
Professional Occupations in Business Services to Management	1122	15
Retail Trade Managers	621	14
Community and Social Service Workers	4212	14
Nurse Aides, Orderlies and Patient Service Associates	3413	12

Occupation	NOC	POSITIONS
Restaurant and Food Service Managers	631	11
Food and Beverage Servers	6453	10
Supervisors, Petroleum, Gas and Chemical Processing and Utilities	9212	10

Source: Job Bank analysis, for October 2010

12% of the job postings for the month were in the same category for retail salespersons and sales clerks. The following occupations were listed most at job Bank for the month of October 2010.

**TABLE 17: JOB BANK 20 MOST ADVERTISED OCCUPATIONS FOR OCTOBER 2010. N=366**

Occupation	NOC	FREQUENCY
Retail Salespersons and Sales Clerks	6421	43
Retail Trade Managers	621	14
Community and Social Service Workers	4212	14
Sales Representatives - Wholesale Trade (Non-Technical)	6411	14
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	13
Cooks	6242	12
Truck Drivers	7411	10
Construction Trades Helpers and Labourers	7611	10
Receptionists and Switchboard Operators	1414	7
Storekeepers and Parts Clerks	1472	7
Light Duty Cleaners	6661	7
Heavy-Duty Equipment Mechanics	7312	7
Oil and Gas Drilling, Servicing and Related Labourers	8615	7
Customer Service, Information and Related Clerks	1453	6
Delivery and Courier Service Drivers	7414	6
Oil and Gas Well Drillers, Servicers, Testers and Related Workers	8232	6
General Office Clerks	1411	5
Registered Nurses	3152	5
Nurse Aides, Orderlies and Patient Service Associates	3413	5
Food Service Supervisors	6212	5

Source: Job Bank analysis, for October 2010.

*Collection and research methodology: Information sources for this report has included data from Statistics Canada, business associations, industry associations, labour associations, government sources, national and provincial banking sectors, Industry Canada, national and local newspapers, Canada sector councils, Canada Mortgage and Housing Corporation (CMHC), Medicine Hat real Estate Board, Alberta ministries and agencies, rating agencies (S&P), and Job bank.*

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