



ECONOMIC & LABOUR MARKET RESEARCH AND ANALYSIS PROJECT

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

Report No. 7
December 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, December 2010.

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ECONOMY

NATIONAL GROSS
DOMESTIC
PRODUCT
INCREASES BY
0.2 % IN OCTOBER
2010.

ANNUALIZED THIRD
QUARTER GDP
GROWTH
DROPPING: **1.0%**

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 December 2010.

C A N A D A

Real gross domestic product (GDP) rose 0.3% in the third quarter, following a 0.6% gain in the previous quarter. Expressed at an *annualized rate*, real GDP grew 1.0% in the third quarter, after expanding 2.3% in the second quarter. The Canadian economy continued the downwards trend of slow growth during the third quarter. Earlier expectations were for slow growth, but at a 1.4% rate.

Statistics Canada reported that Canada's real GDP increase of 0.2% in October 2010 was particularly due to mining and oil and gas extraction which rose 2.4% in October, as well as to wholesale trade and manufacturing. Whereas the nation's manufacturing, retail, construction, and utilities all posted declines, gains were reported in the public sector and by real estate agents and brokers.

The advance of 1.3% in oil and gas extraction was on the strength of natural gas. Similarly, support for mining and oil and gas extraction rebounded 9.9% from its September decline. Unfavourable weather had hindered rigging activities.

The slowing in third-quarter GDP growth was reflective of the marked deterioration in October's reported monthly merchandise trade numbers, where net exports subtracted a sizable 3.5 percentage points from the GDP. The deterioration in trade resulted from the simultaneous rise in imports of 6.4% and a 5.0% drop in exports.

However, Canada's November merchandise trade report was much stronger than expected with the deficit shrinking to \$0.1 billion from a downwardly revised deficit in October of \$1.5

billion (originally estimated as \$1.7 billion). The source of the improvement was less encouraging because it largely reflected imports dropping \$1.1 billion (3.2%). The marked improvement in the November balance indicates that net exports will significantly contribute to growth in the fourth quarter of 2010.

The decline at the end of the third quarter implies weak momentum going into the fourth quarter; however, there are expectations of an underlying strength in consumer spending and investment, and with the weakness in the third quarter largely stemming from the volatile trade sector, there seems reasonable optimism of GDP growth to rebound in fourth quarter.

The weaker global outlook, together with the economic and labour market dynamics in Canada has given the Bank of Canada reason to upward revise growth for 2011 by 0.1 percentage points for 2011, from 2.3% to 2.4% (which was itself downwards revised from 2.9% to 2.3% previously). 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 2.6% to 2.8% (which was upwardly revised from 2.2% to 2.6% previously). 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 December 2010, for the third consecutive month, following a string of three meetings which saw 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, together with a lower than expected GDP for the third quarter. 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. In the January *Monetary Policy Report*, the central Bank projected a fourth quarter 2010 growth of 2.3%.

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.

Bank of Canada reports that household debt has risen 145% due to low interest rates inducing households to indulge in acquiring luxuries on credit. If the interest rates go up, or employment goes down, Canadians will find themselves in a dire situation. The probability of an adverse labour market shock materializing is judged to have edged higher in recent months, owing to the revisions to the outlook for the global and Canadian economy.

NATIONAL
INFLATION: **2.4%**

CORE RATE: **1.5%**

CONSUMER PRICE INDEX:

Consumer prices rose 2.4% in the 12 months to December 2010, rising 0.4% from November 2010. 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.

The increase in December's overall rate was largely attributed to higher gasoline prices, which reported gains of 13% from last year, and 2.3% from last month. 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 1.5% in the 12 months to December 2010, which is *below* the Bank's 2% target. On a month-to-month basis, the seasonally adjusted monthly core index rose 0.2% from November to December after holding steady the previous month.

Inflation in Canada averaged 1.8% in 2010.

HOUSING:

Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data*, for December 2010, reports that after experiencing a sharp 18.2% rise to 198,200 annualized units (initially reported as 187,200) in November, which itself followed a sharp decline of approximately 9% from a month earlier, Canadian housing starts once again dropped 13.3% to an annualized pace of 171,500. This sharp drop was predominantly attributed to the drop in multiple housing starts.

NATIONAL
HOUSING STARTS: -
13.3%.

December's drop in housing starts closes out 2010 with the slowest pace of monthly housing construction since August 2010.

Despite the interest rate hikes, actual mortgage rates are at historic lows.

ALBERTA CPI: 0.8%.

FISCAL UPDATE:
NET
CONTRIBUTION
\$275 M TO DEFICIT

This section provides information on the Provincial economy.

ECONOMY:

Consumer prices increased in every province between December 2009 and December 2010, and did so for all provinces, except Saskatchewan, at a faster rate on a year over year basis than in the previous month.

In Alberta, prices rose 0.8%, following a 0.1% increase in November. Gasoline prices in Alberta rose 10.2% in December, after increasing 0.3% in November.

Although the CPI increased in Alberta, it was the province with the slowest pace of inflationary growth as compared to the other provinces (second to Iqaluit's 0.7%).

The average number of rigs drilling in Alberta was 269 in December, down 2.54% from November's 276. Drilling activity was 18.5% more than the numbers from December 2009, and average annual activity in 2010 was 61% higher than a year ago.

THE PROVINCE'S FISCAL UPDATE, prompted by a high exchange rate, weakened oil prices and revenues, lower than expected tax receipts, and increased spending for disasters and emergencies, *push deficit higher*.

Revenue for 2010-11 is forecast at \$34.1 billion, up \$127 million from the budget. This is due to increased revenue from land lease sales (\$1.4 billion), corporate income tax (\$577 million) and federal transfers (\$412 million). This total is offset by lower personal income tax revenue (\$1.1 billion) and investment income (\$216 million), as well as the increased cost of drilling stimulus initiative claims (\$788 million).

Expense for 2010-11 is forecast at \$39.1 billion, an increase of \$384 million from budget (largely attributed to disaster and emergency funding such as forest fires, floods, and drought). Factoring out emergency spending, the expense for Alberta is forecast to be \$150 million lower than budgeted. Operating expense remains relatively flat compared to budget forecasts, while expense for capital grants is down \$190 million.

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

Conference Board of Canada, in its Autumn 2010 Provincial Outlook report forecasts Alberta's real GDP to grow by 3.6 per cent in 2010, largely attributed to a swift rebound in oil drilling and a turnaround in the domestic economy. In 2011, real GDP is forecast to expand by a solid 2.8 per cent. The Conference Board states in the report that the energy industry will keep the goods-

producing sector growing at a quick enough pace to offset another year of modest performance among services industries. 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. 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 for 2011, 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).

Canadian Association of oilwell drilling contractors expects about 60% of Western Canada's rigs to be at work during the first quarter: heavy rigs geared towards horizontal wells are in high demand, whereas lighter gas focused rigs are short on work.

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 performance¹ 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 has 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 employment opportunities for young and low skilled workers and result in fewer fringe benefits and less on-the-job training."

¹ 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.

HOUSING:

Alberta's December housing starts in urban centers, reported by Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data*, decreased, for the third consecutive month, however by 1.62% from the previous month, and 28.9% from December 2009.

RBC's quarterly report of November 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, *fell* for the first time after four consecutive quarters of rises. All provinces saw improvements in affordability in the latest quarter. Alberta and Manitoba were the only provinces where the RBC Measures stood below their long-term average in all housing categories, indicating that there is little stress in these markets. In Alberta, market conditions remained quite weak in the third quarter, making it a buyer's market, causing home prices to decline (down between 0.6% and 2.2% depending on the housing type) and contributing to further improvement affordability. The RBC Measures eased between 0.8 and 1.8 percentage points, more than reversing modest rises in the second quarter.

According to RBC's housing report, homeownership in Alberta is among the more affordable in Canada both in absolute terms and relative to its historical averages. Such a high degree of affordability bodes well for a strengthening in housing demand, once the provincial job market sustains more substantial gains.

The province's housing starts, seasonally adjusted at annual rates², stood at 18,200.

BUILDING PERMITS:

In November 2010, the value of Alberta's building permits fell 5.8% from the previous month to just under \$795 million.

ALBERTA'S VALUE OF
BUILDING PERMITS
DECLINED: **-5.8%**

RESIDENTIAL: **- 8.1%**
NON RESIDENTIAL: **- 2.7%**

The decline was in both residential and non-residential permits which fell by 8.1%, and 2.7% respectively. Residential permits had previously decreased by 1.9 % in the past month.

Nationally, the value of building permits decreased by 11.2% from the previous month, to approximately \$5.5 billion.

² 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

TABLE 1: VALUE OF BUILDING PERMITS - CANADA & ALBERTA

| | NOVEMBER 2010 | OCT 2010 | NOVEMBER- OCTOBER | OCT- SEPT | SEPT- AUG | AUG- JULY | JULY- JUNE | JUNE- MAY |
|-------------------|----------------------|-------------|----------------------|--------------|--------------|--------------|---------------|--------------|
| | thousands of dollars | | percentage change | | | | | |
| CANADA | | | | | | | | |
| Total | 5,490,321 | 6,179,633 | -11.2 | -6.2 | 14.9 | -9.5 | -3.8 | 6.9 |
| Residential | 3,177,121 | 3,423,707 | -7.2 | -11.0 | 7.9 | 2.6 | -3.1 | -4.0 |
| Non – residential | 2,313,200 | 2,755,926 | -16.1 | 0.5 | 26.5 | -24.2 | -4.7 | 23.8 |
| ALBERTA | | | | | | | | |
| Total | 794,988 | 844,278 | -5.8 | -1.1 | 0.2 | -11.2 | -19.3 | 18.0 |
| Residential | 447,596 | 487,075 | -8.1 | -0.5 | 1.7 | -20.5 | -0.4 | -8.2 |
| Non – residential | 347,392 | 357,203 | -2.7 | -1.8 | -1.7 | 4.7 | -39.1 | 68.6 |

Source: Statistics Canada, Building Permits, January 2011. Tables 1,2,3.

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

| | Number of dwelling units | | | Estimated value of construction | | |
|------------------------------|--------------------------|----------|-----------------|---------------------------------|-----------------|------------|
| | Singles | Multiple | Total dwellings | Residential | Non-residential | Total |
| | Units | | | thousands of dollars | | |
| CANADA | | | | | | |
| October | 6,535 | 9,781 | 16,316 | 3,423,707 | 2,755,926 | 6,179,633 |
| November | 6,708 | 7,428 | 14,136 | 3,177,121 | 2,313,200 | 5,490,321 |
| Cumulative Jan. to Nov. 2010 | 86,636 | 102,440 | 189,076 | 40,570,513 | 26,864,770 | 67,435,283 |
| Cumulative Jan. to Nov. 2009 | 72,337 | 74,557 | 146,894 | 30,870,385 | 24,218,296 | 55,088,681 |
| Monthly percentage change | 2.65% | -24.06% | -13.36% | -7.20% | -16.06% | -11.15% |
| Annual %age Jan-Oct change | 19.77% | 37.40% | 28.72% | 31.42% | 10.93% | 22.41% |
| ALBERTA | | | | | | |
| October | 1,116 | 1,168 | 2,284 | 487,075 | 357,203 | 844,278 |
| November | 1,150 | 631 | 1,781 | 447,596 | 347,392 | 794,988 |
| Cumulative Jan. to Nov. 2010 | 15,783 | 8,366 | 24,149 | 6,324,601 | 4,224,365 | 10,548,966 |
| Cumulative Jan. to Nov. 2009 | 13,291 | 6,477 | 19,768 | 4,852,259 | 5,199,092 | 10,051,351 |
| Monthly percentage change | 3.05% | -45.98% | -22.02% | -8.11% | -2.75% | -5.84% |
| Annual %age Jan-Oct change | 18.75% | 29.16% | 22.16% | 30.34% | -18.75% | 4.95% |

Source: Statistics Canada, Building Permits, January 2011. 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:

In the third quarter of 2010, Alberta had a net interprovincial migration gain of 1,155 people, whereas the second quarter experienced a gain of 2,820, with a 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.

As of October 1, 2010, Alberta's population was estimated at 3,735,086, representing a growth of 1.4% from a year earlier (the national average being 1.2%). With Alberta's median age of 35.8 (as opposed to the national average of 39.7), half this growth 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

ECONOMY:

Business licenses issued in December 2010 raised modestly to 42, ending the year in an issuance of a total of 493 licences. This is 6.6% lower than the previous year and has continued the lower year over year trend for the fourth consecutive year. However, 2010 marks the highest rate of decrease compared to the previous years.

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 | 39 |
| December | 16 | 18 | 37 | 34 | 34 | 22 | 23 | 27 | 18 | 32 | 42 |
| Total | 412 | 376 | 454 | 443 | 496 | 511 | 566 | 544 | 538 | 528 | 493 |
| Year-over-year change: | | -8.7% | 20.7% | -2.4% | 12.0% | 3.0% | 10.8% | -3.9% | -1.1% | -1.9% | -6.6% |

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

HOUSING:

Both the number of sales and the dollar value associated with those sales dropped from the last month (Table 4). There was a 10.49% decrease in the dollar value of sales from November's activity (which was 2.15% lower from October 2010 activity), whereas on an annual basis, the activity remained primarily flat. Similarly, units sold for December 2010 were both lower on a monthly and annual basis of 20.20% and 3.6% respectively.

TABLE 4: MEDICINE HAT REAL ESTATE VOLUME

| | December-09 | November-10 | December-10 | Monthly change | Annual change |
|--|-------------------|-------------------|-------------------|----------------|---------------|
| RESIDENTIAL | | | | | |
| Single family house | 13,682,900 | 17,491,782 | 16,636,843 | -4.89% | 21.59% |
| Single family other | 2,055,300 | 2,256,850 | 1,038,400 | -53.99% | -49.48% |
| Residential other | 1,738,300 | 536,000 | 1,234,000 | 130.22% | -29.01% |
| NON-RESIDENTIAL | | | | | |
| Farms | 1,055,000 | 155,000 | 560,000 | | |
| Vacant land | 238,000 | 741,117 | 115,000 | | |
| Other | 1,032,200 | 1,178,060 | 429,039 | | |
| VOLUME - DOLLAR VALUE OF UNITS SOLD | 19,801,700 | 22,358,809 | 20,013,282 | -10.49% | 1.07% |
| RESIDENTIAL | | | | | |
| Single family house | 50 | 66 | 57 | | |
| Single family other | 14 | 15 | 6 | | |
| Residential other | 8 | 2 | 6 | | |
| NON-RESIDENTIAL | | | | | |
| Farms | 2 | 1 | 1 | | |
| Vacant land | 3 | 3 | 1 | | |
| Other | 5 | 12 | 8 | | |
| SALES - NO. OF UNITS SOLD | 82 | 99 | 79 | -20.20% | -3.66% |
| listings placed | 148 | 195 | 133 | -31.79% | -10.14% |
| Active listings at month's end | 975 | 1154 | 1031 | -10.66% | 5.74% |
| Year volume until | 341,132,640 | 308,027,497 | 328,040,779 | | -3.84% |
| Year sales until | 1,368 | 1244 | 1323 | | -3.29% |
| Year listings until | 3,351 | 3396 | 3529 | | 5.31% |

Source: Medicine Hat Real Estate Board, Monthly Statistical report, December 2009, November - December 2010

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

| | OCTOBER | | NOVEMBER | | DECEMBER | |
|---------------|---------|---------|----------|---------|----------|---------|
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| UNITS | 127 | 79 | 109 | 74 | 103 | 79 |
| AVERAGE PRICE | 333,881 | 339,221 | 321,011 | 341,494 | 318,827 | 332,811 |

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

Despite the sluggish economy, housing starts picked up 16.4% as compared to a year before. Whereas single detached and semis increased by 58.6 %, multiple family units decreased by 38.4%. The drop is largely attributed to the gas sector's low activity and the sector being such an integral part of the local economy.

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

| | | | DWELLING STARTS | COMPLETIONS | NEWLY COMPLETED AND UNABSORBED UNITS |
|--------------------|---------------------|------------------------|-----------------|-------------|--------------------------------------|
| DEC | 2009 | Single detached / Semi | 15 | 21 | 103 |
| | | Row. Apart and other | - | 4 | 90 |
| | | TOTAL | 15 | 25 | 193 |
| | 2010 | Single detached / Semi | 23 | 38 | 79 |
| | | Row. Apart and other | - | - | 78 |
| | | TOTAL | 23 | 38 | 157 |
| | Annual change | | 53.3% | 52% | -18.65% |
| JANUARY - DECEMBER | 2009 | Single detached/Semi | 162 | | |
| | | Row. Apart and other | 125 | | |
| | | TOTAL | 287 | | |
| | 2010 | Single detached/semi | 257 | | |
| | | Row. Apart and other | 77 | | |
| | | TOTAL | 334 | | |
| | Year to date change | | 16.4% | | |

Source: Canada Mortgage and Housing Corporation: Monthly Housing Statistics for December 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, for the fourth quarter. Whereas the third quarter revisions were lower in both single detached and multiple categories from those of second quarter projections, the revisions in the fourth quarter saw the single detached more promising with an addition in both years of 25 units. Forecasts for multiple housing remains the same for 2011, but are downwards revised for 2010 by 25 units.

The revisions from the second quarter coincide 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 | 225 | 44.2 | 250 | 11.1 | 127 | 71 | 78.9 |
| Multiple | 131 | 100 | -23.7 | 150 | 50 | 20 | 69 | -71 |
| Total | 287 | 325 | 13.2 | 400 | 23.1 | 147 | 140 | 5 |

Source: Canada Mortgage and Housing Corporation: Housing Market Outlook – Prairie Region Highlights, fourth 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 |

| | STARTS | | | | | COMPLETIONS | | | | |
|--------|---------|-------|-----|-------------|-------|-------------|-------|-----|-------------|-------|
| | SINGLES | SEMIS | ROW | APT & OTHER | TOTAL | SINGLES | SEMIS | ROW | APT & OTHER | TOTAL |
| Aug-10 | 23 | 0 | 3 | 0 | 26 | 33 | 2 | 0 | 20 | 55 |
| Sep-10 | 19 | 0 | 0 | 40 | 59 | 9 | 0 | 0 | 0 | 9 |
| Oct-10 | 23 | 0 | 0 | 0 | 23 | 33 | 2 | 4 | 0 | 39 |
| Nov-10 | 12 | 0 | 8 | 14 | 34 | 9 | 0 | 0 | 0 | 9 |

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

RENTAL:

The latest numbers on Medicine Hat rental market from the Canadian Mortgage and Housing Corporation's Rental Market Report are those of Fall 2010 and state that the apartment vacancy rate in Alberta's urban centres was 4.6 per cent in October 2010, down from 5.5 per cent in October 2009.

The total average rent in Alberta was \$943 in October 2010, down from \$949 reported in the October 2009.

The lowest average two-bedroom rent was observed in the Medicine Hat CA. In October this year, the average rent in Medicine Hat was \$691 per month, increasing from \$687 in October 2009.

| PRIVATE APARTMENT VACANCY RATE (%) | | | | | | | | | | |
|------------------------------------|----------|--------|-----------|--------|-----------|--------|-------------|--------|--------|--------|
| | BACHELOR | | 1 BEDROOM | | 2 BEDROOM | | 3 BEDROOM + | | TOTAL | |
| | Oct 09 | Oct 10 | Oct 09 | Oct 10 | Oct 09 | Oct 10 | Oct 09 | Oct 10 | Oct 09 | Oct 10 |
| Alberta | 4.3 | 4.8 | 4.9 | 3.9 | 6.2 | 5.1 | 6.2 | 5.1 | 5.5 | 4.6 |
| Medicine Hat | 7.5 | 15.6 | 5.1 | 5.8 | 11.8 | 11.9 | 8.3 | 13.4 | 9.3 | 10.1 |

Source: Rental Market Report-Alberta Highlights, Fall 2010 – table 1.1.1.

| PRIVATE APARTMENT AVERAGE RENT (\$) | | | | | | | | | | |
|-------------------------------------|----------|--------|-----------|--------|-----------|--------|-------------|--------|--------|--------|
| | BACHELOR | | 1 BEDROOM | | 2 BEDROOM | | 3 BEDROOM + | | TOTAL | |
| | Oct 09 | Oct 10 | Oct 09 | Oct 10 | Oct 09 | Oct 10 | Oct 09 | Oct 10 | Oct 09 | Oct 10 |
| Alberta | 699 | 702 | 867 | 861 | 1044 | 1036 | 1155 | 1137 | 949 | 943 |
| Medicine Hat | 556 | 538 | 586 | 586 | 687 | 691 | 786 | 775 | 655 | 657 |

Source: Rental Market Report-Alberta Highlights, Fall 2010 – table 1.1.2.

BUILDING PERMITS:

The number of building permits has decreased both in volume and dollar amount from the previous month.

Permits issued now are indicative of activity in the future. In the residential category, only 3 permits have been issued, as compared to 10 in the previous year and 13 the year before.

TABLE 10: MEDICINE HAT ISSUANCE OF BUILDING PERMITS

| | December -09 | | December -10 | | November -10 | | Current year to date | | Previous year to date | |
|---------------------------------------|--------------|------------------|--------------|------------------|--------------|------------------|----------------------|-------------------|-----------------------|-------------------|
| RESIDENTIAL | No | Amount | No | Amount | No | Amount | No | Amount | No | Amount |
| Houses | 13 | 3,646,000 | 3 | 760,000 | 10 | 2,241,000 | 160 | 39,407,000 | 118 | 28,732,000 |
| Duplexes | | | | | | | 5 | 1,095,000 | 6 | 886,000 |
| Tri & fourplexes | | | | | | | 6 | 3,509,000 | 3 | 1,236,000 |
| Apartments | | | | | | | 2 | 9,540,000 | 5 | 13,080,000 |
| Manufactured homes | | | | | 3 | 348,000 | 25 | 2,668,000 | 6 | 557,000 |
| RESIDENTIAL ALTERATIONS | | | | | | | | | | |
| Garages | 9 | 155,000 | 2 | 16,000 | 4 | 64,000 | 104 | 1,657,000 | 128 | 1,837,000 |
| Alterations – apartments | | | | | | | 7 | 731,000 | 5 | 178,000 |
| Alterations – other | 45 | 654,000 | 27 | 842,000 | 44 | 519,000 | 510 | 6,983,000 | 660 | 8,024,000 |
| NON- RESIDENTIAL NEW BUILDINGS | | | | | | | | | | |
| Commercial | 1 | 162,000 | 2 | 1,394,000 | 1 | 700,000 | 14 | 11,473,000 | 12 | 8,401,000 |
| Industrial | | | | | | | 1 | 350,000 | 1 | 860,000 |
| Institutional | 2 | 130,000 | | | | | 2 | 1,067,000 | 7 | 1,796,000 |
| NON-RESIDENTIAL ALTERATIONS | | | | | | | | | | |
| Commercial | 8 | 217,000 | 7 | 641,000 | 12 | 1,088,000 | 114 | 11,996,000 | 105 | 9,393,000 |
| Industrial | | | | | | | 2 | 21,000 | | |
| Institutional | | | 1 | 125,000 | 2 | 174,000 | 18 | 4,344,000 | 20 | 18,196,000 |
| MISCELLANEOUS | | | | | | | | | | |
| | | | | | | | | | | |
| TOTAL | 78 | 4,964,000 | 42 | 3,778,000 | 76 | 5,134,000 | 970 | 94,841,000 | 1,076 | 93,176,000 |

Source: Month end statistics, Planning, building & development services department, City of Medicine Hat –December 2009, Nov-Dec 2010

LABOUR MARKET TRENDS, BASED ON LFS³ AND STATISTICS CANADA DATA

C A N A D A

Employment at the national level experienced an increase of 22,000 jobs, translating into an increase of 0.1%. Overall, it had risen by 2.2% (+368,500) in the 12 months to December 2010.

The labour force expanded by 19,200 in December, reversing the three month trend of declines totalling 72,300, with last month's decline of 43,600 marking the sharpest decline.

Part-time losses of 16,100 were more than offset by gains in full time employment of 38,000, which accounted for 81% of total employment for December 2010. The increase was

³ 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.

concentrated in the private sector, where a total of 52,500 jobs were added. The number of self employed decreased by 38,000. However, part-time employment has grown faster (+3.4%) than full time (+1.9%) over the past 12 months.

Employment in construction fell by 27,100 in December, whereas it was up 4.8% over the past 12 months. Across industries, the strength was concentrated in the goods producers where employment jumped by 40,800. Service-producing jobs decreased by 18,800.

The national unemployment rate remained at its previous month level of 7.6% after hovering around the 8.0% level for the 9 months prior to November.

Following a large decline in the number of 15- to 24-year-olds participating in the labour market in November, youth employment increased by 26,000 in December 2010.

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.

December's labour statistics showed that a total of 368,500 jobs were created last year. Of that, 70.3% or 259,100 were full-time positions and 109,200 were part-time.

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

| CANADA | November 2010 | December 2010 | Monthly change | Annual change | Monthly percent change | Annual percent change |
|--------------------------------------|---------------|---------------|----------------|---------------|------------------------|-----------------------|
| in thousands (except rates) | | | | | | |
| 15 years and over, both sexes | | | | | | |
| Population | 27,868.90 | 27,894.20 | 25.3 | 403.5 | 0.1 | 1.5 |
| Labour force | 18,654.80 | 18,674.00 | 19.2 | 236.8 | 0.1 | 1.3 |
| Employment | 17,227.90 | 17,249.90 | 22 | 368.5 | 0.1 | 2.2 |
| Employment full-time | 13,898.30 | 13,936.30 | 38 | 259.1 | 0.3 | 1.9 |
| Employment part-time | 3,329.60 | 3,313.50 | -16.1 | 109.2 | -0.5 | 3.4 |
| Unemployment | 1,426.90 | 1,424.10 | -2.8 | -131.7 | -0.2 | -8.5 |
| Participation rate | 66.9 | 66.9 | 0 | -0.2 | ... | ... |
| Unemployment rate | 7.6 | 7.6 | 0 | -0.8 | ... | ... |
| Employment rate | 61.8 | 61.8 | 0 | 0.4 | ... | ... |
| Part-time rate | 19.3 | 19.2 | -0.1 | 0.2 | ... | ... |
| Youths, 15 to 24 | | | | | | |
| Population | 4,410.70 | 4,411.30 | 0.6 | 11 | 0 | 0.2 |
| Labour force | 2,787.00 | 2,824.80 | 37.8 | -23 | 1.4 | -0.8 |
| Employment | 2,407.50 | 2,433.90 | 26.4 | 41.9 | 1.1 | 1.8 |
| Employment full-time | 1,260.80 | 1,272.00 | 11.2 | -0.3 | 0.9 | 0 |
| Employment part-time | 1,146.70 | 1,161.90 | 15.2 | 42.3 | 1.3 | 3.8 |
| Unemployment | 379.5 | 390.9 | 11.4 | -65 | 3 | -14.3 |
| Participation rate | 63.2 | 64 | 0.8 | -0.7 | ... | ... |
| Unemployment rate | 13.6 | 13.8 | 0.2 | -2.2 | ... | ... |
| Employment rate | 54.6 | 55.2 | 0.6 | 0.8 | ... | ... |
| Part-time rate | 47.6 | 47.7 | 0.1 | 0.9 | ... | ... |

Source: Statistics Canada, Labour Force Survey Estimates, Table 1, January 2011

ALBERTA

Alberta's employment nudged down by another 0.1% from the previous month in November, losing 2,400 jobs, for the second consecutive month. The labour force too contracted by 0.2%, with 3,600 exiting the workforce.

Although December 2010 witnessed a drop in full time employment of 5,500 and a gain of part time employment of 3,100, it should be noted the full time employment has been increasing on a year over year basis by 1.9%, whereas part time employment has contracted by 2.7%,

Alberta's energy sector saw strong job growth of 6,100, along with a gain of 13,300 in the professional scientific and technical category.

On an annual basis, total gains over the previous 12 months stand at 1.1% with 21,100 jobs being created since December 2009. This is quite below the national growth rate of 2.2%.

Alberta's unemployment rate remained at the previous month's level of 5.6%. The noteworthy trend this month was that while the province's population grew by 0.1%, its labour force and full time employment contracted by 0.2% and 0.3% respectively. The unemployment rate of the province was 6.6% 12 months ago.

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

| ALBERTA | November 2010 | December 2010 | Monthly change | Annual change | Monthly percent change | Annual percent change |
|--------------------------------------|---------------|---------------|----------------|----------------|------------------------|-----------------------|
| in thousands (except rates) | | | | In percentages | | |
| 15 years and over, both sexes | | | | | | |
| Population | 2,947.20 | 2,951.10 | 3.9 | 55.8 | 0.1 | 1.9 |
| Labour force | 2,138.70 | 2,135.10 | -3.6 | -0.8 | -0.2 | 0 |
| Employment | 2,018.80 | 2,016.40 | -2.4 | 21.1 | -0.1 | 1.1 |
| Employment full-time | 1,668.30 | 1,662.80 | -5.5 | 31 | -0.3 | 1.9 |
| Employment part-time | 350.5 | 353.6 | 3.1 | -9.9 | 0.9 | -2.7 |
| Unemployment | 119.9 | 118.7 | -1.2 | -21.9 | -1 | -15.6 |
| Participation rate | 72.6 | 72.3 | -0.3 | -1.5 | ... | ... |
| Unemployment rate | 5.6 | 5.6 | 0 | -1 | ... | ... |
| Employment rate | 68.5 | 68.3 | -0.2 | -0.6 | ... | ... |
| Part-time rate | 17.4 | 17.5 | 0.2 | -0.7 | ... | ... |

Source: Statistics Canada, Labour Force Survey Estimates Table 3, 4-9, January 2011.

According to the quarterly Manpower Employment Outlook Survey, firms in the Western Canada were more inclined towards additional hiring, compared to Central and Atlantic.

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.

Canadian federation of independent businesses (CFIB) asserts that the province of Alberta has not reduced red tape for business and has asked Edmonton to launch and undertake initiatives to cut the burden of red tape on small businesses.

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

The natural gas sector is an integral part of the Medicine Hat economy. Gas prices are expected to remain around the \$4.10 per 1000 cubic feet in much of 2011, and a projected \$4.50 per 1000 cubic feet for 2012. Natural gas has been pushed out of its main market, the US, due to the high Canadian Dollar, coupled with a supply glut south of the border, as well as a consequence of some of the US economic recovery measures. Conventional gas producers need prices of \$6.50, which seems unlikely. The situation is further going to deteriorate in the face of two new natural gas pipelines from Wyoming coming to service.

Alberta has given regulatory approval to the wind farm. Council should be meeting in the next couple of weeks to decide to fund the \$25 million needed for construction. However, the low gas price not only makes it easier to make electricity the old fashioned way, but also jeopardizes the city's finances with which a financial commitment would be made.

Phase 1 implementation of the downtown redevelopment plan was unveiled: the \$1.5 million project aims to create programs to attract and support investment in the downtown. Grants, interest free loans and rent abatement programs, with an expiry of 4 years characterize the plan – all in an attempt to encourage action. The grants replace the tax incentive programs, which the city has concluded to be not as effective at promoting commercial development.

Five local nominations are up for three awards at the 2011 Alberta Business awards of Distinction to be held in March 2011. Faring at third position in nominations after Calgary(12) and Edmonton(8), the nominations reflect the strength, diversity and excellence of local business.

Estimates of loss for prairie farmers due to the floods of summer 2010 have been revised, by Bank of Montreal, from \$3 million to \$1.5 million.

Medicine Hat and area ended 2010 by reporting its third consecutive drop in employment, unemployment, as well as a shrinkage of its labour force. The employment contracted by almost 3.0% in December (-1,200), and by 4.89% (-2,000) on a year over year basis. The labour force for Medicine Hat and area contracted by 1,500.

The contraction in the labour force may be indicative of disheartened individuals voluntarily exiting the labour force. Since the population has remained unchanged since the previous month, one cannot attribute this contraction to out migration. Being the time of the year, one may speculate that the construction projects winding down is being a factor in both keeping the construction and related industries' workers from actively looking for job, and not being in work.

[Due to December 2010's unemployment number being 1,500 or below, no data is provided].

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

| MEDICINE HAT* | Dec 2009 | Nov 2010 | Dec 2010 | Monthly change | Annual change | Monthly percentage change | Annual percentage change |
|-----------------------------|----------|----------|----------------|----------------|---------------|---------------------------|--------------------------|
| in thousands (except rates) | | | | | | | |
| Population | 60.3 | 61.3 | 61.3 | 0 | 1 | 0.00 | 1.66 |
| Labour force | 42.7 | 41.6 | 40.1 | -1.5 | -2.6 | -3.61 | -6.09 |
| Employment | 40.9 | 40.1 | 38.9 | -1.2 | -2 | -2.99 | -4.89 |
| Unemployment | 1.8 | 1.5 | 0 [†] | -1.5 | -1.8 | | |
| Not in labour force | 17.6 | 19.6 | 21.2 | 1.6 | 3.6 | 8.16 | 20.45 |
| Participation rate | 70.8 | 67.9 | 65.4 | -2.5 | -5.4 | ... | ... |
| Unemployment rate | 4.2 | 3.6 | 0 [†] | -3.6 | -4.2 | ... | ... |
| Employment rate | 67.8 | 65.4 | 63.5 | -1.9 | -4.3 | ... | ... |

* Includes City of Medicine Hat, Cypress County Municipal District, and Town of Redcliff

† Data not available for numbers below 1,500

Source: Statistics Canada, labour force survey, Table 20 January 2011

Medicine Hat's labour market has not fared well in comparison to the regional and provincial level, whose numbers are better in both participation and employment rate. Due the absence of unemployment rate, no comparison can be made on that front.

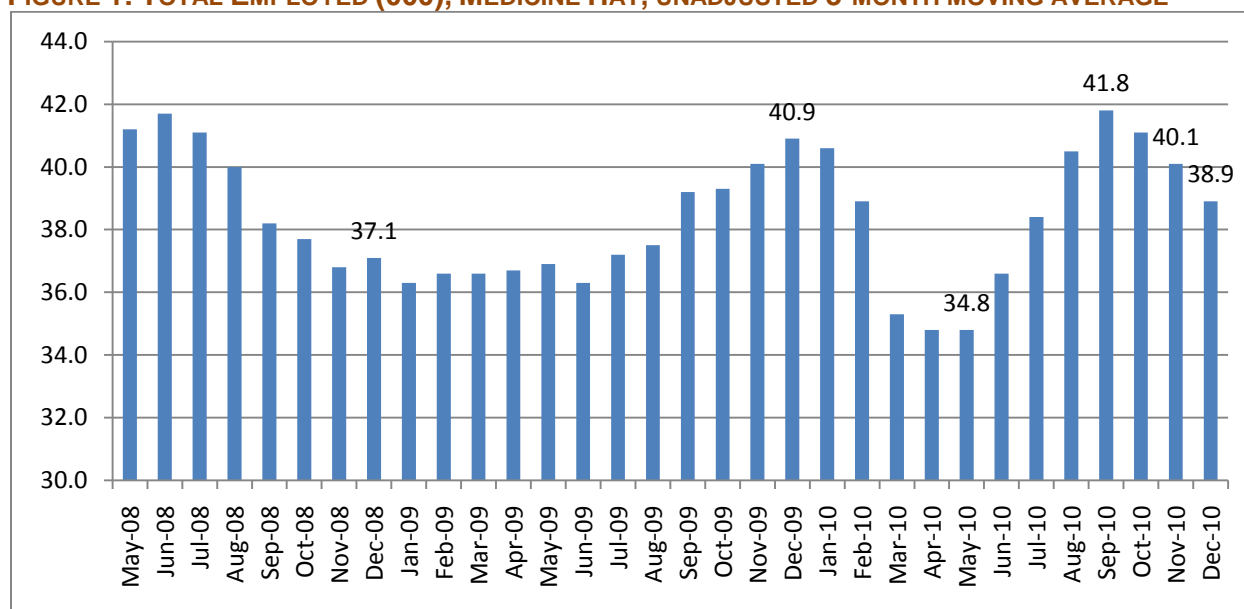
TABLE 14: LABOUR FORCE CHARACTERISTICS – A COMPARISON - UNADJUSTED, 3 MONTH MOVING AVERAGE

| | Population | Labour force | | | P rate* | U rate* | E rate* |
|--|-----------------|-----------------|-----------------|----------------|-------------|------------|-------------|
| | | Labour force | Employment | Unemployment | | | |
| in thousands (except rates) | | | | | | | |
| CANADA | | | | | | | |
| Dec-09 | 27,462.4 | 18,316.8 | 16,886.7 | 1,430.1 | 66.7 | 7.8 | 61.5 |
| Nov-10 | 27,839.6 | 18,611.7 | 17,258.7 | 1,353.0 | 66.9 | 7.3 | 62.0 |
| Dec-10 | 27,867.8 | 18,566.7 | 17,238.1 | 1,328.6 | 66.6 | 7.2 | 61.9 |
| ALBERTA | | | | | | | |
| Dec-09 | 2,891.3 | 2,124.8 | 1,979.0 | 145.7 | 73.5 | 6.9 | 68.4 |
| Nov-10 | 2,943.4 | 2,131.1 | 2,008.7 | 122.3 | 72.4 | 5.7 | 68.2 |
| Dec-10 | 2,947.2 | 2,132.0 | 2,014.0 | 117.9 | 72.3 | 5.5 | 68.3 |
| LETHBRIDGE-MEDICINE HAT (CD1,2,3) | | | | | | | |
| Dec-09 | 213.4 | 145.6 | 137.7 | 7.8 | 68.2 | 5.4 | 64.5 |
| Nov-10 | 215.5 | 145.2 | 138.6 | 6.6 | 67.4 | 4.5 | 64.3 |
| Dec-10 | 215.6 | 142.3 | 136.2 | 6.1 | 66.0 | 4.3 | 63.2 |
| MEDICINE HAT | | | | | | | |
| Dec-09 | 60.3 | 42.7 | 40.9 | 1.8 | 70.8 | 4.2 | 67.8 |
| Nov-10 | 61.3 | 41.6 | 40.1 | 1.5 | 67.9 | 3.6 | 65.4 |
| Dec-10 | 61.3 | 40.1 | 38.9 | - | 65.4 | - | 63.5 |

• P rate: Participation rate | U rate: Unemployment rate | E rate: Employment rate

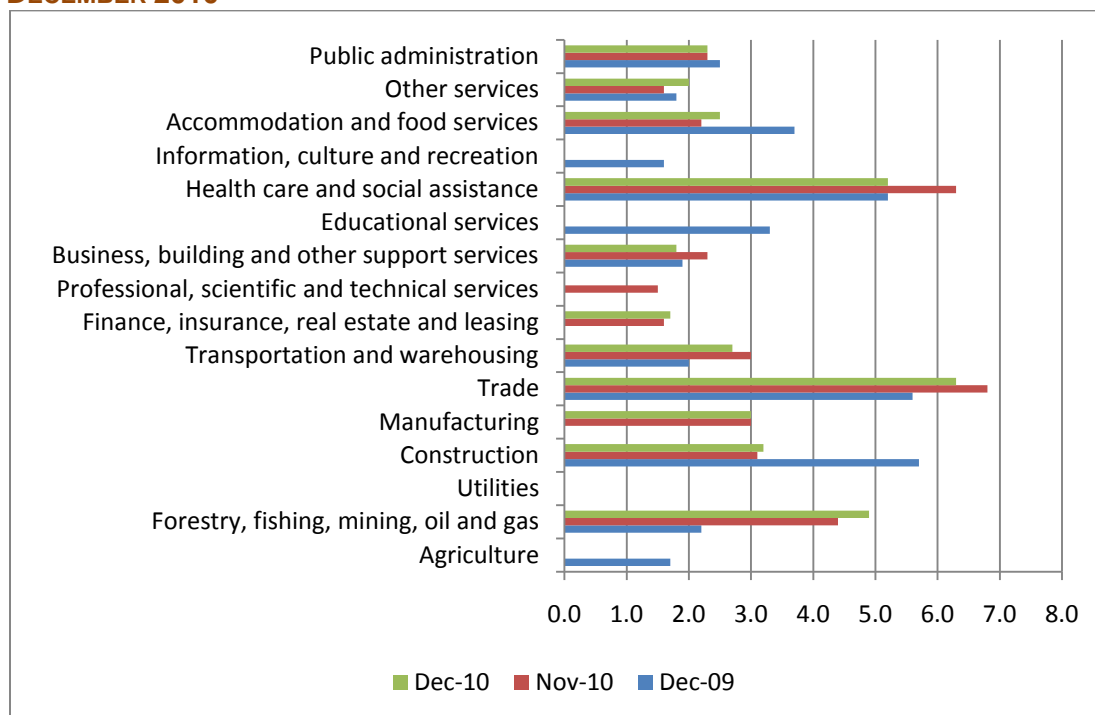
Source: Statistics Canada, labour force survey, Table 6-1, Table 20, January 2011

FIGURE 1: TOTAL EMPLOYED (000), MEDICINE HAT, UNADJUSTED 3-MONTH MOVING AVERAGE



Source: Statistics Canada, Labour Force Survey, Custom tabulation, January 2011

FIGURE 2: EMPLOYED BY INDUSTRY, MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE, DECEMBER 2010



[Note: data absent for values below 1500]

Source: Statistics Canada, Labour Force Survey, Custom tabulation, January 2011

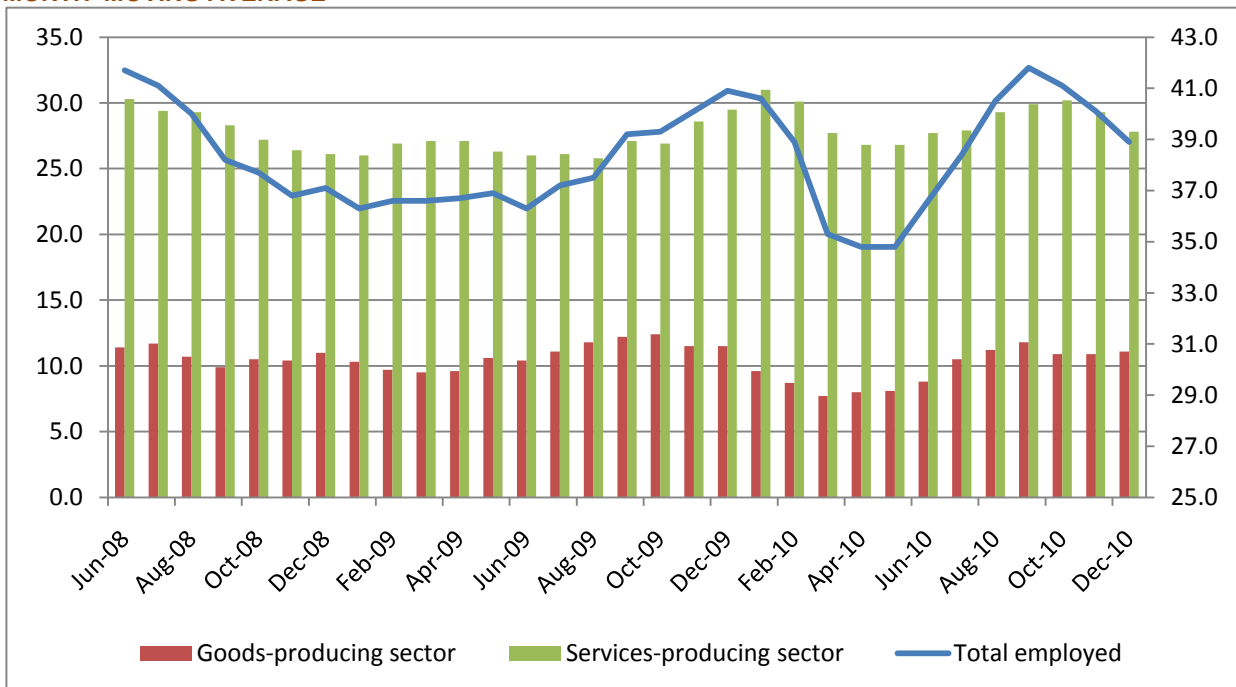
December saw a drop in the city’s service producing sector, while the goods producing sector grew by 1.83%. The service producing sector experienced its second consecutive contraction.

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

| Month | Total Employed | Goods producing sector | Services producing sector |
|----------------------------|----------------|------------------------|---------------------------|
| December 2009 | 40.9 | 11.5 | 29.5 |
| November 2010 | 40.1 | 10.9 | 29.3 |
| December 2010 | 38.9 | 11.1 | 27.8 |
| Change from previous month | -2.99% | 1.83% | -5.12% |
| Change from previous year | -4.89% | -3.48% | -5.76% |

Source: Statistics Canada, Labour Force Survey, Custom tabulation, January 2011

FIGURE 3: 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 – LEFT 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].

Total employed – RIGHT SIDE SCALE

Source: Statistics Canada, Labour Force Survey January 2011, custom tabulation

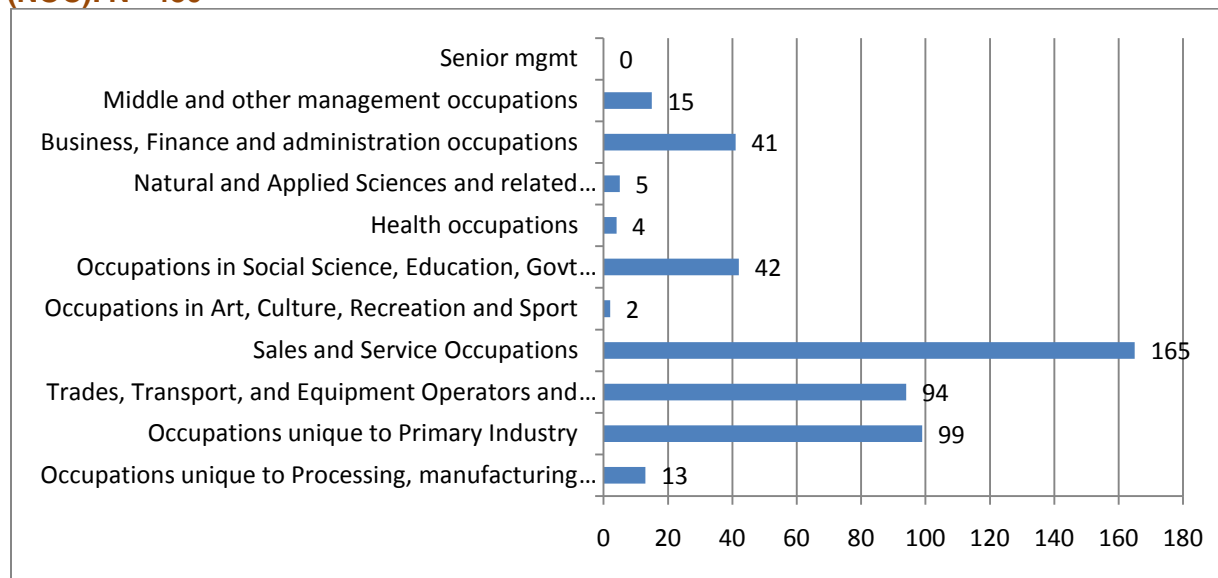
JOB BANK ANALYSIS

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 480 positions listed on the Job Bank in the month of December 2010, accounting for 225 job listings.

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

FIGURE 4: JOB BANK POSTINGS FOR MEDICINE HAT AND AREA, DECEMBER 2010 BY OCCUPATION (NOC): N= 480



Source: Job Bank analysis, for December 2010

7.3% of the positions listed on the Job bank for December 2010 accounted for Community and Social Service Workers (NOC 4212). Retail Salespersons and sales clerks (NOC 6421), which usually takes the top spot and is an occupation in demand in Job Bank analysis accounted for 5.6% of the positions advertised for December 2010.

TABLE 16: JOB BANK TOP 20 POSITIONS FOR DECEMBER 2010. N=480

| Occupation | NOC | POSITIONS |
|---|------|-----------|
| Community and Social Service Workers | 4212 | 35 |
| Oil and Gas Drilling, Servicing and Related Labourers | 8615 | 32 |
| Food Counter Attendants, Kitchen Helpers and Related Occupations | 6641 | 29 |
| Retail Salespersons and Sales Clerks | 6421 | 27 |
| Nursery and Greenhouse Workers | 8432 | 27 |
| Oil and Gas Well Drillers, Servicers, Testers and Related Workers | 8232 | 24 |
| Customer Service, Information and Related Clerks | 1453 | 21 |
| Food Service Supervisors | 6212 | 20 |
| Truck Drivers | 7411 | 17 |
| Other Elemental Sales Occupations | 6623 | 15 |
| Landscaping and Grounds Maintenance Labourers | 8612 | 12 |
| Sales Representatives - Wholesale Trade (Non-Technical) | 6411 | 11 |

| Occupation | NOC | POSITIONS |
|--|------|-----------|
| Labourers in Food, Beverage and Tobacco Processing | 9617 | 11 |
| Stationary Engineers and Auxiliary Equipment Operators | 7351 | 10 |
| Residential and Commercial Installers and Servicers | 7441 | 10 |
| Babysitters, Nannies and Parents' Helpers | 6474 | 9 |
| Cooks | 6242 | 9 |
| Floor Covering Installers | 7295 | 9 |
| Food and Beverage Servers | 6453 | 8 |
| Service Station Attendants | 6621 | 7 |

Source: Job Bank analysis, for December 2010

The following occupations were listed most at job Bank for the month of October 2010.

TABLE 17: JOB BANK 20 MOST ADVERTISED OCCUPATIONS FOR DECEMBER 2010. N=225

| Occupation | NOC | FREQUENCY |
|---|------|-----------|
| | | |
| Retail Salespersons and Sales Clerks | 6421 | 16 |
| Community and Social Service Workers | 4212 | 13 |
| Babysitters, Nannies and Parents' Helpers | 6474 | 9 |
| Truck Drivers | 7411 | 8 |
| Food Counter Attendants, Kitchen Helpers and Related Occupations | 6641 | 7 |
| Cooks | 6242 | 6 |
| Oil and Gas Well Drillers, Servicers, Testers and Related Workers | 8232 | 6 |
| Oil and Gas Drilling, Servicing and Related Labourers | 8615 | 6 |
| Retail Trade Managers | 621 | 5 |
| Sales Representatives - Wholesale Trade (Non-Technical) | 6411 | 5 |
| Other Elemental Sales Occupations | 6623 | 5 |
| Heavy-Duty Equipment Mechanics | 7312 | 5 |
| Restaurant and Food Service Managers | 631 | 4 |
| Receptionists and Switchboard Operators | 1414 | 4 |
| Customer Service, Information and Related Clerks | 1453 | 4 |
| Early Childhood Educators and Assistants | 4214 | 4 |
| Food Service Supervisors | 6212 | 4 |
| Food and Beverage Servers | 6453 | 4 |
| Service Station Attendants | 6621 | 4 |
| Painters and Decorators | 7294 | 4 |

Source: Job Bank analysis, for December 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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