



ECONOMIC & LABOUR MARKET RESEARCH AND ANALYSIS PROJECT

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

Report No. 6

November 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, November 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 November 2010.

C A N A D A

The Canadian economy continued the downwards trend of slow growth during the third quarter with annualized GDP growth dropping to 1.0%. 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 the earlier 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.

The decline at the end of the 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 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 November 2010, for two consecutive months. The two unchanged rates followed 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 October *Monetary Policy Report*, the central Bank projected a fourth quarter 2010 core inflation rate of 1.6%, which would be feasible if the next two months report a contraction of the core rate.

NATIONAL
INFLATION: 2.0%.

CORE RATE: 1.4%

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 2.0% in the 12 months to November, rising 0.1% compared to October 2010, and following a 2.4% increase in October 2010. This is translated to the Canadian inflation being reported at 2.0%. 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 November's overall rate was largely attributed to higher gasoline prices, which reported gains of 1.7%. 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 slipped back to 1.4% in the 12 months to November 2010, which is *below* from the Bank's 2% target. On a month-to-month basis, the core index prior to seasonal adjustment remained unchanged in November, after increasing 0.4% in October.

NATIONAL
HOUSING STARTS:
+11.6%.

HOUSING:

Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data*, for November 2010, reports that after experiencing a sharp 9.3% drop to 167,800 annualized units (initially reported as 167,900) in October, representing the slowest pace in new home construction in more than a year, Canadian housing starts bounced back in November, rising

11.6% to a three-month high annualized pace of 187,200. This rebound was expected due to the previous months' levels of building permits remaining around 200,000.

This 11.6% increase comes after six consecutive monthly declines, starting in April 2010. The rise housing starts was mainly the result of the 20.9% surge in the typically volatile urban-multiples component.

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

A L B E R T A

ALBERTA CPI: 0.1%.

FISCAL UPDATE:
NET
CONTRIBUTION
\$275 M TO DEFICIT

This section provides information on the Provincial economy.

ECONOMY:

Consumer prices increased in all provinces in November, but at a slower pace than they did in October, year-over-year. Alberta recorded the smallest of the increases among the provinces and was the only province where prices fell 0.2% month over month.

In Alberta, prices increased 0.1% after rising 1.2% in October. Consumers paid more for the purchase of passenger vehicles. Much of the decline in the rate of growth in consumer prices can be attributed to natural gas, electricity, and gasoline.

The average number of rigs drilling in Alberta stood at 276 in November 2010, which is an increase of 6.15% from October's 260. Drilling activity was 68.7% higher in November 2010 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 \$257 million 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 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."

HOUSING:

Alberta's November housing starts in urban centers, reported by Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data*, decreased, for the third consecutive month, by 17.4% from the previous month, and 35.5% from November 2009.

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 rates², stood at 17,600.

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.

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

ALBERTA'S VALUE OF BUILDING PERMITS DECLINED: **-2.1%**

RESIDENTIAL: **-1.9%**
NON RESIDENTIAL: **-2.3%**

BUILDING PERMITS:

In October 2010, the value of Alberta's building permits fell 2.1% from the previous month to just over \$835 million.

The decline was in both residential and non-residential permits which fell by 1.9%, and 2.3% respectively.

Residential permits had previously increased by 1.1 % in the past month.

Nationally, the value of building permits decreased by 6.5%, from the previous month, to approximately \$6.2 billion.

Residential building permits tend to show less month-to-month volatility than do non-residential permits. Having the new residential permits relatively unchanged for the past few months suggests that the housing market may be headed for some stability in 2011.

TABLE 1: VALUE OF BUILDING PERMITS - CANADA & ALBERTA

	OCTOBER 2010	SEPT 2010	OCTOBER-SEPTEMBER	SEPT-AUGUST	AUG-JULY	JULY-JUNE	JUNE-MAY	MAY-APRIL
	thousands of dollars		percentage change					
CANADA								
Total	6,161,394	6,588,595	-6.5	14.9	-9.5	-3.8	6.9	-8.2
Residential	3,416,950	3,846,658	-11.2	7.9	2.6	-3.1	-4.0	-3.3
Non – residential	2,744,444	2,741,937	0.1	26.5	-24.2	-4.7	23.8	-14.8
ALBERTA								
Total	835,859	853,434	-2.1	0.2	-11.2	-19.3	18.0	-12.4
Residential	480,689	489,752	-1.9	1.7	-20.5	-0.4	-8.2	3.6
Non – residential	355,170	363,682	-2.3	-1.7	4.7	-39.1	68.6	-32.4

Source: Statistics Canada, Building Permits, December 2010. 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						
September	7,127	10,242	17,369	3,846,658	2,741,937	6,588,595
October	6,524	9,694	16,218	3,416,950	2,744,444	6,161,394
Cumulative Jan. to Oct. 2010	79,917	94,925	174,842	37,386,635	25,540,088	61,926,723
Cumulative Jan. to Oct. 2009	63,347	65,617	128,964	26,890,788	22,074,911	48,965,699
Monthly percentage change	-8.46	-5.35	-6.63	-11.17	0.09	-6.48
Annual %age Jan-Oct change	26.16	44.67	35.57	39.03	15.70	26.47

	Number of dwelling units			Estimated value of construction		
	Singles	Multiple	Total dwellings	Residential	Non-residential	Total
ALBERTA						
September	1,162	838	2,000	489,752	363,682	853,434
October	1,094	1,072	2,166	480,689	355,170	835,859
Cumulative Jan. to Oct. 2010	14,611	7,639	22,250	5,870,619	3,874,940	9,745,559
Cumulative Jan. to Oct. 2009	11,534	5,708	17,242	4,221,501	4,709,573	8,931,074
Monthly percentage change	-5.85	27.92	8.3	-1.85	-2.34	-2.06
Annual %age Jan-Oct change	266.7	33.8	29.0	39.1	-17.7	9.1

Source: Statistics Canada, Building Permits, December 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.

ALBERTA HAD AN INTERPROVINCIAL MIGRATION GAIN OF **1,155** IN THE THIRD QUARTER.

FIRST QUARTER FIGURE FOR ALBERTA WAS: **312**

ALBERTA POPULATION: **3.73 MILLION**

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.

MEDICINE HAT AND AREA

ECONOMY:

Business licenses issued in November 2010 remained at the previous month's level of 39.

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	...
Total	412	376	454	443	496	511	566	544	538	528	451

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, and stood lower than the previous year's levels (Table 4). There was a 2.15% decrease in the dollar value of sales from the previous month's activity (which was lower than the rate of change in October 2010), whereas there was an almost 10% decrease from November 2009's activity. Similarly, units sold for November 2010 were both lower on a monthly and annual basis of 6.6% and 1.98% respectively.

TABLE 4: MEDICINE HAT REAL ESTATE VOLUME

	November-09	October-10	November-10	Monthly change	Annual change
RESIDENTIAL					
Single family house	16,834,800	16,437,500	17,491,782	6.41%	3.90%
Single family other	3,593,425	4,555,400	2,256,850	-50.46%	-37.20%
Residential other	2,146,100	761,000	536,000	-29.57%	-75.02%
NON-RESIDENTIAL					
Farms	489,000	408,000	155,000		
Vacant land	3,500	75,000	741,117		
Other	1,665,344	613,523	1,178,060		
VOLUME - DOLLAR VALUE OF UNITS SOLD	24,732,169	22,850,423	22,358,809	-2.15%	-9.60%

	November-09	October-10	November-10	Monthly change	Annual change
RESIDENTIAL					
Single family house	61	67	66		
Single family other	20	27	15		
Residential other	10	3	2		
NON-RESIDENTIAL					
Farms	2	1	1		
Vacant land	1	2	3		
Other	7	6	12		
SALES - NO. OF UNITS SOLD	101	106	99	-6.60%	-1.98%
listings placed	221	229	195	-14.85%	-11.76%
Active listings at month's end	1083	1206	1154	-4.31%	6.56%
Year volume until	321,330,940	285,668,689	308,027,497	7.83%	-4.14%
Year sales until	1286	1145	1244	8.65%	-3.27%
Year listings until	3203	3201	3396	6.09%	6.03%

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

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

	SEPTEMBER		OCTOBER		NOVEMBER	
	2009	2010	2009	2010	2009	2010
UNITS	135	67	127	79	109	74
AVERAGE PRICE	331,726	336,045	333,881	339,221	321,011	341,494

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

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

			DWELLING STARTS	COMPLETIONS	NEWLY COMPLETED AND UNABSORBED UNITS
NOVEMBER	2009	Single detached / Semi	15	7	109
		Row. Apart and other	-	-	89
		TOTAL	15	7	198
	2010	Single detached / Semi	12	9	74
		Row. Apart and other	22	-	87
		TOTAL	34	9	161
JANUARY - NOVEMBER	2009	Single detached /Semi	147		
		Row. Apart and other	125		
		TOTAL	272		
	2010	Single detached	234		
		Row. Apart and other	77		
		TOTAL	311		

Source: Canada Mortgage and Housing Corporation: Monthly Housing Statistics for November 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
Oct-10	23	0	0	0	23	33	2	4	0	39

Source: CMHC Housing Information monthly, Table A4-2, October 2008-November 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. However, 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

	November -09		November -10		October -10		Current year to date		Previous year to date	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
RESIDENTIAL										
Houses	18	4,212,000	10	2,241,000	13	3,193,000	157	38,647,000	105	25,086,000
Duplexes	2	374,000			2	416,000	5	1,095,000	6	886,000
Tri & fourplexes					2	1,216,000	6	3,509,000	3	1,236,000
Apartments					1	2,040,000	2	9,540,000	5	13,080,000
Manufactured homes	2	152,000	3	348,000	1	108,000	25	2,668,000	6	557,000
RESIDENTIAL ALTERATIONS										
Garages	9	136,000	4	64,000	15	194,000	102	1,641,000	119	1,682,000
Alterations – apartments	2	8,000					7	731,000	5	178,000
Alterations – other	62	1,086,000	44	519,000	41	400,000	483	6,141,000	615	7,370,000
NON- RESIDENTIAL NEW BUILDINGS										
Commercial	1	1,200,000	1	700,000	3	1,373,000	12	10,079,000	11	8,239,000
Industrial					1	350,000	1	350,000	1	860,000
Institutional							2	1,067,000	5	1,666,000
NON-RESIDENTIAL ALTERATIONS										
Commercial	10	565,000	12	1,088,000	8	725,000	107	11,355,000	97	9,176,000
Industrial							2	21,000		
Institutional	1	9,000	2	174,000	2	10,000	17	4,219,000	20	18,196,000
MISCELLANEOUS										

	November -09		November -10		October -10		Current year to date		Previous year to date	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
RESIDENTIAL										
TOTAL	107	7,742,000	76	5,134,000	89	10,025,000	928	91,063,000	998	88,212,000

Source: Month end statistics, Planning, building & development services department, City of Medicine Hat –November 2009, Oct-Nov 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 3,000 jobs. Overall, it had risen by 1.9% (318,000) in the 12 months to November 2010.

Fewer people participated in the labour force, shrinking it by roughly the same magnitude as increases in jobs. A substantial amount of youths exited the labour force.

Part-time gains in November were partly offset by decreases in full time. Over the past year, part-time employment has grown by 4.0% (+127,000), which is at a faster rate than the 1.4% growth in full time (+192,000).

Manufacturing employment fell by 29,000 in November, bringing employment in this industry to 1.73 million, or 47,000 (-2.6%) below its level of 12 months earlier.

The national unemployment rate edged down to 7.6% after hovering around the 8.0% level for the past 9 months.

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 employment nudged down in November by 0.1%, whereas part time gains were reported to be of 0.8.

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.

In November, there were fewer youths looking for work. As a result, their unemployment rate fell 1.4 percentage points to 13.6%. The youth participation rate has declined 2.1 percentage points to 63.2%

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

CANADA	October 2010	November 2010	Monthly change	Annual change	Monthly percent change	Annual percent change
in thousands (except rates)						
15 years and over, both sexes						
Population	27,840.4	27,868.90	28.5	405.6	0.1	1.5
Labour force	18,698.4	18,654.80	-43.6	199.7	-0.2	1.1
Employment	17,212.7	17,227.90	15.2	318.2	0.1	1.9
Employment full-time	13,909.8	13,898.30	-11.5	191.7	-0.1	1.4
Employment part-time	3,302.9	3,329.60	26.7	126.6	0.8	4
Unemployment	1,485.7	1,426.90	-58.8	-118.5	-4	-7.7
Participation rate	67.2	66.9	-0.3	-0.3	...	...
Unemployment rate	7.9	7.6	-0.3	-0.8	...	...
Employment rate	61.8	61.8	0	0.2	...	...
Part-time rate	19.2	19.3	0.1	0.4	...	...
Youths, 15 to 24						
Population	4,409.8	4,410.70	0.9	10.8	0	0.2
Labour force	2,827.4	2,787.00	-40.4	-47.6	-1.4	-1.7
Employment	2,402.7	2,407.50	4.8	17.7	0.2	0.7
Employment full-time	1,251.1	1,260.80	9.7	-14.4	0.8	-1.1
Employment part-time	1,151.5	1,146.70	-4.8	32.1	-0.4	2.9
Unemployment	424.7	379.5	-45.2	-65.3	-10.6	-14.7
Participation rate	64.1	63.2	-0.9	-1.2	...	...
Unemployment rate	15.0	13.6	-1.4	-2.1	...	...
Employment rate	54.5	54.6	0.1	0.3	...	...
Part-time rate	47.9	47.6	-0.3	1	...	...

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

ALBERTA

Alberta's employment nudged down by 0.1% from the previous month in November, losing 2,400 jobs, of which almost entirely were in part time category. The labour force contracted by 0.6%, resulting in reduction of the unemployed. The loss in part time was offset by a gain of 13,100 full time positions. This trend is positive since although there is a loss of jobs in part time, there has been a shift towards more full time hours.

On an annual basis, total gains over the previous 12 months stand at 1.6% with 31,000 jobs being created since November 2009. This is slightly over the national growth rate of 2.2%.

Alberta's unemployment rate dropped to 5.6%, from 6.0% in the previous month. The noteworthy trend this month was that while the province's population grew by 0.1%, its labour force contracted by 0.6%. The unemployment rate of the province was 7.1% 12 months ago.

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

ALBERTA	October 2010	November 2010	Monthly change	Annual change	Monthly percent change	Annual percent change
in thousands (except rates)				In percentages		
15 years and over, both sexes						
Population	2,943.4	2,947.20	3.8	55.7	0.1	1.9
Labour force	2,150.8	2,138.70	-12.1	-1.3	-0.6	-0.1
Employment	2,021.2	2,018.80	-2.4	31	-0.1	1.6
Employment full-time	1,655.2	1,668.30	13.1	39.6	0.8	2.4
Employment part-time	366.0	350.5	-15.5	-8.5	-4.2	-2.4
Unemployment	129.5	119.9	-9.6	-32.4	-7.4	-21.3
Participation rate	73.1	72.6	-0.5	-1.4	...	...
Unemployment rate	6.0	5.6	-0.4	-1.5	...	...
Employment rate	68.7	68.5	-0.2	-0.2	...	...
Part-time rate	18.1	17.4	-0.7	-0.7	...	...

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

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.

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

The provincial trend of an increasing population and a contracting labour force continued at the city level – the rate of change for the labour force being much higher than the population. Subsequently the rate of unemployment fell by almost 1% to 3.6.

The contraction in the labour force may be indicative of disheartened individuals voluntarily exiting the labour force. Since the population has increased, one can not 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.

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

MEDICINE HAT*	Nov 2009	October 2010	Nov 2010	Monthly change	Annual change	Monthly percentage change	Annual percentage change
in thousands (except rates)							
Population	60.0	61.2	61.3	0.1	1.2	0.16	2.0
Labour force	41.4	43.0	41.6	-0.9	1.6	-2.05	3.86
Employment	39.2	41.1	40.1	-0.7	1.9	-1.67	4.85
Unemployment	2.1	1.8	1.5	-0.4	-0.3	-18.18	-14.29
Not in labour force	18.7	18.2	19.6	1	-0.5	5.81	-2.67
Participation rate	69.0	70.3	67.9	-1.5	1.3	...	...
Unemployment rate	5.1	4.2	3.6	-0.8	-0.9	...	...
Employment rate	65.3	67.2	65.4	-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 December 2010

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 3.6%.

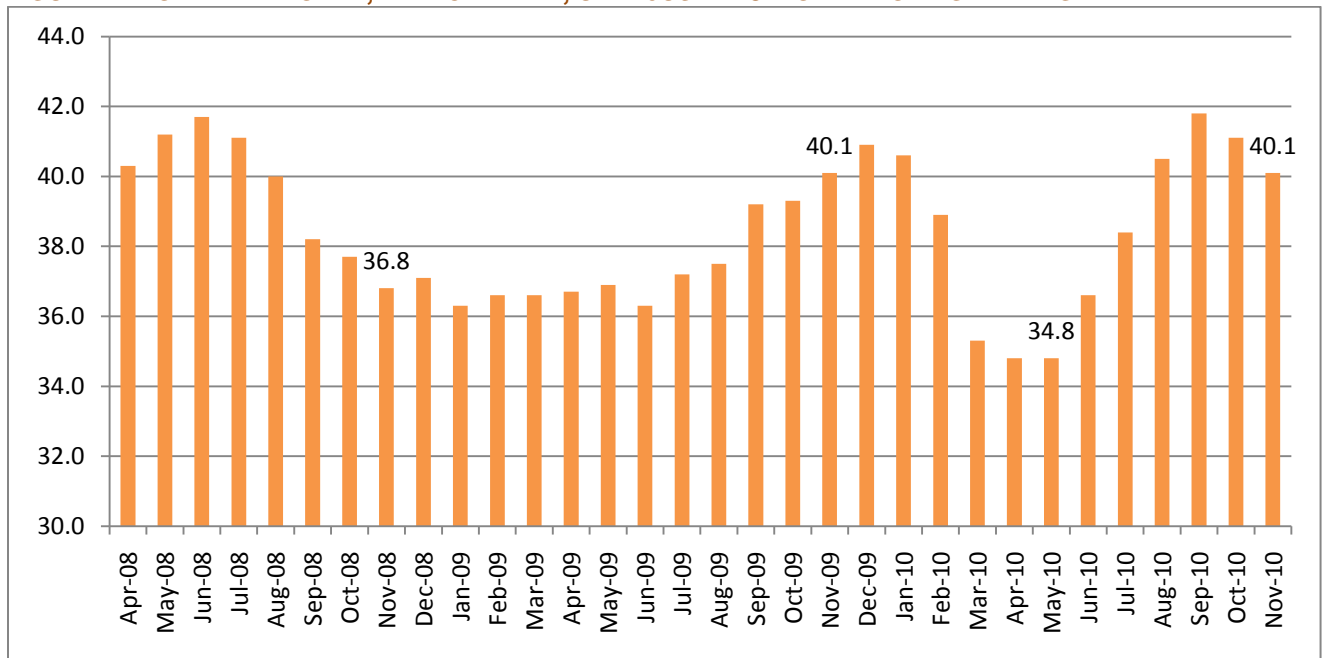
TABLE 14: LABOUR FORCE CHARACTERISTICS – A COMPARISON - UNADJUSTED, 3 MONTH MOVING AVERAGE

	Population	Labour force			P rate*	U rate*	E rate*
		Labour force	Employment	Unemployment			
in thousands (except rates)							
CANADA							
Nov 2009	27,432.60	18,329.20	16,911.60	1,417.60	66.8	7.7	61.6
Oct 2010	27,809.8	18,790.7	17,326.7	1,464.0	67.6	7.8	62.3
Nov 2010	27,839.60	18,611.70	17,258.70	1,353.00	66.9	7.3	62
ALBERTA							
Nov 2009	2,886.90	2,123.00	1,975.70	147.3	73.5	6.9	68.4
Oct 2010	2,939.7	2,146.1	2,011.8	134.4	73.0	6.3	68.4
Nov 2010	2,943.40	2,131.10	2,008.70	122.3	72.4	5.7	68.2
LETHBRIDGE-MEDICINE HAT (CD1,2,3)							
Nov 2009	213.2	145.6	137.6	8	68.3	5.5	64.5
Oct 2010	215.3	149.1	140.9	8.2	69.3	5.5	65.4
Nov 2010	215.5	145.2	138.6	6.6	67.4	4.5	64.3
MEDICINE HAT							
Nov 2009	60.2	41.8	40.1	1.7	69.4	4.1	66.6
Oct 2010	61.2	43.0	41.1	1.8	70.3	4.2	67.2
Nov 2010	61.3	41.6	40.1	1.5	67.9	3.6	65.4

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

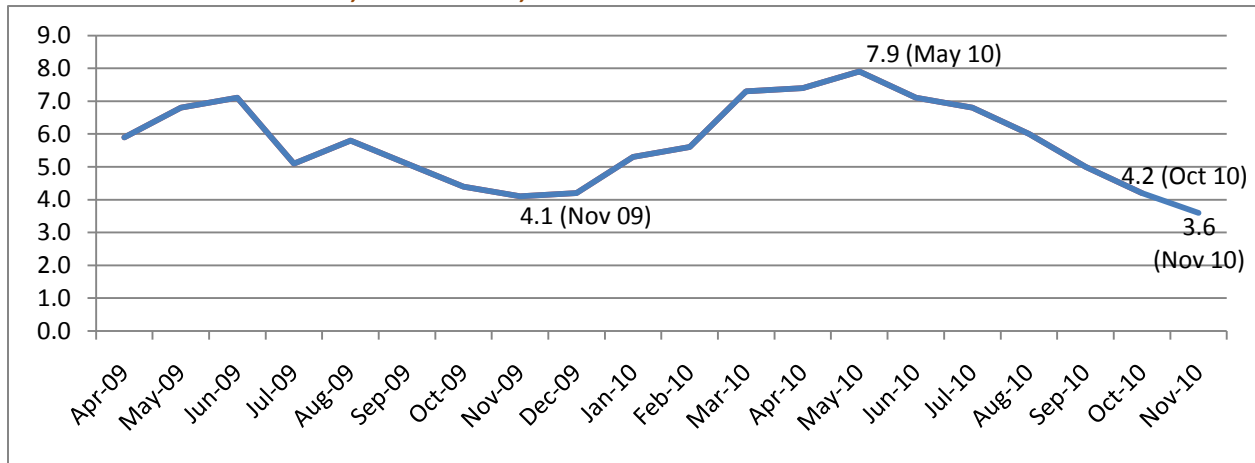
Source: Statistics Canada, labour force survey, Table 6-1, Table 20, December 2010

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



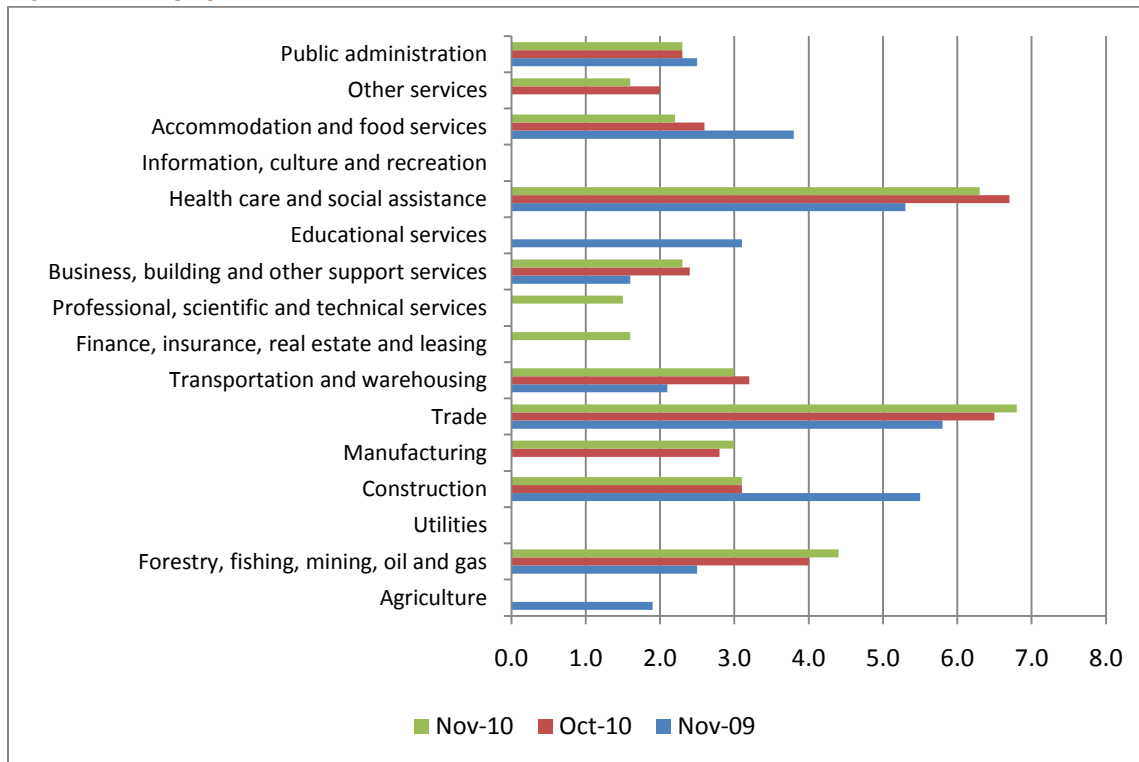
Source: Statistics Canada, Labour Force Survey, Custom tabulation, December 2010

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



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

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



[Note: data absent for values below 1500]

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

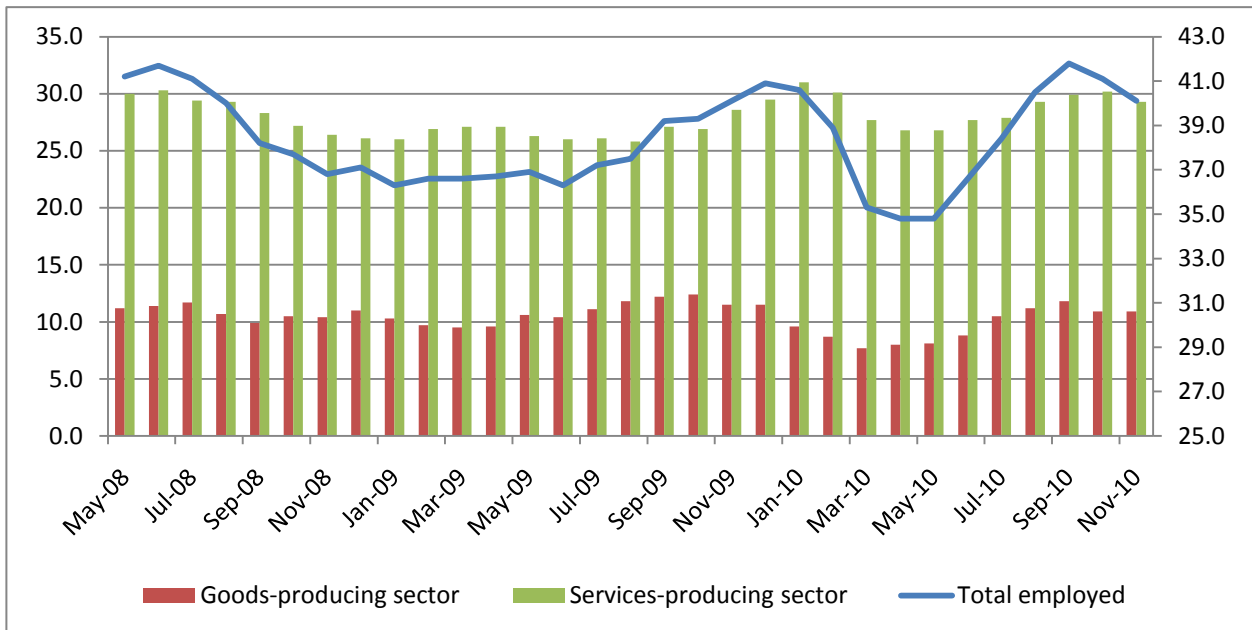
November saw a drop in the city's service producing sector, while the goods producing sector remained the same.

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

Month	Total Employed	Goods producing sector	Services producing sector
November 2009	40.1	11.5	28.6
October 2010	41.1	10.9	30.2
November 2010	40.1	10.9	29.3
Change from previous month	-2.43%	0.00%	-2.98%
Change from previous year	0.00%	-5.22%	2.45%

Source: Statistics Canada, Labour Force Survey, Custom tabulation, December 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 December 2010, custom tabulation

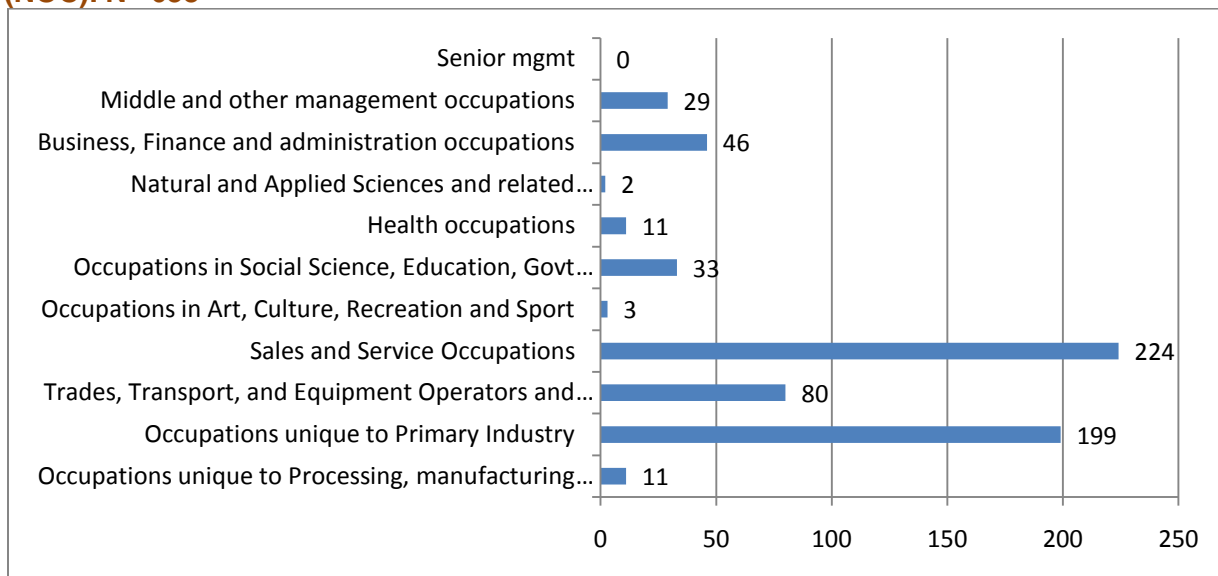
JOB BANK ANALYSIS

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 638 positions listed on the Job Bank in the month of November 2010, accounting for 281 job listings.

Sales and Services occupation (major group 62, NOC) dominated in the Job bank, accounting for 35% of the positions listed.

FIGURE 5:JOB BANK POSTINGS FOR MEDICINE HAT AND AREA, NOVEMBER 2010 BY OCCUPATION (NOC): N= 638



Source: Job Bank analysis, for October 2010

10.3% of the positions listed on the Job bank for November 2010 accounted for Retail Salespersons and Sales Clerks (NOC 6421).

TABLE 16: JOB BANK TOP 20 POSITIONS FOR NOVEMBER 2010. N=638

Occupation	NOC	POSITIONS
Retail Salespersons and Sales Clerks	6421	66
Harvesting Labourers	8611	64
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	43
Oil and Gas Drilling, Servicing and Related Labourers	8615	37
Oil and Gas Well Drillers, Servicers, Testers and Related Workers	8232	36
General Farm Workers	8431	27
Sales Representatives - Wholesale Trade (Non-Technical)	6411	24
Customer Service, Information and Related Clerks	1453	21
Community and Social Service Workers	4212	19
Landscaping and Grounds Maintenance Labourers	8612	18
Restaurant and Food Service Managers	631	15
Food Service Supervisors	6212	15
Nursery and Greenhouse Workers	8432	15
Food and Beverage Servers	6453	13
Cooks	6242	12
Retail Trade Managers	621	11
Truck Drivers	7411	11
Painters and Decorators	7294	9
Labourers in Food, Beverage and Tobacco Processing	9617	9
Early Childhood Educators and Assistants	4214	8

Source: Job Bank analysis, for November 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 NOVEMBER 2010. N=281

Occupation	NOC	FREQUENCY
Retail Salespersons and Sales Clerks	6421	36
Community and Social Service Workers	4212	15
Retail Trade Managers	621	11
Truck Drivers	7411	10
Sales Representatives - Wholesale Trade (Non-Technical)	6411	9
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	9
Restaurant and Food Service Managers	631	8
Cooks	6242	8
Oil and Gas Well Drillers, Servicers, Testers and Related Workers	8232	8
Early Childhood Educators and Assistants	4214	7
Oil and Gas Drilling, Servicing and Related Labourers	8615	7
Food and Beverage Servers	6453	5
Painters and Decorators	7294	5
Refrigeration and Air Conditioning Mechanics	7313	5
Landscaping and Grounds Maintenance Labourers	8612	5

Occupation	NOC	FREQUENCY
Receptionists and Switchboard Operators	1414	4
Customer Service, Information and Related Clerks	1453	4
Heavy-Duty Equipment Mechanics	7312	4
Delivery and Courier Service Drivers	7414	4
Dispatchers and Radio Operators	1475	3

Source: Job Bank analysis, for November 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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