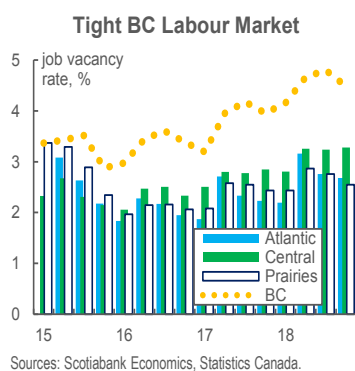
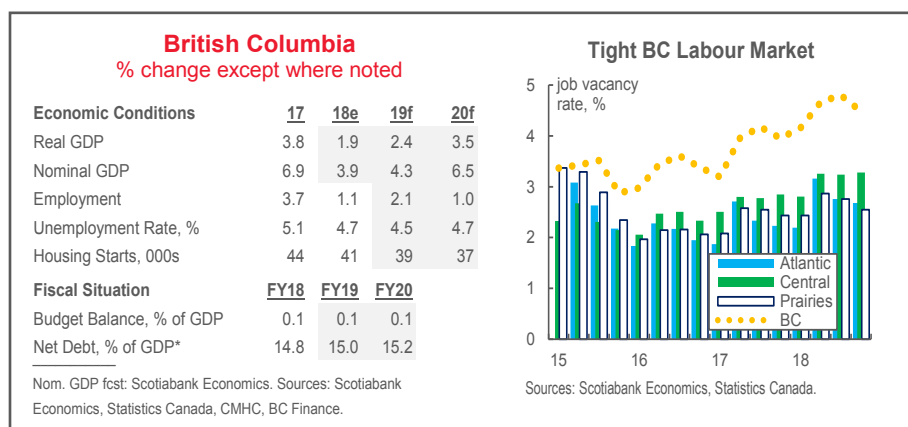


## British Columbia: 2019–20 Outlook

- Construction of a \$40 bn<sup>1</sup> LNG export terminal project in Kitimat remains the key feature of our BC economic outlook. Our forecast assumes that both phases of the project—which include all four trains of an LNG liquefaction facility and a pipeline—go ahead over the coming years. In line with typical LNG industry expenditure schedules, outlays of roughly \$14 bn are expected over 2019–20, which we anticipate will add more than 2 pts to provincial economic growth over that time period. We do not believe that the present labour shortages in BC (see chart)—notably in the construction sector—will limit the venture's progress given that the project proponent does not foresee full workforce ramp-up until early/mid-2020. And there is additional upside potential for BC LNG: a number of firms have openly discussed new developments in the province of late.
- BC housing markets are adjusting to new policy, but we look for a return to sales and price growth towards the end of this year. New taxes that target the high end of the market look to be dampening the pace of housing demand: Vancouver MLS units sales plunged in each of the first three months of 2019 and in March reached the lowest level since 1986 for that month. Sales have fallen back in other Southern BC centres as well, and prices have slid accordingly. Yet we believe the dip in purchasing activity reflects market overreaction similar to that which followed initial imposition of the foreign buyers' tax in 2016. BC is set to lead the provinces in job creation in both 2019 and 2020, and full-time job creation has trended generally higher since September of last year. This should support housing demand as buyers and sellers adjust to new taxes.
- The tourism industry looks set to remain a key source of BC services sector exports. International overnight tourist visits to the province rose 6.4% in 2018 reach a new all-time high and have continued to climb in 2019, and Port of Vancouver cruise ship traffic is up substantially thus far this year. Airport modernization and expansion projects are expected to continue in Vancouver,

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<sup>1</sup> Figures reported in Canadian dollars unless otherwise stated.

<b>Provincial Forecast Summary</b>											
<b>The Provinces</b>											
	<small>(annual % change except where noted)</small>										
	<b>CA</b>	<b>NL</b>	<b>PE</b>	<b>NS</b>	<b>NB</b>	<b>QC</b>	<b>ON</b>	<b>MB</b>	<b>SK</b>	<b>AB</b>	<b>BC</b>
<b>Real GDP</b>											
2000–17	2.1	2.4	1.8	1.3	1.2	1.8	2.0	2.3	2.0	2.8	2.7
2017	3.0	0.9	3.5	1.5	1.8	2.8	2.8	3.2	2.2	4.4	3.8
2018e	1.8	-0.8	1.9	1.2	1.0	2.1	2.2	1.6	1.4	1.6	1.9
2019f	1.6	1.3	1.5	1.0	0.8	1.7	1.7	1.6	1.6	1.2	2.4
2020f	2.1	0.9	1.1	0.9	0.9	1.7	1.7	1.5	1.7	2.5	3.5
<b>Nominal GDP</b>											
2000–17	4.3	5.6	4.2	3.3	3.4	3.7	3.9	4.4	5.4	5.9	4.7
2017	5.6	4.3	4.8	2.9	4.3	5.0	4.1	5.4	4.8	10.0	6.9
2018e	3.6	2.4	3.7	3.0	2.8	4.2	3.4	3.4	3.4	3.6	3.9
2019f	2.6	2.3	3.4	2.7	2.4	2.2	2.3	3.4	3.5	1.8	4.3
2020f	4.6	4.3	3.1	2.9	2.6	3.8	4.0	3.4	4.4	5.3	6.5
<b>Employment</b>											
2000–17	1.4	0.6	1.1	0.6	0.4	1.3	1.3	1.0	1.1	2.2	1.5
2017	1.9	-3.7	3.1	0.6	0.4	2.2	1.8	1.7	-0.2	1.0	3.7
2018	1.3	0.5	3.0	1.5	0.3	0.9	1.6	0.6	0.4	1.9	1.1
2019f	1.6	1.3	1.0	1.5	0.5	1.2	1.9	1.3	1.2	1.1	2.2
2020f	0.7	0.0	0.7	0.2	0.2	0.6	0.7	0.6	0.6	1.0	1.0
<b>Unemployment Rate (%)</b>											
2000–17	7.1	14.3	11.1	8.8	9.5	7.9	7.0	5.1	5.0	5.3	6.5
2017	6.3	14.8	9.8	8.4	8.1	6.1	6.0	5.4	6.3	7.8	5.1
2018	5.8	13.8	9.4	7.6	8.0	5.5	5.6	6.0	6.1	6.6	4.7
2019f	5.7	12.6	9.3	6.9	8.0	5.3	5.7	5.8	5.8	6.5	4.5
2020f	5.9	12.5	9.4	7.0	8.0	5.5	5.8	5.8	5.9	6.7	4.7
<b>Housing Starts (units, 000s)</b>											
2000–17	200	2.5	0.8	4.3	3.4	44	72	5.2	5.2	34	29
2017	220	1.4	0.9	4.0	2.3	46	79	7.5	4.9	29	44
2018	213	1.1	1.1	4.8	2.3	47	79	7.4	3.6	26	41
2019f	202	1.3	0.8	3.9	1.8	43	73	6.1	4.2	28	39
2020f	200	1.4	0.8	3.8	2.0	41	72	6.1	5.0	31	37
<b>Motor Vehicle Sales (units, 000s)</b>											
2000–17	1,657	29	6	48	38	413	635	47	45	216	180
2017	2,041	33	9	59	42	453	847	62	56	245	235
2018	1,984	28	8	51	38	449	853	67	47	226	217
2019f	1,930	30	8	48	35	430	826	60	48	220	225
2020f	1,900	30	8	47	34	420	810	55	48	215	233
<b>Budget Balances, Fiscal Year Ending March 31 (CAD mn)</b>											
2017	-19,000	-1,148	-1	151	-117	2,361	-991	-764	-1,218	-10,784	2,737
2018	-19,000	-911	75	230	67	2,622	-3,700	-695	-303	-8,023	301
2019e	-14,900	-522	14	28	5	2,500	-11,736	-470	-348	-6,930	374

Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents; Quebec budget balance figures are after Generations Fund transfers.

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