

B.C. looking at five years of accelerated growth

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The Province

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The provincial economy will stay in a faster growth mode for the next half decade, Credit Union Central B.C. said in its latest forecast yesterday, the best five-year growth performance in more than 20 years.

The surge will be driven by higher investment and consumer spending that will push GDP growth up by four per cent annually between now and 2010 compared with three-per-cent annual growth recorded over the past five years.

Consumer spending will expand by an average annual rate of five per cent after inflation, compared with the 3.2-per-cent annual average of the past five years, the report says.

The combination of robust job growth and population aging will combine to create record low jobless rates over the next five years.

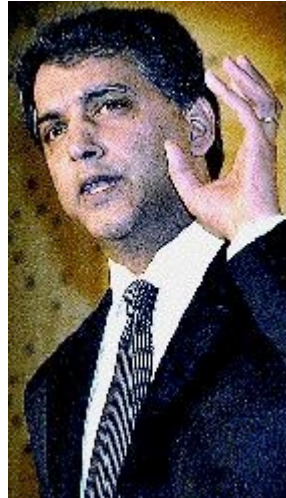
Labour demand is expected to grow by about three per cent annually until 2008, it says. Central's chief economist Helmut Pastrick says "strong investment and consumer spending will partly offset the trade sector's drain on the overall economy.

"Import growth will outpace exports due to strong consumer and investment spending, aided by a higher [Canadian] currency."

Higher private-investment spending will be spurred by high energy and metals prices, growing trade with Asia, rising demand for commercial and industrial space and intensified competitive pressures.

Public investment will grow at more than twice the rate of the previous five years, due to the 2010 Olympics, new large transportation projects and more spending on health and education facilities.

Avtar Bains, executive vice-president of Collier International, also sees no massive downturn ahead.



CREDIT: Wayne Leidenfrost, The Province
Avtar Bains sees a head-office city.



CREDIT: Jason Payne, The Province
B.C. is building in the rain as workers dig into the Cambie Street portion of the new rapid-transit line to Richmond.

He told the Urban Development Industry's annual development-forecast luncheon yesterday the future looks good for the province.

"I thought I was being optimistic last year, but the performance in the commercial real-estate sector exceeded any expectation that I anticipated . . . Everyone wants commercial real estate in B.C."

And, Bains said, the investment is Canadian-driven. "The perception that the majority of investment is driven by offshore capital is simply not true." It is home-grown and dominated from within, he added.

He said the phenomenal economic growth in Asia, particularly China, has the potential to further help B.C. prosper. Bains pointed out that in China 300 million people are expected to move into cities from the countryside by 2020.

"That is going to change the economy of the world and there is nothing in Canada they don't want."

Bains said he sees little danger of any major meltdown of the economy or the commercial real-estate sector over the next few years. "We have the opportunity to become a head-office city," he said.

While consumer spending will largely underpin economic performance, the high-flying housing market could drop a degree or two.

There will be no major market correction, the credit union says.

Industries that will show strength and above average growth include mining, construction, retail and wholesale trade, oil and gas, professional-scientific-technical-managerial services and finance-insurance-real-estate-leasing services.

Those that won't fare as well are pulp and paper, manufacturing, government and education services.

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