

**DESPITE A STRONG ECONOMY,
MORE BRITISH COLUMBIANS ARE HEADING TO ALBERTA**

Net interprovincial migration to BC slipped back into negative territory in the final quarter of 2005. This time around, however, the reason more people are leaving than coming to BC is quite different than in the late 1990s. Back then BC's economy was weak and people packed up and left to pursue better opportunities elsewhere (mostly Alberta). A "push factor" was at work. But now, the BC economy is performing well and there is no shortage of employment opportunities. In this environment, it is the lure of even more lucrative job opportunities, stories of signing bonuses – more of a "pull factor" – that is prompting a growing number of British Columbians to cross the Rockies.

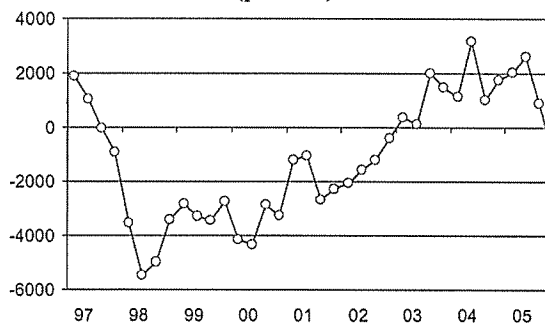
In the final quarter of 2005 BC recorded a net outflow of 869 people to other provinces. As shown in the accompanying graph, this is a relatively sharp turnaround. As recently as early 2005 there was a net inflow of around 2,000 Canadians coming into the province each quarter. This dropped to below 1,000 in Q3 and then fell into negative territory in the final three months of last year.

The second chart shows that the rapid shift in migratory flows can be traced to Alberta. In just two quarters, migration between Alberta and BC went from balanced to a net outflow from BC of about 3,000. Movement from BC to Alberta has grown steadily over the past year, but accelerated noticeably in the second half of 2005. Also contributing to the reversal, albeit to a lesser extent, is a decline in the number of Albertans moving to BC.

Patterns with the rest of the county are the opposite, suggesting that it really is the "Alberta factor" at work. The most recent data

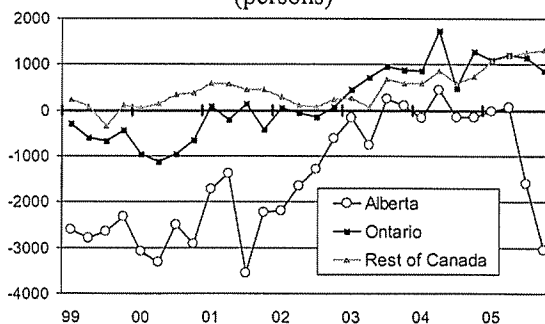
show a net inflow of people moving to BC from every other province. In the case of Ontario, just over 1,000 people (net) moved to the west coast, extending the pattern that has been in place for a couple of years. The other provinces combined also contributed another 1,000 to BC's population in the final quarter of 2005.

**BC Net Interprovincial Migration,
quarterly, seasonally adjusted**
(persons)



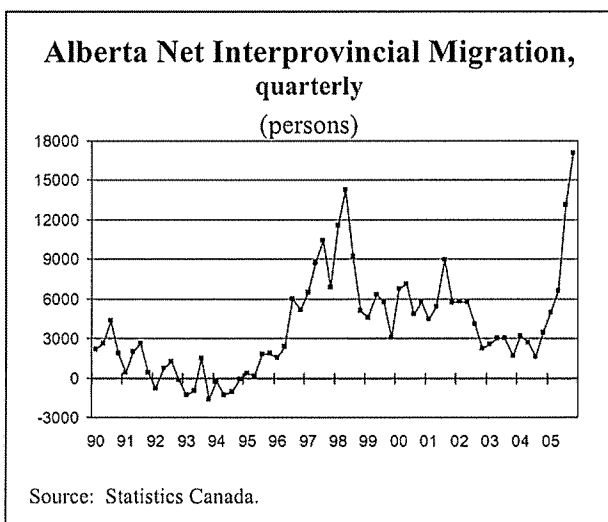
Source: Statistics Canada, BCBC for seasonal adjustment.

**BC Net Interprovincial Migration,
by Province of Origin/Destination**
quarterly, seasonally adjusted
(persons)



Source: Statistics Canada, BCBC for seasonal adjustment.

Alberta's appeal is not limited to BC. The booming oil and gas industry, Calgary's emergence as a major corporate centre, and lower taxes are attracting people to Alberta from all corners of the country in record numbers. In the final quarter of 2005, Alberta experienced a net inflow of more than 17,000 people from all provinces. This is a significant change considering that the net interprovincial inflow had been in the 2,000 to 3,000 range not too long ago. This is also a lot of people for that province to absorb. By comparison, in the early 1990s, when Canadians from other provinces were flocking to BC in droves, the net inflow in a comparable fourth quarter period reached just 8,000.



BC Economy Going Strong

While more British Columbians are being drawn to Alberta, almost all current indicators show the BC economy still growing at a solid pace. Based on the year-to-date average, employment in the province is up a very healthy 3.3% over year-ago levels – the biggest gain of any province. And BC's unemployment rate has dropped to a post-1976 low of 4.8%.

Not surprisingly, the buoyant job market is translating into more consumer spending. Retail sales in January were up nearly 10% over the same month the previous year,

which is the strongest annual gain since 1995 (a time when BC's population was growing at nearly three times its current rate).

Business formation also continues at an unprecedented rate. The number of newly incorporated businesses has risen steadily since 2001 and is showing no sign of slowing.

Even the export sector, which has had to contend with the rising Canadian dollar, is faring much better than most would have expected. Figures for January show that international merchandise exports are off to a good start, jumping 20% over the previous year. This follows consecutive annual gains of 10% in both 2004 and 2005. Admittedly much of the increase in overall exports is due to higher energy prices, but exports of machinery and equipment, agriculture, plastics, apparel and the all-important wood products sector were all higher in January.

Conclusion

With a hot job market throughout the province, BC is experiencing shortages of skilled workers, most acutely in construction but also in a lengthening list of other industries. Many analysts anticipate that net interprovincial migration will be an important source of new workers in the coming years. Yet, it may be that the even-hotter Albertan economy will continue to be a powerful lure for significant numbers of young British Columbians. While a single quarter should not be extrapolated into a trend, the recent shift in migration flows underscores the fact that BC cannot necessarily count on rising interprovincial migration as a source of skilled workers in the future.

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