B.C. UNEMPLOYMENT DOWN

Province's March jobless rate falls to 8.1%

▲1.4%	▲10.5%	▲1.8%	▼1.6%
B.C.'s March employment (goods sector)	B.C.'s March employment (utilities)	B.C.'s March employment (agriculture)	B.C.'s March employment (public admin.)

B.C.'s unemployment rate dropped to 8.1% (seasonally adjusted) in March. The change in the jobless rate was primarily driven by a notable decline (-0.6%) in the number of people who were either working or looking for work, but a slight increase in employment (0.2%) also contributed. Although B.C.'s jobless rate was down in March, it remained the highest of the western provinces. Canada's employment rate edged down (-0.1 percentage points) to 7.7% (seasonally adjusted) in March.

B.C. building permits up 11.3% in February

The value of building permits issued by municipalities in B.C. totalled $631 million in February, up 11.3% (seasonally adjusted) from the previous month. The non-residential sector (54.4%) surged, led by a whopping 173.9% jump in institutional permits.

-BC Stats Infoline, Issue 11-14, April 8

Cell phone use rises in Canada

In December 2010, over three quarters (78%) of Canadian households reported having at least one cell phone, up from 74% in 2008. Among the provinces, the proportion of those reporting at least one cell phone in the household was highest in Alberta (87%), followed by Saskatchewan (83%) and B.C. (82%).

-BC Stats Infoline, Issue 11-14, April 8

B.C. room revenue rebounds in 2010

Room revenue in B.C. surged ahead 12.2% to just under $1.96 billion in 2010, after plummeting by roughly the same rate (-11.8%) a year earlier amid the global recessioin. While some regions showed a strong rebound, others were characterised by only modest expansion and some showed continued weakness.

-BC Stats Infoline, Issue 11-14, April 8

Metro Vancouver following global trend of increased M&A activity

Strong Canadian dollar, renewed optimism attracting more sellers to the market, but post-recession valuations, succession issues and other challenges remain

By Richard Chu

Renewed optimism is spawning increased deal-making for financiers and businesses in the local mergers and acquisition (M&A) market.

"Certainly, in the first part of the year, we've been much more active in transactions across a host of industries," said **Valerie Mann**, Vancouver partner at **Lawson Lundell LLP**, "so my sense is that it's a different environment than it was a year ago."

Valerie Mann, Lawson Lundell: transactions up in 2011

Added **Curtis Johansson**, director of private equity firm **CAI Capital Management**: "Broadly speaking, activity levels are up. We are seeing increased deal flow."

The local mood is consistent with an international M&A market resurgence.

According to **Mergermarket** data released in April, global M&A activity was up 29.8% in 2011's first quarter compared with the same period in 2010. In the U.S., M&A volume was up 85.1% to US$591 billion compared with US$458.8 billion in 2010's first quarter.

Private equity firm deal activity jumped 71% in the first quarter, which was the sector's most robust period since 2008's first quarter.

Among the core reasons for the higher M&A activity is the increased willingness of businesses to go on the market.

"Vendors are more comfortable selling than they were last year," said Johansson. "And the financing is available because banks are back at the table in a meaningful way. All the pieces are there for transactions to get done."

For Canadian companies seeking acquisitions, Mann said the strong Canadian dollar is an added incentive, especially for those with a lot of cash to invest.

Despite the M&A market's strengths, challenges remain.

Mann said there is still lingering hesitation in the market for some buyers and sellers to agree on an appropriate post-recession value for a business.

"If the expectation is that we're going back to 2006-07, I'm not sure that's a realistic expectation."

Robert Napoli, First West Capital vice-president, noted that succession issues have also cropped up as a challenge for businesses that are either run or owned by families. He said many owners want to liquidate part of their holdings, but not necessarily give up control of their businesses. That can limit the pool of potential buyers by excluding private equity firms, which generally buy majority stakes in companies.

He said business owners are increasingly looking at alternatives to selling out such as implementing employee share ownership programs, management buyouts and dividend programs using mezzanine financing.

"They do have a lot of options. They don't have to sell the business."

Further insights into these options will be discussed at this year's daylong **ACG Vancouver** Capital Connections conference on May 3 at Vancouver's **Four Seasons Hotel**. Topics scheduled to be discussed by a panel of investment banking executives include overcoming "deal killers," succession planning and the state of the capital markets. ■

rchu@biv.com