B.C. MLS® home sales underperform rest of the country

While the rest of the nation posted stronger performances in April, B.C. home sales continued to languish. According to the latest data from the Canadian Real Estate Association, sales in B.C. edged up only 0.8 per cent to 5,385 units from March on a seasonally-adjusted basis. In comparison, national sales rose 3.6 per cent, with broad strength among provinces including gains of 14.6 per cent in Saskatchewan, 5.4 per cent in Ontario and 4.8 per cent in Alberta.

Among B.C. regions, sales were mixed. Real Estate Board of Greater Vancouver sales fell 1.4 per cent marking a sixth straight monthly decline, while sales also fell in Victoria (-1.9 per cent), Kamloops (-7.7 per cent) and the Kootenay (-4.1 per cent) and the north (-6.6 per cent). These declines were offset by sales growth of 5.8 per cent on Vancouver Island (excluding Victoria), and nearly six per cent in the Okanagan.

Sales look to have found a bottom in trend, but remain low, which is highlighted by year-over-year performance. Unadjusted, B.C. sales were down 18.8 per cent from same-month 2018, compared to a national increase of four per cent. Excluding B.C., national gains were nine per cent. The combination of federal mortgage stress tests and various provincial and municipal tax measures are heavily constraining sales activity in the province. Stress tests—and their impact on purchasing power—are a more significant drag in higher priced B.C. markets such as Vancouver.

Year-to-date, B.C. sales were down nearly 25 per cent compared to a national decline of 1.3 per cent. Excluding B.C., sales in the rest of the country were up four per cent.

Low sales continue to drive inventory levels higher across the province despite a modest flow of new listings. Active listings rose across B.C., extending a near unbroken pattern of increases since early 2018. Active listings were up 38 per cent year-over-year, with the sharpest increase in the Lower Mainland and Victoria. Sales-to-active listings ratios point to buyers’ market conditions in the Lower Mainland and southern interior regions of the province.

The average provincial price fell for the fifth time in six months to a seasonally-adjusted $663,172, down 0.8 per cent from March and six per cent from same-month 2018. The declining trend reflects a combination of actual price declines, as well as sharper sales declines in the high-priced Lower Mainland area relative to other regions.

The MLS® housing price index, which adjusts for housing attributes, showed a 0.3 per cent decline in the typical home price in the Real Estate Board of Greater Vancouver area, with a year-over-year decline...
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**Vehicle purchases rise in March but still trend negative**

New vehicle sales rebounded in March signaling some firming of consumer demand and broader retail sales, but the trend remained negative. March sales in the B.C. and Territories region reached 20,299 units in March, down 4.5 per cent year-over-year, but an improvement from February’s six per cent decline.

Seasonally-adjusted, sales rose 3.5 per cent from February to about 18,550 units following a five per cent decline. The trend has declined since a mid-2017 peak of more than 20,500 units. Declining sales reflect less replacement demand following robust sales in recent years, slower economic growth and higher interest rate environment. Nevertheless, sales flow remains elevated and above the previous cycle high observed in 2007/08.

**Factory shipments surge in March**

Manufacturing sales had a bounce-back month in March as factory sales surged 3.8 per cent, or $168.3 million from February, to $4.61 billion. This marked the strongest performance since August 2018. The negative trend observed since mid-2018 driven largely by forestry and primary metals looks to have come to an end. Year-over-year manufacturing sales rose 2.5 per cent in March although the year-to-date gain remained a mild 1.5 per cent.

The main driver of the March rebound was broad based across the durable goods sectors, which rose eight per cent (month-to-month) following a seven per cent contraction in February. Wood product manufacturing rebounded seven per cent and contributed more than a third of the net gain, while non-metallic mineral production jumped 31 per cent. Primary metal manufacturing rose 13 per cent with machinery production up 10 per cent. Gains were driven by higher real production as industrial product prices held steady. Non-durables declined 1.4 per cent to offset some of these gains, driven mostly by a 4.9 per cent drop in paper production.

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**Higher gas prices lift inflation in April**

Consumer price inflation in B.C. edged higher in April, with year-over-year growth in the consumer price index (CPI) reaching 2.7 per cent, up from 2.6 per cent in March. Seasonally-adjusted, prices rose 0.4 per cent from March. Nationally, CPI inflation edged higher from 1.9 per cent to 2.0 per cent.

Higher gasoline prices lifted inflation readings. Actual prices rose 11 per cent from March, pushing year-over-year growth from a -0.8 per cent reading to a 6.3 per gain in April. Higher underlying gas prices, increase in the carbon tax and refinery pricing, factored into the gain.
Food prices eased from March. While inflation still exceeded broad headline value, price growth eased from a 4.3 per cent year-over-year gain to 3.2 per cent in April. Vegetable prices declined, although levels remained 14 per cent higher than a year ago. Fruit prices slowed from an eight per cent year-over-year pace in February to 4.1 per cent in March. Seasonal factors, and transportation costs contribute changes in produce values.

Shelter costs slowed to 2.7 per cent from 3.4 per cent in March due to an easing in rent pressure and lower home prices (via replacement costs). Cost of internet fell from a year ago by 0.5 per cent. Clothing and footwear price inflation eased to 1.9 per cent from 2.4 per cent in February.

Broadly, inflation in goods and services have been comparable. Inflation in goods was 2.7 per cent, with services at 2.5 per cent. CPI inflation in B.C. remains highest among provinces, which partly reflects the strength of the economy in recent years and pass-through of rising costs.

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