

### Highlights:

- Provincial home sales surge 14 per cent from June on broad regional gains
- New vehicle sales drop 14 per cent year-over-year
- Self-employment up in business counts

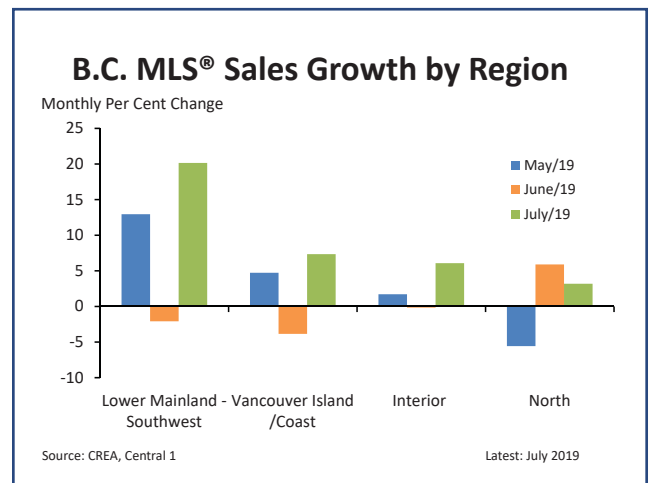
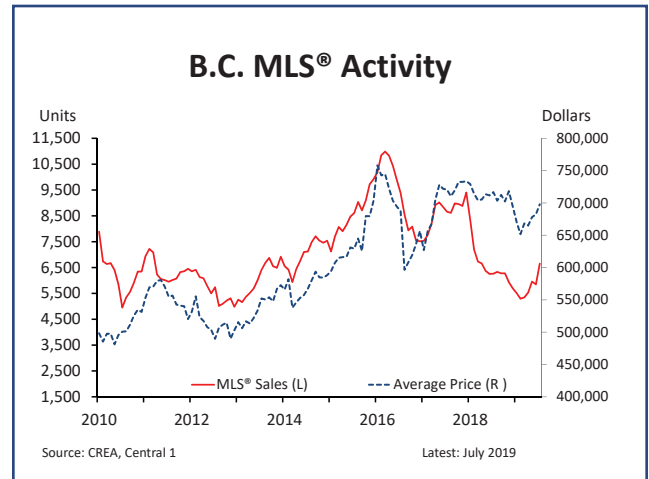
### B.C. home sales on the rise

B.C.'s housing sales cycle looks to be gaining traction according to the latest data from the Canadian Real Estate Association. MLS® sales rose in all regions of the province in July with provincial sales up nearly 14 per cent from June to a seasonally adjusted 6,650 units. This marked the first year-over-year gain (12.5 per cent) since January 2018. While sales were the highest in more than a year with a positive momentum, levels remain soft and 30 per cent below those observed prior to the implementation of mortgage stress tests at the beginning of 2018.

Sharp declines in mortgage rates and lower prices have induced more buyers to enter the market. A tight labour market and population gains are also contributing to demand. Mortgage stress tests remain a constraint in the market, although buyers are adjusting via increased down payments and delayed purchases. Provincial housing tax measures remain a damper on activity.

Regionally, sales increased in all real estate board areas. Markets in the Lower Mainland – Southwest which includes Metro Vancouver, the Fraser Valley and the Sea-to-Sky region rose 20 per cent to lead the way. Southern interior sales rose six per cent, with Vancouver Island up seven per cent. Northern B.C. sales inched higher by three per cent.

Resale inventory also broadly declined in July reflecting higher sales and fewer new listings flow. While conditions are generally trending in a buyers'-to-balanced market in most areas, Vancouver Island conditions generally remain tight with sales-to-inventory ratios of nearly 30 per cent pointing to insufficient supply.



The average B.C. price rose 2.3 per cent from June to \$697,964 but remained below year-ago levels by two per cent. That said, prices are influenced by sales composition and the stronger sales in the higher priced Vancouver region added upward pressure to provincial price levels. Among board areas, the average price level fell in the Fraser Valley by about one per cent, while Metro Vancouver edged higher. Victoria posted a four per cent decline while prices rose in the Okanagan although fluctuating patterns are the norm. Range-bound price trends have emerged in most markets, albeit with declines in the Lower Mainland, and rising values in parts of Vancouver Island and the interior.

Benchmark home values adjust for compositional effects but are only available for select market. Prices continued to ease in the Lower Mainland with the benchmark price down 0.3 per cent to \$943,600, which was the lowest level since mid-2017. Year-over-year, the benchmark price slid 8.4 per cent. Island

prices remain firm, with Victoria's value up 0.3 per cent and 1.2 per cent year-over-year, and the rest of the Island edging down 0.2 per cent from June, but up 3.4 per cent year-over-year.

### New vehicle sales slump in June

New vehicle sales continued to decline into June to trend at the lowest pace since mid-2015. Total sales in the B.C. and the Territories region of Canada fell 14 per cent from a year ago to 19,818 vehicles to accelerate a downtrend. On a seasonally-adjusted basis, we calculate a 5.4 per cent drop from May. Through mid-year, actual vehicle sales fell 7.4 per cent although dollar-volume declined only 3.5 per cent owing to a higher average price paid per vehicle.

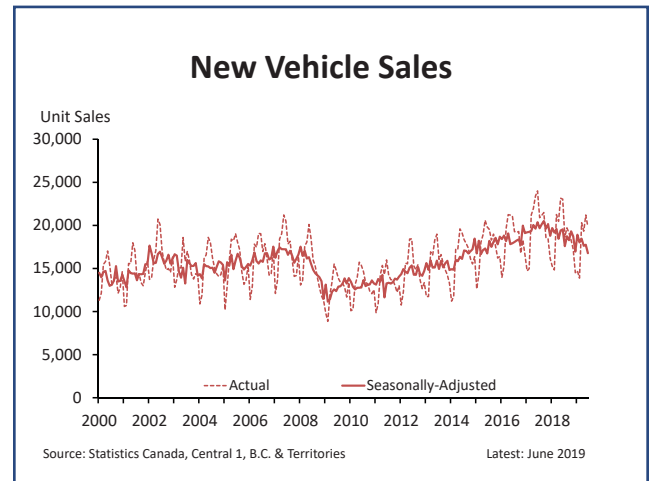
While vehicle sales are a third-tier indicator for B.C.'s economy—given there's little production in the province—the downward trend speaks to softness in the consumer demand, and largely explains weakness in general retail sales activity. Sales have deteriorated since late-2017, reflecting a combination of lower vehicle replacement demand, debt constrained households and a period of rising interest rates. Declining home prices may have also led to fewer sales through a negative wealth effect over the past year.

### Businesses with no employees grew at a faster clip in B.C. than the average in Canada

New data was released this week on business counts for businesses with employees and business without employees (i.e., self-employed). From June 2018 to June 2019, businesses with employees grew in Canada by 3.0 per cent to 1,311,024 year-over-year. Of the 38,233-net increase in businesses with employees in Canada, businesses in B.C. accounted for 17.8 per cent of the gain due to B.C.'s 3.4 per cent growth—the fourth highest rate behind Prince Edward Island, Quebec and Ontario.

Over 76 per cent of the net gain in business count occurred in organizations with four or fewer employees. B.C., like Ontario, remains a province with a large footprint of small and medium enterprises. Small and medium enterprises make up 98.4 per cent of all businesses with employees in B.C. with 99 or fewer employees. Of the net gain in businesses, 98.9 per cent came from businesses in this category.

As pointed out in the latest *Labour Force Survey* from Statistics Canada, self-employment is growing in Canada and B.C. is no exception. Businesses without



employees increased year-over-year in Canada by 1.9 per cent to 2,934,375. In B.C., these types of businesses grew by a larger margin at 3.3 per cent to 457,353. B.C. posted stronger growth in this category than other large provinces such as Ontario, Quebec or Alberta.

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#### Bryan Yu

Deputy Chief Economist

byu@central1.com / P 604.742.5346

Mobile: 604.649.7209