



## Highlights

- B.C. experiences record high home sales in December; up 59 per cent year-over-year
- Sellers' market conditions prevail across the province
- Average home price \$828,939; an 11.8 per cent gain from last year
- Early pandemic effects slow population growth across the province in 2020
- B.C.'s population expanded 1.1 per cent on a July over July basis

## B.C. housing market caps off tumultuous 2020 with record December

B.C.'s housing market capped off a historic year for society and the broader economy with a record high level of home sales in December as buyers snapped up properties across the province. Home sales reached 8,345 units during the month, marking a 59 per cent year-over-year increase, and 78 per cent higher than the 10-year average for December. Seasonally-adjusted, sales rose 10 per cent from November to 11,565 units to surpass the previous mid-2016 peak.

Full-year sales rose 21.5 per cent from 2019, albeit in part due to a sluggish pace for much of 2019. After a short but sharp downturn early in the pandemic, sales have more than made up for lost sales.

The frenzied pace of pandemic-era home sales continues to reflect the combined effects of exceptionally low mortgage rates, space requirements as more individuals work from home and demand for domestic recreational homes. Increased remote work opportunities has bid up demand for homes in suburban areas and in smaller urban centres. Increased supply of new listings in December (up 8.2 per cent) also provided more choice for buyers in a supply constrained market. These drivers have more than offset the negative impact of pandemic-driven job losses which largely affected lower income workers rather than higher paid individuals more likely to be in the homeownership market.

Around the province, B.C.'s December surge was concentrated in the Lower Mainland-Southwest (anchored

## Housing activity surges to cap off 2020



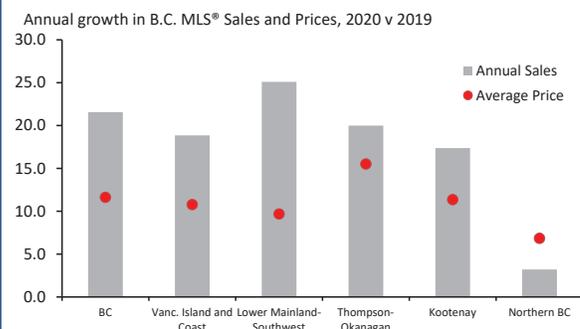
Source: CREA, Central 1, note: Seasonally – adjusted data

by Metro Vancouver) which rose 16 per cent from November, while Vancouver Island sales rose 4.2 per cent. Interior market sales slipped, while northern B.C. sales inched higher. Broadly however, annual growth in sales surpassed 20 per cent in the Lower Mainland-Southwest, Okanagan, and came in just below 20 per cent on Vancouver Island, highlighting the broad-based nature of the housing market strength.

Sellers' market conditions prevail across the province with broad declines in inventory. While new listings rose, these were offset by higher sales and expiration of listings. Inventory continued to trend lower and fell to the lowest level since early 2018.

This imbalance continues to lift prices. B.C.'s average price came in at a seasonally-adjusted \$828,939, marking an 11.8 per cent gain from a year ago. Increased sales in higher priced markets contributed to the 2.5 per cent gain from November. Nevertheless, prices have risen sharply across the province with year-over-year advances of about 20 per cent in the

## Stronger volumes observed across B.C.



Source: CREA, Central 1

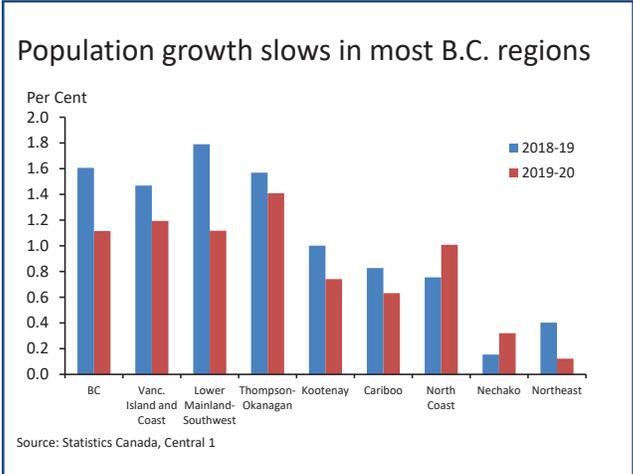
Okanagan and Kootenay alongside gains of about 10 per cent in the Lower Mainland and Vancouver Island. Factors such as a home type are contributing to the outsized gains, but even so, quality adjusted price indices still point to strong gains of about six per cent year-over-year in the Lower Mainland and Island, and 10 per cent in the Okanagan.

December's surprising gain points to a strong hand off to 2021 although wave 2 of the pandemic and low immigration are negative risk factors. That said, the low rate environment will continue to support demand while rising prices may stoke more buyers to jump into the market. A rotation of market demand towards condominiums is expected as affordability erodes further and immigration ramps up following wider deployment of vaccines. One area that bears watching is demand from remote workers in suburban and smaller markets. It remains to be seen if this is a long-term trend or if businesses revert closer to normal operation and require employees to return to the office at least partially, thereby potentially reversing demand in these markets.

**Early pandemic effects slow population growth across the province in 2020**

Statistics Canada's latest population estimates for sub-provincial regions showed slower population growth in most regions during 2020. This is unsurprising given estimates were as of July 1 and internalized some of the early impacts of the pandemic on international immigration inflows via border restrictions from March onwards, and to a lesser extent domestic mobility. Ongoing restrictions through the end of 2020 means growth will remain subdued in 2021.

B.C.'s population expanded 1.1 per cent on a July over July basis in 2020 to reach 5.147 million persons, representing a gain of 56,757 persons. This compared to a 1.6 per cent increase in 2019 driven largely by a sharp decline in the number of non-permanent residents. Among economic regions, the provincial decline was of course influenced heavily by the Lower Mainland-Southwest, anchored by Metro Vancouver, given 61 per cent of B.C.'s population resides there. Growth fell sharply from 1.8 per cent (54,813 persons) to 1.1 per cent (34,823 persons) in 2020. The Vancouver Island and Coast saw its growth decline from 1.5 per cent to 1.2 per cent (10,398 persons). In contrast, growth in the Thompson- Okanagan was steady at 1.4 per cent from 1.6 per cent. Northern B.C. population growth remained in positive territory with acceleration in the North Coast and Nechako.



The largest urban centres continued to drive overall population growth, with the Vancouver Census Metropolitan Area (CMA) up 1.1 per cent, Kelowna CMA up two per cent and Victoria up 1.3 per cent. Combined, CMAs expanded 1.2 per cent, compared to 1.8 per cent in 2019. Growth among smaller urban centres was similar at 1.1 per cent but down only slightly from 1.3 per cent in 2019. Squamish (up 2.4 per cent), Chilliwack (1.8 per cent), Salmon Arm (1.8 per cent) and Vernon (1.7 per cent) exhibited stronger population growth trends.

While pandemic effects on the annual data was limited in mid-year estimates, a few themes are apparent and anticipated. International border closures and restrictions on non-permanent resident inflows such as students bit into growth in large urban markets, while the flow of new permanent residents slowed, tempering what was a strong trend in the second half of 2019. Interprovincial migration remained largely unaffected as was intraprovincial migration. Demand for interior and Vancouver Island regions were strong prior to the pandemic due to aging demographics and lifestyle demand. Indeed, the pandemic may have provided support for these movements to smaller jurisdictions and away from the largest urban areas due to the availability of remote work options and as families look for less dense regions, larger housing footprints, and affordability. Within the large metro areas, households have also shifted to suburban areas as micro-shift. Other factors were also at play. Resource projects in the Northwest undoubtedly drove more individuals to the region.

These patterns have likely persisted since July as workplace trends and ongoing border restrictions have caused households to re-assess their housing conditions and geography, but the extent will not be known

until 2021 data is available. That said, strong housing markets across the provinces suggests these mobility factors continue. Going forward, the population weakness in larger urban markets is temporary and will reverse as borders re-open, students return, and immigration levels recover. Timing remains uncertain and will depend on the COVID-19 situation.

<b>B.C. Population by Urban Area</b>					
	Population		Growth		
	2020	2018-19	2019-20	2018-19	2019-20
	persons	persons	persons	per cent	per cent
<b>Census Metropolitan Areas</b>					
Kelowna	222,748	4,623	4,294	2.2	2.0
Abbotsford - Mission	204,265	4,372	1,833	2.2	0.9
Vancouver	2,737,698	48,203	30,905	1.8	1.1
Victoria	408,883	6,615	5,428	1.7	1.3
<b>Census Agglomerations</b>					
Cranbrook	27,938	321	67	1.2	0.2
Nelson	19,709	180	117	0.9	0.6
Penticton	46,885	466	399	1.0	0.9
Vernon	66,966	837	1,097	1.3	1.7
Salmon Arm	19,699	265	356	1.4	1.8
Kamloops	116,896	1,620	1,221	1.4	1.1
Chilliwack	116,626	2,118	2,071	1.9	1.8
Squamish	23,335	652	557	2.9	2.4
Duncan	48,495	497	368	1.0	0.8
Nanaimo	117,144	2,142	1,462	1.9	1.3
Parksville	31,144	299	269	1.0	0.9
Port Alberni	27,060	289	239	1.1	0.9
Courtenay	60,120	944	800	1.6	1.3
Campbell River	42,166	583	598	1.4	1.4
Powell River	17,628	29	62	0.2	0.4
Williams Lake	19,391	97	83	0.5	0.4
Quesnel	24,486	55	80	0.2	0.3
Prince Rupert	13,606	74	120	0.6	0.9
Terrace	17,267	282	329	1.7	1.9
Prince George	96,015	1,277	1,032	1.4	1.1
Dawson Creek	13,509	244	54	1.8	0.4
Fort St. John	29,885	-102	2	-0.3	0.0

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