



## Highlights

- Retail spending eases in May
- Second half sales patterns to reflect relaxation of social and economic restrictions
- Tourism set to rebound in August and September as restrictions ease

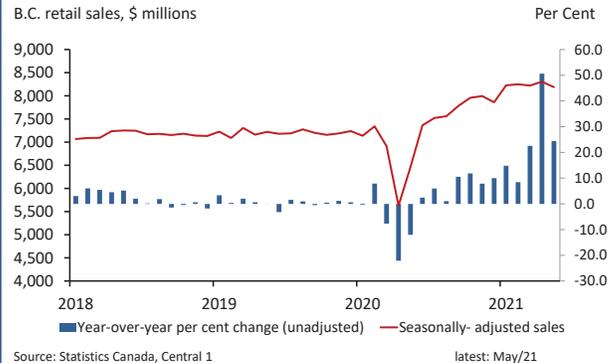
### B.C. retail sales slip 1.4 per cent in May

Similar to the national picture, B.C. retail spending was pinched in May as more stringent public health measures employed during the third wave of the pandemic likely slowed broader retail demand for much of the month. B.C. entered the first stage of the Restart Plan on May 25, which allowed for increased organized gatherings, indoor restaurant dining and other measures which likely provided increased support thereafter.

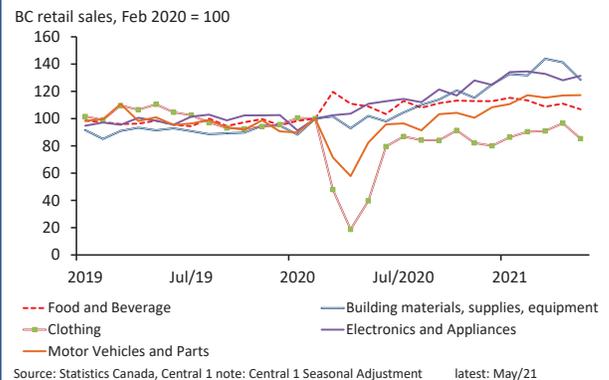
Retail spending in the province fell 1.4 per cent from April to nearly \$8.19 billion but the drop was shallower than the national decline of 2.1 per cent and most other provinces. On a year-over-year basis, B.C. sales remained stellar at 26.7 per cent while sales were 11.5 per cent above pre-pandemic February 2020. Metro Vancouver sales rose 34.5 per cent year-over-year. Base year effects of early pandemic declines remained a factor but waned.

Based on Central 1 adjustments for seasonal factors, sales broadly eased across store segments during the month. The sharpest pullback was observed in building materials, gardening and equipment stores which declined about nine per cent. This could reflect the general peak in the housing sales cycle in March, while high costs of lumber prices may also be pushing more home renovators to delay projects. Sales were still 26 per cent ahead of year ago levels. Clothing sales fell for the first time since December (12 per cent) as more businesses pivoted back to work from home. While more than double a year ago, levels were 15 per cent below February 2020. In other notable shifts, food and beverage sales fell 3.7 per cent, gas sales fell seven per cent, while electronics and appliance stores posted growth.

### B.C. retail sales slide in May, levels remain elevated



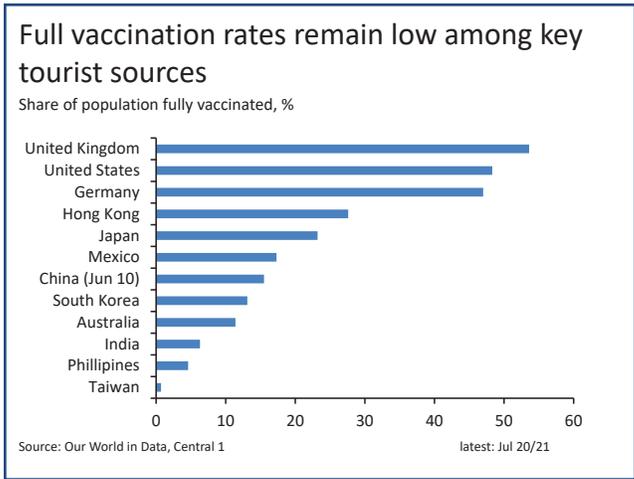
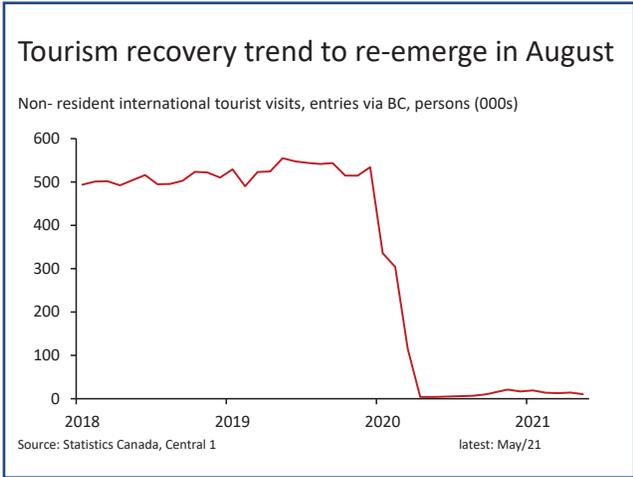
### Normalization of sales continues through June



The sales trend has generally held flat this year albeit at elevated levels. Current relaxation of social and economic restrictions will likely shift consumption patterns through the second half of this year and retail sales activity in varying directions. Rising social interactions will rotate sales from grocery aisles, notwithstanding higher prices, and back to restaurants. That said, many employees continue to work from home. Meanwhile, expect softening housing activity and declining lumber prices to cut into materials and renovation related sales. Continued health fears will likely prop up vehicle demand, while supply chain disruptions lift prices. Return to offices and relaxed social restrictions continue to push clothing sales to recovery. While a bump is expected for June, the overall sales trend will likely ease through the second half.

## Tourism set to pick up, but a long way from bottom

International tourism to Canada is set to resume in coming weeks as entry restrictions are eased. Fully vaccinated American citizens and Permanent Residents will be welcomed into the country for discretionary travel on August 9th without quarantine requirements, while overseas tourists will likely be permitted entry in September. Tourism and ancillary sectors are poised to benefit from the additional inflow of visitors to the country. Coupled with elevated domestic tourism due to global travel restrictions still in place, Vancouver and the rest of the province should expect much improved performance in the coming months.



That said, international tourism has a long way to go to approaching normal. The latest international tourism numbers available are for May, when severe restrictions remained in place for discretionary visits. Total tourist visits came in at 10,447 persons (seasonally adjusted), which more than doubled same-month 2020, but down more than 96 per cent below February 2020. As international flights are routed through four major Canadian airports, these figures inflate inflows to B.C. Tourism will pick up late in the third and through the fourth quarter, but a full rebound is likely a year away. Full vaccinations will likely be an ongoing requirement which will limit the number of potential entries, particularly from key overseas markets in Asia where vaccinations remain very low. Undoubtedly, concerns about COVID-19 will also hamper the recovery, while business travel will likely remain tempered as well.

**Bryan Yu**  
 Chief Economist  
 byu@centrall.com / P 604.742.5346  
 Mobile: 604.649.7209