



Highlights

- Building permit volumes fell 31.4 per cent in March due to strong contraction of non-residential investments
- Fewer institutional projects in March over February pulled down total non-residential investment
- New car sales slipped 6.7 per cent in March

Overall future building intentions dip in March on weaker non-residential investments

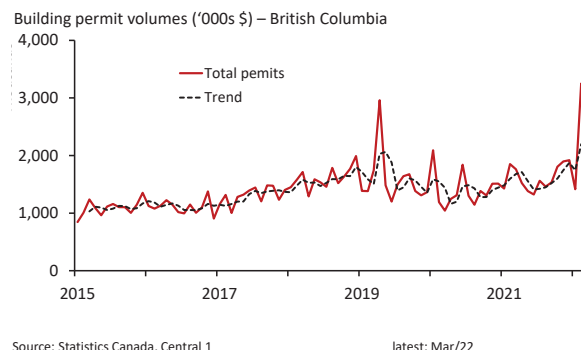
Edgard Navarrete, Regional Economist

After a record February pace, total B.C. building permit volumes in March naturally declined sharply by 31.4 per cent m/m. The retrenchment in March can be attributed to a normalization in non-residential building intentions which retraced 66.3 per cent, only partially offset by continued growth in residential building intentions (up 17.6 per cent m/m). Despite the decline, permits remained well above pre-pandemic trend.

As noted, residential building intentions continued to climb in March, led by very strong growth in the multi-family segment (up 23.2 per cent m/m) and topped off by four consecutive monthly gains for single-detached homes (up 4.1 per cent m/m). Strong in-flows of new residents into British Columbia over the course of the pandemic, especially in the metro areas, coupled with a very tight rental market and a hot ownership market continues to support new residential investments. Among metro areas, permit growth was particularly strong in Kelowna and Victoria.

After a very strong month in February where non-residential permit volumes increased by triple-digit per cent growth m/m, this side of the market slowed down considerably in March on lower institutional building permit intentions (down 90.6 per cent m/m), only partially offset by gains to industrial units (up 61.8 per cent m/m) and commercial (up 59.3 per cent m/m).

A strong institutional permit contraction pulls down total permit volumes by 31.4 per cent



On a quarterly basis, total building permit volumes remained 36.8 per cent higher than the same period last year, with residential and non-residential building permit volumes up 2.4 per cent and 144.4 per cent respectively.

Residential building permit growth, supported by strong gains in single-detached homes (up 12.2 per cent), offsetting some losses in multi-family units (down 1.3 per cent). Strong demand for homeownership and rental units from buyers and investors has been supportive of single-family unit growth. Growth to non-residential investment in the first quarter has been broad-based compared to the same period last year with all segments reporting strong gains with industrial investments up 32.9 per cent, commercial investments up 23.7 per cent and institutional investments up 470.7 per cent.

A strong February decline in total building intentions in B.C.'s metro areas (down 26.1 per cent m/m) exclusively from a claw back of non-residential investments (down 60.3 per cent m/m) pushed down overall building intentions in the province. Residential investments in metro areas climbed a further 16.7 per cent m/m for previously mentioned reasons.

In the first quarter of 2022, total building intentions in all metro areas remained 33.7 per cent up from last year's pace despite the dip in activity in March. Non-residential building intentions remained 142.1 per cent higher than last year while residential building intentions remain relatively unchanged dipping only 0.5 per cent compared to last year.

New car sales fell significantly in March

Edgard Navarrete, Regional Economist

New car sales numbers were released by Statistics Canada this week for British Columbia and Territories (BC/T) and overall car sales fell sharply moving down 6.7 per cent m/m, this after a strong February which saw sales move up 6.4 per cent. While passenger vehicle sales continued to slip (down 8.5 per cent m/m) truck sales also fell in March by 5.4 per cent m/m.

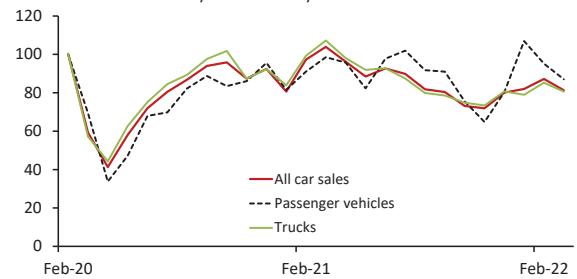
High general inflation, including gasoline, greater options to work remotely for part of the work week and supply chain issues keeping supply of new cars below pre-pandemic levels are all factors contributing for fewer new car sales.

The average price of a new car inched up 0.6 per cent in March to \$51,910 as the fall in average price of a passenger vehicle (down 0.3 per cent) was offset by slightly higher price for trucks (up 0.7 per cent).

Year-to-date, sales of new cars remain 11.1 per cent behind last year's pace while the average price of a new car remained 7.6 per cent higher than last year's pace.

Total new car sales down to just over 81 per cent of pre-pandemic level

New car sales index – activity from February 2020



Source: Statistics Canada, Central 1

Note: data presented is for BC and Territories

latest: Mar/22

British Columbia and Territories new car sales have fared much better than other regions. Since the start of the pandemic, there have been some periods where new car sales returned to pre-pandemic levels or surpassed it. In March, new car sales in BC/T once again dipped below pre-pandemic levels of activity and were 81.4 per cent of the level in February 2020. Sales volumes for both passenger vehicles (87.1 per cent) and trucks (80.6 per cent) are still lagging pre-pandemic levels.

Looking forward, new car sales will likely continue to stall based on supply chain shortages (i.e. China's COVID-19 outbreak affecting ports), a greater tightening of belts by consumers as the cost of living keeps going up and higher borrowing costs for those willing to finance a new car purchase.

For more information, contact economics@central1.com.