



## Highlights

- B.C. home sales fall 10 per cent for third straight month
- Average home value down nearly nine per cent since February
- Weaker sales of durable goods drag down total manufacturing sales in May

## Housing market conditions deteriorate in June

*Bryan Yu, Chief Economist*

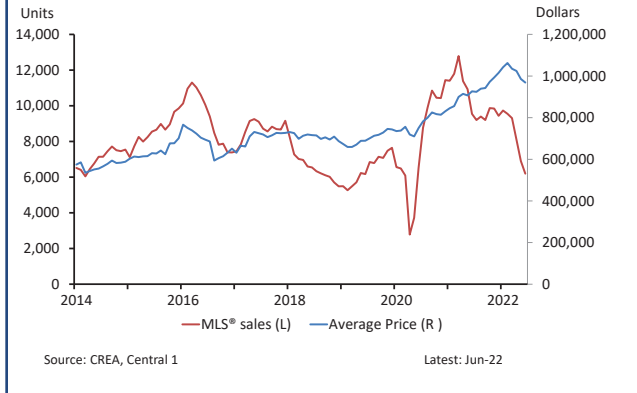
B.C. housing market activity continued to adjust to higher borrowing rates and deteriorating buyer sentiment, resulting in sharply lower sales and reduced prices. MLS® fell 10.2 per cent to a seasonally-adjusted 6,200 units. This marked a third straight month that sales fell more than 10 per cent. Year-over-year, sales fell 35 per cent owing in large part to robust activity a year ago, but levels have fallen below pre-pandemic levels by four per cent.

June's sales decline, unsurprisingly, was nearly universal among regions given the broad impacts of higher interest rates and expiration of rate holds as more buyers were shut out of the market. Sales fell 10 per cent in the Lower Mainland-Southwest markets, led by a rapid deterioration in Chilliwack (-14 per cent), while Vancouver Island sales fell 12 per cent. Okanagan (-14 per cent) and Northern B.C (-17 per cent) markets also fell sharply.

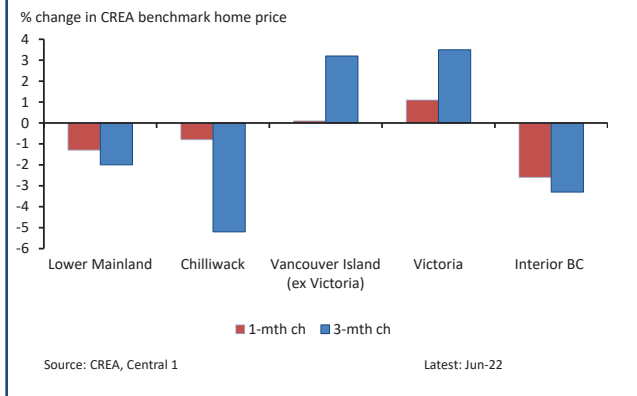
Declining sales and steady new listings (up 2.4 per cent) contributed to a build-up in inventory and cooling of conditions. Active listings rose 6.2 per cent (seasonally-adjusted) to the highest level since January 2021, driving the sales-to-active listings ratio to near balanced market territory. That said, the speed of negative momentum points to market that is likely favouring buyers.

Weaker market conditions cut the average MLS® price by 1.8 per cent to \$968,530, marking a fourth consecutive decline. Levels are down nearly nine per cent from February. That said, regional patterns were mixed with the real estate boards of Chilliwack (-4.8 per cent),

### June home sales plunge below February 2020, average price down 9% from peak



### Mixed pricing patterns among areas, sharp downturn in Lower Mainland and Interior



Greater Vancouver (-3.2 per cent) and Vancouver Island excluding Victoria (-6.2 per cent) leading the pullback. That said, average prices are often volatile but the trend is clearly deteriorating as sellers are forced to adjust to the buyer reality.

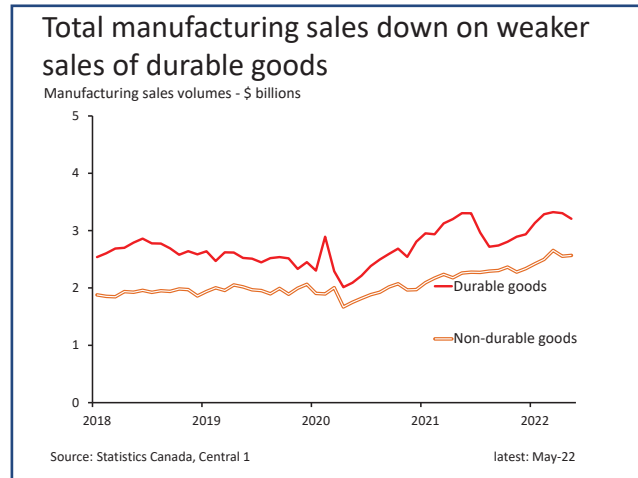
While average values are impacted by sales composition, constant-quality indices are generally in decline. The housing price index for the Lower Mainland fell 1.3 per cent from May and 2 per cent over the latest three months. Chilliwack is down 5.2 per cent over three months, with the Thompson-Okanagan down about 3 per cent. Vancouver Island pricing remained steady.

Going forward, moderation is likely to continue through the third quarter as buyers adjust to a flurry of Bank of Canada interest rate hikes lifting variable rates. Sellers will be forced to reduce prices, although many will choose to delist property listings. A peak to trough price decline of 15 per cent is anticipated, with sales remaining subdued.

## Manufacturing sales slide for the first time in eight months

Bryan Yu, Chief Economist

B.C. manufacturing sales fell in May for the first time in eight months. Total sales of manufactured goods slid down to \$5.8 billion (down 1.4 per cent m/m) on weaker sales of durable goods (down 2.9 per cent m/m) partly offset by minimal gains of non-durable good sales (up 0.6 per cent m/m).



Key areas that saw contractions in May include manufactured food (down 0.7 per cent m/m), leather and allied products (down 1.5 per cent m/m), wood products (down 1.1 per cent m/m), primary metals (down 17.9 per cent m/m) and machinery (down 5.9 per cent m/m). Transportation equipment manufacturing sales increased 8.1 per cent in May, somewhat blunting the fall in other areas of durable goods.

Vancouver Census Metropolitan Area sales inched up 0.9 per cent. Excluding Vancouver from the province's total, manufacturing sales in the rest of B.C. fell sharply (down 3.7 per cent).

Inflationary pressures and supply chain issues have been the usual culprits affecting manufacturing production and sales for some time now — weakening demand for new housing construction and commodity price declines are perhaps now factoring into weaker sales of wood products and primary metals. Weaker machinery sales could be the start of a trend for businesses as they take a pause on unnecessary investments until the economic uncertainty in the air clears.

Year-to-date, total manufacturing sales are still up 9.4 per cent with sales of durable and non-durable goods up 4.7 per cent and 16.0 per cent respectively.

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