



Highlights

- MLS® sales and average home prices down in B.C.
- B.C. manufacturing decline for December but up overall for 2022
- B.C. housing starts dropped 13.9 per cent following December's gain

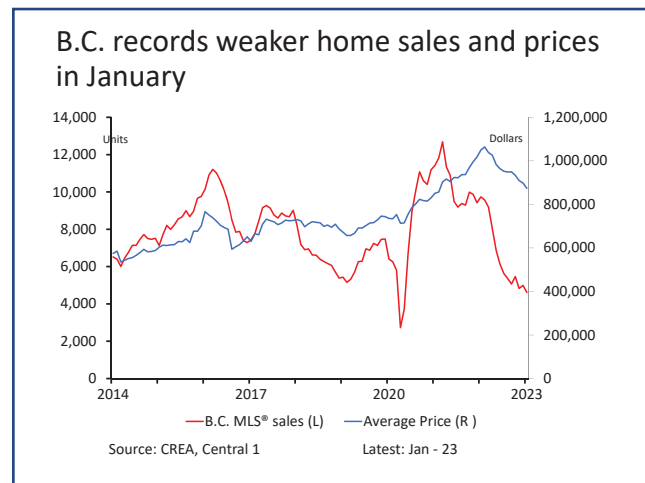
January home sales slip following December's small gains

Eloho Ennah, Economic Analyst

December's MLS® home sales rebound proved fleeting as January sales plunged by 7.5 per cent to 4,617 transactions. Notwithstanding an early pandemic retreat, levels were the lowest since February 2009 during the period of the Great Financial Crisis, and momentum remains weak. Actual unadjusted sales reported 3,082 actual transactions (y/y) in the first month of the year, almost half of the transactions recorded in the same month of 2022 and 30 per cent less than January 2020's figure. Low volume reflects low affordability as variable rates have increased 425 basis point since early 2022. Prospective home buyers have seen purchasing power collapse as sellers maintain price expectations.

Many regions in the province experienced the same slowdown in sales with values still under pre-pandemic numbers, while few regions showed increases in transactions. The Fraser Valley Real Estate Board reported a 2.6 per cent increase. Kamloops also reported an 8.5 per cent boost in sales units. In Greater Vancouver, January sales transactions dropped by 8.6 per cent, a much larger dip than the 0.7 per cent decrease recorded in December. Sales units in Chilliwack fell by 7 per cent in January, slipping further below pre-pandemic values. In terms of actual year-over-year changes in January, each area in B.C reported severe cuts in home sales.

As sales backpedaled, seasonally-adjusted average home prices in B.C. continued their downward trend and decreased by 2.6 per cent in January, extending what is now a 12-month downtrend. Prices in Okanagan markets fell by 3.0 per cent and Fraser Valley home prices decreased 4.7 per cent. Benchmark prices have



also moved in the same direction in all regions in B.C., declining by at least 1 per cent in Greater Vancouver and Vancouver Island markets while dropping by 3.1 per cent in Fraser Valley. For the first time over several months, B.C. actual year-to-date housing prices have seen their first decline by 16.6 per cent, more than reversing December's 7.5 per cent price increase.

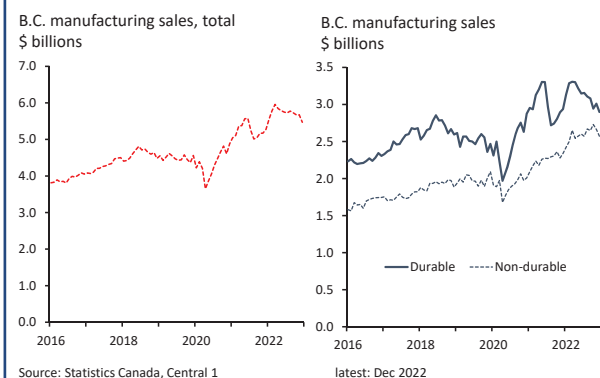
New listings rose by 20.1 per cent in January 2023, making up for the 19.4 per cent drop in December 2022. Active listings were up year-over-year, but still lower than normal volumes witnessed in earlier years. Average days on market (DOM) numbers are higher as many properties remain unsold for longer. Sales-to-Active listings ratio continued its downward trend to 15.6 per cent for January 2023, indicating a balanced market, but downward pressure on prices is likely to persist during the first quarter of the year. In addition, lower prices and a possible end to rate hikes may raise buyer sentiment and will likely attract more buyers into the market, but levels remain low.

B.C. factory sales slowed in December

Alan Chow, Business Economist

Manufacturing sales in British Columbia decreased in December. On a seasonally-adjusted basis, sales declined 3.6 per cent from November to December to \$5.47 billion. This marks the fourth consecutive month of declining or flat sales and is the slowest month since December 2021. Both durable goods and non-durable goods declined by a similar rate, with durable goods industries down 3.7 per cent to \$2.9 billion and non-durable goods down 3.4 per cent to \$2.57 billion.

B.C. manufacturing down sharply



Eight of the 10 durable goods industries saw a decline in sales for December. Wood products manufacturing saw the largest decline, down 7.5 per cent while transportation equipment manufacturing followed suit, down 8.2 per cent. Furniture manufacturing also declined 12 per cent to \$99.1 million. This is the lowest reported sales in furniture manufacturing since September 2020, when it was last below \$100 million. The two bright spots were machinery manufacturing, which was up 9.7 per cent, and primary metal manufacturing, up 9.43 per cent. Within non-durable goods, paper manufacturing was down 6.08 per cent while food manufacturing was up 1.64 per cent.

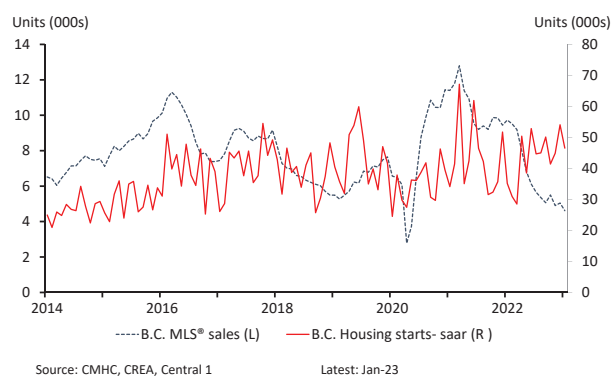
Overall, for 2022 compared to 2021 and on an unadjusted basis, manufacturing sales rose 9.2 per cent to \$68.8 billion with non-durable goods industries leading the way, up 15.2 per cent to \$31.16 billion. Durable goods industries were also up at 4.8 per cent to \$37.6 billion. The Metro Vancouver region saw even higher growth in sales, up 14.7 per cent in 2022 compared to 2021. However, compared to the other provinces, B.C.'s increases in manufacturing sales placed it the third lowest in growth for 2022 amongst the other provinces, with only Nova Scotia (8.5 per cent) and Newfoundland and Labrador (-12.6 per cent) trailing behind.

Housing starts plunged in January as both single-detached and multi-family sector dropped

Ivy Ruan, Economic Analyst

B.C. housing starts plunged in January, following the robust increase observed in the previous month. Starts came in at a seasonally-adjusted annualized pace of 46,555 units, down 13.9 per cent from a revised 54,055 units in December, yet still at an elevated level. This sharp decline suggests the new home market is finally adjusting downward with low sales in the resale market and more challenging conditions for presale

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activity. January home sales slipped by 7.5 per cent following December's small gains.

Nearly all of January's decline reflected fewer multi-family starts, with a moderate drop in single-detached units. B.C. multi-family starts fell 14.2 per cent to 40,648 units. Single-detached units dropped 753 units following last month's increase to 5,907 units in January.

Amongst Census Metropolitan Areas (CMAs), all regions reported lower starts in January except Victoria, which reported a rebound of 72.0 per cent from last month. Vancouver saw a decline of 14.2 per cent to a seasonally-adjusted annualized pace of 32,536 units. Abbotsford-Mission and Nanaimo regions' housing starts fell sharply to 182 annualized units (from 1,633 units in December) and 206 annualized units (from 1,474 units in December) respectively.

Compared with same-month 2022, actual unadjusted B.C. housing starts (3,676 units) remained elevated in this January, 35.9 per cent higher than last year's reading, largely thanks to more starts in the multi-family unit sector (3,359 units versus 2,283 units). Single-detached units were down 24.7 per cent from 421 units to 317 units in January. Metro Vancouver region contributed to growth in both single-detached starts and multi-family starts, with 46.7 per cent combined higher starts. Victoria, Kelowna and Nanaimo regions all reported large percentage declines in their single-detached housing starts while Abbotsford-Mission area had 96 per cent lower multi-family starts comparing to last January.

Overall for January 2023, B.C. observed a similar trend to the national reading, which recorded a sharp decline and fewest starts since September 2020. Housing starts are forecast to decline in 2023 as lower demand and presale activity from 2022 curb new project starts.

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