



Highlights

- MLS® sales in lower mainland reached 4,029 units in March, a 41 per cent decline from a year ago, yet momentum is changing with a second straight month of rising seasonally adjusted sales
- Average sale prices rebounded
- Full-time employment gains offset the decrease in part-time hiring
- Unemployment rate in B.C. dropped to 4.5 per cent in March
- Imports to B.C. down in February following stronger performance in January
- Value of Building permits issues down across all types

Average sale price rose while housing inventory and sales remained low

Bryan Yu, Chief Economist

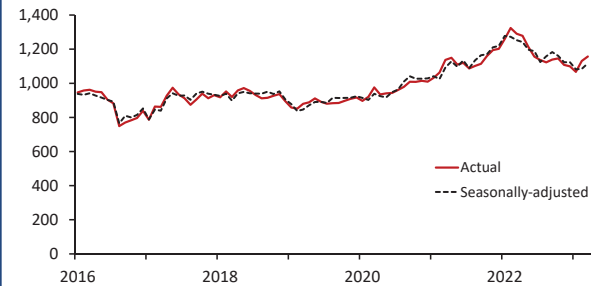
If March data is any indication, Lower Mainland home prices look to be heating up again -- but in an environment of both low sales and inventory. While demand is constrained by challenging affordability conditions, buyer impatience is setting in with more making the plunge into homeownership. Meanwhile, inventory has been limited with existing owners seemingly content to stay put in their homes amidst the backdrop of a tight labour market, robust immigration and high rents, rather cut prices.

The region, which spans Metro Vancouver and Abbotsford-Mission, saw its average price march higher for a second straight month by 2.2 per cent to reach \$1.15 million. Prices have rebounded 8.4 per cent from January's low of \$1.07 million and narrowed the gap from last February's peak to about 13 per cent. Sales composition is a factor but even so, constant-quality home benchmark values also increased (up 1.8 per cent month-over-month) pointing to positive momentum. The big benchmark movers of the month were detached (up 2.4 per cent month-over-month) and townhomes (up 1.9 per cent) as households stretch for ownership. Apartments were up about one per cent.

The price bump comes despite continued low MLS® sales which reached 4,029 units, a 41 per cent decline

Lower Mainland home prices increase in March

Lower Mainland MLS® Average price (000s)



Source: REBGV, FVREB, Central 1

latest: Mar/23

Home sales down, but lack of listings keep conditions tight

Lower Mainland MLS® Sales and New Listings (000s)



Source: REBGV, FVREB, Central 1

latest: Mar/23

from a year ago, and a 55 per cent drop from the frenzy of 2021. While higher than same-month 2019, sales trailed the 10-year March average (2010-2019) by 18 per cent. Even so, momentum is changing with a second straight month of rising seasonally adjusted sales.

Undoubtedly, affordability challenges continue to hamper demand as buyers are shut out by high interest rates and prices. However, those able to purchase have found negotiating power curbed by a low resale listing scarcity. March new listings fell 38 per cent year-over-year and the lowest since early in the pandemic when adjusted for seasonality. By extension, active listing or month-end inventory continued to dwindle and there are signs that seller's markets may have returned as buyers compete for the scarce supply. The unadjusted sales-to-active listings ratio rose to 30 per cent, although we are probably still closer to a marginal, rather than strong, seller's market. This suggests home prices have found a bottom for the time being, with risk to the upside from insufficient supply.

Moreover, strong immigration and massive demand for housing is likely to limit much in the way of downside, particularly as rates begin to descend.

B.C.'s employment performance had little change in March

Ivy Ruan, Economic Analyst

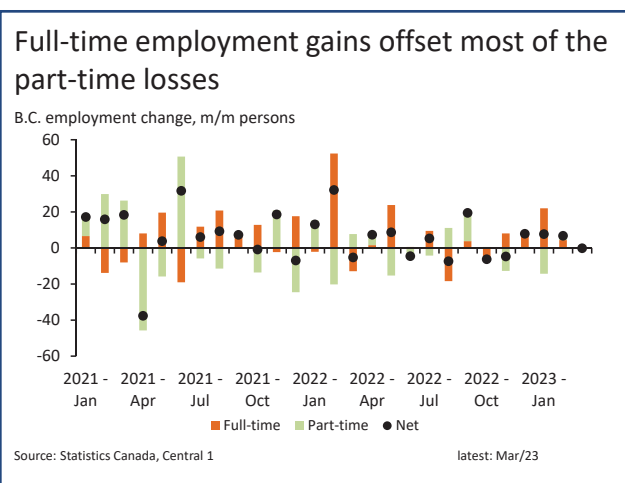
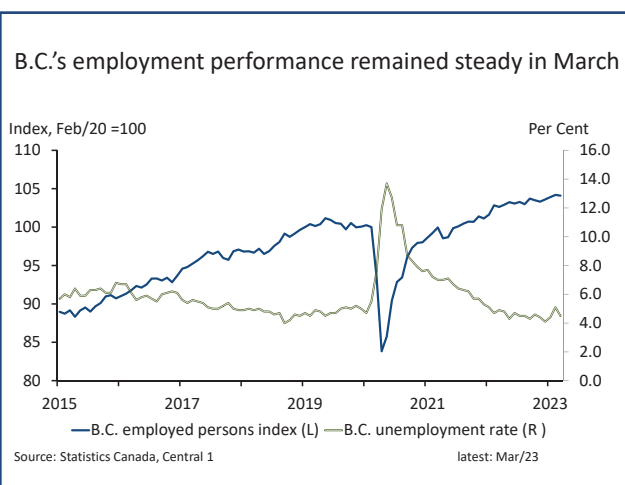
B.C.'s labour market reported little change in March, with 100 fewer persons in seasonally-adjusted employment. With the latest updates, employment continued to trend higher and was ahead of a year ago by 1.5 per cent and 4.1 per cent ahead of pre-pandemic level in February 2020. The B.C. labour participation rate dropped to 65 per cent but the unemployment rate dropped below 5 per cent again to 4.5 per cent largely because of a labour force contraction (-0.6 per cent). Nationally, unemployment rate held steady at 5 per cent in March.

In the Vancouver census metropolitan area, similar patterns were reported. Seasonally adjusted employment had little change (-400 persons) in March from the previous month, and the unemployment rate decreased to 4.8 per cent from 5.1 per cent. The labour participation rate in the area also dropped to 68 per cent.

B.C.'s full-time employment growth of 1,400 persons (0.1 per cent) offset the contraction in part-time employment (-1,500 persons or -0.3 per cent) in March. March marked the fourth consecutive monthly increase for full-time employment.

On an industry basis, goods-producing sectors in B.C. reported a broad decrease in subsectors, following last month's robust performance. Specifically, the agriculture sector lost 5,000 jobs (-17.1 per cent). Services-producing sectors' employment gains offset most of the decrease in goods-producing sectors, with 7,100 more jobs (0.3 per cent) during the same month. Notable increase was reported in the transportation and warehousing sector (up 9,100 persons or 6.9 per cent) following last month's large contraction. Fewer hirings were reported in sectors such as business, building and other support services and health care and social assistance.

The latest Labour Force Survey figures remained solid despite softness in some of the details. The unadjusted national average hourly wages rose 5.3 per cent on a year-over-year basis in March, compared with 5.4% recorded in February. This week B.C.'s minimum wage was announced to increase by over a dollar to \$16.75 an hour, effective June 1, to reflect the 6.9 per cent annual inflation rate in 2022. While a higher wage is expected to benefit about 150,000 workers in



B.C., small business owners are facing another round of rising operating costs amidst uncertainties in the economy.

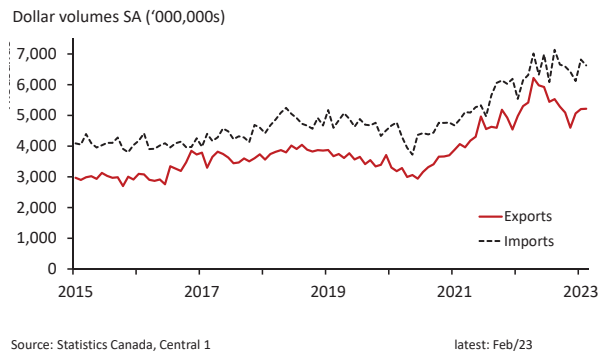
B.C. exports relatively flat while imports fall in February

Eloho Ennah, Economic Analyst

B.C. exports were relatively flat in February. On a seasonally adjusted basis, the value of exports was \$5.2 billion, increasing by 0.2 per cent, after rising 2.8 per cent from December to January. Imports declined by 2.8 per cent in February, down to \$6.6 billion and falling short of January's 11.8 per cent increase. On an unadjusted basis in February, BC exports value fell by 0.7 per cent year-over-year while imports increased 7.6 per cent compared to same month in 2022.

Leading the way in increases in exports value in B.C. was aircraft and other transportation equipment and parts, which increased by 33.7 per cent from January to reach \$38 million. The dollar value of exports in energy increased further in February, up by 11 per cent following the increase of 5.6 per cent in January. Motor vehicles and parts exports value increased by 7.5 per cent in February, partially reversing the 9.6 per cent dip observed in the prior month. Farm,

B.C. exports relatively flat while imports fall in February



fishing and intermediate food products exports value increased 4.2 per cent. The commodity group with the largest decline was basic and industrial chemical, plastic and rubber products which fell by nearly 39 per cent. Metal ores and non-metallic mineral exports also fell 34.9 per cent and consumer goods exports value decreased by 5.8 per cent. Forestry products and building and packaging material declined 1.7 per cent, with near \$1.1 billion exported during the month which was also a decrease of 25.8 per cent from the February 2022 value.

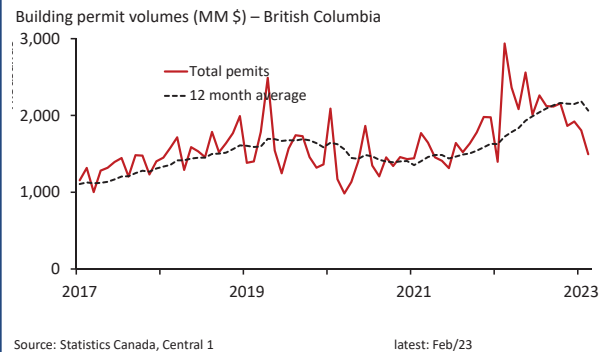
Three categories contributed to the decline in imports in B.C. including industrial machinery, equipment and parts which saw 36.7 per cent lower value traded at \$981 million, following the 56.8 per cent increase in January. Varying delivery values for modules and parts for construction of the liquified natural gas terminal project in B.C. contribute to the monthly fluctuations of this category's import value. Next, Special Transactions Trade fell 19.9 per cent to a lower value of \$28 million while aircraft and other transportation equipment and parts traded 5 per cent lower at a value of \$137 million. Metal ores and non-metallic mineral imports rose at a stellar 82.8 per cent to \$186 million while energy products traded at 35.4 per cent higher value of \$579 million. Metal and non-metallic mineral products imports were up 10.6 per cent. In addition, farm, fishing and intermediate food imports value increased 7.4 per cent while forestry products and building and packaging material imports increased 0.9 per cent in February.

Lower building permit values led by fall in non-residential permits

Alan Chow, Business Economist

The total value of building permits in B.C. fell again for the month of February. On a seasonally adjusted basis, it was down a further 17.2 per cent to \$1.5 billion, which is the lowest total value since June 2021 when it was \$1.3 billion. Non-residential building permit

Permit volumes continue downward trend



volumes declined the most, down 23.9 per cent to a one year low of \$487 million while residential building permits volumes were also down 13.4 per cent, which was also a one year low.

Leading the decrease in the dollar volume of non-residential building permits issued in February was lower commercial building permits, which was down 24.4 per cent or \$91 million to \$282 million. Total industrial permits and total institutional and government permits was also down \$31 million and \$30 million respectively, or 39.4 per cent and 16.2 per cent to \$48.9 million and \$156 million.

On the residential side, multifamily building permit volumes continues its downward trend, falling 14.4 per cent to \$720 million and marking the fourth straight month of lower volumes. Single family homes also declined 10.9 per cent to \$287 million, which is the first month it was below \$300 million since October 2020.

Among the metro areas, given the large decrease in building permit volumes in B.C., it's no surprise Vancouver saw a 35.5 per cent decrease for February 2023. Kamloops, Kelowna, and Nanaimo also saw declines in building permits by 35.5 per cent, 16.4 per cent, and 21.4 per cent respectively.

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