



Highlights

- Lower Mainland home sales and prices pick up in April
- Part-time employment gains offset the decrease in full-time hirings
- Unemployment rate in B.C. rose to 5.0 per cent in April
- B.C. exports relatively unchanged while imports fall further in March

Is housing back? Lower Mainland sees rush of sales and higher prices in April

Bryan Yu, Chief Economist

Anecdotal rumblings of a strong spring market are showing up in data as impatient buyers, steady but elevated mortgage rates, and a lack of supply trigger a surge in both sales and prices.

According to data from Lower Mainland, B.C. real estate boards, home sales rose sharply in April. While still down 12 per cent on a 12-month basis compared to a 42 per cent decline in March, partly reflecting base-year strength, our calculation of seasonally-adjusted sales points to a near 38 per cent monthly increase. This is to be confirmed by mid-month data from the Canadian Real Estate Association but highlights the demand side resurgence after plummeting through 2022. Still, sales were 15 below the same-month average observed from 2010-2019.

Demand is being propelled by willing and able buyers, likely feeling uneasy by low inventory levels, while exceptionally strong population growth is likely adding to activity. New home listings fell 31 per cent year-over-year and are trending at the lowest levels since the early 2000s. Potential sellers have been unwilling to sell at prevailing prices, reflecting higher expectations after the pandemic surge, elevated rents, and resilient albeit slowing economic conditions and labour market conditions. The sales-to-active listings ratio has shot back into sellers' market conditions.

Buyers are paying up amidst the low-supply environment. The average price in the Lower Mainland jumped 3.8 per cent to \$1.2 million and to the highest level since May. Adjusting for seasonal factors, we calculated a 6 per cent increase. The price moved to within 10 per

Home sales pick up sharply in April, new listings trend in opposite direction

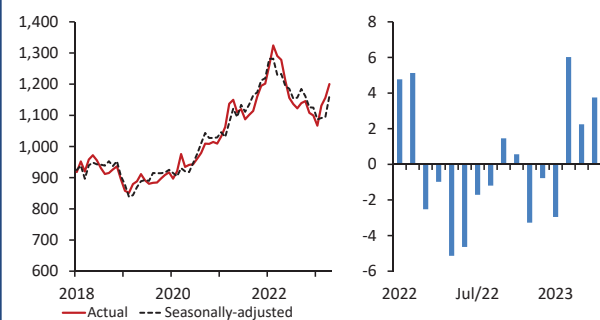
Lower Mainland MLS® Sales and New Listings (000s)



Source: REBGV, FVREB, Central 1 latest: Apr/23

Home prices back on the rise

Lower Mainland MLS® Average price (000s) m/m % change, unadjusted



Source: REBGV, FVREB, Central 1 latest: Apr/23

cent of pandemic high. Similarly, the benchmark price which controls for housing attributes rose 2.5 per cent and trending higher, with a drop of about 11 per cent from peak. With average prices nearly 30 per cent higher than pre-pandemic levels, and higher mortgage rates prevailing, buyers are clearly stretching to get into the market, and ignoring some of the economic and financial risks in play. Buyers are betting on a period of steady economic activity and declining rates in the years ahead. Elevated prices are likely to limit upside on sales given affordability challenges.

The latest numbers point to a strengthening housing market and rising prices in one of Canada's largest housing markets. Low inventory suggests that prices have already bottomed out unless inventory balloons in coming months, which is unlikely in our view. However, rising prices could feed through into firmer inflation and temper the pace of interest rate reductions and curb demand growth.

Part-time hirings and services-producing sectors in B.C. led the employment growth in April

Ivy Ruan, Economic Analyst

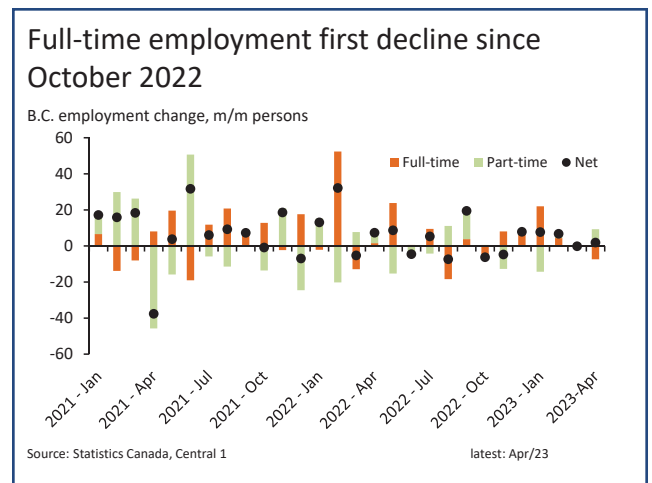
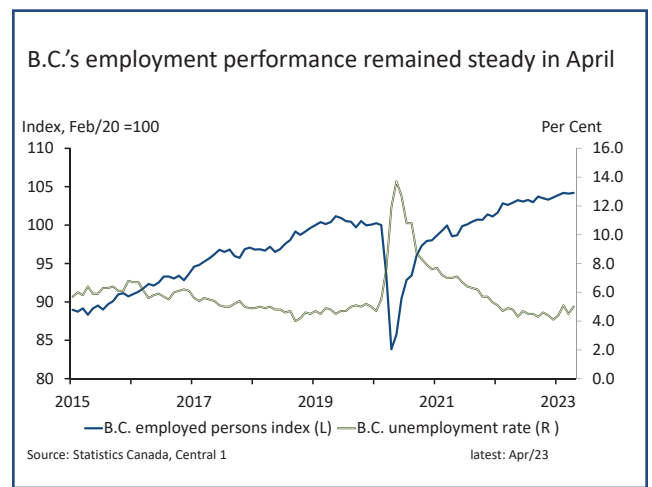
B.C.'s labour market reported little change in April, with seasonally-adjusted employment inching up by 2,100 more persons (up 0.08 per cent). With the latest updates, employment was higher than a year ago by 1.3 per cent and ahead of pre-pandemic level on February 2020 by 4.2 per cent. The B.C. labour participation rate edged up from last month to 65.2 per cent but the unemployment rate rose to 5.0 per cent. This is largely due to a labour force expansion (1.5 per cent). Nationally, unemployment rate held steady at 5.0 per cent in April, unchanged since December 2022.

In the Vancouver census metropolitan area, labour force expansion (0.5 per cent) was also recorded in April. Seasonally-adjusted employment edged down (-1,600 persons or -0.1 per cent) in April from the previous month, and the unemployment rate rose to 5.4 per cent from 4.8 per cent. The labour participation rate in the area inched up to 68.1 per cent.

Similar to the national trend, B.C.'s part-time employment growth of 9,300 persons (1.7 per cent) offset the contraction in full-time employment (7,300 persons or -0.3 per cent) in April. Consecutive monthly increase for full-time employment paused for the first time since October 2022.

On an industry basis, the goods-producing sector in B.C. reported decreases following the upward revised growth in March. Specifically, the employment gains in the agriculture sector (5.4 per cent) and forestry sector (1.1 per cent) were offset by the losses in the rest of goods-producing sectors, such as utilities (-3.0 per cent) and construction (-1.4 per cent). The services-producing sectors' employment gains offset all of the decrease in goods-producing sectors, with 5,300 more hirings (0.2 per cent) during the same month. Notable increase was reported in the educational services sector (up 9,400 persons or 4.5 per cent) following last month's positive momentum. A large contraction in hirings was reported in the information, culture and recreation sector, with 7.2 per cent fewer hirings following last month's surge in employment.

The latest Labour Force Survey figures in B.C. remained solid in April with additional personnel joining the labour force to temper the tight labour market. As summer is coming around, extra participants in the labour force such as students and seasonal workers could further loosen the job market. The unadjusted national average hourly wages rose 5.2 per cent on a



year-over-year basis in April, compared with 5.3 per cent recorded in March. B.C.'s minimum wage will increase by over a dollar to \$16.75 an hour effective on June 1, to reflect the 6.9 per cent annual inflation rate in 2022.

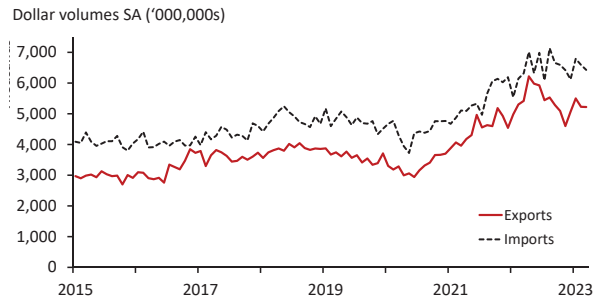
Imports to B.C. showed further declines in March

Eloho Ennah, Economic Analyst

The value of B.C. exports in March fell by 4.4 per cent year-over-year and was stated as \$5.9 billion while the value of imports was \$6.8 billion, a 2.1 per cent increase compared to the same month of 2022. According to Central 1's seasonally adjusted numbers, B.C. exports showed minor monthly change in March, falling by 0.2 per cent to \$5.2 billion, after declining by near 5 per cent in February. Imports, which had lessened by 2.9 per cent in February, decreased further by 2.5 per cent in March and went down to a value of \$6.4 billion.

Among the twelve export categories, six categories showed declines in March on a seasonally-adjusted basis. Aircraft and other transportation equipment and parts decreased the most, falling by 28.3 per cent to \$26 million to reverse 32.7 per cent increase recorded

B.C. exports relatively unchanged while imports fall in March



Source: Statistics Canada, Central 1

latest: Mar/23

in the previous month. Forestry products and building and packaging material exports value decreased 8.0 per cent to \$984 million which was also a 36.2 per cent drop compared to the same month in 2022. Electronic and electrical equipment and parts decreased 7 per cent. In addition, the dollar value of energy exports declined 1.5 per cent to \$2.2 billion. Offsetting the declines was an increase in metal ores and non-metallic mineral exports value, which increased 42.6 per cent to reach \$378 million. The increase was more than making up for the 35.0 per cent decline recorded in February. The value of farm, fishing and intermediate food exports values increased 7.7 per cent, while exports value of industrial machinery, equipment and parts rose 7.5 per cent during the same period.

Among the import categories, metal ores and non-metallic mineral imports fell 38.5 per cent to \$118 million in March, following the rise of 83.7 per cent in the prior month. The dollar value of energy also decreased by 20.1 per cent during the month. Basic and industrial chemical, plastic and rubber products imports value dropped 14.3 per cent and the imports value of farm, fishing and intermediate food products fell 0.8 per cent. Consumer goods imported decreased by 12.9 per cent to \$1.6 billion. Aircraft and other transportation equipment and parts traded 7.5 per cent lower at a value of \$128 million while motor vehicle and parts imports value fell 2.4 per cent to \$539 million. Balancing these declines were increases in only the imports value of industrial machinery, equipment and parts and Special Transactions Trade which rose by 39.5 per cent to \$1.4 billion and 13.7 per cent to \$36.6 million respectively.

For more information, contact economics@central1.com.