



## Highlights

- B.C. gasoline prices rose 2.9 per cent and energy prices rose 1.7 per cent in April
- Core inflation was down to 4.2 per cent in April
- B.C. MLS® sales rose 15.7 per cent in April, with gains reported across markets
- Average housing prices leaped 3.9 per cent, largest monthly gain since March 2021
- Multi-family home units continued driving rise in B.C. housing starts in April
- Non-durable goods industries report lower sales in March, durable goods sales rise

## Inflation slowed in B.C. on year-over-year basis, but monthly growth picked up

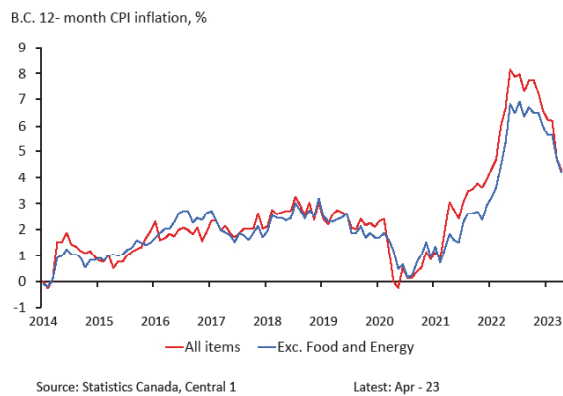
Ivy Ruan, Economic Analyst

The April Consumer Price Index (CPI) in B.C. slipped down to 4.3 per cent year-over-year compared to 4.7 per cent during the previous month. On a monthly basis, the provincial CPI rose 0.5 per cent as consumers still faced higher prices. Core CPI (excluding energy and food) in B.C. was up from last month by 0.5 per cent, the fourth consecutive monthly increase. Year-over-year core CPI was down from 4.7 per cent in March to 4.2 per cent in April. Goods prices increased 0.6 per cent over the month while services prices grew 0.5 per cent.

Gasoline prices in B.C. remained low (-5.5 per cent) on a year-over-year basis. The fall in gasoline prices was mainly driven by steep price increases since March last year. Overall, energy prices were also down 3.3 per cent for the month. That said, on a monthly basis, B.C. gasoline prices rose 2.9 per cent and energy prices rose 1.7 per cent in April, the fourth consecutive monthly increase for both categories. Higher prices at the pump reflected geo-political factors impacting oil such as OPEC production cuts as well as carbon taxation.

Meanwhile, food prices in B.C. remained elevated on a year-over-year basis, up 7.5 per cent from April last year, yet slightly slowed down from last month's 7.8 per cent yearly growth. The monthly figure inched up by 0.3 per cent. B.C. shelter costs' yearly growth also slowed, down from 5.3 per cent to 4.9 per cent in March. That said, shelter price increased 0.6 per cent month-over-month and interest costs continued to surge.

B.C. Inflation slowed further in April on yearly basis



April's rigid CPI readings in B.C. underscores the challenges of getting to 3.0 let alone 2.0 per cent inflation given the risk of higher energy price and still resilient labour markets. Inflation remains too high, and April's national acceleration is further evidence for the Bank of Canada to not proceed a short-term cut.

## B.C. home resales and prices rose further in April, leading the national housing market

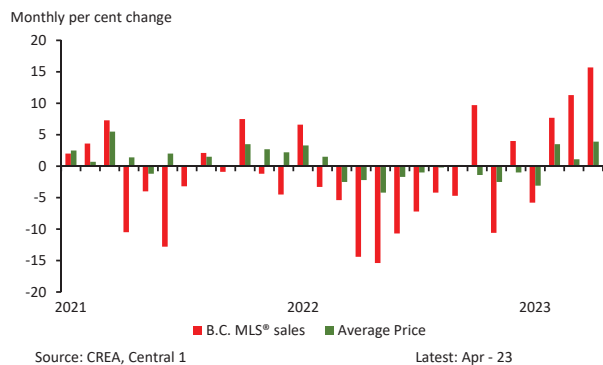
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B.C.'s resale market came in strong in April as home sales and prices surged to add to prior month gains. Housing market conditions are shifting in favour of sellers. B.C. MLS® sales rose 15.7 per cent to 6,701 units, seasonally-adjusted. While still down 14.9 per cent from a year ago and 47.2 per cent from the pandemic peak in March 2021, sales were 7.0 per cent above pre-pandemic February 2020.

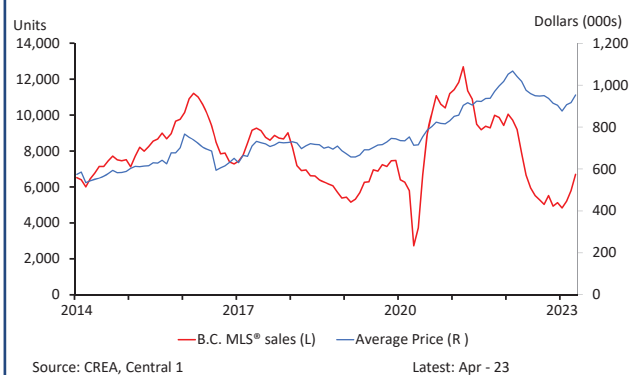
Sales increased across most of the markets in B.C., notable growth including Fraser Valley (13.0 per cent), Vancouver Island (11.0 per cent), Interior (10.3 per cent) and Chilliwack (13.8 per cent). The bulk of net growth reflected higher Greater Vancouver real estate board sales (25.3 per cent).

While sales flow surged high, B.C.'s average price rose for a third straight month with a 3.9 per cent gain to seasonally adjusted \$952,745, the largest monthly growth in price since March 2021. This further pared some portion of the past year's decline and the average price levels returned to last September level. That said, levels remained 10.7 per cent lower than the pandemic peak in February 2022, albeit 29.8 per cent higher than pre-pandemic February 2020. Pent-up

## Home sales and average price continued to grow in April



## Housing trends pointing to sellers' market



demand and limited inventories were significant drivers of average prices, and April saw higher prices in most real estate board market areas. Vancouver home values rose 1.3 per cent to \$1.241 million. Prices jumped 6.1 per cent in Fraser Valley, up 4.0 per cent in Victoria, 7.5 per cent in Powell River, but down 1.1 per cent in Vancouver Island.

Benchmark prices, which adjust for housing attributes were mostly positive, also pointing to a significant increase in Greater Vancouver (1.8 per cent) but steeper increments were reported in markets such as Fraser Valley (2.2 per cent) and Interior B.C. (2.1 per cent). Benchmark prices tend to fall behind average price turns, suggesting signs of price rebound amidst rising demand.

Buyers meeting the income requirements are now dipping into their amassed pandemic savings to fund down payments and running into the undersupplied market. New listings rose in April by 3.9 per cent but remained near two-decade lows notwithstanding the early pandemic period. A tight labour market and lack of job losses means most homeowners are not in a need to sell, while rental markets remain strong.

Current conditions point to further heat in the housing market into the summer, with signs of sellers' markets re-emerge in many markets. Expectations of per-

sistently high-interest rate environment and housing price rebound may encourage more sellers to list their properties, but low inventory environment will likely last.

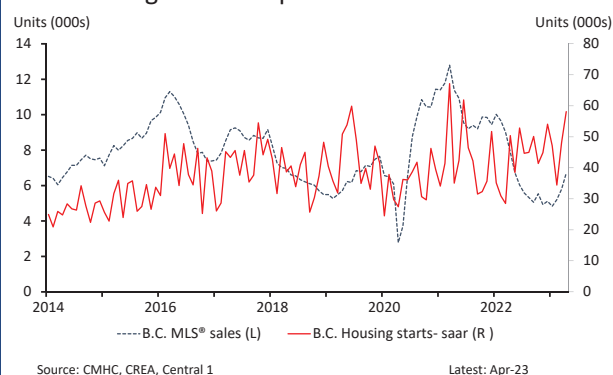
## B.C. housing starts edged further in April

*Eloho Ennah, Economic Analyst*

B.C. housing starts advanced further in April. Housing starts increased by 20.7 per cent to reach 58,096 units at a seasonally adjusted annualized pace. The rise in housing starts was led by a boost in multi-family home starts which rose by 21.4 per cent to 52,420 units in April, adding to the robust March gain. Single-detached housing starts increased by 14.4 per cent to 5,676 units and more than reversed the 9.3 per cent dip seen in March.

Among census metropolitan areas (CMAs), housing starts were up by 35.7 per cent in Vancouver CMA to reach 49,384 units, driving the provincial increase. Kamloops housing starts increased ten-fold during the month to reach 1,841 units likely owing to commencement of multi-family projects. Nanaimo recorded an increase of 141.9 per cent in housing starts to 537 units while Chilliwack's housing starts rose 124.1 per cent to 195 units. In Abbotsford-Mission, housing starts were up 5.0 per cent. The story was different in other areas where housing starts dropped in March. In Victoria and Kelowna, housing starts plummeted 75.3 per cent to 965 units and 58.8 per cent to 1,296 units, respectively.

## Multi-family home units continued driving rise in B.C. housing starts in April



During the first four months of 2023, actual unadjusted urban-area housing starts in B.C. came in at 15,222 units, a surprisingly robust 30.4 per cent higher than the same period last year. This rise was mostly due to a surge in multi-family home dwellings which rose to 13,826 units compared to 9,419 units in 2022. On the other hand, single-detached units fell 31.8 per cent to 1,696 units in the four-month period ending in April. The divergence reflects the ability of the single detached market to adjust to recent market conditions,

while multi-family starts lag due to projects planned and pre-sold years in advance of construction.

Total housing starts from January to April were up 63.0 per cent in Vancouver, owing to an increase in multi-family dwelling starts. In Kelowna, total housing starts jumped 93.2 per cent while they rose by 84.8 per cent in Kamloops during the same period. Victoria saw an increase of 2.5 per cent in total housing starts. Lower starts were recorded in Chilliwack and Abbotsford-Mission, where total housing starts shrank 90.0 per cent and 68.5 per cent, respectively. In addition, Nanaimo reported a decrease of 46.1 per cent in total housing starts.

## B.C. manufacturing sales continued to decline slightly in March

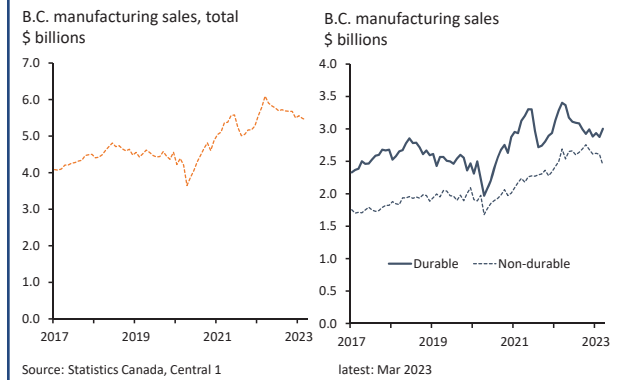
*Eloho Ennah, Economic Analyst*

Manufacturing sales in B.C. dipped in March. On a seasonally adjusted basis, sales in B.C.'s manufacturing industries decreased by 0.7 per cent to \$5.4 billion, although a smaller decline compared to the 1.3 per cent decrease observed in February. The non-durable goods industries experienced a decline of 6.4 per cent during the month while sales in the durable goods industries saw an increase of 4.4 per cent from the prior month's value. Year-to-date manufacturing sales came in at \$16.5 billion, with durable goods and non-durable goods values also reaching \$8.8 billion and \$7.7 billion respectively.

On a year-over-year basis, manufacturing sales in B.C. fell by 10.6 per cent with non-durable goods sales decreasing by 9.2 per cent and durable goods sales falling by 11.8 per cent during the same period. Unadjusted for seasonality, B.C.'s manufacturing sales declined by 10.2 per cent year-over-year. Non-durable goods sales lessened by 8.9 per cent while durable goods sales dipped 11.1 per cent.

Five of the ten durable goods industries saw declines in March on a seasonally adjusted basis. Electrical equipment, appliance and component manufacturing sales slipped 8.3 per cent while reaching \$283 million year-to-date while non-metallic mineral product manufacturing sales lessened by 6.7 per cent, reaching \$667 million year-to-date. In the transportation equipment manufacturing industry, sales declined by 4.8 per cent and furniture and related product manufacturing industries saw sales fall by 0.8 per cent during the month. A minor reduction of 0.1 per cent was recorded in the miscellaneous manufacturing industry. Balancing these declines, were increases in sales in the machinery manufacturing industry, where sales jumped 17.1 per cent and in the primary metal manufacturing industries which saw a rise of 14.0 per

## Non-durable goods industries report lower sales in March, durable goods sales rise



cent in sales in March. Wood product manufacturing industries industry reported an increase of 5.6 per cent, reaching \$2.9 billion year-to-date and computer and electronic product manufacturing industries reported an increase of 4.1 per cent. Fabricated metal product manufacturing sales rose 1.4 per cent.

Among the non-durable goods industries which experienced sales declines in March, food manufacturing sales decreased by 2.3 per cent and reached \$2.8 billion year-to-date, while textile mills sales dipped 1.3 per cent. Sales in the leather and allied product manufacturing industry increased by 11.8 per cent during the month, recovering from the 6.8 per cent reduction in sales in the prior month. The Vancouver metro area saw a 1.4 per cent reduction in manufacturing sales in March. Within the non-durable goods industries in the region, sales decreased by 2.7 per cent and durable goods industries experienced a 0.1 per cent drop in sales.

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