



Highlights

- B.C. MLS® sales rose 5.7 per cent in May
- Average housing prices gained 5.1 per cent, driving the price over \$1 million again
- Multi-family housing starts declined in B.C. in May while single-family home starts rose
- Sales in both the non-durable and durable goods industries were up in April

B.C. sales and prices rose further in May

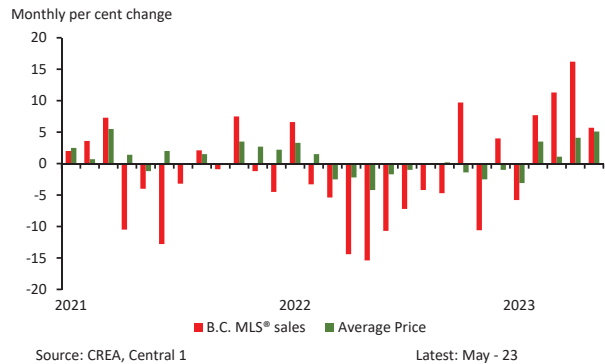
Ivy Ruan, Economic Analyst

B.C.'s resale market performance came in firm in May as home sales and prices continued to rise adding to prior monthly gains. Housing market conditions shifted in favour of sellers. B.C. MLS® sales rose 5.7 per cent to 7,106 units, seasonally-adjusted. B.C. sales surpassed last year's level, and reported to be 6.7 per cent above the level from a year ago. However, transactions were still 44.0 per cent from the pandemic peak in March 2021, yet 13.4 per cent above pre-pandemic February 2020.

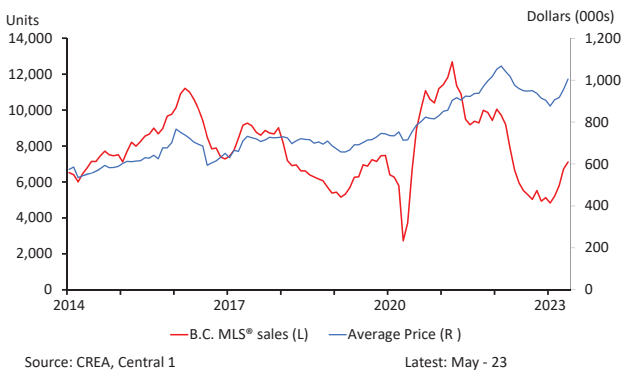
In May, sales increased across most of the markets in B.C., including Fraser Valley (1.7 per cent), Kootenay (17.6 per cent), Victoria (6.2 per cent) and Chilliwack (25.5 per cent). The bulk of net growth reflected higher Greater Vancouver real estate board sales (7.5 per cent). In contrast, Vancouver Island reported a 4.5 per cent monthly declines in sales, pausing the growing momentum.

B.C.'s average price rose for a fourth straight month with a 5.1 per cent gain to \$1.01 million in May, following the 4.1 per cent monthly gain last month. This further pared some portion of the past year's decline and the average price levels returned above \$1 million for the first time since last April. With that gain, price levels were just 3.5 per cent lower than the pandemic peak in March 2022, albeit 42.8 per cent higher than pre-pandemic February 2020. Despite persistence of high interest rates and weak affordability, buyers returned on masse. Much of the increase could reflect buyer catch up after a 2022 pause. Greater Vancouver home values rose 3.0 per cent to \$1.283 million. Prices jumped 7.1 per cent in

Home sales and average price continued to grow in May



B.C. housing moving to sellers' market



Fraser Valley, up 1.7 per cent in Victoria, 18.8 per cent in Powell River and 11.1 per cent in Chilliwack.

Benchmark prices, which adjust for housing attributes were generally positive, pointing to a seasonally adjusted increase in B.C. (1.4 per cent) with increments reported in regions such as Lower Mainland (1.8 per cent), Fraser Valley (2.4 per cent), Victoria (0.9 per cent) and Chilliwack (1.7 per cent). Benchmark prices tend to fall behind average price turns, suggesting signs of price rebound amidst rising demand.

Strengthening conditions also triggered a modest supply response as new listings jumped 10.0 per cent with more owners looking to sell into the strengthening market. That said, the listing level remained near two-decade lows notwithstanding the early pandemic period. Sales demand outpaced the speed of increase.

Market momentum is likely to be cut short as Bank of Canada hikes hit short-term variable borrowing costs while fixed rate mortgage costs have already moved

up. This will curb demand and cut into both sales and listings once again, while capping prices. Meanwhile, underlying demand remains strong as immigration flows remain robust and ahead of year ago patterns while the economy has remained resilient.

B.C. housing starts recedes in May following rise in previous months

Eloho Ennah, Economic Analyst

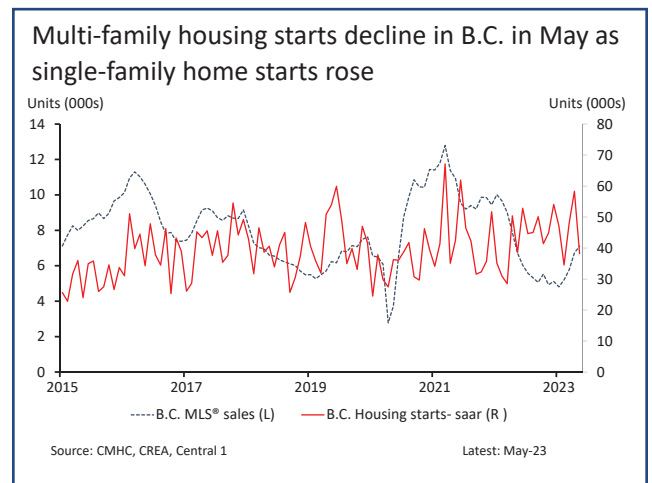
B.C. housing starts dropped in May, following two consecutive monthly increases. Housing starts fell by 34.4 per cent to reach 38,217 units at a seasonally adjusted annualized pace. The decrease in housing starts was led by a decline in multi-family home starts which decreased by 39.0 per cent to 32,010 units, although these types of swings are common. On the other hand, single-detached housing starts increased by 6.8 per cent to 6,207 units. This was less than half the rise seen in April.

Among census metropolitan areas (CMAs), Vancouver reported a decline of 45.1 per cent in housing starts in May to an annualized 27,139 units, to reverse an increase of near 36 per cent in April, driving the provincial decline. In Kamloops, housing starts dropped 94.9 per cent. Increases were reported in other areas. Abbotsford-Mission (CMA) saw housing starts skyrocket by 409.5 per cent, while they leaped by 386.0 per cent in Chilliwack. In Victoria, housing starts increased by 64.9 per cent and in Kelowna, starts were up 44.8 per cent during the month. Housing starts in Nanaimo also rose by 35.8 per cent.

During the first five months of 2023, actual unadjusted urban-area housing starts in B.C. came in at 18,776 units, 23.7 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 16,517 units compared to 12,013 units in 2022. On the other hand, single-detached units fell 28.7 per cent to 2,259 units in the five-month period ending in May.

Total housing starts from January to May were up 51.1 per cent in Vancouver, owing to an increase in multi-family dwelling starts. In Kelowna, total housing starts rose 69.4 per cent while they increased by 32.4 per cent in Kamloops during the same period. Lower starts were recorded in Chilliwack and Abbotsford-Mission, where total housing starts shrank 81.2 per cent and 44.8 per cent, respectively. In addition, Nanaimo reported a decline of 37.0 per cent while housing starts fell 11.4 per cent in Victoria.

The strength in new construction has been surprising. However, we anticipate a downturn in the coming months. Multi-family projects are pre-sold well in



advance and current patterns reflect construction of project marketed and sold years ago. The slowdown in activity last year is likely to curb future condominium housing starts, while rental building will also be stressed economically due to the high-rate environment.

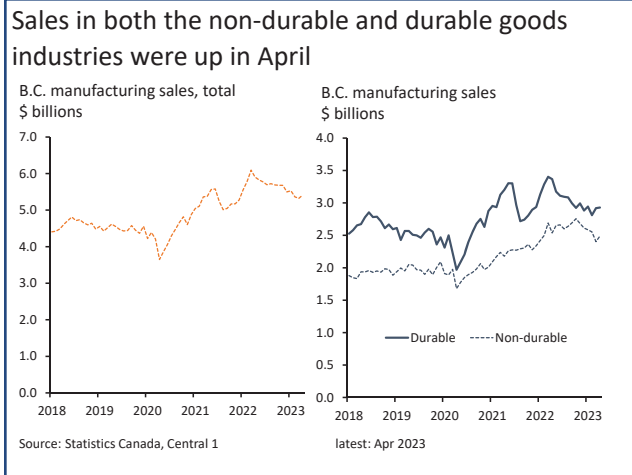
B.C. manufacturing sales increase in April

Eloho Ennah, Economic Analyst

Manufacturing sales in B.C. were back on the rise in April. On a seasonally adjusted basis, sales in B.C.'s manufacturing industries increased by 1.8 per cent month-over-month to \$5.4 billion. The non-durable goods industries experienced an increase of 3.5 per cent during the month while sales in the durable goods industries saw a minor rise of 0.3 per cent from the prior month's value. Year-to-date manufacturing sales lessened by 7.6 per cent, with durable goods sales falling 12.5 per cent and non-durable goods also declining by 1.1 per cent.

On a year-over-year basis, manufacturing sales in B.C. fell by 8.3 per cent with non-durable goods sales decreasing by 2.0 per cent and durable goods sales falling by 13.0 per cent during the same period. Unadjusted for seasonality, B.C.'s manufacturing sales declined by 10.1 per cent year-over-year. Non-durable goods sales lessened by 3.7 per cent while durable goods sales dipped 14.7 per cent.

Two of the ten durable goods industries saw declines in March on a seasonally-adjusted basis. Non-metallic mineral product manufacturing sales slipped 13.6 per cent while reaching \$903.1 million year-to-date while wood product manufacturing sales decreased by 4.3 per cent and reached \$3.6 billion year-to-date. Increases were noted in the electrical equipment, appliance and component manufacturing industry, where sales increased 17.6 per cent and reached \$376.1 million year-to-date. In the transportation equipment



manufacturing industry, sales improved by 6.1 per cent and machinery manufacturing sales rose 5.0 per cent during the month and up to \$1.4 billion year-to-date. Fabricated metal product manufacturing sales rose 3.6 per cent and primary metal manufacturing sales increased 2.8 per cent, with both surpassing \$1.3 billion in sales year-to-date.

On the non-durable goods side, leather and allied product manufacturing industry sales plummeted 37.8 per cent to \$5.0 million in sales for the year so far. Food manufacturing sales increased 2.6 per cent, up to \$3.7 billion year-to-date, while textile mills sales were up 5.8 per cent to \$7.1 million year-to-date. The Vancouver metro area saw a 1.2 per cent rise in manufacturing sales in April. Within the non-durable goods industries in the region, sales increased by 2.3 per cent and durable goods industries experienced a 0.2 per cent rise in sales.

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