



## Highlights

- B.C. MLS® sales rose 4.5 per cent in June while gains were concentrated in smaller markets
- Average housing prices edged down 0.6 per cent
- Value of building permits issues continues slide in May
- Manufacturing sales in B.C. fell in May as down-trend in the durable goods industry continued

## B.C. sales continued to rise but average price growth paused

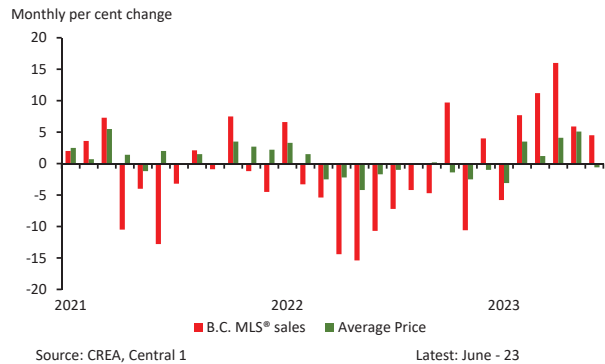
Ivy Ruan, Economic Analyst

Despite mortgage rates shooting higher following June's Bank of Canada hike and expectations for the now realized July increase, B.C. housing activity remained robust. B.C. MLS® sales rose 4.5 per cent to 7,407 units, seasonally-adjusted. Sales were 24.2 per cent above the level from a year ago due to base year effects. However transactions were still 41.6 per cent from the pandemic peak in March 2021, yet 18.4 per cent above pre-pandemic February 2020.

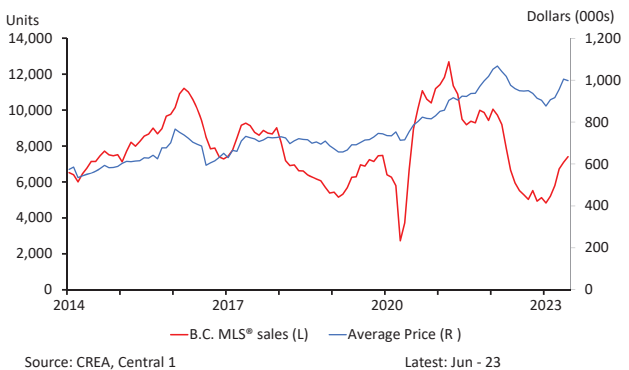
Sales increased in June across most of the markets in B.C., including Fraser Valley (18.8 per cent), Kamloops (10.0 per cent), Vancouver Island (6.9 per cent) and Interior (8.0 per cent). Meanwhile, home sales in Greater Vancouver edged down 0.5 per cent from May following four consecutive months of gains. Chilliwack posted 26.0 per cent fewer sales than the previous month. Broadly, the housing market remains firm, but a slowdown is anticipated going forward. Recent buyers are working off pre-approved rate offers which will expire and reprice at much higher levels. Affordability has since eroded following recent hikes and is keeping potential buyers out of the homeownership market.

B.C.'s average price paused the growing momentum and reported a 0.6 per cent decline to \$997,674 in June, following increases for the last four months. With this monthly adjustment price levels were 6.5 per cent lower than the pandemic peak in March 2022, albeit still 41.9 per cent higher than pre-pandemic February 2020. Greater Vancouver home values edged down 0.4 per

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## B.C. housing priced edged down



cent to \$1.276 million. Prices also dropped 1.4 per cent in Victoria, and 4.1 per cent in Kamloops. In contrast, Fraser Valley's home prices continued its growing momentum, with 4.0 per cent growth in June to \$1.1 million.

Benchmark prices which adjust for housing attributes were generally positive, pointing to a seasonally adjusted increase in B.C. (2.3 per cent) with increments reported in regions such as Lower Mainland (2.4 per cent), Fraser Valley (3.2 per cent), Vancouver Island (1.5 per cent) and Chilliwack (3.2 per cent). Benchmark prices tend to fall behind average price turns, suggesting signs of price rebound amidst rising demand.

For the first time since September 2022, the number of active listings in the province exceeded 30,000 units. However, the listings were still 1.2 per cent below the same period last year, and on a seasonally adjusted

basis the figures remained flat from the previous month. The new listings jumped 8.3 per cent with more owners looking (or needing) to sell into the active market. That said, sales demand outpaced the speed of increase and the market remains heavily geared to sellers.

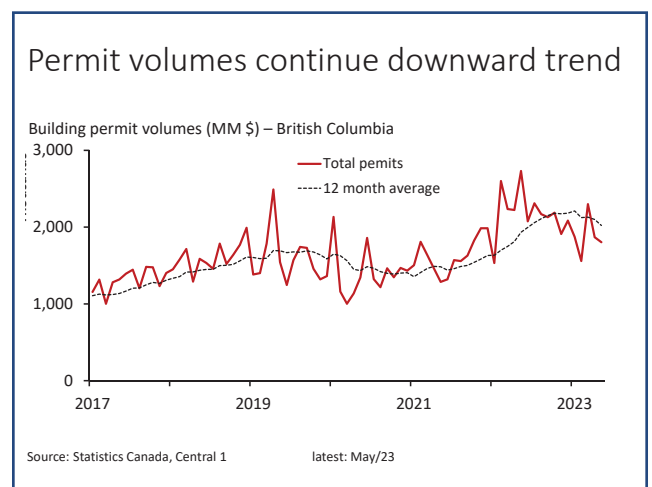
We expect market conditions to cool down further in the coming quarters. It is likely to trigger more upside pressure in the rental market as vacancy rates shrink and rents continue to move higher. At the same time, this is unlikely to trigger a severe reduction in home sale prices. As we have seen recently, buyers are more than willing to pay high prices and any move down in prices or rates is likely to draw in the swelling pool of buyers in the market.

### **Decline in non-residential permits volumes exceeds increase in residential permit volumes**

*Alan Chow, Business Economist*

The total value of building permits issued in B.C. for the month of May declined again for the second straight month. On a seasonally adjusted basis, they were down 3.5 per cent, which was a moderated decline compared to the previous month's 18.7 per cent decline. Total permit value for the month of May was \$1.8 billion. Leading the decline was another major drop in non-residential permit volumes, which was down 23.1 per cent or \$115 million to \$382 million. Mitigating the lower non-residential permit volumes was slightly higher residential permit volumes issued in May. They were up 3.7 per cent or \$50 million to \$1.4 billion in May over April. This marks the third straight month of higher permit volumes issued.

Within the non-residential permit volume levels, they were lowest in industrial as well as industrial and governmental permits. Industrial permit volumes came in at \$31 million in May, down from \$55 million from the month of April. In the same time period institutional and governmental permit volumes were down to \$40 million, which represented a 84.9 per cent lower permit volume levels from last month, which was at \$268 million. Both are also at the lowest level issued per month over the last four years. In contrast, commercial permits volumes were up 79.2 per cent when comparing May to April, with \$310 million issued.



Residential permit volumes were not nearly as volatile as non-residential volumes. Single dwelling homes saw a small decline with 3.9 per cent lower permit volume levels issued in May when compared to April and were up to \$284 million. Multifamily dwellings on the other hand saw higher levels in May, up 5.7 per cent to \$1.1 billion.

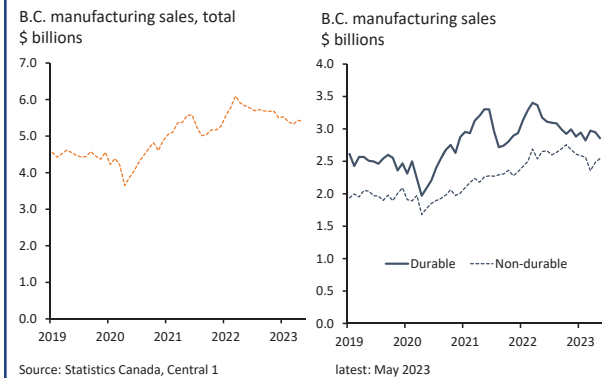
Amongst the metro areas in B.C., permit volumes issued in May were essentially the same as what was issued in April at \$1.4 billion. Vancouver was flat with at \$1.1 billion. Victoria and Nanaimo saw fewer permit volumes issued in May while Abbotsford-Mission, Chilliwack, Kelowna, and Kamloops saw higher permit volumes.

### **B.C. factory sales slip in May**

*Eloho Ennah, Economic Analyst*

Manufacturing sales in B.C. saw a minor decline in May following April's gain. On a seasonally adjusted basis, sales in B.C.'s manufacturing industries dipped by 0.6 per cent to \$5.4 billion. Current B.C. manufacturing sales have been in decline since a 2022 peak value and May 2023's figure sits 7.3 per cent below the same month of 2022. May's decline was due to a drag from the durable goods industries where sales fell 3.1 per cent during the month. The non-durable goods industries experienced an increase of 2.4 per cent. Year-to-date manufacturing sales lessened by 7.4 per cent, with durable goods sales falling 11.5 per cent and non-durable goods sales also declining by 2.0 per cent.

## Manufacturing sales in B.C. fell in May as downtrend in the durable goods industry continued



Nearly all sub-sectors in the durable goods sector saw sales decline in May. Wood product manufacturing contributed the most to the decrease in this industry, with sales decreasing 6.7 per cent during the month and now down 38.1 per cent year-to-date. Machinery manufacturing sales also saw a 6.0 per cent reduction in sales during the month but was up 12.8 per cent year-to-date. Only three sub-sectors experienced sales growth in May. Non-metallic mineral product manufacturing sales increased 7.4 per cent following the 12.4 per cent dip in April. In addition, transportation equipment manufacturing and miscellaneous manufacturing sales both rose 1.9 per cent and 1.2 per cent respectively.

On the non-durable goods side, leather and allied product manufacturing sales jumped 43.7 per cent during the month, more than reversing the reduction of 40.7 per cent in April. Textile mills manufacturing and beverage and tobacco product manufacturing sales improved 9.1 per cent and 4.9 per cent respectively. Sales in the food manufacturing sub sector rose 0.8 per cent. The Vancouver metro area saw a 3.7 per cent rise in manufacturing sales in May. Within the non-durable goods industries in the region, sales increased by 3.7 per cent and durable goods industries experienced a 3.6 per cent rise in sales.

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