



Highlights

- Home sales in B.C. declined further in September, prices remained flat
- Non-residential building permits surged in August, boosted by government and commercial permit issuances

B.C. home sales receded while prices remained flat

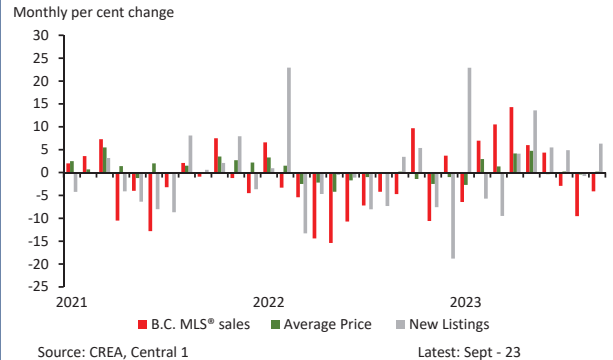
Eloho Ennah, Economic Analyst

B.C. housing market activity continued to wane in September in light of high interest rates and an expected economic downturn. During September, MLS® home sales fell for the third consecutive month to 6,156 transactions on a seasonally adjusted basis. This represents a decline of 4.1 per cent from August, which had an even sharper decline of 9.5 per cent. Average resale price growth in the province plateaued in September although levels remain elevated.

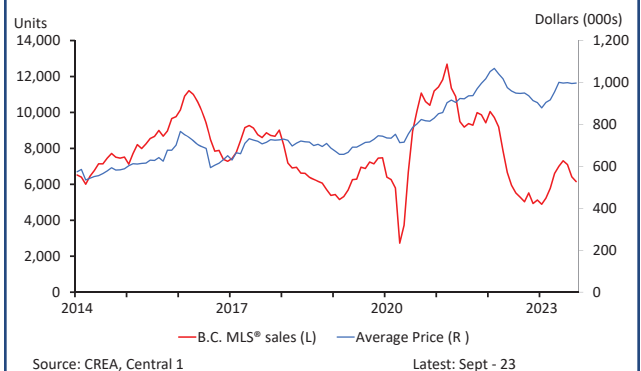
Most B.C. regional housing markets experienced significant sales declines in September, marking at least the second straight month of reductions in sales in some areas. Greater Vancouver saw a decrease of 5.6 per cent in sales during the month while home sales in Kootenay fell by 8 per cent. The Okanagan mainline real estate board recorded a 12.8 per cent drop in sales following a near 16 per cent decline in the prior month. In South Okanagan, sales receded 7.1 per cent, although not as much as the 16.4 per cent decline in August, while Vancouver Island sales retreated by a further 9 per cent. Fraser Valley home sales edged down 0.7 per cent. On the other hand, Kamloops and Chilliwack saw sales increase by 1 per cent and 12.7 per cent respectively.

B.C.'s average home sale price remained flat for the fourth month after rising consecutively in earlier months of 2023, pointing to a slowing in conditions. Prices showed a minor increase of 0.2 per cent in September following a 0.4 per cent drop in August. The province's home sale prices were also down 6.2 per cent from the peak in February 2022, howbeit still sitting 35.8 per cent above pre-pandemic February 2020. Home prices in Kamloops fell 2.7 per cent in September and prices

Home sales recede while average price growth on pause, new listings up



B.C. home transactions fell in September



declined 1.4 per cent in Vancouver Island. In contrast, prices increased in South Okanagan (up 9.1 per cent), Fraser Valley (up 2.2 per cent) and Chilliwack (up 7.8 per cent). Prices in Greater Vancouver remained unchanged. This being said average prices are influenced by regional and product composition. Adjusting for home attributes, seasonally adjusted benchmark prices, which tend to lag average price turns, were up in all B.C. real estate markets where the benchmark home value is published. Vancouver Island prices rose 1.5 per cent while being up 0.8 per cent in Victoria. The Lower Mainland also saw a modest 0.1 per cent increase in September.

New listings in B.C. increased by 6.3 per cent during the month, to resume the upward trend, although supply constraints in the market linger. Financial uncertainty and stress given elevated interest rates may cause more homeowners to list on the market in the coming months, however, potential buyers are resting on the sidelines due to affordability issues and eroded purchasing power.

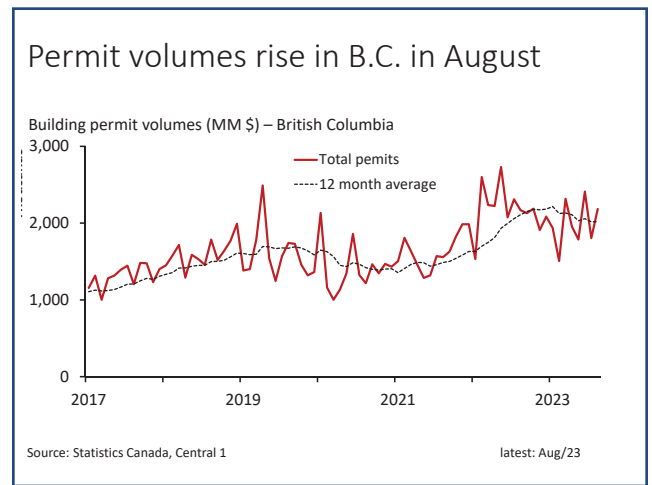
B.C. building permits back on the rise in August

Eloho Ennah, Economic Analyst

B.C. building permits bounced back in August after a drop off in July. On a seasonally adjusted basis, dollar-volume permits rose 20.9 per cent during the month to reach \$2.2 billion, but not quite making up for the decrease of 25.1 per cent in July. The increase was led by non-residential building construction which grew 45.5 per cent while residential construction rose 4.8 per cent. Year-to-date, permits were down 11.1 per cent in the province, with residential permit volumes down 17.7 per cent and non-residential permit volumes up 3.1 per cent. The overall trend of building permits continues pointing toward a reduction in permit issuances in 2023 compared to 2022, given weakness in the housing market due to elevated interest rates and the expected downturn of the economy.

Residential permit volumes increased 4.8 per cent in August, mostly as a result of higher single-family dwelling permits, which was up by 24.8 per cent. This rise follows two consecutive monthly reductions in single-family permit issuances. However, year-to-date, single-family dwelling permits have fallen further by 20.3 per cent. Multi-family dwelling permits decreased 1.1 per cent during the month, while being down 16.9 per cent year-to-date.

Non-residential permit volumes jumped in August, rising by 45.5 per cent after a nearly 21 per cent fall in the prior month and contributed to the monthly uptick in B.C. permit volumes. Within this category, commercial permits leaped 63.2 per cent while government permits increased 43 per cent. On the other hand, industrial permits fell 5.4 per cent.



Among the census metropolitan areas, increases were recorded across the board. Vancouver recorded a 9.5 per cent gain in monthly permit volumes while Victoria saw an increase of 19 per cent. Permits skyrocketed in Kelowna where they nearly doubled in August, and in Abbotsford-Mission permits rose 47.1 per cent. High-value non-residential permits were issued for a hospital renovation in North Vancouver and a new university building in Kelowna, contributing to the national gain in non-residential permits during the month.

For more information, contact economics@central1.com.