



Highlights

- Home prices up in Lower Mainland in October but sales retract
- Full-time employment rose in B.C. in October; part-time employment shrinks
- B.C. unemployment rate unchanged at 5.4 per cent in October

Home prices resilient, but market in for a frigid winter

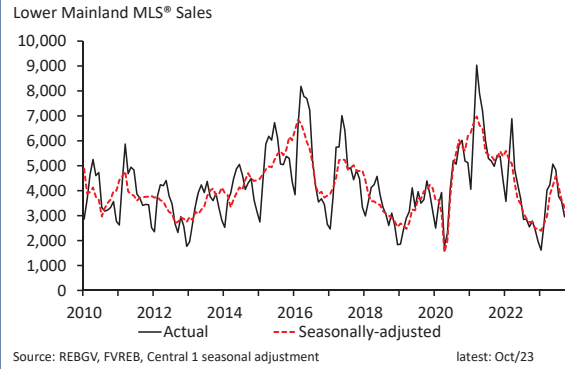
Bryan Yu, Chief Economist

Home values in B.C.'s Lower Mainland remained surprisingly resilient through October amidst high mortgage rates. However, the challenges to housing affordability have set the stage for a challenging winter ahead for the real estate sector.

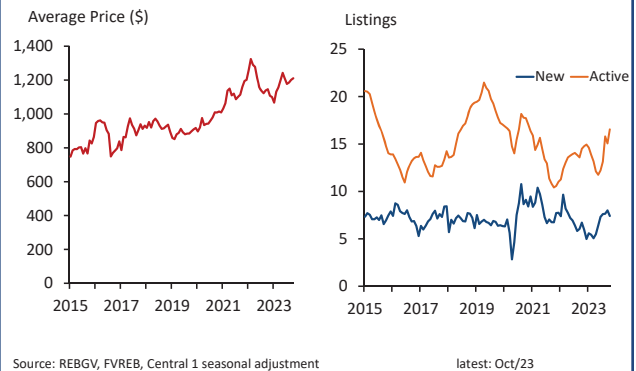
MLS® home sales in the combined Metro Vancouver and Abbotsford-Mission area (Lower Mainland) slumped to 2,917 units in October, down 1.5 per cent from September. While year-over-year sales growth stood at 4.8 per cent, this was a significant drop from the 16.2 per cent increase seen in the previous month. Sales are 35 per cent lower than the 10-year average for this month. According to our calculation seasonally adjusted sales have dropped more than 15 per cent compared to the previous month, marking a fourth straight decline and reaching levels similar to those of last year. There is little doubt that this reflects the impacts of mid-year Bank of Canada rate hikes, and bond yield driven increases in fixed term rates.

Contributing to the rapid deterioration in home sales remains the surprising stickiness of home values, which combined with elevated rates is keeping the swelling number of potential buyers on the sidelines and in the rental market. The average home price rose to \$1.21 million, up 0.8 per cent from September (albeit slightly lower on a seasonally adjusted basis) and remained 5.7 per cent above a year ago. The benchmark value fell 0.8 per cent on detached homes as more affordable townhomes and apartments held steady. Prices in

Housing sales slump in October



Housing price holds steady, listings constrained



central Vancouver markets have held up more than in the Fraser Valley.

Market conditions are cooling sharply as unsold inventory increases and new listings dropped in both actual and seasonally adjusted terms. Still, the relatively low supply continues to prop up home values. New listings fell in October in actual and seasonally adjusted terms. Growing financial pressure is leading to more home sales, but many long-term homeowners are holding off on listing their properties due to the slow market, as they anticipate better condition in 2024. We predict a period of low sales to continue into the second quarter of 2024, reflecting persistent high interest rates and weaker economic activity. Rate cuts in the second quarter drive a substantial increase in home sales given massive population gains over the past year, but affordability remains a headwind for the recovery.

Lower Mainland MLS® Activity

	Actual			m/m % ch		s.a. m/m % ch		y/y % ch	
	2022M10	2023M09	2023M10	2023M09	2023M10	2023M09	2023M10	2023M09	2023M10
Unit Sales	2,784	2,962	2,917	-17.1	-1.5	-7.7	-18.8	16.2	4.8
Average Price	1,145,533			1.3	0.8	-0.3	-0.7	5.5	5.7
New Listings	6,087	8,172	7,057	22.3	-13.6	4.4	-7.2	26.8	15.9
Active Listings	15,091	16,807	17,048	-1.7	1.4	-4.7	9.9	9.0	13.0
Sales-to-Active Listings	18.4	17.6	17.1	n/a	n/a	n/a	n/a	n/a	n/a

	Actual			m/m % ch		s.a. m/m % ch		y/y % ch	
	2022M10	2023M09	2023M10	2023M09	2023M10	2023M09	2023M10	2023M09	2023M10
Total		1,140,791	1,131,551	-0.6	-0.8	0.2	-0.6	3.8	3.9
Singles	1,691,100		1,787,417	-0.2	-1.0	0.5	-0.8	5.8	5.9
Townhome	923,700	975,137	974,650	-0.2	-0.1	0.9	0.5	4.8	5.7
Apartment	676,100	713,574	714,788	-0.5	0.2	0.4	0.5	5.4	5.8

Source: REBGV, FVREB, Central 1 *seasonally-adjusted calculated by Central 1

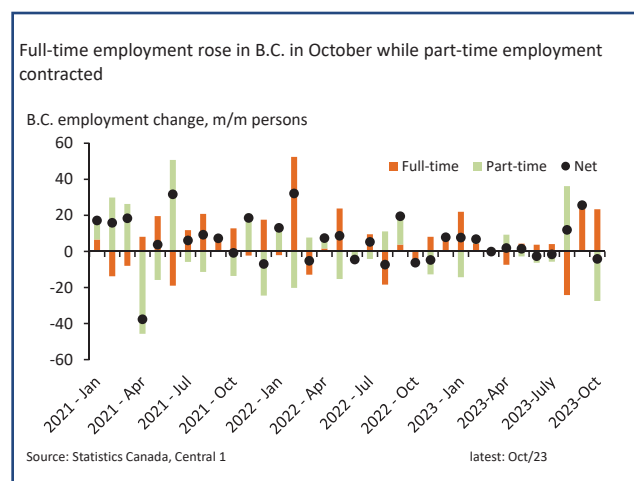
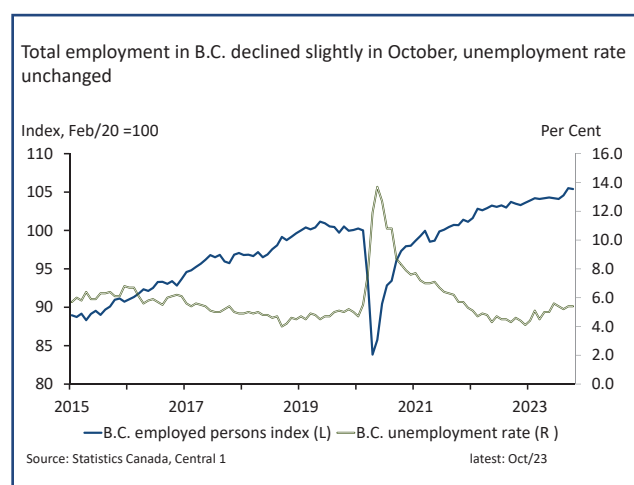
B.C. labour market sees modest decline in October

Eloho Ennah, Economic Analyst

B.C.'s labour market posted a minor dip in October, following a robust performance in September. On a seasonally adjusted basis, the number of people employed fell by 0.1 per cent or 4,000 people, while year-over-year growth was up 1.8 per cent. October's decline in total employment followed two prior months of increases, while employment growth was limp in earlier months of the year. Relative to pre-pandemic February 2020 levels, B.C. employment was still up by 5.4 per cent. The labour participation rate decreased from September's 65.4 per cent to 65.2 per cent, while the provincial unemployment rate remained unchanged at 5.4 per cent. B.C.'s labour force contracted 0.2 per cent during the month, however the province's population grew by 0.2 per cent.

The province saw full-time employment rise by another 1.1 per cent or 23,400 people during the month, while part-time employment fell 4.7 per cent or 27,500 people. Vancouver census metropolitan area recorded a 0.3 per cent decrease in employment from the prior month, while the unemployment rate was same as September at 5.8 per cent.

By sector, the goods producing industry saw employment grow by 1.7 per cent during the month, with the highest sub-sector gains observed in construction, up by 4.6 per cent or 10,200 people. The agriculture sector also experienced an 11.0 per cent rise in employment, which translates to a 2,600 person gain.



Offsetting these gains was a decline in the level of employment in the manufacturing industry (-1.5 per cent or -2,400 persons), natural resources (-2.9 per cent or -1,600 persons) and utilities (-4.7 per cent or -800

persons). Total employment in the services industry retracted by 0.5 per cent, with declines mainly in educational services (-3.0 per cent or -6,700 persons), information, culture, and recreation (-5.0 per cent or -6,700 persons), finance, insurance, real estate, rental, and leasing (-1.9 per cent or -3,400 persons) and business, building and other support services (-4.2 per cent or -3,800 persons). Conversely, increases were seen in professional, scientific, and technical services (1.9 per cent or 5,600 persons), health care and social assistance (0.6 per cent or 2,100 persons), accommodation and food services (0.7 per cent or 1,300 persons), and public administration (1.4 per cent or 2,000 persons).

On the national front, Canadian employment was up by a minor 0.1 per cent during the month as employment growth faltered in light of slowing economic conditions. October's minimal employment growth was concentrated in the goods sectors, while employment in the services sector remained unchanged. Canada's unemployment rate notched higher by two percentage points to 5.7 per cent which was the highest since January 2022 (6.5 per cent), and a touch higher than the pre-pandemic level.

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