



Highlights

- B.C. home sales declined by 6.9 per cent; home prices down 1.7 per cent
- Housing starts in B.C. edged up in October following September's retraction, multi-family units led monthly uptick
- Manufacturing sales in B.C. slowed in September

Home sales and prices recede in B.C. in October

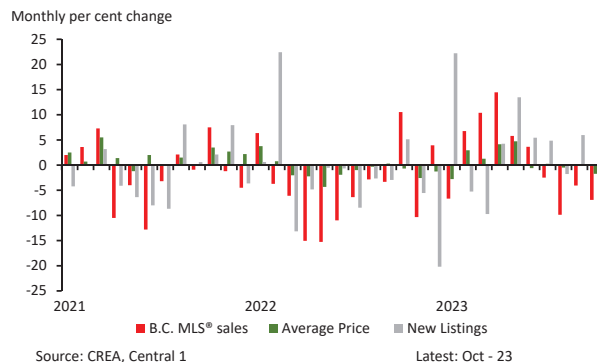
Eloho Ennah, Economic Analyst

B.C. housing market activity cooled for a fourth consecutive month in October as higher mortgage rates further strained affordability. Seasonally-adjusted MLS® home sales reached 5,707 transactions, falling 6.9 per cent, and trailed a 4.1 per cent decline in September. Unit sales in B.C. have been on the decline since mid-2023 but they remained 16.1 per cent higher than early-year trough. In October, the average MLS® price in the province decreased 1.7 per cent, despite elevated levels.

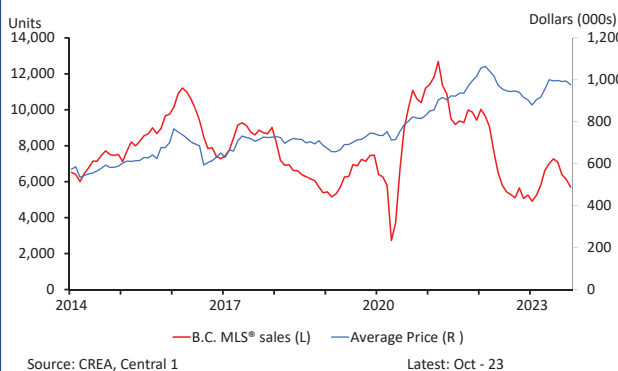
Seasonally-adjusted MLS® home sales fell in almost all of B.C.'s regional housing markets with some of the sharpest declines observed in the largest real estate board areas. The Fraser Valley experienced a 13.4 per cent drop in home sales, while Greater Vancouver saw a 10.2 per cent decline, marking the poorest performing month since November 2022. Home sales in The Kootenays and Chilliwack fell 4.0 per cent and 3.6 per cent respectively, while sales dipped 5.3 per cent in Kamloops. In contrast, monthly unit sales figures were up in the Okanagan Mainline, with a 12.1 per cent jump and 8.4 per cent increase in South Okanagan.

Despite experiencing a 1.7 per cent decline to \$976,967 in October, average home prices in B.C. remained high, sitting 33.1 per cent above the levels recorded in the pre-pandemic month of February 2020. Nevertheless, price growth reversed its course during the month as market conditions slowed. October's value was 8.2 per cent lower than peak in February 2022. Amongst B.C.

Home sales down while average price retracts, new listings fall



B.C. home sales decline in October



regions experiencing price declines, Chilliwack home prices fell 4.1 per cent following two months of back-to-back rises. The Fraser Valley real estate market also saw prices decrease 1.4 per cent. While prices in the Greater Vancouver area fell slightly by 0.7 per cent. Prices in the Kootenays retracted 3.9 per cent. On the other hand, home prices increased in Vancouver Island, grew slightly by 0.3 per cent. South Okanagan prices also rose 3.7 per cent during the month while Okanagan Mainline prices increased 0.3 per cent. Kamloops recorded a 3.0 per cent gain in home prices.

This being said, average prices are influenced by regional and product composition. Adjusting for home attributes, seasonally adjusted benchmark prices fell in most B.C. real estate markets where the benchmark home value is published. Lower Mainland benchmark prices fell 0.6 per cent while being down 0.4 per cent in Greater Vancouver and 1.1 per cent in Fraser Valley. Vancouver Island prices remained unchanged in October.

As of October, market conditions appear relatively balanced, as indicated by the sales-to-new listings ratio, which has declined from April to 46.8 per cent. Low volume and easing prices are expected through early 2024. The combination of higher interest rates and inflation has created a challenging mix for Canada's indebted households, leading to difficulties in meeting their debt obligations, particularly as mortgage renewal terms are reached. More listings are likely to appear on the market in the coming months while prospective buyers remain constrained by high rates.

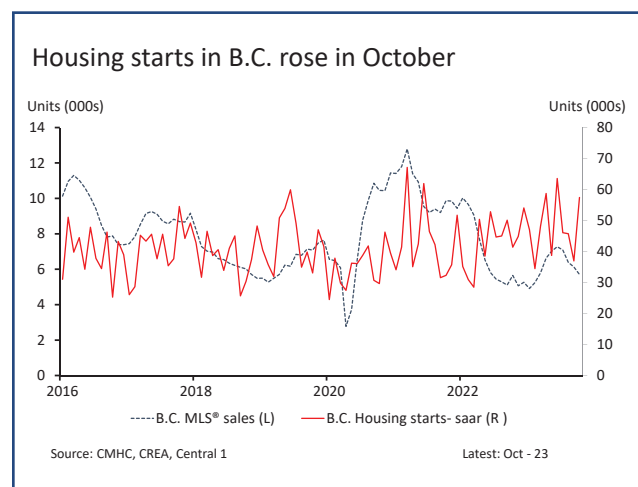
B.C. housing starts up in October

Eloho Ennah, Economic Analyst

B.C. urban-area housing starts remained surprisingly resilient in October following a reduction in September. Housing starts grew to a seasonally adjusted annualized pace of 57,401 units, up from 36,983 units (55.2 per cent) recorded in the prior month. The longer-term trend across the province, reflected in the six-month moving average of the seasonally-adjusted annual rate, shows 48,085 units, marking a 3.7 per cent decline from the previous month. Volatility in monthly housing starts is not unusual given the scale of multi-family projects. Multi-family home starts were the main source of October's gains as they edged up 65.0 per cent. Single-detached units saw a modest increase of 0.3 per cent during the month.

Increases were observed among most census metropolitan areas. In October, Vancouver saw an increase of 34.8 per cent in housing starts to an annualized 34,757 units, driving the provincial gain. In Kelowna, housing starts skyrocketed 142.2 per cent while Victoria housing starts more than tripled in October. Abbotsford-Mission and Nanaimo saw housing starts grow seven times in October. Chilliwack housing starts also increased 238.3 per cent during the month. The story was different in Kamloops though, where housing starts fell 87.4 per cent.

B.C.'s actual unadjusted urban-area housing starts from January to October increased by almost 14 per cent to 39,788 units when compared to the same period in 2022. Total multi-family housing starts increased by 22.9 per cent to 35,003 units during the period, however single-detached unit starts declined by 25.6 per cent to 4,785 units compared to same period last year. In Vancouver, total housing starts from January to October were up 36.9 per cent in comparison to 2022. Kamloops also reported a rise of 13.5 per cent. Declines were seen in Kelowna (-6.1 per cent), Abbotsford-Mission (-40.8 per cent), Nanaimo (-55.9 per cent) and Chilliwack (-62.3 per cent). Victoria saw a minor decline 0.8 per cent.



The strength in housing starts is diminishing due to the presence of higher interest rates and larger construction costs. The current upturn in multi-family starts is a result of pre-planned projects from years ago. It's important to note that monthly figures for multi-family construction can be highly volatile, primarily due to the scale of new condo projects. Housing starts are expected to decline into 2024 as builders encounter heightened financing challenges in the high interest rate environment.

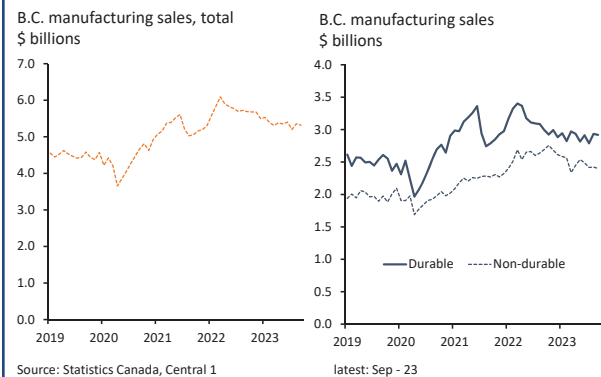
Durable goods and non-durable goods sales slide in B.C.

Alan Chow, Business Economist

Manufacturing sales in B.C. were lower in September when compared to August. On a seasonally adjusted basis, the dollar amount of sales in September was \$5.32 billion, down 0.7 per cent from the month of August's revised \$5.35 billion in sales. Non-durable goods industries were down 0.9 per cent in monthly sales while durable goods industries saw a 0.5 per cent decline in monthly sales. Year-to-date, manufacturing sales have declined 7.4 per cent compared to the same period last year, with durable goods sales down 9.3 per cent and non-durable goods sales down 5.0 per cent.

Within the durable goods industries, lower monthly sales in September were seen in primary metals (down 13.7 per cent), Electrical equipment, appliance and component manufacturing (down 6.8 per cent), fabricated metal product manufacturing (down 4.7 per cent), and non-metallic mineral product manufacturing (down 3.0 per cent). On the other hand, higher sales were seen in machinery manufacturing (up 13.9 per cent) and transportation equipment manufacturing (up 7.6 per cent). Year-to-date, eight out of the 10 durable goods industries are experiencing higher sales, but the overall durable goods industries is down because the largest industry, wood products, is seeing a 32.8

Manufacturing sales decline for September



per cent decline in year-to-date sales when compared to the same period over the previous year. In non-durable goods industries, food manufacturing sales in September fell 1.4 per cent when compared to August. However, year –to-date sales are up 3.2 per cent when compared to the same period last year.

Within the Vancouver metro area, manufacturing sales are up 2.5 per cent for the month of September with durable goods industries up 1.5 per cent and non-durable goods industries up 3.3 per cent. However, year-to-date sales remain steady, with durable goods industries showing an increase of 3.1 per cent, while non-durable goods industries have experienced a 4.0 per cent decline.

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