



Highlights

- B.C. home sales were back on the rise in December while prices dropped
- Housing starts up in December and in 2023
- Retail spending in B.C. rose further in November, despite the decline seen nationally
- Manufacturing sales in B.C. rose 1.8 per cent in November
- Inflation rate in B.C. continued to climb in December on higher gasoline prices

B.C. home sales rebounded in December

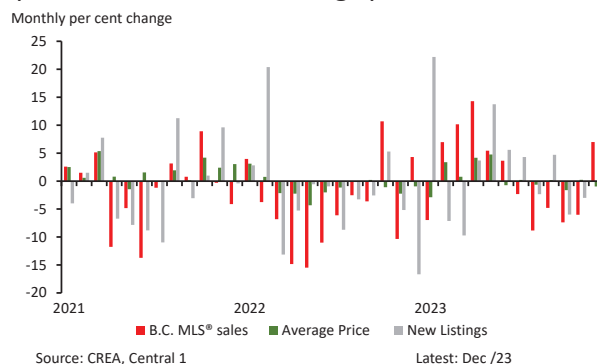
Eloho Ennah, Economic Analyst

The housing market in B.C. ended the year with a surprise gain, despite slowing down towards the end of the year. Seasonally-adjusted MLS® sales rose for the first time since June 2023, up 7.0 per cent to reach 5,703 transactions. During the month, home prices decreased by 1.0 per cent, even though prices in the province had been fluctuating in the last half of 2023. B.C. MLS sales totaled 73,071 units in 2023, a decline of 9.2 per cent from the prior year. The decrease in sales was expected as consumer purchasing power was stifled by rising interest rates during the year.

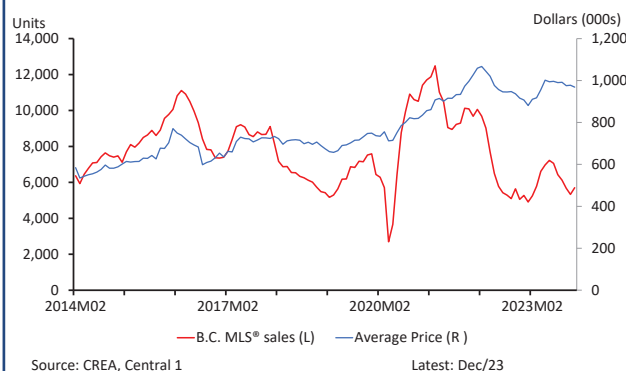
On a seasonally-adjusted basis, MLS home sales increased in most of B.C.'s real estate markets. The Greater Vancouver region experienced a 5.1 per cent rise in sales during the month, marking the first increase in home sales in the area since May 2023. In Chilliwack, home sales were up by 12.2 per cent following two back-to-back monthly declines. The Fraser Valley real estate reported an 18.8 per cent jump in sales. This surge followed five months of declining sales in the region. Home sales in the Kamloops and the Kootenays grew by 1.1 per cent and 1.9 per cent, respectively. Okanagan Mainline was the sole region to post a decline in sales, with a 6.4 per cent dip during the month and an acceleration from the 5.1 per cent decline in November. South Okanagan home sales were unchanged in December.

Average home prices in the province fell by 1.0 per cent in December to \$968,376. The price in December was 9.2 per cent lower than the peak in February 2022, but still nearly 10 per cent higher than the low in January

Home sales increased in B.C. while average price declined, new listings pull back



B.C. home sales rise in December



2023. While homes prices have fluctuated since the peak in May 2023, the overall trend indicates a decline in prices throughout the second half of the year. Within real estate boards, Greater Vancouver home values declined by 1.4 per cent while in Fraser Valley, they fell by 2.7 per cent. In Kamloops and the Kootenays, home prices fell by 2.3 per cent and 3.5 per cent, respectively. South Okanagan also saw prices recede by 3.4 per cent during the month. Okanagan Mainline and Chilliwack both reported price increment, up by 3.1 per cent and 7.2 per cent, respectively.

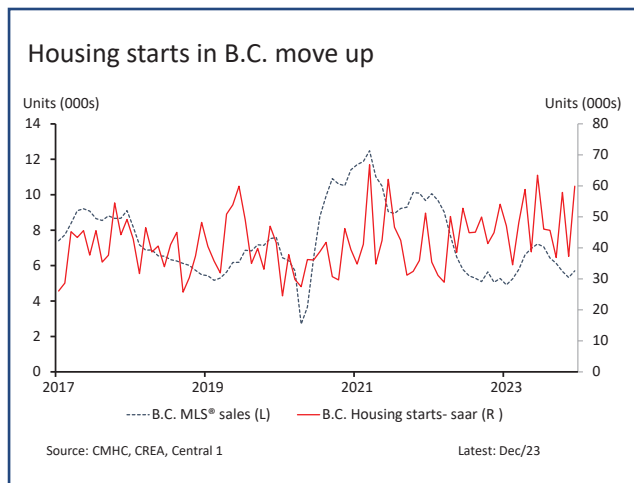
That said, average prices are influenced by regional and product composition. After adjusting for home attributes, seasonally-adjusted benchmark prices continued to fall across B.C. Lower Mainland benchmark prices dipped by a further 0.9 per cent while being down 0.7 per cent in Greater Vancouver and 1.4 per cent in Fraser Valley. In addition, Vancouver Island benchmark prices fell 0.6 per cent in December.

New listings in the province dipped 5.7 per cent in December, falling further from the 3.0 per cent decrease in November. Although it is still early to call the recent rebound a turn in market momentum, strong population growth from immigration is bolstering housing demand. In the coming months, the spring market will be a test for the resilience of the housing market and could mark a launchpad for higher home sales.

B.C. housing ends the year strong

Alan Chow, Business Economist

B.C. urban-area housing starts soared in December to cap off the year with a seasonally-adjusted annualized pace of 59,888 units compared to 37,262 units in November. This is the second highest month in housing starts for 2023. Even though there was an uptick in monthly housing starts for December, the 6-month moving average continued its downward trend, reaching 47,273 in the most recent month. This marks the fourth consecutive decline. The increase in December was entirely because of a sharp increase in multifamily homes, where starts jumped 71 per cent to 55,329 from 32,286 units. Single detached homes fell 8.3 per cent from 4,976 to an annualized 4,559.



Among census metropolitan areas (CMAs), Vancouver housing starts almost doubled from November to 40,596 units compared to 21,130 units. Kelowna also saw a large increase with 4,395 units in December compared to 607 units in November, which was the lowest month for the year. In Victoria, starts increased 38.5 per cent following the previous month's decline. In contrast, Abbotsford-Mission saw a large decline in their housing starts' figures during the same period, yet the number of starts among those areas was much smaller compared to the major CMAs.

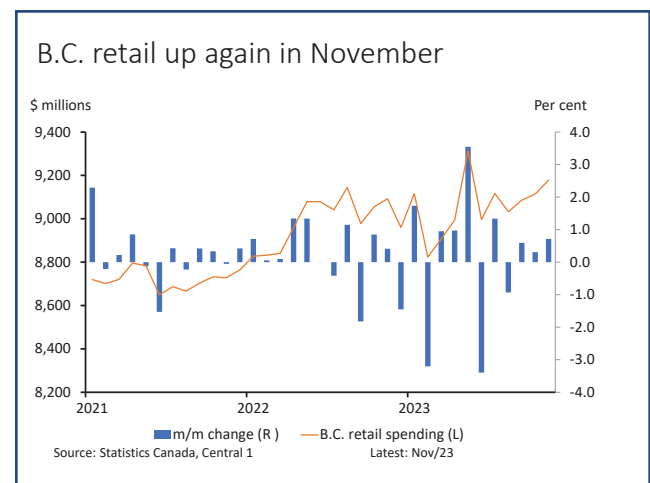
Despite the decline in the number of housing starts over the recent months, the overall year reported a much stronger pace of activity than expected going

from 43,106 in 2022 to 47,894 in 2023. Much of this increase was in Vancouver, which was up 28 per cent to 33,244 from 25,983. Victoria also saw the number of housing starts this year increase 4.0 per cent from 4,787 to 4,992. In contrast, Kamloops maintained the same number of housing starts in 2023 as in 2022, totaling 522. Other smaller metros saw fewer housing starts with Kelowna down 12.0 per cent, Abbotsford-Mission down 21.0 per cent, Chilliwack down 50 per cent, and Nanaimo down 54.0 per cent.

B.C. retail sales continued to increase in November

Alan Chow, Business Economist

Retail spending in Canada slowed in the month of November following two months of growth. Seasonally-adjusted retail sales edged down 0.2 per cent to \$66.6 billion. This was lower than the consensus forecast of no monthly growth. The decrease in retail sales was led by lower receipts from food and beverage retailers and general merchandise retailers. They were down 1.4 per cent and 1.8 per cent respectively.



Core retail sales, which exclude gasoline stations and fuel vendors, and motor vehicle and parts dealers, were down 0.6 per cent in November with the forementioned food and beverage retails and general merchandise leading the decline. Lower sales were seen at supermarkets and other grocery retailers, which were down 1.6 per cent. Lower sales were also seen at beer wine and liquor stores, which were down 3.3 per cent. Early estimates provided by Statistics Canada for December suggest retail sales were stronger, with a 0.8 per cent increase, which would be the highest increase since April, although these figures are likely to be revised in the following month.

On a seasonally-adjusted basis, B.C. experienced a 0.7 per cent gain in retail spending in November, its third consecutive monthly increase. Unadjusted year-to-date sales were also up 0.8 per cent with six out of

the nine store categories reporting higher year-to-date sales. Compared to last November, retail sales were up 1.3 per cent. Growth was led by higher sales at health and personal care retailers, up 13.7 per cent, and by higher sales at clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers, up 10.4 per cent. Offsetting these higher sales was a decline in retail sales at gasoline stations and fuel vendors, down 4.5 per cent, and sporting goods, hobby, musical instrument, book, and miscellaneous retailers, down 5.5 per cent.

Adjusted for seasonal factors, Vancouver metro area retail sales increased 1.2 per cent monthly, while year-to-date sales also show an increase of 0.9 per cent in the area.

Durable goods sales led the growth in manufacturing sales in B.C.

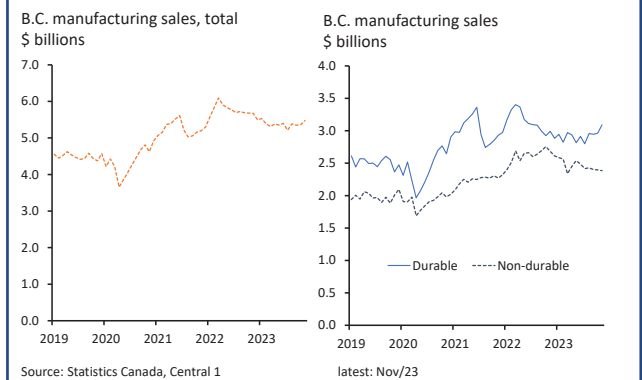
Ivy Ruan, Economic Analyst

Manufacturing sales in B.C. increased 1.8 per cent when compared to October following modest changes over the past few months. On a seasonally-adjusted basis, the dollar amount of sales in November was \$5.48 billion, up from the month of October's \$5.38 billion in sales. Non-durable goods industries were down 1.1 per cent in monthly sales while durable goods industries saw a 4.0 per cent jump in monthly sales. Year-to-date, manufacturing sales have decreased 6.7 per cent compared to the same period last year. Durable goods sales down 7.1 per cent and non-durable goods sales have seen a 6.3 per cent decline.

Within the durable goods industries, modest monthly declines in November were seen in machinery manufacturing (down 0.9 per cent), and fabricated metal product manufacturing (down 2.5 per cent). While higher sales were seen in transportation equipment manufacturing (up 9.9 per cent) and wood products manufacturing (up 5.7 per cent). Year-to-date, seven 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 28.3 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 November rose 0.3 per cent when compared to September. However, year-to-date sales are up 1.8 per cent when compared to the same period last year.

Within the Vancouver metro area, manufacturing sales rose 2.8 per cent for the month of November with durable goods industries up 4.2 per cent and non-durable goods industries up 1.6 per cent. Yet, year-

Manufacturing sales increased in November



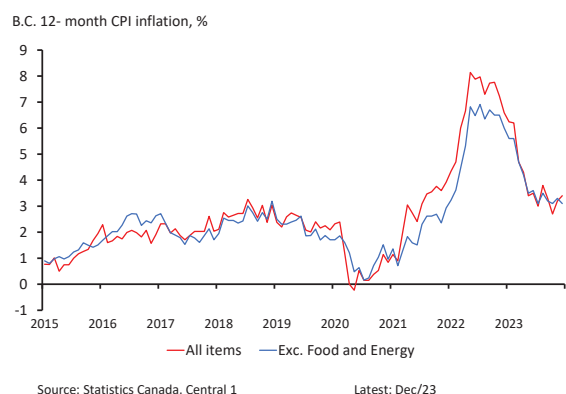
to-date sales experienced a 1.2% decline, primarily driven by a 3.8% decrease in non-durable goods industries. In contrast, durable goods industries saw a 1.6% increase, offsetting the overall drop.

Inflation in B.C. picked up the pace in December

Eloho Ennah, Economic Analyst

Similar to the national picture, the consumer price index (CPI) rose in B.C. in December. The index moved up 3.4 per cent on a year-over-year basis, which was identical to the national increase. This accelerated from 3.2 per cent in November and marked a second consecutive increase. Monthly, the price level declined by 0.5 per cent, after a minor increase of 0.1 per cent in November. Core CPI, which excludes food and energy, was up 3.1 per cent, decelerating from the 3.3 per cent pace in the prior month.

B.C. Inflation moves up to 3.4 per cent in December



A rebound in gasoline prices due to base year effects contributed to the uptick in provincial inflation, with an increase of 3.3 per cent during the 12-month period — pushing transportation costs higher by 1.9 per cent. The year-over-year growth in food prices rose to 5.4

per cent in December, up from 5.2 per cent, indicating that consumers continue to encounter higher prices in the grocery aisles. In contrast, growth in year-over-year shelter prices fell from 6.9 per cent to 6.4 per cent in December. Monthly, shelter prices decreased 0.3 per cent. Prices for household operations, furnishings and equipment also declined by 1.3 per cent during the month, falling further from 0.3 per cent.

Goods prices rose further in December by 1.9 per cent on a year-over-year basis while prices of services grew by 4.5 per cent. Prices of items related to recreation, education and reading increased 1.9 per cent while alcoholic beverages, tobacco products and recreational cannabis prices increased 2.5 per cent.

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