



Highlights

- Home sales edge forward in B.C. with a 4.5 per cent gain in January; home values are still elevated, up by 1.0 per cent during the month
- B.C. housing starts slow again
- Non-durable goods' manufacturing growth led the December increase

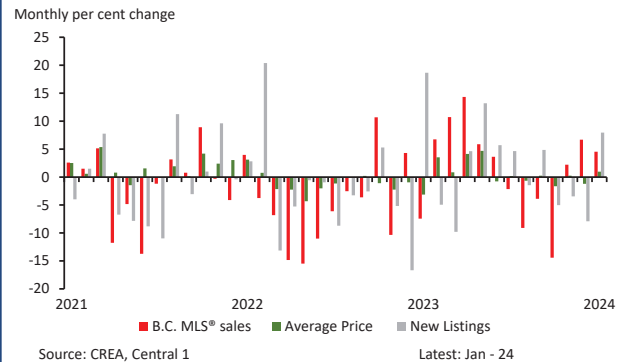
Boost in B.C. housing market activity extends to January

Eloho Ennah, Economic Analyst

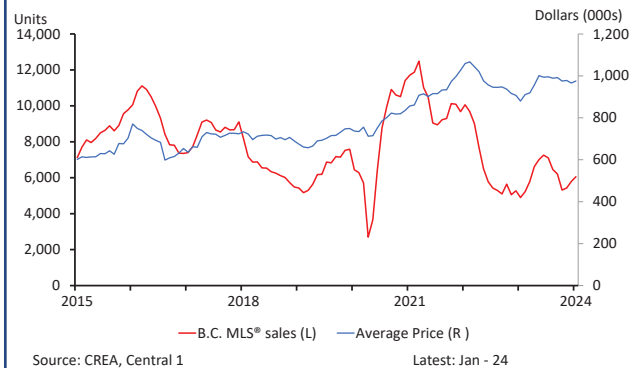
Momentum in B.C.'s housing market persisted into the new year as home sales continued to rise in January. Seasonally-adjusted MLS® sales in the province increased to 6054 unit sales in the first month of the year, up 4.5 per cent from December, although this growth rate decelerated from the 6.7 per cent pace in December. This was also 23.6 per cent above January 2023's value. A decline in mortgage rates, coupled with expectations for further rate reductions, along with strong population growth over the past year, likely contributed to the increased activity. Home values increased during the month by 1.0 per cent to \$975,270 and are still nowhere near affordable for many British Columbians.

MLS® home sales increased in several of the provinces' real estate boards, with the Greater Vancouver region reporting a 6.7 per cent uptick in sales during the month. This marks an acceleration in sales growth in the area. In Chilliwack, home sales jumped by 33.2 per cent, adding to the near 15 per cent increase in the prior month. The Fraser Valley real estate board recorded a 15.9 per cent rise in sales while the Kootenays saw a third consecutive monthly rise, with sales up 2.8 per cent. The story was different in the Okanagan-Mainline and South Okanagan, where sales dipped 5.4 per cent and 13.5 per cent, respectively, reversing course from January. On Vancouver Island, home sales continued falling in December by 5.0 per cent. In addition, purchases in Kamloops declined by 2.1 per cent.

Home sales move forward in January, average prices and new listings up



B.C. home sales and prices increase



Home prices in B.C. rose in January following months of see-sawing numbers since mid-year 2023. That said, prices are still down 2.6 per cent from last year's high observed in May 2023, and they're also down 8.6 per cent from the all-time high observed in February 2022. Among real estate boards, Greater Vancouver home values increased by 0.6 per cent, while in Fraser Valley, they rose by 2.8 per cent, reversing the equal magnitude dip observed in December. The average home price in the Kootenays also saw an increase of 1.8 per cent, while prices in the South Okanagan were 7.9 per cent higher. However, prices in Chilliwack declined by 7.7 per cent in January, erasing gains from the prior month. The Kamloops and Vancouver Island real estate boards saw home prices fall by 5.1 per cent and 4.9 per cent, respectively. Okanagan Mainline recorded a 6.3 per cent downtick in prices during the month.

Seasonally-adjusted benchmark prices, which factor in home attributes and product composition unlike average prices, slipped in January, continuing the declining trend seen since fall months of 2023. Lower Mainland benchmark prices, which encompasses Greater Vancouver and the Fraser Valley, fell by a further 1.2 per cent while being down 0.7 per cent in the Okanagan Valley. In addition, Vancouver Island benchmark prices fell 0.4 per cent in January.

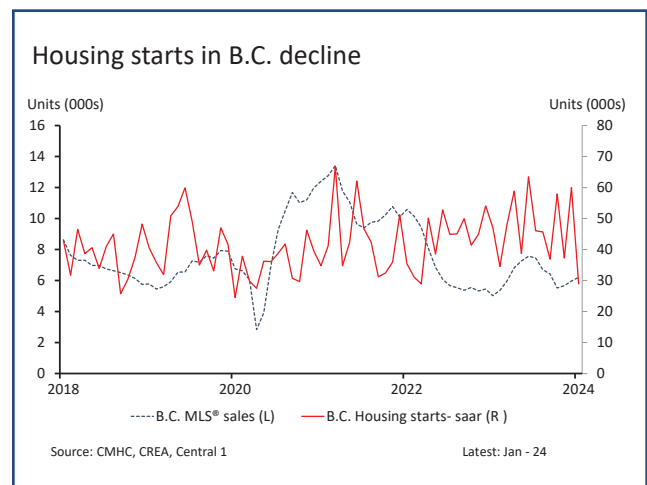
For the first month since October 2023, new listings in the province increased by 7.9 per cent, offsetting the equal-sized loss in December contributing to more choice for buyers. The sales-to-new listings ratio declined from 52.5 per cent to 50.8 per cent in January, showing market conditions have remained relatively balanced. Home prices are likely to remain stable but elevated given limited supply and growing demand. While sales fluctuate in the early months of 2024 the prospect of rate cuts during the year may serve as enough motivation for prospective buyers to enter the market.

B.C. housing starts beginning the year with weakness

Alan Chow, Business Economist

B.C. urban housing starts started the year off slow. On a seasonally-adjusted annualized basis, housing starts in B.C. fell to 28,948 for January 2024. This is a decline of 51.7 per cent compared to the previous month and is the slowest pace since March 2022. It also pushed the six-month trailing average for this figure down again for the fifth month in a row (50,162 in August 2023 to 44,435 in January 2024). Multi-family starts declined 56.2 per cent to 24,206 while single family starts increased 3.3 per cent to 4,742. Nationally, housing starts declined 11.2 per cent with multifamily unit starts down 13.8 per cent and single-family unit starts essentially unchanged.

Among the seven metro areas listed in B.C., five of them reported lower housing starts in January. Not surprisingly given the magnitude of the provincial decline, Vancouver saw a 55.0 per cent decline to a seasonally-adjusted annualized rate of 18,296. It is possible that wintery weather contributed to the decline. It was the fewest housing starts in Vancouver since February 2023, when 18,415 housing starts broke ground. Victoria only had 2,235 housing starts, its lowest number since May 2023 (1,628), while Kelowna saw 1,534 housing starts, well below the 2023 monthly average of 2,950 housing starts.



In a year-over-year comparison, unadjusted housing starts in B.C. fell by 39 per cent, dropping from 3,726 in January 2023 to 2,264 in January 2024. The number of single-family home constructions also decreased, with only 257 units started this January compared to 321 units last January, representing a 20 per cent decline. This is likely because companies still expect the higher end of the markets to lag, despite the anticipation of lower interest rates. Additionally, multifamily unit construction starts decreased even more, dropping from 2007 units in January 2024 to 3,405 units in January 2023, representing a 41 per cent decrease.

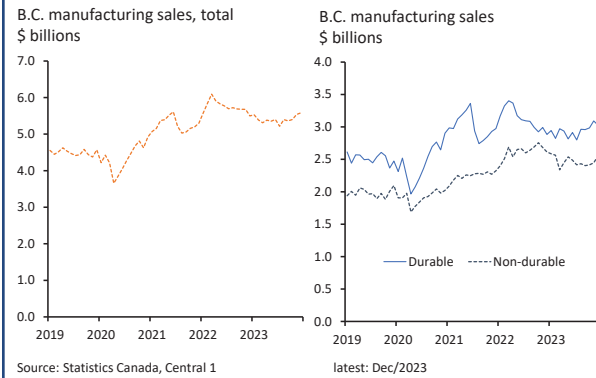
B.C. manufacturing sales continued to grow in December

Ivy Ruan, Economic Analyst

Manufacturing sales in B.C. grew by 0.8 per cent compared to the previous month, following a jump in November sales. On a seasonally-adjusted basis, the dollar amount of sales in December was \$5.58 billion, up from November's \$5.54 billion in sales. Non-durable goods industries went up 4.4 per cent in monthly sales while durable goods industries saw a 2.0 per cent decline in monthly sales. For the entire year of 2023, manufacturing sales in B.C. decreased by 6.0 per cent compared to the previous year, with durable goods sales down 6.1 per cent and non-durable goods sales down 5.8 per cent.

Within the durable goods industries, modest monthly changes were observed in December among various categories, with wood product manufacturing experiencing a decrease of 4.2 per cent, and primary metal product manufacturing seeing a significant decline of 9.9 per cent. Year-to-date, seven out of the ten durable goods industries are experiencing higher

Manufacturing sales increased in December



sales, but the overall durable goods industry is down due to the largest industry, wood products, which is seeing a 26.9 per cent decline in sales compared to the previous year. In non-durable goods industries, food manufacturing sales in December dropped 0.5 per cent when compared to November. However, year-to-date sales are up 1.7 per cent when compared to the same period last year.

Within the Vancouver metro area, manufacturing sales dropped 2.8 per cent for December, durable goods industries down 2.1 per cent and non-durable goods industries 3.4 per cent. The year-to-date sales fell 0.7 per cent with non-durable goods industries down 3.3 per cent offset by durable goods industries up 2.1 per cent.

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