



Highlights

- B.C. inflation rate down to 2.6 per cent in February; gasoline prices back on the rise
- Home sales wane in February, down by 7.2 per cent; home prices fell by 1.0 per cent
- Retail spending slows in B.C. and Canada
- Fewer non-residents entering Canada via B.C.

B.C. inflation rate falls for the second back-to-back month in February

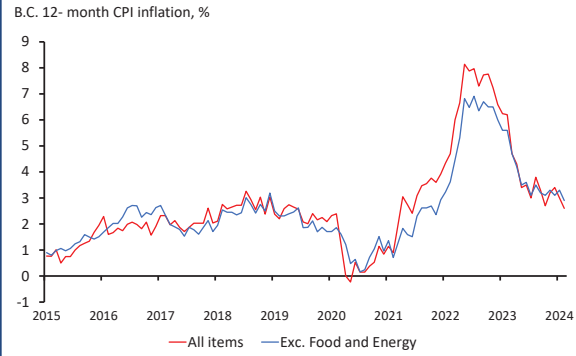
Eloho Ennah, Economic Analyst

Headline consumer price inflation in B.C. dropped in February from 3.0 per cent to 2.6 per cent on a year-over-year basis. In comparison, the national inflation rate fell from 2.9 per cent to 2.8 per cent with this month's reading well below the consensus forecast of 3.1 per cent, supporting the likelihood of a first rate cut at mid-year. Slowing growth of food prices, internet and cellular service prices contributed to the deceleration, however gasoline prices rose during the same period.

Like the national report, gasoline prices in B.C. increased in February, up 4.3 per cent, following a yearly decline of 7.0 per cent in the prior month. This was a concerning outcome for Canadian consumers especially with the recently announced extension of production cuts by OPEC+ members which may in turn fuel further gasoline price growth. Consequently, prices for energy decreased by 4.4 per cent over the same period while transportation costs fell slightly by 0.1 per cent.

B.C. consumers also paid notably less for internet access services, which fell by 13.8 per cent year-over-year. Food inflation remains high although growth in food prices slowed further, down yearly to 3.7 per cent from 4.4 per cent. In addition, growth in year-over-year shelter prices slowed to 6.2 per cent while rented and owned accommodation costs continued to grow. Monthly, shelter prices were relatively unchanged, rising by only 0.1 per cent. Prices for household operations,

B.C. Inflation continued falling in February



furnishings and equipment also increased by 0.6 per cent during the month. Excluding the impact of food and energy, core inflation decelerated to 2.9 per cent from 3.3 per cent.

Goods prices rose slightly by 0.3 per cent in February on a year-over-year basis, lower than the 0.6 per cent gain in January. Prices of services grew by 4.5 per cent, down from 4.9 per cent. Items related to recreation, education and reading posted a price increase of 1.7 per cent while alcoholic beverages, tobacco products and recreational cannabis prices increased 2.6 per cent.

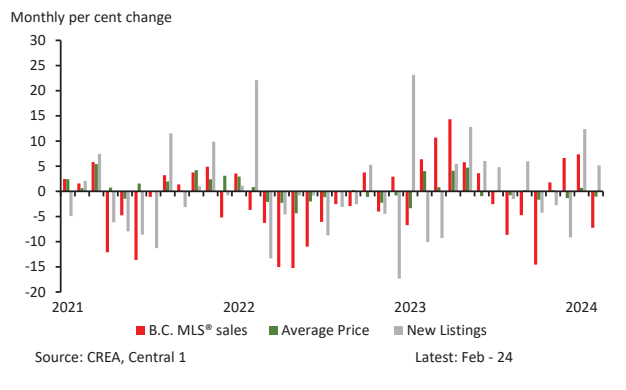
B.C. home sales go downhill in February, prices decrease

Eloho Ennah, Economic Analyst

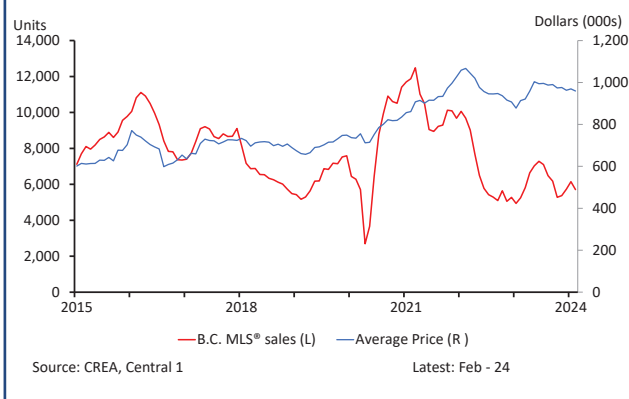
B.C.'s housing market performance faltered in February as home sales fell, losing most of the gains from the prior month. Seasonally-adjusted MLS® home sales declined 7.2 per cent during the month to reach 5,706 unit sales as buyers withdrew interest pending more certainty on rate cuts. This followed a 7.4 gain in January as late 2023 momentum followed into the first month of the year. Home prices in the province pulled back 1.0 per in February, however prices remain elevated, making home ownership still out of reach for many.

MLS® home sales decreased sharply in most of the provinces' real estate boards. The Greater Vancouver region and the Fraser Valley real estate board both

Home sales and average price retreat in February, new listings up



B.C. home sales and prices decrease



saw sales decline by 7.3 per cent and 10.3 per cent respectively during the month, after two months of consecutive increases. In Chilliwack, home sales reduced by 26.6 per cent while the Kootenays reported a 11.4 per cent decrease. In addition to these declines, the Okanagan-Mainline and South Okanagan both recorded sales decreases of 14.9 per cent and 0.9 per cent, respectively. Home purchases in Kamloops declined for the third month, down in February by 3.7 per cent and an acceleration from the 0.5 per cent decline in the prior month. In contrast, home sales on Vancouver Island rose by 3.1 per cent.

Home values in B.C. fell during the month and now sit at \$959,435 in February. Prices have fluctuated since mid-2023, but down from historical high of February 2022 by 10.1 per cent and from the peak in 2023 by 4.4 per cent. This month's decline was driven by price declines in Greater Vancouver where home values decreased 0.7 per cent, eroding gains from January. In both the South Okanagan and Okanagan-Mainline, home prices fell by 6.6 per cent and 4.5 per cent, respectively. On the other hand, prices the Fraser Valley rose by 0.4 per cent, while on Vancouver Island, they increased by 4.6 per cent. Average home prices in the Kootenays were also up by 0.5 per cent while they were nearly 7.0 per cent higher in Kamloops. In Chilliwack, they rose by 2.9 per cent.

Seasonally-adjusted benchmark prices, which factor in home attributes and product composition unlike average prices, decreased even further in February. Lower Mainland benchmark prices, which consists of Greater Vancouver and the Fraser Valley, fell by a further 0.4 per cent while being down 0.5 per cent in the Okanagan Valley. In addition, Vancouver Island benchmark prices fell 0.5 per cent in February.

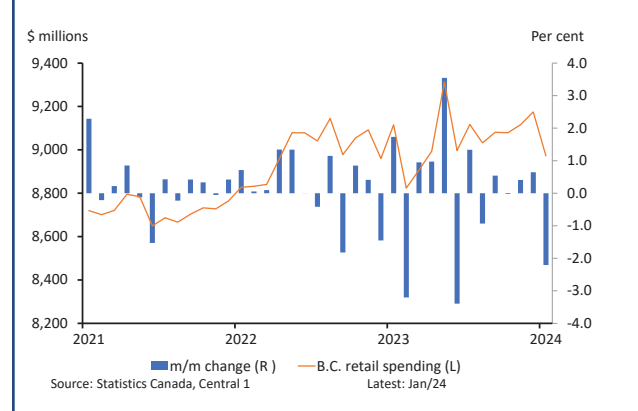
Residential new listings in the province continued to increase in February for a second month. New listings were up 5.2 per cent adding to the pool of existing homes. Buyers are gaining an advantage, as indicated by the lower sales-to-new listings ratio, which decreased from 49.2 per cent to 43.4 per cent. Months inventory shot up by 16.7 per cent, reverting to a positive pace during the month. While sales activity has slowed, we anticipate an increase in sales once expected rate cuts take effect in mid-2024.

B.C. retail sales down in January

Alan Chow, Business Economist

Retail spending in Canada declined slightly in the month of January. Seasonally-adjusted spending decreased 0.3 per cent compared to the previous month. Despite the overall decline, only three out of the nine subsectors saw slower sales. The largest decline was seen in motor vehicle and parts dealers, which was down 2.4 per cent. This was followed by lower sales at food and beverage retailers, which were down 0.9 per cent. Lower retail sales were also reported from clothing stores, which were down 0.5 per cent. On the other hand, higher retail sales were reported at sporting goods and hobby stores, up 3.0 per cent, followed by building material and garden equipment retail stores, up 2.1 per cent and gasoline stations and fuel vendors, which saw a 0.9 per cent increase in retail sales. Compared to the same period last year, unadjusted retail sales were up 2.5 per cent from \$54.9 billion to \$56.3 billion.

B.C. retail decline in January



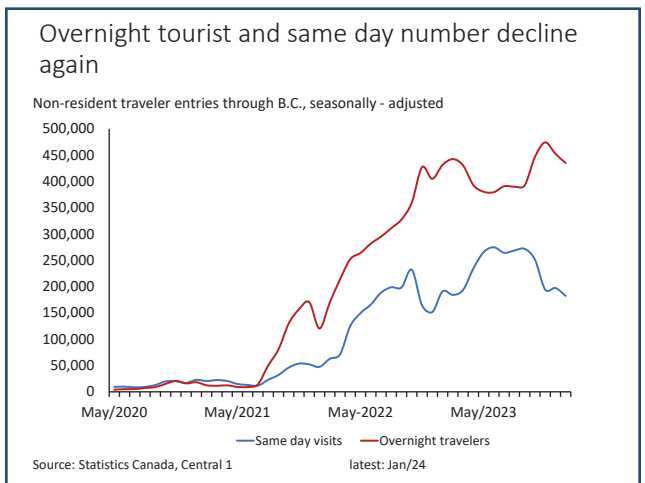
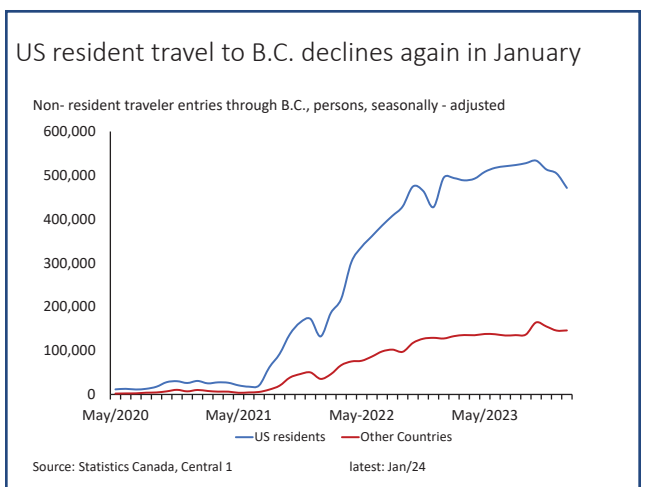
In B.C., seasonally-adjusted retail sales were down 2.2 per cent this January 2024 when compared to December 2023, totaling \$8.9 billion. The January 2024 unadjusted sales, when compared to January 2023 unadjusted sales, were also down 1.9 per cent. This is the lowest monthly figure since March 2023, when it was also \$8.9 billion. Six out of the nine subsectors saw lower year-over-year unadjusted retail sales. Leading the decline was furniture and appliances retail stores, which were down 15.9 per cent. This is followed by gasoline stations and fuel vendors, which was down 8.6 per cent, and then motor vehicle and parts dealers, which reported sales figures down 3.8 per cent compared to the same month last year. Balancing the decline in sales in those sectors were higher sales in health and personal care retailers, which was up 10.9 per cent, building material and garden equipment retailers, which was up 11.0 per cent, and finally general merchandise retailers, which was up 3.8 per cent.

In the metro Vancouver area, seasonally-adjusted retail sales were down 1.6 per cent for January 2024 compared to December 2023. Year-over-year, monthly unadjusted retail sales were also down 0.5 per cent.

U.S. visitor numbers decline while other countries remains unchanged

Alan Chow, Business Economist

The number of non-resident travelers entering Canada via British Columbia declined again in January, the third consecutive monthly decline. On a seasonally-adjusted basis, there were 5.0 per cent fewer visitors in January 2024 than in December 2023. The number of same day excursions declined 7.6 per cent and the number of overnight tourists declined by 3.9 per cent. This was the second consecutive monthly decline in the number of overnight tourists.



The number of U.S. residents entering Canada by B.C. declined 6.5 per cent in January to a seasonally-adjusted 471,147 people. The number of residents arriving from countries other than the U.S. was unchanged. The decline in U.S. residents entering was seen in those entering by automobile, which was down 4.0 per cent, and those entering by other modes, which was down 26.6 per cent. U.S. residents entering by air also declined but only by 0.9 per cent. The number of non-residents from countries other than the U.S. was higher in those who came by air, which is up 2.1 per cent. The number of non-residents from countries other than the U.S. who came by land or water declined by 5.9 per cent.

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