



Highlights

- Housing supply is on the rise in the Lower Mainland while prices unchanged
- Part-time employment drove hiring growth in B.C.
- Unemployment level reached the lowest level since last March

Inventory rising: Lower Mainland owners list into slow spring

Bryan Yu, Chief Economist

Housing supply is on the rise in the Lower Mainland as more owners try to capitalize on what is normally the peak selling season. As new listings jumped, resale inventory moved above 18,500 units for the first time since 2020. It is a sign that more homeowners and investors are shifting gears. Owners are adjusting to the likelihood that interest rates will remain higher than anticipated, impacting carrying costs, while the increased capital gains inclusion rate curbs investor demand while lifting short-term supply. Demand for rental is partly curbed due to cuts in the number of international students.

According to local real estate board data, MLS® home sales in the region spanning Metro Vancouver and Abbotsford- Mission reached 4,230 units in April. This was up a scant 0.6 per cent from a year ago but followed a -6.5 per cent year-over-year change in March. On a seasonally adjusted basis, sales are estimated to be unchanged on a month-to-month basis, but the sales trend remained near cyclical low levels, surpassed only by times of deep crisis such as the 2008/09 financial crisis and early pandemic days. In fact, adjusted for the swelling size of the working age population, sales are consistent with 2008/09.

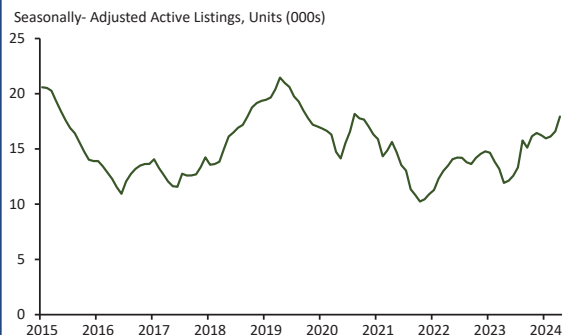
Lower Mainland sales flat as listings rise



Source: REBGV, FVREB Central 1 seasonal adjustment

Latest: Apr/24

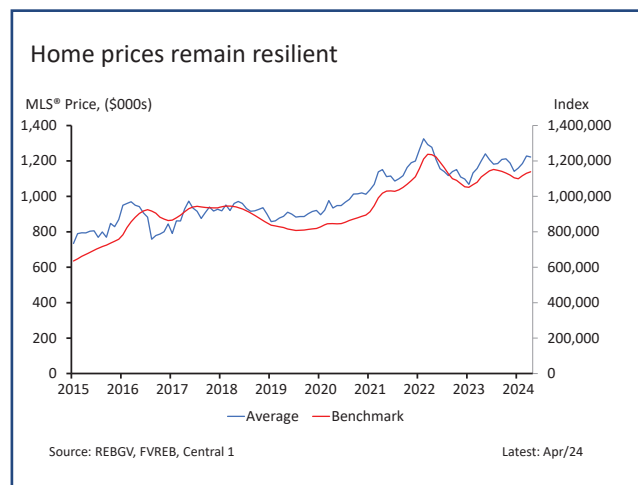
Lower Mainland inventory climbs quickly



Source: REBGV, FVREB Central 1 seasonal adjustment

Latest: Apr/24

Meanwhile, listing activity has picked up in recent months and remained elevated in April. Total new listings reached 10,890 units during the month, which was 65 per cent higher than a year ago. Lower listings last year were a factor, but the trend has remained historically elevated. Divergence in listings and sales trend has pushed resale inventory to the highest level since 2020 and likely to move higher. Market conditions are now leaning towards buyers when assessing only sales and inventory, which could drive near-term downward pressure on prices.



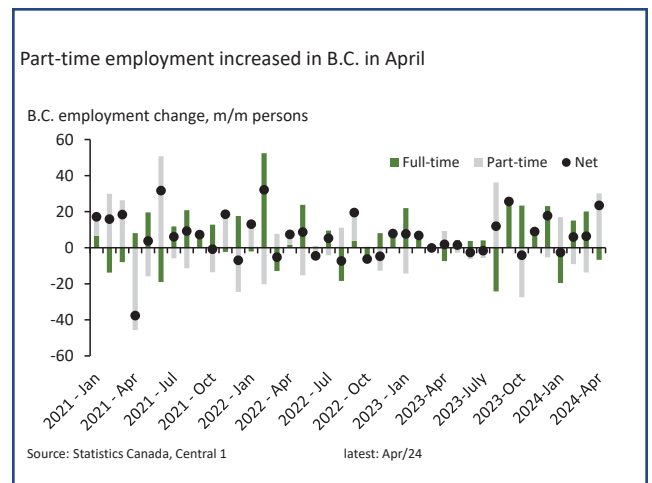
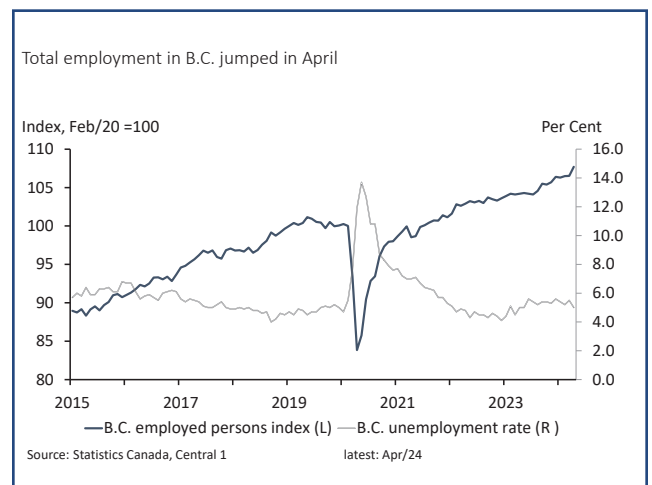
That said, prices remained resilient. At \$1.22 million, the average prices were unchanged from March and up 1.8 per cent year-over-year. Benchmark prices showed little deviation from this pattern albeit with notable weakness in apartment prices. Even as supply has ramped up, prices have held steady suggesting sellers continue to hold firm in expectations. Price cuts would have driven higher sales. Going forward, resale market weakness is anticipated to continue into the second half of the year. While there remains a swell of potential homebuyers on the sidelines due to record population growth, interest rates will need to move lower to attract buyers. Affordability will need to improve to get the market churning. We expect higher sales but flat prices in the second half of 2024 in the Lower Mainland, but this trend is observed more broadly in urban markets across Canada.

B.C. employment continued to expand in April

Ivy Ruan, Economic Analyst

Following the modest increases seen during previous months, employment in British Columbia reported a notable expansion of 23,400 people (0.8 per cent) in April with year-over-year growth of 3.3 per cent. The unemployment rate fell by 0.5 points to 5.0 per cent as hiring growth outpaced labour force expansion (0.3 per cent), reaching the lowest level since last March. The labour participation rate edged down to 65.2 per cent from 65.3 per cent last month along with a 0.3 per cent increase in population.

Part-time employment in the province jumped by 5.4 per cent (30,200 people) following a decrease during the previous month. Full-time employment fell by 0.3 per cent or 6,700 people. The Vancouver Census Metropolitan area (CMA) saw 0.7 per cent increase



in its employment level, while the unemployment rate dropped to 5.3 per cent following the 0.3 per cent increase in March. During the same month last year, Vancouver CMA's unemployment rate level was at 5.5 per cent.

By sector, the services producing industries led the growth in employment in April, with a 1.2 per cent increase, offsetting the 0.8 per cent decline in goods producing industries. Manufacturing sector saw the highest proportional monthly decline at 3.2 per cent (5,600 people), leading the overall decrease. Information, culture and recreation sector (23,400 people or 16.6 per cent) reported a recovery in hiring in April following the large decline seen last month. Hiring growth was also seen in sectors such as accommodation and food services (3.3 per cent) and transportation and warehousing (2.7 per cent).

For more information, contact economics@central1.com.