



Highlights

- Home sales in B.C. increased in May; prices increased by 2.0 per cent
- B.C. housing starts declined
- Non-permanent residents' growth continued to contribute to B.C. population gain
- Retail spending improved in B.C.
- More non-residents entering Canada via B.C.

B.C. home sales grow slightly in May

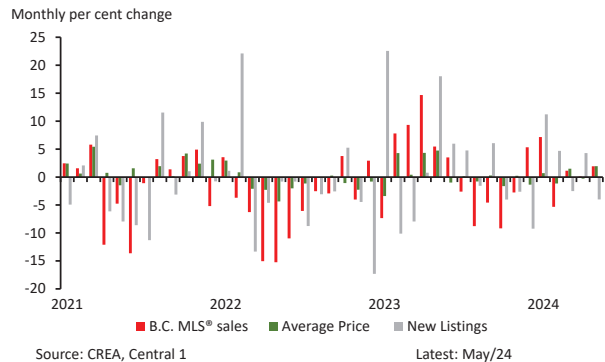
Eloho Ennah, Economic Analyst

Housing market performance in B.C. gained a little speed in May but remained exceptionally low. Seasonally adjusted MLS® home sales in B.C. came in at 5,972 units, increasing by 1.9 per cent from the previous month. However, this was a 14.5 per cent decrease from the same month last year and near recessionary lows. Despite strong underlying demand from population growth and delayed household formation, low housing affordability has limited any traction in the typically busier spring market. However, home prices in the province increased by 2.0 per cent during the month.

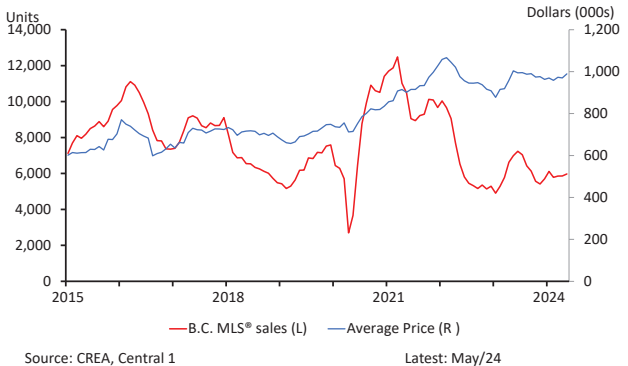
MLS® home purchases were higher in all but one real estate board. Home sales in the Greater Vancouver area saw a 6.5 per cent decline in May, erasing the 5.7 per cent gain in April and weighing down the overall performance in the province during the month. The picture was brighter in other areas where home sales increased. In Chilliwack, sales increased by nearly 8.5 per cent, while in the Fraser valley, they rose by 7.1 per cent. Okanagan Mainline and South Okanagan home sales rose by 1.9 per cent and 13.9 per cent, respectively. Kamloops home sales increased by 4.7 per cent and in the Kootenay, they rose by 4.4 per cent. Vancouver Island experienced a 9.1 per cent gain in monthly home sales.

Average home prices in B.C. increased by 2.0 per cent to reach \$988,968 this month. Home prices in the province have risen steadily since February, it's now only 1.5 per cent below recent high in May 2023, although still below the all-time high by 7.3 per cent. Greater Vancouver home values are the highest in the province

Home sales and prices increase, new listings fall



B.C. home sales and prices up in May



at about \$1.3 million in May as they saw the sharpest monthly gain (2.7 per cent) since January 2022 and are now just below historical peak. Home prices in the Fraser Valley region increased by 2.4 per cent, while Chilliwack saw prices increased by 4.0. In the Okanagan-Mainline and in Vancouver Island, home prices increased by 2.2 per cent. In contrast, prices fell in South Okanagan (-5.3 per cent), Kootenay (-6.1 per cent) and Kamloops (-2.5 per cent). These were all areas which recorded notable price gains in April.

After adjusting for home attributes and product composition, the overall benchmark prices, seasonally adjusted, fell further in May, albeit at a slower pace. Lower Mainland benchmark prices, encompassing Greater Vancouver and the Fraser Valley, increased for the first time since September 2023, up by 0.2 per cent, with a similar increase observed in the Okanagan Valley. Vancouver Island benchmark prices were relatively unchanged.

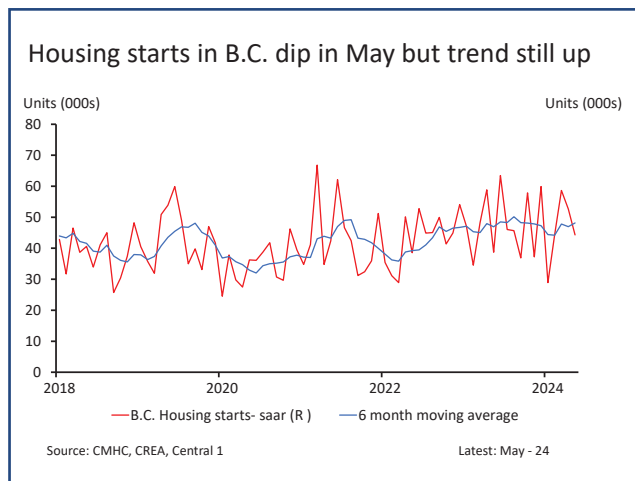
Residential new listings in B.C. fell by 4.0 per cent in May, while market conditions maintained balance as the sales-to-new listings ratio increased from 44.0 per cent to 46.7 per cent in May. The first interest rate cut which occurred early June will provide more hope to prospective buyers on the sidelines, although it will take several rate cuts to see significant momentum in the housing market.

Multifamily homes down but single family up in housing starts

Alan Chow, Business Economist

B.C. saw fewer urban housing starts in May, its second consecutively monthly decline. On a seasonally adjusted annualized basis, housing starts in B.C. declined to 44,319 in May 2024. This was a decrease of 15.6 per cent compared to the previous month and was below the average of the last six months, which was around 48,100. This is higher than the previous 6-month average of 46,900. Multifamily starts declined 17.8 per cent to a rate of 39,959 while single family starts were able to offset that decline with a 7.4 per cent increase to 4,360. Nationally, housing starts in May were 11.1 per cent higher than in April.

Among the seven metro areas listed in B.C., four reported higher housing starts in May. Vancouver saw a decline of 32.0 per cent to an annual rate of 23,524 while Victoria saw a sharp decline of 70.2 per cent, down to an annual rate of 1,805. This is the lowest rate in the past 12 months for Victoria. Nanaimo also reported fewer housing starts at an annual rate of 286. Kamloops, Abbotsford-Mission, Chilliwack and Kelowna saw higher housing starts in May with an annual rate of 1,240, 1,654, 301, and 12,617 respectively.

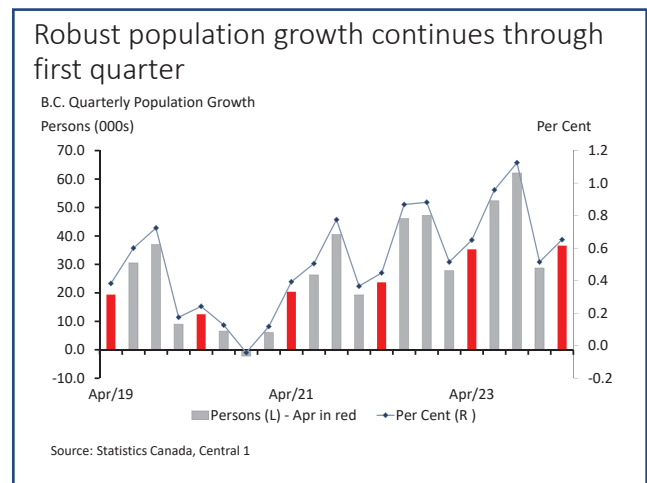


In a year to date comparison, the number of starts in B.C., unadjusted, are up by 1.0 per cent, from 18,839 in 2023 to 18,978 in 2024. The number of single-family starts decreased, with 1,641 units started as of May 2024 compared to 2,248 units from May 2023, representing a 27 per cent decline. Additionally, multifamily unit construction starts increased slightly, up from 16,591 units as of May 2023 to 17,337 units as of April 2024, representing a 1.0 per cent increase. Nationally, year to date housing starts is up 13.0 per cent from 79,650 to 89,706.

B.C. population growth maintained rapid pace during Q1 2024

Ivy Ruan, Economic Analyst

British Columbia's population continued its rapid expansion in the first quarter of 2024, reaching 5.65 million as of April 1, 2024, and echoing the broader national trend of population increase. The quarterly increase of 0.7 per cent during Q1 doubled the average same-quarter rate from 2010-2019 to hold year-over-year growth at 3.3 per cent, or 180,000 people as of April 1. Since the same period in 2019, B.C. population has ballooned by nearly 561,000 people or 11.3 per cent.



Immigration remained a major contributor to B.C.'s population growth. The province welcomed 17,760 immigrants during Q1 2024, reflecting a continued high demand for residency in the province. Despite a slight increase in net emigration, the net inflow of international migrants continued to bolster the population. Following the substantial quarterly growth during Q4 2023, the rate of non-permanent residents moving

to B.C. slowed during the first quarters of 2024 yet remained steady. 25,272 non-permanent residents arrived in B.C. during Q1, driving the total number of non-permanent residents' population to 501,000 in B.C. The number of study permit-only holders slipped, the first time since Q2 2023.

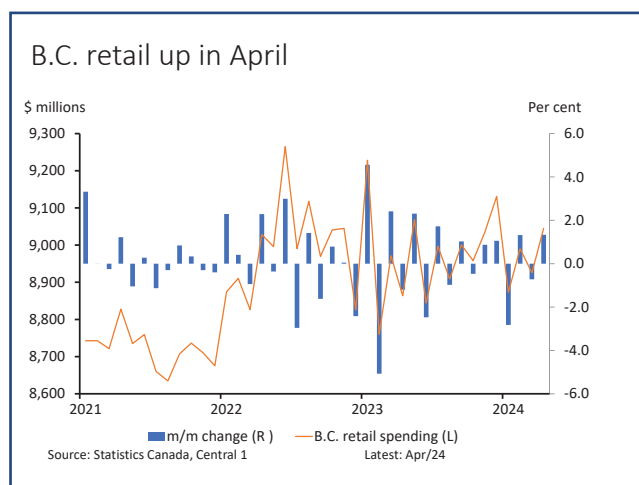
B.C. remained the top contributor to Alberta's rapid gain in population when 9,218 individuals relocating from B.C. to Alberta during Q1 2024. Conversely, when residents left Alberta for other parts of Canada, their preferred destination was B.C. (5,744 out-migrants).

B.C. retail sales up in April following weak first quarter

Alan Chow, Business Economist

Consumer demand strengthened at the start of the second quarter as retail spending in Canada increased in April for the first time in four months, which is likely driven by robust population gains. Seasonally adjusted sales increased 0.7 per cent in April from March to \$66.8 billion, the highest monthly sales this year and the second highest monthly sales in the last 12 months. Year to date, unadjusted sales are up 1.8 per cent.

In April, seven out of the nine subsectors saw higher sales. A notable increase was seen in gasoline stations and fuel vendors, which was up 4.5 per cent. Higher retail sales were also reported from food and beverage retailers, which increased 1.9 per cent. Sporting goods and hobby retailers also saw a 3.3 per cent increase in April. On the other hand, weaker retail sales were reported at motor vehicle and parts dealers, down 2.2 per cent. Building material, garden equipment and supplies dealers were down 1.4 per cent.



The strength in spending profile was even more pronounced in B.C. where sales increased 1.3 per cent to a seasonally adjusted \$9.0 billion, making it the highest monthly sales year to date and third highest monthly sales in the last 12 months. However, year to date unadjusted retail sales were just up just 0.2 per cent totaling \$24.4 billion.

Only six out of the nine subsectors in B.C. recorded higher year over year unadjusted April retail sales. Motor vehicle and parts dealers reported a 2.0 increase in sales in April compared to previous month, reaching an unadjusted \$2.2 billion. This is also up 5.7 per cent from the same month last year. Building material and garden equipment supplies dealers had sales 18.0 per cent higher than the level from the same month last year, thanks to the 10.0 per cent jump in monthly growth. The unadjusted sales at health and personal care retailers were 7.3 per cent higher than last April but down 2.7 per cent from last month.

In the metro Vancouver area, seasonally adjusted retail sales were up 0.4 per cent in April 2024 compared to March 2024. Year over year, monthly retail sales were up 2.5 per cent while year to date sales were also up 2.0 per cent.

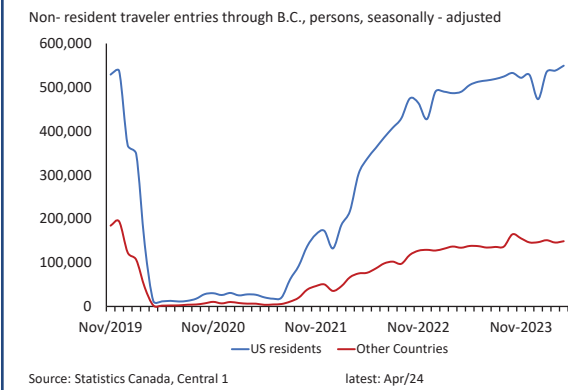
Advanced national estimates for May suggested sales declined, though this figure is likely to be revised. We expect consumer spending to cool going forward, reflecting the impacts of mortgage renewals on consumer budgets and financial stress, although population growth will continue to support spending levels.

Same day excursions climb but overnight tourist still lag

Alan Chow, Business Economist

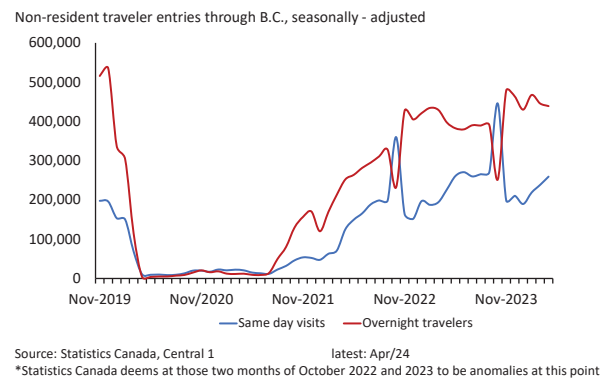
The number of non-resident travelers entering Canada via British Columbia increased in April 2024 to a seasonally adjusted 698,204. This is the highest monthly number since the pandemic, but it is still slightly below the monthly average of 717,388 seen in 2019. There were 2.1 per cent more visitors in April 2024 than in March 2024. While same day excursions were above the 2019 average of 187,227, reaching 259,334, overnight visits, it remains significantly lower than the 530,161 monthly averages seen in 2019 at 438,870. The number of same day excursions increased 8.9 per cent over March, while the number of overnight tourists decreased by 1.5 per cent monthly.

US resident travel to B.C. increases in April



The number of U.S. residents entering Canada via B.C. increased 2.1 per cent in April to a seasonally adjusted 549,357 persons. The increase in U.S. residents entering was seen in air travel as arrivals increased by 2.5 per cent, as well as other modes of transportation, which was up 13.5 per cent. Arrivals by automobile though declined 2.0 per cent. The number of residents from other countries other than the U.S. was also up by 2.1 per cent to 148,847, with air arrivals up by 2.6 per cent and land or water arrivals up by 0.4 per cent.

Same day numbers increases in April



For more information, contact economics@central1.com.