



Highlights

- Home sales in B.C continued to fall in August, down by 2.3 per cent; home values dip 1.2 per cent
- B.C. housing starts declined in August
- B.C. inflation rate declined to 2.4 per cent, lowest in three years
- B.C. manufacturing sales paused the growing momentum
- Retail spending up in Canada and B.C.

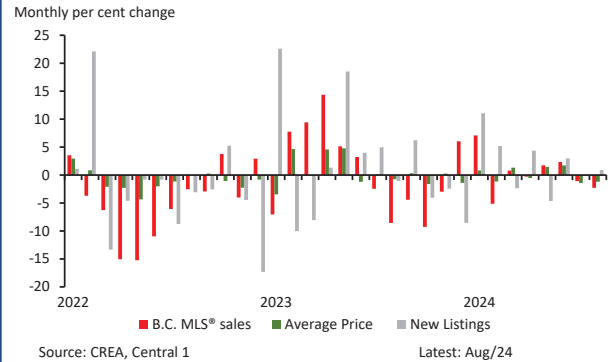
B.C. home sales continued to decline in August

Eloho Ennah, Economic Analyst

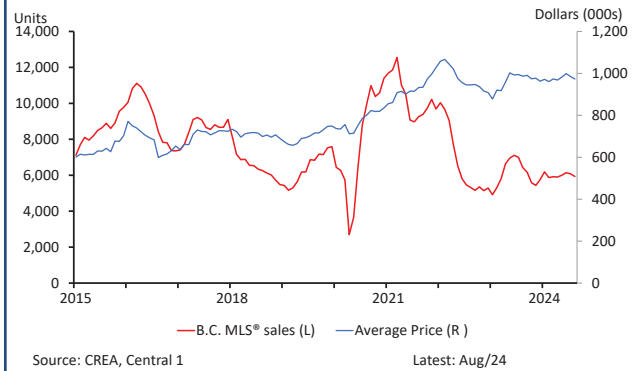
The B.C. housing market slumped in August as home sales failed to pick up pace even though Bank of Canada rate cuts led to improved affordability. On a monthly basis, seasonally adjusted MLS® home sales in B.C. reached 5,934 units, falling by 2.3 per cent from August, and steeper than the 1.1 per cent dip in July. Year over year, sales declined by 7.4 per cent as the downward trend in y/y home purchases persisted. Potential buyers may be postponing home purchases in advance of further rate cuts.

Most B.C. real estate board areas recorded fewer home sales during the month. Specifically, the Greater Vancouver area real estate board saw home purchases dip by 3.8 per cent in August, following the drop of 2.4 per cent in the prior month. Home sales in the area have been range-bound since the last quarter of 2023. Monthly, sales fell by 8.7 per cent in Okanagan Mainline, erasing the 2.5 per cent increase in July, while they declined by 4.9 per cent in South Okanagan. Kootenay real estate board also reported a drop in sales of 5.1 per cent. In contrast to these notable losses, increases were seen in Vancouver Island (4.9 per cent), Chilliwack (2.2 per cent), Kamloops (2.1 per cent) and the Fraser Valley (0.2 per cent).

Home sales and prices fall, new listings increased moderately



B.C. home sales and prices fall in August



Home prices in B.C. continued to decline in August, recording a 1.2 per cent decline to reach \$973,053. This was down from peak in February 2022 by 8.8 per cent, and down year-over-year by 1.6 per cent. Prices remain resilient given high mortgage rates. Home values in Greater Vancouver continued to fall in August, decreasing by 2.0 per cent monthly while marking the first year-over-year decline since April 2023. Home prices also moved down by one per cent monthly in Kamloops and the Kootenay, while they lessened by 2.6 per cent in Chilliwack. Home values rose in other areas, up in the Fraser Valley (3.7 per cent), South Okanagan (2.3 per cent), Okanagan Mainline (1.1 per cent), and Vancouver Island (0.4 per cent).

Average prices can mask compositional sales effects and the benchmark price index, which accounts for home attributes and product composition, increased in August by 0.3 per cent. That said, benchmark price changes tend to lag average price turns. Within B.C., Lower Mainland benchmark prices, encompassing Greater Vancouver and the Fraser Valley, increased by 0.8 per cent. Vancouver Island benchmark prices increased by an equal magnitude. They also increased in the Okanagan Valley by 0.1 per cent.

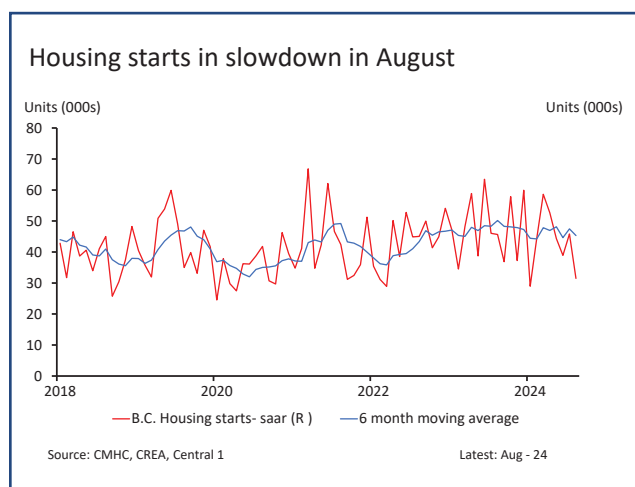
Residential new listings in B.C. increased by 0.9 per cent in August, making up for last month's losses. Market conditions remained nearly balanced with a sales-to-new listings ratio of 44.4 per cent. With multiple rate cuts on the way, market conditions will likely gain speed in the last months of 2024 and into 2025. We see a risk that home prices will move sharply higher in 2025 amidst higher demand and constrained housing supply.

Multifamily units down but single-family units up

Alan Chow, Business Economist

B.C. resumes its decline in housing starts this month. On a seasonally adjusted and annualized basis, B.C. saw 31,501 housing starts in August, down 31.2 per cent from July. This is the lowest rate of housing starts since January of this year. This brought the six-month average down to 45,299 housing starts, underscoring the volatility in the market. Multifamily housing starts led the way with a 35.2 per cent decrease to 26,823 but the decrease was partially offset by a 6.5 per cent increase in single family housing starts to 4,678. Nationally, the monthly change in total housing starts was similar but at a smaller magnitude. Housing starts experienced a decline of 23.6 per cent, with multifamily housing down 28.9 per cent but single-family housing up 2.7 per cent.

Among the seven metro areas listed in B.C., only Victoria reports a higher rate of housing starts in August, which was 5,365 units, up 27.3 per cent from 4,214 units. It was the third highest monthly rate this year for Victoria. Vancouver saw a decline of 32.0 per cent to an annual rate of 20,459, which was its second lowest month this year. Kelowna and Abbotsford saw housing starts plummet to only 693 and 289, which is by far the lowest rate this year for both. For comparison, the second lowest month was January with 1,515 units. Kamloops and Nanaimo saw housing starts decrease to 45 and 155 respectively, both the second lowest monthly rate this year for them. Chilliwack saw 253 housing starts, which is roughly the yearly average when taking out the two-month spikes.

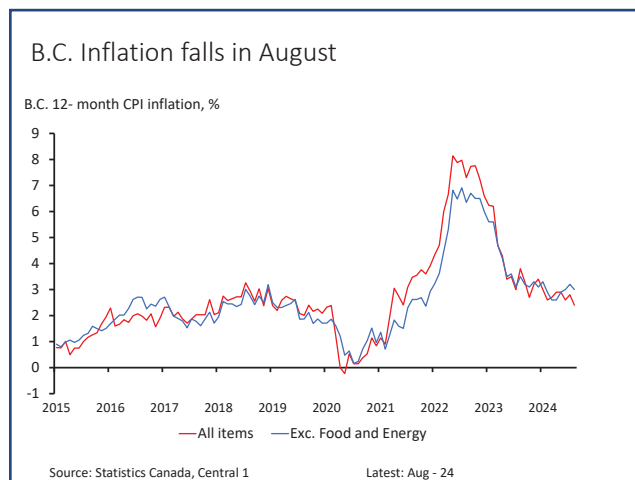


In a year-to-date comparison, the number of starts in B.C., unadjusted, fell 10.0 per cent, from 31,895 in 2023 to 28,756 in 2024. The number of single-family starts decreased, with 2,917 units started as of August 2024, compared to 2,917 units last August 2023, representing a 24 per cent decline. Additionally, multifamily unit construction starts were down from 28,077 units to 25,839 units, representing an eight per cent decrease. Four out of the seven metro areas in B.C. are showing higher year -to- date housing starts as of July: Abbotsford, Chilliwack, Kelowna and Nanaimo. Nationally, housing starts are up five per cent year to date.

B.C. inflation rate declines in August

Eloho Ennah, Economic Analyst

B.C.'s inflation rate slowed to 2.4 per cent in August, the slowest gain since June 2021. While remaining higher than the national figure which sat at 2.0 per cent, consumer price inflation in the province has been below three per cent since February. In addition, core inflation (excluding food and energy) declined from 3.2 per cent to three per cent.



Falling gasoline prices were the main reason for the slowdown in headline inflation. On a year-over-year basis, gasoline prices declined by 10.1 per cent, the third decline in a row. The decline in crude oil prices can be attributed to several factors, including economic uncertainty in the U.S. and decreasing demand in China. Energy prices also dropped by 6.4 per cent while transportation costs were down 0.4 per cent.

Tugging the other end of the rope was still-high shelter and services prices which continued to fuel consumer prices growth on a year-over-year basis. The former rose by 6.4 per cent in August, slowing just slightly from the 6.5 per cent gain in July. Contributing to elevated growth were high rented and owned accommodation costs. Services prices also remained high and unwavering, gaining a slight pace from 4.6 per cent to 4.7 per cent during the month, and a consistent growth rate since September 2023.

The growth in food prices in August was the same as the prior month at a year-over-year reading of 2.8 per cent. Goods prices decreased by 0.8 per cent on a year-over-year basis. Items related to recreation, education and reading showed only a minor price gain of 0.1 per cent, while alcoholic beverages, tobacco products and recreational cannabis prices rose by 2.6 per cent.

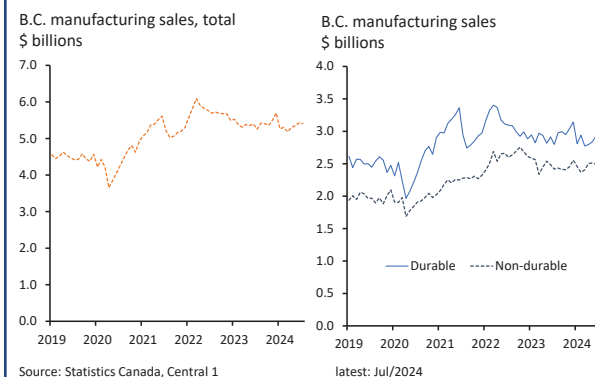
B.C. manufacturing sales flattened in July

Ivy Ruan, Economic Analyst

Manufacturing sales in B.C. were unchanged in July at \$5.4 billion, following three consecutive monthly gains. Non-durable goods industries experienced an increase of one per cent in monthly sales, offset by a 0.9 per cent drop in durable goods sales. That said, on a year-over-year basis, B.C. manufacturing sales were 2.9 per cent higher than last July, while they were still down by 2.1 per cent on a year-to-date basis.

Within the durable goods industries, mixed results were observed across categories, with notable increase continued to be seen in primary metal manufacturing, which saw a monthly increase of 7.5 per cent, and fabricated metal product manufacturing, which saw an increase of 9.2 per cent. Wood product manufacturing in B.C. has seen a downtrend since November 2023 before June's surge, yet the July decrease (-8.7 per cent) reversed the gain last month. Machinery manufacturing also experienced a notable decrease in sales of 3.4 per cent, while computer and electronic product manufacturing also had a 2.8 per cent increase during the same period. On a yearly basis, durable goods reported 2.7 per cent more sales, and non-durable goods industries in B.C. posted 3.2 per cent higher manufacturing sales.

Manufacturing sales flattened in July



Within the Vancouver metro area, manufacturing sales fell 0.5 per cent in the month of July, with durable goods industries down 0.2 per cent and non-durable goods industries down by 0.9 per cent.

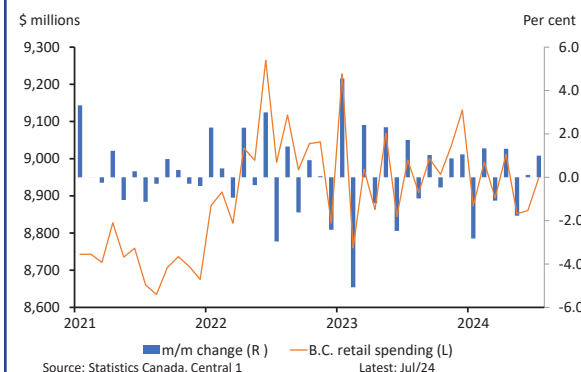
B.C. retail sales up for month but still down year to date.

Alan Chow, Business Economist

Retail sales increased in Canada for the month of July. Seasonally adjusted sales increased 0.9 per cent in July from June to \$66.4 billion, bouncing back up from a monthly year low. Year to date, unadjusted sales are up one per cent, up from last month's 0.9 per cent.

In July, seven out of the nine subsectors saw higher sales compared to the previous month. The growth was highest in motor vehicle and parts dealers, up 2.2 per cent, followed by health and personal care retailers, up 1.3 per cent, and then clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers, up 1.3 per cent. The two subsectors that saw lower seasonally adjusted sales were building material and garden equipment and supplies dealers, down 1.4 per cent, and gasoline stations and fuel vendors, down 0.6 per cent.

B.C. retail sales up in July



The increase in spending profile was similar in B.C. where sales increased one per cent to a seasonally adjusted \$8.95 billion in July. However, year- to-date unadjusted retail sales is down 0.1 per cent at 61.2 billion.

Five out of the nine subsectors in B.C. recorded higher year-over year unadjusted July retail sales. Health and personal care retailers reported a 17.9 per cent year-over-year increase in sales in July. General merchandise retailers also saw a monthly year-over-year increase of 2.3 per cent to \$1.1 billion. Clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers saw a 3.3 per cent year -over -year increase to \$652 million. Lower year- over -year sales were led by motor vehicle and parts dealers, up 2.1 per cent to \$2.1 billion and gasoline stations and fuel vendors, down four per cent to \$981 million.

In the metro Vancouver area, seasonally adjusted retail sales were up 1.1 per cent for July 2024, compared to June 2024 to \$4.5 billion. This is the second consecutive month sales increased. Year over year, monthly unadjusted retail sales were up 1.5 per cent while year -to -date sales were also up 1.4 per cent, which is the same as last month.

Advanced estimates for August suggested sales were up again in Canada but this figure is likely to be revised.

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