



## Highlights

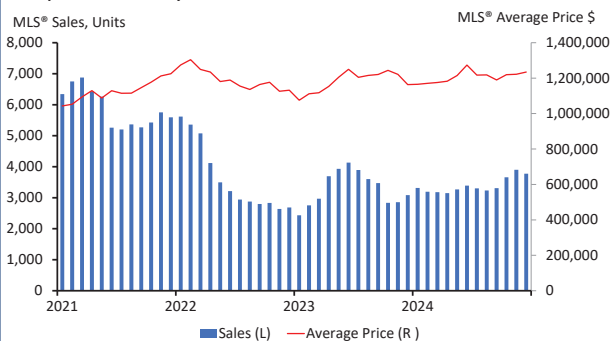
- Lower Mainland home sales rose by 27.5 per cent y/y; home prices grew
- B.C. labour market reported a 0.5 per cent gain in employment in December
- Unemployment level moved up from 5.7 per cent to six per cent
- Imports declined more than exports
- Canadian permits decreased in November by 5.9 per cent as non-residential permits declined
- B.C. led multi-family residential permit decrease in November; overall permits issuance fell

## Housing market remained firm to cap off weak 2024

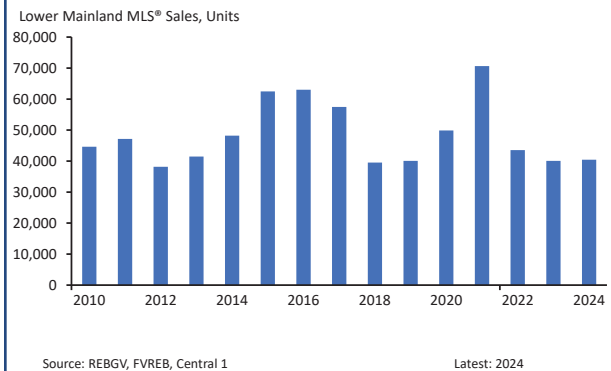
Bryan Yu, Chief Economist

Lower Mainland home sales nudged lower to end off 2024 in December but retained much of the momentum observed late in the year. More demand transitioned off the sidelines due to interest rate cuts and relaxed financing restrictions. MLS® sales in the region spanning Metro Vancouver, Abbotsford-Mission and the Sea-to-Sky highway reached 2,686 units according to local real estate board data, which was 27.5 per cent higher than last year, albeit decelerated from November's 29 per cent increase. Seasonally- adjusted sales fell by 3.2 per cent month-to-month after three consecutive months of gains, they remained 15 per cent higher than the mid-year trend, and Q4 sales were the highest since Q2 2023.

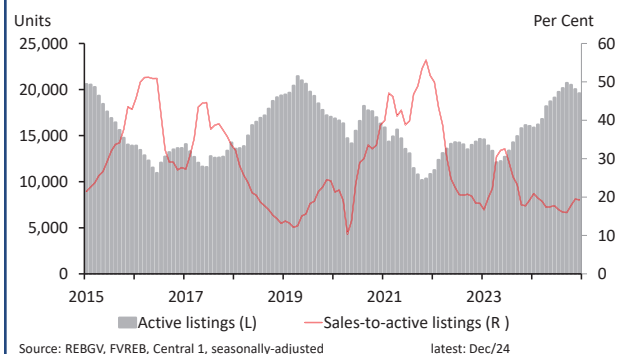
### Sales slip in December, maintains late year momentum as prices steady



### Full year sales weak in 2024



### Slow sales, active sellers push inventory to highest levels since 2019



The late year sales upswing is due to the accumulation in pent-up demand over the past couple of years, which was constrained by low affordability and high mortgage rates. Bank of Canada rate cuts, as well as a material reduction in fixed rates over several quarters moved some prospective buyers off the sidelines. More recently, high-priced markets like the Lower Mainland saw interest due to the announced increases in the maximum price threshold for mortgage insurance from 1.0 million to \$1.5 million, and the availability of 30-year amortization products availability for all first-time home buyers and buyers of new builds.

Buyers also benefited from an increase in product availability, with new listings up about 40 per cent year-over-year, particularly in the Fraser Valley. However, higher sales limited growth in month- end inventory. The sales-to-active listings ratio has firmed over the past quarter and is now at 17 per cent, which is well within balanced conditions, with a sellers' market in reach.

The average price reached \$1.203 million in December, up a robust 5.4 per cent from a year earlier, although this increase is partly due to base effect. The trend has firmed with sales over the past quarter. On a seasonally- adjusted basis, the average price rose one per cent. While average prices are driven in part by composition, and weakness in condominium markets is a drag, benchmark prices also moved higher. Adjusted for seasonal factors, the benchmark price rose by half a per cent, led by detached products.

On a full-year basis, Lower Mainland sales ended up about one per cent from 2023, reaching 40,430 units. The average price increased by 1.6 per cent to \$1.204 million. This marked another weak year, consistent with the low points of the last 15 years, despite robust population growth. We expect higher sales and prices in 2025 as pent-up demand continues to lift sales,

supported by more favourable financing conditions. Younger households will further be supported by wealth transfers. Home prices are expected to rise given the limited supply of housing and weaker construction trends for ownership housing.

There are negative risks to the recovery. Population growth is set to slow sharply following the federal government's immigration policy U-turn, although past population growth is still baked into demand. Weakness is likely to emerge in the rental market and investment demand. Potential U.S. tariffs would prove inflationary and lift U.S. interest rates, limiting downside for Canadian mortgage rates even as the Bank of Canada cuts its policy rate in response. This could also generate downside risk for the labour market and economy.

## Lower Mainland MLS®

	Actual		m/m % ch		s.a. m/m % ch		y/y % ch		
	2023M12	2024M11	2024M12	2024M11	2024M12	2024M11	2024M12	2024M11	2024M12
Unit Sales	2,106	3,260	<b>2,686</b>	-16.4	<b>-17.6</b>	6.6	-3.2	29.0	<b>27.5</b>
Average Price	1,141,332	1,196,116	<b>1,203,319</b>	1.7	<b>0.6</b>	0.2	1.0	0.6	<b>5.4</b>
New Listings	2,037	5,935	<b>2,857</b>	-29.7	<b>-51.9</b>	-0.7	2.1	17.0	<b>40.3</b>
Active Listings	12,555	20,035	<b>16,116</b>	-8.4	<b>-19.6</b>	-2.3	-2.2	24.8	<b>28.4</b>
Sales-to-Active Listings	16.8	16.3	<b>16.7</b>	n/a	<b>n/a</b>	n/a	n/a	n/a	<b>n/a</b>
Benchmark Price									
	Actual		m/m % ch		s.a. m/m % ch		y/y % ch		
	2023M12	2024M11	2024M12	2024M11	2024M12	2024M11	2024M12	2024M11	2024M12
Total	1,101,900	1,103,049	<b>1,101,395</b>	-0.1	<b>-0.2</b>	0.5	0.5	-1.2	<b>0.0</b>
Singles	1,746,700	1,785,680	<b>1,785,680</b>	-0.3	<b>0.0</b>	0.4	0.6	1.2	<b>2.3</b>
Townhome	953,800	981,054	<b>976,345</b>	0.7	<b>-0.5</b>	1.2	0.5	1.2	<b>2.4</b>
Apartment	697,100	699,650	<b>696,851</b>	-0.7	<b>-0.4</b>	0.0	0.5	-1.1	<b>0.0</b>

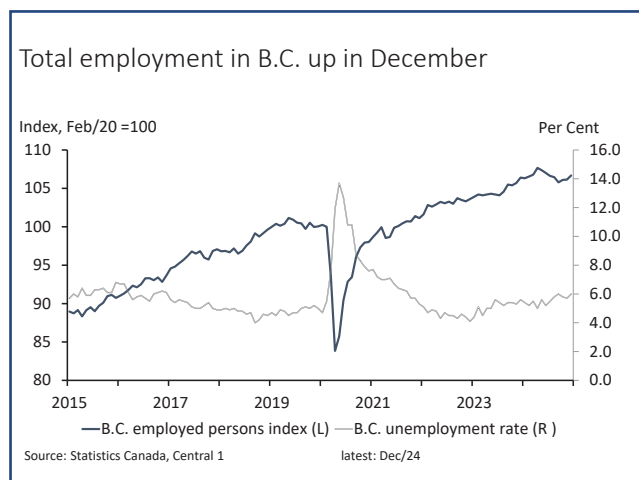
## Lower Mainland MLS® , Year-to-Date

	Actual		y/y % ch		
	2023M12	2024M11	2024M12	2024M11	2024M12
Unit Sales	40,080	37,743	<b>40,429</b>	-0.6	<b>0.9</b>
Average Price	1,186,487	1,205,063	<b>1,204,947</b>	1.4	<b>1.6</b>
New Listings	76,524	89,029	<b>91,886</b>	19.5	<b>20.1</b>
Active Listings	14,129	19,049	<b>18,805</b>	33.5	<b>33.1</b>
Sales-to-Active Listings	23.9	18.4	<b>18.3</b>	na	<b>na</b>

## B.C. employment level grew in December

*Eloho Ennah, Economic Analyst*

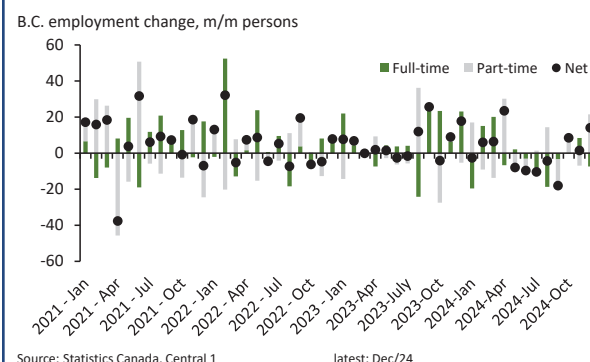
Employment in British Columbia accelerated in December, with a 0.5 per cent gain following no change in November. This translated to an increase of 14.1K more working compared with the previous month. That said, labour market patterns have weakened, with a year-over-year hiring growth up by a dismal 0.2 per cent. Pace of year-over-year employment growth has trended down. December's increase was well below the national performance of two per cent. Hours worked also declined by 0.2 per cent y/y. The unemployment rate also rose to six per cent from 5.7 per cent in November, as the labour force in the province expanded by 0.7 per cent and above employment growth. The labour participation rate edged up to 63.9 per cent from 63.6 per cent, along with a 0.2 per cent increase in population.



During the month, part-time employment growth offset the decline seen in full-time employment. Full-time employment declined by 0.3 per cent or 7,400 persons, while part-time employment grew by 3.8 per cent or 21,500 people. The Vancouver Census Metropolitan area (CMA) saw a 0.1 per cent decrease in its employment level, while the unemployment rate edged up to 6.5 per cent from 6.3 per cent.

By sector, the services-producing industries led the increase in employment in December, with a 0.7 per cent increase, offsetting the 0.3 per cent decline in goods-producing industries. Within the former, the educational services subsector led with a gain of 2.4 per cent (5,100 persons) while health care and social assistance employment also grew by 1.5 per cent (6,200 persons). In the goods sector, employment in the utilities category saw a 9.4 per cent gain (1,700

Part-time employment gain offsets full-time decline in December

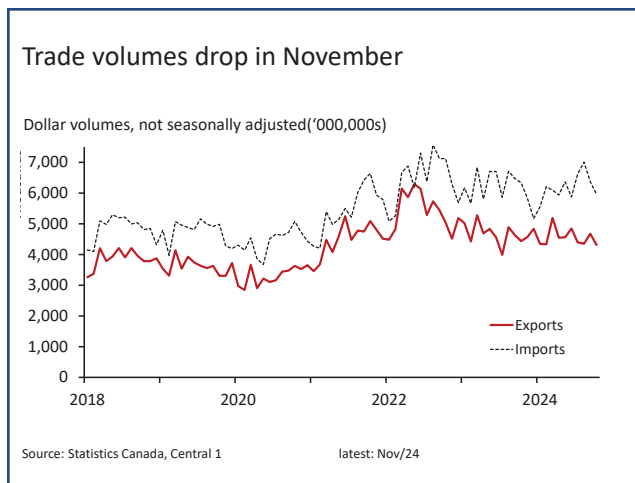


persons) while manufacturing employment also rose by 1.9 per cent (3,200 persons). That said, these increments were offset by large declines in agriculture (-13.4 per cent or 2,000 persons), construction (-1.0 per cent or 2,500 persons) and forestry, fishing, mining, quarrying, oil, and gas (-4.2 per cent or 2,100 persons).

## Overall trade volumes declined, lower imports and exports

*Alan Chow, Business Economist*

B.C.'s merchandise exports fell again in November. Exports declined 2.8 per cent to \$4.2 b. Imports also declined, falling 17.1 per cent to \$4.9 b, the third consecutive monthly decline. As a result, the trade deficit for the month was \$746 m, down from last month's figure of \$1.6 b. This was also the smallest deficit this year. Statistics Canada cautions on the use of recent import data as the Canada Border Service Agency Assessment and Revenue Management system transition initiative has delayed the receiving of receipts. Estimate values were used for October and November, revisions in the future are highly likely. Overall exports for the last 12 months are down 2.8 per cent compared to the previous 12-month period while imports are down 3.6 per cent. Year to date, exports have fallen three per cent while imports have declined 3.1 per cent. Much of the trade is conducted in USD and then converted to CAD for reporting purposes. For the months of October and November, the average value of the Canadian dollar depreciated by 1.1 per cent for each month. This depreciation would result in a higher dollar volume reported, even if the amount of goods flowing in is the same. Entering 2025, trade tensions are likely to occur as the new Trump administration uses the threat of trade tariffs as negotiating tactics. B.C.'s diversified trading partners should help mitigate the potential impact.



Exports declined in eight out of the 11 categories. Largest decline was seen in:

- Energy products, down 15.0 per cent to \$1.1 b. It was the lowest monthly volume since March 2021
- Forestry products and building and packaging materials, down 10.8 per cent to \$893 m. This is the lowest volume since January 2024.

Completely offsetting the declining categories was:

- Metal ores and non-metallic minerals, up 121.2 per cent to \$529.9 m. Higher exports of gold to the U.S. were mostly responsible for the gain.

Seven out of the 11 categories are seeing year- to-date export growth:

- Metal ore and non-metallic minerals, up 18.2 per cent or \$686 m
- Forestry products and building and packaging materials, up 3.0 per cent or \$327 m
- Electronic and electrical equipment and parts, up 9.2 per cent or \$262 m.

Completely offsetting the increase in those categories was a 17.3 per cent or \$3.1 b decline in energy products.

The monthly fall in imports was seen in nine out of the 11 categories. Leading the way was:

- Consumer goods, down 21.8 per cent to \$1.4 b, the lowest month seen in this year
- Metal and non-metallic mineral products, down 23.6 per cent to \$382 m
- Electronic and electrical equipment and parts, down 15.8 per cent to \$603 m

The two categories saw higher imports were:

- Motor vehicles and parts, up 12.1 per cent to \$539 m
- Farm, fishing, and intermediate food products, up 5.0 per cent to \$439 m

Despite the overall decline in year-to-date imports, six out of the 11 categories saw higher volumes. The top three categories were:

- Consumer goods, up 5.5 per cent or \$957 m
- Farm, fishing, and intermediate food products, up 11.2 per cent or \$459 m
- Metal ores and non-metallic minerals, up 25.9 per cent or \$305.9 m.

More than offsetting the increase in these categories was a decline in:

- Industrial machinery, equipment, and parts, down 23.5 per cent or \$2.5 b
- Energy products, down 25.5 per cent or \$1.2 b.

## **B.C. construction sector noted lower permit issuances in November**

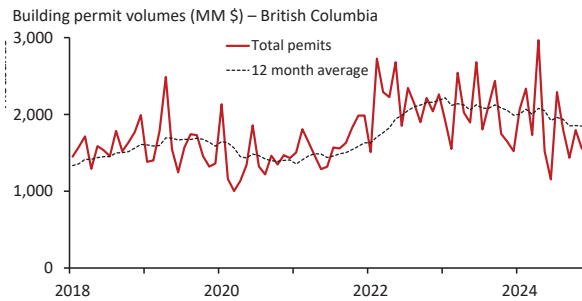
*Eloho Ennah, Economic Analyst*

Canadian building permits fell further in November, following the decline in the prior month. Total permits issued decreased by 5.9 per cent or \$739.5 million, due to lower permits issuances in both residential and non-residential sectors, down by 7.5 per cent and 3.2 per cent, respectively. That said, unadjusted for seasonality, year-to-date permit issuances are up by 5.4 per cent, driven by greater permits issued in the residential construction sector (5.8 per cent), and particularly multi-family housing construction intentions. This category has seen higher investment and housing starts in 2024, in line with efforts to address undersupply in the housing market.

The 12-month moving average also continued to trend higher, but the construction sector still awaits a larger uptick in activity. Significantly higher borrowing and input costs weighed on sector performance for the last two years. As the effects of the recent interest rate cuts move through the economy, substantial gains in construction activity may materialize.

The province of B.C. was one of the provinces to record lower building permit issuances during the month, falling by 13.4 per cent to \$1.6 billion, following a 25.0 per cent gain in October. This was a result of

## B.C. building permits dip in November



much lower residential permits, which decreased by 30.4 per cent. The multi-unit dwelling sector saw 37.2 per cent lower permits during the month, also driving the nationwide decline in the category. Single dwelling permits fell by 1.6 per cent.

Non-residential permits in the province grew by 25.5 per cent as commercial and institutional/governmental permits rose by 27.3 per cent and 42.6 per cent, respectively. That said, industrial permits decreased

by 24.0 per cent. Overall permit issuances were lifted in previous months in 2024, but overall construction activity remains soft as the 12-month moving average has trended down for the larger part of the year.

Most census metropolitan areas saw lower permits in December. Total permits in Vancouver decreased by 24.5 per cent compared to October and were also down by four per cent year-over-year. In contrast, Victoria and Kelowna saw higher permits issuances, up by 20.4 per cent and 58.9 per cent, respectively.

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