Economics | Current Economic Trends

B.C. Economic Briefing

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central 1 Economics

Highlights

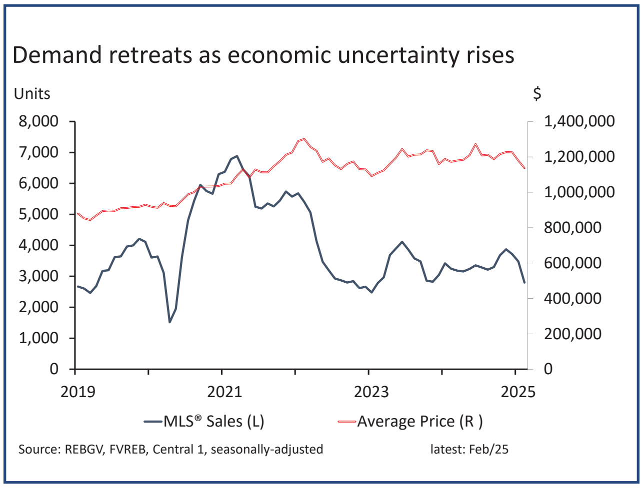
- Lower Mainland home sales declined in February
- B.C. labour market reported a 0.2 per cent decrease in employment in February
- Unemployment level remained at six per cent
- Canadian merchandise exports up more than imports in January; trade surplus widened to largest since May 2022
- More of B.C.'s exports were destined for the US in January
- B.C. exports rose by 7.9 per cent, imports up by 11.4 per cent

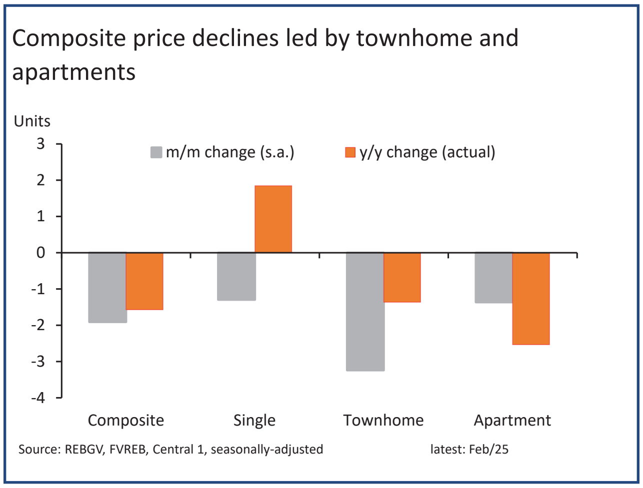
Economic uncertainty and weather woes curb Lower Mainland housing demand

Bryan Yu, Chief Economist

The combination of massive economic uncertainty and inclement weather did no favours for the Lower Mainland housing market in February, as sales volume sharply retraced and home values slumped. Total sales in the region spanning Metro Vancouver and the Fraser Valley reached only 2,684 units during the month, which was 17.3 per cent lower than same-month 2024. Seasonally- adjusted sales, by our calculation, fell nearly 20 per cent, driven largely by Greater Vancouver to the trough of 2023. While snowy conditions kept some activity on the sidelines, there is little doubt in our view that tariff uncertainty and recession risk weighed on buyer confidence despite declining borrowing costs. Housing is one of, if not the largest purchase households make in their lifetime, and the risk of job loss can quickly derail confidence. Through the first two months, home sales were down 9.9 per cent in a subdued start to the year.

On the supply side, new listings growth slowed in February, consistent with some drag from the weather. New listings decelerated from a 49 per cent year-over-year pace in January to 15 per cent, and seasonally adjusted listings fell 12.7 per cent. That said, inventory continued





to rise with a 38 per cent year-over-year jump and is trending at a level last seen in 2019 and 2014. More sellers have come out to test the market, and investors may be divesting amidst headwinds from lack of students, and short-term rentals. Existing condos are also in competition with ballooning new home inventories.

The market is now trending in a buyers' market with a sales-to-active listings ratio at 14 per cent as sellers face more competition and mild demand. While the average price nudged up 1.6 per cent to $1.159 million, this was in part seasonal growth. The average price was down 2.2 year-over-year, and 3.6 per cent month-to-month, adjusting for seasonal factors. The constant-quality housing price indices eroded and fell 1.6 per cent year-over-year, owing largely to multi-family units.

Lower Mainland MLS®									
	Actual			m/m % ch		s.a. m/m % ch		y/y % ch	
	2024M02	2025M01	2025M02	2025M01	2025M02	2025M01	2025M02	2025M01	2025M02
Unit Sales	3,244	2,330	2,684	-13.3	15.2	-6.4	-19.6	0.3	-17.3
Average Price	1,185,558	1,141,693	1,159,803	-5.1	1.6	-3.9	-3.6	-1.6	-2.2
New Listings	6,969	8,759	8,012	206.6	-8.5	14.7	-12.7	49.3	15.0
Active Listings	14,086	17,479	19,488	8.5	11.5	5.3	3.9	39.6	38.4
Sales-to-Active Listings	23.0	13.3	13.8	n/a	n/a	n/a	n/a	n/a	n/a
Benchmark Price									
	Actual			m/m % ch		s.a. m/m % ch		y/y % ch	
	2024M02	2025M01	2025M02	2025M01	2025M02	2025M01	2025M02	2025M01	2025M02
Total	1,117,800	1,102,291	1,099,315	0.1	-0.3	-0.5	-1.9	-0.0	-1.6
Singles	1,769,700	1,795,296	1,799,785	0.4	0.3	0.2	-1.3	3.2	1.8
Townhome	972,600	971,127	959,086	-0.5	-1.2	-1.0	-3.2	1.7	-1.4
Apartment	713,400	695,715	694,950	-0.2	-0.1	-1.6	-1.4	-1.4	-2.5

Lower Mainland MLS® , Year-to-Date					
	Actual			y/y % ch	
	2024M02	2025M01	2025M02	2025M01	2025M02
Unit Sales	5,568	2,330	5,014	0.3	-9.9
Average Price	1,174,779	1,141,693	1,151,387	-1.6	-2.0
New Listings	12,837	8,759	16,771	49.3	30.6
Active Listings	13,305	17,479	18,484	39.6	38.9

Housing market conditions will be contingent on U.S. policy going forward and its potential impacts on the local economy. If there are signs that tariffs will be delayed indefinitely, we expect buyers to return to the market given lower interest rates, federal policies to boost accessibility, and pent-up demand on the sidelines. If tariffs come back on, the opposite will be true. Broad uncertainty will likely remain a headwind for the housing market this year.

B.C. employment level paused the growing momentum in February

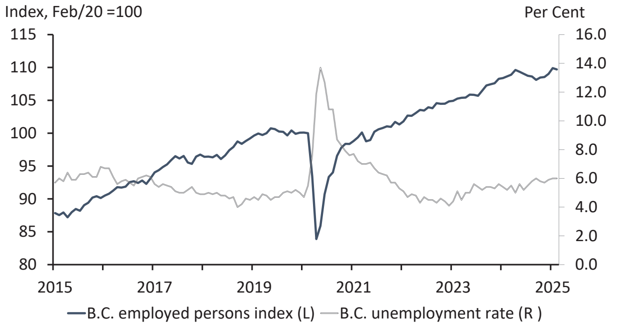
Ivy Ruan, Economic Analyst

Employment in British Columbia declined in February with a 0.2 per cent monthly decrease, following a notable increase in January. This translated to a decrease of 4,800 persons compared with the previous month. February results paused the positive momentum in provincial employment since last October. Pace of year-over-year employment growth in B.C. continued to trend down and February's one per cent yearly growth was still below the national performance of 1.9 per cent. The unemployment rate was flat at six per cent, as the labour force in the province contracted by 0.2 per cent. The labour participation rate fell to 64.9 per cent from 65.2 per cent, along with a 0.1 per cent increase in population.

During the month, part-time employment led the monthly decrease. Full-time employment grew by 0.2 per cent or 5,500 persons while part-time employment dropped by 1.7 per cent or 10,200 people. The Vancouver Census Metropolitan area (CMA) saw a 0.5 per cent increase in its employment level, while the unemployment rate rose to seven per cent from 6.8 per cent.

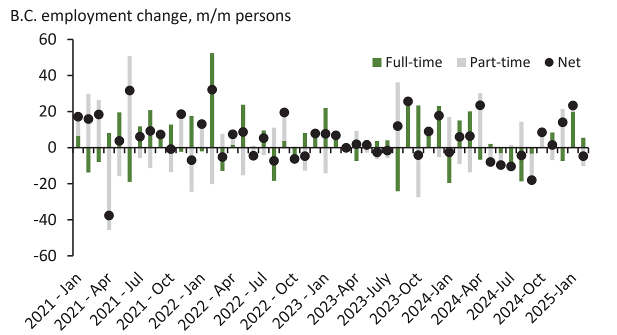
By sector, the goods-producing industries contributed to the decrease in employment in February. Declines in hiring among sectors such as constructions (-2.0 per cent or -5,200 persons) and utilities (-14.7 per cent or -2,600 persons), offsetting the gain in agriculture employment (24.5 per cent or 2,400 persons). The services-producing sectors reported a 0.1 per cent increase with modest increases among across sectors. The health care and social assistance sector led with a gain of 1.2 per cent (4,900 persons), while the finance, insurance, real estate, rental and leasing sector also grew by 1.8 per cent (3,400 persons). That said, these increments were offset by large declines in professional, scientific and technical services (-3.7 per cent or -11,700 persons).

Total employment in B.C. down in February



Source: Statistics Canada, Central 1 latest: Feb/25

Part-time employment led overall decline in February



Source: Statistics Canada, Central 1 latest: Feb/25

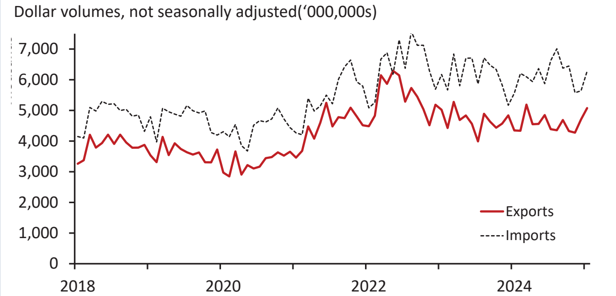
Overall, this was a tame labour market report. Businesses was affected by weather impacts while awaiting trade policy outcomes. If anything, given these factors, performance was on the rosy side. While the waffling of the U.S. on tariffs points again to some short- term relief, uncertainty will continue, and investment will remain sluggish. Growth in the economy will slow, with tariff outcomes driving the magnitude.

Merchandise trade exports jumped in January amidst US tariff threats

Eloho Ennah, Economic Analyst

Canada's merchandise exports rose by 5.5 per cent on a seasonally adjusted basis to $74.5 billion in January, marking a fourth consecutive monthly rise, while imports also increased by 2.3 per cent to $70.5 billion.

B.C. exports and imports rose in January



Source: Statistics Canada, Central 1 latest: Jan/25

Consequently, Canada's trade surplus widened from $1.7 billion in December to $4.0 billion in January, the largest surplus recorded since May 2022[1].

Amidst US-tariff threats in January, exports to the United States increased by 7.5 per cent to $58.2 billion while imports increased by 4.7 per cent, widening the trade surplus from $12.3 billion to a record high of $14.4 billion. The anticipation of tariffs likely served as the driver, with U.S. importers keen on increasing shipments prior to levy imposition. Exports of motor vehicles and parts saw the largest rise by 12.5 per cent in January as passenger cars and light trucks reached the highest export level since May 2019. The vehicle manufacturing industry in Canada is one with major exposure to tariffs, with 93.4 per cent of passenger cars and light trucks sent to the US in 2024. At the moment, tariffs have again been delayed on USMCA covered products until April 2, 2024, extending the period of uncertain trade terms between Canada and the US.

1 It should be noted that 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 to January 2025 and future revisions are likely. In addition, the CAD continued depreciating against the USD in January. Since most of the trade is conducted in USD then converted to CAD for reporting purposes, the depreciation of the Canadian dollar against the US dollar translates to a higher monthly trade value.

Similarly, B.C. merchandise exports rose by 7.9 per cent on a monthly basis in January to $5.1 billion, following a 10.0 per cent gain in the prior month. Amongst this month's increases were elevated exports of energy products (13.2 per cent or $192m), motor vehicles and parts (17.7 per cent or $13.9m), while exports of aircraft and other transportation equipment and parts more than doubled (+$44.5m). Forestry products and building and packaging materials exports went up by 7.6 per cent or $76.7m. Declines in exports of metal ores and non-metallic minerals (-1.4 per cent or -$6.4m), metal and non-metallic mineral products (-2.7 per cent or -$10.3m), and consumer goods (-0.3 per cent or -$1.1m) were also recorded. On a year-over-year basis, exports rose by 16.7 per cent on higher aircraft and other transportation equipment and parts.

Specifically, domestic exports to the United States jumped by 26.9 per cent, as 58.2 per cent of B.C.'s exports were destined for the country (up from near 50 per cent in December). Significant increases were seen in all categories. Energy exports skyrocketed 76.9 per cent (+$338.4m) and forestry products and building and packaging materials exports destined for the country also grew by 15.8 per cent (+$31.5m).

Imports also increased by 11.4 per cent to $6.2 billion, after a 1.1 per cent gain in December. Notably, aircraft and other transportation equipment and parts imports leaped by 93.5 per cent (+$112m), while consumer goods imports jumped by 16.1 per cent (+$254.4m). Metal and non-metallic mineral products imports rose by 15.3 per cent (+$54.9m), while farm, fishing and intermediate food products rose by 14.0 per cent (+$57.6m). Forestry products and building and packaging materials imports also increased by 13.3 per cent (+$53.2m). On the other hand, motor vehicles and parts imports lessened by 4.4 per cent (-$35.5m). Imports from the US increased by 9.9 per cent on higher energy products and metal and non-metallic mineral products imports. On a year-over-year basis, imports rose by 12.9 per cent due to metal ores and non-metallic minerals and consumer goods imports.

B.C. sits in a relatively sheltered position, having a more diversified list of trading partners compared to most Canadian provinces. However, sectors such as energy, forestry, metals, minerals, food and agriculture products, and consumer goods will suffer substantially from US-imposed tariffs.

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