



Highlights

- B.C. inflation rate up from 2.2 per cent to 3.0 per cent in February
- Home sales in B.C. declined substantially in February by 11.3 per cent.
- Home values were down by 1.9 per cent in B.C.; new listings drop
- B.C. housing starts continued to slowdown in February
- Canadian retail spending notes decline following six months of growing
- B.C. retail sales increased by 0.5 per cent in January after 1.5 per cent gain in December
- Decline in visitors entering Canada via B.C. in January

B.C. inflation rate jumps in February

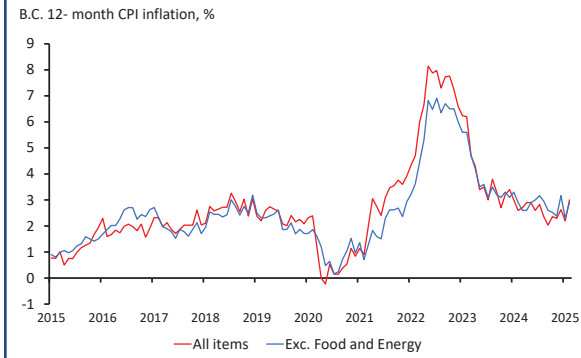
Alan Chow, Business Economist

B.C.'s inflation rate accelerated in February. On a year-over-year basis, headline inflation in the province was 3.0 per cent, up from 2.2 per cent in the prior month. This was in large part because of the end of the GST holiday, which occurred in the middle of February. Core inflation, which excludes food and energy, also rose during the month from 2.3 per cent to 2.9 per cent.

Shelter prices continued to keep headline inflation elevated. Year-over-year, shelter prices rose by 4.3 per cent, up from 4.1 per cent the previous month. This is the second lowest year-over-year price growth in over three years. Transportation prices increased by 4.8 per cent, up from 4.5 per cent, and was the largest year-over-year price growth since February 2023. Gasoline prices were also up 7.5 per cent year-over-year, down from the previous month's 8.7 per cent increase.

Food prices increased 1.9 per cent with meat and fruit/nuts increasing by 5.2 per cent and 5.9 per cent

B.C. Inflation rate rises in February



Source: Statistics Canada, Central 1 Latest: Feb - 25

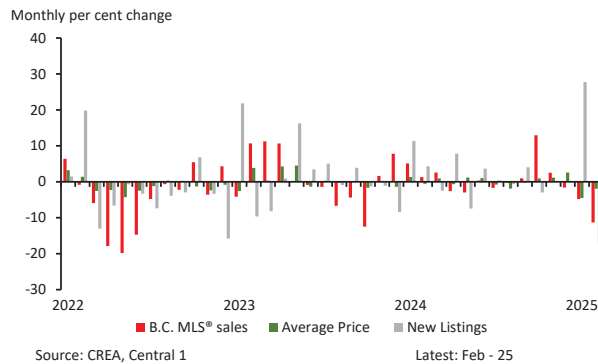
respectively. Food purchased at restaurants still saw prices decline 0.8 per cent despite the end of the GST holiday, but the year-over-year decline was less than the previous two months. Alcoholic beverages, tobacco products and recreational cannabis prices also rose 1.0 per cent. The price of goods increased 2.2 per cent, led by a 3.0 per cent increase in non-durable goods and a 2.2 per cent increase in semi-durable goods. Durable goods prices increased only 0.8 per cent, although it was the highest year-over-year price increase since August 2023. The price of services increased 3.5 per cent, up from last month's 2.7 per cent increase. Overall, the increase in the price of services has been on a downward trend over the past few years.

B.C. home sales continued to fall in February

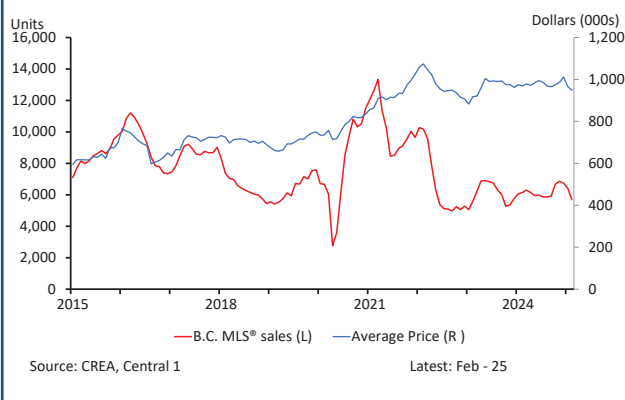
Eloho Ennah, Economic Analyst

The B.C. housing market in February continued to be impacted by economic uncertainty from unsteady trade relations, eroding consumer confidence. Home sales retreated for the third month, with seasonally adjusted MLS® home sales in the province came in at 5,691 units, an 11.3 drop from the prior month. Year-over-year, home sales in the province fell by 7.3 per cent.

Home sales and prices fall; new listings down in B.C.



B.C. home sales and prices slip in February



Sales fell significantly in almost all of B.C.'s economic regions. In the Greater Vancouver Area, home sales declined by 12.8 per cent. The three-month trend is also down in the region. Home sales declined in South Okanagan (-28.0 per cent), Okanagan-Mainline (-16.1 per cent) and Chilliwack (-20.2 per cent).

In Vancouver Island (excl. Victoria), sales decreased by 9.1 per cent while falling in Victoria by 5.7 per cent. Sales also pulled back in Kamloops (-6.2 per cent) and Kootenay (-9.9 per cent). The sole region to report a boost in sales was Northern BC, with a 14.5 per cent gain during the month.

The average home price in B.C. decreased by 1.9 per cent in February to \$947,749. Prices now sit 11.7 per cent below the historical peak in February 2022. The housing supply pulled back significantly during the month, as residential new listings fell by 17.3 per cent. While pent-up demand remains hesitant, market conditions are still on the buyers' side given the sales-to-new listings ratio of 39.7 per cent in February.

Regionally, lower prices were recorded in Greater Vancouver (-1.1 per cent), Vancouver Island excluding Victoria (-2.9 per cent), Victoria (0.9 per cent), and the Okanagan-Mainline (-2.0 per cent). On the contrary, prices jumped 13.6 per cent in the Kootenay, 5.7 per cent in South Okanagan and Chilliwack by 3.7 per cent.

That said, average prices can mask compositional sales effects and the benchmark price index. This accounts for home attributes and product composition which fell in February by 0.5 per cent. In Lower Mainland, they decreased by 0.8 per cent, down 1.4 per cent in the Okanagan and 0.5 per cent on Vancouver Island (excluding Victoria).

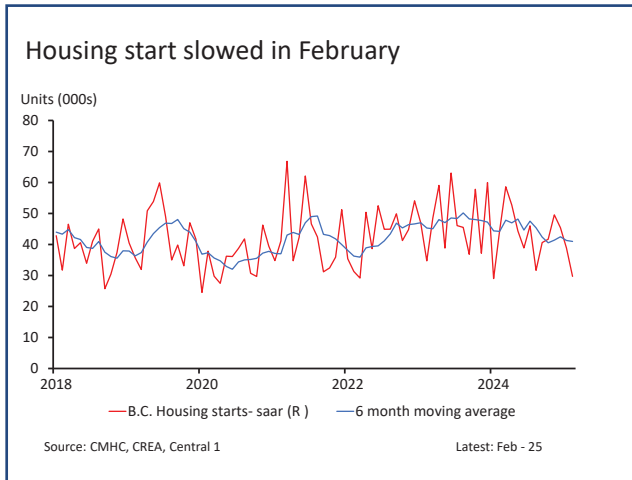
Although interest rates are falling, housing market activity will be subject to the impact of macro-factors in the near months. The possibility of layoffs will keep consumers reluctant to re-enter the market, especially in expensive markets like B.C. That said, B.C.'s exposure to tariffs is relatively smaller than other provinces given lesser trade ties to the United States. However, forestry communities face considerable trade risks.

Multifamily unit starts pulled B.C. housing starts down in February

Ivy Ruan, Economic Analyst

B.C.'s housing starts plunged in February, with the seasonally adjusted annualized rate falling to 29,729 units — a 23.6 per cent drop from January. February's result marked the lowest level since January 2024 in B.C. housing starts. The downturn was primarily driven by a 24.4 per cent decline in multifamily unit starts, which fell to 25,735 units. Meanwhile, single-family housing starts fell 17.4 per cent to 3,994 units. In comparison, national housing starts decreased by 4.7 per cent month-over-month. Ontario and the Prairie provinces provided some offset to B.C. and Quebec declines.

Of the seven major metro areas in B.C., only three recorded a lower seasonally annualized rate of housing starts. Vancouver experienced its third consecutive monthly decline, falling to 17,231 units from 24,978 units (-31.0 per cent). February marked the lowest level of housing starts in Vancouver since March 2022. Kelowna and Abbotsford-Mission both saw sharp drops after large increases in January. On the other hand, Victoria posted an increase to 1,715 units (26.1



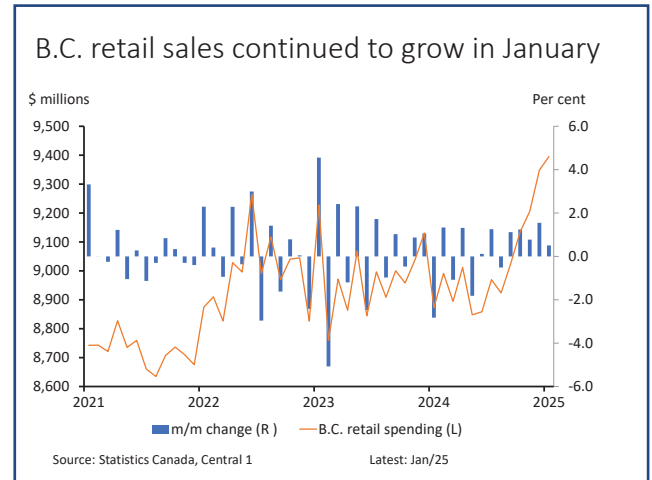
per cent), while Chilliwack more than tripled to 625 units (214.1 per cent). Nanaimo and Kamloops both recorded large increases in February, likely due to the commencement of multiunit projects.

On an unadjusted basis, B.C. saw a 6.8 per cent year-over-year decrease in housing starts year to date, with 5,479 units started in the first two months of 2025 compared to 5,878 units during the same period 2024. Multifamily units led the decline, falling 6.5 per cent to 5,878 units from 4,966 units last year. Single-family starts declined 9.8 per cent, from 569 to 513 units. Three of B.C.'s seven metro areas recorded higher unadjusted housing starts year to date, including Abbotsford-Mission, Chilliwack, and Kelowna. Across Canada, year-to-date housing starts declined 6.0 per cent year-over-year in February 2025. Multifamily starts decreased by 7.3 per cent, while single-family starts edging up 1.3 per cent.

B.C. retail sales grow in January at slower pace

Eloho Ennah, Economic Analyst

Canadian retail sales fell 0.6 per cent on a seasonally adjusted basis in January as a result of lower sales at motor vehicle and parts vendors, exceeding the anticipated 0.4 per cent drop. This followed a prior monthly gain of 2.6 per cent and was the first downtick since June 2024. Core retail sales, which do not include gasoline stations and fuel vendors, motor vehicle and parts dealers also decreased by 0.2 per cent.



Price-adjusted retail sales showed a steeper fall, down by 1.1 per cent during the month. As economic uncertainty due to US-Canada trade tensions continues to repress consumer confidence, retail sales are likely to decline even further in the coming months, especially in provinces more vulnerable to tariff impacts. Estimates suggest a 0.4 per cent decline for February 2025.

Amongst the subsectors, motor vehicle and parts sales drove the monthly decrease as sales decreased by 2.6 per cent. Within the category, new car sales fell by 3.2 per cent while automotive parts, accessories and tire retailers noted a 2.8 per cent drop in sales. That said, unadjusted year-over-year motor vehicle and parts sales showed an increase in sales of 9.4 per cent. Notable increments include a 3.4 per cent gain at gasoline stations and fuel vendors, likely due to higher prices, and 3.0 per cent higher sales at furniture, home furnishings, electronics and appliances retailers.

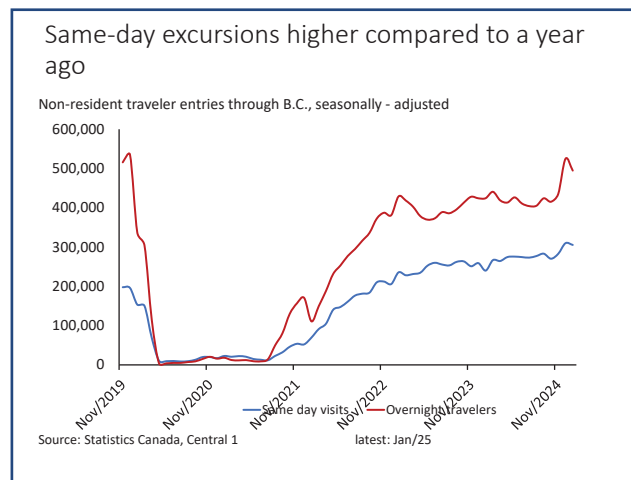
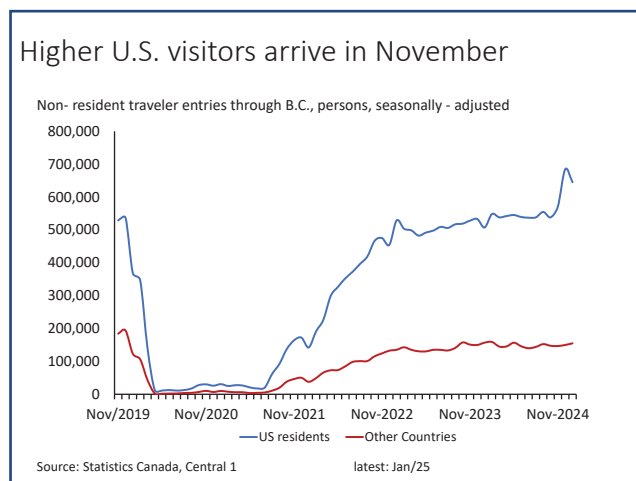
B.C.'s total retail sales increased by 0.5 per cent in January after a 1.5 per cent rise in sales in December. Unadjusted retail sales in Ontario were up 5.9 per cent compared to the same month in 2024. Subsector data is unadjusted for seasonality, but this month's increase was due to higher sales at motor vehicle and parts dealers. Year-over-year, unadjusted sales in the category jumped by 25.2 per cent. Food and beverage retailers' sales also rose 3.7 per cent year-on-year, while clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers' sales increased by 12.9 per cent year-over-year.

Regionally, the Vancouver area saw seasonally adjusted retail sales rise by 0.8 per cent from December to January. Year-over-year, unadjusted sales rose by 8.3 per cent.

Increase in U.S. visitors to B.C.

Alan Chow, Business Economist

The number of non-resident visitors entering Canada through British Columbia declined in January. On a seasonally adjusted basis, there were 4.1 per cent fewer non-resident visitors in January 2025 than in December 2024. The number of overnight tourists fell by 5.7 per cent, while the number of same day excursions declined by 1.4 per cent. Both have the second highest monthly value since COVID, only trailing the previous month. The number of non-resident travelers is 111.5 per cent of the 2019 average, with same-day excursions at 163.1 per cent and overnight tourists at 93.3 per cent.



The number of U.S. residents visiting Canada through B.C. declined, down 5.8 per cent from December 2024 to January 2025. Amongst the U.S. residents, there was a fall in overnight tourist of around 8.8 per cent along with 1.6 per cent decline in same day excursions. The number of overnight tourists from the U.S. this month is exceeded the monthly average seen in 2019 at 104.5 per cent, with the number of same day excursions is at 156.6 per cent. Overall U.S. visitor numbers are at 122.5 per cent of 2019 monthly averages. The weak Canadian dollar vs the US dollar is likely a contributing factor.

Residents from countries other than the U.S. saw a 3.3 per cent monthly rise with overnight excursions increasing by 3.7 per cent while same day excursions increased by 0.8 per cent. Overall, the number of residents from countries other than the U.S. visiting Canada through British Columbia is at 81.2 per cent of that seen on average in 2019.

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