



Highlights

- B.C. housing market weakness continues into May
- Home sales continue falling in B.C., down 0.5 per cent in May
- B.C. housing starts fell in May
- Short- and long-term optimism indexes improved again in B.C. and Canada
- Canadian retail spending grew in April
- B.C. retail sales increased by 1.7 per cent in April

B.C. housing market activity softened further in May

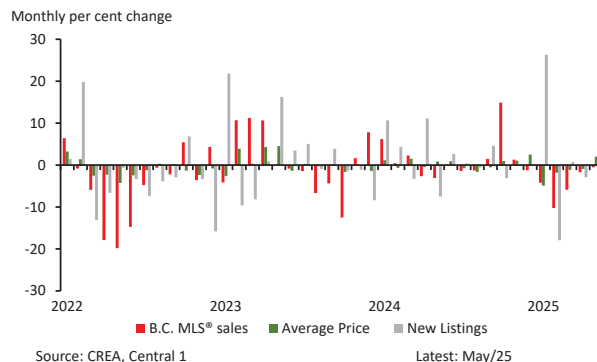
Eloho Ennah, Economic Analyst

B.C. housing market activity slowed in May, with sales falling for a sixth straight month of falling. On a seasonally-adjusted basis, home sales declined by 0.5 per cent to 5,345 units. This followed the 1.7 per cent decline in April and was one of the lowest monthly sales figures since the last quarter of 2023. Sales are also 13.4 per cent lower than a year ago. Economic uncertainty, challenging affordability conditions, and limited investment demand has curbed activity.

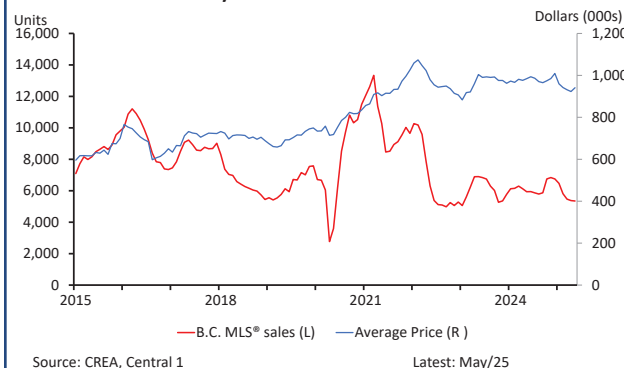
In the Greater Vancouver Area, home sales declined by 1.2 per cent, while falling 4.2 per cent on Vancouver Island (excl. Victoria). Home sales decreased in Chilliwack by 20.3 per cent and in South Okanagan by 7.0 per cent. In Northern B.C., sales fell 9.2 per cent. On the contrary, home sales picked up in Victoria (7.2 per cent), Okanagan Mainline (2.4 per cent), the Kootenay (3.0 per cent), and Kamloops (0.6 per cent).

The average home price in B.C. increased by 2.0 per cent in May to \$941,300. Prices now sit 12.3 per cent below the historical peak in February 2022. Housing supply from new listings reduced by 0.5 per cent. With potential buyers hesitant, market conditions modestly favour buyers and reflected in a sales-to-new listings ratio of 38.8 per cent in May, unchanged from April's figure.

Home sales and new listings dip, prices rise in B.C.



B.C. home sales continued to fall as prices increased in May



Regionally, higher prices were recorded in Greater Vancouver (1.6 per cent), Vancouver Island excluding Victoria (1.4 per cent), South Okanagan (5.0 per cent), Okanagan Mainline (1.3 per cent) and Northern B.C. (0.6 per cent), while other regions saw price declines.

Benchmark constant-quality measures continued declining in most areas. In the Lower Mainland, the index decreased by 0.9 per cent, and down in the Okanagan by 0.3 per cent. They also declined on Vancouver Island by 0.7 per cent.

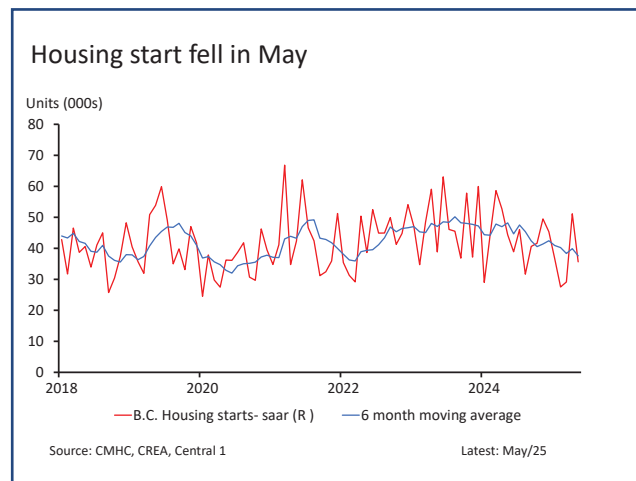
Although economic indicators are softening, underlying resilience, moderating prices and the easing of tariff-related fears may encourage more buyers to re-enter the market in the coming months. However, pockets of uncertainty still remain, and a resurgence

in trade-related political tensions could undermine consumer confidence further. Even a minor threat of job loss can significantly cause buyers to retreat in higher priced markets like B.C. in the coming months due to its impact on mortgage affordability.

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

Ivy Ruan, Senior Analyst

B.C.'s housing starts reported a notable decrease in May, with the seasonally adjusted annualized rate falling to 35,644 units — a 30.3 per cent decrease from April. The May decrease was entirely driven by a 32.7 per cent decline in multifamily unit starts, which was down to 31,987 units. That said, single-family housing starts edged up 1.7 per cent to 3,657 units. Meanwhile, national housing starts were unchanged, with mixed results across provinces.



Of the seven largest urban regions in B.C., six recorded a lower seasonally annualized rate of housing starts in May. Vancouver experienced a significant decrease in new construction, with starts down 42.7 per cent to an annualized 21,094 units from 36,806 units. Abbotsford-Mission and Chilliwack both saw notable decreases in May. On the other hand, Kelowna housing starts almost doubled to 4,915 units, likely due to the commencement of a multi-unit project.

On an unadjusted basis, B.C. saw a 21.6 per cent year-over-year decrease in housing starts year-to-date, with 14,859 units started in the first five months of 2025 compared to 18,944 units during the same period in 2024. Multifamily units led the decline, falling 22.5 per cent to 13,426 units from 17,314 units last

year. Single-family starts declined 12.1 per cent, from 1,630 to 1,433 units. Only two of B.C.'s seven metro areas recorded higher unadjusted housing starts year to date, including Abbotsford-Mission and Chilliwack. Vancouver saw 22.5 per cent lower housing starts year-to-date compared to the same period last year. Across Canada, year-to-date housing starts edged up 0.9 per cent year-over-year in May 2025. Multifamily starts increased by 0.6 per cent, while single-family starts rose 2.7 per cent from the level last year.

Long-term small business optimism jumped in B.C.

Alan Chow, Business Economist

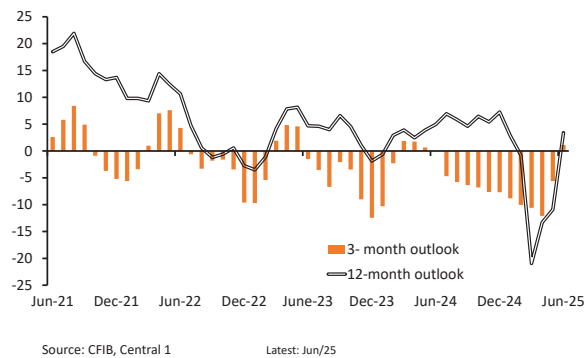
The Canadian Federation of Independent Business (CFIB) Barometer Survey recovered in June, reflecting improved sentiment amongst Small and Medium-sized Enterprises (SMEs). The long-term 12-month confidence index improved by over 7.1 points from 40.1 in May to 47.3 in June. The short-term index also improved by 5.1 points to 47.7 points from 42.6 points. That said, business confidence still remained below the neutral benchmark of 50 for both the short and long term.

Canadian exporters and importers reported another monthly improvement in sentiment as the ongoing trade talks brighten the outlook. June saw exporter sentiment index value increase to 36.1 points from 26.8 points, while importer sentiment was up to 37.4 points from 28.1 points. The index values are still well below what they were at the end of 2024, which was in the 60s. The health and education services sector saw the largest decline in business confidence, falling 5.0 points to 40.9 based on the 12-month index and falling 5.1 points to 36.4 on the 3-month index. On the other end, personal services saw an improvement of 10.6 points to 53.7 points on the 12-month index and an improvement of 16 points to 61.5 points on the 3-month index.

In B.C., the long-term business confidence index rose by 15.1 points to 53.4 points, the second highest improvement among the provinces, only marginally behind Prince Edward Island. The short-term index also improved, up 6.9 points to 51.1 points, the highest level since July 2024. The short-term sentiment is third highest amongst provinces, just after Prince Edward Island and Nova Scotia.

Short-term business confidence improved in B.C.

B.C. Small and medium sized business confidence – Deviation from 50



Insufficient demand and shortages of skilled labour continued to be the most noted constraints to sales or production growth for businesses in B.C. Shortage of skilled labour also limited sales growth. Tax/regulatory costs, wage costs, and insurance cost were the top input cost constraints while occupancy cost, product input costs, and fuel cost were also on this list of constraints. Full-time staffing plans improved, with 15 per cent expecting to increase staff levels. That said, 20 per cent were still planning to reduce full-time staff level, which was the same as the previous month.

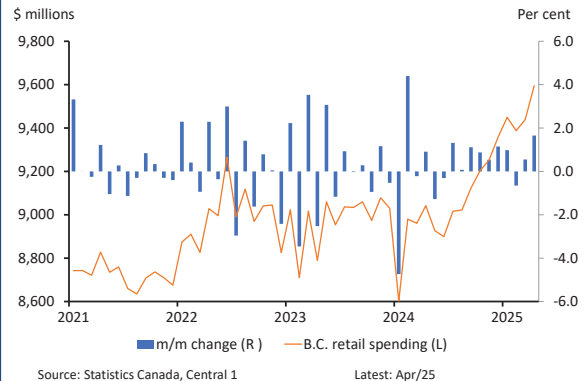
B.C. monthly retail sales rise in April

Eloho Ennah, Economic Analyst

Canadian retail sales increased by 0.3 per cent on a seasonally adjusted basis in April to \$70.1 billion as a result of higher motor vehicle and parts sales (+1.9 per cent) for the second month in a row. Consumers likely pulled forward motor vehicle purchases to avoid larger payments post tariff-imposition. Price-adjusted retail sales increased by 0.5 per cent, while core retail sales, which exclude gasoline stations and fuel vendors, motor vehicle and parts dealers, increased by a minor 0.1 per cent.

Although sales in six of nine subsectors increased in April, sales numbers are negatively impacted by US tariffs as noted by Canadian retail business owners. Thirty-six per cent of businesses were impacted by tariffs in the form of price increases, altered demand for products and disruption of supply chains. These impacts are likely to remain in the presence of tariffs and will usher in a period of lower retail sales in the near term. Early May estimates suggest a 1.1 per cent decline in retail sales in the month.

B.C. retail sales rise in April



B.C. retail spending increased by 1.7 per cent in April on a seasonally-adjusted basis following the 0.6 per cent gain in the previous month. This was due to larger motor vehicle and parts dealers' sales. Unadjusted retail sales in the province were also up 8.6 per cent compared to the same month in 2024.

Subsector data is unadjusted for seasonality, but year-over-year figures showed higher sales at motor vehicle and parts dealers, up 21.9 per cent. Food and beverage sales were up 8.3 per cent. Health and personal care retailers' sales increased by 4.3 per cent in the same period while clothing, clothing accessories, shoes, jewelry, luggage and leather goods sales increased by 2.0 per cent. On the other hand, furniture, home furnishings, electronics and appliances sales decreased by 7.6 per cent year-over-year while gasoline and fuel vendors saw a 9.1 per cent drop in the same period due to lower prices.

Regionally, the Vancouver Census Metropolitan Area noted a 2.1 per cent gain in seasonallyadjusted retail sales on a month-over-month basis in April. Compared to a year ago, unadjusted sales were up 11.0 per cent.

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