Economics | Current Economic Trends

B.C. Economic Briefing

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central 1 Economics

Highlights

- B.C. inflation rate slows to 2.1 per cent in June
- B.C. notes increasing housing market activity in June
- Home sales grew significantly in June by 5.8 per cent and prices were up by 0.8 per cent
- B.C. housing starts surged in June
- Durable goods manufacturing sales increased by 3.4 per cent while non-durable goods manufacturing sales increased by 0.6 per cent

B.C. inflation slows to 2.1 per cent, shelter and service cost growth slows

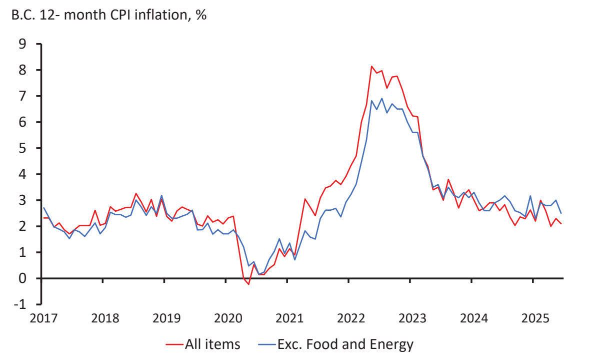
Alan Chow, Business Economist

British Columbia's inflation rate fell in June to 2.1 per cent year-over-year, from 2.3 per cent in May. Core measures also declined with inflation excluding energy down from 3.0 per cent to 2.7 per cent while inflation excluding both food and energy fell from 3.0 per cent to 2.5 per cent. This compared to a 1.9 per cent Canadian inflation rate which increased from 1.7 per cent the prior month.

Energy prices fell by 8.4 per cent compared to the same month last year, marking a slower pace of decline than May's 10.6 per cent drop. Gasoline prices were also down 11.5 per cent, which was shallower than the previous month's decline of 14.5 per cent. The lower decline was partially due to crude oil prices spiking in June because of the conflict between Israel and Iran. Elimination of the consumer portion of the carbon tax was still the biggest factor in the overall decline in energy prices.

Food prices increased by 3.1 per cent, a slight deceleration from May's rise of 3.2 per cent. Grocery prices rose 3.6 per cent, with seafood up 7.9 per cent, fruit up 7.7 per cent, and other food products and non-alcoholic beverages up 6.1 per cent. We saw vegetable prices decline 2.1 per cent and bakery and cereal prices decline 0.7 per cent. This was the second consecutive month bakery and cereal products saw a year-over-year price decline and the third in the last four months.

B.C. Inflation rate slows in June



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

Shelter costs rose by 2.6 per cent, easing slightly from the 3.1 per cent increase recorded in the previous month. This is the sixth month in a row that the annual inflation rate for shelter declined and was the lowest figure since February 2021. Owned accommodation costs rose 2.5 per cent, down from May's 2.9 per cent. Rented accommodation price growth slowed to 3.6 per cent from 4.6 per cent.

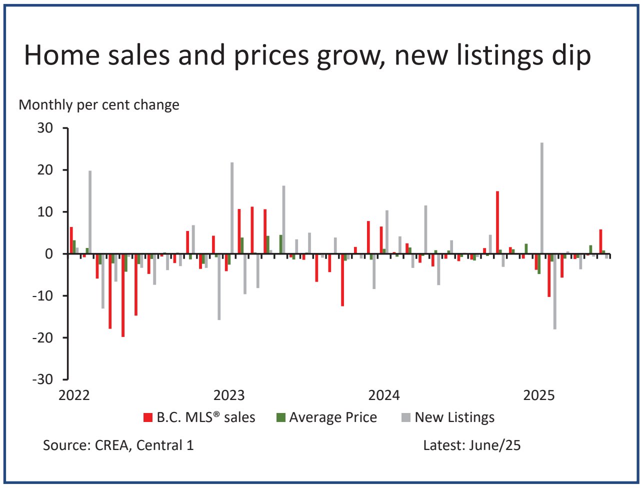
Household operations, furniture and equipment costs rose 1.8 per cent, down from the previous month's 2.4 per cent. The 2.4 and 1.8 per cent figure are the highest year-over-year price growth seen since April 2023. Clothing and footwear prices grew 2.2 per cent. This was the highest year-over-year price growth since August 2023. Transportation cost growth was 1.7 per cent, up from 0.4 per cent while health and personal care prices were up 2.1 per cent, down from 2.3 per cent.

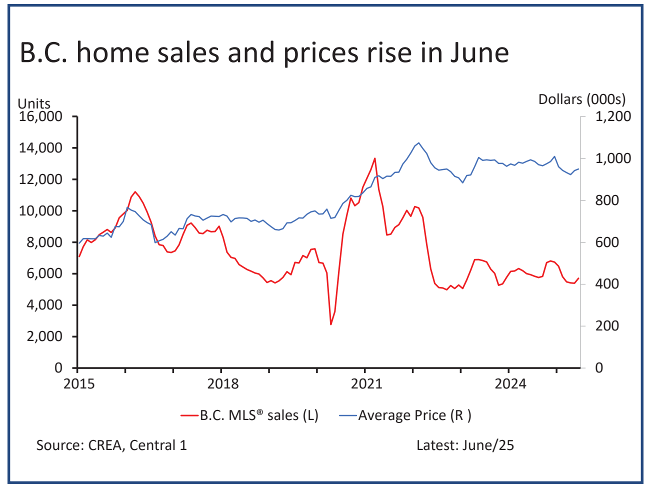
Overall, goods prices increased by 1.3 per cent, an acceleration from May's 0.8 per cent. Durable goods rose 3.6 per cent, semi-durable goods increased 1.6 per cent, while non-durable goods saw no change. Service prices rose 2.7 per cent, a slower price growth than last month's 2.7 per cent.

B.C. housing market activity gains speed in June

Eloho Ennah, Economics Analyst

B.C. housing market activity sped up significantly in June following months of weak sales. On a seasonally adjusted basis, home sales increased by 5.8 per cent





to 5,707 units after the 0.4 per cent decline in May. That said, 2024 monthly sales figures have continued to trail those from a year ago, and sales were down by 3.9 per cent compared to June 2024, owing to persisting economic risks, uncertainty, and challenging affordability conditions.

Home sales were up in almost all regions, with the exception of the Kootenay region where sales fell by 3.7 per cent following a 3.0 per cent gain in May. In the Greater Vancouver Area, home sales rose by 2.8 per cent, while increasing by 7.8 per cent on Vancouver Island (excluding Victoria). Similarly, home sales grew by 7.9 per cent in Victoria. Home sales increased in Chilliwack by 57.4 per cent and in South Okanagan by 3.8 per cent. Sales were relatively unchanged in the Okanagan Mainline (0.2 per cent), though were up in Northern B.C. and Kamloops by 17.7 per cent and 13.2 per cent, respectively. Year-over-year, sales were still lower in Greater Vancouver by 13.3 per cent while other areas began to see higher year-over-year sales. For example, sales rose on Vancouver Island (12.2 per cent) and Northern BC (5.0 per cent) year-over-year. Looking at the long-term trend, the more expensive Lower Mainland area has seen comparatively weaker sales versus other areas in the province.

The average home price in B.C. increased by 0.8 per cent in May to $949,300. Prices now sit 11.6 per cent below the historical peak in February 2022. Housing supply from new listings slowed 1.1 per cent, a third monthly decrease. Market conditions moved closer to a balanced state as the sales-to-new listings ratio increased from 39.6 per cent to 42.3 per cent.

Regionally, higher prices were recorded in Greater Vancouver (1.7 per cent), Chilliwack (5.0 per cent), Victoria (1.1 per cent), the Kootenays (6.9 per cent), Kamloops (5.3 per cent) and Northern B.C. (2.8 per cent), while other regions saw price declines.

However, benchmark constant-quality measures continued declining in most areas suggesting composition of sales contributed to the monthly increase in average value. In the Lower Mainland, the index decreased by 0.3 per cent, and was down in Victoria and Chilliwack by 0.7 per cent and 0.2 per cent, respectively. These measures were unchanged on Vancouver Island.

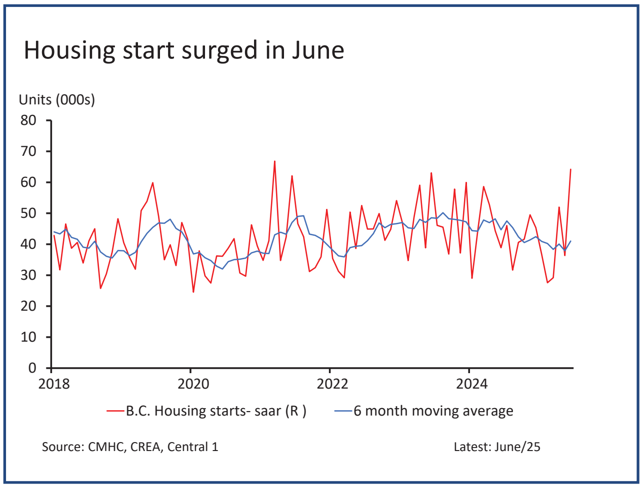
Although the B.C. housing market has shown resilience in June, renewed tariff threats and steady mortgage rates could limit a rebound.

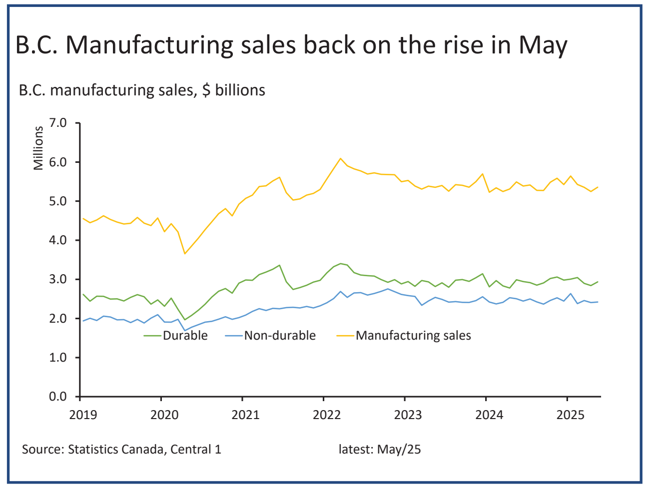
Multifamily unit starts boosted B.C. housing starts up in June

Ivy Ruan, Senior Analyst

B.C.'s housing starts reported a notable increase in June, with the seasonally adjusted annualized rate jumping to 64,194 units — a 76.5 per cent increase from the May level. The June increase was entirely driven by an 85.4 per cent gain in multifamily unit starts, which was up to 60,314 units. Single-family housing starts edged up 0.9 per cent to 3,880 units. Meanwhile, national housing starts were flat, with B.C.'s growth offsetting the declines in the rest of the province. B.C.'s housing starts have trended down since last last summer with the lagging impact of housing sales, while June's surge bucked the trend.

Of the seven largest urban regions in B.C., all recorded higher seasonally annualized rate of housing starts in June. Vancouver starts soared 72.9 per cent to an annualized 36,470 units from 21,094 units. Abbotsford-Mission (437.9 per cent or 3,030 persons), Kelowna





(59.7 per cent or 2,931 persons) and Victoria (156.9 per cent or 7,060 persons) all saw notable increases in June, likely due to the commencement of multi-unit projects.

On an unadjusted basis compared from last year, B.C. still had an 8.2 per cent year-to-date decrease in housing starts year-todate despite the monthly surge, with 20,457 units started in the first half of 2025 compared to 22,286 units during the same period in 2024. Multifamily units led the decline, falling 7.9 per cent to 18,583 units from 20,172 units last year. Single-family starts declined 11.4 per cent, from 2,114 to 1,874 units. Only three of B.C.'s seven metro areas recorded higher unadjusted housing starts year-to-date, including Abbotsford-Mission, Kamloops and Victoria. Vancouver saw 10.6 per cent lower housing starts year-to-date compared to the same period last year. Across Canada, year-to-date housing starts grew 3.5 per cent year-over-year in June 2025. Multifamily starts increased by 4.0 per cent, while single-family starts rose 1.3 per cent from the level in last year.

B.C. manufacturing sales increased in May

Eloho Ennah, Economics Analyst

Manufacturing sales in B.C. increased in May after three consecutive monthly declines. On a seasonally adjusted basis, manufacturing sales in the province increased by 2.1 per cent to $5.4 billion. The monthly increase was due to higher durable goods sales, which increased by 3.4 per cent to $2.9 billion, while non-durable goods sales rose 0.6 per cent to $2.4 billion. The manufacturing sales figure in the province has been rangebound since mid-2023. Unadjusted sales are up year-to-date by 0.6 per cent.

Within the durable goods sector, significantly higher sales in the transportation equipment sector (40.5 per cent or $111.5 million) lifted overall sales. Non-metallic mineral product sales also increased by 13.4 per cent ($27.3 million) during the month. On the other hand, primary metal sales declined by 5.1 per cent (-$19.8 million) while machinery sales were also down by 5.1 per cent (-$16.3 million).

Data for most subsectors in the non-durable goods category is suppressed for confidentiality reasons, but food manufacturing sales increased in May by 1.2 per cent ($12.0 million). Year-over-year, unadjusted non-durable goods sales have fallen by 4.4per cent.

In the Vancouver metro area, overall manufacturing sales increased by 2.3 per cent following a drop of 3.8 per cent in April. Durable goods industries sales increased by 3.4 per cent while non-durable goods sales rose by 1.2 per cent in the region.

Nationally, manufacturers reported less tariff-driven stress on sales figures in May compared to April. That said, they continued to note price increases and falling demand, as well as rising costs for raw materials, shipping and labour. Persisting strong ties between the United States and B.C. still exist, although exports to the country have continued to shrink in 2025. The food and forestry sectors in B.C. play a key role in the province's economy and will continue to be impacted by tariffs, prompting further sales declines and potentially significant layoffs in these sectors.

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