



## Highlights

- B.C. inflation rate slows down to 1.7 per cent in July
- Canadian retail spending grew in June following decline in May
- B.C. retail sales rose by 1.5 per cent in June
- B.C. housing starts fell in July
- Short- and long-term optimism indexes drop in B.C. and Canada

## B.C. Inflation slows down to 1.7 per cent, transportation and clothing prices decline

Alan Chow, Business Economist

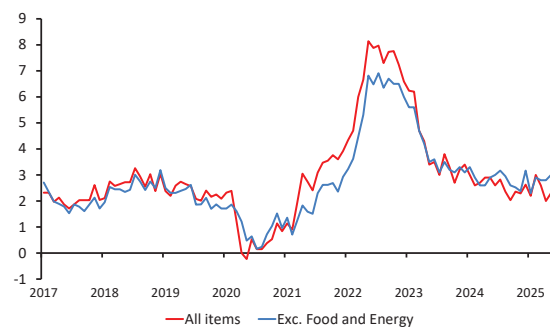
British Columbia's inflation rate fell in July to 1.7 per cent year-over-year, from 2.1 per cent in June. Core measures also declined with inflation excluding energy down from 2.7 per cent to 2.3 per cent, while inflation excluding both food and energy fell from 2.5 per cent to 2.0 per cent. Nationally, inflation was also down from 1.9 per cent year-over-year to 1.7 per cent. Excluding energy, inflation edged down from 2.7 per cent to 2.6 per cent, and excluding food and energy down from 2.6 to 2.5 per cent.

Energy prices fell by 8.5 per cent compared to the same month last year, roughly the same as the previous month's 8.4 per cent yearly decline. Gasoline prices were down 12.1 per cent, higher than the previous month's 11.5 per cent. The removal of the consumer carbon tax will continue to be reflected in year-over-year price changes until next April 2026. Gasoline prices have been relatively stable since April 2025, down 0.5 per cent since then.

In contrast, food price inflation accelerated in B.C., rising by 3.4 per cent in July compared to 3.1 per cent in June. Fish, seafood, and other marine products saw 10.1 per cent annual price inflation while meat inflation was 5.6 per cent. Shelter price inflation was also up from 2.6 per cent in June to 2.7 per cent in July as rent grew 4.8 per cent from 3.6 per cent.

## B.C. Inflation rate slows again in July

B.C. 12-month CPI inflation, %



Source: Statistics Canada, Central 1

Latest: Jul - 25

Transportation prices declined by 0.5 per cent in July, down from the increase of 1.7 per cent seen in the previous month. Inter-city transportation prices were down 7.5 per cent. This was the 12th month in a row that the annual changes as been negative. Public transportation costs are also down 3.6 per cent. Clothing and food wear prices are down 0.1 per cent annually with all clothing and footwear categories seeing a decline in price levels. Household operations, furnishings and equipment inflation also slowed from 1.8 per cent to 0.7 per cent.

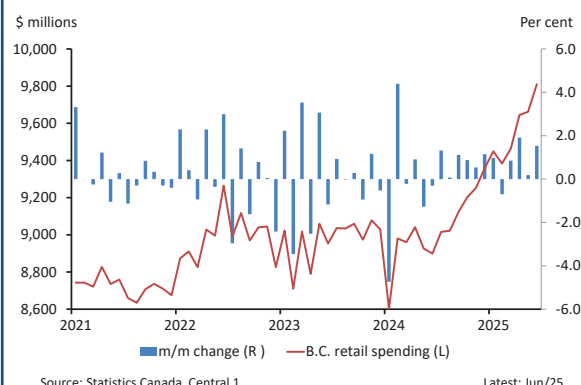
Overall, goods prices increased by 0.7 per cent in July, a slowdown from 1.3 per cent in June. Durable goods inflation slowed from 3.6 per cent to 2.6 per cent, semi-durable goods saw prices decline 0.9 per cent annually, while non-durable goods saw price growth of 0.2 per cent. Service prices rose 2.4 per cent, a slower price growth than last month's 2.7 per cent.

## B.C. monthly retail sales rose in June

Ivy Ruan, Senior Analyst

Canadian retail sales increased by 1.5 per cent in June to \$70.2 billion, following the decline of 1.2 per cent in the prior month. The largest increase was noted in the food and beverage category, which saw sales rise by 2.3 per cent after three consecutive monthly decreases. Motor vehicle and parts dealers' sales edged up 0.2 per cent, following the large decline in the previous month. Core retail sales, which exclude gasoline stations and fuel vendors and motor vehicle and parts dealers, reported 1.9 per cent growth on a seasonally-adjusted basis.

## B.C. retail sales rose in June



The pressure from trade tensions continued to ease as 27 per cent of retail businesses were impacted by tariffs during the month, suggested by the survey by Statistics Canada. This was down from 32 per cent in May and 36 per cent in April. The primary concern remained in price increases, changes in demand for products and delays in the supply chain. That said, these impacts are likely to remain in the presence of tariffs. Advance estimates suggest a modest decline in retail spending in July.

B.C. retail spending increased by 1.5 per cent during the month on a seasonally-adjusted, led by higher sales at building material and garden equipment and supplies dealers. June marked the fourth consecutive monthly increase. Unadjusted retail sales in B.C. increased by 10.2 per cent compared to the same month in 2024. Year-to-date, retail sales have risen by 7.0 per cent.

Subsector data is unadjusted for seasonality, but year-over-year figures showed higher sales at almost all categories except gasoline stations and fuel vendors (-2.0 per cent) likely due to lower gasoline prices. Motor vehicle and parts dealers, with an increase of 25.3 per cent, highest year-over-year gain noted in 2025, which could reflect tariff passing through. Health and personal care retailers' sales increased by 11.4 per cent in the same period, while sporting goods sales increased by 26.3 per cent. Food and beverage sales rose by 2.8 per cent. Building material and garden equipment and supplies sales increased by 12.6 per cent year-over-year.

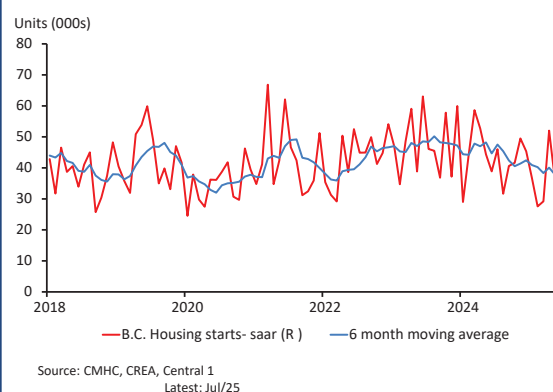
Regionally, the Vancouver metro area reported a 2.0 per cent increase in seasonally-adjusted retail sales on a month-over-month basis in June. The unadjusted sales were up by 12.0 per cent compared to last June.

## Multifamily unit starts led the overall decline in B.C. housing starts

*Ivy Ruan, Senior Analyst*

B.C.'s housing starts reported a decrease in July, with the seasonally-adjusted annualized rate falling to 54,347 units — a 15.5 per cent decrease from the June level. The July decrease was entirely driven by a 16.5 per cent decline in multifamily unit starts, which was down to 50,394 units. Single-family housing starts edged up 0.6 per cent to 3,953 units. National housing starts also increased, with Ontario's growth offsetting the declines in B.C. and Prairies. B.C.'s housing starts have trended down since last summer with the lagged impact of housing sales. It is noteworthy that the level has turned sharply higher in the summer despite July's retreat as current starts reflect past decisions made 3 to 4 years ago amidst stronger housing conditions.

## Housing start dropped in July



Of the seven largest urban regions in B.C., 5 recorded a lower seasonally annualized rate of housing starts in July. Vancouver starts edged up 1.5 per cent to an annualized 37,092 units from 36,529 units. Abbotsford-Mission (-41.5 per cent or 1,092 persons) and Kelowna (-40.2 per cent or 4,653 persons) saw notable decreases in July, likely following the commencement of multi-unit projects in the previous month.

On an unadjusted basis compared to last year, B.C. had a 4.3 per cent year-to-date decrease in housing starts, with 25,020 units started in the first seven months of 2025 compared to 26,146 units during the same period in 2024. Multifamily units led the decline, falling 3.5 per cent to 22,784 units from 23,630 units last year. Single-family starts declined 11.1 per cent, from 2,516 to 2,236 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 5.4 per cent lower housing starts year to date compared to the same period last year. Across Canada, year-to-date housing starts grew 3.6 per cent year-over-year in July 2025. Multifamily starts increased by 4.2 per cent, while single-family starts rose 0.6 per cent from the level in last year.

## B.C. Business Barometer index values lowest amongst provinces

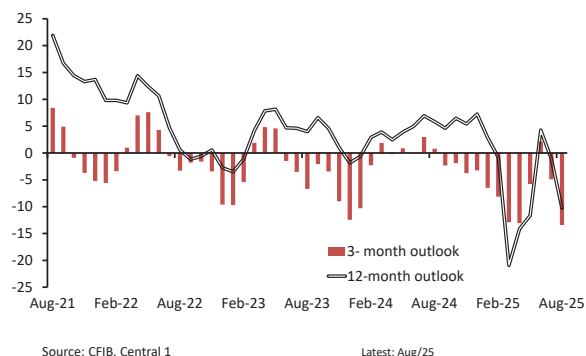
*Alan Chow, Business Economist*

The Canadian Federation of Independent Business (CFIB) Barometer Survey weakened a bit in August, following July's increase in sentiment among Small and Medium-sized Enterprises (SMEs). The long-term 12-month confidence index declined by 3.7 points from a revised 51.5 points in July to 47.8 points in August. The short-term index also declined, but by only 2.6 points from a revised 49.5 points to 46.8 points. This is the first time both indexes declined since reaching a bottom in March 2025 when the long-term index was at 34.7 points and the short-term index was at 31.7 points.

Canadian exporters and importers reported another monthly improvement in sentiment as they further adapt to the new trade environment. In August, the exporter sentiment index value increase to 47.0 points from an upward revised 45.5 points, while importer sentiment was up to 45.1 points from an upward revised 43.5 points. The index values, however, are still below levels at the end of 2024, when they were in the 60s, they continue lag behind businesses that trade within Canada. They most recently had an index value of 53.6 points, up from 48.8 points. An index value of 60 is typically what has been viewed during times of normal economic growth.

## Business confidence declines sharply in B.C.

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



Of the 12 sectors listed, only four had a higher long-term index value compared to the previous month. The highest jump was in agriculture, which moved from 40.0 points to 50.0 points. The largest decline was in personal and other services, which fell 9.5 points to 43.8. For the short-term index, seven out of the 12 sectors saw a higher index value. The biggest jump was again in health and education services, up 9.7 points to 64.3. The largest decline was in manufacturing, which fell 10.7 points to 35.0 points.

The long-term index in B.C. fell by 9.2 points to 39.7 points. It was the biggest fall amongst all the provinces, and the value ranks last amongst the provinces. The short-term index also fell by 8.5 points to 36.6, the lowest amongst the provinces. This decline was the second biggest decline, only smaller than Alberta, which declined by 13.2 points. Higher tariffs introduced by the U.S. on softwood lumber likely contributed to the decline. From the survey, insufficient demand and shortages of skilled labour continued to be the most noted constraints to sales or production growth for businesses in B.C. Limited physical space 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 saw fewer businesses expecting to increase staff levels with only 11 per cent responding that they will, down from 14 per cent in July. 19 per cent were planning to reduce full-time staff level, which was more than the 18 per cent reported in July.

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