



Highlights

- Home sales in Lower Mainland fall by 9.4 per cent year-over-year in February
- B.C. short- and long-term business confidence up in February

Lower Mainland housing market sours to start 2026

Bryan Yu, Chief Economist

Sellers hoping for a strong spring selling season may need to cut their expectations as February sales showed no improvement after being hammered in January. MLS® home sales as published by the Greater Vancouver Realtors and Fraser Valley Real Estate Board (combined Lower Mainland) pointed to 2,433 home sales in February which fell 9.4 per cent y/y. While moderating after January's 27 per cent drop, our calculation of seasonally-adjusted sales pointed to a 0.9 per cent m/m decline, with year-to-date sales down 18 per cent.

Buyers have opted to stay on the sidelines despite improved affordability from lower prices and easing of early-year geopolitical uncertainty (at least until this week). Skittishness of buyers likely stems from ongoing trade uncertainty, a subdued labour market, and

population declines. Meanwhile, rental markets are well supplied, as highlighted by easing rents and high vacancy rates which have made buying less urgent for potential buyers.

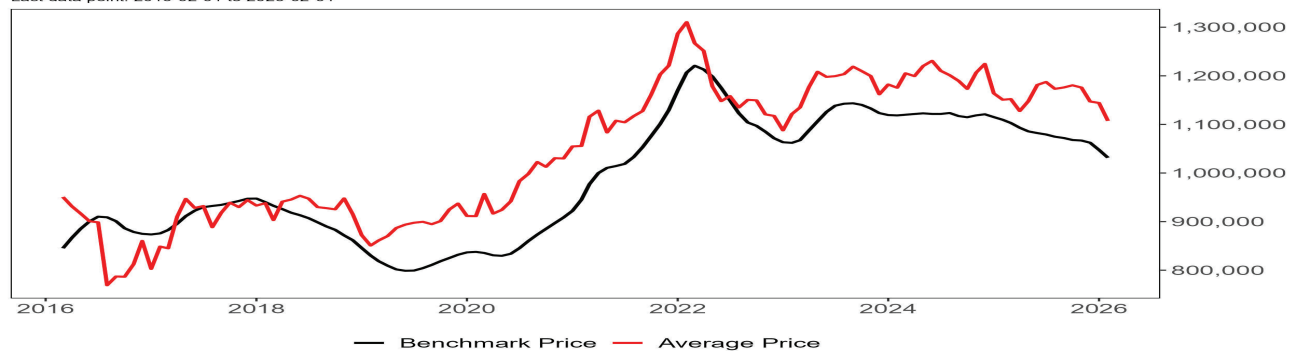
Resale inventory as measured by active listings were steady but rose 4.6 per cent y/y and remained near the current cycle high. Sales-to-active listings, a measure of the supply and demand imbalance, remained firmly rooted in a buyers' market at 11.9 per cent, which will continue to place downward pressure on home values. Consistent with this, key home price measures fell sharply in February as sellers adjusted expectations.

The average price in the Lower Mainland slumped 3.8 per cent y/y to \$1.115 million, and 3.2 per cent m/m on a seasonally-adjusted basis. Sales composition was likely a key driver, but the composite quality-adjusted price index declined across product types when adjusted for seasonal effects. Prices are back to levels seen in 2021 and about 16 per cent below the peak. Year-over-year, the composite index fell 7 per cent, and surprisingly, the steepest declines were in the detached market, with apartments down 7.1 per cent. Seasonally-adjusted, the composite price fell 1.5 per cent mm, which was the second sharpest monthly decline over the past two years.

Lower Mainland MLS Summary

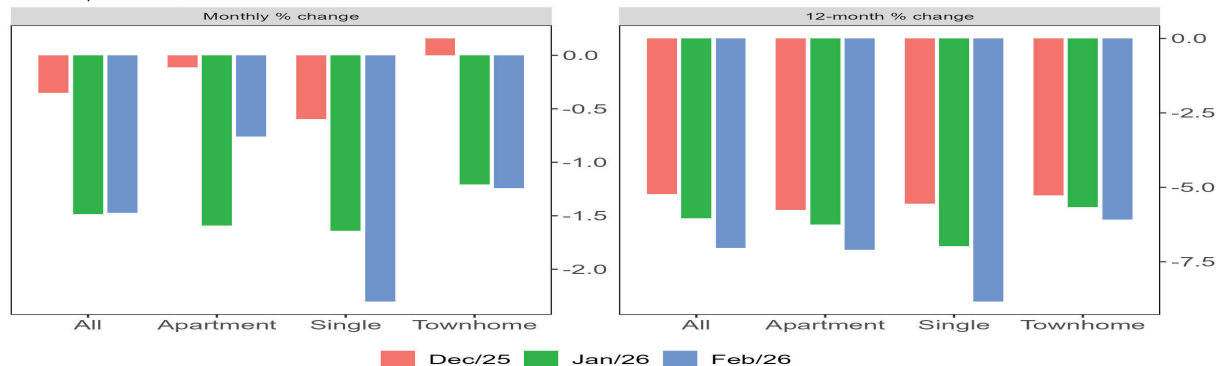
Lower Mainland MLS Price, Average vs Benchmark (\$)

Last data point: 2016-02-01 to 2026-02-01



Lower Mainland Composite Price Growth

Last data point: 2025-11-01 to 2026-02-01



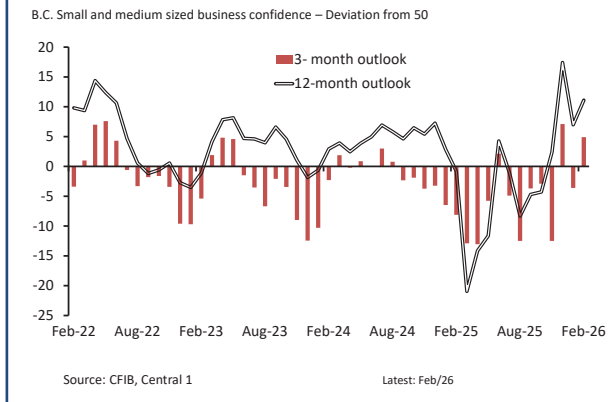
B.C. small business outlook strengthened in February

Eloho Ennah, Economic Analyst

Small business confidence improved notably in February according to the recent Business Barometer survey reported by the Canadian Federation of Independent Business. The Canadian 3-month index moved up 8.7 points to 61.2 points, and above the neutral 50-point threshold. This was also the second highest reading since May 2017. In addition, the 12-month index also increased by 5.4 points to 64.8 points during the month, holding above the 50-point mark for the fourth month in a row, signalling continued improvement in small business sentiment. Typically, a value near 65 points is consistent with moderate growth, although businesses are still cautiously optimistic given trade uncertainty.

At the sectoral level, long-term business confidence improved across the board, although short-term confidence remains tempered in some sectors. The 12-month outlook was the strongest in the health and education sector while also higher in retail, wholesale and personal services sectors. Short-term confidence across sectors, although still relatively subdued, strengthened in February. The manufacturing sector posted the weakest three-month outlook, reflecting the impact of significant U.S. levies imposed since early 2025. Across survey respondents, the average planned price increases eased to 2.2 per cent, while average planned wage increases edged up slightly to 2.3 per cent.

Business confidence in B.C. improves



In B.C., business confidence improved in February with both indices moving higher during the month. The 12-month index rose by 4.1 points to 61.1 points following the decline in January. The 3-month index also increased by 8.5 points to 54.9 points. B.C. businesses are broadly more pessimistic than the national picture, even as a thaw in China-Canada trade relations should support activity. A weak real estate market and prospects for construction are likely a drag. Insufficient demand remains a primary constraint on production, whilst businesses also noted tax/regulatory costs as the major cost constraint. Hiring intentions are modest, with 15 per cent of respondents looking to increase head count over the next year, up from 12 per cent in January. Findings from the most recent survey are also consistent with those of the Bank of Canada's Business Outlook Survey and indicate that firms' expectations across the country continue to be impacted by trade tensions and economic uncertainty.

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