



Highlights

- Small business confidence tempered in March
- Home sales continued to decline in February, falling by 1.9 per cent
- Housing starts declined by 16.9 per cent in February
- Inflation rate was 1.7 per cent in February
- Canadian and B.C. retail sales rose in January

Business confidence retreats in March

Bryan Yu, Chief Economist

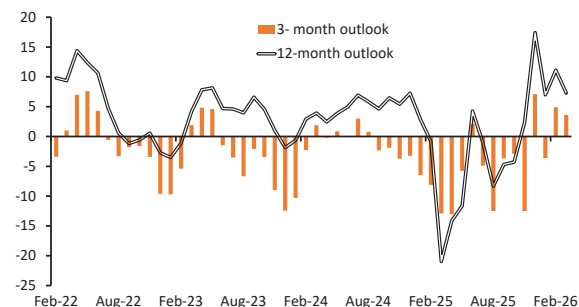
Small business confidence in Canada ratcheted back in March which is not at all a surprise as war intensified rapidly in Iran, driving almost a near-immediate surge in retail gasoline prices. This likely offset some optimism following the late February U.S. Supreme Court ruling to strike down many of President Trump's blanket tariffs. The Canadian Federation of Independent Business' (CFIB) Business Barometer plunged in March to fully reverse February's gain and recent momentum. Its three-month confidence index fell 7.3 points to a value of 54.5 points, with the 12-month outlook index down 9.5 points to 55.8 points. The latter was the lowest since November. The index is on a 100- point scale, where a value above 50 points to a net positive outlook. However, in a healthy economy, these values typically range to nearly 65 points. Tempered index levels reflect broad macroeconomic uncertainty, and in some markets, exceptionally weak housing markets.

By industry, the headline declined owed largely to a retrenchment in transportation/warehousing, health and education services, and agriculture. Segments with improved confidence included information/arts/recreation, as well as wholesale trade. The lowest 12-month index was in transportation and warehousing (53.8 points), with agriculture and manufacturing tied for the second lowest at 54.6 points. The highest index was found in business services (64.9 points), and health and education (66.9 points). Short-term confidence was low in most sectors, particularly manufacturing and agriculture.

On the bright side, the CFIB index suggests that 76 per cent of businesses expected their firms to be performing at least as well as today. While down from February, this was higher than the range seen from February through

Business confidence in B.C. remains weak

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



Source: CFIB, Central 1

Latest: Mar/26

October. On input costs, firms are less worried about wages, but those citing fuel costs have surged 50 per cent from less than 40 per cent in recent months, which is not surprising. On factors limiting sales or production, the main challenge cited was insufficient demand (56.5 per cent). Firms expect to keep employment levels steady.

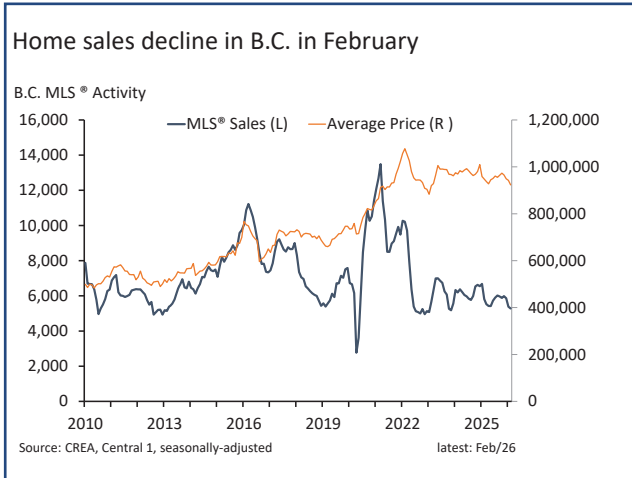
Among provinces, six of ten reported lower 12-month confidence than February based on three-month averages. The most severe declines were in B.C., which fell 3.8 points to 57.3 points, alongside Manitoba (down 2.9 points). Higher confidence was observed in Atlantic Canada. Lower confidence indices are generally seen in the West, with higher confidence in Quebec and the Atlantic provinces.

A closer look at B.C. shows both the 12-month (57.3 points) and three-month (53.6 points) confidence levels relatively lower than its peer provinces, but in line with other Western Canadian peers. Despite an economy that is more diversified in global trade than other provinces, weak confidence persists which could owe to a challenging real estate market and higher taxes following the recent B.C. provincial budget. In fact, the survey points to tax and regulatory costs (74 per cent) being key burdens in the province, alongside wage and insurance costs. Insufficient demand is a key constraint, while employment expectations are flat.

Home sales in B.C. decline in February

Eloho Ennah, Economic Analyst

Home sales in B.C. extended their downtrend in February, declining for a third consecutive month. Seasonally-adjusted home sales fell by 1.9 per cent in February to 5,282 units after the 8.2 per cent drop in



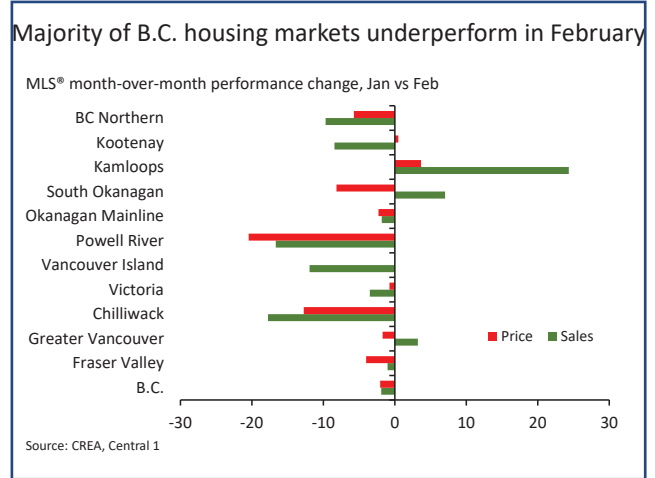
January and were 9.2 per cent lower on a year-over-year basis. Ongoing economic uncertainty, soft growth and labour market prospects continue to weigh on housing demand.

Sales declined across most regions in the province, including Chilliwack (-17.8 per cent), Vancouver Island excluding Victoria (-11.9 per cent), Victoria (-3.5 per cent), Okanagan Mainline (-1.8 per cent), the Kootenay (-8.5 per cent), and Northern B.C. (-9.7 per cent). In contrast, activity rebounded in Greater Vancouver with a 3.2 per cent gain in February after two consecutive monthly declines, while they also increased in Kamloops (+24.3 per cent) and South Okanagan (+7.0 per cent).

That said, y/y sales were lower across regions. The Lower Mainland in particular remains substantially weak despite improving affordability, depicting the weight of significant economic uncertainty that prospective buyers are grappling with. Greater Vancouver home sales were 8.6 per cent down y/y while they also fell in Fraser Valley by 6.9 per cent.

Home prices remain high but continued to trend down in February. The provincial average price decreased by 2.0 per cent to \$923,000. This was 14.0 per cent below the peak in February 2022. Price declines were reported in Greater Vancouver (-1.7 per cent), Chilliwack (-12.7 per cent), Victoria (-0.8 per cent), Okanagan Mainline (-2.3 per cent), South Okanagan (-8.2 per cent), and Northern B.C. (-5.7 per cent). In contrast, they increased in Kamloops (+3.7 per cent), the Kootenays (+0.5 per cent), and were unchanged on Vancouver Island.

Quality-adjusted benchmark prices, which provide a better gauge of the trend, also declined in February have continued to fall consistently since early 2025 and were down by 1.1 per cent in February. New listings pulled back by 3.9 per cent after growing for



several months while the sales-to-new listings ratio in the province moved up to 38.7 per cent from 37.9 per cent in January.

Looking ahead, housing market activity will likely remain subdued in the near term amid weak population growth, slow economic growth, trade uncertainty, and escalating geopolitical tension. But a rebound could be prompted by continued improvements in affordability and improving consumer confidence.

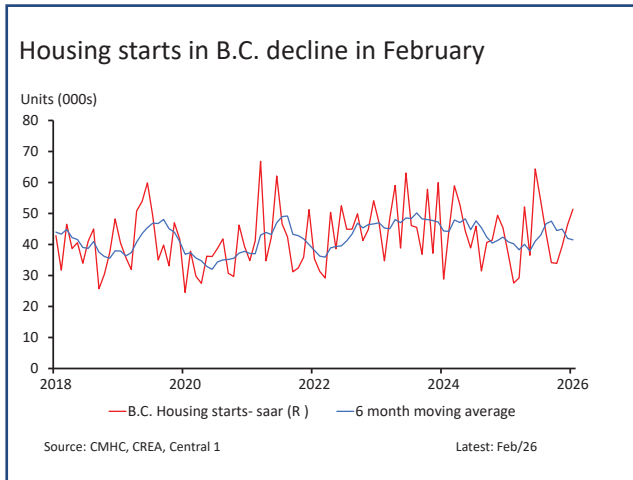
Home starts fall in B.C. in February

Eloho Ennah, Economic Analyst

The latest housing starts figures for B.C. published by the Canada Mortgage and Housing Corporation (CMHC) showed a decline in home starts in February following two prior monthly increases. Urban area housing starts in B.C. decreased by 16.9 per cent in February to 42,702 units (seasonally-adjusted annualized rate), after the 10.9 per cent rise in January. This was as a result of fewer starts for both multi-family homes (-17.3 per cent) and single-family homes (-13.2 per cent).

While monthly data can be volatile, the underlying trend in construction activity was still relatively soft. The six-month moving average continued to edge lower, pointing to subdued building momentum amid a soft economic backdrop, weak pre-sales, and slowing population growth. New residential building construction will likely be suppressed in the near term.

Four out of the seven largest urban centres in B.C. saw lower housing starts on a monthly basis. Home starts decreased in Abbotsford-Mission (-49.5 per cent), Vancouver (-18.5 per cent), Victoria (-61.5 per cent), and Kamloops (-91.4 per cent). That said, home starts increased in Kelowna (+65.2 per cent), Chilliwack (+24.6 per cent), and Nanaimo (+20.0 per cent).



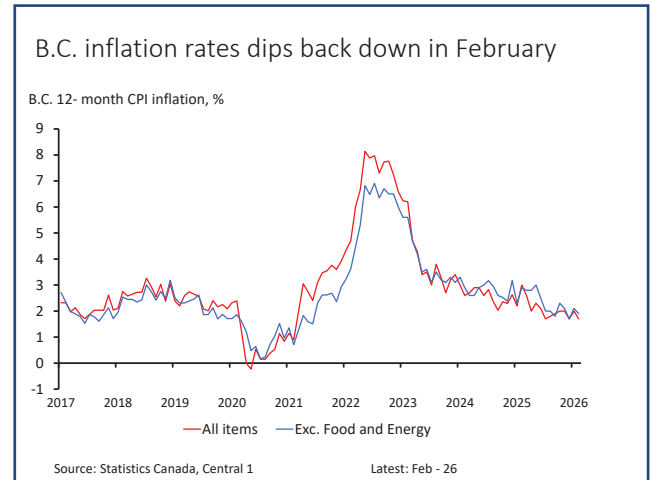
Year-over-year, actual home starts were up by 51.2 per cent in the province driven by strong gains in areas like Vancouver (+59.6 per cent) and Kelowna (+201.8 per cent).

B.C. inflation rate slows in February

Alan Chow, Business Economist

B.C.'s inflation rate fell in February 2026, with y/y growth in consumer price index coming in at 1.7 per cent, down from 2.0 per cent in January. This rate was tied for the fourth-lowest rate amongst the provinces. The y/y inflation rate has ranged from 1.7 to 2.0 since July 2025. Last year's temporary GST/HST exemptions ended in mid-February last year, and that contributed to some downward pressure across the country, with B.C. seeing reduced restaurant prices and alcoholic beverages. Inflation excluding energy dipped to 2.3 per cent in February from 2.8 per cent in January while Inflation, excluding both food and energy, slipped to 1.9 per cent from 2.1 per cent. Inflation though is likely to pick up in March as the conflict in the Middle East results in a surge in oil prices, driving energy prices higher.

Food price inflation slowed in February. It was the first month in four months that the y/y price growth declined, coming in at 4.5 per cent. Almost all categories saw a y/y price slowdown. Food purchased from stores slowed to 3.8 per cent from 4.9 per cent with meat slowing from 8.7 per cent to 8.0 per cent. Fish and seafood price growth also slowed from 7.5 per cent in January to 5.0 per cent in February. Dairy prices growth also slowed from 2.5 per cent to 1.8 per cent while fruits and nuts saw a y/y price decline of 1.3 per cent. Vegetables also saw a y/y price decline of 0.3 per cent albeit less than January's decline of 1.0 per cent. Bakery and cereal products saw price growth accelerated to 1.1 per cent from 0.6 per cent. Food purchased at restaurants saw price growth of 5.6 per cent, down from 8.0 per cent as the GST holiday ended.



Energy prices decreased by 8.3 per cent y/y in February, down from a decline of 11.3 per cent in January. Gasoline prices were down 11.6 per cent, but this was a slowdown from the 16.3 per cent decline in the previous month. However, since April 2025 when the consumer carbon tax was removed, energy prices have risen 2.7 per cent with gasoline up 1.4 per cent. On a y/y basis, transportation costs are down 1.0 per cent, marking a third negative month.

Shelter costs increased 1.5 per cent y/y, down marginally from 1.8 per cent in January. This is the lowest y/y price growth since August 2020 when it was 1.1 per cent. Owned accommodations continue to be the driver as homeowners' replacement cost saw a y/y price decline of 2.2 per cent. Rented accommodation though saw prices rise 4.3 per cent.

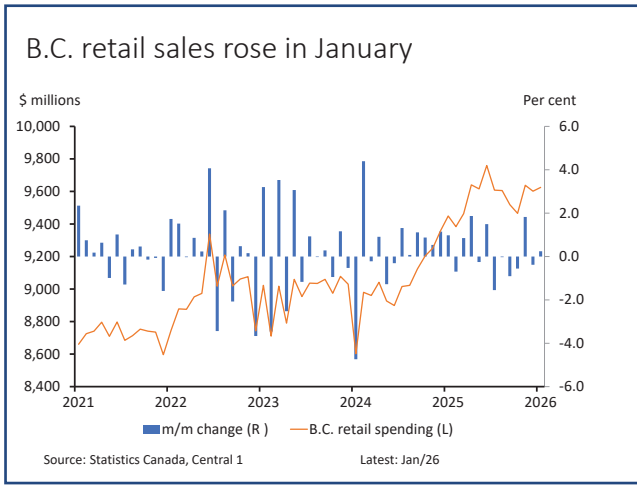
Clothing and footwear prices rose by 1.5 per cent while household operations, furnishings, and equipment inflation decelerated from 2.6 per cent to 2.0 per cent. Growth in the price of goods dipped in February to 0.8 per cent growth with service price growth also slipping to 2.4 per cent.

Nationally, the y/y inflation rate slowed to 1.8 per cent from 2.3 per cent. Inflation, excluding food and energy, slowed from 2.4 per cent to 2.0 per cent. But as mentioned previously, the conflict in the Middle East will likely push these numbers higher. How high depends on how long the conflict lasts.

Canadian and B.C. retail sales rise in January

Alan Chow, Business Economist

Canadian retail sales rose in January after seeing a weaker December. On a seasonally-adjusted basis, retail sales increased by 1.1 per cent in January to \$70.7 billion. Core retail sales, which exclude gasoline stations, fuel vendors and motor vehicles and parts dealers, also grew but by a smaller amount of 0.9 per



cent. By volume (seasonally adjusted and at constant dollars), sales rose 1.0 per cent. Advanced figures for February suggest sales increase again, up 0.9 per cent, although this figure is likely to be revised as more data becomes available.

There was a strong uptick in sales at motor vehicles and parts dealers, which were up by 2.0 per cent to \$19.0 billion. This is the highest monthly sales level since August 2025 when sales were \$19.6 billion. On the other hand, sales at gasoline stations and fuel vendors declined 0.4 per cent, its first decline in 3 months.

Driving core retail sales was a 3.0 per cent rise at general merchandise retailers. This is the fourth monthly rise for this subsector. Strong sales were also seen in sporting goods and hobby stores, up 2.7 per cent

for a second monthly increase. Partially offsetting this growth was a 0.6 per cent decline at food and beverage retailers, its second monthly decline, as well as a decline at clothing and clothing accessories, jewelry, and luggage retailers, down 1.1 per cent, for its second monthly decline.

On a provincial level, B.C. seasonally-adjusted retail sales rose 0.2 per cent in January after falling 0.4 per cent in December on revised numbers. Unadjusted retail sales in B.C. for January 2026 increased by 1.5 per cent compared to the same month in 2025.

Subsector data is unadjusted for seasonality, but y/y figures showed higher sales in five out of the nine categories. Health and personal care retailers saw the strongest growth, up 18.7 per cent to \$847 million. This is followed by sporting goods and hobby retailers, up 13.4 per cent to \$734 million. On the other end, lower y/y sales were led by moto vehicle and parts dealer, down 8.8 per cent to \$1.9 billion, and gasoline stations and fuel vendors, down 7.8 per cent to \$728 million.

Regionally, the Vancouver metro area reported no change in seasonally-adjusted retail sales on a m/m basis in January, after having grown for three months.

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