



Housing and Mortgage Market Review: Quarterly Report – *October 2023*

B.C. housing market recalibrates. Q3 sees dip in sales and tilt towards buyers

Highlights:

- Q3 saw decline in home sales while inventory surged
- Home prices losing momentum as market tilts back towards buyers' territory
- Long-term fundamentals still intact, particularly population growth

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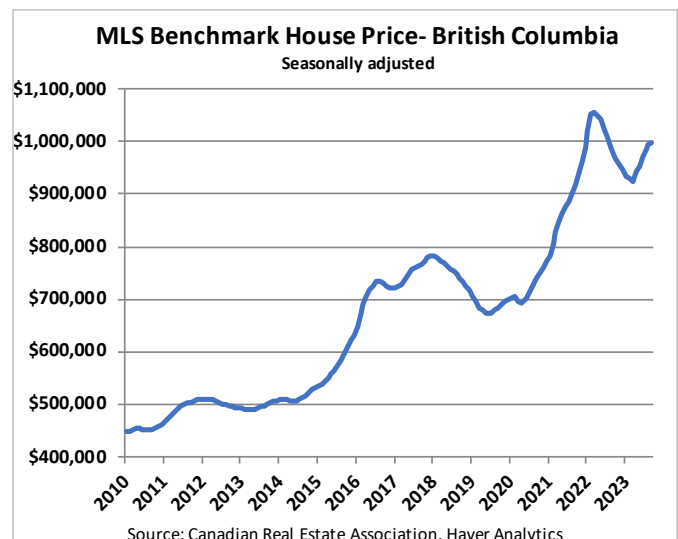
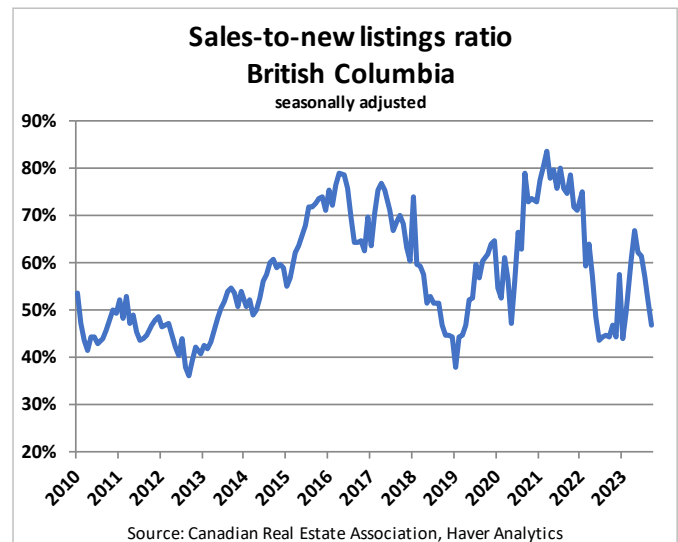
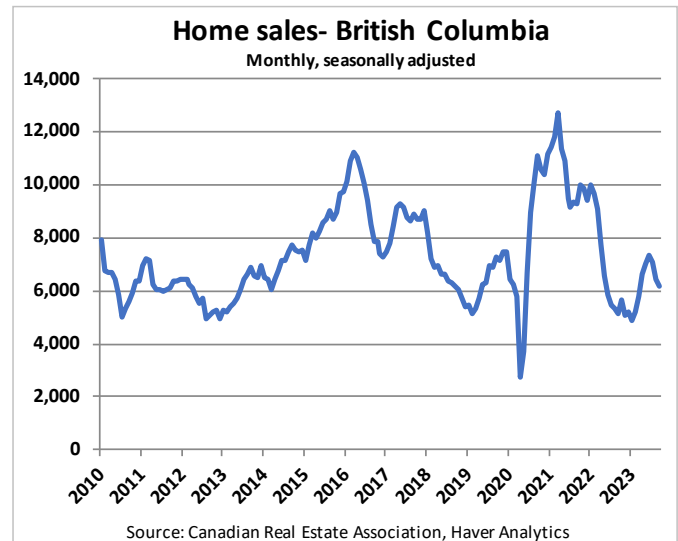
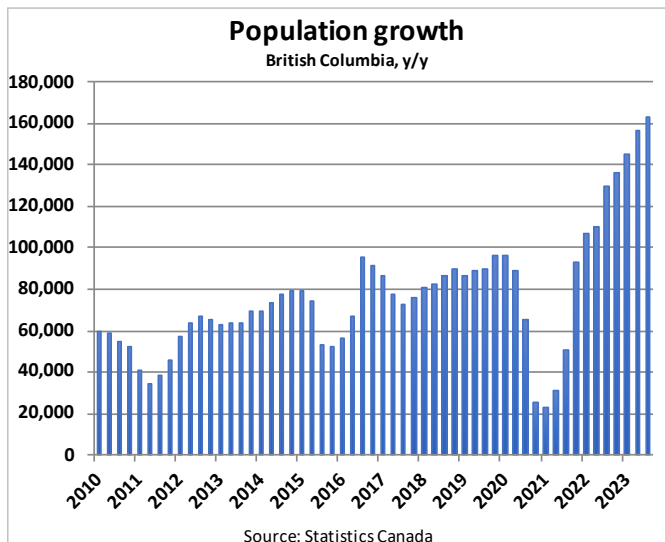
High interest rates are weighing on prospective homebuyers. Seasonally adjusted home sales across British Columbia slipped 6.0% in the third quarter, partially retracing the 32% increase we saw in Q2. With affordability still deeply challenged, we may see further pressure on demand this fall.

Sellers returned to the market in size in the third quarter, with seasonally adjusted new listings jumping 14.9% relative to Q2. The market balance in B.C. is deteriorating and is now tilting towards buyers, with the sales-to-new listings ratio falling to 46% in September.

The MLS House Price Index ended Q3 up 2.6% from the second quarter, but remains 5.4% below peak and is now showing signs of rolling back over. If the trend of rising supply and weak demand persists, we should expect downward price pressure through the fall.

New record for population growth

The long-term demand story remains intact as B.C. saw record annual population growth of 163,000 in Q3.



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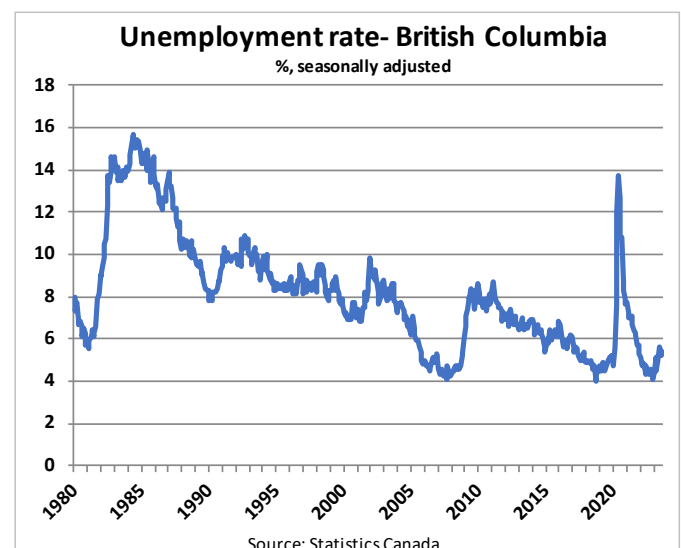
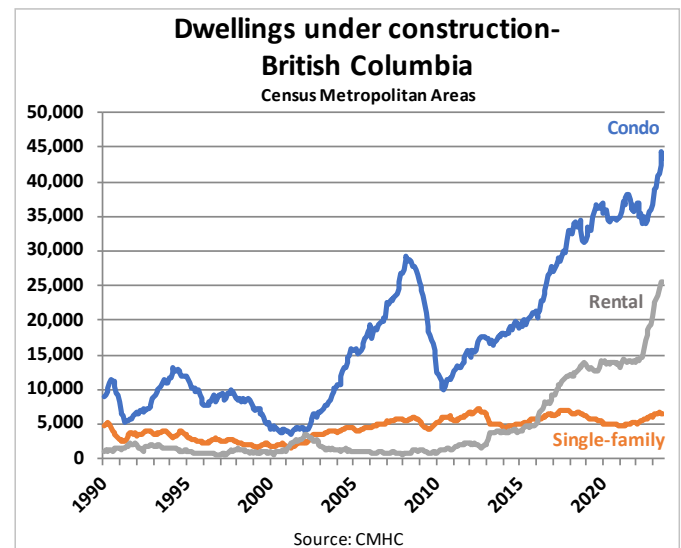
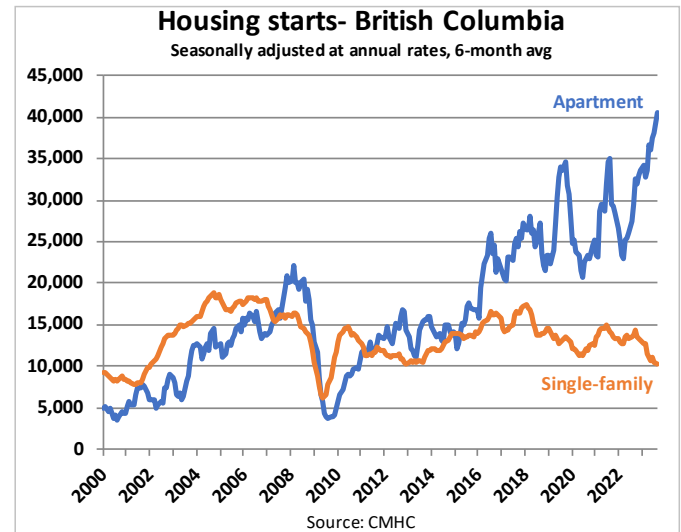
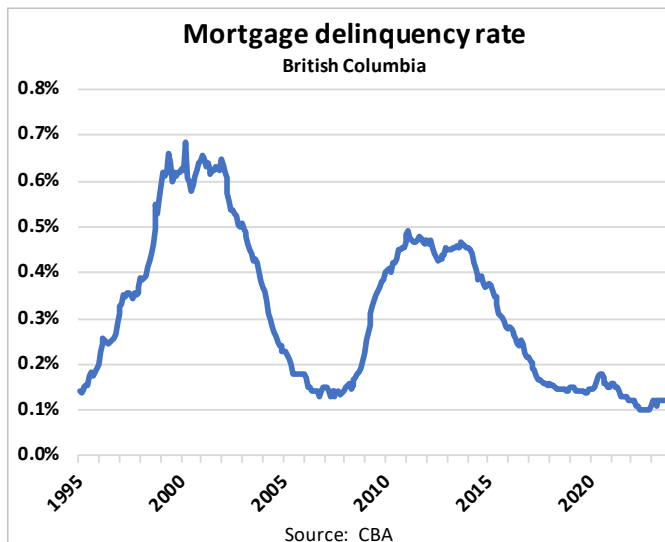
At the same time, we continue to see a slowdown in single-family construction activity, offset by rising activity in the apartment segment.

There is a significant pipeline of new construction, notably in the condo segment and to a lesser extent in the purpose-built rental market. Total dwellings under construction jumped 4.2% in the third quarter to hit a record high overall, but single-family construction activity remains inadequate given strong population growth.

Job market still looks solid

B.C. created 36,000 new jobs in the third quarter while the unemployment rate fell 0.2% to 5.4% and remains at one of the lowest levels on record.

With the labour market still in good shape, the mortgage delinquency rate held steady at just 0.12%, exactly where it's been for the past five months. With signs that the Canadian economy is beginning to cool at the margins, we should expect delinquencies to start rising modestly in the coming months.



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Summary:

The economy in B.C. remains resilient even if it's showing signs of cooling at the margins. Affordability remains a major challenge for the housing market, and we're now seeing a softening in demand once again. Over the longer term, strong population growth and inadequate supply will underpin the housing market.



**Any forecasts contained in this report are accurate as of the date indicated.*