



Housing and Mortgage Market Review: Quarterly Report – *January 2024*

BC's housing market sees Q4 decline but shows signs of recovery with December surge

Highlights:

- Home sales slipped in Q4 but ended the year with a solid showing in December
- Province sees slowdown in single-family construction activity
- Long-term fundamentals still look solid, particularly as population growth smashed records again

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British Columbia

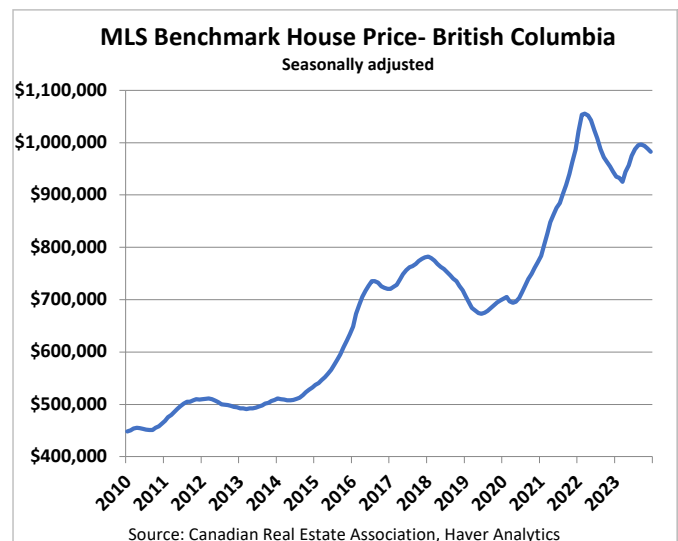
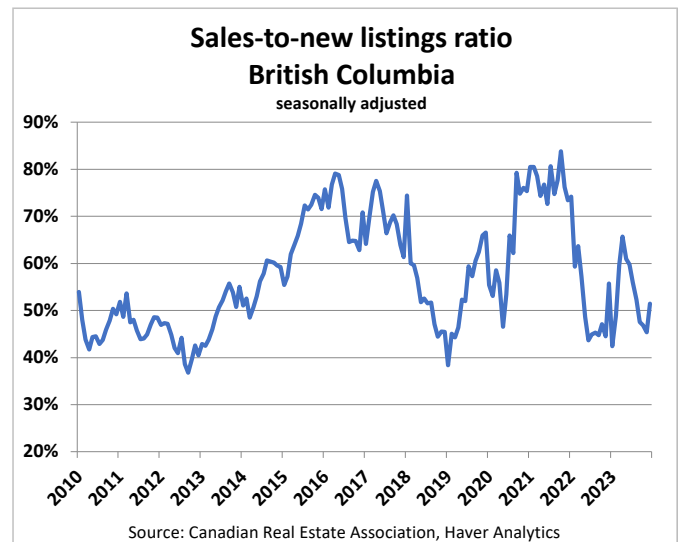
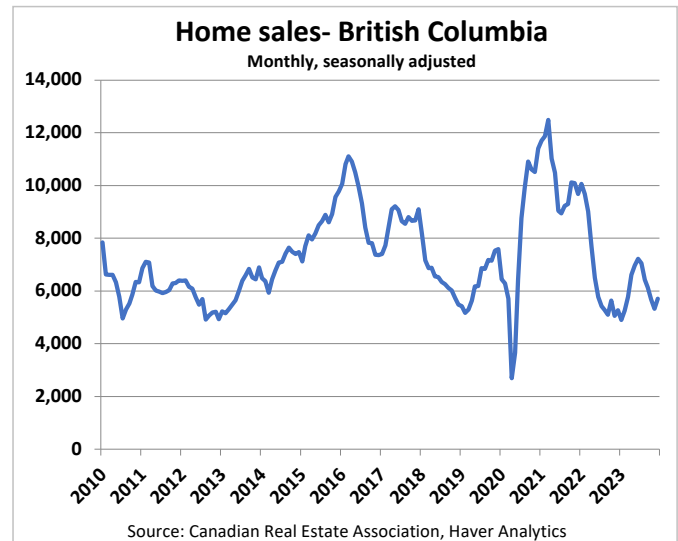
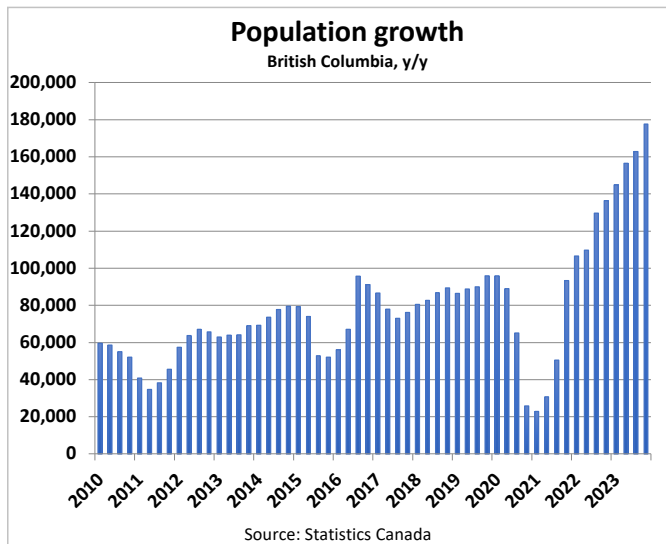
Seasonally adjusted home sales across British Columbia fell 14.8% in Q4 as the impact of still-elevated mortgage rates weighed on housing demand. But there was good news. Sales ended the year with a solid 7% monthly increase in December, a sign that perhaps buyers are starting to re-enter the market.

Sellers also moved to the sidelines in the fourth quarter, with new listings down 7.5% relative to Q3 levels. The sales-to-new listings ratio held in buyer territory below 50% through most of Q4 before moving into balance at 53% in December.

The MLS House Price Index across BC registered a 2.3% decline in Q4 and remains roughly 7% below its peak. With the resale market ending the year in balanced territory, we will likely see prices stabilize ahead of the key spring selling season.

New record for population growth

The long-term demand story remains intact as BC saw record annual population growth of 178,000, or 3.3% year-over-year, in the fourth quarter.



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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, notably in purpose-built rentals which continue to make new record highs. Still, the slowdown in single-family construction activity argues that this segment will remain in short supply in coming years once demand begins to normalize.

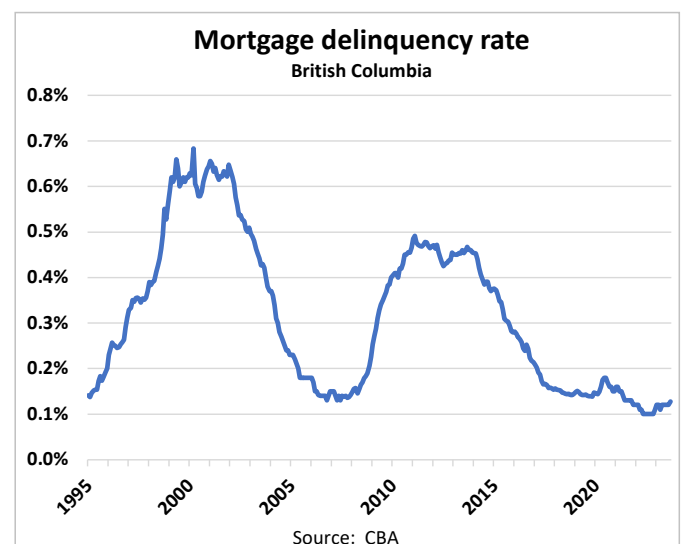
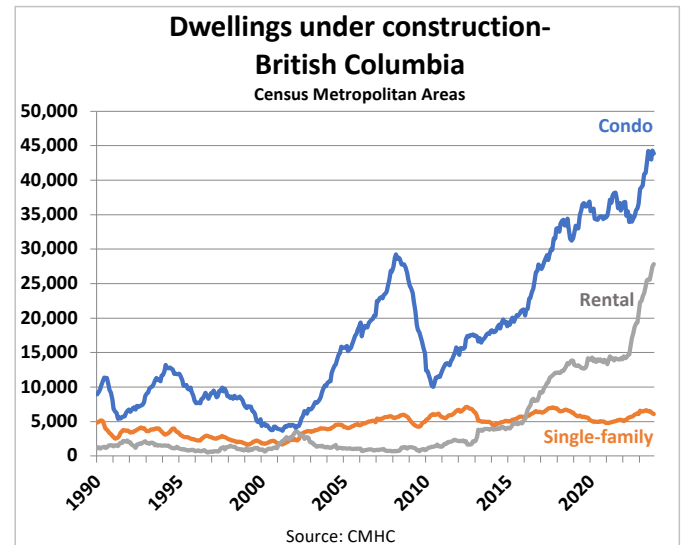
Job market still looks solid

BC created 27,000 new jobs in the fourth quarter, but it wasn't enough to keep up with the massive expansion in the labour force from strong population growth. Consequently, the unemployment rate rose 0.2% in the quarter and now sits at 5.6%, a considerable increase off the record low of 4.1% in late 2022.

Mortgage delinquencies remain incredibly low at just 0.13%, but have risen off the all-time lows of 0.10% in 2023. With signs that the Canadian economy is beginning to cool at the margins, we should expect delinquencies to continue rising modestly in the coming months.

What it all means

The real estate market across BC hit a soft spot in Q4, but there are tentative signs that the recent pullback in mortgage rates might be reinvigorating demand ahead of the spring selling season. The economy remains on solid footing, but will likely slow through the first half of the year as the lagged impact of high rates continues to be felt.



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