

Weekly Economic Review

Housing starts rebound from recent low

Housing Starts

Multi-units lift housing starts

Housing starts rebounded in November with a jump in multi-unit starts. They expanded 46% month-over-month (m/m) to a seasonally adjusted annual rate (SAAR) of 26,359. The monthly increase was led by a surge in volatile multi-units (+98% m/m), with particular strength in apartment and row units (Chart 1). Single (+5.3% m/m) starts also improved modestly following three

Chart 1: Housing starts rebound with multi-units

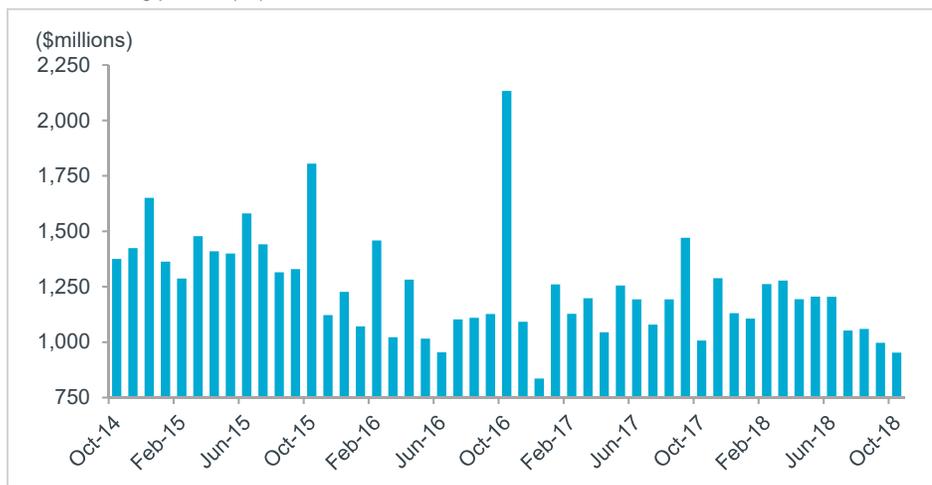
Alberta housing starts by type, seasonally adjusted annual rate (SAAR)



Source: Canada Mortgage and Housing Corporation

Chart 2: Permits ease from higher construction intentions earlier in the year

Value of building permits (SA)



Source: Statistics Canada

months of decline. Despite the monthly improvement, activity in the single-family construction has cooled in the second half of 2018. Starts improved regionally across the board, with Edmonton posting the largest gain. Year-to-date (YTD), starts were down 9.5%, reflecting the slowing activity in singles and semi-detached starts.

Building Permits

Weakness continues

Construction intentions declined for the second month in a row. The value of building permits issued eased 4.5% m/m to \$950 million in October, the lowest level since the end of 2016 (Chart 2). Non-residential fell for the fourth month in a row with steady construction intentions for commercial structures overshadowed by a pullback in industrial and institutional structures. Residential intentions slipped to a 22-month low as an uptick in single-family permits was offset by a drop in multi-family. Through the first ten months of the year, intentions were down 4.4%, reflecting lower value in permits issued for single-dwellings, institutional and industrial buildings.

New Housing Price Index

Calgary new home prices ease

The new home price index edged down led by lower prices in Calgary. The new housing price index (NHPI) ticked down 0.1% m/m in October to a new post-recession low, as land prices were unchanged while weakness in the house-only component continued. The house-only component decline 0.1% m/m

as a gain in Edmonton (+0.2% m/m) was overwhelmed by a pullback in Calgary (-0.5% m/m), which has eased over the last three months. The weakness in Calgary new house prices has been the primary driver of the 0.8% provincial decline in the index compared to a year ago (Chart 3).

Consumer Insolvencies

Insolvencies remain elevated

The number of Albertans filing for insolvency spiked after easing over the previous three months. A total of 1,346 Alberta consumers submitted either a bankruptcy or a proposal in October, 222 more than September and one shy of the nine-year high set in June. After levelling off in 2017, insolvencies have trended higher in 2018, not only in Alberta but in most provinces, in-line with rising interest rates over the past two years.

Refined Petroleum Products

Refined products hit a new peak

Production from Alberta's refineries continues to outpace the previous year. The supply of refined petroleum products increased by 8.1% m/m to reach 620,000 barrels of oil equivalent per day (BEpd) in September, exceeding the previous high set in February 2018 (Chart 4). The strong monthly gain was driven by increases in motor gasoline and diesel fuels, and supported by improvements in asphalt and propane output. On a year-over-year basis, production grew 8.6%. Overall, production in 2018 has now exceeded 2017 levels in six of the past nine months.

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Please see the [Alberta Economy - Indicators at a Glance](#) for current snapshot of Alberta indicators

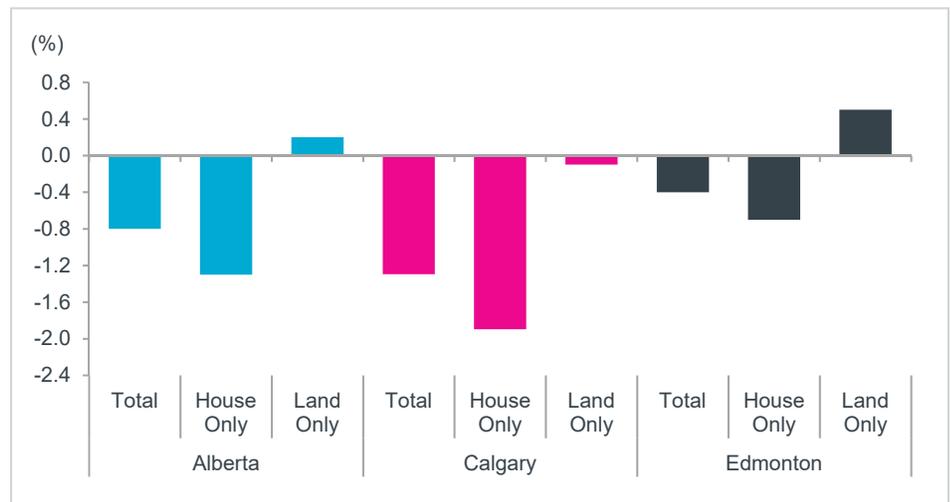
National Balance Sheet

Modest increase in net worth

Canadian household net worth continued to increase in the third quarter but at a slower pace. It edged up 0.4% quarter-over-quarter to \$11,110 billion. While it increased for the fourth consecutive quarter, the pace slowed as the value of residential real estate declined with lower home prices nationally. This was offset by an increase in durable assets and a gain in financial assets, driven by strong foreign equity markets returns. Household indebtedness was relatively steady with the debt-to-disposable-income at 177.5%, as credit market debt and household income grew at a similar pace. On a per capita basis, net worth stood at \$299,798, unchanged from the second quarter.

Chart 3: NHPI eases with Calgary's house-only component

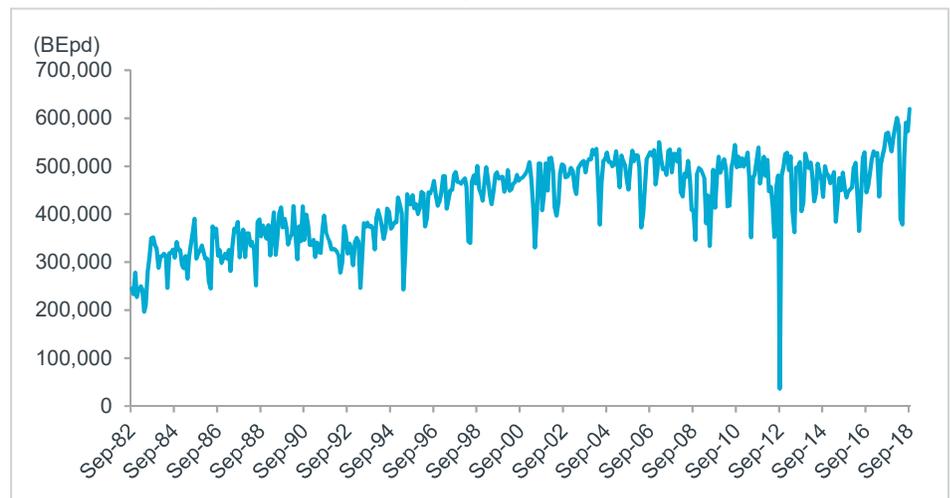
Year-over-year percent change in NHPI by component and region



Source: Statistics Canada

Chart 4: Refinery production hits a record high

Total refined products (barrels of equivalent per day)



Sources: Statistics Canada