

# Weekly Economic Review

## Alberta housing market upbeat

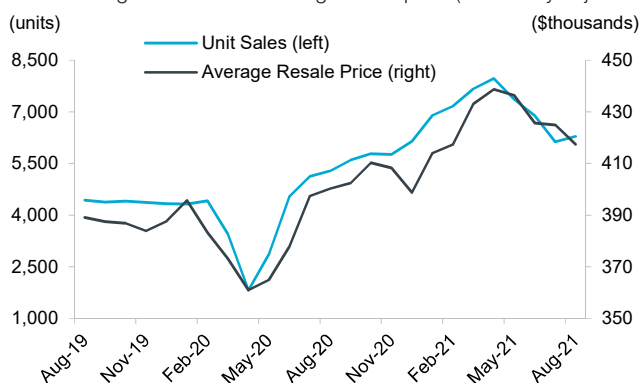
### Resale Housing

#### Sales activity holding up

Activity in Alberta's resale housing market remains robust. After pulling back for the past three months, seasonally adjusted unit sales increased 2.6% month-over month (m/m) to 6,283 in August. The monthly increase was a result of large rebounds in Medicine Hat, Northeastern Alberta and Central Alberta, along with smaller gains in Edmonton, Lloydminster and Calgary. While sales increased and remained well above the ten-year average, the number of new listings eased further (-1.7% m/m), driven by declines in both Calgary and Edmonton. As a result, the months of inventory dropped to 3.6 from 3.8 in July. Despite tight market conditions, the average resale price fell 1.8% m/m to \$417,371 (Chart 1).

**CHART 1: REALESTATE HOUSING ACTIVITY TICKS UP**

Resale housing unit sales and average resale price (seasonally adjusted)



Sources: The Canadian Real Estate Association, Haver Analytics

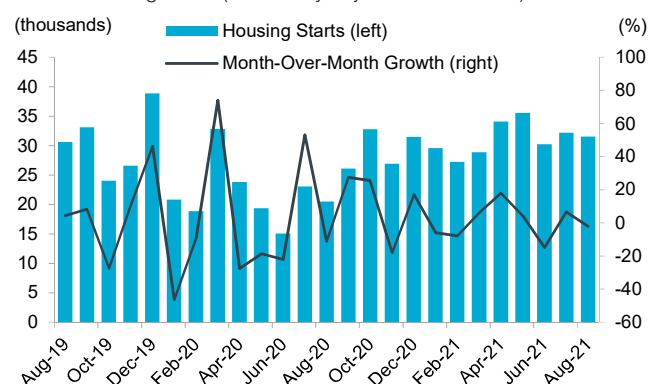
### Housing Starts

#### Apartments prop up starts

Housing starts in Alberta eased in August but remained elevated. They fell 2.0% m/m to a seasonally adjusted annual rate of 31,526 units (Chart 2). Pullbacks in single- and semi-detached as well as row houses offset a gain in apartment starts (+20% m/m) that were concentrated in Edmonton. On a regional basis, declines in Calgary (-24% m/m) and other urban centers (-3.0% m/m) counterbalanced growth in Edmonton (+29% m/m) and rural regions (+5.0% m/m). Year-to-date (YTD), housing starts in Alberta rose 43%, with solid gains in all types of dwellings.

**CHART 2: ONGOING STRENGTH IN HOUSING STARTS**

Alberta housing starts (seasonally adjusted annual rate)



Sources: Canada Mortgage & Housing Corporation, Haver Analytics

### Residential Construction Investment

#### Residential spending retreats

Alberta's investment in residential construction slowed again in July after reaching a three-year high in May. It fell 1.5% m/m to \$1.3 billion, as declines in single dwellings (-4.1% m/m) overshadowed gains in multi-unit buildings (+3.2% m/m). While spending in single dwelling construction eased in both Calgary and Edmonton, the decline was most pronounced in regions outside of Alberta's Census Metropolitan Areas (CMA). In contrast, construction spending on multiple-dwellings rose to multi-year highs in both Calgary and Edmonton. Compared to a year ago, total residential construction spending was up 24%.

### Non-Residential Construction Investment

#### Commercial investment improves

Spending on commercial buildings continues to drive the recovery in Alberta's non-residential construction activity. Investment in non-residential building construction jumped up 3.4% m/m to \$584 million in July, the largest monthly gain since October 2013. The increase was driven by higher commercial investment (+6.0% m/m), concentrated in trade and services. Small gains in institutional and governmental spending (+0.7% m/m) were offset by a decline in industrial investment (-2.2% m/m). Despite the monthly gain, spending on non-residential buildings in Alberta remained down 15% YTD.

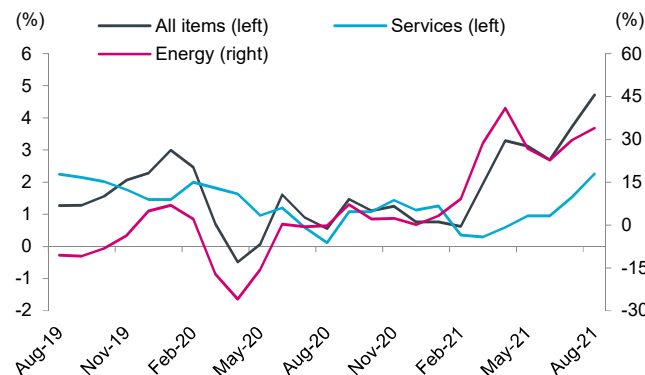
## Consumer Price Index

### Energy prices propel consumer inflation

Inflation in Alberta accelerated in August on the back of rising energy prices and cost of services, a combination of recent price pressures and lower price levels in 2020. The headline consumer price index surged 4.7% year-over-year (y/y), the highest inflation rate since late 2007. Energy prices continued to lead the gain, driven by higher gasoline and electricity prices. The latter rose (+32% y/y) to new highs in August amid robust demand for power and limited supply. Food inflation (+3.5% y/y) increased on the back of higher meat prices and the cost of food purchased from restaurants. Core inflation—all items excluding food and energy—also increased in August (+2.5% y/y). This included homeowners' replacement costs (+56% y/y) and cost of services. The latter rose at the fastest pace (+2.3% y/y) since August 2019, following easing of COVID restrictions and businesses re-opening (Chart 3).

**CHART 3: ENERGY AND SERVICES PUSH INFLATION HIGHER**

Alberta's annual rate of inflation



Sources: Statistics Canada, Haver Analytics

## Wholesale Trade

### Widespread declines in July

Wholesale activity continued to dip in July, with pullbacks in five out of seven sub-sectors. Alberta's wholesale trade sales stood at \$7.2 billion, down 0.5% m/m, the third consecutive monthly decline. Sales of building material & supplies fell to its lowest level in five months, largely a result of retreating lumber prices. Food, beverage & tobacco sales also inched lower in July but remained upbeat compared to the depressed levels last year. Meanwhile, machinery, equipment & supplies sales were up sharply and climbed to the highest level since September 2019. Overall, wholesale trade sales in Alberta remained 13% higher YTD.

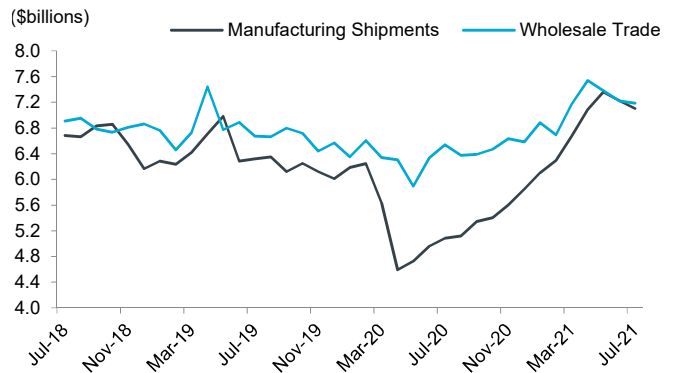
## Manufacturing Shipments

### Lower lumber prices continue to weigh on factory sales

Manufacturing activity in Alberta retreated further in July, driven by lower wood product sales. The value of manufacturing shipments slipped 1.7% m/m, following a 1.9% decline in June. Shipments of wood products, which fell as a result of a 23% m/m pullback in lumber prices that month, drove majority of the overall decline in factory sales in both Alberta and nationally. Petroleum & coal products shipments also pulled back for the second consecutive month despite rising energy prices. These declines were tempered by higher food and machinery sales. Despite the monthly decrease, overall factory sales in Alberta remained 28% higher YTD, with nearly every sub-sector up from last year's depressed levels (Chart 4).

**CHART 4: BUSINESS ACTIVITY EASING BUT STILL ELEVATED**

Alberta wholesale trade and manufacturing shipments (seasonally adjusted)



Sources: Statistics Canada, Haver Analytics

## New Motor Vehicle Sales

### Sales drop below 2020 levels

New vehicle sales decreased in July, following a four-month surge. The number of new vehicles sold in Alberta declined 8.5% y/y to 17,374 units, with a pullback in truck sales (-10% y/y) offsetting a gain in passenger cars (+7.2% y/y). Despite a retreat in July, the average price per vehicle remained above both last year's low (+2.6% y/y) and 2019 levels (+6.9% y/y).

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For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)