

# Weekly Economic Review

## Population growth accelerates

### Population

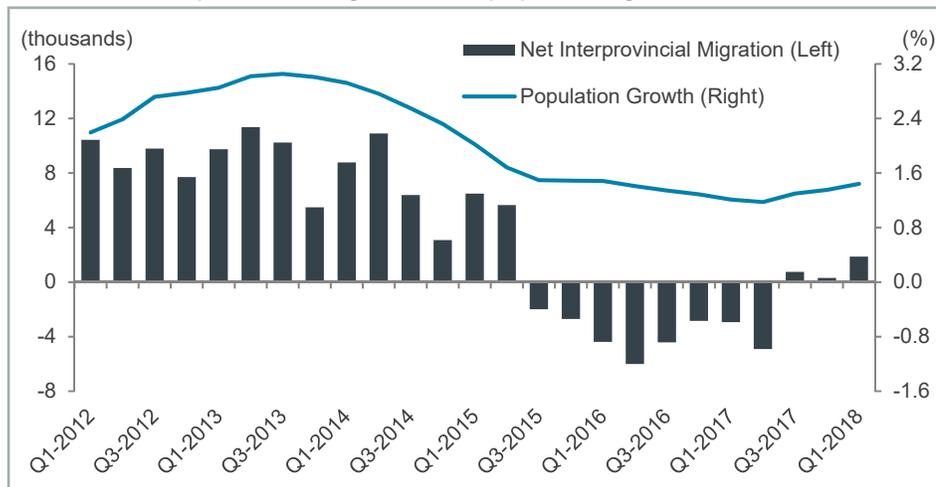
#### Interprovincial migration boost growth

Alberta population continues to grow at a faster rate. Alberta's population stood at 4,334,025 as of April 1, 2018, an increase of 15,253 from the previous quarter and 1.4% higher than a year ago. Alberta population growth has accelerated for three consecutive quarters as net interprovincial flows have turned positive (Chart 1). Alberta gained 1,862 people through interprovincial migration in the

first quarter, second only to Ontario. While interprovincial migration boosted population growth the natural increase (births minus deaths) continued to make the largest contribution to growth, followed by net international migration.

**Chart 1: Population growth picks up with interprovincial migration**

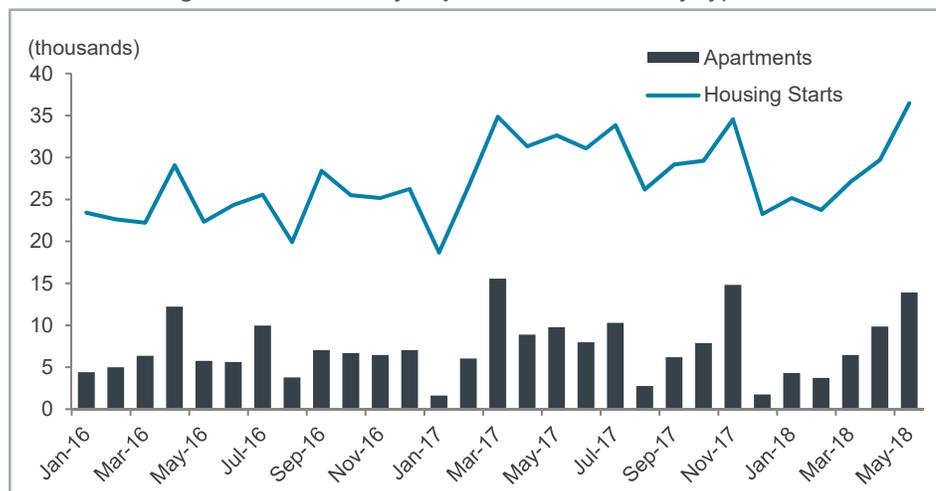
Alberta net interprovincial migration and population growth



Source: Statistics Canada

**Chart 2: Housing surge with multi-unit construction**

Alberta housing starts, seasonally adjusted annual rate by type



Source: Canada Mortgage and Housing Corporation

### Housing Starts

#### Multi-units lift housing starts

Housing starts surged for the third month in a row as a significant number of multi-unit buildings were started in Calgary. Housing starts were up 22.8% month-over-month (m/m) to a seasonally adjusted annual rate (SAAR) of 36,471 in May. The monthly gain was led by a jump in the volatile apartments starts (Chart 2) and a rebound in rows, which combined pushed multi-unit starts to a 14-month high. The gain was concentrated in Calgary, where multi-units starts surged to the highest level since June 2015. Other regions of the province saw mild increases. Compared to a year ago, housing starts were up 11.7%, with Calgary (+69.9% year-over-year or y/y) accounting for nearly all the growth. Given the elevated levels last year, starts were down in Edmonton (-27.2% y/y) and other urban centres (-19.0% y/y).

### New Housing Price Index

#### New home prices steady

Alberta's new home prices index held steady in April after falling back in recent months. Alberta's new housing price index (NHPI) was flat, with little change in both land and house-only prices. Compared to a year ago, the NHPI fell 0.3%, reflecting the pullback in the house-only component (-0.9% y/y), which more than offset gains in land prices (+0.7% y/y).

## Resale Housing

### Sales activity stabilizes

Alberta's resale housing market appears to be stabilizing as the impact of the mortgage rule changes fade. Seasonally adjusted home sales increased 1.6% m/m to 4,275 units in May. An improvement in Calgary drove the monthly gain, where sales rebounded 3.9% m/m after falling to a seven-year low. Meanwhile, sales were little changed across the rest of Alberta, with a minor gain in Edmonton and strong gains in some regions offset by declines in others. Despite the modest increase in sales activity, new listings soared to an eight-year high (+9.1% m/m) (Chart 3). This pushed inventories higher and put further downward pressure on the average resale prices, which fell for the third month in a row to \$383,905.

## Manufacturing Shipments

### Drag from refinery turnarounds

Alberta's manufacturing shipments dropped in April as seasonal maintenance led to a lower refinery output. The value of manufacturing shipments in Alberta fell 5.3% m/m to \$5.8 billion. The decline was mostly the result of a plunge in shipments of petroleum and coal products (-20.5% m/m) as turnarounds at Alberta's major refineries limited production (Chart 4). Lower shipments of food and chemical products also contributed to the decline in non-durable goods. These losses were partly offset by gains in durable goods, which continued to rebound following a dip in February. Manufacturing sales of non-metallic mineral, primary and fabricated metal products regained some lost ground, while manufacturing of wood products reached a new high. Compared to a year ago, shipments were down 2.4%, while excluding the weakness in petroleum and coal manufacturing, shipments were nearly unchanged from last year.

## Contact

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

## National Balance Sheet

### Household net worth edges down

Canadian household net worth dipped in the first quarter of 2018. Household net worth fell by \$18.3 billion or 0.2%. The weakness was due to a drop in the value of equity and investment which overwhelmed a modest increase in the value of residential property. Mortgage borrowing slowed to the lowest level since the second quarter of 2014 as gains moderated in the value of residential property and residential resale activity declined following the introduction of the new mortgage rules. With slower growth in household debt and gains in disposable income, the debt-to-income ratio decrease to 168.0%, the lowest level in two years.

### Chart 3: Alberta home sales stabilize while listings surge

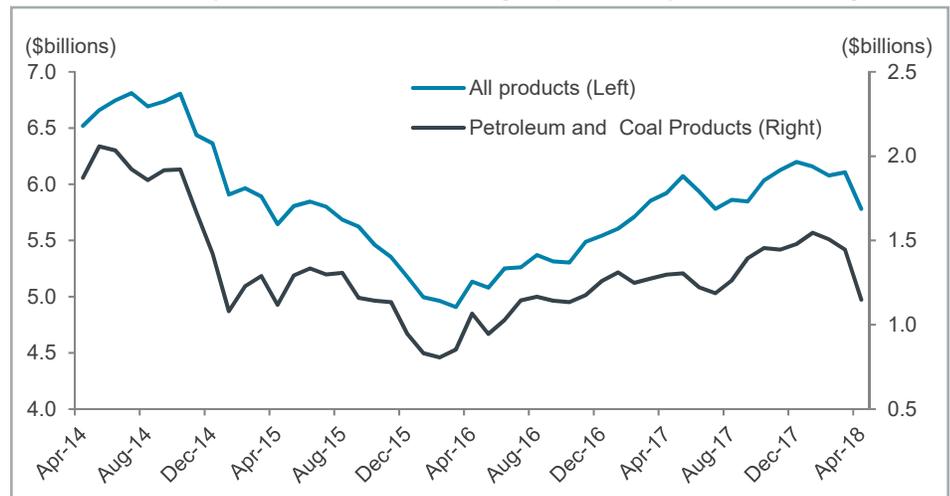
Alberta seasonally adjusted home sales and new listings



Source: Canadian Real Estate Association

### Chart 4: Manufacturing shipments fall with refinery turnarounds

Alberta seasonally adjusted manufacturing shipments by selected categories



Source: Statistics Canada