

Weekly Economic Review

Housing market holds steady

Resale Housing

Market stabilized in 2019

Activity in Alberta's resale housing market levelled off in December. Seasonally adjusted home sales ticked up 0.4% month-over-month (m/m) in December to 4,421 units after pulling back in the previous month. The improvement came as a rebounded in Calgary offset weakness in other regions. Similarly, the average

Chart 1: Sales level off and new listing moderate in 2019

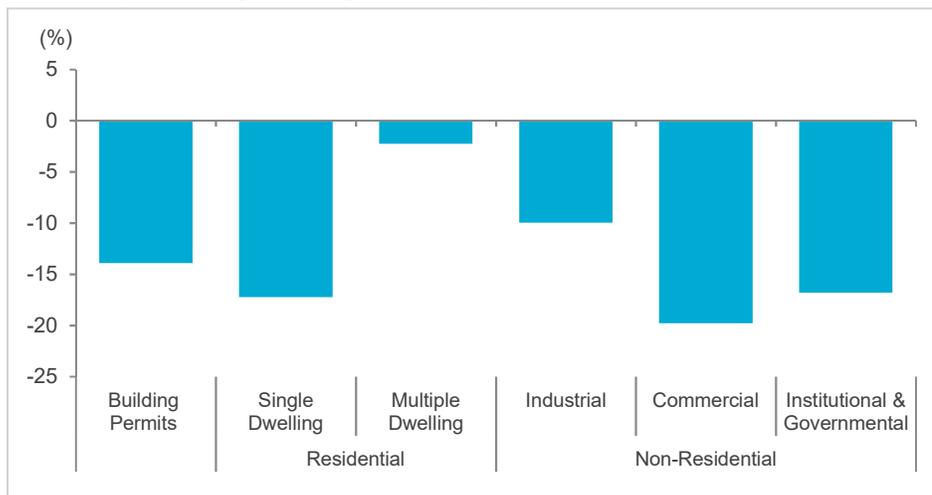
Annual units sales and new-listings in Alberta



Source: Canadian Real Estate Association

Chart 2: Building intentions weak in 2019

Year-to-date percent change in building permits, by type



Source: Statistics Canada

resale price edged up as modest gains in Calgary and Edmonton offset weakness in some other regions. For the year, sales were virtually unchanged (-0.2%) from 2018, while there were fewer new listings (Chart 1). This created more balance in the market, and the average resale price remained steady after reaching a low in January 2019.

Building Permits

Permits tick up

Construction intentions moved up in November. The value of building permits increased by 3.4% m/m to \$1.0 billion, lifted by higher values for single dwellings and institutional permits. Despite the gain, permits were down 4.2% from a year ago following two months of year-over-year growth. Through 11 months of 2019, intentions fell 14%, reflecting double-digit declines in all building types except for multiple dwelling permits which were down 2.3% (Chart 2)

Rental Vacancies Rate

Vacancies ease, rent up

Rental vacancy rates in Alberta continue to ease but remain elevated. The province-wide rental vacancy rate in Alberta urban centres with populations greater than 10,000 was 5.4% in October 2019, down from 5.6% a year ago (Chart 3). Although vacancy rates have declined significantly from the 2016 peak, they remain well above the historical average and the current Canadian level (2.2%). Rates remain particularly elevated in Wood Buffalo, Cold Lake,

Lloydminster, and Red Deer regions, while they are lower in Edmonton and Calgary. Even though vacancy rates remain high, average rent for a two-bedroom apartment increased 1.4% in 2019, with rents up in nearly all centres.

New Vehicle Sales

Sales continue to fall

After showing positive signs in summer months, the pace of vehicle sales has fallen back to recession levels. A total of 15,440 new vehicles were purchased in November, 2,688 fewer than in October and 1,896 (or 11%) less than a year ago. Vehicle sales dipped to a 10-year low as cars sales remained at historically low levels for the month, while sales of trucks were the weakest since 2010. With the recent weakness, the year-over-year declines increased. Sales were down 6.2% year-to-date and only slightly (+0.6%) better than the 8-year low set in 2016 (Chart 4).

Consumer Insolvencies

Insolvencies remain elevated

Many Albertan consumers continue to struggle with debt. A total of 1,491 Albertan consumers submitted either a bankruptcy or a proposal in November. This was 11 more than in October and 131 more than a year ago. The number of insolvencies remained elevated in 2019, and through the first eleven months of the year, 15,360 Albertans filed insolvency, up 14% from the same period a year ago.

Business Formations

Formations declined in 2019

The number of new businesses opening their doors in Alberta continues to languish. There was an

Contact: [Robert Van Blyderveen](#) at 780.638.5628

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average of 3,281 businesses formed in the three-months ending in December 2019, unchanged from the previous period, but down 9.0% y/y. In 2019, business formations fell nearly 10% to 39,862, down from 44,044 in 2018.

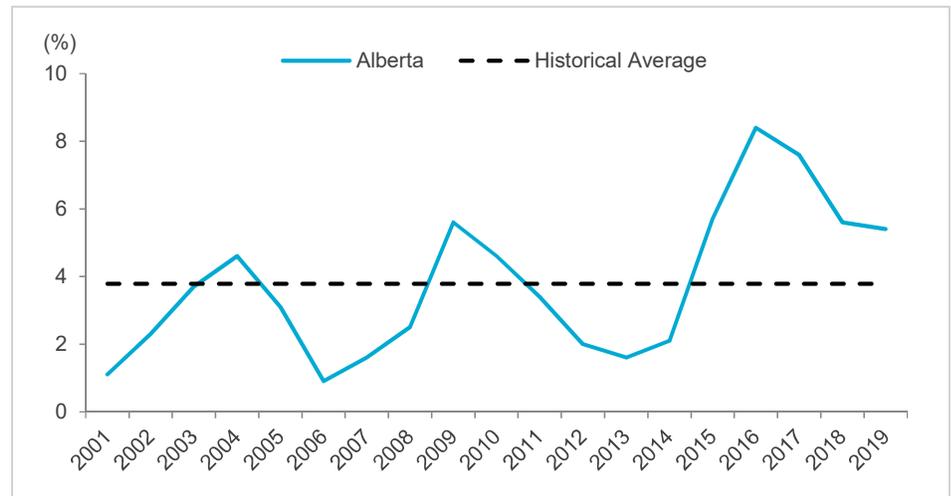
Bank of Canada Business Outlook Survey

Outlook improves

Canadian business sentiment continues to advance. Overall, Canadian businesses became more optimistic in the fourth quarter of 2019 with expectations of rising sales, investment and employment. The improving outlook was localized to firms outside the energy-producing regions, which are seeing indications of stronger domestic sales, and with declining trade tensions, have become more optimistic about foreign demand. Sales and the outlook of businesses in energy-related business, and in particular in the prairies, continue to be muted.

Chart 3: Rental vacancies ease but remain elevated

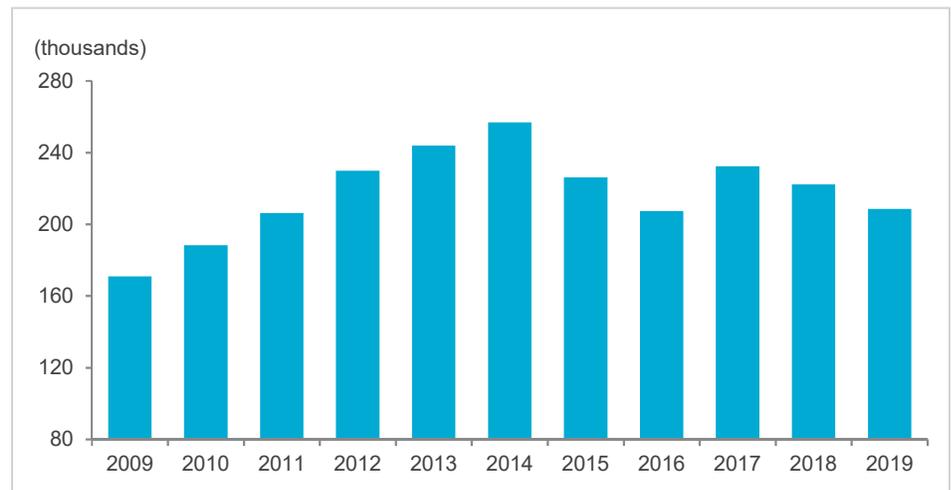
Overall rental vacancy rate in privately initiated structure with more than three units



Source: Canada Mortgage and Housing Corporation

Chart 4: Year-to-date vehicle sales fall back to 2016 levels

Year-to-date unit sales as of November



Source: Statistics Canada