

# Weekly Economic Review

## Housing starts lacklustre

### Housing Starts

#### Multi-unit starts retreat after spiking in the previous month

Housing starts pulled back as apartment starts reversed April's surge. Starts declined 12.6% month-over-month (m/m) in May to a seasonally adjusted annual rate (SAAR) of 22,754. The pullback was driven by apartment starts, which tend to be volatile and fell 56%, nearly reversing all of April's substantial gain. Much of the decline was in Edmonton, where multi-unit starts fell back near recession lows. Starts were also weak in Calgary, while they rebounded in other urban centres. Compared to a year ago, starts were 37% lower as weakness in Calgary and Edmonton overwhelmed recent improvements in other urban centres and rural Alberta (Chart 1).

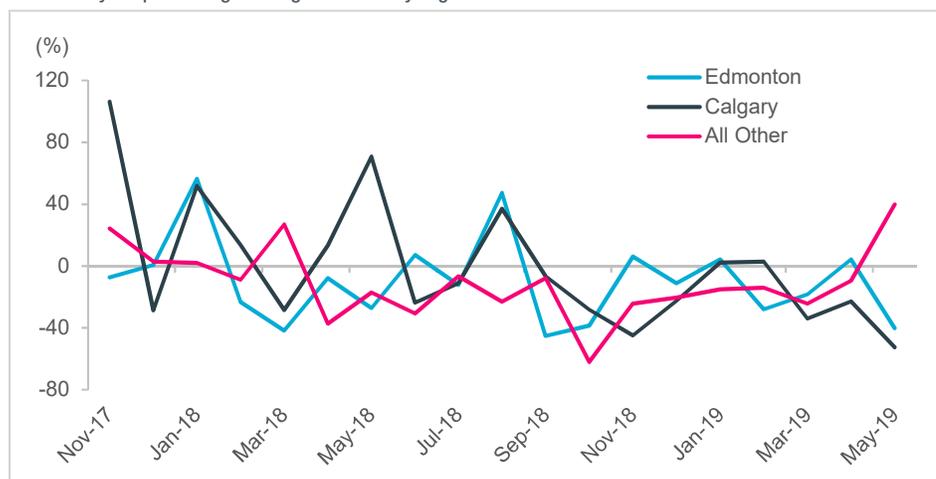
### Building Permits

#### Rebound in industrial and institutional and governmental permits

Construction intentions rose for the second month in a row after a pullback at the start of the year. The value of building permits issued by Alberta municipalities increased 6.3% m/m to \$986 million in April. The gain was led by non-residential permits (+20% m/m), with both industrial and institutional and governmental permits rebounding after recent lows. These gains were moderated by declines in commercial and residential building permits. Despite the monthly increase, building permits remained lower than a year ago and were down 23% through the first four months of the year. While all types of permits were lower, the year-to-date decline mostly reflected the ongoing pullback in single residential units, along with renewed weakness in commercial permits.

#### Chart 1: Housing starts weighed down by ongoing weakness in Edmonton and Calgary

Year-over-year percentage change in SAAR by region



Sources: Canada Mortgage and Housing Corporation

### New Home Price Index

#### New home prices continue to ease

New home prices continue to decline in Alberta. The new home price index fell for the fourth month in a row in April (-0.3% m/m). New home prices have been trending down over the last year and were 0.8% lower than a year ago. The weakness was driven by the lower house-only component in both Calgary and Edmonton. Conversely, land prices held steady as gains in Edmonton offset lower prices in Calgary.

### National Balance Sheet

#### Household wealth rebounds

The net worth of Canadian households rebounded in the first quarter of 2019. After dipping 2.1% in the previous quarter, it jumped 2.7% to \$11.1 trillion. The improvement was primarily attributable to a 4.0% increase in the value of financial assets as equity and investment shares recovered. Increases in real estate values following two consecutive quarterly declines also supported the gain. Meanwhile, financial liabilities grew at the slowest pace in eight years, as a decrease in consumer credit moderated marginal growth in mortgage and non-mortgage loans. Despite the slower growth in credit, the debt-to-service ratio continued to increase, reaching the all-time high set in the fourth quarter of 2007 at 14.9%.

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