

# Weekly economic review

## Rising demand for housing supporting activity

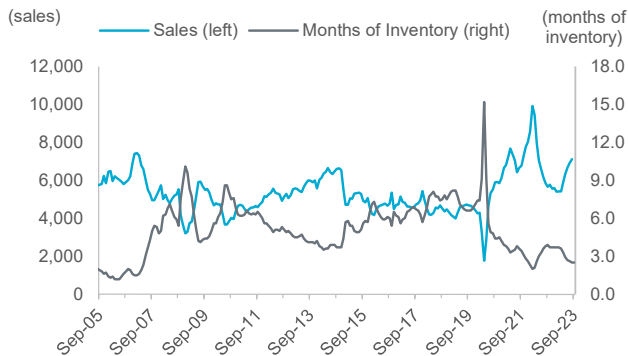
### Resale Housing

#### Sales activity advances

Alberta's resale market moved ahead for the seventh consecutive month in September. Seasonally adjusted unit sales rose 1.9% month-over-month (m/m) to 7,253 (Chart 1). The monthly gain was led by Edmonton, where unit sales increased 7.2% m/m to a 17-month high. While results were mixed across the rest of the province, sales remained at elevated levels only reached during early 2007 and the height of the COVID recovery. With the strong level of sales activity, the months of inventory remained at a low level (2.5 months) despite a slight uptick in new listings (+0.2% m/m). With the tight market conditions continuing, the average resale price moved up by 1.6% m/m to \$457,946 with gains in Edmonton (+1.1% m/m) and Calgary (+4.0% m/m).

#### CHART 1: SALES ADVANCE WITH HISTORICALLY LOW INVENTORY

Alberta sales and months of inventory, seasonally adjusted



Source: Canadian Real Estate Association, Haver Analytics

### Alberta Activity Index

#### Housing leads rebound in activity

The Alberta Activity Index (AAX) partially recovered in July following a sharp pullback in June. The index increased 1.2% month-over-month (m/m), led by gains in the household sector and labour market. Activity in the household sector accelerated as housing starts advanced in July to the highest level since October 2022. Higher earnings and employment lifted labour market activity in the month. General business sector activity increased, with rebounds in wholesale trade and manufacturing shipments offsetting a decrease in new

truck sales. Meanwhile, the energy sector remained stable as increased oil production offset a decline in rigs drilling. While the AAX has retreated from the historical high reached in May, it is up 1.7% year-to-date through July.

### Building Permits

#### Strength in residential permits

Residential construction intentions remained strong in August. The seasonally adjusted value of building permits increased 2.3% month-over-month to \$1.3 billion. Residential permits (+9.6% m/m) led the monthly increase, with gains in both single-dwelling (+6.2% m/m) and multiple-dwelling permits (+14% m/m). Regionally, the growth was concentrated in the major cities, with large gains in Calgary (+9.7% m/m) and Edmonton (+17.4% m/m). Meanwhile, the value of non-residential permits fell 10% as decreases in commercial and institutional & governmental permits overwhelmed a slight increase in industrial permits. Despite the recent strength in residential, permits were down 5.3% year-to-date, reflecting last year's elevated levels and ongoing weakness in institutional & governmental permits.

### World Economic Outlook

#### Growth muted by growing divergence

Global growth is expected to remain subdued as divergences between countries and regions increase. The IMF expects the world economy to grow 3.0% in 2023 and 2.9% in 2024, a deceleration from 2022 when GDP expanded 3.5% and below the historical average of 3.8%. While the projections for 2023 were unchanged from July, prospects for the U.S. improved as the labour market remains tight and consumption continues to be resilient. The forecast for Japan, developing Europe and India also improved. At the same time, the 2023 outlook was lower for the Eurozone, Canada, and China. The weaker outlook for China reflects the worse-than-expected year-to-date activity, largely due to lower investment amid a property market crisis. Meanwhile, the IMF outlook for 2024 was downgraded slightly as policy tightening is expected to have a larger impact.

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