

Weekly economic review

Momentum building in housing market

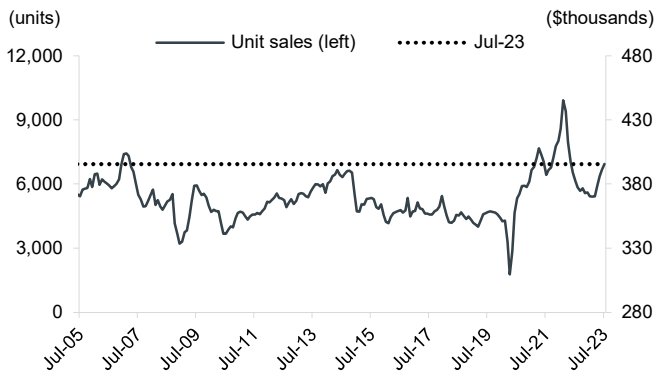
Resale Housing

Market rolls on

Activity in Alberta's resale market advanced for the fifth consecutive month in July. Seasonally-adjusted (SA) unit sales increased 4.0% month-over-month (m/m) to 6,933. Edmonton led the gains, accounting for 55% of the monthly increase, while Calgary and the rest of Alberta also posted solid gains. While strong market conditions spurred a jump in new listings (+7.8% m/m), the resale market remains tight, with the months of inventory inching down from 2.7 in June to 2.6 in July. Despite the tightness, the average resale price slipped (-0.7% m/m) to \$452,350, reflecting the strong sales in lower priced markets outside Calgary. After slowing since early last year, activity has rebounded since March, and sales are back to the elevated levels only seen in past boom years (Chart 1).

CHART 1: SALES BACK TO ELEVATED LEVELS

Resale housing unit sales and average resale price (SA)



Sources: Statistics Canada, Haver Analytics

Housing Starts

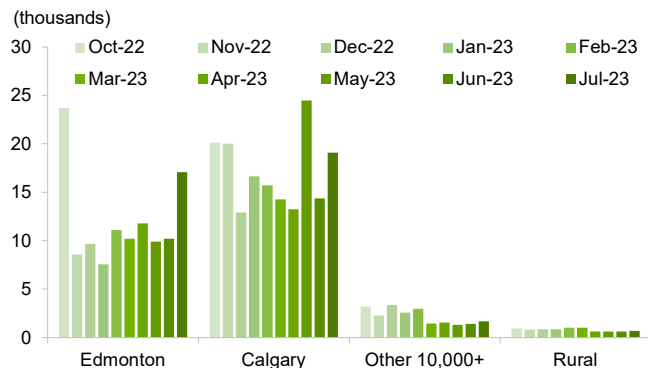
Edmonton finally rouses

Alberta's housing starts rebounded in July to the highest level since October 2022. Housing starts surged 45% m/m to a seasonally adjusted annual rate (SAAR) of 38,491. After a subdued start to the year, starts have been volatile over the last three months, ebbing and flowing on the tide of multi-unit starts. True to recent form, multi-unit starts (+77% m/m) led

the gains in July, while single-detached starts (+5.9% m/m) rebounded from the previous month's dip. The strength in multis was concentrated in apartment starts, which surged to a nine-month high, while semi-detached starts also saw strong monthly growth. While Calgary had healthy gains, the renewed strength was concentrated in Edmonton, which finally stirred after eight subdued months (Chart 2). Despite the jump, year-to-date (YTD) starts were down 17% from the elevated levels in 2022, primarily due to weakness in Edmonton (-24% YTD), with Calgary down 3.0% YTD.

CHART 2: EDMONTON SURGES IN JULY

Housing starts by region (SAAR)



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Investment in Residential Building Construction

Investment turns a corner

Investment in residential construction advanced in June after declining steadily from the all-time high in August 2022 (Chart 3). Residential construction spending increased 3.5% m/m to \$1.5 billion, with the gains led by single dwellings (+5.3% m/m) and supported by an uptick for multi-unit dwellings (+0.7% m/m). On a regional basis, Edmonton and Calgary saw strong monthly growth, particularly for singles, while Lethbridge also advanced in the month. These overwhelmed a pullback in Alberta's non-CMA regions. Despite the monthly improvement, nominal investment was down 10% YTD, most pronounced for single dwellings (-18% YTD) and renovation spending (-19% YTD). However, investment remains above pre-pandemic levels, reflecting the higher prices.

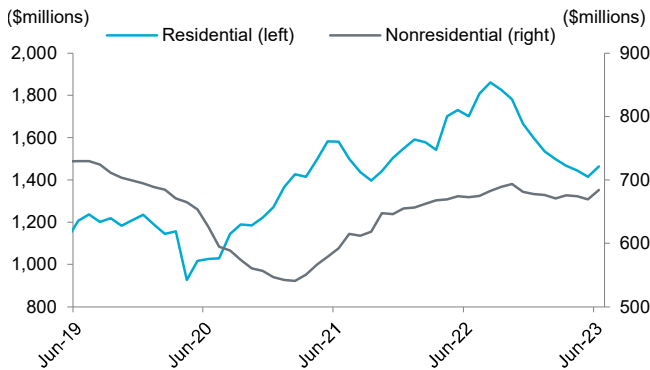
Investment in Non-Residential Building Construction

Construction investment increases

Investment in non-residential building construction advanced in June to its highest level since October 2022 (Chart 3). Non-residential construction spending increased 2.2% m/m to \$684 million following declines in the previous two months. Higher commercial (+3.0% m/m) and institutional & governmental (+1.2% m/m) spending prevailed over a slight pullback in industrial (-0.9% m/m). The strength was concentrated in Calgary, while the rest of the province saw mild declines. With the monthly uptick, investment in non-residential construction was up 1.2% YTD, with the ongoing weakness in institutional & governmental overwhelmed by growth in the other two segments.

CHART 3: INVESTMENT ADVANCES IN THE MONTH

Construction investment by type, seasonally adjusted



Sources: Canadian Real Estate Association, Haver Analytics

Consumer Price Index (CPI)

Electricity prices up sharply

Consumer inflation in Alberta bounced up in July after hitting a 28-month low in the previous month. The consumer price index increased 2.9% year-over-year (y/y), up from 1.9% y/y in June. The jump was largely due to electricity prices, which increased following the phase out of the provincial rebate program. The program was implemented in July 2022 and kept prices lower until it was unwound in spring 2023. Meanwhile, food inflation remained elevated despite easing from 7.9% y/y in June to 7.6% y/y in July. Outside of food and energy, core inflation nudged up 0.1 percentage points to 3.0 y/y. Services inflation ticked up in July, propped up by mortgage interest cost and homeowners' home and mortgage insurance. Despite the increase, headline inflation was lower than the national average for the thirteenth consecutive month, with Canada's inflation increasing from 2.8% y/y in June to 3.3% y/y in July.

Manufacturing Shipments

Shipments take a breather

Factory sales pulled back sharply in June, continuing 2023's volatile trend. The value of manufacturing shipments declined 8.0% m/m to \$8.5 billion, weighed down by lower shipments of non-durable goods (-11% m/m). The decline in non-durable goods was widespread, but most pronounced in petroleum & coal, which has struggled for traction following February's decline. Chemical and food shipments also pulled back notably in the month. Meanwhile, durable goods ticked up 1.6% m/m, with increases in five of ten categories, led by machinery and primary metals. While factory sales were down 8.4% y/y, they remained up 0.7% YTD, reflecting the strong build up in 2022 and January's record high.

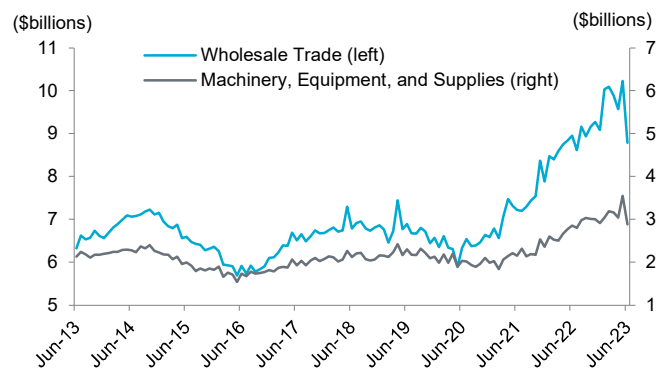
Wholesale Trade

Widespread abatement

Alberta's wholesale trade pulled back in June from May's record high (Chart 4). Excluding petroleum and oilseed, it declined 14% m/m to \$8.5 billion. The monthly drop was broad-based, led by lower sales of machinery & equipment, which fell to an 11-month low after jumping in May. Miscellaneous wholesales also posted a sizeable monthly drop, as did building material & supplies wholesales. Despite the monthly decline, sales were up 13% YTD, with gains in all categories except building materials & supplies, reflecting the robust start to the year.

CHART 4: WHOLESALE TRADE PULLS BACK FROM RECORD HIGH

Sales of machinery, equipment, and supplies wholesalers (SA)



Sources: Statistics Canada, Haver Analytics

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