

Weekly economic review

Housing starts boom

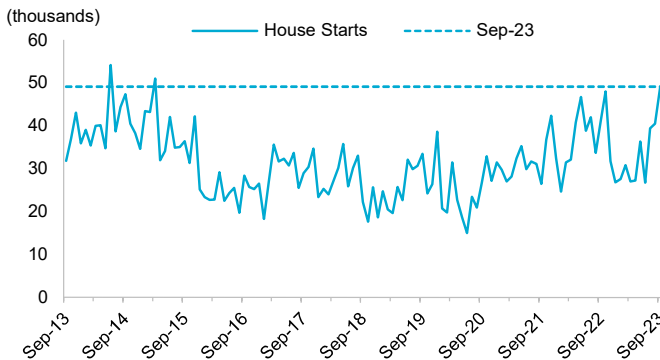
Housing Starts

Apartment starts surge in Calgary

Housing starts jumped in September, rising to the highest value since 2015. Alberta's housing starts advanced 21% month-over-month (m/m) to a seasonally adjusted annual rate (SAAR) of 49,095 (Chart 1). The monthly growth was concentrated in multi-unit starts (+28% m/m), led by apartments (+48% m/m) which rose to the highest level since 2008. Single dwellings (+6.4% m/m) also gained momentum, reaching an 11-month high. The monthly surge occurred in Calgary (+61.5% m/m) and was supported by strong gains in the smaller centres and rural Alberta, while starts declined in Edmonton (-25.1% m/m). Despite recent strength, Alberta's housing starts were down 9.6% year-to-date (YTD).

CHART 1: STARTS AT HIGHEST LEVEL SINCE 2015

Alberta housing starts (SAAR)



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Investment in Residential Building Construction

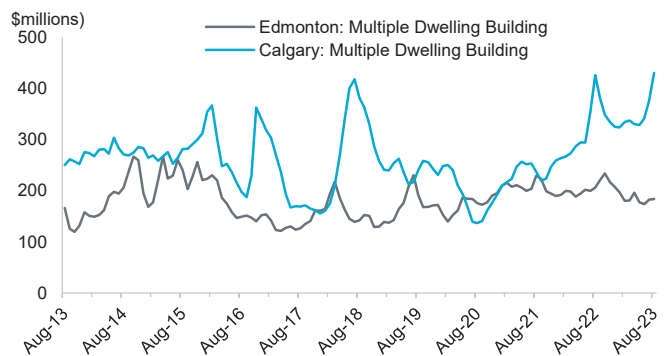
Investment advances

Investment in residential buildings continued to gain momentum with rising multi-unit construction in Calgary (Chart 2). Seasonally adjusted residential construction spending rose 1.4% m/m to \$1.5 billion. The gain was concentrated in multi-unit dwellings (+7.7% m/m) as spending in single dwellings fell (-2.6% m/m). Calgary and Lethbridge saw strong growth, specifically in multi-unit dwellings, while investment in Edmonton and Alberta's non-CMA regions pulled back. Despite three consecutive monthly increases,

residential investment was down 13% YTD, weighed down by lower investment in single dwelling buildings (-20% YTD).

CHART 2: INVESTMENT IN MULTI-UNIT DWELLINGS REACHED A 10 YEAR HIGH IN CALGARY

Seasonally adjusted investment in residential construction



Sources: Statistics Canada, Haver Analytics

Investment in Non-Residential Building Construction

Investment extending gains

Investment in non-residential building construction continued to move higher in August. The value of non-residential construction investment increased 0.8% m/m to \$715 million. Growth was broad-based with gains in all major sectors and the three CMAs. Investment in non-residential buildings has picked up since May as the ongoing improvement in commercial buildings has been joined by renewed growth in industrial investment and a modest rebound in institutional & governmental construction. Year-to-date, total non-residential investment was up 2.2%, with large gains in commercial (+7.0% YTD) and industrial (+7.2% YTD) outweighing the decline in institutional & governmental investment (-15% YTD).

Wholesale Trade

Modest gain in wholesale trade

Alberta's wholesale trade regained more ground in August. Wholesale trade (excluding petroleum, petroleum products, and other hydrocarbons and excluding oilseed and grain) increased by 1.5% to \$9.1 billion. Sales experienced an uptick in four of the seven categories, with the largest growth

coming from machinery, equipment & supplies (+3.2%), followed by miscellaneous (+3.1% m/m). While this was the second consecutive monthly gain, the recent improvement follows a sharp pullback in June, and sales were lower than a year ago. However, sales were up 7.5% YTD reflecting strength earlier in the year, led by robust growth in machinery, equipment & supplies (+16% YTD).

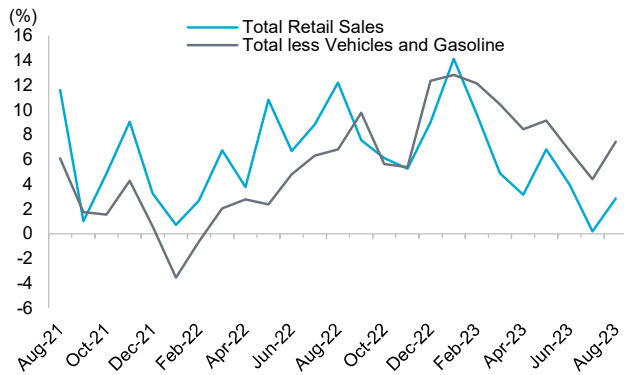
Retail Trade

Sales increase as growth improves

Alberta's retail sales gained ground in August. Seasonally adjusted retail sales increased 0.9% m/m to \$8.5 billion. With the monthly increase, year-over-year (y/y) growth ticked up to 2.3% but remained slower than the annual pace seen in the first half of the year. Lower gasoline prices remain a drag on growth, pulling sales at gas stations down 11% y/y. Growth in motor vehicle & parts sales continued to slow (+0.7% y/y) after strong growth in the spring. Excluding sales at gasoline stations and vehicle and part dealers, growth accelerated to 7.4% with strong gains at food, health, clothing, and sporting/hobby stores.

CHART 3: STRONG GROWTH EXCLUDING GASOLINE STATIONS AND VEHICLES CONTINUES

Year-over-year growth in Alberta retail sales



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Consumer Price Index

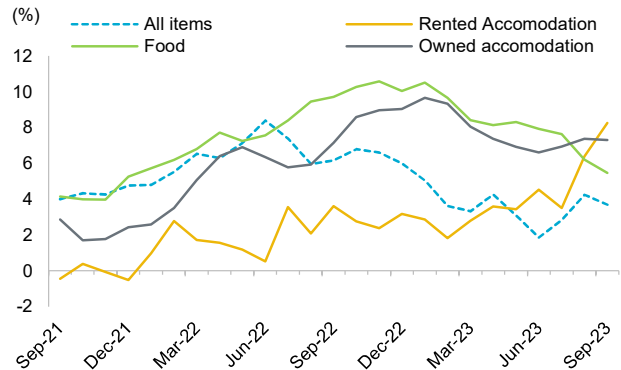
Inflation cools

Consumer inflation in Alberta slowed during September although prices for staples remain significantly higher than last year. The consumer price index increased 3.7% y/y, down from 4.3% in August. While inflation moderated in most categories, prices for energy, food, and shelter remained significantly higher than a year ago and are propping up headline inflation (Chart 4). Despite pulling back in the month, energy prices were up 13% y/y in September. This was largely due to electricity prices which were significantly higher than last year when the provincial electricity rebate program suppressed prices. Food inflation moderated (+5.5% y/y) to a 21-month low but remained well above headline inflation. Meanwhile, the cost for rental accommodations continued

to rise and were up 8.3% y/y while owned accommodation inched down but remained elevated 7.3% y/y. Despite the ongoing rampant inflation in accommodation cost, core-inflation (inflation excluding food and energy) dropped 0.4 percentage points to 2.5% y/y. The easing core inflation reflects lower price for intercity transportation and durable goods.

CHART 4: FOOD AND SHELTER INFLATION ABOVE HEADLINE INFLATION

Annual rate of inflation in Alberta



Sources: Statistics Canada, Haver Analytics

Employment Insurance

Beneficiaries continue rise

The number of Albertans receiving Employment Insurance (EI) continued to grow in August. The number of EI beneficiaries rose 5.2% m/m, the fourth consecutive increase after two years of steady declines. The number of beneficiaries has been on the rise as claims have increased. Seasonally adjusted EI claims jumped 5.4% in August and were up 3.9% YTD with gains in both initial claims and renewal claims. While the increase in EI claims has resulted in more EI beneficiaries, the level remains below 2019 levels.

Business Outlook Survey

Weak domestic demand weighing on business sentiment

The outlook for Canadian businesses remains cloudy. The Bank of Canada's Business Outlook Survey (BOS) indicator declined for the seventh consecutive quarter in Q3 2023. Firms reported that slower demand contributed to weak sales growth over the past year, and they expect domestic demand to remain subdued. Tepid demand and tight credit conditions weighed on plans for capital expenditures and hiring intentions, which were below historical average. With softer demand, firms are expecting wage and price increases to ease over the next 12 months.

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