

Weekly Economic Review

Housing starts remain strong as resale market cools off

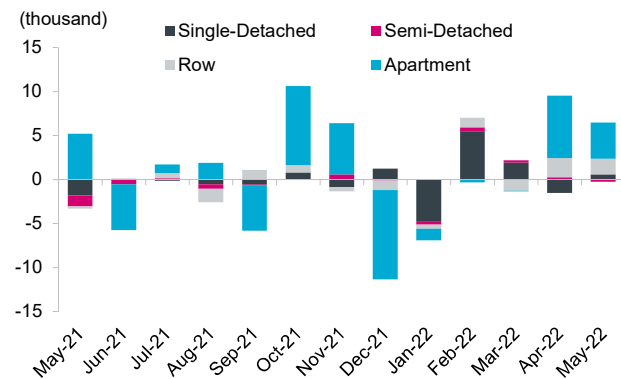
Housing Starts

Multi-unit starts continue to drive growth

Alberta housing starts jumped in May, continuing the strong momentum from the start of the year. Starts increased 15% month-over-month (m/m) to a seasonally adjusted annual rate (SAAR) of 46,456, with increases in multi-unit (+23% m/m) and single detached (+3.9% m/m) starts (Chart 1). Regionally, the gains were concentrated in Calgary, while Edmonton also saw healthy growth. Starts in other urban centres shot up while starts in rural Alberta pulled back slightly. Overall, starts were up 13% year-to-date (YTD).

CHART 1: MULTI-UNIT STARTS LEAD GROWTH IN MAY

Month-over-month change in SAAR by type, May-22



Sources: Canadian Mortgage and Housing Corporation, Haver Analytics

Resale Housing

Alberta's housing market continues to cool

Activity in Alberta's resale housing market pulled back for the third month in a row from the exceptionally strong levels earlier in the year. Seasonally-adjusted unit sales declined 11% m/m to 7,159 in May, with slower activity in most regions, including Calgary and Edmonton. Despite the pullback in recent months, unit sales remain higher than the levels seen in 2010-2019 for the month of May. With sales easing, new listings also waned (-1.0% m/m) and resulted in the months of inventory ticking up from the 14-year low in February. Despite the monthly dip, YTD unit sales were up 19%.

New Motor Vehicle Sales

New vehicle sales slow down

New motor vehicle sales dipped in April following two months of growth. The number of new vehicles sold in Alberta declined 2.9% m/m to 16,385 units on a non-seasonally adjusted basis. Unit sales of trucks eased 3.7% m/m, outweighing the increase in passenger car sales (+3.0% m/m), and the average price per vehicle slipped 0.5% m/m to \$54,206. With the monthly decline, YTD new motor vehicle sales were down 14% from the same period in 2021 in part due to strong sales last year. For Canada, YTD sales were down 10%, with declines in all provinces.

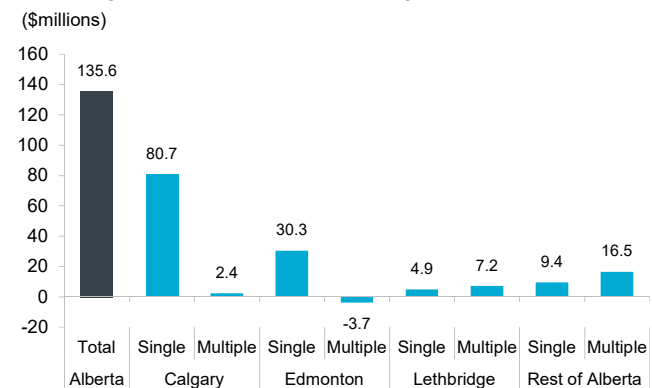
Residential Construction Investment

Construction spending climbs

Investment in residential construction increased in April. Alberta residential construction spending went up 10% m/m to \$1.5 billion, the seventh consecutive monthly increase, reflecting a notable pickup in real activity. Spending on single dwellings rose 14% m/m while multi-unit building spending grew 3.2% m/m. Calgary (+12% m/m) drove the provincial trend, while Edmonton, Lethbridge, and Alberta's non-CMA regions also saw healthy growth (Chart 2). YTD, residential investment was up 6.6% driven by higher prices for construction materials (particularly lumber), although real investment was down 11%.

CHART 2: MONTHLY INCREASE LED BY SINGLES IN CALGARY

M/M change in residential investment by region and type, Apr-22



Sources: Statistics Canada, Haver Analytics

Investment in Non-Residential Building Construction

Commercial activity continues to lead gains

Non-residential construction activity in Alberta improved further in April and continued to be driven primarily by commercial construction activity in Calgary. Investment in non-residential building construction stood at \$657 million (+1.6% m/m). Gains in commercial activity (+2.3% m/m) were supported by increases in industrial (+0.3% m/m) and institutional & governmental (+0.5% m/m) investment. Regionally, there were gains in Calgary, Lethbridge, and rest of Alberta, while slight declines were reported in Edmonton. Overall, non-residential construction was up 19% YTD.

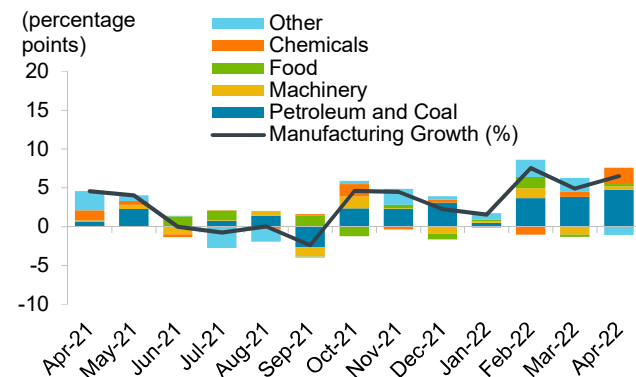
Manufacturing Shipments

Factory sales continue to grow

Factory sales in Alberta rose for a seventh consecutive month in April, reaching a new peak. The value of manufacturing shipments rose 6.5% m/m to \$9.5 billion. Sales of non-durable goods (+9.6% m/m) drove the trend on the back of stronger shipments of petroleum & coal and chemicals (Chart 3). While petroleum & coal gains were driven by higher prices, the increase in chemical shipments was based on strong volumes. Conversely, durable goods inched down (-1.8% m/m), as the declines in fabricated metals and wood products outweighed an uptick in machinery and primary metals. Fabricated metals moderated from last month's spike in volumes, while wood product sales declined due to slightly lower volumes and prices. Overall, factory sales were up 35% YTD.

CHART 3: PETROLEUM & COAL AND CHEMICALS DRIVE GAINS

Contributions to m/m growth in Alberta's manufacturing



Sources: Statistics Canada, Haver Analytics

Wholesale Trade

Sales break another record

Alberta's wholesale trade went up in April after a slight increase in the prior month. Wholesale trade increased 2.0% m/m to \$8.7 billion, led by gains in machinery, equipment & supplies (+6.8% m/m). Building material & supplies wholesales also contributed to gains (+3.6% m/m), on the back of higher construction activity. The overall monthly increase was tempered by declines in motor vehicles & parts and miscellaneous sales. On a YTD basis, sales were up 23%, supported by gains in all subsectors, and at least half of the YTD growth can be attributed to increased volumes.

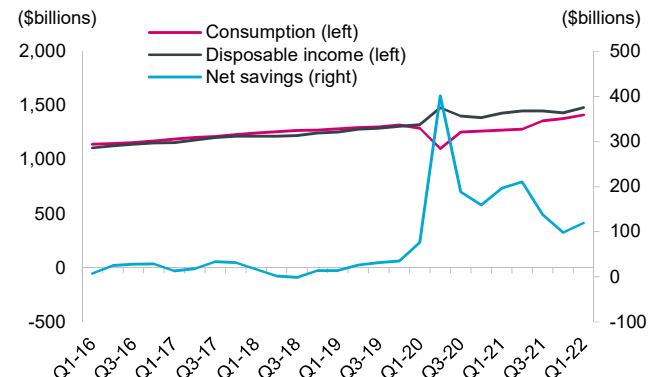
National Balance Sheet

Savings improved, as disposable income outpaced consumption

Canadian household wealth rose in Q1 2022, although slower than the record-setting pace in Q4 2021. Household net worth grew 1.2% quarter-over-quarter (q/q) in Q1, driven by strong real estate activity. In addition, healthy growth in equity and investment funds was outweighed by a decline in pension plan and life insurance asset value. With tightening labour market and wages picking up, compensation of employees rose 3.8% q/q, leading to an increase in disposable income (+3.3% q/q). Despite accelerating prices, consumption growth (+2.4% m/m) was outpaced by the growth in disposable income, resulting in positive net savings for the quarter (Chart 4). The debt-to-service ratio also ticked down to 13.5%, as growth in household disposable income exceeded growth in total debt payments.

CHART 4: DISPOSABLE INCOME OUTPACED CONSUMPTION

Canadian household disposable income, consumption, and savings



Sources: Statistics Canada, Haver Analytics

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