

Weekly Economic Review

Alberta housing market remains hot

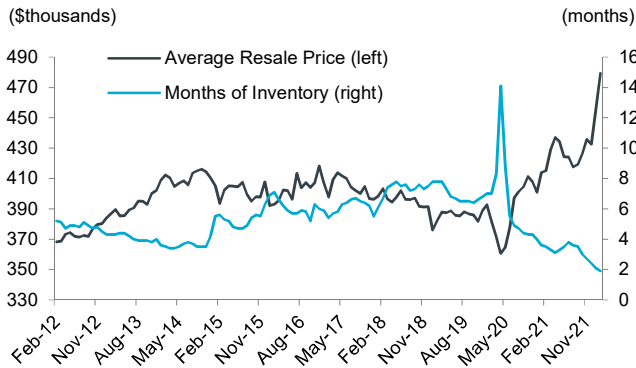
Resale Housing

Alberta in seller's market

Activity in Alberta's resale housing market continued to surge in February. Seasonally adjusted unit sales increased to a record high of 10,040, up 15% month-over-month (m/m) and 46% from year-ago levels. Homebuyers rushed to secure their purchases ahead of the Bank of Canada raising interest rates in early March. Although new listings surged (+37% m/m), the months of inventory fell to a 14-year low of 1.9. With tight housing market conditions, the average resale price jumped 5.2% m/m to \$479,344 (Chart 1).

CHART 1: AVERAGE RESALE PRICE CLIMBS AS MONTHS OF INVENTORY HITS MULTI-YEAR LOW

Alberta-wide average resale price, seasonally adjusted



Sources: Canadian Real Estate Association, Haver Analytics

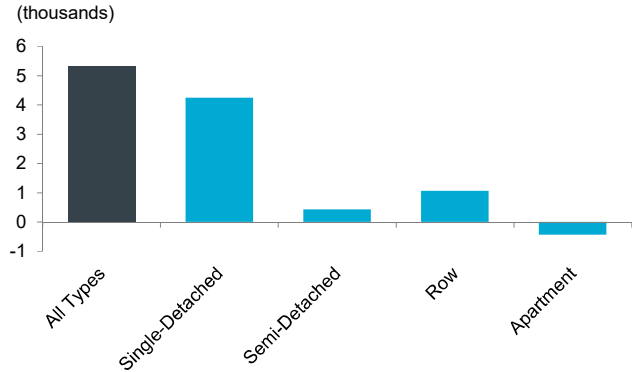
Housing Starts

Starts accelerate

Housing starts in Alberta picked up in February following January's temporary slowdown. Starts were up 21% m/m to a seasonally adjusted annual rate (SAAR) of 30,322 units, led by single unit starts in urban centres (+49% m/m), which regained ground after declining in January (Chart 2). Multi-family units also contributed to growth (+7.1% m/m), buoyed by semi-detached and row starts. Regionally, the gains were concentrated in Calgary, while Edmonton and the rest of the province experienced declines. Overall, starts were up 16% year-over-year (y/y).

CHART 2: URBAN SINGLE DETACHED STARTS JUMP

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



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Population

Record-setting immigration lifts population growth

Continued strength in interprovincial migration and immigration supported population growth in the fourth quarter. Alberta's population stood at 4,480,486 on January 1, up 16,316 (+0.37%) from the previous quarter. Net interprovincial migration into Alberta was positive for the second consecutive quarter and led the country for the first time since 2015. Immigrant landings also continued to climb higher as national admissions set another record. This was partly offset by a net loss of non-permanent residents, which likely reflected temporary residents transitioning into permanent residents. Compared to a year ago, Alberta's population was up 1.1%.

Investment in Non-Residential Building Construction

Calgary construction activity posts gains

Non-residential construction activity in Alberta remained unchanged in January from the month prior. Investment in non-residential building construction stood at \$621 million, as modest gains in industrial (+1.0% m/m) and commercial (+0.2% m/m) spending were offset by a decline in institutional

& governmental investment (-1.1% m/m), with the latter retreating from its recent high in July 2021. Regionally, the gains in Calgary were accompanied by declines in Edmonton, Lethbridge, and the rest of Alberta. Investment in non-residential construction was up 16% y/y from last year's depressed level.

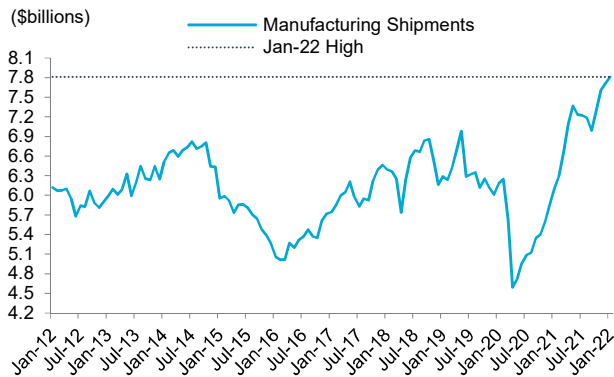
Manufacturing Shipments

Durables propel shipments

Factory sales in Alberta rose for a fourth consecutive month in January (Chart 3). The value of manufacturing shipments increased 1.3% m/m to \$7.8 billion. Higher prices and volumes propelled sales of durable goods (+4.5% m/m), particularly for wood, fabricated metals, and non-metallic mineral products. Sales of non-durable goods were largely unchanged (+0.1% m/m), as the gain in chemical shipments was tempered by declines in all other subcategories. On a y/y basis, factory sales were up 28%, and they were 26% higher than in January 2020.

CHART 3: FACTORY SALES CONTINUE RISING

Value of Manufacturing Shipments in Alberta



Sources: Statistics Canada, Haver Analytics

Retail Trade

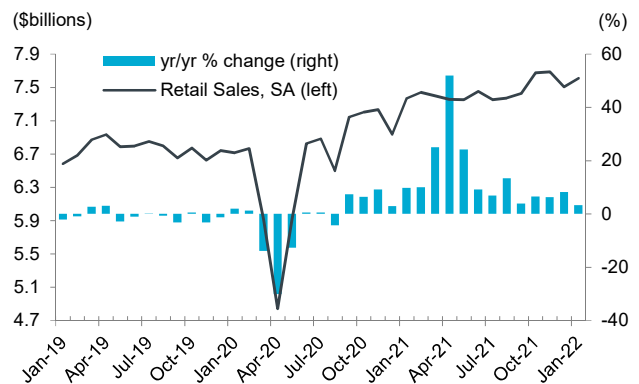
Sales turn around in January

Retail sales moved higher in January after a pullback in December. Seasonally adjusted retail sales rose 1.4% m/m to \$7.6 billion (Chart 4). The monthly improvement was led by a seasonally strong pickup in sales at motor vehicle & parts dealers, general merchandise, and food & beverage stores. Compared to a year ago, overall sales were up 3.2%, mainly due to higher sales at gasoline stations. Excluding the latter, sales were down 1.3% y/y, as gains in motor vehicle & parts

dealers, clothing & accessories, and general merchandise stores were offset by weakness at other retailers. Growth in retail sales has moderated over the past year, likely reflecting consumers shifting more of their spending towards services.

CHART 4: MONTHLY SALES BOUNCE BACK

Alberta retail sales, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

Consumer Price Index

Broad-based price pressures

Alberta's consumer inflation jumped in February, as elevated energy prices and ongoing supply chain issues offered consumers no relief. The headline consumer price index rose 5.5% year-over-year (y/y) in February, the fastest pace since 2007 and up from 4.8% y/y in January. Energy prices (+31% y/y) remained the leading component of inflation again, with gasoline and natural gas contributing the most to the annual growth. Rising input prices and transportation costs pushed food prices higher (+6.2% y/y), most notably in meat, fresh fruit, and bakery & cereal products. Core inflation – all items except food and energy – also accelerated to 3.1% y/y on the back of faster services inflation (+2.6% y/y). Shelter costs surged to 6.6% y/y, as Alberta's booming real estate market underpinned a 15% y/y increase to homeowner's replacement cost and a 2.8% y/y increase to rent. Nationally, consumer inflation climbed to 5.7% y/y in February, the highest since 1991.

Contact Ceilidh Ballantyne at TBF.ERFPublications@gov.ab.ca
For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)