

Weekly Economic Review

Alberta housing market heating up

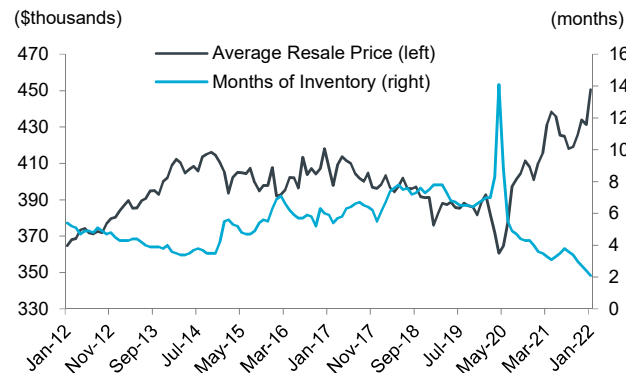
Resale Housing

Alberta's housing market gains momentum

Activity in Alberta's resale housing market continued to surge in January. Seasonally adjusted unit sales increased 7.4% month-over-month (m/m) to 8,533, while the average resale price jumped by 4.4% m/m to \$450,497. As new listings experienced a decline of 2.5% m/m, the months of inventory hit a new 14-year low of 2.1 (Chart 1). Expectations are likely encouraging people to purchase homes ahead of looming mortgage rate hikes. On a January year-over-year (y/y) basis, unit sales in 2022 exceeded 2021 and 2020 by 28% and 101%, respectively.

CHART 1: RE SALE HOME PRICES CLIMB AS INVENTORY HITS MULTI-YEAR LOW

Alberta wide average resale price, seasonally adjusted



Sources: Canadian Real Estate Association, Haver Analytics

Housing Starts

Starts continue to slide

Housing starts in Alberta declined in January, further normalizing from the multiyear high in November 2021. Starts were down 20% m/m to a seasonally adjusted annual rate (SAAR) of 25,138 units. Single unit starts fell 33% m/m, while multi-family starts declined 10% m/m on the back of broad-based declines in all sub-categories. Regionally, the losses were concentrated in Calgary (-44% m/m) and Edmonton (-8.0% m/m). Overall, starts were down 13% in January 2022 from the very strong level in January 2021.

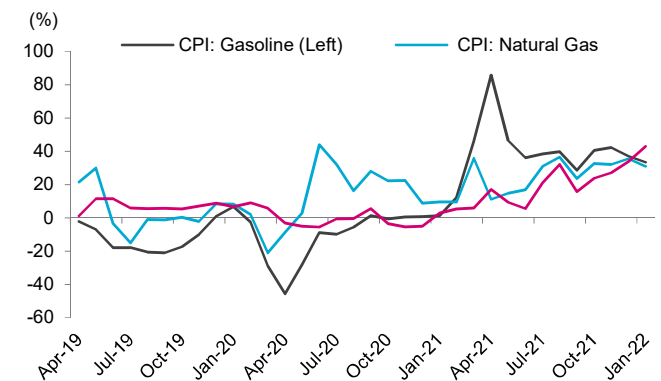
Consumer Price Index

Inflation persistently high

Consumer inflation remained elevated in January, supported by omnipresent supply chain disruptions and robust energy prices. The headline consumer price index rose 4.8% y/y, unchanged from December. Energy prices remained the leading component of inflation again (+32% y/y), led by electricity prices (Chart 2). Food prices escalated (+5.7% y/y), driven by meat, fresh fruit, and dairy as a result of widespread drought during the growing season in Alberta and ongoing global supply chain disruptions. Core inflation – all items except food and energy – held steady at 2.3% y/y. While services inflation sat at 1.8% y/y, Alberta's booming real estate market has underpinned a 13% y/y increase to homeowner's replacement cost, a major driver of Alberta's annual consumer inflation. Nationally, consumer inflation climbed to 5.1% y/y in January, the highest since 1991.

CHART 2: ELECTRICITY LEADS ENERGY INFLATION IN JANUARY

Year-over-year change in selected CPI components



Sources: Statistics Canada, Haver Analytics

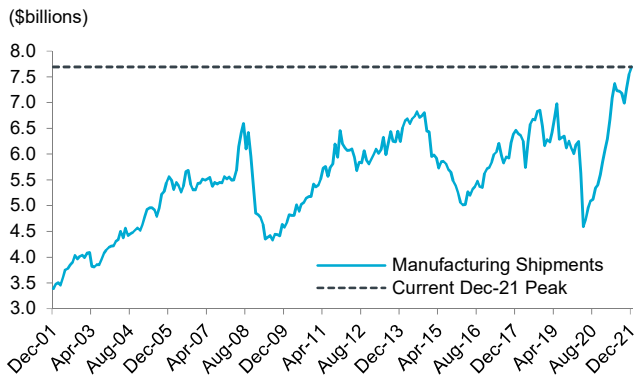
Manufacturing Shipments

Factory sales surging

Alberta's manufacturing shipments rose for a third consecutive month in December, reaching a new peak (Chart 3). The value of sales increased 1.8% m/m to \$7.7 billion. The increase was due to higher petroleum and coal volumes, while prices remained high. However, overall growth was tempered by a modest decline (-1.4% m/m) in durable good amid decreases in 6 out of 10 subcategories and a 2.9% decline in food shipments. On an annual basis, factory sales set a historical record in 2021, exceeding both the pandemic 2020 (+31%) and pre-pandemic 2019 (+11%) levels.

CHART 3: FACTORY SALES CONTINUE TO CLIMB

Value of manufacturing shipments in Alberta



Sources: Statistics Canada, Haver Analytics

Wholesale Trade

Trade moderates but still elevated

Alberta's wholesale trade took a step back in December after reaching a historical high in November. Sales retreated 5.7% m/m to \$7.7 billion, led by declines in machinery, equipment & supplies (-5.9% m/m), building material & supplies (-9.1% m/m), and food, beverage & tobacco (-7.0% m/m). Meanwhile, personal & household goods sales went up (+23% m/m) due to increased sales of pharmaceutical supplies and home furnishings. Sales of farm products also rose 11% m/m. On an annual basis, wholesale trade reached a historical high in 2021 on the back of high prices across multiple categories of products, 14% higher than in 2020 and 8.6% higher than in pre-pandemic 2019.

Retail Trade

December caps off record-setting year

Alberta retail trade activity declined in December following four months of growth, as the Omicron variant and the BC floods resulted in major disruptions to the operations of

Alberta retailers. Seasonally-adjusted retail sales shrunk 2.3% m/m to \$7.5 billion. Sales contracted in 10 out of 11 subsectors, with sales at motor vehicle & parts dealers (-4.8% m/m), general merchandise stores (-5.3% m/m), and furniture and home furnishings stores (-18% m/m) leading the decline. Similarly to manufacturing shipments and wholesale trade, 2021 was a record-setting year for Alberta retail trade due to high price effects and sustained demand. Sales hit \$89 billion, up 13% from 2020 and 10% from 2019. Annual sales were up for 10 out of 11 subsectors, with 8 of those experiencing double-digit annual growth.

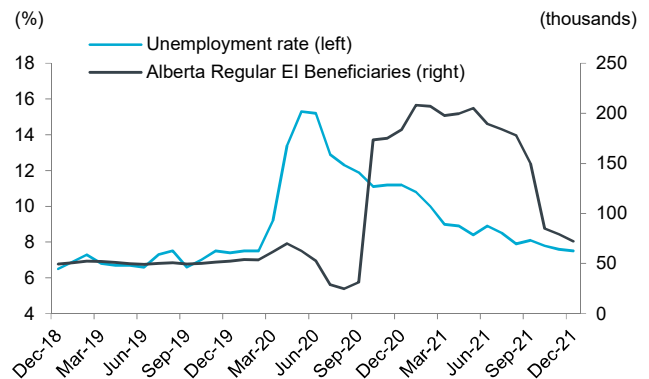
Employment Insurance

Beneficiaries decline but claims tick up

The number of Albertans receiving regular Employment Insurance (EI) benefits continued to decline in December as unemployment rate ticked down (Chart 4). On a seasonally adjusted basis, 72,280 people received regular EI benefits in December. This was 6,910 fewer than in November and 135,960 below the January 2021 peak. Despite December's strong employment gains, the seasonally-adjusted number of submitted EI claims increased to 34,870 (+24% m/m). On an annual basis, the number of Albertans that received regular EI benefits reached its historical maximum of 163,239 people in 2021, two times above the elevated 2020 level (81,024).

CHART 4: BENEFICIARIES LINKED WITH EMPLOYMENT RECOVERY

Unemployment rate and number of regular beneficiaries



Sources: Statistics Canada, Haver Analytics

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