

# Weekly Economic Review

## Residential housing and business sales buoyant

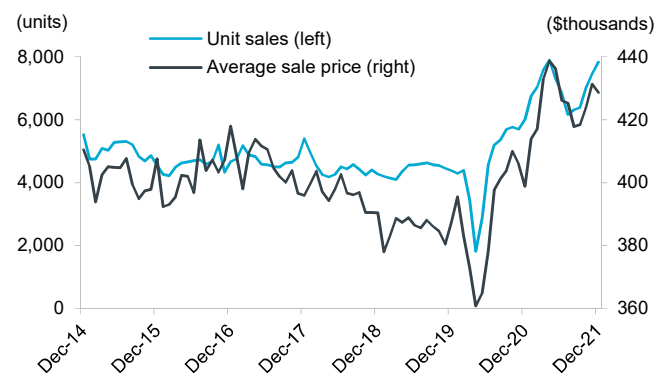
### Resale Housing

#### Strong momentum in resale market

Activity in Alberta's resale housing market continued to accelerate in December. Seasonally adjusted unit sales increased 5.0% month-over-month (m/m) to 7,832 in December, while the average resale price decreased by 0.6% m/m to \$428,607. New listings experienced a decline of 0.4% m/m. Meanwhile, the months of inventory hit a 14-year low of 2.5. Expectations may be encouraging people to purchase homes ahead of mortgage rate hikes later this year. On an annual basis, unit sales set a record in 2021 by soaring 54% above the 2020 level and up 59% from 2019. Residential housing prices also culminated in 2021, averaging at \$428,256 (Chart 1).

**CHART 1: RECORD HOUSING UNITS AND PRICES IN 2021**

Residential unit sales and average prices (SA)



Sources: Canadian Real Estate Association, Haver Analytics

### Housing Starts

#### Multifamily unit starts down from lofty heights

Housing starts in Alberta declined in December from the multiyear high in the previous month. Starts were down 25% m/m to a seasonally adjusted annual rate (SAAR) of 31,070 units. Multifamily starts fell 40% m/m, on the back of the 48% m/m decrease in apartment starts and the 24% m/m decrease in row starts. Meanwhile, growth in single unit starts (+6.2% m/m) tempered the overall decline. Regionally, the slack was concentrated in Calgary (-48% m/m), while Edmonton experienced a bump of +13% m/m. Annually, housing starts were up 33% in 2021 from the weak level in 2020, with large gains in all unit types.

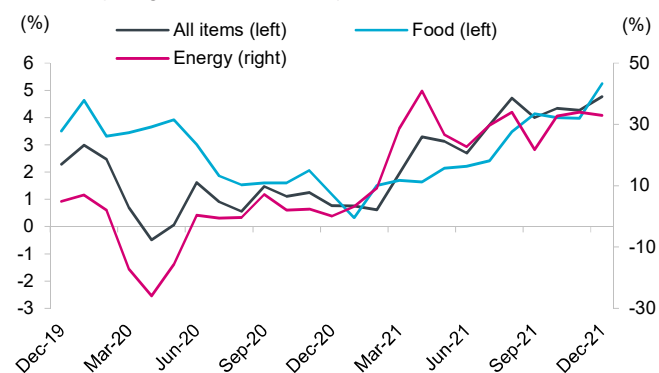
### Consumer Price Index

#### Inflation persistent

Consumer inflation remained elevated in December, as supply chain disruptions and unfavourable weather conditions put upward pressure on prices. The headline consumer price index rose 4.8% year-over-year (y/y) in December, up from 4.3% y/y in November. Despite the monthly decrease in gasoline and natural gas prices, energy prices (+33% y/y) were the leading component of inflation again (Chart 2). Food prices grew further (+5.2% y/y), driven by meat (+13% y/y), fresh fruit (+6.5% y/y), and bakery and cereal products (+2.7% y/y), as a result of widespread drought during the growing season and ongoing supply chain disruptions. Core inflation—all items except food and energy—accelerated in December (+2.3% y/y). Annually, the headline consumer price index was up 3.2% y/y in 2021, the highest growth since 2007.

**CHART 2: FOOD AND ENERGY REMAIN KEY DRIVERS OF INFLATION**

Year-over-year growth in consumer price index



Sources: Statistics Canada, Haver Analytics

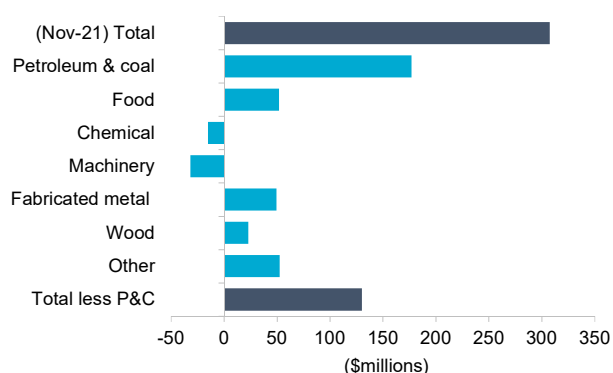
### Manufacturing Shipments

#### Factory sales soar

Alberta's manufacturing shipments reached a new peak in November. The value of manufacturing sales rose 4.2% m/m to \$7.6 billion. The increase was due to higher petroleum and coal volumes, while prices remained high. However, food shipments and other categories also contributed (Chart 3). Year-to-date (YTD), factory sales remained elevated, 31% above the 2020 low and up 10% from the pre-pandemic 2019.

### CHART 3: GAINS ACROSS MULTIPLE INDUSTRIES

Monthly level change in Alberta's manufacturing, by industry



Sources: Statistics Canada, Haver Analytics

## Wholesale Trade

### Largest monthly increase on record

Alberta's wholesale trade soared in November to a new historical high. Sales jumped to \$8.3 billion, a whopping 12% m/m increase from revised October numbers (Chart 4). There were widespread gains in all subsectors, except farm products. The machinery, equipment & supplies subsector led the increase (+16% m/m). Higher sales in the food, beverage & tobacco subsector (+15% m/m) were propped by high demand and strong food prices. Increased sales in building material & supplies subsector (+13% m/m) were supported by continued strong demand for new home builds, renovations and improved lumber prices. Overall, wholesale trade sales remained 14% higher YTD.

### CHART 4: NEW PEAK IN NOVEMBER

Alberta's wholesale trade (SA)



Sources: Statistics Canada, Haver Analytics

## Retail Trade

### Sales holding at elevated level

Alberta retail trade activity was largely unchanged in November following three months of growth. Seasonally-adjusted retail sales rose 0.1% m/m to \$7.7 billion. The monthly increase was led by strong gains at health and personal care stores, building materials and garden supplies stores, and gasoline stations. Conversely, sales at electronics & appliances stores continued trending downwards. With the muted monthly gain, annual growth slowed further to 6.9% y/y from 7.2% y/y in October, reflecting a strong recovery from the pandemic low in the second half of 2020. Although the global chip shortage and low inventories have been weighing down growth in sales at motor vehicle & parts dealers, they increased 12% y/y in December, up from the 5.6% growth in October. YTD, retail sales were up 14%.

## Employment Insurance

### Beneficiaries and claims declined

The number of Albertans receiving regular Employment Insurance (EI) benefits continued to decline but remained elevated. On a seasonally adjusted basis, 79,210 people received regular EI benefits in November. This was 4,130 fewer than in October and 129,030 below the January 2021 peak. The decline partly reflected expiring benefits for those Albertans who initially received Canada Emergency Response Benefit (CERB) early in the pandemic and were rolled into EI benefits in October 2020. Meanwhile, the number of submitted EI claims decreased to 28,130 (-28% m/m), ending three months of increase. This decrease is largely in line with the strong employment gains for the month.

## International Travel

### Travel is on a steady rise

International travel continued rising in November ahead of new travel restrictions implemented in late November due to emergence of Omicron variant. The seasonally adjusted number of non-residential travellers entering Canada through Alberta rose by 28% m/m to over 32 thousand people, the largest number of travellers in one month since March 2020. Compared to November 2019, international travel remained down 67%. Similarly, the number of returning Canadians via Alberta also increased (+47% m/m) to 105 thousand people. However, the number of returning Canadian travellers remained down 58% of the level observed two years ago.

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