

# Weekly Economic Review

## Alberta housing activity advances

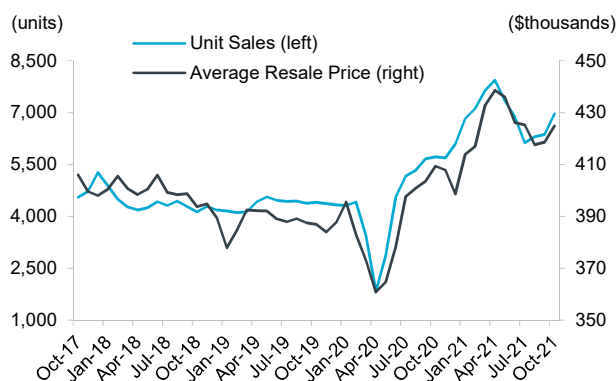
### Resale Housing

#### Resale activity gains momentum

Activity in Alberta's resale housing market accelerated in October. Seasonally adjusted unit sales increased 9.4% month-over-month (m/m) to 6,972, the third monthly increase in a row following a pullback from the all-time high in April. Sales increased in most regions with strong gains in major cities. New listings advanced for the second time in the last seven months. With improving sales and lagging new listings, the months of inventory dropped further to about the April level. With market conditions tightening, the average resale price increased 1.5% m/m to almost \$425,000 (Chart 1).

**CHART 1: RESALE HOUSING ACTIVITY ADVANCES**

Resale housing unit sales and average resale price (seasonally adjusted)



Sources: The Canadian Real Estate Association, Haver Analytics

### Housing Starts

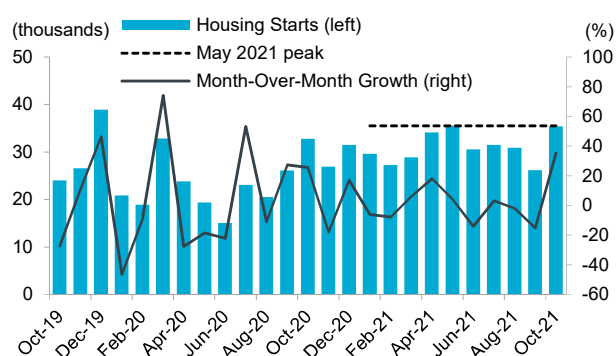
#### Apartment starts jump

Alberta's housing starts surged in October, driven by growth in apartment starts. Housing starts jumped up 35% m/m to a seasonally adjusted annual rate (SAAR) of 35,370 units, near the 2021 high set in May (Chart 2). Volatile apartment starts led the increase, more than doubling from September and reaching a 12-month high. Additionally, the number of units started in row buildings went up 19% m/m to a two-year high. Meanwhile, the number of semi starts declined (-7.5% m/m) and single starts (-0.1% m/m) stabilized after pulling

back over the past five months. Regionally, the gains were concentrated in Edmonton and Calgary, while starts in smaller urban centres declined (-38% m/m). Year-to-date (YTD), housing starts were up 33%, with large gains across all types of dwellings and regions.

**CHART 2: HOUSING STARTS END SEASON ON A HIGH NOTE**

Alberta housing starts (seasonally adjusted annual rate)



Sources: Canada Mortgage & Housing Corporation, Haver Analytics

### Retail Trade

#### Retail sales increase

Alberta retail trade activity picked up in September after two monthly pullbacks. Retail sales increased 1.7% m/m to \$7.4 billion, hovering around the highs recorded earlier in 2021. The increase was led by seasonally strong gains at health & personal care, food & beverage stores, and motor vehicle & parts dealers following weakness in August. Conversely, sales at clothing & accessories and miscellaneous retailers eased after solid seasonal strength in August. Despite the monthly gain, annual growth slowed further to 3.9% y/y from 12.4% y/y in August, reflecting a strong recovery from the pandemic low in the second half of 2020. The slowdown has been most pronounced in motor vehicle & parts dealers (-5.3% y/y) amid the global chip shortage and lower inventories. Sales at food & beverage stores (-1.6% y/y) were also lower than a year ago as consumers shifted to spending more at restaurants and food services places. YTD, retail sales were up 15.5%.

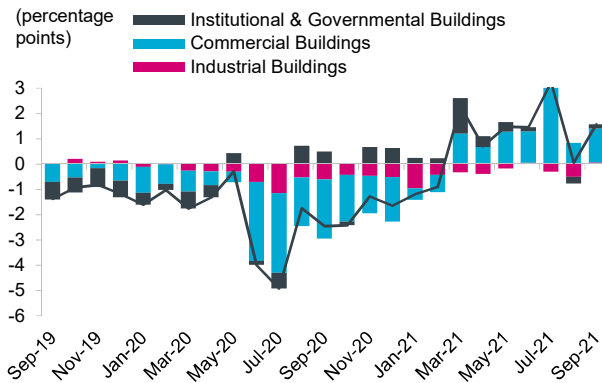
## Non-Residential Construction Investment

### Commercial spending lifts non-residential investment

Non-residential construction activity in Alberta rose in September. Investment in non-residential building construction increased by 1.6% m/m to \$591 million, driven by an ongoing improvement in commercial activity (+2.2% m/m) and supported by slight gains in institutional and industrial investment (Chart 3). Regionally, the improvement was led by Calgary (+3.1% m/m) as commercial investment rose to a 10-month high and industrial spending posted first monthly growth this year. Despite the monthly gain, non-residential construction remained down 12% YTD.

#### CHART 3: COMMERCIAL SPENDING BUILDS MOMENTUM

Contributions to monthly growth in Alberta non-residential investment (seasonally adjusted)



Sources: Statistics Canada, Haver Analytics

## Consumer Price Index

### Consumer prices continue to rise

Inflation in Alberta picked up in October on the back of rising energy prices. The headline consumer price index rose 4.3% y/y, up from 4.0% y/y in September. Energy prices (+33% y/y) led headline inflation again (Chart 4), with gasoline prices hitting record highs and natural gas at highest point since the 2014 Polar Vortex. Meanwhile, food inflation moderated slightly (+4.0% y/y) but remained elevated. Core inflation—all items excluding food and energy—slowed in October (+1.9% y/y), tempered by lower cost of traveller accommodation in the month. YTD, Alberta's headline inflation increased 2.9%, slightly behind the national average of 3.1%.

## Manufacturing Shipments

### Refinery shipments decline

Factory sales in Alberta continued to moderate in September after a strong growth earlier this year. The value of manufacturing shipments eased 2.9% m/m to \$6.9 billion,

primarily due to lower petroleum and coal shipments. Additionally, a pull back in machinery and wood product manufacturing offset an increase in the value of food shipments that was fuelled by higher prices. Despite the monthly decline, factory sales remained elevated, up 29% both YTD and compared to a year ago.

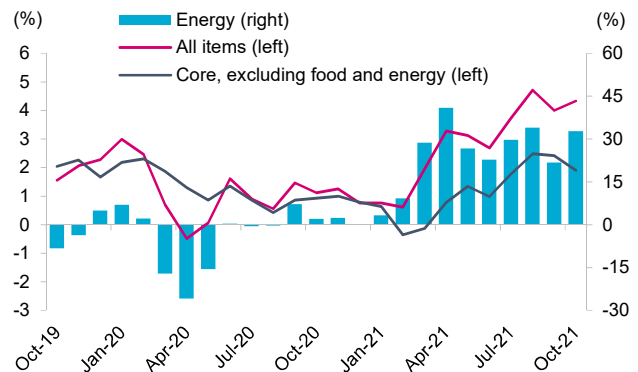
## Merchandise Exports

### Energy products pull down exports

Alberta's merchandise exports retreated from a historical high set in August. The value of merchandise exports eased 2.5% m/m to \$12.0 billion in September, driven by lower energy exports (-3.3% m/m) amid lower production and factory sales that month. The energy decline was tempered by growth in industrial machinery and equipment (+65% m/m) that reached its highest point since mid-2019. YTD, goods exports were up 45% YTD, reflecting growth across most categories of goods, except motor vehicles & parts and aircraft & other transportation equipment that remained soft.

#### CHART 4: ENERGY PRICES DRIVE INFLATION HIGHER

Annual rate of inflation



Sources: Statistics Canada, Haver Analytics

## New Motor Vehicle Sales

### New vehicle sales cool off

New vehicle sales eased further in September. The number of new vehicles sold in Alberta declined 1.9% m/m to 16,094 units, led by a pullback in truck sales (-4.0% m/m) while passenger car sales picked up (+12% m/m). Despite slower sales, the average per unit price remained essentially unchanged (+0.1% m/m), with higher price for trucks offsetting a decline in the cost of passenger cars. The story was echoed nationally.

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