

# Weekly Economic Review

## Housing starts maintain momentum

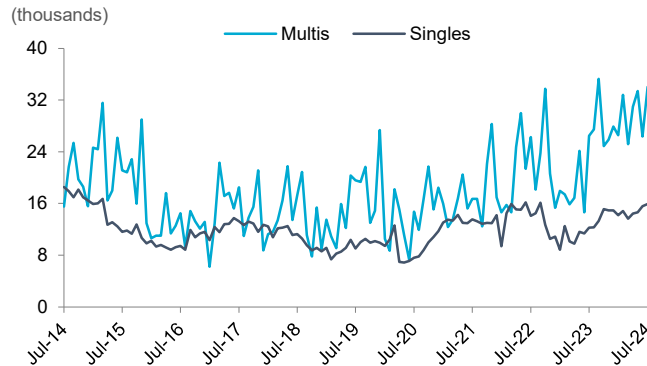
### Housing Starts

#### Apartments leap ahead

A surge in apartment starts boosted Alberta's housing starts in July. Housing starts jumped 19% month-over-month (m/m) to a seasonally adjusted annualized rate (SAAR) of 50,592, a nine-year high. The gain was concentrated in volatile apartment starts, which rose 58% m/m after falling 37% m/m in June. Starts of single (+2.1% m/m) and semi-detached (+2.8% m/m) continued to build momentum, hitting multi-month highs again (Chart 1). Regionally, most of the gain was in Calgary (+29% m/m) and Edmonton (17% m/m), with starts up in rural areas but down in the smaller centres. Housing starts have maintained an elevated pace since last fall and were up 49% year-to-date (YTD) in July.

#### CHART 1: MULTI SURGE AND SINGLES GAIN MOMENTUM

Unit sales and average resale price, Alberta



Sources: Canadian Mortgage and Housing Corporation, Haver Analytics

### Resale Housing

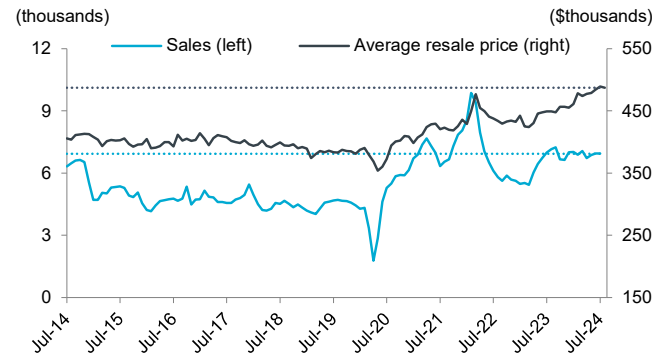
#### Market remains tight

Activity in Alberta's resale housing market remained robust in July. While seasonally adjusted sales eased 0.2% m/m, they continued to be well above historical levels. The moderation in sales was localized to Calgary (-4.3% m/m), where activity continued to normalize after leading the province in 2022 and for much of 2023. Meanwhile, sales activity in Edmonton jumped 4.1% m/m to a 27-month high and ticked up in the rest of Alberta (+0.5% m/m). New listings also jumped (+6.8% m/m) to reach the third-highest level in the past two years. Although inventory rose with higher listings, the market remained tight with 2.5 months of inventory, and the sales-to-new listings ratio sat at almost 70%. Lower sales for

the month in the most expensive market of Calgary weighed on the average resale price (-0.4% m/m). At \$487,326 (Chart 2), it was still up 8.5% year-over-year (y/y).

#### CHART 2: RESALE PRICE AND SALES REMAIN ELEVATED

Unit sales and average resale price, Alberta



Sources: Canadian Real Estate Association, Haver Analytics

### Residential Building Permits

#### Multi-dwelling permits decline

The number of building permits being issued in the province is pulling back after setting a torrid pace earlier this year. The seasonally adjusted value of Alberta's residential building permits fell 6.0% m/m to a nine-month low of \$930 million in June following a decline in May. The volatile multi-dwelling permits (-17% m/m) overwhelmed an increase in single-dwelling permits (+5.0% m/m). Regionally, Calgary (-17% m/m) was most impacted by the decline in multi-dwelling permits. Meanwhile, permit values in Edmonton were largely unchanged (-0.2% m/m) due to strength in singles permits (+13% m/m) and residential permits advanced in the rest of Alberta (+31% m/m). Despite the monthly decline, permit values were up 33% YTD as both single-dwelling permits (+28% YTD) and multi-dwelling permits (+38% YTD) advanced, reflecting the strong levels in the first half of the year.

### Non-Residential Building Permits

#### Intentions fall back

Alberta's non-residential construction intentions plunged in June due to a lower private intentions. The seasonally adjusted value of non-residential building permits dropped 33% m/m to \$330 million, a 32-month low. Much of the

decline came as industrial permits plummeted 63% m/m after staying above average over the last three months. Commercial permits also tumbled (-33% m/m) in the month. The lower private intentions were partly offset by a surge in institutional & governmental permits (+32% m/m). Regionally, the declines were widespread, with the largest decline in Edmonton (-48% m/m). With the month pullback, permit values were down 8.5% YTD.

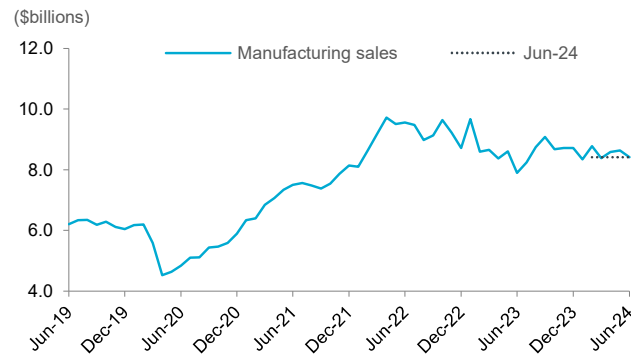
## Manufacturing Shipments

### Lacklustre factory sales

Factory sales in Alberta are showing some signs of weakness in June. The overall value of manufacturing shipments dropped by 2.5% m/m, totalling \$8.4 billion (Chart 3). Sales of non-durable goods decreased by 2.4% m/m, driven by notable declines in chemicals (-7.3% m/m), petroleum and coal (-2.2% m/m), and plastic and rubber (-4.8% m/m). Durable goods also saw a decline of 2.8% m/m, with significant weakness in machinery manufacturing (-12% m/m), electrical equipment (-28% m/m), and wood products (-3.9% m/m). These losses overshadowed gains in fabricated metals and non-metallic mineral products. Manufacturing shipments have been muted this year, down 1.3% YTD. However there has been a few pockets of strength, such as the rebound in wood products (+10% YTD) and ongoing growth in food manufacturing (+4.1% YTD).

#### CHART 3: FACTORY SALES SUBDUED IN 2024

Manufacturing shipments, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

## Wholesale Trade

### Sales cool

Sales at Alberta wholesalers dipped for the second consecutive month in June. Wholesale trade (excluding petroleum, petroleum products, and other hydrocarbons and excluding oilseed and grain) fell by 1.0% m/m to a total of \$9.1 billion. Sales of miscellaneous goods (-9.9% m/m), machinery & equipment (-2.4% m/m), and motor vehicles &

parts (-3.4% m/m) declined. The declines more than offset a surge in building materials (+7.2% m/m) and modest increases in farm products (+1.6% m/m) and food, beverages, & tobacco (+0.6% m/m). Wholesale trade has failed to sustain momentum since reaching a peak in May 2023 and was down 1.3% YTD.

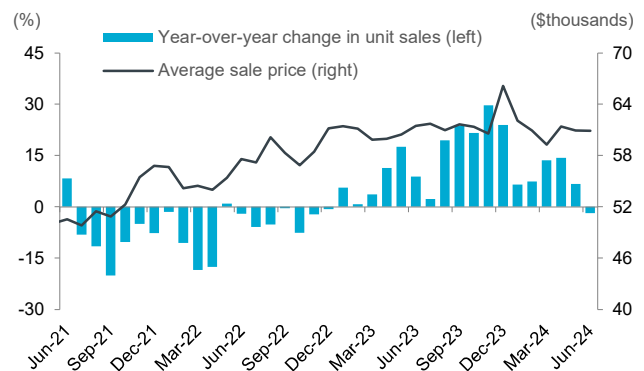
## New Motor Vehicle Sales

### Sales slow

Alberta's new motor vehicle sales took a step back in June. The number of vehicles sold in the province declined 11% m/m to 19,273. With the sizeable seasonal decline, sales were lower than a year ago for the first time since December 2022 (Chart 4). The slower growth in sales has been accompanied by stagnating prices. The average price per vehicle was virtually unchanged at \$60,893 and down 1% y/y.

#### CHART 4: SALES DECLINE BUT REMAINED ROBUST

Growth in new motor sales and average sale price



Sources: Statistics Canada, Haver Analytics

## U.S. Consumer Price Index (CPI)

### Inflation pressure moderating

Consumer inflation continued to edge lower in July. Headline inflation rose 2.9% y/y in the month, the first reading below 3.0% since March 2021. Lower prices for new vehicles (-1.0% y/y), used cars and trucks (-11% y/y), and smaller medical care inflation (+3.2% y/y) all contributed to moderate overall price growth. Energy (+1.1% y/y) and food (+2.2% y/y) inflation also remained at modest levels, while housing inflation continued to be elevated (+4.4% y/y). Core inflation (all items less energy and food) also ticked down from 3.3% y/y in June to 3.2% y/y in July.

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