

Weekly economic review

Housing market activity gaining momentum

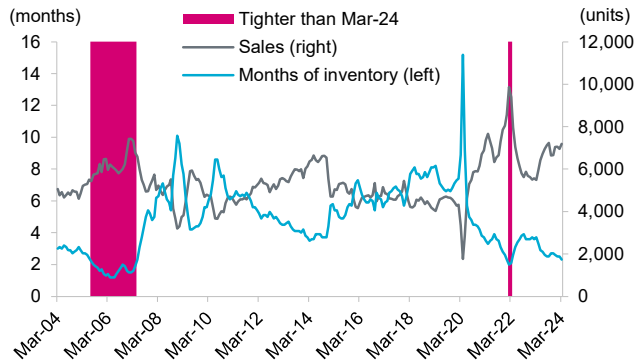
Resale Housing

Robust sales tighten market

Activity in Alberta's resale market was strong in March. Seasonally adjusted unit sales rose 3.6% month-over-month (m/m) to 7,194, a six-month high (Chart 1). Sales grew across the province, led by Edmonton (+3.7% m/m) which advanced for the fifth consecutive month to a 23-month high. Calgary's sales also rebounded (+3.0% m/m) after a dip in February. Despite rising sales, new listings in the province fell 7.7% m/m and the months of inventory declined to 2.3. Apart from early 2022, prior to the interest rate hikes, the provincial resale market hasn't been this tight since 2007. Tight market conditions buoyed Alberta's average resale price to \$476,943, up 0.6% m/m. Strong activity over the last year boosted both sales (+31% year-over-year or y/y) and the average resale price (+11% y/y) significantly.

CHART 1: ELEVATED HOUSE SALES HAS TIGHTENED THE MARKET

Months of inventory and sales, seasonally adjusted



Sources: Canadian Real Estate Association, Haver Analytics

Residential Building Permits

Strength in Calgary

Alberta's residential construction intentions rose for the second consecutive month in February. Seasonally adjusted residential building permits increased 3.9% m/m to \$1.1 billion. Calgary permits surged to a seven-year high (+28% m/m), which overwhelmed a monthly pullback in Edmonton (-26% m/m). The monthly divergence between the CMAs was driven by multi-dwelling permits, which were largely unchanged at the provincial level. Meanwhile, single-dwelling permits advanced 7.1% m/m, reflecting higher permits across the province. With the monthly gain, Alberta's residential permit values were up 43% y/y, with strong growth in all regions and types.

Non-residential Building Permits

Industrial and commercial permits drop

Alberta's non-residential construction intentions fell in February. The seasonally adjusted value of non-residential building permits declined 22% m/m to \$355 million, a 10-month low. Lower industrial (-59% m/m) and commercial (-25% m/m) permits outweighed higher institutional & governmental permits, which advanced 12% m/m to a 22-month high. Permit values pulled back in all regions of the province, with both Edmonton and Calgary hitting a multi-month low. With the monthly decline, non-residential building permits were down 25% y/y, with lower industrial and commercial permits outweighing growth in institutional & governmental permits.

Monetary Policy Report

Canadian outlook improves

The Bank of Canada (BoC) expects Canada's real GDP to grow 1.5% in 2024, significantly up from the 0.8% in its January forecast. The upward revision reflects better-than-expected GDP growth last quarter, particularly due to strong population growth. Growth is expected to accelerate to 2.2% in 2025. While the shelter component is keeping services inflation elevated, the BoC noted that underlying price pressures are easing. Inflation is now expected to average 2.6% in 2024, down from its January's forecast of 2.8%.

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