

Weekly economic review

Construction intentions on the rise

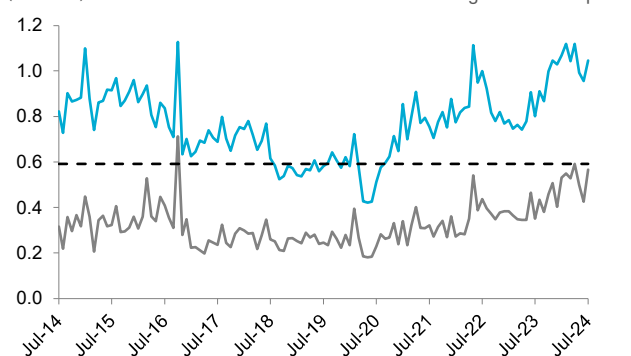
Residential Building Permits

Multi-dwelling permits rebound

Residential construction intentions regained some ground in July with renewed strength in multiple dwellings. The seasonally adjusted value of Alberta's residential building permits rose 9.4% month-over-month (m/m) to \$1.05 billion. Multi-dwelling permits bounced back 33% m/m, with strong gains across the province, and were just shy of the 7-year high reached in April (Chart 1). Conversely, single-dwelling permits pulled back (-9.6% m/m) to an 11-month low as declines in Calgary overwhelmed gains in the other regions. Despite the recent volatility, permit values remained elevated this year and are up 33% year-to-date (YTD), led by multi-dwellings (+42% YTD).

CHART 1: REBOUND IN MULTI-DWELLING PERMITS BOOST RESIDENTIAL BUILDING PERMITS

Alberta residential building permits, seasonally adjusted (\$billions)



Sources: Statistics Canada, Haver Analytics

Non-Residential Building Permits

Industrial permits bounce back

Non-residential construction permits advanced in July as industrial permits rebounded. The seasonally adjusted value of non-residential building permits rose 21% m/m to \$463 million. Industrial permits led the monthly gain and surged (+169% m/m) back to elevated levels after plummeting in June. While commercial permits fell back, the institutional and governmental sector increased 31% m/m to a two-year high. The overall gains were concentrated in Edmonton (+50% m/m) and regions outside the major cities (+18% m/m), which benefited from the increase in industrial permits. Calgary also saw higher permit values (+1.6% m/m), as lower industrial permits partly offset gains in the institutional and

governmental sector. Despite the monthly increase, permit values were down 5.0% YTD as weakness in the commercial sector more than offset higher industrial permits.

Wholesale Trade

Sales snap back

Sales at Alberta wholesalers rebounded in July, driven by strong gains in the miscellaneous and motor vehicle sectors. Wholesale trade (excluding petroleum, petroleum products, and other hydrocarbons and excluding oilseed and grain) rose 2.0% m/m to \$9.2 billion. The miscellaneous sector (+15% m/m) recovered from last month's dip, while motor vehicles and parts (+12% m/m) reached a record high. Sales at machinery and equipment wholesalers (+0.9% m/m) also remained strong. In contrast, sales in building materials (-3.6% m/m), farm products (-5.8% m/m), and food, beverages, and tobacco (-1.1% m/m) declined. Despite the monthly gain, wholesale trade was down 0.5% YTD.

Consumer Insolvencies

Insolvencies move up

The number of Albertans filing for insolvency rose in July. A total of 1,621 insolvencies were filed, 51 more than in June, and over the past 12 months a record 18,754 consumer insolvencies have been filed.

Household Balance Sheet

Debt weighs on household finances

The finances of Canadian households remained under pressure from high interest rates in the second quarter. While household net worth edged up (+0.2% quarter-over-quarter) to \$17.0 trillion, Canadians are using more of their income to pay for debt obligations. Households spent 14.97% of their disposable income to service their debt, just shy of the all-time high in Q1 2019 (15.03%). The increase reflects the growing level of debt and elevated interest rates with the Bank of Canada cutting its policy rate in June for the first time since early 2020. Total household debt increased by \$45 billion in the quarter, and interest paid on all debt was 9.59% of disposable income – the highest since 1992. Higher rates also pushed the mortgage-debt service ratio to a record high (8.18%) in the quarter.

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