

Weekly Economic Review

Housing market remains strong

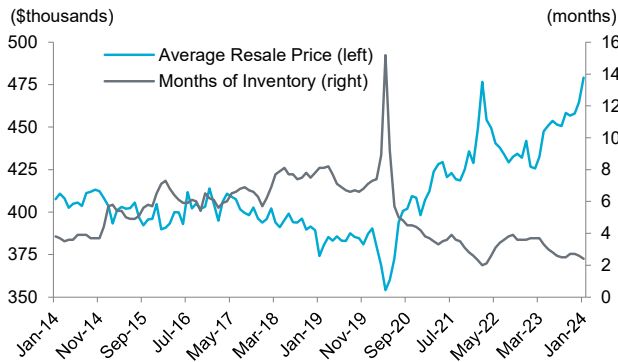
Resale Housing

Markets tighten

While seasonally adjusted unit sales held steady in January, a sharp decline in new listings (-12% month-over-month, or m/m) pulled down the months of inventory to its lowest level since March 2022. Despite regional divergence in resale activity, nearly all the regional markets continued to be tight. This propped up average resale price across the province, which rose 3.1% m/m to \$479,325 and was up 12% year-over-year (y/y) (Chart 1), with large gains in most regions.

CHART 1: PRICES RISE WITH INVENTORIES AT TIGHTEST LEVEL SINCE RATE HIKES BEGAN

Alberta's average resale price and months of inventory



Sources: Canadian Real Estate Association, Haver Analytics

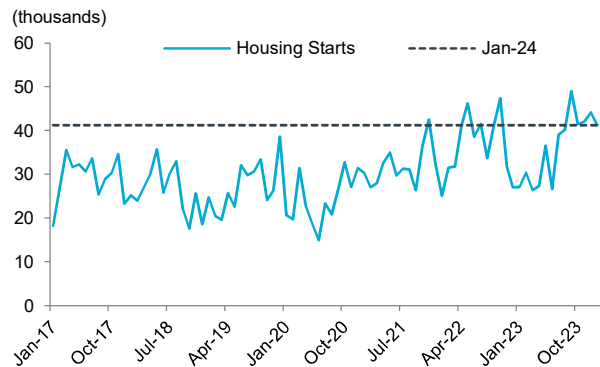
Housing Starts

Starts still elevated

Despite a pullback, the pace of housing starts remained solid in January after finishing 2023 strong. Housing starts declined 6.5% m/m to a seasonally adjusted rate (SAAR) of 41,236 as both single (-4.5% m/m) and multi-detached (-5.4% m/m) starts contracted. Regionally, activity fell in Edmonton (-53% m/m) but surged in Calgary (+39% m/m). Even with the monthly decline, housing starts remained elevated compared to recent years (Chart 2) and were up 52% y/y, with strong growth in all regions and types.

CHART 2: HOUSING STARTS DOWN BUT STILL ELEVATED

Alberta's seasonally adjusted housing starts



Sources: Canada Mortgage and Housing Corporation, Haver Analytics

Residential Construction Investment

Investment cools in Calgary

Alberta's residential construction spending fell from its record high in December. Seasonally adjusted residential building investment declined 4.8% m/m to \$1.9 billion as investment in Calgary fell after surging over the last seven months. While investment dropped in Calgary (-8.2% m/m), it held steady in Edmonton (-0.1% m/m) and rose in Lethbridge (+18% m/m) and non-CMA regions (+4.6% m/m). Residential construction investment finished 2023 down 4.7% from 2022 as weakness in the larger single-dwelling investment (-16%) outweighed strength in multi-dwelling investment (+16%).

New Motor Vehicle Sales

Recovery continues

New motor vehicle sales continued to recover in December. Despite a seasonal slowdown, 15,564 new vehicles were sold in Alberta, 2,934 or 23% more than in December 2022. Truck sales continued to lead growth, while car sales have failed to gain much traction. With sustained growth and strong gains in the latter half of the year, sales were up 14% in 2023. Despite the significant improvement in the year, sales remained below the pre-pandemic average.

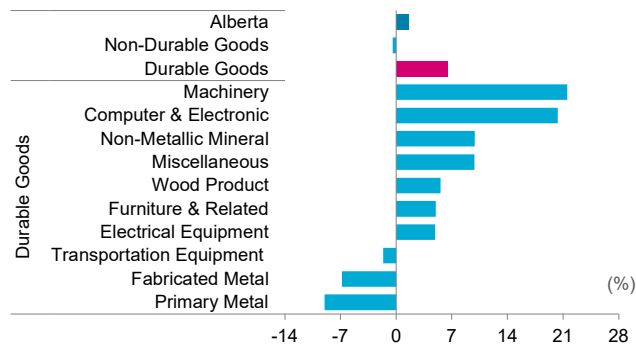
Manufacturing Shipments

Widespread gain in durable goods

Factory sales in Alberta moved higher in December. The value of manufacturing shipments was up by 1.5% m/m to \$8.9 billion. The increase was entirely due to broad-based gains in durable goods shipments, which in turn was led by strong growth in machinery (+22% m/m), electronics (+20% m/m), and minerals (+9.9% m/m) (Chart 3). Meanwhile, output of non-durable goods was nearly unchanged (-0.4% m/m) as lower value of petroleum & coal (-1.6% m/m) and food (-1.3% m/m) shipments outpaced gains in plastic and chemicals. With the strong rebound in the second half of 2023, manufacturing shipments were only moderately down (-3.8%) from 2022 values, reflecting softer prices and weak sales in the spring and summer months.

CHART 3: BROAD-BASED GAIN IN DURABLES

Month-over-month change in Alberta's manufacturing, by industry



Source: Statistics Canada

Wholesale Trade

Wholesale trade continues to moderate

Alberta's wholesale trade continued to ease in December. Wholesale trade (excluding petroleum, petroleum products, and other hydrocarbons and excluding oilseed and grain) decreased by 2.0% m/m to \$8.9 billion. The decline was widespread with only machinery, equipment & supplies (+6.4% m/m) moving up. With the monthly decline, wholesale trade was down 1.5% y/y. Despite the recent moderation, sales increased by 4.2% in 2023 led by robust growth in machinery, equipment, and supplies (+9.5%) and motor vehicle & parts (12%).

Non-residential Construction Investment

Modest pickup

Alberta's non-residential building investment inched ahead in December. The value of building investment rose 0.5% m/m to \$699 million, with gains across all structure types. Industrial investment (+0.7% m/m) continued to move higher, while investment in commercial buildings (+0.6% m/m) regained some ground and institutional & governmental investment (+0.3% m/m) posted a modest increase. Regionally, Calgary (-0.4% m/m) continued to drift lower after nearly reaching a record in August 2023, while momentum picked up in Edmonton (+1.2% m/m) and investment increased in Lethbridge and the rest of Alberta. Non-residential investment closed out 2023 up 2.0% from 2022 due to gains in industrial and commercial investment.

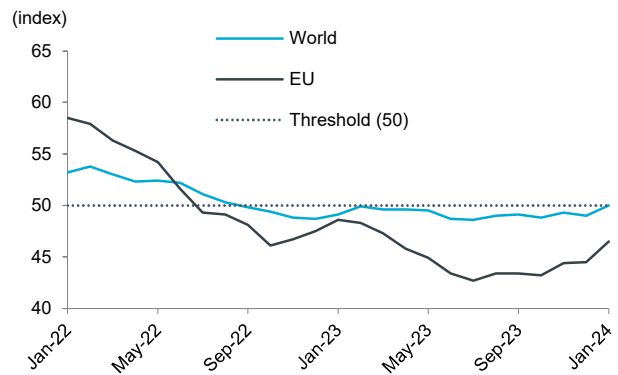
Purchasing Managers' Index (PMI)

Global manufacturing stabilizes

Global manufacturing business conditions levelled off in January after 16 months of contraction. The headline global PMI rose from 49.0 in December to 50, indicating no-change in the month (Chart 4). Factory output increased for the first time in 8 months as global demand inched up and gains in China, India, and Brazil offset ongoing weakness in the European Union. Expectations for future output also improved despite the deterioration in global supply chains. Cost and the average supplier delivery times increased with the disruptions in the Red Sea and the drought impacting the Panama Canal.

CHART 4: GLOBAL MANUFACTURING CONDITIONS STABILIZE

Global PMI - headline indicator



Source: Bloomberg

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