

# Weekly Economic Review

## Housing starts slow from brisk pace

### Housing Starts

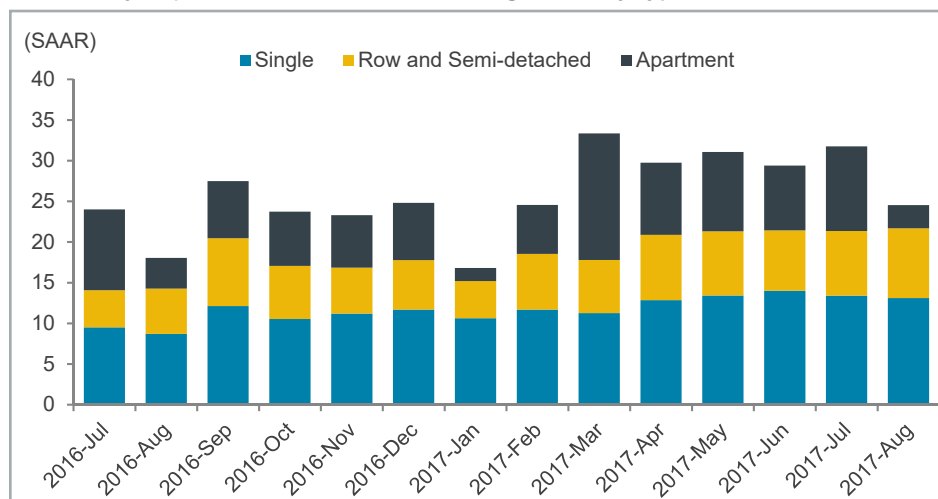
#### Multi-units pull down housing starts

The pace of housing starts in the province fell back in August. Housing starts declined by 21.6% month-over-month (m/m) to a seasonally adjusted annual rate (SAAR) of 26,156 units. The monthly decline was led by multi-family unit starts, while single-family remained relatively steady (Chart 1). Regionally, the significant

decrease in multi-unit starts more than offset the increasing number of single starts in Edmonton, whereas both multi-unit and single starts retreated in Calgary. Despite the pullback, housing starts were up 33% year-over-year (y/y) led by a 51% y/y gain in singles starts. Nationally, housing starts increased 0.6% m/m as activity accelerated in Ontario (+19.9% m/m) led by multi-units starts.

**Chart 1: Housing starts fall with multi-unit starts**

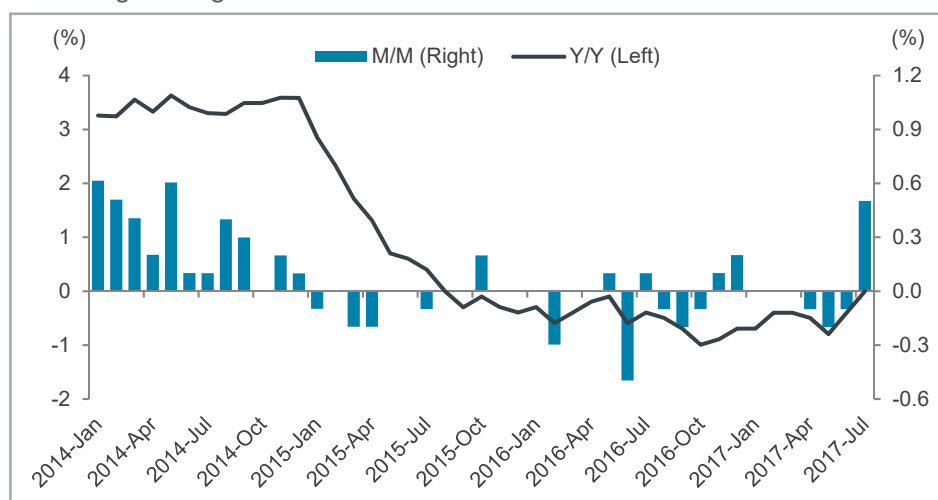
Seasonally adjusted annual rate of housing starts by type, 10,000+ centers



Source: Canada Mortgage and Housing Corporation

**Chart 2: NHPI increases for the first time in seven months**

Percentage change in Alberta's NHPI



Source: Statistics Canada

### Resale Housing

#### Resale market remains stable

Activity in Alberta's resale market picked up in August. The number of seasonally adjusted home sales increased 1.3% m/m in August, led by Lloydminster, Grande Prairie and Central Alberta, which were hard-hit during the recession. Meanwhile, home sales grew modestly in Calgary after four months of decline, while Edmonton sales were virtually unchanged. New listings fell for the second month in a row, pushing the sales-to-new listing ratio up to 47%. Although inventories are elevated, the sales to new-listing ratio remains in balance. The average resale price was unchanged at \$396,000. Nationally, home sales improved for the first time in five months as sales activity stabilized in the greater Toronto area.

### New Housing Price Index

#### New home prices tick up

Alberta's new house price index (NHPI) increased for the first time in seven months. The NHPI rose 0.5% m/m in July and was unchanged from a year ago, after nearly two years of modest declines (Chart 2). Prices rose in Calgary, as land prices continued to increase and the house-only component rebounded to a fourteen month high. In contrast, in Edmonton, house-only prices remained weak while

land prices were stable. Despite the gain, NHPI remains 1.0% below the December 2014 peak as lower building costs have more than offset gains in land prices.

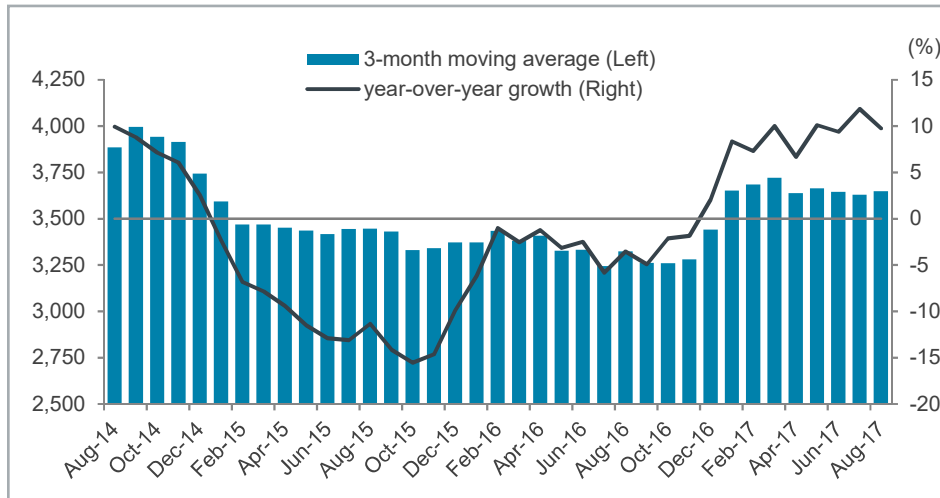
## Business Formation

### Growing business formation

Business formation continues to expand along with the economic recovery. There were 3,506 new businesses formed in August, up 8.4% from last year. Business formations have been improving since July 2016, and have increased year-over-year for ten consecutive months (Chart 3). With the steady improvement, business formations are up 9.8% year-to-date (YTD).

**Chart 3: Increasing number of business formations**

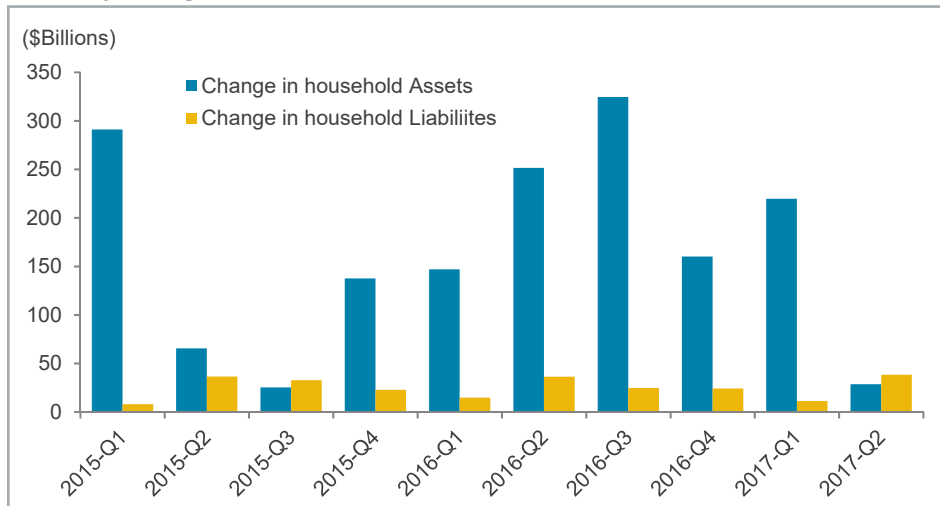
Year-over-year percentage change in the number of business formations



Source: Corporate Registry System (CORES)

**Chart 4: Debt accelerates as assets growth slows in second quarter**

Quarterly change in market value of household assets and liabilities



Source: Statistics Canada

## New Vehicle sales

### Truck sales moderate

Momentum in new vehicle sales is slowing. Truck sales have come down after reaching a two-year high in March 2017, while car sales have been lackluster. Despite the slowdown, sales remain 14.3% higher than a year ago. Year-to-date, Albertans have purchased 12.7% more new vehicles than in the same period in 2016. Rising truck sales have accounted for the entire gain (16.6% YTD), while passenger car sales have eased (-0.9% YTD).

## Household Net Worth

### Canadians continue to borrow

Canadian household net worth declined by \$10 billion in the second quarter for the first time in seven quarters. The decline was due to the significant drop in the value of consumer holdings in life insurance and pension funds and relatively slower growth in equity and property investments. An increase in consumer non-mortgage borrowing also dragged on household net worth.

## Chinese Trade

### China's export growth slows

After a surge in early 2017, Chinese exports have eased over the last five months. After reaching a seasonally adjusted high in March, US dollar value of Chinese exports pulled back to a year-over-year increase of 5.3% in August, the slowest rate of growth since February 2017. While exports growth slowed, growth in imports ticked up August as Chinese's domestic demand remained healthy. The weakness in exports and strength in imports is partly a reflection of the recent gains in the Chinese Yuan, which has increased by over 5% versus the US dollar in the last five months after two years of declines.

## Contact

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Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.