



economic analysis *report*



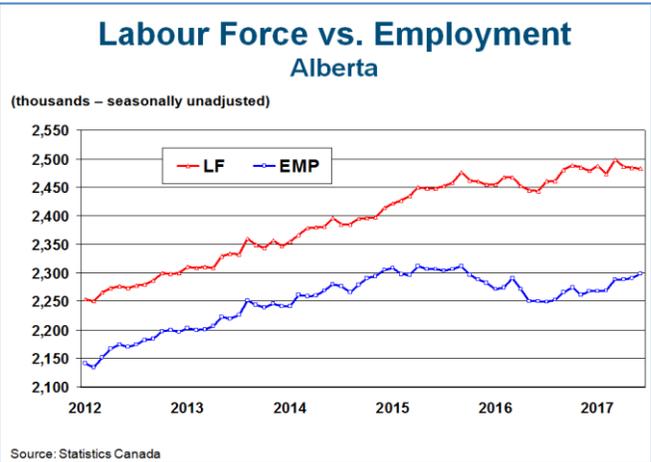
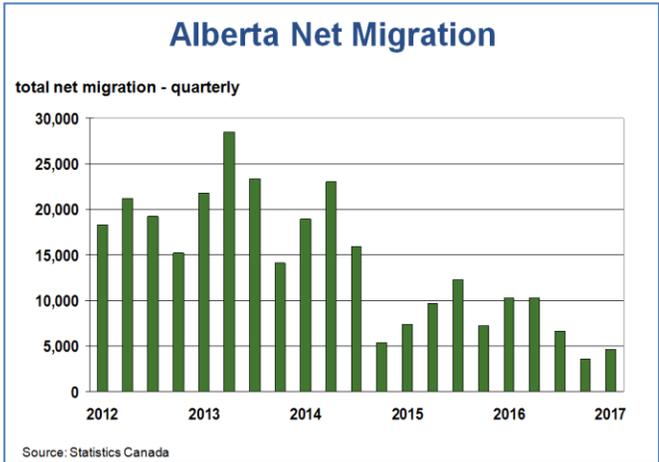
JULY-AUGUST 2017

ALBERTA ECONOMIC & MARKET UPDATE

ECONOMIC INDICATORS

Alberta’s population continued to grow during the first three months of 2017 but the pace was relatively slow. Year-over-year, the population grew by almost 1.4% in the first quarter which represented the slowest growth rate since the mid-1990s but still ahead of the national rate of 1.2%.

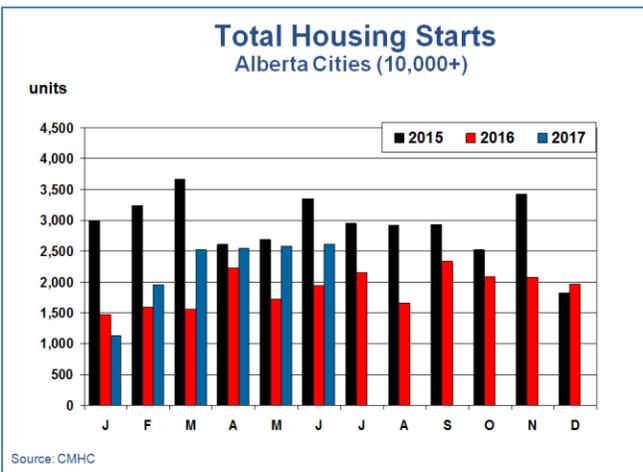
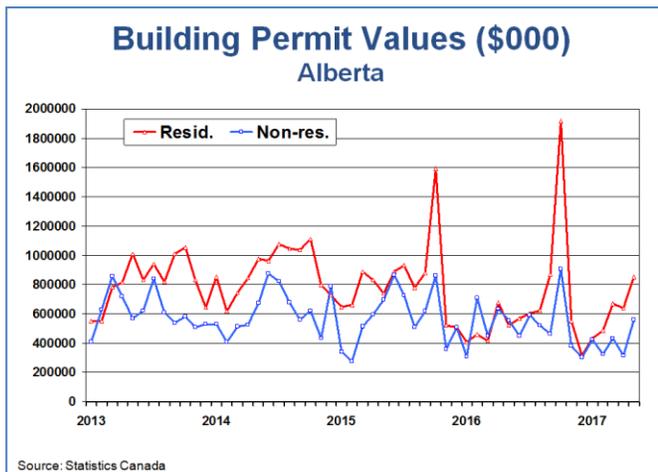
The province witnessed a net gain of 4,693 persons from all sources of migration during January to March, less than half the number seen during the same quarter last year. Negative inter-provincial migration and an outflow of non-permanent residents were offset by positive net migration from outside of Canada. On a more positive note, net losses to other provinces have slowed with the improving labour market.



Alberta’s labour market showed continued improvements during the second quarter of 2017. Employment (seasonally adjusted) in June increased month-over-month by 7,500 persons from May. The number of people working was up in June by 2.2% from a year prior, for a gain of 48,500 jobs from June 2016. In the first half of 2017 there were on average 16,100 more people working than in January to June 2016.

The ranks of the unemployed have been decreasing gradually this year. Alberta’s unemployment rate was 7.4% (S/A) in June, down from 7.8% in May and 7.9% in April. The jobless June’s unemployment rate was the lowest since April 2016. The number of EI recipients continues to steadily decline as well. The falling unemployment levels should help to shore-up wages in Alberta. Statistics Canada’s average weekly earnings (AWE – seasonally adjusted) in Alberta increased 0.6% year-over-year in April to \$1,125. However, AWE levels in the first four months of 2017 were down on average by 0.5% from January to April 2016.

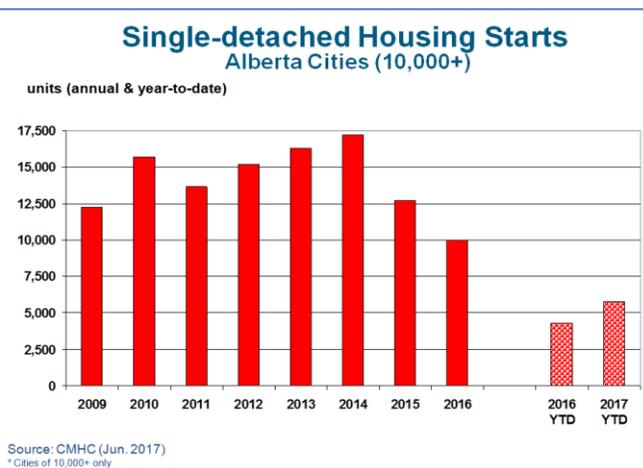
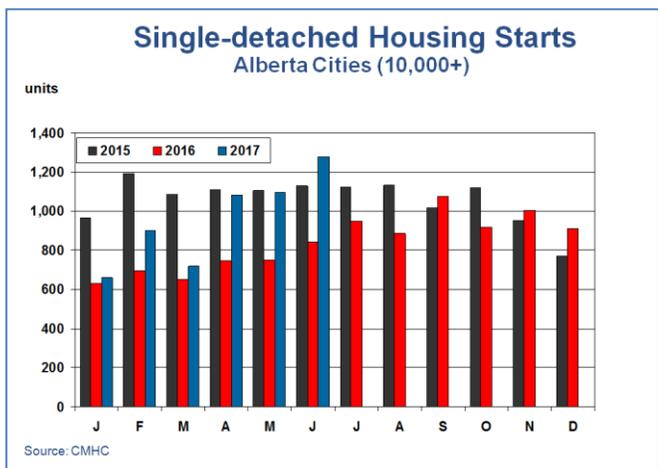
Construction intentions across Alberta as measured by building permit values were largely unchanged after five months this year at \$5.13 billion. A 27% improvement in the value of residential permits to the end of May was offset by a 24% decline in non-residential intentions.



HOUSING STARTS

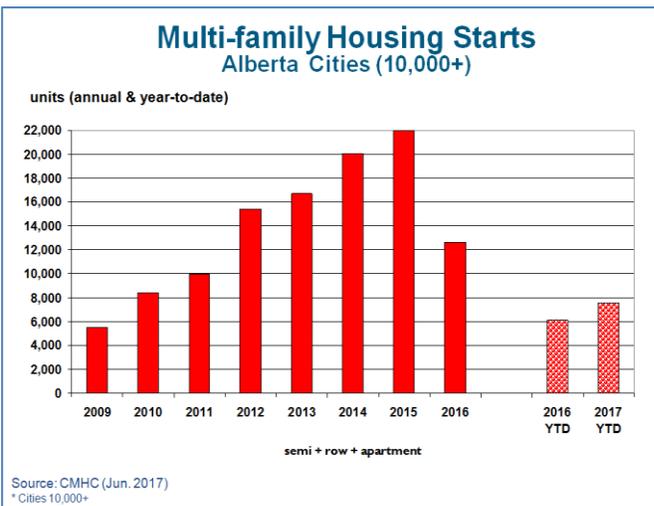
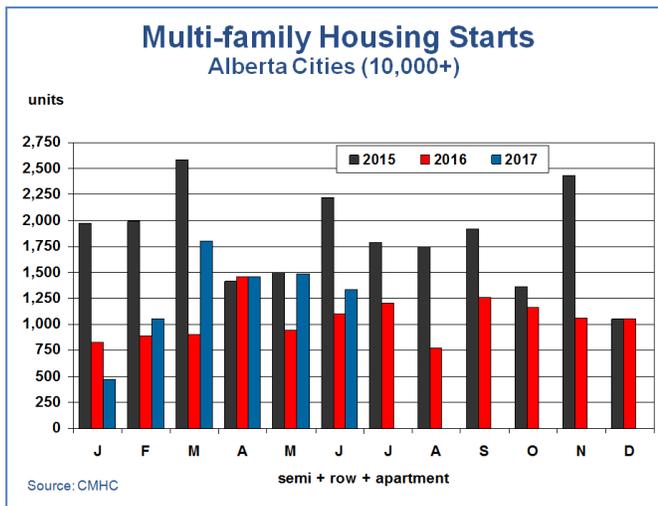
Total housing starts in Alberta's urban areas of 10,000+ people increased in June by 34.2% from year-ago levels to 2,613 units. On a seasonally adjusted basis, starts in cities decreased slightly in June to an annualized rate of 29,437 units (SAAR) from a revised rate of 31,118 units in May. Home building activity during the second quarter was close to longer-term average levels. So far this year, total starts have increased by 27.3% from the first half of 2016 to 10,442 units.

Single-detached: Single-detached starts in urban centres increased in June by 51.3% year-over-year to 1,277 units. This was the best performance for single-family builders since November 2014, with all cities reporting gains in activity over June 2016. For the year-to-date, single-family starts have increased by more than one-third from January to June 2016 to 5,762 units.



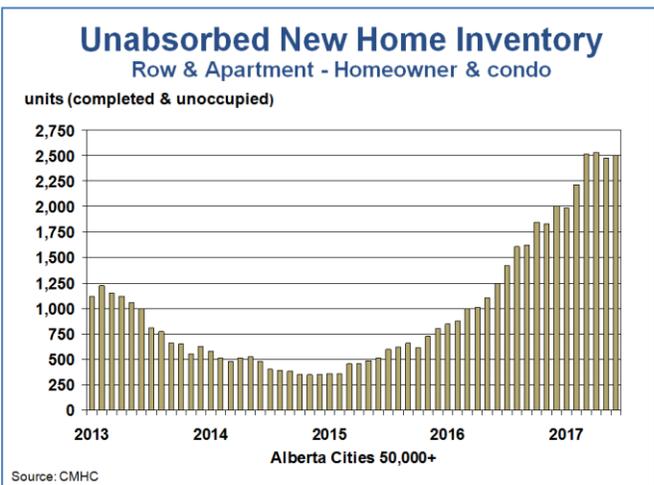
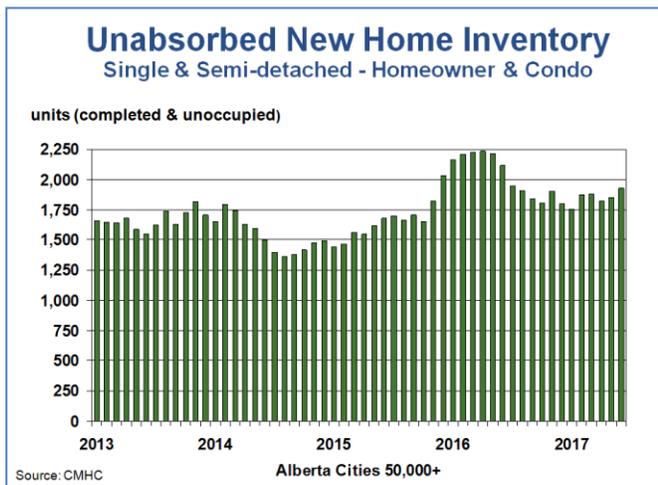
Multi-family (semi, row & apartment): Multiple unit starts in Alberta's urban areas increased in June by 21% from a year prior to 1,336 units. A strong uptick in Calgary and Wood Buffalo helped to offset

reductions in Edmonton and Red Deer. After six months this year, multi-family starts have increased by over 23% from the same time in 2016 to 7,533 units.



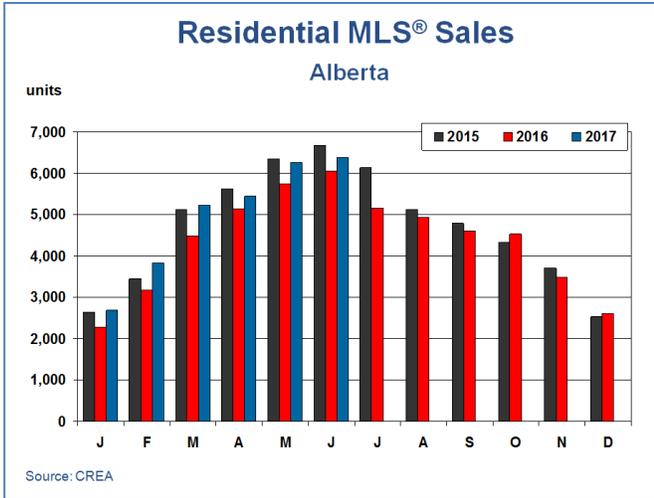
NEW HOME INVENTORY

There were 1,930 completed and unoccupied single and semi-detached dwellings (including show homes) reported by CMHC in Alberta's major cities in June, up from 1,849 units in the previous month but down from 2,113 units mid-way through 2016. Unabsorbed new townhomes and apartments amounted to 2,498 units in June, up from 2,478 units in the preceding month and 1,242 units a year earlier. Total inventory was up by 32% year-over-year in June to 4,428 units. The largest segment of unabsorbed new units was condominium apartments in Calgary and Edmonton.



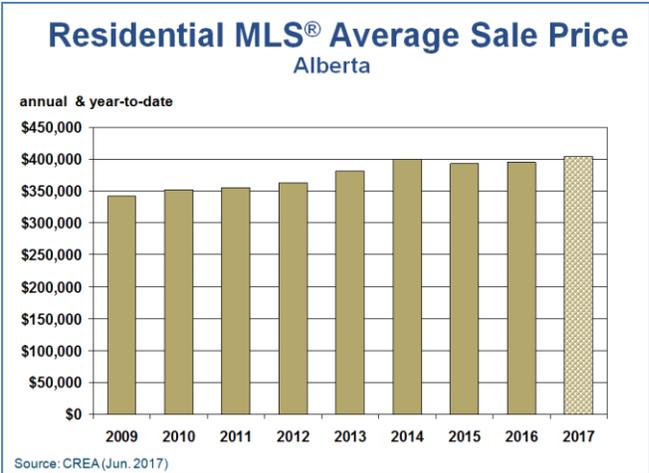
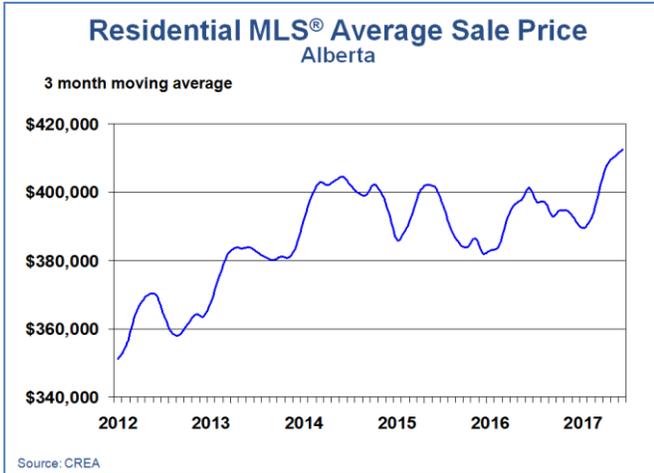
RESIDENTIAL (MLS) SALES

Residential sales reported by the Alberta Real Estate Association (AREA) increased in June by 5.1% year-over-year to 6,370 units. Nationally, home sales on the MLS were down 11.4% from June 2016. Halfway through 2017, MLS sales in Alberta were up by 10.7% from the first six months of 2016 to 29,739 units.



RESIDENTIAL SALE PRICES

The provincial average MLS residential sale price increased in June by 3.8% from a year ago to \$412,358. The national average price edged upward in June by 0.4% to \$504,458. For the year-to-date, the average sale price in Alberta has increased by almost 3% from January to June in 2016 to \$404,658.



MARKET SUMMARY	Current Month: June			YTD: June		
	2017	2016	% ch	2017	2016	% ch
Alberta Cities 10,000+						
Single-family starts	1,277	844	51.3%	5,762	4,317	33.5%
Multi-family starts	1,336	1,103	21.1%	7,533	6,125	23.0%
Total housing starts	2,613	1,947	34.2%	13,295	10,442	27.3%
AREA REBs (MLS)						
Residential sales	6,370	6,059	5.1%	29,739	26,868	10.7%
Residential avg. price	\$412,358	\$397,269	3.8%	\$404,658	\$393,442	2.9%
Source: CMHC/CREA						

Note to Readers

These market update reports are available monthly for the province of Alberta and its seven major cities. An expanded Alberta report is produced in January, April, July and October which examines economic trends in the previous quarter. The charts are also available in PowerPoint and Excel formats upon request.

CMHC's count of unsold new home inventory defines an unabsorbed unit as a new home that has finished construction and is available for sale. Show homes are typically counted as part of the unabsorbed inventory.

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