

The logo for the City of Edmonton, featuring the word "Edmonton" in white text on a blue rectangular background.A vertical photograph on the left side of the page showing the Edmonton skyline at night. The Peace Bridge is illuminated with blue lights, and the city lights are visible in the background.

City of Edmonton

Mid-Year 2024 Economic Update

City of Edmonton Corporate Economics

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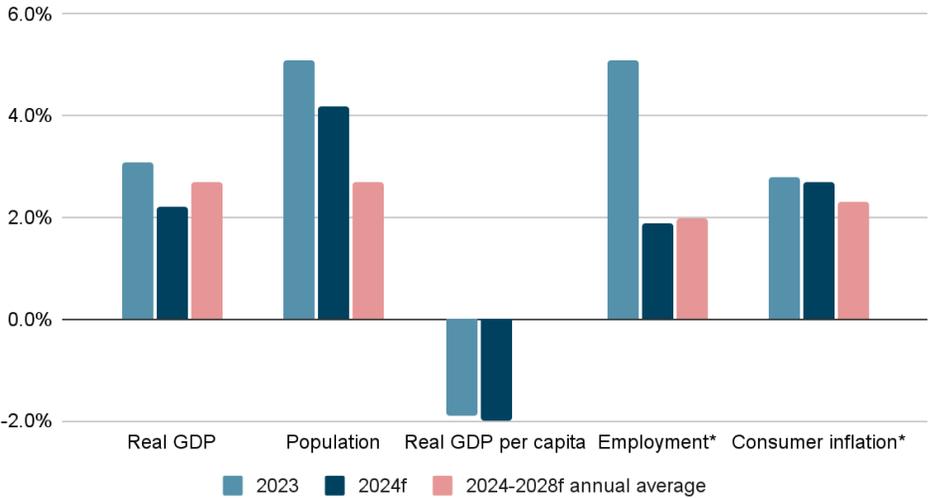
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Spring 2024 Economic Outlook Highlights

The City's spring 2024 outlook was finalized in early May, and took into consideration developments in the Edmonton and CMA economies since the fall 2023 outlook, along with major policy announcements at the national and provincial levels that could impact key variables such as population growth. It should be noted that the City's spring outlook was finalized prior to the release of July 1, 2023 population estimates for Edmonton and the CMA. In Statistics Canada's July 1, 2023 sub-provincial population estimates release, there were historical revisions that will be incorporated into the City's summer 2024 outlook. Highlights from the spring outlook are provided below.

- After growing an estimated 3.1 per cent in 2023, real gross domestic product (GDP) in Edmonton was forecast to grow 2.2 per cent in 2024, and average 2.7 per cent annually between 2024 and 2028. Among industry sectors, real GDP growth rates were expected to be strongest in the educational services (+5.2 per cent), manufacturing (+3.3 per cent), and transportation and warehousing (+2.8 per cent) sectors in 2024.
- Following 5.1 per cent growth between 2022 and 2023, Edmonton's population growth was forecast to moderate to 4.2 per cent in 2024. Growth between 2024 and 2028 was predicted to average 2.7 per cent annually. Population growth was also forecast to continue outpacing real GDP growth through 2025, leaving real GDP per capita growth in negative territory over that period. While the spring outlook has per capita real GDP growing in 2026, and expanding annually through 2028, growth was expected to be modest and not fully compensating for the negative growth in 2024 and 2025.
- The spring outlook for the Edmonton CMA labour market in 2024 reflected persistent strength in employment and labour force growth over the past three years, while also incorporating emerging weakness observed in Q1 2024. Employment growth was forecast to average 1.9 per cent in 2024, and 2.0 per cent annually between 2024 and 2028.
- The Edmonton CMA unemployment rate was forecast to rise in 2024 to average 7.0 per cent, as employment growth was projected to continue trailing labour force and working age population growth. The unemployment rate was forecast to be within the 6.4-7.1 per cent range over the 2024-2028 period.
- The outlook for Edmonton CMA consumer prices was for Consumer Price Index (CPI) inflation to continue moderating, but at a more gradual pace over 2024, averaging 2.7 per cent. Over the next five years, consumer inflation was forecast to average 2.3 per cent annually.

Growth forecast, select indicators - Edmonton



Sources: Statistics Canada, Alberta Treasury Board and Finance, City of Edmonton, and Stokes Economics. Notes: "f" = forecast; and * signifies an Edmonton CMA-level indicator.

Q2 2024 Economic Overview

The performance of key indicators over the course of Q2 reaffirmed expectations for real GDP growth in Edmonton and the CMA to moderate in 2024. However, risks to the City's outlook for 2024 and 2025 will largely depend on how migration trends evolve over the near term as the recent surge in population appears to be having a greater impact on economic activity this year.

Between 2022 and 2023, Edmonton's population grew 5.1 per cent, and was estimated to be 1,128,811 as of July 1, 2023. The CMA population grew as well, though at a slightly slower pace than Edmonton, at 4.2 per cent. As of July 1, 2023, Edmonton's share of the CMA population was estimated at 72.2 per cent, which represents an increase from an estimated 71.6 per cent in 2022. Components of population change for the city are not available, but this suggests Edmonton absorbed a larger share of newcomers to the CMA or saw stronger natural increase¹ than the other municipalities in the CMA combined, or both. Regardless, net migration did play a large role in the CMA's population growth between 2022 and 2023, similar to what was happening across the province. Net international migration, which includes permanent and temporary immigration, accounted for almost 61 per cent of the CMA's net population change between 2022 and 2023. Temporary immigration, which includes international students and temporary foreign workers, alone accounted for about 32 per cent of the CMA's population change, and the level estimate of net temporary immigration between 2022 and 2023 exceeded net permanent immigration for the first time since 2008/2009. Looking ahead, growth in temporary immigration is expected to slow down

¹ births minus deaths.

in response to recent federal announcements limiting the issuance of new study permits, as well as caps on the share of temporary workers sectors are allowed to hire. In fall 2024, the federal government is anticipated to release targets for temporary residents, which would put the pace for potential reductions in clearer focus.

Population growth is having a more apparent impact on economic activity this year, with a pick-up in headline discretionary retail sales (i.e., excluding spending at motor vehicle and parts dealers, food and beverage retailers, and gasoline stations and fuel vendors) growth and much stronger residential building construction. Despite residential building construction activity being relatively soft for most of 2023, activity over the tail end of 2023 picked up pace, which has continued into 2024. Housing starts in Edmonton and the CMA, across all dwelling unit types, posted very strong year-over-year increases in both Q1 and Q2 2024. Building construction intentions in Edmonton so far in 2024, as indicated by issued building permits, provide further evidence of a busy construction season in 2024 and 2025. Despite the response from the residential construction sector, housing market conditions in Edmonton are much tighter than a year prior as the sector is still working to catch up with the persistently strong population growth. This has pushed up housing prices.

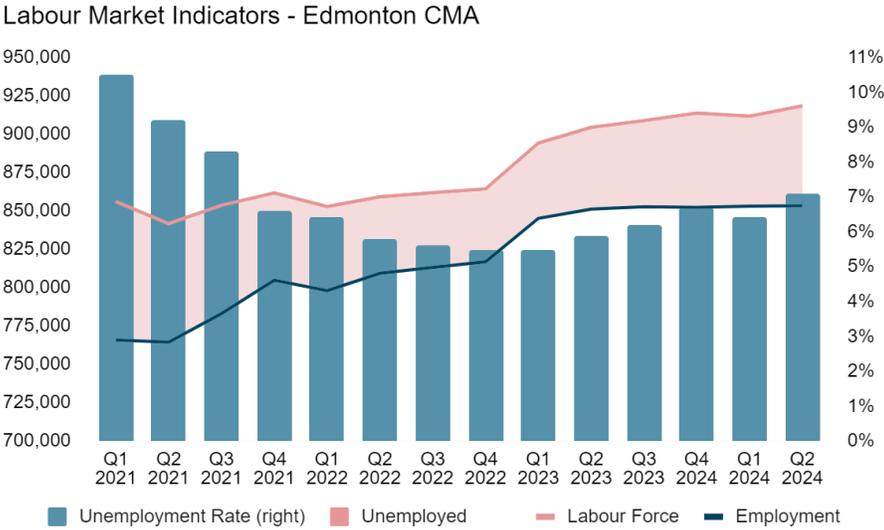
Details of Q2 2024 developments in the Edmonton CMA related to the labour market and inflation, and in Edmonton housing and residential building construction are provided below.

Labour Market

Since the beginning of 2022, exceptionally strong population growth has brought both additional demand and labour to the Edmonton region. The Edmonton CMA labour force and employment, on seasonally adjusted terms, have both grown at least six per cent since Q1 2022 as the region saw the number of working age residents expand by 132,000. Since the second quarter of 2023, though, quarterly labour force growth has tended to outpace employment growth. This pushed the unemployment rate to 7.1 per cent in Q2 2024, the highest quarterly rate since Q3 2021 and up 1.2 percentage points from Q2 2023. Softening in the labour market has also been reflected in job vacancy data. In the larger Edmonton economic region, for which job vacancy data is available, the number of unemployed job seekers available per job opening, unadjusted for seasonality, has climbed from 1.9 in Q1 2023 to 2.6 in Q1 2024, the latest available observation.

Even though employment growth has been lagging labour force and working age population growth through the first six months of 2024, expansion has been concentrated in more stable employment. Full-time employment was 1.4 per cent higher in the first half of 2024 versus the first six months of 2023, but there was a 2.0 per cent decline in part-time employment. On a sector basis, year-over-year employment growth in Q2 2024 was confined

to the goods sector (+3.9 per cent), but within the services sector there was still strong growth as business, building and other support services (+24 per cent) led all sub-sectors and other services (+20 per cent) displayed the third strongest growth, just behind manufacturing (+22 per cent). Despite these gains, the goods sector still displayed negative growth over the first half of 2024, relative to the same period of 2023, due to negative growth in the first quarter of the year. The opposite was true in the services sector.



Source: Statistics Canada, seasonally adjusted

The spring 2024 outlook for the Edmonton CMA reflects the persistent strength in employment and labour force growth over the past three years, however employment growth was revised lower to reflect the weakness observed in Q1. Developments since Q1 suggest there could be a risk of even weaker employment growth in the Edmonton CMA over the remainder of 2024. With continued strong growth in the working age population, this could translate into a higher unemployment rate than currently forecast. Still, over the medium term, labour force growth is expected to moderate at a faster pace than employment growth, which is expected to translate into an improving unemployment rate beyond 2025.

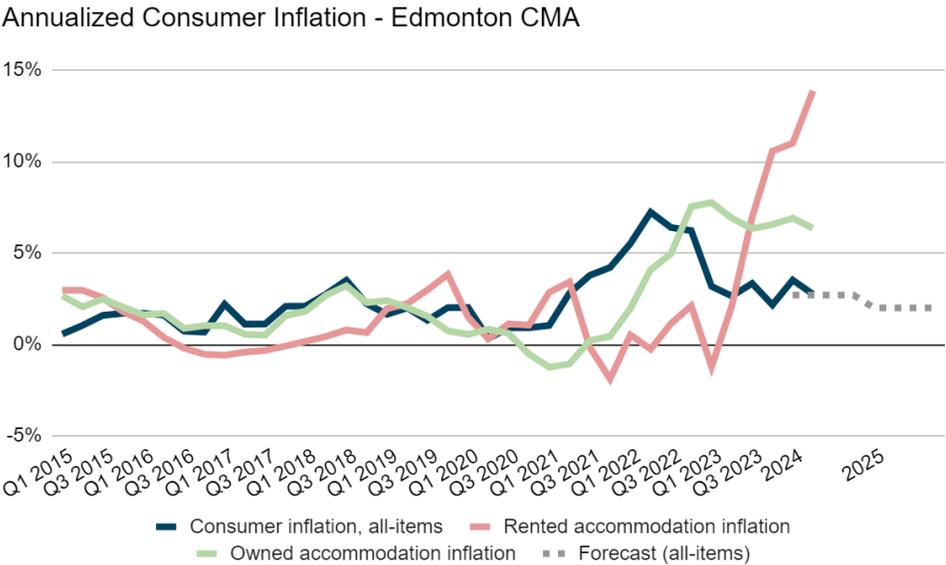
Consumer Inflation

Annualized consumer inflation² in the Edmonton CMA has fluctuated over the past two years but has generally trended down since peaking at 7.2 per cent in Q2 2022. Consumer prices in the region rose an average of 2.7 per cent in Q2 2024, down from 3.5 per cent in the first quarter. For the first six months of 2024, inflation has averaged 3.1 per cent in the Edmonton

² As measured by annualized per cent changes in Statistics Canada’s Consumer Price Index. September 10, 2024 - City Council | FCS02485

CMA, up from annual inflation of 2.9 per cent in the first half (H1) of 2023 and 2.8 per cent for all of 2023.

Annualized consumer shelter inflation also decelerated in Q2 2024 in the Edmonton CMA, softening to 7.0 per cent from 10.5 per cent in the first quarter. The bulk of this deceleration came through core utilities, which saw no annualized growth in prices in Q2 after 22.8 per cent growth in Q1. Owned accommodation annualized inflation also saw a modest easing, from 6.9 per cent in Q1 to 6.3 per cent, while rented accommodation continued to see rising inflationary pressures. Rented accommodation annualized inflation reached 13.9 per cent in Q2 2024, the fifth straight quarter where rented accommodation inflation accelerated.



Sources: Statistics Canada, City of Edmonton, and Stokes Economics

Based on Alberta annualized consumer inflation, food, household operations, and health and personal care inflation also saw deceleration in Q2 2024. Generally, consumer inflation in the Edmonton CMA is expected to continue moderating in 2024, which is forecast to leave annual inflation little changed from 2023 at 2.7 per cent. However, uncertainty surrounding energy and accommodation prices continues to pose risks to the inflation outlook.

Housing and Residential Building Construction

According to data from the REALTORS Association of Edmonton, resale market conditions in Edmonton appeared to tighten in Q2 2024, as sales growth outpaced new listings growth, pushing year-to-date sales-to-new-listings ratios through June higher from Q1, for all housing types. Median selling prices have also risen for all housing types. Meanwhile, sales-to-list price ratios for all housing types rose in H1 2024 compared to H1 2023, indicating that buyers had less negotiating power. Ratios averaged 100 per cent over H1 2024 for detached,

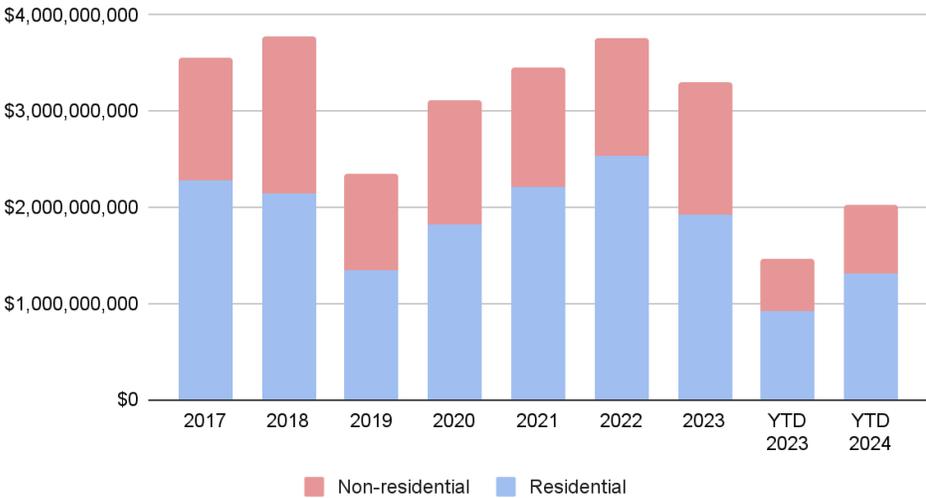
7 City of Edmonton

Mid-Year 2024 Economic Update

semi-detached, and row/townhomes and averaged 97 per cent for apartment condominiums in Edmonton.

The total value of building permits issued in Q2 2024 was \$1.0 billion in Edmonton, which was 14 per cent higher than Q2 2023. Positive growth in permit values for industrial and residential buildings more than offset negative growth for commercial and institutional buildings. Issued permits for industrial buildings in Q2 2024 were valued at \$77.2 million, more than tripling permit values in Q2 2023. Residential building permit values were 43 per cent higher, with strong growth rates in permit values for new construction across all dwelling types (i.e., single family, semi-detached, row, and apartments). Two consecutive quarters of strong growth in building permit values brought the total 38 per cent higher year-over-year to \$2.0 billion through June 2024.

Value of Building Permits Issued - Edmonton



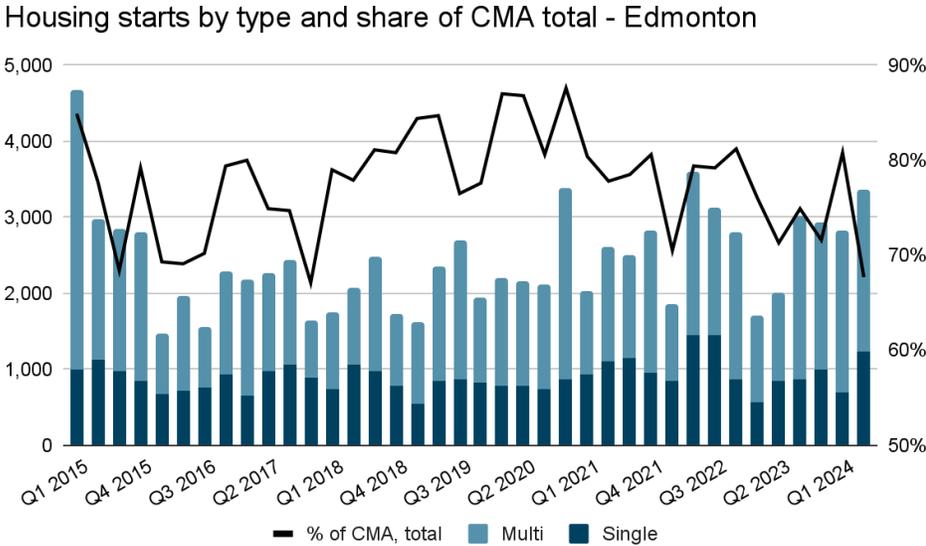
Source: City of Edmonton

Notes: "YTD" = year-to-date June; residential includes single, semi-detached, row, and apartment structures; and non-residential includes commercial, industrial, and institutional structures.

Residential building permits issued in Q2 2024 for the construction of new single family, semi-detached, row, and apartment dwellings were for a combined 3,523 units, which was a 14 per cent decline compared to Q2 2023. The decline was largely from fewer permitted row dwelling units, which accounted for more than half of permitted residential dwelling units in Q2 2023. In Q2 2024, building permits for the construction of new residential dwellings were concentrated in single-family dwellings (44 per cent) and apartments (28 per cent).

New housing starts in Edmonton and the CMA continued to perform strongly in Q2 2024. Between April and June 2024, 4,961 units broke ground in the CMA, up 76 per cent from Q2 2023. There were 3,360 housing starts in Edmonton over that same period, posting 67 per cent year-over-year growth. Across dwelling types, year-over-year growth in Edmonton

housing starts was strongest for apartments, which more than doubled the number of starts in Q2 2023. Close to all apartment starts in Q2 were intended for the rental market. The second strongest growth rate was for single detached starts, which increased 46 per cent in Q2 2024 from Q2 2023. In Q2 2024, Edmonton housing starts accounted for 68 per cent of CMA starts, which was its lowest level since Q4 2017. Quarterly housing starts in Edmonton over the Q1 2018 to Q1 2024 period typically accounted for anywhere between 70 per cent and 88 per cent of CMA housing starts; the quarterly average share over that period was 79 per cent.



Source: Canada Mortgage and Housing Corporation

The spring 2024 outlook projects an increase in Edmonton housing starts in 2024 to 10,339 units, from 9,665 in 2023. However, quarterly housing starts since the start of 2024 have been much stronger than expected. This presents upside risks to the City’s annual housing starts forecast in 2024 and likely 2025, especially in combination with Edmonton’s persistently strong working age population growth and with building permits over H1 signalling continued strength in residential building construction intentions.

Risks to the Spring 2024 Outlook

Two key risks that could impact the City’s outlook for 2024 and 2025 are provided below.

1. Stronger than anticipated in-migration

In-migration typically brings additional consumers of goods and services, including housing, and potentially expands the working age population. If in-migration is stronger than anticipated, not only could additional price pressures build in the economy for services and housing, but the unemployment rate could rise faster than currently forecast, particularly with employment growth falling behind labour force and working age population growth in

the Edmonton CMA. Even though residential building construction has increased this year, additions to housing supply may not be able to keep pace with housing demand. This could mean further housing price growth, especially as current building construction prices remain high.

2. Uncertainty surrounding future path of consumer inflation

The City's outlook for Edmonton CMA consumer prices is for inflation to continue moderating in 2024, albeit gradually, and be little changed from 2023 at 2.7 per cent. However, uncertainty surrounding the path of energy and accommodation prices for the second half of 2024 presents an upside risk to the City's outlook for consumer prices, especially with consumer inflation in the Edmonton CMA for the first six months of 2024 running above the City's current forecast. This risks dampening household discretionary spending, particularly for households already struggling in an elevated price environment. In Q1 2024, consumer insolvencies in the Edmonton CMA were 13 per cent higher than Q1 2023, with double-digit growth in both consumer bankruptcies and proposals.

Information Sources by Concept

Long-term economic outlook

- City of Edmonton, [Spring 2024 Outlook Summary Table](#).
- City of Edmonton, [Q1 2024 Economic Update](#).

Demography

- Alberta Treasury Board and Finance Office of Statistics and Information, [Municipal \(Census Subdivision\) Population Estimates: 2016 - 2023 \(updated May 22, 2024\)](#).
- Statistics Canada. [Table 17-10-0148-01 Population estimates, July 1, by census metropolitan area and census agglomeration, 2021 boundaries](#).
- Statistics Canada. [Table 17-10-0149-01 Components of population change by census metropolitan area and census agglomeration, 2021 boundaries](#).

Labour and Employment

- Statistics Canada. [Table 14-10-0378-01 Labour force characteristics, three-month moving average, unadjusted for seasonality](#).
- Statistics Canada. [Table 14-10-0379-01 Employment by industry, three-month moving average, unadjusted for seasonality \(x 1,000\)](#).
- Statistics Canada. [Table 14-10-0380-01 Labour force characteristics, three-month moving average, seasonally adjusted \(x 1,000\)](#).
- Statistics Canada. [Table 14-10-0387-01 Labour force characteristics, three-month moving average, unadjusted for seasonality, last 5 months](#).
- Statistics Canada. [Table 14-10-0441-01 Job vacancies, payroll employees, job vacancy rate, and average offered hourly wage by economic regions, quarterly, unadjusted for seasonality](#).

Prices

- Statistics Canada. [Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted](#).

Residential construction and real estate

- Canada Mortgage and Housing Corporation Starts and Completions and Market Absorption Surveys via the [Housing Market Information Portal](#).
- City of Edmonton [Statement of Building Permits Issued](#) (accessed July 2024).
- Realtors Association of Edmonton, [Monthly Market Statistics Update](#) (March 2024 and June 2024).

Insolvencies

- Office of the Superintendent of Bankruptcy, [Insolvency statistics in Canada](#).