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This Week...

Rental Markets
Employment
International Trade
Farm Product Prices



Rental Markets By Doug Elliott, Editor

The Canada Mortgage and Housing Corporation (CMHC) conducts semi-annual surveys of the private rental

market in Canada. The latest report has average vacancy rates and monthly rents for April 2011. It shows that the average monthly apartment rent in Manitoba and Saskatchewan is approaching the averages for Alberta and B.C.

Average apartment rents in B.C. and Alberta are the highest in the West but rates in Manitoba and Saskatchewan are closing the gap.

The vacancy rate in Manitoba is typically very low and April 2011 was no exception with a vacancy rate of 0.7% compared with 1.0% a year ago. Average rents are still the lowest in the West (see Figure 1) but they have been growing at an average rate of 3.9% per year since April 2008.

The vacancy rate in Saskatchewan is higher (2.5% in April) and increasing but the average rent has been growing at 8% per year since 2008.

At 6.2% in April, vacancy rates are much higher in Alberta but they have fallen from the high of 7.8% in April 2010. The vacancy rate in B.C. is 3.7% compared with 3.1% a year ago. Average rents in B.C. and Alberta are the highest in the West but have remained virtually unchanged over the past two years.

In 2008 and 2009, Calgary had the highest rent among the eight large urban centres in the West

with an average rent of more than \$1,000 per month. Since then, Vancouver has taken over this dubious distinction with an average of \$989 per month in April 2011. Abbotsford has the lowest rent with an average of \$718 in April 2011; Winnipeg is a close second at \$725.

Employment

There were 100,000 more westerners employed in May 2011 compared with the same month a year ago – the equivalent of a 1.8% increase. This brings the year-to-date increase in employment to 1.7% which, while still lower than the national average, is double the 0.9% increase in the 2010 calendar year.

Alberta is responsible for six of every ten new jobs. Compared with a 0.4% decline in 2010, employment in Alberta has grown by 3.1% in the first five months of 2011. This growth rate is near the average for the ten years prior to the 2009 crash.

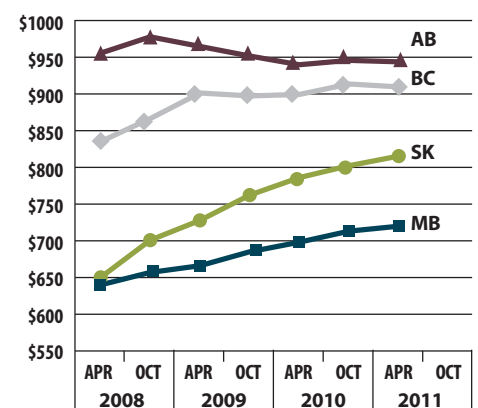
Saskatchewan is the laggard with a 0.3% employment increase in the first five months of 2011.

International Trade

The value of international merchandise trade to/from the western provinces is a function of both the volume of goods that cross the international borders and their value. Statistics Canada reports trade figures in Canadian dollars so the exchange rate also has an effect.

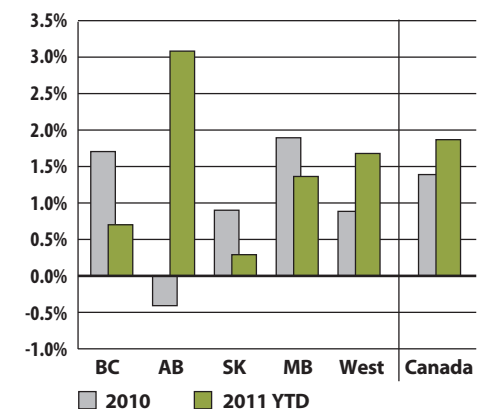
After dropping by 31% in 2009, the value of exports from the West grew by 11% in 2010 and 13% in the first quarter of 2011. All four western provinces are enjoying growth in the value of their exports so far this year (see Figure 3).

Figure 1: Average Monthly Rental Rates (Privately Initiated Apartments with at Least Six Units)



Employment is growing strongly in the West with Alberta showing by far the largest increase in the first five months of 2011.

Figure 2: Employment Growth



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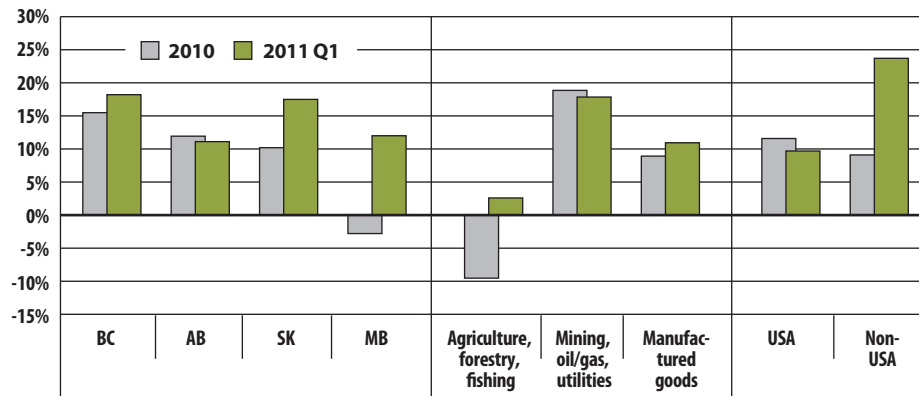
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Figure 3: Change in Value of Exports



Exports to the USA, the destination for three quarters of western exports, grew by 12% in 2010 compared with 9% for other destinations. The opposite pattern is evident in early 2011 with a 24% increase in exports to non-USA destinations (typically in Asia) compared with a 10% increase in exports to the USA.

The value of agricultural and forestry exports is up by 2.6% in the first quarter of 2011 compared with a decline in 2010. Exports of mineral and energy products continue to grow at double-digit rates which is having a beneficial effect on the Alberta and Saskatchewan trade balances. All four provinces are registering an increase in the exports of manufactured goods.

Offsetting the 13% increase in the value of exports from the West is an 11% increase in the value of imported goods, the vast majority of which are manufactured products. The net effect is that the trade balance has grown by 15% in the first quarter of 2011.

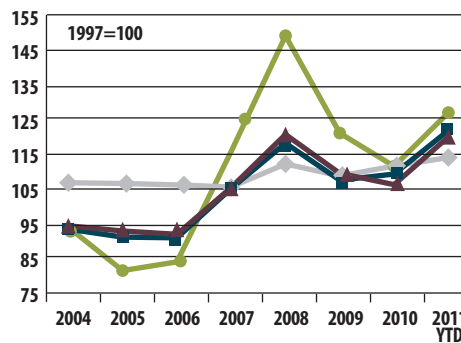
Farm Product Prices

The farm product price index is one of the lesser known of the many price indices that are published by Statistics Canada. The index tracks changes in the prices that farmers receive for their grain and livestock products. It is useful as a leading indicator for farm receipts and for inflation in grocery prices.

Saskatchewan, with its dominance of grain products, is benefiting more from the recent increase in grain prices. B.C.'s farmers, whose production is dominated by fruits and vegetables, have much more stable prices.

Most observers feel that grain prices will remain high in the short term but flooding across much of the prairies will have prevented many farmers from taking advantage of them. The June survey of field crops seeded, to be released on June 23, will provide a good indication of the damage done.

Figure 4: Farm Product Prices



Upcoming Releases

In the next two weeks Statistics Canada will be releasing data describing:

- April motor vehicle sales on June 14;
- May manufacturing sales on June 15;
- April wholesale sales on June 17;
- April retail sales on June 21; and
- June survey of field crop areas on June 23.

Sources:

The figures are adapted from the following sources:

Rental Markets: CMHC Rental Market Reports

Employment: Statistics Canada CANSIM Table 282-0001

International Trade: Industry Canada, Strategis Website, www.strategis.ic.gc.ca

Farm Product Prices: Statistics Canada 21-007-XWE

Farm product prices are on their way back up after declining from 2008 to 2010.

The index shows that prices increased sharply in 2007 and 2008 before falling back in 2009 and 2010. However, they are on their way back up. Averaged over the four western provinces, the index is up 10% in the first quarter of 2011. Figure 4 shows that the Alberta and Manitoba indices tend to track one another quite closely because the provinces have a similar mix of grain and livestock production.



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