

# Consumers & Households

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## What you need to know

- Home affordability is a nation-wide problem. Home prices remain relatively more affordable in Alberta but are still out of reach for many.
- Spending differences across provinces may reflect differences in income: relative to other Canadians, Albertans spend more across most categories, most notably on recreational vehicles (+68%), recreation (+35%), and gifts and charitable donations (+34%).
- Since 2015, Alberta household spending on education—along with enrolment in post secondary institutions—has been relatively flat. Albertans now spend about the same as other Canadians on education (+1%).

## Reason for optimism

House prices in Alberta—even after being pushed up by the commodity boom—remain more affordable than in other big provinces.

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## Cause for concern

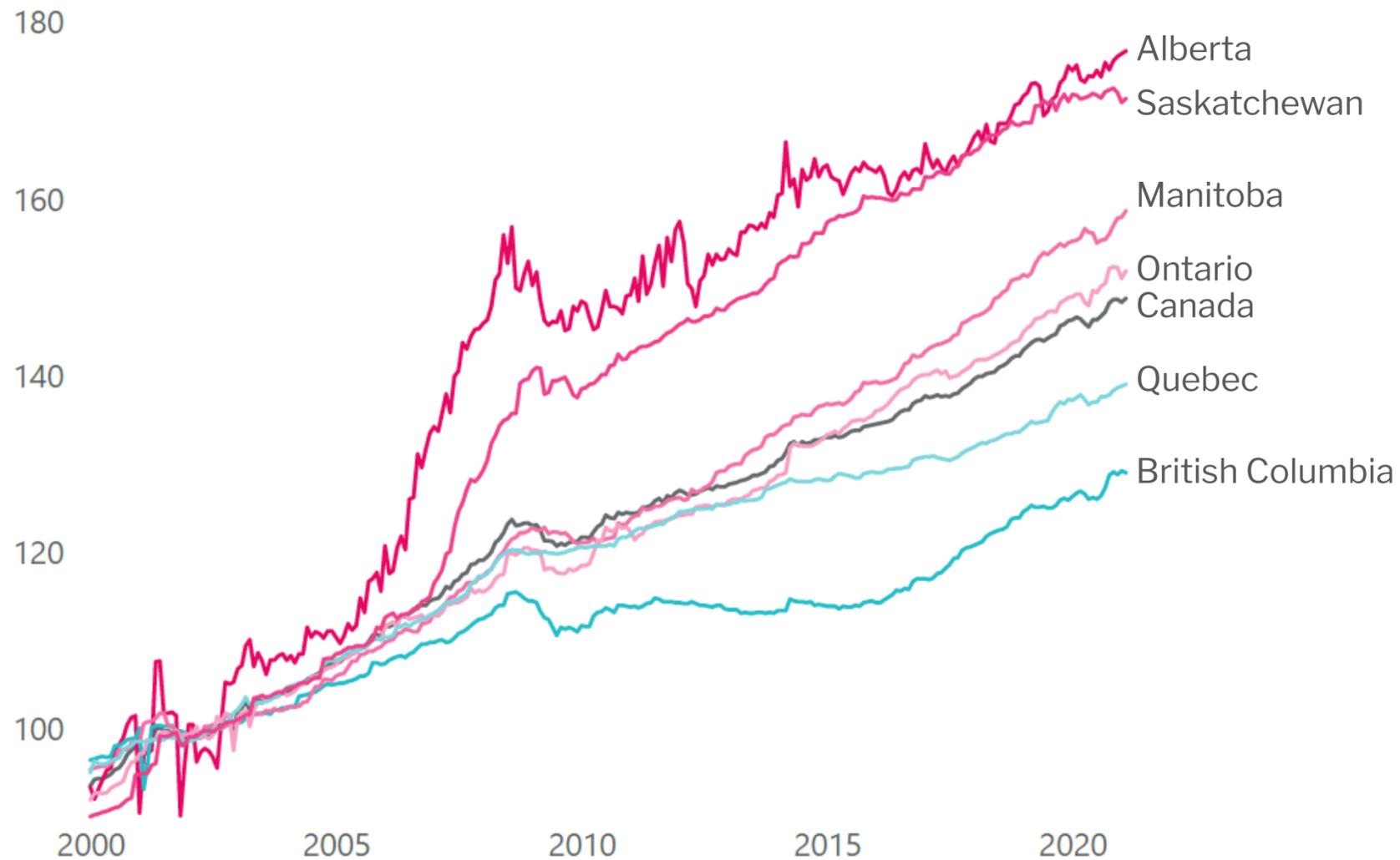
House prices are likely still too high for many. Meanwhile, Albertans may be personally underinvesting in education in a world which highly values critical thinking and innovation.



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Shelter consumer price index compared with 2002 average, Jan '00 to May '21



- Overall, prices in Alberta have increased more than in the rest of Canada. Alberta's CPI shows a "market basket" of goods was 44% more expensive prior to the pandemic than it was 20 years before. It is 36% higher in Canada.
- The fastest increase in prices occurred from 2005 to 2010 and has since stabilized, now increasing in line with the national average.
- A main driver of the increase over that period was the cost of housing—either rent or a homeowner's equivalent. Though growth has been more modest since 2010, Alberta still shows the biggest increase in the cost of rent since 2002.

Source: Statistics Canada

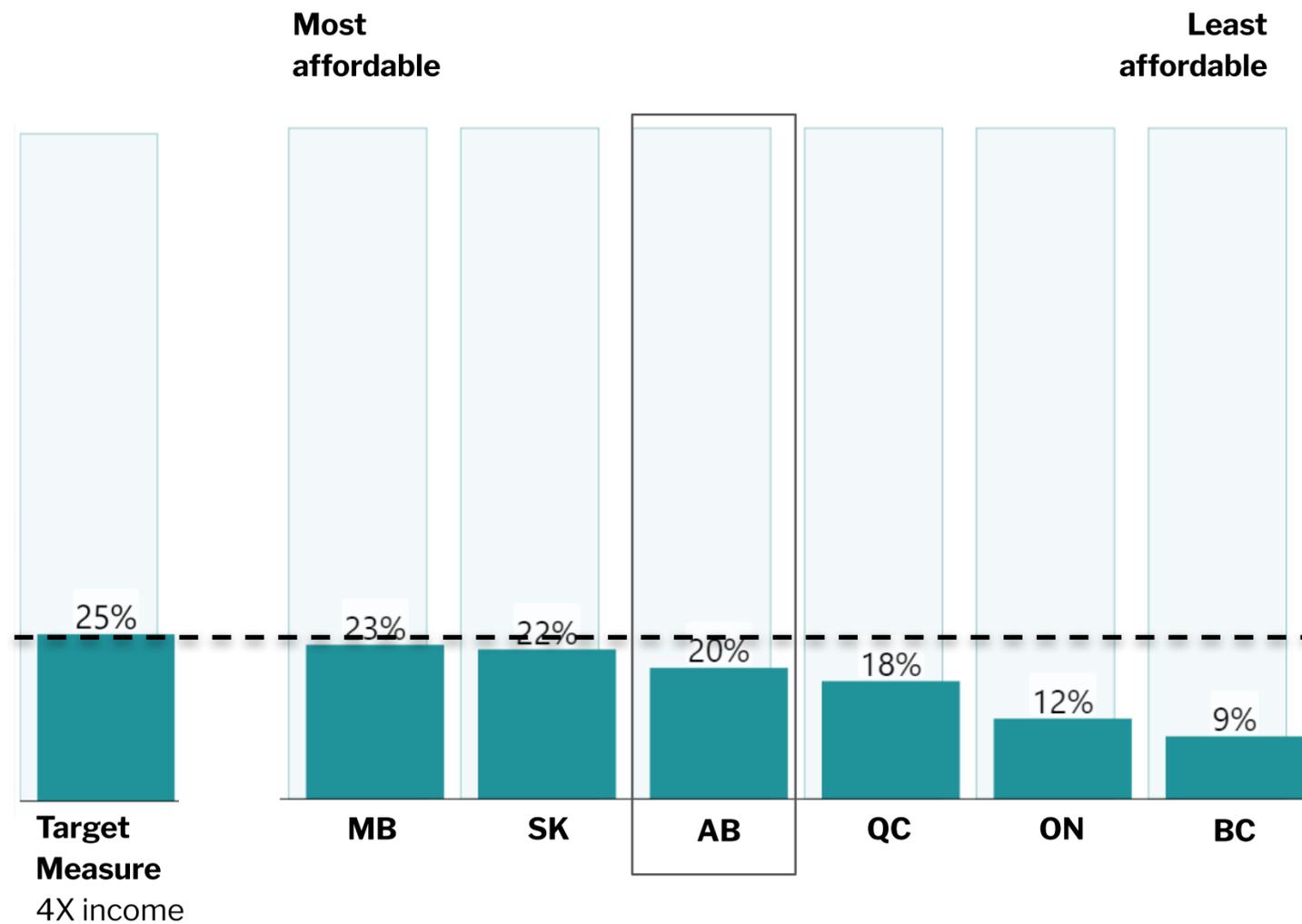


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## Home price affordability as of 2019

What percentage of the average house price does the typical salary buy?



- Though Alberta is in a better position compared to ON and BC, there is a growing concern across Canada about housing affordability.
- House prices in Canada are now 168% higher than they were in 2000. The Economist estimates they are 44% overvalued against income.
- A simple rule of thumb for affordability is that a family's annual income should be equal to at least 25% of the price of the home. Based on this measure, the typical household income in Alberta only covers about 20% of the cost of the average house.

Source: Median total income for families of all economic families and families not in an economic family by province from Statistics Canada, average home price by province from Statista

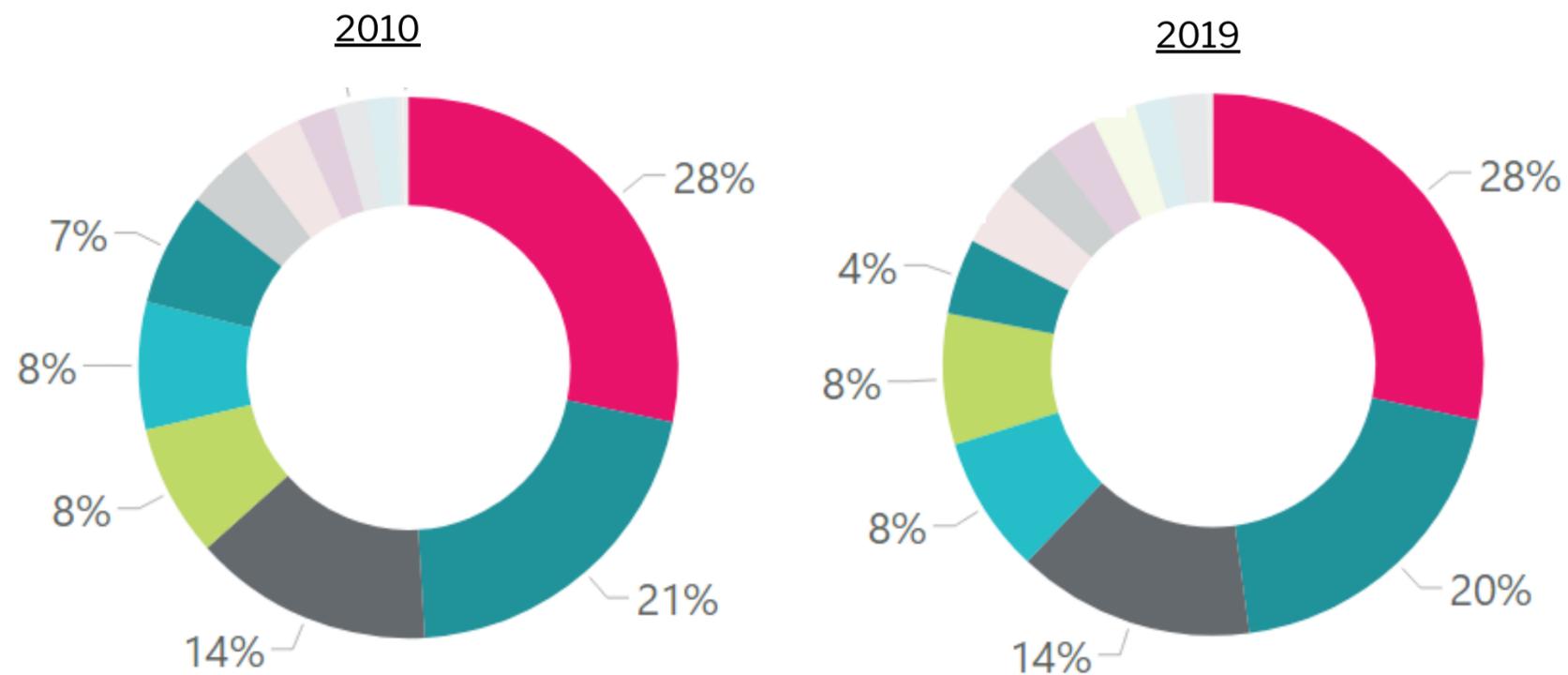


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## Alberta Consumer Spending, 2010 to 2019

- Shelter
- Transportation
- Food
- Recreation
- Household operations
- Clothing and accessories



- Likely the result of higher average incomes, Albertans spend about 16% more per household than the national average. However, it also has one of the higher ratios of non-mortgage consumer debt to income.
- Average household spending in Alberta has grown modestly: by <1% per year from 2010 to 2019.
- Albertans spend the most on shelter, transportation, food, and recreation, with little change in relative importance of the top spending categories since 2010.
- The most notable changes of smaller spending categories include: a 5% average annual increase on recreation and less spending on household furnishings and home entertainment.

Source: Statistics Canada



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## Albertan Consumer Spending by Category Indexed to the National Average, 2019

Recreational vehicles and associated services	168
Recreation	135
Gifts of money, support payments and charitable contributions	134
Miscellaneous expenditures	130
Reading materials and other printed matter	128
Household operations	120
Personal care	118
Owned living quarters	114
Health care	113
Shelter	112
Food expenditures	110
Clothing and accessories	107
Household furnishings and equipment	104
Education	101
Rented living quarters	93
Games of chance	90

- Compared with individuals in other provinces, Albertans spend significantly more on recreational vehicles (+68%) and recreation (+35%).
- Albertans are far more generous than the average Canadian. Spending on gifts and charitable donations is 34% above the national average.
- They spend about the same on household appliances (+2%) and education (+1%).
- Meanwhile, they spend less on games of chance like gambling (-10%) and rented living arrangement (-7%).

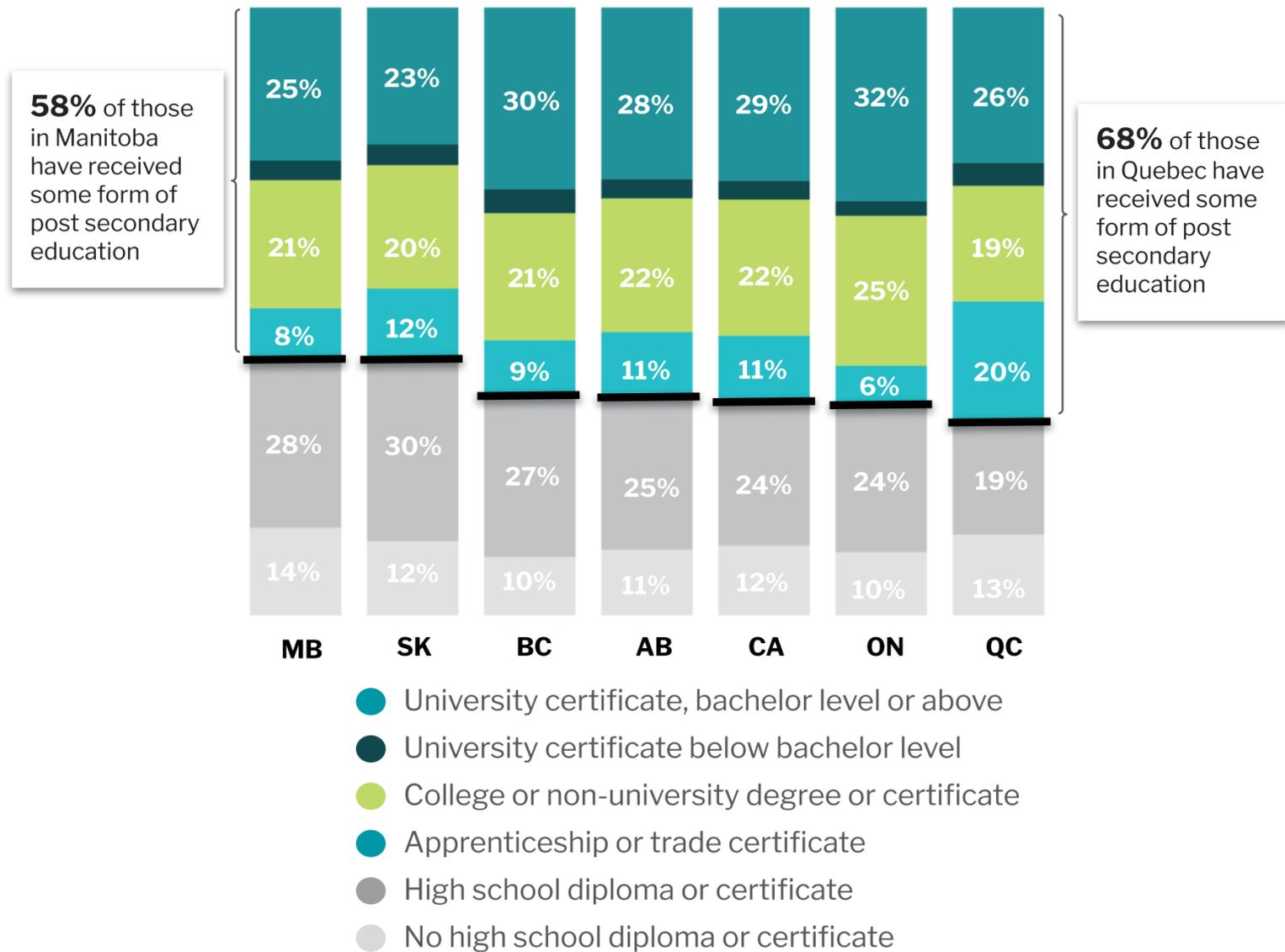
Source: Statistics Canada, 2019



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## Highest level of educational attainment, age 25 and over as of 2016



- Among those 25 and over, 28% have a university degree, behind Ontario (32%) and BC (30%), while 64% have some post-secondary, just below Canada's national average.
- Total enrolment in post secondary institutions changed very little in the five years prior to COVID.
- Likewise, household spending on education has not changed. Households in Alberta spend a similar amount as they did five years ago and about the same as those in other provinces.
- Some things have changed: they are more likely to enrol in full-time programs: 58% of all students compared with 51% in 2015.
- Preferences have also changed: enrolment in Research Universities increased 8% while enrolment in Polytechnic Institutions has decreased 23%.

Source: Statistics Canada

