

**Edmonton Metropolitan Region**

# **Economic Snapshot**

**January 2024**



**Edmonton  
Global** 





# Introduction

This report provides a snapshot of the current state of the economy of the Edmonton Metropolitan Region (Edmonton Census Metropolitan Area).

This is planned to be a bi-annual report which will cover economic challenges, opportunities, and considerations related to the attraction of international investment as well as the growth and expansion of existing businesses in the Edmonton region.

Each report will look at select indicators including GDP, workforce, inflation and economic activity.

Each issue will include an additional topic of special relevance to foreign direct investment. In this issue, currency exchange rates are examined.

This report covers the most up to date data available as of January 4, 2024.



# Executive Summary

The Edmonton region has demonstrated resilience and growth despite the challenges posed by the 2020 pandemic, supply chain disruptions, and inflationary pressures. The region is expected to outperform Alberta's GDP growth in 2023 and 2024, fueled by increased international demand for energy resources and growing activity in the clean energy sectors.

Business confidence is on the rise in Edmonton - this uptick is crucial, influencing investment decisions and positively impacting aggregate demand. The robust manufacturing sector has experienced a remarkable 50% increase in sales since January 2020, demonstrating a Compound Annual Growth Rate (CAGR) of 29% over the last two years.

While inflation has impacted consumer purchasing in the Edmonton region, stable money markets and increased production have mitigated its impact. Edmonton has experienced the lowest increase in consumer inflation among major Canadian cities. The region also remains an affordable housing market, enhancing its attractiveness for talent retention.

The Edmonton region faces impending labor challenges as the aging workforce begins to retire – a challenge which is being faced by many North American and European regions. However, the region stands out with the highest population of young workers among major Canadian cities. Sustained growth in the labor force through immigration, also helps to mitigate concerns related to an aging population.

The Edmonton Metropolitan Region is positioned for continued economic growth, driven by diverse sectors, increased international demand, and strategic investments in clean energy. Positive business confidence, a robust manufacturing sector, and prudent economic policies contribute to the region's resilience. To sustain this growth, addressing labor challenges through immigration and navigating potential impacts of an aging population will be critical. The Edmonton region remains an attractive market for investors and businesses seeking a dynamic and stable economic environment.

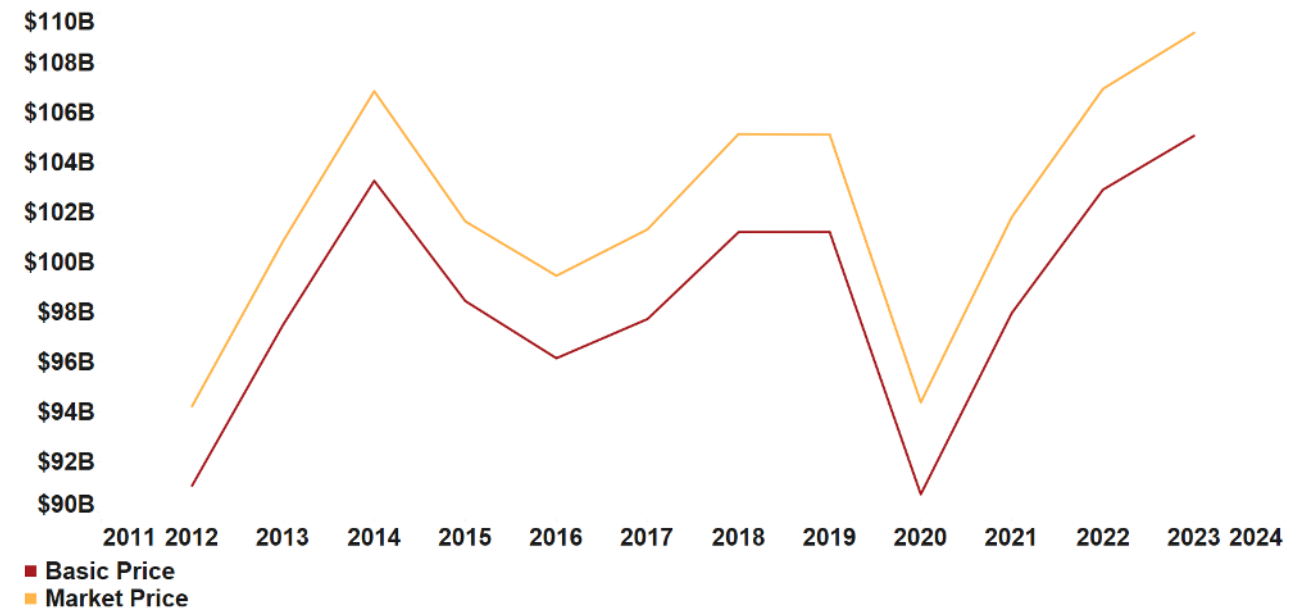
# Edmonton Region GDP Trends

GDP in the region continues to grow.

The Edmonton region saw an estimated growth of 5% in 2022 and an estimated growth of 2.1% in 2023. Edmonton Global's median estimate for 2024 GDP growth is 2.2%.

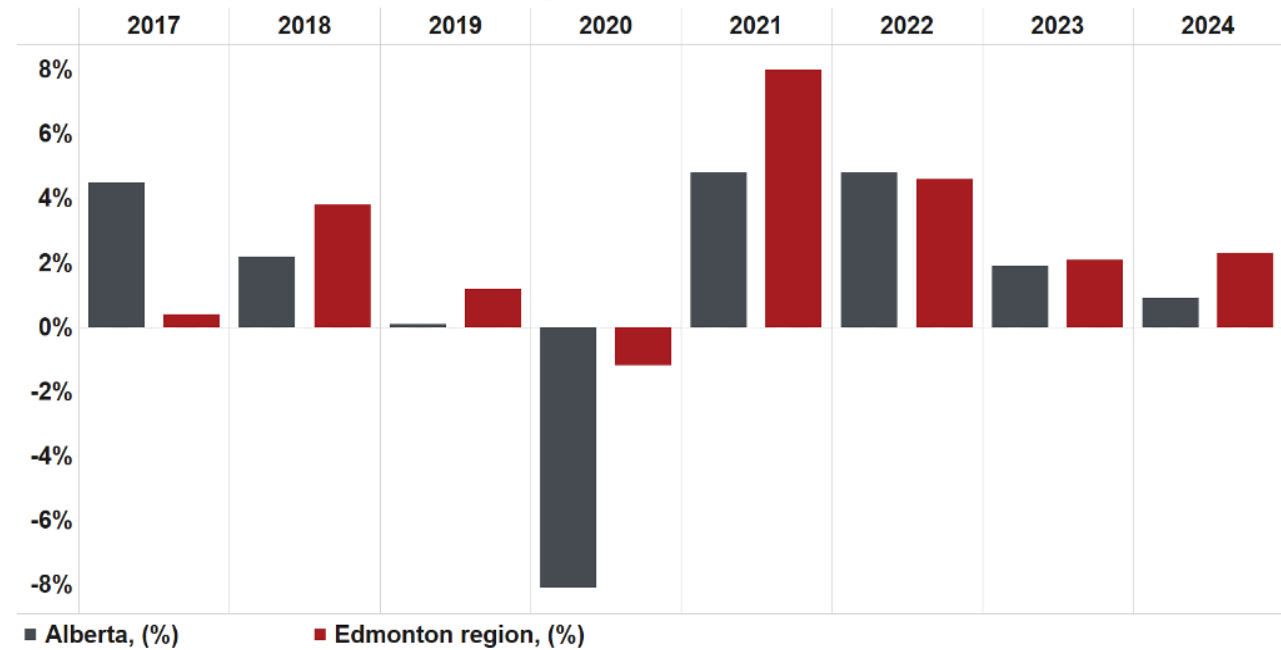
The Edmonton region is set to outperform Alberta's GDP growth rate meaningfully in 2023 and 2024. This growth can be attributed to increased international demand for energy resources. Rising activity and investment in the region's clean energy sectors will also contribute to economic growth.

Edmonton region Real GDP Estimates at basic and market prices (\$2012 Millions)



\*City of Edmonton  
\*Note: subject to revision

Edmonton region & Alberta GDP growth rates, (%)



Source: Statistics Canada, CREA, TD Economics and BDC Economics



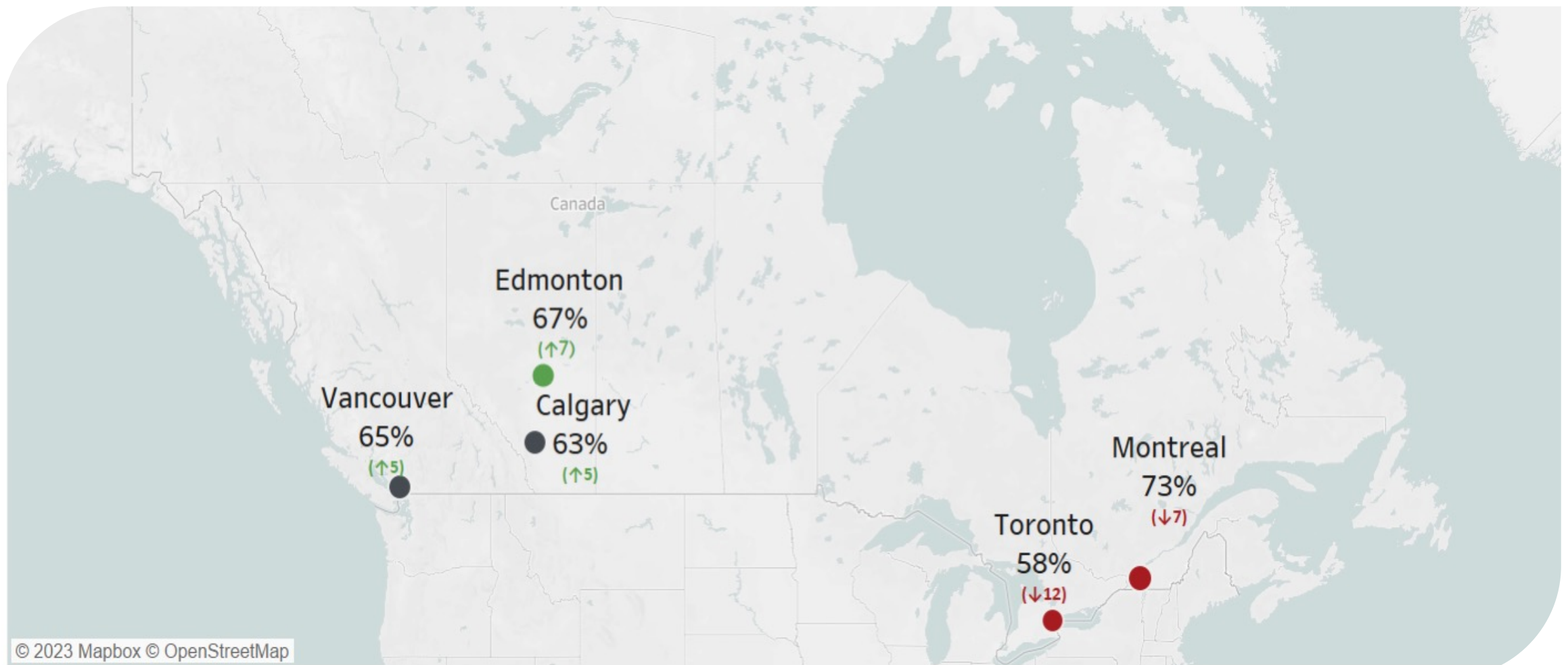
# Economic Activity

## Business confidence is rising in Edmonton

According to the Canadian Survey on Business Conditions 2023, businesses in Western Canada are expressing increased optimism, while optimism has decreased in Eastern Canada compared to the previous survey.

The Edmonton Region witnessed the highest increase in business confidence, with an increase of 7% in positive responses.

Business confidence is a crucial economic indicator as it impacts investment decisions, leading to increased aggregate demand and positively influencing the unemployment rate. With rising optimism, businesses expect higher demand for their products or services, prompting plans to increase production or capacity.



Source: Statistics Canada, Canadian Survey on Business Conditions

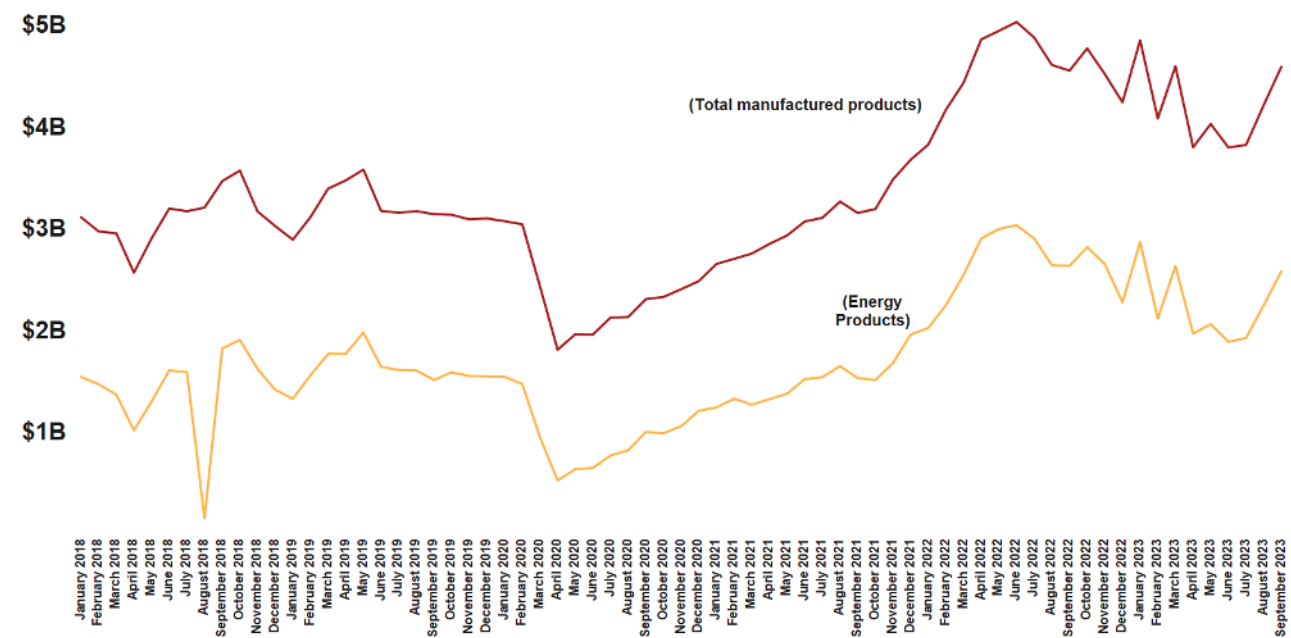
# Economic Activity

The Edmonton region boasts a robust manufacturing sector – a key driver of our regional economy.

As of September 2023, sales of manufactured goods (shipments) have witnessed a significant increase of 50% since January 2020.

Over the last two years, the manufacturing sector has demonstrated a Compound Annual Growth Rate (CAGR) of 20%, demonstrating strong and sustained growth.

Sales of goods manufactured (shipments) - Edmonton region



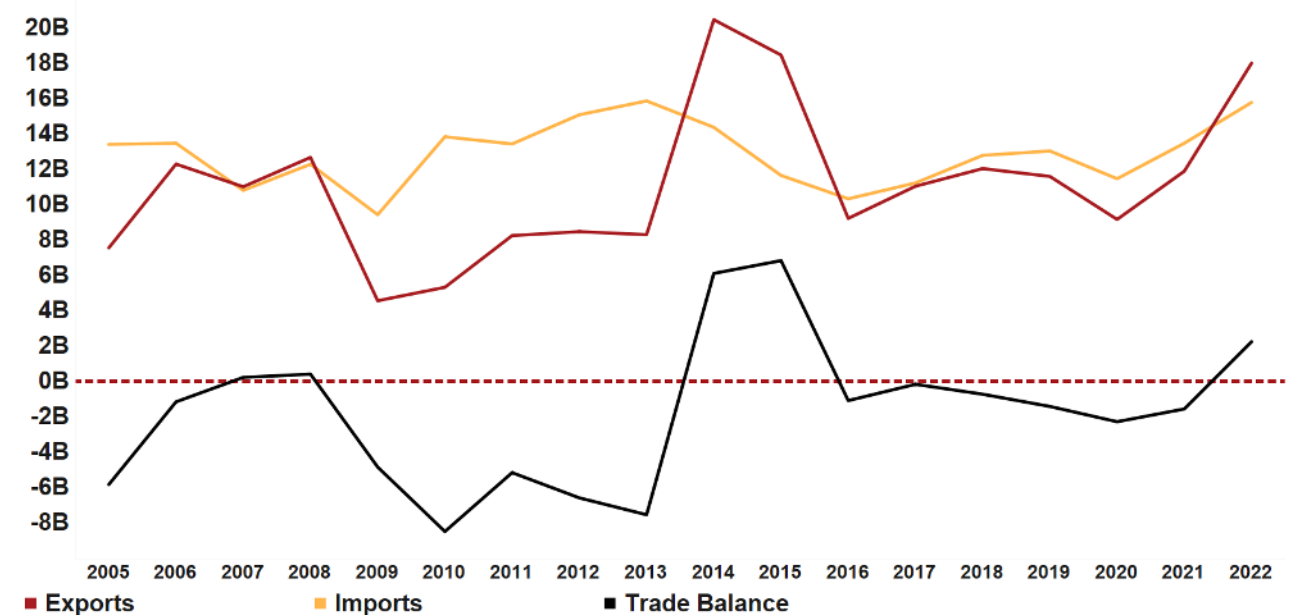
Statistics Canada, BDC Economics

Based on the most recent data (2022) the Edmonton region achieved an impressive trade surplus of goods more than \$2.2 billion in 2022 indicating a significant shift from a period of trade deficits since 2015.

The Edmonton region’s trade surplus reflects a high demand for goods produced in the region, which has positive implications for job creation and economic growth.

The Edmonton region is one of only two of Canada’s largest major municipal areas that contributed to Canada’s positive trade balance in 2022

Edmonton region trade balance 2005-2022



Statistics Canada

# Affordability

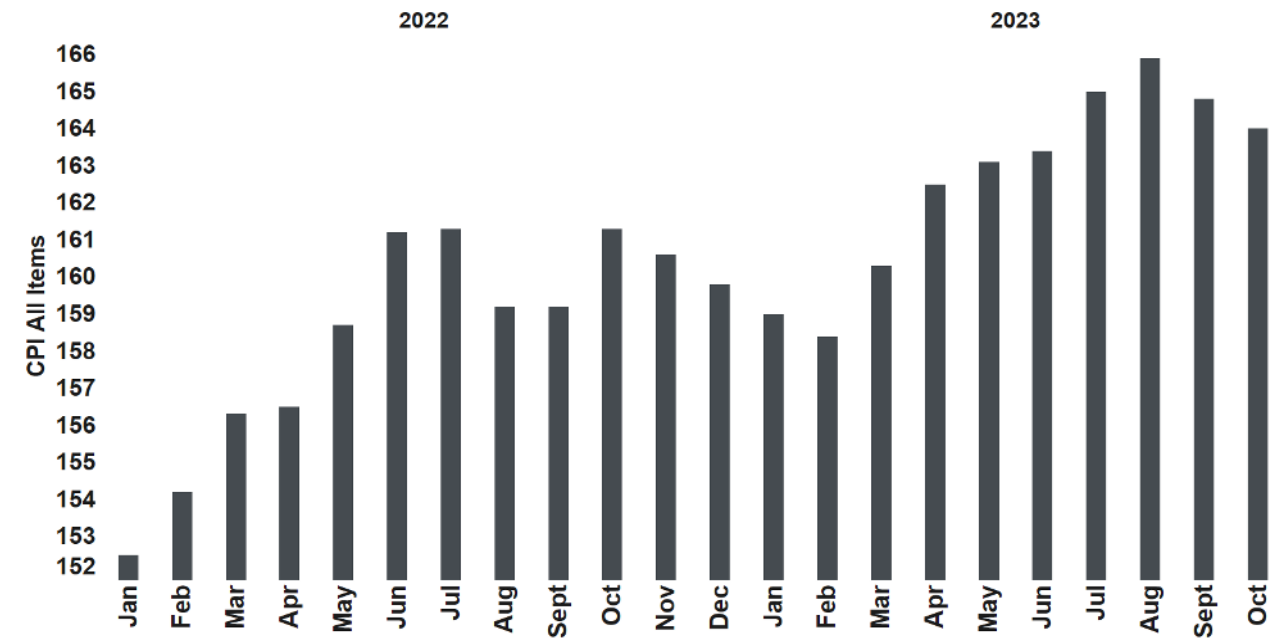
## Inflation

Consumer price index (CPI) is an index of the variation in prices paid by consumers for retail goods and other items.

In the Edmonton region, the consumer price index has increased by 7.5% from January 2022 to October 2023. However, stable money markets and increased production and demand of goods helped mitigate the impact of inflation on the economy.

Producers will not be as negatively impacted as consumers by inflation, considering Canada's Producer Price Index is much lower at 125.9.

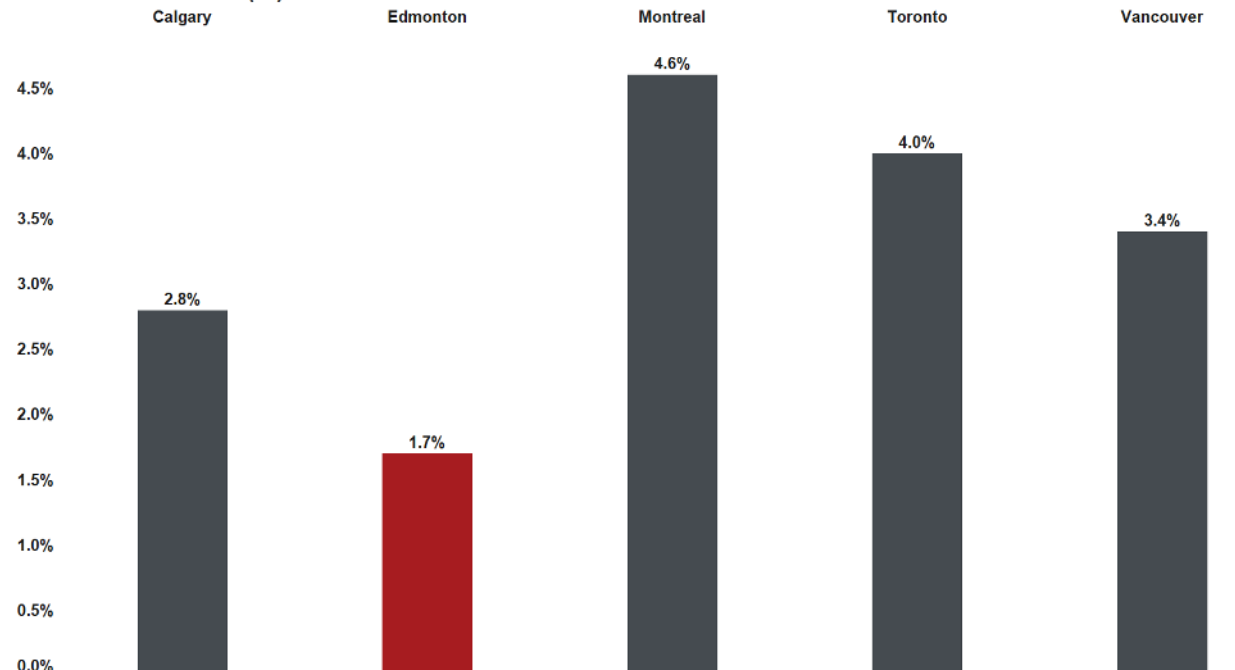
Consumer price index, month-over-month (Edmonton region)



Source of Data: Statistics Canada

Compared to other major cities in Canada, Edmonton has experienced the lowest increase in consumer inflation, with its CPI increasing by only 1.7% from October 2022 to October 2023.

Consumer Inflation (%)



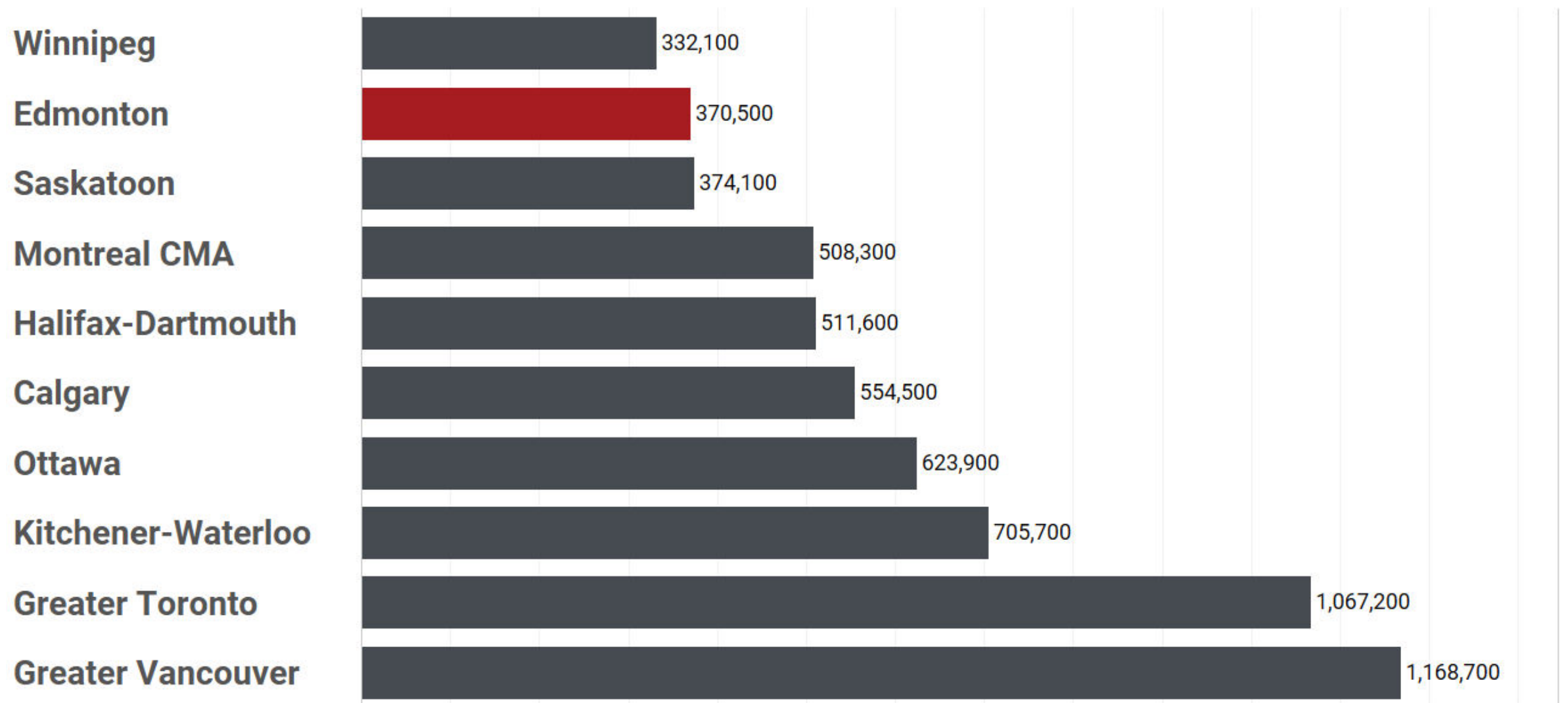
Analysis: Edmonton Global  
Source of Data: Statistics Canada

# Affordability

## Housing

The Edmonton region is an affordable market compared to other large Canadian housing markets. The average sold price in the Edmonton Metropolitan Region was \$370,500 in December 2023. This provides an advantage to attract and retain talent looking for a high quality of life.

## Benchmark housing prices by Canadian city (CAD- December 2023)





# Workforce

Labour challenges will continue to grow in the near future as the aging workforce starts to retire.

Currently there are more workers aged 50+ than there are workers aged 15 to 24 which means that finding replacement will be difficult.

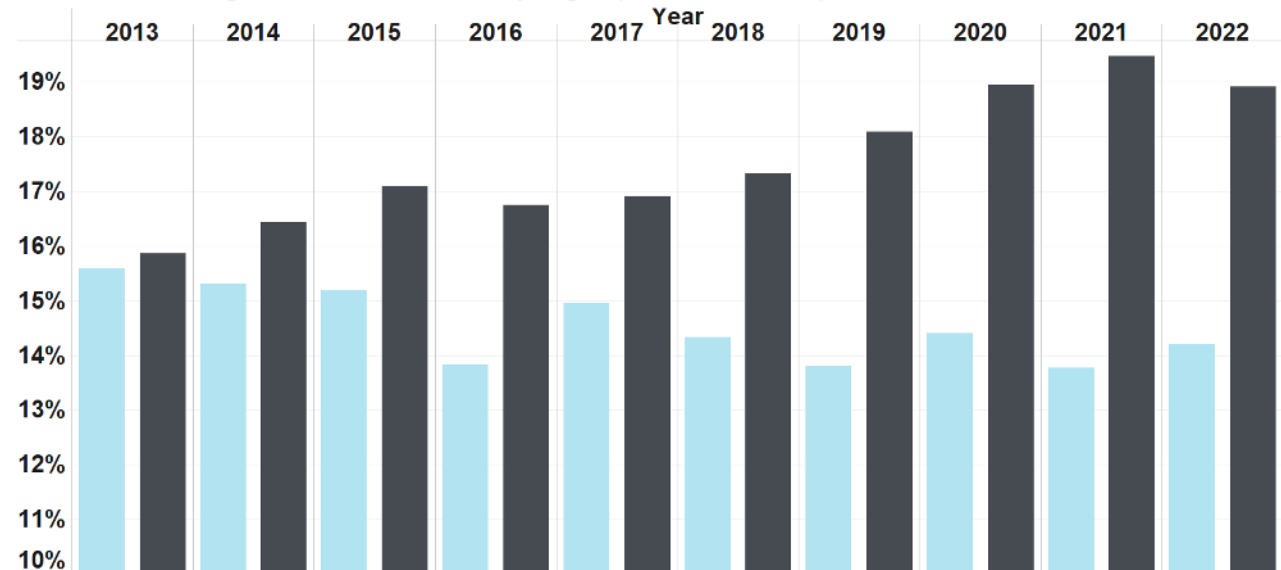
From an international perspective, Canada stands out as a relatively young country compared to nations like Japan, Italy, Finland, and Germany, where over 20% of the population is aged 65 years or over.

Compared to other Canadian cities, the Edmonton region context is promising, as our population of young workers is the highest amongst major cities at 14.5%.

In major Canadian cities such as Toronto and Vancouver, 20% or more of their labour force is approaching retirement. In Alberta, only 15% of the population is 65 years or older.

On average, the Edmonton region has a higher percentage of youth in its labour force and a lower percentage of workers aged 55+.

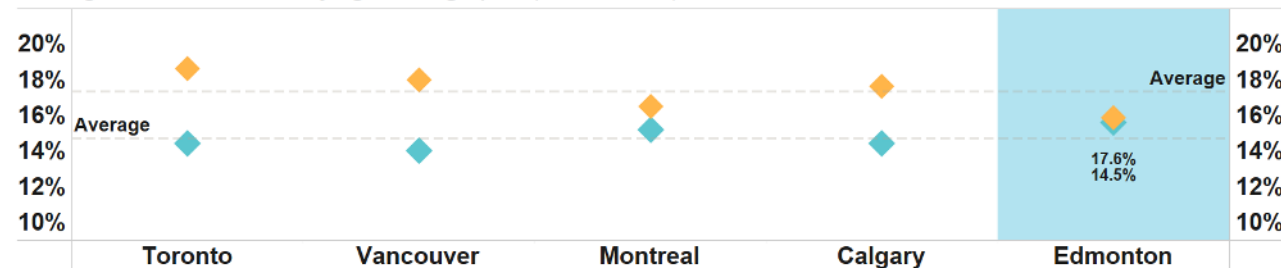
Edmonton region labour force by age (15-24 & 55+)



**Measure Names**  
 ■ % Of Labour Force 15-24  
 ■ % Of Labour Force 55+

Analysis: Edmonton Global  
 Source Data: Statistics Canada

Average % of labour force by age demographic (15-24 & 55+) 2013



Average % of labour force by age demographic (15-24 & 55+) 2022



■ Avg. % Of Labour Force 15-24  
 ■ Avg. % Of Labour Force 55+

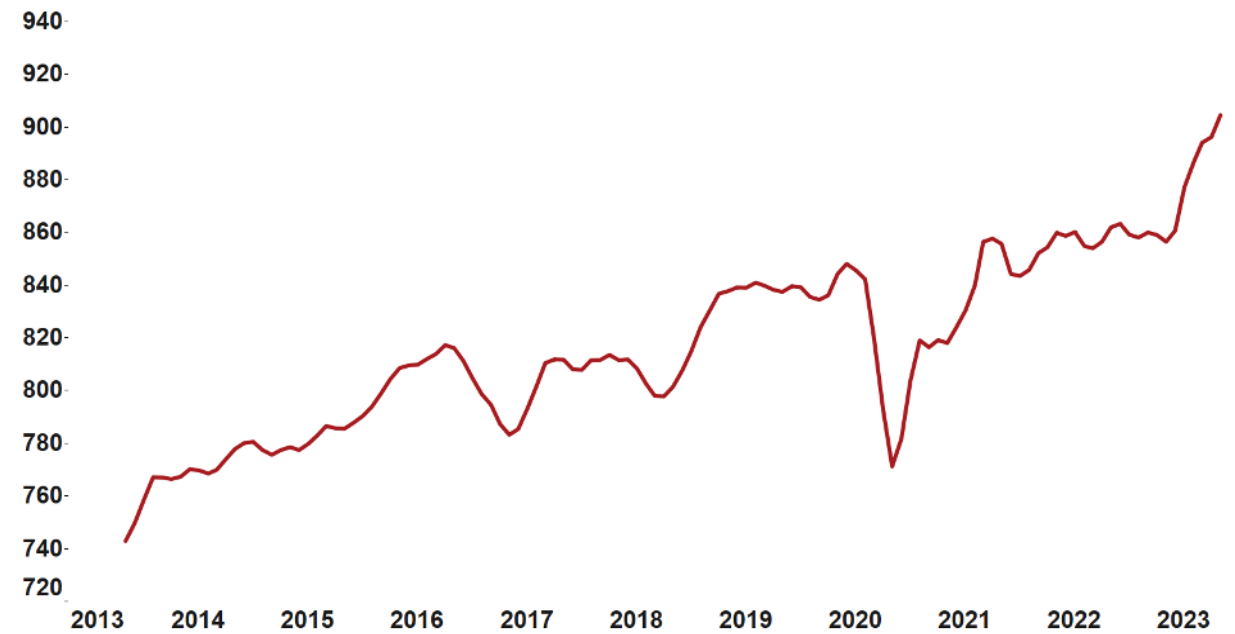
Analysis: Edmonton Global  
 Source Data: Statistics Canada

# Workforce

A growing labour force alongside falling unemployment suggests a strong and healthy economy.

Sustained growth in the labour force through immigration can help address concerns about an aging population. In 2022 the Edmonton region experienced record high net international migration at 33,000 – nearly three times the national average.

Labour force (thousands) — Edmonton region



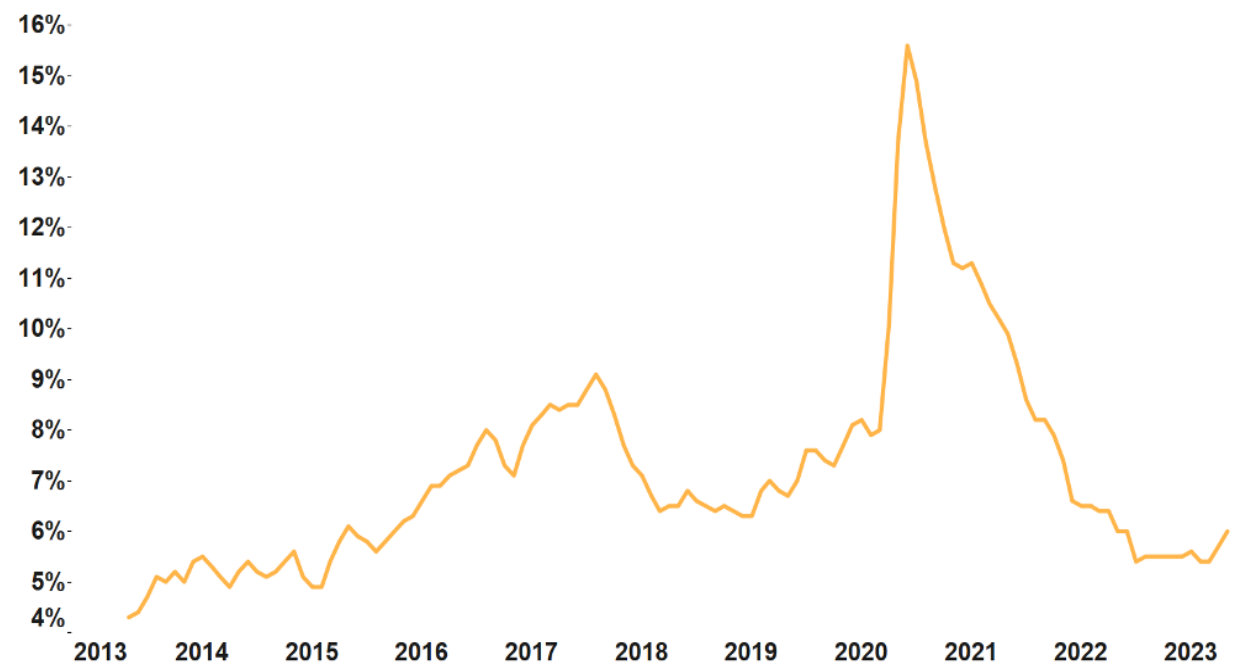
Statistics Canada

While a decrease in the unemployment rate is often seen positively, it should be evaluated alongside other factors, such as an aging population and minimal labour force growth

In May 2022, the unemployment rate in the Edmonton region was 5.8%, marking the lowest rate since September 2015. At this time, the unemployment rate is 6.7% representing 61,400 unemployed individuals in the region's labour force.

The unemployment rate serves as a critical indicator for monetary policy decisions made by the Bank of Canada.

Unemployment rate - Edmonton region



Statistics Canada

A top-down view of a globe held by several hands. A semi-transparent white box with rounded corners is overlaid on the globe, containing the text "Spotlight Currency". The globe shows a map of the world with various colors and grid lines.

Spotlight  
Currency

# Currency Rates

Exchange rates can influence both the total amount of foreign direct investment that takes place and the allocation of this investment spending across a range of countries. When a currency depreciates, this exchange rate movement has implications for attracting foreign investment.

The country experiencing real currency depreciation is more attractive as a location for receiving productive capacity investments because this improves the overall rate of return for foreign investors.

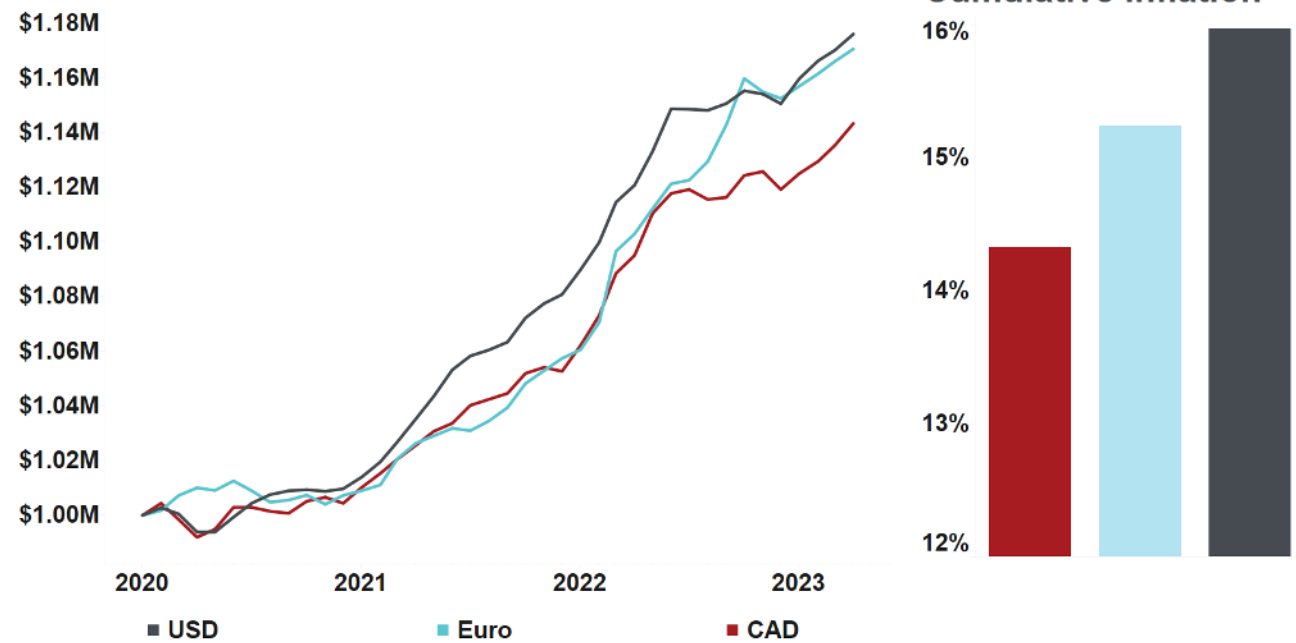
The Canadian dollar has outperformed USD and the Euro in the fight against inflationary pressures. What would have cost \$1 million in 2020, would cost CAD 1.16 million and \$1.19 million USD/Euro in 2023.

The total cumulative currency inflation from January 2020 to October 2023 for the Canadian dollar is estimated to be 15.94% with an average monthly inflation of 0.34%

The value of the Canadian dollar has generally decreased relative to the US dollar since June 2021.

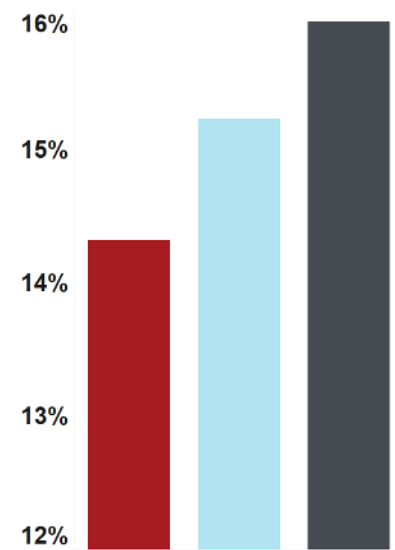
In the case of both the Euro and the British Pound the CAD depreciated between June 2021 and June 2022; and then regained most of its value in the subsequent year.

Cost inflation by currency over time

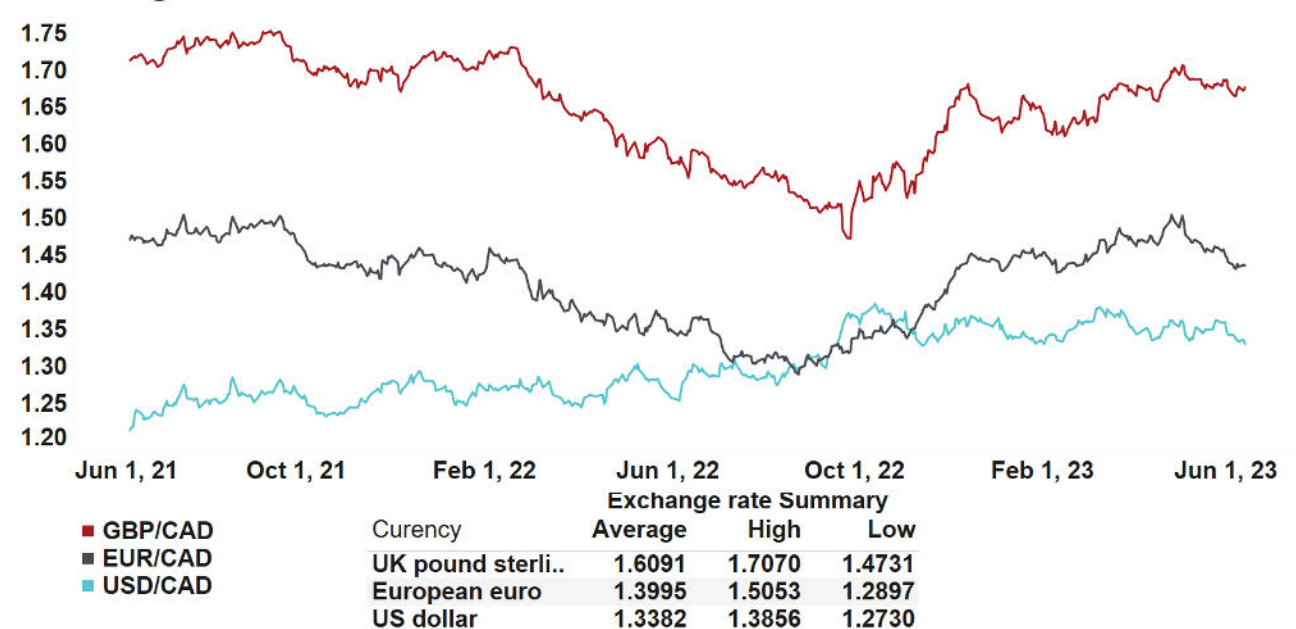


Source Data: Bank of Canada  
Analysis and Forecast: Edmonton Global

Cumulative inflation



Exchange Rate to CAD



Source Data: Bank of Canada  
Analysis and Forecast: Edmonton Global



# Questions?

If you have any questions related to the content of this report please reach out to:

Victor Baptista  
Research Analyst  
Edmonton Global  
[vbaptista@edmontonglobal.ca](mailto:vbaptista@edmontonglobal.ca)  
(+1)587-596-5439



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