



Economic Research Committee

Greg Christenson, President, CHBA - Alberta

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Provincial Government and Economic Outlook - The provincial deficit for 2010 has increased to approximately \$5 Billion, topping previous forecasts. This deficit will be covered by the province's sustainability fund and; therefore, not push the province back into debt. Premier Stelmach is currently attempting to lower expectations of meetings his targeted 2012-13 return to surpluses, which would mean the sustainability fund would reach very low levels or be spent entirely. The province released its first Report on Competitiveness in early December, which identified housing affordability as a "moderate issue" in the province, related to the concept of sustained prosperity. Alberta is ranked 8th out of 13 jurisdictions studied (but affordability has not declined since 2007).

Alberta's population growth was at 1.4% at the end of the third quarter of 2010, meaning that 2010 was on track to have been the slowest growth year for Alberta since 1995; final numbers are not available yet but aren't expected to have changed substantially. The labour market is still accessible at the moment; employment in Alberta fell by 2,400 in December 2010 and the unemployment rate remained at 5.6%, which is well below the national rate of 7.6%. Average weekly earnings in Alberta are currently the highest in the country at \$1012.54 (seasonally adjusted); this is 6.6% higher than a year earlier.

(All the above data is from the Alberta Department of Finance and Enterprise.)

Housing Performance – According to the Alberta Department of Finance & Enterprise, new home prices in Alberta showed a very modest (approximately 1%) increase in the third quarter of 2010.

Edmonton - total housing starts in December 2010 decreased to 558 units, down from 812 units in the last month of 2009. Despite the recent reduction, annual starts were considerably higher than 2009. 2010 saw total housing starts reach 9,959 units, up from 6,317 units reported in 2009.

There were 309 single-detached units started in December, down 31 per cent from the same month last year and representing the slowest month since July 2009. Despite the recent slowdown, single-detached home builders broke ground for 6,062 units in 2010, up over 55 percent from the 3,897 units started in 2009.

Multiple unit starts totaled 249 units in December, down 32 per cent from 364 units in December 2009. Despite a strong year-over-year improvement in row unit activity, total production was pulled down by fewer semi-detached and apartment unit starts. For the year, multiple unit starts increased by 61 per cent to 3,897 units, up from 2,420 units in 2009.

In 2011, housing starts are expected to remain essentially unchanged, with prices slated to increase minimally.

(All the above data is from CHMC.)

Edmonton Region builders obtained approximately 7,500 combined single and multi-family permits from January to November of 2010 according to data gathered by CHBA – Edmonton Region. New single-family home prices have declined 11.5% in the January-November period when compared to 2009.

Calgary - Total housing starts in the Calgary Census Metropolitan Area (CMA) reached 486 units in December 2010, down from 657 units in the previous year. Total housing starts for 2010 increased from 6,318 units in 2009 to 9,262 in the past year.

Single-detached unit starts declined 40% from 559 units (2009) to 333 units (2010); the fifth consecutive month of year-over-year declines. This is believed to be due to a stronger resale market and slower new homes sales. Despite the recent downturn, single-detached starts increased by 21% in 2010.

Multi-family production, increased from 98 units in December 2009 to 153 units in December 2010. 2010 multi-family starts increased by 126% compared to 2009.

In 2011, housing starts are expected to decline marginally to just under 9,000 units due to a decrease in multi-family starts as inventories of completed and unsold units increase. Average prices are expected to remain relatively flat.

(All the above data is from CHMC.)

Calgary CMA builders obtained approximately 7200 single-family and 1500 multi-family permits during 2010 (including CHBA - Calgary Region members and non-member builders). In the City of Calgary, new single-family sales declined substantially, from 336 sales in 2010 to 107 in 2009. Overall in 2010, 2768 new homes were sold as opposed to 3,280 in 2009 (according to Alberta New Home Warranty Program).

Alberta - Across Alberta, housing starts in the seven largest centers declined 24% in December from 1,679 units in 2009 to 1,271 in 2010. Decreases in Calgary (26%), Edmonton (31%), and Lethbridge (35%) offset improvements in Wood Buffalo (7%), Grande Prairie (40%), Medicine Hat (53%), and Red Deer.

All provinces, including Alberta, are expected to experience a mild reduction in housing starts in 2011 after year-over-year improvements in 2010. There is likely to be very little change in the total number of housing starts when compared to 2010 as housing starts synchronize with long-term demographic fundamentals and a relatively stable (neither recovering fast or plummeting again) economy.

(All the above data is from CHMC.)

Preliminary Housing Starts in Alberta
 December 2010

	Single-Detached			Multiple-Family			Total		
	2010	2009	%	2010	2009	%	2010	2009	%
Calgary CMA	333	559	-40.4	153	98	56.1	486	657	-26.0
Calgary City	270	452	-40.3	140	92	52.2	410	544	-24.6
Edmonton CMA	309	448	-31.0	249	364	-31.6	558	812	-31.3
Edmonton City	177	274	-35.4	148	324	-54.3	325	598	-45.7
Wood Buffalo CA	58	30	93.3	0	24	--	58	54	7.4
Grande Prairie CA	33	25	32.0	2	0	--	35	25	40.0
Lethbridge CA	39	65	-40.0	21	27	-22.2	60	92	-34.8
Medicine Hat CA	21	13	61.5	2	2	0.0	23	15	53.3
Red Deer CA	12	22	-45.5	39	2	--	51	24	--
Total	805	1,162	-30.7	466	517	-9.9	1,271	1,679	-24.3

*Total consists of Calgary CMA, Edmonton CMA and the five CAs

October to December (Q4) 2010

	Single-Detached			Multiple-Family			Total		
	2010	2009	%	2010	2009	%	2010	2009	%
Brooks Town CA	6	18	-66.7	2	2	0.0	8	20	-60.0
Camrose CA	11	21	-47.6	49	71	-31.0	60	92	-34.8
Canmore Town	1	4	-75.0	0	0	--	1	4	-75.0
Cold Lake CA	28	26	7.7	6	0	--	34	26	30.8
Lloydminster, AB (CA)	40	23	73.9	0	0	--	40	23	73.9
Lloyd., SK	13	6	--	20	0	--	33	6	--
Okotoks Town	56	71	-21.1	0	2	--	56	73	-23.3
Wetaskiwin CA	2	10	-80.0	0	4	--	2	14	-85.7
Bonnyville MD***	36	26	38.5	0	0	--	36	26	38.5
Clearwater County***	14	20	-30.0	0	0	--	14	20	-30.0
Foothills MD***	36	50	-28.0	0	0	--	36	50	-28.0
High River***	10	21	-52.4	13	0	--	23	21	9.5
Lacombe Town***	24	11	--	8	0	--	32	11	--
Lacombe County***	9	9	0.0	0	0	--	9	9	0.0
Mackenzie County***	12	2	--	0	0	--	12	2	--
Mountain View County***	11	5	--	0	0	--	11	5	--
Red Deer County***	9	38	-76.3	0	0	--	9	38	-76.3
Sylvan Lake***	11	21	-47.6	0	5	--	11	26	-57.7
Strathmore***	7	9	-22.2	4	0	--	11	9	22.2
Wetaskiwin County***	17	34	-50.0	0	0	--	17	34	-50.0
Yellowhead County***	21	25	-16.0	0	0	--	21	25	-16.0
Total	361	444	-18.7	82	84	-2.4	443	528	-16.1



January to December 2010

	Single-Detached			Multiple-Family			Total		
	2010	2009	%	2010	2009	%	2010	2009	%
Calgary CMA	5,782	4,775	21.1	3,480	1,543	--	9,262	6,318	46.6
Calgary City	4,345	3,709	17.1	2,950	1,244	--	7,295	4,953	47.3
Edmonton CMA	6,062	3,897	55.6	3,897	2,420	61.0	9,959	6,317	57.7
Edmonton City	3,417	2,206	54.9	2,693	1,705	57.9	6,110	3,911	56.2
Brooks Town CA	15	42	-64.3	2	50	-96.0	17	92	-81.5
Camrose CA	68	76	-10.5	139	85	63.5	207	161	28.6
Canmore Town	8	11	-27.3	6	6	0.0	14	17	-17.6
Wood Buffalo CA	567	474	19.6	202	614	-67.1	769	1,088	-29.3
Cold Lake CA	88	61	44.3	12	36	-66.7	100	97	3.1
Grande Prairie CA	486	524	-7.3	20	62	-67.7	506	586	-13.7
Lethbridge CA	554	612	-9.5	216	295	-26.8	770	907	-15.1
Lloydminster, AB (CA)	135	69	95.7	26	3	--	161	72	--
Lloyd, SK	60	27	--	32	0	--	92	27	--
Medicine Hat CA	247	156	58.3	87	131	-33.6	334	287	16.4
Okotoks Town	300	262	14.5	12	18	-33.3	312	280	11.4
Red Deer CA	353	333	6.0	232	164	41.5	585	497	17.7
Wetaskiwin CA	13	31	-58.1	2	9	-77.8	15	40	-62.5
Bonnyville MD***	127	101	25.7	2	0	--	129	101	27.7
Clearwater County***	43	93	-53.8	0	0	--	43	93	-53.8
Foothills MD***	166	135	23.0	0	0	--	166	135	23.0
High River***	66	64	3.1	27	0	--	93	64	45.3
Lacombe Town***	122	52	--	24	3	--	146	55	--
Lacombe County***	31	64	-51.6	0	0	--	31	64	-51.6
Mackenzie County***	82	47	74.5	6	0	--	88	47	87.2
Mountain View County***	47	46	2.2	0	2	--	47	48	-2.1
Red Deer County***	51	92	-44.6	0	0	--	51	92	-44.6
Sylvan Lake***	99	67	47.8	2	12	-83.3	101	79	27.8
Strathmore***	35	33	6.1	34	35	-2.9	69	68	1.5
Wetaskiwin County***	57	52	9.6	0	0	--	57	52	9.6
Yellowhead County***	64	87	-26.4	0	0	--	64	87	-26.4
Alberta (10,000+)	15,668	12,256	27.8	8,428	5,488	53.6	24,096	17,744	35.8

Source: Market Analysis Centre, C.M.H.C.

-- % change equals or exceeds +/- 100%

*Total consists of selected centres with a population of 10,000 or more

*** New 10,000+ Centre in 2008

