



Economic Research Committee

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Provincial Government and Economic Outlook

The 2011 Alberta Budget was released February 24 and forecasts deficits of 3.4 Billion dollars in 2011-12 and \$681 Million in 2012-13. The Province is forecast to return to surplus in 2013-14; which means the Sustainability Fund, which has been used to cover budget shortfalls, will sit at just under \$2 Billion by the time Alberta returns to surplus. It is worth noting that resource prices will impact this significantly.

The contest to replace outgoing Premier Ed Stelmach can still best be described as unofficially underway, as representatives for declared candidates Ted Morton, Alison Redford, Doug Horner, Doug Griffiths and Gary Mar are all organizing campaign teams, raising money and attending events. The active and public campaigning in terms of announcements has been rather subdued due to the Legislature still being in session and the federal election that is now underway. The candidates are still shaping their campaigns and are most open to new ideas in specific policy areas at this time. The most eye-catching announcement so far was made by Redford, who indicated that if elected leader, she would move to suspend activity related to the Alberta Land Stewardship Act, a key component of the Land Use Framework.

The Alberta labour market is still accessible at this point, with the unemployment rate sitting at 5.7% as of March 2011. The population of Alberta continues to grow, with just over 43,000 more people living in Alberta compared to March of 2010. Despite these indications, several forecasts released recently have indicated there will be a labour crunch shortly due to a large number of energy-sector projects that were shelved in either 2008 or 2009 being restarted. A real estate boom is also being forecast by several analysts in the region. Both of these factors combined with increasing fuel costs will apply substantial pressure to the Alberta economy, but also result in increased provincial resource revenues.

Housing Data

Across Alberta, combined housing starts in the seven largest centres declined 34 per cent in March from 1,957 units in 2010 to 1,297 units in 2011. Among these centres, total housing starts increased in Grande Prairie and Lethbridge, but all others reported fewer starts. During the first quarter, the number of starts is down by approximately 25% year-over-year. This is forecast to improve due to the improving economic environment and continued migration to Alberta.

March 2011 was the six consecutive month of year-over-year housing start declines in the Greater Edmonton area. Compared to the first three months of 2010, there were 43% fewer new foundations poured in 2011. Starts are expected to increase in coming months as both new and resale inventories are forecast to decline as the Alberta economy continues to recover.

Housing starts in Calgary fell by over 55 per cent from March 2010's totals. Part of this large difference is due to the fact that March 2010 saw a large amount of activity. With the economy gradually improving, full-time job growth is forecast and the resale market should return to a more balanced state later 2011, meaning the pace of new home construction should accelerate.

Preliminary Housing Starts in Alberta
 March 2011

	Single-Detached			Multiple-Family			Total		
	2011	2010	%	2011	2010	%	2011	2010	%
Calgary CMA	277	570	-51.4	126	334	-62.3	403	904	-55.4
Calgary City	201	469	-57.1	120	312	-61.5	321	781	-58.9
Edmonton CMA	236	513	-54.0	477	300	59.0	713	813	-12.3
Edmonton City	158	307	-48.5	457	253	80.6	615	560	9.8
Wood Buffalo CA	18	24	-25.0	18	14	28.6	36	38	-5.3
Grande Prairie CA	13	10	30.0	0	0	--	13	10	30.0
Lethbridge CA	13	35	-62.9	87	6	--	100	41	--
Medicine Hat CA	3	21	-85.7	4	2	--	7	23	-69.6
Red Deer CA	17	27	-37.0	8	101	-92.1	25	128	-80.5
Total	577	1,200	-51.9	720	757	-4.9	1,297	1,957	-33.7

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

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

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

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January to March 2011

	Single-Detached			Multiple-Family			Total		
	2011	2010	%	2011	2010	%	2011	2010	%
Calgary CMA	981	1,528	-35.8	567	633	-10.4	1,548	2,161	-28.4
Calgary City	715	1,219	-41.3	516	542	-4.8	1,231	1,761	-30.1
Edmonton CMA	801	1,394	-42.5	764	638	19.7	1,565	2,032	-23.0
Edmonton City	518	815	-36.4	628	534	17.6	1,146	1,349	-15.0
Bonnyville MD	12	11	9.1	0	2	--	12	13	-7.7
Brooks CA	9	5	80.0	0	0	--	9	5	80.0
Camrose CA	7	20	-65.0	10	12	-16.7	17	32	-46.9
Canmore Town	1	1	0.0	5	2	--	6	3	--
Clearwater County	4	6	-33.3	0	0	--	4	6	-33.3
Cold Lake CA	10	11	-9.1	0	2	--	10	13	-23.1
Foothills MD	21	26	-19.2	0	0	--	21	26	-19.2
Grande Prairie CA	54	51	5.9	6	2	--	60	53	13.2
High River	9	22	-59.1	3	8	-62.5	12	30	-60.0
Lacombe Town	9	46	-80.4	10	4	--	19	50	-62.0
Lacombe County	9	5	80.0	0	0	--	9	5	80.0
Lethbridge CA	96	129	-25.6	164	30	--	260	159	63.5
Lloydminster, AB (CA)	27	23	17.4	0	24	--	27	47	-42.6
Lloyd., SK	11	7	57.1	16	0	--	27	7	--
Mackenzie County	7	7	0.0	14	0	--	21	7	--
Medicine Hat CA	12	48	-75.0	6	8	-25.0	18	56	-67.9
Mountain View County	6	12	-50.0	0	0	--	6	12	-50.0
Okotoks Town	42	87	-51.7	2	4	-50.0	44	91	-51.6
Red Deer CA	62	78	-20.5	23	130	-82.3	85	208	-59.1
Red Deer County	11	6	83.3	0	0	--	11	6	83.3
Sylvan Lake	31	34	-8.8	2	0	--	33	34	-2.9
Strathmore	1	2	-50.0	90	8	--	91	10	--
Wetaskiwin CA	0	0	--	0	0	--	0	0	--
Wetaskiwin County	5	5	0.0	0	0	--	5	5	0.0
Wood Buffalo CA	95	78	21.8	26	43	-39.5	121	121	0.0
Yellowhead County	7	12	-41.7	0	0	--	7	12	-41.7
Alberta (10,000+)	2,329	3,647	-36.1	1,692	1,550	9.2	4,021	5,197	-22.6

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

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