

Economic Research Committee **Sandra Young, President, CHBA - Alberta** **October 2011**

Provincial Government and Economic Outlook

The biggest news in Alberta is Alison Redford will be sworn in as the province's fourteenth Premier on Friday, October 7. She narrowly defeated frontrunner Gary Mar and former Deputy Premier Doug Horner in the Progressive Conservative leadership vote on October 2. CHBA – Alberta Board members met with Ms. Redford in Calgary on August 9. During this meeting Ms. Redford responded to questions and concerns regarding communicating with government. She would like to see a new ministerial structure for government that would be designed primarily to eliminate the issue of individual departments not working closely together which often causes confusion, slowdowns and additional cost. She proposed that several senior policy ministries would be formed, with smaller and more focused ministries under their supervision. She explained how these changes would impact not only the general functioning of government, but also the approach to approvals of new projects and large-scale initiatives, such as the Land Use Framework that can impact planning and investment significantly. Redford also exchanged ideas on seniors housing with Board members, and that has come to be reflected in her platform as she intends to place an emphasis on providing incentives for homebuilders to increase housing and expand choice in the marketplace. Ms. Redford showed a keen interest to hear some specifics regarding Residential Construction from the Board members and noted that her approach to consultation would ideally see more input from industry stakeholders such as our Association due to the Industry specific knowledge. Since winning the leadership contest, Ms. Redford has moved swiftly to identify the government key priorities: health, education, re-examining the plan for Alberta's electricity transmission lines, and the Land Use Framework; all of which could impact this and next year's provincial budget. A new cabinet will be named shortly, and the fall sitting of the legislature will go ahead. The next election is currently forecast for June 2012.

Weaker oil prices and investment losses are likely to push Alberta's deficit for the 2011 fiscal year higher than last forecast which indicated a \$1.3 B shortfall. Originally a deficit was also forecast for 2012, but the pressure will be on Redford and her new cabinet to find a way to get Alberta into the black, as she has stated the intention to call a provincial election in June and a deficit would be a major weakness for her competitors to exploit.

The Alberta labour market is accessible at this point, with the unemployment rate sitting at 5.6% as of September 2011. The population of Alberta is growing at an accelerating rate currently, leading the country in interprovincial migration and quarterly growth in total. Even with the shaky global economy analysts continue to indicate 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.

Housing Data

In Alberta, single detached housing starts are projected to end 2011 approximately 10% lower than in 2010 as the economy has not ramped up as rapidly as some had estimated. Growth is expected in 2012, as inventories become depleted and wages as well as the population rise. Multi-family starts have also been sluggish for the year, projected to end at approximately 8% lower than 2010 levels.

Both Edmonton and Calgary showed year-over-year housing start gains during the month of August, with most of the gains coming from an increase in multi-family starts. Single family starts remain relatively sluggish.

**Preliminary Housing Starts in Alberta
 August 2011**

	Single-Detached			Multiple-Family			Total		
	2011	2010	%	2011	2010	%	2011	2010	%
Calgary CMA	493	432	14.1	744	426	74.6	1,237	858	44.2
Calgary City	349	301	15.9	709	381	86.1	1,058	682	55.1
Edmonton CMA	494	519	-4.8	311	171	81.9	805	690	16.7
Edmonton City	313	287	9.1	243	136	78.7	556	423	31.4
Wood Buffalo CA	82	66	24.2	0	0	--	82	66	24.2
Grande Prairie CA	55	42	31.0	0	2	--	55	44	25.0
Lethbridge CA	78	47	66.0	22	51	-56.9	100	98	2.0
Medicine Hat CA	9	23	-60.9	6	3	--	15	26	-42.3
Red Deer CA	28	23	21.7	74	13	--	102	36	--
Total*	1,239	1,152	7.6	1,157	666	73.7	2,396	1,818	31.8

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

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

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

January to August 2011

	Single-Detached			Multiple-Family			Total		
	2011	2010	%	2011	2010	%	2011	2010	%
Calgary CMA	3,350	4,369	-23.3	2,075	2,272	-8.7	5,425	6,641	-18.3
Calgary City	2,552	3,365	-24.2	1,896	1,889	0.4	4,448	5,254	-15.3
Edmonton CMA	3,199	4,318	-25.9	2,691	2,700	-0.3	5,890	7,018	-16.1
Edmonton City	2,011	2,446	-17.8	1,846	1,978	-6.7	3,857	4,424	-12.8
Wood Buffalo CA	339	325	4.3	133	69	92.8	472	394	19.8
Grande Prairie CA	343	345	-0.6	16	8	--	359	353	1.7
Lethbridge CA	342	371	-7.8	230	136	69.1	572	507	12.8
Medicine Hat CA	84	172	-51.2	16	23	-30.4	100	195	-48.7
Red Deer CA	220	266	-17.3	190	169	12.4	410	435	-5.7
Total*	7,877	10,166	-22.5	5,351	5,377	-0.5	13,228	15,543	-14.9

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

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

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