

Calgary to buck national trend

BY MARTY HOPE, CALGARY HERALD JULY 28, 2011

Presented By:



Derek Burleton, vice-president and chief economist for TD Economics.

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If you were waiting for a housing boom in Calgary, it ain't gonna happen, at least not for a while.

But Calgary and Edmonton will be among the very few centres in Canada that will show increases in sales and average selling price, says TD Economics in its latest housing market update.

Nationally, resale activity and prices are forecast to dive 15.2 and 10.2 per cent, respectively, during the next two years — and the biggest hits will come in Vancouver and Toronto.

However, Calgary will again likely be bucking the national trend with slight hikes in both categories, says the market update.

The TD report says sales will likely increase from 21,400 this year to 22,500 by the end of 2013.

On the price front, it says growth will likely be moderate, creeping up from an average of \$403,700 this year to \$410,500 in two years.

Resale activity has been below the average of the past 10 years, but healthier numbers are expected due to employment growth and migration of people to the city, says Sano Stante, president of the Calgary Real Estate Board.

“This improvement, however, doesn’t mean we’re booming — it simply means we’re recovering at a gradual pace,” says Stante.

The TD report says the reason for this positive forecast — and it shouldn’t come as any surprise — is oil and the strengthening international spotlight shining on it.

Energy prices will likely hold steady, helping boost the housing industry’s profile, says Derek Burleton, vice-president and chief economist for TD.

Other factors supporting the industry will likely include continuing investment and provincial changes to the oil royalty regime, he says.

“The better economic outlook will bring with it more jobs and higher income growth,” says Burleton.

“While the former has been slow so far this year, we anticipate a better showing in the second half and into 2012.”

Stante gives his own take on energy, the recession, and increases in housing sales and prices for resale homes.

“The impact of the recession was more prevalent in Alberta, as our high dependency on the energy sector made us vulnerable to declines in that sector,” he says. “However, renewed growth prospects in energy indicate Alberta’s economic recovery will outperform other provinces in Canada, making us an attractive province and city to live in.”

With the resurgence of oilsands output and investment, Alberta’s economy, employment growth and migration of people to the province are all benefiting.

“Most of the professional jobs are created in Calgary, the energy capital of Canada,” says Stante.

“With the ever growing demand for energy, Alberta’s resources will continue to provide employment and growth for many years to come. This translates into improved housing demand.”

PACE TO PICK UP

While most of the ink in a TD Economics report was given to the resale sector, there was also some good news for the new home industry.

As economic growth prospects brighten, and with a reduced level of competition from the resale end, both construction starts of single- and multi-family homes should pick up, says the bank’s latest housing economics report.

That's the good news.

But TD expects this "heightened activity" to not become more noticeable until mid-2012.

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