

Wake up, Alberta -frenzy's coming

Economic conditions favour city

BY KATHY MCCORMICK, CALGARY HERALD APRIL 16, 2011

Presented By:



He's calling it the Wake Up Alberta tour -and while real estate expert Don Campbell refuses to say another boom is on the way, he says to be prepared.

"Alberta is 18 months away from a real estate frenzy," says the author of the bestselling book, 97 Tips for Canadian Real Estate Investors. "There's no question the frenzy is coming here."

The economic conditions in Alberta are the reasons why -and it will hit Calgary first and foremost, he says.

"It starts with the GDP numbers, then goes to job growth, which will happen within the next year," says Campbell. "That, in turn, leads to population growth and that means an increase in rental demand."

GDP stands for gross domestic product, which is the amount of all goods and services produced in a country in a year.

A GDP of three per cent a year is regarded as very positive, says Campbell. "Yet predictions are that Alberta's will be 4.3 per cent this year."

Such growth works its way into decreased vacancies and increased rents, he says. "Eighteen months later, you will have property purchase demand leading to increased property prices."

Job growth will be significant, says Campbell, who is also the president of REIN (Real Estate Investment Network) and Cutting Edge Research Inc.

He is predicting more job growth "than you had in 2005-06-07."

The world's needs can all be met by Alberta, says Campbell.

"There are four key commodities that everyone needs: food, fuel, fertilizer, and forestry," he says. "Alberta is in the unique position that it can provide all four -and they are all job-creating industries."

The economic and political turmoil around the world, the strong Canadian dollar, the huge debt created in the U.S., and the potential for a longer-term world economic downturn are countered by the growth of nations such as India and China, he says.

"The world needs us," says Campbell. "We are the most stable force in the world to provide the four keys that countries need."

During his recent tour of Calgary, he said he's already noticed some 'help wanted' signs in retail business windows, and "hiring has already begun for some of the head offices here."

Vacancy rates in industrial buildings from January to March were 5.23 per cent in Calgary -down from 5.57 per cent for the same time period last year, says reports by Colliers International and C.B. Richard Ellis Ltd.

It marked the sixth straight quarter of declining vacancies.

Overall vacancy rates for office buildings declined 15 to 12 per cent.

"Those companies will obviously need bodies to fill those spaces and they're looking one year to a year and a half out," says Campbell.

"The unemployment rate is already 5.3 per cent, so there are not a lot of people to do the jobs, so people will come here" -and that means the real estate sector will be busy."

He sees the condo market ramping up.

"People are moving in from outside the province and they're often coming from that lifestyle, which hasn't been historically in Alberta -and they're more affordable than ground-oriented townhouses or single-family homes," he says.

But he cautions people not to jump in thinking it's a getrich-quick investment.

"I hope and pray we don't see bidding wars and people lined up around the block again to buy homes in the sky that don't even exist," he says. "Then they find out they can't get financing and everything stops."

Rather, always look at a real estate purchase as a long-term investment, he says. "Always buy real estate based on a minimum of five years."

The worry if things do turn around in 18 months is affordability of housing, he says, adding that he's a big proponent of secondary suites to help house those who are coming to fill expected job vacancies.

"There could be an affordability crisis as the population grows," says Campbell. "The local government has to get in front of that."

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