

## Alberta, moving forward during the recession

Just like all provinces and most places around the world, the global recession has hit Alberta. The result has been a slowing of the economy; in fact, last year Alberta's economy contracted by 0.2 per cent, and it is forecast that this year it will contract by two per cent.

As Alberta moves forward during this time of economic uncertainty, efforts will be doubled to make sure the environment is right for economic growth to return to Alberta. This will be achieved by focusing on four broad areas.

- Keeping a close eye on government spending;
- Drawing on our savings to protect public programs and services;
- Investing in public infrastructure to support jobs and the economy; and
- Promoting Alberta to a global market.



All of this will help the provincial economy recover starting in late 2009, and returning to a state of growth in 2010. This is echoed in the provincial real estate market. The Canada Mortgage and Housing Corporation has predicted a 50 per cent drop in total Alberta residential starts in 2009, but an 18 per cent rise in 2010. On the non-residential side, building construction costs have fallen by about 10 per cent. This means that any delays in building due to cost pressures should be somewhat lessened.

While the housing sector appears to have stabilized in the past few months, sales of existing home are on the rise. In fact, compared to May, preliminary statistics from MLS for June show that sales increased by 18% in Edmonton and by 15% in Calgary.

This growth in sales may have also been impacted by the growth in Alberta's population. The provincial population increased 2.7 per cent in the first quarter of this year compared to the same time last year. Besides increasing sales of existing homes, this growth is likely to boost housing starts in the province.

The softening of the provincial economy does bring opportunity for potential home owners and land developers. Prices are returning to levels that are more affordable, and growth in the sector can be more sustainable from a home owners and industry perspective.

With the increase in oil prices from the lows experienced just months ago, and reduced capital costs, there appears to be a fresh sense of optimism in some markets. Combine this with one of the most competitive tax systems in North America, and Alberta is well-positioned to emerge from the downturn stronger than ever before.