

May 28, 2009



ALBERTA ECONOMIC AND HOUSING MARKET OUTLOOK

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PRAIRIES AND TERRITORIES

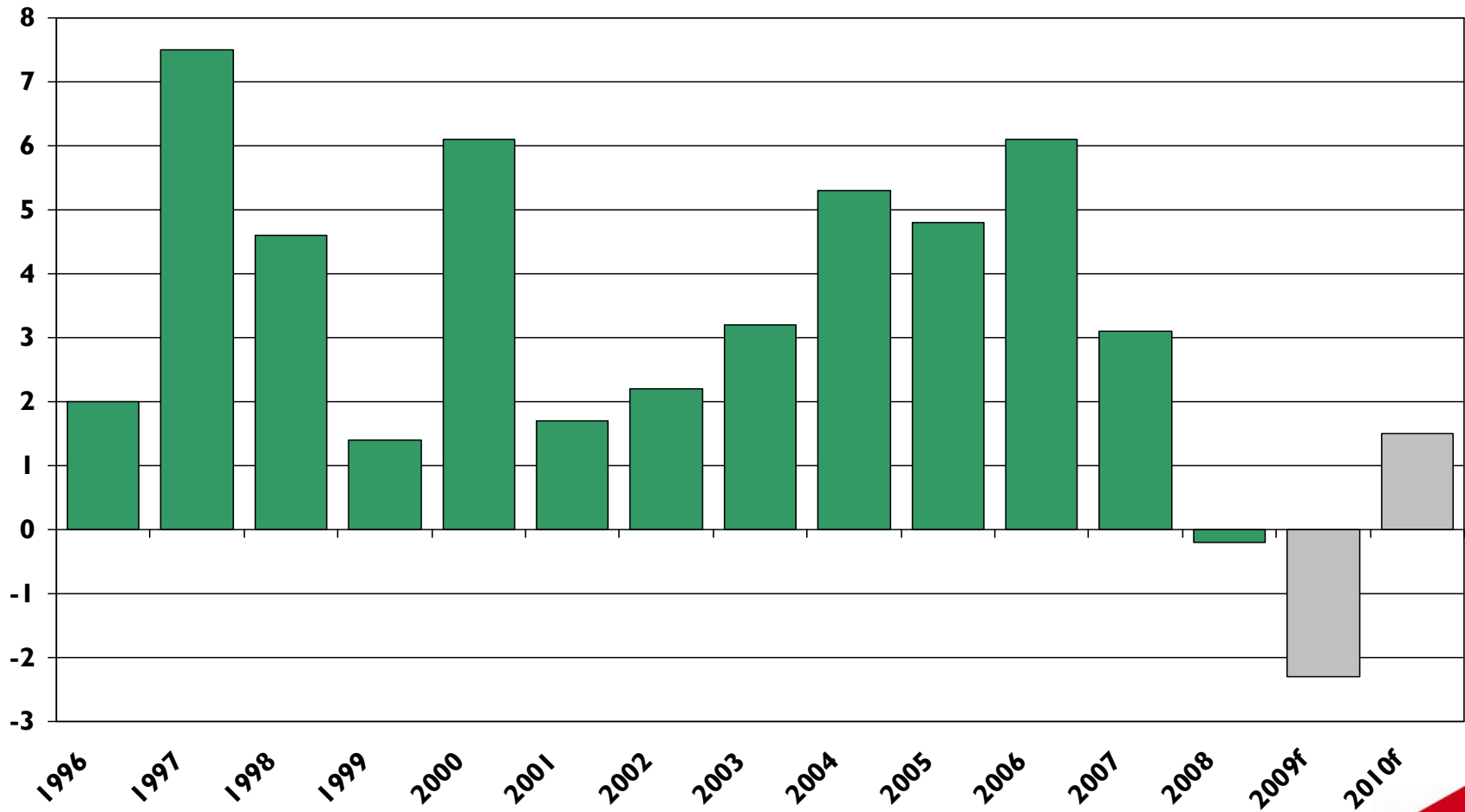




Real GDP Growth Forecast

Alberta's economy will face sharpest contraction since 1982

per cent change, real Gross Domestic Product



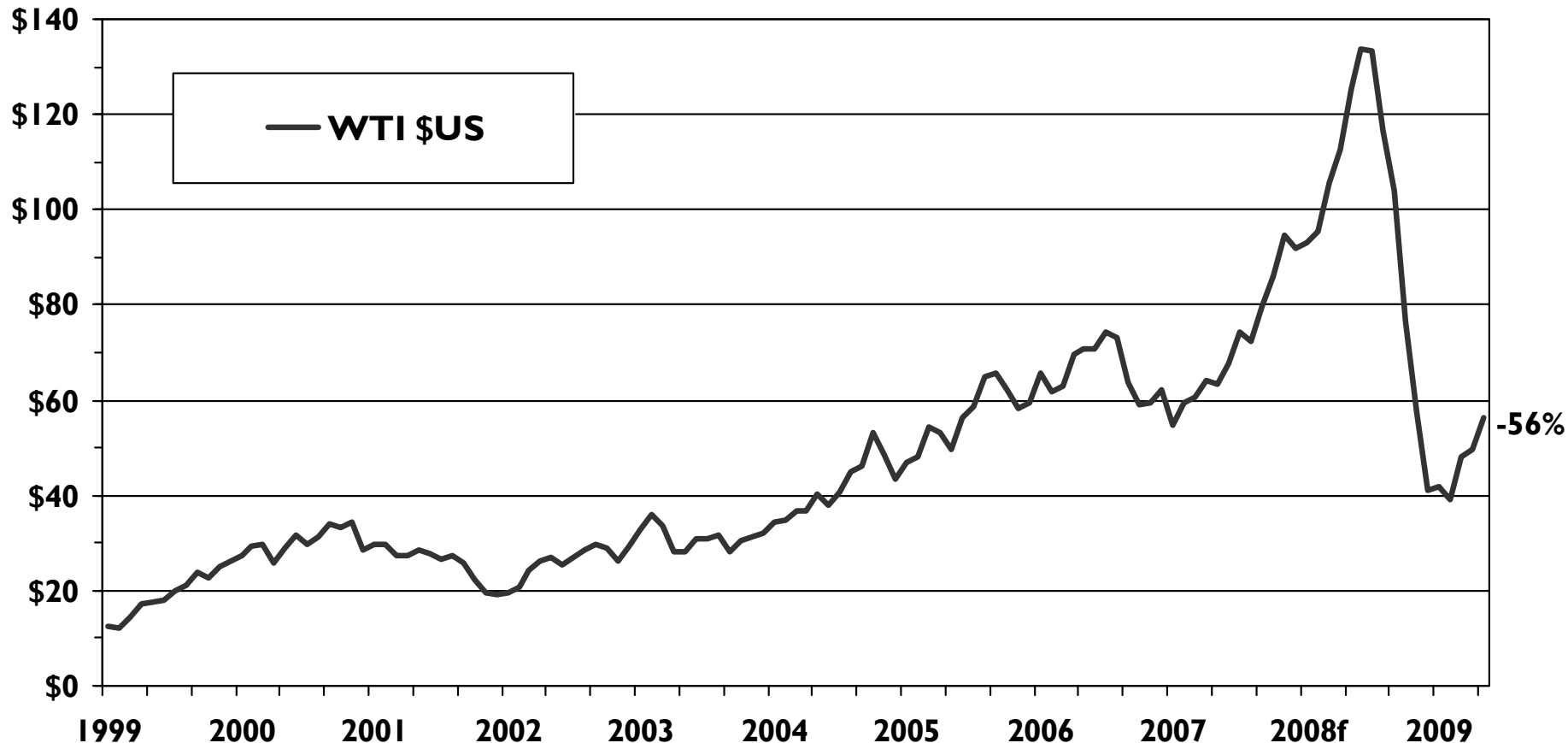
Source: Statistics Canada, CMHC Forecast (f)



Crude Oil Price \$US per Barrel (WTI)

Sharp decline in oil price is the most telling indicator

WTI (monthly average/bbl)



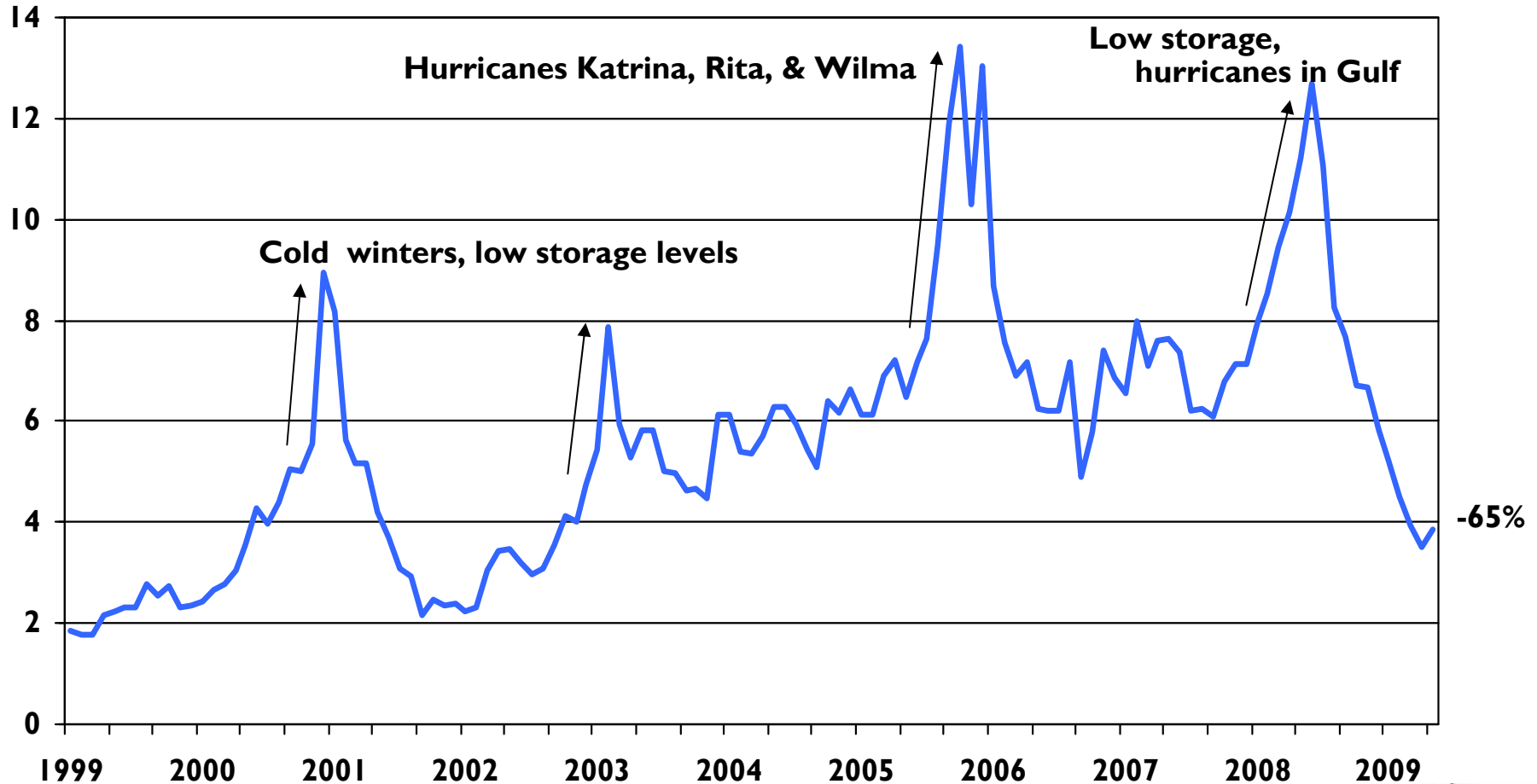
Source: Statistics Canada



Natural Gas Price \$US / MMBTU

Higher prices dependant on US storage and hurricane disruptions

(\$/mmbtu at Henry Hub)

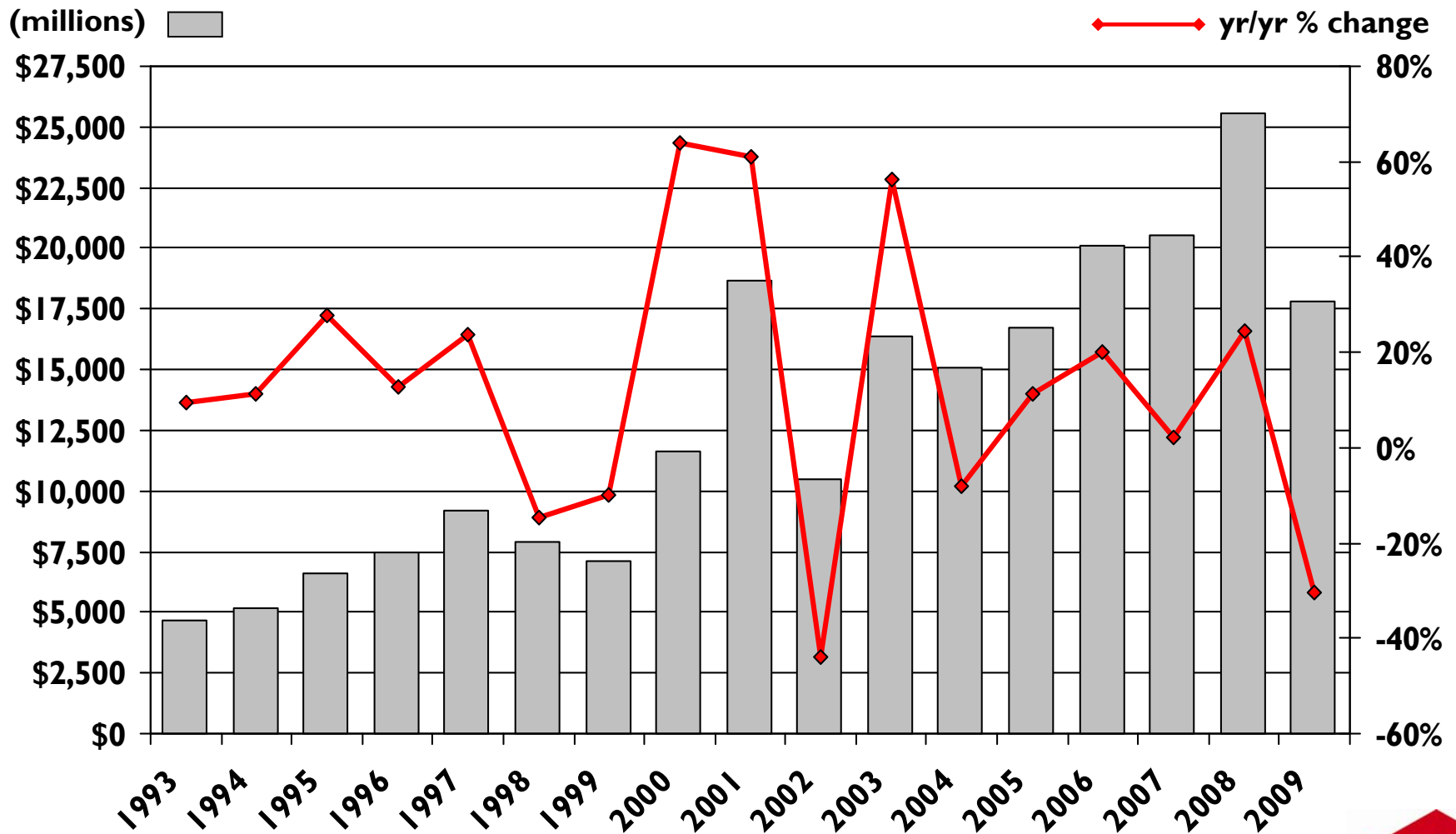


Source: Statistics Canada, NOTE: mmbtu = million British Thermal Units



Alberta Exports Year-to-date

After price-induced record in 2008, exports on pace for decline



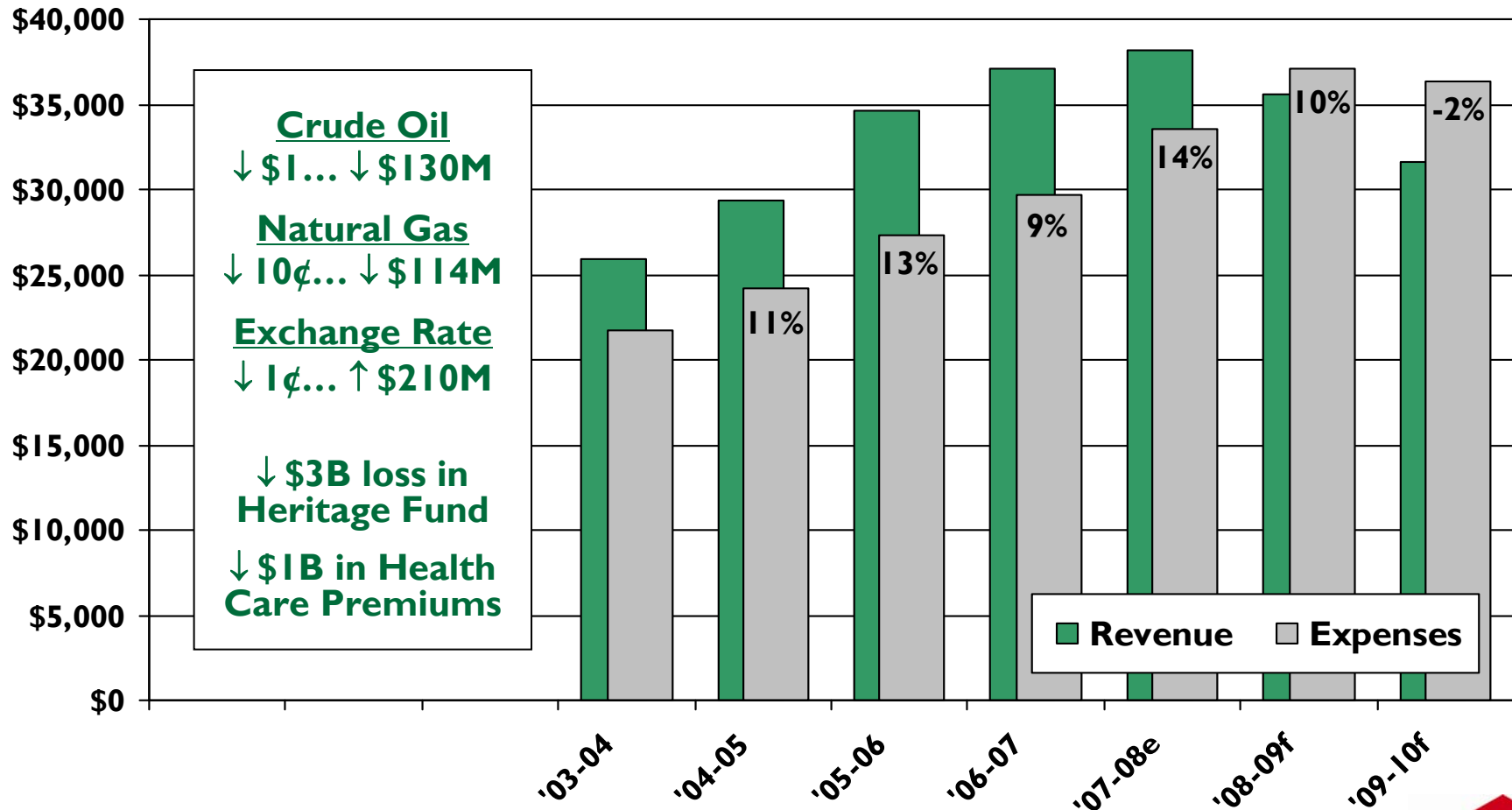
Source: Statistics Canada, YTD March



AB Government Revenues & Expenses

Expect lower expenditures in '09-10, even as province goes in debt

(millions)



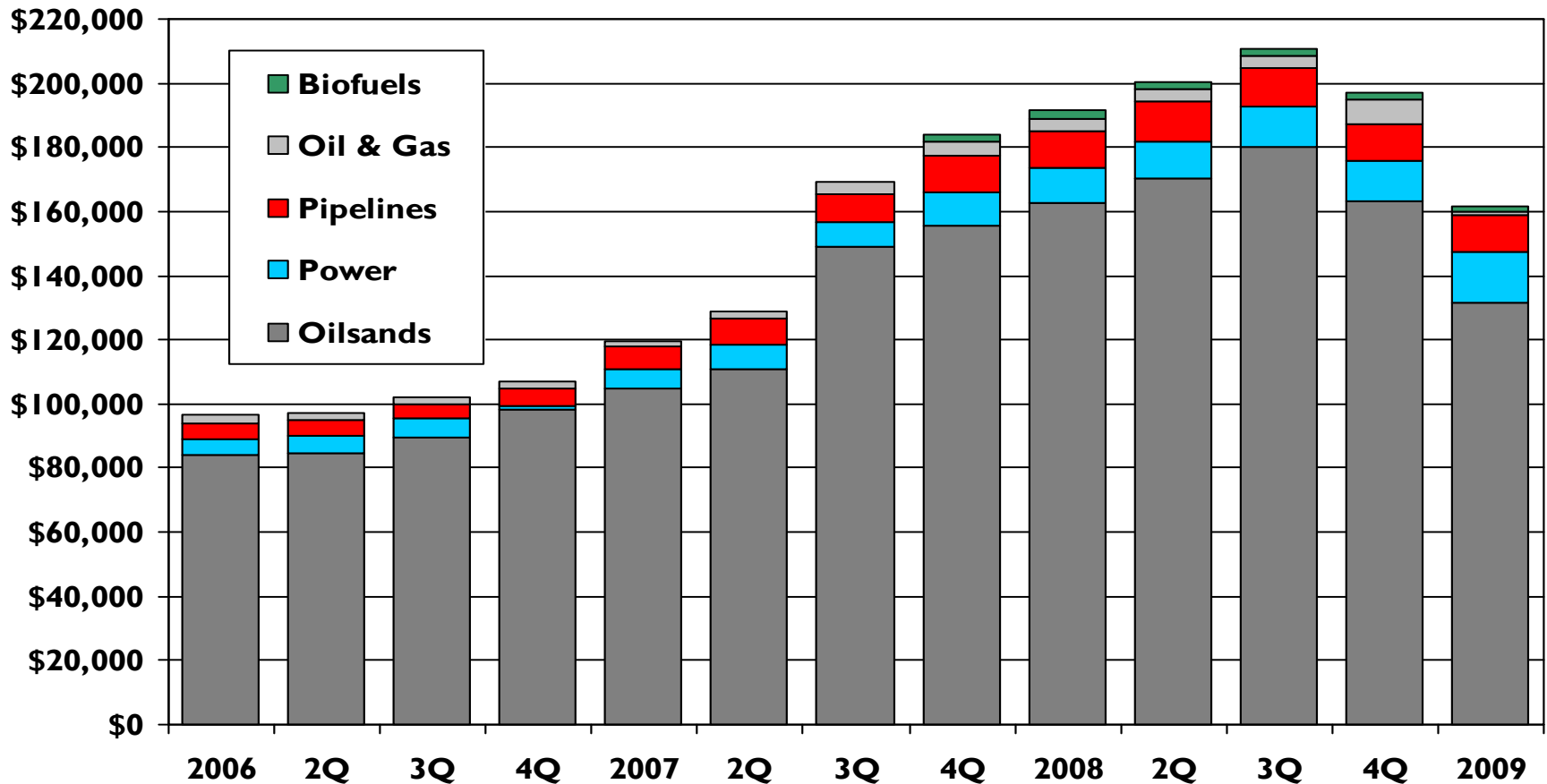
Source: Alberta Finance (Provincial Budget), April 7, 2009



Inventory of Major Alberta Projects

\$49B cut from oilsands since peak, \$87B in total projects on hold

(millions)



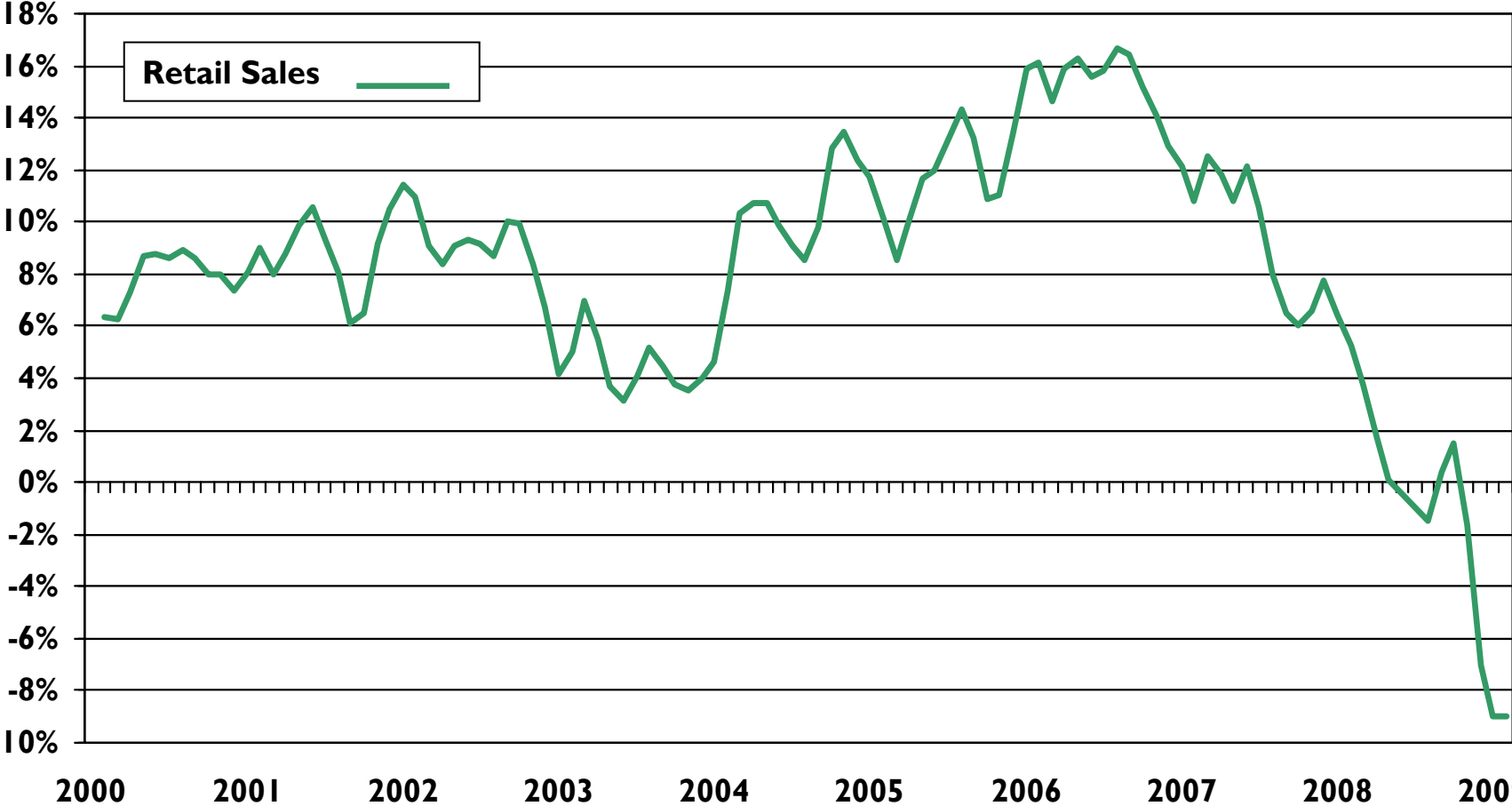
Source: Alberta Economic Development (includes projects recently completed, currently under construction, or proposed to start construction within the next few years >\$5M)



Personal Consumption Moderates in '09

Elimination of \$1B in health care premiums little encouragement

yr/yr per cent change in retail sales



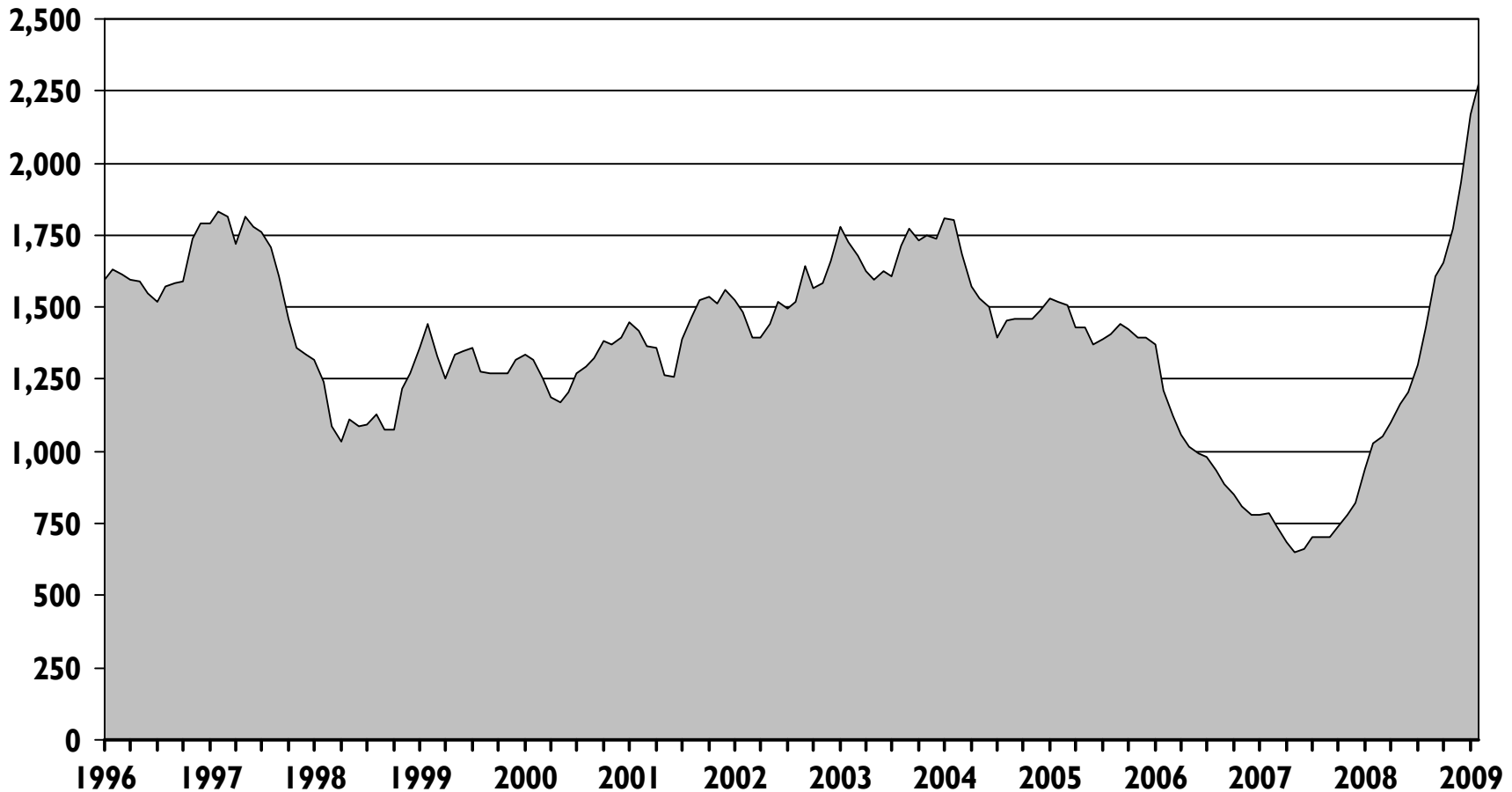
Source: Statistics Canada



Alberta Residential Mortgages in Arrears

Rising in the last 18 months, up 121% year-over-year...

Alberta mortgages in arrears 



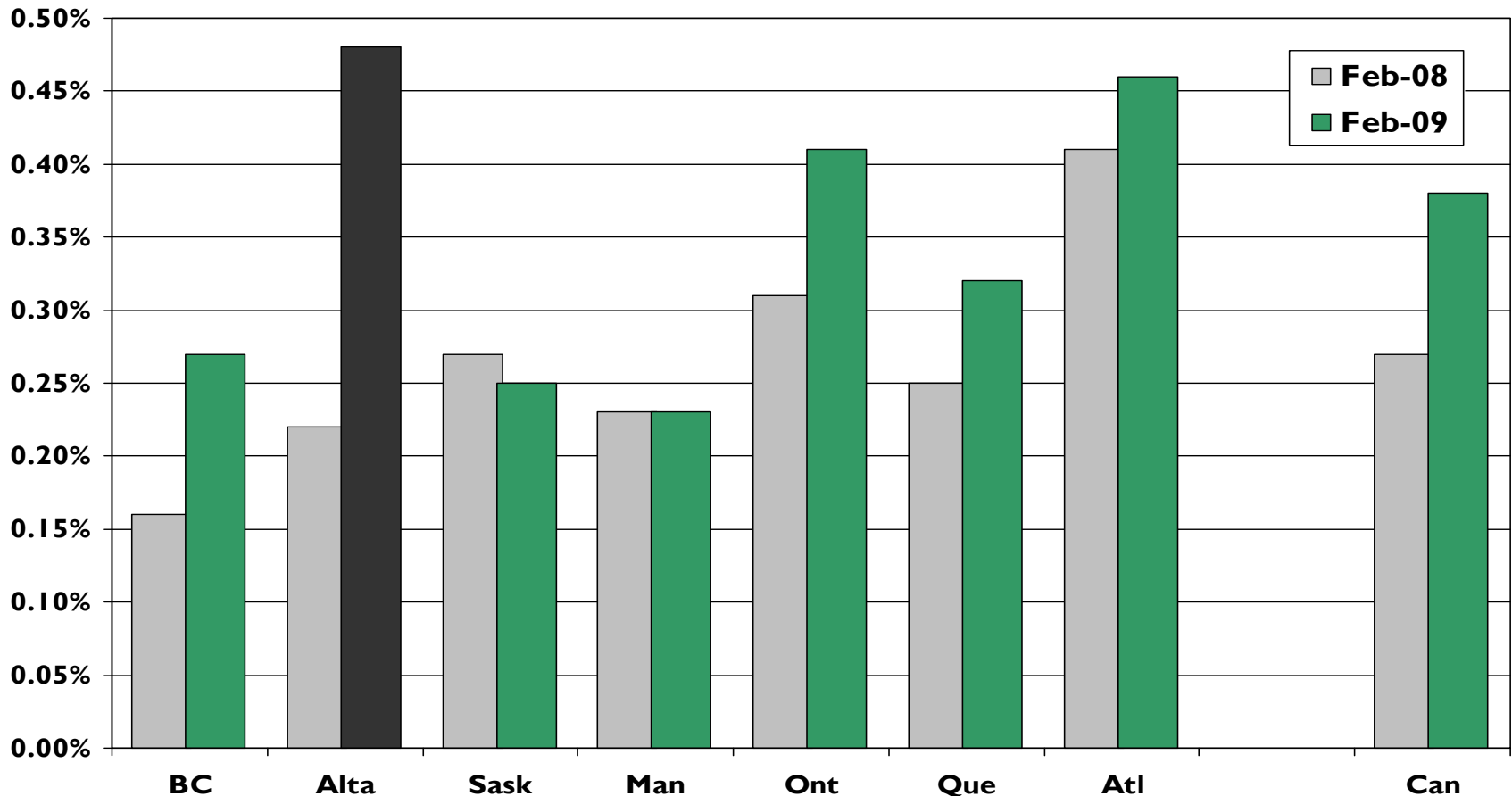
Source: Canadian Bankers Association, CMHC research, mortgage arrears is three or more months



Ratio of Arrears to Total Mortgages

Alberta has the highest ratio of arrears in Canada

ratio of arrears to total mortgages (%)



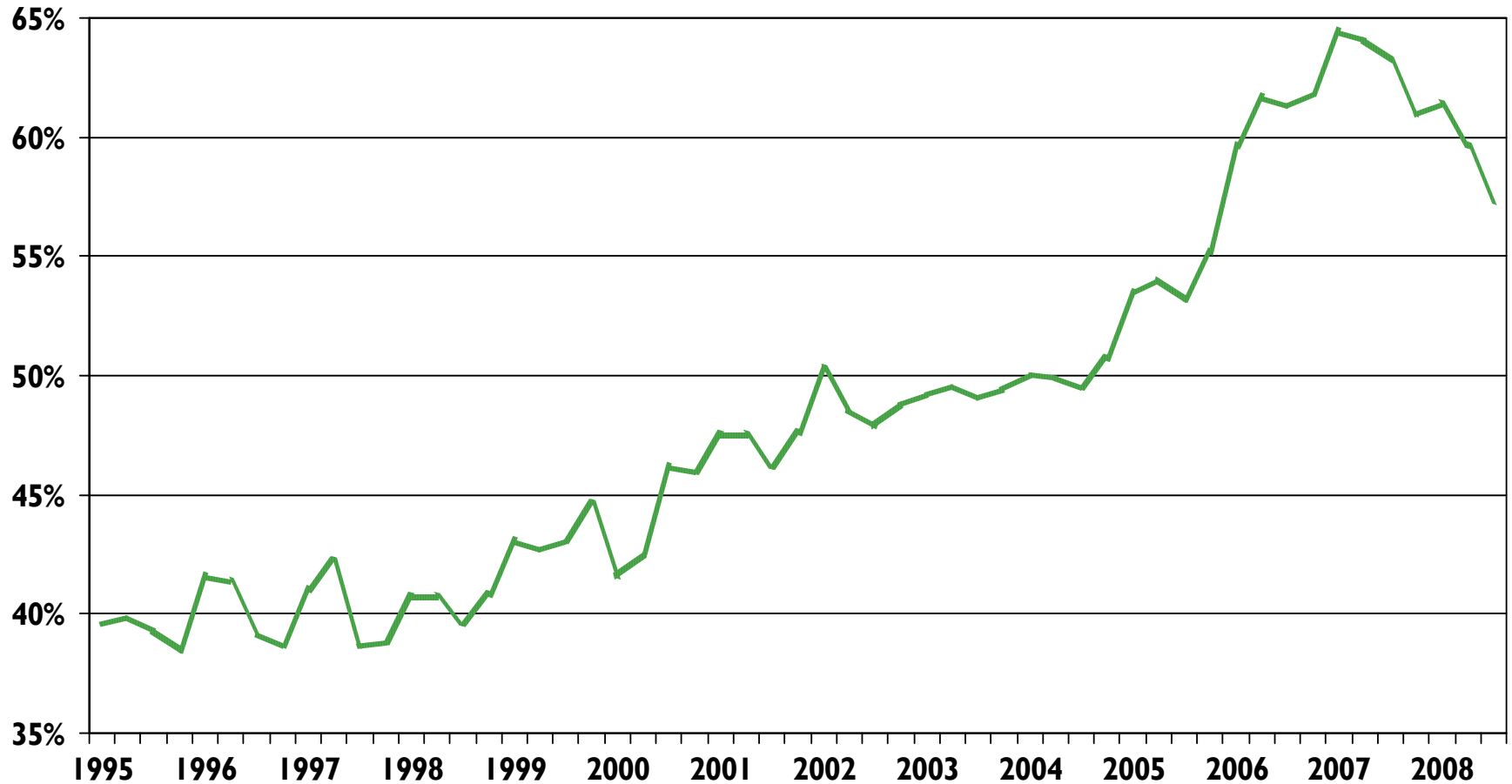
Source: Canadian Bankers Association, CMHC research, mortgage arrears is three or more months



Alberta Ratio of Equity to House Price

... equity of mortgage holders moving in unison with house values

ratio of average mortgage debt to average house price (Alberta)



Source: Bank of Canada, Canadian Bankers Association, CREA, CMHC research

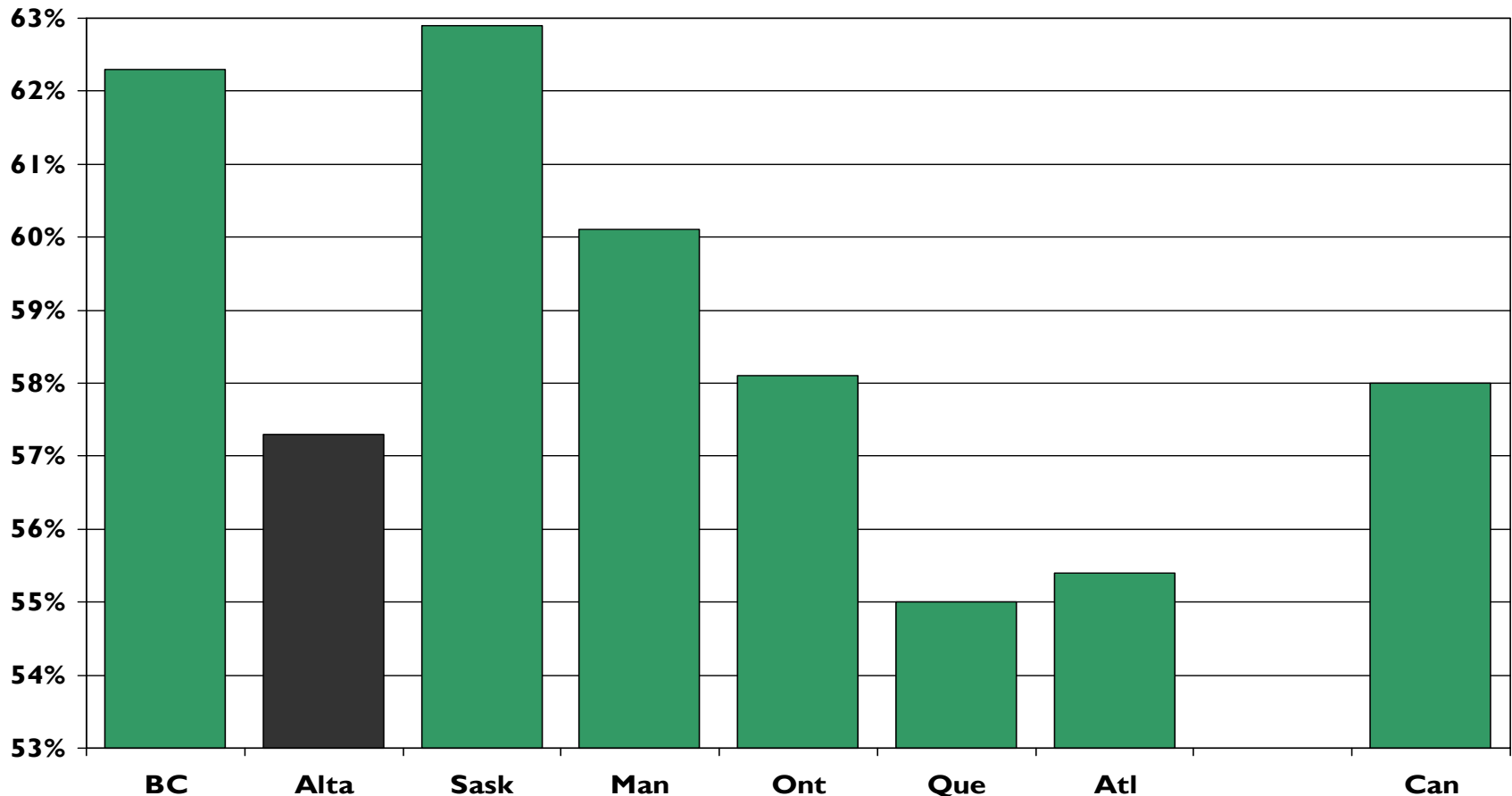




Ratio of Equity to House Price

Albertans have been withdrawing equity to finance their lifestyles

ratio of equity to average house price (latest data)



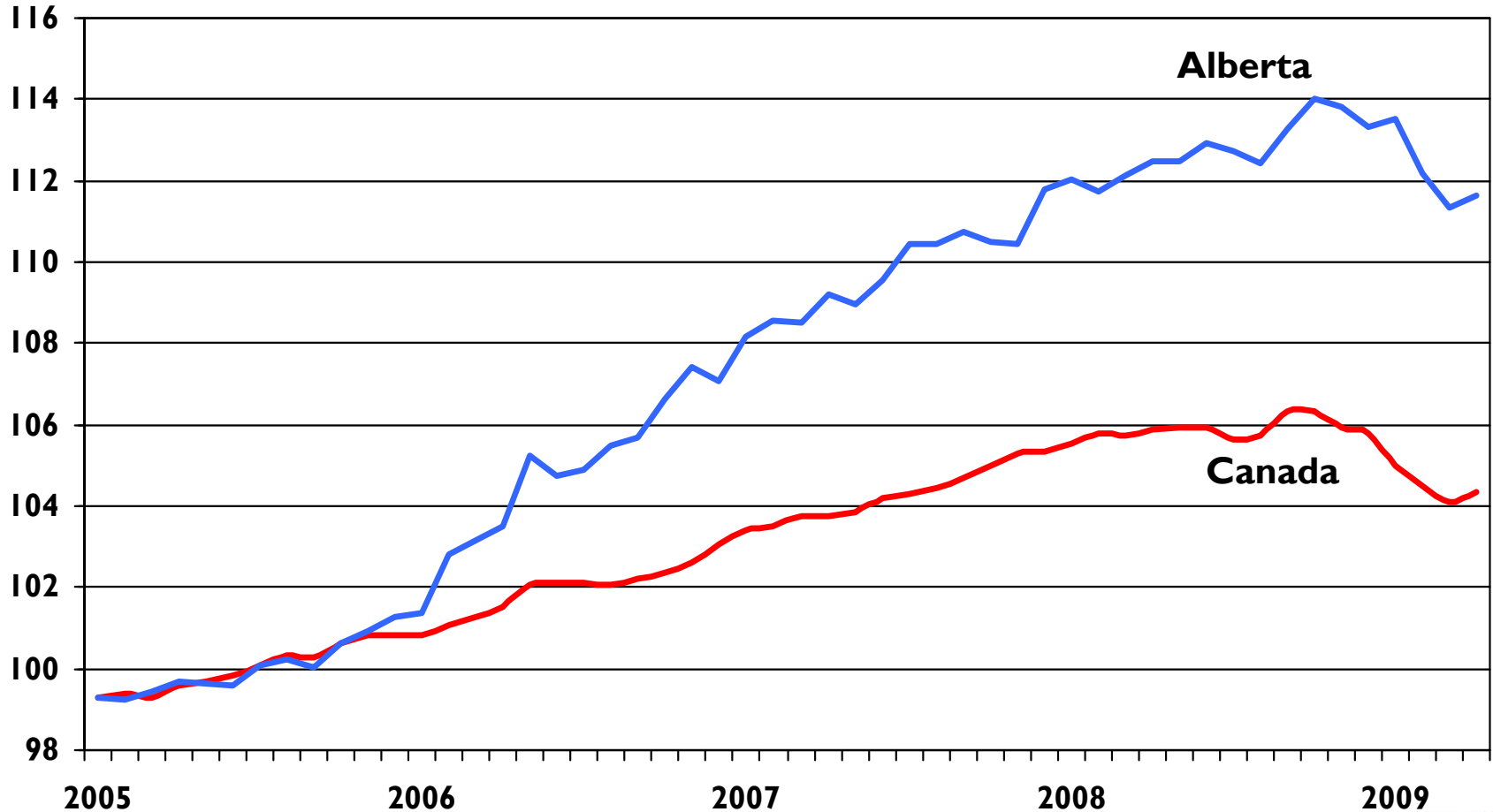
Source: Bank of Canada, Canadian Bankers Association, CREA, CMHC research



Alberta Employment Growth

42,000 jobs have been lost in last few months, all full-time

employment index (Jan 2005=100)



Source: Statistics Canada, Seasonally Adjusted, CMHC Calculation

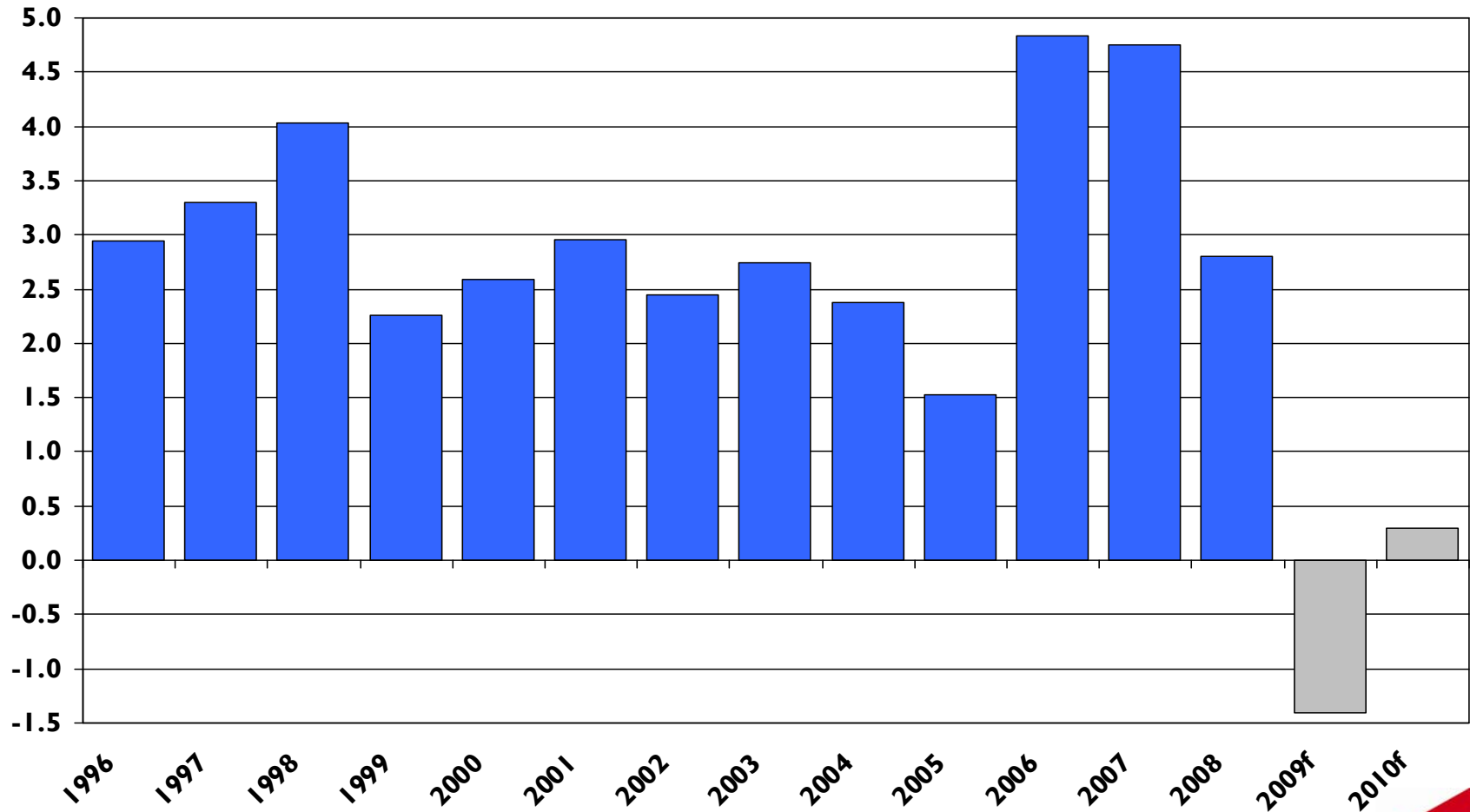




Alberta Employment Growth

First employment loss since 1992, modest gain expected in 2010

per cent change, average employment



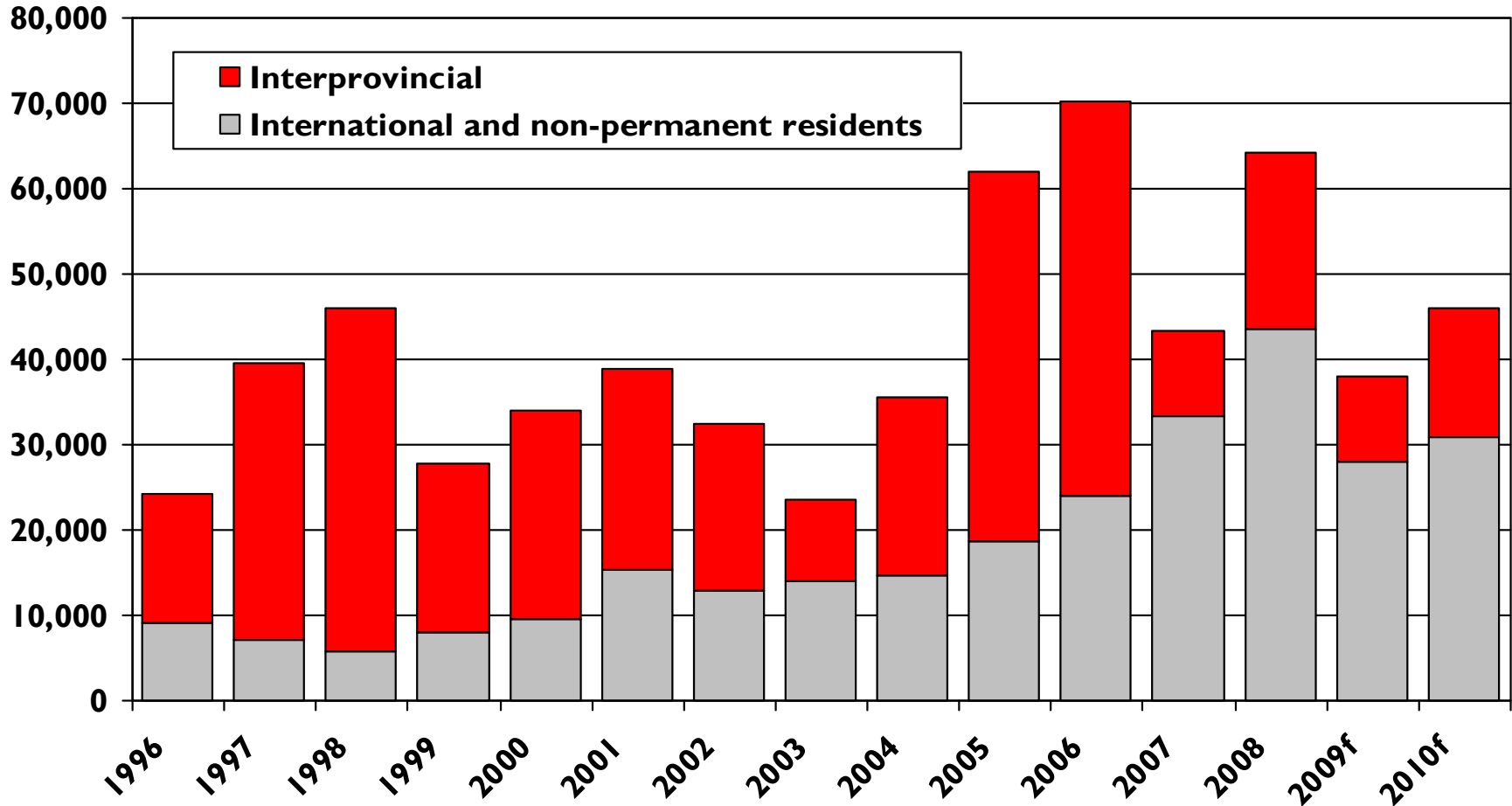
Source: Statistics Canada, CMHC Forecast (f)



Alberta Total Net Migration

Weaker labour market will draw fewer migrants

net migration



Source: Statistics Canada, CMHC Forecast (f)



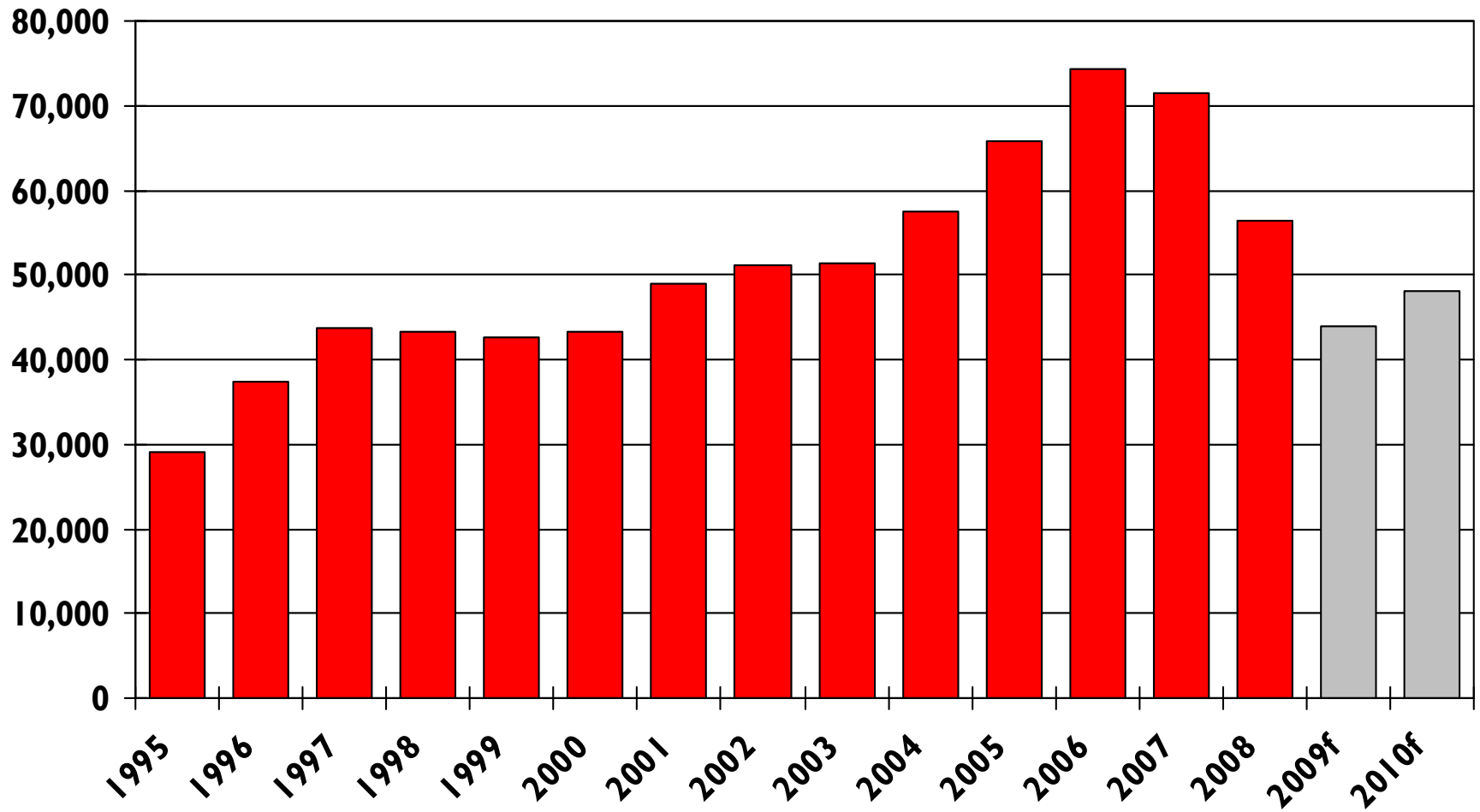
ALBERTA'S RESALE MARKET...





Alberta MLS[®] Residential Sales

Further moderation following the sharpest decline since 1982



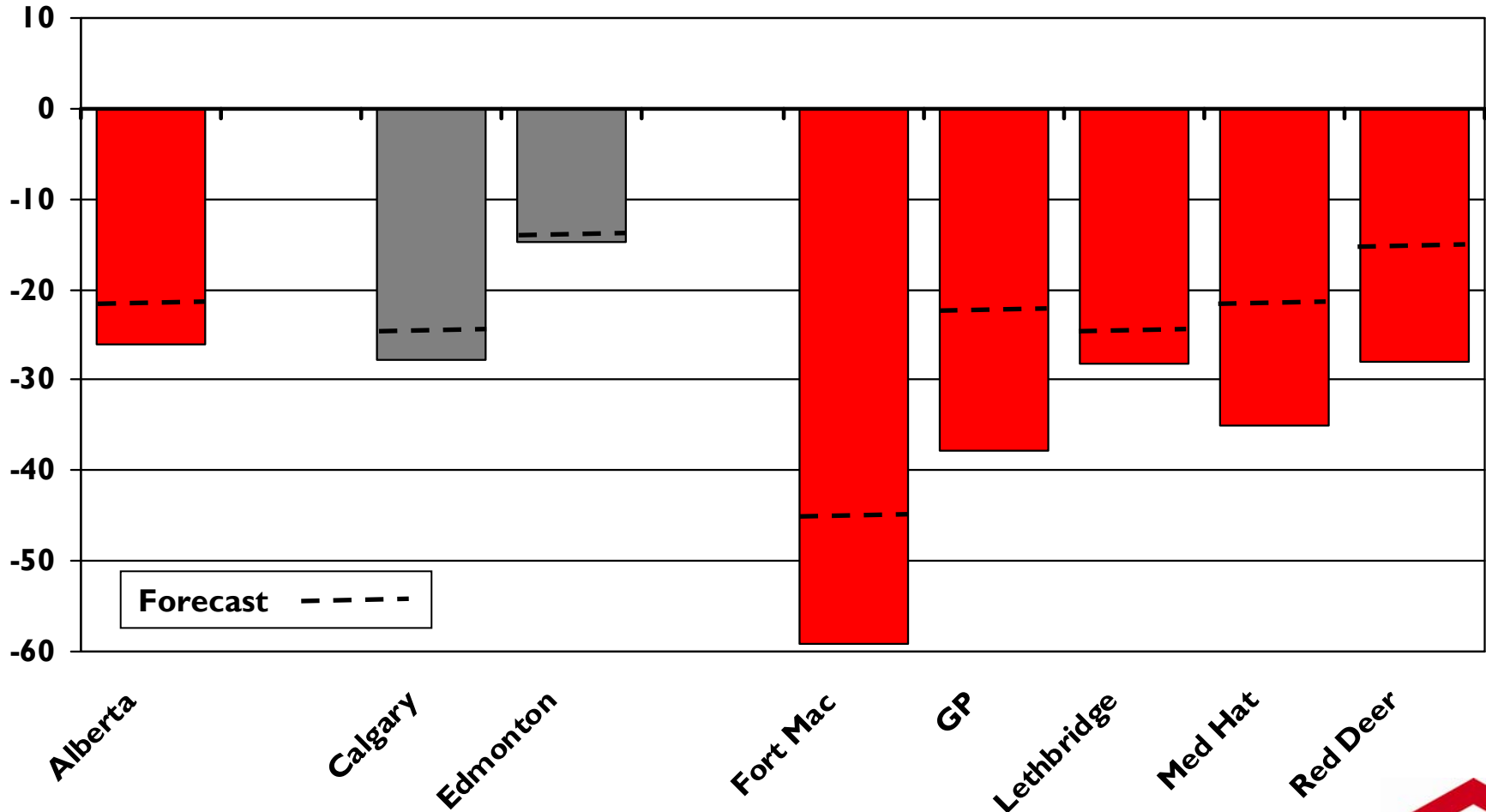
Source: CREA, CMHC Forecast (f)



Alberta Yr/Yr % Change in Sales YTD

Sales thus far have recorded sharp declines across the province

YTD per cent change (2009/2008)



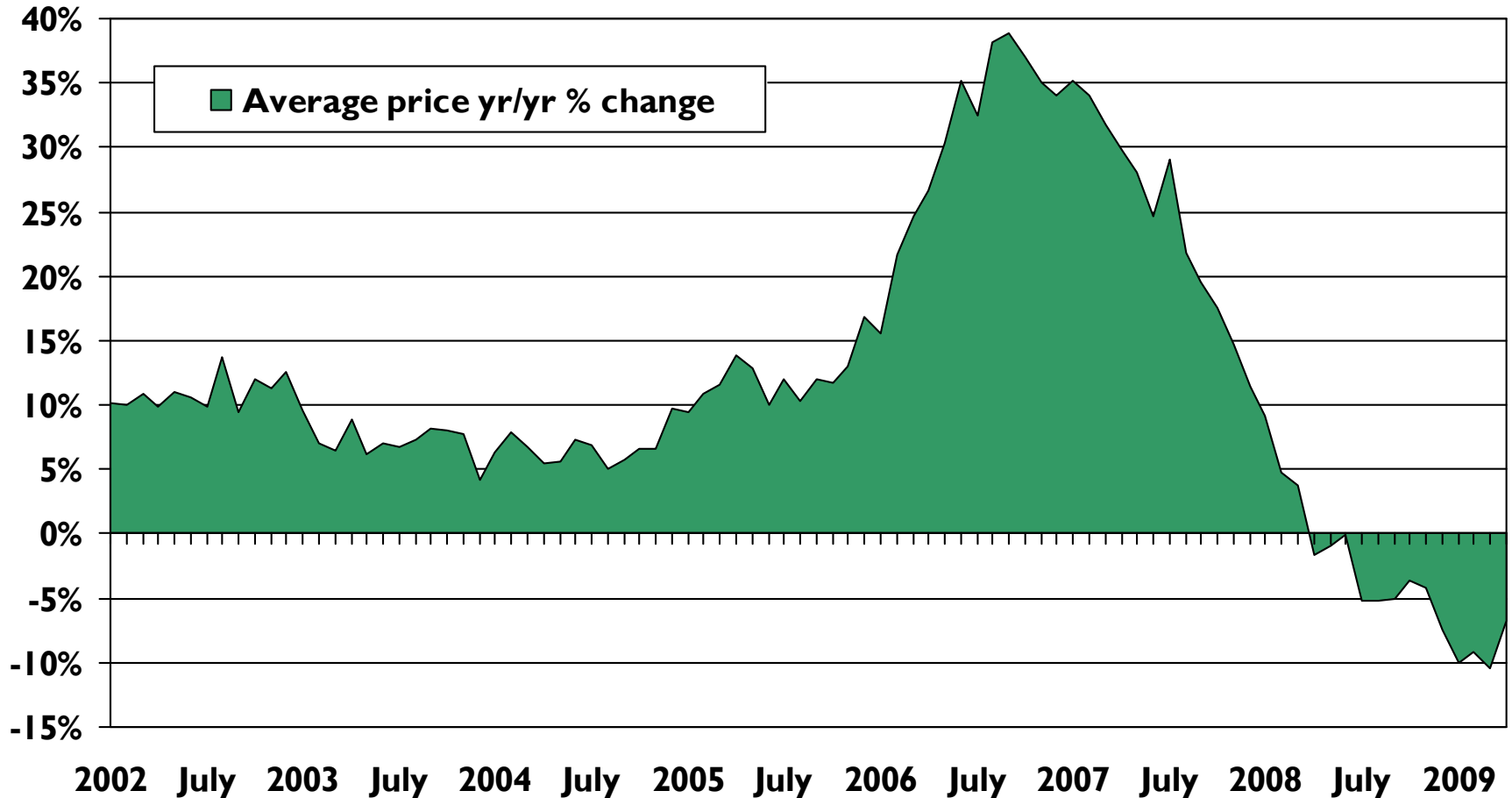
Source: CREA, CMHC calculation, YTD April



Alberta Resale Price Growth (Yr/Yr)

Recent price declines should provide opportunities for buyers

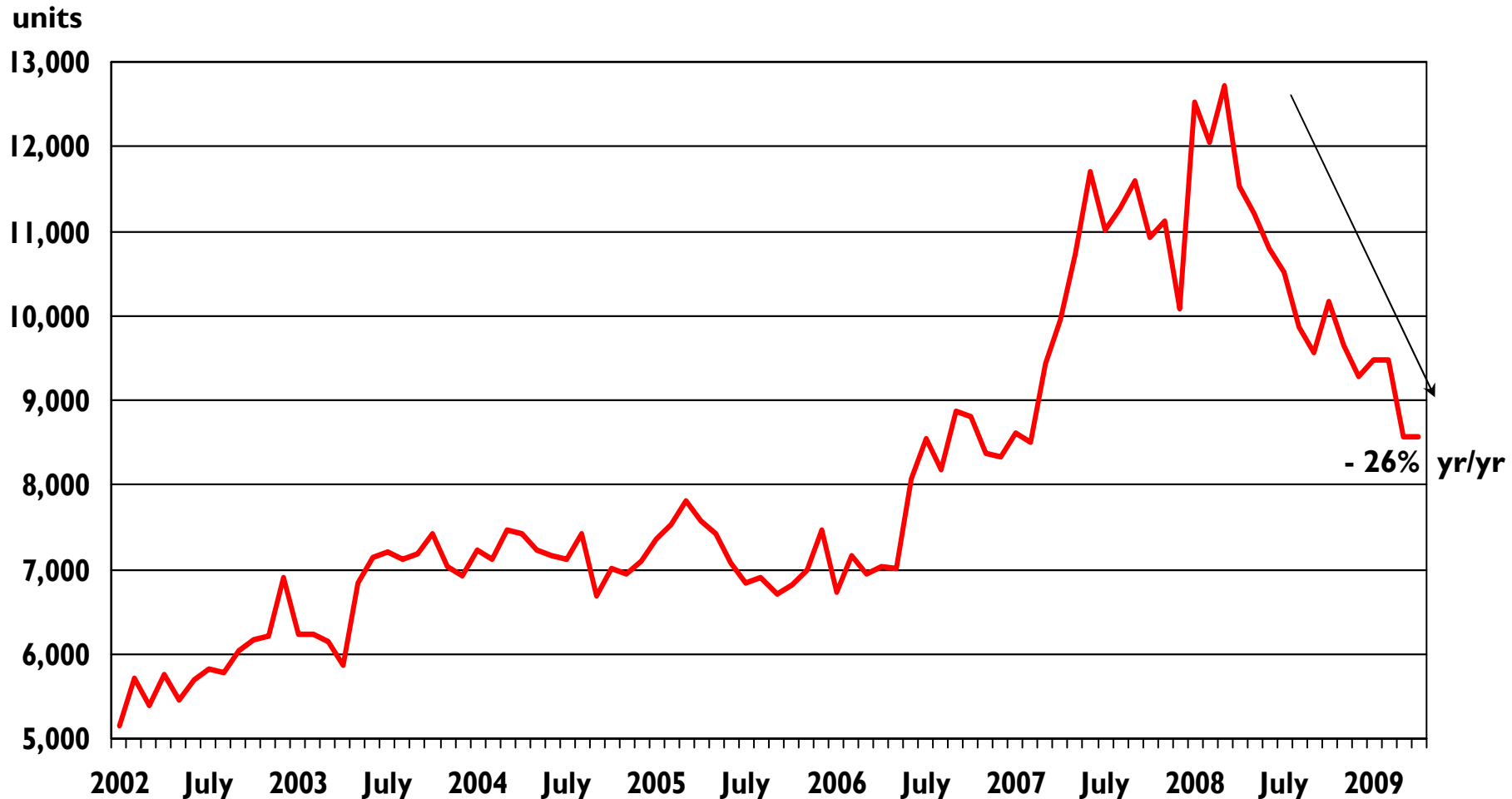
yr/yr % change





Alberta Residential MLS® New Listings

New listings have recently declined...



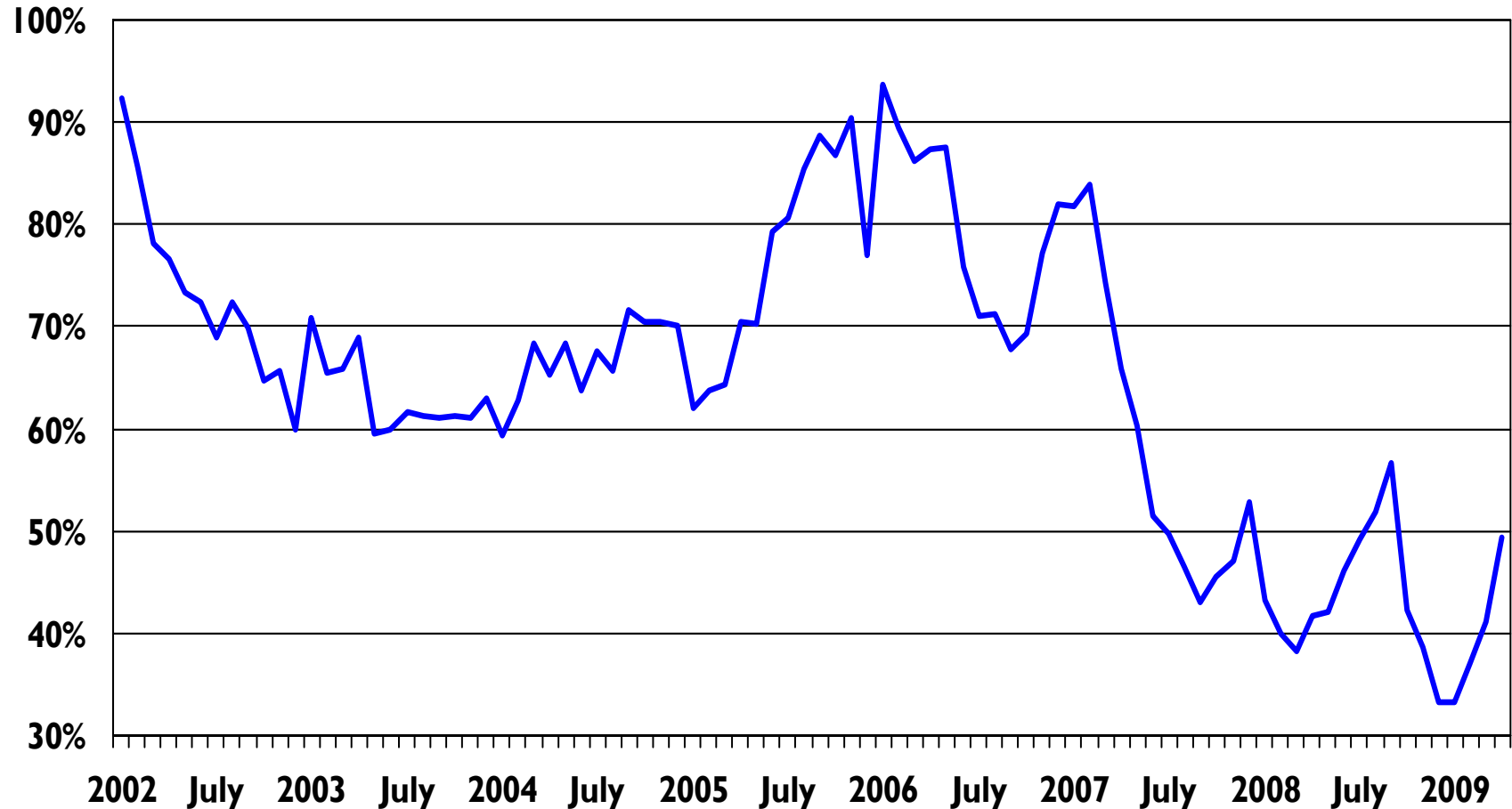
Source: CREA, Seasonal Adjustment by CMHC



Alberta Sales-to-New Listings Ratio

...bottom out in January, now up from 20-yr low

sales-to-new listings ratio



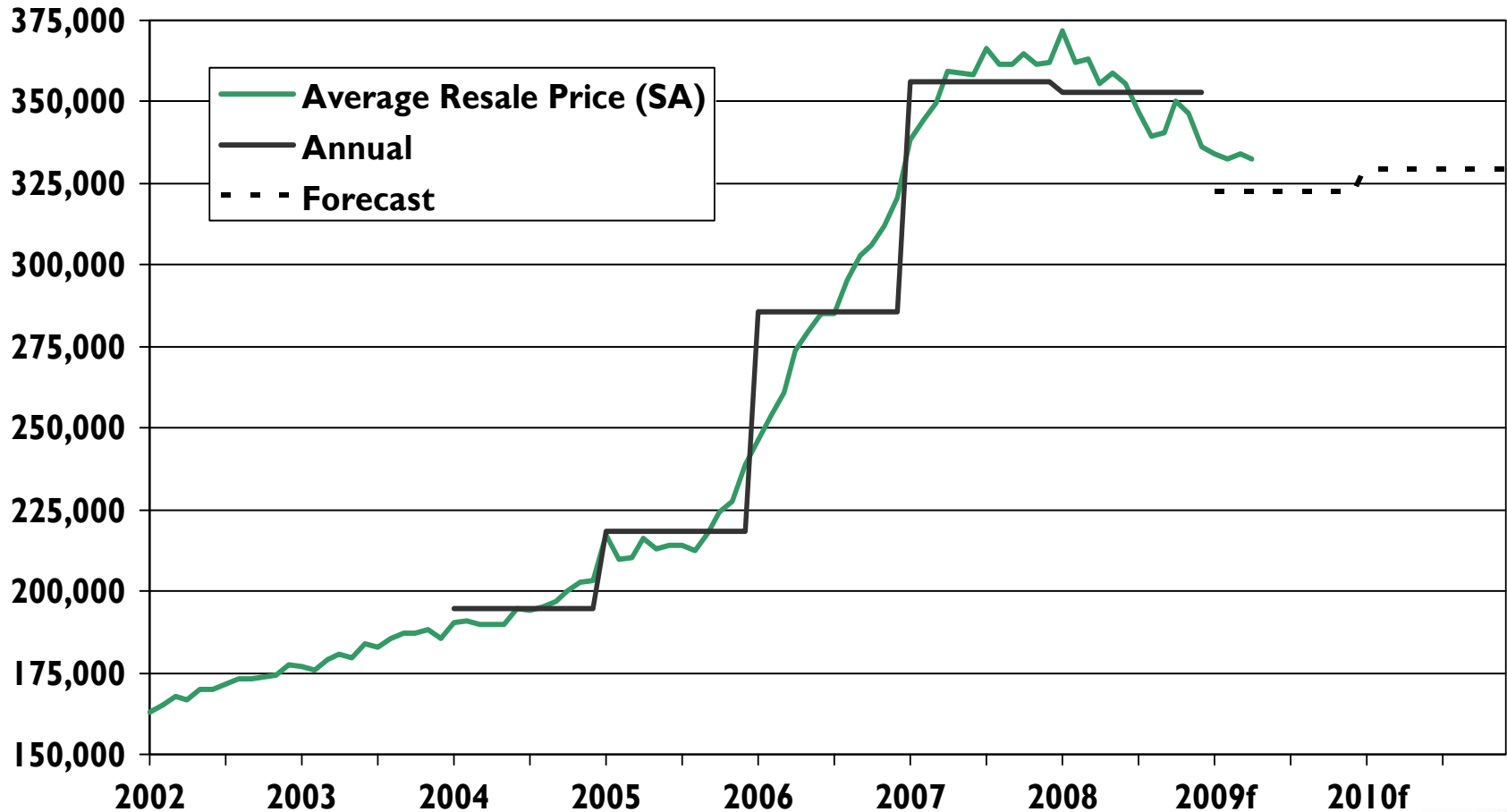
Source: CREA, Seasonal Adjustment by CMHC



Alberta Residential MLS[®] Price

Prices will be slow to recover from first decline in 13 years

average price (\$)



Source: CREA, calculations by CMHC, CMHC forecast



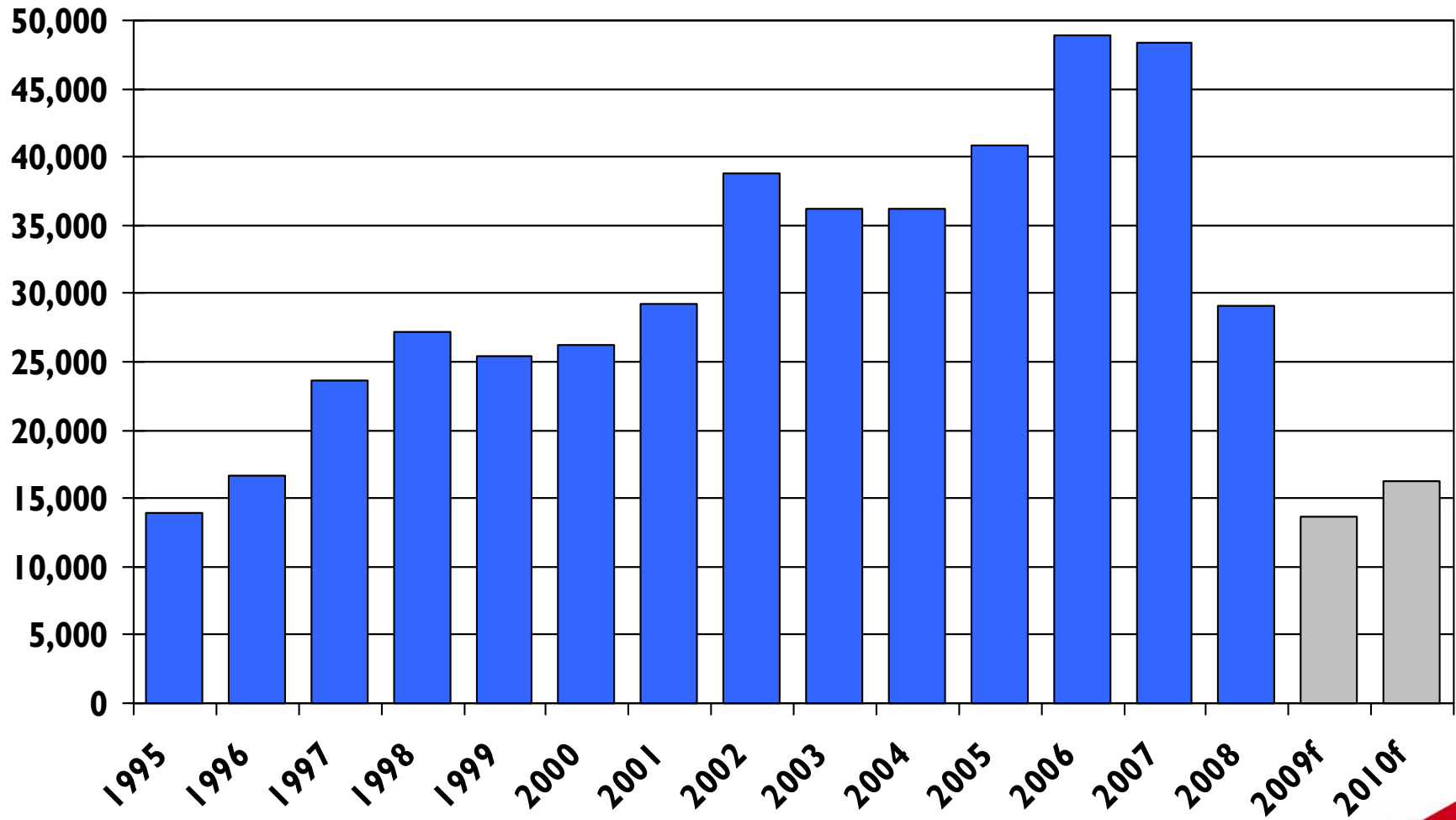
ALBERTA'S NEW HOME MARKET...





Alberta Total Housing Starts

After 40% reduction in 2008, another 53% cut expected in 2009

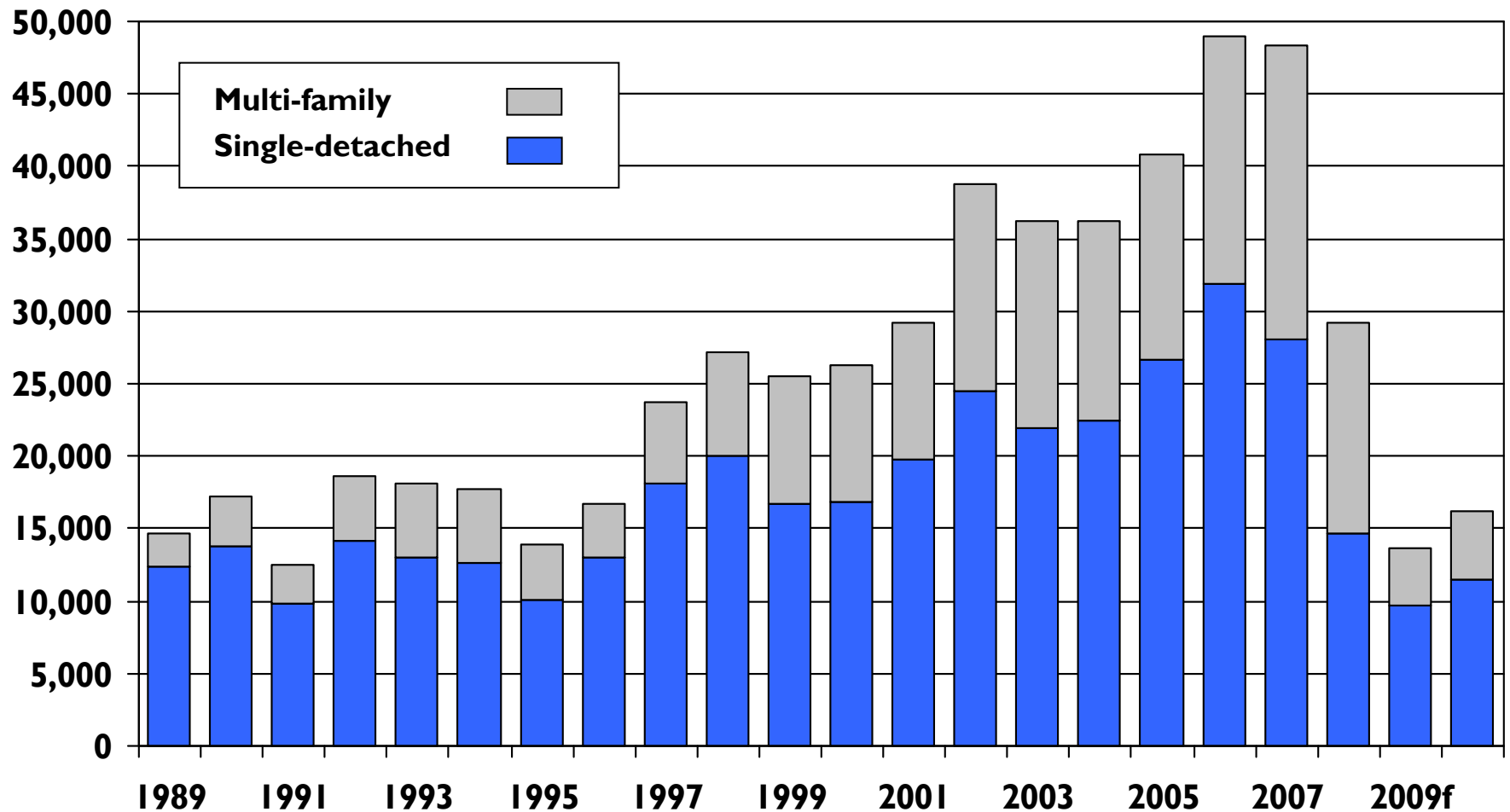


Source: CMHC, CMHC Forecast (f)



Alberta Total Housing Starts

The strongest decline in housing starts will be in multi-family



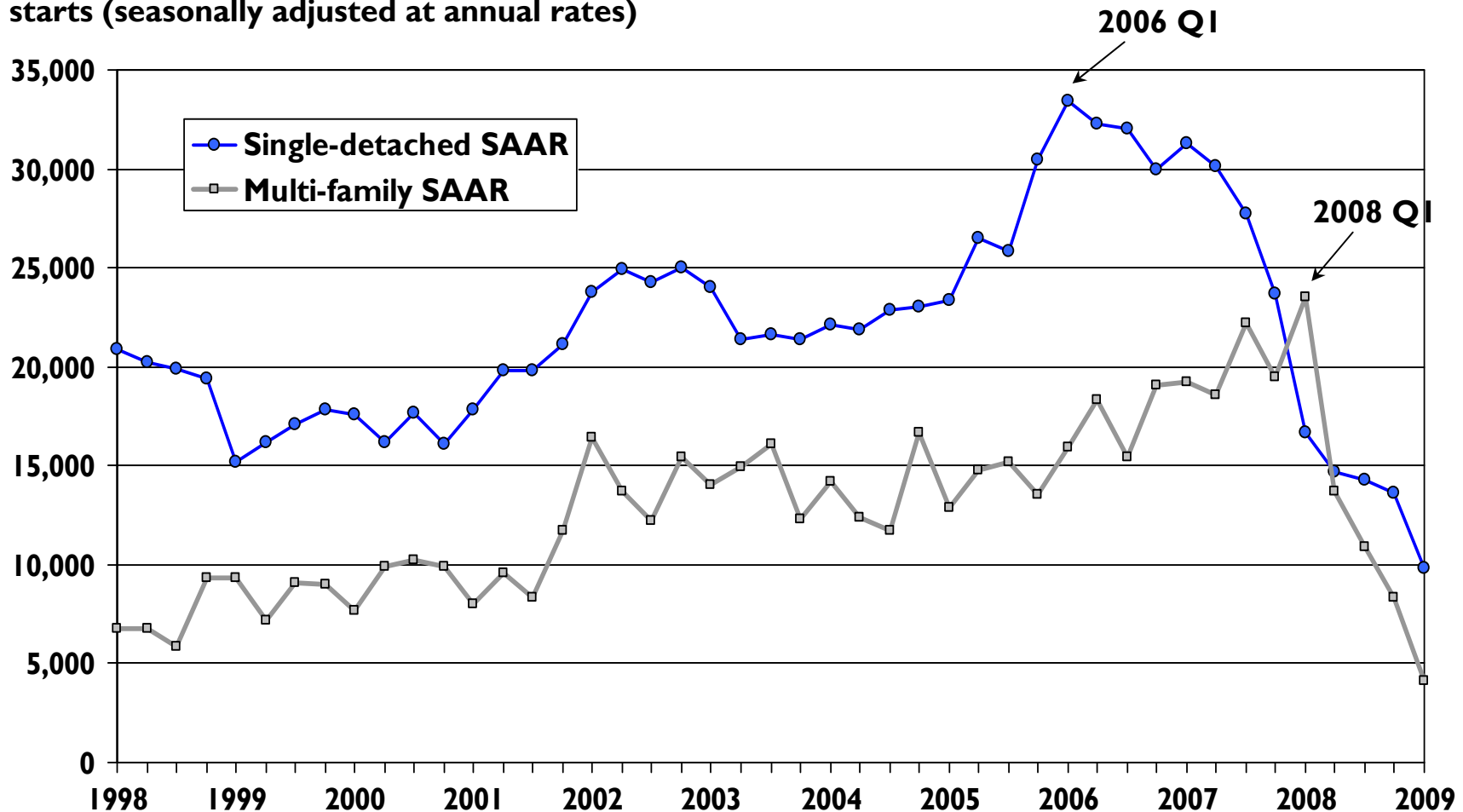
Source: CMHC, CMHC Forecast (f)



Alberta Total Housing Starts - SAAR

Single-detached adjustment started two years before multis

starts (seasonally adjusted at annual rates)



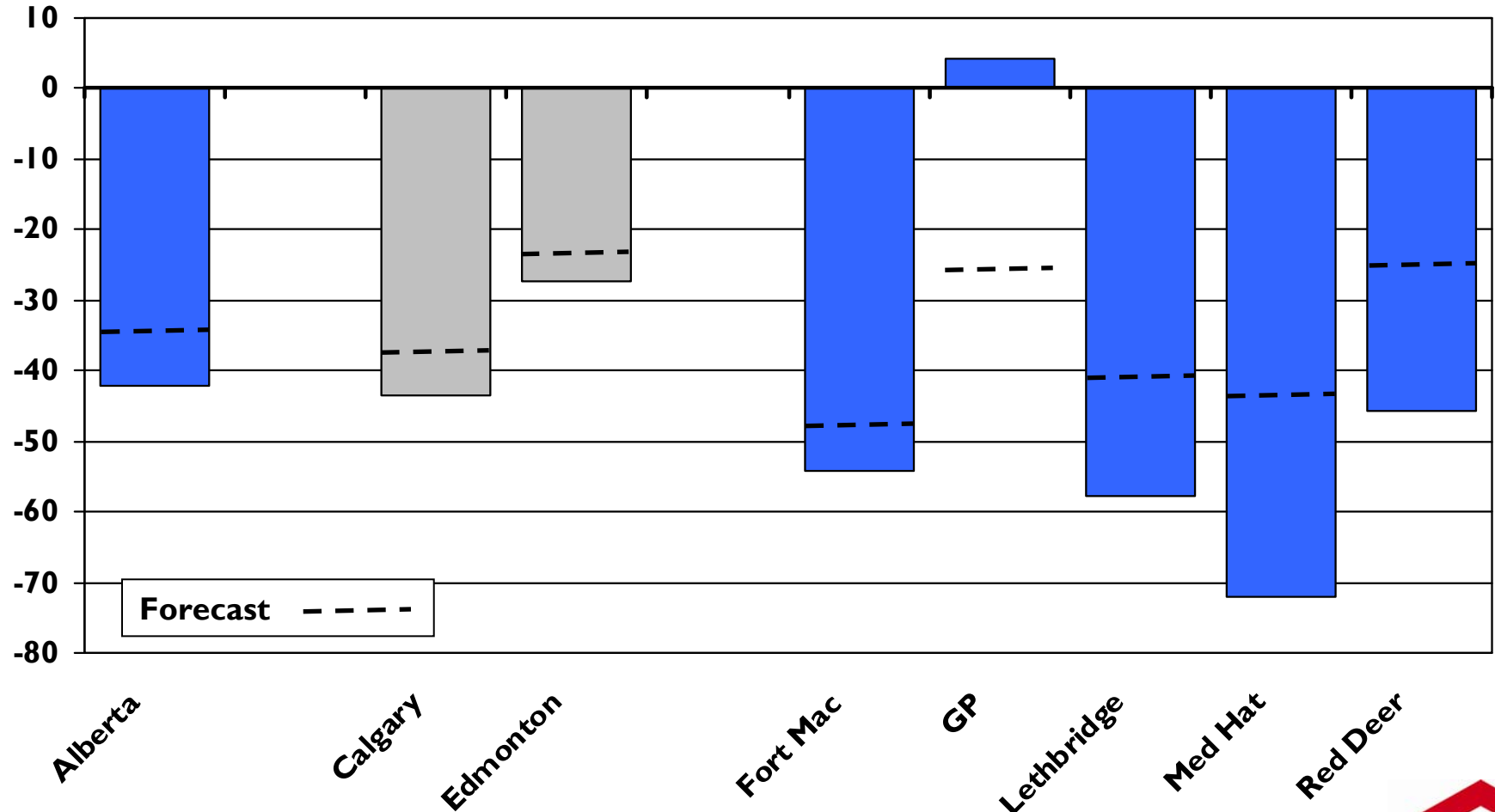
Source: CMHC, calculations by CMHC, CMHC forecast



Alberta Change in Single-detached Starts

Only Grande Prairie has recorded an increase thus far in 2009

YTD per cent change (2009/2008)



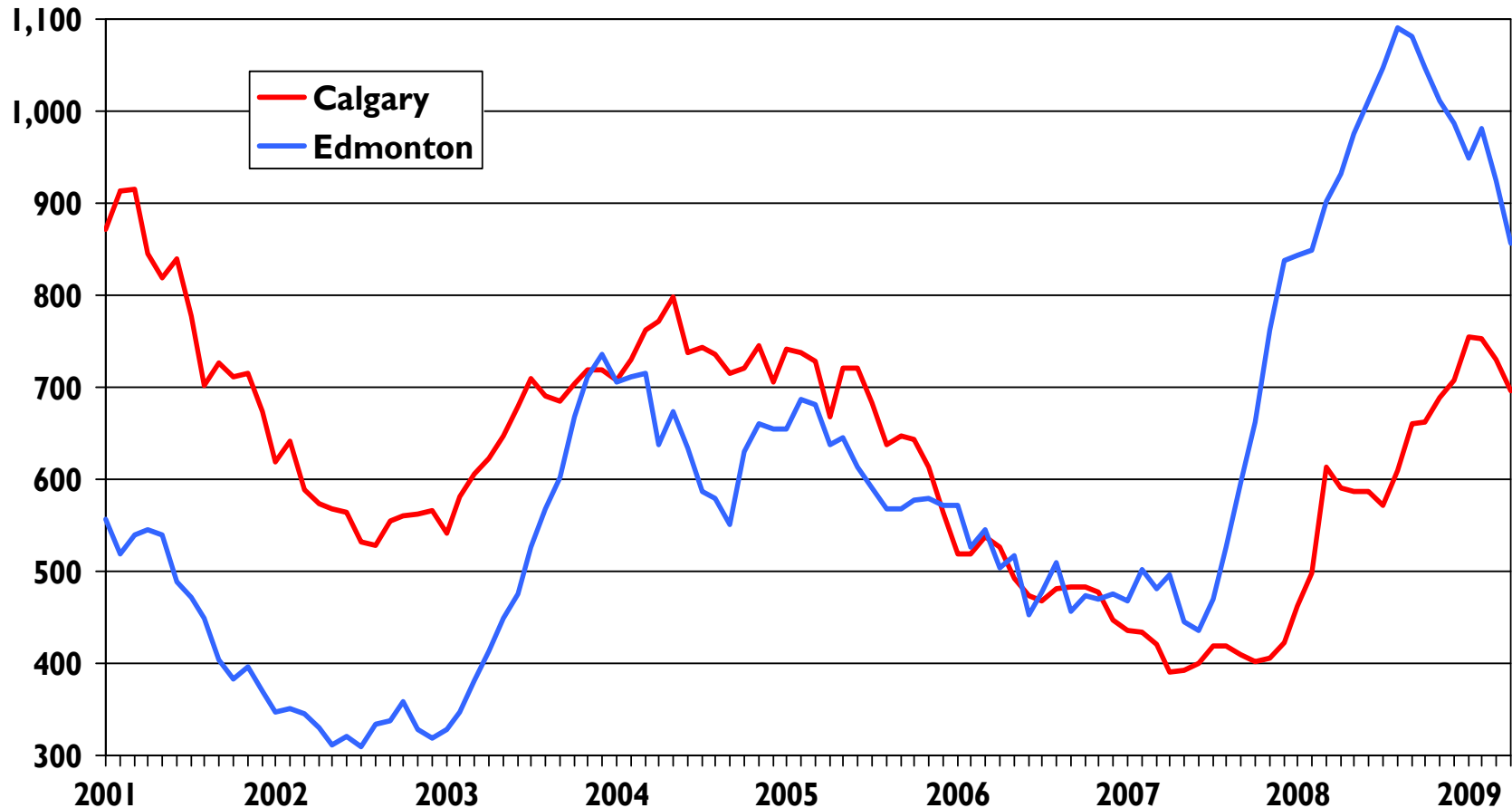
Source: CMHC, YTD April



Single-detached Units in Inventory

Incentives will cut the number of units in inventory

complete and unabsorbed single-detached units



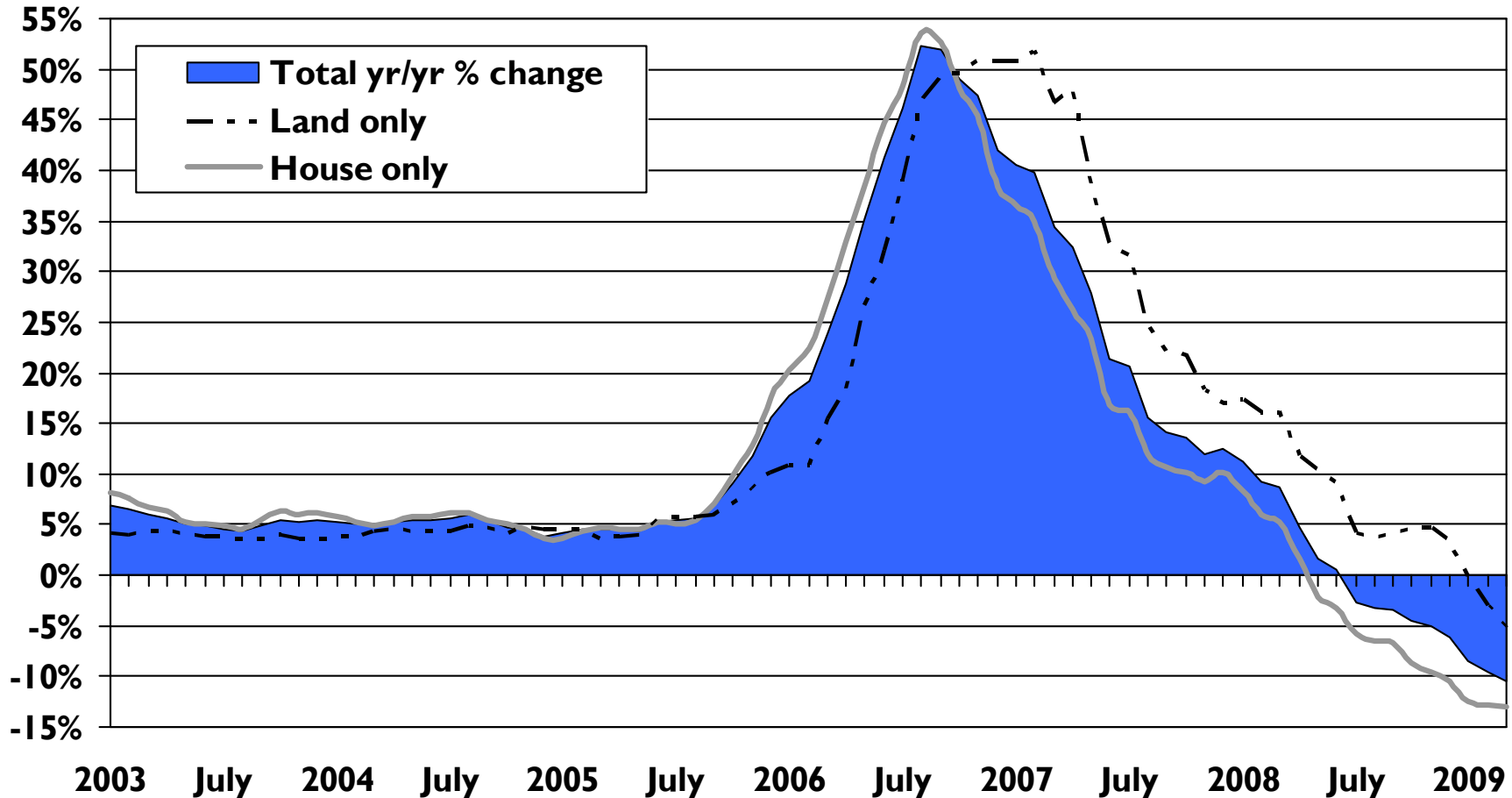
Source: CMHC



Alberta New House Price Index (Yr/Yr)

Recent price declines providing opportunities for buyers

yr/yr % change

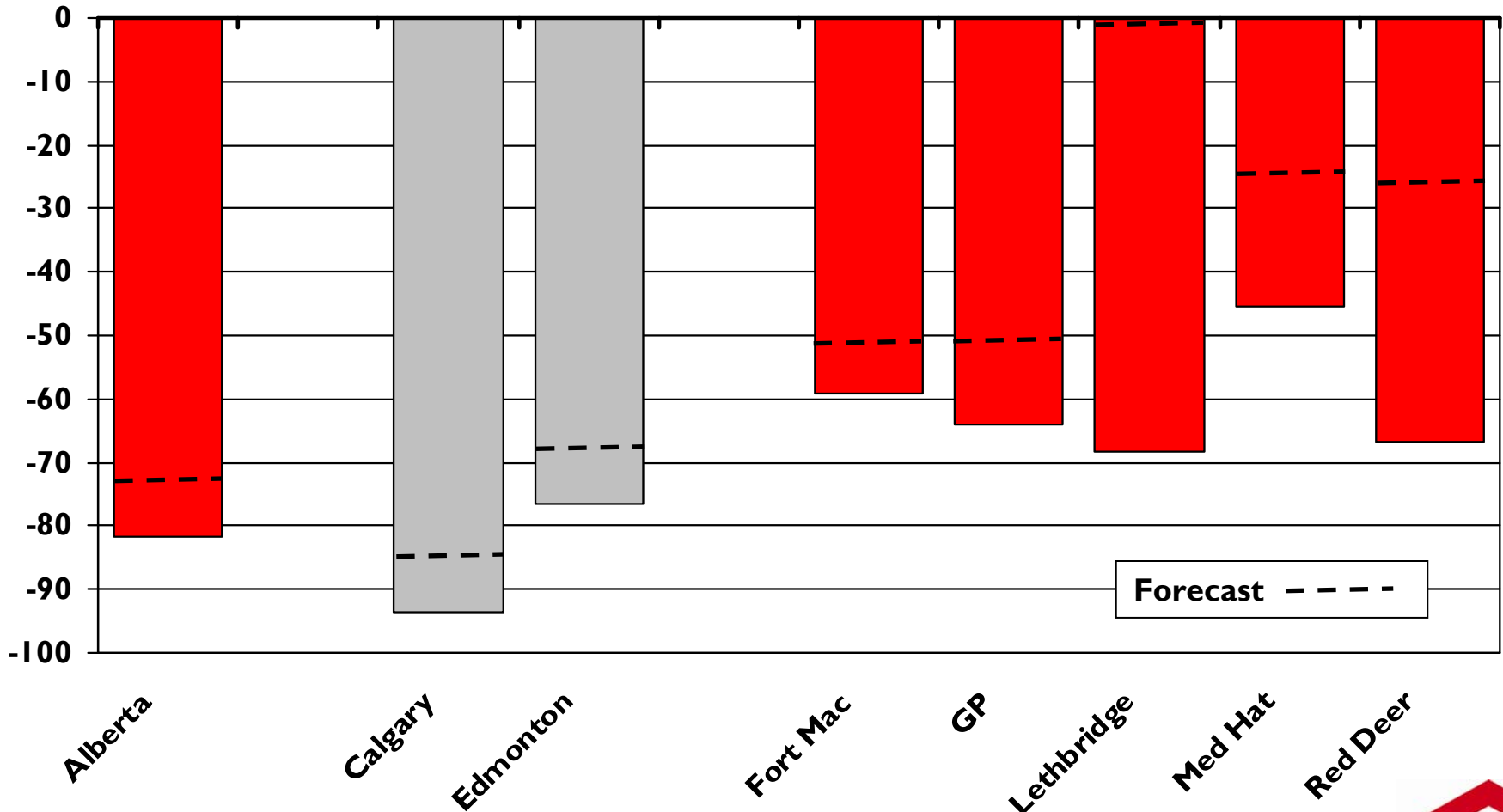




Alberta % Change in Multi-family Starts

Calgary recording the sharpest drop in multiples thus far

YTD per cent change (2009/2008)



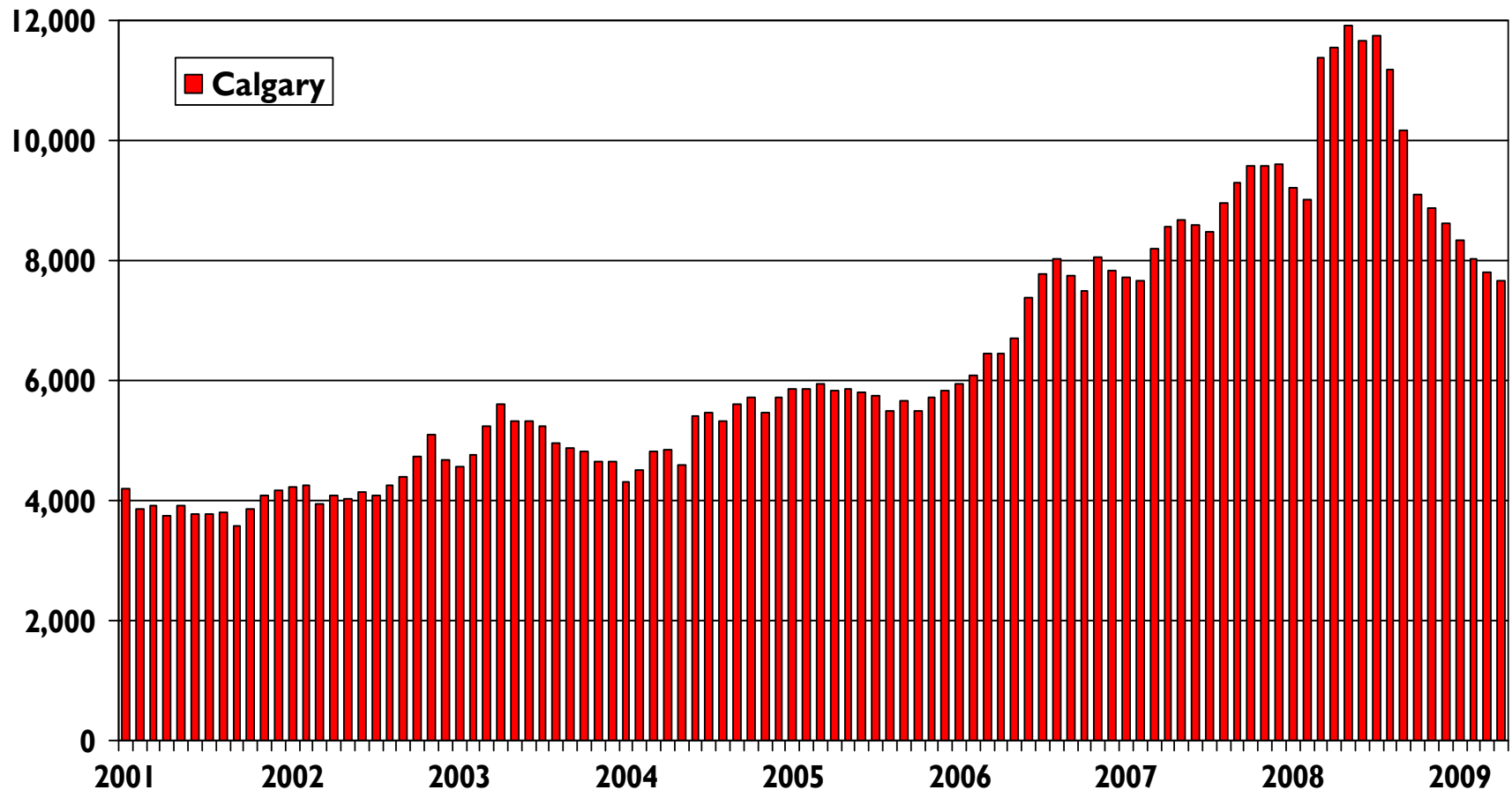
Source: CMHC, YTD April



Multi-family Units Under Construction

Decline somewhat artificial, still threat to higher inventory...

multi-family units under construction



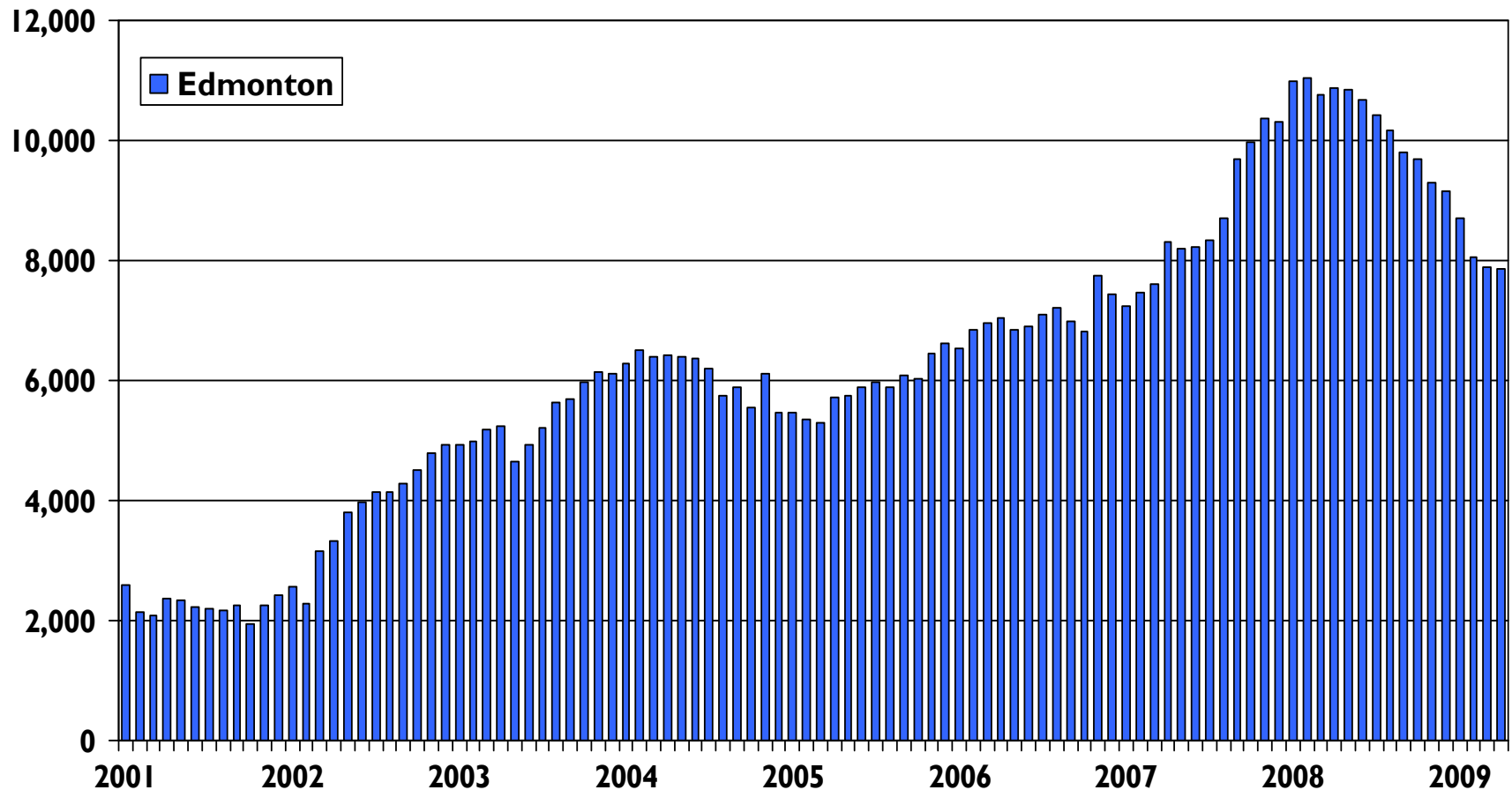
Source: CMHC



Multi-family Units Under Construction

... similar phenomenon in Edmonton, inventory yet to peak

multi-family units under construction



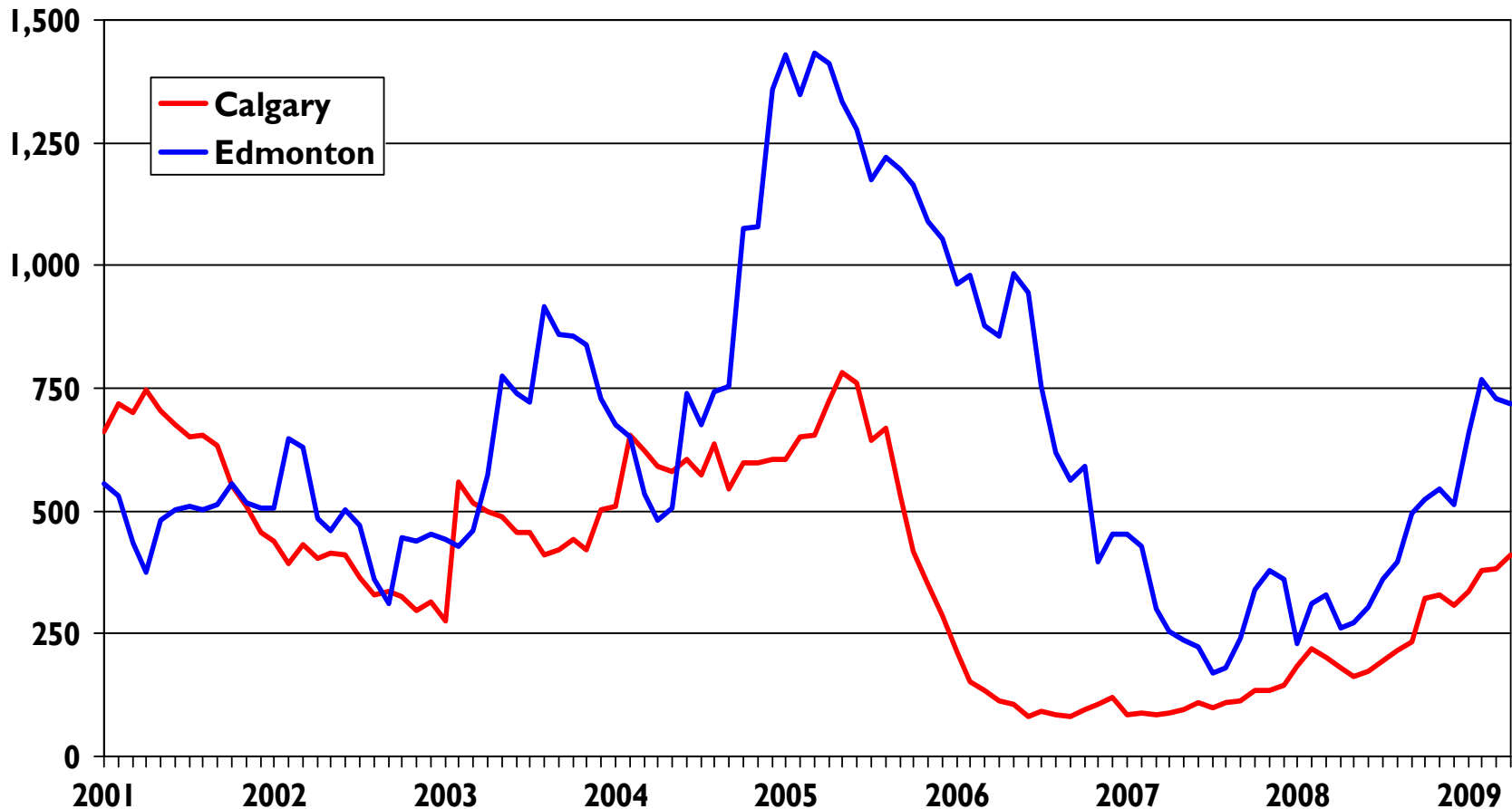
Source: CMHC



Multi-family Units in Inventory

... inventory levels will climb further as units reach completion

complete and unabsorbed multi-family units



Source: CMHC



ALBERTA'S RENTAL MARKET...

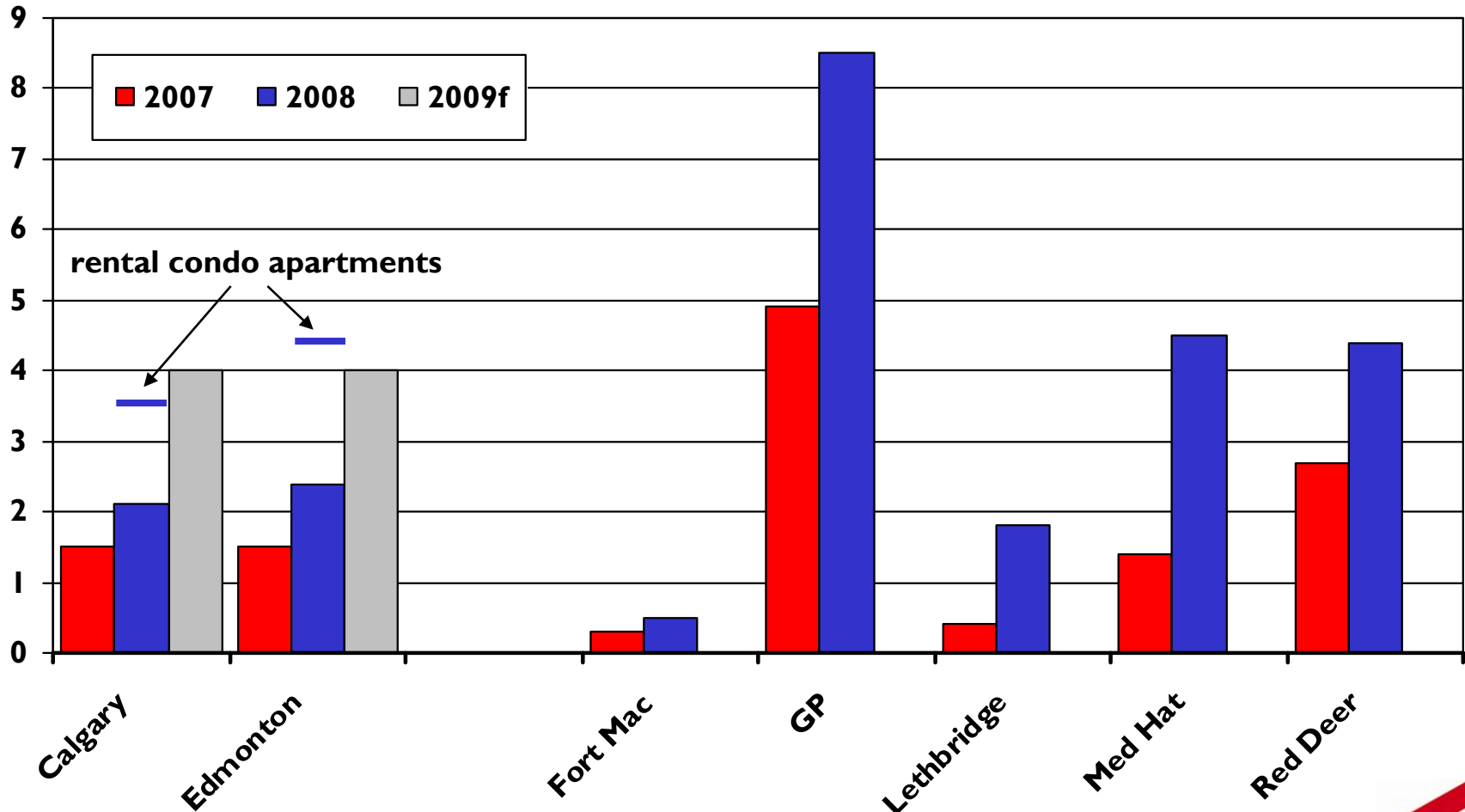




Alberta Apartment Vacancy Rates

Calgary and Edmonton vacancies forecast to increase

per cent



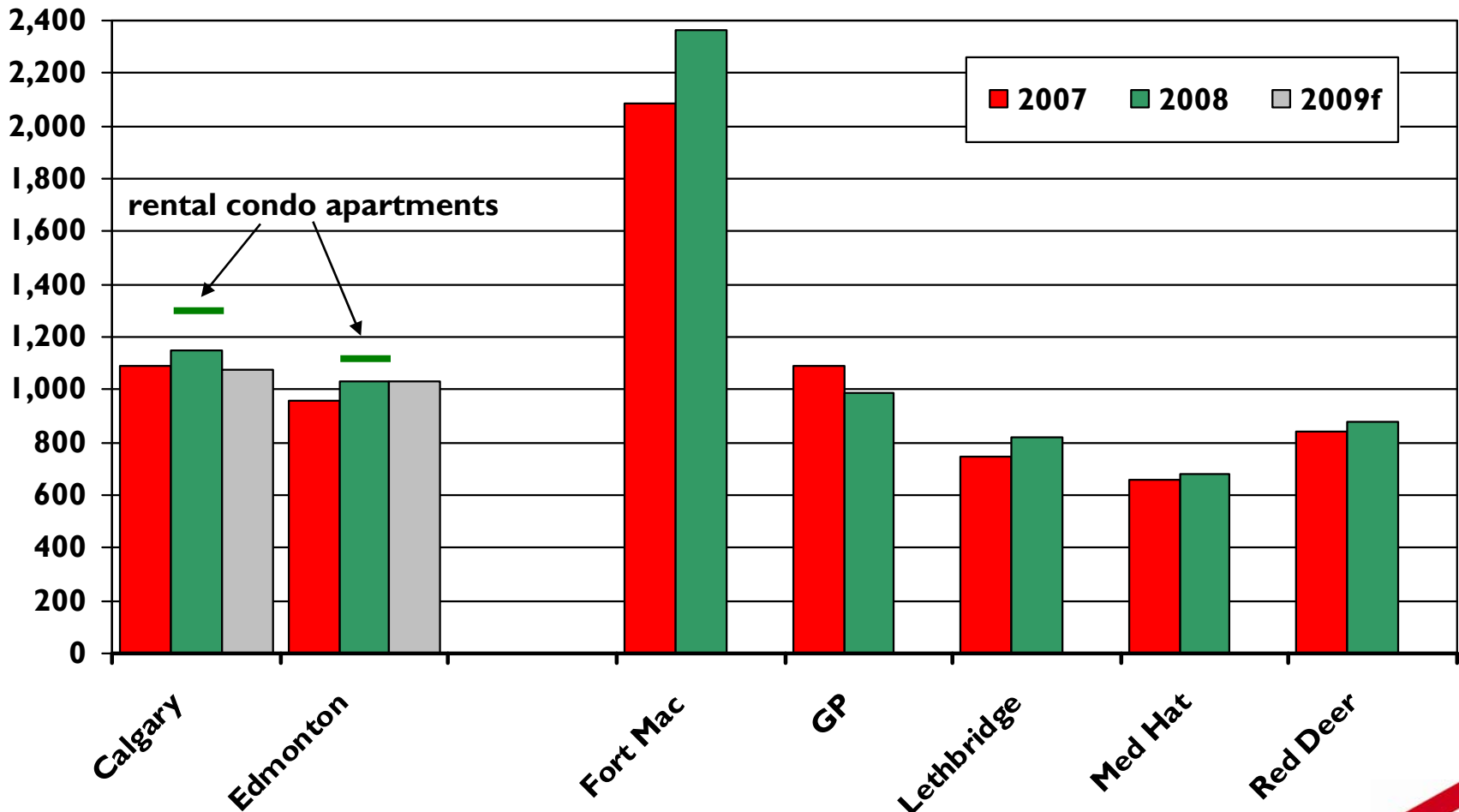
Source: CMHC, October surveys, CMHC forecast (f)



Alberta Average 2-bed Apartment Rents

Expect little, if any, increase to rental rates this year

(\$)
average two-bedroom apartment rent



Source: CMHC, October surveys, CMHC forecast (f)



Alberta Forecast Summary

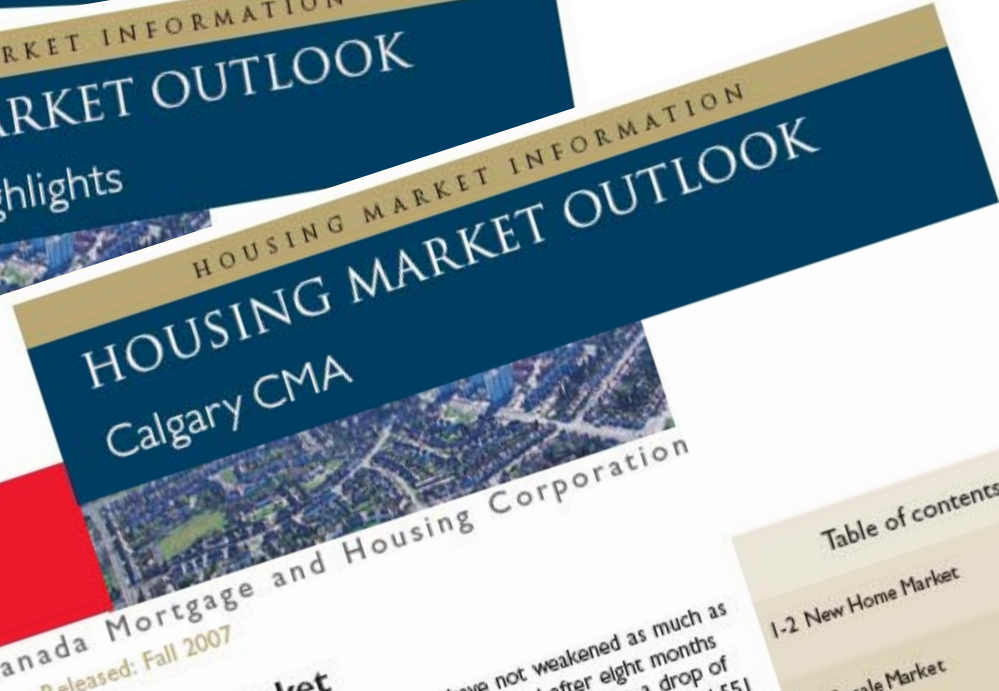
	2007	2008	2009f	2010f
<i>Economy</i>				
Real GDP Growth	3.1%	1.5%	-2.3%	1.5%
Employment Growth	4.7%	2.8%	-1.4%	0.3%
Net Migration	43,252	64,126	38,000	46,000
<i>New Home Market</i>				
Single-detached Starts	28,105	14,716	9,700	11,500
Multi-family Starts	20,231	14,448	4,000	4,700
<i>Resale Market *</i>				
Total MLS® Sales*	71,430	56,399	44,000	48,000
Average Price**	\$356,235	\$352,857	\$322,500	\$329,000

Source: CMHC, Statistics Canada, CREA, * Total Residential, CMHC Forecast



CMHC's Forecast Publications

<http://www.cmhc.ca/en/inpr/homain/index.cfm>



Canada Mortgage

Date Released: First

Housing starts

Overview

Housing starts

2008: 211,700

2009: 204,700

Resales:

2008: 499,650

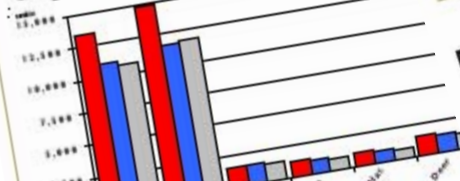
2009: 488,300

Canada Mortgage and
 Date Released: First Quarter 2008

**Starts to drop in Alberta
 and Manitoba will remain**

Figure 1

Total Housing Starts
 Calgary and Edmonton will experience



Housing starts: Housing starts were in 2007 at 228,343 units, up slightly from 2006. Starts are expected to fall in 2008 about to 212,000 units and to 204,000 in 2009.

New Home Market Pull-Back
 Housing starts in the Calgary area have pulled back from the total

starts have not weakened as much as single starts and after eight months have reached 4,001 units, a drop of just over 12 per cent from the 4,551 units started in the same period last year. A record level of active listings in the resale market, rapidly rising amortization costs caused by large improvements and an upward impact on mortgage rates will impact housing starts by

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THANK YOU!

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CMHC  SCHL