



According to a couple of Canada's top economic prognosticators, Calgarians should be prepared for a period of steady, if unspectacular, growth in several of the city's key sectors.

Speaking to nearly 1,000 eager listeners at the Hyatt Regency Ballroom in downtown Calgary, Craig Alexander, senior vice president and chief economist for TD Bank Financial group, and Mario Lefebvre, director for the Centre for Municipal Studies at the Conference Board of Canada, laid out a forecast that would see the city once again leading the way in economic growth nationwide come 2011.

"Things are turning around, and they're turning around rapidly," said Lefebvre of Calgary's prospects for the near future, eventually adding that Calgary's economy should grow by 3.5 per cent this year, and by 4.2 per cent in the following years until 2014.

Lefebvre's presentation, which concentrated more on the specific outlook for the Calgary economy than Alexander's Canada-wide approach, provided a wealth of good news for those in attendance. Apparently treating Calgary's most recent census numbers, which showed an increase of just 6,060 residents over the population recorded last year, as an anomaly rather than a trend, Lefebvre said that the city's population growth should provide a solid base for a return to prosperity in the Calgary economy.

"[Calgary] has one huge fundamental [advantage] in this community that all the communities I have the luxury of visiting every year dream of having — the one economic fundamental that everyone is chasing. Calgary has had it for years, and I don't see it changing - it's population growth."

Population growth, added Lefebvre, is a determining factor in nearly every sector of the economy, including housing and consumer

spending. Lefebvre's predicted population growth for Calgary over the next three years averages around two per cent, which would represent a vast increase from the 0.57 per cent population increase experienced last year.

"[Population growth] means strong housing requirements. The only reason you can build 10,000 homes is because you have 25,000 additional people in your community every year," said Lefebvre. "Consumer spending is literally propelled by additional population. It means you have more people inside your shopping malls, and they're not just buying toques and mitts — they're buying furniture and appliances and more."

Lefebvre also predicts that, save for the abnormalities at the peak of Calgary's boom, the housing market should also make a return to normalcy, with housing starts numbering around 9,000/year from now until 2011.

"We are seeing a construction rebound that is already in the numbers. This is already happening. This is not a wish list."

According to Lefebvre, the one key ingredient that is currently missing from a complete recipe for success in Calgary is job creation. With Calgary's current level of unemployment hovering around seven per cent and falling, Lefebvre says there is still a little ways to go before job creation is once again a strength in the city, but also cautions against an unemployment rate that is too low.

"While you may not be pleased with the unemployment rate today, you certainly don't want it to go to where it was in 2007. It was crazy at that time — trying to hire someone was a constant fight. You do not want it to go back there. You probably want it somewhere between [four per cent and five per cent]."

Rather than representing any serious shortcomings in the Calgary economy, Lefebvre chalks much of the sluggish performance of consumer spending in the city, which fell by nearly 8 per cent in 2009 to \$20.6 billion, to a lack of confidence amongst buyers.

Stating the steady four per cent increase in the disposable income of Calgarians, Lefebvre and the Conference Board of Canada expect retail sales in the province to make a significant surge in the next few years, growing by nearly \$7 billion before the end of 2014.

One of the key points stressed by both speakers was

that Canada was essentially “pushed” into a recession by the economic collapse south of the border. The claim, along with the idea that Canada is already showing plenty of signs of recovery, made up the majority of Craig Alexander’s global forecast, which also provided those in attendance with plenty of cause for optimism, or at least cautious optimism.

“We’ve had a year now of economic growth. There’s no question that the recovery has taken hold,” said Alexander, who added that much of the fear still surrounding the Canadian and American economies stems from the fact that the recession in both countries was as deep as it was.

But, according to Alexander, the magnitude of the recession itself ironically provides room for increased optimism.

“If you actually plot the depths of the recession compared to the speed of recovery one year later, for every cycle since the Second World War, what you find is a very simple relationship: the deeper the recession, the stronger the rebound.”

In addition to claims that the pace of economic growth being experienced both north and south of the border is consistent with historical averages, Alexander cast aside any notions that either country will experience a “double dip” recession or see deflation take hold.

Other ideas that, according to Alexander, Canadians should become accustomed to, at least for the time being, included a Canadian dollar that is close to on par with its American counterpart, even climbing above par on TD’s end-of-period forecast, as well as the Bank of Canada’s Target Rate remaining at its current level heading into 2011.

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