

OCTOBER 22, 2009



# CALGARY CMA ECONOMIC AND RENTAL MARKET OUTLOOK

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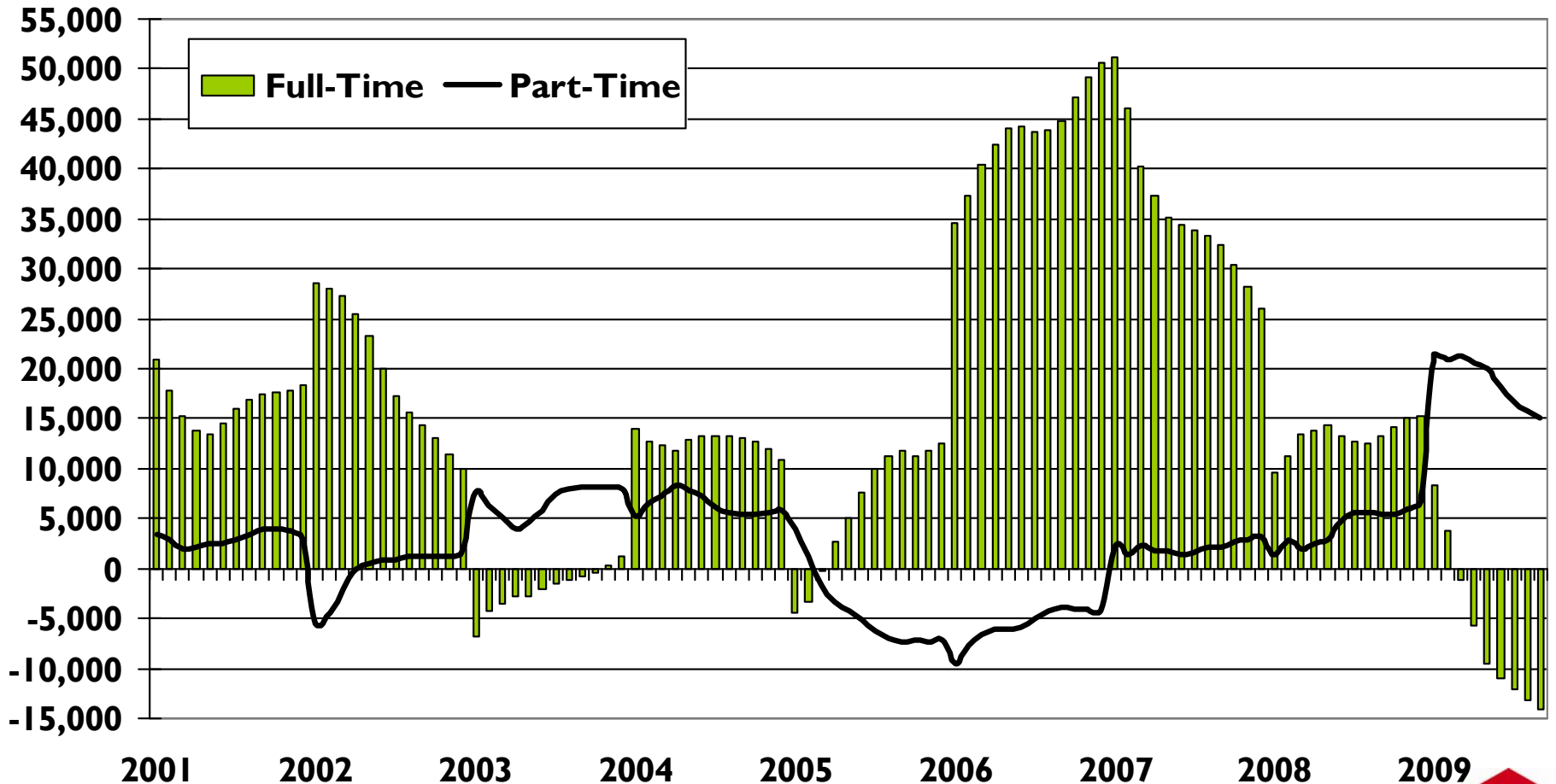




# Calgary CMA – FT vs. PT Job Growth

*Ytd Sept 2009, down 16,800 full-time & up 13,500 part-time jobs*

ytd average yr/yr employment growth

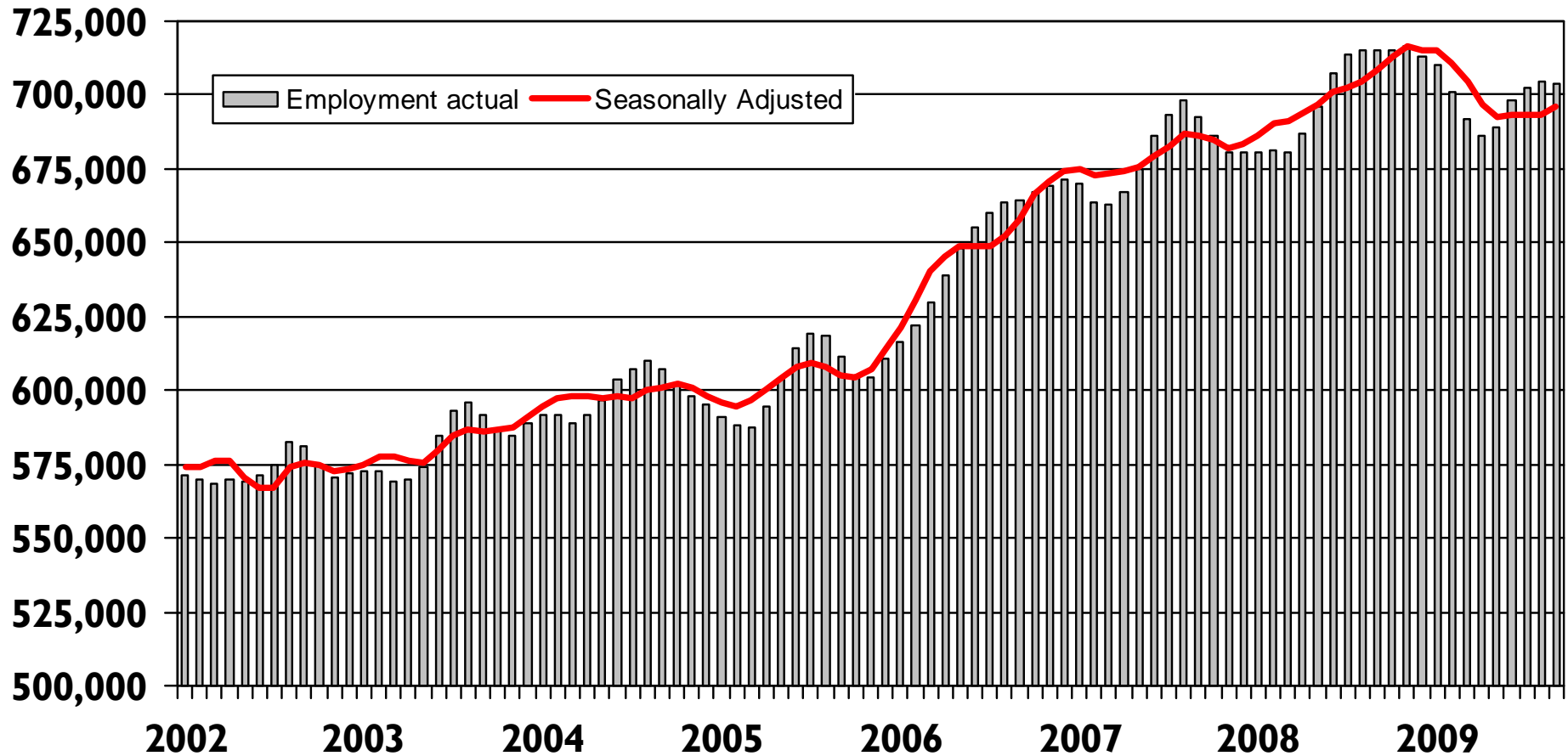




# Calgary CMA – Employment

## *Employment gaining ground*

number of people employed

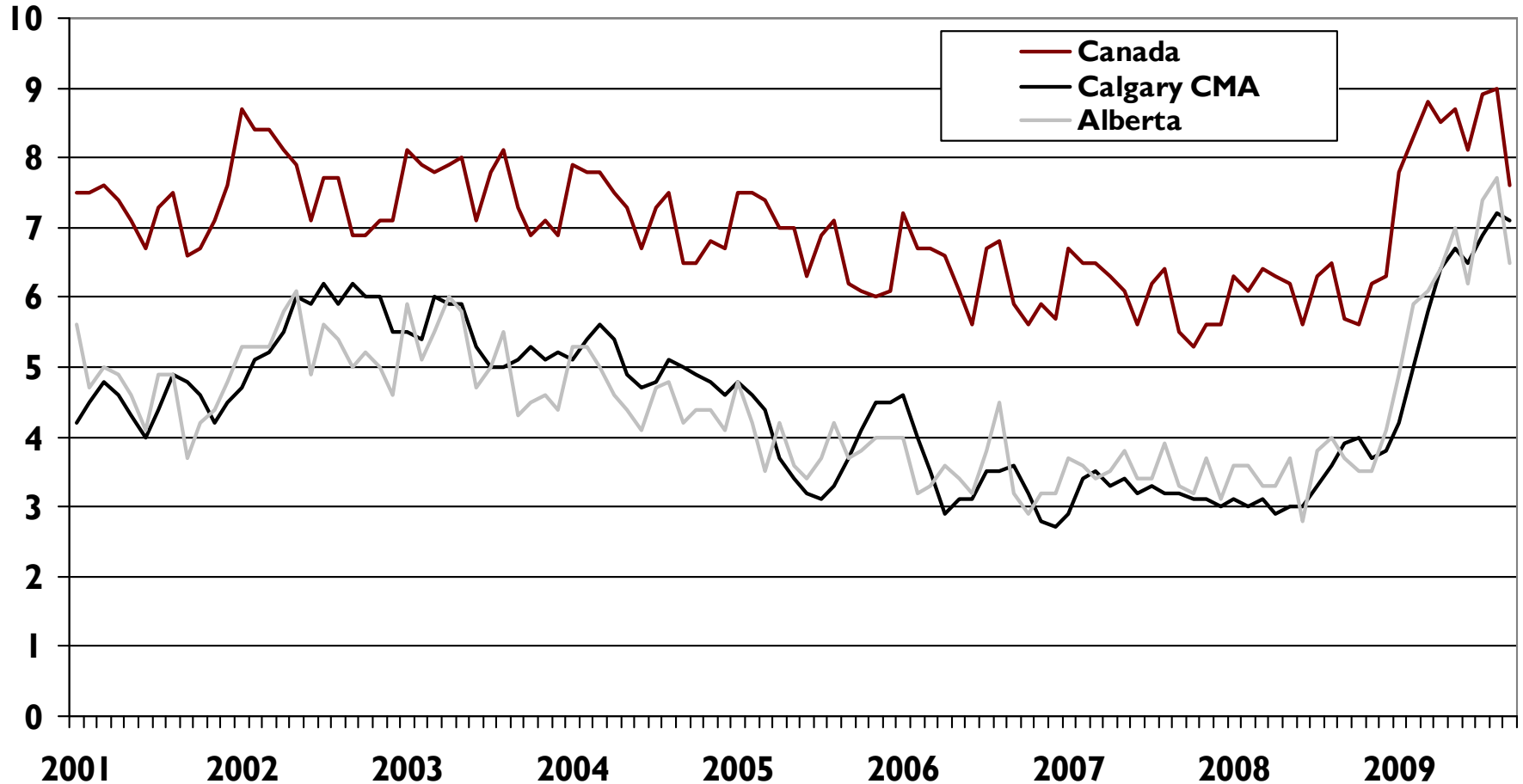




# Unemployment Rates

**Sept 2009 Calgary CMA unemployment rate 7.1%**

actual unemployment rate (%)



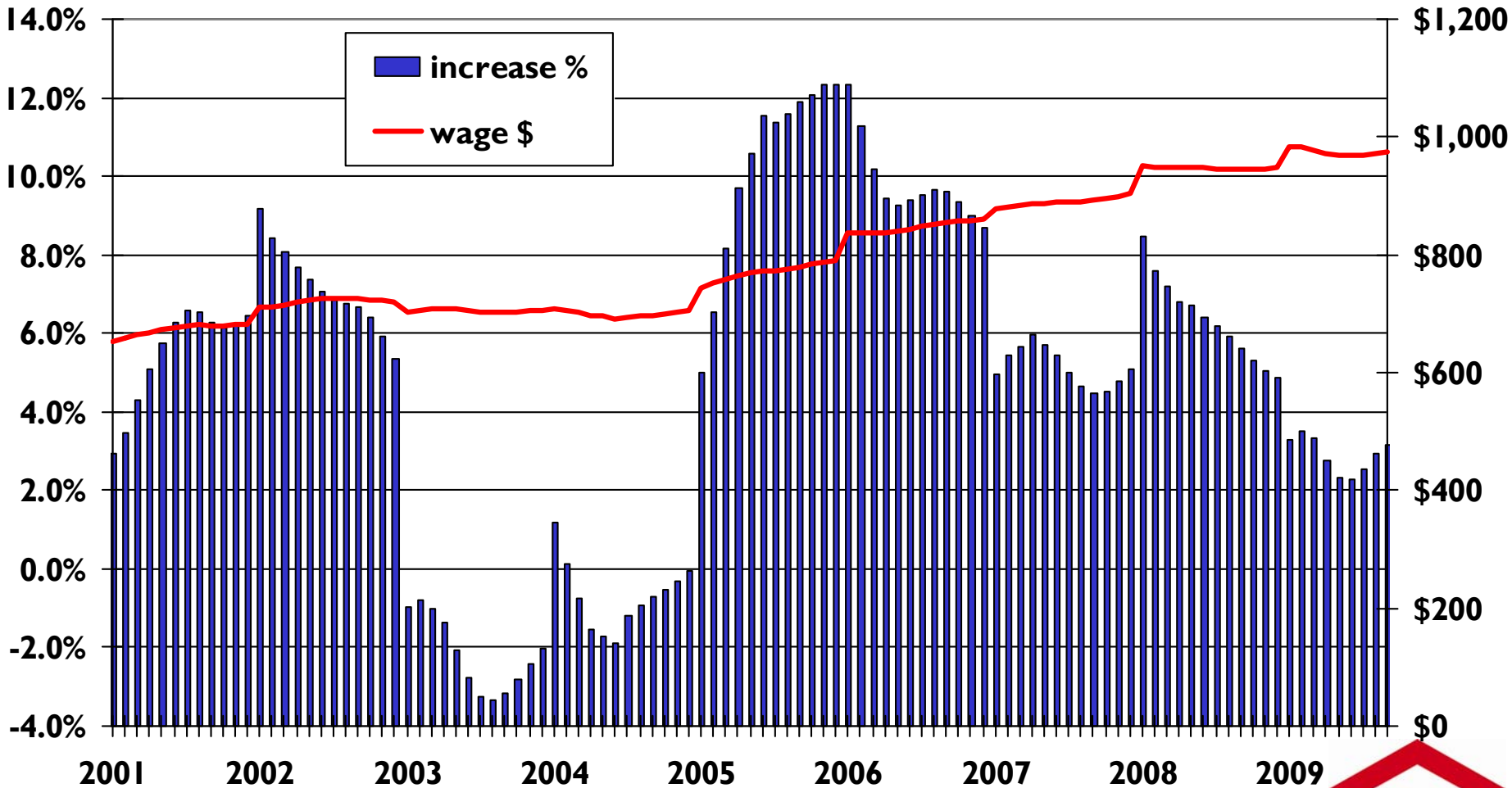


# Calgary CMA – Average Weekly Earnings

## Ytd September 2009, \$974 per week and 3.8% higher

ytd yr/yr growth

ytd average weekly wage



Source: Statistics Canada

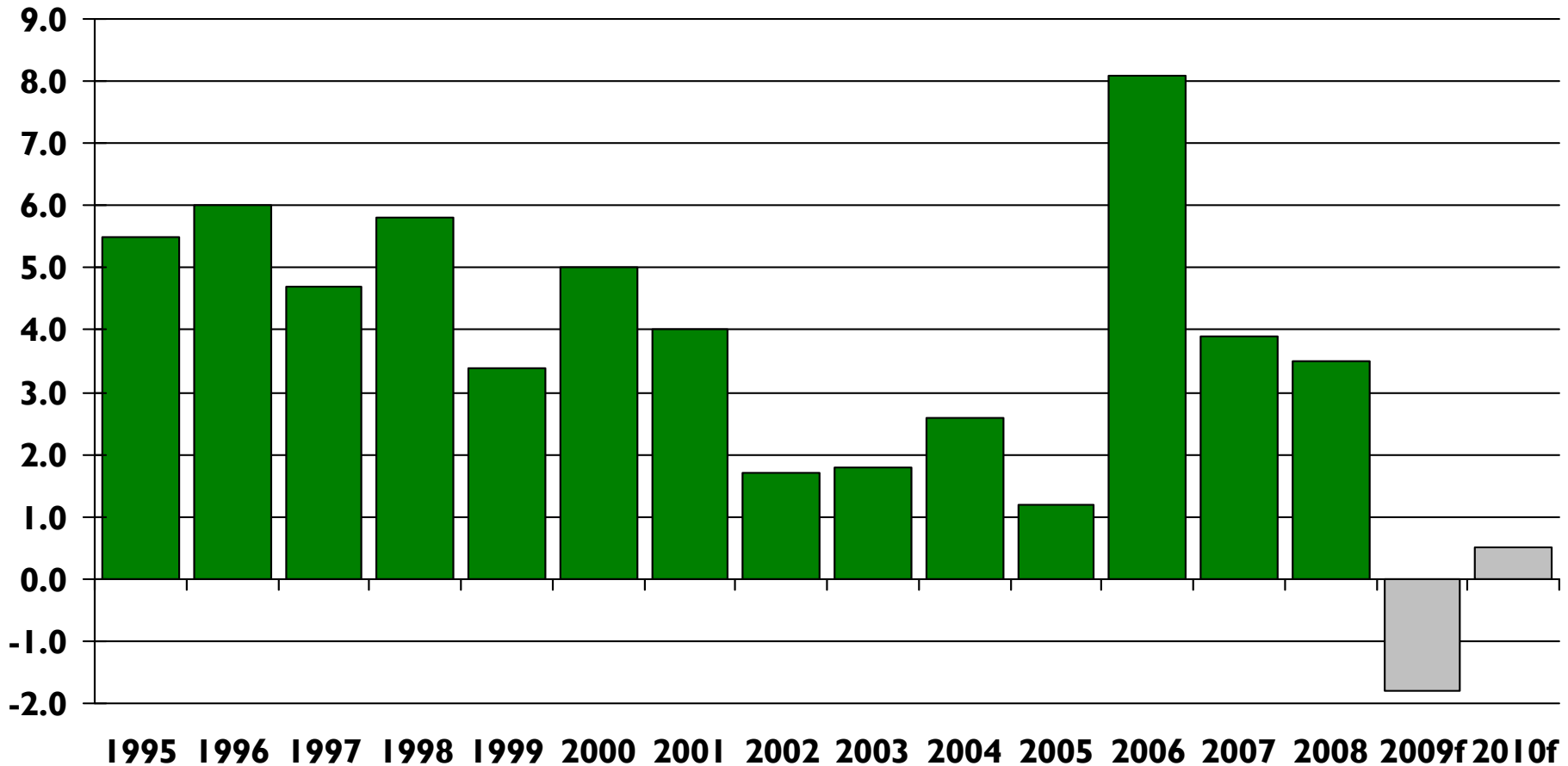




# Calgary CMA – Employment Growth

*Employment growth expected to rebound in 2010*

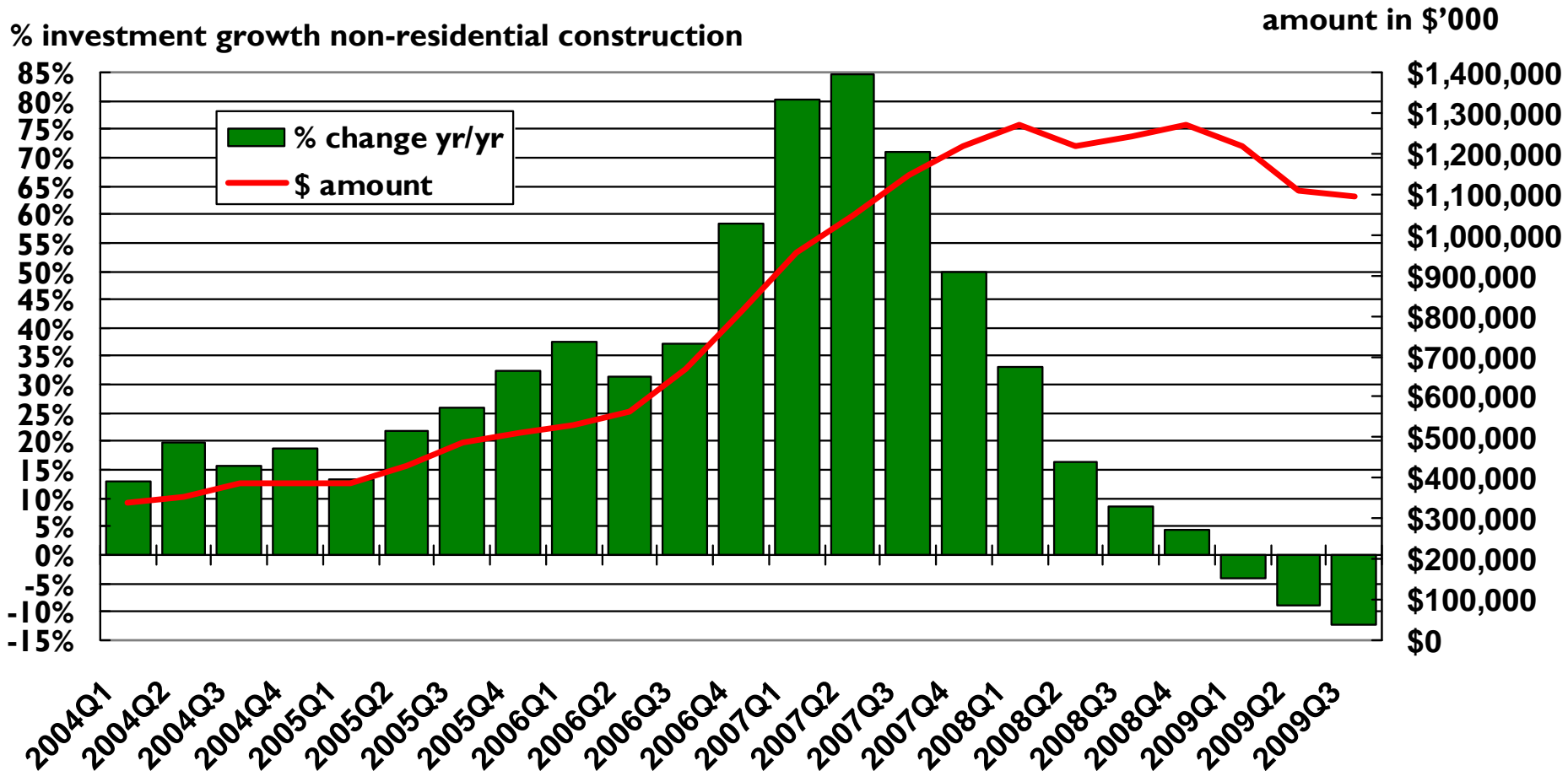
employment growth (%)





# Calgary CMA - Non-Residential Bld. Construction

*Investment at \$1.1 billion in 2009 Q3, 12% lower yr/yr*

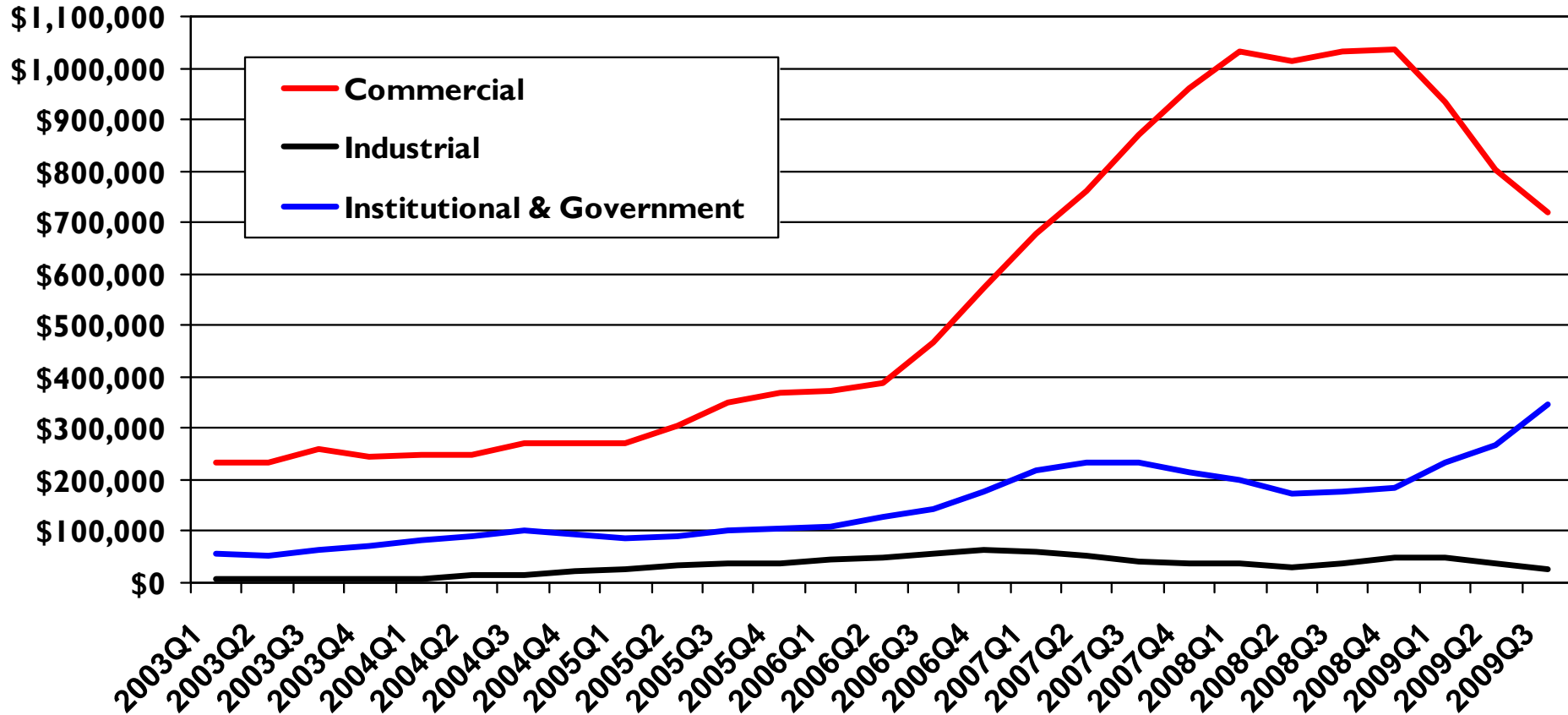




# Calgary CMA - Non-Residential Bld. Construction

## Government & institutional investment up 55% YTD

amount in \$'000

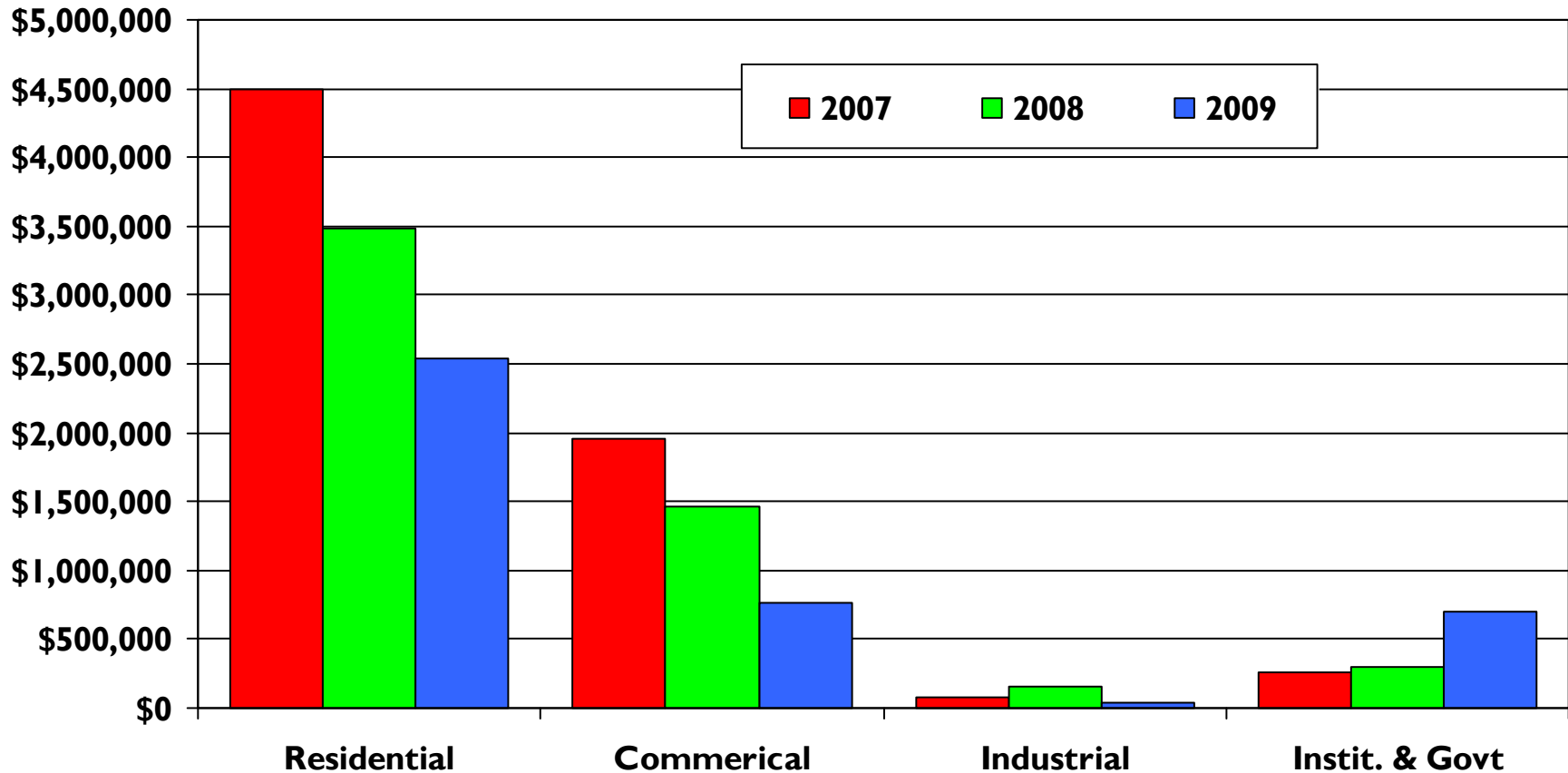




# Calgary CMA – Total \$ Building Permits

*Government & institutional building intentions up 139%*

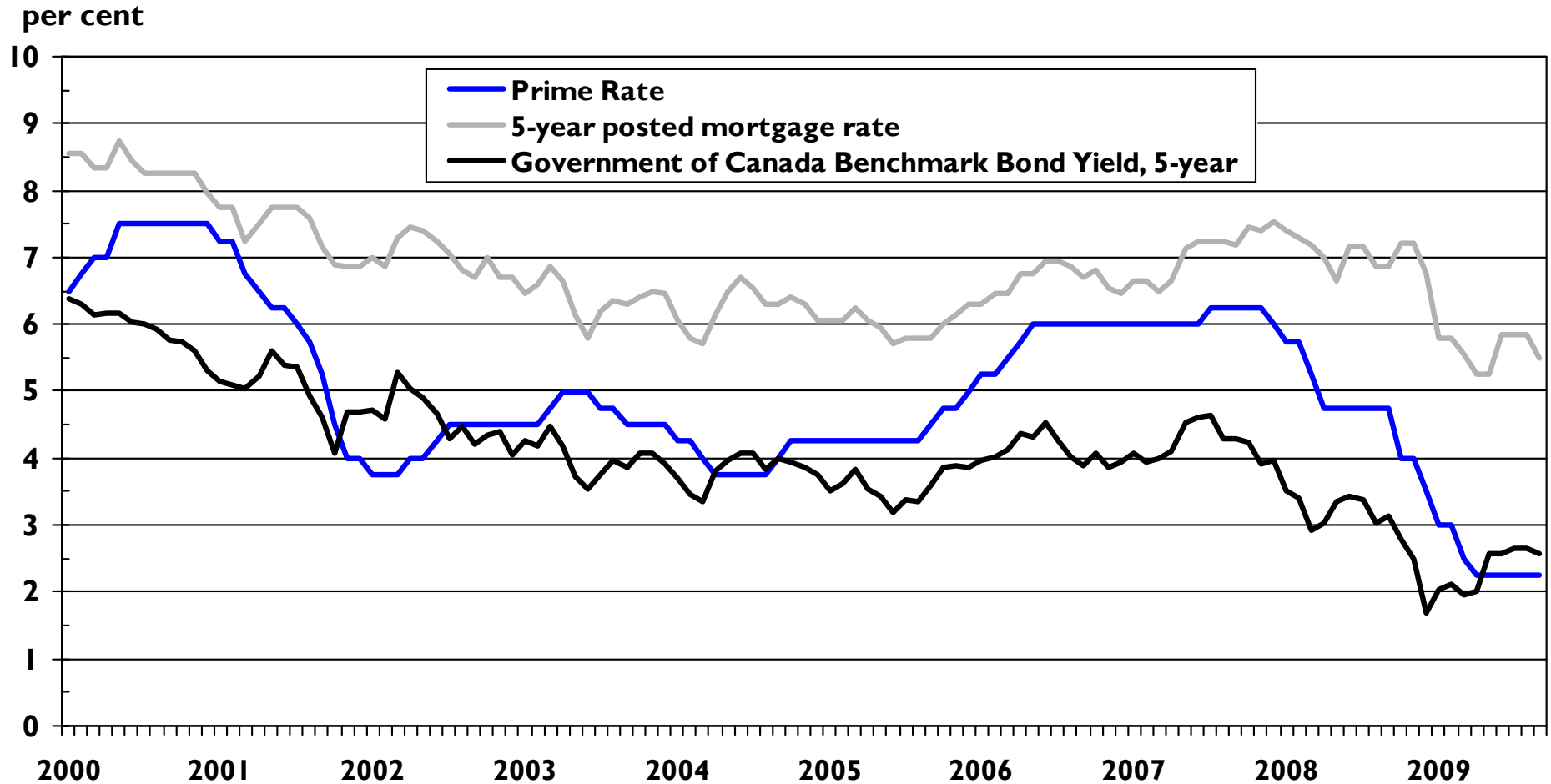
amount in \$'000 (ytd Aug)





# Interest Rates

*Low mortgage rates support homeownership*

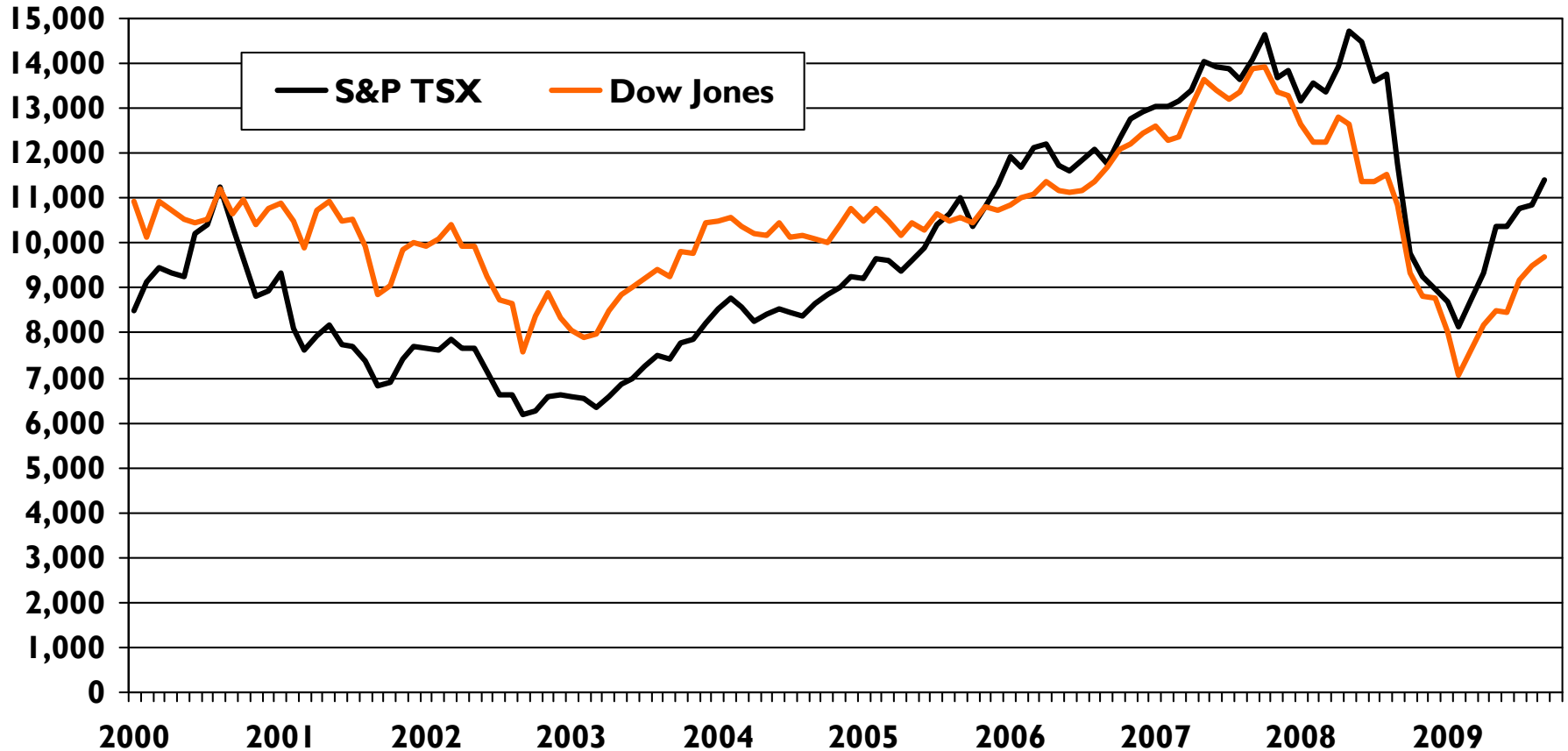




# Stock Indices – Leading Indicator

## *Recovery being experienced*

monthly average of daily closing value

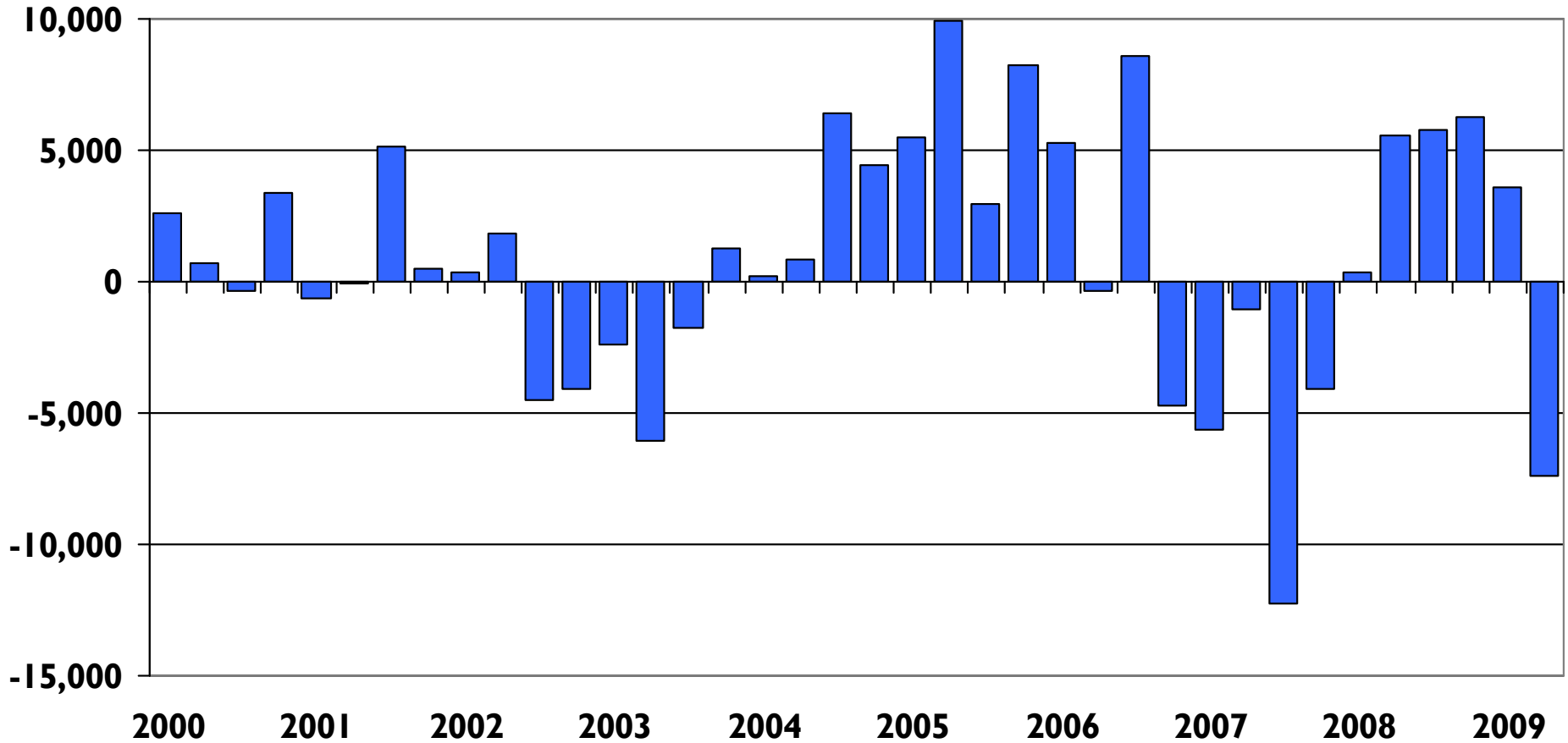




# Alberta – Change in Total Net Migration

*Weaker growth will temper rental demand*

quarterly year/year net change



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# RENTAL MARKET: ALBERTA & CALGARY

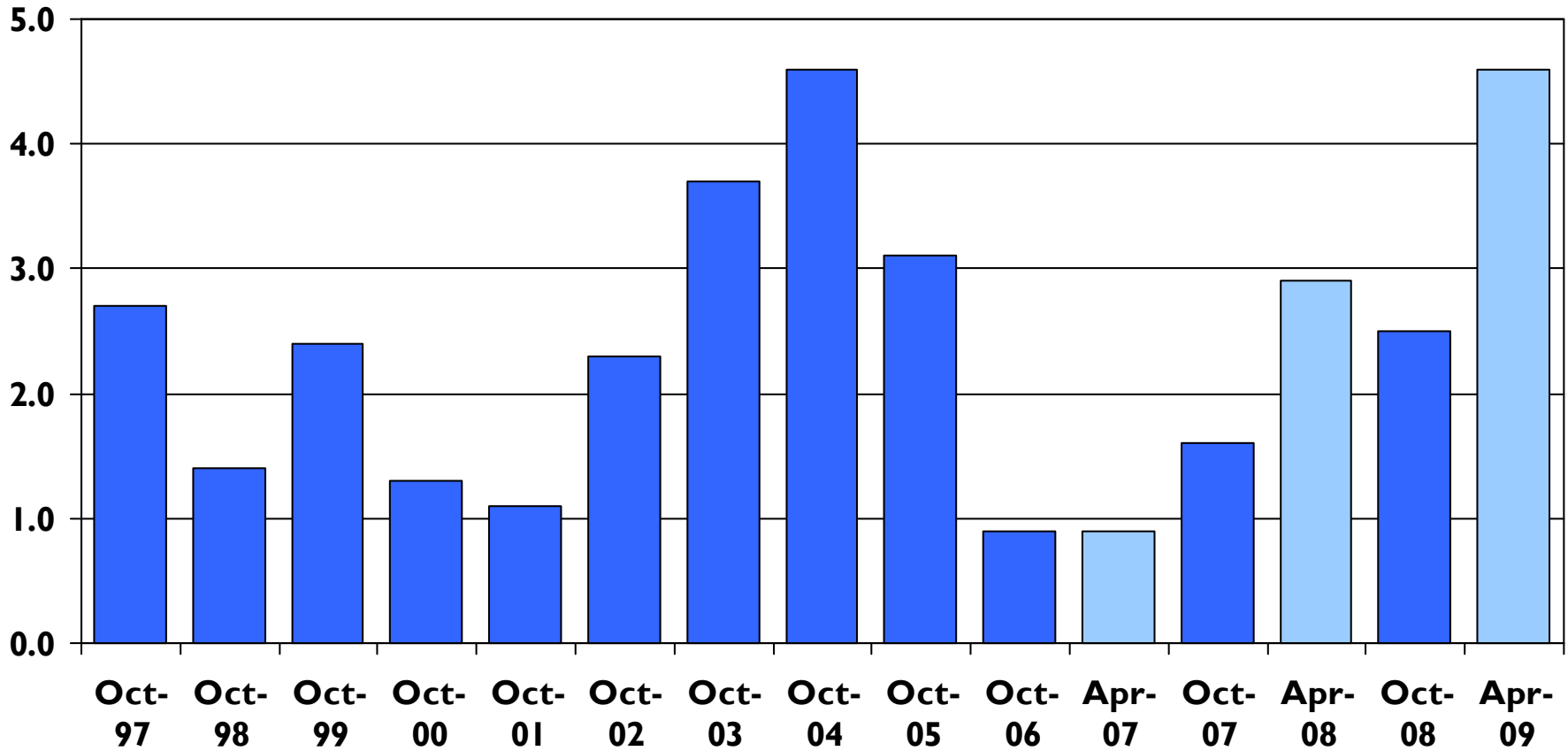




# Alberta – Apartment Vacancy Rate

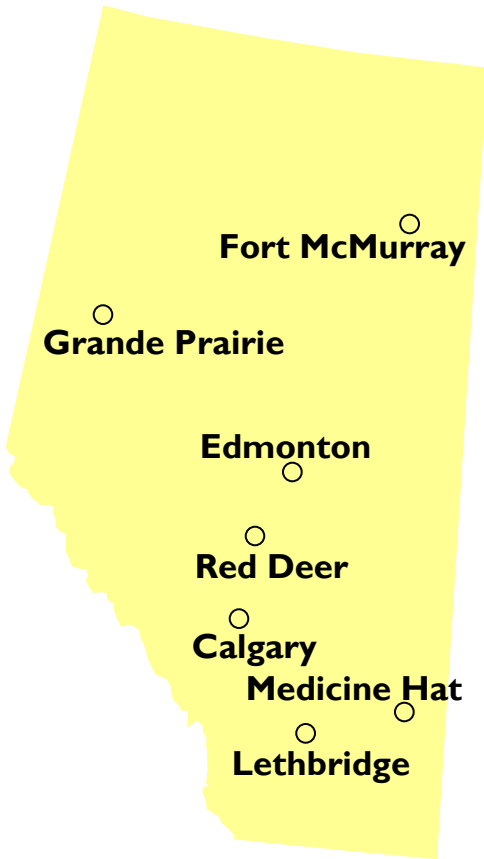
*Vacancy rate at elevated levels*

per cent vacant





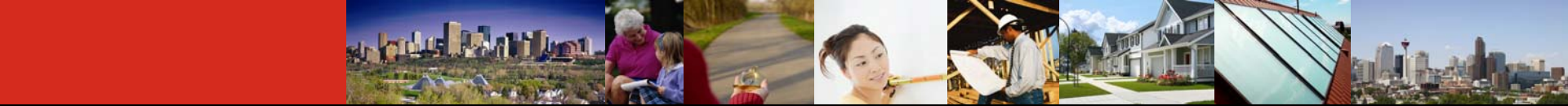
# Alberta Urban Centres – Total Apartment Vacancy Rates



	Rental Apartment Vacancy Rate (October 2008)	Rental Apartment Vacancy Rate (April 2009)
Wood Buffalo/Fort McMurray	0.5%	6.9%
Lethbridge	1.8%	3.1%
Medicine Hat	4.5%	4.3%
Calgary	2.1%	4.3%
Red Deer	4.4%	3.9%
Edmonton	2.4%	4.7%
Grande Prairie	8.5%	8.5%
Alberta All Urban Centres	2.5%	4.6%

Source: CMHC Rental Market Survey, October 2008 and April 2009





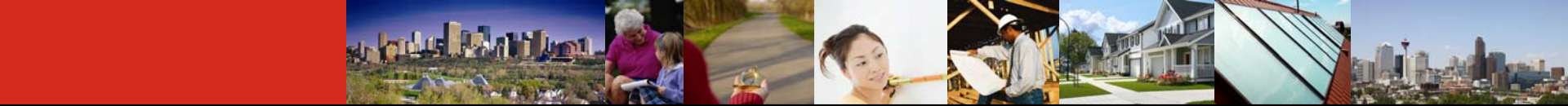
# Alberta Urban Centres – Total Apartment Rental Rates



	Apartment Rental Rate (October 2008)	Apartment Rental Rate (April 2009)
Wood Buffalo/Fort McMurray	\$2,190	\$2,088
Lethbridge	\$775	\$784
Medicine Hat	\$644	\$654
Calgary	\$1,031	\$1,006
Red Deer	\$818	\$799
Edmonton	\$930	\$928
Grande Prairie	\$933	\$914
Alberta All Urban Centres	\$975	\$962

Source: CMHC Rental Market Survey, October 2008 and April 2009

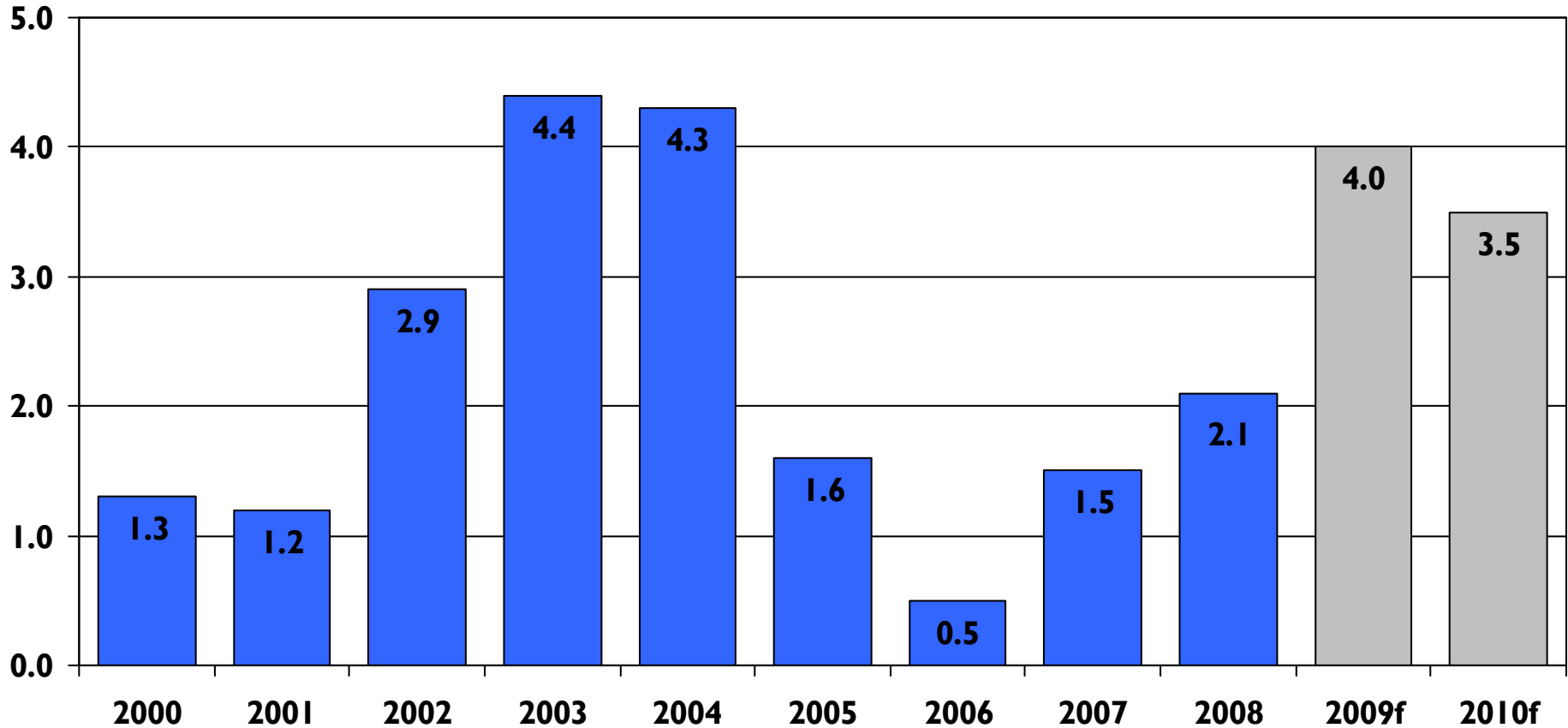




# Calgary CMA – Apartment Vacancy Rate

*Vacancy rate to peak in 2009*

per cent

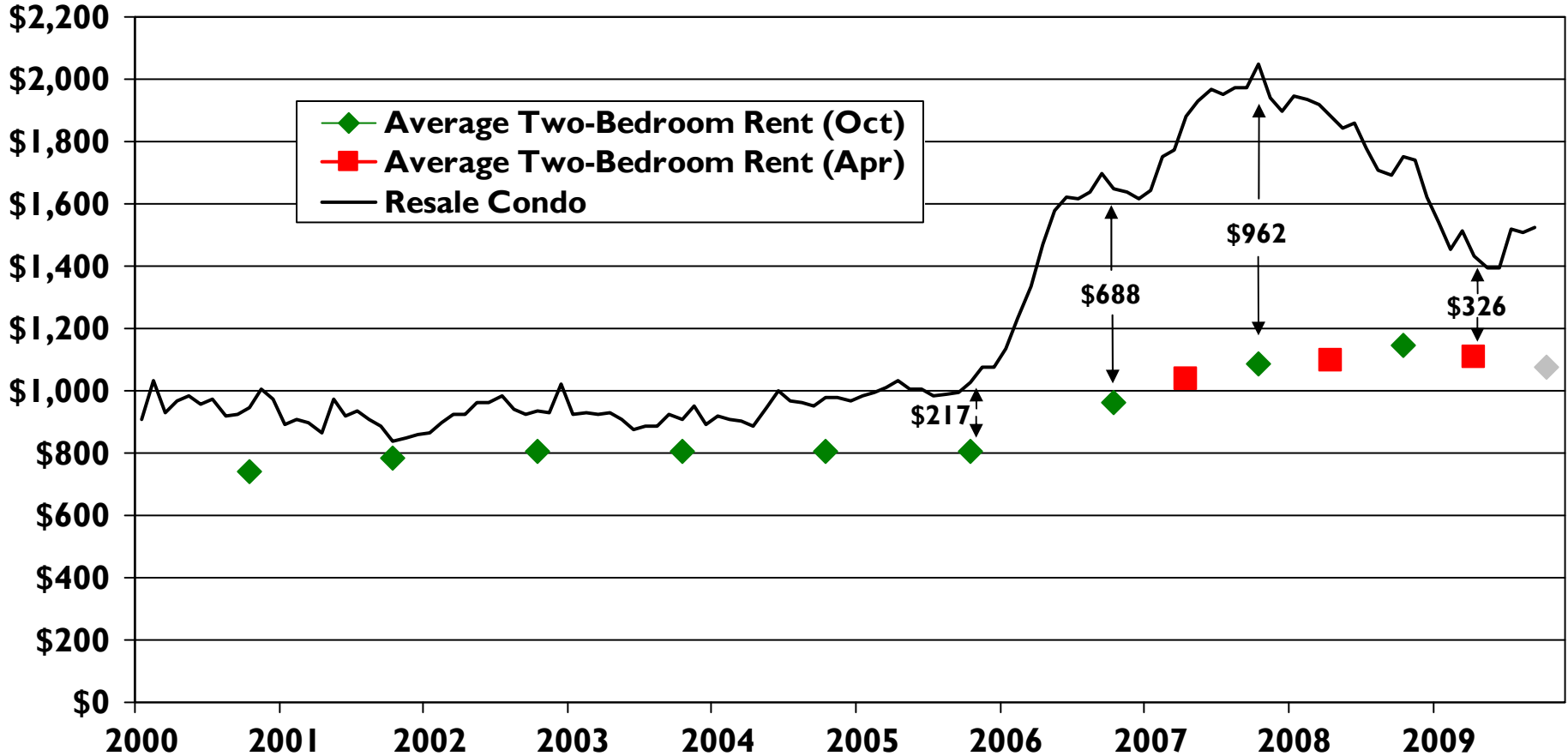




# Calgary Cost of Owning vs. Renting

## Homeowner affordability improved in the spring of 2009

monthly carrying cost\*, rent

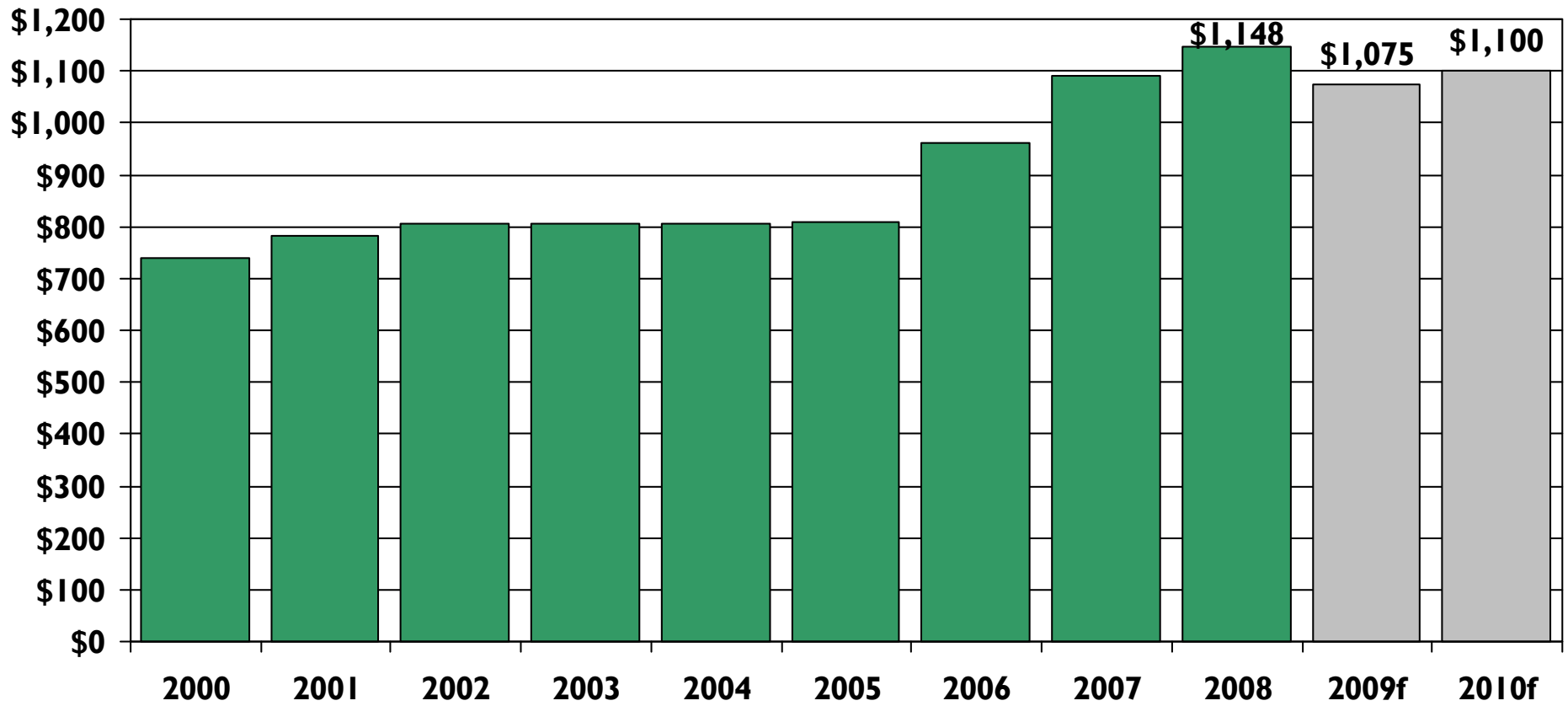


\* assumption: 10% down payment, average 5-year fixed discounted mortgage rates

# Calgary CMA – Average Rents

*Average rent levelling as vacancy rate rises*

average 2-bedroom apartment rent (\$)

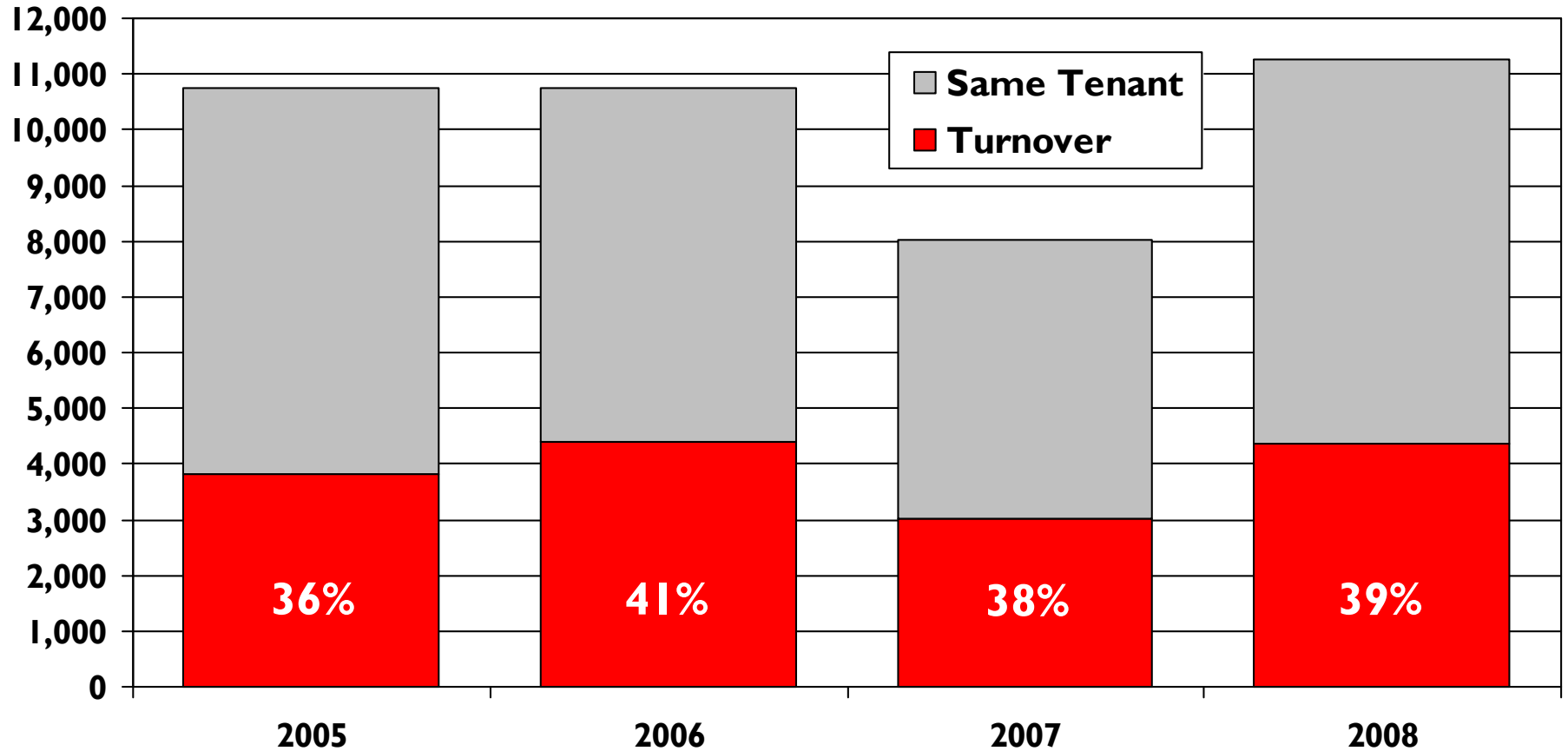




# Calgary CMA – Turnover Rate Survey

*Turnover was 39 per cent in 2008*

apartment units sampled





# Calgary CMA – Reasons for Turnover

*Home purchase remained primary reason*

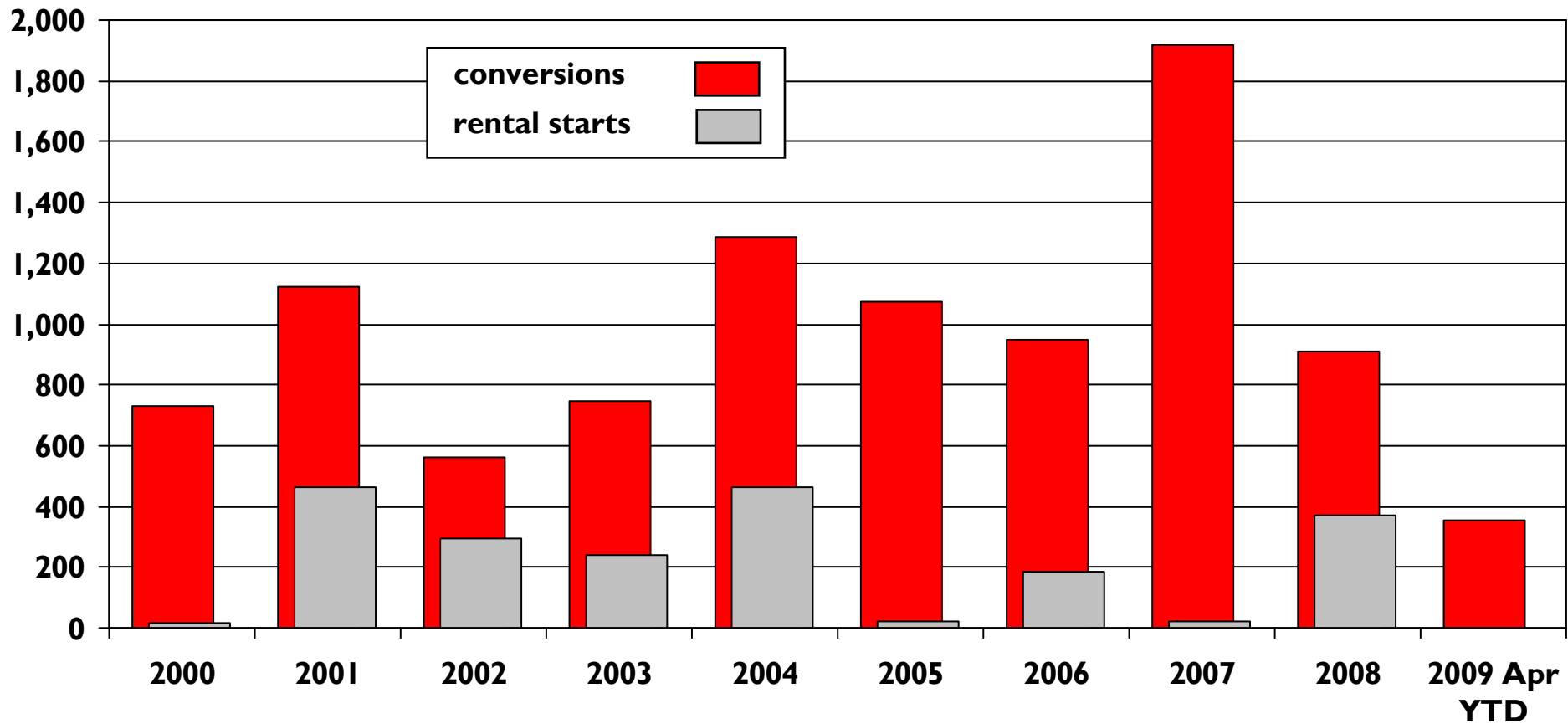
Reasons	2005	2006	2007	2008
# 1	Condo/House Purchase	Condo/House Purchase	Condo/House Purchase	Condo/House Purchase
# 2	Job Relocation	Job Relocation	Job Relocation	Job Relocation
# 3	<ul style="list-style-type: none"> <li>• Pregnant</li> <li>• Divorce</li> <li>• Home</li> <li>• Not like area</li> </ul>	<ul style="list-style-type: none"> <li>• Personal</li> <li>• Rent default</li> <li>• Not like area</li> </ul>	<ul style="list-style-type: none"> <li>• Rent increase - financial</li> </ul>	<ul style="list-style-type: none"> <li>• Eviction</li> </ul>



# Condominium Conversions vs. Rental Starts

*Conversion activity drops & zero rental starts so far*

conversions from rental to condominium



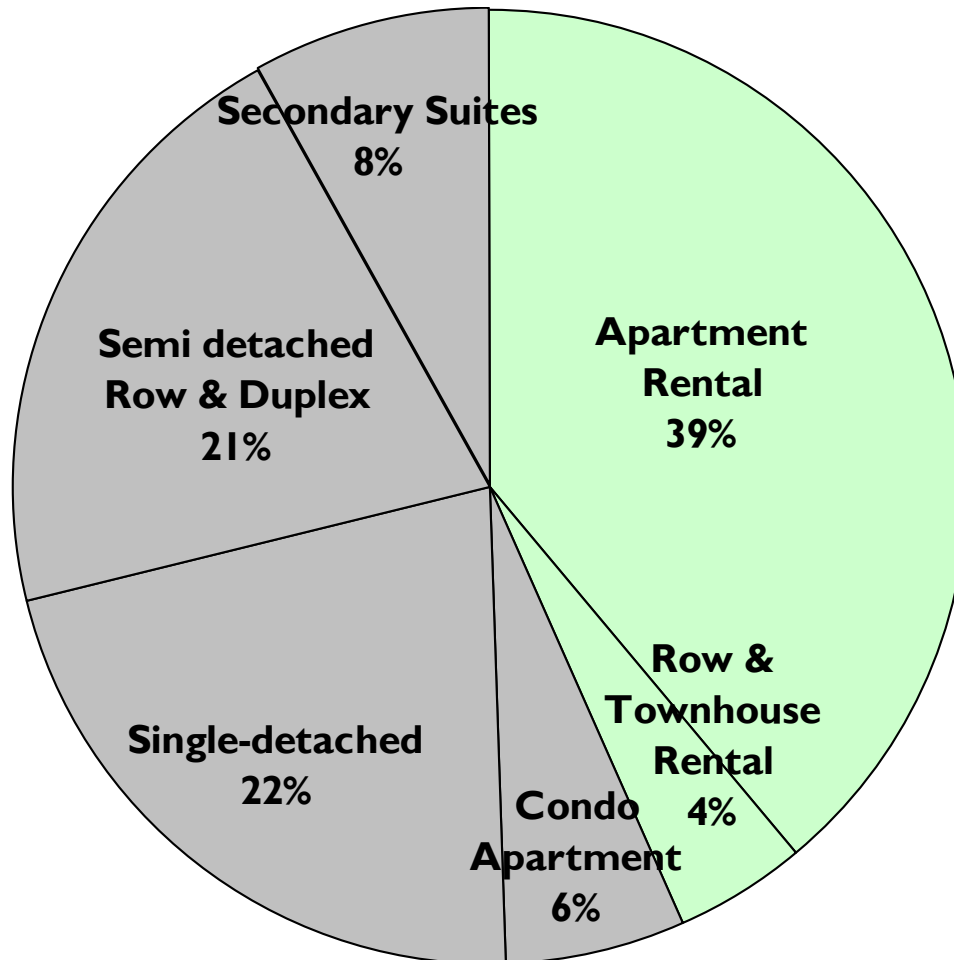
Source: CMHC





# Calgary CMA - Rental Universe

October 2008 survey, *purpose built rental 43% of market*





<b>Calgary CMA</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009f</b>
<b><i>Economy</i></b>				
<b>5-Year Mortgage Rate</b>	<b>6.66%</b>	<b>7.07%</b>	<b>7.06%</b>	<b>5.72%</b>
<b>Employment Growth</b>	<b>8.1%</b>	<b>3.9%</b>	<b>3.5%</b>	<b>-1.8%</b>
<b>Net Migration</b>	<b>29,164</b>	<b>17,905</b>	<b>25,000</b>	<b>16,000</b>
<b><i>Rental Market</i></b>				
<b>Apartment Vacancy Rate October</b>	<b>0.5%</b>	<b>1.5%</b>	<b>2.1%</b>	<b>4.0%</b>
<b>Two-Bedroom Rent</b>	<b>\$960</b>	<b>\$1,089</b>	<b>\$1,148</b>	<b>\$1,075</b>

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THANK YOU!

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