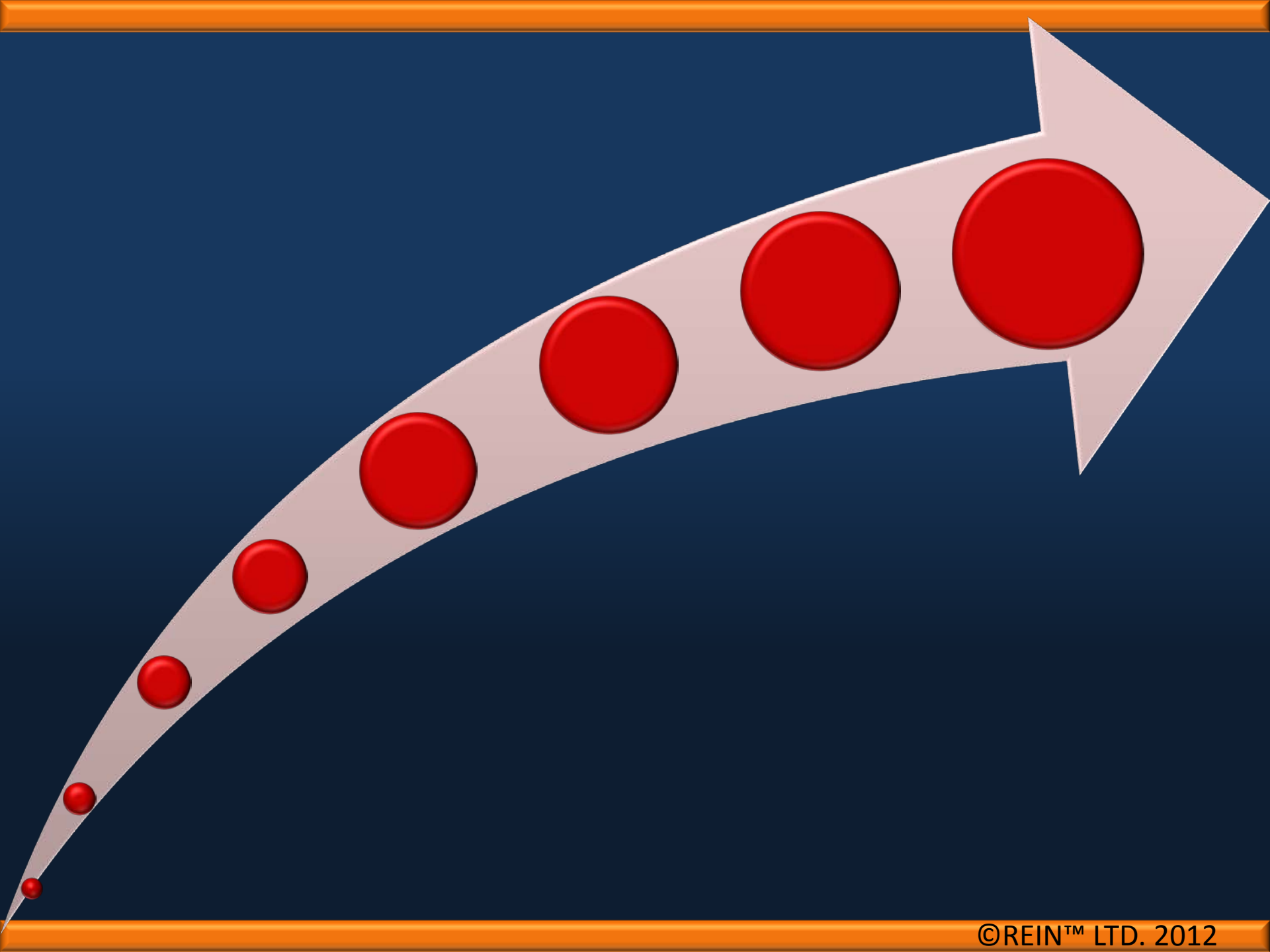




# **The Perfect Storm**

An 'Outsiders' Perspective



# Real Estate Driven By 2 Things



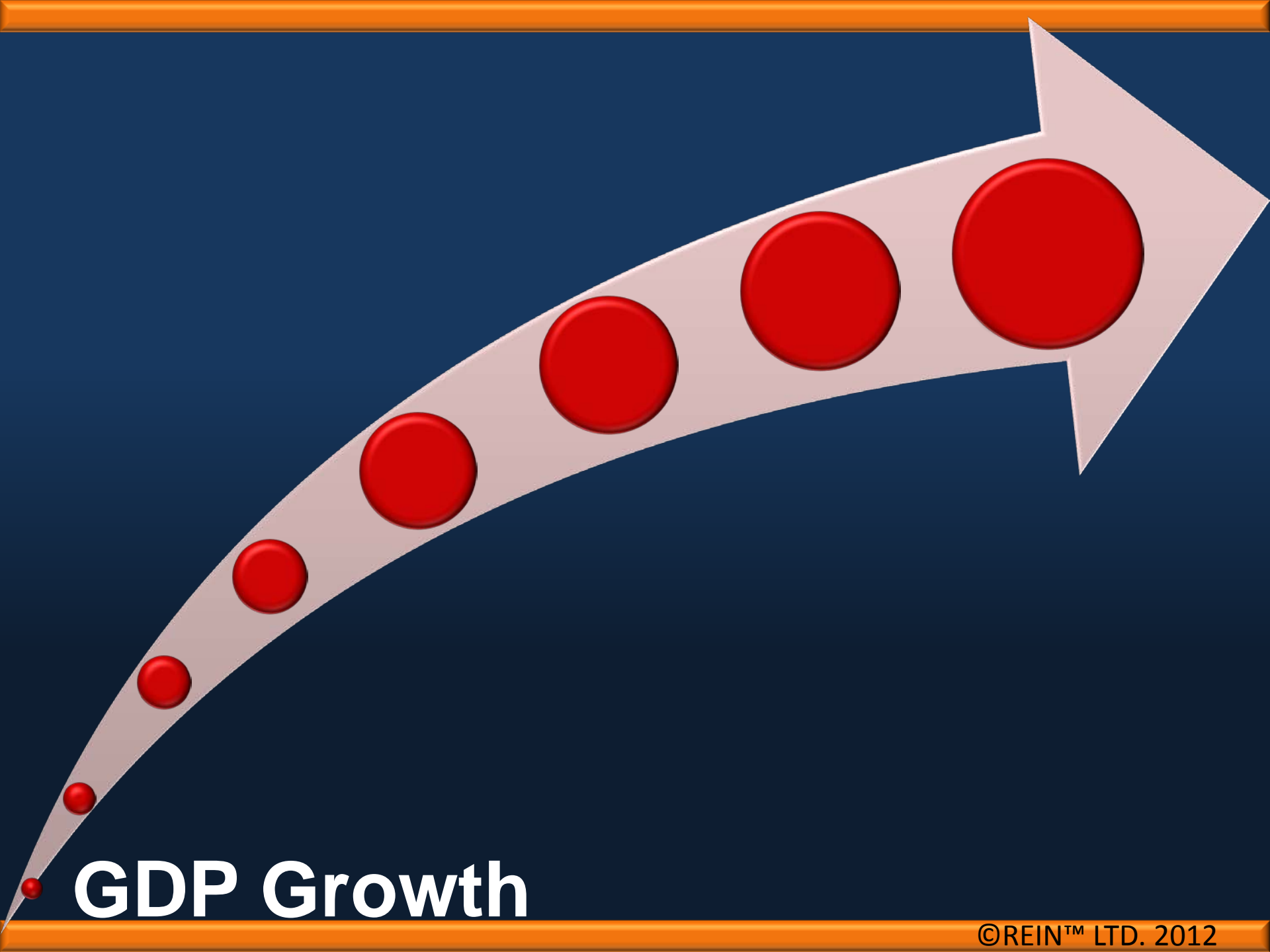
# Economic Fundamentals





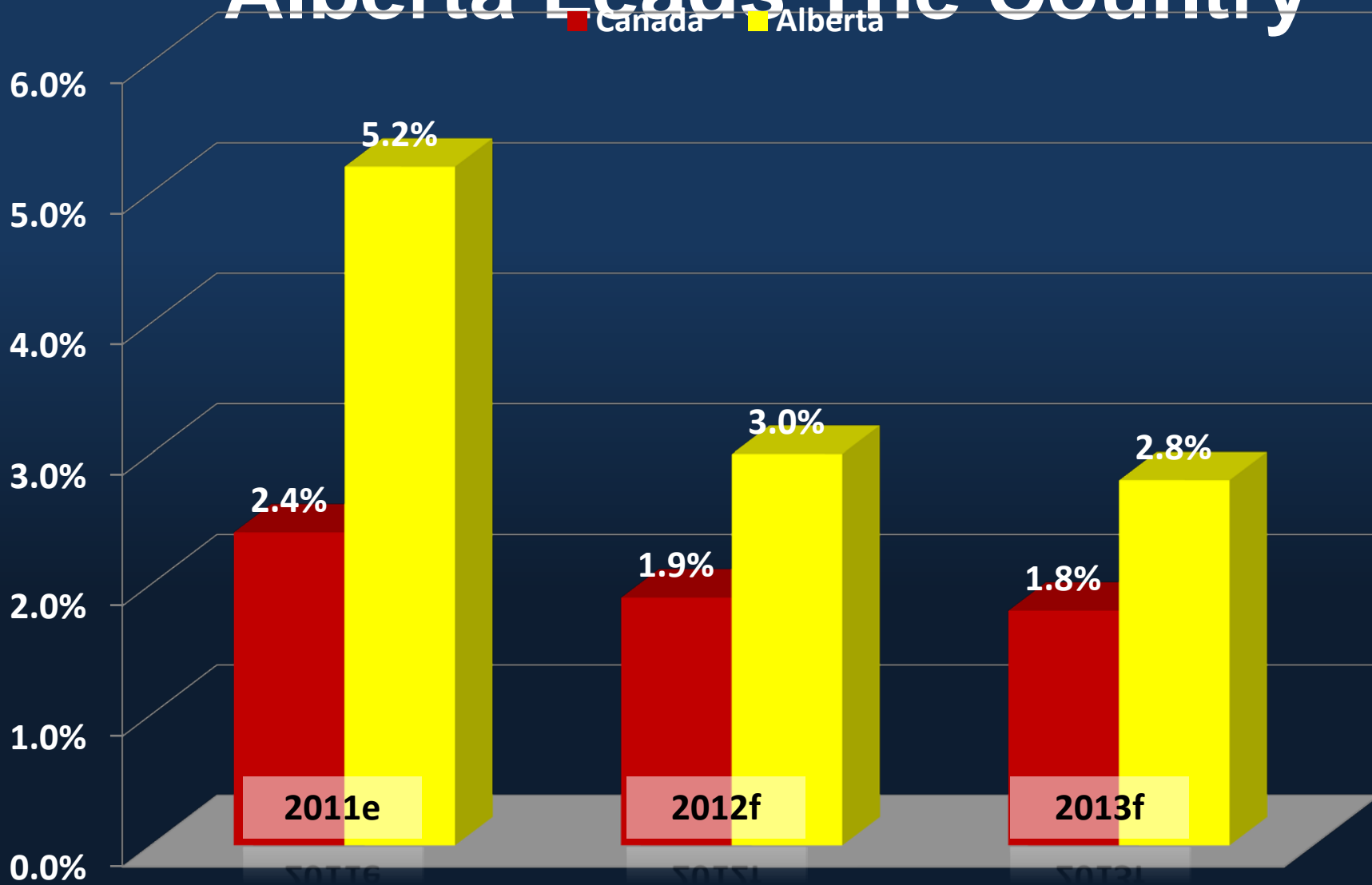
# People





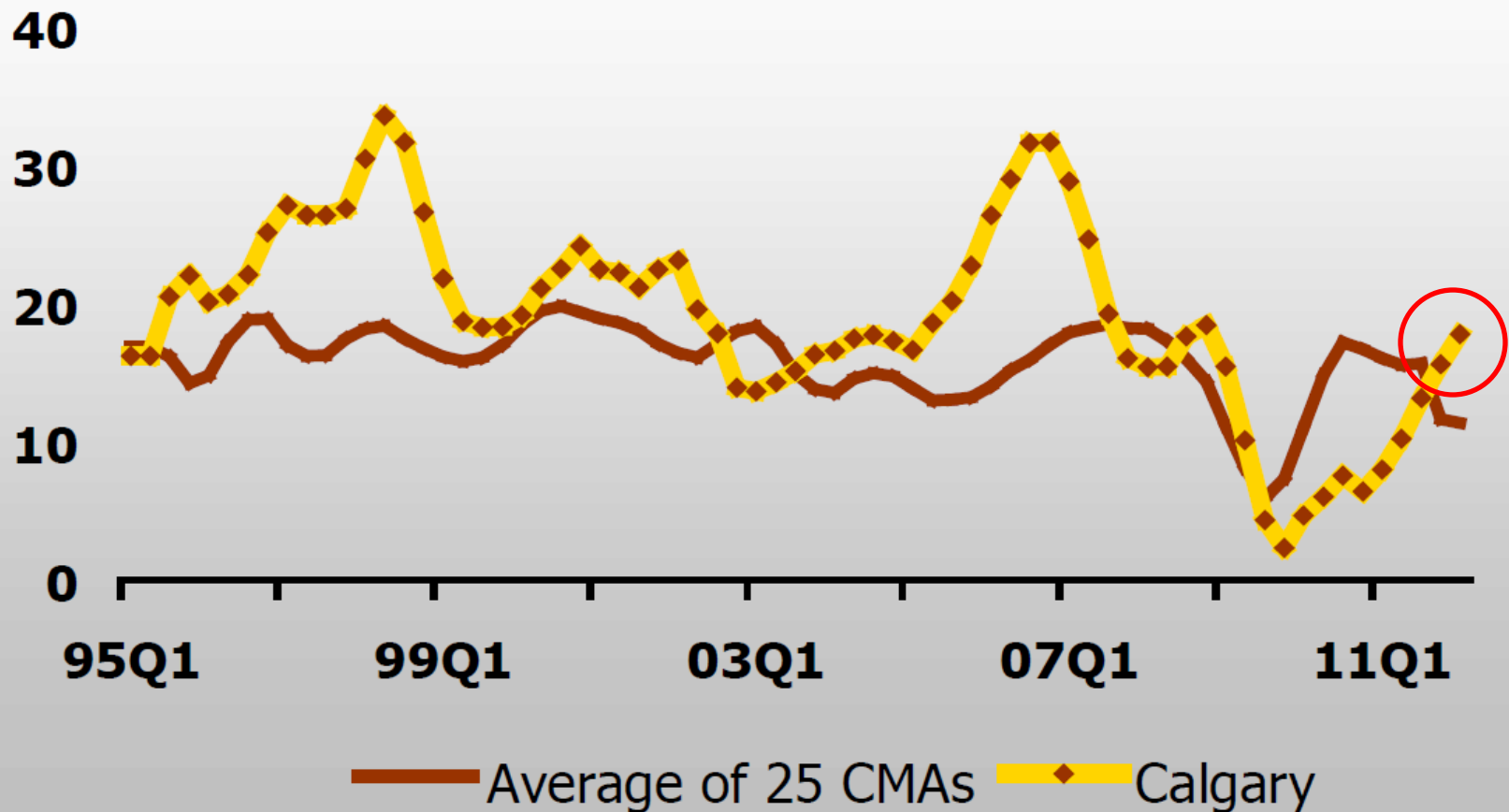
**GDP Growth**

# GDP Growth Rate Forecast Alberta Leads The Country



# Economic Activity Calgary Outperforming

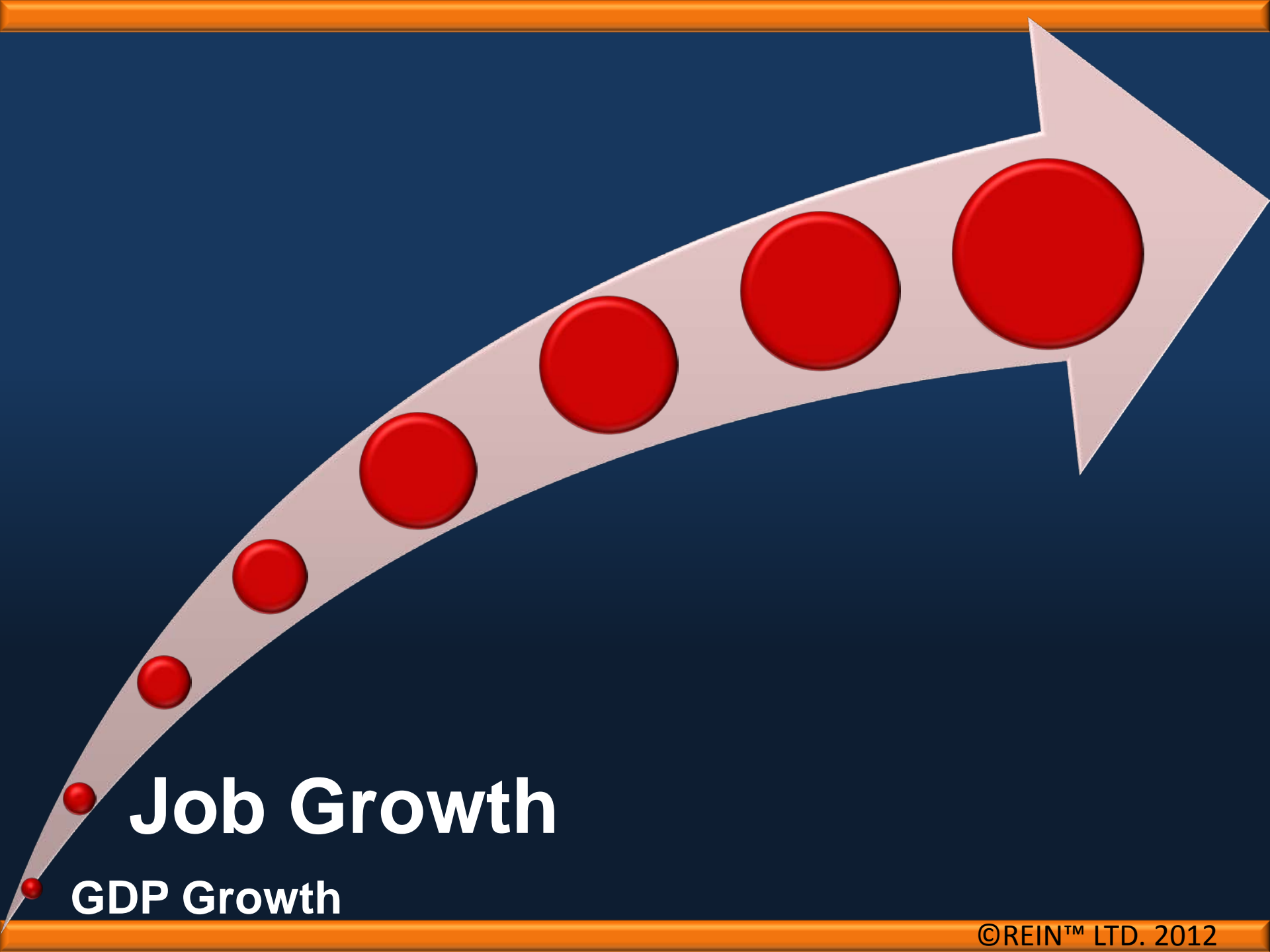
## CIBCWM Metropolitan Economic Activity Index





**GDP Growth**



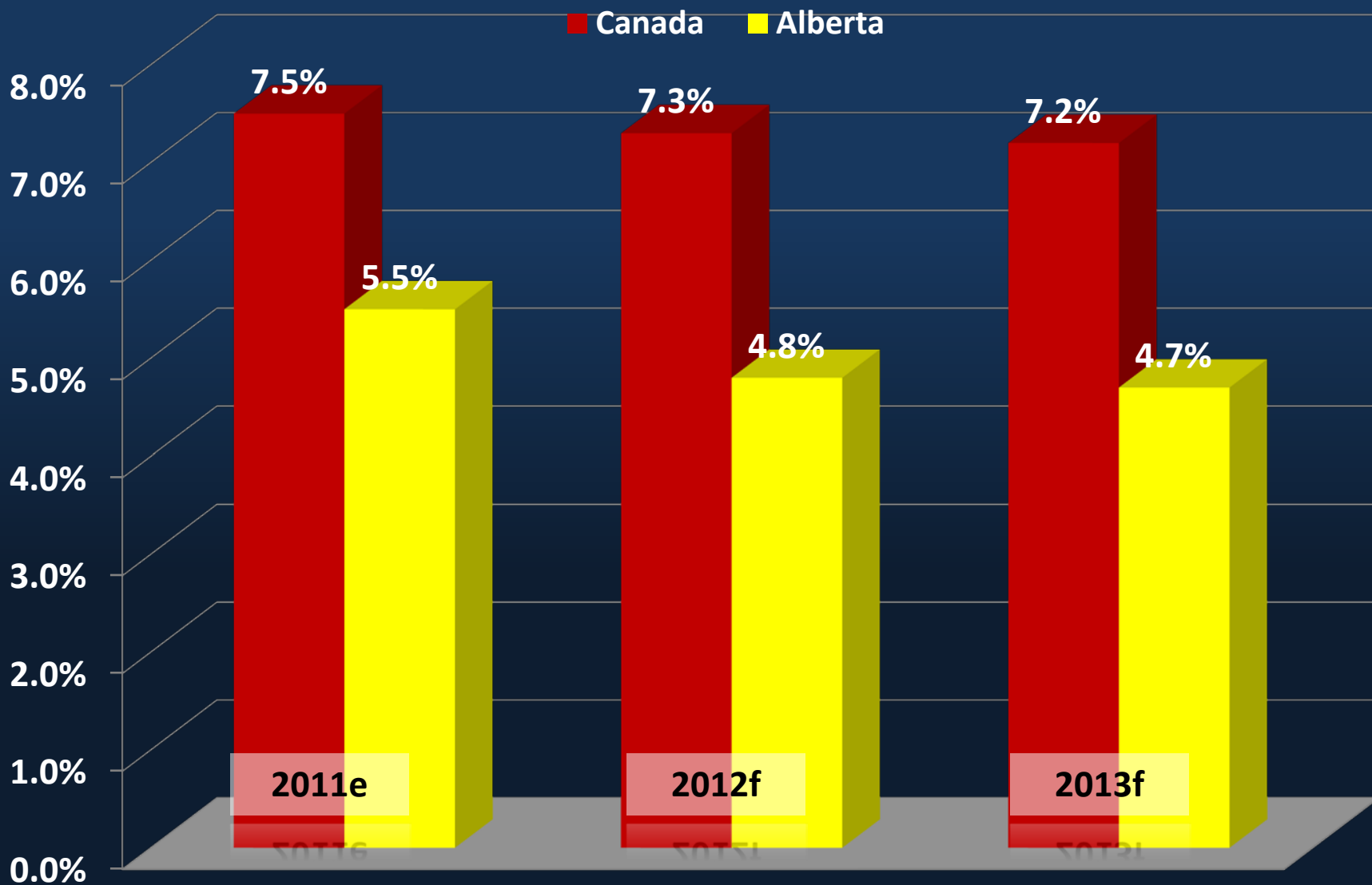


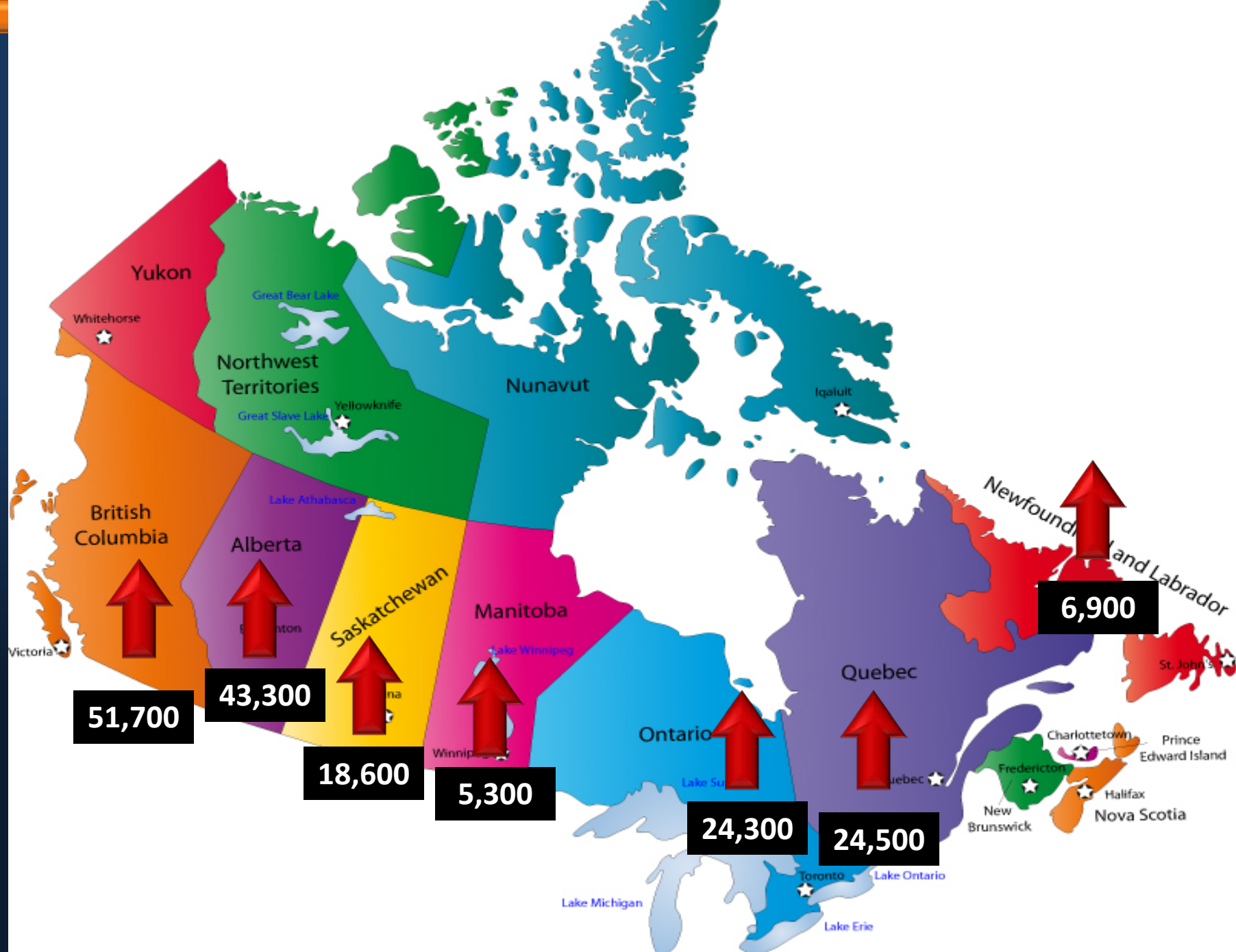
**Job Growth**

**GDP Growth**

# Unemployment Rate Forecast

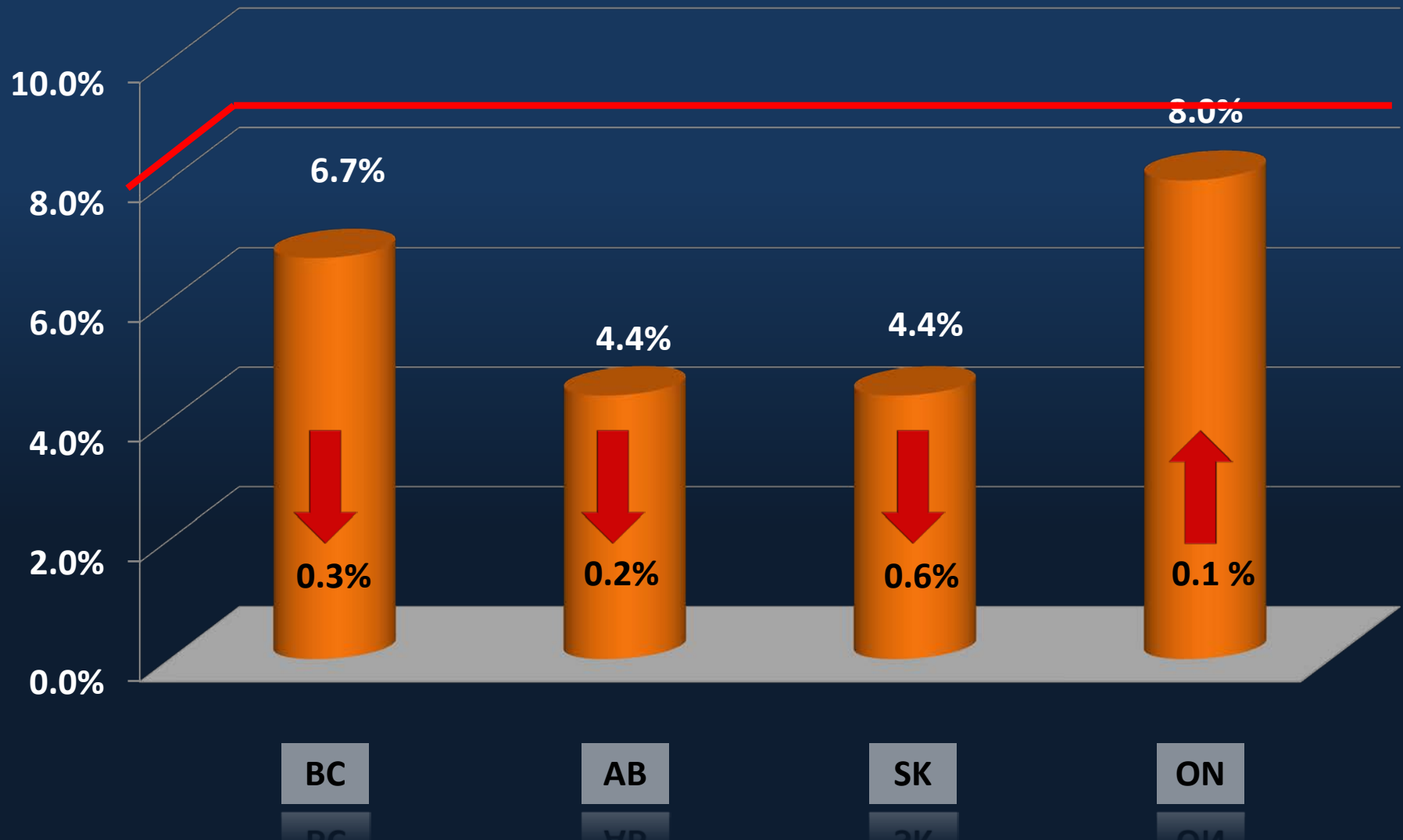
## Alberta Second Lowest In Canada



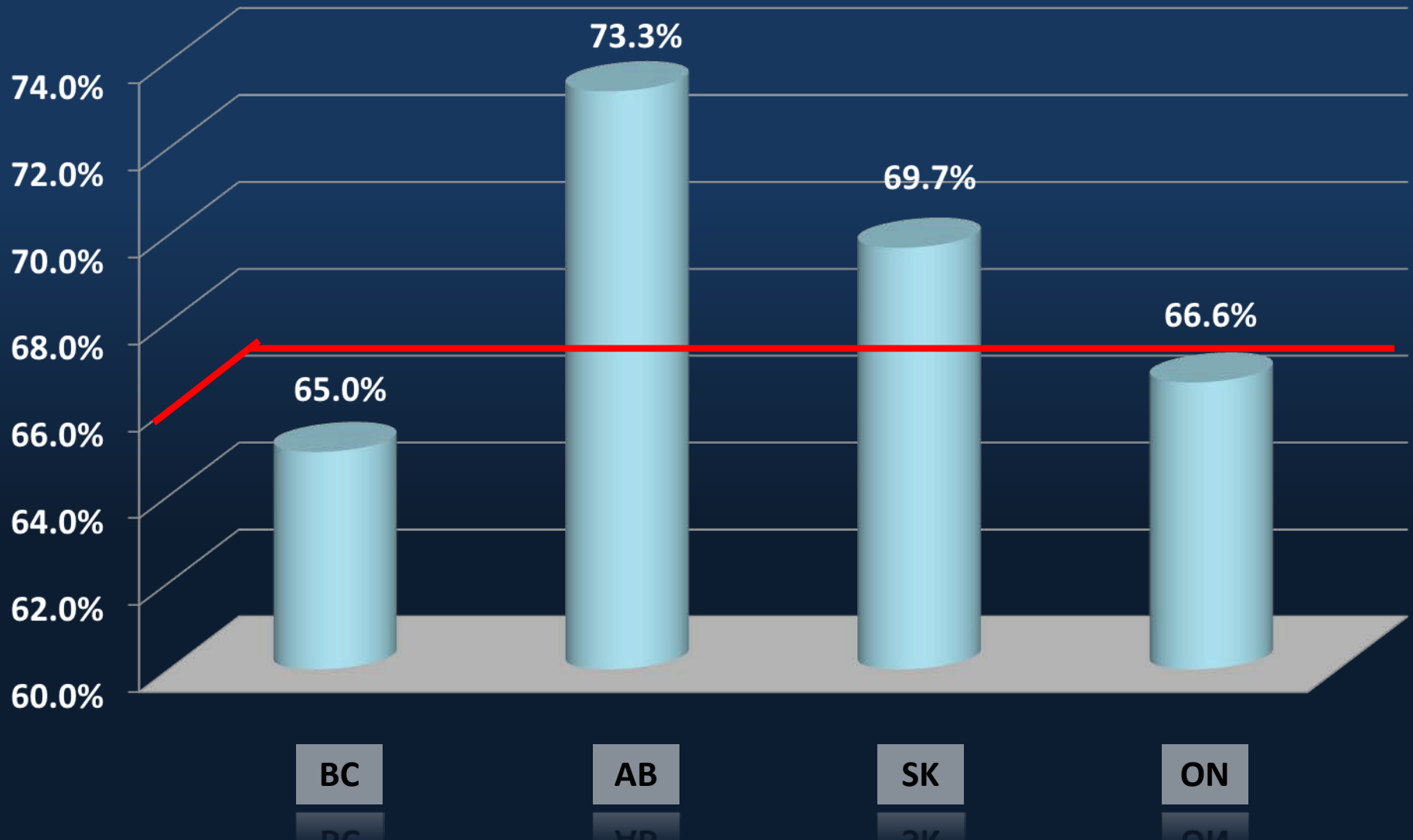


# Unemployment Rate

August 2012

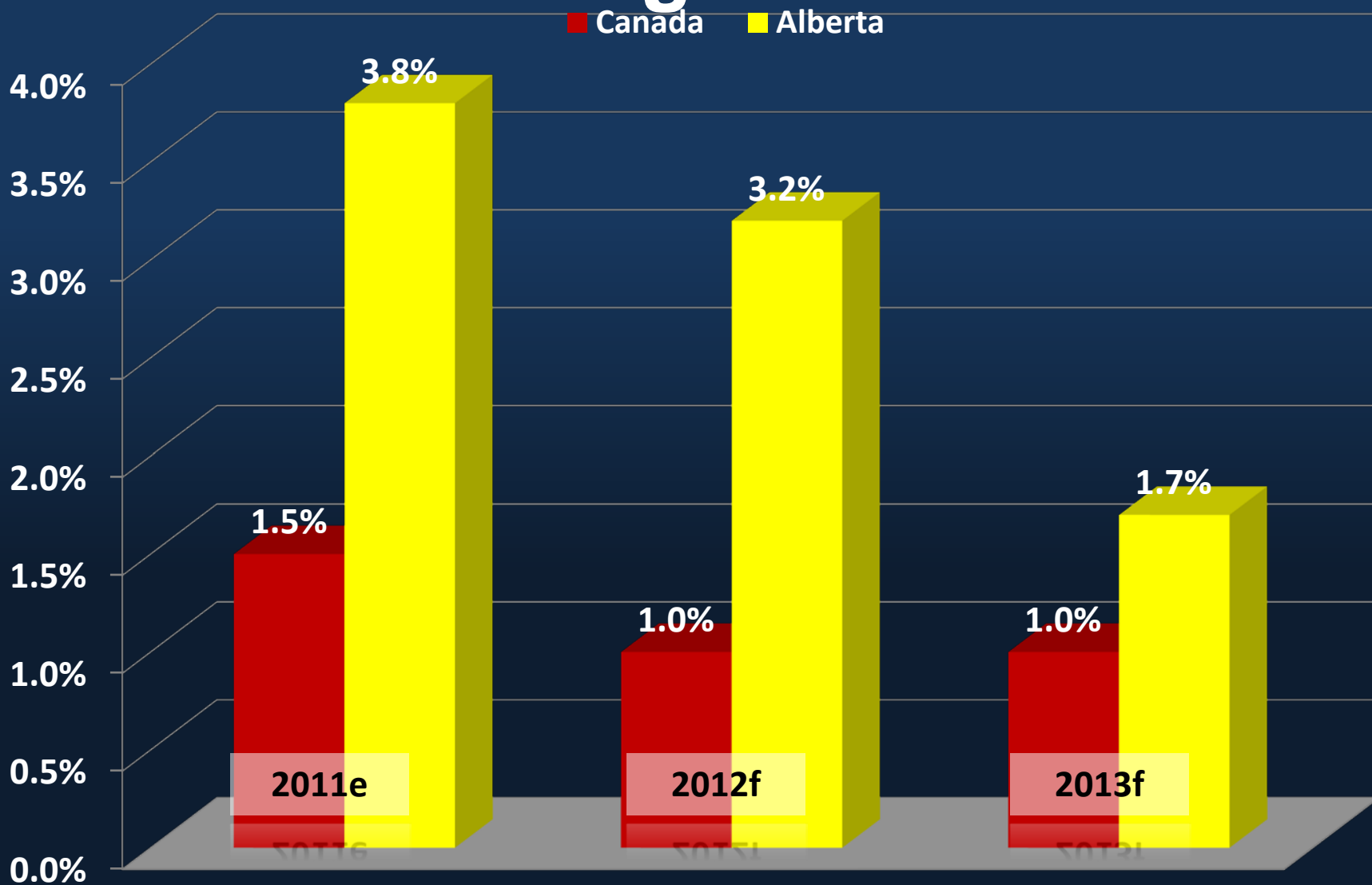


# Alberta Has The Highest Employment Participation Rate





# Employment Growth Rate Forecast Alberta Highest In Canada

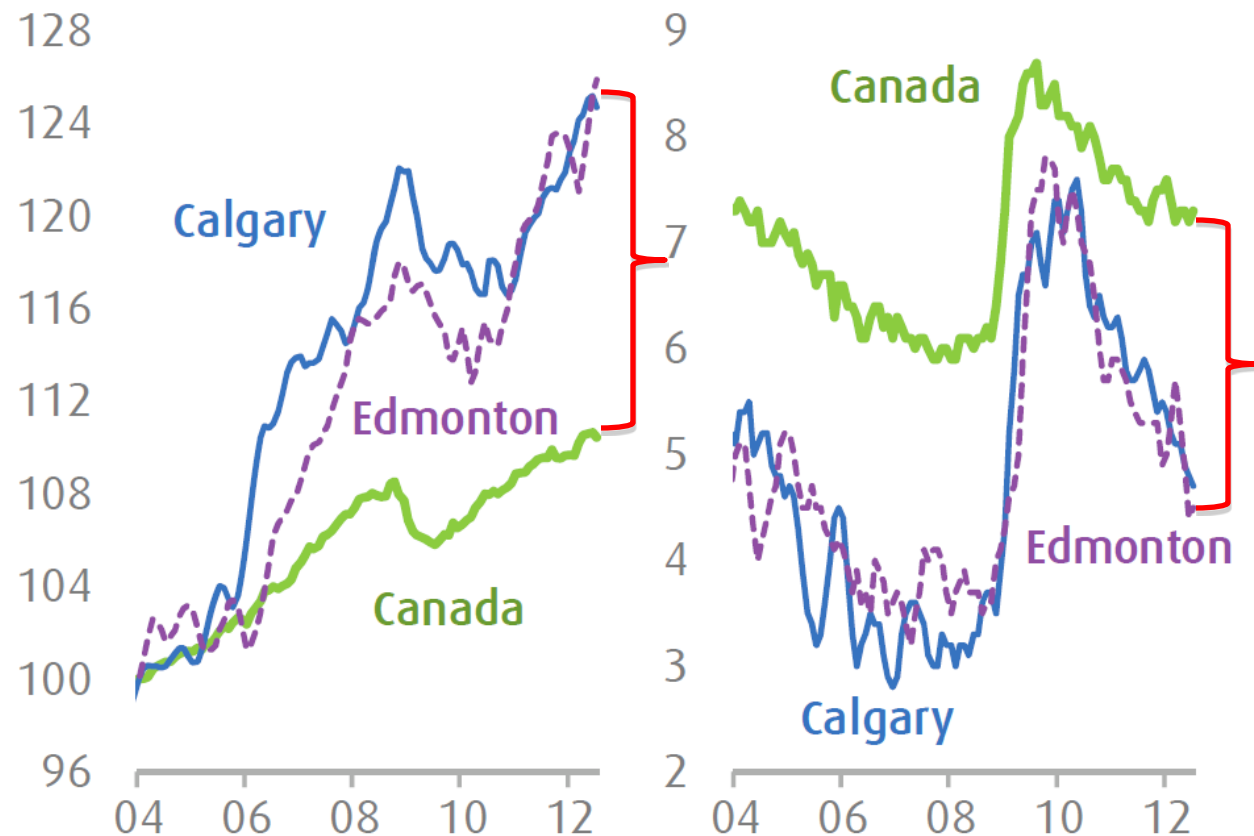


# Albertans Are Working !!!

## CALGARY AND EDMONTON AT A GLANCE

Employment  
(2004 = 100)

Unemployment Rate  
(percent)



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## Alberta adds 120,000 jobs

### Rising oil production fuels growth

BY MARIO TONEGUZZI, CALGARY HERALD    AUGUST 20, 2012

Growing oil production will see Alberta lead Canada's economic growth this year with employment in Calgary and Edmonton strengthening through 2016 with the addition of 120,000 new jobs, according to a special report from BMO Capital Markets Economics.

## Alberta job vacancy rate highest in Canada 63,600 job vacancies in May

BY MARIO TONEGUZZI, CALGARY HERALD AUGUST 20, 2012

The federal agency reported Monday that Alberta businesses had on **average 63,600 job vacancies** in the three-month-period ending in May and a job vacancy rate of 3.4 per cent.

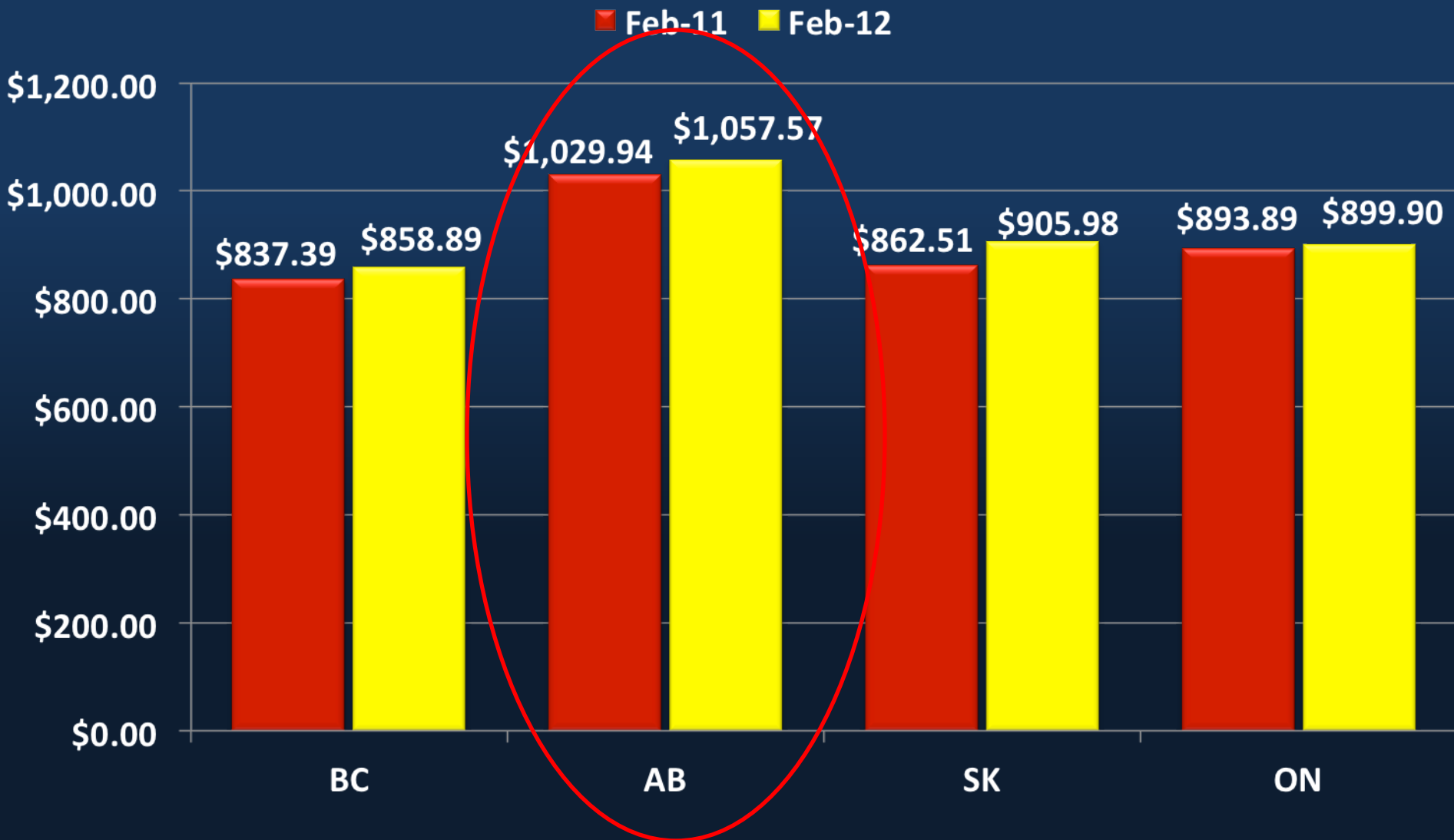


**APPLY WITHIN**

Nationally, there was an **average of 257,800 job** vacancies and a vacancy rate of 1.8 per cent.

# 1 in 4 Job Vacancies in Alberta

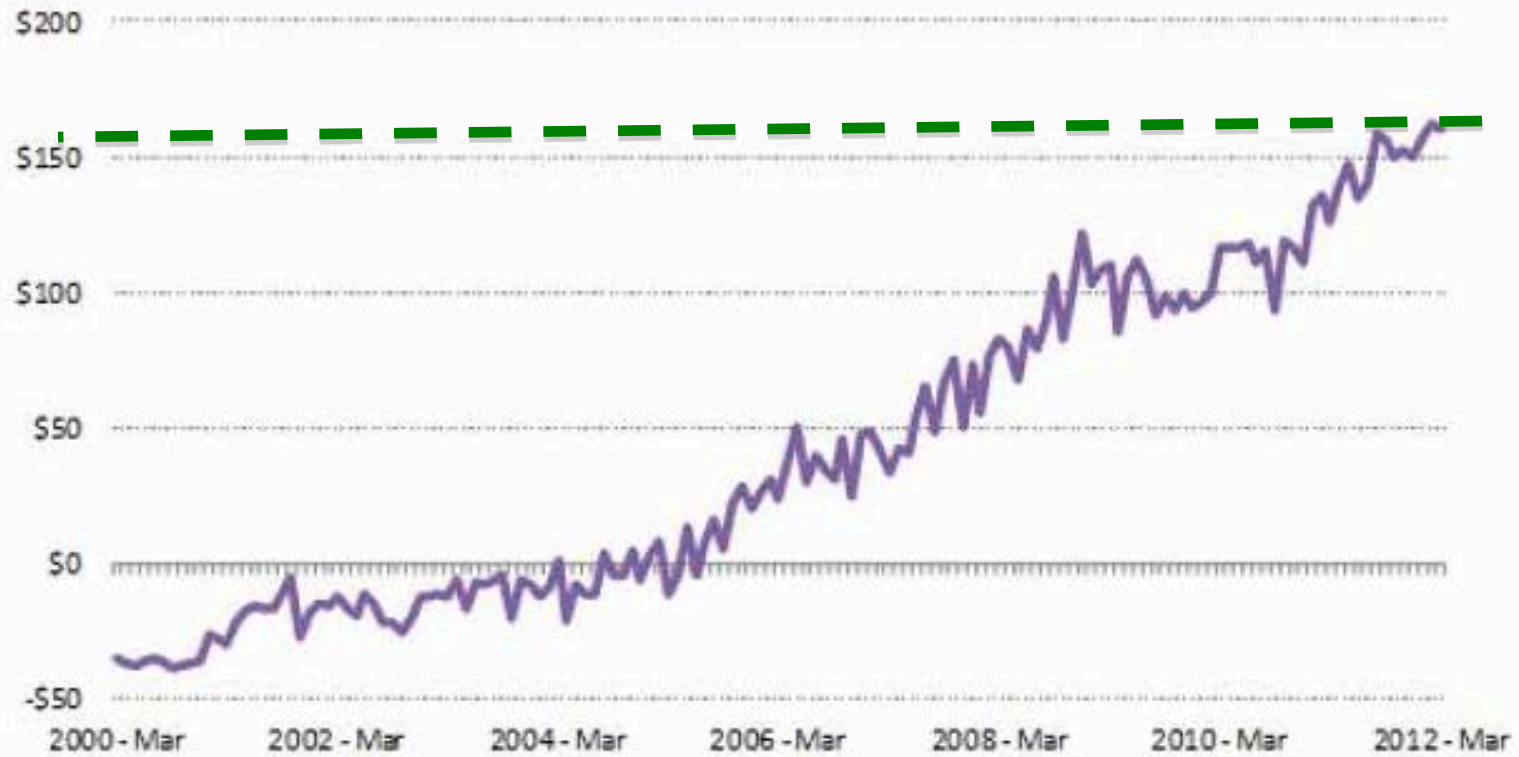
# Highest Average Weekly Earnings





# Earning Premium > \$150/ Week Over Ontario

**Average Weekly Earning Premium  
Alberta over Ontario**



Source: Haver Analytics



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## Alberta employees to see highest pay increases in 2013

Projection of 3.6% hike

BY MARIO TONEGUZZI, CALGARY HERALD    AUGUST 20, 2012

A report released Monday said Albertans will see an average salary increase of 3.6 per cent next year compared to the national average of 2.9 per cent.



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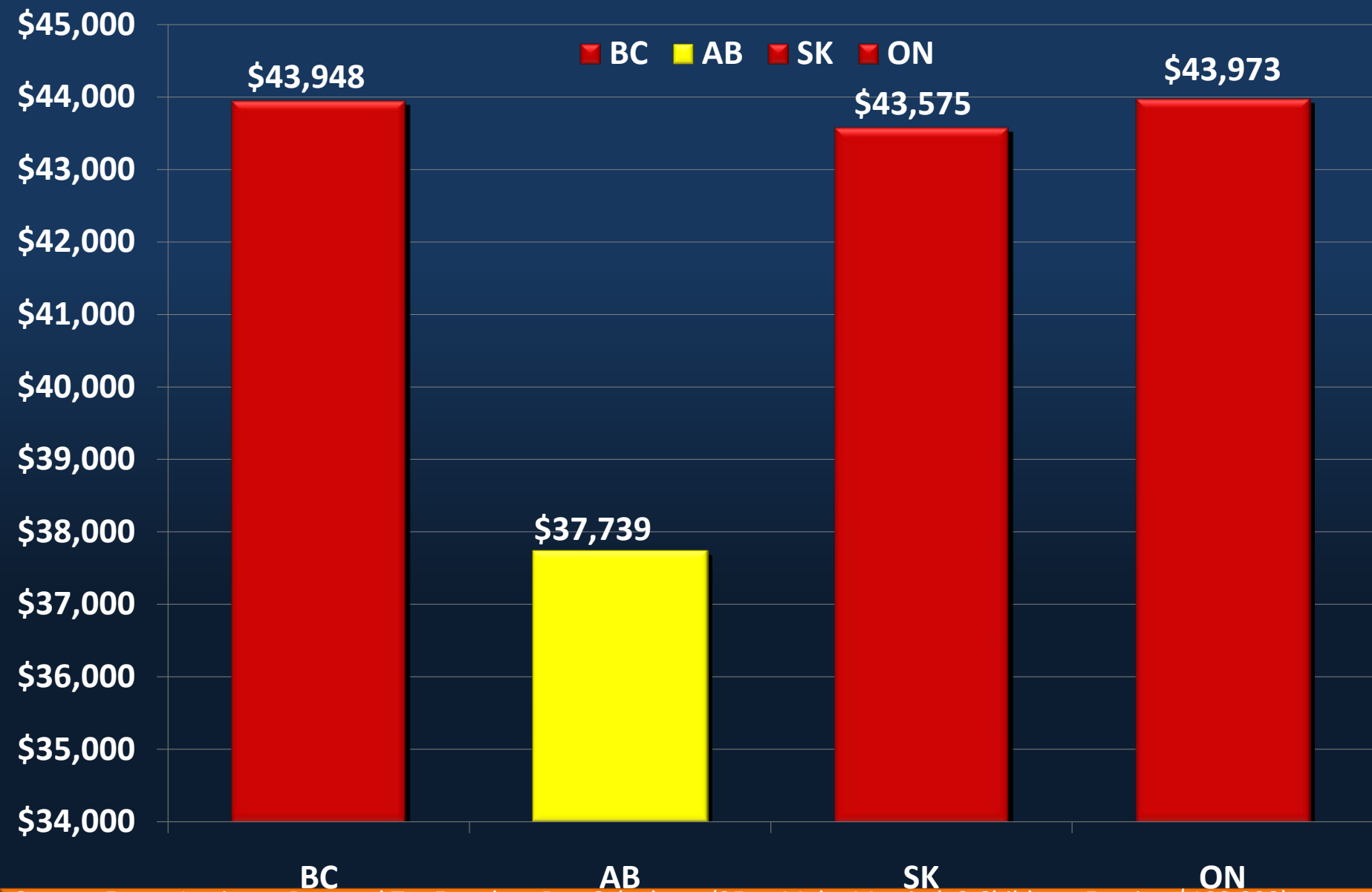
## Calgary and Alberta annual inflation rate lower than Canadian average

Consumer prices rate of growth lower in July than in June

BY MARIO TONEGUZZI, CALGARY HERALD    AUGUST 17, 2012

CALGARY — Alberta's inflation rate was lower in July than the rest of Canada, according to Statistics Canada.

# Lowest Total Tax Bill In Canada



Source: Fraser Institute, Personal Tax Freedom Day Calculator (35 yr Male, Married, 2 Children, Earning \$100,000) 2012

# Earliest Tax Freedom Day!

Province	Tax Bill	Tax Freedom Day	Days Worked For	
			The Government	Yourself
Newfoundland	\$47,501	June 23	175	191
P.E.I	\$43,783	June 10	161	205
Nova Scotia	\$46,022	June 18	169	197
New Brunswick	\$43,435	June 8	160	206
Quebec	\$47,280	June 23	174	192
Ontario	\$43,973	June 10	162	204
Manitoba	\$43,237	June 8	159	207
Saskatchewan	\$43,575	June 9	160	206
<b>Alberta</b>	<b>\$37,739</b>	<b>May 19</b>	<b>139</b>	<b>227</b>
British Columbia	\$43,948	June 10	162	204





**Job Growth**



**GDP Growth**

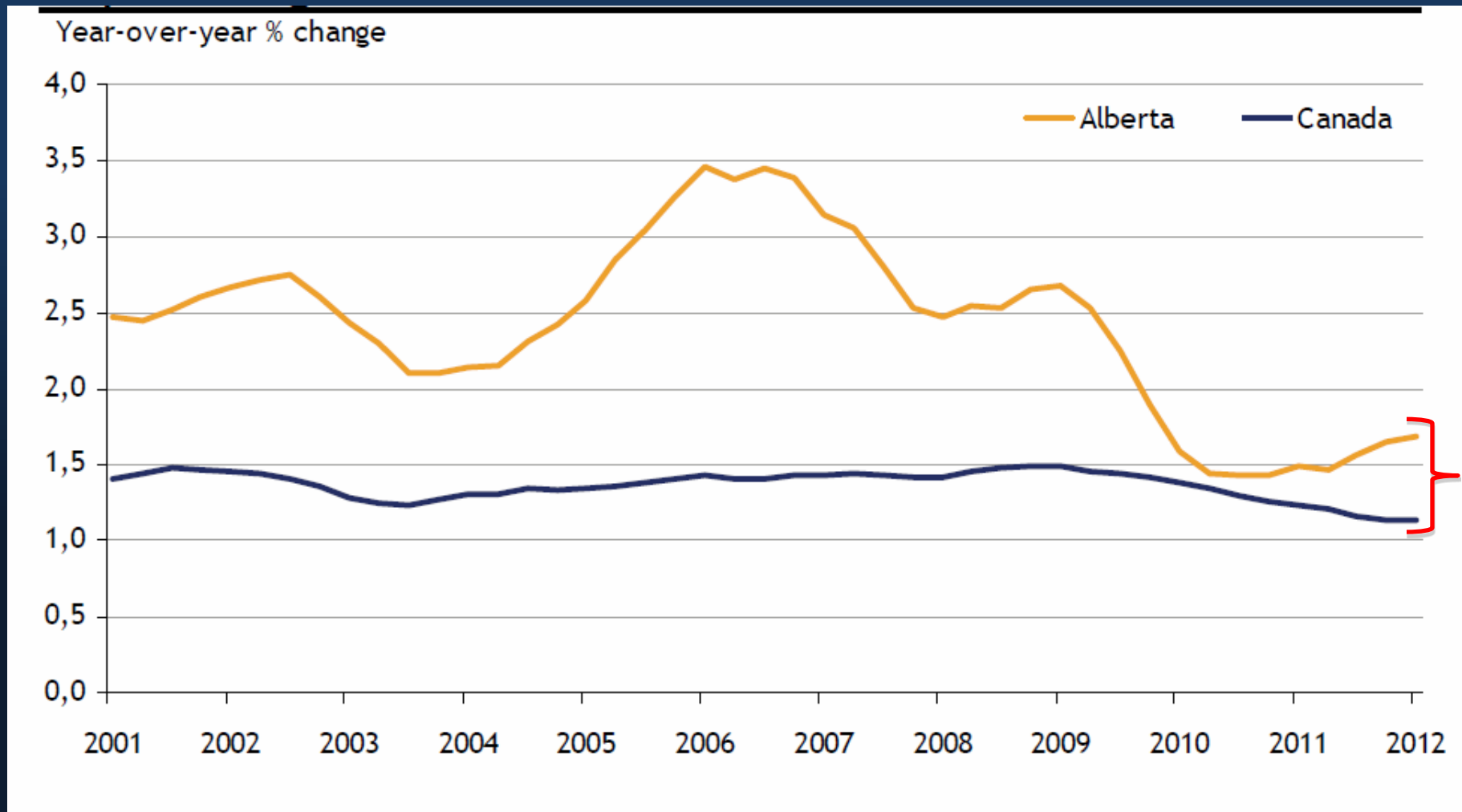


# Population Growth

Job Growth

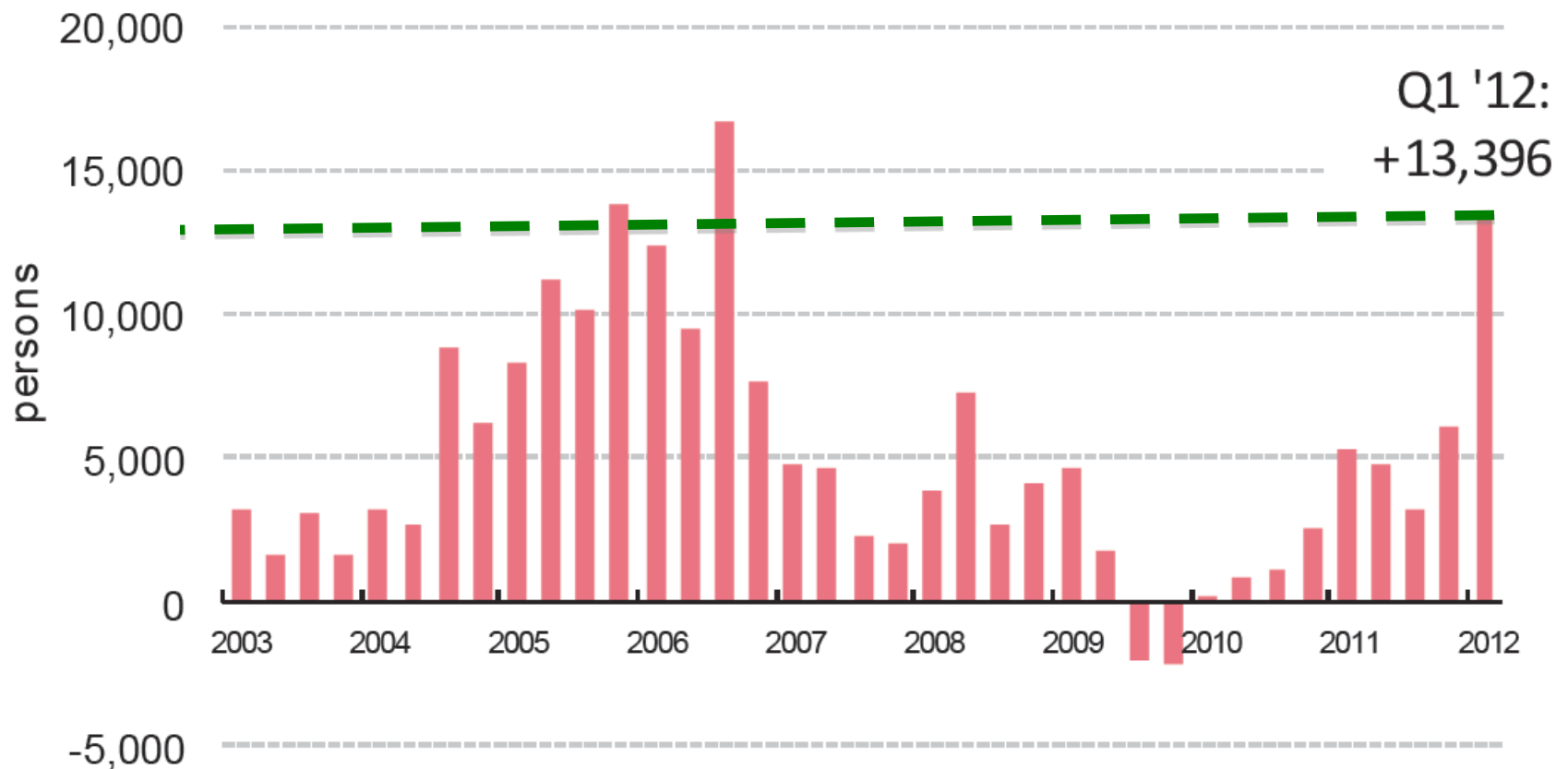
GDP Growth

# Population Growth Leading The Country



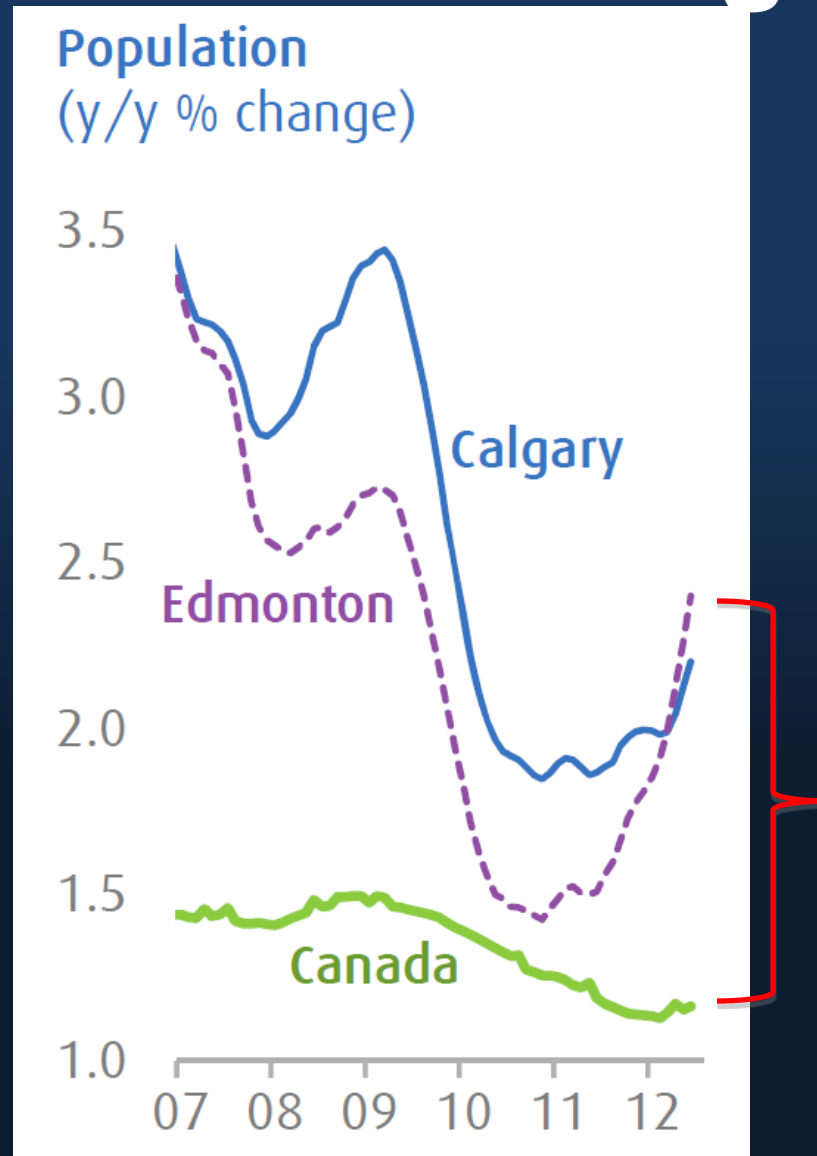
# People Moving To Alberta From Other Provinces

## Alberta Net Interprovincial Migration

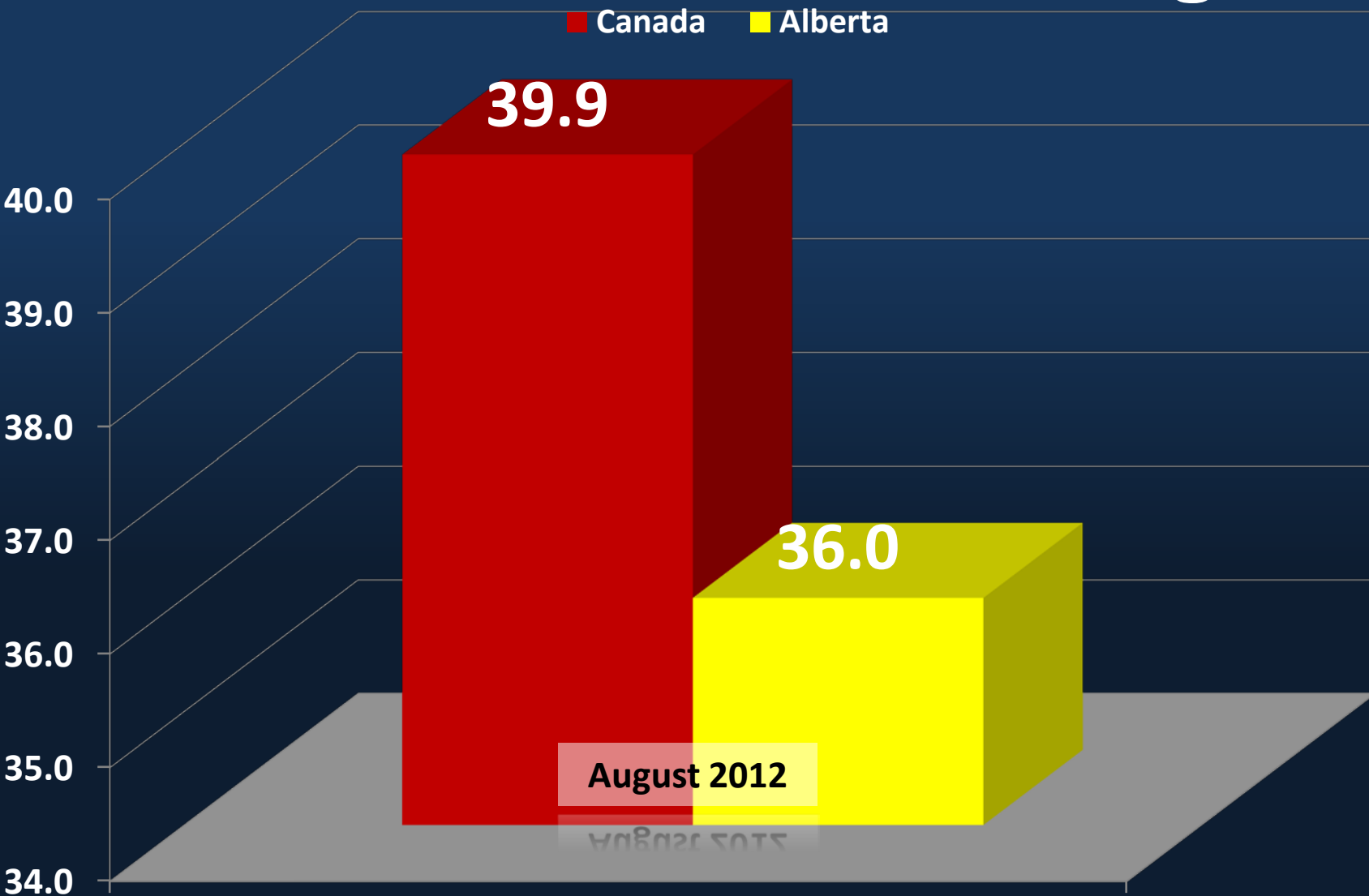


Source: Statistics Canada, The Daily, June 21, 2012

# Large Cities... Getting Larger



# Alberta Population Younger Than Canadian Average





# Population Growth



Job Growth

GDP Growth



**Increased Rents**  
**Decreased Vacancies**  
**Increased Rental Demand**

**Population Growth**

**Job Growth**

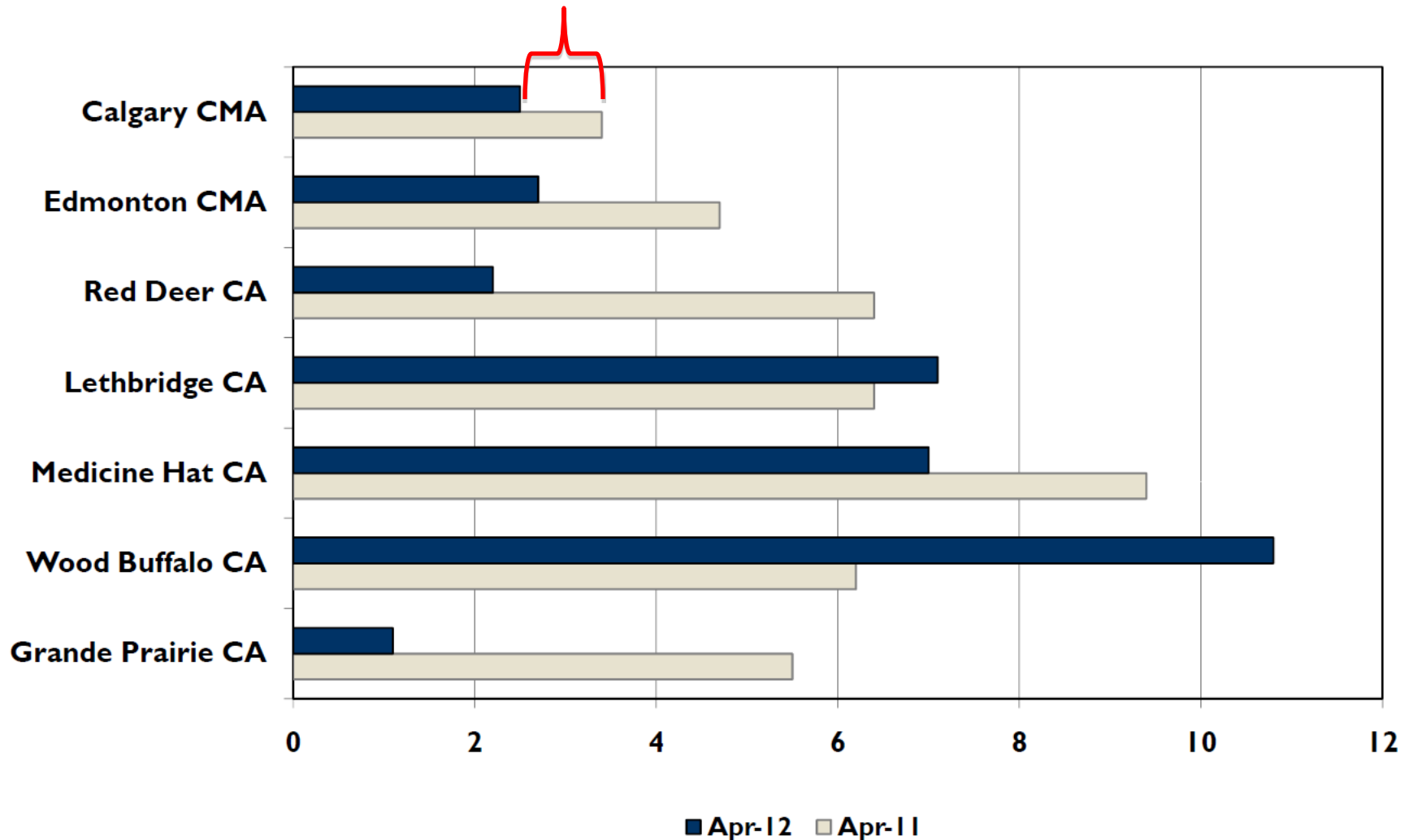
**GDP Growth**



# Rental Shortages

## Vacancy Rates (%)

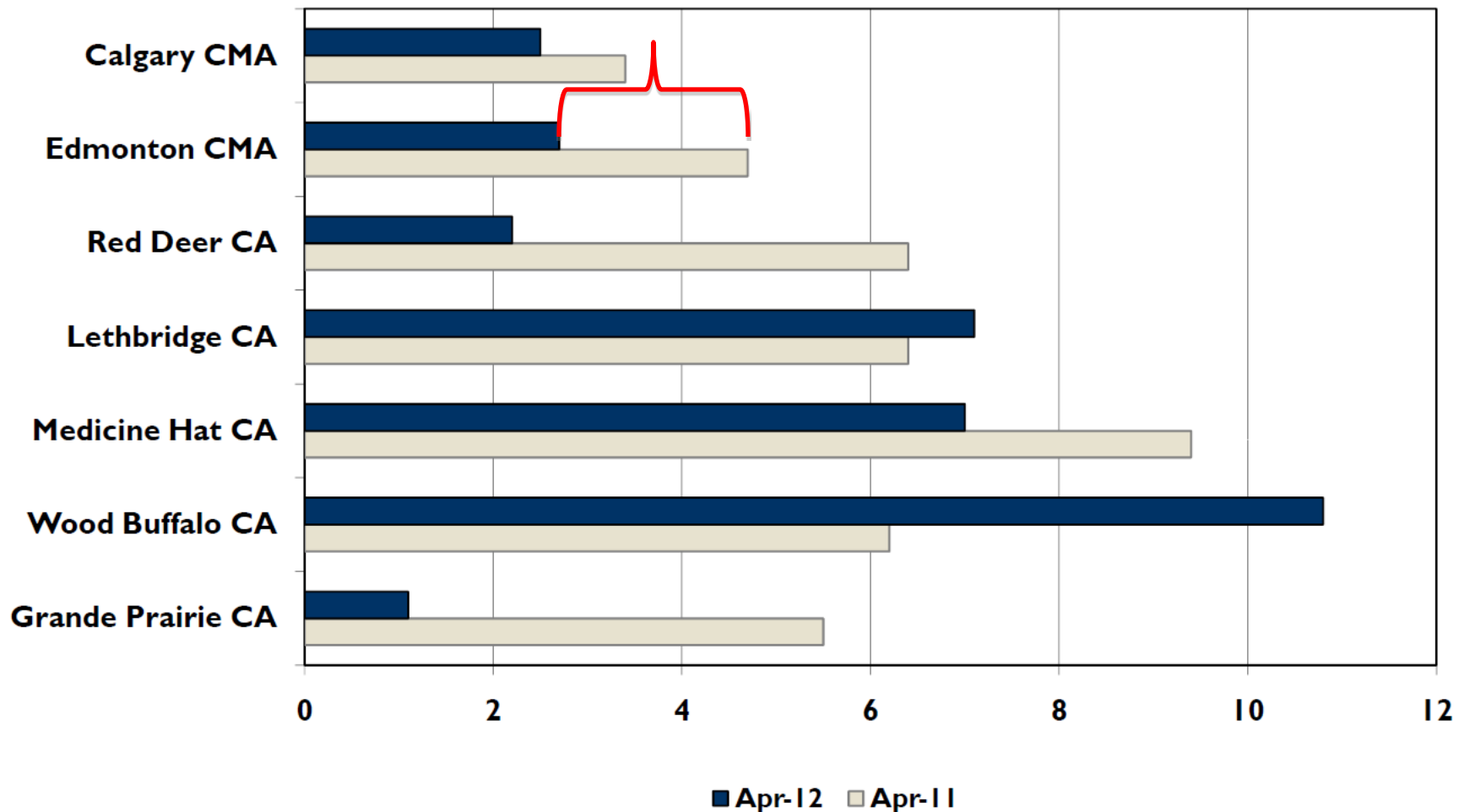
Private Structures with 3 or more apartments



# Rental Shortages

## Vacancy Rates (%)

Private Structures with 3 or more apartments



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## Student renters face hot market in Calgary

### Average cost of apartment rises 11 per cent

BY ANNALISE KLINGBEIL, CALGARY HERALD    SEPTEMBER 4, 2012

[Rentfaster.ca](#) recently compared average rents for listings on its website between March 1 and Aug. 15, 2012, to the same period in 2011. It found a 21 per cent jump in the cost of renting a house, with rent climbing to \$2,444 from \$2,012.

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## Edmonton's strong economic growth resulting in tighter rental market: CMHC

BY TIM JONES, EDMONTONJOURNAL.COM

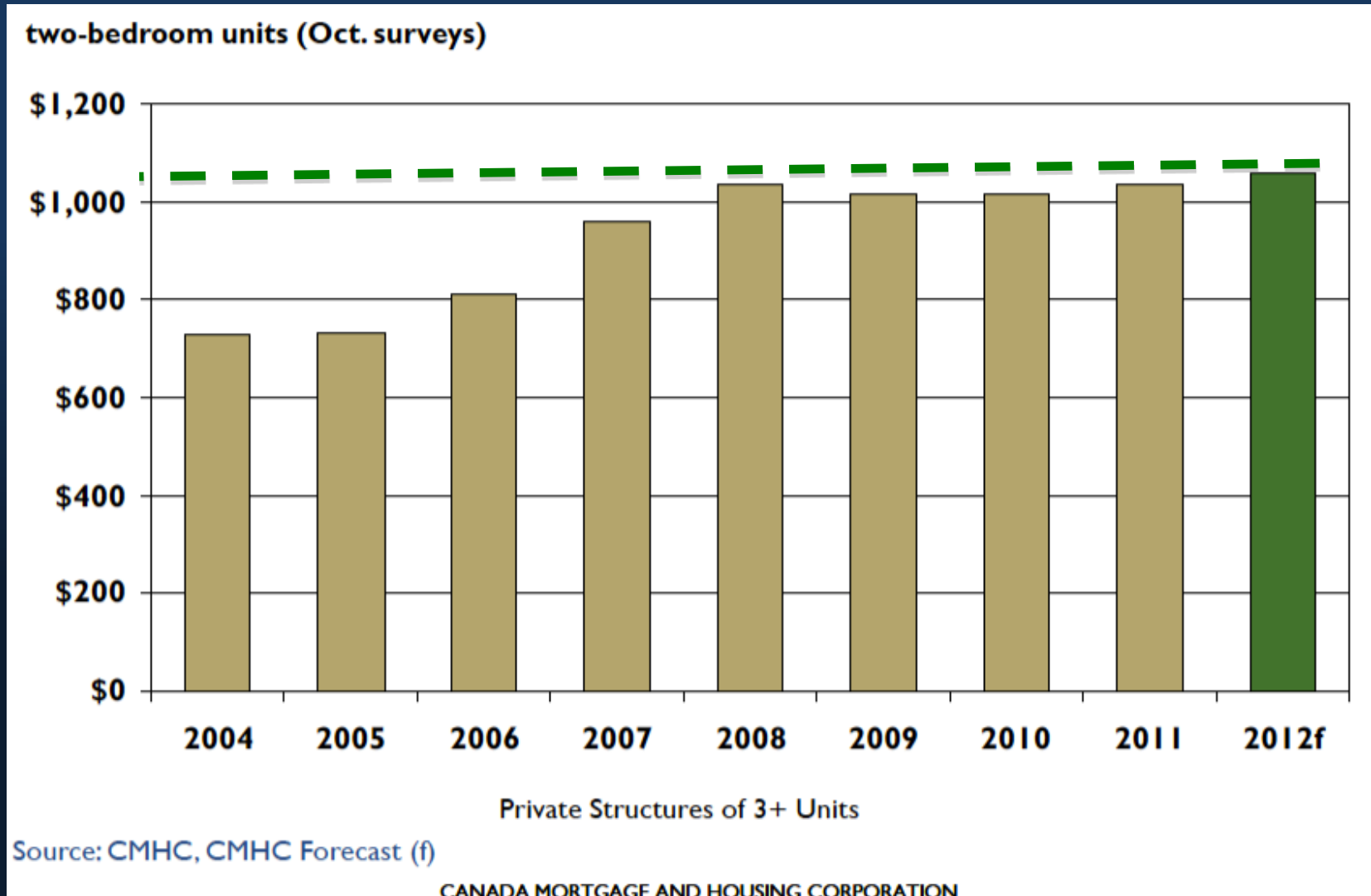
JUNE 12, 2012

From January to May of 2011, rental vacancies were pegged at a modest 4.7 per cent. For that same period this year, it is 2.7 per cent.

Compared with Calgary, Edmonton's rate is dropping much faster, a decline that coincides with a drop in the number of rental spaces available. In April 2011, there were 58,431 units available in Edmonton. As of April 2012, that number had dropped to 57,571.

# Edmonton Average Rents

## Vacancies Decrease Rents Increase





**Increased Rents**  
**Decreased Vacancies**  
**Increased Rental Demand**

**Population Growth**

**Job Growth**

**GDP Growth**



# Property Purchase Demand





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## Calgary resale housing market shines

August **MLS sales rise by nearly 9%** and average prices increase nearly 4%

BY MARIO TONEGUZZI, CALGARY HERALD    AUGUST 31, 2012

**“Sales this year are on pace to outperform 2011** and we are also forecasting the average price to post some modest gains as the resale market has become more balanced.”





## REALTORS® Association of Edmonton

Edmonton Real Estate Board – Co-operative Listing Bureau Limited

14220 - 112 Avenue  
Edmonton, Alberta  
Canada T5M 2T8  
Telephone: 780-451-6666  
[www.ereb.com](http://www.ereb.com)

**For release: September 5, 2012**

**Contact:** Doug Singleton, REALTOR®, 2012 President, 780-431-5600  
Ron Hutchinson, C.A.E., Executive V.P., 780-453-9340  
Jon Hall, C.A.E., Manager Communications, 780-453-9323

### Edmonton's slower market activity matches national trend

**Edmonton, September 5, 2012:** Residential property sales in August slowed both month-to-month and year-to-year, mirroring a trend that has evolved nationally all summer. Sales of all types of residential properties in August (1,430) were down 17.4% from July and down 10.7% from a year ago. The number of people offering their properties for sale also slowed but not as sharply as sales. There were 2,732

# Property Purchase Demand



**GDP Growth**

**Job Growth**

**Population Growth**

**Increased Rental Demand**

**Decreased Vacancies**

**Increased Rents**

# Increase in Prices

Property Purchase  
Demand

Increased Rents

Decreased Vacancies

Increased Rental Demand

Population Growth

Job Growth

GDP Growth



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## Calgary house price gain among lowest in Canada

Repeat home sale prices gain 0.2% in July over previous month

BY MARIO TONEGUZZI, CALGARY HERALD    AUGUST 29, 2012

CALGARY — A national report on repeat home sales says Calgary experienced one of the lowest year-over-year gains in prices in July.

The Teranet-National Bank National Composite House Price Index, released Wednesday, said prices in Calgary were up 1.1 per cent from July 2011 but nationally, in 11 major markets covered by the survey, prices jumped by 4.8 per cent.

# Edmonton Small To Modest Growth in Median Price Increase

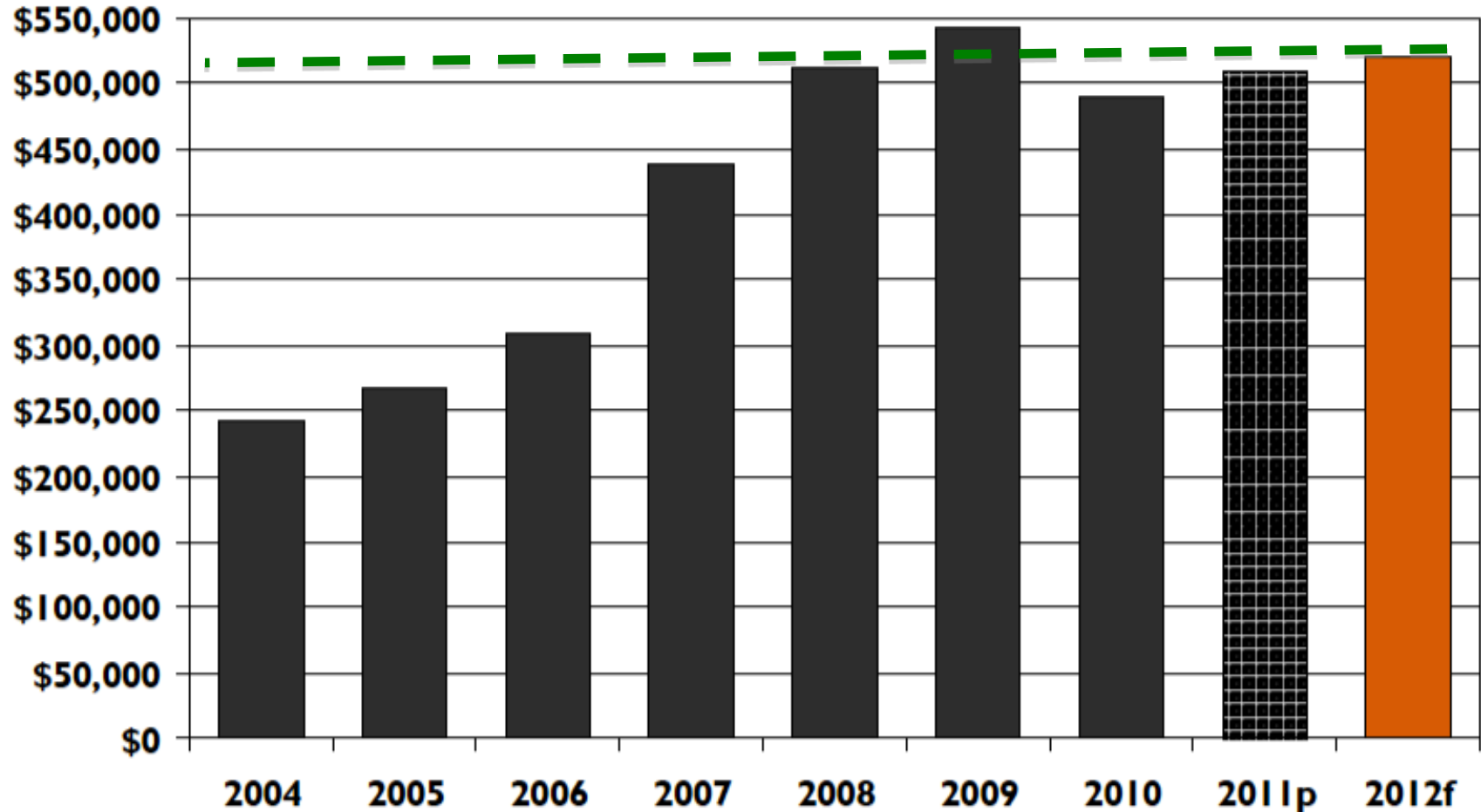
## Highlights of MLS® System activity

<b>Activity</b> (for all residential sales on Edmonton MLS® System)	<b>August 2012</b>	<b>M/M % Change</b>	<b>Y/Y % change</b>
SFD <sup>2</sup> average selling price - month	\$384,477	-0.15%	3.8%
SFD median <sup>3</sup> selling price	\$365,000	1.4%	2.8%

# Edmonton Average Price

## Slight Increase Still Below Peak Levels

average absorbed price, single-detached



Source: CMHC, CMHC Forecast (f)

Source: CMHC Edmonton CMA Market Forecast

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RBC ECONOMICS | RESEARCH

## HOUSING TRENDS AND AFFORDABILITY

August 2012

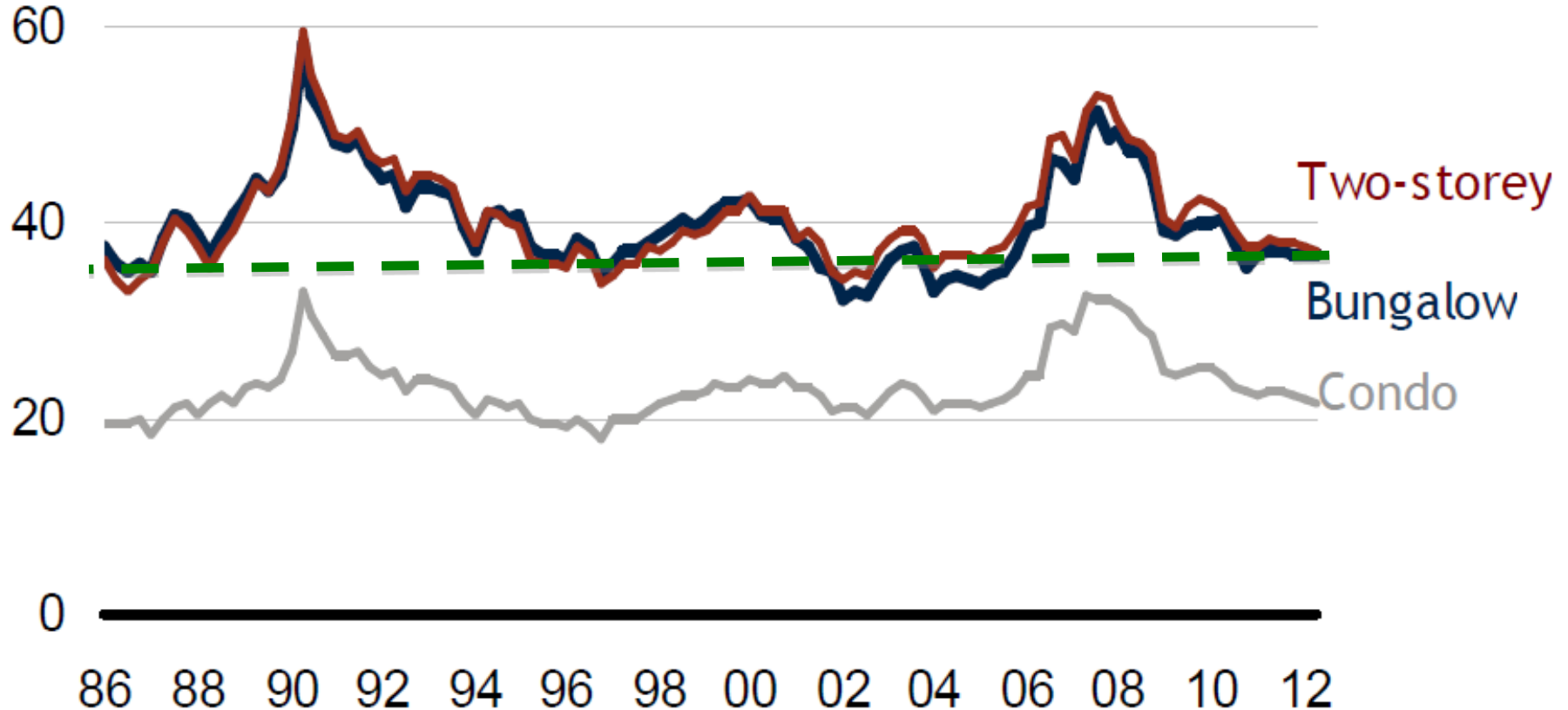
### Calgary – Enjoying the best of all worlds

The Calgary-area market enjoyed the best of all worlds recently: stronger home resales and home building, moderately rising prices, and attractive and *improving* affordability. Such a combination is a rare feat, but it follows

# Affordable Housing in Calgary

## Calgary

Ownership costs as % of household income

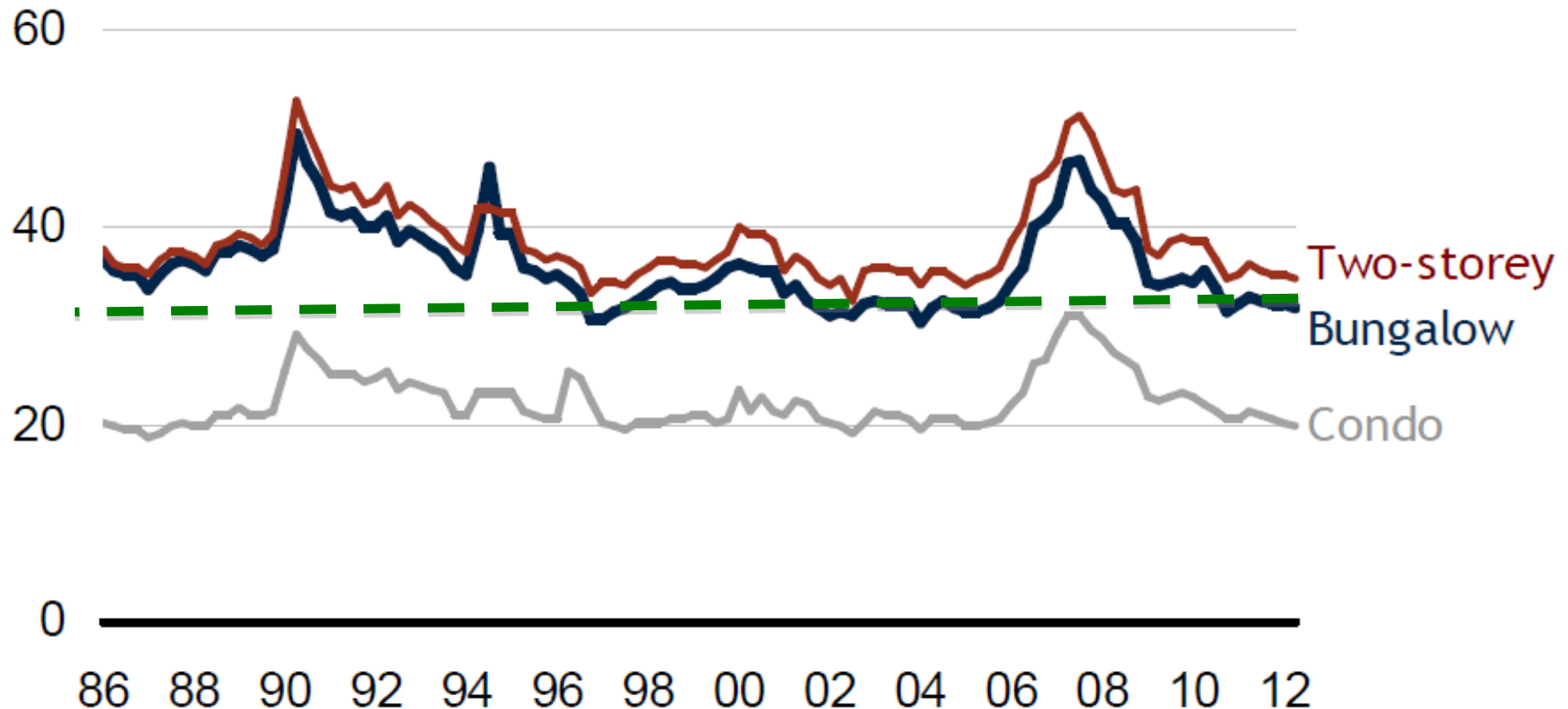




# Affordable Housing in Alberta

## Alberta

Ownership costs as % of household income





# Increase in Prices

Property Purchase  
Demand

Increased Rents

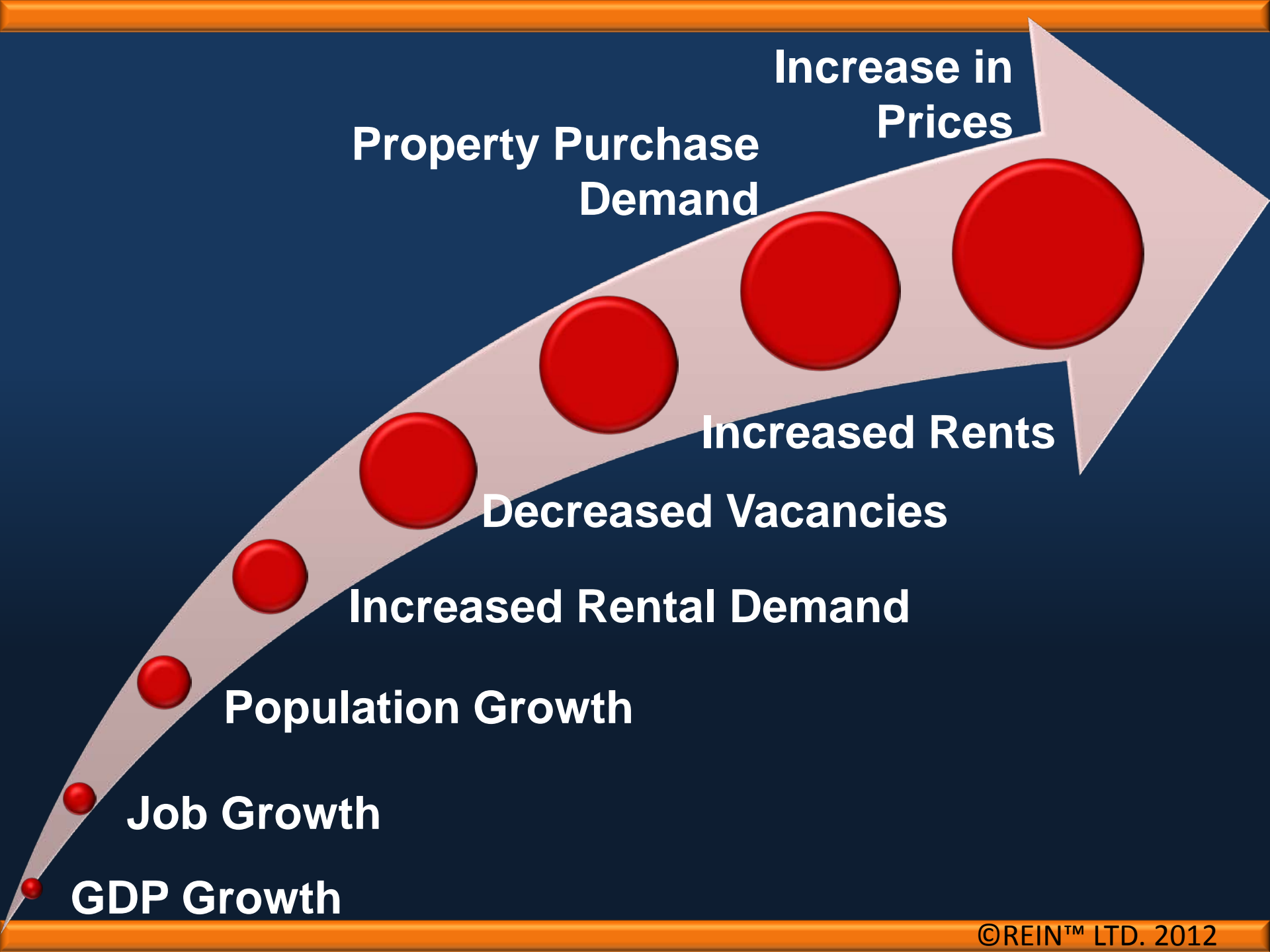
Decreased Vacancies

Increased Rental Demand

Population Growth

Job Growth

GDP Growth





# Top Alberta Investment Towns

Based on Key Economic Fundamentals

Book 1 of 2

Don R. Campbell, President  
Melanie Reuter, Manager, Research  
Allyssa Epp, Research Analyst  
[www.reincanada.com](http://www.reincanada.com)



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# #12 Lacombe





# #11 Sylvan Lake





# #10 Leduc





# #9 Okotoks





# #8 Grande Prairie





# #7 Lethbridge





# #6 Fort McMurray





# #5 St. Albert





# #4 Red Deer





# #3 Airdrie





# #2 Edmonton





# #1 Calgary





# Big Warning



# All or Nothing?



# Stress Test



# Must Cash Flow



# Larger Centers

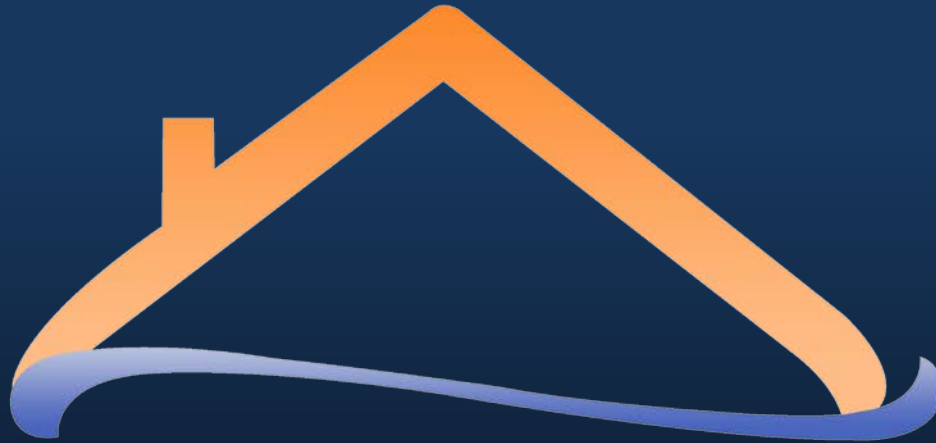




# Impeccable Management



# Support System



**REIN<sup>TM</sup>**

Real Estate Investment Network<sup>TM</sup>



# **The Perfect Storm**

## An 'Outsiders' Perspective