

Alberta housing market may rise: Officials

By MARKUS ERMISCH, Sun Media

When things are good in Alberta, they are really good.

And when things are bad, they're worse than average.

That's the story told in the Housing Market Outlook released yesterday by the Canada Mortgage and Housing Corporation.

The federal agency predicts that next year, the energy-rich province will lead the nation as home building rebounds after a three-year slump.

In 2010, total housing starts are forecast to increase by 14.6% in Alberta and 1.9% across the country. No other province is projected to post a double-digit increase.

This year, however, the CMHC predicts that total housing starts will retreat 34.2% in Alberta, second only to Saskatchewan's 39.2% pullback and significantly lower than the 24.1% drop predicted for the country as a whole.

"That's what happens in Alberta. We really get the wider movements. We had record housing starts, record price growth and the market turned," said CMHC market analyst Lai Sing Louie.

"We're going through a retrenchment period, but we're looking for light at the end of the tunnel."

In fact, the market, lead by collapsing commodity prices, has turned to such an extent that the province now says that the province is in recession, with 15,000 jobs predicted to be lost this year.

Nonetheless, houses are still being built in this province.

This year, the CMHC predicts that a total of 19,200 foundations will be poured in Alberta, followed by 22,000 next year.

Louie said the main reason behind the CMHC's optimism for Alberta is that within one year, the impact of cash injections into the ailing economies of Canada and the U.S. will be felt in the housing-construction sector.

As well, the all-important oil price is expected to dig itself out of the hole by next year.

"We're optimistic that by 2010, the economy will start to expand again," Louie said.

Also, lower mortgage rates — the one-to-five year average mortgage rate the CMHC tracks slid to 5.78% in January from 6.17% in December — will make it cheaper for people to buy homes, both new and in the resale market.

The CMHC predicts residential resales to drop 11.3% to 50,000 units this year, and a 7% rebound to 53,500 units for 2010.

The average residential resale price is expected to sink 5.6% to \$333,000 this year before climbing 3% to \$343,000 in 2010.