



# AGGREGATE FORECASTS

Q1 2020



## HIGHLIGHTS

The consensus amongst Canada's forecasters is that 2020 will be better than 2019 for Alberta's economy and its housing market. The forecasters base this assumption on Alberta easing the curtailment of limits on crude oil production, increased shipping capacity brought about by pipelines, increased investment activity in the oil and gas sector, as well as investment in other sectors (telecommunications, manufacturing and construction).

The corporate income tax cuts will help put more money into the pockets of businesses leading to increased investment and hiring which is reflected in the job growth forecasts. If Alberta businesses hesitate to invest this could stymie job growth.

Forecasters believe that as Alberta's economy improves, it will attract more individuals to the province and encourage more births. This will lead to increased demand for housing and subsequent rises in housing starts, sales, and prices. However, inventories remain high across the province which could prove to be a drag on the housing market.

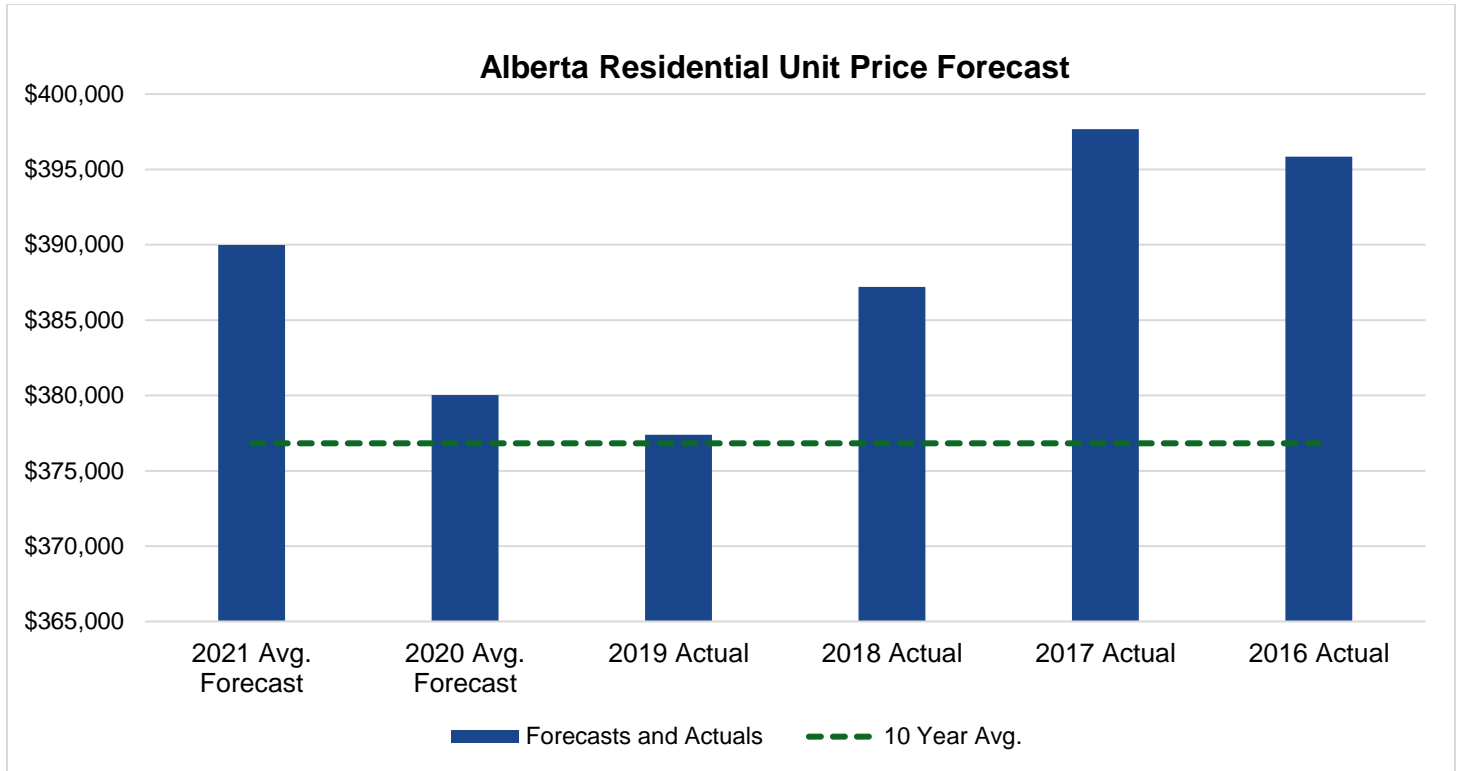
Forecasting figures and information were gathered from Canada's big five banks, BuildForce, Bank of Canada, Canadian Real Estate Association (CREA), Canadian Mortgage and Housing Corporation (CMHC) and the Alberta Treasury Board (ATB). The information presented is based on data available to-date.

Forecast Overview					
	Residential Unit Price (\$)	Residential Unit Sales	Housing Starts	Real GDP Growth (%)	Employment Growth (%)
2021 Avg. Forecast	\$389,990	58,111	28,801	2.4%	0.8%
2020 Avg. Forecast	\$380,027	55,085	26,776	1.7%	0.7%
2019 Actual	\$377,400	52,300	25,810	0.6%	1.9%

# HOUSING FORECASTS

## Residential Unit Price

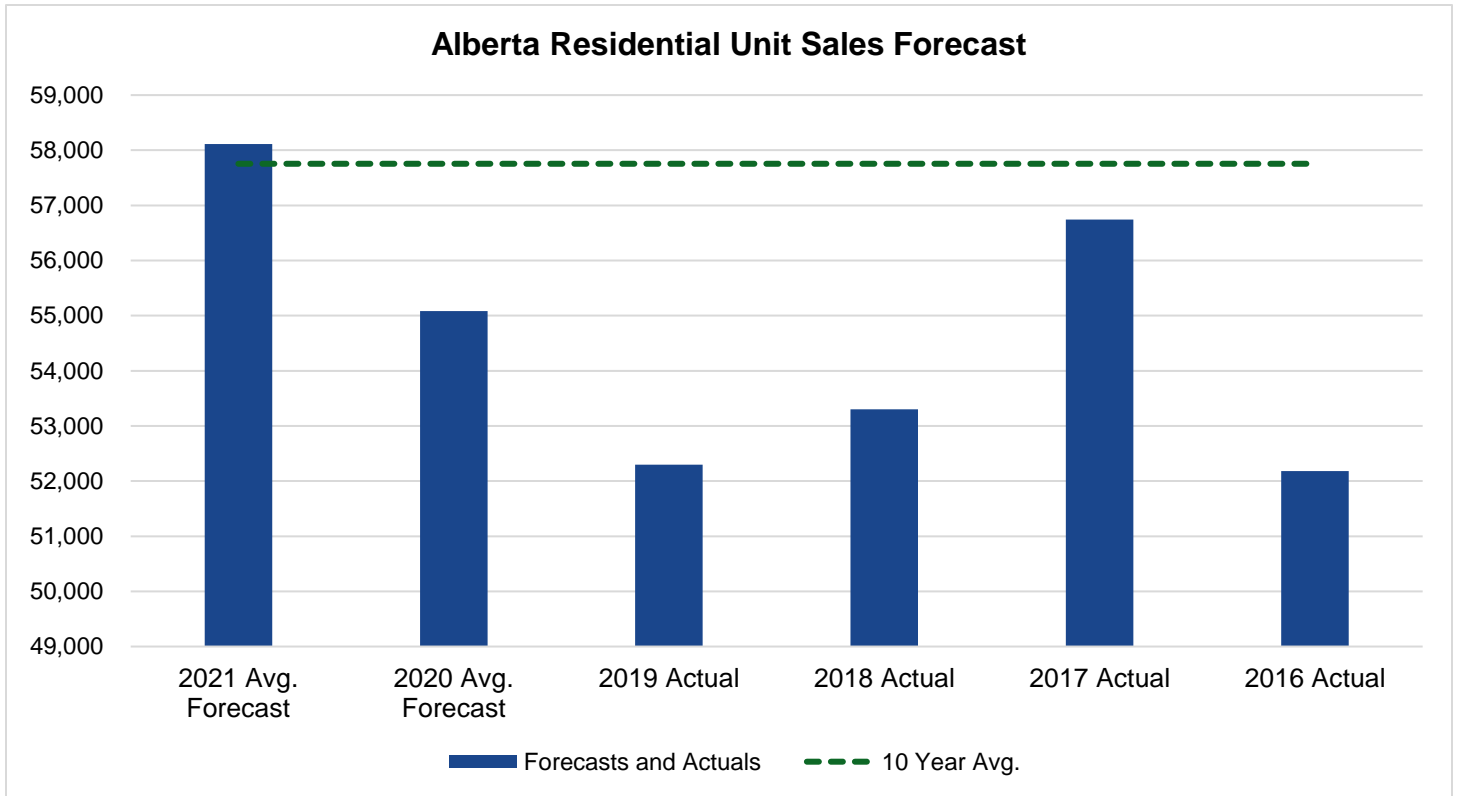
Residential unit prices averaged \$377,400 in 2019. This is a 2.5% decline from 2018, which averaged \$387,200. CMHC and TD believe residential unit prices will be higher in 2019 whereas the CREA believes it will be lower. The consensus forecast for 2020 is \$380,027 which is 0.7% higher than 2019. The 2020 and 2021 forecasts are higher than the 10-year average.



Residential Unit Price (\$)				
	2008-2018 Avg.	2019 Actual	2020 Forecast	2021 Forecast
CREA	376,823	377,400	376,600	N/A
CMHC			381,550	395,000
TD			381,930	384,980
Average Forecast			380,027	389,990

## Unit Sales

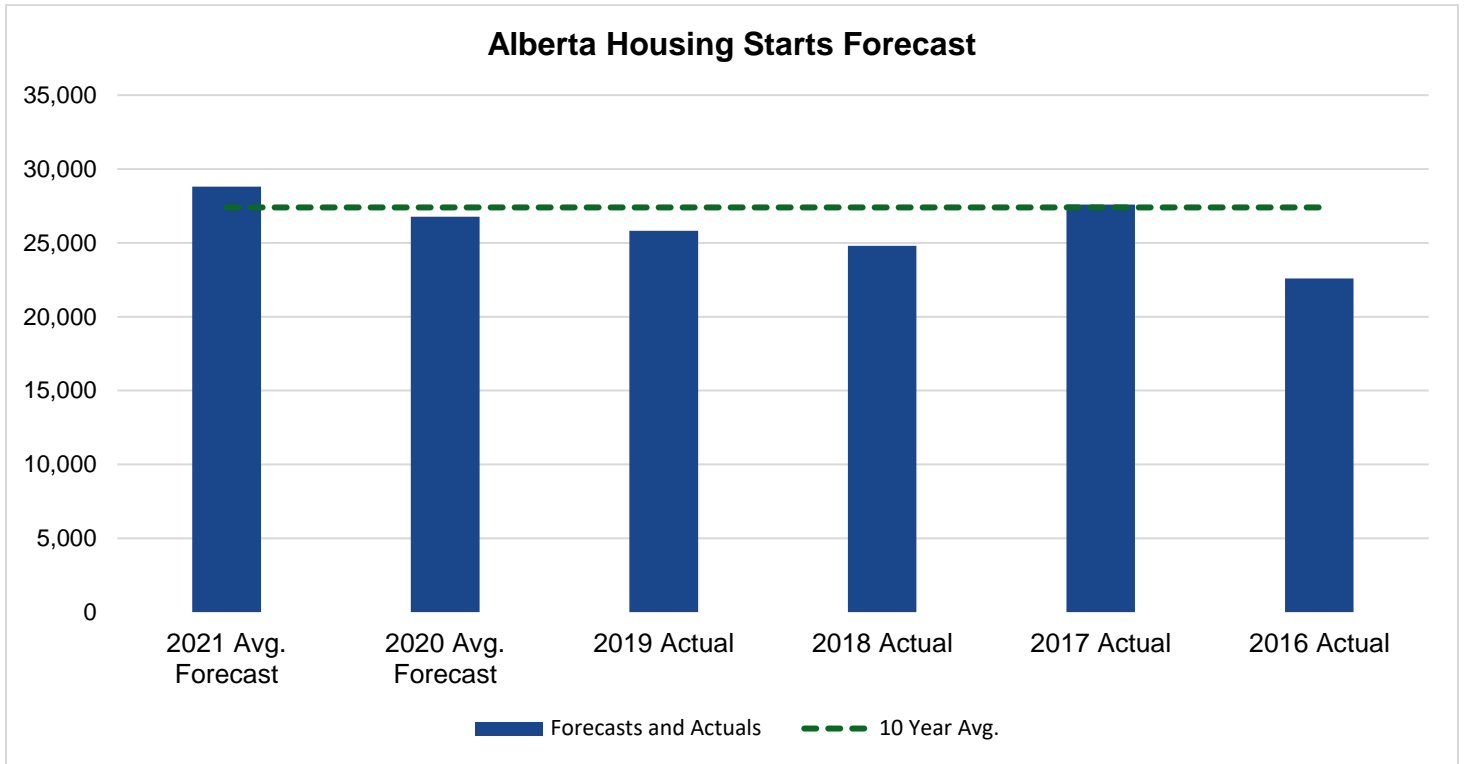
Residential unit sales totalled 52,300 units for Alberta in 2019. This is a 1.9% decline from 2018 which totalled 53,300 units. CREA, CMHC and TD predict a higher volume of sales in 2020 than 2019, however all 2020 forecasts sit below the 10-year average. The consensus for 2021's forecast is 58,111 units - about 5.5% above the 2020 forecast.



Residential Units Sales				
	2008-2018 Avg.	2019 Actual	2020 Forecast	2021 Forecast
CREA	57,755	52,300	54,800	N/A
CMHC			54,600	56,400
TD			55,856	59,822
<b>Average Forecast</b>			<b>55,085</b>	<b>58,111</b>

## Housing Starts

Housing starts totalled 25,810 units for Alberta in 2019. This is a 4.1% increase over 2018's total housing starts. CMHC, BuildForce and ATB are predicting 2020 housing starts to be below 2019's, while Canada's big five banks and the Bank of Canada believe it will be higher. The average of the forecasts predicts 26,776 housing starts in 2020, roughly a 3.7% increase from 2019. Housing starts in 2021 are predicted to rise to 28,801 units which is above the 10-year average.

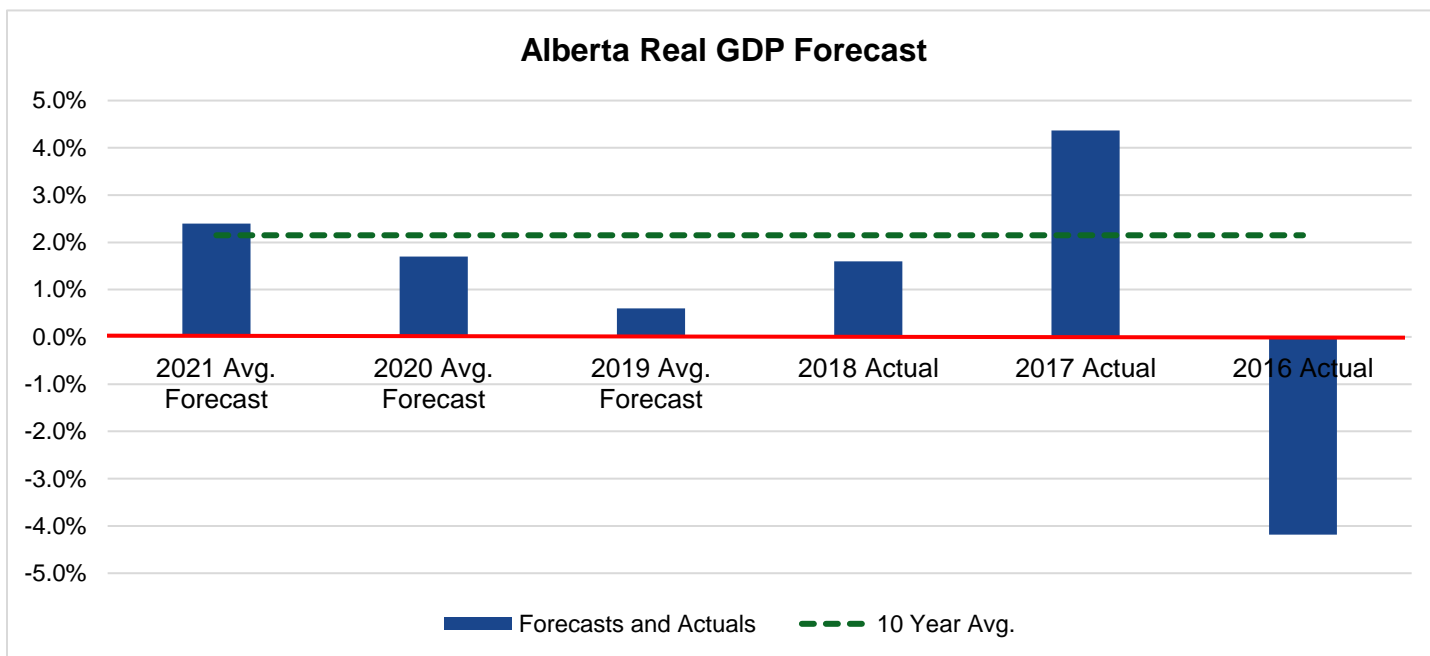


Housing Starts				
	2008-2018 Avg.	2019 Actual	2020 Forecast	2021 Forecast
<b>CMHC</b>	<b>27,400</b>	<b>25,810</b>	24,800	25,800
<b>BMO</b>			26,500	29,000
<b>RBC</b>			26,500	30,000
<b>TD</b>			27,400	30,100
<b>CIBC</b>			29,000	32,000
<b>Scotiabank</b>			30,000	31,000
<b>Bank of Can.</b>			27,000	28,000
<b>BuildForce</b>			25,080	27,610
<b>ATB</b>			24,700	25,700
<b>Average Forecast</b>				

# ECONOMIC FORECASTS

## Gross Domestic Product

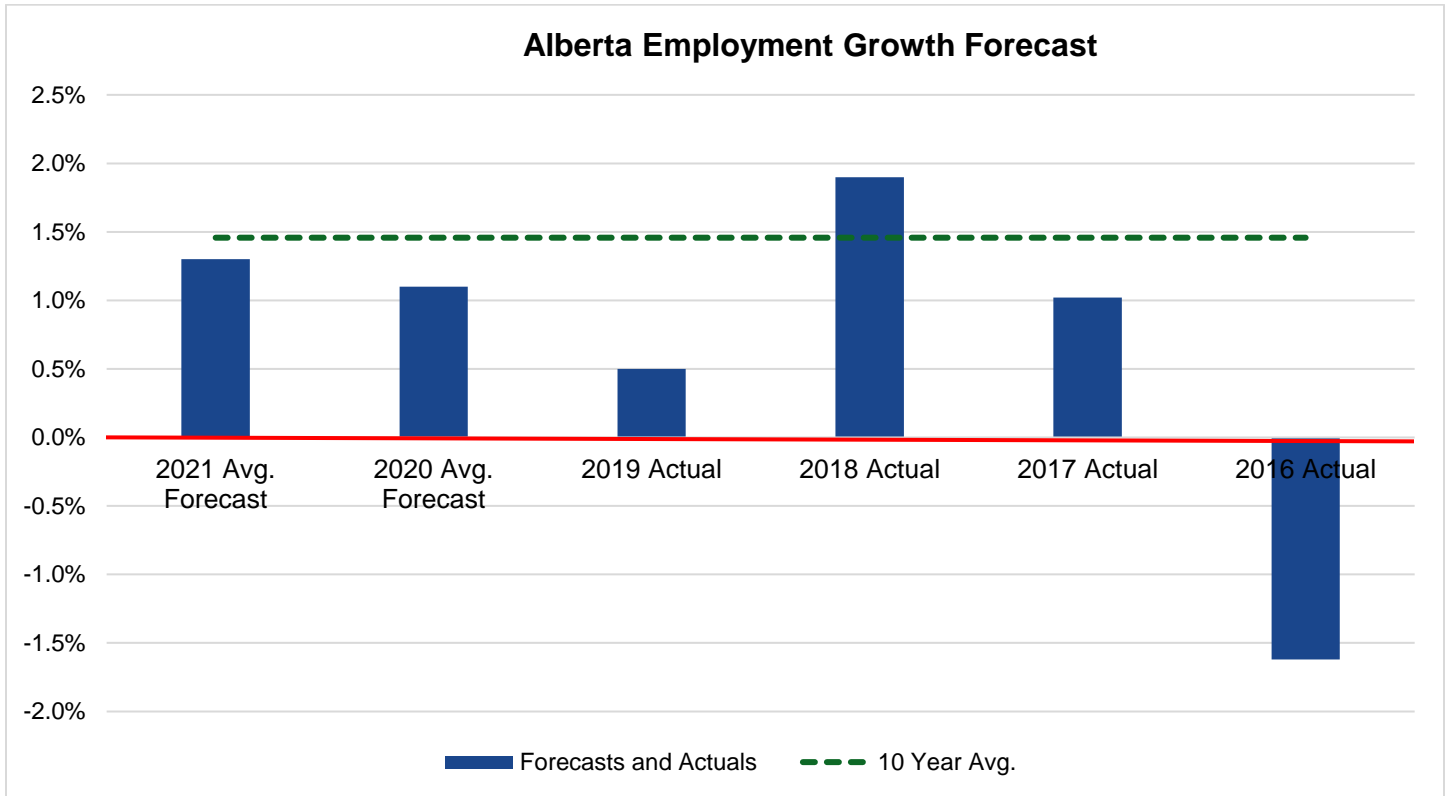
GDP growth is predicted to have clocked in at 0.6% in 2019, however, Alberta is expected to be behind most other provinces in this respect. The 2019 forecast represents a decrease of 1.6% in comparison to 2018, as Alberta continues to struggle with its nearly half decade long economic downturn. GDP growth is forecasted to rebound in 2020, as forecasters are expecting revenues from Alberta's oil sales will increase as the Trans Mountain Pipeline gets up and running. Forecasters believe this momentum will continue into 2021 and we'll see 2.4% growth.



Real GDP Growth (y/y %)				
	2008-2018 Avg.	2019	2020	2021
<b>BMO</b>	<b>2.2</b>	0.5	2.0	1.8
<b>RBC</b>		0.6	1.7	2.3
<b>TD</b>		0.7	1.8	2.0
<b>CIBC</b>		0.5	1.8	2.5
<b>Scotiabank</b>		0.5	1.6	2.5
<b>ATB</b>		0.4	0.9	2.1
<b>Bank of Canada</b>		0.7	2.0	3.1
<b>BuildForce</b>		0.7	1.4	2.6
<b>Average Forecast</b>			<b>0.6</b>	<b>1.7</b>

## Employment

The employment growth in 2019 was 0.5%, well below the 10-year average of 1.5%. All the forecasters, except for BMO, believe employment will be better in 2020 than 2019. Still, the average of the forecasts predicts employment growth of 1.1% in 2020 which is below long run trends. Forecasters believe this momentum will continue in 2021 where they predict employment growth will be 1.3% which is only marginally below long run trends.



Employment Growth (y/y %)						
	2008-2018 Avg.	2019	2020	2021		
CMHC	1.5	0.5	1.8	0.8		
BMO			0.5	0.8		
RBC			1.1	1.6		
TD			0.7	1.6		
CIBC			0.8	1.2		
Scotiabank			1.0	1.2		
Bank of Canada			1.5	1.2		
ATB			1.1	1.5		
BuildForce			1.2	1.9		
Average Forecast					1.1	1.3

## Notes & Sources

### Notes

Charts are available in Excel formats upon request. Please contact [Benjamin Sturge](#) at BILD Alberta for more information.

Data on housing starts was taken from the CMHC's online housing portal. Data on residential unit sales and price was taken from the CREA. Data on employment and real GDP growth was taken from Statistics Canada (Tables 36-10-0402-01, 4-10-0023-01, 14-10-0287-03).

### Sources

<b>CREA</b>	<a href="#">Quarterly Forecasts</a>
<b>CMHC</b>	<a href="#">Annual Forecasts</a>
<b>BMO</b>	<a href="#">Monthly Forecasts</a>
<b>RBC</b>	<a href="#">Quarterly Forecasts</a>
<b>TD</b>	<a href="#">Quarterly Forecasts</a>
<b>CIBC</b>	<a href="#">Quarterly Forecasts</a>
<b>Scotiabank</b>	<a href="#">Quarterly Forecasts</a>
<b>Bank of Canada</b>	<a href="#">Monthly Forecasts</a>
<b>BuildForce</b>	<a href="#">Forecasts</a>
<b>ATB</b>	<a href="#">Forecasts</a>
<b>Government of Alberta</b>	<a href="#">Forecasts</a>