

# Provincial Land Development Industry

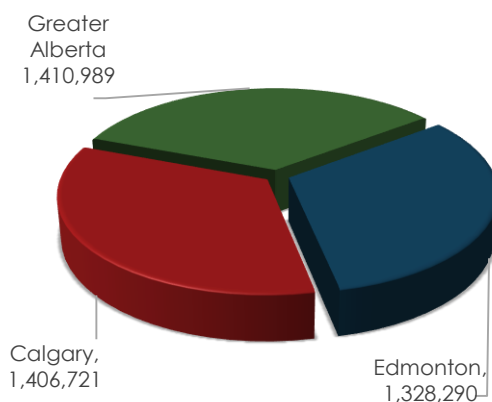
Economic Value Fall 2015

# ALBERTA

Alberta is the fourth-largest province in Canada covering 661,000 square kilometers. It is home to more than 4.1 million people and over the past 5 years has had an average annual growth rate of 2.4%. For eighteen straight quarters Alberta has led all Canadian provinces in population growth of which international and inter-provincial migration are large contributors<sup>1</sup>.

In 2015 Alberta entered a mild recession and witnessed an increased unemployment rate, slowed growth in the economy, a decrease in building permits, and fewer housing starts relative to 2014. In 2016 the economy is expected to see a modest recovery though economic growth is expected to occur at a slower pace than in recent years<sup>2</sup>.

## Alberta Population<sup>3</sup>



## Measuring Economic Impacts

Every dollar spent on land development in Alberta circulates and recirculates within the economy. This is known as the economic multiplier effect and includes direct revenue arising through construction investments as well as indirect and induced value created through linkages to other trades, suppliers and sectors. The economic benefits are realized through increased business activity, jobs created<sup>4</sup>, employee spending power and tax revenue to government.

The economic impact values presented are derived from building permit data for residential, commercial, industrial and institutional development. Note that these values include the combined value of land development and construction.

## Alberta at a Glance

In 2014 Alberta's Land Development Industry generated **\$32,093,507,000** in economic benefit.



**136,608**  
Jobs Created



**\$9,359,332,868**  
Labour Income Generated

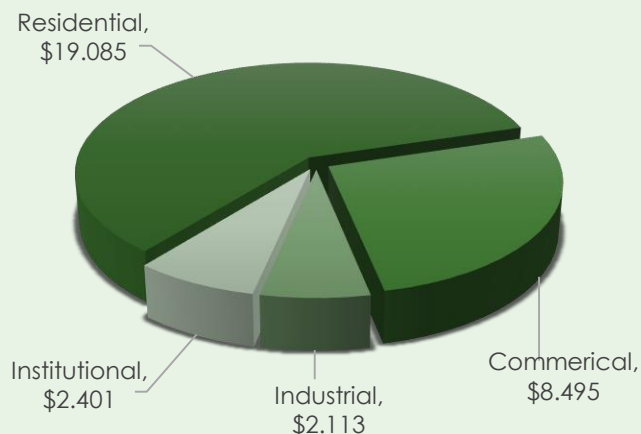


**\$19,084,786,000**  
Residential Land Development



**\$13,008,721,000**  
Non-Residential Land Development

## Alberta Economic Impact of Land Development (\$ billions)



In **2014**, for the fifth consecutive year, Alberta's economy grew by **over 4%**.



Investment in commercial building **jumped 6.8%** in 2014 leading the way for the largest increase in non-residential building investment since 2008.



In 2014 housing starts **increased by 12.7%** relative to 2013.<sup>5</sup>

<sup>1</sup> [http://www.finance.alberta.ca/aboutalberta/population\\_reports/2014-2015/2015-2ndQuarter.pdf](http://www.finance.alberta.ca/aboutalberta/population_reports/2014-2015/2015-2ndQuarter.pdf)

<sup>2</sup> Alberta, Budget 2015, Economic Outlook

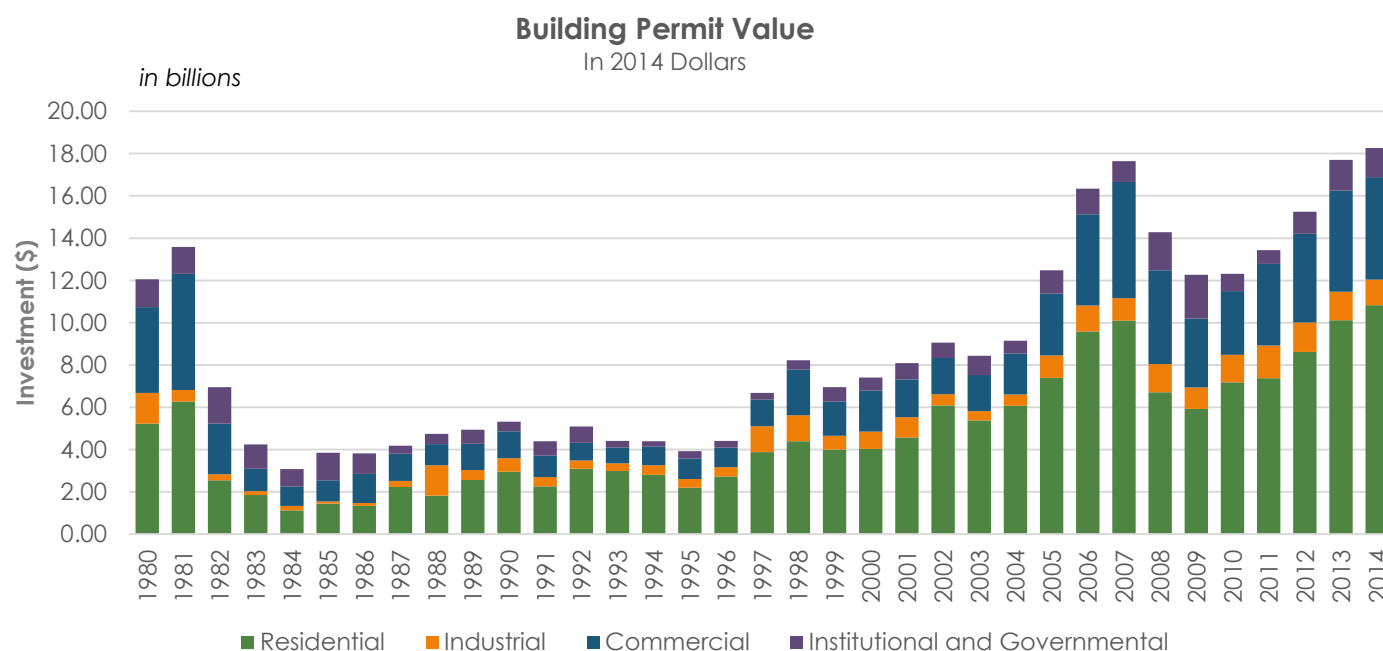
<sup>3</sup> <http://www.statcan.gc.ca/daily-quotidien/150211/t150211a001-eng.htm>

<sup>4</sup> All employment impacts are measured in person-years of employment

<sup>5</sup> 2015-2016 First Quarter Fiscal Update and Economic Statement

## Building Permit Value

The table below highlights the value of building permits over a 35 year period as reflected in 2014 dollars. As indicated, the land development sector has experienced significant growth particularly in residential construction. Trends in the value of building permits also reflect greater market fluctuations; decreases in development activity tend to follow a year of economic downturn.

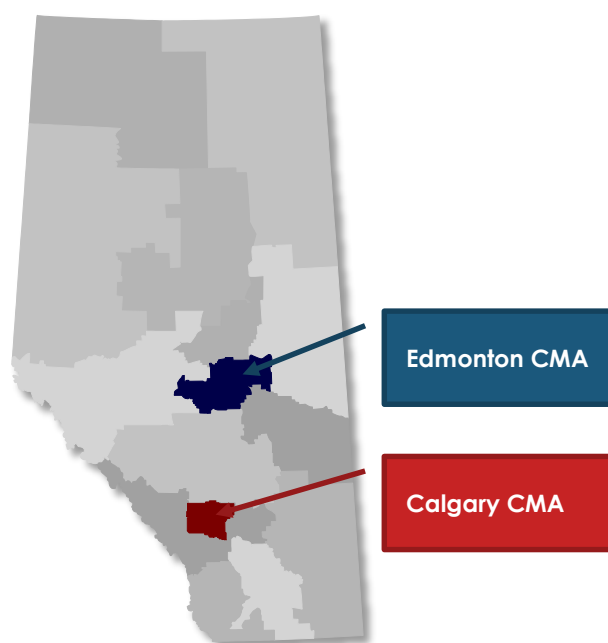


## Alberta in 2015

The ongoing effect of low oil prices has introduced significant uncertainty into Alberta's economy and has resulted in an estimated \$6 billion deficit in resource revenue in 2015. It is anticipated that this economic downturn will have an increased impact on the Land Development Industry as current projects are completed and demand decreases.

In August 2015, Alberta municipalities issued \$1.3 billion in building permits, a 21.9% drop from the same time in 2014. Residential permits declined by 19.1% and made up 60% of the \$1.3 billion in permits issued. While commercial and industrial permits fell by 46.5% and 42.5%, respectively, institutional and governmental permits rose 78.7% over the same time frame<sup>6</sup>.

In October, 2015 the Government of Alberta released the 2015 Provincial Budget announcing a \$34 billion investment in capital spending over the next five years for major infrastructure projects including funding for schools, roads and bridges, and health facilities and equipment.



<sup>6</sup> <http://economicdashboard.albertacanada.com/BuildingPermit#sthash.n5xDI7Km.dpuf>

# CALGARY REGION

The Calgary Census Metropolitan Area (CMA) comprises 5,108 square kilometres and 9 municipalities including:

- Calgary
- Airdrie
- Chestermere
- Rocky View County
- Cochrane
- Crossfield
- Irricana
- Beiseker
- Tsuu T'ina Nation

In terms of population it's the largest CMA in the province and the fifth largest in Canada. As of July 2015 1,406,721 people were estimated to reside in the area indicating a 30.3% growth in population since the 2006 Census.

The Calgary CMA population is young. It has a median age of 36.4 years with the largest demographic located in the 25 to 29 years age group. The percentage of the population that is considered working age (15 to 64) is 71.9% compared to the national average at 68.5%.



In **October 2015** Calgary CMA's **unemployment rate was 6.7%** compared to the provincial average of 6.6% and the national average of 7.0%<sup>7</sup>.



The strongest demand for new housing in Alberta in 2014 came from Calgary where price gains were the largest in the province and housing starts **grew by 33%<sup>8</sup>**.

## Calgary at a Glance

In 2014 Calgary's Land Development Industry generated **\$12,910,820,740** in economic benefit.



**55,107**  
Jobs Created



**\$3,767,603,867**  
Labour Income Generated

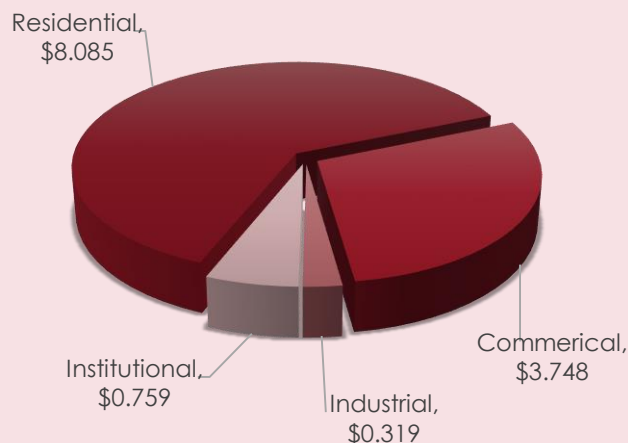


**\$8,085,135,000**  
Residential Land Development



**\$4,825,685,000**  
Non-Residential Land Development

## Calgary CMA Economic Impact of Land Development (\$ billions)



<sup>7</sup> www.statcan.gc.ca

<sup>8</sup> [http://www.finance.alberta.ca/publications/annual\\_repts/govt/ganrep15/goa-2014-15-annual-report-executive-summary.pdf](http://www.finance.alberta.ca/publications/annual_repts/govt/ganrep15/goa-2014-15-annual-report-executive-summary.pdf)



## Growth in Calgary

- From 2005 to 2014 growth in building permits in the Calgary CMA totaled 86.9%.
- Industry growth was led by non-residential building permits which experienced a 108.4% jump while residential building permits remained strong with a 96.5% increase.
- The Calgary CMA has the second highest total labour force growth in Canada over the past 10 years (2005-2014) at 30.3%<sup>9</sup>.



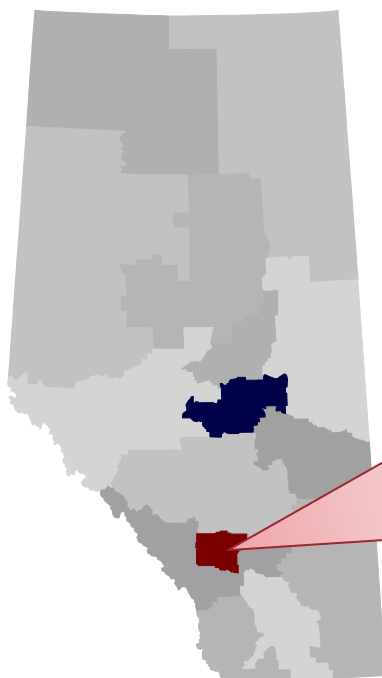
## Calgary Going Forward



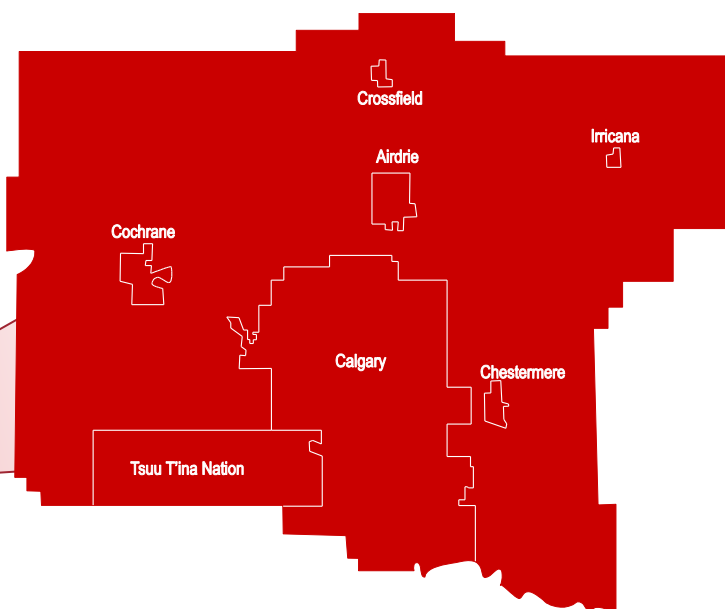
Economic growth in the Calgary Economic Region is expected to contract by 0.2% in 2015 from a 5.1% growth in 2014. Growth is expected to renew in subsequent years with a **1.7% increase in 2016** and **3.4% in 2017**<sup>10</sup>.



Building permit value for the City of Calgary is expected to decrease from an average of \$5.6 Billion from 2012-2014 to a \$4.8 Billion average from 2015-2018<sup>11</sup>.



## Calgary CMA



<sup>9</sup> [http://www.calgaryeconomicdevelopment.com/sites/default/files/CalgarysAdvantage/Economy\\_at\\_a\\_glance\\_Calgary%27s\\_advantages\\_March\\_2015.pdf](http://www.calgaryeconomicdevelopment.com/sites/default/files/CalgarysAdvantage/Economy_at_a_glance_Calgary%27s_advantages_March_2015.pdf) (slide 44)

<sup>10</sup> <http://www.calgary.ca/CA/fs/Documents/Corporate-Economics/Calgary-and-Region-Economic-Outlook/Calgary-and-Region-Economic-Outlook-2015-Fall.pdf>

<sup>11</sup> <http://www.calgary.ca/CA/fs/Documents/Corporate-Economics/Calgary-and-Region-Economic-Outlook/Calgary-and-Region-Economic-Outlook-2015-Fall.pdf>

# EDMONTON REGION

The Edmonton Census Metropolitan Area (CMA) comprises 9,427 square kilometres and 35 municipalities including but not limited to:

- Edmonton
- Fort Saskatchewan
- Leduc
- St. Albert
- Spruce Grove
- Beaumont
- Bon Accord
- Bruderheim
- Calmar
- Devon
- Gibbons
- Legal
- Morinville
- Redwater
- Stony Plain
- Thorsby
- Wabamun
- Warburg
- Enoch Cree Nation
- Wabamun
- Paul First Nation

In terms of population it is the second largest CMA in the province and ranks sixth nationally. As of July 2015 1,328,290 people were estimated to reside in the area indicating a 28.3% growth in population since the 2006 Census.

The relative age of residents in Edmonton's CMA mirrors that of Calgary with a median age of 36.5, with those aged 25 to 29 representing the largest age group. The working age population (15 to 64) makes up 70.9% of all residents compared to the national average of 68.5%.



The Conference Board of Canada recognizes that **Edmonton's economy** is one of the **most diversified** in the country<sup>12</sup>.



In **October 2015** Edmonton CMA's **unemployment rate was 6.0%** compared to the provincial average of 6.6% and the national average of 7.0%<sup>13</sup>.

## Edmonton at a Glance

In 2014 Edmonton's Land Development Industry generated **\$11,295,799,310** in economic benefit.



**48,255**  
Jobs Created



**\$3,296,984,535**  
Labour Income Generated

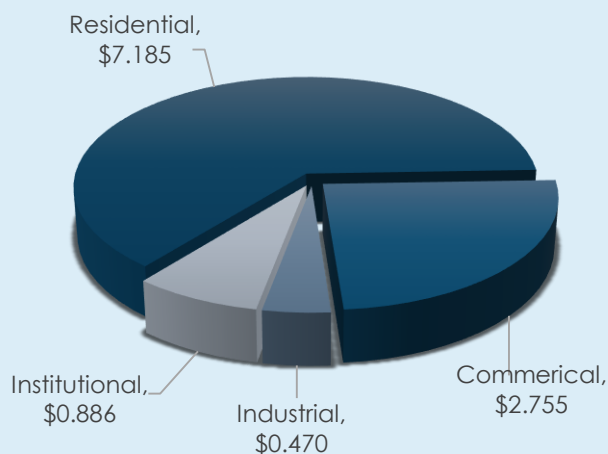


**\$7,185,132,000**  
Residential Land Development



**\$4,110,667,000**  
Non-Residential Land Development

## Edmonton CMA Economic Impact of Land Development (\$ billions)



<sup>12</sup> [http://www.edmonton.ca/city\\_government/documents/PDF/state\\_of\\_the\\_city\\_address\\_2015.pdf](http://www.edmonton.ca/city_government/documents/PDF/state_of_the_city_address_2015.pdf)

<sup>13</sup> [www.statcan.gc.ca](http://www.statcan.gc.ca)



## Edmonton Going Forward



September 2015 signaled the **5th consecutive month** that the Edmonton CMA saw an **increase in the number of jobs** where part-time employment offset an overall reduction in full-time jobs<sup>17</sup>.

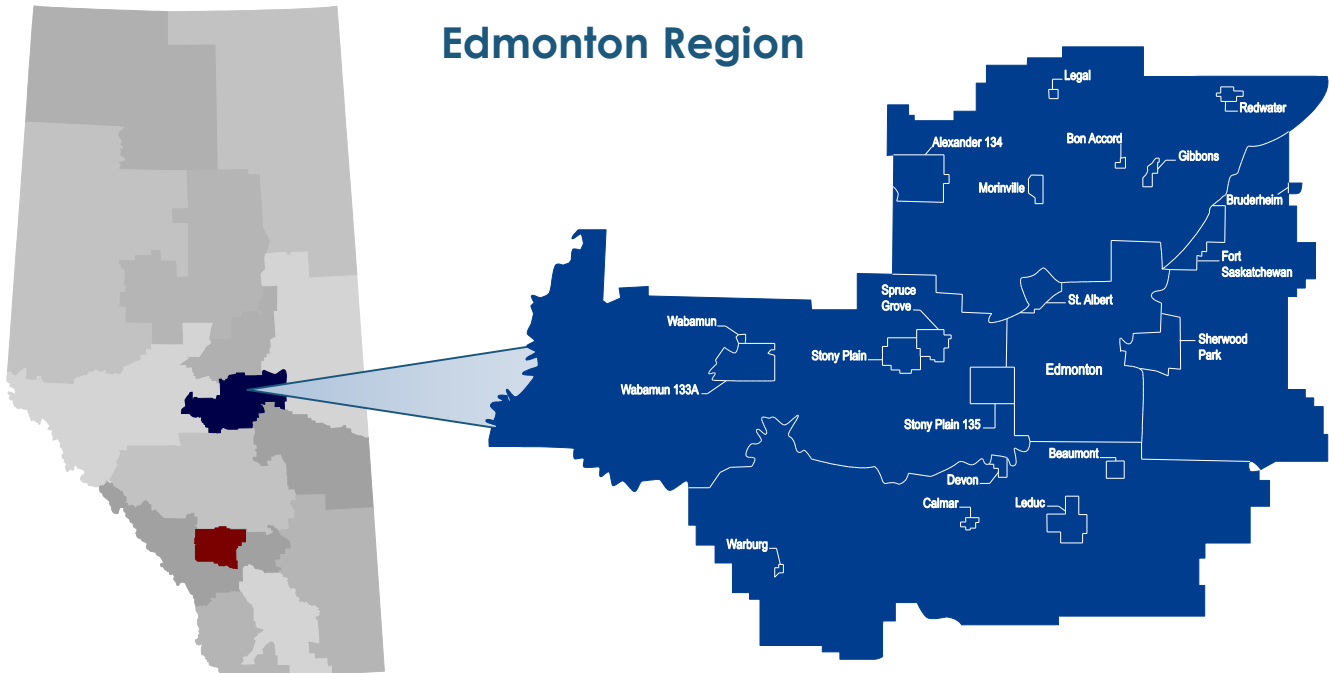


**\$5 billion** in residential and commercial development is planned for Edmonton's downtown core **by 2020**. Current development projects include the new arena and ICE District, Edmonton Civic Tower, Stantec Tower, Delta Hotel Tower, the Kelly Ramsay building and other projects.

## Growth in Edmonton

- 2014 was a record year for the total value of building permits in the City of Edmonton.
- At \$4.6 billion this indicated a 17% increase from 2013 and a 182% increase over the past 5-year average<sup>14</sup>.
- The Edmonton region issued \$6.4 billion in building permits in 2014<sup>15</sup>.
- Edmonton CMA has the highest total labour force growth in Canada over the past 10 years (2005-2014) at 33.4%.<sup>16</sup>

## Edmonton Region

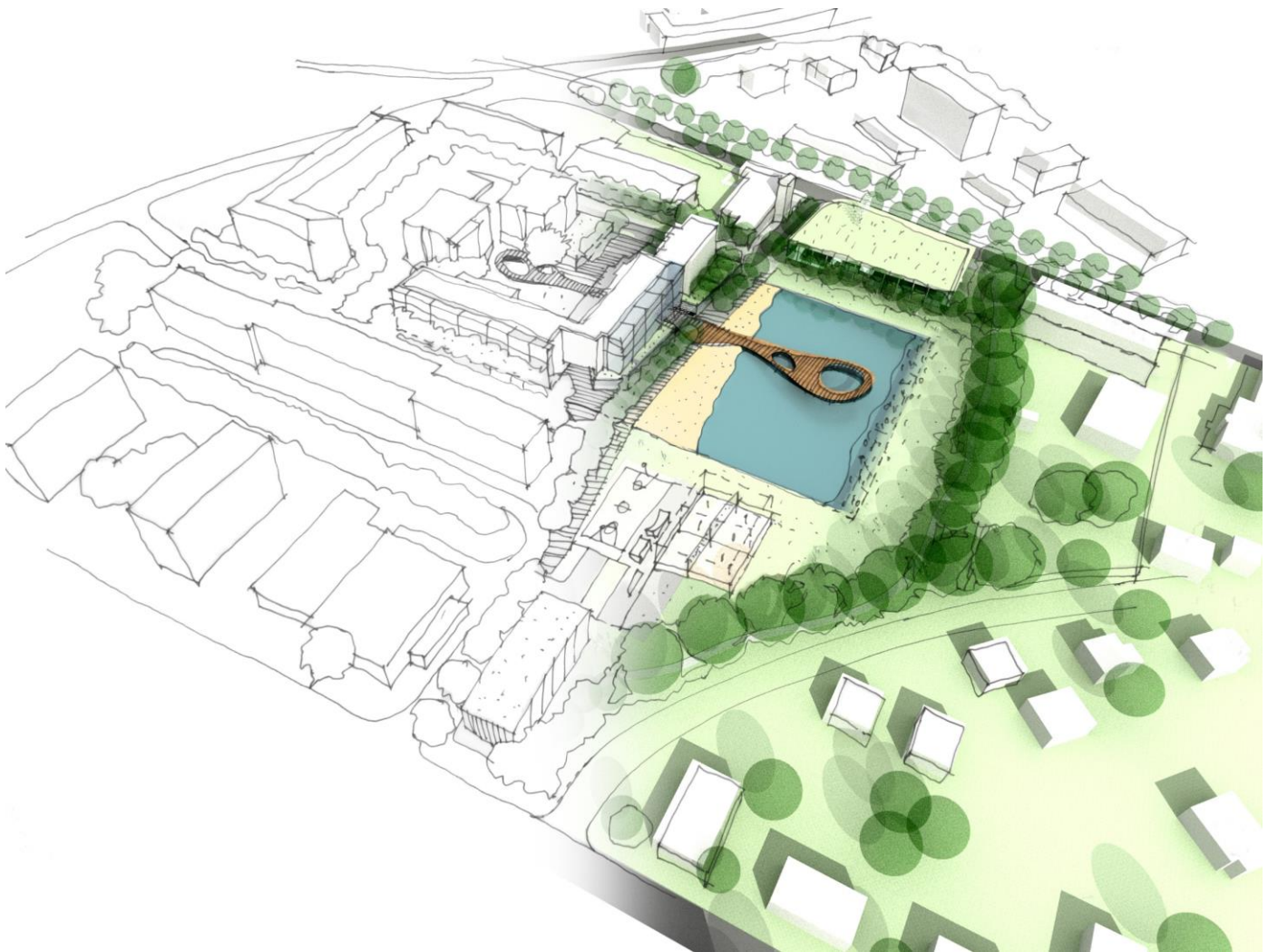


<sup>14</sup> <http://edmontonreport.ca/#resilient-economy>

<sup>15</sup> [http://www.edmonton.ca/city\\_government/documents/2014%20Annual%20Report.pdf](http://www.edmonton.ca/city_government/documents/2014%20Annual%20Report.pdf)

<sup>16</sup> [http://www.calgaryeconomicdevelopment.com/sites/default/files/CalgarysAdvantage/Economy\\_at\\_a\\_glance\\_Calgary%27s\\_advantages\\_March\\_2015.pdf](http://www.calgaryeconomicdevelopment.com/sites/default/files/CalgarysAdvantage/Economy_at_a_glance_Calgary%27s_advantages_March_2015.pdf)

<sup>17</sup> [http://www.edmonton.ca/business\\_economy/documents/PDF/LFS%20-%20Oct%202015.pdf#search=September 2015](http://www.edmonton.ca/business_economy/documents/PDF/LFS%20-%20Oct%202015.pdf#search=September%2015)



**UDI Alberta** is a non-profit, advocacy organization dedicated to fostering a competitive, predictable and sustainable business environment for the land development industry.

Through a robust Board and Committee structure, UDI Alberta focuses its efforts on government advocacy, advancement of industry policy issues, member education, and membership-driven events. UDI Alberta's goal is to improve the communication between the industry and government, provide enhanced opportunities for our members, and promote the welfare of the industry.



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