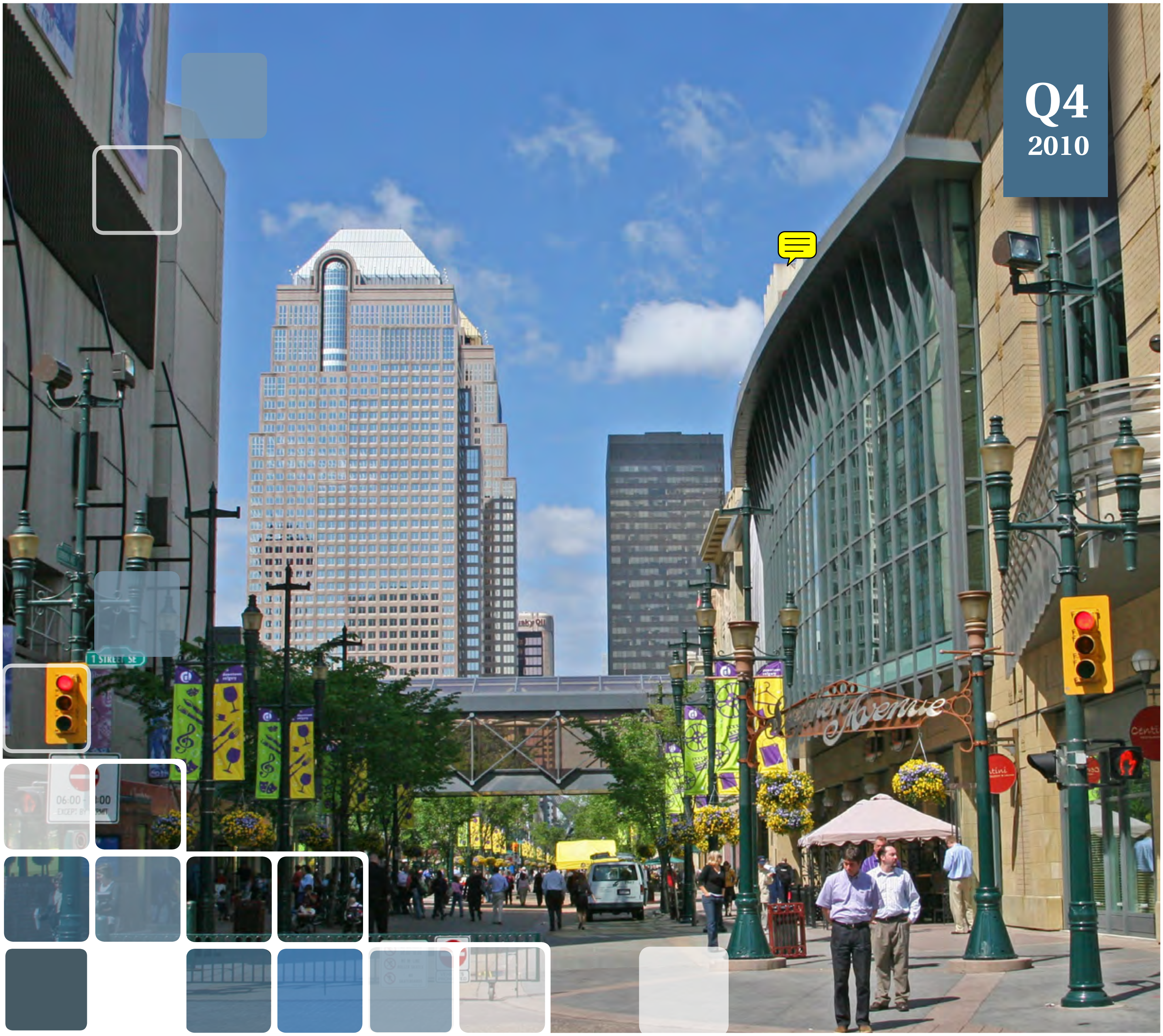


Q4
2010

Calgary & Region Economic Outlook 2010-2015




calgary.ca/economy | call 3-1-1

THE CITY OF CALGARY
CHIEF FINANCIAL OFFICER'S DEPARTMENT

Introduction

The City of Calgary monitors and forecasts economic activity in Calgary and the region throughout the year. Corporate Economics reports on these activities through the Economic Outlook at the end of each quarter. The Economic Outlook provides an analysis of changes anticipated in key economic indicators for the Calgary area in upcoming years.

Table of Contents

Completed February 2011

Executive Summary

Calgary

In 2010, The City of Calgary authorised $2.92 billion in building permits, down from $3.65 billion in 2009. High vacancy rates in the non-residential sector acted as a damper on investment intentions.

Total occupied office space in Calgary was estimated at 83.4 million square feet as at 4th quarter 2010 (Q4 2010), up from 79.2 million square feet in Q4 2009 and 77.0 million in Q4 2008. The increase in the vacancy rate resulted from the growth in new office space exceeding the growth in office space absorbed.

Total employment averaged 755,200 persons in 2010, down from 765,000 in 2009 and 768,100 in 2008. This is the second year that the total employed labour force has contracted. Employment is expected to average 767,000 in 2011 and 851,000 in 2015.

The outlook for non-residential building prices is not significantly changed from last quarter. Short term softening of activity is expected followed by medium term increased demand for Canadian and international exports to China and increasing Canadian non-residential building construction material costs. Increasing costs by 2012 due to higher interest rates and a tightening labour market and by 2015 labour market shortages will result in significant increases in building costs.

Alberta

The Alberta economy is expected to advance by 3.3 per cent in 2011, driven by a healthy domestic demand and 2.9 per cent by 2015. Firmer crude oil prices should provide incentives for expansion in the heavy oil industry and consequently, increasing the demand for labour in the province.

The forecast is for West Texas Intermediate (WTI) crude oil price to average US$89/bbl in 2011 and US$93/bbl by 2015 as economic expansion in the emerging economies increases global oil demand at a faster pace than supply.

The Energy Information Administration (EIA) expects Canadian gas to become less competitive as new U.S. pipeline capacity and increased lower-48 production with lower transport costs displace imports. The AECO natural gas price is projected to average $4/GJ in 2011 and $5/GJ in 2015 due to excess supply.

Canada

The pace of the recovery in Canada decelerated in the second half of 2010, caused by a number of unfavourable factors: a sluggish U.S. recovery, a strong Canadian dollar, a reduction in residential investment, and a winding down of fiscal stimulus. The growth is expected to average 2.4 per cent in 2011, before returning to full capacity growth rate at 2.7 per cent in 2012 and 2.9 per cent in 2013 supported by stronger U.S. economic growth.

Downside risks for the Canadian outlook come from internal factors such as uncertainty in the housing market, and external factors such as slower U.S. economic growth and re-emergence of the European debt crisis.

United States

The U.S. economy is expected to gain momentum in 2011 and 2012, with GDP growing at an annual rate of 2.9 per cent and 3.0 per cent respectively.

A major downside risk to U.S. economic outlook is the troubled housing market. With one quarter of households working their way out of negative equities, the U.S. housing market continues to act as a drag on economic growth.

World

In 2011, global growth is forecast to be at 3.9 per cent, somewhat below the 4.4 per cent expected for 2010. The advanced economies will grow at around 2.2 per cent in 2011, and emerging countries will grow at 6.4 per cent on average. In 2012, world output should increase by 4 per cent.

Forecast risks

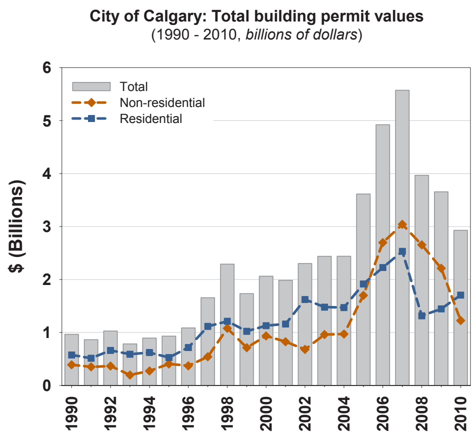
The forecast is always subjected to both upside and downside risks. The risks appear to be weighted towards the downside.

Downside risks

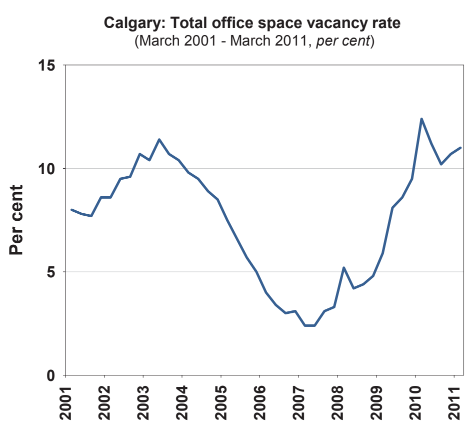
- Higher oil prices, stemming from the threat of disruption in traffic through the Suez Canal are likely to reduce consumers' disposable income in various countries in the developed world economies. Consequently, this should reduce the pace of economic activity below what is currently being forecasted.

Upside risks

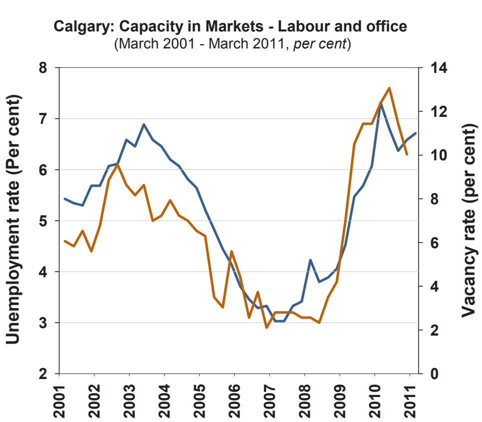
- The threat of trade disruption could prove beneficial to Alberta in both the short- and long- term. In the short- run, high oil prices would increase business cash flow and this would lead to further investment in heavy oil. In the long- run, it highlights the strategic importance of Alberta as a safe oil supply source to the North American economy and this should result in an increase in investment activity above our baseline forecast.



Source: The City of Calgary; Corporate Economics



Source: Altus Insite; Corporate Economics



Source: Statistics Canada; Altus Insite; Corporate Economics

Building permits

In 2010, the City of Calgary authorised $2.92 billion in building permits, down from $3.65 billion in 2009. Total residential permits issued in 2010 were valued at $1.7 billion, up from $1.44 billion in 2009. While, non-residential building permit values plunged to $1.22 billion in 2010 from $2.21 billion in 2009. High vacancy rates in the non-residential sector acted as a damper on investment intentions. Total building permit values are expected to range from $3.0 to $3.4 million in 2011 to $3.1 to $3.7 million by 2014.

Total occupied office space in Calgary was estimated at 83.4 million square feet as at 4th quarter 2010 (Q4 2010), up from 79.2 million square feet in Q4 2009 and 77.0 million in Q4 2008. The occupied office space was driven by an expected increase in total employment. In this period, the vacancy rate was estimated at 11 per cent in Q1 2011, up from 9.5 per cent in Q1 2009 and 4.9% in 2008. The increase in the vacancy rate resulted from the growth in new office space exceeding the growth in office space absorbed.

Employment

Total employment averaged 755,200 persons in 2010, down from 765,000 in 2009 and 768,100 in 2008: the second year that the total employed labour force has contracted. Job losses ended in the second quarter of 2010 and consequently, the economy has entered the recovery phase. Employment is expected to average 767,000 in 2011 and 851,000 in 2015.

Total employment - Calgary Economic Region (CER)

Thousands of Persons

Industry	2009	2010	Difference
All Industries	765	755	-10
Agriculture	13	9	-4
Forestry, Fishing, Mining, Oil and Gas	51	50	-1
Utilities	9	6	-3
Construction	73	74	1
Manufacturing	47	50	3
Trade	106	111	5
Wholesale Trade	27	27	0
Retail Trade	79	84	5
Transportation and Warehousing	43	42	-1
Finance, Insurance, Real Estate and Leasing	50	48	-2
Professional, Scientific and Technical Services	85	80	-5
Business, Building and Other Support Services	31	27	-4
Educational Services	45	45	0
Health Care and Social Assistance	70	78	8
Information, Culture and Recreation	36	37	1
Accommodation and Food Services	43	40	-3
Other Services	36	35	-1
Public Administration	27	25	-2

Source: Statistics Canada, CANSIM

Calgary Economy

The unemployment rate fell to 6.0 per cent in December 2010, down from 7.1 per cent a year earlier. The decline in the unemployment rate in the latter part of 2010 resulted from the combination of employment growth and a contraction of the labour force. The labour force contracted in response to job seekers being discourage by their bleak job prospects.

The unemployment rate for 2010 was estimated at 7.0 per cent, up from 6.3 per cent in 2009 and is expected to trend downwards to 4.3 per cent by 2014 as economic growth strengthens.

Wages

- Wages in Calgary increased by 0.8 per cent in 2010, down from 2.7 per cent in 2009. The reduction in the wage inflation rate resulted from a weaker economy and poor job creation. In the labour market, with higher unemployment rates, employees were unable to demand higher wage settlements. In addition, employers were unable to pass on higher wage settlements as increased prices to consumers because of weak consumer demand.
- The strengthening of economic growth along with the reduction in the unemployment rate from 2011 to the end of the forecast period should cause the wage inflation rates to rise higher.

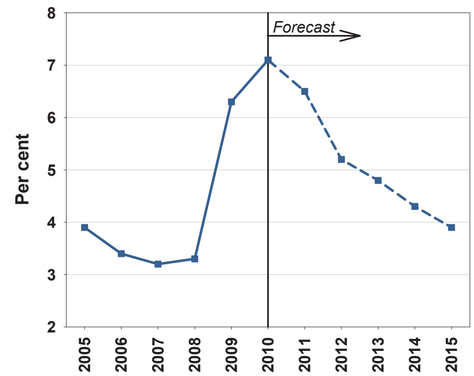
Inflation – CPI

Consumer prices increased by 0.8 per cent in 2010, up from -0.1 per cent a year earlier. Excess capacity in various markets, such as housing and labour, kept consumer price inflation subdued. The consumer price inflation rate is expected to increase by 2.5 per cent in 2011. Inflation rates are expected to increase as the region's spare capacity becomes exhausted.

Non-residential building price inflation

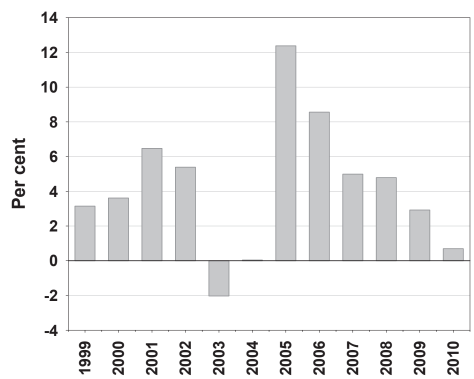
The outlook for non-residential building prices is not significantly changed from last quarter. Excess capacity is expected to keep inflation rates subdued in the short term. In the medium term, increased demand for Canadian and international exports to China, should push inflation rates higher. Increasing costs by 2012 due to higher interest rates and a tightening labour market should result in significant increases in building costs.

Calgary Economic Region: Unemployment rate
(2005 - 2015, *per cent*)



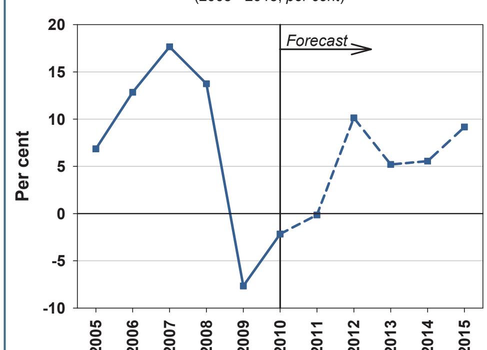
Source: Statistics Canada; Corporate Economics

Calgary CMA: Average weekly earnings
(1999 - 2010, *per cent*)



Source: Statistics Canada; Corporate Economics

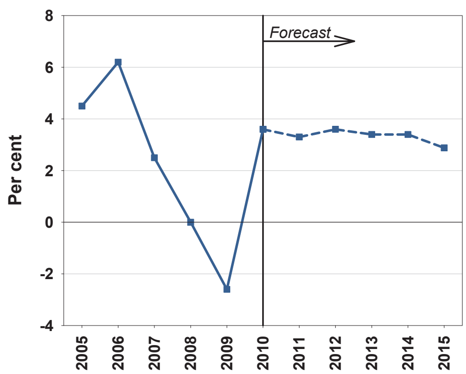
Calgary CMA: Non-residential building price inflation
(2005 - 2015, *per cent*)



Source: Statistics Canada; Corporate Economics

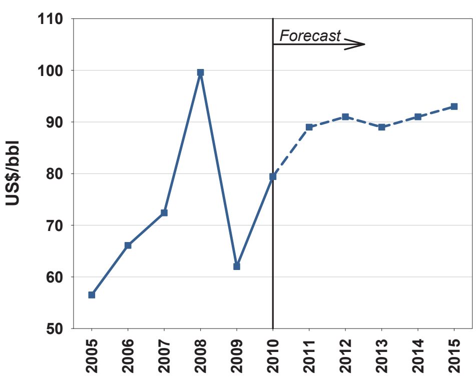
Alberta Economy

Alberta: Gross domestic product growth
(2005 - 2015, *per cent*)



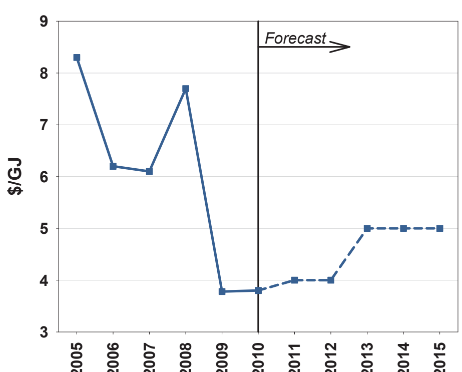
Source: Statistics Canada; Corporate Economics

West Texas Intermediate (WTI) spot oil prices
(2005 - 2015 *US$/bbl*)



Source: U.S. Federal Bank Reserve of St. Louis; Construction Sector Council; Corporate Economics

Alberta: Natural gas price - AECO/NIT
(2005 - 2015, *$/GJ*)



Source: GLJ Energy Publications; Construction Sector Council; Corporate Economics

Summary

- The Alberta economy should advance by 3.3 per cent in 2011 and 2.9 per cent in 2015, driven by a healthy domestic demand. Stronger crude oil prices should provide incentives for expansion in the heavy oil industry, and consequently increase the demand for labour in the province. Stronger job creation relative to the growth of the labour force should push the unemployment rate below the 5 per cent mark by 2015.

Domestic markets

- The investment activities in the goods-producing sector should increase the demand for manufactured goods, such as machinery and equipment and other construction materials. Improved job prospects should attract job-seekers to the province and cause wages to grow above the consumer price inflation rates, consequently increasing real labour incomes. This is expected to benefit retail sales and real estate markets.

- Weak public finances and lower natural gas prices should constrain public sector investment. Private sector investment should be a major driver of economic growth. Residential investment is expected to lag non-residential investment in the short term. Continued strength in oil prices along with stronger global economic growth should contribute to renewed confidence and boost capital spending in heavy oil development to an estimated $16 billion in 2011, up from $13.5 billion a year earlier or by 19 per cent. The forecast is for West Texas Intermediate (WTI) crude oil price to average US$89/bbl in 2011 and US$93/bbl by 2015 as economic expansion in the emerging economies drive the demand for oil.

- The Energy Information Administration (EIA) expects Canadian gas to become less competitive as new U.S. pipelines capacity grow and more lower-48 production with lower transport costs displace imports. Natural gas price is expected to range between $3.83 to $4.27/GJ and average $3.97/GJ in 2011 and range between $4.40 to $4.93/GJ in 2012 and average $5/GJ in 2015. Excess supply is expected to moderate the rate of price increase over the forecast period.

Net exports

- The strong Canadian dollar and weak growth in the U.S. should combine to act as a drag on the economy's overall growth rate in the short term. But, the strong dollar would reduce the cost of investment in machinery and equipment and this should improve the economy's long term productivity.

GDP growth and supporting policy measures

The pace of economic recovery in Canada decelerated in the second half of 2010, caused by a number of unfavourable factors: a sluggish U.S. recovery, a strong Canadian dollar, a reduction in residential investment, and a winding down of the fiscal stimulus. The growth is expected to average 2.4 per cent in 2011, before returning to full capacity growth rate at 2.7 per cent in 2012 and 2.9 per cent in 2013 supported by stronger U.S. economic growth.

The Bank of Canada decided on January 18th to hold its overnight interest rate at 1 per cent, leaving considerable monetary stimulus in place. Given its view that underlying price pressures and inflation expectations remain subdued, the Bank is expected to wait until later this year to resume tightening. The federal and provincial governments, facing pressures of rebalancing budgets, plan to restrain government spending. This should constrain the sector's contribution to overall economic growth in the forecast period.

Growth drivers

The driving forces for Canadian economic growth are expected to be consumer spending and business investment on machinery and equipment. Canadian consumers weathered the recent recession and early recovery, thanks to the resilience of the labour market. For the first time on record, the unemployment rate in Canada, albeit at an elevated level, was lower than that of the U.S. About 88 per cent (2.9 million) of jobs lost during the recession (3.2 million) have been recovered. While most of the positions were lost in the goods-producing sector, the majority of new jobs were created in the service-producing sector. Further improvement of the Canadian labour market relies on the strength of the U.S. economic recovery and the world demand for commodities. Consumer spending should be constrained by a lack of job creation and the slow pace of income growth.

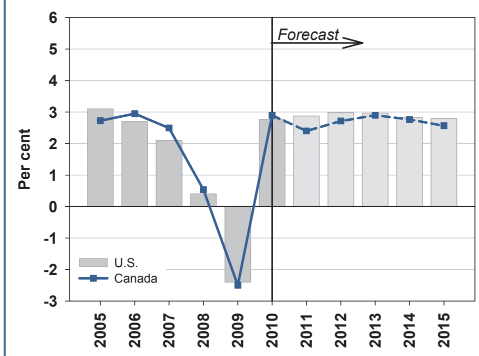
While weakness in non-residential investment is evident, Canadian firms with large cash balances are increasingly taking advantage of the strong exchange rate and accelerated depreciation allowances to make machinery and equipment purchases and to invest in productivity-enhancing technologies. However, these investments are largely import intensive. A near historic level strong dollar and relatively poor productivity also reduce the competitiveness of Canadian producers relative to their foreign competitors. Combined, growth in net exports should be constrained in 2011-2012 but supported by the improving foreign markets in the medium-term.

Forecast risks

Downside risks for the Canadian outlook come from internal factors such as potential housing market uncertainty, and external factors such as slower U.S. economic growth and re-emergence of the European debt crisis. The federal government announced on January 17th rules to tighten conditions for government-backed insured mortgages, aiming to support the long-term stability and economic certainty in Canada's housing market, curb rising overall household debt, and promote saving through home ownership.

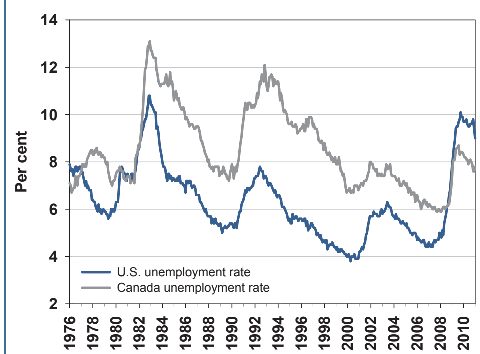
On the upside, a quicker U.S. recovery should lead to better trade performance despite a strong currency. Higher commodity prices and possible stronger-than-expected Canadian housing market should also fuel economic growth and raise inflation pressures.

Canada vs. U.S.: GDP growth
(2005 - 2015, *per cent*)



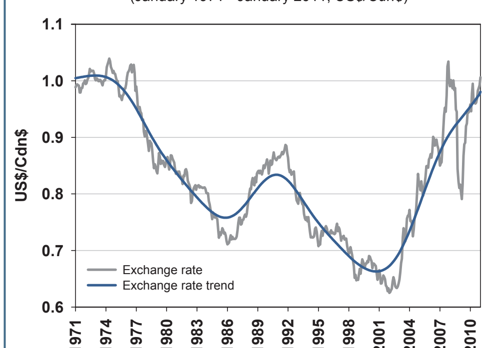
Source: Statistics Canada; U.S. Federal Bank Reserve of St. Louis; Corporate Economics

Canada vs. U.S.: Unemployment rates
(January 1976 - January 2011, *per cent*)



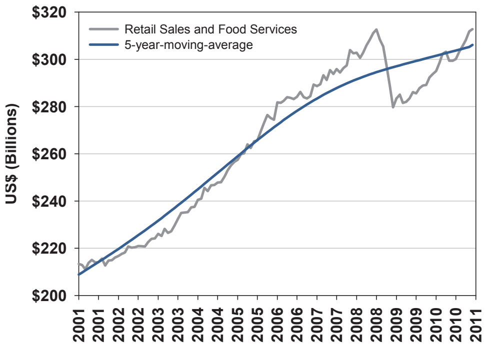
Source: Statistics Canada; U.S. Federal Bank Reserve of St. Louis; Corporate Economics

Canada: U.S./Canadian dollar exchange rate
(January 1971 - January 2011, *US$/Cdn$*)



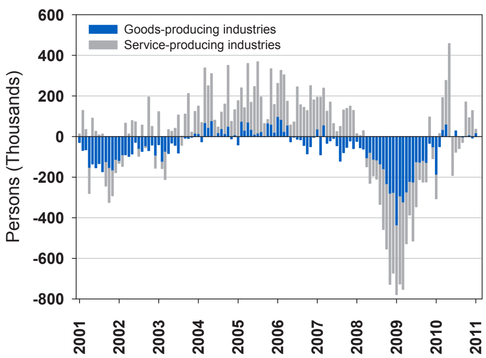
Source: Bank of Canada; Corporate Economics

U.S.: Retail sales and food services (RSFS) - excluding motor vehicles and parts dealers
(seasonally adjusted,
January 2001 - December 2010, *billions of U.S. dollars*)



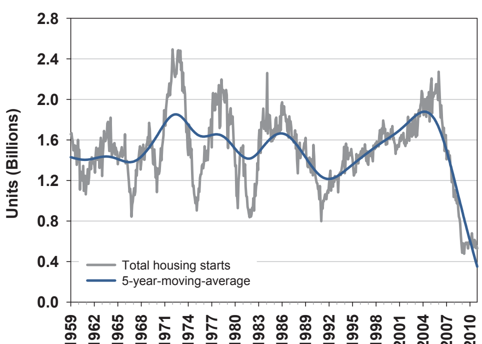
Source: U.S. Federal Bank Reserve of St. Louis; Corporate Economics

U.S.: Total employment changes
(month-over-month changes,
January 2001 - January 2011, *thousands of persons*)



Source: U.S. Federal Bank Reserve of St. Louis; Corporate Economics

U.S.: Total new privately owned housing starts
(seasonally adjusted,
January 1959 - December 2010, billions *of units*)



Source: U.S. Federal Bank Reserve of St. Louis; Corporate Economics

GDP growth and supporting policy measures

- After slowing in the middle of 2010, GDP growth in the U.S. accelerated in Q4 2010, driven mainly by a surge in consumer spending and an improvement in net exports. The U.S. economy is expected to gain momentum in 2011 and 2012, with GDP growing at an annual rate of 2.9 per cent and 3.0 per cent respectively.

- The outlook for stronger U.S. growth is based on recent developments in the monetary and fiscal policies. In addition to keeping interest rate extremely low, the Federal Reserve announced in November its second round of quantitative easing (QEII) to purchase US$600 billion in U.S. Treasuries by June, 2011. In December, a new round of Federal fiscal stimulus was passed into law, including a two-year extension of all of the Bush-era tax cuts, a 2 per cent payroll tax reduction in 2011, a 100 per cent tax deduction on purchases of business equipment, and an extension of unemployment benefits for another 13 months for the long-term unemployed. The new stimulus measures are designed to support U.S. consumer spending and to contribute to the GDP growth in the near-term.

Growth drivers

- Consumer spending, which accounts for 70 per cent of the U.S. economy, is expected to grow faster and contribute most to the GDP growth in the near-term. Consumer confidence and purchasing power have been boosted by renewed stimulus measures, improving labour market conditions and income growth, better household balance sheets, and sharply lower debt-servicing costs. However, a sustained growth in consumption is still challenged by the problems facing the labour market: prolonged high unemployment, large numbers of people in long-term unemployment, and weak job creation. A structural problem in the labour market is that the decline of construction and manufacturing resulted in permanent job losses and degradation of skills in these sectors, making it difficult for those unemployed workers to find new employment.

- Another contributor to GDP growth in the U.S. is expected to be business investment on machinery and equipment, supported by recent high non-financial corporate profits. While a weak U.S. dollar helps boost exports, the large import volumes would offset export's contribution to GDP growth in 2011-2012.

Forecast risks

- A major downside risk to the U.S. economic outlook is the troubled housing market. With one quarter of households working their way out of negative equities, the U.S. housing market continues to act as a drag on economic growth. Over-supply in the market is evident, with the number of seriously delinquent mortgages (90 days past due on payment or in the foreclosure process) roughly as large as the inventory of unsold existing home. This caused historic low housing starts in recent years and is likely to dampen home prices further in 2011. If home prices fall more than expected, the re-emergence of the vicious cycle of forestalled demand and worsening mortgage conditions should present a major downside risk to the economic outlook.

Global Economy

- In 2010, the recovery from the Great Recession has been fragile and uneven. Global growth in 2011 is expected to be weaker than 2010, with the removal of monetary and fiscal stimuli.
- Weakness in major developed economies continues to drag the global recovery and pose risks for world economic stability in the coming years. A large part of the advanced world will continue to struggle with balance-sheet repair and debt crises. There will be no quick fix for these economic problems in the advanced economies.
- Growth in the emerging world will cool from the above-potential rates of 2010. Most of the developing counties remain highly dependent on demand in the developed countries for their exports which expect moderate growth prospects. In addition, there are also risks associated with the surge in private capital inflows to the emerging market economics, which exerts upward pressure on their currencies and inflate domestic asset bubbles.
- In 2011, global growth should be at 3.9 per cent, somewhat below the 4.4 per cent expected for 2010. Advanced economies should grow at around 2.2 per cent in 2011, and emerging countries should grow at 6.4 per cent on average. In 2012, world output should increase by 4 per cent.

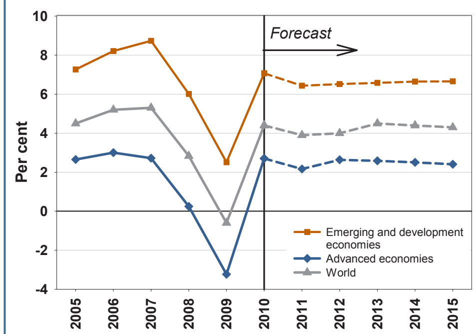
World trade

- World trade recovered in 2010, but the momentum of the strong growth observed in the first half of the year decelerated in the second half.
- The volume of exports from many emerging economies have already recovered to, or beyond, their pre-crisis levels. In contrast, exports from developed economies were still 8.2 per cent below the pre-crisis peaks as at October 2010.
- World trade was expected to grow by 10.5 per cent in 2010, and at a lower rate around 6.5 per cent in 2011 and 2012.

World inflation

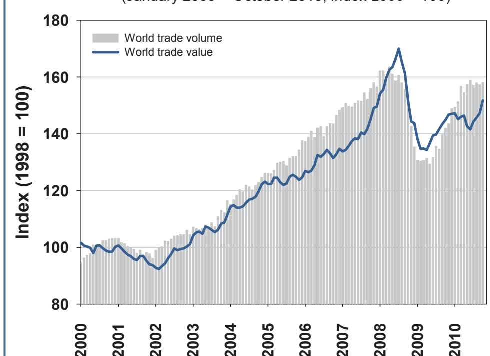
- Inflation is expected to remain low worldwide during 2010-2012. Except for a few developing countries in Asia including India and China, inflation should not be of much concern to policy makers in most countries in the near outlook. In most developed countries, inflation ranged between 1 and 2 per cent in 2010.
- Most commodity prices have rebounded. Crude oil price fluctuated at about US$78 per barrel during 2010, up from an average of $62 in 2009. The weather-related downgrades in harvest expectations for some major exports recently pushed up wheat prices.
- In general, inflation is projected to stay low due to continued excess capacity in various markets. Advanced economies should see an inflation of 1.3 per cent in 2011, and emerging countries should inflate at 5.2 per cent. On average, the world inflation is expected to be 3.1 per cent in 2011.

World: Multi-speed GDP growth rates
Advanced economies vs. Emerging economies
(2005 - 2015, *per cent*)



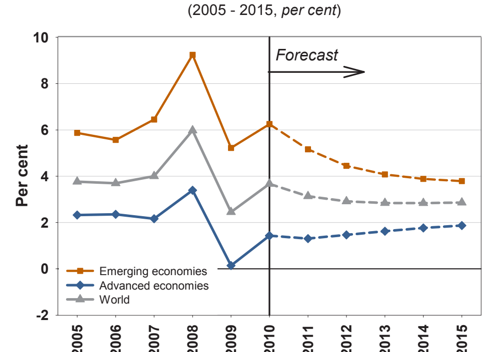
Source: International Money Fund (World Economy Outlook 2010); World Bank; Corporate Economics

World: Trade volume and value
(January 2000 - October 2010, *Index 2000 = 100*)



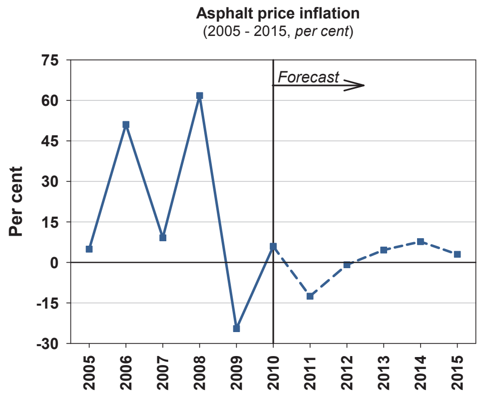
Source: Central Plan Bureau Netherlands; Corporate Economics

World: Inflation rates
(2005 - 2015, *per cent*)

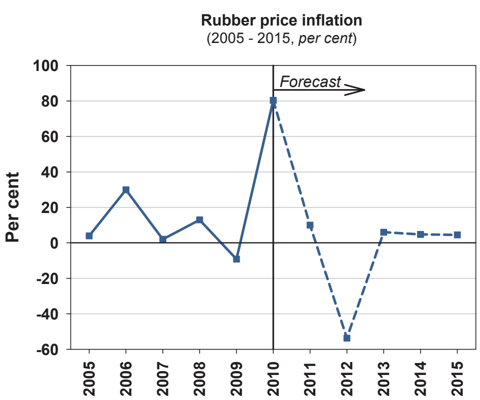


Source: International Money Fund (World Economy Outlook); World Bank; Corporate Economics

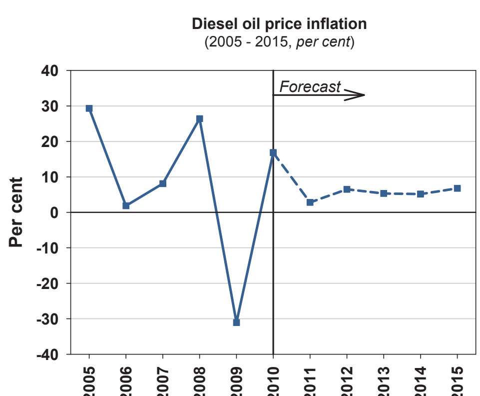
Commodity Prices



Source: Statistics Canada; Corporate Economics



Source: Statistics Canada; Corporate Economics



Source: Statistics Canada; Corporate Economics

Asphalt

The poor state of public sector finances should reduced the rate of growth on infrastructure spending and relatively high prices for asphalt will stifle demand growth and prevent prices from rising further

Rubber

Production of natural rubber is now down to below 2007 levels while demand from India, China and the U.S. has increased dramatically. After accounting for this increased demand our models suggest that prices should be falling by 40% this year but bad weather limiting supply is causing prices to spike to new all-time highs. We anticipate prices will rise a little more this year and crater when weather improves.

Diesel

Diesel prices continue to track WTI prices in Alberta. WTI prices are softening compared to Brent and other world prices as the new Alliance oil pipeline has begun shipping crude from Fort McMurray to Nymex hubs physically displacing international deliveries to the U.S. This is providing some insulation against global prices spikes caused by crisis of all sorts and will stabilize Alberta diesel prices going forward.

Vehicle parts

Vehicle purchases returned about 1 year earlier than we anticipated on strength of oil prices. As a result, our expectation for vehicle parts inflation is advanced 1 year with only slightly increased inflation expected compared to last forecast.

Wood

The outlook for the U.S. housing market continues to be dismal with 1 million homes repossessed last year and another 1 million expected this year. We continue to anticipate U.S. construction will recommence around 2013 and will overshoot supply needs by 2017 before settling down in 2020 at normal replacement levels of about 1.2 million units per year. The rapid return of construction and overshoot of 2015-2020 will generate wild swings in Canadian lumber prices.

Steel

Increased global vehicle manufacture is having some positive impact upon steel demand. Shorter term, poor weather is shuttering some coal and steel manufacturing operations in Australia and Asia and causing a price spike but this is anticipated to be seasonal only. Slow growth in demand is expected to result in stable increases in prices longer term.

Aluminum

The outlook for aluminum is unchanged. There is some increased demand due to increased auto manufacturing in China and India, but significant financial issues in Europe are affecting global demand for this metal. We continue to expect robust Asian demand to maintain market prices while excess supply capacity prevents price spikes. By 2016 the industry should be operating at capacity and we continue to anticipate a return to volatile price swings later in the forecast.

Table 1 - Selected Economic Indicators

Rest of the World, United States, Canada, Alberta, Calgary Economic Region (CER) & Calgary Census Metropolitan Area (CMA)

FORECAST COMPLETED: January 2011							BASE FORECAST				
	2005	2006	2007	2008	2009	2010e	2011	2012	2013	2014	2015
ASSUMPTIONS											
Global Economy											
World Gross Domestic Product (annual % change)	4.5	5.2	5.3	2.8	-0.6	4.4	3.9	4.0	4.5	4.4	4.3
The United States											
U.S. Real Gross Domestic Product growth (chained 2000 dollar) (%)	3.1	2.7	2.1	0.4	-2.4	2.8	2.9	3.0	3.0	2.8	2.8
Canada											
Real Canada Gross Domestic Product growth, (chained 2002 dollar) (%)	2.7	2.9	2.5	0.5	-2.5	2.9	2.4	2.7	2.9	2.8	2.6
Prime Business Loan Rate (%)	4.4	5.8	6.1	4.7	2.4	2.6	3.6	5.1	6.3	6.3	6.2
Exchange Rate (US$/Cdn$)	0.83	0.88	0.94	0.94	0.88	0.96	0.99	0.99	0.97	0.96	0.94
Alberta											
Gross Domestic Product (%)	4.5	6.2	2.5	0.0	-2.6	3.6	3.3	3.6	3.4	3.4	2.9
Total Employment Growth (%)	1.5	4.5	4.9	2.9	-1.0	0.2	2.2	2.2	1.4	1.5	1.4
Unemployment Rate (%)	4.0	3.5	3.5	3.5	6.3	6.6	6.0	5.4	5.4	5.1	4.7
Housing Starts ('000 Units)	40.8	49.0	48.3	29.2	19.9	24.1	26.6	28.2	25.1	25.9	25.6
Inflation Rate (%)	2.1	3.9	4.9	3.2	-0.1	0.8	2.0	2.1	2.0	2.0	2.0
Crude Oil Price - WTI (US$/bbl)	56.5	66.1	72.4	99.6	62.0	79.4	89.0	91.0	89.0	91.0	93.0
Alberta Power Pool Prices ($/MWh)	70.2	80.5	66.9	87.4	49.5	52.3	N/A	N/A	N/A	N/A	N/A
Alberta Natural Gas Price - AECO/NIT ($/GJ)	8.3	6.2	6.1	7.7	3.8	3.8	4.0	4.0	5.0	5.0	5.0
FORECAST											
Calgary Economic Region (CER)											
Gross Domestic Product (%)*	4.9	10.5	3.9	1.2	-2.1	1.6	3.3	4.2	3.8	3.5	3.4
Total population**	1,152	1,188	1,230	1,251	1,296	1,321	1,333	1,350	1,370	1,396	1,422
Total Employment ('000 Persons)	665	718	745	768	765	755	767	790	812	832	851
Total Employment Growth (%)	2.2	8.0	3.8	3.0	-0.4	-1.3	1.6	3.0	2.8	2.5	2.3
Unemployment Rate (%)	4.0	3.4	3.2	3.3	6.3	7.0	6.5	5.2	4.8	4.3	3.9
Inflation Rate (%)	2.0	4.6	5.0	3.2	-0.1	0.8	2.5	2.9	2.8	2.9	2.8
Building Permits ($billion)	4.3	6.0	7.1	5.1	4.5	3.8	4.1	4.2	4.4	4.4	4.7
Low Forecast						3.6	3.9	3.9	4.0	3.9	4.0
High Forecast						3.9	4.3	4.4	4.8	4.9	5.3
Housing Starts ('000 Units) (CMA)	13.7	17.0	13.5	11.4	6.3	9.3	9.0	9.6	9.6	10.8	9.6
Non-Residential Building Price Inflation (%) (CMA)	6.9	12.8	17.7	13.7	-7.7	-2.2	-0.1	10.1	5.2	5.6	9.2

Numbers may not add up due to rounding

* Source: Centre for Spatial Economics, Corporate Economics

** Total population, census divisions and census metropolitan areas, 2001 Census boundaries

Table 2 - Selected Indicators

City of Calgary

FORECAST COMPLETED: January 2011							BASE FORECAST				
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
DEMOGRAPHY											
Total Population ('000 Persons)	956	992	1,020	1,043	1,065	1,072	1,082	1,095	1,112	1,132	1,153
Total Population Growth (%)	*2.4*	*3.7*	*2.9*	*2.2*	*2.2*	*0.6*	*0.9*	*1.2*	*1.5*	*1.8*	*1.9*
Net Migration ('000 Persons)	13.7	25.6	17.6	12.4	12.9	0.0	4.0	7.0	11.0	12.0	10.0
REAL ESTATE											
Residential Market											
Housing Starts ('000 units)	11.7	14.1	10.9	9.6	5.0	7.3	7.5	8.0	8.0	9.0	8.0
New House Price Inflation (%)	7.0	43.6	16.2	0.7	-6.7	1.7	6.2	3.2	2.5	0.6	3.7
Total Building Permits mid point ($billions)	3.6	4.9	5.6	4.0	3.7	3.1	3.4	3.4	3.6	3.6	3.8
Low Forecast						*2.9*	*3.2*	*3.2*	*3.3*	*3.2*	*3.3*
High Forecast						*3.2*	*3.5*	*3.6*	*3.9*	*4.0*	*4.3*

Numbers may not add up due to rounding

Table 3 - Selected Commodity Prices

City of Calgary

FORECAST COMPLETED: January 2011							BASE FORECAST				
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CONSTRUCTION COMMODITIES											
Iron and steel products	2.4	-2.5	-2.3	15.7	-3.0	-0.9	3.0	2.7	-1.5	3.7	-2.6
Aluminum products	-1.3	15.7	-5.5	-0.4	-19.8	10.9	-1.7	2.7	8.1	1.5	4.0
Wood	-9.6	3.7	8.7	-3.5	11.0	-1.6	-12.1	-1.2	3.2	-1.8	2.3
Asphalt**	4.9	51.1	9.1	61.8	-24.5	5.9	-12.5	-0.9	4.6	7.7	3.0
OPERATIONAL COMMODITIES											
Rubber	3.9	29.9	2.0	13.0	-9.2	80.3	10.0	-53.7	6.0	4.7	4.5
Diesel oil	29.3	1.9	8.1	26.4	-31.1	16.8	2.8	6.5	5.3	5.2	6.8
Vehicle parts	3.2	3.5	7.9	4.6	5.3	1.7	1.3	2.0	6.4	5.7	4.3

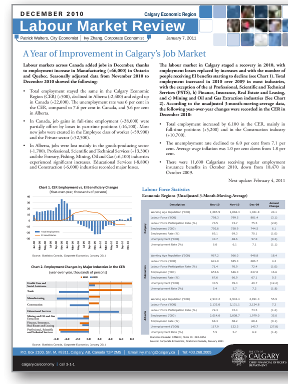
Numbers may not add up due to rounding

** Based on Ontario Ministry of Transportation Asphalt Price Index

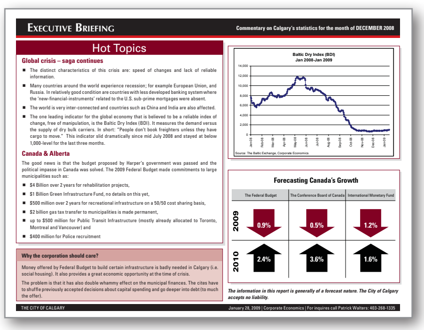
Many of our publications are available on the internet at **www.calgary.ca/economy**.

Monthly
Energy Markets and the Economy

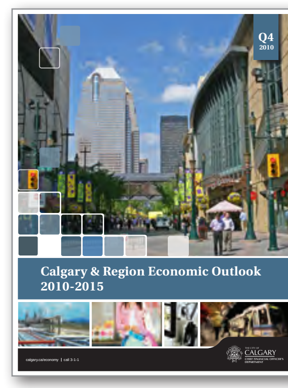
Monthly
Review of Economic Trends: Labour Market Review



Commentary
Executive Briefing



Quarterly
Calgary's Quarterly Economic Outlook



Who We Are

Over the past ten years Corporate Economics has researched dozens of economic topics and developed reliable methods of forecasting and analysis. Monitoring economic trends allows us to develop unique insights on how external events are impacting the local economy and the Municipal Corporation. We provide services in four areas: forecasting, information provision, consulting and policy analysis.

For more information, please contact:

Patrick Walters at 403.268.1335 or patrick.walters@calgary.ca

Ivy Zhang at 403.268.2005 or ivy.zhang@calgary.ca

Corporate Research Analyst: Estella Scruggs

Sources:
Statistics Canada, CMHC, CREB, MLS, Bank of Canada, Conference Board of Canada, GLJ Energy Publications, The City of Calgary, Centre for Spatial Economics, Construction Sector Council, U.S. Federal Bank Reserve of St. Louis, International Money Fund (World Economy Outlook), World Bank, Central Plan Bureau Netherlands, and others.