

Alberta Real Estate Issues and Prospects

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Presentation to the Real Estate Council of Alberta

Ranchmen's Club, Calgary Alberta

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Abpolecon.ca

Real
Estate
Council
Alberta

“Alberta is one of the few North American jurisdictions where real estate sectors are fully self-regulated. Self regulation is a privilege granted in the public interest and for the public good.”

RECA acts in the public interest to promote and protect consumer interests, support competition in real estate services, and promote market integrity. RECA's regulatory activities define standards, investigate complaints, and enforce rules. These activities are focused on ensuring Albertans feel empowered to participate with confidence in real estate transactions and that Albertans are working with trusted real estate professionals. The actions of licensees have the potential to affect not only the clients they represent, but Albertans overall. At the same time, decisions and actions by RECA have the potential to impact Albertan's view of the real estate industry and the role and responsibilities of licensee. RECA's focus, in partnership with industry, is to achieve positive outcomes for Alberta consumers.

AGENDA

1. Political environment
 1. Very big problems
 2. Financial markets – the squeeze is on
 3. Climate change is now a climate emergency
 4. Technology
2. Whither the Alberta economy in 3-5 years
 1. Oil, natural gas, and bitumen
 2. Real estate
3. What are the chances of a change in government
 1. Implications for Alberta
 2. Implications for RECA
4. Implications for RECA

International Political Environment- Very big problems

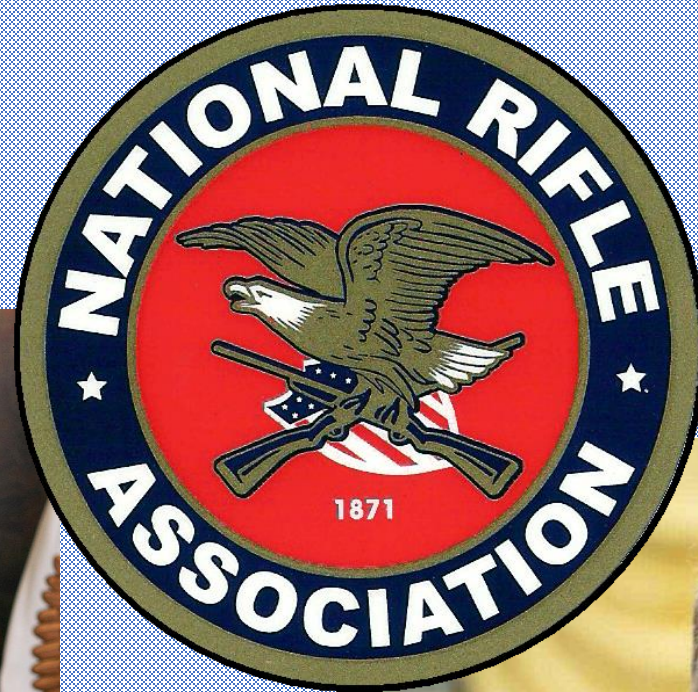
• Massive disruptions coming globally....

- “Settling of scores” -wars, refugees, anti-immigration trends
- Civil wars- questioning of democratic values- mistrust in business, government and media elites – inequality continues to rise
- Is globalization dead? Pandemic, climate emergency
- Trade a weapon- oil, grain, strategic minerals, etc.
- Energy security vs. environmental stewardship and climate emergency
- Financial instability- U.K. pension funds, higher volatility, complexity of regulation, and financial instruments (AIMCo’s VOLTS strategy), central bank tightening
- Infrastructure vulnerability – cyber-security, “terrorism,” complexity (Rogers)

Political environment -Very big problems

- a settling of historic scores?

- United States



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Political environment -Very big problems-
a settling of historic scores?

- Europe



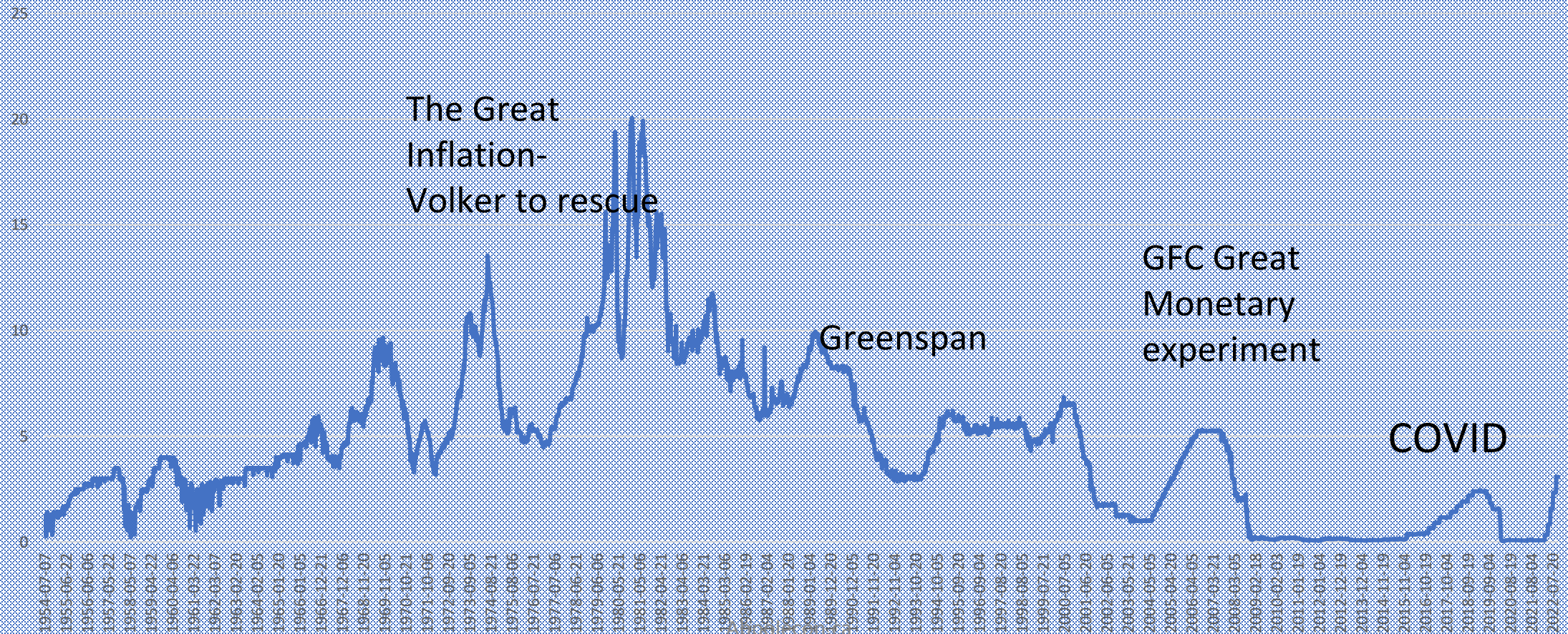
Political environment -Very big problems- a settling of historic scores?

- Asia



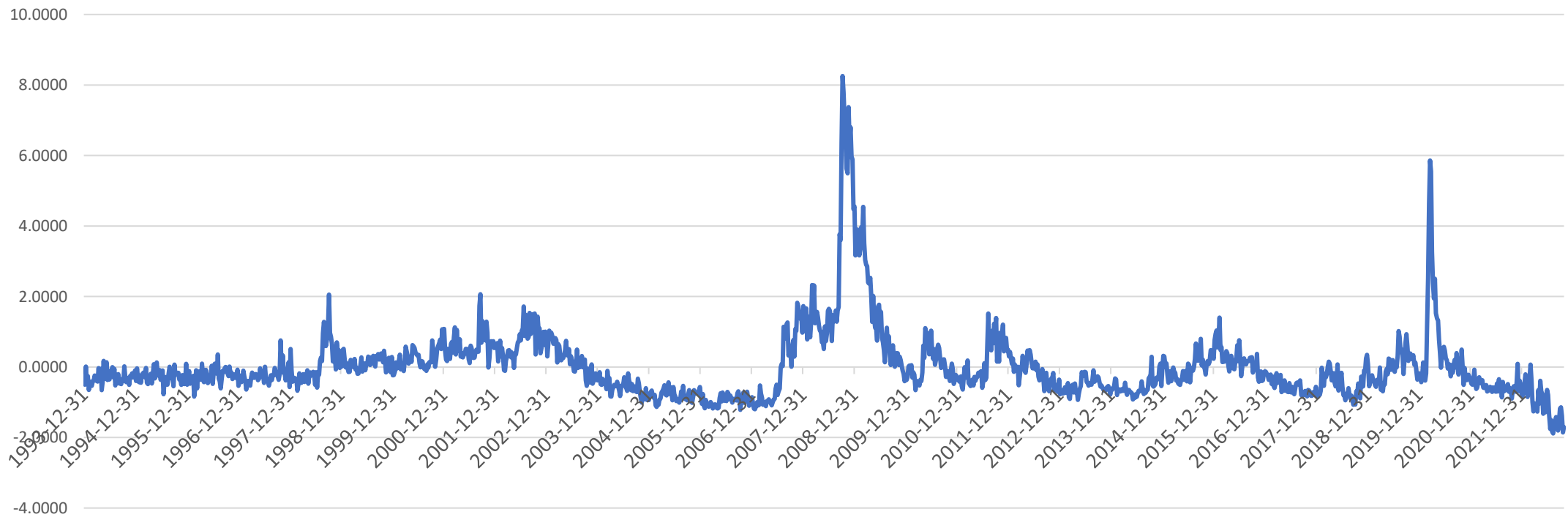
Financial markets- central banks “take charge”

Federal Reserve Board- Fed Funds Rate 1954-2022 (%)



Financial markets- all quiet?

St. Louis Federal Financial Stress Indicator Index, Index,
Weekly, Not Seasonally Adjusted (1993-2022)



Climate change is ..
now a climate emergency



Alberta political environment Energy security—
Who are these men- (in the next room)

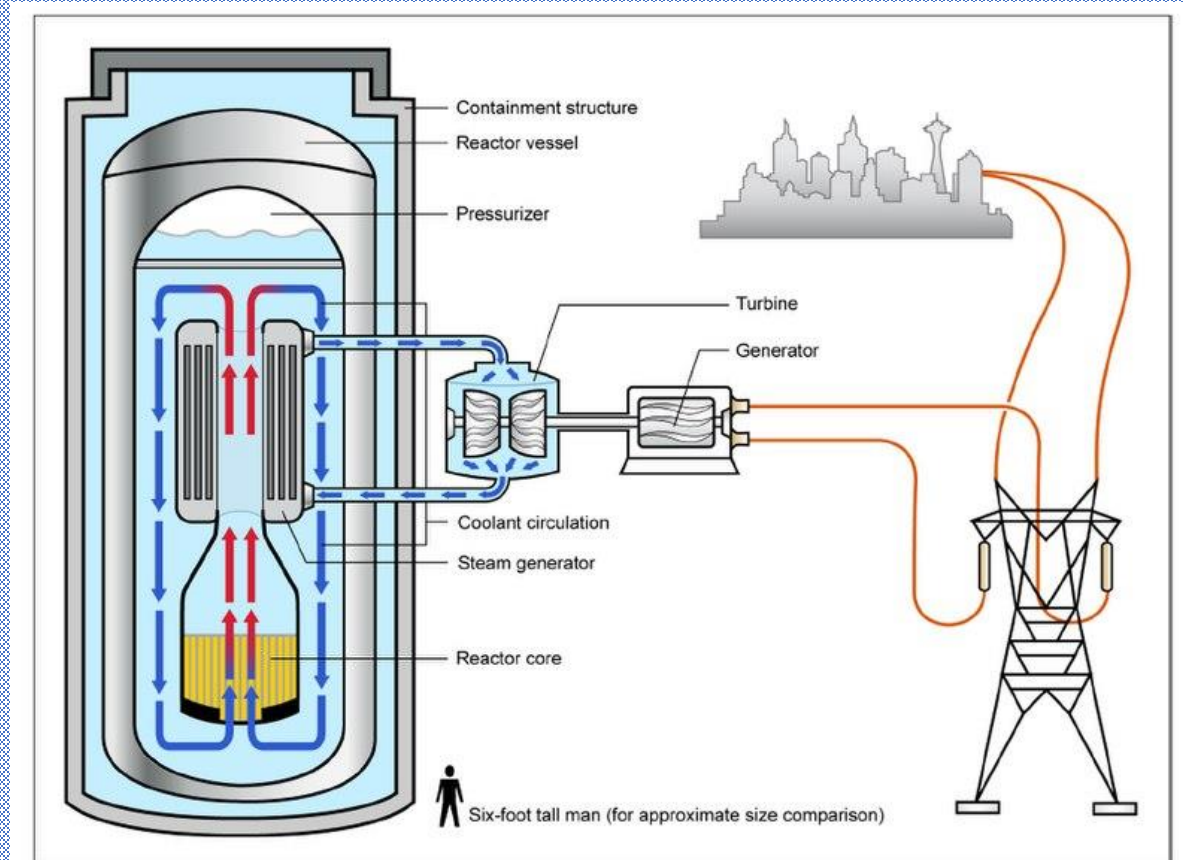


Alberta Political Environment- Technology

Is this the Silver Bullet for climate emergency?

Nuclear

Small nuclear reactor- when?



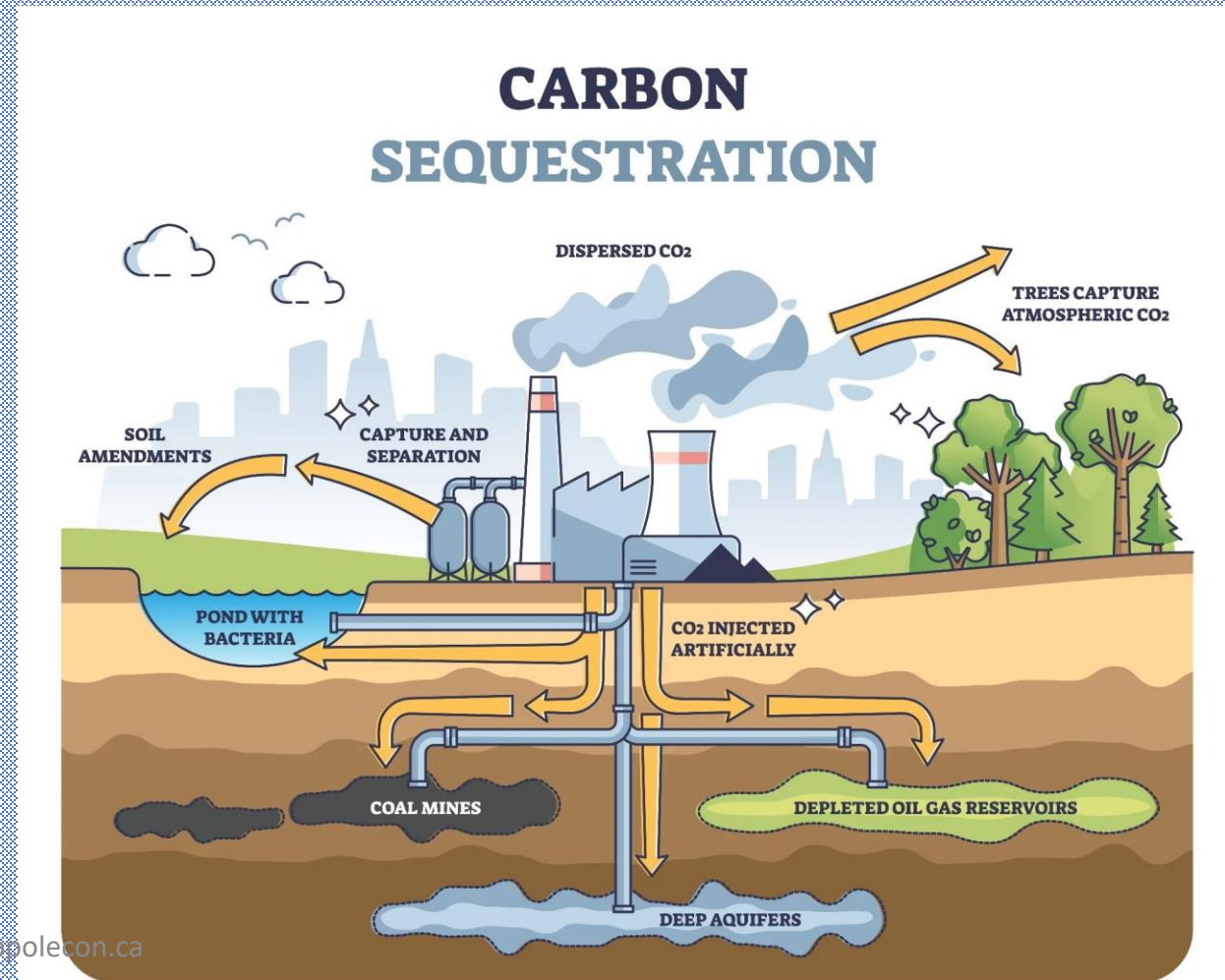
Source: GAO, based on Department of Energy documentation. | GAO-15-652

Alberta Political Environment- Technology

Is this the Silver Bullet for climate emergency?

CCUS

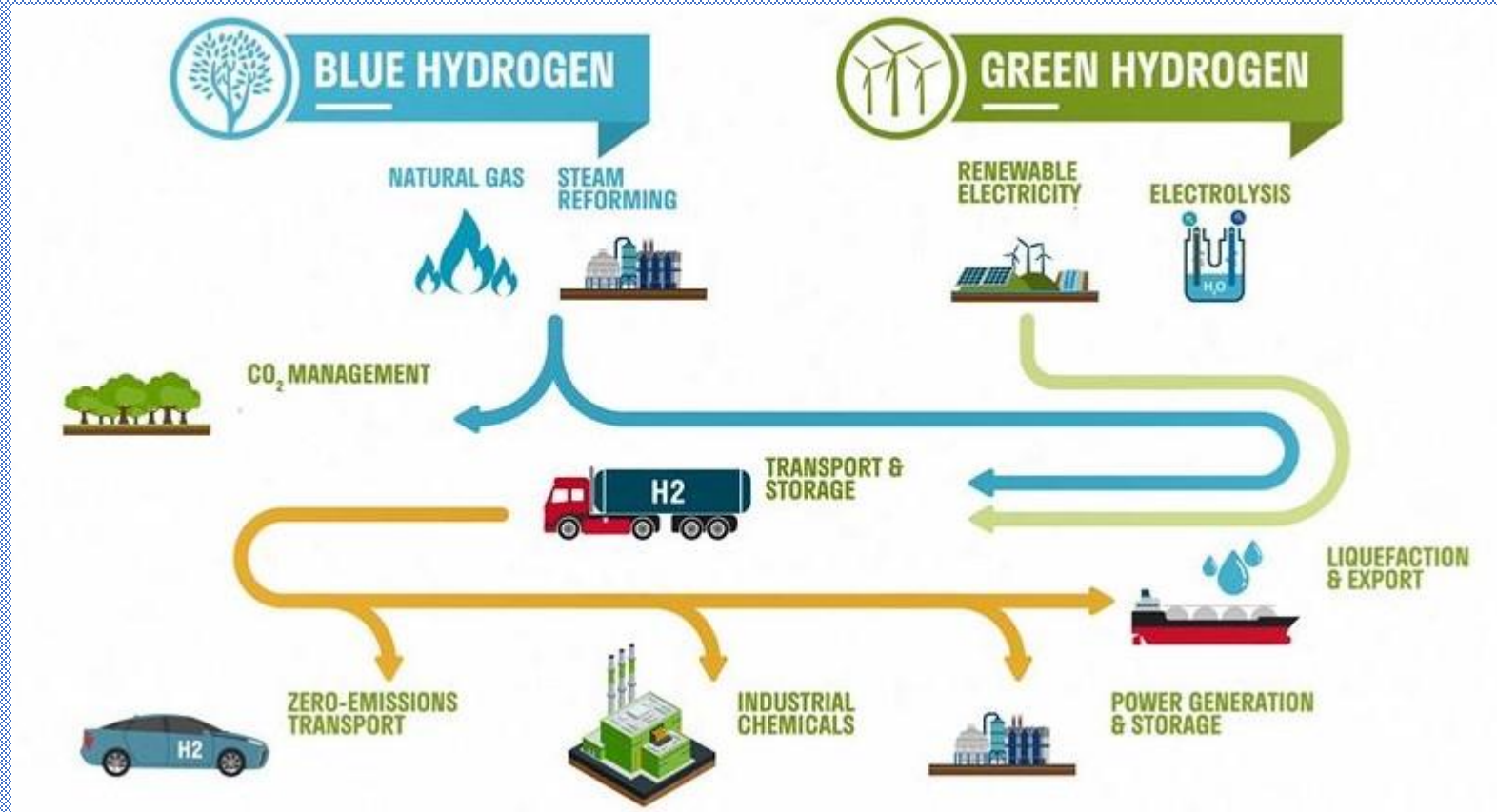
Carbon capture and
Underground storage-
Economic? Safe?
When? Who pays?



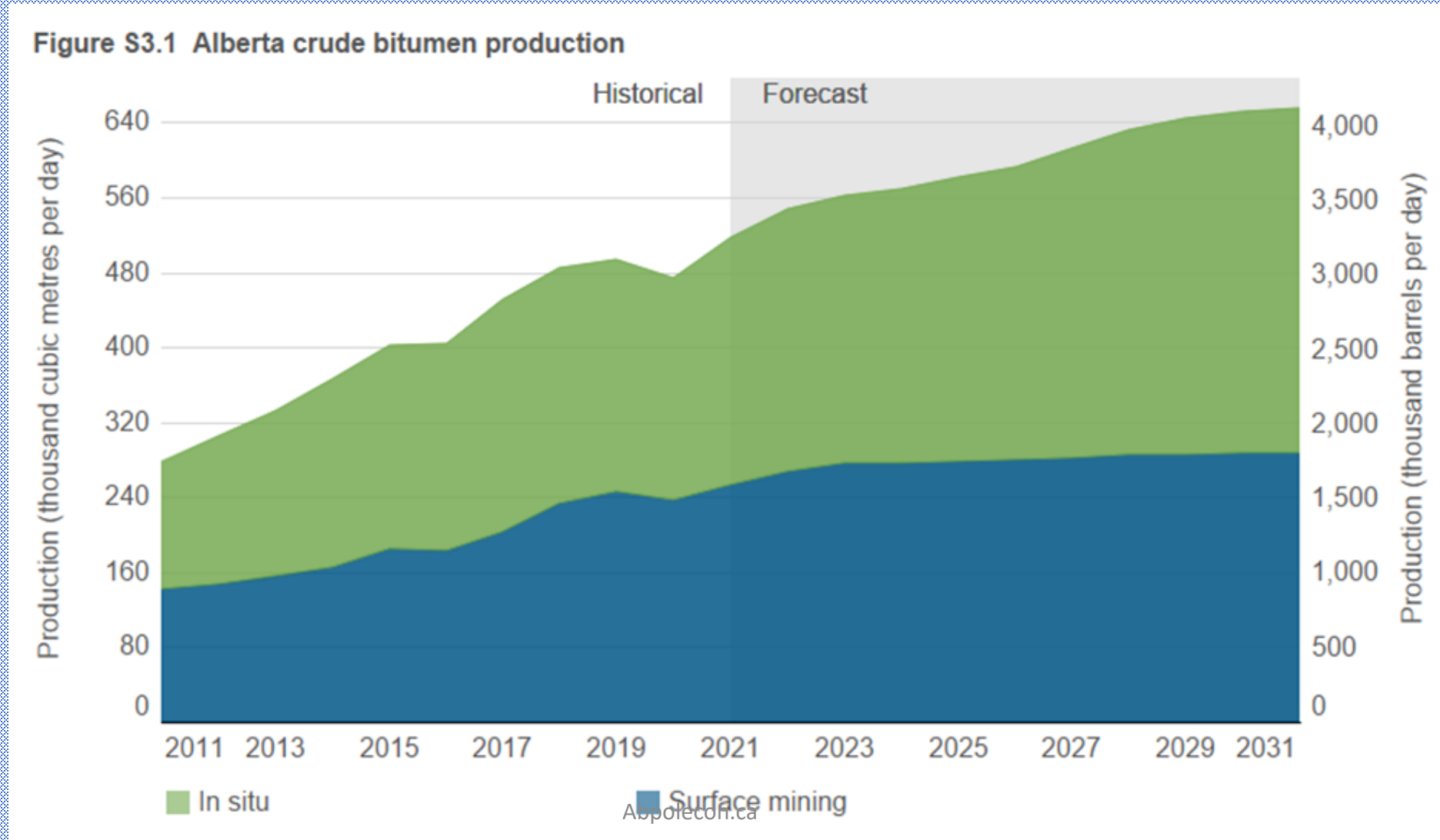
Political Environment- Technology

Is this the Silver Bullet for climate emergency? Blue Hydrogen

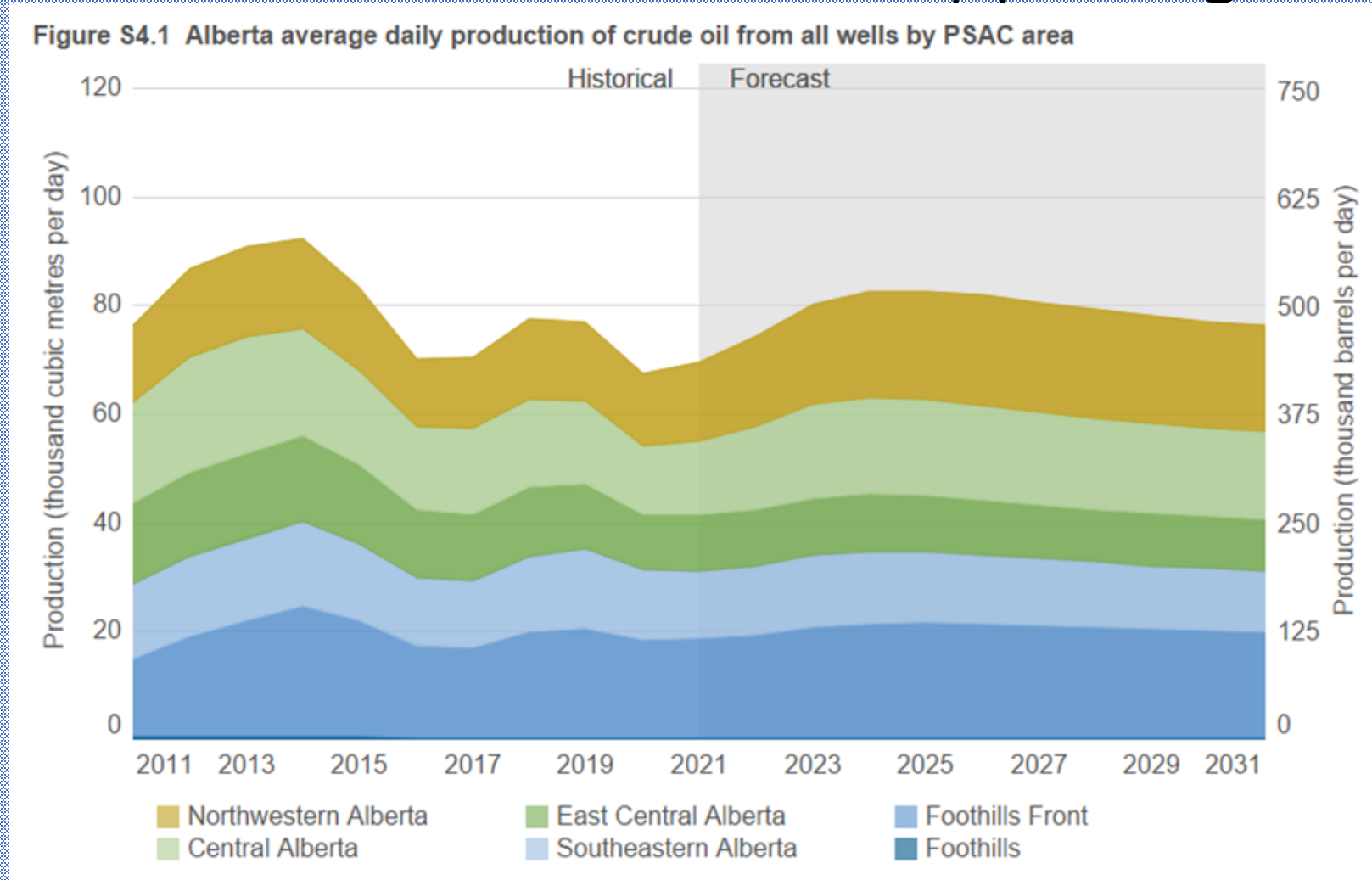
Alberta- full steam ahead!- Federal and provincial money back [Air Liquide](#)



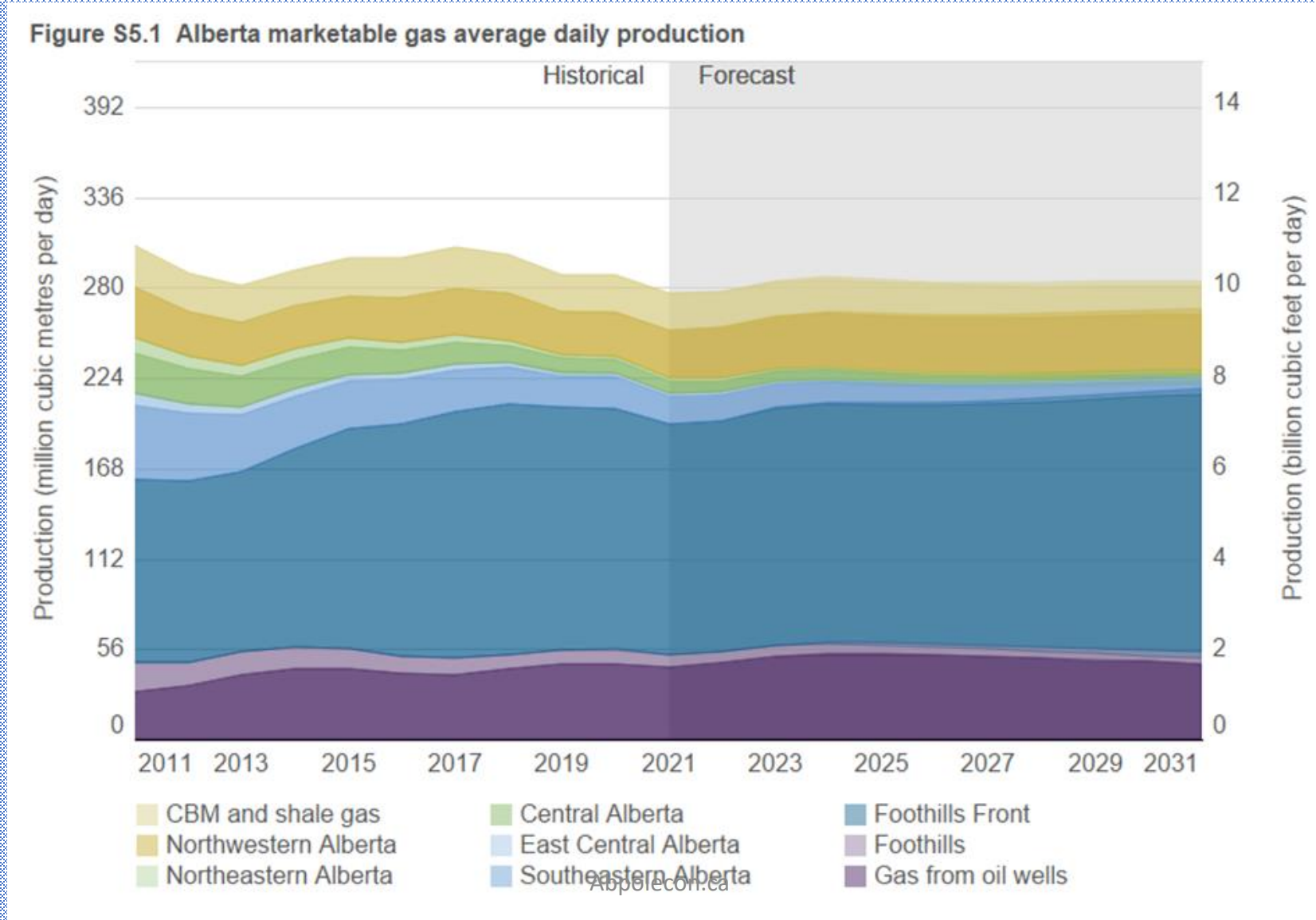
The Alberta economy in 3-5 years- Energy Bitumen- our future?



The Alberta economy in 3-5 years- Energy Conventional oil- not much happening



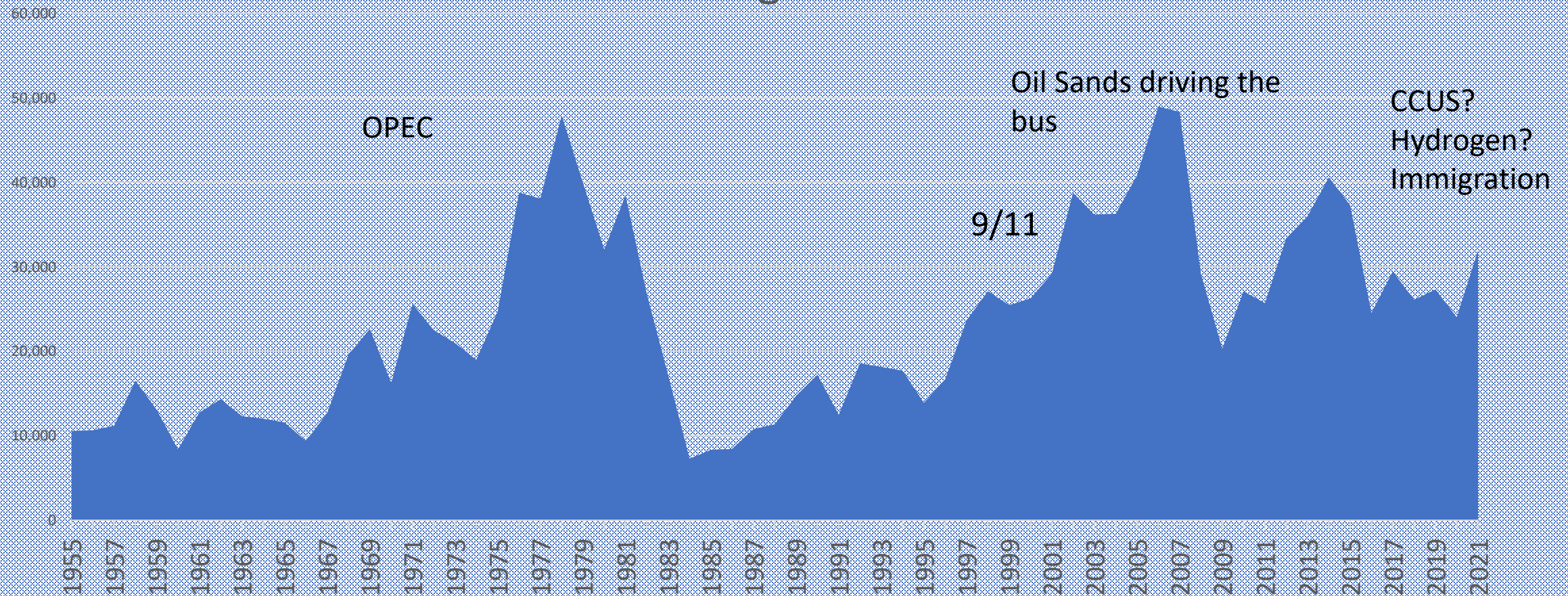
The Alberta economy in 3-5 years- Energy Natural Gas- LNG may be imperative



The Alberta economy in 3-5 years

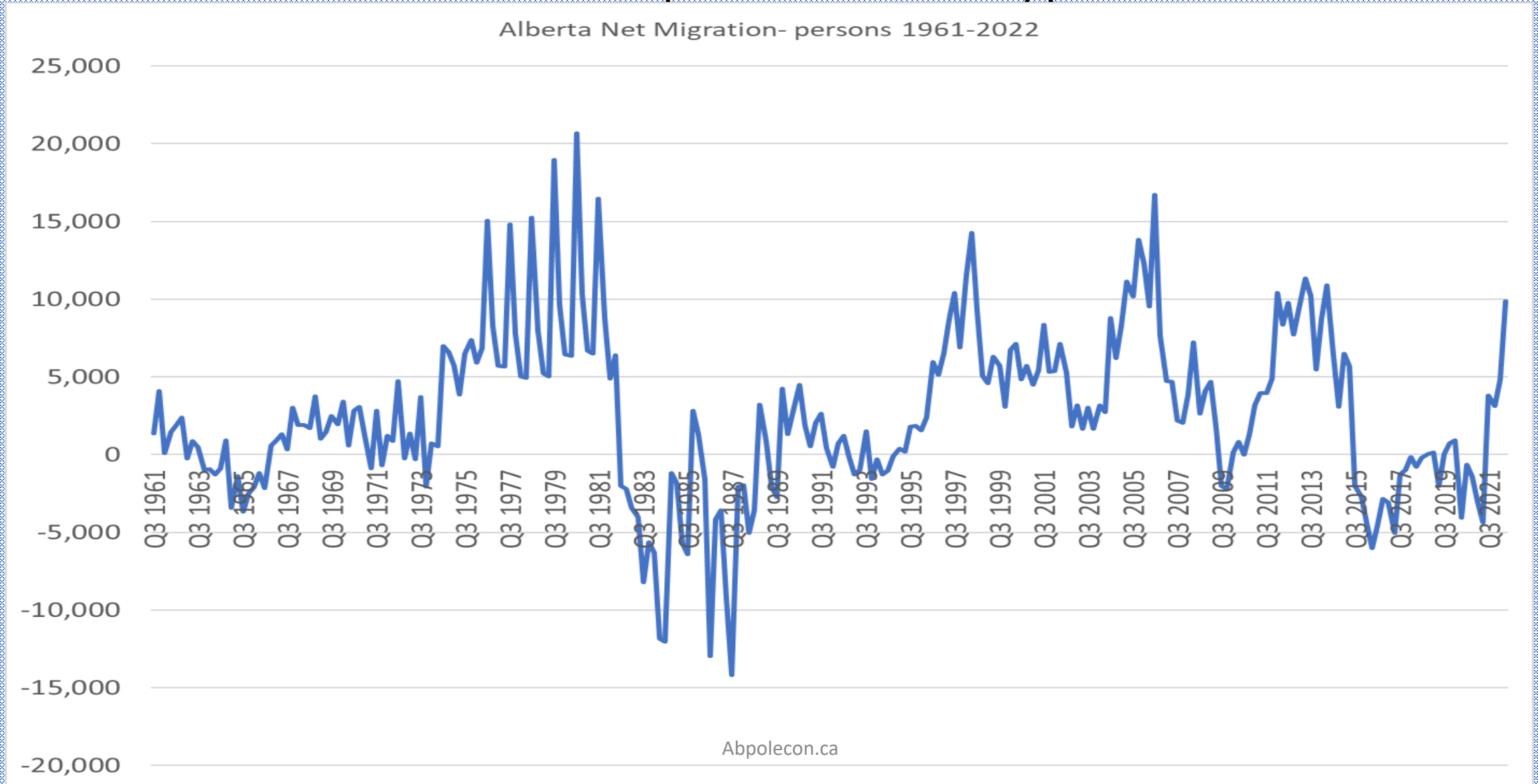
Real Estate

Alberta Total Housing units- 1955-2021



The Alberta economy in 3-5 years

Real Estate- Net interprovincial migration



Immigration – War and Climate Change



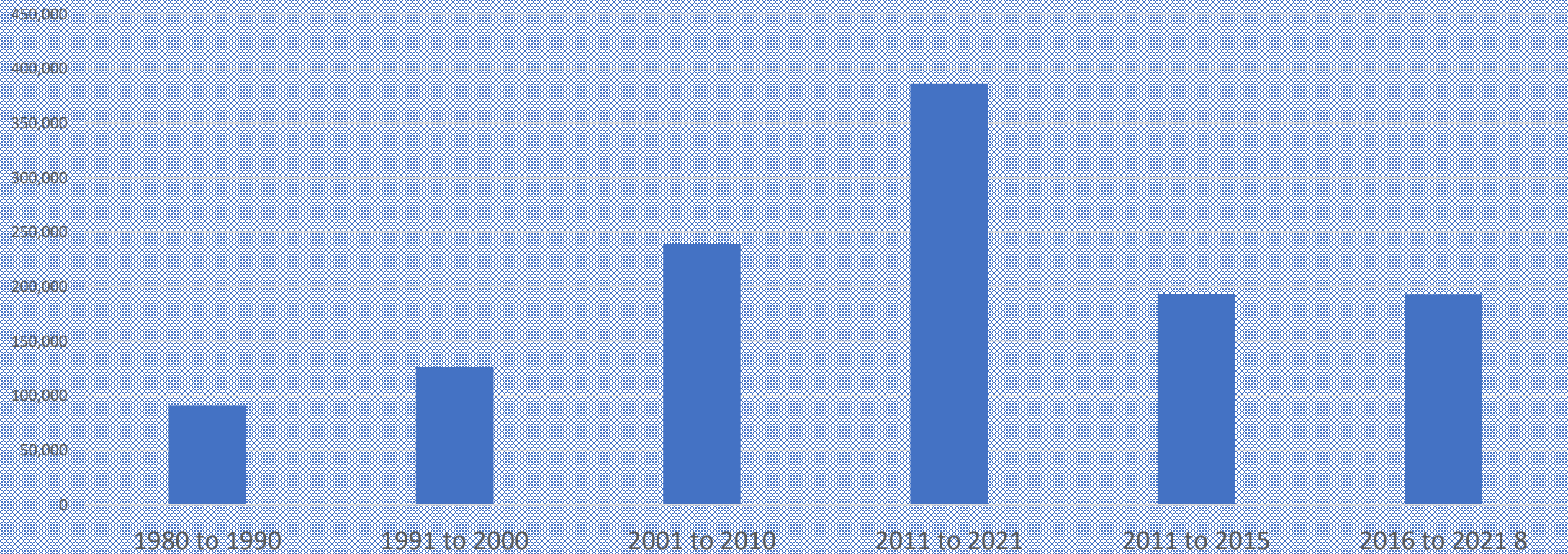
Canada – the new mecca?

- Potentially big upside
- Affordability
- Speculation?
- Bigger role for government- industry?

The Alberta economy in 3-5 years

Real Estate- Immigration likely accelerate

Total Immigration Admissions to Alberta - 1980-2021



Implications of a change in Government- May 2023 Election



Implications for Change in Government-Election 2023

Alberta New Democrats

- \$3,902,699.32 2022 YTD
- Dec. 31, 2021- \$5,598,136.01
- Candidates nominated – 60/87
- Leger poll NDP 44%
- CBC Janet Brown NDP- 47%
- Edm- 57% Cal- 46% Other-36%
- Will Notley listen to grassroots?

United Conservative Party

- \$2,383,765.27 YTD
- Dec 31, 2021 -\$1,141,647.39
- Candidates nominated -36/87
- Leger 42 % (7-10 October)
- CBC Janet Brown UCP- 36%
- Edm- 31% Cal- 40% Other-44%
- Can Smith keep party united?

Implications for Change in Government- Election issues

- Affordability- real estate element
- Health care- Cowell's appointment
- Budget 2023 will be expansionary
- Environmental concerns

Implications for RECA if NDP wins

- Affordable housing
- Social housing and homelessness
- Land Titles Office
- Building codes

NDP Resolutions on Housing- municipalities

- Alberta NDP supports providing appropriate levels of funding for Municipal Housing projects for vulnerable Albertans, including maintenance and operational costs for the residences and services that residents will need; and
- the Alberta NDP supports developing appropriate regulations to ensure that funds for these projects are spent only on facilities, maintenance, and support programs;

Resolutions on Housing- climate change

- Sets explicit carbon emissions limits in building codes for new and existing buildings and adopt heating equipment standards requiring low-carbon emission systems; and
- Change building codes to increase the durability of building materials to double the expected service life; and
- Establishes targets to include locally sourced, recycled, sustainably produced, or reused materials in construction where possible, and for using construction materials that can be recycled or have a low-environmental impact at disposal at end of life; and, •
- Includes universal design best practices to design, build, and manage buildings currently regulated by the Code.

Implications for RECA- industry

Residential

- building costs
- affordability
- Immigration
- energy efficiency conservation
- electrical, water and waste management usage
- Building codes –“net-zero”
- Densification and zoning
- FinTrac- immigration, mortgage fraud
- Interest rates?
- Land Titles Office?

Commercial

- building costs
- affordability
- work from home
- energy security
- electrical, water and waste management usage
- LEED standards
- Interest rates?

Implications for RECA- Legislation

- Little substantive legislation before election
- Self-regulation likely remain even under NDP government
- Revenue pressures – raising licensee fees
- Self service licensing through IT innovation
- Greater attention to social housing and rentals if NDP wins

With my
friendly
realtor
Gabriella
Maddalena
-Maker



Any
Questions