

# Future of Alberta

## Alberta Assessors' Association

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Presented by: Angus Watt Advisory Group  
April 20, 2023



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# REPORT ON BUSINESS 2022 SHOOK

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## CANADA'S TOP WEALTH ADVISORS



### 2022 Awards of Excellence

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Team of the Year  
Alberta & Okanagan



### 2021 Awards of Excellence

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Team of the Year  
National Winner



### 2020 Awards of Excellence

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Social Commitment  
Alberta & Okanagan



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# THEMES FOR 2023

1. China – impact of Covid

2. Central Banks – battle against inflation

3. Ukrainian War – no settlement in sight

4. Interest Rates – 10 YR finished 2022 @ 3.75%, highest 4.30%, started 2022 at 1.25% (today 3.64%)

⑩ Impact on mortgage rates

⑩ Prime Rate at 6.70%

5. All the above impacts on earnings, labour, fuel costs, higher prices, electricity, supply disruptions



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# Shift from Rural to Urban

1920: 30% of the world's population was urban.

2007: World's urban population surpassed its rural population.

2020: Urban housing much more expensive and people began shifting to suburbs.



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# Global Birthrates

- + Today 40% of world's population lives in China and India and both are below replacement birthrate of 2.1. Brazil is at 1.8, Mexico 2.3 and European Union at 1.6.
- + Birthrates are dropping globally.
- + Portugal could lose 50% of it's population by 2060.
- + UN estimates that the nations of Eastern Europe have collectively lost 6% of their population since 1990, or 18 million people (Netherlands population is 17 million).



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# Why is the Population Declining?

- + Birth control pill was introduced in 1957 and approved by FDA in 1960 for contraceptive use.
- + Abortion became legal in US in 1973
- + The awareness of AIDs
- + Lessening influences:
  - + Kin
  - + Rural/Urban
  - + Organized religion
- + Increasing influences:
  - + Increase in women's rights
  - + Women in the workforce
  - + Social changes

*...and COVID*



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# COVID-19 – Impact

## + Mental health

- + Workplace / work from home (stress)
- + Relationships (uncertainty/lack of tolerance)
- + Social (fear)
- + Physical health

## + Delayed marriages/relationships/starting families

## + New work environment / new social environment

## + Immigration

- + Typically, well-educated young people that have started or getting ready to start a family

## + Housing

- + Higher costs of a family home

*...Families will be smaller*



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# Population Decline: World's Top 2 Economies

Growth rate of the Top 2 global economies is crawling.

## CHINA

- China's population decreased by 85,0000 y/y at the end of 2022, first decrease since 1961.
- 9.56M babies born in 2022 vs 10.62M in 2021, lowest level since at least 1950 and main cause of population decline

## US

- US population growth will come entirely from immigration by 2042, according to the Congressional Budget Office.



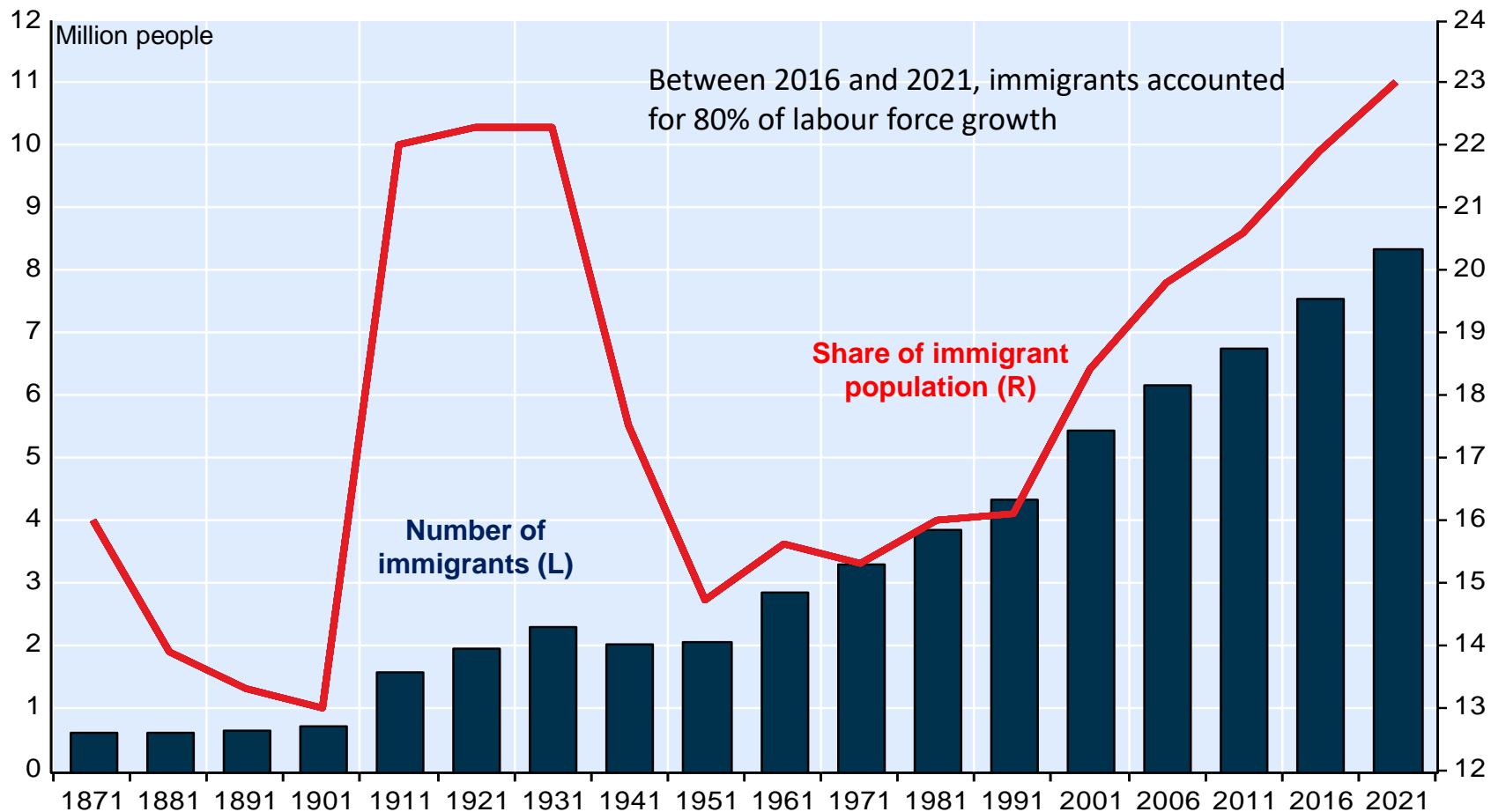
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# Canada: A growing share of the population is immigrant

By census year



NBF Economics and Strategy (data via Statistics Canada  
<https://www150.statcan.gc.ca/n1/daily-quotidien/221026/g-a001-eng.htm>)



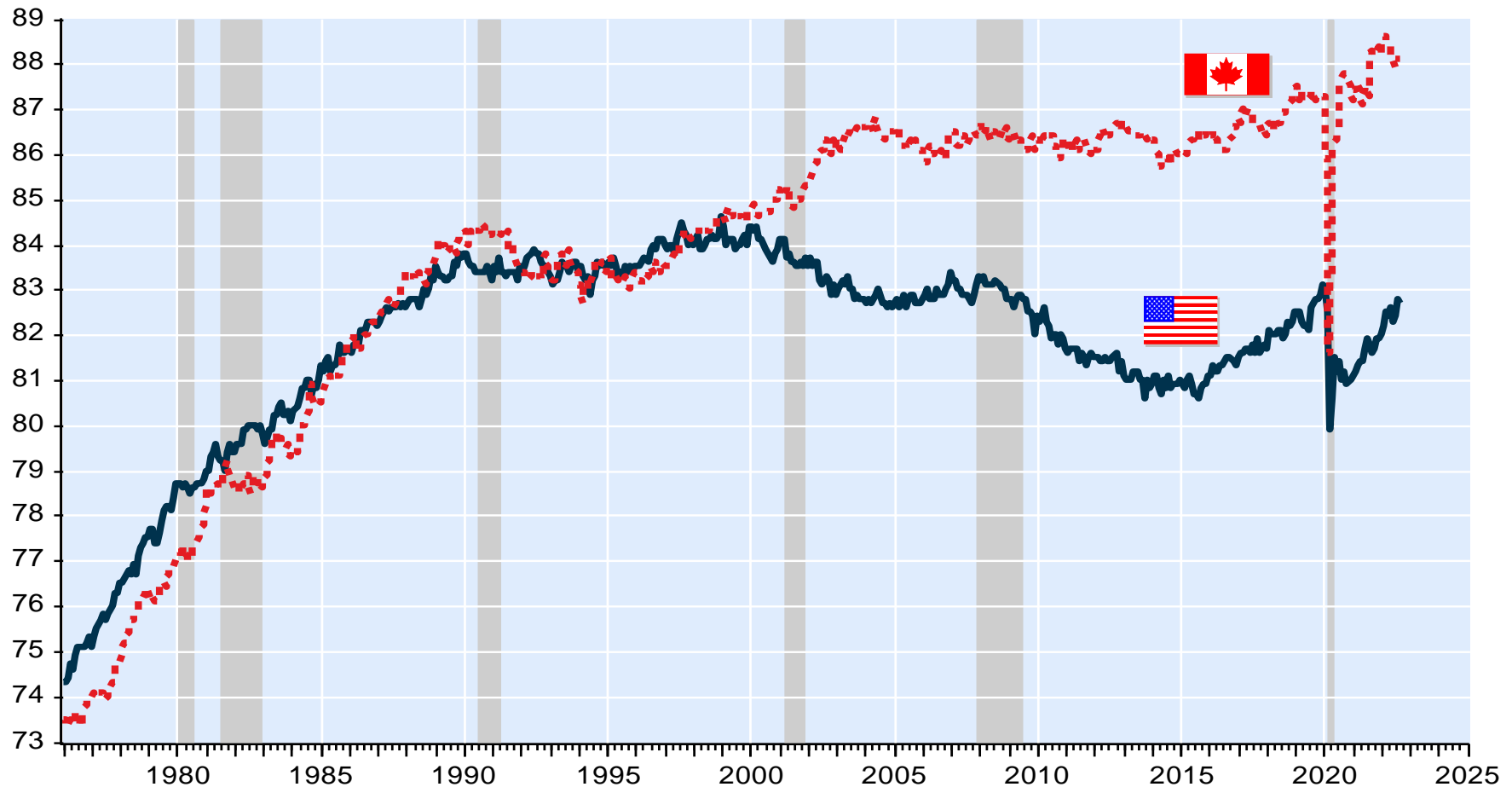
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# Canada: Labour force participation near a record high

Labour force participation rate for population aged 25-54



NBF Economics and Strategy (data from Statistics Canada, U.S. Bureau of Labor Statistics)



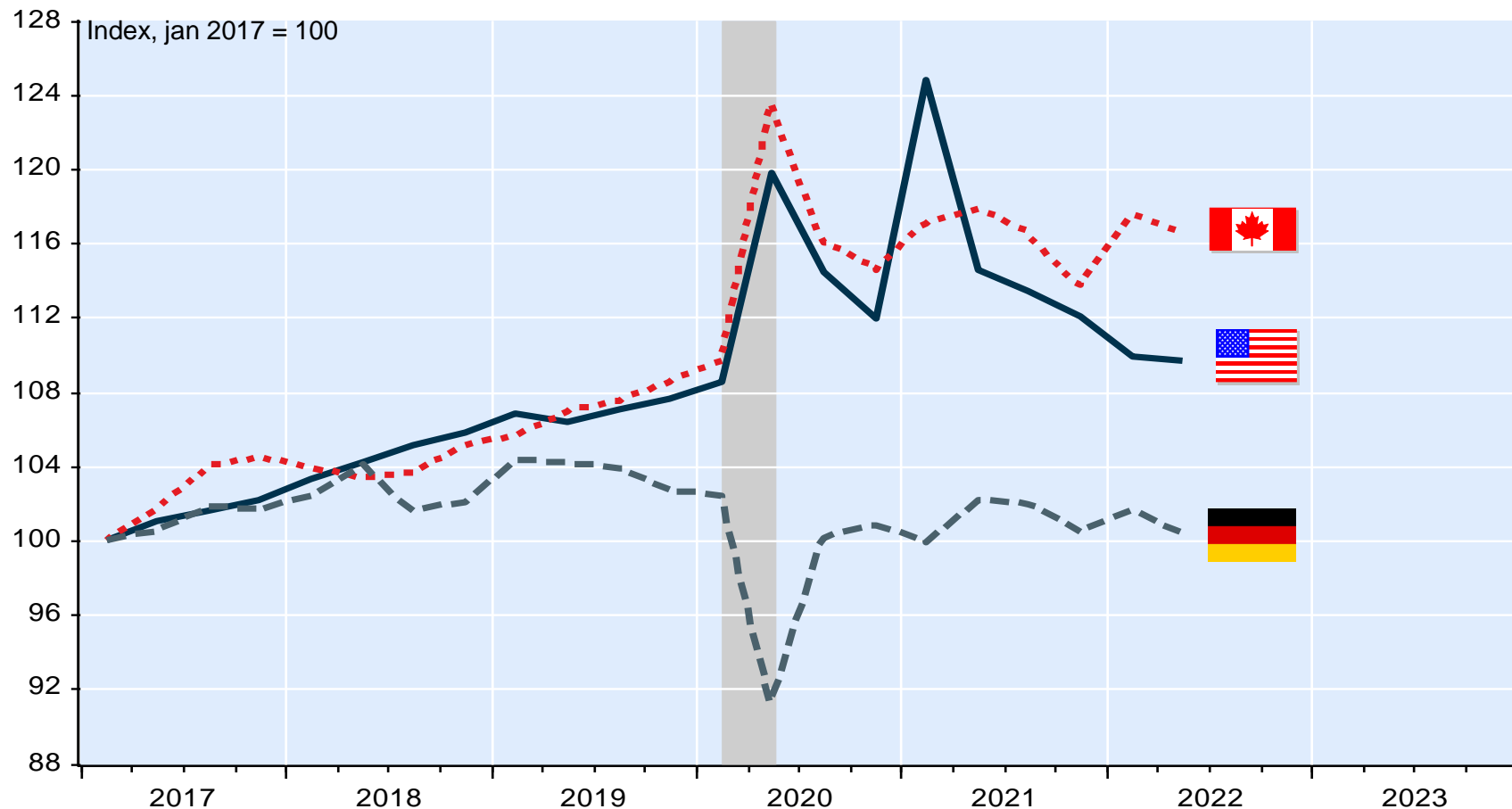
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# Canada: Disposable income remains above trend

Real disposable income: Canada, US, Germany



NBF Economics and Strategy (data from Statistics Canada, U.S. Bureau of Labor Statistics)



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# Canada's Immigration Targets

## Immigration

- Canada reached 2022 target of 431,645 new permanent residents (122,145 in Q3/2022).
- Targeting 950,000 newcomers in 2023 and 2024, and 500,000 in 2025.
- Challenges are many: schools, healthcare and housing.
- CMHC says that we will need an additional 3.5 million homes above the current home-building projections by 2030.
- Do we have the labour capacity to build, fill and run these new schools, hospitals and homes?

Statistics Canada



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# Canada's Population Problem

## Aging Demographic

- Canadian population now has a larger share of people aged 55-64 versus 15-24.
- Worker-to-retiree ratio expected to shift from 7:1 50 years ago to 2:1 by 2035.
- A large increase in immigration won't significantly curb this deficit.
- In 1966, there were 200 people aged 15-24 for every 100 Canadians aged 55-64.
  - In 2021, there were 81.
- Canada still has one of the youngest working age populations in the G7.

Statistics Canada 2021 Census



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# Canada's Population Problem

## Between 2016-2021

- Canadian population grew 5.2%.
- Canadians over 65 increased by 18.3% to 7 million; over 85 rose by 12%; and over 100 rose by 15%.
- Number of Canadians younger than 15 grew 6x *slower* than the number of people 65+.
- Number of children under 5 declined 3.6%.
- 2020 saw the lowest birthrate since WW1.
- By 2051, nearly 25% of the population will be over 65, almost 12 million people, and only 7.5 million children under 15.

Statistics Canada 2021 Census



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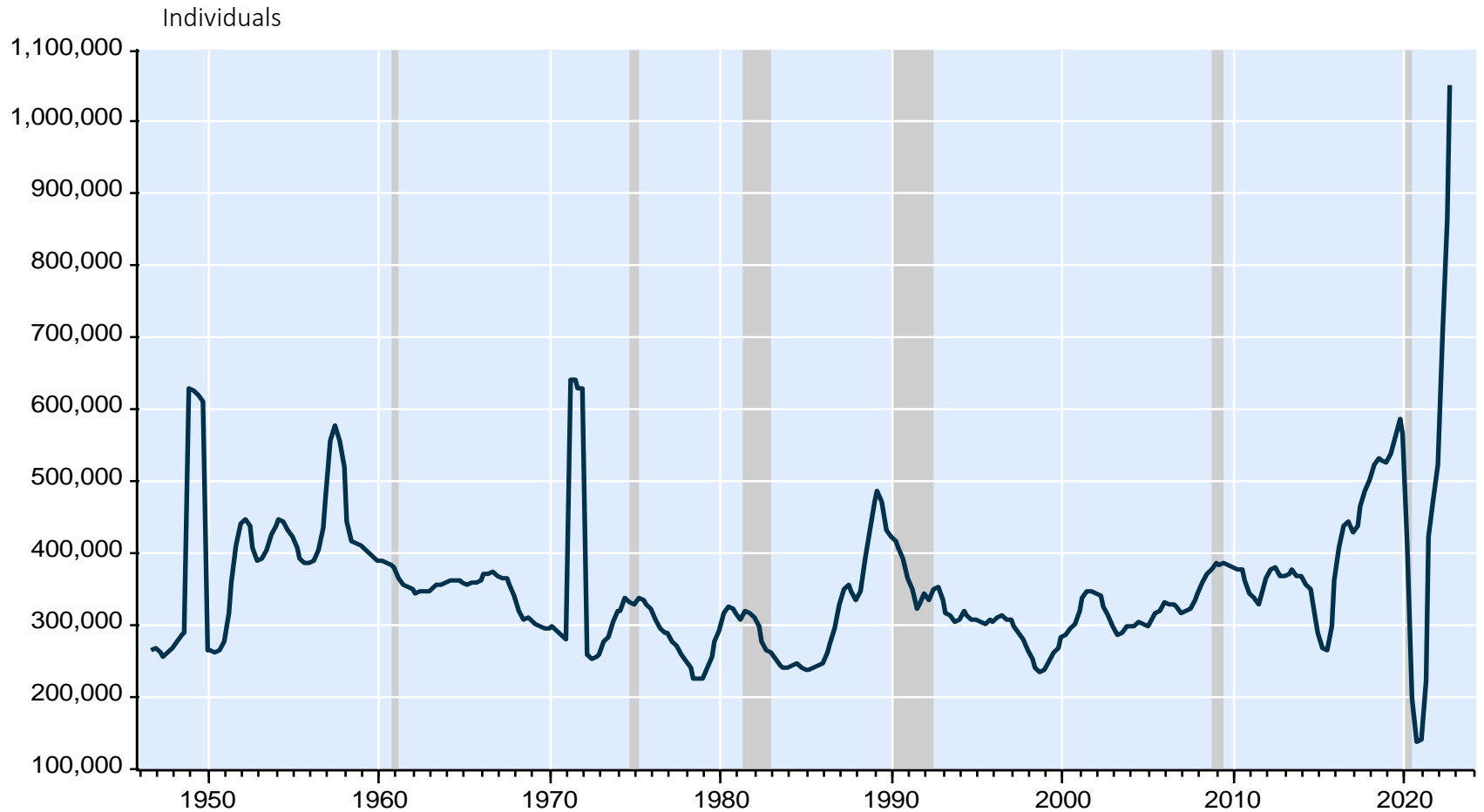
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# Canada: Population growth

Difference Y/Y



NBF Economics and Strategy (data via Statistics Canada)



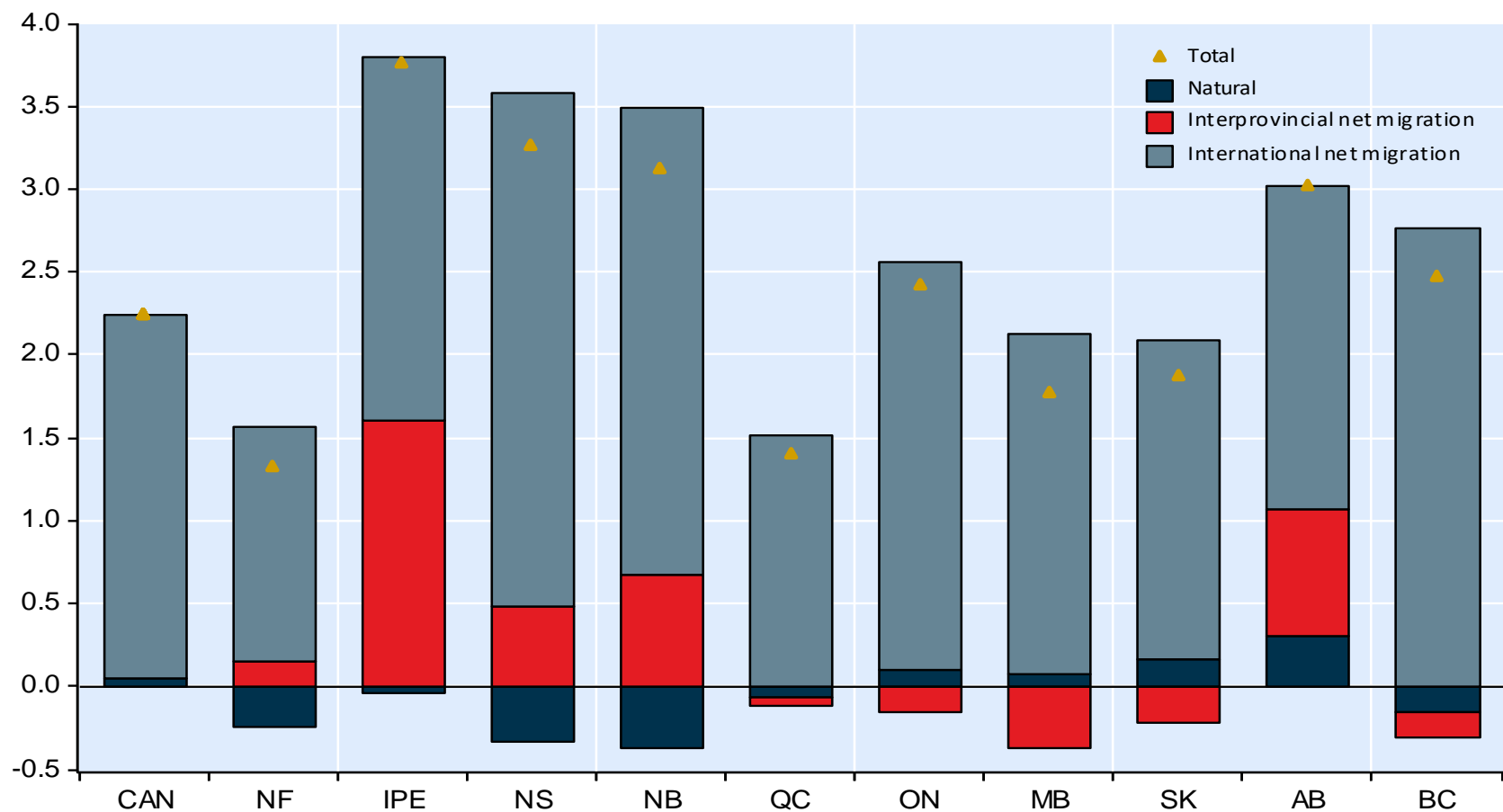
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# Canada: Population growth decomposition

Population growth, 2022 Q4



NBF Economics and Strategy (data via Statistics Canada)



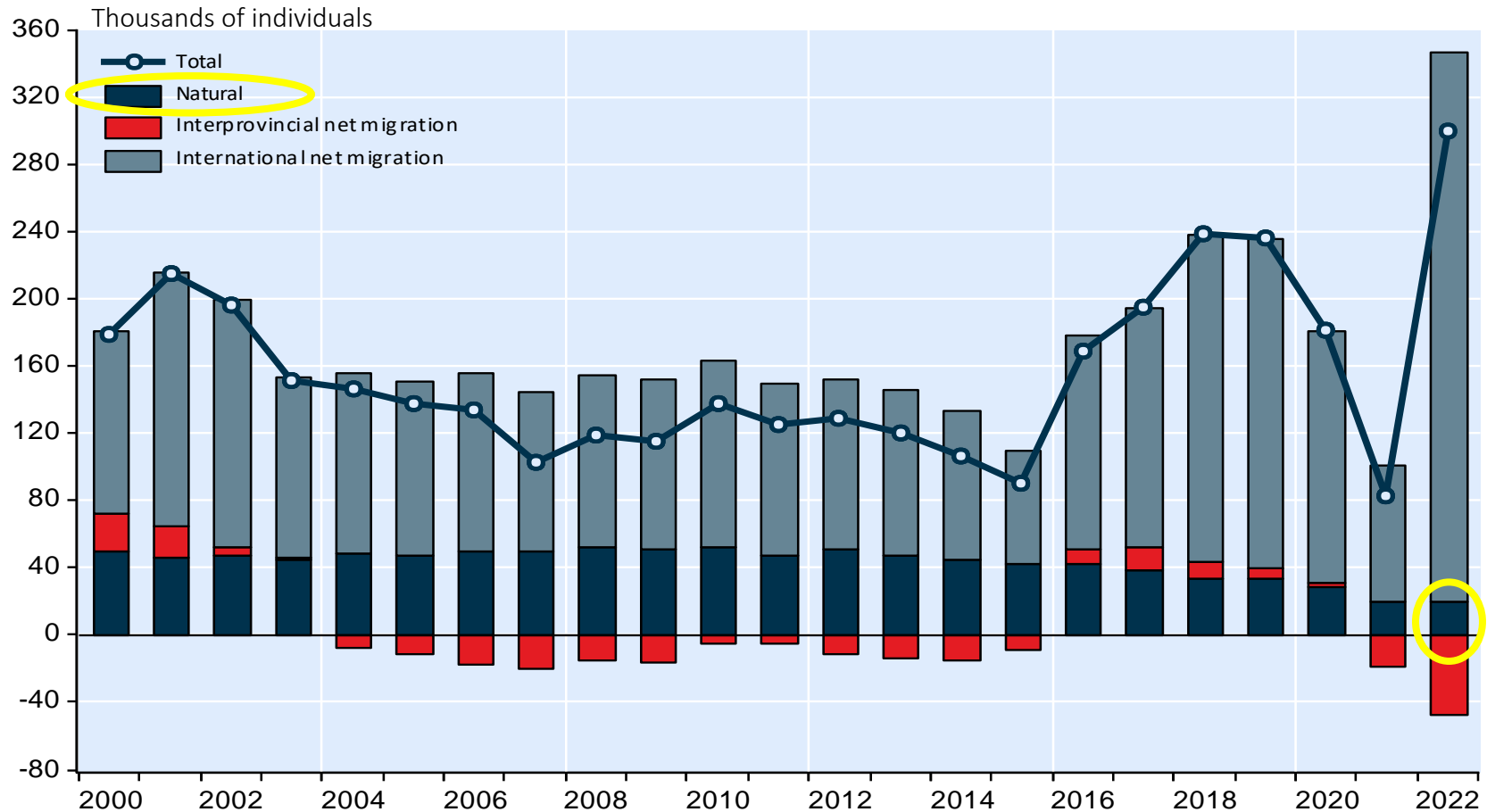
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# Ontario: Population growth decomposition

Population growth, year ending June 30



NBF Economics and Strategy (data via Statistics Canada)



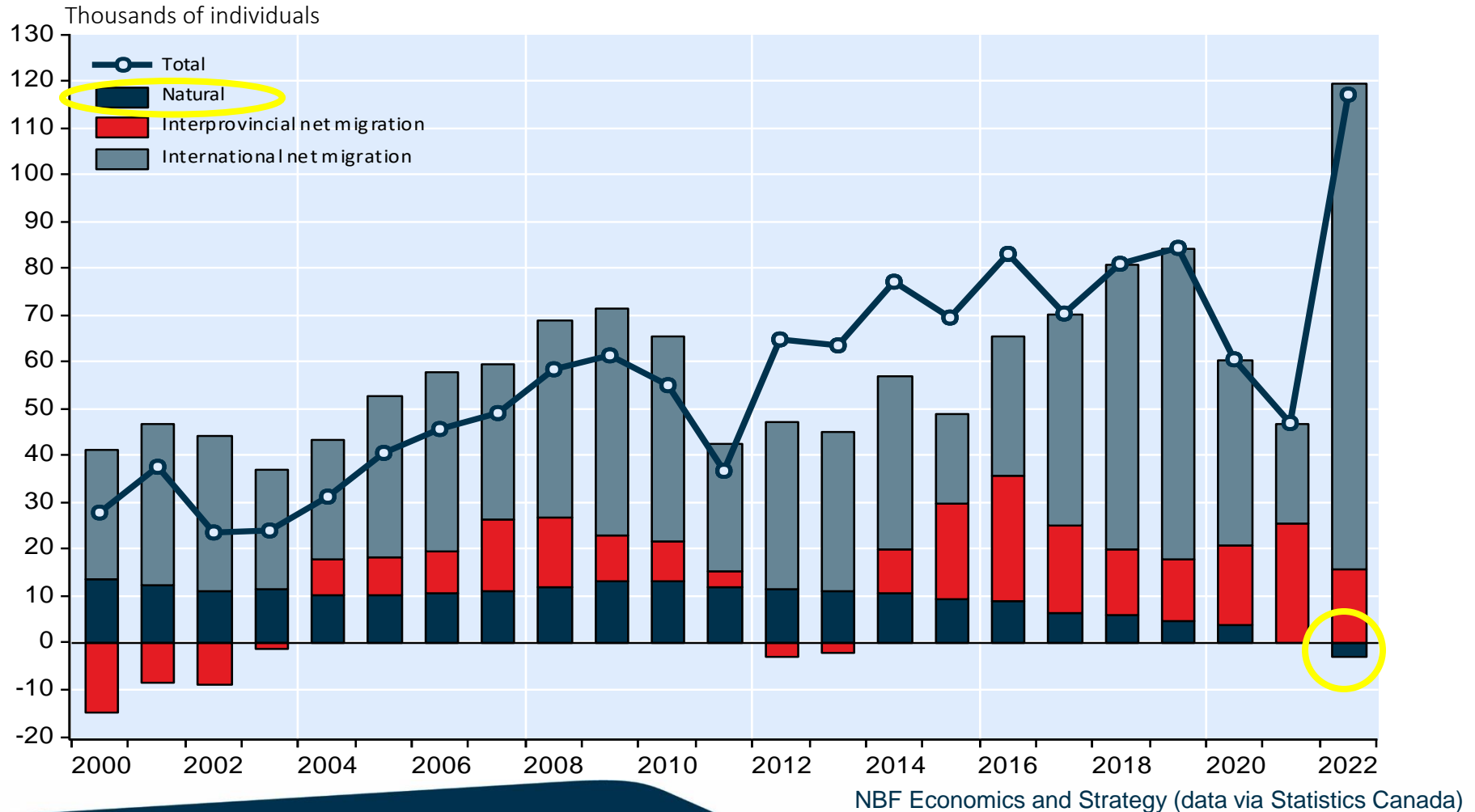
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# British Columbia: Population growth decomposition

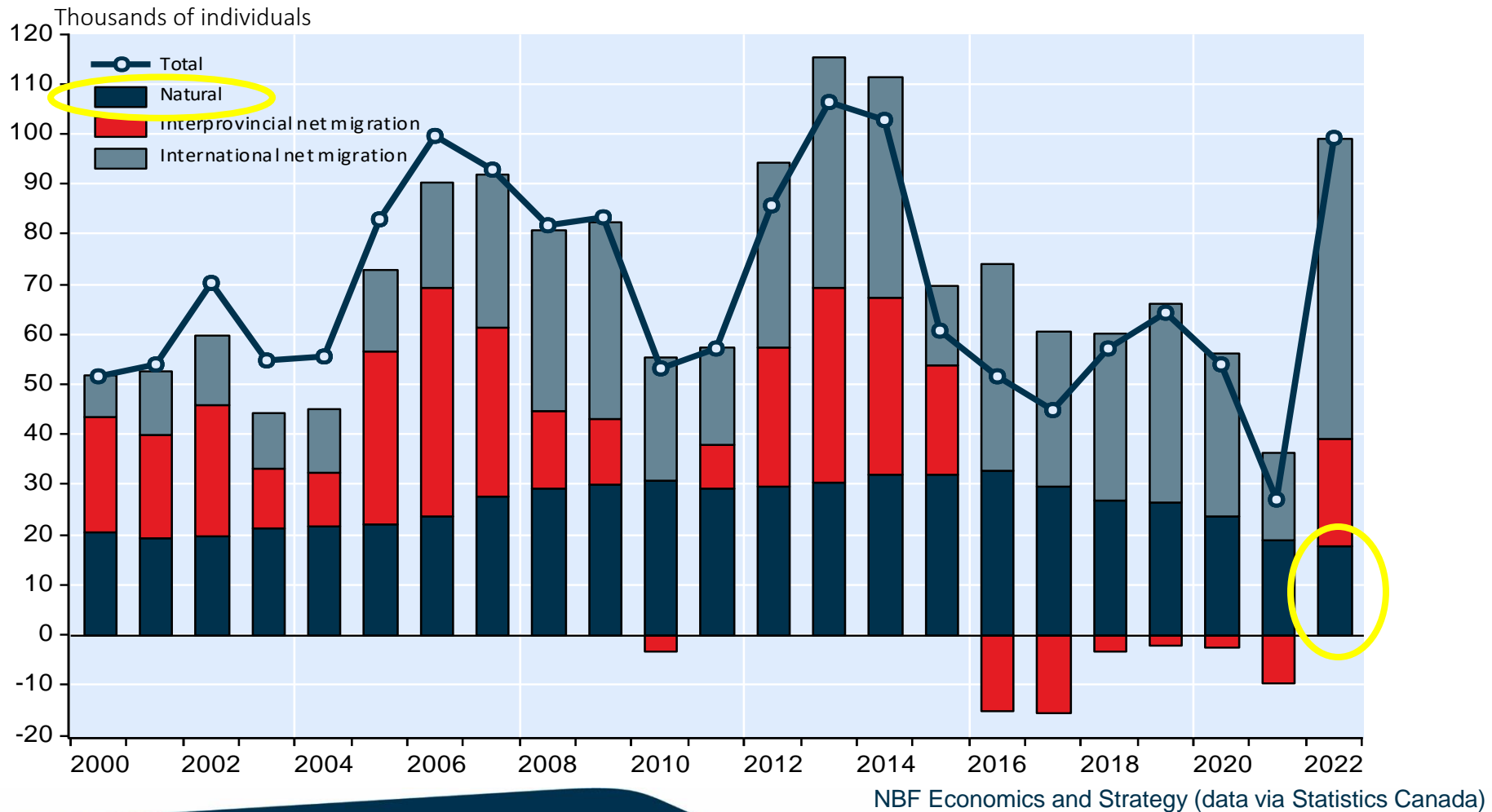
Population growth, year ending June 30





# Alberta: Population growth decomposition

Population growth, year ending June 30



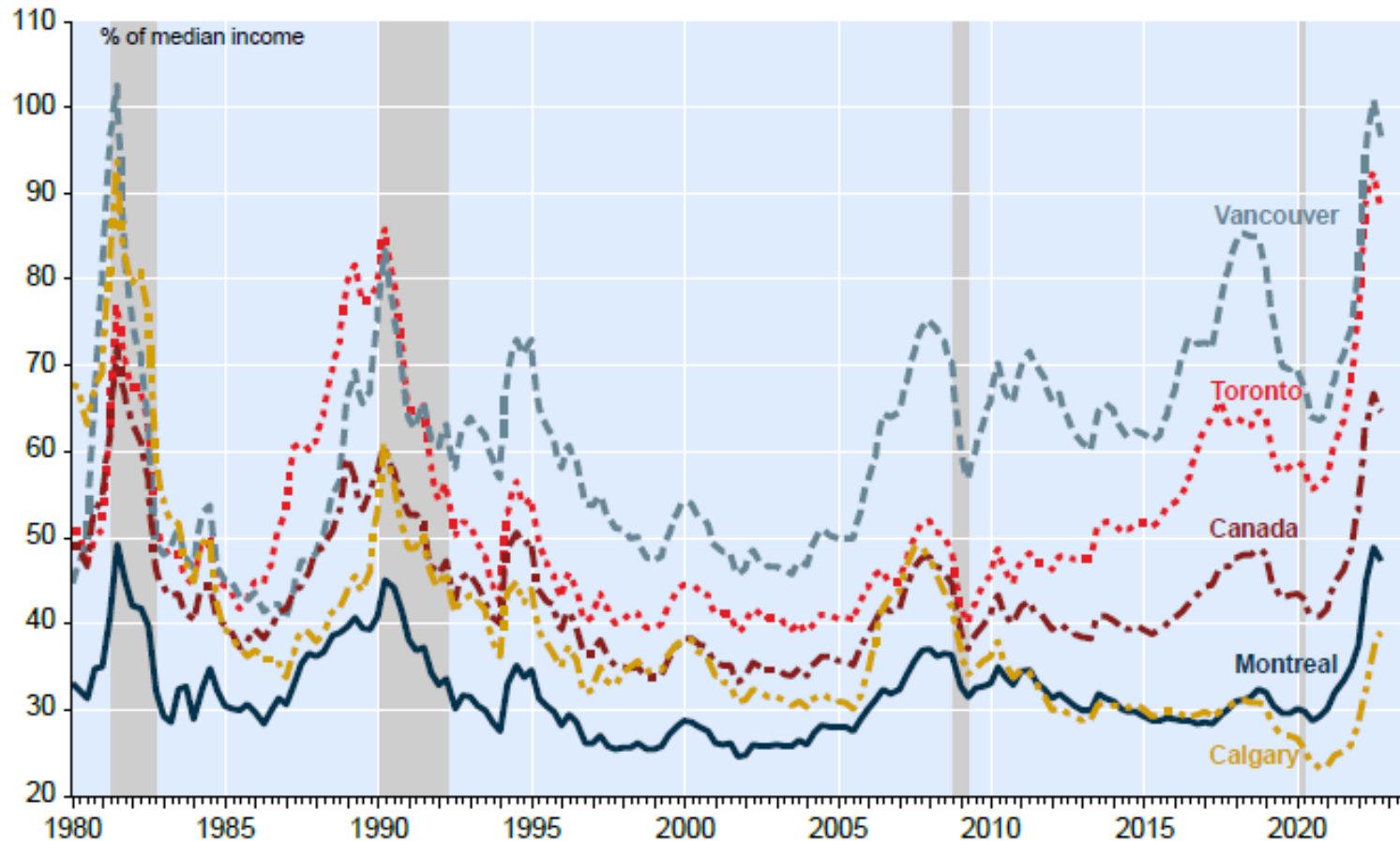
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# Canada: Perspective on Housing Affordability

Monthly mortgage payment on median home price, all types of dwellings (25-year amortization, 5-year term)



NBF Economics and Strategy (data via Statistics Canada, Teranet-National Bank, CREA)



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# Housing Affordability Statistics - All Dwellings

All dwellings	Median home price	Q/Q % change	Y/Y % change	Downpayment \$	Downpayment: Months of saving	Avg. Since 2000	Monthly mortgage payment	Mortgage payment as % of income	Q/Q diff. PP	Y/Y diff. PP	Avg. Since 2000	Qualifying annual Income	Median annual Income	Home-ownership rate (2021)
Urban Composite	\$ 769,782	-3.9	4.4	\$ 51,978	77.2	39.2	\$ 4,351	64.6	-2.1	16.1	41.2	\$ 184,524	\$ 80,839	66%
Toronto	\$ 1,186,214	-5.5	2.5	\$ 237,243	311.5	72.3	\$ 6,705	88.0	-4.4	20.6	50.9	\$ 243,949	\$ 91,389	65%
Montreal	\$ 524,618	-3.8	7.2	\$ 27,462	43.7	27.0	\$ 2,965	47.2	-1.6	12.4	30.7	\$ 127,803	\$ 75,357	54%
Vancouver	\$ 1,313,895	-4.6	3.2	\$ 262,779	342.4	119.6	\$ 7,426	96.8	-4.0	22.8	64.0	\$ 270,207	\$ 92,091	62%
Calgary	\$ 521,385	4.1	14.8	\$ 27,138	35.8	27.2	\$ 2,947	38.8	2.0	13.0	32.4	\$ 127,054	\$ 91,040	71%
Edmonton	\$ 436,039	3.9	6.7	\$ 21,802	29.2	24.4	\$ 2,465	33.0	1.7	9.3	29.3	\$ 106,487	\$ 89,543	69%
Ottawa/Gatineau	\$ 617,793	-5.7	2.0	\$ 36,779	48.5	26.8	\$ 3,492	46.1	-2.4	10.5	29.9	\$ 149,360	\$ 90,981	65%
Quebec	\$ 360,421	-2.1	7.5	\$ 18,021	27.6	20.4	\$ 2,037	31.2	-0.5	8.2	23.0	\$ 88,020	\$ 78,298	58%
Winnipeg	\$ 393,121	-4.0	3.8	\$ 19,656	29.1	22.3	\$ 2,222	32.9	-1.0	8.2	25.3	\$ 96,006	\$ 81,021	66%
Hamilton	\$ 869,741	-8.5	1.0	\$ 61,974	78.7	32.7	\$ 4,916	62.5	-5.3	13.9	32.8	\$ 207,650	\$ 94,442	69%
Victoria	\$ 1,078,924	-6.1	3.5	\$ 215,785	331.4	76.9	\$ 6,098	93.7	-5.4	22.4	62.3	\$ 221,885	\$ 78,139	62%

NBF Economics and Strategy



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# Toronto

In the Greater Toronto Area (GTA), the final quarter of 2022 was characterized by the first improvement in affordability after eight consecutive quarters of deterioration. The MPPI\* declined 4.4pp to 88.0%, which remained way above the historical average for this city (50.9%) and the urban composite (64.6%). Both the condo (-1.5 pp to 53.0%) and the non-condo (-5.1 pp to 94.5%) segments registered faster improvements than the urban composite but remained more expensive than the latter level. The quarterly improvement of the composite index stemmed from a 5.5% decline in home prices and a 1.0% increase in income more than offsetting a slight increase in interest rates. Nonetheless, on a 12-month basis, the MPPI\* swelled 20.6 pp, above the annual deterioration for the urban composite due to higher price levels. \*See tables page 2.



Non-  
Condo

**\$1,273,635**

Price of the representative home in the metropolitan market

**\$261,928**

Household annual income needed to afford the representative home

**334**

Months of saving required for the down payment (saving rate of 10%)

**30.1%**

Premium for buying compared to the national urban composite



Condo

**\$713,480**

Price of the representative condo in the metropolitan market

**\$171,498**

Household annual income needed to afford the representative condo

**61**

Months of saving required for the down payment (saving rate of 10%)

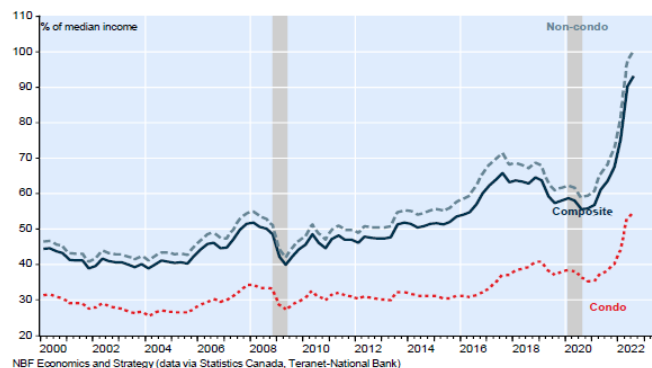
**60.6%**

Premium/discount for buying compared to renting a two-bedroom condo in the GTA

## Toronto : Perspective on housing affordability

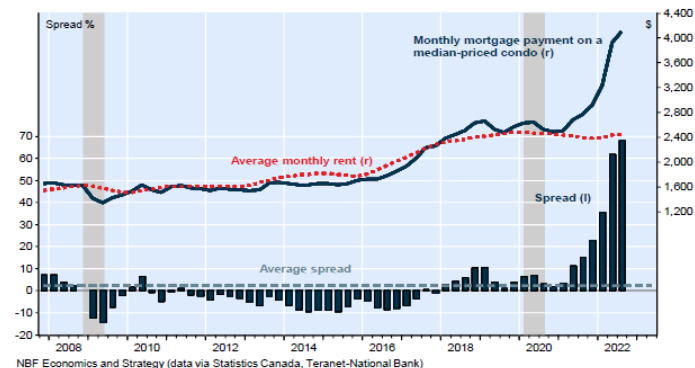
Monthly mortgage payment on median home price (25 year amortization, 5-year term)

TORONTO



## Toronto: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



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# Vancouver

Affordability in Greater Vancouver improved 4.0 pp in the final quarter of 2022, its fastest clip since the third quarter of 2019. This improvement was faster than that of the urban composite (-2.1 pp), but still left the level of the MPPI\* at 96.8%, which is far above the city's historical average (64.0%) and compares unfavourably to other urban areas covered (64.6%). In fact, Vancouver remains the least affordable Canadian city in which to buy a house. The quarterly improvement stems from a 4.6% decline in home prices in the quarter, which, combined to a 1.2% increase in income was more than enough to offset a slight uptick in interest rates. Both the condo (-1.4 pp) and the non-condo (-5.4 pp) segments registered declines in their MPPI\* in the quarter. On a 12-month basis, home prices in Vancouver were up 3.2%, below the urban composite (4.4%). Still, elevated price levels and an increase in interest rates contributed to deteriorate the MPPI\* 22.8 pp in a year, above the national average. The annual deterioration in affordability in Vancouver was above the national average both for condos (+12.2 pp) and non-condos (+28.3 pp). \*See tables page 2.



Non-  
Condo

**\$1,634,282**

Price of the representative home in the metropolitan market

**\$336,096**

Household annual income needed to afford the representative home

**426**

Months of saving required for the down payment (saving rate of 10%)

**66.9%**

Premium for buying compared to the national urban composite



Condo

**\$708,076**

Price of the representative condo in the metropolitan market

**\$170,247**

Household annual income needed to afford the representative condo

**60**

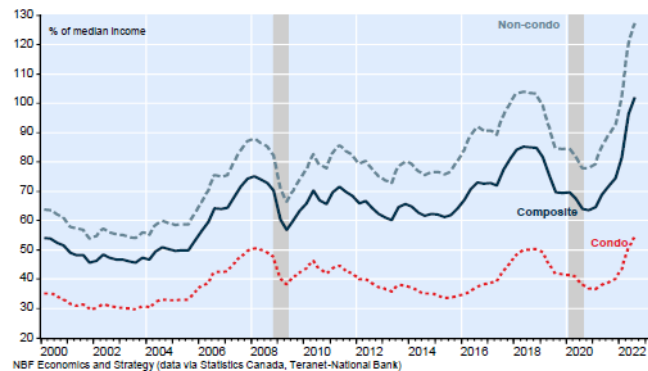
Months of saving required for the down payment (saving rate of 10%)

**52.6%**

Premium/discount for buying compared to renting a two-bedroom condo in Vancouver

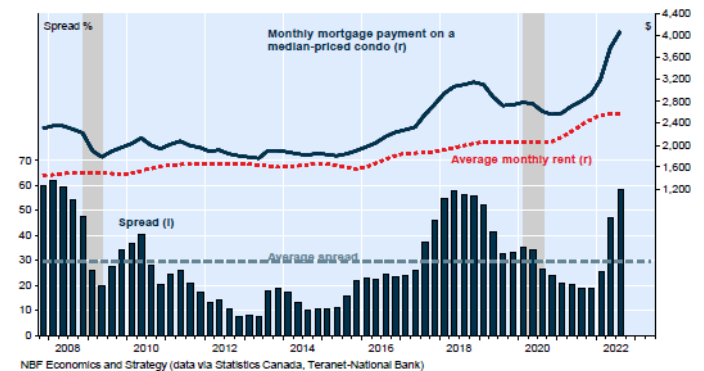
## Vancouver : Perspective on housing affordability

Monthly mortgage payment on median home price (25 year amortization, 5-year term)



## Vancouver: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



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# Calgary

Housing affordability in Calgary moved against the national tide in the final quarter of the year, as the MPPI\* swelled 2.0 pp to 38.8%. This was the index's highest level since 2008 and above its long-term average (32.4%). The deterioration is attributable to a 4.1% increase in home prices in the quarter, the most important home price growth in the cities tracked. This, combined with rising interest rates, was too important to offset a 0.4% increase in income. Nonetheless, Calgary was still much more affordable than the urban average (64.6%). The deterioration stemmed primarily from non-condos (MPPI\* up 2.3 pp) but condos also recorded a worsening (MPPI\* up 1.3 pp). On an annual basis, the affordability of the housing market in Calgary as measured by the MPPI\* worsened 13.0 pp, the fastest deterioration since the third quarter of 1990, but still 3.1 pp below the urban composite. Both condos (+6.3 pp) and non-condos (+15.1 pp) registered lower-than-composite increases in their MPPI\* on a 12-month basis. \*See tables page 2.



Non-  
Condo

**\$602,620**

Price of the representative home in the metropolitan market

**\$145,849**

Household annual income needed to afford the representative home

**46**

Months of saving required for the down payment (saving rate of 10%)

**-38.4%**

Premium for buying compared to the national urban composite



Condo

**\$272,780**

Price of the representative condo in the metropolitan market

**\$66,617**

Household annual income needed to afford the representative condo

**18**

Months of saving required for the down payment (saving rate of 10%)

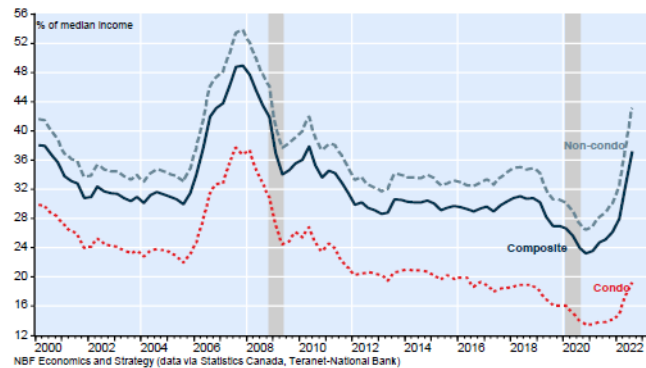
**-3.3%**

Premium/discount for buying compared to renting a two-bedroom condo in Calgary

## Calgary : Perspective on housing affordability

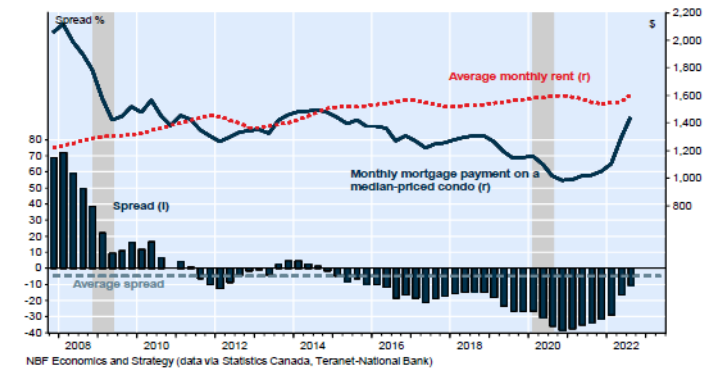
Monthly mortgage payment on median home price (25 year amortization, 5-year term)

CALGARY



## Calgary: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



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# Edmonton

Home prices in Edmonton grew 3.9% during the quarter, while interest rates edged up and income grew only moderately. As a result, the MPPI\* climbed 1.7 pp, which represents a deceleration from the clip of the two prior quarters. The level of the MPPI\* now stands at 33.0%, which is still well below the one of the urban composite (64.6%) but above this city's long-term average (29.3%). The deterioration in affordability stemmed from both condos (+1.0 pp) and non-condos (+1.8 pp). As affordability in Edmonton worsened while it improved in most of the other markets covered, it gave back the title of most affordable Canadian city in which to buy a house to Québec city. \*See tables page 2.



Non-  
Condo

**\$470,118**

Price of the representative home in the metropolitan market

**\$114,809**

Household annual income needed to afford the representative home

**32**

Months of saving required for the down payment (saving rate of 10%)

**-52.0%**

Premium for buying compared to the national urban composite



Condo

**\$230,600**

Price of the representative condo in the metropolitan market

**\$56,316**

Household annual income needed to afford the representative condo

**15**

Months of saving required for the down payment (saving rate of 10%)

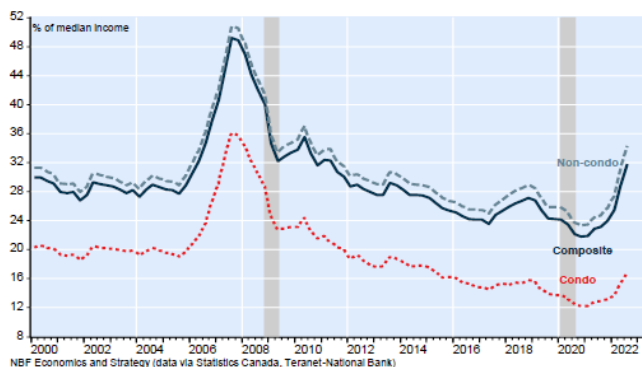
**-9.5%**

Premium/discount for buying compared to renting a two-bedroom condo in Edmonton

## Edmonton : Perspective on housing affordability

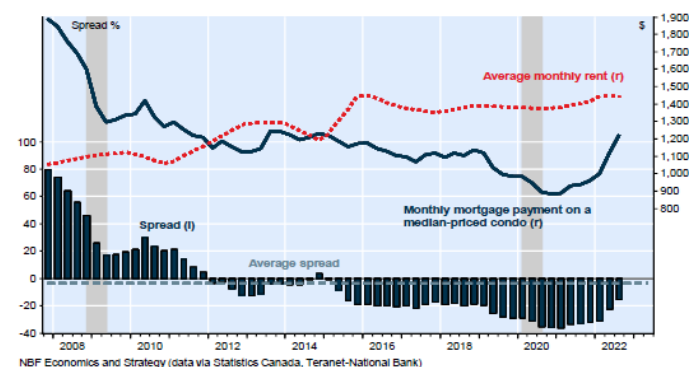
Monthly mortgage payment on median home price (25 year amortization, 5-year term)

EDMONTON



## Edmonton: Buying compared to renting

Premium/discount for buying compared to renting a two-bedroom condo



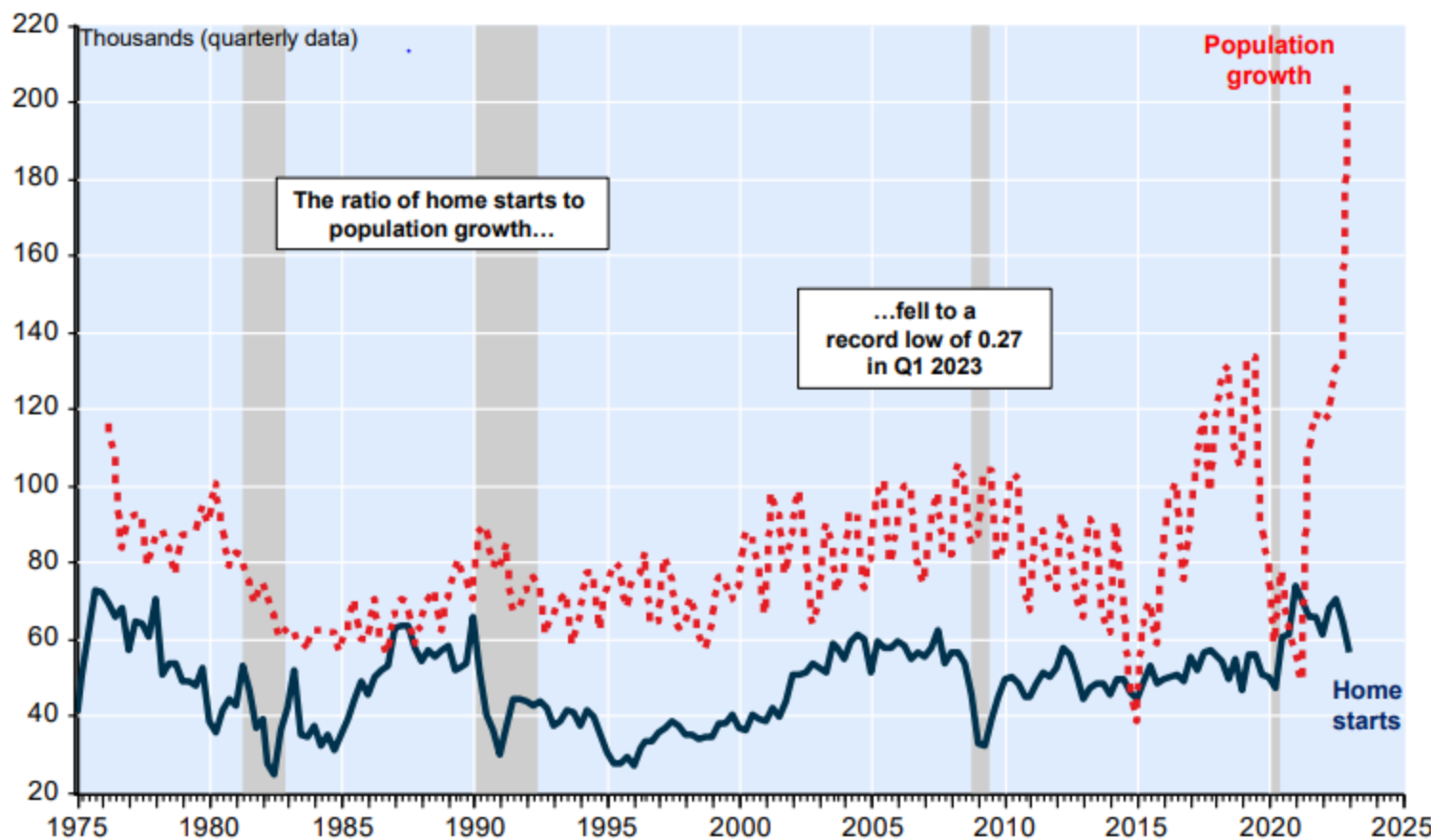
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# Canada: Homebuilders aren't keeping up with population growth

Quarterly change in population aged 15+ vs. quarterly residential home sales



NBF Economics and Strategy (data via Statcan and [FRED](#))

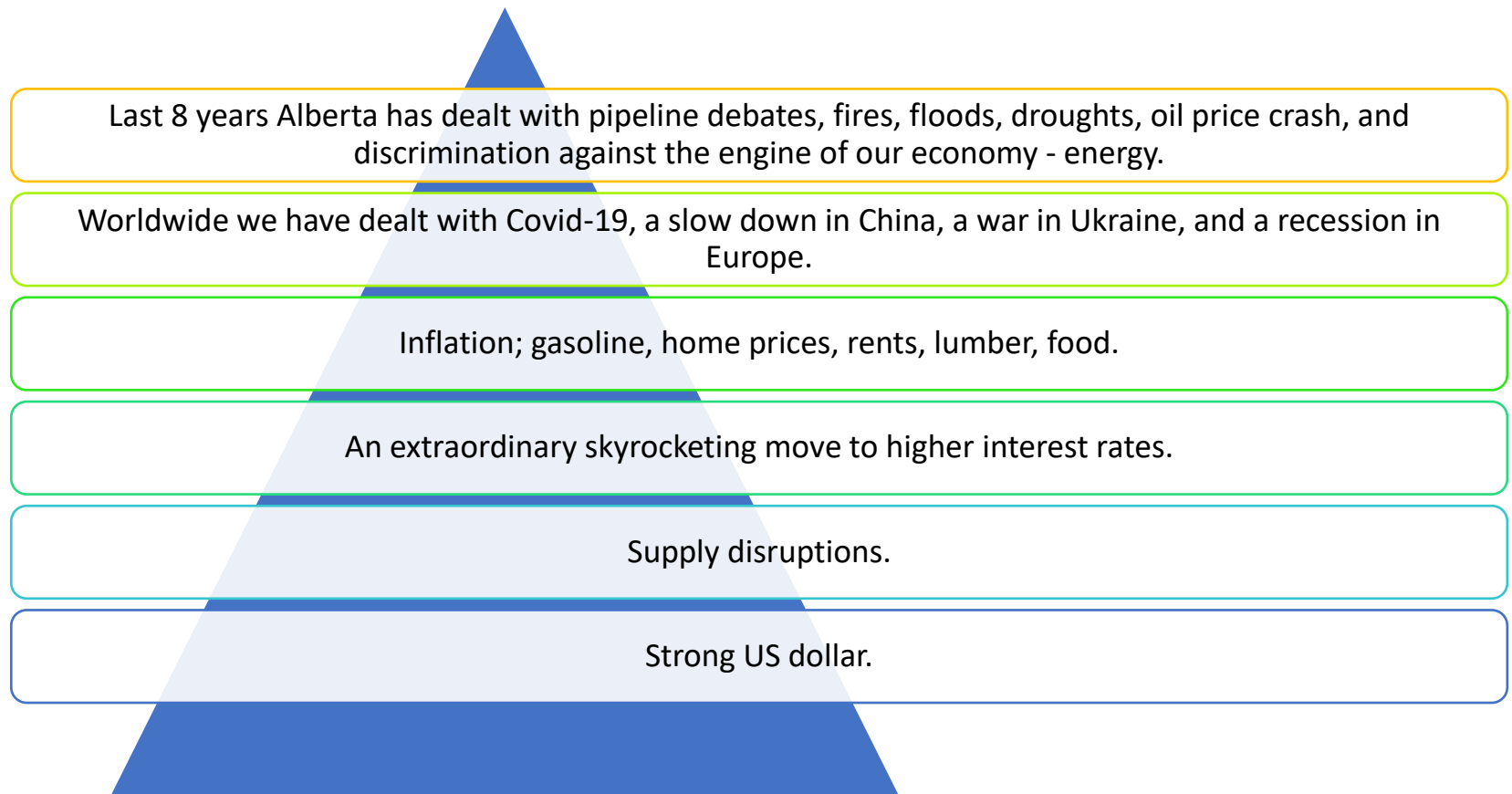


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# Alberta Since 2014



Statistics Canada



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# Net Population Movement for Alberta

Recorded highest single quarter growth rate in over 40 years

Added 58,203/1.28%

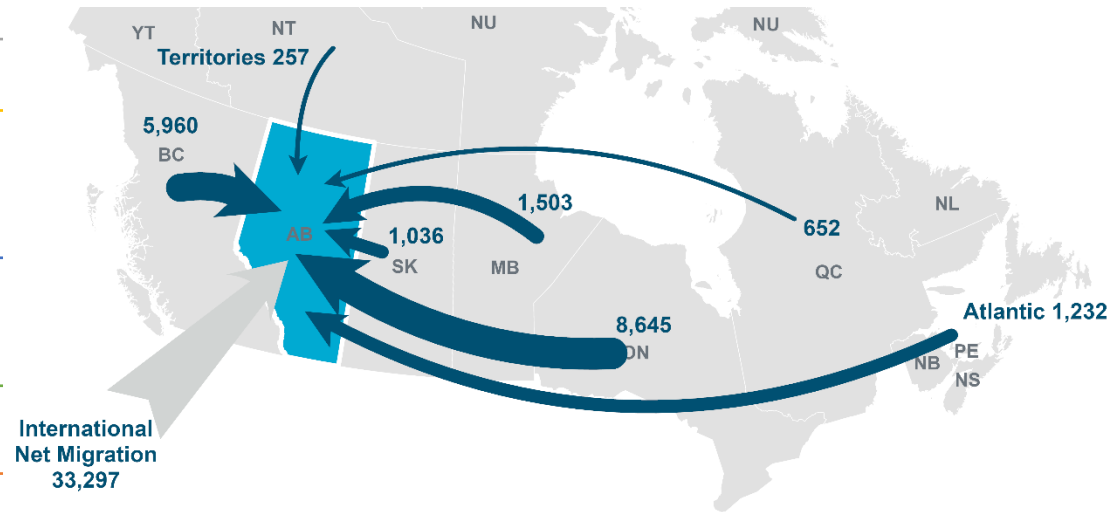
International migration  
(33,297/0.73%)

Interprovincial migration  
(19,285/0.42%)

Natural growth (5,621 / 0.12%)

Alberta has highest natural growth rate, youngest average age, lowest proportion of 65+

Alberta population: 4,601,314, Y/Y growth rate of 3.03% (Canada 2.25%)



**July 2, 2022 – September 30, 2022**

Statistics Canada and Alberta Treasury Board and Finance



# Alberta

## The Next 2 Years

- Strong interprovincial and international migration.
- Increased demand in housing, schools, healthcare and infrastructure.
- Shortage of skilled workforce.
- New residents to Alberta are looking for:
  - A home, a backyard, and a school nearby
  - A place to develop a career
  - A place to raise a family
- Need a tax regime that supports corporations and the people of Alberta.



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## The Future is Ours

- Beginning of 2025...population will be 5,000,000
  - 2023: growth rate of 4.35% to 4,800,000 (December 31, 2023)
  - 2024: growth rate of 4.16% to 5,000,000 (December 31, 2024)
- We must build on what we know and work together to have success.
- We are in the right place at the right time.





# Alberta

## Population Growth

- Alberta forecasts having a cumulative job shortage of 33,100 workers by 2025 in multiple sectors.
- The Government of Alberta is asking the federal government for an increase in nominees to the province's immigration program.
- About 71% of Albertans live in one of 16 cities.
- 16 cities held 91% of population growth between 2016 and 2022.
- According to the Alberta Office of Statistics and Information, Alberta's population will become more concentrated in urban centres over time with 80% of Albertans living in the Calgary-Edmonton Corridor by 2046.



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- + We must build on what we know and work together to have success.
- + We are in the right place at the right time.

# THE FUTURE IS OURS



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# The Alberta Advantage



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# Questions

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