

Executive Summary

Top Alberta Investment Towns

Based on Key Economic Fundamentals



Don R. Campbell, President
Melanie Reuter, Manager, Research
Allyssa Epp, Research Analyst
www.reincanada.com



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This is a time of economic uncertainty and turbulence for Alberta's economy. Lower consumer confidence, real and potential job layoffs, and an economy in turmoil have prevented many people from buying personal residences, vacation homes, or investment properties in the past 18 months and that is reflected across the province in a lower number of sales transactions in many regions, despite the expected increase during the summer months of 2009. Alberta has experienced economic swings and restructuring in the past, and always comes out stronger in the end as the province's economy is forced to diversify and become more productive per capita.

In this report, we are identifying cities, towns and regions that are poised to outperform other regions of the province over the next 3 – 5 years. Past, or even current, performance is not an indicator of how a region will perform in the future, that is why investors must focus solely on the economic fundamentals that will drive the real estate market in the future. For instance, as part of the development of this Top Investment Town List, we have considered these key fundamentals:

- ☒ Is the area's average income increasing faster than the provincial average?
- ☒ Is the area's population growing faster than the provincial average?
- ☒ Is the area creating jobs faster than the provincial average?
- ☒ Does the area have more than one major employer?
- ☒ Is the area in the RBC Affordability Index Hot Zone (25% to 39%)?
- ☒ Will the area benefit from an economic or real estate ripple effect?
- ☒ Has the political leadership created an economic growth atmosphere?
- ☒ Is the Economic Development Office progressive and helpful?
- ☒ Is the area's infrastructure being built to handle the expected growth?
- ☒ Are there any major transportation improvements in the works?
- ☒ Is the area attractive to Baby Boomers' lifestyle?
- ☒ Is there a short term problem occurring that is slated to disappear in the future?
- ☒ Is there a noted increase in labour and materials cost in the area?

The answers to these questions provide a base from which to work while analyzing any region in North America. Especially during today's market turmoil and mixed economic signals this pure economic focus is critical as investors identify regions with future long-term potential. To assist you we have completed the full 100+ page Analysis Report to identify the Top Alberta Investment Towns. Reading that detailed research is just your first step in due diligence.

Top Alberta Investment Towns:

- | | |
|-------------------------|--------------------------|
| 1. Calgary | 7. Airdrie |
| 2. Edmonton | 8. Grande Prairie |
| 3. St. Albert | 9. Okotoks |
| 4. Red Deer | 10. Sylvan Lake |
| 5. Fort McMurray | 11. Devon |
| 6. Lethbridge | 12. Lacombe |



Calgary

Calgary returns to the number one spot on the list after a few years. Calgary, after having experienced one of its best economic and real estate periods in Canadian history entered a strong (and needed) correction. During the economic downturn, Calgary's market is making a predictable correction resulting in slightly more affordable housing compared to recent years passed. It was economically impossible for the market to continue at the pace at which it was heading and now finds itself adjusting to market realities. This adjustment period, as the market searches for its new foundation from which to build, should continue into 2010 when the provincial economy is poised for another growth spurt. The in-migration pace continuing to lead the nation combined with the renewed affordability will help propel the market over the coming years. We, fortunately, should not see the massive over-boom situation we previously witnessed as the market remains more in line with the fundamentals

Edmonton

Edmonton still remains near the top of the list for future potential. Because of the diversity of the economy, we should see the job growth kick back in and this growth will attract migrants from across the country which in turn will build the foundation for real estate demand. A perennial over-achieving market, Edmontonians, and investors have learned to choose their neighbourhoods wisely with a focus on areas with improved ease of access, affordability and nearness to job centers. Edmonton provides investors with a growing market with an increasing population and a forward looking leadership. We will begin to witness market normals and balance being achieved in the coming years, without the frenzy of the last boom, or the fear of the last downturn. The good news is that Edmonton's historic norms will be at, or near, the top of performance for all of Canada, both economically and in the re-sale and rental housing sectors. A focus on the major infrastructure improvements (i.e ring road and LRT expansion) will prove to be keys for investors.

St. Albert

With consistently low vacancy rates, high rents and strong property value increases, combined with a strategic location, St. Albert is definitely poised to take advantage of the next phase of the recovery. Immediately adjacent to the northwest corner of Edmonton, St. Albert experiences a positive economic ripple effect from the larger city which will increase as the northern section of the Edmonton Ring Road is completed. This major transportation improvement will improve access to St. Albert not only from Edmonton but also the airport region, which will heighten demand from both companies and citizens alike. In addition, St. Albert has worked hard to create its own stable and diverse employment base. It has turned itself into a major retail centre for the northern region while adding to its industrial and commercial job base. As economic vitality re-emerges in Alberta, we will witness new companies attracted to the city that will tap into its higher-educated population and improved access.

Red Deer

Situated right in the heart of the booming Edmonton – Calgary corridor, between REIN™'s number one and number two top investment locations, it is hard for Red Deer to do anything but come close to the top of our list. Red Deer and the surrounding county have enjoyed tremendous economic growth over the last seven years and the negative effect of the global downturn has been muted compared to other cities in Western Canada. The underlying economic stability has lead to an influx of people from across Canada, helping to support one of the strongest rental and real estate markets in the province. It has become the main commercial and retail center for all of Central Alberta. The leadership in the city has created a vision of renewal, revitalization and economic stability, all of which make the opportunities in Red Deer very strong. From transportation changes, to increased localized job growth, to an increasing population, the City will continue to attract people from across the province. Red Deer will go through the inevitable growing pains as diversification continues. Investors should review the plans the city has in place so as to identify the hidden opportunities.

Wood Buffalo/Fort McMurray

The longer-term industrial and job-creation opportunities for this region are second to none. As hard as it may be to believe, economically we have really only just begun to witness the potential of Fort McMurray. From a real estate perspective, it is difficult to imagine that prices and rents will continue to increase (and we have seen the inevitable dip); yet over the long term the increase in population will support growth, simply by applying the simple economic concept of supply and demand. The market in Fort McMurray continues to be very tight, despite the current economic downturn. There are very few good investment properties for sale even if one has the investment funds, and the properties necessitate unique management that can handle the transitory nature of the work force.

The bottom line is that no one really knows how much growth Fort McMurray can stand. The supply of the key commodity, oil, is there for years to come with billions of dollars committed to flow into the region. This is definitely a long term plan that will take an investor with patience and deep pockets and one who is willing to keep a close eye on international politics and local infrastructure spending.

Lethbridge

Having first appeared in the Top Alberta Investment Towns in 2006, Lethbridge returns to our list for a third straight time. The region's economics have shifted strongly in Lethbridge's favour along with a stronger and more aggressive Economic Development plan. One of the few Alberta cities that does not rely heavily on oil and gas, Lethbridge has turned the economic corner with strong in-migration, expanding Secondary Education facilities and a more diverse foundation. Because of their distance from major oil & gas influences, Lethbridge doesn't experience the boom & bust cycle as often as the rest of the province.

The City has a reputation as a consistent economic performer in a province of over-performers. The influx of people, the low vacancy rate, the affordable housing prices, the growth of the commercial and industrial base of the City, coupled with the growing demand for College and University enrollment should help Lethbridge provide home-owners and investors with strong returns on their investment.

Airdrie

Appearing on our list for the first time in 2008, Airdrie remains a Top Alberta Investment Town. There is no denying that Airdrie has been one of the fastest growing communities in the province and homeowners, developers and investors have done very well over the last five years. Its proximity to the economic engine of Calgary and the growth of the surrounding economy will push the physical and economic growth limits of the city in the next decade.

Airdrie and the surrounding region are rapidly moving away from being considered a bedroom community of Calgary to being a region of economic and job growth. The City's location right on the main transportation artery of one of the strongest economies on the continent sets the city up for both residential and job growth. Its current focus is on the expansion of commercial and industrial development and it is providing excellent opportunities for new regional commercial, light industrial and mixed use projects. The growth of North Calgary will also help propel demand in the city of Airdrie.

Grande Prairie

In early 2006, Grande Prairie made a dramatic jump up our Top Alberta Investment Towns list as its real estate market was substantially undervalued based on the underlying economic potential. That prediction was exactly right as Grande Prairie witnessed tremendous growth of property values, population and rent levels. Grande Prairie has now entered its plateau phase, which many resource based towns experience. During any plateau, quality property management will prove to be key to a successful investment.

Due to the heavy influence of the Oil & Gas industry, the market of Grande Prairie functions in very predictable seasonal cycles as well as international cycles based on exploration rates. People want to live in Grande Prairie for a number of reasons: it boasts a low unemployment rate (although this has ticked up in recent months), high average incomes, and a high quality of life. For the investor, the cyclical nature of the city however, can make property management challenging at times. There is money to be had in the Grande Prairie real estate investment market if you are willing to provide hands on management and you have a long term view.

Okotoks

Just missing the list in 2008, the Town of Okotoks is back with a vengeance. The 1998 Municipal Development Plan (MDP) for the town of Okotoks stated that, in order to keep up with infrastructure and to keep the 'feel' of the town, a cap on the population would be necessary. In July 2008, Okotok's Mayor said "A population cap might no longer be in Okotok's best interest." This is in response to the results of the new Calgary Regional Partnership's regional land-use policies. The goal is to pre-plan for the large number of people expected to move into southern Alberta over the coming years and identifies key regions for densification and population growth. Avoiding boom and bust cycles has proven to provide the town with a strong base from which to work. The increasing demand, the accessibility, and the 'green' choices the town continues to make Okotoks a contender.

Sylvan Lake

The Sylvan Lake real estate market has gone through a complete revitalization over the last decade; no longer is it just lake access or vacation style properties that are in high demand. It has enjoyed a very strong increase in demand across the property spectrum since it first made our Top Alberta Investment Town list over a decade ago. As the economy of Alberta continues to strengthen, the demand for Sylvan Lake properties will mirror this upward trend. Leading the country in the small town phenomenon we've dubbed the 'Sanctuary Trend', people are discovering that Sylvan Lake provides not only a fantastic lifestyle, but is also very accessible to many job centers. We are witnessing a larger percentage of residents who live and have their families in Sylvan Lake while working all across the province. With the development of more commercial and residential infrastructure, more families will be attracted to the region.

Devon

Devon provides what many people are looking for: proximity to booming West Edmonton, a small-town lifestyle and relatively low real estate prices. 15 minutes to West Edmonton, 15 minutes to the Edmonton International Airport and 20 minutes to the job centres of Nisku and Leduc, the town has been a boon to both real estate investors and homeowners. As Devon continues to grow, it may run out of developable land until any land it annexes across the highway becomes fully serviced. Devon's future is bright; the key will be in managing its growth with a long-term view rather than in a short-term, reactionary fashion.

Lacombe

Lacombe, once again, shows that a town's leadership plays a very important role in creating success. Its location and a strong forward-looking economic development strategy will lead the town with strength into the next decade. Diversification of the economy has attracted higher-income residents, allowing real estate prices and rents to move upward — not at the skyrocketing rates experienced in some of the other regions, but at a strong and sustainable level that bodes well for the future of the town. The town's focus on sustained growth, economic diversity, and a safe and livable community has proved to be a winning strategy across the board.