

Local housing market, economy remain strong

*Things won't reach last year's levels, analyst says,
but 2009 should be decent*

By STEVE BARTLETT

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The economic news nationally and internationally may be gloomy, but Newfoundland and Labrador's economy is much, much brighter, according to Chris Janes.

The provincial economy — particularly in the St. John's metro area — is expected to remain strong this year, bucking national trends and despite some local layoffs, slowing resource revenues and the weak global conditions, says Janes, senior market analyst with the Canada Mortgage and Housing Corp. (CMHC).

"It's still on the up and up locally in terms of our labour markets, economy, economic health overall, government's fiscal situation, migration factors ... and it's just a lot of positive activity that's hard not to be focused on," Janes said following his address to a packed housing seminar in St. John's Wednesday. "We still have very strong consumer spending, and that's key to any province's economic health and, right now in terms of all provinces in Canada, we have the strongest consumer spending of all."

Wednesday's seminar was presented by CMHC and billed, Looking Ahead — Gaining Perspective.

Other speakers were Alex Macdonald, a regional economist with CMHC, and Ken Hicks, a manager of economic research with the provincial Department of Finance.

According to Janes, the province's strong economic indicators suggest the St. John's area housing market will perform well in 2009 — but not quite as well as 2008. It saw a record 1,485 single detached housing starts and benchmarks in sales and prices, 19.6 and five per cent, respectively.

The St. John's region, Janes noted, was the only price-growth market in Canada in the fourth quarter of last year.

"Right now, (the market) is more in line with where we were prior to 2008, back more in line with 2006-2007 levels," he said. "But, again, if we go back to those years, they were positive years as well."

Janes said home prices are not expected to decline this year, although they likely won't increase much either.

In the face of a glum global climate, Janes said, there is a lot of apprehension among people, most of whom don't realize how well the province is performing.

Much of that fear, he suggested, can be eliminated through putting the economy into perspective, like he tried to do during his address Wednesday.

"I think a lot of people in this room probably walked out of here feeling really good about where the economy is right now and where the economy is headed as well as the housing market.



Bruce Guest (left) takes measurements to check if the ground is level in a hole for a new house foundation on New Pennywell Road. At right is co-worker Craig Duke. Both are employees of Miller Equipment. — Photo by Keith Gosse/The Telegram

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