

# Buyer's market boosts outlook

## Consumer survey finds confidence in home-buying

BY GINA TEEL, CALGARY HERALD    APRIL 20, 2009 6:05 AM

Bargains galore on big-ticket items for the home, plus sweet deals on a house to put them in, appear to be tempting spend-shy Albertans as worries of potential job losses ease.

Consumer confidence in Alberta continued to rebound in March as shoppers sized up purchasing opportunities presented by a slowing economy, with the housing market viewed as the place for deals, says the latest confidence survey sponsored by PricewaterhouseCoopers LLC and conducted by Leger Marketing Inc.

Interior designer Alykhan Velji is one such consumer. The first-time homebuyer has just moved into a house he recently purchased with partner Jason Krell.

The pair left an 850-square-foot condo in Bridgeland for a more spacious, 2,000-sq.-ft. home in Chinook Park.

Originally listed beyond their price range at \$699,000, the pair bought for \$455,000--a steep discount Velji attributes to the stalled economy.

"There's no way we could have afforded anything like that, plus the owners had moved to Toronto and were pretty desperate to sell," he said.

Both Velji and Krell are self-employed, but had no problem securing financing from the bank, not to mention a great interest rate.

Their overall outlook is mirrored in the March consumer confidence survey, which indicated consumers expect household incomes will remain steady over the next year, and interest rates for borrowing to remain stable.

Ian Gunn, partner, and leader of the private company service practice of PwC's Calgary office, said the survey is an indicator the general population thinks it's a good time to buy. But it remains to be seen if they will, he said.

"The real measure for the economy is, then, do those people follow through and make those household purchases and make house purchases, which spurs on some of that part of the economy," Gunn said.

The confidence survey produces index levels of sentiment, where index levels above 100 represent optimism and those below 100 denote pessimism.

The consumer confidence index rose to 110 in March from 103 in January, indicating consumers continue to believe the housing and retail markets are favourable.

This comes as the buying a house index surged 18 points from January to reach 146 in March, while buying major household items jumped 11 points to 124.

Consumers are also starting to regain some amount of optimism in the future unemployment rate, with the index rising 23 points in March 2009 to 57, the survey said.

But they're still wary, with 59 per cent of respondents saying they thought the unemployment rate was set to rise over the coming 12 months.

The response to this same question on the business confidence index survey was far more pessimistic.

A full 67 per cent of business leaders said they expected an increase in the unemployment rate in the next year. This index scored 52 in March, though up more than double that of January.

Gunn explained the discrepancy by saying that even if there's layoffs in the wind, employees generally don't know when they are going to be laid off until the day they are told.

"Companies, they're the ones that make the decisions, and they are in the position to make the call," he said.

Pessimism was deepest when business leaders were asked about the state of present business conditions.

A whopping 85 per cent said at present, business conditions were worse than one year ago.

In index terms, it barely registered at 22 points.

"I almost view that as being off the charts," Gunn said.

University of Calgary economist Frank Atkins said consumer confidence is still down, but agreed it's showing signs of turning around from the depths of doom and gloom seen last fall.

"If you can sustain this sort of 'rays of hope' of confidence, then this thing will turn around," he said.

Business leaders were surveyed via an online questionnaire between March 26 and April 6. In Alberta, 193 business leaders responded to the questionnaire.

On the consumer side, 900 Albertans were inter-viewed between March 17 and March 30.

The margin of error is plus or minus 3.3 per cent, 19 times out of 20.

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