

A business event series presented by the Greater Halifax Partnership and The Chronicle Herald

Economic outlook bright for HRM

By donalee Moulton
Special Features Writer

Canadians can look forward to a prosperous new year. So can residents in HRM.

"We're a very wealthy — and healthy — economy. Canada has done well over the last three years as the resource economy has taken off," says Pedro Antunes, director, National and Provincial Forecast, with The Conference Board of Canada.

As a nation, we will continue to do well. Canada's economic outlook remains upbeat for 2007 and even rosier for 2008, with real gross domestic product forecast to expand by 2.7 per cent and 3.3 per cent, respectively, in the next two years.

Everybody benefits when the economy thrives, even if the growth is driven primarily by one sector.

"The effect everywhere has been a strong domestic economy," notes Mr. Antunes.

The outlook for Halifax is equally upbeat, says Fred Morley, senior vice president and chief economist with the Greater Halifax Partnership. "There is tremendous opportunity and optimism. We are working at realizing both."

In 2006, real GDP growth in Halifax reached an estimated 2.9 per cent and is forecast to come in at 2.8 per cent in 2007, says Mario Lefebvre, director, Metropolitan Outlook Service with The Conference Board of Canada.

"The services sector is expected to remain the economic driving force in 2007," says Mr. Lefebvre.

The wholesale and retail trade industry and the finance, insurance and real estate sector showed the best performances among the service-producing industries in 2006, and their outlook calls for continued strength into 2007. As well, there will be a resurgence of the manufacturing sector in 2007.

However, notes Mr. Lefebvre, "this will not lead to a stronger showing for the goods sector as a whole as a significant slowdown is expected in the construction industry. In fact, this slowdown has already started."

Slowdown does not mean shutdown, of course.

"Housing starts continue to be reasonably positive," says Mr. Morley, "and there are major developments on the books such as the Text Park project. We will still see building cranes around the city."

The Greater Halifax Partnership and its partners are confident that HRM will continue to develop in the broadest sense. That confidence springs from an in-depth understanding of the municipality's strengths. Among those are the health care and life sciences sectors, notes Mr. Morley. He points to the Brain Repair Centre, which brings together more than 100 world-class researchers and physicians specializing in groundbreaking treatments and technologies, as just one example of what the innovation and development that is happening here.

"This is still an undiscovered gem in the world — but it is rapidly gaining an international reputation. People are surprised that such innovative work is being done here in Halifax. They shouldn't be," says Mr. Morley.

Another vibrant — and growing — sector of the local economy is financial services. In 2006, three hedge fund companies opened offices in Halifax.

"It's expected that these companies will generate 1,000 jobs in the next five years. Employees are, on average, earning salaries of \$50,000 a year, and more," notes Mr. Morley.

Naturally, there are challenges. Among the issues that the business



Todd Gillis Photo

In 2006, real GDP growth in Halifax reached an estimated 2.9 per cent and is forecast to come in at 2.8 per cent in 2007.



Todd Gillis Photo

A new condominium complex currently under construction in Halifax.

community in HRM is grappling with is attracting and retaining employees. These issues, in turn, are linked to employee training and remaining competitive in the marketplace.

Another key challenge, notes Mr. Morley, is ensuring that our universities remain within reach of students from throughout the province and the region, across Canada and beyond.

"We've got to get competitive on price and find a way to deal effectively with this issue for our community today —

and for tomorrow's workforce," he says.

Grappling with such challenges is part and parcel of preparing for a prosperous new year — now and in the future. Meeting those challenges successfully, of course, requires collaboration and partnership.

"Growth does not just happen; it takes a coordinated effort to turn potential into reality," says Fred Morley.

Add to that the necessary leadership, focus, and resources and the outlook for HRM is indeed bright.



Todd Gillis Photo

Residential homes under construction in Halifax's north end.



Todd Gillis Photo

Work continued on new buildings in Dartmouth Crossing Feb. 4.

Economist says national productivity strategy needed in Canada for future prosperity

By donalee Moulton
Contributing Writer

Canada is a country of contradictions. So it appears is our economy.

"On the surface," notes Glen Hodgson, senior vice president and chief economist with The Conference Board of Canada, "we look as good as any individual country in the world right now. But underneath this apparent

prosperity is poor productivity. We are not keeping up with the Joneses, especially China and India."

Mr. Hodgson, who will be the keynote speaker at the Greater Halifax Partnerships' Building Our Future luncheon series today, points out that Canada's ranking on income per capita has been slipping relative to other Organisation for Economic Co-operation and Development (OECD) countries, from fifth

place in 1990 to tenth spot in 2005.

"This slippage," he says, "occurs at a time when the engine of global economic growth is shifting from aging industrial economies to China and the larger emerging economies."

As a country, a province and a city, we are not without resources to address this slippage. "You can take control of your own fate and reposition your business, your community and your econo-

my," says Mr. Hodgson.

Among the strategies for national growth and development identified in Mission Possible: Stellar Canadian Performance in the Global Economy, a new report from The Conference Board, are embracing productivity and competitiveness; rethinking the workforce; and creating a single Canadian market that targets comprehensive regulatory reform and realignment.

"If we can find the ambition and political will to implement the elements of a national productivity strategy, while embracing the concept of sustainable prosperity, there is every reason to believe that Canada could be the most prosperous and successful nation on the planet for decades to come," says Mr. Hodgson. "We can, indeed, accomplish Mission Possible and achieve stellar performance in the global economy."