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Abbotsford News

Recession? What Recession?



Construction in Abbotsford appears to be ready to surge back.

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By [Neil Corbett - Abbotsford News](#)

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Those who keep their finger on the pulse of Abbotsford's economy say there's no recession here – or if there is, its effects will continue to be comparatively mild.

Statistics show a downturn in the construction industry has cooled what was a red-hot economy, but there are already signs that tradesmen will soon be swinging hammers at a healthy clip, and wealth will continue to grow in one of the most diverse economies in the country.

The global economic downturn did affect Abbotsford. Local unemployment has risen from 4.3 per cent in 2007 to 6.3 per cent as of March

2009. But that is still better than the provincial average of 7.2 per cent in March.

A drop in construction, particularly new home building, is blamed for most of the downturn. The super-heated home building industry of the past seven years created an over-supply. A slowdown and market correction were in the offing, and had been predicted.

That downturn hit hardest in the building of multi-family developments. So far in 2009, there have been building permits issued for \$15 million worth of apartments and townhouses in the city. Last year at this time, there had been \$53 million.

However, construction may already be picking up again, according to the Vancouver Regional Construction Association.

In March building permit values in the Abbotsford region surged 191 per cent compared to February, hitting \$26.7 million. That included a 277 per cent increase in residential permits, and a 149 per cent increase in commercial/industrial building permits.

Ron Coreau, an association spokesman working in their Abbotsford office, said ailing financial markets created problems for builders, as financing for projects was difficult to secure.

“Our members are pretty busy, and they will be for the next 12 to 18 months,” he predicted. “Abbotsford has a pretty solid economic base that lets it get through these times.”

Some continued volatility in construction would not be a surprise, according to the construction association president Keith Sashaw.

“Given the difficult economic conditions across the world, it’s too early to tell if we are through the worst of it,” said Sashaw in a press release. “While the long-term outlook is uncertain, construction is coming off a seven-year boom unlike any we have seen before.”

Farms keep producing

“What recession?” is Chamber of Commerce executive director David D. Hull’s reaction to

questions whether the downturn in world financial markets has affected the local economy.

“I don’t think we’re in it [a recession] to be honest. My observation, talking to people, is there’s more of a malaise than a recession.”

He says consumer confidence in this province has been shaken by persistent media reports that there is a recession.

“You spend an hour on the Internet, and you’re convinced you’ve got the swine flu,” quipped Hull. “You’re going to die pretty soon.”

“Abbotsford is very well protected because of our agriculture,” said Hull.

That’s the fresh angle that the chamber is using to promote the city as a great place to locate a business.

The chamber is calling Abbotsford the “Agricultural Capital of Canada,” and makes a strong case:

Abbotsford is home to more than 1,200 farms, most being poultry, dairy, berries, vegetables, nursery products and mushrooms.

The city earns the highest dollar per acre of agricultural land in the country. Each fertile acre generates an average of \$8,273 in revenue. The next closest output is the Niagara region of Ontario, which generates \$2,898 per acre. B.C.’s North Okanagan, with its apple orchards and wineries, generates \$588 per acre.

Agriculture creates \$1.8 billion in economic activity. That is 25 per cent of everything Abbotsford produces, from industry to retail.

Hull says being the agriculture capital insulates Abbotsford’s economy from the whims of the money markets, interest rates and fickle consumer confidence.

Upbeat as he apparently is, Hull concedes there have been some layoffs and cutbacks. There are manufacturing businesses in Abbotsford that supply products like cabinets to builders in the U.S. They have been hit by the crisis in the American economy.

What's more, the challenging economy provides an excuse for businesses to roll back spending, and get leaner and meaner.

"It's a good time to cause you to stop and look at your operations," he said.

But from a business perspective, the outlook is brighter here than most places.

"If there's one place you want to be, it's in Abbotsford," Hull says. "By the end of 2009, the worst should be over."

A growing and diverse economy

Abbotsford's economy is like a finely tuned V8 engine that can run on a few cylinders if it has to.

Agriculture is not the only bulwark the city has against tough times – it's just part of what creates tremendous diversity in the local economy.

In recent years, Abbotsford's work force has been fairly evenly distributed between five major employment sectors: Manufacturing, retail, construction, agriculture and health care/social assistance.

"The Conference Board of Canada has identified the local economy as one of the most diverse in the country," said Jay Teichroeb, who is in charge of economic development at city hall.

He explained how the Conference Board, a non-profit organization which gathers and analyzes economic data, gave Abbotsford high marks when analyzing Canadian cities for the diversity of their economy.

Teichroeb credits a number of factors, including access to export markets, the availability of a talented and diverse labour pool and a robust small business sector (less than 50 employees).

Teichroeb explained that the most successful small businesses soon grow into medium and large operators, and he has numerous example he cites when he is "selling" the city. Cascade Aerospace has become one of North America's leading aircraft maintenance companies, and Accent Stainless Steel has become an international player, with a key focus in the

microbrew industry.

Companies associated with the Abbotsford International Airport have been in growth mode. Teichroeb said that when the city acquired the airport there were only some 200 people making a living there. Only 12 years later, there are more than 2,000.


“That’s a big story,” he said.

A new company is coming to the airport to provide hangar space for charter aircraft. Chinook Helicopters has broken ground on a new expansion for its operations.

“That’s how an economy grows,” said Teichroeb.

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