

# Calgary faces both uncertainty and opportunity in 2016 after oil price plunge

CALGARY — A year into the global oil price plummet, and Calgary's boom-and-bust economy is decidedly leaning towards bust.

Home prices are down, unemployment is up, food bank usage is climbing, and no one knows when things might turn around with oil below US\$40 a barrel on Monday from highs of well over US\$100 less than two years ago.

"It's very uneasy," Stephen Scott, 45, who lost his engineering job at Cenovus Energy in an October wave of layoffs, said in a recent interview. "There are probably going to be more job cuts. People are still kind of living scared."

Scott says that even when he had a job, he was feeling the pressure.

"There's a lot of stress going around, a lot of negative talk going around; that's inevitable with this going on in the industry. So it wasn't fun, it really sucked the life out of the job."

Jackie Rafter, president of the career-counselling service Higher Landing, says the downturn has forced many people to make some tough decisions that include changing industries or even moving away from Calgary entirely.

"Unfortunately, a lot of professionals are now considering jobs outside of Calgary. These are people who would have never otherwise thought of leaving their roots here," said Rafter.

But those looking elsewhere for job opportunities are confronting a tough real estate market that may make it difficult to sell their homes. Listings in Calgary are climbing and house prices are down more than five per cent.

Thomas Keeper, a real estate agent in Calgary, says sellers are struggling even after they slash their listing prices.

"I definitely see a lot of sellers that are desperate to sell. And here's the unfortunate part — they're desperate to sell, but it still isn't selling," he said.

Those sinking house prices are also eating into homeowners' ability to borrow against the value of their houses, said Mark Kalinowski, a credit counsellor with the non-profit Credit Counselling Society.

Kalinowski says he's seen a definite shift in business as more and more people grapple with the downturn. He recently had to advise a contractor who had been making \$180,000 a year but suddenly found himself without work or savings, and was behind on his taxes.

"People get into that mentality that it's only going to get better and better," said Kalinowski.

But he expects the worse is yet to come as severance programs start to run out in the new year.

"People are optimistic that they'll find a job in that period of time, but I don't know that that's realistic," he said. "I think the real pain starts next year."

But while the oilpatch downturn is creating stress in the city, others are seeing it as an opportunity.

Dan Harmsen, a commercial real estate agent in the city, says that oil and gas have been so profitable — and such a dominant force in the Alberta and Calgary economies — that it hasn't allowed other industries to thrive.

"Most other industries — their labour costs and space costs are a significant portion of their profit or loss statement. In oil and gas, office space is an after-thought," said Harmsen.

That means lower rent costs could help the high tech sector, creative industries like advertising and others that have struggled to afford space.

"We finally have an opportunity to diversify our economy," said Harmsen.

Some laid-off workers in Calgary are also making the most of their forced time off.

Marian Hanna was the president of a Canadian oil services company before the parent company closed the entire office in July and moved it to Houston. She says she's looked for work both in Calgary and internationally, but there aren't many opportunities.

In the meantime, she's taking a director's education program to get ready to serve on company boards, while also heading a professional society of exploration geophysicists and delving into policy issues.

"I'm trying to do the best of all possible things in this rather dismal outlook," said Hanna.

Jon MacConnell, who was laid off from Pengrowth Energy in September, has since incorporated his own company. He said the major companies often cut too many jobs in these situations, and he wants to be ready to fill the gap as a consultant.

"The cost point will come down and we will start to see some price recovery here," said MacConnell. "I think that by mid-way through 2016, most of the deep pain should be over and people will start to get their feet underneath them."

Scott, for his part, says he's taking the opportunity to look at other industries — including renewables or aviation — to find a career that might better suit his interests. In the meantime, he's trying to remain positive.

"This is my first time being laid off, and sometimes you have to wake up in the morning and say: 'This is when I need to be tough, and once I get through this I'll be a better person for it.'"