

## **Oil-fuelled slowdown improves housing affordability in Calgary**

Dear clients,

The latest housing trends report, released Monday, said falling energy prices shook the confidence of both buyers and sellers — reversing a trend of rapid price increases and swinging the market sharply in favour of buyers.

Recent developments suggest that housing activity stabilized in spring, and the market will be shaped by news on the economy and the job market in particular over the coming months.

In Calgary, the affordability measures improved in all categories: Condos fell 0.6 points to 19.4 per cent, two-storey homes declined 1.5 points to 32.6 per cent, and bungalows dropped one point to 32.8 per cent.

The Calgary Real Estate Board has logged 1,550 MLS sales through Sunday, a decline of 19 per cent from the same period a year ago. The average sale price was down 2.9 per cent to \$482,691. What shook confidence initially was the sharp drop in oil prices. Oil prices based on U.S. dollar terms have been pretty stable for awhile now, so we don't see that confidence is going to be lost going forward.

Alberta saw affordability measures improve in all categories as well: Condos were down 0.6 points to 19.9 per cent, two-storey homes declined one point to 33 per cent, and bungalows dropped 0.7 points to 31.8 per cent.

Alberta's housing market experienced a particularly violent bout of anxiety in response to plunging oil prices earlier this year — sellers rushed to list homes and buyers hit pause. This combination dramatically loosened demand-supply conditions, driving down property values and turning the table squarely in favour of buyers in quarter 1.

Alberta's housing affordability measures stood at fairly attractive levels compared to historical averages and compared to current values in other provinces, which will likely help limit the extent of the correction in the province. In fact, resale activity has stabilized more recently, suggesting that the worst may be over for Alberta's housing market.

If you are looking to purchase a property, this may be a perfect window of opportunity to purchase what you desire for a reasonable price.

Please contact me if you have any questions.