

A Buyer's Market

Housing statistics from September confirm that unbalanced conditions in some areas of Calgary's resale residential market are starting to push the entire sector into buyers' territory.

Driven by excess inventory in the apartment sector, the overall market's sales-to-new-listings ratio — a key indicator of a buyer's market — declined further in September to 47 percent. That means less than five out of every 10 new listings sold during the month.

In August, the ratio hovered around 60 per cent, which was firmly in balanced conditions, in September, total sales declined by 32 per cent to 1,448 units, while new listings declined at a more moderate 4.8 per cent to 3,061. As a result, unadjusted benchmark prices eased to \$456,100, a 0.26 per cent decline compared with last year.

It represented the third consecutive month of small year-over-year declines. Overall sales activity relative to new listings caused a softening in absorption rates, which resulted in inventory gains and ultimately placed moderate downward pressure on pricing.

Months of inventory supply, or available inventory, is also indicative of the market's health, with anything over three months and sustained over a prolonged period seen as a buyer's market. In September, months of supply pushed up to 3.82, a 79 per cent increase from the same time last year.

Right now, [Calgary's months of inventory supply] is at 3.82, which is in buyer's territory. However, most of this is due to the change in both the apartment and attached sectors. Furthermore, the elevated months of supply needs to persist for several months prior to it demonstrating all the traits associated with a buyer's market.

The apartment sector reported 4.95 months of supply in September, a 100 per cent increase from the same time the year prior. Sales in the sector declined by 40 per cent to 259 units, while new listings dropped by just 5.2 per cent to 656.

The sales-to-new-listings ratio, meanwhile sat at 39 per cent.

This is the second time Calgary's resale residential housing market has dipped its toes into a buyer's market, with months of supply rising to 5.31 months in January and 4.57 in February.

In a buyers' market, do not be afraid to make an offer. Many clients are waiting for prices to reach a certain plateau. The issue with this is many other buyers are also waiting for the same thing, which will ultimately lead to a bidding war. It does not hurt to simply make that offer to the sellers now. I had a client who fell in love with a property that was listed at \$790,000. The client wanted to wait until the price decreased to \$750,000. I advised her to go offer \$750,000. Within 48 hours we had a firm deal at \$750,000.

This is a great time to be a buyer, please feel free to ask any questions.