

# Calgary resale housing market experiences highest annual price growth

Dear Clients,

Calgary continues to far outstrip the rest of the country when it comes to annual price gains in the resale housing market.

The MLS Home Price Index showed prices in the Calgary area in July were up by a whopping 10.48 per cent compared with a year ago. Meanwhile, the national aggregate, comprising 11 centres, saw a year-over-year hike of 5.33 per cent as sales rose to their highest level since March 2010.

The closest centre to Calgary's annual spike was Toronto which recorded a jump of 7.88 per cent.

As market conditions move toward more balanced conditions, it is causing prices to level off. However, due to strong gains in the first half of the year, even with prices levelling off, year-over-year gains remain at higher levels.

Over the past three years, Calgary also has the highest rate of price growth at 25.01 per cent compared with 12.52 per cent nationally. And over five years, Calgary's 28.89 per cent spike is second only to Toronto's 40.48 per cent increase while it is 26.89 per cent across the country.

Don Campbell, senior analyst with the Real Estate Investment Network, said it takes 18 months for immigration and population growth to begin to affect the resale and new housing markets. Also, a demand/supply imbalance has contributed to higher prices.

He said the housing market is being affected by tightness in rental vacancy and lack of new supply.

"So the record population growth we witnessed last year is now being felt," he said.

"Combine this with a general decrease in available single-family home building lots and this is keeping the inventory tighter than normal, thus adding upward value pressure on resale market."

The number of homes sold nationally through the MLS systems of Canadian real estate boards and associations rose to 48,000 in July - a 7.2 per cent hike from a year ago.

Calgary area sales of 3,177 were 6.8 per cent higher and Alberta sales of 7,194 were up 5.0 per cent.

Low mortgage interest rates continue to bolster home sales activity. With the Bank of Canada widely expected to hold interest rates steady until next year, home purchase financing will remain attractive over the second half 2014 and continue to support economic growth while waiting for Canadian exports and investment to improve.

In terms of average MLS sale prices, Calgary saw a rise of 5.2 per cent year-over-year to \$460,790 while the increase was 4.2 per cent in Alberta to \$395,552 and 5.0 per cent across the country to \$401,585.

If you are looking to jump into the market, prices seemed to have hit a temporary flat line. This is a great time to purchase a home or a rental without having to get yourself in a bidding war and over pay.

Please feel free to ask any questions and good luck.

Sincerely,

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