

Dear Clients,

I found this great Article in the Calgary Herald and thought for the February mail out it would be a good one to pass along.

While the city's economy is recovering, when it comes to resale housing activity in Calgary this year, an economist is expecting conditions to go "relatively unchanged."

Calgary Real Estate Board chief economist Ann-Marie Lurie delivered her annual forecast for the city's resale home market to a crowd at the BMO Centre this week.

"What we expect for this year is much more of the same of what we saw last year," said Lurie. "Improving economic conditions are helping our market, but what's offsetting it is that we have higher rates now and different mortgage qualifications.

"What we're looking at is a lot more stability in our market and not a lot of changes," she says. "But obviously it depends on the sector you're dealing with."

The Conference Board of Canada projects 2.13 per cent employment growth and 2.46 per cent gross domestic product (GDP) growth in the Calgary census metropolitan area in 2018.

"Economically, we are seeing a recovery," Lurie said. "It is a slow-paced recovery. But in housing, it's more than just that the economics are improving, but because we have that increase in rates and more qualifications, it's almost creating some of those obstacles or challenges that slow recovery. It doesn't mean we're not covering, it's just slowing that path of recovery."

The change in mortgage qualifications came through the Office of the Superintendent of Financial Institutions starting Jan. 1 of this year.

"Economically, we are seeing a recovery,"

A new "stress test" is now needed for uninsured mortgages that requires the borrower to qualify at the higher figure between the five-year benchmark rate published by the Bank of Canada and two per cent above the contracted mortgage rate.

CREB expects resale activity in home styles of all kinds to record a modest decline in 2018, easing to 18,853 deals from 18,882 in 2017.

Sales in 2015 and 2016 were 18,839 and 17,796, respectively.

The only individual segment expected to see slower sales this year is single-family homes. It's forecasted to slip to 11,680 transactions from 11,831 last year, says CREB.



Meanwhile, realtors selling homes in multi-family development should be in store for a busier time.

Attached homes — which is a combined tally of duplexes and townhomes — is expected to reach 4,276 deals this year, after finishing with 4,182 on the books in 2017.

With apartments, CREB projects a more modest uptick. It expects to see new owners for 2,898 of these units in 2018, following 2,869 sales last year.

New listings on homes of all kinds should see a lift in 2018. Lurie's forecast looks for 34,354 additions to the market this year, up from 34,120 in 2017.

The price decline that Calgary's resale market has seen for homes of all kinds over the past two years should continue in 2018. CREB expects a 0.13 per cent setback in prices year over year. This follows price decreases of 3.73 per cent in 2016 and 0.17 per cent in 2017.

For single-family homes, prices are expected to inch back by 0.10 per cent this year, following a 0.63 per cent gain in 2017.

Last year's benchmark price on single-family homes was \$504,867.

On the apartment side, CREB's forecast looks for the third consecutive year of price contraction. It's slated for a one per cent drop from its benchmark price of \$257,700 last year.

Prices on apartments in the city cooled nearly six per cent in 2016 and four per cent last year.

Meanwhile, prices around attached homes are poised to rally, says CREB. The segment is forecasted to see prices climb 0.38 per cent. This is on the heels of price declines of four per cent and 0.13 per cent in 2016 and 2017, respectively.

To summarize, a flat market is an excellent time to make a purchase. There is little pressure on taking your time to negotiate a price the both parties are happy with.

Please let me know if you have any questions.

Sincerely,

