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Dear Clients,

I found this in the news paper (Calgary Herald), and thought it was beneficial to pass it along, to summarize, it's good news for buyers and not so good news for sellers.

Prices continued to fall last month for resale homes in the city as oversupply still weighs on the real estate market.

"Oversupply is really across the board," says chief economist Ann-Marie Lurie with Calgary Real Estate Board.

Detached, apartment and attached market segments all suffered from too much supply and not enough demand in October.

The result is the benchmark resale price fell last month to $426,300 from $428,700 in September. Moreover, it was 2.9 per cent less than a year earlier when the benchmark price was $439,200. Benchmark prices are that of a typical home based on a formula that uses various factors to ensure accurate comparisons.

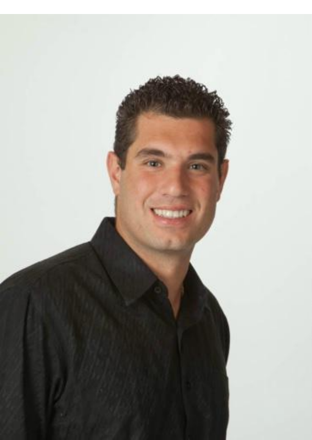
"I wish I would have something new to say, but it's been the same trend we've seen in Calgary for some time," Lurie says, adding October marks the fifth consecutive month of falling benchmark prices.

The trend may continue if unemployment remains high in the city. At about eight per cent, Calgary still has the highest unemployment rate in the province, she adds. Although the energy sector is experiencing an increase in activity over the past year, "when we look at job growth, we haven't seen it with those white collar jobs."

These typically high-paying jobs are what drove the city's economy in the past, but they have yet to return to levels before the downturn in 2014. Lurie says this is not entirely unsurprising for market observers.

"We were always expected that this would be a challenging recovery."

But the slow return to better conditions has been difficult for Calgarians accustomed to the rapid recoveries associated with a boom and bust oil economy.



While the economy weighs heavily, some positives can be found among the data, Lurie says.

"Inventory may be elevated, but at least I have seen some of those new listings coming onto the market come off."

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This is reflected in the total months of inventory declining to under six months in October compared with September when it was higher than six months.

Additionally the number of units on the market fell from about 440,000 in September to a little more than 435,000 last month.

While positive, the numbers are not game-changers.

Moreover, it's unclear how the latest rate hike by the Bank of Canada will impact the market.

The hike came closer to the end of the month so it didn't have time to affect October's figures in a significant way, Lurie adds.

Additionally, conditions are equally uninspiring in outlying areas, which are also facing oversupply issues.

Still, the numbers haven't fallen off quite as much as Calgary. Airdrie, for example, saw the biggest decline in its benchmark price, dropping about two per cent year over year to $370,880. Meanwhile Cochrane's benchmark held steady at $424,900, and Okotoks's benchmark actually rose by 1.25 per cent to $436,660.

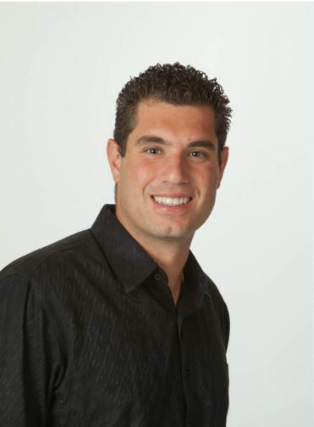
Although the numbers paint a bleak picture across the region, and it's unclear when the market will turn positive, she notes the current conditions do translate into relatively good news for buyers.

"For someone in the market right now, there is lots of selection to choose from."

For long term holders, there is potential for some very big returns to be made. If you are simply looking at a 2-3 year purchase, this might not be time for you to purchase. However, if you are thinking of purchasing a place to hold for the next 10 years, then there can be some big dividends waiting for you in the future.

Please feel free to ask me any questions. Enjoy the last bit of nice weather.

Sincerely,



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