

Dear Clients,

Calgary is a volatile market for energy companies and for housing. The picture changes according to prices and government opposition, something that extends back to the 1970s. Currently prices are suppressed through no fault of the people and companies in Alberta.

The latest Calgary region housing stats show prices continue downward (-8.6%) from September and (-15%) from October 2017. New listing have dropped 6% and overall inventory is down 8% yet days on market rose by 2 days.

Prices of single detached homes dropped .8% year over year. Apartment prices dropped by \$1,000, and inventory was down by 8%.

In the city of Calgary, housing stats are more extreme. Sales dropped by 11%, inventory rose by 13.4%, while prices declined by 1.4%. DOM rose dramatically to 40, which means it's a buyers' market in Calgary. Some oil analysts believe oil will rebound after the current issue with Iran. In the meantime, Calgary, Edmonton and all of Alberta are seeing their housing stock severely devalued.

The most significant drops in prices were single detached homes in the northeast, apartments in the south, and semi-detached units in the south. Inventory of apartments is very high in the north.

Superb Opportunity for Long Term Investors

For buyers and investors, the bottomed-out Calgary housing market this fall represents a buying opportunity. The situation with the oil market is crippling the housing market.

Alberta's WCS discount is artificially suppressing Calgary home and multifamily property value. These issues likely will be rectified in 2 years, so it's an opportunity, especially for Millennial buyers to check out some amazing Calgary homes at a good price. Don't wait till home prices jump back up at higher mortgage rates.

The real estate market in Calgary has been in the dumps for several years and the latest report has a lot of negative numbers.



All month to month numbers were down slightly, and overall sales in dollars was down \$100 million.

In the City of Calgary, prices are falling, and inventory is rising.

The Turnaround in Calgary Canada is Coming

The growth in the US oil wealth is obvious with Texas post hurricane development. And western shale oil producers are ramping up oil production which means they feel positive about demand and price. If the democrats gain increasing power, that could darken the picture for Alberta. They stopped pipelines before and would do again for powerful lobby groups in Washington.

Where were the hot properties in Calgary last spring? It had to be semi-detached homes in the east, northeast and east districts (+6% to 10% YoY).

The uncertainty of Calgary's housing market makes it a gamble however buying in this vibrant young city is more preferable than rolling the dice in overregulated and overpriced Vancouver or Toronto.

Recent improvements: Unemployment has dropped in the last 2 years and many believe the recovery is well underway — powered up by rising oil prices in US dollars x rising production numbers. Calgary's economic growth lead Canada at 6.9% and that's when oil prices were lower.

With the US and global economies looking good (the recent tariff issue with China should be resolved), demand for energy and oil is forecast to be strong. BP forecasts a strong demand from developing countries.

International investors with a long term investment strategy should compare what you can buy in Calgary for \$400,000 vs what you'll get in the Vancouver market or Toronto market or Montreal housing market and you can see the long term investment advantages. Calgary is a much easier place to do business and buy real estate.



Which are The Best Neighbourhoods to Buy a Home in Calgary?

As a longtime resident, I can tell you there are many excellent neighbourhoods, with great schools, shopping, and recreation. All of it is accessible.

If you enjoy exercise, you may find the communities along the Bow River best. There is a cycling/walking trail on both sides and the mountain biking park at Canada Olympic Park is on it too.

If you like beautiful views, Calgary has plenty. The northwest area of Calgary including those communities near Spy Hill, Coach Hill, and Nose Hill Park offer amazing views, some of the Rockies and foothills. Be ready for matching prices. The neighbourhoods on the northwest outskirts of the city offer unbelievable panoramic views of the Rocky Mountains to the west. Expect million dollar prices here. Homes on Spy Hill and Coach Hill offer incredible views of almost all of Calgary and the spectacular downtown skyline.

If water sports like sailing and windsurfing are important to you, Calgary has a number of manmade lakes in the south end. The South has the largest selection of homes, with the Northwest next in number.

If you like cosmopolitan, the neighborhoods near downtown Calgary will appeal to you with the shops and walkability. And downtown's plus 15 walkway system is close by too. Downtown city center is where the condos are and virtually everything you need is here on 7th, 8th and 9th Avenue. The Bow River pathway is adjacent and Calgary's convenient light rail transit can whisk you away to shopping in the south end of the city.

With house prices so low, the expectation for buying residential properties in 2019 will improve. For speculators, the Calgary market is tantalizing, given that home prices in Toronto, Vancouver, Los Angeles, Bay Area, New York, and Miami have peaked.

Immigration to Calgary is rising and mortgage rates remain low. Although "made to depress" Canada housing policies will constrain the market, the outlook for Calgary real



estate is for growth. The extent of that growth of course depends on the price of oil, incoming energy sector investment, and the value of the Canadian dollar vs the US dollar.

The Price of Oil – Already Above Expectations

Oil Prices were never expected to rise near \$50. The Saudis have proven they control the price of oil, not markets. Tough to predict what they'll do however their recent actions show some resolve and purpose. The fact prices have reached \$55, well above the limits predicted by all the experts has to indicate something.

The production of shale producers in the US however is changing the oil markets. The US is now the number producer of oil in the world at about 11 million barrels a day. This is something no one considered possible.

The World Bank may have posted the best forecast for oil prices through to 2020.

Economic Predictions for Calgary

If oil continues to rise steadily in price, Alberta stands to recover economically. Businesses have pared down their costs and are better able to profit from growth. Although not officially a big component of the rosy Canadian economic forecast, Alberta and Calgary are keys to the future.

Alberta's economy is much more diversified than it used to be however it is impossible to replace the revenue generation of the Canadian oil sands, the world's largest pool of untapped oil reserves.

Note: the preceding post is not meant as specific investment advice, but rather as a comparison of real estate investment or home buying opportunities. Please ensure you discuss all investments with a licensed professional

