

Dear Clients,

Calgary's housing market is looking increasingly healthy. And according to a recent report, it's among the most affordable in the nation as well.

The Canadian Housing Health Check, points to Calgary showing positive indicators for market balance, the labor market and migration. The three together favors a real estate market recovery that has been slow in coming following the recession in 2015 and 2016. It's a very modest recovery, that unlike past boom and bust cycles in Alberta, the housing market has not snapped back with a rebound.

Calgary and other major centers like Edmonton are suffering from a lack of confidence. Volatility in the price of oil, the commodity that drives the Alberta economy, has played a role in buyers, sellers and investors remaining wary about jumping into the market.

But silver linings are emerging in the last year, among them is affordability. Believe it or not, Calgary's market is among the most affordable in Canada. That doesn't mean home prices are cheap, keep in mind affordability is relative to income, and in Alberta, income is the highest in Canada It's not that real estate is cheap in absolute price terms.

Both near-term and medium-term affordability is positive. This is partly bolstered by other data, like high inventory (considered a negative in the survey), and positive employment growth over the last year.

We're seeing the labor market in Alberta, particularly in Calgary, improve with unemployment coming down.

But it's important to note unemployment is still high in Calgary at 6.9 per cent compared with 5.7 per cent nationwide.

When things are going very well, the population is exploding; migration and jobs drive housing. But just a couple of years ago, we saw an absolute decline in population from just a few years earlier.

Current levels of growth, however modest, suggest a slow recovery is underway for housing.



The market is adjusting to the new normal with falling single-family and multi-family starts — though inventory for condominium units remains quite elevated. Condominiums typically lag behind economic conditions. But given the generally high cost of single-family homes, in large part due to tighter rules for mortgage lending, one could expect sales for multi-family units to grow and reduce inventory.

A continued recovery in Calgary real estate is dependent on oil, specifically pipeline construction.

If you're a big oil company, you're not going to commit to major projects until you know the transportation bottlenecks — i.e. lack of pipelines — will be resolved. Meaning, the current landscape for real estate is buyer-friendly. Those with steady, full-time work and confidence about their future will find good pricing and plenty of inventory.

My answer to 'is it a good time to house-hunt?' is that it's 'yes' and 'no' at the same time, It's all about personal circumstances at this point.

If you would like me to review your entire financial situation, I will gladly provide you with some insight and help answer some questions.

Sincerely,

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