

Dear Clients,

Calgary's residential real estate market experienced another month of falling prices and sales, but the good news is the market appears to be moving in the right direction.

One key indicator of mounting strength is resales for homes in the under \$500,000 segment.

Typically, this is the first range that begins to strengthen, then it starts to filter through everywhere else. It is a sign that things are starting to shift in the right direction.

Sales for segments under \$399,000 all saw increases year to date compared to the same span last year. And the \$400,000 to \$499,000 segment was only modestly down year over year until the end of June (which is still great news).

Overall sales for the month were down from June 2018 by about nine per cent. As a result, the benchmark resale price in the city fell by 3.59 per cent year over year to \$488,900.

This is largely because the middle and upper prices segments of the market are still experiencing slumping sales, especially in the over 1-million-dollar range.

Another bright spot among the numbers is inventories are coming down. Months of supply fell in June compared with the same month last year by almost 10 per cent.

New listings also fell by more than 22 per cent in June year over year. This really needed to happen as supply really must match closer to what demand is in the market to see upward traction in prices.

Other notable market data are rising sales in semi-detached and row housing, which increased year over year in June by about 3.8 per cent and eight per cent respectively.

This is the one area on a year to date basis where we've seen solid improvements over the same period last year. Semi-detached and row housing have the advantage of being more affordable than detached single home, and more roomy than apartment condominium options, this partly explains why the apartment segment — even though it's often the most affordable option — experienced a more than 10 per cent drop in sales for the month compared with June 2018. One of the challenges of the apartment condos is it's not just the supply in the resale segment, it's also competing with supply in the rental market and the new home.



Outlying areas showed similar positive indicators as Calgary, experiencing fewer new listings and decreasing inventories. But prices still fell in June year over year in

Airdrie, Okotoks and Cochrane. The theme seems to be consistent across all markets in the region.

Should the trend of falling inventories and listings continue, it should help move the market toward balance. But the catalyst for any improvement in sales and prices will be a result of a strengthening economy.

If your real estate time horizon is long term, this may be the perfect window to make a move. With prices remaining low and interest rates still at historical lows it may be the perfect chance to gain equity with increasing home prices and paying more principal on the mortgage.

Enjoy the rest of July and please do not hesitate to ask me any questions at any time.

