

Dear Clients,

I read an interesting article in the Calgary Herald this week and thought it was an excellent article for this month's mailout. It does not sugar coat the position the market is in but does give facts that we are seeing improvements.

*Calgary's real estate market is stabilizing as the latest numbers show a continuation of rising sales and falling inventories.*

*But by no means is the market anywhere near the picture of health it was a half decade ago, says Ann-Marie Lurie, chief economist for the Calgary Real Estate Board.*

*"We're seeing sales improve, but you have to keep in mind they're still very low relative to historical norms," she says. "It's really that the market isn't getting any worse at this stage."*

*September marked the third month in a row of rising, year-over-year sales along with easing levels of new listings and inventory.*

*All three metrics point to improvement in the market, but they are also indicative of a market that has long been slumping, she says.*

*Driving all three figures is a continuation of falling home prices. The benchmark price for a resale home, for example, fell about two per cent in September compared with the same month last year. Year to date, ending Sept. 30, prices were down almost four per cent compared with the same span in 2018.*

*Falling prices tend to spur more sales activity, particularly in the lower end of the market, Lurie says.*

*"As prices come down enough that supports demand growth."*

*All told sales rose by more than eight per cent in September, year over year.*

*At the same time, falling prices reduce new listings as would-be sellers hold off putting their homes on the market, Lurie adds. Consequently, new listings fell 12 per cent in September from the same period the year before, while months of supply fell 20 per cent.*

*Apartment sales led the way with a 16 per cent surge month over month, although apartment sales are up only slightly year to date.*



*“Some of that (sales growth) is due to the really affordable product on the market,” Lurie says.*

*While the bulk of sales remains in the \$200,000 to \$299,000 range, year to date sales ending in September for apartments under \$200,000 grew for the fourth year in a row — making it unique among all style and price segments.*

*“It really is a consistent story that most of the push is from the most affordable product.”*

*What’s more, Lurie adds sales in the under \$200,000 price range were virtually unheard of at the peak of the market in 2014. This more recent development is largely driven by a price decline in the apartment segment of 17 per cent from the peak five years ago.*

*Still, the market is moving toward balance even though Calgary real estate still favours buyers. Lurie adds economics must improve before the market gets significantly better for sellers. While employment has improved, much of the job creation has not been in high-paying energy and related industries, she says. Still, unemployment was down in August at 7.3 per cent from eight per cent in August 2018. As well, migration was up year over year ending in July, with more than 5,500 people coming to the province. But that’s a far cry from the high point in 2014 when the city had net population gain of almost 12,500 people.*

*“Overall, the trend is toward more balanced conditions,” Lurie says. “But we’re still not there yet.”*

As always, if you have any questions please do not hesitate to reach out.

