

Dear clients,

The luxury market is recovering in major cities in Canada, except for one. And that's Calgary, according to a recent report.

Overall, resales in Calgary's luxury market declined by about 13 per cent in 2019 over 2018. All told 531 homes across all types priced \$1 million or more sold last year in Calgary compared with 611 the previous year.

Single-family homes made up 92 per cent of all luxury sales. And sales overall in the high-end market account for only five per cent of all resales in the city.

It's not a huge number compared with Toronto where more than 17,000 units \$1 million or more sold on the resale market, a 23 per cent year-over-year increase.

Additionally, Toronto's market involves considerably more condo and townhome sales, more than 1,400 in 2019 compared with 38 townhomes and 16 condos in Calgary priced \$1 million or more.

Both Vancouver and Toronto got off to sluggish starts, but they picked up in the final six months. They didn't follow the historical cyclical activity of the market with more in the spring and less in the fall, and instead it was the reverse.

That didn't happen in Calgary, seeing a second half decline of about seven per cent. It saw 243 homes from \$1 million to \$2 million sell in the first six months and 232 in the final six months. The trend was similar for the \$2 million to \$4 million price range, which saw 23 sales in the second half compared with 31 from January to June last year. The city did, however, see a two per cent year over year improvement in the second half of 2019 over the final six months of 2018.

Calgary is also the only one with a surplus of inventory. The other markets are very limited in inventory and that's impacting prices.



Less than five per cent of sales went over asking price in Calgary, whereas in Vancouver more than 10 per cent went over asking price. In Toronto, more than 20 per cent sold over asking price. Weakness in agriculture and energy weighed down the economy overall with Calgary's unemployment rate remaining relatively steady at 6.9 per cent compared with the national rate at 5.9 per cent.

On a bright note, however, the city did see its highest priced sale last year since 2015. The home located in the northwest sold for about \$8.6 million — one of two properties selling over \$4 million in the city.

According to media reports and previous MLS listings on the web, the property had previously been purchased in 2013 for about \$11 million, a record high at a time when the market was strong.

The important take away from this is many luxury market sellers are likely willing to negotiate on price.

To summarize, the upper end still very much remains a buyers' market. IF you are considering upgrading, now is the time to come in with your offers.

IF you have any questions please do not hesitate to reach out.

Sincerely,

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