

Dear Clients,

Canada's real estate market continued its sizzling streak in October and November, even outpacing Calgary's hot market. Sales jumped by more than 32 per cent compared with October and November last year.

While Calgary lagged behind the national average — with Montreal leading larger cities with about a 37 per cent jump in sales — it has fared better than forecast earlier in the year.

Calgary Real Estate Board data from last month show sales grew 23 per cent, year over year — well above long-term averages.

After the lockdown in April and May, sales began picking up nationally driven by low interest rates, pent up demand and easing of the federal stress test requirements.

We believe, aside from rates, the big reason for the activity is people are now seeing their homes as the office often for two people, the classroom for their kids and their gym. The pandemic is exposing some shortcomings in their homes, so they're looking to upgrade it if they can afford to do that.

Despite the city still facing chronically high unemployment, Calgary has had good economic news lately as companies consider moving their head offices downtown, given the low cost of commercial real estate relative to other major cities.

Among the notable moves is recent announcement by Suncor Energy to move its Toronto offices to Calgary, bringing hundreds of jobs.

Announcements such as this are likely among the drivers helping the long-struggling, higher-price segments gain traction. Sales among homes priced \$600,000 and up increased last month compared with November 2019.

The biggest rise among all price ranges, in fact, was in the \$1 million to \$1.3 million range. It saw a 276 per cent jump compared with the same month last year.

Growing sales activity for the higher priced segment is also driven by strong sales growth in the lower and middle price range.

Yet despite rising demand overall, historical data shows year to date prices for every price range — outside of the sub-\$200,000 group — remain below 2017 levels.



In other words, conditions remain favourable for first-time and move-up buyers.

The current conditions present a great opportunity, and to add to the good news, the Bank of Canada made what was scheduled to be its 10th and final interest rate decision of 2020, one of the most active years in recent monetary history.

After dropping its overnight rate three times in March, the Bank has held the line on rates since then, including today, but continues its massive quantitative easing program to support market liquidity.

As a result of the Bank's moves, borrowing costs for clients will remain very favourable as 2021 gets underway.

Thank you for another great year. I hope you enjoy these market updates. I want to wish everyone a safe and healthy holiday.

Sincerely,

