

Dear clients,

A plunge and the worst economic contraction in modern Alberta history.

You'd think this recipe would have shaken the housing market throughout 2020.

Yet, the entire province saw the strongest December home sales since 2006, an era when George Bush was the U.S. president and oil prices were bouncing around US\$60 a barrel, about to start a remarkable run to a record \$147 by mid-2008.

Last month, despite economic turbulence, including additional public-health restrictions designed to slow the spread of the COVID-19 pandemic, more than 3,800 homes were sold across Alberta.

That represents a 38-per-cent jump from sales in December 2019, according to the Alberta Real Estate Association (AREA). Across the province, the average residential sales price was up almost eight per cent from a year earlier.

Buying a home is the biggest purchase many families will make; it's also a tangible sign of people's confidence in their financial situation and the economy.

For many Albertans, 2020 was a year of economic unpredictability. Thousands lost their jobs. It was also a period when many people spent an unprecedented amount of time stuck in their houses, condos and apartments.

Despite all the uncertainty, many buyers still came out last month.

What seems surprising at first glance is that higher sales in the final six months of the year largely negated a steep pullback during the second quarter

Total provincewide housing sales for the year actually ended up two per cent above 2019 levels, driven by higher activity in Edmonton and Lethbridge.

In Calgary, almost 1,200 homes traded hands last month, with sales up 40 per cent from the same period in 2019. The benchmark housing price in the city was \$422,000, a 1.5 per cent increase from the previous December, although down slightly from November



However, total annual sales in Calgary were down one per cent compared to a year earlier and the benchmark sales price also dipped by one per cent.

It could have been much worse. Sales in April plummeted by 63 per cent in Calgary, but the market improved through the second half.

In Edmonton, total sales in December jumped 31 per cent from the same period a year earlier, with the average price up 2.6 per cent to \$362,000.

Experts say there was pent-up demand in December, as sales that typically would have taken place in the spring were delayed because of anxiety when the pandemic initially struck.

The effect of low interest rates on stimulating buying can't be overlooked, either.

With rates continuing to stay low, it appears we could see an increase in values of Alberta properties, making this a good opportunity to create some instant equity.

If you have any questions, or would like a preapproval, please do not hesitate to reach out.

