

Dear clients,

Canada's annual inflation rate quickened to 5.7% in February of 2022, the highest since August of 1991, slightly above market expectations of 5.5%, as geopolitical risks and tight OPEC+ supplies fueled a rally in oil prices to over 13-year highs and logistical issues continued to underpin raw material and transportation costs.

Prices rose faster in six of the eight major components, notably for shelter (6.6% vs 6.2% in January), which rose at the steepest pace since August 1983. Sharp price increases were also seen in transportation (8.7% vs 8.3%), bolstered by a 32.3% surge in gasoline charges at the pump; costs of food (6.7% vs 5.7%), as prices of food in grocery stores rose at the fastest rate in 13 years.

Excluding gasoline, the CPI rose at a fresh record pace of 4.7%. On a monthly basis, consumer prices rose 1.0%, beating market forecasts of a 0.9% gain and marginally quicker than a 0.9% increase in January. source: [Statistics Canada](#)

So, what does this mean for housing and rates?

Real estate sales in Calgary last month didn't just break a record for February, long considered a sleepy time of year for buyers and sellers.

It broke the record for sales for any month, surpassing the previous high set in 2007.

The 3,305 transactions last month were such a surprise even the Calgary Real Estate Board did not at first realize an all-time record had been set.

We just don't typically see this activity at this time of year. The previous record, set in March 2007, was 3,259 sales.



The other thing is there was a surge in listings, so we saw new listings also hit a record. New listings increased more than 62 per cent, year over year, in February to reach 4,652.

While a record for February, the all-time high for any month was set in March 2008 with 5,009 new listings.

Ironically, the rise in supply is one key reason sales could advance so much last month. The challenge in recent months has been there wasn't a lot of supply.

The market remains very tight despite more inventory with only about one month of supply based on current sales activity, CREB figures show.

In turn, prices have reached record levels. The overall benchmark price for the city hit \$499,400, while the price of a single-family detached home reached \$596,400.

Given the unprecedented activity in February, the busy spring could see even more records broken, especially as the economy recovers from COVID-19 amid surging oil and gas prices due to the war in Ukraine. I do think demand will be strong for the next several months.

As always, I am here for any questions. Please do not hesitate to reach out.

Sincerely,

