

Dear clients,

Record-breaking migration in the spring due to an improving economy has Alberta's housing market set for moderate growth ahead, while Ontario and British Columbia's markets are likely to face headwinds due to their overall unaffordability.

It's a bit of an uphill battle right now due to inflation and higher interest rates for housing markets across Canada, but Alberta is expected to see moderate growth this year relative to other provinces

The real estate market data firm recently released its Alberta State of the Market report, based on second quarter data, finding rising oil prices have buoyed the province's economy, sparking a boom in migration from other provinces.

The most important trend is record migration in flow to Alberta.

Between April and June, Alberta had net migration of 34,883, or a 3,032 per cent increase from the same period last year. This is a really eye-catching number.

The resurgence in the energy industry — which had been mired in a slump since late 2014 — is one driver.

So, too, is the housing market's relative affordability compared with Toronto and Vancouver.

The Alberta government has ads running in Ontario to attract Ontarians to the province. Whatever people may think about them, there is some truth to what they're saying.

Higher oil prices and a more diversified economy overall — growing tech, clean energy and film and television sectors — along with relative housing affordability make a strong argument for Alberta's attractiveness to young professionals struggling to purchase a home in other jurisdictions.



I do not want to be too optimistic as growth will be moderate, but relative to other provinces, Alberta's housing market is in pretty good shape.

Since interest rates started climbing back in March there has been a lot said about declining home prices in Canada. Broadly speaking, market watchers have been forecasting a 20% to 25% drop – from the February peak – in the average price by the end of this year.

Those are dramatic numbers, but they are deceiving. When it comes to housing, simple averaging is good for making broad comparisons over an extended period of time. But simply dividing the total value of home sales by the number of homes sold lacks the nuance needed properly measure the state of the market.

The average price is influenced by the number of sales, but also by the *composition* of those sales. That is: the type, location and *price* of the homes sold.

In summary, if you are waiting for prices to take a sharp decline before making a purchase, you may be waiting for something that will never happen. I will keep you up to date as much as possible. Please let me know if you have any questions

Sincerely,

