

Dear clients,

Here is some news you condo owners have been waiting for!

Condominium resales are at an all-time record pace this year amid rising interest rates that have forced buyers to move from higher priced segments of Calgary's real estate market.

There are more people turning to condo sales than we have seen in a long time.

Total sales for all segments in August were 2,136, down year-over-year by 0.5 per cent, and substantially lower than the record of 4,107 this past March.

Condominium sales, however, were the outlier. The segment saw activity increase by 14 per cent with 524 sales in August. Year to date, sales are on record pace with 4,576. That's up 65 per cent compared with the same period last year.

Sales declined across other categories with the semi-detached segment — the smallest by sales typically among all types — experiencing the biggest drop in activity at 23 per cent year over year.

Despite the decline from earlier in the year, overall sales remain elevated compared with historical averages. Higher borrowing costs, with the Bank of Canada increasing rates since March into this month, have pushed many buyers previously seeking to buy the lower price ranges for single-family detached homes into less costly options.

In turn, condominiums — the most affordable with a benchmark price in August of about \$278,000 — have experienced a resurgence recently after being in a multi-year slump.

Yet even with its benchmark price growing by 10 per cent year over year, the price of an apartment condominium remains below the record price set in 2014, more than \$300,000, as noted in data provided by CREB.

Unlike other sectors, apartments have seen rising new listings as well, up 14 per cent in August, year over year.



Low inventory in other segments, and falling new listings have made for low supply, which hampers sales activity. The supply levels have been rising for higher priced units, but falling for the lower-priced ranges; single-family detached homes in particular — the largest segment of the resale market.

Due to rising listings for homes over \$600,000, supply did increase by four per cent year over year in August among single-family homes.

Even though single-family homes had seen a rise in supply beyond two months after several months of less than two, single-family homes priced under \$500,000 have had very low supply “restricting sales overall” for the segment.

The lack of inventory has pushed benchmark prices upward despite slowing demand. The benchmark price for a single-family detached home, for instance, reached \$633,000, up 13 per cent from the same period last year.

That said, prices have fallen from the peak price in May of \$648,500, not surprising given the drop in sales demand from the spring and higher mortgage costs.

People are shifting in what they’re buying mainly due to higher lending costs and making condos much more attractive. As well, continuing tight supply in the lower priced part of the single-family homes segment will likely hamper sales growth for the rest of the year in higher priced properties.

Other low-cost segments are likely to see increases in activity, as seen recently with condominiums.

