

Dear clients,

For my last market update of 2022, I read a market survey by Royal LePage and thought it was quite interesting. The biggest question we all have is: How will current rates affect prices? Well, the predictions seem to be much different than most of us think.

Calgary's residential real estate market will continue to see growth while much of the rest of Canada drops off next year.

The real estate company's 2023 market survey forecast released on Tuesday predicts the average single-family detached home in the city will break the \$700,000 barrier, with a one per cent increase in price from \$694,200 at the end of this quarter to \$701,142. Overall, Royal LePage says there will be a 1.5 per cent increase in the aggregate to \$612,451 from \$603,400. The biggest gains will come from the condominium market, where the agency forecasts a 2.5 per cent jump in prices to \$239,543 from \$233,700.

We expect we will continue to see moderate price growth in the entry-level market, particularly in the condominium segment, which remains very active and has recorded double-digit sales growth this year. "This segment will lead Calgary's price growth in 2023."

The Bank of Canada's 400 basis point increase to interest rates since March has led housing prices in most Canadian markets to decline, but Calgary has bucked that trend.

The report also pointed to an acute, long-term housing supply shortage and a growing population due to record levels of immigration that is keeping housing prices high across the country, despite the slowdown.

Nationally, aggregate prices are expected to fall one per cent in 2023 to \$765,171, while the price of a single-detached home will drop two per cent to \$781,256.

The Calgary market has been buoyed by an influx of people from out of province.

The Greater Toronto Area market is expected to drop off, but it will remain the second most expensive market in Canada with the average single-family detached home going for \$1,329,413, down 2.5 per cent from \$1,363,500. Meanwhile, Toronto's condo market is expected to grow in price by one per cent, from \$694,300 to \$701,243 — or the price of a detached house in Calgary.

This population boom is putting more pressure on an already strained inventory in Calgary.

There are many buyers hovering on the sidelines, waiting for the right product to hit the market, it is expected activity will remain strong throughout the winter, with a normal seasonal slowdown in December and January before picking back up in the spring.



Detached homes in Edmonton are expected to jump two per cent next year, but they will be a relative bargain compared to their Alberta cousins at \$491,436. Condos in the capital, meanwhile, should drop by 1.5 per cent from \$201,300 to \$198,281.

Vancouver is the only major market that will be more expensive than Toronto, with an average detached home falling two per cent from \$1,678,100 to \$1,644,538, while condos should jump by one per cent from \$739,900 to \$747,299.

The only major Canadian market expected to see more growth than Calgary is Ottawa. Royal LePage has forecasted a two per cent increase in that city's aggregate, from \$725,100 to \$739,602. Condos will go up two per cent to \$378,114 and detached homes will jump one per cent to \$850,117.

It will be interesting to see what happens!

I wish everyone a happy holiday, and I will keep you updated throughout 2023!

Sincerely,

Felice Corcione

