

Dear Clients,

High demand, meet low supply. That may best describe the coming spring real estate market, traditionally the busiest time of year for home resales in Calgary.

If we don't see inventory start to improve with those new listings coming onto the market, then we could see a scenario with stronger price growth than expected this spring.

While demand is unlikely to be as high as it was last spring when March saw record sales (4,107), and May set an all-time high for the benchmark price of a home (\$546,000), the market will likely enter spring with historically low inventory.

Last month, inventory fell nearly 24 per cent year over year to 2,750 homes, the lowest level since 2006.

Already, the market is showing the effects of low supply with moderate price growth amid falling year-over-year demand. Despite sales falling about 47 per cent year to 1,740 units, the benchmark price increased two per cent in February from the same month last year to \$530,900.

Demand is also picking up with sales growing in February growing over January this year — a trend expected to continue this month (March) and into April.

As a result, while this spring is not expected to see record broken like last year, activity is likely to remain above historical averages due to several favourable market forces. Among them is a strong economy, which is drawing higher than normal migration. In fact, at the end of 2022, Alberta led the nation in net migration. Yet it's not just economic growth; Calgary real estate is also very affordable relative to other large centres.

In part, prices are affordable because of the economic downturn that preceded the latest oil and gas boom. We were a little later to see the growth. Calgary home prices stagnated or fell between 2014 and 2020, unlike Toronto and Vancouver that saw significant growth.

Calgary — due to its past economic struggles — has become one of the most affordable major markets in Canada today after being one of the priciest in the mid-2000s. If you go back to the early 2000s, Calgary was the second most expensive real estate market after Vancouver.”

Today, prices have mostly recovered from the downturn in the 2010s. Yet not all segments have.



“(Apartment condominiums) still haven’t recovered from the previous high in 2014, the record benchmark price at that time was about \$300,000.

In February, the benchmark price was \$286,000 for a resale condominium, an increase of more than 11 per cent year over year — making it the fastest growing segment by price.

As well, sales for apartments saw the smallest decline year over year — down 13 per cent — among all housing types.

By contrast, single-family detached home sales — the largest segment in Calgary — fell 58 per cent year over year in February, while its benchmark price was up three per cent to \$635,900.

