

Dear Clients,

As interest rates climbed in Canada over the last year, so have mortgage payments. As a result, house prices in many markets have started to slow their steep ascent. The one major exception? Calgary.

The latest numbers from the Calgary Real Estate Board confirm it, with the average home price in Calgary at \$539,461, up nearly 10 per cent compared to last year.

The strength of the Calgary market must be pricing compared to other cities. Even as interest rates increase, the cost difference remains stark.

With its population booming, new housing in short supply, and prices cheaper than bigger markets, Calgary's hot real estate market is bucking the cooling trend seen nearly everywhere else.

Numbers from the Teranet-National Bank House Price Index back this up. For example, while prices in Toronto or Vancouver have dropped from their peak in spring 2022, they still remain relatively higher than Calgary.

Escalating mortgage costs may not discourage those coming from markets such as Toronto, with detached homes that often cost more than \$1 million. These buyers are "less sensitive to those higher interest rates" when they view similar homes in Calgary with prices that are typically hundreds of thousands of dollars lower.

The current market is being compared to a "gold rush" for people struggling to afford homes in more expensive markets. Everybody wants to come to Calgary, and we just don't have enough houses. Calgary prices may be lower than other Canadian cities, therefore, the market is fast-moving, and sellers are in the "driver's seat" in the current climate.

A low level of housing starts is contributing to a lack of supply in the Calgary market, and as more people move to the city, the demand for housing goes up.

More demand and a lack of supply almost always lead to higher prices, which helps explain part of why prices have kept rising in Calgary despite higher interest rates over the past few months.

Alberta attracted more people from other provinces compared to anywhere else in Canada in the first three months of 2023, but real estate market numbers for the summer of 2023 don't seem to indicate price increases at the same level as Calgary's so far.



While numbers around population shifts are less frequently updated than real estate sales numbers more migrants and newcomers are heading for Calgary rather than Edmonton.

Edmonton market have a higher inventory — or more properties available — over the past few months, which eased pressures on supply, leading to a cooler real estate market.

With population increases expected and low housing market inventory, the lack of affordability seen in markets like Toronto or Vancouver could be transferring to the Calgary region.

Calgary is going to have an affordability issue in the not too distant future. Higher interest rates, with the population increase, has led to a lack of apartments, a lack of supply, plus a very big increase in terms of rent inflation.

However, economists also point out that Alberta remains relatively affordable compared to other Canadian regions.

This could be your last chance to get in the market and make some quick equity before things become to out of control.

If you have any questions, please email, text or call.

Sincerely,

