

Dear clients,

Home sales in Calgary spiked to record numbers last month but historically low inventory saw housing prices continue to surge.

Fuelled by the condominium market and people looking for more affordable housing in that category, there were 2,729 home sales in the city last month, a record for August.

But despite a torrid summer, home sales over 2023 are still down by 15 per cent from last year, said the Calgary Real Estate Board (CREB).

But, at the same time, also setting a record for August — due partly to a high number of sales — was a low inventory level, with 3,254 units on the market compared to a typical number of 6,000, said CREB.

It seems the sales trends defy current interest rates. Of all the listings on the market, 87 per cent are sold, compared to the usual 60 per cent, said the board, in an environment where inventory is down by 32 per cent from a year ago.

That's pumped-up prices in all housing categories by 7.9 per cent overall, with detached homes hitting a benchmark, or average price of \$696,700, a year-over-year increase of 10.3 per cent.

Row condo prices rose to \$413,200, up by 15.7 per cent from August 2022, representing the steepest increase.

It's good news for sellers but a less-than-ideal trend in a city that, like other major centres in Canada, is facing a worsening housing shortage amid a heavy influx of people taking advantage of a relatively healthy economy.

New housing starts just haven't kept pace with the number of people coming in. When we look at migration patterns, they're exceptionally strong, and it's not just interprovincial but international. Those muscular sales trends also defy interest rates that have increased exponentially over the past year or more.

Those migrating from much higher priced Canadian markets aren't as sensitive to rising interest rates, as they tend to have significant down payments.

Most glaringly short in supply are detached homes priced under \$700,000, clients have been telling me they are competing with 10-15 offer per house at this price range.

The current Calgary home average is now 700,000 and this is particularly startling since in 2021 we were still in the \$500,000.



If current migration patterns hold, those prices will continue to climb, particularly with the likelihood new home builds will continue to lag behind that population influx.

Fortunately in Calgary, we still have (available) land, so it's a matter of how long it will take to develop it."

All of those factors are also driving up rental prices in Calgary, which have climbed more quickly than in any other major city in Canada.

According to Rentals.ca, the cost of home rentals in Calgary has jumped by 17 per cent over the past year, with a one-bedroom apartment going for an average of \$1,718 while a two-bedroom is priced at \$2,212.

