



Pulse of the city

FEBRUARY 2023 MARKET UPDATE

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The More Things Change...

After a predictably mellow December, Calgary's housing market picked up steam in January. That's become something of an old story, as demand for housing in and around the city continues to rise and the inventory of available housing stock stays low. January typically sets the table for the rest of the year, and the market's continued strength has some real implications for those of us who live in and around Calgary.

This month, we'll take a close look at the Calgary market's long-term trends, with special attention to what January's numbers can tell us about the rest of 2023.

A SELLER'S MARKET... AGAIN

Interest rates remain high, and you've seen the same stories we all have about sales falling year-to-year. And yet, Calgary should remain a seller's market well into 2023.

That's because demand for housing in the Calgary market should stay close to the supply of available homes. Those two numbers will change, but there's every indication that they will change *together*, giving sellers a consistently favourable set of market conditions.

We measure the availability of homes in terms of months of supply: given current demand, how many months' worth of houses are on the market? Anything less than three months' supply indicates a seller's market. January's figures keep us right at two months' supply, well within the range that favours sellers.

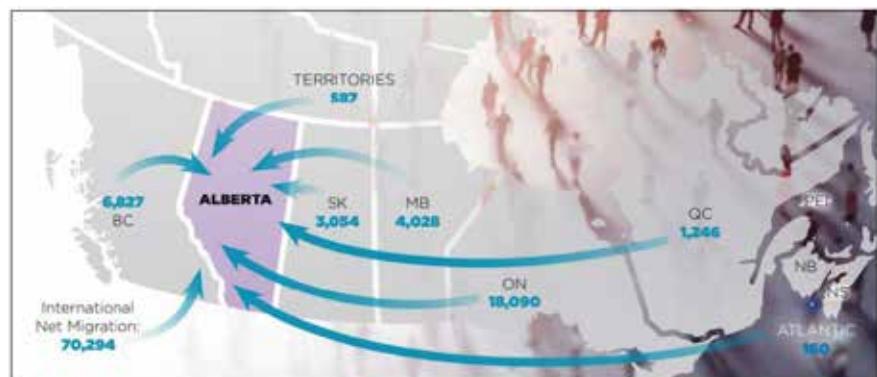
That metric covers the entire Calgary housing market, spanning every price range and property type. Your own situation might change things a bit, and if you need some advice specifically on the current outlook for your type of home, you can always head over to **PlanWithMike.ca** and schedule a call.

For instance, the higher up in price you go, the greater the supply tends to be. Demand just isn't as great for more expensive homes, especially when interest rates are this high.

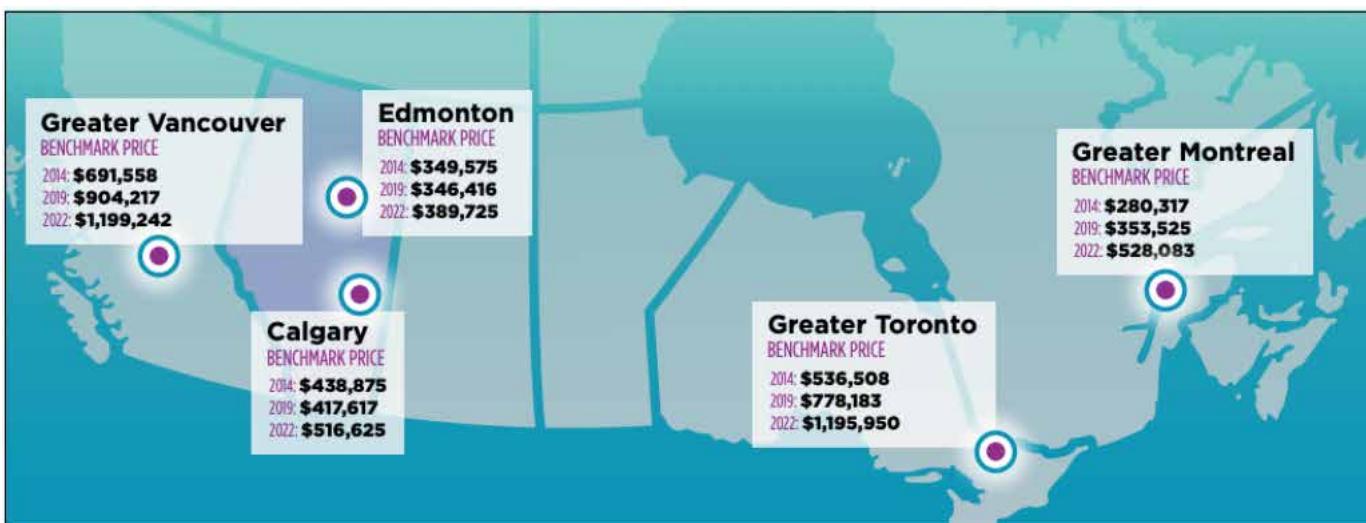
That's my take. And it just happens to coincide with the annual forecast issued recently by the Calgary Real Estate Board's chief economist. You can read her entire presentation at https://www.creb.com/-/media/Public/CREBcom/Housing_Statistics/2023_Forecast/2023ForecastReportonline.pdf

For now, here's a quick summary of what she has to say.

More people than ever are moving to Alberta, which keeps demand high. And they're not just coming from our neighbourhood. Migration to Alberta is strong across Canada - even from the Atlantic provinces - and international net migration continues to drive demand as well.



At the same time, Alberta has kept the overall cost of housing steady, even while it continues to charge upward in other provinces. The mix of housing in Calgary has changed a bit, but the overall benchmark price for housing here is remarkably stable.

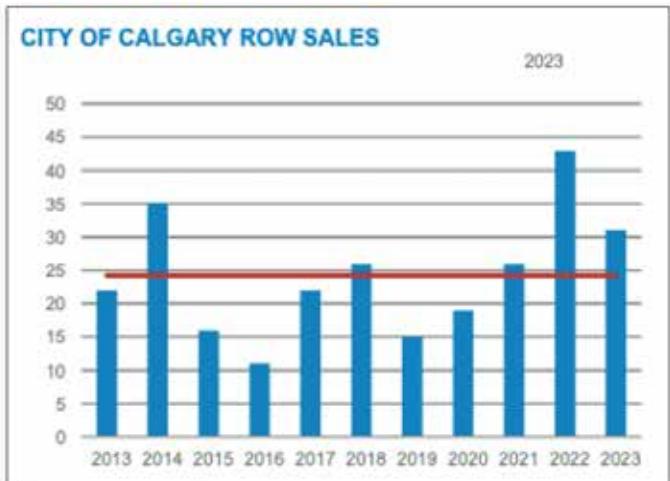


Heavy migration plus steady housing prices means strong demand now and well into the future. At some price points, we'll continue to see a few months of supply; in others, we should probably be measuring housing availability in weeks, not months. The market should remain highly competitive, and sellers should continue to see buyers coming to them, ready to meet or exceed their asking prices. Speaking of which....

PRICES WILL REMAIN SOLID, AT LEAST THROUGH 2023

Across nearly every price range, Calgary's market continues to support high asking prices. The most affordable types of housing, including apartments and row houses, are commanding the highest prices in our history, as a steady stream of buyers jumps on board to snag new housing as soon as it hits the market.

The more affordable ranges of detached and semi-detached homes are seeing the same scenario play out. Calgary continues to attract newcomers who are ready and able to invest for the long haul. The typical seller sees multiple offers within a day or two of listing their property, often above their asking price.



Across a huge swathe of Calgary's real estate market, then, buyers know that they need to strike fast and hard if they want a chance at landing a new home. And all this is happening in the middle of winter, a relatively soft stretch for Calgary real estate. Demand should pick up as we head into spring, and prices will rise in turn.

So far, I've limited myself to what's happening in the city of Calgary itself. The surrounding area includes a wide variety of neighbouring communities, but each one of them is seeing higher demand as potential buyers set their sights behind Calgary's city limits. From Cochrane and High River to Chestermere and Canmore, demand matches and often exceeds the levels we're seeing in Calgary. Supply has dwindled as demand increases, pushing prices higher in Calgary's satellite communities.

Again, demand tends to be lowest for the highest-priced housing stock, and higher-priced markets could see their prices soften a bit, and perhaps dip slightly, as surrounding markets continue to develop. At the same time, a considerable percentage of new arrivals to greater Calgary are professionals who earn substantial salaries and are prepared to meet high asking prices for the right home.

Yes, Calgary's housing prices have never been higher. Every bit of data available to us suggests that it will never be less expensive, either.

TAKE ADVANTAGE OF THE TIMES WE LIVE IN

Let's take a step back from the numbers and maps and reflect on what all of this means to those of us who call Calgary home.

It's safe to say that Alberta is open for business, and that Calgary is emerging as a sort of unofficial capital of the New West. The world knows about us, and it sure seems like the whole world wants to move here. And we've opened our doors to the world, without sacrificing our quality of life or our wealth of economic opportunities.

For our new neighbours, it's a better life. For those of us who've lived through years of ups and downs, it's a whole new ballgame.

Forget what's happening in the rest of Canada; forget for a moment that the rest of the world sees us as one of the few truly great real estate bargains available these days. For most Albertans, the stronger

housing market and higher prices we've seen over the last few years has made Calgary seem like a different, more expensive place.

I've heard that while talking with our community, executives and small business owners. For people who've been here for a dozen years or more, the last two years have been a bit unreal, and awfully difficult to understand.

It's time, I think, to start thinking about Calgary the way the world does. Whether you're just starting out, or raising a family while building your career, or looking for investment opportunities that will see you through retirement, the game has changed. Your city holds opportunities for you that it didn't just a few years ago. And it's time to seize them.

Have you been waiting for the right time to buy a home? It's time to get off the fence: interest rates are back from their historic lows, and rising rental prices threaten to push you away from your long-term goals with each passing month.

Does your growing family need more space? The market is practically begging you to trade up. Remember, competition is most intense for more affordable houses like the one you live in now. You'll be in command of the process when you put your home on the market, and you'll face far less pressure when you put on your buyer's cap and look to move up to a larger home.

Looking for an investment property? Rents are rising faster than interest rates. And they'll keep going up, while study after study suggests that interest rates are plateauing. Meanwhile, housing prices will enjoy continued support through 2023 and beyond. Locking in the cost of your investment now lets you reap the rewards of a market that will keep rents rising while your mortgage payment stays the same.

Maybe you've added a side gig or two over the last few years, like millions of people have. If you're lucky enough to have a bit of extra money in your budget, make it work for you. Real estate has always been a phenomenal investment, and Calgary's market continues to build strength on strength.

"The best time to plant a tree was 20 years ago. The second-best time is now" – Chinese Proverb.

That's Calgary real estate in a nutshell.

Be smart. Be decisive. Now's the time to get your fair share of Alberta's economic boom—and you can do it without leaving Calgary.

This update is meant for a wide audience, and it can't reflect every nuance of your particular situation. That's where we come in. I'd love to discuss your housing needs with you, and to give you specific advice that helps you take advantage of Calgary's current housing climate. Winter just happens to be the best time to put your strategy together: the market is a bit more clear these days than it will be when things pick up in the spring.

Whatever your situation, whatever your needs, I hope to discuss them with you soon. Until then, thanks for reading!

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