



Pulse of the city



APRIL 2023 MARKET UPDATE

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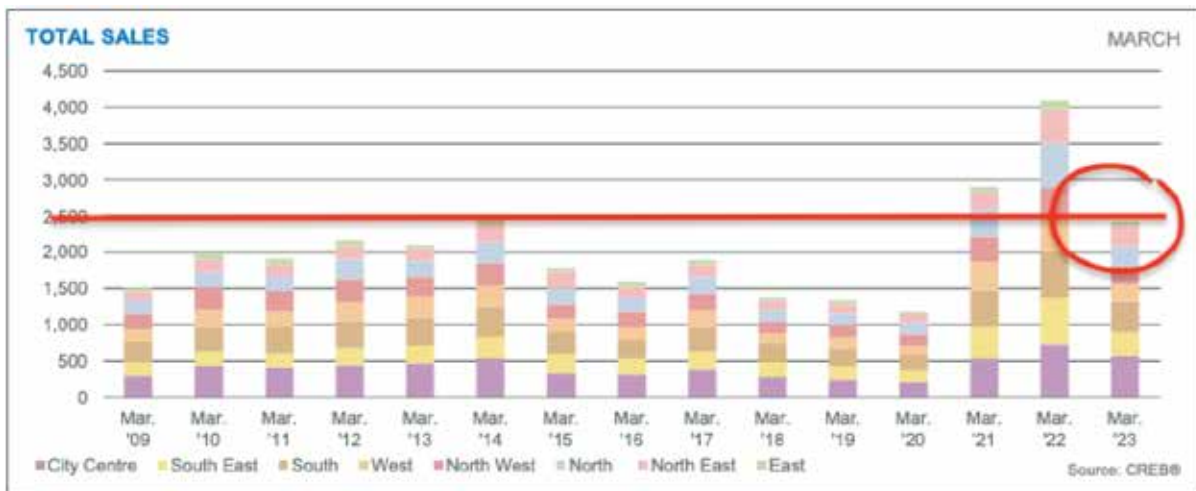
Calgary, You Are Cleared for Takeoff!

Spring is finally here, and all around us we're seeing signs of just how resilient nature can be. Calgary winters are no joke, but across Alberta plants and wildlife are shrugging it off and looking forward. The housing market is doing exactly the same thing, just as it always has over the last 25 years or so.

Last month, we took a close look at Calgary's low inventory levels. Our April report will focus on something a bit more upbeat: home prices are up, and could be primed for a record spring.

A Quick Recap

You can't sell what you don't list, so let's set the table by looking at sales and inventory levels. Here's what March sales have looked like over the last 15 years:



Last March was a unicorn. This March was merely excellent: sales have come down a bit, but still sit at near-record highs.

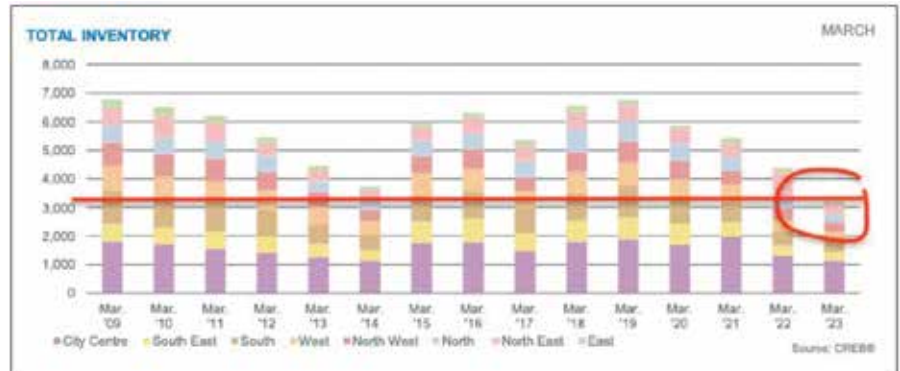
One market segment has barely slowed at all: apartment sales were nearly as strong this March as they were last year.

So people are still eager to buy. How is the market meeting that demand? The answer—repeat it with me if you've been reading these reports for a while—is "slowly." Inventory levels remain extremely low.



Continuing a trend, we had the lowest number of homes on the market for any March since 2006.

Inventory has ticked up a bit in absolute terms, from 2,749 in February to 3,233 in March. That’s a significant month-to-month net change of 484, but it might not be enough to meaningfully change Calgary’s market dynamics.



Consider this: we added roughly 1,800 new homes to the market between January and March of 2022. This year, we’ve added 1,000 fewer.

Looking at it another way, inventory stood in March just about where it did in November 2022. The big difference? November’s numbers are *always* low; that’s how the real estate cycle turns before inventory rebounds in the spring. March didn’t give us that rebound, and our inventory levels are still a few thousand homes short of normal.

With that out of the way, let’s look at a figure that’s absolutely surging as we head into spring.

	Nov.	Dec.
	1,642	1,201
	1,011	1,032
	3,117	2,223
	40	46
	520,200	518,800
	445,000	452,000
	490,293	495,796
	258	258

PRICE BOUNCE BACK



High demand and low inventory have given housing prices in Calgary nowhere to go but up. Of course, the way you interpret pricing trends has a lot to do with the figures you consider. The latest Calgary Real Estate Board’s data release focuses on year-over-year changes, and shows a modest 0.8% gain after our incredible 2022. But that’s not the only way to look at things. Yes, benchmark prices are only moderately higher now than they were last March, but they have increased throughout 2023 at a much faster rate than they declined after their May 2022 peak.

The truly remarkable thing about this trend is that we see it in every market segment. Let’s start with **detached homes**, the segment most affected by low inventory levels and a relatively narrow range of affordability options. In March 2022, they commanded a benchmark price of roughly \$638K. This year, they reached \$648K, topping even last May’s high-water mark.

Semi-detached homes show a similar curve, adding nearly as much to their benchmark price as detached homes.



Row homes, which traditionally offer a bit of a break for buyers who are priced out of the detached and semi-detached markets, never saw a pronounced spike in 2022, and jumped by 7.5% year-over-year.

Finally, **apartments** broke the inventory trend; are they an outlier on price, too?

Nope. Sales and benchmark prices for Calgary apartments have followed a trend similar to the one we just saw for row houses, with a 10.6% year-over-year leap.



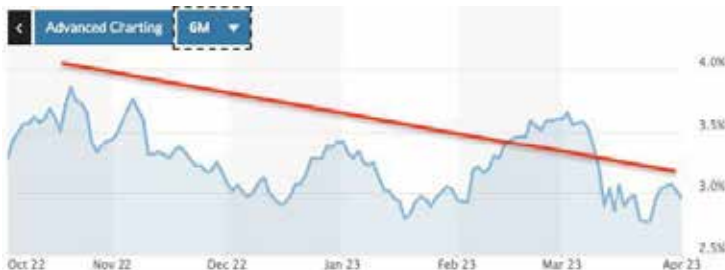
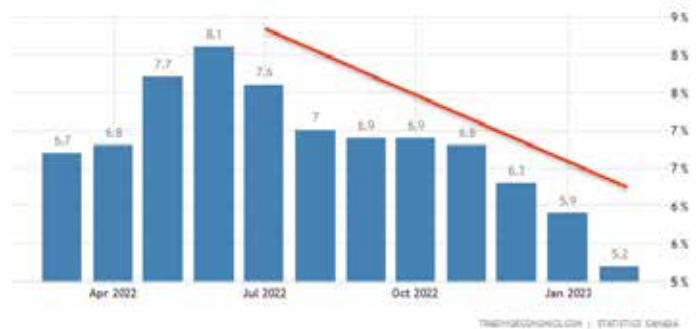
And as you might have noticed, we haven't even really warmed up yet! Prices should get another boost when buyers return to the market in their usual spring numbers.

When buyers emerge from their winter hibernation, what will they find? A seller's market...but one with significant signs of improvement from the buyer's perspective.

A Seller's Market That Buyers Will Love?

Inventory remains low and prices continue to climb. Bad news for buyers, right? Well, not quite. Some broader factors might be helping the Calgary real estate market hit the sweet spot for everyone.

Interest rates can be deal-killers, driving up costs for buyers without benefiting sellers. We've been grinding our teeth about high interest rates for so long that it's worth noting how close we are to normalized rate levels right this moment. And the trend has been heading in the right direction for nearly a year.



Five-year bond yields are down, too, which directly affects five-year fixed rates. Lower bond yields mean higher prices for those bonds, and when bond prices rise, mortgage rates decline.

Let's take a step back and see how all this fits together.

- **Demand for housing in Calgary is still extremely high.**
- **The amount of available housing is still extremely low.**
- **Prices for housing are surging to levels we've never seen.**
- **And now, it's getting easier for buyers to borrow money.**

In other words, everybody's got something to celebrate.

CALGARY'S HOUSING MARKET HAS NOWHERE TO GO BUT UP. FOR EVERYONE!

Looking ahead

In the last month, housing prices in Calgary climbed roughly 2%. Historically, March is the month when the market shakes off its winter slack and really starts to define itself for the coming year.

Sellers should continue to enjoy high demand in the months to come, supporting reliable price growth. That goes for everyone, regardless of the type of housing they bring to market or where it happens to be, as this chart shows.



Lower interest rates will help offset these higher prices, allowing buyers to become more aggressive than they were last spring. Higher prices could even benefit buyers by persuading more sellers to list their properties.

It's been an interesting few years, and it makes sense that both sellers and buyers have found themselves on the fence too often. That time is over. The market has regained the kind of security and stability that benefit everyone involved, and with benchmark prices blowing past last year's highs, the Greater Calgary market is all lined up to reward sellers and turn housing purchases into serious long-term investments.

Now is the time for sellers and buyers alike to do their homework, stay on their toes, and prepare themselves to take advantage of what could be an historic spring in the Calgary housing market. If you're wondering what all of this means for you, or if you'd just like to discuss your needs and strategy, please get in touch. I'd love to hear from you, and you know that I love discussing Calgary real estate. You can always go to planwithmike.ca to schedule a time for a chat or reach out directly to (403) 809-9386!