



Pulse of the city



MAY 2023 MARKET UPDATE

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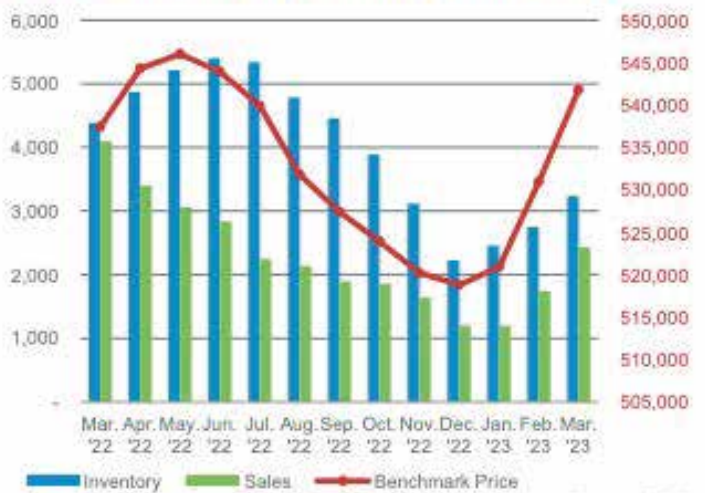
Prices Soar In An April Like No Other

Election season is in full swing here in Alberta, and Calgary has emerged as a key political battleground. Could the election rob Calgary's real estate market of the momentum it's built over the last five months? My gut says no. And so does my head.

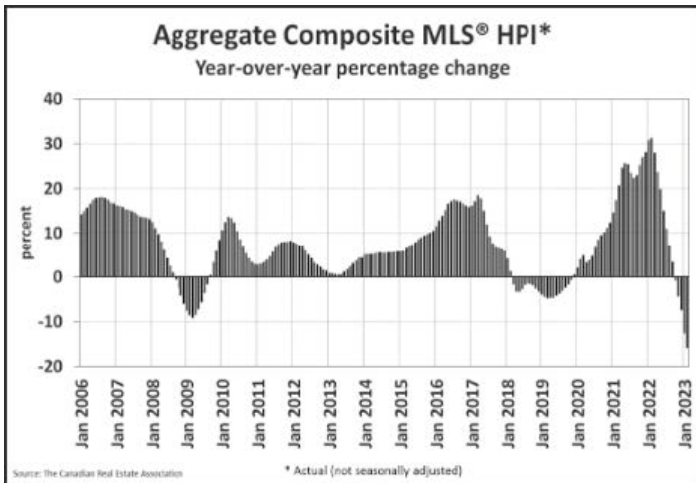
Last month, I took a close look at the actual market value of Calgary homes and pointed to a sharp rise in equity held by homeowners in our region.

Here's the key chart from last month's report, just to refresh your memory. As sharply as housing prices shot up in early 2022, they're increasing even more dramatically this year.

CITY OF CALGARY TOTAL INVENTORY AND SALES



Source: CREB®



Source: The Canadian Real Estate Association

* Actual (not seasonally adjusted)

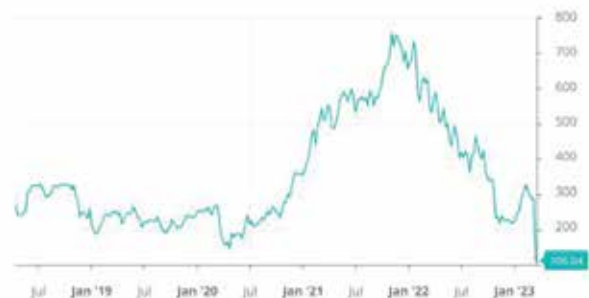
That's an even more impressive feat when you look at what's happening to home prices across Canada. The national composite MLS price has slipped 15.5% country-wide.

And we're still adding value even when the rest of the world is in turmoil. South of the border, Silicon Valley Bank was the first of many to go under. China and Russia continue to maneuver away from the US dollar, throwing the global economic order into deeper ambiguity.

China's Yuan Replaces Dollar as Most Traded in Russia

- Cooperation with China has deepened as sanctions took effect
- Kremlin urges conversion from 'toxic' to 'friendly' currencies

SVB Financial group (SIVB) stock price performance



With the rest of the world looking shakier by the day, what makes Calgary Real Estate so Special?

A CLOSER LOOK AT PRICING

Let's update that earlier graph with information from April. Notice anything interesting? By April of last year, benchmark prices were starting to lose steam. By May, they'd crested for the year.

But this last April saw a continuation of the upward trend we've seen all year, and prices in April topped the highest we saw in all of 2022!

I'm not calling this a unicorn year just yet. But the table is set for something really special.



Congratulations, homeowners! You've never had more equity in your homes than you do right now!

The average sale price of a Calgary home has hit **\$550,800!**

Here's how things break down by category:

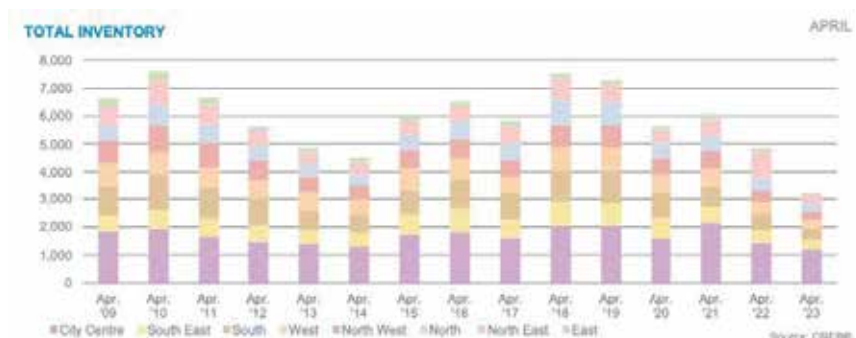
- Detached homes have appreciated 2.4% year over year to reach \$661,900.
- Semi-detached homes shot up nearly as much, to \$593,200.
- Row homes did even better, putting on 7.4% on their way to a \$387,400 average price.
- Apartments are hottest of all, up 10.2% to an average of \$299,400.

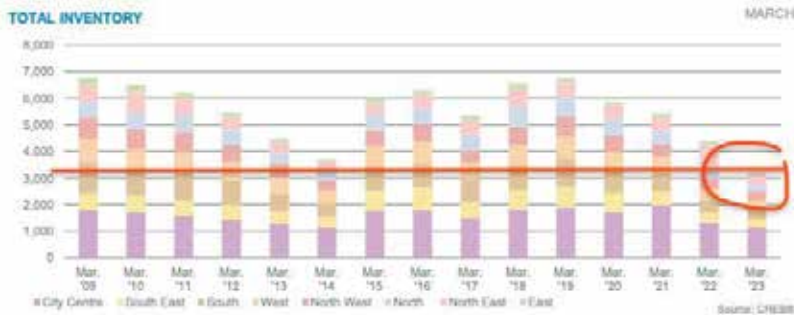
Together, that makes a month-over-month increase of 2%-3% across the entire market!

Our momentum hasn't stopped. But will it continue? For clues about where prices are headed, let's look at the underlying data. If you've been reading these reports for a while, you'll know that we're about to look at inventory. Here's a shocker:

April 2023 ended with fewer homes on the market that it started with. That's never happened in my time here, and it might be completely unprecedented.

So how did we get there? The Calgary Real Estate Board just confirmed that fewer homes are available in the region than at any time in the last 15 years. Here's how steeply inventory has dropped year-over-year.



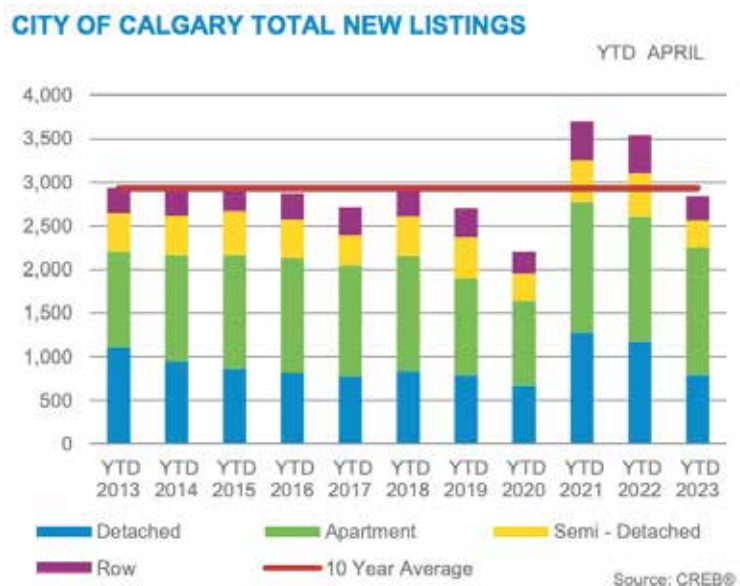


And here's the same chart from last month. March 2023 continued a four-year pattern of steady declines in Calgary inventory, and we hadn't seen numbers that low before. Look up to April's chart: we just broke the record. Again.

Not only was inventory lower in April, it's declining more steeply year-over-year than even March's numbers did!

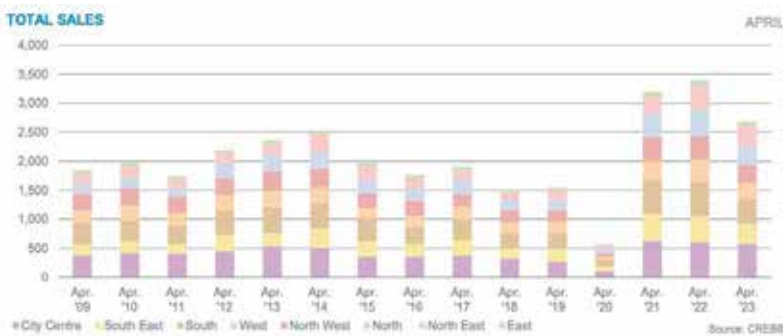
What accounts for the sharp dropoff? Are Calgarians just not listing homes the way they have in the past? Surprisingly, no.

Here's a chart looking at new Calgary listings through April of the last 11 years. We're just a hair short of the average number of new listings over that span.



If supply isn't unusually low, we need to take a look at demand. And that's where things become far more clear.

Have a look at the chart below. Total home sales in Calgary have been sky-high for the last three years, and despite a little year-on-year slide, the past month's figure is still well above our 15-year average.



A lack of new listings isn't the cause of our low inventory: fierce demand is. Homes are being taken off the Calgary market at a much higher clip than usual, and sales don't have a chance to dent our month-to-month inventory levels.

In a typical year, inventory levels climb from April through June. But this—say it with me, now—isn't a typical year. Inventory levels were effectively flat, which is about as rare in April as a 29° day (which happened once, in 1926).

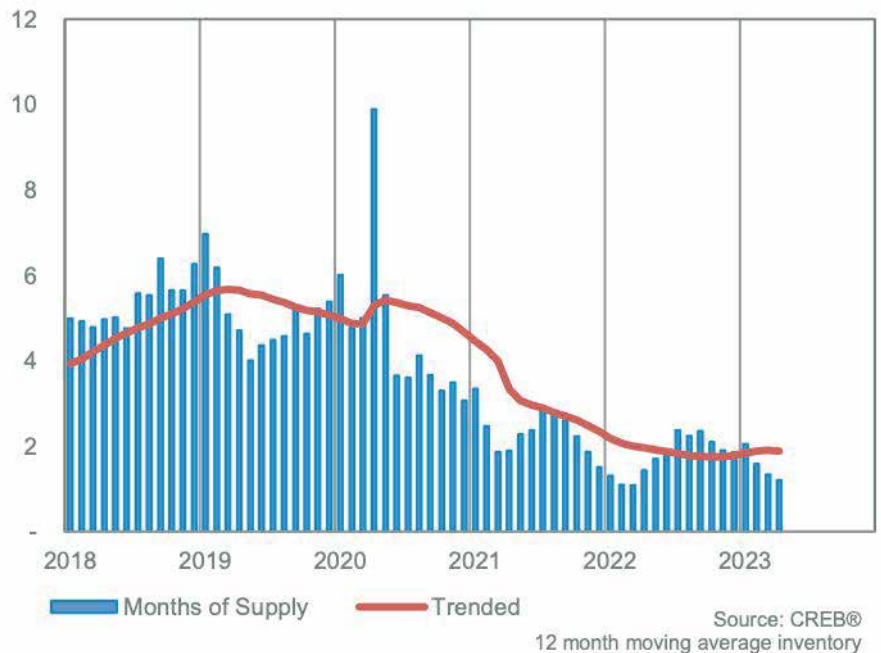
While inventory stayed flat, Calgary's months of supply actually dropped due to increased demand, meaning that without any new listings, we'd go through our existing housing inventory faster than ever.

Just to be clear about how remarkable our situation is, we had 1.33 months of supply at the end of March. We're down to 1.2 at the end of April. To give you an idea of just how tight that makes the market, we got down to 1.43 months of supply in 2022, when the market was heating up beyond what any of us could remember. This year, we're 16% hotter, at least according to months of supply.

Those sorts of numbers need some context, so here are Calgary's months-of-supply figures over the last five years.

Things are even quicker and tighter for specific market segments. Detached inventory stands at 1.12 months; semidetached is at 1.21. Row houses are going even faster, with just 0.95 months of supply, and apartments, usually an outlier here, are still sprinting along at 1.49 months.

CITY OF CALGARY TOTAL MONTHS OF INVENTORY



HOW DOES IT ALL ADD UP?

Calgary continues to attract buyers from other parts of Alberta and from across Canada. Our quality of life remains outstanding, and despite the strong support we're seeing for increased housing prices, the cost of living here is remarkably affordable. As the country discovers Calgary, we're seeing more diversity in our neighbourhoods and in our economy. Our arts and recreation scenes are blossoming, too.

This is more than the story of a hot real estate market that stayed strong. It's the story of a city and a community that's building strength on strength. The stronger we grow, the more attractive Calgary will be to Canada and the world.

We're in this for the long haul. Enjoy the ride!

If you're already invested in Calgary real estate, you own a little piece of a metropolitan community poised to grow and grow for the foreseeable future. Enjoy your investment, and here's to building your prosperity along with your fellow Calgarians.

We're a humble city by nature. Maybe a bit too humble at times. Even if we don't like to pat ourselves on the back too much, it's clear that the world is full of people who know the score. Calgary is full of potential, and we've just begun to tap into it.

That's all for now. I hope this report has given you some food for thought. If you need some help with a specific real estate question, or just want to discuss your options, please write or give me a call. Until then, I'll chat with you next month.