



Q3 2019

Calgary & Region

QUARTERLY UPDATE REPORT



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The forecasts included in this document are based on information available as of Sept. 11th, 2019.

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ECONOMIC UPDATE

OVERALL COMMENTARY

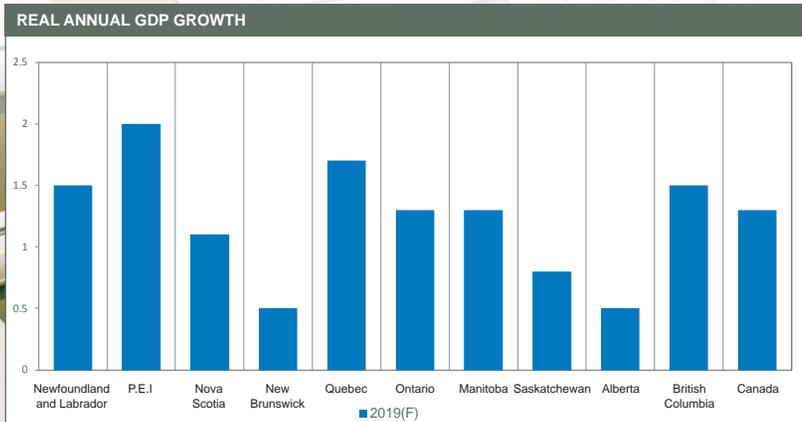
Easing energy investment and elevated risks are weighing on economic growth in the province. Signs of slowing activity have caused many forecasters to adjust down growth expectations for this year, as Alberta is now expected to record one of the lowest provincial growth figures in the country.

Weaker growth in the province will impact the Canadian economy and resulting growth expectations. In an environment of slower economic growth and no concerns regarding inflation, it is unlikely we will see any further gains in interest rates this year.

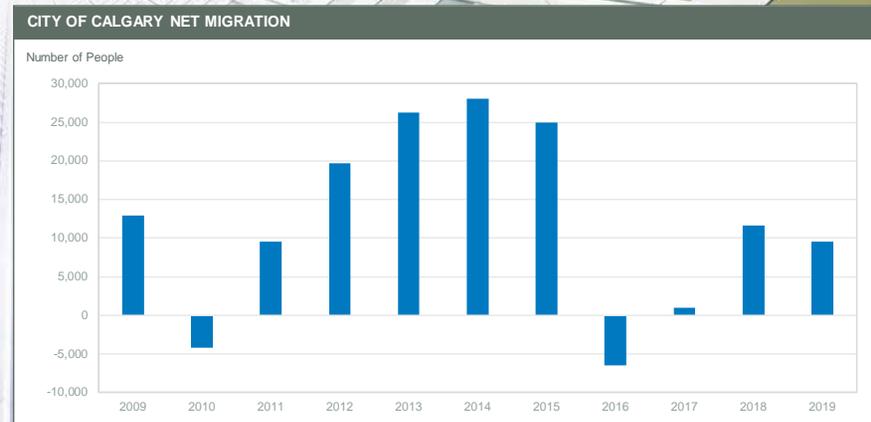
With no significant shift in the economic climate, it is not a surprise migration flows remain at less than half the levels seen prior to the recession. Under 10,000 people are forecasted to migrate to the city this year, and most of them are expected to be from international sources. The lower level and changing composition of migration is not expected to support any significant shifts in housing demand for the remainder of this year.



Source: Bank of Canada, Royal Bank of Canada Forecast



Source: Statistics Canada, Forecast TD Economics, July 2019



Source: City of Calgary Census, City of Calgary Forecast

EMPLOYMENT UPDATE

Slower economic activity has weighed on provincial employment figures. However, Calgary employment activity continues to show signs of improvement.

Most of the year-over-year employment growth in Calgary has been fuelled by full-time jobs, with the strongest growth occurring in health care, other services, and the finance, insurance and real estate sector. There have been some gains in the sectors traditionally related to the energy sector, but most industry experts indicate the gains in those sectors are often lower-paying jobs in more of a support capacity.

Employment gains, coupled with reductions in the unemployment rate, will help support a more stable housing environment. However, salary adjustments and perceptions regarding long-term prospects for the province are likely to continue to direct housing demand to more affordable product.

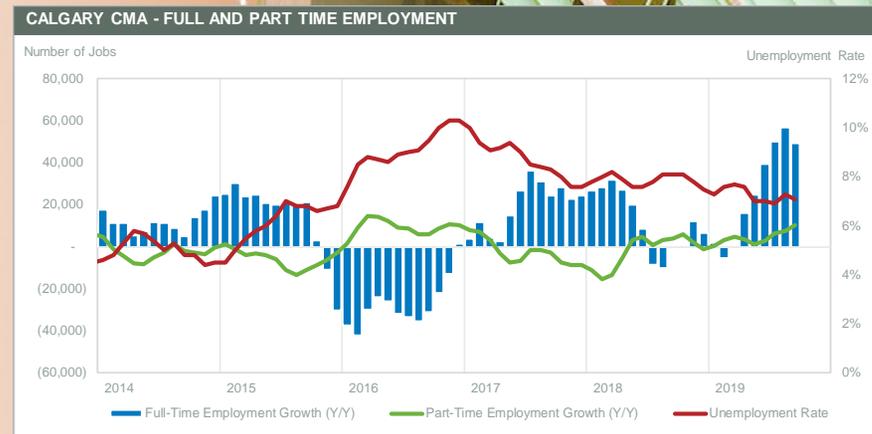
UNEMPLOYMENT RATE

2019	UNEMPLOYMENT RATE	Y/Y CHANGE	Q/Q CHANGE
Q1	7.70	▼	▲
Q2	7.00	▼	▼
Q3	6.90	▼	▼
Q4 (forecast)	7.12	▼	▲

Source: Statistics Canada, forecast: Conference Board of Canada

EMPLOYMENT GROWTH

2019	Y/Y CHANGE	Q/Q CHANGE
Q1	1.53%	1.38%
Q2	5.44%	3.09%
Q3	6.01%	-0.20%
Q4 (forecast)	1.38%	-2.80%



Source: Statistics Canada

NEW HOME & RENTAL



New-home starts continue to ease across all housing types. Elevated inventories in both the new-home and resale markets, combined with no change in demand, are likely causing some of the pullback in starts activity.

This pullback in starts is causing the amount of product under construction to fall. If this trend continues, it should help bring more balance to the housing market. The majority of starts continue to be multi-family product. However, 26 per cent of the apartment and attached product under construction is slated for the rental market.

SINGLE HOUSING STARTS

2019 Year to Date **2,523** ↓
 -15.79% year over year

2019 Forecast **3,243** ↓
 -14.44% year over year

MULTI HOUSING STARTS

2019 Year to Date **5,484** ↓
 -7.41% year over year

2019 Forecast **6,297** ↓
 -12.30% year over year

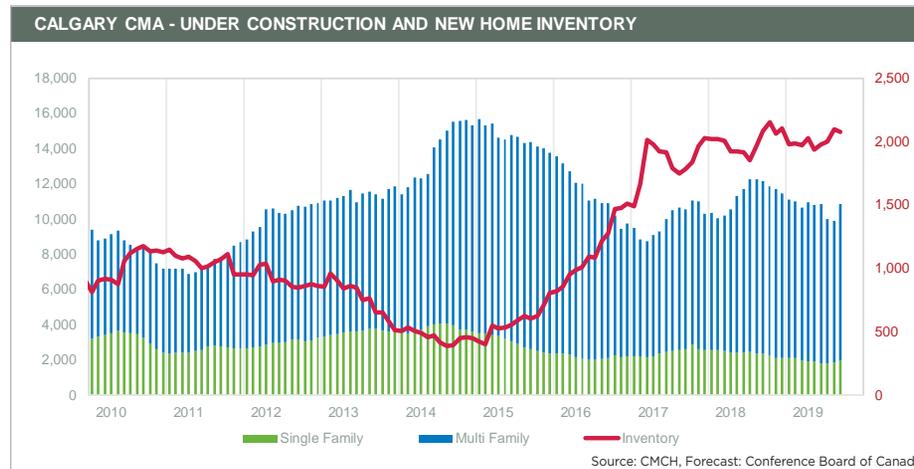
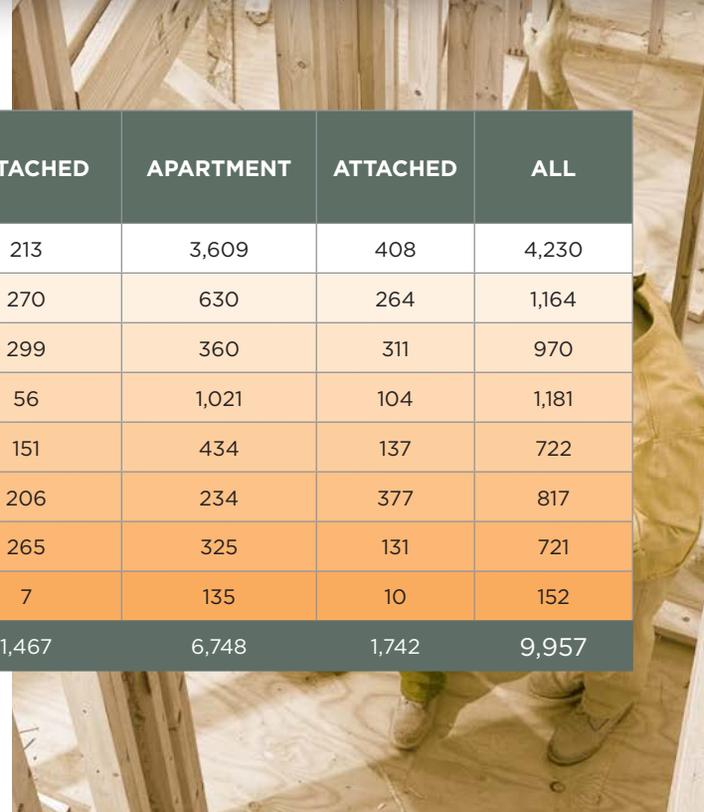
TOTAL HOUSING STARTS

2019 Year to Date **8,007** ↓
 -10.23% year over year

2019 Forecast **9,540** ↓
 -13.04% year over year

Source: CMHC, Forecast: Conference Board of Canada

Year-to-date until September 2019



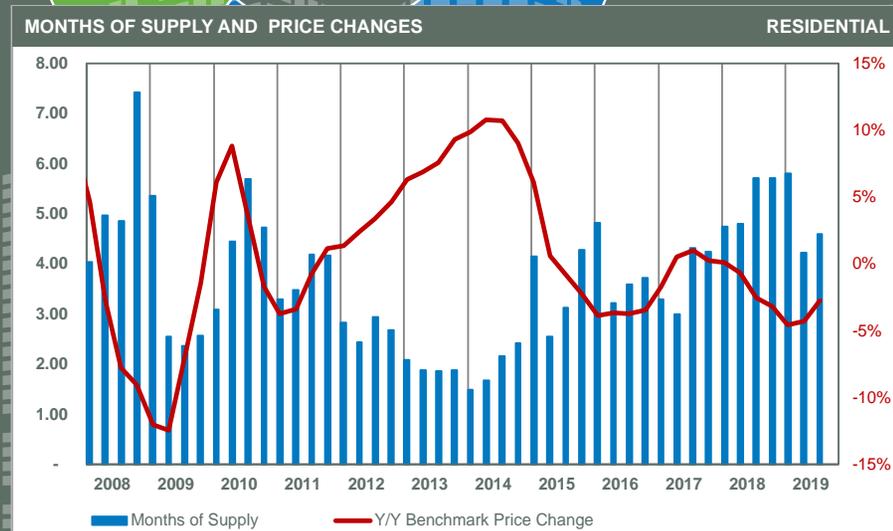
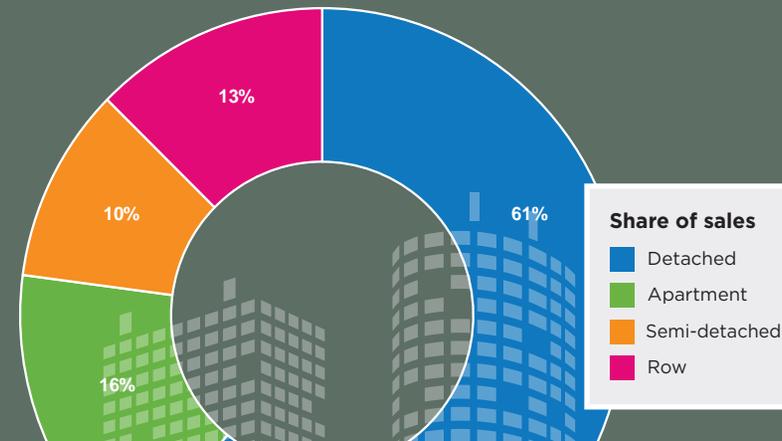
Homes under construction	DETACHED	APARTMENT	ATTACHED	ALL
City Centre	213	3,609	408	4,230
North East	270	630	264	1,164
North	299	360	311	970
North West	56	1,021	104	1,181
West	151	434	137	722
South	206	234	377	817
South East	265	325	131	721
East	7	135	10	152
Total	1,467	6,748	1,742	9,957

CITY OF CALGARY

Third-quarter activity continues to show signs of improvement. Similar to last quarter, much of the improvement in the market has been driven by supply adjustments. However, the housing market has also benefited from stronger year-over-year gains in sales activity this quarter. Price declines have likely contributed to some of the demand growth, as improvements in sales have been driven by product priced under \$500,000.

Improvements in sales compared to new listings are reducing the amount of inventory in the market. Inventory reductions will be required to support more stability in prices, but inventory remains high compared to historical levels for the quarter. The market continues to favour the buyer.

The market is generally trending toward more balanced conditions, impacting the adjustments on prices. Prices continue to remain nearly three per cent below last year's levels, but the pace of decline is easing, and third-quarter prices remained relatively stable compared to second-quarter figures.



Q3 BENCHMARK PRICE

\$425,533

-2.74% year over year ↓

0.31% quarter over quarter ↑

Q3 MONTHS OF SUPPLY

4.60

-19.37% year over year ↓

8.88% quarter over quarter ↑

SALES

Total Q3

4,595 ↑

6.74% year over year

2019 Year to Date

12,934 ↑

0.61% year over year

NEW LISTINGS

Total Q3

8,216 ↓

-9.75% year over year

2019 Year to Date

25,648 ↓

-12.19% year over year

INVENTORY

Total Q3

7,049 ↓

-13.94% year over year

2019 Year to Date

6,810 ↓

-6.32% year over year

HOUSING MARKET DETACHED

Trends in the detached market are comparable to what is occurring across the entire market, but the pace of improvement is slower in this segment.

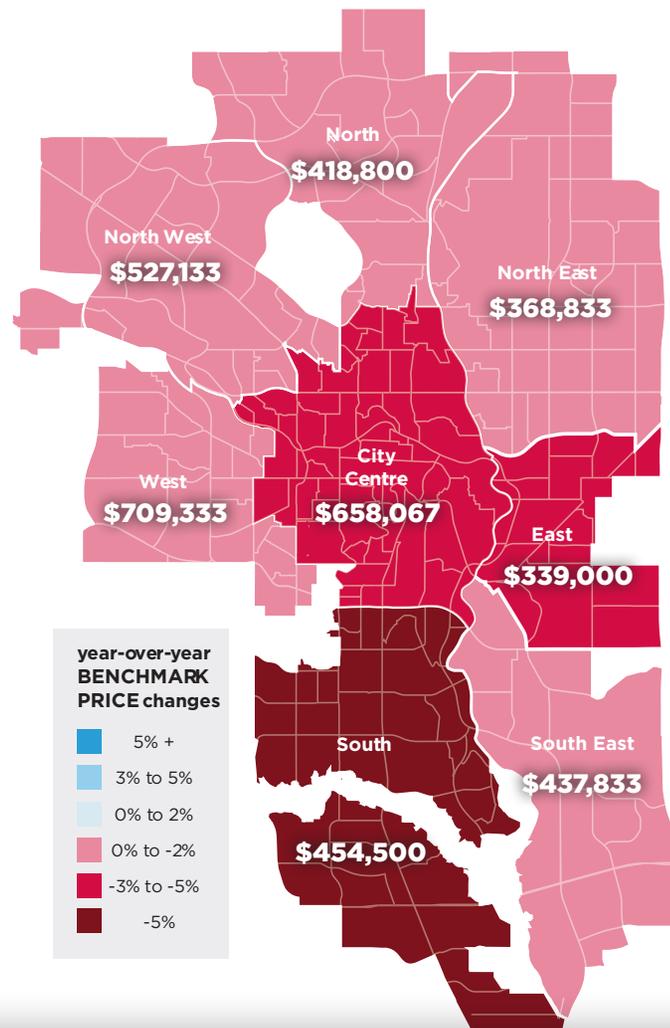
This is partly related to divergent trends seen between product priced above \$500,000 and product priced below \$500,000.

Sales growth this quarter was fuelled entirely by lower-priced product, while higher-priced product continues to struggle with more supply than demand.

As conditions tighten for the lower-priced product, it should support firmer prices in the lower price ranges and eventually translate into more stability for higher-priced product. However, this transition will take some time.

Sales remain well below longer-term trends, but supply adjustments are helping reduce the oversupply compared to last year.

Most districts have started to generate some price stability in the third quarter compared to last quarter, easing the pace of price declines. However, prices remain well below previous highs across all districts in the city.



Q3 BENCHMARK PRICE
\$488,500
 -2.46% year over year ↓
 0.31% quarter over quarter ↑

Q3	MONTHS OF SUPPLY	Q/Q CHANGE	Y/Y CHANGE
City Centre	6.10	↑	↓
North East	4.27	↑	↓
North	3.86	↑	↓
North West	3.94	↑	↓
West	5.07	↑	↓
South	3.36	↑	↓
South East	3.10	↑	↓
East	3.13	↑	↓
Total	4.03	11.22%	-19.22%

SALES
 Total Q3: **2,770** ↑
 3.20% year over year
 2019 Year to Date: **7,865** ↓
 -0.93% year over year

NEW LISTINGS
 Total Q3: **4,709** ↓
 -11.73% year over year
 2019 Year to Date: **14,541** ↓
 -13.22% year over year

INVENTORY
 Total Q3: **3,721** ↓
 -16.63% year over year
 2019 Year to Date: **3,556** ↓
 -6.13% year over year

HOUSING MARKET **APARTMENT**

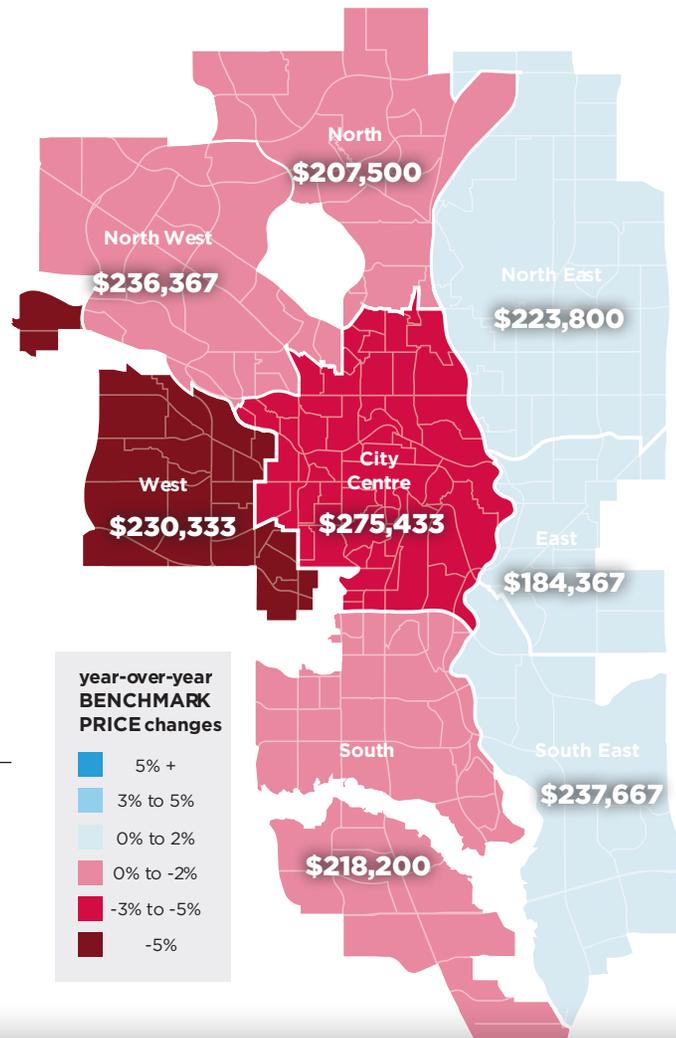
After six consecutive quarters of year-over-year quarterly declines, third-quarter condominium apartment sales improved.

Some of the growth can be attributed to the demand shift toward more affordable product, along with a rising share of new-home product being sold on the resale market.

Easing new listings and improved sales have helped place downward pressure on inventory levels, preventing any further quarterly adjustments in prices.

However, third-quarter benchmark prices remain nearly three per cent lower than last year's levels and nearly 17 per cent lower than 2014 highs.

Some districts are starting to see price improvements. This is a positive trend in this segment, but price recovery will take time as prices remain 15 per cent lower than previous highs.



Q3 BENCHMARK PRICE
\$249,800
 -2.88% year over year ↓
 -0.16% quarter over quarter ↑



Q3	MONTHS OF SUPPLY	Q/Q CHANGE	Y/Y CHANGE
City Centre	6.63	↑	↓
North East	8.09	↑	↓
North	4.60	↑	↓
North West	4.68	↓	↓
West	6.57	↑	↓
South	4.63	↓	↓
South East	6.14	↓	↓
East	4.38	↓	↓
Total	5.99	-1.02%	-16.42% *

SALES

Total Q3
818 ↑
 15.54% year over year

2019 Year to Date
2,107 ↑
 0.14% year over year

NEW LISTINGS

Total Q3
1,559 ↓
 -5.34% year over year

2019 Year to Date
4,956 ↓
 -12.44% year over year

INVENTORY

Total Q3
1,633 ↓
 -3.43% year over year

2019 Year to Date
1,541 ↓
 -8.42% year over year

HOUSING MARKET SEMI-DETACHED

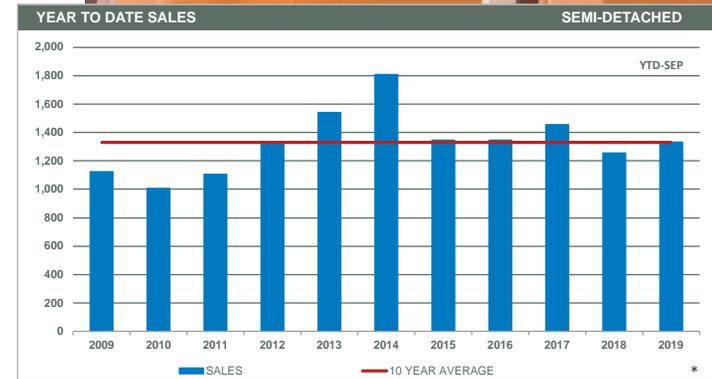
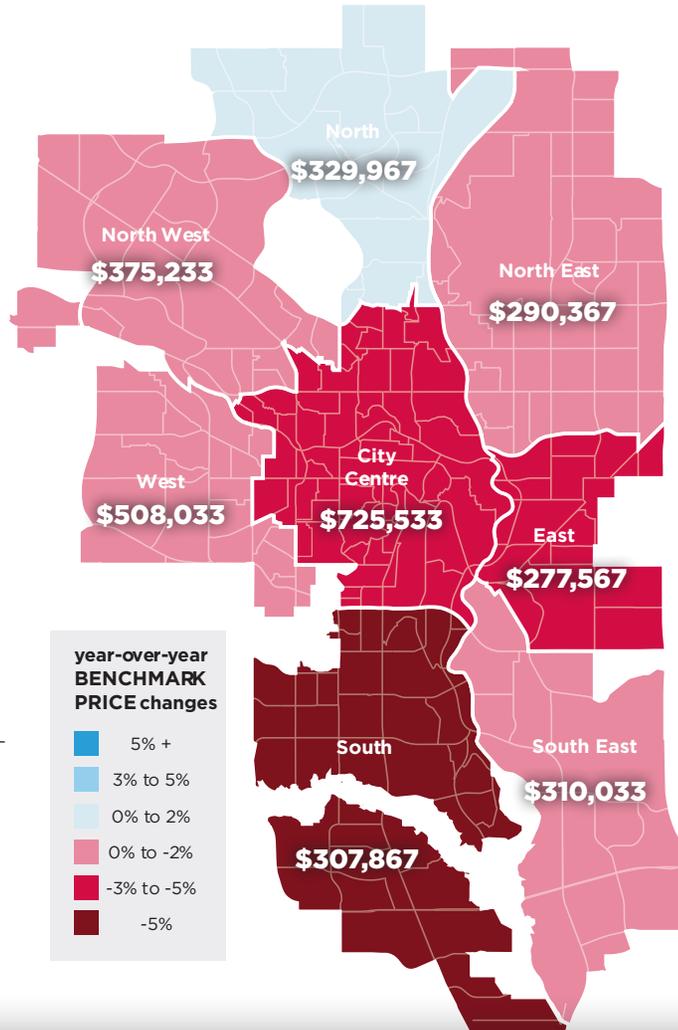
This sector continues to benefit from its relative affordability compared to detached product.

This has supported sales growth again in the third quarter, keeping levels consistent with longer-term trends. It is the only sector with activity consistent with longer-term trends.

New listings have also eased from record quarterly highs reported last year, helping to reduce inventory levels and months of supply.

However, the months of supply remains elevated compared to typical levels, limiting price recovery in this sector. Prices continued to trend down in the third quarter over the previous quarter in all districts except the North, West and South East.

Overall, semi-detached prices remain four per cent lower than quarterly highs, with price adjustments ranging from a two per cent drop in the North to a 13 per cent decline in the South district.



Q3	MONTHS OF SUPPLY	Q/Q CHANGE	Y/Y CHANGE
City Centre	7.45	▲	▼
North East	5.11	▲	▼
North	2.87	▲	▼
North West	4.60	▲	▼
West	4.66	▼	▼
South	3.25	▲	▼
South East	3.47	▲	▼
East	3.90	▲	▼
Total	4.96	20.89%	-22.48%*

Q3 BENCHMARK PRICE
\$397,767
 -2.78% year over year ▼
 0.02% quarter over quarter ▼

SALES

Total Q3 **436** ▲
 5.57% year over year

2019 Year to Date **1,331** ▲
 6.06% year over year

NEW LISTINGS

Total Q3 **858** ▼
 -9.59% year over year

2019 Year to Date **2,672** ▼
 -10.64% year over year

INVENTORY

Total Q3 **721** ▼
 -18.16% year over year

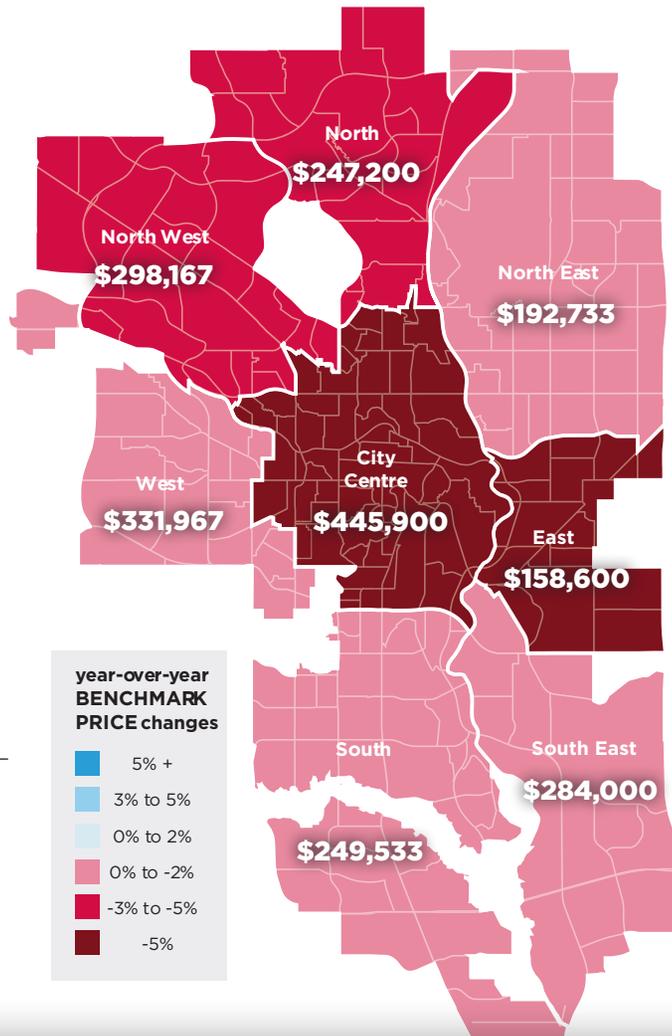
2019 Year to Date **729** ▼
 -4.04% year over year

HOUSING MARKET ROW

Sales activity continued to improve in the third quarter compared to last year across most districts in the city, but it remained well below longer-term averages across all districts except the North and South East.

New listings have also trended down in the city, causing inventory reductions and declines in the amount of oversupply compared to last year.

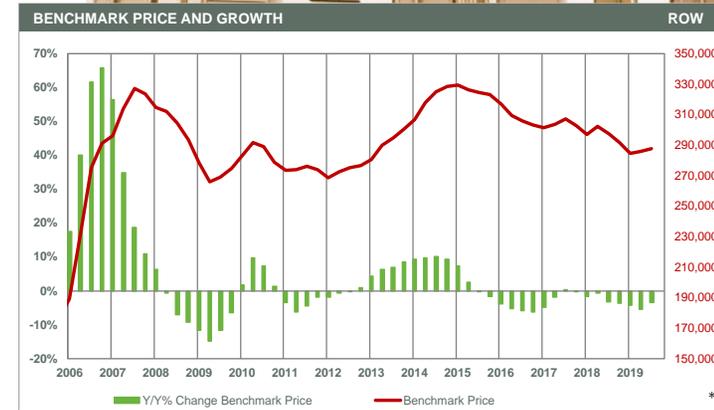
The reductions in supply are supporting more stability in prices across most districts. However, prices are nearly 13 per cent lower than previous highs, with downward price adjustments that range from over 20 per cent in the North East to a low of 10 per cent in the City Centre. The bulk of the inventory is priced below \$400,000 and all product in those price ranges has recorded reductions in inventory and improvements in sales. This is helping to reduce some of the oversupply in those ranges.



year-over-year BENCHMARK PRICE changes



Q3 BENCHMARK PRICE
\$287,533
 -3.29% year over year ↓
 0.54% quarter over quarter ↑



Q3	MONTHS OF SUPPLY	Q/Q CHANGE	Y/Y CHANGE
City Centre	6.56	↓	↓
North East	7.13	↑	↑
North	4.64	↓	↓
North West	5.63	↑	↑
West	5.49	↑	↓
South	3.78	↓	↓
South East	4.04	↑	↓
East	4.37	↓	↓
Total	5.12	2.50%	-26.20% *

SALES

Total Q3 **571** ↑
 14.20% year over year

2019 Year to Date **1,631** ↑
 4.69% year over year

NEW LISTINGS

Total Q3 **1,090** ↓
 -7.08% year over year

2019 Year to Date **3,479** ↓
 -8.45% year over year

INVENTORY

Total Q3 **974** ↓
 -15.72% year over year

2019 Year to Date **984** ↓
 -5.28% year over year

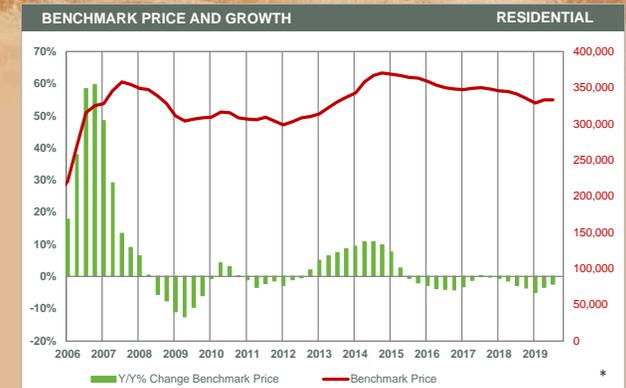
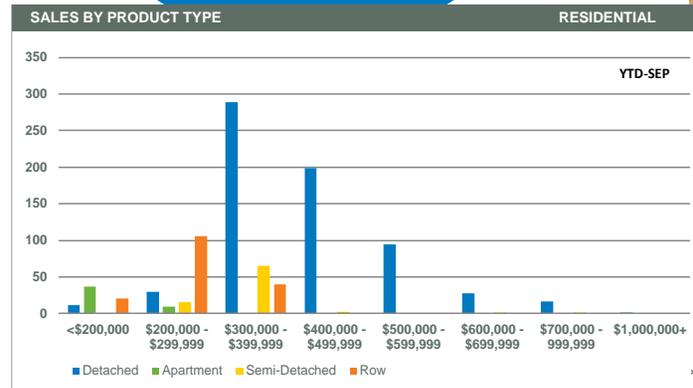
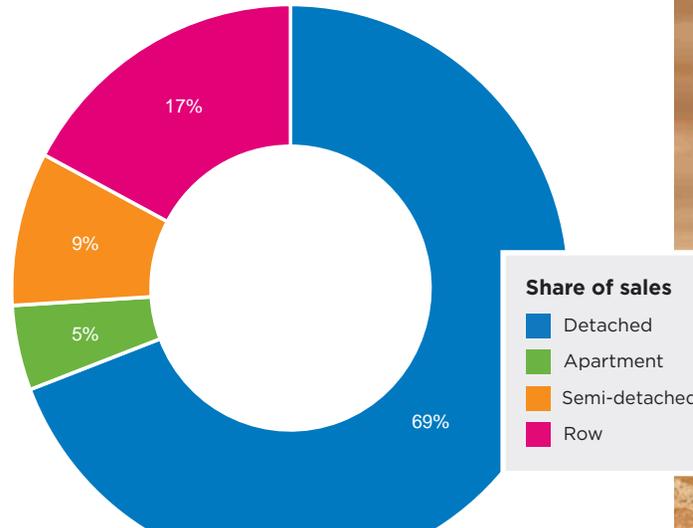
AIRDRIE

Housing demand in the city continued to improve this quarter compared to last year.

New listings declined, leading to some reductions in inventory. These shifts are causing the market to move toward more balanced conditions.

The adjustments in the market are starting to have an impact on price. Quarterly benchmark prices are showing signs of recovery. The rate of annual decline is easing and prices have stabilized compared to the previous quarter.

Much of the improvement in the market has been driven by the detached sector. In a market that has shifted toward more affordable product, Airdrie provides a good alternative for consumers. The typical detached home in Airdrie is priced lower than most district-wide figures in Calgary, and Airdrie typically offers larger lots, newer homes and more square footage.



Q3 BENCHMARK PRICE
\$333,433
 -2.28% year over year ▼
 0.12% quarter over quarter ▲

Q3 MONTHS OF SUPPLY
4.50

-20.62% year over year ▼
 5.72% quarter over quarter ▲

SALES

Total Q3	2019 Year to Date
338 ▲	970 ▲
5.63% year over year	2.97% year over year

NEW LISTINGS

Total Q3	2019 Year to Date
545 ▼	1,754 ▼
-12.10% year over year	-13.13% year over year

INVENTORY

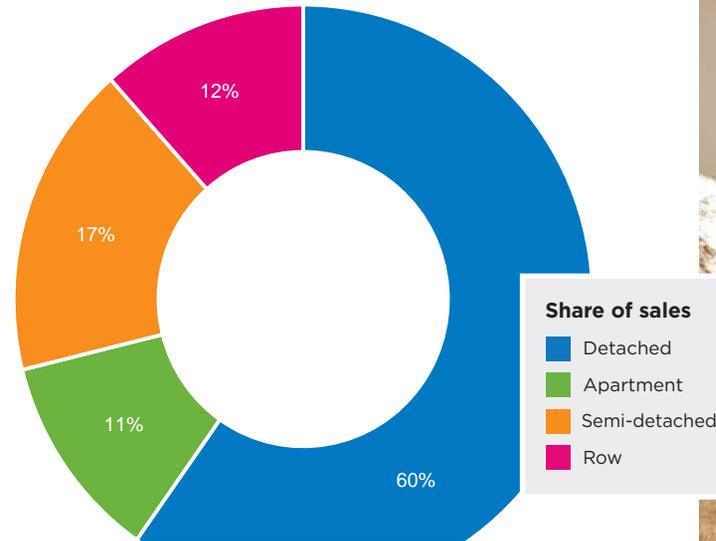
Total Q3	2019 Year to Date
507 ▼	497 ▼
-16.15% year over year	-10.54% year over year

COCHRANE

Due to improvements in the higher-density components of the market, third-quarter sales improved over last year's levels and remain above longer-term trends.

New listings continued to ease, causing reductions in inventory levels. This pushed the months of supply down to levels reflecting more balanced conditions.

With two consecutive quarters of more balanced conditions, prices started to improve in the third quarter compared to the previous quarter. However, these gains were not enough to erase previous declines, as prices remain nearly four per cent lower than last year's levels.



Q3 BENCHMARK PRICE

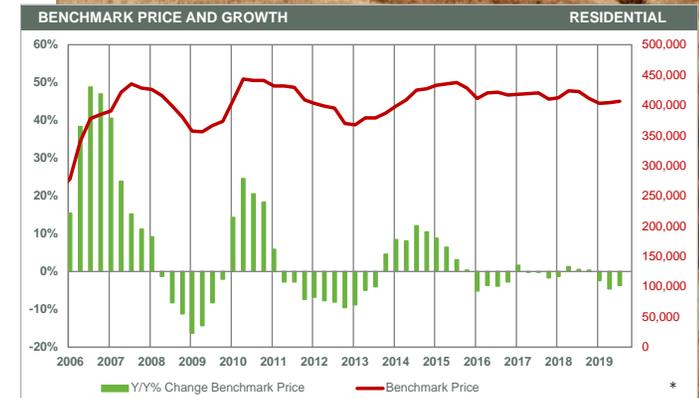
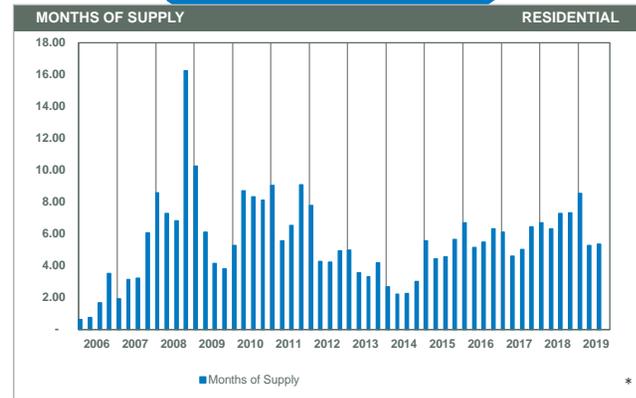
\$407,300

-3.73% year over year ↓
0.60% quarter over quarter ↑

Q3 MONTHS OF SUPPLY

5.37

-26.28% year over year ↓
1.58% quarter over quarter ↑



SALES

Total Q3

177 ↑

12.74% year over year

2019 Year to Date

492 ↑

3.36% year over year

NEW LISTINGS

Total Q3

291 ↓

-16.14% year over year

2019 Year to Date

962 ↓

-10.18% year over year

INVENTORY

Total Q3

317 ↓

-16.89% year over year

2019 Year to Date

332 ↓

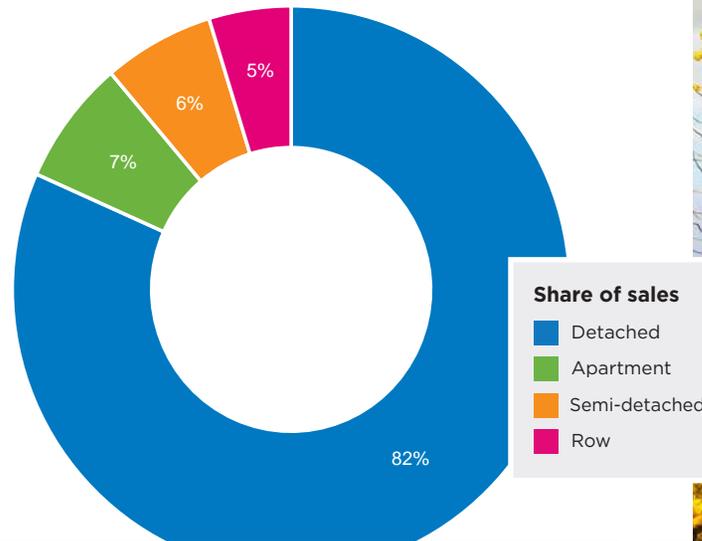
-7.10% year over year

OKOTOKS

Third-quarter sales improved significantly over last year's levels and were more consistent with longer-term trends.

The third quarter also recorded inventory declines and months of supply more consistent with balanced market conditions.

These improvements supported the second consecutive quarter where prices trended up. However, it was not enough to offset previous declines, as year-to-date prices remain just over three per cent lower than last year's levels.



Q3 BENCHMARK PRICE
\$413,500
 -3.30% year over year ↓
 1.17% quarter over quarter ↑

Q3 MONTHS OF SUPPLY
4.40
 -36.88% year over year ↓
 2.44% quarter over quarter ↑



SALES

Total Q3	2019 Year to Date
154 ↑	420 ↑
28.33% year over year	8.53% year over year

NEW LISTINGS

Total Q3	2019 Year to Date
255 ↓	771 ↓
-0.78% year over year	-11.07% year over year

INVENTORY

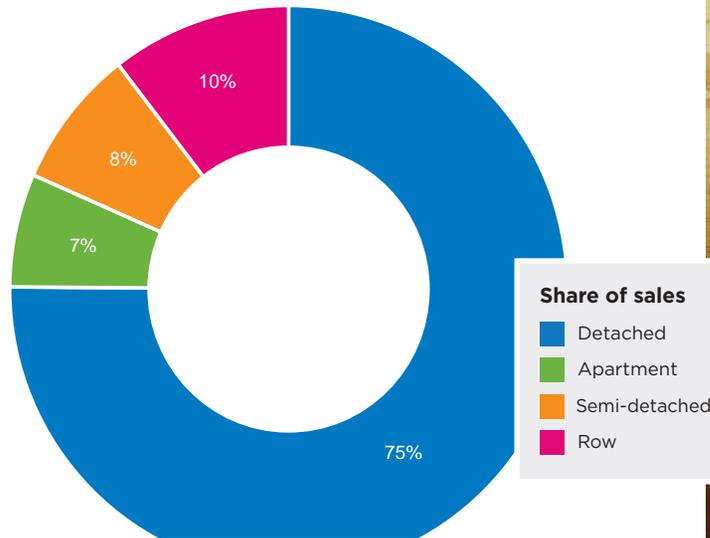
Total Q3	2019 Year to Date
226 ↓	235 ↓
-19.00% year over year	-7.35% year over year

CHESTERMERE

Third-quarter sales declined compared to the previous year. It was the lowest level of sales recorded for the quarter since 2012.

The decline in sales was met with an increase in new listings, causing inventories to rise. This resulted in a months of supply of nine months. This is far higher than the five months typically recorded in the third quarter.

Despite the shift, benchmark prices have improved slightly over the previous quarter, while remaining over three per cent lower than the previous year's levels.



Q3 BENCHMARK PRICE
\$459,500
 -3.28% year over year ↓
 0.60% quarter over quarter ↑

Q3 MONTHS OF SUPPLY
8.27
 24.02% year over year ↑
 -0.13% quarter over quarter ↓



SALES

Total Q3	2019 Year to Date
77 ↓	201 ↓
-15.38% year over year	-15.90% year over year

NEW LISTINGS

Total Q3	2019 Year to Date
202 ↑	572 ↑
22.42% year over year	1.24% year over year

INVENTORY

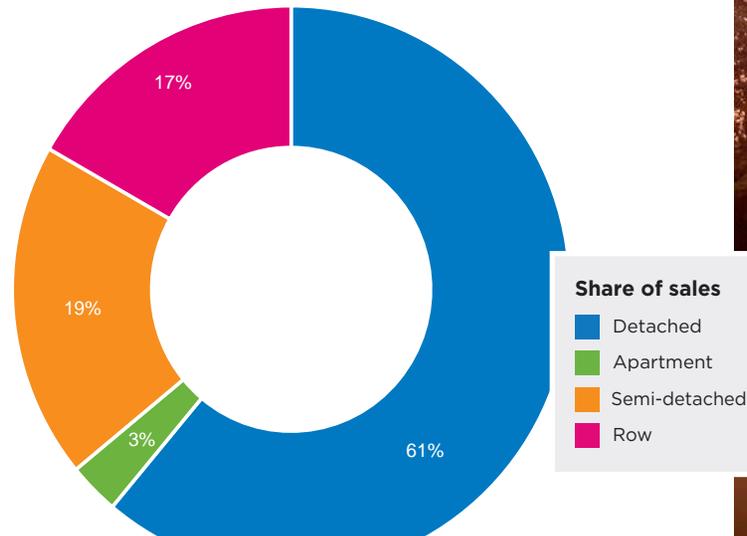
Total Q3	2019 Year to Date
212 ↑	188 ↑
4.94% year over year	6.68% year over year

HIGH RIVER

Sales activity improved for the second quarter in a row, rising to levels consistent with longer-term trends.

Reductions in new listings pushed inventory levels down and caused the months of supply to fall to levels consistent with balanced conditions.

This supported some quarter-over-quarter price growth, but it was not enough to offset previous declines, as prices remained nearly three per cent lower than last year's levels and nearly 10 per cent lower than previous highs.



Q3 BENCHMARK PRICE

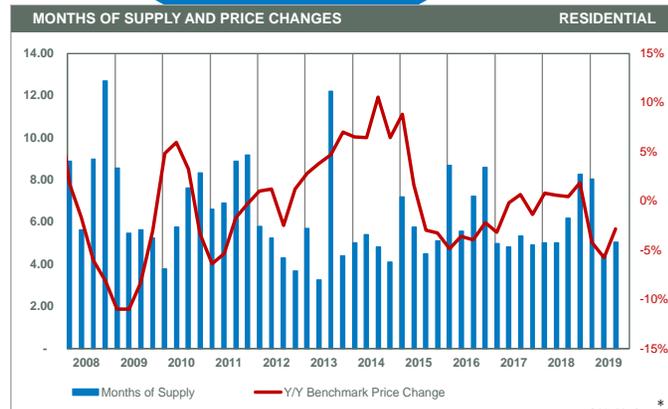
\$316,133

-2.85% year over year ↓
2.34% quarter over quarter ↑

Q3 MONTHS OF SUPPLY

5.03

-18.75% year over year ↓
12.99% quarter over quarter ↑



SALES

Total Q3	2019 Year to Date
73 ↑	203 ↑
14.06% year over year	5.73% year over year

NEW LISTINGS

Total Q3	2019 Year to Date
107 ↓	348 ↓
-1.83% year over year	-0.85% year over year

INVENTORY

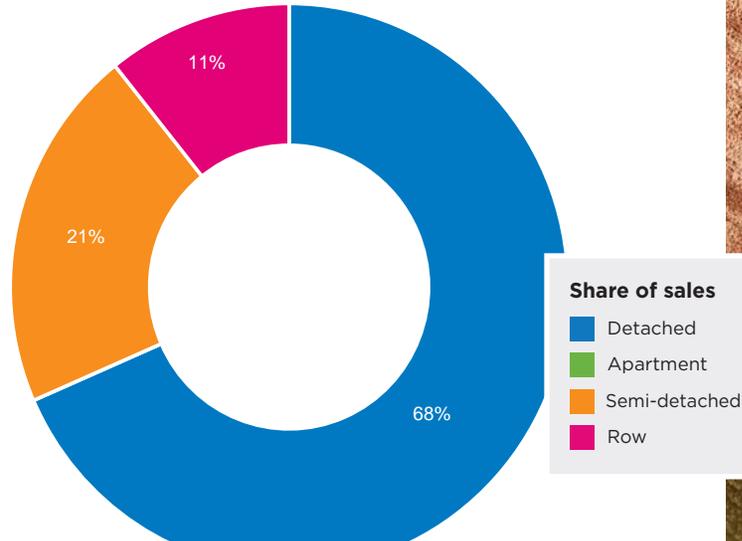
Total Q3	2019 Year to Date
122 ↓	121 ↑
-7.32% year over year	5.50% year over year

STRATHMORE

Sales activity fell for the sixth consecutive quarter, making third quarter sales the weakest recorded since the early 2000s. The supply response has also been notable, with new listings pulling back enough to prevent any further significant gains in inventory levels.

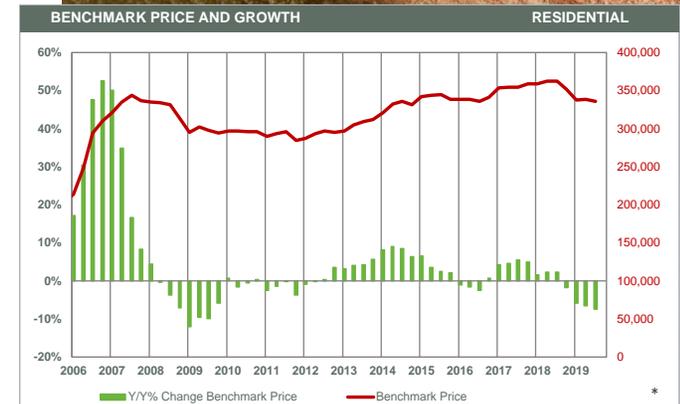
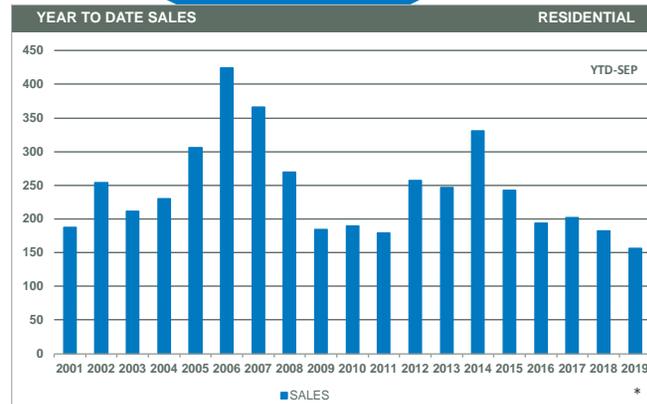
However, persistent high levels of supply relative to sales have weighed on prices. Prices have eased on a quarterly basis and remain over seven per cent lower than last year's levels.

The only segment of the market that has seen improvements in sales and reductions in inventory is product priced below \$200,000, which has accounted for 17 per cent of sales activity this year.



Q3 BENCHMARK PRICE
\$335,967
 -7.35% year over year ↓
 -0.91% quarter over quarter ↓

Q3 MONTHS OF SUPPLY
8.62
 9.84% year over year ↑
 16.37% quarter over quarter ↑



SALES

Total Q3	2019 Year to Date
55 ↓	156 ↓
-15.38% year over year	-14.29% year over year

NEW LISTINGS

Total Q3	2019 Year to Date
116 ↓	395 ↓
-20% year over year	-13.57% year over year

INVENTORY

Total Q3	2019 Year to Date
158 ↓	157 ↑
-7.06% year over year	2.32% year over year



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