

# Housing Review

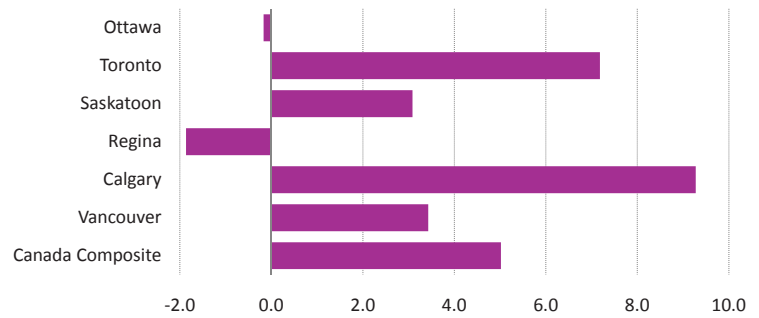
## Calgary's real estate market is officially booming

**Home prices clocked in another 9.5 per cent year-over-year jump in April.** The MLS benchmark home price for Calgary climbed to \$436,900, marking a new record high for the city. Both single- and multi-family homes registered price increases, but the latter segment of housing has been growing at a slightly faster pace for several months. On a year-to-date basis, the benchmark price for single-family homes is up 8.8 per cent, while the apartment benchmark price has risen 11.6 per cent.

**A healthy increase in new listings helped relieve low inventories.** Even so, residential resale activity continued to outpace new listings on a year-to-date basis in April. The number of units sold climbed to 3,348, up from 3,170 in March. The ratio of sales-to-new listings receded to 0.67 in the month, but with the spring selling season well underway it is reasonable to anticipate markets to tighten further in May. By the end of the summer we continue to expect Calgary to be fully entrenched in a sellers' market.

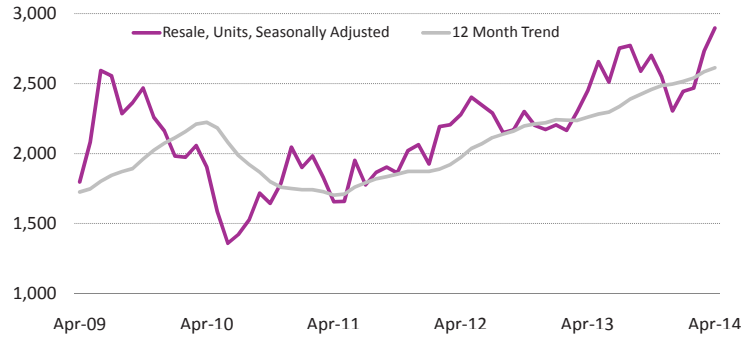
**In spite of swelling home price valuations, Calgary remains highly affordable.** Mortgage lenders continue to undercut one another in an effort to attract buyers. Most recently, Scotiabank cut its 5-year fixed mortgage rate to 2.97 per cent, a move which is liable spur other lenders to reduce their rates as well. Unlike their predecessors, both the Governor of the Bank of Canada and the Federal Finance Minister have indicated that they are not particularly inclined to intervene in the housing market. Consequently, low rates will remain the norm for some time.

**Canadian Home Prices**  
MLS Benchmark Home Price, Year-to-Date Percentage Change



Sources: CREA, Corporate Economics

**Residential Resale**  
Units Sold



Sources: CREA, Corporate Economics

### Calgary's Housing Market - April 2014

	Apr-14	Mar-14	Feb-14	Apr-13	Annual Change (%)	YTD	2013
Building Permits (Units)	874	714	857	1,200	-27.2	905	1,150
Single-family (Units)	413	430	248	438	-5.7	389	409
Housing Starts (Units)	1,238	1,219	1,063	904	36.9	1,163	782
Single-family (Units)	459	316	404	428	7.2	380	391
MLS Benchmark Home Price (\$000s)	436.9	431.1	424.8	398.9	9.5	428	404
Single-family (\$000s)	478.8	472.8	465.5	438.9	9.1	469.2	443.4
Apartment (\$000s)	290.2	285.9	282.2	260.3	11.5	284.4	265.3
Resales (Units)	3,348	3,170	2,363	3,003	11.5	2,671	2,496
Sales:Listings Ratio (Dimensionless)	0.67	0.72	0.67	0.64		0.66	0.73
5-Year Mortgage Rate (%)	4.99	4.99	5.24	5.14		5.12	5.24
Average Weekly Wage Rate (\$)	1,098.73	1,093.45	1,087.39	1,114.15	-1.4	1089.31	1,101.35

Source: Statistics Canada, CREA, CMHC, Corporate Economics, May 2014

# Housing Review

Jillian Kohut, Associate Economist | Estella Scruggs, Corporate Research Analyst

May 29, 2014

One factor that has persisted in undermining affordability is the pullback in wage inflation. Average weekly wage gains slowed to 0.5 per cent month-over-month in April, and fell 1.5 per cent year-over-year. Furthermore, energy prices remain elevated, which has driven up heating costs. While natural gas prices are apt to remain relatively high compared with the same time last year, a robust labour market should reignite wage growth in the coming months. Calgary continues to be very affordable compared with other major Canadian cities, which will help sustain further property price advances. That said, we do not anticipate a return to the 60 per cent year-over-year price increases we saw in 2006. Calgary is a long way from another real estate bubble.

**Builders continued to play catch-up with population growth in April.** Housing starts came in at 1,238 units in the month, a 36.9 per cent leap from the same month last year. The annual increase stemmed mostly from multi-family homes, although single-family starts were also on the rise. With real estate prices becoming increasingly expensive, the multi-family segment will probably continue to thrive. Meanwhile, building permits give us an indication of future new home building activity. The city approved 874 new dwellings in April, with a relatively even split between single- and multi-family homes. The number of permits issued was down over 25 per cent from April 2013, but given the extent to which housing starts have lagged residential permits over the last year, it is likely that builders are going to focus on building the homes that have been approved rather than taking out new permits. Consequently, permits may continue to wane while housing starts rise. Overall the residential construction outlook for Calgary in the near-term looks very bright.

Next update: June 26, 2014

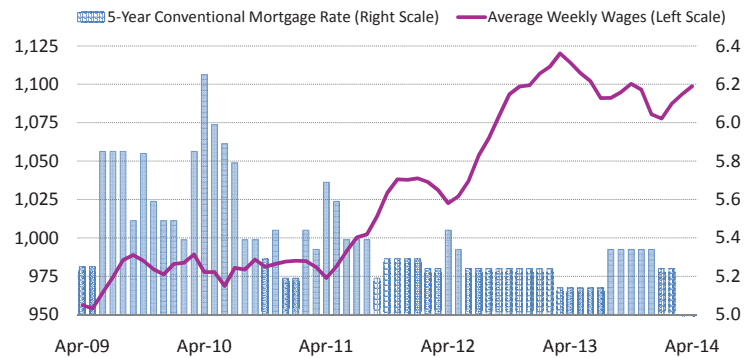
## Who We Are

Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced at researching different economic topics and developed reliable methods of forecasting and analysis.

Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

The City of Calgary provides this information in good faith. However, the aforementioned organization makes no representation, warranty or condition, statutory express or implied, takes no responsibility for any errors and omissions which may contained herein and accepts no liability for any loss arising from any use or reliance on this report.

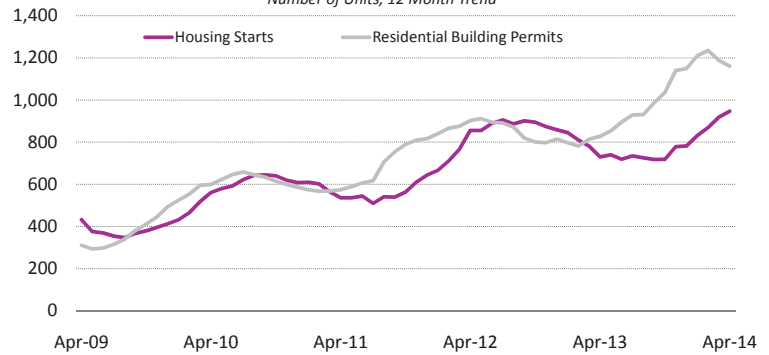
### Housing Affordability Factors



Sources: Statistics Canada, Corporate Economics

### Residential Construction

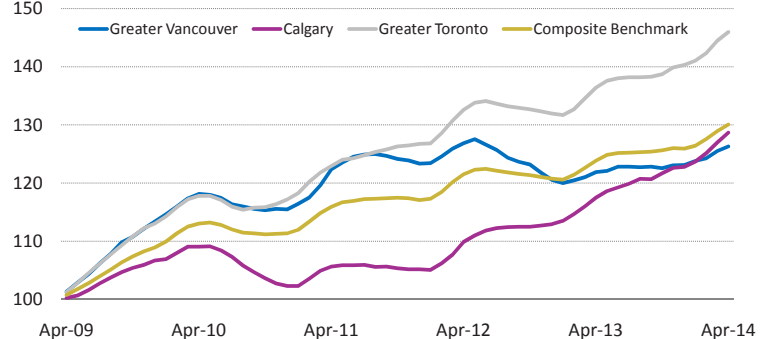
Number of Units, 12 Month Trend



Sources: Statistics Canada, CMHC, Corporate Economics

### MLS Composite Benchmark Home Price

Indexed to March 2009 = 100



Sources: CREA, Corporate Economics