

Housing Review

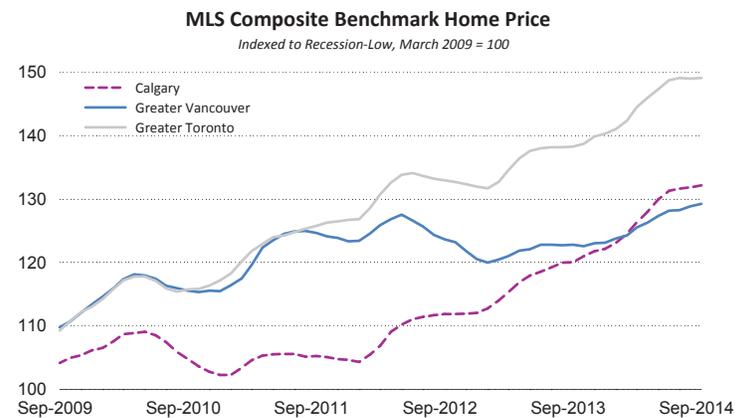
Calgary's real estate market showed signs of improved balance in September.

The recent plunge in energy prices is unlikely to meaningfully harm Calgary's housing market in the near term. Although a prolonged period of sub-US\$80/barrel oil prices would likely place considerable drag on Calgary's real estate market, the current slump is likely to be a short run phenomenon. Consequently, it is unlikely that there will be a substantial impact on property values. Even though WTI oil prices have slumped to five-year lows, the price received by most heavy oil producers in Alberta remains on par with year-ago levels. This is a result of improved transportation conditions, the sharp depreciation of the Canadian dollar, and falling prices for the diluents (condensate) required to blend with heavy oil in order to bring it up to pipeline specifications. The resilience in heavy oil prices will partially shield Canadian producers from the current volatility, and prevent the kind of labour market deterioration that would damage Calgary real estate values.

After decelerating for two consecutive months, home price inflation picked up in September. The MLS benchmark home price for Calgary advanced 10.1 per cent year-over-year, as prices for single-family advanced 10.4 per cent while apartment condo inflation slowed to 9.5 per cent.



Sources: CREA, Corporate Economics



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Calgary's Housing Market - September 2014

	Sep-14	Aug-14	Jul-14	Sep-13	Annual Change (%)	YTD	2013
Building Permits (Units)	1,053	1,174	1,314	1,286	-18.1	1,056	1,149
Single-family (Units)	328	311	441	372	-11.8	395	409
Housing Starts (Units)	1,322	1,318	1,101	704	87.8	1,256	782
Single-family (Units)	353	414	485	467	-24.4	407	391
MLS Benchmark Home Price (\$000s)	450.4	449.4	448.7	409.1	10.1	439	403
Single-family (\$000s)	494.3	493.4	492.5	447.9	10.4	481.3	442.8
Apartment (\$000s)	297.5	296.9	296.6	271.7	9.5	291.2	265.1
Resales (Units)	2,837	2,976	3,177	2,475	14.6	3,008	2,496
Sales:Listings Ratio (Dimensionless)	0.67	0.71	0.72	0.68		0.68	0.73
5-Year Mortgage Rate (%)	4.79	4.79	4.79	5.34		4.91	5.24
Average Weekly Wage Rate (\$)	1,116.87	1,107.32	1,100.68	1,091.18	2.4	1,095.08	1,102.93

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

Housing Review

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The resale market found a better balance heading into autumn.

While the number of sales edged down from August to 2,837 units, new listings advanced in September, resulting in a decline in the sales-to-new-listings ratio. The ratio receded 0.4 percentage point to 0.67. Even so, resale activity climbed 14.6 per cent from the same time last year, and the Calgary market is on track to exceed the total number of units sold in 2013 by a significant margin.

Sturdier wage growth has helped to contain the deterioration of housing affordability somewhat.

Average weekly wages advanced by 2.0 per cent in September, marking their third consecutive annual increase. Gains in employee compensation have been muted in recent months, as a sizable inflow of new migrants has added slack to the labour market. This has alleviated labour shortages to some extent, and has slowed wage growth as a result. Meanwhile, mortgage rates were flat at 4.79 per cent once again in September, as the Bank of Canada remains unlikely to begin raising interest rates until mid-2015.

Housing starts climbed modestly in September, while recent building permit figures continue to point to a slight moderation in residential construction in the coming months.

Starts hit 1,322 units in the month, an increase of just four units from August. Even so, they nearly doubled from the same time last year. Meanwhile, the total number of building permits issued by The City fell to 1,053 units as construction intentions for multi-family homes continued to wane. We expect building permits to continue to moderate after soaring for much of the last 12 months. Housing starts necessarily lag building permits, and until they are caught up it's quite likely that construction intentions will continue to moderate.

Next update: November 19, 2014

Who We Are

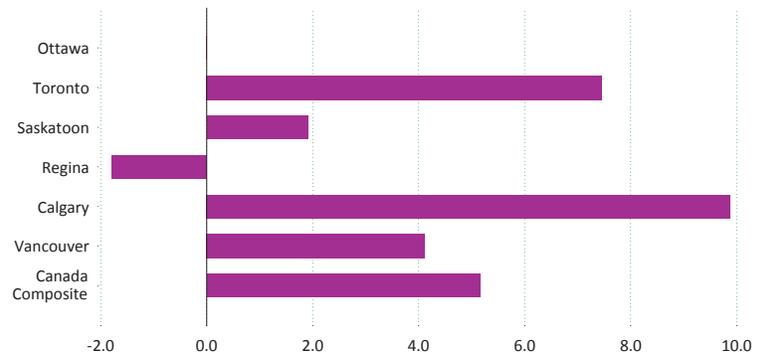
Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced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

Many of our publications are available on the internet at www.calgary.ca/economy.

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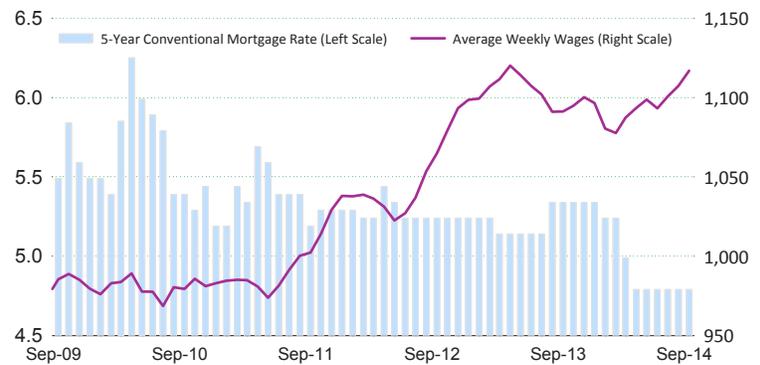
Canadian Home Prices

MLS Benchmark Home Price, Year-to-Date Percentage Change



Sources: CREA, Corporate Economics

Housing Affordability Factors



Sources: Statistics Canada, CMHC, Corporate Economics

Residential Construction

Number of Units, 12 Month Trend



Sources: CREA, Corporate Economics

