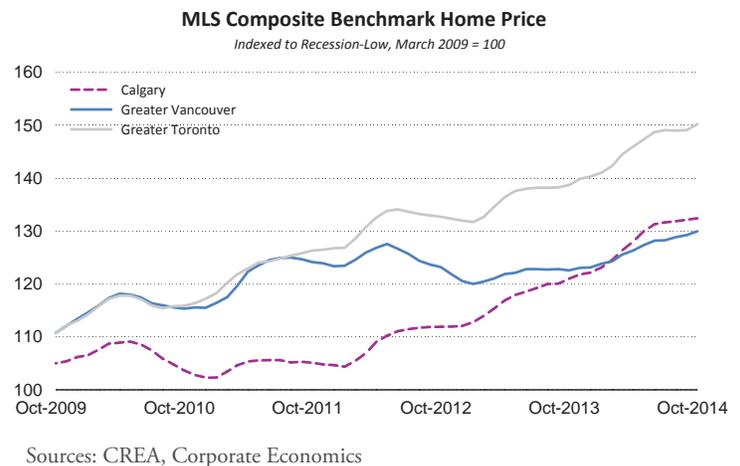
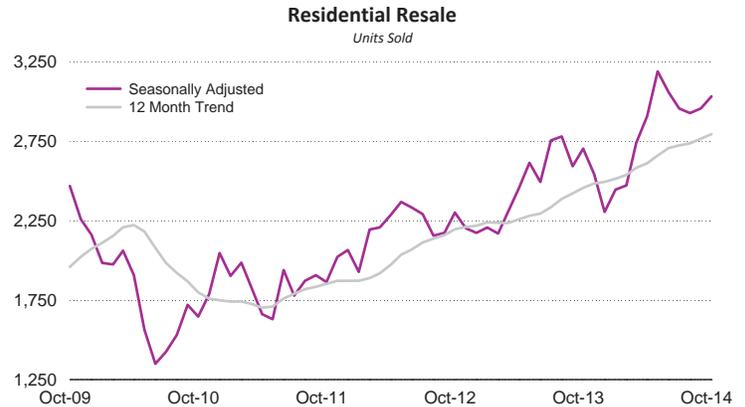


Property values continued to climb in October in spite of energy market uncertainty.

Home prices in Calgary rose 9.5 per cent year-over-year in October. The primary driver of property price growth has shifted in recent months. While condo price gains outpaced those for single family homes for the better part of 2014, the situation has reversed itself in the last few months. Annual apartment condo price increases slowed to 8.6 per cent in October, while single family home prices were up 9.6 per cent. Going forward, Calgary's housing market should not be significantly harmed by the recent plunge in oil prices, but Calgarian home buyers may exhibit more cautious behaviour if crude prices remain low for an extended period of time. This would lead to slower home price inflation in the coming months.

The resale market tightened significantly in October. The number of sales was up on both a monthly and annual basis in the month, with advances of 0.4 per cent and 13.5 per cent, respectively. This resulted in a total of 2,848 units sold. Conversely, the number of new listings plunged 10.9 per cent from September, resulting in a sharp increase in the sales-to-new-listing ratio. The ratio rose from 0.67 in September to 0.75, marking its highest reading since December 2013. Overall 2014 is set to be a record year for Calgary's resale market. In just 10 months, 29,922 homes were sold in the city, almost surpassing 2013's entire 12 month total of 29,954 units.



Calgary's Housing Market - October 2014

	Oct-14	Sep-14	Aug-14	Oct-13	Annual Change (%)	YTD	2013
Building Permits (Units)	1,612	1,053	1,174	1,219	32.2	1,112	1,148
Single-family (Units)	357	328	311	419	-14.8	392	409
Housing Starts (Units)	1,147	1,322	1,318	793	44.6	1,245	782
Single-family (Units)	306	353	414	371	-17.5	397	391
MLS Benchmark Home Price (\$000s)	451.3	450.4	449.4	412.3	9.5	440	403
Single-family (\$000s)	494.8	494.3	493.4	451.4	9.6	482.7	442.8
Apartment (\$000s)	298.6	297.5	296.9	274.9	8.6	291.9	265.1
Resales (Units)	2,848	2,837	2,976	2,510	13.5	2,992	2,496
Sales:Listings Ratio (Dimensionless)	0.75	0.67	0.71	0.76		0.69	0.73
5-Year Mortgage Rate (%)	4.79	4.79	4.79	5.34		4.90	5.24
Average Weekly Wage Rate (\$)	1,118.55	1,116.58	1,116.87	1,100.23	1.7	1,101.05	1,101.35

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

Housing Review

Although wage growth has gained traction in the last few months, it has been unable to keep up with rising home prices. Average weekly wages advanced by 1.7 per cent in October, marking their fourth annual increase. Gains in employee compensation have been fairly muted this year, as a deluge of new migrants has added a certain amount of slack to the labour market. This has alleviated labour shortages to some extent, and has slowed wage growth as a result. Consequently, affordability in Calgary has been on the decline this year. However, low borrowing costs have helped ease some of the affordability crunch. Mortgage rates were flat at 4.79 per cent once again in October, and the Bank of Canada remains unlikely to begin raising interest rates until mid-2015.

New home construction showed few signs of slowing down in October. On the strength of multi-family homes, housing starts jumped 44.6 per cent year-over-year in October, although they contracted 13.2 per cent from September. Meanwhile, the total number of building permits issued by The City soared 53.1 per cent month-over-month to 1,612 units. This was also a result of the multi-family home segment. While our expectation is for building permits to moderate in the coming months, new home building will continue to chug along at a healthy pace.

Next update: December 18, 2014

Who We Are

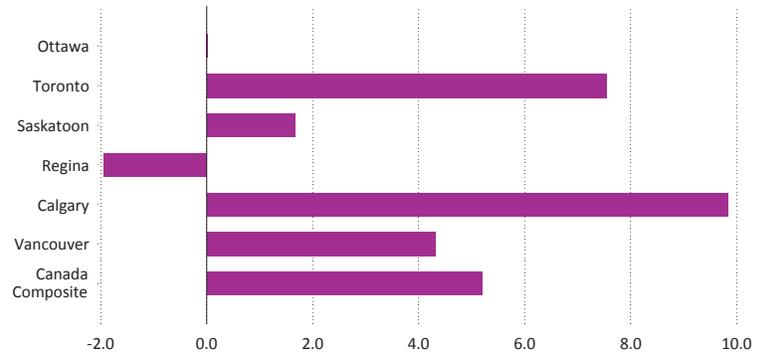
Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced 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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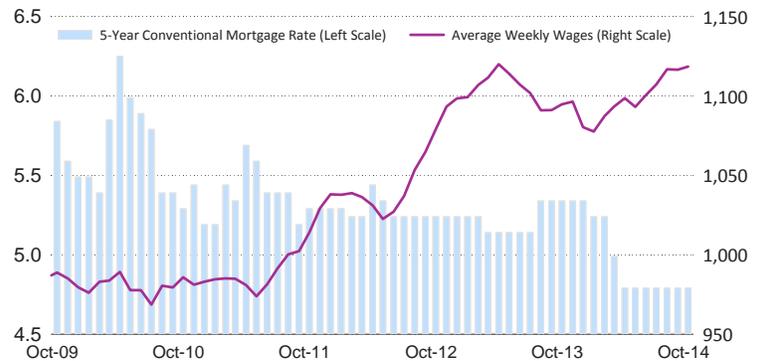
Canadian Home Prices

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