

# Housing Review

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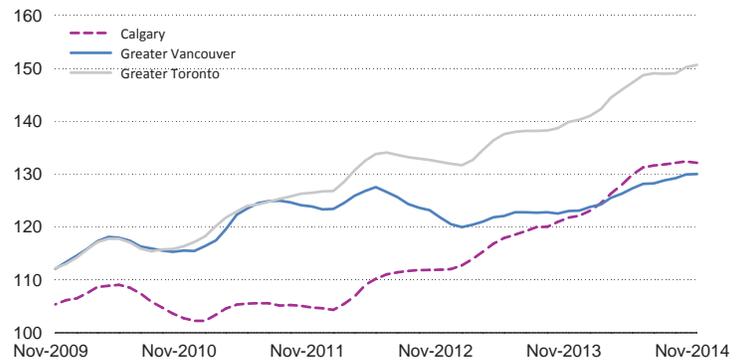
## Calgary's housing market showed signs of cooling off in November.

**Home price growth has lost some momentum.** A small decline in single family home prices in November dragged the MLS benchmark home price down 0.2 per cent from October. However, this marginal dip in prices on a monthly basis comes in the wake of 33 consecutive gains. Moreover, on a year-over-year basis, the benchmark price was up a still-hefty 8.5 per cent. It's possible that home inflation will slow going forward as consumer confidence in Calgary is tempered by sharply lower oil prices, but annual price gains of nine or 10 percent are simply not sustainable regardless of the current energy market environment. Real estate values may grow at a slower pace in the months ahead, but at this point, market fundamentals such as population growth and vacancy rates do not lend themselves to sustained declines in home prices.

**Resale market activity slowed considerably in November.** The number of home sales fell 19.5 per cent to 2,292 units from the month before, and the annual increase decelerated from 13.5 per cent in October to 5.5 per cent. One factor that may have stunted resale activity was a lack of inventory. There were just 2,727 new properties on the market, down from 3,775 in October. The sales-to-new-listings ratio rose accordingly, to 0.83 per cent. Going forward we may see some slack materialize in the property market due to uncertainty in the oil patch. A slowdown would likely restore balance in the housing market, which has been a seller's market for much of the past two years.

MLS Composite Benchmark Home Price

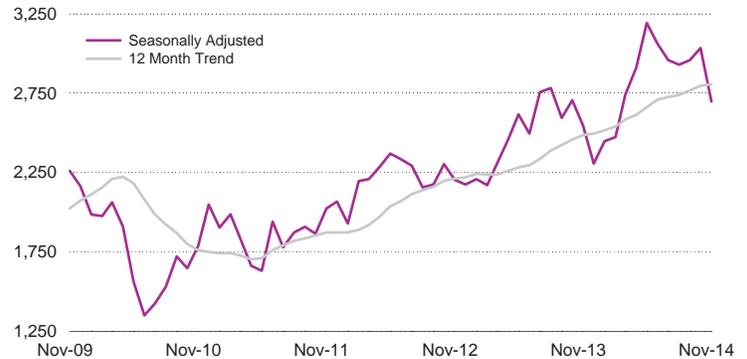
Indexed to Recession-Low, March 2009 = 100



Sources: CREA, Corporate Economics

Residential Resale

Units Sold



Sources: CREA, Corporate Economics

### Calgary's Housing Market - November 2014

	Nov-14	Oct-14	Sep-14	Nov-13	Annual Change (%)	YTD	2013
Building Permits (Units)	723	1,612	1,053	1,890	-61.7	1,076	1,148
Single-family (Units)	303	357	328	442	-31.4	383	409
Housing Starts (Units)	827	1,147	1,322	1,451	-43.0	1,207	782
Single-family (Units)	398	306	353	437	-8.9	397	391
MLS Benchmark Home Price (\$000s)	450.4	451.3	450.4	415.0	8.5	441.0	403.2
Single-family (\$000s)	492.9	494.8	494.3	454.2	8.5	483.6	442.8
Apartment (\$000s)	299.5	298.6	297.5	278.2	7.7	292.6	265.1
Resales (Units)	2,292	2,848	2,837	2,173	5.5	2,929	2,496
Sales:Listings Ratio (Dimensionless)	0.83	0.75	0.67	0.91		0.70	0.73
5-Year Mortgage Rate (%)	4.79	4.79	4.79	5.34		4.89	5.24
Average Weekly Wage Rate (\$)	1,116.93	1,118.55	1,116.58	1,096.50	1.9	1,102.49	1,101.35

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



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**New home construction took a breather in November following an extremely strong showing in October.** Building permits plunged 55.1 per cent month-over-month, but only following an increase of roughly the same magnitude in October. Housing starts were also down in the month. The main reason for the sharp change in residential construction was the multi-family home segment, which is prone to considerable variability. It would be premature to assume the contraction was related to energy market conditions. Both housing starts and building permits are highly volatile, so one month of declines does not say anything particularly meaningful about residential construction in Calgary. That said, we have been anticipating a moderation in construction activity for quite some time, and expect to see it begin to materialize in 2015.

*Next update: January 29, 2015*

## Who We Are

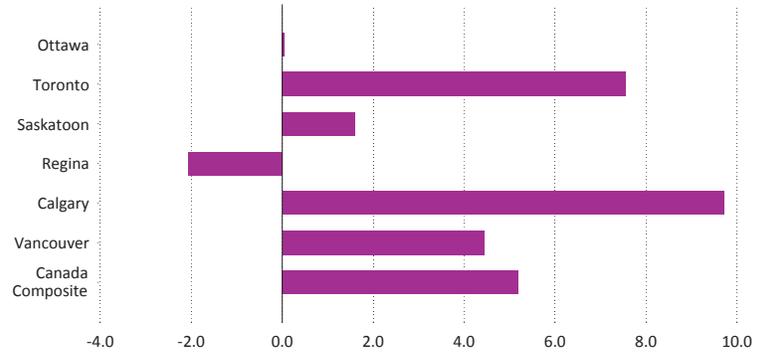
Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced 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](http://www.calgary.ca/economy).

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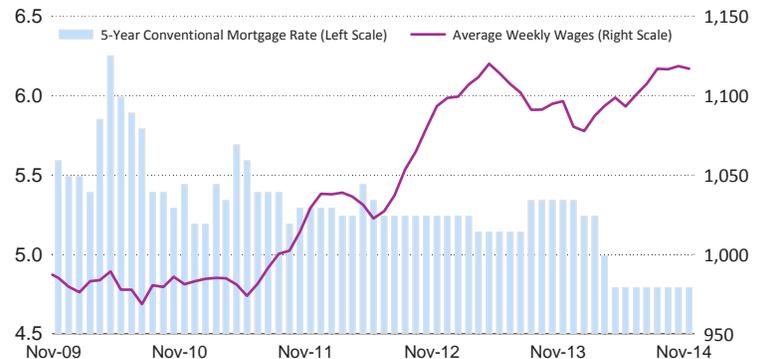
### Canadian Home Prices

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

