

# Housing Review

## Year in Review

The housing market was adversely affected by falling oil prices in 2015. For example, the energy sector’s cashflow was reduced by falling oil prices and firms responded by cutting capital expenditures and the size of their payrolls. These actions have contributed to the unemployment rate rising to 6.1 per cent in 2015 from 4.9 per cent in 2014. Slower growth in the overall economy and in the labour market in particular have weighed on consumer confidence and resulted in individuals being reluctant to make major financial commitments such as house purchases.

The number of re-sale housing units sold in 2015 was 23,993, down 9,622 units from 2014. During this period, new listings were estimated at 42,700 units in 2015, down 5,387 units from 2014. Since units sold fell by a greater amount than units listed, the sales listing ratio retreated to 56.5 per cent in 2015 from 70.5 per cent in 2014. In other words, the supply of housing in the re-sale market grew faster than the amount sold thus leaving 43.5 per cent of total listings on the market.

The supply of housing also increased in the rental market. The apartment vacancy rate rose to 5.3 per cent in 2015 from 1.4 per cent in 2014. The rise in the vacancy rate has had a moderating effect on rental rate increases. For example in 2015, the average rental rate for a one bedroom apartment in Calgary declined by 1.0 per cent; down from 9.1 per cent increase in 2014. Lower house price inflation rates and lower sales/listing ratios have combined with rising unemployment rates to reduce new home construction.

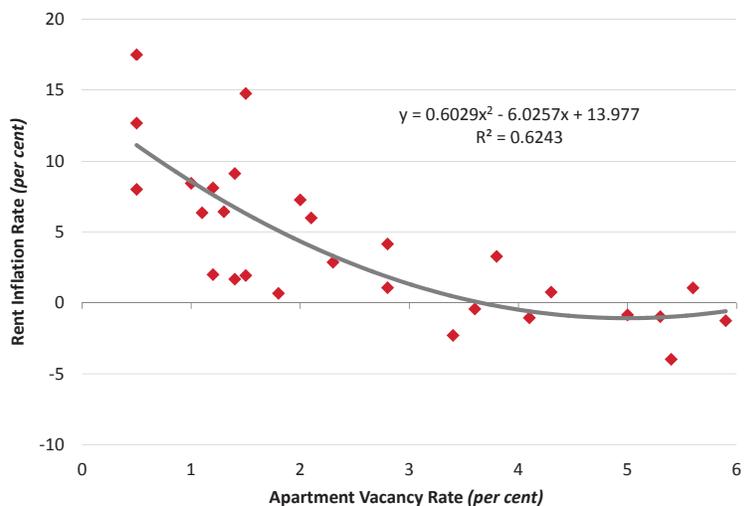
The City of Calgary authorized \$3.7 billion in residential building permit applications in 2015, down from \$4.2 billion in 2014. The value of single family authorizations fell to \$1.0 billion in 2015 from \$1.7 billion in 2014. While, the value of multi-family units increased to \$2.7 billion in 2015 from \$2.5 billion in 2014. The increase in multi-family permit values is partly explained by the pending changes to the national building regulations in 2016 and this caused builders to shift their applications from 2016 to

Chart 1. Calgary Annual Unemployment Rate and Residential Sales-New Listing Ratio



Sources: CREA, Statistics Canada, Corporate Economics.

Chart 2. Calgary CMA Apartmenty Rent Inflation and Vacancy Rate 1988-2015



Sources: CMHC, Statistics Canada, Corporate Economics.



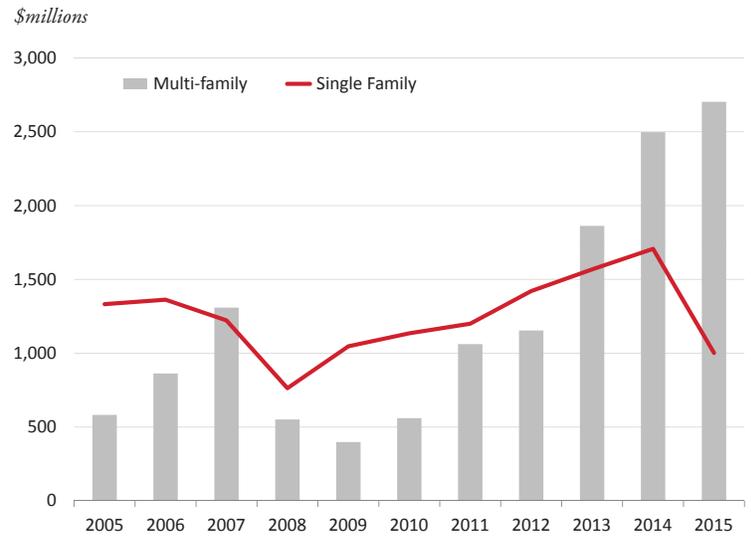
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2015 to avoid the additional costs. The data showed that 10,128 housing units were started in 2015, down from 13,833 units in 2014.

The average re-sale house price was estimated at \$451,743 in 2015, down from \$459,541 in 2014. The relative increase in the supply of housing in 2015 added to downward pressure on house prices. The reduction in house prices has contributed to making home ownership affordable in Calgary. Housing affordability (wage/house price ratio) has remained relatively stable between 2010 and 2015. This is in contrast to the previous ten years (1999 to 2009) when the wage/house price ratio fell steadily over time in reference to rising house prices.

*Next release: April 2016*

Chart 3. City of Calgary Residential Permit Values 2005-2015



Sources: The City of Calgary, Corporate Economics.

## Who We Are

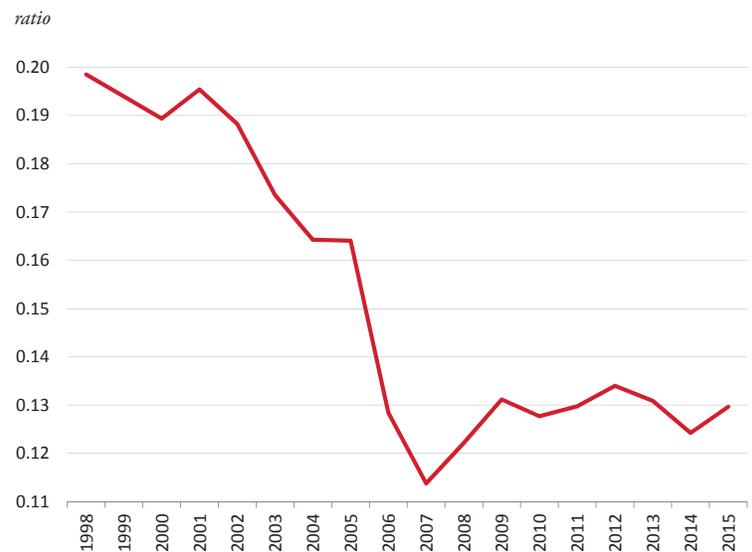
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Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

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Chart 4. Average Annual Wage Rate to Re-sale House Prices 1998-2015



Sources: CREB, Statistics Canada, Corporate Economics.

