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Calgary's rising housing prices, low inventory likely to persist in 2024: CREB

'We haven't seen spreads narrow like this ... since 2006,' said the Calgary Real Estate Board's chief economist

Matt Scace || January 3, 2024



Homes in Calgary's Hounsfield Heights neighbourhood were photographed on Wednesday, January 3, 2024.
Gavin Young/Postmedia

Low inventory and rising prices became common refrains in Calgary's housing market last year — a trend the city's real estate board says will likely continue in 2024.

The city's benchmark price landed at \$570,100 in December, say new data from the Calgary Real Estate Board (CREB), to end a year in which buyers increasingly shifted toward more affordable apartment-style homes.

"A consistent theme throughout 2023 is that we have struggled with supply — especially affordable supply," said Ann-Marie Lurie, CREB's chief economist. Overall, Calgary is averaging a 44 per cent decline in inventory over its 10-year average.

That theme is expected to persist among homes where the need is greatest: There's consistently been one month's supply or less for single-detached homes selling for less than \$600,000, which Lurie said is around the lower end for Calgary's market.

"Conditions are still really tight in the lower end of the market," she said.

The same goes for apartment condos: Those going for less than \$200,000 have less than a month of supply, and \$300,000 to \$400,000 units have less than two months of supply.

The only segment that improved inventory in 2023 were high-end, single-detached homes going for more than \$700,000, Lurie said. "That's where we actually have some supply," she said.

Those rising prices for single-detached homes encouraged more buyers to apartments and condominiums, according to the CREB report. Apartment-style properties were the only type to report a gain in sales over 2023, notching a record 7,884 sales — and subsequently resulting in record-high average prices.

As of December, apartment and condominium units surpassed Calgary's 2014 record high, hitting \$321,400 — a 13 per cent increase over the previous year.

Buyers from expensive markets such as Ontario, B.C., helped drive increases

Largely thanks to rapid population growth in Alberta over the past two years, Calgary bucked national trends that generally saw major housing markets simmer amid a high-interest environment.

The steep increases in interprovincial migration welcomed new buyers who experienced runaway housing prices in provinces such as Ontario and B.C., Lurie said, which helped offset the intended effects of high interest rates.

"In a higher interest rate environment, you wouldn't expect to see the sales growth and the higher price points, but we continue to have activity improve here," she said. "I think that's kind of a reflection of that interprovincial migration."

Overall, Calgary’s benchmark price slowed compared to 2022 levels, which grew 12 per cent that year. For 2023, the benchmark rose six per cent. Still, Calgary remains affordable relative to markets such as Toronto and Vancouver, Lurie said.



Homes in Calgary’s Parkdale neighbourhood were photographed on Wednesday, January 3, 2024. Gavin Young/Postmedia

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In the early days of 2024, Lurie said she’ll be keeping a close eye on new inventory coming online, with early-year conditions already tight.

“One of the things I like to look at is the relationship between sales, new listings and inventory,” she said, “and we haven’t seen spreads narrow like this . . . since 2006.”

At that time — around 18 years ago and shortly before the 2008 financial crisis — Alberta was also seeing strong migration and the economy was also strong.

“It wasn’t just about people coming here for affordability. People were coming here for work back then . . . overall, our economy was doing really well, and that attracted a lot of people here for jobs,” she said.

Calgary prices expected to increase as growth slows in major Canadian cities

Calgary is expected to see an eight per cent rise in aggregate housing prices this year, a recent Royal LePage report said, noting Calgary is bucking national trends amid a high-interest environment due to rapid population increases over the past two years.

Those increases would see the aggregate home price reach \$711,612.

Condominiums and apartments' increasing popularity are reflected in those projections, too. Condos are expected to increase 9.5 per cent by year's end, hitting \$286,562.