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## Calgary home prices to rise 6.5% in a seller's market: CREB 2024 forecast

*'I think Calgary is going to see some of the stronger price gains, in part because we're coming from such a low inventory level'*

Matt Scace || January 23, 2024



The Calgary Real Estate Board says migration and a relatively strong economy contributed to a strong year for the housing market. PHOTO BY JIM WELLS /Postmedia

Sellers in Calgary will likely remain in the driver's seat for 2024 despite loosening conditions in the city's housing market, the local real estate board says.

Calgary's real estate market is struggling to keep up with demand despite hitting new highs for housing starts, according to Calgary Real Estate Board's (CREB) annual outlook report, released Tuesday.

Overall, the benchmark price is expected to rise 6.5 per cent over the next year. In December, Royal LePage said it expects Calgary housing prices to climb eight per cent.

Several risks continue to hold for the market this year, but Calgary remains significantly more affordable than other major Canadian cities.

Four key markers were down significantly in 2023: sales (down eight per cent), new listings (down 13 per cent), inventory (down 26 per cent) and months of supply (down 20 per cent). Meanwhile, the benchmark price in Calgary rose six per cent, hitting \$556,975.

### **Housing starts are up – but being outpaced by migration**

The housing crunch has led to a significant uptick in apartment building starts, which drove overall housing starts to the highest levels in the past 18 years.

But that was offset by the fastest population growth in Alberta since 1981, as the province added 145,000 new residents over the first three quarters of 2023. (In 2021, Alberta added 28,640 people — which included a net loss of more than 6,000 people to interprovincial migration.)

“The main driver of what's been happening in the housing market has been migration,” said Ann-Marie Lurie, CREB chief economist.

Alberta's job gains and overall economic strength over the past two years have driven the interprovincial migration, Lurie said — far more than Calgary's relative affordability compared to Toronto and Vancouver, as has been the case long before 2021.

“What's really the differentiator is for the second year in a row, Alberta has been only second to (Prince Edward Island) in terms of total employment growth,” she said. “When you have strong employment gains, people come here.”

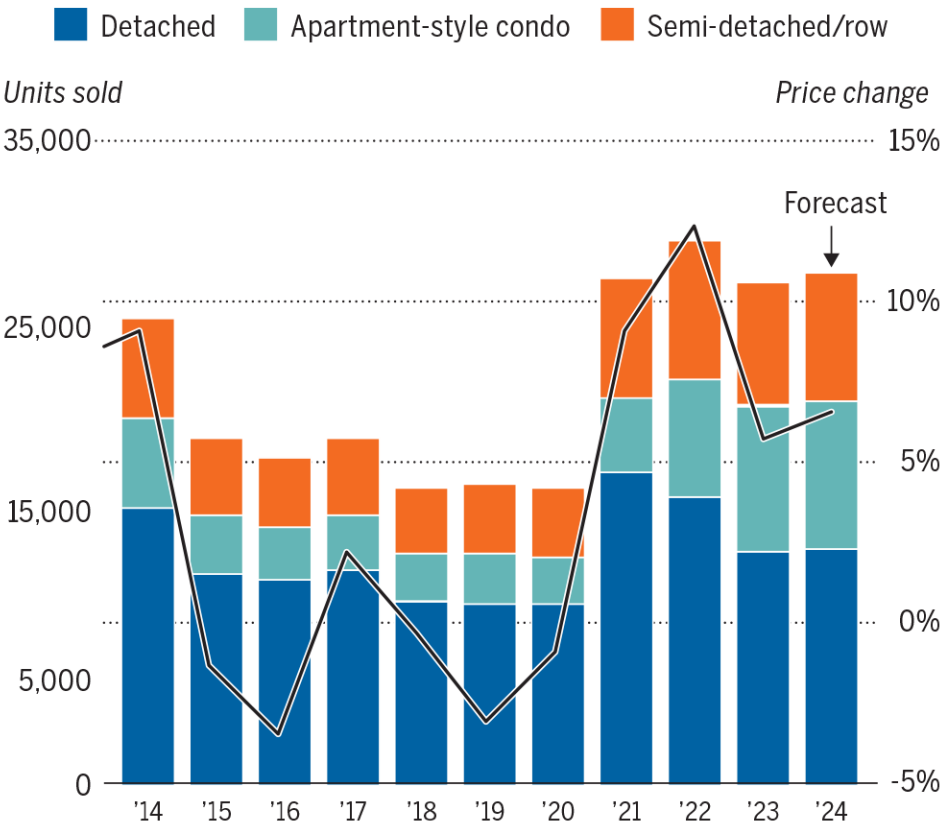
Despite price increases over the past two years, the average apartment or condo in Toronto and Vancouver still goes for about the same amount as a single-detached home in Calgary.

Calgary, a city defined by suburban sprawl, saw record apartment sales as those units became an increasingly dominant choice for buyers due to their relative affordability.

In 2021, apartments made up just 15 per cent of all home sales. That number has nearly doubled — hitting 28.8 per cent in 2023 — and is projected to rise.

## HOUSING TRENDS IN CALGARY

Apartment-style condos are an increasingly dominant choice for buyers. In 2023, that category accounted for 28.8% of all sales, compared to just 15% in 2021.



SOURCE: CALGARY REAL ESTATE BOARD

DARREN FRANCEY / POSTMEDIA

### How does housing in Edmonton compare?

Calgary and Edmonton's real estate markets told very different stories over the past year, as Calgary welcomed a comparatively large number of the international and domestic migrants.

In fact, while Calgary's benchmark price increased six per cent, Edmonton's dropped nearly five per cent to \$368,350.

Sales, inventory and new listings also dropped substantially in Edmonton — but the city has more than double the months of supply (3.4) than Calgary (1.3).

That was explained by Edmonton's higher supply levels at the beginning of last year, Lurie said, which is partly due to employment gains between the two cities. In 2022, Calgary added more

than 56,000 jobs to Edmonton's 30,500. That flipped in 2023, with Calgary adding more than 25,000 workers and Edmonton bringing in more than 41,000.

Rising prices and fewer sales defined smaller surrounding communities; Canmore, Airdrie, Cochrane, Strathmore, Okotoks and High River all experienced double-digit percentage drops in sales, and all saw their benchmark prices increase between four and eight per cent.



Townhomes under construction in East Hills Crossing in October. Jim Wells/Postmedia

### **What's in store for Calgary's housing market in 2024?**

Calgary will likely remain undersupplied in 2024, Lurie said.

While the number of housing starts increased in 2023, Lurie noted the average house takes nine months to complete, while the average apartment complex takes 18 months, meaning many homes are still in the pipeline.

Alberta will likely see job openings this year as employment gains have started tapering, according to a recent report from the Business Council of Alberta. Residential investment is also 17 per cent below 2021 levels on Canada's construction investment index, the same report said.

Christian Twomey, a Calgary real estate agent and CREB chair, said employment is compelling Canadians — specifically in the Lower Mainland of B.C. and southern Ontario — to move to Alberta. The province's unprecedented population boom, he said, has been different than past growth because it's been fuelled by more than just the energy sector.

“It's bringing more employment opportunities for people to migrate to this province, which is fantastic,” he said.

A weaker economy could be aided by a drop in interest rates, which many economists expect to happen by mid- to late-2024, which should increase demand, Lurie said.

“As we move forward, I think Calgary is going to see some of the stronger price gains, in part because we're coming from such a low inventory level.”

Several environmental policies have CREB's attention, too. The report noted recent federal policy announcements, such as the Clean Energy Regulations and emissions cap on oil and gas companies, could affect investment and the number of new jobs being created in Alberta. Lurie said she's uncertain whether they will have a negative economic effect, but she's watching whether traditional energy jobs are transitioned into new sectors.

“It's really about that total employment number — are we still creating employment, is there a concern with that? . . . A sudden change in employment and job loss, that's where that tends to have an impact on the housing market.”