# Calgary's homes market expected to see strong price growth

*High interest rates provide little incentive for holders of low fixed rates to move, dampening supply and helping to drive up prices.*

Joel Schlesinger || April 25, 2024



"The lack of supply (of homes for sale) has driven prices upwards," says Corinne Lyall, broker/owner of Royal LePage Benchmark. PHOTO BY JIM WELLS /Postmedia

Calgary's already hot resale real estate market is forecast to keep booming for the rest of the year, a new report on price growth suggests. The recent Royal LePage report predicted that the average price of a home in Calgary will jump eight per cent by year's end, capping off another year of strong growth.

Yet the current real estate boom is different from past ones, says a local realtor.

"The lack of supply has driven prices upwards," says Corinne Lyall, broker/owner of Royal LePage Benchmark.

While short supply is not all that different from past boom markets, a key reason for low inventory is, she adds.

"Interest rates having increased in the last two years negatively affected homeowners," Lyall says.

Typically as prices rise, move-up buyers list their home, but that is not happening to the same extent this time.

"Many may not want to move because they may still be holding onto a low interest rate for their mortgage," Lyall adds.

Many are likely reluctant to sell because they are locked into fixed-rate mortgages at about two per cent compared with the current market fixed rates at about five per cent.

In turn, they have low motivation to move until rates move lower, she notes.

The overall low supply paired with rising demand from record migration to the city factor into Royal LePage's prediction that the average price could reach $716,580 by the end of 2024. Already, the average price has grown nearly 10 per cent by the end of March, versus the same time last year, to about $674,000.

Demand for single-family detached homes remains a notable factor in the market, with Royal LePage highlighting that the average price in March was $774,000, an increase of about 10 per cent year over year.

Other segments are seeing rising demand, too, in part because single-family homes are increasingly pricey, and affordable ones are in short supply, Lyall says.

To that end, the Royal LePage study notes the average condominium price by the end of March was $264,800, up nearly nine per cent from the same time last year. Calgary Real Estate Board statistics from March also reflect rising demand for apartment and row. Both saw the highest percentage gains in benchmark price year over year.

Apartments grew more than 17 per cent to $337,700, while row increased more than 20 per cent to reach $448,700.

All segments are seeing higher prices amid dwindling supply and high demand, marking a shift in focus on affordability amid higher borrowing costs, Lyall says.

Still, single-family detached homes remain the most active segment, accounting for about 44 per cent of all sales in March. Its share is decreasing as prices rise. As of mid-

April, for example, the average price was $793,713, up 10 per cent year over year, according to CREB.

"It's sort of a chicken and the egg thing," says realtor Mark Neustaedter with eXp Realty in Calgary.

Inventory is low because of high demand, but it is not increasing because sellers worry about being able to find a home due to low inventory, he further explains.

New listings have been rising, up nearly 13 per cent for all housing types, CREB mid-April numbers show, but active listings have fallen 17 per cent.

Notably in March, housing supply fell 29 per cent to less than one month, the lowest level in more than a decade. Although far below the all-time record of 4,107 transactions in March 2022, the 2,664 resales this year still were the fourth highest strongest for March since 2010.

Yet even amid a strong seller's market, price still matters because borrowing costs remain elevated, Neustaedter notes.

"Over-priced homes will still not sell, even in this hot market."