



Q2 2021

Calgary & Region

QUARTERLY UPDATE REPORT

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The data included in this document are based on information available as of July 29, 2021.

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CITY OF CALGARY HOUSING SUMMARY

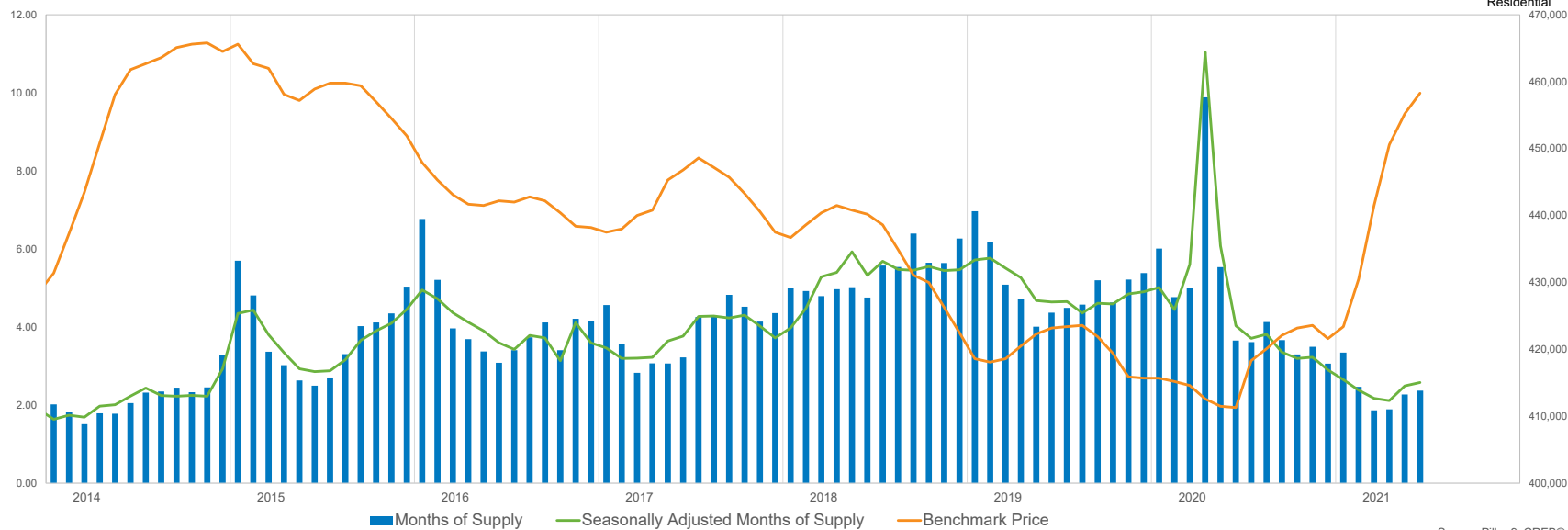
Since March, the Calgary housing market has been hitting record-high sales each month and supply has not kept pace. This has caused extremely tight conditions, especially in the detached sector, where benchmark home prices went from \$492,000 in January to \$537,200 in June.

These steady price gains have encouraged more sellers to list their homes, helping alleviate some of the tightest conditions experienced throughout March and April. However, the gains were not enough to pull the market out of conditions that favour the seller.

Housing sales were expected to improve in 2021, but after the first half of the year, sales are far outperforming expectations. Within the city of Calgary, sales totalled 15,050 units after the first half of the year, the highest levels seen in more than a decade. Pent-up demand and the low-interest-rate environment have supported much of the growth. In addition, concerns over lack of supply and rising prices may have contributed to more people taking a sooner-rather-than-later approach when it came to their housing needs.



City of Calgary



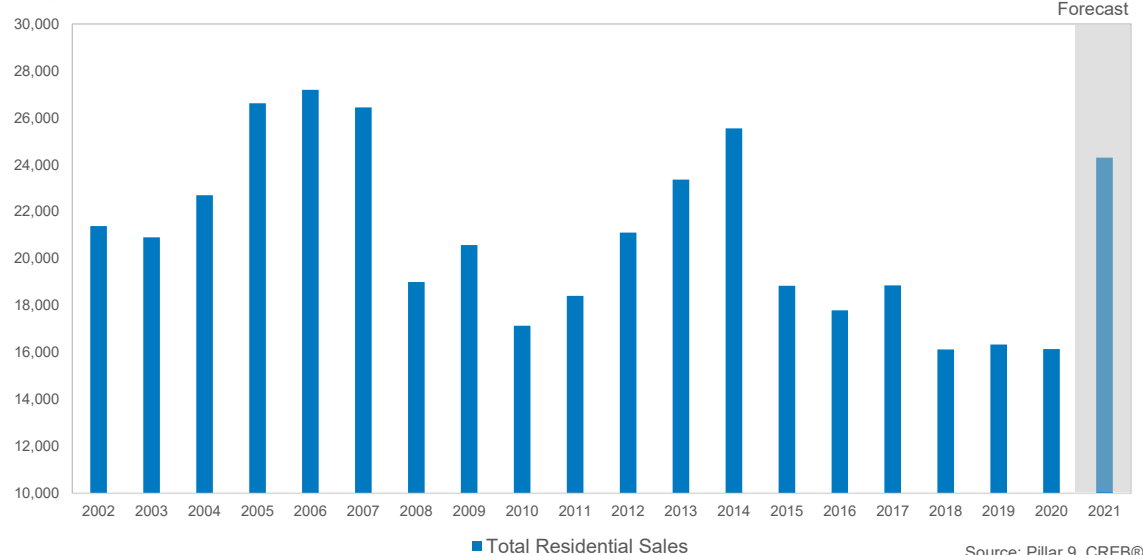
Source: Pillar 9, CREB®

CITY OF CALGARY HOUSING SUMMARY CONTINUED

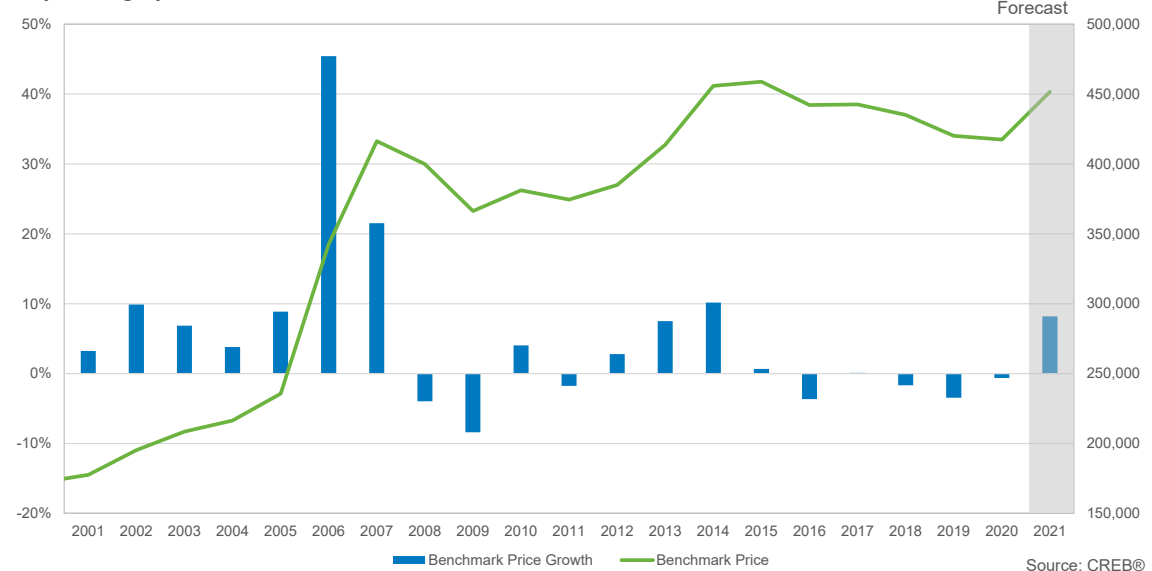
Moving forward, we anticipate demand levels will remain strong throughout the remainder of the year, but the record-setting pace will slow to levels more consistent with longer-term trends. Despite some slowing in the pace of sales in the second half of the year, overall sales are expected to exceed 24,000 units on an annual basis, making 2021 the best year of sales since 2014.

Supply gains are expected to continue as price recovery in the market encourages more sellers to list their homes. Both detached and multi-family starts in the new-home sector have been on the rise, which will also contribute to additional supply choice in the broader housing market. Due to these supply gains and slower demand growth, we should start to see the market return to more balanced conditions by the end of the year, slowing the pace of price growth for the remainder of 2021. However, prices are still expected to rise by more than eight per cent on an annual basis.

Calgary Residential Sales



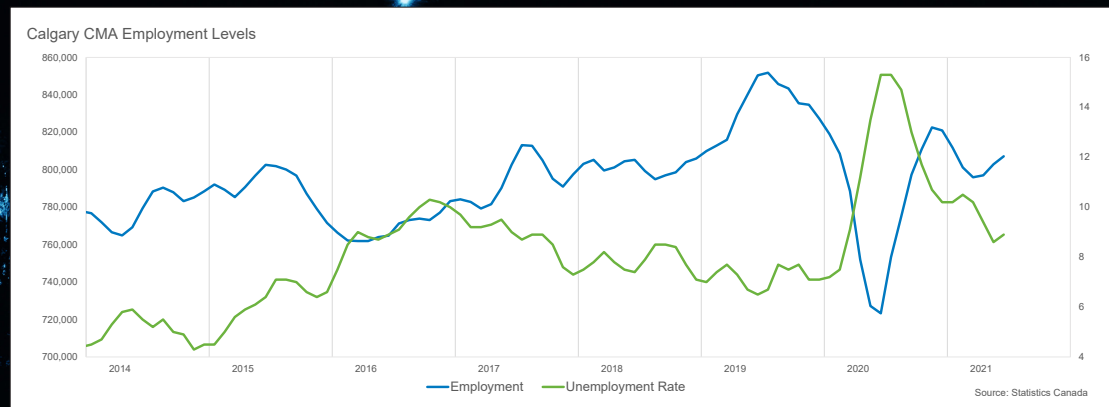
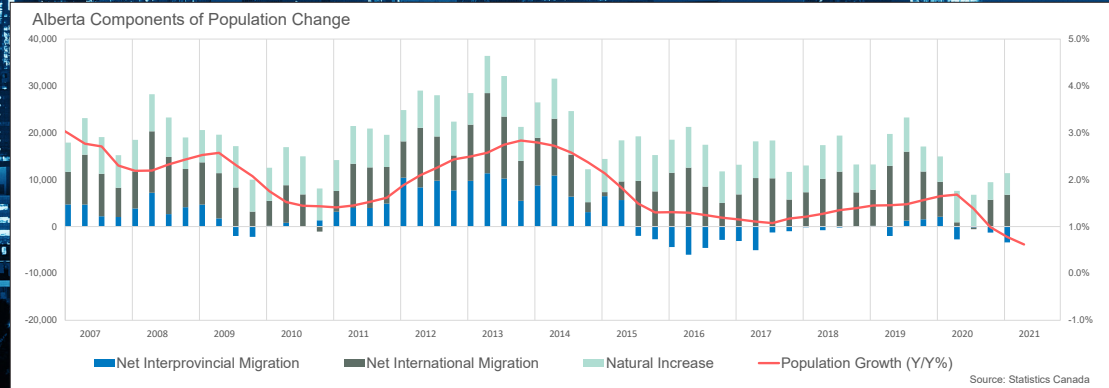
City of Calgary Residential Price Forecast



ECONOMIC UPDATE

While the economy remains far from full recovery, economic conditions are much better than original forecasts. This is due to a few factors, including employment. While job loss did occur earlier in the year due to additional shutdowns, job prospects are improving for both full-time and part-time positions as the economy re-opens. Unemployment rates are also far better than original expectations, easing below the double-digit rates that were forecasted over the next two years. There are several sectors that have not seen employment return to pre-pandemic levels, but we are seeing gains occur in many of the higher-paid industries, including professional and technical services. This development is good news in terms of longer-term prospects in the housing market.

On the population front, Alberta has started to see a return of some international migration over the last two quarters. However, first-quarter data is still showing a loss of interprovincial migrants, mostly due to people moving to British Columbia. As restrictions continue to be lifted, we should see additional growth in international migrants. However, any increase in interprovincial migration will likely be related to improvements in the job market. The loss of migrants to other provinces is expected to persist this year. While this is not expected to have a significant impact on housing demand in 2021, it could weigh on housing demand growth in 2022 if the trend persists well into the new year. Overall, net migration is expected to remain positive and improve over the next several quarters, but only due to the return of international migration. This should start to translate into improvements in the rental market, which faced several challenges throughout the pandemic.



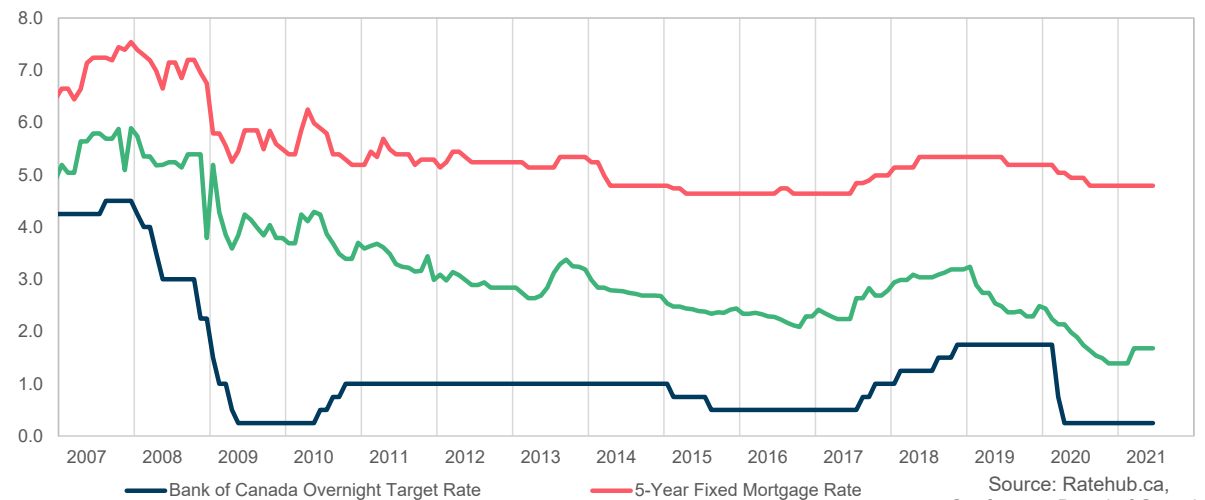
ECONOMIC UPDATE CONTINUED

One of the key drivers that continues to impact the housing market today is lending rates. Discount rates have risen slightly from the lows recorded at the end of 2020 and early 2021, but they remain exceptionally low. More stringent qualification rules were imposed in June, but low lending rates are still expected to drive demand over the near term. Concerns regarding inflation have caused some to question the timing of rate increase. However, most of the inflationary pressure should be temporary and rates are expected to remain low into 2022.

The economic recovery from the pandemic will undoubtedly be bumpy and somewhat uneven, with varying results from industry to industry. However, high vaccination rates and movements to re-open are expected to support a stronger economy in the second half of this year and into next year. The housing market has seen stronger-than-expected demand growth throughout the pandemic, but that growth is still expected to settle at levels that are better than what was experienced before the pandemic.



National Mortgage Rates



HOUSING MARKET **DETACHED**

Thanks to growth across every district, detached home sales reached new record highs in the second quarter. While it is no surprise that levels were far stronger than last year, when the market was reeling from the initial impacts of the pandemic, the level of sales in the second quarter exceeded expectations, pushing well above long-term averages.

Persistently strong demand relative to supply caused significant gains in detached prices. Those gains have been impacting sellers, as new listings in the quarter also rose to the highest levels seen in over a decade. The rise in new listings has helped support some inventory gains in the market, but not enough to pull the market out of sellers' market conditions. The months of supply did trend up over the past few months, but it has averaged less than two months in the second quarter.

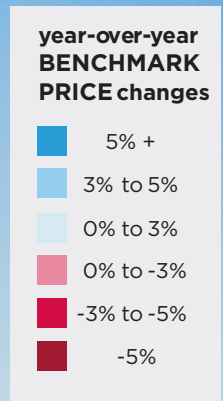
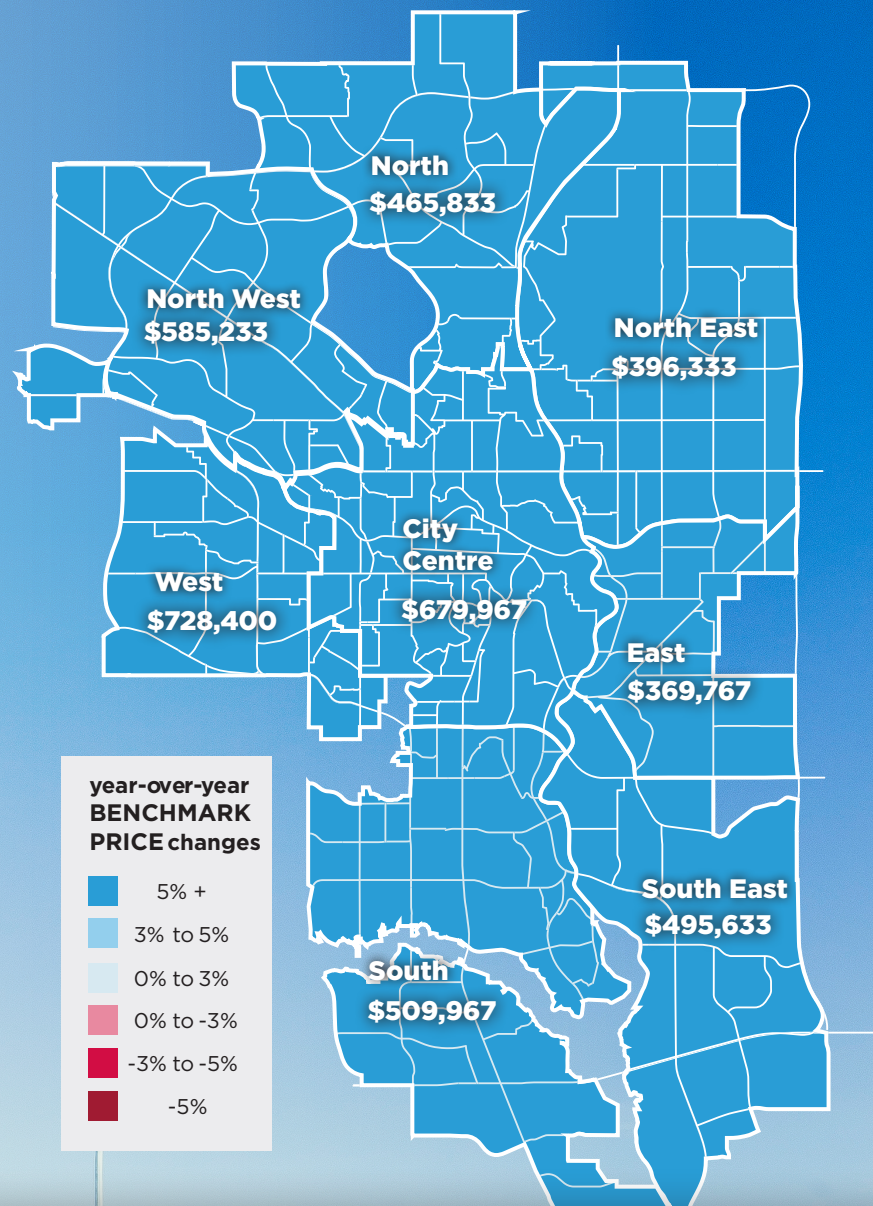
Persistently tight conditions, especially over the past two quarters, have had a significant impact on prices. In the second quarter, detached benchmark prices rose by nearly six per cent compared with the first quarter and currently sit over 12 per cent higher than last year's levels. These gains were enough to support full price recovery to previous highs from 2014. While prices have been rising in every district in the city, the City Centre and North East are the two districts that have not seen prices fully recover to previous highs. This is especially true in the City Centre, where detached benchmark home prices remain over five per cent lower than previous highs.

Q2 BENCHMARK PRICE
\$532,800

12.09% year over year ▲
5.96% quarter over quarter ▲

Q2 MONTHS OF SUPPLY
1.60

-62.90% year over year ▼
-1.18% quarter over quarter ▼



SALES

Total Q2	Record High Q2	10-yr average Q2
5,775 173.31% yoy ▲	5,775 2021	3,722

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
7,898 95.40% yoy ▲	9,078 2007	6,028

AVERAGE INVENTORY

Total Q2	Record High Q2	10-yr average Q2
3,080 1.40% yoy ▲	6,283 2008	3,469



HOUSING MARKET

SEMI-DETACHED



Similar to the detached sector, semi-detached sales reached record highs in the second quarter, as every region in the city recorded significant gains. New listings in the market also rose to new highs, helping to support inventory gains. The slight improvement in inventories helped support some modest gains in the months of supply relative to the first quarter, but with two months of supply, conditions have not been this tight in the semi-detached market since 2014.

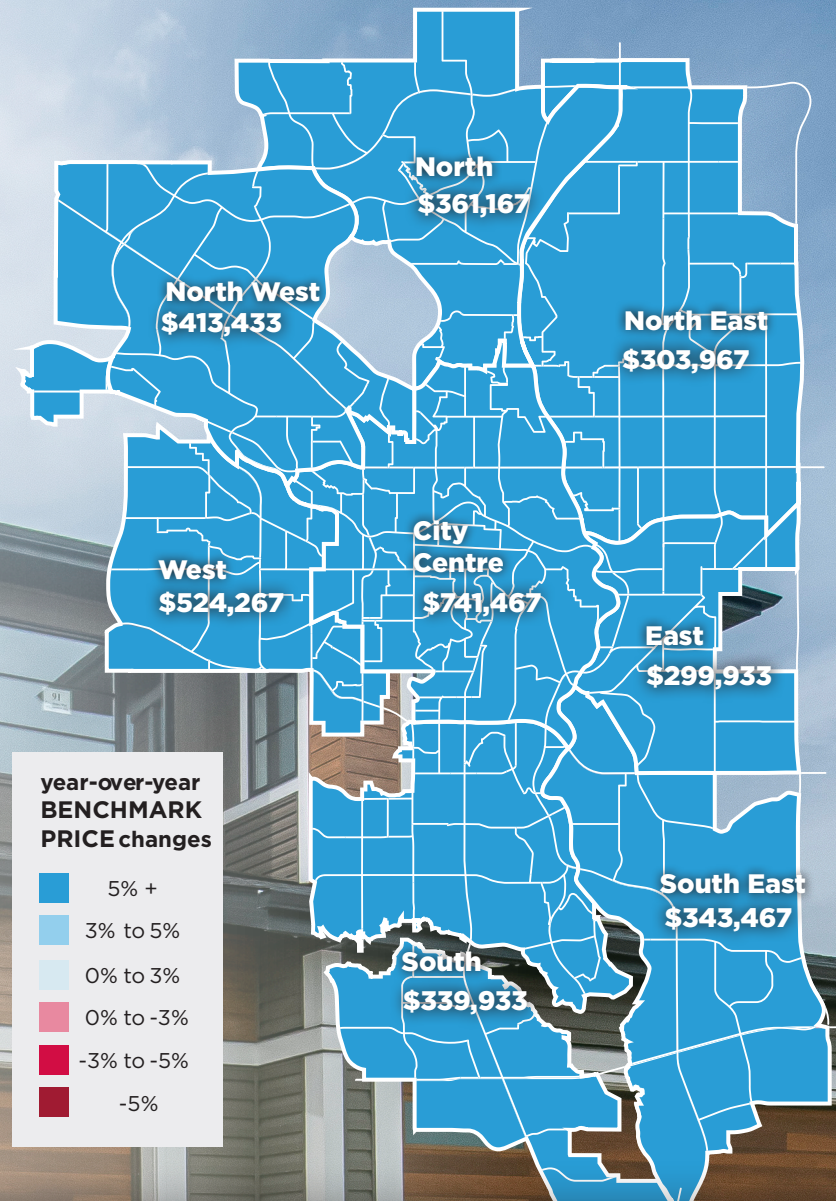
Supply levels have generally not kept up with demand, supporting price gains. However, there is significant variation depending on location within the city. In the second quarter, the months of supply remained below two months in the North, North West, South and South East districts. These are also the districts that recorded the largest price gains. While prices in the second quarter eclipsed figures from the first quarter and last year in all districts, prices still remain below previous highs in the City Centre, North East and South districts.

Q2 BENCHMARK PRICE
\$423,467

9.93% year over year 
5.73% quarter over quarter 

Q2 MONTHS OF SUPPLY
2.06

-59.16% year over year 
3.57% quarter over quarter 




SALES

Total Q2	Record High Q2	10-yr average Q2
821	821	533
120.70% yoy 	2021	

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
1,196	1,196	910
67.04% yoy 	2021	

AVERAGE INVENTORY



Total Q2	Record High Q2	10-year average Q2
563	861	588
-9.87% yoy 	2018	

HOUSING MARKET **ROW**



Second-quarter sales reached new record highs with 1,252 sales citywide. However, those sales were accompanied by a record number of new listings, supporting some inventory gains. The rise in inventory came mostly at the end of the second quarter and was not enough to cause any material change in the months of supply, which remained relatively low for the second consecutive quarter.

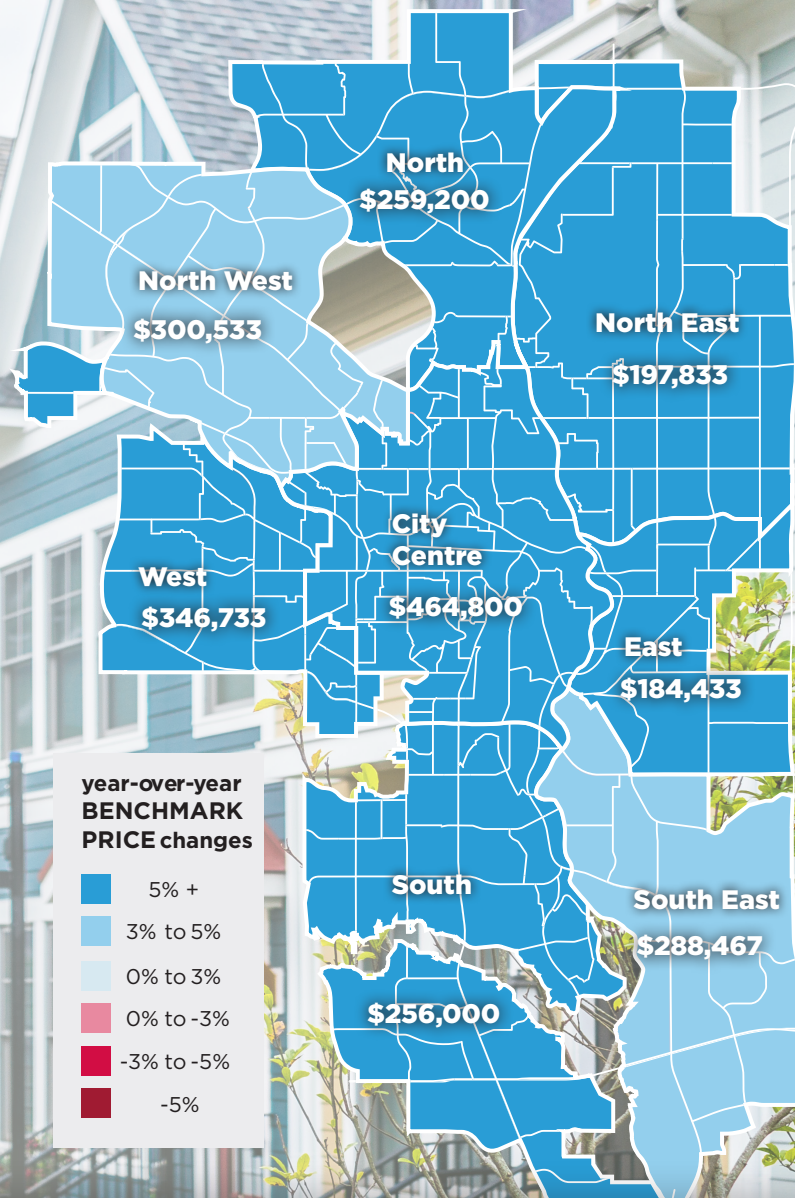
Like other property types, the low level of supply relative to demand for row product has supported stronger-than-expected price gains. In the second quarter, row benchmark prices rose by more than four per cent relative to the first quarter and sit nearly eight per cent higher than levels recorded last year. Despite price improvements in every district, this sector has not seen the same price recovery as other property types, as no district has seen row prices recover to their previous highs. Prior to the rebound in housing demand, inventory levels were relatively high. They have trended down, and the months of supply has also decreased, but levels are not as tight as they were in 2014, placing some limits on the pace of price recovery.

Q2 BENCHMARK PRICE
\$296,367

7.56% year over year 
4.43% quarter over quarter 

Q2 MONTHS OF SUPPLY
2.49

-57.57% year over year 
-16.49% quarter over quarter 



SALES			NEW LISTINGS			AVERAGE INVENTORY		
Total Q2	Record High Q2	10-yr average Q2	Total Q2	Record High Q2	10-yr average Q2	Total Q2	Record High Q2	10-yr average Q2
1,252	1,252	740	1,902	1,902	1,271	1,039	1,175	847
169.25% yoy 	2021		80.80% yoy 	2021		14.25% yoy 	2018	



HOUSING MARKET **APARTMENT**

As supply choice eased across other property types, many buyers turned to the apartment condominium sector. Sales in the second quarter rose to 1,261 units, the best second quarter since 2014. The apartment condominium sector has not experienced the same sellers' market conditions seen among the other property types. Prior to the pandemic and after the 2014 energy price crash, the apartment condominium sector was the hardest hit due to excess supply levels.



The recent improvement in sales relative to supply levels has helped support some price growth, but at a much lower rate than other property types. In the second quarter, benchmark prices rose by two per cent relative to the first quarter and sit nearly five per cent higher than last year. Despite the gains, prices remain nearly 16 per cent below previous highs.

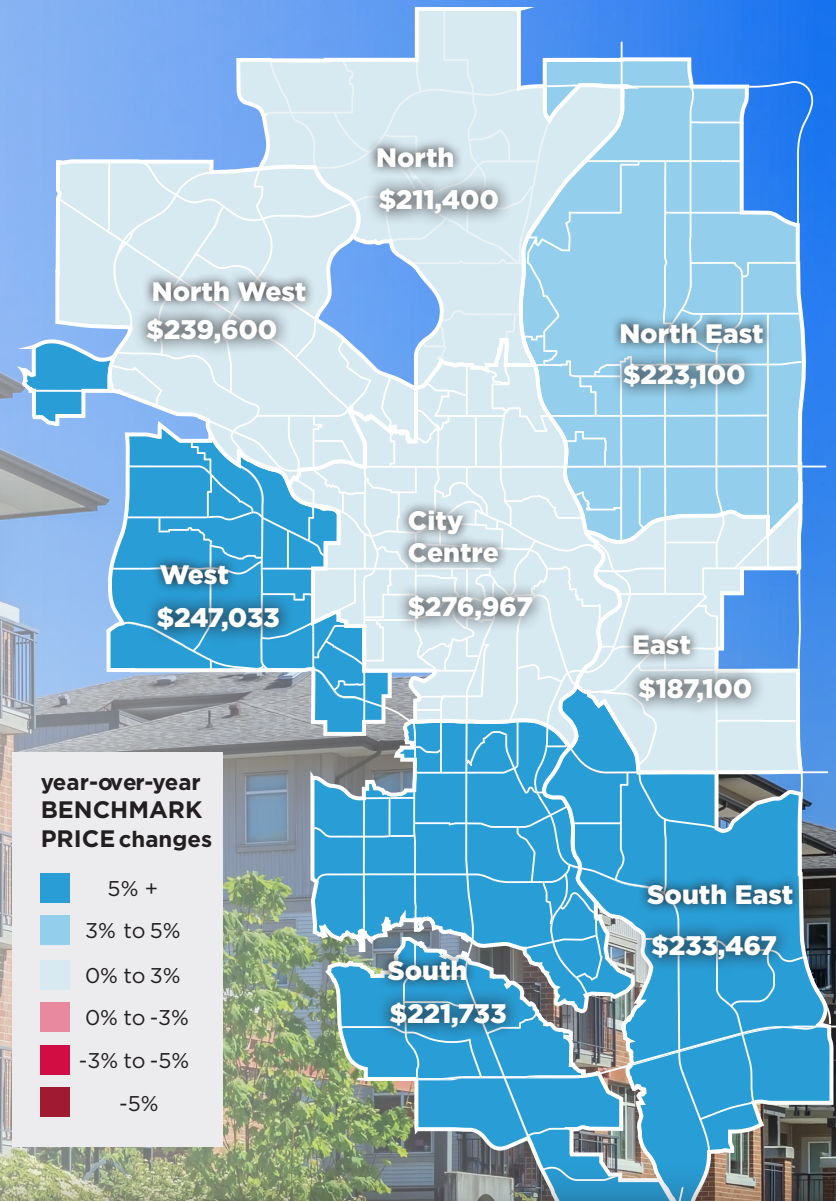
The recent improvements in demand and prices are starting to have an impact on supply. Thanks to gains in new listings, inventory levels are now higher than those recorded over the past two years. Demand remains strong enough to keep the months of supply in a balanced range, but if this trend continues, it will place some limits on the pace of price recovery in this sector.

Q2 BENCHMARK PRICE
\$252,633

4.73% year over year 
2.14% quarter over quarter 

Q2 MONTHS OF SUPPLY
4.55

-51.58% year over year 
-13.73% quarter over quarter 




SALES

Total Q2	Record High Q2	10-yr average Q2
1,261 172.94% yoy 	1,431 2014	957

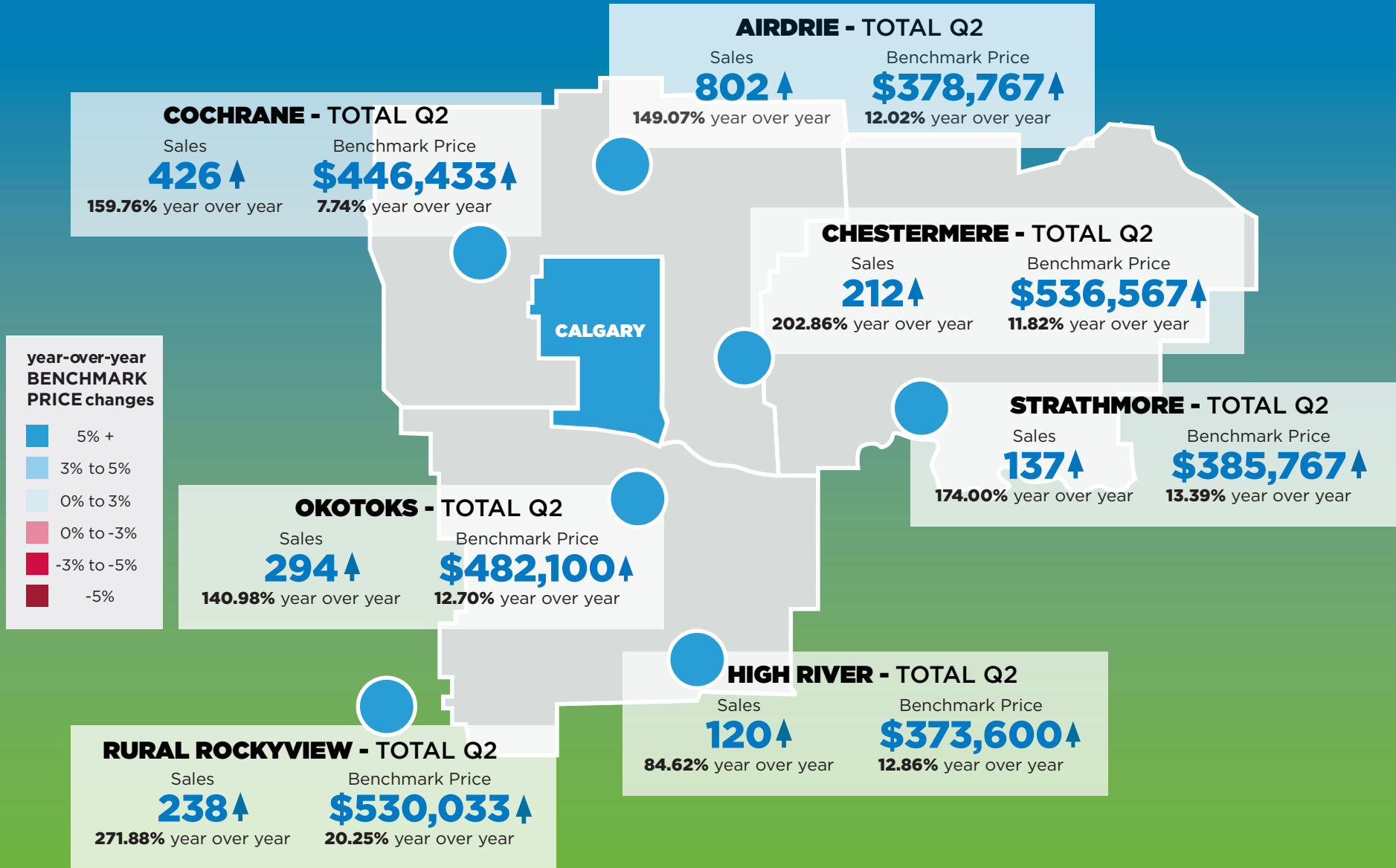
NEW LISTINGS

Total Q2	Record High Q2	10-year average Q2
2,382 72.73% yoy 	2,561 2008	1,882

AVERAGE INVENTORY

Total Q2	Record High Q2	10-year average Q2
1,912 32.17% yoy 	2,052 2008	1,452

SURROUNDING AREAS



AIRDRIE

The housing market in Airdrie showed no signs of cooling off in the second quarter with 802 sales, a new quarterly record high. The number of new listings coming onto the market also trended higher in the quarter, but it was not enough to significantly change inventory levels. The lower level of supply and strong sales kept the market firmly in sellers' market territory throughout the entire quarter. In fact, the months of supply has remained below two months since February.

Persistent tightness in the market has resulted in steep price gains in the area. In the second quarter, prices rose by more than five per cent compared with the previous quarter and sit over 12 per cent higher than last year's levels. Prices have fully recovered and reached new highs in both the detached and semi-detached sectors, but prices remain well below previous highs in both the row and apartment sectors. Both apartment- and row-style properties have recorded improving sales, but there has still been some supply choice - especially in the apartment condominium sector - impacting the pace of price growth in those sectors.

Tight resale market conditions and price gains are impacting the new-home sector of the market, where starts have risen by nearly 80 per cent so far this year. The growth in new-home supply will eventually help with the tight supply conditions in this market, but it will take some time before we see a shift toward more balanced conditions in the resale market.

Q2 BENCHMARK PRICE \$378,767

12.02% year over year ▲
5.15% quarter over quarter ▲

Q2 MONTHS OF SUPPLY 1.25

-68.24% year over year ▼
-24.44% quarter over quarter ▼



SALES

Total Q2	Record High Q2	10-yr average Q2
802 149.07% yoy ▲	802 2021	396

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
924 84.80% yoy ▲	924 2021	641

AVERAGE INVENTORY

Total Q2	Record High Q2	10-yr average Q2
333 -20.89% yoy ▼	633 2018	434

COCHRANE

Sales in the second quarter soared, reaching 426 units. Not only is this a new all-time quarterly record, but it is more than double the level of Q2 sales that we have seen on average over the past five years. More new listings became available in the market in the second quarter, which played a part in the rising sales. However, with a sales-to-new-listings ratio that averaged 97 per cent in the second quarter, it is no surprise that the strong demand outweighed listings growth, keeping inventories low.

In the second quarter, inventory levels averaged 174 units. This is half the supply that we have traditionally seen in this market over the past five years. The months of supply dropped to just over one month, reflecting the tightest conditions since 2006. New-home starts have started to improve, but not at the pace recorded in some markets. This will likely prevent a quicker transition into more balanced conditions.

Persistent sellers' market conditions in the second quarter have had a significant impact on prices. Total residential benchmark prices averaged \$446,433 in the second quarter, a quarterly gain of more than seven per cent. This steep price gain was enough to cause detached, semi-detached and row properties to reach new record highs.

Q2 BENCHMARK PRICE \$446,433

7.74% year over year ▲

7.55% quarter over quarter ▼

Q2 MONTHS OF SUPPLY 1.22

-76.95% year over year ▼

-32.66% quarter over quarter ▼



SALES

Total Q2	Record High Q2	10-yr average Q2
426 159.76% yoy ▲	426 2021	187

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
440 55.48% yoy ▲	440 2021	323

AVERAGE INVENTORY

Total Q2	Record High Q2	10-yr average Q2
174 -40.11% yoy ▼	396 2018	296

OKOTOKS

Okotoks has been struggling with low supply levels since the third quarter of 2020. At the beginning of 2021, we started to see new listings growth, which continued into the second quarter. However, the gains in new listings were not enough to offset the record sales, keeping inventory levels relatively low for the quarter.

With a sales-to-new-listings ratio of 88 per cent and months of supply that averaged just over one month, persistent sellers' market conditions caused the pace of price growth to rise in the second quarter. Benchmark prices averaged \$482,100 in the first quarter, four per cent higher than last quarter and nearly 13 per cent higher than last year's levels.

Detached home sales have accounted for nearly 85 per cent of overall sales so far this year.

With fewer concerns among consumers about commute times, many have turned to markets like Okotoks where detached homes are traditionally more affordable and feature more amenities compared with Calgary. The tight conditions in Okotoks have caused detached benchmark home prices to rise, exceeding \$500,000 for the first time. Until we see new supply additions from either the new-home market or the resale side, conditions are expected to remain relatively tight.

Q2 BENCHMARK PRICE

\$482,100

12.70% year over year ▲

4.20% quarter over quarter ▲

Q2 MONTHS OF SUPPLY

1.19

-76.61% year over year ▼

-31.66% quarter over quarter ▼



SALES

Total Q2	Record High Q2	10-yr average Q2
294	294	186
140.98% yoy ▲	2021	

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
334	389	299
57.55% yoy ▲	2008	

AVERAGE INVENTORY

Total Q2	Record High Q2	10-yr average Q2
117	299	228
-38.81% yoy ▼	2008	

CHESTERMERE


Following a strong first quarter, second-quarter sales reached 212 units, a new quarterly record high. Sales improved across every product type and price range. Low lending rates, rising demand for detached homes and desire for more space have likely fuelled some of the growth in the area, where detached homes account for more than 75 per cent of all sales. In addition to its lake amenities, Chestermere typically offers larger lots, newer homes and more affordability than some of the lake communities located in Calgary.


While new listings have also been on the rise, with a sales-to-new-listing ratio averaging 76 per cent in the second quarter, there have been few additions to inventory. Over this three-month period, inventories averaged 127 units, which is among the lowest levels seen in more than six years. The months of supply also dropped in the second quarter to just under two months. This is over 65 per cent lower than long-term averages for the area.

These tight market conditions have been impacting prices, especially in the detached market. In the second quarter, detached benchmark prices rose by nearly four per cent relative to the first quarter and currently sit nearly 13 per cent higher than Q2 figures from last year. This is a significant shift for a market where detached homes prices trended down throughout most of the past five years.

Q2 BENCHMARK PRICE


\$536,567

11.82% year over year 

3.68% quarter over quarter 

Q2 MONTHS OF SUPPLY

1.80

-67.15% year over year 

-31.56% quarter over quarter 



SALES

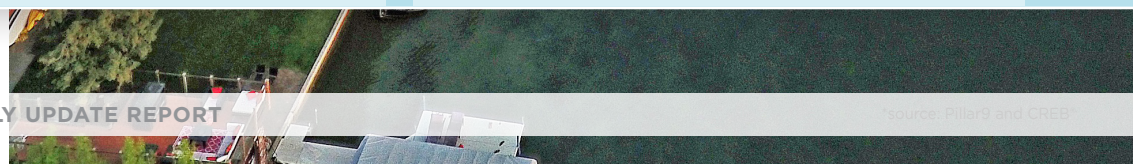
Total Q2	Record High Q2	10-yr average Q2
212	212	97
202.86% yoy 	2021	

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
277	277	198
93.71% yoy 	2021	

AVERAGE INVENTORY

Total Q2	Record High Q2	10-yr average Q2
127	207	162
-0.52% yoy 	2019	



HIGH RIVER

Sales activity in the area has been somewhat dampened by the lack of choice in the market. In the second quarter, new listings trended up over the previous quarter, helping to support record-high sales. While there was a bump in new listings, any improvements in supply were quickly absorbed by the strong sales activity.

This left the market with a quarterly sales-to-new-listings ratio of 85 per cent and a months of supply below two months. Conditions have not been this tight in High River since prior to the 2007 financial crisis.

Generally, prices in High River have been falling since 2016. However, sellers' market conditions have persisted since the fourth quarter of last year, reversing the steady price declines by the end of 2020. Further tightening in the market this year has resulted in significant price growth.

In the second quarter, residential benchmark prices averaged \$373,600, nearly five per cent higher than the first quarter and nearly 13 per cent higher than prices recorded in the second quarter of last year. The recent gain was enough to support full price recovery in the detached segment of the market, but prices remain slightly lower than previous highs for all other property types.

Q2 BENCHMARK PRICE

\$373,600

12.86% year over year ▲

4.92% quarter over quarter ▲

Q2 MONTHS OF SUPPLY

1.74

-62.26% year over year ▼

-26.93% quarter over quarter ▼



SALES

Total Q2

120

84.64% yoy ▲

Record High Q2

120

2021

10-yr average Q2

72

NEW LISTINGS

Total Q2

141

56.67% yoy ▲

Record High Q2

198

2010

10-yr average Q2

127

AVERAGE INVENTORY

Total Q2

70

-30.33% yoy ▼

Record High Q2

173

2008

10-yr average Q2

125

STRATHMORE

A boost in new listings helped support stronger sales in the second quarter. However, like many other locations, Strathmore's gains were not enough to cause any significant change in the inventory situation and the months of supply remained low, averaging just over two months in the second quarter. Market conditions in Strathmore have not been this tight since 2006 and it is having an impact on prices.

Benchmark prices trended up for the second consecutive quarter, reaching \$385,833. This is a quarterly gain of nearly five per cent and a year-over-year gain of 13 per cent. Price gains have been even higher for detached properties. Detached benchmark prices in Strathmore averaged \$418,266 in the second quarter, a gain of 17 per cent compared to last year. The recent price gains were enough to overcome earlier declines, as prices reached a new record high.

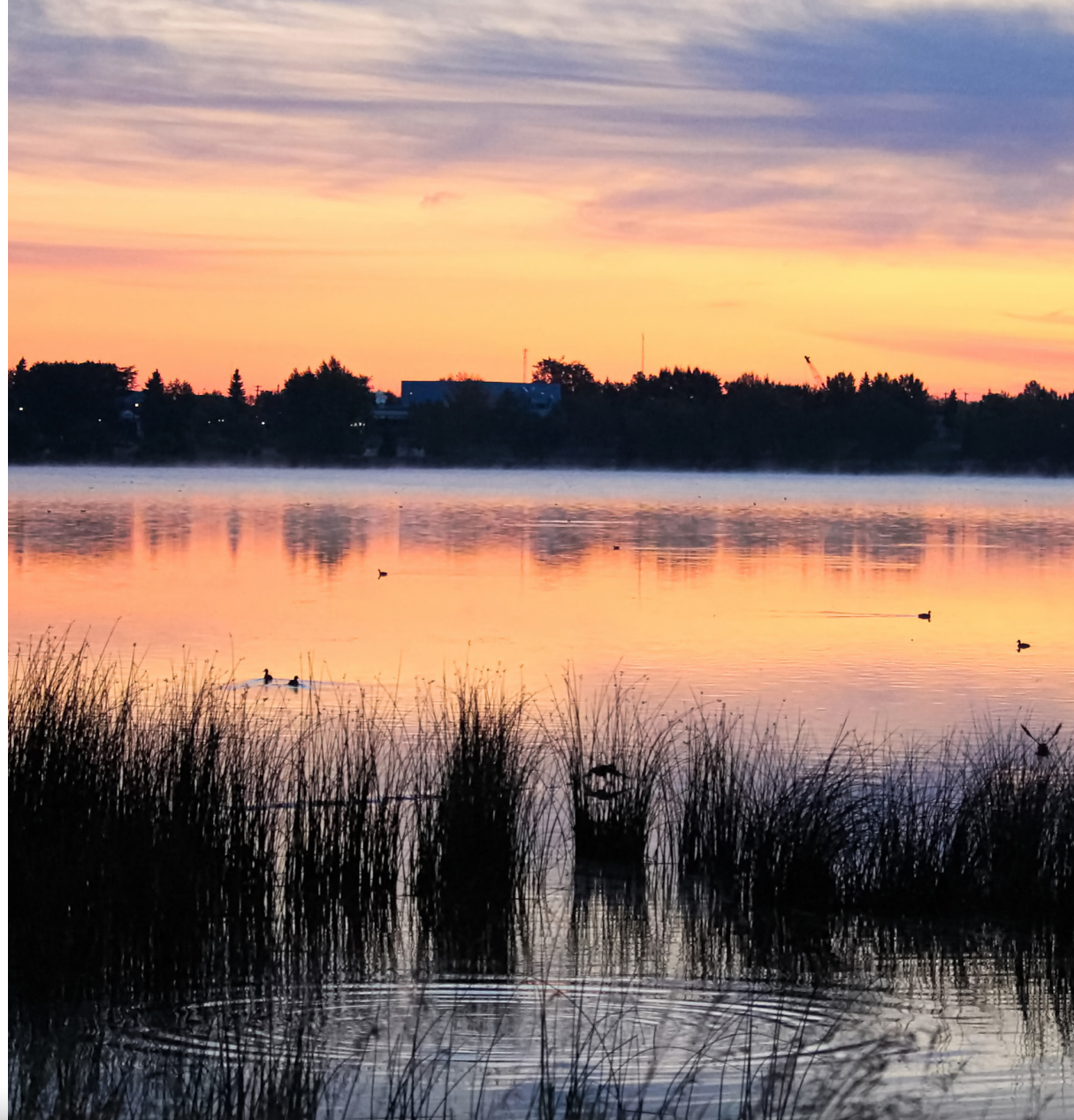
While tight conditions typically encourage new starts activity, we have yet to see a boost in starts occurring in Strathmore. The slower reaction to supply will likely continue to keep conditions relatively tight over the near term, supporting further price gains in the market.

Q2 BENCHMARK PRICE
\$385,767

13.39% year over year ▲
4.73% quarter over quarter ▲

Q2 MONTHS OF SUPPLY
2.16

-73.78% year over year ▼
-32.12% quarter over quarter ▼



SALES

Total Q2	Record High Q2	10-yr average Q2
137	177	88
174.00% yoy ▲	2006	

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
169	238	153
116.67% yoy ▲	2007	

AVERAGE INVENTORY

Total Q2	Record High Q2	10-yr average Q2
99	223	147
-28.16% yoy ▼	2008	

RURAL ROCKYVIEW

Rural Rockyview sales hit a new record high in the second quarter. Low lending rates and a desire for more space are likely supporting some of the demand growth occurring in the areas just outside of Calgary.

The level of new listings also improved, but inventories remained at the lowest levels seen since 2007.

Stronger sales and lower inventories caused the months of supply for the area to ease to just over three months.

This is the tightest this market has been since 2006, and those tight conditions had a significant impact on prices this quarter.

The Rural Rockyview area is relatively diverse, but more than half of the activity in the area occurs in the higher-priced communities of Bearspaw and Springbank. After six consecutive years of weak demand and higher supply levels causing price declines, prices have turned around and improved in both these areas. In fact, Springbank and Bearspaw have seen price increases of more than 20 per cent so far this year.

Q2 BENCHMARK PRICE
\$530,033

20.25% year over year ▲
11.63% quarter over quarter ▲

Q2 MONTHS OF SUPPLY
3.25

-78.07% year over year ▼
-32.11% quarter over quarter ▼



SALES

Total Q2	Record High Q2	10-yr average Q2
238	238	112
271.88% yoy ▲	2021	

NEW LISTINGS

Total Q2	Record High Q2	10-yr average Q2
353	404	322
48.95% yoy ▲	2012	

AVERAGE INVENTORY

Total Q2	Record High Q2	10-yr average Q2
258	479	384
-18.44% yoy ▼	2012 <small>(does not include data prior to 2004)</small>	



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