creb®

2021 FORECAST

The forecasts included in this document are based on information available as of December 31th, 2020.
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2021 CREB® FORECAST SUMMARY

In 2020, housing markets across the country surprised many with a stronger-than-expected rebound in the second half of the year despite record-high unemployment rates and significant job losses.

Calgary did not hit record-high sales or prices in the third or fourth quarters, but still posted some of the strongest sales relative to the past five years. This was nearly enough to offset the initial losses recorded during the first shutdown caused by the pandemic.

It is expected some of the momentum recorded at the end of 2020 will continue into 2021, fuelled by exceptionally low lending rates and pent-up demand. While sales are expected to rise by nearly five per cent on an annual basis in 2021, persistent economic challenges are expected to prevent stronger growth in our housing market.

Reduction in supply relative to sales is the primary reason the Calgary housing market returned to more balanced conditions by the end of 2020. The pullback in new listings relative to sales activity resulted in inventory levels falling to the lowest levels seen in the past several years.

As we move into 2021, we anticipate new listings will start to rise, as COVID-19 likely caused many homeowners to delay listing their homes. We could start to see some supply come back in 2021, as concerns regarding the spread of the virus ease. Persistently high unemployment rates could also weigh on some existing homeowners who may need to sell their homes.

Growth in supply is expected to offset some of the gains in sales, pushing our market to the upper bounds of balanced conditions and slowing price recovery. However, the price gains that occurred at the end of 2020 are not expected to be eroded and 2021 annual prices are forecasted to improve by over one per cent.

Despite citywide gains, we anticipate persistent variation between the lower and upper ends of the market, as well as between different product types.

Conditions are expected to remain relatively tight for lower-priced and mid-range homes in the market, likely resulting in stronger price gains. However, lack of job growth for higher-paid professional positions could result in persistent imbalances in the higher price ranges, impacting price recovery in the upper end of the market.

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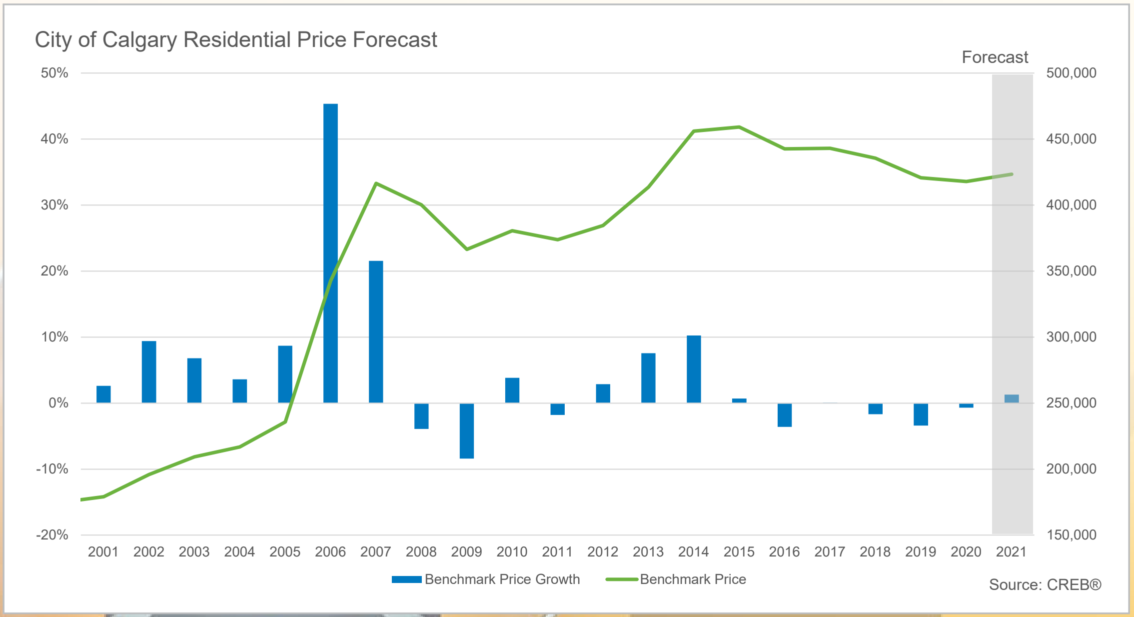


TOP CONSIDERATIONS & RISKS

UPSIDE RISK TO THE FORECAST:

GOVERNMENT SUPPORT AND THE LOW INTEREST RATE *environment may be enough to prevent any substantial rise in supply levels. If supply levels remain relatively low, prices could continue to trend up at a faster pace throughout the year.*

LONGER-TERM CHANGES TO WORK-FROM-HOME POLICIES *could influence or change demand patterns in the housing market, as preferences could shift slightly. This might support stronger sales growth from those looking for space that better meets their needs.*

THE BENEFITS OF OUR YOUNGER DEMOGRAPHIC*, combined with lower lending rates and previous price declines, could support stronger-than-expected demand growth coming from first-time homebuyers.*

DOWNSIDE RISK TO THE FORECAST:

THERE IS SIGNIFICANT UNCERTAINTY *surrounding how long it will take for the economy to fully reopen, the pace of economic recovery, and the long-term impacts of the pandemic in relation to business bankruptcies and job losses. This could result in both slower-than-expected sales and stronger-than-expected supply gains, impacting the pace of price growth.*

ADDITIONAL MERGERS IN THE ENERGY SECTOR *could result in further job loss over the short term, weighing on consumer confidence and the housing market.*

THE HIGHER RATE OF MORTGAGE DEFERRALS *in Alberta compared to other provinces could start to turn into supply pressure in the housing market. While not all deferrals are expected to turn into foreclosures, if their conversion is higher than expected, we could see a more significant impact on supply levels and home prices.*

TOP CONSIDERATIONS FOR 2021:

LENDING

The low interest rate environment is expected to continue to support sales activity this year, but the pace of improvement is expected to slow by the end of 2021.

INVENTORY

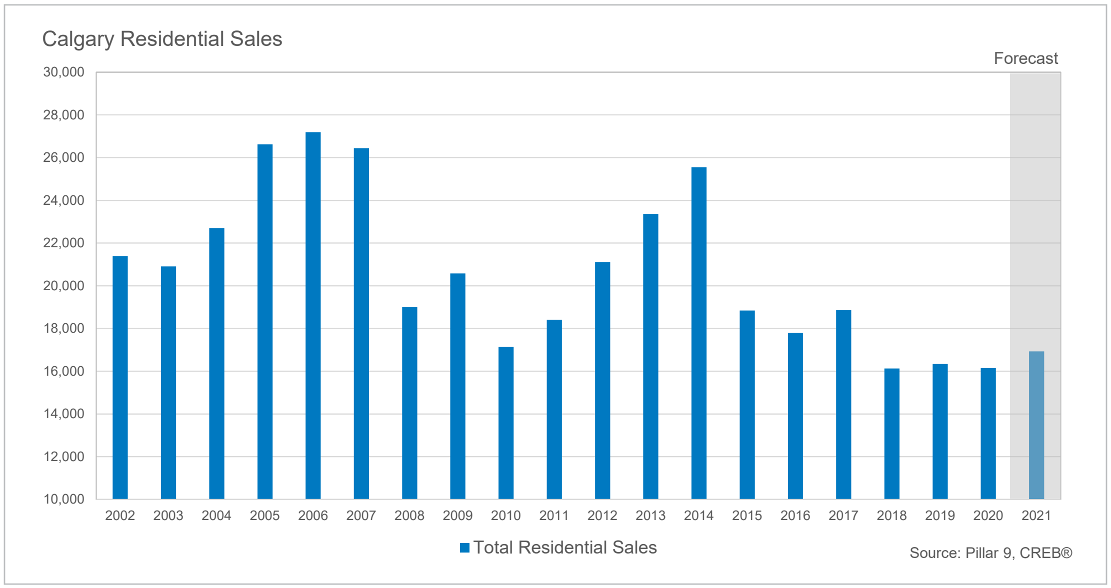
Supply levels are expected to rise, keeping the market relatively balanced. However, the supply gains are expected to slow the pace of price growth in the market.

ECONOMY

There is considerable risk regarding the pace of recovery and the longer-term impacts of the economic fallout from the pandemic.

INDUSTRY

Consolidation in the energy sector is expected to continue, which could impact employment and housing activity, especially in the higher price ranges.



ECONOMIC UPDATE

COVID-19 has had widespread impacts on the economy. The shutdowns had significant economic repercussions in the retail, arts and entertainment, tourism, service, and transportation (airlines) industries across the country.

Alberta also faced the additional impact of struggles in the energy sector.

The reduction in global oil demand caused prices to drop to levels far lower than what we have seen over the past five years. This resulted in a significant drop in capital investment and drilling activity. While prices have been recovering from the lows of the spring, some energy forecasters expect prices to generally remain below levels recorded over the past four years and below $50/barrel in 2021.

The economic impacts of further shutdowns at the end of 2020 will likely flow into the early part of 2021. Nonetheless, economic activity is expected to improve in 2021 following the significant retraction in 2020. However, with travel and social-gathering restrictions expected to persist until enough of the population is vaccinated, the hardest-hit industries – such as accommodation and food, travel, and energy – are expected to take longer to fully recover.

The government supports for businesses and households are expected to remain in place until the middle of 2021, helping to cushion the impact caused by the pandemic. However, given the global magnitude of the crisis, full economic recovery is not expected until late 2022 at the earliest.

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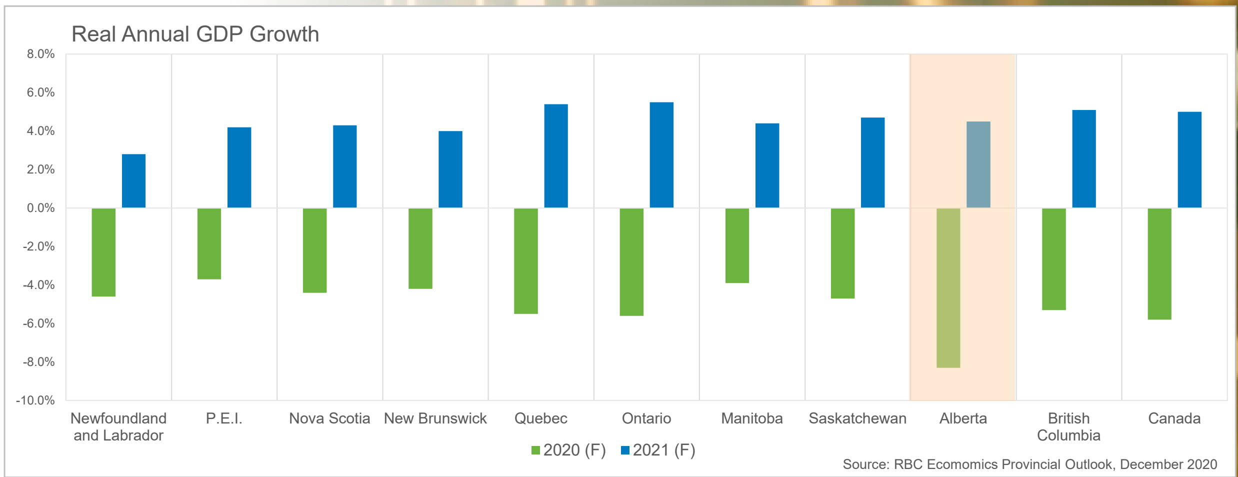


ECONOMIC INDICATORS	2018	2019	2020	2021(F)	FORECAST/SOURCE
Alberta Real GDP Growth	1.90%	0.10%	-8.30%	4.50%	RBC Economics
WTI Price ($USD)	$65.07	$56.99	$39.17	$49.70	U.S. Energy Information Administration
Henry Hub Spot Price ($USD)	$3.15	$2.57	$2.03	$3.01	U.S. Energy Information Administration

KEY FACTORS IMPACTING THE ALBERTA ECONOMY IN 2020

COVID-19 AND THE SHUTDOWN *of our economy resulted in a sharp decline in growth, followed by a quick bounce back as the economy reopened. However, the economy did not bounce back to pre-pandemic levels and a second partial shutdown at the end of the year is expected to claw back some of the progress made.*

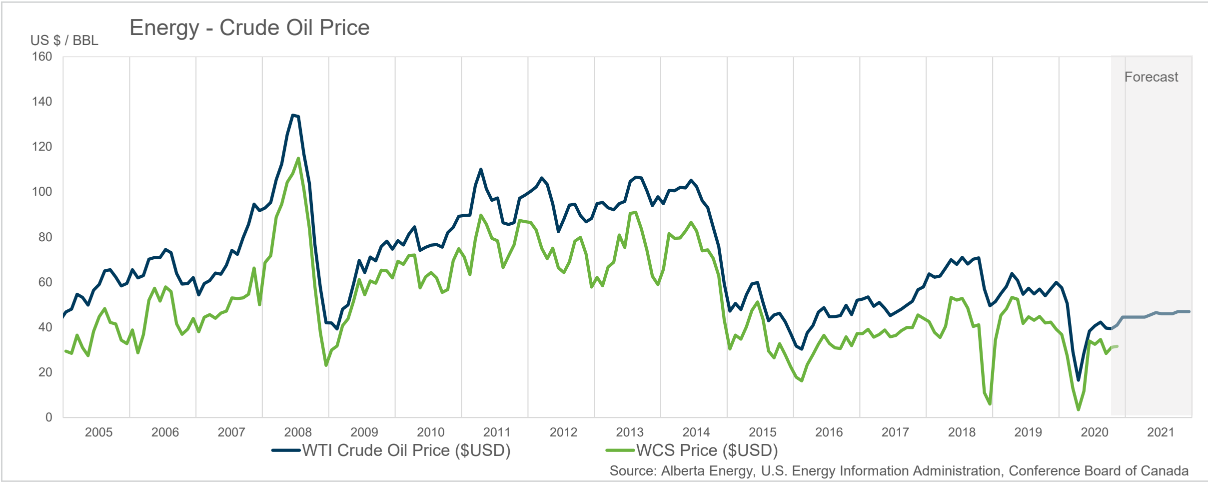
THE ENERGY SECTOR WAS HIT *particularly hard in 2020, as global oil demand fell and prices crashed. While prices have improved from the lows recorded early in 2020, they remain lower than the levels recorded when oil prices first fell back in 2014. While some mergers have already been announced, further consolidation in the sector is expected.*

FINAL GDP FIGURES *for 2020 are not expected to be released until mid-2021, but Alberta is expected to be one of the hardest hit provinces in terms of economic contraction for 2020. It not only impacted our retail, tourism and airline industries, but also had a significant impact on the energy sector.*

LOW LENDING RATES *and government support helped prevent a more significant impact on the housing market.*

PERSISTENTLY HIGH UNEMPLOYMENT RATES *and significant job losses in some sectors of our economy dominated 2020.*

PROVINCIAL FIGURES *point toward more people leaving the province than entering. This shift is due to some loss to other provinces, but also the significant drop in international migration. Thankfully, our young demographic has helped support population growth, albeit at slower rates.*



POPULATION

With borders closed, COVID-19 impacted the flow of people and we saw the impact in our international migration numbers.

For many years, Alberta has struggled with slow-to-negative migration from other provinces, but international migration more than offsets those losses. This changed as of Q2 2020, when Alberta recorded negative net migration for the first time in over 20 years. This trend continued in the third quarter, as the pandemic and restrictions on international travel continued to impact international migration.

Our young demographic has continued to support natural increases in population growth, which was nearly one per cent in the province by the third quarter. While this is far slower than last year's levels, Alberta's population growth was the highest among the provinces and above the national average.

While the City of Calgary did not complete an annual census this year, the province-wide trends are expected to be similar to those in Calgary.

Both migration levels and population growth are expected to remain relatively slow in 2021. This can slow the absorption of rental inventory, impacting both vacancy rates and rental rates. This also filters into ownership demand, as there is less push for existing renters to make the shift to ownership, preventing stronger gains in home sales.

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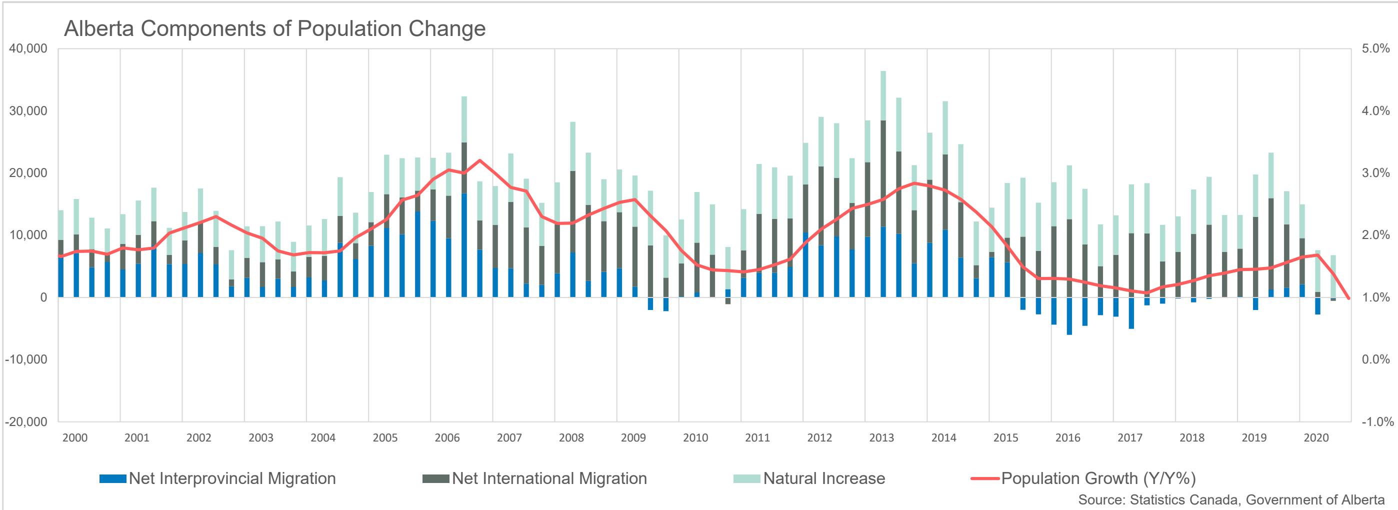
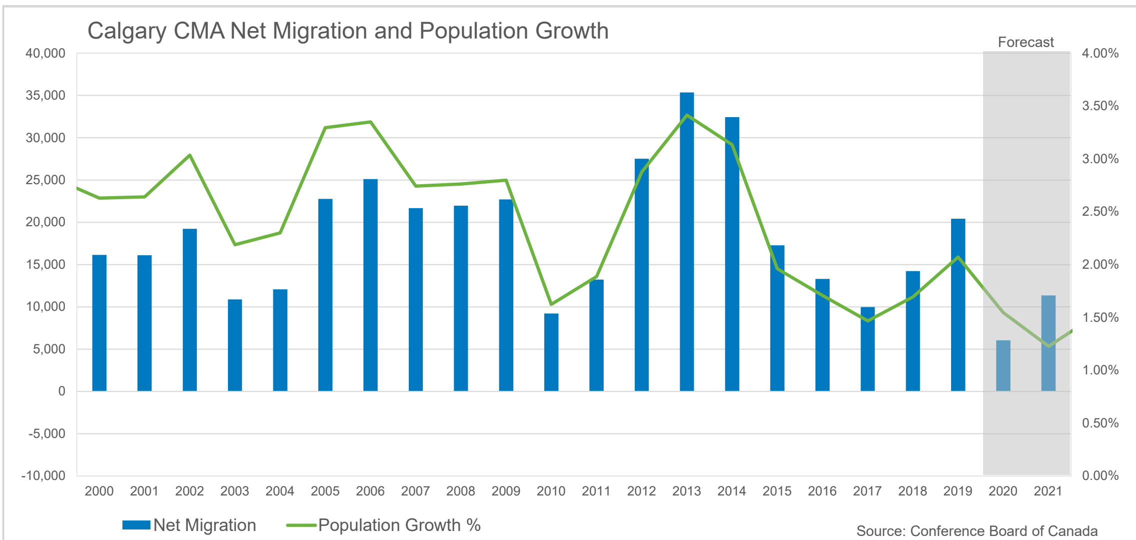
POPULATION **CONT.**





LENDING MARKET

The significant impact COVID-19 has had on the economy resulted in a pivot for the Bank of Canada, which cut the overnight target rate to 0.25 per cent. This is the lowest level in over a decade and the decline in the target rate has resulted in lower mortgage rates. The stress test remains in place, but the benchmark rate has eased from the levels we have seen over the past several years.

The Bank of Canada has indicated rates will remain low for the next several years, likely contributing to the recent declines in residential mortgage rates.

Five-year discounted rates being offered in the market are just above one per cent, half the discounted rates offered just two years ago. These exceptionally low rates are the key factor driving the improving sales in the housing market. The low rates are expected to remain this year, supporting the expected growth in sales activity.

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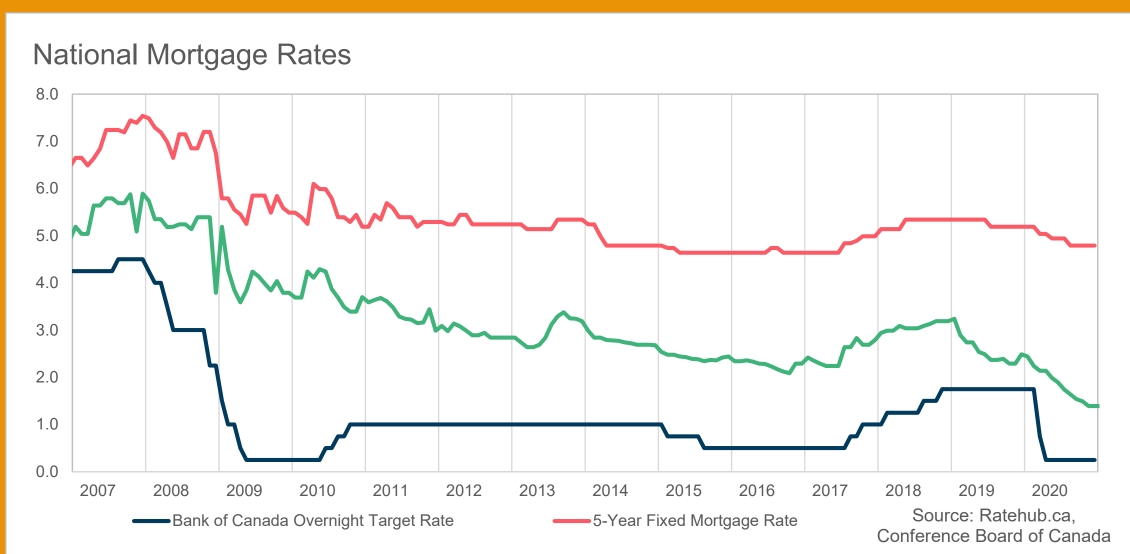
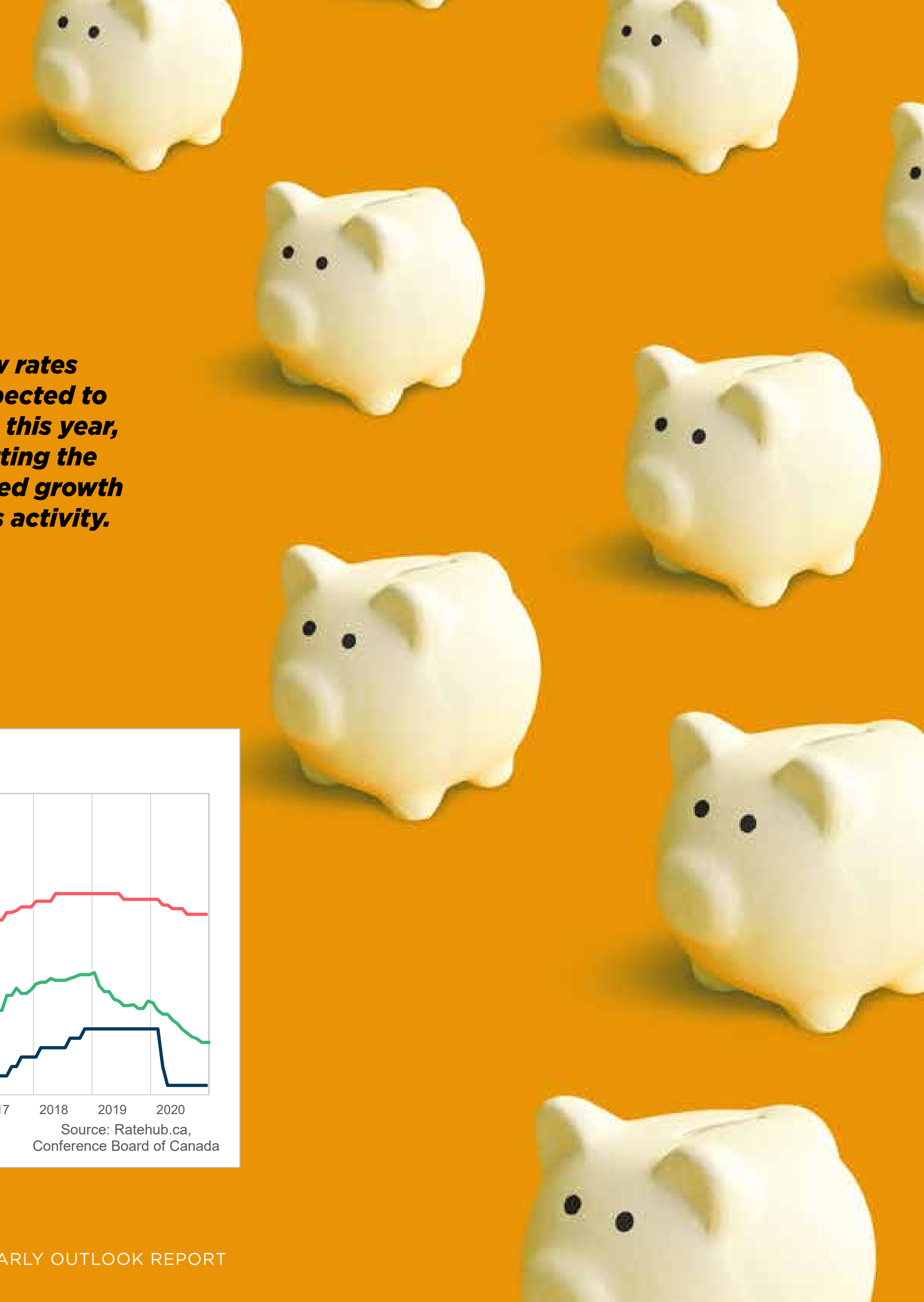




EMPLOYMENT UPDATE

Calgary was already experiencing some job losses prior to the spring shutdown. However, the three-month shutdown resulted in a dramatic decline in employment.

In January, the number of people employed in Calgary was 860,000. By June, that figure dropped to 744,000. However, the recovery in jobs was just as strong, and by December, employment levels had recovered to 855,000.

While the number of people employed mostly returned to pre-COVID levels, the unemployment rate has remained in double-digit territory at 10.4 per cent in December. This is still high, but it is a significant improvement from the near 16 per cent recorded in July.

As our market was shedding jobs before COVID-19, on an annual basis over 55,000 jobs were lost, a six per cent decline compared to last year. However, not all sectors recorded a pullback and there was significant variation depending on the industry.

By the end of the year, the three sectors with the highest numbers of jobs lost were accommodation and food (14,000 jobs); professional, scientific and technical services (11,100 jobs); and retail trade (11,500 jobs).

The job loss in the professional sector is particularly worrisome, as these are typically higher-paid positions related to the energy sector. Growth in this area is expected to be minimal, not returning to pre-pandemic levels until 2023. Weakness in employment in this sector will likely weigh on the upper end of the housing market.

Further shutdowns from the end of 2020 will likely create a weak employment environment again in the early part of 2021. However, on an annual basis, employment levels are expected improve in 2020, but remain below 2019 levels.

Considerable risk also remains surrounding permanent job loss occurring due to business closures. Either way, the weak labour market and higher unemployment rates will also contribute to the weakness in income levels.

If the labour market remains persistently weak as expected in 2021, it will prevent a stronger rebound in housing demand growth and could lead to supply gains if people need to adjust their housing due to their employment situation.

Further shutdowns from the end of 2020 will likely create a weak employment environment again in the early part of 2021.

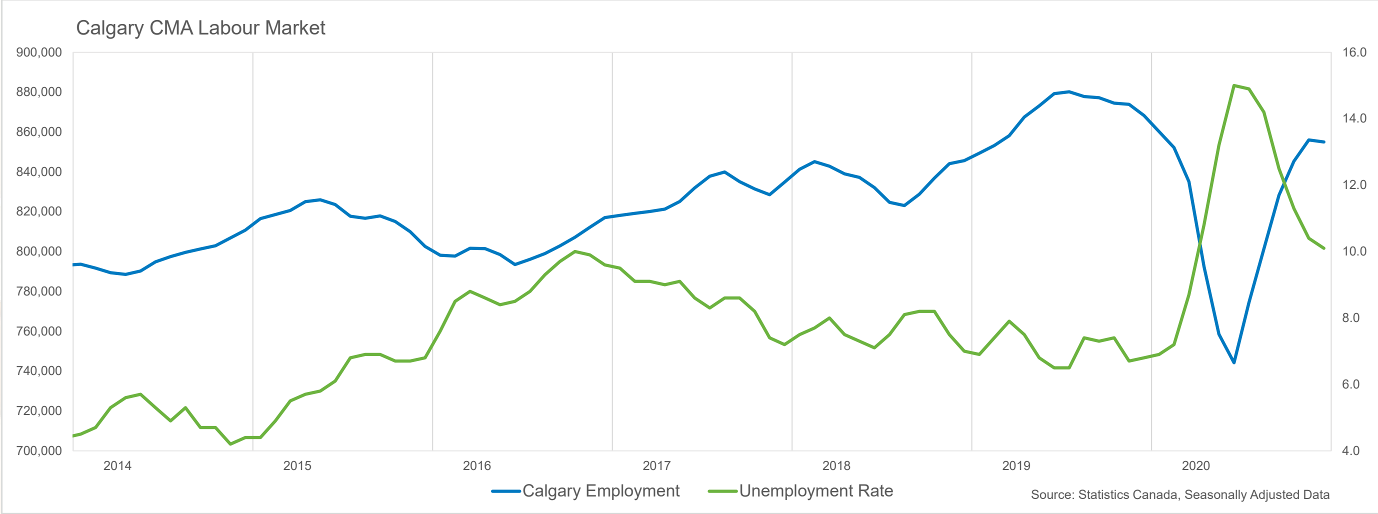
However, on an annual basis, employment levels are expected improve in 2020, but remain below 2019 levels.

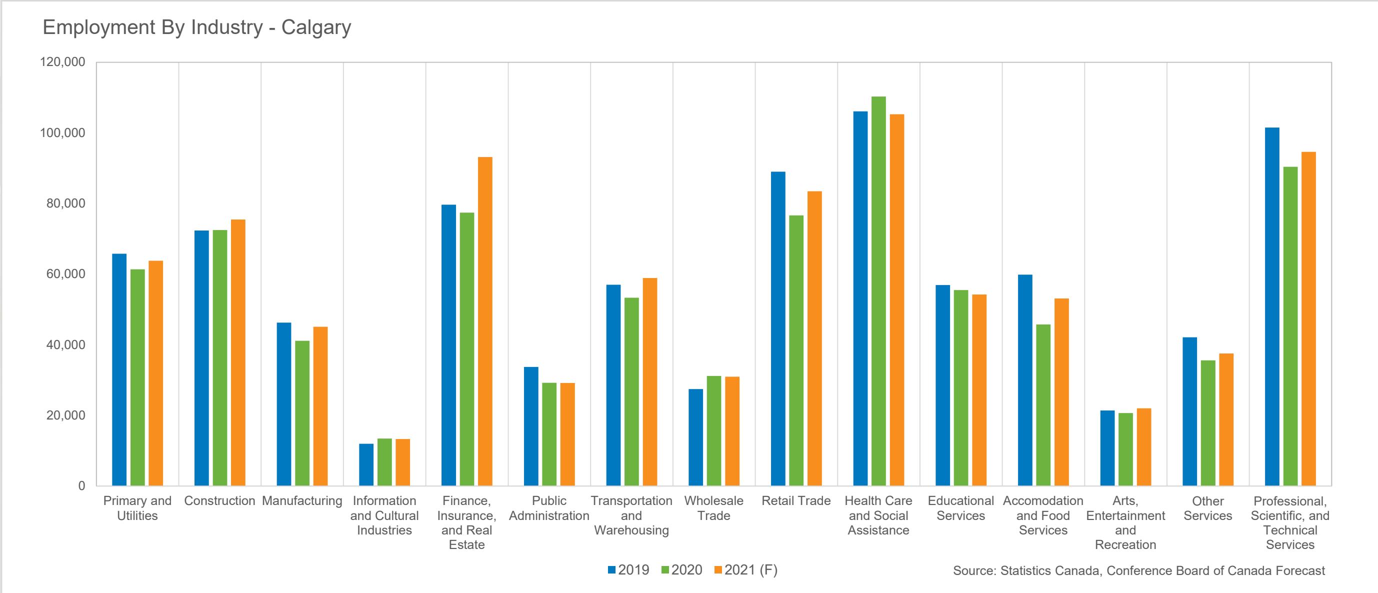
EMPLOYMENT GROWTH

CALGARY	2019	2020	2021 (F)
Employment	871,250	815,900	860,314
Employment Growth	4.03%	-6.35%	5.44%
Unemployment Rate	7.13%	11.58%	10.60%

Source: Conference Board of Canada

EMPLOYMENT UPDATE **CONT.**





NEW HOME & RENTAL

Slowing economic conditions spread to the new-home sector in 2020. Starts in the city declined by 22 per cent in 2020. Most of the decline was driven by multi-family starts, which had eased by 31 per cent. Slower starts contributed to the decline in new-home inventories from the peak levels recorded early in the year.

The slower activity in 2020 will help prevent further supply pressure to the market over the near term. Starts levels in 2021 are expected to remain low relative to historical levels. This will help slow the supply pressure coming from the new-home market.

Slower migration, combined with completions of new purpose-built rental product, is impacting rental market vacancies and rental rates. As it will take time for borders to open and international migration to return, the rental market is expected to continue to struggle into 2021.

According to Urban Analytics, newer purpose-built rental saw occupancy rates fall, as the addition of new supply created a challenging rental market. They also noted many landlords were providing free rent incentives and rental rate reductions.

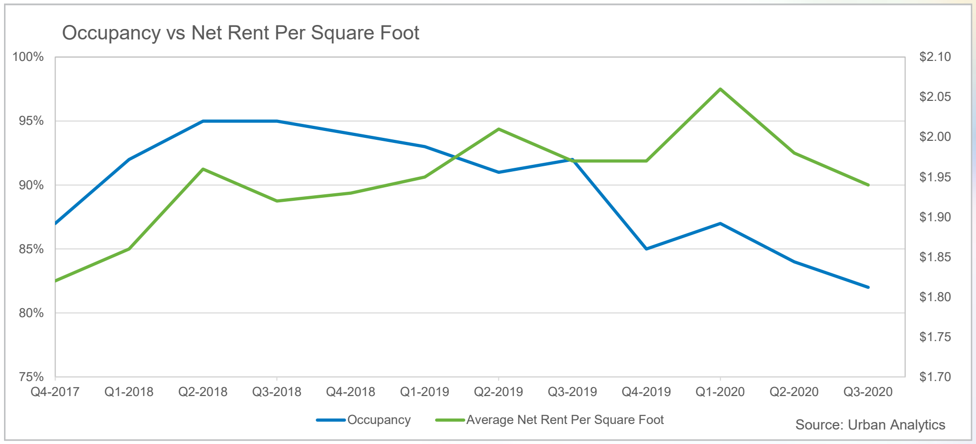
With more projects expected to be completed over the next year and migration patterns expected to remain slow, absorption of the rental product will be slow, keeping vacancy rates slightly elevated and ensuring rent incentives will remain persistent in the market.

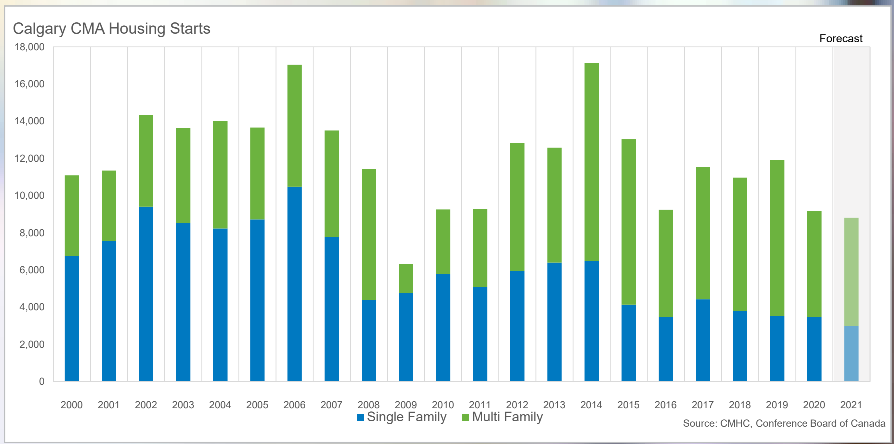
Low interest rates are likely encouraging many first-time homebuyers to enter the ownership market. However, ample rental supply, rental incentives and significant uncertainty in the economy could reduce any sense of urgency among current renters considering a shift into ownership, potentially preventing stronger sales growth in 2021.

As it will take time for borders to open and international migration to return, the rental market is expected to continue to struggle into 2021.

Calgary CMA	2019	2020	2021 (F)
Housing Starts: Single Family	3,535	3,487	2,985
Housing Starts: Multi-Family	8,374	5,678	5,834

Source: CMHC, Conference Board of Canada





CITY OF CALGARY

The city started 2020 with the expectation things were going to be better following five years of slow activity.

The economy was showing signs of improvement and this was going to start working its way into the housing market.

By all accounts, January and February started on that path, as sales were improving and inventories started to ease. As COVID-19 arrived over the next three months, we saw a sharp pullback in sales, inventory and prices.

However, what followed was surprising. Despite the high unemployment rates and significant job losses, housing sales soared through the latter part of the year, reaching levels far higher than anything we've seen over the past five years.

The growth in sales was partially a result of demand shifting from the traditionally busy spring season to later in the year. Lower lending rates and price adjustments also supported further sales growth.

While sales were rising, inventories remained low, pushing the market into balanced conditions in the second half of the year. With more balanced conditions, Calgary started to record some improvements in prices. However, these trends were not consistent across all price ranges and property types, as price gains were primarily seen in the lower price ranges, which saw market conditions shift to favour sellers. Challenging economic conditions are expected to continue to weigh on labour markets this year, but housing sales are expected to be fuelled by pent-up demand from purchasers looking to take advantage of exceptionally low lending rates.

However, supply levels are expected to rise. Some of the gains are expected to come from sellers who delayed listing their home during the pandemic. In addition, persistent weakness in the labour market could start to weigh on households, causing a rise in new listings that could fuel further supply gains.

This is expected to slow the price-growth momentum experienced in the second half of 2020, but it should not entirely offset it, keeping prices slightly higher than last year's levels.

Despite the high unemployment rates and significant job losses, housing sales soared through the latter part of the year, reaching levels far higher than anything we've seen over the past five years.

CITY OF CALGARY: A LOOK BACK AT 2020

STRONG SALES IN THE SECOND HALF OF THE YEAR *were not enough to offset the losses racked up during the shutdowns, as sales eased by one per cent compared to last year and remained 17 per cent below longer-term averages.*

NEW LISTINGS FELL BY NEARLY NINE PER CENT, *resulting in the slowest year for new listings since 2002. This contributed to reductions in inventory levels, which averaged less than 6,000 units for the first time in two years.*

WITH THE DECLINE IN SUPPLY, *the market moved toward more balanced conditions by the end of the year.*

CONDITIONS VARIED SIGNIFICANTLY ACROSS PRICE RANGES, *as supply levels did not keep pace with sales in the lower price ranges, causing sellers' market conditions and price growth. Excess supply was persistent in the upper price ranges and impacted prices.*

AS THE MARKET SHIFTED TOWARD BALANCED CONDITIONS, *we started to see prices improve. However, it was not enough to offset the pullbacks earlier in the year, as annual prices remained nearly one per cent below last year's levels.*

HOUSING MARKET
DETACHED

Over the past two years, the detached sector has struggled with slower sales and elevated inventory. Lower lending rates and low prices contributed to the rebound in detached sales in the second half of the year.

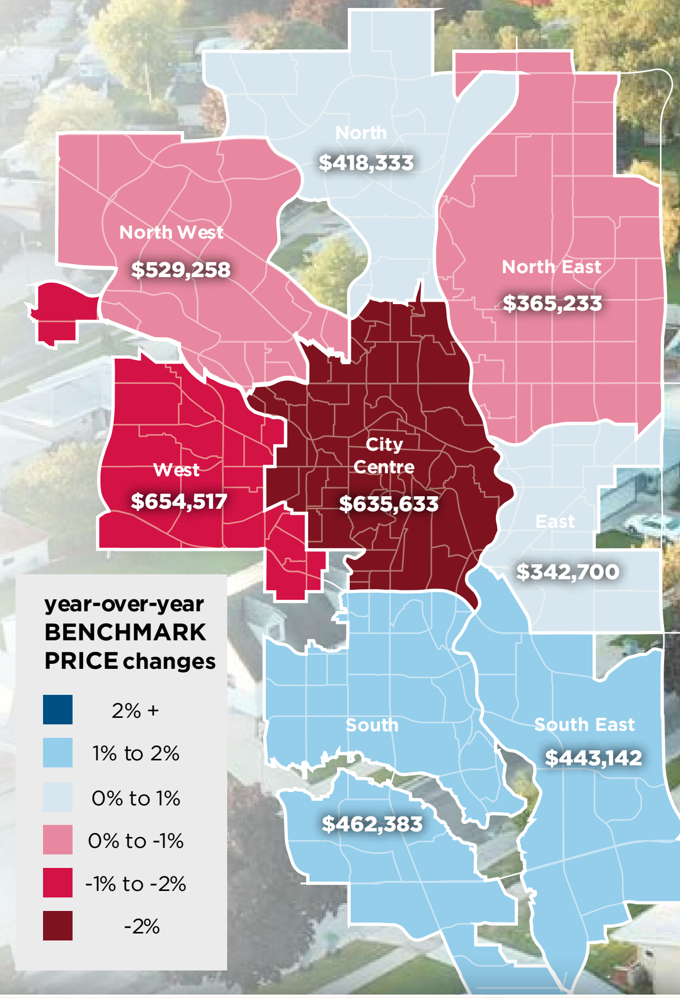
The reduction in new listings contributed to the fall in inventory levels and brought this segment back to balanced conditions.

The detached sector will be starting 2021 in far more balanced conditions relative to several years ago. This will help prevent a shift back into over-supplied conditions, as supply levels are expected to rise.

Activity was especially strong in the lower price ranges, resulting in that segment shifting to sellers' market conditions. While activity varied significantly based on price range, tighter conditions supported some price growth throughout the second half of the year, offsetting earlier declines and resulting in relatively stable prices on an annual basis.

The detached sector will be starting 2021 in far more balanced conditions relative to several years ago. This will help prevent a shift back into oversupplied conditions, as supply levels are expected to rise.

However, supply gains are expected to slow some of the price recovery that has been occurring. Detached home prices are expected to improve over 2020 levels, but remain below previous highs. It is also expected much of the price gains will be driven by low- to mid-priced product, as supply gains in the upper end of the market could outpace sales activity, preventing any price recovery.



	SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE
2019	2020	2019	2020	2019	2020	2019	2020
9,898	9,949	17,347	15,376	3,470	2,783	$482,575	$483,567
-0.34% year over year	0.52% year over year	-12.29% year over year	-11.36% year over year	-7.89% year over year	-19.8% year over year	-3.39% year over year	0.21% year over year

*source: CREB®

2020 HIGHLIGHTS: DETACHED

STRONG GAINS IN THE SECOND HALF *of the year were enough to offset earlier declines and detached sales remained similar to last year's activity. However, with 9,949 sales this year, activity remains over 17 per cent lower than longer-term averages.*

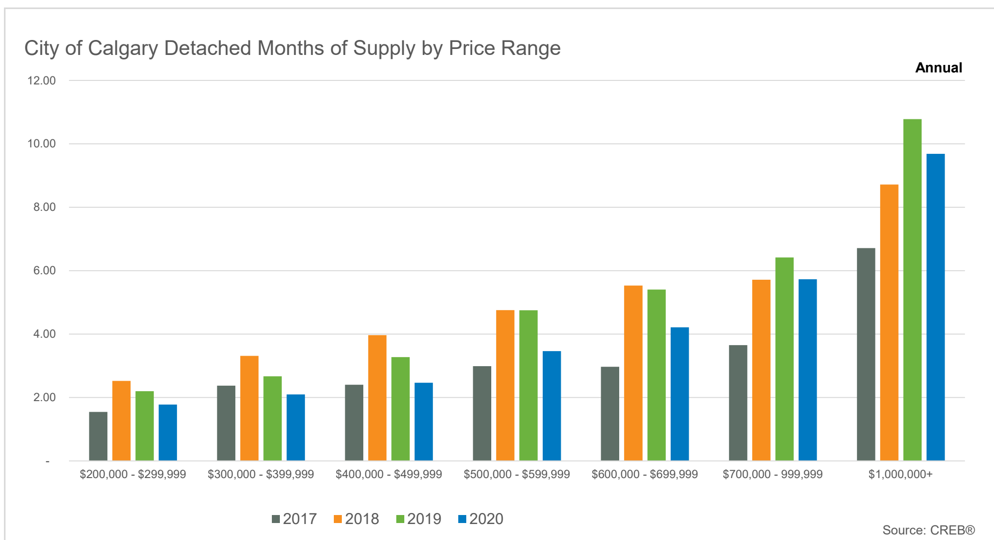
SALES ACTIVITY *did vary significantly throughout the city, as sales only improved in the City Centre, North and South East districts.*

PRICE REDUCTIONS *earlier in the year, combined with lower lending rates, likely contributed to some of the gains in sales in the second half of the year. As conditions became more balanced, we started to see prices trend up, offsetting earlier losses. Overall, prices remained stable in 2020 compared to the previous year and currently sit six per cent below 2014 highs.*

PRICE MOVEMENTS *were inconsistent across the city. The two most expensive districts, the City Centre and West, recorded annual price declines of 2.5 and 1.6 per cent, respectively. Both the South and South East districts recorded annual price gains of nearly two per cent.*

WHEN RESTRICTIONS WERE FIRST LIFTED *in May, we saw the rebound in sales start in the lower price ranges. However, the reduction in inventory caused conditions in the under-$500,000 segment to shift to favour the seller.*

AS THE YEAR PROGRESSED, *we started to see improved sales in the middle and upper ends of the market as well, but the pullback in new listings was not as high as what was seen in the lower end of the market, especially for product priced above $700,000.*



HOUSING MARKET
ROW

Row sales activity recorded the strongest growth relative to the other property types in 2020.

Some of the annual sales gain was a result of fewer supply restrictions relative to semi-detached or detached properties.

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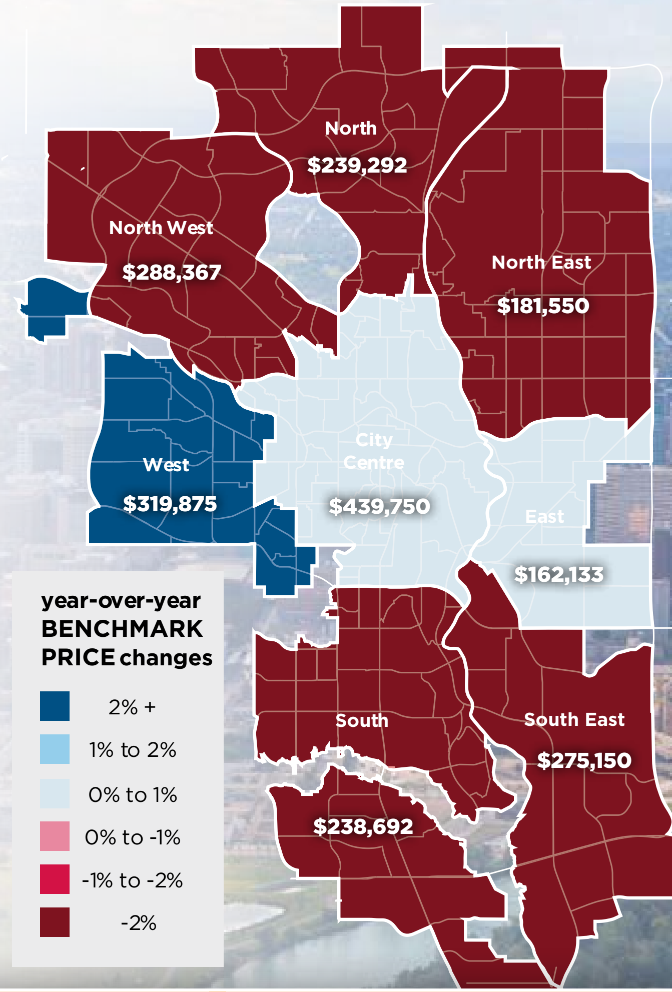
After the apartment condominium sector, this segment had the biggest struggle with oversupply, but the improvement in sales helped push this segment into balanced conditions by the end of the year. While this helped support some price recovery, it did not come soon enough to offset earlier declines, as the annual benchmark price fell by nearly two per cent.

Overall, supply levels are expected to rise this year, but the increase might not be as high for row product, as new-home starts for row properties fell by over 20 per cent in 2020.

Sales activity will likely continue to rise given the relative affordability of this product type. This should help ease the downward pressure on prices and support some shifts toward price recovery.



SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
2019	2020	2019	2020	2019	2020	2019	2020
2,111	2,145	4,257	4,064	964	881	$283,383	$278,633
7.48% year over year	1.61% year over year	-5.94% year over year	-4.53% year over year	-5.74% year over year	-8.64% year over year	-3.75% year over year	-1.68% year over year

source: CREB

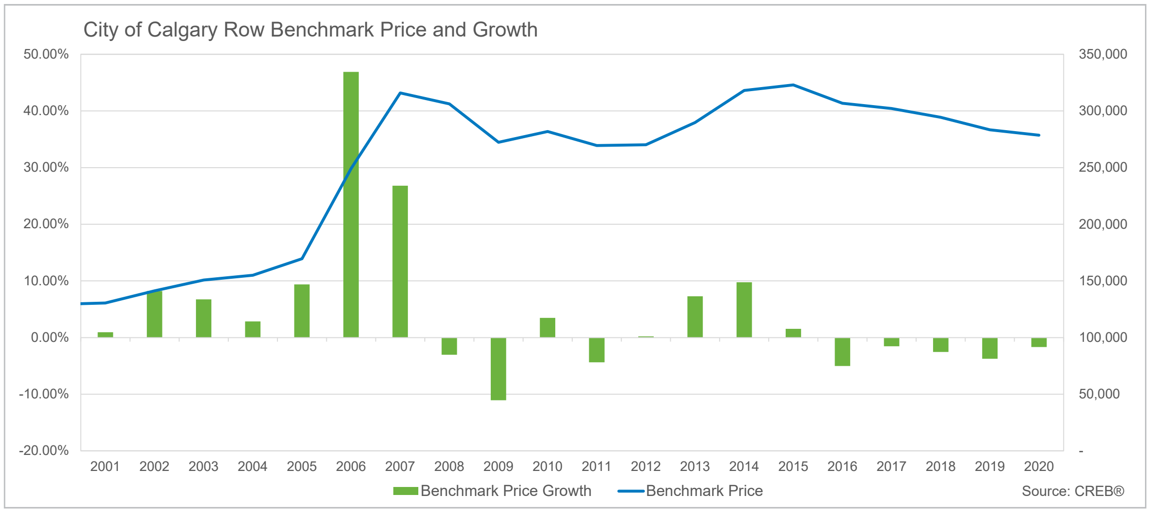
2020 HIGHLIGHTS: ROW

SLOWER SALES DURING THE SHUTDOWN *were more than offset by gains in sales in the second half of the year, resulting in year-to-date sales of 2,145 units, nearly two per cent higher than last year's levels.*

NEW LISTINGS EASED *by nearly five per cent in 2020, contributing to an annual average inventory decline of nine per cent.*

WHILE SALES IMPROVED ACROSS MOST DISTRICTS, THE WEST DISTRICT *was alone in recording a sales decline. When comparing activity to longer-term trends, row sales match or exceed longer-term trends in the North East, North and South East districts.*

BENCHMARK PRICE MOVEMENTS *also varied significantly by district. Prices eased across all districts except the City Centre, West and East. The largest price gain occurred in the West district.*



HOUSING MARKET **SEMI-DETACHED**

A significant drop in inventory and stable sales in 2020 pushed the semi-detached sector into the tightest conditions seen since 2014.

Entering 2021 with tight market conditions will provide a buffer if supply levels rise as expected in the housing market. Like other segments, low interest rates are expected to drive up sales. Rising supply levels will somewhat offset the gains, but this segment is expected to remain relatively balanced with modest price growth.

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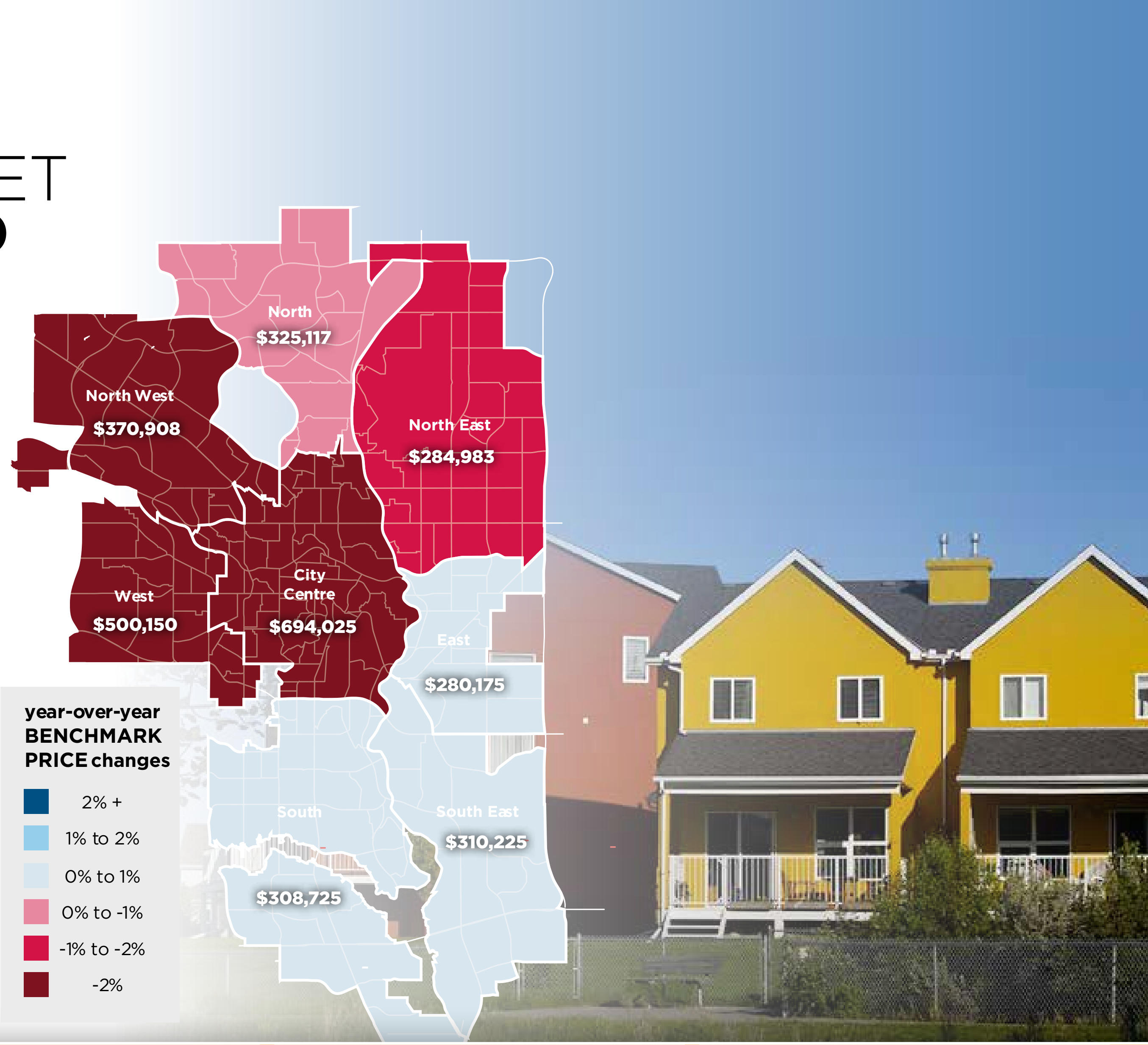


SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
2019	2020	2019	2020	2019	2020	2019	2020
1,666	1,663	3,224	2,786	714	570	$394,783	$389,183
5.78% year over year	-0.18% year over year	-9.92% year over year	-13.59% year over year	-6.24% year over year	-20.18% year over year	-3.58% year over year	-1.42% year over year

*source: CREB®

2020 HIGHLIGHTS: SEMI-DETACHED

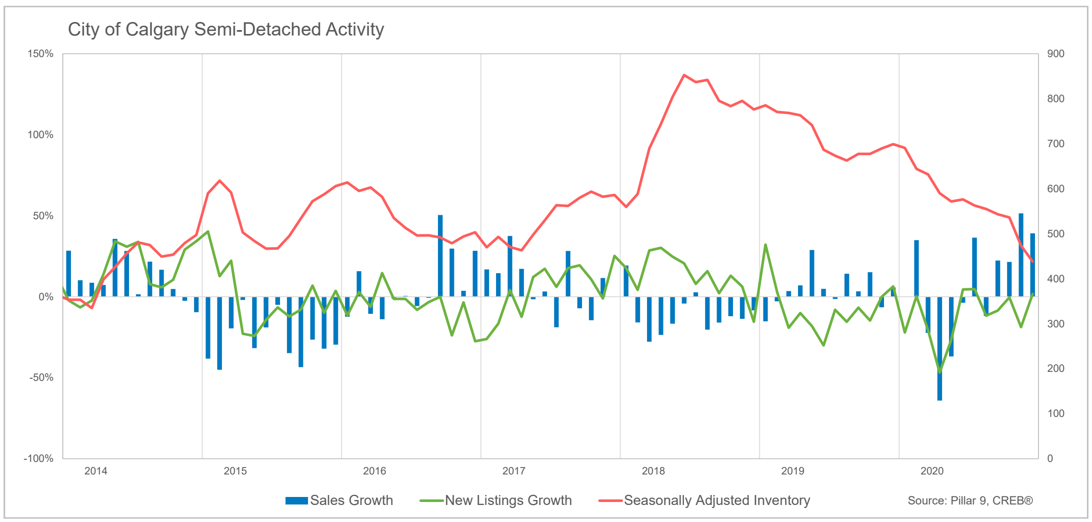
STRONG SALES IN THE SECOND HALF *of the year were enough to push annual sales levels to 1,663 units, consistent with last year's activity and long-term averages.*

NEW LISTINGS SLOWED*, causing inventories to decline and the market to tighten. This pushed the segment closer to sellers' market conditions by the end of the year.*

CONDITIONS VARIED *depending on price range. For product priced below $400,000, the months of supply dropped to under three months, reflecting the tightest conditions seen in over three years.*

IN THE UPPER PRICE RANGES, *the months of supply remained at elevated levels. The uneven activity in this sector is likely causing divergent price trends. Prices in this segment have been mostly trending down since 2018. In the second half of the year, prices started to trend up, but it was not enough to offset earlier pullbacks and annual benchmark prices eased by 1.4 per cent for an annual total of $389,183.*

PRICE ADJUSTMENTS DID VARY BY DISTRICT. *Prices remained relatively stable in the South, South East, East and North districts. The steepest declines occurred in the City Centre, North West and West districts, which are the highest-priced areas for typical semi-detached properties.*



HOUSING MARKET
APARTMENT

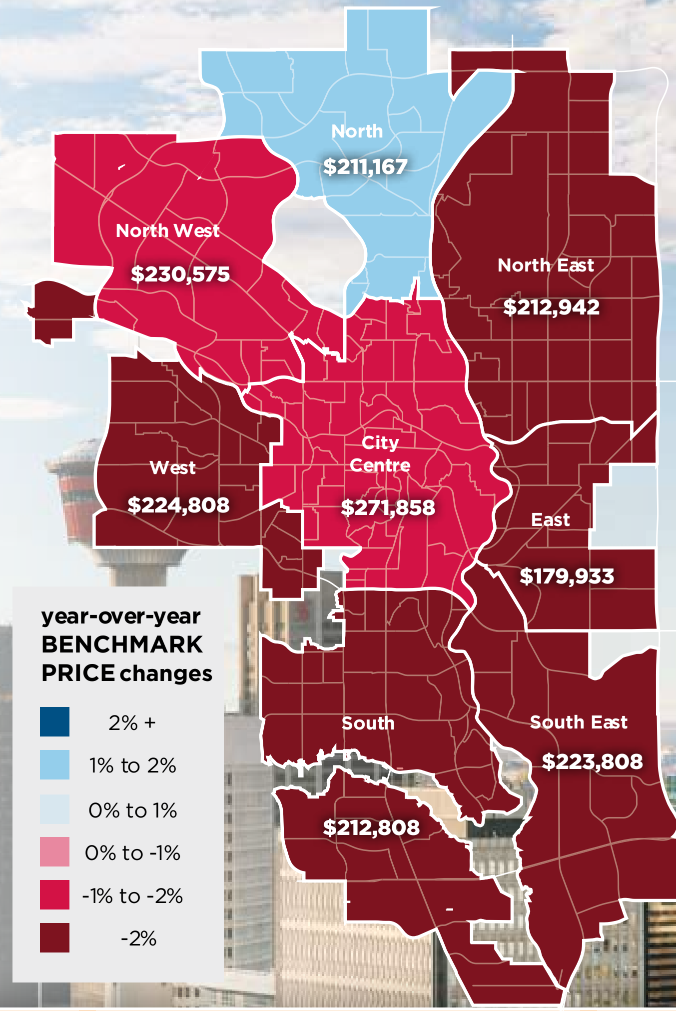
Prior to the shutdowns, there were signs of improvement in this sector. While the shutdowns impacted all sectors, apartment sales did not rebound in the same manner as the rest of the product types.

In fact, the apartment condominium sector was the only property type to record a significant contraction in sales in 2020. However, the adjustment in new listings was not as significant, keeping inventories elevated and ensuring the market continued to favour the buyer throughout 2020.

The resale condominium apartment sector has struggled with too much supply relative to demand for several years, resulting in a price adjustment of 16 per cent since 2014.

The resale condominium apartment sector has struggled with too much supply relative to demand for several years, resulting in a price adjustment of 16 per cent since 2014.

Slower apartment starts in the new-home sector will help slow the supply gains in 2021, but we still expect listings to rise. At the same time, fewer options for lower-priced product in other property types could start to support sales improvements in this sector. Overall, we do expect the level of excess supply will start to ease in this sector, but it will take some time to see this segment move into balanced conditions. Nonetheless, any movements toward more balanced conditions should help slow the amount of price decline in this sector.



SALES 2019	SALES 2020	NEW LISTINGS 2019	NEW LISTINGS 2020	INVENTORY 2019	INVENTORY 2020	BENCHMARK PRICE 2019	BENCHMARK PRICE 2020
2,669	2,394	6,082	5,960	1,515	1,496	$250,000	$244,692
0.34% year over year	-10.30% year over year	-9.06% year over year	-2.01% year over year	-5.78% year over year	-1.29% year over year	-2.31% year over year	-2.12% year over year

Source: CREB

2020 HIGHLIGHTS: APARTMENT

APARTMENT SALES EASED *by 10 per cent in 2020, making it the lowest level of apartment condominium sales since 2001.*

SALES DID IMPROVE *in the North East, South East and East districts, but it was not enough to offset the declines that occurred in the City Centre, which accounts for more than 40 per cent of overall sales activity in the segment.*

NEW LISTINGS EASED *slightly in 2020, but not enough to cause any substantial changes to inventory levels, which finished the year higher than levels recorded in the previous year.*

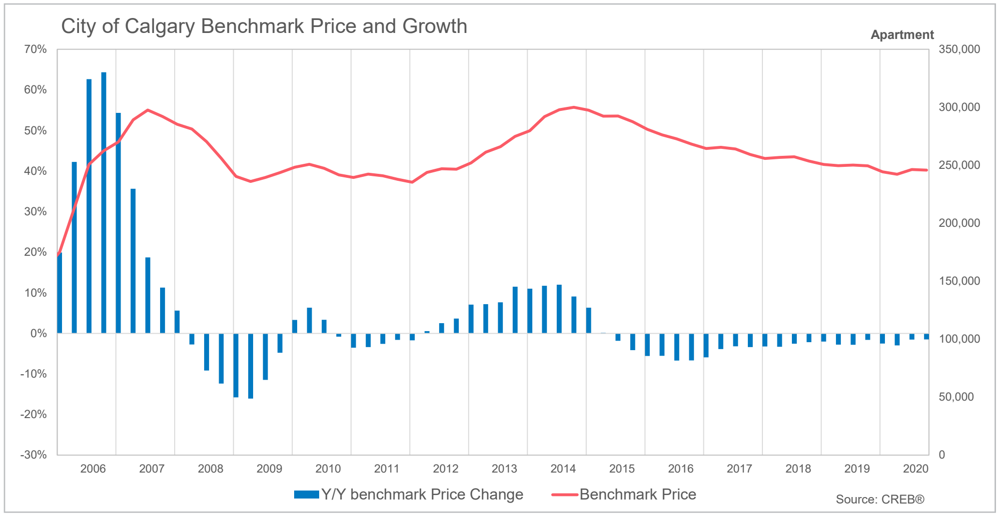
THE MONTHS OF SUPPLY *averaged 7.5 months in 2020, which is slightly higher than levels recorded last year.*

PERSISTENT SELLERS' MARKET *conditions weighed on prices throughout most of the year. In 2020, average annual benchmark prices eased by two per cent, making the total adjustment from previous highs amount to 16 per cent.*

WHILE CITYWIDE PRICES DID FALL, *the one area to show some price growth was the North district. Despite the one per cent improvement, prices remain nearly 20 per cent lower than the previous high set in 2007.*

THE ONE AREA OF IMPROVEMENT *was product priced below $200,000. This segment recorded sales growth of nearly 11 per cent on an annual basis.*

THE RESALE APARTMENT *sector continues to struggle with competition from the new-home market. New condominium projects are being competitively priced with the resale sector and often face lower condominium fees than existing buildings.*

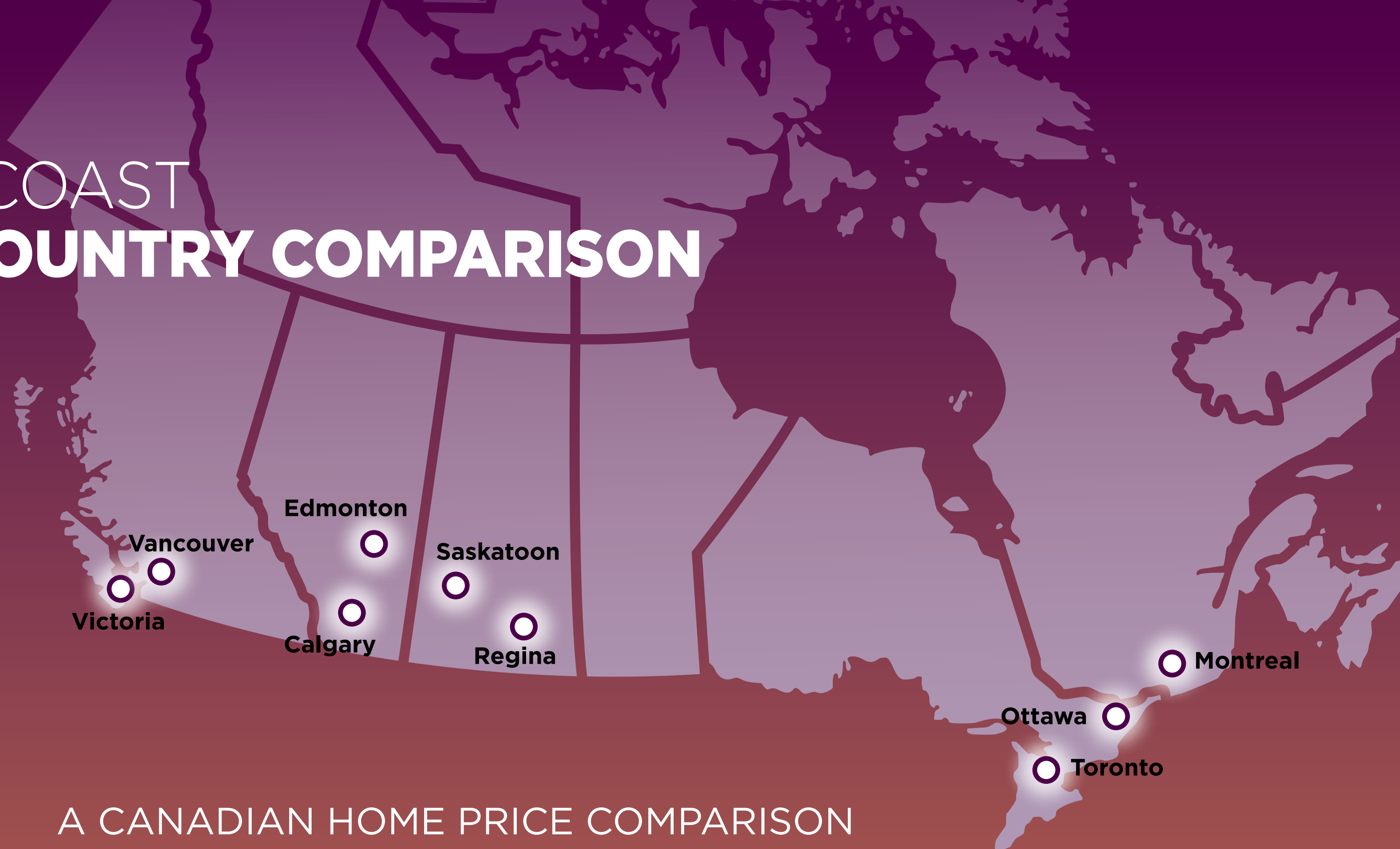


COAST TO COAST
A CROSS-COUNTRY COMPARISON

COVID-19 has impacted all areas across the country, but in markets like Toronto, Vancouver and Montreal, sellers' market conditions existed before the pandemic.

While all three markets faced the same pullbacks during the shutdown period, their markets were recording record sales activity in the following quarters. Combined with tight supply conditions, this resulted in significant price gains across their markets.

Calgary did not see the same record-high sales activity or annual price growth. Pre-existing challenges in the energy sector placed us in buyers' market territory prior to the pandemic and the supply decline brought us into more balanced conditions.



A CANADIAN HOME PRICE COMPARISON

SINGLE-FAMILY HOME PRICE	Benchmark Price 2020	Y/Y Change Benchmark Price
Greater Vancouver	$1,485,519	4.69%
Victoria	$791,605	5.51%
Fraser Valley	$1,008,487	5.55%
Calgary region	$464,330	-0.40%
Edmonton	$373,248	0.05%
Regina	$280,199	1.95%
Saskatoon	$313,902	2.12%
Greater Toronto	$987,558	10.75%
Greater Montreal	$432,478	13.82%
Ottawa	$552,788	18.30%

APARTMENT CONDOMINIUM HOME PRICE	Benchmark Price 2020	Y/Y Change Benchmark Price
Greater Vancouver	$681,513	2.98%
Victoria	$510,779	1.76%
Fraser Valley	$433,930	2.48%
Calgary region	$245,666	-2.17%
Edmonton	$182,982	-4.34%
Regina	$178,018	-4.47%
Saskatoon	$174,714	2.30%
Greater Toronto	$586,544	8.53%
Greater Montreal	$313,076	12.74%
Ottawa	$363,411	20.49%

ALBERTA: **HOUSING MARKET COMPARISON**

All major markets across the province felt the impact of the shutdowns in the early part of 2020.

As the economy reopened, it was consistent that the recovery from the lows was mostly driven by detached activity. However, the pace and magnitude of the rebound was inconsistent across the province.

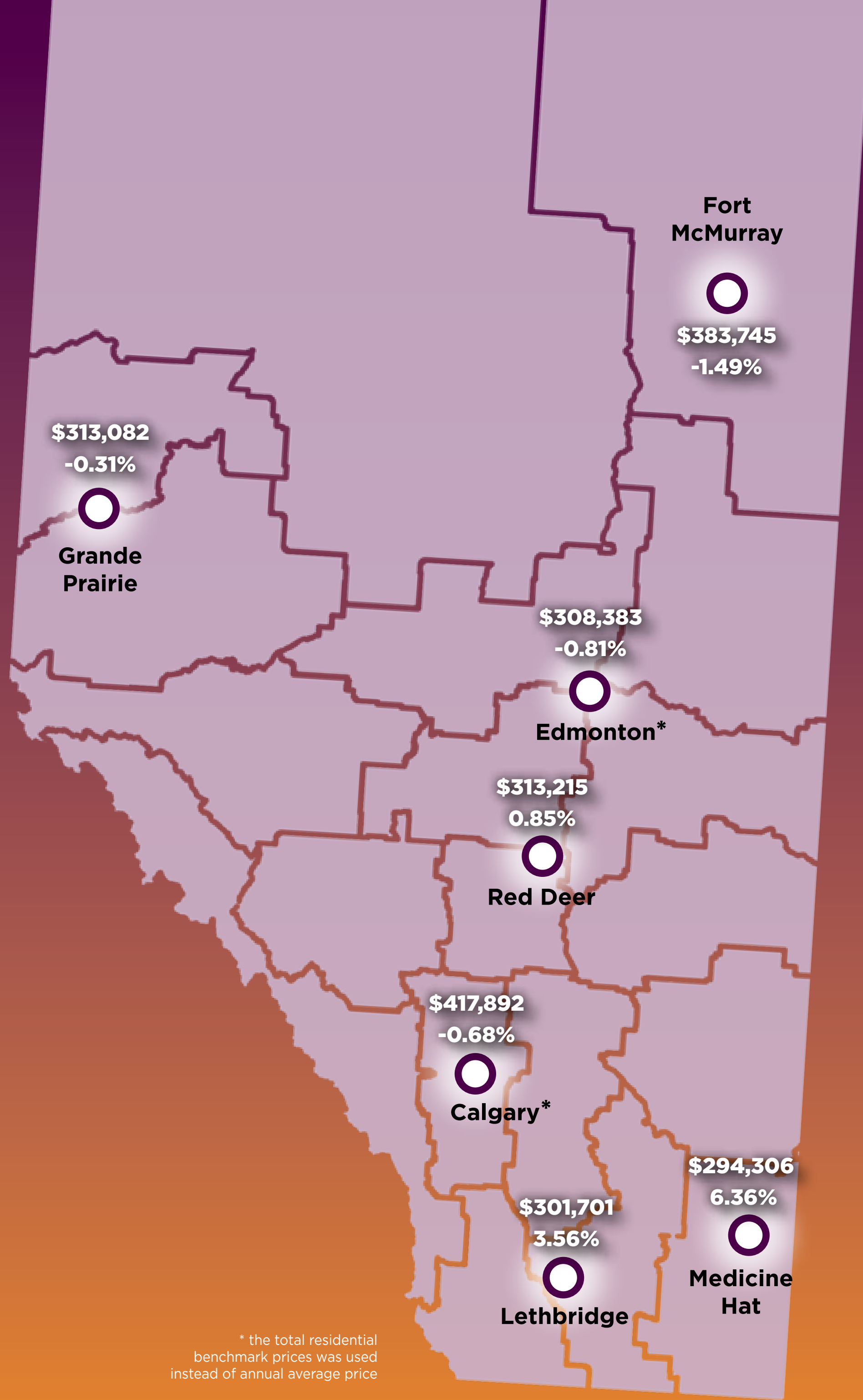
In 2020, the only markets that recorded sales growth were Lethbridge and Edmonton. For other markets like Medicine Hat, sales growth in the second half of the year was limited due to a significant reduction in supply levels and new listings.

Both Lethbridge and Medicine Hat saw their markets move into tighter conditions, resulting in relatively strong price gains. Meanwhile, adjustments in supply relative to sales helped shift the Red Deer market to more balanced conditions and prices there generally stabilized.

Both Grande Prairie and Fort McMurray saw some downward price pressure on an annual basis, as tighter market conditions in Fort McMurray were short lived and Grande Prairie was the only market to see supply gains throughout the year.

Despite significant job losses and unemployment rates that exceeded levels reported in Calgary, Edmonton's housing market recorded sales comparable to levels recorded over the past three years, while Calgary sales came up short. However, this could be related to the sharper decline in inventory levels in Calgary versus Edmonton, slowing the potential growth of Calgary sales.

Calgary and Edmonton saw reductions in the months of supply and recorded some recovery in prices at the end of the year, but on an annual basis, benchmark prices declined by around one per cent in both markets.



* the total residential benchmark prices was used instead of annual average price

AIRDRIE

Despite recording a significant drop in sales from March through May, sales activity surged through the remainder of the year, resulting in an annual gain of 18 per cent.

The pace of sales growth far exceeded any reductions in new listings, causing inventories to fall. Inventories were trending down from elevated levels prior to the pandemic, but the pace of decline picked up toward the end of 2020.

Overall, 2020 average inventories were nearly 23 per cent lower than last year's levels.

The reduction in inventory and strong sales translated into a months of supply that fell below three months in June and remained at low levels for the remainder of 2020. This is a significant improvement over the previous year and was enough to support steady gains in home prices.

The pivot in home prices started in July, where they steadily rose both on a month-to-month basis and compared to the previous year. While it was not enough to cause any significant change in the annual benchmark price from year to year, by December, the benchmark price was five per cent higher than last year.

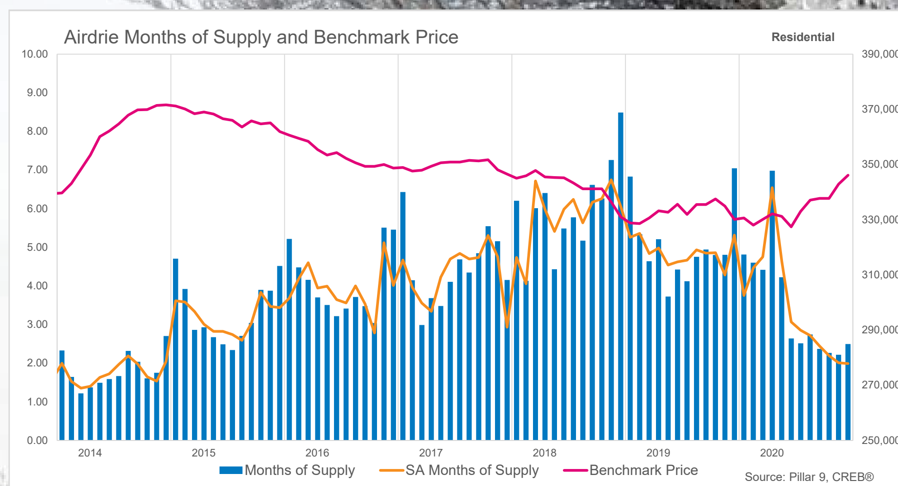
Unlike other areas, Airdrie sales improved across all product types, but it was only the detached and semi-detached segments that saw the months of supply tighten to below three months.

Tighter conditions supported recent price gains in each of those segments, but these gains only offset earlier pullback in the detached sector, where annual benchmark prices increased by nearly two per cent.

Prices remain well below the highs recorded in 2015, but this was a step toward recovery. The same cannot be said for both row and apartment-style properties, which both recorded further price declines this year, contributing to the 20 per cent spread from previous highs.

In a market where there has been rising demand for detached properties, Airdrie has likely benefited from its relative affordability compared to Calgary. According to our benchmark, the average detached home in Airdrie is priced at $369,583, while the average detached home in Calgary has a benchmark price of $483,567.

While some supply adjustments are expected to occur next year, we anticipate that many of the favourable conditions in this market will persist, supporting further price recovery.



SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
2019	2020	2019	2020	2019	2020	2019	2020
1,193	**1,407**	**2,087**	**1,941**	**479**	**373**	**$332,908**	**$334,492**
3.92% year over year	**17.94%** year over year	**-12.93%** year over year	**-7.00%** year over year	**-12.91%** year over year	**-22.24%** year over year	**-2.78%** year over year	**0.48%** year over year

source: CREB

COCHRANE

Rising sales in the second half of the year were enough to offset the pullbacks created by the shutdowns, as 2020 sales activity rose by 16 per cent. Sales in the area were at the highest level recorded since the 2014 peak.

Over the past several years, there has been a significant amount of new-home activity in Cochrane, resulting in an inventory buildup of new homes over the past two years. The town has also seen higher inventory levels in the resale market.

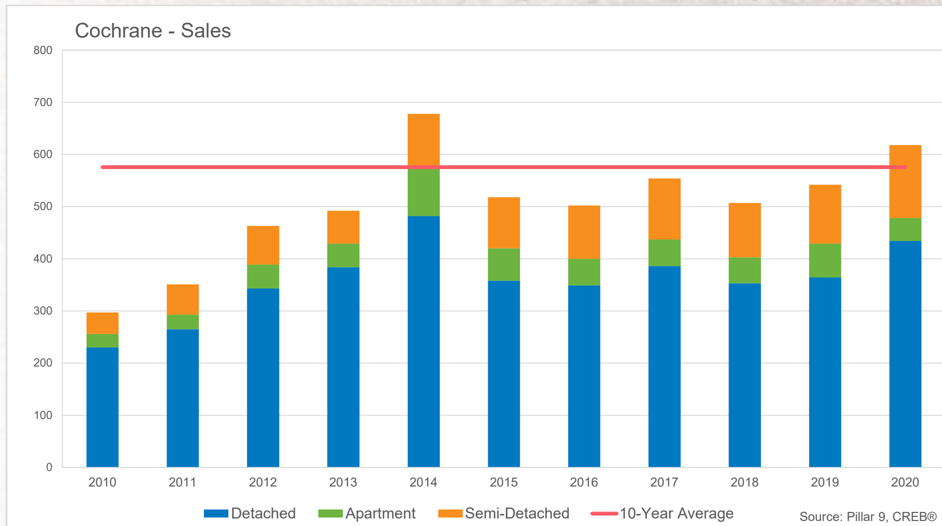
Recent improvements in resale activity, along with a stabilizing of starts at lower levels and easing new listings, have helped push the resale market back into balanced conditions.

Tighter conditions did start to support a turnaround in prices by the latter part of the year, especially for detached homes.

The months of supply for detached homes has averaged three months since June, which is far tighter than levels recorded over the past several years. This supported strong price gains for detached homes and was enough to offset earlier losses, as prices remained relatively stable compared to last year.

However, on an annual basis, benchmark prices eased from last year's levels for all other property types.

We could see some upward supply pressures play out next year. However, given the significant pullback this year, Cochrane will likely be in a good place to absorb any additional supply, supporting modest price growth.



	SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
	2019	2020	2019	2020	2019	2020	2019	2020
	618	719	1,135	1,051	312	244	$406,492	$405,008
	3.17% year over year	16.34% year over year	-11.88% year over year	-7.40% year over year	-10.89% year over year	-21.85% year over year	-1.96% year over year	-0.36% year over year

*source: CREB®

OKOTOKS

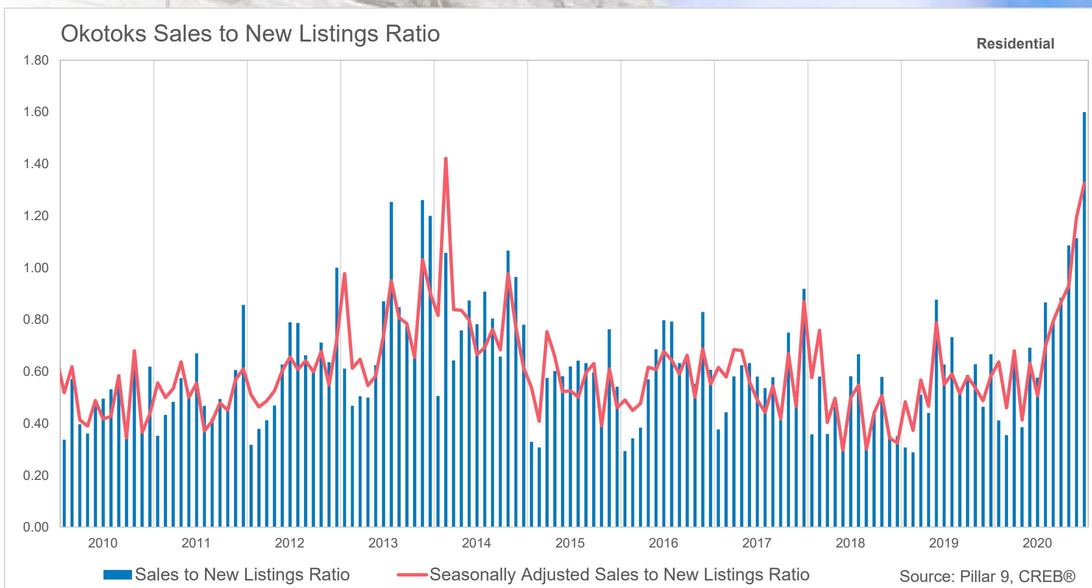
Okotoks followed many of the same trends as other markets in 2020.

However, there was a dramatic shift by the end of the year where significant improvements in sales were met with large pullbacks in new listings.

By October, the sales-to-new-listings ratio rose above 100 per cent. Inventories ended the year at half of the previous year's levels, with a month of supply that represents the tightest conditions since 2014.

The sudden increase in sales could be related to the significant pullback in prices recorded earlier in the year and the low interest rate environment. The tighter market conditions did support some price recovery from earlier in the year, but on a year-to-date basis, prices remained nearly two per cent lower than last year's levels.

Moving forward, activity in this market will be dictated by the shifts in supply. Both sales and new listings are expected to rise this year, but if conditions remain this tight into the spring, prices will continue to trend up at a faster pace.



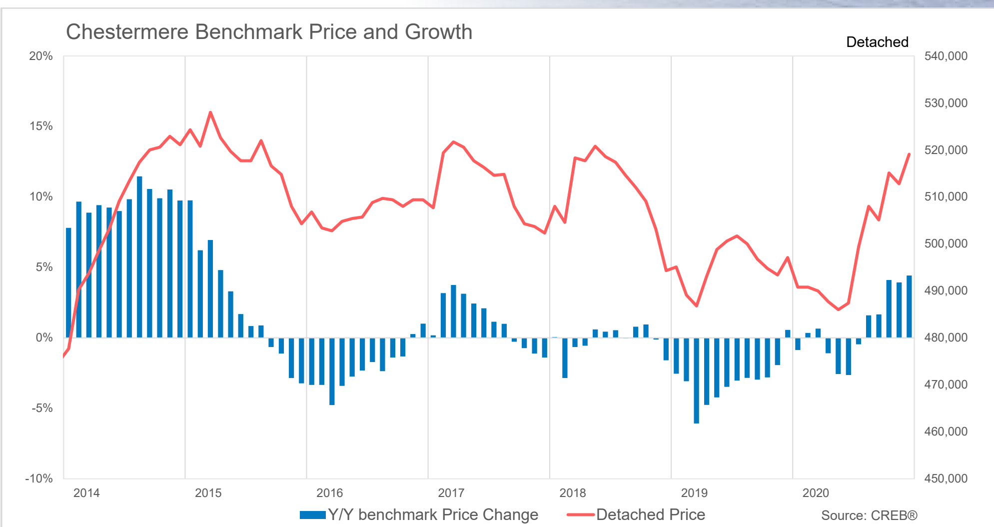
SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
2019	2020	2019	2020	2019	2020	2019	2020
510	549	925	773	230	160	$429,000	$422,183
11.35% year over year	7.65% year over year	-10.19% year over year	-16.43% year over year	-7.85% year over year	-30.24% year over year	-2.84% year over year	-1.59% year over year

*source: CREB®

CHESTERMERE

Activity in the region completely turned around last year following the weakness recorded in 2019. In 2020, sales activity rose to the highest levels seen since 2015. At the same time, new listings fell to the lowest levels seen since 2013. This caused inventory declines in the market and supported some price recovery in the second half of the year.

Much of the improvement in prices was driven by the detached sector, which recorded an annual benchmark price increase of nearly one per cent. However, on an annual basis, prices eased in the semi-detached, row and apartment sectors.



SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
2019	2020	2019	2020	2019	2020	2019	2020
272	310	699	542	186	126	$484,167	$482,950
-7.17% year over year	13.97% year over year	3.86% year over year	-22.46% year over year	9.15% year over year	-32.14% year over year	-3.24% year over year	-0.25% year over year

*source: CREB®

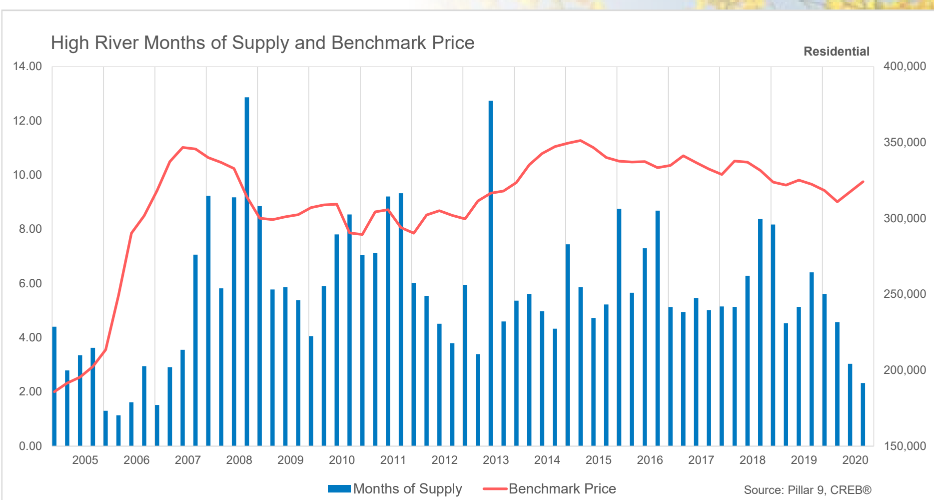
HIGH RIVER

Stronger sales in the second half of the year offset earlier pullbacks, resulting in a sales increase of 12 per cent in 2020.

Rising sales were met with a 16 per cent pullback in new listings. This resulted in a significant decline in inventory levels and a months of supply that averaged below four months in 2020, significantly lower than the nearly six months of supply recorded last year.

While tighter market conditions did start to support some price recovery in the area, it did not come soon enough to offset the pullbacks earlier in the year.

On an annual basis, benchmark prices remained nearly two per cent lower than last year's levels. Like in other jurisdictions, High River's price declines were largest for the higher-density product types. However, detached homes prices still eased by one per cent in 2020.



SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
2019	2020	2019	2020	2019	2020	2019	2020
252	**282**	**414**	**349**	**119**	**86**	**$323,358**	**$317,758**
8.62% year over year	**11.90%** year over year	**-0.96%** year over year	**-15.7%** year over year	**2.29%** year over year	**-27.61%** year over year	**-3.13%** year over year	**-1.73%** year over year

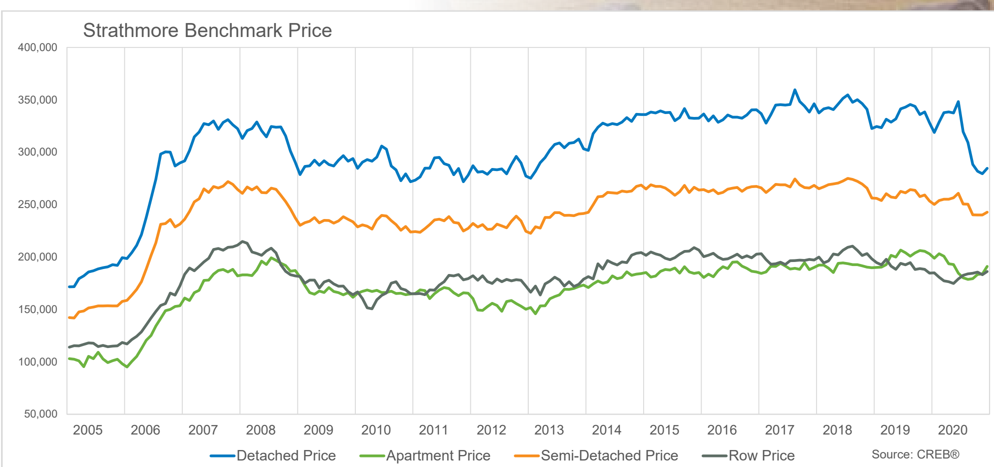
source: CREB

STRATHMORE

Strathmore recorded a dramatic shift in sales in the second half of the year, resulting in annual sales growth of nearly 26 per cent.

New listings and inventories also fell in this market, dropping the months of supply below three months by November. However, unlike in other areas, the market conditions here did not move into more balanced territory until later in the year, impacting price trends.

While other markets saw some price increases over the second half of the year, prices in Strathmore continued to trend down, contributing to an annual price decline of nearly six per cent. Price declines were also relatively consistent across property types, with detached, row and apartment price declines all exceeding five per cent on an annual basis.



	SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
	2019	2020	2019	2020	2019	2020	2019	2020
	199	250	508	407	151	123	$324,108	$305,775
	-10.36% year over year	25.63% year over year	-7.47% year over year	-19.88% year over year	-0.98% year over year	-18.34% year over year	-2.44% year over year	-5.66% year over year

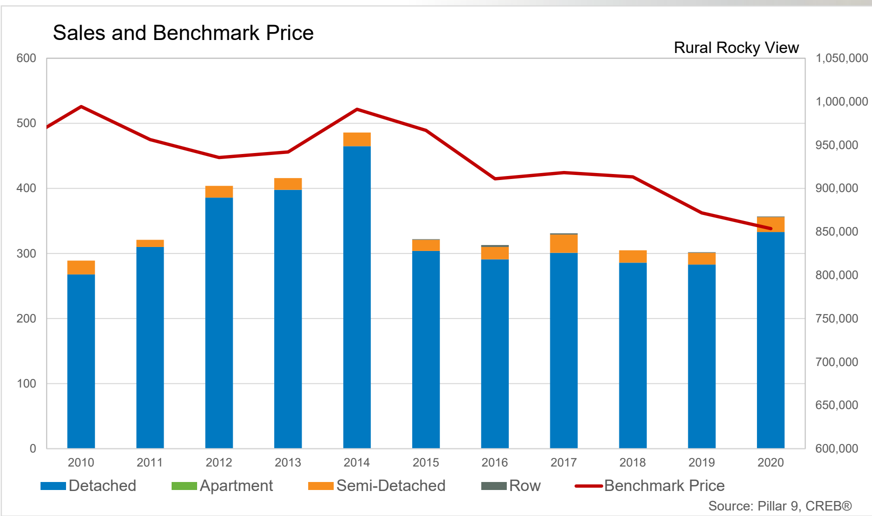
*source: CREB

RURAL ROCKYVIEW

The Rockyview region is relatively diverse, featuring traditional communities as well as acreages. Springbank and Bearspaw, which are home to many of Rockyview's higher-end properties, account for more than half of the sales in the rural region.

Sales here picked up throughout the second half of the year, more than offsetting the earlier pullbacks and causing year-to-date sales to rise to levels far higher than the activity recorded over the previous five years. Meanwhile, reductions in new listings helped lower inventory levels and dropped the months of supply.

This segment of the market has struggled with significant supply relative to sales since the energy crisis in 2014. The reductions in supply helped prevent further price declines from July to December, but overall, prices remain two per cent lower than last year's levels and 14 per cent lower than 2014.



SALES 2019	SALES 2020	NEW LISTINGS 2019	NEW LISTINGS 2020	INVENTORY 2019	INVENTORY 2020	BENCHMARK PRICE 2019	BENCHMARK PRICE 2020
302	357	952	836	368	294	$871,842	$853,650
-0.98% year over year	18.21% year over year	-4.61% year over year	-12.18% year over year	4.08% year over year	-20.13% year over year	-4.55% year over year	-2.09% year over year

*source: CREB

SUMMARY

MLS® SYSTEM RESALE MARKET	2018	2019	2020	2021 (F)	Forecaster
City of Calgary Residential					
Sales	16,131	16,344	16,151	16,928	CREB®
Price Growth	-1.68%	-3.40%	-0.68%	1.30%	CREB®

ECONOMIC INDICATORS	2018	2019	2020	2021 (F)	Forecaster
GDP*					
Alberta GDP Growth	1.90%	0.10%	-8.30%	4.50%	RBC Economics
Calgary CMA GDP Growth	2.91%	0.83%	-5.69%	5.08%	Conference Board of Canada
Employment					
Calgary CMA Employment Growth	0.94%	4.03%	-6.35%	5.44%	Conference Board of Canada
Calgary CMA Unemployment Rate	7.58%	7.13%	11.58%	10.60%	Conference Board of Canada
Population*					
Calgary CMA Net Migration	14,228	20,433	6,053	11,360	Conference Board of Canada
Calgary Population Growth	1.69%	2.07%	1.55%	1.23%	Conference Board of Canada
New Home					
Housing Starts: Single Family Calgary CMA	3,791	3,535	3,487	2,985	Conference Board of Canada
Housing Starts: Multiple Family Calgary CMA	7,180	8,374	5,678	5,834	Conference Board of Canada
Lending Rate					
Average Residential Mortgage Lending Rate 5 Year	4.36%	4.25%	3.70%	4.27%	Conference Board of Canada
Energy					
WTI Price ($USD)	$65.07	$56.99	$39.17	$49.70	U.S. Energy Information Administration
Henry Hub Spot Price ($USD)	$3.15	$2.57	$2.03	$3.01	U.S. Energy Information Administration

*2020 Forecast value

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