Low inventory and high demand drive price gains in February

City of Calgary, March 1, 2023 - New listings continued to rise in February, reaching 2,711 units. However, the rise in new listings supported further growth in sales, which increased by nearly 23 per cent compared to last year for a total of 2,135 units. The shift in sales and new listings kept the sales to new listings ratio exceptionally high at 79 per cent ensuring inventories remained near historic lows. Low supply and higher sales caused the months of supply to fall to just over one month, nearly as tight as levels seen during the spring of last year. “Purchasers are acting quickly when new supply comes onto the market, preventing inventory growth in the market,” said Ann-Marie Lurie, Chief Economist at CREB®. “It is this strong demand and low supply that continues to drive price gains in Calgary. The biggest supply challenge is for homes priced under $500,000, which saw inventories fall by 31 per cent compared to last February. At the same time, we are starting to see supply levels rise for higher priced homes supporting more balanced conditions in the upper end.”

In February, the unadjusted benchmark price was $585,000, an over two per cent gain compared to last month and over 10 per cent higher than levels reported at this time last year. Our most affordable East district is experiencing the highest year-over-year price growth at 25 per cent, while the relatively better-supplied City Centre has reported the slowest price growth in the city at under five per cent.
In February, 1,195 new listings came onto the market, of which 75 per cent were priced over $600,000. While new listings did improve over last month in line with seasonal expectations, levels are still below typical levels for February. At the same time, sales in February rose to 954 units, a year-over-year gain of 20 per cent. The growth in sales was driven by where we saw listings growth, but with a sales-to-new-listings ratio of nearly 80 per cent, inventory levels were near record lows for February.

Exceptionally tight market conditions drove further price growth. In February, the unadjusted detached benchmark price reached $721,300, nearly three per cent higher than last month and over 13 per cent higher than last February. While prices rose across every district, the most significant year-over-year gains occurred in the North East and East districts.

New listings rose to 457 units in February, contributing to the year-to-date increase in new listings of 22 per cent. The rise in new listings supported sales growth, preventing any significant change to the low inventory situation. For the second consecutive month, the months of supply were below one month. The exceptionally tight market conditions have contributed to strong price growth for row properties. In February, the unadjusted detached price reached $436,500, over 2 per cent higher than last month and nearly 19 per cent higher than levels reported last February. Prices rose across all districts, with the highest growth occurring in the most affordable districts.

Sales in February reached 638 units, contributing to the year-to-date sales increase of 39 per cent. Relative affordability has supported the strong demand for apartment-style homes, and sales growth has been possible thanks to the continued growth in new listings. Inventory levels trended up over the last month in line with seasonal expectations. However, inventory levels declined by 12 per cent compared to last year, ensuring the market continued to favour the seller with just over one month of supply. Persistently tight conditions continued to place upward pressure on home prices. Prices have steadily increased since January of last year, and as of February, they reached $329,600, a 17 per cent gain over last February. Prices rose across every district in the city, with year-over-year gains surpassing 19 per cent in all districts except the City Centre, which reported a year-over-year gain of 13 per cent.