



# Q1 2020

Calgary & Region

**QUARTERLY UPDATE REPORT:**  

---

**COVID-19 IMPACTS AND THE HOUSING MARKET**

<b>THEN &amp; NOW</b> .....	<b>3</b>
<b>ENERGY, GDP &amp; EMPLOYMENT</b> .....	<b>4</b>
<b>HOUSING FORECAST UPDATE</b> .....	<b>5</b>
<b>Q1 HOUSING MARKET SUMMARY TABLES</b> .....	<b>6</b>
Detached .....	6
Semi-Detached.....	6
Apartment.....	7
Row Housing.....	7
Surrounding Areas.....	8



©2020 CREB®. All rights reserved.

The forecasts included in this document are based on information available as of April 15, 2020.

Prepared by Ann-Marie Lurie, CREB® chief economist.

Edited by Terence Leung and Tyler Difley. Designed by Rachel Niebergal and Haley Steel.

# THEN & NOW

After five years of weak economic activity, 2020 was projected to be a year where Calgary would start to see some modest improvements.

The first two months of the year were promising, as improving sales helped to reduce the elevated levels of supply. However, by mid-March, the dramatic changes triggered by the new reality of the COVID-19 pandemic began.

By the second half of March, sales slowed, causing a decline in the monthly numbers.

Prices were already expected to decline this year, but at a slower rate, as the market was showing signs of trending toward more balanced conditions.

However, COVID-19 changed everything. The pandemic has far-reaching implications for all aspects of our economy. Our city and province face the additional challenge of the dramatic shift occurring in the energy sector. This is a time of significant uncertainty for businesses and individuals in this city, as the long-term economic consequences of COVID-19 remain unclear.

Due to COVID-19 impacts in Calgary's housing market and general economy, it is not business as usual.

This document will largely detail the early changes in the economy, and it is too early to definitively state the exact impacts from COVID-19.

The 2020 housing market forecast will change despite Q1 results. A full quarterly summary will resume in Q2 when more statistics are available.

# ENERGY, GDP & EMPLOYMENT CHANGING EXPECTATIONS

Previous expectations of economic activity are no longer relevant.

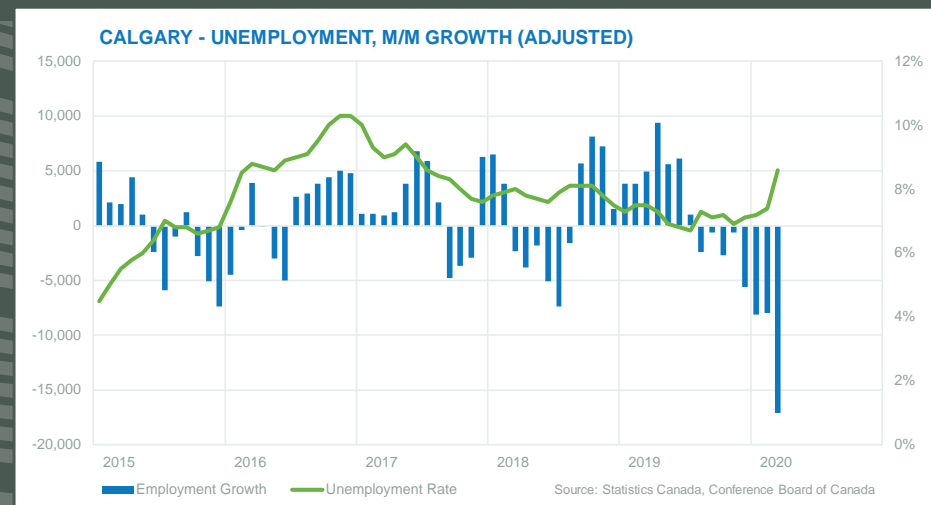
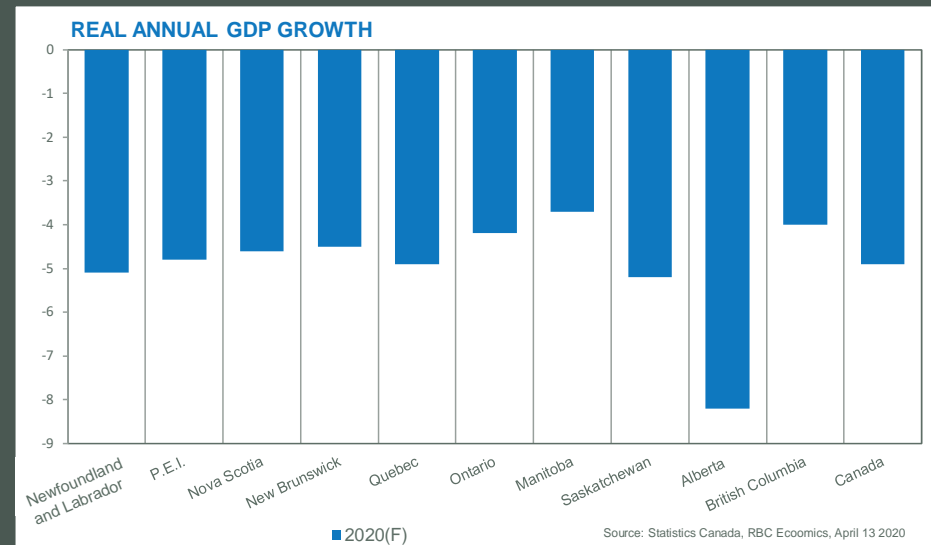
All forecasting agencies are adjusting figures, citing the significant uncertainty that will extend through the remainder of this year and into next year.

Preliminary forecasts call for a global recession and Canada is no exception. Every province is expected to be impacted. Social distancing is affecting a wide range of industries, including retail, transportation, education, accommodation and food, arts, entertainment, recreation, and other services. These industries alone account for 17 per cent of the Alberta economy.

The energy sector accounts for nearly 30 per cent of our economy and is struggling with a significant drop in demand due to COVID-19 and heavy oil prices falling to record lows.

Supply curtailments are occurring, but most analysts believe this is not enough to lift energy prices in the short term. Most expect social distancing measures will start to ease by the end of the second quarter, but the challenges in the energy sector are expected to persist for several years.

Recent estimates point to an eight per cent decline in GDP and employment loss of nearly 19 per cent. Double-digit unemployment rates are expected to persist into 2021.



# HOUSING FORECAST UPDATE

## HOUSING DEMAND

The uncertainty surrounding the COVID-19 pandemic and the energy industry is expected to cause a dramatic decline in housing demand over the second quarter.

With social distancing expected to soften by the third quarter, the pace of the decline in sales will ease by the third and fourth quarter. However, a turnaround in sales is not expected by the end of the year, as the financial implications for many households (both inside and outside the energy sector) will have lingering effects.

Overall sales in Calgary are expected to decline by more than 20 per cent from the weak levels recorded last year.

## HOUSING SUPPLY

Supply levels are also expected to adjust, which will prevent a significant decline in prices. New listings are expected to decline at a similar pace to sales over the second quarter, as social distancing measures might cause households to delay listing their home during the pandemic.

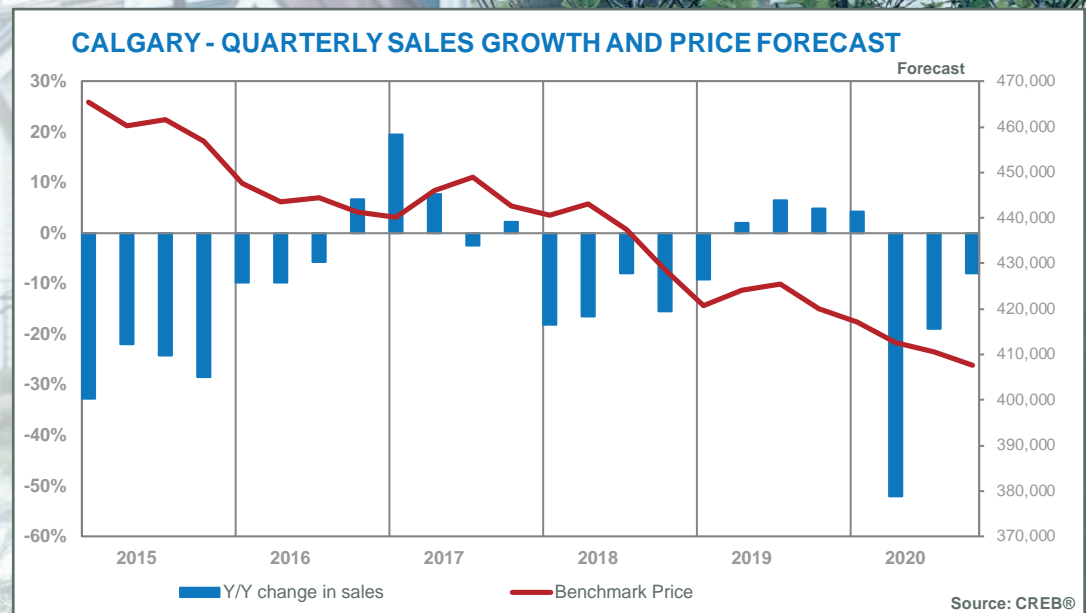
In addition, mortgage deferrals will help prevent the rise in new listings that can occur in situations of rising unemployment caused by job loss. This will help prevent a steeper rise in supply levels once social distancing measures are relaxed.

## AN OVERALL OUTLOOK

Government measures will help prevent home prices from collapsing. However, the persistent weakness in our economy beyond the immediate impact of COVID-19 is expected to cause prices to ease further in our market. On an annual basis, prices in 2020 are expected to decline by nearly three per cent.

Given the nature of this crisis, the situation is evolving rapidly. If additional government policies and programs are enacted, it could help soften the economic burden faced by Albertans. Most of the recent policy decisions will help people over the near term.

However, if oil prices do not rise to higher levels or government support is not provided, the situation for the already weakened energy sector could get far worse. This will create a more severe fallout throughout Alberta's economy and the housing market.

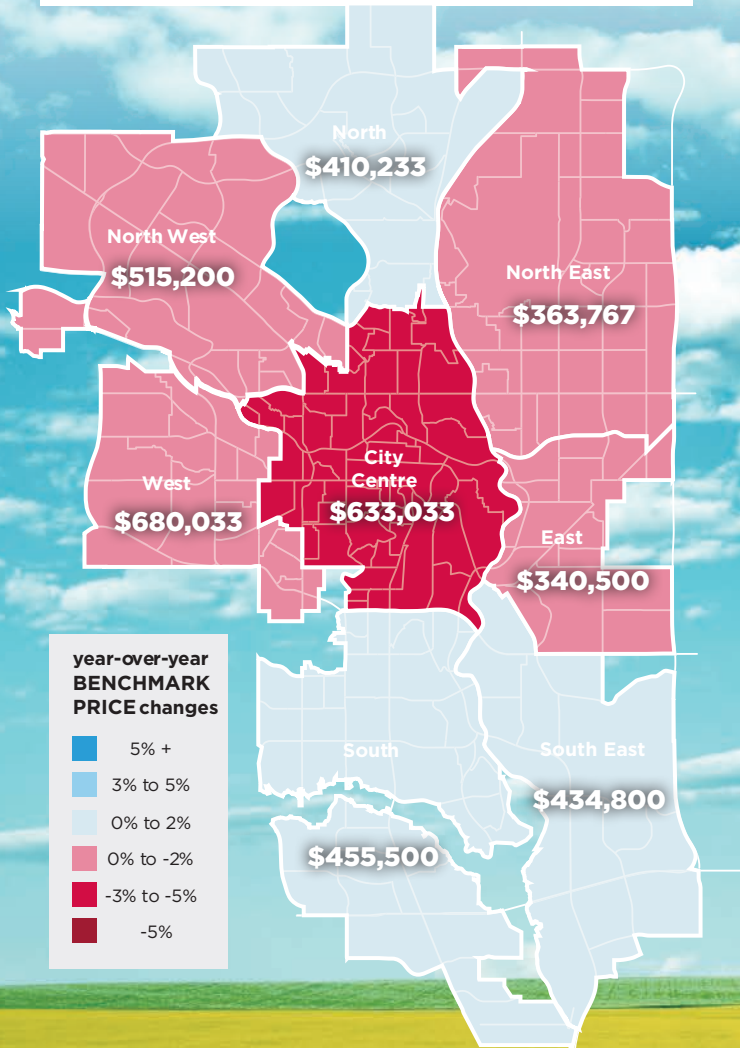


# HOUSING MARKET **DETACHED & SEMI-DETACHED**

## DETACHED - TOTAL Q1

Sales **1,894** ↑  
0.16% year over year

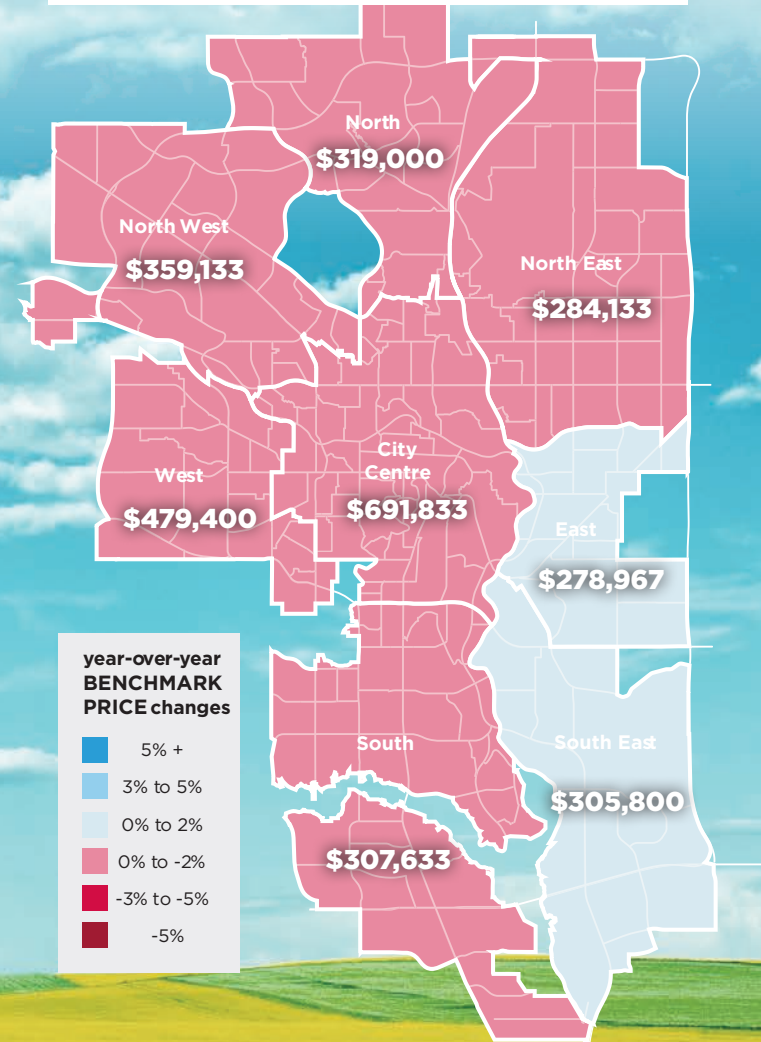
Benchmark Price **\$479,833** ↓  
-0.32% year over year



## SEMI-DETACHED - TOTAL Q1

Sales **341** ↑  
1.79% year over year

Benchmark Price **\$385,300** ↓  
-1.47% year over year

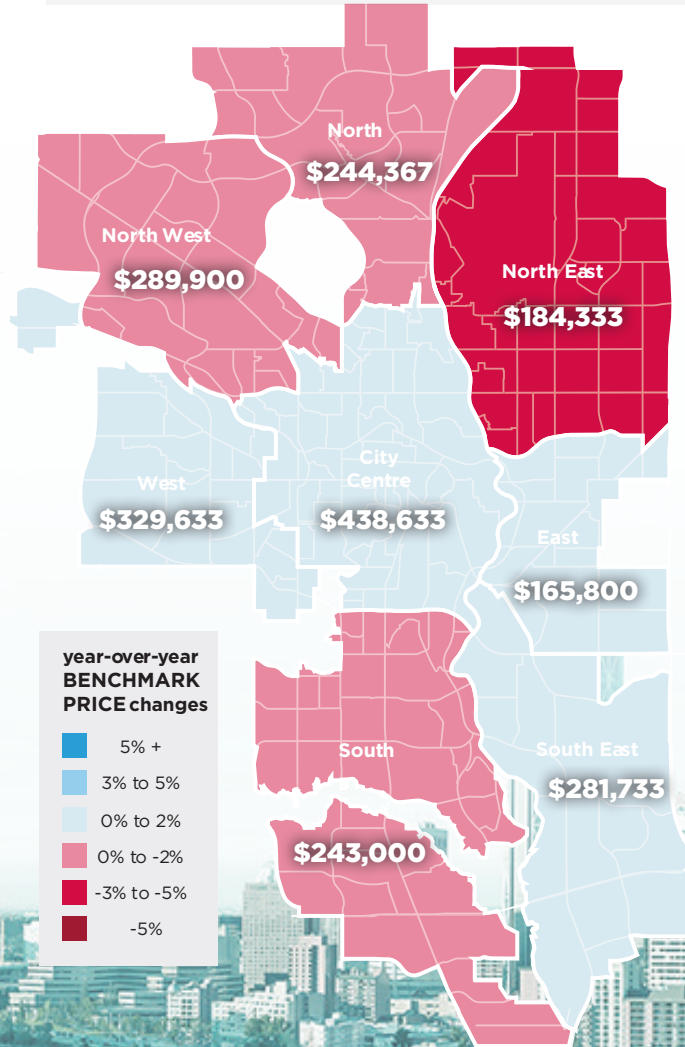


# HOUSING MARKET **ROW & APARTMENT**

## ROW - TOTAL Q1

Sales **428** ↑  
 3.89% year over year

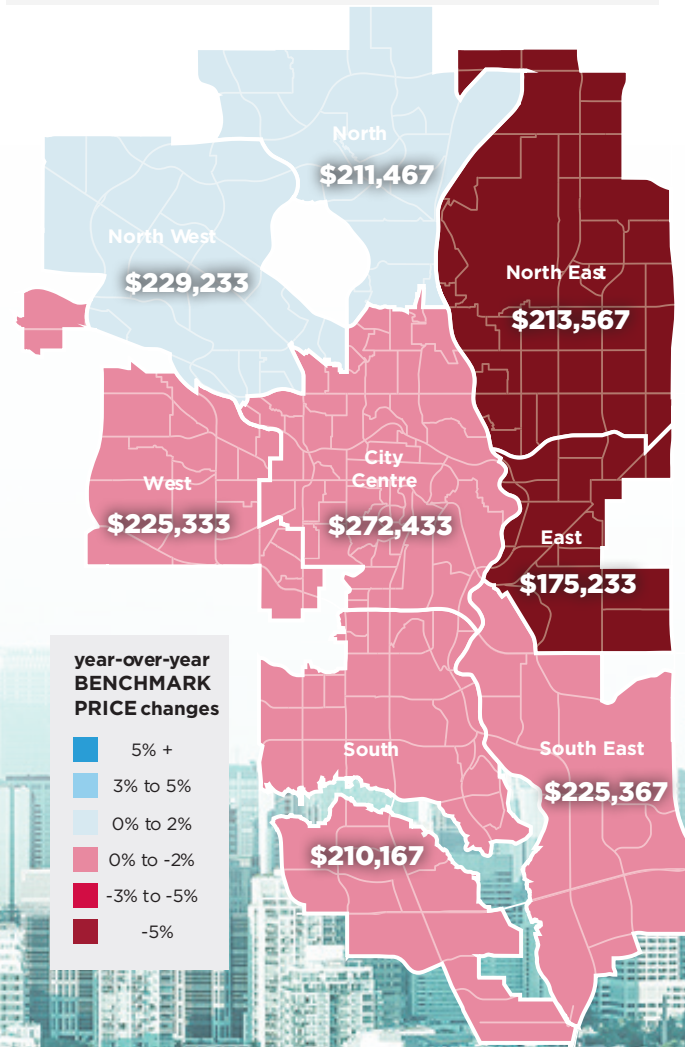
Benchmark Price **\$282,633** ↓  
 -0.73% year over year



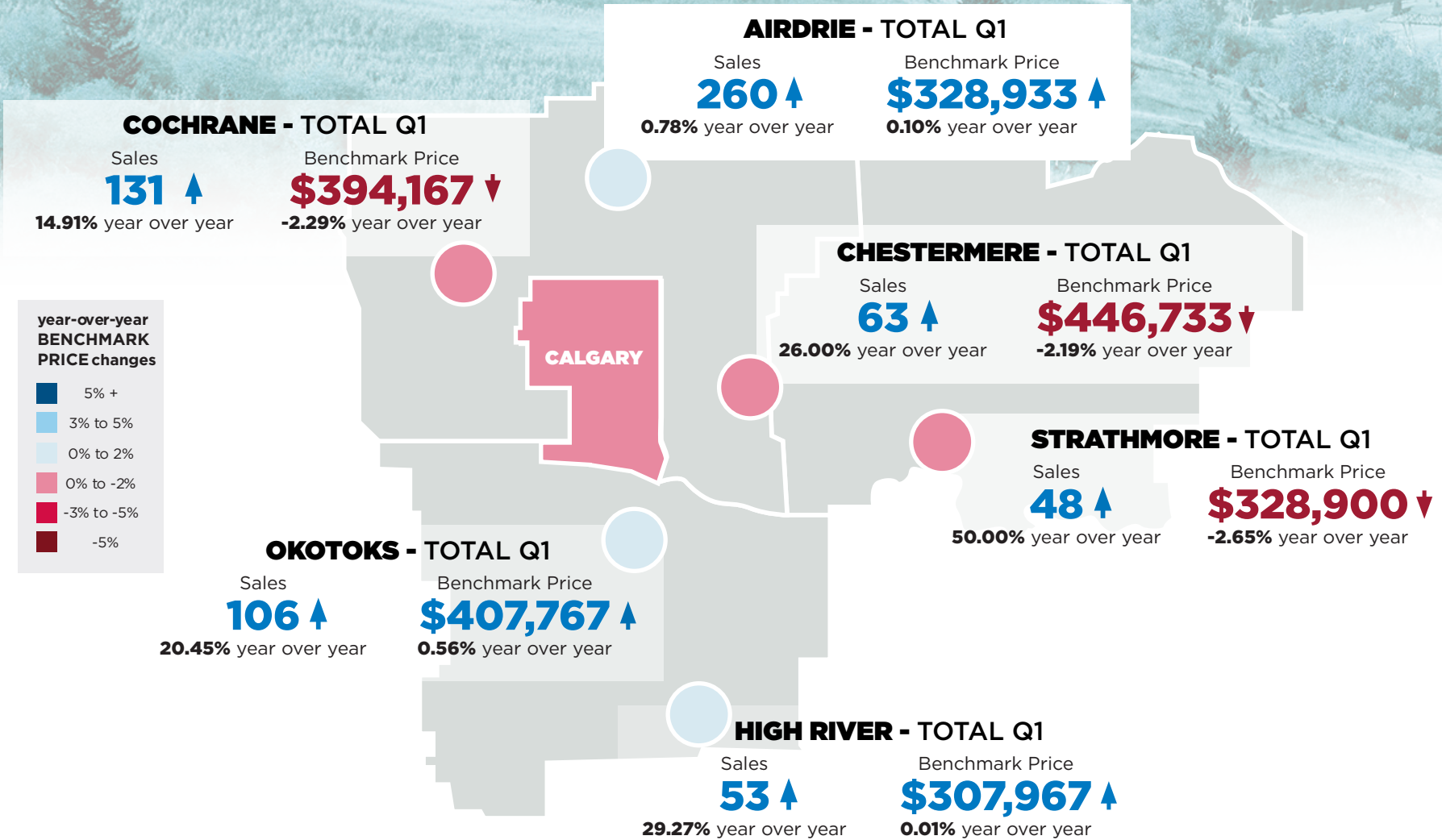
## APARTMENT - TOTAL Q1

Sales **573** ↑  
 23.76% year over year

Benchmark Price **\$244,767** ↓  
 -2.29% year over year



# SURROUNDING AREAS







300 Manning Road NE  
Calgary, Alberta  
T2E 8K4, Canada

**Phone:** 403.263.0530  
**Fax:** 403.218.3688  
**Email:** [info@creb.ca](mailto:info@creb.ca)

[creb.com](http://creb.com)  
[crebforecast.com](http://crebforecast.com)  
[crebnow.com](http://crebnow.com)