



Q2 2022

Calgary & Region

QUARTERLY UPDATE REPORT

CITY OF CALGARY HOUSING SUMMARY	3
ECONOMIC UPDATE.....	4
CALGARY PROPERTY TYPE SUMMARY	7
Detached	7
Semi-Detached.....	8
Row Housing	9
Apartment.....	10
SURROUNDING AREAS.....	11
Airdrie.....	12
Cochrane	13
Okotoks	14
Chestermere	15
High River	16
Strathmore	17
Rural Rockyview.....	18



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CITY OF CALGARY HOUSING SUMMARY

Within the city of Calgary, housing sales totalled 18,694 units in the first half of 2022, with sales in the second quarter nearly matching the record high pace set in the first quarter of the year.

This doesn't come as a surprise as consumers were eager to get into the market ahead of rate gains while they still had low pre-approval rates.

At the same time, new listings struggled to keep pace leaving inventories relatively low and the months of supply relatively tight. This resulted in prices trending up in the second quarter relative to both the previous quarter and year.

Since April, the Bank of Canada has taken an aggressive stance against inflation with their most significant move in July, which saw a one per cent increase. After four consecutive rate increases, the overnight lending rate has jumped to 2.5 per cent and pushed mortgage rates up to their highest levels in over a decade.

The lending rate increases have started to impact home sales and are expected to weigh on sales over the second half of the year, offsetting some of the strong gains reported over the first half of the year.

Supply adjustments in the market have been slow, especially for lower priced products. However, the pullback in demand is expected to help support more balanced conditions.

With market conditions easing and a higher cost of borrowing, prices are expected to trend down in the second half of the year, offsetting some of the stronger than expected gains in the first half of the year. Despite the pullbacks, we anticipate that the annual benchmark price will remain higher than levels reported last year.

CALGARY Q2 2022 TOTALS BY THE NUMBERS



CITY OF CALGARY

PERSPECTIVE ON A HOUSING MARKET CORRECTION

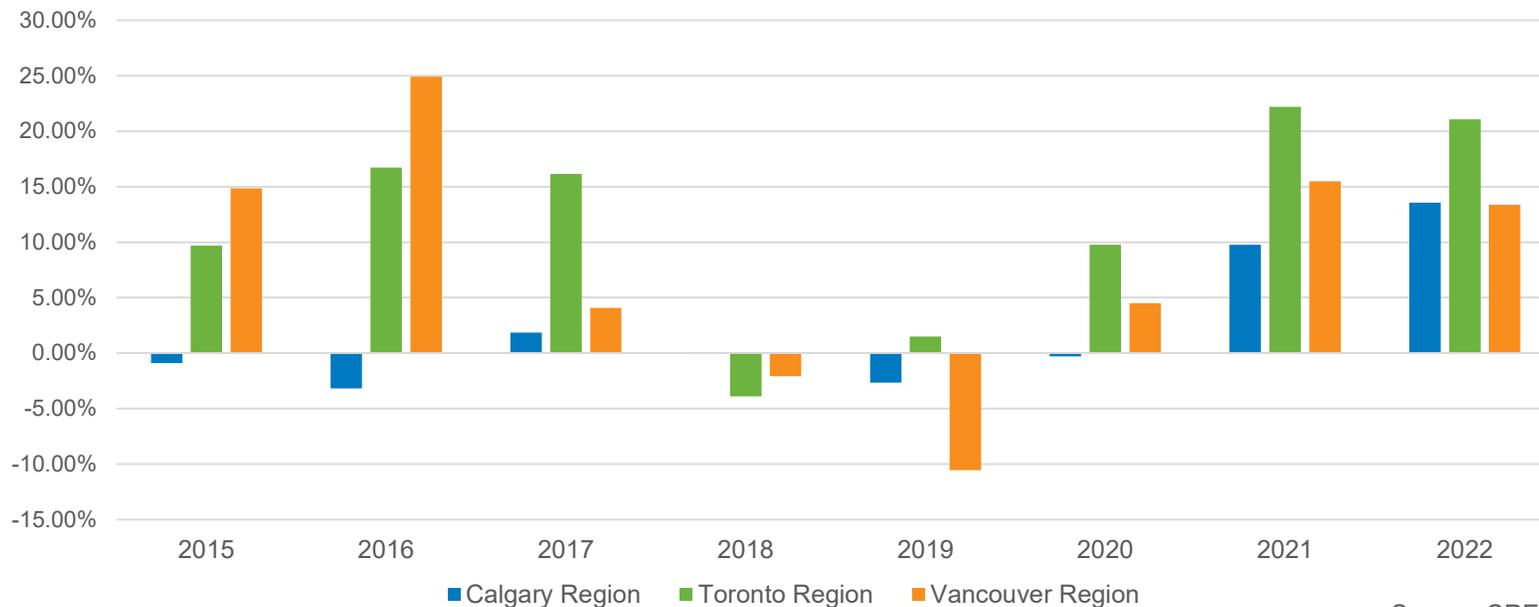
The sudden and steep rise in lending rates has many calling for a significant correction in the Canadian housing market. While forecasts range, there are calls on peak (spring 2022) to trough (end of 2023) price adjustments that have ranged from declines of 10 per cent to over 20 per cent.

There is some consensus that higher lending rates are slowing demand and causing a shift to more affordable product. There is also agreement that the degree of pullback will depend on location. However, one thing that often gets overlooked is that the price retractions expected will not erase all the significant gains that occurred throughout the pandemic.

Because Alberta did not experience the same level of price gains seen in British Columbia and Ontario, the level of price correction is not expected to be as significant. Another key factor is higher energy prices generally result in a stronger provincial economy which will offset some concerns surrounding a recession. Nonetheless, lending rates are an important factor in housing and the relatively steep rise over a short period of time is still expected to weigh on demand and prices over the second half of the year.



Benchmark Price Growth Comparison



Source: CREB®

ECONOMIC UPDATE

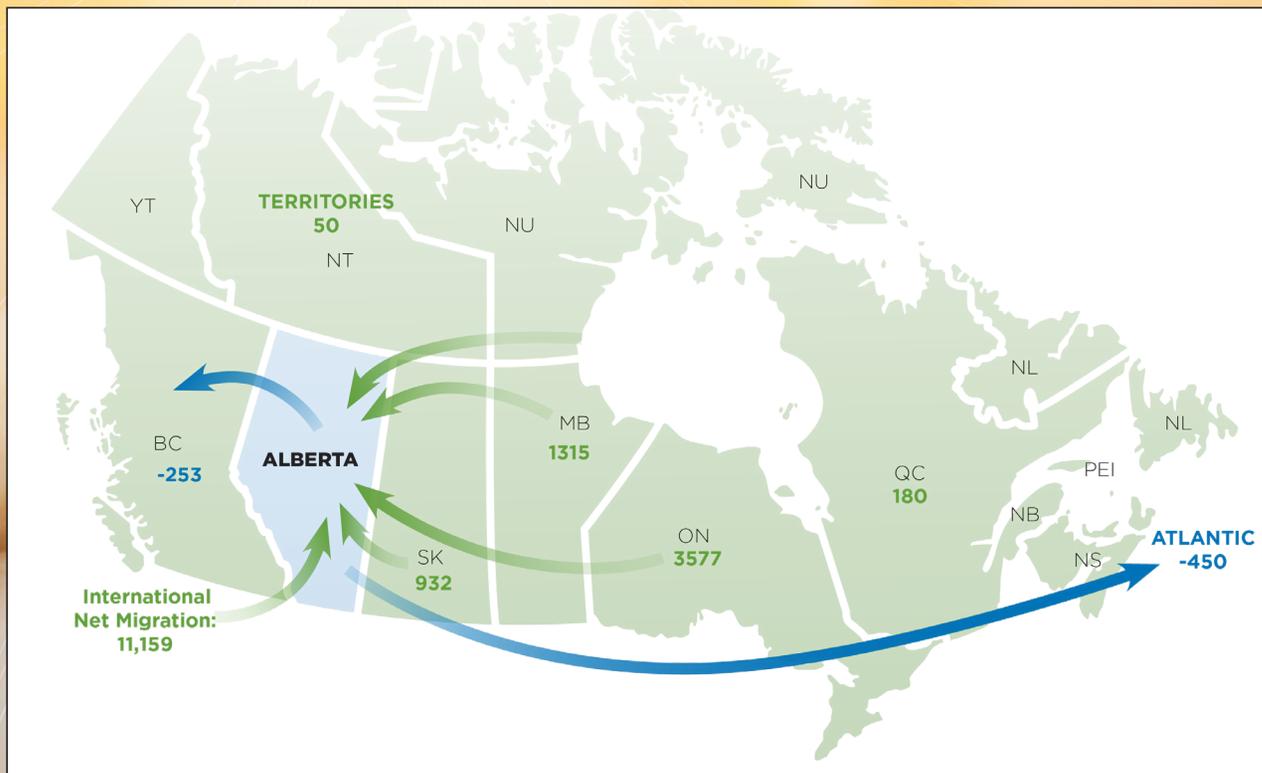
Concerns over inflation and rising lending rates have many economists highlighting a risk of recession. While the rates gains will not entirely solve inflationary pressures due to global supply chain problems, the gains are expected to dampen domestic spending allowing supply to catch up with demand and preventing a situation where inflation becomes entrenched. The recessionary risk highlighted is based on a greater than expected retraction in demand. When it comes to Alberta, there is less concern of a recession as rising energy demand and prices have been a benefit for our economy. The higher commodity prices are expected to push Alberta back up to one of the fastest growing economies in the country.

While economic prospects are better in our province, we still face inflation challenges and the impact on lending rates and the housing market.

With a mandate to control inflation, the Bank of Canada has gone through four consecutive rate hikes, with further gains expected in September. The speed and magnitude of the rate gains will have a near term impact on housing markets in our province. However, stronger economic conditions supporting job growth and population growth will help offset the impact of higher rates and prevent a more severe downturn in our housing market.

Population

In Alberta, we have seen a turnaround in interprovincial migration with the highest first quarter levels recorded since 2015. Most of the increase seen was driven by people coming from Ontario. Job growth and our relative affordability is likely supporting this recent shift in interprovincial migration.



ECONOMIC UPDATE CONTINUED

Employment

Calgary has seen the creation of over 60,000 jobs from the start of the year to July, decreasing unemployment rates to levels not seen since 2014. While some of the gains have been driven by a reopening of the economy, the largest source of growth has come from gains in professional, scientific and technical jobs.

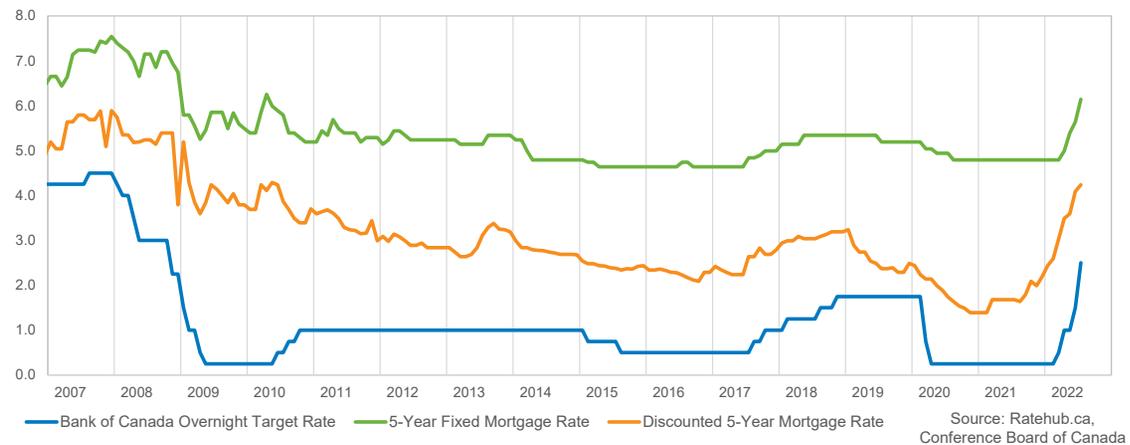
Lending Rates

Aggressive rate hikes by the Bank of Canada have caused lending rates to rise to the highest levels seen in over a decade. With inflation still a concern, further rate gains are expected in September.

Calgary Employment Levels (Seasonally Adjusted)



National Mortgage Rates



HOUSING MARKET DETACHED

Higher lending rates and supply challenges at the lower end of the market started to impact demand for detached homes in the second quarter. Sales activity slipped relative to activity in the first quarter and levels recorded last year. Much of the decline was driven by a reduction in sales for homes priced below \$600,000, which also reported significant reductions in new listings. The pullback in sales relative to new listings did support some modest quarterly gains in inventory levels pushing the months of supply back above one month. However, with less than two months of supply in the market, conditions still remained relatively tight causing further price gains.

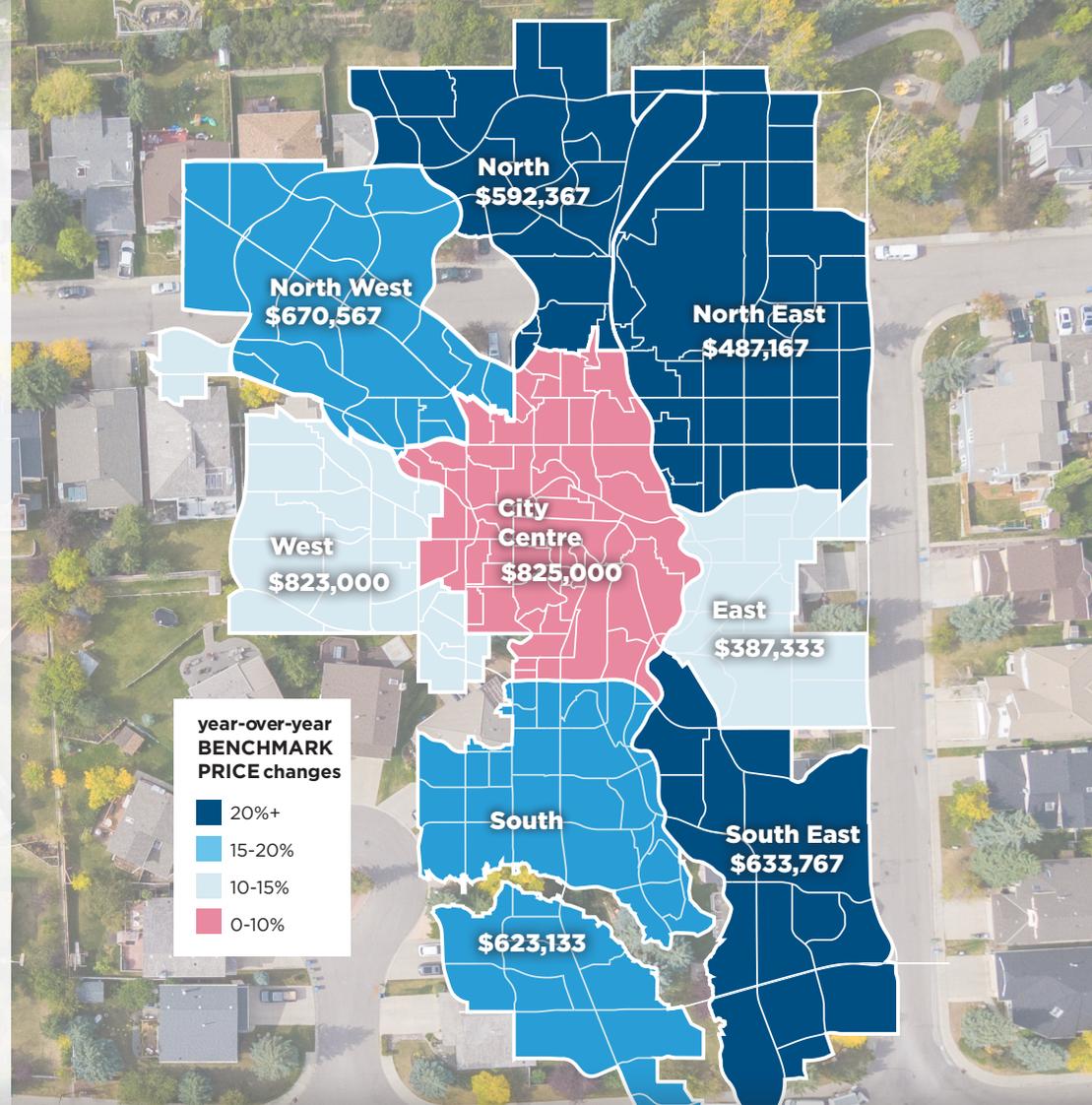
Rising rates are expected to have the most significant impact on higher priced inventory in the detached market. However, much of the adjustments will start at the upper range which is better supplied than the lower range of the detached market, where there is still a lack of supply relative to the demand. Overall, we continue to expect that sales in the detached market will slow in the second half of the year and prices will trend down from the high point of the year, resulting in a slower pace of growth on an annual basis.

Q2 BENCHMARK PRICE
\$647,467

-  **16.60%** year over year
-  **5.45%** quarter over quarter

Q2 MONTHS OF SUPPLY
1.55

-  **-3.08%** year over year
-  **72.23%** quarter over quarter



 **SALES**
Q2 2022

 **4,949**
-14.18%
year over year

 **NEW LISTINGS**
Q2 2022

 **6,918**
-12.36%
year over year

 **INVENTORY**
Q2 2022

 **2,563**
-16.83%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q2 2022

 **71.5%**
-2.08%
year over year

 **DAYS ON MARKET**
Q2 2022

 **21.34**
-17.67%
year over year

HOUSING MARKET SEMI-DETACHED

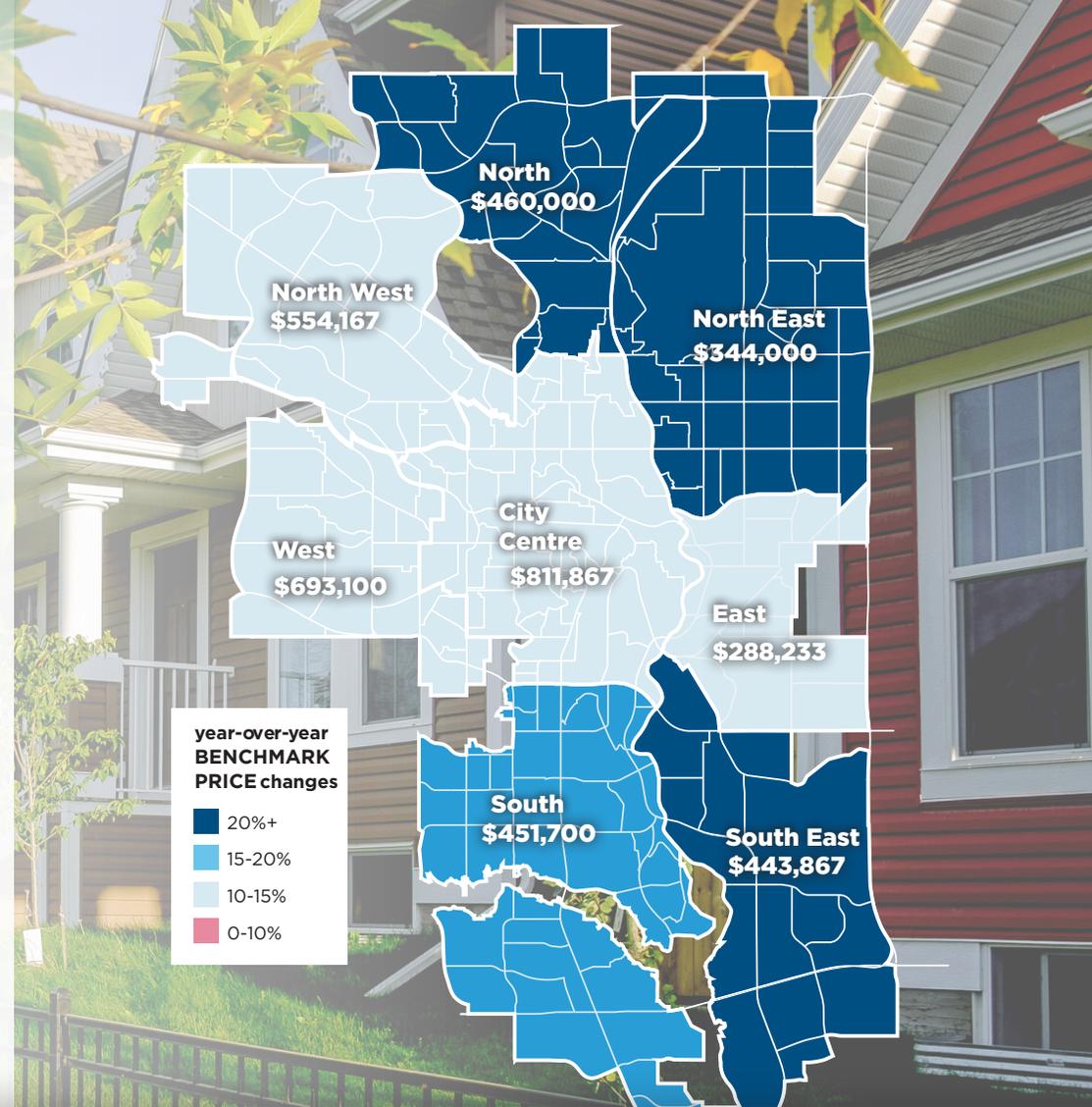
Similar to the detached sector, semi-detached sales eased in the second quarter relative to both the record pace set in the first quarter of this year and the Q2 record high achieved last year. While sales did trend down, levels still remain well above long-term trends. Easing sales were met with a significant pullback in new listings, ensuring that the sales-to-new-listings ratio remained relatively high at 76 per cent. Persistently tight conditions continued to place upward pressure on home prices in the second quarter. As we move through the second half of the year, we expect to see some adjustments in this sector supporting more balanced conditions and slower price growth.

Q2 BENCHMARK PRICE \$582,100

- ↑ 14.17% year over year
- ↑ 5.62% quarter over quarter

Q2 MONTHS OF SUPPLY 1.53

- ↓ -25.88% year over year
- ↑ 36.63% quarter over quarter



SALES
Q2 2022

↓ **791**
-3.42%
year over year

NEW LISTINGS
Q2 2022

↓ **1,039**
-12.98%
year over year

INVENTORY
Q2 2022

↓ **404**
-28.41%
year over year

SALES TO NEW LISTINGS RATIO
Q2 2022

↑ **76.1%**
10.99%
year over year

DAYS ON MARKET
Q2 2022

↓ **23.44**
-31.72%
year over year

*source: Pillar9 and CREB

HOUSING MARKET **ROW**

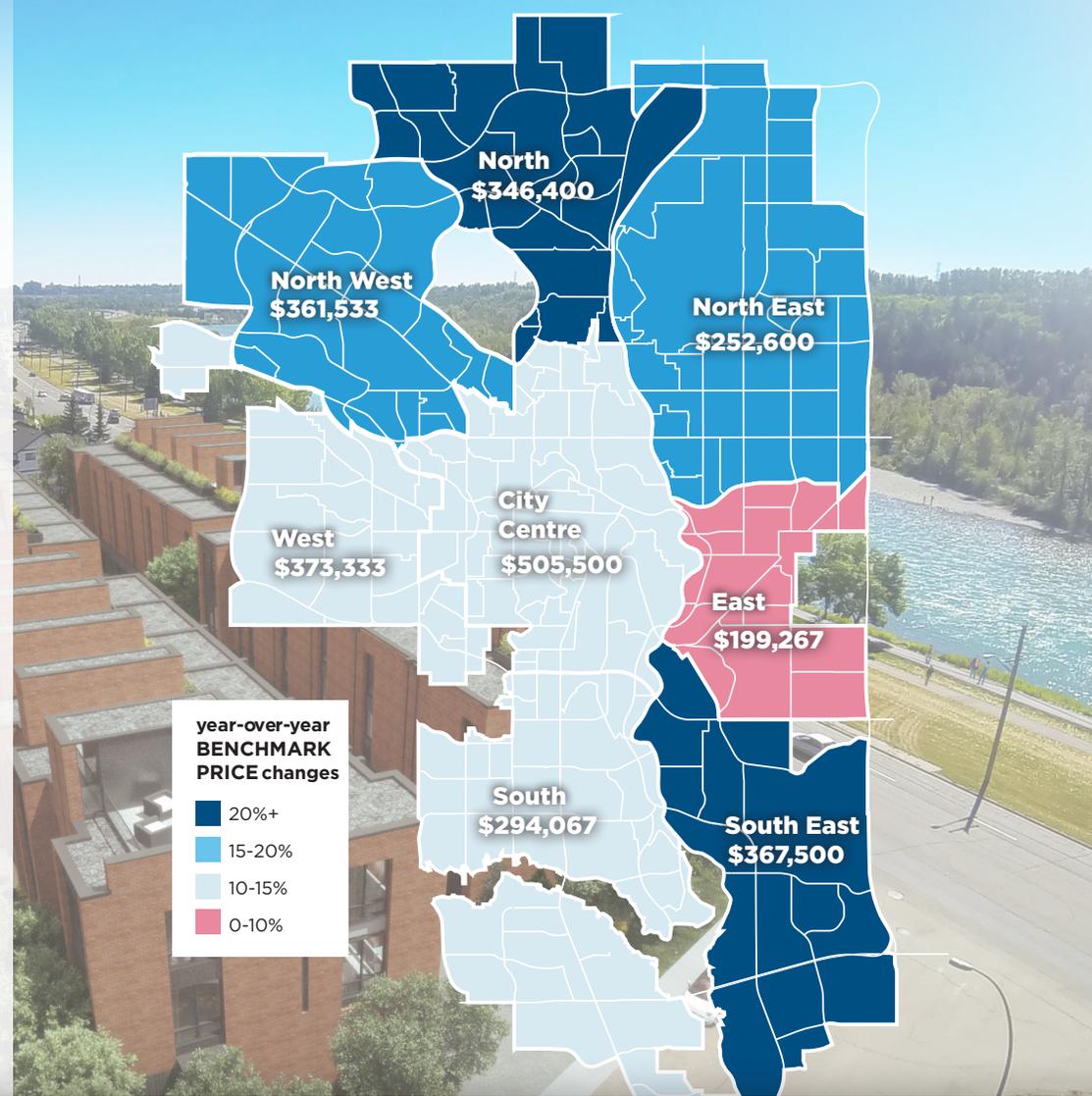
Thanks to both a boost in new listings and the relative affordability of row/townhouse product, sales activity in the second quarter reached a new all-time record high. The growth in new listings was enough to support some movement from the exceptionally tight conditions recorded in the first quarter, but with a sales-to-new-listings ratio of 78 per cent and a months of supply of 1.38 months, this segment of the market continued to favour the seller. The sellers' market conditions continue to place upward pressure on home prices with another quarterly gain of over seven per cent, contributing to year-over-year growth of nearly 17 per cent. This segment of the market is expected to continue to benefit from relatively strong demand coming from those looking for affordable housing options. However, as supply choices continue to rise relative to sales, the market should move toward more balanced conditions slowing the upward pressure on home prices.

Q2 BENCHMARK PRICE
\$362,533

- ↑ **16.52%** year over year
- ↑ **7.45%** quarter over quarter

Q2 MONTHS OF SUPPLY
1.38

- ↑ **34.68%** year over year
- ↓ **-44.42%** quarter over quarter



SALES
Q2 2022

↑ **1,713**
36.82%
year over year

NEW LISTINGS
Q2 2022

↑ **2,208**
16.09%
year over year

INVENTORY
Q2 2022

↓ **790**
-23.96%
year over year

SALES TO NEW LISTINGS RATIO
Q2 2022

↑ **77.6%**
17.86%
year over year

DAYS ON MARKET
Q2 2022

↓ **23.64**
-43.03%
year over year

HOUSING MARKET APARTMENT

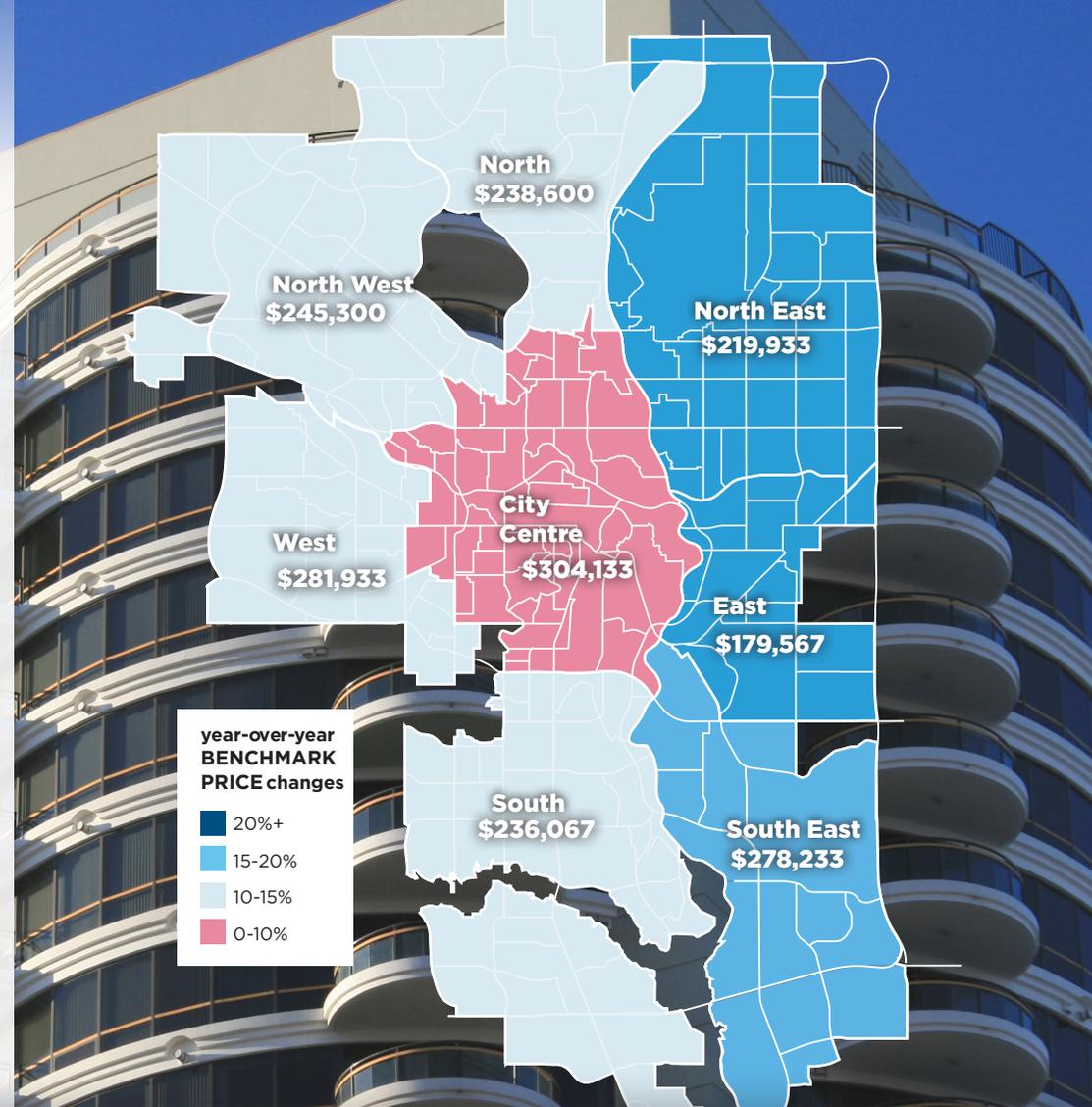
The search for affordable options along with a potential boost from those looking for a rental property contributed to apartment condominium sales reaching a new all-time record high in the second quarter. Like row properties, this was possible thanks to the significant growth in new listings this quarter. The shift in supply pushed up the months of supply up above two months. However, conditions this year are still tighter than anything seen since 2014. The tight market conditions supported some of the highest quarterly price gains recorded since 2007, narrowing the spread from the record high prices set back in 2014. This segment of the market should not see the same degree of pullback in sales as the detached segment of the market, but it will remain sensitive to gains in supply, limiting the pace of price growth in the second half of the year.

Q2 BENCHMARK PRICE
\$274,767

-  **9.38%** year over year
-  **6.31%** quarter over quarter

Q2 MONTHS OF SUPPLY
2.28

-  **-49.87%** year over year
-  **16.85%** quarter over quarter



 **SALES**
Q2 2022

 **1,850**
46.71%
year over year

 **NEW LISTINGS**
Q2 2022

 **2,772**
16.42%
year over year

 **INVENTORY**
Q2 2022

 **1,405**
-26.46%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q2 2022

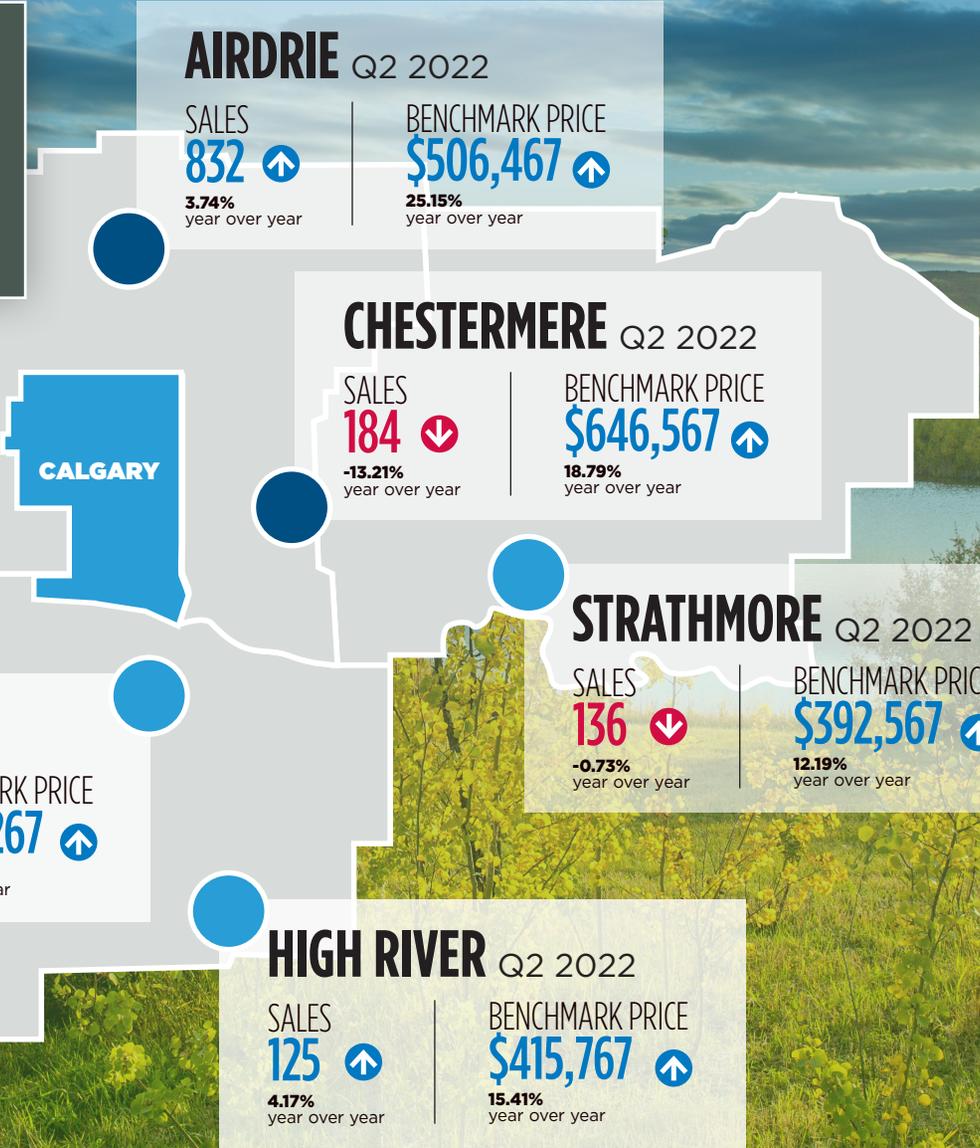
 **66.7%**
26.02%
year over year

 **DAYS ON MARKET**
Q2 2022

 **34.18**
-38.20%
year over year

SURROUNDING AREAS

Persistently tight market conditions continued to impact surrounding area housing markets in the second quarter, contributing to further price growth. Like the Calgary market, there are signs that more balanced conditions are on the horizon, eventually leading to more price stability.



year-over-year BENCHMARK PRICE changes

- 20%+
- 15-20%
- 10-15%
- 0-10%

AIRDRIE

Sales in Airdrie reached a new all-time record high in the second quarter despite a pullback in detached sales. While higher lending rates are impacting sales in the upper price ranges, slower detached sales could also be related to the quarterly and year-over-year pullback in detached new listings, especially for property priced below \$500,000. Despite some shifts in new listings, inventory levels did trend up relative to last quarter supporting a gain in the months of supply from last quarter's record low.

While conditions still favour the seller, a modest shift in the supply and demand balance helped ease some of the pressure on prices as a smaller share of homes were being sold over list price. While prices have trended down from the peak in May 2020, benchmark prices averaged \$506,467, over five per cent higher than the previous quarter and 25 per cent higher than last year's levels.

Q2 BENCHMARK PRICE \$506,467

- ↑ 25.15% year over year
- ↑ 5.56% quarter over quarter

Q2 MONTHS OF SUPPLY 0.96

- ↓ -23.08% year over year
- ↑ 43.69% quarter over quarter



 SALES
Q2 2022

↑ 832
3.74%
year over year

 NEW LISTINGS
Q2 2022

↑ 957
3.68%
year over year

 INVENTORY
Q2 2022

↓ 266
-20.20%
year over year

 SALES TO NEW LISTINGS RATIO
Q2 2022

↑ 86.9%
0.05%
year over year

 DAYS ON MARKET
Q2 2022

↓ 18.91
-34.90%
year over year

COCHRANE

Sales in Cochrane trended up to levels well above the long-term trends but remained shy of the record pace set in the second quarter of 2021. At the same time, new listings trended up causing the sales-to-new-listings ratio to fall below 80 per cent for the first time since the second quarter of 2020. The recent rise in new listings relative to sales supported some gains in inventory levels. However, inventories remained well below levels we traditionally see in the market and the months of supply averaged at one month.

Like other areas, the persistently tight market conditions have supported strong price growth. In Cochrane, the benchmark price reached \$520,833 in the second quarter, over eight percent higher than the previous quarter and nearly 19 per cent above levels reported last year.

Q2 BENCHMARK PRICE
\$520,833

↑ **18.66%** year over year
↑ **8.17%** quarter over quarter

Q2 MONTHS OF SUPPLY
1.01

↓ **-16.66%** year over year
↑ **73.86%** quarter over quarter



 **SALES**
Q2 2022
↓ **374**
-12.21%
year over year

 **NEW LISTINGS**
Q2 2022
↑ **471**
7.29%
year over year

 **INVENTORY**
Q2 2022
↓ **126**
-26.83%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q2 2022
↓ **79.4%**
-18.17%
year over year

 **DAYS ON MARKET**
Q2 2022
↓ **19.26**
-41.17%
year over year

OKOTOKS

For the second quarter in a row, the town of Okotoks has reported a gain in new listings. This supported continued growth in sales which reached a new all-time record high in the second quarter. The surge in sales ensured that market conditions remained relatively tight with a sales-to-new-listings ratio of 90 per cent and the months of supply remaining below one month.

Persistently tight conditions continue to support further price growth.

In the second quarter, the benchmark price rose to \$556,267, nearly five per cent higher than last quarter and over 18 per cent higher than last year's levels.

Q2 BENCHMARK PRICE
\$556,267

↑ 18.17% year over year
↑ 4.75% quarter over quarter

Q2 MONTHS OF SUPPLY
0.92

↓ -22.80% year over year
↑ 12.49% quarter over quarter



CHESTERMERE

After experiencing some of the tightest conditions seen in the market since 2006, conditions have started to shift in Chestermere. Sales activity remained relatively stable compared to the previous quarter but have eased from the record highs reported in the second quarter of 2021. At the same time, new listings in the market continued to improve relative to sales supporting inventory levels that were better than what was seen over the previous three quarters.

While conditions continue to favour the seller, the move toward more balanced conditions is relieving some of the upward pressure on home prices which peaked in May of this year. Overall, the benchmark price recorded a quarterly gain of nearly five per cent and a year-over-year gain of nearly 19 per cent.

Q2 BENCHMARK PRICE
\$646,567

↑ **18.79%** year over year

↑ **4.86%** quarter over quarter

Q2 MONTHS OF SUPPLY
1.88

↑ **4.63%** year over year

↑ **88.04%** quarter over quarter



 **SALES**
Q2 2022
↓ 184
-13.21%
year over year

 **NEW LISTINGS**
Q2 2022
↑ 290
4.69%
year over year

 **INVENTORY**
Q2 2022
↓ 115
-9.19%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q2 2022
↓ 63.4%
-17.10%
year over year

 **DAYS ON MARKET**
Q2 2022
↓ 25.48
-42.15%
year over year

HIGH RIVER

Thanks to a boost in new listings in the second quarter, sales activity in High River reached a new all-time record high. The rise in new listings relative to sales also supported some quarterly gains in inventory levels and the months of supply. While the shift may be welcome news to buyers, conditions still remain exceptionally tight with just over one month of supply.

Like other surrounding areas, seller market conditions have placed significant upward pressure on prices. High River recorded a quarterly price gain of nearly six per cent causing the benchmark price to average \$415,767 in the second quarter reflecting a new record high.

Q2 BENCHMARK PRICE
\$415,767

↑ **15.41%** year over year

↑ **5.67%** quarter over quarter

Q2 MONTHS OF SUPPLY
1.31

↓ **-24.67%** year over year

↑ **45.31%** quarter over quarter



 **SALES**
Q2 2022

↑ **125**
4.17%
year over year

 **NEW LISTINGS**
Q2 2022

↑ **165**
17.02%
year over year

 **INVENTORY**
Q2 2022

↓ **55**
-21.53%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q2 2022

↓ **75.8%**
-10.98%
year over year

 **DAYS ON MARKET**
Q2 2022

↓ **20.86**
-37.93%
year over year

STRATHMORE

Sales activity trended up in the second quarter and remained relatively consistent with last year's record high set in the second quarter. The improvement in sales was possible thanks to a gain in new listings which helped push the sales-to-new-listings ratio down below 80 per cent, the first time that has happened since the first quarter of 2021.

This also helped support some gains in inventory levels. However, supply levels still remain far below what we traditionally see in the market and with just over one month of supply, conditions continue to favour the seller.

The persistently tight market conditions have supported further price gains in the market. In the second quarter, the benchmark price averaged \$392,567, over five per cent higher than the last quarter and a 12 per cent gain over last year's levels.

Q2 BENCHMARK PRICE **\$392,567**

- ↑ **12.19%** year over year
- ↑ **5.55%** quarter over quarter

Q2 MONTHS OF SUPPLY **1.47**

- ↓ **-31.94%** year over year
- ↑ **28.68%** quarter over quarter



RURAL ROCKY VIEW

Sales in the second quarter eased relative to the exceptionally strong levels reported in the previous quarter and last year. However, sales activity still remains well above long-term trends and the third highest on record. Meanwhile, a quarterly gain in new listings did cause the sales-to-new-listings ratio to ease from levels seen over the previous two quarters causing a quarterly gain in inventory levels and a gain in the months of supply.

Overall, conditions are shifting toward more balanced conditions. However, the record low months of supply recorded in the first quarter weighed on prices into the second quarter. The benchmark price reported a quarterly increase of seven per cent and a year-over-year gain of nearly 16 per cent in the second quarter. As the market continues to shift toward more balanced conditions, we should see the upward pressure on prices ease.

Q2 BENCHMARK PRICE

\$756,733

-  **15.93%** year over year
-  **7.06%** quarter over quarter

Q2 MONTHS OF SUPPLY

3.58

-  **9.28%** year over year
-  **50.53%** quarter over quarter



 **SALES**
Q2 2022

 **172**
-27.73%
year over year

 **NEW LISTINGS**
Q2 2022

 **302**
-15.17%
year over year

 **INVENTORY**
Q2 2022

 **205**
-21.03%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q2 2022

 **57.0%**
-14.81%
year over year

 **DAYS ON MARKET**
Q2 2022

 **39.50**
-40.96%
year over year



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