



# 2018

Calgary Economic  
& Housing Outlook

**MID-YEAR UPDATE**





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The forecasts included in this document are based on information available as of August 1, 2018.

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<b>Forecast Summary</b> .....	<b>4</b>
<b>Economy, Energy &amp; Employment</b> .....	<b>6</b>
<b>Population Growth/Net Migration</b> .....	<b>8</b>
<b>Lending Market</b> .....	<b>9</b>
<b>Housing Market Activity</b> .....	<b>10</b>
New Home.....	10
Rental .....	11
Resale .....	13
Detached .....	14
Apartment.....	15
Attached.....	16
<b>Surrounding Areas</b> .....	<b>18</b>
Airdrie .....	20
Okotoks .....	21
Cochrane .....	22
<b>A Comparison Across Canada</b> .....	<b>23</b>

# FORECAST SUMMARY

**Stricter lending conditions, a rise in interest rates, persistently high unemployment and slow economic recovery have weighed on housing demand so far this year.**

Home sales have eased more than anticipated so far in 2018, as economic conditions did not improve enough to offset changes in the lending market. Inventories rose and the oversupply resulted in downward pressure on pricing across all product types.

Economic recovery is expected to gain further traction through the latter part of this year. This should help limit the pullback in demand, but it is unlikely it will be enough to offset the declines from the first portion of the year. As a result, total sales activity within the city is expected to decline by 9.7 per cent to 17,047 units, a downward revision from previous forecasted levels.

A slight improvement in market conditions in the second half of the year should reduce some of the upward pressure on inventory. Issues of oversupply will not likely be corrected this year, causing modest price declines across most product types.

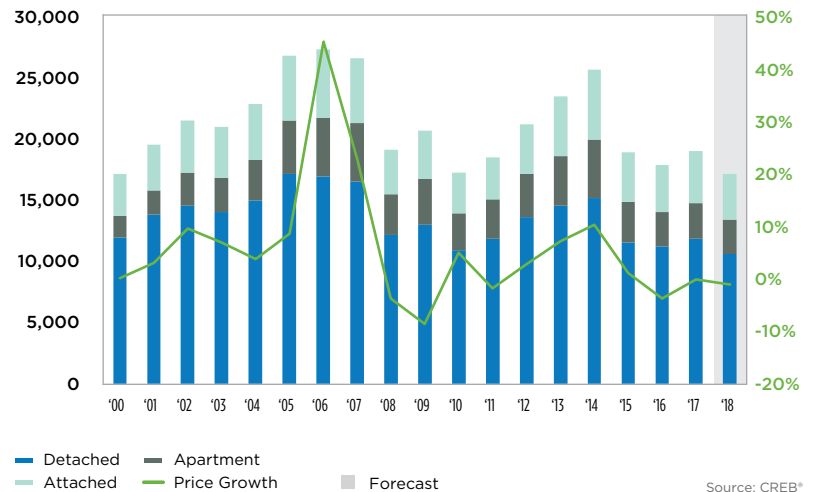
Overall, prices are expected to ease by 1.17 per cent across the city, with expected declines ranging from 2.5 per cent in the apartment sector to nearly one per cent in the detached sector.

## SO WHY IS THE HOUSING MARKET STRUGGLING TO RECOVER?

By the numbers, Alberta had the fastest growing economy in 2017, employment started to improve and recent net migration numbers are positive. So, why is the housing market still struggling to recover?

- The economy has not yet reached the levels of pre-recession activity.
- The type of job growth has shifted, as employment gains have not occurred in traditional sectors.
- Higher lending rates and stricter qualifications are preventing some first-time buyers from transitioning to the ownership market. This is also impacting the ability of some existing homeowners to consider moving up to a higher price point.
- Two years of recession left us with excess supply in all aspects of the housing market.
- Consumer confidence continues to be impacted by concerns about Alberta's prospects and how much more this circumstance could impact housing prices, particularly now with elevated inventories.

Calgary Sales and Price Growth Forecast



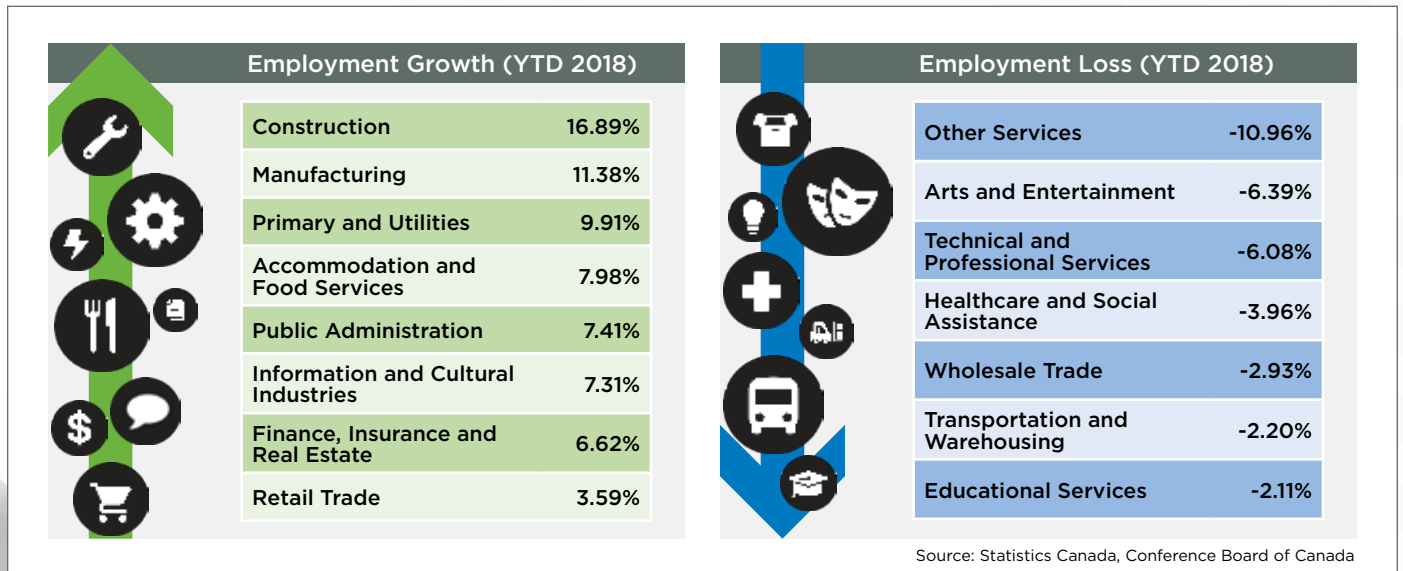
# FORECAST SUMMARY CONT.

FORECAST TABLE	2015	2016	2017	2018 (F)	Forecaster
<b>Economic Indicators</b>					
Alberta GDP growth	-3.93%	-3.60%	4.85%	1.93%	Conference Board of Canada
Calgary CMA GDP growth	-3.59%	-3.53%	6.29%	2.94%	Conference Board of Canada
Calgary CMA employment growth	2.04%	-1.52%	3.27%	2.87%	Conference Board of Canada
City of Calgary net migration	24,900	-6,527	974	11,588*	City of Calgary
Housing Starts: single family Calgary CMA	4,138	3,489	4,423	4,059	Conference Board of Canada
Housing Starts: multiple family Calgary CMA	8,895	5,756	7,111	5,956	Conference Board of Canada
Calgary CMA two-bedroom average rent	1,126	1,053	1,027	1,250	CMHC
Calgary CMA vacancy rate	5.30%	6.90%	6.20%	6.00%	CMHC
Overnight Bank of Canada target rate	0.65%	0.50%	0.70%	1.44%	Royal Bank of Canada
WTI price (\$USD)	\$48.69	\$43.14	\$50.88	\$66.00	U.S. Energy Information Administration
Henry Hub spot price (\$USD)	\$2.63	\$2.51	\$2.99	\$2.96	U.S. Energy Information Administration
					* Actual as of 2018 civic census
	2015	2016	2017	2018 (F)	Forecaster
<b>MLS® System resale market</b>					
<b>City of Calgary</b>					
Sales	18,839	17,795	18,885	17,047	CREB®
Price growth	1.06%	-3.73%	-0.17%	-1.17%	CREB®
New listings	33,876	32,269	34,130	34,555	CREB®
<b>City of Calgary detached</b>					
Sales	11,517	11,206	11,832	10,590	CREB®
Price growth	1.17%	-2.98%	0.63%	-0.95%	CREB®
<b>City of Calgary attached</b>					
Sales	4,098	3,865	4,182	3,701	CREB®
Price growth	1.71%	-4.23%	-0.13%	-0.80%	CREB®
<b>City of Calgary apartment</b>					
Sales	3,224	2,724	2,871	2,756	CREB®
Price growth	0.09%	-5.97%	-3.97%	-2.50%	CREB®

# ECONOMY, ENERGY & EMPLOYMENT

The overall economy is gaining some traction as we recover from the energy slump. While higher energy prices will improve profitability for companies and overall consumer confidence, it will still take some time for it to transition into employment recovery across all sectors.

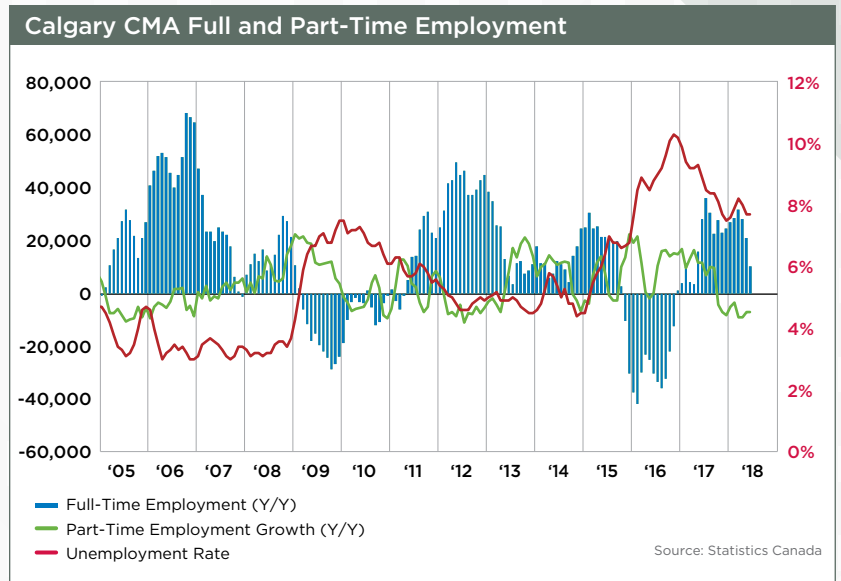
- Provincial GDP growth is expected to ease from 4.9 per cent last year to 1.9 per cent in 2018.
- Alberta led the country in growth last year, but full economic recovery is not expected to occur until 2019.
- Energy prices have moved higher than expected, supporting some rebound for producers, but added competition from U.S. producers and uncertainty over market access continue to weigh on investment in Canadian markets.
- Following several years of cost-cutting measures, some energy companies are in a better position to maintain profitability at lower energy prices. However, as prices improve, they are not necessarily translating those gains into job growth.



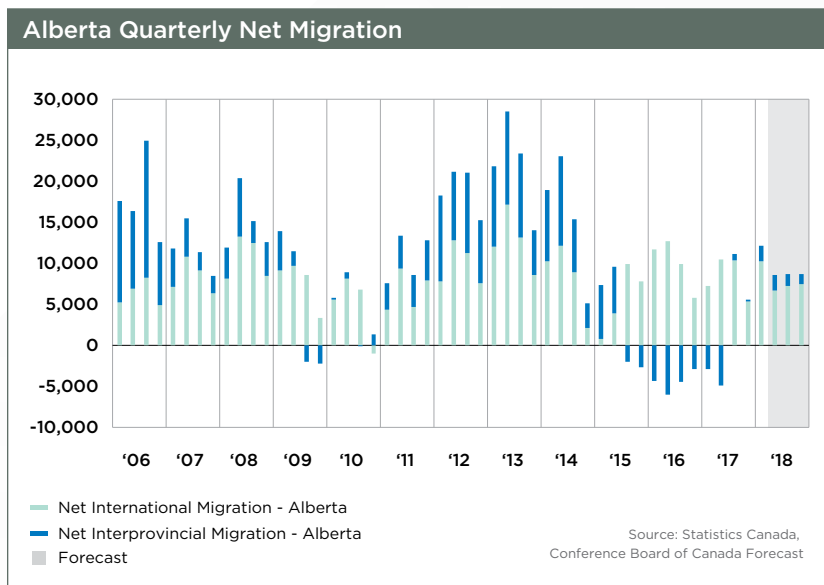
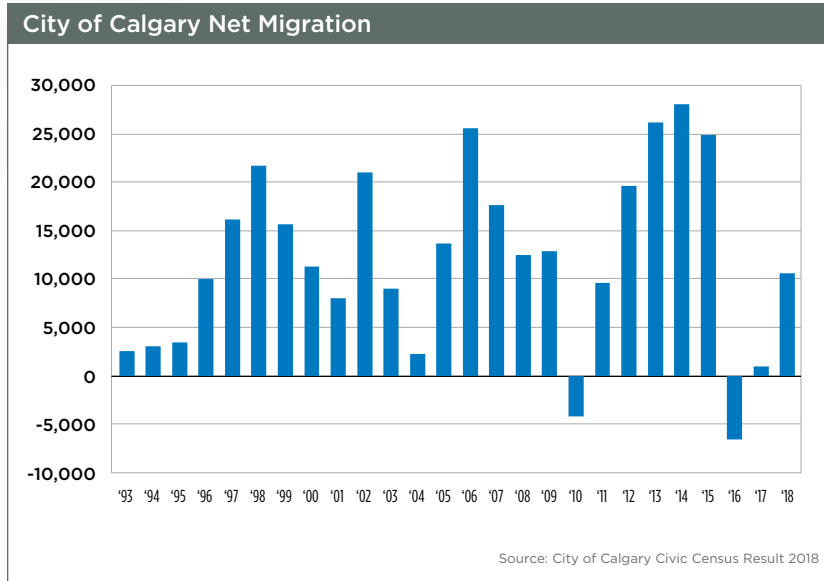
# ECONOMY, ENERGY & EMPLOYMENT CONT.

In recent months, the job market in Calgary has shown some signs of improvement in more traditional energy-based sectors. However, unemployment rates have not declined as quickly as many economists predicted, weighing on the housing market. While conditions are expected to improve over the next several months, it will take time to see a notable effect on housing demand.

- Employment has generally remained higher than levels seen last year. However, over the past several months, there has been some easing in the number of people employed, reflecting a pullback in several sectors of our economy.
- Following a rise in March and April, unemployment rates have recently eased, but remain at 7.9 per cent (July 2018). This is high based on historical standards.
- Calgary has continued to see full-time employment growth in 2018 compared to last year, despite some recent pullbacks in May and June. At the same time, part-time employment has generally eased over the previous year.
- Original expectations were for more broad-based growth in employment this year, but employment growth has not been equal across all sectors. Compared to last year, employment has improved in all sectors except technical and professional services, transportation and warehousing, wholesale trade, healthcare, education, arts and entertainment, and other services.



# POPULATION GROWTH/ NET MIGRATION



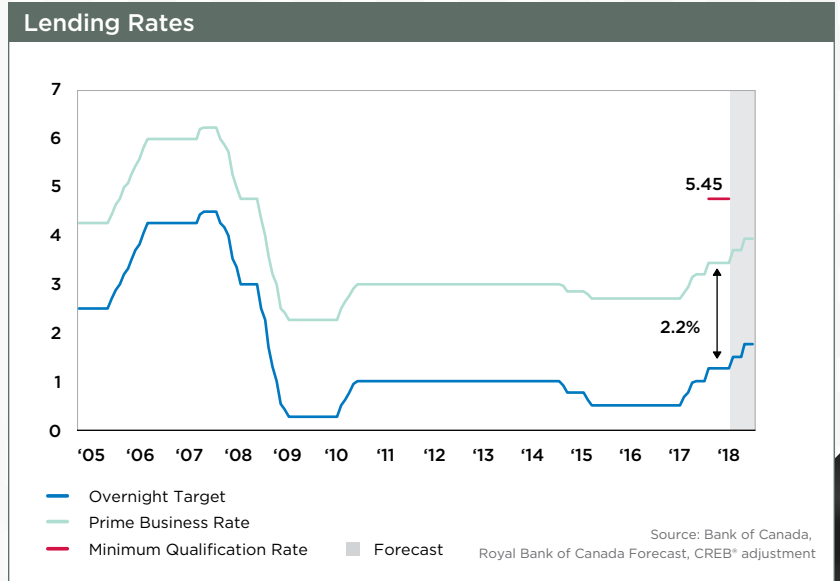
After several years of seeing an outflow of inter-provincial migrants, as of the third quarter of 2017, people stopped leaving our province for other locations. On a citywide basis, recent census results also showed a larger than expected number of people moving to the city. More people moving into the area is an important first step for improving housing demand and reducing the supply in the market. However, it will likely take some time for this to translate into more balanced housing market conditions.

- According to the 2018 civic census, the population of Calgary currently stands at 1.27 million, a 1.69 per cent increase over the previous year, due to stronger net migration. While growth figures remain low compared to pre-recession levels, the 2018 growth in population is welcome news following two consecutive year of growth remaining below one per cent.
- The 2018 civic census showed a net migration of 11,588, a significant improvement over original estimates of just under 2,000 people and a positive shift from the dismal numbers over the past two years.
- Alberta's population pushed above 4.3 million, with a first quarter growth of 1.44 per cent. Growth picked up pace in the first quarter of 2018, largely due to natural increases followed by net international migration. Also, for the third consecutive quarter, more people moved to Alberta from other provinces than left.
- After the first quarter of 2018, net migration totaled 8,500 in Alberta, nearly double the levels recorded in the first quarter of 2017.



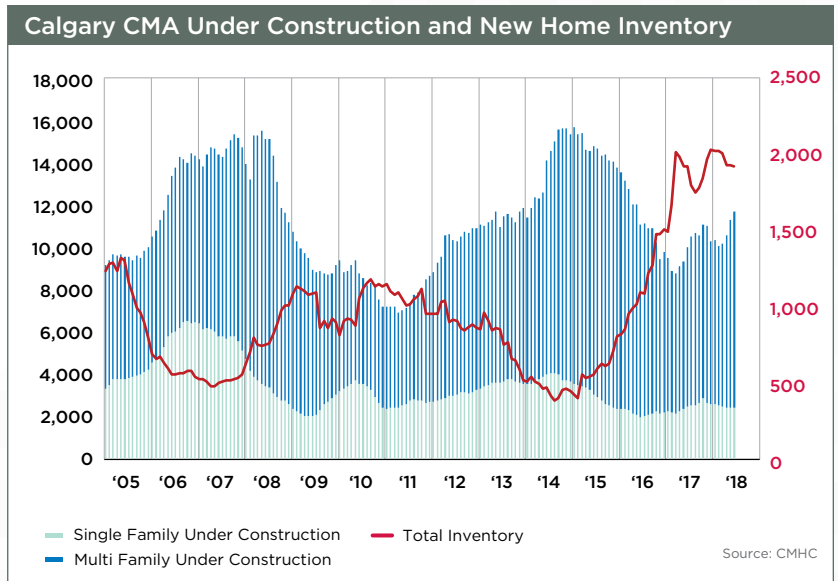
# LENDING MARKET

- Stricter lending conditions combined with higher rates have weighed on housing demand this year, as households adjust expectations regarding their housing choices. Meanwhile, the economic recovery has not been substantial enough to offset the impact of the changes.
- The Bank of Canada raised their overnight target rate from 1.25 per cent to 1.50 per cent in July, the fourth increase over the past year. It is expected there will be further rate gains as the federal government attempts to remove the interest rate stimulus from the market.
- The more stringent conditions, combined with rate gains, will likely weigh on the market for much of the year until households have time to adjust and the economic recovery starts to gain traction.



# HOUSING MARKET ACTIVITY NEW HOME

- New-home inventories have remained elevated for nearly two years, as projects were being completed at a time when our city was facing weak migration and housing demand. The majority of the inventory is multi-family product, which includes apartment, row and semi-detached homes.
- The additional supply, particularly for higher-density products, has contributed to the steeper declines in resale pricing for apartment- and row-style homes.
- While economic conditions are recovering, modest employment growth and more stringent lending conditions will likely prolong the time it will take to alleviate the excess supply in the new-home market.



- Recent improvements in net migration will start to chip away at the oversupply in the market, but it is not expected to be enough to push the market into balanced conditions by the end of the year.
- Moving forward, the level of projects under construction has eased and home starts so far have remained low compared to historical standards, though comparable with last year's numbers. Starts are expected to ease this year, which should help prevent further gains in inventories.
- Many new-home builders have become more aggressive with their pricing to pull demand toward new products versus resale homes. Price adjustments on the new-home side of the market can weigh on home prices in areas that are near new developments.

# HOUSING MARKET ACTIVITY RENTAL

- No new rental data is available from CMHC since the last Forecast. However, based on financial statements provided by some of the large rental property owners, vacancy rates do appear to be edging down and incentives provided to increase occupancy are being reduced.
- CMHC purpose-built rental vacancy last stood at 6.3 per cent in the October survey, with this number expected to fall this year.
- Increasing barriers to ownership will benefit the rental market over the next several years, as more people may choose to stay in the rental market longer. This, along with positive migration numbers, may be one contributing factor to improved occupancy in some segments of the market. However, vacancy can vary significantly depending on location and price point.
- The secondary rental market includes apartment condominium products. Based on CMHC estimates, roughly 34 per cent of all apartment condominiums end up in the rental market. This is a share that has risen over the past few years. With the rising supply of apartment condominiums continuing this year, we would anticipate further gains in the rental pool.
- Higher lending rates and stronger than expected improvements in net-migration may cause a faster turnaround in the rental market, eventually spilling over into the ownership market.
- Condominium apartment rents declined in 2017 by 11 per cent for one-bedroom units and three per cent for two-bedroom units. These rates show a steeper decline than what was recorded for purpose-built rental units.

**CMHC estimates a rental universe of 42,197 purpose-built units in Calgary. While there have been more purpose-built units coming onto the market over the past few years, we still have less purpose-built rental units today than we did in the early 1990s. The main difference is the addition of the secondary rental market, which includes condos and rental homes.**

**Only looking at condominium apartment properties, CMHC estimates the size of the rental universe to be nearly 22,000 units, significantly higher than the 6,447 units measured in 2007 when it started tracking this segment.**

# CITY OF CALGARY



# HOUSING MARKET ACTIVITY RESALE

The Calgary housing market was starting to stabilize last year following the end of the recession. However, changes in the lending market, coupled with a slow economic recovery filled with uncertainty, have impacted housing demand.

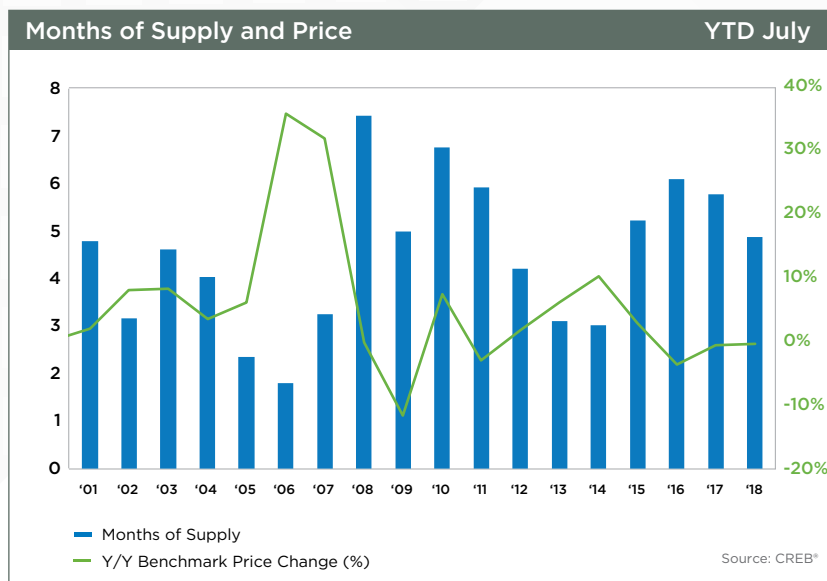
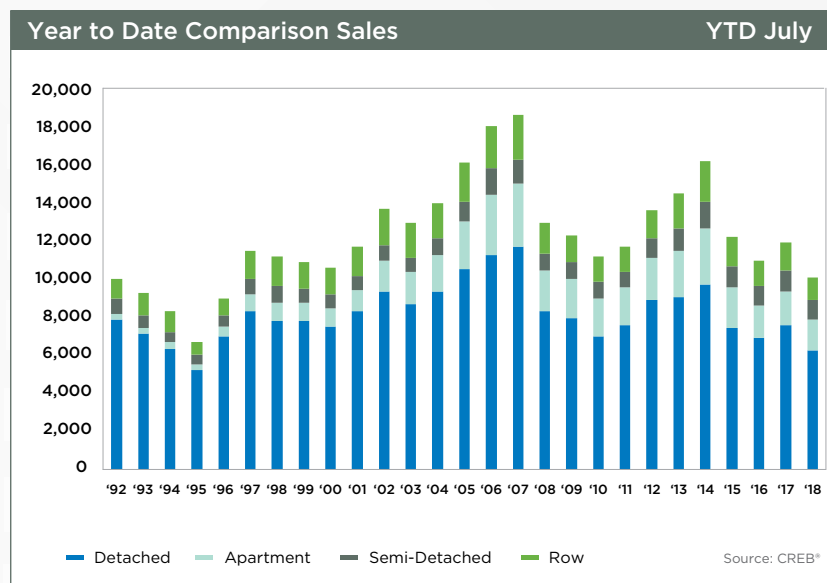
Year-to-date sales activity in the city fell by 15 per cent, well below historical norms and among the lowest levels of activity seen over two decades. While easing sales occurred for all property types, declines were more significant in the detached and attached markets. Demand also shifted between price ranges.

Supply has been slow to adjust to the new demand environment, creating oversupply or buyers' market conditions for all product types so far this year. The persistent oversupply started to weigh on prices over the past several months, with adjustments varying significantly depending on price range, product and location. Currently, citywide average benchmark prices are 0.45 per cent below last year's levels, compared to original forecasted declines of 0.13 per cent.

Heading into the remainder of the year, several additional months of oversupply in the resale market is expected to weigh on prices. Easing prices combined with better employment prospects and economic confidence should bring some purchasers back to the market, slowing the rate of decline in sales and limiting the upward pressure on inventory levels.

However, competition from the new-home market is expected to affect the time it takes to reduce the oversupply in the resale market, as competitively priced new-home construction might divert some activity away from the resale sector.

The slow return to more balanced conditions is not expected to occur soon enough to offset the easing in the housing market that has already occurred. Citywide annual sales and prices are forecasted to decline by 9.7 and 1.17 per cent, respectively, compared to 2017 levels, erasing some of the progress made toward recovery last year.



# HOUSING MARKET ACTIVITY DETACHED

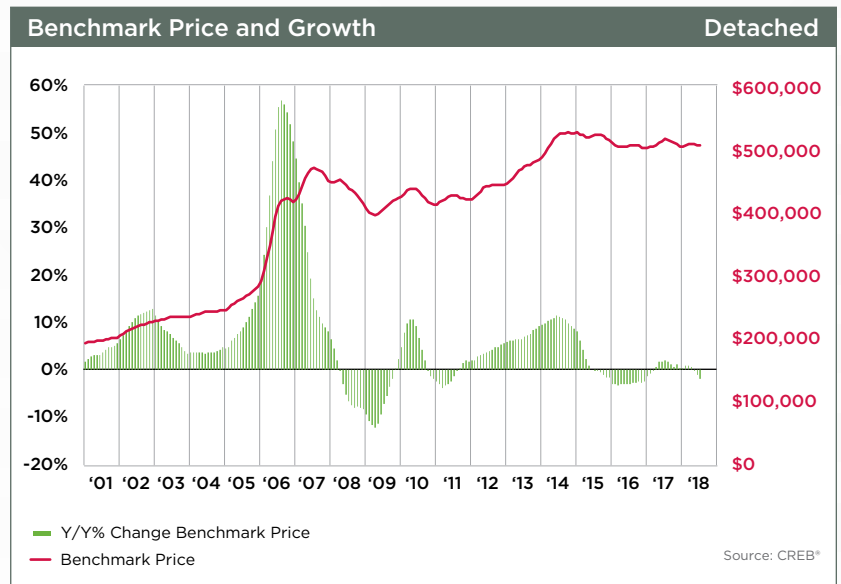
The relatively higher-priced detached sector has felt the impact of changes to lending conditions. Activity eased across most price ranges, with the slowest recorded activity since 1995. While supply levels have risen, the main cause of the rise in months of supply has been reduced demand.

As it will take time for households to adjust to the new lending reality, demand for detached homes is expected to remain weak for the remainder of the year, causing stronger than previously expected declines in home prices.

- Detached sales are expected to decline by 10.5 per cent in 2018 due to a weaker than expected first half of the year.
- 2018 prices are expected to decline by nearly one per cent due to oversupply in the market.
- Sales activity fell across most of the price ranges, but of the purchases occurring, the share of sales improved in the \$300,000 - \$399,999 range, increasing from 18 per cent to 20 per cent. This is likely a reflection of households adjusting to new realities of affordability.
- While detached sales did fall across all areas of the city, price adjustments varied depending on location. Benchmark prices remained higher

in the City Centre and West districts. However, nearly all districts except for the West are recording prices well below recent highs.

- While months of supply have risen in most districts, the City Centre and West have only recently seen levels move just above long-term averages, likely explaining why prices in these areas have not been as impacted as other areas of city.



YTD July 2018	Sales	Sales Growth	New Listings	New Listings Growth	Inventory	Inventory Growth	Benchmark Price	Year-Over-Year Benchmark Price Change	Percentage Price Change from Peak
<b>DETACHED</b>									
City Centre	710	-17.4%	1,675	13.9%	500	36.65%	\$693,243	2.28%	-2.88%
North East	645	-14.3%	1,525	0.1%	443	7.31%	\$375,014	-2.72%	-4.72%
North	905	-10.6%	1,865	9.6%	523	39.10%	\$432,386	-1.99%	-4.72%
North West	890	-20.2%	1,880	11.8%	474	62.59%	\$540,371	-0.52%	-5.69%
West	713	-19.2%	1,518	7.1%	410	38.88%	\$733,329	1.94%	0.00%
South	1227	-20.6%	2,490	4.1%	662	36.89%	\$474,414	-0.29%	-5.37%
South East	963	-15.0%	1,898	9.4%	510	43.74%	\$449,043	-0.08%	-3.99%
East	181	-22.3%	332	-6.5%	91	21.88%	\$350,743	-0.80%	-4.29%
<b>TOTAL CITY</b>	<b>6226</b>	<b>-17.3%</b>	<b>13,157</b>	<b>7.2%</b>	<b>3,613</b>	<b>39.10%</b>	<b>\$502,771</b>	<b>-0.27%</b>	<b>-3.70%</b>

Source: CREB\*

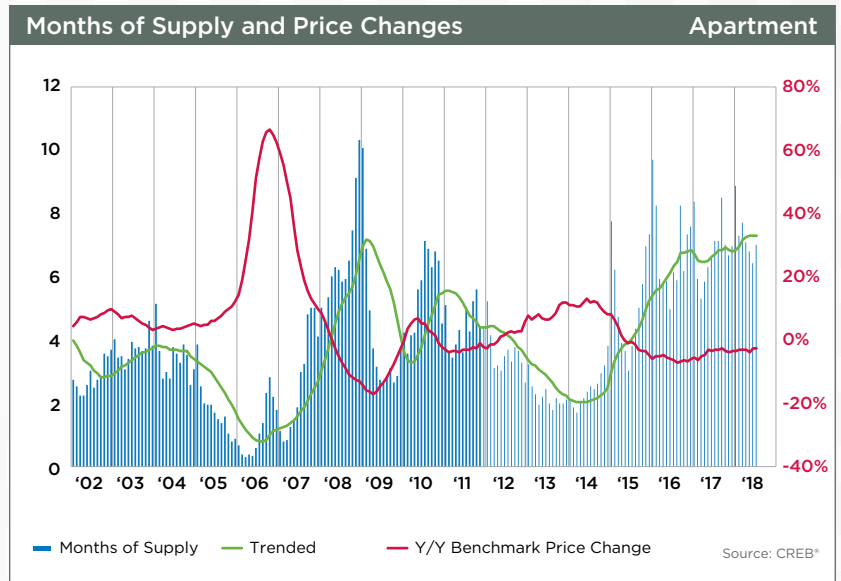
# HOUSING MARKET ACTIVITY APARTMENT

The resale apartment sector has struggled with oversupply for most of the past three-and-a-half years, causing steady price declines with no expectation for an easing of this trend for this year. Sales activity has remained relatively weak and well below historical norms, but the pullback in sales has not been as large for this product type.

In fact, sales activity has improved for product priced in the most affordable price range of less than \$200,000. Price declines over the past several years have increased the amount of selection in this range, providing more choice for those looking for affordable ownership product.

While changes in lending rules might push more people to consider this product type, sufficient choice in the rental and competing new-home market is expected to contribute to persistent oversupply and price declines in the apartment sector for the remainder of this year.

- YTD sales totalled 1,649 units, 7.7 per cent below last year's levels and 23 per cent below long-term averages.
- New listings on the market started to ease slightly this year, but it was not enough to compensate for weak sales activity, leading inventories to rise to near-record highs.



- Months of supply have remained firmly in buyers' market territory, continuing to weigh on prices. Since the monthly highs of 2014, condominium apartment prices have declined by 13 per cent.
- Overall sales activity for the rest of the year is expected to remain just below levels recorded last year at 2,756 units, and prices are expected to continue to ease for an annual forecasted decline of 2.5 per cent.

YTD July 2018	Sales	Sales Growth	New Listings	New Listings Growth	Inventory	Inventory Growth	Benchmark Price	Year-Over-Year Benchmark Price Change	Percentage Price Change from Peak
<b>APARTMENT</b>									
City Centre	773	-7.1%	2,311	0.4%	867	7.49%	\$285,243	-2.23%	-13.06%
North East	70	16.7%	177	-23.7%	71	-19.77%	\$224,371	-5.14%	-16.25%
North	82	-23.4%	259	-10.7%	101	11.11%	\$214,014	-2.53%	-17.95%
North West	174	-1.1%	369	-5.6%	132	4.52%	\$238,357	-2.46%	-10.89%
West	164	-23.7%	512	7.1%	180	20.29%	\$243,900	-3.78%	-13.54%
South	217	-1.4%	504	-15.9%	181	-12.21%	\$224,857	-4.87%	-16.15%
South East	130	-1.5%	340	9.0%	121	18.16%	\$240,671	-3.47%	-14.38%
East	39	-11.4%	85	-35.6%	39	-22.86%	\$186,429	-6.88%	-24.57%
<b>TOTAL CITY</b>	<b>1649</b>	<b>-7.7%</b>	<b>4,555</b>	<b>-3.8%</b>	<b>1692</b>	<b>4.35%</b>	<b>\$257,343</b>	<b>-3.00%</b>	<b>-13.82%</b>

Source: CREB\*

# HOUSING MARKET ACTIVITY ATTACHED

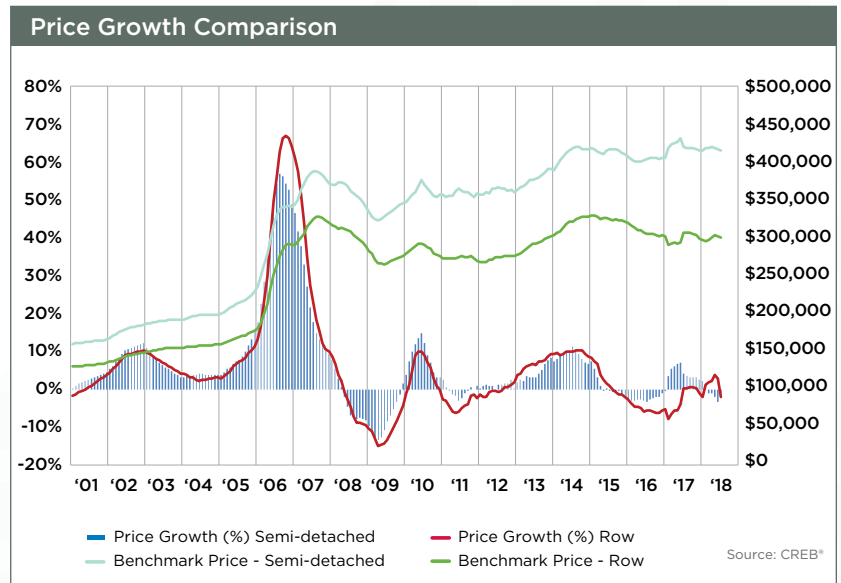
The attached sector has also reported easing sales, rising supply and buyers' market conditions this year. The months of supply has risen across each price range, and in most cases, pushed well above levels seen through the past several years.

Sales activity generally declined across most price ranges, but there were some segments of the market that recorded sales activity that was comparable to the previous year, as some demand likely flowed from the detached sector to the attached sector.

Prices have generally trended down since the third quarter of 2017, but overall prices in this segment remain just above last year's levels, due to price gains in the more affordable row sector.

With no significant changes expected over the near term, sales activity for attached product is expected to ease by 11.5 per cent over last year. This will keep market conditions in buyers' market territory, placing downward pressure on prices and keeping them just below last year's levels on an annual basis.

- Semi-detached sales did ease, but this was not consistent across all areas of the city. In fact, the North West and West districts recorded sales activity similar to or higher than levels recorded in the previous year.
- Semi-detached prices are just below last year's levels, but notable price declines were limited to the North, North West and South East areas. These are all areas where resale supply has faced significant competition from the new-home sector.



- Despite the citywide year-over-year easing in semi-detached prices, overall prices in this sector are only one per cent below previous highs, making it one of the few product types to see prices just below pre-recession levels.
- Sales for row product declined across most districts. Elevated inventories and increased competition from the new-home sector have had varying impacts on pricing.
- YTD row prices improved over the previous year by one per cent, driven by gains in the City Centre and North districts of the city. However, price declines were significant in the North East, West and South districts. While citywide row prices have improved, they remain nine per cent below highs recorded in 2014.



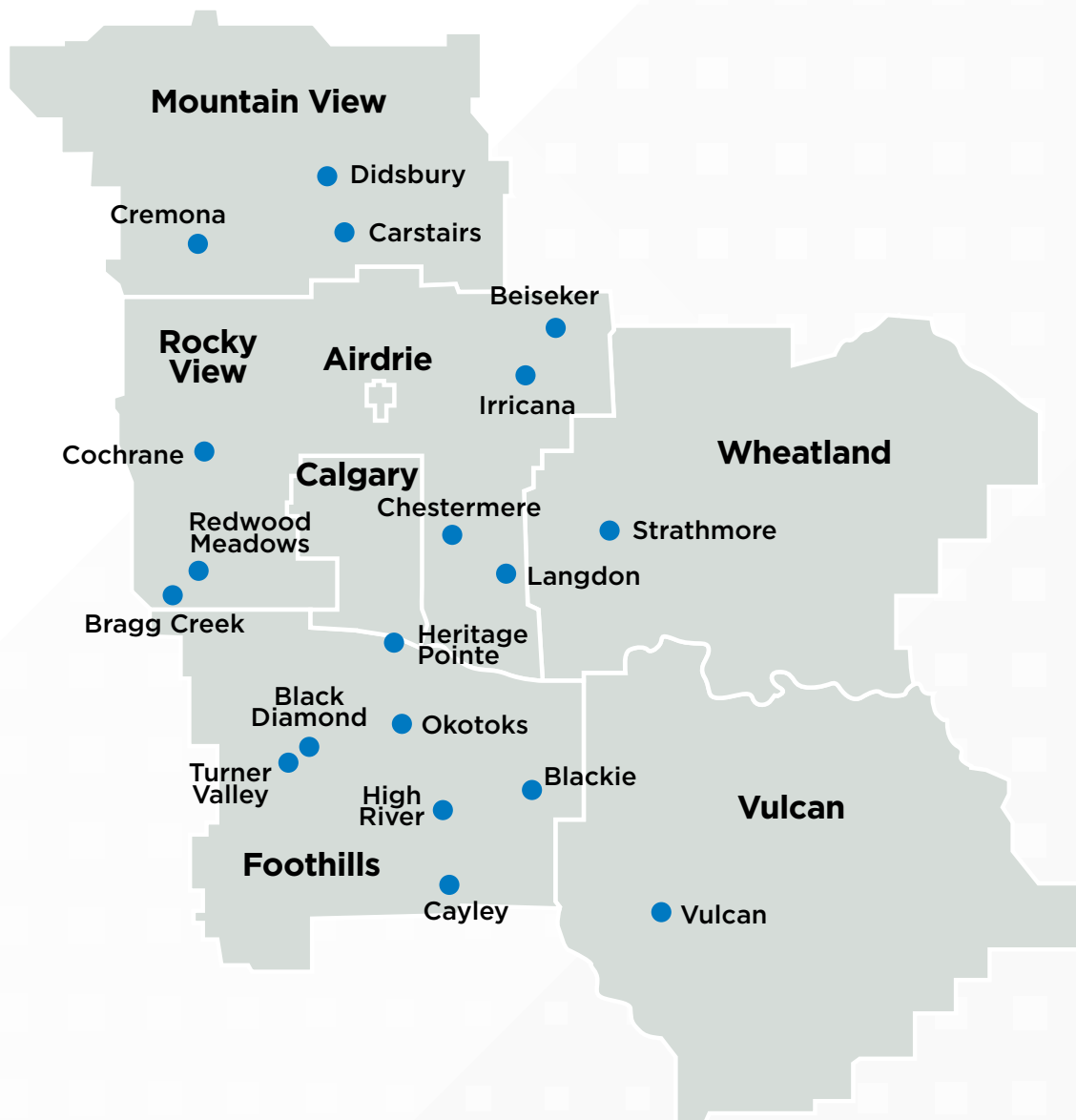
# HOUSING MARKET ACTIVITY ATTACHED CONT.

YTD July 2018	Sales	Sales Growth	New Listings	New Listings Growth	Inventory	Inventory Growth	Benchmark Price	Year-Over-Year Benchmark Price Change	Percentage Price Change from Peak
<b>SEMI-DETACHED</b>									
City Centre	302	-15.2%	876	30.6%	368	67.27%	\$769,829	0.83%	-0.32%
North East	115	-5.0%	230	5.0%	73	21.67%	\$299,343	3.56%	-5.30%
North	87	-26.3%	181	5.8%	62	51.22%	\$315,857	-1.53%	-6.08%
North West	131	20.2%	268	43.3%	92	64.29%	\$389,771	-2.82%	-3.21%
West	104	0.0%	268	48.9%	109	109.62%	\$517,129	-0.15%	-0.28%
South	118	-26.7%	265	2.3%	104	35.06%	\$338,914	6.01%	-4.98%
South East	101	-20.5%	187	3.9%	66	53.49%	\$319,729	-2.03%	-2.23%
East	36	-14.3%	81	-10.0%	37	-2.63%	\$296,243	2.52%	-3.13%
<b>TOTAL CITY</b>	<b>993</b>	<b>-12.7%</b>	<b>2,353</b>	<b>20.4%</b>	<b>911</b>	<b>55.20%</b>	<b>\$418,086</b>	<b>-0.95%</b>	<b>-1.01%</b>
<b>ROW</b>									
City Centre	204	-18.7%	544	-2.9%	214	17.58%	\$471,643	0.87%	-5.00%
North East	126	-7.4%	352	5.4%	145	13.28%	\$199,529	-6.74%	-15.45%
North	164	-29.0%	443	11.3%	195	58.54%	\$261,814	1.08%	-8.58%
North West	137	-18.9%	321	-1.8%	125	7.76%	\$310,729	0.17%	-9.86%
West	166	-11.2%	422	6.6%	185	42.31%	\$340,100	-2.15%	-9.74%
South	228	-18.3%	475	-8.8%	167	0.00%	\$259,843	-4.60%	-11.77%
South East	168	-14.3%	365	-8.5%	129	0.00%	\$294,857	-0.23%	-7.54%
East	42	5.0%	87	6.1%	27	-34.15%	\$176,957	-2.35%	-20.75%
<b>TOTAL CITY</b>	<b>1232</b>	<b>-17.2%</b>	<b>3,005</b>	<b>-0.3%</b>	<b>1187</b>	<b>16.83%</b>	<b>\$299,357</b>	<b>1.07%</b>	<b>-9.07%</b>

Source: CREB\*



# SURROUNDING AREAS

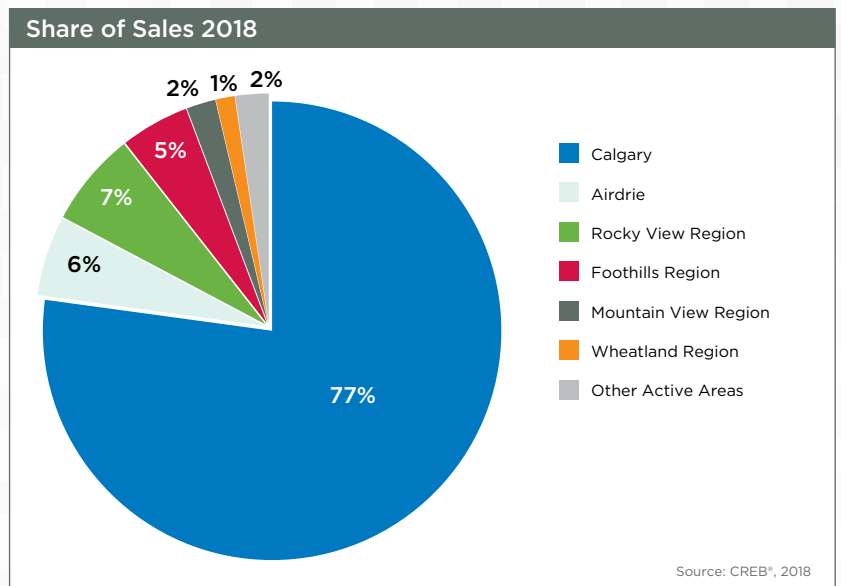


# SURROUNDING AREAS

TYPICAL HOME ATTRIBUTES & PRICE - DETACHED HOMES JULY 2018	Detached Benchmark Price	Year-Over-Year Price Change	Per Cent Change from Peak Price	Gross Living Area (Above Ground)	Year Built	Lot Size	Above Ground Bedrooms
Airdrie	372,386	-1.29%	-5.15%	1,390	2002	4,653	3
Cochrane	425,714	0.69%	-3.93%	1,494	1998	5,520	3
Chestermere	499,829	0.57%	-9.00%	1,871	2003	5,511	3
Okotoks	436,786	1.05%	-2.85%	1,437	2002	4,973	3
Strathmore	392,329	-0.45%	-13.53%	1,252	2000	5,562	3
City of Calgary	502,771	0.63%	-3.70%	1,341	1991	4,908	3

Source: CREB\*

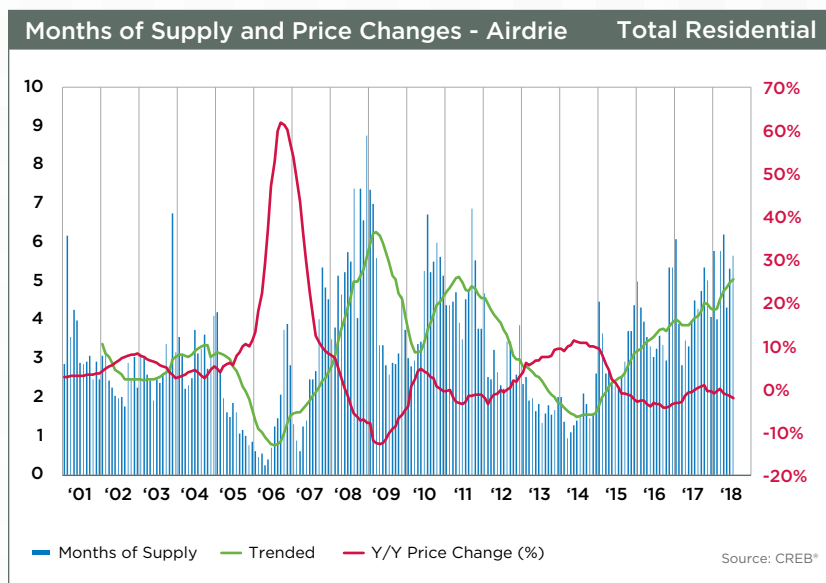
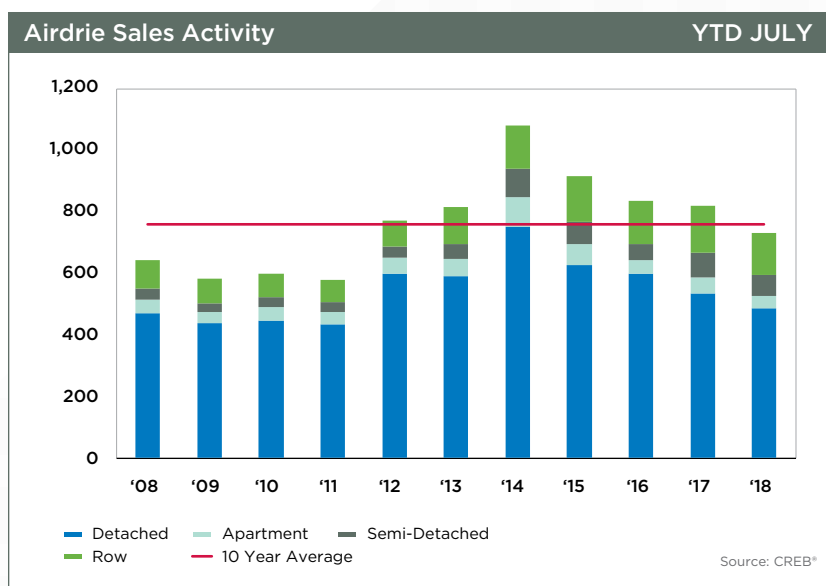
The housing markets in towns and cities surrounding Calgary are often influenced by similar economic conditions. The area's housing markets have experienced many of the same issues as Calgary, where easing sales were met with rising listings and inventory gains, limiting price recovery. However, unique local supply and demand conditions can cause differing trends in each of those markets.



# AIRDRIE

Airdrie represents an affordable alternative to Calgary, while being nearby and influenced by similar economic conditions. It has proven to be especially attractive for young families and working-age individuals. Over the past decade, Airdrie has grown from a population of 34,116 to 68,091.

- Year-to-date residential sales in 2018 totalled 622, a decline of more than 80 units compared to last year and the lowest level of activity since 2012.
- Year-to-date new listings reached a new peak at 1,399, higher than long-term averages.
- Easing sales and rising new listings caused inventories to rise in Airdrie. Average inventory for the first half of 2018 was 544 units, 22 per cent higher than the same period last year, causing months of supply to increase from 3.8 to 5.2 over the same time frame.
- Elevated levels of supply combined with historically lower sales and competition from the new-home market has led to downward pressure on prices, with year-to-date unadjusted benchmark prices for a detached home in Airdrie averaging \$372,386, a decrease of one per cent year-over-year.
- While new-home starts have risen slightly over last year so far this year, levels remain well below levels that were recorded throughout 2010 – 2015. This points to builders responding to slower demand activity and could help prevent further supply gains in the overall housing market.
- Airdrie’s housing market is still facing challenges with persistent oversupply, preventing price recovery. Benchmark prices across all product types remain well below previous highs, but the price adjustment has been more significant in

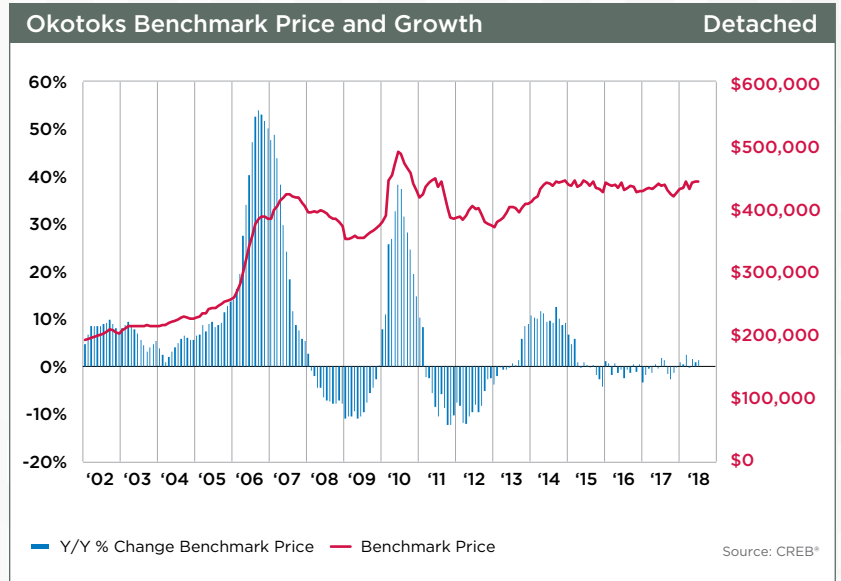


the apartment and row sectors, which remain over 14 per cent below previous highs. Overall, detached prices remain five per cent below previous highs.

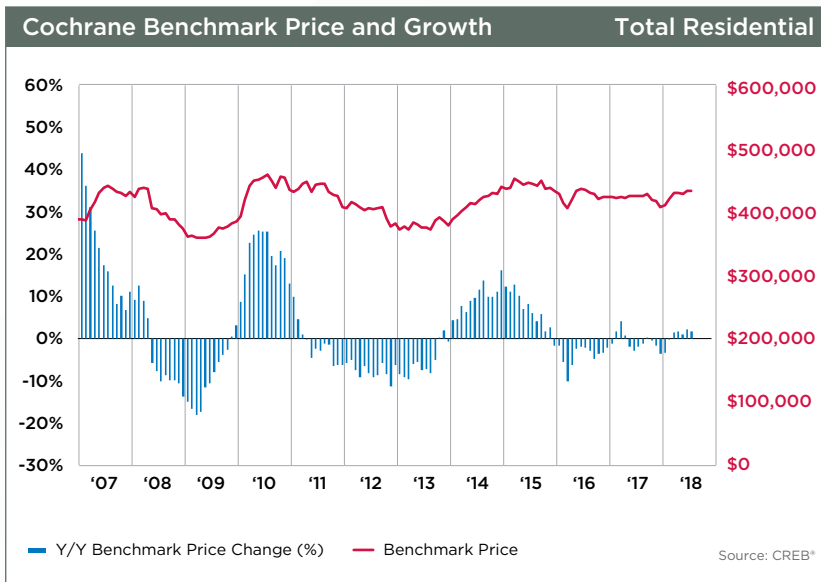
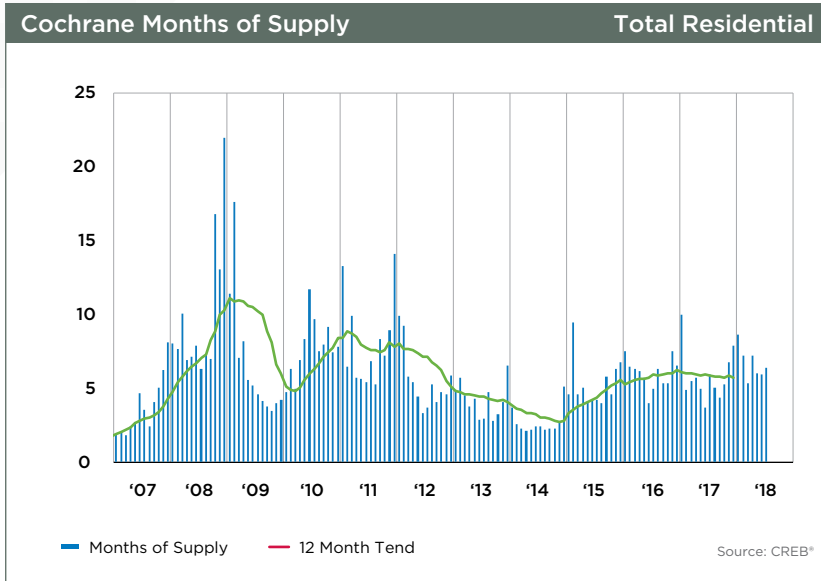
# OKOTOKS

The population growth rate for Okotoks has slowed down and appears to be stabilizing at 29,002 in 2018, 121 people more than the census results of 2016. However, Okotoks represents a relatively affordable town, while being in close proximity to the south end of the city.

- Residential sales in the first seven months of the year totalled 320 units, compared to 349 during the same period in 2017, reflecting the lowest level of sales for this period since 2010.
- Gains in new listings and easing sales caused inventories to rise to levels not seen in nearly a decade. This did cause the months of supply to also rise in the area. However, trended figures continue to remain below highs recorded in this market.
- Detached benchmark prices have been relatively bumpy over the past several years. While some gains were recorded this year, on the whole, prices have not changed much since 2014 and remain 9.08 per cent below highs recorded in 2010.
- This is one way Okotoks has differed from other areas, as the the price adjustments were not as steep through the most recent recession. In fact, price declines were more significant throughout the 2011 – 2013 period, where price growth was occurring in Calgary.
- Starts activity has eased in Okotoks this year. This should help limit the growth in total housing supply moving forward.



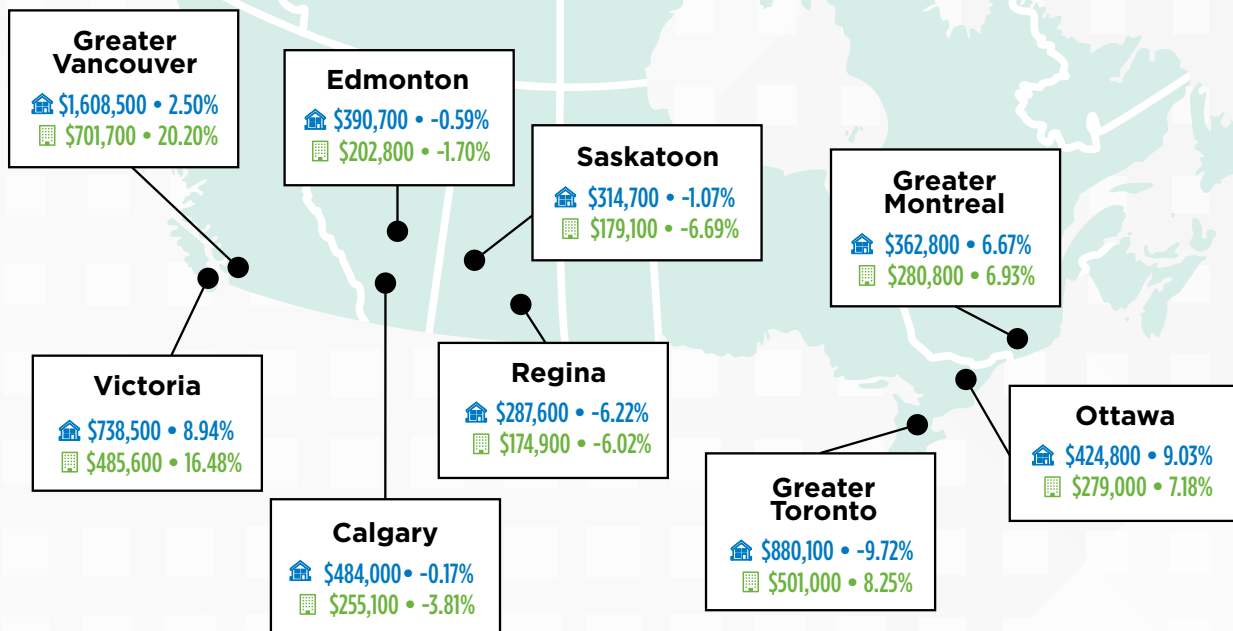
# COCHRANE



Despite a small dip in sales activity this year, demand for resale homes has remained in line with five-year averages, and well above activity recorded throughout 2015 and 2016. This is likely a reflection of the growth in the population. Cochrane's latest municipal census suggests that the population of the town increased by 1,640 people from 2017 to 2018, measuring around 27,960 this year. Despite relatively normal sales, new listings continue to rise well above long-term averages, pushing up inventory levels and leaving little room for price recovery.

- There have been 380 residential sales in Cochrane after the first seven months of 2018, 6.6 per cent lower than the previous year, but just below the five-year average of 391 units.
- New listings have been increasing for the past year and have now reached a historical peak of 862 units, approximately 220 units above the long-term average.
- Year-to-date average inventories have totalled 351 units, pushing months of supply above six months. Slower sales this year combined with rising inventories have caused the months of supply to increase over last year, but it has not pushed above record highs.
- New-home starts activity has trended down over last year's figures and remains well below levels recorded prior to the recent recession. This is one factor that suggests supply is starting to adjust to the conditions, limiting the risk of a prolonged period of oversupply.
- Year-to-date detached benchmark prices in Cochrane have averaged \$425,714, less than one per cent higher than last year, but still five per cent below peak prices.
- Elevated levels of supply compared to demand are expected to slow the pace of price recovery in this market.

# A COMPARISON ACROSS CANADA



**Legend**

**City**

 **SINGLE-FAMILY HOME**  
Benchmark Price July 2018 • Y/Y Change in Benchmark Price

 **APARTMENT CONDOMINIUM**  
Benchmark Price July 2018 • Y/Y Change in Benchmark Price

Supply and demand factors in each local market often influence price movements. Over the past several years, housing markets in Calgary, Edmonton, Regina and Saskatoon felt the impact of shifts in the resource sector, while the rest of the country was recording strong house price appreciation and some markets were flagged as a risk due to the rate of increase.

Several approaches have been taken by regulators and provincial governments to cool housing demand and price growth in some of these housing markets.

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