

# Housing Review

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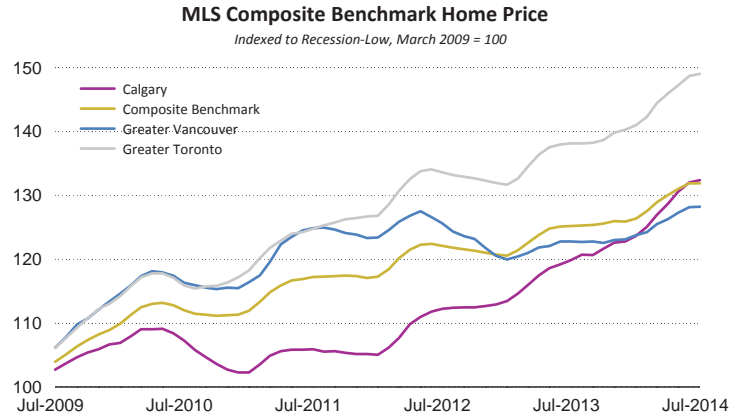
August 28, 2014

## Calgary's housing market took a bit of a breather in July.

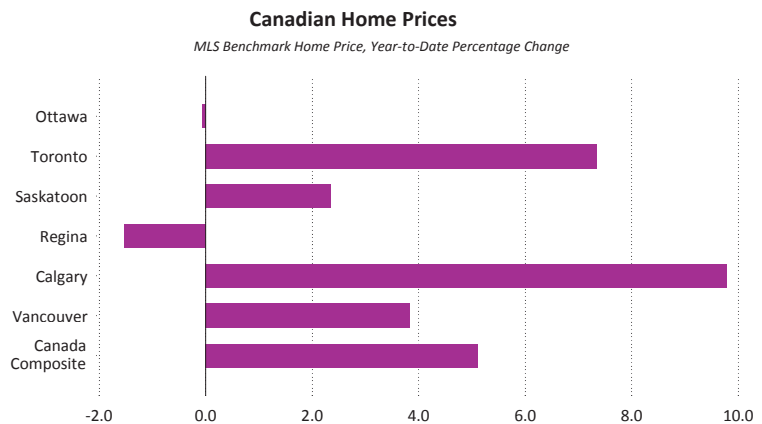
**Month-over-month home price inflation slowed to 0.3 per cent last month, marking its slowest pace since December.**

Even so, prices were up 10.5 per cent from the same time last year. The MLS benchmark home price for Calgary climbed to \$449,600 in July, and has risen 9.8 per cent year-to-date. The apartment segment (up 11.9 per cent) continued to outpace single family homes (up 9.4 per cent), albeit by a narrowing margin. One reason for the advance is that low inventories of single family homes in Calgary are driving up prices.

**Resale activity moderated for the second consecutive month in July.** After falling 6.9 per cent in June, sales retreated 11.0 per cent to 3,177 units in July. Sales appear to be normalizing somewhat following a massive increase in activity in May. In spite of the contraction, resale activity was up 6.8 per cent from July 2013. Moreover, the number of new listings fell over 14.0 per cent from the previous month, leading to a tightening in the market. The sales-to-new-listings ratio rose to 0.72 in the month, indicating that Calgary remains a seller's market. Strong population growth will continue to place significant pressure on the resale market, ensuring that Calgary will continue to be a seller's market in the short term.



Sources: CREA, Corporate Economics



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### Calgary's Housing Market - July 2014

	Jul-14	Jun-14	May-14	Jul-13	Annual Change (%)	YTD	2013
Building Permits (Units)	1,314	942	1,403	1,130	16.3	1,040	1,149
Single-family (Units)	441	456	465	455	-3.1	417	409
Housing Starts (Units)	1,101	2,155	757	927	18.8	1,238	782
Single-family (Units)	485	445	442	406	19.5	413	391
MLS Benchmark Home Price (\$000s)	449.6	448.3	443.5	407.0	10.5	436	404
Single-family (\$000s)	493.4	491.3	486.5	447.2	10.3	478.3	443.4
Apartment (\$000s)	296.6	298.2	293.9	266.4	11.3	289.5	265.3
Resales (Units)	3,177	3,569	3,832	2,976	6.8	3,037	2,496
Sales:Listings Ratio (Dimensionless)	0.72	0.70	0.67	0.78		0.67	0.73
5-Year Mortgage Rate (%)	4.79	4.79	4.79	5.14		4.95	5.24
Average Weekly Wage Rate (\$)	1,110.50	1,100.68	1,093.24	1,091.05	1.8	1,094.52	1,101.35

Source: Statistics Canada, CREA, CMHC, Corporate Economics, August 2014

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**Affordability conditions have improved marginally.** Average weekly wages in Calgary rose to \$1,110.50 in July, marking the fifth monthly increase in seven months. Furthermore, their 1.8 per cent year-over-year advance marks the first annual increase since October 2013. A deluge of migrants into the city in recent years has taken some of the pressure off wage inflation lately. As the labour market begins to absorb this slack, we can expect to see stronger growth down the line. Low mortgage rates also continued to contribute to affordability. They were flat once again in the month, and we don't anticipate any increases until next year.

**Following a surge in June, housing starts returned to more sustainable levels in July.** Starts plunged by nearly 50.0 per cent month-over-month after almost doubling in June. The contraction was entirely the result of the multi-family home segment, which tends to be highly volatile. Conversely, new construction of single-family homes has been relatively stable. In spite of the monthly decline, housing starts were still up 18.8 per cent from July 2013. Building permits exhibited an opposite pattern in the month; construction intentions climbed 39.5 per cent after falling 32.9 per cent in June. The increase was attributable to a jump in multi-family dwellings, while the number of single-family homes planned receded 3.3 per cent. Overall, the outlook for residential construction in the coming months remains very positive as builders continue to play catch-up with soaring population growth.

*Next update: September 25, 2014*

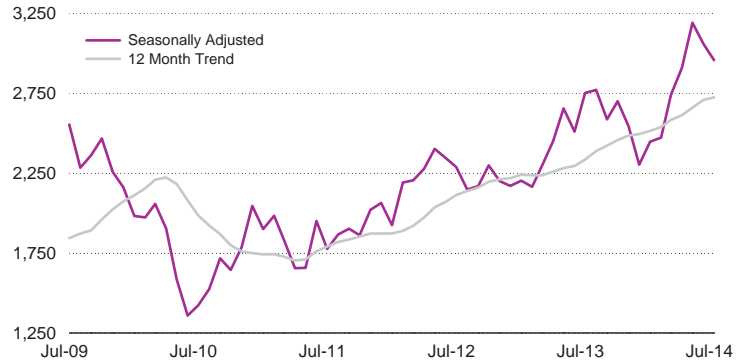
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Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced at researching different economic topics and have developed reliable methods of forecasting and analysis.

Many of our publications are available on the internet at [www.calgary.ca/economy](http://www.calgary.ca/economy).

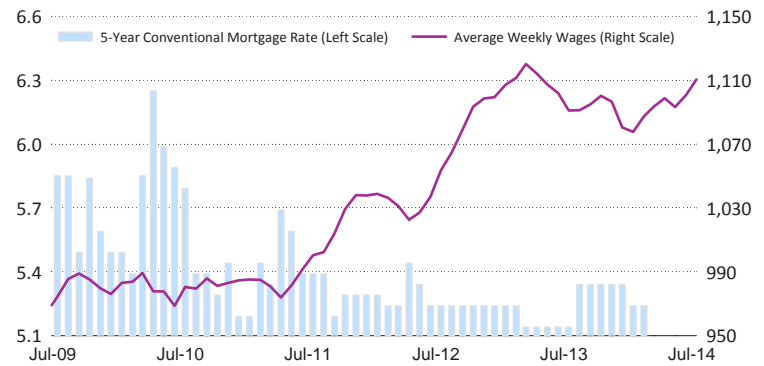
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**Residential Resale**  
Units Sold



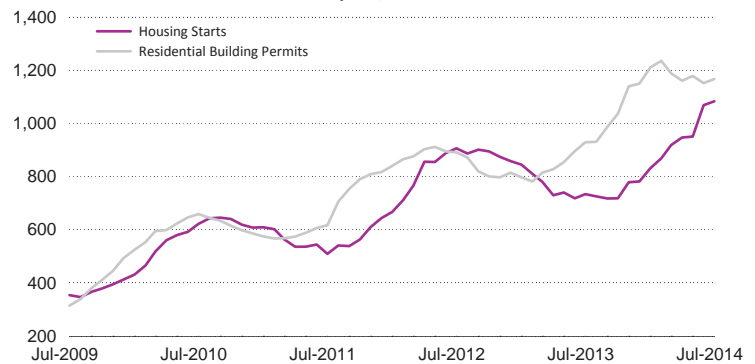
Sources: CREA, Corporate Economics

**Housing Affordability Factors**



Sources: Statistics Canada, CMHC, Corporate Economics

**Residential Construction**  
Number of Units, 12 Month Trend



Sources: CREA, Corporate Economics

