

Buyer's Market in Calgary Leads First-Time Buyers into Move-Up Segment

Calgary home values are forecast to appreciate 1.9 per cent over the next three months

Calgary, July 10, 2018 – According to the Royal LePage House Price Survey¹ and Market Survey Forecast released today, the aggregate home price in Calgary increased 2.4 per cent to \$484,694 in the second quarter of 2018.

When broken out by housing type, the aggregate price of a two-storey home and bungalow rose 3.2 per cent and 2.7 year-over-year to \$529,545 and \$515,739, respectively. Meanwhile, the aggregate price of a condominium decreased by 3.1 per cent year-over-year to \$288,036.

With inventory up by 32.3 per cent year-over-year in the month of June, and quarterly sales down by 16.5 per cent when compared to the same time last year, buyers took advantage of softened market conditions, purchasing homes at higher price points in search of relative value. First-time buyers fared particularly well, as many move-up buyers remained on the sidelines acclimating to the new OSFI stress test regulations, which weakened their purchasing power. This lack of competition allowed many looking to break into the housing market to leapfrog the entry-level segment entirely.

“For the better part of six months, Calgary has been caught in the crossfire of an effort to curb rapid home price appreciation in areas like Toronto and Vancouver,” said Corinne Lyall, broker and owner, Royal LePage Benchmark. “These Canada-wide regulations, like the new OSFI stress test, have given way to many unintended side effects in stable and recovering markets, weakening purchasing power and cooling sales activity.

“Fortunately, this has allowed first-time buyers to capitalize on current conditions and find significant value in areas that are typically out of reach,” concluded Lyall. “Unlike many move-up buyers, first-time buyers have had more time to adjust to the new changes in lending practices. With less competition in the market, they have been able to find the property of their dreams for a lower cost.”

Looking forward to the end of the next quarter, Royal LePage forecasts that the aggregate property value in Calgary will rise 1.9 per cent quarter-over-quarter to \$493,820.

Nationally, price appreciation slowed across Canada in the second quarter of 2018, marked primarily by softness in the Greater Toronto Area (GTA), where many regions have witnessed year-over-year price declines.

“It was a spring market that never blossomed,” said Phil Soper, president and CEO, Royal LePage. “As anticipated in our original 2018 forecast, the new federal mortgage stress-test

¹ Aggregate prices are calculated using a weighted average of the median values of all housing types collected. Data is provided by RPS Real Property Solutions.

measures slowed the market to a standstill in much of the country, as some families adjusted their expectations in a world with lower borrowing capacity, and others not impacted by the OSFI regulations moved to the sidelines, adopting a ‘wait and see what happens to home prices’ approach.”

The Royal LePage National House Price Composite, compiled from proprietary property data in 63 of the nation’s largest real estate markets, showed that the price of a home in Canada increased 2.0 per cent year-over-year to \$613,968 in the second quarter of 2018. When broken out by housing type, the median price of a two-storey home rose 0.8 per cent year-over-year to \$720,504, while the median price of a bungalow climbed 1.8 per cent to \$512,979. At a national level, condominiums posted a significantly higher rate of appreciation when compared to the detached segment, rising 8.1 per cent year-over-year to \$435,421. Looking ahead, Royal LePage is projecting an uptick in home price appreciation in the third quarter and forecasts that the aggregate price of a home in Canada will increase 1.9 per cent over the next three months.

“The market has begun to absorb and adjust to the new realities; we expect an uptick in sales volumes and prices during the second half of 2018,” Soper continued. “The fundamentals have not changed. The economy is strong and unemployment is very low. We face shortages in our major cities, with many more people looking for homes than the market has available for purchase or rent. Upward pressure on prices will likely return to most markets this quarter.”

About the Royal LePage House Price Survey

The Royal LePage House Price Survey provides information on the three most common types of housing in Canada, in 63 of the nation’s largest real estate markets. Housing values in the House Price Survey are based on the Royal LePage National House Price Composite, produced quarterly through the use of company data in addition to data and analytics from its sister company, RPS Real Property Solutions, the trusted source for residential real estate intelligence and analytics in Canada. Commentary on housing and forecast values are provided by Royal LePage residential real estate experts, based on their opinions and market knowledge.

About Royal LePage

Serving Canadians since 1913, Royal LePage is the country’s leading provider of services to real estate brokerages, with a network of almost 18,000 real estate professionals in more than 600 locations nationwide. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women’s and children’s shelters and educational programs aimed at ending domestic violence. Royal LePage is a Brookfield Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE.

For further information, please contact:

Michael Jesus
Kaiser Lachance Communications

647-725-2520 ext. 234

Michael.jesus@kaiserlachance.com