

Calgary Home Prices See Steady Increase in Third Quarter as Buyers Adjust to New Mortgage Rules and Rising Interest Rates

Calgary median home price forecast to increase a further 1% in the fourth quarter

CALGARY, October 16, 2018 – According to the Royal LePage House Price Survey¹ and Market Survey Forecast released today, the aggregate home price in Calgary increased 3.4 per cent to \$495,845 in the third quarter of 2018.

When broken out by housing type, the median price of a two-storey home and bungalow rose 4.5 per cent and 3.7 year-over-year to \$542,709 and \$530,380, respectively. Meanwhile, the aggregate price of a condominium decreased 3.8 per cent year-over-year to \$287,519.

“Despite the city’s slow and steady recovery, Calgary remains in a buyer’s market,” said Corinne Lyall, broker and owner, Royal LePage Benchmark. “The region’s economy has been improving, and we are starting to see demand return after the dual shocks of rising interest rates and the new mortgage stress test rules. With healthy inventory levels and the return of some higher-paying jobs, activity is picking up in the upper-end of the market.”

Lyall warned that uncertainty surrounding pipeline projects is weighing on the market. She said the Trans Mountain delay is preventing oil companies from investing in new projects, which may slow the economic recovery and the housing market.

Lyall also noted the continued oversupply of condominiums in Calgary, with seven months of inventory sitting on the market.

“There was a large surplus of condos built in 2007 and 2008,” said Lyall. “After the financial crisis, demand for condos never returned to those peak levels creating a great opportunity for first-time buyers looking to enter the market and baby boomers who want to downsize ahead of retirement.”

Looking forward to the end of the fourth quarter, Royal LePage forecasts that the aggregate price of a home in Calgary will rise 1.0 per cent quarter-over-quarter to \$500,799.

Nationally, year-over-year home prices made modest gains in many regions across Canada in the third quarter of 2018. The Royal LePage National House Price Composite², 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 2.2 per cent year-over-year to \$625,499 in the third quarter. When broken out by housing type, the median price of a two-storey home rose 1.4 per cent year-over-year to \$736,337, while the median price of a bungalow climbed 1.5 per cent to \$519,886.

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.

² Beginning in the first quarter of 2018, seven real estate markets were added to the Royal LePage National House Price Composite. The new regions are smaller markets in Ontario, Alberta, Quebec and British Columbia. Due to the relative size of the markets, any change to the Royal LePage National House Price Composite is expected to be within 0.15 per cent.

Condominiums continued to see the highest rate of appreciation nationally when compared to the detached segment, rising 6.7 per cent year-over-year to \$441,240.

Looking ahead, Royal LePage is projecting a further uptick in home price appreciation in the fourth quarter, forecasting a 1.5 per cent increase in the aggregate price of a home in Canada over the next three months.

“Positive economic fundamentals, supported by a new agreement on trade, should bolster consumer confidence across Canada and stoke demand in the nation’s real estate market,” said Phil Soper, president and CEO, Royal LePage. “Dangerously overheated regions have cooled considerably this year, while home prices have remained remarkably resilient. This is the soft landing that policy makers were hoping for.”

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 close to 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:

Nick de Pass

Kaiser Lachance Communications

647.216.5897

nick.depass@kaiserlachance.com