

Condo Market Sees Modest Uptick in Prices as Renters Look to Buy

Vacancy rate drop -- combined with impending rent increase -- will create new buyers

CALGARY, April 4, 2019 – According to the Royal LePage House Price Survey¹ released today, the aggregate home price in Calgary decreased 1.5 per cent year-over-year to \$468,974 in the first quarter of 2019.

The median price of a condominium increased 0.2 per cent rising to \$286,453 while the median price of a two-storey home decreased 0.9 per cent year-over-year to \$513,616. In the same period, bungalows also decreased by 3.7 per cent year-over year to \$490,170.

“Although our resale market is still challenged, rental vacancy rates are low, and rent is expected to go up 4% this year. This may contribute to more renters deciding to become homeowners instead, and specifically condominiums,” said Corinne Lyall, broker and owner, Royal LePage Benchmark. “We see this is already happening in the condo market and is expected to continue.”

Lyall expects a somewhat tighter real estate market in the Spring as the supply of new listings sees a double-digit decrease compared to last year.

“Fewer new listings are resulting in some multiple offers for properties in desirable neighbourhoods that are priced right. That said, this activity is being spurred by price reductions and recently decreased interest rates. Despite fewer properties being listed, our inventory is still high and there are many options for buyers who are looking. As well, I imagine that will shift as we are moving into our Spring market when sellers start preparing to move before the end of Summer,” said Lyall.

She adds that there are Calgarians that may be waiting to make purchases until seeing results from the upcoming provincial and federal elections.

On a quarter-over-quarter basis, the aggregate price of a home in Calgary is expected to dip 0.5 per cent to \$466,727 in the second quarter as home prices are expected to stabilize during the spring market.

Nationally, year-over-year home prices showed moderate gains in many regions across Canada in the first quarter of 2019. 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 just 2.7 per cent year-over-year to \$621,575 in the first quarter of

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.



2019, well below the long-term norm of approximately 5 per cent. When broken out by housing type, the median price of a two-storey home rose 2.6 per cent year-over-year to \$729,553, while the median price of a bungalow rose 1.1 per cent year-over-year to \$513,497. Condominiums remained the fastest growing housing type on a national basis, rising 5.4 per cent year-over-year to \$447,260.

“We are expecting this to be a sluggish year overall in Canada’s residential real estate market, with the hangover from the 2018 market correction and weaker economic growth acting as a drag on home price appreciation, balanced by lower for longer interest rates,” said Phil Soper, president and CEO, Royal LePage. “There is a silver lining here. This slowdown gives buyers, and first-time buyers in particular, an opportunity to buy real estate in our country’s largest cities.”

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