



# Q3 2020

Calgary & Region

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The forecasts included in this document are based on information available as of October 23<sup>rd</sup>, 2020.

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# ECONOMIC UPDATE

As the economy started to re-open, we saw some improvements in the economic indicators.

Most industries are not back to pre-pandemic levels, but over the past three months we have seen notable improvement across most industries.

The industries most impacted by the shutdowns (i.e., accommodation and food, retail, entertainment and recreation, services, wholesale trade) have seen the most significant rebound.

The job market continues to struggle in the primary and utilities, and professional scientific and technical services sectors. Both industries have not seen any notable changes over the past three months, a reflection of the continued struggles in our energy sector.

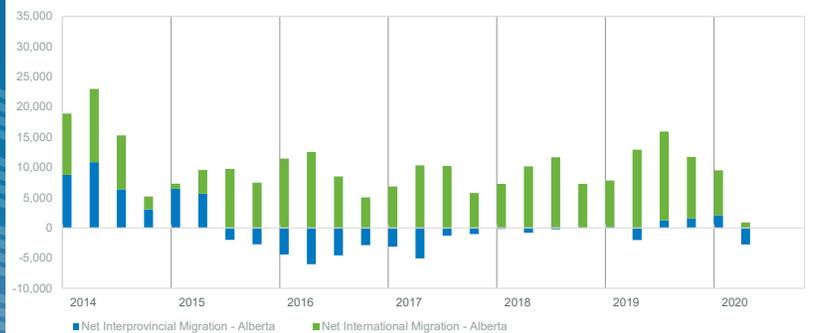
While some sectors continue to struggle, the situation is far better than three months ago. By the end of June, the city had lost 135,000 jobs and unemployment rates rose to 15 per cent. Since then, job numbers have improved. That figure is down to nearly 49,000 jobs lost or a year-over-year decline of nearly six per cent.

Despite the improvement, we are far from back to normal, as unemployment rates remain higher than the previous recession at 12.6 per cent. Overall, unemployment rates in our city are expected to remain elevated into 2021 and job recovery is not expected until at least 2022.

The shutdowns have also impacted migration patterns in the province. In the second quarter, the loss of migrants to other provinces, combined with limited international migration, resulted in more people leaving the province than arriving. This is something that has not happened since the early 1990s. If this trend continues, the impact will be felt throughout the entire housing market.

On the positive side, lending rates remain low and banks have started to offer lower mortgage rates. The qualification rate has also eased. Lower rates and easing prices are likely contributing to some of the improvements in home sales. Lending rates are expected to remain at lower levels well into next year. This will help offset some of the impact from a challenging economic situation.

Alberta Net Migration



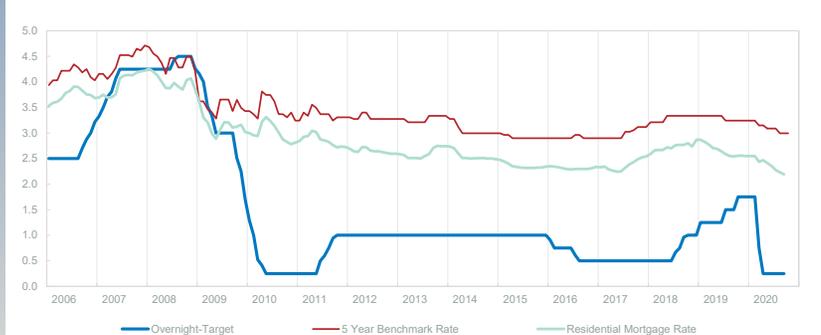
Source: Statistics Canada, Conference board of Canada forecast

Calgary - Employment



Source: Statistics Canada

National Lending Rate



Source: Bank of Canada, Royal Bank of Canada Forecast

# CITY OF CALGARY

## HOUSING SUMMARY

Third-quarter activity was far better than original expectations, as sales activity in the city improved by nearly 12 per cent over last year's levels.

Some of the shift in the third quarter reflects activity that likely would have occurred in the second quarter. The housing market also benefited from easing lending rates and previous price declines. Gains were driven by all property types except apartment condominiums.

The gains this quarter did not offset all of the earlier declines, but the year-to-date decline eased to nine per cent. This is a significant improvement from the first half of the year, where sales were sitting 20 per cent below last year's levels.

New listings were also on the rise. It was enough to cause inventories to trend up from the lower levels recorded earlier in the year, but inventories remain well below the levels recorded last year.

Overall, the months of supply did tighten to levels well below the past two years. Improved supply/demand balances did support some modest improvements in prices, which trended up in the third quarter compared to the second quarter and remained only one per cent below last year's levels.

Current conditions in the housing market are surprising, but there are several reasons to still be cautious:

- **THE CURRENT JOB MARKET:** Unemployment levels remain exceptionally high and there is added concern regarding additional job losses coming in the energy sector. If this situation persists, it could result in weaker demand and rising listings.
- **A SECOND WAVE OF COVID-19 AND FURTHER SHUTDOWNS:** Widespread closures are currently not expected, but if they do occur, this could be problematic for many businesses that cannot survive a second shutdown.
- **GOVERNMENT SUPPORT:** The housing market and overall economy has benefited from significant government income support programs, and banks allowing homeowners to defer their mortgage. As these benefits end, there is a risk that some households will not be able to keep their home, causing a rise in new listings and pushing up supply levels. If this occurs, it could erode some of the recent gains in pricing.



# HOUSING MARKET DETACHED

The detached sector has recorded significant improvement in the third quarter.

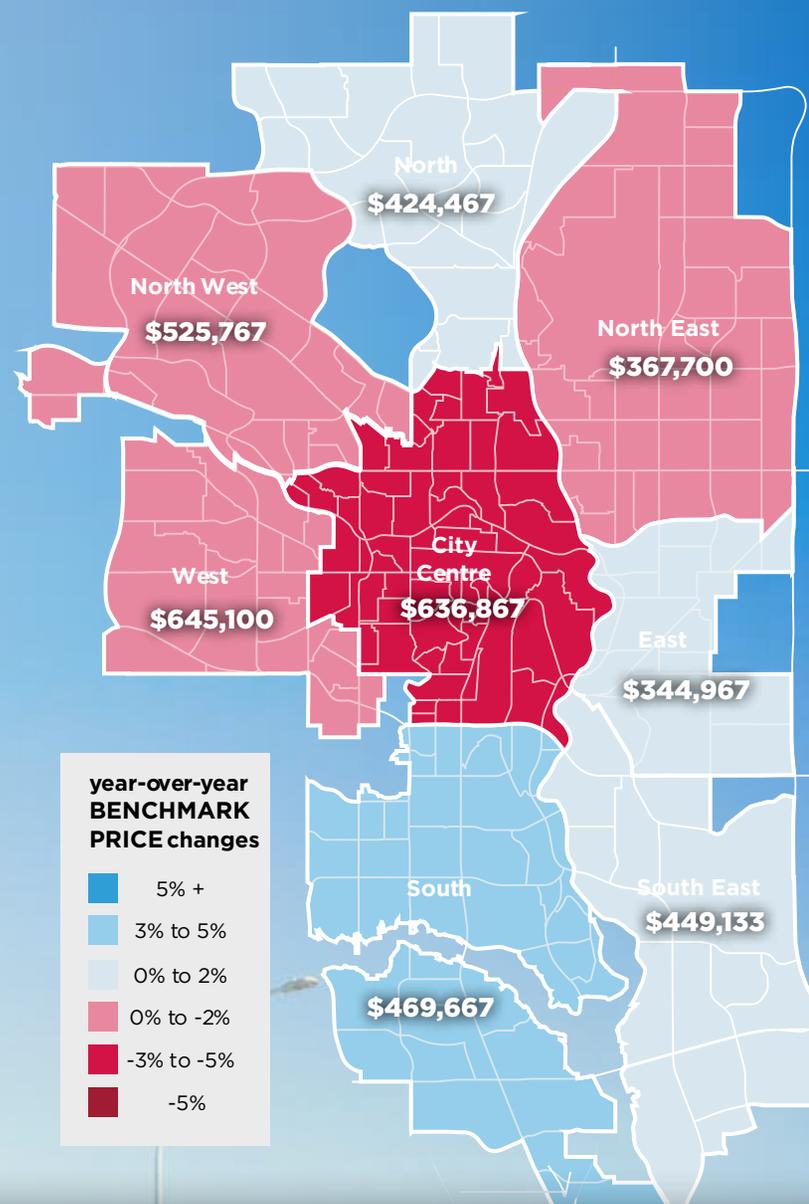
Sales this quarter are far from record levels, but they are better than the past five years. Improved sales were also met with a quarterly rise in new listings, causing some upward movement in inventory levels. However, overall inventory levels remain well below last year's levels and the months of supply averaged only three months this quarter. This reflects relatively balanced conditions. Balanced conditions have supported some recent gains in prices. Third quarter benchmark prices trended up over Q2 and currently sit nearly one per cent above last year's levels.

Even with the recent gains, detached prices remain nearly five per cent lower than levels

recorded at the end of 2017. The detached market has struggled with higher levels of supply relative to demand since 2018, when the stress test was implemented.

Recent declines in lending rates, combined with the lower prices relative to several years ago, have likely brought some purchasers back into the market.

Conditions vary depending on the location and price range in the detached market. The months of supply have tightened across all districts in the city. However, the City Centre is still oversupplied, causing differing price trends. The City Centre is the only district to record further price easing in the third quarter compared to the second quarter and prices remain over three per cent lower than last year's levels.



**Q3 BENCHMARK PRICE**  
**\$487,567**

**0.7%** year over year ↑  
**2.64%** quarter over quarter ↑

**Q3 QUARTERLY MONTHS OF SUPPLY**  
**2.99**

**-28.16%** year over year ↓  
**-30.82%** quarter over quarter ↓

## SALES

Total Q3	2020 Year to Date
<b>3,217</b> ↑	<b>7,212</b> ↓
<b>16.64%</b> year over year	<b>-8.10%</b> year over year

## NEW LISTINGS

Total Q3	2020 Year to Date
<b>4,625</b> ↓	<b>12,561</b> ↓
<b>-1.68%</b> year over year	<b>-13.50%</b> year over year

## AVERAGE INVENTORY

Total Q3	2020 Year to Date
<b>3,204</b> ↓	<b>2,985</b> ↓
<b>-16.21%</b> year over year	<b>-18.28%</b> year over year

# HOUSING MARKET SEMI-DETACHED

Third-quarter sales trended up over the previous quarter, leading to the best third quarter since 2014 in the semi-detached market.

However, the gains in the third quarter were not high enough to offset earlier pullbacks and year-to-date sales remained nine per cent below last year's levels.

Sales activity improved across most districts, but declined in both the North East and East districts. This is likely due to the significant drop in new listings in these areas.

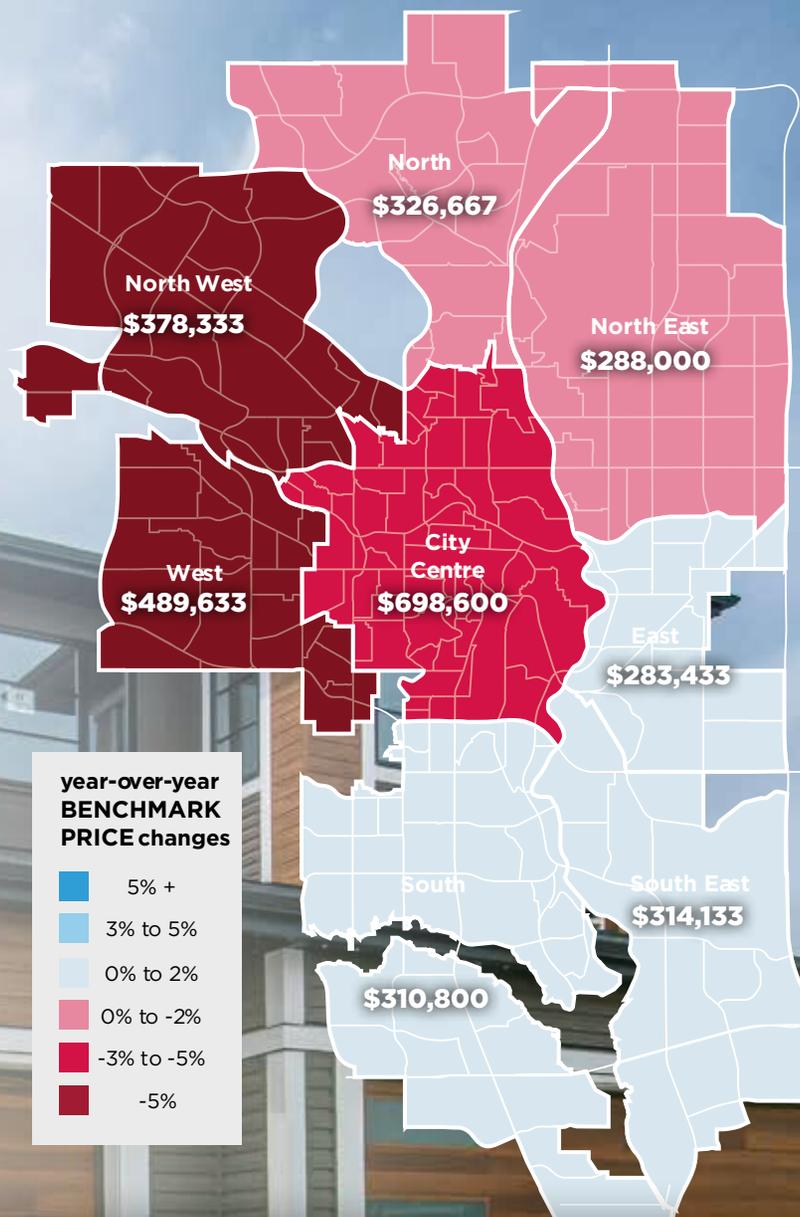
Unlike the detached sector, semi-detached inventory levels trended down this quarter compared to last quarter and sit well below levels recorded at this time last year. This reduction in inventory helped reduce the months of supply, which averaged 3.6 months this quarter, slightly higher than the levels

recorded in the detached market.

With the market moving toward more balanced conditions, we did see some quarterly price growth. However, that growth was not enough to offset previous losses, as prices remain over two per cent lower than last year's levels.

There was also significant variation in price movements and market tightness depending on location. The South East district saw the tightest market conditions, with the months of supply falling to 1.4 months. This contributed to quarterly price gains of nearly four per cent and was enough to cause prices to increase over last year's levels.

Year-over-year price changes varied significantly by location, ranging from an increase of two per cent in the East district to a nine per cent decline in the West district.



**Q3 BENCHMARK PRICE**  
**\$393,033**  
-2.22% year over year ↓  
1.65% quarter over quarter ↑

**Q3 QUARTERLY MONTHS OF SUPPLY**  
**3.63**  
-28.26% year over year ↓  
-27.83% quarter over quarter ↓

**SALES**  
Total Q3 **497** ↑  
14.52% year over year  
2020 Year to Date **1,208** ↓  
-9.10% year over year

**NEW LISTINGS**  
Total Q3 **805** ↓  
-5.63% year over year  
2020 Year to Date **2,263** ↓  
-15.15% year over year

**INVENTORY**  
Total Q3 **597** ↓  
-18.40% year over year  
2020 Year to Date **602** ↓  
-17.76% year over year

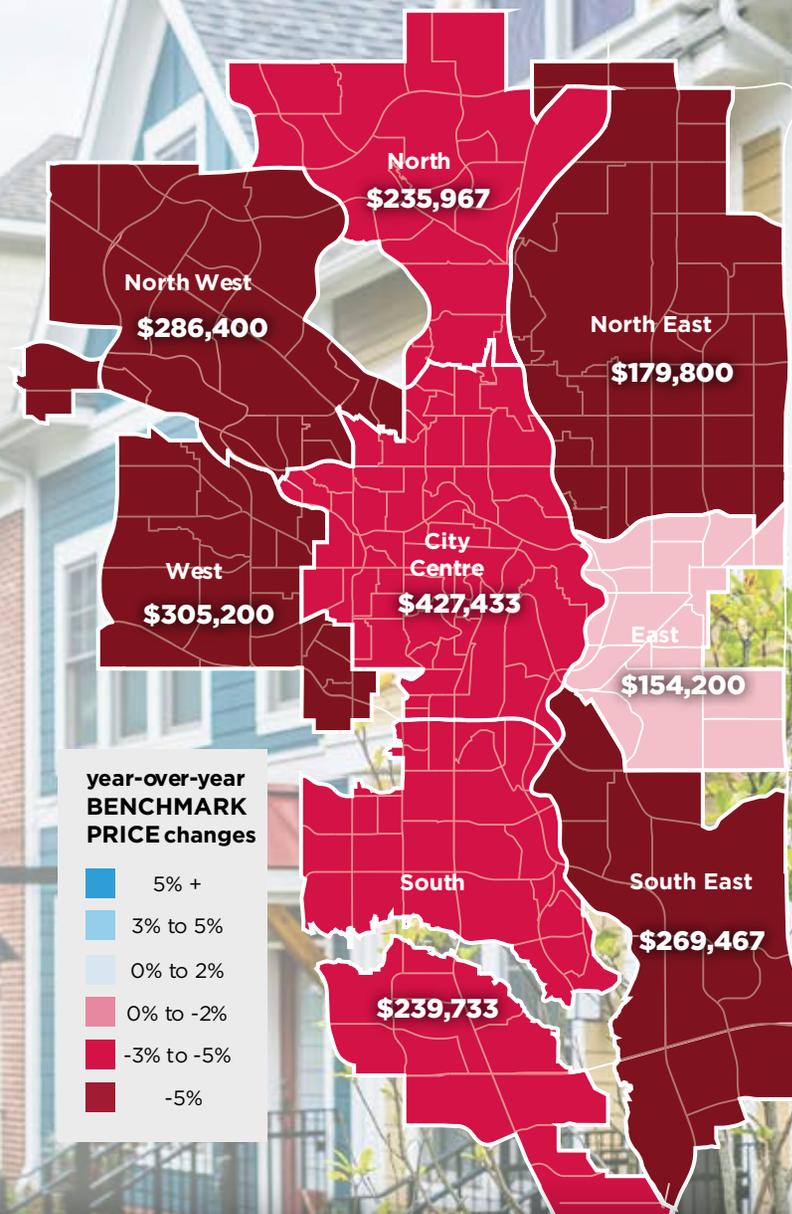
# HOUSING MARKET ROW

Row prices have trended down for four consecutive quarters and currently sit eight per cent below last year's levels.

These price declines are likely contributing to the improvement in sales. On a year-to-date basis, sales are nearly four per cent below last year's levels. While sales have improved, new listings and inventories also continued to trend up this quarter, leaving the months of supply elevated at over four months.

The months of supply remains elevated, but has started to trend down in most districts of the city, slowing the downward pressure on prices. Both the West and South districts saw prices either stabilize or improve slightly compared to the last quarter.

However, price adjustments in every district remain significant, with the highest year-over-year decline being recorded in the West district.



## Q3 BENCHMARK PRICE

**\$272,367**

-8.06% year over year ↓  
-0.69% quarter over quarter ↓

## Q3 QUARTERLY MONTHS OF SUPPLY

**4.42**

-15.28% year over year ↓  
-24.53% quarter over quarter ↓

## SALES

Total Q3

**674** ↑

17.83% year over year

2020 Year to Date

**1,569** ↓

-3.74% year over year

## NEW LISTINGS

Total Q3

**1,192** ↑

8.56% year over year

2020 Year to Date

**3,300** ↓

-5.39% year over year

## INVENTORY

Total Q3

**993** ↓

-0.17% year over year

2020 Year to Date

**914** ↓

-8.92% year over year

# HOUSING MARKET APARTMENT

Sales in the third quarter did improve from the low levels recorded in the second quarter, but this is the only sector that continues to record a significant pullback in sales compared to last year.

Third-quarter sales eased by nearly 11 per cent compared to last year, contributing to a year-to-date decline of nearly 16 per cent. Overall, year-to-date sales are at the lowest level recorded since 2001.

Slower sales were met with further gains in new listings, causing inventories to rise above both last quarter's and last year's levels.

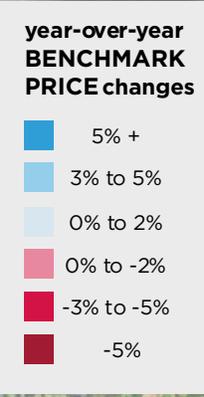
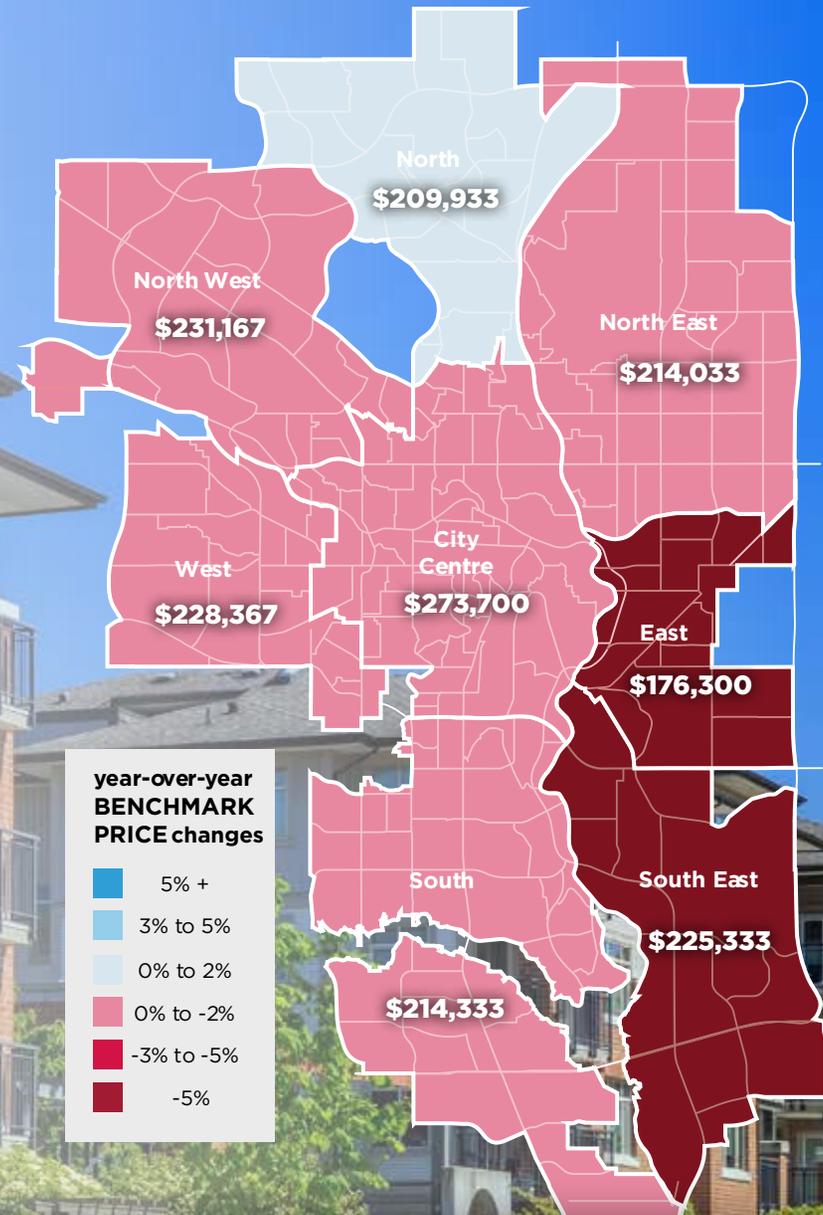
However, the situation in this sector is still better than what we saw last quarter. In the second quarter, the months of supply averaged over nine months and this quarter

that figure has eased to seven months. While far from balanced conditions, this market did see price declines slow, with some recent rebound in prices from the lower levels reported last quarter.

Overall, apartment condominium prices eased by over one per cent compared to last year this quarter. Prices remain 18 per cent lower than previous quarterly highs.

Like other product types, activity can vary significantly by price range. For example, condominium sales have improved among units priced below \$200,000.

Additionally, prices did ease across most districts, but the North district was the only area to see prices post a modest gain compared to last year.



**Q3 BENCHMARK PRICE**  
**\$246,300**

-1.53% year over year ↓  
-1.68% quarter over quarter ↓

**Q3 QUARTERLY MONTHS OF SUPPLY**  
**6.90**

12.01% year over year ↑  
-26.56% quarter over quarter ↓

## SALES

Total Q3	2020 Year to Date
<b>728 ↓</b>	<b>1,765 ↓</b>
-10.46% year over year	-15.91% year over year

## NEW LISTINGS

Total Q3	2020 Year to Date
<b>1,718 ↑</b>	<b>4,703 ↓</b>
10.20% year over year	-5.03% year over year

## INVENTORY

Total Q3	2020 Year to Date
<b>1,675 ↑</b>	<b>1,515 ↓</b>
0.36% year over year	-3.35% year over year

# AIRDRIE

Third-quarter sales soared to the highest Q3 level ever recorded and the second-highest level recorded in any quarter ever.

This was not only enough to offset last quarter's pullbacks, but enough to cause year-to-date sales to improve by nearly nine per cent.

Improvements occurred across all four property types, with the largest gains among properties priced between \$300,000 and \$500,000.

Improving sales were partially caused by a shift of the sales from the second quarter to the third quarter when lockdown restrictions eased. Airdrie could also be benefiting from a potential shift in consumer preferences for those looking for affordable detached property with less concern about commute time.

New listings improved slightly in the third quarter, but it was not enough to offset the gains in sales, and inventory levels generally trended down from both the previous quarter and last year's levels. This caused the months of supply to average below three months during the third quarter, the lowest quarterly average since 2014. Starts activity in the area has also been trending down, helping reduce some of the inventory buildup in the new-home sector.

With the market shifting to balanced conditions, prices trended up over the second quarter and sat at levels comparable to last year. However, price movements were not consistent across all product types, as year-to-date prices only improved for detached product.

## Q3 BENCHMARK PRICE

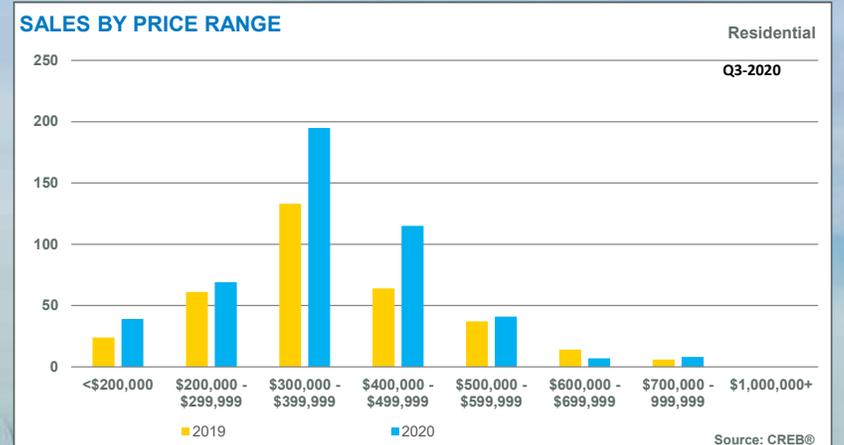
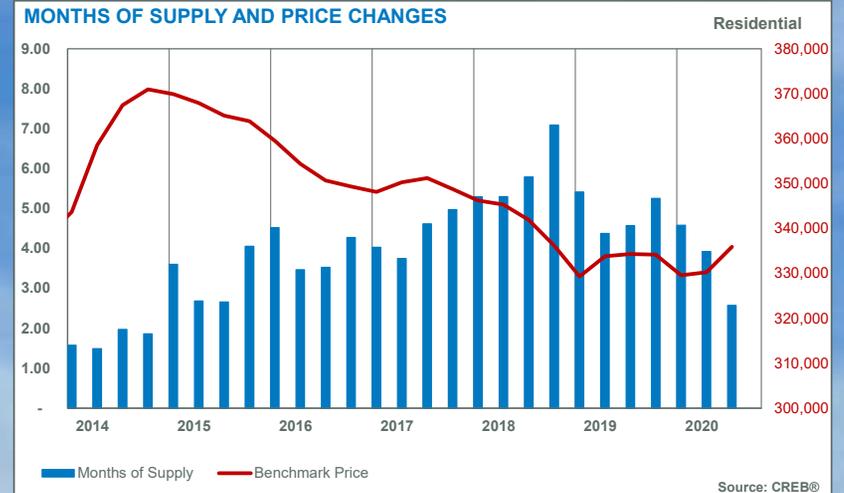
**\$335,933**

**0.49%** year over year **▲**  
**1.73%** quarter over quarter **▲**

## Q3 MONTHS OF SUPPLY

**2.53**

**-44.64%** year over year **▼**  
**-35.62%** quarter over quarter **▼**



## SALES

Total Q3

**473 ▲**

**39.53%** year over year

2020 Year to Date

**1,055 ▲**

**8.76%** year over year

## NEW LISTINGS

Total Q3

**564 ▲**

**2.92%** year over year

2020 Year to Date

**1,593 ▼**

**-9.23%** year over year

## INVENTORY

Total Q3

**400 ▼**

**-22.63%** year over year

2020 Year to Date

**407 ▼**

**-20.04%** year over year

# COCHRANE

Like Airdrie, third quarter sales also saw a new record-high for the third quarter in Cochrane. The gain was enough to offset the pullbacks associated with COVID-19, as year-to-date activity improved by over eight per cent.

Unlike some areas, Cochrane sales activity improved across all product priced above \$300,000. However, the most notable gains occurred for product priced between \$300,000 and \$500,000.

New listings trended down from the previous quarter and were lower than the previous year. Easing listings and rising sales caused inventories to ease and the months of supply to average just over three months this quarter.

Supply adjustments, both on the resale and new-home sides of the market, have helped support more balanced conditions.

The quarterly months of supply has not been this low in Cochrane since 2014. This is supporting some quarterly gains in prices. However, the recent upward trend in prices was not enough to offset earlier pullbacks and third-quarter benchmark prices remain nearly one per cent below last year's levels.

## Q3 BENCHMARK PRICE

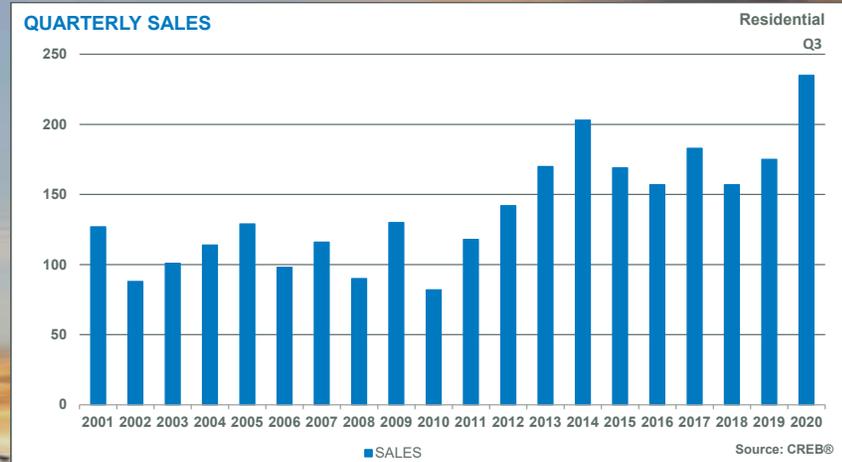
**\$403,300**

-0.62% year over year ↓  
0.62% quarter over quarter ↑

## Q3 MONTHS OF SUPPLY

**3.21**

-42.06% year over year ↓  
-39.09% quarter over quarter ↓



## SALES

Total Q3	2020 Year to Date
<b>235</b> ↑	<b>531</b> ↑
<b>34.29%</b> year over year	<b>8.37%</b> year over year

## NEW LISTINGS

Total Q3	2020 Year to Date
<b>272</b> ↓	<b>854</b> ↓
<b>-6.53%</b> year over year	<b>-11.13%</b> year over year

## INVENTORY

Total Q3	2020 Year to Date
<b>251</b> ↓	<b>264</b> ↓
<b>-22.29%</b> year over year	<b>-21.66%</b> year over year

# OKOTOKS

Third-quarter sales activity rose from the low levels reported last quarter, resulting in an increase of 16 per cent from last year's levels. The improvement in sales this quarter helped offset the pullback in sales during the shutdown period, but activity remains just shy of last year's levels.

New listings continued to ease, which is reducing inventory levels. The significant drop in inventory, especially for homes priced between \$300,000 and \$400,000, likely prevented a stronger recovery in home sales.

Easing inventory and improving sales caused the market to move into balanced conditions. This has helped support a quarter-over-quarter gain in prices.

However, recent quarterly improvements were not enough to offset the previous three consecutive quarterly declines and third-quarter benchmark prices remained two per cent below last year's levels.

## Q3 BENCHMARK PRICE

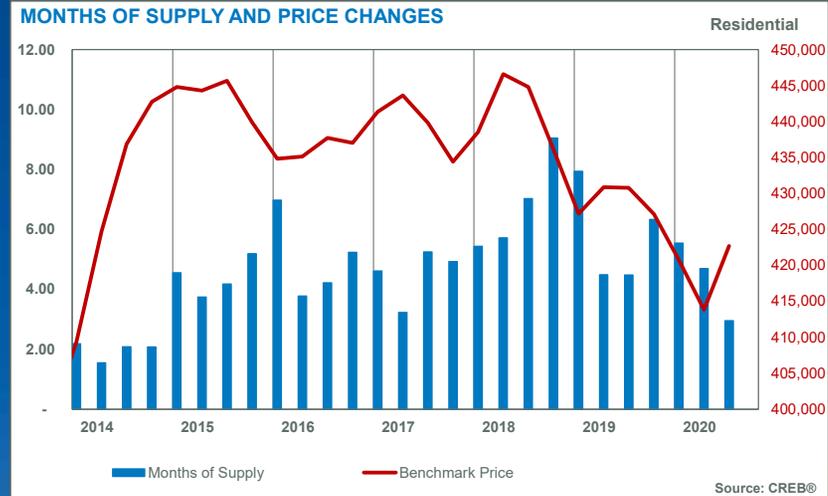
**\$422,700**

-1.88% year over year ↓  
2.14% quarter over quarter ↑

## Q3 MONTHS OF SUPPLY

**2.73**

-39.06% year over year ↓  
-41.91% quarter over quarter ↓



## SALES

Total Q3	2020 Year to Date
<b>179</b> ↑	<b>407</b> ↓
16.23% year over year	-3.10% year over year

## NEW LISTINGS

Total Q3	2020 Year to Date
<b>212</b> ↓	<b>656</b> ↓
-16.54% year over year	-14.69% year over year

## INVENTORY

Total Q3	2020 Year to Date
<b>163</b> ↓	<b>183</b> ↓
-29.13% year over year	-24.69% year over year

# CHESTERMERE

Driven by improvements in the \$500,000-plus price range, third-quarter sales rose to the highest level recorded since 2014.

Like other regions, Chestermere's rise in sales has been met with some easing in new listings, causing inventories to trend lower. This market has struggled with elevated inventory levels for the better part of three years and the recent reduction has helped bring the market into more balanced conditions.

Improving sales and easing supply have helped support some price recovery this quarter. Average quarterly benchmark prices trended up over the last quarter and remain relatively comparable to last year's levels.

## Q3 BENCHMARK PRICE

**\$486,467**

-0.12% year over year ▼

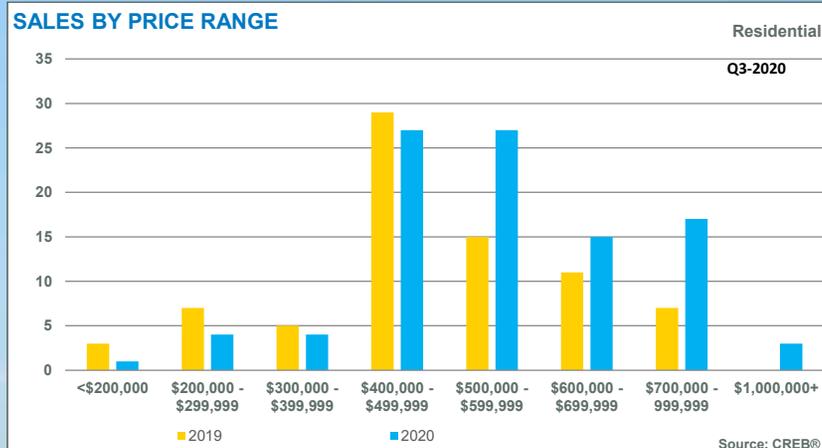
3.24% quarter over quarter ▲

## Q3 MONTHS OF SUPPLY

**4.21**

-49.52% year over year ▼

-21.75% quarter over quarter ▼



## SALES

Total Q3

**98** ▲

27.27% year over year

2020 Year to Date

**232** ▲

15.42% year over year

## NEW LISTINGS

Total Q3

**150** ▼

-25.74% year over year

2020 Year to Date

**432** ▼

-24.48% year over year

## INVENTORY

Total Q3

**138** ▼

-35.67% year over year

2020 Year to Date

**134** ▼

-29.47% year over year

# HIGH RIVER

Improving sales in the third quarter and a strong first quarter were enough to offset the slower sales in the second quarter of this year, leaving year-to-date sales at levels similar to last year.

New listings have also been lower this year compared to last year, which was enough to cause inventories to trend down. Improving sales and easing inventories have helped reduce the oversupply in the market.

The tighter market conditions are also supporting price gains. After three consecutive quarters of prices trending down, third-quarter benchmark prices improved over the second quarter. However, the gains were not enough to offset previous pullbacks, as benchmark prices remained over two per cent lower than last year's levels.

## Q3 BENCHMARK PRICE

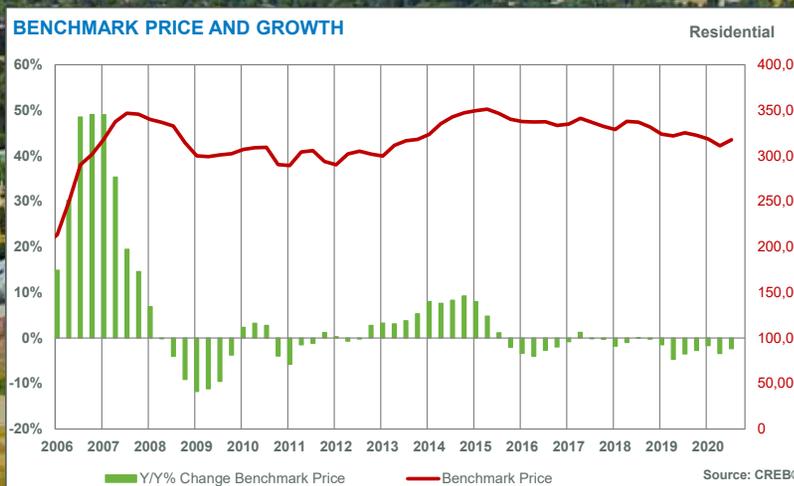
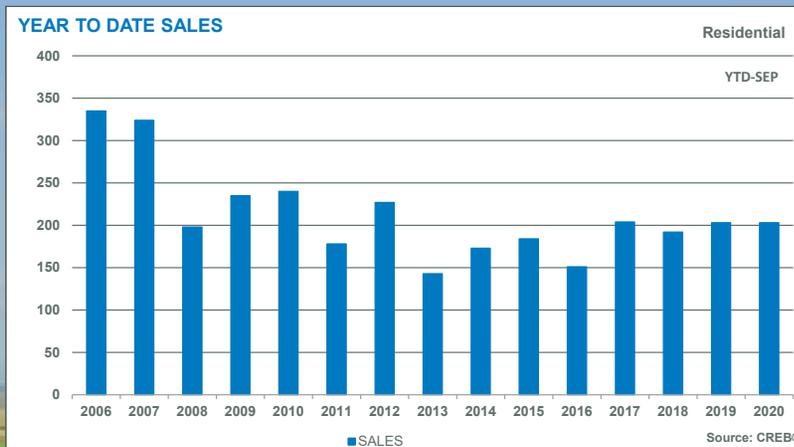
**\$317,533**

**-2.36%** year over year ▼  
**2.12%** quarter over quarter ▲

## Q3 MONTHS OF SUPPLY

**3.00**

**-41.60%** year over year ▼  
**-34.34%** quarter over quarter ▼



## SALES

Total Q3	2020 Year to Date
<b>86</b> ▲	<b>203</b>
<b>17.81%</b> year over year	<b>0%</b> year over year

## NEW LISTINGS

Total Q3	2020 Year to Date
<b>102</b> ▼	<b>282</b> ▼
<b>-4.67%</b> year over year	<b>-18.97%</b> year over year

## INVENTORY

Total Q3	2020 Year to Date
<b>86</b> ▼	<b>94</b> ▼
<b>-31.2%</b> year over year	<b>-24.35%</b> year over year

# STRATHMORE

Driven by growth in the \$300,000 - \$400,000 range, sales activity rebounded in the third quarter - enough to cause year-to-date sales to improve by nearly six per cent.

However, sales activity remains relatively weak compared to historical levels for the area.

Gains in new listings prevented any significant change in inventory levels compared to last quarter. However, inventories have declined from the elevated levels seen last year, helping push down the months of supply in the market.

While the market did move toward more balanced conditions, it remains oversupplied, weighing on prices. Overall, year-to-date benchmark prices were over three per cent lower than last year's levels.

## Q3 BENCHMARK PRICE

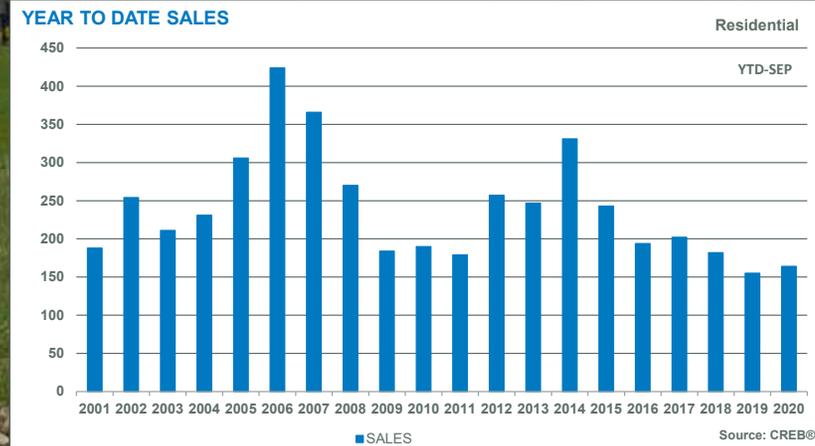
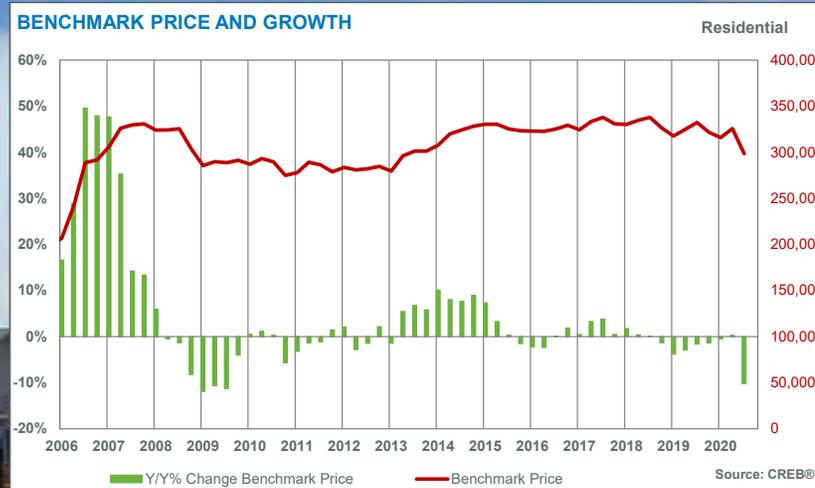
**\$298,467**

-10.20% year over year ▼  
-8.37% quarter over quarter ▼

## Q3 MONTHS OF SUPPLY

**5.83**

-32.76% year over year ▼  
-27.67% quarter over quarter ▼



## SALES

Total Q3	2020 Year to Date
<b>66</b> ↑	<b>164</b> ↑
20% year over year	5.81% year over year

## NEW LISTINGS

Total Q3	2020 Year to Date
<b>126</b> ↑	<b>330</b> ▼
8.62% year over year	-16.24% year over year

## INVENTORY

Total Q3	2020 Year to Date
<b>128</b> ▼	<b>133</b> ▼
-19.29% year over year	-16.35% year over year



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