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Calgary's housing market expected to weather storm: Report

Presented by



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CALGARY - Global economic uncertainty weighed heavily on residential real estate activity in most major Canadian centres during the latter half of 2008 and although the forecast for 2009 promises more of the same, most markets are expected to weather the storm, says real estate firm Re/Max.

In its Housing Market Outlook for 2009 report released today, Re/Max said MLS sales in Calgary will drop by 30 per cent this year to 22,500 units compared with 32,176 sales in 2007, but the firm forecasts a rise of two per cent in sales for 2009 to 23,000 units.

Re/Max also said that the average MLS sale price in Calgary for 2008 will be one per cent lower than 2007, dropping from \$414,066 to \$410,000. It also forecasts no change in the average sale price for 2009.

Nationally, 440,000 homes are expected to change hands in 2008, down 15 per cent from record 2007 levels. Canadian housing values are expected to be about \$300,000, a three per cent decline from a year ago. By year-end 2009, Re/Max said unit sales should match 2008 levels while the average price is forecast to fall another two per cent to \$293,000.

In Calgary, the report said stock market volatility and the threat of a global economic recession deflated consumer confidence in the fall. The slide in sales is expected to continue.

"Fluctuations in oil and gas prices have been cause for concern in Alberta," said the Re/Max report, adding the province is starting to see some pull-back on energy projects.

"That said, Calgary is better positioned to weather the storm ahead than most other major centres in Canada. The city has one of the strongest unemployment markets in the country, with an unemployment rate of 3.7 per cent. The city's economy grew at an estimated rate of 3.2 per cent in 2008 and is expected to exceed the national average in 2009. Net migration is also forecast to improve in 2009 with an estimated 18,500 interprovincial migrants moving to Calgary. The influx should serve to bolster demand for real estate in the city."

The report said housing stock will continue to be a drag on Calgary's residential real estate market for the first six months of 2009, but conditions should start to improve by mid year as the market makes its way through excess inventory.

"Buyer's market conditions are expected to prevail during the first half of the year, with home sales under \$400,000 most active. More than 50 per cent of activity will occur under this price point as first-time buyers move to realize homeownership," said the report.

"Trade-up activity will also strengthen as buyers take advantage of the narrowing spread between what their homes will sell for and what they can buy. The top-end of the market, while slower than last year, is forecast to experience solid demand as a result of in-migration and corporate relocations. More balanced market conditions should exist for single-family homes by Fall, 2009."

"Calgary's high-rise condominium market, propped-up by speculation in recent years, is more vulnerable to new market realities. Thousands of new units are expected to come on-stream in 2009, which could create a glut of listings. Some developers have already moved to mitigate their losses by stopping new projects."

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