



# What's *Really* Happening in the Real Estate Market

With Appraisal Expert Gerhard Klann

January 2017

## Edmonton: Steady Eddy?

It's January, and like most winters in Canadian markets, it's slow in the real estate market. Coupled with that we see headlines about how house prices have come down. But have they really?

Looking at prices from the summer months, one would assume values are down, but these are typical "seasonal" changes in the marketplace. Average and median prices are hovering in the same range for single family homes over the past 4 years, although down from peak pricing in 2014, prices have held quite steady, despite all of the economic turbulence in the area.

Condominiums have also held

their own with prices staying very steady over the past three Decembers.

Average days on market are reported at 69 days, which is higher than 2014-15, but in line with 2012-13. These price trends are mirrored by the findings of National Bank which is reporting a year over year change of +0.14% using a "paired sales" approach rather than average/median prices.

Inventory continues to be higher than the five-year average which is of concern. Although the higher inventory has not resulted in any significant price losses over the past 2 years, it has definitely hampered any price gains.

On the rental side, there has been a significant increase in the supply of rental units, due partly to the "secondary" rental market of homeowners putting their unsold house into the rental pool. Additionally, the previous low vacancy coupled with low interest rates encouraged investment into the construction of new purpose-built rental buildings. Many of these projects came to completion in 2016 entering the rental pool. The result has been vacancy reaching 7%, up drastically from 1.5% in 2014. This has put downwards pressure on rents, in particular older units, as they are competing with brand new inventory.

*\*Special thanks to the REALTORS® Association of Edmonton for statistics.*

## EDMONTON Snapshot of the Past 5 years December Statistics for the Edmonton Real Estate

Edmonton	2016	2015	2014	2013	2012
<b>House Avg. Price</b>	\$420,962	\$421,192	\$429,646	\$421,676	\$405,274
<b>Median Price</b>	\$392,250	\$383,000	\$399,950	\$383,500	\$368,000
<b>Condo Avg. Price</b>	\$247,677	\$248,625	\$245,158	\$234,308	\$227,268
<b>Median Price</b>	\$228,000	\$240,000	\$220,000	\$219,000	\$210,178
<b>Total Sales</b>	716	747	805	771	668
<b>Inventory (Month End)</b>	5,994	5,885	3,841	4,101	4,501

## CALGARY Snapshot of the Past 5 years December Statistics for the Calgary Real Estate

Calgary	2016	2015	2014	2013	2012
House Avg. Price	\$573,833	\$533,704	\$550,973	\$527,764	\$496,809
Median Price	\$480,000	\$455,000	\$476,000	Unavailable	Unavailable
Condo Avg. Price	\$302,916	\$305,041	\$318,652	\$295,771	\$304,349
Median Price	\$249,500	\$287,000	\$288,900	Unavailable	Unavailable
Total Sales	933	879	1073	1500	1368
Inventory (Month End)	3,765	4,370	3,384	4,437	5,167

### Calgary: Worst is Over?

Calgary has had it's fair share of negative media over the past two years. On the Commercial Real Estate side, the news appears to be warranted with high office vacancies being reported and an even higher "shadow inventory" of office vacancy.

However, stats from home sales provided by the Calgary Real Estate Board (CREB) are showing some positive signs on the

Residential Real Estate side indicating that the worst may be over. Demand appears to be rebounding somewhat from 2015, although dramatically lower than 2012-13. On the supply side, Calgary is in much better shape which should bode well for the coming year in particular for single family dwellings.

Condominium prices will likely continue to struggle due to the number of units on the market

from builders direct to seller which do not appear in CREB stats.

National Bank's Teranet house pricing index based on a paired sales approach is actually showing Calgary prices in December at a +0.57% year over year which mirrors what we have seen in the field this past year, that generally single family home prices were flat, with condominiums decreasing.

