

Dear Clients,

High interest rates provide little incentive for holders of low fixed rates to move or sell if they did move, dampening supply and helping to drive up prices.

Calgary's already hot resale real estate market is forecast to keep booming for the rest of the year, a new report on price growth suggests. The recent report predicted that the average price of a home in Calgary will jump eight per cent by year's end, capping off another year of strong growth.

The lack of supply has driven prices upwards. While short supply is not all that different from past boom markets, a key reason for low inventory is.

Typically, as prices rise, move-up buyers list their home, but that is not happening to the same extent this time. Many may not want to move because they may still be holding onto a low interest rate for their mortgage and with rents at all time highs, clients are opting to keep their current properties instead of listing.

The overall low supply paired with rising demand from record migration to the city factor into the prediction that the average price could reach \$716,580 by the end of 2024. Already, the average price has grown nearly 10 per cent by the end of March, versus the same time last year, to about \$674,000.

Demand for single-family detached homes remains a notable factor in the market. The average price in March was \$774,000, an increase of about 10 per cent year over year.

Other segments are seeing rising demand, too, in part because single-family homes are increasingly pricey, and affordable ones are in short supply.

Apartments grew more than 17 per cent, to that end, the study notes the average condominium price by the end of March was \$264,800, up nearly nine per cent from the same time last year. Calgary Real Estate Board statistics from March also reflect rising demand for apartment and row. Both saw the highest percentage gains in benchmark price year over year.

All segments are seeing higher prices amid dwindling supply and high demand, marking a shift in focus on affordability amid higher borrowing costs.

Still, single-family detached homes remain the most active segment, accounting for about 44 per cent of all sales in March. Its share is decreasing as prices rise. As of mid-April, for example, the average price was \$793,713, up 10 per cent year over year, according to CREB.



Inventory is low because of high demand, but it is not increasing because sellers worry about being able to find a home due to low inventory.

New listings have been rising, up nearly 13 per cent for all housing types, CREB mid-April numbers show, but active listings have fallen 17 per cent.

Notably in March, housing supply fell 29 per cent to less than one month, the lowest level in more than a decade. Although far below the all-time record of 4,107 transactions in March 2022, the 2,664 resales this year still were the fourth highest strongest for March since 2010.

Yet even amid a strong seller's market, price still matters because borrowing costs remain elevated.

Over-priced homes will still not sell, even in this hot market.

