



Q1 2022

Calgary & Region

QUARTERLY UPDATE REPORT

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CITY OF CALGARY HOUSING SUMMARY

The first quarter of 2022 saw record high sales activity, thanks to an increase in new listings. This provided some choice for buyers in comparison to the previous quarter, where sales exceeded the number of new listings. Although there was an improvement in new listings, it was not enough to add supply to the market. Inventory levels declined over the last quarter and were 30 per cent lower than long-term trends, reflecting the lowest quarterly inventory level seen since 2014.

Record sales combined with low inventory levels caused the months of supply to average just over one month in the first quarter. Conditions have not been this tight since 2006, which was also the last time that we saw price gains push above 15 per cent. The persistent sellers' market conditions weighed on prices in the first quarter of 2022. Driven by strong gains in the detached sector of the market, the total residential benchmark price averaged \$496,767. This is a quarterly gain of nearly eight per cent and a year-over-year gain of over 15 per cent.

While sales were expected to be strong in the first quarter, demand continued to exceed expectations. Expectations on rising rates and further price gains is likely pushing consumers to enter the market as soon as possible. However, lack of choice over the past several quarters has created a build up of demand that can only be filled as supply levels improve. While economic improvements will continue to support housing demand, this pace of sales is still expected to cool later this year. This will eventually help the market shift to more balanced conditions and slow the upward pressure on prices.

CALGARY Q1 2022 TOTALS BY THE NUMBERS



ECONOMIC UPDATE

The economy is showing signs of improvement as energy prices rise and most COVID-19 restrictions have been removed. These factors are supporting growth and provide some optimism for Alberta's economic outlook.

The job market continues to improve as employment growth has continued in the first quarter and is offsetting the jobs lost during the pandemic. Compared to last year, we have seen notable gains across many industries with the highest number of jobs created in the construction, wholesale and retail trade, professional scientific and technical, information, culture and recreation, and public administration sectors. These job improvements along with a stronger energy sector are boosting confidence in the market and will help support housing demand throughout the year.

Stronger economic conditions along with persistent challenges with supply disruptions continue to weigh on inflation. This, combined with generally stronger economic conditions in the country has caused the Bank of Canada to raise interest rates sooner than expected, with more aggressive gains expected as we move throughout the year. Recent rate gains have done little to ease housing demand as potential homebuyers remain eager to enter the market before further rate gains and price increases occur. While the rising rates and home price growth with likely start to impact the demand in the market over the next quarter, stronger economic conditions and population growth will help offset some of the impact of higher rates.

ALL ABOUT SUPPLY

Housing supply has been an issue raised across Calgary and surrounding areas. The Federal government has proposed a number of initiatives that focus on housing supply. While details still remain scarce, we do know that this supply relief targeting new construction will not alleviate the supply challenges faced by our market over the near term. While it is still early in the year, new home activity has not seen a large boost compared to last year. This is likely related to challenges with labour and supply disruptions that have been extending construction times.





A LOOK BACK AT 2006

Housing market conditions today are resembling many of the trends seen back in 2006. At the time, sales hit record high levels and supply struggled to keep pace. This resulted in a months of supply that was just over one month. These tight conditions caused benchmark prices to rise by over 45 per cent, for an annual level of \$342,375. Prices rose further in 2007 pushing up to \$416,000.

At the time, the Alberta economy was experiencing exceptionally strong population growth, thanks to a strong labour market and economic growth driven by the energy sector. 5-year lending rates were also much higher back then at over 5 per cent. Conditions didn't shift until the financial crisis which hit at the end of 2007, causing a recession in many countries around the world including Canada. This led to falling energy prices, jobs losses and ultimately a shift in the housing market. While prices did edge down from 2007 prices after the financial crisis, they never went back to 2006 levels.

If we fast forward to today, prices have seen some significant gains leading to speculation of a future price correction. But in Calgary, these price gains come after years of losses. The gains were driven mostly by a surge in demand relative to the supply. This was due to low lending rates bringing people back into the market, as they were either priced out before the COVID-19 pandemic or they were not financially impacted by the pandemic's restrictions and found themselves with more savings.

As we move forward, higher lending rates are expected to have a dampening impact on housing demand, but the economy along with job growth is expected to improve helping offset some of the impact of higher rates. While we could see some monthly slippage of price gains as rates rise, a full reversal of all gains in home prices is not expected, as long as the economic activity continues to improve as expected. The more likely scenario is that there will be some adjustment to supply and demand, resulting in a slower growth in prices relative to the levels seen today.

HOUSING MARKET DETACHED

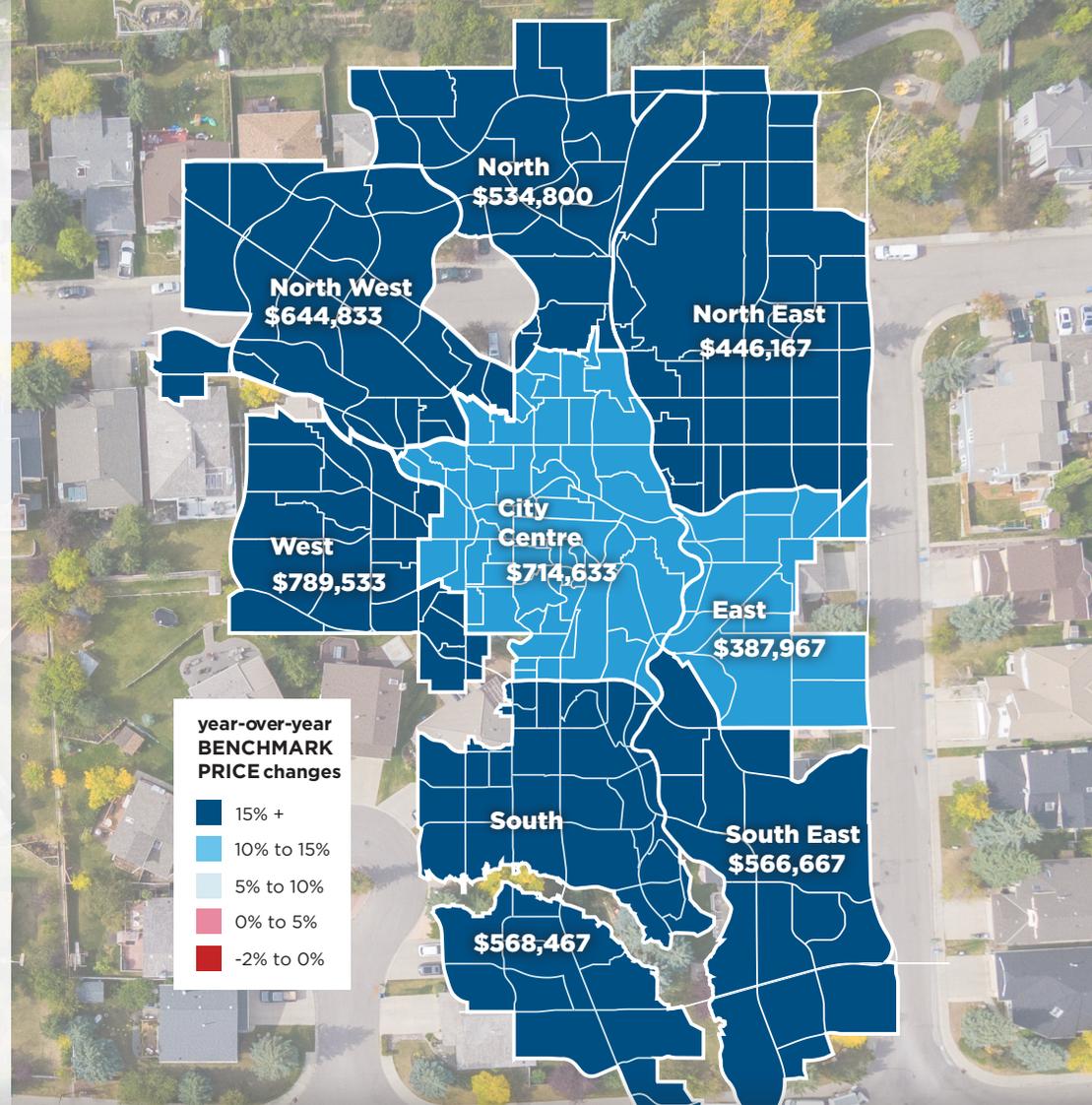
Detached homes have faced the strongest demand in the housing market since the pandemic began. However, it has also demonstrated sellers' market conditions longer than any other property type. On a quarterly basis, the months of supply dropped below two months in the first quarter of last year and stayed at that level until the first quarter of this year when the months of supply dropped below one month for the first time since the second quarter of 2006. While there have been some signs of improvement on the supply front, it has not been enough based on the level of demand. This has resulted in significant price growth across all districts. In the first quarter, benchmark prices rose by nearly nine per cent compared to the fourth quarter of 2021 and are nearly 18 per cent higher than last year. The price growth in the market has also limited the amount of available supply in the lower price ranges. Prior to the pandemic, detached homes under \$500,000 reflected 42 per cent of all the inventory compared to today where they only reflect 23 per cent of the supply.

Q1 BENCHMARK PRICE
\$592,233

- ↑ **17.78%** year over year
- ↑ **8.95%** quarter over quarter

Q1 MONTHS OF SUPPLY
0.90

- ↓ **-44.58%** year over year
- ↓ **-28.51%** quarter over quarter



SALES
Q1 2022

↑ **5,328**
43.26%
year over year

NEW LISTINGS
Q1 2022

↑ **7,320**
38.19%
year over year

INVENTORY
Q1 2022

↓ **1,593**
-20.60%
year over year

SALES TO NEW LISTINGS RATIO
Q1 2022

↑ **72.8%**
3.67%
year over year

DAYS ON MARKET
Q1 2022

↓ **18.06**
-50.27%
year over year

HOUSING MARKET SEMI-DETACHED

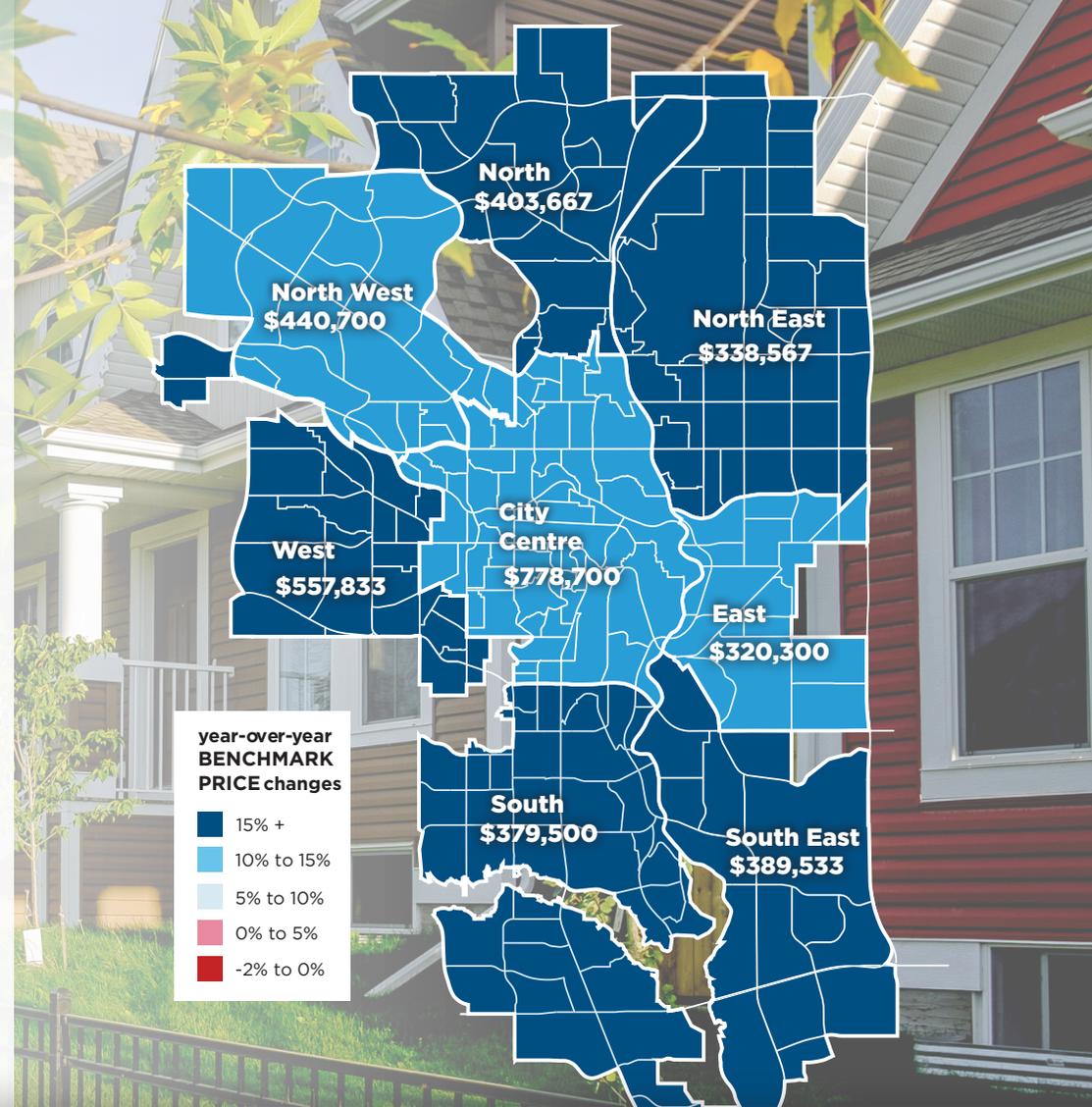
The semi-detached market has also faced tighter market conditions since the pandemic, but to a lesser extent as detached homes. In 2021, the months of supply averaged just over two months. However, at the end of 2021 we started to see the same shift toward strong sellers' conditions and by the first quarter of this year the months of supply dropped to just over one month, making it the tightest quarterly average since the end of 2006. Like the detached market, the first quarter saw a surge in new listings, but it was not enough to impact inventories due to the strong demand. The persistently tight conditions also weighed on prices, which recorded a quarterly gain of nearly seven per cent and a year-over-year gain of nearly 15 per cent. While this product type still has inventory for homes priced below \$500,000, it has also decreased considerably since pre-pandemic. It went from nearly half of the supply priced below \$500,000 to 36 per cent of the supply falling in the lower price range of the market.

Q1 BENCHMARK PRICE \$459,900

- ↑ 14.83% year over year
- ↑ 6.95% quarter over quarter

Q1 MONTHS OF SUPPLY 1.10

- ↓ -44.51% year over year
- ↓ -35.47% quarter over quarter



SALES
Q1 2022



843

43.12%
year over year



NEW LISTINGS
Q1 2022



1,118

30.15%
year over year



INVENTORY
Q1 2022



310

-20.58%
year over year



SALES TO NEW LISTINGS RATIO
Q1 2022



75.4%

9.97%
year over year



DAYS ON MARKET
Q1 2022



25.79

-41.18%
year over year

*source: Pillar9 and CREB

HOUSING MARKET **ROW**

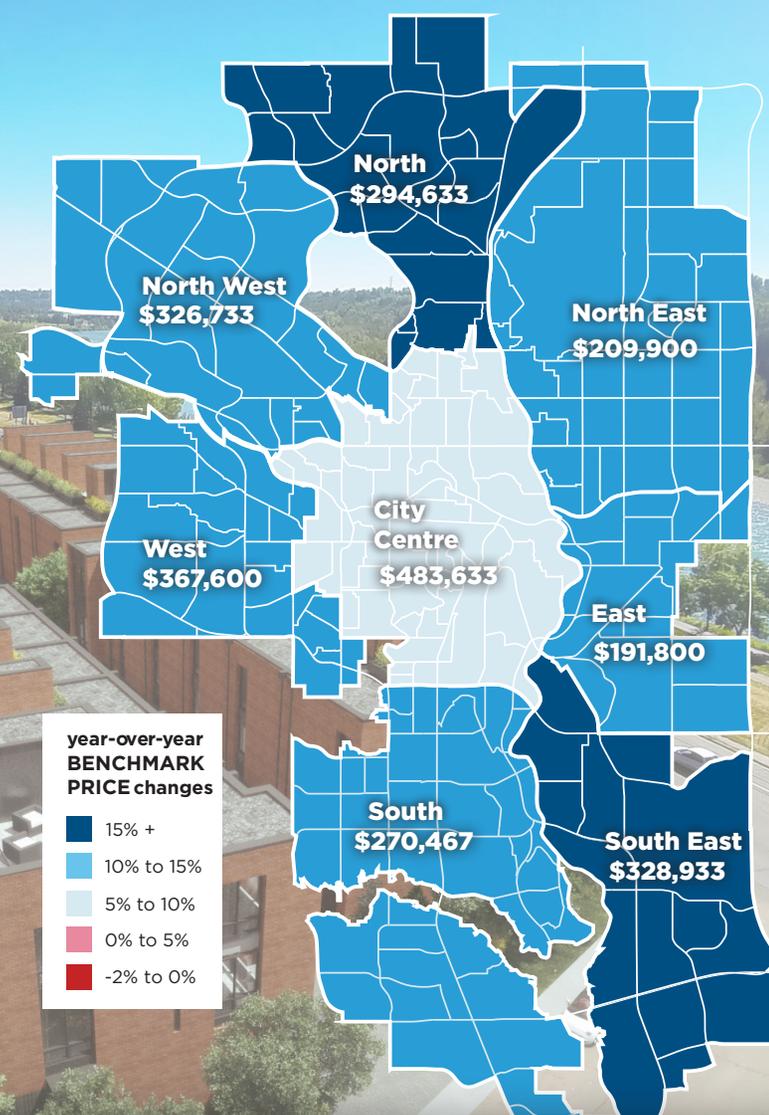
Thanks to record high new listings, row sales also reached a new all-time record high. With declining supply in the lower price ranges of both the detached and attached sectors, many consumers turned to row properties. The row market has generally been better supplied than both the detached and semi-detached sector, but as of late this is also shifted for this property type. At the start of 2021, the months of supply was nearly three months but had mostly tightened throughout the year. This trend continued into 2022 with the months of supply dropping to one month, something that has not happened since 2006. Sellers' market conditions have been causing prices to rise throughout 2021 and continued into the first quarter. The exceptionally tight conditions at the start of this year have caused the pace of growth to rise as the benchmark price recorded a quarterly gain of seven per cent and a year-over-year gain of 13 per cent. Price growth in this segment started later than both the detached and semi-detached segment and prices have not yet recovered from previous highs set back in 2015. However, the spread has narrowed to a mere two per cent and we could see price recovery play out this year should sellers' conditions persist.

Q1 BENCHMARK PRICE
\$320,700

-  **13.0%** year over year
-  **6.96%** quarter over quarter

Q1 MONTHS OF SUPPLY
1.03

-  **-65.52%** year over year
-  **-53.19%** quarter over quarter



 **SALES**
 Q1 2022

 **1,550**
 95.46%
 year over year

 **NEW LISTINGS**
 Q1 2022

 **1,938**
 39.12%
 year over year

 **INVENTORY**
 Q1 2022

 **531**
 -32.60%
 year over year

 **SALES TO NEW LISTINGS RATIO**
 Q1 2022

 **80.0%**
 40.49%
 year over year

 **DAYS ON MARKET**
 Q1 2022

 **30.58**
 -41.29%
 year over year

source: Pillar9 and CREB

HOUSING MARKET APARTMENT

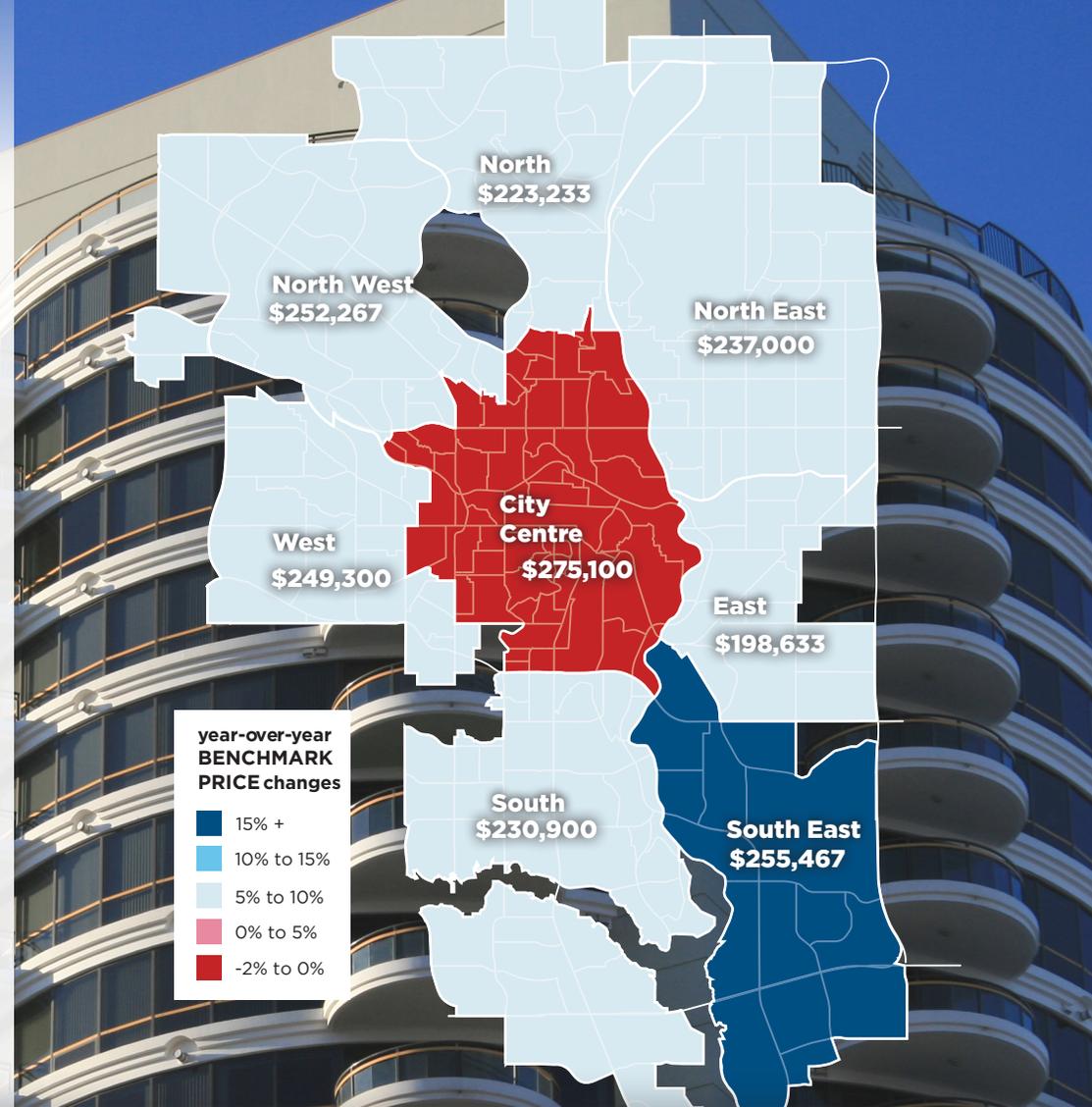
As affordable options in the detached, semi-detached and row sectors started to ease, we saw a considerable boost in condominium apartment sales. While new listings also rose, the growth in sales was enough to cause inventories to trend down in the first quarter compared to the end of 2021 and currently sit at levels far lower than what we have seen over the past seven years. Strong sales and lower inventories caused the months of supply to push just below two months. This is a significant change relative to last year at this time when months of supply exceeded five months. While tighter conditions in this market are relatively new, it did place some upward pressure on prices. In the first quarter, the benchmark price rose by over two per cent relative to the previous quarter and over four per cent compared to last year. The shift to price growth is welcome news to sellers who faced price declines throughout 2015 to 2020. Despite the gains felt this quarter and last year, prices remain below the previous high and it will still take some time before they fully recover.

Q1 BENCHMARK PRICE
\$258,200

-  **4.39%** year over year
-  **2.49%** quarter over quarter

Q1 MONTHS OF SUPPLY
1.95

-  **-6.03%** year over year
-  **-51.79%** quarter over quarter



 **SALES**
Q1 2022

 **1,692**
101.43%
year over year

 **NEW LISTINGS**
Q1 2022

 **2,240**
12.51%
year over year

 **INVENTORY**
Q1 2022

 **1,099**
-25.53%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q1 2022

 **75.5%**
79.04%
year over year

 **DAYS ON MARKET**
Q1 2022

 **51.31**
-16.22%
year over year

SURROUNDING AREAS

When considering all of the larger areas surrounding Calgary, there has been a consistent theme in the first quarter - exceptionally strong demand, not enough supply and significant price growth. For all these areas, it would take a significant shift in demand and/or supply before we start to see any easing of the strong sellers' market conditions all these centres currently face.

COCHRANE Q1 2022

SALES 362 ↑ 21.07% year over year	BENCHMARK PRICE \$491,900 ↑ 18.50% year over year
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AIRDRIE Q1 2022

SALES 796 ↑ 58.25% year over year	BENCHMARK PRICE \$437,633 ↑ 21.62% year over year
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CHESTERMERE Q1 2022

SALES 183 ↑ 48.78% year over year	BENCHMARK PRICE \$597,067 ↑ 17.73% year over year
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OKOTOKS Q1 2022

SALES 235 ↑ 26.34% year over year	BENCHMARK PRICE \$515,900 ↑ 11.51% year over year
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STRATHMORE Q1 2022

SALES 112 ↑ 36.59% year over year	BENCHMARK PRICE \$381,500 ↑ 11.89% year over year
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HIGH RIVER Q1 2022

SALES 103 ↑ 41.10% year over year	BENCHMARK PRICE \$395,733 ↑ 11.14% year over year
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year-over-year BENCHMARK PRICE changes

- 15% +
- 10% to 15%
- 5% to 10%
- 0% to 5%



AIRDRIE

After several consecutive quarters of weak listings, Airdrie saw an all-time record high of new listings come onto the market this quarter. However, the growth in listings was met with exceptionally strong sales, keeping the sales-to-new listings ratio elevated at 78 per cent and doing little to change the low inventory scenario. Airdrie has struggled with sellers' market conditions since the end of 2020 and conditions became exceptionally tight throughout 2021. In 2021, the months of supply fell below two months at the beginning of the year, simply to tighten further by the end of the year. The situation has not changed in the first quarter with further declines in the months of supply. The persistent tightening in the market has placed significant upward pressure on home prices. In the first quarter, benchmark prices rose by nearly 11 per cent compared to the fourth quarter of 2021 and are nearly 22 per cent higher than last year's levels marking the first time in that benchmark prices have risen above \$400,000 in the city.

Q1 BENCHMARK PRICE
\$437,633

-  **21.62%** year over year
-  **10.47%** quarter over quarter

Q1 MONTHS OF SUPPLY
0.66

-  **-59.88%** year over year
-  **-30.63%** quarter over quarter



 **SALES**
Q1 2022

 **796**
58.25%
year over year

 **NEW LISTINGS**
Q1 2022

 **1,024**
51.26%
year over year

 **INVENTORY**
Q1 2022

 **176**
-36.51%
year over year

 **SALES TO NEW LISTINGS RATIO**
Q1 2022

 **77.7%**
4.62%
year over year

 **DAYS ON MARKET**
Q1 2022

 **15.90**
-60.46%
year over year

COCHRANE

While new listings did trend up relative to the previous two quarters, levels were not high enough to offset the growth in sales. This caused inventory to average 70 units, the lowest seen since 2006. Challenges with supply are likely preventing stronger sales in the town of Cochrane. The months of supply is well below one month, reflecting the tightest quarterly conditions ever recorded for the market. Given the exceptionally tight conditions, it does not come as much of a surprise that prices have continued to trend up in the first quarter. The benchmark prices reached \$491,900 in the town, which is a quarterly gain of nearly nine per cent and a year-over-year gain of nearly 19 per cent.

Q1 BENCHMARK PRICE
\$491,900

↑ 18.50% year over year
↑ 8.52% quarter over quarter

Q1 MONTHS OF SUPPLY
0.58

↓ -68.06% year over year
↓ -46.38% quarter over quarter



SALES
Q1 2022

↑ 362
21.07%
year over year

NEW LISTINGS
Q1 2022

↑ 408
2.26%
year over year

INVENTORY
Q1 2022

↓ 70
-61.33%
year over year

SALES TO NEW LISTINGS RATIO
Q1 2022

↑ 88.7%
18.40%
year over year

DAYS ON MARKET
Q1 2022

↓ 19.04
-58.61%
year over year

OKOTOKS

New listings in Okotoks rose relative to levels seen over the previous two quarters, as well as compared to last year. This gain did help support the strong sales in the first quarter, but like other areas, it did little to change the supply situation and sellers' market conditions. In fact, conditions

that were already tight with less than two months of supply throughout 2021 got even tighter in 2022 with the months of supply falling below one month. The persistently tight conditions resulted in a significant gain

in prices which pushed past \$500,000 for the first time in the centre, thanks to a month-over-month gain of over nine per cent and a year-over-year gain of nearly 12 per cent.

Q1 BENCHMARK PRICE
\$515,900

↑ 11.51% year over year
↑ 9.43% quarter over quarter

Q1 MONTHS OF SUPPLY
0.82

↓ -53.10% year over year
↓ -24.07% quarter over quarter



SALES
Q1 2022

↑ 235
26.34%
year over year

NEW LISTINGS
Q1 2022

↑ 321
22.52%
year over year

INVENTORY
Q1 2022

↓ 64
-40.74%
year over year

SALES TO NEW LISTINGS RATIO
Q1 2022

↑ 73.2%
3.12%
year over year

DAYS ON MARKET
Q1 2022

↓ 18.82
-48.35%
year over year

CHESTERMERE

Chestermere saw the best start to the year on record with 183 sales. The improvement in sales in the first quarter was possible thanks to a significant gain in new listings, which also saw a first quarter high. The growth in new listings relative to sales caused the sales-to-new listings ratio to ease to 72 per cent. This still reflects tight conditions but is an improvement over the previous two quarters which averaged well above 90 per cent. While the improvement in new listings helped support the strong sales, it did little to shift the low inventory situation in the area. Inventory levels eased relative to both the previous quarter and last year and were over 50 per cent lower than long-term trends for the quarter. This pushed the months of supply below one month and placed significant upward pressure on prices. In the first quarter, benchmark prices averaged \$597,067, which is nearly 11 per cent higher than the previous quarter and 18 per cent higher than levels reported in the first quarter of last year.

Q1 BENCHMARK PRICE \$597,067

- ↑ 17.73% year over year
- ↑ 10.69% quarter over quarter

Q1 MONTHS OF SUPPLY 0.99

- ↓ -62.34% year over year
- ↓ -40.96% quarter over quarter



 SALES
Q1 2022

↑ 183
48.78%
year over year

 NEW LISTINGS
Q1 2022

↑ 254
38.04%
year over year

 INVENTORY
Q1 2022

↓ 60
-43.96%
year over year

 SALES TO NEW LISTINGS RATIO
Q1 2022

↑ 72.0%
7.78%
year over year

 DAYS ON MARKET
Q1 2022

↓ 22.23
-59.26%
year over year

HIGH RIVER

After several quarters where sales outpaced the new listings, the town of High River recorded an improvement in new listings supporting stronger sales activity. However, the growth in new listings did little to alleviate the supply challenges in this market. Inventory levels continue to drop from already low levels and averaged the lowest first quarter total since the early 90's. This caused the months of supply to drop below one month and placed upward pressure on prices. The benchmark price in the first quarter was \$395,733, over seven per cent higher than the previous quarter and 11 per cent higher than last year's levels.

Q1 BENCHMARK PRICE \$395,733

- ↑ 11.14% year over year
- ↑ 7.20% quarter over quarter

Q1 MONTHS OF SUPPLY 0.90

- ↓ -62.12% year over year
- ↓ -36.97% quarter over quarter



 SALES
Q1 2022

↑ 103
41.10%
year over year

 NEW LISTINGS
Q1 2022

↑ 115
11.65%
year over year

 INVENTORY
Q1 2022

↓ 31
-46.55%
year over year

 SALES TO NEW LISTINGS RATIO
Q1 2022

↑ 89.6%
26.37%
year over year

 DAYS ON MARKET
Q1 2022

↓ 32.08
-44.59%
year over year

STRATHMORE

Both sales and new listings trended up this quarter in Strathmore. While new listings were at levels comparable to long term trends, sales were more than double the levels we traditionally see at the start of the year. This caused further reductions in inventory levels, which averaged the lowest level ever recorded in the first quarter and caused the quarterly months of supply to fall to one month. Following several consecutive quarters of tight market conditions, it is no surprise that prices trended up, both compared to last year and the previous quarter.

Q1 BENCHMARK PRICE \$381,500

- ↑ 11.89% year over year
- ↑ 3.83% quarter over quarter

Q1 MONTHS OF SUPPLY 1.14

- ↓ -64.09% year over year
- ↓ -33.92% quarter over quarter



 SALES
Q1 2022

↑ 112
36.59%
year over year

 NEW LISTINGS
Q1 2022

↑ 136
8.80%
year over year

 INVENTORY
Q1 2022

↓ 43
-50.96%
year over year

 SALES TO NEW LISTINGS RATIO
Q1 2022

↑ 82.4%
25.54%
year over year

 DAYS ON MARKET
Q1 2022

↓ 35.92
-46.02%
year over year

RURAL ROCKY VIEW

Sales in the area just outside of Calgary showed no signs of letting up and rose over both the previous quarter and last year's levels. This in part was possible thanks to the growth in new listings in the first quarter. Despite improvements in new listings, inventories continued to fall causing tighter market conditions and further upward pressure on home prices. Within the Rural Rocky View region, you have the high-end communities of Bearspaw and Springbank and both of these areas faced significant supply challenges likely preventing stronger sales. While prices have generally been trending up in both of these areas, the community of Springbank showed some signs of slight price adjustments in the first quarter. However, it is important to note that it is not uncommon to see this type of variation over a quarter given the sample size. When considering the tight market conditions, it is unlikely that this will become a trend in the next quarter for this community.

Q1 DETACHED BENCHMARK

PRICE
\$940,633

-  **12.18%** year over year
-  **5.40%** quarter over quarter

Q1 MONTHS OF SUPPLY
2.33

-  **-51.44%** year over year
-  **-46.95%** quarter over quarter



 SALES
 Q1 2022

 **184**
28.67%
 year over year

 NEW LISTINGS
 Q1 2022

 **252**
2.02%
 year over year

 INVENTORY
 Q1 2022

 **143**
-37.52%
 year over year

 SALES TO NEW LISTINGS RATIO
 Q1 2022

 **73.0%**
26.12%
 year over year

 DAYS ON MARKET
 Q1 2022

 **56.74**
-46.47%
 year over year



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