Calgary: The housing market caught its breath in October

By Daren King

Based on October data released by the Calgary Real Estate Board (CREB) for the Calgary economic region*, we estimate that seasonally adjusted home sales increased by 1.4% compared to September, a first positive print in eight months. Since the peak registered in February, sales have nevertheless decreased by 44.8% but remained well above levels of activity seen in the year leading up to the pandemic (chart 1). Despite this recent uptick, we see limited upside for residential sales in the Calgary market. Indeed, as the Bank of Canada continues to raise its policy rate, we expect the Calgary real estate market to weaken further in the coming months. However, the region’s economic strength and robust household formation do not argue for a collapse for housing demand and significant price declines. Also, note that the October increase in sales was accompanied by a decline in new listings (3.6% from September to October), a seventh decline in eight months. As a result, the new-listing-to-sales ratio is now showing a “favourable to sellers” market (chart 2).

On a year-over-year basis, home sales decreased by 17.7% (chart 3). Despite the cooling in recent months, the first few months of the year have given the Calgary real estate market a solid start to 2022. As a result, over the course of the first ten months of the year, sales were up 8.3% compared to the same period a year ago, reaching a record level. On the supply side, the inventory of homes for sale decreased 15.0% on a year-over-year basis (chart 4).

Data for the City of Calgary (less inclusive than the CREB economic region) showed a decrease in sales of 15.0% in October compared to October 2021. Condo sales increased by a robust 21.4%, while attached and detached home sales declined by 3.0% and 29.2% respectively on an annual basis. On the supply side, the inventory of homes for sales dropped by 20.3% over the past year.

*CREB economic region: Calgary CMA + Regions of Foothills, Mountain View, Kneehill, Wheatland, Willow Creek, Vulcan and Bighorn.
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