

Calgary and Edmonton top investment markets for real estate in Alberta

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Calgary housing market is very strong this year. **Christina Ryan / Calgary Herald**

CALGARY – Calgary and Edmonton top the list of residential real estate investment markets in Alberta, according to a new report released Tuesday.

The new REIN (Real Estate Investment Network) Score measures each city or town on five different categories for a total of 50 points including: Economic Risk (possible 12 points); Yield Growth Potential (possible 12 points); Investors' Insights (possible 10 points), Political Climate (possible 8 points), and Accessibility (possible 8 points).

Calgary and Edmonton topped the rankings with 50 points followed by Fort Saskatchewan (43), Airdrie (41), St. Albert (39), Red Deer (39), Lloydminster (38), Fort McMurray(36), Grande Prairie (36), and Leduc (34).

Melanie Reuter, director of research with REIN, said “the two most important criteria are the economic risk with a big focus on existing and future jobs and job growth, and the growth potential of yield. Will the going-rent rates mean your cashflow is good in relation to the house prices and is there potential for more and larger growth as the local economy improves?

“It is also important to take into consideration the political climate of a community and whether it has a solid growth plan, cashflow squashing taxes, and whether it has restrictive rental policies. If you can raise rents to match demand or your property taxes are expensive compared to other communities, your current and existing cashflow is compromised.”

Calgary received 12 out of 12 in the economic risk category, 10 out of 12 in yield growth potential, six of eight in local politics conducive to business, eight of eight in access to transportation and nine of 10 in investor's insights.

The report said the formula of job creation creating an influx of people, leading to higher housing values is evident in Calgary.

“The market is hot! Real estate agents serving investors have noted that good inventory is very hard to come by,” said the report.

“The Calgary Real Estate Board believes that following a prolonged period of Calgary being a seller's market, the city is once again beginning to move toward more balanced market conditions. Price gains will continue for every housing type, but at a more sustainable pace.”

According to CREB, as of Monday, year-to-date MLS sales in Calgary were 22,941, up 10.67 per cent from the same period a year ago. The median price has risen by 6.88 per cent to \$427,500 while the average sale price has increased by 5.78 per cent to \$483,115.

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