

Calgary housing market positive for next two years: report

MARIO TONEGUZZI, CALGARY HERALD

05.21.2014



Calgary's housing market continues to be very strong.

Mikael Kjellstrom (Kjellström)

CALGARY - Record net migration and the gains in employment over the last couple of years will contribute to increasing sales and prices for the Calgary region's housing market in 2014 and 2015, says a new report by Canada Mortgage and Housing Corp.

Richard Cho, senior market analyst in Calgary for the CMHC said the Calgary region has experienced strong net migration in the last couple of years with 31,996 in 2012 and 45,168 in 2013.

He said migration is forecast to reach 33,400 this year and 28,500 in 2015.

“Migration, along with other factors such as rising incomes and employment growth, has been a key contributor to the uptick in housing demand that Calgary has been experiencing,” said Cho. “Net migration reached another record level in 2013, after surpassing the previous record set in 2012. Calgary’s favourable labour market conditions has attracted people from all over the country. While migration in 2014 is forecast to moderate, it will still remain above historical averages.”

The Spring 2014 Calgary Housing Market Outlook, released Thursday, forecasts MLS residential sales this year to rise four per cent from the previous year, totalling 31,300 units in the Calgary Census Metropolitan Area.

“Rising incomes and low mortgage rates will continue to give buyers an opportunity to purchase a home, however slower rates of employment growth and net migration moving forward will temper the gain in sales next year. MLS residential sales are expected to reach 32,100 units in 2015, representing an increase of less than three per cent,” said the report.

The MLS residential price is forecast to rise five per cent in 2014 to an average of \$459,000.

“Relatively low active listings combined with strong demand will continue to push prices upward this year. In 2015, higher active listings will offer buyers more selection, alleviating some of the upward price pressure experienced in previous years. The average price in 2015 is therefore anticipated to increase three per cent to \$472,000,” it said.

According to the Calgary Real Estate Board, year-to-date up to and including May 21, total MLS sales just in the City of Calgary were at 10,287, up 13.37 per cent from the same period a year ago. The median price of \$428,000 has risen by 7.20 per cent while the average sale price is up 5.94 per cent to \$479,944.

Total housing starts in the Calgary CMA are forecast by CMHC to increase to 14,600 units in 2014 before moderating to 13,500 in 2015.

“Supported by elevated net migration, continued job creation, rising incomes, and low mortgage rates, total housing starts are forecast to increase 16 per cent this year to 14,600 units, the highest level since 2006,” said Cho. “While gains are expected for both single-detached and multi-family starts, the increase will be most pronounced in the multi-family sector.”

CMHC said single-detached starts in 2014 are forecast to increase three per cent to 6,600 units due to continued strong job creation and the record level of net migration last year. But in 2015, single-detached construction is expected to moderate to 6,400 units.

“An increase in active resale listings, moderation in employment growth, and lower net migration, will contribute to the reduction in single-detached starts next year,” it said.

CMHC said multi-family starts, which include semi-detached units, rows, and apartments, are forecast to increase 29 per cent to 8,000 units this year, the strongest performance since 1981.

“The decline in multi-family inventory will provide builders an incentive to increase production and help meet demand from first-time home buyers, those looking to downsize, and investors taking advantage of the low rental vacancy rate,” added the report.

“Given low rental vacancies, additional rental construction is also expected. Multi-family starts are forecast to moderate to 7,100 units in 2015 as supply levels increase following the rise in construction this year.”

mtoneguzzi@calgaryherald.com

[Twitter.com/MTone123](https://twitter.com/MTone123)

<http://www.calgaryherald.com/business/Strong+outlook+Calgary+housing+market+through+2015+report/9866429/story.html>