

Calgary edges back into Sellers' Market territory

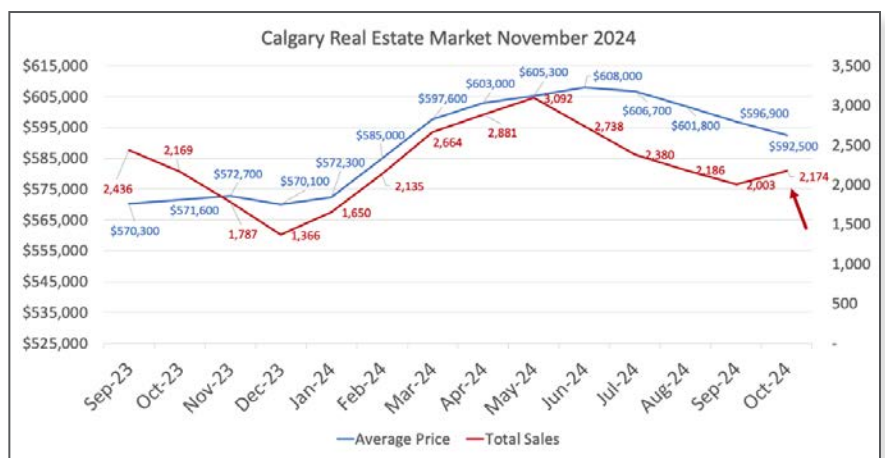
AS WE TURN TOWARDS THE WINTER SEASON AND SOME WEATHER THAT CAN'T MAKE UP its mind, we're also receiving mixed signals in this month's Calgary Real Estate Board statistics package. On one hand we have average prices dropping again for the fourth month in a row but ,in an interesting turn of events, we had more sales in October than we had in September. This is something we don't typically see as, most often, sales decline each month in the latter half of the year.

Last month we reported that for the first time in three years we are in a balanced market, but this month – despite lower prices – we are back, albeit ever so slightly, into sellers' market territory. So, what gives? Well, let's take a closer look...

THE SALES SUMMARY

October's sales figures show an average price in Calgary of \$592,500, down about \$4,000 from the previous month's numbers. Sales, on the other hand, increased, coming in at 2,174 units moved – up nearly 10% from September.

October was one of those months where the data points don't match the trends, and so you have to look at what might have changed. For October I believe we were seeing the effect of the recent reductions to the key lending rate by the Bank of Canada, in addition to buyers seeing prices coming down a little bit and deciding to jump into the market.



I'm not so sure we can expect this uptick to continue into the last two months of the year, though, as November and December are typically very slow months in real estate sales. However, as interest rates come down we should expect more buyer interest, which will perhaps have an effect on moderating the traditional winter slowdown we would expect to see in Calgary and area.

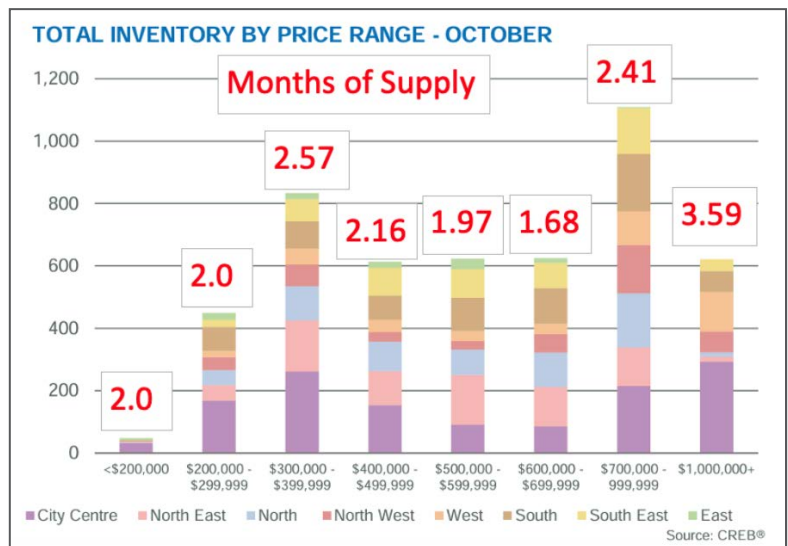
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THE INVENTORY STORY

One of the things that has stood out in the data going back a couple of months is the increased inventory we are seeing over this time last year. In December of 2023 we had almost 2,000 fewer listings than we have on the market right now. This was a big factor in the hot start that Calgary saw at the beginning of 2024, and perhaps encouraged some sellers to bring their properties to market at elevated pricing in the hopes of securing a great exit for themselves.

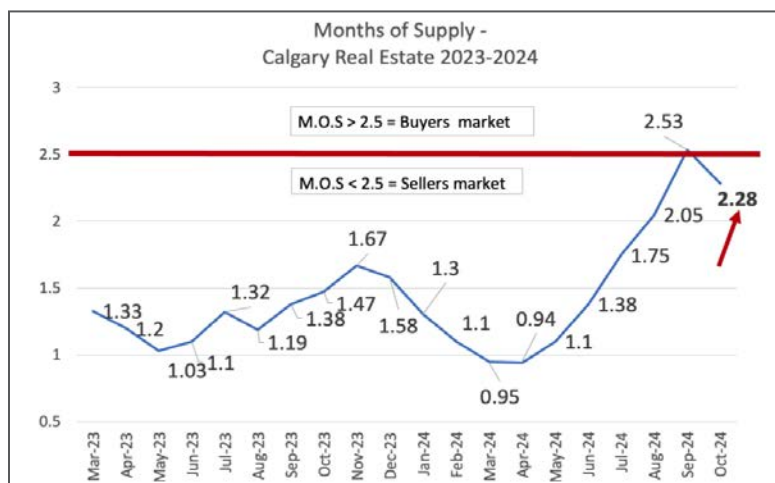
And, indeed, we are seeing a heightened level of supply at the upper end of the price spectrum, with buyer demand still strong enough to pull the Months of Supply metrics below 2.5 for all segments except the \$1,000,000+ range. We do see 2.57 months of supply for \$300,000 to \$400,000, but that is largely due to this price range containing most of the newer apartment condo product hitting the resale market.



A SELLERS' MARKET ONCE MORE?

Looking at the overall market, the pop in sales that we saw due to interest rate reductions has brought the balance back into sellers' market territory, albeit ever so slightly. Even though it's a small amount, it's still an important break to the trend we've seen over the previous five months, where we saw successive increases in the Months of Supply as inventory climbed. One month's worth of data doesn't make a trend, though, so we'll need to see how this holds up for the last

two months of the year as we look ahead to what 2025 might be like.



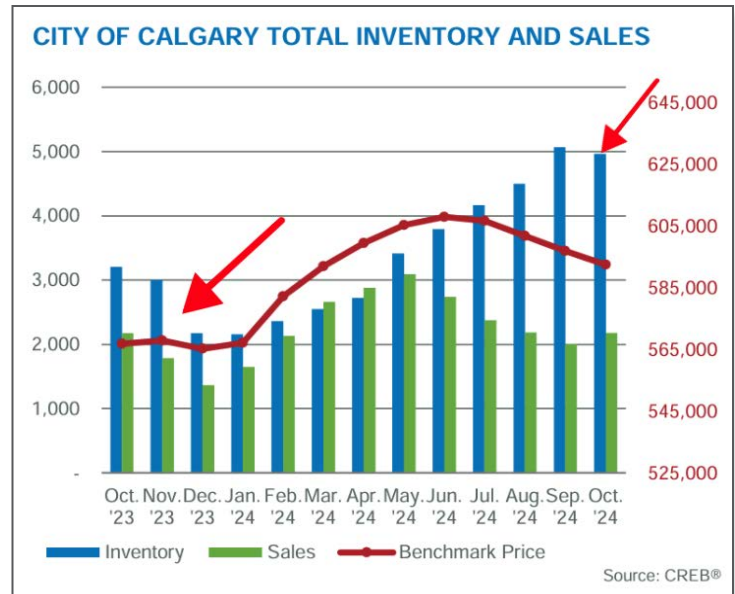
LOOKING AHEAD

We are already seeing some telltale signs that 2025 will have a cooler start than we saw in 2024, largely driven by the aforementioned inventory disparity we appear poised to carry into next year. While we expect some listings to come off the market as they expire at

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the end of the calendar year (many realtors put December 31 as the expiry date on their listing contracts), at present we have 5,000 active listings compared to the 2,000 we had when we turned the corner on 2024 back in January. It would really take a huge buyer push to change this over the last two months of the year, and so – considering that in October we only saw a very modest month-over-month increase in sales (about 170) corresponding to a 1.25% change in the key lending rate – it seems quite unlikely that the available inventory will be drawn down by new buyers coming to market due to lower rates.



IN THE NEWS

We have a new (old) president returning to the Oval Office down south making the major headlines. It's unclear how this could affect the Calgary real estate market, but is something we will be watching as it pertains to changes in federal policy or our energy industry.

Locally, we are seeing the federal government walking back their immigration targets by as much as 21% over the next two years in response to public pressure regarding housing affordability and access to government services put under strain by such high levels of immigration over the last few years. This will certainly curb housing demand, but is more likely to affect the Toronto and Vancouver markets, which lead the country in density and international population growth. Alberta's largest driver of growth is interprovincial migration and, given that we are still very affordable in comparison to those larger markets, a change in overall migration is not expected to dramatically change the buyer demand levels we see in Calgary.

Have you had your property evaluated recently? What about your borrowing ability with the newer interest rates? As always, if you'd like some help with your own real estate purchase or sale, please don't hesitate to reach out.



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