



# What's *Really* Happening in the Real Estate Market

With Appraisal Expert Gerhardt Klann

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## Edmonton:

### Resiliency in Market Continues....

If you've been reading my market updates over the past year, there has been one common theme; I'm concerned about the high inventory of homes for sale in the Edmonton region and ultimately how that will impact house prices.

Yet despite this higher inventory, average and median house prices continue to surprise and have risen this spring to be the highest amongst the 5 past April's in Edmonton.

Looking at the table below, it's clear to see that unsold inventory is at its highest point (9,213), with sales of 1,498 being the lowest, and yet average and median house prices have not declined and continue to be resilient.

## But... why?

With oil returning to prices in the \$40+ USD range, there could have been some increase in consumer confidence along with pent up demand from winter months which may have come a bit early due to the early spring.

Although the supply and demand numbers show some weakness in the market, the average days on market show significant (and surprising) strength. In April, it took an average of 40 days on market to sell a home, which is the lowest # days over the past 5 April's needed to sell a home. Basically, it suggests that houses priced reasonably are being sold quickly. Usually when there is greater inventory, the time required to sell increases. Instead, the opposite is happening. Perhaps a bulk of the inventory is

overpriced and has been listed by relatively unmotivated sellers?

According to ATB Financial, there were also several positive economic indicators for Edmonton recently including a significant jump in commercial building permits as well as Employment numbers increasing in March. On the downside, ATB also highlighted the higher number of unabsorbed new homes in the region.

What now? We keep watching inventory as the overall largest concern to pricing. It's also important to emphasize that these are market statistics based on a sum or all sales, and that within the market are pockets of real estate which are influenced by other factors influencing pricing.

*\*Special thanks to the REALTORS® Association of Edmonton for statistics.*

## Snapshot of the Past 5 years April Statistics for the Edmonton Real Estate Market

April-Edmonton	2016	2015	2014	2013	2012
<b>House Avg. Price</b>	\$439,982	\$436,124	\$428,391	\$403,833	\$390,984
<b>Median Price</b>	\$407,000	\$407,000	\$401,000	\$380,000	\$368,000
<b>Condo Avg. Price</b>	\$250,869	\$252,226	\$252,417	\$244,261	\$235,384
<b>Median Price</b>	\$232,000	\$235,000	\$235,000	\$229,950	\$224,900
<b>Total Sales</b>	1,498	1,686	1,996	1,628	1,655
<b>Inventory (Month End)</b>	9,213	8,039	6,164	6,744	7,343

<b>February-Calgary</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>House Avg. Price</b>	\$539,733	\$526,760	\$550,312	\$518,452	\$469,726
<b>Median Price</b>	\$467,500	\$470,000	\$482,800	\$442,500	\$427,000
<b>Condo Avg. Price</b>	\$307,461	\$308,942	\$327,911	\$287,830	\$289,023
<b>Median Price</b>	\$268,000	\$267,500	\$283,400	\$252,900	\$242,900
<b>Total Sales</b>	1,127	1,217	2,397	2,135	1,737
<b>Inventory (Month End)</b>	5,681	5,474	5,291	6,366	4,736

## Calgary

With the lower price of both Oil and Gas, the Alberta economy has been dramatically impacted over the past 16 months. Signs of the slow down were felt earlier in Calgary than in Edmonton, due to the corporate layoffs which occurred in Calgary. The same supply/demand trend seen in Edmonton is also prevalent in Calgary. This past month's sales of 1,127 units, were the lowest in the past 5 years, and dramatically lower than 2013 and 2014 which were record years. Inventory, is also higher than typical. Calgary has seen a price correction over the past year already and it's interesting to note that price year over year in February for single family homes actually rose on average to \$539,733. The median price dropped slightly year over year to \$467,500. Due to a higher component of high priced homes in Calgary, the median is often interpreted as being a better indicator for tracking the changes in prices over time. The condo market also shows a clear drop from 2014 to 2015, with only minor decreases seen this past year. Average days on market were reported to be 43 days, which is longer than the past two years, but not the highest over the past 5 years. As we move into the spring real estate market, we will be watching to see if Calgary has hit it's "bottom" and if there are any signs of recovery.



# Edmonton Real Estate Analysis 2007 - Present

\*based on statistics from the Realtor's Association of Edmonton

