



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

With Appraisal Expert Gerhardt Klann

March 2019

## Can weather impact Real Estate sales?

It's too early to say for certain, but I think it's reasonable to assume that the sustained extreme cold weather in Alberta has impacted local home purchases in February. With higher inventories present, buyers seemed less motivated to brave the elements and buy a property. Subjective reports from Realtors are consistent in saying that potential buyers would outright cancel appointments to view homes that they had set up.

Perhaps the upside of the lower sales in February, is there could be some pent up demand that translates into additional sales as we enter the spring market.

In the meantime, total demand for residential real estate measured in both Total Sales (986 units) and Sales Volume are close

to the lowest seen over the past 5 years for the month of February.

Supply in terms of Inventory, continues to be at its highest level at 8,408 residential units, which represents approximately 8 months of inventory.

This higher inventory, coupled with lower demand continues to impede any price growth. There has been some moderate price erosion in single family homes looking at the median prices, with average housing prices actually holding relatively steady. Remember that this information is based on all sales and that some individual neighbourhoods are actually climbing in value. These tend to be the highly desirable established neighbourhoods, where recent changes in minimum lot size and lot splitting & in-fills are driving substantial increases in values. My opinion is

that these neighbourhoods are propping up the single family average house price. Smaller towns and average neighbourhoods are seeing price decreases.

Condominium pricing has seen the much more dramatic drop-off with noticeable price erosion in both mean and median pricing due to an over-supply.

Some positive economic news recently was certainly the NEB's report on Transmountain. Shovels in the ground for this project would most certainly boost consumer confidence in local real estate. On the rental front, the mortgage rules and lower confidence appear to be keeping some renters from making the choice to buy which is leading to lower vacancy rates.

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

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

Edmonton	2019	2018	2017	2016	2015
<b>House Avg. Price</b>	\$430,000	\$442,046	\$429,127	\$420,314	\$429,463
<b>Median Price</b>	\$392,500	\$397,750	\$395,000	\$402,850	\$400,000
<b>Condo Avg. Price</b>	\$222,267	\$238,013	\$236,183	\$250,093	\$257,153
<b>Median Price</b>	\$215,500	\$218,875	\$225,000	\$224,000	\$242,500
<b>Total Sales</b>	986	1,108	1,185	983	1,071
<b>Inventory (Month End)</b>	8,408	8,223	7,563	7,986	6,350

## Why Use an Appraiser?

Real Estate is usually the highest value asset in a person's portfolio. Whether you are a lender, property owner, attorney, realtor, company owner or investor, having a well-researched, un-biased opinion of value is vital in assisting you to make important decisions. As Certified and Licensed Appraisers, we are held to the highest professional standards and carry Professional Liability (Errors and Omissions) Insurance which protects our clients. We are here to help! We offer:

- Residential Appraisals including Acreages within 100+ Km of Edmonton and Calgary
- Commercial Appraisals
- Agricultural Appraisals
- Insurance (Replacement Cost) Appraisals
- New Construction Progress Inspections and Drive-by Inspections
- Relocation Appraisals
- weMeasure Homes – Insured Home Measurements for Real Estate Listings

## What Sets Us Apart

- A diverse team of ten dedicated appraisers with over 60 Years combined experience and geographical expertise
- Quick turn-around times and competitive pricing. We use leading edge technology to improve efficiency while maintaining the highest quality standards
- Commercial and Residentially Designated Appraisers
- Full-time support staff who ensure the entire process runs smoothly and that appointments are booked quickly
- Active study and knowledge of the Edmonton and Calgary real estate markets
- We are a trusted and reliable resource in the industry working with a wide range of clients
- Appraisals are easy to order and reports are sent immediately upon completion

*"I have used Northern Lights Real Estate Consulting on a number of foreclosures and have always been impressed by the level of professionalism shown, the quick turnaround time and the accuracy of the appraisals."*

**Kevin C. - Lawyer, Partner**

*"Northern Lights Appraisals did an excellent job for us. We had a rush job and they dropped everything to help ensure our clients' deadline was met. Their speed and professionalism was greatly appreciated."*

**Dan Pultr - Vice President  
The Mortgage Group**

*"I regularly use Northern Lights Appraisals for our rental properties. His attention to detail, both on-site and in his office, gives me confidence in the accuracy of his appraisals. I highly recommend Gerhardt Klann to anyone needing a residential appraisal."*

**Catherine Brooker, Remax Real Estate Agent**