

Housing market had two faces in 2010

By Mario Toneguzzi, Calgary Herald January 3, 2011 [Be the first to post a comment](#)

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The first part of the year was active. The second part flat. And it's left many people wondering what's in store for the housing market in 2011.

Photograph by: Ted Rhodes, Calgary Herald

CALGARY - This past year will be remembered as a tale of two different residential real estate markets in Calgary.

The first part of the year was active. The second part flat. And it's left many people wondering what's in store for the housing market in 2011.

Diane Scott, president of the Calgary Real Estate Board, said the year started off well particularly in the spring due to the low interest rates and the new homebuyers who came out before anticipated mortgage lending changes by Canada Mortgage and Housing Corp. There were also anticipated interest rate hikes, which never materialized.

"That was all very good but once those people kind of completed their buying in the spring then there wasn't a follow up," said Scott. "The next buying wave didn't occur for us. We needed more migration. We needed more job creation in order to maintain and to go forward. The economy itself kind of just stood very steady. There wasn't anything driving the economy. No stimulation for the economy. (The real estate market) stayed flat the rest of the year."

As for next year, Scott said the industry is hoping there will be more permanent job creation that will attract more people to the city.

"That will be the thing that will direct the market," she said.

Year-to-date official statistics by CREB, up to and including November, showed total MLS sales in the single-family home market were 11,361 for the 11 months, down 16.73 per cent compared with the same period in 2009, and the average sale price was up by 4.67 per cent to \$462,425.

During the same time frame this year, the condo market had sales off by 18.81 per cent to 4,861 transactions while the average price increased by 2.36 per cent to \$290,153.

And it appears the year is ending on a soft note looking at preliminary, unofficial MLS numbers for December. According to the website of realtor Mike Fotiou, of First Place Realty, there were only 711 December single-family home sales up to and including Thursday, for an average price of \$439,892. There were 310 condo transactions for an average of \$283,245.

In December 2009, there were 799 single-family home sales for an average sale price of \$451,349 and 341 condo sales for an average of \$288,640.

Richard Cho, senior market analyst in Calgary for Canada Mortgage and Housing Corp., said overall residential MLS sales for 2011 in the Calgary census metropolitan area are forecast to rise by two per cent from 20,300 this year to 20,700 with prices to increase 0.5 per cent from \$399,000 to \$401,000.

"Although interest rates remain relatively low, which supported demand early in the year, many of the factors that are necessary to sustain demand were slow to improve. Subdued growth in employment, wages and net migration contributed to a moderation in sales that we saw for most of this year," said Cho.

As the economy continues to improve, demand for homeownership is anticipated to gradually rise, he said.

03/01/2011

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"The pace of sales is expected to be somewhat tempered at the start of the new year, but pick up in the latter half of the year," added Cho.

In the Calgary CMA, sales are forecast to decline by 18.4 per cent this year from 2009 and the average sale price will increase by 3.4 per cent.

"It was a funny year. The market didn't really seem to have a lot of direction either way," said Todd Hirsch, senior economist with ATB Financial in Calgary. "There seemed to be a lot of apprehension and a lot of people trying to anticipate what's going to happen next, especially with mortgage rates. And that drove a lot of the market in the beginning.

"But then what we expected to happen didn't materialize and it really changed everyone's enthusiasm for buying right away so everything just kind of softened. And now it just seems to be kind of on auto drive. Not really moving in one way or the other."

Hirsch said he expects 2011 to be similar to 2010, as no one can anticipate when the mortgage rates will rise.

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