

Calgary MLS home sales drop to lowest level in years

But average prices continue to rise

By Mario Toneguzzi, Calgary Herald January 5, 2011 [Comments \(35\)](#)

- [Story](#)
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Single-family MLS sales in Calgary plunged to their lowest level in more than a decade in 2010.

Photograph by: Leah Hennel, Calgary Herald

CALGARY - It will be remembered as one of the worst years for Calgary's residential real estate market in recent years.

Data released Tuesday by the Calgary Real Estate Board showed single-family MLS sales in the city were the lowest in 2010 in more than a decade and condominium transactions were the lowest since 2001.

"In 2010, we saw a big correction in the real estate market coming off a couple of years where the market was maybe a little ahead of itself," said Todd Hirsch, senior economist with ATB Financial in Calgary. "We shouldn't be too surprised to see the market pulling back in 2010.

"Key factors are people rushed into the market ahead of interest rate increases. So that brought the market a little bit forward in even 2009. That just left a very thin market in 2010. The pool of potential buyers was just that much smaller."

CREB reported that there were 12,095 single-family home sales in 2010 for an average MLS sale price of \$461,144 and a median price of \$406,000. The average price increased by 4.25 per cent from 2009 while the median price was up 3.57 per cent but sales dropped by 16.2 per cent.

In the condo market, there were 5,181 transactions in 2010 for an average price of \$289,697 and a median price of \$266,500. Sales were off by 18.1 per cent from a year while the average price increased by 2.1 per cent and the median price rose by 2.5 per cent.

"Undoubtedly housing markets in Alberta and Calgary underperformed in 2010 as sales recoveries did not materialize as forecast. In many ways, re-sales in 2010 showed a repeat of 2008 with a short-lived resurgence in the first few months when confidence returned to the market," said Diane Scott, CREB's president.

"Employment and net migration have been slower to pick up here in Calgary - and these are key drivers of our housing market. The good news is we are now seeing marked improvements in investment and employment in the energy sector. We believe these green shoots in our economy, supported by improved affordability and low interest rates will eventually translate into a gradual recovery of our housing market as we move into 2011."

Garth Turner, a national author and speaker on the real estate industry, said he was not surprised by the plunge in the Calgary housing industry in 2010.

"The second half of the year, particularly in all major markets Calgary included, was personified by continual year-over-year drops in sales volumes," he said. "And although the real estate community put lipstick on a pig and suggested there were monthly improvements, the reality is that we still had a lousy year."

One of the main reasons for the decline is that most families are "tapped out" financially and household debt has reached a historic high in the country.

"Mortgage financing has never been higher and yet wages aren't going up and the unemployment scene, although slightly better, remains bad," he said. "It's not an environment in which a lot of people would actually be running out and buying houses. That's despite the fact

w e've had these absurdly low interest rates.

"I think 2010 will go down as the year of lousy sales and 2011 is going to go down as the year of lousy prices ... We've got a very strong trend line that has now been established w herein even in this environment of incredibly low interest rates w e've had buyers on strike. Buyers I believe are convinced that prices are going to go low er. That's w hy w e're seeing buyer resistance."

CREB reported that sales in the month of December continued their decline from year-ago levels. In fact, single-family home sales during the month w ere the low est monthly sales figures since January 2009 (550). In December, there w ere 734 sales for an average price of \$441,341 and a median price of \$389,000 compared w ith December 2009 w hen there w ere 799 transactions for an average price of \$451,349 and a median price of \$401,000.

In the condo market, there w ere 320 sales in December for an average price of \$282,768 and a median price of \$258,500. In December 2009, there w ere 341 condo sales for an average price of \$288,640 and a median price of \$265,000.

Richard Cho, senior market analyst in Calgary for Canada Mortgage and Housing Corp., said 2010 w as an up and dow n year in the Calgary real estate market.

"At the start of 2010, w e had benefited from the momentum that w as built up in the latter half of 2009 w ith mortgage rates being historically low ," said Cho. "How ever, w ith employment and net migration slow to improve (in 2010) sales activity began to moderate going into the summer."

mtoneguzzi@calgaryherald.com

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