creb®

2022
FORECAST

The forecasts included in this document are based on information available as of December 31th, 2021.

Prepared by Ann-Marie Lurie, CREB® Chief Economist.
Edited by Tyler Difley. Designed by Rachel Niebergal.

2022 CREB® FORECAST SUMMARY

Housing market sales in 2022 are expected to moderate relative to record levels of activity in 2021, while remaining stronger than historical levels.

Rising lending rates are expected to cool some of the demand later this year, but rates are still exceptionally low, supporting strong housing sales, especially from those who experienced increased savings and equity gains throughout the pandemic. Economic improvements are also expected to support both job and population growth, adding new sources of demand for housing. Overall, all of these factors point toward relatively strong sales in 2022.

Throughout the pandemic, supply has been a struggle for many industries, including the housing market. New listings have improved, but it has not been enough to offset high sales levels, keeping inventories relatively low and likely limiting sales growth in the market. As we move through 2022, new listings in the resale market should remain relatively strong thanks to higher home prices. At the same time, the new-home sector recorded a surge in starts last year. The completion of those starts should help add to overall supply choice in the market.

> ***It will take time for the housing market to move out of sellers' conditions, supporting further price gains this year.***

Supply levels are expected to improve relative to demand this year. However, conditions are expected to remain relatively tight throughout the spring market, supporting further price gains. As the market balance gradually improves, upward price pressure in the housing market should ease. Overall, annual price growth is expected to slow to four per cent in 2022.

TOP CONSIDERATIONS FOR 2022:

COVID-19 IMPACTS ON ECONOMY AND INFLATION

Supply disruptions caused by COVID-19 are expected to ease in 2022. However, if new variants emerge that delay a full re-opening, this could impact the economic recovery, while prolonging supply challenges and inflationary pressure.

LENDING

The Bank of Canada is expected to increase interest rates in 2022. While gradual gains are anticipated, rates are expected to remain below pre-pandemic levels – low enough to continue to support housing demand, but not at the pace seen in 2021.

POPULATION

The flow of migration will be an important component of sustaining high levels of demand in housing markets.

HOUSING SUPPLY

New construction and elevated levels of listings in the resale market are expected to help add to the undersupplied housing market. The spring market is expected to remain relatively tight, but if supply levels do not start to improve in the second half of the year, this will have significant implications for home prices.

FORECAST RISK

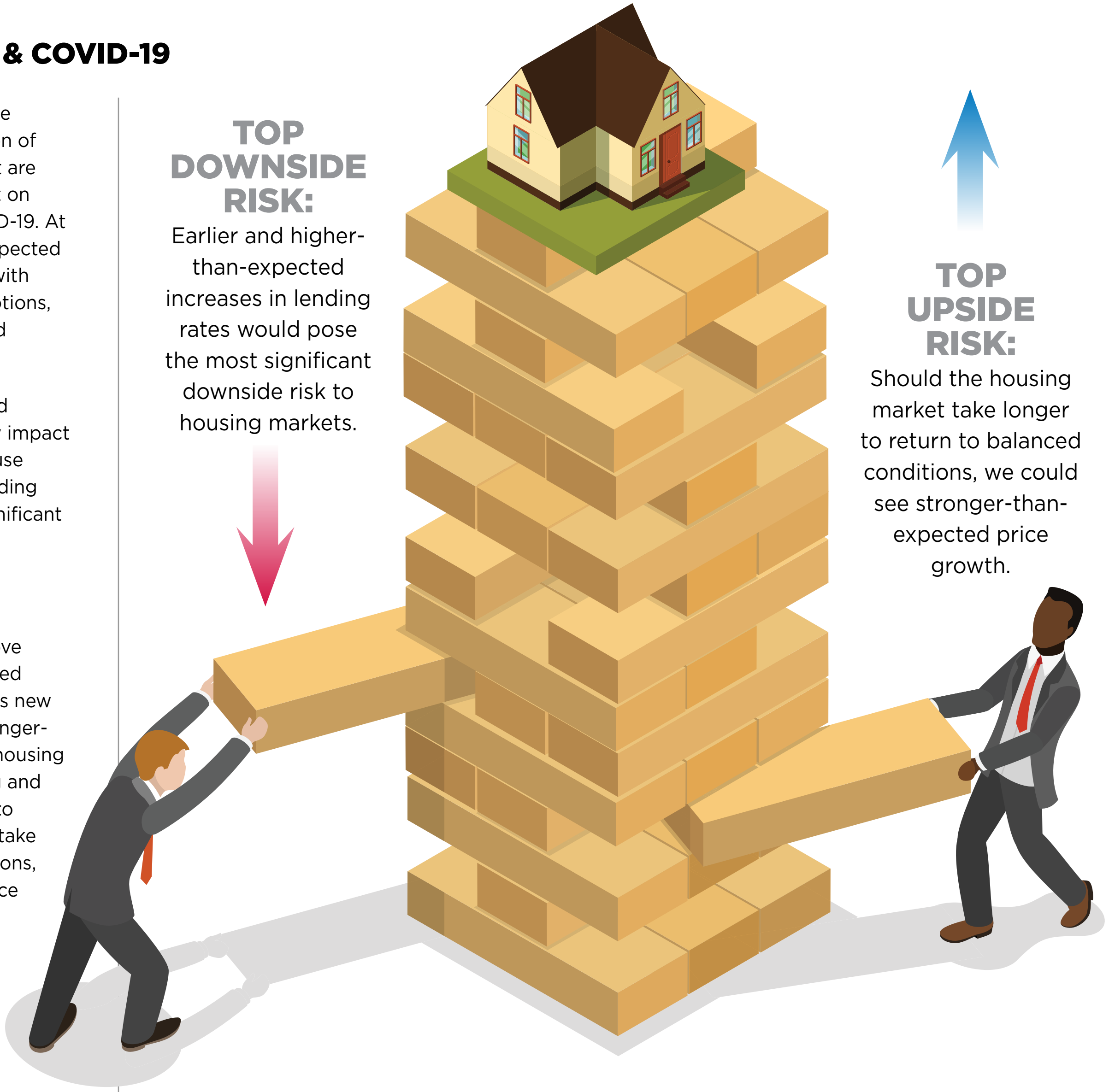
INFLATION, LENDING & COVID-19

There is significant uncertainty in the economy, as the impact and duration of ongoing supply issues in the market are unknown and somewhat dependent on further disruptions caused by COVID-19. At the same time, energy prices are expected to rise. Higher energy costs, along with longer-than-expected supply disruptions, could result in higher-than-expected inflation.

Persistent and higher-than-expected inflationary pressure would not only impact the cost of living, but could also cause an earlier and higher increase in lending rates. This would pose the most significant downside risk to housing demand.

HOUSING SUPPLY

Supply levels are expected to improve relative to demand. However, renewed confidence in the energy sector, plus new industry growth, could result in stronger-than-expected housing demand. If housing demand remains persistently strong and building delays and costs continue to increase, the housing market could take longer to return to balanced conditions, causing stronger-than-expected price growth in the resale market.



TOP DOWNSIDE RISK:

Earlier and higher-than-expected increases in lending rates would pose the most significant downside risk to housing markets.

TOP UPSIDE RISK:

Should the housing market take longer to return to balanced conditions, we could see stronger-than-expected price growth.

ECONOMIC UPDATE

Despite risks surrounding the pandemic, the outlook for our economy is far more promising than it was a few years ago, with renewed optimism coming from the energy sector and growth prospects in the tech industry. Improving economic activity, job growth and the slow return of migration to the city are expected to continue supporting relatively strong housing activity into 2022.

Thanks to energy prices that were far better than anticipated, there have been some improvements in the energy sector, which are expected to continue into 2022. While West Texas Intermediate (WTI) prices for 2022 are expected to average $71 per barrel, the confidence interval around that forecast is wide weighted on the upper price ranges. Higher prices have improved profitability for many companies that have struggled since 2014 and increased production and drilling are expected this year. While conditions remain far from 2014, this shift is welcome news for Alberta's largest industry. What remains to be seen is whether the improved profitability will translate into a significant increase in investment and jobs.

> ***Thanks to energy prices that were far better than anticipated, there have been some improvements in the energy sector, which are expected to continue into 2022.***

COVID-19 has impacted many aspects of our economy, causing a shift toward a hybrid work scenario and more e-commerce. While it remains to be seen how many of these shifts will last, 2022 is expected to bring about a full re-opening of the economy. With the end of the pandemic, the economy is expected to grow and see a rebuilding of the sectors most severely impacted by public health measures.

LONG-TERM OPTIMISM

The energy sector remains important to the Calgary economy, both now and into the future. However, announcements from several tech companies planning on setting up offices in the city signal an important shift toward diversification and optimism regarding future growth. It will take time, but the collaborative work between business leaders and policy makers could help support a turnaround in our economy beyond the pandemic.

Ability to attract and retain talent hinges on employment opportunities and lifestyle. Housing is an important component of lifestyle. While the pandemic did result in a turnaround in our housing market, Calgary remains relatively affordable compared with other large cities in the country. This relative affordability of housing could be a factor in attracting and retaining talent in the city.

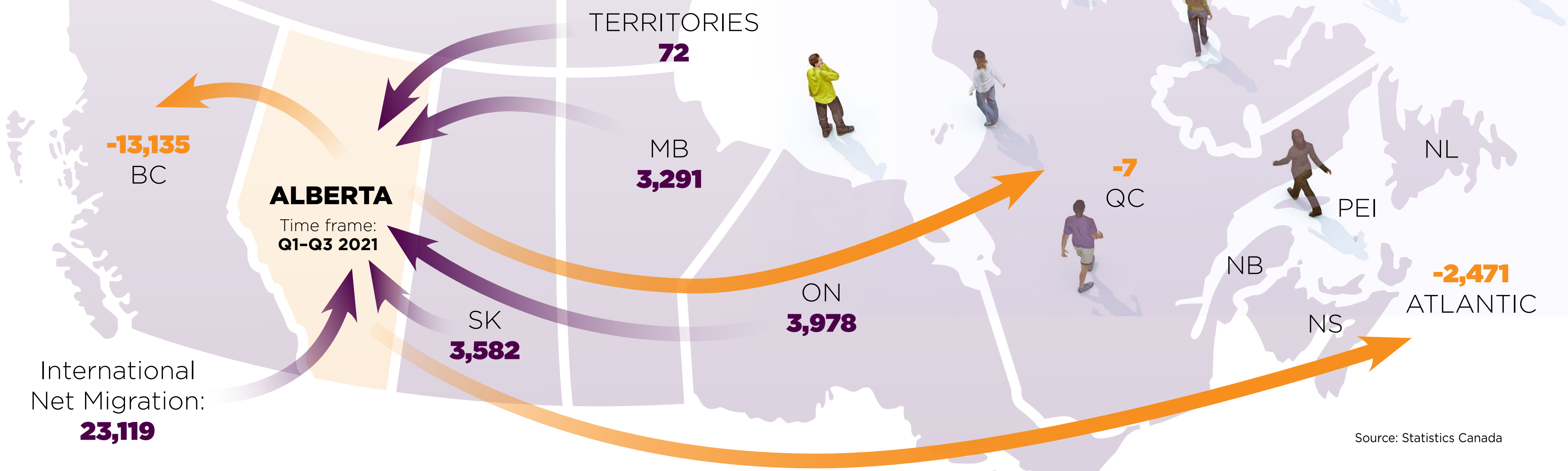
POPULATION

Since the second half of 2020, the housing market has thrived, but much of this activity has been driven by the existing population. Since 2015, we have seen more Canadians leave Alberta for other parts of the country. However, prior to COVID-19, international migration helped offset the losses to other provinces. Just as the migration patterns were showing signs of improvement, the pandemic arrived, impacting both interprovincial migration and international migration and contributing to some of the weakest population growth figures seen since the late ’80s.

As of the third quarter of 2021, Alberta finally started to see a shift in population figures. After five consecutive quarters of losses, net interprovincial migration improved and international migration returned to levels not seen since the fourth quarter of 2019.

With the worst of the pandemic expected to be behind us, forecasts point to a gradual improvement in growth in 2022. The rate of growth is expected to improve in the second half of the year, thanks to gains in both international and interprovincial migration.

Recent estimates of Calgary census metropolitan area (CMA) indicate that population growth has not been as slow as provincial levels. In fact, growth estimates throughout the pandemic have remained higher than levels recorded during the 2016-2017 period, thanks to smaller outflows of people to other provinces. This is likely one factor that has contributed to Calgary seeing the largest growth in sales relative to most other larger cities in the province. Moving forward, Calgary’s population growth is expected to continue to outpace provincial growth rates, supporting housing demand in 2022.



Source: Statistics Canada

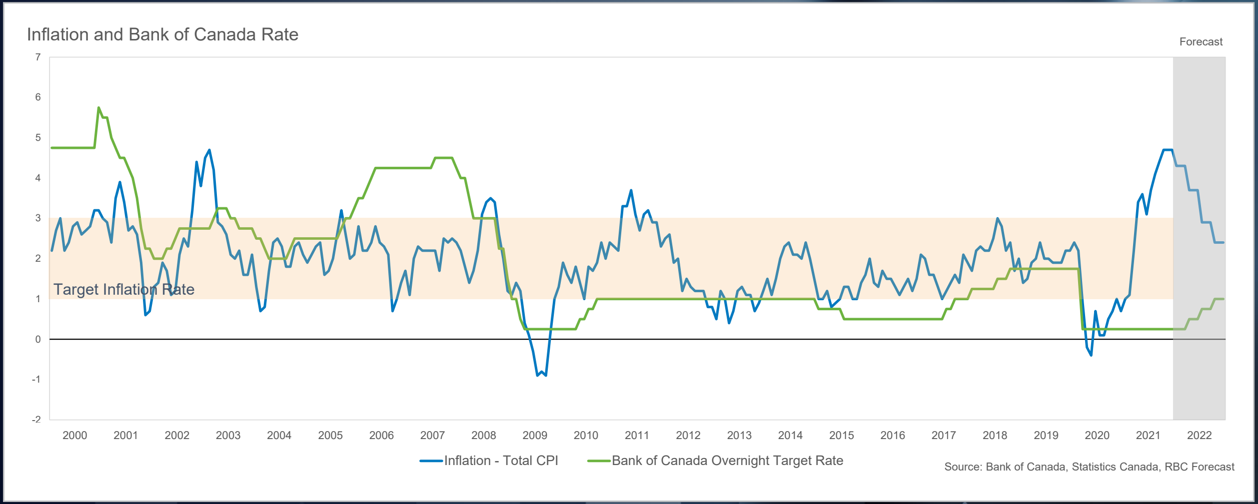
INTEREST RATES & INFLATION

Rising inflation, and the debate about whether it is temporary, are creating some uncertainty in the market. Persistent inflation has implications for lending rates, impacting businesses, consumers and overall economic activity.

Supply constraints, higher energy prices, and rising food and shelter costs are all contributing to inflation. While inflationary pressures were expected to start to ease, they have been more persistent. On this basis, the Bank of Canada has indicated that rates will likely rise in 2022, sooner than original expectations. The central bank still expects the pressure on inflation will persist in early 2022, but it should start to move closer to the two per cent target range by late 2022.

> ***Supply constraints, higher energy prices, and rising food and shelter are all contributing to inflation.***

Forecasts vary, but mortgage rates are expected to rise by 50-75 basis points. Rising rates are expected to contribute to slightly slower demand in the housing market in 2022. However, rates are expected to stay exceptionally low and remain stimulative for the housing market.


Inflation and Bank of Canada Rate

Source: Bank of Canada, Statistics Canada, RBC Forecast

EMPLOYMENT

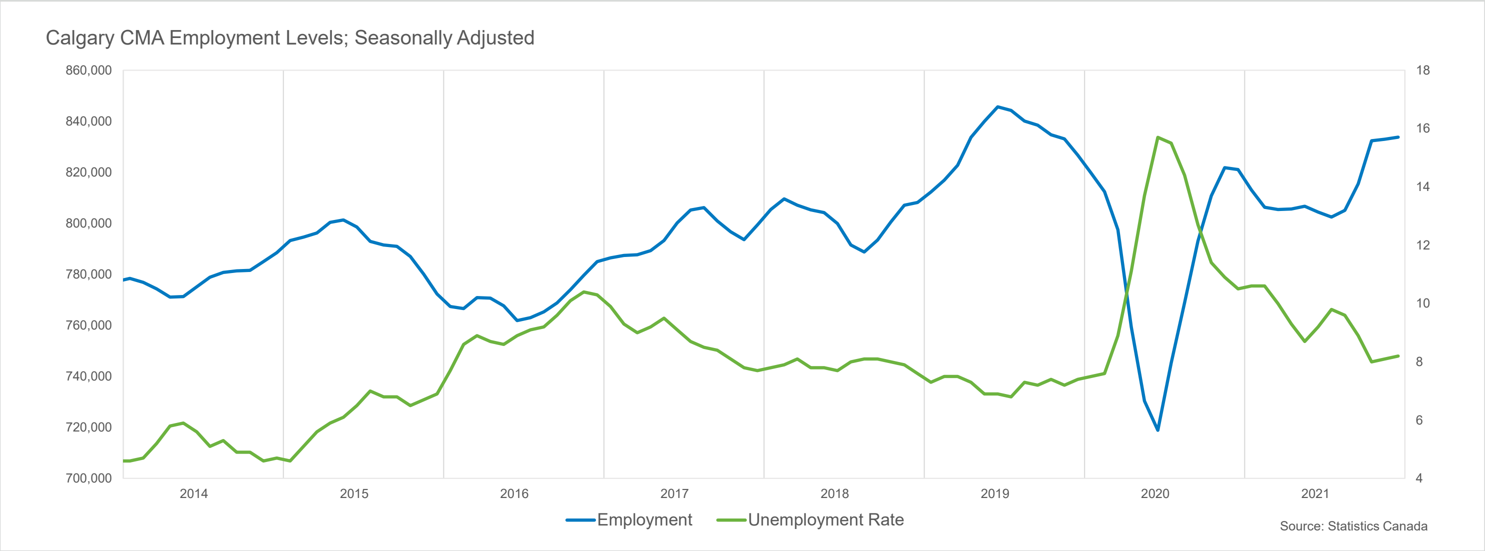
Following the dramatic decline in jobs in 2020, it is not a surprise that employment levels increased by over four per cent in 2021. Employment gains since September, in particular, were exceptionally strong in Calgary. As of December, employment levels pushed above 833,000, higher than pre-pandemic levels and just shy of peak employment that occurred in June 2019.

Job growth occurred for both full- and part-time positions across a wide range of industries. As of December 2021, sectors such as construction; wholesale and retail trade; finance, insurance and real estate; and professional and technical services not only recovered from the start of the pandemic, but soared to near or above previous highs in the market. These improvements, especially in the professional and technical services sector, will help support further demand growth in the housing market.

Employment gains are expected to continue into 2022, with annual gains forecasted to rise by nearly five per cent. With COVID-19 expected to be mostly behind us, the largest gains in jobs are expected in some of the hardest hit areas, including accommodation and food; arts, entertainment and recreation; and transportation and warehousing. Further gains are also expected in some of our higher-paying industries, including the primary, utilities and manufacturing sectors. The only sector expected to see additional pullback is educational services.

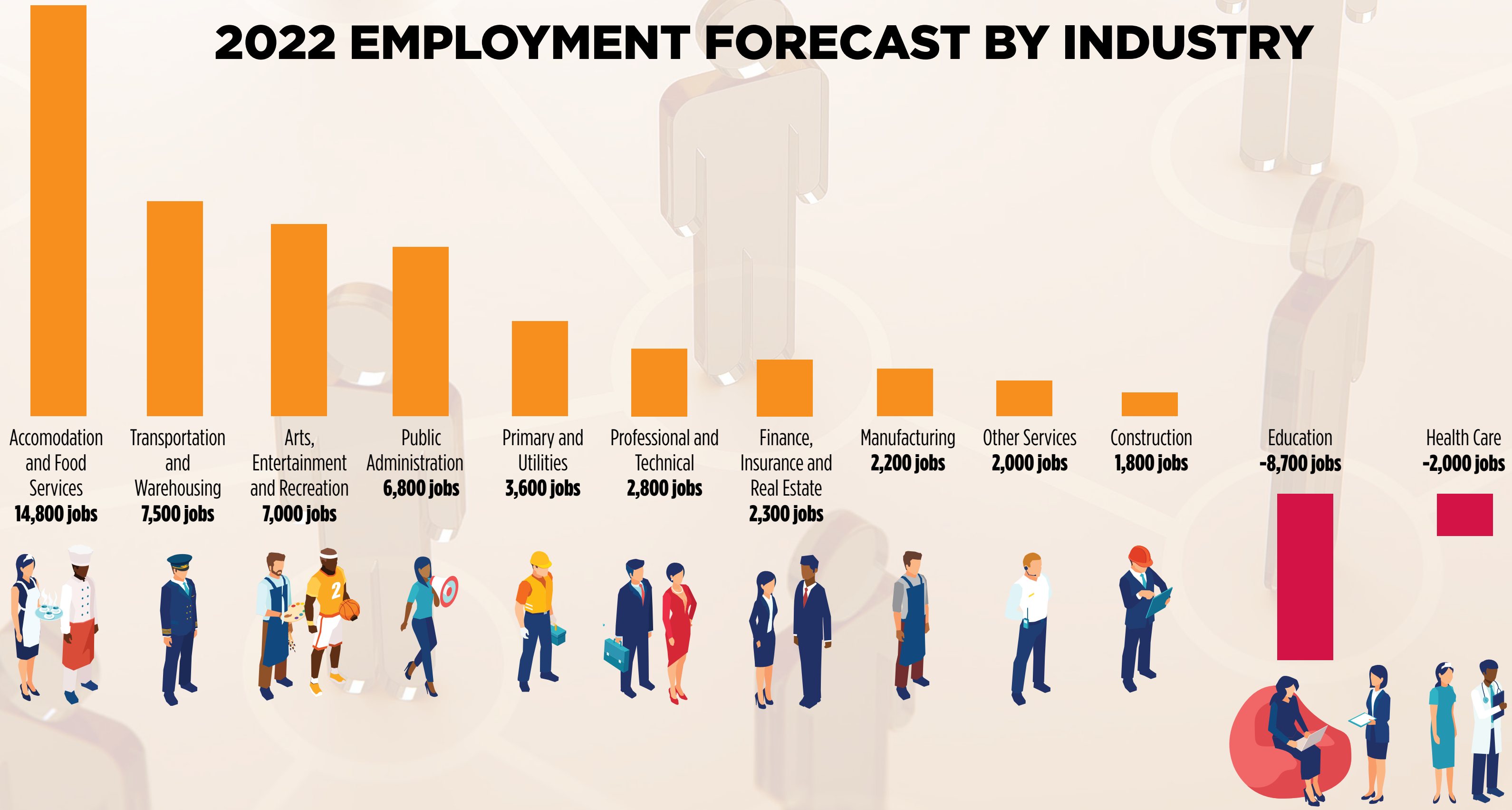
Unemployment rates are also expected to trend down, but to levels that remain higher than pre-pandemic levels. This is, in part, due to gains in the labour force, as more people re-enter the job market. This could also be related to some of the concerns regarding the mismatch between job seekers and job availability.

Some sectors have been struggling to find qualified workers despite higher unemployment levels, somewhat evidenced by rising job vacancy rates. The mismatch would likely also create divergent trends in wages, with sectors experiencing high job vacancies seeing steeper wage growth relative to other sectors. To date, wages have been generally trending up, but not necessarily at the same pace as inflation, impacting growth in disposable income in 2021. As we move into 2022, wages are expected to rise, supporting gains in household income.



Source: Statistics Canada

2022 EMPLOYMENT FORECAST BY INDUSTRY



Source: Conference Board of Canada Forecast and Statistics Canada

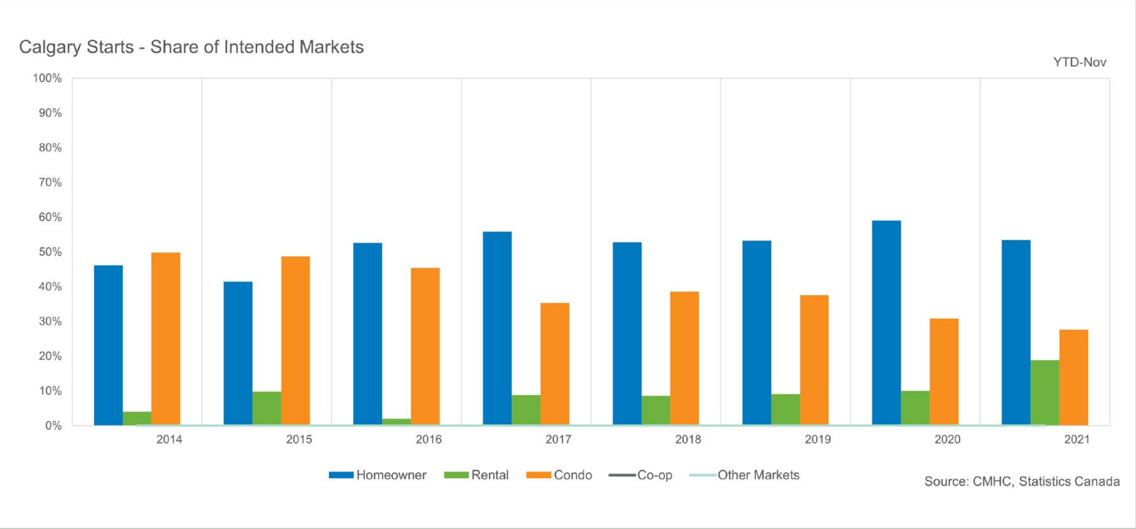
NEW HOME

COVID-19 created challenges for homebuilders. Early in the pandemic, lumber prices soared, adding to construction costs. Price levels have since come down from those highs, but the industry is now facing a number of product and material shortages that are causing delays in home completions and increasing labour and material costs.

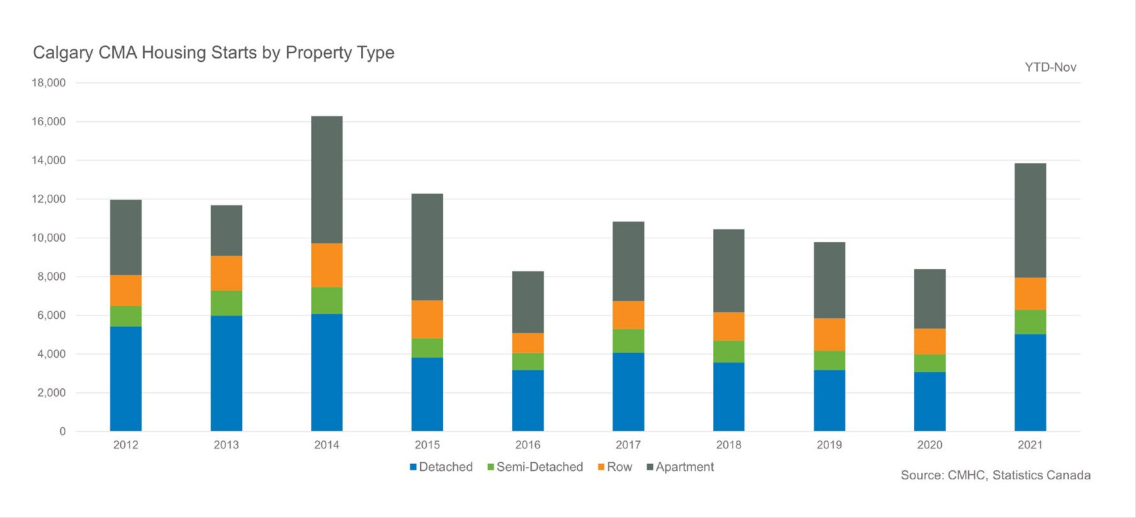
Despite these challenges, with one month of data still outstanding, housing starts rose by 65 per cent in 2021, reaching the best levels seen in over six years. While starts improved across all property types, there were notable gains for rental properties. Purpose-built rental properties reflected 19 per cent of all starts, much higher than the six per cent average seen over the past decade.

> ***The industry is now facing a number of product and material shortages that are causing delays in home completions and increasing labour and material costs.***

With 11 months of data available in 2021, starts have already exceeded the forecasted levels for the Calgary CMA. While starts are forecasted to ease in 2022, activity is expected to remain high enough to support some modest improvements in new-home supply levels.



Source: CMHC, Statistics Canada

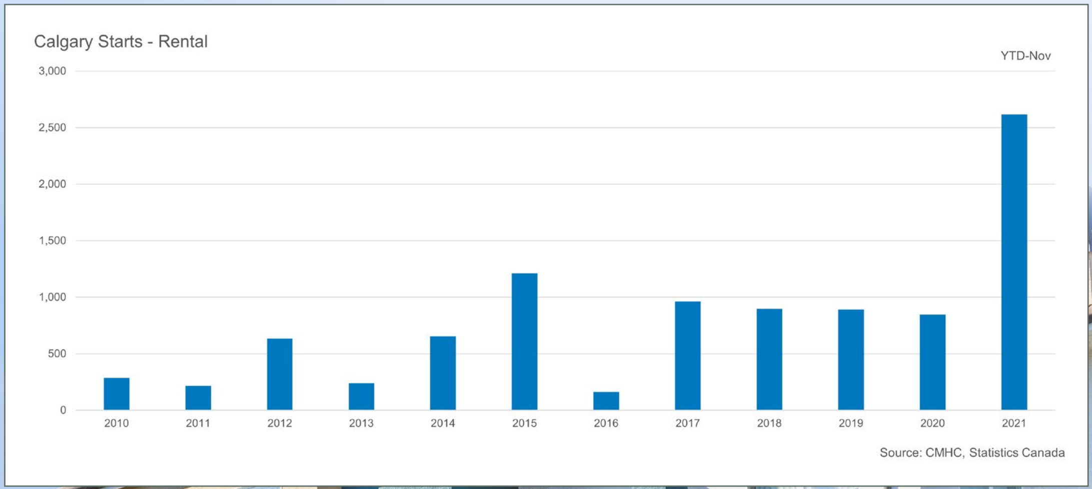


Source: CMHC, Statistics Canada

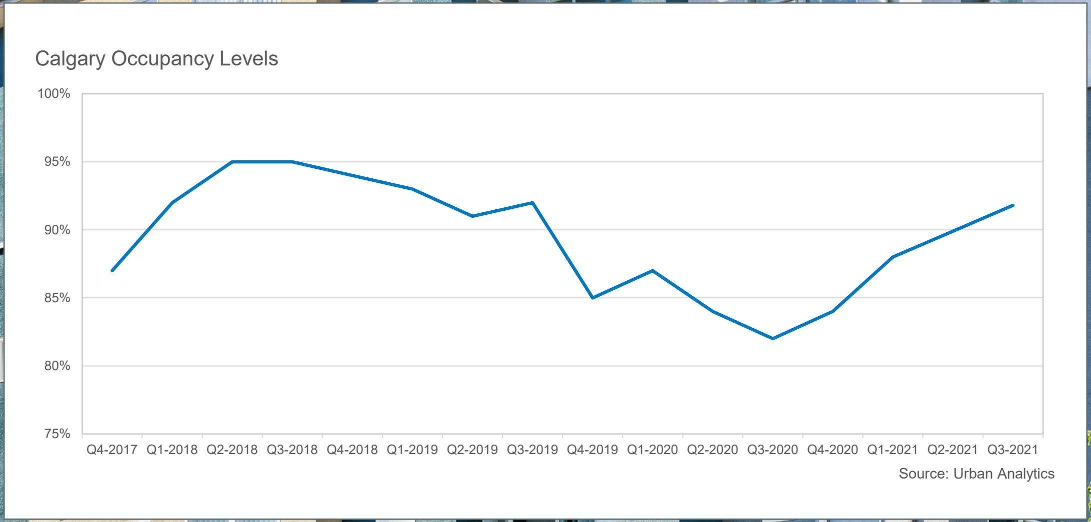
RENTAL

Low lending rates and weak migration figures due to the pandemic had an impact on rental markets, causing vacancies to rise in 2020. As we moved through 2021, we did start to see a shift, with vacancy rates beginning to improve along with rental rates. Vacancy rates are still higher than historical levels, but this trend of improvement is expected to continue as we move into 2022 and the eventual return of migrants.

Investors are also betting on a rise in rental demand and rates, as rental starts in Calgary rose to 2,616 units with one month left of data in 2021, the highest year-to-date total on record. The additional rental product will take some time to complete, allowing migration to catch up with activity.



Source: CMHC, Statistics Canada



Source: Urban Analytics

CALGARY RESALE MARKET ACTIVITY
2021 REVIEW

Housing market activity in 2021 far exceeded our expectations, as sales in the city surpassed record highs set back in 2006. Both sales and prices were expected to improve, but the annual pace of growth was far stronger than forecasted. Demand was exceptionally strong throughout the spring as expected, but supply levels did not rise enough to meet that demand, causing stronger-than-expected price growth. The pace of sales growth did slow through the latter half of the year, but the growth was still stronger than the gains in new listings, preventing the market from returning to balanced conditions.

The persistent sellers' market conditions in 2021 contributed to an annual price gain of over eight per cent. After significant price declines for the better part of the past five years, the shift toward sellers' market conditions helped support the recovery in home prices. Home prices hit new highs in the detached and semi-detached sectors, but improvements in the row and apartment sectors were not enough to support full price recovery.

Sales 27,686	▲	**71% Y/Y**
New Listings 37,668	▲	**34% Y/Y**
Inventory 5,296	▼	**7% Y/Y**
Months of Supply 2.30	▼	**46% Y/Y**
Benchmark Price $451,567	▲	**8% Y/Y**

WHY WAS DEMAND SO STRONG?

Last year saw some of the lowest mortgage rates on record. Levels did rise from the lows reported earlier in the year, but rates remained far below what was available in the market before the pandemic. This was one of the main drivers of the strong housing demand growth recorded in 2021.

As restrictions prevented many from travelling or spending as much as they typically would on recreational activities, household savings improved across the country. Improved savings among those whose incomes were not impacted by the pandemic, as well as more hybrid work arrangements and our young demographic, led many consumers to purchase homes. Activity showed signs of slowing down moving into the fourth quarter. However, that abruptly changed as concerns over inflation and future rate increases supported another surge in demand from buyers looking to get into the market before any rate changes took effect.

Rising prices and longer construction timelines in the new-home sector caused many buyers to consider their options in the resale market, which saw a larger increase in activity relative to the new-home market in 2021.

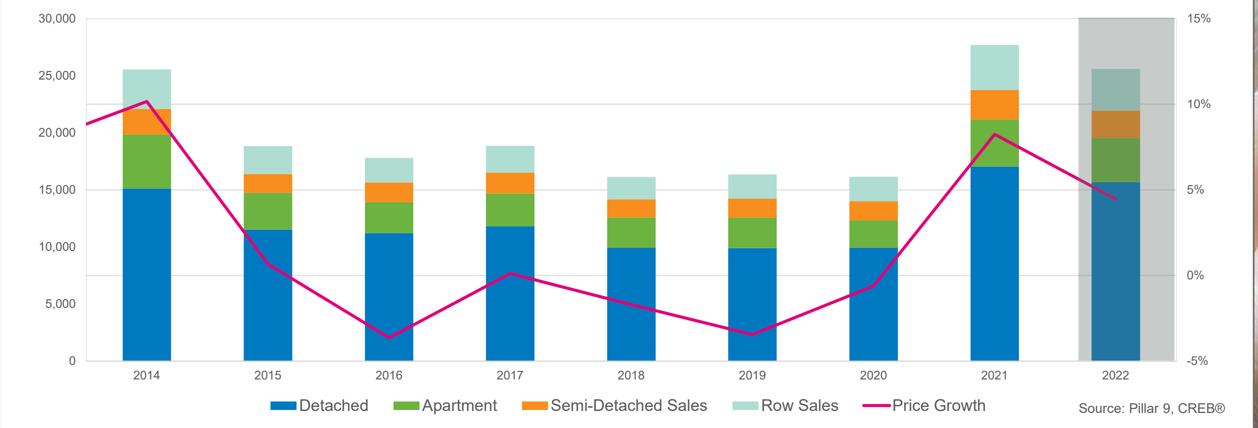
HOUSING IN 2022

Rising lending rates and higher home prices are expected to slow demand growth in 2022, bringing sales down from 2021's record levels. However, overall, levels are expected to remain much higher than long-term trends, reflecting a strong demand environment. As we move through the economic recovery and job prospects improve, demand for resale housing will remain relatively strong.

The challenge in 2022 is expected to be related to supply. Starts activity did improve last year, which should help with overall housing supply in 2022, but resale supply may struggle to remain at adequate levels to support balanced conditions throughout the earlier part of the year.

Higher prices should prevent a significant slide in new listings growth this spring, ensuring conditions are not as tight as in 2021. However, the return of more balanced conditions is not expected until the latter part of 2022. The slow return to balanced conditions is expected to continue to support price gains this year, albeit at a slower pace than in 2021. Overall, citywide annual prices are forecasted to increase by over four per cent.

Calgary - Sales and Price Growth Forecast



Source: Pillar 9, CREB®

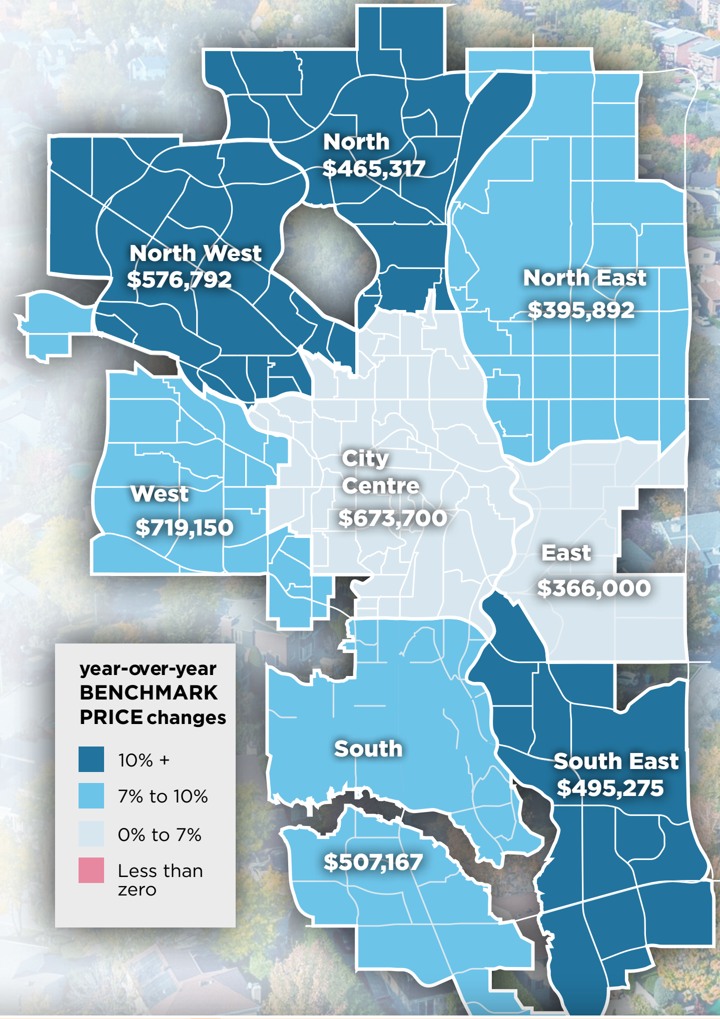
HOUSING MARKET **DETACHED**

The combination of consumers' desire for more space and easing lending rates helped detached home sales in 2021 improve by over 71 per cent compared to the previous year. The total of 17,038 sales was just shy of the record set in 2005. The strongest demand started in the lower price ranges, but supply eased, creating exceptionally tight conditions in the lower end of the market that impacted prices. The price gains in the lower end also provided more opportunity for move-up buyers looking to take advantage of those gains, as conditions were not as tight in the upper price ranges. However, by the end of the year, supply/demand balances tightened across every price range, with less than two months of supply for all detached homes priced under $700,000.

Persistent sellers' market conditions resulted in benchmark home prices rising by nearly 10 per cent in 2021, the highest increase among all property types. This reflected a full recovery and new record-high price for detached homes. Price gains did vary significantly from district to district, ranging from nearly 12 per cent in the South East to a low of six per cent in the City Centre. The City Centre was the only district where prices did not recover to previous highs.

As we move into 2022, we will be starting the year from a place of exceptionally low levels of supply relative to demand. From August 2021 onward, the sales-to-new-listings ratio remained around 80 per cent for the rest of the year, accelerating the decline in inventory levels and pushing the months of supply down to just over one month, something that has not happened in over a decade. The strong sales growth in 2021 far outpaced any gains in new listings, leaving inventory levels over 20 per cent lower than long-term trends.

Rising rates and higher prices should slow demand from the record levels seen in 2021, but demand is expected to remain relatively strong in 2022. At the same time, supply is still expected to struggle to keep pace, especially during the first half of the year. Supply options in the new-home market and higher prices should keep new listings above long-term averages, but it will take some time before the detached sector returns to more balanced conditions. With tight market conditions likely to persist during the early part of the year, detached home prices are expected to continue recording strong price gains, increasing by over five per cent in 2022.



SALES

2020	2021
9,948	17,038
0.51% year over year	71.27% year over year

NEW LISTINGS

2020	2021
15,364	21,192
-11.43% year over year	37.93% year over year

INVENTORY

2020	2021
2,778	2,345
-19.91% year over year	-15.60% year over year

BENCHMARK PRICE

2020	2021
$482,583	$529,483
0.21% year over year	9.72% year over year

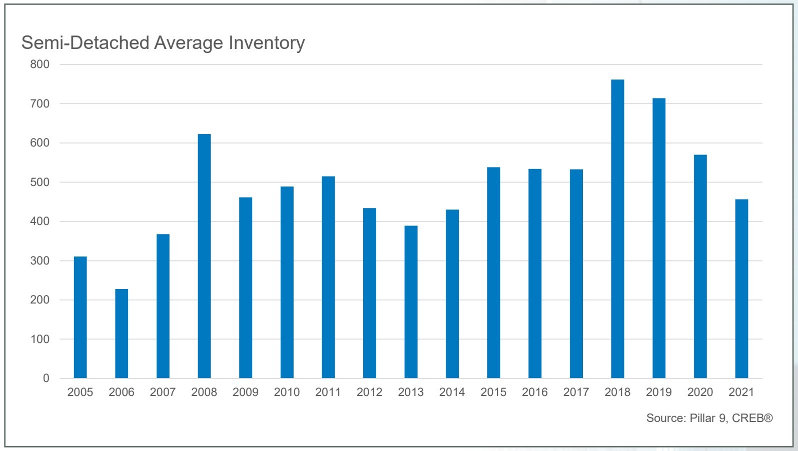
*source: CREB

HOUSING MARKET
SEMI-DETACHED

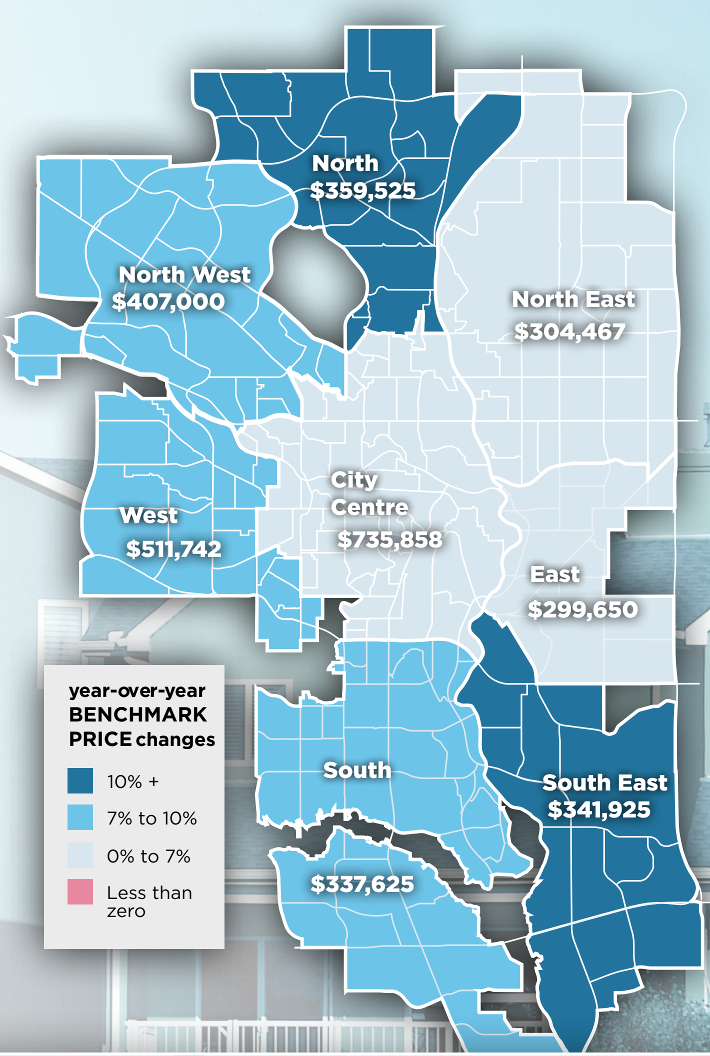
Demand for semi-detached homes remained exceptionally strong in 2021, reaching record levels and leading to sales nearly 50 per cent higher than long-term averages. New listings increased, but it was not enough to offset the sales growth. On average, inventories declined by nearly 20 per cent in 2021 and were nearly 16 per cent lower than long-term trends.

The end result was persistent sellers' market conditions in the semi-detached sector, resulting in an annual benchmark price gain of eight per cent in 2021. Price gains occurred in every district. Overall, prices recovered to previous highs, but prices in the City Centre, North East and South fell short of previous highs for those districts.

In 2022, sales activity is expected to slow but remain well above long-term trends. Like the detached sector, the semi-detached sector will take time to return to more balanced conditions, supporting further price gains in 2022 – albeit at a slower pace.


Semi-Detached Average Inventory

Source: Pillar 9, CREB®



SALES

2020	2021
1,663	**2,571**
-0.18%	**54.60%**
year over year	year over year

NEW LISTINGS

2020	2021
2.786	**3,453**
-13.59%	**23.94%**
year over year	year over year

INVENTORY

2020	2021
570	**457**
-20.16%	**-19.90%**
year over year	year over year

BENCHMARK PRICE

2020	2021
$389,100	**$420,433**
-1.30%	**8.05%**
year over year	year over year

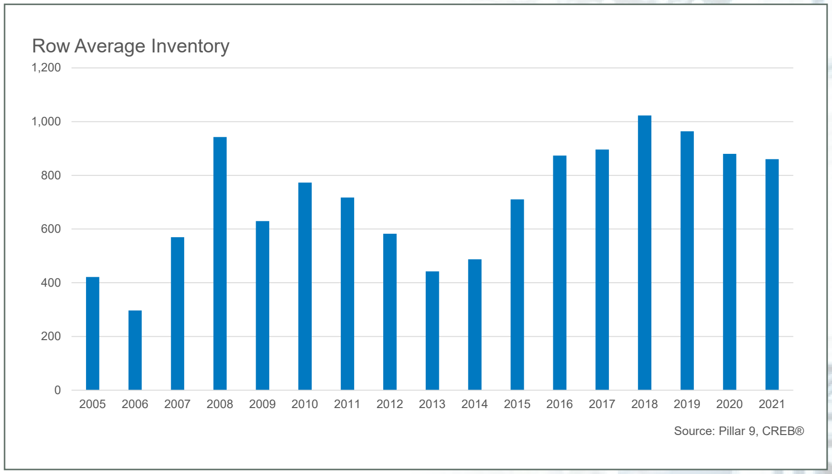
*source: CREB®

HOUSING MARKET
ROW

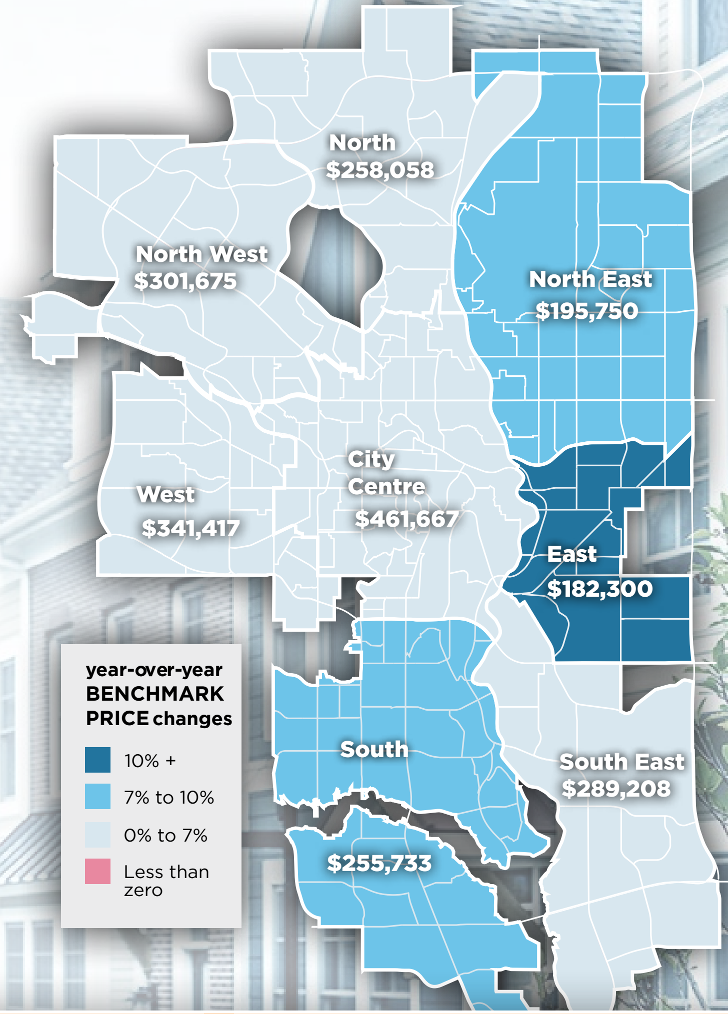
Row sales activity reached record levels in 2021, with 3,936 sales. Thanks to significant improvements in new listings earlier in the year, inventory levels improved throughout the busier spring months and conditions did not get as tight as what was seen in the detached or semi-detached sectors.

By the end of the year, persistent sales growth started to cause inventories to ease and market conditions to tighten to some of the lowest levels seen since 2014. As it did take longer for the market to shift into sellers' conditions, price gains were not as strong for row homes as they were for some home types. On an annual basis, row benchmark prices improved by six per cent. While the recent gains helped erase some of those losses, prices remain nearly nine per cent lower than previous highs.

Unlike detached and semi-detached homes, row home inventory levels remained higher than long-term averages in 2021. As demand slows, this segment of the market will move into balanced conditions sooner, as supply challenges were not as prevalent for this property type. These balanced conditions will slow the pace of price growth in 2022.



Source: Pillar 9, CREB®



SALES

2020	2021
2,145	**3,936**
1.61%	**83.50%**
year over year	year over year

NEW LISTINGS

2020	2021
4,063	**5,519**
-4.56%	**35.84%**
year over year	year over year

INVENTORY

2020	2021
880	**860**
-8.73%	**-2.23%**
year over year	year over year

BENCHMARK PRICE

2020	2021
$278,167	**$294,983**
-1.76%	**6.05%**
year over year	year over year

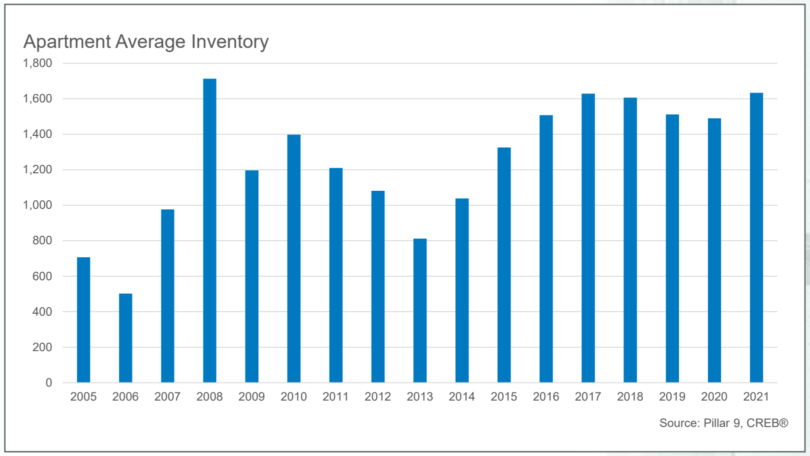
source: CREB

HOUSING MARKET
APARTMENT

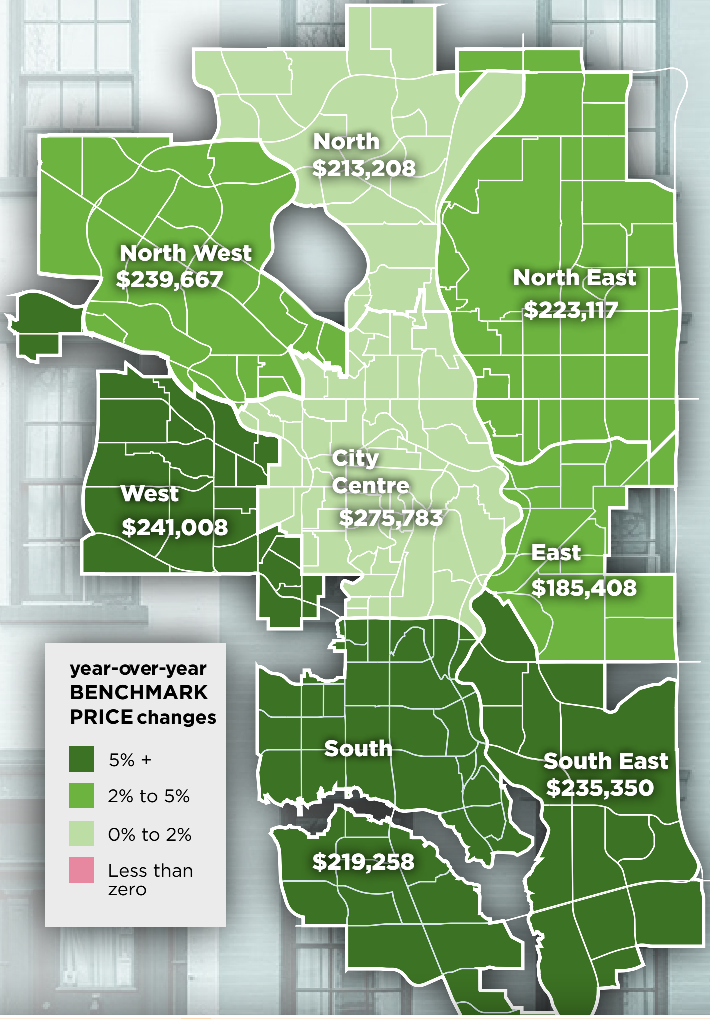
Prior to the pandemic, the apartment condominium sector was struggling with excess supply and consecutive annual price declines from 2015 to 2020. In 2021, we saw demand improve enough to help shift the market toward balanced conditions and those conditions supported price growth of just over two per cent. The reversal in price trends is welcome news to condo sellers, but this segment never saw conditions shift to favour the seller and prices remain over 14 per cent lower than previous highs.

In 2021, average inventory levels for apartment condominiums were still higher than levels seen in 2020 and well above long-term trends. Unlike other property types, where both demand growth and supply restrictions drove the sellers' market conditions, balanced conditions in the apartment sector were driven by the growth in demand.

In 2022, rate gains and further price increase are expected to keep demand in this sector relatively strong, as more people seek out affordable product. However, given that supply levels are not an issue, we do not expect to see any further tightening in this market. Persistent balanced conditions should continue to support modest price growth for apartment condominiums in 2022.



Source: Pillar 9, CREB®



SALES

2020	2021
2,393	**4,141**
-10.34%	**73.05%**
year over year	year over year

NEW LISTINGS

2020	2021
5,952	**7,504**
-2.14%	**26.08%**
year over year	year over year

INVENTORY

2020	2021
1,490	**1,634**
-1.44%	**9.65%**
year over year	year over year

BENCHMARK PRICE

2020	2021
$245,300	**$251,358**
-1.79%	**2.47%**
year over year	year over year

*source: CREB

COAST TO COAST
A CROSS-COUNTRY COMPARISON

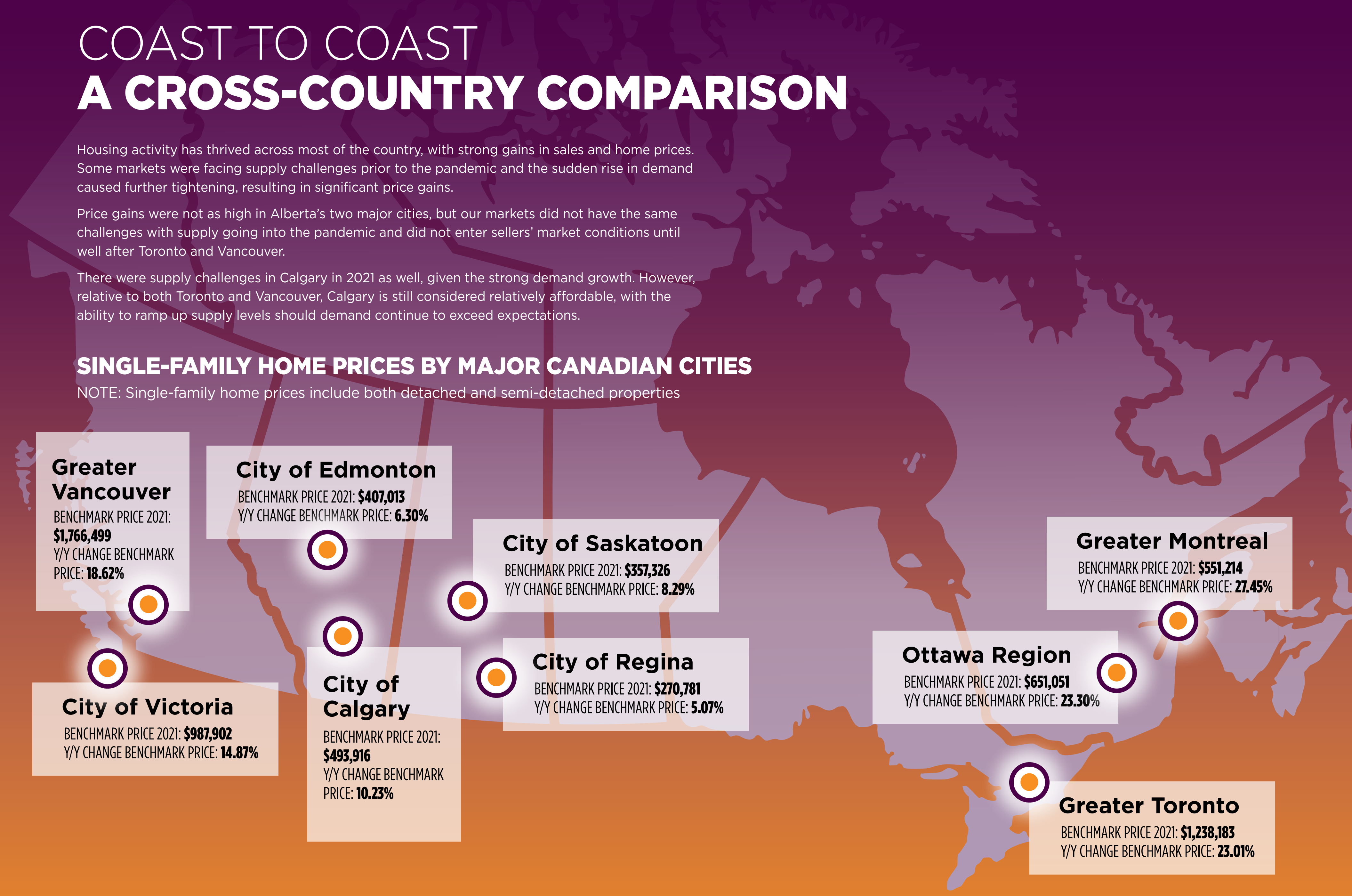
Housing activity has thrived across most of the country, with strong gains in sales and home prices. Some markets were facing supply challenges prior to the pandemic and the sudden rise in demand caused further tightening, resulting in significant price gains.

Price gains were not as high in Alberta's two major cities, but our markets did not have the same challenges with supply going into the pandemic and did not enter sellers' market conditions until well after Toronto and Vancouver.

There were supply challenges in Calgary in 2021 as well, given the strong demand growth. However, relative to both Toronto and Vancouver, Calgary is still considered relatively affordable, with the ability to ramp up supply levels should demand continue to exceed expectations.

SINGLE-FAMILY HOME PRICES BY MAJOR CANADIAN CITIES

NOTE: Single-family home prices include both detached and semi-detached properties



Greater Vancouver

BENCHMARK PRICE 2021: **$1,766,499**
Y/Y CHANGE BENCHMARK PRICE: **18.62%**

City of Edmonton

BENCHMARK PRICE 2021: **$407,013**
Y/Y CHANGE BENCHMARK PRICE: **6.30%**

City of Saskatoon

BENCHMARK PRICE 2021: **$357,326**
Y/Y CHANGE BENCHMARK PRICE: **8.29%**

Greater Montreal

BENCHMARK PRICE 2021: **$551,214**
Y/Y CHANGE BENCHMARK PRICE: **27.45%**

City of Victoria

BENCHMARK PRICE 2021: **$987,902**
Y/Y CHANGE BENCHMARK PRICE: **14.87%**

City of Calgary

BENCHMARK PRICE 2021: **$493,916**
Y/Y CHANGE BENCHMARK PRICE: **10.23%**

City of Regina

BENCHMARK PRICE 2021: **$270,781**
Y/Y CHANGE BENCHMARK PRICE: **5.07%**

Ottawa Region

BENCHMARK PRICE 2021: **$651,051**
Y/Y CHANGE BENCHMARK PRICE: **23.30%**

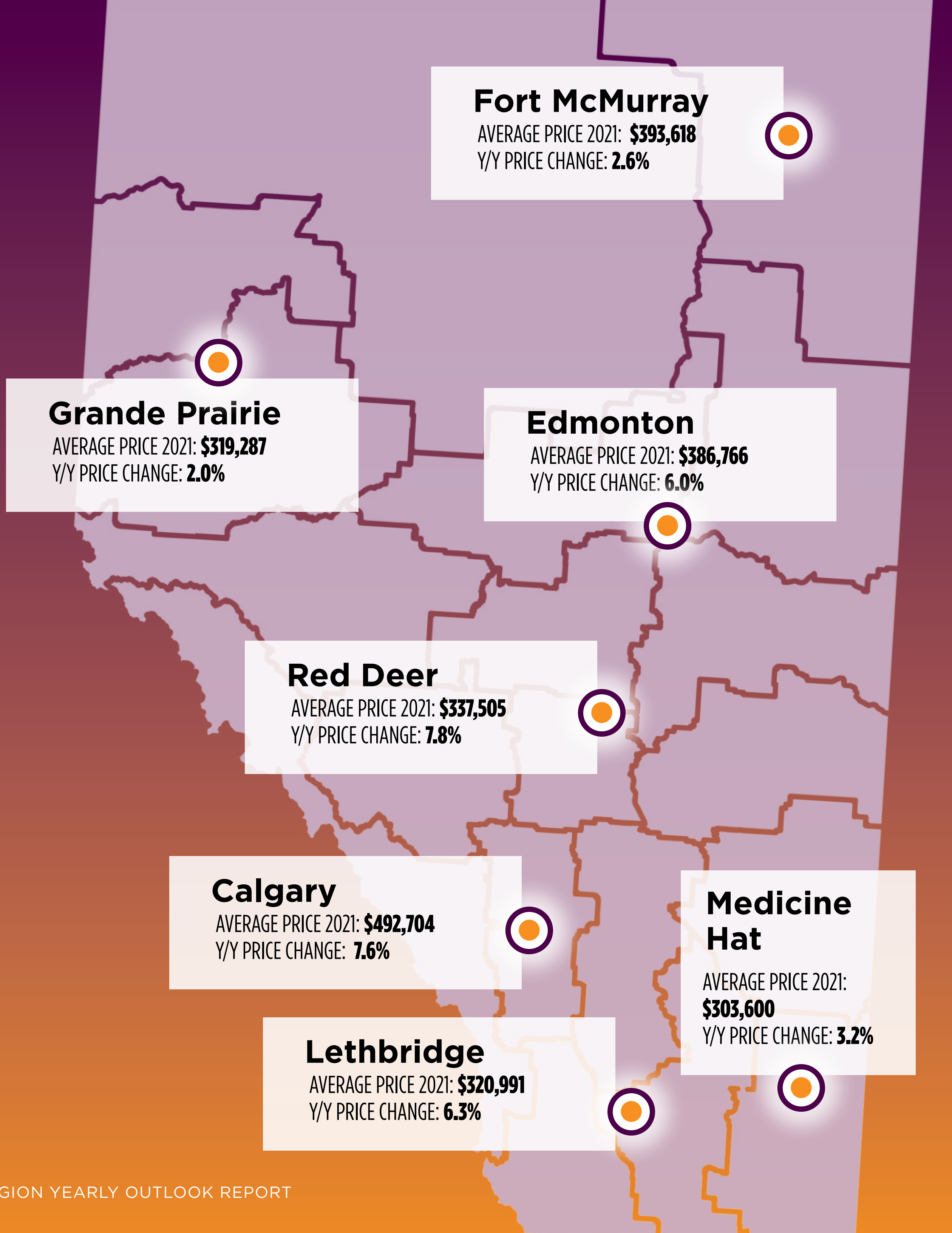
Greater Toronto

BENCHMARK PRICE 2021: **$1,238,183**
Y/Y CHANGE BENCHMARK PRICE: **23.01%**

ALBERTA:
HOUSING MARKET COMPARISON

COVID-19 has caused a shift in housing markets across the province. Prior to the pandemic, Alberta struggled with supply levels that exceeded demand, causing average prices to mostly decline throughout the period from 2015 to 2019. In the early part of the pandemic, thanks to abundant supply, the sudden rise in demand pushed the market from buyers' market conditions to balanced conditions and prices reported modest gains. As we moved into 2021, housing demand continued to rise, reaching record levels. However, supply did not keep pace and tight housing market conditions resulted in strong price growth.

Sales activity improved across all major centres in the province, but the largest gains occurred in Calgary. For some centres, limited supply prevented stronger gains in home sales. In 2021, supply levels eased across most markets, but for Edmonton, Grande Prairie and Red Deer, inventory levels were either consistent or just above long-term trends. Thanks to strong sales, conditions generally shifted to favour the seller in most markets, resulting in price gains across all the large cities.



Fort McMurray
AVERAGE PRICE 2021: **$393,618**
Y/Y PRICE CHANGE: **2.6%**

Grande Prairie
AVERAGE PRICE 2021: **$319,287**
Y/Y PRICE CHANGE: **2.0%**

Edmonton
AVERAGE PRICE 2021: **$386,766**
Y/Y PRICE CHANGE: **6.0%**

Red Deer
AVERAGE PRICE 2021: **$337,505**
Y/Y PRICE CHANGE: **7.8%**

Calgary
AVERAGE PRICE 2021: **$492,704**
Y/Y PRICE CHANGE: **7.6%**

Medicine Hat
AVERAGE PRICE 2021: **$303,600**
Y/Y PRICE CHANGE: **3.2%**

Lethbridge
AVERAGE PRICE 2021: **$320,991**
Y/Y PRICE CHANGE: **6.3%**

AIRDRIE

Record sales for all property types except apartment condominiums drove annual sales up to 2,299 in 2021, a new record high. Not only did sales reach record levels, they were over 77 per cent higher than long-term trends and over 36 per cent higher than the previous record set in 2014.

The typical resale home in Airdrie has features that are similar to the typical home in Calgary – the main difference is price. The benchmark price of a detached home in Calgary was $529,483 in 2021, significantly higher than the detached benchmark price in Airdrie of $427,692. With home prices in Airdrie rising by 13 per cent in 2021, the gap between Calgary and Airdrie prices narrowed, but the smaller city remains far more affordable than Calgary.

The biggest challenge that Airdrie faced in 2021 was supply. The resale market had under two months of supply consistently from February 2021 onward, tightening even further by the end of the year. New listings did rise, but it was not enough to keep pace with demand, causing inventories to remain nearly 33 per cent lower than typical levels for this market.

> ***The biggest challenge that Airdrie faced in 2021 was supply.***

The new-home sector has started to respond, as starts activity in 2021 nearly doubled what occurred in the previous year. However, starts remained well below the highs recorded in the 2013-14 period.

Moving forward, additional supply coming from the new-home sector and gains in new listings fuelled by homeowners attempting to capitalize on price gains should help take some of the pressure off this market. However, it will take some time for the supply adjustment to take hold and prices are expected to continue to rise, albeit at a slower pace, in 2022.

SALES

2020	2021
1,407	2,299
17.94%	63.40%
year over year	year over year

NEW LISTINGS

2020	2021
1,940	2,528
-7.04%	30.31%
year over year	year over year

INVENTORY

2020	2021
371	252
-22.35%	-32.29%
year over year	year over year

BENCHMARK PRICE

2020	2021
$341,108	$380,867
0.75%	11.66%
year over year	year over year

*source: CREB®

COCHRANE

Cochrane's 1,235 sales in 2021 represented not only a record year, but also a 60 per cent increase over the previous record set in 2014. Like other areas, Cochrane's new listings were nearly matched by sales in 2021, causing significant declines in inventory levels. On average, inventories were 44 per cent lower than last year and 51 per cent lower than the five-year average.

Strong sales and flagging supply levels ensured the market favoured the seller throughout the year, causing detached benchmark prices to rise by eight per cent to a new annual high.

Starts activity did improve in 2021 compared to the previous year, but represented less than half of the activity seen back in 2015. Demand for housing is not expected to repeat the record performance from 2021 in 2022, but levels are expected to remain relatively strong. Meanwhile, without any significant supply additions from either the new-home or resale segments of the market, it will take time for this market to return to more balanced conditions and slower price growth.

> ***Demand for housing is not expected to repeat the record performance from 2021 in 2022, but levels are expected to remain relatively strong.***

SALES

2020	2021
719	**1,235**
16.34%	**71.77%**
year over year	year over year

NEW LISTINGS

2020	2021
1,050	**1,325**
-7.49%	**26.19%**
year over year	year over year

INVENTORY

2020	2021
244	**146**
-21.85%	**-40.15%**
year over year	year over year

BENCHMARK PRICE

2020	2021
$412,917	**$441,792**
-1.70%	**6.99%**
year over year	year over year

*source: CREB®

OKOTOKS

Sales in Okotoks managed to hit record highs in 2021 despite dealing with persistent supply challenges. On average, the sales-to-new-listings ratio in Okotoks was nearly 90 per cent and the months of supply was 1.4 months. We have not seen anything close to this since 2006. The exceptionally tight conditions caused significant gains in prices, which rose by nearly nine per cent to a new record high in 2021.

As we move into 2022, supply concerns will continue to weigh on this market. There was no significant shift in the new-home sector in 2021, as starts did not see the same surge seen among resale homes. Currently, resale inventories are over 50 per cent lower than what we typically see in this market.

> ***Currently, resale inventories are over 50 per cent lower than what we typically see in this market.***

SALES		NEW LISTINGS		INVENTORY		BENCHMARK PRICE	
2020	2021	2020	2021	2020	2021	2020	2021
549	**827**	**772**	**920**	**160**	**93**	**$436,958**	**$474,842**
7.65% year over year	**50.64%** year over year	**-16.54%** year over year	**19.17%** year over year	**-30.46%** year over year	**-41.66%** year over year	**-1.29%** year over year	**8.67%** year over year

*source: CREB

CHESTERMERE

While new listings reached record-high levels in Chestermere in 2021, so did sales. The sales growth was enough to outpace the gains in new listings and inventories fell to the lowest levels recorded since 2007.

While home prices in Chestermere are similar to those in Calgary, the typical home in Chestermere is larger, both in terms of lot and house size, and newer than the typical Calgary home. The area also features amenities like Lake Chestermere that appeal to many residents.

> ***While home prices in Chestermere are similar to those in Calgary, the typical home in Chestermere is larger, both in terms of lot and house size, and newer than the typical Calgary home.***

The majority of sales in the area are detached homes and strong demand coupled with lower supply levels left the market favouring the seller throughout 2021. This caused detached prices to rise by over 12 per cent in 2021.

	2020	2021
SALES	**310** **13.97%** year over year	**617** **99.03%** year over year
NEW LISTINGS	**542** **-22.46%** year over year	**751** **38.56%** year over year
INVENTORY	**126** **-32.14%** year over year	**100** **-20.94%** year over year
BENCHMARK PRICE	**$475,750** **-0.61%** year over year	**$527,692** **10.92%** year over year

*source: CREB®

HIGH RIVER

Like many other areas outside of Calgary, High River sales approached record levels in 2021. Sales in this area were somewhat held back by the number of new listings coming onto the market, which were nearly matched by sales. This caused inventories to fall, averaging a meager 55 units in 2021. This is nearly 51 per cent lower than traditional levels for this market.

A months of supply that averaged less than two months in 2021 placed significant upward pressure on home prices. Detached home prices averaged $406,817 in 2021, nearly 10 per cent higher than levels from the previous year.

> ***Sales in this area were somewhat held back by the number of new listings coming onto the market, which were nearly matched by sales.***

SALES

2020	2021
282	**380**
11.90%	**34.75%**
year over year	year over year

NEW LISTINGS

2020	2021
349	**403**
-15.70%	**15.47%**
year over year	year over year

INVENTORY

2020	2021
87	**55**
-27.38%	**-37.42%**
year over year	year over year

BENCHMARK PRICE

2020	2021
$337,275	**$368,675**
-1.76%	**9.31%**
year over year	year over year

source: CREB

STRATHMORE

Strathmore benefits from relative affordability compared to Calgary and many of its other surrounding areas. In 2021, sales activity improved significantly compared to levels recorded over the past several years. Sales activity in this area did not reach record highs, but this was partly due to the slow reaction of supply. New listings rose, but they remained low relative to sales, as the sales-to-new-listings ratio averaged 84 per cent in 2021 and inventories fell by nearly 37 per cent relative to typical levels.

> ***Housing market conditions have not been this tight in Strathmore since 2006.***

Housing market conditions have not been this tight in Strathmore since 2006, resulting in an eight per cent annual benchmark price gain in 2021. This is a significant change for the town, where prices had been in general decline since 2016. Despite the gains in 2021, prices remain just shy of a full recovery to the 2015 high.

SALES

2020	2021
250	**401**
25.63%	**60.40%**
year over year	year over year

NEW LISTINGS

2020	2021
409	**475**
-19.65%	**16.14%**
year over year	year over year

INVENTORY

2020	2021
126	**82**
-16.51%	**-34.99%**
year over year	year over year

BENCHMARK PRICE

2020	2021
$331,700	**$359,325**
-2.76%	**8.33%**
year over year	year over year

*source: CREB

RURAL ROCKYVIEW

After several years of slower sales activity, sales in 2021 surged to record levels. Like in many other areas, new listings here also improved. However, it was not enough to prevent inventories from trending down. Overall, inventory levels eased by nearly 20 per cent and are much lower than long-term averages. Higher sales and lower inventories resulted in the months of supply easing to just over four months. This would be considered high for the city, but not for this rural area, which is home to a wide range of properties, especially in the upper end of the market. Conditions have not been this tight here since 2006.

> ***Tighter market conditions did support significant gains in prices, which increased by over 10 per cent.***

Tighter market conditions did support significant gains in prices, which increased by over 10 per cent. However, the gains did not offset the consecutive losses since 2015 and prices remain well below previous highs.

SALES

2020	2021
363	656
20.20% year over year	80.72% year over year

NEW LISTINGS

2020	2021
846	1,001
-11.13% year over year	18.32% year over year

INVENTORY

2020	2021
297	238
-19.17% year over year	-19.97% year over year

BENCHMARK PRICE

2020	2021
$662,058	$729,233
-0.01% year over year	10.15% year over year

source: CREB

SUMMARY

MLS® RESALE MARKET	2019	2020	2021	2022 (F)	Forecaster
City of Calgary Residential					
Total Residential Sales	16,344	16,149	27,686	25,598	CREB®
Total Residential Price Growth	-3.45%	-0.62%	8.25%	4.46%	CREB®
Detached Sales	9,898	9,948	17,038	15,675	CREB®
Detached Price Growth	-3.37%	0.21%	9.72%	5.20%	CREB®
Semi-Detached Sales	1,666	1,663	2,571	2,370	CREB®
Semi-Detached Price Growth	-3.59%	-1.30%	8.05%	4.70%	CREB®
Row Sales	2,111	2,145	3,936	3,660	CREB®
Row Price Growth	-3.91%	-1.76%	6.05%	3.20%	CREB®
Apartment Sales	2,669	2,393	4,141	3,893	CREB®
Apartment price growth	-2.31%	-1.79%	2.47%	2.50%	CREB®

ECONOMIC INDICATORS	2019	2020	2021	2022 (F)	Forecaster
GDP*					
Alberta GDP Growth	0.10%	-8.20%	5.90%	4.70%	RBC Economics
Calgary CMA GDP Growth	1.08%	-7.41%	7.63%	6.00%	Conference Board of Canada
Employment					
Calgary CMA Employment Growth	4.03%	-6.20%	4.11%	4.98%	Conference Board of Canada
Calgary CMA Unemployment Rate	7.25%	11.95%	9.10%	9.20%	Conference Board of Canada
Population*					
Calgary CMA Net Migration	20,769	19,899	17,331	19,553	Conference Board of Canada
Calgary CMA Population Growth	2.06%	1.93%	1.77%	1.77%	Conference Board of Canada
Alberta Population Growth	1.49%	1.42%	0.77%	1.30%	Conference Board of Canada
New Home*					
Housing Starts: Single Family Calgary CMA	3,535	3,487	4,476	3,030	Conference Board of Canada
Housing Starts: Multiple Family Calgary CMA	8,374	5,748	7,785	6,834	Conference Board of Canada
Lending Rate (based on annual averages)*					
Average Residential Mortgage Lending Rate 5 Year	4.25%	3.72%	3.30%	3.91%	Conference Board of Canada
Bank of Canada Overnight Target Rate	1.75%	0.54%	0.25%	0.63%	Bank of Canada
Energy					
WTI Price ($USD)	$56.99	$39.17	$68.21	$71.32	U.S. Energy Information Administration
Henry Hub Spot Price ($USD)	$2.57	$2.03	$3.91	$3.79	U.S. Energy Information Administration

*2021 Forecast value

creb®

300 Manning Road NE
Calgary, Alberta T2E 8K4, Canada

Phone: 403.263.0530
Fax: 403.218.3688
Email: info@creb.ca

creb.com | crebforecast.com | crebnow.com