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A presidential perspective

by [Kevin Clark](#)

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The 2006 year in the real estate market has ended with the same complexity with which it began just twelve short months ago. During those 365 days the aggregate value of real estate sold through the MLS® service went up a staggering \$3.5 billion!

So perhaps we can close the year with a review of what happened. The situation began with an unusually high number of sales at the end of 2005 while at the same time the typical number of listings had been dropping. Instead of having a reasonable SUPPLY to meet the usual spring market we started the year with our shelves almost empty. The strong economy and rumor of price increases brought an increase in buyers, but insufficient stock to meet their demands; rather like Boxing Day sales, but without the reduced prices.

The result was that we chased the market all through the first half or at least until the first week in June. It was at this point, with only 12 days of inventory on the shelves, that the buyers stepped back and decided it was time for summer (something they do almost every year). Unfortunately many of the sellers did not get that message until late August/September, by which time the inventory levels had quadrupled to reach an absorption rate of almost 100 days.

To refreshed and rested buyers this situation looked a little better. By the end of September they were seeing that, to be successful, the sellers were reducing their prices and actually vacuuming and making the beds before showings. Sales started to pick up once again and the year closed with positive sales numbers and inventory levels subsiding to about 60 days.

In a visual perspective the market can be viewed through a graph

We usually see 'shoulders' of inventory coming on the market each month that rise above the red line of unit sales, especially in the spring and fall period.

In 2006 the early market could not catch up and the late market overcompensated.

At one point in the spring market Calgary REALTORS® were selling

one hundred and twenty four properties per day. No market can sustain that for very long and we see the reversing trend that occurred through to the last Quarter. November and December clearly indicates that there is still good buyer interest but only for those properties where the seller is Prepared and Priced to compete.

Absorption rates represent the current inventory divided by the number of sales per day over a given period. This graph clearly demonstrates the roller-coaster ride that buyers, sellers and their REALTORS® have experienced throughout the past year.

The selling and buying of Calgary real estate remains to be a complex and multifaceted market. Those sellers who carefully consult with their REALTORS® to present and value their properties competitively, continue to enjoy unprecedented sales prices compared to just one year ago. By the same token, those buyers who approach their purchase with the most flexible criteria and expectation continue to find opportunities for making a home in this truly amazing city in which we live.

—Kevin Clark is the outgoing President of the Calgary Real Estate Board.

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