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## New CREB® President introduces members to 2007 market

by [Angela Anderson](#)

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Residential home sales will drop marginally in 2007, and average prices are anticipated to increase by 7.5%, predicted 2007 Calgary Real Estate Board President Ron Stanners on Wednesday.

Stanners gave his inaugural speech and presented the board's 2007 forecast to over 2,000 real estate professionals and media at the annual Calgary Real Estate Board (CREB®) Forecast 2007 Conference and Trade Show at the Round Up Centre.

While giving an extensive forecast on the real estate industry, Stanners predicted the average sale price of a single family home will increase 7% from \$384,998 in 2006 to \$411,948 in 2007, the average sale price of a condominium will increase by 9% from \$260,711 in 2006 to \$284,175 in 2007, and the combined average sale price will increase 7.5% from \$346,673 in 2006 to \$372,673 in 2007.

"We started 2007 with 4,121 listings, compared to 2,482 listings at the start of 2006. Not as high as previous years, but much better than in '06," Stanners noted about the combined residential MLS listings.

He said in the first 11 days of January 2007, sales were up by 101 and listings by 326.

"All indications from other sources that are making predictions for the 2007 marketplace indicate that 'moderation' will be the theme—the market will be moderate compared to 2006."

And Stanners said with stability in the marketplace, consumer confidence would follow.

He forecasted that combined residential listings will increase by 3% in 2007, sales will drop by 3%, but prices will increase by an average of 7.5%.

The 2006 total volume of sales was \$12.1 billion, and Stanners projected dollar volumes in 2007 will reach \$15.584 billion.

Because of affordability and first time homebuyers wanting to enter the market, condominium sales will play a larger role in the 2007 marketplace, Stanners said.

Condo listings were up by 465 at the start of the year from 2006, meaning there were 991 condo listings at the start of 2007.

"When we combine existing inventory with new product expected to come online, and factor in sales at a slightly higher rate than last year, it is clear that this year we should have a better supply and therefore a more stable market," Stanners said.

It's forecasted that condo listings will increase by 3%, sales will increase by 3% and price will increase by an average of 9%.

Last year, condo sales represented 27.42% of all residential sales.

"With single family prices where they are, we expect condos to become more popular and sales to increase to 30.85% of the residential market," Stanners said.

He then went on to discuss the single family dwelling part of the market.

This year began with 2,623 single-family listings, up from last year's 1,446.

Last year, single-family home sales hit an all time high, at 23,102.

"The number of first time buyers may dwindle a bit this year and combined with affordability and more first time buyers moving to condos, our market for single family will likely slow down a bit," Stanners said, adding however, that an anticipated 12,000 net migrants to the city, according to Canada Mortgage and Housing Corporation, may offset that.

He said for single-family units, listings are anticipated to rise by 3%, sales may drop by 4% and prices should increase by 7%.

The commercial market will continue at a fast pace, but as Stanners said, 2006 will be a tough year to beat.

"Last year, we saw a market in the first six months that surpassed everything in real estate history in Calgary and set a bench mark for future price increases that likely will not be equaled in the next 30 to 50 years," he said.

"Calgary is experiencing its biggest economic boom in history," Stanners said. "This has been reverberating in the commercial marketplace with a number of challenges that include more than space or real estate issues."

He said because the city is faced with labour shortages, relocations of head offices, downtown parking issues and a need for more transit, the city must find new solutions.

"In 2007, businesses will need to be more creative; suburbia will become more important than the downtown area," he predicted.

In 2006, the downtown office vacancy rate remained at an all time low of 0.6%, with rents upwards of \$40 per square foot for prime locations.

Suburban office space reached a vacancy rate of 2.5% because of the rising popularity.

"I believe the vacancy rates will be at or below current rates and rents will increase by as much as 20% as supply diminishes and demand remains high," Stanners said.

Calgary currently has 35 office buildings committed to be built or are under construction now, 11 of these will be downtown and 24 will be in suburban areas, representing 44% of the commercial construction in Canada.

While three million square feet of space will be completed in Calgary by 2008, this is almost all pre-leased.

There is an additional inventory of 12 million square feet of space scheduled for completion by 2011.

Stanners also discussed the condition of revenue property in the city.

In 2006, revenue properties remained in high demand and rents climbed substantially, he noted.

Because a significant number of apartments were converted to condos, the rental pool was reduced.

"In 2007, expect revenue properties to remain in high demand and rents to climb by as much as another 28%," he said.

Industrial land will also remain in demand this year, and Stanners said he expects serviced industrial land to approach \$650,000 per acre in 2007.

The rural market is taking a prominent position as well, Stanners said.

"As our rural division states, 'the rural marketplace is as exciting as the city'," he said.

Some towns, such as Carstairs, report doubling their building permits in 2006 and are forecasting doubling that again in 2007, Stanners added.

He said the rural marketplace is changing, and attracting young families, seniors, empty nesters and professionals who are all looking for affordable lifestyles and options.

Ron Stanners began his real estate career in 1980 and worked at a few different offices before purchasing a Sutton Group franchise in 1989.

Then, with partner Dick Oakes, founded MaxWell Realty in 1999.

"It was a dream come true," Stanners says about seeing MaxWell grow to the success it has reached today and continues to reach.

"We put a lot of time and work into it, and we're now at about 700

agents,” he said from CREB® earlier in the week.

This year is Stanners’ seventh year serving on the CREB® Board of Directors and is looking ahead to a busy year.

“I feel I can do an excellent job and am looking forward to the year ahead. I hope I can have some fun leading this board,” he said.

Stanners said among his goals for the year, keeping the media informed about the real estate industry statistics as well as guiding the board through legislative and regulatory changes as well as changes to the code of ethics—now called the REALTOR® Code—remain top priority.

As a result of the new year and new term, the new Board of Directors for CREB® were also sworn in Wednesday, and Kevin Clark stepped into his role of past president for the year.

—*Angela Anderson is a Calgary Real Estate News reporter.*

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