

City's housing industry still alive and well

'There will be no crash,' says expert

Let someone should think the worst, relax, the bottom hasn't fallen out of the Calgary housing market.

In recent months, we've heard words and terms like erosion, unsustainable, fire-sale pricing and market correction to describe what's happening in all sectors of the city's housing industry.

To one degree or another, the above words and phrases may be correct. But in general, Calgary's resale and new housing sectors are still alive and well.

What rattled everyone was what happened in the last half of 2007 and is spilling over into 2008 — the suddenness with which the market changed.

People selling their existing homes with the hope of buying something new found the market had, almost overnight, switched from a sellers' market into a buyers' market.

On the new side, demand began to shrivel up in the wake of continuing construction-related costs and some invisible price threshold that played with the psychology of consumers.

Sure, things have quieted down. It was bound to happen, this being Calgary and all, but it will be back.

Maybe not with the multiple-offer craziness of the MLS market that went on in 2006, and not with the pace of new construction that saw timetables stretched to a year in some cases.

But to paraphrase Arnold Schwarzenegger, the market will be back.



MARTY HOPE

Lai Sing Louie, Calgary-based senior market analyst for Canada Mortgage and Housing Corp., put it bluntly: "There will be no crash."

He says many of the key economic drivers of the housing market in and around Calgary began to moderate as 2007 wore on, and that will likely continue this year.

Because of strengthening economies in other areas of the country that were the main sources of population growth for Calgary, plenty of folks have decided to stay put rather than move here.

This reduction in migration can't help but impact job creation and housing demand.

"This year will likely be a year for a soft landing," says Louie, adding that the economic fundamentals that support demand for housing will likely be mixed this year.

At the beginning of this year, Louie predicted that single-family starts would slide to 6,400, down from almost 7,800 in 2007.

At the same time, the number of multi-family units is also forecast to fall back for a second straight year, declining to 4,600 in 2008.



Calgary Herald Archive

There is too much going right for Calgary's economy for the city's housing industry to struggle for long.

While there is a level of concern among builders, they are managing to dig out some optimistic news on which to pin their corporate hopes.

"We're getting more people into our show homes now," **Don Blair**, general manager of Broadview Homes, was telling me recently. "We don't know for sure when and how

much of that traffic will turn into sales, but at least people are still showing an interest in buying."

Six, a real estate consulting and marketing firm in Calgary, recently sent me its report on multi-family housing, outlining what it foresees in the short term and a generalization of what lies down the road.

"Compared to the dynamic market conditions prevalent in 2007, the 2008 multi-family market is expected to remain much more stable and balanced," says the report. "The key impacts on sales are similar to those that became apparent in the latter part of 2007 — investor sales on MLS, affordability and the Calgary economic outlook."

When all is said and done, sales of condominium apartments, townhouses and villas this year will likely come very close to the 4,100 deals finalized in 2007, says the report.

The instability in the marketplace through the final few months of last year, and for the first few months of this year, will be the storm before the calm.

The moderation in demand is just an indicator that the housing markets are getting back to more historical, normal patterns for sales and prices.

Prices will likely still increase for new homes. They will just not go up as dramatically as they have been for the past two years.

CMHC is calling for a single-digit rise in new home prices this year, while the Calgary Real Estate Board has forecast a five per cent hike in the average selling price of resale homes.

There is just too much right with the Calgary economy for housing to struggle for too long. We are a city of a million people; prices are going to rise — that's just the way it goes.

A bit of a caveat here, though. There continue to be grumblings about a recession hitting the U.S., with possible fallout in Canada.

MHOPE@THEHERALD.CANWEST.COM



THE VIEW FROM YOUR NEW RIDGE HOME.

Ridge Show Homes
by Landmark & Lifestyle
Now Open!

DRAKE LANDING
OKOTOKS

Highway 2A south to Okotoks,
left on Milligan Drive, cross 32nd Street
& follow the signs to Drake Landing.



Phone: 403.265.6180
e-mail: inquiries@unitedcommunities.com
unitedcommunities.com

SELL YOUR VEHICLE FAST!

AUTOFOCUS

every Wednesday in the **driving.ca** section

To place your AutoFocus ad call 235-7355



The features are an indulgence.
The homes are an Inspiration.



Inspirations start from the \$500's



CIMARRON

Located in the heart of foothills country, Cimarron perfectly combines natural beauty and small town charm with all the amenities you could ever need. And your new Inspiration home only makes it better. Six-inch baseboards. Stainless steel appliances. And much, much more. A new home. A new community. A whole new you.

ONLY 6 QUICK POSSESSIONS LEFT

Visit inspirationbytoday.ca or our Cimarron showhome for details.

Showhome Hours: Mon-Thurs | 5-8 pm
Sat/Sun/Holidays | 12-5 pm Closed Fridays
4 Cimarron Springs Road, Okotoks T. 403.995.0701

Homes Designed to Inspire.

INSPIRATION
by today