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## Housing market hasn't fallen into basement

By [MYKE THOMAS](#)

Even though the Calgary real estate market is the slowest it has been in many years, it is bucking the demand/supply principle of the free market system.

The principle says when supply is high and demand is low, prices should fall, but they're not. With MLS listings at the end of April approaching 14,500 -- the highest ever -- and sales for the month at 1,363, well off the average of 2,294 for the three previous years, prices, year over year, are higher. Calgary Real Estate Board numbers for April show the average single-family home price, year to date, is \$469,852 compared to \$461,185 in the first four months last year. The median price is also higher -- \$420,000 compared to \$415,000. So, what gives?



A couple of things, says Richard Corriveau, regional economist with Canada Mortgage and Housing Corp.

"First, prices did fall back from last August through to November, generating a lot of headlines and the impression that prices are still falling and will continue to fall, when in fact, they have been rising for the last four months," he says.

"We have seen a lot of new (homes) come onto the market from people hoping to flip for a high price, which (increases) the average price because new is more expensive than re-sale."

Looks as if the system is getting tricked not by the number of listings, but by the type of listings. How many sellers have their sights set on a new, move-up home, have decided exactly how much downpayment they want to put on the new home (a home they want, but don't need) and are holding firm on their price, because if they don't sell, they have somewhere to live?

How many of the listings are by people who don't necessarily have plans to move up, but will sell if they can get the price they're asking? If not, they're content to stay put. How many are speculators throwing a line into the market, fishing for a buyer willing to pay enough to make the investment worthwhile? How many of the speculators have a high-risk tolerance and will hold steady on prices? And then there are double listings. People preparing to take possession, or who have taken possession, of the new home they had built, but haven't sold the old one and have both homes listed for sale. With the possible exception of the latter group, there seems to be a general lack of urgency to sell, which coupled with the lack of urgency to buy, has made the Calgary real estate market flatter than a pancake. The lack of urgency to buy is because of the huge supply, but also a belief prices will fall and a better deal is just ahead. Or is it? "If people are waiting for prices to drop, they did that in November," says Corriveau. "Once this is understood I think it will instill some confidence that prices are still on the rise and people will get back into the market."