

Return to 'normal' predicted for market

MARTY HOPE
CALGARY HERALD

After a dramatic decline in 2008, there will be an increase in the number of resale homes changing hands this year in Calgary, say a pair of national real estate surveys.

Both Re/Max Western Canada and Royal LePage say resale activity will climb — with Royal LePage being the more bullish with its forecast of seven per cent.

Re/Max, meanwhile, is calling for a two-per-cent increase.

On the price front, though, Royal LePage is calling for a slip of one per cent in the average price to \$402,000, while Re/Max is saying the price has bottomed out and will hold steady at \$410,000 in 2009.

"The start of 2009 is poised to signify the end of the downward movement in Calgary's real estate market," says Ted Zaharko, broker/owner of Royal LePage Foothills Real Estate Service. "Over the past few years, the city experienced explosive growth followed by a significant correction period — but a turnaround to normal market conditions is imminent."

While buyers will remain in control of the market for the time being, more balanced conditions will come along as the year progresses, he says.

Despite issues facing the energy sector, Calgary's economy remains steady and should sustain itself this year.

After consumer confidence was damaged in the latter part of 2008 by political and economic chaos on both sides of the 49th parallel — helping cause "a halt in market activity" — that confidence is expected to be revitalized, says Zaharko.

It will show itself in increased sales of almost 25,000 homes this year, up from slightly more than 23,000 last year, he says.

"Calgary's resale real estate market is anticipated to remain stable through 2009, characterized by average house prices that will decrease slightly and unit sales that will increase — conditions that are likely to please many homeowners who experienced the city's recent period of correction," says Zaharko.

Reports of more stable government will help generate a renewed sense of confidence among potential home buyers, says Lowell Martens, broker-owner of Re/Max Mountainview.

There are plenty of buyers, but they are hesitating making the final decision to purchase, he says, adding they are looking for assurances that the market won't get any worse.

"There is a lot of 'what if' going around," says Martens. "What if this happens — what if that happens. All they need is a little bit of positive news to get them moving."

The fact that prices will hold at 2008 levels, and that sales will increase by two per cent this year, might provide some of that looked-for momentum, he says.

"I think we've about bottomed out



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Prices are expected to decrease.

with prices, but there are still some pretty good deals to be had."

There is a growing feeling within the industry that the low has been reached, particularly with the way the Calgary economy is operating.

Jobs are still being created, the city's unemployment level remains the lowest in Canada, and net migration is still well into the black, says Canada Mortgage and Housing Corp.

"There is no reason to be unemployed in Calgary," says Martens.

"With prices where they are now, people from other parts of the province and country can afford to live here. With the economy of Ontario suffering, I expect to see more people from the east coming here, and they are going to need someplace to live."

Elton Ash, regional executive vice-president for Re/Max of Western Canada, says Canada's real estate environment is "considerably more complex" now than it has been in recent years.

Markets all across North America continue to evolve, he says.

"Western Canada will

fare the best of all the regions in the continent and

Calgary's inventory will see some healthy absorption as the spring market comes along," he says from Kelowna. "With some pent-up demand to be met, along with record low interest rates, we will see a stabilization of prices. My forecast would be to see prices remain flat over the first six months and then see a very slight strengthening in the last six months of the year, probably in the one- to two-per-cent range."

It's good news, he says, for anyone looking at a move locally, whether to a bigger home or downsizing.

There is tremendous selection, says Ash. The overall market is really being affected by the huge amount of negative news being generated out of the U.S. due to stock market fluctuations, he says.

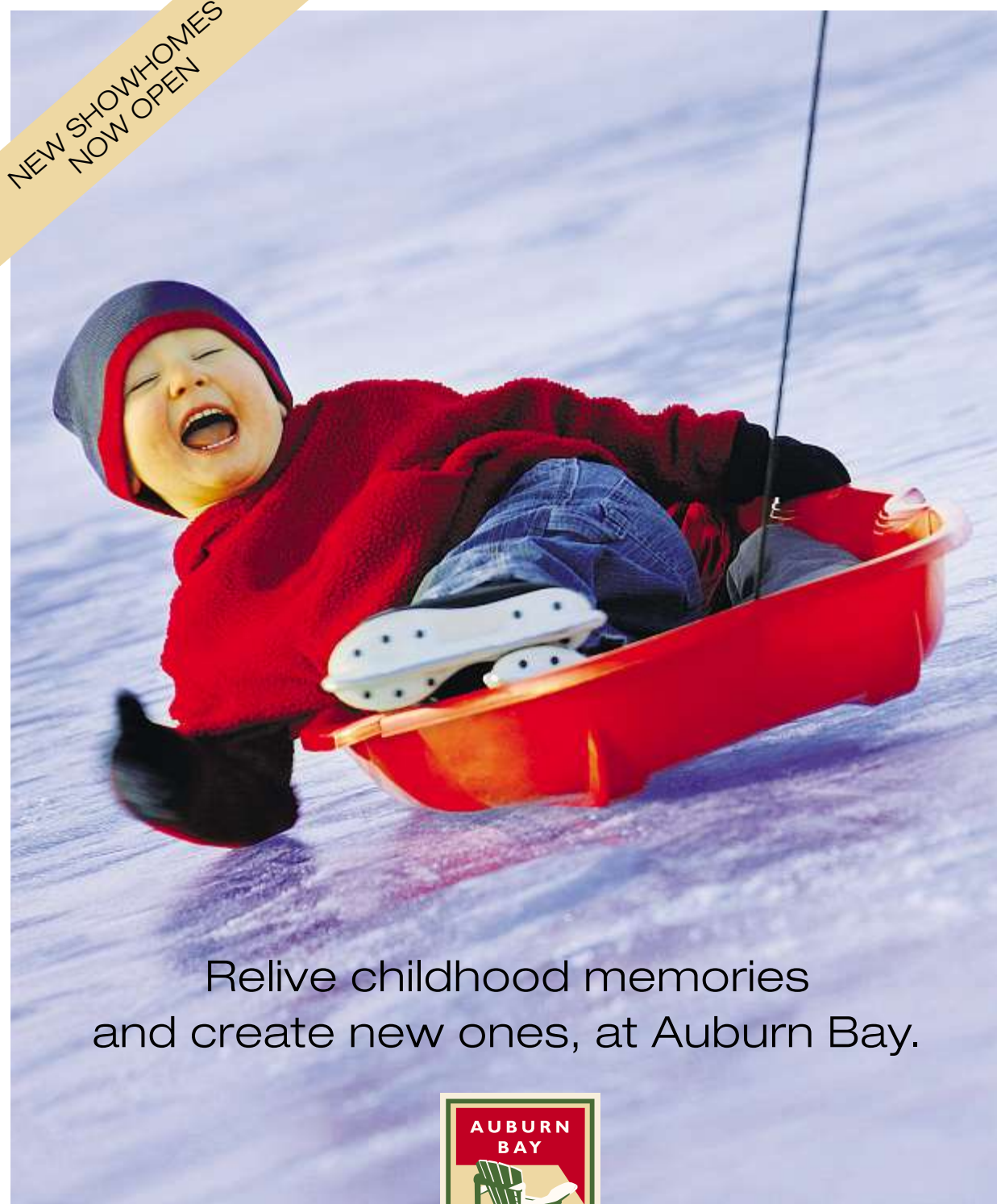
"With the strength of equity that Western Canadians have, our economic pressures are far less than south of the border," he says. "If your job is stable, with the record low interest rates — along with the home selection available — now is an ideal time to take advantage of the situation and buy a home."

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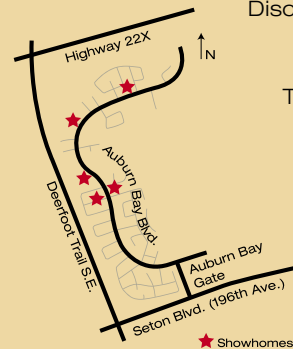
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