

Calgary: Housing market activity picks up as interest rate cuts loom

By Daren King

Based on May data from the Calgary Real Estate Board (CREB) for the Calgary economic region*, our preliminary estimate indicates that seasonally adjusted home sales jumped 10.1% between April and May, a first monthly gain in four months (chart 1). After a period of uncertainty in recent months as to the timing of a first rate cut by the Bank of Canada, the upturn in May sales comes as it seems increasingly clear that monetary easing is looming. In addition, sales, which remain above pre-pandemic levels, are supported by record population growth (+5.3%), which is also the strongest among the four major Canadian cities. Although the recovery could continue over the summer, it remains to be seen whether it will last beyond that, as we expect softer labour markets and interest rates to remain in restrictive territory.

On the supply side of the equation, we estimate that new listings jumped 15.6% in May, the second monthly increase in a row. Overall, market conditions, as defined by the new-listings-to-sales ratio, loosened during the month but are still showing a market way tighter than the historical average (chart 2).

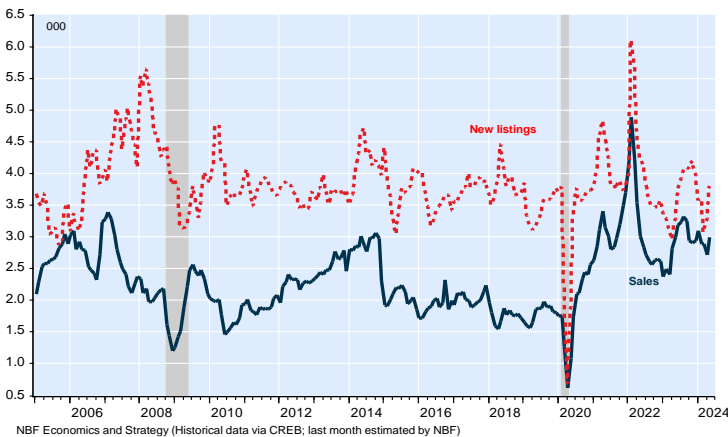
On a year-over-year basis, home sales decreased 0.5% in May (chart 3). On the supply side, the inventory of homes for sale continued to be extremely low on a historical basis but increased by 2.9% compared to May 2024 (chart 4), marking only the second time in sixteen months that the listings have been higher than at the same time the previous year. For the first five months of 2024, cumulative sales were up 10.8% compared to the same period in 2023.

Data for the City of Calgary (less inclusive than the CREB economic region) showed a decrease in sales of 0.8% in May compared to 12 months ago. This deterioration is due to a decrease in detached home sales (-6.7%), while transactions in the condo (+6.0%) and attached home (+3.1%) segments increased as affordability issues push buyers into this more affordable segment. On the supply side, the inventory of homes for sales increased by 5.8%, the first positive print in almost three years. As for prices, the benchmark index was up 9.5% compared to May 2023, an increase slightly more vigorous than the previous month (+8.8%).

*CREB economic region: Calgary CMA + Regions of Foothills, Mountain View, Kneehill, Wheatland, Willow Creek, Vulcan and Bighorn.

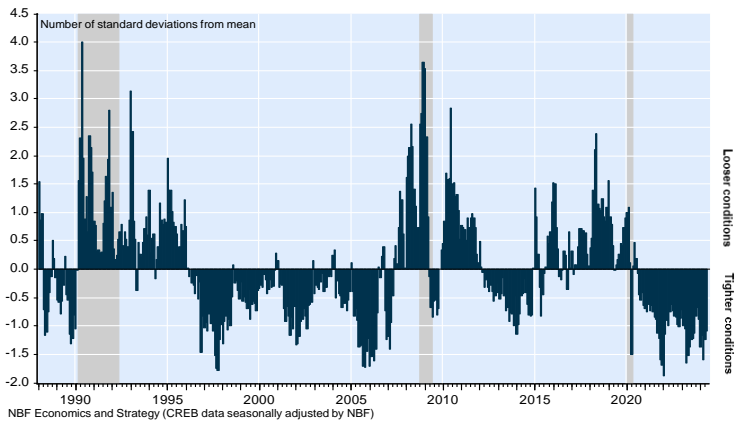
1. Calgary: Home sales and listings

Seasonally adjusted by NBF. Last observation: May 2024



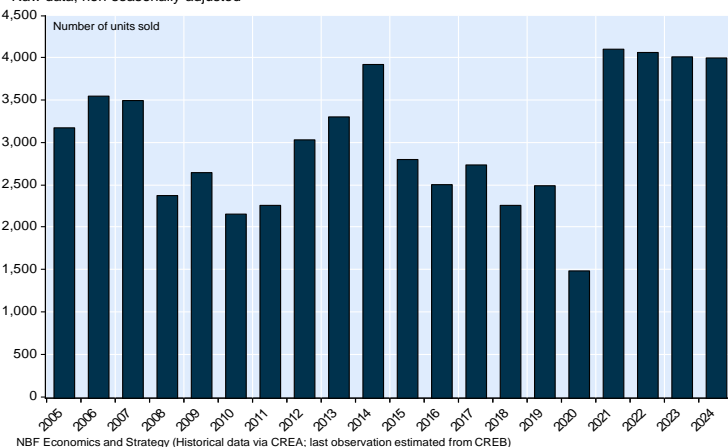
2. Calgary: Home resale market conditions

New-listing-to-sale ratio. Last observation: May 2024



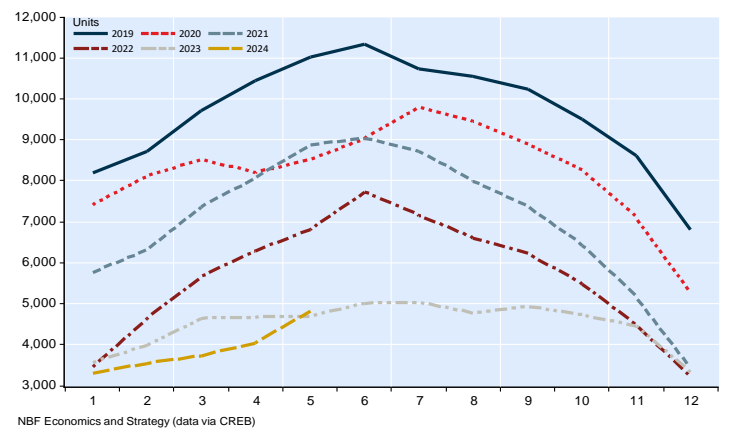
3. Calgary: Home sales in May

Raw data, non-seasonally adjusted



4. Calgary: Active listings

Last observation: May 2024





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