



# HOT, HOT, HOT

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Multi-family market sizzles and prices rise steadily in first half of '07

WITH HALF OF THE YEAR behind us, it's the perfect time to quickly review Calgary's new multi-family home market. The past six months have been very dynamic, as resale prices have continued to grow, new projects have launched and cranes and construction sites sprouted up throughout the city. The newly-launched developments have added much desired housing into the market and most new projects experienced very rapid sales upon their release, with some selling almost their entire inventory during the launch events. This is not surprising, as new projects often offer a wider range of unit sizes and prices than is currently available in the market.

Strong sales were not limited to new projects, as established developments throughout the city also experienced high demand for new housing, supported by both new phase releases and continued sales of existing inventory. The success seen by these new project launches, as well as strong sales at projects throughout the market, helped push up the average project sales rate in the

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Calgary market by almost 30 per cent since the first quarter of 2007.

Despite having more than 17 new projects become active during the first six months of 2007, overall supply remains fairly tight, particularly for one-bedroom and lower-priced units, which have been highly sought-after in the market. By and large, the number of available units in most quadrants has not changed significantly since the beginning of the year, with strong demand absorbing almost as many units as were released in the new projects.

Over the past three months, inventory

increased marginally in all sectors of the city except in the downtown and inner city, where rapid sales actually eroded available supply despite nine new projects launching. Not surprisingly, the greatest number of sales also occurred in the downtown region sector, which has the largest number of active projects and the greatest number of available units. Sales in the north and south sectors, including many new suburban communities, were also strong with the north being the only sector to exceed last year's sales for the same period. New project and phase introductions in these sectors

helped boost sales, particularly in the north communities of Coventry Hills and Panorama, and the south communities of New Brighton and McKenzie Towne.

Similar to the resale market, the new multi-family housing market also experienced strong price growth during the first six months of 2007. While price increases were much more moderate compared to 2006, strong demand and rapid sales did push prices approximately ten per cent higher from January to June. Although most projects did boost prices during this period, strong demand for smaller and lower-priced units has affected overall market pricing, with a greater number of larger and/or more expensive suites remaining available in the market.

Prices are highest in the downtown and inner city, currently averaging \$643,000—with prices ranging from just over \$300,000 to well over \$1 million. Prices are more affordable in the suburban sectors, with the west having the highest average price at \$569,000 followed by the north and northwest at \$412,000, the south and southeast at \$384,000, and the northeast and east at \$272,000.

While the average price may vary from sector to sector, all regions of the market have a wide variety of prices and suite options with units available below \$300,000 in all suburban regions of Calgary. The average sector prices are being affected by the both the available inventory and building structure, with higher prices at townhouse and concrete high-rise buildings impacting the reported average price in many of the sectors.

The Calgary housing market is anticipated to be relatively stable over the summer months, as the warm weather and summer vacation captures many consumers' attention and demand for housing tends to moderate. With more stable demand and prices expected, the summer is an ideal time to purchase a new multi-family home. New project launches and phase releases that occur over the summer period should continue to enjoy strong demand, bringing much desired inventory into the market, and present an excellent opportunity to purchase a new home. [CL](#)