

## Headlines! Headlines! Headlines!

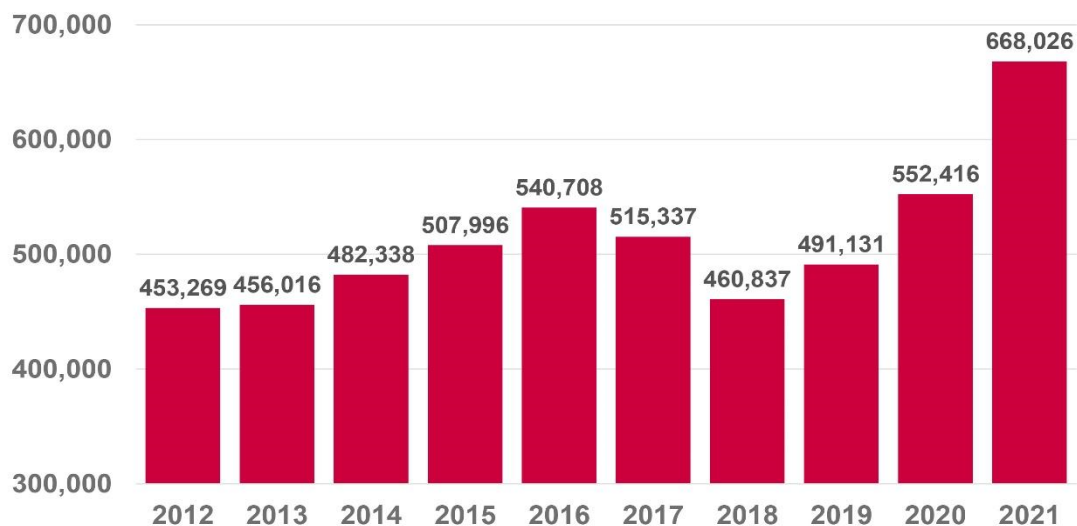
News headlines abound with stories of the ‘bubble bursting’ and ‘sales plummeting’; and then, the Bank of Canada announces that its key interest rate is being increased by a full percentage point and now rests at 2.5%. As a result, banks are expected to continue to raise their mortgage rates. This has created waves of concern... BUT what is the actual situation?

The last time inflation was at 7.7% nationally, as it is today, was in January 1983. During that time mortgage rates were much higher than today, in the 13.5% range. In fact, the interest rates we are seeing today are reasonable in the context of historical averages. It is important to remember that the incredibly low interest rates we saw over the last seven years were an anomaly.

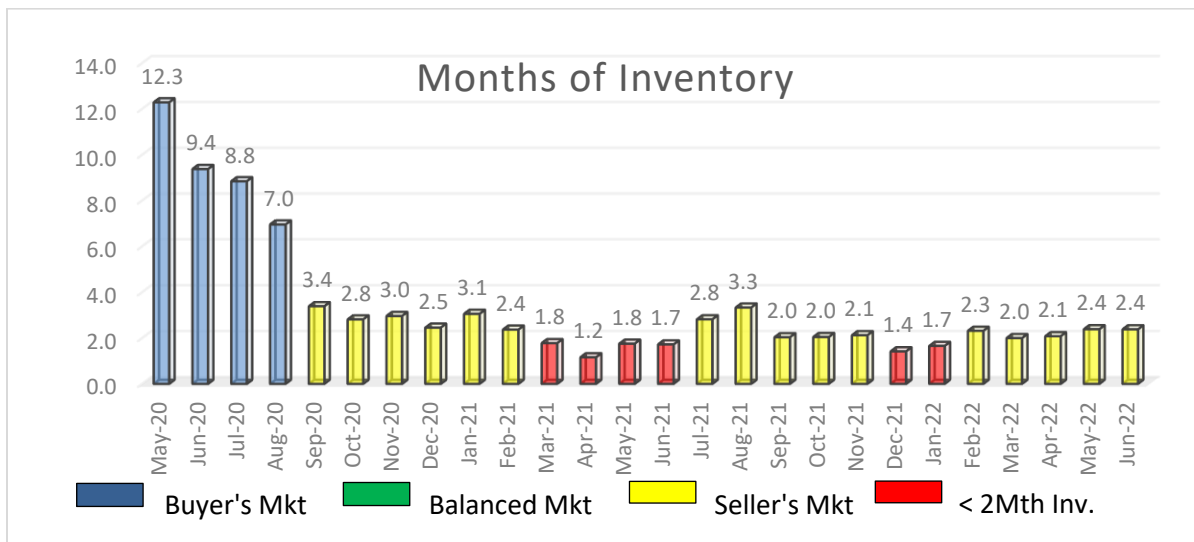
### How will the ‘market’ react to the latest interest rate hike?

We expect that more Buyers will be hesitant to get into real estate. The natural perception will be that prices should go down and that sales will continue to drop, and therefore playing a waiting game will ‘save’ Buyers money. What we will see is a flattening in prices with longer Days on Market and less multiple offer scenarios. The number of listings will increase as some Sellers may be looking to sell due to changing financial circumstances. It will appear that the market is declining. What is happening is that we are moving from an overheated market, where the pot was melting, to more of a market where the pot isn’t glowing, but the water is still boiling. There is a supply side issue in the housing market that is not a short term problem. There is an estimated 800,000 home shortfall in Ontario, similar numbers in the rest of Canada and with a projected 400,00 new arrivals to Canada per year, demand will continue to exceed supply putting upward pressure on prices.

### CREA Total Sales – 10 Year Historical



2021 was a record-breaking year for sales. In 2022 we are currently trending between 10-20% lower total sales. (CREA is projecting between 534,000 to 601,000 total sales.) 601,000 exceeds every year except 2021, while 534,000 exceeds 7 of the last 10 years. ***It is easy to see where the headlines are coming from, but from this perspective, the changing market is a return to normalcy and not the disaster some would have us believe.***



Months of Inventory (MOI) is a gauge to show how hot a market is. A Seller's Market exists when Months of Inventory is less than 4, a Balanced Market is between 4-6 while a Buyer's Market is greater than 6. We have been averaging a 2.15 MOI in 2022.

**Over the last quarter we have seen some moderation of prices even while being in a Seller's Market:**

**Sellers**

Sellers have tended to view the selling prices of the last comparable homes, as a starting point for where their home should be priced - plus a little extra in anticipation of a rising market.

**Buyers**

Buyers unwilling to overpay for perceived value have resulted in the slight dip in average selling prices we have seen in some segments in the last quarter.



We are currently on the downward slope of Stage 3. We will continue to see a shift in the coming months as we head into Stage 4 (MOI 3+) and towards Stage 5, a Balanced Market (MOI 4-6).

**Takeaway:**

**Sellers**

Sellers can expect prices to level, and for properties to take longer to sell. Properly pricing their homes will become even more important in the coming months as turbulence from interest rate hikes and continuing supply chain challenges play havoc with consumer spending intentions.

**Buyers**

There are, and will continue to be, properties that represent a very good value in our local market. Those Buyers who resist retreating to the sidelines will face less competition in purchasing, fewer multiple offer scenarios, and the ability to make offers allowing proper due diligence.

Whether you are interested in buying or selling, we welcome you to contact us at (403)678-7568 with any questions and if you would like to discuss how we can help you get the best value for your needs.

# Quarter 2 2022 MARKET SNAPSHOT

CANMORE, BANFF & AREA\*

## QUARTERLY STATISTICS

	Single Family Over Million \$				Single Family Under Million \$				Town-Homes/ Duplexes				Apartment Condos				Recreational (28 Days) & Tourist				Total Sales	Average Active Listings
	%	Avg Price	#	DOM	%	Avg Price	#	DOM	%	Avg Price	#	DOM	%	Avg Price	#	DOM	%	Avg Price	#	DOM		
Q2 2022	-5	1,852,848	21	42	-2	785,028	6	59	5	1,009,869	57	30	-3	617,017	53	35	9	735,346	58	29	195	149
Q1 2022	11	1,953,823	17	32	11	803,750	5	56	10	959,820	23	55	-8	637,399	29	37	17	675,051	60	32	134	90
Q4 2021	-1	1,762,298	28	50	-17	725,916	14	49	-6	871,036	48	46	17	689,720	39	61	-5	577,343	41	63	170	107
Q3 2021	0	1,778,249	25	37	10	879,792	14	49	-1	922,030	83	27	-7	587,663	44	37	-1	609,806	31	41	197	177

## ANNUAL STATISTICS

2021	18	1,737,624	105	68	5	806,306	65	69	11	892,752	261	53	22	624,018	209	52	19	580,914	230	45	870	107
2020	-3	1,466,767	67	65	2	765,401	75	63	0	801,544	195	86	5	512,945	140	68	3	490,166	116	60	593	212
2019		1,514,685	49	85		752,127	61	83	1	800,387	167	78	-3	487,211	116	63	17	473,772	98	42	491	272

\* Includes Canmore, Banff, Exshaw, Deadman's Flats & Harvie Heights (Lots & Fractionals not included)

% Percentage Price Change compared to previous period

# Number of Units Sold Per Period

DOM Average Days on Market

Tables compiled by Rob Karg & Kathy Corless, Coldwell Banker Rockies Realty, Data Source - Canmore Interface System.