



2022 HOUSING MARKET FORECAST

HIGHLIGHTS

After a record breaking 2021 sales are expected to ease by 7% in 2022 but these strong sellers market conditions we are currently experiencing are expected to carry us well in to the spring market.

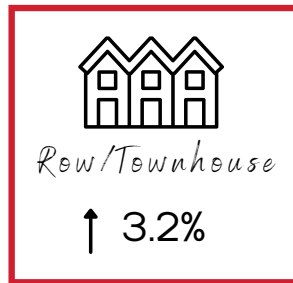
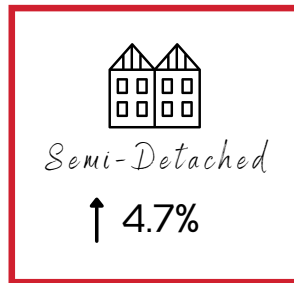
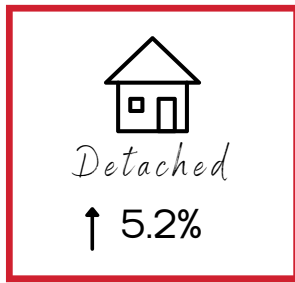
Contributing Factors

- Alberta's economy saw energy prices far better than anticipated which are expected to continue through 2022 as well growth prospects in the tech industry
- Towards the end of 2021 Alberta saw an increase in both interprovincial and international migration. This is expected to continue as we approach the end of the pandemic. **Calgary in particular has seen smaller outflows of people which has lead to one of the largest growth in sales relative to the majority of the province.**
- Interest rates remain at a record low with the Bank of Canada maintaining their benchmark rate at 0.25% with a projected hike arriving in March of this year. *A rise in interest rates should ease some pressure on the current housing demand.*
- New home starts are facing supply chain issues as well as price increases in both materials and labour. New home starts are projected at 9,864 units in 2022, a 20% drop compared to a record setting 2021 - however, new housing starts are still expected to remain high enough to support modest improvements in supply.

The biggest factor in whether or not we will reach a more balanced market will be housing supply which will take time to catch up to demand. This will likely result in further price gains across all sectors.

“While conditions in the housing market are expected to remain strong, there is a significant amount of uncertainty that could impact housing.”

Projected Residential Price Growth



Total residential price growth expected in 2022 is 4.46%
vs.
the 8.25% gain recognized in 2021.

Forecast Risk

Inflation, Lending & Covid 19

There is significant uncertainty in the economy, as the impact and duration of ongoing supply issues in the market are unknown and somewhat dependent on further disruptions caused by COVID-19. At the same time, energy prices are expected to rise. Higher energy costs, along with longer-than-expected supply disruptions, could result in higher-than-expected inflation. Persistent and higher-than-expected inflationary pressure would not only impact the cost of living, but could also cause an earlier and higher increase in lending rates. This would pose the most significant downside risk to housing demand.

Housing Supply

Supply levels are expected to improve relative to demand. However, renewed confidence in the energy sector, plus new industry growth, could result in stronger-than-expected housing demand. If housing demand remains persistently strong and building delays and costs continue to increase, the housing market could take longer to return to balanced conditions, causing stronger-than-expected price growth in the resale market. -CREB®

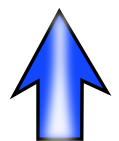


Top Downside Risk:

Earlier and higher than expected increases in lending rates would pose the most significant downside risk to housing markets.

Top Upside Risk:

Should the housing market take longer to return to balanced conditions, we could see stronger than expected price growth.



Miranda Laakso, REALTOR®
587-586-9044