

PROLONGED and CONTINUING apparent HOUSING MARKET DYSFUNCTION in Calgary

Housing STARTS & COMPLETIONS are LESS than Net Migration + Household Formation: 2018 to 2028-2029

April 2023/October 2023 - <https://www.calgary.ca/research/economic-outlook.html>

(Fall 2023 Calgary and Region Economic Outlook 2023-2028 – yellow highlighting added)

City of Calgary											
FORECAST COMPLETED: April 2023	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Demography											
Total Population ('000 Persons, as of April 1)	1,267.3	1,285.7	1,307.0	1,321.6	1,348.6	1,389.2	1,412.9	1,434.2	1,455.5	1,476.6	1,497.6
Total Population Growth (%)	1.7	1.4	1.7	1.1	2.0	3.0	1.7	1.5	1.5	1.5	1.4
Net Migration ('000 Persons, April - March)	11.7	9.6	12.3	6.1	19.7	33.1	15.8	13.7	14.1	14.4	14.7
Household Formation ('000 units, April - March)	11.6	6.3	7.7	5.6	10.4	15.6	9.2	8.3	8.3	8.3	8.2
FORECAST COMPLETED: October 2023	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Real Estate											
Housing Starts ('000 units)*	9.4	10.6	7.9	12.7	14.8	14.2	10.5	11.0	10.4	9.9	9.6
Average Residential MLS Sale Price Growth (%)**	-1.2	-4.2	-0.1	7.6	4.9	1.9	1.7	5.2	3.7	2.2	2.2
Benchmark Home Price Growth (%)**	-0.1	-3.8	-0.9	12.8	12.4	3.8	1.1	5.0	3.6	2.2	2.2
Total Building Permits (\$billions)	4.5	5.0	3.4	5.6	5.7	5.7	6.3	5.9	6.5	6.5	6.6

Numbers may not add up due to rounding.
Sources for historical data: * Canada Mortgage and Housing Corporation (CMHC) ** Calgary Real Estate Board (CREB)

NOT ENOUGH!

"The city saw over 12,400 homes completed in 2023, the highest on record...a 27.8 percent increase in 2023...."

- 2023 Net Migration – 33,100 people
- 2023 Household formation – 15,600 households

April 2024 - <https://www.calgary.ca/research/economic-outlook.html>

(Calgary and Region Economic Outlook 2024-2029) Fall Update yellow highlighting added - **Table 2 is MISSING Demography – Total Population, Total Population Growth, Net Migration, Household Formation. Please include the MISSING information.**

City of Calgary											
FORECAST COMPLETED: April 2024	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Real Estate											
Housing Starts ('000 units)*	10.6	7.9	12.7	14.8	16.7	17.6	16.7	16.7	16.3	15.6	14.8
Average Residential MLS Sale Price Growth (%)**	-4.2	-0.1	7.6	4.9	4.3	6.5	3.5	3.6	1.7	1.3	1.7
Benchmark Home Price Growth (%)**	-3.8	-0.9	12.8	12.4	5.2	7.6	2.4	3.2	1.2	0.7	1.1
Total Building Permits (\$billions)	5.0	3.4	5.6	5.7	5.9	6.3	5.2	5.7	5.7	5.7	5.7

Numbers may not add up due to rounding.
Sources for historical data: * Canada Mortgage and Housing Corporation (CMHC) ** Calgary Real Estate Board (CREB)



Housing Completions

The city saw over 12,400 homes completed in 2023, the highest on record. Prior to 2020, the average five-year number of completions was over 9,700 homes, a 27.8 per cent increase in 2023. The distribution of completions by housing type is highlighted below:

- Single-family (up from 31.0 per cent in 2022 to 34.0 per cent in 2023)
- Two-family (up from 8.0 per cent in 2022 to 9.0 per cent in 2023).
- Townhouse (up from 11.0 per cent in 2022 to 15.0 per cent in 2023)
- Apartment (down from 50.0 per cent in 2022 to 42.0 per cent in 2023)

Despite the growth in housing completions the pace of growth of housing demand has far exceeded supply thus constraining housing inventory to historical lows.

The City of Calgary Housing Review – Fourth Quarter 2023 - <https://www.calgary.ca/research/housing.html>

PROLONGED and CONTINUING apparent HOUSING MARKET DISRUPTION in Calgary

Housing STARTS & COMPLETIONS are LESS than Net Migration + Household Formation

2019 to 2028-2029

April 2024 - October 2023 - (annual average) - (annual average) - (annual average) - (annual average)

NOT FINISHED

77% of new over 12-15

houses completed in 2023, up

from 60% in 2022

Recent increase in 2023

2023 net migration - 22,000

plus

24,000 household formation

20,000 households

Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Household Formation	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Net Migration	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Household Formation + Net Migration	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Housing Starts	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Housing Completions	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000

Additional information and notes regarding the housing market data, including a small graphic or logo.

Category	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Household Formation	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Net Migration	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Household Formation + Net Migration	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Housing Starts	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Housing Completions	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000

CITY OF CALGARY
RECEIVED
 IN COUNCIL CHAMBER
 MAY 22 2024
 ITEM: 7.1 CD2024-0225
 DISTRIB- PRESENTATION
 CITY CLERK'S DEPARTMENT

Calgary had the **highest average monthly apartment rent** of key Canadian cities (CMAs) in **2008** and **2014-2015**, prior to recessions and decreases in average rent. In 2007: **92%** of tenants + **78%** home owners in Calgary, Edmonton **avored rent caps**.

Enough is enough!



HOUSING IS A HUMAN RIGHT.

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Inflation Review

April 2024

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May 21, 2024

HIGHLIGHTS

Headline Inflation Comparison*

April 2024



*Compared to the same month last year

Major Contributors to Alberta's Inflation Rate

April 2024



Inflation Rates

	Relative Importance (%)*	Year-over-year (%)		
		Apr-24	Mar-24	Feb-24
Calgary: All-items	100.00	3.6	4.2	5.1
Shelter	25.89	9.8	12.0	14.8
Rented accommodation	5.91	18.6	17.7	15.3
Owned accommodation	16.14	9.0	9.3	9.6
Water, fuel and electricity	3.85	1.0	13.8	35.1
Alberta: All-items	100.00	3.0	3.5	4.2
Alberta: All-items excluding food and energy	76.10	2.6	2.5	2.9
Canada: All-items	100.00	2.7	2.9	2.8
Canada: All-items excluding food and energy	76.57	2.7	2.9	2.8

* CPI basket weights are based on the 2022 expenditure data, modified in June 2023. Sources: Statistics Canada, Corporate Economics, May 21, 2024.

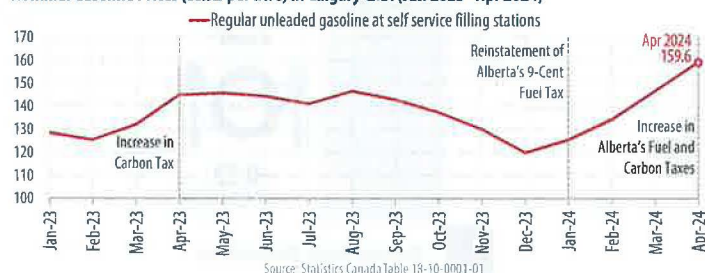
The inflation rate in Calgary further softened to 3.6 per cent, while Canada's inflation also eased to 2.7 per cent in April.

In April 2024, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) saw a year-over-year (YoY) increase of 3.6 per cent, down from March's 4.2 per cent. This deceleration trend is expected to continue in the coming months as the base year effect of Alberta's energy rebate program, which artificially lowered electricity costs until April 2023, ceases. Additionally, Alberta's electricity prices have been declining. However, persistent inflation in shelter costs, particularly rent, kept Calgary's inflation the highest in the nation for the fourth consecutive month. The inflation rate for Alberta fell to 3.0 per cent in April, down from 3.5 per cent in March. The primary drivers of Alberta's inflation were increases in shelter and gasoline costs, which were partially offset by reductions in cellular service costs. Canada's national inflation rate slowed to 2.7 per cent from March's 2.9 per cent. The national rate has stayed below 3 per cent for four consecutive months ahead of the Bank of Canada's next policy meeting on June 5th. Core inflation, which excludes volatile items such as food and energy, dipped to 2.7 per cent from 2.9 per cent in March in Canada, while it rose to 2.6 per cent from 2.5 per cent in Alberta.

Gasoline prices accelerate with hikes in Alberta's fuel and carbon taxes ahead of the summer trip season.

As the summer road trip season approaches, changes in both provincial and federal policies have driven up gasoline costs, which have seen increases of 10.3 per cent YoY and 8.8 per cent month-over-month in Alberta. The YoY increase was the highest in the nation and solely contributed to 0.42 per cent of Alberta's overall annual inflation. Reintroduced in January 2024, Alberta's fuel tax has climbed to 13 cents per litre starting from April 2024, up from 9 cents. Additionally, the federal carbon tax has risen from \$65 per tonne to \$80 per tonne. According to the Canada Revenue Agency, this \$15 hike translates into about a 3-cent increase per litre. Factoring in the 5% GST, these policy shifts combined accounted for approximately 60 per cent of Calgary's monthly fuel price increase of 12.6 cents. Seasonal factors like changes in gasoline blends also play a role in fueling the price increase.

Nominal Gasoline Prices (cents per litre) in Calgary CMA (Jan 2023 - Apr 2024)



Source: Statistics Canada Table 19-10-0001-01

Calgary has experienced three of the top five highest rent inflations in Canada since 2000, all within the past five months.

Each month has brought another record-breaking rent increase as Calgary grapples with a supply imbalance and rising demand in the rental market. For instance, the April rent inflation rate of 18.6 per cent was the highest ever recorded in Canada, marking the seventh consecutive month where growth exceeded 10 per cent, with an average increase of 15 per cent. To put this in perspective, at this rate, it would only take about five years to double the rent index¹. The table below ranks the highest YoY increases in rental accommodation in Canadian CMAs this century. Notably, Calgary appears on the list three times, all of which occurred within the past five months.

Top Five Highest Year-Over-Year Rent Inflation Rates in Canadian CMAs Since 2000

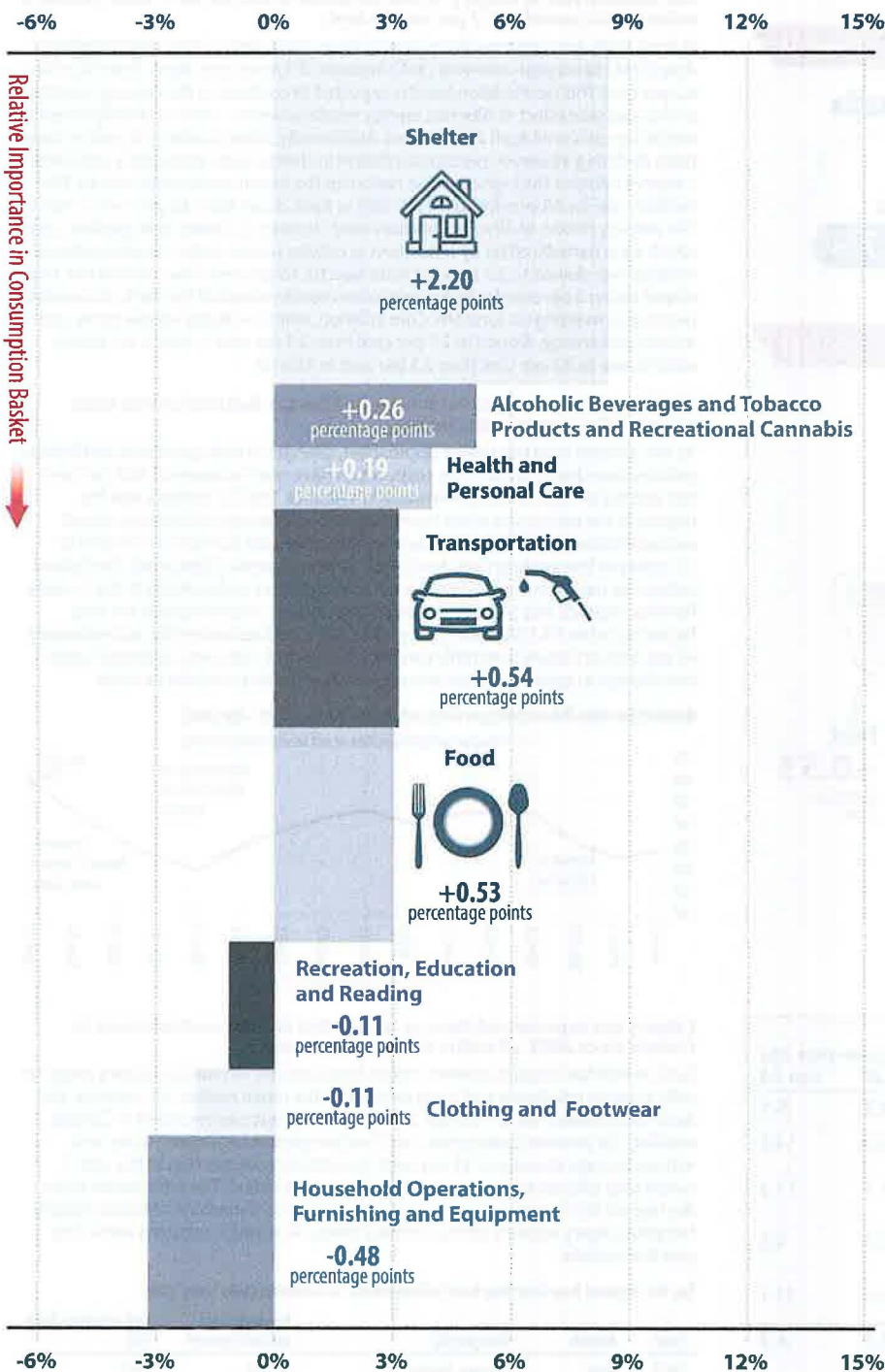
Year	Month	Geography	Products and product groups	YoY Inflation Rate (%)
2024	April	Calgary, Alberta	Rented accommodation	18.6
2023	December	Calgary, Alberta	Rented accommodation	18.4
2024	March	Calgary, Alberta	Rented accommodation	17.7
2020	October	St. John's, Newfoundland and Labrador	Rented accommodation	16.8
2022	August	Regina, Saskatchewan	Rented accommodation	15.7

¹ Calculated by deriving n from $2 = 1.15^n$, where n represents the number of years.

Contribution of Consumer Items to Inflation: Alberta

April 2024

Inflation Rate



The calculation for contribution incorporates the effects of changes in basket weight. The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

Sources: Statistics Canada, Corporate Economics, May 21, 2024.

Next release: June 25, 2024

Who We Are

Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced at researching different economic topics and have developed reliable methods of forecasting and analysis.

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Sources:
Bank of Canada, Statistics Canada,
Corporate Economics.