



# Housing and Mortgage Market Review: Quarterly Report – *October 2023*

**Alberta's real estate resilience: home sales and prices defy expectations in Q3**

## **Highlights:**

- Home sales rose strongly in the third quarter, driven in large part by record population growth
- The market remains tilted strongly towards sellers and prices continue to grind higher
- The economy is showing signs of softening at margins, and that may portend a modest cooling in demand in coming months

# Housing and Mortgage Market Review

## Alberta

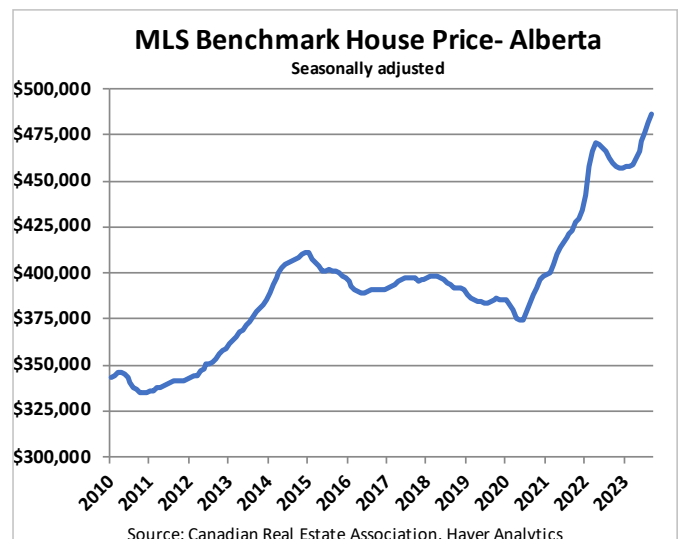
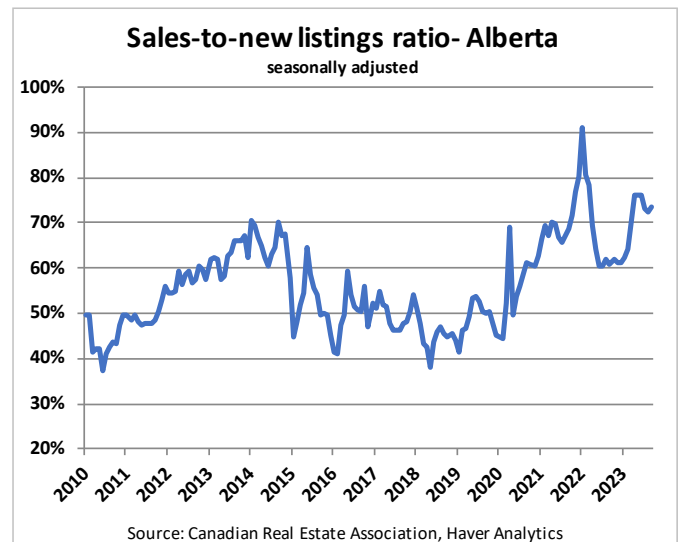
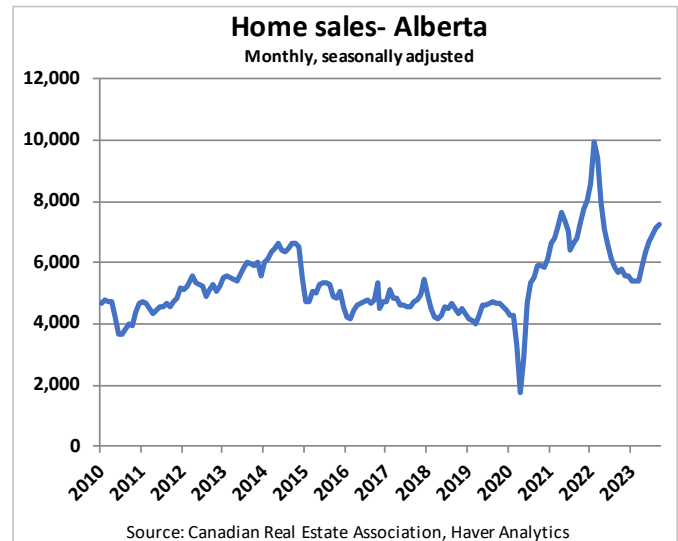
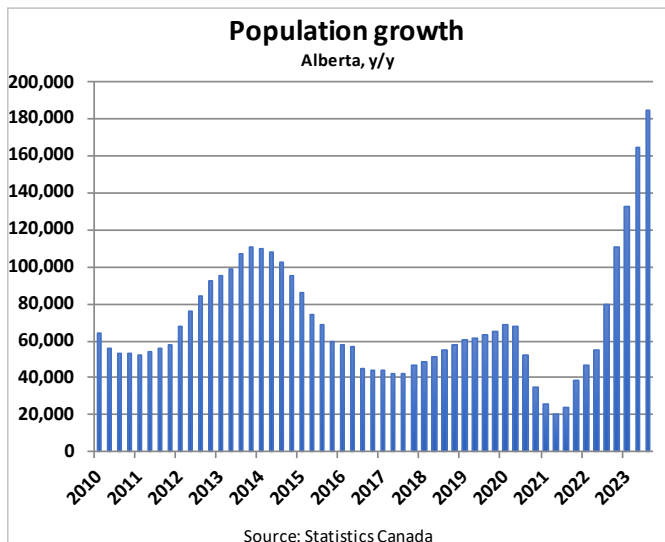
Seasonally adjusted home sales across Alberta jumped 12.7% in the third quarter and remains well above normal levels seen over the past decade. We could see demand slow in the coming months as the market digests the recent increases in mortgage rates.

New listings jumped 17.5% in Q3 on a seasonally adjusted basis. Even with that surge in supply, the market overall remains tilted strongly toward sellers with a sales-to-new listings ratio above 70%, the highest ratio of any province.

In spite of high mortgage rates, house prices continue to grind higher across Alberta. The MLS House Price Index rose 3.2% in the third quarter, making Alberta one of only three provinces to still have house prices at record highs.

### A new record for population growth

Like other provinces, Alberta's strong housing demand is being driven in large part by record population growth, which hit 184,000 annually in the third quarter.



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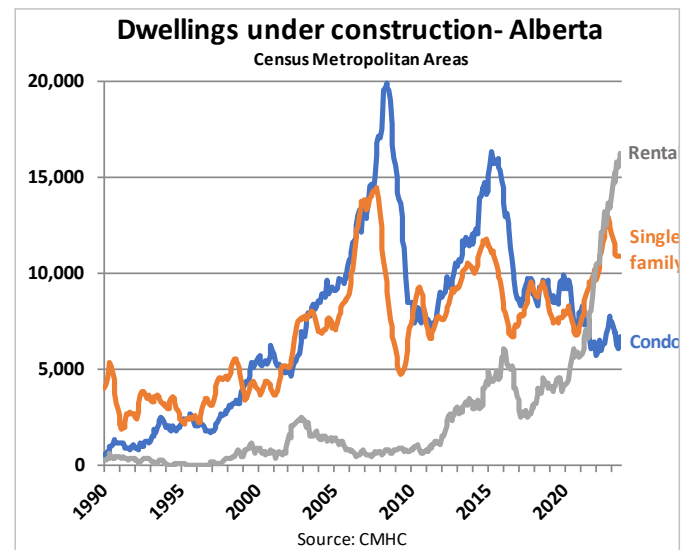
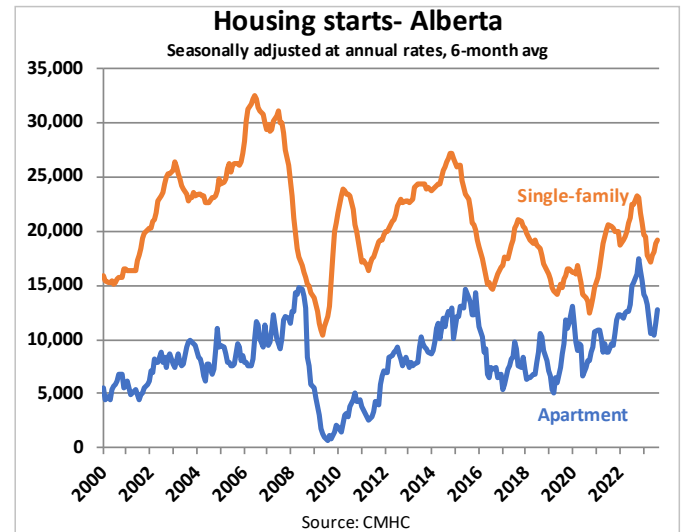
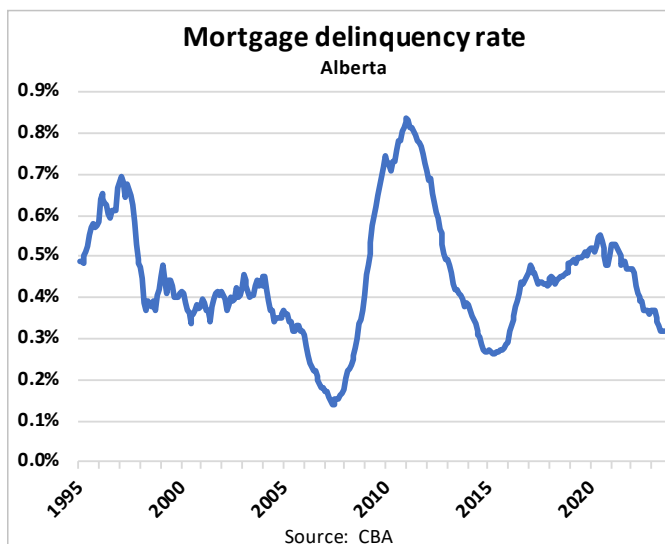
At the same time, new supply is trailing well below levels required to meet the demands of a growing population. This is particularly true in the single-family segment where housing starts remain well below normal.

There's no shortage of dwellings under construction across the province (up another 2.6% in the third quarter). But those dwellings are increasingly skewing towards rentals, which now account for nearly half of all new dwellings in the construction pipeline.

### Labour market softens

Alberta saw a net job loss of 8,000 positions in the third quarter, but the unemployment rate held steady at 5.7%.

The mortgage delinquency rate in Alberta fell to 0.32% in August, down sharply from 0.50% in 2021. Still, with rates on the rise and the prospects of a slowdown in the Canadian economy later this year, we should expect this trend to begin to reverse course in coming months.



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### Summary:

Demand for housing remains very robust in Alberta, driven by strong population growth. A shortage of resale supply is leading to very tight market conditions and sustained upward pressure on prices. Even with relatively affordable housing, it's likely only a matter of time before rising mortgage rates begin to exert some modest downward pressure on demand.



*\*Any forecasts contained in this report are accurate as of the date indicated.*