

Housing sector works its magic

Economist says extent of recovery a surprise

BY MARIO TONEGUZZI, CALGARY HERALD OCTOBER 7, 2009 8:25 AM

CALGARY - The housing sector has performed a great Houdini act, managing to escape from the clutches of a serious economic downturn with a remarkable turnaround as sales have roared back from low levels earlier in the year, says a prominent national economist.

Douglas Porter, deputy chief economist with BMO Capital Markets who was in Calgary on Tuesday, said "buyers really looked across the valley of the recession."

"They saw the combination of a little bit of a dip in prices and very low rates as a good long-term opportunity," said Porter, who appeared during a panel discussion on the local real estate market. "Buying a house is not something you're doing for a year or two years. You're arguably doing it for the rest of your life. At the end of the day, buyers just view this as basically a once-in-a-lifetime opportunity to get in. And I think that's why the market turned and turned so aggressively."

Porter said it was a surprise for many economists how quickly the housing market turned around given the underlying weakness in the economy.

"Alberta's actually seen the biggest rise in its jobless rate of any province in the country from its lows over the past year, but be that as it may, that affects less than 10 per cent of the population," Porter said. "The rest of the population that still has a job just saw this as a tremendous opportunity and seized that opportunity."

For the fifth consecutive month, MLS residential sales in Calgary for both the single-family home and the condominium market have increased compared with year-ago levels.

According to data released last week by the Calgary Real Estate Board, single-family home sales increased by 9.1 per cent last month compared with a year ago, while condominium sales were up 24.7 per cent.

Average MLS sales prices also increased during the month. For single-family homes, the average price was \$459,085, up 3.39 per cent from September 2008, while condos rose 0.98 per cent to \$290,253.

Bonnie Wegerich, president of the Calgary Real Estate Board, said the resale housing market in the city is now balanced, adding the worst is behind us and buyers are "shaking off recessionary jitters."

Don Dessario, regional president of the Canadian Home Builders' Association, said the industry continues to "adapt and weather this financial storm."

"The inventories that were previously available have been diminished to the point that they're now meeting the requirements of the current buyer's market and in the balanced market," he said.

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