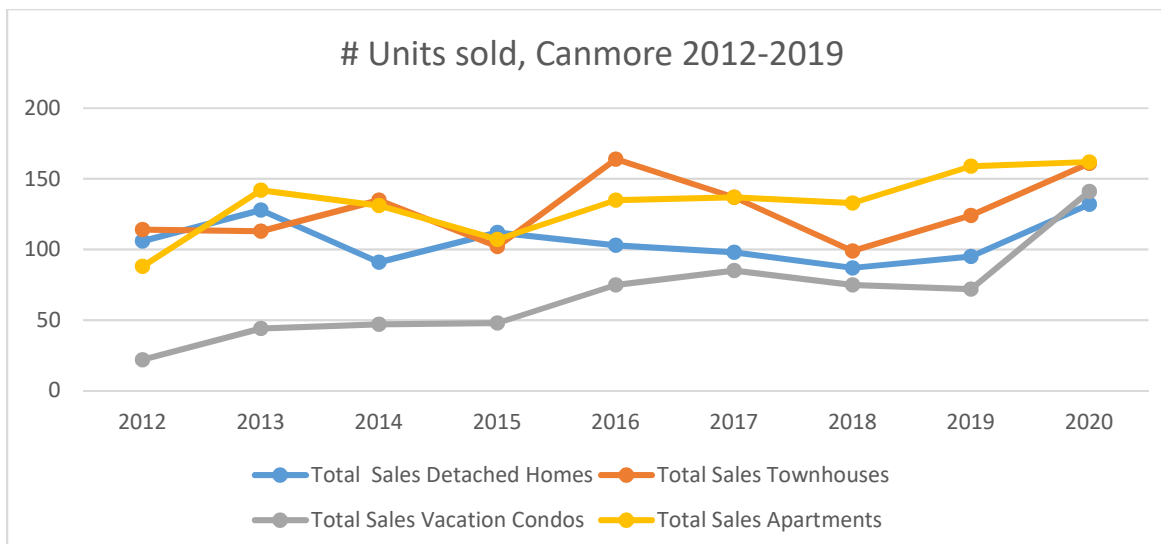
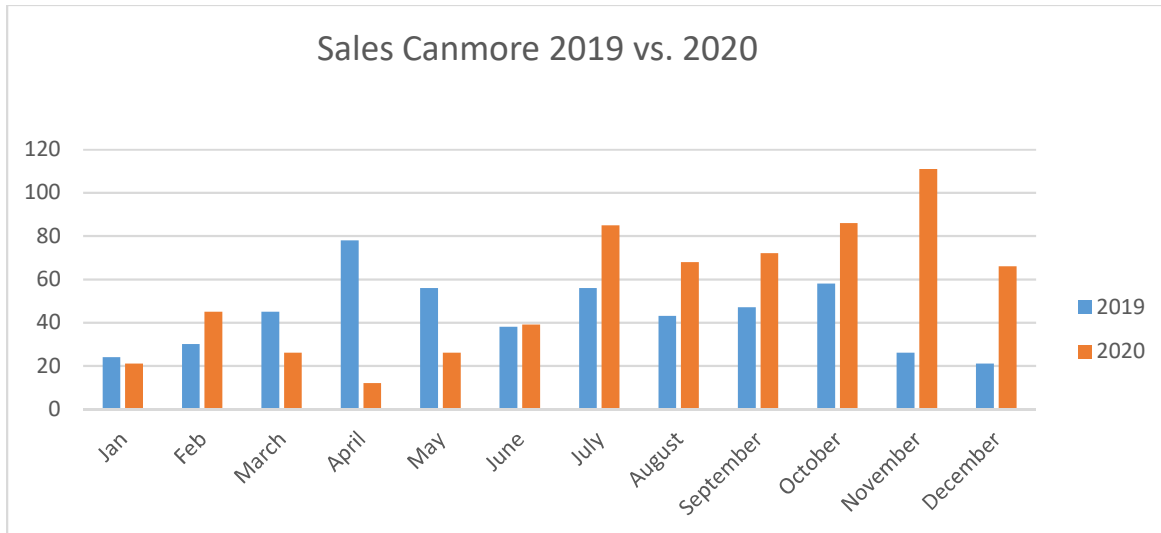


The unreal Recovery of the Canmore Real Estate Market in 2020

Welcome to 2020 – the year of Covid! When at the beginning of the year Covid started to appear on the horizon, nobody here in Canada or Europe was really taking it very serious. And I remember several discussions that I’ve had with friends and relatives about this topic. Having experienced SARS several years back when I was still living in China, I had quite a different opinion from most of my friends on how serious this could become for us.

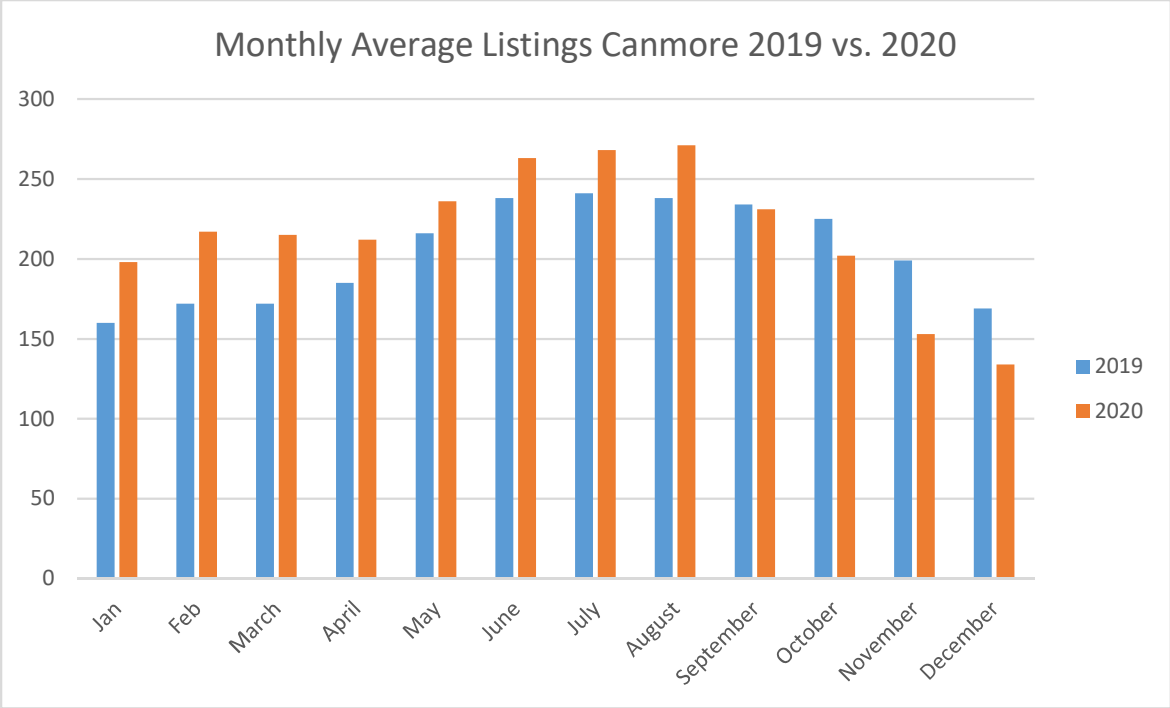
In May of this year, we had seen the first lockdowns and the Real Estate Market reflected what was happening all over. Sales numbers in Canmore were down by 44% compared to 2019 and the future looked grim.

But then something happened and miraculously demand for Real Estate came back. By the end of December we had 658 sales, which is 27% more sales than in 2019.



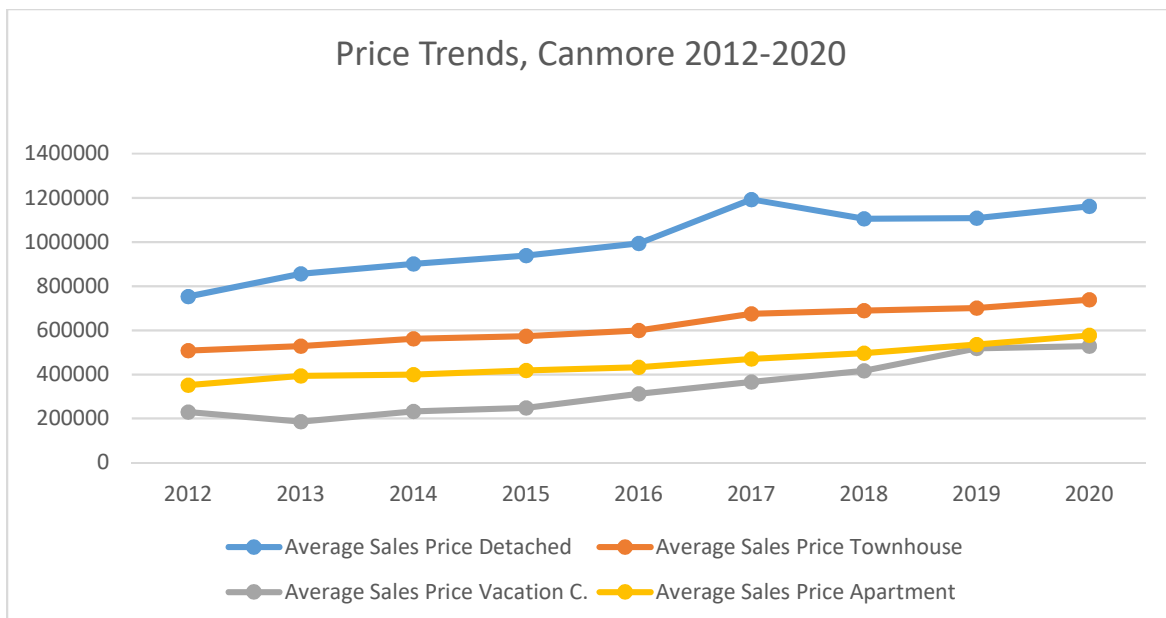
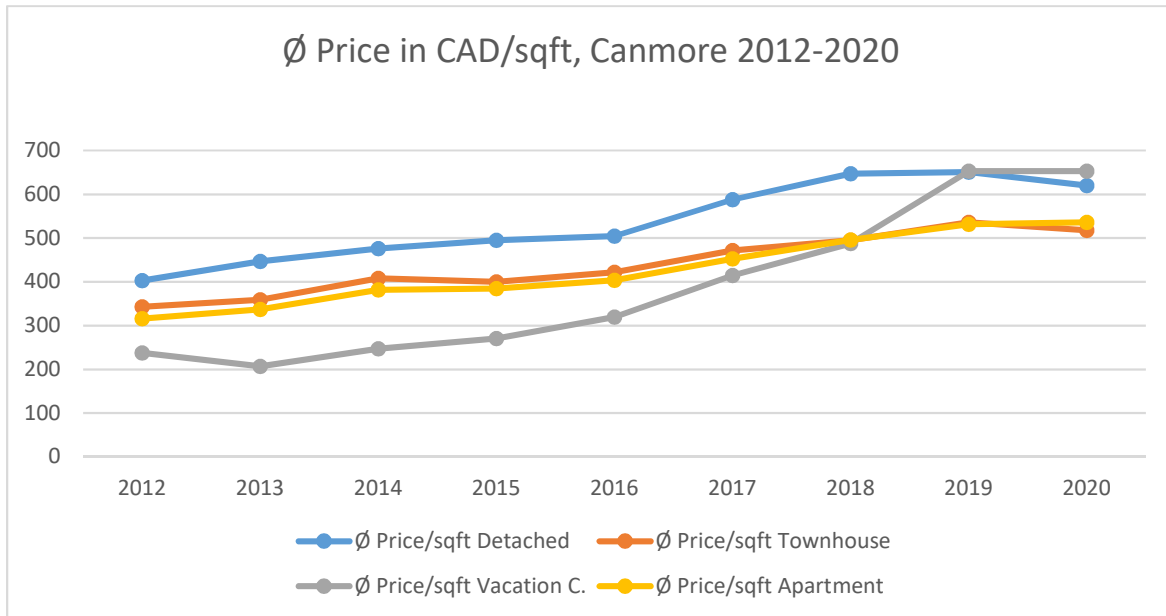
The reasons for this are still not entirely clear to me, but here are some possible explanations....

1. Essential Business: Real Estate was announced an essential business and we were allowed to continue business.
2. Low Interest Rates: Interest Rates are at their lowest rates ever. Millenials and Generation Z putting down smaller down payments and taking on larger debts to take advantage of low interest rates despite rising prices.
3. Changing Lifestyle: With more and more stay-at-home orders and social distancing, new online technologies emerged which made People realize that they can actually work from anywhere. Canmore profited as a popular living destination.
4. Economic Stimuli: Government stimuli in form of direct payments and tax deferral programs; banks' mortgage deferral programs and servicers put forbearance plans in place to help homeowners from being foreclosed on.
5. Positive Outlook: Mid April we had reached the peak of the first waive. From there numbers of new infections were starting to decrease and in May were continuously coming down leading to a positive Outlook among consumers.
6. Getting used to: Consumer confidence returned after the initial shock and fear subsided and gave way to a feeling of "getting used to" and settling into the new situation.
7. Decreased Inventory: Inventory decreased as buyers returned in earnest before sellers; this imbalance lead to price increase and previously motivated sellers started having 2nd thoughts and pondering options....
8. Reduced Price/sqft: Especially in the Detached Sector but also for townhouses, price / sqft above grade decreased which lead to high sales numbers of higher priced prime property.
9. Mortgages for Short-term rental properties: The last few months of the year opened up the possibility of mortgages for short-term rental properties (properties that can be rented out through Air B&B or VRBO) leading to a high demand especially for higher-priced properties (mortgages were prior not available for this kind of product).



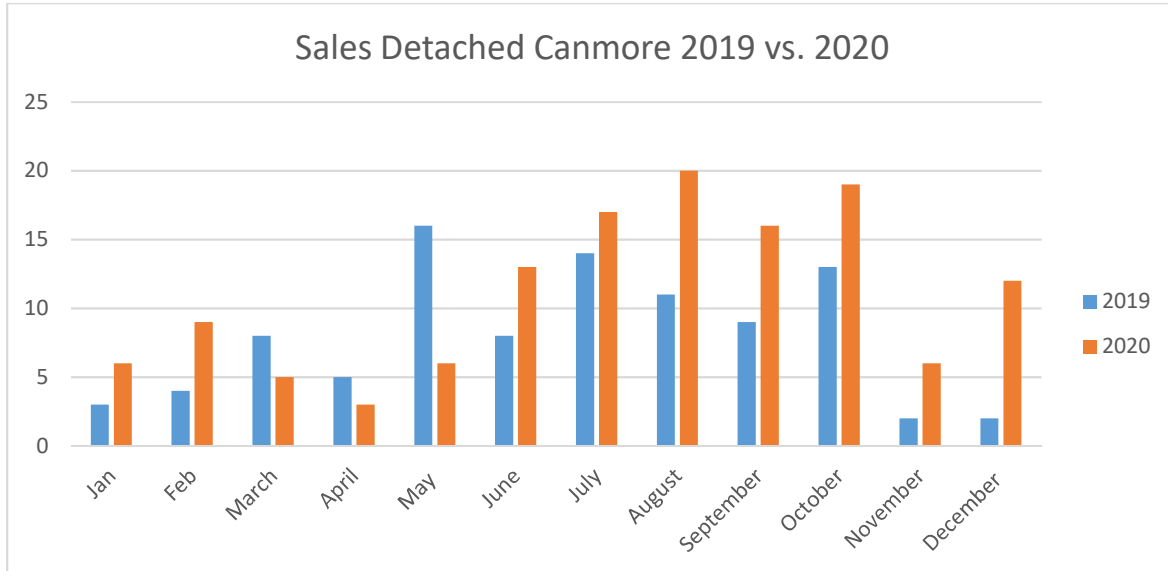
Prices:

For some types of products in Canmore the price/sqft above grade decreased slightly, making them a better deal (buyers get more for their money). This enticed buyers to buy more expensive properties so that the average sold prices of all types of products increased further in 2020.



Detached (Single Family) Homes:

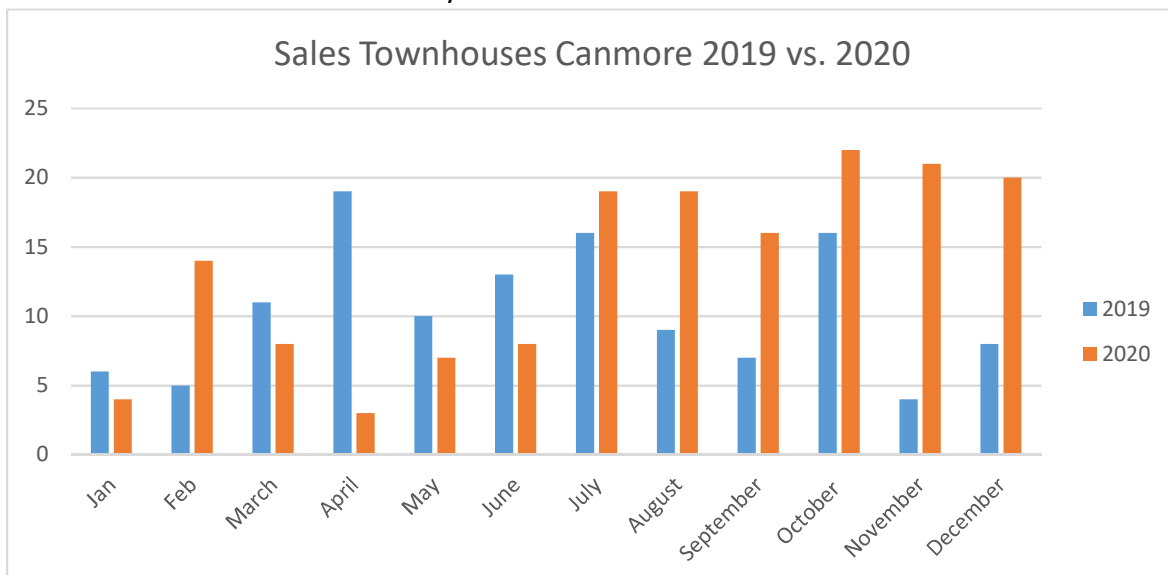
132 sales in 2020 vs. 95 sales in 2019 is a 39% increase in sales numbers. Hence detached homes were one of the winners this year.



The average price / sqft above grade decreased from \$651 to \$620 in 2020. This led to a stronger demand for especially bigger and more expensive houses and the average sale price increased by 5% to \$1,162,000. The disparity of Listprice vs. Saleprice remained at 4%. Average days on market for the year decreased from 80 days to 63 days in 2020.

Townhouses

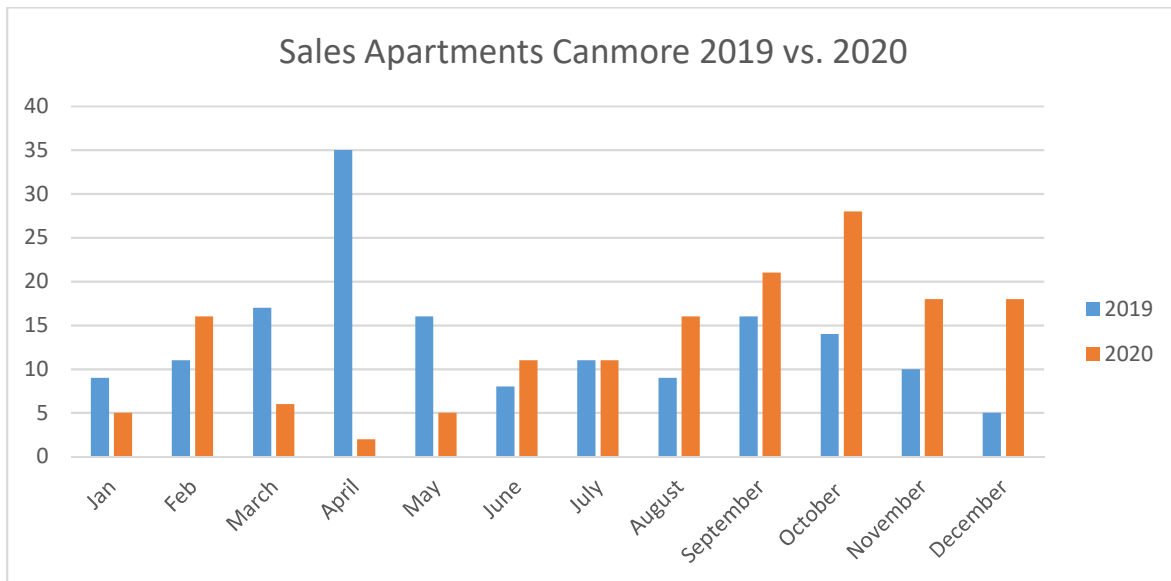
Townhouse sales also increased by 30% to 161 sales.



Similar to detached homes, the price / sqft above grade also decreased slightly from \$536 in 2019 to \$518 this year. This led to a higher demand for bigger and more expensive townhouses and the average sale price increased by 5% to \$739,000. Average Days on Market remained the same as per last year at around 84 days (81 days in 2019).

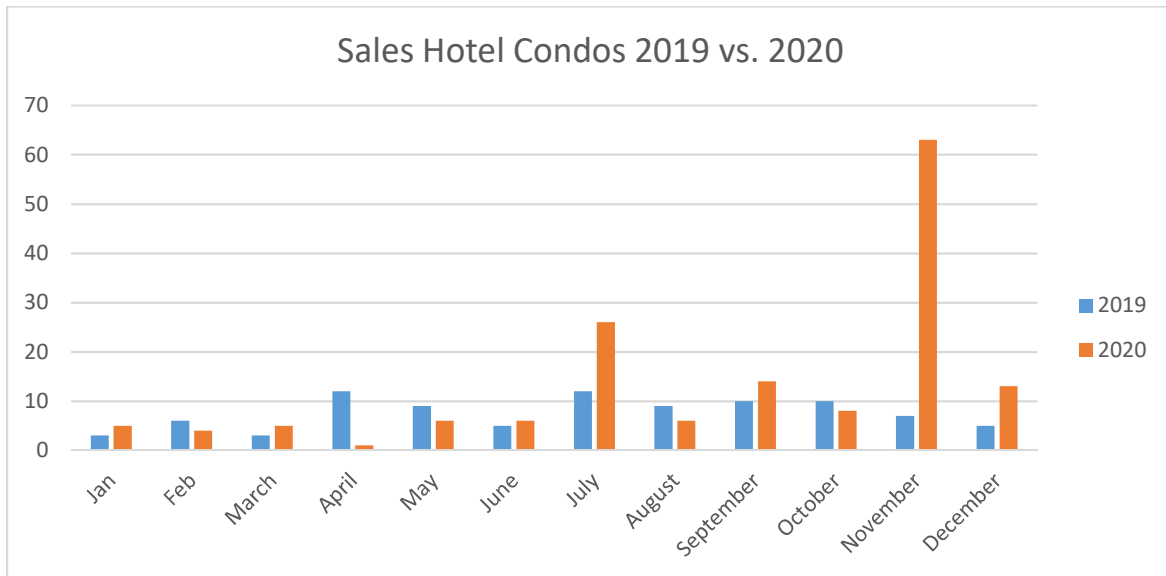
Apartments (Condos)

Apartments in Canmore became more expensive this year. The average price / sqft above grade increased slightly from \$532 to \$536 and the average sale price increased by 8% to \$577,000. Thus sales numbers stayed almost the same with 162 sales (vs. 159 in 2019) but average days on market increased from 51 days to 74 days this year.



Vacation Properties (Visitor Accommodation Zoning – short-term rental)

Sale Numbers almost doubled compared to last year (+96%) to a total of 141 units. However, these numbers also include some 50 units of new development (Highline and Skyline) which presold in November this year but will not be built until 2021 / 2022. Average days on market were at 35 days (vs. 37 in 2019).



Whilst the average price / sqft registered size remained the same (\$653 vs. 652 in 2019 which means no better deal), the average sale price further increased by 2% to \$528,000. Especially the last few months have seen prices of higher quality units increase a lot, still selling fast and often with multiple competing offers. The reason could be found in the fact that some lenders have just started to offer regular mortgages on these properties with a min. 20% downpayment.

Outlook

There are 3 deciding factors that determine the 2021 Real Estate Business in Canmore...

A Direct Market Stimuli: Here especially mortgage rates and mortgage qualifying policies. Canmore Mortgage Broker Greg Foss from Mortgage Connection is saying this:

“The good news is that going into 2021 we should see interest rates stay where they are currently, and if the experts are correct, they should be low into 2022-2023. Based on several press releases, the Bank of Canada has no plans to raise rates for 2-3 years and they are hoping to get the economy running “red hot” before they start to raise rates considerably.

The housing market is now such an important piece to the economic picture for Canada and the rest of the world that the Central Banks are all hoping to keep rates low which means more buying. Going into 2021 banks are still practicing tight lending policies but will be competitive with interest rates like we saw with the offers from HSBC and others.....”

B Consumer Confidence: This is a soft factor, a feeling that is based on how the future, the overall economical situation and the personal situation is perceived. Influencing factors will be

- If we can overcome the pandemic in 2021
- Canada’s and Worldwide economic performance
- Job Security

Before the pandemic gets better, it will get worse. Governments all over the world are piling up huge debts in order to save businesses and sustain jobs. In the name of fighting the pandemic this practice has been widely accepted. When these programs start to run out in 2021 we will be seeing the economic devastation of the pandemic. Companies will have disappeared, direct job losses, and governments in deep red. How this will be perceived globally and locally is very hard to predict. Still I think that no matter what kind of scenario we can imagine for ourselves, Canmore will do better than other places in Canada, given its special pull factors that are not of economic nature. Buyers are drawn to Canmore for the mountains and the beautiful Bow Valley not so much for a job.

C Supply:

Regardless of a strong demand....there will be no Real Estate business in Canmore without a matching supply. During the pandemic it seems that more people are drawn to Canmore than away from it. Further increasing prices might entice some owners to cash out and move somewhere else provided that the economic outlook in other places is stable. New construction in Three Sisters may absorb some of the demand

Conclusion:

I am carefully positive that the strong Real Estate Market here in Canmore will continue provided that overall conditions don't change to the worse. We have learnt to adapt and unless surrounding conditions as described above become much worse, low mortgage rates and the attractiveness of Canmore as a place to live with the possibility to work remotely will dominate. Supply is one of the big question marks, but should come back if demand remains high.

Thomas Krause – CANMORETHOMAS | REALTOR RE/MAX Alpine Realty, Canmore 30.12.2020

Note: All numbers taken from Xposure on 29.12.2020 – Canmore only.