



creb[®]

2015

economic and
regional
forecast



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The forecasts included in this document are based on information available as of December 2014.
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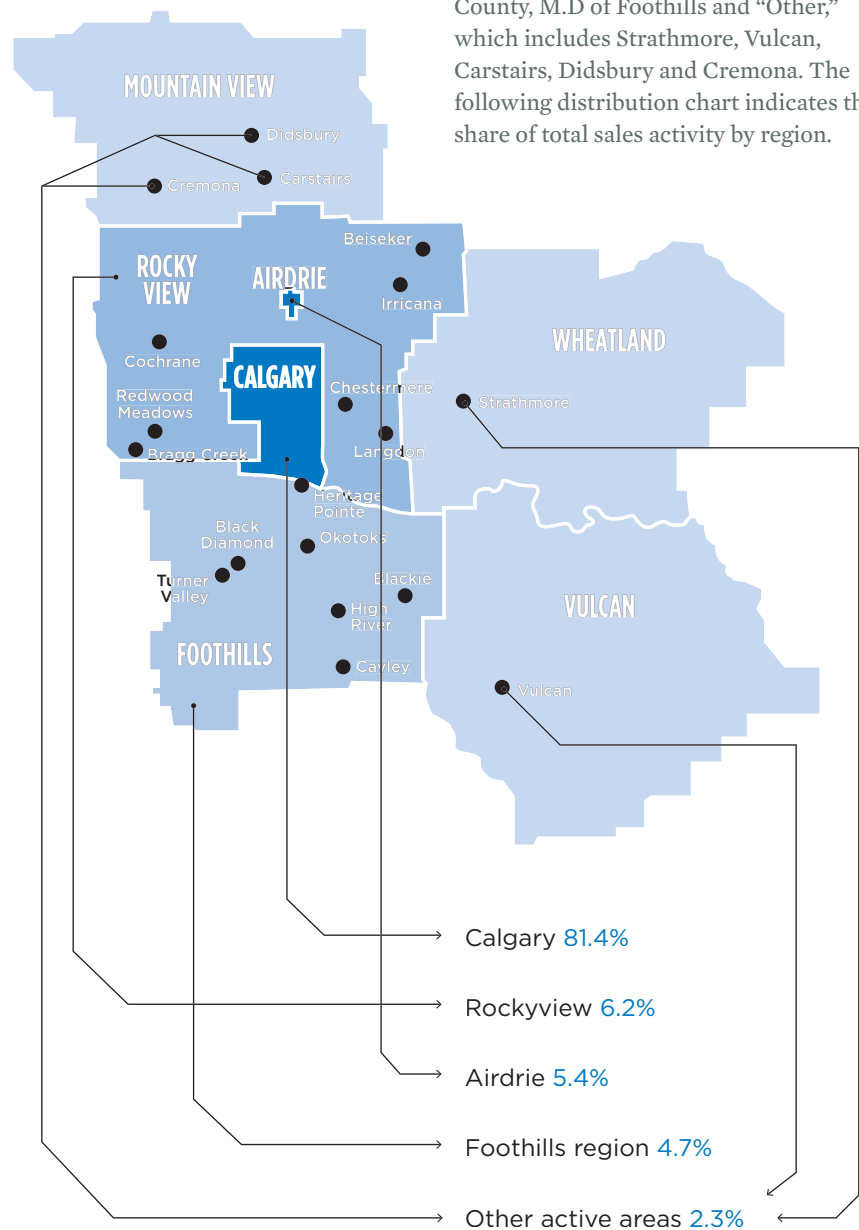
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CALGARY REGION RESALE HOUSING MARKET SUMMARY

>> Calgary's regional housing market in 2014 benefited from strong demand due to positive economic fundamentals. In 2015, however, several factors are pointing toward a pullback. While overall employment levels are forecasted to remain steady, a drop in net migration, coupled with expected lending rate increases and energy sector uncertainty will impact housing demand. While, supply levels are expected to rise. Given previously tight market conditions, rising supply will simply push the market toward more balanced conditions, supporting price stability.

2014 Share of Total Sales

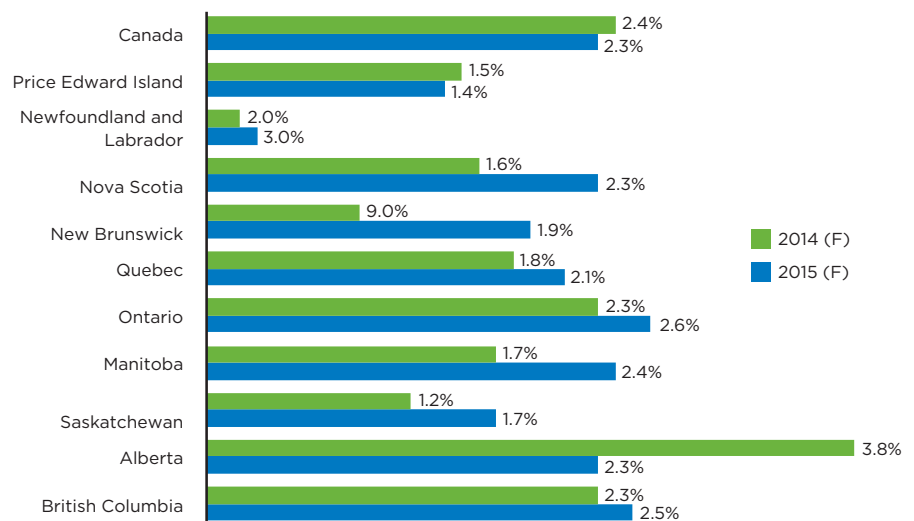
NOTE: CREB®'s economic region, which is defined by members' activity, consists of Calgary, Airdrie, Rocky View County, M.D of Foothills and "Other," which includes Strathmore, Vulcan, Carstairs, Didsbury and Cremona. The following distribution chart indicates the share of total sales activity by region.



GLOBAL AND NATIONAL ECONOMY AT A GLANCE

- The global economy underperformed in 2014, mostly due to weaker than expected growth in the United States, Europe and China. It's expected to improve in 2015 due to the accelerated pace of growth in the U.S. economy.
- Europe's fragile economy continues to be at risk due to lingering issues with labour markets, persistently low inflation and elevated risk. Modest growth is expected in 2015 based on the combined effects of rising world demand, policy changes and structural reforms within the region.
- According to the Bank of Canada, emerging market growth varies significantly by location. Areas such as India and Indonesia are benefiting from successful political transitions, while structural reforms in Mexico are fostering growth. Brazil, Russia and Turkey, however, are experiencing weaker growth as a result of political or geopolitical tensions. While market divergence will persist, economic growth in the U.S. will strengthen emerging markets through to 2016.
- China's economy stumbled out of the gates in 2014, but recorded gains over the next three quarters following improvements to net exports. The Bank of Canada expects growth to ease from 7.4 per cent in 2014 to seven per cent in 2015.

Real Annual GDP Growth



Source: Provincial Economic Forecast, TD Economics December, 2014

NOTE: U.S. ECONOMY

Despite a weak start to 2014, the U.S. economy gained speed throughout the remainder of the year. Strong employment gains supported rising demand and, ultimately, business investment growth. Positive momentum in the labour market is expected to support eventual income gains and stronger growth in both consumer spending and housing demand. Many economists anticipate the country's GDP will grow by more than three per cent in 2015, supporting a stronger global economy.

NOTE: CANADIAN ECONOMY

For many economists, Canada's economy fell short of expectations in 2014 as the business sector hesitated to increase investments, governments were in fiscal-restraint mode and weak labour income growth eroded households' purchasing power. Moving forward, stronger U.S. economic growth, coupled with a weaker Canadian dollar, is expected to boost Canadian exports, making it the primary driver of growth in 2015. This should help motivate business investment and support growth in both full-time employment and wages. However, lower crude oil prices are expected to change the dynamic of growth in the country. The outlook has improved for most non-resource based economies, yet declined for resource-rich provinces.

CALGARY / ALBERTA ECONOMIC FACTORS

ENERGY

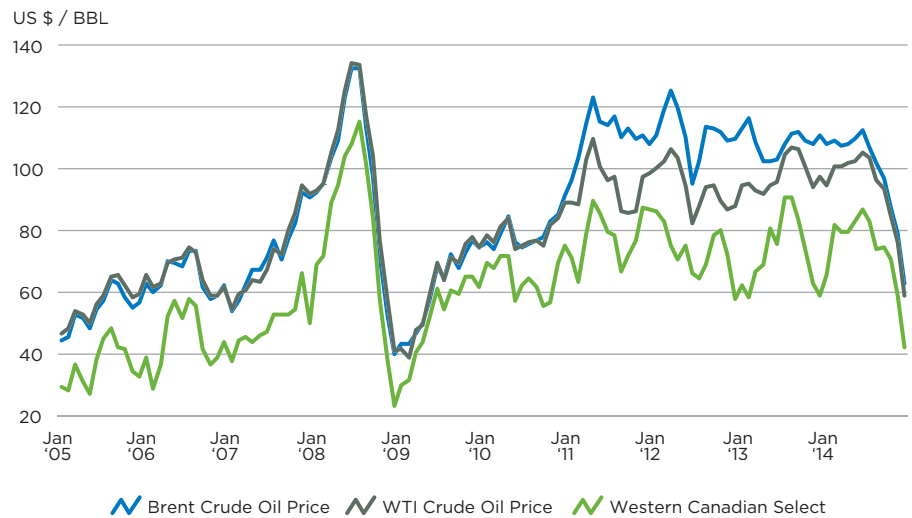
>> The energy sector continues to be a key driver of Alberta's economy. Investment spending and economic activity in the industry have generated employment growth both in and out of the oil patch, as well as encouraged healthy net migration gains in the province.

In the later portion of 2014, however, global crude oil prices fell by more than 40 per cent, raising concerns of potential fallout for Alberta's economy. Slower economic growth in countries such as China and the U.S. weakened global oil demand that, when coupled with increased supply from Libya and U.S. shale oil products, contributed to a surplus of oil and placed downward pressure on prices.

The price decline was precipitated by OPEC's announcement that it would not be cutting production. While some analysts indicated most OPEC members preferred to keep energy prices above current levels, they were also willing to allow prices to fall in order to retain OPEC's market share in the U.S. by curtailing expansion plans by shale oil producers.

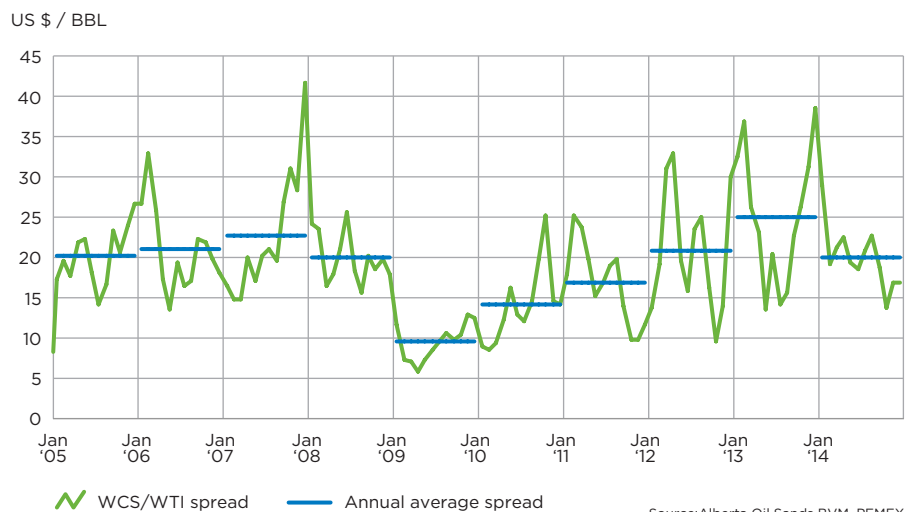
In Alberta, the impact of global crude oil price volatility was somewhat cushioned by both a weak Canadian dollar and a narrower differential between industry benchmark West Texas Intermediate (WTI) and Western Canadian Select (WCS). The narrowing was a result of strong heavy oil refinery demand, pipeline expansions and increased rail-delivered export capacity. This placed Alberta oil producers in a favorable situation prior to price declines.

Crude Oil Price



Source: Alberta Oil Sands BVM, PEMEX, Statistics Canada

Crude Oil Price Spread WTI to WCS



Source: Alberta Oil Sands BVM, PEMEX

Moving forward, the fall in prices will encourage some producers to reduce costs and delay expansion plans. While oil production will moderate

as a result, some analysts indicate production will likely remain positive as operating costs remain above current prices.

CALGARY / ALBERTA ECONOMIC FACTORS

ENERGY (CONT.)

Given the perceived excess world supply, WTI oil prices are expected to average \$62 US per barrel in 2015. As world economies improve, demand will increase, helping to reduce excess supply levels by the end of 2015. Some analysts anticipate medium-term prices to average \$75 to \$80 per barrel.

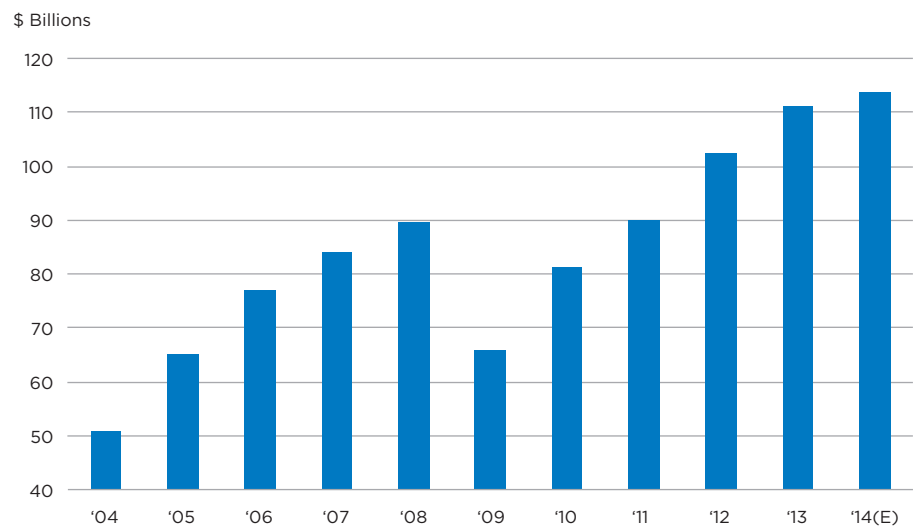
Energy price volatility and subsequent swings in the economy are common. Despite historic price fluctuations, Alberta continues to be one of Canada's most prosperous provinces. Only a prolonged period of lower price levels would impact future investment and, in turn, affect job growth and net migration.

Oil's impact on the housing market over the next two years will depend on the degree of pullback within the energy sector. To compare, energy investment in 2009 slowed substantially after the financial crisis, slower global growth and the U.S. recession. An estimated 16,318 full-time jobs were lost in the Calgary Census Metropolitan Area (CMA) in 2009 and another 4,281 in 2010.

The financial crisis had a significant impact on both housing sales activity and pricing in Calgary. However, the impact following the energy sector pullback was less severe. While sales activity dropped to 10-year lows in 2010 following two consecutive years of jobs losses, listings also fell, which prevented any further price weakening.

The scenario in 2015 is far different. The U.S. economy is far stronger following years of deleveraging, as both consumers

Investment Spending Alberta



Source: Alberta Government, adapted from Statistics Canada Cansim Table 029-005

and businesses have been repairing their balance sheets. With consumer spending gaining traction and business investment improving, economic growth is expected to pick up in the U.S. to growth levels not recorded since 2005. That growth, when combined with a depreciating Canadian dollar, should help support the export sector. Furthermore, rising U.S. demand will also help support demand growth for oil.

Nonetheless, Alberta's energy sector will likely face a challenging year, which will impact the housing market. Lower energy prices will slow the province's economic growth. Analysts expect a reduction in investment spending, government revenues, corporate profits and, ultimately, household income. While forecasts point to some pullback in energy related employment, gains in the services and construction sector are expected to offset the losses, resulting in

stable employment levels in the Calgary CMA.

Concerns regarding the energy sector, along with slowing migration levels and employment growth, are expected to cause a pullback in housing demand in 2015, but not to the levels seen in 2010. Meanwhile, despite a decline in sales, prices are expected to remain relatively stable as supply levels in the housing market are lower than levels seen during the previous energy sector pullback.

The biggest risk to Alberta's energy sector over the medium to long term will be market access. The province will need to be able to enter non-traditional markets in order to reduce business risk and support further investment growth. Further delays for pipeline development will ultimately weigh on long-term economic growth, both in the province and the country.

CALGARY / ALBERTA ECONOMIC FACTORS

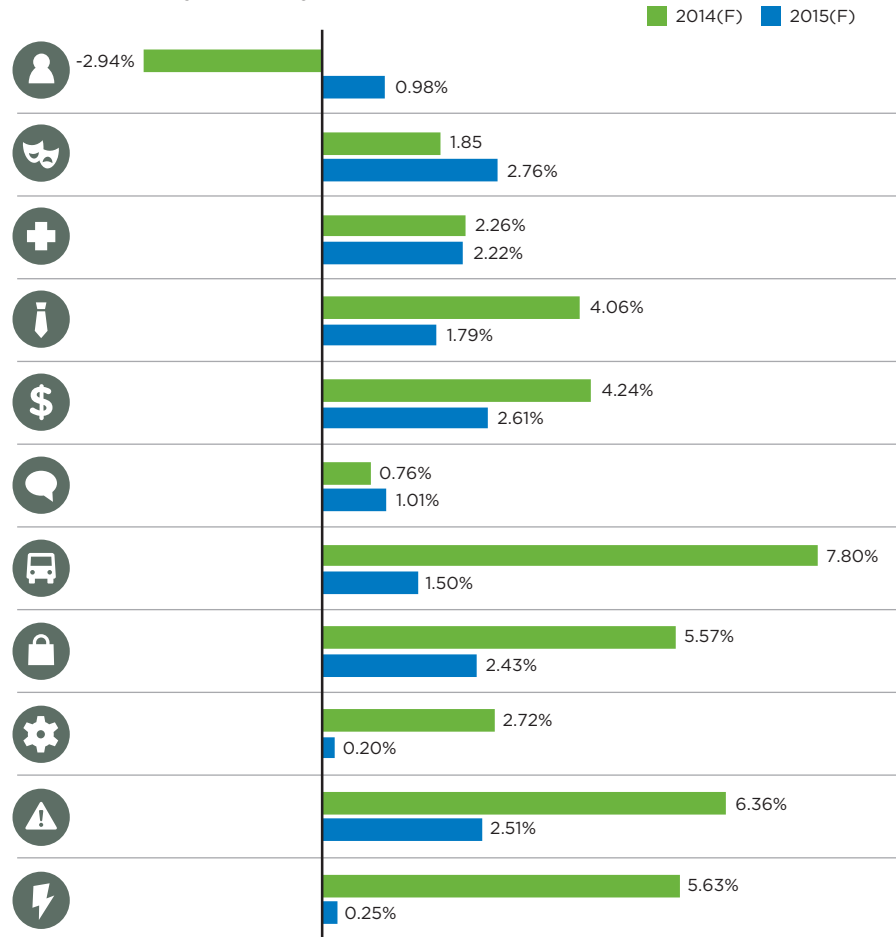
ECONOMIC GROWTH / EMPLOYMENT / WAGES

>> GDP growth in the Calgary area is expected to grow by 4.5 per cent in 2014 and 1.5 per cent in 2015, according to the Conference Board of Canada. While weaker than originally forecasted, a recession is not expected – unlike in 2009 when Calgary’s economy retracted by nearly four per cent.

Over the past two years, Calgary’s economy has been fueled by the strong-performing construction and energy sectors. While future demand for Alberta oil will likely be weaker than previously forecasted, it is expected to remain robust enough to support stability in the primary and utilities industries, which represents nearly 32 per cent of the GDP share.

Ongoing residential and non-residential projects, meanwhile, are likely to support further gains in the region’s construction sector in 2015. In addition, previous gains in employment, wages and population will generate growth in the service sector.

GDP Growth by Industry



- Public Administration
- Arts, Entertainment and Recreation
Accommodation and Food Services
Other Services (except Public Administration)
- Educational services
Health care and social assistance
- Professional, Scientific and Technical Services
Management of Companies and Enterprises
Administrative and Support,
Waste Management and Remediation Services
- Finance and Insurance
Real Estate and Rental and Leasing
- Information and Cultural Industries
- Transportation and Warehousing
- Wholesale Trade
Retail Trade
- Manufacturing
- Construction
- Agriculture, Forestry, Fishing and
Hunting; Mining, Quarrying, and Oil
and Gas Extraction; Utilities

Source: Statistics Canada,
Conference Board of Canada Forecast

CALGARY / ALBERTA ECONOMIC FACTORS

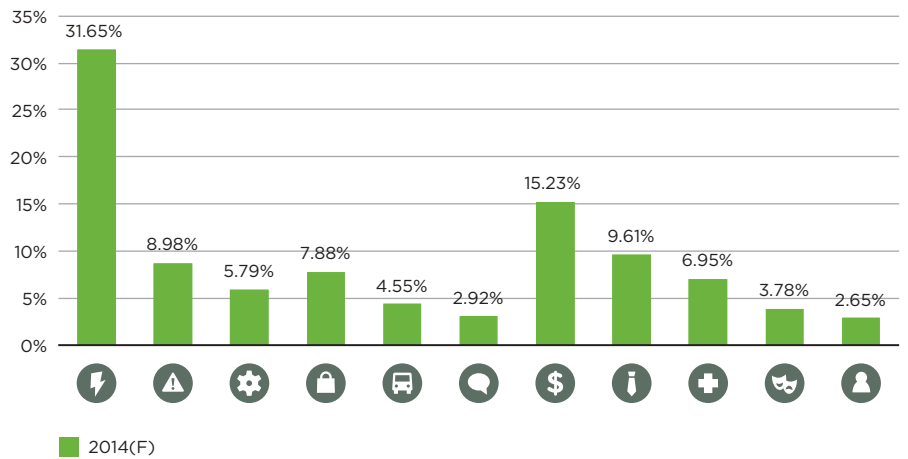
ECONOMIC GROWTH / EMPLOYMENT / WAGES (CONT.)

An estimated 21,300 jobs were created in the Calgary CMA in 2014, of which nearly 60 per cent of the positions were full-time. While the pace of full-time job growth has eased since 2012, more than 60,000 positions have been created over the past three years, helping to support housing sector activity.

New and ongoing commercial and residential projects in the Calgary CMA, supported healthy employment gains in the construction and wholesale/retail trade industries in 2014.

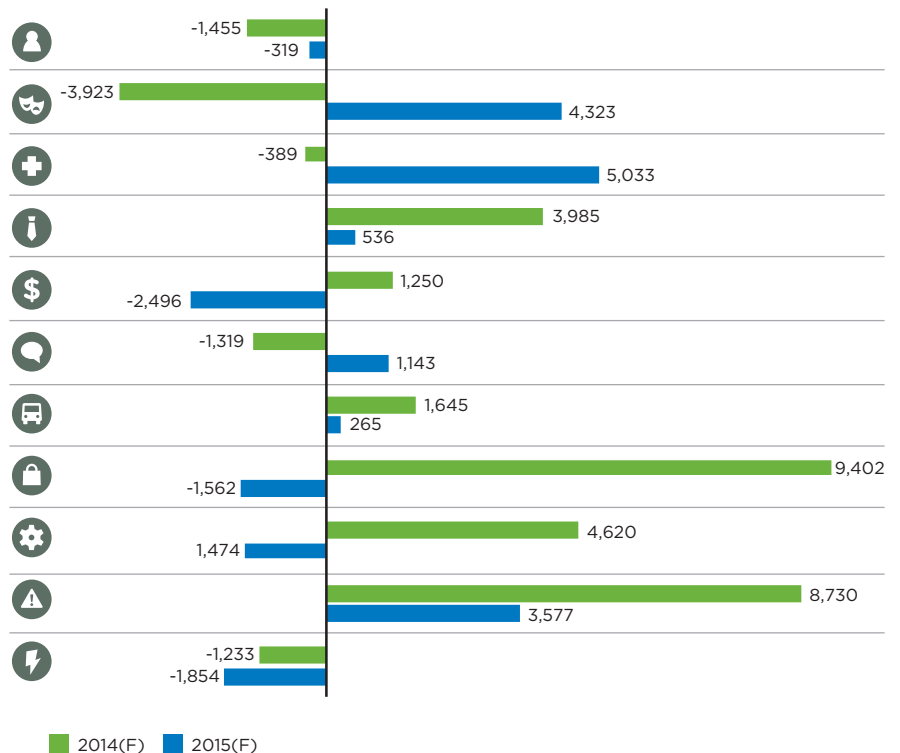
Earnings in the province have also been improving, as nearly every industry recorded gains in 2014. Overall wage gains helped offset rising home prices in 2014, keeping housing in Calgary relatively affordable.

Share of Total GDP by Industry



Source: Statistics Canada, Conference Board of Canada Forecast

Employment Growth by Industry Annual



Source: Statistics Canada, Conference Board of Canada Forecast

CALGARY / ALBERTA ECONOMIC FACTORS

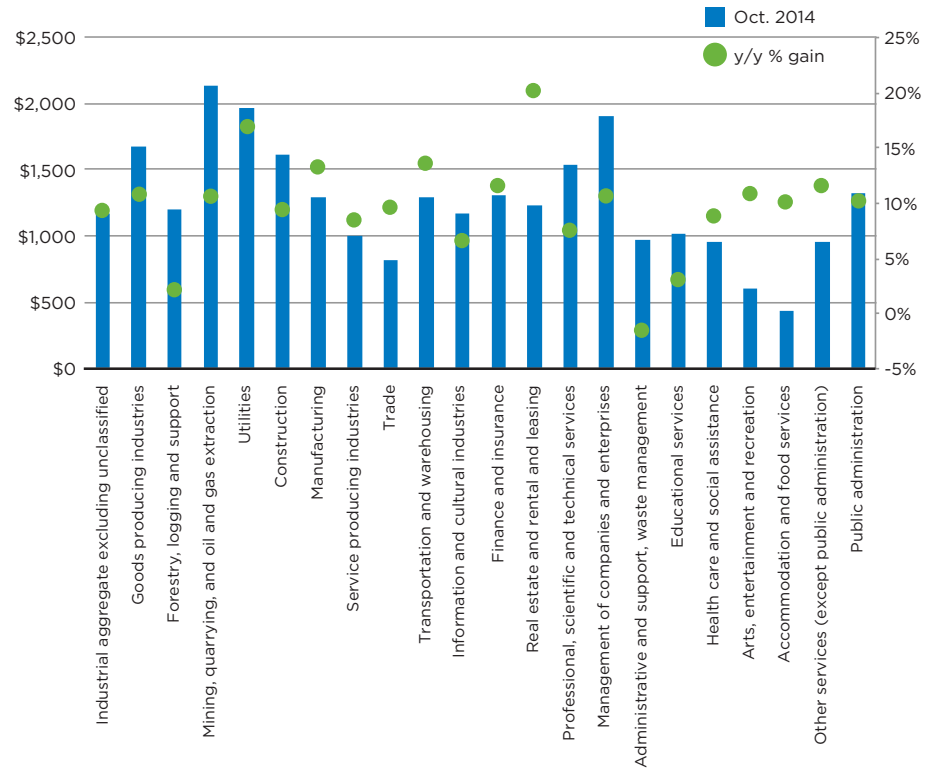
ECONOMIC GROWTH / EMPLOYMENT / WAGES (CONT.)

Moving into 2015, employment levels are expected to increase by 0.90 per cent. Job losses are expected in the primary and utilities sector, which includes the mining, quarry and oil and gas extraction (highest earnings sector). Meanwhile, the personal and non-commercial services industries are expected to see the largest growths in employment.

Population gains in the Calgary CMA will generate new job opportunities in areas such as accommodation, food services, recreation, education and health services. However, some of these positions represent the lower ranges of the provincial weekly earnings.

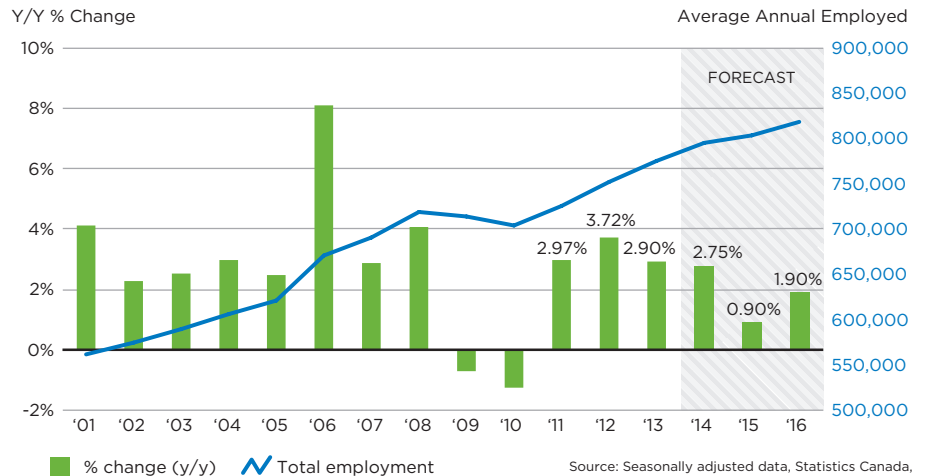
Overall, Calgary wages will improve, says the Conference Board of Canada. However, the pace of growth will ease, which, when combined with slower employment growth, will not only dampen housing demand, but also influence migration decisions. With less high-paying jobs being created and economic conditions improving in other parts of the country, local companies will have a more difficult time attracting migrants to the area.

Alberta Average Weekly Earnings by Industry



Source: Statistics Canada, CANSIM table 281-0063, last modified: 2014-12-22

Calgary CMA Employment Growth



Source: Seasonally adjusted data, Statistics Canada, Conference Board of Canada Forecast

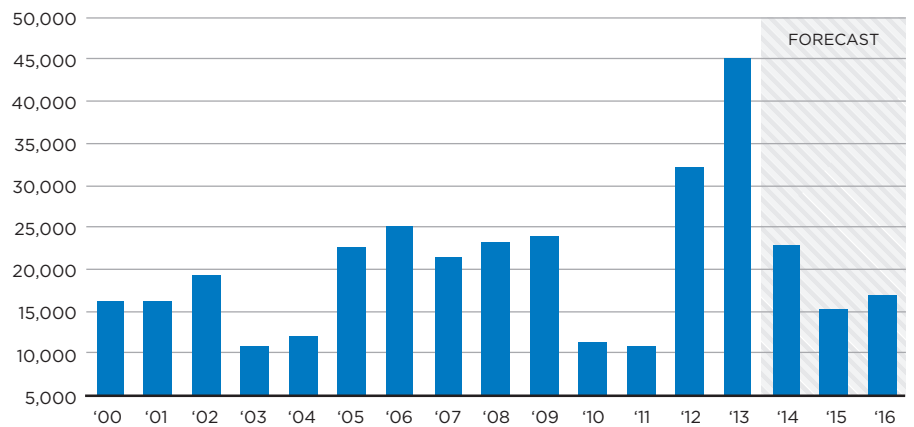
CALGARY / ALBERTA ECONOMIC FACTORS

POPULATION GROWTH

>> Calgary's housing market benefited from a second consecutive year of record net migration levels in 2013 thanks to strong employment gains and favorable economic conditions in the region relative to other parts of the country. The Calgary CMA's population grew by 4.36 per cent in 2013, compared with three per cent provincewide, according to the Conference Board of Canada. An estimated 45,000 migrants moved into the Calgary CMA in 2013.

NOTE: Migrants tend to be younger. Compared to the rest of Canada, Alberta has the largest share of working-age population and the lowest share of seniors. In Calgary, 35 per cent of the population is 25 to 44 years old, according to the latest civic census. This age cohort represents a demographic that is most likely in the homebuying phase of their life.

Calgary CMA Net Migration



Source: Statistics Canada, Conference Board of Canada adjustment, Conference Board of Canada Forecast

Net migration growth has served as a catalyst to the housing sector – both for new, resale and rental accommodations. Strong net migration resulted in housing demand growth that far exceeded expectations over the past two years.

Calgary migration levels are forecasted to ease over the next several years as weaker economic conditions inside

the province limit opportunities and incentives for people to move here. Overall levels, however, are generally expected to remain above 22,000 in 2014 dropping to just over 15,000 in 2015. While the pullback seems significant following record numbers, migration levels should continue to support housing demand, albeit at lower levels, which are more consistent with long-term averages.

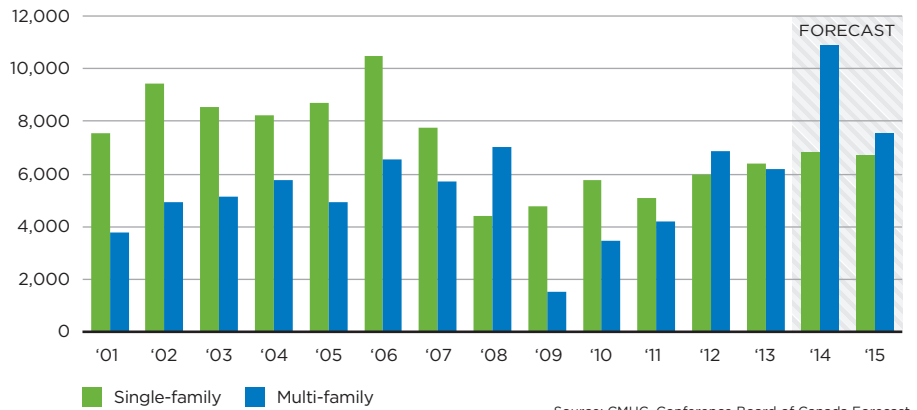
CALGARY / ALBERTA ECONOMIC FACTORS

NEW HOME SECTOR

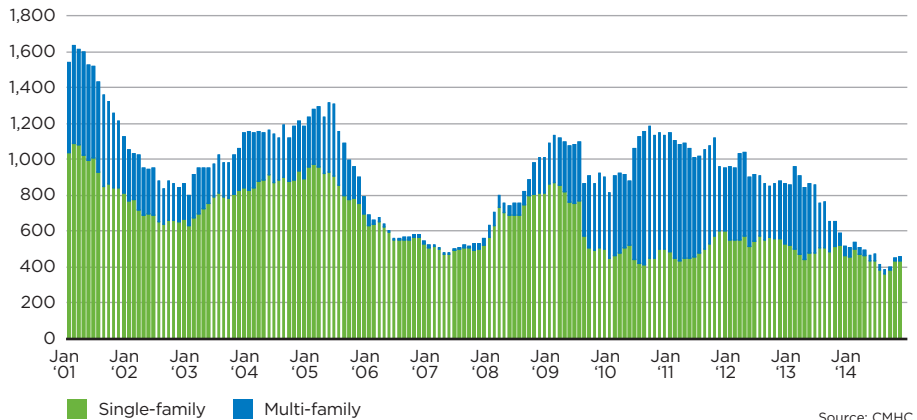
>> Calgary CMA housing starts are estimated to increase by 39 per cent to 17,533 units in 2014, relative to the previous year. Over the first 11 months of 2014, single-detached sales increased by 1.3 per cent to 6,067 units. Meanwhile, multi-family starts nearly doubled, reaching 10,224 units. The overall rise in starts increased the amount of product under construction. Yet, two consecutive record years of net migration – combined with positive employment opportunities and low mortgage rates – depleted inventory levels in both the resale and new home sectors.

The new and resale housing markets have a close relationship. During the last economic downturn, housing supply increased, resale market conditions favoured the buyer and starts activity fell. As the economy improved, housing demand rebounded, resale stock was depleted and housing starts activity rose.

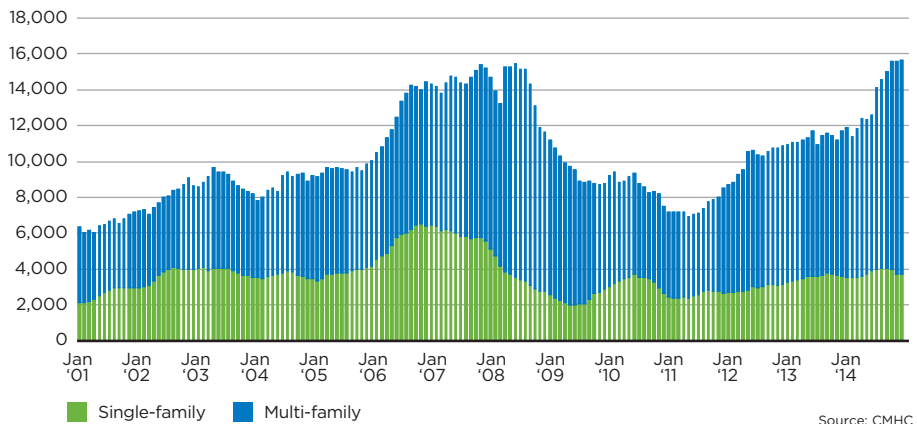
Calgary CMA Housing Starts



Calgary CMA Newly Completed and Unoccupied



Calgary CMA Under Construction



CALGARY / ALBERTA ECONOMIC FACTORS

NEW HOME SECTOR (CONT.)

Heading into 2015, overall new home inventory continues to remain below historical norms – even with an increase in starts activity and product under construction. Within the sector, single-family product under construction remains well below historical norms, while multi-family product is near all-time highs. As most of the product is pre-sold, absorption rates should remain strong. While a pullback in demand could push up inventory levels – particularly in the multi-family market – a large amount of product would need to be unabsorbed to substantially add to the non-existent inventory. That said, a greater-than-expected increase in multi-family inventories would moderate any price appreciation for resale condominium apartments.

Despite some sector risk, overall household formation figures indicate there is minimal risk of oversupply. Prior to the economic downturn in 2009, starts activity in the Calgary area were occurring at a rate that exceeded estimates of household formation. When the recession occurred, falling demand, combined with overbuilding, resulted in excess supply in the entire housing market and price corrections. Starts levels slowed to help balance the market.

While construction levels have recently increased, figures are more in line with household formations, indicating a different risk profile today relative to pre-recessionary figures. Furthermore, overall starts levels are expected to slow in 2015 due to a pullback in the multi-family sector.

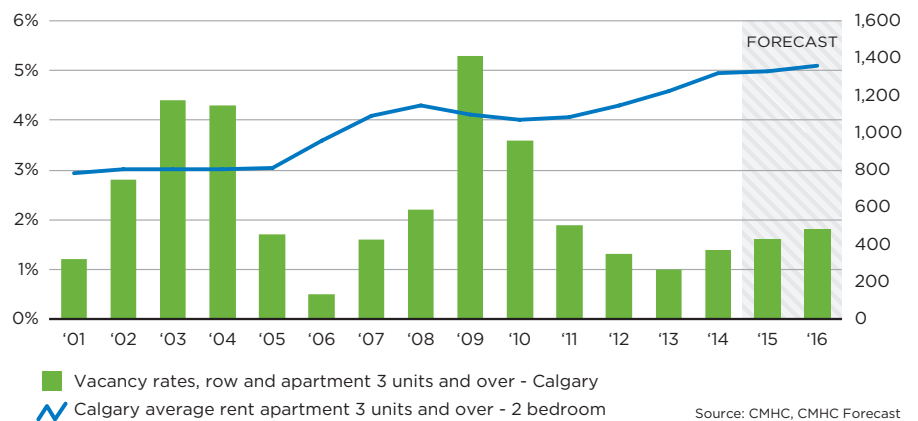
RENTAL MARKET

>> Tight rental market conditions supported increased demand for housing in the city in 2014. Lack of rental options, rising rents and low lending rates encouraged both first-time homebuyers and investors to enter the market, notably in the condominium apartment sector. According to Calgary Mortgage Housing Corporation’s (CMHC) October 2014 rental survey, Calgary’s condominium apartment rental sector increased to 52,981 units from the 49,204 recorded in 2013. Meanwhile, the secondary rental

market for condominium apartments recorded just a 1.1 per cent vacancy rate, with monthly rents for a two-bedroom unit increasing to \$1,511 from \$1,400 in 2014.

Moving forward, increased supply from both purpose-built and the secondary condominium apartment rentals, combined with an expected drop in migration, should help increase vacancy rates, which are still expected to stay below two per cent in 2015.

Calgary CMA Rental Market



CALGARY / ALBERTA ECONOMIC FACTORS

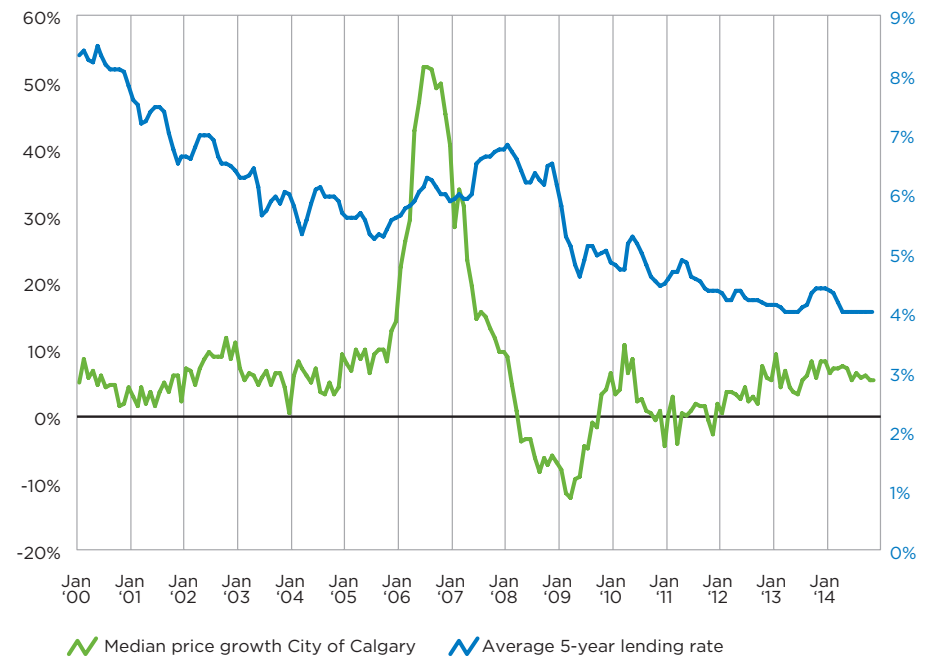
INTEREST RATES

>> With the labour market improving and inflation expected to reach target levels, the Bank of Canada is expected to begin raising interest rates in the later portion of 2015. While the increases are expected to be gradual and modest, this should place some downward pressure on the relatively strong levels of price growth.

NOTE: WHAT IS A NORMAL INTEREST RATE?

The Bank of Canada has set rates well below their estimated neutral level. A neutral or normal level is considered a long-run rate consistent with economic growth that corresponds with full employment and stable inflation, assuming no shocks to the system. The decision to keep rates lower than the neutral level (or stimulative monetary policy) was intended to encourage consumption. While forecasters are expecting rates to increase over the next five years beginning in 2015, the question is what will the new normal level be? While estimates vary regarding where the long-term neutral level will end up, most analysts anticipate the new levels will remain below the levels recorded prior to the economic downturn in 2009.

Lending Rates and Price Growth



Source: CREB®
Conference Board of Canada

ECONOMIC RISK

- Alberta's economy is closely tied to the energy sector. Further declines in oil prices will push companies to look for cost savings which can include not only a pull back in investment, but job losses. If prices do not show signs of improvement by the end of the year then the impact can be greater than expected.
- Concerns in the energy sector can significantly weaken consumer confidence which could cause a pull back in spending, trickling into other sectors.
- Much of Canada's economic growth expectations are based on what happens in the U.S. economy. If economic conditions are stronger than expected, Canada's export sector will benefit, boosting the overall economy; if weaker, export growth and business investment will be limited.
- Longer-term risk continues to exist regarding energy market access. Future investment in the energy sector and subsequent growth throughout the province will largely depend on pipeline approvals and Alberta's ability to access growing emerging markets.

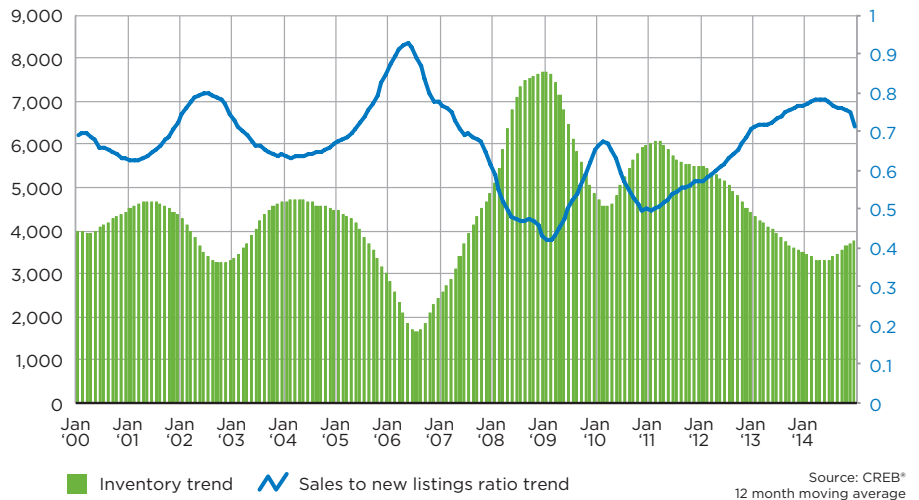
HOUSING MARKET

CITY OF CALGARY TOTAL MARKET

>> Calgary's resale housing market enjoyed a robust year in 2014. Housing demand growth was fueled by several factors, including employment and net migration growth, low lending rates and tight rental markets. All of these factors cumulated into 9.4 per cent growth in sales activity to 25,545 units relative to the previous year, and nearly 15 per cent above the 10-year average for the city.

While economic fundamentals supported sales growth, the dynamics of the market varied as the year progressed. First-quarter sales growth compared to the same period in 2013 far exceeded the pace of growth in new listings, causing further declines in inventory levels and creating strong market conditions for sellers. This resulted in steep unadjusted price gains that encouraged new listings. However, it was not until end of the second quarter that listings grew at a rate fast enough to result in inventory gains.

Calgary Inventory and Sales to New Listings Ratio



Calgary Sales and Listings Growth



HOUSING MARKET

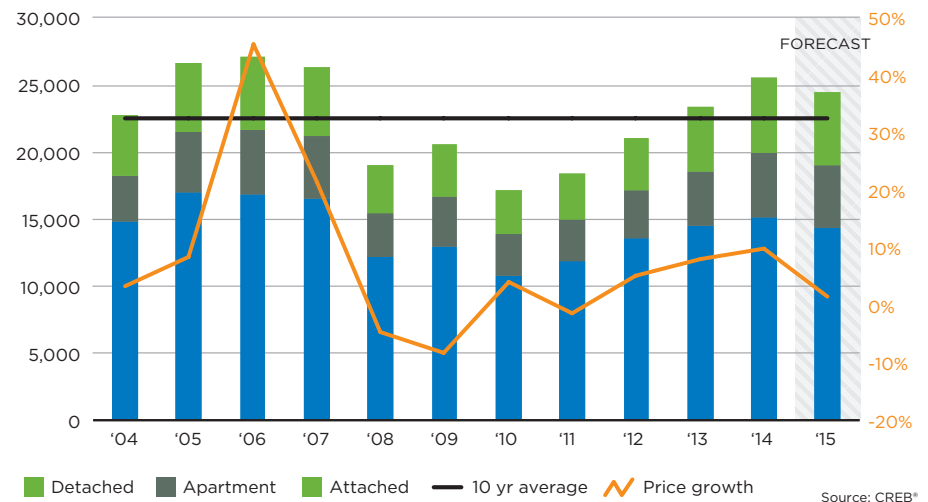
CITY OF CALGARY TOTAL MARKET (CONT.)

Listings continued to outpace relatively strong sales growth in the third quarter, pushing the market into more balanced conditions and easing upward pressure on prices, a trend that continued into the fourth quarter.

Overall, a 13 per cent annual increase in new listings in 2014 helped push the market toward more balanced conditions, but not before some significant gains in prices. Based on an annual average, the benchmark home price totaled \$451,008 in 2014, a 9.85 per cent increase over the previous year.

The economic climate in 2015 will change substantially compared to 2014. As a result, the resale housing market will demonstrate different traits. Weaker economic conditions are expected to cause a pullback in sales, causing supply levels to rise from current low levels. Yet prices are expected to remain relatively stable, increasing by 1.58 per cent on an annual basis due to relatively low inventories going into this cycle.

Calgary Sales and Price Growth Forecast



On the demand side, sales are expected to decline by four per cent due to market uncertainty, a better-supplied rental market, a drop in employment growth and net migration levels that are more consistent with long-term trends for the city. While sales activity is expected to ease in 2015, it remains consistent with long-term levels. By comparison, sales in 2014 were nearly 15 per cent higher than long-term trends for the city.

On the supply side, listings are still expected to rise. This is partially related to the expected rise in new home completions generating growth in new listings. Given the expected easing in the sales to new listings ratio, inventory levels would increase. However, inventory levels were previously below typical levels, meaning a rise would help push the market toward more balanced conditions, but not to the highs seen during the economic downturn in 2009.

HOUSING MARKET

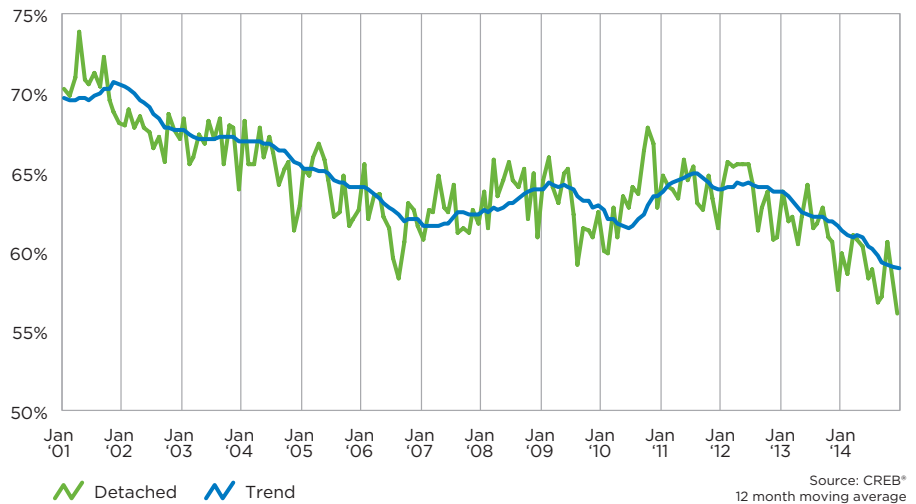
CITY OF CALGARY DETACHED

>> While detached sales represent the majority of resale housing transactions in Calgary at 59 per cent – and have surpassed long-term sales trends – it continues to lose market share to the more affordable apartment and attached sectors, which posted record sales levels in 2014.

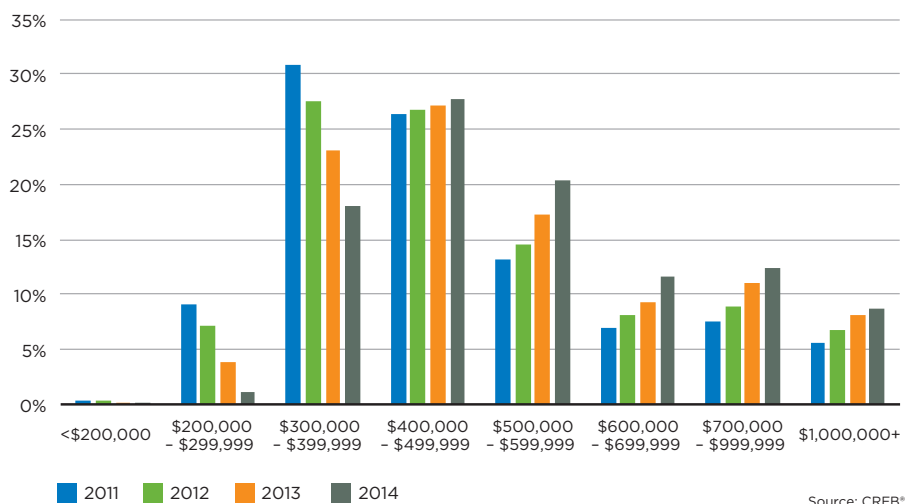
The detached sector also continues to undergo a notable shift in activity by price range. In 2014, less than 20 per cent of detached new listings were priced below \$400,000, compared to 40 per cent in 2011. While inflationary pressures typically result in the general shift of activity in the price ranges, it is the speed of adjustment that is noteworthy.

Unless market conditions significantly change, or there is a surge of new product available in lower price ranges, Calgary will continue to see less detached product available in the lower price ranges. For buyers, this will limit their options and possibly push them to consider alternative product types and locations.

Calgary Share of Sales, Detached



Calgary Annual New Listings Share by Price Range, Detached



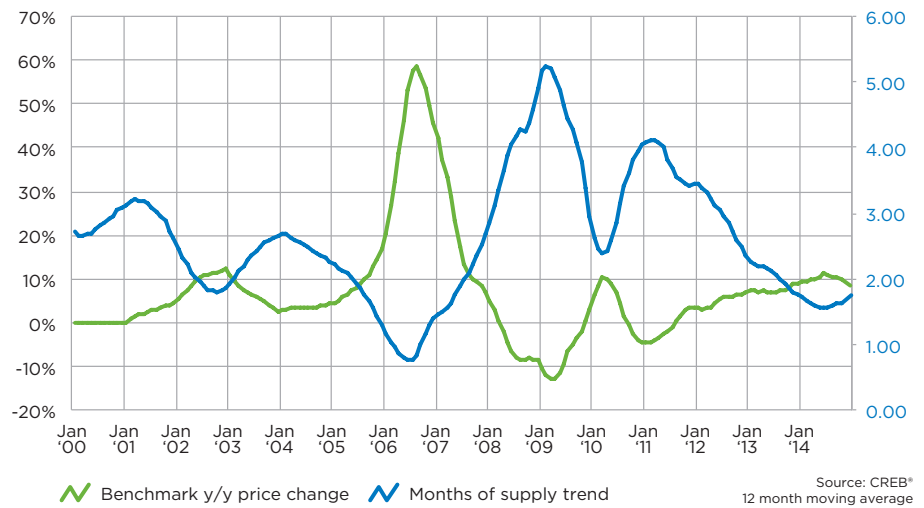
HOUSING MARKET

CITY OF CALGARY DETACHED (CONT.)

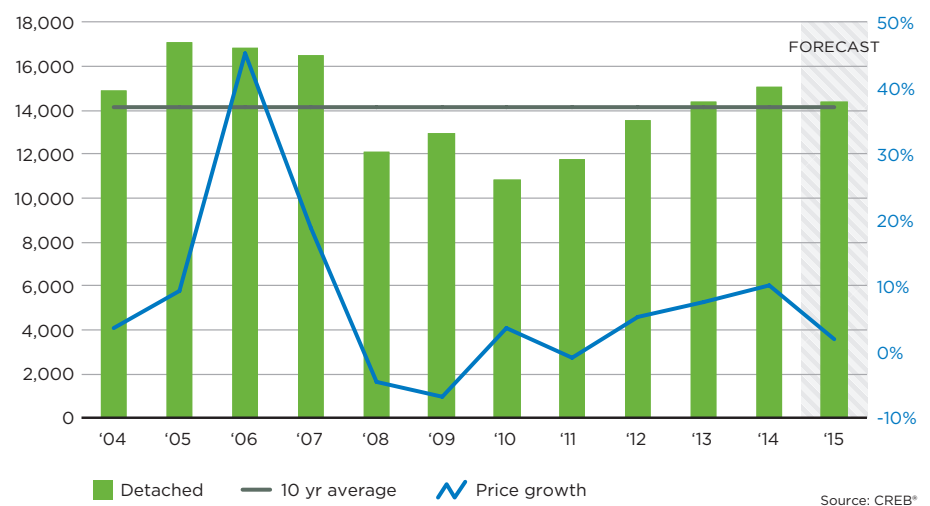
Meanwhile, unadjusted average annual benchmark prices in Calgary's detached sector, which had previously recorded three consecutive years of strong gains, increased by 10 per cent to \$508,233 in 2014. Strong price gains subsequently encouraged a 5.9 per cent increase in listings, which outpaced sales growth (4.6 per cent) for the first time in four years.

As economic conditions weaken and uncertainty can cause consumers to delay plans to move up, demand for detached products will decline at a greater rate than the attached and apartment sectors and inventories will increase. Yet, given relatively tight inventory levels heading into 2015, this will help move the sector toward more balanced conditions and still support price stability.

Calgary Months of Supply and Price Changes, Detached



Calgary Annual Sales and Price Growth Forecast, Detached



HOUSING MARKET

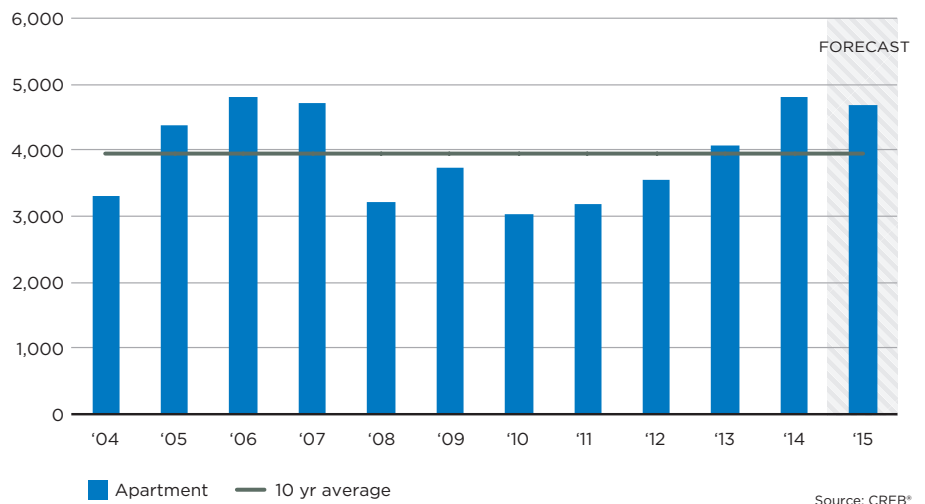
CITY OF CALGARY APARTMENT

>> Calgary's resale apartment sector is coming off a record year, with sales increasing by 18.4 per cent to 4,801 units.

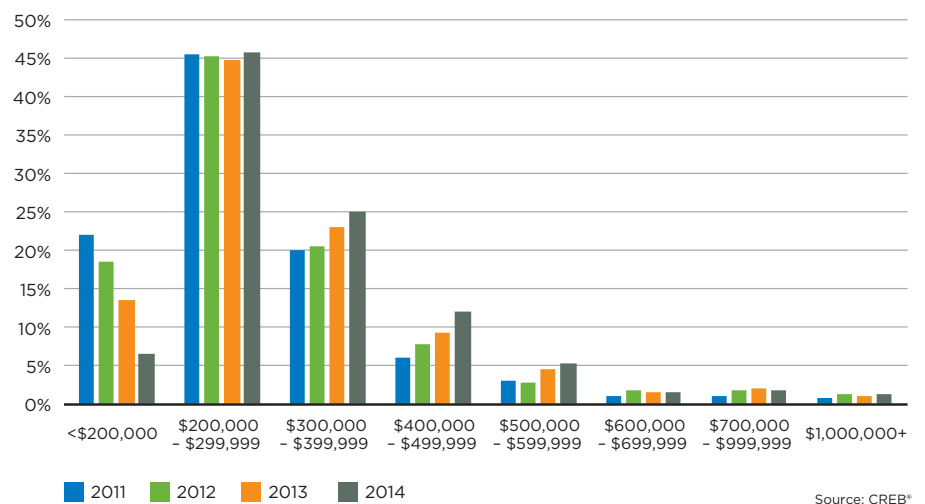
This product, which represents nearly 19 per cent of all citywide sales, is often a more affordable choice for potential homeowners looking to stay within the city limits. Of the 7,387 new listings available in this sector in 2014, more than 3,875 (52 per cent) were priced below \$300,000.

While low mortgage rates and overall affordability supported demand for apartments, it was also Calgary's tight rental market supported ownership growth. Limited vacancies and high rents prompted many first-time buyers and investors to enter the apartment sector.

Calgary Sales Forecast, Apartment



Calgary Quarterly Share of New Listings by Price, Apartment



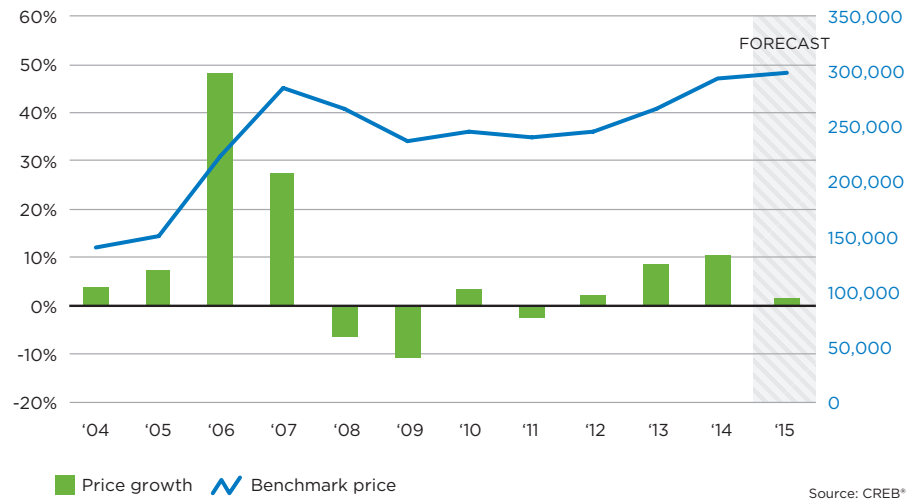
HOUSING MARKET

CITY OF CALGARY APARTMENT (CONT.)

Like other segments within Calgary, the apartment sector went from a sellers' market early in the year to a more balanced one by the end. Apartments were the first to move into more balanced conditions, due to a significant increase in new listings. While price increases levelled off, the unadjusted benchmark price had already matched the previous monthly record high from August 2007 by June 2014.

In 2015, price gains are expected to slow to one per cent due to increased competition from the new home sector, and as demand tapers slightly due to expected gains in lending rates and economic concerns. In addition, the sector will be challenged by an increasingly accessible rental market.

Calgary Price Forecast, Apartment



Source: CREB*

HOUSING MARKET

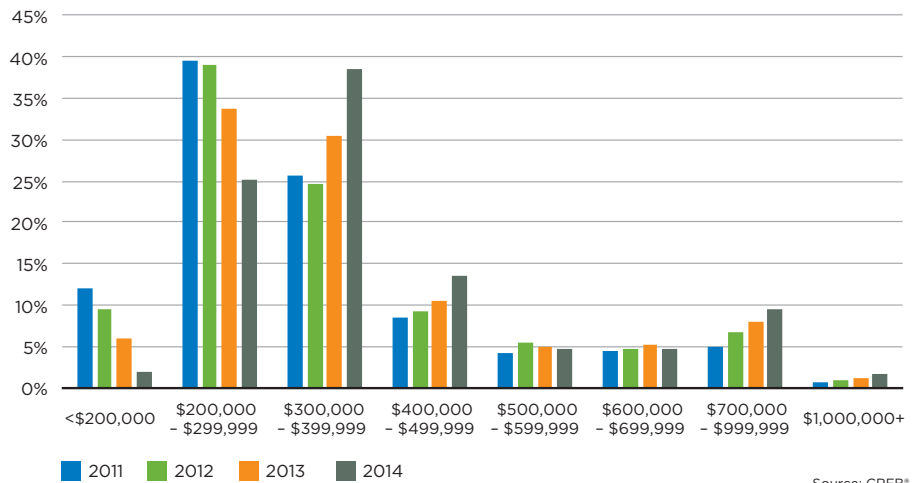
CITY OF CALGARY ATTACHED

>> Attached sales increased by 16 per cent to 5,647 units in 2014 relative to 4,869 units the year prior. The attached sector represents 22 per cent of all the sales within the city. While sales growth has surpassed listings growth for most of the past three years, the spread narrowed in 2014, causing some improvements in supply.

The distribution of attached product varied across price ranges. While the amount of sales occurring under \$300,000 was less than the apartment sector, it still represented nearly 25 per cent of all attached listings in 2014. Meanwhile, 38 per cent of sales occurred in the \$300,000-to-\$400,000 range, while more than 11 per cent were priced above \$700,000. What this says is that while demand was high for affordable attached product, consumers were also willing to purchase higher-priced product – likely due to location given more than 85 per cent of the those \$700,000-plus sales occurred in the city centre.

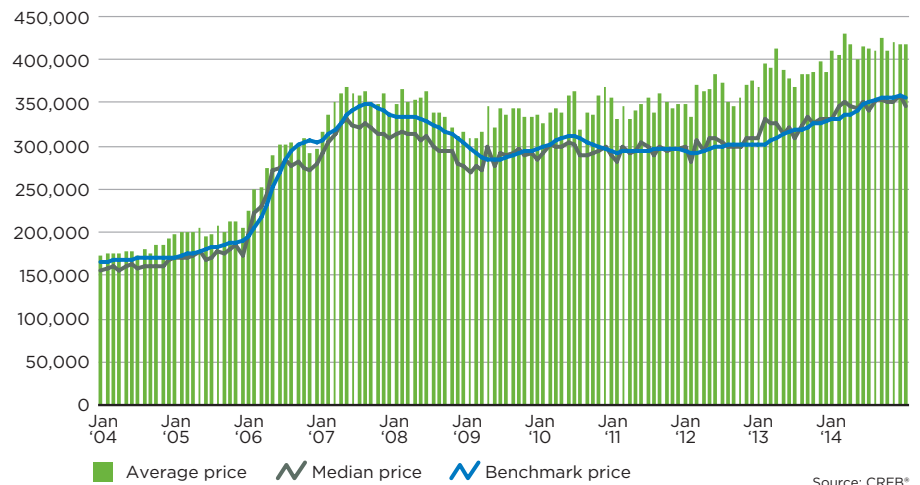
Attached benchmark prices increased by 9.6 per cent to \$348,483 in 2014. Price gains in the sector followed a similar trend to that in the detached sector, with stronger gains throughout the second quarter and a leveling off by the end of 2014.

Attached Sales Share by Price Range



Source: CREB*

Calgary Prices, Attached



Source: CREB*

Moving forward, sales activity in the attached sector will likely mimic apartments, with demand moderating slightly due to expected gains in lending rates and short-term economic

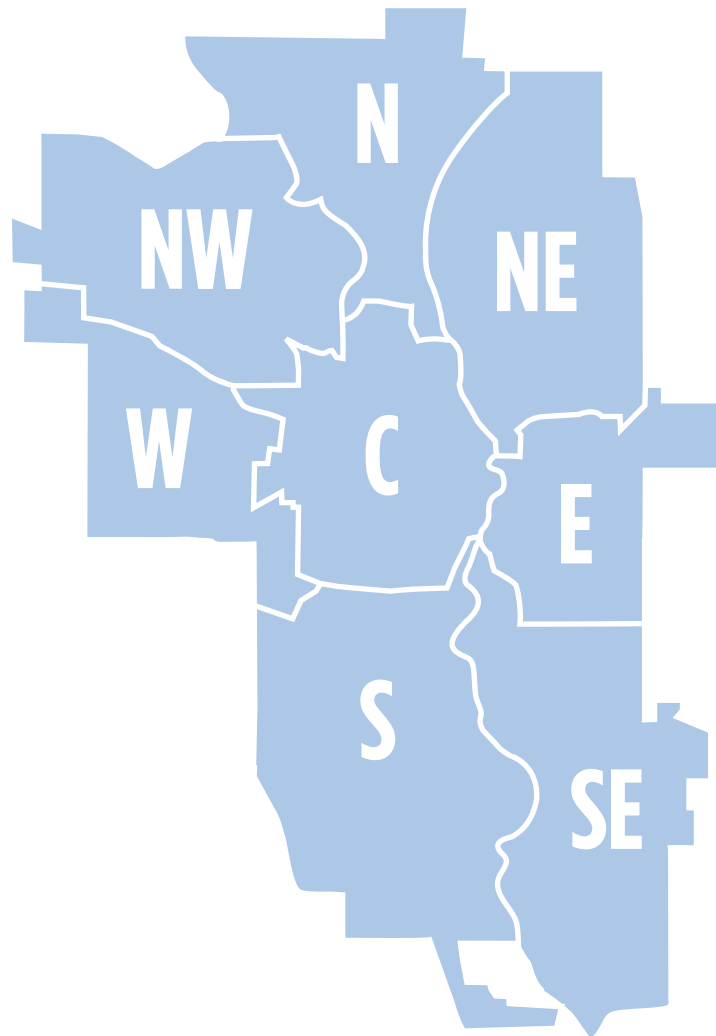
concerns, as well as a more accessible rental pool. However, price growth is expected to be slightly higher than anticipated due to the changing composition of attached product.

CITY OF CALGARY DISTRICT STATS

>> Prices and market activity vary significantly depending on a property's location. The City of Calgary planning division has mapped out various areas of the city, representing eight different districts. The central and west areas of the city are the highest-priced districts across all product types. The most affordable are the east and northeast.

Overall sales improved in all areas, with strongest growth in the northeast and southeast due to strong new listings growth – the two areas accounted for nearly 25 per cent of citywide sales activity. The central area remained the largest district in terms of sales activity due to robust attached and detached activity near downtown.

📌 **NOTE:** District sales represent approximately 99.5 per cent of citywide sales. Citywide sales data also includes activity in areas that are often not categorized into a specific community.



CITY OF CALGARY DISTRICT STATS

2014	C	NE	N	NW	W	S	SE	E	Total City
Detached									
Median Price	679,750	371,550	460,000	540,000	682,250	475,725	460,000	335,000	487,500
Y/Y % Change	12.36%	10.91%	9.52%	10.09%	10.13%	8.12%	8.24%	13.56%	7.85%
Sales	1,638	2,022	2,116	2,158	1,432	2,923	2,341	461	15,097
Sales growth	-5.92%	16.95%	3.88%	1.17%	-10.16%	2.06%	22.37%	9.76%	4.60%
New Listings	2,727	2,872	2,755	2,915	2,227	3,872	3,055	620	21,068
New listings growth	-2.47%	20.72%	4.71%	0.69%	-6.82%	4.00%	19.52%	23.02%	5.93%
Sales to new listings ratio	60.07%	70.40%	76.81%	74.03%	64.30%	75.49%	76.63%	74.35%	71.66%
Share of district sales	31.62%	71.30%	70.07%	65.63%	53.73%	64.74%	71.85%	59.41%	59.10%
Share of city wide sales	10.85%	13.39%	14.02%	14.29%	9.49%	19.36%	15.51%	3.05%	
Attached									
Median Price	678,250	265,000	330,000	357,500	418,000	320,000	340,000	245,000	349,900
Y/Y % Change	10.61%	11.46%	8.46%	8.91%	12.06%	10.34%	9.15%	20.99%	7.66%
Sales	1,198	660	633	668	705	928	675	180	5,647
Sales growth	5.46%	39.24%	16.36%	16.17%	16.53%	9.82%	30.56%	4.65%	15.98%
New Listings	2,101	911	804	847	911	1,103	792	248	7,717
New listings growth	10.87%	46.46%	29.26%	22.22%	20.34%	9.97%	33.56%	0.81%	19.98%
Sales to new listings ratio	57.02%	72.45%	78.73%	78.87%	77.39%	84.13%	85.23%	72.58%	73.18%
Share of district sales	23.13%	23.27%	20.96%	20.32%	26.45%	20.55%	20.72%	23.20%	22.11%
Share of city wide sales	21.21%	11.69%	11.21%	11.83%	12.48%	16.43%	11.95%	3.19%	
Apartment									
Median Price	343,000	225,000	262,000	272,250	305,400	245,000	265,000	204,000	285,000
Y/Y % Change	9.76%	12.92%	9.17%	12.97%	9.07%	7.69%	12.05%	16.64%	9.20%
Sales	2,344	154	271	462	528	664	242	135	4,801
Sales growth	18.38%	31.62%	19.91%	23.86%	14.29%	12.54%	30.81%	9.76%	18.37%
New Listings	3,837	282	399	638	769	940	338	183	7,387
New listings growth	29.76%	49.21%	36.18%	31.01%	19.22%	31.84%	57.21%	6.40%	30.26%
Sales to new listings ratio	61.09%	54.61%	67.92%	72.41%	68.66%	70.64%	71.60%	73.77%	64.99%
Share of district sales	45.25%	5.43%	8.97%	14.05%	19.81%	14.71%	7.43%	17.40%	18.79%
Share of city wide sales	48.82%	3.21%	5.64%	9.62%	11.00%	13.83%	5.04%	2.81%	
Total									
Median Price	498,000	347,000	425,000	484,900	552,500	425,000	425,000	303,050	425,600
Y/Y % Change	4.84%	10.16%	8.97%	8.24%	5.44%	7.19%	8.97%	13.93%	6.40%
Sales	5,180	2,836	3,020	3,288	2,665	4,515	3,258	776	25,545
Sales growth	6.65%	22.24%	7.59%	6.72%	0.15%	5.02%	24.59%	8.53%	9.36%
New Listings	8,665	4,065	3,958	4,400	3,907	5,915	4,185	1,051	36,172
New listings growth	13.30%	27.43%	11.62%	7.98%	3.03%	8.75%	24.41%	13.99%	13.07%
Sales to new listings ratio	59.78%	69.77%	76.30%	74.73%	68.21%	76.33%	77.85%	73.83%	70.62%
Share of city wide sales	20.28%	11.10%	11.82%	12.87%	10.43%	17.67%	12.75%	3.04%	

REGIONAL ACTIVITY

CITY OF AIRDRIE

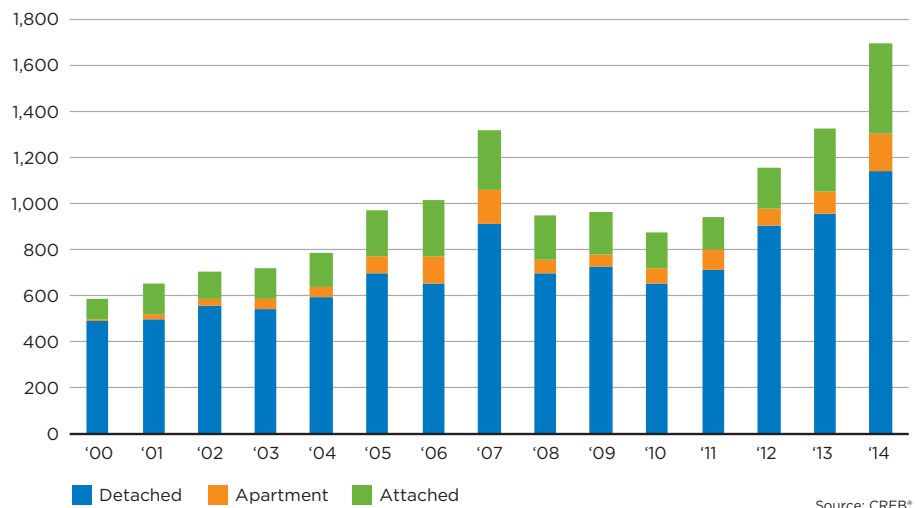
>> Airdrie posted record sales activity in 2014, increasing annually by nearly 28 per cent to 1,695 units. While new listings grew by 32 per cent during the same period, overall market conditions were tighter in Airdrie than in Calgary. By year end, rising supply helped ease some market tension, yet conditions continued to favour sellers.

When considering all product types, benchmark prices rose at an average annual rate of nearly 10 per cent in 2014. While tight market conditions may translate into further gains in 2015, an increase in listings in both Calgary and Airdrie should help ease some of the price pressure.

In addition to lifestyle choices, consumer demand for detached homes in Airdrie will continue to be fueled by the sector's relative affordability and selection – particularly in lower price ranges. Relative to its total market size, Airdrie had a larger share of detached properties in residential resale housing market last year than Calgary, representing 67 per cent of new listings.

In addition, the aggregate annual average benchmark price of a detached home in Airdrie was 19 per cent lower than in Calgary.

Airdrie Annual Sales



Source: CREB*

REGION OF FOOTHILLS

>> The Foothills Region is comprised of a wide range of towns and rural areas. Okotoks accounted for 52 per cent of the total sales in the district in 2014, followed by High River and other rural areas at 16 per cent each.

Sales activity in the Foothills Region increased annually by 10.3 per cent in 2014 to 1,468 units, reaching new record levels. The district benefited from its close proximity to Calgary and

the diversity in product available to consumers in all price ranges.

The aggregate benchmark price for all residential properties in the region increased by 8.66 per cent in 2014, a faster pace than the previous year due to tighter market conditions in Okotoks. The average annual benchmark price for all residential properties in Okotoks increased annually by 10 per cent.

REGIONAL ACTIVITY

ROCKYVIEW REGION

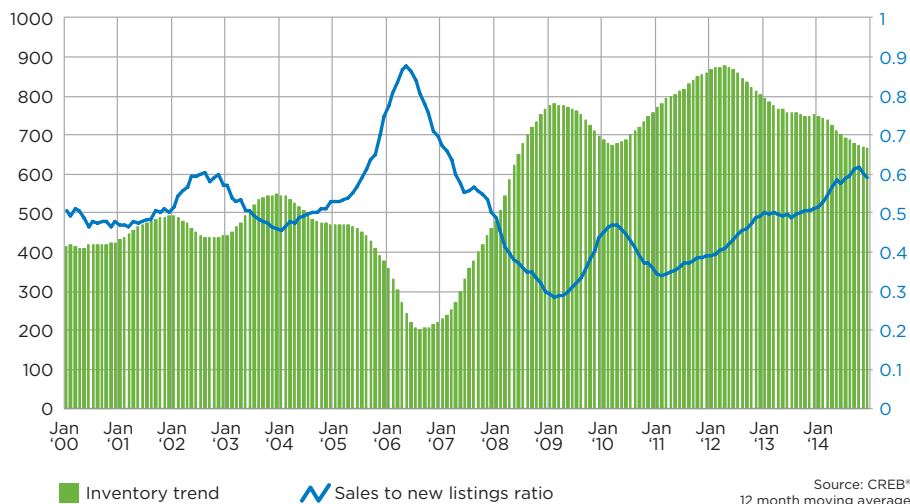
NOTE: Due to the diverse nature of the properties within Rocky View Country, trends in the residential resale housing market can significantly vary from the regional context. The region borders Calgary on the west, north and east, and includes municipalities such as Cochrane, Chestermere, Irricana and Crossfield, as well as rural properties in undefined areas such as Springbank and Bears paw.

>> Sales activity in the Rockyview Region reached record levels in 2014, increasing by 28 per cent to 1,951 units. New listings growth just kept pace with sales during the year, however, throughout most of the year sales outpaced new listings causing inventory to decline and market conditions to tighten.

Cochrane's residential resale housing market accounted for the largest share of sales activity in the Rockyview Region in 2014, representing 39 per cent share of total sales, followed by the rural area and Chestermere.

On aggregate, tight market conditions supported further pricing gains. Yet, due to the municipal district's geographic diversity, those gains and prices varied throughout the region. Cochrane and Chestermere recorded respective total residential benchmark price gains of 9.5 and 10.8 per cent in 2014 over the previous year, compared with 8.5 per cent in the rural portion of the region.

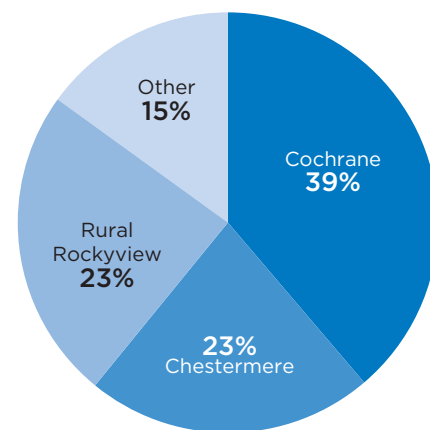
Rockyview Inventory and Sales to New Listings Ratio



Aggregate prices in both Cochrane and Chestermere continued to be higher than other surrounding areas, such as Airdrie, as well as certain communities within Calgary. However, on aggregate, detached homes in these two centres tended to feature more square footage, larger lot sizes and were newer than properties within Calgary.

Overall, the Rockyview area benefits from its close proximity to Calgary. In addition to lifestyle preferences, many of the surrounding towns within the district continue to offer relatively more affordable options when compared with the City of Calgary.

Share of 2014 Sales



HOUSING RISK

- The risk lies with employment levels. If overall employment falls and job prospects worsen, this can result in higher-than-expected gains in inventories relative to sales. In this scenario, inventories would rise, amid weaker demand, placing downward pressure on prices.
- Concerns over the energy sector could impact consumer confidence in the market. If energy prices stay low throughout the year, this can further dampen confidence and cause consumers to delay any unnecessary changes regarding housing. However, if energy prices improve sooner than expected, this could change the outlook in terms of employment, migration, and ultimately housing.
- A greater than expected increase in new multi-family inventory could result in increased supply in the resale market, placing downward pressure on apartment and attached prices.

FORECAST TABLE

Economic Indicators	2012	2013	2014 (F)	2015 (F)	Forecaster
Calgary CMA GDP Growth	3.79%	3.74%	4.47%	1.46%	Conference Board of Canada
Calgary CMA Net Migration	31,996	45,168	22,945	15,280	City of Calgary
Calgary CMA Employment Growth	3.72%	2.90%	2.75%	0.90%	Conference Board of Canada
Average Aptidential Mortgage Lending Rate 5 year	4.24%	4.17%	4.08%	4.43%	Conference Board of Canada
Housing Starts: Single Family CMA	5,961	6,402	6,642	6,489	Conference Board of Canada
Housing Starts: Multiple Family CMA	6,880	6,182	10,892	7,396	Conference Board of Canada
Apartment Rental Rates**, Calgary CMA	1,150	1,224	1,322	1,330	CMHC
Apartment Vacancy Rates**, Calgary CMA	1.30%	1.00%	1.40%	1.60%	CMHC
WTI Price	94.12	97.91	93.82	62.75	U.S. Energy Information Administration
Henry Hub Price	2.75	3.73	4.44	3.83	U.S. Energy Information Administration

MLS® Resale Market	2012	2013	2014 (F)	2015 (F)	Forecaster
City of Calgary					
Sales	21,099	23,358	25,545	24,503	CREB®
Price Growth	5.13%	7.95%	9.85%	1.58%	CREB®
New Listings	31,656	31,992	36,172	37,370	CREB®
City of Calgary Detached					
Sales	13,523	14,433	15,097	14,372	CREB®
Price Growth	5.17%	7.53%	10.07%	1.80%	CREB®
City of Calgary Attached					
Sales	4,025	4,869	5,647	5,435	CREB®
Price Growth	1.08%	6.68%	9.61%	1.50%	CREB®
City of Calgary Apartment					
Sales	3,551	4,056	4,801	4,695	CREB®
Price Growth	2.16%	8.72%	10.57%	1.00%	CREB®

NOTE: DATA CHANGES

CREB® continues to strive to improve data integrity. As a result, the organization has decided to alter reporting categories, in addition to making further improvements to sales and listings inclusions in its data.

The key difference is with regard to property types. In the past, CREB® has reported on single-family, condominium apartment and condominium townhouse properties. Single-family product included all properties that were freehold titled, as well as both attached and detached product. Detached product accounted for 88 per cent of the single-family activity. Meanwhile, condominium townhouses included properties that were condominium titled, excluding apartment high-rise or low-rise product. This categorization of the data, however,

did not necessarily represent the most homogeneous property type.

Current categories have been revised to reflect detached, attached and apartment-style product. A detached home will be as it states any property that is not attached to any other property. An attached property, meanwhile, will consist of any property type that is attached to another in any form without internal hallways. Apartment product will be classified as those that are attached to another property via internal hallways.

In addition to category changes, CREB® will be making changes to the regions it reports on. CREB® will continue to cover Calgary, but will also include figures for Calgary CMA, Airdrie, Rocky View County and the M.D. of Foothills.

CREB® has also identified various areas

outside of these boundaries that are active areas within the region. Previously, “CREB® Total” included all data from the membership regardless of location. Yet, this failed to take into account transactions that either occurred outside of the region, or in communities where CREB® members do not represent the majority of the market transactions. The new CREB® Economic Region will consist of all member transactions in Calgary, Airdrie, Rocky View County (includes all rural, town, hamlet, village activity), M.D. of Foothills and other active areas. (The active areas include Strathmore, Vulcan, Carstairs, Didsbury, Cremona). CREB® will also include a measure for Calgary CMA, which will enable a comparison to data from Statistics Canada. The Calgary CMA includes Calgary, Rocky View Country and Airdrie.

All data has been revised historically.

