



## **2012 Forecast for Residential Real Estate in Central Alberta**

### **Steady Growth and Stable Pricing**

The Central Alberta Real Estate MLS® market has solid momentum entering the new year of 2012. Despite the continued uncertainty in global markets, local consumer confidence is being boosted by the growing strength of the energy industry and reports that Alberta will remain a leader of economic growth in Canada. We will continue to see increasing employment opportunities and the resulting migration. This, along with the stimulative effect of historically low interest rates, will continue to support housing demand.

With such strong economic fundamentals I expect to see a more active marketplace occurring throughout 2012. We will see the total number of Residential Sales through our Associations Multiple Listing Service® continue to grow and exceed the 5-year average of 3949 units. I predict an increase of 9-11% in sales volume for Central Alberta, bringing us closer to the 2008 levels of 4200 units being sold.

The rise in sales and decreasing inventory levels should bring absorption rates, days on market, and selling to list price ratios to a level more consistent of a balanced market.

Despite the decreasing inventory levels and increasing demand, sellers should expect to see only modest rise of 2-3% in home prices. The past recession remains strong in the memory of the buyer and they continue to be cautious with spending and allowable debt levels. For these reasons sellers must continue to price their properties conservatively and competitively in order to sell.

To summarize, 2012 will be a year of continued increases in sales. The growing confidence in our local economy will be demonstrated by price stabilization and the beginnings of upward movement in selling prices.