



Current Market
Conditions and Pg. 6
Trends

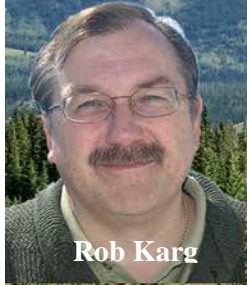
○ ISSUE
April

○ VOLUME
Five

○ YEAR
2015



Featured Pg. 3
Listing



Rob Karg

www.OwnTheMountains.com

EXCELLENT SERVICE...WITH INTEGRITY, COMMITMENT, AND THOUGHTFUL ATTENTION TO YOUR DREAMS...

Month over month sales almost doubled in March compared to February with the Townhouse/Duplex segment of the market leading the way. New listings also jumped with 76 new ones coming online – 10 of which were already sold by month's end!! To me this is a sure indicator that the Buyers are looking for and pouncing on what they perceive to be real deals when they appear. We also see some of the spreads between List and Selling prices widen in March – with Single Family and Lots heading the list - Rob

Jump In Sales Broad-based For March

In this issue we touch on a special report by the National Bank of Canada's Economics and Strategy Group entitled, "The Oil-Price Shock And The Canadian Housing Market" with a comparison to the local market conditions. Check it out on page two.

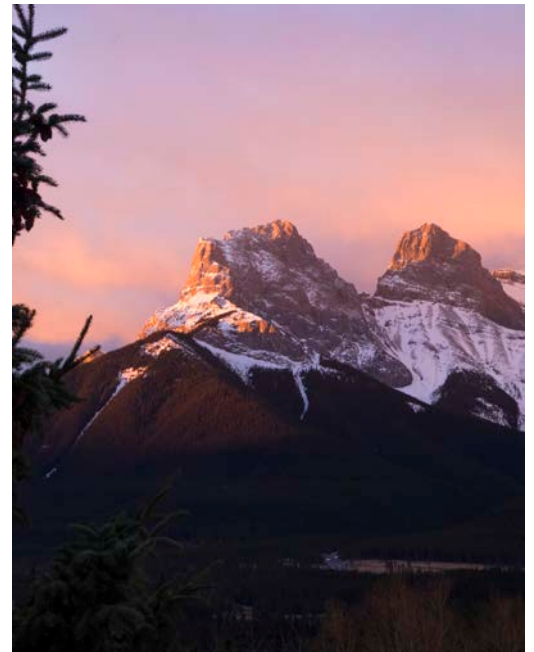
This month's featured listing on page three is a Two Bedroom, Two Bath unit in Silvercreek Lodge that comes fully furnished and is zoned for full-time living but can also be rented short term providing the maximum flexibility both now and in the future.

Page 4 features a look at what the different types of Agency Relationships are and what you can expect from your Licensed Associate under each category.

On page 5 we feature Part 2 of our Month to Month Sales Comparison, this month looking at sales by segment giving you a graphic view of how each sector is trending.

Stats for the month found on page 6. The Days on Market for Homes Sold is skewed this month by the 276 day figure for Lots segment. Without that sale the average drops to 58 DOM which is in line with the 55 DOM of the last couple of months

As always feedback welcomed – drop me a line. As well look for my open house signs every weekend. Enjoy this edition and wishing everyone a Happy Easter! ☺



Searching Made Easy With PCS

The Interface System with its PCS (Professional Client Service) is an exclusive Real Estate database for the Bow Valley (Canmore, Banff, Exshaw, Harvie Heights, Kananaskis, Lac Des Arcs, & Dead Man's Flats). Unlike MLS you don't have to do the work. Just give me a call or send me an email and I will set you up with a password to access the site so that you can keep an eye on the properties that interest you – see what they are listed for, how long they are on the market and what they sell for. Call me at (403) 678-7568 or email me: (rob@ownthemountains.com) and get started right away.

Comparison of Alberta vs Local Effects of the Oil Price Shock

On March 3, 2015 the Economics and Strategy Group of the National Bank of Canada issued a special report entitled, "The Oil-Price Shock And The Canadian Housing Market" (download - <http://www.canadianmortgagetrends.com/wp-content/uploads/2015/03/special-report-3mar2015.pdf>) . In the report the authors made several findings:

1. The oil price slide has led to a seasonally adjusted decline of 33% in the sale of existing homes in Alberta and Saskatchewan for January 2015 when compared to November of 2014. The rest of Canada reported a decline of 3% for the same period. January sales in Alberta were down 28% from a year earlier. In comparison our local market showed January 2015 sales of 14 homes vs. January 2014 sales of 17 homes – a decline of approximately 18 %.
2. In those two months the Alberta-wide ratio of new listings to sales ratio went from a tight-market reading to a Buyer's market setting.
3. Some observers think that lower re-sale prices will increase systemic risk to Canadian financial institutions of strategic mortgage defaults. The concern raised is that a significant percentage of the mortgage loans in Alberta and Saskatchewan are non-recourse. They defined non-recourse that in the event of default, the creditor could seize the mortgaged property to dispose of it and thereby recover the balance of the loan but IF the sale price did not cover the loan balance, arrears, interest and legal costs there would be no recourse against the borrower to recover the difference. There are several measures the system has built in to help prevent this occurrence: the minimum 20% down for uninsured loans being primary. House

prices in Calgary fell 15% and Edmonton fell 17.5% from September 2007 to June 2009 as a result of the Great Recession financial crisis. In Canmore we saw a spike of foreclosures that came later (2011-2012) primarily in the Visitor Accommodation zoned units which are recreationally zoned.

4. Non-insured loans represent 35% of residential mortgages in Alberta.

5. Traditionally a wave of strategic defaults would not occur unless home prices fall more than 20% in part because of the minimum 20% down requirement for uninsured mortgages. However, it needs to be noted that the report pointed out that home price increases since 2012 need to be accounted for. For homes acquired before the beginning of 2014 the price drop susceptible to trigger strategic defaults would be at least 30%. If the property was acquired toward the end of 2012 that percentage rises to 36% and over 40% if property was acquired in 2011.

The analysis concluded that in the absence of some truly catastrophic turn of events it is unlikely that a wave of strategic defaults in Alberta could shake the foundations of the Canadian banks and lead to a severe contraction of credit. It appears that the greatest effect of the oil price shock will be felt by the segment of Home Buyers with less than 20% down payment needing mortgage insurance because of the higher scrutiny levels being applied by CHMC and companies like Genworth. On April 2nd CHMC announced new measures:

http://www.cmhc.ca/en/corp/nero/nere/2015/2015-04-02-1605.cfm?WT.cg_n=TWT_MLI

for Buyers seeking to put between 5-9.99% down effective June 1, 2015. The increase of 0.5% was not expected by mortgage professionals.

Upcoming Events in the Bow Valley:

Every month brings new and exciting things to do and see in the mountains. To stay up to date on the latest happenings please browse and bookmark the following websites:

Canmore Uncorked (April 7-19):

<http://www.tourismcanmore.com/canmore-uncorked>

SpringstART Festival (April 10-26):

<http://www.banfflakelouise.com/Area-Events/Festivals/Spring/springstART>

Kananaskis Bear Day (April 11) :

<http://alberta.ca/release.cfm?xID=37997D3832E37-EBE3-F474-CC174439BBA4F55D>



This Month's Featured Listing



302-1818 Mountain Ave., Canmore

This fully equipped and furnished 2 bedroom, 2 bath unit offers it all - top floor, huge deck, mountain views, a great layout with good separation of personal and open space. This unit is zoned as Tourist Home so can be lived in full-time or rented long term or placed in managed rental program – total flexibility today and in the future. Enjoy the zen-like atmosphere that Silvercreek Lodge provides whether it is relaxing in the outdoor hot tub space, working out in the exercise facility or indulging in a spa experience. Easy walking distance to restaurants, trails and downtown and quick access to the mountain parks. Contact me for a viewing.

Priced at \$385,000



Types of Agency Relationships

“Agency Relationship” is a term used to describe the type of working relationship you have with your real estate professional. Typically people will meet a Realtor and agree to work with that person as their ‘Agent’. There are three ways that Realtors are able to work with their clients:

1. If the Brokerage is a transaction brokerage then your relationship legally is with the Brokerage first and the Realtor acting as your Agent second. In the case of my clients working with me that is how it works – Century 21 Nordic Realty is the brokerage and I am an Associate licensed to work under that brokerage.
2. Some brokerages have gone the designated agency route which is a different business model wherein that Licensed Associate is specific to working solely with that client. In practical terms you as a client would not see any differences in how a real estate transaction is conducted but the legal framework of the brokerage is quite a bit different.
3. A client can choose to be a ‘Customer’ of the Licensed Associate.

Why are these distinctions important?

Agents have certain responsibilities called ‘fiduciary duties’ when representing their clients. These duties include:

- Undivided loyalty: the Agent must only act in the interests of their client, placing their clients needs above anyone else’s or their own; avoiding conflicts of interest
- Confidentiality: Agent must keep information confidential even after the relationship ends. This includes personal information, transaction details and property information (except those details requiring disclosure by law)

- Full Disclosure: Agent must tell you, in writing, about the services they will provide as well as everything they know that may affect your relationship or decision-making in a given transaction including any conflicts of interest.
- Obedience: we are required to obey any *lawful*, reasonable and ordinary instructions.
- Reasonable Care and Skill: you can expect competence and service meeting the standards of the industry. I strive to exceed those levels.
- Full Accounting: Agent must account for all monies and property they receive while acting on your behalf.

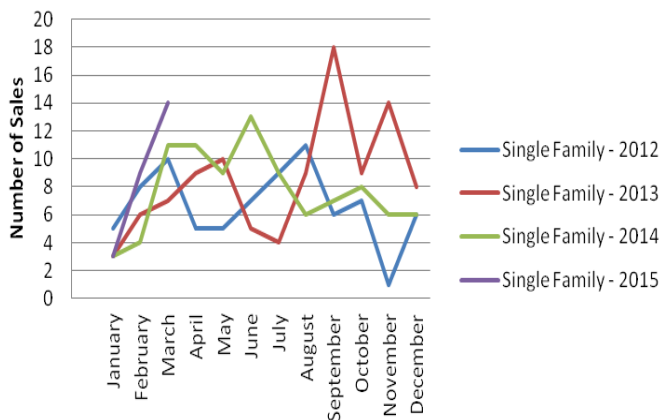
The scenario changes slightly when the client chooses a ‘Customer Status’. Under this category the fiduciary duties outlined above are replaced with the duty to act honestly, use reasonable care and skill and make sure that any information the Agent gives is correct.

A final category of Agency comes into play when an Agent or Brokerage is representing both the Buyer and Seller in a transaction. In this case both parties **MUST** agree to the relationship before the Agent’s role changes to one of facilitation. In this scenario the Agent’s responsibilities become:

- Be impartial in dealing with both sides
- Not give confidential advice, support or use judgment or discretion that benefits one side over the other
- Give both sides relevant real estate statistics, including CMA, PCS & MLS
- Give agreements and other relevant documents as instructed
- Promptly give all Offers and Counteroffers to the other side
- Pass on all information the other side wants you to know

Month To Month Sales Compared Over Years – Part 2

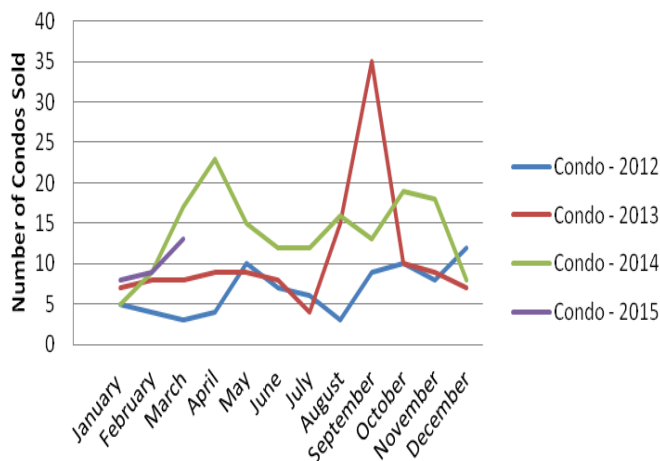
Month To Month Sales Comparison



In last month's edition of the newsletter we looked at an aggregate of month to month sales. This month we continue that analysis with a closer look at month to month sales by the major categories. I have left the sales of bare lots out of this analysis as the sample size is very small.

As you can see from the graphs on this page sales are tracking ahead of previous years in the Single Family segment. For the other two sectors the results are more mixed. The bottom of the market was considered to be in 2012. It is important to remember the flooding of June 2013 really affected sales for the entire summer that year. We were effectively cut off for more than a month which led to the dip in June and July followed by the dramatic spike in August and September.

Month To Month Sales Comparison



The number of sales per month for each segment only tells part of the story... what about the average price of those sales? To give a rough approximation I have compiled the average prices across all months in a year per segment which results in:

	2012	2013	2014	Q1 2015
Single Family	\$590,401	\$771,477	\$835,803	\$829,853
Condo	\$257,627	\$295,134	\$371,852	\$281,792
TH/Duplex	\$526,865	\$550,221	\$590,245	\$578,000

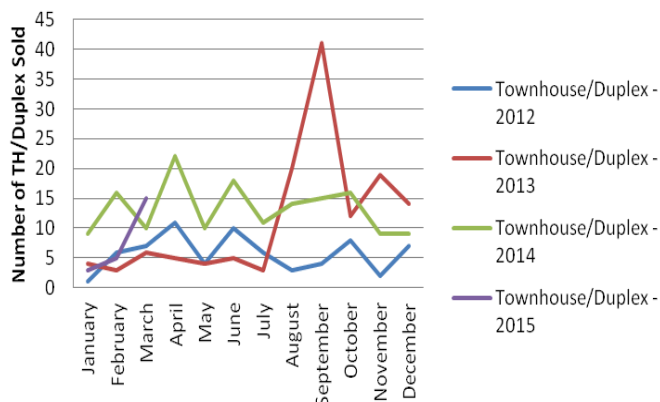
Which expressed as percentage change is shown as:

	2012	2013	2014	Q1 2015
Single Family	0	+31%	+8%	-1%
Condo	0	+15%	+26%	-24%
TH/Duplex	0	+4%	+7%	-2%

The condo segment of the market has the largest percentage of units that are zoned and used recreationally and therefore represent the "canary in the mineshaft" for what we like to think of as 'luxury spending'. Interestingly I would expect this segment to rebound significantly when the expected influx of American and European buyers this summer looking to take advantage of the lower Canadian dollar setting up a repeat of what we saw in the local market in 2005-2007.

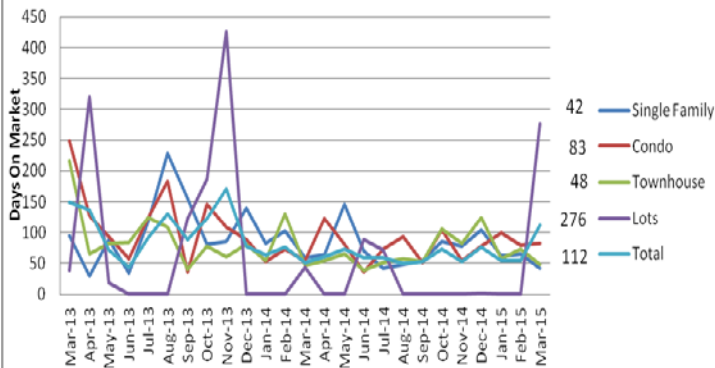
Another interesting observation is the spread between List and Selling Prices for both Single Family and Townhouse/Duplex segments remains significant larger (4.5% and 3.7% respectively) than the percentage change in average Selling Price between 2014 and Q1 2015, reflecting Seller expectations of increasing prices moving forward.

Month To Month Sales Comparison

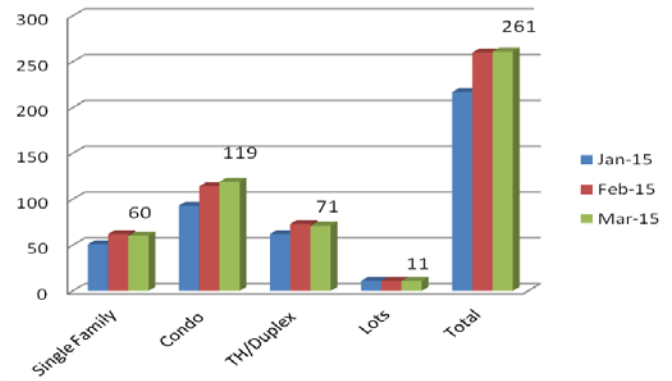


Current Market Conditions

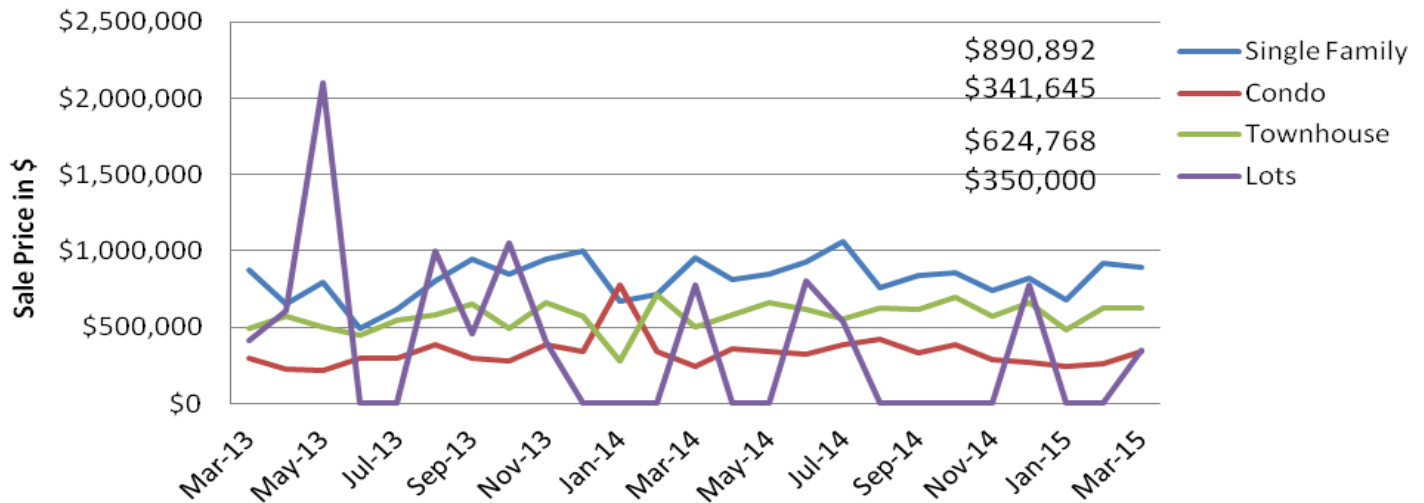
Average DOM for Sold Properties By All Companies



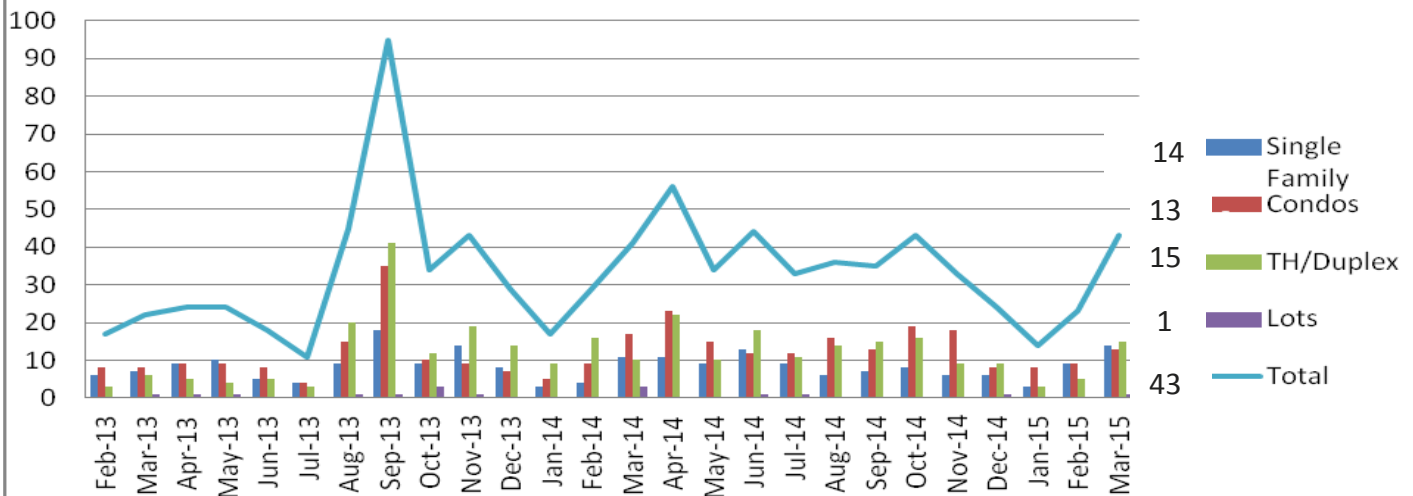
Number of Active Listings by All Companies



Average Selling Price of Listings Sold by All Companies



Number of Listings Sold By All Companies



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