

Buyers' Market

Market conditions are making house ownership more accessible for first-time buyers.

BY Julia Williams
PHOTOGRAPHY BY Jared Sych



Regan Fraser recently purchased her first home, a bungalow, that came equipped with many features tailored for its previous 91-year-old owner.

After three months as a homeowner, Regan Fraser has torn out the shag carpet in her Haysboro bungalow and painted the walls, but there are still some issues. The walk-in tub, perfect for the 91-year-old former owner, is less suitable for a woman of 39 (same goes for the window dressings) and it'll be a while before Fraser, a long-time apartment dweller, stops feeling spooked by her basement. Still, the place is starting to feel like home.

Fraser is mildly surprised to be a homeowner at all. The art director considered investing in a place of her own in 2017 but abandoned the search when she couldn't find anything suitable in her price range. Family and friends had been urging her to take the leap, saying it was a smart investment.

"Everyone says you should own. You're older now, stop wasting money, basically," Fraser says. "But when you get into the actual numbers, you realize you can't afford that much." Fraser considered a more affordable option like a condo but didn't want to be

burdened with fees and regulations. Anyway, she needed space for her mother to stay when she visited from Regina.

In 2019, during one of those maternal visits, Fraser looked again and discovered that many properties were being sold for as much as \$40K below list price. That's when she realized buying a house had become a possibility. "I could afford a whole house by myself for the same amount I was paying in rent," she says.

If settling into her new house has been a bumpy process, the purchase itself could not have gone more smoothly. Fraser's offer was accepted immediately without any pushback. The house had only been on the market for four days. Her realtor jokingly declared the negotiation process "the most boring bargaining feud ever."

Fraser's story isn't unusual in Calgary's formerly overheated housing market. If the city's economic downturn has a silver lining, perhaps this is it: for the first time in years, first-time homebuyers can find and afford well-maintained detached houses in inner-city communities.



Jeffery Sulima and Becky Salmond's new home suits their lifestyle as musicians.

Jeffery Sulima has been a Calgary realtor for five years; at age 44, he's also a recent homebuyer. Though he has been involved in home purchases before as an investor along with his mother, who is also a real estate agent, this is the first time his name has been on the title. Why was now the right time to buy? Partly, it was a matter of space. Sulima and his partner Becky Salmond are musicians, and the couple and their cat had been squashed into 700 square feet with several keyboards, drum kits, guitars, amps, a trombone and an accordion. "We were living in a shoebox," Sulima laughs.

Elbow room aside, Sulima knew that investing now was smart. "I've worked with several first-time buyers lately and they've done well. I've seen a lot of sellers become more realistic about pricing," he says. He has watched houses drop from higher to lower price categories. "With the market down, it made sense to buy up," he says.

The market is definitely down and current conditions can be traced back to the sudden, drastic drop in the price of oil at the end of 2014. Unemployment has risen in Calgary, pushing some homeowners to downsize and prompting a small exodus of energy sector workers from the city. At the same time, development projects have kept moving ahead, slowly flooding the market with new condos and houses. In economic terms, demand collapsed in the Calgary

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market at the same time that supply was rising. The housing market is a notoriously sluggish beast, slow to adjust to altered economic circumstances and the lag has created a housing market that currently favours buyers over sellers.

For a start, the imbalance between supply and demand has pushed home prices down. James Cuddy, senior analyst for the Canada Mortgage and Housing Corporation (CMHC), says that in June, 2018, Calgary home prices were down 3.6 per cent (controlling for inflation) compared to June, 2016. Statistics from the Canadian Real Estate Association (CREA) suggest the trend has continued: the MLS Home Price Index for Calgary in May, 2019, was down 4.29 per cent from the previous year.

There are also more properties to choose from. The CMHC reported a sudden increase in active listings in mid-2018, which helps explain why Fraser found more and better options the second time she took up her home search. "The likelihood of a buyer finding a home they liked in late 2018 was much higher than in 2016 simply because there were a lot more listings, particularly of single-family dwellings," Cuddy says. "The other part of the story is that demand [as of spring 2019] is still low, so while there are a lot of listings, there isn't a lot of competition."



Eric and Alison Timmins found the market had turned in their favour when they resumed their house hunt at the end of 2018.

What Makes a Buyers' Market?

The 2014 oil price drop and ensuing economic downturn didn't halt the influx of new houses and condos to the market. Five years later, supply and demand remain imbalanced in Calgary's housing market, pushing home prices down and creating market conditions in which people who want to buy houses have bargaining power over those who want to sell.

Eric and Alison Timmins' homebuying experience doesn't entirely bear out this final observation — the couple had four houses sell before they could even get in for a viewing, and one property sold while they were preparing their offer. Otherwise, their experience closely parallels Fraser's. Like her, they abandoned their house hunt a couple of years ago when they couldn't find anything suitable and affordable and, like her, they found many more prospects when they started searching again in late 2018.

"We honestly didn't think a single detached house was an option for us because there weren't any in the market in our price range," says Eric. "What was available changed drastically in those two years." The couple, in their late 20s, hoped to find a well-maintained starter home in a vibrant, walkable inner-city neighbourhood close to their downtown workplaces — an ambitious goal for people just entering the market. Fortunately, their timing was perfect, and in January, 2019, the Timminses took possession of a 100-year-old character home in Mount Pleasant. Far from a fixer-upper, the house had a number of aesthetic upgrades and a new roof, furnace and water tank. What's more, their mortgage payments were no higher than their rent was. "That first night in our new house, having it sink in that we owned this place, that was fun," Eric says.

It may be easier than usual to find a home to buy in Calgary right now, what with the plethora of attractive, affordable options that also include condos and houses in new communities. But the challenges of the actual purchasing process — reading the small print, paying the side costs and bearing the suspense —

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are unchanged. The Timminses had plenty of good advice from friends and family, but it was easily the largest and most complex purchase they had ever made. Eric says the five-week period between having their offer accepted and actually closing the sale was extremely stressful. "There's a moment of elation and then you realize there's still a ton of work to be done," he says. They needed to arrange a home inspection, meet a real-estate lawyer and secure their financing with the bank, which needed to conduct its own appraisal. "There is a significant list of things to do and you need to do them quickly and in sequence, and they all cost money," Eric says. Now, he advises friends entering the real-estate market to put aside a few thousand dollars to cover this process and to arrange what they can in advance.

Even for Sulima's partner Becky Salmond, a supply chain consultant, this period was intense. A first-time homebuyer at 32, she had the benefit of Sulima's expertise, but lacked his experience-borne pragmatism. Salmond had already imagined a whole life in the Glendale bungalow she and Sulima were trying to buy. Waiting to close the deal was intense and emotional. It was a 1955 house in an older neighbourhood; any number of deal-breaking issues could have come up in the inspection, from asbestos in the walls to tree roots in the sewer pipe. "It was extremely stressful," Salmond says. "Your heart is set on something, but ultimately a lot of it is out of your control. I did a lot of pacing in my office." Fortunately, the house was in good shape, the sale closed and they moved in (cat, keyboards and other instruments in tow) in the summer of 2018.



Greg Conley and Katie Radke bought their first home from people they knew socially.

Go Underground

Most buyers know to hire a professional home inspector for a structural assessment, but most don't think about the sewer system. Realtor (and recent home-buyer) Jeffery Sulima says when buying in an older neighbourhood, consider hiring a professional to send a camera down the main sewer and check for punctures or obstructions. A few hundred dollars for a sewer inspection could prevent you from contending with unexpected crap (literally) in the future and save you tens of thousands of dollars in repairs.

Katie Radke and her husband Greg Conley, first-time homebuyers in their mid-30s, managed the entire process without a realtor, and that's not all they skipped: they never even went house hunting. They simply put the word out that they were looking, and in March, 2019, a couple they knew socially called Radke and Conley to ask how serious they were. The following month they went to view the house, a character home in Renfrew that they had visited once before. They made up their minds at the viewing. "We decided that we were going to go for it," Radke says. "Unless there was some deal breaker in the inspection, there was no reason not to."

Without a realtor, the learning curve was steep. The couple worked with a mortgage broker who was a family friend. He connected them with a lawyer, explained everything about fees and budgeting and went through every single line of the contract with Radke and Conley to make sure they understood exactly what they were signing. They had to place a lot of trust in the sellers, but they were comfortable walking away from the deal if necessary. "I did a lot of Googling 'nightmare stories of buying houses from people you know,'" Radke laughs. "If it worked out, it worked out, but if it didn't, there are other homes out there."

"I DID A LOT OF GOOGLING 'NIGHTMARE STORIES OF BUYING HOUSES FROM PEOPLE YOU KNOW.'"

-Katie Radke

Fortunately there were no issues, and Radke and Conley moved in in July, 2019. Because the sellers are their friends, Radke and Conley enjoyed the rare perk of being allowed access to the house all spring to work on the garden and plant seedlings.

Radke is delighted with the yard (as is her cat), is enjoying the community and is happy to be investing in her own space after years of renting. But it's a life she doubts she could have accessed without a co-buyer. "It's hard to buy a place in Calgary if you're on a single income," she says. Radke works in Calgary's non-profit sector and Conley has been an electrician since transitioning careers about three years ago. It wasn't until the couple married in 2017 and pooled their resources that the idea of home ownership became a possibility.

Even so, buying a house has been a considerable financial adjustment. Their mortgage is double what they were paying in rent, and they both had to look carefully at their salaries and make future projections to be sure they could afford the commitment. Still, they're confident it was a smart investment. Radke believes the property they bought will hold its value or appreciate with the expansion of East Village and the Green Line LRT project.



25 BEST THINGS TO EAT 2019

Mark your calendar!
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CALGARY'S
BEST EATS
AT OUR ONE
DAY MARKET**

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October
26th**

**10 am
to 4 pm**

Inglewood Community Hall

In April, 2019, the month Radke and Conley made their offer, the average home price in Calgary was \$460,000. A minimum down payment in Canada is five per cent, which means a person looking for a mid-range house would need \$23,000 in the bank just to get started. Even half that amount would put a dent in a typical household income. According to the 2016 Census (the most recent Census data available), the median after-tax income for a household of two or more people in Calgary was \$99,210. For a one-person household, that number was \$44,516. The downturn may have created the current buyers' market, but it has also pushed Calgary incomes down and raised unemployment, creating barriers to homeownership for some, even as it has created opportunities for others.

Fraser bought her house on her own, but she was priced out of the most desirable inner-city communities. She works downtown but she knew any neighbourhood less than a 15-minute commute away would be out of the question. Nor would her budget afford her an upgraded, meticulously maintained property: her house needs about \$10,000 of structural work in addition to the aesthetic changes Fraser wants to make. "Everyone says, just paint that! Just take down that wall! And then you figure out that any change is a huge investment," she says. Still, Fraser is satisfied with her decision. "I got what I got because that's what I could afford. But I think I did well, timing and price-wise and quality. I don't regret it," Fraser says.

The buyers' market in Calgary won't last forever. The market is moving (sluggishly, but still) toward a more balanced state. Month over month in spring of 2019, home sales trended upward and new listings slowed down. While it lasts, many first-time homebuyers are still finding excellent opportunities, and these opportunities are changing their lives. Choosing a rental unit is usually a matter of filling a short-term need, but choosing a home to buy necessitates a long conversation with your future self. What really matters to you? Where do you expect to be in 10 years? In 25? How do you want to live your life?

Eric and Alison Timmins have found the lifestyle they'd hoped for, exploring their walkable community and enjoying the city. They're considering adding a dog to their household, which was never an option when they were renting. Salmond and Sulima now have living space as well as music space. Radke and Conley have a thriving garden to putter in and plan to add more pets to their life. Radke can walk to work, which is important to her, and they're attending community events and getting to know the area. All the buyers are happy to no longer be putting money and effort toward someone else's investment.

As for Fraser, she says that when she was thinking of buying a home, her uncle advised her to choose a bungalow so that when she dies, she can do so in her bedroom. "Because no one wants to die in the living room," he said. She did choose a bungalow. "I have a place to die now!" she laughs.

Morbid jokes aside, home ownership has enriched Fraser's life. When she lived in a downtown apartment, she seldom saw birds or heard children play. "To smell freshly cut grass was special because it was so rare," she says. Now, she's planting vegetables in her own garden beds and watching irises and peonies bloom in her beautifully landscaped yard. "It's a matter of pride and ownership and independence," Fraser says. "I'm excited to go home." 🏡

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Tips for First-time Buyers

Even inexperienced homebuyers can avoid unpleasant surprises. Cody Battershill, a realtor with 15 years of experience in the Calgary market, says it's mainly a matter of performing your due diligence. Here are his top tips:

- 1 Think long-term.**
Make sure the property you're buying is going to have the same desirability for a future buyer.
- 2 Spend time in the property.**
Where will you put your shoes? Is there enough storage? What's the view like? How's the commute? What's the light like at different times of the day? Is future development planned for the street?
- 3 Watch your finances.**
Buy within your means and don't just budget for the house, budget for related expenses including legal fees and a home inspection.
- 4 Ask questions.**
Talk to a mortgage specialist, interview home inspectors and realtors and check everyone's credentials.