

Q1 2021

UA Take: Edmonton

A TALE OF TOWNS



UA

URBAN
ANALYTICS

Q1-2021 UA TAKE EDMONTON: A TALE OF TOWNS

Edmonton recorded an impressive 17 percent increase in quarterly sales during the first quarter of 2021. The 385 new multi-family home sales represent the highest quarterly sales recorded since the second quarter of 2019, when 439 new condominiums and townhomes were sold. Project representatives reported an increase in the number of qualified first-time home buyers, investors, and empty nesters visiting new project sales centres compared to previous quarters. The sales increase can be attributed in part to end-user buyers' interest in move-in ready product. The Southwest and Southeast sub-markets reported increases in absorptions of 22 and 134 percent, respectively, compared to the previous quarter. Sales were dominated by the townhome sector, which recorded the highest number of sales since Urban Analytics (UA) began tracking the market in 2016; 332 units, or 86 percent of total new multi-family home sales. Released and unsold inventory decreased by ten percent to a total of 1,599 units.

Some key statistics and observations from UA's Q1-2021 review of the new multi-family home sector of the Edmonton Market include:

- Townhome sales increased by 42 percent compared to the previous quarter.
- Concrete and wood frame product types recorded lower sales compared to Q4-2020, 63 and 23 percent, respectively. This is mainly due to the lack of new project launches.
- Townhomes continue to make up the majority of new multi-family home sales, accounting for 86 percent of total sales volume.
- Southwest and Southeast sub-markets were the most active sub-markets for buyers in Q1-2021, accounting for 69 percent of total sales.
- The next two most active sub-markets were the Northeast and Northwest, accounting for 13 and 10 percent of total sales, respectively.
- The Southeast has seen a large increase in sales activity due to the success of The Village at Walker Lakes by Landmark Homes, which has attracted many first-time homebuyers, young families, and downsizers.
- Released and unsold inventory decreased 11 percent compared to the previous quarter.
- Standing inventory decreased by one percent as product continued to be completed during the quarter.

QUARTERLY SALES INCREASE

Edmonton's new multi-family home market recorded 385 sales in the first quarter of the year, a 17 percent increase compared to Q4-2020. The increase in sales can be attributed to increased demand from first-time home buyers, young professionals, and empty nesters. The consensus among sales representatives was that buyer traffic was higher compared to previous quarters, specifically in the Southwest and Southeast sub-markets. Buyers in these sub-markets experienced an increase sense of urgency due to diminishing supply and a lack of new product launches.

QUARTERLY UNIT SALES COMPARISON

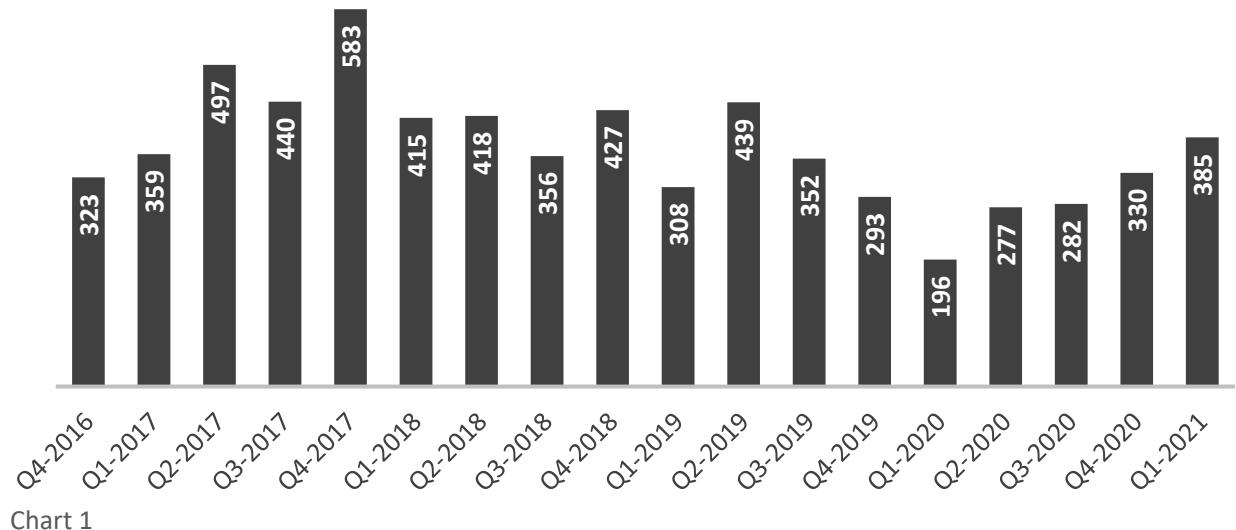
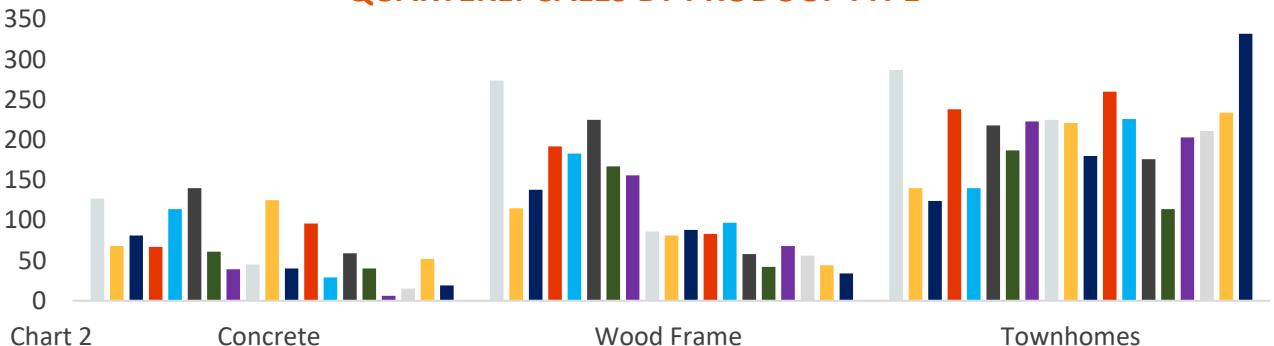


Chart 1

QUARTERLY SALES BY PRODUCT-TYPE

Chart two displays the continued surge in demand for townhomes and the declining demand for concrete and wood frame condominiums in Edmonton's new multi-family home market. Townhome product has consistently made up the majority of new multi-family home sales since the first quarter of 2018 in Edmonton. This trend continued during the first quarter as townhomes comprised 86 percent of total sales, a total of 332 sales. Townhomes continue to be an appealing option for buyers as it offers a high number of move-in ready units and larger unit sizes.

QUARTERLY SALES BY PRODUCT TYPE

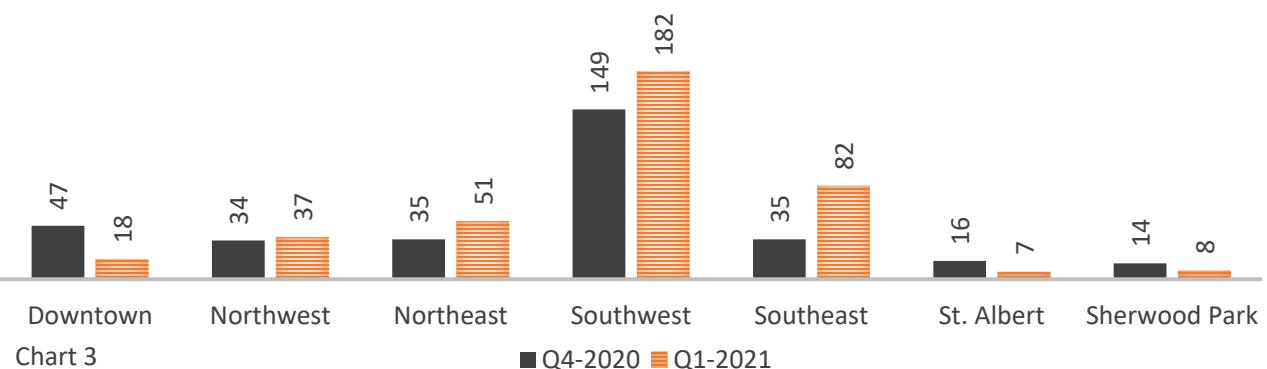


SOUTHWEST AND SOUTHEAST SUB-MARKET LEADS SALES IN Q1

The Southwest sub-market continues to lead in quarterly sales, recording a total of 182 sales, a 22 percent increase compared to Q4-2020. The steady performance of this sub-market contributed to 47 percent of overall sales in the Edmonton market during the first quarter of 2021. Desrochers Townhomes by Pacesetter Homes led the way and recorded 26 total sales during the quarter. Next in order, the Southeast sub-market recorded a total of 82 sales. When compared to the previous quarter, the Southeast reported a 134 percent increase in sales. The Village at Walker Lakes townhomes by Landmark Homes led the Southeast and confirmed 25 sales in the quarter. The success of the Southwest and Southeast sub-markets is largely due to the high volume of townhome projects; 36 total projects with 457 units of released and unsold inventory. Together, both sub-markets offer 96 move-in ready units to potential buyers. The Northeast and Northwest also recorded an increase in sales compared to the previous quarter, 46 and nine percent, respectively.

Downtown, St. Albert, and Sherwood Park all experienced lower quarterly sales of 62, 56, and 43 percent compared to the previous quarter, respectively. The limited number of new projects launching in these three submarkets during the first quarter combined with fewer completed new homes contributed to the lower sales.

QUARTERLY SALES BY SUB-MARKET COMPARISON



Q1-2021 SALES BY SUBMARKET (%)

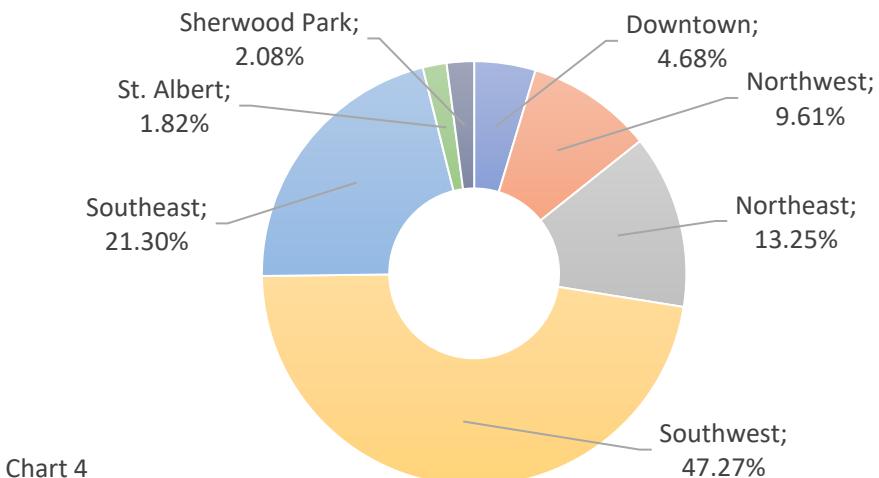


Chart 4

DECREASE IN RELEASED INVENTORY

The new multi-family home sector of Edmonton's residential market recorded a ten percent drop in released and unsold inventory in the first quarter of 2021 compared to the previous quarter, and a 33 percent decrease year-over-year. The hesitation among some developers to launch new projects in Edmonton continued during the quarter, resulting in all product types recording a decrease in released inventory. Concrete, wood frame, and townhomes recorded five, six, and 16 percent decreases in released inventory compared to Q4-2020, respectively. Also contributing to this drop in released inventory is the trend in the multi-family home sector in Edmonton towards purpose-built rental product, where UA has recorded eight new project launches in Q1-2021. Of the eight new launches, one project the Encore Tower by Westrich Pacific Corp. was initially planned to be for sale condominiums, which would have brought 62 units to the market in Downtown Edmonton.

RELEASED INVENTORY BY SUB-MARKET

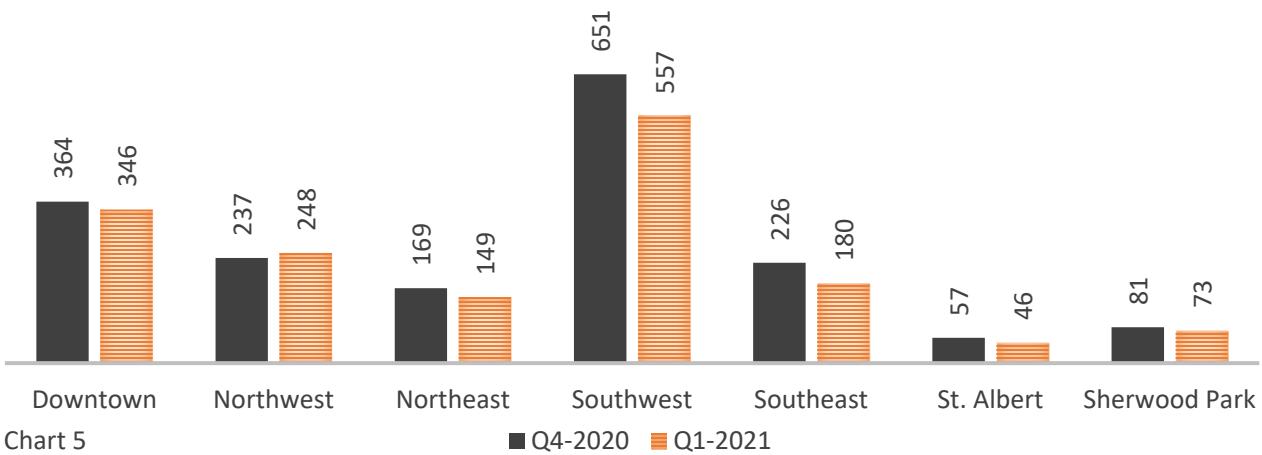


Chart 5

SLIGHT DECREASE IN STANDING INVENTORY

The number of completed and unsold (i.e. move-in ready) units decreased by one percent during Q1-2021 and now stands at 721 units. This represents a 24 percent drop in completed and unsold units since the fourth quarter of 2019. The nominal change in standing inventory is the result of a balanced supply and demand in Edmonton's new multi-family home market. Developers continue to complete new units, which are in turn steadily absorbed by purchasers.

When compared to Q1-2020, standing inventory decreased by 21 percent, again mainly due to the lack of new project launches. The Northwest, Downtown, and Southwest sub-markets account for 25, 24, and 23 percent, respectively of overall standing inventory in Edmonton, for a total of 521 units.

STANDING INVENTORY TREND

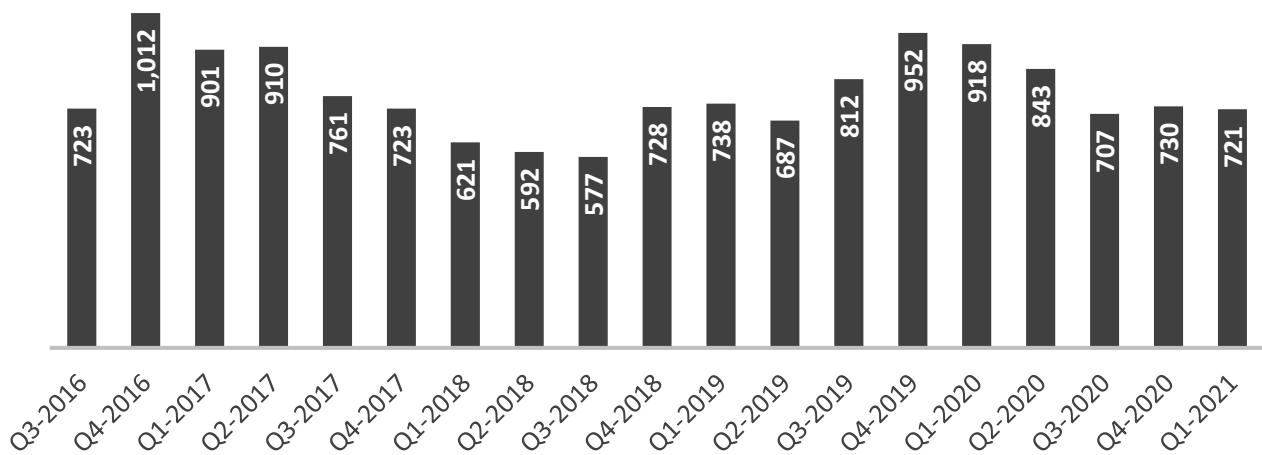


Chart 6

PRICING TRENDS

- The average unit price for concrete product did not change compared to the previous quarter.
- The average unit price for wood frame and townhome product decreased by 0.24 and 0.18 percent compared to Q4-2020, respectively.
- The average list price per square foot for all product types did not change, compared to Q4-2020.
- Industry stakeholders continue to indicate buyers should anticipate an increase of \$5,000 to \$15,000 per unit for townhome and wood frame product in the coming quarters as the cost for lumber and other building material continues to increase. UA will closely monitor how any changes in prices impact sales activity in the market.



BUYER TRENDS

There was a mix of active buyer groups in Edmonton's new multi-family home market throughout the first quarter of 2021. These groups included entry level buyers, young professionals, downsizers, and investors. The majority of buyers fall into the entry level buyers and downsizers category this quarter, as most of the product being absorbed targeted younger purchasers looking to start a family. Much of the townhome product also appeals to empty nesters looking to downsize from a larger detached home who aren't ready for condominium living. Demand also continues to be driven by historically low interest rates currently being offered by banks. Many sales representatives indicated traffic at presentation centres continued to increase during the first quarter, especially as the weather has began to warm up in March.

CREATIVE INCENTIVES TRENDS

Developers continued to offer creative incentives during the first quarter of 2021 to attract buyer interest. The following is a sample of the incentives being offered, broken down by product type:

Concrete Condominiums

- GST covered on next four units sold and one-year free condo fees
- No deposit required on select units

Wood Frame Condominiums

- Up to \$12,500 off purchase price
- Five percent matched down payment, free condo fees for twelve months and free legal fees
- One-year free condo fees, upgraded appliance package
- Up to \$10,000 off select units and up to two free parking stalls on select two-bedroom units

Townhomes

- \$20,000-\$25,000 off purchase price, and two-years no condo fees or a blinds package on quick possession units
- \$4,500 off or \$6,000 towards upgrades
- \$5,000 in upgrades
- 20 percent off in-unit upgrades
- Free basement development
- Free appliance package or complimentary moving costs & concierge service

SUMMATION

It was encouraging to see Edmonton's new multi-family home market begin 2021 on a positive note with increased buyer demand and sales, albeit primarily for townhome product. UA is cautiously optimistic new home sales will continue to trend higher in the following months as the vaccine rollout picks up pace across the province, active COVID cases drop and restrictions are scaled back. UA looks forward to monitoring market activity closely and providing continuous updates on the NHSLive platform and through its various publications and social media channels. Stay tuned as it should be another interesting year in Edmonton's new multi-family home market.

ALBERTA STATE OF THE MARKET

Keep an eye out for UA's Q1-2021 edition of the ALBERTA STATE OF THE MARKET report, which provides an aggregate summary of the status of new home markets in Edmonton and Calgary, with economic metrics relevant to the housing industry.

[CLICK HERE](#) to download the fourth quarter report.



Tell us what you think and what you need

We appreciate your feedback. Please contact us with any questions regarding this UA Take or any of our other periodic publications. In addition to maintaining the most current new multi-family home and rental apartment project data on NHSLive.ca, UA provides advisory and consulting services that can be tailored to meet your firm's specific needs to help it make better decisions. Please contact us to discuss how we can assist you in the design or positioning of your new multi-family home community.

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