

Housing prices alarm Calgarians

Growing concern about people down economic scale

Tony Seskus and Kim Guttormson, with files from Emma Poole and Stefanie Johnston, Calgary Herald

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It was a good plan on paper. Like many Calgarians, Marnie Palmer and Mike Waisman thought they would sell their starter home, spend a little more money and move up to a bigger place. And in the city's overheated marketplace, their house sold in just four days.

Now, after two weeks of failed offers, all over the listed price, Palmer is worried they'll definitely have to cough up more cash.

And end up with a similar home.

"I'm not sure we're going to get that much better a house than we just sold," Palmer lamented Tuesday, adding they quickly realized the \$300,000 at the top of their price range was going to be the middle.

"I didn't think it would be quite this bad."

The couple is among many Calgarians who have run into the downdraft of the city's soaring economy.

Cowtown's petro-fuelled prosperity is creating jobs, pumping up incomes and boosting home values.

But the red-hot economy is also making life tough for some families as inflationary pressures eat away at paycheques.

And a new Ipsos Reid poll for CanWest News Service and Global TV suggests Calgarians have mixed feelings about the repercussions on their booming city.

Calgarians are some of the most optimistic folks in the country in terms of their city's outlook, with 67 per cent of the survey's respondents saying their community has a strong economic base and lots of job prospects.

That's nearly double the national average of 36 per cent and significantly better than Vancouver and Toronto.

"I almost think it's western alienation in reverse," pollster Peter Weylie said. "Calgary sort of looks around and says, 'Wow! How come everybody else isn't feeling as bullish about the economy?' "



CREDIT: Grant Black, Calgary Herald

Gerry Kuzyk walks his dogs Daisy and Rosy along McHugh's Bluff, across the Bow River from downtown Calgary, on a balmy Tuesday. Despite optimism about the city's prospects and quality of life, more and more people are seeing Calgary as unaffordable when it comes to housing.



CREDIT: Tim Fraser, Calgary Herald

Nearly two-thirds of Calgarians believe the gap between rich and poor is growing.

But Calgarians are raising concerns about the affordability of their community and the gap between haves and have-nots.

More than half of Calgarians believe housing prices are so high, many people simply cannot afford to live here, according to the poll. Only Vancouver residents expressed more angst.

This concern comes as the average housing prices in the city are climbing rapidly.

On Calgary's resale market, the average price of a single-family home hit \$342,104 in February, up 29 per cent from the same month last year.

"These are some emerging issues that I think come part in parcel with economic prosperity," Weylie added.

The survey is part of a broader "Pulse of Canada" poll of 8,341 Canadians conducted between Feb. 28 and March 3. It has a margin of error of 1.1 percentage points, 19 times out of 20. The poll of 292 Calgarians has a margin of error of 5.7 percentage points.

Behind the economic numbers seems to lie a growing concern with the affordability of a community once known as a big city at small-town prices. With demand for homes sky-high and a shortage of properties up for grabs, Calgary's housing market is tight.

"Rental vacancies are quite low as well, so for new migrants, they have relatively fewer options than they did one year ago," said Richard Corriveau, Calgary's senior market analyst for Canada Mortgage and Housing Corp.

The reality of the housing market is enough to even surprise arrivals from Toronto.

"I thought my money would go really far. I was so excited to come here," said Jennifer Jensen, who studied the Calgary market for months and was convinced she could buy an "amazing" home for around \$230,000.

Instead, by the time she arrived here in February, the housing boom had begun and prices were through the roof.

"It was depressing. It was just ridiculous. I'd put in an offer for a full-list price and I wouldn't get it," she said. "I just couldn't compete."

Jensen eventually "settled" for a \$271,000 duplex in Strathcona Park in the southwest -- \$41,000 more than she had planned to spend.

There is also growing concern about those further down the economic scale. In fact, nearly two-thirds of Calgarians believe the gap between rich and poor is growing larger here, according to the poll.

For Ald. Helene Larocque, an advocate for Calgary's working poor, the poll numbers aren't surprising. Many families are living paycheck to paycheck, she said.

"On one side of the street we have people driving their big SUVs who don't worry about spending \$100 to fill their tank, while on the other side of the street we have people who cannot even afford to pay their electricity," Larocque said.

One of those battling to get by is Andria Wolf Leg, who was born on the Siksika reserve and grew up in foster homes and then on the streets.

She has worked hard to put a roof over her head -- an apartment -- and often takes jobs where she can get them through a temporary agency. Still, her income of \$400 a month is not enough, so she is on social assistance.

"I'm poor, very poor. I find it hard to buy personal hygiene products or food, the basic needs," she said.

"It's a real struggle."

tsekus@theherald.canwest.com

kguttormson@theherald.canwest.com

The Bottom Line

Economy and Jobs

Percentage of respondents who agree that their city has a strong economic base and lots of job prospects:

Calgary - 67%

Edmonton - 61%

Ottawa - 47%

Toronto - 39%

Vancouver - 39%

Montreal - 36%

Housing Prices

Percentage of respondents who agree that housing prices in their city are so high that many people can't afford to live there:

Vancouver - 73%

Calgary - 54%

Toronto - 53%

Ottawa - 51%

Edmonton - 43%

Montreal - 39%

Source: Ipsos Reid

Special Report: For more on the Pulse of Canada, tune in toGlobal TV. This story features a factbox "The Bottom Line".

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