

The May Numbers Tell the Story!



By Brian Madigan LL.B.

Traditionally, May has been the highpoint of the real estate Spring cycle. However, this year, it was April. The April average value for a single family home in the GTA was \$398,687 and in May it dropped to \$398,148. Now, that's only a \$539 decline, hardly measurable by any standards, yet the expectation was another significant increase. So, in that regard the results are clearly a disappointment.

The next matter to consider is the volume of transactions. Compared to last May, 2008 was off just a bit. May 2007 showed 11,146 sales and was the highest month ever recorded for the Toronto Real Estate Board. This year, there were only 9,411 sales. This is 15.57% decrease. Now, if that was just one month it would really be nothing to worry about. But, the yearly results are indicative of a downward trend. Last year from January to May there were 41,061 sales. This year there are 35,309, or 14.09% fewer transactions.

The number of listings has increased. Last year there were 23,739 at this time and now there are 27,267, a 14.86% increase. So, it is clear that a lot of properties are not getting sold.

June is the month! If you didn't get your house sold in May, and you want it sold in the Spring market, June is the final month to do the deal. For some sellers that means lowering the price, and for others, it means holding on.

Let's consider some of the facts:

- Interest rates recently declined
- Affordability increased
- Prices held relatively firm
- More sellers entered the market
- The average time to sell a house increased in most neighbourhoods

The conclusion, so far, has to be relatively mixed. There are no clear and definite indicators of the market dynamics. So, let's have a closer look at the month of May. Yes, the numbers were a little off in the month but what happened during the month.

May 2007

First half.....5,003

Last half.....6,143

Total.....11,146

May 2008

First half.....4,422

Last half.....4,989

Total.....9,411

The first half of 2008 represented 88.39% of the 2007 figures and the last half only 81.21%. The entire month was 84.43% of the 2007 record breaking month. This is fine, you can always explain last year as a record breaking year. But, the percentage was getting worse as the month went on. The trend was to slower activity and fewer sales at a time when interest rates dropped and listings increased. If this trend established in the first few weeks of May continues, then June should see fewer transactions, and moderate price decreases.

So, if you are a buyer, this might be a great time to do business!

*Brian Madigan LL.B., Realtor is an author and commentator on real estate matters, Coldwell Banker Innovators Realty
905-796-8888
www.OntarioRealEstateSource.com*