



The Two Spring Markets

By Brian Madigan

Just about everybody wants to know when the Spring real estate market begins. Actually, so do I. It's different each year!

If you were to examine the market from an historical perspective, you will probably find that there are two distinct markets. The first is the early market. This is the period when sellers are trying out new higher prices. It is also coincident with the time that new product enters the market for the first time. If these properties sell quickly, then there is a little pressure on the prices and you can soon find some market escalation.

The second phase will often occur as a result of the first phase. If the first phase has been strong, then the second phase will have substantially higher prices. In fact, a whole year's price escalation may often take place during this phase. So, if you're buying you will want to have bought before this phase, and if you're selling, this truly is the best time to sell.

However, there is of course a catch. No one can be sure what phase we are in until all the statistics have been compiled and analysed. Sure, it's easy to say that the height of the last boom was April Fool's day 1989, but who knew that in March of 1989. Economic analysis is a retrospective science. Unfortunately, economic prediction is still a lot of guesswork.

In a relatively stable market or a rising market, there are some general conclusions that can be drawn:

- If you are selling, wait until phase 2
- If you are buying, buy in phase 1
- If you are trading up, do both deals in phase 1
- If you are trading down, do both deals in phase 2

And, for those who can take on a little more risk:

- Trading up, buy in phase 1 and sell in phase 2
- Trading down, again buy in phase 1 and sell in phase 2

This is, of course, the traditional advice. Most of the time it makes sense. However, it is risky, if the market is going in the other direction. It is risky, when too many homes come on the market in phase 2. It is risky, when interest rates are rising. It was far too risky in 1989.

Let's assume normal market conditions. When do the phases begin and end? Phase 1 starts no earlier than the 15th of January and phase 2 ends about June 15th. Sometime in March, often the week following March break will be the beginning of phase 2. So, most years, the early Spring market is truly in Winter and the late Spring market really is Spring. But, there have been years when phase 1 was only two weeks in length and other years when phase 2 lasted until September.

And, for 2006? Sorry, I won't be able to tell you until the statistics are available in early August.

While it's helpful to know some the usual and predictable market factors, it is important to remember the exceptions and also to remember that it would be wise to buy the very best house that meets your circumstances whenever it happens to come on the market.

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