

## June 2008 ~ Where Have the Buyers Gone?



**By Brian Madigan LL.B.**

The volumes tell the story. While there is pent-up demand in the GTA for good housing, there has been a considerable drop in demand. Last June, 10,451 properties were sold. This year only 8,600, which is a drop of 17.7%.

The average price also declined. From a height of \$398,687, to \$395,866, the price of a single family home in the GTA has dropped about 7/10ths of one percent. That's not too much. In fact, the price declines that much every year at this time. So, the reasonable conclusion is that prices are holding firm.

However, over the long run a close to 18% drop in demand will affect prices. But, not only that, but the inventory has gone up about 22% from 21,789 last June to 26,687 this June.

So, almost 18% less demand, and almost 22% more supply. This is going to provide some good opportunities for buyers. This 40% swing will ultimately bring down prices if these statistics simply hold over the next month or two.

And, remember the real estate calendar. The prices generally do not start to track up again until September. The next six weeks should provide some astute buyers with a real opportunity.

Another trend that you might find interesting is the resurgence of prices in the suburbs. The prices in the City are up 3%, year over year, while the prices in the suburbs are up 4% (last June to this June). That's a rather significant 33% performance preference for the suburbs. That is in spite of high gas prices.

One thing for sure, prices are always moving, and the markets which are hot today are cool tomorrow, while the cycle continues from one neighbourhood to another.

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