

## Sales off by 4% in 2008



By Brian Madigan LL.B.

The volume of real estate transactions is a significant measure of the market. When there are relatively few sales, there is usually an economic recession. When the sales volumes are high, the economy is active.

Here's what the Toronto Real Estate Board just reported:

“Sales were down 22 per cent from the record-breaking August 2007 of 8,059 single family dwellings, but were only off nine per cent from the more typical figure of 6,976 sales recorded in August 2006.”

Now, you can appreciate that TREB would prefer to talk about 2006, rather than 2007, because 2007 had a record breaking number of sales. But, the 5 year numbers really tell a more accurate story.

### August monthly volumes:

2004.....	6,743
2005.....	7,498
2006.....	6,976
2007.....	8,059
2008.....	6,318

The average for the month of August is 7,118 over the last five (5) years. At 6,318, August of 2008 is 11.25% off the average.

### Yearly to the end of August:

2004.....	61,100
2005.....	60,309
2006.....	56,633

2007.....68,483  
2008.....58,618

The above numbers represent the total volume of activity occurring in the first eight months of each of the last five (5) years. The average is 61,028 sales. By the end of August, the volume for the year is 3.95% off the average.

### **Real Estate Headlines**

When you read some of the headlines published by the real estate industry, you would likely only see positives (TREB: Over 6,000 sales in August), and from time to time, the newspapers like report negatives (Sales Drop 22%).

I think the most accurate headline would be “Sales off by 4% in 2008”. I know it’s not very interesting, but it is true. Technically, the TREB headline is accurate. But, unless you had some knowledge of the other numbers, it would be meaningless. The newspaper coverage focussing on the 22% drop deals with only the recent month compared to the 2007 record breaking month.

An accurate reflection of the trends is a comparison over at least five (5) years. Then, we have meaningful statistics.

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