

February Sales: Coming to Terms

by Andy Dodge, CRA

Buyers and sellers are beginning to come to terms as the spring real estate market starts in Westmount, but volume is still a serious problem with falling prices. Until sellers realize that the market has turned it will be difficult to see much movement.

Only six sales have been reported thus far for single-family house sales while usually agents negotiate an average 19 sales in the month. Of the six, the highest price was just over \$1,025,000 while the lowest — a house which had been on the market for more than a year — was only \$300,000, lower than any price Westmount has seen since March of 2003. Even worse, four of the six sales sold for less than municipal evaluation, as low as 78 percent of valuation, though the two markups were strong enough to pull the average above tax value. Nothing has sold above \$2 million since last August, while there are at least 18 houses available in that price range.

Late reporting brought three more sales to the January sales list, so we would expect that the February list might not be complete, either. But certainly the trend is clear; the question now is, how long can sellers wait and how much money are buyers willing to commit to move into Westmount?

The condominium market does not appear much stronger, with only one sale recorded in February and a total of three (so far) since January, compared to eight in the first two months last year. Another phenomenon which is gaining significance now is the rental market, both among condos and houses as well as apartments in duplexes and apartment buildings. Ten houses have been rented through the Multiple Listing Service since January 1, as well as five condominiums. This is an indication that frustrated vendors are settling for a revenue stream while buyers are wary about investing capital in a falling market.

Only one house sale was reported in adjacent-Westmount areas or downtown, and that was on du Musée in the “Golden Square Mile” district, while one condo sold in a former duplex on Grey Avenue. By this time last year 10 homes had been sold in the areas surrounding Westmount.

With the trends pointing downward, we are heading toward the levels of 2006 or even lower. Still, considering the growth of the previous decade, this type of pullback is not at all surprising or even serious in the long term. We are definitely in a buyer’s market now, but the flow will remain a trickle until the sellers understand the new reality.