

September Sales: Cautiously Optimistic

by Andy Dodge, CRA

(NOTE: The following article relates to offers to purchase Westmount residential dwellings which were reported by the local real estate agents as having been accepted in September. Because they are not final registered sales, the addresses and prices cannot be made public, but give a good idea of current trends in local real estate activity. The graph on page xx offers a picture of these trends over time.)

Westmount's real estate market came back with a vengeance in September, with four sales over \$1 million (none over \$2 million) and five more between \$800,000 and \$1,000,000. In fact, there were only two Westmount single-family sales reported in September for prices below \$800,000.

This helped pull the value of Westmount's "typical" house to its highest point ever, well over \$1,100,000, though the average price of the 11 sales was \$1,025,000. Volume is modest but better than last year, and while markups ranged from 23 percent to 211 percent -- triple the assessed value in the one case -- in fact five of the 11 sales sold for less than the new assessments which come into effect on January 1.

Agents are cautious about the current market, though, uncertain how long the local market can hold when the national press -- especially in the United States -- is talking about plummeting prices. The upcoming American mid-term elections have caused hesitancy there while the Canadian dollar is getting stronger, and it might just be that buyers are more confident investing in Westmount real estate than in many other high-end communities in North America.

Only one more condominium sold in September, bringing the total for the third quarter of 2006 to nine sales, with an average markup of 79.2 percent, even higher than the average markup for single-family sales in September, which was 73 percent.

In adjacent-Westmount, three duplexes sold in Côte des Neiges in September, and a triplex and a house to the east of Westmount, generally for slightly higher markups than previously, a possible indication the markets there are strengthening, too. In fact, the volume of sales this year in both Côte des Neiges and Shaughnessy Village has already matched the total sales for those districts for all of 2005.

So we can be cautiously optimistic about the prospects for real estate in the coming months, though of course taxes or rising interest rates could put a damper on prices moving into next year.