



## What Does The Average Residential Selling Price Mean?

Consumers may view all SRAR media releases on the association website [www.srar.ca](http://www.srar.ca). The average selling price process is explained in each release to minimize confusion as to how the average selling price number is used.

The average residential price is derived by taking the month's dollar volume of homes sold and dividing that number by the unit sales number. The percentage of change should not be used unilaterally as prices vary from area to area. Consumers wishing an accurate estimate of value for their home should contact a REALTOR® member to do a comparative market analysis.

The average selling price tracks the market trends and identifies changes as they occur. An example is the month of June 2008 when 26 homes sold between \$500,000 and \$750,000.00, 10 between \$450,000 and \$500,000 and 32 homes that sold between \$400,000 and \$450,000.00. In December there were 5 homes that sold between \$500,000 and \$750,000 and 5 between \$450,000 and \$500,000 and 7 that sold between \$400,000 and \$450,000.

When the sales figure for the month are divided into the dollar volume of real estate sold for the month the average selling price will be higher if more higher priced homes were sold. This number may not be directly impacted by the unit sales number. For example June's average selling price was \$310,386.00 and July's average price was \$292,428.00.

There were 27 more sales in July. The difference in average selling price resulted from fewer high priced homes selling in July. For example there were only 12 homes sold between \$500 and \$750,000, 18 between \$450 and \$500,000 and 23 homes sold between \$400 and \$500,000.00.

Most news reports place a heavy focus on "average selling prices" and consumers can easily misunderstand their use. Here's another good example. During the month of August, the average price of a Saskatoon home was \$279,366. In September, it jumped to \$297,836. This "jump" resulted from a larger number of high end homes which skewed the average up and was not a reflection of actual price increases in the Saskatoon market.

In fact, home inventories were at their highest point for the year creating extremely competitive conditions for sellers. Most REALTORS® will likely tell you that prices actually decreased, at least slightly during that period where the average may have led people to believe they rose.

We trust this explanation will assist consumers to understand the average selling price process and how it is used to track trends rather than to determine specific values for individual homes.