



October Residential Home Sale Market Continues Correction

The Saskatoon housing market continued to soften slightly in the month of October with 215 residential units selling that number down 23% from October 2007 when 280 homes were purchased. Year to date 3,182 homes have been purchased, that number down 19% from 2007 when 3,918 homes had been sold. Year to date Saskatoon REALTORS® have sold \$920,867,000.00 of residential real estate, that number up 2% from 2007. Total MLS® sales exceed 1.1 billion dollars down 1% from last year at this time

The average residential selling price for October remained strong at \$285,310.00 that number up 12% from October 2007 when the average selling price was \$255,739.00. Year to date the average price stands at \$289,399.00 up 26 % from last year at this time. The average price verifies significant activity in the mid to upper price range homes.

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 for their specific home.

October 2008 inventory levels continued to provide buyers with excellent choice. Saskatoon REALTORS® listed 695 homes in October that number up 30% from October 2007 when 535 homes were placed on the market for sale. Year to date REALTORS® have listed 7,467 homes. At month end home buyers had 1667 homes to select from. This number represents more than double the properties available to purchase at this time last year.

The significant increase in listing inventory is due to several factors. The market frenzy of 2007 saw much speculation with many investors purchasing numerous properties to renovate and flip. Many individuals built several new homes to sell. Local investors and builders also stepped up to the plate and purchased homes and apartment blocks for conversion to condominiums.

Some local buyers, who traditionally would have sold their current home and then bought a new one, bought a new one but did not sell their existing home speculating that the market would go up. These and other reasons are why so many properties have been placed on the market at this time. It will take a few months for this inventory to return to a more normal level. In the interim some property owners are renting their homes with the intention of placing their homes back on the market in spring.

Home sale numbers and prices will soften for a short period of time during this correction period and will likely begin to increase again in 2009 at a much slower rate than experienced in the last two years.

As we go through this correction period, home owners will have to recalculate their expectations when pricing their homes and expect a longer period of time for their home to sell.

Consumers should be reminded that markets are cyclical. When we look back at markets that we have been through, we can look at the late 1980's when we had roughly the same number of properties on the market. We had fewer buyers as our population at that time was only around 185,000 people. We also had roughly the same number of REALTORS® in the industry.

An additional factor to consider during the 80's was we had double digit interest rates versus single digit interest rates that we enjoy today. For example in the 80's a \$50,000 mortgage at 19 ¾% had a \$934.00 PIT payment. Higher interest rates made servicing the debt somewhat difficult. Markets are cyclical and we are again going through a correction period and following that the market will resume, maybe not at the exact same level but it will rebound again.

Saskatoon and all of Saskatchewan will be impacted by the recent global financial situation but when compared to other areas in Canada or North America going through this period of time in our history, Saskatchewan is likely to be one of the best places to live.

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