

April Sales:

Prices follow volume down

by Andy Dodge, CRA

(NOTE: The following article relates to offers to purchase Westmount residential dwellings which were reported by the local offices of Sutton and Royal LePage Realties as having been accepted in April. 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.)

The slowdown which started in the March volume figures found its way into the price statistics for April, though prices are still way above where they were a year ago.

While March, April and May are generally the busiest months of the year for real estate agents, volume so far this spring is at its lowest point since the mid-1990's, around the time of the last Quebec sovereignty referendum. Now with the continuing Gomery inquiry and talk of a federal election, along with the declining popularity of the Charest government in Quebec, buyers are putting their plans on hold for the time being. While they might be relatively confident about their own economic status, the safety of real estate as an investment is being challenged.

This has meant that, while there were eight sales over \$1 million in February and five in March, there were only two in April. The raw average price of 13 sales in April was \$847,385, though the adjusted average stayed above the \$1 million mark for the fifth straight month. Prices are lower than the December-March figures, but they are still up about 10 percent from May-June last year, and 12 percent from late fall of 2003.

Volume is not much better in condominium sales, either, with only two transactions reported in April, both for duplex-type condos, though two of the newly-co-opted apartments at 2 and 3 Westmount Square also received "sold" stickers. Last year's April saw six condominium sales among 21 in the first four months; this year's two sales are among 12 since January. Still, the average price of the condominiums is up from \$467,950 last year to \$587,729 this year, and the average markup is up from 36.1 percent to 53.7 percent, year over year.

Volume has not suffered quite as much in adjacent-Westmount districts, but prices there are considerably lower. In southern Côte des Neiges, the average price has dropped from \$564,500 to \$492,400 and markups from 54.9 percent to 36.9 percent

among 13 sales between January and April 2004, 10 in 2005. In eastern Notre Dame de Grâce, the first four months of each year saw 11 sales, but the average price last year was \$649,318 and this year is \$544,091, and the average markup has gone from 41.5 percent to 30.0 percent. And east of Westmount, volume is down from 9 to 7, the average from \$645,889 to \$557,286 and markups from 28.0 percent to only 6.7 percent.

To date the prospects are not as drastic in Westmount itself, but the adjacent-Westmount figures might be an indication of things to come.