

February sales down 11%

WINNIPEG - It was an off month for WinnipegREALTORS® as February sales of 683 declined 11% from the same month last year and 10% over the 10-year average for February. Year-to-date sales of 1,250 are 5% off the pace set in 2017 when there were 1,327 sales. Year-to-date dollar volume worth \$352 million in real estate transactions is also down 5% from the same period last year.

When comparing MLS® listings to last year, overall supply is not the issue as the inventory at the end of February of just under 3,400 is equivalent to 2017. New listings coming on the market for residential-detached and condominium properties in February were not markedly different either from February 2017.

Simply put, buyers were less active than last year. Sales fell short in the two main property types – residential-detached and condominiums. While condominium sales decreased 16%, the 102 sales transacted are above the 10-year average by 8%. Residential-detached sales, on the other hand, were below the 10-year average by 10% and 11% in comparison to February 2017.

There is no one reason why residential-detached sales saw a drop off in activity. One MLS® area in particular was down markedly from 2017 because of a lack of listings, where other MLS® areas experienced a noticeable drop off in sales compared to available listings.

As for the distribution of sales throughout the entire residential-detached price range spectrum, the tilt in percentage of sales activity favoured the higher price ranges above \$300,000. This was even more accentuated for condominium sales activity in higher price ranges. The usually dominant \$150,000 to \$199,999 price range dropped in total sales percentage from 36% in 2017 to 19% this year.

“A disappointing sales result but still too early in year to draw any firm conclusions,” said WinnipegREALTORS® president Chris Dudeck. “Based on an increase in higher end price range sales activity in relation to lower price ranges compared to last February the new stress test on insured mortgages (came into effect on January 1, 2018) does not appear to be a leading cause of slower sales activity.”

It is also worth noting, residential-detached properties which did sell in February, actually sold faster in 2018 than 2017. The average days to sell was 32 days, 2 days quicker than February 2017, while average days to sell a condo was the same as February 2017 at 45 days.

One thing that is clear, with tougher qualifying requirements for both insured and uninsured mortgages this year, and higher mortgage rates, buyers should be proactive in getting pre-approvals so that when they are ready to purchase a home they are qualified to buy.

This week the Bank of Canada held its benchmark interest rate at 1.25 per cent, though one more hike is expected this year. Lingering trade issues including concerns over NAFTA may well push back another rate hike until later in 2018. The Bank of Canada is also assessing the housing market as part of their rate-tightening plan given softer sales activity this year.

“All markets are local and activity within the various property types behaves differently depending on the price range and area,” said Marina R. James, CEO of WinnipegREALTORS®. “You are always best advised to contact a professional REALTOR® to determine a suitable course of action for your own needs.”