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The Year 2012 in Review: For Kingston as for most of Canada, the Market Remained In "Balanced" Territory

2012 was another good year for real estate in Kingston. **The volume of residential sales was up year over year by 4.37% (3367 from 3226) and the average sale price increased to \$276,235 up from \$266,617, an increase of 3.61%.**

Another good real estate market indicator is the average time on market it takes for properties to sell. This is referred to as average D.O.M. (days on market). Typically, in a seller's real estate market, properties tend to sell quickly and in a Buyer's real estate market, properties take longer to sell. **The average D.O.M. for 2012 is 50 days, unchanged from 2011 and still considered low.**

What was noteworthy about 2012 was the high number of sales that took place from January to May consecutively. The cumulative sales for these months add up to 1605 compared to 1364, almost 18% higher than for the same time period for 2011. As discussed in our last newsletter, we attributed this increase in activity to (unlike this year...), a winter that never happened! Buyers didn't seem to mind going out looking at houses in the middle of February. But there were other factors as well. Our exceptionally low interest rates of course, but namely, the rumours out and about that the Federal Government would once again introduce more stringent lending rules for government insured mortgages, intended to promote more stability in the longer term. This did in fact happen and new rules became effective in July, 2012. This spurt of activity in the early part of the year happened across many real estate markets across the country and it is believed that many buyers advanced their home buying decisions so that they could qualify to buy more "house". The pace of sales then slowed throughout most of the balance of the year, but the gains of the first half were still enough for the total year's figure to outnumber the last.

A real estate market is said to be balanced when the sales to list ratio is between 40% to 55%. This percentage is the gauge used in determining whether it is a "buyers' market" or whether it is a "sellers' market". **Our sales to list ratio for 2012 remained virtually unchanged from 2011 and stood at 49.43, well within balanced conditions.**



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Making Your House a Show Stopper

What a difference a few years makes! Back around 2007 home-buyers would beg to purchase your house, often bidding more than the asking price for the privilege to do so.

Today...well, not so much. Having gone from a frenzied Seller's market to a balanced market and now seemingly tipping toward a Buyer's market, Sellers and Realtors have to work longer and harder to achieve a sale. So what's a smart Seller to do?

Showing a house is a lot like going on a first date. You try to look well groomed even if that's not how you always look! The old adage about first impressions being the most important is just as true for your home as it is for you.

A clean, odourless house gives prospective buyers the impression that the whole house is well maintained including the out of sight items such as plumbing or heating. Go the extra mile with this one. If you have pets, have a "pet plan" to make sure the animals are not around when the house is shown.

Here are the **three main incentives** to keeping your house in perfect showing condition: your home may sell faster, you may get more money for it and by removing any clutter, you will allow people to focus on any features and improvements you've made to your home.

Long before your first showing, **take stock of your home**. Do you have piles of magazines you've never finished beside your couch? Are your closets and drawers overflowing with clothes you're hoping will come back in style (or, that will someday fit again)? Do you trip over a pile of shoes when you walk in the door? **Be brave and pack up anything you don't use on a regular basis**. Give away whatever you haven't used or worn in the last five years (ten years...??). Your efforts will pay off!

Wash windows, doors, paint or do touch-ups, clean carpets, put a drop of oil in squeaky joints, fix leaky faucets, clean up or replace grouting or caulking, clean up the lawn, back yard, pull out dead trees/shrubs, plant flowers. For curb appeal, it's a big mistake to not freshly mulch your flowerbeds, paint the front door and then replace the bent and rusted exterior light fixture and mailbox. You may need to power wash the exterior siding and if you have a front porch, deck or patio, make them inviting.

Replacing cabinet hardware and doorknobs will probably cost all of \$400 to \$500, but it makes a huge difference. The same is true for dated ceiling fans and light fixtures. We often tell our clients that how we decorate to live and how we decorate to sell is different, that it is no longer your home but rather a "product" on a shelf, competing with several others.

Have your furnace and central air serviced and make sure they leave stickers on the systems (keep your receipts). Label your fuse box or breaker panel and dust the exterior of the furnace and water heater. Wash the floors and clean the ceilings of any unfinished areas of the basement.

Attempt to fix anything that does not work like a light fixture, electrical plug or closet door...

If you can leave a fireplace on for a showing, do so. The same applies to lights, lamps... In winter, be sure the sidewalks and driveways are cleared. Shovel off the deck or patio area so buyers can visualize summer BBQ's.

Buyers often open closets, (ovens and fridges in some cases) so be sure all are clean and tidy.

Be sure of your facts. You can imagine the reaction when a buyer and their agent find out that a home that advertised new windows, furnace and central air in 2009 finding out that there is only one new window in 2011, the furnace is 2005 and the air was installed in 1990!!

You might consider being pre-emptive and **have a home inspection done prior to putting your house on the market**. Don't be caught unaware of problems that could seriously undermine your hard work and dedicated efforts to sell your home. Unknown problems would be uncovered allowing you the opportunity to make repairs and replacements as needed and help ensure a smoother and successful transaction.

Don't be around for showings. Both Realtors and Buyers generally bristle when the seller greets them at the door for a showing. It's always best to let trained professionals show your property.

Park your cars a few doors away if you can.
And then maintain!

The Outlook:

The pace of sales began to slow during the latter half of 2012. This trend continued throughout the first quarter of 2013. **Sales are down 20.12% or 600 homes were sold in the first quarter 2013 versus 751 in 2012. Listings are up, 1959 vs 1839, an increase of 6.53%.** But, as mentioned earlier, the first quarter of 2012 had some unusual circumstances which resulted in an exceptional level of sales activity (easy winter, tighter mortgage qualification rules...)

The first quarter of 2011 might be a more "typical" quarter to compare with. Since there also wasn't too much normalcy with the years 2008, 2009, 2010, starting in the last quarter of 2008 with the U.S. economic meltdown and the Canadians' subsequent uncertainty, there was a continued slowdown in the first quarter of 2009, followed by a return of consumer confidence into the second half of 2009 through to the first half of 2010...and so on, but the bottom line is, **year over year and quarter over quarter comparisons can be skewed.**

Meanwhile, the average selling price in the first quarter 2013 for the whole of the Kingston Real Estate Board is up 1.00% over the same time period last year and on average, it took 6 days longer, 53 vs 47, for homes to sell. The sales to list ratio slipped from 40.84% to 31%.

It's difficult to make a determination based on these three months alone. When we cite these facts, we are often asked the question, "**so, is the market changing?**" At first glance, it seems like it is...like it may be tipping more toward a Buyers' market. But as you can see, values are still holding up. How can values still increase when inventory is up and sales are down? Some experts say a supply-and-demand paradox has taken hold, or a soft-landing scenario. The industry as a whole is forecasting a "moderation" and perhaps a "minor correction" in their 2013 outlook for house prices. Descriptive words by other forecasters like "calamity", "collapse", "crash landing" are being heard or read in the news as well.

It's comforting to know that home prices in Kingston have grown at a slower pace than that of other major centres in Ontario, helping keep home prices relatively affordable. **The average price of an existing home in 2012 reached \$276,235 compared to an average of \$385,519 for Ontario.** We are fortunate to be property owners in Kingston. We benefit from an overall stable local economy, anticipated population growth, employment growth and low mortgage rates resulting in a relatively stable and affordable housing market. In the end, time will tell.

If you're looking to get into the market this year:

If you're a buyer: you're likely to have more choice and stable prices.

If you're a seller: you will have to be priced competitively and make every effort to have your home in "show ready" condition. (See the following article)

And now you are up-to-date!

Three Upgrades that can Enhance the `WOW` factor of your Home

- **Stainless Steel Kitchen Appliances.** Trendy? Sure, but they always attract interest as they can transform an average kitchen into a sleek and contemporary space.
- **Energy Efficient Laundry.** Replace the old top-loading washer and dryer with energy efficient front-loading units. A contemporary laundry scores big, particularly with young buyers as they like the high-tech look and can foresee the utility savings.
- **Hardwood Flooring.** Carpeting has little appeal to most buyers today. Hardwood does because it's durable, easier to maintain and clean and the buyer doesn't have to match their furniture with the seller's carpet colour. If you're installing new, use natural or engineered hardwood. If you decide on laminate, make sure it is very good quality.

INTERESTING STUFF

Many years ago in Scotland, a new game was invented.
It was ruled ``Gentlemen Only...Ladies Forbidden...``
And thus the word GOLF entered the English language.
The cost of raising a medium size dog to the age of
Eleven: \$16,400.
The average number of people airborne over the U.S.
In any given hour: 61,000.

Coca-Cola was originally green.
The first novel ever written on a typewriter:
Tom Sawyer.
The first couple to be shown in bed together on
prime T.V. was Fred and Wilma Flintstone.
The percentage of Africa that is wilderness: 28%
that of North America: 38%.

Thank-you

These newsletters give us the opportunity to extend our thanks to all of you for your continued support. We appreciate the opportunity to help you, your family and friends whenever they have real estate needs. It is clients like you that make our work so enjoyable. Have a great summer!

Charlene & Steve