

Working hard to keep you informed.

From a Balanced Market, Tipped to a Buyers' Market For the period January 1, 2013 to September 30, 2013

***The statistics are out for the first half of the year and as we write this,
we are receiving them for the third quarter as well.***

Here's what's happening:

- 1. The number of listings is up.***
- 2. The number of sales is down.***
- 3. The average price is up.***

Let's look at those statistics.

First, the total number of residential properties listed for sale from January 1, 2013 to June 30, 2013 was up to 4545 compared to 4046 for the same time period in 2012, a substantial increase of 12.33%. This trend continued through to the end of September with the total year to date at that time being 6373 compared to 5682, an increase of 12.16%.

The total number of residential sales for the first half of the year was down to 1726 from 1941, an 11.08% drop. The activity for July, August and September narrowed that gap to 5.67%, with 2614 total sales year to date compared to 2771 to the end of September 2012. We need to remember though that most of the sales activity in 2012 took place in the first half of the year, which the industry attributed to a winter that never happened as well as rumours out and about that the Federal Government would once again introduce more stringent lending rules on government insured mortgages, which did indeed happen and became effective in July 2012. It remains to be seen whether the last three months of this year narrows this gap even more as it follows a somewhat sluggish final quarter of activity in 2012.

Meanwhile, the average sale price of a residential property in the Kingston market area was up 3.97% to \$286,257 at the end of June 2013 from \$275,340 at the end of June 2012. The end of September average sale price moderated to \$283,000 from \$275,015 in September 2012, an increase of 2.90%.

You would expect that a higher number of available houses on the market would temper the price rise. When we look at the data by price category, we see an increase in higher priced sales (i.e. 560 vs 536 in the \$350k to the \$750k range, 35 over \$750k vs 22, 31 over \$800k vs 17 with 18 over \$900k for both 2013 and 2012). On the other hand, sales in the range of \$180,000 to \$350,000 dropped from 1869 to 1724.



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So what is the difference in the marketplace in 2013? In a nutshell, more properties on the market for sale! At the end of June, buyers had 2027 properties remaining for sale to choose from, 22.48% more than at the end of June 2012, and, at the end of September, 21.8% more or 1805 vs 1482. With so many more homes to consider, buyers are taking their time. Gone is their sense of urgency. Generally speaking, Sellers have had to adjust their expectations.

The statistical reports show very little change to the days on market at 49 days. This is the average amount of time it takes for a property to sell. We know this number is skewed because when a listing expires, the time period that it was on the market before it expired is not factored in. So if it sells 15 days after it is relisted, the days on market is reported as 15. One way for us to get a feel for how skewed this number might be is to look at how many expired listings there were. We can tell you that as of the end of September, there was a 10.71% increase in the number of expired listings over the same time period in 2012(2626 vs 2372).

The sales to list ratio, an indicator of supply vs demand, is said to be balanced when the ratio is 40% to 55%. We have been in balanced territory with the advantage tipping toward the sellers since 2007. For the first time since then, the end of June saw us into a buyers' market at 37.98%. As sales picked up some momentum in the third quarter, at the of September, that figure moderated back into the low end of the balance range at 41.02%, with the advantage tipped toward the buyers.

The Outlook:

Many factors drive the real estate market. Mortgage rates of course, and they are expected to gradually increase but not before mid-2014 and, still remain low. CMHC predicts that house prices will grow at a slower pace over the next couple of years, around the 1.2% to 1.6% range. Meanwhile, the average 2-bedroom rent in Kingston rose by 3.1% last year and will increase again likely further enhancing the value of home ownership. On the job front, Kingston will see a slowdown in employment growth in 2013 and 2014 as the health care and education sectors remain stable but offer little in terms of new jobs. They do expect some job growth from the private sector. Slower job growth also means a slower rate of migration with migration being a contributor to housing demand. This all adds up to a slower but steady real estate market.

We believe the market will continue to prosper but sellers need to adjust and respond to the changes. Pricing is critical to a successful sale and showability is more important than ever. Most properties will not sell overnight and we still may have to suggest price reductions over the marketing period. Both realtors and sellers have to be prepared for a longer sales cycle, more marketing over a longer period and lots of contacts with prospective buyers and agents. We have been there before. This is not a situation that we are unfamiliar with.

As mentioned above, sales in the third quarter outpaced last year's third quarter and did so by 7% (888 vs 830). CMHC's forecast is that we will end the year with virtually the same number of sales we had in 2012. We are simply carrying more inventory.

And now you are up-to-date!

Did you Know?

The city of Kingston has recently amended the Official Plan and By-Laws to allow secondary residential units in certain areas of the city. In their quest to continue to develop as a sustainable community, expanding the use of secondary units achieves this by making more efficient use of existing infrastructure, transit services and amenities. These units also provide attractive and affordable housing options for tenants while assisting property owners in maintaining ownership of their homes. For more information, go to the city's website at www.cityofkingston.ca and click on "Secondary Suites".

News about Oil Tanks

Fuel oil tank failures have resulted in millions of dollars of property damage and environmental contamination. Failures usually occur at the bottom of the tank, they rust from the inside out so you usually can't tell until the failure occurs.

Steel tank manufacturers have developed new designs which include a double bottom so that a leak can be prevented from escaping by the second bottom. The design also includes a warning signal so that you know if the tank has leaked at the bottom.

Effective January 1, 2013, the Technical Standards and Safety Authority (TSSA) requires that all new and replacement tanks, both indoors and outdoors, be installed with a double bottom, double wall or secondary containment.

Fun Quiz

Here are 10 questions about things we see every day or have known about all our lives. These simple questions are harder than you think and it just goes to show you how little we pay attention to the common place things of life.

1. *On a standard traffic light, is the green on the top or the bottom?*
2. *In which hand is the Statue of Liberty's torch?*
3. *What 6 colours are on the classic Campbell's soup label?*
4. *When you walk, does your left arm swing with your right or left leg?*
5. *Which way does water go down the drain, counter or clockwise?*
6. *How many sides does a stop sign have?*
7. *Which way does the slash go on a no smoking sign?*
8. *How many lug nuts are on a standard car wheel?*
9. *Do books have even numbered pages on the right or left side?*
10. *Sleepy, Happy, Sneezzy, Grumpy, Dopey, Doc...Who's missing?*

Which Repairs Should You Make Before Selling Your Home?

It's almost inevitable that you'll need some minor repairs and slight improvements before the "For Sale" sign is driven into the front yard.

A fresh coat of paint requires little time or money and can make your home more attractive and therefore more likely to sell faster and for more money.

But what if an item needs repair, something that doesn't jeopardize anyone's health or safety but more of an "out of sight out mind" type of repair? Should you simply disclose it and let the buyer deal with it or, should you fix it before placing your home on the market?

Most buyers have a good idea of what it takes to operate a home. Typically, their goal is to move in with few costs and headaches, so making repairs in advance can be a big selling point. It's music to a buyer's ears when they hear the term "new" or "just replaced" as they walk through a home.

For first time buyers, the situation is somewhat different. They too want to reduce the headaches and costs where possible, but there is another issue as well. Buying a first home is a big step both financially and psychologically. Adding another cost or concern to a list of general concerns might mean a deal-breaker, a reason to not buy or to move on to something else.

Another point to consider is that most home sales include the use of a home inspection condition. Usually this condition allows the buyer to terminate the contract if the inspection is not "satisfactory" to them. So if the inspection uncovers an item which needs to be repaired, what does the buyer do? The buyer asks for a discount. How much of a discount depends on the estimated cost of the repair which can sometimes be an inflated view with very little time and sometimes no time to get estimates from the appropriate contractors. It's wise in this market for sellers to be proactive and pay to do their own home inspection prior to listing the property for sale. The cost is approximately \$400.00 including HST, a cost that could prevent any last minute surprises or disappointment.

When considering aesthetic improvements, the question to ask is "what's needed to be competitive?" In a hot seller's market you may not need to change a light bulb, while in a buyer's market, your list may be more extensive.

What repairs and improvements should you make to achieve a timely sale and to get top dollar? Every home is different, so feel free to contact us. We are here to help.

Thank-you

We thank-you for your continued support, both personal and by the referral of your friends and relatives. We are honoured and welcome your business and the opportunity to be of service. It is a pleasure to be in this business with clients and friends such as you.

Charlene & Steve

For market updates and tidbits of relevant real estate information, like us on Facebook at www.facebook.com/RashotteRealtyKingston and follow us on Twitter at www.twitter.com/HomesInKtown With your "Like" and your support, we will enter your name into a draw for a \$100 gas card to be drawn