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Used home listings from January to September have increased nearly 20 per cent compared to last year.

Speculators seen as threat

MARTY HOPE
CALGARY HERALD

The key problem impacting Calgary's volatile resale housing market is the presence of speculators, says an industry veteran.

"There's no place for speculators in the real estate market," says Ted Zaharko, broker-owner of Royal LePage Foothills Real Estate. "They can cause serious harm to the industry — both in the resale and new sectors."

What speculators are doing is dumping homes they purchased at lower prices with the hope of getting higher selling prices, he says.

That, says Zaharko, is the reason why there is such a large inventory of homes in the city. "Other than that, there is no logical reason for the slowdown in sales," he says.

Another 3,106 resale single-family homes were added to the listings stockpile as of September, bringing the total number of list-

ings for this year to 26,202 — an increase of nearly 20 per cent over the same nine-month period a year ago, says the Calgary Real Estate Board.

The total inventory for single-family homes reached 5,562 in September, but because of bookkeeping changes at CREB, there are no comparisons for 2006.

"Inventory levels have not backed off and I'd say 15 per cent of the homes are from speculators trying to get rid of their properties," says Zaharko. "If there were no speculators operating, there would be very little excess inventory and the market would be more in balance."



Ron Stanners

With all of the available inventory to choose from, buyers are taking their time.

Single-family home sales within Calgary's city limits totalled 1,064 last month, down more than 19 per cent from August and off by nearly 11 per cent from September 2006.

As for prices, the median price of detached homes was \$420,500 last

month, a decline of two per cent from August but up 9.7 per cent from September 2006.

The median price is the price at the midway point in a given number of sales for a specific period.

The average price, meanwhile, hit \$470,888 in September compared with \$485,914 in August. A year ago, the average was \$426,622.

"This is an excellent opportunity for buyers to purchase their dream home because of the wide selection available," says CREB president Ron Stanners.

"Single-family sales declined 19 per cent from August. However, sales year to date are still marginally ahead of 2006 as of the end of September."

In terms of resale condos, 1,315 new listings were recorded in September, an increase of nearly 11 per cent from August.

Sales totalled 483, a decrease of 12.7 per cent from a year ago and down more than 19 per cent from August.

"Overall, though, sales remain steady and we expect the market to remain steady through the balance of the year," says Stanners.

Accuracy aim of price switch

More emphasis on median price

MARTY HOPE
CALGARY HERALD

The Calgary Real Estate Board has made a move to provide a more accurate picture of what is happening with resale housing prices.

Beginning with its September activity report, CREB will be putting more emphasis on the use of the median selling price and at the same time downplaying average prices — which it has been using as the measuring stick for years.

In the September report, the median selling price of single-family homes within Calgary was \$420,500, while the average price was \$470,888.

The median price is the price at the midway point in a given number of sales for a specific period.

During September, if there were 2,001 sales, 1,000 of them would be priced higher than the median and the other 1,000 below.

"It is a far more accurate indica-

tor of the market than the average sale price," says board president Ron Stanners.

The average price is the total of the dollar volume of all sales in a specific period divided by the number of sales.

"If there are more sales in higher or lower price ranges, the average could go up or down dramatically," says Stanners.

For instance, for the first nine months of this year, 378 homes sold for more than \$1 million, compared with 249 for the same period in 2006.

The fact there have been 129 more sales in this price range this year is enough to push the average price up more significantly than it would the median price.

So far this year, the median price is sitting at \$424,250, up less than 18 per cent from the same period a year ago. The average, meantime, is at \$475,865, up almost 20 per cent year-over-year.

"The median is a much better way of considering changes in market value since it is not affected by the irregular high or low prices of one or two homes — it is a relatively steady midpoint number," says Stanners. "In the analysis of changes in real estate values, the median is typically the method that more accurately reflects what is going on in the marketplace."



Realtors are switching to the median price, rather than the average.



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Date: Wednesday, October 10, 2007
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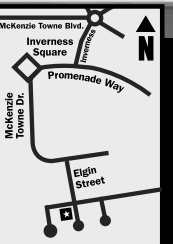
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