

PRESS RELEASE

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For Immediate Release**

FEBRUARY MLS® SALES UP 8%

Majority of Homes Sell For Over \$200,000

WINNIPEG – Besides resulting once again in another month where dollar volume sets a new record for the month as it was up 9% over the previous best dollar volume February in 2008, a significant development this month is a clear shift in overall residential-detached sales activity to price ranges over \$200,000. Leading the way is the \$200,000 to \$249,999 price range where one out of every four homes sold in this category. Last February the same percentage of activity happened in the \$150,000 to \$199,999 price range. Overall, 56% of homes sold in February went for above \$200,000. The under \$100,000 sales dipped to only 8% in comparison to 11% in February 2009.

Similarly, condominium sales activity went upward too in comparison to February 2009 but the only difference from residential-detached was it shifted to more activity in the \$150,000 to \$199,999 price range from the \$100,000 to \$149,999 one. More than one out of three condos sold in the \$150,000 to \$199,999 price range where it was more like one out of five last year for the same month.

If you wanted to use an Olympic Winter Games analogy, Winnipeggers are reaching for higher levels in terms of house and condo values where Canadian athletes were going for gold. The current low interest environment is the biggest enabler in this regard as it helps keep affordability within the realm of many buyers.

Another clear difference this year compared to last is the number of home sales in February that went for over list price doubled from 22 to 44%. Another 44% however sold for under list price.

February MLS® unit sales of 712 and a dollar volume of over \$150 million would be considered one of WinnipegREALTORS®' better February's due largely to the record dollar volume for the month of February. The four previous years to 2009 had sales approaching 800 so there have been better sales results. February MLS® unit sales were up 8% (712/660) while dollar volume rose 19% (\$150.6 million/ \$126.6 million) in comparison to the same month last year.

Year-to-date MLS® unit sales are up 1% (1,199/1,184) while dollar volume has increased 13% (\$252.8 million/ \$223.1 million) in comparison to the same period a year ago.

“February market activity shows a real improvement over January and is more in line with what our expectations are for this month,” said Claude Davis, president of WinnipegREALTORS®. “One similar carryover from January is the tight inventory situation in a number of Winnipeg neighbourhoods. It shows by virtue of the fact houses selling this month in these desirable MLS® areas were only on the market two weeks or less whereas the overall Winnipeg and surrounding rural municipalities’ average was 29 days.”

Davis added, “We expect to see a continuation of strong market activity with more listings coming on stream as move up buyers will want to take advantage of affordable mortgage rates before interest rates rise later this year.”

One huge beneficiary of the trend to higher sale prices over \$200,000 is the provincial government. For any amount over \$200,000 the highest land transfer tax rate in the country applies. So, at 2%, it means for every \$50,000 increment over \$200,000, the province collects an additional \$1,000 in land transfer taxes from the home buyer. A \$300,000 home creates a \$2,000 windfall for the province based just on the 2% tax rate and another \$1,650 for the amount below \$200,000.

“You might say bracket creep is alive and well in Manitoba since there have never been any adjustments made to reflect higher sales prices since the inception of this tax in 1987,” said Davis. “There actually has been one change and that was made in 2004 when the provincial government raised the highest tax rate at the time from 1.5 to 2%.”

An unfortunate result of this land transfer tax is it has impeded the first time buyer from getting into the market to the same extent as has happened elsewhere in the country where there is no land transfer tax or a first time buyer exemption.

For residential-detached sales, the most active price ranges were the \$200,000 to \$249,999 and the \$150,000 to \$199,999 representing 25% and 19% respectively of total sales. The average days on market of sales of residential-detached listings in February was 29 days, 3 days faster than both January 2010 and February 2009.

34% of condominiums sold were from \$150,000 to \$199,999 while another 28% sold in the next lower price range of \$100,000 to \$149,999. The average days on market for condominiums was the same as residential-detached at 29 days, a marked improvement over last month’s days on market of 47 days and one day quicker than February 2009.

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