

THE ECONOMIC CRISIS

FROM PAGE 1 >> HOUSING

Spring brings sales thaw as brokers see new signs of life in housing market

Hints of recovery as volume of existing home sales up 7 per cent in March

BY VIRGINIA GALT AND JOSH WINGROVE

Looking to get into a bigger home, townhouse owner James VanderLinden decided last month was the time to make a move.

A buyer in a struggling economy, he bought a new home under asking price - paying \$1.1-million in midtown Toronto - but hadn't yet sold his first place.

"I wanted to take advantage of the market," said Mr. VanderLinden, 34, who works in online advertising. "I knew also that selling my current house, I would probably not get as much money for it as I would if the market was up."

But his fears were put to rest two

days later, when his townhouse sold for \$275,000, just \$4,000 under his asking price. It's a cautious sign for optimism that's playing out across the country, where sales volumes are up. After a long, harsh winter of woe, a housing sales thaw may be on its way.

The Canadian Real Estate Association said yesterday that the volume of existing home sales was up 7 per cent in March, on the heels of February's 10.3-per-cent gain in activity.

"The story is that price reductions are working as intended. They are stabilizing the market and they are drawing buyers...who are taking advantage of improved

>> SEE 'HOUSING' PAGE 2

Home buyers showing more enthusiasm

>> affordability," said Gregory Klump, CREA's chief economist.

Toronto real-estate broker Theodore Babiak recently listed a semi-detached home in the city's west end. Within a day, he had three offers for the home, which sold for \$10,000 over asking price - a phenomenon all but unheard of two months ago.

"There's more optimism. There's more enthusiasm among buyers. There's definitely more volume," said Mr. Babiak, an agent with Royal LePage Real Estate.

According to the CREA report, the largest monthly increases in activity were in British Columbia, at 13.6 per cent, and Ontario, at 10.5 per cent.

The burst of sales may be nothing more than the annual spring surge, aided by unseasonal warm spells in parts of the country. The more telling year-over-year picture was bleaker, with sales down nationally by 13.7 per cent. The national average resale price also dropped to \$288,641 - down 7.7 per cent from a

year earlier.

But it was the smallest year-over-year decline in six months, as some sellers resisted demands for further discounts and some buyers waited for further price declines.

"Call it a standoff or whatnot," said Vancouver realtor Shaun Kimmins. "Buyers are wanting tomorrow's prices and sellers are wanting yesterday's prices."

That was the case for Curtis Muir, a 30-year-old looking to take advantage of low interest rates and buy his first home. He's expecting to pay under asking price, but was surprised when a condo in the Toronto area where he's looking recently sold above its asking price.

"I look at that and it makes me [think] I've got to do something right now because it's starting to come back. A bidding war? ... That's crazy," Mr. Muir said. "I just feel like that the market's good enough that I should be able to lowball a little bit and get what I want."

The possible turn in fortunes comes on the heels of the widespread interest-rate cuts - five-year mortgage rates are as low as 4

per cent - that attracted buyers such as Mr. Muir, as well as government efforts to stimulate home buying.

"I think [the market] is going to remain strong as long as rates stay in the general range they're in," said Mr. Muir's agent, Dan Ellenberg of Royal LePage.

But economists were reluctant to characterize the increased sales activity as the beginning of a full-fledged recovery. Bank of Montreal economist Robert Kavcic noted that sales activity is still down more than 30 per cent from its 2007 peak.

"Still, the improvement in recent months is an encouraging sign that the Canadian housing market has crossed the halfway point for this downturn," Mr. Kavcic said.

"Affordability is the highest in about four years, which should help fuel a rebound in sales once the job market stabilizes."

Sales of existing homes listed with the industry's MLS service totalled 35,225 units across Canada in March - 18 per cent higher than in January, when activity was at its lowest in a decade.

Mr. Kimmins, of Century 21 In

Town Realty, said it's a buyers' market and there is now a sense among buyers "that interest rates are about as low as they are going to go. There is still a question as to how low the market is going to go," he said.

Home prices have been hit hardest in Western Canada and in Ontario manufacturing centres affected by layoffs, but have remained strong in some cities, including Saint John, N.B., and Regina, he said.

The price depreciation appears to be kick-starting the Vancouver market, said real-estate agent Austin Gangur. Mr. Gangur said a couple who balked at the price of a Vancouver loft last August just bought a unit in the same building for \$50,000 less.

"They moved in three weeks ago," said Mr. Gangur, an agent with Sutton Group West Coast Realty. "They are happy as flies on a rib roast."

>> With a report from Caroline Alphonso