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4th Quarter 2008 MLS Residential Housing Market for Central Alberta, shows Staggering Drop in Number of Sales – Buyers Play “Wait & See”

“Fear for Job Security, Tightening of Credit, Negative Economic Statements, and Lack of New Families Moving to Central Alberta, cited in the disappointing 4th Quarter Residential Sales Performance throughout the Region” states Randy Weins, Past President for the Central Alberta Realtors Association.

“Consumers and Business Owners watched the Stock Markets Drop and Values of their RSP and Investment Portfolios Plummet. They Tuned into the Economic News through TV, Radio and Press and convinced themselves to become nervous. Qualified Buyers decided to wait, in anticipation that prices would drop further. Sellers and Realtors struggled to find the right price to achieve a sale, in a declining market. The number of expired listings soared, and those who did not need to sell their home decided to stay put rather than to make the move they had planned”, states Weins who has been in the Housing Industry for over 19 years. “I was in the Banking Industry in the 1980 era of the National Energy Policy when we saw that Political Manoeuvre kill the Alberta Economy for a while, and in the Housing Industry in the early 1990’s and the 2000/2001 years when Real Estate and Economies took a hit again. Yet, here we are today – populations have grown, real estate values have increased immensely since back then, and I am confident that in a few years we will all look back at the lower prices of 2008.”

The 4th Quarter ‘08 was pretty dismal, when compared to the 4th Quarter results of the past 4 years analysed. Median Prices however, held up reasonably well despite the dramatic drop in numbers of sales.

For the City of Red Deer, Single Family Dwelling (SFD) sales (which Weins considers to be the Market Benchmark) totalled 171, down 72 or 30% when compared to the 4th Quarter ‘07. The Median Price was \$310K, down \$9K or 3% from the 4th Quarter ‘07; but remained at the second highest level for the 4th Quarter, in the past 4 years analysed. ½ Duplex Sales in the City totalled 25, down 18 or 42% from ‘07, and the lowest number in the 4 years. The Median Price was \$278K, up \$28K or 11% from ‘07, and the highest price in the 4 years. Townhome sales totalled 35, up 10 or 40% over ‘07, generating a Median Price of \$230K, which was down \$18K or 7% from ‘07, but \$25K or 13% higher than 2006.

For other areas of the Region, the Market Performance follows:-

Blackfalds – SFD sales totalled 14, down from 24 in ‘07; with a median price of \$284K - down \$16K or 5% from ‘07 but still the second highest in the past 4 years.

Camrose – Note: only 2 years stats available. SFD sales totalled 52, up 17 or 48% from '07; with a Median price of \$284K, up \$1K from '07.

Innisfail – SFD sales totalled 21, unchanged from '07; with a median price of \$281K – up \$28K or 11% from '07.

Lacombe – SFD sales totalled 20, down 3 or 13% from '07; with a Median Price of \$308K – up \$29K or 10% from '07.

Ponoka – SFD sales totalled 8, down 9 or 53% from '07; with a Median Price of \$231K – down \$15K or 6% from '07.

Rocky Mountain House – SFD sales totalled 15, down 5 or 25% from '07; with a Median price of \$280K – up \$6K or 2% from '07.

Stettler – SFD sales totalled 19, up 9 or 90% from '07; with a Median price of \$185K, up \$1K from '07.

Sylvan Lake – SFD sales totalled 38, down 17 or 31% from '07; with a Median price of \$370K – up \$47K or 15% from '07, and the Second Highest level in the past 4 Years.

Weins adds, "When we compare to the 4th Quarter of the 2005 and 2006 Years, All 8 Areas within our Region show Median Values of Single Family Detached Dwellings to still be significantly higher during the 4th Quarter of 2008."

"Real Estate Values are determined locally – driven by supply vs. demand, availability of jobs, population growth, and cost of land, municipal taxes and personal attitudes. It continued to be a Buyers Market, which in turn says that it was an excellent time for the Move-up Buyer as well. Interest Rates were low, Mortgage Money was still in reasonable Supply, Home Prices had decreased from the spring and there was a Good Supply of Inventory. In fact, there have been and still are, some awesome Bargains out there. When it is a Buyers Market, it's Time for Buyers to Buy!"

For those waiting for the Market to hit bottom – "we will only know for sure where the bottom was when it starts to go back up again, and when it does so will interest rates and inflation, so one may not be any further ahead by waiting."

Note: The Association cautions that Average Prices are useful for establishing trends and comparisons over a period of time. It does not indicate an actual price for a home, due to the wide selection of housing available throughout the areas.

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