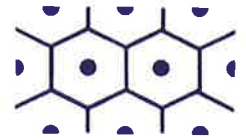


newsletter



Vol. 1 No. 4

December 1978

Update

We are glad to announce our association, in Prince Edward Island, with Bob Wilson, F.R.I., Wilson Real Estate, 92 Kent Street, Charlottetown (tel. 894-7368). Wilson Real Estate is now able to offer our services as accredited appraisers, in addition to the appraisal services they already offer. Over the past two years we have been called upon with increasing frequency to undertake real estate consultancy and appraisal assignments in Prince Edward Island. Our association with Wilson Real Estate will enable us to call upon the knowledge of a well established local firm. To cement our link with the Island, we are expanding our circulation of Newsletter to reach a selected number of firms there.

We recently obtained our broker's license from the Province of Nova Scotia. This will enable us to extend our professional services to include land assembly for clients, as well as the sales of properties on a selective basis.

The Residential Scene

This is the conclusion of our article on the Halifax/Dartmouth metropolitan residential market, the first portion of which was published in the March issue of Newsletter (Vol. 1 No. 1).

The study of single family dwelling sales in the Halifax/Dartmouth metropolitan area is an on-going project within our firm. We commenced the study initially because we were unable to find satisfactory statistics from other sources, and our Residential Department needed the information for appraisal purposes.

In order to achieve as great a degree of uniformity as possible, we restrict our analysis to sales of single family homes without basement apartments, located in Halifax/Dartmouth and environs, sold through the Halifax/Dartmouth Real Estate Board Multiple Listing Service.

Intra Year Price Movements

In the previous part of our article (Newsletter Vol. 1 No. 1), we mentioned that property prices were cyclical within the year. After they reach their nadir in January, they rise during the first quarter of the year, usually peak during the second quarter, hold steady during the third quarter and fall back slightly during the fourth quarter, before plumbing the depths in the January of the next year. Usually there is an underlying price rise throughout the year which masks this cyclical effect. However, it is more apparent if the prices are adjusted to a common annual base by dividing the average monthly price by the average price for the year. The table of indices below is derived by this method:

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1974	86	90	95	108	110	96	105	109	101	100	98	101
1975	87	91	106	99	101	103	109	99	99	101	102	103
1976	94	93	101	102	104	100	103	112	95	103	97	96
1977	89	96	102	100	107	106	94	101	100	93	108	106
1978	88	98	101	97	98	106	96	103	108	106	103	97
Mnly X	89	94	101	101	104	102	101	105	101	101	102	101
Qtly X		95			102			102			101	

Thus a single family dwelling which sold for \$50,000 during the first quarter of the year might be expected to sell for \$53,700 during the second and third quarters and \$53,200 during the last quarter.

There are aberrations each year caused by sudden increases in demand. This year, for example, there was a sudden surge in prices during the September/October period as purchasers attempted to beat the increase in mortgage rates.

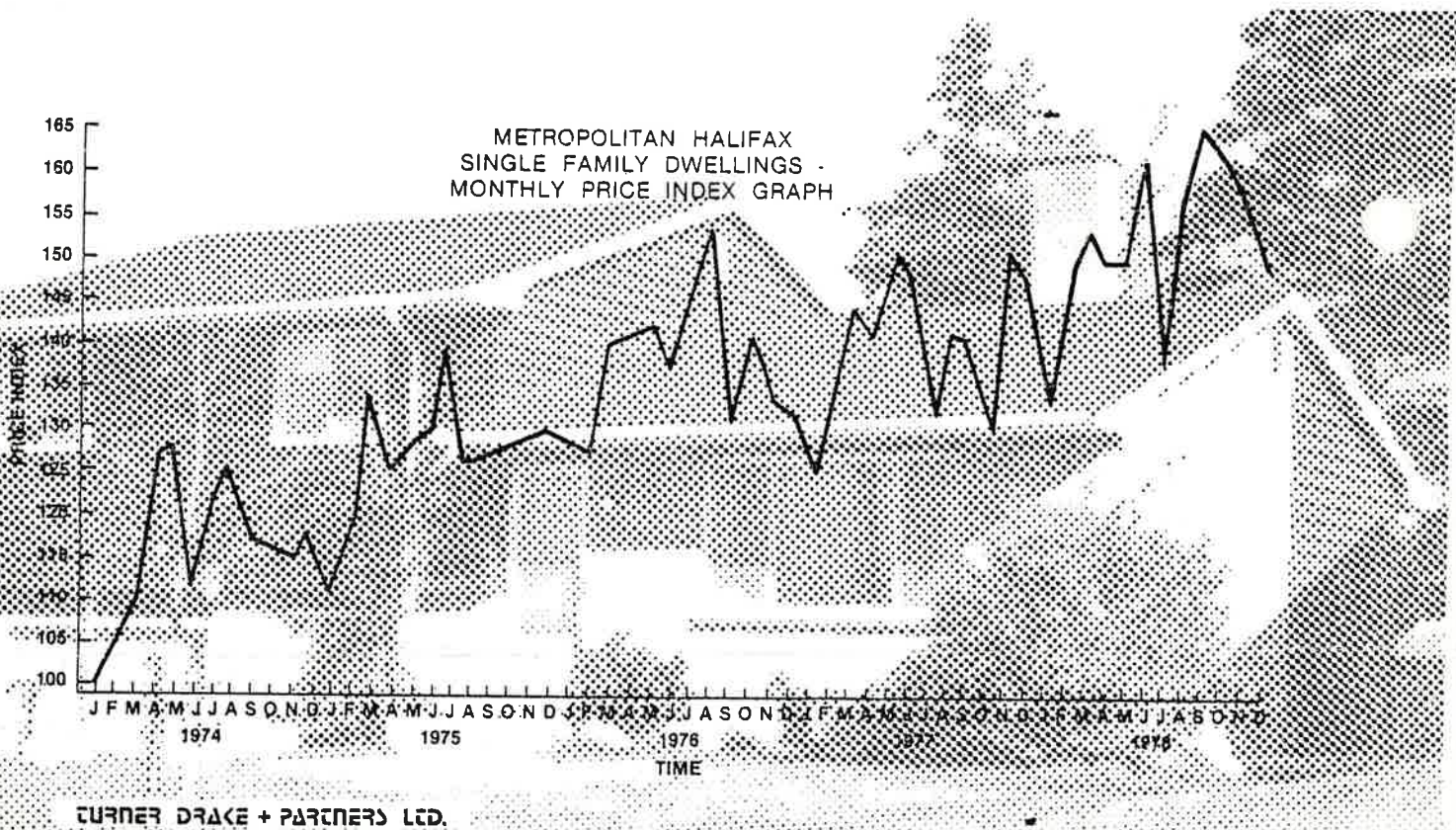
Inter Year Price Movements

The average sale price in 1978 of single family homes covered by our study was \$50,396. This is an increase of 8.56% over 1977. Price increases in each of the past four years, over the year earlier, have been as follows:

<u>Year</u>	<u>%</u>
1975	8.99
1976	8.66
1977	2.22
1978	8.56

The volume of single family homes sold appears to be increasing at a decreasing rate reflecting, no doubt, the fact that townhouses and semi-detached dwellings now form a greater proportion of the market.

Price increases over the past 5 years are shown on the graph below:



The Residential Property Market in 1979

We anticipate that the present 11½% rate for single family mortgages (conventional - 5 year term) will dampen demand, particularly as it may edge slightly higher during the early part of 1979. However, it is predicted to come down again during the third quarter of 1979 and, if this occurs, pent up demand will result in a sudden surge in house prices during that period.

We Wish All Our Readers a Happy, Healthy and Prosperous 1979.