

REAL ESTATE SALES UPDATE

From Bermuda's Real Estate Company – June 2009



BERMUDA REALTY



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Combing through the facts and figures is much like finding hidden treasures tucked away in the back of the closet between boxes and dust bunnies; it brings a nod of acknowledgement and thoughts of “remember when” much like looking through old photo albums. The current economic climate that the world is experiencing has impacted Bermuda in a number of ways, leading many to question where we are heading.



As the leading real estate company in Bermuda, we are constantly called upon by consumers, attorneys, bankers, architects, developers, and other businesses for our in-depth industry knowledge. That is why Coldwell Banker Bermuda Realty takes great pride in recording real estate sales details to ensure we are armed with factual and supportive data that assists companies and individuals to make informed financial decisions. Our database (‘Realty Plus’) extends back 20 years, has in excess of 7,500 entries recording over \$5.5 billion in islandwide real estate transactions. We have incorporated over 30 search criteria permitting queries by name of property, date of sale, acreage, price bracket, property type and much more. We can carry out research assisting our local and international clientele to make very important decisions relating to property acquisition.

One of the most satisfying aspects of this job is educating people; informing them of the past, present and future potential of real estate business. None of this is possible without these facts; too often people speculate on where the market is, where it was and where it is going without historical figures. As one of our corporate mandates is to share market intelligence, we have created an electronic library comprising market updates and related articles on our website resource centre.

Last June, we reported that during the first half of 2008, the average price of all real estate transactions was slightly more than \$1,000,000 with single family homes approximately \$1,400,000. Compare that to figures recorded to date for 2009 (bearing in mind that 2009 records have not been finalised) of \$950,000 for all records and \$1,460,000 for single family homes. Conversely, the average price for condos was \$823,000 in the first half of 2008 verses \$733,000 thus far for 2009 signifying an approximate 11% decrease in condo prices, but very little variance in other areas of the market. It is interesting to note that this figure is reminiscent of 2004 when the average price of condominiums was \$742,000.

On the inventory side of the equation, we currently have 295 active listings. The yearly average number of sales transactions islandwide over the past five years is 553, hence the current inventory represents just over 6 months supply. Condominiums still represent 60% of the inventory which is good news for first time buyers looking for 95 - 100% financing; the banks are still lending up to \$1,000,000 to qualified purchasers and 36% of the inventory is presently in this price bracket.



In the rental market, it seems that prices started to adjust in the third quarter of 2008 and have now leveled off. Conversely, the inventory supply has reduced from the elevated levels of late 2008/early 2009 to more moderate levels down by about 35-45% over the high. The average prices one can expect to pay are as follows (bearing in mind it is difficult to qualify 2 and 3 bedrooms due to the wide spectrum of inventory i.e. cottage vs. condo or apartment)... 1 bedroom @ \$2,215; 2 bedrooms @ \$3,650; and 3 bedrooms @ \$5,650 (based solely on Coldwell Banker Bermuda Realty records).

In conclusion, consumers continue to purchase real estate in Bermuda, but at perhaps a slower pace as there are more choices. Prices have come down in various sectors of the market which is encouraging for those looking to own a piece of the rock. Overpricing your property is not an option if you wish to sell in this market as buyers are well educated, banks are being conservative with appraisals and there is lots of competition for most properties. However, ultimately, everything will sell at the correct price.

If you are considering selling your property, you are encouraged to seek out a knowledgeable real estate representative who can provide you with reliable market data. Coldwell Banker Bermuda Realty provides sole listing clients with a full 'comparative market analysis' (CMA) based on what has sold and is currently listed on the market. Our CMA is backed by the robust 'Realty Plus' database and will assist you to price your property right in today's challenging market. For more information on our CMA contact 292-1793 or your Coldwell Banker agent.