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# Home sales market appears unpredictable

By *Kristan Sveda* on August 28, 2015 in *Lead News, News* · 0 Comments

### About author



Kristan Sveda

It's your home: the place you crash at the end of a hard day, the space you make moments in with friends and family, sometimes it's your own creation, a reflection of your taste and interests, and it's a valuable commodity to be sold to the highest bidder.

Homes are bought and sold like stock by some people and treasured like a family heirloom by others, so when it comes to analyzing the real estate market one's perceptions can sometimes be skewed based on one's experiences.

This article begins a six-part series in which the Advertiser culls 10 common myths about the New Canaan residential real estate market and takes a closer look to see which perceptions hit close to home and which ones need renovation.

### Myth #1: Buyers can get the best deals on a house in the fall market between late summer and December.

For many people, the fall market may look like a more opportune time to buy: sellers are anxious to unload before the season ends, inventory is low and so is competition among buyers.

"Can I get my best deals when there is a lot of inventory or when there is not much activity going on in the market, and I'm the only guy in December to buy a house?" poses John Engel, managing agent at Barbara Cleary's Realty Guild.

Part of the difficulty in proving whether this notion is true, is that there is more than one benchmark to determine what is, in fact, a good deal. It depends on what you consider a good deal. One way to look at it would be to compare the selling price of homes sold to the assessed value of those homes. In Connecticut, the state requires cities and towns to assess all types of property at 70% of fair market value and tax all property within a town at a uniform rate, according to documents provided online by the Connecticut General Assembly. Market Summary Reports from the MLS for the past two years provided by Engel show that from August 2014 to July 2015 there were 510 homes sold with an assessment averaging 66.36 percent of the sale price.

The statistics show that in the February through April quarter of 2014 and 2015, unit sales were 38 and 35, respectively, but in 2014 the assessed values of properties sold were 74% of the sold price. In that quarter of 2015 the assessed values of properties sold were 57% of the sold price. Lower assessed value as a percent of sold price means the sold prices were significantly higher compared to assessed values just one year later during the February through April 2015 quarter. Looking there would not help a buyer feel confident about what type of price to expect during that quarter in 2016, for example.

Looking at the year quarters August through October, November through January, and May through July for each of 2014 and 2015, statistics show the

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assessed value as a percentage of sale price is fairly consistent quarter to quarter and year to year. May through July averaged 65% of sale price. August through October averaged 67% of sale price. November through January averaged 65% of sale price.

Again, when a buyer looks across the calendar for a time of year to find when prices are typically lower, she finds more consistency in price than variance.

"We always knew that the May through July period is always the period where the most sales occur (about one per day) and the decisions are made in the early spring, 60 to 90 days prior to the selling date," said Engel. "But we do not see that buyers are buying at a significant discount in any season."

There are two numbers in this chart that stand out — one quarter coming in higher than the rest at 74% and one coming in lower than the rest at 57%. But they are both February to April quarters in two consecutive years, indicating an unpredictability in the market.

Based on the data, Engel concludes buyers will not necessarily get a better deal in late summer or December, and sellers shouldn't wait until spring to put their houses on the market because they think people will pay more in the spring.

Realtor Arlene Bubbico, president of the New Canaan Board of Realtors and an agent at Coldwell Banker agrees. "It seems there is no time that there is a better deal than others," she said. "The playing field has sort of leveled."

**Condition and price**

She said what matters more than time of year is whether the house is priced appropriately to start. Is it staged well? Is it move-in ready? Is it decluttered and freshly painted? "When they come on the market priced to the market, they should get pretty close to asking price," said Bubbico of homes for sale. "It has to be priced right, in excellent condition and ready to go."

But what is a good deal? There is more than one benchmark. We've concluded that using the benchmark of assessed value, there is no predictable time to get a better deal. But what if we look at sale prices compared to original listing prices?

Looking at charts of sale-to-original price ratios for the past three years, the times when the sale price is furthest from original list price has occurred between September and December. Two years are shown here.

"At this time of year, I advise my sellers to consider any offers they get at this point," said Denise Gannalo, a real estate agent with William Raveis Real Estate in New Canaan. "Otherwise they will be holding their sale for anywhere up to a year and they will be facing an unknown market. The fall market is not the spring market."

Gannalo said many sellers perceive December as the last opportunity to make a sale for the year. "Any seller fortunate enough to receive an offer in December is willing to negotiate a price," said Gannalo.

But Gannalo adds she has seen all different kinds of real estate markets and everyone's experience is not the same. "Every seller has different motivations," said Gannalo. "The motivated sellers will negotiate, and the unrealistic sellers will just hold out."

William Larkin, a real estate agent for 22 years who works at the William Pitt Sotheby's New Canaan office, agreed that this year in particular might bring end-of-season deals. He said in the mid- to high-end market there was a lot of inventory this spring that didn't sell. "The savvy buyer is going to know that they are going to get a really good deal in August," said Larkin. "Sellers are poised to price their homes lower. Mid-summer to about (two weeks) ago, we've seen transactions popping up." He predicts, "there will be a lot of price reductions after Labor Day."

Meanwhile, on the lower end of the market, sales did very well this spring, says Larkin. Homes have been priced correctly and moved quickly, so the notion that fall is the best time for a good deal doesn't hold up in the low end market.



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"That's where the bulk of the activity in all these towns has been," he added.

Larkin attributes these variations to an ever-changing real estate market that is far less predictable since the recent recession. "It's hard to say what the benchmark is [for a good deal]," said Larkin. "This market is zigging and zagging and it's still very much adjusting at the high end. It depends on the price category."

Larkin's view evokes some important questions, which we will examine in our next entry. Is the market recuperating from the recession or is the real estate market dead? Is there such a thing as a "real estate market" or is it really made up of lots of micro markets that all behave very differently?

*Realtor John Engel of Barbara Cleary's Realty Guild presented the concept of local real estate myths to the Advertiser.*

Tags: [Arlene Bubbico](#), [Denise Gannalo](#), [john engel](#), [New Canaan](#), [real estate](#)

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