

# REAL ESTATE

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## THE REAL DEAL

### Real Estate News You Can Use

BY EVI COGLAN



### First Half Report, 2008

The numbers are in for the first six months of 2008, and here is the headline. I can no longer state, as I have

previously, that our local real estate market has remained immune from what's been happening elsewhere in the country for the past several years.

This is the very first time I have said that. Back in February, when I compared 2007 versus 2006 statistics for both Westport and Weston, the news was positive. In both towns, number of transactions had increased slightly. More importantly, prices had held steady – as they have since 2005, our most recent peak year.

As 2008 got underway, it felt like business as usual until the Bear Stearns announcement hit late in the first quarter. By March/April, a slowdown was definitely in the air. First quarter and individual month statistics touted by my fellow agents and published in the newspapers showed that the number of closed sales was down versus the comparable period a year ago. While these facts were certainly true, this really irked me. As a former business consultant, I understood that month-to-month aberrations – especially on a small base of only about 400 annual transactions in Westport and 150 in Weston – are often meaningless. This was certainly the case in 2003, which started out slowly and ended up as blockbuster year – and in 2005, which began in an upward frenzy and tailed off into the sideways market that we've been experiencing ever since.

With six months of 2008 statistics now available, however, it is indisputable. The Westport and Weston real estate markets are officially in slowdown mode. Here are

the details.

*1. In Westport, only 121 single-family properties changed hands during the first half of 2008, compared to 217 during the same period a year ago. This represents a 44% decrease in units sold.*

*2. In Weston, 46 properties sold during this time, compared to 79 which changed hands in the first half of 2007 – a 42% unit decrease.*

*3. At this rate, there is a 17.7 month's supply of inventory based on 358 single-family homes currently on the market in Westport. Right now there is a 23.4 month's supply of inventory based on 180 active single-family homes in Weston.*

These are certainly daunting statistics for anyone with a house to sell. But the news is not all bad.

The first piece of good news is that despite the slowdown, prices have not decreased in Westport or Weston. As a student of supply versus demand, I keep waiting for that to happen. But so far it has not.

The average sale price for a single-family home sold in Westport during the first half of 2008 was \$1,690,810, compared to \$1,677,291 during the same period a year ago. In Weston, the average sale price was \$1,374,837 this year compared to \$1,200,056 last year. Although these are simplistic measures, they are reassuring regarding the solidity of real estate values in our towns.

The second piece of good news is that there are definitely buyers out shopping for homes in Westport and Weston. However, they are a bit spooked right now – afraid of paying too much...questioning the wisdom of making a deal when so many others are holding back...afraid, when all is said and done, that the sky is falling. In general, deals are taking longer to put together in this market, and are harder to keep together when issues arise, as they inevitably do.

Potential buyers concerned about the current market are also choosing in large numbers to wait out the storm by renting, as are potential sellers who are unwilling to sell in a market that they consider unfavorable.

The last piece of good news is that despite the slowdown, there are properties that get listed and literally fly off the market – at, close to, or even sometimes above asking price. The secret to selling your house in this market is to create a perception of value, which is the combination of the location, condition and amenities that your house offers plus the point at which you price it. Your goal is to make buyers perceive your house as absolutely irresistible. Sellers who have the guts to follow this strategy are rewarded in this market, time after time.

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