

Real Estate Monthly



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Homebuyers in Good Mood, Poll Reveals

In spite of the economic downturn, most Canadians still believe that it is a homebuyer's market, with more first-timers planning to jump into the market, according to a study recently released by the Royal Bank of Canada (RBC).

"The current economic environment does not appear to have dampened Canadians' overall confidence in the housing market," said RBC spokeswoman Karen Leggett.

"Canadians continue to have an overwhelming belief in the long-term value of a home and we're seeing this in the buying intentions of many first-time homebuyers this year."

In the 16th annual RBC home-ownership survey, 65 percent of Canadians said that they think that it is a buyer's market, with 27 percent saying that they intend to buy a new home over the next two years.

RBC said that's up from 23 percent in 2008.

The survey, conducted by Ipsos Reid, shows that almost half of respondents, 48 percent, said that it makes sense to buy a home now instead of waiting until next year.

Younger Canadians, those under 35

years of age, are most likely to spark an upsurge in homes sales, with 48 percent saying that they plan to buy a home. That's up sharply from 36 percent last year.

And renters appear to be saying that they're tired of paying someone else's mortgage.

The survey shows that 38 percent of the renters plan on becoming homeowners in the next two years.

"Low mortgage rates and favourable housing prices are influencing home purchase intentions this year and may be the reason why more Canadians are poised to purchase over the next two years," RBC said.

A large majority of Canadians, 83 percent, remain positive that home ownership is a good investment.

That is down slightly from 85 percent in 2008 and from the all-time high of 90 percent in 2006.

In a marked change from last year, 54 percent of Canadians

said that they believe housing prices will be lower in 2009, up from 31 percent in 2008.

The survey found that, in Ontario, home-buying intentions increased over last year, with 30 percent saying that they are likely to purchase a home within the next two years. That's up from 21 percent in 2008.



Eye on Ottawa Real Estate

Members of the Ottawa Real Estate Board (OREB) sold 787 residential properties in February 2009 compared with 980 in February 2008, a decrease of 19.7 percent. There were 530 sales in January 2009.

"What I am hearing from fellow realtors is that many buyers are out there looking, but seem nervous about making offers. They're confused by what they've been reading and hearing about the state of the real estate market. The fact is, although sales and prices have both declined here in Ottawa, they have been relatively steady when compared with the sharp decreases seen in other parts of Canada," said OREB's President.

The average price of residential properties, including condominiums, sold in February 2009 in the Ottawa area was \$273,719, a decrease of 2.9 percent over February 2008.

Stretching Your Design Dollars

Before inviting an interior designer or contractor into your house, ask yourself- and them - a few questions

Can I see your recent projects? Request Web links and photos of the designer's recent jobs. Be sure, too, that the images that you review are examples of rooms that you're thinking of addressing.

How much does your initial consultation cost? What will I get out of it? A reputable interior designer will not show up at your home, gratis, to discuss a renovation. Designers want to know that you're serious about a project, so they charge for their time.

The designer should make an impression — in addition to ideas, you'll want to hear vital questions about your project and straight talk about potential troubles and the designing/building process. During this meeting, the designer should be assessing the project's scope, timeline and budget.

As the client, make the most of your time by having your questions prepared in advance and presenting a stack of images that illustrate the style that you're looking for.

Will you write an initial proposal? What will it include?

You need a road map from here to there. After the initial consultation, the designer should prepare a proposal. A good one will include four things: an overview of the project, an outline of the designer's process (and key milestones), a declaration of the fee structure, and a detailed list of the documents and drawings that you'll receive.

Keep in mind, this is the first document that you're receiving from the designer — it's an opportunity to judge how organized and methodical he is. Also, ask for a copy of his standard contract — his forthcoming proposal will likely refer to it.

How will you assess what I need? It's a crucial question: Can the designer identify your needs and create an environment that addresses them?

In the first phase of meetings, the designer should ask questions about how your family lives. He'll likely take photographs of your home and belongings, and, if architectural drawings don't exist, conduct a site measure

of your house. Afterwards, expect to receive a brief that itemizes your requirements and highlights challenge areas.

Do you prepare working drawings and a specification package? As important as the designer's great ideas is his ability to communicate them to a general contractor. A spec package identifies every material, lighting and plumbing fixture, and hardware piece in the project — and it should include colour, series, size, finish, manufacturer, vendor, contact, price and lead time. The more detailed this document, the easier it is for your contractor to give you accurate budget numbers and timelines.

You also need a set of working drawings — to-scale, dimensioned illustrations that show the design of your cabinetry, fireplaces, vanities, showers and so on. These plans identify the location of every item — and save you the time and stress of communicating this to the contractor.

How do you bill for your time? Most designers bill by the hour for themselves and their staff — fees range from \$65 to \$350 an hour.

On small projects such as a bathroom renovation or kitchen upgrade, a designer may be willing to provide you with a set fee. However the designer

charges, put away a 15 percent contingency fund to cover any late-in-game cost overruns or changes of mind.

What are the additional expenses? In addition to his time, a designer often makes money on furnishings. If he purchases furniture at a discount, he'll mark it up 10 to 30 percent; if he has it custom made, he'll mark it up 40 to 100 percent.

May I have three client references? However brilliant a designer's interiors, he may be a nightmare to work with. Ask for three references from recent clients and follow through on calling them. Ask them how the above questions were satisfied, and whether they feel that the designer was organized, whether he listened and whether the project came in on time. Oh, and whether they love the final design.

Now that you're fully armed, go take advantage of that renovation incentive.

