

Real Estate Monthly



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Canadian Average Home Prices Up in Q3

Home prices in Canada's resale real estate market continued to grow modestly through the third quarter in most major cities, according to a House Price Survey report recently released by Royal LePage Real Estate Services. This dissimilar Canadian trend is in stark contrast to the housing market woes that continue to plague the United States.

The year 2007 marked the peak of Canada's longest sustained residential real estate market expansion. It was a period characterized by higher-than-normal annual unit sales, constrained listings supply and, in many cases, sharp price increases. It is not surprising that the regions that had experienced the largest and quickest rise in home value are now experiencing easing price appreciation trends, as their markets return to more balanced conditions.

From coast-to-coast, strong fundamentals, such as favourable rates of employment, solid local economies and the continuing availability of affordable mortgage financing, have positioned Canada's housing market to weather the storm south of the border and allow the country to continue to chart its own course.



"Canada's housing market is holding up well, with resilient buyer demand supporting house prices that continue to inch upwards. While rate of price appreciation is obviously tempering across the entire country, it's important to underscore the fact that Canada's housing market is supported by markedly different and stronger economic fundamentals than those that American homeowners are wrestling with," said Phil Soper, president and chief executive, Royal LePage Real Estate Services. "For the most part, Canadian home buyers have been able to shrug off the gloomy stories of economic woe from south of the border and are taking advantage of reasonable financing options and healthy levels of housing supply. Average house price appreciation curves are beginning to flatten, but this is a completely natural reaction to the explosive gains that characterized the market earlier this decade."

Added Soper: "The Canadian housing market is on a very different path than that experienced by our American neighbours. Credit-worthy Canadians continue to have wide access to fairly priced mortgages. While we are not immune to the serious problems facing global credit markets, our financial institutions are in much better shape than mortgage providers in the U.S. In Canada, subprime or high-risk mortgages account for a small portion of our banks' portfolios and the mortgage approval process has many more checks and balances in place. As such, we should expect stability in Canada's real estate market."

Eye on Ottawa Real Estate

Members of the Ottawa Real Estate Board (OREB) sold 961 residential properties in October 2008 compared with 1,094 in October 2007, a decrease of 12.2 percent. There were 1,206 sales in September 2008.

"The resale market in Ottawa is easing back to around 2006 levels. Year-to-date, Ottawa's resale home sales are ahead of where they were at the end of October 2006, and sale prices nudged upwards once again last month. At the end of October, 12,619 residential properties had been sold through MLS® this year, compared to 12,217 at the same time in 2006," said OREB's President.

The average price of residential properties, including condominiums, sold in October in the Ottawa area was \$280,470, an increase of 2.2 percent over October 2007.

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Real Estate News

Condo Corner

What Purchasers Need to Look For

What questions should prospective buyers of new condominium units ask their lawyers — and ask them well before closing? The most important questions cover a basic trinity:

- the real cost of both closing the deal and then living in that new condo each month;
- exactly what you will get for the price you pay; and
- the rules by which you will have to abide if you do not want to face everything from neighbours pounding on the walls to the condo board suing you.

Real costs

When you buy a condo, you will take on mortgage payments, of course, but you will face other costs — both lump sums and monthly charges.

When is the best time to consider these costs? As early as possible during the 10-day rescission period that follows the signing of the offer to purchase. Any time in those 10 days, you can back out if sticker shock sets in.

A new condo in the \$200,000 range may carry total closing costs of \$8,000 or more. That includes not just expected costs — such as legal fees of maybe \$2,000 and both the provincial and any applicable municipal land transfer taxes — but a slew of charges levied on the developer by the municipality and then passed on to you.

Then, pay close attention to what you will have to fork over every month. Yes, there will be that mortgage payment, but there also will be a monthly maintenance fee that covers your share of the building's operating costs, and that probably does not include your electricity costs, since, in most new condos, each unit has its own hydro meter.

You may also face user fees for things that you might expect to be free. That might include a fee to use the

party room or a fee to have mom and dad stay the night in the guest suite.

What you are getting

If the extra cash required on closing comes as a shocker, so might the look of your suite when you finally move in. Don't assume that the finishes and fixtures that you see in the model suite or artist's renderings will be the ones that you get in your suite: they may be upgrades.

And do not expect your suite to be a mirror image of those model suites, even if they have similar layouts. The model suite may be 1,150 square feet, compared with your 1,100.

You have to ask if those are the appliances or the faucets or the tiles that you are paying for or if they are upgrades. You have to know just what a 10-foot by 10-foot room really looks like.



Purchasers should also understand that occupation and closing dates may well be delayed. Have your lawyer explain the Tarion Warranty Corporation rules governing delays and have a standby plan if your condo is delayed.

Rules and regulations

When it comes to condos, your home is definitely not your castle. Every project is going to have written rules that are aimed at guaranteeing all residents quiet enjoyment of their homes.

That can mean a limit on the kind, number and size of family pets. It can mean no barbecuing on balconies. It can mean limits on the number of people living in a suite, when, how and with whom you can use the pool, how loud you can play your sound system and even what colour you can paint your front door.

It is up to you, as the buyer, to know all these things before you close the deal. You want to avoid surprises.