



Alan's Market Watch

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REAL ESTATE NEWSLETTER



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Happy Valentine's Day!

"You come to love not by finding the perfect person, but by seeing an imperfect person perfectly." – Sam Keen



Housing Market Continues on Stable Track

The housing market continues on a stable and balanced track. Sales activity is still midway between the recessionary low of December 2008 and the recovery high of December 2009. Both home sales and prices remain on par with the previous month.

Although there have been recent signs that the global economy is still fragile, recovery continues to gain traction with an improved economic outlook and anticipated strengthening of consumer confidence. The Canadian Real Estate Association (CREA) has upwardly revised its forecast for the coming year, meaning the housing market is expected to be better than initially thought. Additional tightening in mortgage regulations is expected to encourage buyers to purchase before the changes take effect in March. This will likely mean slightly stronger sales in the first part of the year, as was the case in 2010 with the introduction of the Harmonized Sales Tax in British Columbia and Ontario and tighter mortgage rules across the country that raise the minimum down payment.

Moving forward, rising interest rates and weak job growth are factors that are responsible for keeping sales activity and price appreciation stable and slower than seen during the recovery. Due to improved affordability, balanced markets, and record-low mortgage rates, there are ample opportunities for both buyers and sellers.

Changes in Mortgage Regulations

After opening up the mortgage industry rules to innovative practices and seeing the impact of unsound lending practices south of the boarder Canada has reined in several of these measures over the past two years.

Finance Minister, Jim Flaherty, announced another set of tighter mortgage regulations to take affect this spring (March and April). The key provisions are as follows:

- The maximum term (amortization period) for a government-backed insured mortgage will fall from 35 to 30 years (March 18).
- The maximum loan-to-value for refinancing will fall from 90% to 85%, meaning that homeowners will need to retain a great amount of equity in the home when refinancing (March 18).
- The government will no longer support insurance on home equity lines of credit, also known as HELOCs (April 18).

Of all the provisions, the change in the maximum amortization period will most likely impact the housing market the most. Shortening the term of the loan will increase the monthly payments, even if the mortgage rates stay exactly the same. First-time buyers are most likely to take out mortgages with the longer terms. This may mean first time buyers will wait a little longer before jumping into homeownership in the future.

Mortgage Rates

Closed Term rates as of
Feb 10, 2011.

Term	Best Bank Rates
6 months	3.60%
1 year	2.45%
2 year	3.30%
3 year	3.49%
4 year	3.84%
5 year	3.79%

*Rates above were the best found in major financial institutions as of the above date.

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Facts about Keller Williams Realty:

Founded in 1983, Keller Williams Realty Inc. is an international real estate company with more than 650 offices located across the United States and Canada. The company began franchising in 1991, and following years of phenomenal growth and success, became the third-largest U.S. residential real estate firm in 2009. The company has succeeded by treating its associates as partners and shares its knowledge, policy control and company profits on a system-wide basis.

With sustained growth in job creation and household income, experts believe the housing market will continue to grow at a moderate and sustainable pace. The government's proactive initiative to bolster the long-term stability of the financial, banking, and housing market is a positive signal of continued strength for Canada.

Source: Royal Bank of Canada (RBC)

"Married with Children" Canadians More Likely to Choose a Shorter Ammortization

The recent announcement Jim Flaherty, regarding the reduction of mortgage amortizations from 35 to 30 years coming into effect on March 18, 2011 is being well received- by at least one demographic.

According to new survey by BMO, the "Married with Children" demographic is "more likely than those without children to consider a shorter amortization (70 per cent versus 48 per cent)."

"These results clearly indicate that Canadians are open to the idea of a shorter amortization, which not only helps to pay off your mortgage faster, but also saves you money long-term," said Katie Archdekin, Head of Mortgage Products, BMO Bank of Montreal.

"For example, on a \$250,000 mortgage at a 6 per cent interest rate, moving from a 30 year to a 25 year amortization can save upwards of \$55,000 in interest, which can be put directly towards your retirement."

Furthermore, more than half of Canadians would consider a shorter mortgage amortization. Among that group, 77% of those aged 35-44 are likely to buy in. Looking at men vs. women, men would more readily consider a shorter amortization than women, (62 % versus 50 %).

According to BMO Economics, "The Bank of Canada is expected to start increasing its overnight rates in the summer, moving from 1 per cent to 2 per cent by year end."

Listings



Yonge & Sheppard

Sold for 98% of asking! Large 2 bdrm corner unit in the heart of North York! Spacious bedrooms plus a huge den (could be 3rd bdrm). In meticulous move in condition. Beautiful south west views. 1 parking included. Walk to subway, shops, cinemas, restaurants.

Sold for \$470,000



Sheppard & Allen Rd.

Sold for 100% of asking! Brand new never lived in, lower penthouse 1 bdrm condo! Dark laminate floors, 9 foot ceilings, corner unit, and numerous upgrades. Steps to Downsview subway station and close to Yorkdale Mall !

Sold for \$248,000



Front & Spadina

Gorgeous & Very Spacious 2 bdrm + Den Condo within City Place for lease! 2 full baths. Great Ammenities. Steps To Ttc, Rogers Centre, Metro Convention Centre, CN Tower, Entertainment/Financial Districts.

Asking \$2150 / month



Sheppard & Allen Rd.

Bright large corner 1 bdrm condo w/ balcony. Steps to Downsview subway station, Yorkdale mall, hwy 400, 401 & 407! Quiet lowrise building. Parking and locker included. Ensuite laundry, central A/C.

Asking \$197,000