



THIS MONTH IN REAL ESTATE

CANADA

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Commentary	2
The Numbers That Drive Real Estate	3
Special Report	9

Commentary

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.



The Numbers That Drive Real Estate

Home Sales	4
Home Price	5
Inventory	7
Mortgage Rates	8

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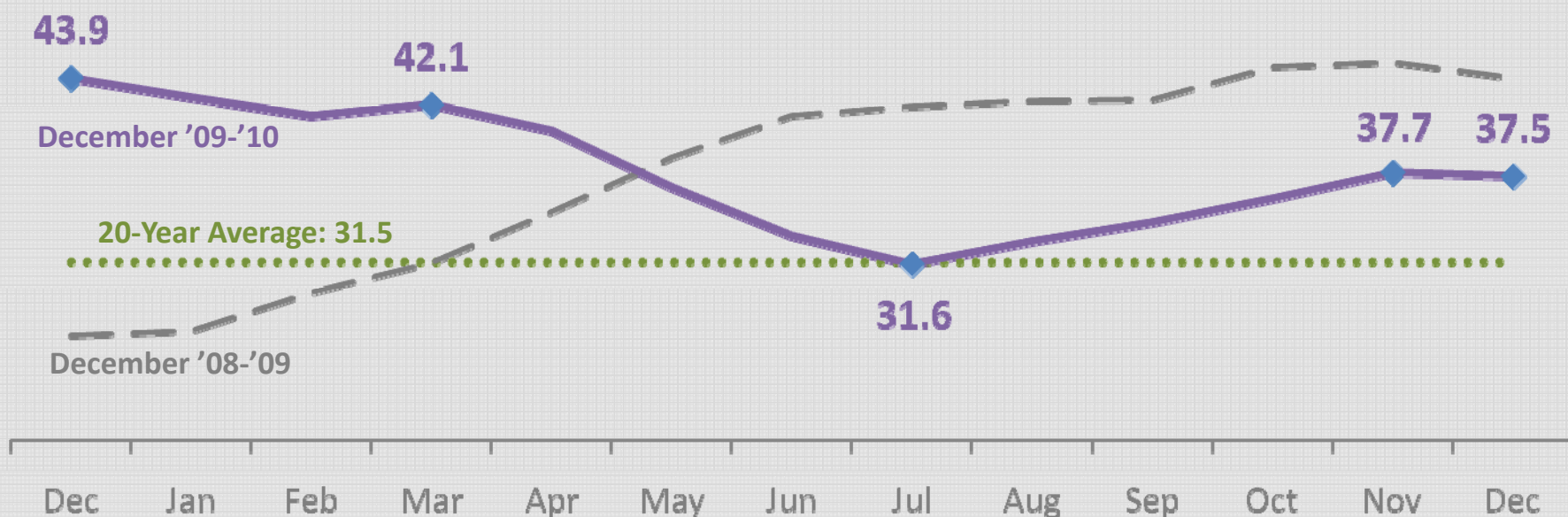


Home Sales

In Thousands



Resale housing activity remained stable in December, having edged down by less than 1% from November. Home sales improved steadily during the second half of 2010, gaining 18.3% from the low in July. Historically low interest rates will continue to support the market.





Home Price

In Thousands



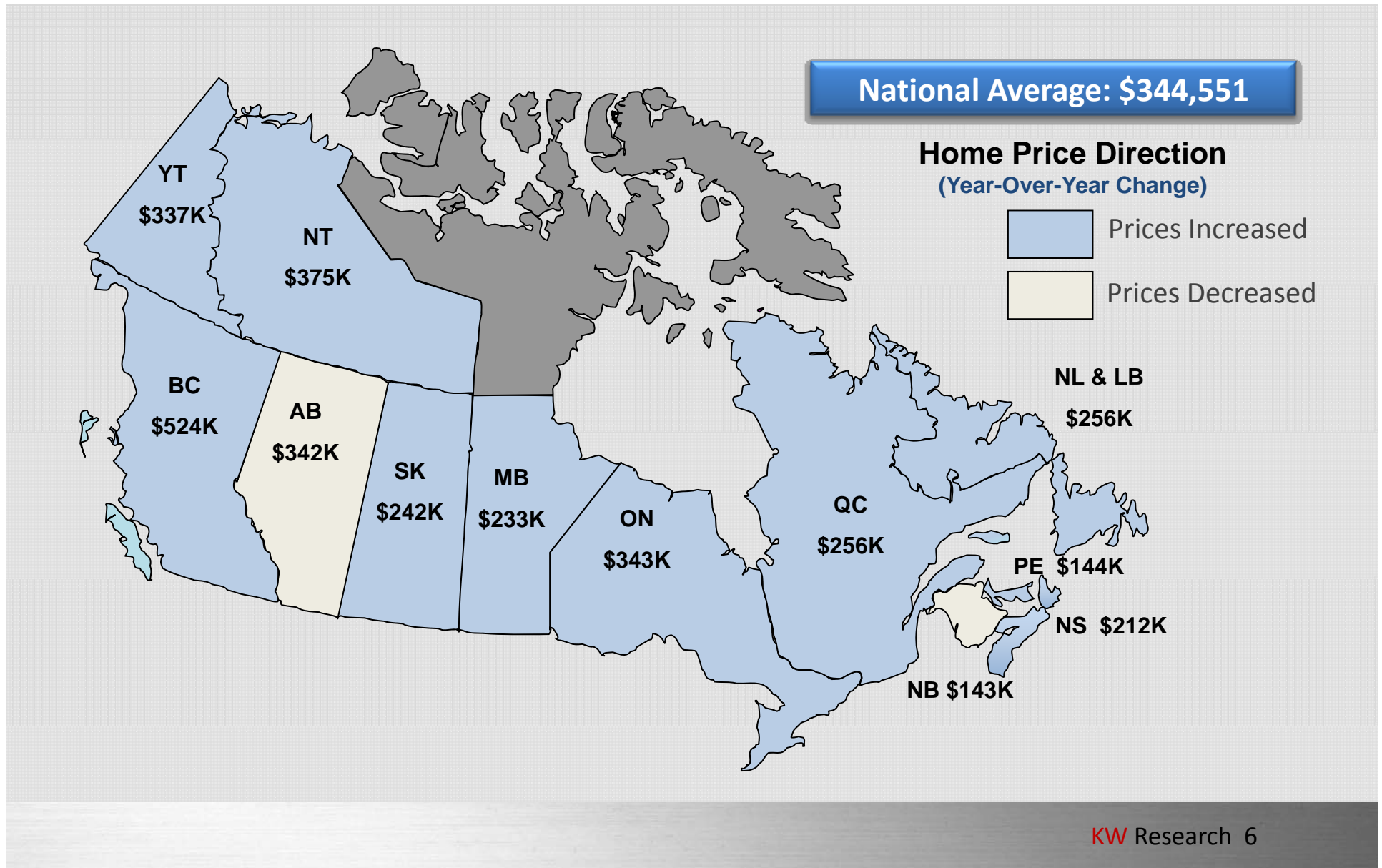
The average home price in December was \$344,551, which was up 2% from a year ago and which held steady compared to October and November. Prices rose or were stable in more than two-thirds of all markets on a year-over-year basis. Price stability is likely to continue as new listings pick up and interest rates are expected to increase.





Home Prices by Province and Territory

10 out of 12 provinces and territories experienced an increase in home prices



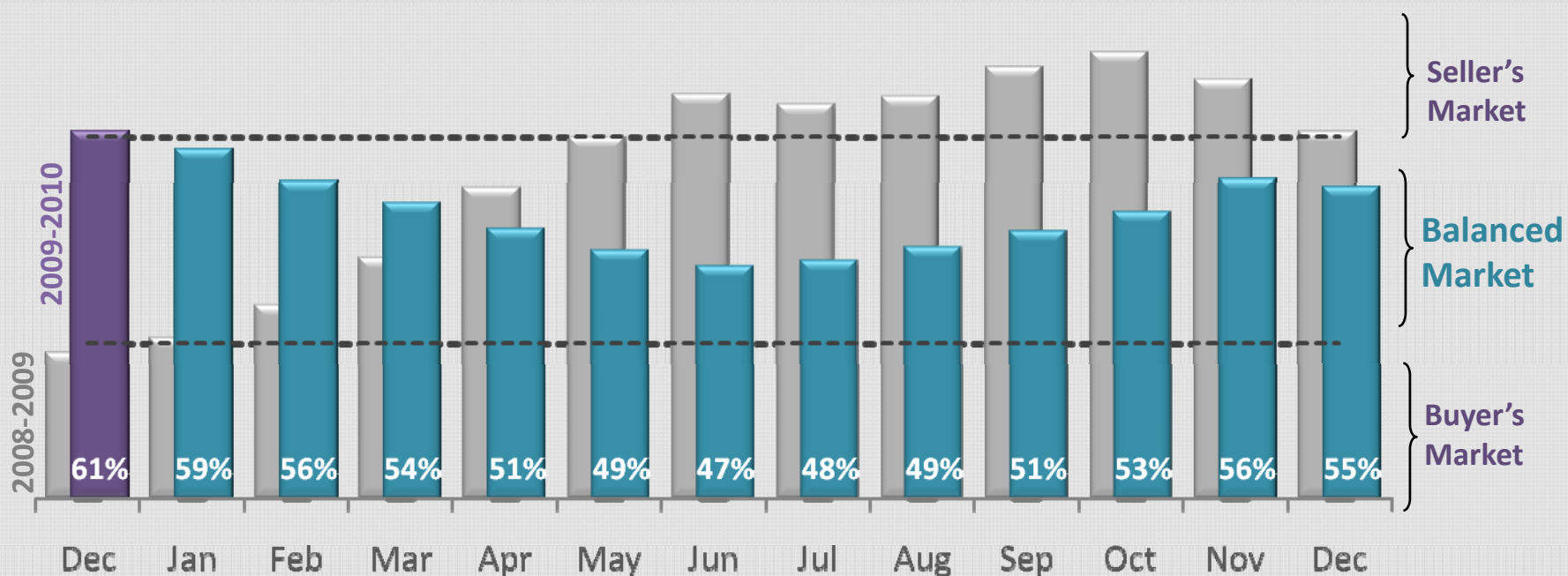


Inventory — Number of homes available for sale

Sales-to-New Listings Ratio



The national housing market remained in balanced territory in December. More than half of Canadian local markets were balanced and three-quarters of the remaining local markets were seller's markets. In December, the number of new listings rose by less than 1%, but remained 14.2% below the peak in April. An expected increase in new listings in the spring and rising interest rates are likely to return many of these seller's markets into balanced territory and further stabilize home prices.



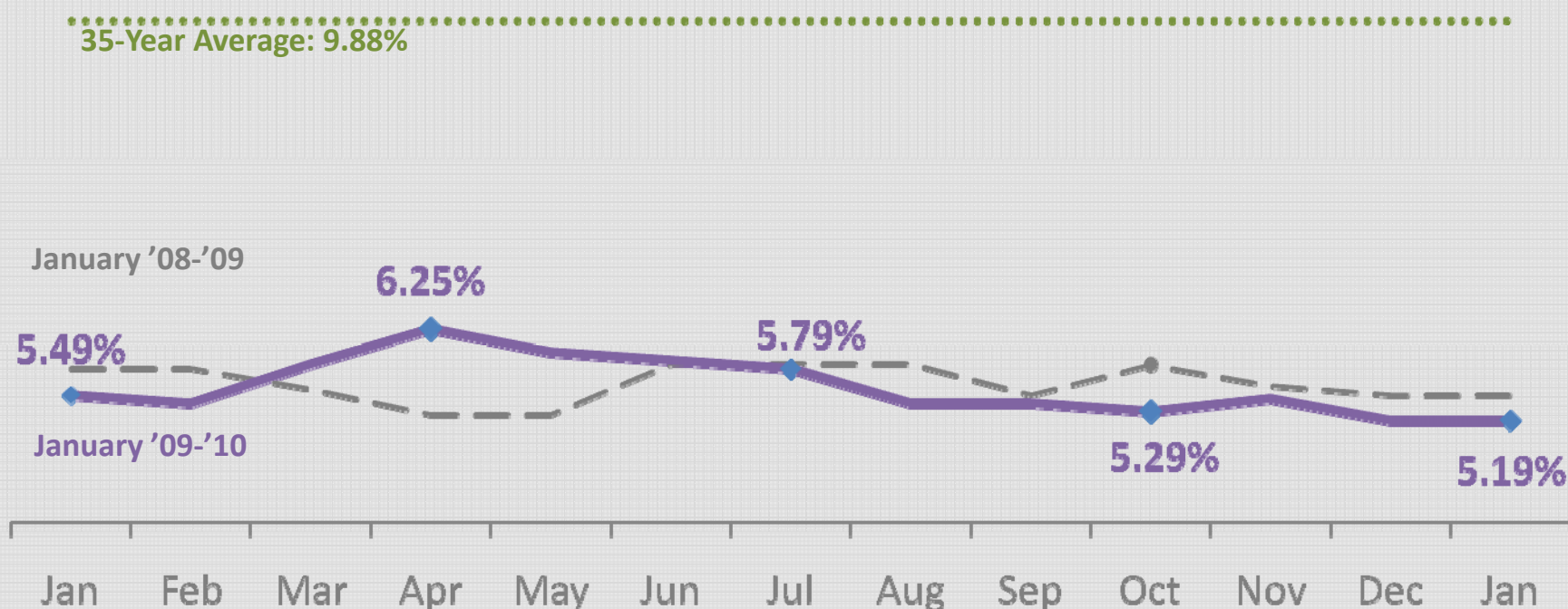


Mortgage Rates

Average for 25-Year Amortization, 5-Year Term



Low interest rates and stabilizing home prices continue opening up homeownership to an increasing number of Canadians. As widespread global recovery gains further footing, rates will increase to combat inflation and keep it near the 2% target.





Special Report

Change in Mortgage
Regulations

10

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Change 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.

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.

Your Local Market

Although it is important to stay informed about what is going on in the national economy and housing market, many different factors impact the real estate market in your own area.

Talk to your KW associate for assistance interpreting the conditions in your local market.



KW associates are equipped with the knowledge and information to help navigate through the home-buying or selling process in any market.

About Keller Williams Realty

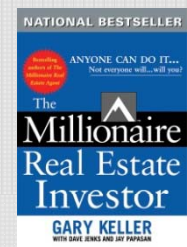
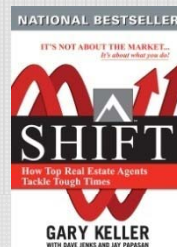


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The company has succeeded by treating its associates as partners and sharing its knowledge, policy control, and company profits on a system-wide basis.

Focusing on helping associates realize their fullest potential, Keller Williams Realty is known as an industry leader in its family culture, unmatched education, profit-sharing business model, phenomenal coaching programs, and technology offerings.

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