



THIS MONTH IN REAL ESTATE

CANADA

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Commentary

Canada's housing market continues to march into more balanced territory as the full effect of rising mortgage rates and mortgage regulation changes sets in.

Together, higher rates and tighter qualification rules will help to normalize demand, which has been at record levels in recent months. Prices, which now stand at an all-time high, are also expected to soften as new listings come onto the market at a decelerated pace in response to the new sales and pricing environment. This harmonic trending of supply and demand suggests that the market is moving toward a long-term sustainability, and a U.S.-style home price correction is very unlikely.

Meanwhile, the outlook for the Canadian economy, employment, and mortgage market remain upbeat, lending strong support for market stability. The reported 6.1% GDP growth in the first quarter and a record 109,000 jobs created in April reflect Canada's fundamental strengths. While this may have prompted the Bank of Canada's first rate increase in nearly three years, the central bank indicated that "the required rebalancing of global growth has not yet materialized," and any further hikes would have to be weighed against both domestic and global economic developments.



The Numbers That Drive Real Estate

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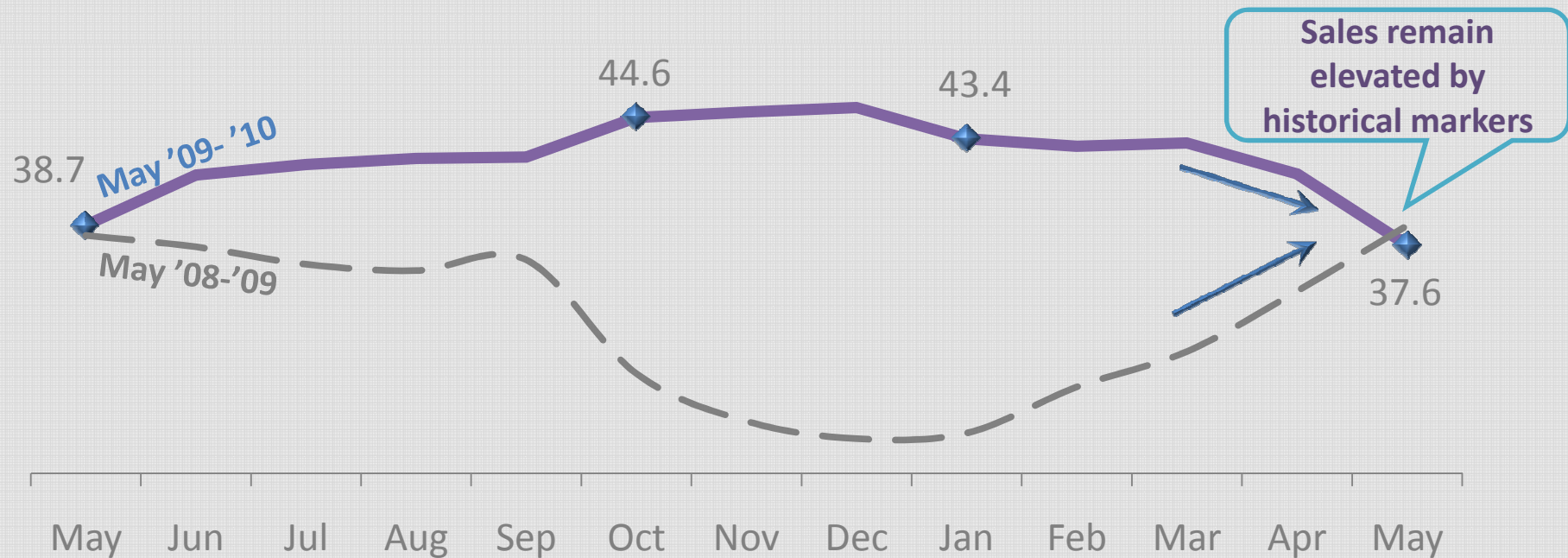


Home Sales

In Thousands



Existing home sales activity totaled 37,576 units in May, down 9.5% from near-record level activity the previous month. The decline resulted largely from fewer sales in Toronto, Vancouver and Ottawa. Reflected in this departure from the seasonal norm is the combination of changes to mortgage regulations and rising interest rates that caused buyers to act in April that would have otherwise done so at a later date.



Data released on June 15, 2010

Sources: The Conference Board, The Canadian Real Estate Association, Royal Bank of Canada

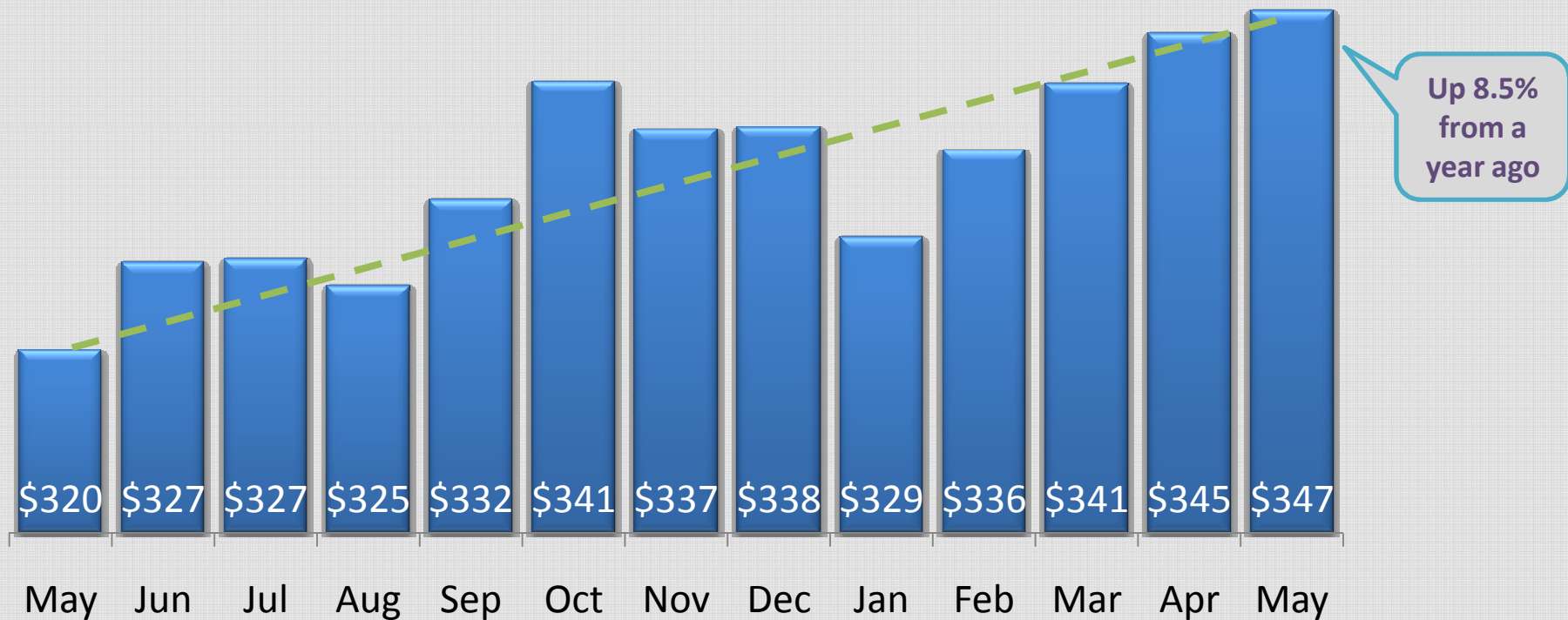


Home Price

In Thousands



The national average home price rose 8.5% to \$346,881 in May from a year ago—the highest on record. This represents a flat gain of 0.5% over last month. With demand ebbing, economists and industry experts expect prices to increase at a slower rate as the market swings back into balance.



Data released on June 15, 2010

Sources: The Conference Board, The Canadian Real Estate Association, Royal Bank of Canada



Home Prices by Province and Territory

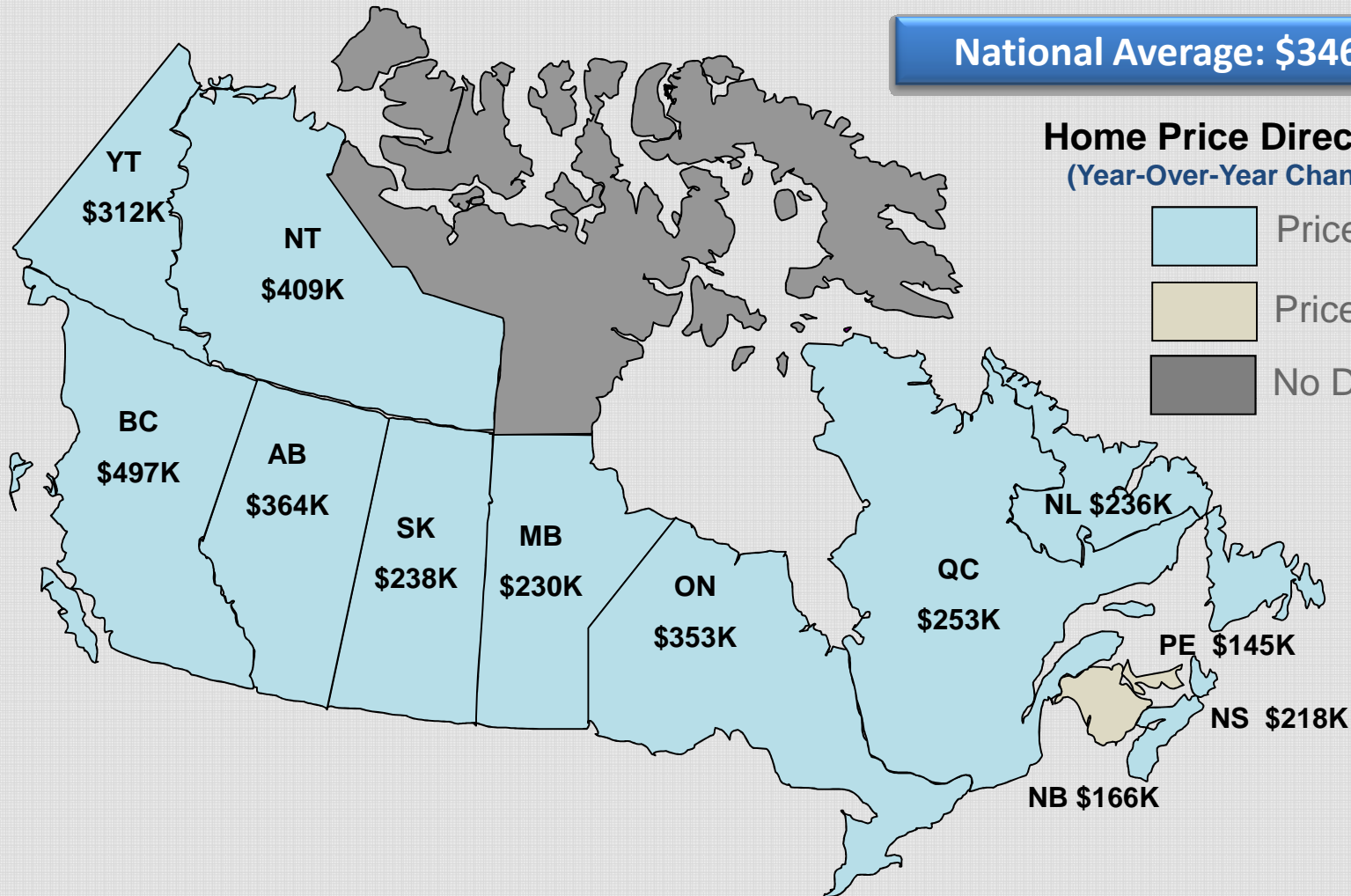


10 out of 12 provinces and territories experienced an increase in home price

National Average: \$346,881

Home Price Direction (Year-Over-Year Change)

- Prices Increased
- Prices Decreased
- No Data



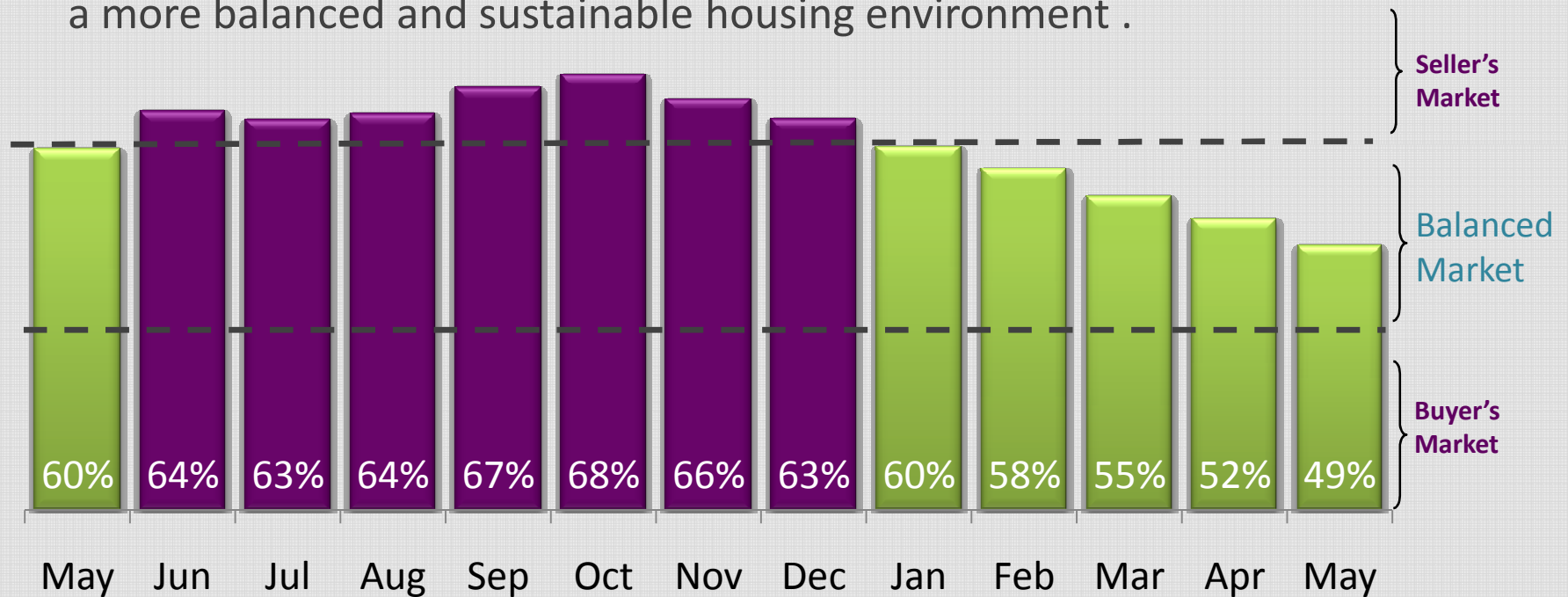


Inventory — Number of homes available for sale

Sales-to-Listings Ratio



In May, there were 4% fewer new listings entering the market. This marks the first monthly decline in new listings in eight months. As the number of newly listed homes is expected to continue normalizing in response to a more competitive sales and pricing condition, this will ultimately result in a more balanced and sustainable housing environment .



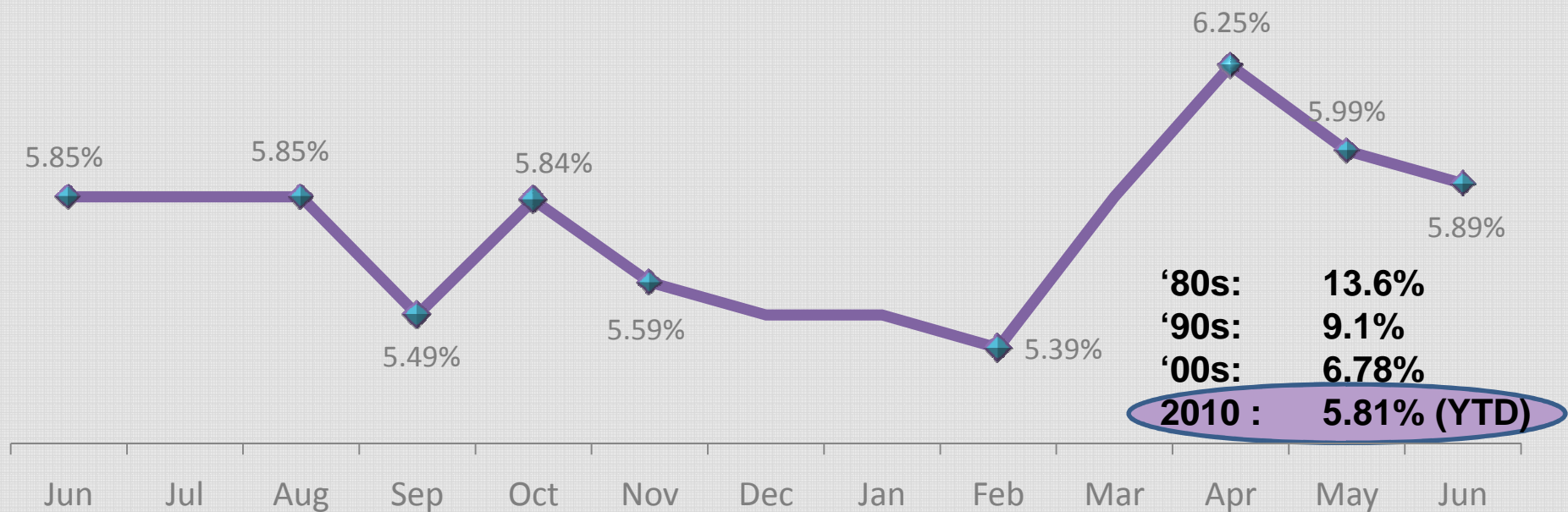


Mortgage Rates

Average for 25-year amortization, 5-year term



The Bank of Canada raised its benchmark interest rate by 0.25%, the first hike in nearly three years. While encouraging signs of local strength continue to overwhelm concerns about the international backdrops and make further hikes possible, the bank left the door open to hold at 0.5%, or even retract if the global situation deteriorates. Mortgage rates edged down to 5.89% at the end of June.





Special Reports

Canadian Homeownership
Rising

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Brought to you by:
KW Research



Canadian Homeownership Rising

Studies point to recent demographic trends ...

The rate of homeownership for those ages 20 to 34, in the highest income group, has grown from 12.5% to 60.4% in the last 35 years.

People ages 20 to 24 are living with their parents longer, allowing them to save for their first home.



- The share of people in their early 20s living in owner-occupied homes rose from 31% to 56% for women and from 52% to 66% for men.
- This trend of adult children living with their parents is highest in high income families.



- Couples with children in the same age and income group have increased ownership levels from 65.4% to 93.6%.

Most boomers will stay homeowners for at least 10 more years after reaching age 65. The number of senior homeowners is likely to climb to 80%.



- 75% of Canadians are homeowners at age 65.
- 73% of those born in the early 1910s and 78% of those born during World War II were homeowners.
- Longer life expectancy, which has increased by 12 years between 1951 and 2006, and improved financial stability made available through full government pensions for those 65 and over and private pension funds will better enable seniors to maintain their homes or purchase new ones.
- This upward trend in homeownership among seniors also reflects the rise in family incomes, particularly at the bottom end of the income distribution.



Topics for Home Buyers, Sellers, and Owners

Summer Energy-Saving
Tips

12

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Summer Energy-Saving Tips

Summertime is fun time! It's also the peak season for electricity use in Canada. To avoid energy bill shock and enjoy an energy-efficient summer, follow these tips:



Have your central air conditioning checked annually by a professional HVAC technician to ensure it is functioning at its best capacity.



Replace the air filters every three months to keep dust out of the ducts, especially if you've had renovations done in your home.



Keep the vents clear of carpets, drapery, and furniture, and close the vents in rooms that you don't use often.



Install a programmable thermostat. This will allow you to turn the temperature up during the day when nobody is home and at night when the temperature goes down. Turning the thermostat up by 1° C can lower your electricity bill by up to 5% and raising it by 5° C at night can save you up to 1%.



Use ceiling or room fans as they can do a good job of cooling your house while using a lot less energy than central air units.



Top up the insulation in the attic and seal air leaks around windows and doors. This will help save energy in both summer and winter.



Get rid of old inefficient appliances. While the federal government has cancelled the ecoENERGY retrofit program, many provinces and municipalities still offer incentives.

Fill me up!



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 all the knowledge and information to help navigate you through the home-buying or selling process in this any market.

About Keller Williams Realty



Founded in 1983, Keller Williams Realty, Inc., is an international real estate company with more than 77,000 associates and 677 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.

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 program, and technology offerings.

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