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Commentary	2
The Numbers That Drive Real Estate	3
Recent Key Events	9
Topics for Home Buyers, Sellers, and Owners	11

# Commentary

Canada's economy continues to remain stronger than many other major national economies, and is affirmed by the Bank of Canada's first rate increase since the beginning of rate cuts in 2008.

As rates begin to rise, experts believe the housing market is poised to soften. Incomes rise at a relatively constant rate, while the housing market tends to rise in steps with periods of stability followed by periods of more rapid appreciation. The past decade has been one of appreciation following the 1990s (when prices were fairly flat). Thanks to a solid mortgage market, prudent lending, and responsible borrowing, experts anticipate the market will generally remain more balanced and prices will stabilize. This is a positive indicator for the long-term health of the market and for the wealth accumulated by homeowners.

While it's important to keep in mind that the country's commodity-based economy leaves it somewhat more susceptible to external forces such as global demand, currency rates, and commodity prices, things continue to look up for Canada from a year earlier.



# The Numbers That Drive Real Estate

Home Sales	4
Home Price	5
Inventory	7
Mortgage Rates	8

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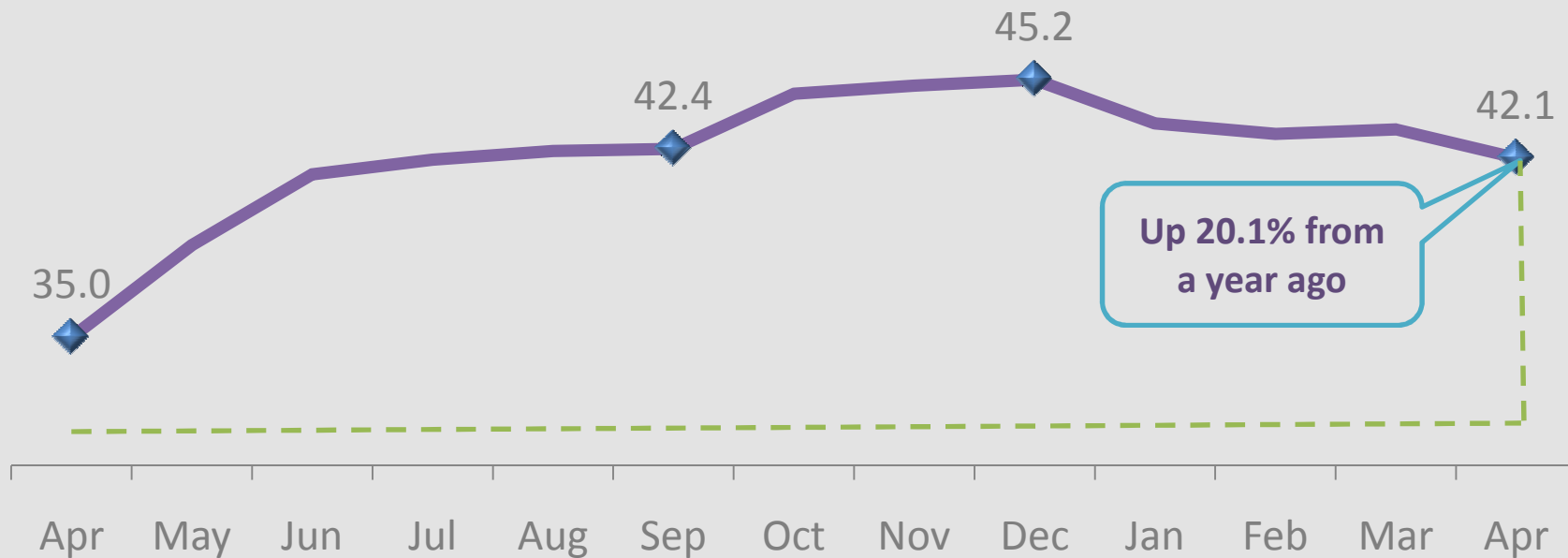


# Home Sales

*In Thousands*



Existing home sales activity totaled 42,078 units in April, up 20.1% from last year and down 2.6% from last month. Experts believe there will be a gradual calming of the recently “hot” home sales activity over the next year, citing rising interest rates and a change in mortgage regulations that may have encouraged some buyers to push their timeline forward to purchase before the regulations took effect on April 19.



Data released on April 15, 2010

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

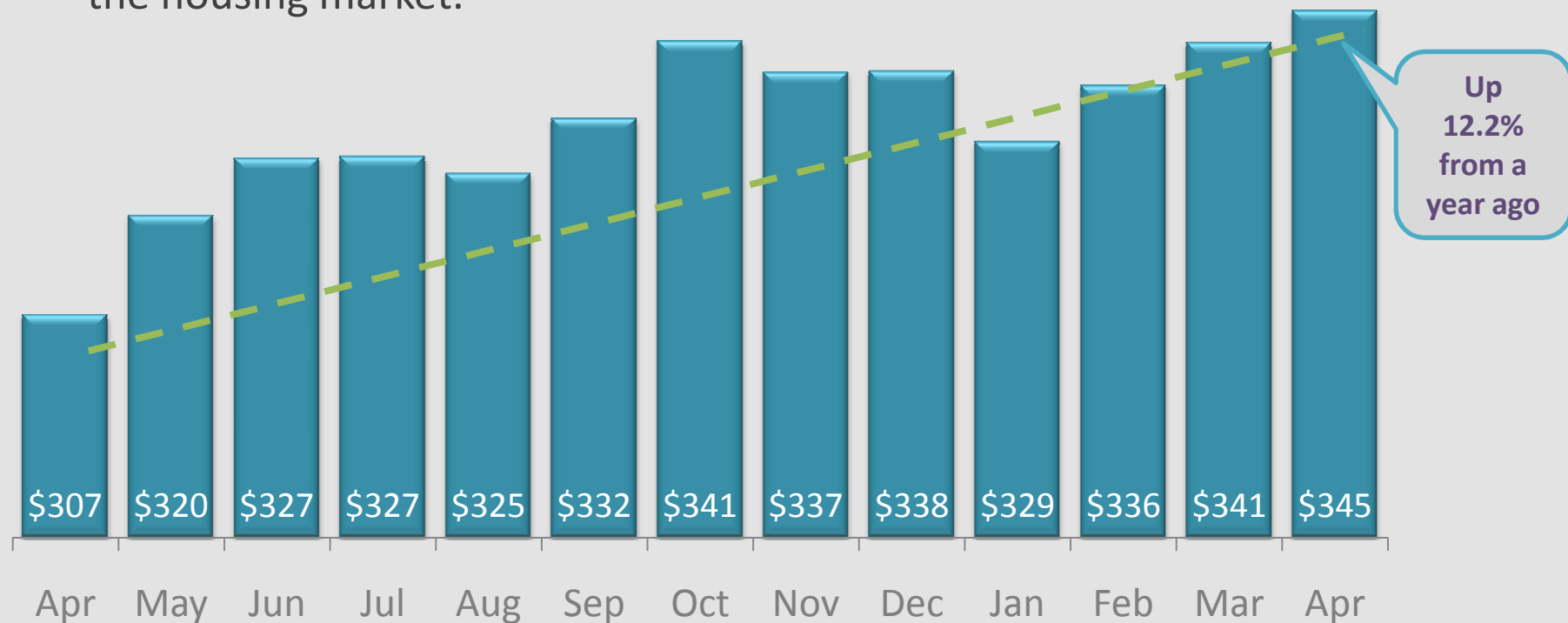


# Home Price

*In Thousands*



Low supply and strong demand continued to boost prices. The national average home price was \$344,968 in April, up 12.2% from April 2009 and up 1.2% from March. Experts anticipate home price appreciation will slow, but prices will remain stable - a positive sign for the long-term health of the housing market.

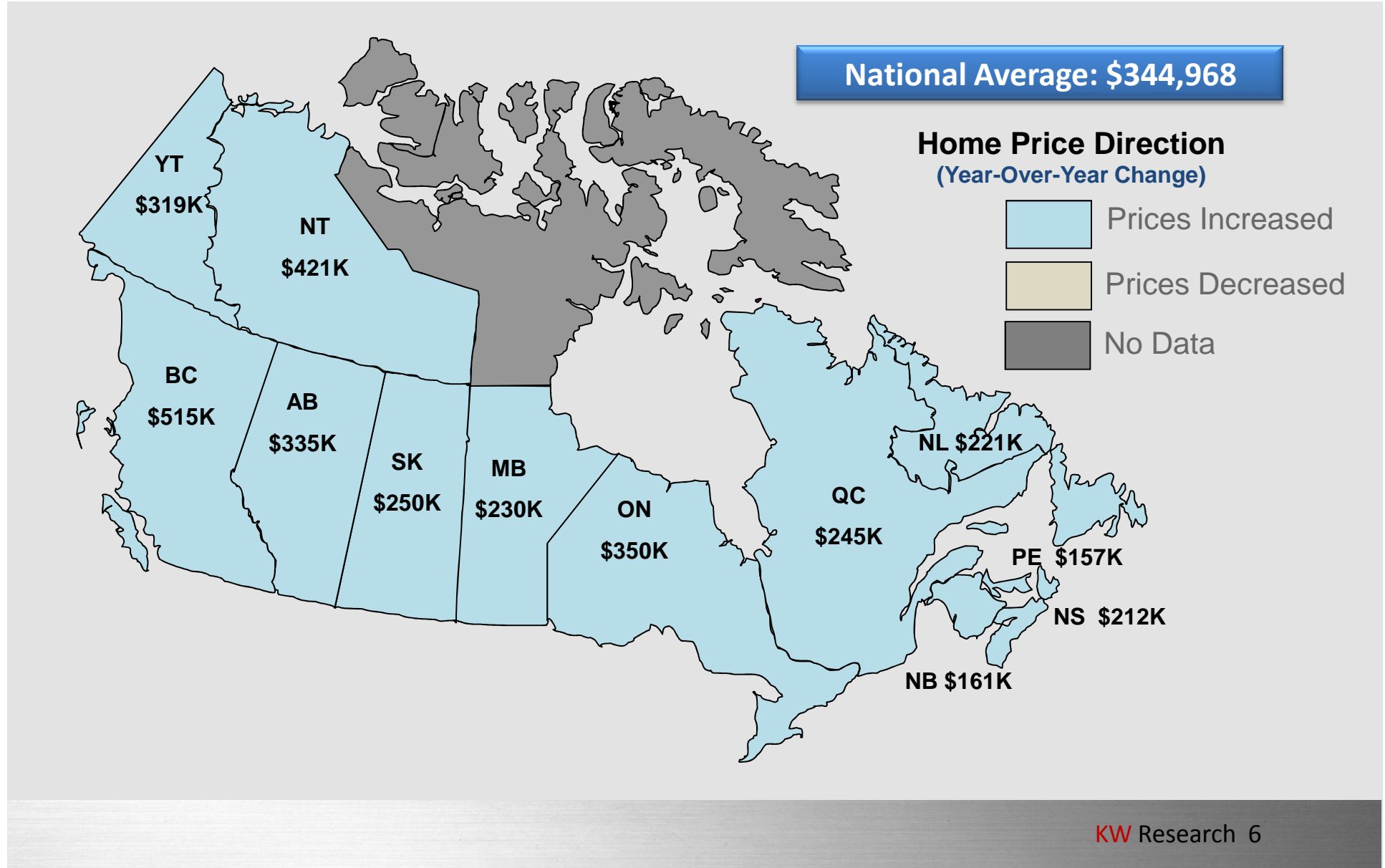




# Home Prices by Province and Territory



12 out of 12 Provinces and Territories Experienced an Increase in Home Price



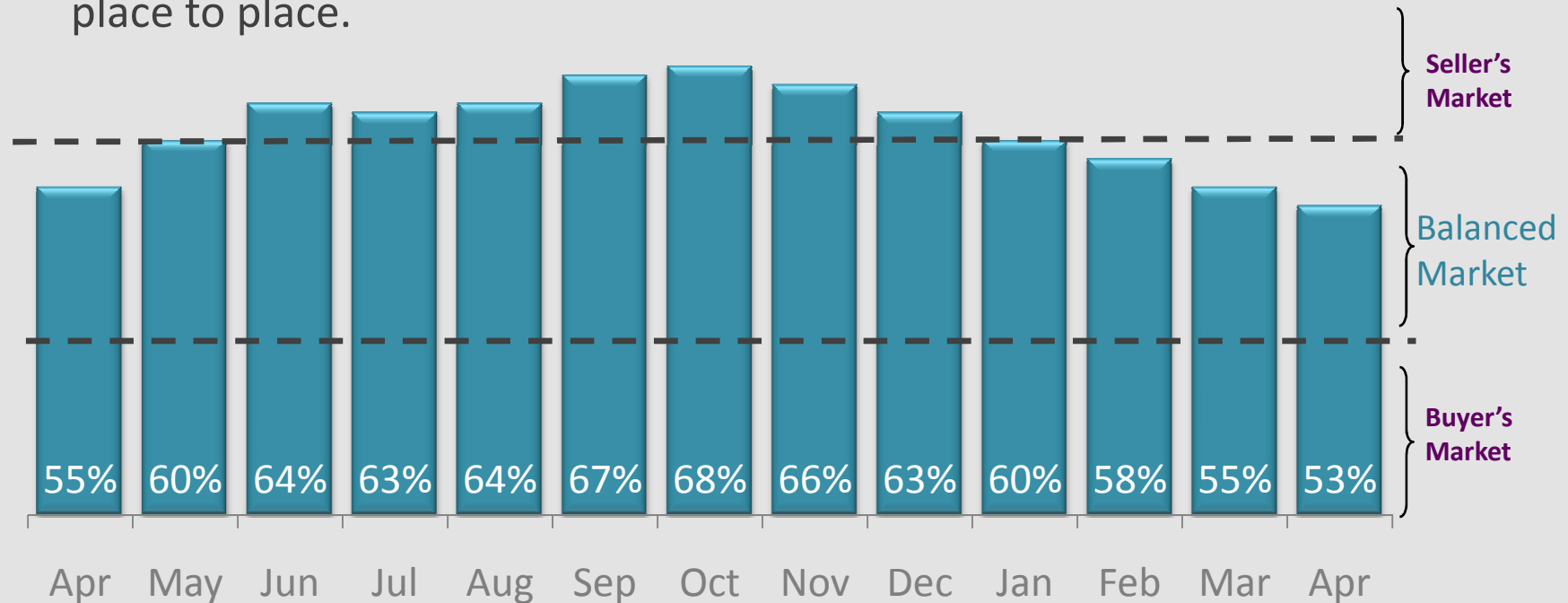


# Inventory — Number of homes available for sale

## Sales-to-Listings Ratio



In April, 79,678 new homes entered the market. Presently, buyers continue to have a wider variety of options as the uptick in new listings draws the market back into solidly balanced territory on a macro level. As is always the case with real estate, the micro level of locations differ from place to place.



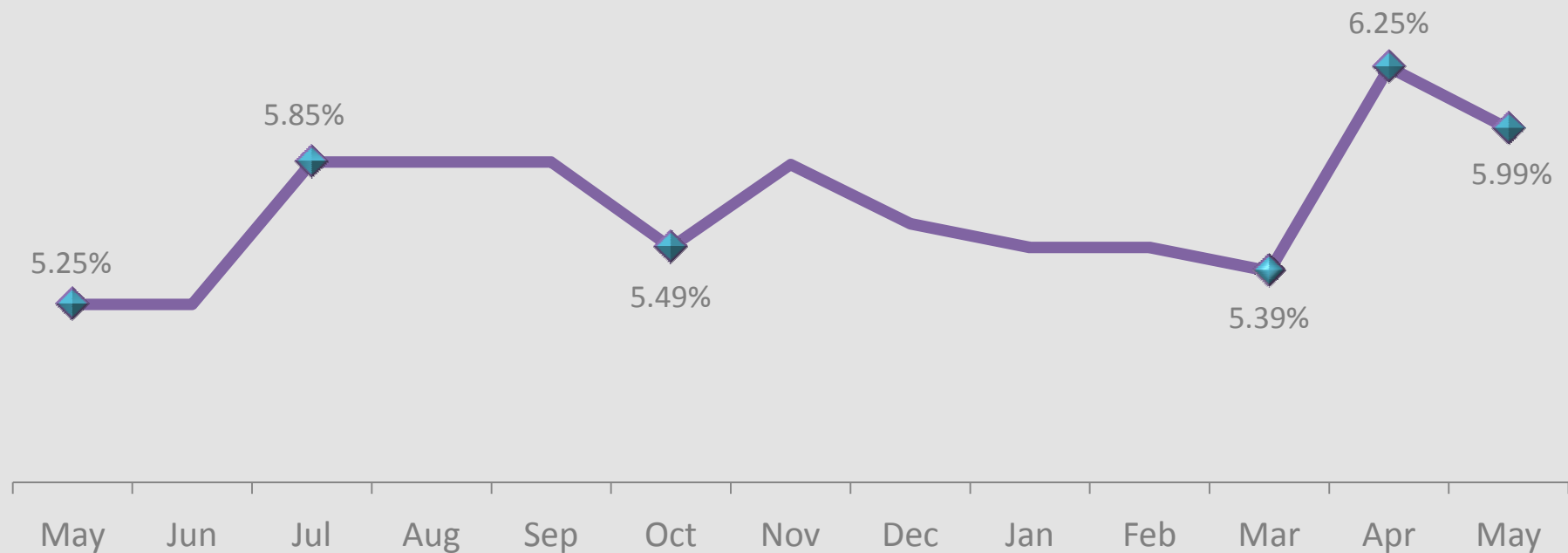


# Mortgage Rates

*Average for 25-Year Amortization, 5-Year Term*



In April, the Bank of Canada lifted its conditional commitment to keep rates steady until July and made its first increase at the beginning of June. Rates are expected to continue rising but are anticipated to stay within a range that will leave homeownership in reach for many buyers.







# Recent Key Events

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**Canadian Borrowers Well  
Prepared for Rate Hikes**

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**10**



## Canadian Borrowers Well Prepared for Rate Hikes

As interest rates are trending upward and housing activity is expected to cool down, a survey by the Canadian Association of Accredited Mortgage Professionals (CAAMP) shows that Canadians are in a strong position to weather the new mortgage market condition.



### Prudence Paying Off For Canadian Mortgage Borrowers CAAMP

- Increasing home equity is easing consumer concern about rising mortgage rates.
- Many Canadians have used cost savings from historically low rates to make higher-than-required payments and will now have more breathing room as rates increase.
- Mortgage debt is a priority for Canadians with the vast majority, 93%, having never missed a payment.
- Many mortgages were renegotiated at significantly lower rates, one percentage point or more on posted interest rates.
- A high percentage of Canadians remain positive about the housing market and are bullish about house prices.



# Topics for Home Buyers, Sellers, and Owners

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<b>Understanding How Mortgage Rates Are Set</b>	<b>12</b>
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<b>Moving Tips</b>	<b>13</b>
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# Understanding How Mortgage Rates Are Set

Robust economic growth led by housing and consumer spending forced the Bank of Canada to raise interest rates by a quarter of a percent on June 1, and more increases are expected later this year. Many home buyers now have to determine whether a variable-rate or fixed-rate mortgage is their optimal choice.

Among all mortgages transacted last year, 65% were fixed rate, 29% variable rate, and 6% were combination mortgages. Yet, many may not realize that variable-rate and fixed-rate mortgages are priced by different means.

## Variable-Rate Mortgages

-Rates are directly tied to the central bank's prime rate.

-Consumers should keep an eye on prime rate trends.

## Fixed-Rate Mortgages

-Rates are set in relation to bonds, the main competing investment to mortgages.

-Mortgages are usually priced between 1.2 and 1.9% higher than bonds to account for higher default risk and associated admin costs of holding mortgages.

*Consult your mortgage broker on how your personal preference and unique circumstances may factor into evaluating your mortgage options and what is best for you!*



# Moving Tips

Home buying is often exciting, but packing up and moving is almost always stressful. Below are a few tips to help make the move a smooth-sailing one.

1. **Special Boxes for Special Items.** Dish barrels help protect dishware and long, flat boxes protect artwork. Wardrobe boxes, which have a metal bar to hang clothes on, can help speed up and simplify packing the closet.
2. **Paper, the Secret Weapon.** Packing paper, or unprinted newsprint, can be used several different ways. Use it to protect fragile items or crunch it up to use as padding. Remember, Ink on regular newspaper can rub off and stain. Use bubble wrap for extra delicate items.
3. **Tape it Securely.** Masking and duct tape don't stick to cardboard as well as brown packing tape.
4. **Tape it Quickly.** Tape guns help constructing and closing boxes move along faster.
5. **Mark it Clearly.** Clearly label boxes. Marking the sides instead of the top is best as the tops are covered when boxes are stacked.
6. **Protect the Big Items.** Protect furniture with pads and put mattresses in plastic bags to keep them from damage during the trip.
7. **Lighten the Load.** The help of a dolly or handcart can save your back and speed up the moving process.
8. **Open Faster.** A box cutter makes opening the boxes once you've arrived much easier.

# 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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