



**Released:
November 7, 2010**

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Commentary

Home sales continued to improve in September, while housing inventory continued to readjust to a more normalized level. The hangover from accelerated home purchases earlier this year is expected to keep housing activity at a sustainable level. This rebalancing of demand and supply is further stabilizing home prices.

While recent uncertain developments in the global economic landscape and south of the border somewhat temper the outlook of a strong upward momentum for Canada's economy, the country's economic fundamentals remain solid and it is expected to continue lending support to the housing sector.

"Mortgage lending rates eased in the third quarter, which helped support sales activity over the past couple of months," said Gregory Klump, Canadian Real Estate Association's chief economist. "Interest rates are going nowhere fast, so home ownership will remain within reach for many home buyers."

In the meantime, further rate hikes this year are subject to careful consideration by the central bank. The probability of such an act is likely to be contingent upon developments in the economy, as well as the job market.



The Numbers That Drive Real Estate

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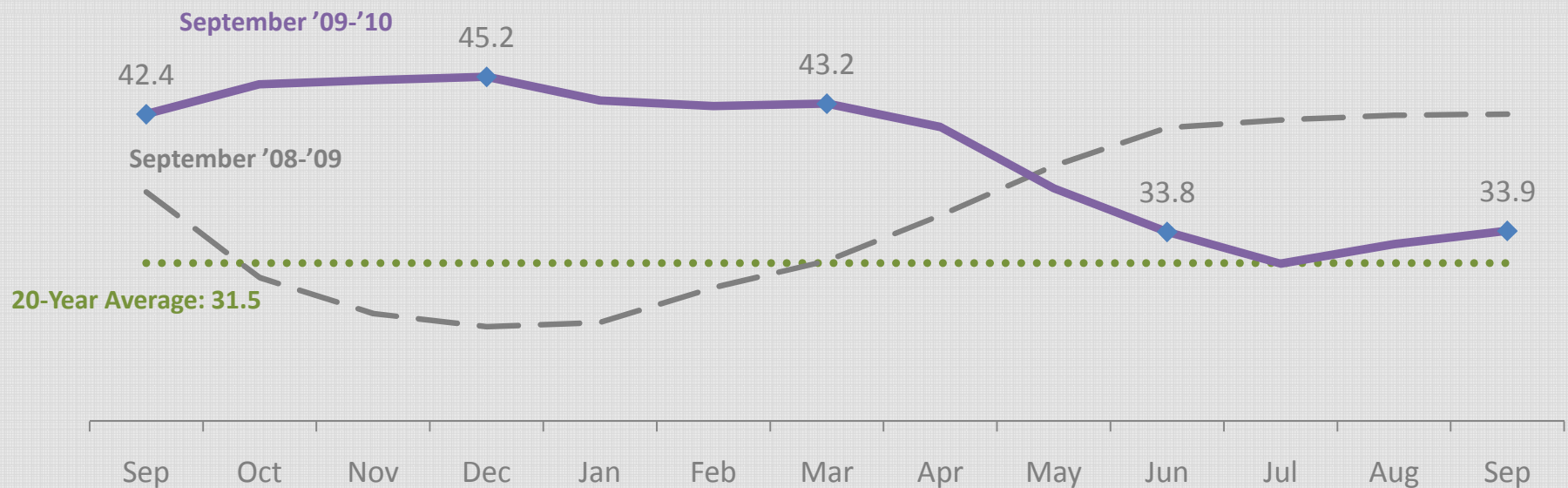


Home Sales

In Thousands



Resale housing activity further stabilized. In September home sales recorded a 3% increase month-over-month. This marks the second consecutive monthly increase in home sales activity. Two-thirds of local markets posted monthly upward trends, led by Winnipeg, Calgary, and Montreal.





Home Price

In Thousands



The national home price's upward trend continued to moderate. At \$331,089, average price remained on par with where it stood a year ago for the second consecutive month. Average prices rose or were stable in more than three-fourths of all markets on a year-over-year basis. Average price trends are expected to further stabilize as supply and demand continues to rebalance.

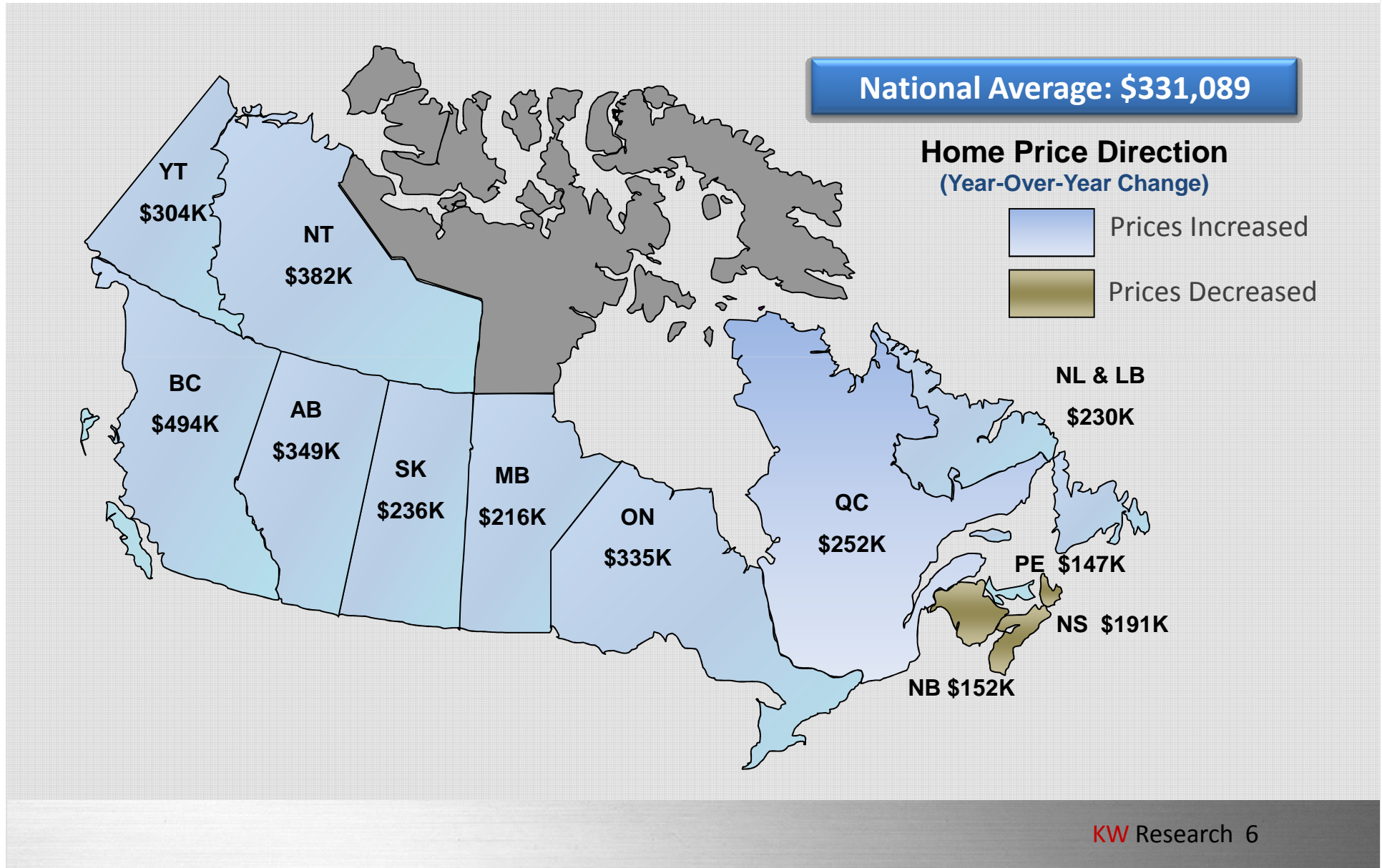




Home Prices by Province and Territory



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



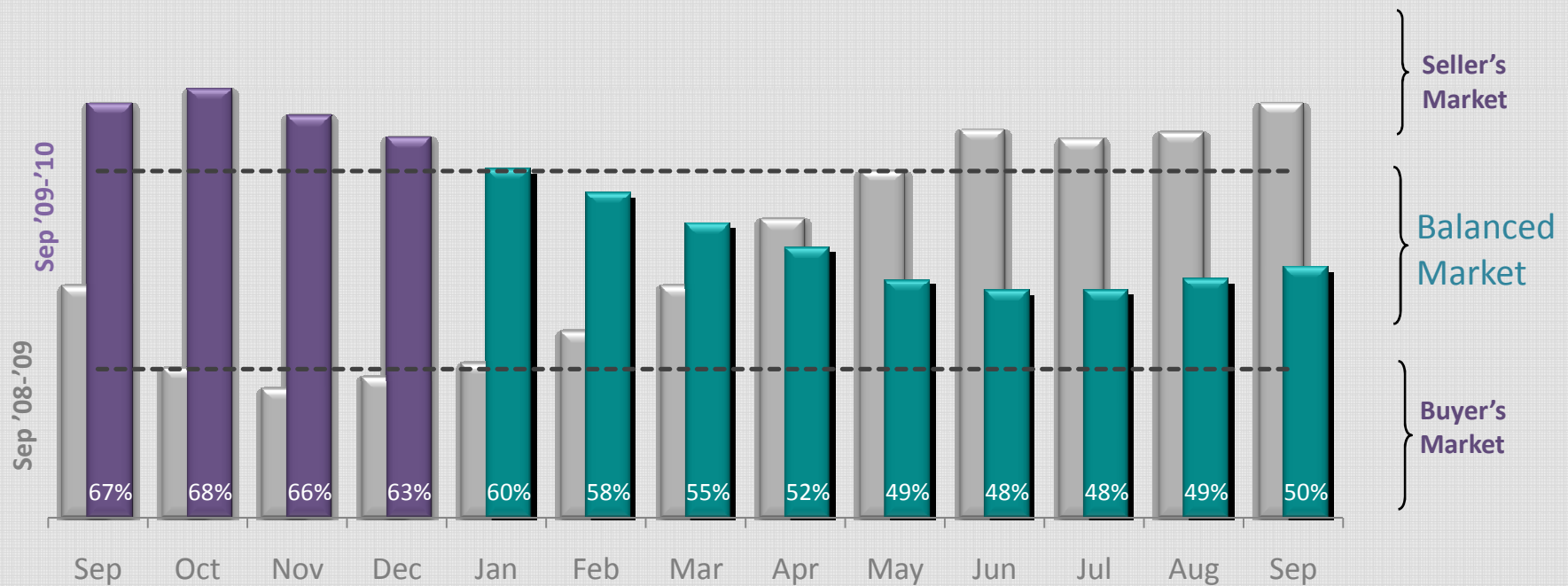


Inventory — Number of homes available for sale

Sales-to-New Listings Ratio



The market maintained its balanced position. In September the number of new listings slightly edged up. However, the improvement in home sales shrunk the months' supply to 6.6 months from 6.9 months in August. This balancing act between supply and demand continues to lend support to home price stability.



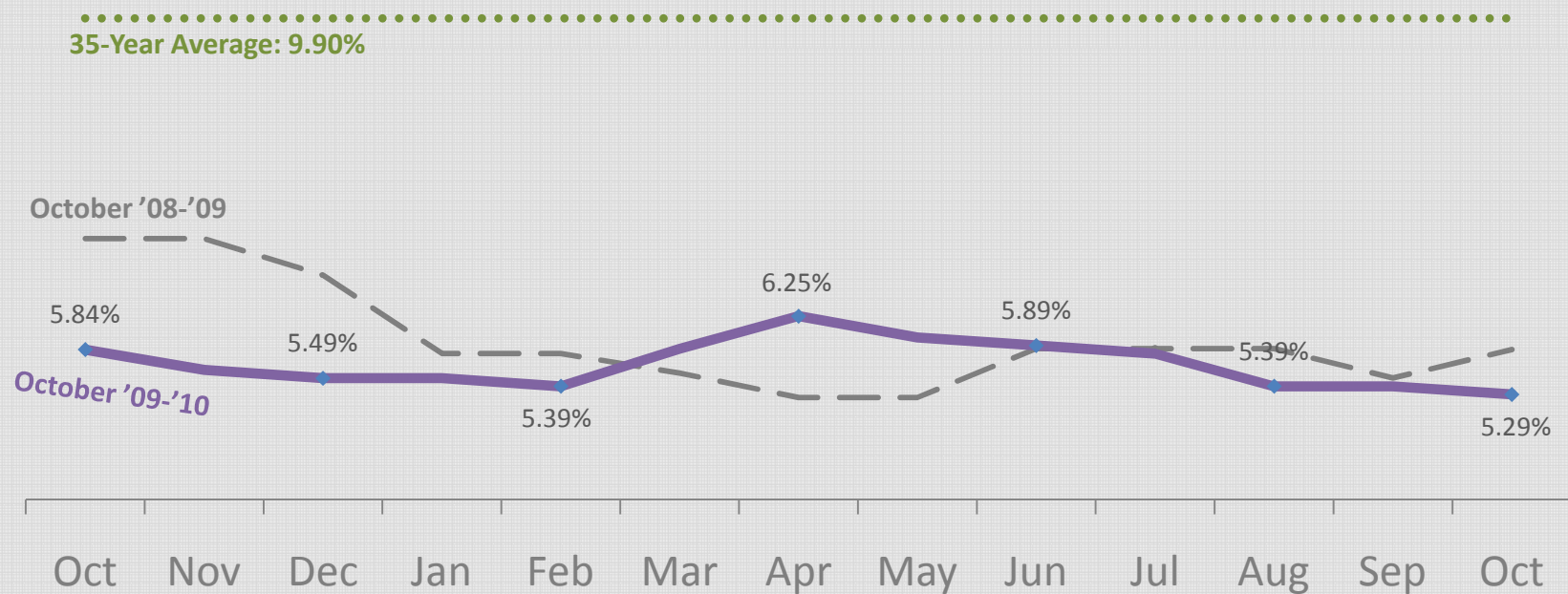


Mortgage Rates

Average for 25-year amortization, 5-year term



Most of Canada's major banks have moved to cut their fixed mortgage rates in October in reaction to declining borrowing costs at the banks themselves. Mortgage rates dropped 0.1% to 5.29% this month from September. This was down more than half a percentage point from a year earlier and was also 0.2% below where it stood at the beginning of the year. Although interest rates remained well below the historical average, further increases are expected, creating urgency for buyers.





Special Reports

CREA Ratifies Deal with
Competition Bureau

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CREA Ratifies Deal with Competition Bureau

Delegates from Canada's 101 local real estate boards came to the coast of Newfoundland and Labrador to cast their votes for the settlement with the Competition Bureau at CREA's annual Special General Meeting (SGM).

The result: an overwhelming 97% voted "yes," formally endorsing the consent agreement CREA's board of directors had initially approved in September.

The ratification inaugurated a 10-year, legally binding agreement through which CREA has agreed that its rules, as well as those of its members, should not deny or discriminate against Realtors wishing to offer mere posting services.

If anything, this agreement reaffirms the need for buyers and sellers to consult their Realtor: an individual who can help navigate them through these uncertain economic times as they make the biggest financial decision of their lives.



Topics for Home Buyers, Sellers, and Owners

A Prudent Perspective
on Debt

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A Prudent Perspective on Debt

Under the following conditions, borrowing money can be a wise financial strategy.

- 1) When you can use borrowed funds to earn a greater after-tax return than the after-tax cost of borrowing
- 2) When you don't have the cash to buy something today, but are very confident that you will be able to pay for it over time, it can be good to take on debt
 - The most common case of this is buying a house. Without debt, very few people could ever buy their first home.
- 3) When there is a time-limited opportunity to buy something of value
 - Example: an ability to buy private company shares, invest in a company matching program, or make an RSP contribution in a year when your income is high

When Debt Is Good

4) When there is a window of time to do something special

- Example: an older person who dreams of taking a big trip somewhere expensive. They may not have the health to take the trip five years from now, but may not have the cash flow to do it today. Often this occurs because their wealth is tied up in a house. It can be a great time to borrow from a line of credit to take a trip, and it can be paid back a few years later when the house is sold.

5) When you believe that future credit will be hard to come by, it is often good to arrange for credit or debt today

- Example: if you are currently an employee but are planning on starting a new company or becoming self-employed. The time to get debt is before you change your employment.

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 any market.

About Keller Williams Realty

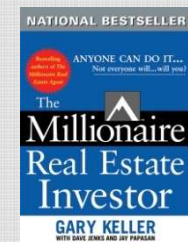
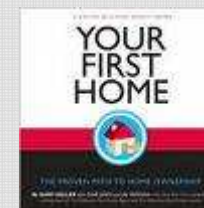
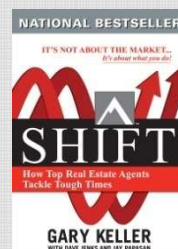


Founded in 1983, Keller Williams Realty, Inc., is an international real estate company with more than 81,000 associates and 686 offices located across the United States and Canada. The company began franchising in 1991, and following years of phenomenal growth and success, became the third-largest U.S. 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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