

Keller Williams Research

This Month in Real Estate

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Canada 

Momentum building as Canada's housing market shows continued strength



There's real reason for optimism this month as Canada's housing market points to both recovery and potential signs of strength to come. In Canada's major real estate markets pent-up demand for residential property, low interest rates and greater affordability continue to boost sales. The rise in sales is in turn helping to bring about more balanced market conditions, with lower inventory levels and upward pressure on housing values. Good signs for the market – and a more level playing field for buyers and sellers. In fact, in especially attractive neighborhoods, it's not uncommon to witness multiple offer situations.

Sales figures are encouraging, as June marked the fifth consecutive month of rising sales activity and represents the first time since January 2008 that monthly activity surpassed 40,000 units. According to Dale Ripplinger, president of CREA, “Potential buyers who moved to the sidelines late last year when economic uncertainty peaked are returning to the housing market now that the worst of the recession may be behind us.”

Momentum building as Canada's housing market shows continued strength



Spotlighting affordability, Canadians have benefitted from doses of price cuts as home prices and mortgage rates have decreased considerably since last year. They are the primary reasons home sales have remained relatively healthy in the midst of a broader economic challenges. Financing remains largely available through normal banking channels and the loosening credit market is a sign of effective monetary policy.

Fundamentally the Canadian economy is improving, supported by strengthening consumer confidence. Prospects for positive growth in 2009 and 2010 remain slow but encouraging. The Bank of Canada believes the end of the recession may be here, but unemployment and the appreciating loonie will continue to be major topics of economic concern.

The Numbers That Drive Real Estate

1. Sales
2. Prices
3. Inventory
4. Mortgage Rates

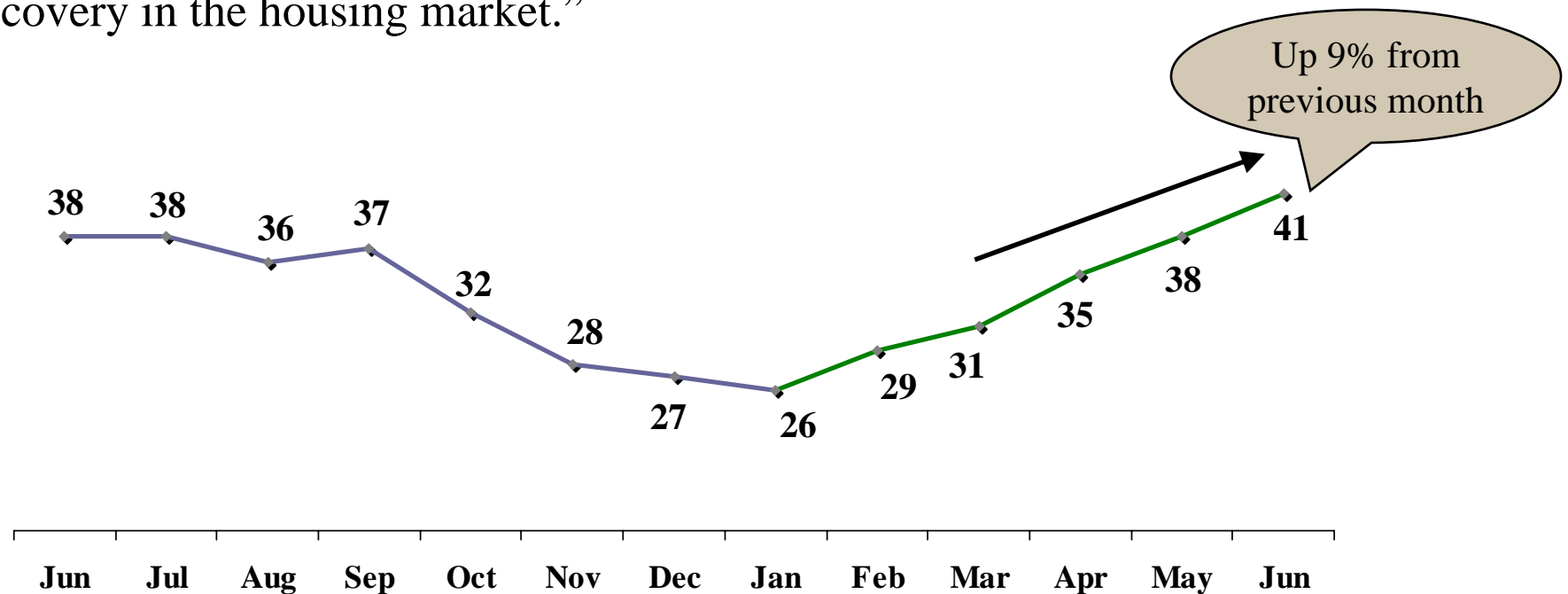


Home Sales

In Thousands



June marked the fifth consecutive month of rising sales activity and represents the first time since January 2008 that monthly activity went above 40,000 units. According to Gregory Klump, Chief Economist of CREA, “The Bank of Canada has acknowledged that pent-up demand from late last year and earlier this year, combined with low mortgage rates, has resulted in a stronger than expected recovery in the housing market.”



Data released on July 15, 2009

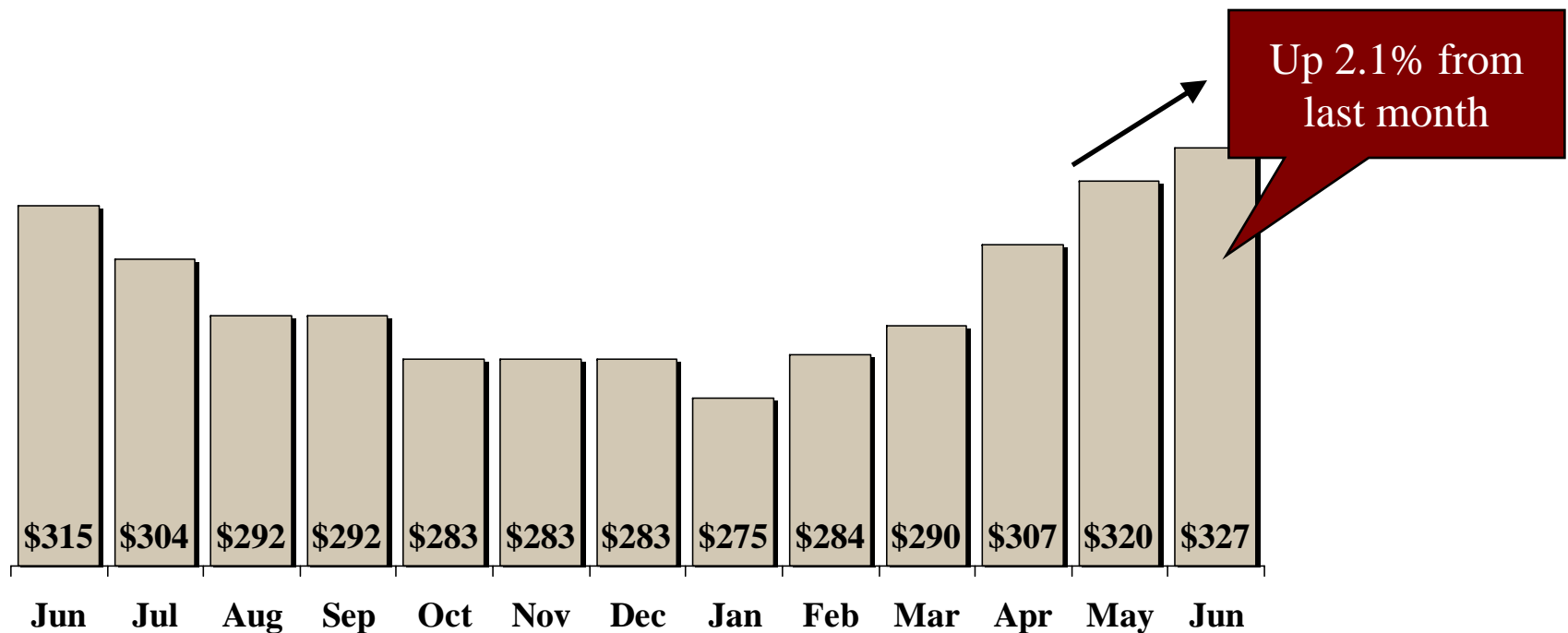
Source: Conference Board, The Canadian Real Estate Association, Royal Bank of Canada

Average Home Price

In Thousands



The national average home price recorded new heights on a monthly basis with a 2.1% gain from May, putting it at 18.9% above its low in January. A strong rebound in sales activity in Canada's most expensive markets continued to skew the national average price upward.



Data released on July 15, 2009

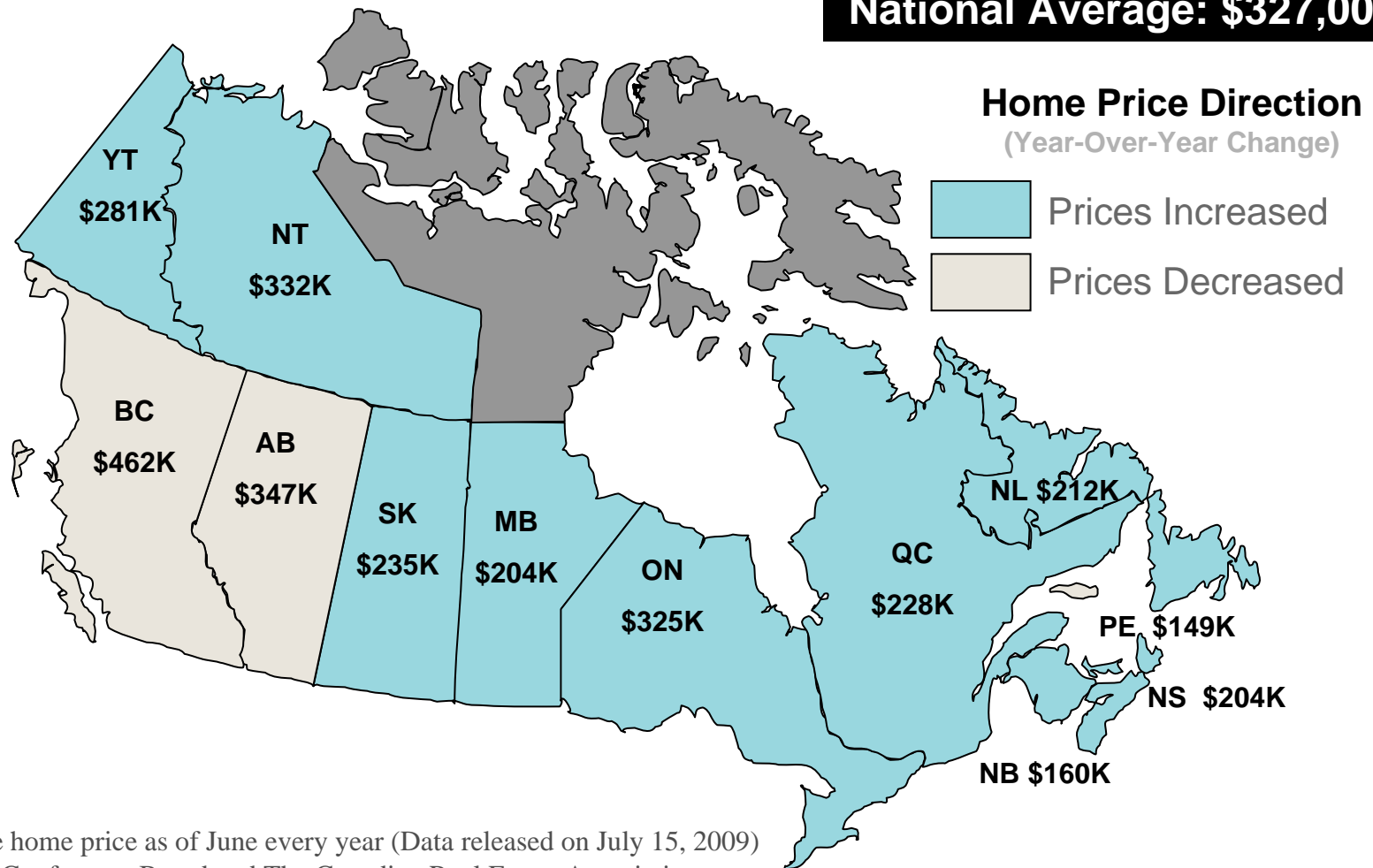
Source: Conference Board and The Canadian Real Estate Association

Home Prices by Province and Territory

9 out of 12 experienced an increase in home price



National Average: \$327,000



Average home price as of June every year (Data released on July 15, 2009)

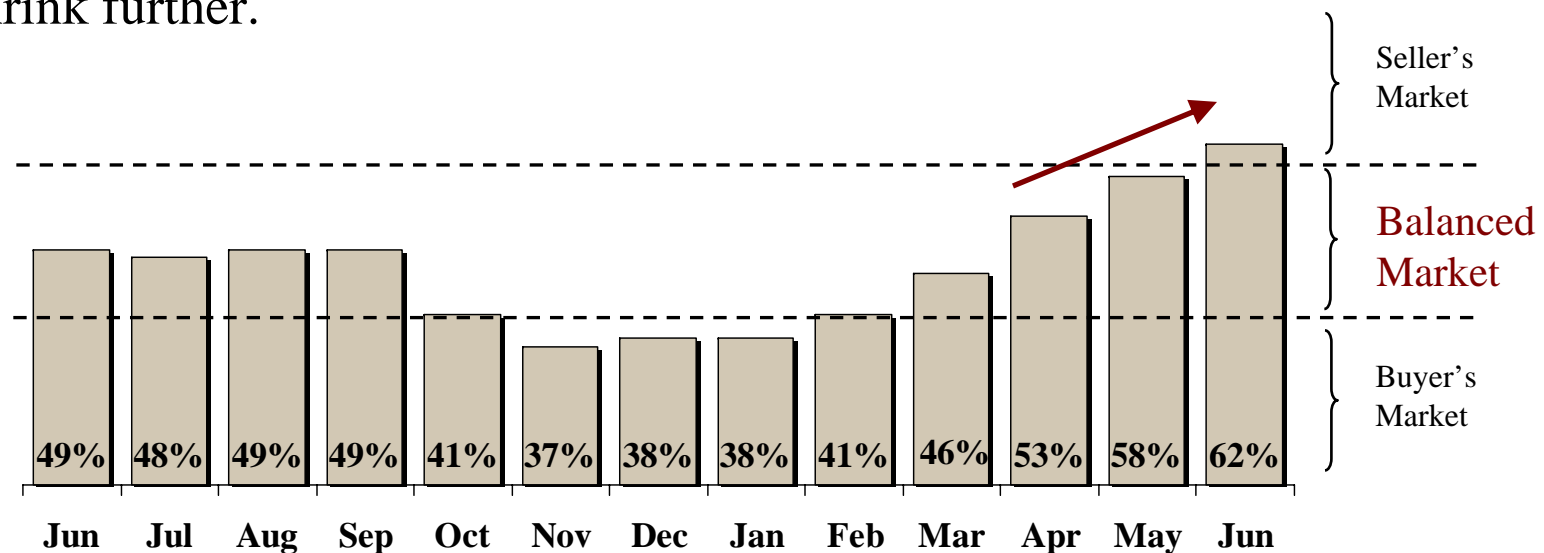
Source: Conference Board and The Canadian Real Estate Association

Inventory

Sales-to-Listings Ratio



The supply of homes continued to be drawn down in June, with 16% fewer new listings coming onto the market compared to the same time a year ago. “Pent-up demand from late last year and earlier this year, combined with low mortgage rates, has resulted in a stronger-than-expected recovery in the housing market,” said CREA Chief Economist Gregory Klump. With fewer new listings and rising sales activity, the selection of homes available for sale may shrink further.



Sales-to-listings ratio is an indicator of price pressure in the home market. (Data released on July 15, 2009)

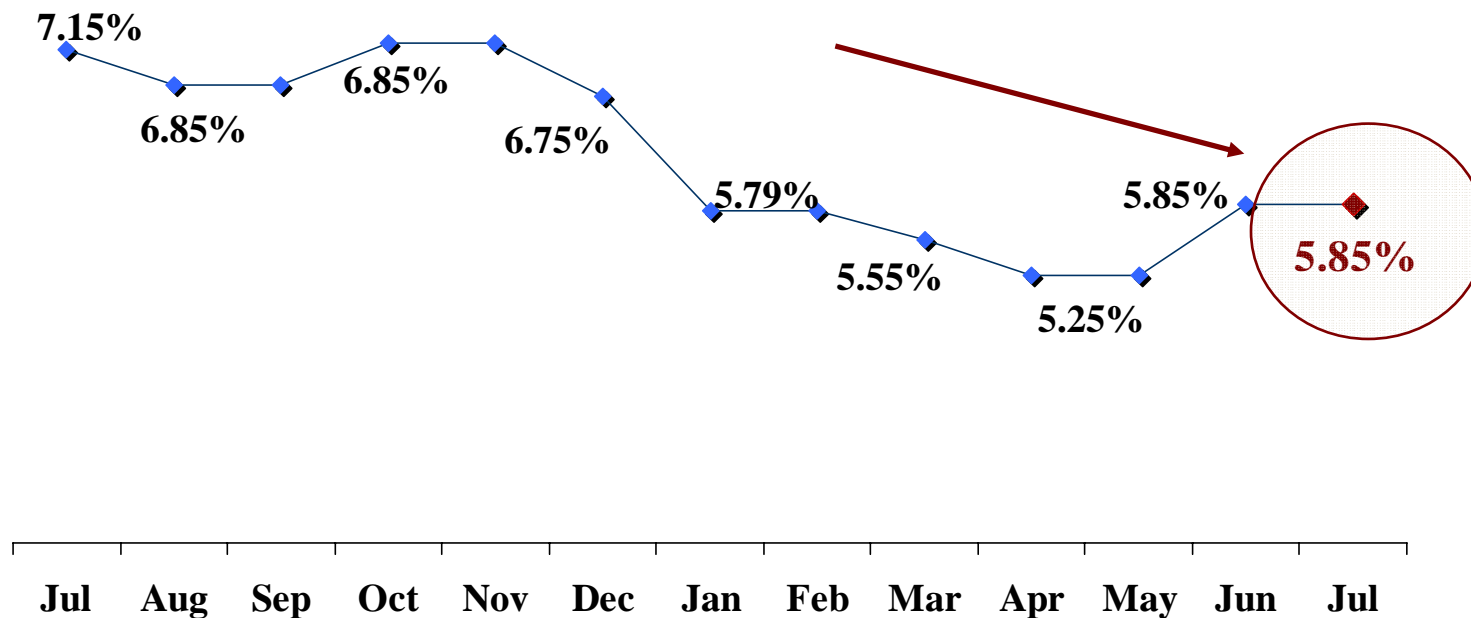
Source: Conference Board, Canadian Mortgage and Housing Corporation, The Canadian Real Estate Association

Mortgage Rates

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



In its meeting on July 21, the Bank of Canada held its benchmark overnight lending rate steady at 0.25%. As a result, key mortgage rates stayed relatively stable. The 5-year conventional mortgage rate remained under 6%. While rising from record-low levels to 5.85% last month, they are still 1.3% lower than the same time last year.



Source: Bank of Canada



Recent Government Action



Taskforce to Focus on Financial Literacy



The government recognizes that a strong, stable financial system relies on consumers who are cognizant about using and managing credit. The government is taking steps to ensure education and information needed to make informed decisions is available for all.

As part of Canada's Economic Action Plan, the government intends to take measures to increase education about finances to all Canadians. Recently, the federal government announced that it will attempt to organize all stakeholders by forming a unified taskforce. Including business, education, and volunteer representatives, the taskforce will make recommendations to the minister of finance about ways to achieve enhanced financial literacy across the country. This is expected to benefit all Canadians with a bank account, mortgage, or credit card.

The taskforce expects to continue discussion into 2010.



Topics for Home Buyers and Owners



Protect Your Home: Be Informed on Insurance



Before purchasing a home, many homeowners hire an inspector to identify potential problems. This ensures there are no unknown expensive problems the buyers will inherit once the home becomes theirs. After purchasing a home, buyers purchase homeowners insurance in the unexpected event that anything damages the home.

A study by the Institute for Catastrophic Loss Reduction (ICLR) revealed that the majority of homeowners were not aware of what types of disasters their homeowners insurance protects against.

While 99% of homeowners knew fire damage is covered under their basic insurance, only 29% understood that flood damage was not. In fact, homeowners typically incorrectly answered half of the hazard-related questions in the study.

Do you know what is covered on your insurance policy? Check your policy to ensure that you are covered for everything you believe you are.

Protect Your Home: Maintain Your Appliances



A necessary component to homes, appliances can add up to a substantial investment. Regular maintenance and cleaning can extend the useful life and prevent costly repairs.

The following tips are general guidelines to keep your appliances going:

- **Stove and Ovens:** immediately clean spills once the stove or oven has cooled; replacing stained drip bowls serves both cosmetic and functional purposes as a clean drip bowl reflects heat back at the pot to increase efficiency; blue flames indicate the gas burner is working properly while yellow flames indicate a problem; degrease and clean hood and exhaust fan every 3-4 months.
- **Refrigerator:** gently vacuum coils on back of fridge with hose attachment monthly to increase efficiency; replace water filter every six months for refrigerators with water or ice dispensers; defrost when ice buildup gets to be ¼-inch thick.
- **Dishwasher:** run the garbage disposal before each load; clean the interior by running an empty cycle with one cup of white vinegar every 3-4 months; remove and gently clean spray arm once a year; annually inspect the water supply hoses to ensure no kinks or leaks.
- **Clothes Washer and Dryer:** clean detergent or bleach spills immediately to prevent damage to the finish; annually inspect washer hoses to ensure no leaks and clean or replace filter if there is one; because large and small loads of laundry use nearly the same amount of energy, run larger loads when possible; clean the lint trap on the dryer after each load; make sure dryer vents to outside the home and clean vent annually.

Note that these suggestions for caring for your appliances are general recommendations. Consult the user manual for specific care instructions.

Interpreting This Data to Your Benefit



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 area.

**Talk to your Keller Williams agent
for assistance interpreting the conditions in
your local market.**

Keller Williams associates are equipped with all the knowledge and information to help you navigate through the process of buying or selling a home in this challenging market.

A Word About Keller Williams Realty



Founded in 1983, Keller Williams Realty, Inc., is an international real estate company with more than 74,175 associates and 693 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. Keller Williams Realty expanded to Canada in 1999 and now has 1,311 associates in 13 brokerages located in three different provinces including Alberta, British Columbia, and Ontario.

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. The company provides associates with all the tools needed to thrive and grow in today's market.

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