

Keller Williams Research

This Month in Real Estate

Release Date: September 14, 2009

Canada 

O Canada! Reports, data cast optimistic light on Canadian recovery.



Think your fellow Canadians should be worried about the future? Many economists don't. In fact, some experts see the Canadian economy recovering steadily in 2010.

And some analysts are even more bullish. Swiss banking giant UBS predict a more pronounced recovery, forecasting economic growth next year well above consensus. And recent positive developments in Canada's labor market, housing sector and improved conditions in the global economy back this bold assessment.

Though employment remains a challenge, the overall job market appears to be looking up. 27,000 new jobs were added last month, and no major new job losses have occurred in months. The housing sector posted its best July on record for home sales. The remarkable recovery of resale housing has prompted a change to the MLS® home sales forecast issued by The Canadian Real Estate Association for 2009 and 2010. "Home sales through the MLS® systems in July provide clear evidence that sentiment about making major purchases continues to improve," said Chief Economist Gregory Klump. He continued, "The speed with which the Canadian resale housing market has rebounded is unprecedented."

O Canada! Reports, data cast optimistic light on Canadian recovery.



Rebounding demand in housing combined with fewer new listings is beginning to draw down the overall supply of homes on the market. Demand is rebounding sharply in some of Canada's priciest housing markets, which continues to pull the national average price upward. Stabilizing prices bode well for existing homeowners and create urgency among those seeking housing opportunities while taking advantage of low mortgage rates.

With Canada's heavy reliance on exports to other industrialized nations, the improved global outlook speaks warmly to Canada's future growth prospects. And as U.S. demand for Canadian commodities begins to improve, the possibility of higher exports looks promising.

The Numbers That Drive Real Estate

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

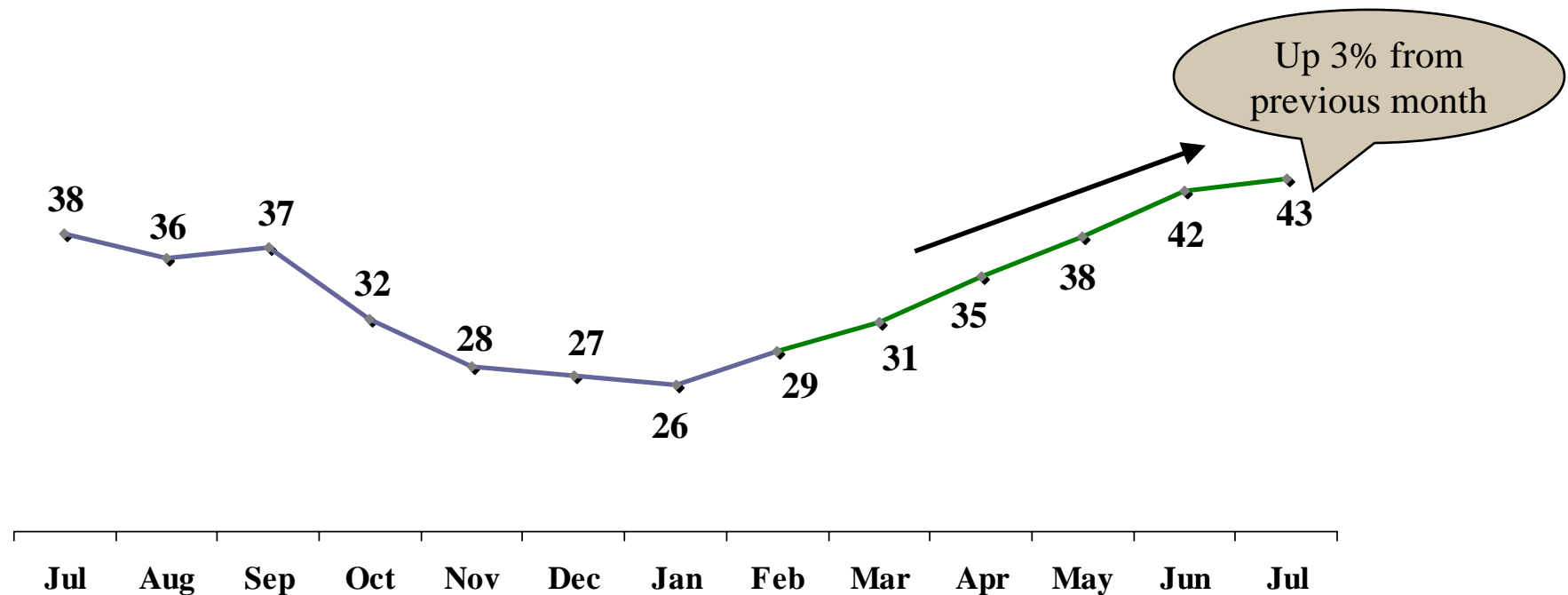


Home Sales

In Thousands



National resale housing market activity continued climbing in July 2009. Home sales, which totaled 50,270, were up 7% from July 2008. This was the largest year-over-year gain in two years and also the first time on record that sales activity topped 50,000 units for the month of July in any year.



Data released on August 15, 2009

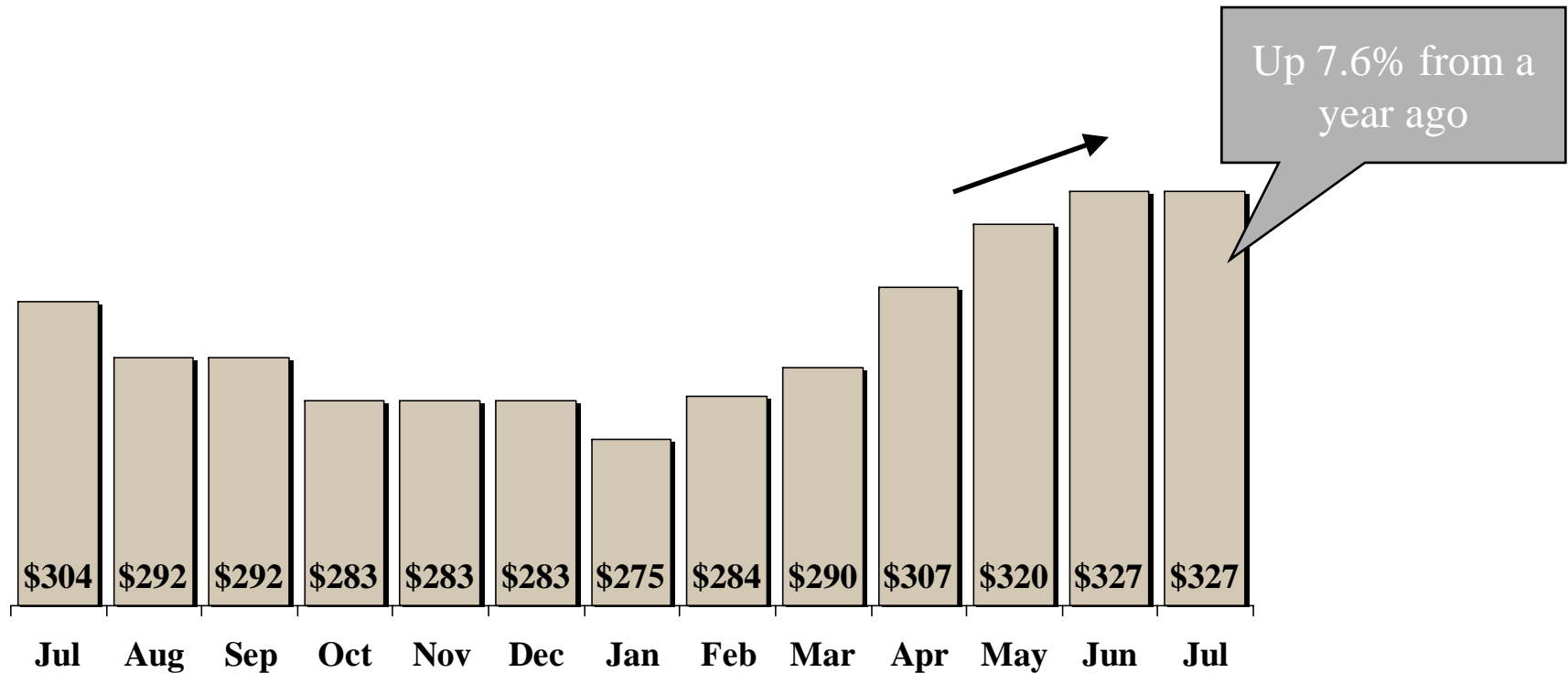
Sources: Conference Board, The Canadian Real Estate Association, Royal Bank of Canada

Average Home Price

In Thousands



The national average price rose 7.6% from one year ago to \$326,832. Demand is rebounding sharply in some of Canada's priciest housing markets, which continues to pull the national average price upward.



Data released on August 15, 2009

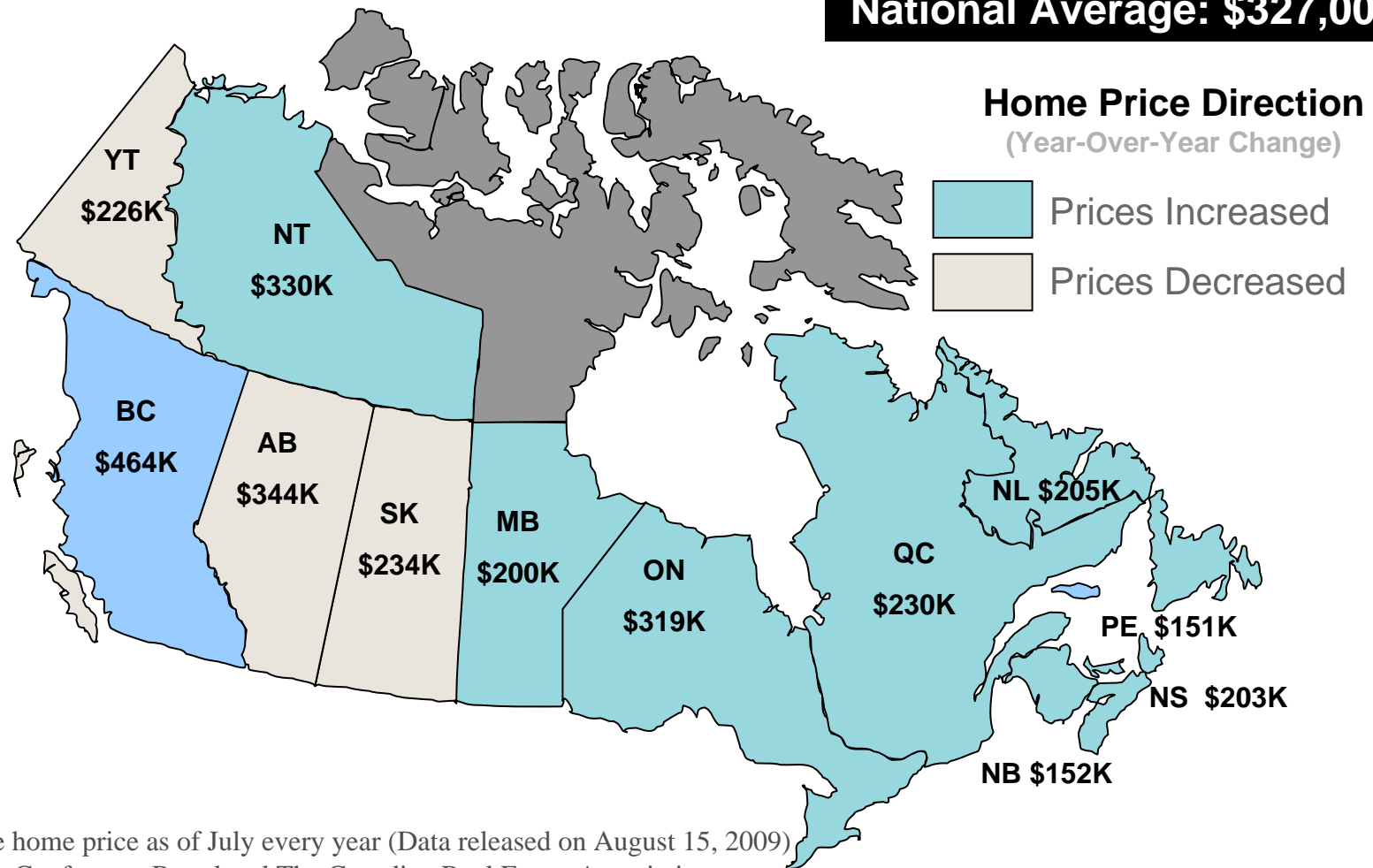
Sources: Conference Board and The Canadian Real Estate Association

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 July every year (Data released on August 15, 2009)

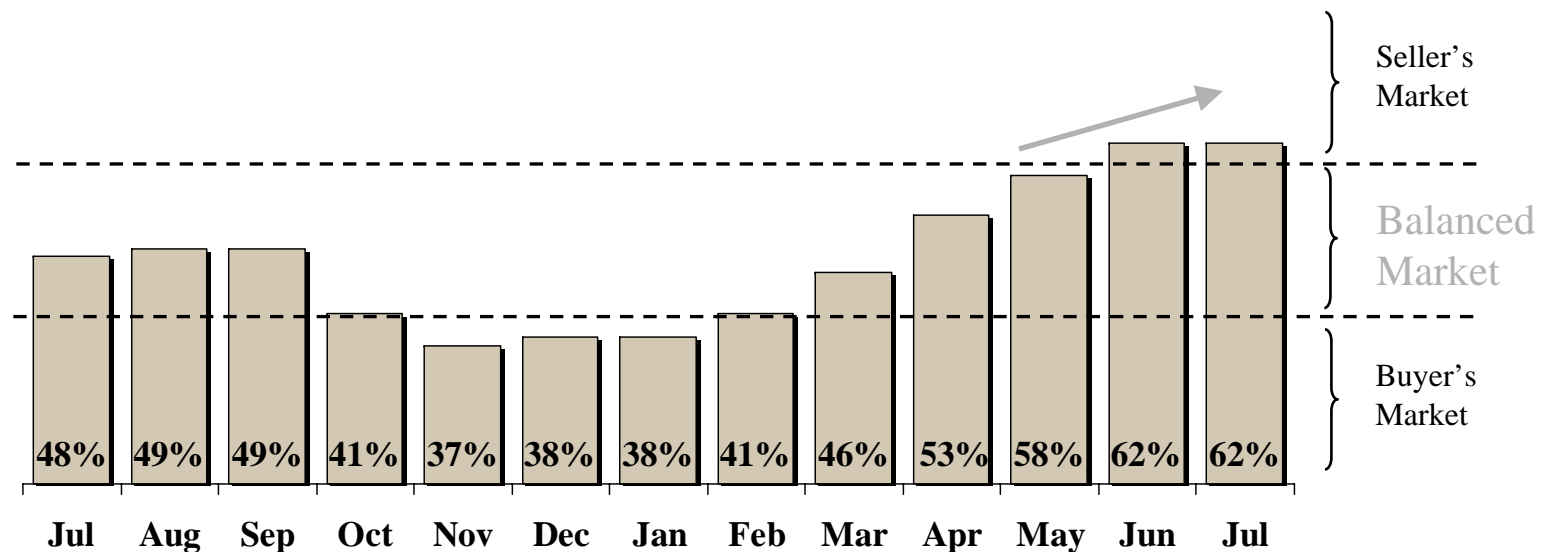
Sources: Conference Board and The Canadian Real Estate Association

Inventory

Sales-to-Listings Ratio



The supply of homes coming onto the market remained down from last year's levels. At the end of July, there were 73,444 new listings, down 13% from the same time a year ago. According to CREA Chief Economist Gregory Klump, "The number of new listings coming onto the market is down from last year and the rebound in sales activity is paring inventories, so the number of months of inventory is on the wane."



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

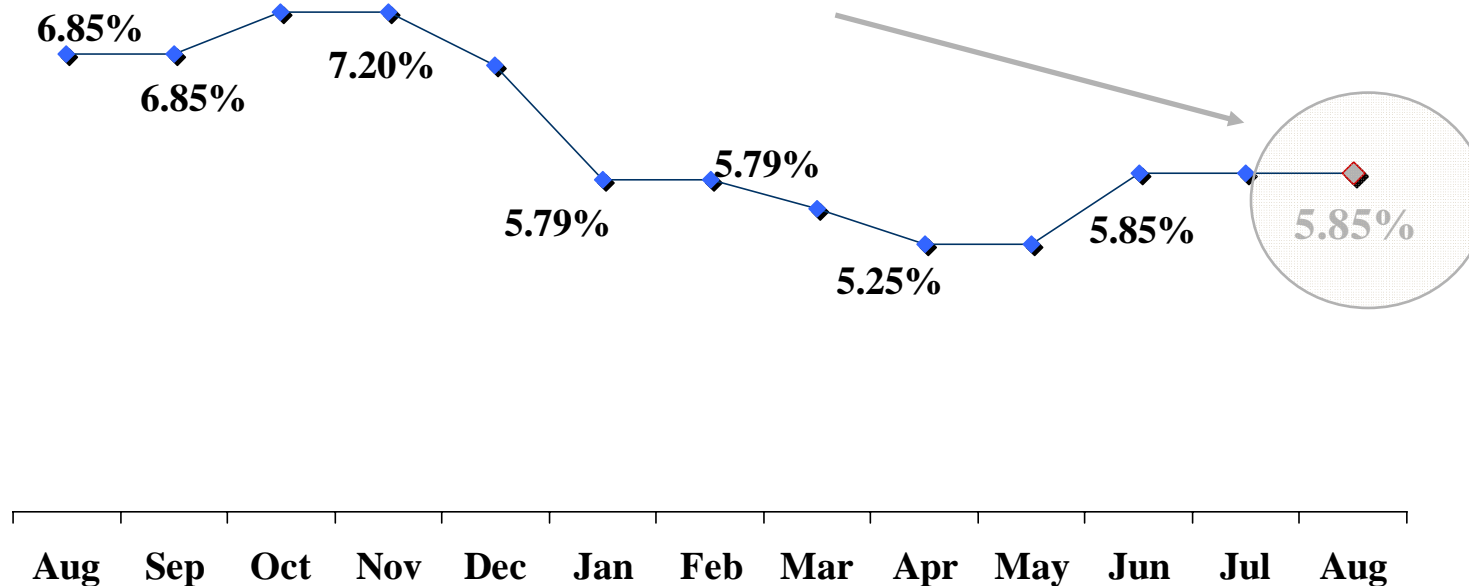
Sources: Conference Board, Canadian Mortgage and Housing Corporation, The Canadian Real Estate Association

Mortgage Rates

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



Key mortgage rates continued to stay relatively stable. The 5-year conventional mortgage rate remained under 6%. While 5.85% is above record-low levels reached in April, rates are still 1.3% lower than the same time last year.



Source: Bank of Canada



Recent Government Action



“Retire Your Ride” and Get Cash for Your Clunker



Earlier this year, the Canadian government launched the Retire Your Ride program that provides incentives for recycling cars made prior to 1996. Incentives vary by province, but the range typically includes \$300 cash, public transportation vouchers, or a discount on a bicycle.

This initiative has succeeded in getting nearly 14,000 heavily polluting cars off the road and reducing nearly 750 tonnes of emissions to date.



Piggybacking on the success of the U.S. government’s Cash for Clunkers program, Chrysler Canada began its own version of the program in August. “Cash for Clunkers” works with “Retire Your Ride,” offering up to an additional \$1,500 for model years 1995 and before. The combined potential of \$1,800 for a fourteen year old automobile is likely substantial enough to get people out and buying now. Ford and Hyundai are offering similar programs with rebates ranging from \$1,000–\$3,000.

As the Canadian economy, particularly Ontario, relies on the health of the auto industry, the combination of these initiatives may provide much welcome stimulus to the overall economy.

Improved Global Outlook Good for Exports



The Organisation for Economic Co-operation and Development (OECD) believes that the global recession may be coming to an end faster than was predicted earlier this year. The organization believes that positive growth will return to much of Europe, Japan, and the United States in the third quarter.

Canada's well-being relies on the economic health of the countries that import Canada's exports. The prospect of improved conditions, even if they indicate slow recovery, implies a positive sign for the Canadian export industry.



The OECD qualified that the prospect for a slow recovery means governments would be wise not to discontinue current stimulus and monetary policy until arriving at a more robust upturn.



Topics for Home Buyers and Owners



Tips for First-Time Condo Buyers



Condos are often a great way for first-time buyers to begin their venture into real estate ownership.

Here are a few tips to consider:

1. Visit the condo and neighborhood in the evenings and on the weekends to get a better feel of what living in the community will entail.
2. Review the condo association's documents. It may cost a fee to view these documents, but it could be an important investment.
 - Are any owners behind on their payments?
 - What repairs have been done?
 - What repairs or renovations have been planned?
3. Consider the monthly condo association fee as it relates to your pre-approval. An unusually high fee may impact the mortgage you qualify for.



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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