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# Commentary

All around signs appear to be brighter than they were this time last year – banks are profitable, confidence is up, employment is on the upswing lately, and the housing market is moving. Ottawa's Centre for the Study of Living Standards reports shows that consumption has grown in "leaps and bounds" from \$30,000\* per person in 1981 to \$50,000\* in 2008. That's per person, with the average Canadian family being 2.37 people. That brings consumption per family to \$118,500 for the average family.

The upcoming Olympics are expected to provide a beneficial influx of money for Canada and for Vancouver. The small business sector in British Columbia has the most optimistic outlook of all provinces in the country, most likely due to the games. The dramatic 253% increase in home sales in the Greater Vancouver area could also be partly fueled by the Olympics.

The country appears to have traveled quite a distance over the past year – from the verge of the next depression last year to what appears to be an economy that's found its way to firmer footing. One example is that most consumers planned on spending more this year on gifts for the holidays this year than last year.

With some concerns that the housing market has rebounded too much, too fast; it is important to keep in mind is that year-over-year increases are compared to an unusually weak year.

\* Adjusted for inflation to 2009 dollars and includes government spending



# The Numbers That Drive Real Estate

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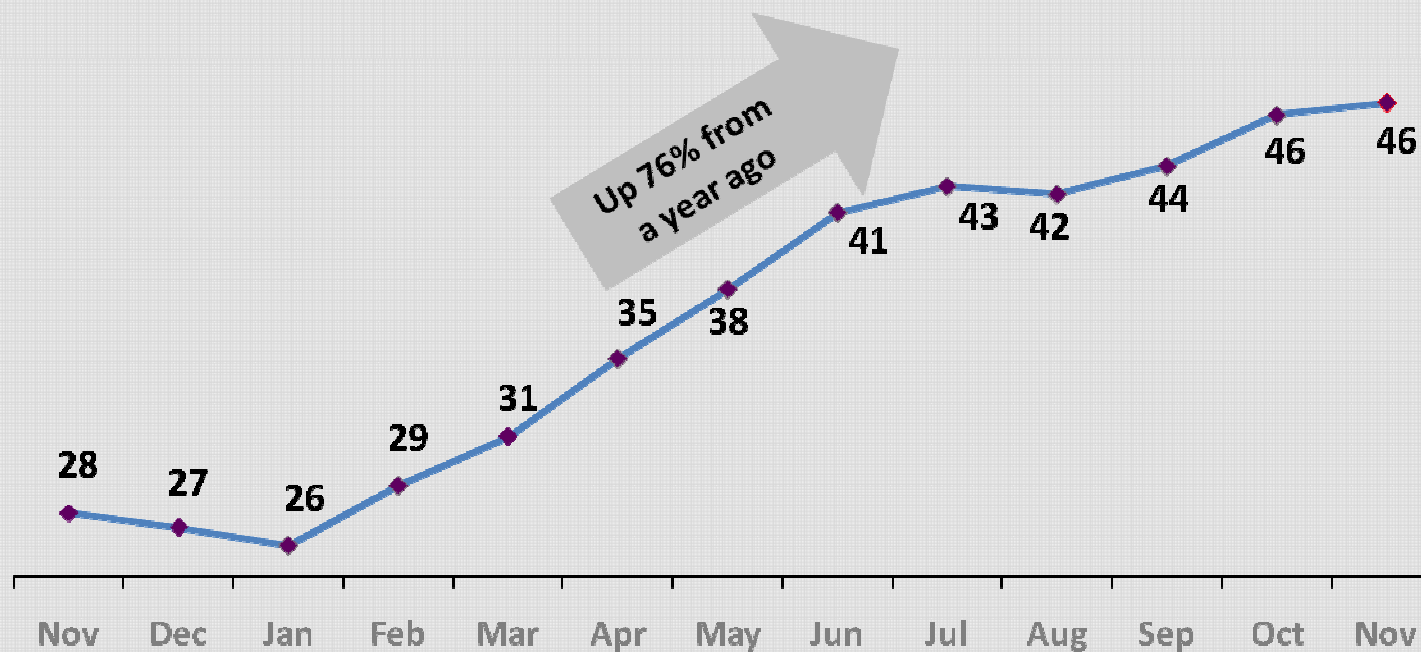


# Home Sales

## *In Thousands*



**Sales activity remained upbeat in November.** National resale housing activity had a record-breaking month with 46,450 units trading hands. This stands in sharp contrast to weak activity seen one year ago and is 76 percent above the decade low reached in January. Low interest rates, coupled with upbeat consumer confidence, continue to bolster national sales activity.



Data released on December 15, 2009

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

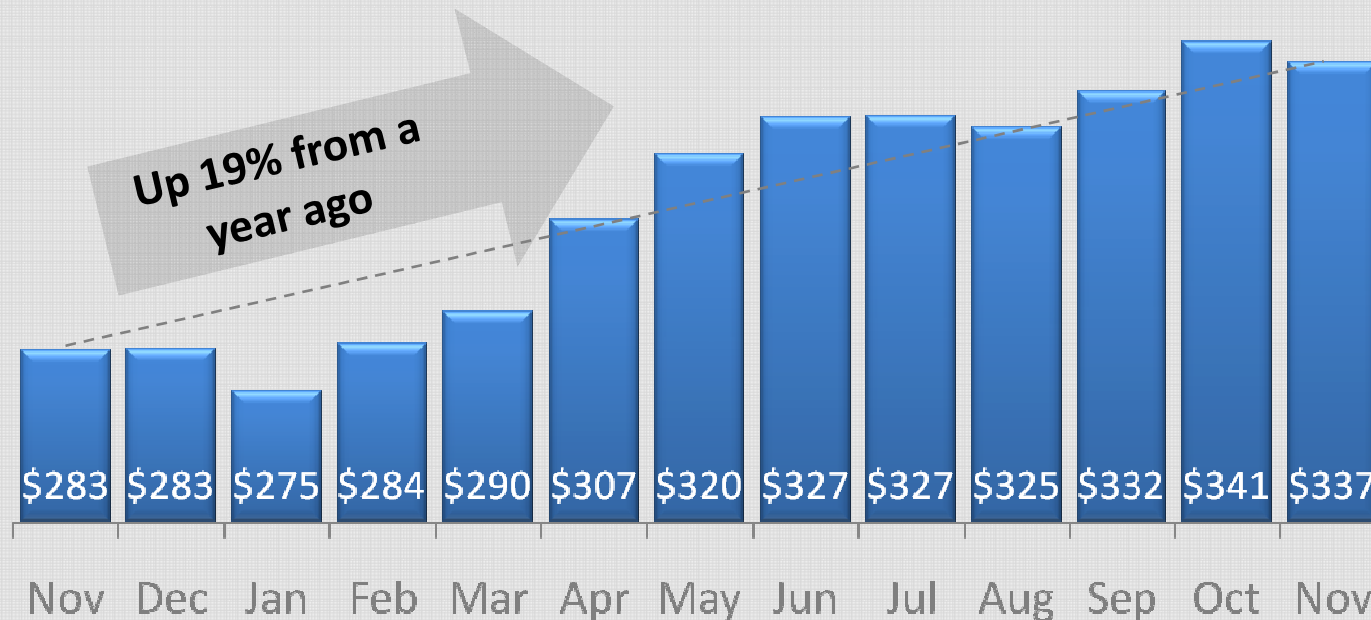


# Average Home Price

## *In Thousands*



The national average home price reached new heights in November, rising 19 percent to \$337,231 from the same month last year. This year-over-year increase continues to underscore the sharp rebound in Canada's priciest markets.



Data released on December 15, 2009

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

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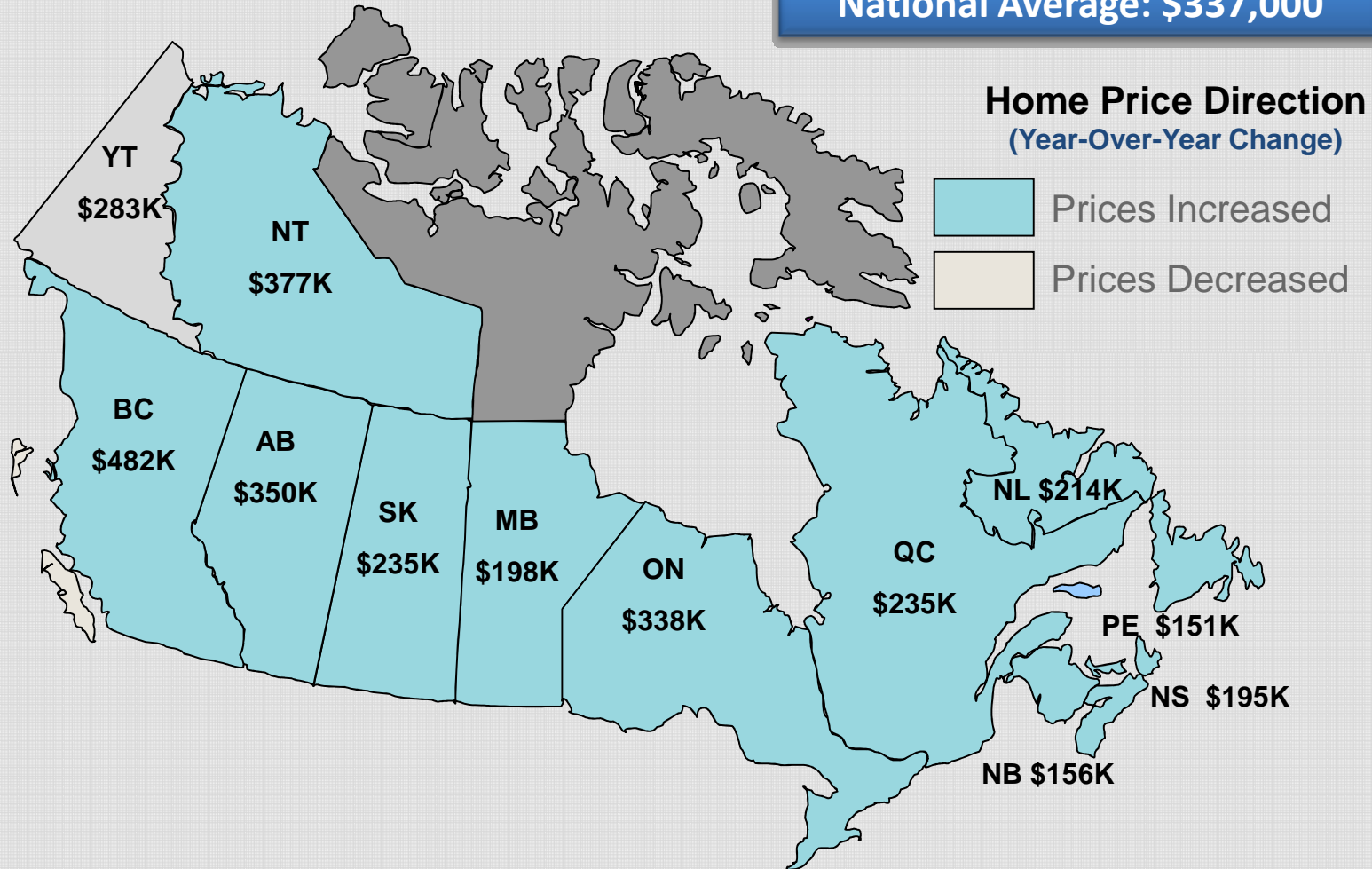


# Home Prices by Province and Territory

*11 out of 12 experienced an increase in home price*



**National Average: \$337,000**





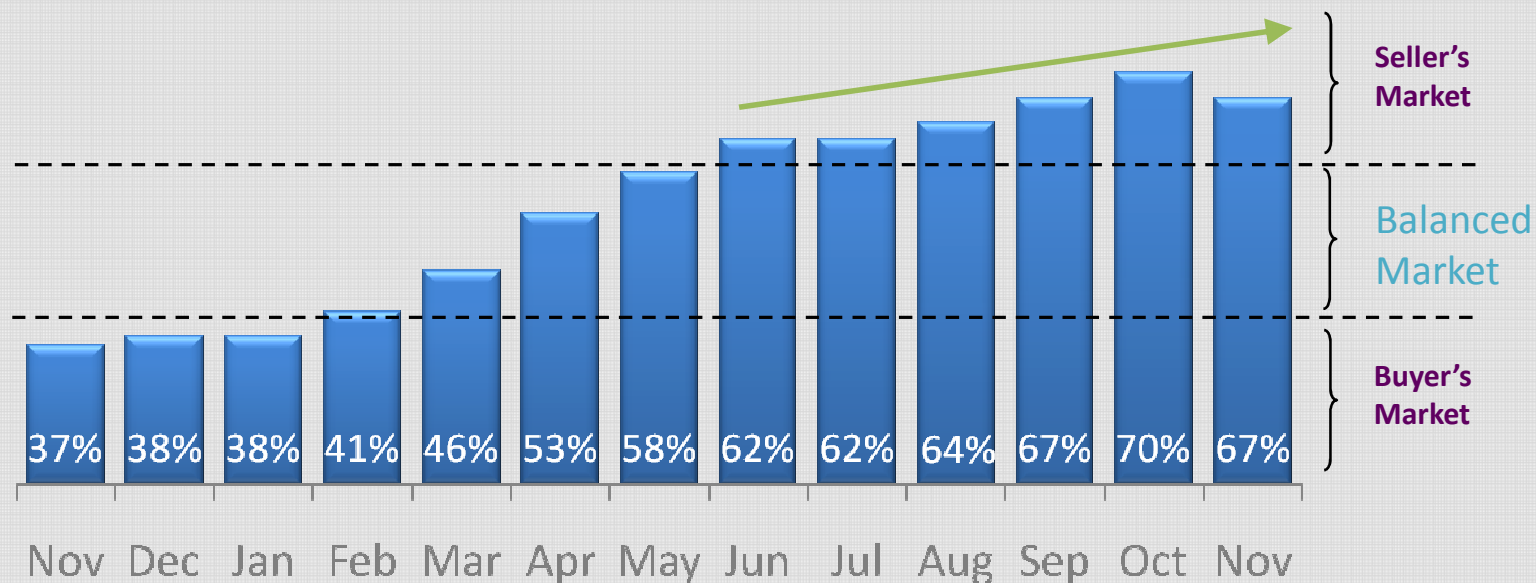


# Inventory – *Number of homes available for sale*

## *List-to-Sell Ratio*



Strong rebounds in home sales activity and average price gains are beginning to draw more sellers back to the market. New listings fell 8 percent from November 2008 but rose 5 percent on a month-over-month basis to 69,110 units. Even with the uptick in new listings, the strong increase in housing demand continues to draw down inventories. Nationally, there were four months of inventory in November, the lowest level in more than two years. The sales-to-listings ratio was 67 percent, signaling a strong seller's market.





# Mortgage Rates

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



In November, the 5-year conventional mortgage rate edged down to 5.49 percent, 1.26 percent lower than this time last year. As the Bank of Canada reiterates its commitment to hold its benchmark overnight lending rate steady at 0.25 percent until the end of the second quarter of 2010 and with the overall risk to the inflation outlook tilted slightly to the downside, it suggests that the Bank could leave rates unchanged even longer than expected.







# Recent Key Events

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# Bank of Canada

*December 2009*



In its most recent meeting, the Bank of Canada said that the recovery is becoming more firmly rooted and that it expects its growth forecasts to happen as pictured. The Bank of Canada once again held firm to its commitment to keep rates at

their current 0.25 percent until mid-2010. While a strong loonie still represents some risk, it has remained slightly below the Bank's assumption.

The Bank also heeded caution about the level of debt that consumers are taking on, reminding them to keep the long term in mind since rates will not stay low forever. Those who are taking out adjustable rate mortgages must particularly keep this in mind. As rates increase, their payment will as well. The bank and the finance minister reminded buyers to ensure they are in a financial position to handle increases.

# Exports Jump – Move to Trade Surplus

*November 2009*



The Canadian economy heavily depends upon trade, particularly on exporting. Due to its close proximity, most of the exports find their way south of the border into the United States. With a hard-hit U.S. economy over the past year, demand from the United States for Canadian products dropped off. Given a better economic climate in the U.S. recently, last month's demand was up and pushed Canada back up into positive trade surplus territory for the first time in four months.

Much of the economic activity over the past few months has come from domestic demand – Canadians are taking advantage of low interest rates and the banks



that will make loans and buying Canadian products with it. So far, this has helped fuel the recovery. While it is too early to know if the increase in exports will become a trend, it is a positive sign. A sustained increase in exports would help take some of the pressure off domestic demand and add additional fuel to the fire in arriving at a truly sustainable recovery.

# Job Postings on the Rise

## *Help-Wanted Index Rises in November*



Indicating that employment will likely be on the rebound over the coming months, the help-wanted index for November was up for the fourth consecutive month.

Most provinces, excluding only Newfoundland and Labrador, saw a rise in job postings. The Conference Board of Canada, the author of the index, stated that this suggests that labour markets across the country have possibly hit bottom.

November's employment numbers overwhelmingly beat forecasts of 15,000, coming in at 79,000 new jobs. Most of those jobs were concentrated in the services sector. The rise in the help-wanted index could point to a continued trend of increasing employment throughout the country.



# Topics for Home Buyers, Sellers, and Owners

Salary Freeze  
Expected to Thaw

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# Salary Freezes Expected to Thaw in 2010



According to a survey by Towers Perrin, half of the firms they interviewed froze salaries in 2009, but only 11 percent are expecting to in 2010. This is great news for your average consumer – they can now put the extra from the salary bump toward savings or spending on the many great opportunities with low interest rates, including a new home.

Senior executives, however, may need to wait a little longer as one in five are expected to continue to have their salaries frozen. It's unclear yet if salaries for the highest earners are readjusting to a new norm or if this will be temporary.

Most salaries are expected to regain much of the ground they lost in 2009. Median salary increases are expected to be 2.5 percent.



# 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 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 navigate you through the process of buying or selling a home in this challenging market.

# 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.

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 grow and thrive in today's market.

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