



This Month in Real Estate

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Commentary

The housing market's balanced position remains firm. Sales activity is up 39% from the recessionary low of December 2008, while a regulation-induced surge of multi million dollar home sales in some of Canada's priciest and most active markets continues to skew average home prices upward.

After strong economic growth in the first quarter, GDP stalled in April. This is better than the slight decline that was forecasted based on slow manufacturing and wholesale trade, which were hampered by the events in Japan. The historically low interest rates, better energy prices, and conditions in Japan are expected to support growth in the second half of the year. This slowing of the economy may encourage the Bank of Canada to leave the interest rate at 1% for the near term.

Meanwhile, improved affordability, balanced markets, and low mortgage rates are proving favorable to both buyers and sellers.



The Numbers That Drive Real Estate

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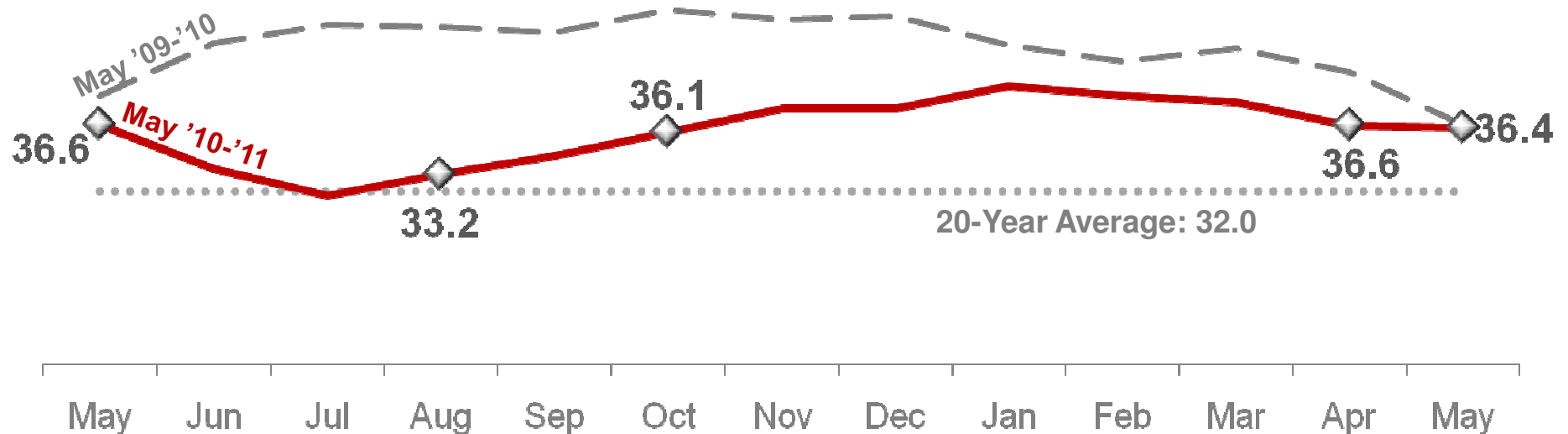
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Home Sales

In Thousands



Resale housing activity remained stable between April and May and, for this first time in more than a year, was on par with year-ago levels. While the sales activity has been more stable during 2011 than 2010, last year's instability will impact the year-over-year comparisons in the next several months. "The Canadian housing market has seen some big ups and downs in recent years, making national sales activity so far this year look like something of a Goldilocks story by comparison - not too hot, not too cold," said Gary Morse, CREA's president.

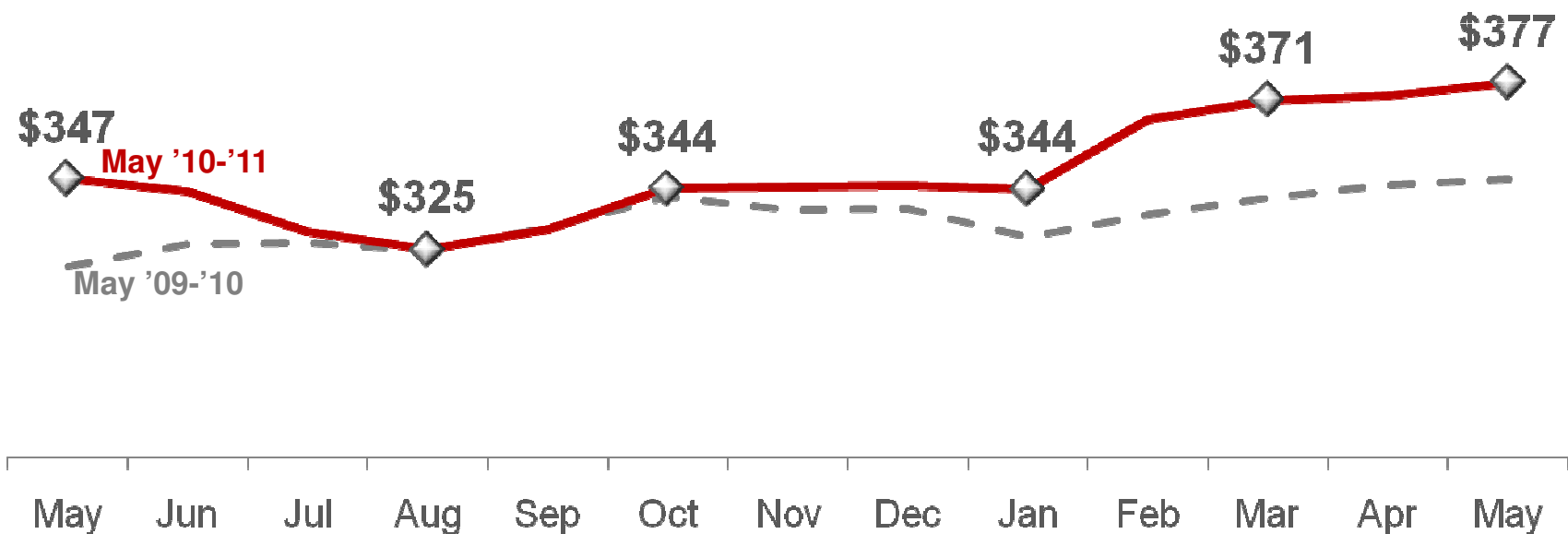


Home Price

In Thousands



The average home price in April stood at \$376,817—up 8.6% from a year ago. April marked the fourth consecutive month in which the national average price was up 8% year over year. Average home prices continued to be skewed upward by an upsurge of sales in the country's priciest areas. Overall, long-term stability is expected to resume after the impact of the changing mortgage regulations starts fading and pricey neighborhood sales return to normal levels.



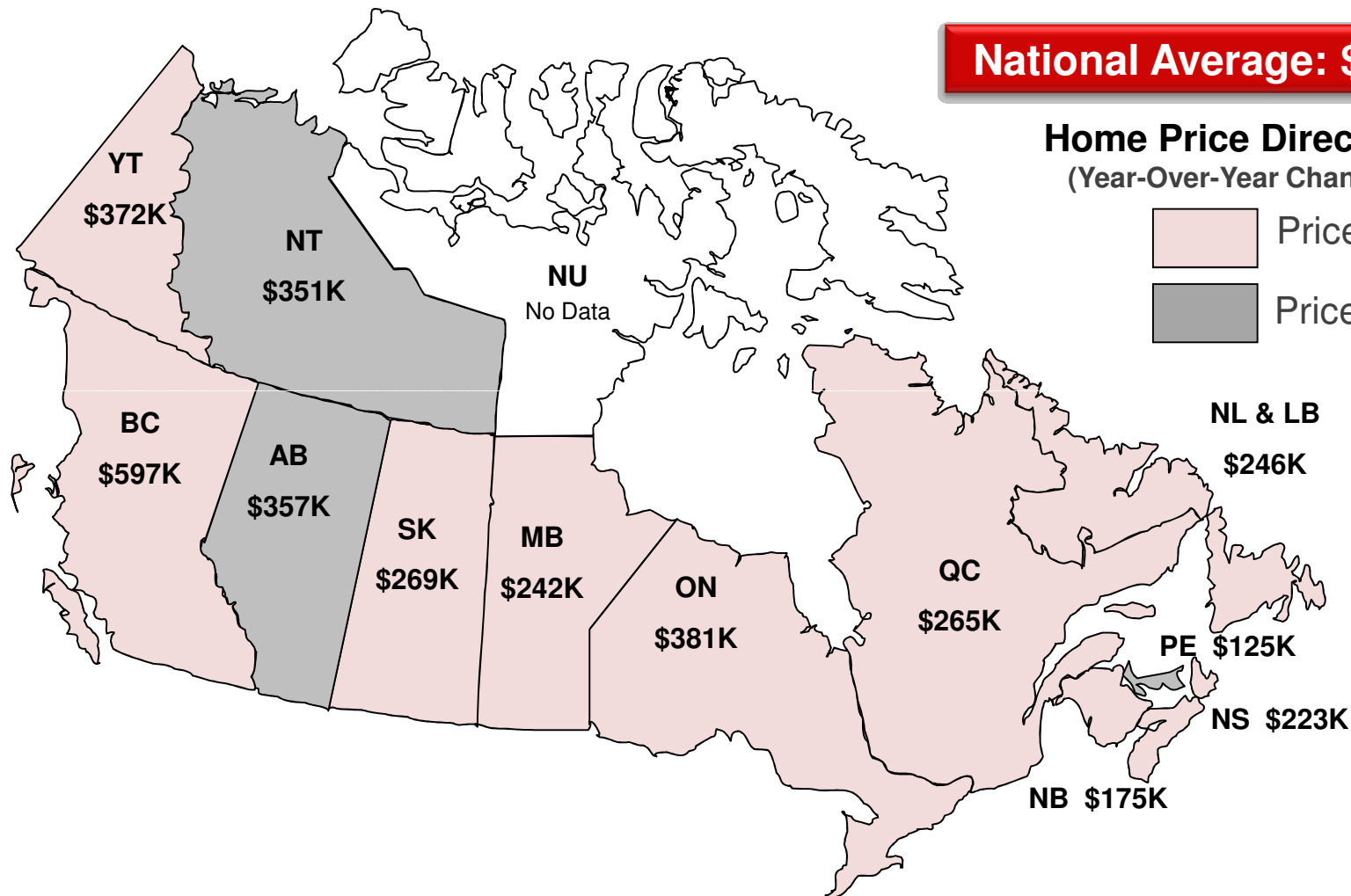
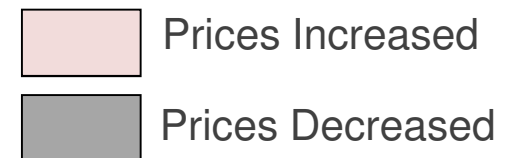
Home Prices by Province and Territory

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



National Average: \$376,817

Home Price Direction
(Year-Over-Year Change)

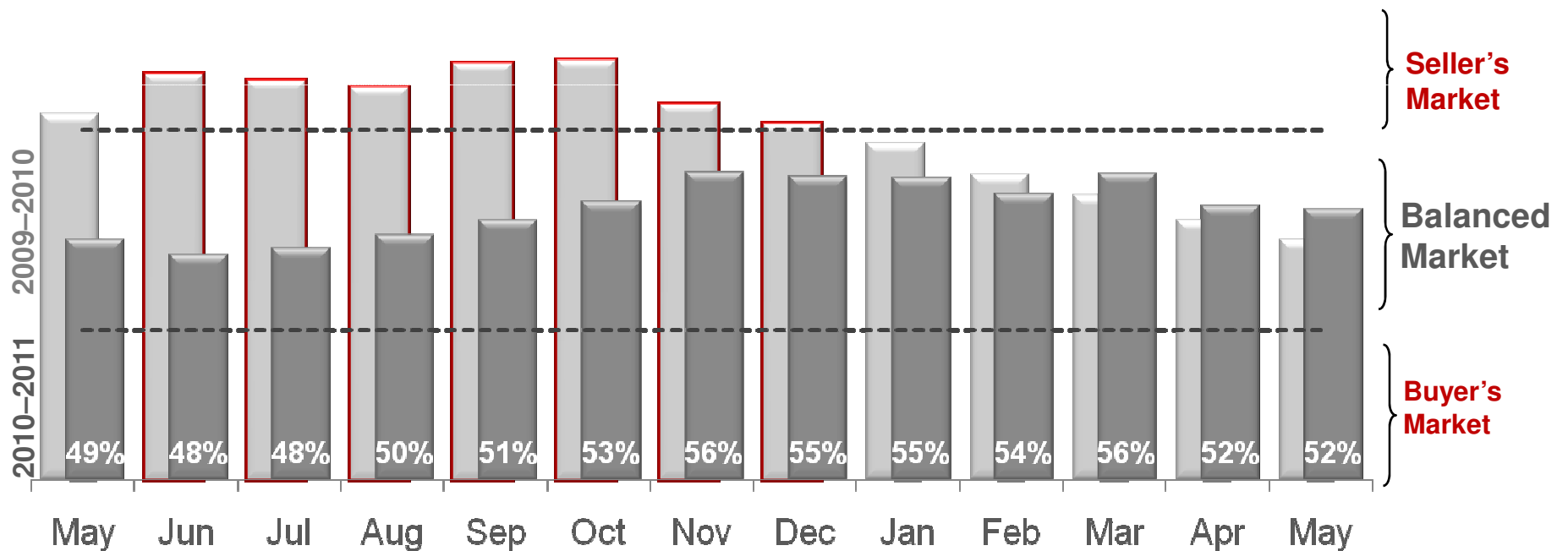


Inventory — *Number of homes available for sale*

Sales-to-New Listings Ratio



The national housing market remained steadily in balanced territory in May, as illustrated by the sales-to-new listings ratio. More than three-fifths of local markets in Canada were balanced in May with almost half of the remainder classified as seller's markets. The months' supply of homes on the market remained stable and is currently at 6.1 months. Balanced inventory is a good sign for the housing market moving forward.



Mortgage Rates

Average for 25-Year Amortization, 5-Year Term



Low interest rates and stabilizing home prices are bringing homeownership within reach for an increasing number of Canadians. As widespread global recovery gains a stronger footing, rates are expected to increase to keep inflation near the 2% target. In fact, rates have already started to come back up to last year's level from record lows in December and January.

Type	Rate
1-Year Mortgage	3.50%
3-Year Mortgage	4.25%
5-Year Mortgage	5.39%
Historical Average	9.78%



Special Report

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Tips for Selling Your House

1. Price it right. Studies show that when homes are priced to sell, they not only sell faster, they ultimately command a higher price than homes that sit on the market and get perceived as “stale.”

2. Consider a presale inspection. This will help you to know what items need to be fixed before your home goes on the market. Repairs and concessions made during the negotiation process can end up costing sellers more. KW Research reveals that in 2010, 89% of move-up and 82% of first-time buyers purchased a home in good to excellent condition. 75% of sellers started making repairs 1–8 weeks before listing.

3. Higher may not always be better. While a higher offer can be tempting, be sure to consider the whole offer. An offer without contingencies, conditions, and with a higher down payment may be a more solid deal.

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 your real estate market.

Talk to your KW associate for assistance interpreting the conditions in your local market.



KW associates are equipped with the knowledge and information to help navigate through the home-buying or selling process in any market.

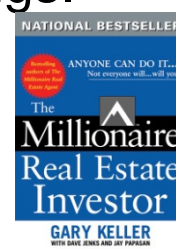
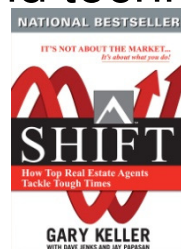
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