THIS MONTH IN REAL ESTATE

CANADA

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KW Research

Commentary

The housing market has returned to normal and balanced levels. Sales activity is still midway between the recessionary low of December 2008 and recovery high of December 2009. Over the past quarter, affordability improved in every market, making homeownership more attractive to buyers who have waited to enter the market.

Although there have been recent signs that the global economic environment is still fragile, such as the European debt crisis and the mid-year slowdown in the U.S. economy, the outlook in Canada remains positive. Despite sluggish exports, overall economic growth continues. Unemployment unexpectedly improved to 7.6%. The net worth of Canadians has risen to a new high, erasing the losses from the recession. Even though an increase in mortgages gave way to an influx of new debt, the rise in both assets and net worth has pulled debt-to-assets and debt-to-net worth down from the high. This bodes well for consumer confidence.

“Following the chilling lows at the onset of the recent recession and the dizzying heights during the subsequent recovery, the national housing market appears to be returning” to normalcy, says Gregory Klump, chief economist at CREA. Moving forward, he cites rising rates and weak job growth as factors that are responsible for keeping sales activity and price appreciation stable and slower than seen during the recovery. With improved affordability, balanced markets, and record low mortgage rates, there are ample opportunities for both buyers and sellers.

Sources: CREA, Royal Bank of Canada

The Numbers That Drive Real Estate

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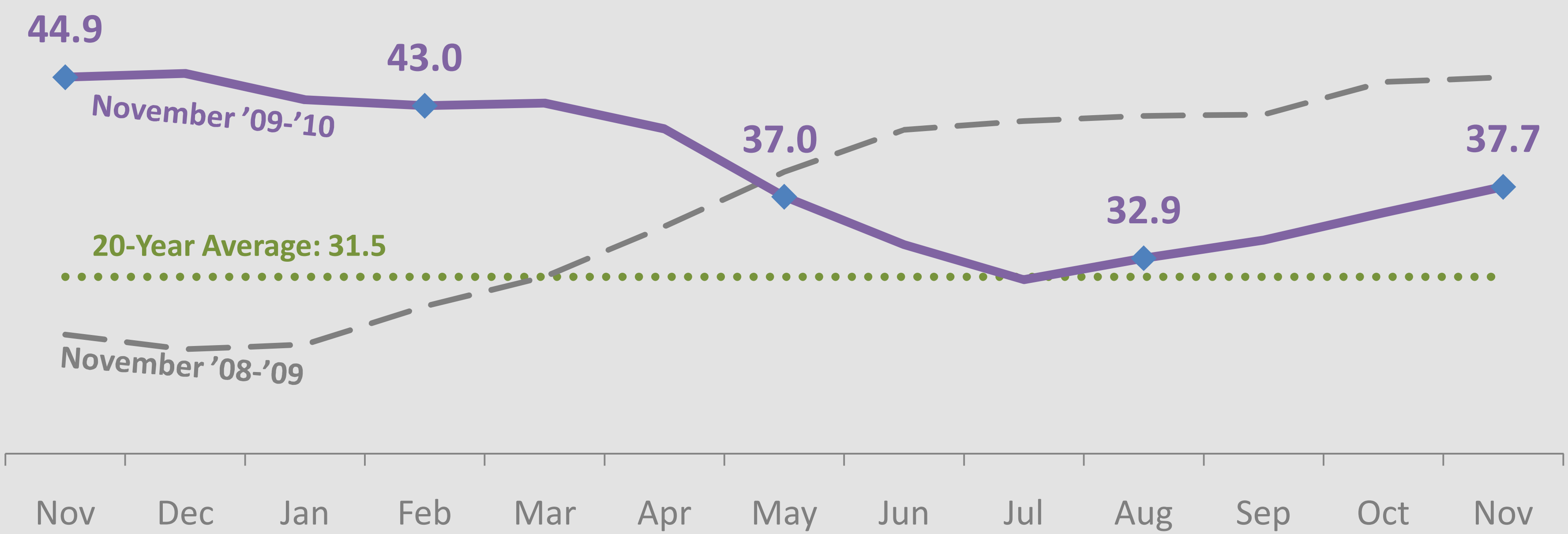
Home Sales

In Thousands

Resale housing activity rose for the fourth consecutive month in November, with home sales increasing 4.8% over the previous month. This monthly rise in activity builds on similar increases during the previous 3 months, pushing home sales 19.5% above the year's low in July. More than half of provinces and territories posted monthly upward trends, led by Yukon with an 18% increase in sales compared to October.

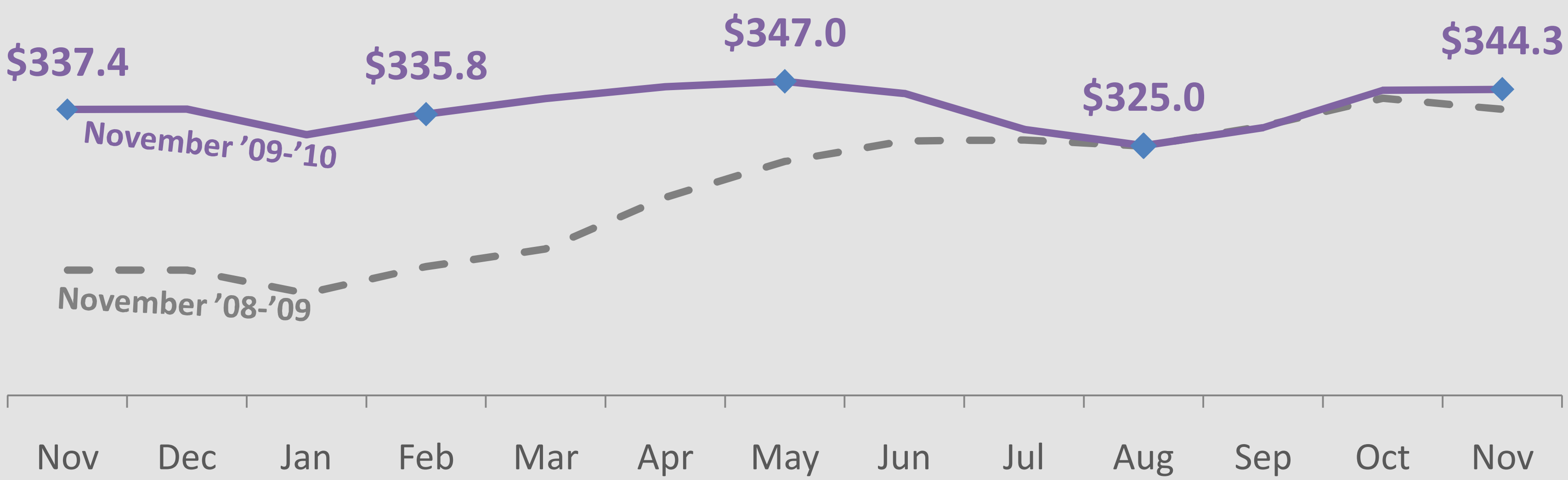


Data released on November 15, 2010
Sources: The Conference Board, CREA, Royal Bank of Canada

Home Price

In Thousands

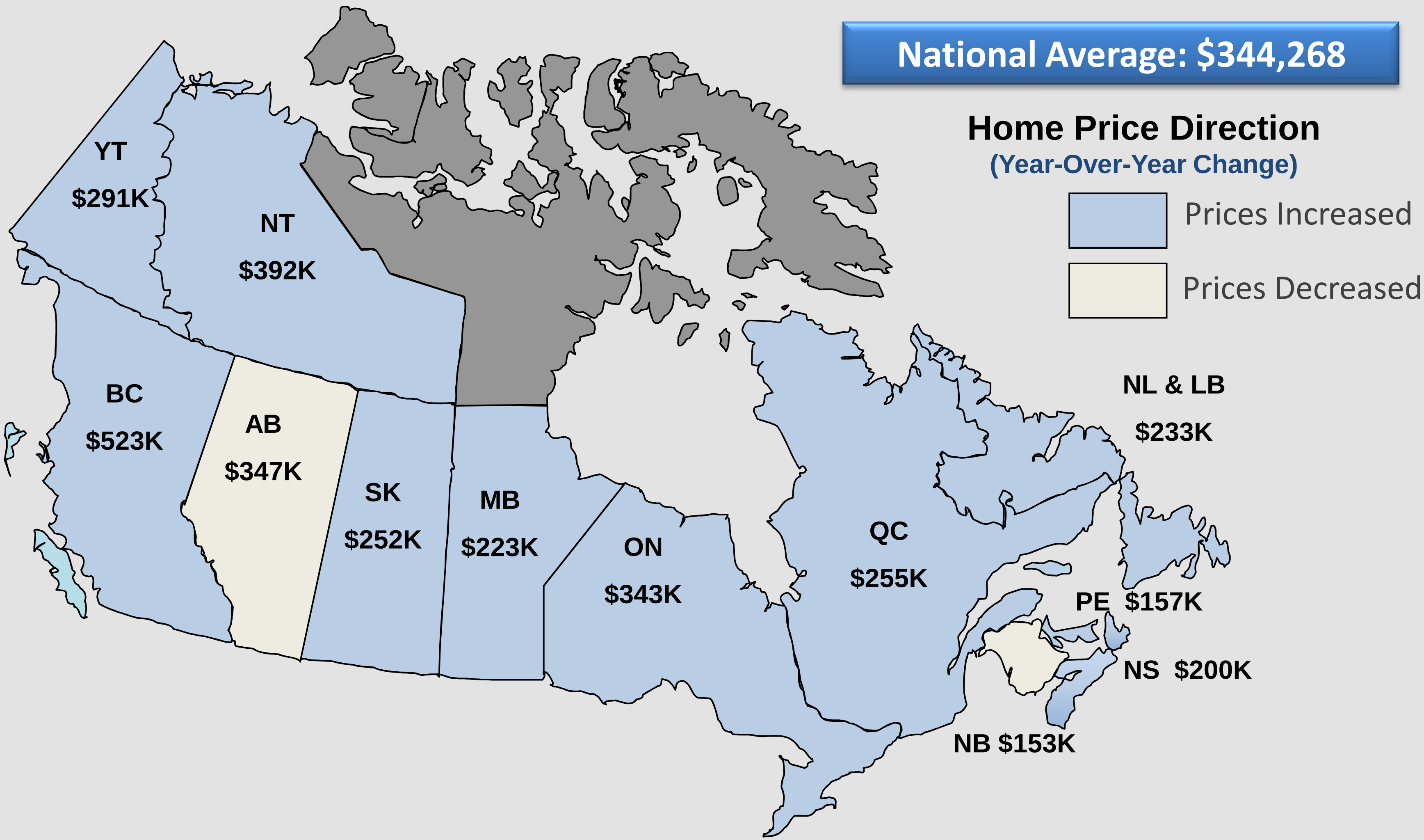
The average home price in November was $344,268, up 2% compared to a year ago and just slightly above the previous month. Prices rose or were stable in more than two-thirds of all markets on a year-over-year basis. Price stability is expected to continue.



Data released on November 15, 2010
Sources: The Conference Board, CREA, Royal Bank of Canada

Home Prices by Province and Territory

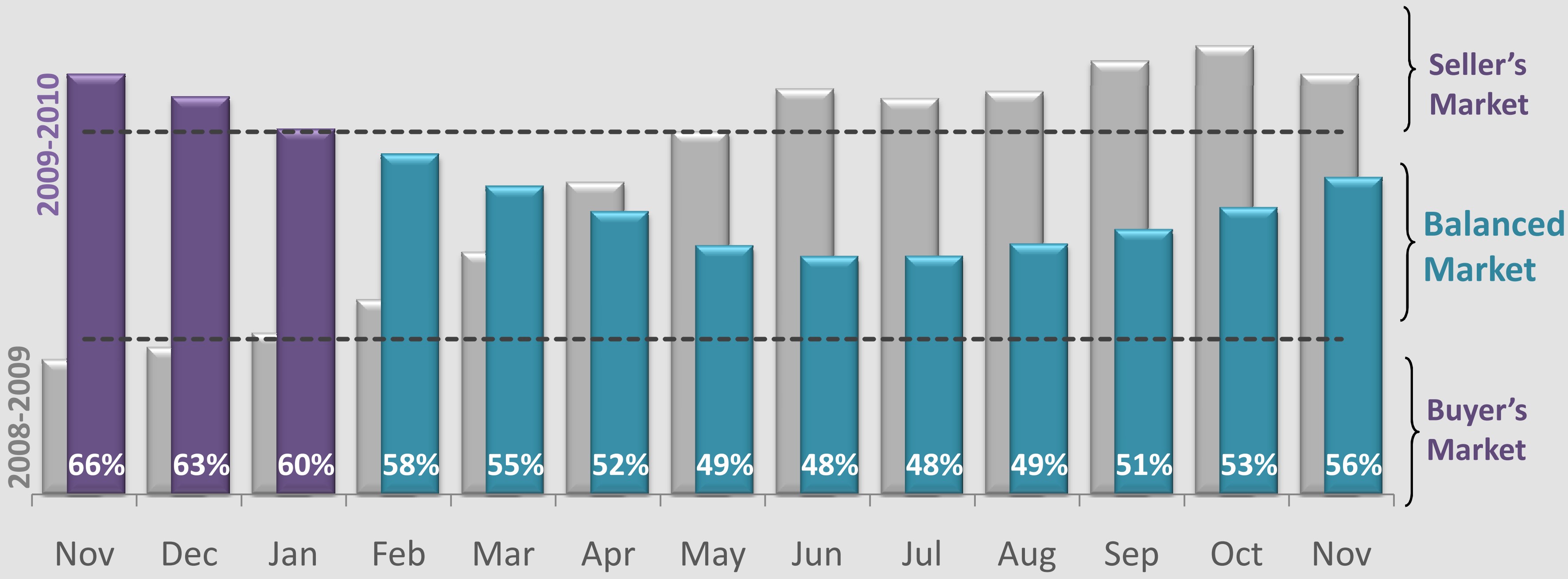
10 out of 12 provinces and territories experienced an increase in home prices



Inventory – *Number of Homes Available For Sale*

Sales-to-New Listings Ratio

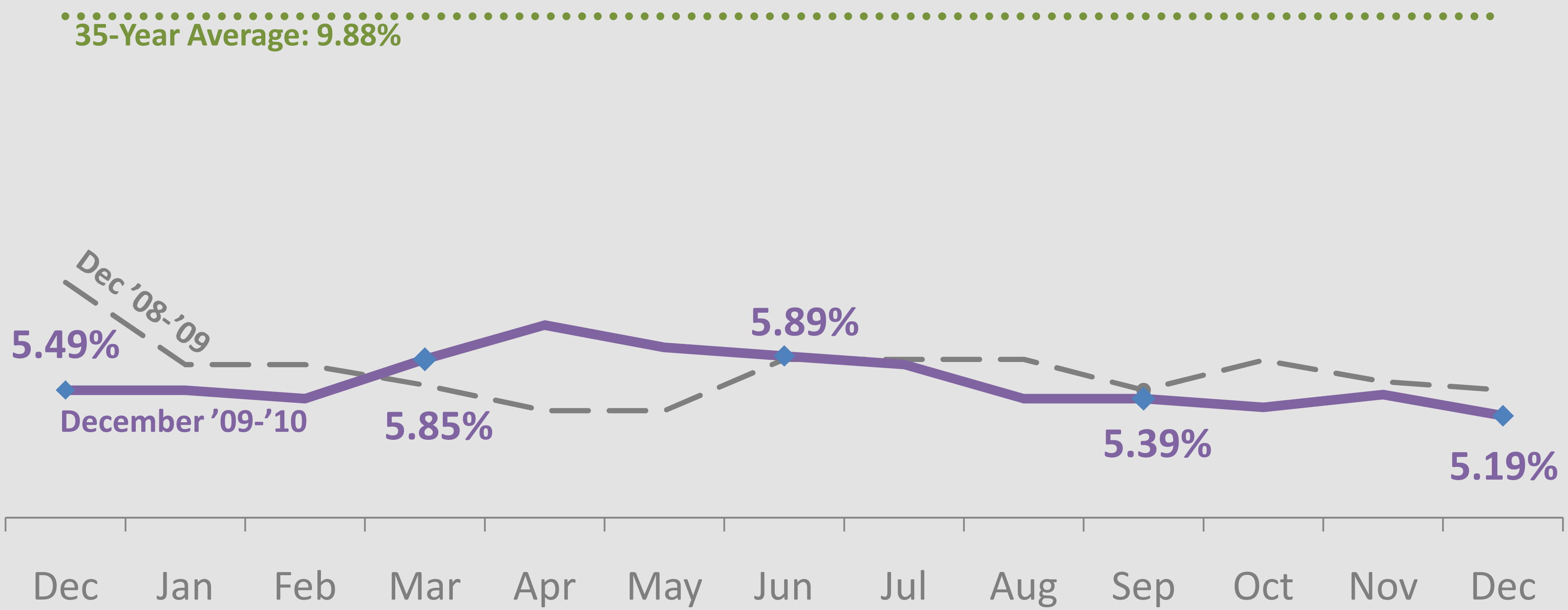
Heightened sales activity has resulted in a surprising improvement in the ratio of sales-to-new listings. 60% of local real estate markets are balanced, while 40% are seller's markets. Experts anticipate a rise in new listings which will draw the remaining seller's markets back into balance. In November, the number of new listings dropped slightly by 0.7%. Improved home sales continued to shrink the months' supply of inventory, now at 5.8 months, which bodes well for further stability in home prices.



Mortgage Rates

Average for 25-Year Amortization, 5-Year Term

Mortgage rates dropped to a record low with 5-year fixed rates averaging 5.19% during December. Low interest rates and stabilizing home prices continue opening up homeownership to an increasing number of Canadians. As widespread global recovery gains further footing, rates will increase to combat inflation and keep it near the 2% target.



Source: Bank of Canada

Special Reports

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Bank of Canada Interest Rate Unchanged

Due to the relative strength of the Canadian economy, the Bank of Canada began increasing the interest rates in May after more than a year at 0.25%. Since then, the Bank of Canada has increased the interest rate 3 times in 0.25% intervals. It now stands at 1%.

The economy is highly dependent on exports which makes Canada particularly sensitive to the economies of the countries to which it exports. The combination of a weaker U.S. economy and a stronger Canadian dollar, which makes it more expensive for Americans to import Canadian products and materials, puts a damper on GDP drawing it down by 3.5% in the third quarter. The European debt crisis has also put a strain on global financial markets. It is important to note that experts do not believe the crisis represents a systematic risk to the global economy.

With inflation close to the 2% target, the Bank is not under pressure to hike rates further. The Bank is expected to keep it steady until the second quarter of 2011, when they anticipate more steady growth from the United States. This provides a window of opportunity for buyers to find a home and capture the advantageous mortgage rates before the Bank increases rates further.

Source: Royal Bank of Canada

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 the knowledge and information to help navigate through the home-buying or selling process in any market.

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The company has succeeded by treating its associates as partners and sharing 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 programs, and technology offerings.

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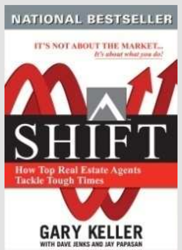

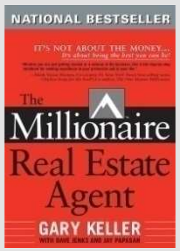

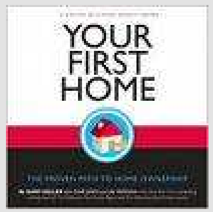

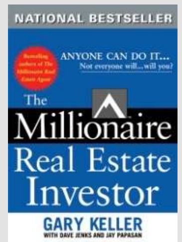

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