



# This Month in Real Estate

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# Commentary

The national housing market remains firmly planted in balanced territory. Year-to-date sales continue to run in line with the ten-year average. While remaining above last year's level, average home prices have moderated to the lowest level since January, reflecting both seasonality in many local markets and diminishing shares of provincial and national sales activity in pricier Vancouver and most recently the Toronto market. A steady number of new homes listed also bodes well for the future.

While debt woes on both sides of the Atlantic remain a downside risk to the outlook, Canada's gradually improving domestic landscape provides some margin of safety. According to the Bank of Canada, "To the extent that the expansion continues and the current material excess supply in the economy is gradually absorbed, some of the considerable monetary policy stimulus currently in place will be withdrawn, consistent with achieving the 2% inflation target."

While a rate hike may be looming over the near-term outlook, interest rates remain historically low and present great opportunity to buy a property with extremely favourable financing.



# The Numbers That Drive Real Estate

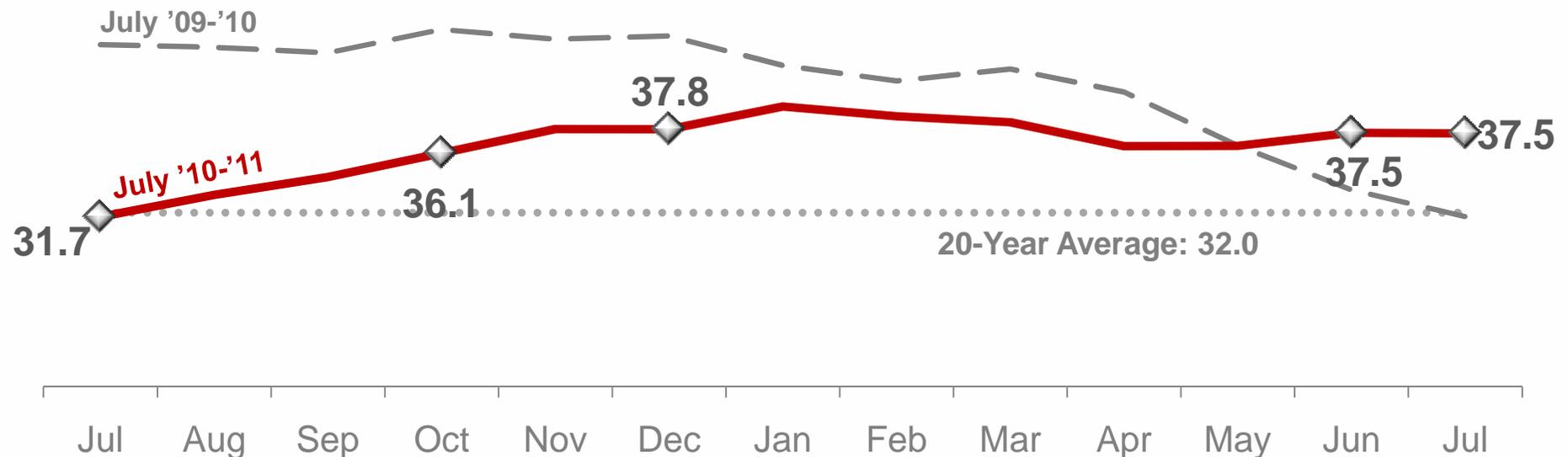
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# Home Sales

*In Thousands*



Resale housing activity was stable from June to July, and was 18% above last July. This is the second time since April 2010, sales were above year-ago levels. Home sales are expected to continue on a steady path after a period of robust growth over the past decade. “The continued stability in national sales activity shows that home buyers remain confident about the soundness of investing in a home,” said Gary Morse, President of The Canadian Real Estate Association.

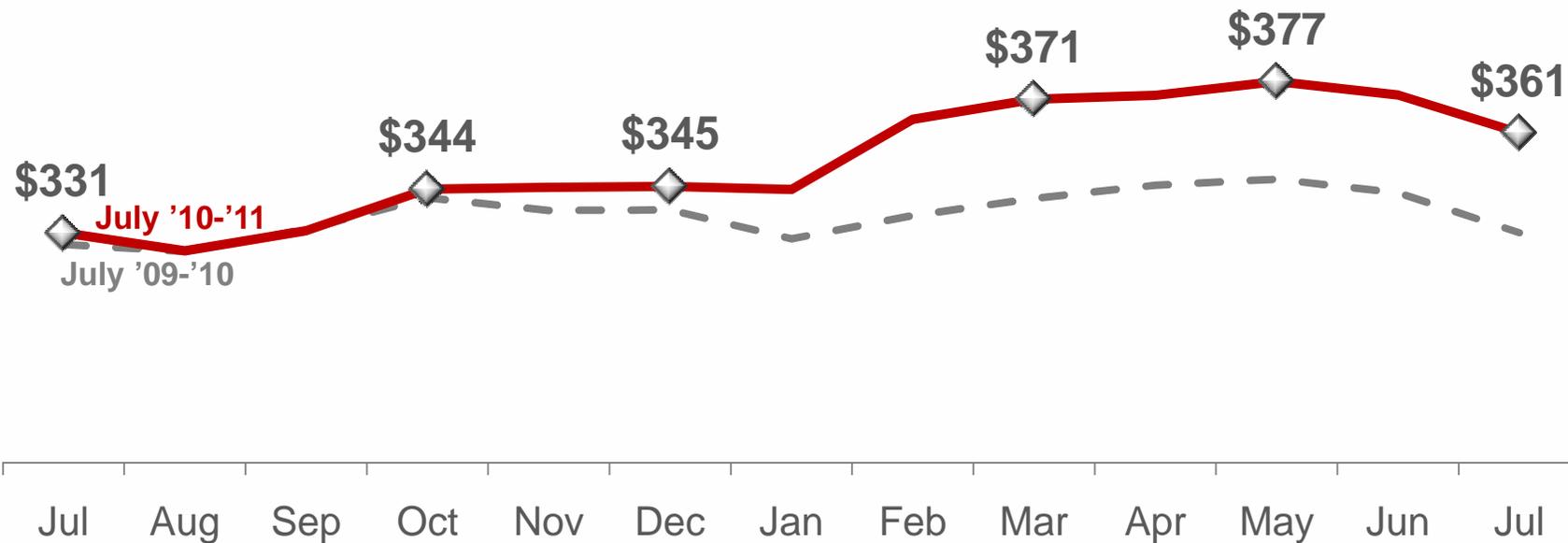


# Home Price

*In Thousands*

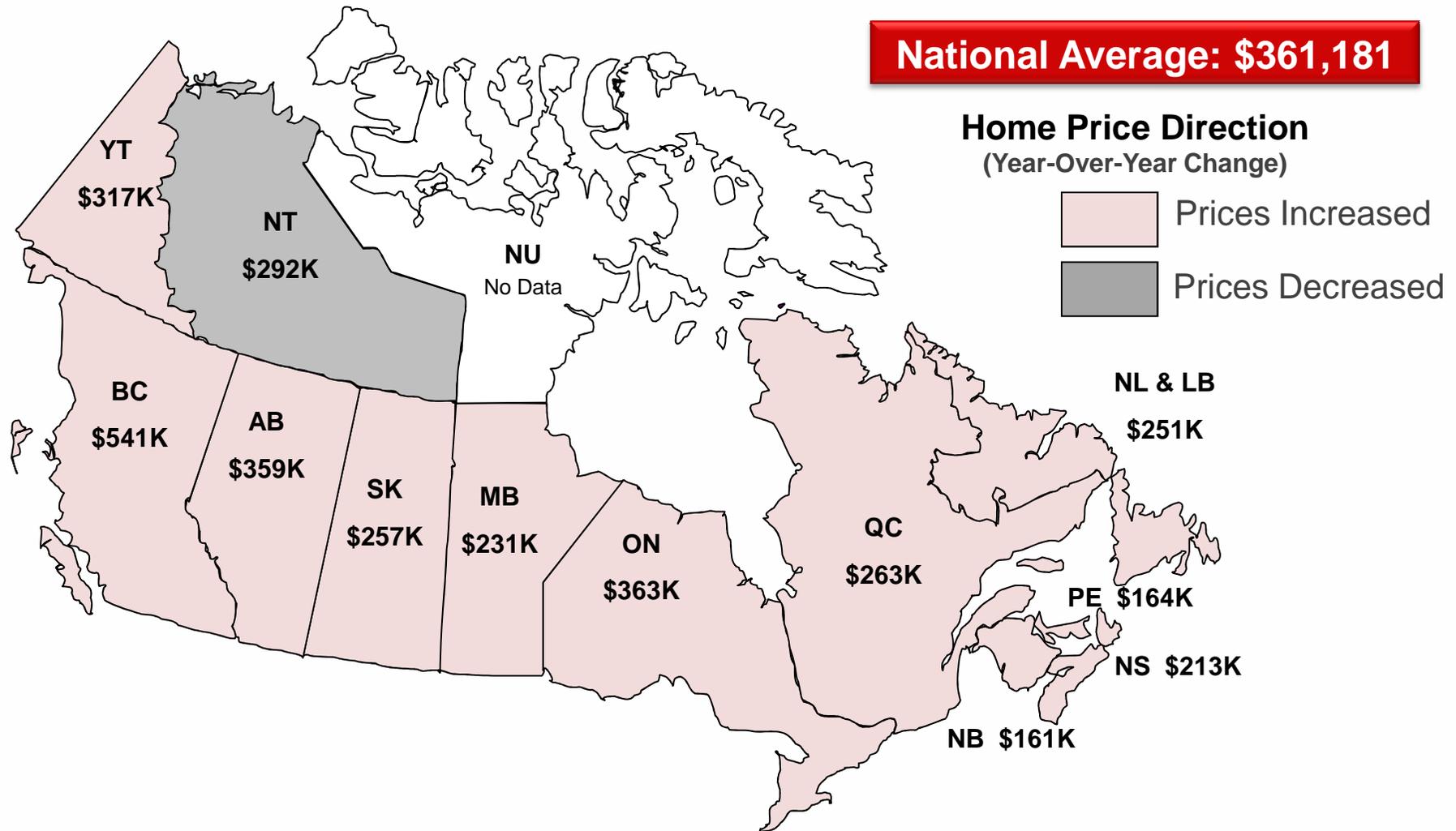


The average home price in July stood at \$361,181—up 9.27% from a year ago. This July marked the sixth consecutive month in which the national average price was up at least 8% year over year. Since the beginning of the year, the number of sales in the country's priciest areas skewed the average price upward, and the decline in average price from June to July reflects the more typical level of sales in those areas.



# Home Prices by Province and Territory

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

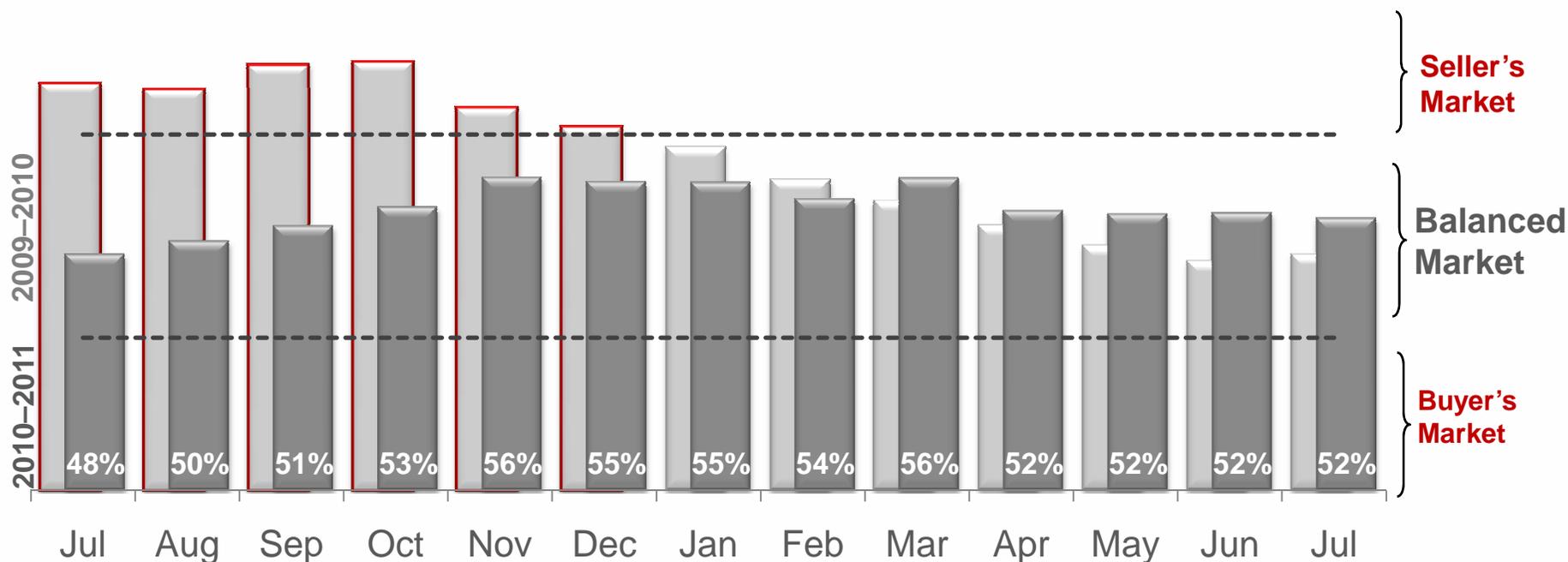


# Inventory — Number of homes available for sale

## Sales-to-New Listings Ratio



The national housing market remained steadily in balanced territory in July, as illustrated by the sales-to-new listings ratio. More than three-fifths of local markets in Canada were balanced in July with half the remainder classified as seller's markets. The months' supply of homes on the market remained stable and is currently at 6.1 months, virtually unchanged from June's 6.0 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. Rates have already started to return to last year's level from record lows in December and January.

Type	Rate
1-Year Mortgage	3.50%
3-Year Mortgage	4.35%
5-Year Mortgage	5.39%
Historical Average	9.78%



# Special Report

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# Home Updates

As the weather gets cooler, some homeowners could be considering undertaking home renovations or updates before the holiday season. Here are a few findings about updates and home sales:

- Homeowners typically spend considerably more on updates to their home when planning to live in and enjoy it, with an average of nearly \$9,000.
- In contrast, they only spend an average of \$3,400 when making updates in preparation to sell.
- The most common updates sellers performed before listing were paint, flooring, and light fixtures.
- Although the majority of buyers were least likely to compromise on the location, 16% were least likely to compromise on updates.
- 75% of homes sold were either fairly updated or very updated.
- Sellers began repairing their home 1 to 8 weeks in advance of listing.

# 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.

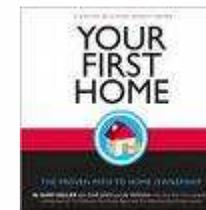
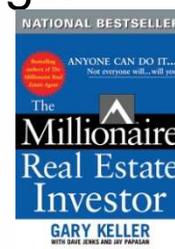
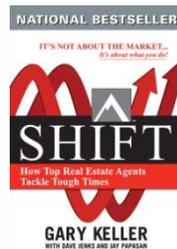
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The company has succeeded by treating its associates as partners and sharing its knowledge, policy control, and company profits on a systemwide basis.

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