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# Commentary

Canadian housing market is returning to normal, as evidenced by home sales activity which now stands halfway between the recessionary low in December 2008 and the record high in December 2009. New listings are keeping pace with sales activity, which has helped to maintain a balanced market since the spring.

Amidst an uncertain economic landscape globally and in the United States, the outlook of a strong upward momentum for Canada's economy has been tempered somewhat. Recent developments are pointing to a slowdown underway and have not been supportive of monetary tightening.

While suspense is building up about the next rate hike by the central bank, rates are still at rock-bottom levels and there is still plenty of monetary stimulus. "The continuation of low interest rates is supporting sales activity, which has been improving over the past few months in a number of major markets including Vancouver," said Georges Pahud, CREA's President.



# The Numbers That Drive Real Estate

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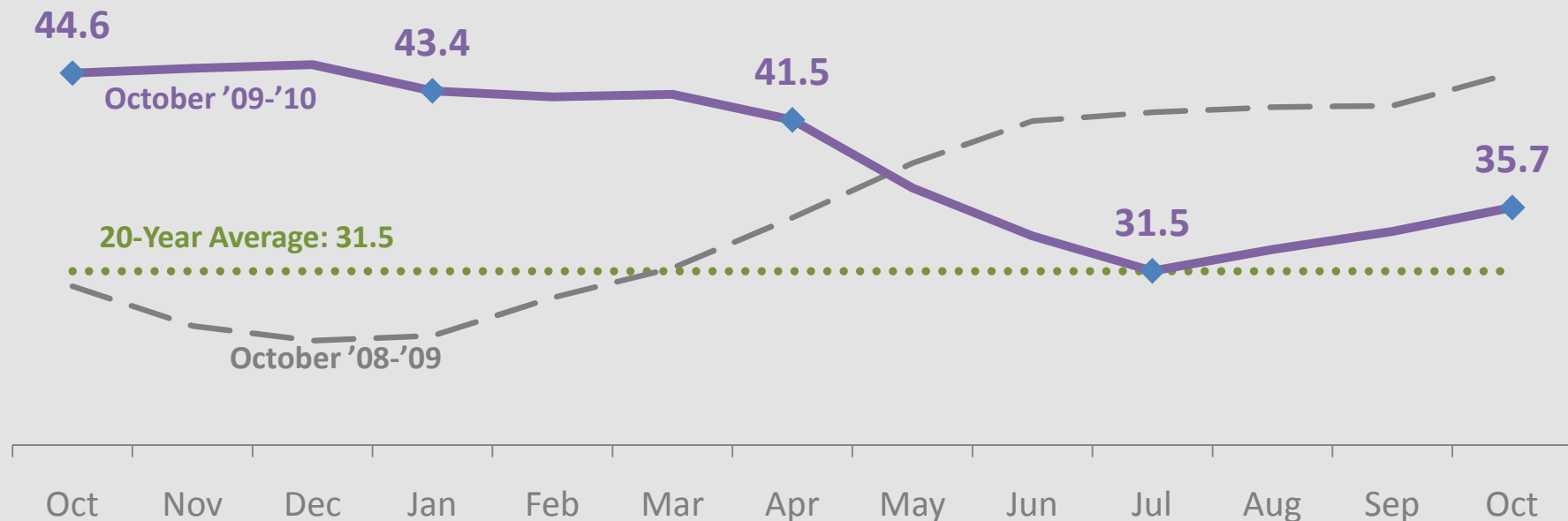


# Home Sales

## *In Thousands*



Resale housing activity rose for the third consecutive month in October. Home sales climbed 4.6% over September. This monthly rise in activity builds on similar increases in August and September, pushing home sales 13.3% above July levels. Three-quarters of local markets posted monthly upward trends, led by Toronto and Vancouver.



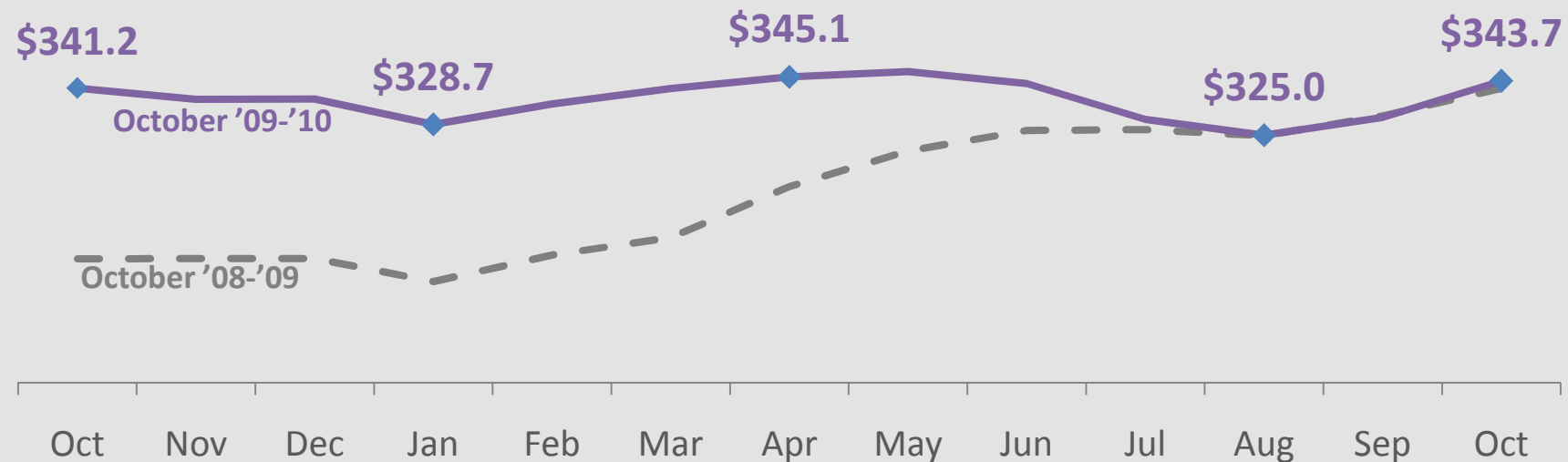


# Home Price

## *In Thousands*



National home prices remained stable as reflected in year-over-year comparisons. The price of homes sold in October averaged \$343,747, up less than 1% compared to a year ago. Average prices rose or were stable in more than three-fourths of all markets on a year-over-year basis. Average price trends are expected to further stabilize in keeping with a balanced market.

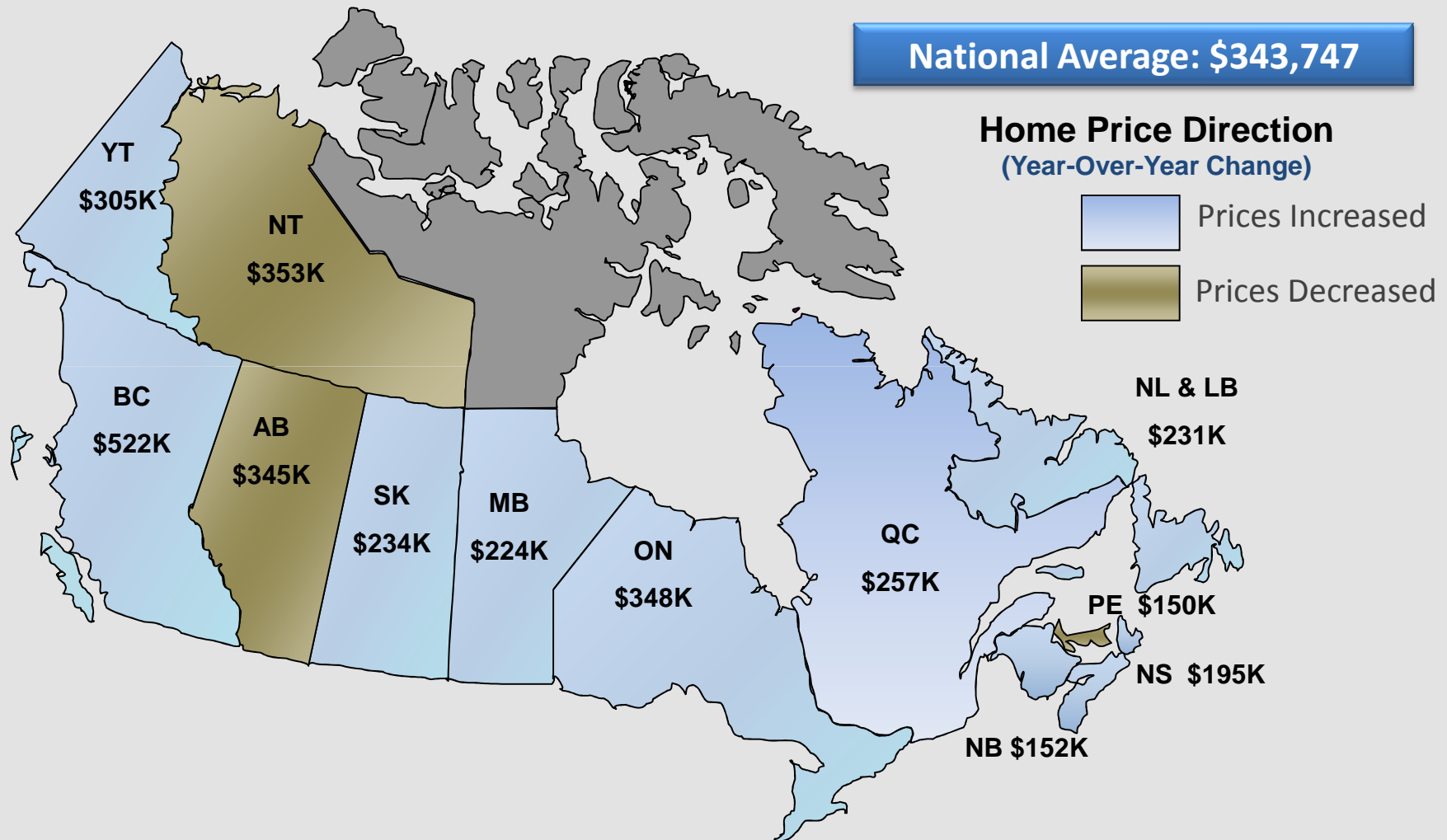




# Home Prices by Province and Territory



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



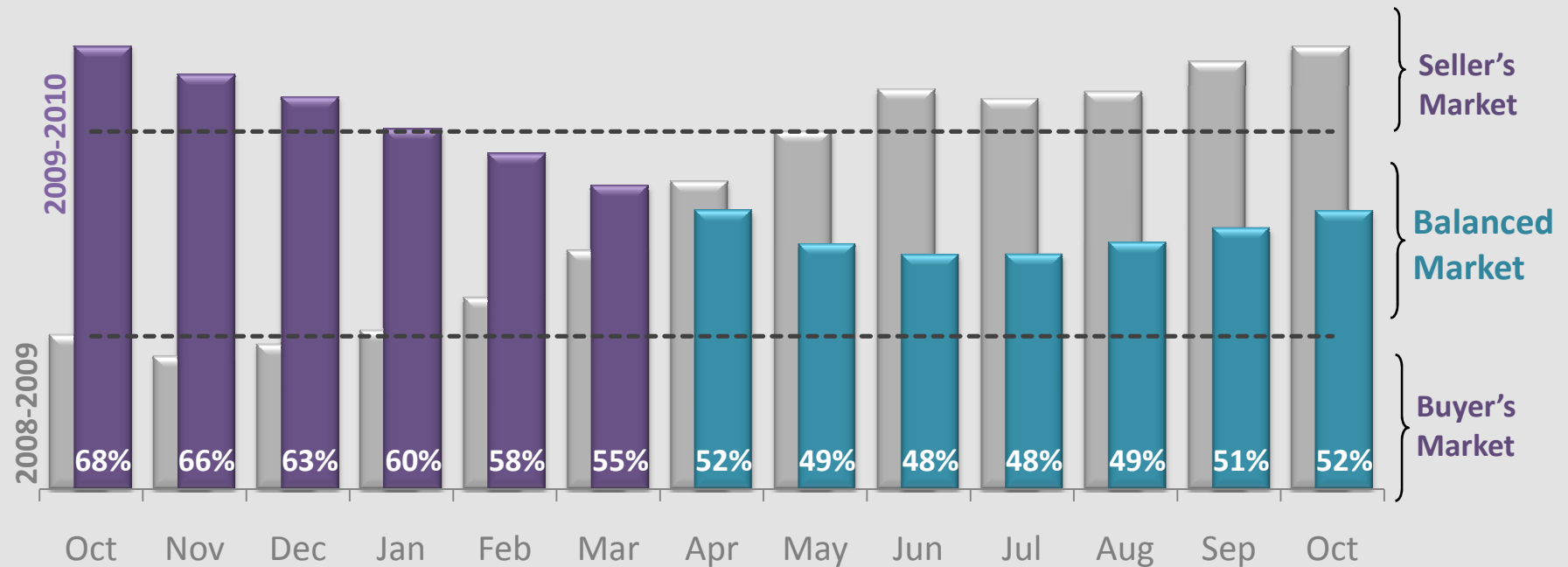


# Inventory — *Number of Homes Available For Sale*

## *Sales-to-New Listings Ratio*



The balanced market is firmly on track in Canada. In October the number of new listings slightly edged up 1.3% but remained 14% below the recent peak reached in April. Improved home sales continued to shrink the months' supply to 6.2 months from 6.5 months in September. This bodes well for further stability in home prices.



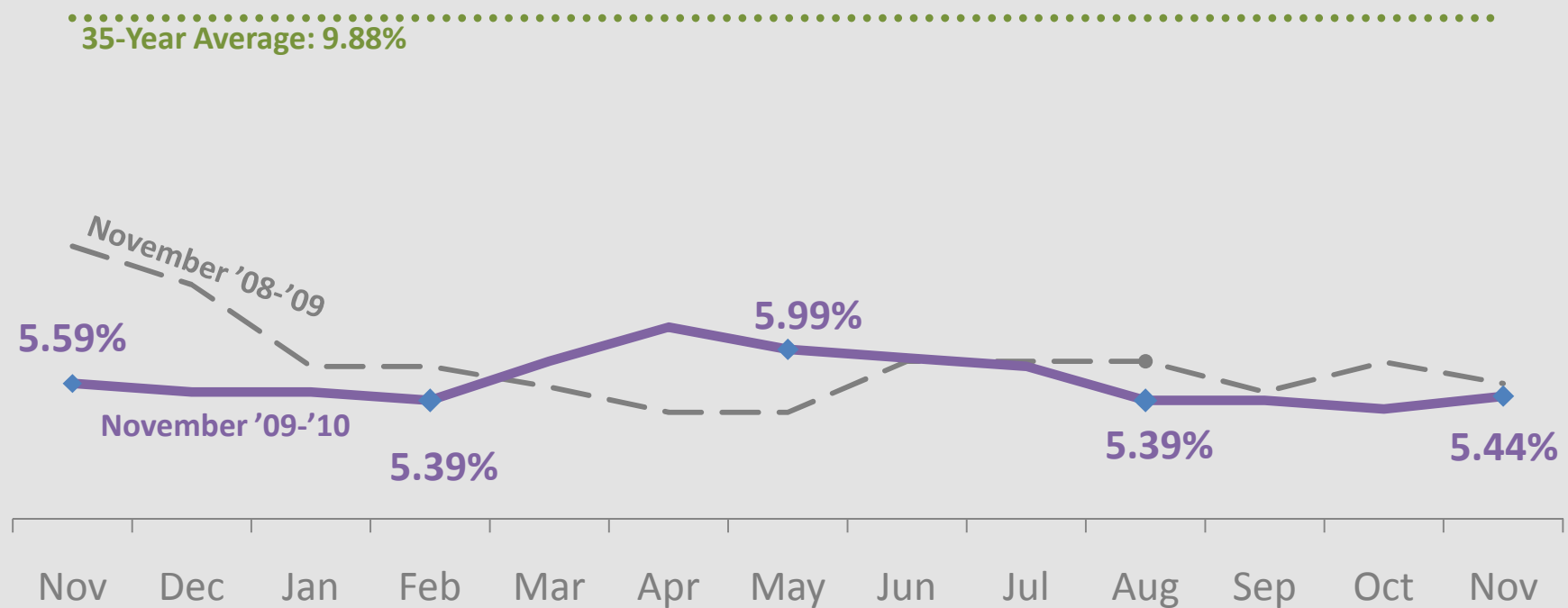


# Mortgage Rates

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



Mortgage rates stayed highly accommodating during November. 5-year fixed rates edged up to 5.44% in the final week of the month after posting 5.19% in the preceding two weeks. However, the rates were quickly cut back to 5.19% in the first week of December. Rock-bottom interest rates and stabilizing home prices continue to keep homes within reach for many Canadians.







# Special Reports

Harmonized Sales Tax  
Overview

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# Harmonized Sales Tax Overview

A recent Ipsos Reid survey commissioned by the Ontario Real Estate Association suggests that consumers are still confused about the new Harmonized Sales Tax (HST) and its applications in real estate transactions. This is feeding the growing concern that misperceptions about the HST is dampening the housing market. Here are the key facts concerning the HST:

- The HST is a 12% tax applicable to the purchase price of newly constructed homes costing more than \$400,000 in Ontario and those more than \$525,000 in British Columbia. The HST tax also applies to fees for services and commissions associated with any real estate transaction.
- The HST will **NOT** apply to purchases of resale homes in either province since resale housing was never subject to the Provincial Sales Tax (PST) or the federal Goods and Services Tax (GST), but does apply to fees for services and commissions associated with **ANY** real estate transaction.
- New home buyers in Ontario will receive rebates of 75% of the PST on the first \$400,000 on new homes, to a maximum of \$24,000.
- New home buyers in British Columbia may be eligible for a BC New Housing Rebate, if they buy any of the following as their primary residence: A new home together with land, a new home together with leased land, a new mobile together with leased land, a new mobile home or float home, a new home purchased through shares in a housing cooperative, or a home constructed or substantially renovated (more than 90%) by the owner-builder.
  - Buyers of new homes priced up to \$525,000 will be eligible for a rebate of 71.43% of the provincial portion (7% of the HST's 12%) of the HST paid on the new home. Those buying homes priced more than \$525,000 will be eligible for a flat rebate of \$26,250.

*For more information, contact your real estate agent and a qualified tax professional.*

# 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.

# About Keller Williams Realty

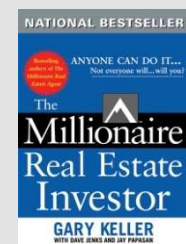
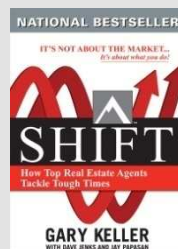


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The company has succeeded by treating its associates as partners and shares its knowledge, policy control, and company profits on a system-wide basis.

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.

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