

Real Estate Monthly

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Home Resales Remain Healthy

Speculation on the death of the Canadian housing market, it seems, has been largely exaggerated.

The average price of a resale home hit the highest national average on record at \$268,215 in February, according to figures provided by the Canadian Real Estate Association (CREA).

The 3.8% month-over-month gain was the second largest posted in 15 years, according to CREA. The average price of a home is up by 12.3% nationally, compared to levels recorded in February 2005.

Sales of existing homes reached their fifth-highest adjusted monthly level on record in March, CREA said, rising by two tenths of a percentage point to 41,555 units from the previous month. Home sales in the first two months of 2006 are 10.7% above the same period last year.

Seasonally adjusted dollar volumes also hit a monthly record

for February, gaining 1.55% to \$11.2 billion in February.

In Ontario, where the market is more mature, average prices are up by a still healthy 7.1%.

A survey released this week by the Canadian Institute of Mortgage Brokers and Lenders said that, while most Canadians report that rate increases have

not had a major impact on their standard of living, about 9% of mortgage holders say that rate increases would negatively affect them.

If mortgage rates remain at current levels, 62% of Canadians will see an increase when they renew, according to the survey. Most analysts expect the Bank of Canada to hike rates by another half a percentage

point by the end of the year.

In a just-released study, the Royal Bank of Canada reported that housing affordability deteriorated in the fourth quarter of last year due to rising rates and house prices.

Still, while consumers are worse off now than six months ago because of rising rates, they are still better off than three years ago when rates were higher.

Eye on Ottawa Real Estate

According to statistics just released by the Ottawa Real Estate Board, 1,319 homes were sold in March, bringing the total for the first quarter of the year to 2,949, an increase of almost 10% over the same period of 2005.

The average price of residential properties, including condos, sold in March in the Ottawa area was \$254,373, an increase of almost 3% over March 2005.

A Royal LePage report on Canadian home prices, also just released, indicated that a strong labour market and attractive interest rates will ensure that demand for housing continues to be high, sustaining healthy market growth for some time.

Call today for real estate advice and information!



Purchasing a Cottage With Eyes Wide Open

People looking for a vacation home often have a dream place in mind. Whatever style or location you're looking for, it pays to do some research before taking the big leap.

There are lots of stories of love at first sight -- and probably nowhere are these tales more plentiful than in cottage country. A couple heads to a lakeside inn for a long summer weekend. Three days and several sunset cocktails later, they can hardly remember the stress of the city. Every weekend should be this relaxing.

It's in this somnambulant state that they start the drive home and notice a "For sale" sign outside a charming little cottage -- right on the same lake. A quick call to the agent and they're in. By the time they hit the highway, they've decided to put in an offer.

Perhaps this impulsive gesture will result in many more idyllic weekends and years of happy memories.

Or maybe they'll learn two months later -- after the deal has closed -- about the overloaded septic system, the asphalt plant that the local quarry is building, or the toxic algae bloom that arrives in the mid-summer heat.

In *The Cottage Ownership Guide*, recently published by Firefly Books, Douglas Hunter offers advice to prospective cottagers on topics from making the initial purchase to bequeathing the property. He covers buying, selling, owning, renting, sharing and retiring to the cottage.

Mr. Hunter understands as well as anyone what an affair of the heart buying a cottage can be.

But the way that prices on most lakes have skyrocketed, Mr. Hunter thinks buyers need to be exceedingly cautious.

"The last thing I need to do is buy something that has huge issues that I didn't think about because I was too busy admiring the view from the dock."



Stories abound in cottage country of vendors selling lots that they didn't own, or buyers finding out that their newly purchased cottage is actually on the next door neighbour's property. Then there are the issues of septic systems, noisy neighbours and boat traffic.

Purchasing the right piece of vacant property is paramount, he says. Prospective buyers should judge a property not just on the beauty of the surrounding landscape but also on the lot's suitability for building. How wild is the topography? Is the land at the water's edge a rocky outcrop or sandy beach? Does it accommodate boating and swimming? Are people planning to arrive by car, boat or plane, and does the property suit that mode of transportation? And how

gentle or precarious is the path from the cottage to the lake?

Mr. Hunter says many people also don't realize how complicated the nature of the land is. There are hassles with private roads, water access and easements. Cottages that share a private road also share the cost of maintaining it.

To avoid catastrophes, it's essential to have an up-to-date survey, Mr. Hunter says. A good home inspector is essential to check out the land, septic system and the condition of the building. People may not realize how much patchwork has been done in the past.

He also recommends taking on the role of "lake detective" to determine the safety and quality of the water, as well as its suitability for your favourite activities.

Many areas have good cottagers' and ratepayers' associations that are a treasure trove of information about things such as taxes and municipal services. He suggests combing through the association's newsletters and the area's community newspapers.

Over all, people need to ask the difficult questions, just as they would when they buy a house in the city, Mr. Hunter says.

Once prospective buyers find a place that appears to offer everything that they are looking for, they then need to ask: "What don't I know?"

"At the cost that waterfront properties are, you want to give yourself the luxury of having done the research."