

Real Estate Monthly

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2005 Canadian Housing Observer Reveals Key Trends

The Canada Mortgage and Housing Corporation (CMHC) has released its flagship publication, the *Canadian Housing Observer*.

The third edition of the *Observer* again identifies housing as “one of the fastest growing sectors of the economy in 2004, supported by high levels of new construction, renovation and sales of existing homes.”

CMHC predicts that the most significant influences on housing demand arise out of demographic patterns and shifts, such as the following:

- **Demographics:** From 1991 to 2001, the number of people aged 65 and above grew at double the rate of the general population, and this growth rate will continue to accelerate. Just under 3/4 of seniors own their homes and of these, 5 out of 6 have paid off their mortgages.

The high level of immigration and rapid growth in the Aboriginal population are important. Immigrants now make up 18% of the Canadian population, with more than 70% settling in Toronto, Vancouver and Montréal.

The *Observer* discussions elaborate on statistics and observed trends, including the following:

- Housing-related spending was up by 7.7% in current dollars, compared to growth of 5.7% in the rest of the economy.
- Existing home sales set a new record in 2004, as 456,500 dwellings were sold and the average sales price rose by nearly 10% for the third year in a row.



- New housing starts increased by 6.9% in 2004, to reach more than 233,400 units, their highest level since 1987.

- Strong sales and construction activity pushed the total value of mortgage approvals up by 17.1% in 2004 compared to 2003. This reflects a 9.8% increase in the number of loan approvals, as well as a 6.7% increase in the average loan amount.
- The movement out of rental accommodation into homeownership continued in 2004, and the average apartment vacancy rate for major urban centres rose from 2.2 to 2.7%. The trend may have limitations, since renter households account for over two thirds of all households in core housing needs.

Eye on Ottawa Real Estate

According to statistics just released by the Ottawa Real Estate Board (OREB), sales of existing homes reached the second highest levels ever in Ottawa in 2005, but prices rose only modestly.

Sales of 619 homes in December pushed the year's total to 13,099, only 53 sales shy of 2004's record sales.

The average sale price rose by 3.8% to \$244,531, only half the price increase of 2004 and the smallest overall gain in eight years.

The balanced market conditions that characterized last year are expected to continue in 2006, said a CMHC market analyst. He predicts that sales will decline by a modest 3% from last year's level and prices will increase by about 3%, or slightly ahead of inflation.

Call today for real estate advice and information!

Advice from a Home Inspector **This Old House**

Whether you are buying a century-old historic home or a home built in the 1940s, 1950s, 1960s or even 1970s, you need to pay special attention to detail, and we don't mean the gorgeous crown moldings.

Electrical

- Prior to 1960, typical electrical service was 60 – 95 amps; today's new homes have up to 200 amps.
- Between 1900 and 1955 knob and tube wiring was used. The wire had a cloth covering only and no ground. All wire today is protected with a plastic sheathing and is grounded.

Oil Tanks

- Underground Oil Tank – this is not part of a standard home inspection. Pipes are usually covered by ground cover or bushes. An environmental assessment would be required.
- Oil Storage Tanks – oil tanks cannot be older than 15 years. Any evidence of leakage must be checked. Check the date on the side of the tank.

Plumbing

- Prior to 1950, galvanized steel pipes were installed. They lose pressure over time and the joints can leak.

Mould

- Mould is excluded from a home inspection. Over 150 different moulds can be found in houses. Mould growth requires spore, temperature 2 - 40°C, and organic food such as books, drywall, wood and/or moisture.

Insulation

- Vermiculite insulation may contain asbestos particles if the brand name is Zonolite. It should not be a health threat if left undisturbed.
- Urea-formaldehyde foam insulation (UFFI) was used to insulate homes in the 1970s. Extended periods of exposure to formaldehyde gas could result in some health issues.
- UFFI may be present if you see a series of small patched holes, 1.2 to 2 cm (1/2 to 3/4 in.) across, at regular intervals on exterior or interior walls.

Do You See Cracks in Your Basement?

Why does concrete crack?

Nearly all concrete walls crack, but not all cracks are a problem. Mixed concrete is a combination of sand, stone and cement, and held together by water. To reach its full strength, it has to "cure" (dry out).

Basement wall cracks

- Dry, narrow, stable cracks – Cracks less than a dime's thickness aren't usually considered major. If there is no leakage, you can assume it's a shrinkage crack. More than 80% of basement cracks are of this harmless kind.
- Narrow, leaking wall cracks – If a crack leaks, first check the grading and drainage around the house and improve. The ground near the house should be a good 9" higher than the surrounding area, so that the water drains away from the house. Many leaks stop right away when proper grading is restored. Also ensure that the downspouts have long enough extensions to carry the water away from the foundation wall.
- Large cracks, horizontal cracks, offset cracks – These should be inspected to determine the cause.

Repairs

If grading or downspouts aren't to blame, the crack can normally be sealed from the inside. There are a number of books and articles available outlining the proper techniques that should be used to seal or drain the area around a crack. If you can't do it yourself look up the name of a reputable contractor specializing in foundation repairs. Remember that crack repairs do not generally make the wall any stronger or more structurally sound. If there is a cause other than shrinkage, it must be addressed first. You need to call in a qualified structural engineer to investigate and make recommendation on how best to remedy the situation. If you have a new home, report all cracks and/or leakage to Tarion New Home Warranty Program at <http://www.tarion.com/home/>.

