

# Real Estate Monthly Grace Glastonbury

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## Homes Sales Forecast Revised Upwards

Monthly MLS® home sales activity continues to run strong, with new monthly records set in July, September, and October. This has prompted The Canadian Real Estate Association (CREA) to revise its MLS® home sales forecast for 2009 and 2010.

CREA now forecasts national activity will reach 460,200 units in 2009, up by 6.6 percent from last year. The new sales forecast for 2009 puts activity about on par with annual activity in 2004, but below levels reported for the years 2005 through 2007.

British Columbia and Ontario are still forecast to post annual increases in activity this year, but the forecast has been lifted as a result of recent record level activity in both provinces.

National MLS® home sales activity is forecast to rise by 7 percent to 492,300 units in 2010. This is a slightly larger rise in activity than previously forecast. This would make 2010 the second highest year on record for sales, putting activity below the peak reached in 2007, and slightly above the 2005 and 2006 figures.

The forecast increase in activity for 2010 reflects significant weakness in activity recorded in the first quarter of 2009. Monthly activity in 2010 is expected to trend downward from recent heights, but the sharp drop in activity recorded in the first quarter of 2009 is not expected to repeat in 2010.



The national MLS® average home price is forecast to climb by 4.2 percent in 2009, reaching a record \$317,900. This is an upward revision from the 1.5 percent gain in CREA's previous forecast, and reflects the high degree to which the

national average price was skewed downward last year by a significant decline in activity in Canada's priciest markets, and then upward by the rebound in activity.

Average prices are forecast to climb by a further 4.7 percent in 2010. Much of the annual increase reflects weakness in the average price in first quarter of 2009, which is not expected to repeat in 2010. Average sale prices are forecast to rise in every province in 2010.

## Eye on Ottawa Real Estate

Members of the Ottawa Real Estate Board (OREB) sold 916 residential properties in November 2009 compared with 643 in November 2008, an increase of 42.5 percent. There were 1,202 sales in October 2009.

"The dramatic increase in sales can be explained by last year's sales being affected by the crisis in the financial markets," said OREB's President. "The five-year average for November sales is 809. Listing inventory remains at a low level and we are still in a seller's market," he added.

The average sale price of residential properties, including condominiums, sold in November 2009 in the Ottawa area was \$313,370, an increase of 7.4 percent over November 2008.

The average sale price for a condominium-class property was \$225,767, an increase of 1.7 percent over November 2008.

The average sale price of a residential-class property was \$340,075, an increase of 9.8 percent over November 2008.

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## 7 Things All Buyers Ought to Know

"Ignorance is bliss" was never said about real estate purchases for 7 good reasons.

1. "Knowledge is bliss" may not make it as a buyer's slogan either, because you don't have to know it all—just what's relevant to success as you define it. "If it is to be, it's up to me" could be an excellent mantra since determination will drive buyers, both to discover what they don't know and, then, to fill that knowledge gap.

2. Generalizations are self-defeating when evaluating properties since it is how each is unique that addresses specific value to a specific buyer. All first-time buyers should not seek the same type of real estate solution just because they have never owned real estate before. When generalities are stressed, real estate solutions often concentrate on weaknesses like low down payments. Customized solutions, based on real estate knowledge, should focus on strengths which would counterbalance apparent weaknesses. For instance, first-time buyers may have more creative determination, which can allow them to tolerate living with boarders or tenants. These contributors to mortgage payments create a number of financial benefits and can turn an otherwise financially-out-of-reach property into a great investment solution.

3. Assumptions cost money and waste time. Assume nothing, including that you know what you don't know. Experienced real estate professionals have a wealth of practical knowledge available to fill your knowledge gaps, but you have to be receptive to gain the full benefit. Find out what you're assuming when you view properties, evaluate value and prepare an offer to purchase. Determination will enable you to put your advantages into action and use the real estate professional's knowledge to overcome weaknesses.

4. Fear has driven too many buyers to act in haste and repent for years. Fear of missing out in a down market or in an up market, or in a variety of other "losing out" scenarios, can cause buyers to dive into a buying or not buying decision which may not be in their best interest. That's why working with a buyer agent, who places your interests first, can be a

great strategy for ensuring you have all the knowledge necessary to protect yourself and gain financial advantage at the same time.

5. The impossible may just take a little longer in real estate, but the impossible can happen. Your dream property can be within reach wherever you start financially, but you'll need a solid set of strategies to get you there, not just dreams. Talk to an experienced real estate professional who works in your ideal location to chart a reverse-engineered, long-term course toward that goal. With each property you buy along this clear path, you'll move closer to your high-value goal. It may take two or more real estate purchases and some clever investing, but it will be an interesting progression.

6. The unexpected must be expected when buying a home, cottage or investment property. Worst case scenarios, contingency strategies and "Plan B" alternatives are creative tools in preparing to achieve financial gains and desired priorities. These approaches help you react favourably to the unexpected, but hopefully not unanticipated,

and take advantage of the opportunities that lie there. Experienced professionals can predict the types of expected and unexpected happenings relevant to your situation. It could be taking advantage of the timing for new listings or the types of lenders beyond banks that hold financing choices for you. Negotiations are all about the unexpected. Most buyers are so focused on purchase price they forget that closing date, number of conditions, what's included in the purchase and other factors can weigh in to reduce the final sale price—that's where professional negotiators come in.

7. Cashflow is king. Beyond the purchase price, cash is necessary to pay for lawyer fees, title insurance or a survey, reimbursing sellers who paid the whole year's property taxes, and on the list of closing costs goes. The professionals involved will provide you with details on possible expenses.

With real estate, the best goal is not "buying," but "owning and enjoying" for a lot of great reasons.

