

# Real Estate Monthly Grace Glastonbury

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## 4 economic trends that are affecting you

Here's a look at four trends on the horizon that will affect you in the next year from mortgage rates to food prices.

1. Gas prices to drop. The good news for beleaguered drivers – you're likely to get a break on prices this fall, according to a gasoline industry analyst.

Jason Toews, co-founder of Gasbuddy.com (and its sister site torontogasprices.com), says prices in the Greater Toronto Area have already dropped 9 cents a litre in the last two weeks, and are likely to slide even further over the next two to three months.

"It's mostly supply and demand. In Canada, we tend to drive less in fall and winter because it's colder," said Toews, who added that's not the only reason he expects gas to fall to as low as \$1.05 per litre by year's end. The average price of regular unleaded gasoline in the Greater Toronto Area right now is \$1.225 per litre, down from \$1.31 per litre two weeks ago.

"It's actually cheaper for them to refine gasoline in the winter than during summer, because the additives they need to put in for winter time are cheaper," said Toews. He estimates the cheaper production costs alone slash roughly two cents per litre off the pump price.

2. Mortgage rates may rise. Variable mortgage rates are already starting to creep up, and fixed rates could soon follow if Wednesday's higher-than-expected inflation numbers turn out not to be a fluke, says mortgage expert Robert McLister.

Canada's inflation rate hit 3.1 per cent in August, driven by rising food and energy prices, Statistics Canada revealed Wednesday. Even the so-called core inflation rate — which excludes food and energy — hit 1.9 per cent.

"Keep your eye on inflation. If the core rate goes above 2 per cent for a couple months in a row, then we'll start to hear (Bank of Canada governor) Mark Carney talk about cooling things down," said McLister.

Raising interest rates is a tool used by central bankers to slow down an economy, the thinking being that if borrowing becomes more expensive, less money is being spent, resulting in less economic activity.

Already, said McLister, the spread between fixed rates and variable rates has dropped to less than one per cent, as banks eliminate much of the discounting they give on variable rates.

3. Home prices to stabilize. Housing prices in the Greater Toronto Area won't be skyrocketing as much over the next few months as they did over the last year or so, says an analyst with the Toronto Real Estate Board.

That's because more houses are being put on the market, according to Jason Mercer.

"With the prices having risen the way they did, more people are going to start listing because they think they can take advantage of the prices they'll get," said Mercer. If enough people list, that can drive prices down. "There's no question that it's been a seller's market recently, but as more inventory comes onto the market, things will start to become more balanced," Mercer said.



4. Food price increases to moderate. While food prices rose by four per cent in August (compared to the same period last year), that trend is unlikely to continue, says BMO senior economist Sal Guatieri.

That's because a slumping North American and European economy means lower demand for the commodities — such as wheat, corn and rice — which had been driving food inflation, Guatieri explained.

## Smooth sailing for home sales in September

Members of the Ottawa Real Estate Board (OREB) sold 1,202 residential properties in September 2011 compared with 1,071 in September 2010, an increase of 12.2 percent. There were 1,329 sales in August 2011.

"Not much has changed in the Ottawa resale housing market since last month. Sales remain slightly above average, prices continue to appreciate at a moderate rate, and homes are taking about the same amount of time to sell," said OREB's President. "The stability and affordability of our housing market, coupled with low interest rates, is still appealing for investors and for home buyers who want to make Ottawa the best place to call home", she added.

The average sale price of residential properties, including condominiums, sold in September in the Ottawa area was \$335,765, an increase of 3.4 percent over September 2010.

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# Backup Power for Your Home

Keep Your Family Safe and Healthy in a Power Failure

A backup power system can help you take care of your family in the event of a power failure.

We all rely on the appliances and systems in our homes for our health, comfort, convenience and security. Unfortunately, we often cannot rely on these systems when the power goes out.



- A backup system can help you take care of your family in the event of a power failure. To make sure you're prepared the next time the lights go out, Canada Mortgage and Housing Corporation (CMHC) offers the following tips on how to choose a backup power system for your home:
- To determine how large a backup system you need, decide what you really need to power and what you can do without for a few days. If you only need to power a sump pump to stop your basement from flooding, for example, then a gasoline-powered pump could be simpler than a full backup system. If you need to power your lights, refrigerator, microwave, furnace, well pump, medical equipment, garage door opener, smoke and fire detectors and a home office, then a more elaborate and expensive backup system would be required.
- Minimize energy demands by switching to energy-efficient lights and appliances and by making sure your home is well insulated and air-sealed. This can reduce the size and cost of the backup power system.
- To calculate how much backup power you need, add up the maximum power draw (in kilowatts) of all the fixtures and appliances you need to power. Then add about 25 per cent as a reserve for startup power.
- Consider installing a high-efficiency fuel-fired space heating stove that can operate without electricity, so the backup system does not have to be sized to run the heating system. For gas and oil furnaces and boilers, the backup system can be sized to operate the furnace fan or pump, burners and controllers. Never use unvented barbecues, cook stoves, propane or kerosene heaters, or other combustion appliances inside your house, as they can produce toxic gases and fumes.
- For new homes, consider installing a separate backup power circuit to only power the lighting, safety systems and appliances needed to get you through a power outage.
- When you've decided which backup system is right for you, hire an electrician or electrical-contractor with experience with such systems to install and prepare it.
- Finally, install smoke and carbon monoxide alarms, and test your system frequently to be sure it will be ready when you really need it.

For a free copy of the "About Your House" fact sheet Backup Power for Your Home, or for information on any other aspect of owning, maintaining or buying a home, visit our website at [www.cmhc.ca](http://www.cmhc.ca) or call CMHC at 1-800-668-2642. For over 65 years, Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency, and a source of objective, reliable housing information.