



four seasons realty limited

Brokerage - Independently Owned and Operated

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## *You can't live in an RRSP . . . Real Estate is your best investment.*

For most people, purchasing a home has been a necessity of life rather than an investment tool. Yet, over a 25 year period the national Canadian average price of a home appreciated 264 percent from \$76,021 to an estimated \$277,000 in 2006.

Leading the charge was Barrie, Ontario with an exceptional 372 per cent increase in average price (\$51,665 to \$244,000) over the 25-year period. The percentage increases that have occurred across the country over the past 25 years show that real estate is a solid investment.

The media has cast a doom and gloom vision of real estate lately, and despite all that you read these days- the future is bright! Canada is ideally positioned to weather the storm.

### **10 Strengths for Buyers and Sellers in the Canadian Real Estate Market:**

- 1.** Subprime Mortgages-Our exposure to subprime mortgages is limited. One quarter of one percent of homes are in arrears in this country and Canadians have more equity in their homes (approx. 70% of the values of residential property). In the US, nearly 3 million households are expected to go into foreclosure by the end of 2009.
- 2.** Strength in Immigration; Between 2001-2006 1.1 million immigrants came to Canada, and more than half settle in Ontario. Many immigrants purchase within 5 years of moving to Canada. This equates to more buyers looking to purchase a home.
- 3.** Interest Rates- Compare to the interest rates of past years (17% in 1980) and we are at a record low with prime hovering around 1%; and rates typically between 5-6% for mortgages.
- 4.** No Capital Gains- Primary residences in this country do not pay capital gains tax when you sell, making your home an even better investment.
- 5.** Tax Free Savings Account- The new TFSA will allow Canadians to set money aside in eligible investment vehicles and watch those savings grow tax-free throughout their lifetimes. TFSA savings can be used to purchase a new car, renovate a house, save towards a downpayment on a home, start a small business or take a family vacation. This can be a very helpful tool for those looking to enter the market or purchase an investment/secondary property.
- 6.** Unemployment Rates- Although they will rise, they are not expected to rise to the almost 11% seen in both 1983 and 1992.
- 7.** Provincial Government- We began this fiscal year in a surplus position compared to a deficit position in both 1982 and 1991.
- 8.** GST Reduction- Typically paid on commissions, when purchasing new homes, and business owned properties; the reduction to 5% in 2008 has a significant savings to both buyers and sellers.
- 9.** Demographics- The Baby boomers continue to push the upper end of the market with their purchasing power and search for recreational retirement properties; as well as assisting to elevate the percentage of first time homebuyers by aiding their children in purchasing their first homes.
- 10.** The Green Movement- People are looking to make their homes more green and efficient. New Provincial and Federal Government initiatives including retrofit rebates of up to \$10,000 are offered following an energy audit of your home. An excellent opportunity for Sellers to upgrade their homes and new Buyers to renovate.

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Sources: Canadian Real Estate Association, Bank of Canada, Re/Max Ontario Atlantic, Mortgage Bankers Association.

Not intended to solicit buyers and sellers already under contract with a Brokerage.

