

REAL ESTATE NEWS



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SALES REPRESENTATIVE
OFFICE 613.692.3567
DIRECT 613.304.0390
ADAMMILLS@ROYALLEPAGE.CA

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CANADIANS PAYING DOWN DEBT FASTER



Canadians are paying off their debts faster, with the number of those more than three months behind on loan payments dropping to a record low, according to a report Thursday from Equifax Canada.

The latest National Credits Trends study by the credit monitoring firm found that the percentage of unpaid non-mortgage debt past-due more than 90 days was 1.19 per cent in the fourth quarter of 2012, a slight decrease from 1.22 per cent in the third quarter.

Nadim Abdo, Equifax's vice-president of consulting solutions, says these rates have been declining since the pre-recession level in 2007 when it was at 1.75 per cent.

CREDIT CARD BALANCES SHRINKING

"Part of it I would attribute to people looking after their credit and not taking on too much credit," he said. "Credit has become very important for consumers in general. There is more awareness, I would say, then there was before." The study, which is released each quarter, also found that average credit card balances have dropped by 3.7 per cent compared with the July-September quarter — a sign that people may be trying to pay these off quicker than before.

Despite this, the study also saw an increase of 3.2 per cent on non-mortgage loans, including bank loans, lines of credit, car leases and credit cards in the October-December period, up from a 1.8 per cent increase in the previous quarter. Equifax said that suggested that Canadian non-mortgage debt totalled \$497.4 billion in the fourth quarter, up from \$489 billion in the third quarter. The firm says it found that fewer consumers applied for new loans in the latest quarter, but rather made do with the loans they already had.

LESS DEMAND FOR NEW CREDIT

And it found an 11 per cent decline in new credit applications, compared with pre-recession levels.

This shows that consumers are learning more control over their credit and debt levels, Abdo said. "People are (being) financially responsible," he said. "They have the facilities and they're just using them, versus just going crazy and getting those 25 credit cards like we used to back in the heyday." Abdo also said he expected the drop in loan balances and loan defaults to continue if the economy remains stable.

In previous years, he says Equifax studies have shown that consumers tend to take out more loans, and do not pay them back as quickly, during a volatile economy or periods of high unemployment.

Meanwhile, the Bank of Canada on Tuesday downgraded its economic growth outlook for the country to 1.9 per cent for 2012 and to two per cent for 2013, both three-tenths of a point lower than previously forecast. The central bank says as a result, interest rates will be kept lower for longer due to the weak economy.

OTTAWA MARKET DIPS POST "COOL DOWN"

Members of the Ottawa Real Estate Board (OREB) sold 602 residential properties in January 2013 compared with 682 in January 2012, a decrease of 11.7 percent. There were 618 home sales in December 2012.

"The Ottawa resale market, which started to flatten out in November and December - potentially as a result of the governments' aim to "cool down" the market - maintained its steadiness into January," said OREB's President. "January 2013 isn't too far off from the numbers we've seen in recent years, and although the units sold are a tad lower, Ottawa remains a healthy market" he added.

An economic summary of expansion in Ottawa by Shore-Tanner and Associates indicated that the rates of growth in residents over the age of 55, and particularly in the formation of single and two-person households, will continue to rise in the coming years. Consequently, these trends indicate that there will soon be a strong demand for small apartments, condominiums, and retirement homes. "Within some areas of Ottawa, we are already starting to see condo sales on the rise," says Lee.

The average sale price of residential properties, including condominiums, sold in January in the Ottawa area was \$342,458, a slight decrease of 1.8 percent over January 2012.

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REAL ESTATE NEWS

ELECTRICITY FROM YOUR ROOF — LESSONS LEARNED FROM CANADIAN PV INSTALLATIONS

Canadians are used to seeing photovoltaics (PV) — devices that create electricity from sunlight — embedded in calculators, garden accent lighting and other electronic devices. More recently, we have also become more familiar with the sight of the flat, black panels of PV systems mounted on the roofs of houses everywhere. As more and more systems get installed, we are learning more and more about how well they work in our extreme Canadian climate and the relative costs and benefits to the homeowners who install them.

LESSONS LEARNED

Most residential PV systems are installed on houses connected to the electricity grid that spans each province or territory. The “grid-intertie” allow homeowners to both receive electricity from the grid as needed and deliver the electricity produced from their PV systems back to the grid. Another finding about PV systems is that most of them do not store electricity in batteries — a feature that would allow the PV/battery system to provide power to the home in the event of a power failure. However, this also results in a more complex and costly system that most homeowners avoid despite the security a backup power system can provide.

Another key finding is that the methods available for contractors to use to estimate how much electricity your PV system will generate have been quite accurate. If they say that you are going to produce 3,000 kilowatt hours (kWh) every year, this will be very close to what you will get in any given year from a properly designed and installed system though weather fluctuations will impact performance from one year to the next. A good initial estimate will help you to figure out how much you might earn from a PV system over time.

Another lesson learned about PV systems is that they work reliably. There are no moving parts to set up and look after and to fail. The components that make up the system are also all relatively well-proven technologies. The electricity output has been found to stay quite steady for years but may taper off over decades. Inverters are

the devices that convert the direct-current (DC) electricity generated by PV systems to the alternating current (AC) electricity used in our homes and electricity grid. There have been a few reports of inverter failure, sometimes due to lightning strikes, but overall inverters have been performing well. It is comforting to know, given the relatively large investment you have to make to get a PV system installed on your home, it should have steady and predictable performance for many years to come.

Performance data on PV systems monitored to date reinforces the idea that simple, south-facing, sloped roofs are the best locations



for PV installations. Roofs that have complicated shapes, chimneys and overhanging trees that may shadow all or some of the PV modules will reduce electricity production and makes it more difficult to predict the output accurately. When such conditions exist, PV modules that have their own integrated inverters (rather than one central inverter) can be a better choice as if one PV module is shaded, the

other unshaded modules will continue to produce electricity. Another benefit of integrated inverters is that your electricity output will be relatively higher. While south facing roofs are best, you can still install PV systems on roofs that face east or west. The electricity output will be lower but sometimes the decrease is only 10 – 20 per cent and the revenues may still justify the capital costs. The slope of the roof will also affect output, with flatter roofs working best in summer and steeper roofs in winter.

We've also seen that the installed cost of a PV system has dropped at least 30 per cent in the last several years, making them more affordable. Estimates for grid-tie solar PV systems (without battery backup) range from \$3,000 to \$5,000 per kilowatt depending on the local market prices, roof type and complexity, efficiency of the solar panels selected and overall size of the system. Larger systems will cost less per kilowatt than smaller systems. Whether or not investing in a PV system makes financial sense will depend on what your local utility offers for the electricity it produces so find out before you invest. For some, knowing they are generating clean energy is enough to make the investment worthwhile.