

REAL ESTATE NEWS



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HOUSING STARTS FORECAST TO REMAIN STABLE IN 2014

Canada Mortgage and Housing Corporation (CMHC) expects total housing starts to be stable in 2014, as fundamentals, such as employment growth and migration, continue to support the Canadian housing market, according to CMHC's fourth quarter 2013 Housing Market Outlook, Canada Edition I.

"In the new home market, builders are nevertheless expected to limit the number of housing starts while inventories of unabsorbed units, completed and under construction, are drawn down," said Mathieu Laberge, Deputy Chief Economist for CMHC. "In the resale market, home buyers have been motivated to advance their purchases and lock-in pre-qualified mortgages given the recent moderate increase in mortgage rates. It is expected that existing home sales will increase modestly in 2014 with improving economic conditions," added Mathieu Laberge.

On an annual basis, housing starts are expected to range between 179,300 to 190,600 units in 2013, with a point forecast of 185,000 units, down from 214,827 units in 2012. In 2014, housing starts are expected to range from 163,700 to 205,700 units, with a point forecast of 184,700 units.

Multiple Listing Service® (MLS® 2) sales are expected to range between 439,400 to 474,000 units in 2013, with a point forecast of 456,700 units, about equal with the 454,005 in 2012. In 2014, sales are expected to range from 438,300 to 498,100 units, with an increase in the point forecast to 468,200 units.

The average MLS® price is forecast to be between \$372,300 and \$383,700 in 2013 and between \$374,100 and \$396,300 in 2014. CMHC's point forecast for the average MLS® price calls for a 4.0 per cent gain to \$378,000 in 2013 and a further 1.9 per cent gain to \$385,200 in 2014.



OCTOBER REALES COMPARATIVE TO FIVE-YEAR AVERAGE

Members of the Ottawa Real Estate Board (OREB) sold 1,090 residential properties in October 2013 compared with 1,069 in October 2012, an increase of 2 percent. There were 1,119 home sales in September 2013.

"Resale units sold in October are right on par compared to the five-year average" said OREB's Past President. "This is a welcome change from the first half of 2013, where we saw continuous decreases, albeit small ones, in the number of units sold. We are also seeing average prices beginning to creep back up. The Ottawa market is proving, once again, to be a steady, balanced market", he added.

The average sale price of residential properties, including condominiums, sold in October in the Ottawa area was \$360,085, an increase of 4.1 percent over October 2012. The average sale price for a condominium-class property was \$270,542, an increase of 1.6 percent over October 2012. The average sale price of a residential-class property was \$381,580, an increase of 3.5 percent over October 2012.

"As Ottawa and surrounding areas continue to grow and expand, Ottawa continues to be a healthy, balanced market," the President added.

Call today for real estate advice and information!

REAL ESTATE NEWS

5 KEY THINGS TO ASK WHEN BUYING FROM A BUILDER



Real estate tips: When buying a new home check the builder's reputation and make sure the upgrades are worth it. Many people will buy their first home from a builder, whether it is a detached home, townhouse or condominium unit. Here are the five questions you need to ask to make sure you don't make a mistake.

What is the builder's reputation?

This may be the most important research you can do before buying from a builder. Check any prior home/subdivision/condominium project that they have built in the past. Look at the Tarion website under the Licensed Builder Directory, so that you can see how many homes they have built in the past 10 years, whether they have won any awards and the number of complaints, if any, made to Tarion against them.

Tarion is a private corporation which administers new home warranties in Ontario.

Better still, go visit any prior homes and talk to the neighbours. For example, ask if the builder was diligent in fixing every problem with the home that was identified by the buyer during their pre-delivery inspection.

Is the builder contract unfair to buyers?

In many ways the contract favours the builder. For example, the builder usually has the right to extend the closing date, change the layout or square footage of your home and also many of the finishings and there is little the buyer can do about it. This can cause real problems if the delay affects your child's new school year or your employment plans. Again, remember to ask prior buyers if their home was delivered on time, and whether they received substantially what they were promised.

What extra charges will a buyer have to pay?

When you buy a new home or condominium, the price quoted to you in the sales office will be the base price of the home, inclusive of HST. If you order any upgrades, that is extra. In addition, there is now a separate schedule of additional charges that you also have to pay. Some of these are spelled out with an exact dollar figure, such as Tarion Enrollment fees, legal fees, grading deposits, hydro or water meter installations. Other items are more vague, which may relate to levies or development charges which are added by any governmental authority after the agreement is signed. There are some cases where these extra charges exceeded six per cent of the original sale price, and the buyers only found out about this a few days before closing. Make sure you get a cap on the total amount of these extra charges. My own rule of thumb is that the total should not exceed 1.5-2 per cent of the original purchase price.

What upgrades does a buyer need?

Builders in general make a lot of profit from upgrades which they offer to buyers for finishings in the home. Here is where you may want the assistance of a professional real estate agent, who will tell you in advance in which rooms these upgrades will make the most difference on any re-sale. An agent can also offer helpful advice about which lot or unit location and layout will have a higher re-sale value.

Can a buyer transfer the agreement before closing?

When you sign your builder agreement, the home may not be ready for 2-3 years down the road. Things change. Try to negotiate right away the right to transfer your contract to someone else before closing if your circumstances change. Some builders will not allow it, others permit it for a fee, while some will permit it one time only, for no fee.

Ask the right questions before you buy a home from a builder and you won't be disappointed later.

