


REAL ESTATE NEWS



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BOC CHIEF STEPHEN POLOZ SAYS CANADIAN HOUSING MARKET NOT A BUBBLE, PREDICTS SOFT LANDING

Canada's housing market is not in a bubble and not likely to suffer a sudden and sharp correction in prices unless there is another major global shock to the economy, Bank of Canada governor Stephen Poloz said recently.

The central banker said he believes the most likely scenario is a soft landing where home prices stabilize, although he acknowledged that an imbalance in the market and high household debt remain key risks.

Poloz disagreed with a couple of forecasting organizations that weighed in recently on the Canadian situation — the Fitch Rating service that judged Canada's housing market as 21% overpriced, and an OECD recommendation that he start raising interest rates in a year's time.

"Our judgment is (the housing market) is a situation that is improving, this is not a bubble that exists here that would have to be corrected," he said.

Poloz said most of the fundamentals surrounding the housing market appear headed in the right direction. The prospects for the economy is improving, he noted, which should create more jobs.

As well, he said banks are now demanding higher credit scores from new borrowers and added that he does not believe there has been serious overbuilding in the housing market.

"It looks expensive," he said of home prices. "But which markets are expensive? Well those markets have been expensive my whole life," he said, noting that Toronto and Vancouver both absorb high rates of immigration.

Asked to put odds on his soft landing scenario, Poloz said he would place it in the 60-to-80% probability range.

Poloz was asked about the Organization for Economic Co-operation and Development's advice this week that the Bank of Canada start moving off its 1% policy rate by the end of 2014 and keep hiking until it reaches 2.25% by the end of 2015.



In unusual clarity for a central banker, Poloz said he respectfully disagreed. In his analysis, he said, there remains plenty of slack in the Canadian economy and inflation, at 1.1%, is well south of the central bank's 2% target.

"Those things together give us the judgments we reach and obviously they differ in a material way from what the OECD is saying ... and it's our job to reach that final conclusion" he added.

Last month, Poloz surprised markets by dropping the central bank's official tightening bias and moved to a more neutral stance, which signals that the bank is as likely

to cut as to raise interest rates in the future.

Analysts interpreted the move as the bank telling markets it won't likely start raising borrowing costs until the first or second quarter of 2015. Markets reacted to that assessment by selling off the loonie.

On the overall economic outlook, Poloz said he believes the global economy is "healing" and that Canadian growth will start picking up next year as the U.S. recovery intensifies.

The bank's official forecast is for 2.3% growth in 2014, following a lacklustre 1.6 pace this year, and for 2015 to see the economy speed up to 2.6%.

NOVEMBER RESALE MARKET ON PAR WITH LAST YEAR'S RESULTS

Members of the Ottawa Real Estate Board (OREB) sold 891 residential properties in November 2013 compared with 928 in November 2012, a decrease of 4 percent. There were 1,090 home sales in October 2013.

"The number of residential properties sold in November, excluding condos, was only down by five units compared to this time last year" said OREB's President. "Sales for the first eleven months of the year are at 13,267, just slightly below the year-to-date sales for 2012", he added.

The average sale price of residential properties, including condominiums, sold in November in the Ottawa area was \$356,675, an increase of 1.9 percent over November 2012. The average sale price for a condominium-class property was \$258,118, no change from November 2012. The average sale price of a residential-class property was \$380,593, an increase of 1.2 percent over November 2012.

"Keep in mind that market fluctuations do occur, and the Ottawa market remains in stable territory," the President added. "It is important for buyers and sellers to talk to an Ottawa area REALTOR® for more information about the housing market outlook in the neighbourhood they live, or want to live. Ottawa continues to be a great place to buy and/or sell a home."

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SEASONAL DECOR: BRINGING THE OUTDOORS IN

Cooler winter temperatures and shorter daylight hours naturally limit the time we spend outside. Current interior design trends use nature punctuated with colour as a theme to rescue us from cabin fever. Here are some of this season's 'outdoor-in' design essentials:

Wreaths & Garlands:



Made from traditional pine or more contemporary bay leaves, eucalyptus or holly. Live or faux, they are interwoven with brightly contrasting citrus fruits, pomegranates or berries for the most natural look. Glass-like beads and solid spherical ornaments in a shock of intense colour are also featured this season. Look for wreath stands to showcase your wreath at adjustable heights. Garlands

look best along mantles, doorframes, windowsills and banisters, snaked among candles on tabletop centrepieces, and as trimming atop tall furniture like bookcases, wardrobes and entertainment credenzas.

Trees & Topiaries:

Like wreaths and garlands, trees and topiaries combine the same natural elements interwoven with vivid colours whether live or faux. This season, you can also find them made entirely of a single material, such as glass-like beads, holly berries, tinsel, or round ornaments, in either a uniform tone or a bouquet of colours. Available in a variety of sizes, they can be brilliantly illuminated with lights and garland, or they can sparkle alone with a pre-treatment designed to imitate frost, ice or dew.



Faux Fire:

Indoors or out, there's nothing quite like sitting around a fire to add ambiance to quality time spent enjoying family and friends. It's no surprise then, that sales of electric fireplaces are strong this season. They provide the romance and warmth of a traditional gas or wood burning fire without the requisite venting or gas lines, and at a fraction of the cost. Plug them into a standard 120-volt outlet to heat the room, or turn the heat off and appreciate the flame effect alone, complete with glowing embers! Electric fireplaces can be purchased as an insert for existing fireplaces or as a stand-alone piece with a mantle surround. Mantles are available in a variety of styles, colours and wood materials to suit a variety of personal tastes.



Finishing Touches:

Just as the snow sparkles outside, so too do those finishing touches. From decorative ornaments, to picture frames, to napkin rings, to cardholders, to candles and candleholders...think jeweled. If those finishing touches aren't bejeweled with faux gemstones, then they glitter with the imitation effect of frost or ice.



Don't Wait To List!

Once your home is updated with the winter season's latest design essentials, it is most visually appealing to prospective buyers. Serious homebuyers are indeed active through the holidays and into the early months of the New Year. This means minimal disruption for you and your family and viewings from truly qualified prospects.

