

Real Estate Update

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508 Riverbend Drive, Kitchener

Winter 2008

Year end home sales smash all previous records in K-W



Mary Anne Gehl
Sales Representative

Home sales in Kitchener-Waterloo hit an all time high in 2007 with a total of 6,808 sales being reported through the Multiple Listing Service® of the Kitchener-Waterloo Real Estate Board. This is a 13.2 % increase over last year's results, and an 11.2% increase over the previous record breaking year of 2005. But despite the steady

climb in sales, house prices have remained within reach for many homebuyers, thanks to good employment, the availability of financing and a healthy housing market.

With both the national and provincial average price of a residential property now exceeding \$300,000, homes in K-W which sold for an average of \$248,879 in 2007 must look pretty attractive to some outsiders. That's not to say our prices haven't appreciated—they have, but they are not skyrocketing either, which is a good thing.

Detached homes sold for an average price of \$283,080 in 2007, an increase of 5.2% from the year before, and all residential real estate sold in 2007 increased 5.6% over the previous year. The median price (the middle point where half the homes are selling above and half below) of all homes sold last year was \$229,500, a 5.7% increase relative to year-end results for 2006.

Despite the healthy real estate market we have been experiencing here in K-W and across the country, there are still those who believe the hype they hear in the media about the U.S. housing slump and think it is happening here. However the U.S. market, which has largely suffered thanks to the so-called “sub-prime” mortgage crisis has so far had little influence in Canada.

The confusion over what the sub-prime market is has caused some Canadians to panic unnecessarily. They think that because their mortgage is at a floating rate below the bank's prime lending rate, that they have a

‘sub-prime’ mortgage. But a sub-prime mortgage is a mortgage given to a home buyer with less than perfect credit, or a home buyer who lacks the paperwork to prove an income that can support the mortgage payments. Some lenders in the US were making loans to almost anyone who asked, and charging a little more interest for these “riskier” loans. The assumption was that constantly rising house prices in the U.S. would compensate for any lending mistakes.

When U.S. housing prices started to slide and U.S. interest rates began to rise, many mortgage borrowers ended up in trouble and defaulted. Many of the companies making the sub-primes also got hurt and some have even gone bankrupt or closed.

Unlike the U.S., the Canadian housing market has not been artificially driven by bad lending practices.

Economic drivers signal strong start to 2008
Looking at fundamentals, it's not surprising that 2008 is already predicted to be another great year for our local real estate market. All of the economic drivers that would support a robust real estate market are in place —

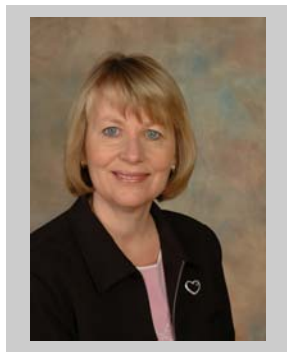
- powerful demographics – the ‘boomers’ are ready to downsize, upgrade, or buy vacation properties, while the now maturing ‘echo boomers’ are putting their first foot on the property ladder,
- historically low interest rates – keeping today's carrying costs affordable, but predicted to start edging higher in the future
- positive in-migration
- low unemployment and wage growth
- high consumer confidence
- property value appreciation – is forecast in K-W and in every province this year

Are you still sitting on the sidelines of this great real estate market? Make 2008 your year to make the move you've always dreamed of. Call me anytime to discuss current real estate trends, and see if this is the “right” time for you to be in the market.



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Mary Anne Gehl
Sales Representative

Visit my website:

www.coldwellbankerpbr.com/gehl

Phone:

519-742-5800 ext. 2172

Email:

maryanne-gehl@coldwellbanker.ca

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KW MLS® Home Sales Q4 Results 07

Number of homes sold	4th Quarter 2007	4th Quarter 2006
Detached Homes	894	790
Total Residential	1325	1218
Total number of homes sold by price category		
Under \$50,000	13	16
\$50,000 - \$99,999	9	15
\$100,000 - \$124,999	43	43
\$125,000 - \$149,999	71	71
\$150,000 - \$174,999	106	121
\$175,000 - \$199,999	143	209
\$200,000 - \$224,999	185	198
\$225,000 - \$249,999	213	165
\$250,000 - \$274,999	143	96
\$275,000 - \$299,999	101	73
\$300,000 - \$349,999	126	89
\$350,000 - \$399,999	69	46
\$400,000 - \$499,999	56	44
\$500,000 - \$749,999	36	30
\$750,000 - \$999,999	9	2
Over 1 Million	2	
Average \$ Price	2007	2006
Single Family Detached	\$ 283,080	\$ 269,087
Total Residential	\$ 248,879	\$ 235,629
Median \$ Price	2007	2006
Single Family Detached	\$ 256,000	\$ 244,500
Total Residential	\$ 229,900	\$ 217,425

The above information is based on MLS® data owned by the Kitchener-Waterloo Real Estate Board, Inc. Oct1/07 to Dec 31/07.

ONTARIO EXPANDS LAND TRANSFER TAX REFUND PROGRAM

First-time buyers of resale homes to benefit from new tax measure

On December 13, 2007 the McGuinty government announced that it is giving all first-time homebuyers a break on land transfer tax by proposing to expand the Land Transfer Tax Refund Program to include purchases of resale homes. Previously, only first-time buyers of brand new homes were eligible.

“Expanding this Land Transfer Tax refund is an important part of our government’s commitment to helping Ontarians buy their first home,” said Finance Minister Dwight Duncan.

First-time buyers of resale homes, as well as newly constructed homes, are now eligible for a refund from the provincial government of up to \$2,000 of the Land Transfer Tax paid.

The proposed amendments must be passed by the Legislature and receive Royal Assent to become law, but it is predicted that it will. Until then, eligible buyers of resale homes must still pay the land transfer tax at registration, but for those who have signed an agreement after December 13, 2007 they can apply to the Ministry once the deal has closed and the tax has been paid, and the ministry will retain the refund request for processing and issue refunds if the proposed amendments become law.

To be eligible the purchaser must: be 18, make application within 18 months of conveyance, and occupy the home as his or her principal residence within 9 months of closing. Also, the purchaser cannot have owned a home or had any ownership interest in a home, anywhere in the world. And the spouse of the purchaser cannot have owned a home or had any ownership interest in a home, anywhere in the world while he or she was the purchaser’s spouse. For more details visit: www.rev.gov.on.ca. Or call Ministry at 905-433-6361

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