

New Homes *newsletter*

COLDWELL BANKER PETER BENNINGER REALTY, BROKERAGE
NEW HOMES DIVISION

Canada's Housing Affordability Improves

Canada's housing affordability continued to improve in the fourth quarter of 2010, thanks in part to slight decreases in five-year fixed mortgage rates and minimal home price appreciation across the country, according to the latest Housing Trends and Affordability report recently released by RBC Economics Research.

"Some of the stress that had been building in the housing market between 2009 and the first half of 2010 has been relieved, but tensions persist overall and the recent improvement in affordability is likely to be short-lived," said Robert Hogue, senior economist, RBC. "We expect that the Bank of Canada will resume its rate hike campaign this spring and with borrowing costs set to climb further in the next two years, housing affordability will erode across the country. That said, we don't expect this to derail the housing market because of rising household income and job creation from the sustained economic recovery."

Provincially, concerns last year that the housing market would falter have now largely dissipated as home resale activity picked up smartly in the fall and property values resumed their appreciation trend in the closing months of 2010. The slowdown in market activity in the spring and summer last year largely reflected various transitory factors - including the introduction of the HST and changes in mortgage lending rules - that brought demand forward to the start of the year. The silver lining of this slowdown, however, has been an improvement in affordability. The RBC Measures edged lower for the second consecutive time for most housing categories in the fourth quarter, down by 0.2 to 0.3 percentage points. The only exception was two-storey homes, which became marginally less affordable amid notable price gains. RBC expects affordability will play a neutral role for demand in Ontario with RBC Measures close to their long-run average.

The RBC Housing Affordability Measure captures the proportion of pre-tax household income needed to service the costs of owning a specified category of home. During the fourth quarter of 2010, measures at the national level fell between 0.4 and 0.8 percentage points across the housing types tracked by RBC (a decrease represents an improvement in affordability).

Source: RBC



Featured Properties



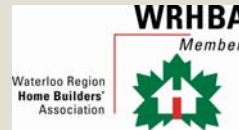
2450 Eagle Street North, Cambridge ON



- ◆ Excellent location in heart of Cambridge's Highway 24 retail district—traffic count of over 46,000 vehicles/day
- ◆ 31,787 square foot building divisible into two 15,000 square foot units
- ◆ 254 feet high profile frontage
- ◆ Current zoning C4
- ◆ 4.7 acres with excess land for future development or expansion
- ◆ MLS



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Stable MLS Sales

The Kitchener Waterloo Real Estate Board (KWREB) reports steady sales for January, however there was a decrease when compared to the same month last year. Reports the KWREB President, "after posting record numbers in January of last year, we find January 2011 returning to more normal levels. As usual, the first three weeks of January were fairly slow with much more activity in the final week of the month."

Sales include 242 single detached homes, 61 condominium units, 27 semi-detached units and 26 freehold townhouses.

While the dollar volume for January increased in comparison to December 2010, it was a decrease relative to January 2010 totals. However, the President notes "that this time last year there were more homes selling in the higher price ranges, which put upward pressure on the average price."

	January 2011	January 2010	YTD 11	YTD 10
Number of Single Family Detached	164	191	164	191
Dollar Volume Single Family Detached	\$53,091,864	\$61,081,157	\$53,091,864	\$61,081,157
Residential Sales by Price Category				
\$0-99,999	1	1	1	1
\$100,000-149,999	13	20	13	20
\$150,000-199,999	33	36	33	36
\$200,000-249,999	67	79	67	79
\$250,000-299,999	73	63	73	63
\$300,000-349,999	26	36	26	36
\$350,000-\$399,999	23	26	23	26
\$400,000-499,999	17	20	17	20
\$500,000+	12	13	12	13