

new

AN OAKVILLE BEAVER - SPECIAL PUBLICATION

## HOMES

## Housing starts up .6% in September

National housing starts rose 0.6% in September to a seasonally adjusted annual rate (SAAR)\*, of 153,600 units from a revised level of 152,700 units in August, reported Canada Mortgage and Housing Corporation.

Urban starts of single-detached dwellings reached 63,400 units (SAAR) in September, 3.1% higher than the level of 61,500 in the previous month. Multiple unit construction fell 1.5% to 65,200 units (SAAR), from a level of 66,200 units reached in August.

"Nationally, housing construction remains within a narrow range of activity. However, at the provincial level, September saw noticeably higher activity

## Ontario, Quebec &amp; Alberta leading the way

in Ontario, Quebec and Alberta. By contrast, starts activity in British Columbia retreated, following two strong monthly reports," said Gilles Proulx, Chief Economist at CMHC's Market Analysis Centre.

Ontario's urban housing starts reached 37,300 units (SAAR) up from 33,900 units in August. The increase is mainly due to a rebound in multiple construction, although single starts were also slightly up.

Urban starts in British Columbia fell to 36,100 units (SAAR) in September, following a 42-month high of 44,500 units

in August. The decline was mainly due to lower construction of condominiums and rental apartments, although starts of single-detached dwellings were also marginally lower.

Urban starts in Quebec recovered to 28,200 units (SAAR) from a level of 24,000 in August. Both single-detached homes and multiple unit construction advanced.

Activity in the Prairies improved to 19,200 units (SAAR) in September, from 17,500 units in August, as starts jumped in Alberta (to 16,900 units), were unchanged

in Saskatchewan (to 1,100 units) and fell markedly in Manitoba, (to 1,200 units) following two strong months.

Activity held steady in the Atlantic region's urban centres at 7,800 units (SAAR). Starts rose in New Brunswick (to 3,000 units SAAR), Newfoundland (to 1,600 units) and Prince Edward Island (to 400 units), while they declined in Nova Scotia (to 2,800 units).

\*The SAAR is a monthly figure that is adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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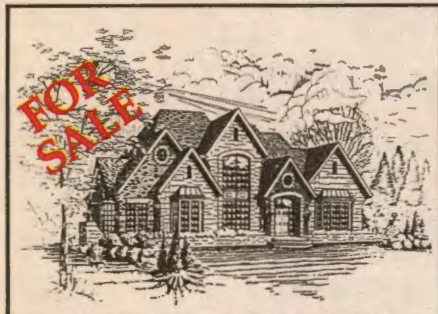
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Still a good time buy a house  
but market won't last-report

The Greater Toronto Home Builders' Association (GTHBA) concurs with the findings of a new report from respected housing analyst Clayton Research Associates confirming that a variety of factors have made housing in most parts of Canada as affordable now as at any time since the early '70s.

Low interest rates, an attractive variety of mortgage options, competitive prices, and unparalleled housing choices have all combined to make housing more affordable than it has been for many years, according to the report The Dramatic Improvement in Housing Affordability. However, the report cautions pent-up demand is building and "the current buyers' market will not continue indefinitely."

The report found that:

- Interest rates, which have a critical effect on affordability for most homebuyers, have declined significantly, offering substantial savings when compared to rates three years ago.

- The highly competitive mortgage market has resulted in flexibility by lenders and a range of financing options that are of benefits to buyers.

- House prices in Canada are competitive in markets across Canada.

- Affordability has returned to levels as good as the mid-80's and, before that, unseen since the 70's.

- Two federal programs - one allowing first-time buyers financing with as little as 5% down, the other allowing withdrawals from RRSP accounts to assist with the down payment - have further enhanced the opportunity for buyers.

- There is a large selection of houses available in all price ranges, assuring buyers a wide choice of designs, sizes and types of new housing.

- Household incomes, hard-hit by the recession and increased taxation, are

becoming more secure as the economy improves.

The economy is recovering, although not as rapidly as hoped, according to the Clayton report: "After a major drop during the recession, it is expected that there will be a net increase of 150,000 jobs during 1993 and a further 245,000 jobs during 1994. This will buoy consumer confidence and assist the housing market."

GTHBA President Murray Koebe said "this report, showing why there has been a dramatic improvement in the affordability of housing, is good news for anyone considering buying a new home. All the advantages of financing, price, choice and supply which are described in the report are available in the Greater Toronto Area."

The new study analyzed the housing markets in the Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver areas. All the factors contributing to improved affordability applied in the markets except for the Vancouver area which has experienced price escalation in recent years.

Home ownership as an investment. 1992 Canadian Home Builders' Association study, found that owning a home has been and will continue to be an excellent, capital gains tax-free investment for Canadians. The study concluded that even in a period of inflation and no increase in house prices, homeowners would still be better off than renters in terms of their net worth in the long term.

The latest Clayton study shows these benefits of home ownership have been extended to a larger pool of potential buyers, because of reduction in interest rates and competitive house prices across Canada. At the same time, buyers now have opportunity to buy at the bottom of the housing price cycle in most markets.