

House prices, mortgages most attractive since 1980

by Mack Parliament
Recessions, like the one Canada is currently experiencing, are periods of skepticism for some people, but for others they are seen as periods of opportunity. And this one presents every bit as much opportunity as the ones which preceded it.

Actually, Canada has had six recessions since World War II of various duration and intensity. The present one, however, is the most severe and the longest in recent memory.

Instead of prices coming down in a troubled economic period, they continued to rise. Inflation continued apace, eventually downgrading a dollar that was worth 100 cents in 1971 to only 37.4 cents today.

Interest rates fall
Now that is changing and some, though not all, prices are declining. Inflation is receding. That brings to the fore opportunity—opportunity to make the 37-cent dollar work harder.

One of the most welcome and important changes has been the steady decline in interest rates, which has occurred in recent months. The Bank of Canada rate dropped to 11.53 per cent the third week in October, the lowest rate in several months. The chartered banks have followed suit, steadily reducing their personal loan and mortgage interest rates. Of course, when they reduce rates to borrowers, which reached a peak of 22.75 per cent last year, they also reduced the rates for depositors. So savings now return fewer dollars in interest. With prime lending rates at 13.75 per cent in October, the return on deposits has skidded to 10.5 per cent from 17.15 per cent a year earlier.

Historically, Canadians have been inveterate savers and on average are removing 12 per cent of their disposable income from circulation by locking it up in various forms of savings.

There is now an opportunity for the savers to help dispel the grey clouds of the recession by spending some of the savings on postponed purchases. Spending creates employment and the larger the item purchased, the more man hours go into its production and eventually more money is placed in circulation, creating even more jobs, thus helping recover from the recession.

Two such items are cars and houses, both of

which have been experiencing a tough production year, to put it mildly. Sales of cars have slumped abysmally, affecting the steel industry. Construction of new houses was at a seasonally adjusted rate of only 86,000 in September, seriously depressing the lumber, building materials and appliance industries.

This was the lowest monthly housing starts figure in 22 years. It has occurred despite the provincial aid programs, the federal government \$3,000 grant program to all buyers of new homes and first time buyers of existing (resale) homes

and declining average prices.

According to Statistics Canada the price of new homes is lower than a year ago. The average price of a detached home in Georgetown is listed at \$81,945. In Acton it is about \$70,000.

The average price of existing homes has fallen even further. Between August 1981 and the same month in 1982 the decrease was 9.4 per cent dropping the average to \$69,478. There are indications, however, the decline has bottomed out.

During the past year mortgage interest rates have followed the path

taken by interest rates generally, thereby undergoing a dramatic change and in recent months staying on a steep downward track. The one-year closed mortgages have fallen from 21.75 per cent in October 1981 to as low as 14 per cent currently. Rates for other types of mortgages have also declined to as low as 15 per cent for two-year mortgages, 15.25 per cent for three-year mortgages and 15.75 for five years. The resulting savings to home purchasers are substantial.

Taking the previously mentioned \$69,478 aver-

age price of a resale home with a 10 per cent down payment of \$6,947 and the \$3,000 federal grant, there is a principal balance of \$59,529.

The monthly mortgage payment on this balance at last year's 21.75 per cent rate, amortized over 25 years, would be \$1,017.10. But as the current interest rate this would drop to \$699.34—a difference of \$317.76 per month—a reduction of 31 per cent. The saving is even greater when the lower average price of homes today, compared with a year ago, is taken into account.

The Search is On

For 1982 Ontario Junior Citizens of the Year

Meet one of the twelve Ontario Junior Citizens of the Year Award winners of 1981

JOEL ROWAN, 17, of Scarborough lost his right leg to cancer at the age of 13. But it didn't stop him from skiing -- he took up Track Three skiing (one ski on his left foot and two more on the special poles). Joel has excelled in downhill skiing ever since. A member of the Canadian Handicapped Ski Team, Joel hopes to be in the 1984 Olympics. He also enjoys water skiing.



Do you know a young Canadian (aged 6 to 18) who deserves a Junior Citizen Award?

1982 nominations are now being accepted by this newspaper



JUNIOR CITIZEN CO-ORDINATOR
GEORGETOWN OPTIMIST CLUB



The Ontario Junior Citizen of the Year Awards Program is a joint project of the community newspapers of Ontario and CP Air.



Crown City Realty Ltd.

518-836-4600



SHOWPLACE
Nac room in this 1 year old abnapt in Rockwood. Beautiful lot with mature trees. Let me show it to you. Kay Maxwell 836-4600 or 853-0608.



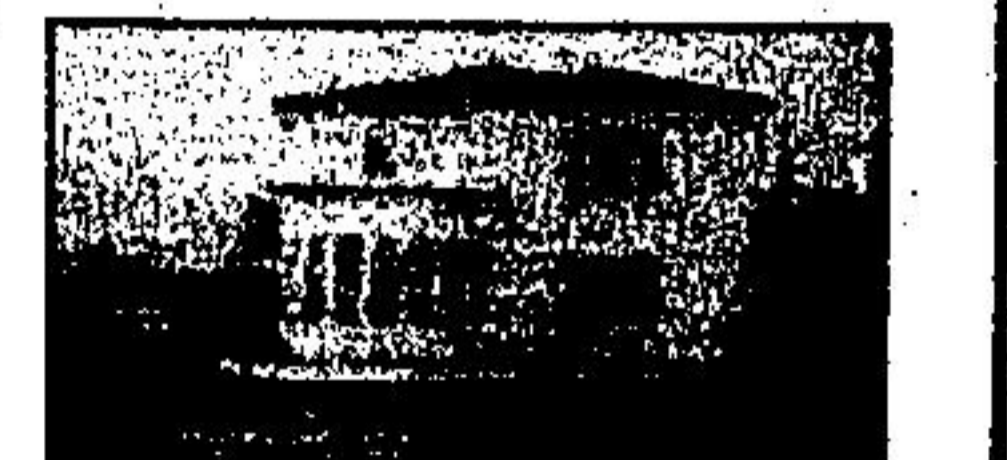
THE GARAGE
On this 1 acre property is larger than some houses plus 3 bedrooms, 1480 square foot home just 1 year old in exclusive area in Rockwood. Call K. Maxwell 836-4600 or 853-0608.



SPACIOUS BRICK HOME
With commercial zoning. Already has store attached for "your" business. Let me show it to you. K. Maxwell 836-4600 or 853-0608.



28 MINUTES TO GEORGETOWN
And reduced to \$38,900. Fine cupboards and woodwork throughout. Just a doll house. Call Corie Fisher 836-4600.



NEVER VACANT
Four plus in Rockwood. Going at a bargain. Call Corie Fisher 836-4600.

1 GEM—ROCKWOOD AREA
Immediate raised bungalow with 3 bedrooms, 2 bathrooms, 2 walkouts to decks, double garage, photography dark room and many more features in this home of superior brick construction. You'll enjoy its privacy plus the easy commuting to all facilities. Big price is the reduced price of \$77,900 and vendor will hold good mortgage below current rate. Call me K. Maxwell 836-4600 or 853-0608.

RANCH BUNGALOW ON 1 ACRE
2100 square feet of living space on the main floor and just as much room in the basement. This home has spectacular for a good sized family. The country sized kitchen has sliders to a deck and there is a formal dining room. The family room has a fire for the straight stove and the forced air electric heating has the potential of a heat pump. There are 3 bedrooms and a 5x4 car attached garage. This home is 1/2 finished and requires your personal finishing to stamp it "YOURS". See it and make an offer. Corie Fisher 836-4600.

REDUCED ON 1/2 ACRES
Standardized set up. Ideal for family operation. 1/2 mile stone dust track, double 2 year old home. Each with 3 bedrooms, each with kitchen, dining room combination and full living room. The barn is professionally built with 8 box stalls, laundry room plus new area for hay storage. North Rockwood area and asking \$128,900. There is super financing which can be arranged with the owner. Come and see it. Corie Fisher 836-4600.

On any of the above please call KAY MAXWELL at 836-4600 or 853-0608.