

Real Estate Outlook

Value of land outside urban centres rises

The value of land surrounding large urban centres has increased significantly in the past year as a result of on going residential development, according to the latest Town and Country Properties survey from Royal LePage Real Estate Services Ltd.

Prices of true farmland in rural

areas of the province have experienced only a slight increase over the 1986 level. However, the rising demand for "hobby farms" as recreational properties in these areas is expected to put an upward pressure on values in the future.

The popularity of hobby farms has increased for a number of reasons,

most notably, the appreciation of summer cottage values.

"The hobby farm is now seen as an alternative to a cottage since it offers more space and reduced travelling time," says Elmar Moser, Vice President and Divisional General Manager, Royal LePage Residential Real Estate Services, Eastern and Northern Ontario. "In addition, the operating costs of a hobby farm can be offset by renting some of the productive acreage to a local farmer."

"This steady trend, in the rise since the early 1980's, could have a very positive long-term affect in many districts across Ontario," says Moser. "The lower land values of rural properties are attracting many potential buyers who wish to own a country retreat but cannot afford a waterfront property. The influx of these purchasers is expected

to translate into additional business for agricultural communities.

"Business executives have also expressed an interest in the hobby farm concept," adds Sue Cumberland, Manager of Royal LePage's Town and Country Properties Department. "Sometimes called a 'gentleman's farm', the executive retreat often includes a swimming pool and tennis court. Perhaps most important is the fact that the property is often within commuting distance to the city."

According to Cumberland, executive retreats are popular in areas such as Ottawa, Carleton, and Durham, Simcoe, Dufferin and Wellington Counties. The starting price of farms over 100 acres in Wellington, Dufferin, and Simcoe Counties will range from \$900 - \$2,000 per acre, if the land is cultivated and the buildings are in good working order. If the land has been allowed to fallow for several years and the

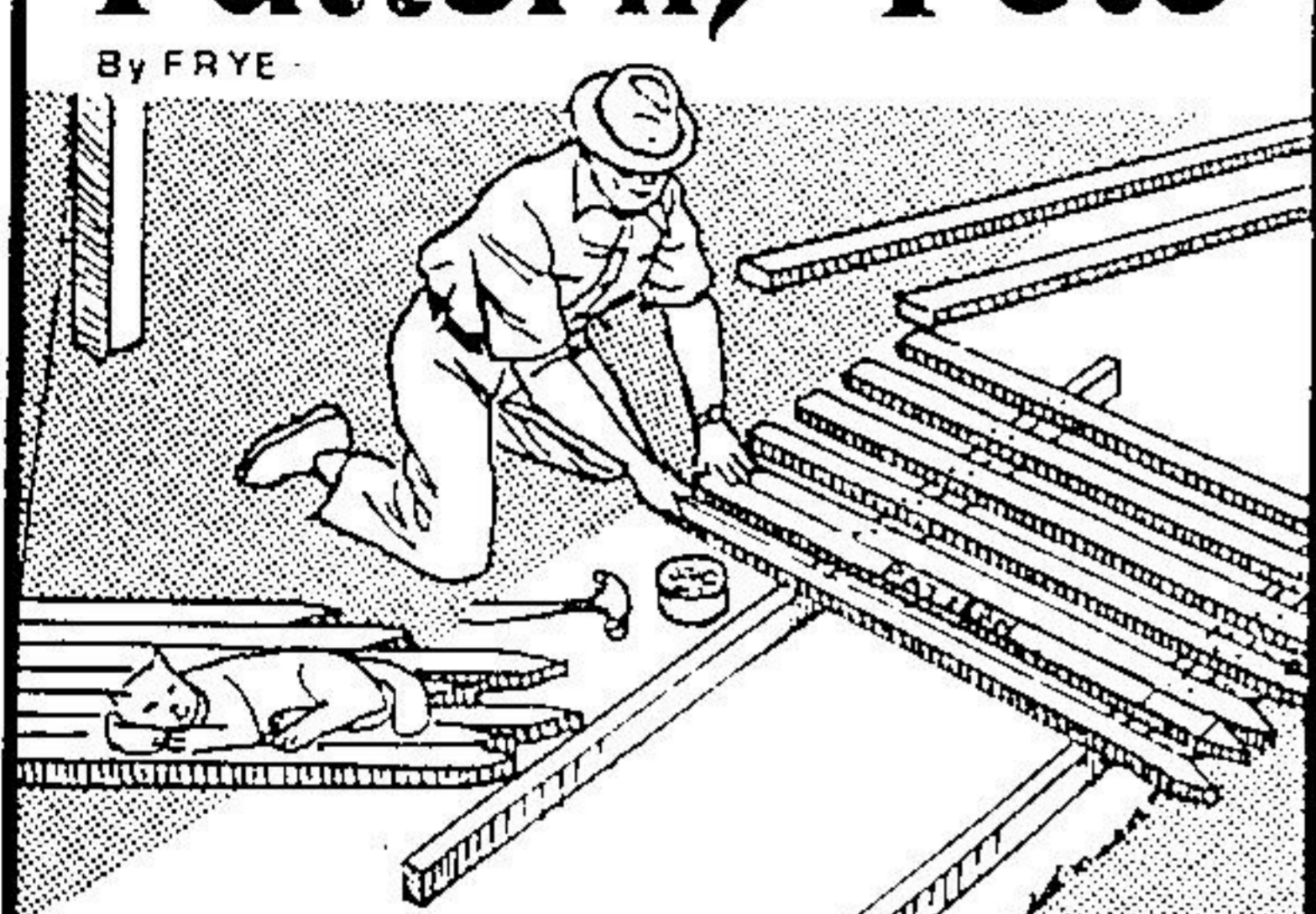
buildings are older or not in good working condition, the price per acre starts at between \$600 - \$1,200 in these areas. In parts of Durham, however, the prices may be higher because of a shortage of available farmland.

A little further away from the urban centres like Toronto, Ottawa and Windsor, country retreats can be obtained for considerably less. In the more rural districts like Hastings, Renfrew, Victoria, Northumberland, Huron and Grey-Bruce Counties, farms over 100 acres with cultivated land and good buildings will typically start at between \$700 - \$1,000 per acre while the starting price of land and buildings in less than prime condition ranges from \$275 to \$600 per acre.

Copies of the full survey can be obtained by contacting the Town and Properties Department, 39 Wynford Dr., Don Mills, Ontario, (416) 445-9500.

Putterin' Pete

By FRYE



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Royal City is 10th largest

In its tenth anniversary year, Royal City Realty Ltd. of Guelph is now the tenth largest real estate broker in Canada according to Canadian Business Magazine.

The publication's annual list of the top 500 corporate performers shows that the privately held company made the top ten broker list with fees and commissions of \$13,090,000, a 10 per cent increase over 1986.

"Not only did we have the third largest percentage revenue increase," said President Murray Taylor, "but we did it with the second smallest increase in agents of any in the top ten list."

Royal City Realty opened in Guelph in 1977. It now has 20 salespeople in twelve offices, including Bramalea, Collingwood, Owen Sound, Barrie and Georgetown.

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Mortgage activity stable

Mortgage market activity has stabilized and now is similar to levels achieved at this time last year, reports the Royal LePage Canadian Mortgage Market Bulletin.

"The market has returned to a more balanced state after experiencing an extended period of exceptionally strong activity in a number of Canadian centers, particularly Greater Metropolitan Toronto," said Ozzie Jurock, President, Royal LePage Residential Real Estate Services.

Data Generated from placements with the Royal LePage Pre-Approved Mortgage shows that the majority of clients seeking new mortgage disbursements are opting for five year terms. The majority of those renewing mortgages are choosing terms of one year or less.

"This pattern is typical. Clients seeking new mortgages often are more highly leveraged and seeking financial security offered by longer terms while mortgage renewers may enjoy greater financial security and be willing to accept short term fluctuations in rates," said Jurock.

Mortgage rates have remained stable during the past month, following slight increases in May. Most major lenders are offering five year terms at 11 1/4 per cent and one year terms at 9 1/4 per cent.

In the commercial mortgage market, the continuation of acceptable rates has kept demand steady in the majority of Canadian centers, notes William Anderson, Royal LePage's commercial mortgage spokesman.

"As is traditionally the case, demand for commercial mortgages has eased with the onset of summer. Nevertheless, mortgage lending activity generally is healthy, especially within Ontario and Quebec," said Anderson.

The Canadian Mortgage Market Bulletin is based on information from Royal LePage's residential and commercial real estate managers across the country who are in daily contact with the Canadian money market.



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