

Peaks and valleys of cyclical nature

Declining consumer confidence levels and a poor economy dampened residential real estate activity in most major markets across the country during much of last year, says Royal LePage.

According to the latest issue of the company's Survey of Canadian House Prices released today, housing values for the fourth quarter of 1990 reflected the sluggish state of the economy.

"Peaks and valleys are part of the cyclical nature of the real estate business," says Gino Romanese, Executive Vice President, Royal LePage Residential Real Estate Services. "I believe prices have now bottomed out or are very near bottoming out in most areas. Given the increased affordability, with respect to house prices and mortgage rates, and the wide selection of properties available, sales activity should stabilize during the first half of 1991 and show moderate growth thereafter.

Traditionally, when mortgage rates drop, prices begin to increase. This is the climate we are now in and supports my belief that prices are at or near bottom.

"Uncertainty over the GST is expected to be gone by the end of the first quarter as consumer understanding gradually increases," he added.

Romanese made his comments with the release of the January issue of the Royal LePage Survey. The quarterly, cross Canada study tracks the estimated selling price of seven categories of housing in over 250 communities from coast to coast.

The notable exceptions to the rule in 1990 were Edmonton, Calgary, the B.C. interior, and Ottawa. These areas bucked the national trend with housing values increasing over 40 per

cent in some categories.

For instance, in the Castledowns area of Edmonton, a standard condominium increased 42.8 per cent. In Lethbridge, a standard two-storey home jumped 44 per cent in value. Neighbours to the south in Calgary experienced a 24.7 per cent increase in the standard townhouse category in the N.W. Dalhousie area. The senior executive home in Lake Bonavista rose 17.1 per cent over the previous year.

In British Columbia, the Penticton area experienced increases in excess of 20 per cent in four out of seven categories. In Vernon, the standard townhouse rose 24.7 per cent over last year's level.

Homes located in the Ottawa region also appreciated significantly in value. For example, a luxury condominium apartment in Western Ottawa jumped 11.9 per cent over the January, 1990, level. Cities in close proximity to Ottawa, such as Pembroke, also experienced increases.

The rest of Ontario was feeling the effects of the recession. Outside of Metropolitan Toronto, house prices increased marginally, usually in the one to six per cent range, or remained stable. In Metro Toronto and adjacent areas such as Peel and York Region, it was a buyer's market as prices declined in nearly every category reported in the Survey.

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Survey Completed
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MORTGAGE RATES ANNUAL INTEREST

	SIX MONTH	ONE YEAR	TWO YEAR	THREE YEAR	FOUR YEAR	FIVE YEAR
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TRUST COMPANIES

Canada Trust	12.00	11.75	12.00	12.00	12.00	11.75
Municipal Trust	N/A	12.50	12.25	12.25	12.25	12.25
NRS/Royal Trust	12.00	11.75	11.75	11.75	11.75	11.75

CHARTERED BANKS

Bank of Commerce	N/A	11.75	12.00	12.00	12.00	12.00
Bank of Montreal	12.00	12.00	12.00	12.00	12.00	11.95
Bank of Nova Scotia	N/A	12.00	12.00	12.00	12.00	12.00
Royal Bank	11.75	11.75	12.00	12.00	12.00	12.00
Toronto Dominion	11.75	11.75	12.00	12.00	12.00	11.75

This survey was prepared to help the Herald Homestyle readers track weekly Bank and Trust Company rates.