

Real estate is a good investment

Real estate has historically been considered a safe haven for the individual investor's hard-earned dollars.

If you have chosen to buy a second house to provide you with an income and a hedge against inflation, realize that it is an investment decision like any other. You must determine if it fits in with your overall investment strategy and compare it to other possible investments. Ultimately, you should consult a financial advisor like an accountant or a banker.

AN INCOME-PRODUCING property has a lot of advantages, particularly for the person with a small amount of money to invest. Your cash will always be returned from real estate even though you may have to wait for the right time to sell.

Consequently, your capital is never at risk. Not only will your property provide you with rental income, but your equity will appreciate at a rate that has almost always outpaced inflation over the past 50 years.

IN ADDITION, the costs and benefits of buying and selling property are easily understood. The typical investor can see what he is investing in and the fluctuations of the real estate market are easily identified and reported almost daily by the media.

Real estate investors can also make useful the number of tax breaks involved in ownership. Expenses incurred in maintaining the property, mortgage interest

costs, and depreciation of the property are all tax deductible.

DEPENDING ON THE SIZE of your downpayment and the rental market, the income could cover your mortgage payments.

Offsetting these advantages are two disadvantages the prudent real estate investor will consider.

When you buy an income property, you automatically become a landlord. You will have to find suitable tenants for your property.

This is an exercise that requires care, not only because you want responsible people in your house, but also because of the implications of landlord/tenant legislation in many provinces. In some areas, this legislation severely restricts your ability to deal with or evict tenants.

YOU WILL HAVE TO MAINTAIN the property, answer tenants' queries, and be prepared to fund emergency and periodic repairs, unless you hire a property manager.

Buying housing is rarely a short-term or liquid investment. While housing value increases traditionally outpace the inflation rate, the selling price of homes is expected to increase only five to ten per cent in most centres in the next 12 months.

To realize a substantial real profit your property should be allowed to appreciate

over a number of years. While there is always a market for real estate that is realistically priced, a typical property can take anywhere from two to six months to sell.

DESPITE THIS, the real estate investor does have some financial flexibility. If you own a rental property and would like to use it to yield immediate cash, one option available is to re-finance by taking out a large mortgage.

While you won't be able to recoup 100 per cent of the property's value, you can obtain a substantial amount of money that is tax free and at the same time retain ownership of the property. You may even be able to increase your rental rates to cover your increased carrying costs.

On the other hand, if you sell the property, your profit will be taxable as a capital gain.

If the decision has been made to invest in a second house, it is important that you check on the background of each property you are considering.

- What are the rental and vacancy rates in the area?
- How does the rent you plan to charge compare with your carrying costs of maintenance, taxes and mortgage?
- Are other properties in the neighborhood increasing in value?
- Are nearby homes well-maintained?
- Is the real estate market in that area

up, down, or stable? Since you want your property to appreciate, time your purchase for when the market is down or stable.

In some markets, condominiums make good income property investments because the rent they command often exceeds the carrying costs.

However, before purchasing a condominium you should check the corporation's financial statement carefully, paying particular attention to see if the monthly maintenance fees are adequate to maintain the property value.

Also note, condominiums have strict rules concerning what changes you can make and you may not be able to make substantial improvements to markedly increase the value of your property.

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THE BRIDLE TRAIL \$204,900
4 bedroom Stanhope. Vendor delighted with service & price!! Thinking of selling your home. Call Dan, LeBarr. 471-6600, res. 471-1774. Re/Max Markville Realty Ltd. Rltr.



OPEN HOUSE! SAT. APRIL 26 1 P.M. TO 4 P.M.

66 DORMAN DRIVE
One of a kind, inground pool, sauna, many extras. \$147,900. Sandra Clark 640-4960. Re/Max Executive Realty Inc. Rltr.



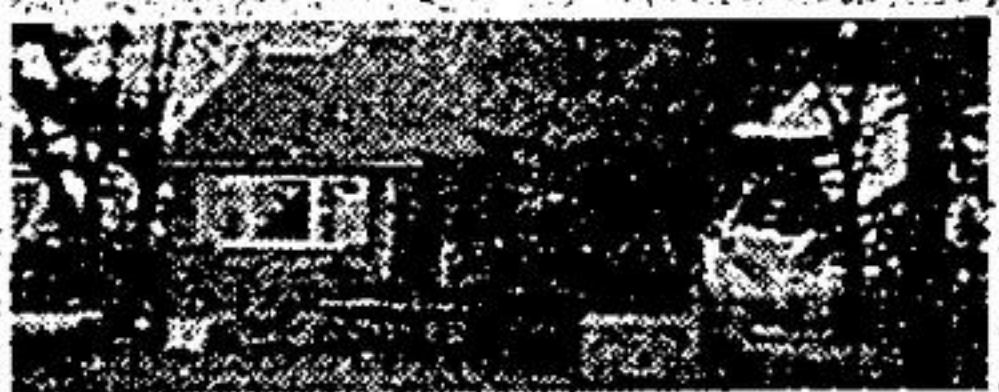
1 ACRE COUNTRY

View of lake! Have a walk in the woods. Feed the birds in your back yard. Relax in this country home. Fireplace, 4 bdrms. Mary Jean 640-4960. Re/Max Executive Realty Inc. Rltr.



UNBELIEVABLE VALUE!

1/2 acre lot, gorgeous ravine setting, panoramic view. Restored century home. Move in condition. Only \$119,900. Bob Newman 294-5817, 640-4960. Re/Max Executive Realty Inc. Rltr.



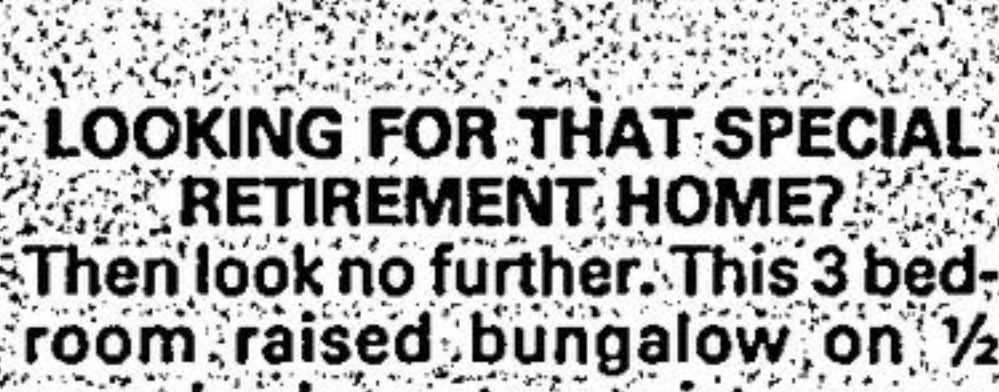
FIRST AD \$76,500!

Close to 404. 4 bdrm. 1 1/2 storey with full basement on 60x200 lot in area of nicer homes. Would look great board & batted. Aly Lyons 640-4960. Re/Max Executive Realty Inc. Rltr.



SUPER BUNGALOW

Stouffville. 3 + bedrooms, 18'x18' solarium, family room, finished rec. room + fireplace, 1 1/2 baths, possible in-law, many extras. Derek Thornton 640-4960. Re/Max Executive Realty Inc. Rltr.



LOOKING FOR THAT SPECIAL RETIREMENT HOME?

Then look no further. This 3 bedroom raised bungalow on 1/2 acre backs onto a picturesque river. 3 walkouts, professionally finished rec. room with stone fireplace and bar. Asking \$91,900. Sharon Gray 640-6755, res. 1-852-5855. Re/Max Scugog Realty Limited Rltr.



CALLING ALL STARTERS

In town Stouffville. Brick bungalow, hardwood floors, sun room, separate dining room, finished rec. room. \$94,900. Derek Thornton 640-4960. Re/Max Executive Realty Inc. Rltr.



1/3 ACRE + CONSERVATION!

2500 sq. ft., 5 BR, 2 FP, pool, landscaped, fruit trees, close to 400 and 404! Hank Degroot 640-3948, 640-4960. Re/Max Executive Realty Inc. Rltr.



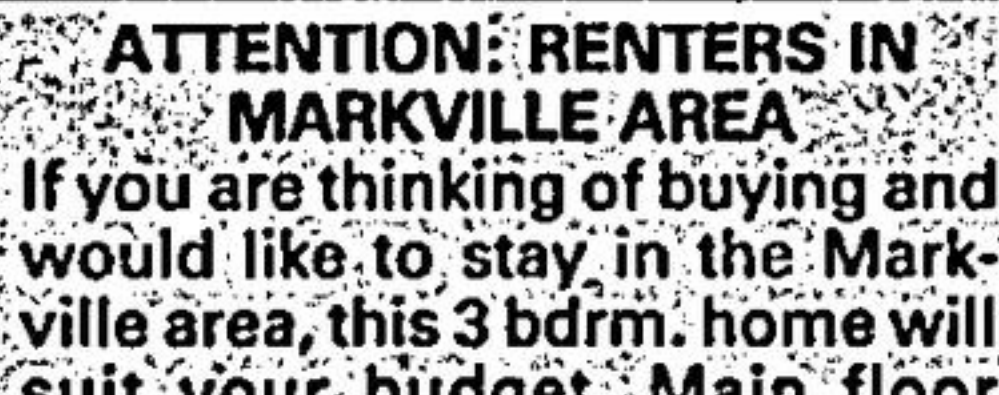
FIRST AD \$67,500!!

Close to 404. 3 bdrm. bungalow with fireplace & eat-in kitchen with dishwasher. Overlooking park with beach rights. Aly Lyons 640-4960. Re/Max Executive Realty Inc. Rltr.



A TOUCH OF COUNTRY

\$121,900 buys this 4 bdrm. 2 storey, main floor family room with fireplace and walkout to deck & patio. Large eat-in kitchen, separate dining room. Sharon Gray 640-6755, res. 1-852-5855. Re/Max Scugog Realty Limited Rltr.

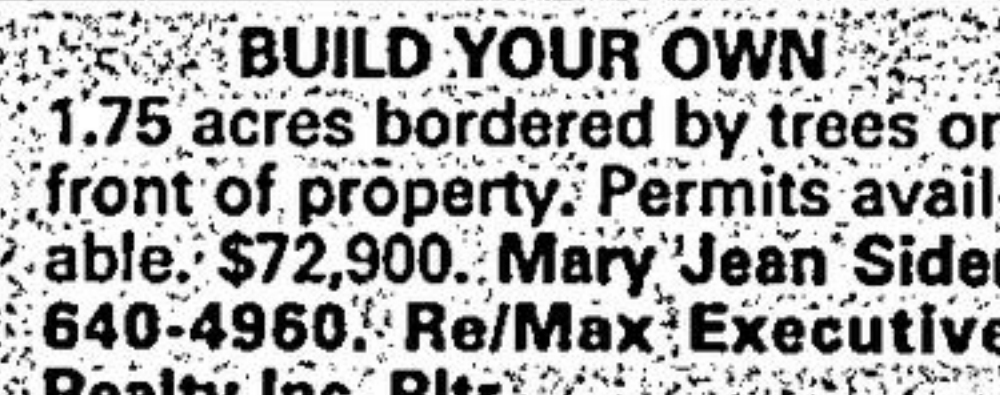


ATTENTION: RENTERS IN MARKVILLE AREA

If you are thinking of buying and would like to stay in the Markville area, this 3 bdrm. home will suit your budget. Main floor fam. rm. too. Call me for financing information. Johanna Parker 471-6600.

REDUCED TO SELL!

2000 + sq. ft. of antique elegance, many extras in this century and a half home. Hank Degroot 640-3948, 640-4960.



BUILD YOUR OWN

1.75 acres bordered by trees on front of property. Permits available. \$72,900. Mary Jean Sider 640-4960. Re/Max Executive Realty Inc. Rltr.

COUNTRY LIVING AT ITS BEST

Just N.E. of Mt. Albert. 10 ac. 4 BR bungalow, large 10 stall barn, easy commuting! \$145,900. Hank Degroot 640-3948, 640-4960. Re/Max Executive Realty Inc. Rltr.



HEART OF OLD VILLAGE

This home is a 3500 sq. ft. beauty. Close to arena and library...in the heart of Old Village of Markham. This home must be seen. Call Joyce Ramer Walker, 471-6600. Re/Max Markville Realty Ltd. Realtor.

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