

Healthy housing market predicted for 2001

Despite signs of a slowing economy, the Canada Mortgage and Housing Corp. (CMHC) has reported that the Toronto housing market will enjoy one more good year before any potential downturn. It predicts that housing prices will increase by 3.3 per cent by the end of 2001.

At the end of November 2000, the average price of a resale home in Toronto for 2000 was \$242,000. Next year that figure is expected to rise to \$250,000.

Over the past few years, the Toronto real estate market has performed extremely well because of a booming economy, high job creation and low interest rates. CMHC reported that employment growth is expected to be 4 per cent in 2001 and will dip to 3.5 per cent the following year.

The high demand for housing in Toronto has also resulted from an increase in migration to the area. A high demand for multiple unit construction such as townhomes and condominiums is expected this year because these types of dwellings are more affordable than single-family homes.

In 2000, the new home market was led by condominiums, a trend which is expected to continue this year. Sales of semi-detached homes are expected to rise next year as well.

CMHC also predicted that new home sales will increase to 45,000 this year, representing an 8 per cent increase over the 41,500 sales last year. The price of new homes has remained almost unchanged since last year, while resale home prices have risen almost 6 per cent.

Storage tips

Due to any number of circumstances, home owners sometimes have to consider putting their belongings into storage. In this case, these storage tips may come in handy.

- * A small, efficiently packed unit is more cost-effective than a larger unit where belongings are poorly arranged.
- * Fill all boxes to capacity to avoid tipping or collapsing.
- * Heavier items such as books or tools should be stored in small boxes and placed at the bottom of piles.
- * Use bubble wrap for all fragile items and make sure light items are stored near the top of piles to prevent damage.
- * Label boxes properly and keep the list handy. This will eliminate a lot of time and guesswork when it comes time to retrieve your belongings.
- * Inspect your storage space to make sure that doors and locks work properly.
- * Some storage units carry insurance policies; some do not. Check with your insurance company to see if your belongings are covered off premises. If a storage unit does not provide insurance coverage, make sure that your belongings are insured before they are put into storage.
- * Each storage company has its own hours of operation, so choose one with hours that are convenient to you.

Save money buying your first home

The dream of buying a home is alive and well for many Canadians. In a recent survey, nearly 35% of Canadians aged 25 to 34 said they plan to purchase a home within the next two years.

For many of these purchasers, saving the traditional 25% down payment may seem daunting, but there are several ways to save money on their big investment. Here are just a few:

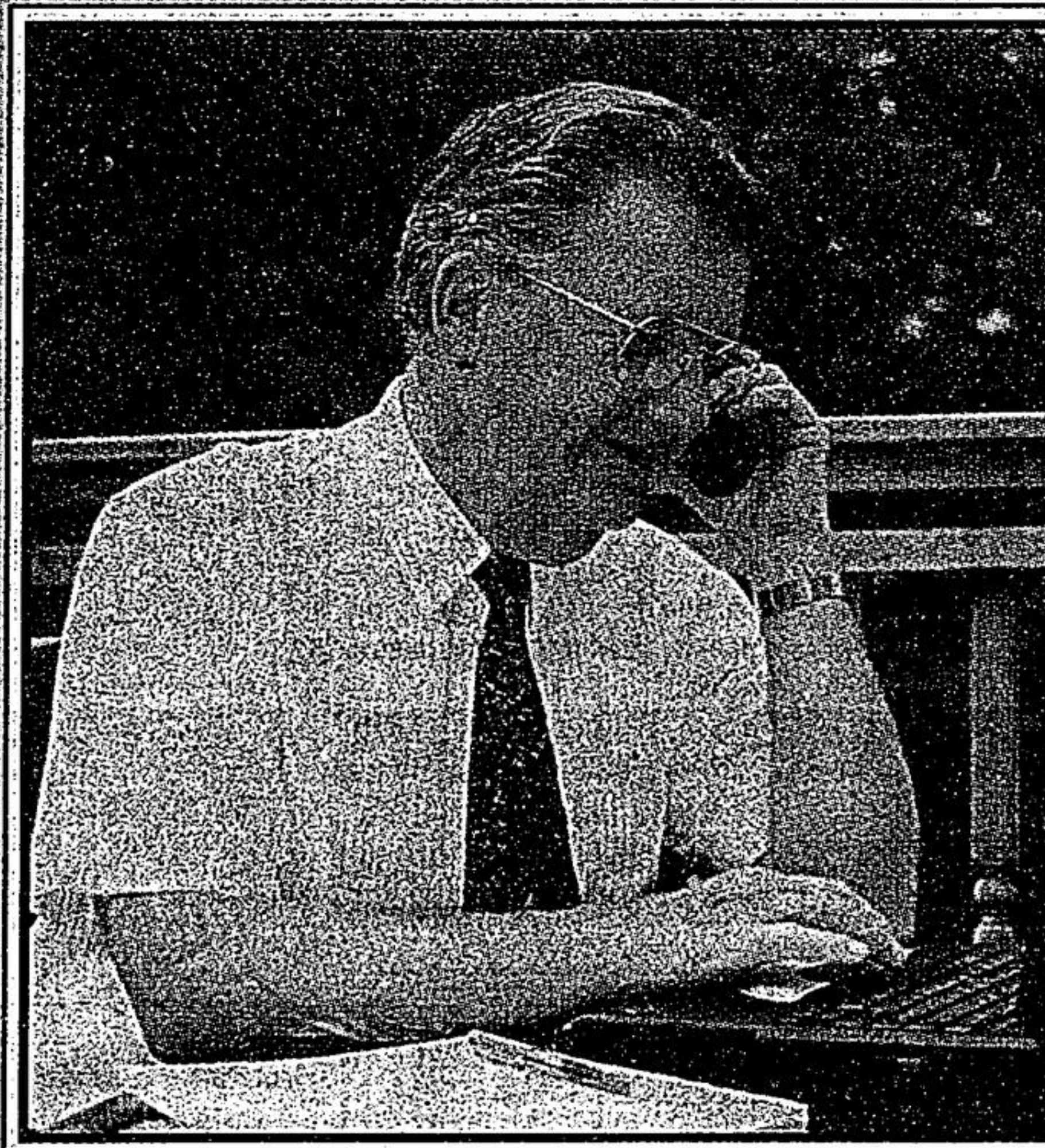
- 1) **You don't need to save 25% for a down payment.** With an insured mortgage from either GE Capital or the Canadian Mortgage and Housing Corporation, all you need is 5% down. Of course, you pay a small premium for this service (ranging from 1.25% - 2.5%, depending on the down payment) but it can sure make a difference.
- 2) **You can borrow money from your RRSP to help build or buy a first home.** Up to \$20,000 tax-free can be borrowed (\$40,000 per couple) which must be repaid within 17 years. During the past few years, thousands of Canadians have dipped into their RRSPs to help finance a first home.
- 3) **Negotiate the best terms for your mortgage.** First-time buyers may find themselves with very little negotiating power when talking with a bank or lending institution. Not so. Banks want your business and will sometimes offer cash bonuses or higher credit limits to help you out at the beginning. Shop around and find the right financial arrangement for you.
- 4) **Look for flexibility in your financial institution.** Your financial situation may change over time and so you want to find a financial institution that allows some flexibility. For instance, skipping a mortgage payment and longer mortgage terms are popular benefits that may be worth considering.

Finally, if you are in the category of first-time home buyers, enjoy the experience. It can be a lot of fun.

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New
Year*



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