



Kam's Mortgage Monthly

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A Few Differences

You can't turn around these days without hearing about the real estate market; in fact, folks are talking about it everywhere. To the south of us, we're constantly hearing about declining housing starts, falling home sales, double-digit price depreciation, subprime fallout and foreclosures! Thankfully we live in Canada, and there is no doubt that we are experiencing some fallout due to the situation in the U.S., but fortunately not to the same extent. There are a number of reasons why the Canadian real estate markets have fared better than their American counterparts and here are a few of them:

- Subprime mortgages represent less than five per cent of our market nationally.
- Foreclosures occur in about one quarter of one per cent of mortgage transactions in this country.
- Canadians on average have more equity in their homes than their American cousins.
- We have less debt per capita than our American counterparts.
- Speculation has played a smaller part in existing home sales across the country. That's not to say there aren't regions across the country that have had a moderate amount of speculation, but averaged across the country, it's far less than in the U.S.
- The fundamentals of our economy are relatively solid. Of all the G8 countries, only Canada is expected to show growth in 2008 and 2009.
- As mentioned in last month's newsletter, the Canadian banking system is one of the best in the world. We have a relatively low number of banks, which results in lower levels of competition amongst them, helping to preserve their bottom line.
- Canadian banks rely more on old-fashioned lending models, than innovative financial products that are weighted far more heavily towards profits.



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Something
to
Ponder

What we know about
the recent financial
crisis, is that we
don't know very
much!

Unknown

A Few Differences cont'd...

- To date for the year, the Canadian job market has been stronger than the US, adding more than 200,000 jobs so far this year. As conditions change in markets across the country, things may certainly change on the job front.
- Our interest rates still remain favourable, in fact they are still at historic lows.
- On average, housing values in major centers have to date not experienced serious, double-digit price appreciation year-after-year for an extended period. Now there is no doubt that locally we have experienced phenomenal growth for the last three years, but even after the recent correction in the market, I would say we are still above levels from three years ago. Overall, our markets have been characterized by stable, healthy growth.
- Immigration continues to play a key role in our housing markets, and we continue to have strong levels of immigration. In fact, between 2001 and 2006, more than 1.1 million immigrants came to this country, with about half settling in the province of Ontario. Immigrants tend to purchase a home within the first five years of living in Canada.

Keep in mind that real estate is cyclical, it experiences both peaks and valleys. The more restrained the peak, the more modest the valley. There is no doubt that market conditions have moderated from the record pace of the past few years. More listings, softer housing values, longer days on market, but on average, most centers are still doing reasonably well. While some buyers and sellers will adopt a wait-and-see attitude, there are those that will continue to venture forward, either in search of bargains or those who see more value in the marketplace.

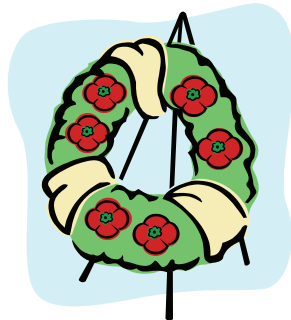
Understanding market conditions will be of paramount importance to today's buyers and sellers, especially as conditions change in markets across the country. Gone are the days of multiple offers; more than ever, it's important that if you want to sell your home, it's going to have to be priced realistically, as the competition demands it. The increase in the number of homes listed for sale are a definite advantage for purchasers, who now have the luxury of time in making one of the most important decisions of a lifetime, and get the most bang for their buck.

Canadians have always been great believers in homeownership; a point that is underscored by the close to 70 per cent of Canadians who own homes in this country. For those of you who are apprehensive about real estate as an investment, history has proven time and time again that real estate is a solid, long-term investment that appreciates at a rate of about five per cent annually. Then there's the intrinsic value of having a place to call "home", which for many is priceless.

Lest we forget

I sometimes wonder how many of us actually take the time and effort to think about this phrase? In our hectic everyday lives, it seems to me that at most times, people are just trying to do the opposite, they are just trying to forget all of the pressures and demands of life and try to capture a moment of solitude or two. During the course of my business and sales career, I've met thousands of people and have heard most, if not all of them, lament about the pressures and hardships of life. Upon hearing of this, I've often thought about our war veterans, those both living and dead. I've thought about what it must have felt like to not know if this was your last day or just another one in hell. I've tried to imagine the overwhelming stress on their families and loved ones, not knowing if their brother, father, son, uncle or grandfather was going to live to see another day! I personally don't know how I would have handled that dreaded telephone call or telegraph, announcing in just a few mere words that someone I loved so dearly and so much was simply gone. I've thought about the countless women who laboured tirelessly behind the scenes, both overseas and on the home front. Even though they could not directly participate in combat, they selflessly gave of themselves in countless other ways.

Now for those of you who don't believe in war and are pacifists, that's fine, but it's the sacrifice of these brave men and women, with their blood, sweat and tears, that have given us the many privileges that we tend to take for granted every day. These men and women paid the ultimate sacrifice, their lives, to bless us with our freedoms! Their loved ones paid dearly by losing someone they loved so very much. How many of us today would be willing to do the same? Now, this is what I call dealing with pressure and demands! I humbly ask that at this time, you take a moment or two to remember those brave men and women who have made such sacrifices, and also those who serve for us to this very day!



Referrals

Your referrals are always welcome, so if you can think of someone who may benefit from my services, please send me an e-mail to kam.brar@vericoselect.com or call me at **250-686-4246**. Never dealt with me, not sure what kind of service you're going to get? [click here](#) to see what some of my clients have to say!

If you have any questions or comments please contact Kam at kam.brar@vericoselect.com or visit www.kamthemortgageman.com