



REAL ESTATE NEWS

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IS HELPING CHILDREN BUY THEIR FIRST HOME BECOMING 'THE NEXT PARENTAL RESPONSIBILITY'?

It's the type of family support that some people will be proud to give and others will be jealous they never got, but a new survey shows first-time home buyers are getting on average more than \$10,000 from family members.

The housing market is full of anecdotal tales of people receiving help from their parents to push them over the top in a bidding war or children getting just enough cash for a 20% down payment which helps them avoid costly mortgage default insurance.

But the study from the Canadian Association of Accredited Mortgage Professionals that was recently released shows that on average first-time buyers are putting down 21% of the purchase price and that on average about 13% of that money comes from family.

The latest data from the Canada Real Estate Association puts the national average sale price at \$419,699. That would make the average down payment for a first-time buyer \$88,137 and mean family was chipping in \$11,458.

"I'm surprised it's not even higher," said Jim Murphy, chief executive of CAAMP. "I think there are a generation out there of retired people or people getting close to retirement who have a lot of wealth and there will be a transfer of wealth and that is including assistance on their home."

Will Dunning, chief economist with CAAMP, said the online survey was done with 2,000 people in mid-October, asking them about their first home purchase. Responses went back to 1990 but, for people who bought their homes from 2010 to 2014, the average family support was 17% of the down payment.

"You hear about the unusual situations [about parents buying their children homes]. It's like

houses selling over list. The only ones you hear about are the ones that do sell for over list," said Mr. Dunning.

The reality is that while there is plenty of family support, most first-time buyers are scraping together their own savings to buy a home. Personal savings accounted for on average 45% of the down payment, 28% came from another loan from a financial institution, 9% came from a Registered Retirement Savings Plan and 4% came from other sources.

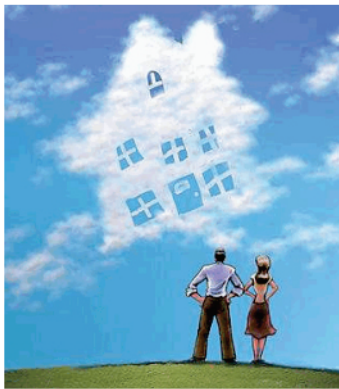
Kevin Lee, chief executive of the Canadian Home Builders' Association, says family support is a function of the affordability issues now in the marketplace.

"It's a barrier that is in front of young families and they need that financial gift from the bank of mom and dad just to get into the housing market. That is part of the affordability crisis we are seeing and it is a way around it, but how long can it last?" says Mr. Lee.

Scott Hannah, the Vancouver-based chief executive of the Credit Counselling Society, cautions parents really need to

encourage children to save at the same time as they are giving them money.

"You really want them to have some skin in the game," he said. "The worst case I've seen was a woman who came to me and said she helped her son with a \$150,000 down payment and that got [her son and his wife] into a \$600,000 home. They ran up a line of credit, because once you have a home you can get a line of credit. They couldn't manage it and the parents bailed them out of that. I told her 'if you don't help your son get financially independent, he'll be coming to you in his 40s.' The line went silent and she said 'he's 43.'"



NOVEMBER SALES UP SLIGHTLY OVER LAST YEAR

Members of the Ottawa Real Estate Board (OREB) sold 893 residential properties in November 2014 compared with 888 in November 2013, an increase of 0.6 percent. There were 1,121 home sales in October 2014.

"Sales have been remarkably similar to last year overall, with units sold for the first eleven months of the year at 13,291, just slightly above the year-to-date sales for 2013," said OREB's President. "Inventory levels are starting to dip back down, which is normal for this time of year, and average sales prices keep steady with last year. Overall, it has been a typical year so far for the real estate market in Ottawa – steady and fluctuating between a balanced and buyer's market."

"Properties have taken longer to sell, requiring most sellers to be more patient with the market, he added. "Resale condos are slightly behind last year's volume, likely caused by increased competition with new condo developments. Although the market slows somewhat in December, Sellers should note that many buyers for 2015 will begin their search over the holiday period, statistically the highest property search period."

The average sale price of residential properties, including condominiums, sold in October in the Ottawa area was \$356,900, an increase of 0.4 percent over November 2013. The average sale price for a condominium-class property was \$250,420 a decrease of 3.0 percent over November 2013. The average sale price of a residential-class property was \$381,936, an increase of 0.7 percent over November 2013.

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FUN FACTS: CHRISTMAS TRIVIA FROM AROUND THE WORLD

1. Each year more than 3 billion Christmas cards are sent in the U.S. alone.

2. All the gifts in the Twelve Days of Christmas would equal 364 gifts.

3. In A.D. 350, Pope Julius I, bishop of Rome, proclaimed December 25 the official celebration date for the birthday of Christ.

4. The traditional three colors of Christmas are green, red, and gold. Green has long been a symbol of life and rebirth; red symbolizes the blood of Christ, and gold represents light as well as wealth and royalty.

5. Each year there are approximately 20,000 "rent-a-Santas" across the United States. "Rent-a-Santas" usually undergo seasonal training on how to maintain a jolly attitude under pressure from the public. They also receive practical advice, such as not accepting money from parents while children are looking and avoiding garlic, onions, or beans for lunch.

6. Bolivians celebrate Misa del Gallo or "Mass of the Rooster" on Christmas Eve. Some people bring roosters to the midnight mass, a gesture that symbolizes the belief that a rooster was the first animal to announce the birth of Jesus.

7. In Poland, spiders or spider webs are common Christmas trees decorations because according to legend, a spider wove a blanket for Baby Jesus. In fact, Polish people consider spiders to be symbols of goodness and prosperity at Christmas.

8. Ancient peoples, such as the Druids, considered mistletoe sacred because it remains green and bears fruit during the winter when all other plants appear to die. Druids would cut the plant with golden sickles and never let it touch the ground. They thought it had the power to cure infertility and nervous diseases and to ward off evil.

9. A Yule log is an enormous log that is typically burned during the Twelve Days of Christmas (December 25-January 6). Some scholars suggest that the word yule means "revolution" or "wheel," which symbolizes the cyclical return of the sun. A burning log or its charred remains is said to offer health, fertility, and luck as well as the ability to ward off evil spirits.

10. The poinsettia is native to Mexico and was cultivated by the Aztecs, who called the plant Cuetlaxochitl ("flower which wilts"). For the Aztecs, the plant's brilliant red color symbolized purity, and they often used it medicinally to reduce fever. Contrary to popular belief, the poinsettia is not poisonous, but holly berries are.

11. Santa Claus is based on a fourth-century bishop from modern-day Turkey.

12. The first person to decorate a Christmas tree was reportedly the Protestant reformer Martin Luther (1483-1546). According to legend, he was so moved by the beauty of the stars shining between the branches of a fir tree, he brought home an evergreen tree and decorated it with candles to share the image with his children.

13. The Viking god Odin is one precursor to the modern Santa Claus. According to myth, Odin rode his flying horse, Sleipnir (a precursor to Santa's reindeer), who had eight legs. In the winter, Odin gave out both gifts and punishments, and children would fill their boots or stockings with treats for Sleipnir.

14. The earliest known common Christmas tree decorations were apples. At Christmastime, medieval actors would use apples to decorate paradise trees (usually fir trees) during "Paradise Plays," which were plays depicting Adam and Eve's creation and fall.

