



# REAL ESTATE NEWS

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### HOUSE PRICES KEEP GOING UP BUT THEY ARE MORE AFFORDABLE THANKS TO CHEAP DEBT

House prices keep going up in most parts of the country but affordability improved last quarter, according to one of the country's major banks.

Royal Bank of Canada chalked up the apparent discrepancy to mortgage rates, which continue to hover near all-time lows and have reduced interest costs.

"It was more affordable to own a home in virtually all provincial and major local markets across Canada in Q2, and in the face of solid price gains no less," said Craig Wright, chief economist with RBC, in a release.

The site says variable mortgages with a five-year term come with a rate as low as 2.25% today while fixed rate mortgage for five years are now as low as 2.67%.

"We had anticipated a rebound in activity from earlier this year when the harsher than normal winter weather took hold, but the biggest drop in fixed mortgage rates in almost four years and resulting improvement in affordability also gave the Canadian housing market a boost of extra energy," said Mr. Wright.

The Canadian Real Estate Association reported this month July sales rose 7.2% from a year ago. Prices across the country jumped 5% during the same period with the average sale price \$401,585.

RBC said resales picked up in May and June and contributed to a 9.4% seasonally-adjusted gain

in the second quarter, the strongest quarterly gain in almost four years. Not accounting for seasonal factors, it was second-best period for the quarter ever on record.

The jump in activity was attributed to sellers with new listings up 8% from a quarter earlier after three consecutive quarterly declines.

"Stats rolling in suggest that the upward momentum in Canada's housing market is being sustained and further, that a sharp slowdown is not imminent," said Mr. Wright, adding the rate of price increases will not be sustained.

And while affordability may be improving now, RBC says the historically low interest rates cannot be maintained and long-term rates will rise later in the year in anticipation of a rate move by the Bank of Canada in 2015.

"Rates would erode housing affordability across Canada and weigh on homebuyer demand," warns RBC.

The bank's affordability index nationally fell by 0.9 percentage points in the second quarter to 48% for what it calls a two-storey home.

RBC measures affordability as the proportion of pre-tax household income needed to service the costs of owning a home. Those costs include mortgage payments, utilities and property taxes.



### AVERAGE SALES FOR OTTAWA IN AUGUST

Members of the Ottawa Real Estate Board (OREB) sold 1,203 residential properties in August 2014 compared with 1,216 in August 2013, a decrease of 1.1 percent. There were 1,445 home sales in July 2014.

"As usual, we are seeing a typical end-of-summer slowdown, especially in comparison to July's record sales," said OREB's President. "Although sales numbers are down slightly since last year, August's sales are slightly higher than the five-year average, and continue to be on par with year-to-date sales compared to last year."

The average sale price of residential properties, including condominiums, sold in August in the Ottawa area was \$360,214, an increase of 3.4 percent over August 2013. The average sale price for a condominium-class property was \$263,996, an increase of 2.7 percent over August 2013. The average sale price of a residential-class property was \$381,628, an increase of 1.9 percent over August 2013.

"The \$300,000 to \$399,999 price range continues to have the highest concentration of properties sold, followed by the \$500,000 to \$749,999 range – the later range up by 27.4 percent from last year, he added. "This increase may possibly be the contributing factor in the average house price increases this month."

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## SEPTEMBER HOME-MAINTENANCE CHECKLIST

School is back in session and mornings are crisp, making this a great month for tackling home projects. Ever wake up in early September and notice that the air smells different? School begins, days get shorter, and a sense of responsibility begins to creep up on most of us. We've always wondered why "fall cleaning" isn't as popular as "spring cleaning." The air on brisk September mornings inspires us to dutifully button up the home in preparation for cooler days and longer nights.



### ADD WEATHERSTRIPPING TO DOORS AND WINDOWS

Weatherstripping can be plastic, foam, felt or metal; its job is to seal small gaps, keeping moisture and cold air outside where they belong. Look around your doors and windows: Is the weatherstripping torn or missing? This can become expensive if ignored. On doors, make sure the bottom seal is working properly — there are many sweeps, gaskets and thresholds designed to seal this gap. Doors generally need weatherstripping in their jambs as well. Adhesive-backed foam pads are easy to install for this purpose. Newer, energy-efficient windows generally don't require added weatherstripping, but if your windows are older, weatherstripping can keep drafts at bay and energy costs down.

### INSULATION SPECULATION

This is a good time to check the condition of insulation and see if you need more, especially if you live in an older home. You can purchase unbacked or loose-fill insulation if you are just beefing up what is already there. If you are adding batted insulation to a spot that has none, remember that the foil-backed side is the vapor barrier, and it must face the heated area.

For example, if you are laying fiberglass insulation in an unfinished attic floor to keep heat in the living room below, you should see pink when you're done — not foil. If your walls lack insulation, consider having a professional install blown-in insulation foam. The energy savings will probably offset the cost of the procedure in a couple of years.

### CHECK GUTTERS

Do a quick visual check to make sure gutters are clear — they'll be performing double duty soon with rainstorms and falling leaves.

### KEEP MICE OUT

September inspires nesting in mice as well as humans. Mice are looking for a winter home now, and that newly insulated attic would be just the spot. Mice can squeeze through quarter-inch openings; rats need a half-inch. Make sure all exterior vents are screened, and that there are no gaps underneath garage doors. If you are careless about leaving doors and windows open this time of year, you'll be setting mousetraps later. Pet doors are another favorite access point for rodents.



### CAULK EXTERIOR

Think of caulk as weatherstripping in a tube. Any gap on the outside of your home can be a candidate for caulking. Look at transition spots: corners, windows, doors, areas where masonry joins siding, or places where vents and other objects protrude from walls. Carefully read manufacturer's directions to make sure the caulk you buy will work where you plan to use it, and don't forget to purchase a caulking gun. Early fall is a good time for this task because caulk becomes difficult to apply when the temperature falls.

### GOT WOOD?

If you have a wood stove, it's not too early to lay in a supply of firewood. Though most of us buy whatever's local, bear in mind that soft woods like fir and cedar burn faster and create hazardous creosote in the chimney, thus requiring more system maintenance and more wood. Hardwoods such as oak, hickory and maple are slow, hot, clean burners. Wood piles attract insect and animal pests, so stack wood away from the house. Wood dries best when it's protected from rain and has air circulating around it, so under the roof of a wall-less carport would be an ideal wood storage spot.

### CLEAN DRYER VENT

This is another one of those tasks that should be on your to-do list every six months. Scoot your clothes dryer away from the wall, unplug it, and vacuum behind it. (If it's a gas dryer, turn off the gas supply to the dryer at the appliance shutoff valve.) Unhook the tube that leads to the vent and clear as much lint from the tube as you can. Grab a shop vacuum, go outside, and tackle the outside dryer vent as well.

### INSPECT YOUR ROOF AND CHIMNEY

If your roof isn't too steep, and isn't covered with slate or tile, you may be able to carefully walk on it on a dry day. Look for broken or missing shingles, missing or damaged flashing and seals around vent pipes and chimneys, and damage to boards along the eaves. Also peer down your chimney with a flashlight to make sure no animals have set up house in it. If you can't get on your roof, perform this inspection with a ladder around the perimeter. Pay close attention to valleys and flashings — many leaks originate in these spots. Some patches and roofing cement now can prevent thousands of dollars of water damage later in the winter.