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**DID YOU KNOW...**

Mortgage Professionals  
Canada recently released its  
annual state of the residential  
mortgage market in Canada.  
Here are some interesting facts.

- Out of 14.3 million households in Canada: 9.86 million are homeowners. 5.78 million have mortgages. Mortgage types: 68% are fixed-rate while 26% are variable/adjustable. The average mortgage interest rate is 3.02%
- The total value of owner-occupied properties is \$4.66 trillion
- The total home equity is \$3.4 trillion

Welcome to the February issue of the *Real Estate Journal*, which is designed to help keep you in the know regarding Real Estate and Mortgage related matters!

This month's edition looks at the property assessments vs. their market value, as well as talks about how a backup offer can secure your dream home. You will also find some interesting statistics on the mortgage and the real estate markets. Please let me know if you have any questions or feedback regarding anything outlined below.

Thanks again for your continued support and referrals!

## In This Issue

Property  
Assessments Vs.  
Market Value

How a Backup  
Offer Can  
Secure Your  
Dream Home

About  
Royal LePage



## Property Assessments Vs. Market Value

Consider the expert opinion of your skilled local Realtor. Consider ordering an appraisal for an accurate reflection of current market value.

**A**nnual Provincial Property

Assessment notices have been arriving in

- A trillion dollars has 12 zeros.
- Contrary to popular opinion, a bazillion dollars does not follow a trillion. That would in fact be a quadrillion dollars with 15 zeros.

#### HOMEOWNER TIPS

Recent studies have shown that the old adage of buying the worst house on the block may not offer the best rate of return. Often it is the worst house, and priced accordingly, for good reason. As an investment strategy one is often better off focusing on the neighbourhood itself, with an average home in a hot neighbourhood often doing far better than the ugly duckling in a less desirable area.

most mailboxes across the country (timing of delivery varies), giving some homeowners a smile, others a frown. But wait, this assessment is not tied to a current true market value. Provincial property assessment values are determined in July of the previous year, in an automated fashion. Considering the time lag alone an assessment should never be solely relied upon as any sort of relevant indicator of true current market value. Not for the purposes of purchase, sale, or financing.

Think of the assessed value instead as something akin to a weather forecast, spanning far larger and more diverse areas than the unique ecosystem that is your neighbourhood, your specific street, or your specific property. A weather forecast made the previous July, not the previous week.

If you wish to determine a selling price on your own property, enlist a professional. Valuing your own property is not a do-it-yourself project.

Estimations, and professional appraisals have a limited shelf life, perhaps as little as 4 weeks in fast moving markets.

Ultimately market value is determined by what a well-informed buyer is willing to pay for a home, and what a well-informed seller is willing to accept. The key of course is to be well-informed.

In closing, please do not rely on your government property assessment for a fair market value of your property. Do not rely entirely on the buyer's opinion or the seller's opinion in an unlisted private transaction for a fair market value. Do not rely on your neighbours, friends, or family members opinions for fair market value of a property.

Do enlist the services of a professional, start with a call to your local Realtor and speak with somebody who has their head in the game.

## How a Backup Offer Can Secure Your Dream Home



**H**ave you found the house of your dreams?

But there is already an accepted offer in place?

OK, but are there outstanding subjects on the offer? Perhaps there's a 'subject to sale' with a 72-hour trigger clause against the potential buyer, and this one condition might still be anywhere from two to six weeks from removal. Why sit back and wait to see what happens over the following weeks?

a month or longer. Keep in mind that despite what I am urging buyers to do, **very few will write a backup offer if another offer is already in place.** People don't like to bump other people; it feels confrontational. So in effect you are removing your home from the market whether you think so or not.

These subject-to-sale offers typically have a '72-hour clause'. This clause means that if another offer is written, **the original buyer has 72 hours to remove all subjects and go firm.** Whether they have met these conditions or not, it becomes their decision to roll the dice and follow through with their offer.

In a softening market 'subject to sale' becomes more common.

**Get in the game: write a backup offer.**

Over the last few years, more purchase offers have fallen apart due to financing than in the past couple of decades combined. Financing has become that challenging, and few people realize it until they actually write an offer and make the application.

When it comes to mortgage financing, while money never have been cheaper... it's also never been harder to get.

So, if you find your dream home and it already has an accepted offer, follow through with writing the backup offer anyway. It is not a waste of time for you or your Realtor. Historically clients and Realtors alike may have felt this was a wasted process. No longer!

If you're the seller, take the time to think through the written offer in front of you before accepting one with an exceedingly long subject removal period of, say, two to six weeks, or an offer containing a 'subject to sale' that lasts

As Canadians, we are often very polite, perhaps too polite. We give thanks to those who thank us for thanking them. We apologize when offered an apology. It's the Canadian way.

And so, we don't really want to trigger the 72-hour clause on somebody. We don't like putting others in uncomfortable situations. The reality for the seller is, *if you have a long subject removal offer on your property, it is highly unlikely that anyone else is going to write an offer on it.*

**Conclusion**

As a seller: **Be wary** of taking placeholder offers laden with long subject removal dates which put you in a position where you are subsequently hoping for a backup offer. You're unlikely to get one.

As a buyer, **write backup offers**. If you are serious about the property, don't be shy about triggering the 72-hour clause. Get your elbows up, get in the game, and **make it happen**.

# About

# ROYAL LEPAGE

Royal LePage is Canada's oldest and largest Canadian owned real estate company. Founded in 1913 by Albert LePage when he was just 26 years old, Royal LePage is now Canada's largest real estate company with more than 14,000 agents in more than 600 locations across the country. And we firmly believe that you can only become the oldest and largest company by being the best.

Over the years, we've learned a lot about real estate – and how to provide the best possible service for our clients. Since the mid-1990s, Royal LePage has more than tripled the size of its sales force and almost doubled its market share.

Throughout our successes, we remain dedicated to helping you through the real estate process. Our commitment to innovation and customer service is as strong as ever.

We offer all of our REALTORS® – from those serving tiny communities to those in major urban centres – strong support from our national pool of knowledge, skill and technical expertise. We regularly invest time, money and resources to develop and provide the knowledge and tools they need to best market your home, including:

- Up-to-date information about local market conditions
- Quarterly housing reports
- Creative brochures and newspaper ads to showcase your home

- Ongoing negotiation, marketing and technical training

This communication is not intended to cause or induce breach of an existing agency agreement.

\*\*Not intended to solicit Buyers/Sellers currently under contract.