



THE **hube** team

519.624.2000

HomesInCambridge.com

ROYAL LEPAGE
Grand Valley Realty
BROKERAGE
INDEPENDENTLY OWNED AND OPERATED
4-471 Hespeler Rd., Cambridge, ON

September 2015



The Hube Team
Royal LePage Grand Valley Realty
Brokerage
Independently Owned & Operated
Phone: 519-621-2000
Cell: 519-624-2000
Fax: 519-621-4027
[E-mail](#)
[Website](#)

Welcome to the September 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 addresses taking the plunge into that first property, and considerations around the fiscal and social impact of 'Location, Location, Location' when making a move.

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

1
Setting Our Expectations

2
Location, Location, Location

3
About Royal LePage

DID YOU KNOW...

Only 23% of Canadians know their credit score, and just 26% knew their credit rating at the time they applied for a mortgage, reports a recent Equifax survey. A good credit score can be a major negotiating tool in getting lower interest rate mortgages from financial institutions. The study also found that 10% of Canadians surveyed say it's okay to inflate your income when applying for a mortgage. And 9% say they have lied on credit card or mortgage applications. The numbers came as a shock to Equifax officials, given that the July 2014 survey of 1,500 Canadians was really aimed at gauging their concerns about



Setting Our Expectations

protection of personal data.
[Click here](#) for the full article in
The Star.

HOMEOWNER TIPS *Summer 'To-Do' List:*

What you do for your lawn during the fall will have a great impact on what your lawn will look like next spring. There are four simple steps you can take to help ensure your lawn will be healthy, green and the envy of the neighbourhood next year:

- 1) Aerate. This means to puncture your lawn with small holes throughout to allow the fertilizer, sunlight, water and important nutrients that grass needs to grow deep within the ground;
- 2) Fertilize. Basically this means feed your lawn before it goes to sleep for the winter;
- 3) Overseed. This is when you spread new grass seed all over your existing lawn with a spreader; and
- 4) Mow. In November, mow your lawn one more time as short as you can without scalping your lawn. This will help all the other steps above work better.

There is no end of headlines citing reports by economists, think tanks, etc., quoting statistics galore about what is happening and will happen with Real Estate values. All of the endless speculation does little to quell the fears of first-time homebuyers, or in many cases, current home-owners.

It is worth keeping in mind that the best predictor of what will happen tomorrow is often what happened yesterday. Certainly, the Real Estate market movements tend to be far less erratic than the stock market. Although Real Estate transactions are also driven on emotion, the ability for the real estate market to react to short-term emotional swings does not exist in comparison to the stock market.

The process of selling a home is tedious, taking days or weeks to get to market from the time a decision is made to sell. The process of selling shares on the stock market takes seconds and thus market sentiment, rumour and whim play a much larger role in valuations.

[A recent story in the Globe and Mail](#) traces back the story of a local Vancouver buyer currently shopping for a \$3M home. There is a valuable lesson in this story. More than once the message conveyed by the subject, Patricia Houlihan, is "buy as soon as you can buy, and buy whatever you can afford to buy."

Sage advice that just about any current homeowner would echo, along with the comment that they wish they had bought sooner.

It should be noted that it is her eighth home over a span of decades, not her

very first purchase. Although many buyers historically bought one house, maybe moving once, and then stayed put for decades, today's urban buyers, since the 1990s onward, have often started out with something smaller, older or perhaps even a condo and made the best of it.

As Ms. Houlihan points out, for the past few decades the typical homebuyer's ability to save has not kept pace with property appreciation. Here's some numbers:

5% down on a \$200,000 purchase requires \$10,000.00. Even a 1% annual appreciation on the property (\$2,000.00) represents an effective 20% gain on the cash invested. Factor in current mortgage reduction (50% of the monthly payment) and you have another \$450.00 per month building in equity. Based on today's 5 yr fixed rate of 2.64%, an income of \$36,000.00 per year qualifies a buyer in the above scenario. It is unlikely this person will be able to save \$7,500.00 per year while paying rent as well. A toehold in the market is how many of us began since the 1990s if not the 1980s. It is not about buying your "forever home" the first time around, it is about getting a start. Few who bought in the 80s and 90s expected granite counters and stainless appliances. It was carpet and linoleum, hardwood and tile. The expectations of today's first-time buyers have shifted and that has played a role in increasing prices as well. The bottom line is that you have to start somewhere, and you have to live somewhere while working towards the dream home. Buying less-than-desirable homes to start with, as Ms. Houlihan did, is work to be sure. That is OK, as few of us will ever save our way to our dream home. But we can work our way there.

Location, Location, Location



The metrics of mileage are often

overlooked during the home-buying process. With few homebuyers planning to flee city living for the suburbs, making the effort to spend a dark winter's week purposely practising the actual (new) commute during peak travel times. When reality kicks in it can be quite painful to adjust to.

Having done a bit of research at www.caa.ca around the cost of commuting, a fair figure to use is 45 cents per km. With the average commute near 40km for many Canadians, this is a \$36.00 daily cost, excluding parking. That is just a financial cost - the average of one hour per day spent alone in a car has a social cost to it as well.

Admittedly there are public transport options that save money, although if one still owns a car it still costs money even when parked, but the financial savings usually come with a significant time cost as well as inflexibility around running errands along the way home.

Ten hours per week commuting is ten less hours spent...

- Socializing
- Finding a mate (if this is a goal)
- Having children (if this is a goal)
- Raising children
- Relaxing
- ETC.

Ten hours per week goes a long way. Some might be inclined to work those extra two hours, which even at a reasonable \$20.00 per hr is an extra \$10,400 per year gross income, less the expenses of commuting: \$7920.00 (\$36.00 x 220 working days). The extra earnings, combined with the added savings, may well make staying closer to your workplace the more affordable option. Perhaps spending the hours focused on career, or on your social life, rather than commuting is a sensible plan. If we apply this to a double-income household, and were the wage closer to \$25.00 per hr for those extra two hrs per day, the purchasing power increases that much more. Food for thought during today's hour-long commute.

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.