

# Real Estate Journal

Your Monthly Home & Financing News

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The Hube Team



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## DID YOU KNOW...

A Bank of Canada study found that loyal bank customers don't get the best deal when they renew their mortgage. People who switch and first-time buyers do. Everyone you deal with would like you to believe there are rewards for your loyalty. They may offer a better price, a bundling discount, or less tangible things like superior customer service. Sometimes your loyalty is rewarded and sometimes it isn't. The best way to figure out which is which is to become better informed about your choices. Compare prices and features, read the fine print on contracts and keep

Welcome to the June issue of the *Real Estate Journal*, which is designed to help you make a more informed decision the next time you're buying or selling a property!

This month's edition highlights key findings from a new Canadian mortgage consumer report, as well as offers some cost-saving renovation tips. Please feel free to ask questions or offer feedback regarding anything outlined below via phone or email.

Thanks again for your continued support and referrals!

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## Change in the Canadian Mortgage Market

**T**he Canadian Association of Accredited

Mortgage Professionals (CAAMP) recently released its spring mortgage consumer report, [Change in the Canadian Mortgage Market](#).

The report, compiled by Will Dunning, CAAMP's Chief Economist, reveals that Canadians are comfortable with their mortgage, but also discusses the impacts that government restrictions on mortgage borrowing are having on housing-related economic activity.

- The average mortgage rate is 3.52%. For those renewed in the past 12 months, the average rate is 3.15%
- For the past 12 months, the actual average rate for a five-year fixed-rate mortgage has been 2.20% below the banks' posted rate
- 60% of Canadians have two or more credit cards, including 30% who have three or more. The average outstanding balance is \$3,500
- Mortgage credit growth is slowing dramatically. For 2014, it's forecasted to be 2.5% to 3%, or roughly half the current rate

an eye on developments in the news. The biggest investment most of us make is in a home. So if you can shave just a little off the cost of a mortgage, you can save thousands in interest payments. [Click here](#) for the full article in *The Star*.

## MORTGAGE MATTERS

Mortgage repayments should not account for any more than 40% of your monthly income, preferably less. Anything more is considered “mortgage stress” because it leaves you with little, if anything, left over once other homeownership costs and living expenses are accounted for.

## GOING GREEN

Cool wash and hang to dry: These are not just washing instructions on a label anymore, but an equation for energy savings. Wash clothing in cold water and hang clothing to dry outside, or indoors on a drying rack. Taking these steps will reduce your electricity bill and also prolong the life of clothing by reducing wear on the fabric caused by dryers.

Following are just a few key highlights from the report:

- Canadians are paying off their mortgages quicker. For mortgages repaid during the past two decades, actual repayment has been two-thirds of the contracted period
- Just 8% of homeowners took out equity on their home last year. The average equity takeout was \$48,000, with the primary purpose being for renovations/home repairs
- 83% of Canadian homeowners have at least 25% equity in their home
- Overall, 69% of mortgage holders have fixed-rate mortgages. For those taken out in the last 12 months, the figure rises to 85%



## Cost-Saving Renovation Tips

Everyone has a different reason for wanting to renovate their home. You may be looking to make a change in the way your home looks or feels, or you may want to fix a maintenance issue or make your home more comfortable or energy efficient. Whatever your reason, undertaking a renovation involves a number of important decisions.

To help you make more informed decisions, Canada Mortgage and Housing Corporation (CMHC) offers a number of tips, tools and resources like the [Renovating a Home](#) section of its website. Consulting these resources before you begin can help you save time, money and a lot of frustration – resulting in a better overall renovation experience.

First, always take the time to thoroughly plan your renovation before you pick up a hammer (or the phone). Mistakes on paper are much easier and less expensive to fix than mistakes on the job. Taking the time upfront to identify your priorities and how you want to achieve them can save you a great deal of expense (and more than a few headaches) further down the road.

- 18% of mortgage holders, or about 1.1 million people, voluntarily increased their mortgage payments, while a further 16%, or about 975,000, made a lump-sum payment during the last year
- Mortgage brokers continue to account for 25% of all mortgages. For new mortgages in the last 12 months, that total rises to 31%

As always, if you have any questions or concerns about buying or selling a home, or you'd like some useful tips, information and answers to your questions are just a phone call or email away!

Next, decide whether your planned renovation is practical. For instance, that addition may look great, but can your home's systems handle the additional heating, lighting and plumbing requirements? Learn to draw the line between what would be nice and what's really essential, and consider hiring a qualified professional early in the process to help guide you toward what's practical for your home.

It's also a good idea to think about the long-term impact of your renovations. For example, renovations that make your home more energy efficient could pay for themselves through years of lower monthly utility bills. In addition, think about your family's future needs by making sure your design is flexible enough to adapt to changes as time goes by.

To avoid going over budget, have a clear idea in advance of how much your renovation will cost. CMHC's [Household Budget Calculator](#) is designed to help you understand what you can afford. Get written estimates from at least two reputable local renovators, architectural firms or materials suppliers and, if they ask for a deposit, make sure it's a nominal amount and request a signed receipt.

# 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.

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