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WHEN IT COMES TO LOCATION, WHAT DO HOME BUYERS VALUE MOST?

A recently released poll found that the safety of a neighbourhood is the most important feature of a home's location, chosen by 63 percent of those surveyed.

The online survey of 2,000 Canadians, conducted by Pollara for BMO between Feb. 25 and March 5 of this year, found that living on a quiet street was a priority for 43 percent, having good neighbours was listed by 30 percent, having a short commute to work was chosen by 28 percent and being near family and friends was ranked high by 25 percent.

Being near stores and restaurants was a priority for 23 percent while being near public transit was chosen by 19 percent.

First-time home buyers, however, expressed different priorities. For example, having a short commute to work was more important to them (34 percent versus 28 percent for the national average), as was living near public transit (28 percent versus 19 percent).

Meanwhile, living on a quiet street was less important to them than to repeat buyers (30 percent versus 43 percent), as was having good neighbours (21 percent versus 30 percent).

John Andrew, a professor at Queen's

University's school of urban and regional planning, said "safety" is not something buyers normally pay attention to, in part because information on things like break-ins and violent crimes is not available at neighbourhood levels and "perceptions of safety and crime are notoriously inaccurate."

What doesn't surprise him, however, is the divergence between how first-time home and repeat buyers rated their priorities.

Commuting time is a big factor for first-time home buyers because they, by definition, are buying less expensive homes that require longer commuting times, Prof. Andrew said. "Older, wealthier people buying their second, third or fourth home can typically buy their way out of the commuting problem, at least to a considerable extent."

"Conversely, older people value a quiet street more because the younger first-time home buyer can't even hope to buy a house on a quiet street, so they don't worry about it much. They just hope to not commute 2.5-plus hours a day to and from work," he added.



THE MAY MARKET COOLS AS THE HEAT PICKS UP

Members of the Ottawa Real Estate Board (OREB) sold 1,804 residential properties in May 2013 compared with 1,890 in May 2012, a decrease of 4.6 percent. There were 1,573 home sales in April 2013.

"The Ottawa market is still on par with average sales since 2009, and 233 more properties were sold than the month before" said OREB's President. "Residential units are faring well in comparison to condominiums, where the average sale price is down 2.3 percent, and units sold are down 9.9 percent. Residential bungalows and two-story homes comprised the majority of properties sold in May" he added.

The average sale price of residential properties, including condominiums, sold in May in the Ottawa area was \$370,501, an increase of 2.1 percent over May 2012. The average sale price for a condominium-class property was \$262,467, a decrease of 2.3 percent over May 2012. The average sale price of a residential-class property was \$394,331, an increase of 2.3 percent over April 2012.

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REAL ESTATE NEWS

CANADIANS INTERESTED IN RECREATIONAL PROPERTY FEEL ADDED URGENCY TO LEAP WHILE RATES ARE LOW

Consumers maintain optimism regarding Canadian recreational property market, according to Royal LePage survey

According to a new survey released today by Royal LePage, interest rates factor hugely into the decisions of Canadian households when it comes to purchasing a recreational property.

The survey, which polled Canadians across the country who either currently own or intend to purchase a recreational property within the next five years, found that most (82 percent) Canadians say interest rates will influence their decision to purchase a recreational property – and a majority (58 percent) feel added urgency to buy a recreational property while interest rates are low.

Survey respondents demonstrated overall optimism regarding the Canadian recreational property market. When asked what they believe recreational property prices will do in the coming year, half (50 percent) of respondents indicated that prices will increase and one-third (32 percent) said they will stay the same. And of those planning to purchase a recreational property within the next five years, 76 percent said they are more inclined to buy a property in Canada than in the U.S. or elsewhere.

Despite financial and economic uncertainty, or perhaps because of it, we have found that the enduring value of recreational properties is widely-recognized by Canadians,” said Phil Soper, president and chief executive of Royal LePage Real Estate Services. “In contrast to our large urban centres, where home prices shot up in recent years before rapidly cooling in 2013, the recreational property market has remained remarkably stable and resilient.”

Soper continued, “I shy away from recommending real estate as an investment for the typical family. Shelter is, after all, primarily consumption. However in Canada today, where we see virtually no return on bonds and other forms of modest risk savings, it is reasonable to view recreational property in a new light. This prolonged low-interest environment supports purchase decisions based upon lifestyle and supported with a sound investment thesis.”

According to the survey, the majority of current recreational property owners plan to keep their properties long-term, with 60 percent stating that they are somewhat or very unlikely to sell their property upon retirement. At the same time, almost two-thirds (64 percent) are not planning to use their recreational home as their primary residence upon retirement. For those planning to purchase a recreational property for retirement, financial feasibility is among

the most important factors they are looking for, with affordable purchase price (56 percent) and reasonable maintenance costs (39 percent) topping the list. Waterfront access (37 percent), proximity to town (33 percent) accessible medical facilities (26 percent) and proximity to their primary residence (22 percent) were also cited as important property attributes.

Properties on a lake are by far the leading property type, with almost half (41 percent) of those planning to buy indicating that this is their first choice, followed by a property in the mountains or woods (17 percent) and a condominium in a recreational community (13 percent). When asked what

financial and/or lifestyle changes they would be willing make in order to purchase their dream recreational property, almost one-third (31 percent) said they would rent their property out during the year. Other strategies include reduce discretionary spending (25 percent), downsize primary residence (24 percent), purchase a fixer-upper (23 percent) and purchase with friends/family (22 percent).

“Canadians have long valued the ability to escape the city to spend time with friends and family,” said Soper. “A place to get away from the pressures of daily life seems to be more attractive now than ever. From coast to coast, Canada offers some of the world’s most spectacular landscapes and friendly communities.”

The survey was commissioned as part of the 2013 Royal LePage Recreational Property Report, an annual market analysis of recreational property prices, trends and activity in selected leisure markets across the country.

