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# Home Equity Provides Security to Canadians

The vast majority of Canadian homeowners will have no problem weathering the recession and making their mortgage payments, says a reassuring analysis by the country's largest mortgage brokers association.

The report "demonstrates that homeowners have solid equity positions and, although facing financial uncertainties, most Canadians have the ability to deal with temporary market fluctuations and reductions in personal income," says the President of the Canadian Association of Accredited Mortgage Professionals (CAAMP), which commissioned the report. "With only a very small number at risk of not being able to pay or refinance their mortgages, our overall market is very strong."

About 65 percent of Canadian homeowners hold at least half the value of their properties and, of those with mortgages, more than 40 percent of them hold at least half the value. Those with mortgages have an average of \$145,000 equity, representing 51.3 percent of the average value of their homes, says the report. CAAMP estimates that Canadians' equity in their homes equals 72.3 percent of

the total value of the country's housing, compared to an estimated 43 percent in the United States.

The housing meltdown in the United States was largely blamed on increased interest rates, which boosted monthly payments to the point that homeowners could no longer afford them. The CAAMP report says that about three quarters of Canadian mortgage holders are likely to see a reduction in their interest rates the next time they have to renew, and most of those with increases will be able to handle the increased cost.



In a recent forecast, Canada Mortgage and Housing Corp. said that mortgage interest rates will remain relatively stable throughout the rest of the year, with the one-year posted rate in the 4.75 to 6 percent range, while three- and five-year rates will be in the 5 to 6.75 percent range.

The CAAMP report says that the average rate currently being paid is 4.83 percent. It predicts that among mortgages that are scheduled for renewal during the coming year, rates will fall for 73 percent, rise for 18 percent, and be unchanged for 9 percent.

## Eye on Ottawa Real Estate

Members of the Ottawa Real Estate Board (OREB) sold 1,969 residential properties in May 2009 compared with 1,896 in May 2008, an increase of 3.9 percent. There were 1,594 sales in April 2009.

"This was the best May on record for residential resale home sales in Ottawa. Homes in every price range are selling well, from starter homes to luxury properties. Homebuyers and sellers are showing a lot of confidence in the Ottawa real estate market," said OREB's President.

The average price of residential properties, including condominiums, sold in May in the Ottawa area was \$312,045, an increase of 5.3 percent over May 2008.

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# Tips for Preparing Your Home For Sale

### Detach your emotions

Remember, you are about to sell this house and the goal is to create a space in which as many people as possible will be able to envision as their potential home. To properly prepare your home for sale, you will have to pack away many of your personal items, including photos, souvenirs and other mementos

### Clean and reorganize

Clean your home from top to bottom and make sure all appliances are spotless. Reorganize the closets and pack away some of your belongings: a full closet does a poor job of showcasing the amount of storage room available. If you're using a spare room for storage, pack away the clutter and ensure the space is properly furnished.

### Furnish empty properties and rooms

People buy homes not houses. Empty rooms make it hard for buyers to get a good sense of the space. Large rooms look cavernous and small rooms look even smaller when empty. Oddly shaped rooms make it especially hard for buyers to visualize how to arrange the room. Staging your empty property with the right furniture is key to ensuring that buyers will be able to visualize living in the space.

### Brighten and lighten

Light-filled rooms are always appealing. Open blinds and make

sure that your windows are sparkling clean. If there are no windows in the room, make sure that the lighting is adequate and keep all the lights on when showing the property, even during the day. A fresh coat of neutral coloured paint goes a long way to brighten up the space.



### Spark your buyer's imagination

Set the dinner table for a formal dinner, light the fireplace on a cold day, and add some fresh flowers to your décor. Creating the proper atmosphere helps buyers envision themselves living in your home.

### Fix minor repairs

Buyers prefer to see a home in move-in condition, even small things, such as a dripping faucet, can detract from the value of your home.

### Don't be too unique

Keep your décor simple and modern

with neutral wall colours. Unusual accessories and strong wall colours will limit your pool of buyers. This is also true for renovations. The right renovations can often boost the price of a home, but be careful not to do it with too much flair. Your unique style may set you apart, but it will also shrink your potential pool of buyers. Remember to keep it simple and modern.

### Keep your neighbourhood in mind when renovating

Actual returns on renovations depend not only on the renovations itself but also on how your home compares to those of your neighbours. If your home is already above market value for your neighbourhood, your renovation may not yield a higher return. Buyers looking at moderately priced homes won't be able to pay a premium for luxury finishes. Ask your REALTOR® to give you an assessment of homes in your area before embarking on costly renovations.

### Improve security

Household security is a sought-after feature in homes, and simple measures, such as adding window locks and motion sensor lights outside, can boost the attractiveness of your property. In densely populated urban areas, simple additions, such as blinds and shutters, are good additions to provide privacy.