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Financial Literacy Project for Canadian Homebuyers Launched

A new gateway to financial literacy for Canadians has been opened thanks to a joint agreement between the Canadian Association of Accredited Mortgage Professionals (CAAMP) Foundation, the charitable arm of Canada's national mortgage industry association and Credit Canada, a prominent player in credit education. Financial literacy is an emerging issue in Canada, and this joint agreement will empower the public to make wise financial choices by placing tools and resources at their disposal.

As leaders in mortgage education in Canada, both the CAAMP Foundation and Credit Canada are committed to helping consumers learn critical financial management skills. As household debt rises in Canada, it is clear that achieving financial stability is the first and most critical step towards homeownership.



"Our members firmly believe that financial literacy underpins a healthy economy, and certainly a stable mortgage market. We are pleased that our knowledge and expertise in mortgage finance can be utilized in this initiative," said

Paul Grewal, AMP, CAAMP Foundation Chair.

"Financial literacy is key to personal financial success. We are pleased to be partnering with CAAMP on this initiative and appreciate their dedication to healthy money management and fiscal responsibility. There is no doubt that having the foundation of financial literacy will result in more successful homeownership." said Laurie Campbell, Executive Director, Credit Canada.

Credit Canada is a leading charitable non-for-profit organization that provides money management, credit management counselling and education services to Canadians. Credit Canada raises awareness of the importance of money management and credit management in the lives of Canadians. Established in 1994, the CAAMP is Canada's national mortgage industry association. CAAMP has attracted 12,000 members from across Canada who represent over 90% of Canada's mortgage activity. The charitable division of CAAMP, the CAAMP Foundation has a long and proud history of giving back to the mortgage community. It provides scholarships, education bursaries, research grants and financial assistance to students interested in the mortgage industry. With a sharply defined new focus, the CAAMP Foundation is now dedicated to devising fresh, innovative ways to help the Canadian mortgage consumer.

Inventory Increases, Market Balances in June 2010

Members of the Ottawa Real Estate Board (OREB) sold 1,615 residential properties in June 2010 compared with 1,897 in June 2009, a decrease of 14.9 percent. There were 1,694 sales in May 2010.

"For the first time in 2010, inventory increased year-over-year in June, by almost six per cent. The Ottawa housing market is now moving towards balance, rather than the seller's market we have been in for most of the past year," said OREB's President.

"Sales last month were very close to the five-year average for June, so what we see here is a return to the stable, steady market conditions that Ottawa tends to experience. Home sale prices continued to grow at a healthy rate in June," he added.

The average sale price of residential properties, including condominiums, sold in June in the Ottawa area was \$326,572, an increase of 6.4 percent over June 2009.

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Canadian Homeownership Rising as Seniors Stay Home

The age at which you are most likely to own a home in Canada? You might think that it is about 50, when your earnings are at their peak, but it is actually age 65 – more than 75 percent of Canadians are homeowners at that age. But those seniors are not selling off their houses and moving to retirement. The rate of homeownership stays about the same and may even increase a little until age 75, when health or financial issues generally prompt seniors to sell their homes.

A new study by Feng Hou at Statistics Canada says, "The pattern of homeownership after age 65 is consistent with the hypothesis of a 'ratchet effect' in housing: households tend to adjust their house consumption upward but seldom reduce it. One implication of this pattern is that there is not likely to be a spike in the demand for rental housing and a massive increase in the number of houses for sale, as the annual population reaching age 65 rises from 320,000 to 570,000 within the next 20 years and the size of this population gradually levels off."

Hou says most boomers will likely keep their houses for at least 10 more years after reaching age 65.

The study used data from eight Canadian censuses conducted between 1971 and 2006 to see when, in their lives, most Canadians are homeowners. It found that age continues to rise. Seventy-three percent of those born in the early 1910s were homeowners, compared to 78 percent for those born during the Second World War. And based on current trends, since those born in the 1950s are already ahead of earlier generations when it comes to homeownership, it looks like the number of senior homeowners will climb to about 80 percent, says Hou.

Hou says that, between 1951 and 2006, the life expectancy of Canadians increased by 12 years, so a person aged 65 could, on average, expect to live for another 20 years. With that longer life expectancy has also come more financial stability. Since 1976, full government pensions have been available to those 65 and over, and private pension funds have also become common. It is easier for seniors to maintain their homes or purchase a new home than it was in the past.

"Since the 1980s, homeownership among seniors has risen gradually; this likely reflects the rise in family incomes, particularly at the bottom end of the income distribution. The low-income rate among seniors aged 65 and over declined from 30 percent of this population in 1980 to 14 percent in 2005 as a result of the increased direct effect of government transfer income," says Hou's study.

Homeownership generally has been rising for households where the head (whoever pays the bills) is over age 20. From 1971, the ownership rate rose from 60 percent to 69 percent. The study found that homeownership rates rise quickly before



age 40, and then continues to climb but at a slower pace before it reaches a plateau near age 65.

People who have children are more likely to be homeowners than those who do not. Single parents are more likely to be homeowners than single people without children, but income plays a big factor – single women with children have a low ownership rate because of their low average income.

Some other interesting facts to come from the study:

- ? The rate of homeownership of those aged 20 to 34, in the highest income group, has grown from 12.5 percent to 60.4 percent in the last 35 years. Couples with children in the same age and income group have increased ownership levels from 65.4 percent to 93.6 percent.
- ? People aged 20 to 24 are living with their parents longer. "Over the last 35 years, more people in this age group lived with their parents," says the study. "The share of people in their early 20s living in owner-occupied homes rose from 31 percent to 56 percent for women and from 52 percent to 66 percent for men." This trend of adult children living with their parents is highest in high-income families.