



Outlook still good for GTA

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

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The Greater Toronto Area resale housing market has moderated in recent months, leaving many homeowners wondering about the future of real estate in our city.

In response, the Toronto Real Estate Board recently invited senior executives from eight of Canada's largest real estate companies to share their views on what's next. The panelists, who represent such well known brands as Century 21, Coldwell Banker, Prudential, Right at Home, Royal LePage, Living Realty, RE/MAX and HomeLife, all agree that the future is bright for the GTA housing market.

Media coverage of the global financial crisis they say, has undermined consumer confidence, causing the recent dip in real estate. Pointing to healthy indicators like strong employment, stable immigration and low interest rates, panelists are confident that economic fundamentals in Canada to support a healthy housing market will remain in place.

Indeed, we have seen much more challenging times than these. Many of today's homeowners can recall the days of the early '80s when interest rates peaked at more than 20 per cent and inflation jumped to nearly 13 per cent, and the early '90s when massive lay-offs made the news headlines on a daily basis. In contrast, today's interest and mortgage rates remain at historically low levels, inflation sits at 3.5 per cent and more than nine out of 10 Canadians are working.

Comparing Canadian homeowners to those in the United States also illustrates our healthy situation. According to Canada Mortgage and Housing Corporation, only 0.27 per cent of Ontario mortgages are more than 90 days in arrears, this compares to 6 per cent during the recession of 1992. In the United States meanwhile, four per cent of prime mortgages and 18 per cent of sub-prime mortgages are in default. There is also much for Canadian homeowners to look for-

ward to with respect to real estate values in the next decade as the children of our country's 11 million baby boomers begin house hunting. According to one recent study, the number young adults currently living with parents in the GTA is 10 per cent higher than the national average. This group's future demand for housing is coupled with the fact that Canada is ranked number one in terms of population growth amongst the G7 nations, with more than quarter of a million new immigrants each year.

A recent study by the International Monetary Fund substantiates what Canada's top real estate experts already know. It studied housing markets in 17 countries and found that Canada was one of only two nations in which house prices are supported by the economy. According to CMHC, from 1999 to 2004 Canadian residential real estate offered an average annual growth of 6.8 per cent compared to only 5.8 per cent for equities and 5.3 per cent for bonds. All of these positive statistics point to a fairly quick return to good market conditions. As anyone who has bought a home knows there is no better long term investment.

Housing has in fact, come to be viewed as a key driver of the economy. A recent study showed that the typical house sale contributes an average of about \$32,000 into the greater economy through spin-offs like renovations, furniture sales and other purchases. This means that last year alone, Greater Toronto REALTORS® added about \$3 billion to the local economy beyond monies exchanged in the actual transactions.

Maureen O'Neill is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area. For more information please visit www.TorontoRealEstateBoard.com.