

westside HOMES

Spring | APRIL '10



Market Update

Prices have now officially fully recovered to the peak pricing of Feb 2008. Over the last two years we have experienced a dramatic drop in pricing, stabilization last spring and a full price appreciation recovery through summer/fall of 2009 and a dramatic Spring Market to reach a new peak pricing level today. Vancouver is now at the beginnings of a very strong and steady growth market.

Now with the Olympics behind us, the athletes returning home, and media crews packing up – the world is left once again with the reminder of how great a city Vancouver, Canada is. I know from personal experience that where ever we travel in the world, everyone knows Vancouver. Now more than ever will they know of our great city.

February 2009 – February 2010 Comparison (Greater Vancouver)

Product	Activity - Volume of Sales	Benchmark Prices
Attached – Apartments	+65.2%	+17.3%
Attached - Townhomes	+71.2%	+16.2%
Detached Houses	+67.5%	+22.5%

Maybe not immediately, but over the next few years we can expect a large number of families choosing to live here. We will also see more investors

looking at Vancouver as a safe long term location to park their money. These investments in real estate will serve as a secure steady growth investment and also will provide a safe haven should they need to move here.

With interest rates remaining low, affordability for Vancouverites is still within reach for many wishing to make that first purchase, upgrade, or buy their first investment property before prices begin to increase too much. Please read the following article "Invest In Your Future". We really are in one of the best windows to purchase your first (or another) investment property. Those following this advice will reap the benefits in the coming years.

As I predicted, inventory levels have increased following the games. This badly needed inventory will be met with hungry demand for product. We are indeed entering a steady balanced market now for both buyers and sellers. An ideal market to both buy and sell in.

Invest In Your Future... *It may be one of the best decisions you ever make?*

Why Invest? My definition of an investment is something that will provide a future stream of income or lump sum cash return in the future that will enable you to maintain or better yet improve your existing lifestyle. When you take advantage of this investment will vary from person to person. But in general, the investment will be taken advantage of when our peak earning years are past. For most it will be for their retirement, for some it might be to allow them to retire early, it might provide a vehicle for travel, or it could put your child(ren) through university. Whatever your reason for buying an investment I think we can all agree it is a good idea.

What type of investment is best for me? Now the next question that comes up is – what do I invest in? For many years, before I learned the secrets of real estate investing, I used to buy the safe and conservative long term investment funds that my bank provided. These are great for the unsophisticated investor not wanting to spend any time researching or servicing their investment. I was a big fan of the CIBC "Growth Fund" for many years. But keep in mind; the returns on these funds are limited. You are doing well if you get a 4% return. The best I ever remember was 10% one boom year. On average, the returns on these investments barely keep up with inflation.

Vancouver's
Premier
Real Estate
Team



mortgage rates

at March 17/10
closed rates

1 yr	2.15%
2 yrs	2.60%
3 yrs	3.25%
4 yrs	3.40%
5 yrs	3.69%
7 yrs	4.95%
10 yrs	5.20%
Variable	1.75%

courtesy of
Paula Siemens
604-351-7438

APRIL '10 Ask about our Referral Rewards Program

www.martyhomes.com



THE RIDE TO
CONQUER
CANCER
BENEFITING
BC Cancer Foundation

Support our Cause for a Cancer Free
World! <http://va10.conquercancer.ca>
click on BC and punch in either
Marty Pospischil or Marcus Maia to donate



Many people I know invest successfully in the stock market. Some seem to have a knack on what to buy and when to sell. The average long term annual return from the TSX is 7.5%. Not bad when compared to term deposits, etc. that your bank offers. From my personal observations, investing in the stock market takes a lot of time researching, constantly watching values, reading copious reports, and studying trends. For those heavily invested in stocks, this can become a full time job. This is far too much time than I am willing to spend on any investment. I would rather invest and forget about it. In a real estate investment the tenant occupying the property pays a monthly rent that can be used to service a mortgage on the property. This is the crucial difference between real estate and any other form of investment as it literally triples or quadruples your return. This is the case because your initial investment can be used as a down payment and an additional 50-75% can be borrowed in the form of a mortgage. So the key here is: the realized return is not only on your cash investment amount but rather on the full purchase price. And the cost to borrow the difference is covered by the tenant (if handled properly). This is easiest to see in an example. For our simple example we will use data from a typical Vancouver Westside 1 bedroom condo purchase.

1 Bedroom Investment Example:

Purchase Price: \$300,000
Cash Down Payment: (\$ 50,000)
Mortgage Amount: \$250,000

Monthly Costs:

Rental Revenue: \$1250
Mortgage Pmt: (\$1000)
Maintenance Fees: (\$150)
Property Tax: (\$100)
Net Carrying Costs: \$0
Rate of Return: 66%

This 1 bedroom property example carries with \$50k down and is projected to appreciate at 11% per year. We get a realized gain of \$33,000 per year, and since we only put \$50,000 cash into this investment, our rate of return is: 1 Br Rate of Return = Annual Return/Initial Investment = \$33,000/\$50,000 = 66%

Wow! A 66% return on our 1 br investment, now we are talking! Let's say we have a very slow appreciation year and only get a 5% return on our purchase price, this still converts to a 33% rate of return on our 1 br investment. Yes, there will be years where you get zero or negative appreciation on your investment but the key is not to sell during these challenging years but rather hold long term for the average noted above. With this in mind, I have yet to find another reliable long term investment vehicle that provides this level of return (consistently over the past 40 yrs).


Should I buy an educational fund for my son or daughter? I don't buy mutual funds, stocks, or educational funds. And instead of setting up an educational fund, buy your young son or daughter a small condo and I can guarantee you it will be worth a fortune by the time he or she is ready to go to university. If you start when they are young it will be paid off and there will be a sizable monthly income stream coming in. At university age, your son/daughter can either live in it, or continue to collect the rents to pay for their education. Wow! What a great idea and what a great gift to pass onto them when they reach the age of majority. And note: there is no property transfer tax payable when you transfer ownership into your child's name.

In real estate not only is the return over the years unmatched by any other investment vehicle, the additional tax incentives and flexibility of uses makes real estate investing unbelievably appealing.

I personally, buy one investment property every year and there is no reason you shouldn't be able to do this. The team and I are here to help you every step along the way with your investment property purchases. The Spring/Summer Market is one of the best markets to buy in due to the large inventory levels available. Call us to discuss making this important investment - Your financial future is in your hands.



MARTY POSPISCHIL
DEXTER ASSOCIATES REALTY

Our newsletters are printed on 100% recycled paper 
2094 West 43rd Avenue, Vancouver, B.C. V6M 2C9 Phone 604.263.1000
This newsletter is not intended to solicit properties listed for sale.