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Penny Mitchell

Staying in Touch

Another Big Year for Greater Vancouver Market Activity ...



2006 was another busy year for the real estate market in Greater Vancouver.

The Real Estate Board reports that there were 35,506 sales of detached, attached and apartment properties in 2006, a decrease of 12.4% compared to the record-breaking 40,530 units sold in 2005.

"Year after year, Vancouver continues to be ranked as one of the best cities in the world to live in and that status is reflected in purchases and sales of some of the most valuable real estate in the country," says REBGV president. "We've seen year-end sales surpass 30,000 units for five consecutive years now, a first in our Board's history.

The benchmark price of an apartment unit closed out the year at \$329,906 - up 17% over the year before. The benchmark townhouse price went up by 16.6% compared to that of one year ago. Records show \$410,234 as the benchmark price at year end for a townhouse unit. In keeping with overall market trends, single-family unit prices kept pace with a year end increase of 13.5% and registered \$643,790 as the benchmark price. VA-02/07

Keep this monthly report to compare market trends over 2007.

Penny Mitchell

Can be reached at 604.816.7825

Notable Quote

Kind words can be short, but their echoes are endless.

*Mother Teresa
1910-1997, Nun*





Penny Mitchell Stays In Touch

Pension Income Splitting is the Cinderella Tax Story for Seniors

Senior citizens concerned about losing income trusts as a low-tax investment vehicle can rest a little easier with the federal government proposal to allow income splitting.

Scheduled to come into effect in 2007, the changes would allow couples to split their pension income by shifting up to 50 per cent of it from the higher-income partner to the one in the lower tax bracket. Not only can this offer great tax advantages, income splitting could have much more impact than the decision to bring the hammer down on income trusts.

"Retirement income splitting could be a wonderful new tax tool for seniors. It's the glass slipper they've been looking for," says Sandy Cardy, senior vice president, Tax and Estate Planning for Mackenzie Investments. "The reality is that pension income splitting could affect a lot more seniors than the decision to tax income trusts."

Couples who aren't retired should also review their income-splitting options, says Cardy. Previously, a spousal RRSP was the only practical option for couples - although it is still useful.

For example, individuals who are age 69 or older who continue to earn income could use a

spousal RRSP to make tax-deductible contributions, as long as the spouse is under age 69. Also, spousal RRSPs could continue to provide income-splitting opportunities under the proposed changes in situations where there is an anticipated maternity leave or educational leave by the lower-income-earning spouse.

Take John and Sally for example. John has a job and his wife Sally is a stay-at-home mom who doesn't earn income. John can put some money into a spousal RRSP for her that she can cash in three years later and claim as income at a much lower tax rate. John and Sally may continue to purchase spousal RRSPs as an income splitting measure prior to retirement. (NC)02/07

Typical Bank Mortgage Rates

Open	6 month	7.85
Closed	6 month	5.92
	1 year	5.62
	2 year	6.14
	3 year	5.63
	4 year	5.66
	5 year	5.61
	7 year	5.93
	10 year	6.12

* Rates subject to change.

There are better rates than these.

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SOLD

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The Scoop on Hybrids

Hybrid vehicles have caused a stir, and speculation abounds about how they work, how much they cost to buy, maintain and insure. Some of it is fact, but some of it is simply rumour.

A hybrid has to be plugged in - Rumour. The current available hybrids do not need to be plugged in. Basically, the way it works is the battery is recharged while you drive, from energy normally lost over the course of operating the car.

Hybrid batteries need to be replaced frequently - Fiction. Hybrid batteries are designed to work for the lifetime of the vehicle which is why many manufacturers offer impressive warranties. Toyota for example, offers an 8-year (or 160,000 km) warranty coverage on their Prius and Highlander hybrid-related components.

The only hybrids available are the Honda Civic Hybrid and the Toyota Prius - False. There are a number of hybrids to choose from, including cars, SUVs and pick-ups. Whatever your preference, chances are you can find a hybrid version. The most popular hybrids, as quoted online for auto insurance through www.kanetix.ca, show how diverse the selection is:

1. Honda Civic Hybrid
2. Toyota Prius
3. Toyota Camry
4. Lexus RX 400h
5. Ford Escape Hybrid

6. Toyota Highlander Hybrid
7. Honda Accord Hybrid
8. Honda Insight
9. Saturn Vue Green Line Hybrid
10. Lexus GS 450h
11. Chevrolet Silverado Hybrid
12. GMC Sierra Hybrid



Hybrids cost more to buy - True. While fuel efficiency is a bonus at the pumps, it comes at the cost of a slightly more expensive vehicle. The good news here though is if you live in British Columbia, Ontario or Prince Edward Island you may be eligible to receive a tax rebate varying from \$1,000 to \$3,000.

Hybrids cost more to insure - Not necessarily. After comparing online quotes for the Honda Civic Hybrid, Toyota Camry Hybrid, Saturn Vue Green Line Hybrid, Ford Escape Hybrid and the Toyota Highlander Hybrid it appears there is no one particular insurance trend when it comes to hybrid insurance rates. Compared to their gas-powered alter-egos, the cost to insure a hybrid vehicle was neither consistently higher nor lower. (NC) 02/07



Referral and Repeat Customers
are the Mainstay of My Business!

Penny Mitchell

To My Valued Clients:

Like most of us, the investment you make in your real estate holdings, whether for the sanctity of the place you call home or purely for investment purposes, is one of the largest investments you'll ever make. Your decisions will have financial impact for years to come.

In the fluctuating market that we witnessed develop in the latter part of 2006, timing is everything. We watched market indicators contradict each other as we strived to label the market as one for buyers or one for sellers. The conclusion is that this market has

actually become an "educated consumers'" market. Make sure that you or those you know enter the market armed with the knowledge you need. I can update you on the overall market, but you need to contact me with specific details that dictate more streamlined information.

Together, we'll capture the results you're looking for.

Sincerely,

HIGHLY RECOMMENDED

Keeping
You
Informed

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