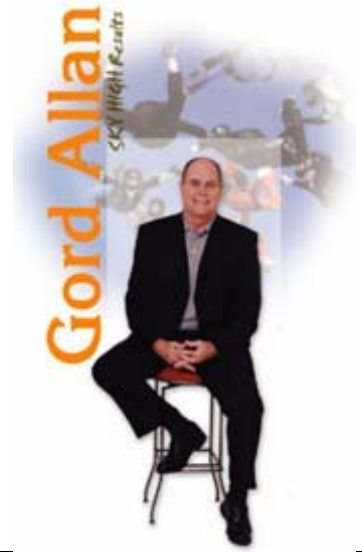


First-time buyers and the housing market



When Canada's housing market cooled last winter, first-time buyers disengaged from the market and without them the cycle of buyers and sellers ground to a halt. It was predicted that first-time buyers would lead a market recovery. And when houses became more affordable and interest rates dropped near historic low levels, first-time buyers did return to the market.

By March entry-level purchasers were driving home-buying activity in almost every

major centre in Canada. In May, first-time buyers were back in force and with them the beginning of the market recovery. And while government incentives such as tax credits, greater Registered Retirement Savings Plan deduction limits and rebates on home renovations were important to this group, it was the markedly improved affordability that proved to be the powerful incentive to purchasing.

So first-time buyers are getting credit for helping the country avoid a longer real estate slump which has prompted some companies in the financial services to take a closer look at what first-time buyers are thinking about these days. According to a TD Canada Trust study, there is a marked difference between the attitudes of today's 18-34 year old buyer and that of people aged 55+ when they were first-time buyers of the same age.

Just over 50% of today's first-time buyers say they feel financially ready to buy a home while only 37% of the other generations felt ready when they made the decision to buy. However, more than a third of today's buyers say they couldn't buy a home without the help of their family (compared to 16% of those 55+), and 27% of the 18-34 year olds said they received money as a gift or borrowed from friends and family to buy their home. Only 10% of the older generations had financial help from friends and family.

For those 55 and older, paying off the mortgage was the top priority after moving in, but only 49% of the new generation of first-timers cites it as the top priority. Renovation work may be top of mind, because 48% of new first-timer buyers are purchasing houses that are more than 21 years old and 35% said they intend to renovate them.

When shopping for a mortgage, younger buyers shop around more. The older generations tended to stick with their own bank where they were already customers (62%), compared to 36% of the 18-34 group. About 33% of the 18-34 year olds ended up paying more for their home than they initially planned, while just 18% of the older generations said they spent more than they intended.

A different survey by Genworth Financial Canada highlights the main reason why first-time buyers are motivated to buy...84% of first-time buyers agreed with the statement that "owning a home provides a greater sense of emotional well-being and security." In addition, 85% said that even though homeownership may mean more work and effort, they would rather own than rent. And 88% said they would feel more financially secure owning their own home. *Source: Realty Times*

Call me with any questions or if you would like a market evaluation.

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HIGH SALES LEVELS SPUR RISE IN HOME VALUES

Strong demand has led to a steady rise in Greater Vancouver home prices compared to last year. Over the last 12 months, the Housing Price Index benchmark price for all residential properties increased 6.8% to \$553,702 from \$518,668 last October.

A total of 3,704 properties sold in the Greater Vancouver area in October, up 171.6% from 1,364 sales in October 2008 and up 4.1% from 3,559 sales in September of this year. Active listings totalled 12,084, down 37% from October 2008.

Detached home sales in October were up 201.6% over October 2008, townhome sales increased 172.3% compared to last October while apartment sales increased 148.4% from one year ago.

The benchmark price of a detached home in Greater Vancouver in October was \$749,808, up 7.7% from one year ago, the benchmark price of a townhome was \$468,798, up 4.6% from October 2008, while the apartment benchmark price was \$380,975, up 6.3% compared to October 2008.