

# CONSUMER CONFIDENCE IS **NOT** DECLINING

Reading, watching or listening to the headlines, it's not surprising to see how easily we become consumed by the doom and gloom of the day. But, I believe, we need to hold steady amid a surfeit of bad news. We have avoided the calamity of a U.S. style economic meltdown and, while we may not be enjoying the heady days of a few years ago, things are relatively stable and, on the whole, Ontarians have pulled through. We are still seeing buying and selling transactions taking place throughout the GTA.

In many cases, when reporting on market conditions, the media does not distinguish between high-rise condos, low-rise and resale; and, when you receive news about real estate the details are often lost in the hype. The high-rise situation is quite different

from both the new build low-rise and resale. Developers of high-rise condominiums are anticipating that between 25 and 30 new projects will open for sale this fall. When combined with the volume of inventory in newly available completed suites, it is entirely likely we are entering a period where a surfeit of product could result in a slow down in new condo sales while the buying market catches up. But should a slow down occur, it is not likely to last long.

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Let's not forget that condominiums are an affordable choice for first-time homebuyers, provide a good source of new rental suites in key transit locations when purchased for an investment, and offer move-down buyers the opportunity to stay in their neighbourhood while downsizing — all reasons why Toronto has sustained a vibrant new condo market for so long.

If you have your heart set on buying a low-rise (townhome, semi-detached or detached) home, don't get scared off by bad news reports. The reality is quite a different picture. The investor-driven market is not as vigorous in low-rise compared to high-rise, and the majority of purchases are made by people who plan to make it their home. There is not a surplus of low-rise product today. In fact, there is a shortage of available land

ready to come to the market, and builders do not have an excess of either lots to build on or standing inventory. Two factors have had a stabilizing influence on house prices: the impact of HST has taken effect and the implementation of new government guidelines for mortgages that require homeowners to qualify based on established five-year mortgage rates. The premise being that should rates increase, this requirement provides a margin of security when budgeting.

Another benefit to consider when buying a new home is the advantage of capped rate mortgage programs on offer from most financial institutions. These programs allow buyers to lock in at beneficial rates at the time they purchase — for move-in dates anywhere from three to 18 months away. This places buyers in a position to secure their home at today's price and also continue to save towards their down-payment, closing and moving costs.

Today there are no indications that high-rise developers are in a position to lower prices to stimulate sales. In the low-rise industry builders are striving to maintain prices despite the pressure to increase, as a result of rising municipal levies and costs of construction material and labour. My advice to buyers is to not get distracted by media hype. Keep your focus on what is best for you and your family, and make your decision to buy when the time is right for you. ■

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