

**SUN** NEW HOMES & CONDOS

## Expect another great year ahead



HUGH HERON  
**ON-SITE  
INSIGHT**

I may not actually have a crystal ball but I can predict another great year for new home sales across the Greater Toronto Area by looking at the past. BILD has released the RealNet Canada Inc. statistics for 2014, and the news is fantastic for both low-rise and high-rise sales.

Last year, a total of 39,736 new homes sold, which is 41 per cent higher than in 2013. Low-rise sales reached 17,745, which is 46 per cent higher than the previous year, and high-rise sales jumped by 38 per cent.

This shows tremendous faith in our economy and a positive attitude in general — something I consider important.

I'm always upbeat, and I believe Canada, especially the GTA, is the best place to live in the world. This is why we attract so many newcomers to the country and our area each year, and why we continue to need

additional housing.

Mortgage interest rates remain incredibly low, and even if they rise a bit, today's buyers will still

benefit for decades by the comparatively low rates. The people in Canada's banking system understand what's happening, and even if rates go up 2 or 3 per cent, it's manageable.

In addition, we have the benefit that our banking system is based on lending money only to people who can afford to take on the debt. Unfortunately, the U.S. system wasn't as careful, and look what happened. Here in Canada, our lending industry uses a ratio they use to figure out what people can afford.

When they get close to 40 per cent of what they make going to housing, there are red flags. Currently, only 4 per cent are at that point here. If interest rates go up a couple percentage points, that percentage would go up to 6, which is still very slim.

Of course, the economy and new home industry are cyclical, and things go up and down.

Remember, in the 1980s, interest rates reached double digits, and somehow the industry survived.

Speaking of survival, I

have always cautioned that we can't control the external forces that affect us. Two years ago, we kept hearing about the prices of homes skyrocket-

ing in Vancouver, where the amount of land available to build on is limited by the Rockies and the ocean.

Here in the GTA, we have Lake Ontario to the south and the greenbelt to the north. In fact, in 2014, the average price for a low-rise home rose 8 per cent to a record high of \$705,813 — the first time ever that it exceeded \$700,000.

For our new home dollar, however, we get some of the finest homes in the world. Our industry reacts to changing homeowner needs, and I have to say the product we offer is outstanding, in both low-rise and high-rise. Although I am part of the low-rise world, when I drive to downtown Toronto along the Don Valley Parkway or the Gardiner, I'm blown away with the quality and attention to detail the condominium architects are coming up with.

Toronto is an exciting city, and I can well understand why it receives so many international awards.

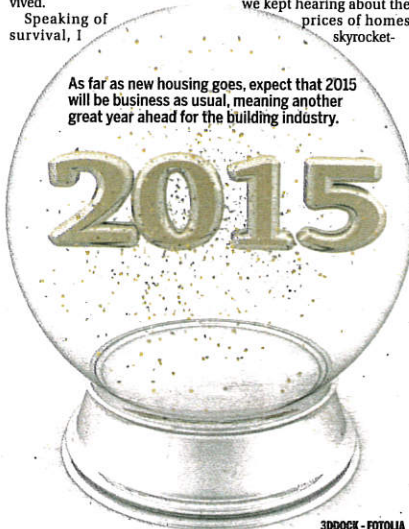
As far as new housing goes, I expect that 2015 will be business as usual. We do have to be aware of the fact that unexpected world crises can affect

our economy, and let's face it: we can't control what happens in other countries.

The news is often tragic, and certainly it drums home how very lucky we are to live in a peaceful country. When those things happen, however, our government usually has it all in perspective and is prepared to act to protect us as much as possible.

The bottom line is that we can only go forward with confidence. If by some chance there is a zombie apocalypse, I'm counting on Denzel Washington and Sergeant-at-Arms Kevin Vickers to keep North America safe. I wonder if zombies need homes?

— Hugh Heron is Principal and Partner in the Heron Group of Companies, President of Heathwood Homes and Chair of The Mikey Network, as well as a former Member of the Board of Directors of Canada Mortgage and Housing Corporation, and a Past President of the Toronto Home Builders' Association and the Ontario Home Builders' Association.



3DDOCK - FOTOLIA