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NEW HOMES & CONDOS

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HUGH HERON

ON-SITE INSIGHT

Get ready for a great 2010

Industry downturn is well behind us

When it comes to the new-home real estate market, 2010 is looking good. A year ago, we were in the midst of a downturn, yet 2009 turned out to be stronger than anyone thought possible.

In the second half of the year, in particular, we experienced tremendous sales figures across the board. BILD (the Building Industry and Land Development Association) reported through RealNet Canada Inc. that in October, the sales of new homes and condos in the GTA achieved the highest monthly total since July 2007, and in November, sales spiked 156%.

According to BILD's President and CEO Stephen Dupuis, these results beat sales in 2005, 2006 and 2007, which were great years. In total, there were 26,000 sales of new homes in 2009, and predictions are that we will see just as many in 2010.

The bottom line is that we're coming off the worst recession we've had in 50 years, and we got through it more quickly than in the past. We can thank our banking system for a lot of that recovery and for the relative health of our real estate market compared to the U.S. Our conservative banking practices combined with protection from the CMHC mean that people don't get mortgages in Canada unless they can afford it.

All the indicators are in place that we will see another strong year for sales. With the market

this robust, interest rates still at incredibly low levels and new-home prices on the rise, people are realizing the wisdom of buying now rather than later. And with the ongoing large number of immigrants coming to Toronto each year, homes and condos will continue to be in great demand here.

Newcomers are especially attracted to our stable political system. Compared to many other countries, we enjoy incredible freedoms here. We can speak out, practice whatever religion we please and generally be who we want to be in relative safety. That aspect of Canadian life has helped us weather the real estate downturn and will fuel future growth.

Interest rates, immigration and the high cost of renting today have all contributed to an unprecedented number of first-time buyers in the new-home market. We're seeing an upswing in smaller homes and condominiums that keep prices within their reach.

Even if interest rates rise over the next year, it's doubtful that we'll see double digits again. Frankly, home ownership is so important to people that, when push comes to shove, they'll do without other things in order to make their mortgage payments. We have also seen healthy job recovery statistics in Ontario, which is another good sign that 2010 will be a successful year for new-home sales.

There are bound to be occa-

sional blips, but as we always do, we'll get through them. People have a renewed sense of confidence, which is critical in creating and maintaining a healthy economy. Wise home shoppers will realize that this is a great time to buy, especially with competition in the marketplace still high.

Builders have gone above and beyond to keep prices reasonable, and with the improved Ontario Building Code and the heightened awareness about green building practices, homebuyers get more value than ever before. Designs continue to evolve to meet the changing needs of buyers, and the choices out there are exciting. There is literally something for everyone who wants a new home, whether it's a compact condo suite, a large estate home or anything in between.

Regardless of the economy, real estate is always a good investment. As we move into 2010, I have a gut feeling that as an industry, we'll be as delighted as we were last year with new home sales, and there will be a lot more happy homeowners looking forward to a bright future.

Hugh Heron is president of Heathwood Homes, as well as a former member of the board of directors of the Canada Mortgage and Housing Corporation and a past president of the Toronto Home Builders' Association and the Ontario Home Builders' Association.