



“Making *reality* dreams a *reality*”



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## REAL ESTATE NEWS

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### How to get the most out of your garage

If you're fortunate enough to own a home with a covered garage, you know how handy it can be to store things like sporting equipment, tools, off-season tires and boxes of holiday decorations. But if your vehicle is permanently parked outdoors because your garage has become a disorganized catch-all for countless boxes of unused items, it may be time for an intervention.

Heading into the fall, this is the perfect time to clean and organize your garage. Ideally, your garage can be a place where only necessary items live and everything has a home. Most importantly, it's where your vehicle can be parked, away from extreme cold (and extreme heat), inches of heavy snow and thick layers of ice, which is an inevitability during Canadian winters.

Follow these helpful tips to get your garage in order before the cold weather hits!

Set aside a reasonable amount of time (you'll probably need an entire weekend) to purge and clean out your garage. Categorize items by those you will keep, donate or sell, and toss.

Once your things are organized, give the garage a proper cleaning. Sweep and wash the floor and wipe down the doors and walls.

Everything from tools to golf clubs to household items should have their own designated spot, and proper storage solutions are imperative to maintaining an organized garage. Measure how much space you will need to park your vehicle and safely open the doors.

Once you know the depth you have to work with, install appropriate shelving or cabinets for organized storage. Keep items in clear bins on the shelves for easy access and safe keeping. Install wall hooks or peg boards to hang things like shovels and hoses. If space is limited, use overhead storage racks to keep items you don't need to access often. Do your best to keep items off the ground to avoid water damage.

Remove any items that should not be stored in a garage, like old paint, propane, unsealed food items that can attract animals, or important paperwork that can be destroyed by moisture.



To ensure your garage stays clean and organized, make a point to 'spring clean' the space at least once or twice each year.

Stay in the habit of parking inside the garage. If you know the space in the centre is always occupied by a car, you will not be tempted to fill it up with miscellaneous items. Plus, parking inside can actually extend the life of your vehicle by protecting it from the elements.

### A NORMAL SEPTEMBER RESALE MARKET

Members of the Ottawa Real Estate Board (OREB) sold 1,607 residential properties in September 2021 compared with 2,314 in September 2020, a decrease of 31%.

“As per usual, the resale market in the early part of the month moved slowly due to the Labour Day holiday weekend and parents settling their children back into their school routines. Activity began to accelerate towards the end of the month, which is behaviour typical of the market in September” states OREB's President.

The average sale price of a residential-class property sold in September in the Ottawa area was \$702,155, an increase of 13% from a year ago. The average sale price for a condominium-class property was \$425,362 an increase of 14% from September 2020.

“House values are holding steady with a slight month-to-month increase (4-5%) in September and year-to-date average prices remaining strong for both residential and condo properties. Of course, these price escalations that we saw in the first quarter of 2021 and now recurring in September are inevitable given the supply challenges we have been experiencing for several years now combined with the unrelenting high demand,” OREB's President explains.

“With the election behind us, we hope the government will now concentrate on addressing supply issues and developing first-time homebuyer assistance touted in their reelection platform. Together with our REALTOR® Members and our provincial and federal counterparts, we will continue to advocate for availability and affordability in the Ottawa housing market and implore all three levels of government to implement effective measures to help all Canadians turn their homeownership dreams into reality,” OREB's President concludes.

Call today for real estate advice and information!

# Buying vs Renting study: Homeowners come out in front financially in more than 90% of scenarios analyzed

## Homeowners paid \$769 less per month than renters in Q2 2021, on average

Home ownership remains a top priority for many Canadians. While buying a home is seen as a milestone and can improve your quality of life, most are hoping that their purchase will also be a sound financial decision. A recent study has found that, for those who are able to secure a sufficient down payment, it is more financially beneficial to buy a home in Canada than to rent over the long term, in 91 per cent of cases analyzed. The scenarios assume the owner is able to provide a 20 per cent down payment.

“Canadians strongly value home ownership for many reasons. Not only is it a great source of pride, it is likely the largest and most significant financial investment most people will ever make,” said Karen Yolevski, chief operating officer, Royal LePage Real Estate Services Ltd. “Historically, home ownership has been very profitable for Canadians, many of whom have factored their real estate investments into their retirement planning. Owning a home is widely viewed as a means to save money and build equity.”

The study, by economist and housing market analyst Will Dunning, and sponsored by Royal LePage, uses price data for 278 scenarios (broken out by city and housing type) across the country and approaches the commonly-asked question ‘Is it better to buy or rent?’ from various angles – using historical data, future projections, and viewing home ownership as an investment.

“For many people, buying a home – especially the first – is a landmark event and one of the most challenging decisions we’ll make in our lives,” said Will Dunning, president, Will Dunning Inc. “It is a decision that is usually based on a lot of hard work. This research tests a belief that is held by a lot of Canadians, that owning is better financially than renting. And, it finds that this belief is very often correct.”

While the total monthly costs of owning a home may be higher than renting, there is an important factor to consider. Mortgage payments comprise principal and interest, and the principal component can be seen as a form of saving, albeit forced saving. While the homeowner has to pay the full amount each month, the principal is not a true cost. What’s more, the interest component is largest in the first month and gradually decreases over the life of the loan, effectively increasing the amount of forced saving each month.

In 253 out of 278 cases studied (91%), the net cost of ownership (the total ownership cost minus the saving that occurs through principal repayment) is lower than the cost of renting. In the report, this factor is referred to as the ‘ownership advantage’. As of the second quarter of this year, on average the net home ownership cost was \$769 per month less than the cost of renting an equivalent dwelling. In the nine per cent of scenarios where



renting was more beneficial than buying, cases were concentrated in luxury homes in expensive neighbourhood pockets. Moreover, the monthly savings were minimal for this demographic at \$245.

“While Canadians do want their homes to appreciate, potential homebuyers will find it reassuring that significant price appreciation is not necessary for ownership to be financially worthwhile,” said Yolevski. “There are other benefits to owning a home, in addition to the financial advantages. Owning a property allows more freedom and stability than renting. As a homeowner, you do not have to worry about the landlord hiking up the rent or forcing you to move. And, homeowners have the ability to make a place their own, with renovations or decor. I believe most Canadians would agree that owning a home is as much about laying down roots in a community and making memories with family, as it is about financial security.”

The study tested various scenarios. This includes a mortgage renewal in five years, at an increased interest rate (3.62%, which is based on the highest interest rate seen during the study period from the fourth quarter of 2014 to the present). Even in that scenario, home ownership is expected to remain more affordable than renting in most situations.

To varying degrees, Canadians think of their homes as an investment, and not just a place to live. The study calculated how home ownership might perform as an investment, making varying assumptions about how much values might change during the coming 10 years. The calculations found that even with a 10 per cent decline in home prices, approximately half of the homeowners studied would still see a positive rate of return on investment, while the other half would break even or see a modest loss as an investment. If there is no growth in values, ownership would result in a positive rate of return on investment in a majority of cases. Other scenarios in which values rise show increasingly attractive rates of return.