

# THE REPRESENTATIVE

Your Hamilton Area Real Estate Newsletter

June 2010

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## Market Starting to Settle

(June 4, 2010 – Hamilton, Ontario) The Greater Hamilton-Burlington area resale market reported a total of 1451 units sold in May, an increase of 8.8 per cent over May of last year, according to the Multiple Listing Service® (MLS®) statistics released by the REALTORS® Association of Hamilton-Burlington (RAHB).

When compared to April of this year, May's total unit sales were down 5.5 per cent.

"The market is beginning to settle a bit," said RAHB President Joe Ferrante. "We saw big highs in both the numbers of listings and sales in March and April, and now we are seeing how things will probably be continuing for the next few months."

Residential properties sold during May totaled 1406, which included 1114 freehold properties and 292 condominiums. Commercial sales for May, including industrial, farm, vacant land and business, totaled 45 units.

The average price of freehold residential properties sold in the month of May was \$339,484, an increase of

8.5 per cent over the same month last year and an increase of just under one per cent over last month.

In the condominium market, the average price of condominiums in May was \$224,707, a decrease of three per cent compared to May, 2009 and a decrease of slightly more than two per cent from last month. The average sale price reflects the dollar volume of residential sales divided by the number of total residential units sold.

May's total average residential sale price increased six per cent over the same month in 2009.

The total number of units listed for sale during May was 2370, which is almost 33 per cent higher than were listed in the same month in 2009.

"This is still a strong market by any measure," added Ferrante, "and is performing pretty much as we expected."

Unit sales reflect "all property types" including residential, condominiums, commercial property, farmland and sales of businesses.

Source: REALTORS Association of Hamilton-Burlington

## May 2010 MLS® Sales Information for Selected Districts

District Name	New Listings	Listings Expired	Listings Sold	Average Sale Price (\$)	Average Days Listed	Sale-to-List Price Ratio	Change in # Listings
Hamilton West	134	18	85	270,592	38	98%	+30 (+16%)
Hamilton East	121	13	80	182,094	38	97%	+28 (+14%)
Hamilton Centre	205	23	115	149,108	45	96%	+67 (+17%)
Hamilton Mtn	279	19	165	248,828	36	98%	+97 (+25%)
Ancaster	106	12	67	399,368	48	97%	+28 (+14%)
Burlington	501	48	394	387,901	29	98%	+58 (+9%)
Dundas	56	5	37	352,224	28	99%	+14 (+20%)
Flamborough	57	8	27	477,463	45	97%	+21 (+15%)
Stoney Creek	155	13	94	299,858	57	97%	+49 (+17%)
Waterdown	63	2	30	382,213	29	98%	+30 (+50%)

**May Comments:** All major districts in the Hamilton-Burlington area saw an increase in listing inventory, particularly Waterdown with a 50% jump, and Hamilton Mountain where listings increased by 25%. These significant increases in listings are likely due to home owners trying to beat the HST on commission and other costs involved with selling real estate. Most areas were able to attain close to their asking price, with Hamilton Centre being the worst average but still within 5% of list price. Time-on-market was also significantly down – Flamborough which has been averaging around 100 days on market for some time was down to 45 days, and some areas were selling as quickly as just over 4 weeks on average.

# Your Best Investment May Be Paying Your Mortgage Down Faster

Canadians seeking a sure-fire investment return should look no further than their mortgage. Paying it down as quickly as you can will, in most cases, result in a stellar return on your investment.

Prepayment options are worth exploring because paying down even a small amount of principal (the true cost of the mortgage loan minus the interest) has huge benefits over the life of a mortgage.

Mortgages are front-loaded when it comes to interest meaning, in the early years, most of the money you pay goes toward paying the interest on the amount you borrow as opposed to the principal.

For instance, if you borrow 95% of your home's value, you're paying \$3 of interest for every \$1 of principal you pay. So, by paying an extra \$1 of principal, that's \$3 less you'll have to pay in interest, at least in the early stages of a mortgage.

## Range of Prepayment Options

There are a variety of ways to make prepayments work to pay down your mortgage faster. We can discuss your specific needs, but following are some general rules.

Most lenders allow you to make a lump-sum payment of anywhere between 10% and 25% of the value of your mortgage per year. The lump-sum payment is based on either the original amount you borrowed or the amount currently outstanding. Since mortgages decrease with each payment, it's best to negotiate a lump-sum payment option based on the original amount you borrow. That way, if you come into an inheritance, a big bonus or save a large sum of money, you can pay down the largest amount possible.

Another factor to consider is when you can make a lump-sum payment. Some mortgages allow prepayments during the year, while others permit it only on the anniversary date. Still others allow you to make

prepayments on the day you make your regular payment.

If you can't pay the maximum prepayment amount, it's still worth your while to at least make some extra payment, even if it's a few thousand dollars each year. That will still save you thousands of dollars in interest payments.

Another prepayment option involves taking advantage of flexible payments. Most lenders allow you to increase your regular payment up to a set maximum, such as 15%, while others allow you to double up your payments.

If, for instance, you have a \$1,000 per month mortgage payment and increase it by 15% to \$1,150, you could shave off as much as five-and-a-half years on a \$200,000 mortgage.

You can also pay off your mortgage faster by moving to a different payment schedule. Instead of making monthly payments, make them biweekly or even weekly. Using an accelerated mortgage – where you make payments every two weeks as opposed to twice a month – you actually make one extra payment in the calendar year. By paying more and paying faster, you reduce your principal earlier, which lowers the amount of interest you pay.

Another option is to round up your mortgage payment from, say, \$766 to an even figure such as \$800, because any extra little bit goes toward the principal.

As always, if you have any questions about prepayment options or your mortgage in general, I'm here to help!

Courtesy Of:

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## HST Highlights: Take Effect July 1

Starting July 1st, the HST will be in effect in Ontario. Below are some points to remember. See the June REALTOR® EDGE issue for more on HST, including information on transitional rules.

- There is a new rental housing rebate, similar to the enhanced new housing rebate, for new residential rental properties.
- For new homes constructed in full or in part prior to July 1, 2010 that are subject to the HST on or after July 1,

2010, a PST transitional housing rebate is available to provide relief in respect to the PST embedded in the home.

- HST will not be applicable to a used residence for re-sale.
- For those who sell their home in Ontario, there will be a 13 per cent tax payable on the real estate commission (an eight per cent increase on top of the current five per cent.).
- Lawyer's fees will also be subject to the 13 per cent HST in Ontario, as will the cost of a Condominium Status Certificate, however the total cost of that status certificate will remain at \$100.
- Moving costs, the cost of a home inspection and even home staging will increase to reflect the HST.

# Featured Listings

**55 Kinrade Ave**  
\$148,888



**Hamilton Centre**  
2.5-Storey Semi-Detached  
3 Bedroom, 2 Bathroom

Great potential as a duplex income property, "live-in-one-and-rent-the-other" (let the tenant pay the mortgage), or a very easy in-law setup. Lots of recent renovations and updates, furnace is approx. 2 yrs old.

**120 Pearl St N.**  
\$199,900



**Hamilton West**  
2-Storey Semi-Detached  
3 Bedroom, 1 Bathroom

Two storey Victorian style solid brick detached home, with 10 foot ceilings in living and dining rooms. Eat-in kitchen with ceramics and ensuite laundry. Updated 100 Amp electrical, and roof was done in 2009.

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## *The Lighter Side of Real Estate...*

A property manager dies and soon finds himself standing in front of St. Peter. St. Peter tells him "You have a choice of going to heaven or to hell and I suggest you check them both out before deciding." So he chooses to check out hell first.

He goes down to hell and finds himself in the middle of the biggest party he has ever seen. People are dancing and drinking and doing the limbo. Everyone is laughing and having a great time.

Next St. Peter takes him up to heaven to look around. Everything is white and pristine. People are speaking softly about philosophy and mathematical formulas. Others are simply contemplative and serene. He's bored in about five minutes.

St. Peter then says to the property manager, "I

want you to sleep on it and meet me back here in the morning to let me know your decision."

The next morning he comes back and says to St. Peter, "Heaven is very nice and all, but hell looks great, so I've decided that I want to go to hell". So St. Peter puts him on the escalator down to hell.

When he gets there he sees Satan whipping people and there's fire everywhere and everyone is screaming in pain. So he goes over to Satan and says "Hey, what gives here? Yesterday I came here to check the place out and everyone was partying and it looked like a great time. What happened?"

Satan looks at him and says, "You used to be a property manager, so you ought to know the answer to your own question. Yesterday you were a prospect. Today you're just another resident!"