

April 2017

Dear Client,

I hope this letter finds you well.

As most of you reading this either owns their principle residence or has a desire to do so, I felt it timely to provide insight on one of the largest purchases most people will make in their lives. Please note I did not refer to your home equity as your largest asset. This is because when you take your current/previous employers commuted pension in addition to your RRSP/RRIF, TFSA and non-registered holdings combined you may be surprised at the sum.

It appears the Ontario Liberal government has made a decision to address the exuberant real estate market in the GTHA (Greater Toronto Hamilton Area). The imposed tax changes are targeting non-residents and foreign buyers looking for a safe haven asset for their wealth abroad. The figures pertaining to foreign buyers are estimated to be in the 5-10% range, which may curtail some of the bids over asking but may not prevent higher prices.

I am often asked how high can real estate prices go. One must look to the overall reasons why home prices have accelerated over the last several years. They include but are not limited to affordable borrowing rates, increased population, limited new supply due to government imposed Greenbelt legislation and lastly, market speculators. I approach real estate as an asset class which historically has upper and lower limits, which if ignored can cause unnecessary financial stress and a lower standard of living. Preparing a thorough and detailed household budget in addition to factoring in higher borrowing rates, will enable homeowners to absorb fluctuating housing expenses.

My next newsletter I will discuss the financial pros/cons to home ownership vs. renting and I will dispel the myth of RENT being a bad four letter word!!

I will leave you with a thought that continues to benefit me. **“If someone wants to buy what you own, sell it to them. Conversely, if someone has something you want, buy it from them”**. It sounds so simple, but it is the premise of supply and demand economics (less buyers= prices decline).

Kind Regards,

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