

Affordability doesn't top list for condo buyers

Bank survey looks at purchasers

It's been long reported that condominiums are an affordable option to single-family homes.

It's also been said that condominiums have become the starter home in today's environment of rapidly rising prices.

So, imagine my surprise when an e-mail popped onto my computer screen telling me that affordability was not at the top of the list of reasons Calgarians are buying condos — something I and some in the real estate business aren't quite ready to believe.

An Ipsos-Reid survey for the TD Bank says only 26 per cent of respondents bought condos because it was cheaper than a detached or single-family home.

Most respondents, or 36 per cent, said the maintenance-free condo lifestyle was the key reason for their purchase.

"They weren't talking to any of my clients," says a realtor, who requested anonymity. "Price is always a factor. I'd say at least 50 per cent buy because of affordability."

Particularly among first-time buyers, it's all about money. "Mind you, second- and third-time buyers are more likely to be in the maintenance group," says another realtor, who also requested anonymity.

Here are a couple of other interesting findings from the survey.

■ Only 25 per cent of Calgarians would consider raising a family in a condo, below the five-city average (Calgary, Vancouver, Toronto, Montreal and Halifax) of 29 per cent and well below Vancouver's average of 34 per cent.

"Condos are not a good environment in which to raise kids because there are no amenities for them," says one of the realtors.

■ Fifty-five per cent of Calgarians agree that too many children living in a condo building would be a reason not to purchase a unit. That compares to 47 per cent as a five-city average.

This attitude could change as affordability concerns continue to grow, says one of the realtors.

Some families may not have any choice but to buy a condo.

■ Proximity to public transit is less of a selling point for potential



MARTY HOPE

Calgary condo buyers than in the other cities surveyed.

About 68 per cent of Calgarians consider it an important factor, compared to the five-city average of 79 per cent.

Part of Calgary's Smart Growth strategy is to have increased density (read multi-family housing) in close proximity to the LRT and bus routes, and either in or close to the city core where many of the city's largest employers are located.

The choice of condo over detached homes also has a lot to do with the fact that many of Calgary's new citizens come from "condo cities" like Toronto, Vancouver and, to a lesser extent, Montreal, says the first realtor.

"For many newcomers, it's a conscious choice that has nothing to do with affordability," he says. "They've always lived in condos and are comfortable with that type of lifestyle."

■ Among Calgarians who would consider buying a condo, most would be comfortable with a price of \$200,000 to \$400,000. The survey

found that 68 per cent would buy a two-bedroom condo for that price.

Another 23 per cent would spend less than \$200,000 and only four per cent would spend between \$400,000 and \$600,000.

The average selling price of condos in May was \$332,257, up nearly \$60,000 from the same month last year, says the Calgary Real Estate Board.

"Right now there's not much to buy of a decent size for under \$300,000," says the second realtor. "Good luck finding anything good for under \$200,000."

So far this year, the Wood Buf-



Calgary Herald Archive

Residential construction workers help build a condominium project within Calgary.

falo region, with Fort McMurray as the most populous centre, is having a great year for residential construction.

From January to May, 404 single-family homes were started, up from

208 a year ago.

On the multi-family side, 689 units are underway, between two and three times more than were started in 2006.

It's good to hear, seeing as how

the oilsands city is trying to ease the serious housing shortage it has been facing for the past four years.

MHOPE@THEHERALD.CANWEST.COM

Most respondents, or 36 per cent, said the maintenance-free condo lifestyle was the key reason for their purchase

Improve your drive

all new driving.ca Accelerate your car buying

Calgary Herald Every day in the Calgary Herald Every day online at driving.ca

Big Walk-Out Bungalows

- Calgary's Last Gated Community
- Maintenance Free Single Family Living
- Spectacular mountain view Estate Lots
- 20 Minutes to Downtown
- Bungalows Starting from \$1.4 Million

LEGEND DEVELOPMENTS LTD. EXCLUSIVE BUILDER IN SPRING VALLEY LANE

legenddevelopments.com • 243-0500

SHOW HOME - just off 77th street & 34 avenue sw
mon. - thurs 12pm - 6pm • sat & sun 1pm - 5pm

WE BEAT THE BANK!
Call today for the lowest rates
(403) 695-6562
Sonia Lota - Mortgage Specialist
VERICO: Mortgage Planning Centre Inc.

Buying Your First Country Estate.

Part 12: Decisions, decisions.

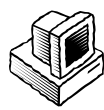
In parts one through eleven of this helpful Stepper Custom Homes series, we covered how to find the money (and if necessary how to make your first million dollars); how being practical with your choice of location can foil private-jet salespeople and 57-hour commutes, and how not settling for a previously enjoyed Stately Home can prevent unpleasantness with vampires, headless horsemen, lake monsters, dragons, goblins and leprechauns.

In this final chapter we make things even clearer and easier, so that even those with absolutely no previous country-estate buying experience can make a buying decision with which they will be happy for decades to come.

In fact, all you really need is access to one of two commonly found household tools. A telephone. Or a computer.



If you choose the telephone method you need to dial **247-3004**. And then use the following phrase: "Tell me about your new homes in Bears paw Country Estates."



If you choose a computer, simply type **stepperhomes.com** into your browser and click on the link: "Six new Country Estates available in Bears paw."

And you're done. Congratulations!



BY THE NUMBERS

Mortgage payment calculation chart

Monthly investment in a mortgage per \$1,000

%	25 YEAR	15 YEAR
3.5	5.01	7.15
4.0	5.28	7.40
4.5	5.56	7.65
5.0	5.85	7.91
5.5	6.11	8.14
6.0	6.40	8.40
6.5	6.70	8.67
7.0	7.01	8.94
7.5	7.32	9.21
8.0	7.64	9.49
8.5	7.96	9.77
9.0	8.28	10.05
9.5	8.62	10.33
10.0	8.95	10.62
10.5	9.29	10.92

For example: A \$100,000 mortgage over 25 years at 3.5% is \$5.01 x 100 = \$501 monthly payment

Income, home price and down payment guide

This table gives you an idea of the maximum home price you can afford. These estimates take into account household income and the percentage down payment you have. They assume a mortgage interest rate of 8%, average tax and heating cost in Canada, and the mortgage an average Canadian would qualify for based on a 32% debt-service ratio.

Household Income	10% down payment	Maximum home price	25% down payment	Maximum home price
\$25,000	\$6,300	\$63,000	\$18,900	\$75,600
\$30,000	\$8,200	\$82,000	\$24,700	\$98,900
\$35,000	\$10,100	\$101,000	\$30,300	\$121,000
\$40,000	\$12,000	\$120,000	\$36,000	\$144,000
\$45,000	\$13,900	\$139,000	\$41,700	\$166,800
\$50,000	\$15,800	\$158,000	\$47,400	\$189,600
\$60,000	\$19,600	\$196,000	\$58,800	\$235,200
\$70,000	\$23,400	\$234,000	\$70,100	\$280,400
\$80,000	\$27,200	\$272,000	\$81,500	\$326,000
\$90,000	\$31,000	\$310,000	\$92,800	\$371,200
\$100,000	\$34,800	\$348,000	\$104,300	\$417,200

Figures are rounded to the nearest \$100

Source: CMHC

Mortgage rates

Effective June 21, 2007. Rates expressed in per cent.

	Variable Rate	6 mo. open	6 mo. closed	1 year open	1 year closed	2 year closed	3 year closed	4 year closed	5 year closed
Chartered banks									
Bank of Montreal	c 5.547	8.550	6.750	9.200	7.050	7.300	7.300	7.300	7.240
Bank of Nova Scotia	c 5.250	8.550	6.700	9.200	7.150	7.400	7.500	7.500	7.440
Bridgewater Bank	c 5.250	-	-	-	6.490	6.110	6.010	-	5.860
CIBC Mortgages	c 5.630	8.550	6.750	9.200	7.050	7.300	7.300	7.300	7.240
Canadian Western	c 5.500	8.500	6.700	9.250	7.100	7.400	7.500	7.500	7.440
Citizens Bank of Cda	c 5.200	6.650	5.950	6.650	5.950	5.950	5.950	5.950	5.890
Dundee Bank of Cda	c 5.050	-	6.100	-	5.600	5.650	5.700	5.750	5.790
HSBC Bank Canada	c 5.500	8.550	6.750	9.200	7.050	7.300	7.300	7.300	7.240
ICICI Bank Canada	c 5.500	-	-	-	5.700	5.750	5.800	5.850	5.750
ING Direct	c 5.100	-	-	-	5.600	5.650	5.700	5.950	5.790
Laurentian Bank	c 5.500	8.550	6.750	9.200	7.050	7.300	7.300	7.300	7.240
Manulife Bank	6.000	-	6.150	6.700	5.650	5.700	5.750	5.850	5.700
National Bank	c 6.000	8.550	6.700	9.200	6.800	7.300	7.300	7.300	7.250
Presdt'sChoice Fin'l	c 5.150	-	7.120	-	6.490	6.050	6.000	5.950	5.900
Royal Bank	c 5.250	8.550	6.750	9.200	7.050	7.300	7.300	7.300	7.240
TD Canada Trust	6.000	-	6.650	9.200	7.150	7.300	7.300	7.300	7.240
Trust Companies									
Concentra Financial	-	8.400	6.600	9.000	7.000	7.300	7.350	7.350	7.290
Equitable Trust	-	8.550	-	9.200	7.050	7.300	7.300	7.300	7.240
FirstLine Mrtgs	c 5.625	-	7.650	-	6.850	6.300	6.150	6.050	6.090
Home Trust Co.	-	-	-	-	7.050	7.300	7.300	7.300	7.240
Investors Grp Trust	c 5.000	8.550	6.750	9.200	7.050	7.300	7.300	7.300	7.240
Peace Hills Trust	-	-	6.700	-	7.000	7.300	7.350	7.350	7.290
ResMor Trust	c 5.150	-	-	-	6.140	5.890	5.890	5.890	5.790
Other institutions									
AMA Financial	c 5.250	-	-	-	6.440	6.060	5.910	5.840	5.760
ATB Financial	c 5.400	8.550	6.750	9.200	7.050	7.300	7.300	7.300	6.180
Commonwealth Credit U	c 5.500	8.550	-	9.200	6.450	6.400	6.360	6.280	6.190
First Calgary Savings	-	8.550	6.750	9.200	7.050	7.300	7.300	7.300	5.990
First National Fin'l	c 5.200	-	6.650	-	5.600	5.650	5.700	5.950	5.790
GMAC Resident Fund'g	c 5.450	-	-	-	-	-	6.000	-	5.790
Key Savings & Credit U	6.000	8.150	-	8.450	6.850	7.100	7.150	7.050	5.890
London Life	c 5.000	8.550	6.750	9.200	7.050	7.300	7.300	7.300	7.240
Macquarie Fin'l Ltd.	c 5.100	-	-	-	5.900	-	5.870	-	5.900
MCAP Mrtg Corp.	c 5.600	-	6.600	9.000	6.850	7.150	7.200	7.200	7.140

Variable rates are open unless indicated by a 'c.'

This table was prepared by CANNEX Financial Exchanges on June 21, 2007. For current rates, please visit the CANNEX website at www.cannex.com. All rates are for informational purposes only, and should be confirmed by the company quoted.