

Time to give yourself a shake

OK people, it's time to shake yourselves out of that funk you're in. What has happened to the housing industry in the United States will stay in the United States, for the most part.

Canada has seen its new and resale sectors soften, but because our lending regulations are so much more stringent than those to the south of us, we will easily avoid the financial pitfalls that have reined in the home ownership dreams of buyers and battered sellers forced to drastically cut prices and/or go into foreclosure.

"While the Canadian housing sector is entering a cyclical downturn, the risk of experiencing a U.S.-style meltdown is remote," says **Robert Hogue**, senior economist for RBC Economics. "Many of the factors that triggered the collapse in the United States are either absent or of much lower significance on this side of the border."

The RBC report goes on to say that while the sluggish Canadian economy threatens income growth and stings consumer confidence, there are also a number of factors mitigating some of the downside.

For instance, the sub-prime mortgage issue in Canada is marginal, banks are stable and lending, households are generally not overstretched financially and



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speculation in the housing industry is easing off. "These factors should provide enough of a foundation to prevent housing markets from spiralling down even as the Canadian economy slips into recession," says Hogue.

Matter of fact, there is good news scratching its way to the top for those Canadians looking to get themselves some new digs.

Affordability is coming back to the marketplace. Mortgage rates are going down, house prices are holding or even decreasing, and there is a selection of homes that hasn't been this strong in years.

For first-time buyers, the time is right to take the plunge. **Bonnie Wegerich**, the newly-installed president of the Calgary Real Estate Board, recently told a break-fast audience of 1,000 realtors that while

a slowdown is taking place, Calgary is working its way back to a more stable, balanced market.

"A door may be closing, but a window is opening," she says. "The window of opportunity couldn't be better for buyers right now?"

In her forecast for this year, Wegerich has called for the average selling price of detached homes in Calgary to slip by about \$9,000, while condos will see a steeper slide, falling by around \$15,000. Sales of single-family homes will climb 10 per cent, while the number of condo deals will decrease by another five per cent.

"The market has softened, but there is no freefall here," says Wegerich, who is also an Airdrie realtor for Century 21 Castlewood Agencies. "With housing prices reaching record highs in 2005 and 2007, here are many sellers out there who still have an opportunity to make respectable gains."

For builders, this will be another year of reduced activity, but at least the bottom will be reached and will lead to the beginnings of a turnaround in 2010 — not only in Calgary, but across the country.

After work started on more than 11,000 homes in 2008 in and around Cowtown, including almost 4,400 detached, the forecast from Canada Mort-



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Housing construction is to decline nationally this year and in 2010.

gage and Housing Corp. for this year is for 5,500 starts, of which 3,800 will be single-family homes.

Nationally CMHC is saying housing construction starts will also fall 17,800 this year and in 2010, down from a 2008 total of 212,200.

John Kenward, chief operating officer for the Canadian Home Builders' Association, quickly put to rest any comparison between the Canadian and U.S. housing markets. "There has been some recessionary impacts come across the border, but to say we are experiencing problems similar to the United States is nonsense," he says.

As for what is happening to markets from Victoria to St. John's, Kenward says builders have known for a while that the high levels of sales and construction activity of recent years couldn't be sustained.

Gord Mross, president of CHBA-Calgary region, agrees that locally the numbers being posted were not sustainable — that a correction had to come.

"There is a light at the end of the tunnel," says Kenward. "We will work our way through this and be stronger because of it."

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